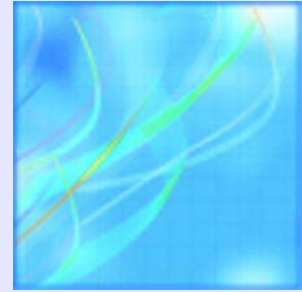




## Service Bulletin

# Surface and Marine Transport



### Highlights

#### Survey of the couriers and local messengers industry, 2005 (preliminary data) and 2004 (revised data)

- The 19,625 active establishments in the industry in 2005 generated \$7.2 billion in operating revenue, up 6% from \$6.8 billion in 2004.
- Operating expenses reached \$6.6 billion, an increase of 6% compared to 2004. The largest increases in operating expenses were in salaries, wages and benefits and other operating expenses, which were tied at 10%, followed by depreciation expenses and rental and leasing expenses, also tied, at 7%.
- The industry's operating margin reached \$591 million, an increase of 10% over 2004. However, the operating ratio (operating expenses divided by operating revenue) remained at 0.92.
- The couriers segment showed \$5.8 billion in operating revenue, an increase of 10% compared to 2004. This segment's operating margin reached \$406 million, up by 14%. Its operating ratio remained unchanged at 0.93.
- The local messengers segment totalled \$1.4 billion, a decrease of 5% compared to the previous year. This segment showed an operating margin of \$185 million, an increase of 2%. Its operating ratio also improved slightly, moving from 0.88 to 0.87.
- Overall, establishments belonging to large and medium-sized businesses (businesses with revenue of \$1 million or more) delivered almost 654 million pieces, generating just over \$5.5 billion in delivery revenue.
- Courier establishments delivered 89% of the total number of pieces, generating 90% of the delivery revenue. Couriers also dominated next day/overnight services, with 97% of the total revenue, and two-day or more and other services, with 98% of the total revenue.
- Local messenger establishments delivered 11% of the total number of pieces, generating 10% of the industry's delivery revenue. Local messengers mainly specialize in same-day services, producing nearly all the revenue generated by this type of service (96%).
- Ontario has remained the dominant region in the industry in terms of delivery revenue based on shipment collection location, generating almost half of the revenue for Canada (47%).
- Shipments to Canadian destinations accounted for 80% of total delivery revenue, while those to the United States accounted for approximately 16% and to other countries, 4%.
- Establishments belonging to large and medium-sized businesses had approximately 50,600 employees and hired almost 15,200 independent operators. They also used more than 27,800 vehicles and other equipment.

## **About this publication**

This bulletin provides information on the couriers and local messengers industry. It starts by focussing on the results of the 2005 annual survey (preliminary data). It includes an industry profile and tables of operations data with short analytical comments. Secondly, this bulletin provides revised data tables for reference year 2004. This publication concludes with a survey quality statement, a description of the survey methodology and data quality. In particular, it includes a section on changes and revisions.

## **Notes to users**

1- The data on characteristics published in this bulletin (number of packages, origin and destination, equipment and employment) apply solely to establishments belonging to businesses that generated annual revenue of \$1 million or more from their courier and local messenger activities. More specifically, this definition applies to tables 4 to 6 and 10 to 12.

2- Starting with reference year 2004<sup>r</sup>, there are two new important additions: employment data have been added (tables 6 and 12) as well as data on the number of establishments in the population in tables referring to characteristics (tables 4 to 6 and 10 to 12).

## Annual survey of the couriers and local messengers industry

### Industry profile - 2005 (preliminary data)

#### An industry facing changing markets

In 2005, the couriers and local messengers industry included 19,625 establishments, and it provided a variety of services from letter delivery by bicycle messenger to high-tech equipment delivery to foreign countries by air.<sup>1</sup>

The industry includes very large businesses that are often subsidiaries of multinationals, integrated Canadian trucking companies and small independent contractors. Because of this wide range of activities and business size, the sector is not homogenous. It is not unusual for businesses of the same size in the same segment to have very different management philosophies, especially with regard to the use of employees versus the use of contractors or equipment leasing versus purchasing.

The industry generated operating revenue of about \$7.2 billion in 2005, a 6% increase over the revised data of 2004 (see Table 1). By their very nature, couriers and local messenger services provide support or intermediary services (derived demand). Thus, the industry's economic health is largely dependent on general economic conditions. Although certain industries, such as financial institutions, law firms and pharmaceutical distributors, use their services on a daily basis, almost every business uses courier or local messenger services at some time or other.

In the current business context, which is mainly characterized by rapid change fuelled by technological innovation, the industry is facing new challenges and business opportunities at the same time. For example, included among these changes are the gradual acceptance of electronically signed documents, the use of encryption methods for electronic mail and, more generally, the rapid growth of corporate e-commerce and electronic retail shopping in the past decade (for example, see the box "Importance of Electronic Retail Shopping in Canada").

#### Importance of electronic retail shopping in Canada

According to data from Statistics Canada's Canadian Internet Use Survey, Canadians ordered just over \$7.9 billion worth of goods and services over the Internet for personal or household consumption in 2005. They placed almost 50 million orders on-line during that year. About 57% (some 28.3 million) of electronic orders for goods and services in 2005 were placed with Canadian vendors. These orders represented 63% of the total value of orders, or just under \$5 billion.

Almost 7 million Canadians aged 18 years and over placed an on-line order in 2005, representing about 41% of all adults who used the Internet in 2005. About three-quarters of these people reported paying directly over the Internet with a credit or debit card for some or all of their purchases.

Finally, the most common types of electronic orders in 2005 were travel arrangements, books and magazines, other entertainment products, such as concert tickets, as well as clothing, jewellery and accessories. Music, computer software and DVDs were also popular items.<sup>2</sup>

Industry operating expenses totalled over \$6.6 billion, again an increase of 6% compared to 2004.

In the industry as a whole, salaries, wages and benefits constituted the largest operating expense with 36% of the total, followed by other purchased services with 32% of the total, then costs of energy and supplies with 12% of the total.

When compared to 2004, the largest increases in operating expenses were salaries, wages and benefits, tied with other operating expenses, for an increase of 10%, followed by depreciation expenses and rental and leasing expenses, each with an increase of 7%.

The operating margin, which represents the difference between revenue and expenses, is a good indication of an industry's economic health. The operating margin is \$591 million, an increase of 10% over 2004. At the same

1. In the past, the term "carrier" was used synonymously with establishment. For purposes of clarity (and to avoid any confusion with the terms "business" or "company"), the term "establishment" is henceforth used. An establishment represents the smallest entity for which there is data on the value of production and the cost and quantities of input used in production. This means that one company can represent several establishments, especially if it has facilities in several provinces. On the other hand, please note also that an independent contractor is also an establishment if it generates and declares revenue related to local messenger services (see Concept, methodology and data quality section for further details).

