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Annual Retail Trade

2009



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Symbols

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- . 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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Annual Retail Trade 2009

Note to readers

This release combines data from the Annual Retail Store Survey and the Retail Non-store Survey.

Annualized sales from the *Monthly Retail Trade Survey* exclude sales from Non-store retailers.

The information in this report is based on the 2007 North American Industry Classification System.

Gross margin is obtained by subtracting the cost of goods sold from the total operating revenues. The ratio is expressed as a percentage of the total operating revenues.

The **operating profit** is obtained by subtracting the total operating expenses plus the cost of goods sold (opening inventory plus purchases and direct costs minus closing inventory) from the total operating revenues. The ratio is expressed as a percentage of the total operating revenues.

In 2009, Canadian retailers' operating profits as a share of operating revenue remained unchanged from 2008 as revenues declined at about the same pace as expenses.

Store and non-store retailers reported \$450.4 billion in annual operating revenue for 2009, down 3.9%. Retailers faced a declining market early in the year. According to the *Monthly Retail Trade Survey*, retail stores' monthly sales fell in the first quarter of 2009 continuing the downturn that started in the fourth quarter of 2008. This was followed by an upward trend in the next three quarters.

Most of the decline in operating revenue in 2009 was due to lower revenue for gasoline stations and new car dealers. Excluding these trade groups, operating revenue in 2009 was relatively unchanged from 2008.

Total expenses, including cost of goods sold and total operating expenses also fell 3.9% to \$428.9 billion. Cost of goods sold, which accounted for just over three-quarters of total expenses, dropped 4.7% to \$326.9 billion in 2009. Total operating expenses, which include labour remuneration, decreased 1.5% in 2009 to \$102.0 billion.

Gross margins for all retailers (the difference between total operating revenues less cost of goods sold) as a share of operating revenue rose to 27.4% in 2009 from 26.9% in 2008. This reflects in part a higher proportion of operating revenue declines in trade groups with low gross margins, in particular gasoline stations and new car dealers.

Largest declines reported in automotive

Operating revenues decreased in 13 out of the 19 trade groups (including non-store retailers) in 2009 over the previous year. Gasoline stations reported the largest revenue decline, accounting for over 40% of the total decrease in revenue.

Gasoline prices had a large impact on the total operating revenue of gasoline stations. Consumers paid on average 17.5% less for gasoline in 2009 compared to the previous year according to the *Consumer Price Index (CPI)*. Gasoline prices were on a slow upward trend in the first half of 2009 before levelling off in the second half of the year. This price decrease was reflected in a 17.5% drop in total operating revenue for this trade group (\$44.7 billion). Similarly, cost of goods sold fell 17.6%.

New car dealers reported the second largest decrease in operating revenue, down 9.9% to \$73.0 billion in 2009. These stores represented just under 34% of the total decrease in revenue.

Much of the decline was due to a drop in the number of new motor vehicles sold. In 2009, Canadians bought 1.48 million new motor vehicles, a drop of 11.3% from the previous year and the lowest annual sales level since 1998 as reported by the *New Motor Vehicle Sales Survey*.

In addition, prices for the purchase and leasing of passenger vehicles were down 5.8% in 2009 compared to the previous year.

Revenue increases in stores selling frequently purchased goods

While most retail industries saw declining revenues, store types specializing in selling frequently purchased goods such as: pharmacies and personal care stores; beer, wine and liquor stores; and supermarkets, reported operating revenue increases.

Pharmacies and personal care stores reported the largest revenue increase among all retail store types in 2009, rising 4.0% to \$ 33.2 billion. The strength in sales at these stores was partly due to prices increases.

The *Quarterly Retail Commodity Survey* showed that three quarters of the overall growth in this sector was due to sales of prescription drugs. According to *IMS Health*, the number of prescriptions dispensed in Canadian retail pharmacies rose 5.5% in 2009.

Pharmacies and personal care stores held just over two thirds of the market share of all health and personal care products sold in Canada in 2009. They are the main seller of prescription drugs with an 83% market share, up from 2008 at the expense of food and beverage stores. They also gained two and a half percentage points in 2009 in the sale of cosmetics and fragrances, accounting for almost half (49.6%) of the retail market share for this commodity. At the same time, pharmacies and personal care stores lost one percentage point of market share in sales of over-the-counter drugs to food and beverage and general merchandise stores.

