September 2024

Retail Market Analysis

Prepared by:

McSWEENEY
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GRAVENHURST
GATEWAY TO MUSKOKA

Retail Market Analysis

for the Town of Gravenhurst

September 2024

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Introduction

The Town of Gravenhurst is currently undertaking the development of an Economic Development Strategic Plan. In doing so, the Town aims to continue building on its existing assets ultimately becoming a fully integrated community of choice for residents, businesses, students and visitors by emphasizing the high quality of life found in the city. Related to this Strategic Plan process, the Town is also conducting a Retail Gap Analysis. This Retail Gap Analysis is structured to best understand the strengths and weaknesses of the local retail sector. To do so, the report is broken into six distinct sections, beginning with a broad view of the retail sector and its future outlook across Canada, before narrowing to more granular data focused on the Town of Gravenhurst.

The first section provides a review and analysis of trends within the retail sector that allows for an evaluation of what impact new technologies might have on traditional brick-and-mortar retailers. Specifically, an assessment of how retailers across Canada are merging traditional experiences with new experiential retail opportunities is presented to identify ways in which Gravenhurst retailers can continue to successfully operate.

Next, the second section relies on national-level industry data and future projections to provide a comprehensive assessment of retail trade into the future. This section identifies key demand factors for the sector alongside an assessment of the supply chain and key purchasing sectors. Although individual retailers and local sectors will invariably face unique situations, having a broad understanding of the factors and determinants that help shape *retail trade* will help the Town better adapt to shifting trends.

The third section focuses on Gravenhurst, beginning with an assessment of local demographic (population, income) statistics. This information is presented with a focus on how these figures impact the retail trade sector. From there, an analysis of spending patterns and the demographic profiles of Gravenhurst residents is presented, again with a distinct focus on how this impacts the retail trade sector.

The fourth section presents a similar spending pattern and demographic profile, focused specifically on visitors to Gravenhurst. Given the significant transient and visitor population to Gravenhurst, this unique demographic has considerable impact on the local retail sector.

Finally, the fifth section profiles Gravenhurst's retail trade sector from a supply-side angle, assessing total jobs, levels of concentration relative to provincial and national benchmarks, industry outputs and business counts. Further calculations including shift share analysis - which measures the local impact on job growth/decline - are included to provide an understanding of local impacts on the retail trade sector.

Section six presents a breakdown of the qualitative findings from consultations with Gravenhurst residents, retailers, and community organizations. The section outlines the consultative process undertaken, an analysis of Gravenhurst's retail-related strengths, challenges, opportunities, and aspirations, and concludes by outlining key retail-relevant actions from the Strategic Plan.

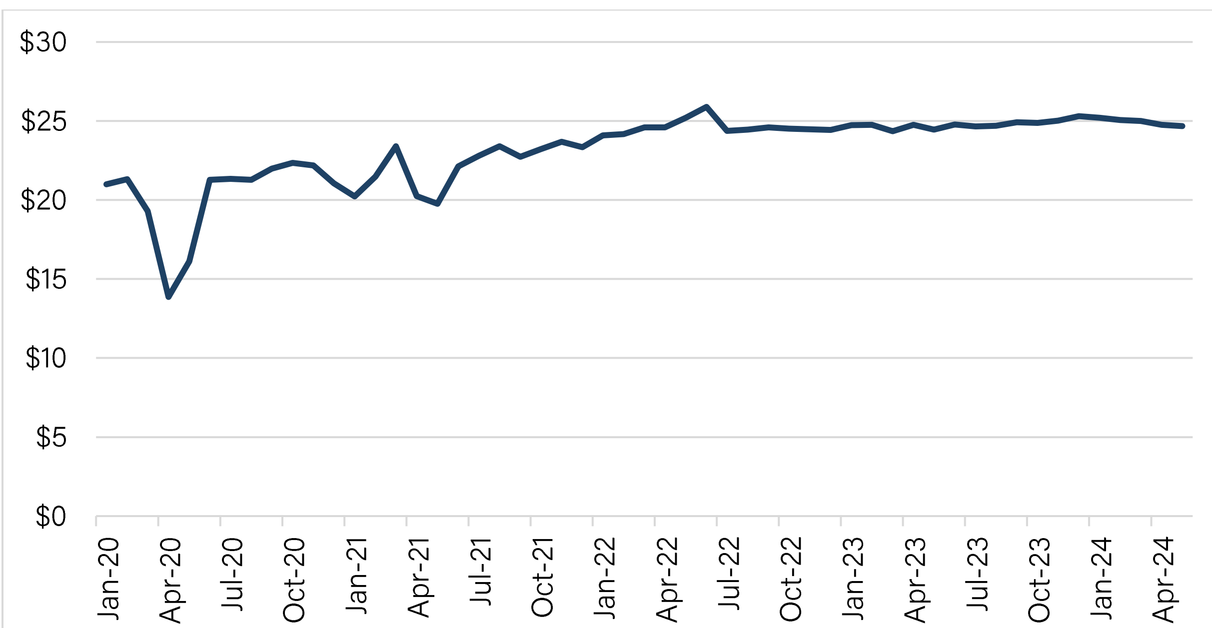
1. Historic Trends

This section begins with an assessment of the impact COVID-19 as had on the retail sector and its potential long-term impacts. There is then a shift to a discussion as to whether these trends are new or merely a continuation of already observed changes, before framing the discussion in terms of "needs" versus "wants" shopping. Next, "experiential" shopping is defined alongside a discussion of its benefits and how it relates to retailers post-COVID-19.

1.1. The Changing Nature of Retail Due To COVID-19

The COVID-19 pandemic significantly altered the way retail stores have operated. During the first half of 2020 retail sales plummeted, with businesses hampered by significant uncertainty in the market and uncertain timelines regarding a return to normalcy. Fortunately, however, many of the revenue shocks were relatively short-lived. As Figure 1 shows, while there was a precipitous drop in retail sales from February 2020 ($21.3 billion in retail sales in Ontario) to April ($13.9 billion), by June 2020 sales were back to February levels ($21.3 billion). Though Ontario retailers faced more volatility through the end of 2021, a steadier pattern has since emerged with seasonally-adjusted monthly sales between $24.5 and $25.3 billion from January 2022 through May 2024.

Figure 1: Seasonally-Adjusted Retail Trade Sales, Ontario, January 2020-May 2024 ($ Billions)



Source: Statistics Canada. Table 20-10-0008-02 Retail trade sales by industry.

Although the low sales figures brought on by the pandemic were relatively short-lived, retailers nevertheless felt the need to adapt their businesses more aggressively than other sectors. Specifically, whereas approximately half of all businesses (regardless of the sector) "added new ways to interact with or sell to customers" during the pandemic, four out of every five retailers (80.2%) adapted in this way. Retailers were also more likely to have to increase maintenance costs and alter their products or services offered to customers, compared to other sectors (Table 1).

Table 1: COVID-19 Adaptation Methods by Retailers

Adaptation	Percentage of Retailers that Adapted	Percentage of all Businesses that Adapted
Added new ways to interact with or sell to customers	80.2%	49.0%
Increased maintenance costs	44.0%	23.0%
Altered products or services offered to customers	36.7%	27.4%

Source: Statistics Canada. Table 33-10-0250-01 Changes made by businesses to adapt to the COVID-19 pandemic, by business characteristics.

These forced adaptations, alongside other pandemic-related realities, have led to analysts calling COVID-19 an "evolutionary bottleneck"[1] that will "upend retail as we know it"[2], "significantly disrupt" the sector[3] and potentially lead to a "great reset"[4] and "new normal"[5] in how retail business is done. Potential adaptations and adjustments by retailers include a shift to e-commerce, a greater emphasis on "place-based" organizations (i.e., main streets or business improvement districts) to support business resilience and a more significant embrace of technological supports in stores. Although many see COVID-19 as a catalyst for these potentially seismic shifts in consumer engagement, others argue that this is merely a continuation (or slight updating) of previous retail trends.

[1] Brookings Institute. 2020. *COVID-19 Will Upend Retail but there are Steps we can Take to Save it.*

[2] McKinsey & Company. 2021. *Sporting goods 2021: The next normal for an industry in flux.*

[3] KPMG. 2021. *The Realities of Retailing in a COVID-19 World.*

[4] We Forum. 2021. *The Great Retail Reset.*

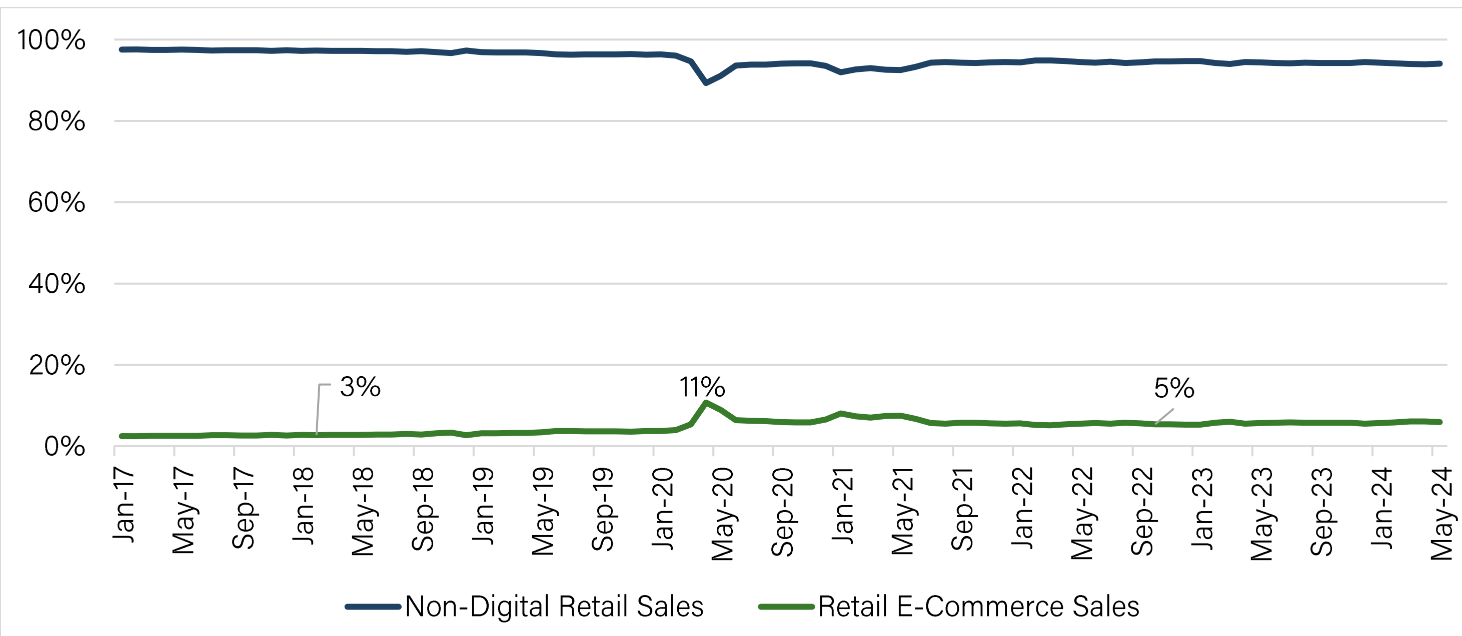
[5] Pew Research Center. 2021. *Experts Say the 'New Normal' in 2025 Will Be Far More Tech-Driven, Presenting More Big Challenges.*

1.2. Catalyst or Continuation?

During the COVID-19 pandemic, e-commerce became a crucial tool for retailers to reach consumers that were unable or unwilling to shop in person. At the same time, when e-commerce is measured as a percentage of total retail sales, it becomes clear that brick-and-mortar shopping is still vastly superior in terms of total sales.

Specifically, Figure 2 demonstrates that before the pandemic (January 2017 through 2019) e-commerce represented 2.5% to 4% of total sales. While that number spiked at the height of the pandemic to 11% of total sales, by late 2021 that total had returned to approximately 5% of all sales. Since 2021, that number has risen slightly to approximately 6% of national retail sales. While the total figure is rising, it's clearly still quite minimal.

Figure 2: E-Commerce as a Percentage of National Retail Sales, January 2017-April 2024



Source: Statistics Canada. Table 20-10-0072-01 Retail e-commerce sales.

Compared to January 2017 (2.5% of sales) it is clear that e-commerce has increased (ranging from 5.7% to 6.1% during the early months of 2024. Still, however, e-commerce in May 2022 only represented approximately $0.06 out of every $1 spent by retail consumers. Therein, though shoppers are more likely to shop online in 2024 than they were in 2017, it appears that the trend is more of a continuation of pre-pandemic growth of online shopping, rather than a complete paradigm shift brought on by COVID-19.

At the same time, although shopping remains a predominantly in-person experience, research on retail goods is now more consistently done online, a trend that is expected to continue to grow significantly. Specifically, a 2019 study noted that approximately 4-in-5 shoppers research their product online before purchasing, regardless of whether their end purchase was made in-store or online[6]. Moreover, according to Export Development Canada, already by 2018, 45% of Canadians visited a store's website before purchasing in a brick-and-mortar store.[7] Additionally, the relationship between in-store and online engagement is not a one-way street. For those who purchase goods online, 36% noted that they prefer to be able to browse in-store before purchasing online to ensure that they like the fit and feel of the product.

As with any shift in dynamics, it is likely that local stores embracing both models (brick-and-mortar, or entirely online) will outperform those who chose to embrace one in lieu of the other. Stores finding the most success through the pandemic were those who integrated a positive online experience with enhanced in-person experiences, a reality that is likely to continue.