2. For further information on the results of the 2005 Canadian Internet Use Survey (CIUS), go to: <http://www.statcan.ca/Daily/English/061101/d061101a.htm>

time, the operating ratio (operating expenses divided by operating revenue) remained unchanged compared to 2004 at 0.92. This means that, overall, the industry's establishments made 8 cents of profit for every dollar spent.

**Table 1**  
**Revenue and expenses by province and territory, Canada 2005<sup>p</sup>**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba
Estimated number of establishments in population	213	42	478	304	3,052	7,895	896
	thousands of dollars						
<b>Revenue</b>							
Revenue from sales of goods and services	x	x	189,423	x	1,326,807	3,162,007	230,699
Other operating revenue	x	x	3,258	x	31,976	107,286	5,417
<b>Total operating revenue</b>	<b>70,073</b>	<b>9,939</b>	<b>192,681</b>	<b>165,783</b>	<b>1,358,783</b>	<b>3,269,293</b>	<b>236,115</b>
Non-operating revenue	x	x	73	33	1,153	1,886	78
<b>Total revenue</b>	<b>x</b>	<b>x</b>	<b>192,754</b>	<b>165,816</b>	<b>1,359,936</b>	<b>3,271,179</b>	<b>236,193</b>
<b>Expenses</b>							
Salaries, wages and benefits	26,009	3,500	72,446	53,906	470,546	1,089,242	76,411
Cost of energy and supplies	8,444	816	28,507	21,396	144,169	327,370	24,384
Rental and leasing expenses	4,893	489	16,878	12,362	89,432	196,408	13,029
Repair and maintenance expenses	1,929	265	4,982	4,010	39,442	77,796	6,377
Property and business taxes	759	53	2,601	1,896	13,029	29,540	1,802
Other purchased services	18,773	2,382	43,930	48,084	397,731	982,840	74,715
Depreciation expenses	1,702	297	4,436	4,437	29,429	70,233	7,015
Other operating expenses	2,529	916	7,289	6,074	67,595	203,868	11,931
<b>Total operating expenses</b>	<b>65,037</b>	<b>8,717</b>	<b>181,069</b>	<b>152,166</b>	<b>1,251,374</b>	<b>2,977,297</b>	<b>215,665</b>
Non-operating expenses	248	11	574	282	3,966	10,544	1,348
<b>Total expenses</b>	<b>65,285</b>	<b>8,729</b>	<b>181,643</b>	<b>152,448</b>	<b>1,255,340</b>	<b>2,987,841</b>	<b>217,013</b>
<b>Net operating margin</b>	<b>5,036</b>	<b>1,221</b>	<b>11,613</b>	<b>13,617</b>	<b>107,409</b>	<b>291,996</b>	<b>20,451</b>
Operating ratio	0.93	0.88	0.94	0.92	0.92	0.91	0.91
	Saskat- chewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	Canada
Estimated number of establishments in population	720	2,456	3,546	11	11	1	19,625
	thousands of dollars						
<b>Revenue</b>							
Revenue from sales of goods and services	182,939	773,060	895,551	4,430	6,297	x	7,013,575
Other operating revenue	2,696	17,347	27,668	x	x	x	199,591
<b>Total operating revenue</b>	<b>185,635</b>	<b>790,407</b>	<b>923,219</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>7,213,166</b>
Non-operating revenue	53	1,030	2,370	x	x	x	6,778
<b>Total revenue</b>	<b>185,689</b>	<b>791,437</b>	<b>925,589</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>7,219,945</b>
<b>Expenses</b>							
Salaries, wages and benefits	63,021	243,645	289,986	x	2,128	x	2,392,453
Cost of energy and supplies	24,580	88,544	126,624	x	675	x	796,819
Rental and leasing expenses	13,599	51,143	57,707	x	780	x	456,893
Repair and maintenance expenses	5,287	20,390	24,837	x	248	x	185,819
Property and business taxes	2,089	6,658	7,223	x	57	x	65,755
Other purchased services	49,970	254,299	271,151	x	1,811	x	2,146,313
Depreciation expenses	4,997	19,618	23,673	x	220	x	166,267
Other operating expenses	7,708	45,358	58,316	x	88	x	411,880
<b>Total operating expenses</b>	<b>171,251</b>	<b>729,653</b>	<b>859,519</b>	<b>x</b>	<b>6,007</b>	<b>x</b>	<b>6,622,199</b>
Non-operating expenses	800	4,701	7,084	x	25	x	29,643
<b>Total expenses</b>	<b>172,052</b>	<b>734,354</b>	<b>866,603</b>	<b>x</b>	<b>6,032</b>	<b>x</b>	<b>6,651,842</b>
<b>Net operating margin</b>	<b>14,384</b>	<b>60,754</b>	<b>63,700</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>590,967</b>
Operating ratio	0.92	0.92	0.93	x	x	x	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

In geographic terms, because it is a service industry, the couriers and local messengers industry fairly accurately reflects business activity in Canada. Thus, Ontario accounted for 45% of the total operating revenue, followed by Quebec with 19% of the total revenue and British Columbia with 13% of the total revenue. Together, the first four provinces (Ontario, Quebec, British Columbia and Alberta) were responsible for 88% of the total revenue.

### Additional information from other Statistics Canada sources

In terms of gross domestic product, the couriers and local messengers industry contributed \$2.5 billion to the Canadian economy in 2005 (chained 1997 dollars).<sup>3</sup>

Based on the Survey of Employment, Payrolls and Hours (SEPH), the industry as a whole employed more than 43,000 workers. The couriers segment accounted for 87% of this total, employing about 37,600 people, while the local messengers segment accounted for 13% with about 5,400 employees.<sup>4</sup> Note that these figures exclude independent workers (independent contractors), which can account for a significant number, especially in the local messengers segment.

Based on the Couriers and Messengers Services Price Index (CMSPI), prices in Canada rose an average of 7.3% between 2004 and 2005 when we look at the industry as a whole. More specifically, prices increased by 7.5% in the couriers segment and by 6.8% in the local messengers segment (local delivery services).<sup>5</sup> For your information, note that these increases are more than double the increases recorded for the 2003-2004 period (3.0%).

### One industry, two distinct segments

The North American Industry Classification System (NAICS) sub-divides this industry into two distinct, but complementary segments: couriers and local messengers.<sup>6,7</sup>

**Couriers** provide national and international delivery services, using surface or air transportation, or a combination of both. In the context of their activities, courier businesses usually use an established network of terminals extending beyond Canada's borders.

