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# OPERATING RESULTS OF AUTOMOTIVE PARTS AND ACCESSORIES WHOLESALEERS 1957

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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
- B — Operating Results of Food Wholesalers
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers
- 2 Operating Results of Drug Wholesalers
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- 4 Operating Results of Plumbing and Heating Supply Wholesalers
- 5 Operating Results of Household Appliance & Electrical Supply Wholesalers
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### Part II — Retail Statistics

- F — Retail Trade
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- H — Operating Results of Food Store Chains
- I — Operating Results of Clothing Store Chains
- J — 1 Operating Results of Variety Store Chains
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- 3 Operating Results of Furniture Store Chains
- \*K — Operating Results of Independent Food Stores
- \*L — Operating Results of Independent Clothing Stores
- \*M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores
- \*N — Operating Results of Filling Stations and Garages
- \*O — 1 Operating Results of Independent General Stores
- 2 Operating Results of Independent Restaurants
- 3 Operating Results of Independent Fuel Dealers
- 4 Operating Results of Independent Drug Stores
- 5 Operating Results of Independent Jewellery Stores
- 6 Operating Results of Independent Tobacco Stores
- P — Retail Credit

### Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers
- R — Motion Picture Theatres, Exhibitors and Distributors
- S — Hotels
- T — Sales Financing
- U — Farm Implement and Equipment Sales
- V — New Motor Vehicle Sales and Motor Vehicle Financing
- W — Advertising Agencies (Memorandum)
- X — Motion Picture Production (Memorandum)

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1957.

*Prices of most reports released after January 1, 1959 have been increased. Information on the new prices of particular issues is available on request from the Information Services Division of the Dominion Bureau of Statistics.*

## 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 distributors 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. Wherever possible, a table showing regional figures has been prepared. Proprietors' salaries were included with administrative salaries. A table showing income tax was made for incorporated companies only.

### Purpose

The primary purpose of the operating results surveys is to provide average measurements of 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.

However, the average — i.e., arithmetic mean — operating results of all wholesalers classified under "Wholesalers Proper" would be misleading since, by definition, "Wholesalers Proper" includes subsidiary companies performing the wholesaling function of parent companies whose marketing policies with regard to profit and expense ratios may be atypical of the trade. In addition, "Wholesalers Proper" includes those firms whose revenues are derived in part from a type of activity — e.g., manufacturing, retailing — which may be uncommon to the trade. Consequently, it is thought that average operating results of the more typical establishments within a trade would be of superior value in view of the purposes for which the series on operating results is designed. Therefore, firms with atypical policies and/or activities have been excluded from the computations of the average operating results published herein.

### Period Covered

This report deals with operations for the calendar year 1957, or fiscal years which fell closest to the calendar year and is the sixth biennial publication in a series begun in 1947. A summary table shows identical firm results for 1955 and 1957. The chart shows the gross profit components for 1951, 1953, 1955 and 1957 by suitable sales-size classification.



