



The Economic Footprint of Canada's Pharmacy Sector

Fuelling Health and Local Economies

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Key findings

- There were 12,558 locations in Canada's pharmacy sector in 2025, with independently owned pharmacies accounting for 64 per cent of sites nationwide.
- Specialty and clinic-based pharmacies are a major driver of market value, generating \$13.4 billion in prescription drug sales in 2025 (nearly one-third of total sector sales) while representing only 4 per cent of locations.
- In 2024, the pharmacy sector generated \$22.9 billion in GDP, with strong spillover effects across the economy, producing \$1.20 in total GDP for every \$1 of direct output. Retail pharmacies generate a level of direct GDP comparable with that of several major industries, including petroleum refineries, plastic product manufacturing, aerospace products and parts manufacturing, and paper manufacturing.
- The sector directly supported nearly 193,000 full-time equivalent jobs. The pharmacy sector is on par with other service-oriented sectors, such as childcare and employment services, as they all employ a similar number of workers.
- Including indirect and induced effects, the sector supported almost 273,000 jobs, meaning each job in the pharmacy sector supports approximately 0.4 additional jobs elsewhere in the economy.
- The pharmacy sector generated \$14.0 billion in labour income in 2024. The sector is more labour-intensive than the overall economy. Labour income accounts for 61.1 per cent of GDP in the pharmacy sector, compared with 51.0 per cent across all industries, indicating that a larger portion of the sector's economic output is paid to workers as wages and benefits and reflecting its reliance on skilled, service-oriented labour.
- The sector generated \$6.3 billion in tax revenues across all levels of government in 2024, with \$0.28 in tax revenue produced for every dollar of economic activity.
- Rural pharmacies are important local employers, with more than one in every hundred rural residents working in the sector, a level 16 to 40 per cent higher than expected based on population share.
- Pharmacies are increasingly helping address rural healthcare gaps, delivering services such as chronic disease management and prescribing for minor ailments, which can reduce pressure on emergency departments and strengthen rural health systems.

Pharmacies drive healthcare and economic activity

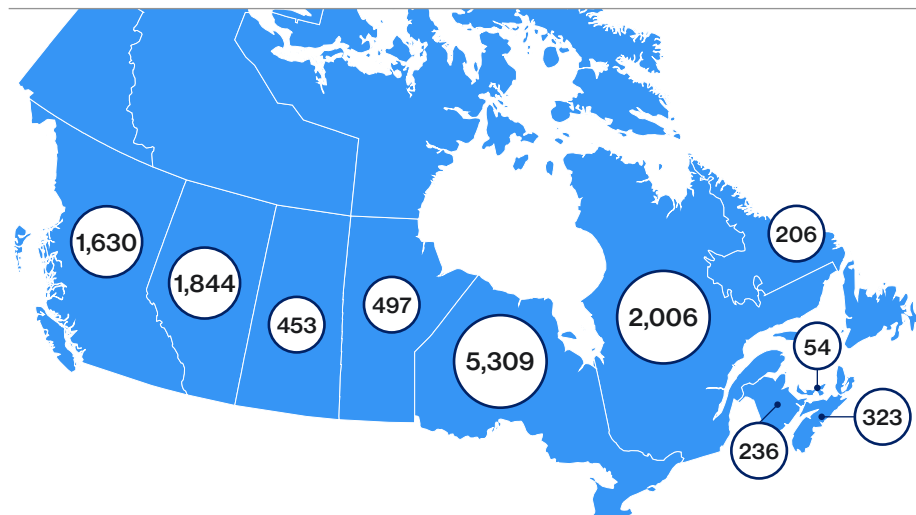
Canada's pharmacy sector is a cornerstone of the healthcare system. In addition to providing essential medications and front-line health services, pharmacies are major employers, support local economic activity, and generate public revenues.

In 2025, Canada had 12,558 pharmacy locations, up 1.7 per cent from the previous year, with 58.2 per cent of all locations being in Ontario and Quebec, reflecting population concentration.¹ (See Exhibit 1.) This growth is broadly in line with recent population growth trends, suggesting that expansion in pharmacy locations is keeping pace with underlying demographic demand.²

Banner-affiliated and independent pharmacies represented 63.9 per cent of all pharmacies, underscoring the sector's strong local economic footprint. Chains, food and mass merchants, and non-traditional pharmacies³ accounted for the remaining 36.1 per cent.⁴ (See Chart 1.) Banners and independents are more common in Ontario and Western Canada, whereas Atlantic Canada has a more balanced mix.

Exhibit 1

Ontario and Quebec account for nearly 60 per cent of all locations (pharmacy locations by province, December 2025)



Sources: IQVIA, Signal49 Research.

¹ IQVIA, "IQVIA Rx Premium Database," December 2025. Proprietary dataset provided by client.