In 2005, there were about 1,408 courier establishments in Canada that generated operating revenue of almost \$5.8 billion, an increase of 10% over 2004 (see Table 2). While this segment accounted for only 7% of all the industry's establishments, couriers generated 80% of the total operating revenue. Courier establishments had an average operating margin of about \$288,000 per establishment, up 10% compared to 2004. The segment's operating ratio remained unchanged at 0.93.

**Local messengers** provide messenger and delivery services within a more restricted geographic area, like a city or a metropolitan area. This segment also includes all the independent contractors (or owner operators) working as sub-contractors for courier businesses.

In 2005, there were 18,217 local messenger establishments in Canada that generated operating revenue of \$1.4 billion, a decrease of 5% compared to 2004. The segment accounted for 93% of the total number of establishments, but only 20% of the industry's operating revenue. The segment had an average operating margin of about \$10,000, up 5% compared to 2004. Note that the segment's modest average operating margin is mainly attributable to the fact that it includes a majority of independent workers.<sup>8</sup> Finally, its operating ratio improved slightly compared to the previous year, dropping from 0.88 to 0.87.

Looking at the distribution of expenses by segment, we observe that salaries, wages and benefits were the most significant operating expense item for couriers (40%), followed by other purchased services (31%). This is a difference from local messenger services, where other purchased services were the most significant expense item (40%), followed by cost of energy and supplies (20%). This shows that couriers use more employees, while local messenger services use more independent contractors. In addition, energy expenses (item including fuel expenses) are significantly higher for establishments in the local messengers segment, as there is a large contingent of independent workers who do not pay themselves a salary.

3. CANSIM database, Statistics Canada, Table 379-0017. GDP by industry provides information for current economic analysis, from an industry point of view.
4. 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.
5. CANSIM database, Statistics Canada, Table 329-0053 (calculated annual average). 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.
6. For purposes of the survey, segment categorization is based on self-identification by the establishments. Due to its more "generic" or commonly used name, the number of establishments in the couriers segment may be overestimated to the detriment of those in the local delivery services segment (see Concept, Methodology and Data Quality Section for a full definition).
7. Note that, based on the year 2004 (revised data), only establishments belonging to incorporated companies are classified under the couriers segment. All of the establishments belonging to "unincorporated companies" (owner operators) are classified as such under the local messengers segment.
8. Please note that, aside from the fact that courier work is the principal gainful activity of the independent workers included in the survey population, the duration of the activity (e.g.: 6 months vs. all year) or its intensity (full-time or part-time) is not taken into account here. This limitation is due to the use of taxation data.

**Table 2**  
**Revenue and expenses by activity, Canada 2005<sup>a</sup>**

	Activity		Total
	Couriers	Local messengers	
Estimated number of establishments in population	1,408	18,217	19,625
	thousands of dollars		
<b>Revenue</b>			
Revenue from sales of goods and services	5,586,825	1,426,750	7,013,575
Other operating revenue	179,164	20,427	199,591
<b>Total operating revenue</b>	<b>5,765,989</b>	<b>1,447,177</b>	<b>7,213,166</b>
Non-operating revenue	5,300	1,479	6,778
<b>Total revenue</b>	<b>5,771,289</b>	<b>1,448,656</b>	<b>7,219,945</b>
<b>Expenses</b>			
Salaries, wages and benefits	2,151,610	240,843	2,392,453
Cost of energy and supplies	546,901	249,919	796,819
Rental and leasing expenses	391,702	65,190	456,893
Repair and maintenance expenses	129,089	56,731	185,819
Property and business taxes	56,090	9,665	65,755
Other purchased services	1,636,700	509,613	2,146,313
Depreciation expenses	113,095	53,172	166,267
Other operating expenses	334,674	77,206	411,880
<b>Total operating expenses</b>	<b>5,359,861</b>	<b>1,262,338</b>	<b>6,622,199</b>
Non-operating expenses	13,466	16,177	29,643
<b>Total expenses</b>	<b>5,373,327</b>	<b>1,278,515</b>	<b>6,651,842</b>
<b>Net operating margin</b>	<b>406,128</b>	<b>184,839</b>	<b>590,967</b>
Operating ratio	0.93	0.87	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

### Differences by revenue size

The industry is highly concentrated among a few major companies, especially the couriers segment.<sup>9</sup> For purposes of this study, establishments were classified according to revenue size.<sup>10</sup>

**Large businesses** are businesses with annual revenue of \$25 million or more. There were 314 establishments in total, generating operating revenue of \$5.1 billion. While they only account for 2% of the total number of establishments, large businesses were responsible for 71% of the total operating revenue. On average, this group had an operating margin of \$1.3 million per establishment (see Table 3).

**Medium-sized businesses** are businesses with annual revenue from \$1 million to less than \$25 million. There were 207 such establishments that generated \$787 million in operating revenue. This group accounted for 1% of the total number of establishments and generated 11% of the total operating revenue. On average, this group had an operating margin of \$71,000 per establishment.

Finally, **small businesses** are businesses with annual revenue of less than \$1 million. This group included 19,104 establishments and generated operating revenue of \$1.3 billion. Although they accounted for 97% of the total number of establishments, small businesses were only responsible for 18% of the total operating revenue. On average, this group, which is mainly composed of independent contractors, had an operating margin of \$9,000 per establishment.

9. Some of the factors responsible for concentration in this sector include barriers to entry, such as economies of scale and scope (in terms of finances, expertise or innovation), size of the required investment (e.g.: use of cargo aircraft, warehouse operations management, etc.), and the need to operate an extensive network of transfer points effectively under time constraints.

10. It is important to remember that the entity under study in this survey is the "establishment" and that any data regarding a "business" entity is provided for information only. Because they are derived from secondary sources and due to their associated level of complexity (one business can have several establishments with activities in more than one industry) and the fact that they do not undergo a specific quality analysis, data related to businesses must, therefore, be used with caution.

