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# OPERATING RESULTS OF AUTOMOTIVE PARTS AND ACCESSORIES WHOLESALEERS

1953



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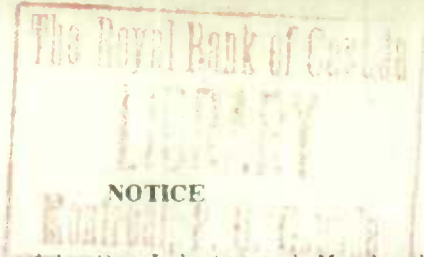
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**NOTICE**

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

**Part I — Wholesale Statistics**

- A — Wholesale Trade (not issued 1953)
- B — Operating Results of Food Wholesalers, 25¢
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢  
2 Operating Results of Drug Wholesalers, 25¢  
3 Operating Results of Hardware Wholesalers, 25¢  
4 Operating Results of Plumbing and Heating Supplies Wholesalers, 25¢  
5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

**Part II — Retail Statistics**

- E — General Review — (Discontinued)
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- H — Operating Results of Chain Food Stores, 25¢
- I — Operating Results of Chain Clothing Stores, 25¢
- J — 1 Operating Results of Chain Variety Stores, 25¢  
2 Operating Results of Chain Drug Stores, 25¢  
3 Operating Results of Chain Furniture Stores, 25¢
- \* K — Operating Results of Independent Food Stores, 25¢
- \* L — Operating Results of Independent Clothing Stores, 25¢
- \* M — Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- \* N — Operating Results of Filling Stations & Garages, 25¢
- \* O — 1 Operating Results of Independent General Stores, 25¢  
2 Operating Results of Independent Restaurants, 25¢  
3 Operating Results of Independent Fuel Dealers, 25¢  
4 Operating Results of Independent Drug Stores, 25¢  
5 Operating Results of Independent Jewellery Stores, 25¢  
6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Consumer Credit

**Part III — Services and Special Fields**

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
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The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1953.

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2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Automotive Parts and Accessories Wholesalers
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#### RETAIL CHAIN STORES (1947, 1949, 1951 and 1953)

1. Chain Food Stores
2. Chain Clothing Stores
3. Chain Variety Stores
4. Chain Furniture Stores
5. Chain Drug Stores

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Note: "Operating Results of Automotive Parts and Accessories Wholesalers" was formerly contained in "Operating Results of Miscellaneous Wholesalers".



# OPERATING RESULTS OF AUTOMOTIVE PARTS AND ACCESSORIES WHOLESALERS

1953

## INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

### Scope

This study is confined to wholesale merchants, i.e. those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributor are not included.

### Content

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. A table showing regional figures has been prepared although reports from Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. An income tax tabulation was made for incorporated companies only. Middle range figures for gross and net profits, and for the three main functional divisions of expense, introduced in 1949, are contained in this report. Results for one-half of all firms fell within the range shown for each item, while one-quarter of the firms fell on either side of the range limits indicated. (Because each item was treated singly, the sum of net profit and the expense items does not necessarily equal gross profit in the table showing middle range data).

### Purpose

The primary purpose of the operating costs surveys is to provide averages on the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

### Period Covered

This report deals largely with 1953 operations and is the fourth biennial publication in a series begun in 1947. Certain summary tables show identical firm results for 1951 and 1953. The chart shows the gross profit components for 1949, 1951 and 1953 by suitable sales-size classification.





## AUTOMOTIVE PARTS AND ACCESSORIES WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	33	16	12	61
Form of organization:				
Individual proprietorship .....	8	—	—	8
Partnership .....	5	—	—	5
Incorporated company .....	20	16	12	48
Number of firms operated as:				
Single establishment .....	24	9	5	38
Multiple establishment .....	9	7	7	23
Distribution of sales:				
To garages and filling stations .....	57.67	48.18	67.81	60.77
To other wholesalers .....	28.78	35.24	15.24	23.03
To industry and large users .....	12.04	14.03	14.54	13.92
To others .....	1.51	2.55	2.41	2.28

Of the 61 firms reporting, 48 were incorporated, and the remaining 13 were comprised of eight individual proprietorships and five partnerships. Only 23 of the 61 firms operated more than one establishment. Sales distribution figures indicate that sales

to garages and filling stations and to other wholesalers accounted for 60.77 per cent and 23.03 per cent of net sales, respectively. Sales to industrial and large users made up 13.92 per cent of the 16.20 per cent unaccounted for portion of net sales.

