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GOVERNMENT OF CANADA

OPERATING RESULTS
OF
FOOD WHOLESALERS
1951



EDMOND CLOUTIER C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

OPERATING RESULTS
OF
FOOD WHOLESALERS
1951

Published by

Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
Industry and Merchandising Division
Dominion Bureau of Statistics
Ottawa

NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 4 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Construction; **Volume IV**—Merchandising and Services.

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

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢.
- B — Operating Results of Food Wholesalers, 25¢.
- C — Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers, 25¢.
- D — Operating Results of Miscellaneous Wholesalers, (Automotive parts and accessories, drugs, hardware, plumbing and heating equipment), 25¢.

Part II — Retail Statistics

- E — General Review, 25¢.
- F — Retail Trade, 25¢.
- G — Retail Chain Stores, 25¢.
- H — Operating Results of Chain Food Stores, 25¢.
- I — Operating Results of Chain Clothing Stores, 25¢.
- J — Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- *K — Operating Results of Retail Food Stores, 25¢.
- *L — Operating Results of Retail Clothing Stores, 25¢.
- *M — Operating Results of Retail Hardware, Furniture, Appliance and Radio Stores, 25¢.
- *N — Operating Results of Filling Stations and Garages, 25¢.
- *O — Operating Results of Miscellaneous Retail Stores, 25¢.
- P — Retail Consumer Credit, 25¢.

Part III — Service and Special Fields

- Q — Laundries, Cleaners and Dryers, 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¢.
- W — Advertising Agencies (Memorandum) 25¢.

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

* Biennial reports — not issued for 1951.

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OPERATING RESULTS – LIST OF REPORTS

WHOLESALE TRADE (1947, 1949 and 1951)

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, 1948 and 1950)

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, 1949 and 1951)

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

OPERATING RESULTS OF FOOD WHOLESALERS 1951

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 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. 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 those tables 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 1951 operations and is the third biennial publication in a series begun in 1947. Certain summary tables show identical firm results for 1949 and 1951. The charts show the gross profit components for 1947, 1949 and 1951 by suitable sales-size classification for each trade.

SUMMARY OF 1951 RESULTS BY TRADES

The following summary table shows the principal operating results figures for three components of the food wholesale business. In analyzing the performance of an individual food wholesale company, reference should be made to the detailed tables in

the appropriate sections of this bulletin. In these sections (grocery, fruit and vegetable, and tobacco and confectionery) operating results figures for typical sales-size classifications and geographic locations are revealed.

Operating Results of Grocery, Fruit and Vegetable, and Tobacco and Confectionery Wholesalers Compared, 1951

Item	Grocery	Fruit and vegetable	Tobacco and confectionery
Number of firms	113	86	128
Average net sales per firm..... \$	3,025,875	850,808	1,089,765
Stock turnover (times per year)	10.11	39.09	17.24
	(Per cent of net sales)		
Gross profit	7.96	11.27	7.55
Operating expenses:			
Selling	1.41	1.90	2.05
Warehouse and delivery	2.33	4.35	1.53
Administrative and general	3.27	4.08	2.66
Total operating expenses	7.01	10.33	6.24
Net operating profit	0.95	0.94	1.31
Other trading income	0.64	0.15	0.25
Miscellaneous Expense	0.10	0.07	0.07
Net profit before income tax deduction	1.49	1.02	1.49
Credit sales	84.68	82.08	77.76
Sales to retail stores	90.68	86.92	98.27

Extreme caution should be observed to avoid comparing absolute dollar values (average sales, cost of goods etc.) published in this report, with corresponding items of individual establishments or firms. These values are averages of items reported by both single and multiple establishment firms and are "firm" averages, not "establishment" averages. Consequently, a concentration of multiple establishment firms in a specific trade will result in an abnormal average for that trade. Ratios, however, may be used with a high degree of reliability when applied to either an establishment or a firm. The survey was designed primarily to obtain operating ratios to which single and multiple establishment firms might compare their operating results. Absolute values are shown only for the purpose of assisting the wholesaler to place his firm in relation to the average in the appropriate sales-size category.

Average sales of the three trades maintained the same relative position as in 1949, with the average for the grocery trade approximately three times greater than the \$1,089,765 average of tobacco and confectionery. Sales of fruit and vegetable

wholesalers averaged approximately 20% below that of tobacco and confectionery. The interrelationship of stock turnover varied in 1951 with a slight decrease in the tobacco and confectionery ratio to less than double the grocery ratio of 10.11. Fruit and vegetable stock turnover rate remained at approximately four times that of grocery. The average gross profits of fruit and vegetable wholesalers continued to place highest with a ratio of 11.27 per cent of average net sales, but the comparatively high operating cost ratios for this group placed the net operating profit ratio of 0.94% in the lowest position for the three trades. The gross profit ratios of the other two trades were similar and the final net profit ratios were identical. The division of expenses between the three main expense groups was different in each of the three trades due to the peculiarities of the respective trades. Average credit sales, expressed as a percentage of average sales, for each respective trade, were greater than the 1949 ratios in all three instances. Tobacco and confectionery wholesalers' average credit sales ratio of 78% was the lowest, and grocery wholesalers' ratio of 85% was the highest.

GROCERY WHOLESALERS

Description of Reporting Firms

Item	Firms with 1951 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	40	61	7	5	113
Form of organization:					
Individual proprietorship	12	1	—	—	13
Partnership	7	4	—	—	11
Incorporated company	21	56	7	5	89
Number of firms operated as:					
Single establishment	40	50	5	—	95
Multiple establishment	—	11	2	5	18
Distribution of sales:					
To retailers	85.59	92.55	95.33	87.97	90.68
To other wholesalers and large users	13.72	6.40	4.67	9.63	7.91
To others	0.69	1.05	—	2.40	1.41

Of the 113 firms reporting, 89 were incorporated and the remaining 24 were comprised of 13 individual proprietorships and 11 partnerships. Eighteen of the reporting firms operated more than one

establishment. Sales to retail stores made up 91% of total sales. Of the remaining sales, other wholesalers and large users, such as institutions, accounted for eight per cent.

