

MAY 8 1946

CANADA  
DOMINION BUREAU OF STATISTICS  
MERCHANDISING AND SERVICES BRANCH

---

OPERATING RESULTS OF UNINCORPORATED RETAIL STORES

1944

Bulletin No. 2

INDEPENDENT GROCERY STORES [Without Fresh Meats]  
INDEPENDENT COMBINATION STORES [Groceries and Meats]  
INDEPENDENT MEAT MARKET STORES  
INDEPENDENT FRUIT & VEGETABLE STORES  
INDEPENDENT CONFECTIONERY STORES

Including

Purpose, Importance, Explanation of Use, Summary of Results,  
and  
Statistical Tables



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FOREWORD

For some time the Bureau has recognized the practical value of published information on average operating results, that is, on average rates of expenses and profits, etc., in the principal retail trades. Indeed the first studies of this nature were made for the year 1938, and since then an increasing demand for such information has been experienced by this Bureau. It is in response to this demand that the present series of reports is now being issued.

Concerned mainly with average expense and profit percentages, comprehensive information on the operating results of retail stores deals with many of the significant factors which eventually determine their success or failure. Such information therefore represents the results which many retailers have obtained in meeting the problems that are common to their particular kind of business. Statistics of this nature, moreover, have the practical value of enabling individual merchants to compare their own rates of expenses and profits with the results of similar stores in their trade, from which they can isolate for further analysis the areas in which their performance has been below average. The resulting opportunities for improving the efficiency in retail store managements may well be of some importance in peacetime as Canadian retailers under more competitive conditions endeavour to distribute the products of an expanded industrial economy. These considerations and possibilities have been set forth under the heading "Importance of Information on Operating Results in Retail Trade" commencing on page 2 of these reports. A separate discussion beginning on page 8 under the topic "How the Retailer Can Use Information on Operating Results" has also been included as a possible guide to retailers using the bulletins.

It must be emphasized here, however, that the statistics presented in these reports are subject to important limitations in respect to their coverage and representativeness. This is because the figures are based, not upon a comprehensive survey of large numbers of co-operating stores, but rather upon comparatively small sample numbers of such firms. These samples, of course, should be large enough to permit the different influences affecting operating results to average themselves out and thus present the more typical operating experiences of stores in the different size and occupancy classifications of stores. For many kinds of stores, unfortunately, the number of usable returns when distributed between these classifications may be too small to permit any special or erratic conditions completely to iron or cancel themselves out. These aspects of the reports are discussed more fully under the heading "Limitations to Information on Operating Results" on page 6 of the bulletins, and to some extent under "How the Retailer Can Use Information on Operating Results" on page 8, to both of which the reader is referred. It should therefore be noted that the present studies are tentative in nature and must await the results of subsequent surveys for conclusive evidence as to the validity of many of the statistics herein presented.

In spite of the preliminary nature of the statistics, however, these reports are being issued in the belief that they will at least reveal the future scope for such studies and may well provide some useful, although perhaps rough, indications of the operating experiences of the retail trades under review. The bulletins have been prepared in the Merchandising and Services Branch of the Bureau, of which Mr. A.C. Steedman, B.A., is Chief, by Mr. A.M. Chipman, M.B.A., Statistician in the Branch. The suggestions of those obtaining and using these reports will be most welcome to the end that better and more useful studies can be made in future.

*Herbert Marshall*

H. Marshall,  
Dominion Statistician.





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DEPARTMENT OF TRADE AND COMMERCE  
DOMINION BUREAU OF STATISTICS  
MERCHANDISING AND SERVICES BRANCH  
OTTAWA -- CANADA

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Dominion Statistician:	Herbert Marshall, B.A., F.S.S.
Chief, Merchandising and Services Branch:	A. C. Steedman, B.A.
Statistician:	A. M. Chipman, L.B.A.

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Series, 1944  
No. 10

16 - 7010

OPERATING RESULTS OF INDEPENDENT RETAIL STORES, 1944.

PART I - GENERAL SECTION

This report is one of a series presenting average operating results in selected branches of retail trade for 1944 and, where possible, for both 1941 and 1944. The first series of such studies was made by the Bureau for the year 1938 and presented somewhat similar information on average operating expenses and profits against which individual firms could compare their own results. Since that time requests have been received on an expanding scale for corresponding types of reports, a fact which indicates the growing interest of merchants and others in information on costs in retail trade. It is in response to this demand that these reports are now being issued.

