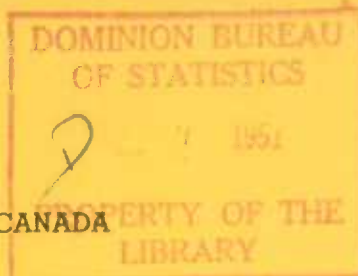


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GOVERNMENT OF CANADA

**OPERATING RESULTS
OF
FOOD WHOLESALERS
1949**



OPERATING RESULTS OF
FOOD WHOLESALERS
1949

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NOTICE

The Industry and Merchandising Division of the Bureau of Statistics collects and compiles figures on (a) the primary industries in Canada — mining, forestry, and fishing; (b) manufacturing; (c) construction; and (d) merchandising and services.

For the purpose of annual compilation and publication, reports on merchandising and services have been classified as follows:

Part I — Wholesale Statistics

- A. General Review
- B. Wholesale Trade
- C. Operating Results of Food Wholesalers
- D. Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers
- E. Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment)

Part II — Retail Statistics

- F. General Review
- G. Retail Trade
- H. Department Store Sales and Stocks
- I. Retail Chain Stores
- J. Operating Results of Food Store Chains
- K. Operating Results of Clothing Store Chains
- L. Operating Results of Miscellaneous Chain Stores (variety, drug, furniture)

Part III — Services and Special Fields

- M. Laundries, Cleaners and Dyers
- N. Theatres
- P. Advertising Agencies (Memorandum)
- Q. Sales Financing
- R. Farm Implement and Equipment Sales
- AA. New Motor Vehicle Sales and Motor Vehicle Financing

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

CONTENTS

	Pages
INTRODUCTION.....	E-5
SUMMARY BY TRADES.....	E-7
REVIEW OF RESULTS, TABLES, AND CHARTS:	
Automotive Parts and Accessories Wholesalers.....	E-7 - 12
Hardware Wholesalers.....	E-13 - 17
Wholesalers of Plumbing and Heating Supplies.....	E-18 - 22
Drug Wholesalers.....	E-23 - 25

OPERATING RESULTS - LIST OF REPORTS

WHOLESALE TRADE (1947 and 1949)

1. Food Wholesalers
2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Miscellaneous Wholesalers (Automotive Parts and Accessories, Hardware, Plumbing and Heating Supplies, Drugs)

INDEPENDENT RETAIL STORES (1944, 1945, 1946 and 1948)

1. Food Stores
2. Clothing Stores
3. Hardware, Furniture, Household Appliance and Radio Stores
4. Filling Stations and Garages
5. Miscellaneous Stores (Country General, Restaurants, Fuel, Drugs, Jewellery, Tobacco Stores)

RETAIL CHAIN STORES (1947 and 1949)

1. Food Store Chains
2. Clothing Store Chains
3. Miscellaneous Chain Stores (Variety, Furniture, Drugs)

INTRODUCTION

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

Scope

This study is confined to **wholesalers proper**, 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. Three separate trades are covered — grocery, fruit and vegetable, and tobacco and confectionery wholesalers.

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. Reports from Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. An income tax tabulation was made for incorporated companies only.

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 1949 operations and is the second biennial publication in a series begun in 1947. Certain summary tables show comparative results for both years.

New Feature

Middle range figures for gross and net profits, and for the three main functional divisions of expense, have been introduced as a new feature. 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 those tables showing middle range data.

The first part of the history of the United States is the period from the discovery of the continent by Christopher Columbus in 1492 to the establishment of the first permanent settlements in 1607.

The second part of the history of the United States is the period from the establishment of the first permanent settlements in 1607 to the American Revolution in 1776.

The third part of the history of the United States is the period from the American Revolution in 1776 to the end of the Civil War in 1865.

The fourth part of the history of the United States is the period from the end of the Civil War in 1865 to the present time.

The fifth part of the history of the United States is the period from the present time to the future.

The sixth part of the history of the United States is the period from the future to the end of the world.

The seventh part of the history of the United States is the period from the end of the world to the beginning of the next world.

SUMMARY OF 1949 RESULTS BY TRADES

In summary form the following table shows comparative results for the three kinds of wholesale business covered in this report. In analysing the performance of an individual wholesale company,

reference should be made to the more detailed tables appearing in later sections of this report. In these tables variations arising from differences in sales-size and geographical location are revealed.

Operating Results of Grocery, Fruit and Vegetable, Tobacco and Confectionery Wholesalers Compared, 1949

Item	Grocery	Fruit and Vegetable	Tobacco and Confectionery
Number of firms.....	110	91	134
Average sales per firm..... \$	2,525,529	751,509	955,988
Stock turnover (times per year).....	9.7	40.4	19.5
(Percent of net sales)			
Gross profit.....	7.73	10.57	7.14
Operating expenses:			
Selling.....	1.46	1.86	2.00
Warehouse and delivery.....	2.25	3.82	1.32
Administrative and general.....	3.38	3.76	2.33
Total operating expenses.....	7.09	9.44	5.65
Net operating profit.....	0.64	1.13	1.49
Other trading income.....	0.59	0.16	0.18
Total net profit before income tax deduction.....	1.23	1.29	1.67
Credit sales.....	84.89	79.23	73.20
Sales to retail stores.....	90.76	82.71	99.06

Average sales of grocery firms were much higher than for the other two trades. Stock turnover of fruit and vegetable wholesalers was twice as rapid as that of tobacco and confectionery wholesalers and four times as frequent as that for grocery firms. Gross profits were highest for fruit and vegetable wholesalers, but high expense ratios for that trade reduced net profit to a position between that of the

other two trades. Tobacco and confectionery wholesalers, operating on the lowest gross profit of the three trades, had comparatively lower expenses and enjoyed the highest net profit. The division of expenses between the three main expense groups was distinctly different for each of the three trades. Credit sales formed over 70% of total sales in all trades, but the 85% reported for grocery wholesalers was highest.

GROCERIES

Some general characteristics of the 110 wholesale grocers whose figures were used in

the preparation of these statistics are described below.

