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Drug Store Chains, 1941

The relative position occupied by chains in the drug retailing field has varied but little during the past twelve years according to results of the Census of Merchandising and Service Establishments for 1930 and 1941, the only two years for which complete surveys of the entire retail field have been made. There were 31 drug chain companies in the earlier period and these operated a total of 292 stores and had \$13,971,300 sales, an amount which formed 18.2 per cent of the business transacted by all drug stores. By 1941 the number of chain organizations had increased to 39, the number of stores had risen to 361 and the volume of business transacted was \$18,849,500 or 18.7 per cent of the total sales of all drug stores including both chains and independents.

The 35 chain store companies operating in Canada in 1941 required the services of 1,674 full-time male and 857 full-time female employees to whom \$2,567,800 was paid in annual salaries and wages. In addition there were 192 part-time male and 132 part-time female employees who received a total of \$77,300. Inventories carried by drug chains at the end of 1941 were valued at \$3,728,100, of which store inventories amounted to \$2,936,100 and warehouse inventories were valued at \$792,000.

Chains are defined as groups of four or more stores under the same ownership and management and carrying on the same or similar kinds of business. Voluntary chains, consisting of independently operated units, grouped for buying or advertising purposes, are not included in the chain store figures quoted above. There were 1,018 units of these voluntary chains operating in the drug field in 1941 and these had annual sales of \$28,244,100.

Corporate chains account for a higher proportion of the total drug store trade in British Columbia than in any other region of the country. There were three chain organizations in this province in 1941 which operated 49 stores with \$2,575,900 sales or 31.1 per cent of the total business of all drug stores. In 1930 the chain ratio was practically the same, standing at 31.3 per cent.

Ontario comes second in point of view of the proportion of total drug store business transacted by chains, 17 chain companies with 198 stores having sales of \$10,332,400 or 21.0 per cent of the total volume of business transacted by all drug stores. In 1930 the Ontario ratio was 19.9 per cent. There were 8 drug chain companies in Quebec in 1941 with 55 stores and \$3,106,100 sales or 17.2 per cent of the total for all drug stores including chains and independents. This represents a slight increase in the proportion of the total business transacted by chains from 1930 when the ratio was 15.9 per cent. Chains transacted 12.2 per cent of the total drug store business in the

Maritime Provinces in 1941 and 13.9 per cent in 1930. A decrease in chain ratio from 12.2 per cent in 1930 to 10.7 per cent in 1941 was also recorded in the Prairie Provinces.

Date of Present Ownership

A classification of the stores in operation in 1941 according to date of present ownership shows that of the 325 units which could be thus classified, 167 or more than one-half the total number were opened in 1929 or earlier; 82 stores or about one-quarter of the total were opened between 1930 and 1937 while the remainder were opened during the four-year period from 1938 to 1941.

Operating Expenses

Summary figures were secured on operating expenses, differentiating between overhead, warehouse and store expense with the latter division subdivided as between payroll, rentals and other operating costs. The results of this inquiry show that total operating expenses averaged 28.35 per cent of sales in 1941 of which store expense amounted to 24.64 per cent; overhead expense was 2.82 per cent and warehouse expense was 0.89 per cent. Slightly more than one-half the total store expense was comprised of payroll which formed 13.99 per cent of sales while other operating expenses including rentals formed 10.65 per cent of sales.

Operating expenses as a per cent of sales were slightly higher for the larger chains than for the smaller organizations. Total chain expense averaged 27.35 per cent of sales for 15 chains each with four or five units, 28.23 per cent of sales for 12 chains each having from 6 to 9 stores and 28.69 per cent of sales for 8 companies each having 10 units or more.

Practically all chain drug stores are operated in leased premises, 354 out of the 361 units being thus operated. Rentals averaged 4.99 per cent of sales for all leased premises and varied from 3.97 per cent of sales for the smaller chain companies to 5.35 per cent for the larger organizations.

Commodity Sales

Not all chain drug firms were able to break down their total annual sales for 1941 on a commodity basis. In particular, one or two large firms operating lunch counters in conjunction with their drug store business were unable to provide this information. Table 4 presents percentage distribution of drug chain sales for a group of 21 chain companies which furnished a satisfactory commodity breakdown. In order to provide a better basis with which to compare individual results, figures for meals have been excluded altogether.

Drugs and drug sundries formed slightly more than 50 per cent of the total business exclusive of meals; prescriptions comprised 13 per cent; patent medicines and compounds formed about 31 per cent, while drug sundries, rubber goods and sickroom supplies formed almost 9 per cent of the total. Toilet articles and preparations was the next most important item, accounting for 13.6 per cent of the total business followed by tobacco products with 12.1 per cent. Food and kindred products consisting of candy, confectionery and bottled beverages accounted for 7.3 per cent of the total sales while stationery, books and magazines accounted for another 3.8 per cent. Other items for which figures are shown in the table are cameras and photographic supplies, 2.8 per cent; household supplies (consisting chiefly of soaps) 3.2 per cent; receipts from services, 2.1 per cent; and professional and scientific instruments, 0.8 per cent.