## REVIEW OF 1953 OPERATING RESULTS

## Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1953 results with 1951, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1951 to \$1,100,000 in 1953, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales-size ranges as a guide to

individual wholesalers wishing to compare their results. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Automotive parts and accessories wholesalers obtained an average gross profit ratio or margin of 24.91 per cent of average net sales. Gross profit ratios for the three typical sales-size categories ranged from 23.95 per cent to 27.97 per cent and varied inversely with size of firm. Total operating expenses, which also showed a ratio decline with increased firm-size, averaged 21.62 per cent for all wholesalers. Because the total operating expenses ratios had a wider range than the gross profit ratios, the net operating profit ratios which increased directly with size of firm, were 2.31 per cent, 2.67 per cent and 3.93 per cent for the three groups respectively. Non-trading income and expense netted an increase which increased the net operating profit ratio of 3.29 per cent for all wholesalers to 4.37 per cent, the ratio of net profit before income tax deduction.

**TABLE 1. Operating Results of Automotive Parts and Accessories Wholesalers, 1953, by Size of Firm**

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	33	16	12	61
Average net sales per firm ..... \$	245,001	683,192	1,926,782	690,778
Average cost of goods sold..... \$	176,485	514,438	1,465,232	518,652
Stock turnover (times per year).....	3.66	4.74	4.30	4.26
Average beginning inventory..... \$	47,863	105,700	328,247	118,191
Per cent of average net sales.....	19.53	15.47	17.04	17.11
Average ending inventory ..... \$	48,515	111,502	353,327	124,999
Per cent of average net sales.....	19.80	16.32	18.34	18.09
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
Gross profit .....	27.97	24.70	23.95	24.91
Operating expenses:				
Selling expense:				
Salaries .....	6.12	5.52	4.78	5.23
Travelling .....	1.61	1.27	0.77	1.06
Advertising .....	0.55	0.53	0.58	0.56
Other selling expense .....	0.26	0.40	0.77	0.58
<b>Total selling expense .....</b>	<b>8.54</b>	<b>7.72</b>	<b>6.90</b>	<b>7.43</b>
Warehouse and delivery expense:				
Salaries and wages.....	4.41	3.21	2.87	3.25
Maintenance of delivery equipment .....	0.88	0.47	0.24	0.42
Outward freight .....	0.51	0.30	0.38	0.38
Warehouse supplies .....	0.20	0.16	0.09	0.13
Other warehouse and delivery expense .....	0.25	0.19	0.09	0.16
<b>Total warehouse and delivery expense .....</b>	<b>6.25</b>	<b>4.33</b>	<b>3.67</b>	<b>4.34</b>
Administrative and general expense:				
Salaries .....	5.02	4.76	4.20	4.50
Employees' benefits.....	0.25	0.34	0.54	0.43
Occupancy .....	1.63	1.30	1.09	1.25
Light, heat and power .....	0.39	0.28	0.18	0.25
Taxes <sup>1</sup> .....	0.19	0.17	0.12	0.15
Insurance <sup>1</sup> .....	0.33	0.34	0.16	0.24
Office supplies .....	0.42	0.47	0.38	0.41
Communication .....	0.67	0.49	0.48	0.52
Bad debts—amount written off .....	0.52	0.65	0.58	0.58
All other expense .....	1.45	1.18	1.72	1.52
<b>Total administrative and general expense .....</b>	<b>10.87</b>	<b>9.98</b>	<b>9.45</b>	<b>9.85</b>
<b>Total operating expenses .....</b>	<b>25.66</b>	<b>22.03</b>	<b>20.02</b>	<b>21.62</b>
Net operating profit .....	2.31	2.67	3.93	3.29
Non-trading income.....	1.24	0.75	2.05	1.56
Non-trading expense.....	0.47	0.27	0.59	0.48
<b>Net profit before income tax deduction .....</b>	<b>3.08</b>	<b>3.15</b>	<b>5.39</b>	<b>4.37</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm ..... \$	219,496	630,996	1,768,208	631,924
Per cent of average net sales.....	89.59	92.36	91.77	91.48
Accounts outstanding:				
Average per firm ..... \$	31,190	94,839	212,362	83,667
Per cent of average credit sales .....	14.21	15.03	12.01	13.24
Sales per 1,000 sq. ft. of floor space ..... \$	43,910	56,084	56,984	53,905

1. Excludes amount attributed to real estate which is in occupancy expense.



## Inventories and Stock Turnover

Average inventories in 1953, expressed as ratios of average net sales of responding firms, increased from 17.11 per cent at the beginning of the year to 18.09 per cent at the end of the year. This trend was common to all three sales-size categories as well as

the 1951 survey results. The rate of stock turnover—average of beginning and end of year inventories divided into cost of goods sold—was 4.26 times per year for all wholesalers of automotive parts and accessories, only slightly below the 1951 rate.