Beer, wine and liquor stores reported operating revenues of \$17.4 billion in 2009, up 3.8% from the previous year. Rising prices for these goods contributed to some of this increase. In 2009, Canadians paid 1.6% more for alcoholic beverages bought from stores.

Supermarkets increased their revenue by 3.9% in 2009 as food prices also rose. Food and beverage store's share of the food and beverage market remained relatively stable in 2009. It was the first time since the early 2000's in which there was not a major shift of food sales volume toward general merchandise stores. Since 2000, food and beverage stores have lost four percentage points in the market share for food to general merchandise stores.

Food and beverage stores increased their market share for housewares (+1.2%) and health and personal care products (+0.5%) in 2009. The rise in market share for housewares was largely driven by increases in tableware, kitchenware, cookware and bake ware. Food and beverage stores accounted for about 28.3% of housewares and one third of health and personal care products sold in 2009.

Less automotive retail dollars spent

Customer spending in the retail sector declined for new car dealerships and gasoline stations. For every \$100 spent at retailers in 2009, customers spent \$9.92 at gasoline stations, down from \$11.56 in 2008 due to lower gasoline prices. Shoppers also decreased their share of retail dollars at new car dealerships, spending \$16.20 out of every \$100 in 2009, down from \$17.27 in the previous year.

Retailers that increased their share of total retail trade in 2009 tended to sell mainly frequently purchased goods where prices rose. Supermarkets accounted for \$16.72, up from \$15.46 in 2008; while pharmacies and personal care stores' share rose from \$6.81 to \$7.37.

Chain stores continue to gain market share

“Brick and mortar stores” (that is, excluding non-store retailers), can be divided into two categories: chain stores and non-chains. Chain stores, which are defined as operating four or more locations in Canada, have been gradually gaining market share from the non-chains. Chains accounted for 48% of store operating revenue in 2009, up from 43% in 2004.

Chains recorded operating revenues of \$208.9 billion in 2009, a decrease of 2.3% from the previous year. Non-chain stores also reported declining revenue in 2009, down 5.1% to \$228.7 billion.

Operating profits flat for retailers

Operating profits for store and non-store retailers as a ratio of operating revenue was 4.8% in 2009, unchanged from the previous year.

Beer, wine and liquor stores recorded the largest share of operating profits as a percentage of operating revenue at 29.0%. This was up from 28.5% in 2008. In contrast, smaller profit-to-revenue ratios are generally posted for new car dealers (2.0%), computer and software stores (2.0%) and supermarkets (2.2%).

Non-store retailers (those that do not have brick and mortar stores) posted the largest increase in operating profits as a ratio of operating revenue. In 2009, the profit-to-revenue ratio was 4.4%, up from 3.4% in 2008.

Of all trade groups, shoe, jewellery and luggage stores posted the largest decline in operating profits as a ratio of operating revenue. Their profit margin was 7.1%, down from 8.6% in 2008. Miscellaneous store retailers reported the next largest decrease of profit to revenue ratios, going from 5.7% in 2008 to 4.9% in 2009.

Inventories unchanged

Store retailers turned over their merchandise 5.5 times in 2009, which was comparable to 2008. Except for gasoline stations, most retail store sectors maintained similar merchandise turnover rates compared to 2008. Gasoline station turnover rates dropped from 43.6 days in 2008 to 36.0 days in 2009.

Clothing stores reported the largest downward change in stock-on-hand, falling from 122.1 days in 2008 to 112.8 days in 2009. Used and recreational motor vehicle and parts dealers had the largest increase in the number of days of stock-on-hand rising from 124.4 days to 137.5.

Operating revenue declines in all provinces and territories

Store and non-store retailers in all provinces and territories reported lower total operating revenue compared to the previous year. Retailers in Newfoundland and Labrador posted the smallest operating revenue decrease while the largest decline was in Alberta.

Newfoundland and Labrador retailers reported operating revenues of \$7.6 billion, down 0.6% in 2009 from the previous year. The cost of goods sold declined 1.7% and total operating expenses were up 0.2% from the previous year. They reported the lowest operating expenses as a share of operating revenue at 19.5%. Operating profits as a share of revenue increased from 5.1% in 2008 to 5.8% in 2009.

