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# Annual Wholesale Trade

2012



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Statistics Canada  
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# Annual Wholesale Trade

2012

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*Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.*

# User information

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## Symbols

The following standard symbols are used in Statistics Canada publications:

- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0<sup>s</sup> value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- p preliminary
- r revised
- x suppressed to meet the confidentiality requirements of the *Statistics Act*
- E use with caution
- F too unreliable to be published
- \* significantly different from reference category ( $p < 0.05$ )

## Note to users

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These annual financial statistics are based upon a sample survey and represent the activities of all wholesale trade establishments (North American Industrial Classification System 41) of incorporated and unincorporated businesses on Statistics Canada's Business Register.

The annual statistics include estimates for grain and petroleum wholesalers and for Agents and Brokers which are not included in the Monthly Wholesale Trade Survey.

The **statistical unit** used in this survey is the establishment (at the operating level).

**Gross margin** is obtained by subtracting the cost of goods sold from the total operating revenues.

**Operating profit** is obtained by subtracting the total operating expenses plus the cost of goods sold (opening inventory plus purchases minus closing inventory) from the total operating revenues.

**Operating expenses-to-operating revenues ratio** is obtained by dividing the total operating expenses by the total operating revenues. The ratio is expressed as a percentage of total operating revenues.

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## Annual wholesale trade – 2012

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For Canadian wholesalers in 2012, operating profits as a percentage of total operating revenue were 4.3%. This is the highest percentage since 2008. Operating revenue increased more than total expenses.

Wholesalers' operating revenue rose 6.7% to \$865.3 billion in 2012, after posting gains of 7.9% and 9.0% in 2011 and 2010, respectively.

The cost of goods sold, which made up 86.7% of total expenses, increased by 6.8% to \$718.0 billion in 2012. Other operating expenses, including labour remuneration, grew by 4.4% to \$110.4 billion.

### Most subsectors post gains

Seven of the nine subsectors, accounting for 80% of total wholesale trade, posted increases in operating revenue in 2012.

In dollar terms, the most substantial increase in operating revenue was observed in the petroleum products subsector, up 8.7% to \$216.1 billion in 2012. This is a smaller gain than those observed in the previous two years. The Industrial Product Price Index (IPPI) indicates that prices for petroleum and coal products rose 4.6% in 2012. According to Canadian International Merchandise Trade data, exports of crude oil and crude bitumen were up 6.9%.

Machinery, equipment and supplies wholesalers posted the second-largest annual increase, with a gain of 8.4% in 2012 over 2011. Advances were observed in the four groups making up this subsector, especially the construction, forestry, mining, and industrial machinery, equipment and supplies group (+9.1%) and the computer and communications equipment and supplies group (+8.9%). These two groups accounted for 69% of the total increase. The Capital and Repair Expenditures Survey shows that business investment in machinery and equipment rose 2.5% in 2012.

The third-largest increase was observed in the motor vehicles and parts subsector, up 11.2% to \$99.7 billion in 2012. The main contributor among the three groups in this subsector was the motor vehicle group, with a 13.0% increase in operating revenue. This group alone accounted for 86% of the change in total revenue.

One factor that contributed to the increase in this subsector's operating revenue was wholesalers' participation in shipping motor vehicles assembled in Canada to the United States. According to Canadian international merchandise trade data, exports of passenger cars and light trucks were up more than 19% in 2012, following a 3.5% advance in 2011. In the Canadian domestic market, where the majority of sales go through wholesalers, more than 1.7 million new vehicles were sold in 2012, up 5.9% from 2011.

### Lower revenue in the miscellaneous subsector

After rising 12.4% in 2011, operating revenue in the miscellaneous subsector, which consists mainly of wholesalers of fertilizers and agricultural supplies, chemical products, recyclable materials and paper products, fell 1.7% to \$80.3 billion in 2012. This decrease in operating revenue was partly attributable to declines observed for wholesalers of other miscellaneous products (-9.4%) and chemical products (-5.5%). In contrast, wholesalers of agricultural supplies posted an operating revenue increase (+13.6%) in 2012, mainly as a result of higher prices.

## Wholesalers' gross margins down slightly

Expressed as a percentage of total operating revenue, gross margins (the difference between total operating revenue and the cost of goods sold) edged down to 17.0% in 2012 from 17.1% a year earlier. There were declines in five of the nine subsectors.

Margins as a percentage of operating revenue vary widely among the wholesale trade subsectors depending on the cost structure of the different types of wholesalers. Among wholesale merchants, the lowest margin (3.9%) was posted by wholesalers of petroleum products. The highest margin was observed in the machinery, equipment and supplies subsector (27.5%), followed by the personal and household goods subsector (24.5%).