REVIEW OF 1951 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 1951 results with 1949, 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 1949 to \$1,100,000 in 1951, 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 re-

duce 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.

Grocery wholesalers obtained an average gross profit of 7.96% of average net sales on 1951 operations, slightly larger than the 1949 ratio. This indicates that the average gross profit increased at a greater rate than average sales. This condition was experienced in each sales size classification of the grocery wholesale trade. The total operating expense ratio decreased, resulting in an increase of almost 50% in the net trading profit ratio (0.64% in 1949 and 0.95% in 1951). Administrative and general expense again accounted for almost half of total operating expenses. Selling expenses, the smallest portion of total expense, also showed a decrease in ratio, whereas the warehouse expense ratio indicated a slight increase when compared with 1949 results. Miscellaneous expenses and income netted an increase to the net trading profit making the 1951 ratio of net profit before income tax (1.49%) approximately 20% greater than the 1949 ratio (1.23%).

TABLE 1. Results of Grocery wholesalers 1951, by Size of Firm

Item	Firms with 1951 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 reporting	40	61	7	5	113
Average net sales per firm	\$ 554,719	2,148,397	7,367,195	27,421,798	3,025,875
Average cost of goods sold	\$ 511,328	1,978,261	6,732,071	25,291,626	2,785,070
Stock turnover (times per year)	9.94	9.17	10.26	11.16	10.11
Average beginning inventory	\$ 50,481	213,232	668,502	2,194,808	271,507
Per cent of average net sales	9.10	9.92	9.07	8.00	8.97
Average ending inventory	\$ 52,438	218,011	644,286	2,335,419	279,501
Per cent of average net sales	9.45	10.15	8.74	8.52	9.24
PROFIT AND LOSS DATA (Per cent of net sales)					
Gross profit	7.82	7.92	8.62	7.77	7.96
Operating expenses:					
Selling expense:					
Salaries	1.24	0.93	1.04	0.70	0.87
Travelling	0.33	0.29	0.43	0.38	0.35
Advertising	0.06	0.05	0.23	0.06	0.08
Other selling expense	0.05	0.09	0.20	0.11	0.11
Total selling expense	1.68	1.36	1.90	1.25	1.41
Warehouse and delivery expense:					
Salaries and wages	1.33	1.68	1.55	1.39	1.52
Maintenance of deliver equipment	0.60	0.50	0.35	0.40	0.45
Outward freight	0.14	0.12	0.13	0.13	0.13
Warehouse supplies	0.04	0.04	0.02	0.03	0.03
Other warehouse and delivery expense	0.05	0.06	0.16	0.37	0.20
Total warehouse and delivery expense	2.16	2.40	2.21	2.32	2.33
Administrative and general expense:					
Salaries	1.75	1.65	1.68	1.76	1.71
Employees' benefits	0.04	0.08	0.06	0.20	0.12
Occupancy	0.50	0.43	0.46	0.52	0.47
Light, heat, and power	0.09	0.08	0.08	0.09	0.09
Taxes ¹	0.06	0.05	0.06	0.07	0.06
Insurance	0.16	0.10	0.07	0.07	0.09
Office supplies	0.09	0.13	0.13	0.12	0.12
Communication	0.09	0.10	0.11	0.11	0.10
Bad debts-amount written off	0.15	0.16	0.09	0.06	0.11
All other expense	0.34	0.43	0.29	0.41	0.40
Total administrative and general expense	3.27	3.21	3.03	3.41	3.27
Total operating expenses	7.11	6.97	7.14	6.98	7.01
Net operating profit	0.71	0.95	1.48	0.79	0.95
Other trading income	0.27	0.38	0.08	1.17	0.64
Miscellaneous expense	0.08	0.10	0.02	0.13	0.10
Net profit before income tax deduction	0.90	1.23	1.54	1.83	1.49
MISCELLANEOUS DATA					
Credit sales:					
Average per firm	\$ 416,927	1,741,276	5,431,833	25,469,366	2,562,311
Per cent of average net sales	75.16	81.05	73.73	92.88	84.68
Accounts outstanding:					
Average per firm	\$ 32,395	122,934	488,322	1,291,297	164,244
Per cent of average credit sales	7.77	7.06	8.99	5.07	6.41

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

Inventories and Stock Turnover

Average inventories, expressed as ratios of average net sales of responding firms, increased from 8.97% at the beginning of the year, to 9.24% at the end of the year. This is a reverse trend of the 1949 ratios which decreased from 9.96% to 9.02%.

The rate of stock turnover-average of beginning and ending inventories divided into cost of goods sold-was 10.11 for all grocery wholesalers, a slight increase over the 1949 rate.

Credit Sales and Receivables

Credit sales of grocery wholesalers accounted for 84.68 per cent of their net sales in 1951. Proportions were determined for the four appropriate sales ranges; the largest and smallest ratios,

92.88% and 73.73%, occurred in the largest and second largest sales size categories respectively. Accounts outstanding averaged 6.41 per cent of credit sales.

Regional Results

Gross trading profit ratios of grocery wholesalers in the four principal regions of Canada, showed no significant differences from the ratio of 7.96% for Canada. The Maritimes' ratio of 8.55% remained in the relatively highest position, as in 1949, but the Quebec figure dropped to slightly below the average. Prairie and British Columbia wholesalers again had the same ratio as the Canada average, and Ontario with 7.69% remained in the lowest relative position. However, Ontario and Quebec wholesalers obtained

the lowest operating expense ratios which resulted in these wholesalers obtaining net profit ratios slightly greater than the Canada average. The highest net profit ratio (1.48%) was obtained by the Maritime wholesalers; the Prairie and British Columbia wholesalers, who had the highest operating expense ratio, showed the relatively lowest net profit ratio (0.74%). These are the same final relative positions as occurred in 1949.