Retailers in Alberta registered operating revenues of \$60.8 billion in 2009, a drop of 8.9% and the largest decline among all the provinces. Around 40% of this decline reflects a 17.4% drop in operating revenues at new car dealers. Operating profits were similar to 2008 at 4.1% due to large declines in cost of goods sold (-9.7%) and total operating expenses (-5.6%). Alberta retailers had the lowest operating profit ratio among the provinces.

In 2009, operating revenue for Quebec retailers declined 2.6% to \$100.5 billion. Operating profits as a share of revenue narrowed slightly to 4.3%.

Ontario retailers' operating revenue declined 3.2% in 2009 to \$163.5 billion. Operating profits as a share of revenue was 4.7%, unchanged from last year.

In British Columbia, retailers' total operating revenue declined 4.6% in 2009. While total operating expenses decreased 3.2%, the operating expenses as a share of revenue was 23.5%, the highest amongst all the provinces. Operating profits as a share of revenue were 5.6%.

Related products

Selected CANSIM tables from Statistics Canada

080-0011	Annual retail store survey, financial estimates by store type and trade group based on the North American Industry Classification System (NAICS), annual
080-0012	Annual retail non-store survey, financial estimates by trade group based on the North American Industry Classification System (NAICS), annual
080-0013	Annual retail non-store survey, commodity sales for all industries, annual

Selected surveys from Statistics Canada

2447	Annual Retail Trade Survey
2448	Retail Non-Store Survey

Selected summary tables from Statistics Canada

- *Retail trade, operating statistics, by provinces and territories*
- *Retail non-store industries, operating statistics, by province and territory*
- *Retail non-store industries, commodity sales, by industries*

Statistical tables

Table 1
Summary Statistics for Retail Trade, 2009

	Operating Revenue	Cost of goods sold	Total labour remuneration	Total operating expenses ¹
	percentage share	millions of dollars		
Trade Group - Canada				
New car dealers	16.7	72,971.7	61,578.4	9,942.0
Used and recreational motor vehicle and parts dealers	4.7	20,699.0	15,220.8	4,780.8
Gasoline stations	10.2	44,701.2	37,661.5	4,589.2
Furniture stores	2.2	9,486.2	5,718.5	3,369.4
Home furnishings stores	1.3	5,506.9	3,016.8	2,195.2
Computer and software stores	0.4	1,933.9	1,397.7	497.4
Home electronics and appliance stores	3.0	13,085.0	9,256.3	3,258.0
Home centres and hardware stores	4.9	21,622.1	14,997.3	5,855.9
Specialized building materials and garden stores	1.5	6,611.4	4,192.3	2,175.5
Supermarkets	17.2	75,292.7	57,340.1	16,320.7
Convenience and specialty food stores	3.1	13,777.1	9,941.4	3,326.5
Beer, wine and liquor stores	4.0	17,421.3	9,823.8	2,544.9
Pharmacies and personal care stores	7.6	33,185.8	22,455.9	9,389.9
Clothing stores	4.3	18,603.5	9,176.6	8,135.7
Shoe, clothing accessories and jewellery stores	1.4	6,188.2	3,101.0	2,650.8
General merchandise stores	12.1	52,925.7	38,823.2	11,321.4
Sporting goods, hobby, music and book stores	2.7	11,721.2	7,251.3	3,989.4
Miscellaneous store retailers	2.7	11,869.2	6,861.0	4,426.1
Total	100.0	437,602.1	317,814.0	49,179.9
Regions				
Newfoundland and Labrador	1.7	7,317.9	5,444.9	1,442.7
Prince Edward Island	0.4	1,712.7	1,251.3	357.9
Nova Scotia	2.8	12,099.5	8,817.3	2,592.1
New Brunswick	2.3	10,040.2	7,490.3	1,992.1
Quebec	22.5	98,372.1	72,138.2	21,973.4
Ontario	36.1	157,777.9	113,895.8	36,427.3
Manitoba	3.5	15,482.0	11,242.1	3,361.6
Saskatchewan	3.5	15,209.1	11,266.6	3,126.3
Alberta	13.6	59,610.1	43,751.0	13,450.2
British Columbia	13.3	58,328.6	41,399.7	13,633.0
Yukon	0.1	582.1	408.5	140.9
Northwest Territories	0.2	721.6	484.6	173.1
Nunavut	0.1	348.3	223.7	98.0