The basic information for such studies was obtained primarily for the purpose of improving the Bureau's estimates of the country's National Income which originated in unincorporated and independent retail stores. Such establishments predominate to a marked extent in retail trade, comprising 90 per cent of all 137,331 stores enumerated in the 1941 Census, accounting for 55 per cent of total sales of \$3,440,901,700, and providing a livelihood for nearly 132,000 proprietors and partners. The net earnings of these proprietors and partners thus represent an important contribution to the National Income totals. Aggregate figures on these net earnings, however, are not readily available to the Bureau from other sources and for this reason it was decided early in 1945 to obtain the required information by a direct survey of sample groups of retail stores.

Accurate and comprehensive figures on the National Income are now regarded as one of the best measures of the purchasing power and economic activity of the country. These statistics, consequently, are highly important as aids to both governments and business in the determination of their plans and policies, and particularly so in relation to the problem of maintaining high levels of employment within the country. Periodic surveys of retail trade will therefore be made to obtain the information necessary to estimate accurately the total net earnings of unincorporated retail stores for inclusion in the National Income statistics.

In carrying out this task it is hoped that information on average operating results will be made available to retailers in even greater detail than has been found possible in the recent survey. Thus, the co-operation of retailers in supplying information on their own operating experiences has two beneficial



results. In the first instance, it enhances the accuracy of the Bureau's estimates of the National Income and the soundness of the governmental and business policies which are based on such figures. Secondly, the co-operation of retailers in these surveys provides them with yardsticks of performance against which they can compare their own financial results.

The figures which co-operating retailers supply to the Bureau on their costs, expenses and profits are quite obviously highly confidential in nature. They are strictly so regarded by the Bureau and are used only for the two purposes just outlined with no disclosures of the results of individual operations being made.

#### Information Contained in Reports on Retail Operating Results.

The information presented in this and subsequent bulletins consists primarily of the financial results which the different kinds of co-operating stores obtained in the year under review. The information consequently covers such individual items as net sales, purchases of merchandise for resale and beginning and ending merchandise inventories, cost of goods sold, gross trading profits after costs of merchandise sold have been deducted from sales, the several categories of operating expenses incurred during the period and finally the net earnings available to proprietors after all costs and expenses have been subtracted from sales. In other words, the information here under study consists of the more important financial items usually found in the typical retail Profit and Loss Statement.

There are of course many general factors which commonly affect the financial results of retail stores. Three of the more important of these consist of the kind of business, that is whether the store is a grocery, an apparel, a furniture store, etc., the amount of annual sales made by the store, and the basis of occupancy, that is whether the store is owned or rented. The reports of the co-operating retail stores were therefore classified by kind of business and within the kind of business categories into groups according to the amount of sales made. These groups were again divided by method of occupancy into "owned" and "rented" categories. The figures were then compiled for each of the individual groups and reduced to the form shown in the tables of this report. Thus gross trading profits, the several expense items and proprietors' net earnings before income taxes and withdrawals appear as percentages of sales while stock turnover appears as a ratio indicating the number of times the average inventories were turned over during the year.

These ratios are therefore averages of the operating results which the different groups of unincorporated stores actually obtained. As such, these averages are at least indicators of rates of gross trading profits, of expenses and net earnings which similar stores may have experienced in the period under review.

#### Importance of Information on Operating Results in Retail Trade.

The critical value of information on operating results for use in computing the net earnings contributed by unincorporated retail stores to the highly important National Income estimates has already been pointed out. Indeed, the net earnings of individually operated stores add to really sizable contributions, being estimated at nearly \$150,000,000 in 1941 and nearly \$200,000,000 in 1944. Quite apart from its value in this respect, however, there are other economic and business uses which increase still further the practical importance of this type of information.



Many of these uses arise from economic changes brought about by transition from war to peacetime conditions. During the war years, retail trade experienced high levels of consumer demand, usually for relatively inadequate and in some lines for severely restricted supplies of merchandise. These conditions in turn tended to reduce the intensity of competition between stores in the same kind of business, as well as competition for the consumer's dollar between stores handling different kinds of goods. The resulting curtailment of price competition between retailers, the extension of price control which in general tended to stabilize buying and selling price relationships for retailers, and a diminished need for mark downs and sales allowances all exerted influence in the direction of maintaining or improving the percentages of realized gross trading profits. Apart from the furniture, radio and electrical, and automotive kinds of stores, the sales volumes of individual stores generally increased throughout the war period. These gains in turn tended to level off or to reduce expense percentages, the dollar amounts for some of which had been favourably affected by reduced credit losses and by curtailed expenses of operation.