1.3. Needs vs. Wants Shopping

Deepak Chopra, former President & CEO of Canada Post, suggests that the struggle between brick-and-mortar shopping and e-commerce must be understood through a different dynamic – needs vs. wants shopping.[8] Chopra defines needs shopping as those purchases that are a chore for people, as they represent shopping trips to pick up necessary goods – groceries, diapers for new parents, new shoes to replace ones that are worn out, etc.

Wants shopping, on the other hand, represents shopping that a consumer chooses to do because they desire the experience (i.e., "retail therapy", shopping for enjoyable hobbies, etc.). Needs shopping is easily replaceable online, as this shopping is considered a hassle and the seamlessness of an online experience (and delivery) eases its burden on the consumer. In contrast, much of the enjoyment from "wants" shopping comes from the experience itself. In this way, shopping for these goods online is not as enjoyable an experience and e-commerce therefore will not eat into this category of in-person retail. For this reason, it is imperative for brick-and-mortar retailers to change their experience and consumer engagement model to ensure that their business is seen as a "wants" shopping experience, rather than a necessary chore. This trend was already underway prior to the pandemic, with many stores embracing "experiential shopping." This is especially relevant when considering Gravenhurst's retail sector, given the significant number of

[6] GE Capital Retail Bank. 2019. *Shopper Research Study.*

[7] Export Development Canada. 2018. *Best of Both Worlds: Combining the Physical and Digital Retail Experience.*

[8] Webinar. "Has COVID delivered the death of retail or just kickstarted a vibrant renewal?" Feb 24, 2021, Brock University.

visitors to the area who are looking for entertainment in their experience. By capturing this "wants" shopping crowd and providing a pleasant experience that cannot be captured online, the local retail sector may be able to thrive in this mixed online-offline shopping world.

1.4. Experiential Shopping

Experiential shopping is defined as a retail experience that provides an immersive and shareable experience prioritizing consumer engagement over specific sales. The pre-pandemic rise of experiential shopping helps support Chopra's arguments regarding needs vs. wants shopping, as experiential retailers have made an effort to transition shopping that would potentially be considered "needs" shopping into an experience that warrants consumers "wanting" to make the journey into the brick-and-mortar location. Notably, before COVID-19, when assessing brick-and-mortar locations, experiential retailers and other services were consistently replacing stores that were more focused on expedient sales.[9] Some examples of experiential retail strategies include:

- Home improvement stores offering "do-it-yourself" classes.
- Appliance or grocery stores that offer interactive cooking classes, wine bars or other home product demos.
- Sporting goods stores that incorporate new technology to allow consumers to "test drive" equipment.
- Clothing retailers with high-tech fitting rooms that enable shoppers to see what an item of clothing would look like in different sizes, colours, styles and so forth.

Specific examples of retailers that have shifted their store strategies include:

- Lululemon, where some stores offer free yoga classes in stores.
- Patagonia, which connects consumers in-store with group-led hikes.
- Marvel: Avengers S.T.A.T.I.O.N, an immersive half-exhibit half-store that tours the world and allows fans to become "fully immersed in the Marvel fictional world", further connecting the Marvel brand to potential consumers.

These examples align with the above arguments that a positive experience will encourage consumers to remain shopping in-store, while those stores focused on quick sales and a lack of consumer engagement have a service that is easily replaceable online. The ability to quickly and painlessly transition "needs" shopping from an in-person hassle to a stress-free online experience means that many traditional shopping trips will be done virtually. Brick-and-mortar retailers can

[9] SPUR. 2018. *How New Approaches to the Storefront are Reviving Retail.*

fight back, however, by changing their traditional point-of-sale-centric model into one that offers unique experiences. Again, the Town of Gravenhurst can lean heavily into this experiential model given its tourist and seasonal cottage population that is looking to enjoy atypical experiences away from their main homes. In assessing the local retail sector and how to support engagement, the Town should consider ways to enhance the experience of consumers outside of the physical retail store, perhaps through placemaking or other initiatives that extend the length of time a consumer may stay in the downtown core.

2. Future Industry Projections

Though the retail sector is undoubtedly changing, many of the underlying realities (i.e., demographic demand factors, suppliers and buyers) remain the same. This section profiles the retail trade sector on a national scale. Using a broad lens, the key demand factors for the sector and future projections for those factors are assessed. Following this, an assessment of the supply chain and key purchasing sectors for the sector is provided. Although individual retailers and local sectors will invariably face unique situations, having a broad understanding of the factors and determinants that help shape retail trade will help stakeholders better adapt to shifting provincial, national and international trends.

2.1. Demand Factors

Retail trade in Canada is most directly impacted by changing consumer behaviour and demographics; demand factors include population growth, leisure time, the consumer confidence index and per capita disposable income.

3.1.1. Population Growth

Population growth helps drive demand for retail products because it widens the scope of customers that a business can attract. A smaller population supports fewer retail stores, while a growing population helps businesses across all retail sub-sectors.

Broadly, Canada's population growth rate is projected to continue at a rate of approximately 1.24% from 2023 to 2028. Ontario, meanwhile, is projected to grow at a much faster rate (approximately 6%). This substantial population growth across the province will help many retailers find a stable consumer base to support their business. Within Gravenhurst, growth is similarly strong, as noted above, with the local population projected to approach 16,000 residents by 2033.[10]

[10] Manifold SuperDemographics 2023.

3.1.2. Leisure Time

Similar to the consumer confidence index, leisure time is important to many retail subsectors because increased leisure time allows consumers to spend their disposable income. Those with less leisure time will find spending their disposable income more difficult.

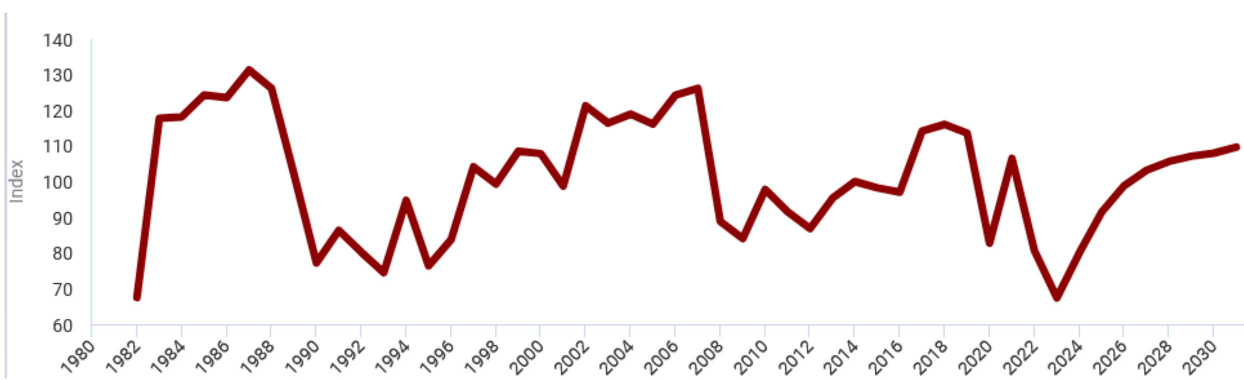
The pandemic significantly increased the amount of leisure time for many Canadians; however, this was a short-term adjustment. The economic recovery has reduced unemployment substantially and leisure time is expected to largely remain the same or decrease slightly compared to pre-pandemic levels. In the medium to long term (post-2028), however, Canada's ageing population is likely to stimulate growth in the average number of hours spent on leisure, as more Canadians transition to retirement. As such, the average leisure time for Canadians is expected to increase after 2028. Perhaps this creates opportunities for niche retailers, especially in Gravenhurst given its appeal to travelers exploring leisure activities.

3.1.3. Canadian Consumer Confidence Index

Consumer confidence is critical to the success of retailers because the more confidence consumers have in the general outlook of the economy, the more likely they are to spend money rather than invest in long-term savings.

Since 2000, the consumer confidence index has gone through two periods of substantial decline: during the financial crisis (circa 2008) and the COVID-19 pandemic (2020-2023). However, outside of shocks, consumer confidence has generally risen, a trend that is projected to continue to improve over the medium to long term, through the end of the decade. Other factors including lowering interest rates are expected to prop up consumer confidence through into the 2030s, suggesting that this factor will be a positive in terms of shaping retail demand. As can be seen in Figure 3, after a period of instability, consumer confidence is expected to rise steadily to an index above 100 and approaching 110 by 2031.

Figure 3: Consumer Confidence Index Percentage Change, Canada, 1982-2031



Source: IBIS World 2024.

3.1.4. Per Capita Disposable Income

Per capita, disposable income is critical to many retail outlets as this measure assesses income after payment of taxes and other necessary costs. While some retailers (i.e., grocery stores) are less subject to disposable income volatility due to the necessity of the goods they sell, many others (i.e., hobby, furniture, consumer electronics, recreational vehicle stores, etc.), sell goods that rely on consumers having the money they are willing to spend on non-necessity goods. This is especially true in the Town of Gravenhurst, where many stores sell goods to visitors who require significant disposable incomes to afford to travel (or own a cottage) in the Town.

Per capita disposable income has remained at a steadily increasing pace in Canada and Ontario over the past 30 years. Through multiple shocks in the last twenty years (the financial crisis and COVID-19), per capita disposable income has been successfully propped up through a combination of overall growth and government spending. As such, the overall outlook is strong, projecting average annual increases of between 1.4% and 1.8% in per capita disposable income from 2025 through 2031. Once again, these projections suggest a strong future market for the retail sector (Figure 4).

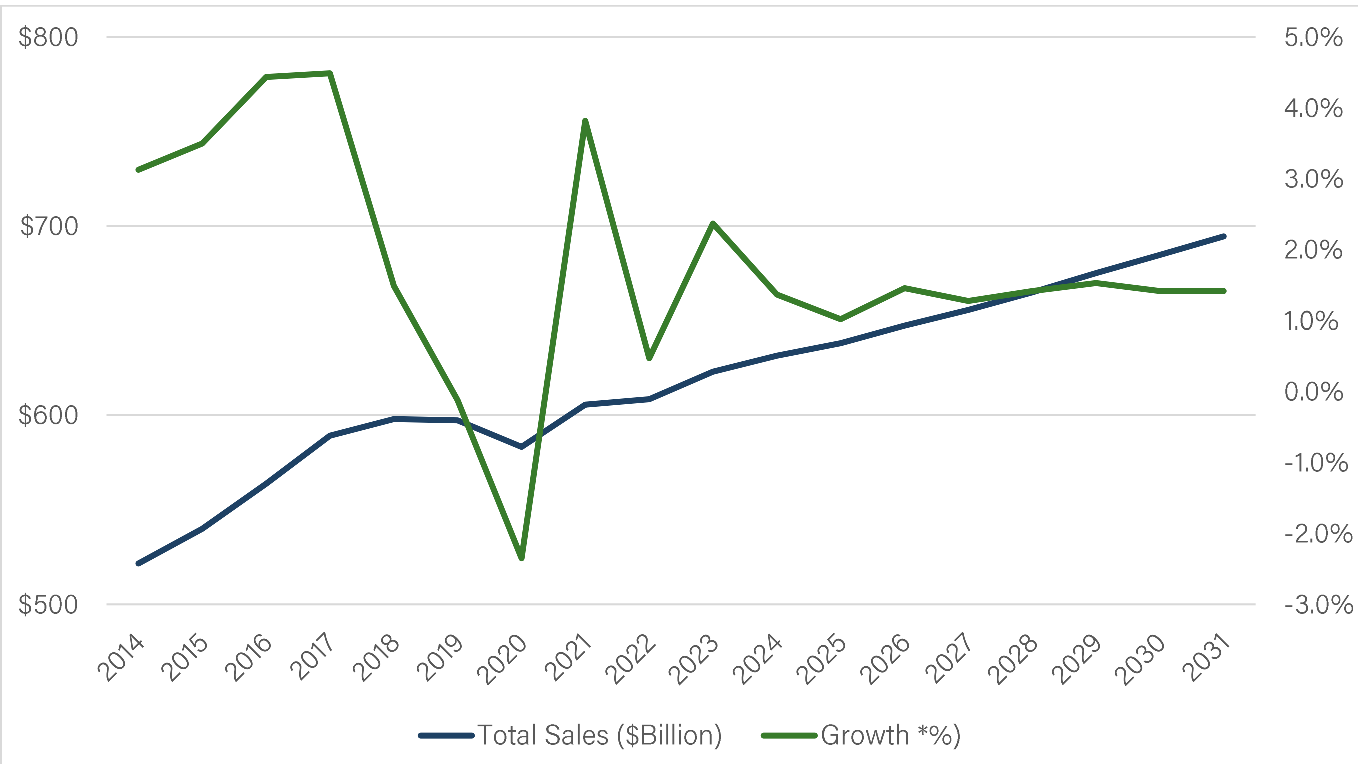
Figure 4: Annual Percentage Change in Per Capita Disposable Income, Canadian Residents, 1990-2031

Source: IBIS World 2024.

3.1.5. Overall Future Demand Outlook

After a transitory period of turbulence during the COVID-19 pandemic, the underlying demographic realities of Canadian and Ontario consumers suggest that the retail sector is poised for a strong period of growth. The previous section illustrated that there are shifting realities to the nature of how retail business may be conducted, but the general trends regarding consumer demand in retail products appear strong. Compound growth from 2025-2030 is projected to be 1.43% annually, showcasing strong growth in the sector. As can be seen in Figure 5 below, Canada's retail sector was hurt considerably during the 2020 pandemic but rebounded significantly from 2021 to 2023 and is expected to see steady annual growth (between 1% and 2% annually) through 2031.