Description of Reporting Firms

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms.....	48	52	5	5	110
Form of organization:					
Individual proprietorship.....	14	1	1	—	16
Partnership.....	8	5	—	—	13
Incorporated company.....	26	46	4	5	81
Number of establishments operated:					
By single-establishment firms.....	47	46	1	—	94
By multiple-establishment firms.....	2	13	19	63	97
Distribution of sales:					
To retailers..... %	86.16	91.46	97.21	89.03	90.76
To other wholesalers and large users..... %	12.47	7.94	2.79	10.97	8.89
To others..... %	1.37	0.60	—	—	0.35

A high percentage of the wholesale grocers were incorporated companies, and 94 out of 110 operated only one place of business. The 16 multiple firms carried on business through 97

outlets. Sales to retail stores formed nearly 91% of total sales and the bulk of the remaining sales was made to other wholesalers and large users such as institutions.

REVIEW OF 1949 OPERATING RESULTS

Profit and Expense Ratios

Grocery wholesalers obtained an average gross profit of 7.73% of net sales from their 1949 business operations. Administrative and general expenses were 3.38% of sales, accounting for almost half of all expenses. Warehouse and delivery expenses were

2.25% and selling added an additional 1.46%. Net operating profit was 0.64% but, with the inclusion of other income, total net profit before income tax deduction became 1.23% of sales. Twenty-three firms reported operating losses for 1949.

Inventories and Stock Turnover

Inventories at the end of 1949 dropped to 9.02% of sales from 9.96% at the beginning of the year. The rate of stock turnover—average inventories divided

into cost of goods sold—was 9.7 times during the year. There was a more rapid rate of stock turn in the upper sales-size category.

Credit Sales and Receivables

In 1949, 85% of wholesale grocers' sales were made on credit. This percentage generally increased with size of firm and ranged from 74% to 92%. While the larger firms extended credit more liberally than did the smaller firms, customers' accounts outstand-

ing at the end of the year formed a lower percentage of credit sales in the larger than in the smaller businesses. For all sizes combined, 5.83% of credit sales remained as outstanding accounts at the end of the year.

Regional Results

Maritime and Quebec grocery wholesalers obtained gross profits higher than the Canada average of 7.73%. The Prairies and British Columbia combined operated on a gross profit of 7.73%, identical with the Canada average, and Ontario was lowest at 7.41%. Ontario wholesalers operated with the

smallest relative expenses while Quebec and the Maritimes had expenses amounting to 7.30% and 7.21% of net sales respectively. Net profit before income tax deduction ranged from 0.60% of sales in the west to 0.77% in the Maritimes. (See Table 2).

Range Figures

It is possible to show middle range figures only for the two smaller size classes, the number of firms in the higher brackets being too small. All 110 firms have been used to arrive at the figures shown under "Total, all sizes". With the middle 50% range are shown average ratios

for the respective size groups. Gross profit for the half of the firms centered on the median were within the limits of 6.4% and 8.7% of net sales while net profits were grouped between the break-even point and 1.1%. (See Table 3).

TABLE 1. Operating Results of Grocery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms.....	48	52	5	5	110
Average net sales per firm..... \$	556,358	1,941,090	7,614,890	22,418,352	2,525,529
Average cost of goods sold..... \$	513,738	1,791,276	7,015,010	20,688,874	2,330,230
Stock turnover (times per year).....	9.0	8.7	9.1	11.5	9.7
Average beginning inventory..... \$	59,073	209,058	834,775	1,959,483	251,617
Percent of sales.....	10.62	10.77	10.96	8.74	9.96
Average ending inventory..... \$	55,668	203,772	702,779	1,654,857	227,794
Percent of sales.....	10.01	10.50	9.22	7.38	9.02
PROFIT AND LOSS DATA (Percent of net sales)					
Gross profit.....	7.66	7.72	7.88	7.71	7.73
Operating expenses:					
Selling expense:					
Salaries.....	1.11	1.04	1.01	0.71	0.91
Travelling.....	0.45	0.31	0.52	0.34	0.36
Advertising.....	0.07	0.10	0.14	0.07	0.09
Other selling expense.....	0.04	0.08	0.07	0.13	0.10
Total selling expense.....	1.67	1.53	1.74	1.25	1.46
Warehouse and delivery expense:					
Salaries and wages.....	1.40	1.66	1.63	1.52	1.57
Maintenance of delivery equipment.....	0.59	0.44	0.57	0.31	0.42
Outward freight, contract hauling.....	0.10	0.16	—	0.20	0.15
Warehouse supplies.....	0.06	0.06	0.03	0.03	0.04
Other warehouse and delivery expense.....	0.07	0.06	0.10	0.06	0.07
Total warehouse and delivery expense.....	2.22	2.38	2.33	2.12	2.25
Administrative and general expense:					
Salaries.....	1.74	1.61	1.46	1.62	1.61
Employees' benefits.....	0.04	0.09	0.08	0.21	0.13
Occupancy.....	0.51	0.46	0.59	0.60	0.54
Light, heat, and power.....	0.10	0.08	0.09	0.09	0.09
Taxes ¹	0.07	0.06	0.06	0.05	0.06
Insurance ¹	0.10	0.10	0.09	0.11	0.11
Office supplies.....	0.11	0.13	0.10	0.20	0.15
Postage, telegraph, telephone.....	0.09	0.11	0.15	0.10	0.11
Cash discounts allowed.....	0.05	0.04	—	0.01	0.02
Bad debts—amount written off.....	0.16	0.13	0.03	0.10	0.10
(Less) Amount recovered.....	0.02	0.04	²	0.01	0.02
Net bad debt loss.....	0.14	0.09	0.03	0.09	0.08
All other expense.....	0.32	0.44	0.23	0.64	0.48
Total administrative and general expense.....	3.27	3.21	2.88	3.72	3.38

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

2. Less than 0.005%.

TABLE 1. Operating Results of Grocery Wholesalers, 1949, by Size of Firm — Concluded