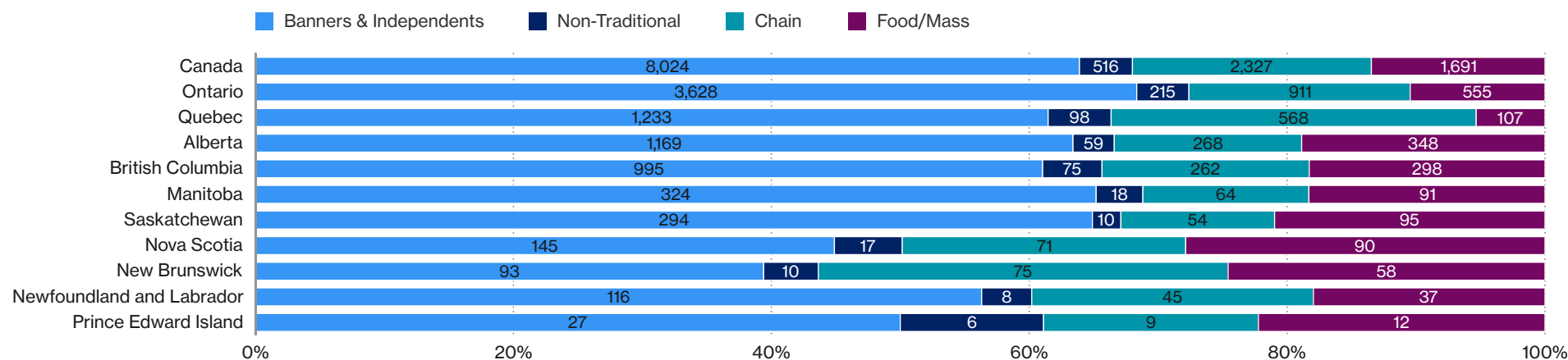
² Statistics Canada, "Table 17-10-0009-01."

³ Non-traditional pharmacies include specialty pharmacies, long-term care pharmacies, and clinic or hospital pharmacies that act as retailers and have a pharmacy licence. See Appendix A for a definition of the pharmacy sector.

⁴ See Appendix A.

Chart 1

Banner and independent pharmacies account for nearly 64 per cent of all pharmacies
(share of ownership structure, by province, 2025)



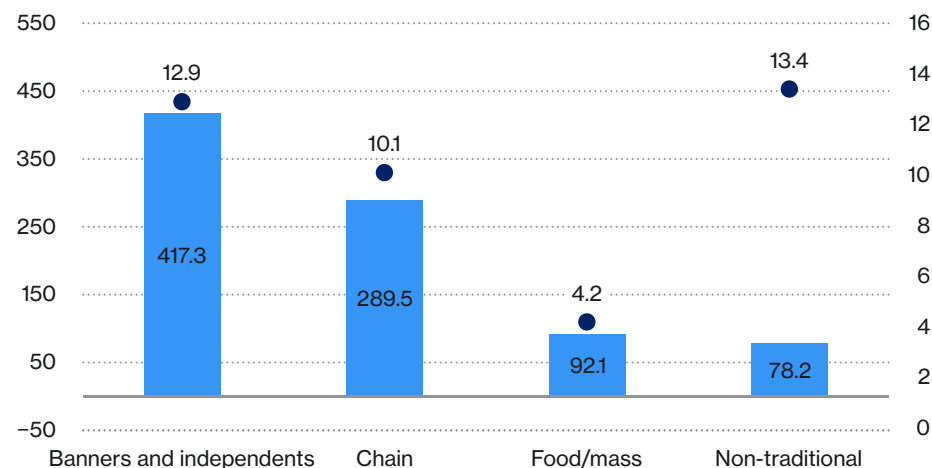
Sources: IQVIA, Signal49 Research.

In 2025, Canadian pharmacies dispensed 877 million prescriptions, a 2.6 per cent increase from the previous year, with chains, banner-affiliated, and independent pharmacies accounting for most volumes and independents recording the fastest growth.⁵ Total prescription sales reached \$40.6 billion nationally, with non-traditional pharmacies capturing a large share due to specialty drugs, while traditional retail pharmacies handle the bulk of prescriptions that typically have a lower average cost. (See Chart 2.) Specialty and clinic-based pharmacies are a major driver of market value, generating \$13.4 billion in prescription drug sales in 2025 (nearly one-third of total sector sales) while representing only 4 per cent of locations. Across provinces, Ontario and Quebec account for around two-thirds of prescription volume and value, reflecting population concentration.

5 IQVIA, "IQVIA Rx Premium Database."

Chart 2

Chains and banners dominate prescription volume, but non-traditional pharmacies generate the highest prescription revenue
(volume of prescriptions (left), millions; value of prescriptions (right), \$ billions)



Sources: IQVIA, Signal49 Research.

Economic footprint of Canada's pharmacy sector

Using Signal49's Economic Impact Assessment (EIA) model,⁶ we estimated the sector's direct, indirect, and induced contributions by capturing how pharmacy spending flows through supply chains and household consumption.

The pharmacy sector generated \$22.9 billion in GDP in 2024

In 2024, the pharmacy sector generated \$22.9 billion in GDP for Canada. Of this total, direct activity within pharmacies accounted for \$12.0 billion. Retail pharmacies make a meaningful economic contribution, generating direct GDP comparable to several major industries. (See Chart 3.) In 2024, the direct GDP impact of similar-sized industries include petroleum refineries (\$13.3 billion), plastic product manufacturing (\$11.0 billion), aerospace products and parts manufacturing (\$9.5 billion), and paper manufacturing (\$9.2 billion).⁷

The sector's GDP multiplier is estimated at 1.2, meaning that for every dollar of direct output, the economy generates \$1.20 in total GDP—an additional \$0.20 beyond the value of that output. The GDP multiplier for the pharmacy sector is comparable to the overall multiplier for the health and social assistance sector.⁸

⁶ See Appendix A.

⁷ Statistics Canada, "Table 36-10-0402."

⁸ The GDP multiplier is calculated by dividing the total GDP impact by the direct output generated by the sector. GDP is defined as net-value add, meaning any GDP multiplier greater than 0 is a net contributor to the economy. Statistics Canada, "Table 36-10-0013-01."