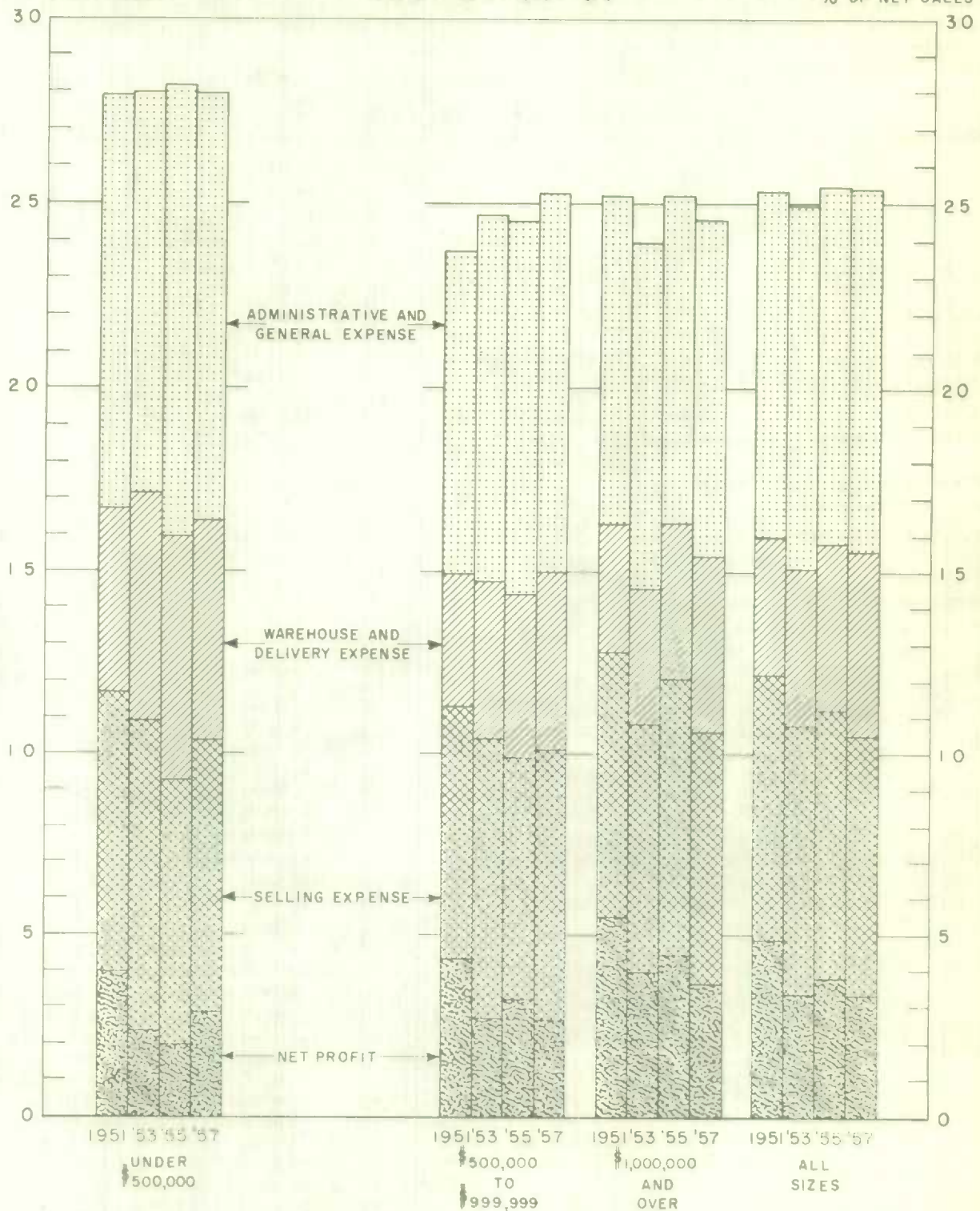
# OPERATING RESULTS OF WHOLESALERS OF AUTOMOTIVE PARTS AND ACCESSORIES, BY SIZE OF FIRM

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

% OF NET SALES

1951-53-55-57

% OF NET SALES



# OPERATING RESULTS OF AUTOMOTIVE PARTS AND ACCESSORIES WHOLESALERS 1957

Forty-one of the 69 firms that reported for the 1955 survey reported for the 1957 survey and reports were received from 35 other firms. In all then a panel of 76 firms provided the data used for compiling Tables 1 and 2 of this report. Table 3 is compiled from reports of 66 incorporated companies. Table 4 is compiled from data submitted by 41 firms that reported for both the 1955 and 1957 surveys and its

purpose is to compare the results of the same firms for the two periods. The 1957 panel has approximately the same number of medium and large size firms as the 1955 panel but it contains 18 more firms with sales under \$500,000 per annum. More information about the firms in the panel appears in the above table.

## Description of Reporting Firms

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms.....	44	13	19	76
Form of organization:				
Individual proprietorship.....	5	—	—	5
Partnership.....	5	—	—	5
Incorporated company.....	34	13	19	66
Number of firms operated as:				
Single establishment.....	40	7	9	56
Multiple establishment.....	4	6	10	20
Distribution of sales:				
To garages and filling stations..... %	66.99	65.27	44.01	52.48
To wholesalers..... %	18.57	27.74	40.75	33.91
To industry and large users..... %	12.54	5.17	12.17	11.00
To others..... %	1.90	1.82	3.07	2.61

## REVIEW OF 1957 OPERATING RESULTS

### Profit and Expense Ratios

Table 1 shows that automotive parts and accessories wholesalers in the panel surveyed realized an average gross profit of 25.36 per cent of net sales. The ratios of all three types of operating expenses analyzed tended to decrease as the size of the firm increased. Firms with the largest sales had the highest average net operating profit and, after taking account of non-trading items, had the highest average net profit before income tax deduction. Ratios for various expense components are also shown in Table 1.

