

1964

CATALOGUE No.

63-401

TRIENNIAL

C-3



DISCONTINUED WITH THIS
ISSUE
DISCONTINUÉ AVEC CE
NUMÉRO



CLOTHING CHAIN STORES

OPERATING RESULTS

1964

The last issue of this report, formerly known as Operating Results of Chain Clothing Stores, was for 1959. Previously Biennial, it is now Triennial.

Published by Authority of
The Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS

Merchandising and Services Division

July 1967
6403-550

Price: 50 cents

DISCONTINUED WITH THIS
ISSUE
DISCONTINUING VASC CE
NUMERO



LIBRARY

THE ROYAL BANK OF CANADA
MONTREAL - CANADA

TABLE OF CONTENTS

	Page
Introduction.....	5
Summary of Results by Trades.....	5
Children's and Infants' Wear Chain Stores.....	5
Family Clothing and Furnishings Chain Stores.....	6
Furriers and Fur Chain Stores	8
Men's and Boys' Clothing Chain Stores	8
Piece Goods Chain Stores	10
Shoe Chain Stores	11
Women's Ready-to-wear Chain Stores	12
Definitions	14

CLOTHING CHAIN STORES

OPERATING RESULTS

1964

INTRODUCTION

A retail chain is an organization operating four or more retail stores in the same kind of business under the same legal ownership.

This report deals with profit and loss statistics, presented mainly in the form of percentages of net sales. Results are shown for sales-size groups in some instances. Balance sheet data are not presented.

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

SUMMARY OF RESULTS BY TRADES

The 1964 survey covers seven kinds of stores in the clothing and piece goods line. Chain stores have in the order of 20-30 per cent of the business of Men's and Boys', Women's and Family Clothing Stores in Canada, 15 per cent of the business of Children's and Infants' Wear Stores, 50 per cent of the business of Shoe Stores and 10 per cent or slightly less of the business of Furriers and Fur

Stores and Piece Goods Stores. Gross profit ranged from 33.08 per cent of net sales in the case of Children's and Infants' Wear Chain Stores to 40.76 per cent for Furriers and Fur Chain Stores. Net profit before income tax deduction varied from 1.11 per cent for Furriers and Fur Chain Stores to 4.70 per cent in the case of Women's Ready-to-wear Chain Stores.

TABLE 1. Comparison of Main Operating Results of Clothing Chain Stores, 1964

Item	Children's and infants' wear	Family clothing and furnishings	Furriers and fur	Men's and boys' clothing	Piece goods	Shoe	Women's ready-to-wear
Number of firms	4	18	3	10	5	35	21
Average net sales per firm \$	576,590	2,437,729	799,858	4,207,116	456,414	1,542,177	2,859,292
Rate of stock turnover (times per year)	3.16	3.74	1.74	2.71	1.62	2.26	4.35
Profit and loss data (Per cent of net sales)							
Gross profit	33.08	33.59	40.76	33.11	37.36	37.64	36.42
Operating expenses	30.00	30.24	39.87	31.00	34.37	34.61	33.78
Net operating profit	3.08	3.35	0.89	2.11	2.99	3.03	2.64
Non-trading income	0.61	0.81	0.46	0.89	0.37	0.53	2.34
Non-trading expense	0.01	0.74	0.24	0.62	0.62	0.74	0.28
Net profit before income tax deduction	3.68	3.42	1.11	2.38	2.74	2.82	4.70

CHILDREN'S AND INFANTS' WEAR CHAIN STORES

Firms in this classification are primarily engaged in selling children's and/or infants' clothing, furnishings and accessories.

This is the first operating results survey of stores in the children's and infants' wear line of business. No survey of either chain or independent stores has been made before. Surveys have been made of Men's Clothing, Women's Clothing, Family Clothing and Shoe Chain Stores and prior to 1964 the last survey was for 1959.