**Table 3**  
**Revenue and expenses by enterprise size, Canada 2005<sup>a</sup>**

	Enterprise Size			Total
	Large \$25 million and over	Medium \$1 million to less than \$25 million	Small less than \$1 million	
Estimated number of establishments in population	314	207	19,104	19,625
	thousands of dollars			
<b>Revenue</b>				
Revenue from sales of goods and services	4,974,333	777,177	1,262,066	7,013,575
Other operating revenue	172,123	9,465	18,002	199,591
<b>Total operating revenue</b>	<b>5,146,456</b>	<b>786,642</b>	<b>1,280,068</b>	<b>7,213,166</b>
Non-operating revenue	1,153	951	4,674	6,778
<b>Total revenue</b>	<b>5,147,609</b>	<b>787,594</b>	<b>1,284,742</b>	<b>7,219,945</b>
<b>Expenses</b>				
Salaries, wages and benefits	1,966,131	184,495	241,827	2,392,453
Cost of energy and supplies	471,388	69,609	255,823	796,819
Rental and leasing expenses	369,143	28,711	59,039	456,893
Repair and maintenance expenses	103,925	19,076	62,818	185,819
Property and business taxes	53,429	3,846	8,480	65,755
Other purchased services	1,398,422	403,432	344,460	2,146,313
Depreciation expenses	97,191	15,702	53,374	166,267
Other operating expenses	282,432	47,057	82,391	411,880
<b>Total operating expenses</b>	<b>4,742,060</b>	<b>771,927</b>	<b>1,108,212</b>	<b>6,622,199</b>
Non-operating expenses	7,978	3,491	18,174	29,643
<b>Total expenses</b>	<b>4,750,038</b>	<b>775,418</b>	<b>1,126,386</b>	<b>6,651,842</b>
<b>Net operating margin</b>	<b>404,396</b>	<b>14,715</b>	<b>171,856</b>	<b>590,967</b>
Operating ratio	0.92	0.98	0.87	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

### Types of services and volume of business

Couriers and local messengers encounter competition from the regular postal service industry and common air and highway carriers, which also deliver small shipments (less-than-truckload or "LTL"). However, their door-to-door delivery services are characterized by a wide variety of expedited and non-expedited services associated with different features, such as a required signature, delivery time guarantee, many security procedures and electronic tracking of shipments.

In the industry as a whole, establishments belonging to large and medium-sized businesses (with revenue of \$1 million or more) delivered nearly 654 million packages, generating slightly more than \$5.5 billion in delivery revenue in 2005 (see Table 4).

Globally, the services provided are grouped here into two categories, based on the time frame for delivery:

#### 1) Expedited services (or express shipments) include same day and next day or overnight delivery.

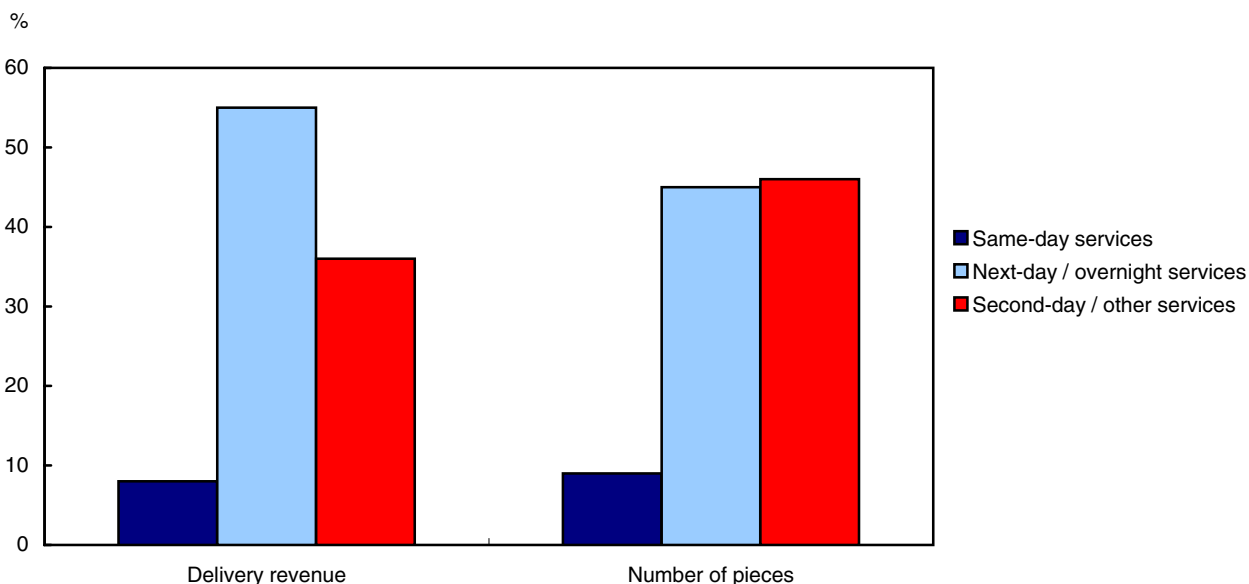
- Same day services are the main activity of specialized local messenger businesses. For this reason, this segment accounted for 96% of the total delivery revenue and 98% of the total number of packages delivered (see Chart 1). This type of service is usually limited to a specific metropolitan area; deliveries are made by bicycle or using light vehicles and are associated with a delivery time guarantee.
- Next-day/overnight services are mainly performed by couriers. In fact, this segment accounted for 97% of the total delivery revenue and the total number of packages delivered. Deliveries are typically made using highways and air transportation (on chartered flights).

**Table 4**  
**Revenue, number of pieces and average revenue per piece by type of services, enterprises \$1 million and over, Canada, 2005<sup>p</sup>**

	Activity				Total	
	Couriers		Local Messengers		All Carriers	
Estimated number of establishments in population	339	...	182	...	521	...
	thousands of dollars	percent	thousands of dollars	percent	thousands of dollars	percent
<b>Delivery revenue</b>						
Same-day services	18,059	0	442,921	80	460,980	8
Next-day / overnight services	2,982,597	60	77,326	14	3,059,923	55
Second-day / other services	1,984,593	40	35,829	6	2,020,422	36
<b>All delivery services</b>	<b>4,985,249</b>	<b>100</b>	<b>556,076</b>	<b>100</b>	<b>5,541,325</b>	<b>100</b>
	thousands		thousands		thousands	
<b>Number of pieces</b>						
Same-day services	1,452	0	57,419	78	58,871	9
Next-day / overnight services	284,390	49	9,821	13	294,211	45
Second-day / other services	294,349	51	6,348	9	300,697	46
<b>All delivery services</b>	<b>580,191</b>	<b>100</b>	<b>73,588</b>	<b>100</b>	<b>653,779</b>	<b>100</b>
	dollars		dollars		dollars	
<b>Average revenue per piece</b>						
Same-day services	12.43	...	7.71	...	7.83	...
Next-day / overnight services	10.49	...	7.87	...	10.40	...
Second-day / other services	6.74	...	5.64	...	6.72	...
<b>All delivery services</b>	<b>8.59</b>	<b>...</b>	<b>7.56</b>	<b>...</b>	<b>8.48</b>	<b>...</b>

**Note(s):** Data may not sum up due to rounding.

**Chart 1**  
**Next-day/overnight show the biggest share on delivery revenue in 2005**



**Source(s):** Survey of the Couriers and Local Messengers Industry, Enterprises \$1 million and over, Canada, 2005 (Preliminary data)



**2) Non-expedited services** consist of other services -- two days or more.

- Other services -- two-days or more are almost exclusively provided by couriers, as this segment accounts for 98% of the total delivery revenue and total number of packages delivered. Generally, deliveries are made using highway, air (on regular flights) or, rarely, maritime transportation.