Compared with 2011, wholesalers of farm products posted the largest decrease in their margins-to-operating-revenue ratios, down 0.8 percentage points from 2011.

## Decrease in operating expenses for wholesale merchants

Operating expenses as a proportion of operating revenue fell from 13.0% in 2011 to 12.8% in 2012.

The largest reductions in expenses-to-operating-revenue ratios occurred in the machinery, equipment and supplies and farm products subsectors, down 1.0 and 0.7 percentage points respectively, compared with 2011.

Labour costs made up 44.5% of operating expenses in 2012, virtually unchanged from 44.4% in 2011. The highest labour costs as a proportion of operating expenses were reported in the machinery, equipment and supplies subsector (56.2%). In contrast, wholesalers of petroleum products had the lowest labour costs as a percentage of total expenses, at 25.4%.

## Operating profits: Wholesalers of petroleum products report the largest increase

Four of the nine wholesale trade subsectors posted increases in their operating profits as a percentage of revenue in 2012.

Among wholesale merchants, wholesalers in the petroleum products and miscellaneous subsectors posted the largest gains in operating profits as a percentage of revenue, with advances of 0.7 and 0.6 percentage points to 1.8% and 4.1% respectively, in 2012.

Elsewhere in the industry, wholesalers in the food, beverage and tobacco subsector reported the largest decrease among wholesale merchants. In 2012, operating profits were 3.9%, down from 4.3% in 2011. An increase in operating revenue (+4.2%) was offset by a larger advance in the cost of goods sold (+4.8%).

## Inventories increase

Wholesalers reported 40.0 days of stock-on-hand, up from 39.1 days in 2011.

Overall, five of the nine wholesale trade subsectors posted increases in the number of days of stock-on-hand in 2012. The largest increase was observed in the building materials and supplies subsector, which saw the number of days of stock-on-hand rise from 72.8 in 2011 to 76.0 in 2012. Wholesalers in the personal and household goods subsector ranked second, with the number of days of stock-on-hand increasing from 59.0 in 2011 to 62.1 in 2012.

On average, wholesalers turned over their inventory 9.3 times in 2012, down from 9.9 times in 2011. With the exception of 2009, when Canadian wholesalers turned over their inventory 8.8 times, the turnover rate has ranged between 9.2 and 9.9 since 2002.



## Wholesale sales strongest in the West

Wholesalers in every province reported higher operating revenue in 2012. For a second consecutive year, the majority of the national increase in dollar terms occurred in the West. Overall, wholesalers in the region's four provinces accounted for 60% of the total revenue increase in 2012.

Alberta was the main source of growth in the wholesale trade sector in Canada, as operating revenue rose to \$225.8 billion in 2012, up 12.3% from 2011. The strength of operating revenue in 2012 was mainly due to the petroleum products subsector (+13.0%), which made up about 62% of Alberta wholesalers' operating revenue, and was responsible for 65% of the growth.

As a proportion of revenue, gross margins were up 0.6 percentage points from 2011. Expenses as a proportion of operating revenue declined to 7.1% in 2012, compared with 7.5% in 2011. The result is a 0.9 point increase in profits as a percentage of operating revenue in 2012.

Wholesalers in British Columbia posted a 6.7% increase in operating revenue. Advances were recorded in eight of the nine subsectors in the province. The largest gains were in the machinery, equipment and supplies subsector (+13.9%) and the food, beverage and tobacco subsector (+10.7%).

For British Columbia wholesalers, the cost of goods sold rose 5.0%, a slower pace than for operating revenue. As a result, there was a 1.3 percentage-point increase in gross margins as a percentage of operating revenue. The expenses-to-operating-revenue ratio remained unchanged at 14.9% in 2012. The overall result was a 1.4 percentage-point advance in the profits-to-operating-revenue ratio in 2012, the highest percentage in any of the provinces.

In Manitoba, operating revenue increased 8.6% to \$30.3 billion, mostly because of the solid performance of the farm products subsector. This subsector alone accounted for 60% of the province's growth. Operating profits as a proportion of revenue declined to 3.8%. The cost of goods sold rose 9.2% in 2012, while operating expenses were up 6.0%.

In 2012, wholesalers in Ontario reported a 5.1% increase in operating revenue, largely due to the motor vehicles and parts subsector (+12.3%) and the building materials and supplies subsector (+12.2%). Expressed as a percentage of operating revenue, gross margins were down 0.7 percentage points compared with 2011, as the cost of goods sold increased faster than revenue. In the same vein, operating profits as a proportion of revenue fell from 4.9 % in 2011 to 4.5% in 2012.