TABLE 2. Operating Results of Grocery Wholesalers by Regions, 1951

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms	29	32	35	17	113
Average net sales per firm..... \$	1,797,333	1,677,976	2,372,782	9,003,450	3,025,875
PROFIT AND LOSS DATA (Per cent of net sales)					
Gross profit	8.55	7.79	7.69	7.96	7.96
Operating expenses:					
Selling expense	1.46	1.64	1.42	1.32	1.41
Warehouse and delivery expense	2.22	2.29	2.52	2.27	2.33
Administrative and general expense.....	3.39	2.89	2.77	3.63	3.27
Total operating expenses.....	7.07	6.82	6.71	7.22	7.01
Net operating profit	1.48	0.97	0.98	0.74	0.95

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

considerably, 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 Grocery Wholesalers 1951

Item	Firms with 1951 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
	(Per cent of net sales)					
Gross Profit	7.8	7.0 — 8.7	7.8	6.9 — 9.0	8.0	7.0 — 8.8
Selling expense	1.7	1.2 — 2.4	1.4	1.0 — 1.9	1.4	1.1 — 2.0
Warehouse and delivery expense.....	2.2	1.5 — 2.6	2.4	1.9 — 2.7	2.3	1.7 — 2.7
Administrative and general expense.....	3.3	2.5 — 4.2	3.2	2.6 — 3.6	3.3	2.6 — 3.9
Net operating profit.....	0.7	0.2 — 1.3	1.0	0.4 — 1.6	1.0	0.3 — 1.4

Incorporated Companies 1951

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

portion of net sales, was 1.52% and 1.49% for "incorporated firms" and "all firms" respectively. Income tax reduced the incorporated firms' ratio of 1.52% to 0.87%, a decrease of 43%.

TABLE 4. Operating Results of Incorporated Grocery Wholesalers, 1951, By Size of Firm

Item	Firms with 1951 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	
	(Per cent of net sales)				
Gross profit	8. 21	7. 78	8. 62	7. 77	7. 93
Operating expenses.....	7. 44	6. 84	7. 14	6. 98	6. 97
Net operating profit.....	0. 77	0. 94	1. 48	0. 79	0. 96
Other trading income.....	0. 27	0. 39	0. 08	1. 17	0. 66
Miscellaneous expense.....	0. 13	0. 11	0. 02	0. 13	0. 10
Net profit before income tax deduction	0. 91	1. 22	1. 54	1. 83	1. 52
Income tax	0. 25	0. 48	0. 76	0. 79	0. 65
Final net profit	0. 66	0. 74	0. 78	1. 04	0. 87

Comparison of 1949 and 1951 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. The only exception

is the net operating profit ratio which showed an increase when results of all responding firms were compared, but remained of the same order when results of identical firms were compared.

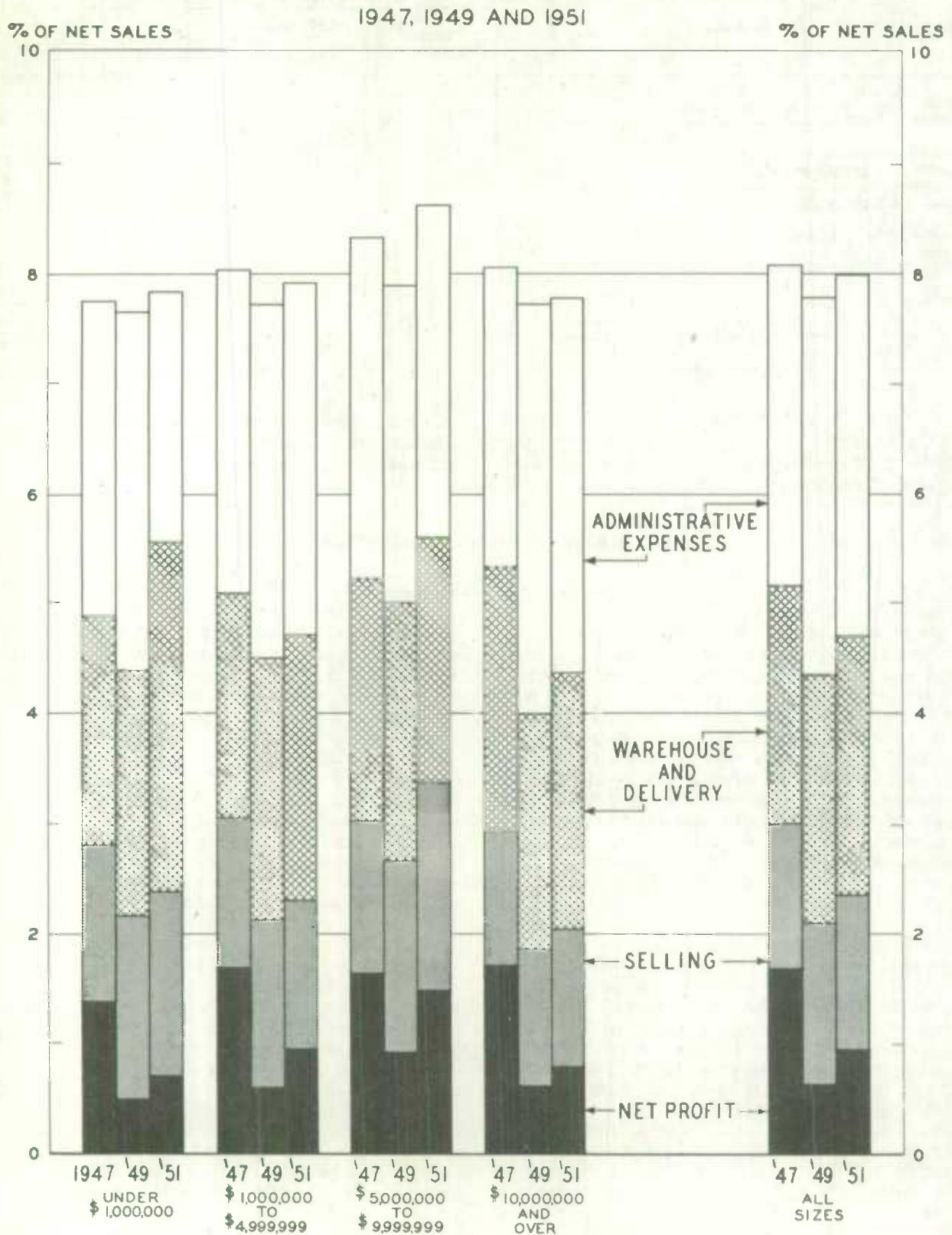
TABLE 5. Operating Results of Grocery Wholesalers, 1949 and 1951 Compared

