



The Daily

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Releases

Annual retail trade

2005

Consumers shelled out more money at gas pumps and home furnishings stores in 2005, pushing annual retail sales to their fastest growth rate since 2002.

The nation's retailers reported operating revenues of \$403.6 billion in 2005, up 5.4% from the previous year. The gain was well above the average annual growth rate of 4.7% between 2000 and 2005.

Brick-and-mortar stores, selling to walk-in customers at physical locations, experienced revenue growth of 5.3%. On the other hand, non-store retailers such as those selling exclusively through e-commerce, mail order or catalogues posted growth of 7.5%.

Brick-and-mortar stores accounted for the vast majority of operating revenues, some 97% in 2005. Non-store retailing represented only 3% of total retailing activity.

Traditional brick-and-mortar stores can be divided into two categories — retail chain stores and independents. In 2005, independents continued to have the largest share of the retail industry, but they have been slowly losing ground to chains.

In 1999, independents commanded 61% of total retail activity. By 2005, this share had declined to 56%.

Conversely, chain stores accounted for only 39% in 1999. Six years later, their share had jumped to 44%.

Back-to-back hurricanes that hammered the US Gulf Coast from Louisiana to Florida put intense pressure on global oil and gas prices in 2005. As a consequence, rising costs were widespread among Canadian gasoline station retailers and fuel dealers.

Higher retail margins and profits for most trade groups

Most retail trade groups reported higher gross margins and operating profits in 2005. Overall, gross margins among store retailers rose 5.5% over the previous year.

The largest growth in margins was reported at furniture stores (+13.3%), home furnishing stores (+10.4%) and gasoline stations (+10.4%). Margins also rose for fuel dealers (+7.5%) and electronic shopping and mail-order houses (+3.3%).

However, computer and software stores continued to struggle, with margins falling 5.2% in 2005. This was the fifth consecutive annual drop since the Y2K peak when their gross margins grew 37% between 1999 and 2000.

Note to readers

This release combines data from three surveys: the annual Retail Store Survey, covering independent retail outlets, the annual Retail Chain Survey, covering chain retailers, as well as the Non-store Retail Survey.

The information in this report is based on the 2002 North American Industry Classification System (NAICS).

***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. This measure is also known as the return on sales.*

***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 **inventory-to-sales ratio** is obtained by dividing the closing inventory by the average monthly total operating revenue. The average monthly revenue is obtained by dividing annual revenue by 12.*

***Electronic shopping** comprises establishments engaged in retailing all types of merchandise using the Internet. However, it excludes those establishments involved in a combination of store retailing and Internet retailing in the same establishment. This dual activity is classified to the store portion of retailing.*

Part of this deterioration in the bottom line can be attributed to the erosion of store sales by online sales of computers and software.

According to the Canadian Internet Use Survey, 32% of Canadians went online to download or purchase computer software in 2005. Revenue generated from the sale of computer software from electronic shopping and mail-order retailing establishments rose a staggering 121.1% in 2005.

Overall, operating profits for store retailers rose 6.2%, while for non-store retailers, the gain was 10.1%.

Alberta retailers enjoy strong margin growth, but costs impede profits

Store retailers in Western Canada reported the strongest growth in their gross margins. Margins were up 9.2% in Alberta, 8.4% in Saskatchewan, 7.0% in Manitoba, and 5.9% in British Columbia.

Alberta retailers reported the largest increases in associated costs despite growth in their gross margins. The cost of goods sold was up 9.1% over 2004, compared to 6.3% in neighbouring Saskatchewan and 5.2% in Quebec.

Alberta retailers also reported the biggest increase in operating expenses over the previous year (+8.8%).

Labour costs rose 7.4% — the biggest rise amongst all the provinces.

As a result, operating profits as a percentage of revenue earned for Alberta retailers was one of the lowest among the provinces (4.0%). This was in contrast to retailers in Ontario (6.1%) and British Columbia (5.8%).