## Related products

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### Selected CANSIM tables from Statistics Canada

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081-0005	Annual wholesale trade survey, financial estimates by trade group based on the North American Industry Classification System (NAICS), annual
081-0006	Wholesale trade, commodity survey, annual
081-0014	Annual wholesale trade survey, financial estimates by the North American Industry Classification System (NAICS)

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### Selected surveys from Statistics Canada

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2445	Annual Wholesale Trade Survey
5061	Wholesale Trade Commodity Survey by Origin and Destination

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### Selected summary tables from Statistics Canada

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- *Wholesale trade, operating statistics, by province and territory*

# Statistical tables

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**Table 1**  
**Summary Statistics for Wholesale Trade, 2012**

	Total operating revenue		Cost	Total	Total
	percentage share	thousands of dollars	of goods sold	labour remuneration	operating expenses <sup>1</sup>
<b>NAICS - Canada</b>					
<b>Farm product wholesaler-distributors[411]</b>	3.9	33,330,332	30,728,719	728,096	2,044,509
<b>Petroleum product wholesaler-distributors[412]</b>	25.0	216,154,011	207,702,412	1,177,717	4,633,897
<b>Food, beverage and tobacco wholesaler-distributors[413]</b>	13.3	115,101,421	94,540,713	5,875,725	16,112,017
Food[4131]	11.9	103,153,514	87,080,283	5,300,891	12,835,855
Beverage[4132]	0.7	5,838,310	3,780,679	396,281	x
Cigarette and tobacco product[4133]	0.7	6,109,597	3,679,751	178,553	x
<b>Personal and household goods wholesaler-distributors[414]</b>	10.7	92,818,347	70,056,771	7,358,220	18,290,379
Textile, clothing and footwear[4141]	1.5	12,579,042	8,229,866	1,445,841	3,551,893
Home entertainment equipment and household appliance[4142]	1.2	10,137,057	8,088,637	616,592	1,646,872
Home furnishings[4143]	0.7	6,374,732	4,404,238	836,594	1,682,983
Personal goods[4144]	1.2	10,234,351	7,037,269	1,194,076	2,778,937
Pharmaceuticals and pharmacy supplies[41451]	5.2	45,118,767	37,418,693	2,309,857	5,437,961
Toiletries, cosmetics and sundries[41452]	1.0	8,374,399	4,878,069	955,260	3,191,733
<b>Motor vehicle and parts wholesaler-distributors[415]</b>	11.5	99,715,043	85,143,454	3,400,354	9,939,626
Motor vehicle[4151]	8.7	75,537,589	67,151,806	1,556,029	5,977,468
New motor vehicle parts and accessories[4152]	2.7	23,450,509	17,544,268	1,705,698	3,719,049
Used motor vehicle parts and accessories[4153]	0.1	726,945	447,381	138,628	243,108
<b>Building material and supplies wholesaler-distributors[416]</b>	9.9	86,046,412	65,492,975	7,973,038	14,628,772
Electrical, plumbing, heating and air-conditioning equipment and supplies[4161]	3.1	27,122,971	19,673,246	2,880,942	5,002,753
Metal service centres[4162]	2.4	20,522,253	16,609,670	1,454,332	2,633,401
Lumber, millwork, hardware and other building supplies[4163]	4.4	38,401,188	29,210,060	3,637,763	6,992,619
<b>Machinery, equipment and supplies wholesaler-distributors[417]</b>	15.3	132,357,266	95,987,859	15,550,920	27,675,344
Farm, lawn and garden machinery and equipment[4171]	1.9	16,850,534	13,775,772	1,100,470	2,012,777
Construction, forestry, mining, and industrial machinery, equipment and supplies[4172]	5.3	46,082,085	32,347,272	5,869,646	9,909,857
Computer and communications equipment and supplies[4173]	4.5	39,162,545	30,192,203	4,162,965	7,197,004
Other machinery, equipment and supplies[4179]	3.5	30,262,102	19,672,613	4,417,840	8,555,705
<b>Miscellaneous wholesaler-distributors[418]</b>	9.3	80,340,040	63,209,258	5,656,781	13,873,421
Recyclable material[4181]	1.2	10,260,946	7,770,082	717,561	1,855,988
Paper, paper product and disposable plastic product[4182]	1.1	9,907,014	7,563,097	897,705	1,893,446
Agricultural supplies[4183]	2.8	23,829,464	19,785,204	957,759	2,908,673
Chemical (except agricultural) and allied product[4184]	1.6	13,848,670	10,116,347	1,171,135	2,891,875
Other miscellaneous[4189]	2.6	22,493,947	17,974,527	1,912,621	4,323,440
<b>Wholesale agents and brokers[419]</b>	1.1	9,439,818	5,174,584	1,385,776	3,182,713
<b>Total, all NAICS</b>	<b>100.0</b>	<b>865,302,690</b>	<b>718,036,745</b>	<b>49,106,627</b>	<b>110,380,678</b>
<b>Regions</b>					
Newfoundland and Labrador	0.7	5,807,554	4,886,362	338,629	610,036
Prince Edward Island	x	x	x	57,891	104,293
Nova Scotia	1.2	10,048,516	8,318,642	696,998	1,408,409
New Brunswick	4.0	34,741,885	33,342,412	472,516	1,081,532
Quebec	16.9	145,811,164	116,359,760	9,897,642	23,323,183
Ontario	36.2	313,426,051	247,923,932	22,509,196	51,356,870
Manitoba	3.5	30,305,389	26,296,917	1,323,590	2,861,001
Saskatchewan	3.6	31,353,638	25,840,888	1,376,945	3,546,462
Alberta	26.1	225,789,567	200,835,012	7,624,069	16,110,604
British Columbia	7.6	66,186,546	52,804,237	4,735,537	9,834,062
Yukon	x	x	x	17,231	37,539
Northwest Territories	0.1	671,478	514,351	45,767	90,740
Nunavut	x	x	x	10,615	15,947