## Credit Sales and Receivables

Credit sales, expressed as a proportion of net sales, was 91.48 per cent for all automotive parts and accessories wholesalers, approximately the same level as determined from the survey of 1951 results. Accounts outstanding as at the year end averaged

13.24 per cent of credit sales with the largest and smallest proportions, 15.03 per cent and 12.01 per cent, occurring in the middle and larger firm-size groups respectively.

## Regional Results

Gross profit ratios of automotive parts and accessories wholesalers in the four major regions of Canada, ranged from 24.41 per cent in the Maritimes and Quebec to 26.13 per cent in British Columbia. British Columbia wholesalers also showed the highest total operating expense ratio of 25.24 per

cent and subsequently the lowest net operating profit ratio of 0.89 per cent. Wholesalers in the Prairie Provinces reported the lowest total operating expenses ratio of 20.13 per cent and netted the highest ratio of operating profit of 4.70 per cent.

**TABLE 2. Operating Results of Automotive Parts and Accessories Wholesalers, 1953, by Regions**

Item	Maritimes and Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	16	25	14	6	61
Average net sales per firm ..... \$	599,074	554,564	1,050,264	664,078	690,778
(Per cent of net sales)					
Gross Profit .....	24.41	25.00	24.83	26.13	24.91
Operating expenses:					
Selling .....	7.48	6.96	7.38	9.06	7.43
Warehouse and delivery .....	5.37	4.55	3.36	4.79	4.34
Administrative and general .....	9.28	10.29	9.39	11.39	9.85
Total operating expenses .....	22.13	21.80	20.13	25.24	21.62
Net operating profit .....	2.28	3.20	4.70	0.89	3.29

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary con-

siderably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 3. Average and Middle Range Ratios of Automotive Parts and Accessories Wholesalers, 1953

Item	Firms with 1953 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle range	Average	Middle range	Average	Middle range	Average	Middle range
Gross profit .....	28.0	26.2-32.9	24.7	22.6-27.7	23.9	22.6-25.3	24.9	23.2-29.4
Selling expense .....	8.5	5.6-12.2	7.7	4.8-11.0	6.9	5.7- 8.1	7.4	5.5-10.6
Warehouse and delivery expense .....	6.3	3.6- 8.9	4.3	3.2- 4.1	3.7	2.3- 4.8	4.3	3.2- 6.9
Administrative and general expense....	10.9	8.9-14.0	10.0	7.7-11.8	9.4	9.8-11.1	9.9	8.5-12.8
Net operating profit.....	2.3	0.3- 3.6	2.7	1.2- 3.5	3.9	1.7- 4.2	3.3	0.9- 3.8

## Incorporated Companies 1953

Comparison of the profit and expense ratios of the incorporated firms only, with all firms, indicated that the difference in the ratios were negligible. Net profit before income tax, expressed as a portion of

net sales, was 4.45 per cent and 4.37 per cent for "incorporated firms" and "all firms" respectively. Income tax reduced the incorporated firms profit ratio to 2.65 per cent, a decrease of 40 per cent.

TABLE 4. Operating Results of Incorporated Automotive Parts and Accessories Wholesalers, 1953, in Size and Firm

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
	(Per cent of net sales)			
Gross profit .....	28.37	24.70	23.95	24.78
Operating expenses .....	25.79	22.03	20.02	21.38
Net operating profit .....	2.58	2.67	3.93	3.40
Non-trading income .....	1.12	0.75	2.05	1.55
Non-trading expense .....	0.60	0.27	0.59	0.50
Net profit before income tax deduction .....	3.10	3.15	5.39	4.45
Income tax .....	0.80	1.06	2.39	1.80
Final net profit .....	2.30	2.09	3.00	2.65

## Comparison of 1951 and 1953 Identical Firm Results

The following table serves as confirmation that the trends and conclusions deduced from comparing

average data of all responding firms apply as had identical firm data been used.

