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Survey of the couriers and local messengers industry, 2004 (preliminary) and 2003 (revised)

Highlights

In 2004, the Canadian couriers and local messengers industry was comprised of 20,623 establishments, up 1% from 2003.

The industry generated operating revenue of about \$6.2 billion in 2004. Fueled notably by a strong economy and the rapid growth of e-commerce, this represented a 7% increase over the revised \$5.8 billion recorded for 2003.

Couriers (+8%) showed the largest increases in operating revenue from 2003. In comparison, local messengers showed a 5% increase.

Operating expenses increased by 6%, reaching \$5.7 billion in 2004. Compared to 2003, the largest increases in expenses were in repair and maintenance expenses (+10%), cost of energy and supplies (+9%) and other purchased services (+8%).

The faster rate of increase of operating revenue compared to operating expenses translated into a 27% increase in operating margin, which reached \$463 million.

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1.0 Industry profile 2004

1.1 Overview

In 2004, the couriers and local messengers industry included 20,623 establishments providing a variety of services, from letter delivery by bicycle messenger to high-tech equipment delivery in Canada and other countries.

More than the two thirds (68%) of establishments were situated in Ontario and Quebec, which clearly shows the geographical concentration of the industry (see Table 1). Together, the top four provinces (Ontario, Quebec, British Columbia and Alberta) accounted for 86% of the total establishments.

The industry generated operating revenue of \$6.2 billion in 2004 (see Chart 1). Almost half of the total operating revenue was generated in Ontario (see Chart 2).

Industry operating expenses totalled \$5.7 billion. Looking at the distribution of expenses, other purchased services were the most significant operating expense item at 40%. Salaries, wages and benefits, at 35%, were close behind.

Additional information from other Statistics Canada sources

In terms of gross domestic product, the couriers and local messengers industry contributed \$2.4 billion to the Canadian economy in 2004 (chained 1997 dollars)¹.

Based on the Survey of Employment, Payrolls and Hours (SEPH), the industry employed more than 42,000 people in 2004,² around 36,000 in the couriers segment and 6,000 in the local messengers segment. However, this number does not include self-employed workers, such as independent contractors, who could represent a significant number of workers, particularly in the local messengers segment. For instance, according to 2001 Census data, around 30% of workers in the local messengers segment were self-employed, while this proportion was around 15% in the couriers segment.

Based on the Couriers and Messengers Services Price Index (CMSPI), prices in Canada between 2003 and 2004 increased by 3% in the industry as a whole, by 2.8% in the couriers segment and by 3.5% in the local messengers segment.³

1. CANSIM database, Statistics Canada, Table 379-0017. GDP by industry provides information for current economic analysis, from an industry point of view.

2. CANSIM database, Statistics Canada, Table 281-0024 (data unadjusted for seasonal variation). The survey of Employment, Payrolls and Hours is Canada's only source of detailed information on the total number of paid employees, payrolls and hours at detailed industrial, provincial and territorial levels.

3. CANSIM database, Statistics Canada, Table 329-0053. The Couriers and Messengers Services Price Index (CMSPI) is a monthly price index measuring the change over time in prices for courier and messenger services provided by long and short distance delivery companies to Canadian-based business clients.

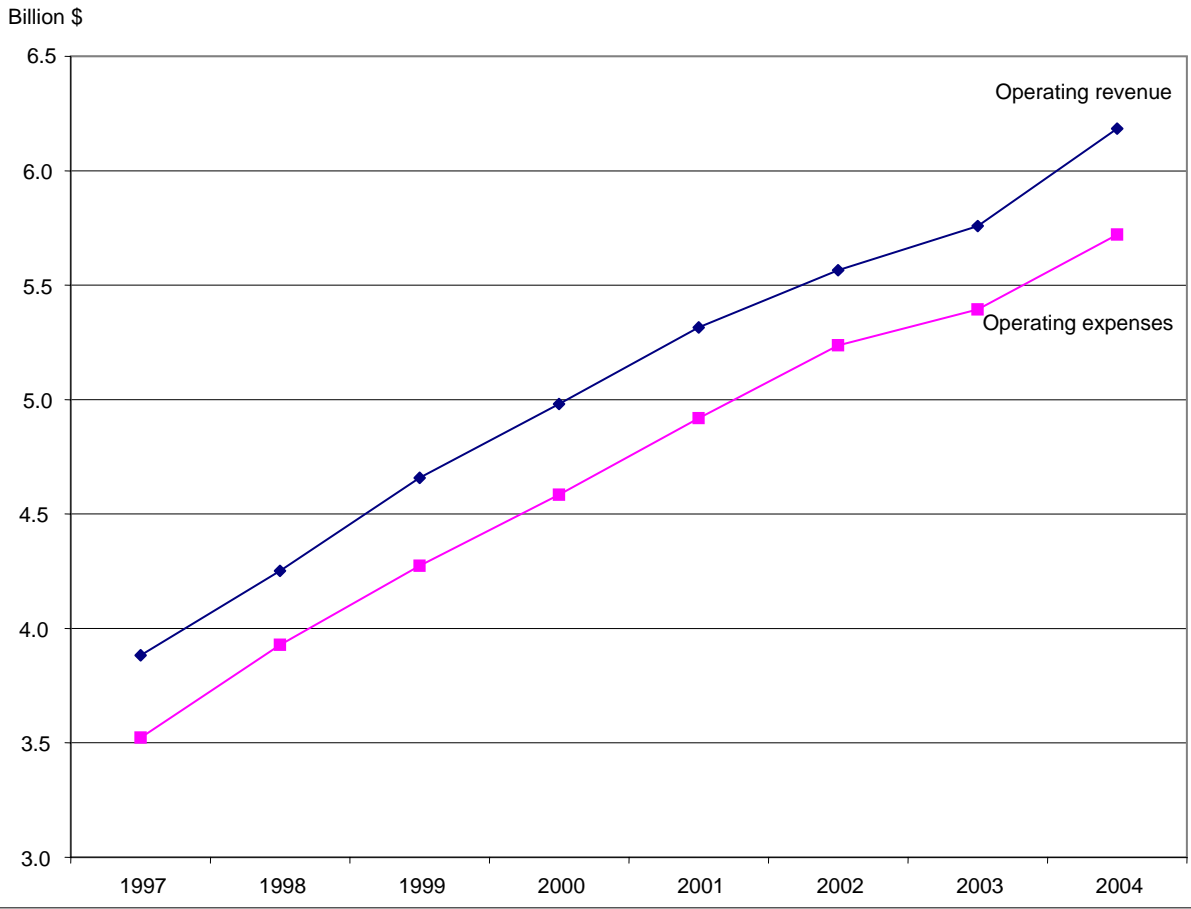
Table 1 Survey of the couriers and local messengers industry, revenue and expenses by province and territory, all carriers, Canada, 2004^P