Item	All Respondents		Identical Firms	
	1949	1951	1949	1951
Number of Firms	110	113	92	92
Average net sales per firm..... \$	2,525,529	3,025,875	2,731,137	3,289,198
	(Per cent of net sales)			
Gross profit	7.73	7.96	7.77	8.07
Operating expenses:				
Selling expense.....	1.46	1.41	1.45	1.43
Warehouse and delivery expense	2.25	2.33	2.22	2.35
Administrative and general expense.....	3.38	3.27	3.41	3.62
Total operating expenses ..	7.09	7.01	7.08	7.40
Net operating profit	0.64	0.95	0.69	0.67

CHART I.

OPERATING RESULTS OF GROCERY WHOLESALERS

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



FRUIT AND VEGETABLE WHOLESALERS

Description of Reporting Firms

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	1,000,000 and over	
Number of firms	38	28	20	86
Form of organization:				
Individual proprietorship	11	3	1	15
Partnership	11	13	1	25
Incorporated company	16	12	18	46
Number of firms operated as:				
Single establishment	36	27	18	81
Multiple establishment	2	1	2	5
Distribution of sales:				
To retailers	% 80.26	% 87.90	% 88.27	% 86.92
To other wholesalers and large users	% 19.74	% 10.72	% 11.73	% 12.70
To others	% —	% 1.38	% —	% 0.38

Of the 86 firms reporting, 46 were incorporated and the remaining 40 were comprised of 25 partnerships and 15 single proprietorships. Only five firms operated more than one establishment. Almost 87%

of total sales were made to retailers, and approximately 13% to other wholesalers and large users, such as institutions.

REVIEW OF 1951 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 1951 results with 1949, 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 1949 to \$1,100,000 in 1951, 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.

Fruit and vegetable wholesalers obtained an average gross profit or margin of 11.27 per cent of average net sales on 1951 operations, slightly larger than the 1949 ratio. This indicates that the average gross profit increased at a greater rate than the average net sales. This condition was experienced in each of the sales size classifications. The total operating expense ratio increased by a greater proportion which resulted in a smaller net operating profit ratio. Warehouse and delivery, and administrative and general expenses, each of approximately the same magnitude, again accounted for about 30 per cent of total operating expenses. Other trading income, expressed as a percentage of net sales, remained at the same level which resulted in a net profit ratio 20% below the 1949 ratio. Because average net sales increased 13%, it can be deduced that the fruit and vegetable wholesalers were not only in a relatively poorer position than in 1949, but actually obtained a smaller average dollar profit in 1951 despite the increase in average net sales.

TABLE 6. Operating Results of Fruit and Vegetable Wholesalers, 1951, by Size of Firm

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting	38	28	20	86
Average net sales per firm	\$ 299,064	719,388	2,083,113	850,808
Average cost of goods sold	\$ 260,943	632,716	1,864,457	754,895
Stock turnover (times per year)	35.68	43.14	38.35	39.09
Average beginning inventory	\$ 6,121	13,414	43,447	17,176
Per cent of average net sales	2.05	1.86	2.08	2.02
Average ending inventory	\$ 8,506	15,919	53,773	21,447
Per cent of average net sales	2.84	2.21	2.58	2.52
PROFIT AND LOSS DATA (Per cent of net sales)				
Gross profit	12.75	12.05	10.50	11.27
Operating expenses:				
Selling expense:				
Salaries	1.52	1.33	1.53	1.48
Travelling	0.30	0.22	0.33	0.29
Advertising	0.06	0.09	0.05	0.06
Other selling expense	0.08	0.04	0.08	0.07
Total selling expense	1.96	1.68	1.99	1.90
Warehouse and delivery expense:				
Salaries and wages	2.27	2.42	2.15	2.24
Maintenance of deliver equipment	1.64	1.38	0.90	1.15
Outward freight	0.19	0.20	0.59	0.42
Warehouse supplies	0.39	0.26	0.27	0.29
Other warehouse and delivery expense	0.28	0.16	0.29	0.25
Total warehouse and delivery expense	4.77	4.42	4.20	4.35
Administrative and general expense:				
Salaries	2.29	2.23	1.58	1.87
Employees' benefits	0.07	0.09	0.11	0.10
Occupancy	0.81	0.73	0.54	0.63
Light, heat, and power	0.15	0.15	0.11	0.13
Taxes ¹	0.10	0.09	0.04	0.06
Insurance ¹	0.13	0.15	0.14	0.14
Office supplies	0.15	0.13	0.11	0.12
Communication	0.38	0.26	0.33	0.32
Bad debts—amount written off	0.15	0.16	0.10	0.13
All other expense	0.72	0.60	0.53	0.58
Total administrative and general expense	4.95	4.59	3.59	4.08
Total operating expenses	11.68	10.69	9.78	10.33
Net operating profit	1.07	1.36	0.72	0.94
Other trading income	0.14	0.13	0.17	0.15
Miscellaneous expense	0.11	0.06	0.06	0.07
Net profit before income tax deduction	1.10	1.43	.83	1.02
MISCELLANEOUS DATA				
Credit sales:				
Average per firm	\$ 231,804	560,259	1,774,396	698,343
Per cent of average net sales	77.51	77.88	85.18	82.08
Accounts outstanding:				
Average per firm	\$ 20,862	41,179	108,770	48,046
Per cent of average credit sales	9.00	7.35	6.13	6.88
Sales per 1,000 sq. ft. of floor space	\$ 70,834	117,136	116,567	103,428