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Table 1.--DRUG STORE CHAINS--Summary of Drug Store Chains, 1941

	ALL CHAINS	Chains with less than 6 units	Chains with 6 to 9 units	Chains with 10 or more units
A. Number of chains	35	15	12	8
B. Number of stores	361	62	84	215
C. (1) Store Sales total	\$18,849,500	\$ 3,572,900	\$ 3,284,400	\$11,992,200
(a) Sales of merchandise	\$16,263,400	\$ 2,878,400	\$ 2,876,800	\$10,508,200
(b) Receipts from sale of meals.	\$ 2,348,300	\$ 667,500	\$ 349,300	\$ 1,331,500
(c) Receipts from services	\$ 237,800	\$ 27,000	\$ 58,300	\$ 152,500
(2) Wholesale sales to other firms .	\$ 50,700	-	-	\$ 50,700
(3) Total chain sales	\$18,900,200	\$ 3,572,900	\$ 3,284,400	\$12,042,900
D. Store employment and payroll --				
Full-time employees:				
(1) Male employees, number	1,674	349	338	987
(2) Female employees, number	857	219	145	493
(3) Salaries and wages	\$ 2,567,800	\$ 521,600	\$ 462,600	\$ 1,583,600
Part-time employees:				
(1) Male employees, number	192	35	18	139
(2) Female employees, number	132	36	13	83
(3) Salaries and wages	\$ 77,300	\$ 15,800	\$ 6,800	\$ 54,700
E. Chain expenses --				
Store expenses:				
(1) Wage cost:				
Amount	\$ 2,645,100	\$ 537,400	\$ 469,400	\$ 1,638,300
Per cent of total sales	13.99	15.04	14.29	13.60
(2) Other expenses (including rent):				
Amount	\$ 2,012,600	\$ 370,200	\$ 345,200	\$ 1,297,200
Per cent of total sales	10.65	10.36	10.51	10.78
(3) Total store expenses:				
Amount	\$ 4,657,700	\$ 907,600	\$ 814,600	\$ 2,935,500
Per cent of total sales	24.64	25.40	24.80	24.38
(4) Overhead expenses:				
Amount	\$ 533,000	\$ 63,200	\$ 89,000	\$ 380,800
Per cent of total sales	2.82	1.77	2.71	3.16
(5) Warehouse expenses:				
Amount	\$ 168,200	\$ 6,300	\$ 23,500	\$ 138,400
Per cent of total sales	0.89	0.18	0.72	1.15
(6) Total chain expenses:				
Amount	\$ 5,358,900	\$ 977,100	\$ 927,100	\$ 3,454,700
Per cent of total sales	28.35	27.35	28.23	28.69
F. Rentals --				
1. Number of stores in leased premises	354	58	82	214
2. Sales of stores in leased premises	\$18,586,600	\$ 3,435,900	\$ 3,186,800	\$11,963,900
3. Rentals paid --				
Amount	\$ 927,700	\$ 136,300	\$ 151,300	\$ 640,100
Per cent of sales in leased premises	4.99	3.97	4.75	5.35
G. Inventories, end of 1941 --				
1. Store inventories	\$ 2,936,100	\$ 680,000	\$ 499,700	\$ 1,756,400
2. Warehouse inventories	\$ 792,000	\$ 77,300	\$ 91,500	\$ 623,200
3. Total inventories	\$ 3,728,100	\$ 757,300	\$ 591,200	\$ 2,379,600
H. Customers' accounts outstanding at the end of the year	\$ 159,800	\$ 57,200	\$ 54,400	\$ 48,200

Table 2. DRUG STORE CHAINS--Chain Units Classified According to Amount of Annual Sales

	1934				1937				1941			
	No.	Sales	% Total	Cum. %	No.	Sales	% Total	Cum. %	No.	Sales	% Total	Cum. %
		\$				\$				\$		
CANADA, Total ..	306	11,594,000	100.00	-	332	14,163,300	100.00	-	361	18,849,500	100.00	-
\$1,000,000 and over	-	-	-	-	-	-	-	-	-	-	-	-
\$500,000-\$999,999	-	-	-	-	-	-	-	-	-	-	-	-
\$300,000-\$499,999	-	-	-	-	-	-	-	-	-	-	-	-
\$200,000-\$299,999	-	-	-	-	-	-	-	-	2	428,600	2.27	2.27
\$100,000-\$199,999	10	1,117,300	9.64	9.64	15	1,260,200	13.13	13.13	25	3,115,000	16.53	16.80
\$50,000-\$99,999	65	4,367,300	37.67	47.31	81	5,496,000	38.81	51.94	126	8,439,900	44.78	63.58
\$30,000-\$49,999	90	3,387,700	29.22	76.53	110	4,226,600	29.84	81.78	129	5,146,900	27.31	90.89
\$20,000-\$29,999	74	1,793,700	15.47	92.00	71	1,797,400	12.69	94.47	54	1,355,400	7.19	98.08
\$10,000-\$19,999	57	869,700	7.50	99.50	48	739,600	5.22	99.69	21	346,400	1.83	99.91
\$5,000-\$9,999	7	52,600	0.45	99.95	4	33,000	0.24	99.93	1	6,200	0.03	99.94
Less than \$5,000	3	5,700	0.05	100.00	3	10,500	0.07	100.00	3	11,100	0.06	100.00