In the industry as a whole, each piece delivered generated an average of \$8.48 in delivery revenue. Next-day and overnight services generated the largest average revenue per piece (\$10.40), while other services -- two-days or more generated the smallest average revenue per piece (\$6.72).

The higher average price per piece observed in the expedited services category is simply a result of the fact that the market price of this type of service is higher. However, it is important to note that other factors also contribute to the average price per piece, such as the type of item being shipped (e.g.: letter, package, etc.) and the weight of the shipment. For example, one might think that it is more common to see heavy packages sent by non-expedited services and letters and small packages sent by expedited services.

## Origin and destination of deliveries

Ontario has continued to generate the most activity in the industry, having been at the origin of 47% of the country's delivery revenue (see Table 5). Quebec came next with 17%, followed by the Prairies with 15%. Although there was no major difference at this level between the segments, it is nonetheless interesting to note that British Columbia and the Prairies accounted for a relatively higher portion in the local messengers segment.

Also, shipments to Canadian destinations accounted for 80% of total delivery revenue, while shipments to the United States made up about 16% and to all other countries, 4%. Establishments in the couriers segment generated almost all the revenue from international deliveries.

**Table 5**  
**Origin and destination of shipments, enterprises \$1 million and over, Canada, 2005<sup>p</sup>**

	Couriers		Local Messengers		Total	
	thousands of dollars	percent	thousands of dollars	percent	thousands of dollars	percent
Estimated number of establishments in population	339	...	182	...	521	...
<b>Origin of shipments</b>						
Maritimes	289,337	6	18,770	3	308,106	6
Quebec	862,737	17	82,385	15	945,121	17
Ontario	2,378,401	48	208,665	38	2,587,066	47
Prairies	663,001	13	141,506	25	804,507	15
British Columbia	558,833	11	103,605	19	662,438	12
Territories	22,193	0	0	0	22,193	0
Origin outside Canada	210,748	4	1,145	0	211,893	4
<b>Total Delivery Revenue</b>	<b>4,985,249</b>	<b>100</b>	<b>556,076</b>	<b>100</b>	<b>5,541,325</b>	<b>100</b>
<b>Destination of shipments</b>						
Canada	3,860,648	77	553,526	100	4,414,175	80
United States	896,553	18	2,194	0	898,747	16
All other countries	228,048	5	356	0	228,404	4
<b>Total Delivery Revenue</b>	<b>4,985,249</b>	<b>100</b>	<b>556,076</b>	<b>100</b>	<b>5,541,325</b>	<b>100</b>

**Note(s):** Data may not sum up due to rounding.

## Fleet and equipment in service

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

In the industry as a whole, establishments that are part of large and medium-sized businesses (businesses with revenue of \$1 million or more) have almost 28,000 vehicles and various pieces of equipment (see Table 6).

Couriers depend to a large extent on relatively expensive fleets of vehicles and equipment, ranging from simple trucks to cargo aircraft. The most popular vehicles in this segment were minivans and cube vans (63%), followed by trailers (15%) and other equipment (9%). The segment had 20,016 items of equipment in all.

Deliveries by local messengers are most often made by light vehicle. As a matter of fact, the most popular types of equipment in this segment were automobiles (40%) followed by minivans and cube vans (34%) and five-ton trucks. The segment had 7,831 items of equipment in all.

**Table 6**  
**Fleet and equipment in service and employment, enterprises \$1 million and over, Canada, 2005<sup>a</sup>**

	Couriers		Local Messengers		Total	
	number	percent	number	percent	number	percent
Estimated number of establishments in population	339	...	182	...	521	...
<b>Fleet and equipment in service</b>						
Bicycles	0	0	423	5	423	2
Automobiles	717	4	3,156	40	3,873	14
Cube / Step Vans	12,693	63	2,645	34	15,338	55
Road Tractors	1,076	5	162	2	1,238	4
Trailers	3,088	15	312	4	3,400	12
5 - Ton Trucks	380	2	858	11	1,238	4
Warehouse equipment	313	2	98	1	411	1
Other equipment	1,751	9	178	2	1,929	7
<b>Total number of vehicles and equipment</b>	<b>20,016</b>	<b>100</b>	<b>7,831</b>	<b>100</b>	<b>27,847</b>	<b>100</b>
<b>Employment</b>						
Number of employees	44,103	87	6,551	43	50,654	77
Number of independent contractors	6,421	13	8,739	57	15,160	23
<b>Total employment</b>	<b>50,524</b>	<b>100</b>	<b>15,290</b>	<b>100</b>	<b>65,814</b>	<b>100</b>

**Note(s):** Data may not sum up due to rounding.

## Employment

Establishments associated with large and medium-sized businesses had slightly more than 50,600 employees (see Table 6) in 2005. Of this number, 87% worked in the couriers segment, while 13% worked in the local messengers segment.

These establishments also reported that they used the services of approximately 15,200 independent operators. Most of these (58%) worked in the local messengers segment, compared to 42% in the couriers segment.