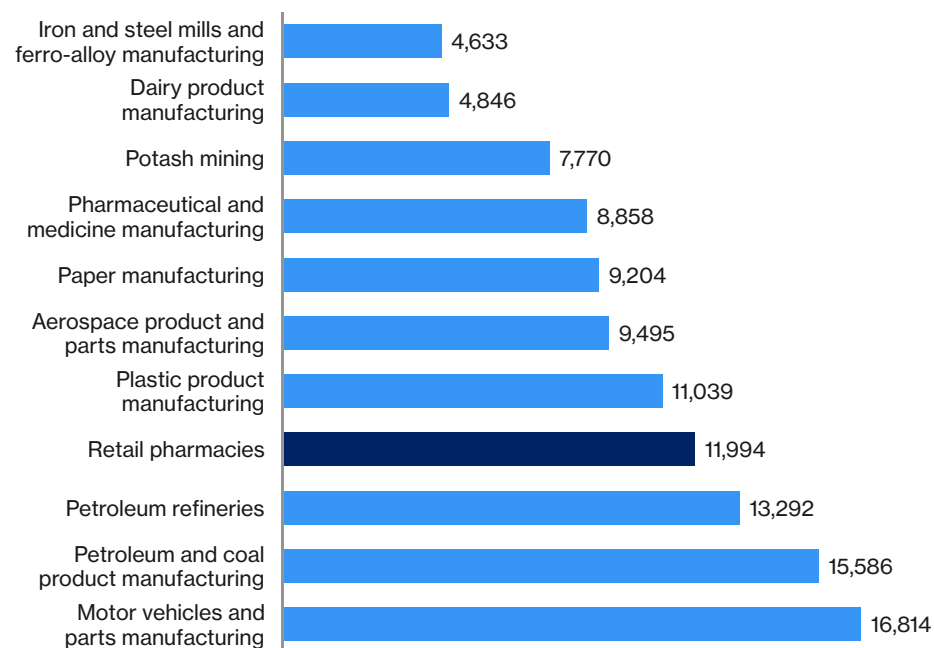
Understanding the economic impact channels

- **Direct effects:** Economic activity generated within pharmacies, including employment, wages, and spending on goods and services required to operate each location.
- **Indirect effects:** Economic activity created along the pharmacy supply chain as suppliers of pharmaceuticals, logistics, information technology (IT), and professional services respond to demand.
- **Induced effects:** Broader economic activity generated when employees in the sector and its suppliers spend their incomes on goods and services.

Source: Signal49 Research.

Chart 3

The pharmacy sector is an important contributor to economic activity
(direct GDP contributions, 2024 \$ billions)



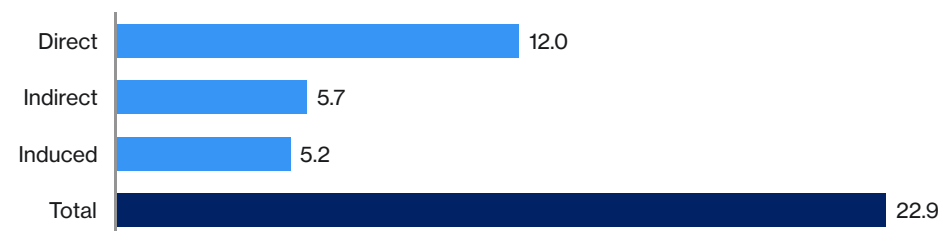
Source: Signal49 Research.

In addition to direct effects, indirect effects across the pharmacy supply chain (e.g., IT suppliers, professional services) contributed a further \$5.7 billion, and induced GDP impacts from business and supply chain employee spending added an additional \$5.2 billion. (See Chart 4.)

Ontario and Quebec account for the largest share of the pharmacy sector's economic footprint in Canada. Pharmacies generated \$8.4 billion in total GDP in Ontario and \$6.1 billion in Quebec in 2024, reflecting the concentration of pharmacy activity and population in these provinces. Direct impacts, representing the economic activity generated by pharmacies themselves, were \$3.9 billion in Ontario and \$3.5 billion in Quebec. British Columbia (\$1.4 billion) and Alberta (\$1.3 billion) also show substantial direct contributions, while additional indirect and induced effects extend the sector's economic impact across all provinces. (See Table 1.)

Chart 4

The pharmacy sector added \$22.9 billion to GDP in Canada in 2024
(GDP direct, indirect and induced contributions, 2024 \$ billions)



Source: Signal49 Research.

Table 1

Ontario and Quebec account for the largest share of GDP contributions
(GDP contributions, 2024 C\$ millions)

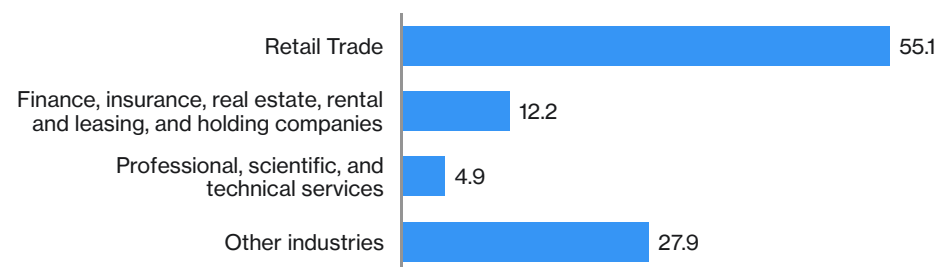
	Direct	Indirect	Induced	Total
Atlantic	936.8	312.1	291.8	1,540.7
Ontario	3,932.0	2,431.0	2,024.2	8,387.3
Quebec	3,488.6	1,391.9	1,178.4	6,058.8
Manitoba	424.8	146.3	162.6	733.7
Saskatchewan	394.6	125.5	147.9	668.0
Alberta	1,344.8	654.1	619.3	2,618.1
British Columbia	1,452.7	598.6	764.3	2,815.5
Territories	20.1	8.2	8.7	36.9
Canada	11,994.3	5,667.6	5,197.1	22,858.9

Source: Signal49 Research.