Figure 5: Retail Sales, Total ($ Billion) Sales and Growth (Percentage), Canada, 2014-31



Source: IBIS World 2024.

2.2. Supply Chain for the Retail Sector in Ontario

Specific suppliers of retail goods are dependent on the subsector, as each subsector (i.e., clothing retailers, hardware stores, auto parts, grocery stores, etc.) relies on specific goods being available. Generally, they fall within one of three categories:

1) Goods producers (i.e., frozen or snack food producers, natural goods extractors, mills, etc.).
2) Manufacturers (i.e., auto parts, batteries, furniture, apparel, etc.).
3) Wholesalers of manufactured and natural goods.

Key purchasers for the retail sector can be likewise separated into two categories:

1) End consumers.
2) Businesses relying on consumer goods (i.e., electricians, restaurants, auto mechanics, hotels & motels, etc.).

2.3. Retail Sector Assessment

Overall, many of the factors influencing retail trade in Canada appear positive when projecting into the future. While the sector has experienced an incredibly turbulent time during COVID-19, the underlying data suggest that the medium to long-term outlook will stabilize due to positive demographic factors including an increase in disposable income, more leisure time for Canadians as the population ages and a strong consumer confidence index.

As discussed throughout this section, these factors seeing positive outlooks is particularly important for the Town of Gravenhurst. Considering the large influx of people the Town sees during its peak seasons and that this is mostly driven by tourism and relatively wealthy people who own cottages, the retail sector in Town therefore has a significant reliance on increasing disposable incomes, leisure time, and consumer confidence.

Positively, the supply chain for the retail sector is relatively stable; traditional manufacturers, goods producers and wholesalers remain as key suppliers while the sales are focused typically on the end-consumer. While there are many shifting dynamics and challenging aspects of doing business within the retail trade sector, the overall health and outlook of the sector appear quite positive.

3. Retail Trade Sector: Gravenhurst

In profiling the retail trade sector in Gravenhurst, this section has been broken down into three parts. First, the data related to the job counts in the broad retail sector as well as various retail subsectors is presented. Next, information on past, current and projected future job counts, as well as location quotient to present these counts in context with provincial and national figures, is provided. Also, shift-share analysis is used to estimate the impact of the local business climate on future job projections.

Next is the transition to business counts, measuring the total number of businesses by retail subsector and number of employees, before using a market threshold analysis to estimate which retail business subsectors might have room for business growth locally. Finally, using sales, wages and export data the overall size of the outputs of Gravenhurst's retail subsectors is assessed.

3.1. Retail Jobs in Gravenhurst

Retailers in Gravenhurst employed approximately 822 people in 2023, making it the second-largest industry in Gravenhurst, behind construction. Between 2008 and 2023 retail trade saw total job growth of 77 positions.

The industry shrunk from 2008 to 2013 (expectedly, given the financial crisis at the time impacting discretionary income) by 48 jobs, but has since rebounded and grown, even seeing an increase from 2018 to 2023 despite the impact of COVID-19.

Table 2: Retail Trade Jobs, 2012-2027, Gravenhurst

Year	Jobs	Increase
2008	745	--
2013	697	-48
2018	788	91
2023	822	34

Source: EMSI Analyst 2024.1.

We are further able to break the retail sector into subsectors to measure job counts. To that end, Table 3 presents job counts for all retail trade subsectors employing individuals in 2023 in Gravenhurst. As can be seen, grocery stores employ the most individuals within the retail trade sector, representing 166 local jobs (20.3% of all retail jobs). Although this subsector saw a decrease of 17% of total jobs between 2013 and 2023, the next five largest subsectors all saw job growth of at least 39% of positions between 2013 and 2023.

In terms of largest total and relative growth, direct selling establishments grew from 20 positions in 2013 to 107 in 2023, job growth of 88 positions, or 449% overall.

Table 3: Jobs per Retail Trade Subsector, 2013 and 2023.

Description	2013 Jobs	2023 Jobs	2013 - 2023 Change	2013 - 2023 % Change
Grocery stores	199	166	-33	-17%
Building material and supplies dealers	80	131	51	64%
Other general merchandise stores	89	124	35	39%
Direct selling establishments	20	107	88	449%
Health and personal care stores	57	83	26	46%
Sporting goods, hobby and musical instrument stores	11	39	28	250%
Used merchandise stores	30	28	-2	-7%
Clothing stores	11	27	15	134%
Gasoline stations	58	20	-38	-65%
Automobile dealers	12	19	7	58%
Other motor vehicle dealers	39	19	-20	-52%
Department stores	13	16	3	22%
Other miscellaneous store retailers	16	15	-1	-6%
Specialty food stores	8	12	4	52%
Beer, wine and liquor stores	12	9	-3	-24%
Book stores and news dealers	0	3	3	N/A
Office supplies, stationery and gift stores	2	3	1	50%

Source: EMSI Analyst 2024.1.

4.1.1. Location Quotient

While gross job count data tells a story about the size of local industry, it does not place the sector within a relative scope. To measure the size of the industry relative to a benchmark region, we can turn to location quotient data. Location quotient is used to measure the relative concentration of an occupation; that is, it compares the percentage of jobs per occupation in the labour shed relative to the total percentage of jobs in the same occupation in Ontario and Canada. A location quotient of two means the labour recruiting area employs twice as many jobs in that occupation than is typical in the nation. Such a high concentration shows that there is some momentum in growing or attracting these jobs that is unique to the region.

Table 4 illustrates the relative concentration of retail trade subsectors within Gravenhurst, relative to Ontario and the rest of Canada. Industries are considered to be concentrated if they have a location quotient greater than 1.2. The importance of retail trade to Gravenhurst can be seen in that seven subsectors each have location quotients of at least 1.2 compared to **both** the province and country.

As can be seen, the three most heavily concentrated industries relative to provincial totals are:

- *Direct selling establishments* (13.52 times more concentrated locally than provincially).
- *Building material and supplies dealers* (3.49 times more concentrated).
- *Other motor vehicle dealers* (3.22 times more concentrated).

Relative to national totals, the three most heavily concentrated industries are:

- *Direct selling establishments* (2.59 times more concentrated locally than nationally).
- *Used merchandise stores* (3.21 times more concentrated).
- *Building material and supplies dealers* (3.07 times more concentrated).

Table 4: Gravenhurst Location Quotient Data, 2023

Industry	2023 Jobs	Provincial LQ	National LQ
Direct selling establishments	107	13.52	11.61
Used merchandise stores	28	2.96	3.21
Building material and supplies dealers	131	3.49	3.07
Other general merchandise stores	124	2.60	2.66
Other motor vehicle dealers	19	3.22	2.15
Sporting goods, hobby and musical instrument stores	39	1.98	1.60
Grocery stores	166	1.33	1.22
Health and personal care stores	83	1.14	1.14
Gasoline stations	20	1.25	0.75
Book stores and news dealers	3	0.86	0.74
Other miscellaneous store retailers	15	0.71	0.69
Beer, wine and liquor stores	9	0.70	0.59
Specialty food stores	12	0.51	0.53
Clothing stores	27	0.51	0.49
Department stores	16	0.38	0.43
Office supplies, stationery and gift stores	3	0.36	0.40
Automobile dealers	19	0.41	0.39
Total	822	1.3	1.2

Source: EMSI Analyst 2024.1.

4.1.2. Shift-Share Analysis

The retail sector shift-share analysis compares the projected local employment growth/decline of retail jobs in Gravenhurst from 2013 to 2023 to the projected employment growth/decline of that industry within Canada, as well as the job growth overall for Canada. This tool can project the expected change in jobs based on non-regional factors and compare it to the actual projected change to present a competitive effect impact that isolates the impact of the local business/retail ecosystem. More specifically, this analytical tool examines job growth/decline by attributing growth, stability, or decline in industries over time to three forces:

- National economic growth: regional job growth/decline that is attributable to the growth, stability or decline of the entire Canadian economy. Industries will be impacted positively or negatively by the state of the Canadian economy and consumer spending at a national level, external to any local factors.
- Industry growth: regional job growth/decline that is attributable to the growth, stability or decline of that particular economic activity in the Canadian economy (with the economic growth component removed). General industry trends are outside the influence of local actors and are therefore removed from the local impact.
- Local economic growth: local job growth/decline that is attributable to the local economy because it is growing/declining more or less quickly than jobs in the larger economy (with the Canadian economic and industry growth components removed).

This tool, when correctly interpreted, provides greater descriptive power than the location quotient method. It has been applied to North American Industry Classification Systems (NAICS) industries using place of work statistics. Shift-share analysis allows the examination of changes through time (trends) versus the static snapshot of location quotients.

Table 5 illustrates that, based on non-regional factors, the expected increase in jobs in Gravenhurst's retail sector from 2013 to 2023 would be 51. Instead, the actual increase was 125 jobs, suggesting that there are 74 additional positions of employment in retail trade over what would have been expected.

Regarding positive local competitive effects, the impact is largest for the direct selling establishments subsector. Though this subsector was expected to see a decline in three jobs due to non-regional factors, its actual increase was instead 88 jobs, suggesting the local competitive effect supported 91 additional jobs.

Table 5: Shift-Share Analysis, Gravenhurst, 2013-2023

Description	2013 Jobs	2023 Jobs	Expected Change	Projected Actual Change	Competitive Effect
Direct selling establishments	20	107	-3	88	91
Building material and supplies dealers	80	131	1	51	50
Sporting goods, hobby and musical instrument stores	11	39	1	28	27
Other general merchandise stores	89	124	19	35	16
Clothing stores	11	27	-1	15	16
Health and personal care stores	57	83	15	26	11
Automobile dealers	12	19	1	7	6
Department stores	13	16	-2	3	4
Book stores and news dealers	0	3	0	3	3
Specialty food stores	8	12	2	4	2
Office supplies, stationery and gift stores	2	3	-1	1	2
Jewellery, luggage and leather goods stores	4	0	-1	-4	-3
Furniture stores	4	0	0	-4	-4
Electronics and appliance stores	7	0	-3	-7	-4
Other miscellaneous store retailers	16	15	4	-1	-5
Beer, wine and liquor stores	12	9	2	-3	-5
Home furnishings stores	7	0	-1	-7	-6
Used merchandise stores	30	28	5	-2	-7
Florists	9	0	0	-9	-9
Automotive parts, accessories and tire stores	8	0	2	-8	-10
Other motor vehicle dealers	39	19	6	-20	-26
Grocery stores	199	166	2	-33	-35
Gasoline stations	58	20	2	-38	-40
Direct selling establishments	20	107	-3	88	91
Building material and supplies dealers	80	131	1	51	50
Sporting goods, hobby and musical instrument stores	11	39	1	28	27
Total	697	821	51	125	74

Source: EMSI Analyst 2024.1.

4.1.3. Staffing Patterns

Using staffing patterns, we can assess the occupations most frequently employed by retail trade businesses. Four occupations (*cashiers, retail salespersons, retail sales supervisors* and *retail and wholesale trade managers*) each independently account for over 10% of jobs within the sector (Table 6). Together, these four sectors represent 64% of all jobs in the retail sector. Of the 11 "concentrated" occupations within the retail sector (those representing over 1% of jobs in the sector), four saw a decrease in positions from 2013 to 2023, while seven saw growth rates above 20%.

Table 6: Staffing Patterns for Occupations with Over 1% of Total Jobs in Retail Sector

Occupation	2013 Jobs	2023 Jobs	2013-2023 Change	2013-2023 % Change	% of Total Jobs in Retail Sector
Cashiers	186	170	-16	-8%	21%
Retail salespersons	109	150	41	37%	18%
Retail sales supervisors	48	105	57	119%	13%
Retail and wholesale trade managers	107	100	-7	-7%	12%
Transport truck and transit drivers	11	31	20	187%	4%
Supply chain logistics, tracking and scheduling coordination occupations	13	23	10	74%	3%
Pharmacists and dietitians	9	15	6	72%	2%
Customer and information services representatives	11	14	3	24%	2%
Longshore workers and material handlers	14	13	-1	-5%	2%
Food support occupations	19	11	-8	-41%	1%
Assisting occupations in support of health services	7	10	4	56%	1%

Source: EMSI Analyst 2024.1.

3.2. Business Counts

Another measure of the retail sector's impact on the community is the number of businesses within the sector. In December 2023 in Gravenhurst, there were 129 businesses in the retail trade sector. Of these businesses, 64 are indeterminate (which typically suggests an individual with no employees), while the majority of the rest (41 of 65 businesses, 63.2%) are small businesses with 1-9 employees (Table 7).

Table 7: Retail Business Counts by Number of Employees, December 2023

Business Size	Retail Businesses by Size
1-9 Employees	41
10-49 Employees	18
50-99 Employees	4
100+	2
Indeterminate (self-employed)	64
Total	129

Source: Canadian Business Counts December 2023.

Breaking down this information further (Table 8), we can assess the number of retail businesses in Gravenhurst by four-digit NAICS. The largest four-digit subsector in terms of the number of businesses is *Other miscellaneous store retailers*, with 14 businesses, 6 of which have employees. The other 8 businesses are defined as having an indeterminate number of employees, suggesting a self-employed individual. *Other miscellaneous store retailers* refers to specialized merchandise retailers that supply niche industries and therefore do not fall under other retail categories. This includes art suppliers, auctioneers, home security equipment, swimming pols and hot tubs/saunas, pet and pet supply stores, or party supply stores. For a complete breakdown, see the Statistics Canada website.