1. Operating Expenses excluding cost of goods sold

**Note(s):** Figures may not add up to total due to rounding.

**Table 2-1**  
**Gross Margin and Operating Profit for Wholesale Trade — Gross margin**

	Gross margin					
	2010		2011		2012	
	thousands of dollars	percentage of revenue	thousands of dollars	percentage of revenue	thousands of dollars	percentage of revenue
<b>NAICS - Canada</b>						
<b>Farm product wholesaler-distributors[411]</b>	<b>1,664,411</b>	<b>7.0</b>	<b>2,328,059</b>	<b>8.6</b>	<b>2,601,613</b>	<b>7.8</b>
<b>Petroleum product wholesaler-distributors[412]</b>	<b>5,664,091</b>	<b>3.2</b>	<b>6,241,641</b>	<b>3.1</b>	<b>8,451,599</b>	<b>3.9</b>
<b>Food, beverage and tobacco wholesaler-distributors[413]</b>	<b>18,372,177</b>	<b>17.6</b>	<b>20,277,559</b>	<b>18.4</b>	<b>20,560,708</b>	<b>17.9</b>
Food[4131]	16,027,451	17.2	15,848,432	16.0	16,073,231	15.6
Beverage[4132]	1,936,230	37.5	1,982,144	36.0	2,057,631	35.2
Cigarette and tobacco product[4133]	408,496	6.6	2,446,984	40.3	2,429,846	39.8
<b>Personal and household goods wholesaler-distributors[414]</b>	<b>22,843,741</b>	<b>24.9</b>	<b>22,730,283</b>	<b>24.4</b>	<b>22,761,576</b>	<b>24.5</b>
Textile, clothing and footwear[4141]	4,372,374	35.8	4,412,609	34.0	4,349,176	34.6
Home entertainment equipment and household appliance[4142]	2,044,011	18.7	1,968,720	19.1	2,048,420	20.2
Home furnishings[4143]	1,938,313	30.7	1,949,333	32.4	1,970,494	30.9
Personal goods[4144]	3,462,128	32.6	3,299,723	31.2	3,197,082	31.2
Pharmaceuticals and pharmacy supplies[41451]	7,239,225	16.7	7,724,951	17.2	7,700,074	17.1
Toiletries, cosmetics and sundries[41452]	3,787,691	45.0	3,374,948	40.9	3,496,330	41.8
<b>Motor vehicle and parts wholesaler-distributors[415]</b>	<b>12,295,091</b>	<b>14.6</b>	<b>13,158,834</b>	<b>14.7</b>	<b>14,571,589</b>	<b>14.6</b>
Motor vehicle[4151]	6,812,095	10.8	7,479,503	11.2	8,385,783	11.1
New motor vehicle parts and accessories[4152]	5,222,829	25.9	5,373,728	24.4	5,906,241	25.2
Used motor vehicle parts and accessories[4153]	260,166	38.5	305,604	41.0	279,564	38.5
<b>Building material and supplies wholesaler-distributors[416]</b>	<b>17,753,741</b>	<b>23.1</b>	<b>19,103,992</b>	<b>24.1</b>	<b>20,553,437</b>	<b>23.9</b>
Electrical, plumbing, heating and air-conditioning equipment and supplies[4161]	6,438,413	26.9	7,210,721	28.3	7,449,725	27.5