Gasoline stations and fuel dealers weather the storm

Gasoline station retailers and fuel dealers experienced strong sales in 2005. Gasoline prices, as measured by the Consumer Price Index, increased 12.8% in 2005 over 2004. This was due in part to the devastation of Hurricanes Katrina and Rita along the Gulf Coast of the United States.

Most Canadian gasoline stations recorded double-digit increases in their cost of goods sold. This was especially true among gasoline station chains.

The cost of goods sold, this would include the cost of all merchandise sold in a typical chain gasoline station, not just gasoline, rose 18.8%. Labour and other operating expenses were up 5.7%.

As a result, despite the strong sales, operating profits as a percentage of revenues for chain gasoline stations rose only slightly from 9.6% in 2004 to 10.0% in 2005.

Fuel dealers, those retailing heating oil, liquefied petroleum and other fuels to end consumers, reported a 7.5% increase in margins and an 8.2% increase in operating profits over 2004.

Advertising the big expense

Overall, store retailers continued to control expenses relative to revenue in 2005. Despite operating expenses among store retailers that rose 5.3% to \$81.0 billion in 2005, operating expenses represented 20.7% of operating revenues, virtually unchanged from 20.8% the year before.

Labour costs rose at the slowest rate of major expense components, up 3.2% from 2004. As a proportion of total operating expenses, labour remuneration remained virtually unchanged at 51%.

Advertising represented the biggest expense, especially for retail chain stores, where this cost rose 12.3%.

Increased aggressiveness in advertising to stimulate sales may have contributed to this rise. In addition, amongst all their advertising options, online advertising spending continues to grow as more retailers start to see the internet as a necessary component of brand advertising.

Advertising costs more than doubled for retail chains of computer and software stores, as well as other miscellaneous store retailers. Clothing stores, gasoline stations, and new car dealers also reported large increases.

Inventories down slightly

Store retailers saw their inventory-to-sales ratio drop from 1.69 in 2004 to 1.62 in 2005, which translates to a two day drop in their inventory levels. Lower ratios mean lower storage costs and less risk of having to liquidate merchandise if demand changes.

Shoe, clothing accessories and jewellery stores maintained the largest amount of stock, just shy of four months worth. This was followed by sporting goods, hobby, music, and book stores with just over a three-month supply.

Miscellaneous store retailers, as well as clothing stores, made the greatest adjustment in their inventory levels in 2005. Miscellaneous store retailers shaved off almost 10 days worth of inventory, while clothing stores saw inventory retention drop by almost five days.

Available on CANSIM: table 080-0011.

Definitions, data sources and methods: survey numbers, including related surveys, 2446, 2447 and 2448.

To obtain the data or for general information, contact the Client Services Unit at (1-877-421-3067 or 613-951-3549; retailinfo@statcan.ca) or to enquire about concepts, methods and data quality of this release, contact Alexander Hays (613-951-3552); Annual Retail Trade Section, Distributive Trades Division.

□

**Retail trade by province and territory, independent and chain stores
2005**

	Operating revenues	Gross margin	Operating revenues, 2004 to 2005	Operating revenues
	\$ millions		% change	% share
Newfoundland and Labrador	5,874	1,485	2.4	1.5
Prince Edward Island	1,459	372	3.8	0.4
Nova Scotia	10,913	2,824	2.0	2.8
New Brunswick	8,736	2,079	4.8	2.2
Quebec	88,108	21,708	5.3	22.5
Ontario	144,715	39,358	4.3	37.0
Manitoba	14,071	3,574	6.1	3.6
Saskatchewan	11,882	2,964	6.8	3.0
Alberta	51,493	12,604	9.1	13.2
British Columbia	52,254	14,261	5.0	13.4
Yukon	429	114	5.7	0.1
Northwest Territories	653	169	9.3	0.2
Nunavut	278	95	9.6	0.1
Canada	390,866	101,607	5.3	100.0

