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CATALOGUE No.

63-403

BIENNIAL

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OPERATING RESULTS OF
CHAIN FOOD STORES
1959



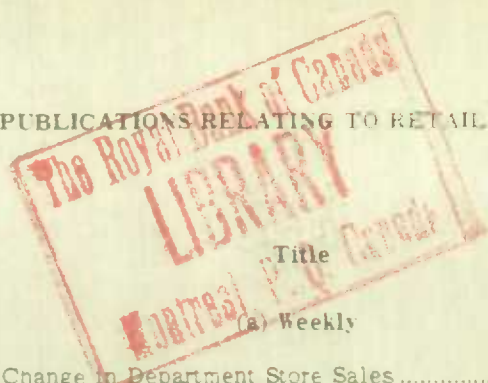
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PUBLICATIONS RELATING TO RETAIL TRADE

Catalogue
number

Title

Price

(a) Weekly

63-003 Percentage Change in Department Store Sales per year \$2.00

(b) Monthly

63-001 Chain Store Sales and Stocks per year 1.00
 63-002 Department Store Sales and Stocks per year 1.00
 63-004 Percentage Change in Department Store Sales (Preliminary) per year 1.00
 63-005 Retail Trade per year 3.00
 63-007 New Motor Vehicle Sales and Motor Vehicle Financing per year 1.00
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(c) Quarterly

63-006 Retail Credit per year 2.00
 63-009 Farm Implement and Equipment Sales per year 1.00

(d) Annual

63-203 Farm Implement and Equipment Sales50
 63-208 New Motor Vehicle Sales and Motor Vehicle Financing50
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 63-210 Retail Chain Stores50
 63-211 Sales Financing25

(e) Biennial

63-401 Operating Results of Chain Clothing Stores50
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 63-403 Operating Results of Chain Food Stores50
 63-404 Operating Results of Chain Furniture Stores25
 63-405 Operating Results of Chain Variety Stores25
 63-406 Operating Results and Financial Structure of Independent Retail Clothing Stores75
 63-407 Operating Results and Financial Structure of Independent Drug Stores50
 63-408 Operating Results and Financial Structure of Filling Stations and Garages50
 63-409 Operating Results and Financial Structure of Independent Food Stores50
 63-410 Operating Results and Financial Structure of Independent Fuel Dealers50
 63-411 Operating Results and Financial Structure of Independent General Stores50
 63-412 Operating Results and Financial Structure of Independent Retail Hardware,
 Furniture, Appliance, Radio and Television Stores50
 63-413 Operating Results and Financial Structure of Independent Jewellery Stores50
 63-414 Operating Results and Financial Structure of Independent Restaurants50
 63-415 Operating Results and Financial Structure of Independent Tobacco Stores50

Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.

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OPERATING RESULTS OF
THE F. COO STONE

1931

1932

1933

For the year ended December 31, 1931, the Company's operating results were as follows:

The Company's operating results for the year ended December 31, 1932, were as follows:

The Company's operating results for the year ended December 31, 1933, were as follows:

For the year ended December 31, 1934, the Company's operating results were as follows:

OPERATING RESULTS OF CHAIN FOOD STORES 1959

INTRODUCTION

Retail chain store firms are defined as those organizations operating four or more retail outlets in the same or related lines of business under the same ownership. Controlled subsidiary companies are included but "voluntary" or "sponsored" groups in which the stores are individually owned are not.

This report deals with profit and loss statistics, presented mainly in the form of percentages to net sales. Results are shown for sales-size groups similar to the 1957 study. Balance sheet data, first collected for 1957, have not been retained in this series. The financial structure of firms in this chain store survey is so widely different that averages have little meaning.

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.

Note: Definitions will be found on the last page of this report.

Summary of Results by Trades

This 1959 survey covers only grocery and combination store chains. Food store chains can be considered as covering other trades such as bakery and candy. For purposes of operating results studies, however, the combination of manufacturing and retailing in these two trades is such that results would not be meaningful as a measurement of retail operations. In the grocery and meat field, a gradual shifting has occurred toward the "combination" type of merchandising; i.e. specialized grocery store and meat market chains are becoming fewer.

In this report results of four grocery firms are still shown, but meat market chains are no longer surveyed for profit and loss data.

The comparison of operating ratios for grocery and combination store chains is shown below. The combination store chains operated on higher ratios of gross profit, spent less of their sales dollar on expenses and obtained greater net profits than grocery store chains.