It is of some interest to note that the gross profit, as a percentage of net sales, for this kind of business revealed by the 1961 Merchandising

Census survey was 30.6 per cent. Ratios ranged from 33.3 per cent for Quebec to 24.7 per cent for Prince Edward Island. The Census statistics pertain to all stores of this kind, independent as well as chain and incorporated companies as well as unincorporated businesses. The 1964 survey indicated gross profit of 33.08 per cent of net sales for incorporated companies operating chain stores in this kind of business.

The table which follows gives operating expenses as percentages of net sales. Final net profit after providing for income tax is shown for the four firms reporting to be 2.99 per cent of net sales.

TABLE 2. Children's and Infants' Wear Chain Stores, Operating Results, 1964
Incorporated companies

Item	Total all firms
Number of firms	4
Number of stores operated	21
Average net sales per firm \$	576,590
Average cost of goods sold \$	385,871
Average inventory per firm:	
Beginning of year \$	115,429
Per cent of average net sales	20.02
End of year \$	129,036
Per cent of average net sales	22.38
Stock turnover (times per year)	3.16
Profit and loss data (Per cent of net sales)	
Gross profit	33.08
Operating expenses:	
Salaries:	
Executives	3.33
Other employees	11.22
Employees' benefits	0.17
Occupancy	9.64
Taxes ¹ and licences	0.21
Insurance ¹	0.23
Repairs and maintenance ¹	0.18
Depreciation	0.95
Supplies	0.88
Advertising	1.51
Travelling	0.16
Communication	0.09
Delivery	0.31
Bad debt loss	0.08
All other expenses	1.04
Total operating expenses	30.00
Net operating profit	3.08
Non-trading income	0.61
Non-trading expenses	0.01
Net profit before income tax deduction	3.68
Income tax	0.69
Final net profit	2.99

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

FAMILY CLOTHING AND FURNISHINGS CHAIN STORES

Firms in this classification are primarily engaged in selling men's, women's, children's and infants' clothing and furnishings, the sales of which form at least 50 per cent of total business. Other items such as piece goods, notions, house furnishings and footwear may be handled.

Operating results are shown in Table 3 which follows. All respondents were incorporated com-

panies. It is of interest to note that the 1961 Census of Merchandising revealed that the gross profit for Family Clothing and Furnishings Stores in general was 30.4 per cent of net sales. The ratios ranged from 27.0 per cent for Alberta to 32.7 per cent for Prince Edward Island. These figures were derived from reports of both chain and independent stores. Table 4 gives the main operating results for a number of past years.

TABLE 3. Family Clothing and Furnishings Chain Stores, Operating Results, 1964, by Size of Firm
Incorporated companies

Item	Firms with 1964 sales of			Total all firms
	Under \$750,000	\$ 750,000- 1,999,999	\$2,000,000 and over	
Number of firms	5	6	7	18
Number of stores operated	26	34	94	154
Average net sales per firm	\$ 418,870	1,184,488	4,953,980	2,437,729
Average cost of goods sold	\$ 291,927	805,183	3,264,166	1,618,883
Average inventory per firm:				
Beginning of year	\$ 127,668	288,925	719,807	411,696
Per cent of average net sales	30.48	24.39	14.53	16.89
End of year	\$ 134,607	303,537	809,945	453,548
Per cent of average net sales	32.14	25.63	16.34	18.61
Stock turnover (times per year)	2.23	2.72	4.27	3.74
Profit and loss data (Per cent of net sales)				
Gross profit	30.31	32.02	34.11	33.59
Operating expenses:				
Salaries:				
Executives	3.13	1.96	1.54	1.68
Other employees	11.04	14.95	14.96	14.77
Employees' benefits	0.22	0.42	0.58	0.54
Occupancy	5.46	5.20	5.74	5.64
Taxes ¹ and licences	0.14	0.27	0.31	0.30
Insurance ¹	0.69	0.34	0.33	0.35
Repairs and maintenance ¹	0.39	0.32	0.48	0.45
Depreciation ¹	0.79	0.48	1.04	0.94
Supplies	0.60	0.74	0.86	0.83
Advertising	1.27	2.53	2.79	2.67
Travelling	0.60	0.64	0.37	0.42
Communication	0.41	0.39	0.26	0.29
Delivery	0.24	0.08	0.07	0.08
Bad debt loss	0.61	0.32	0.02	0.10
All other expenses	1.39	1.07	1.19	1.18
Total operating expenses	26.98	29.71	30.54	30.24
Net operating profit	3.33	2.31	3.57	3.35
Non-trading income	0.54	1.54	0.67	0.81
Non-trading expense	1.21	0.85	0.69	0.74
Net profit before income tax deduction	2.66	3.00	3.55	3.42
Income tax	0.56	0.96	1.67	1.50
Final net profit	2.10	2.04	1.88	1.92