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
PROFIT AND LOSS DATA — Concluded (Percent of net sales)					
Total operating expenses.....	7.16	7.12	6.95	7.09	7.09
Net operating profit.....	0.50	0.60	0.93	0.62	0.64
Other trading income.....	0.24	0.40	0.17	1.00	0.59
Total net profit before income tax deduction.....	0.74	1.00	1.10	1.62	1.23
MISCELLANEOUS DATA					
Credit sales:					
Average per firm..... \$	426,671	1,444,365	7,036,158	20,600,223	2,143,921
Percent of total sales.....	76.69	74.41	92.40	91.89	84.89
Accounts outstanding:					
Average per firm..... \$	29,867	95,328	462,979	1,048,551	124,991
Percent of credit sales.....	7.00	6.60	6.58	5.09	5.83

TABLE 2. Operating Results of Grocery Wholesalers, by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies and British Columbia	Canada
Number of firms.....	29	29	35	17	110
Average sales per firm..... \$	1,448,997	1,512,056	1,890,960	7,397,297	2,525,529
PROFIT AND LOSS DATA (Percent of net sales)					
Gross profit.....	7.98	7.97	7.41	7.73	7.73
Operating expenses:					
Selling.....	1.44	1.66	1.42	1.42	1.46
Warehouse and delivery.....	2.25	2.47	2.40	2.10	2.25
Administrative and general.....	3.52	3.17	2.97	3.61	3.38
Total operating expenses.....	7.21	7.30	6.79	7.13	7.09
Net operating profit before other income and income tax deduction.....	0.77	0.67	0.62	0.60	0.64

TABLE 3. Average and Middle Range Ratios of Grocery Wholesalers, 1949

Item	Firms with 1949 sales of				Total all sizes	
	Under \$1,000,000		\$1,000,000 to \$4,999,999			
	Average	Middle range	Average	Middle range	Average	Middle range
(Percent of net sales)						
Gross profit.....	7.7	6.3 - 8.7	7.7	6.5 - 8.8	7.7	6.4 - 8.7
Selling expense.....	1.7	1.2 - 2.3	1.5	1.1 - 1.9	1.5	1.2 - 1.9
Warehouse and delivery expense.....	2.2	1.7 - 2.5	2.4	1.9 - 2.7	2.2	1.8 - 2.7
Administrative and general expense.....	3.3	2.5 - 3.8	3.2	2.7 - 3.9	3.4	2.6 - 3.8
Net profit before other income or income tax deduction.....	0.5	0.0 - 1.1	0.6	0.1 - 1.1	0.6	0.0 - 1.1

INCORPORATED COMPANIES, 1949

The average gross and net profit of incorporated firms was similar to the "all-types" average. Other income of 0.57% added to net operating profit of 0.62%

gave a net profit before income tax deduction amounting to 1.19% of net sales. Income tax deduction reduced this profit to a final net profit of 0.79% of sales.

Operating Results of Incorporated Grocery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
	(Percent of net sales)				
Gross profit.....	8.01	6.99	8.11	7.71	7.50
Operating expenses.....	7.53	6.50	6.99	7.09	6.88
Net operating profit.....	0.48	0.49	1.12	0.62	0.62
Other trading income.....	0.22	0.31	0.10	1.00	0.57
Total net profit before income tax deduction.....	0.70	0.80	1.22	1.62	1.19
Income tax	0.21	0.27	0.44	0.54	0.40
Final net profit.....	0.49	0.53	0.78	1.08	0.79

COMPARISON OF 1947 AND 1949 RESULTS

A total of 95 firms reported to the 1947 survey on grocery wholesalers. Reports were received on 1949 operations from 110 companies; of these, 70

reported for both years. Comparative results for all respondents and for the 70 which reported to both surveys are summarized below:

Operating Results of Grocery Wholesalers, 1947 and 1949 Compared

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	95	110	70	70
Average sales per firm..... \$	3,203,758	2,525,529	2,910,005	3,031,871
	(Percent of net sales)			
Gross profit	8.07	7.73	8.17	7.69
Operating expenses:				
Selling.....	1.31	1.46	1.29	1.42
Warehouse and delivery.....	2.17	2.25	2.12	2.27
Administrative and general.....	2.91	3.38	3.12	3.29
Total operating expenses.....	6.39	7.09	6.53	6.98
Net profit before other income or income tax deduction.....	1.68	0.64	1.64	0.71

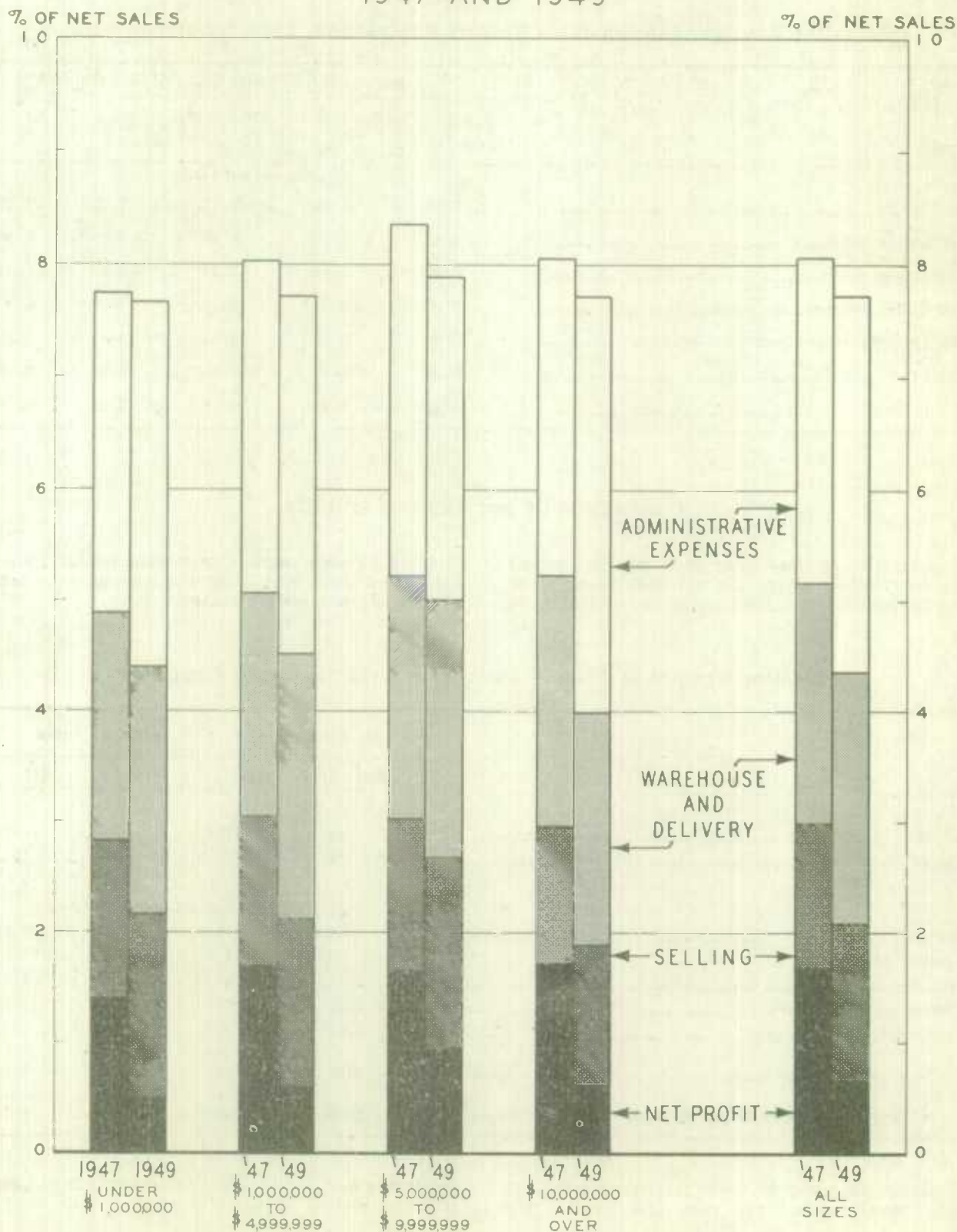
Gross profit was 4% lower in 1949 than in 1947 while operating expenses were 11% greater. The