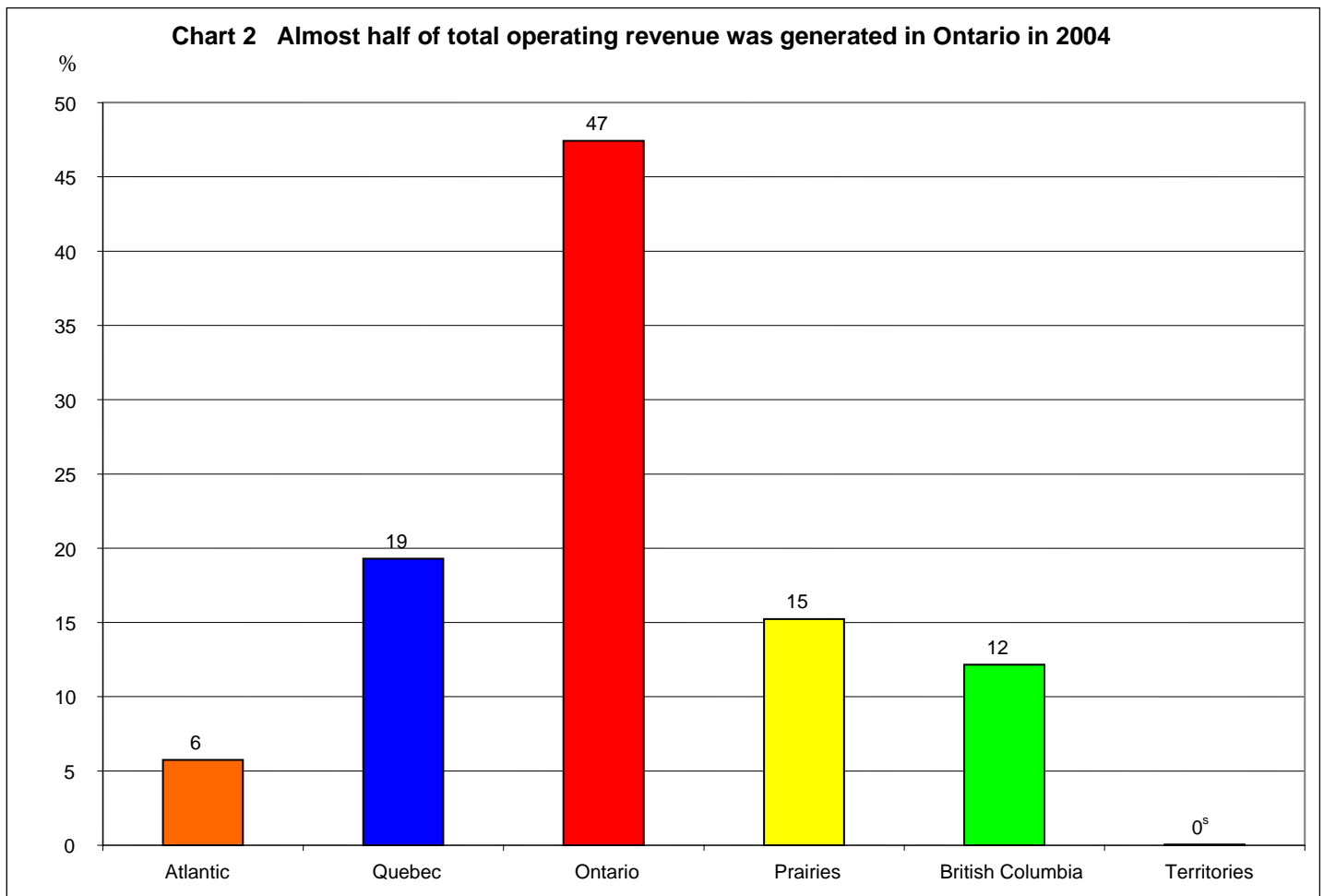
	N.L.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Y.T.	N.W.T.	Nvt.	Canada
Estimated number of carriers in population	259	54	471	468	5,219	8,709	1,116	553	1,884	1,865	8	12	3	20,623
Revenue	thousands of dollars													
Revenue from sales of goods and services	x	x	136,650	141,770	1,144,331	2,795,673	203,562	118,497	585,225	721,546	3,027	6,388	x	5,920,690
Other operating revenue	x	x	6,582	4,899	48,435	137,470	6,240	3,623	24,434	30,181	x	x	x	263,873
Total operating revenue	58,816	6,412	143,233	146,669	1,192,765	2,933,144	209,803	122,121	609,659	751,727	x	x	x	6,184,563
Non-operating revenue	x	x	56	56	1,973	4,417	168	161	669	x	x	x	x	12,473
Total revenue	x	x	143,288	146,724	1,194,738	2,937,560	209,971	122,282	610,328	x	x	x	x	6,197,036
Expenses														
Salaries, wages and benefits	19,889	2,033	52,542	46,794	398,325	947,964	64,381	41,845	195,650	243,300	x	x	x	2,016,155
Cost of energy and supplies	2,783	248	9,429	9,826	86,302	174,135	12,504	7,065	35,089	44,313	x	x	x	382,551
Rental and leasing expenses	1,768	234	6,130	6,024	49,121	115,560	8,401	4,596	27,404	35,067	x	x	x	254,558
Repair and maintenance expenses	3,239	230	7,251	5,600	54,516	98,068	7,946	6,055	22,769	24,879	x	x	x	231,340
Property and business taxes	215	22	831	800	7,017	16,262	877	650	3,084	4,817	x	x	x	34,626
Other purchased services	17,183	2,063	46,479	55,634	415,175	1,103,761	80,789	43,248	229,799	280,530	x	x	x	2,278,301
Depreciation expenses	1,364	162	3,303	4,045	28,169	60,107	5,945	3,346	14,170	14,850	x	x	x	135,824
Other operating expenses	2,044	717	8,291	6,846	78,851	190,639	13,718	5,420	36,259	44,807	x	x	x	387,852
Total operating expenses	48,487	5,710	134,255	135,570	1,117,294	2,706,550	194,558	112,225	564,254	692,569	x	x	x	5,721,110
Non-operating expenses	549	x	1,325	1,136	9,092	18,201	1,627	1,166	6,542	5,627	64	x	x	45,605
Total expenses	49,036	x	135,581	136,705	1,126,386	2,724,750	196,185	113,391	570,795	698,196	2,859	x	x	5,766,715
Net operating margin	10,328	701	8,977	11,099	75,471	226,594	15,245	9,895	45,406	59,158	x	x	x	463,453
Operating ratio	0.82	0.89	0.94	0.92	0.94	0.92	0.93	0.92	0.93	0.92	x	x	x	0.93