1. Total Operating Expenses excludes cost of goods sold

Table 2
Gross Margin and Operating Profit for Retail Trade

	Gross margin				Operating Profit			
	2008		2009		2008		2009	
	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue
Trade Group - Canada								
New car dealers	12,065.9	14.9	11,393.2	15.6	1,505.7	1.9	1,451.2	2.0
Used and recreational motor vehicle and parts dealers	5,853.5	25.7	5,478.2	26.5	765.8	3.4	697.3	3.4
Gasoline stations	8,494.2	15.7	7,039.7	15.7	3,198.8	5.9	2,450.5	5.5
Furniture stores	4,012.5	40.0	3,767.7	39.7	435.9	4.3	398.3	4.2
Home furnishings stores	2,626.5	44.6	2,490.1	45.2	289.2	4.9	294.9	5.4
Computer and software stores	593.3	28.1	536.1	27.7	34.8	1.6	38.8	2.0
Home electronics and appliance stores	4,121.2	29.7	3,828.7	29.3	670.5	4.8	570.8	4.4
Home centres and hardware stores	6,630.3	30.3	6,624.8	30.6	713.1	3.3	769.0	3.6
Specialized building materials and garden stores	2,464.6	36.7	2,419.1	36.6	285.8	4.3	243.6	3.7
Supermarkets	16,972.5	23.4	17,952.6	23.8	1,423.3	2.0	1,631.8	2.2
Convenience and specialty food stores	3,882.8	27.9	3,835.7	27.8	454.4	3.3	509.3	3.7
Beer, wine and liquor stores	7,301.3	43.5	7,597.5	43.6	4,785.1	28.5	5,052.6	29.0
Pharmacies and personal care stores	10,471.4	32.8	10,729.9	32.3	1,494.9	4.7	1,340.1	4.0
Clothing stores	9,522.1	51.2	9,426.9	50.7	1,411.8	7.6	1,291.2	6.9
Shoe, clothing accessories and jewellery stores	3,135.8	51.0	3,087.2	49.9	525.9	8.5	436.4	7.1
General merchandise stores	14,296.9	27.2	14,102.5	26.6	2,755.2	5.2	2,781.1	5.3
Sporting goods, hobby, music and book stores	4,463.9	37.8	4,469.9	38.1	468.3	4.0	480.5	4.1
Miscellaneous store retailers	5,223.6	42.5	5,008.3	42.2	696.8	5.7	582.2	4.9
Total	122,132.4	26.9	119,788.1	27.4	21,915.2	4.8	21,019.5	4.8
Regions								
Newfoundland and Labrador	1,818.0	24.9	1,873.0	25.6	383.9	5.3	430.3	5.9
Prince Edward Island	452.2	25.4	461.4	26.9	77.5	4.4	103.5	6.0
Nova Scotia	3,353.6	26.7	3,282.2	27.1	709.0	5.6	690.0	5.7
New Brunswick	2,506.7	24.8	2,549.9	25.4	528.7	5.2	557.8	5.6
Quebec	26,372.1	26.2	26,233.9	26.7	4,561.8	4.5	4,260.6	4.3
Ontario	44,501.5	27.4	43,882.1	27.8	7,752.3	4.8	7,454.8	4.7
Manitoba	4,172.1	26.3	4,239.9	27.4	814.2	5.1	878.3	5.7
Saskatchewan	3,926.2	25.2	3,942.6	25.9	842.7	5.4	816.3	5.4
Alberta	16,989.5	26.0	15,859.1	26.6	2,731.8	4.2	2,408.8	4.0
British Columbia	17,508.2	28.6	16,928.9	29.0	3,404.0	5.6	3,295.9	5.7
Yukon	165.4	28.1	173.6	29.8	32.3	5.5	32.7	5.6
Northwest Territories	246.1	32.0	237.0	32.8	66.9	8.7	63.9	8.8
Nunavut	120.8	33.9	124.7	35.8	10.2	2.9	26.7	7.7