result was a sharp reduction in net profit from 1.68% of sales in 1947 to 0.64% in 1949.

OPERATING RESULTS OF GROCERY WHOLESALERS

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

1947 AND 1949



FRUITS AND VEGETABLES

A description of the 91 fruit and vegetable wholesalers whose reports were used in the pre-

paration of results for this trade is given below.

Description of Reporting Firms

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms	45	27	19	91
Form of organization:				
Individual proprietorship.....	16	7	1	24
Partnership.....	20	6	3	29
Incorporated company.....	9	14	15	38
Number of establishments operated:				
By single-establishment firms.....	45	27	16	88
By multiple-establishment firms.....	—	—	6	6
Distribution of sales:				
To retailers	79.28	83.20	83.65	82.71
To wholesalers and other large users	19.84	15.95	16.35	16.90
To others	0.88	0.85	—	0.39

About half of the firms fell within the "Under \$500,000" sales-size category. Only three companies operated more than one establishment.

Most sales were made to retailers — about 83% — and the greater part of the remainder to other wholesalers and large users such as institutions.

REVIEW OF 1949 OPERATING RESULTS

Profit and Expense Ratios

Out of a gross profit of 10.57% of net sales, fruit and vegetable wholesalers paid operating costs of 9.44%. Net operating profit of 1.13% was supplemented by other income of 0.16% making a total net profit of 1.29% before deduction of income tax. Warehouse and delivery expenses were 3.82% of net sales, administrative and general expenses accounted for

3.76% and selling expenses for 1.86%. Operating expenses were a smaller percentage of total sales in the larger than in the smaller businesses while net profits were greater for the larger firms. Salaries constituted the largest expense item, approximately 55% of total operating expenses. Twenty-two firms reported operating losses for 1949.

Inventories and Stock Turnover

Average inventories were lower at the end of the year than at the beginning, declining from \$16,895 to \$16,340. Stock was sold and replaced 40.4 times

in 1949. The stock turnover rate was highest — 47.8 times in the year — for firms in the \$500,000-\$999,999 sales bracket.

Credit Sales and Receivables

About 79% of sales was transacted on credit terms. The proportion ranged from 71% in the smallest size-class to 87% in the largest. Accounts

outstanding at the end of the year represented 5.64% of credit sales with the smaller firms showing the largest proportion of unpaid accounts.

Regional Results

Highest gross profits were reported by fruit and vegetable wholesalers in the Maritimes and British Columbia, 12.42% and 12.23% of sales respectively. Quebec wholesalers had the lowest gross profit,

8.81%. Operating expenses followed somewhat the same pattern with net profits amounting to 2.01% in British Columbia, 1.53% in the Maritimes and reaching a low of 0.75% in Quebec. (See Table 5).

Range Figures

For each of the three sales-size groups, as well as for the aggregate of the three, table 6 indicates the range within which the middle half of the respondents fell. For example, in the case of firms with less than \$500,000 sales in 1949, one quarter of them had gross profits of less than 9.5% of sales and one quarter had profits greater than 14.3%. The remaining half of the firms had profits

which fell between these two limits. The average ratios shown are from Table 4. For all sizes combined, gross profits for the middle half of the firms ranged from 8.7% to 13.2% of net sales. The range in net profits for the middle half was from 0.1% to 1.9%. Attention is again drawn to the fact that net profit and the three expense items for range figures do not necessarily equal gross profit. (See Table 6).