Metal service centres[4162]	3,421,214	20.6	3,574,804	19.7	3,912,583	19.1
Lumber, millwork, hardware and other building supplies[4163]	7,894,113	21.7	8,318,468	23.2	9,191,128	23.9
<b>Machinery, equipment and supplies wholesaler-distributors[417]</b>	<b>30,785,522</b>	<b>27.2</b>	<b>34,487,065</b>	<b>28.2</b>	<b>36,369,407</b>	<b>27.5</b>
Farm, lawn and garden machinery and equipment[4171]	2,302,890	16.8	2,804,292	19.0	3,074,762	18.2
Construction, forestry, mining, and industrial machinery, equipment and supplies[4172]	10,453,256	29.5	12,661,168	30.0	13,734,813	29.8
Computer and communications equipment and supplies[4173]	8,049,799	23.4	8,799,984	24.5	8,970,342	22.9
Other machinery, equipment and supplies[4179]	9,979,577	33.7	10,221,621	35.1	10,589,489	35.0
<b>Miscellaneous wholesaler-distributors[418]</b>	<b>14,774,035</b>	<b>20.3</b>	<b>16,591,803</b>	<b>20.3</b>	<b>17,130,782</b>	<b>21.3</b>
Recyclable material[4181]	2,362,480	24.9	2,396,852	21.7	2,490,864	24.3
Paper, paper product and disposable plastic product[4182]	2,130,751	22.2	2,348,941	23.0	2,343,917	23.7
Agricultural supplies[4183]	3,400,173	19.0	3,719,712	17.7	4,044,260	17.0
Chemical (except agricultural) and allied product[4184]	3,046,880	25.3	3,661,891	25.0	3,732,323	27.0
Other miscellaneous[4189]	3,833,750	16.2	4,464,408	18.0	4,519,420	20.1
<b>Wholesale agents and brokers[419]</b>	<b>3,701,717</b>	<b>47.1</b>	<b>3,950,627</b>	<b>45.1</b>	<b>4,265,234</b>	<b>45.2</b>
<b>Total, all NAICS</b>	<b>127,854,525</b>	<b>17.0</b>	<b>138,869,864</b>	<b>17.1</b>	<b>147,265,945</b>	<b>17.0</b>
<b>Regions</b>						
Newfoundland and Labrador	686,619	15.2	818,764	15.2	921,192	15.9
Prince Edward Island	106,123	17.8	127,481	18.8	x	x
Nova Scotia	1,740,373	20.2	1,706,694	18.8	1,729,874	17.2
New Brunswick	2,074,062	7.1	1,288,959	3.8	1,399,473	4.0
Quebec	26,111,850	19.1	28,475,726	20.1	29,451,404	20.2
Ontario	60,820,288	21.4	64,288,227	21.6	65,502,119	20.9
Manitoba	2,889,270	11.6	3,834,521	13.7	4,008,472	13.2
Saskatchewan	4,533,699	17.8	5,311,512	17.8	5,512,750	17.6
Alberta	17,374,760	9.9	21,036,239	10.5	24,954,555	11.1
British Columbia	11,305,502	18.9	11,735,879	18.9	13,382,309	20.2
Yukon	42,628	23.4	x	x	x	x
Northwest Territories	143,816	25.8	149,555	23.7	157,127	23.4
Nunavut	25,536	30.1	x	x	x	x