Notes: Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

Data may not sum up due to rounding.

Chart 1 The industry generated more than \$6 billion in operating revenue in 2004





1.2 One industry, two distinct segments

The North American Industry Classification System (NAICS) sub-divides this industry into two segments: couriers and local messengers.

Couriers provide national or international delivery services, using surface or air transportation, or a combination of both (see Section 2.2 for a full definition).

In 2004, there were around 3,000 courier establishments in Canada that generated operating revenue of \$4.9 billion. While they accounted for only 14% of the industry's establishments, couriers generated 79% of total operating revenue. Courier establishments had an average operating margin of about \$130,000 (see Table 2).

Local messengers provide messenger and delivery services within a city or metropolitan area (see Section 2.2 for a full definition).

In 2004, there were approximately 18,000 local messenger establishments in Canada that generated operating revenue of \$1.3 billion. They accounted for 86% of the establishments but only 21% of the industry's operating revenue. They had an average operating margin of about \$5,000. This segment's modest average operating margin is mostly due to the fact that it includes a large number of self-employed workers who use it as personal income.

Table 2 Survey of the couriers and local messengers industry, revenue and expenses by activity, all carriers, Canada, 2004^P

	Activity		Total
	Couriers	Local Messengers	
Estimated number of carriers in population	2,937	17,686	20,623
Revenue	thousands of dollars		
Revenue from sales of goods and services	4,638,454	1,282,236	5,920,690
Other operating revenue	251,222	12,651	263,873
Total operating revenue	4,889,676	1,294,887	6,184,563
Non-operating revenue	7,631	4,842	12,473
Total revenue	4,897,307	1,299,729	6,197,036
Expenses			
Salaries, wages and benefits	1,751,537	264,618	2,016,155
Cost of energy and supplies	287,105	95,446	382,551
Rental and leasing expenses	209,247	45,311	254,558
Repair and maintenance expenses	169,249	62,091	231,340
Property and business taxes	23,400	11,227	34,626
Other purchased services	1,639,004	639,297	2,278,301
Depreciation expenses	109,000	26,824	135,824
Other operating expenses	319,330	68,522	387,852
Total operating expenses	4,507,760	1,213,349	5,721,110
Non-operating expenses	35,618	9,987	45,605
Total expenses	4,543,378	1,223,336	5,766,715
Net operating margin	381,915	81,538	463,453
Operating ratio	0.92	0.94	0.93

Notes: Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

Data may not sum up due to rounding.

Looking at the distribution of expenses by segment, the largest expense item for couriers was wages, salaries and benefits (39%), followed by other purchased services (36%). The picture was very different for local delivery services. Their largest expense item was other purchased services (53%), with the second-largest item being wages, salaries and benefits (22%). This information shows that couriers tend to have paid employees while local messengers made more use of self-employed workers.

1.3 Differences by revenue size

The industry is highly concentrated among a few major carriers. For the purpose of this survey, businesses are classified into three revenue size groups.

Large businesses are businesses with annual revenue of \$25 million or more. The large majority are in the courier segment and many of them are subsidiaries of multinational courier companies or transportation carriers (see Chart 3). These businesses made up about 1% of the total number of businesses in the industry, but generated 71% of the operating revenue in 2004. Not surprisingly, this group had the highest average operating margin, with \$1.2 million (see Table 3).