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

TABLE 4. Family Clothing and Furnishings Chain Stores - Comparison of Main
Operating Results, 1947-64

(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955	1957	1959	1964
Number of firms	13	15	16	15	18	19	21	18
Gross profit	26.38	30.23	28.78	31.04	33.35	32.88	32.58	33.59
Operating expenses:								
Salaries	12.86	14.98	14.56	16.48	16.71	16.57	15.36	16.45
Occupancy	2.18	3.19	3.56	4.12	4.89	5.27	4.45	5.64
Advertising	1.49	2.86	3.13	1.81	3.53	3.28	3.11	2.67
All other expenses	4.25	6.55	5.52	6.63	6.51	5.67	6.35	5.48
Total operating expenses	20.78	27.58	26.77	29.04	31.64	30.79	29.27	30.24
Net operating profit	5.60	2.65	2.01	2.00	1.71	2.09	3.31	3.35

FURRIERS AND FUR CHAIN STORES

Firms in this classification are primarily engaged in selling ready-made and/or custom-made fur coats or other fur apparel. Repairing, remodeling and storing of furs and fur apparel is sometimes part of the business but revenue from these sources will be less than 50 per cent of total revenue.

This is the first operating results survey of stores in the fur line of business. No survey of either chain or independent stores has been made before.

It is of some interest to note that the gross profit, as a percentage of net sales, for this kind

of business revealed by the 1961 Merchandising Census survey was 40.9 per cent. Ratios ranged from 43.0 per cent for British Columbia to 34.5 per cent for New Brunswick. The Census statistics pertain to all stores of this kind, independent as well as chain and incorporated companies as well as unincorporated businesses. The 1964 survey indicated gross profit of 40.76 per cent of net sales for incorporated companies operating chain stores in this kind of business.

The table which follows gives operating expenses as percentages of net sales. Final net profit after providing for income tax is shown for the three firms reporting to be 0.86 per cent of net sales.

TABLE 5. Furriers and Fur Chain Stores, Operating Results, 1964
Incorporated companies

Item	Total all firms
Number of firms	3
Number of stores operated	12
Average net sales per firm	\$ 799,858
Average cost of goods sold	\$ 473,837
Average inventory per firm:	
Beginning of year	\$ 253,439
Per cent of average net sales	31.69
End of year	\$ 290,112
Per cent of average net sales	36.27
Stock turnover (times per year)	1.74
Profit and loss data (Per cent of net sales)	
Gross profit	40.76
Operating expenses:	
Salaries:	
Executives	4.26
Other employees	15.07
Employees' benefits	0.46
Occupancy	7.22
Taxes ¹ and licences	0.72
Insurance ¹	0.93
Repairs and maintenance ¹	0.47
Depreciation ¹	0.44
Supplies	0.67
Advertising	4.57
Travelling	0.58
Communication	0.46
Delivery	1.56
Bad debt loss	0.15
All other expenses	2.31
Total operating expenses	39.87
Net operating profit	0.89
Non-trading income	0.46
Non-trading expenses	0.24
Net profit before income tax deduction	1.11
Income tax	0.25
Final net profit	0.86

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

MEN'S AND BOYS' CLOTHING CHAIN STORES

Firms in this classification are primarily engaged in selling men's and boys' ready-to-wear clothing such as overcoats, top coats, suits and work clothing. As a subsidiary line, accessories and furnishings such as hats, shoes, underwear,

shirts, gloves and hosiery may be handled but do not exceed 80 per cent of total sales. If in excess of this, the business is classified as Men's and Boys' Furnishings Stores.