**Retail trade by trade group, independent and chain stores
2005**

	Operating revenues	Operating expenses	Gross margin	Operating profit	Operating revenues, 2004 to 2005
	\$ millions				% change
New car dealers	78,892	8,983	10,417	1,434	4.5
Used and recreational motor vehicles and parts dealers	17,346	3,395	3,940	545	5.9
Gasoline stations	39,595	4,739	7,723	2,984	10.5
Furniture stores	9,387	2,980	3,806	826	5.0
Home furnishings stores	5,603	1,937	2,171	233	7.6
Computer and software stores	2,068	451	474	23	1.9
Home electronics and appliance stores	10,509	2,780	3,134	354	9.5
Home centres and hardware stores	18,569	4,286	5,436	1,150	8.3
Specialized building materials and garden stores	5,114	1,336	1,533	197	3.0
Supermarkets	62,337	12,643	15,134	2,491	6.2
Convenience and specialty food stores	13,919	3,057	3,483	426	2.1
Beer, wine and liquor stores	14,235	2,257	6,282	4,025	4.4
Pharmacies and personal care stores	25,693	6,586	7,847	1,262	5.2
Clothing stores	16,783	6,901	8,174	1,274	5.5
Shoe, clothing accessories and jewellery stores	5,296	2,168	2,554	386	4.5
General merchandise stores	44,017	9,387	11,310	1,923	2.7
Sporting goods, hobby, music and book stores	10,147	3,202	3,727	525	5.0
Miscellaneous store retailers	11,357	3,979	4,462	482	-2.4
Totals	390,866	81,067	101,607	20,541	5.3

**Non-store retail sales by major commodity group
2005**

	Sales of goods and services	Sales of goods and services, 2004 to 2005	Sales of goods and services
	\$ thousands	% change	% share
Food and beverages (excl. meals and lunches)	861,189	-11.5	6.8
Health and personal care	1,504,198	-0.3	11.9
Clothing, footwear and accessories	686,998	4.4	5.4
Housewares (non-electric) and household supplies	221,022	-1.7	1.7
Home furnishings and electronics	1,210,589	-0.9	9.6
Hardware, home renovation and lawn and garden products	246,837	-6.6	1.9
Sporting and leisure goods	803,835	-0.5	6.3
Household and automotive fuels, oils and additives	6,169,746	17.5	48.7
Services (incl. meals and lunches, repairs, rental and leasing)	376,793	20.4	3.0
Other goods	584,550	3.4	4.6
Total	12,665,755	7.5	100

Non-store retail by industry
2005

	Operating revenues	Gross margin	Operating profit	Operating revenues, 2004 to 2005	Operating revenues
	\$ thousands			% change	% share
Electronic shopping and mail-order houses	3,953,575	1,620,463	296,769	0.5	31.0
Vending machine and coffee service operators	651,293	336,595	43,942	-4.0	5.1
Fuel dealers	6,520,859	1,383,109	484,913	17.8	51.1
Direct selling businesses	1,641,767	789,209	113,424	-5.2	12.9
Total	12,767,494	4,129,377	939,048	7.5	100



Employment Insurance

January 2007 (preliminary)

An estimated 484,330 Canadians (seasonally adjusted) received regular Employment Insurance benefits in January, down 0.2% from December.

Nationally, the January number was 4.4% lower than for the same month a year earlier. All provinces and territories showed declines over the 12-month period, with the largest percentage decreases occurring in Alberta (-15.1%), Yukon (-14.8%) and British Columbia (-14.5%).

In the last five years, the number of regular beneficiaries in Canada has fallen by almost 15%.

Regular benefit payments in January totalled \$719.2 million, while 233,740 people made initial and renewal claims.

Note: Employment Insurance Statistics Program data are produced from an administrative data source and may, from time to time, be affected by changes to the *Employment Insurance Act* or administrative

procedures. The number of beneficiaries for this month is a measure of all persons who received Employment Insurance benefits from the 14th to the 20th of the month. This coincides with the reference week of the Labour Force Survey. The regular benefit payments figure measures the total of all monies paid to individuals from the 1st to the end of the month.

Available on CANSIM: tables 276-0001 to 276-0006, 276-0009, 276-0011, 276-0015 and 276-0016.

Definitions, data sources and methods: survey number 2604.