## Revised result of reference year 2004

**Table 7**  
**Revenue and expenses by province and territory, Canada 2004**

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba
Estimated number of establishments in population	220	39	436	271	3,111	8,247	921
	thousands of dollars						
<b>Revenue</b>							
Revenue from sales of goods and services	x	x	155,915	153,065	1,227,607	3,064,697	217,021
Other operating revenue	x	x	3,812	2,538	33,150	106,975	4,837
<b>Total operating revenue</b>	<b>61,225</b>	<b>7,299</b>	<b>159,727</b>	<b>155,603</b>	<b>1,260,757</b>	<b>3,171,671</b>	<b>221,858</b>
Non-operating revenue	x	x	46	49	1,404	1,702	66
<b>Total revenue</b>	<b>x</b>	<b>x</b>	<b>159,772</b>	<b>155,653</b>	<b>1,262,175</b>	<b>3,173,237</b>	<b>221,925</b>
<b>Expenses</b>							
Salaries, wages and benefits	22,542	2,483	58,174	49,765	424,642	1,009,185	69,352
Cost of energy and supplies	7,033	647	21,541	19,831	153,528	342,557	23,430
Rental and leasing expenses	4,192	373	13,182	11,435	81,420	192,726	12,157
Repair and maintenance expenses	2,413	167	4,833	4,109	42,507	82,157	7,074
Property and business taxes	651	50	2,036	1,735	14,240	30,133	1,802
Other purchased services	16,314	1,922	38,645	48,011	366,100	1,013,469	72,457
Depreciation expenses	1,497	182	3,796	4,057	28,279	66,948	6,641
Other operating expenses	1,869	677	7,464	5,343	66,246	185,628	11,713
<b>Total operating expenses</b>	<b>56,511</b>	<b>6,502</b>	<b>149,671</b>	<b>144,285</b>	<b>1,176,962</b>	<b>2,922,805</b>	<b>204,627</b>
Non-operating expenses	409	x	1,088	922	5,924	16,673	1,073
<b>Total expenses</b>	<b>56,920</b>	<b>x</b>	<b>150,759</b>	<b>145,208</b>	<b>1,182,886</b>	<b>2,939,479</b>	<b>205,700</b>
<b>Net operating margin</b>	<b>4,714</b>	<b>797</b>	<b>10,057</b>	<b>11,318</b>	<b>83,795</b>	<b>248,866</b>	<b>17,231</b>
Operating ratio	0.92	0.89	0.94	0.93	0.93	0.92	0.92
	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	Canada
Estimated number of establishments in population	689	2,495	3,620	12	13	2	20,076
	thousands of dollars						
<b>Revenue</b>							
Revenue from sales of goods and services	145,730	674,986	866,631	x	6,931	x	6,584,048
Other operating revenue	2,234	17,751	26,030	x	x	x	198,580
<b>Total operating revenue</b>	<b>147,964</b>	<b>692,736</b>	<b>892,661</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>6,782,628</b>
Non-operating revenue	131	643	4,662	x	x	x	8,770
<b>Total revenue</b>	<b>148,095</b>	<b>693,379</b>	<b>897,323</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>6,791,275</b>
<b>Expenses</b>							
Salaries, wages and benefits	49,388	211,120	268,752	x	2,102	x	2,169,130
Cost of energy and supplies	19,463	80,836	110,864	x	625	x	781,010
Rental and leasing expenses	10,053	47,834	54,679	x	198	x	428,423
Repair and maintenance expenses	4,700	21,111	24,317	x	307	x	194,236
Property and business taxes	1,582	6,499	7,332	x	x	x	66,135
Other purchased services	38,979	210,789	266,505	x	x	x	2,076,969
Depreciation expenses	4,236	17,397	21,500	x	166	x	155,003
Other operating expenses	6,270	37,708	50,806	x	77	x	373,949
<b>Total operating expenses</b>	<b>134,670</b>	<b>633,294</b>	<b>804,756</b>	<b>x</b>	<b>6,754</b>	<b>x</b>	<b>6,244,856</b>
Non-operating expenses	960	6,181	5,907	x	29	x	39,443
<b>Total expenses</b>	<b>135,630</b>	<b>639,474</b>	<b>810,663</b>	<b>x</b>	<b>6,782</b>	<b>x</b>	<b>6,284,299</b>
<b>Net operating margin</b>	<b>13,294</b>	<b>59,442</b>	<b>87,905</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>537,772</b>
Operating ratio	0.91	0.91	0.90	x	x	x	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

**Table 8**  
**Revenue and expenses by activity, Canada 2004<sup>r</sup>**

	Activity		Total
	Couriers	Local messengers	
Estimated number of establishments in population	1,355	18,721	20,076
	thousands of dollars		
<b>Revenue</b>			
Revenue from sales of goods and services	5,080,413	1,503,635	6,584,048
Other operating revenue	182,911	15,669	198,580
<b>Total operating revenue</b>	<b>5,263,324</b>	<b>1,519,304</b>	<b>6,782,628</b>
Non-operating revenue	4,982	3,788	8,770
<b>Total revenue</b>	<b>5,268,313</b>	<b>1,522,962</b>	<b>6,791,275</b>
<b>Expenses</b>			
Salaries, wages and benefits	1,938,724	230,406	2,169,130
Cost of energy and supplies	529,729	251,281	781,010
Rental and leasing expenses	359,779	68,644	428,423
Repair and maintenance expenses	129,211	65,025	194,236
Property and business taxes	52,583	13,552	66,135
Other purchased services	1,515,860	561,109	2,076,969
Depreciation expenses	102,009	52,994	155,003
Other operating expenses	278,574	95,375	373,949
<b>Total operating expenses</b>	<b>4,906,470</b>	<b>1,338,386</b>	<b>6,244,856</b>
Non-operating expenses	25,766	13,677	39,443
<b>Total expenses</b>	<b>4,932,236</b>	<b>1,352,064</b>	<b>6,284,299</b>
<b>Net operating margin</b>	<b>356,854</b>	<b>180,917</b>	<b>537,772</b>
Operating ratio	0.93	0.88	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

**Table 9**  
**Revenue and expenses by enterprise size, Canada 2004<sup>r</sup>**

	Enterprise Size			Total
	Large \$25 million and over	Medium \$1 million to less than \$25 million	Small less than \$1 million	
Estimated number of establishments in population	287	227	19,562	20,076
	thousands of dollars			
<b>Revenue</b>				
Revenue from sales of goods and services	4,677,923	658,414	1,247,712	6,584,048
Other operating revenue	170,315	11,927	16,338	198,580
<b>Total operating revenue</b>	<b>4,848,237</b>	<b>670,341</b>	<b>1,264,050</b>	<b>6,782,628</b>
Non-operating revenue	1,184	373	7,213	8,770
<b>Total revenue</b>	<b>4,849,421</b>	<b>670,714</b>	<b>1,271,140</b>	<b>6,791,275</b>
<b>Expenses</b>				
Salaries, wages and benefits	1,819,202	151,045	198,883	2,169,130
Cost of energy and supplies	480,842	72,915	227,253	781,010
Rental and leasing expenses	337,373	28,562	62,489	428,423
Repair and maintenance expenses	98,328	19,325	76,583	194,236
Property and business taxes	51,029	4,364	10,742	66,135
Other purchased services	1,368,031	342,768	366,170	2,076,969
Depreciation expenses	90,829	11,861	52,313	155,003
Other operating expenses	256,116	26,321	91,512	373,949
<b>Total operating expenses</b>	<b>4,501,749</b>	<b>657,161</b>	<b>1,085,946</b>	<b>6,244,856</b>
Non-operating expenses	19,957	4,716	14,769	39,443
<b>Total expenses</b>	<b>4,521,707</b>	<b>661,878</b>	<b>1,100,715</b>	<b>6,284,299</b>
<b>Net operating margin</b>	<b>346,488</b>	<b>13,180</b>	<b>178,104</b>	<b>537,772</b>
Operating ratio	0.93	0.98	0.86	0.92

**Note(s):** Data may not sum up due to rounding.

**Source(s):** Also available on CANSIM tables 402-0001, 402-0002 and 402-0003.

**Table 10**  
**Revenue, number of pieces and average revenue per piece by type of services, enterprises \$1 million and over, Canada, 2004<sup>r</sup>**