Medium-sized businesses are businesses with annual revenue from \$1 million to less than \$25 million. This group is a mix of couriers and local messengers. In 2004, they accounted for 1% of the total businesses and generated 11% of the industry's operating revenue. The group's average operating margin was \$63,000.

Small businesses are businesses with annual revenue less than \$1 million. This group is primarily composed of local messengers. These businesses include independent operators, which sub-contract their services to other

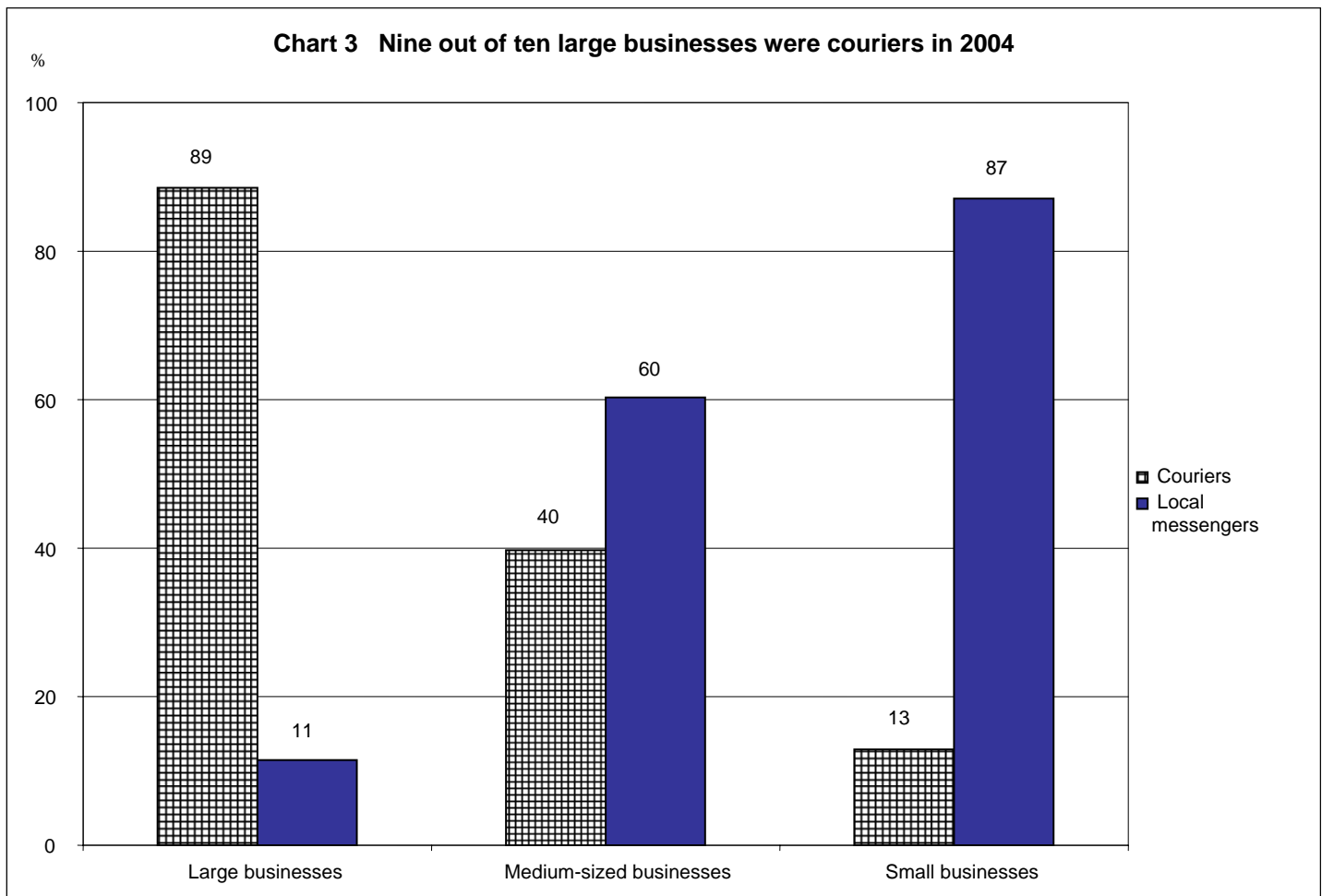
courier and local messenger companies, using their own delivery vehicles. They accounted for about 98% of the industry's businesses, but only 19% of total operating revenue. This group also had the lowest average operating margin at \$5,000.

Table 3 Survey of the couriers and local messengers industry, revenue and expenses by size, all carriers, Canada, 2004^p

	Size			Total
	Large \$25 million and over	Medium \$1 million to less than \$25 million	Small Less than \$1 million	
Estimated number of carriers in population	288	219	20,116	20,623
Revenue	thousands of dollars			
Revenue from sales of goods and services	4,140,355	655,559	1,124,776	5,920,690
Other operating revenue	241,197	11,563	11,113	263,873
Total operating revenue	4,381,552	667,123	1,135,888	6,184,563
Non-operating revenue	1,184	362	10,928	12,473
Total revenue	4,382,735	667,485	1,146,816	6,197,036
Expenses				
Salaries, wages and benefits	1,631,352	149,235	235,569	2,016,155
Cost of energy and supplies	227,329	51,957	103,265	382,551
Rental and leasing expenses	184,632	29,308	40,618	254,558
Repair and maintenance expenses	108,263	18,308	104,768	231,340
Property and business taxes	21,522	5,349	7,755	34,626
Other purchased services	1,479,008	361,285	438,008	2,278,301
Depreciation expenses	93,314	11,630	30,880	135,824
Other operating expenses	293,001	26,176	68,675	387,852
Total operating expenses	4,038,421	653,249	1,029,440	5,721,110
Non-operating expenses	28,619	4,700	12,286	45,605
Total expenses	4,067,039	657,949	1,041,726	5,766,715
Net operating margin	343,131	13,874	106,448	463,453
Operating ratio	0.92	0.98	0.91	0.93

Notes: Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

Data may not sum up due to rounding.