TABLE 4. Operating Results of Fruit and Vegetable Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms.....	45	27	19	91
Average net sales per firm..... \$	283,566	665,941	1,981,392	751,509
Average cost of goods sold..... \$	250,048	598,070	1,776,904	672,101
Stock turnover (times per year).....	43.3	47.8	36.9	40.4
Average beginning inventory \$	5,375	12,840	49,941	16,895
Percent of sales.....	1.90	1.92	2.52	2.25
Average ending inventory..... \$	6,179	12,160	46,347	16,340
Percent of sales.....	2.18	1.83	2.34	2.17
PROFIT AND LOSS DATA (Percent of net sales)				
Gross profit.....	11.82	10.19	10.32	10.57
Operating expenses:				
Selling expense:				
Salaries.....	1.50	1.37	1.46	1.44
Travelling.....	0.22	0.29	0.30	0.28
Advertising.....	0.07	0.07	0.06	0.07
Other selling expense.....	0.07	0.10	0.06	0.07
Total selling expense.....	1.86	1.83	1.88	1.86
Warehouse and delivery expense:				
Salaries and wages.....	2.23	1.88	1.89	1.95
Maintenance of delivery equipment.....	1.49	1.26	0.95	1.14
Outward freight contract hauling.....	0.35	0.14	0.39	0.32
Warehouse supplies.....	0.21	0.14	0.19	0.18
Other warehouse and delivery expense.....	0.19	0.20	0.26	0.23
Total warehouse and delivery expense.....	4.47	3.62	3.68	3.82

TABLE 4. Operating Results of Fruit and Vegetable Wholesalers, 1949, by Size of Firm - Con.

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
PROFIT AND LOSS DATA — Concluded (Percent of net sales)				
Administrative and general expense:				
Salaries.....	2. 10	1. 70	1. 66	1. 75
Employees' benefits.....	0. 04	0. 09	0. 13	0. 10
Occupancy.....	0. 79	0. 60	0. 38	0. 52
Light, heat and power.....	0. 17	0. 11	0. 09	0. 11
Taxes ¹	0. 11	0. 07	0. 06	0. 07
Insurance ¹	0. 15	0. 09	0. 10	0. 11
Office supplies.....	0. 16	0. 11	0. 10	0. 12
Postage, telegraph, telephone.....	0. 28	0. 26	0. 31	0. 29
Cash discounts allowed.....	0. 01	0. 03	0. 04	0. 03
Bad debts — amount written off.....	0. 16	0. 13	0. 12	0. 13
(Less) Amount recovered.....	0. 01	0. 02	0. 01	0. 01
Net bad debt loss.....	0. 15	0. 11	0. 11	0. 12
All other expense.....	0. 52	0. 52	0. 57	0. 54
Total administrative and general expense.....	4. 48	3. 69	3. 55	3. 76
Total operating expenses.....	10. 81	9. 14	9. 11	9. 44
Net trading profit.....	1. 01	1. 05	1. 21	1. 13
Other trading income.....	0. 11	0. 29	0. 11	0. 16
Total net profit before income tax deduction.....	1. 12	1. 34	1. 32	1. 29
MISCELLANEOUS DATA				
Credit sales:				
Average per firm..... \$	202, 296	484, 272	1, 714, 300	595, 420
Percent of total sales.....	71. 34	72. 72	86. 52	79. 23
Accounts outstanding:				
Average per firm..... \$	14, 808	23, 875	92, 056	33, 582
Percent of credit sales.....	7. 32	4. 93	5. 37	5. 64
Sales per 1,000 sq. ft. floor space..... \$	80, 923	107, 234	102, 753	99, 197

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

TABLE 5. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies	British Columbia	Canada
Number of firms.....	12	31	36	5	7	91
Average sales per firm..... \$	670,266	723,093	644,419	822,245	1,517,874	751,509
PROFIT AND LOSS DATA (Percent of net sales)						
Gross profit.....	12.42	8.81	11.03	9.62	12.23	10.57
Operating expenses:						
Selling.....	2.04	1.70	1.77	2.30	2.11	1.86
Warehouse, and delivery.....	4.47	3.05	4.17	3.55	4.26	3.82
Administrative and general.....	4.38	3.31	4.12	2.75	3.85	3.76
Total operating expenses.....	10.89	8.06	10.06	8.60	10.22	9.44
Net operating profit before other income or income tax deduction.....	1.53	0.75	0.97	1.02	2.01	1.13

TABLE 6. Average and Middle Range Ratios of Fruit and Vegetable Wholesalers, 1949

Item	Firms with 1949 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
	(Percent of net sales)							
Gross profit,.....	11.8	9.5 — 14.3	10.2	8.0 — 12.9	10.3	8.8 — 12.3	10.6	8.7 — 13.2
Selling expense	1.9	1.3 — 2.6	1.8	1.3 — 1.8	1.9	1.5 — 2.3	1.9	1.3 — 2.5
Warehouse and delivery expense.....	4.4	3.2 — 5.6	3.6	2.5 — 4.5	3.7	3.2 — 4.2	3.8	3.0 — 5.2
Administrative and general expense	4.5	3.4 — 5.3	3.7	3.2 — 4.3	3.5	2.9 — 4.1	3.8	3.4 — 4.8
Net operating profit before other income or income tax deduction.....	1.0	0.3 (L) — 2.1	1.1	0.4 — 1.7	1.2	0.4 — 1.8	1.1	0.1 — 1.9

(L). Operating loss.

INCORPORATED COMPANIES, 1949

The average gross and net profit of incorporated companies was similar to the "all-types" average. Other income of 0.16% added to net operating profit

of 1.04% gave a net profit before income tax deduction amounting to 1.20% of net sales. Income tax reduced this profit to a final net profit of 0.81% of sales.

Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 Sales of			Total all sizes
	Under \$500,000	\$ 500,000 to \$999,999	\$1,000,000 and over	
	(Percent of net sales)			
Gross profit	12.94	9.56	10.31	10.30
Operating expenses	11.73	9.25	9.08	9.26
Net operating profit	1.21	0.31	1.23	1.04
Other trading income	0.11	0.43	0.09	0.16
Total net profit before income tax deduction	1.32	0.74	1.32	1.20
Income tax	0.55	0.22	0.42	0.39
Final net profit	0.77	0.52	0.90	0.81

COMPARISON OF 1947 AND 1949 RESULTS

A total of 62 firms reported to the 1947 survey on fruit and vegetable wholesalers. This year, reports were received from 91 firms giving information on 1949 operations. A comparison of results

for all respondents in the two years is given on the following page. Into this table has been incorporated a section comparing results for the 44 firms which reported to the surveys for both years.