**Note(s):** Figures may not add up to total due to rounding.

**Table 2-2**  
**Gross Margin and Operating Profit for Wholesale Trade — Operating profit**

	Operating profit					
	2010		2011		2012	
	thousands of dollars	percentage of revenue	thousands of dollars	percentage of revenue	thousands of dollars	percentage of revenue
<b>NAICS - Canada</b>						
<b>Farm product wholesaler-distributors[411]</b>	<b>-61,285</b>	<b>-0.3</b>	<b>492,503</b>	<b>1.8</b>	<b>557,104</b>	<b>1.7</b>
<b>Petroleum product wholesaler-distributors[412]</b>	<b>1,626,886</b>	<b>0.9</b>	<b>2,114,204</b>	<b>1.1</b>	<b>3,817,702</b>	<b>1.8</b>
<b>Food, beverage and tobacco wholesaler-distributors[413]</b>	<b>4,412,279</b>	<b>4.2</b>	<b>4,786,720</b>	<b>4.3</b>	<b>4,448,691</b>	<b>3.9</b>
Food[4131]	3,552,930	3.8	3,524,985	3.6	3,237,376	3.1
Beverage[4132]	819,429	15.9	x	x	x	x
Cigarette and tobacco product[4133]	39,919	0.6	x	x	x	x
<b>Personal and household goods wholesaler-distributors[414]</b>	<b>4,416,893</b>	<b>4.8</b>	<b>4,667,797</b>	<b>5.0</b>	<b>4,471,197</b>	<b>4.8</b>
Textile, clothing and footwear[4141]	815,068	6.7	896,066	6.9	797,283	6.3
Home entertainment equipment and household appliance[4142]	456,671	4.2	406,958	3.9	401,548	4.0
Home furnishings[4143]	291,087	4.6	292,453	4.9	287,511	4.5
Personal goods[4144]	616,058	5.8	502,224	4.8	418,145	4.1
Pharmaceuticals and pharmacy supplies[41451]	1,677,534	3.9	2,342,070	5.2	2,262,113	5.0
Toiletries, cosmetics and sundries[41452]	560,475	6.7	228,029	2.8	304,597	3.6
<b>Motor vehicle and parts wholesaler-distributors[415]</b>	<b>2,915,221</b>	<b>3.5</b>	<b>3,775,554</b>	<b>4.2</b>	<b>4,631,963</b>	<b>4.6</b>
Motor vehicle[4151]	1,333,008	2.1	1,941,100	2.9	2,408,315	3.2
New motor vehicle parts and accessories[4152]	1,555,909	7.7	1,782,948	8.1	2,187,192	9.3
Used motor vehicle parts and accessories[4153]	26,303	3.9	51,507	6.9	36,456	5.0
<b>Building material and supplies wholesaler-distributors[416]</b>	<b>4,949,768</b>	<b>6.4</b>	<b>5,510,744</b>	<b>6.9</b>	<b>5,924,665</b>	<b>6.9</b>
Electrical, plumbing, heating and air-conditioning equipment and supplies[4161]	1,770,797	7.4	2,287,064	9.0	2,446,972	9.0
Metal service centres[4162]	1,387,282	8.3	1,305,641	7.2	1,279,182	6.2
Lumber, millwork, hardware and other building supplies[4163]	1,791,689	4.9	1,918,040	5.4	2,198,509	5.7
<b>Machinery, equipment and supplies wholesaler-distributors[417]</b>	<b>5,740,759</b>	<b>5.1</b>	<b>7,787,262</b>	<b>6.4</b>	<b>8,694,063</b>	<b>6.6</b>
Farm, lawn and garden machinery and equipment[4171]	507,986	3.7	971,361	6.6	1,061,985	6.3
Construction, forestry, mining, and industrial machinery, equipment and supplies[4172]	2,076,524	5.9	3,167,613	7.5	3,824,956	8.3
Computer and communications equipment and supplies[4173]	1,156,558	3.4	1,639,781	4.6	1,773,338	4.5
Other machinery, equipment and supplies[4179]	1,999,691	6.7	2,008,506	6.9	2,033,784	6.7
<b>Miscellaneous wholesaler-distributors[418]</b>	<b>1,926,448</b>	<b>2.6</b>	<b>2,862,880</b>	<b>3.5</b>	<b>3,257,361</b>	<b>4.1</b>
Recyclable material[4181]	365,092	3.9	599,524	5.4	634,876	6.2
Paper, paper product and disposable plastic product[4182]	396,103	4.1	474,338	4.7	450,471	4.5
Agricultural supplies[4183]	643,708	3.6	832,073	4.0	1,135,587	4.8
Chemical (except agricultural) and allied product[4184]	642,322	5.3	652,428	4.4	840,448	6.1
Other miscellaneous[4189]	-120,778	-0.5	304,520	1.2	195,980	0.9
<b>Wholesale agents and brokers[419]</b>	<b>1,001,969</b>	<b>12.7</b>	<b>1,183,168</b>	<b>13.5</b>	<b>1,082,521</b>	<b>11.5</b>
<b>Total, all NAICS</b>	<b>26,928,937</b>	<b>3.6</b>	<b>33,180,834</b>	<b>4.1</b>	<b>36,885,267</b>	<b>4.3</b>
<b>Regions</b>						
Newfoundland and Labrador	133,839	3.0	257,323	4.8	311,156	5.4
Prince Edward Island	13,253	2.2	21,299	3.1	x	x
Nova Scotia	387,475	4.5	378,244	4.2	321,465	3.2
New Brunswick	467,545	1.6	134,354	0.4	317,941	0.9
Quebec	5,841,674	4.3	6,151,625	4.3	6,128,221	4.2
Ontario	11,481,553	4.0	14,752,003	4.9	14,145,249	4.5
Manitoba	334,630	1.3	1,136,692	4.1	1,147,471	3.8
Saskatchewan	1,238,233	4.9	1,727,462	5.8	1,966,288	6.3
Alberta	4,647,398	2.6	6,017,348	3.0	8,843,951	3.9
British Columbia	2,292,543	3.8	2,504,391	4.0	3,548,247	5.4
Yukon	12,154	6.7	x	x	x	x
Northwest Territories	70,007	12.5	59,780	9.5	66,387	9.9
Nunavut	8,633	10.2	x	x	x	x