Table 3
Summary Statistics for Non-Store Retail Trade, 2009

	Operating Revenue		Cost of goods sold	Total labour remuneration	Total operating expenses ¹
	percentage share	millions of dollars			
Activity - Canada					
Electronic shopping and mail-order houses	27.9	3,581.7	2,151.7	292.3	1,296.9
Vending machine operators	4.9	628.1	285.0	142.0	303.8
Fuel dealers	56.3	7,221.2	6,001.2	422.1	950.2
Other direct selling establishments	10.9	1,402.6	643.9	253.3	636.3
Total	100.0	12,833.6	9,081.8	1,109.7	3,187.2
Regions					
Newfoundland and Labrador	2.6	331.1	272.2	19.4	45.2
Prince Edward Island	1.4	184.8	147.9	11.7	28.2
Nova Scotia	4.9	633.3	495.0	43.8	107.3
New Brunswick	3.2	409.5 ^E	320.7 ^E	28.4	70.4
Quebec	16.6	2,134.4	1,528.5	178.2	507.5
Ontario	44.6	5,723.6	3,862.5	497.1	1,660.5
Manitoba	4.0	509.1	367.3	62.3	122.9
Saskatchewan	4.2	539.6	428.7	43.3	89.1
Alberta	9.0	1,148.8	830.3	101.1	229.4
British Columbia	8.7	1,119.0	753.9	118.4	307.7
Yukon	0.2	31.5	x	2.1	8.1
Northwest Territories	x	x	x	3.6	x
Nunavut	x	x	x	0.2	x

1. Total Operating Expenses excludes cost of goods sold

Table 4
Gross Margin and Operating Profit for Non-Store Retail Trade

	Gross margin				Operating Profit			
	2008		2009		2008		2009	
	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue	millions of dollars	percentage of revenue
Activity - Canada								
Electronic shopping and mail-order houses	1,538.8	40.2	1,430.0	39.9	133.1	3.5	133.0	3.7
Vending machine operators	362.7	55.5	343.1	54.6	34.2	5.2	39.4	6.3
Fuel dealers	1,062.8	13.1	1,220.0	16.9	173.6	2.1	269.8	3.7
Other direct selling establishments	797.9	53.7	758.7	54.1	134.8	9.1	122.3	8.7
Total	3,762.2	26.8	3,751.8	29.2	475.6	3.4	564.6	4.4
Regions								
Newfoundland and Labrador	59.8	14.7	58.9	17.8	9.2	2.3	13.7	4.1
Prince Edward Island	30.1	14.0	36.9	20.0	2.3	1.1	8.6	4.7
Nova Scotia	117.1	16.3	138.3	21.8	15.1	2.1	31.0	4.9
New Brunswick	70.1	15.1	88.8	21.7	2.4	0.5	18.4	4.5
Quebec	598.1	23.4	605.9	28.4	87.1	3.4	98.4	4.6
Ontario	1,969.2	32.0	1,861.1	32.5	196.8	3.2	200.6	3.5
Manitoba	141.7	28.0	141.8	27.8	15.4	3.1	18.9	3.7
Saskatchewan	109.5	18.1	111.0	20.6	19.5	3.2	21.9	4.1
Alberta	302.9	23.6	318.5	27.7	74.1	5.8	89.1	7.8
British Columbia	339.9	33.2	365.1	32.6	49.3	4.8	57.4	5.1
Yukon	x	x	x	x	x	x	x	x
Northwest Territories	x	x	x	x	x	x	x	x
Nunavut	x	x	x	x	x	x	x	x

Data sources, definitions and methodology

Description

The Annual Retail Trade Survey and the Annual Retail Non-store Survey measure, on an annual basis, the operating and financial characteristics of Canadian retailers.

Data from these surveys provide information on revenue, expenses and inventory. The data are used by all levels of government, government agencies, the retail industry and individuals in assessing trends within the industry, measuring performance, benchmarking and to study the evolving structure of the retail industry. The information is also a critical input into the measure of gross margins in the Canadian System of National Accounts (CSNA).

The surveys are based on the North American Industry Classification System (NAICS). The Annual Retail Non-store Survey covers only businesses that primarily sell through non-store methods, and collects data for all the sales of those businesses.

Target Population

The target population for the Annual Retail Trade Survey consists of all retail establishments operating in Canada for at least one day between January and December of a calendar year. Direct sellers and operators of vending machines are excluded from the target population of this survey.

The survey population is comprised of all statistical establishments coded to NAICS 441 through 453 on Statistics Canada's Business Register, as well as those small unincorporated businesses not on the Business Register, which are classified to the retail industry.