Operating results are shown in Table 6 which follows. All respondents were incorporated companies. It is of interest to note that the 1961 Census of Merchandising revealed that the gross profit for men's and boys' clothing stores in general was 33.5 per cent of net sales. The ratios ranged from

30.7 per cent for Prince Edward Island to 34.7 per cent for Manitoba. These figures were derived from reports of both chain and independent stores. Table 7 gives the main operating results for a number of past years.

TABLE 6. Men's and Boys' Clothing Chain Stores, Operating Results, 1964, by Size of Firm
Incorporated companies

Item	Firms with 1964 sales of		Total all firms
	\$500,000 - 999,999	\$1,000,000 and over	
Number of firms	3	7	10
Number of stores operated	22	150	172
Average net sales per firm	732,784	5,696,116	4,207,116
Average cost of goods sold	\$ 465,820	\$ 3,820,432	\$ 2,814,048
Average inventory per firm:			
Beginning of year	\$ 275,441	\$ 1,257,726	\$ 963,041
Per cent of average net sales	37.59	22.08	22.89
End of year	\$ 290,363	\$ 1,465,053	\$ 1,112,646
Per cent of average net sales	39.62	25.72	26.45
Stock turnover (times per year)	1.65	2.81	2.71
Profit and loss data (Per cent of net sales)			
Gross profit	36.43	32.93	33.11
Operating expenses:			
Salaries:			
Executives	2.43	1.99	2.01
Other employees	14.91	11.16	11.35
Employees' benefits	0.43	0.35	0.35
Occupancy	8.24	6.02	6.14
Taxes ¹ and licences	0.29	0.27	0.27
Insurance ¹	0.71	0.26	0.28
Repairs and maintenance ¹	0.44	0.44	0.44
Depreciation ¹	1.26	1.01	1.03
Supplies	0.67	1.20	1.17
Advertising	1.85	4.67	4.52
Travelling	0.43	0.42	0.42
Communications	0.50	0.43	0.43
Delivery	0.46	0.16	0.18
Bad debts loss	0.14	0.25	0.25
All other expenses	2.71	2.13	2.16
Total operating expenses	35.47	30.76	31.00
Net operating profit	0.96	2.17	2.11
Non-trading income	0.10	0.93	0.89
Non-trading expenses	-	0.65	0.62
Net profit before income tax	1.06	2.45	2.38
Income tax	0.33	1.35	1.30
Final net profit	0.73	1.10	1.08

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

TABLE 7. Men's and Boys' Clothing Chain Stores - Comparison of Main Operating Results, 1947-64
(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955	1957	1959	1964
Number of firms	9	9	12	15	18	17	23	10
Gross profit	29.95	29.13	28.75	30.91	30.97	32.13	35.65	33.11
Operating expenses:								
Salaries	12.66	13.60	14.07	15.13	14.43	15.60	15.87	13.36
Occupancy	3.33	3.92	3.87	4.89	5.02	4.86	5.86	6.14
Advertising	2.11	2.99	3.12	3.18	2.94	3.44	4.29	4.52
All other expenses	4.31	5.06	5.16	5.90	6.00	6.22	7.90	6.98
Total operating expenses	22.41	25.57	26.22	29.10	28.39	30.12	33.92	31.00
Net operating profit	7.54	3.56	2.53	1.81	2.58	2.01	1.73	2.11

PIECE GOODS CHAIN STORES

Firms in this classification are primarily engaged in selling piece goods and other textile materials intended for making into apparel. Fabrics for the making of curtains, cushions, upholstery and so forth are sometimes handled in minor quantities.