The pharmacy sector supports a diverse range of industries through indirect effects. The economic footprint of the sector extends beyond pharmacies themselves, as spending linked to operations flows through supply chains and into household consumption, generating GDP across multiple parts of the economy. Retail trade accounts for 55.1 per cent of the sector's total GDP generation, reflecting activities such as the sale of prescription and over-the-counter medications, and other health products. Finance, insurance, and real estate account for a further 12.2 per cent, including rent paid for pharmacy locations. Pharmacies also rely on professional and technical services such as pharmacy management software, IT systems, accounting, and consulting that support the professional, scientific, and technical services industry, representing a further 4.9 per cent of GDP. (See Chart 5.)

Chart 5

Retail trade alone accounts for more GDP impact than all other industries combined
(share of total GDP generated by industry, per cent, 2024)



Source: Signal49 Research.

The pharmacy sector sustained more than a quarter of a million jobs in 2024

The pharmacy sector directly employed around 193,000 people in 2024, placing it on par with other services-oriented sectors such as child daycare services (approximately 190,000) and employment services (approximately 192,000), which employ a similar number of workers. (See Chart 6.) While employment in pharmacies is lower than in larger sectors such as nursing care facilities (approximately 240,000) and engineering services (approximately 243,000), it remains an important source of employment within community-based and service driven industries.⁹

The indirect and induced impacts of the sector supported an additional 80,000 jobs, bringing total employment supported by the sector to 273,306 full-time, full-year equivalent positions.¹⁰ (See Chart 7). This implies that each job in the pharmacy sector supports approximately 0.4 additional jobs elsewhere in the economy (or about one additional job for every 2.4 pharmacy jobs).

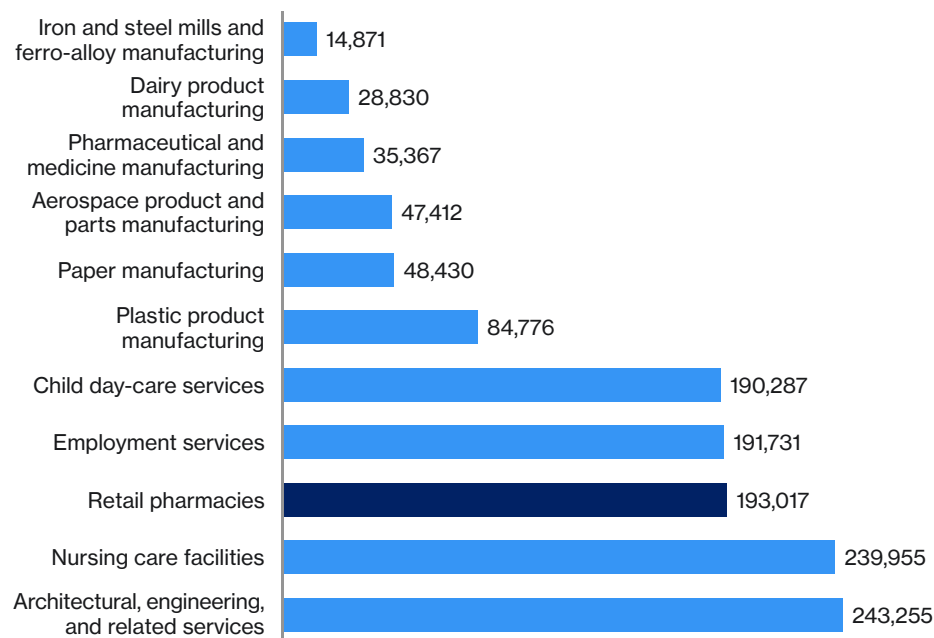
⁹ Statistics Canada, "Table 14-10-0202-01."

¹⁰ Employment is measured in person years, which represents the number of full-time jobs in a one-year period. In real terms, this could be one person working for a full year or four people working for three months.

Chart 6

The pharmacy sector employment is on par with key community and support service sectors

(employment direct contributions, full-time, full-year equivalent jobs, 2024)



Source: Signal49 Research.

Chart 7

The pharmacy sector directly supports around 193,000 jobs in Canada

(employment contributions, full-time, full-year equivalent jobs, 2024)



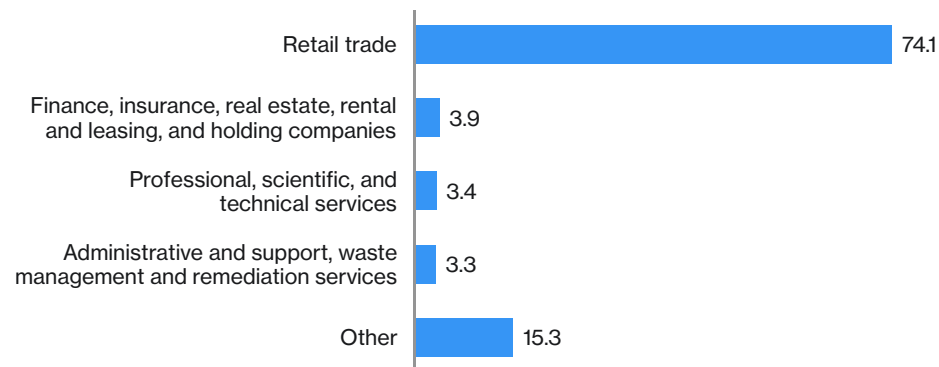
Source: Signal49 Research.