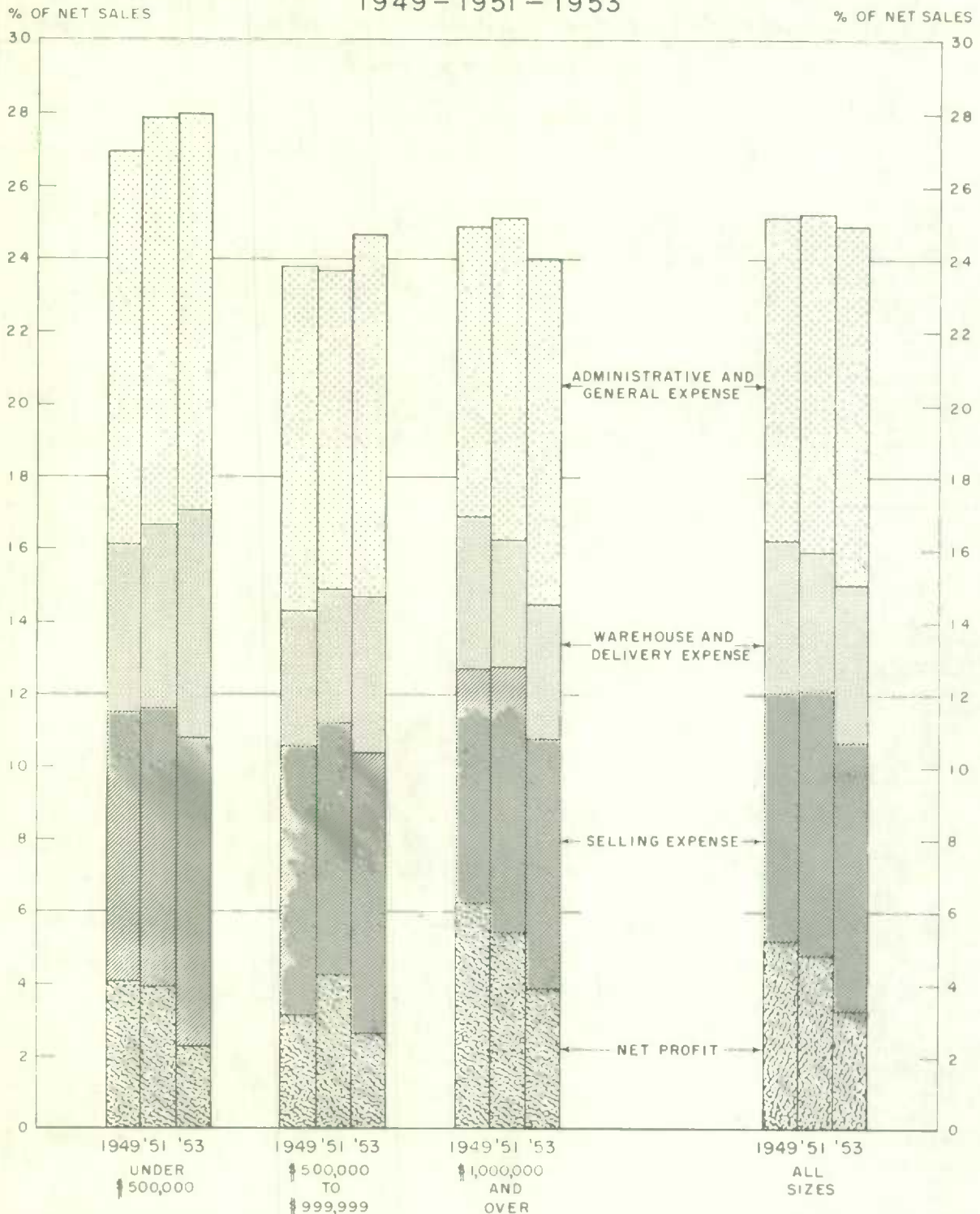
TABLE 5. Operating Results of Automotive Parts and Accessories Wholesalers, 1951 and 1953, Compared

Item	All respondents		Identical firms	
	1951	1953	1951	1953
Number of firms .....	59	61	46	46
Average net sales per firm..... \$	767,026	690,778	718,465	779,554
(Per cent of net sales)				
Gross profit .....	25.29	24.91	25.58	25.15
Operating expenses:				
Selling .....	7.31	7.43	7.10	7.31
Warehouse and delivery .....	3.84	4.34	4.04	4.40
Administrative and general .....	9.32	9.85	9.71	9.87
Total operating expenses .....	20.47	21.62	20.85	21.58
Net operating profit .....	4.82	3.29	4.73	3.57

# OPERATING RESULTS OF WHOLESALERS OF AUTOMOTIVE PARTS AND ACCESSORIES

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1949 - 1951 - 1953





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