Data on Employment Insurance for February will be released on April 24, 2007.

For general information or to order data, contact Client Services (613-951-4090 or, call toll-free 1-866-873-8788; labour@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Gilles Groleau (613-951-4091), Labour Statistics Division.

Employment Insurance statistics

	January 2007	December 2006	January 2006	December 2006 to January 2007	January 2006 to January 2007
Seasonally adjusted					
				% change	
Regular beneficiaries	484,330 ^P	485,170 ^r	506,400	-0.2	-4.4
Regular benefits paid (\$ millions)	719.2 ^P	702.6 ^r	685.9	2.4	4.9
Initial and renewal claims received (thousands)	233.7 ^P	206.7 ^r	228.9	13.1	2.1
Unadjusted					
All beneficiaries (thousands) ¹	889.4 ^P	759.2 ^P	957.6		
Regular beneficiaries (thousands)	630.7 ^P	499.0 ^P	656.0		
Initial and renewal claims received (thousands)	351.5	259.5	330.8		
Payments (\$ millions)	1,576.8	1,126.5	1,619.3		
year-to-date (January to January)					
			2007	2006	2006 to 2007
Claims received (thousands)			351.5	330.8	6.2
Payments (\$ millions)			1,576.8	1,619.3	-2.6

^r revised

^P preliminary

1. "All beneficiaries" includes all claimants receiving regular benefits (for example, as a result of layoff) or special benefits (for example, as a result of illness) and are representative of data for the Labour Force Survey reference week which is usually the week containing the 15th of the month.

Number of beneficiaries receiving regular benefits

	January 2007 ^P	December 2006 to January 2007 Seasonally adjusted	January 2006 to January 2007
	% change		
Canada	484,330	-0.2	-4.4
Newfoundland and Labrador	36,740	0.6	-3.8
Prince Edward Island	7,660	-0.4	-1.8
Nova Scotia	27,680	-1.5	-4.8
New Brunswick	31,800	0.3	-3.2
Quebec	173,800	-0.7	-1.5
Ontario	129,900	2.2	-1.5
Manitoba	10,630	-1.9	-6.2
Saskatchewan	9,440	-2.6	-3.4
Alberta	16,340	-5.3	-15.1
British Columbia	38,680	-4.2	-14.5
Yukon Territory	750	1.4	-14.8
Northwest Territories	700	0.0	-10.3
Nunavut	390	2.6	-7.1

^P preliminary

Note: The number of beneficiaries includes all claimants who received regular benefits for the Labour Force Survey reference week, usually containing the 15th day of the month.

Annual Survey of Advertising and Related Services 2005

The advertising and related services industry soared to new heights in 2005, recording the largest revenue growth rate in recent memory. National operating revenues increased by 12.6%, as advertising businesses benefited from the red hot western economy and generally strong economic conditions.

Firms in the advertising and related services industry earned operating revenues of \$5.6 billion in 2005. The large national growth was powered by Alberta and British Columbia, where the industry's revenues soared by nearly 25%. Ontario posted a strong year as well with 13.8% growth. For the third year in a row, Quebec's growth (+4.7%) was less than the national rate but revenue increases in each of the past two years suggest that the negative effect of the Gomery Inquiry is diminishing.

Advertising agencies, which account for 45% of total industry operating revenues, earned \$2.5 billion in 2005, an increase of 14.8% over 2004. Operating revenues of the remaining specialized advertising industries, such as public relations, display advertisers and flyer distributors, were up a combined 10.8% to \$3.1 billion.

Operating profit margins for advertising agencies fell from 10.2% to 9.1% between 2004 and 2005, due to a large increase in salary expenditures. Alberta and British Columbia recorded the largest growth in salary expenditures (46% and 51% respectively). Businesses classified to the remaining advertising

industries posted operating profit margin gains, rising from 6.8% in 2004 to 7.9% in 2005.

There were 11,776 advertising and related services establishments in 2005, little changed from the previous year. Advertising agencies accounted for 5,247 of these establishments.