This is the first operating results survey of stores in the piece goods line of business. No survey of either chain or independent stores has been made before.

It is of some interest to note that the gross profit, as a percentage of net sales, for this kind of business revealed by the 1961 Merchandising

Census survey was 31.0 per cent. Ratios ranged from 34.4 per cent for British Columbia to 25.6 per cent for Nova Scotia. The Census statistics pertain to all stores of this kind, independent as well as chain and incorporated companies as well as unincorporated businesses. The 1964 survey indicated gross profit of 37.36 per cent of net sales for incorporated companies operating chain stores in this kind of business.

The table which follows gives operating expenses as percentages of net sales. Final net profit after providing for income tax is shown for the five firms reporting to be 2.20 per cent of net sales.

TABLE 8. Piece Goods Chain Stores, Operating Results, 1964
Incorporated companies

Item	Total all firms
Number of firms	5
Number of stores operated	27
Average net sales per firm..... \$	456,414
Average cost of goods sold	285,901
Average inventory per firm:	
Beginning of year	\$ 165,790
Per cent of average net sales	36.32
End of year	\$ 186,415
Per cent of average net sales	40.84
Stock turnover (times per year)	1.62
Profit and loss data (Per cent of net sales)	
Gross profit	37.36
Operating expenses:	
Salaries:	
Executives	2.96
Other employees	15.62
Employees' benefits	0.20
Occupancy	6.71
Taxes ¹ and licences	0.31
Insurance ¹	0.66
Repairs and maintenance ¹	0.76
Depreciation ¹	0.70
Supplies	0.81
Advertising	2.71
Travelling	0.72
Communication	0.57
Delivery	0.81
Bad debt loss	0.06
All other expenses	0.77
Total operating expenses	34.37
Net operating profit	2.99
Non-trading income	0.37
Non-trading expenses	0.62
Net profit before income tax deductions	2.74
Income tax	0.54
Final net profit	2.20

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

SHOE CHAIN STORES

Firms in this classification are primarily engaged in selling men's, boys', women's, children's and infants' footwear. Frequently handled also are hosiery, gloves, handbags, other accessories, luggage and other leather goods. A limited amount of repair work may be done. Among the firms reporting to the survey are those handling only one line such as men's shoes, women's shoes or children's and infants' shoes but about 80 per cent of the business included in the operating results survey represents Family Shoe Stores handling all types of footwear.

Operating results are shown in Table 9 which follows. Not all respondents were incorporated companies and Table 10 is a special tabulation of incorporated company data. It is of interest to note that the 1961 Census of Merchandising revealed that the gross profit for Family Shoe Stores in general was 34.1 per cent of net sales. The ratios ranged from 32.7 per cent for Newfoundland to 38.6 per cent for Manitoba. These figures were derived from reports of both chain and independent stores. Table 11 gives the main operating results for a number of past years.