Table 8: Top Sectors by Business Counts, Retail Subsectors, December 2023

Business Size	1-9 Employees	10-49 Employees	50-99 Employees	100+	Indeterminate	Total
Other miscellaneous store retailers	5	0	0	0	8	**14**
Gasoline stations	7	0	0	0	5	**12**
Grocery stores	1	1	1	1	7	**11**
Building material and supplies dealers	3	2	2	0	4	**11**
Health and personal care stores	4	1	0	0	5	**10**
Other general merchandise stores	1	2	1	0	5	**8**
Direct selling establishments	2	1	0	1	5	**8**
Other motor vehicle dealers	4	1	0	0	2	**7**
Specialty food stores	2	1	0	0	3	**6**
Lawn and garden equipment and supplies stores	1	0	0	0	4	**5**
Electronic shopping and mail-order houses	1	0	0	0	3	**5**
Used merchandise stores	0	1	0	0	4	**5**
Furniture stores	2	2	0	0	0	**4**
Clothing stores	2	1	0	0	1	**4**
Home furnishings stores	3	0	0	0	1	**4**
Office supplies, stationery and gift stores	0	0	0	0	3	**3**
Beer, wine and liquor stores	0	2	0	0	0	**2**
Automobile dealers	1	1	0	0	0	**2**
Automotive parts, accessories and tire stores	0	1	0	0	1	**2**
Florists	1	0	0	0	1	**2**
Electronics and appliance stores	0	0	0	0	2	**2**
Sporting goods, hobby and musical instrument stores	1	0	0	0	1	**2**

Business Size	1-9 Employees	10-49 Employees	50-99 Employees	100+	Indeterminate	Total
Vending machine operators	0	0	0	0	1	**1**
Shoe stores	0	1	0	0	0	**1**
Jewellery, luggage and leather goods stores	1	0	0	0	0	**1**

Source: Canadian Business Counts December 2023.

3.2.1. Market Threshold Analysis

The Market Threshold Analysis uncovers what sorts of additional retail stores the area might be able to support, based on the provincial threshold and considering the local size of the area population. The theoretical capacity of the community is calculated by dividing the community's population by the number of people per business type in Ontario.

The theoretical capacity for retail businesses in Gravenhurst is:

$$= \frac{\text{Total population in the community}}{(\text{Total number of Ontario businesses in industry X} \div \text{Total population in Ontario})}$$

The City of Toronto represents a concentration of businesses and people unlike any other place in Ontario. For the theoretical threshold analysis, the Greater Toronto Area businesses and population were subtracted from the Ontario figures to avoid inflating the threshold capacity of the rural area in question. Table 9 evaluates the threshold capacity for retail industries (NAICS 44-45) in Gravenhurst. Note that negative figures represent the magnitude of the potential gap in the number of businesses.

Our threshold analysis calculations suggest that many subsectors of retail trade are above their theoretical capacity in Gravenhurst. This does not suggest that the market is oversaturated; rather it is a reflection of two key factors (among others not identified here):

1) The influx of non-permanent residents during peak times allows for Gravenhurst to accommodate a larger number of retailers-per-permanent resident than other areas in Ontario.

2) Visitors to Gravenhurst are likely spending considerable amounts of money in retail stores in Gravenhurst, helping to support this sector even with a more minimal population.

In terms of the subsectors with the most immediate per capita growth potential, there are two fewer local *health and personal care stores* than the population estimates suggest Gravenhurst could hold and three fewer *clothing* stores. Considering that all of the other most common subsectors see considerable gaps between the current total and theoretical capacity in a positive direction, that these stores have fewer current totals compared to their theoretical capacity suggests that there might be considerable room for growth.

At the same time, this assessment is not suggesting the Town **needs** to see growth in these subsectors. Shopping habits and availability of stores in surrounding areas must be considered and taken into account. This should be seen as a suggestive analysis, not actionable directives.

Table 9: Threshold Analysis for Retail Subsectors, Gravenhurst, 2023

	Ontario minus Greater Toronto Area		Gravenhurst		
Description	Number of Businesses	People per businesses	Theoretical Capacity	Current Total	Gap
Other miscellaneous store retailers	3,995	1,575	8	14	**5**
Gasoline stations	2,495	2,521	5	12	**7**
Grocery stores	3,895	1,615	8	11	**3**
Building material and supplies dealers	1,786	3,523	4	11	**7**
Health and personal care stores	5,918	1,063	12	10	**-2**
Other general merchandise stores	2,227	2,824	5	8	**4**
Direct selling establishments	2,721	2,312	6	8	**3**
Other motor vehicle dealers	694	9,062	1	7	**5**
Specialty food stores	2,108	2,985	4	6	**1**
Lawn and garden equipment and supplies stores	541	11,628	1	5	**4**
Electronic shopping and mail-order houses	1,735	3,626	4	5	**1**
Used merchandise stores	593	10,609	1	5	**3**
Furniture stores	814	7,728	2	4	**2**

Description	Ontario minus Greater Toronto Area		Gravenhurst		
	Number of Businesses	People per businesses	Theoretical Capacity	Current Total	Gap
Clothing stores	3,277	1,920	7	4	-3
Home furnishings stores	1,163	5,407	2	4	1
Office supplies, stationery and gift stores	1,011	6,221	2	3	1
Beer, wine and liquor stores	786	8,007	2	2	0
Automobile dealers	2,464	2,553	5	2	-3
Automotive parts, accessories and tire stores	1,246	5,049	3	2	-1
Florists	564	11,161	1	2	1
Electronics and appliance stores	1,337	4,706	3	2	-1
Sporting goods, hobby and musical instrument stores	1,907	3,298	4	2	-2
Vending machine operators	156	40,325	0	1	1
Shoe stores	497	12,646	1	1	0
Jewellery, luggage and leather goods stores	775	8,112	2	1	-1
Department stores	97	64,778	0	0	0
Book stores and news dealers	269	23,360	1	0	-1

Source: Statistics Canada 2021 Census and Canadian Business Counts December 2023.

3.3. Industry Outputs

This subsection highlights the economic impact of retail trade in Gravenhurst. We can measure that through three separate measures – sales, wages and exports. The first two measurements assess the direct impacts in the community, while exports reflect sales made outside the region that generate subsequent local economic activity.

Table 10 presents sales and wage data for all retail subsectors in Gravenhurst. As can be seen, total sales within the sector total nearly $75 million and total wages for all employees within the sector total just under $25 million ($23.9 million).

Export, sales and wage data are presented for the year 2021. This is the most up-to-date data available, as the source information for this data is available on a three-year lag.

Table 10: Sales and Wages for Retail Subsectors, 2021

Industry	Sales	Total Wages
Direct selling establishments	$20,233,941	$5,191,172
Building material and supplies dealers	$19,323,071	$6,750,358
Grocery stores	$8,122,474	$3,301,586
Health and personal care stores	$7,592,376	$2,594,985
Other general merchandise stores	$5,765,137	$2,078,447
Gasoline stations	$3,224,240	$654,931
Other motor vehicle dealers	$2,016,838	$912,199
Used merchandise stores	$1,665,957	$512,925
Automobile dealers	$1,585,054	$716,907
Department stores	$916,142	$330,287
Clothing stores	$836,586	$243,574
Beer, wine and liquor stores	$800,345	$325,320
Other miscellaneous store retailers	$760,541	$234,160
Office supplies, stationery and gift stores	$190,636	$58,694
Total	$73,033,337	$23,905,545

Source: EMSI Analyst 2024.1.

The structural realities of local brick-and-mortar retailers mean that the majority of retail sales are typically made locally. However, in Gravenhurst, likely due to the considerable population that visits during peak seasons and has a full-time residency outside the community, this is not the case. For the two largest sectors by sales (direct selling establishments and building material and supplies dealers), more than three quarters of their sales are exports. In terms of overall export sales, the retail sector in Gravenhurst in 2021 was responsible for values of $49 million, which accounted for 67.1% of total industry sales (Table 11).

Table 11: Export Values for Retail Subsectors, 2021

Industry	Exports	Percentage of Total Sales
Direct selling establishments	$18,714,293	92%
Building material and supplies dealers	$15,070,033	78%
Other general merchandise stores	$3,299,990	57%
Health and personal care stores	$3,008,426	40%
Grocery stores	$2,987,806	37%
Other motor vehicle dealers	$1,412,042	70%
Gasoline stations	$1,387,110	43%
Used merchandise stores	$1,192,162	72%
Automobile dealers	$703,690	44%
Department stores	$346,393	38%
Beer, wine and liquor stores	$293,161	37%
Clothing stores	$279,278	33%
Other miscellaneous store retailers	$268,711	35%
Office supplies, stationery and gift stores	$67,279	35%
Total	$49,030,375	67.1%

Source: EMSI Analyst 2024.1.

4. Demographics In Gravenhurst

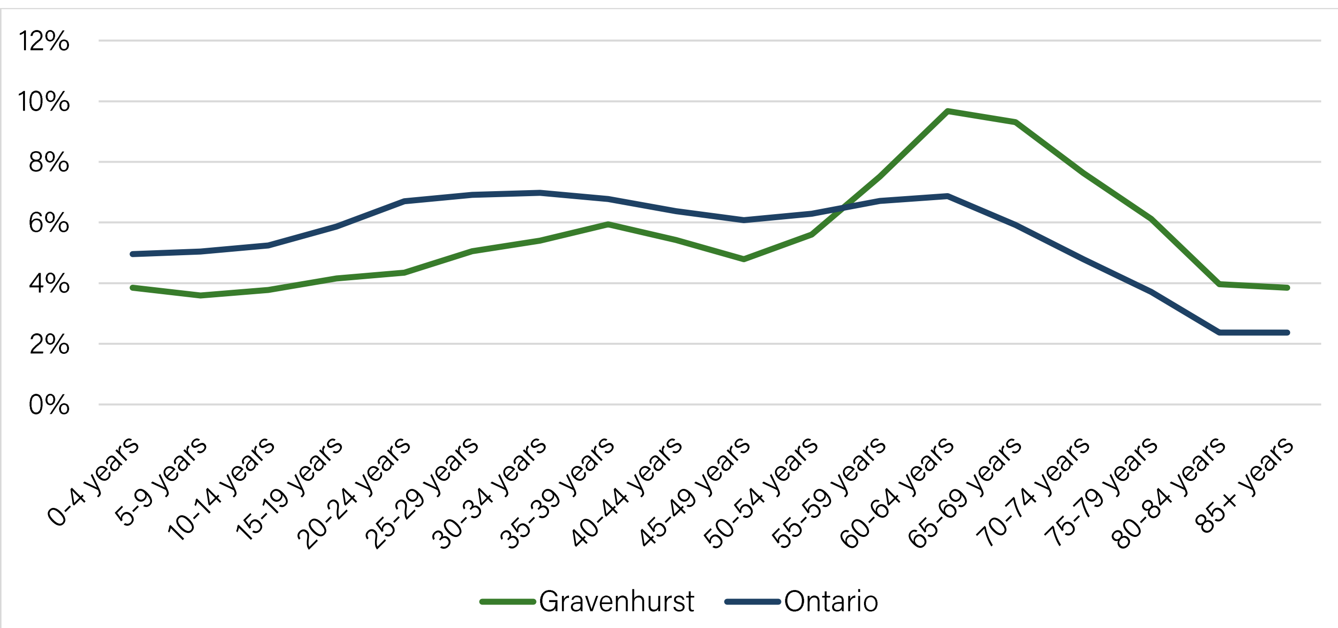
This section breaks down sociodemographic details of the residents of Gravenhurst with a specific eye on how those demographic details impact the *retail trade* sector. It begins with an income and employment profile for Gravenhurst residents, outlining income, spending and employment data. It then presents CanaCode demographic cluster data that profiles various sociodemographic groupings of Gravenhurst households. Finally, we break down average spending data by household to profile the typical spending habits of Gravenhurst residents.

4.1. Population, Income and Employment

4.1.1. Population

The Town of Gravenhurst is home to 13,914 people in 2023, a figure that is projected to rise above 17,000 by 2033.[11] However, these figures, as they relate to retail, undersell the extent of the population in Gravenhurst because the seasonal population during peak travel times doubles the local population count, suggesting retailers will see a significantly larger influx of consumers than in a typical Town of 14,000 residents. With respect to full-time residents, Gravenhurst has a lower percentage of youth (0-19) and middle aged adults (20-55) compared to Ontario, with a much larger older population (55+ individuals). This age breakdown is presented in Figure 6.