	Activity				Total	
	Couriers		Local Messengers		All Carriers	
Estimated number of establishments in population	343	...	171	...	514	...
	thousands of dollars	percent	thousands of dollars	percent	thousands of dollars	percent
<b>Delivery revenue</b>						
Same-day services	13,136	0	434,707	86	447,842	9
Next-day / overnight services	2,801,954	60	42,464	8	2,844,418	55
Second-day / other services	1,842,832	40	25,907	5	1,868,740	36
<b>All delivery services</b>	<b>4,657,922</b>	<b>100</b>	<b>503,078</b>	<b>100</b>	<b>5,161,000</b>	<b>100</b>
	thousands		thousands		thousands	
<b>Number of pieces</b>						
Same-day services	1,110	0	54,771	85	55,881	9
Next-day / overnight services	271,035	50	5,206	8	276,241	46
Second-day / other services	269,364	50	4,618	7	273,982	45
<b>All delivery services</b>	<b>541,509</b>	<b>100</b>	<b>64,595</b>	<b>100</b>	<b>606,104</b>	<b>100</b>
	dollars		dollars		dollars	
<b>Average revenue per piece</b>						
Same-day services	11.83	...	7.94	...	8.01	...
Next-day / overnight services	10.34	...	8.16	...	10.30	...
Second-day / other services	6.84	...	5.61	...	6.82	...
<b>All delivery services</b>	<b>8.60</b>	...	<b>7.79</b>	...	<b>8.52</b>	...

**Note(s):** Data may not sum up due to rounding.

**Table 11**  
**Origin and destination of shipments, enterprises \$1 million and over, Canada, 2004<sup>r</sup>**

	Couriers		Local Messengers		Total	
	thousands of dollars	percent	thousands of dollars	percent	thousands of dollars	percent
Estimated number of establishments in population	343	...	171	...	514	...
<b>Origin of shipments</b>						
Maritimes	245,511	5	16,690	3	262,201	5
Quebec	846,236	18	82,643	16	928,879	18
Ontario	2,255,456	48	208,483	41	2,463,939	48
Prairies	600,102	13	116,455	23	716,557	14
British Columbia	540,023	12	76,592	15	616,614	12
Territories	x	x	x	x	x	x
Origin outside Canada	x	x	x	x	x	x
<b>Total Delivery Revenue</b>	<b>4,657,922</b>	<b>100</b>	<b>503,078</b>	<b>100</b>	<b>5,161,000</b>	<b>100</b>
<b>Destination of shipments</b>						
Canada	3,648,016	78	499,429	99	4,147,445	80
United States	811,560	17	3,137	1	814,697	16
All other countries	198,346	4	512	0	198,858	4
<b>Total Delivery Revenue</b>	<b>4,657,922</b>	<b>100</b>	<b>503,078</b>	<b>100</b>	<b>5,161,000</b>	<b>100</b>

**Note(s):** Data may not sum up due to rounding.

**Table 12**  
**Fleet and equipment in service and employment, enterprises \$1 million and over, Canada, 2004\***

	Couriers		Local Messengers		Total	
	number	percent	number	percent	number	percent
Estimated number of establishments in population	343	...	171	...	514	...
<b>Fleet and equipment in service</b>						
Bicycles	0	0	348	5	348	1
Automobiles	824	4	2,875	44	3,699	14
Cube / Step Vans	12,477	62	1,991	30	14,468	54
Road Tractors	1,123	6	121	2	1,244	5
Trailers	3,411	17	196	3	3,607	13
5 - Ton Trucks	454	2	810	12	1,264	5
Warehouse equipment	281	1	70	1	351	1
Other equipment	1,661	8	122	2	1,783	7
<b>Total number of vehicles and equipment</b>	<b>20,232</b>	<b>100</b>	<b>6,534</b>	<b>100</b>	<b>26,766</b>	<b>100</b>
<b>Employment</b>						
Number of employees	44,751	89	6,329	42	51,080	78
Number of independent contractors	5,527	11	8,626	58	14,153	22
<b>Total employment</b>	<b>50,278</b>	<b>100</b>	<b>14,955</b>	<b>100</b>	<b>65,233</b>	<b>100</b>

**Note(s):** Data may not sum up due to rounding.

## Concept, methodology and data quality

### Introduction

The 2005 Couriers and Local Messengers Industry Survey results 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 is comprised of 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 service are the main features of their activities.

Results from this survey provide information on the major categories of revenue and expenses as well as information on the volume of business, origin and destination of shipments and number of vehicles in service.

These results contribute to national and provincial/territorial economic production estimates in Canada. They are also used by private sector businesses for industry performance measurement and market development.

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 of 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.

### Data source

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

In addition to the mail-out/mail-back questionnaire approach, the survey was also conducted using Computer-Assisted Telephone Interviews (CATI) for data collection, capture, edit and follow-up.

### Instrument design

The questionnaire was designed for the first time for the 1997 survey and thoroughly reviewed for the 1999 survey. Its main users and respondents were consulted. Since then, minor changes are made when necessary as part of an ongoing improvement process.

The questionnaire satisfies the statistical requirements of national accounts in financial information, departments of transport for financial information and operation businesses and associations.

### Concepts and definitions

#### Concepts

It is impossible to collect, aggregate and analyze data with a direct link to the infinite range of business structures that exist. This is why Statistics Canada developed a statistical model in which each business, from multinational conglomerates to corner stores, can be evenly represented.

The statistical entity used in Unified Enterprise Surveys (UES) is the establishment, which represents the smallest group of production entities that produce a set of homogeneous goods and/or services and whose activities do not go beyond provincial borders. One of the main advantages of using the establishment entity is that we can collect relatively detailed data at the provincial level.

**The establishment** is the level at which the accounting data required to measure production are available (principal inputs, revenues, salaries and wages). The establishment, as a statistical unit, is defined as the most homogeneous unit of production for which the business maintains accounting records from which it is possible to assemble all the data elements required to compile the full structure of the gross value of production (total sales or shipments, and inventories), the cost of materials and services, and labour and capital used in production.

**The enterprise** is associated with a complete set of financial statements. The enterprise, as a statistical unit, is defined as the organizational unit of a business that directs and controls the allocation of resources relating to its domestic operations, and for which consolidated financial and balance sheet accounts are maintained from which international transactions, an international investment position and a consolidated financial position for the unit can be derived. It corresponds to the institutional unit as defined for the System of National Accounts.

#### The population of interest

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

- **4921 – Couriers:** This group consists of 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.

