

Service bulletin

Consumer Goods Rental

2006



Highlights

- Total operating revenues for the consumer goods rental industry edged up 1.2% in 2006 to \$2.5 billion. The industry's growth was curtailed by a slowdown in the video tape and disc rental industry.
- More than half (59%) of the revenue earned in the consumer goods rental industry came from the rental of videos and DVDs. The remainder was split between general rental centres (15%), specialized rentals of home health, party or recreational equipment (14%), rentals of consumer electronics and appliances (10%) and rentals of formal wear and costumes (2%).
- Operating revenue for the video tape and disc rental industry dropped 1.3% in 2006 to \$1.5 billion. This can be explained, in part, by the growing popularity of alternatives such as video on demand, the internet and purchasing (rather than renting) DVDs and videos. According to results of the 2006 Survey of Household Spending, households spent an average of \$89 on video and DVD rental, \$4 less than in 2005.
- The market share of the consumer goods rental industry's 10 largest firms amounted to 56% of the industry's total operating revenues in 2006, up slightly from 55% in 2005. These firms were also more profitable than the smaller firms. The industry's 10 largest firms had a profit margin of 6.9%, compared with 5.6% recorded for the firms in the rest of the industry.

Statistical tables

Table 1
Summary statistics for the consumer goods rental industry, Canada

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	millions			percent
Consumer goods rental (5322)				
2004	1,979.0	432.3	1,834.8	7.3
2005 r	2,112.1	500.4	1,995.9	5.5
2006	2,123.8	506.1	2,011.7	5.3
General rental centres (5323)				
2004	318.3	78.1	280.0	12.0
2005 r	366.5	100.4	322.0	12.1
2006	385.5	110.4	357.9	7.2
Total				
2004	2,297.3	510.4	2,114.8	7.9
2005 r	2,478.6	600.7	2,317.9	6.5
2006	2,509.3	616.5	2,369.6	5.6

Note(s): According to the North American Industry Classification System (NAICS 5322 and 5323). See "Data source, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 2
Operating expenses for the consumer goods rental industry, Canada, 2006

	Operating expenses
	percent
Salaries and wages of employees who have been issued a T4 statement	23
Employer portion of employee benefits	3
Commissions paid to non-employees	0
Professional and business services fees	1
Sub-contract expenses	1
Charges for services provided by your head office	0
Cost of goods sold	26
Office supplies	1
Rental and leasing	11
Repair and maintenance	3
Insurance	1
Advertising, marketing and promotions	2
Travel, meals and entertainment	1
Utilities and telecommunications	3
Property and business taxes, licenses and permits	1
Royalties, rights, licensing and franchise fees	1
Delivery, warehousing, postage and courier	1
Financial service fees	1
Amortization and depreciation of tangible and intangible assets	16
Bad debts	0
All other expenses	4
Total operating expenses	100

Note(s): According to the North American Industry Classification System (NAICS 5322 and 5323). Surveyed portion only. See "Data source, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 3
Distribution of sales by type of client for the consumer goods rental industry, Canada, 2006

	Sales
	percent
Sales to businesses	25
Sales to individuals	73
Sales to government, not-for-profit organizations and public institutions	2
Sales outside Canada	0
Total sales to all clients	100

Note(s): According to the North American Industry Classification System (NAICS 5322 and 5323). Surveyed portion only. Due to rounding, components may not add to total.

Data sources, definitions and methodology

Description

The survey objective is the collection and dissemination of data necessary for the statistical analysis of the consumer goods rental industry.

The information from the survey can be used by businesses for market analysis, by trade associations to study performance and other characteristics of their industry, by government to develop national and regional economic policies, and by other users involved in research or policy making.

Target population

The target population consists of all statistical establishments (sometimes referred to as firms or units) classified as Consumer Goods Rental (NAICS 5322) or General Rental Centres (NAICS 5323) according to the North American Industry Classification System 2002 (NAICS 2002) during the reference year. The Consumer Goods Rental sector covers four NAICS 2002: Consumer Electronics and Appliance Rental (NAICS 53221), Formal Wear and Costume Rental (NAICS 53222), Video Tape and Disc Rental (NAICS 53223), Other Consumer Goods Rental (NAICS 53229). The General Rental Centres (NAICS 5323) covers just one class.

Sampling

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

The survey design was based on probability sampling and only covered the portion of the frame subject to direct data collection.

The basic objective of the survey is to produce estimates for the whole industry—incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (Note: the threshold varies between surveys and sometimes between provinces in the same survey) and administrative data for businesses with revenue below the specified threshold. It should be noted that only financial information is obtained from administrative sources; e.g., revenue, expenses such as depreciation and salaries, wages and benefits. Characteristics such as client base and revenue by type of service are collected only for surveyed establishments.

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 and is updated using administrative data.

Finally the sample size is increased, mostly to compensate for firms that no longer belong in the industry: i.e., they have gone out of business, changed their primary business activity, they are inactive or are duplicates on the frame. After removing such firms, the sample size for 2006 was 460 collection entities.

Of the units contributing to the estimate, the weighted response rate was 89%. The coefficients of variation (CVs) were calculated for each estimate. The CVs are available upon request.

Definitions

- **Operating revenue** excludes investment income, capital gains, extraordinary gains and other non-recurring items.
- **Operating expenses** exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.
- **Operating profit margin** is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.
- **Salaries, wages and benefits** include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

Quality evaluation

Even though the basic objective of the survey is to produce estimates for the whole industry—all incorporated and unincorporated businesses—not all businesses are surveyed. Rather, a sample is surveyed and the portion eligible for sampling is defined as all statistical establishments with revenue above a certain threshold. (Note: the threshold varies between surveys and sometimes between provinces in the same survey). The excluded portion represents a substantial proportion of the industry in terms of number of establishments (58%), but its contribution to the overall industry revenue is only about 9%. These excluded establishments are accounted for in the final estimates through the use of administrative data. However, only basic information is obtained from administrative sources; i.e., total revenue, expenses, depreciation and salaries, wages and benefits. Detailed characteristics such as client base, revenue by type of service, and detailed expense items are collected only for surveyed establishments.

Disclosure control

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Related products

CANSIM

Available on CANSIM: table 352-0010 - Summary statistics for consumer goods rental (all establishments), by North American Industry Classification System (NAICS), annual (15 series)

Survey(s)

Definitions, data sources and methods: survey number 2434 - Annual Survey of Service Industries: Consumer Goods Rental

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: June 2008

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

To access this product

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