Figure 6: Percent Population by Age, Gravenhurst and Ontario, 2023



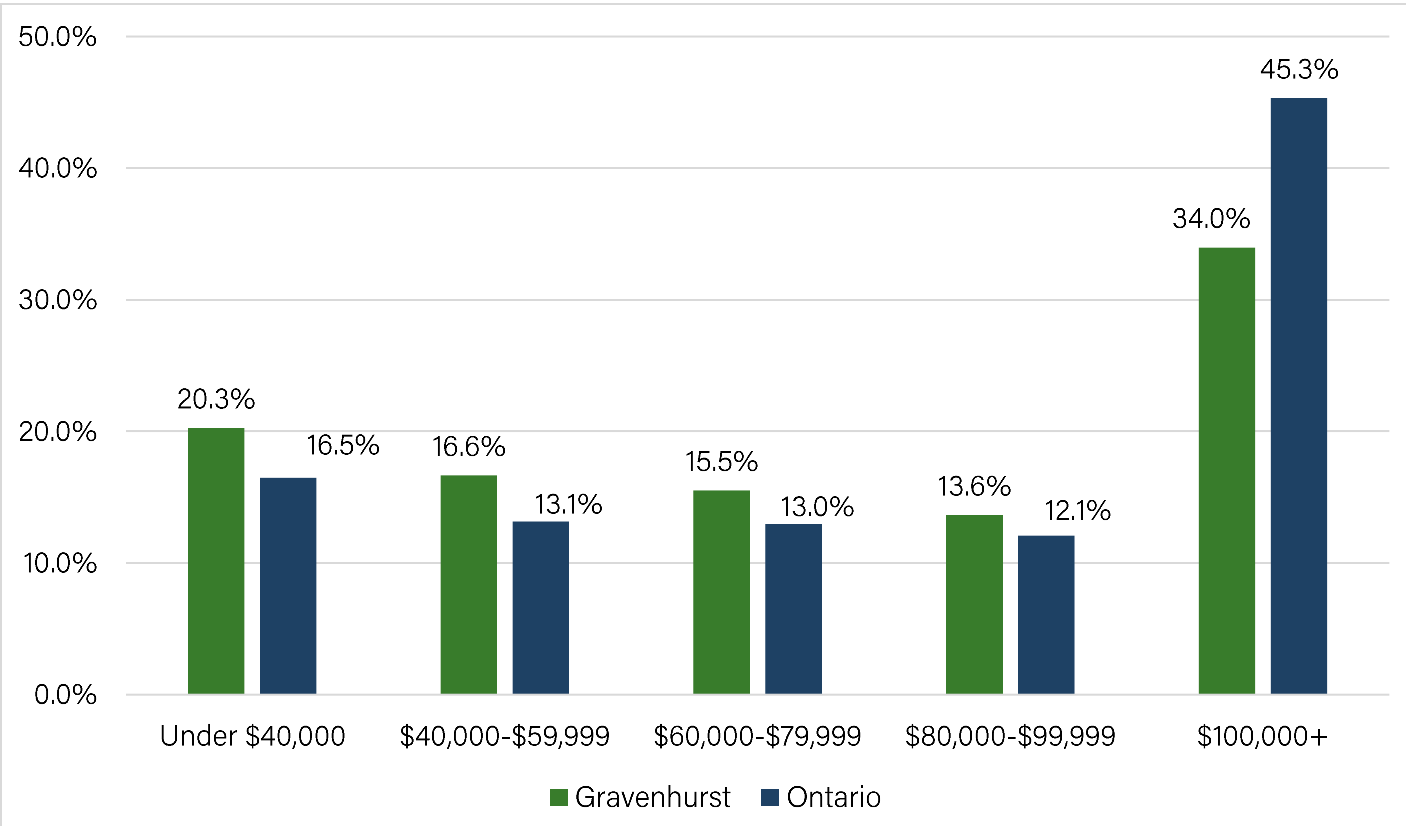
Source: McSweeney & Associates and Manifold Data Mining Inc. SuperDemographics 2023.

[11] Watson & Associates Economics Ltd.

4.1.2. Income and Household Spending

On average, residents in Gravenhurst have slightly lower levels of employment and household income compared to Ontario (Figure 7). Please note that income data is presented for the previous tax year (2022 incomes are presented in 2023 data). Gravenhurst, though, offers much more favourable costs of housing. Fewer residents (only 20%) in Gravenhurst spend over thirty percent of their total income, verses 28% provincially. These figures suggest Gravenhurst residents have higher disposable incomes compared to Ontario residents, a positive with respect to retail trade.

Figure 7: Household Incomes for Gravenhurst and Ontario Residents, 2022



Source: McSweeney & Associates and Manifold Data Mining Inc. SuperDemographics 2023.

Income breakdowns show that Gravenhurst residents are slightly less likely to earn under $100,000, but once normalized against shelter costs (see Table 12), local incomes offer similar rates of disposable income, as shelter costs are less in Gravenhurst than across Ontario.

Specifically, while average household incomes are lower in Gravenhurst, shelter cost as a percentage of household income is less in Gravenhurst compared to the province. The average Gravenhurst household's shelter costs are 22.9% of total income, compared to 24.8% across Ontario.

Table 12: Household Income and Dwelling Costs, 2023

Housing Characteristics	Gravenhurst	Ontario
Average Shelter Costs, Annual, by Household	$23,927	$30,654
Average household total income	$104,364	$123,610
Average Shelter Costs as a Percentage of Total Income	22.9%	24.8%

Source: Manifold Data Mining Inc.

4.1.3. Resident Employment

Another aspect of demographic analysis is an assessment of the total jobs within the retail trade sector in Gravenhurst and within which Gravenhurst residents work. As can be seen in Table 13, retail trade is a major sector in Gravenhurst, responsible for employing almost 822 individuals, fewer than only construction. This figure (822) speaks to the number of total jobs within Gravenhurst, regardless of where those employees reside. Retail trade jobs therein represent 12.6% of all jobs within Gravenhurst.

Table 13: Total Jobs per Sector, Gravenhurst, 2023

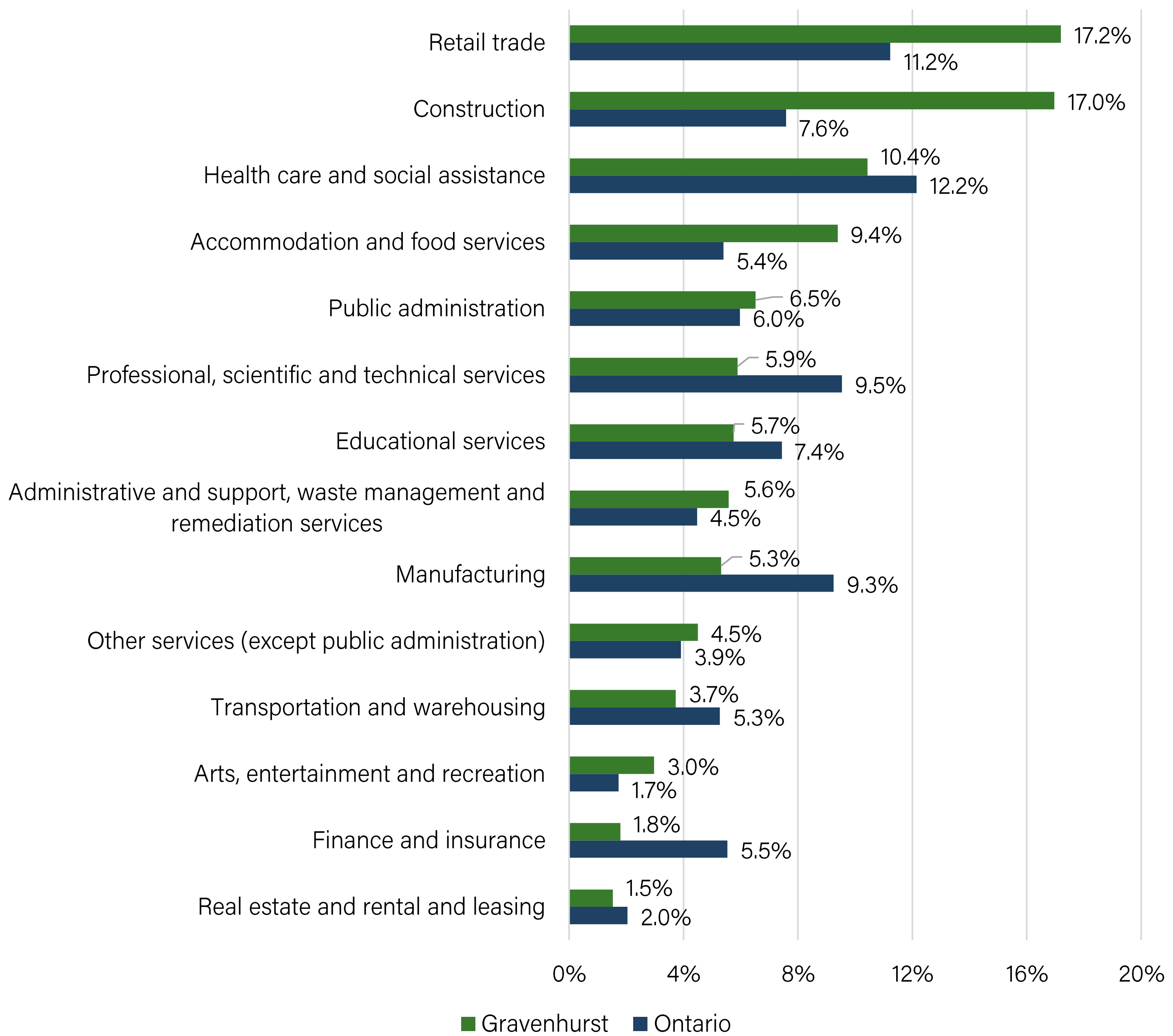
Sectors	Total Jobs within Gravenhurst
Construction	955
Retail trade	**822**
Public administration	764
Accommodation and food services	683
Health care and social assistance	651
Administrative and support, waste management and remediation services	395

Sectors	Total Jobs within Gravenhurst
Manufacturing	382
Other services (except public administration)	340
Arts, entertainment and recreation	333
Educational services	246
Professional, scientific and technical services	239
Wholesale trade	163
Transportation and warehousing	129
Real estate and rental and leasing	110
Finance and insurance	99
Unclassified	86
Information and cultural industries	43
Utilities	34
Management of companies and enterprises	25
Agriculture, forestry, fishing and hunting	9
Mining, quarrying, and oil and gas extraction	0
Total Labour Force 15 years and older	6,507

Source: EMSI Analyst 2024.1.

When assessing where Gravenhurst **residents** work, retail trade is once again clearly a key sector. Specifically, Figure 8 notes that 17.2% of employed Gravenhurst residents work within the sector. This makes retail trade the most prominent sector in terms of resident employment, just slightly ahead of construction (17.0%). Retail trade also features the most prominent gap between local employment and provincial employment, as local residents are 6% more likely to be working in the sector compared to their provincial counterparts.

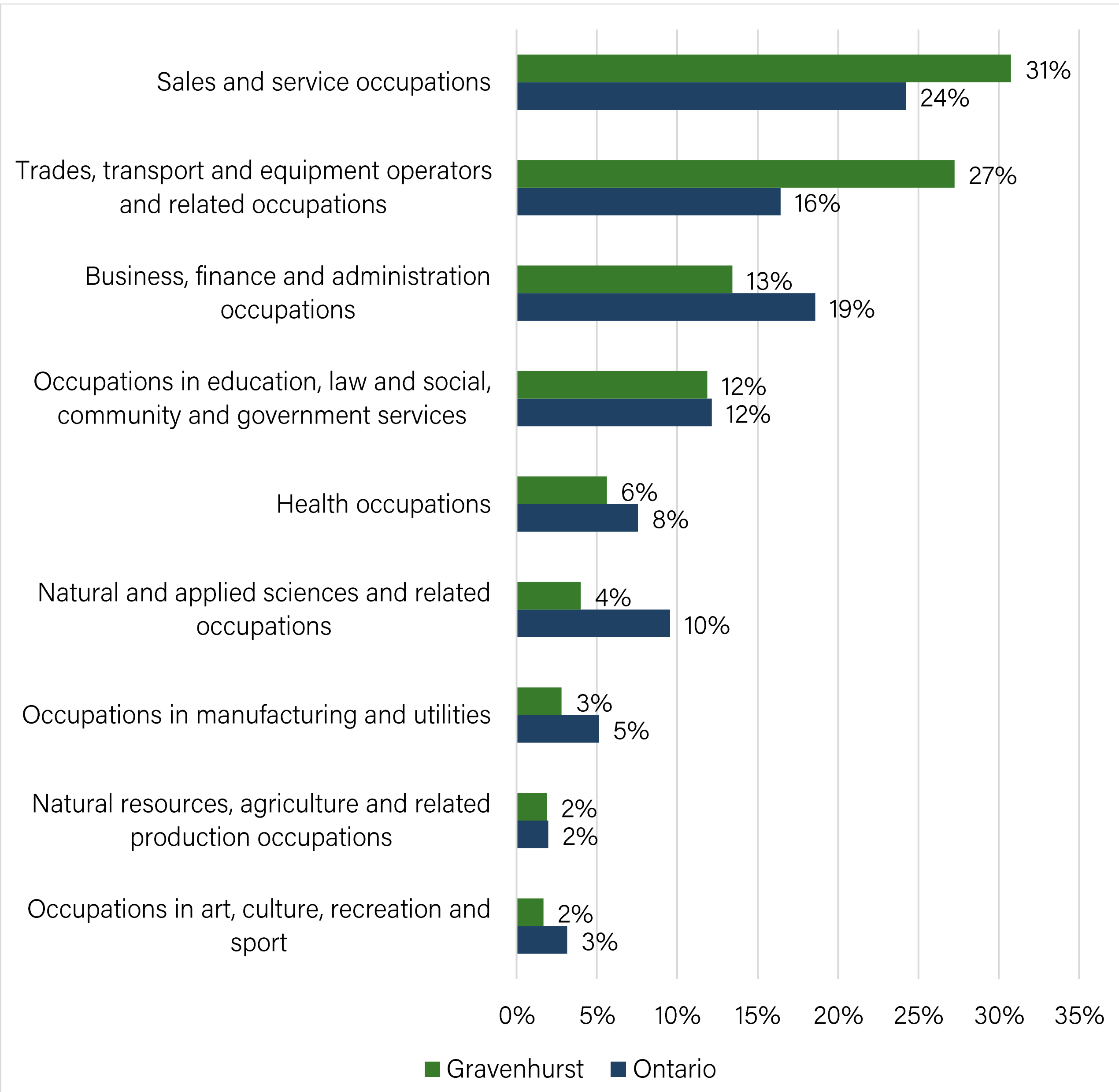
Figure 8: Labour Force by Industry, 2023



Source: Manifold SuperDemographics 2023.