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

Inventories and Stock Turnover

Average inventories, expressed as a percentage of average net sales, increased from 2.02% at the beginning of the year to 2.32% at the end of the year. This is significant as a reverse in trend of the 1949 ratios which decreased from 2.25% to 2.17%. Because the average inventory ratios remained at approximately the same level, the average inven-

tories increased at almost the same rate as average net sales. The rate of stock turnover-average inventory divided into cost of goods sold-indicated a negligible decline when comparing the two years' results. It may therefore be concluded that the average cost of goods increased at almost the same rate as average net sales.

Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, indicated a marked increase in credit sales in 1951 (82.08%), when compared to 1949 results (79.23%). The increases in the first two sales-size categories were sufficient to outweigh the slight decline in the third, or largest, sales size group. Average accounts outstanding as at the end of the year, followed the same relative pattern

for the three categories as in 1949. Expressed as proportions to average credit sales, average accounts outstanding (6.88% in 1951 for all sizes) were substantially greater in each category, despite the increase in 1951 average credit sales. That is, average accounts outstanding increased at a greater rate than average credit sales.

Regional Results

Gross trading profit ratios for the four principal regions of Canada ranged from 8.90% in Quebec to 13.85% in the Maritimes. Those regions where gross margin ratios were higher, experienced greater than average operating expense ratios. Quebec had the

lowest gross profit ratio and also the lowest operating expense ratio. However, the net profit ratios ranked the Maritimes in the highest position with 2.37%, and Quebec in the lowest with 0.35%.

TABLE 7. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1951

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms	13	27	32	14	86
Average sales per firm \$	737,756	850,352	765,344	1,152,014	850,808
PROFIT AND LOSS DATA (Per cent of net sales)					
Gross profit	13.83	8.90	11.44	12.86	11.27
Operating expenses:					
Selling expense	1.85	1.66	1.62	2.69	1.90
Warehouse and delivery expense	4.92	3.29	4.67	5.02	4.35
Administrative and general expense	4.69	3.60	4.14	4.31	4.08
Total operating expenses	11.46	8.55	10.43	12.02	10.33
Net operating profit	2.37	0.35	1.01	0.84	0.94

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 8. Average and Middle Range Ratios of Fruit and Vegetable Wholesalers, 1951

Item	Firms with 1951 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
	(Per cent of net sales)							
Gross Profit	12.8	10.7—15.1	12.1	9.1—14.4	10.5	7.8—12.8	11.3	9.1—14.4
Selling expense	2.0	0.8— 3.0	1.7	1.1— 2.4	2.0	1.4— 2.8	1.9	1.1— 2.7
Warehouse and delivery expense	4.8	3.2— 6.7	4.4	3.0— 5.4	4.2	2.6— 5.3	4.4	3.2— 5.8
Administrative and general expense	5.0	4.2— 6.4	4.6	3.3— 5.4	3.6	2.8— 4.6	4.1	3.4— 5.4
Net operating profit	1.1	(L)0.1— 2.2	1.4	0.3— 2.8	0.7	0.1— 1.3	0.9	0.1— 2.1

(L) Operating loss.

Incorporated Companies 1951

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

sales, was 1.10% and 1.02% for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.82%, a decrease of 25%.

TABLE 9. Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1951, by Size of Firm

Item	Firms with 1951 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	13.06	13.46	10.58	11.31
Operating expenses	11.49	11.69	9.82	10.30
Net operating profit	1.57	1.77	0.76	1.01
Other trading income	0.12	0.10	0.17	0.16
Miscellaneous expense	0.02	0.10	0.07	0.07
Net profit before income tax deduction	1.67	1.77	0.86	1.10
Income tax	0.50	0.37	0.22	0.28
Final net profit	1.17	1.40	0.64	0.82