1.4 Types of services and volume of business

Couriers and local messengers encounter competition from the regular postal service industry and common air or highway carriers, which also deliver small shipments. In order to stay competitive, they offer a wide variety of expedited and non-expedited services.

At the industry level, large and medium-sized businesses (those with revenues of \$1 million or more) delivered nearly 525 million pieces, generating just over \$4.6 billion in delivery revenue in 2004 (see Table 4). Globally, the services offered could be grouped in two categories.

1) Expedited services include deliveries within the same day and next-day or overnight. Most of the time, these “express” shipments are associated with a delivery time guarantee (implicit or explicit) with full tracking services.

- Same-day services are mainly performed by local messengers. Of the revenue earned by medium-sized and large businesses from this activity, local messengers earned almost 99% (see Chart 4). Generally, this type of service is limited to within a metropolitan area and deliveries are made using light vehicles.
- Next-day/overnight services are dominated by couriers, who accounted for 98% of the revenue earned by medium-sized and large businesses from providing this type of service. Deliveries are typically made using highways and air transportation (on chartered flights).

2) Non-expedited services, which include other services, such as deliveries that are two days or more.

- Two-day or more and other services are basically provided only by couriers, as they earned virtually all of the delivery revenue accruing to medium-sized and large businesses from this activity. Generally, deliveries are made using highway, air (on regular flights) or maritime transportation.

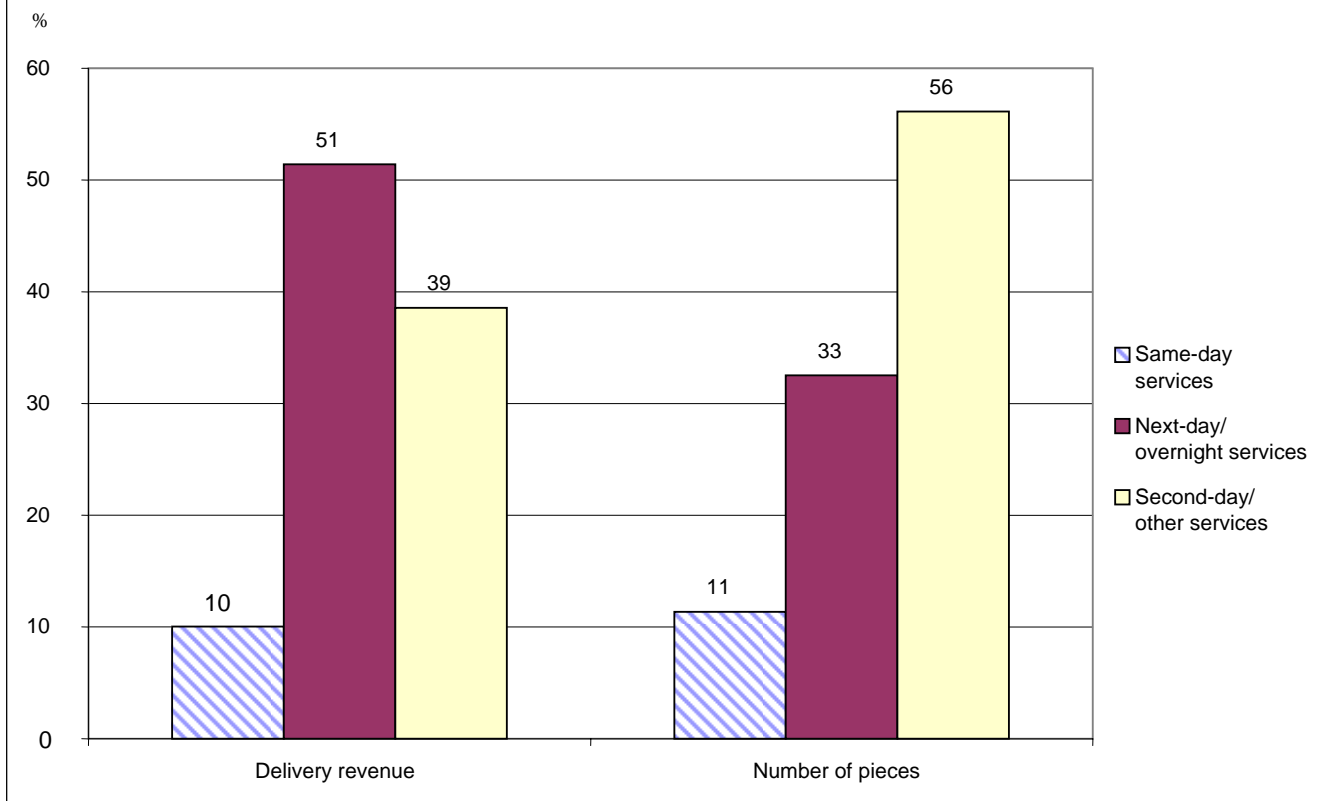
In the industry as a whole, each piece delivered generated an average of \$8.79 in delivery revenue. Next-day and overnight services generated the largest average revenue per piece (\$13.89), while two-day or more and other services generated the smallest average revenue per piece (\$6.04).