Resident labour force can be further assessed by occupation. As can be seen in Figure 9, sales and service occupations are once again the most prevalent among Gravenhurst residents, and are again significantly more predominant locally than across Ontario (31% locally compared to 24% at a provincial level). The only other occupation representing more than 13% of residents locally are trades, transport and equipment operators and related occupations, which represent 27% of resident employment.

Figure 9: Resident Labour Force by Occupation, 1-digit NOC, 2023



Source: Manifold SuperDemographics 2023.

4.2. Demographic Clusters

The demographic clusters shown below (Table 14) clearly demonstrate that Gravenhurst households are heavily concentrated within four main demographic clusters *Urban Life in Small Towns, Joyful Country, Rural Handymen,* and *Up the Ladder.* The demographic cluster *Urban Life in Small Towns* represent half of all local households.

Table 14: CanaCode Demographic Clusters, Gravenhurst Permanent Residents, 2023

	Household: Count	Household: Percentage		
Demographic Cluster	Gravenhurst	Gravenhurst	Ontario	Canada
Urban Life in Small Towns	3,329	52.14%	4.99%	7.80%
Joyful Country	1,024	16.04%	6.10%	6.00%
Rural Handymen	983	15.39%	2.48%	4.50%
Up the Ladder	729	11.41%	12.65%	14.30%
Renters	187	2.93%	1.54%	3.10%
Empty Nesters	132	2.07%	5.22%	4.10%
High Trades	1	0.02%	4.69%	5.00%
Affluents	0	0.00%	4.99%	3.40%
Elite Professionals	0	0.00%	8.49%	7.20%
Ethnic Cruisers	0	0.00%	6.75%	4.40%
Nest Builders	0	0.00%	7.44%	6.20%
Buy Me a New Home	0	0.00%	12.22%	11.00%
Comfortable Apartment Dwellers	0	0.00%	13.62%	11.30%
Singles	0	0.00%	2.16%	4.20%
New Canadians	0	0.00%	3.05%	2.70%
One Parent Families	0	0.00%	0.79%	1.70%
Thrifty	0	0.00%	2.81%	3.30%
Total	6,385	100%	100%	100%

Source: Manifold CanaCode Lifestyle Clusters 2023.

The top four demographic clusters in terms of percentage of households in Gravenhurst are profiled below, with a specific eye to retail-related impacts. These four clusters all represent over at least 10% of households in Gravenhurst and combine to represent 95.0% of local households.

4.2.1. Urban Life in Small Towns (52.1% of households in Gravenhurst)

These households make up the majority of all households in Gravenhurst, vastly more than provincial (5.0%) and national (7.9%) representation. These households are typically working families in service industries: many work in trades, transportation, or other service sectors, and typically skew older than the average population. Their preferred methods of shopping are typically discount or online stores, with price mattering more to decision-making than convenience.

Related to retail spending, they are more likely than the average Canadian to spend on housing or leisure-related goods (i.e., pools, camping trailers, water delivery, or satellite dishes). Price when shopping is highly valued among this demographic and they are more likely than average to consider e-commerce and online shopping. Big-ticket purchases include being relatively likely to spend money on RVs and camping trailers.

4.2.2. Joyful Country (16.0% of households)

Joyful country households are quite similar to the “urban life in small towns” households, with similar work in trades, transportation and service sectors. Big ticket item purchases are also similar, in that they’re interested in pools, camping trailers, and RV-type equipment. This demographic differs in two main ways, however. First, they are more likely to be hesitant to spend money, preferring to save money and only make large purchases deliberately. Second, they are more likely to spend money on outdoor activities or goods, including snowmobiles, power boats, and hunting/fishing accessories.

4.2.3. Rural Handymen (15.4% of households)

As the cohort title suggests, these households typically involve a male working in trades or transportation, or as heavy equipment operators. They favour convenience over price, with relatively minimal brand loyalty. These households are blue collar, typically own older homes in need of maintenance, and are more likely to drive a pickup truck compared to the Canadian average.

This demographic is more likely than the Canadian average to invest in household expenditures designed to improve their quality of life inside the house rather than seek enjoyment “out on the town” or partying. Big ticket purchases include many home accessories, including home exercise equipment, fireplaces, and pools as well as outdoor sporting goods, including motorcycles, boats, and snowmobiles.

4.2.4. Up the Ladder (11.4% of households)

Individuals within the *Up the Ladder* demographic cluster are often middle class earners in their "busy" life-stage. These households are typically young families and new suburbanites, with children and pets. Their average household income is approximately $103,526. This demographic spends considerably on health-care and childcare, and are more interested in investing in tangible assets (typically their house). Career and wealth development is considered key, and leisure time is typically spent on household improvements (interior improvements or gardening).

Related to retail trade purchases, individuals within this demographic cluster are more likely than the Canadian average to spend on household goods and physical outdoor assets (motorcycles, camping trailers).

4.2.5. Summary

Across each of the demographic cohorts profiled, some key themes become clear. First, as expected given the breakdown of occupations and industries of employment, most are represented by employment in trades, transportation, and service sectors. Second, "big ticket" purchases within each cohort that are made more often than the average Canadian include home-based improvements and investments (pools, fireplaces, etc.) or outdoor sports/assets (camping trailers, snowmobiles, etc.). Once again, this is not surprising given the lifestyle available to residents in Gravenhurst and their close connection to nature.

4.3. Spending Habits

Utilizing Manifold Data Mining's Household Spending Patterns data, we can assess the spending patterns of average households in Gravenhurst compared to Ontario households. We begin this subsection with an assessment of spending patterns at a broad level before delving deeper into the specifics of retail spending patterns of Gravenhurst residents. Before presenting the data, two key notes are worth highlighting:

1) These household spending patterns are snapshots in time; they represent spending habits for households in 2023. These data do not project how spending habits may change over time and should not be seen as such.
2) These spending patterns are averages for residents, not money spent in the community. This means that money spent by residents of other communities who travel to Gravenhurst *will not* be captured in this data. Similarly, money spent by Gravenhurst residents in other communities *will* be captured in this data. The following section presents information on money spent by non-Gravenhurst residents who travel to Gravenhurst.

4.3.1. Household Spending Habits

Gravenhurst households spent, on average, $64,775 (this spending does not include taxes, charitable contributions, or savings such as RRSP contributions), compared to $86,579 for residents across Ontario (Table 15). In 2023, including taxes, savings, and charitable contributions, Gravenhurst residents spent approximately 0.7% more of their income on retail goods, than Ontario residents as a whole. Total spending, however, was approximately $7,528 less. On average, spending on retail goods was the second most common expense for Gravenhurst households, behind housing.

Relative spending habits were fairly consistent between Gravenhurst residents and the broader Ontario demographic; all categories were within 1% of each other in terms of relative spending, with the largest gap represented in retail spending and tax spending.

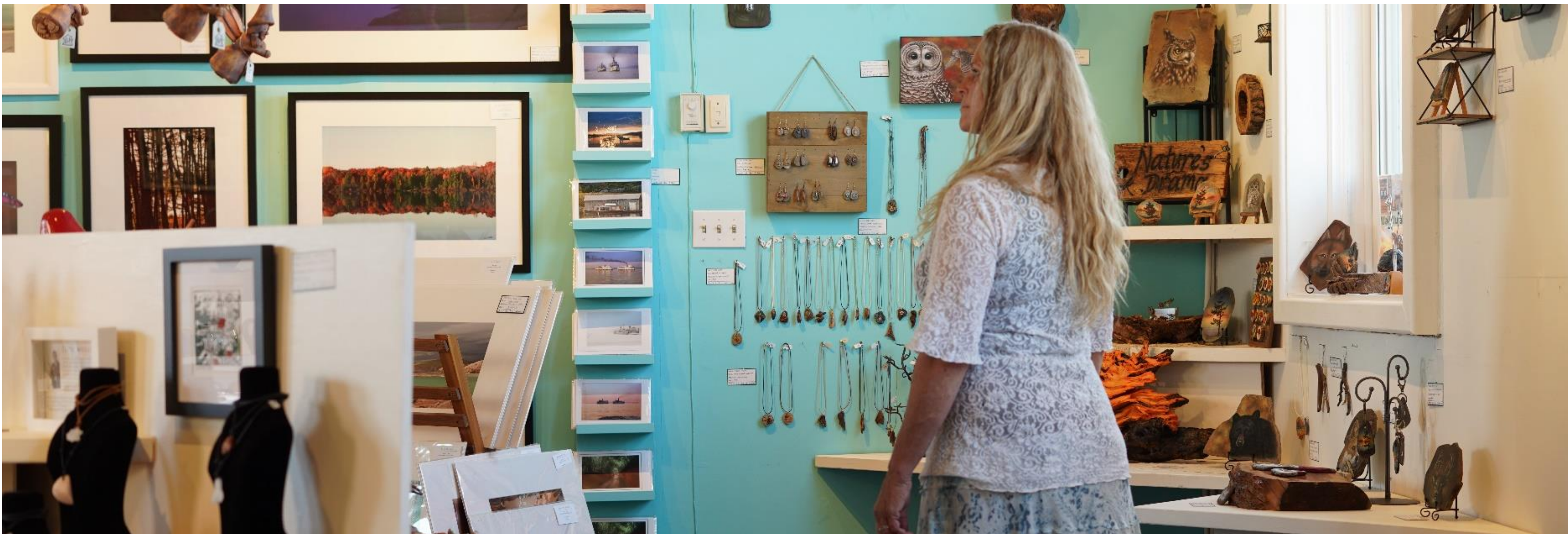


Table 15: Household Spending Habits by Major Spending Category, Gravenhurst and Ontario, 2023[12]

	Gravenhurst		Ontario	
Major Spending Category	Average Per Household	Percentage	Average Per Household	Percentage
Housing	$29,173	28.9%	$37,553	28.8%
Retail	$28,911	28.6%	$36,439	27.9%
Charity/Savings/Taxes	$24,764	24.5%	$33,158	25.4%
Transportation	$10,358	10.3%	$13,520	10.4%
Entertainment	$3,735	3.7%	$4,344	3.3%
Health Care	$2,701	2.7%	$2,952	2.3%
Educational Services	$1,377	1.4%	$2,446	1.9%
Total	$101,017		$130,411	

Source: Manifold Data Mining Household Spending Patterns 2023.

We are further able to measure the total spent per major spending category by Gravenhurst households. As can be seen in Table 16, in total Gravenhurst residents spent approximately $168.1 million on retail goods in 2023.

[12] The housing spending category in this section incorporates different subcategories than the housing costs in Table 11 and should not be compared directly.

Table 16: Total Spending, Gravenhurst Households, by Spending Category, 2023

Major Spending Category	Total Spending, Gravenhurst Households
Housing	$169,611,473
Retail	$168,086,949
Charity/Miscellaneous Fees/Taxes	$143,975,797
Transportation	$60,219,086
Entertainment	$21,713,795
Health Care	$15,702,451
Educational Services	$8,005,936
Total	$587,315,489

Source: Manifold Data Mining Household Spending Patterns 2023.

4.3.2. Retail Spending Patterns

We are able to break the retail purchases into smaller subcategories to better understand the purchasing habits of Gravenhurst residents. Gravenhurst residents' largest retail categories in terms of expenditures in 2023 are food ($20,111 on average - $10,092 at grocery stores and $10,019 on food at non-grocery stores, including supermarkets and specialty stores) and clothing ($2,381).

Table 17: Retail Spending subcategories

Retail Spending Category	Total Spending, Gravenhurst Households
Food	$20,111
Clothing	$2,381
Household furnishings, art and antiques and equipment	$2,125
Tobacco Products and Alcoholic Beverages	$1,990
Personal Care	$1,509
Reading Materials and Other Printed Matter	$98
Other miscellaneous Expenditures	$693

Retail Spending Category	Total Spending, Gravenhurst Households
Total	$28,910.72

Source: Manifold Data Mining Household Spending Patterns 2023.

Food (Table 18) and clothing purchases (Table 19) are further broken down into sub-categories. Within the broader category of "food" ($20,111 average annual spending), $10,092 is spent at grocery stores. Table 18 presents spending patterns related to grocery stores in 2023. Table 19 then breaks down "clothing" spending patterns into similar subcategories. Regarding food purchases, Gravenhurst households averaged spending of over $1,000 on four grocery products:

- Meat - Residents spent on average $2,311 on in 2023 (22.9% of grocery expenses).
- Dairy products and eggs - $1,529 (15.1%).
- Fruit and nuts - $1,422 (14.1%).
- Vegetables - $1,145 (11.3%).