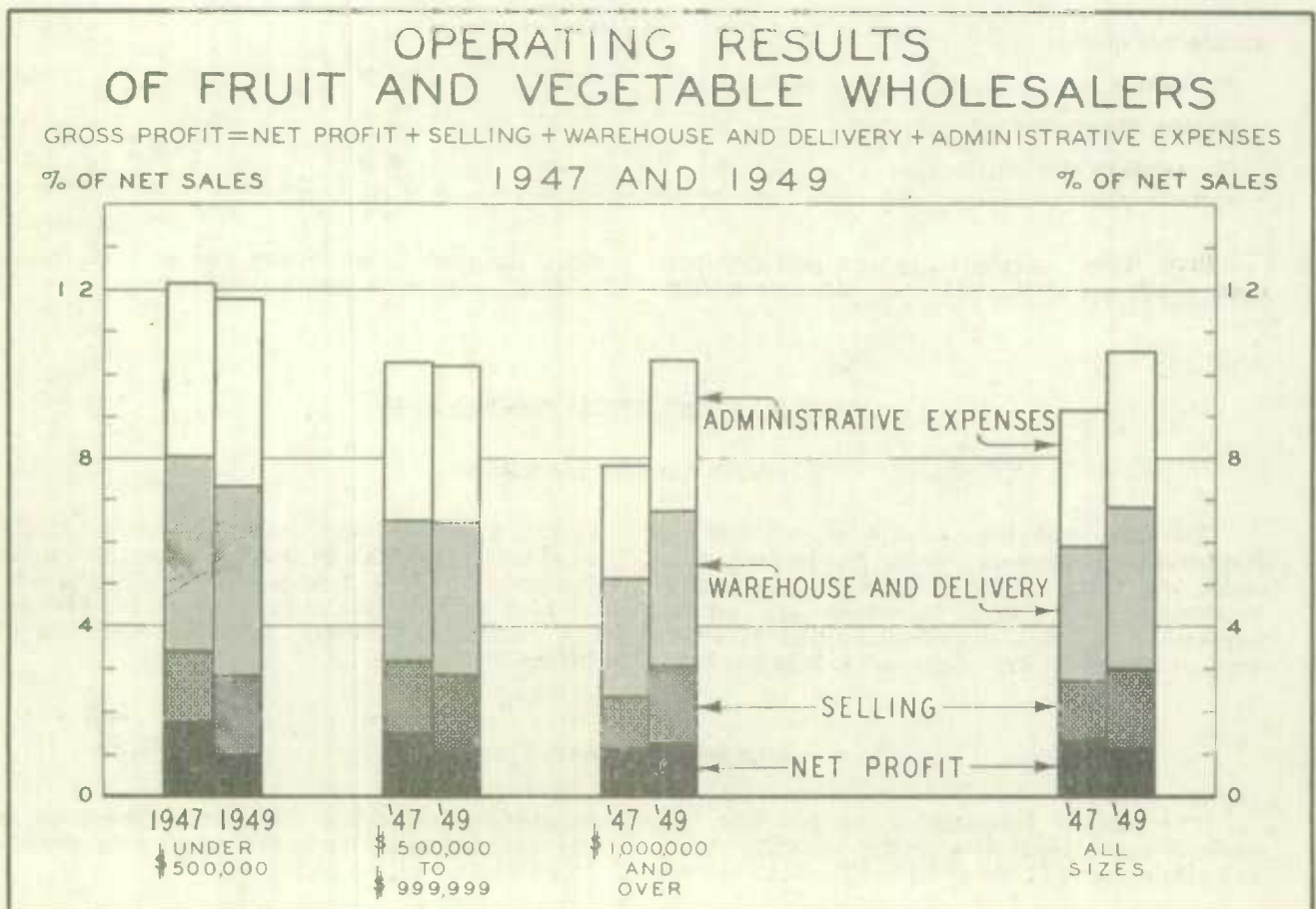
Operating Results of Fruit and Vegetable Wholesalers 1947 and 1949 Compared

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	62	91	44	44
Average sales..... \$	852,114	751,509	894,061	810,519
(Percent of net sales)				
Gross profit.....	9.13	10.57	9.23	10.17
Operating expenses:				
Selling.....	1.34	1.86	1.35	1.91
Warehouse and delivery.....	3.22	3.82	3.23	3.83
Administrative and general.....	3.21	3.76	3.24	3.66
Total operating expenses.....	7.77	9.44	7.82	9.40
Net profit before other income or income tax deduction.....	1.36	1.13	1.41	0.77

Average sales decreased in 1949 compared with 1947. Gross profits, at 10.57%, were higher in 1949 than in 1947 when the profit ratio was 9.13%. An increase in all three expense groups

was sufficient to offset the improved gross profit position with the result that net profits dropped from 1.36% of sales in 1947 to 1.13% of sales in 1949.

CHART 2.



TOBACCO AND CONFECTIONERY

Results for this trade were based on reports submitted by 134 firms whose character-

istics are described in the table which follows:

Description of Reporting Firms

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms	41	57	36	134
Form of organization:				
Individual proprietorship.....	15	18	7	40
Partnership	16	15	6	37
Incorporated company.....	10	24	23	57
Number of establishments operated:				
By single-establishment firms.....	41	54	30	125
By multiple-establishment firms.....	—	6	21	27
Distribution of sales:				
To retailers %	97.77	98.76	99.49	99.06
To other wholesalers and large users..... %	1.13	1.05	0.51	0.75
To consumers at retail..... %	1.10	0.19	—	0.19

Most firms operated only one place of business - 125 out of the 134 - and the nine multiple

firms operated 27 establishments in 1949. Practically all sales were made to retail stores.

REVIEW OF 1949 OPERATING RESULTS

Profit And Expense Ratios

The 1949 operations of 134 tobacco and confectionery wholesalers reveal an average gross profit amounting to 7.14% of net sales. Selling expenses were 2.00%, warehouse and delivery expenses were 1.32%, and administrative and general expenses formed 2.33% of net sales. A large item of

operating expense was salaries - 3.61% of sales, or approximately 64% of total expenses. Net operating profit of 1.49% of sales was increased to 1.67% by other income. This percentage was before income tax deduction. Thirteen firms reported operating losses during 1949.