**Note(s):** Figures may not add up to total due to rounding.

# Appendix I

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## Data sources, definitions and methodology

### Description

The objective of the Annual Wholesale Trade Survey is to present timely information on the operating revenues, expenditures and inventory of wholesalers in Canada by industrial group and at national and provincial or territorial levels for the previous calendar year. The data are used by all levels of government, government agencies, the wholesale industry and individuals in assessing trends, within the industry, measuring performance, benchmarking and to study the evolving structure of the wholesale industry. The information is also a critical input into the measure of gross margins in the Canadian System of National Accounts (CSNA).

### Target population

The target population consists of all wholesale establishments operating in Canada for at least one day during the reference year. This sector recognizes two main types of wholesalers, wholesale merchants and wholesale agents and brokers. The survey population is the collection of all wholesale establishments from which the survey can realistically obtain information. The survey population will differ from the target population due to difficulties in identifying all the units that belong to the target population because of a possible lack of detailed information (e.g.: industry misclassifications) for some units, particularly small businesses with low sales levels. The survey population is comprised of all statistical establishments of incorporated and unincorporated businesses coded to NAICS 41 (Wholesale Trade Sector) on Statistics Canada's Business Register, as well as those small unincorporated businesses not on the Business Register, which are classified to the wholesale industry.

### Definitions

A **business unit** is defined as the lowest level of the firm for which separate records are kept for details such as revenue, expenses and employment.

**Wholesale merchants** are engaged in the buying and selling of goods on their own account (i.e., take title of the goods). In addition, they may provide, or arrange for the provision of logistics, marketing and support services, including packaging and labeling, breaking bulk, inventory management, shipping, in-store or co-op promotions, handling of warranty claims and product training.

**Wholesale agents or brokers** buy and sell merchandise owned by others on a fee or commission basis. They do not take title to the goods they buy or sell, and they generally do not handle the goods they sell. They typically operate at or from an office location.

**Sales of goods purchased for resale** refers to the total sales of merchandise purchased for resale, less returns, adjustment and discounts. Trade allowances are not deducted. Sales of values of trade-ins and parts used in repair are included. Goods and Services Tax (GST), Harmonized Sales Tax (HST) and any other sales taxes collected for remittance to a government are excluded.

**Commission revenue from merchandises sales** refers to the gross amount of commission and fees earned by this business unit while acting as an agent and or broker selling goods owned by other businesses.

**Sales of goods manufactured are** sales of goods produced by the business unit.

**Repair and maintenance revenue** is labour revenue from installation, repair and maintenance work. It excludes parts used. Parts used are included in sales of goods purchased for resale.

**Revenue for rental and leasing of office space, other real estate, goods and equipment** is revenue earned from the rental and leasing of office space, other real estate, goods and equipment, whether or not they have been produced by your business unit.

**Other operating revenue** is revenue from shipping, and handling and storing goods for others that has not been included in the price of the goods. Exclude interest and dividend income, which are including in non-operating revenue.

**Total operating revenue** is the sum of sales of goods purchased for resale, commission revenue, sales of goods produced, repair and maintenance revenue, revenue from rental and leasing and other operating revenue.

**Inventories** is the value of goods held for resale in establishments and warehouses within or outside Canada and it's owned by the business unit. It includes inventory at any warehouse, selling outlet, in transit, or out on consignment. Excludes are goods held in consignment for others. Inventory data are reported at book valued (i.e., the value maintained in your accounting records). The inventories would include any goods on hand resulting from any secondary manufacturing activity by the business unit.

