



Overview of Canadian Retail Industry[†]

> INDUSTRY PROFILE

Retail industry revenues topped \$390 billion in 2006, driven predominantly by increases in consumer spending. From 2001 to 2006, the industry grew at an average rate of over 5%.

There are over 130,000 Canadian retailers, nearly three-quarters of which are small businesses with under five employees. In addition to strong competition and low margins, these small retailers have specific concerns about the growing market share of “big box” mass merchandisers.

> HOW DO RETAILERS PAY FOR BUSINESS EXPENSES?

Cheques are generally the most widely used and preferred payment method, followed by credit cards. Nearly half of all retailers also use cash to pay for their business expenses (see *How Retailers Pay and Prefer to Pay for Expenses* graph, left).

Even though 70% of retailers use credit cards, less than half of them use business credit cards to pay for business-related expenses (see *How Retailers Use Credit Cards to Pay for Expenses* graph, left).

On average, retailers who use credit cards pay for 20% of their business expenses using cards.

> WHAT DO RETAILERS BUY?

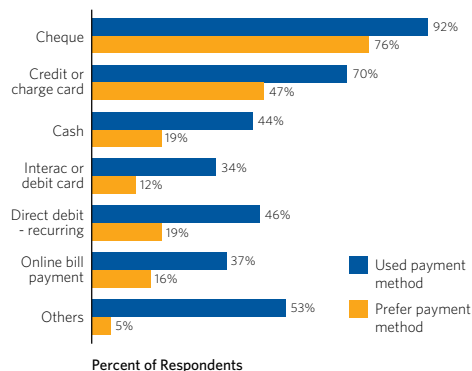
The major categories of expenses for Canadian retailers include utilities, goods for resale, rent and office supplies.

> HOW DO CUSTOMERS PAY RETAILERS?

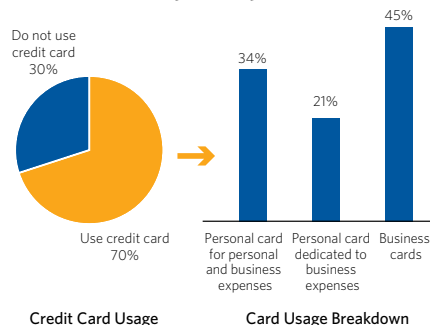
Cheques and cash are still the most widely accepted forms of payment by Canadian retailers: 85% and 80%, respectively. Credit cards are accepted by 72%.

Moreover, Canadian retailers still prefer to accept cash and cheques over credit cards, effectively missing out on potential sales increases resulting from credit card acceptance.

How Retailers Pay and Prefer to Pay for Expenses



How Retailers Use Credit Cards to Pay for Expenses



[†] In 2007, Deloitte and Ipsos Reid conducted a survey for Visa Canada to determine spending patterns in Canadian business. The survey, “How Business Buys and Sells”, reached several conclusions about the Canadian retail industry, which are presented throughout this document together with the statistics and charts shown.



VISA® BUSINESS CARDS: The Right Choice for Canadian Retailers

> WHAT ARE THE BENEFITS OF USING A VISA BUSINESS CARD FOR YOUR EXPENSES?

Over other payment methods

- Visa Business cards are more secure and eliminate some of the risks associated with using cash or cheques.
- They can help you manage your cash flow by providing a grace period to make payments.
- Using Visa Business cards can help save money, as cheque payments often require more time and labour to approve, process, and track.
- They enable quick settlement of funds between you and your vendors, eliminating delays associated with cheque processing times.

Over personal cards

- Using Visa Business cards is an easy way to separate business and personal expenses.
- They can provide more detailed expense breakdowns, enabling you to analyze your purchasing patterns and potentially renegotiate key supplier contracts.
- Visa Business cards can offer reward programs, such as travel points or cash back, similar to personal cards.
- They also allow you to set spending limits on your cards to better manage your expenses.



DID YOU KNOW?

Some business credit cards have rewards programs, allowing retailers to take advantage of cash back or travel points, for example, based on their purchases.†



DID YOU KNOW?

- *Retailers reported an average increase in sales of 38% by accepting credit cards.†*
- *Retailers save an average of \$2,800 a year in collection costs by accepting credit cards.†*

> WHY ACCEPT VISA CARDS AS A FORM OF PAYMENT?†

- Quick receipt of funds: half of wholesalers saw improved cash flow and decreased bad debt expenses after accepting credit cards.
- Nearly 70% of retailers said that accepting cards has increased their sales.
- A significant percentage also found that accepting cards is less expensive than issuing invoices to customers, as less paperwork and administration is required.

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VISA BUSINESS CARDS:

Empowering Canadian Retailers

VISA SAVINGS FOR BUSINESS[®] PROGRAM



The Visa Savings for Business program is an easy way for your business to get exclusive discounts and special offers from selected merchants when you pay using your Visa Business card. Recent offers include:

- 10% off office supplies from Grand and Toy*
- Up to 25% off computers from Lenovo*
- Up to 20% off at Hertz*
- Up to 15% off at selected restaurants across Canada*

*For full terms and conditions, visit visasavingsforbusiness.ca

“Cards make life so much easier... they are in your pocket and provide access. Everybody is geared up to accept cards these days. Cheques are difficult to work with now that there are so many limitations with clearing times from the banks. It is good to have options for payment.”

Barry Ivory

Owner, Ivory Art Supply, Ontario
Visa cardholder[†]

Visit visa.ca/smallbusiness to learn more

Case Study[†] 1

Alberta food retailer “trims the fat” using business cards

An Alberta food retailer—with fewer than 10 employees and annual sales between \$750,000 and \$1 million—recently began using business credit cards to pay for expenses. The company has seen reductions in the cost of doing business, since business credit cards offer:

- Competitive interest rates
- Lower processing costs than cheques
- Improved cash flow due to the grace and float periods
- Detailed expense breakdowns by spend category
- The ability to set spending limits
- Separation of business and personal expenses
- Tracking of employee expenditures in various categories

Business cards also allow this retailer access to higher levels of credit, enabling the company to meet financing requirements as they arise.

Case Study[†] 2

Sales bloom for BC florist after accepting customer credit cards

A mid-sized florist in British Columbia began allowing customers to pay using credit cards in 2004, and has seen a 15% increase in sales since that time. Accepting credit cards has allowed the company to improve its cash flow, since there is virtually no delay in receiving payments. For the florist, accepting cards has also been less expensive than issuing invoices and has led to fewer collection costs.

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