Employment supported by the sector is concentrated primarily in retail trade, which accounts for 74.1 per cent of total jobs. Finance, insurance, real estate, rental and leasing, and logistics together account for 3.9 per cent, while professional, scientific, and technical services represent 3.4 per cent. (See Chart 8.) This distribution reflects the labour-intensive nature of pharmacy operations and their reliance on service-based supply chains.

The pharmacy sector has a presence in every province, city, and town across the country, with a stronger footprint in larger urban centres. Ontario and Quebec account for 35.1 and 28.9 per cent of total pharmacy employment, respectively, while British Columbia represents 13.2 per cent. These patterns closely mirror population distribution and highlight the sector's strong connection to population demographics. (See Table 2.)

Chart 8

Retail trade accounts for the largest share of employment in pharmacy sector (share of jobs, per cent, 2024)



Source: Signal49 Research.

Table 2

Around 64 per cent of total jobs in the sector are concentrated in Quebec and Ontario

(employment contributions, full-time, full-year equivalent jobs, 2024)

	Direct	Indirect	Induced	Total
Atlantic	14,339	2,678	2,595	19,613
Ontario	63,912	17,208	14,899	96,020
Quebec	58,666	10,655	9,782	79,103
Manitoba	5,698	1,234	1,214	8,146
Saskatchewan	5,646	924	989	7,559
Alberta	18,481	3,956	3,983	26,420
British Columbia	26,031	4,639	5,427	36,097
Territories	243	50	54	348
Canada	193,017	41,345	38,944	273,306

Source: Signal49 Research.

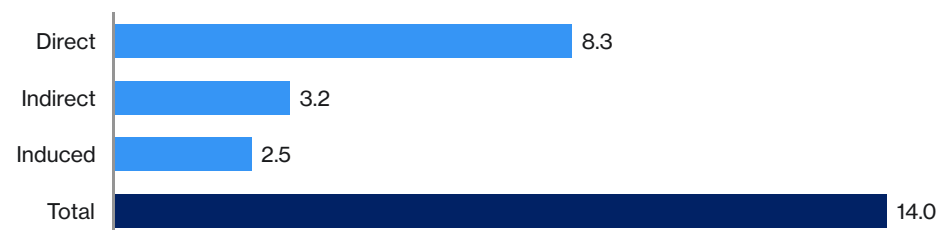
The pharmacy sector generated \$14 billion in labour income in 2024

In 2024, the pharmacy sector generated \$14.0 billion in labour income, including wages, salaries, and employer social contributions such as pension and Employment Insurance payments. Of this total, nearly 60 per cent was paid to workers directly employed in pharmacies, with the remainder paid to workers along the supply chain or results from the spending of these direct and indirect incomes. (See Chart 9.)

With regard to the provincial breakdown, the largest impacts on labour income were observed in Ontario (\$5.2 billion) and Quebec (\$3.8 billion) (See Table 3.) British Columbia and Alberta also recorded sizable labour income effects, at \$1.8 billion and \$1.5 billion, respectively, while other provinces show smaller but still meaningful impacts, reflecting the presence of pharmacy activity across all regions of Canada.

Chart 9

The pharmacy sector generated \$14.0 billion in labour income (labour income contribution, 2024 \$ billions)



Source: Signal49 Research.

Labour income represents 61.1 per cent of the sector's GDP contribution, which is well above the national all-industry average of 51 per cent. This suggests that the sector is more labour intensive than the overall economy, as a larger share of its output goes to wages rather than to profits, machinery, or capital.¹¹ This reflects the skilled and service-oriented nature of pharmacy employment.

Average annual labour income in the pharmacy sector is broadly consistent with expectations for a labour-intensive, service-oriented industry, though it masks substantial variation across occupations. The sector's direct average annual labour income of \$43,008 falls within the typical range observed across service industries.

The sector paid \$6.3 billion in tax revenues

The pharmacy sector generated an estimated \$6.3 billion in tax revenues in 2024 across all levels of government. Of this total, approximately \$3.3 billion accrued to the federal government, \$2.3 billion to provincial governments, and \$0.7 billion to municipalities.

11 Statistics Canada, "Table 36-10-0103-01."

Table 3

The largest labour income effects are observed in Ontario and Quebec
(economic impact of the pharmacy sector on labour income, 2024 \$ millions)

	Direct	Indirect	Induced	Total
Atlantic	608.1	176.5	139.9	924.5
Ontario	2,815.5	1,404.3	995.3	5,215.1
Quebec	2,320.5	823.7	609.4	3,753.5
Manitoba	263.9	79.5	67.0	410.3
Saskatchewan	221.7	61.5	53.1	336.3
Alberta	898.4	307.3	256.9	1,462.6
British Columbia	1,158.7	347.7	333.7	1,840.1
Territories	14.5	4.3	3.9	22.7
Canada	8,301.3	3,204.6	2,459.2	13,965.2

Source: Signal49 Research.

Tax revenues generated by the sector are concentrated in Canada's largest provinces, with Ontario (\$2.4 billion) and Quebec (\$1.8 billion) accounting for the largest shares, followed by British Columbia (\$716.1 million) and Alberta (\$618.3 million). Direct taxes generated by pharmacy operations represent the largest component of these revenues, while additional fiscal benefits arise through supply chain activity and household spending. (See Table 4.)