Comparison of 1949 and 1951 Identical Firm Results

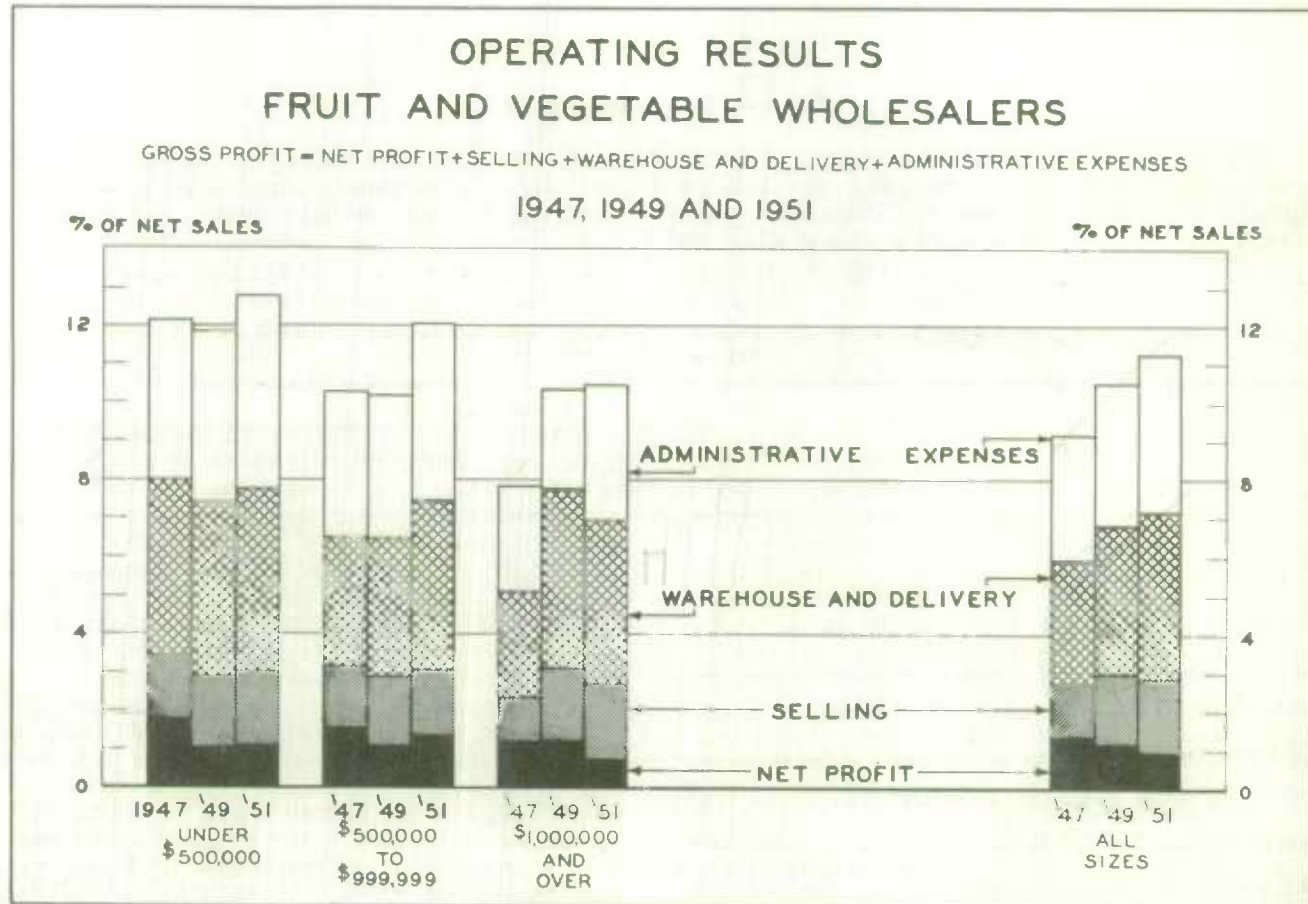
The following table serves as confirmation that the trends and conclusions deduced from comparing

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

TABLE 10. Operating Results of Fruit and Vegetable Wholesalers, 1949 and 1951 Compared

Item	All respondents		Identical firms	
	1949	1951	1949	1951
Number of firms	91	86	67	67
Average net sales per firm \$	751,509	850,808	875,501	950,213
	(Per cent of net sales)			
Gross profit	10.57	11.27	10.64	10.99
Operating expenses:				
Selling expense.....	1.86	1.90	1.85	1.91
Warehouse and delivery expense.....	3.82	4.35	3.80	4.25
Administrative and general expense.....	3.76	4.08	3.73	3.94
Total operating expenses	9.44	10.33	9.38	10.10
Net operating profit	1.13	0.94	1.26	0.89

CHART 2



TOBACCO AND CONFECTIONERY WHOLESALERS

Description of Reporting Firms

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms	28	54	46	128
Form of organization:				
Individual proprietorship	9	18	6	33
Partnership	13	11	8	32
Incorporated company	6	25	32	63
Number of firms operated as:				
Single establishment	28	53	39	120
Multiple establishment	—	1	7	8
Distribution of sales:				
To retailers	% 98.09	% 99.05	% 97.95	% 98.27
To other wholesalers and large users	% 1.32	% 0.94	% 1.87	% 1.57
To others	% 0.59	% 0.01	% 0.18	% 0.16

Of the 128 reporting firms, 63 were incorporated companies, 32 were partnerships, and the remaining 33 were individual proprietorships. A very large proportion (120) of these firms noted that they

operated only one establishment. Sales to retail stores accounted for 98% of total sales, the remaining sales were made almost entirely to other wholesalers and large users, such as institutions

REVIEW OF 1951 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 1951 results with 1949, 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 1949 to \$1,100,000 in 1951, 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 in-

dividual 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.

Tobacco and confectionery wholesalers obtained an average gross profit of 7.35 per cent of average net sales for their 1951 operations. The three major expense groups, selling, warehouse and delivery, and administrative and general, amounted to 2.05%, 1.53% and 2.66% respectively, when expressed as proportions of net sales. Results of the three sales size categories, when compared, showed the gross profit ratio varied directly with the size of firm. Selling expenses also showed this relationship, but the largest expense ratios of warehouse and delivery, and administrative and general expense, occurred in the middle sales size range. Net operating profit ratios, for the three typical sales size classifications, ranged from 1.07% to 1.42%. Miscellaneous income and expense netted an increase in each group, with the result that final net profit ratios ranged from 1.22% to 1.62%.