Table 18: Gravenhurst Household Spending Patterns, Groceries, 2023

Spending Description	Gravenhurst Average	Gravenhurst Total	Ontario Average
Meat	$2,311	$13,437,724	$2,849
Dairy products and eggs	$1,529	$8,888,269	$1,879
Fruit and nuts	$1,422	$8,267,682	$1,875
Vegetables	$1,145	$6,655,111	$1,481
Bakery goods	$941	$5,472,259	$1,108
Cereal grains and cereal products	$555	$3,226,334	$768
Fish and other marine products	$422	$2,454,310	$611
Sugar and confectionery	$358	$2,081,017	$440
Condiments, spices and vinegar	$311	$1,810,619	$378
Other non-alcoholic beverages	$235	$1,366,691	$283
Coffee and tea	$176	$1,021,264	$212
Other food preparations	$167	$972,019	$174

Spending Description	Gravenhurst Average	Gravenhurst Total	Ontario Average
Frozen prepared food	$144	$839,821	$167
Ready-to-serve prepared food	$114	$660,232	$131
Snack food	$107	$624,755	$134
Margarine, oils and fats (excluding butter)	$87	$508,016	$110
Soup (except infant soup)	$67	$391,835	$78
Total	$10,093	$58,677,958	$12,678

Source: Manifold Data Mining Household Spending Patterns 2023.

Finally, there are four major clothing spending categories for Gravenhurst Households (Table 19):

- Women's and girls' (4 years and over) wear - $8.4 million total spent by Gravenhurst residents in 2023.
- Men's and boys' (4 years and over) wear - $5.1 million total spent in 2023.
- Children's (under 4 years) wear - $261,072 total spent in 2023.
- Services related to clothing - $80,036 total spent in 2023.

Table 19: Gravenhurst Household Spending Patterns, Clothing, 2023

Spending Description	Gravenhurst Average	Ontario Average	Gravenhurst Total
Women's and girls' wear (4 years and over)	**$1,445**	**$1,937**	**$8,400,649**
Clothing	$753	$1,026	$4,378,489
Footwear	$239	$325	$1,388,901
Accessories	$72	$107	$420,096
Jewellery and Watches	$109	$151	$631,459
Men's and boys' wear (4 years and over)	**$878**	**$1,222**	**$5,102,919**
Clothing	$425	$659	$2,472,310
Footwear	$155	$241	$899,193
Accessories	$29	$48	$167,327
Jewellery and Watches	$35	$59	$201,670
Children's wear (under 4 years)	**$45**	**$97**	**$261,072**
Clothing and cloth diapers	$20	$55	$118,414
Footwear	$4	$10	$23,076
Services	**$14**	**$17**	**$80,036**
Laundry and dry-cleaning service	$7	$8	$39,024
Laundromats and self-service dry cleaning	$5	$7	$29,523
Maintenance, repair and alteration	$2	$2	$11,488
Total	$2,381	$3,272	$13,844,675

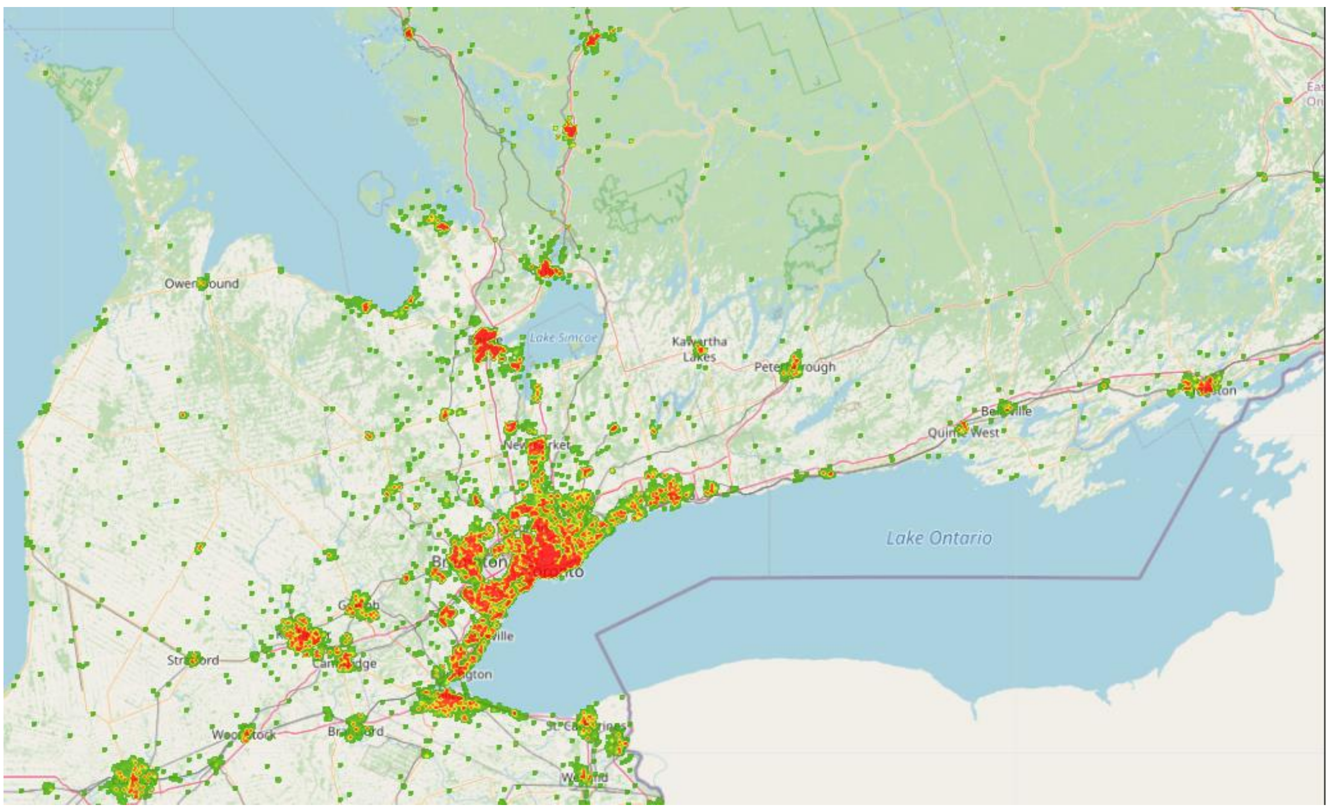
Source: Manifold Data Mining Household Spending Patterns 2023.

5. Demographics of Visitors to Gravenhurst

Similar work as Section 4 can be completed through the lens of visitors to Gravenhurst. In 2023 it is estimated that 543,185 visitors came to Gravenhurst, spending time in the urban core and engaging with the retail area. This figure excludes people who did not travel into the retail core (i.e., remained on the highway corridor as a means to travel through Gravenhurst, while not spending any time in the Town).

Figure 10 presents a heatmap of the municipalities where visitors to Gravenhurst are most likely to reside in. As expected, the majority of visitors to Gravenhurst originate in the Greater Toronto Area.

Figure 10: Heatmap of Visitors to Gravenhurst, from Place of Origin



Source: Manifold Data Mining.

Table 20 presents the top 10 places of origin, including the total number unique visits from the place of origin. Once again, it is clear that the majority of visitors originate from the GTA, with local communities also being prevalent (Bracebridge, Orillia, Huntsville, and Severn).

Table 20: Top 10 Places of Origin for Visitors to Gravenhurst, 2023.

Census Subdivision (CSD)	Total Visits from CSD
Toronto	92,961
Bracebridge	66,441
Barrie	25,101
Mississauga	21,634
Orillia	18,035
Huntsville	17,613
Brampton	16,241
Severn	14,966
Hamilton	13,839
Kitchener	10,399

Source: Manifold Data Mining.

5.2. Demographic Clusters – Visitors to Gravenhurst

As with the previous section focused on demographics in Gravenhurst, visitors to the Town can also be divided into demographic clusters. The demographic clusters shown below (Table 21) present a more diffuse breakdown of clusters, with only three cohorts (*urban life in small towns, up the ladder*, and *buy me a new home*) representing 10% or more of the population, with none above 16%, suggesting visitors to Gravenhurst are a more varied group compared to local residents. Clusters are presented in the same order as they were in the section profiling Gravenhurst residents, for ease of comparison.

Table 21: CanaCode Demographic Clusters, Gravenhurst Visitors, 2023

	Household: Count	Household: Percentage		
Demographic Cluster	Gravenhurst Visitors	Gravenhurst Visitors	Ontario	Canada
Urban Life in Small Towns	85,551	15.94%	4.99%	7.80%
Joyful Country	40,725	7.59%	6.10%	6.00%
Rural Handymen	9,656	1.80%	2.48%	4.50%
Up the Ladder	65,581	12.22%	12.65%	14.30%
Renters	12,768	2.38%	1.54%	3.10%
Empty Nesters	22,695	4.23%	5.22%	4.10%
High Trades	23,716	4.42%	4.69%	5.00%
Affluents	24,819	4.62%	4.99%	3.40%
Elite Professionals	35,219	6.56%	8.49%	7.20%
Ethnic Cruisers	30,314	5.65%	6.75%	4.40%
Nest Builders	36,086	6.72%	7.44%	6.20%
Buy Me a New Home	60,514	11.27%	12.22%	11.00%
Comfortable Apartment Dwellers	45,609	8.50%	13.62%	11.30%
Singles	12,924	2.41%	2.16%	4.20%
New Canadians	15,686	2.92%	3.05%	2.70%
One Parent Families	3,872	0.72%	0.79%	1.70%
Thrifty	11,047	2.06%	2.81%	3.30%

	Household: Count	Household: Percentage		
Demographic Cluster	Gravenhurst Visitors	Gravenhurst Visitors	Ontario	Canada
Total	536,782	100%	100%	100%

Source: Manifold CanaCode Lifestyle Clusters 2023.

The top three demographic clusters in terms of percentage of households visiting Gravenhurst are profiled below, once again with a specific eye to retail-related impacts. These three clusters all represent over at least 10% of households in Gravenhurst and combine to represent 39.4% (two out of every five) of local households.

5.2.1. Urban Life in Small Towns (15.9% of households visiting Gravenhurst)

As with Gravenhurst residents, this cohort makes up the largest demographic cohort among visitors. However, where this cohort represents a majority (over 50%) of local households, it is only 15.9% of visitor households. Analysis of this cohort is the same as the previous section: these households are typically working families in service industries and typically skew older than the average population. Their preferred methods of shopping are typically discount or online stores, with price mattering more to decision-making than convenience.

Related to retail spending, they are more likely than the average Canadian to spend on housing or leisure-related goods (i.e., pools, camping trailers, water delivery, or satellite dishes). Price when shopping is highly valued among this demographic and they are more likely than average to consider e-commerce and online shopping.

5.2.2. Up the Ladder (12.7% of households)

This demographic is typically well educated, focused on growing their family and/or career. They appreciate the opportunity to be extravagant and build their wealth, typically living in suburban areas near large urban centres. They are more likely than the Canadian average to purchase extravagant outdoor purchases, including expensive camping gear, recreation vehicles, or cottage/second home accessories. While this demographic spends heavily and are seeking to build their wealth, due to their relative youth (young families/young adults) their incomes and housing values are slightly below the Canadian average.

5.2.3. Buy Me a New Home (12.2% of households)

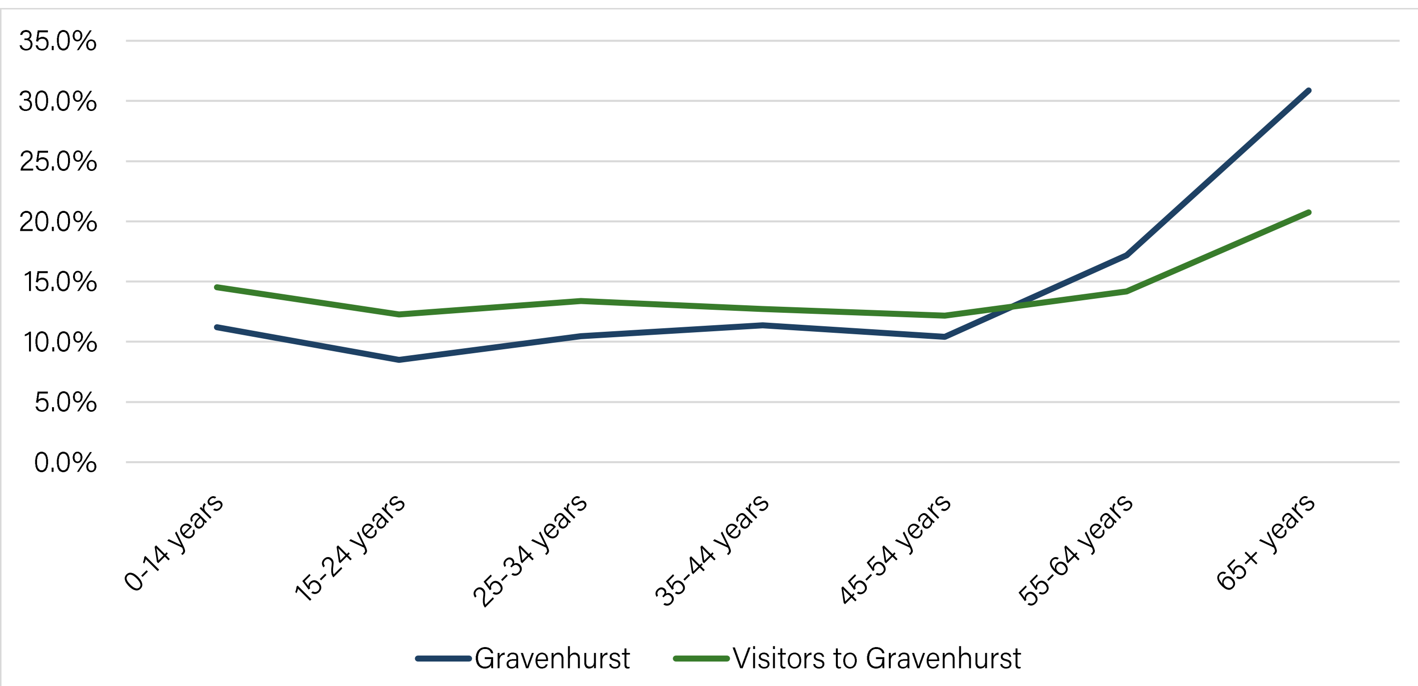
This demographic consists of double earners working to save enough to purchase a house, with an average income of $131,613. This demographic is similar to "up the ladder" but typically slightly older and with larger household sizes, as many have multiple-family households stretching across generations. This cohort is well-educated and are typically white-collar workers residing in larger urban centres.