TABLE 9. Shoe Chain Stores, Operating Results, 1964, by Size of Firm

Item	Firms with 1964 sales of					Total all firms
	Under \$300,000	\$300,000- 499,999	\$500,000- 999,999	\$1,000,000- 2,999,999	\$3,000,000 and over	
Number of firms	7	8	10	6	4	35
Number of stores operated	33	47	66	119	406	671
Average net sales per firm \$	232,770	379,205	705,114	1,970,824	7,609,269	1,542,177
Average cost of goods sold \$	156,625	240,180	428,972	1,316,387	4,613,283	961,686
Average inventory per firm:						
Beginning of year \$	78,599	141,229	175,686	530,034	2,073,244	426,002
Per cent of average net sales	33.77	37.24	24.92	26.89	27.25	27.62
End of year \$	81,829	136,116	185,383	555,750	2,011,070	425,552
Per cent of average net sales	35.15	35.90	26.29	28.20	26.43	27.59
Stock turnover (times per year)	1.95	1.73	2.38	2.42	2.26	2.26
Profit and loss data (Per cent of net sales)						
Gross profit	32.71	36.66	39.16	33.21	39.37	37.64
Operating expenses:						
Salaries:						
Executives	3.16	3.42	2.07	1.78	1.58	1.84
Other employees	12.32	14.66	16.79	14.34	15.47	15.26
Employees' benefits	0.23	0.68	0.54	0.54	0.42	0.47
Occupancy	6.18	8.38	7.48	7.96	9.77	8.89
Taxes ¹ and licences	0.49	0.65	0.44	0.65	0.62	0.60
Insurance ¹	0.52	0.46	0.35	0.23	0.45	0.39
Repairs and maintenance ¹	0.64	0.48	0.45	0.38	0.21	0.31
Depreciation ¹	0.50	0.85	1.27	1.12	0.68	0.86
Supplies	0.70	0.81	0.69	0.96	1.11	0.99
Advertising	1.20	1.14	2.82	1.50	2.05	1.95
Travelling	0.40	0.43	0.54	0.33	0.54	0.48
Communication	0.59	0.53	0.40	0.47	0.39	0.42
Delivery	0.43	0.18	0.28	0.35	0.13	0.21
Bad debt loss	0.03	0.07	0.09	0.15	0.01	0.05
All other expenses	1.15	2.25	2.22	1.13	2.10	1.89
Total operating expenses	28.54	34.99	36.43	31.89	35.53	34.61
Net operating profit	4.17	1.67	2.73	1.32	3.84	3.03
Non-trading income	0.68	0.60	0.09	0.47	0.63	0.53
Non-trading expenses	0.25	0.02	0.24	0.82	0.93	0.74
Net profit before income tax deduction and the withdrawals of the owners of unin- corporated businesses	4.60	2.25	2.58	0.97	3.54	2.82

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

TABLE 10. Shoe Chain Stores, Operating Results, 1964
Incorporated Companies
(Items expressed as percentages of net sales)

Item	Firms with 1964 sales of				Total all firms
	\$300,000- 499,999	\$500,000- 999,999	\$1,000,000- 2,999,999	\$3,000,000 and over	
Gross profit	38.59	39.83	33.21	39.37	37.90
Operating expenses	37.62	37.26	31.89	35.53	34.94
Net operating profit	0.97	2.57	1.32	3.84	2.96
Non-trading income	0.44	0.10	0.47	0.63	0.54
Non-trading expenses	0.01	0.36	0.82	0.93	0.80
Net profit before income tax deduction	1.40	2.31	0.97	3.54	2.70
Income tax	0.48	0.53	0.50	2.10	1.48
Final net profit	0.92	1.78	0.47	1.44	1.22

TABLE 11. Shoe Chain Stores — Comparison of Main Operating Results, 1947-64
(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955	1957	1959	1964
Number of firms	22	23	29	30	35	36	37	35
Gross profit	30.75	30.78	31.58	31.60	32.95	33.95	35.94	37.64
Operating expenses:								
Salaries	14.45	14.71	14.61	14.78	15.35	15.51	15.80	17.10
Occupancy	5.78	5.27	5.32	5.30	5.84	6.72	7.14	8.89
Advertising	1.18	1.45	1.55	1.65	1.72	1.70	1.64	1.95
All other expenses	2.82	4.42	5.00	4.99	5.07	5.15	5.61	6.67
Total operating expenses	24.23	25.85	26.48	26.72	27.98	29.08	30.19	34.61
Net operating profit	6.52	4.93	5.10	4.88	4.97	4.87	5.75	3.03

WOMEN'S READY-TO-WEAR CHAIN STORES

Firms in this classification are primarily engaged in selling women's ready-to-wear coats, suits and dresses with or without accessories such as hosiery, lingerie, millinery and so forth. Piece goods are sometimes sold but these do not account for more than 50 per cent of total trade.