Overall, every dollar of economic activity generated by the pharmacy sector produces approximately \$0.28 in tax revenue. Income taxes are the largest source of these revenues, accounting for 37.7 per cent of the total. (See Chart 10.) The relatively higher share of income tax reflects the sector's labour-intensive nature, where a larger portion of economic activity is paid out as wages and salaries compared with more capital-intensive industries, where corporate and indirect taxes tend to dominate.

Table 4

Most tax revenues generated by the sector are concentrated in Canada's largest provinces

(economic impact of the pharmacy sector on taxes, 2024 \$ millions)

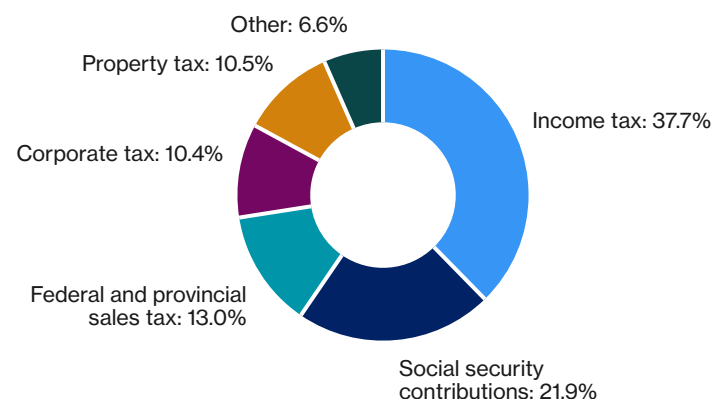
	Direct	Indirect	Induced	Total
Atlantic	220.1	113.8	103.9	437.9
Ontario	861.3	844.8	707.4	2,413.6
Quebec	798.0	542.8	470.0	1,810.8
Manitoba	99.1	47.4	48.5	195.1
Saskatchewan	75.1	34.1	39.8	149.0
Alberta	298.8	160.3	159.2	618.3
British Columbia	330.2	181.6	204.3	716.1
Territories	4.6	2.1	2.2	8.9
Canada	2,687.4	1,927.0	1,735.3	6,349.6

Source: Signal49 Research.

Chart 10

Income taxes account for 37.7 per cent of the sector's total contribution to government revenues

(government revenue by tax category, per cent)



Source: Signal49 Research.

Pharmacies are anchors of health in rural areas

Roughly 18 per cent of Canadians live outside major urban centres.¹² These rural residents consistently experience poorer health outcomes than those in urban areas, including lower life expectancy and higher rates of chronic disease.¹³ These differences reflect long-standing disparities in service availability, continuity of care, and timely access to healthcare providers—gaps made more persistent by chronic challenges in recruiting and retaining healthcare professionals in rural settings.¹⁴

Pharmacies are an important rural employer and resource

The economic footprint of pharmacies across rural and urban communities highlights the essential role of community pharmacists. In rural regions—depending on how remote the rural region is—about 16 to 40 per cent more people work in pharmacy than expected when compared with the share typically seen in urban communities.¹⁵ Pharmacies are also considered anchor businesses in rural communities, providing much-needed retail items.¹⁶ With more than one in every hundred rural residents employed in pharmacy, rural pharmacies are an important economic and social anchor, and a healthcare access point.¹⁷

Pharmacists also interact with patients more frequently than family physicians, seeing patients between 1.5 and 10 times more often according to a 2018 review of research assessing frequency.¹⁸ Pharmacies tend to have convenient locations in the community, hours that are longer than family physicians, and walk-in access—all factors that reduce wait times and increase accessibility. These factors are increasingly important in rural communities where primary care providers are on average more than 35 kilometres away.¹⁹ Pharmacy's strengths align closely with rural health needs, especially in chronic disease management, accessibility, and continuity of care. Chronic conditions such as high blood pressure, diabetes, and heart disease are more prevalent in rural communities. Research shows that pharmacists make strong contributions to chronic disease management and improve clinical outcomes.²⁰

12 Statistics Canada, "Population Growth in Canada's Rural Areas, 2016 to 2021."

13 Statistics Canada, "Key Findings from the Health of Canadians Report, 2024."

14 Wilson and others, "Progress made on access to rural healthcare in Canada."

15 Statistics Canada, "Table 17-26-0001."

16 Kono and Deller, "Rural Pharmacies an Overlooked Piece of the Rural Health Care Milieu."

17 Statistics Canada, "Table: 17-26-0001."

18 Tsuyuki and others, "Pharmacists as accessible primary health care providers."

19 Canadian Association of Community Health Centres, *Primary Care*.

20 Okoro and Nduaguba, "Community Pharmacists on the Frontline in the Chronic Disease Management."

Continuity of care presents another challenge in rural medicine. Rural family physician offices often rely on temporarily placed physicians to fill service gaps.²¹ While necessary, temporary physicians cannot provide the consistency or relational continuity patients need. Community pharmacists, in contrast, are based in the community that they serve, allowing patients to see the same provider regularly. In addition, pharmacists stay in rural practice longer on average than family physicians (15 versus 11 years),²² improving continuity for patients.