The target population for the Annual Retail Non-store Survey consists of all non-store retail establishments operating in Canada for at least one day between January and December.

The survey population is comprised of all statistical establishments coded to North America Industry Classification System (NAICS) 454 (Non-Store Retail Trade Sector) on Statistics Canada's Business Register. Direct sellers and operators of vending machines are included in the target population of this survey.

Definitions

A "**retail store chain**" is defined as an organization operating four or more outlets in the same industry class under the same legal ownership at any time during the survey year.

A **non-chain store** consists of "Franchise" and "Independent" stores with less than four locations in the same industry class under the same legal ownership at any time during the survey year.

A **franchise** is defined as a person, group of persons, partnership or incorporated company granted a contractual privilege permitting the sale of a product, use of a trade name or provision of a service within a specific territory and/or in a specified manner.

An **independent store** is a non-franchise operation with less than 4 locations.

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

Commission revenue from merchandise sales is the total gross commission revenue earned from selling merchandise on account of others. It includes commission revenue from concessions.

Commission revenue from services is the total gross commission revenue earned from selling services on behalf of others (e.g. lottery and bus tickets, phone cards).

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

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

Revenue from rental and leasing of goods is revenue from the rental or leasing of goods and equipment such as video, computer or tool rental.

Revenue from the rental of real estate is revenue received from renting out or leasing property owned by this business unit.

Other operating revenue include operating subsidies, and other types of revenue not elsewhere reported on the questionnaire. It excludes interest income and dividends, which are included in non-operating revenue.

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

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

Purchases is the value of total net purchases of goods (gross value less returns, adjustments and discounts) at delivered price (including freight-in, insurance, import duties and other related specific costs). This includes new and used goods purchased for resale, as well as direct labour costs and other direct costs for those business units carrying on secondary activity of a manufacturing nature.

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

Gross margin is the difference between total operating revenue and cost of goods sold.

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

Employer portion of employee benefits represents the employer expense portion of employee life and health/dental care plans, CPP/QPP contributions, employer pension contributions, workers' compensation, employment insurance premiums, retiring allowances/lump sum payments at termination or retirement. It excludes contributions to provincial health and education payroll taxes, which are reported under "all other operating expenses".

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

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

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

Amortization and depreciation expenses includes capital assets, intangible assets and capital lease obligations.

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

Operating profit is obtained by subtracting total operating expenses and the cost of goods sold from total operating revenues.

Sampling

- Annual Retail Trade Survey

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

In order to reduce the respondent response burden and still produce reliable figures, exclusion thresholds based on industrial, provincial, and size dimensions were implemented. Administrative (tax) data were used to estimate for small businesses below the threshold and data for the retailing establishments above the prescribed threshold were collected mainly through questionnaires, but also through direct replacement with tax data for several businesses.

Before sample selection, the survey population is delineated into cells representing the provincial, Trade Group and size dimensions required. The establishments in the survey population are first stratified according to their province/territory and trade group based on the NAICS industrial classification. The trade groups are mutually exclusive classifications, each representing similar businesses.

Within each province/territory, by Trade Group combination, four size strata are created to group businesses of a similar size. The boundaries are determined using total estimated revenues for the businesses. The resulting groups are one take-all stratum of the largest businesses (which are all included in the sample), two take-some strata (from which representative samples are selected) and one take-none stratum (containing small businesses which are not eligible to be sampled). Optimal stratum boundaries or thresholds are determined to minimise the total sample size. It should be noted that the chains of stores (defined as an organization operating four or more outlets in the same industry class under the same legal ownership at any time during the survey year) are all included in the take-all stratum, thus, all included in the sample.

All sampled units are assigned a sampling weight. An initial weight equal to the inverse of the original probability of selection is assigned to each entity. The sampling weight is a raising factor attached to each sampled unit to obtain estimates for the population. For example, if two units are selected at random and with equal probability out of a population of 10 units, then each selected unit represents five units in the population, and it is given a sampling weight of five. These weights are subsequently adjusted, at the time of producing survey results, to reflect as closely as possible the characteristics of the population in this industry.

- Annual Retail Non-store Survey

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

Data are collected for all units of the population therefore no sampling is done.

Data Sources

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

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

Data accuracy

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

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

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