**Purchases** is the value of total net purchases of goods (gross value less returns, adjustments and discounts) at delivery price (including freight-in, insurance, import duties and other related specific costs). This includes new and used goods purchased for resale.

**Cost of goods sold** represents the cost value of goods sold and recognized in revenue, during the reporting period. It is determined by calculating:  $\text{Opening inventory} + \text{Purchases} - \text{Closing inventory}$ .

**Gross margin** is obtained by subtracting the cost of goods sold from the total operating revenues.

**Wage and salaries of employees** refers to the total wages and salaries earned by all employees for the year (including head office and warehouse personnel), before deductions from income tax, unemployment insurance, employee social security contributions, etc. It excludes all payments and expenses associated with outside contract workers and employment agencies or personnel suppliers.

**Employer portion of employee benefits** represents the employer expense portion of employee life and health/dental care plans, CPP/QPP contributions, employer pension contributions, workers' compensation, employment insurance premiums, retiring allowances/lump sum payments at termination or retirement. Exclude contributions to provincial health and education payroll taxes.

**Total labour remuneration** is the sum of salaries and wages of employees plus the employer portion of employee benefits.

**Rental and leasing expenses** includes rental of office space or other real estate, motors vehicles (without driver), other machinery and equipment (without operator) and computers and peripherals (without operator).

**Advertising and promotion** includes the service of advertising (planning, creating and placement) and the purchase of advertising space or time.

**Amortization and depreciation expenses** include capital assets, intangible assets and capital lease obligations.

**Total operating expenses** includes all expenses such as labour, rental and leasing, advertising, amortization and depreciation, management fees, etc. This excludes interest expenses.

**Operating profit** is obtained by subtracting the total operating expenses plus the cost of goods sold (opening inventory plus purchases minus closing inventory) from the total operating revenues.

**The number of days of stock-on-hand** is obtained by dividing the value of closing inventory by the value of cost-of-goods sold multiplied by 365 days.

**The turnover ratio** is obtained by dividing the cost-of-goods sold by the average value of inventories (open inventory + closing inventory) divided by 2.



## Sampling

This is a sample survey with a cross-sectional design.

In order to reduce the respondents' response burden and still produce reliable estimates, exclusion thresholds based on industrial, provincial, and size dimensions were implemented. Data for the wholesaling establishments above the prescribed threshold were collected through questionnaires, and administrative (tax) data were used to estimate for small businesses below the threshold. Before sampling selection, the survey population is delineated into cells representing the provincial, industrial group and size dimensions required. The establishments in the survey population are first stratified according to their province/territory and by industrial group using the NAICS-four digit level industrial classification, representing mutually exclusive industry categories, each representing similar businesses.

Within each province/territory, by industrial group combination, four size strata are created to group businesses of a similar size. The boundaries are determined using total estimated revenues for the businesses. The resulting groups are one take-all stratum of the largest businesses (which are all included in the sample), two take-some strata (from which representative samples are selected) and one take-none stratum (containing small businesses which are not eligible to be sampled). Optimal stratum boundaries or thresholds are determined to minimize the total sample size.

Following the sample selection process, data for the take-all and take-some strata are collected through questionnaires or tax records for the financial and non-financial information. For those units belonging to the take-non stratum, a sample of administrative (tax) records is used to collect selected financial information.

All sample units are assigned a sampling weight. An initial weight equal to the inverse of the original probability of selection is assigned to each entity. The sampling weight is a raising factor attached to each sampled unit to obtain estimates for the population. For example, if two units are selected at random and with equal probability out of a population of 10 units, then each selected units represented five units in the population, and it is given a sampling weight of five. The final set of weights therefore reflects as closely as possible the characteristics of the population of the industry.

## Data sources

Responding to this survey is mandatory. Data are collected directly from survey respondents and extracted from administrative files.

A large portion of survey data are collected directly from survey respondents. However, in order to reduce response burden, as tax replacement program (TRP) has been implemented since 2002 where survey data are extracted directly from administrative data files as opposed to be directly collected from respondents.

## Data accuracy

While considerable effort is made to ensure high standards throughout all stages of collection and processing, the resulting estimates are inevitably subject to a certain degree of non-sampling error. Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

Measures such as response rate (total number of completed questionnaires as a percentage of the total active, in-scope survey sample) and response fraction (the proportion of the estimate based upon reported data) can be used as indicators of the possible extent of non-sampling errors.

Sampling error can be measured by the standard error (or standard deviation) of the estimate. The coefficient of variation (CV) is the estimated standard error percentage of the survey estimate. Estimates with smaller CVs are more reliable than estimates with larger CVs.