Rural benefits from increasing scope of practice

Pharmacists' scope of practice has expanded across Canadian provinces and territories over the last 20 years,²³ allowing them to prescribe for minor ailments, support tobacco cessation, respond in emergencies, and manage or renew existing prescriptions. Pharmacists in all jurisdictions can also administer injections and vaccines. However, pharmacist practice varies across and within provinces and territories, with evidence of lower accessibility to a pharmacist working with expanded scope in Northern (and generally more rural) regions.²⁴

Enabling pharmacists to practise to their full scope supports stronger preventative care, especially for underserved or at-risk populations, and reduces emergency department use for conditions that should be managed in primary care.²⁵ These functions are particularly important for rural regions, which have fewer hospital and emergency services,²⁶ yet rely on emergency departments at twice the rate of urban Canadians for conditions manageable in primary care.²⁷

Although the proportions of pharmacists and family physicians practising in rural Canada are relatively similar (12 and 10 per cent, respectively),²⁸ both serve a population share of around 18 per cent, an under-representation of primary care entry points. Recent workforce projections show that rural pharmacy is the only health profession in Canada where the supply–demand gap is widening, increasing by 14 per cent between 2022 and 2029. Over the same period, the gap for family physicians is projected to shrink by 7 per cent.²⁹ With the importance of their role for rural populations, the implications for workforce planning to reflect pharmacists as part of rural healthcare solutions are clear.

21 Jones, "Locum coverage critical to coping with physician shortages."

22 Orrantia and others, "Northern Ontario's Rural Physician Teams"; and Woodend and others, "Retaining Pharmacists in Rural Canada."

23 Canadian Pharmacists Association, "Pharmacists' Scope of Practice in Canada."

24 Timony and others, "Geographic Distribution of Ontario Pharmacists."

25 Alsabbagh and Houle, "The association between the rate of potentially pharmacist-manageable emergency department visits and community income level and primary care provider availability."

26 Rural Ontario Municipal Association, *Fill the Gaps Closer to Home: Improving Access to Health Services for Rural Ontario*.

27 Canadian Institute for Health Information, *Differences in primary care access across populations*.

28 Canadian Institute for Health Information, "Supply, distribution and migration of physicians in Canada"; and Canadian Institute for Health Information, "Keeping pace with changing population needs."

29 Health Canada, *Caring for Canadians*.

Implications for policy and practice

Canada's pharmacy sector functions as both essential healthcare infrastructure and an economic driver. More than 12,000 community-based pharmacies deliver front-line care while generating \$22.9 billion in GDP in 2024, with \$1.20 in total economic activity for every \$1 of direct output. The sector's direct GDP contribution matches that of major industries such as petroleum refining, plastics manufacturing, and aerospace production, underscoring its scale, stability, and relevance beyond healthcare alone.

The pharmacy sector operates with high labour intensity and plays a central role in supporting jobs, incomes, and public revenues. In 2024, pharmacies directly supported nearly 193,000 full-time-equivalent jobs and \$14.0 billion in labour income, rising to almost 273,000 jobs across the economy once spillover effects are included.



In 2024, direct employment levels in the pharmacy sector are on par with those in other service-oriented sectors, such as childcare and employment services, which employ a similar number of workers. Labour income accounted for 61.1 per cent of sector GDP, well above the national average, and the sector generated \$6.3 billion in tax revenues across all levels of government, or \$0.28 per dollar of economic activity. These outcomes demonstrate how the sector simultaneously strengthens healthcare access, workforce stability, and fiscal capacity, particularly in rural and underserved communities.

Taken together, these findings point to clear opportunities for governments and health system leaders to leverage pharmacies more deliberately as integrated components of both healthcare delivery and economic infrastructure. Positioning pharmacies accordingly can advance access, resilience, and sustainability across the health system.

Actionable insights

Recognize the pharmacy sector as a foundational sector for local economies and health systems. Its scale and labour intensity make pharmacies a direct and sustained driver of employment, household incomes, and public revenues across communities. Strong employment multipliers and stable tax contributions reinforce their role as both care providers and local economic anchors. Given this high reliance on labour, funding and workforce policies should be explicitly designed to support adequate staffing, retention, and workforce stability. Framing pharmacies through this dual lens can help better align health, fiscal, and workforce policy decisions.

Integrate rural pharmacies into primary care planning and access strategies. Given their geographic reach, extended hours, and role as the most accessible healthcare touchpoint in many communities, rural pharmacies can be more explicitly incorporated into provincial and territorial primary care workforce planning. This includes recognizing pharmacists as first points of entry for care, embedding pharmacies into access pathways for chronic disease management and preventive services, and aligning service delivery expectations with demonstrated community needs.

Operationalize pharmacists' full scope of practice. While expanded scopes of practice enhance pharmacists' potential contribution to care continuity, fully realizing this potential requires operational support. Health systems and pharmacy organizations can invest in workflow redesign, team-based care models, and clinical tools that enable pharmacists to consistently practise to full scope, particularly in rural settings where provider shortages persist.

Plan for future system needs and specialty care demands. As population health needs evolve and specialty medicines play a larger role in treatment, pharmacies will become increasingly central to both care delivery and system sustainability. Positioning pharmacies as essential healthcare infrastructure, rather than supplementary services, will be critical to designing policies that support sustainable growth, fiscal resilience, and more equitable access to care across Canada.



Appendix A

Methodology

Defining the pharmacy sector

We use the definition of the pharmacy sector provided by IQVIA.¹

- **Traditional pharmacies:** Includes retail pharmacies that have a front shop that any patient can walk in to fill a prescription. These include Independent and banner-affiliated community pharmacies,² chain pharmacies, and grocery/mass merchant-based pharmacies.
- **Non-traditional pharmacies:** Pharmacies that have over 80 per cent of their business dedicated to non-traditional types of patients. These include long-term care, specialty, outpatient clinic pharmacies, and mail order pharmacies. These pharmacies dispense complex therapies but may not operate conventional storefronts.