Operating results are shown in Table 12 which follows. All respondents were incorporated com-

panies. It is of interest to note that the 1961 Census of Merchandising revealed that the gross profit for Women's Ready-to-wear Stores in general was 33.2 per cent of net sales. The ratios ranged from 27.4 per cent for Prince Edward Island to 34.0 per cent for Ontario. These figures were derived from reports of both chain and independent stores. Table 13 gives the main operating results for a number of past years.

TABLE 12. Women's Ready-to-Wear Chain Stores, Operating Results, 1964, by Size of Firm
Incorporated Companies

Item	Firms with 1964 sales of				Total all firms
	Under \$500,000	\$500,000 - 999,999	\$1,000,000 - 2,999,999	\$3,000,000 and over	
Number of firms	3	4	10	4	21
Number of stores operated	22	21	160	149	352
Average net sales per firm	\$ 313,804	771,607	1,864,361	9,343,423	2,859,292
Average cost of goods sold	\$ 198,179	494,146	1,205,732	5,886,862	1,817,900
Average inventory per firm:					
Beginning of year	\$ 105,519	105,964	296,798	1,148,302	395,314
Per cent of average net sales	33.63	13.73	15.92	12.29	13.83
End of year	\$ 108,673	124,505	335,375	1,268,070	440,507
Per cent of average net sales	34.63	16.14	17.99	13.57	15.41
Stock turnover (times per year)	1.85	4.29	3.81	4.87	4.35
Profit and loss data (Per cent of net sales)					
Gross profit	36.85	35.96	35.33	36.99	36.42
Operating expenses:					
Salaries:					
Executives	2.19	2.97	2.14	0.93	1.43
Other employees	14.35	16.78	15.41	16.05	15.86
Employees' benefits	0.22	0.55	0.35	0.70	0.58
Occupancy	10.95	5.59	7.65	7.46	7.47
Taxes ¹ and licences	0.60	0.56	0.62	0.58	0.59
Insurance ¹	1.07	0.42	0.45	0.37	0.41
Repairs and maintenance ¹	0.76	0.94	0.70	0.52	0.60
Depreciation ¹	0.74	1.09	0.71	0.80	0.79
Supplies	0.33	0.41	1.13	1.53	1.33
Advertising	1.98	1.58	2.44	2.00	2.12
Travelling	0.48	0.35	0.35	0.45	0.42
Communications	0.54	0.29	0.47	0.47	0.46
Delivery	0.53	0.38	0.32	0.13	0.21
Bad debt loss	—	0.14	0.19	0.16	0.16
All other expenses	2.10	2.03	2.27	0.81	1.35
Total operating expenses	36.84	34.08	35.20	32.96	33.78
Net operating profit	0.01	1.88	0.13	4.03	2.64
Non-trading income	0.27	0.87	1.13	3.12	2.34
Non-trading expense	—	0.24	0.38	0.25	0.28
Net profit before income tax deductions	0.28	2.51	0.88	6.90	4.70
Income tax	0.16	0.58	0.38	3.33	2.22
Final net profit	0.12	1.93	0.50	3.57	2.48

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

TABLE 13. Women's Ready-to-Wear Chain Stores — Comparison of Main Operating Results, 1947-64
(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955	1957	1959	1964
Number of firms	26	23	29	28	30	29	34	21
Gross profit	30.18	29.40	28.32	31.48	32.70	34.38	34.61	36.42
Operating expenses:								
Salaries	11.59	12.14	12.16	12.90	14.07	14.97	15.11	17.29
Occupancy	5.10	5.36	5.38	5.60	6.42	6.78	7.33	7.47
Advertising	1.65	1.43	1.54	1.51	1.44	1.80	2.23	2.12
All other expenses	5.69	6.39	6.48	6.79	6.84	7.30	6.91	6.90
Total operating expenses	24.03	25.32	25.56	26.80	28.77	30.85	31.58	33.78
Net operating profit	6.15	4.08	2.76	4.68	3.93	3.53	3.03	2.64

DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn for personal use are included.