The higher revenue per piece shown in expedited service is mainly due to the fact that the cost of these services is generally higher in the market. It should be noted that other important factors also contribute to the revenue per piece, such as the type of shipment item (ex: letter, package, etc.) and the weight of the shipment. For instance, one could conclude that heavier packages are more common amongst non-expedited services and lighter packages and letters are more common amongst expedited services.

Table 4 Survey of the couriers and local messengers industry, revenue, number of pieces and average revenue per piece by type of service, carriers of \$1 million and more in revenue, Canada, 2004^P

	Activity				Total	
	Couriers		Local messengers		All carriers	
	\$ '000	%	\$ '000	%	\$ '000	%
Delivery revenue						
Same-day services	6,133	0	458,466	91	464,599	10
Next-day / overnight services	2,331,547	57	43,069	9	2,374,616	51
Second-day / other services	1,777,457	43	3,944	1	1,781,401	39
All delivery services	4,115,137	100	505,479	100	4,620,617	100
Number of pieces	\$ '000	%	\$ '000	%	\$ '000	%
Same-day services	670	0	58,986	91	59,656	11
Next-day / overnight services	165,247	36	5,685	9	170,932	33
Second-day / other services	294,337	64	542	1	294,880	56
All delivery services	460,289	100	65,164	100	525,453	100
Average revenue per piece	\$		\$		\$	
Same-day services	9.15	n.a.	7.77	n.a.	7.79	n.a.
Next-day / overnight services	14.11	n.a.	7.58	n.a.	13.89	n.a.
Second-day / other services	6.04	n.a.	7.27	n.a.	6.04	n.a.
All delivery services	8.94	n.a.	7.76	n.a.	8.79	n.a.

Note: Data may not sum up due to rounding.

Chart 4 Next-day / overnight services dominate delivery revenue, but not number of pieces, 2004^P

1.5 Origin and destination of deliveries

Ontario is the dominant province in the industry, as nearly one-half of the delivery revenue was generated from shipments originating in this province (see Table 5). This dominance could be attributed to factors such as a larger share of the market for expedited services and/or a stronger position in the US/international market.

Shipments to Canadian destinations accounted for 77% of total delivery revenue, while shipments to the United States made up about 19% and all other countries represented the remaining 4%. By definition, virtually all international delivery revenue was earned by couriers.

Table 5 Survey of the couriers and local messengers industry, origin and destination of shipments, carriers of \$1 million and more in revenue, Canada, 2004^P

	Couriers		Local messengers		Total	
	\$ '000	%	\$ '000	%	\$ '000	%
Origin of shipments						
Atlantic	197,976	5	17,173	3	215,149	5
Quebec	765,766	19	83,652	17	849,418	18
Ontario	1,960,659	48	208,045	41	2,168,704	47
Prairies	514,089	12	116,859	23	630,948	14
British Columbia	462,843	11	77,410	15	540,253	12
Territories	x	x	x	x	x	x
Origin outside Canada	x	x	x	x	x	x
Total delivery revenue	4,115,137	100	505,479	100	4,620,617	100
Destination of shipments						
Canada	3,037,511	74	500,619	99	3,538,130	77
United States	873,496	21	4,047	1	877,542	19
All other countries	204,130	5	814	0	204,944	4
Total delivery revenue	4,115,137	100	505,479	100	4,620,617	100

Note: Data may not sum up due to rounding.

Since 1999, delivery revenue earned by couriers from shipments to the United States has risen by 52% while delivery revenue from shipments to Canada only increased by 19% during the same period (see Table 6). To some extent, this situation may be due to the increased popularity of e-commerce between Canada and the U.S.

Table 6 Survey of the couriers and local messengers industry, destination of shipments, couriers, carriers of \$1 million and more in revenue, Canada, 1999 to 2004^P

	Canada	United States	Other countries	Total
	thousands of dollars			
1999	2,561,968	573,265	195,927	3,331,160
2000	2,718,712	630,135	213,019	3,561,866
2001	2,802,793	727,447	138,585	3,668,826
2002	2,825,156	760,192	137,587	3,722,935
2003	2,823,978	770,075	213,027	3,807,081
2004	3,037,511	873,496	204,130	4,115,137

1.6 Fleet and equipment in service

Since time is money in the industry, couriers and local messengers rely on dependable and performing vehicles and equipment to provide the means for delivery services.

Couriers depend to a large extent on relatively costly fleets of vehicles and equipment, ranging from automobiles to cargo planes. Most of the vehicles used in 2004 were cube/step vans (62%) and semi-trailers (17%) (see Table 7).

Even though deliveries by local messengers are sometimes made on foot or by bicycle, they are usually made by light vehicle. As a matter of fact, the most commonly used types of equipment were automobiles (47%) and cube/step vans (30%).

Overall in 2004, the industry had over 23,600 vehicles and other equipment for its delivery services.

Table 7 Survey of the couriers and local messengers industry, fleet and equipment in service, carriers of \$1 million and more in revenue, Canada, 2004^P

Fleet and equipment in service	Couriers		Local messengers		Total
	number	%	number	%	number
Bicycles	0	0	440	6	440
Automobiles	955	6	3,191	47	4,146
Cube / Step Vans	10,287	62	2,040	30	12,327
Road Tractors	894	5	121	2	1,015
Trailers	2,860	17	199	3	3,059
5 - Ton Trucks	452	3	660	10	1,112
Warehouse equipment	264	2	75	1	339
Other equipment	998	6	135	2	1,133
Total number of vehicles and equipment	16,711	100	6,856	100	23,567

Note: Data may not sum up due to rounding.

2.0 Data quality statement

2.1 Concepts

The results of the 2004 Survey of the Couriers and Local Messengers Industry represent fiscal year estimates of financial and operating statistics for the industry.