Although an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient number to report for a series of consecutive biennial surveys. Because of the changing composition of the panel, published results of the biennial surveys are not strictly comparable. For purposes of comparing

results of the 1957 survey with results of the 1955 survey, a special compilation is furnished in the last section of this report.

### Other Operating Features

Table 1 contains information with respect to stock turnover. This is computed by dividing the cost of goods sold by the average of the beginning and end of year inventories. For the panel this worked out to 4.26. Average inventories are shown as a percentage of average net sales. Average credit sales are shown as a percentage of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Finally, there is information on sales per 1,000 square feet of floor space. With the exception of the last item, there is little deviation of the results of the 1957 survey from the results of the 1955 survey. Sales per 1,000 square feet of floor space were about 10 per cent less in 1957 than in 1955 for the small size firms in the panel and about 10 per cent greater in 1957 than in 1955 for the large size firms.



**TABLE 1. Operating Results of Automotive Parts and Accessories Wholesalers, 1957,  
by Size of Firm**

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	44	13	19	76
Average net sales per firm ..... \$	239,837	706,174	1,680,498	679,770
Average cost of goods sold ..... \$	172,866	527,985	1,268,072	507,412
Stock turnover (times per year) .....	3.96	3.65	4.59	4.26
Average beginning inventory ..... \$	41,540	147,588	265,718	115,724
Per cent of average net sales .....	17.32	20.90	15.81	17.02
Average ending inventory ..... \$	45,790	141,667	287,374	122,586
Per cent of average net sales .....	19.09	20.06	17.10	18.03
<b>Profit and Loss Data</b>				
(Per cent of net sales)				
<b>Gross profit</b> .....	<b>27.92</b>	<b>25.23</b>	<b>24.54</b>	<b>25.36</b>
Operating expenses:				
Selling expense:				
Salaries .....	5.60	5.66	5.09	5.29
Travelling .....	1.13	0.90	0.87	0.93
Advertising .....	0.47	0.44	0.38	0.41
Other selling expense .....	0.30	0.47	0.68	0.57
<b>Total selling expense</b> .....	<b>7.50</b>	<b>7.47</b>	<b>7.02</b>	<b>7.20</b>
Warehouse and delivery expense:				
Salaries and wages .....	4.22	3.54	3.55	3.69
Maintenance of delivery equipment .....	0.99	0.61	0.35	0.53
Outward freight .....	0.37	0.26	0.49	0.42
Warehouse supplies .....	0.26	0.31	0.16	0.21
Other warehouse and delivery expense .....	0.20	0.16	0.25	0.22
<b>Total warehouse and delivery expense</b> .....	<b>6.04</b>	<b>4.88</b>	<b>4.80</b>	<b>5.07</b>
Administrative and general expense:				
Salaries .....	5.88	5.46	4.26	4.81
Employees' benefits .....	0.38	0.28	0.34	0.33
Occupancy .....	1.87	1.68	1.38	1.53
Taxes <sup>1</sup> .....	0.19	0.20	0.14	0.16
Insurance <sup>1</sup> .....	0.37	0.23	0.17	0.22
Office supplies .....	0.39	0.34	0.42	0.40
Communication .....	0.51	0.56	0.44	0.48
Bad debts—amount written off .....	0.44	0.44	0.44	0.44
All other expense .....	1.53	1.06	1.55	1.46
<b>Total administrative and general expense</b> .....	<b>11.56</b>	<b>10.25</b>	<b>9.14</b>	<b>9.83</b>
<b>Total operating expenses</b> .....	<b>25.10</b>	<b>22.60</b>	<b>20.96</b>	<b>22.10</b>
Net operating profit .....	2.82	2.63	3.58	3.26
Non-trading income .....	0.58	1.08	1.29	1.11
Non-trading expense .....	0.19	0.61	0.50	0.46
<b>Net profit before income tax deduction</b> .....	<b>3.21</b>	<b>3.10</b>	<b>4.37</b>	<b>3.91</b>
<b>Miscellaneous Data</b>				
Credit sales:				
Average per firm ..... \$	206,457	655,253	1,590,108	629,269
Per cent of average net sales .....	86.18	92.79	94.62	92.57
Accounts outstanding:				
Average per firm ..... \$	29,763	97,781	214,794	87,655
Per cent of average credit sales .....	14.42	14.92	13.51	13.93
Sales per 1,000 sq. ft. of floor space ..... \$	45,153	56,861	74,585	62,754