Purchases — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, and transportation costs from warehouse to stores.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages, commissions and bonuses (except delivery) — payments to employees before deduction of income tax or unemployment insurance, etc. Included are salaries paid to executives of incorporated firms. Proprietors' salaries or withdrawals are included in "net operating profit" for unincorporated store operations.

Employees' benefits — contributions made towards employees' pensions, unemployment insurance, hospitalization and other staff benefits. (Excludes employees' own contributions.)

Occupancy — the cost of maintaining and occupying a place of business and includes property taxes, insurance, heat, light and power, repairs and maintenance, depreciation, mortgage interest on owned real estate and rental expense on rented premises.

Taxes and licences — excluding property taxes.

Insurance — premiums for insurance policies carried to protect the business, covering furniture and fixtures and inventories but excluding real estate insurance and insurance on delivery equipment.

Repairs and maintenance — costs incurred to keep fixtures and equipment operating efficiently. (Excludes capital expenditure and delivery.)

Depreciation — allowances on fixtures and equipment (except delivery).

Supplies — wrapping paper, twine, store and office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Travelling — all travelling expense including buying.

Communication — telephone, telegraph and postage.

Delivery — salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.), all other costs from stores to customers including amounts paid for contract delivery.

Bad debt loss — amount written off or reserve provided for during the current year.

All other operating expenses — bank charges, legal, auditing and collection fees, etc.

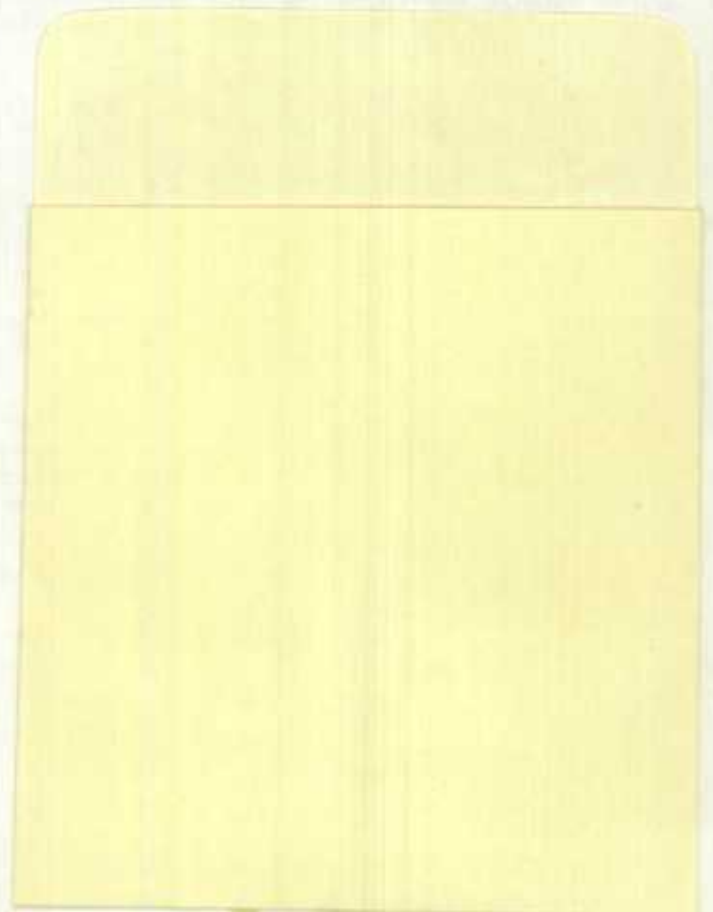
Non-trading income — interest earned, net revenues from rentals, financial charges, delivery charges made to customers and bad debts recovered, revenues from investments and other non-trading activities.

Non-trading expense — interest expense and any other expenses not pertaining to the business.



LIBRARY

THE ROYAL BANK OF CANADA
MONTREAL · CANADA



STATISTICS CANADA LIBRARY
BIBLIOTHÈQUE STATISTIQUE CANADA



1010738230