Classified under the North American Industrial Classification System (NAICS) code 492, this industry comprises establishments primarily engaged in providing courier delivery services, or messenger and delivery services of small parcels within a single urban area. The type and size of parcels carried, the speed of delivery, and premium services, such as guaranteed delivery and track and trace services, are the main features of their activities.

The survey is currently administered as part of the Unified Enterprise Survey program (UES). The UES program has been integrating, gradually over time, the approximately 200 separate business surveys into a single master survey program. The UES aims at collecting more industry and commodity detail at the provincial level than was previously possible while avoiding overlap between different survey questionnaires. The redesigned business survey questionnaires have a consistent look, structure and content. The combined results produce more coherent and accurate statistics on the economy. The unified approach makes reporting easier for firms operating in different industries because they can provide similar information for each branch operation. This way they avoid having to respond to questionnaires that differ for each industry in terms of format, wording and even concepts. Each year, Statistics Canada integrates more existing surveys into the UES program.

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

2.2 Definitions

A business entity and an establishment

A business entity is an economic transactor having the responsibility and the authority to allocate resources in the production of goods and services.

A statistical establishment is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output, the cost of principal intermediate inputs used, and the cost and quantity of labour resources used to produce the output.

A complex enterprise is an enterprise that has establishments operating in more than one province or in more than one industry and, as well, it may be a multi-legal entity, i.e. it contains establishments that link to more than one legal entity.

A simple enterprise is an enterprise that operates only in one province and industry and is not multi-legal.

The population of interest

The population of interest is all establishments classified to NAICS 492. This industry group is further split into:

- **4921 - Couriers:** This industry group comprises establishments primarily engaged in providing air, surface or combined courier delivery services. Courier establishments of the Post Office are included.
- **4922 - Local messengers and local delivery:** This industry group comprises establishments primarily engaged in providing messenger and delivery services of small parcels within a single urban area. Establishments engaged in the delivery of letters and documents, such as legal documents, often by bicycle or on foot; and the delivery of small parcels, such as take-out restaurant meals, alcoholic beverages and groceries, on a fee basis, usually by small truck or van, are included.

Financial variables

Revenue

- Revenue from sales of goods and services are generated from delivery services and from the sale of other goods and services like cargo services and custom brokerage.
- Other operating revenue includes notably franchise fees and repair and maintenance revenue.
- Total operating revenue is the sum of all operating revenue.
- Non-operating revenue comprises income from interest and dividends.
- Total revenue is the sum of operating and non-operating revenue.

Expenses

- Salaries, wages and benefits refer first to salary and wage payments, including notably vacation pay and commissions, for all employees for whom a T4 Supplementary Form was completed. This category also includes the employer portion of employee benefits for items such as Canada Pension Plan contributions or Employment Insurance premiums.
- Cost of energy and supplies includes the cost of office and other operating supplies together with the cost of electricity, gasoline and other energy types.
- Rental and leasing expenses are those costs incurred to rent or lease office space, motor vehicles, computers or any other machinery and equipment.

- Repair and maintenance expenses are payments made to purchase maintenance and repair services for buildings, motor vehicles or any other machinery and equipment.
- Property and business taxes include all types of property and business taxes. Provincial health and education payroll taxes are excluded from this category.
- Other purchased services includes items such as payments to owner-operators, goods transportation, telephone and other telecommunications costs, insurance premiums, advertising and sales promotion.
- Depreciation charges are charges related to depreciation and amortization of buildings, vehicles and other machinery and equipment.
- Other operating expenses includes items such as royalties and franchise fees, bad debts and inventory adjustments. Provincial health and education payroll taxes are included in this category.
- Total operating expenses is the sum of all operating expenses.
- Non-operating expenses relates to interest expenses on loans or the interest component of a capital lease.
- Total expenses is the sum of operating and non-operating expenses.

Net operating revenue

- Operating margin is the difference between operating revenue and operating expenses.
- Operating ratio is the ratio of operating expenses over operating revenue.

Other variables

Pieces are equivalent to envelopes, boxes, parcels or packages. Pieces carried by courier and local messenger businesses generally weigh less than 100 kg.

A shipment is the movement of one or more pieces from a pick-up location or origin to a delivery location or destination. The origin is classified by region in Canada. The destination is classified as Canada, United States or other countries.

Delivery services can be broken down into three sub-categories:

- Same-day services refer to shipments delivered the same day they are picked up;
- Next-day / overnight services refer to shipments delivered one day after pick-up;
- Second-day / other services refer to shipments delivered two days or more after pick-up.

Average revenue per piece is the revenue generated from delivery services divided by the number of pieces carried.

Carrier is a term generally used to identify businesses operating in transportation industries. In the data tables, the number of carriers is the number of establishments.

2.3 Methods

The data were produced as part of Statistics Canada's Unified Enterprise Survey (UES) program.

2.3.1 Sampling

Target population

The target population for this survey is all establishments classified to NAICS 492 on the Business Register and operating for at least one day during the reference year 2004.

Frame

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm, including address, industry classification and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data.

On the Business Register, under NAICS code 492, there were 7,110 establishments of simple and complex enterprises having operated for at least one day during the reference year 2004.

Sampling plan

Two sources of data were used to derive the estimates:

- A probability sample survey of courier and local messenger establishments with an annual gross business revenue above survey thresholds,
- Taxation data to estimate for some establishments with annual gross business revenue above survey thresholds (tax replacement program) and all establishments below survey thresholds.

The tax replacement program aims to replace a portion of the sample by tax data to decrease response burden. In 2004, 55% of simple single enterprises have been replaced with tax data.