This cohort spends more than average on investments and either saving up for a mortgage, or paying off their new mortgage. In terms of expected purchasers, on average they are more likely to spend on sporting goods (skiing and golfing) and shop more often than average at the Bay and Costco. Big-ticket purchases include pools, ski/snowboard and golf equipment, or technology (video games, security systems, portable electronics).

Figure 11 contrasts the age profile of residents in Gravenhurst and those of the communities where most visitors originate, in 2023. As can be seen, Gravenhurst residents are much older than the populations of those visiting the Town. This difference is most notable in the under 24 age cohorts (0-14 and 15-24) as well as retirement aged individuals (65+ years).

This suggests that the recreational interests and spending patterns of residents compared to visitors might differ considerably, given the disparate age profiles.

Figure 11: Percent Population by Age, Gravenhurst vs. Visitors, 2023.



Source: McSweeney & Associates and Manifold Data Mining Inc.

In profiling visitors, we can also assess employment and household income to compare spending capacity of the populations. As can be seen, average incomes for individuals and households among the visiting population is slightly higher than for Gravenhurst residents, suggesting visitors may have more discretionary income than residents of the Town. However, the figures are not starkly different, so it is unlikely that there is a significant difference in spending patterns. This information is presented in Table 22.

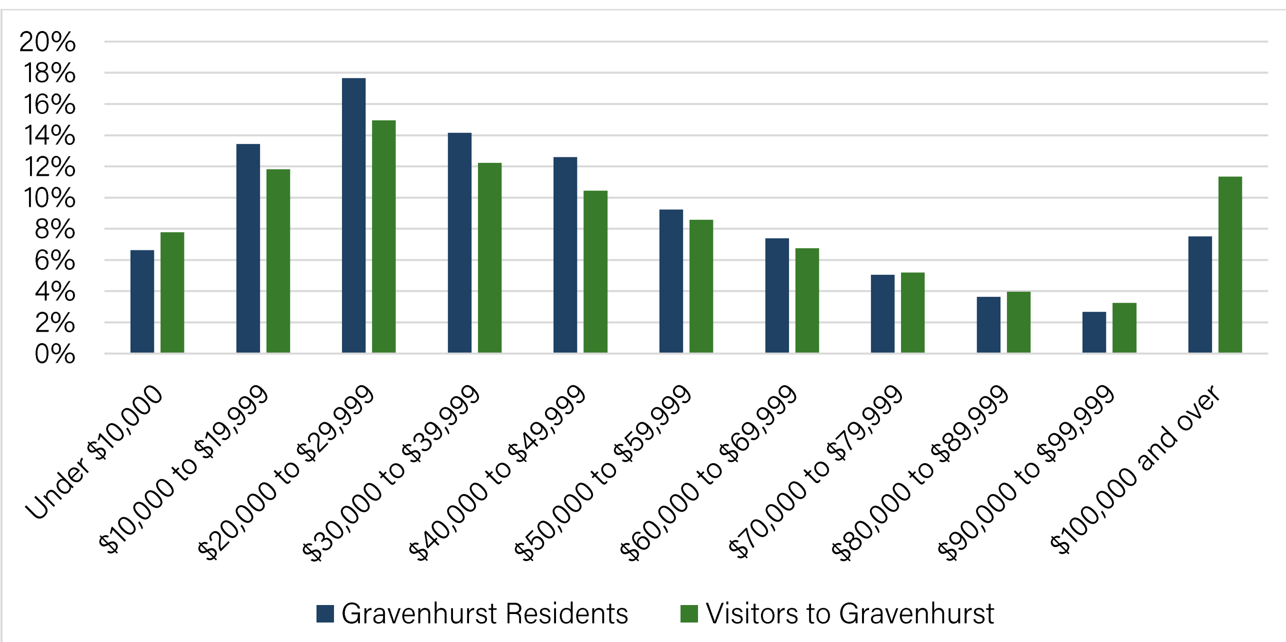
Table 22: Average Household and Employment Income, Gravenhurst Residents and Visitors

Age Group	Gravenhurst Residents	Visitors to Gravenhurst
Average Income	$55,020	$60,726
Average Household Income	$104,364	$126,057

Source: McSweeney & Associates and Manifold Data Mining Inc.

When breaking incomes down by $10,000 cohorts, it can be clearly seen where differences are between residents and visitors. Specifically, Gravenhurst residents are more likely to have "middle-class" incomes ($20,000-$69,999) while visitors are more likely to earn under $10,000 or above $70,000. This information is presented in Figure 12.

Figure 12: Income Cohorts, Gravenhurst Residents and Visitors.



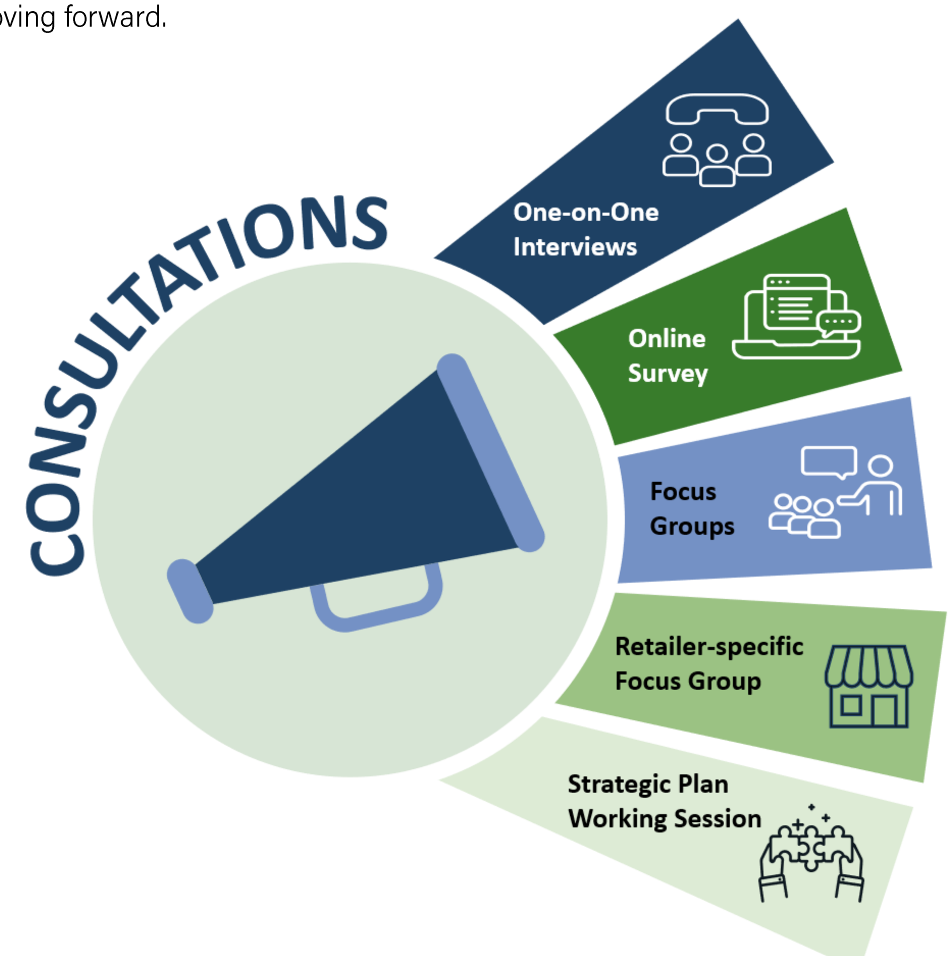
Source: McSweeney & Associates and Manifold Data Mining Inc.

6. Consultation and Actions

6.1. Consultative Efforts

While the data presented in previous sections helps to understand the current state of Gravenhurst's retail sector, it does not prescribe solutions. It is reflective of current information and past trends but does not suggest any meaningful way forward. To build off this analysis, a significant investment in community consultation was undertaken. This consultative effort helped to build engagement and support for the project and the ensuing actions, as well as identify priority actions within the retail sector and broader community.

The consultation process included key stakeholders from the community, businesses, local organizations, Town staff and elected officials. The Strategic Plan interviews, community online survey and focus groups were based on open-ended questions. Following this, a working session was conducted which involved community stakeholders discussing specific themes and potential actions related to the future of the Town of Gravenhurst. Finally, a specific focus group was held for retailers to speak to their experiences in Gravenhurst and their hopes and expectations for the Town moving forward.



6.2. SCOAR®

As with the broader strategy, the SCOAR®, is representative of the findings from the background research (strategic document review, Community Analysis) and stakeholder consultation (interviews, online survey and retailer focus groups) portion of the project.

Strengths:

- Nice mix of businesses to support the community.
- Sense of community.
  - Businesses support each other rather than act as competitors, working together to support the Town. Residents also support local businesses and care about their success.
- Location.
  - Gravenhurst retailers have access to a broad market between year-round residents, tourists, and seasonal residents. There is also an easily accessible supply chain of goods.
- Retail sales increase during the summer months.

Challenges:

- A lack of attainable housing and alternative transportation.
- Finding qualified staff willing to work.
- Business Improvement Association that is not being utilized to its full potential.
- Residents shopping outside of Gravenhurst results in leakage of dollars.
- Seasonal retail demand.
- Non-retail services on main street
  - This deters retail consumers from spending more time wandering main street and spending more money.
- Downtown is not seen as welcoming.

- Gravenhurst's retail core is not as enticing as main streets in other nearby communities, so shoppers prefer to travel there to spend money.

Opportunities

- Increased awareness of the Town, better communications and telling the story to support economic growth.
- Create a 'shop local' program.
  - Encourage residents and visitors to spend more time and money in Gravenhurst.
- Four-season economic engagement.
  - Support business growth during the offseason. Discover ways to draw people to Gravenhurst in the winter so that economic activity is more diffuse and can support a more even economy.

Aspirations:

The Town of Gravenhurst will…

- Communicate with local retail businesses.
- Support initiatives from the local BIA and Chamber of Commerce that promote retail.
- Be home to a downtown core that is appealing and helps attracts consumers to Gravenhurst.
- Be open to new retail opportunities and support incoming businesses.

Results:

The Town of Gravenhurst will see increased visitation to its retail hubs, with a vibrant, diverse thriving range of retailers offering goods. Public spaces will be inviting and encourage visitors to spend more time in the retail cores. Increased consumer engagement will come from full-time residents, seasonal residents, and tourists. Communication will be strong between the Town, local organizations such as the BIA, and local businesses.

6.3. Retail-Focused Strategic Actions

The below actions are retail-focused aspects of the broader Town of Gravenhurst Economic Development Strategic Plan. These actions are realistic and doable and reflect the views of businesses, residents, and community organizations expressed during the project's consultations. Where appropriate, they have also been influenced by available data. These actions consider the available resources within the Town, what needs are of the highest priority, and the Town's desire for a robust retail sector.

The Retail Corridor is made up of Historic Downtown Gravenhurst, Muskoka Wharf and Gravenhurst South End which is where majority of the retail and commercial businesses are located. Each of the three retail districts offer a unique shopping and dining experience but with all of them tied together they offer a wide variety of shops, services and restaurants that support local residents, cottagers as well as visitors.

Objective 1: Plan for a desirable mix of businesses

1) Review current land use planning documents to ensure commercial spaces are aligned with their best and highest use, specifically within the retail corridor.
2) Take an active role in strategically attracting a mix of retailers in the retail corridor by working with property owners, local realtors, and local businesses to provide opportunities for businesses to open.

Objective 2: Make the Retail Corridor a unique and vibrant centre

1) Undertake a formal review of the Gravenhurst Business Improvement Area (BIA), examine opportunities to strengthen its effectiveness and present the results to Council.
2) Review the Community Improvement Plan program, streamline the process and promote the program to be at full capacity.
3) Work with retail businesses to identify ways to encourage greater visitation in the Retail Corridor (beautification, pedestrian accessibility, public art, events, etc.).

Objective 3: Connect the Retail Corridor

1) As part of the overall Wayfinding Program, develop specific tactics that move visitors, cottagers and residents throughout the Retail Corridor.
2) Develop safe and efficient pedestrian access throughout the downtown and wharf area to encourage residents, cottagers and visitors to walk throughout the corridor.

Objective 4: Market the Retail Corridor

1) Develop a targeted Marketing Strategy for the Retail Corridor and work with local business associations (Gravenhurst BIA, Chamber of Commerce, Muskoka Wharf Association, etc.) to implement the strategy.
2) Coordinate marketing efforts across the Retail Corridor to promote Gravenhurst retailers.