Inventories And Stock Turnover

The average inventory of the reporting firms changed only slightly between the beginning and the end of the year, \$45,694 and \$45,327. Stock turnover,

calculated by dividing the average beginning and year-end inventories into cost of goods sold, averaged 19.5 times during the year.

Credit Sales And Receivables

Credit sales formed 73% of total business with the larger firms extending a greater percentage of credit than the smaller firms. The range by size groups was from 64% in the smallest to 77% in the

largest. The smaller firms which extended less credit had a greater percentage of accounts unpaid at the end of the year than the larger class, 8.52% compared with 6.94%.

Regional Results

In 1949, tobacco and confectionery wholesalers in Western Canada operated on higher gross profits than those in the east. Profits ranged from 6.47% of sales in the Maritimes to 7.55% in British Columbia.

Operating expenses were more uniform by regions with resultant net profit ratios following the same general trend as gross profit - 0.42% in the Maritimes to 1.78% in British Columbia. (See Table 8).

Range Figures

In table 9 are shown ranges within which the profit and expense items fell when the lower and upper quarters were eliminated (individual results being arrayed in order of magnitude). These reveal the range of the profit and expense ratios for the

"middle half" of reporting wholesalers. With the range figures, average ratios for the items are shown as appear in table 7. For the half of the firms centered on the median, gross profits ranged from 6.2% to 7.7% while net profits were from 0.6% to 2.0%.

TABLE 7. Operating Results of Tobacco and Confectionery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms	41	57	36	134
Average net sales per firm..... \$	356,950	716,418	2,017,544	955,988
Average cost of goods sold..... \$	332,983	666,901	1,869,213	887,741
Stock turnover (times per year)	15.8	18.8	21.0	19.5
Average beginning inventory..... \$	20,805	35,889	89,564	45,694
Percent of net sales.....	5.83	5.01	4.44	4.78
Average ending inventory..... \$	21,312	35,262	88,613	45,327
Percent of net sales.....	5.97	4.92	4.39	4.74
PROFIT AND LOSS DATA (Percent of net sales)				
Gross profit.....	6.71	6.91	7.35	7.14
Operating expenses:				
Selling expense:				
Salaries.....	1.29	1.45	1.69	1.57
Travelling.....	0.28	0.25	0.39	0.33
Advertising.....	0.06	0.05	0.04	0.05
Other selling expenses.....	0.02	0.06	0.06	0.05
Total selling expense.....	1.65	1.81	2.18	2.00
Warehouse and delivery expense:				
Salaries and wages.....	0.79	0.85	0.80	0.82
Maintenance of delivery equipment.....	0.50	0.43	0.31	0.37
Outward freight, contract hauling.....	0.08	0.05	0.07	0.06
Warehouse supplies.....	0.04	0.03	0.04	0.03
Other warehouse and delivery expense.....	0.04	0.04	0.04	0.04
Total warehouse and delivery expense.....	1.45	1.40	1.26	1.32
Administrative and general expenses:				
Salaries.....	1.42	1.27	1.15	1.22
Employees' benefits.....	0.03	0.04	0.10	0.07
Occupancy	0.36	0.29	0.24	0.27
Light, heat and power.....	0.07	0.06	0.04	0.05
Taxes ¹	0.05	0.03	0.04	0.04
Insurance ¹	0.10	0.08	0.09	0.09

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

TABLE 7. Operating Results of Tobacco and Confectionery Wholesalers, 1949, by Size of Firm - Concluded

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
PROFIT AND LOSS DATA — Concluded (Percent of net sales)				
Administrative and general expenses — Concluded:				
Office supplies	0.09	0.07	0.08	0.08
Postage, telegraph, telephone	0.07	0.06	0.07	0.06
Cash discounts allowed	0.02	0.01	0.02	0.02
Bad debts—amount allowed or written off	0.17	0.12	0.18	0.16
(Less) Amount recovered	0.02	0.02	0.04	0.03
Net bad debt loss	0.15	0.10	0.14	0.13
All other expenses	0.26	0.26	0.33	0.30
Total administrative and general expense	2.62	2.27	2.30	2.33
Total operating expenses	5.72	5.48	5.74	5.65
Net operating profit	0.99	1.43	1.61	1.49
Other trading income	0.18	0.14	0.20	0.18
Total net profit before income tax deduction	1.17	1.57	1.81	1.67
MISCELLANEOUS DATA				
Credit sales:				
Average per firm	\$ 230,197	502,997	1,546,044	699,749
Percent of total sales	64.49	70.21	76.63	73.20
Accounts outstanding:				
Average per firm	\$ 19,613	35,411	107,295	49,889
Percent of credit sales	8.52	7.04	6.94	7.13
Sales per 1,000 sq. ft. floor space	\$ 165.137	234,528	232,644	223,870

TABLE 8. Operating Results of Tobacco and Confectionery Wholesalers by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies	British Columbia	Canada
Number of firms	6	32	67	19	10	134
Average sales per firm	\$ 578,111	859,317	976,873	1,062,070	1,150,573	955,988
PROFIT AND LOSS DATA (Percent of net sales)						
Gross Profit	6.47	6.75	7.19	7.38	7.55	7.14
Operating expenses:						
Selling	2.07	2.17	1.91	2.03	2.07	2.00
Warehouse and delivery	1.54	1.41	1.33	1.25	1.17	1.32
Administrative and general	2.44	2.21	2.31	2.40	2.53	2.33
Total operating expenses	6.05	5.79	5.55	5.68	5.77	5.65
Net operating profit before other income or income tax deduction	0.42	0.96	1.64	1.70	1.78	1.49

TABLE 9. Average and Middle Range Ratios of Tobacco and Confectionery Wholesalers, 1949

Item	Firms with 1949 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
	(Percent of net sales)							
Gross profit	6.7	5.7-7.6	6.9	6.2-7.7	7.4	6.7-7.8	7.1	6.2-7.7
Selling expense	1.7	1.1-2.0	1.8	1.3-2.2	2.2	1.9-2.5	2.0	1.4-2.2
Warehouse and delivery expense.....	1.4	1.2-1.8	1.4	0.9-1.6	1.3	1.0-1.5	1.3	1.0-1.6
Administrative and general expense	2.6	2.2-3.0	2.3	1.8-2.7	2.3	1.5-2.6	2.3	1.8-2.8
Net profit before other income or deduction of income tax.....	1.0	0.3-1.6	1.4	0.6-2.1	1.6	1.1-2.0	1.5	0.6-2.0

INCORPORATED COMPANIES, 1949

Income tax was reported by incorporated firms. While they obtained slightly higher gross profits than the "all-types" average, net profit in relation to sales

was the same at 1.49%. Other income of 0.16% was added and income tax deductions of 0.54% of sales were removed to compute a final net profit of 1.11%.

Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
	(Percent of net sales)			
Gross profit.....	7. 10	6. 97	7. 58	7. 41
Operating expenses.....	6. 68	5. 98	5. 85	5. 92
Net operating profit.....	0. 42	0. 99	1. 73	1. 49
Other trading income.....	0. 17	0. 16	0. 17	0. 16
Total net operating profit before income tax deduction	0. 59	1. 15	1. 90	1. 65
Income tax	0. 17	0. 29	0. 65	0. 54
Final net profit.....	0. 42	0. 86	1. 25	1. 11

COMPARISON OF 1947 AND 1949 RESULTS

There were 101 firms which reported to this survey for both years. Their results are shown on the

following page, together with the ratios obtained from the total reporting firms in the two years.

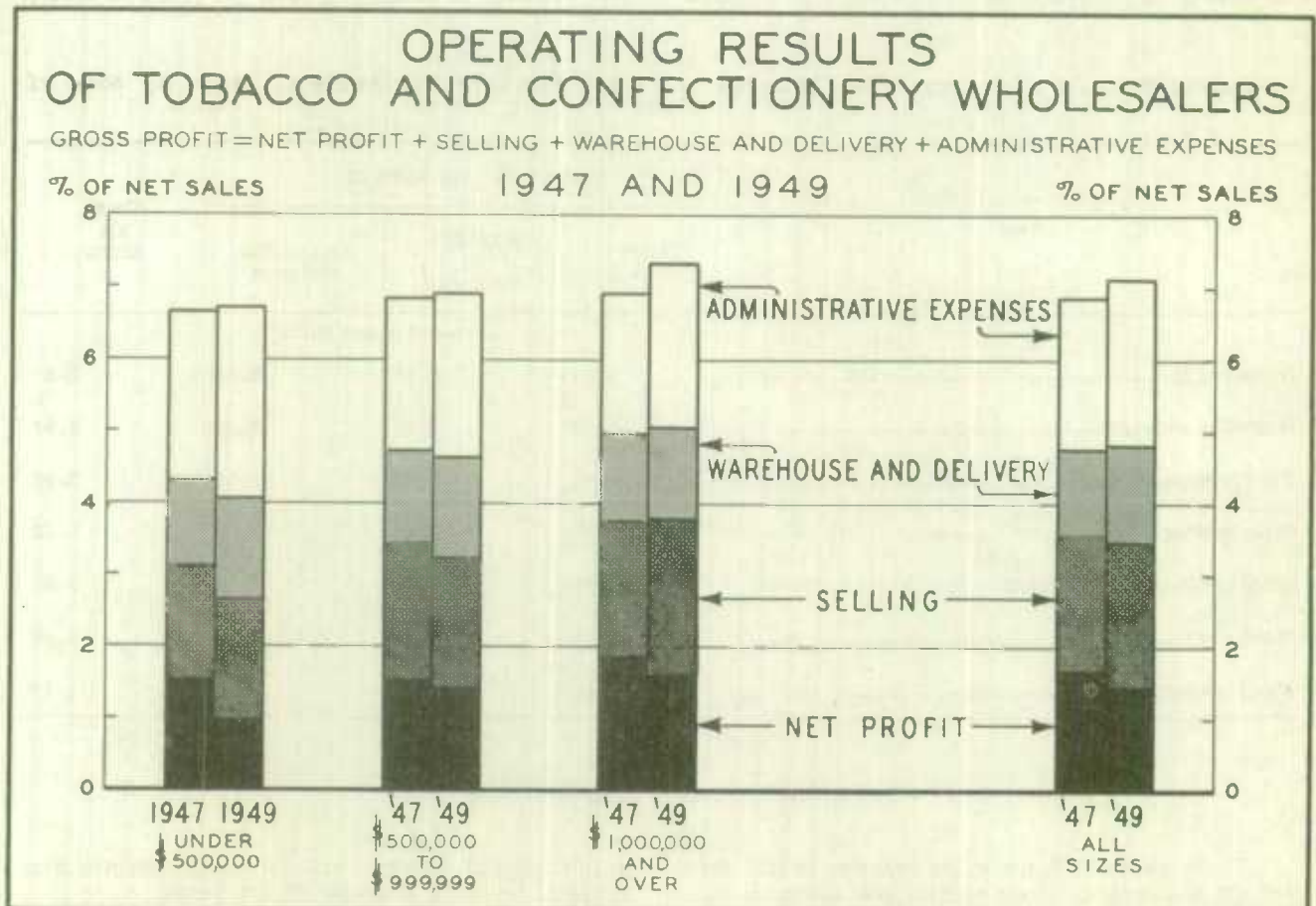
Operating Results of Tobacco and Confectionery Wholesalers, 1947 and 1949 Compared

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	119	134	101	101
Average sales..... \$	809,477	955,988	821,451	988,742
	(Percent of net sales)			
Gross profit.....	6.85	7.14	6.82	7.15
Operating expenses:				
Selling	1.85	2.00	1.85	1.98
Warehouse and delivery.....	1.24	1.32	1.16	1.31
Administrative and general.....	2.08	2.33	2.07	2.35
Total operating expenses.....	5.17	5.65	5.08	5.64
Net profit before other income or income tax deduction.....	1.68	1.49	1.74	1.51

With a large percentage of firms reporting for both years the change from 1947 to 1949 is not significantly different for the two sets of results quoted above. Gross profits increased in 1949 but

the increase was more than absorbed by greater operating expenses. Operations in 1949 produced a net profit ratio of 1.49%, down from the 1947 net profit of 1.68%.

CHART 3.



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