TABLE 11. Operating Results of Tobacco and Confectionery Wholesalers, 1951, by Size of Firm

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting	28	54	46	128
Average net sales per firm	\$ 363,988	721,477	1,963,881	1,089,765
Average cost of goods sold	\$ 338,065	667,931	1,813,558	1,007,482
Stock turnover (times per year)	17.12	15.79	17.97	17.24
Average beginning inventory	\$ 20,122	42,390	104,855	59,967
Per cent of average net sales	5.53	5.88	5.34	5.50
Average ending inventory	\$ 19,362	42,238	96,986	56,909
Per cent of average net sales	5.32	5.85	4.94	5.22
PROFIT AND LOSS DATA (Per cent of net sales)				
Gross profit	7.12	7.42	7.65	7.55
Operating expenses:				
Selling expense:				
Salaries	1.36	1.52	1.61	1.57
Travelling	0.17	0.28	0.42	0.36
Advertising	0.08	0.07	0.05	0.06
Other selling expense	0.06	0.05	0.07	0.06
Total selling expense	1.67	1.92	2.15	2.05
Warehouse and delivery expense:				
Salaries and wages	0.82	0.99	0.94	0.94
Maintenance of delivery equipment	0.65	0.49	0.41	0.45
Outward freight	0.05	0.06	0.06	0.07
Warehouse supplies	0.04	0.03	0.04	0.03
Other warehouse and delivery expense	0.03	0.05	0.03	0.04
Total warehouse and delivery expense	1.59	1.62	1.48	1.53
Administrative and general expense:				
Salaries	1.37	1.52	1.39	1.42
Employees' benefits	0.02	0.05	0.07	0.06
Occupancy	0.38	0.38	0.27	0.31
Light, heat, and power	0.06	0.06	0.06	0.06
Taxes ¹	0.05	0.05	0.04	0.04
Insurance ¹	0.08	0.09	0.09	0.09
Office supplies	0.07	0.08	0.10	0.09
Communication	0.07	0.08	0.08	0.08
Bad debts - amount written off	0.24	0.21	0.19	0.20
All other expense	0.28	0.29	0.31	0.31
Total administrative and general expense	2.62	2.81	2.60	2.66
Total operating expenses	5.88	6.35	6.23	6.24
Net operating profit	1.24	1.07	1.42	1.31
Other trading income	0.21	0.20	0.28	0.25
Miscellaneous expense	0.06	0.05	0.08	0.07
Net profit before income tax deduction	1.39	1.22	1.62	1.49
MISCELLANEOUS DATA				
Credit sales:				
Average per firm	\$ 248,711	552,002	1,560,303	847,401
Per cent of average net sales	68.33	76.51	79.45	77.76
Accounts outstanding:				
Average per firm	\$ 22,384	46,699	125,292	69,656
Per cent of average credit sales	9.00	8.46	8.03	8.22
Sales per 1,000 sq. ft. of floor space	\$ 146,575	201,883	212,590	203,687

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

Inventories and Stock Turnover

Average inventories, expressed as ratios of average net sales of responding firms, decreased from 5.50% at the beginning of the year to 5.22% at the end of the year. The rate of stock turnover-

average of beginning and ending inventories divided into cost of goods sold - was 17.24, a slight decrease from the 1949 rate of 19.30.

Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, increased from 73.20% to 77.76% for 1949 and 1951 respectively. Increases occurred in each of the three sales size categories. Average accounts outstanding, expressed as proportions of average credit sales for the three sales size categories, were slightly greater in 1951

However, as was experienced in 1949, the proportion of accounts outstanding decreased as the size of firm increased. This is a condition which should be expected because the proportion of credit sales to net sales varied directly with the size of firm.

Regional Results

The gross profit ratios of the five major regions of Canada remained in almost the same relative positions as in 1949. That is, British Columbia had the highest gross profit ratio of 7.79%, followed by the Prairies and Ontario with ratios of 7.77% and 7.68% respectively. The Maritimes moved up to second lowest position with 7.23% and Quebec showed 6.98%, the lowest ratio. Ontario was again the only region to show a total expense ratio below

the Canada average of 6.24%. Comparison of the net operating profit ratios before income deductions, indicated Ontario regional wholesalers to be in the most favourable position with 1.63% followed by the Prairie wholesalers with 1.42%. Those of British Columbia were slightly below the Canada average of 1.31% and were followed by those of Quebec. The Maritime wholesalers were in the least favourable position with a ratio of 0.53%.

TABLE 12. Operating Results of Tobacco and Confectionery Wholesalers, by Regions, 1951

Item	Maritimes	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms	7	30	60	21	10	128
Average net sales per firm..... \$	588,303	958,121	1,165,582	1,173,436	1,205,119	1,089,765
PROFIT AND LOSS DATA (Per cent of net sales)						
Gross profit	7.23	6.98	7.68	7.77	7.79	7.55
Operating expenses:						
Selling expense	1.83	2.41	1.86	2.11	2.27	2.05
Warehouse and delivery expense	2.28	1.53	1.55	1.30	1.56	1.53
Administrative and general expense.....	2.59	2.46	2.64	2.94	2.71	2.66
Total operating expenses	6.70	6.40	6.05	6.35	6.54	6.24
Net operating profit	0.53	0.58	1.63	1.42	1.25	1.31

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 13. Average and Middle Range Ratios of Tobacco and Confectionery Wholesalers, 1951

Item:	Firms with 1951 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	7.1	5.8 — 8.3	7.4	6.1 — 8.4	7.7	6.8 — 8.2	7.6	6.6 — 8.3
Selling expense	1.7	1.0 — 2.4	1.9	1.2 — 2.4	2.2	1.6 — 2.4	2.0	1.3 — 2.4
Warehouse and delivery expense.....	1.6	1.1 — 2.1	1.6	1.1 — 2.0	1.5	1.2 — 1.7	1.5	1.2 — 1.8
Administrative and general expense.....	2.6	2.2 — 3.2	2.8	2.0 — 3.5	2.6	2.2 — 3.3	2.7	2.2 — 3.3
Net operating profit.....	1.2	0.1 — 2.1	1.1	0.4 — 1.7	1.4	0.3 — 2.1	1.2	0.2 — 1.8

Incorporated Companies 1951

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

of net sales, was 1.47% and 1.49% for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.84%, a decrease of 43%.

