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C16d CATALOGUE No. C.3

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1959 BIENNIAL

No. 4.



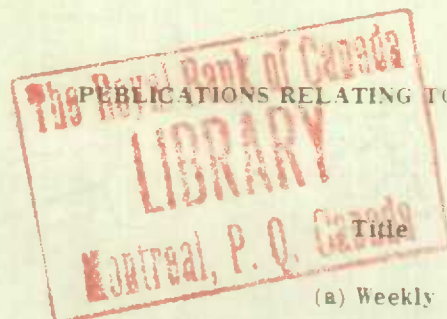
OPERATING RESULTS OF CHAIN FURNITURE STORES 1959

Published by Authority of
The Honourable George Hees, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Industry and Merchandising Division

February, 1961
6542-519

Price 25 cents

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
 61-004 Credit Statistics per year 1.00

(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
 63-209 Retail Trade (including Shopping Centres)50
 63-210 Retail Chain Stores50
 63-211 Sales Financing25

(e) Biennial

63-401 Operating Results of Chain Clothing Stores50
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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.

OPERATING RESULTS OF CHAIN FURNITURE 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. There were too few firms in this class to provide a sales-size breakdown. 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.

CHAIN FURNITURE STORES

Firms included in this classification are those whose sales are mainly household furniture and furnishings. Household appliances may also be sold but to remain in this class, a firm must not sell more than 33 per cent appliances.

Comparison of operating ratios for the years surveyed are shown in Table 1. Detail profit and loss ratios are given in Table 2. In this trade carry-

ing charges on credit sales are reported as other or non-trading income. Net operation profit, therefore, is depressed since the expenses involved are included in total operating expenses, but the revenue enters into consideration after operating profit. Final net profit before taxes, however, reflects the yearly operating efficiency of the trade.

TABLE 1. Chain Furniture Stores Main Operating Results for 1947 to 1959 Compared
(Items expressed as percentages of net sales)

Item	1947	1949	1951	1953	1955 ¹	1957	1959
Number of firms	10	10	13	10	8	10	9
Gross profit	32.57	35.11	30.68	31.78	33.45	36.69	36.13
Operating expenses:							
Salaries	13.86	12.11	12.62	11.98	14.24	16.81	16.78
Occupancy	2.85	5.34	4.11	3.96	4.95	4.43	4.99
Advertising	3.04	4.69	3.22	3.46	3.15	4.82	5.47
All other expenses	4.99	8.94	7.27	7.05	8.90	15.40	14.01
Total operating expenses	24.74	31.08	27.22	26.45	31.24	41.46	41.24
Net operating profit	7.83	4.03	3.46	5.33	2.21	4.77 ²	5.11 ²
Net profit before income tax deduction	7.83	7.73	4.51	5.65	5.85	8.71	8.08

¹ Revised.

² Net operating loss.

TABLE 2. Operating Results of Chain Furniture Stores, 1959

Item	Total all firms
Number of firms	9
Number of stores operated	195
Average net sales per firm	\$ 5,090,093
Average cost of goods sold	\$ 3,250,769
Average inventory per firm:	
Beginning of year	\$ 808,031
Percent of average net sales	15.97
End of year	\$ 820,013
Per cent of average net sales	16.11
Stock turnover (times per year)	3.99

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

Item	Total all firms
Profit and loss data (per cent of net sales)	
Gross profit	36.13
Operating expenses:	
Salaries:	
Executives	0.60
Other employees	16.18
Employees' benefits	0.26
Occupancy	4.99
Taxes ¹ and licenses	0.25
Insurance ¹	0.32
Repairs and maintenance ¹	0.88
Depreciation ¹	0.36
Supplies	1.03
Advertising	5.46
Travelling	0.71
Communication	1.20
Delivery	3.41
Bad debt loss	3.83
All other expenses	1.76
Total operating expenses	41.24
Net operating loss	5.11
Non-trading income	14.74
Non-trading expense	1.55
Net profit before income tax deduction	8.08

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

MERCHANDISING AND SERVICES

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.

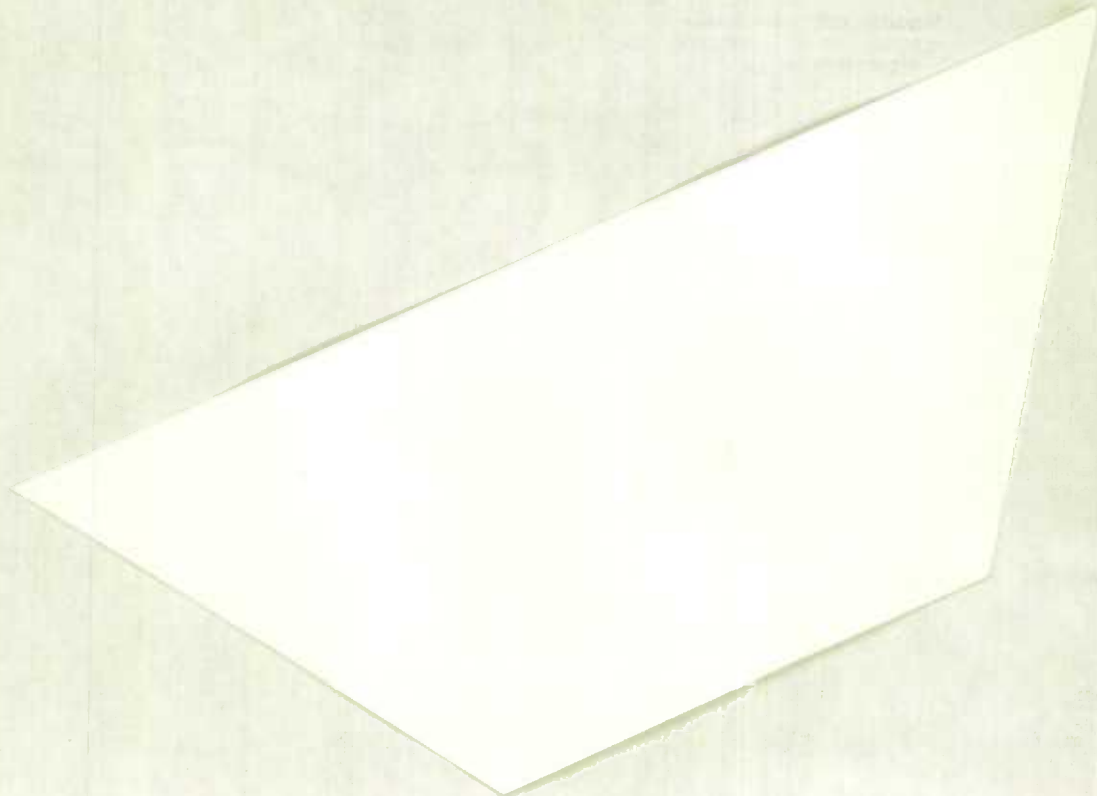
Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales dollar.

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.

EXHIBIT ONE



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