Despite rapid expansion in the West, the bulk of industry revenues were generated in Ontario (58%) followed by Quebec (24%), British Columbia (8%) and Alberta (6%).

Revenues from government clients rose 1.8% after two years of decreases but still remained 8.3% below the 2000 level. Foreign sales have doubled since 2000 and now account for 9.2% of operating revenues, up from 6.2% the previous year.

Results from the 2005 Annual Survey of Advertising and Related Services are now available.

These data provide information on the industry's revenue, expenditures, salaries and wages, profit margin, and the distributions of revenue earned by type of service and client base.

Data for 2004 have been revised to reflect more accurate coverage of the target population for this industry.

Note: This survey covers establishments classified as Advertising and Related Services (5418) according to the North American Industry Classification System (NAICS) during the reference year.

It comprises establishments primarily engaged in: creating mass-media advertising or public relation campaigns; placing advertising in media for advertisers

or advertising agencies; selling media time or space to advertisers or advertising agencies for media owners; creating and implementing indoor or outdoor display advertising campaigns; creating and implementing direct mail advertising campaigns; delivering (except by mail) advertising materials or samples; creating and implementing specialty advertising campaigns; providing related services, such as sign painting and lettering, welcoming services and window trimming services.

This industry does not include advertising sales by newspapers, magazines, radio, television or internet, which accounts for the majority of the difference between results of this survey and calculations of total advertising spending in the Canadian economy.

Available on CANSIM: table 360-0003.

Definitions, data sources and methods: survey number 2437.

For additional information and to enquire about concepts, methods or data quality of this release, contact Paul McDonald (613-951-0665; paul.mcdonald@statcan.ca), Service Industries Division. ■

Couriers and Messengers Services Price Index

February 2007

The Couriers and Messengers Services Price Index (CMSPI) measures the change over time in prices for courier and messenger services provided by long and short distance delivery companies to Canadian-based business clients.

The CMSPI increased 0.3% to 122.8 in February (2003=100). The courier portion rose 0.2%, while the local messengers component rose 0.4%.

These indexes are available at the Canada level only.

Available on CANSIM: table 329-0053.

Definitions, data sources and methods: survey number 5064.

For more information, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; prices-prix@statcan.ca). To enquire about

the concepts, methods or data quality of this release, contact Perry Kirkpatrick (613-951-1930; perry.kirkpatrick@statcan.ca), Prices Division. ■

Postsecondary Student Information System

The Enhanced Student Information System will now be called the Postsecondary Student Information System.

For further information, please contact Client Services (toll-free 1-800-307-3382 or 613-951-7608; fax: 613-951-4441; educationstats@statcan.ca), Culture, Tourism and the Centre for Education Statistics. ■

Study: Canadians and their news media diet 2003

This online edition of *Canadian Social Trends* contains the article "Keeping up with the times: Canadians and their news media diet."

This article used the 2003 General Social Survey (GSS) on social engagement to examine how Canadians who follow the news differ from those who do not.

It compares Canadians whose media consumption consists of only television, to those who have a different diet. And it looks at how this influences their "non-voting political activity", such as volunteering for a political party, signing a petition or expressing their views by contacting a newspaper or a politician.

The study found that the level of political engagement Canadians report is influenced by their frequency of news consumption and the choices they make from the media sources available to them.

Frequent followers of the news participate in more political activities. But the GSS data show that the media that people select does influence participation in non-voting political activities.

Those frequent users who chose only television tended to participate in fewer non-voting political activities. In fact, in terms of their involvement, people who used television as their only source of news closely mirrored those who did not follow the news at all.

This finding supports previous US research that lower rates of political participation are associated with using television as the only source of news.

Definitions, data sources and methods: survey number 5024.

The study "Keeping up with the times: Canadians and their news media diet" is now available in the March 2007 issue of *Canadian Social Trends*, no. 82 (11-008-XWE, free) from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-5979; sasd-dssea@statcan.ca), Social and Aboriginal Statistics Division. ■

New products

Canadian Social Trends, no. 82
Catalogue number 11-008-XWE
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MAJOR RELEASES	
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