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Table 3. DRUG STORE CHAINS--Chain Units Classified by Provinces
and Date of Establishment

Province	Total Units	Per cent of total units	Date of Present Ownership						Units which cannot be classified as to age
			1941	1938- 1940	1934- 1937	1930- 1933	1920- 1929	Before 1920	
CANADA, Total ..	361	100.00	6	70	37	45	132	35	36
Yukon and Northwest Territories	-	-	-	-	-	-	-	-	-
British Columbia ...	49	13.57	-	31	2	-	-	-	16
Alberta	20	5.54	1	3	-	3	8	5	-
Saskatchewan	7	1.94	1	-	1	-	4	1	-
Manitoba	10	2.77	-	1	-	-	9	-	-
Ontario	198	54.85	4	24	29	28	76	18	19
Quebec	55	15.24	-	11	4	8	26	5	1
New Brunswick	4	1.10	-	-	-	-	2	2	-
Nova Scotia	18	4.99	-	-	1	6	7	4	-
Prince Edward Island	-	-	-	-	-	-	-	-	-

Table 4.--Percentage Distribution of Drug Chain Sales, by Commodities, 1941

Commodity	Itemized Distribution %	Group Totals Distribution %
All Commodities, less receipts from meals	-	100.00
Cameras and photographic supplies	-	2.79
Cigars, cigarettes, tobacco	-	18.11
Drugs and drug sundries, total	-	52.27
Prescriptions	12.99	-
Drugs, pharmaceuticals, patent medicines and compounds ..	30.64	-
Drug sundries, rubber goods, sickroom supplies	8.64	-
Food and kindred products, total	-	7.23
Candy, confectionery, nuts	5.61	-
Bottled beverages	1.64	-
Household supplies, total	-	3.21
Soaps, (laundry and toilet) and cleaning compounds	2.68	-
Other household supplies such as brooms, brushes, floor wax, etc.	53	-
Stationery, books, and magazines	-	3.76
Professional and scientific instruments	-	0.79
Toilet articles and preparations (except soaps), total	-	13.55
Toilet preparations and cosmetics	12.23	-
Toilet articles (brushes, combs, mirrors, etc.)	1.32	-
Miscellaneous merchandise	-	2.16
Receipts from repair and service operations	-	2.11

N.B. This table is based on returns from 21 firms giving a complete breakdown of sales by commodities and of which receipts from meals formed a minor part. In the entire group there were 27 firms having total sales of \$13,016,000 which includes \$2,348,300, or 18.04 per cent, from sale of meals.

Table 5.--Principal Statistics of Drug Store Chains, by Provinces
1930 and 1941

	1930	1941
CANADA, Total -- (1)		
Number of chains	31	39
Number of stores, (maximum)	292	361
Net chain sales --		
Amount	\$13,971,300	\$ 18,849,500
Index, 1930 = 100	100.0	142.8
Total sales	\$76,848,900	\$100,930,400
% , chains to total	18.2	18.7
British Columbia --		
Number of chains	4	3
Number of stores, (maximum)	41	49
Net chain sales --		
Amount	\$ 2,042,500	\$ 2,575,900
Index, 1930 = 100	100.0	126.1
Total sales	\$ 6,530,400	\$ 8,277,000
% , chains to total	31.3	31.1
Prairie Provinces --		
Number of chains	7	6
Number of stores, (maximum)	37	37
Net chain sales --		
Amount	\$ 1,778,600	\$ 1,827,900
Index, 1930 = 100	100.0	102.8
Total sales	\$14,525,600	\$ 17,106,200
% , chains to total	12.2	10.7
Ontario --		
Number of chains	11	17
Number of stores, (maximum)	137	198
Net chain sales --		
Amount	\$ 6,989,200	\$ 10,332,400
Index, 1930 = 100	100.0	147.8
Total sales	\$35,207,500	\$ 49,208,500
% , chains to total	19.9	21.0
Quebec --		
Number of chains	7	8
Number of stores, (maximum)	54	55
Net chain sales --		
Amount	\$ 2,367,900	\$ 3,106,100
Index, 1930 = 100	100.0	131.2
Total sales	\$14,851,500	\$ 18,067,200
% , chains to total	15.9	17.2
Maritime Provinces --		
Number of chains	4	3
Number of stores, (maximum)	23	22
Net chain sales --		
Amount	\$ 793,100	\$ 1,007,200
Index, 1930 = 100	100.0	127.0
Total sales	\$ 5,699,100	\$ 8,271,500
% , chains to total	13.9	12.2

(1) Includes Yukon and North West Territories.

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