<sup>1</sup> Excludes amount attributed to real estate which is in occupancy expense.

## Regional Results

Table 2 shows the principal profit and expense figures by regions for automotive parts and accessories wholesalers in the 1957 panel. Too much

reliance should not be placed on figures for wholesalers in British Columbia since the data are derived from reports of a very small panel of 9 firms.

**TABLE 2. Operating Results of Automotive Parts and Accessories Wholesalers, 1957, by Regions**

Item	Maritimes and Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	20	31	16	9	76
Average net sales per firm ..... \$	804,544	584,869	848,706	429,044	679,770
(Per cent of net sales)					
Gross profit .....	22.80	28.15	23.90	27.97	25.36
Operating expenses:					
Selling .....	6.41	7.15	7.30	10.38	7.20
Warehouse and delivery .....	4.83	6.16	4.06	4.49	5.07
Administrative and general .....	8.51	10.94	9.49	11.30	9.83
<b>Total operating expenses</b> .....	<b>19.75</b>	<b>24.25</b>	<b>20.85</b>	<b>26.17</b>	<b>22.10</b>
Net operating profit .....	3.05	3.90	3.05	1.80	3.26

## Incorporated Companies

Since no unincorporated firms in the panel had sales of \$500,000 or over, figures relating to the medium and large size firms in Table 3 are the same

as shown in Table 1. The additional feature of Table 3 is the deduction for income tax stated as a percentage of net sales.

**TABLE 3. Operating Results of Incorporated Automotive Parts and Accessories Wholesalers, 1957, by Size of Firm**

Item	Firms with 1957 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.....	28.13	25.23	24.54	25.32
Operating expenses .....	25.10	22.60	20.96	22.01
Net operating profit .....	3.03	2.63	3.58	3.31
Non-trading income .....	0.58	1.08	1.29	1.13
Non-trading expense .....	0.20	0.61	0.50	0.47
Net profit before income tax deduction.....	3.41	3.10	4.37	3.97
Income tax .....	0.80	0.91	1.96	1.56
Final net profit .....	2.61	2.19	2.41	2.41



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### Comparison of 1955 and 1957 Operating Results

As stated earlier in this report, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. Although reports are used only if the operations of the firms closely conform to operations of typical firms in the trade, it is considered that the changing composition of the panel makes the results of the recurring surveys not strictly comparable. For this reason a special compilation of the operating results of the 41 firms that reported for both 1955 and 1957 is shown in Table 4. This table sets out the principal profit and expense figures for the same firms for the two periods.

When interpreting the figures in the following table, changes in the average net sales of firms from period to period should be noted. It would be expected that expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of the firms increased. On the other hand, these expense items would tend to increase the ratios as the average net sales of firms decreased.

Average net sales of the 41 firms increased considerably in 1957 from what was reported in 1955. Two of the three categories of expense ratios were lower as was the ratio for total operating expenses. The net operating profit position was improved.

**TABLE 4. Operating Results of Automotive Parts and Accessories Wholesalers, 1955 and 1957 Compared**

Item	1955	1957
Number of firms .....	41	41
Average net sales per firm ..... \$	771,117	923,906
	(Per cent of net sales)	
Gross profit .....	25.22	24.69
Operating expenses:		
Selling .....	6.67	6.97
Warehouse and delivery .....	5.11	5.05
Administrative and general .....	10.17	9.20
Total operating expenses .....	21.95	21.22
Net operating profit .....	3.27	3.47