**Definitions****Financial variables****Revenue:**

- Revenue from sales of goods and services (or delivery revenues) are generated from delivery services and from the sales 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 wages payments, including notably vacation pay and commissions, for all employees for whom a T4 Supplementary Form is 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 both 1) expenses for purchasing fuel for vehicles and airplanes (e.g. gas, diesel fuel, propane, natural gas, fuel for jet airplanes, etc.), 2) other energy costs, such as electricity, natural gas and other energy types, and 3) supply expenses, including office and other operating supplies.
- 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, as well as the different operating permits. 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.



In order to specify the expense categories, Table 13 shows the cells of the questionnaire used to derive its exact value.

**Table 13**  
**Expense item mapping**

Expense items	Questionnaire cell(s)
Salaries, wages and benefits	C3041
Cost of energy and supplies	C4069, C3399, C4066, C4101
Rental and leasing expenses	C4120, C4125, C4130, C4140
Repair and maintenance expenses	C4180, C4210, C4220
Property and business taxes	C4410
Other purchased services	C3080, C3088, C4230, C4315, C4070, C4085, C4325, C4350, C4365, C4370
Depreciation expenses	C4520
Other operating expenses	C4555, C4564, C4569
Total operating expenses	C4599
Non-operating expenses	C4630
Total expenses	C4699

### Other variables:

Pieces are equivalent to envelopes, boxes, parcels or packages. Pieces carried by courier and local messenger companies 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.

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

### Methods

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

### Sampling

#### Target population

The target population for this survey is all establishments classified to NAICS 492 and operating for at least one day during the reference year 2005.

#### 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 6,904 establishments of simple and complex enterprises having operated for at least one day during the reference year 2005. Of these, 3,370 establishments were classified under NAICS code 4921 (courier) and 3,534 were under NAICS code 4922 (local delivery).

In addition, a census of unincorporated establishments (T1) from individual income tax declarations provided by the Canada Revenue Agency was used to ensure that independent contractors (self-employed workers) were included since they can easily be left out of the Business Register's coverage due to their small size. In 2005, there were 14,089 unincorporated establishments (T1) that declared income under NAICS code 492 (courier and local messenger).

### **Sampling plan**

Two sources of data were used to derive the estimates:

- 1) a probability sample survey of courier and local messenger establishments with an annual gross business revenue above survey thresholds;
- 2) taxation data assembled from samples of T1 slips of unincorporated enterprises and T2 slips of incorporated companies provided by the Canada Revenue Agency to estimate for: 1) a group of establishments with annual gross business revenue above survey thresholds (tax replacement program<sup>11</sup>).

It should be noted that only financial information is obtained from taxation data; e.g. revenue and expenses such as depreciation and salaries, wages and benefits. So-called "characteristic" data, such as equipment or the origin and destination of deliveries, of the units are imputed while considering their own characteristics (province, industry type, revenue, etc.).

In total for the Couriers and Local Messengers Industry, 1,995 establishments on the Business Register had annual revenue above survey thresholds in 2005.

### **Sampling unit**

The sampling unit used in the probability survey is 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 1,995 establishments above survey thresholds, 644 establishments were selected in the sample. The overall sampling rate was at 32%.

### **Data collection**

Questionnaires were mailed at the beginning of the year 2005 (January) to establishments selected in the sample. Establishments having received a questionnaire were asked to report information for their most recent 12-month fiscal period. The collection period ended in September 2006.

### **Data processing**

#### **Response rate**

The overall response rate, which combines survey data and taxation data, was 83% for the industry. This rate was 90% for couriers (NAICS 4921) and 74% for local messenger services (NAICS 4922).

#### **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, no response and unable to contact, partially with the assistance of taxation data.

<sup>11</sup> The purpose of the tax replacement program is to replace part of the sample with taxation data in order to reduce the response burden for respondents. In 2005, it corresponded to 55% of the simple and single businesses.

This imputation process was also coupled with a manual analytical review. 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 (see Table 14).

**Table 14**  
**Weighted imputation rate**

	492	492110	492210
	percent		
<b>Variables</b>			
Total revenue	7.5	5.3	8.1
Total expense	7.3	5.6	7.8
Salaries, wages and benefits	9.5	5.5	10.5

### 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, during the passage of time since the sample was selected, the Business Register was 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.

### 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 to minimize the non-sampling errors of omission, duplication, reporting and processing.

### 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	coefficient of variation (CV) is 0.01% to 4.99%
Very good	coefficient of variation (CV) is 5.00% to 9.99%
Good	coefficient of variation (CV) is 10.00% to 14.99%
Acceptable	coefficient of variation (CV) is 15.00% to 24.99%
Use with caution	coefficient of variation (CV) is 25.00% to 34.99%
Unreliable	coefficient of variation (CV) is larger than 35.00%
.	not available for any reference period

**Table 15**  
**Data quality coefficient of variation (CV)**

Provinces and Territories	492	492110	492210
Newfoundland and Labrador	Excellent	Excellent	Excellent
Prince Edward Island	Census	Census	Census
Nova Scotia	Excellent	Excellent	Very good
New Brunswick	Excellent	Census	Acceptable
Quebec	Excellent	Census	Very good
Ontario	Excellent	Excellent	Very good
Manitoba	Excellent	Excellent	Very good
Saskatchewan	Excellent	Excellent	Excellent
Alberta	Excellent	Excellent	Good
British Columbia	Excellent	Excellent	Acceptable
Yukon	Census	Census	.
Northwest Territories	Census	Census	.
Nunavut	Census	Census	.
<b>Canada</b>	<b>Excellent</b>	<b>Excellent</b>	<b>Very good</b>

Based on these ratings and as depicted in Table 15 above, total revenue estimates for the overall industry (NAICS 492) are judged to be excellent at the national, provincial and territorial levels for 2005. 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 from excellent to acceptable at the provincial and territorial levels.

Overall, the 2005 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.

### Data release

Data for some of the tables can also be found in CANSIM, tables 402-0001 to 402-0003.

### Statistical updates and corrections

Conceptual and methodological changes were made at the beginning of the reference year 2004 to improve the quality of the estimates:

- Corrections were made following our process to validate data with key survey respondents (large businesses) and had a significant effect on the revenues and expenses of the Courier segment.
- The definitions of the industry segments were updated. As a result, the establishments belonging to incorporated enterprises are now classified under the Courier segment, while all owner-operator (or unincorporated enterprise) establishments are found under Local Messenger Services.
- Coverage of the unincorporated survey units (T1) with revenues below survey thresholds was perfected following the introduction of a new methodology developed to optimize use of taxation data. One of its advantages is that it provides better coverage of small establishments.

- A revision of the mapping process for the survey and taxation variables were also made, which affected the relative importance of some expense categories to a certain extent.

Although all these changes contribute to the improvement of the overall survey quality and are part of the ongoing process aimed at improving our data, we are aware of their impact on historical continuity and we regret any inconvenience this may cause our users.

Release date: December 2007

#### 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 <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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