TABLE 14. Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1951, By Size of Firm

Item	Firms with 1951 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	7.40	7.60	7.74	7.70
Operating expenses.....	6.37	6.53	6.41	6.43
Net operating profit.....	1.03	1.07	1.33	1.27
Other trading income.....	0.17	0.21	0.31	0.29
Miscellaneous expenses	0.05	0.09	0.09	0.09
Net profit before income tax deduction	1.15	1.19	1.55	1.47
Income tax	0.25	0.33	0.72	0.63
Final net profit	0.90	0.86	0.83	0.84

Comparison of 1949 and 1951 Identical Firm Results

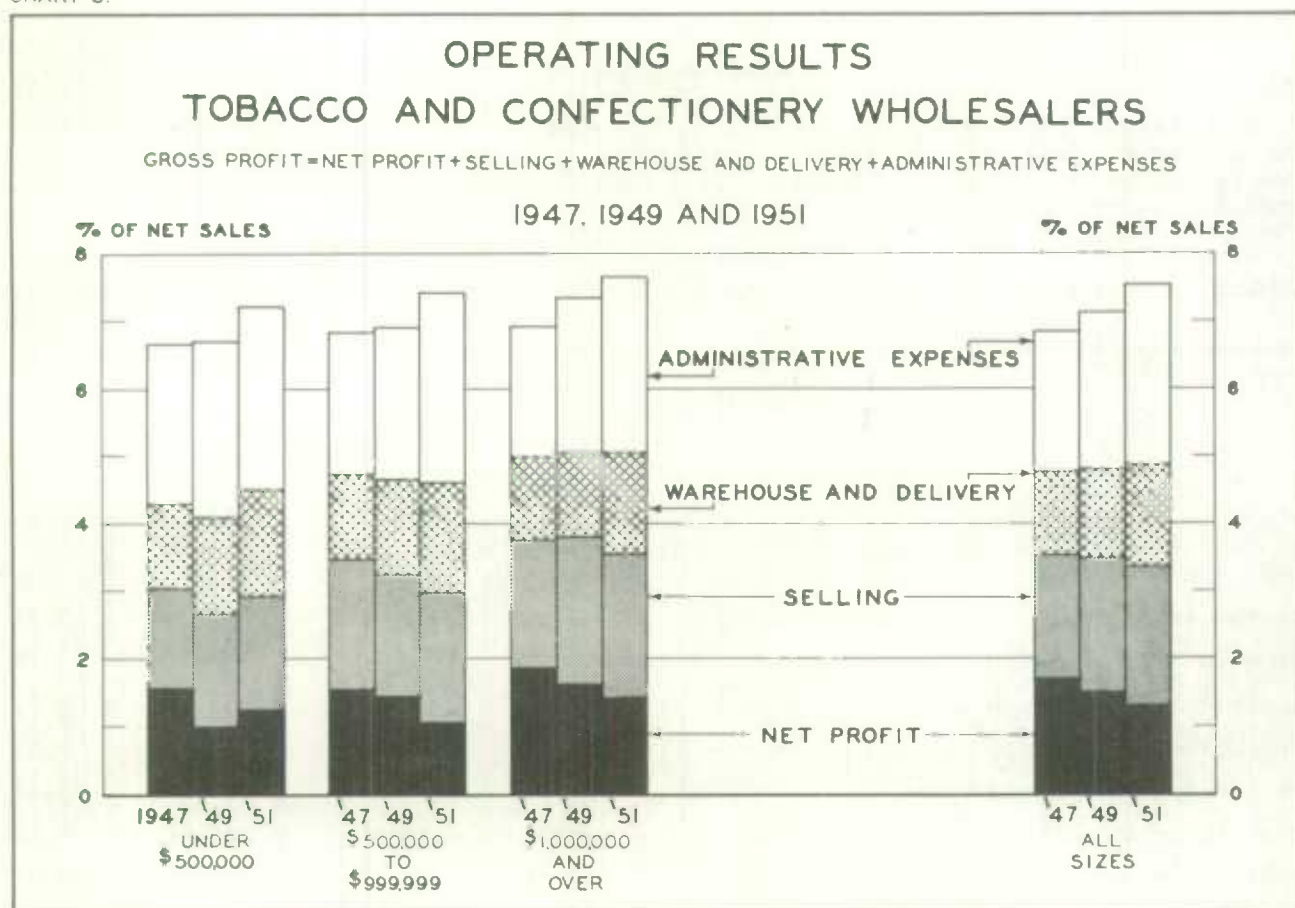
The following table serves as confirmation that the trends and conclusions deduced from comparing

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

TABLE 15. Operating Results of Tobacco and Confectionery Wholesalers, 1949 and 1951 Compared

Item	All respondents		Identical firms	
	1949	1951	1949	1951
Number of firms	134	128	105	105
Average net sales per firm..... \$	955,988	1,089,765	946,967	1,068,953
	(Per cent of net sales)			
Gross profit	7.14	7.55	7.14	7.51
Operating expenses:				
Selling expense.....	2.00	2.05	1.93	2.05
Warehouse and delivery expense.....	1.32	1.53	1.31	1.44
Administrative and general expense.....	2.33	2.66	2.34	2.69
Total operating expenses	5.65	6.24	5.58	6.18
Net operating profit	1.49	1.31	1.56	1.33

CHART 3.



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