According to this definition, the pharmacy sector encompasses all establishments under the North American Industry Classification System (NAICS) code 45611, which includes businesses primarily engaged in retailing prescription and non-prescription drugs.³

This classification captures the sector's full economic footprint, including employment, local economic activity, and contributions to public revenues.

¹ IQVIA, "IQVIA Rx Premium Database."

² Banner-affiliated pharmacies are independently owned but participate in a banner program, a centralized support network that provides shared branding, purchasing, marketing, and operational resources, while retaining local ownership. Independent pharmacies are independently owned and operated, with no affiliation to a banner program or corporate chain.

³ See Statistics Canada, "North American Industry Classification System (NAICS) Canada 2022 Version 1.0." Examples of businesses classified under NAICS 45611 (Pharmacies and Drug Stores) include apothecaries; drug stores selling prescription and non-prescription medicines; institutional pharmacies (on-site, off-site, mail-order, or exclusively online); retailers of patent and proprietary medicines; retailers of medical oxygen for home distribution; and establishments that also retail snacks, cosmetics, and personal hygiene products and related goods.

Detailed methods

We estimated the economic impact of Canada's pharmacy sector (NAICS 45611) using Signal49 Research's Economic Impact Assessment (EIA) model.

Identifying the pharmacy's sector output

The analysis begins with provincial GDP for NAICS 4561 (Health and Personal Care Stores), reported in 2017 chained dollars. These values were converted to current dollars to align with nominal industry spending and output. Current dollar GDP was then translated into gross output using Statistics Canada's 2022 direct provincial GDP-to-output multipliers at market prices.

Because official GDP and output data is published at the four-digit NAICS level, pharmacy-specific estimates (NAICS 45611) were derived using a proportional employment approach. Provincial employment counts for NAICS 4561 and NAICS 45611 were obtained from Statistics Canada's Business Register (2024). For each province, the share of pharmacy employment within Health and Personal Care Stores was calculated and applied to total sector output, as follows:

$$\text{Output}_{45611} = \text{Output}_{4561} \times \left(\frac{\text{Employment}_{45611}}{\text{Employment}_{4561}} \right)$$

This approach allocates output in proportion to observed employment intensity, a standard practice in economic impact analysis when disaggregated output data is unavailable.

The resulting provincial estimates of pharmacy sector output for 2024 were used as the direct inputs to the Economic Impact Assessment (EIA) model to estimate direct, indirect, and induced economic impacts.

Our EIA model

Our proprietary EIA model is built on Statistics Canada's input-output (I/O) framework. It traces how a change in demand, such as new spending, investment, or production, flows through industries, businesses, and households, capturing the interconnections that drive economic activity.

When a shock⁴ is introduced, the model simulates how production adjusts across sectors and how this activity ripples through supply chains and household spending. It captures these linkages through direct, indirect, and induced effects, illustrating how the initial demand generates broader activity among suppliers and households.

1. Direct effects

Direct effects capture the economic activity generated within pharmacies themselves. This includes employment, wages, and the purchase of goods and services necessary to operate pharmacy locations, from prescription dispensing to retail sales. For example, the salaries of pharmacists, pharmacy technicians, and store staff, as well as spending on rent, utilities, and pharmacy supplies, are all part of the sector's direct contribution to the economy.

2. Indirect effects

Indirect effects reflect the additional economic activity created through the pharmacy supply chain. When pharmacies purchase goods and services—such as pharmaceutical products, wholesale distribution, information technology systems, logistics, and professional services—these suppliers expand production, hire additional staff, and procure inputs from other industries to meet demand. In this way, pharmacy operations generate a chain reaction across upstream industries, amplifying their overall economic footprint.

3. Induced effects

Induced effects capture the ripple effects of household spending generated by incomes earned in both the direct and indirect phases. Employees in pharmacies and their supply chains spend their wages on housing, groceries, transportation, healthcare, and other services, which stimulates further economic activity across the broader economy. This round of spending reinforces the sector's contribution to GDP, employment, and local business activity beyond the pharmacy network itself.

The model's key output includes effects on GDP, employment, labour income, and tax revenues, providing a data-driven picture of the total economic footprint of a project, policy, or investment. In essence, it applies Statistics Canada's IO multipliers to estimate how each dollar of new demand circulates through the economy, generating additional value added, income, and jobs.

4 A shock represents a new or changed level of spending, production, or demand introduced into the economy. It can take the form of a new project, program, investment, event, policy, or any change in final demand for goods and services.

Pharmacies in rural areas

This analysis is based on secondary data and draws on a targeted literature review of both academic and grey literature, and published data, combined with internal discussions and consultations with the Neighbourhood Pharmacies Association for validation. The literature review was to answer the following questions:

1. What is the status, role, and impact of rural pharmacies on economic, social and health outcomes in rural locations?
2. How does the role of rural pharmacies compare with that of other primary care providers or sources of healthcare (such as Emergency Departments)?

Google and Google Scholar were used to identify academic and grey literature, with data analysis of Statistics Canada and Canadian Institute of Health Information (CIHI) data sets. Inclusion criteria focused on publications in the last 20 years to account for the specificity of evidence surrounding this topic and its lack of a large publication set, as well as literature and data of Canadian origin. We reviewed 46 sources to define and identify rural and underserved areas, as well as to inform the criteria and assumptions underpinning the analysis of rural pharmacy in Canada.

Appendix B

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