TABLE 1. Comparison of Main Operating Results in Chain Food Stores, 1959

Item	Grocery	Combination
Number of firms	4	29
Average net sales per firm \$	3,998,059	48,397,379
Rate of stock turnover (times per year)	8.52	16.81
Profit and loss data (per cent of net sales)		
Gross profit	16.49	17.90
Operating expenses	15.28	15.17
Net operating profit	1.21	2.73
Non-trading income	0.23	0.59
Non-trading expense	0.01	0.26
Net profit before income tax deduction	1.43	3.03

CHAIN GROCERY STORES

Only four firms in this classification reported profit and loss information for 1959. All of the firms were incorporated, so that results are shown for income tax and final net profit. Firms in this class

sell 68 per cent or more of a general line of groceries, while fresh meat must not exceed 15 per cent of the total trade.

TABLE 2. Operating Results of Chain Grocery Stores, 1959

Item	Total all firms
Number of firms	4
Number of stores operated	65
Average net sales per firm \$	3,998,059
Average cost of goods sold	3,338,604
Average inventories per firm:	
Beginning of year	391,046
Per cent of average net sales	9.78
End of year	393,061
Per cent of average net sales	9.82
Stock turnover (times per year)	8.52

TABLE 2. Operating Results of Chain Grocery Stores, 1959 - Concluded

Item	Total all firms
Profit and loss data (per cent of net sales)	
Gross profit	16.49
Operating expenses:	
Salaries:	
Executives	1.10
Other employees	8.07
Employees' benefits	0.21
Occupancy	2.07
Taxes and licenses ¹	0.15
Insurance ¹	0.07
Repairs and maintenance ¹	0.09
Depreciation ¹	0.80
Supplies	0.97
Advertising	0.83
Travelling	0.07
Communication	0.05
Delivery	0.54
Bad debt loss	0.04
All other expenses	0.22
Total operating expenses	15.28
Net operating profit	1.21
Non-trading income	0.23
Non-trading expense	0.01
Net profit before income tax deduction	1.43
Income tax	0.69
Final net profit	0.74

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

TABLE 3. Chain Grocery Stores - Comparison of Main Operating Results, 1949-59
(Items expressed as percentages of net sales)

Item	1949	1951	1953	1955	1957	1959
Number of firms	8	8	6	6	5	4
Gross profit	15.96	15.53	14.96	16.03	15.46	16.49
Operating expenses:						
Salaries	8.66	8.53	8.35	8.75	8.49	9.17
Occupancy	1.61	1.61	1.55	1.94	1.56	2.07
Advertising	0.19	0.51	0.65	0.89	0.61	0.83
All other expenses	2.48	3.47	3.25	3.74	3.72	3.21
Total operating expenses	12.94	14.12	13.80	15.32	14.38	15.28
Net operating profit	3.02	1.41	1.16	0.71	1.08	1.21

CHAIN COMBINATION STORES

Firms in this classification sell groceries and fresh meat with neither line constituting less than 15 per cent of total sales. All firms reporting in the two largest sales-size categories were incorporated.

For these, ratios are shown for income tax and final net profit after taxes. Where unincorporated firms are included, the ratios of income tax are not comparable and are not shown.

TABLE 4. Operating Results of Chain Combination Stores, 1959 by Size of Firm

Item	Firms with 1959 sales of			Total all sizes
	Under \$10,000,000	\$10,000,000-99,999,999	\$100,000,000 and over	
Number of firms	16	8	5	29
Number of stores operated	90	248	1,053	1,391
Average net sales per firm	\$ 3,300,320	18,804,397	241,216,737	48,597,379
Average cost of goods sold	\$ 2,763,752	15,551,913	197,673,975	39,896,732
Average inventory per firm:				
Beginning of year	\$ 148,424	1,046,953	11,327,521	2,323,724
Percent of average net sales	4.50	5.57	4.70	4.78
End of year	\$ 182,661	1,177,592	11,585,512	2,423,133
Per cent of average net sales	5.53	6.26	4.80	4.99
Stock turnover (times per year)	16.70	13.98	17.25	16.81
Profit and loss data (per cent of net sales)				
Gross profit	16.26	17.29	18.05	17.90
Operating expenses:				
Salaries:				
Executives	0.92	0.42	0.15	0.20
Other employees	6.82	7.39	7.76	7.68
Employees' benefits	0.15	0.23	0.38	0.36
Occupancy	1.79	2.31	2.13	2.14
Taxes, licenses ¹	0.13	0.19	0.18	0.18
Insurance ¹	0.14	0.11	0.08	0.08
Repairs and maintenance ¹	0.35	0.32	0.47	0.45
Depreciation ¹	0.68	1.10	0.81	0.83
Supplies	1.07	1.65	0.90	0.92
Advertising	1.21	1.16	1.06	1.08
Travelling	0.07	0.11	0.08	0.09
Communication	0.08	0.10	0.06	0.07
Delivery	0.72	0.42	0.31	0.33
All other expenses	0.44	1.01	0.66	0.69
Total operating expenses	14.57	16.52	15.03	15.17
Net operating profit	1.69	0.77	3.02	2.73
Non-trading income	0.25	0.62	0.60	0.59
Non-trading expense	0.13	0.11	0.32	0.29
Net profit before income tax deduction	1.81	1.28	3.30	3.03
Income tax	—	0.51	1.50	—
Final net profit	—	0.77	1.80	—

