



Financial Management Solutions presents

State of the Canadian Independent Grocer

Presented by Robert Rayhill
President and CEO

GDP

	Q1	Q2	Q3	Q4
2014	0.5%	3.6%	2.1%	3.3%
2015	-0.9%	-0.4%	2.4%	0.8%
2016	0.4%*			

Unemployment

	January	April	July	October
2014	7.0%	7.0%	7.0%	6.6%
2015	6.6%	6.8%	6.8%	7.0%
2016	7.2%			

February 2016: 7.3%.

Highest Province: Newfoundland and Labrador – 14.4%

Lowest Province: Saskatchewan – 5.6%

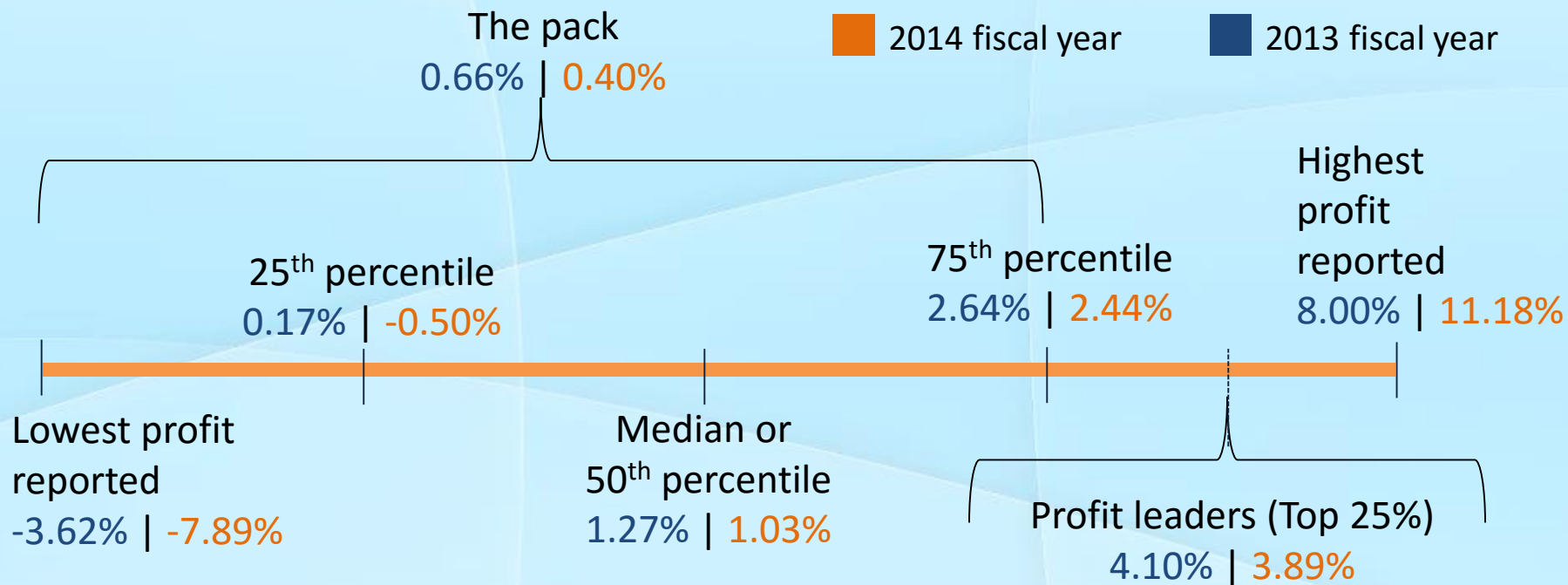
*Economic forecast

Inflation

	2014	2015	Feb 2016
Food purchased from stores	2.51%	4.10%	4.42%
All items	1.91%	1.13%	1.36%

Inflation by category

	2014	2015	Feb 2016
Meat	8.04%	7.51%	1.62%
Fish/seafood	7.92%	1.61%	3.41%
Dairy/Eggs	-0.18%	0.95%	0.73%
Bakery/Cereal	-0.49%	2.14%	2.29%
Fruits	2.88%	5.27%	10.80%
Vegetables	4.29%	6.82%	13.72%
Other	-0.03%	2.93%	2.49%



Sales distribution

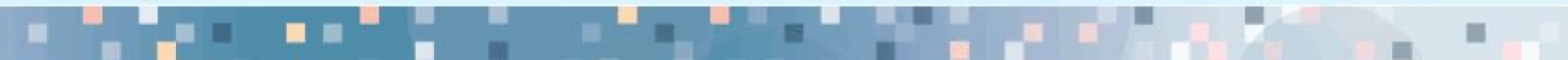
Sales distribution across departments	Profit leaders	The pack	Canada	All companies
Grocery	55.61%	61.04%	52.37%	57.12%
Produce	11.77%	9.80%	15.48%	11.23%
Meat	31.55%	24.10%	28.34%	27.76%
Miscellaneous				
Pharmacy	1.12%	1.99%	0.60%	1.51%
Other	0.02%	3.07%	3.21%	2.38%
Total	100.00%	100.00%	100.00%	100.00%

Gross Margins

Gross margin across departments	Profit leaders	The pack	Canada	All respondents
Grocery	25.11%	22.44%	24.52%	23.17%
Produce	33.58%	32.27%	33.25%	32.50%
Meat	27.73%	23.35%	22.15%	24.26%
Total	27.60%	25.18%	27.20%	25.87%



Independents took many different initiatives to drive sales in 2014. Here are some examples:

- Started a new quick and easy meal solutions line focused on health.
 - Changed our front-end operating systems and the back office/receiving systems.
 - Are doing more social media and email campaigns to drive quick price promotions.
 - Opened two smaller-format stores.
 - Changed our format from a price impact store to a conventional natural market.
 - Implemented a three-day sale in our flyer every Thursday, Friday and Saturday. These are three or four hot priced items to help bring in customers.
 - Did a lot of in-store realignment, more attention to updating pricing, efficiency and productivity.
 - Changed our store branding and format.
 - Started a rewards program, more social media and are investing in staff training.
 - Focused on fresh/perishable departments to be the focal point of the store.
 - Added an in-store bakery, expanded deli and started a home meal replacement program. Offer more organic, natural and gluten-free products as well as more local.
 - Started offering airmiles last summer.
 - Implemented more aggressive ads though fewer promotions.
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CONTACT US!

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