It should be noted that only financial information is obtained from administrative sources; e.g., revenue and expenses such as depreciation and salaries, wages and benefits.

The survey thresholds are calculated based on the Royce-Maranda method, which aims to exclude 10% of the smallest businesses (based on total revenue). In 2004, the survey threshold was \$850,000 for couriers (NAICS: 4921) and \$50,000 for local messengers (NAICS: 4922).

In total for the couriers and local messengers industry, 2,049 establishments on the Business Register had annual revenue above survey thresholds in 2004.

Sampling unit

The sampling unit used in the probability survey is all of the establishments of one enterprise that operate in the same industry and the same province. The sampling unit can be called a "cluster of establishments".

Sampling rate

Of the total of 2,049 establishments above survey thresholds, 630 establishments were selected in the sample. The overall sampling rate was 31%.

2.3.2 Data collection

Questionnaires were mailed in January 2005 to establishments selected in the sample and identified as employers on the Business Register. Tax records were used for establishments selected in the sample and identified as non-employers (mostly self-employed owner-operators).

Establishments having received a questionnaire were asked to report information for their most recent 12-month fiscal period.

Data collection ended in September 2005.

2.3.3 Data processing

Imputation

Reported data were examined for completeness and inconsistencies using automated edits coupled with analytical review. Another automated system was used to impute data for refusals, non-response and unable to contact, partially with the assistance of taxation data. This imputation process was also coupled with a manual analytical review. In total, 26% of the records went through the imputation process in 2004, which is acceptable for a business survey. With the use of taxation data, the quality of the data coming out of the imputation process is judged to be very good for the aggregate variables, such as total revenue and total expenses, and to be good for more detailed variables.

Allocation

In a number of cases, respondents reported results that combined sampling units from more than one province, which created the need for data allocation by province. Auxiliary information, stemming mainly from the T4 Supplementary Form, was used to allocate the data reported on the combined report among the various provinces where the enterprise was in operation. This source of information used for allocation purposes provides an adequate distribution of revenue and expenses by province and territory.

Estimation

The sampling weights derived from the sample survey design were modified and improved using updated information. This was possible because, over time since the sample was selected, the Business Register had been updated further with more complete information. The final set of weights reflects as closely as possible the changing characteristics of the population in this industry. The final estimates were derived by combining the survey estimates and the taxation data estimates.

2.4 Data quality

All surveys are subject to sampling and non-sampling errors. Statistics Canada uses a variety of methods to minimize all types of errors. Efforts were taken through regular frame (Business Register) analysis, appropriate respondent follow-up, adequate imputation models and detailed analysis of the estimates, to minimize the non-sampling errors of omission, duplication, reporting and processing.

Response rate

As depicted in **Tables A and B**, 54% of the 515 questionnaires mailed-out were fully or partially completed in 2004. Another 10% were identified as out-of-scope to NAICS 492, 33% of the respondents either did not complete the questionnaire before the collection cut-off or could not be contacted, and 3% of the respondents refused to complete the questionnaire. The response rate, measured as the proportion of completed questionnaires divided by the total of "in-scope" questionnaires, reached 60% in 2004.

Table A

Questionnaires	2004	
	Number	%
Tax replacement	115	18
Mail-out	515	82
Total	630	100

Note that the mail-out number showed in Table A does not necessarily represent the number of questionnaires actually sent out. Indeed, because many large enterprises with businesses in more than one province ask to fill out only one questionnaire for all their establishments, this number is, in reality, smaller. For instance, in 2004, 389 questionnaires were mailed out, representing 515 establishments.

Table B

Questionnaires	2004	
	Number	%
Fully/partially completed	278	54
Out-of-scope	52	10
Non response	171	33
Refusal	14	3
Total	515	100

Quality evaluation

Prior to dissemination, combined survey results are analyzed for comparability; in general, this includes a detailed review of individual responses (especially for the largest companies), general economic conditions, historic trends, and comparisons with other data sources.

Coefficients of variation

Coefficients of variation (CV) of the final estimates were computed. The quality of the estimates is classified as follows:

- Excellent CV is 0.01% to 4.99%
- Very good CV is 5.00% to 9.99%
- Good CV is 10.00% to 14.99%
- Acceptable CV is 15.00% to 24.99%
- Use with caution CV is 25.00% to 34.99%
- Unreliable CV is larger than 35.00%
- “.” Missing value

Based on these ratings and as depicted in **Table C** below, in 2004, total revenue estimates for the overall industry (NAICS 492) are judged to be excellent at the national level and excellent to very good at the provincial/territorial level. For couriers (NAICS 4921) the estimates were judged to be excellent at all levels. For local messengers (NAICS 4922), the quality of the estimates was judged to be very good at the national level and generally very good at the provincial/territorial level (except for Newfoundland and Labrador where the estimates should be used with caution).

Table C

	492	4921	4922
N.L.	Very Good	Excellent	E
P.E.I.	Excellent	Excellent	Excellent
N.S.	Excellent	Excellent	Excellent
N.B.	Excellent	Excellent	Excellent
Que.	Excellent	Excellent	Very good
Ont.	Excellent	Excellent	Good
Man.	Excellent	Excellent	Very good
Sask.	Excellent	Excellent	Very good
Alta.	Excellent	Excellent	Very good
B.C.	Excellent	Excellent	Acceptable
Y.T.	Excellent	Excellent	.
N.W.T.	Excellent	Excellent	Excellent
Nvt.	Census	Census	.
Canada	Excellent	Excellent	Very good

Overall, the 2004 preliminary estimates are viewed as providing an accurate and reliable portrait of the couriers and local messengers industry in Canada.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

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^s 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

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