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

TABLE 5. Chain Combination Stores — Comparison of Main Operating Results, 1947-59

(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955	1957	1959
Number of firms	24	21	21	24	22	26	29
Gross profit	15.99	15.60	15.82	16.50	16.45	17.44	17.90
Operating expenses:							
Salaries	8.38	7.99	7.57	7.41	7.67	7.32	7.88
Occupancy	1.15	1.35	1.28	1.26	1.39	1.84	2.14
Supplies	0.71	1.31	1.10	1.00	0.96	0.98	0.99
Advertising	0.51	0.49	0.49	0.71	0.91	0.91	1.08
All other expenses	2.48	1.99	2.23	2.88	2.47	2.75	3.08
Total operating expenses	13.23	13.13	12.67	13.26	13.40	13.80	15.17
Net operating profit	2.76	2.47	3.15	3.24	3.05	3.64	2.73

DEFINITIONS

PROFIT AND LOSS

Items

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 by the proprietor 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, etc.

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 (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes 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.).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

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

Ratios

Stock turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

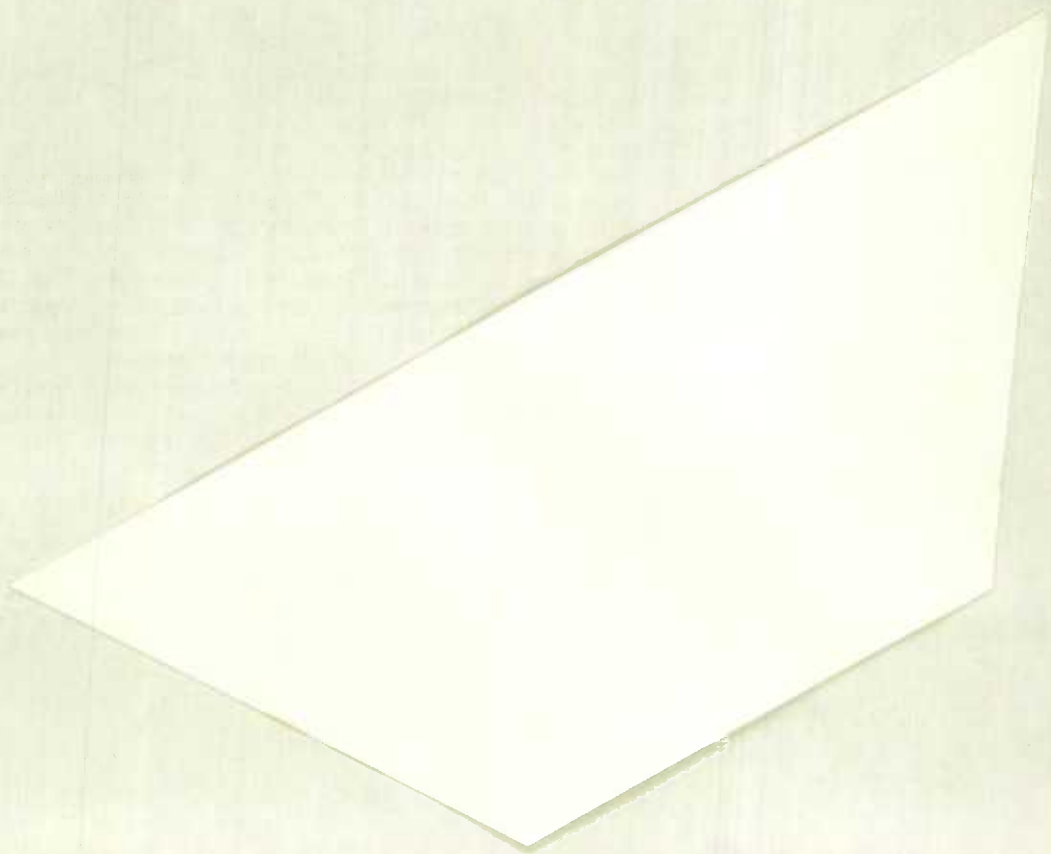
Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

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