Different conditions, however, can be expected to prevail in peacetime which, for purposes of discussion, can be broken down into two phases. During the earlier transition period industry will re-convert to peacetime activities and its subsequent production can be deemed to go far to meet consumers' pent-up demands, especially for many types of durable goods. Consumer purchasing power will likely remain relatively high due partly to wartime savings, partly to the high level of industrial activity, and partly, with crops permitting, to the substantial export and domestic demand for food products. An expansion in the numbers of retail stores in business may also be anticipated as war veterans, and individuals displaced from war production, establish their own businesses. During the early part of this phase, the supplies of many kinds of consumer goods may be inadequate to meet popular demands for them. As this period advances, however, consumer demands will settle down more to a replacement basis, expanded output will be able to build up normal stocks of merchandise at different levels in the manufacturing and distributive processes, and the functions of demand creation and sales promotion will become steadily more important.

The more normal peacetime period may therefore be marked by the greater necessity to promote and sell the products of an expanded industry. With freer price relationships between merchandise cost and selling prices then prevailing, greater pressures may be exerted on retailers' gross trading profit margins than before. This condition will probably result from a combination of influences including the increased quantities of readily available supplies, the desire of manufacturers and retailers to increase commodity and store sales through lower prices, and from making mark downs and sales allowances more extensively than in the war and transition periods. Lower individual store sales volumes for many kinds of retail trade on average may also be experienced from increases in the store population, the diffusion of consumer purchasing power over widened ranges of merchandise, including, for instance, automobiles and related products, electrical appliances, etc., and from more intense competition between different types and kinds of retail outlets. These lowered sales volumes will then tend to increase percentage rates of expense, many of which will be forced upward by greater dollar expenditures for advertising, for store renovation, and possibly for the provision of greater services to store customers.

Such tendencies toward reduced store sales volumes, to lowered gross trading profit and to increased operating expense percentages in the more normal peacetime period emphasize the need for progressive improvements in the management of independent stores if their continued existence and their proprietors' standards



of living are to be assured. These conditions thus impose upon retail merchants the necessity for using productive methods of sales promotion to maintain sales volumes, for informed buying and pricing practices to obtain adequate gross trading profits, and for careful control of operating expenses to secure adequate and reasonable net trading profits. They require in addition the periodic self-examination of the merchant's financial results so that weak spots in the store's operations can be revealed and remedied.

These periodic reviews of the store's operations are most revealing when individual merchants can measure their own financial results against certain outside standards or yardsticks of achievement. It is these standards or yardsticks of financial performance which this Bureau is now presenting in its reports on the actual operating results of sample groups of retail stores. With reports of this type, individual merchants can compare their rates of inventory turnover and their percentages of gross trading profits, operating expenses, and net trading profits with those obtained by similar kinds of stores. Guides of this nature enable retailers to determine whether their experiences are better or poorer than average, and where poorer, the factors producing the inferior results can be further analyzed for corrective action.

In addition to serving as aids to store management, information on operating costs is of considerable practical value to individuals planning the establishment of retail businesses. Reports of this type enable prospective retailers to find out what operating conditions are like in the trades they are considering, what net earnings they may reasonably expect from different sales volumes, and what standards they must achieve to obtain the net earnings they desire. The same reports also provide these individuals with knowledge of the average sizes of inventories carried, a factor of importance in estimating their capital requirements. Frequent requests are now received by the Bureau for information on sales and earnings possibilities in different trades and localities, on trade practices, capital requirements, etc. Provision of figures on operating costs thus widens the field of service the Bureau can provide, a service particularly timely when so many are appraising the opportunities for profitable establishment in business.

Over a period of years the expanding use of the Bureau's reports on operating results may produce benefits of importance to those engaged in retail trade. These benefits may well appear in the form of greater efficiency in store managements, increased flexibility to meet changing conditions in distribution, and greater stability in the business existence of retail stores through reductions in overall rates of business mortality. Improved management implies a greater knowledge of operating costs and the means of controlling them. It enables the value of services rendered to be measured against their costs, and by focussing attention on the critical gross trading profit percentage emphasizes the importance of careful buying to reduce mark downs, etc., and yet maintain satisfactory net earnings positions. Management of this sort, particularly in the smaller independent stores, also implies an awareness of trends and competitive conditions in retail trade, thus tending to promote the openmindedness and flexibility to meet new problems with new methods and cope with them.

The economy of the country also gains from the extension of these benefits throughout retail trade. Improved managerial efficiency may well mean the provision of higher standards of living to those engaged in retailing. Under the pressure of competition lower prices can be passed on to consumers without impairing the earnings of other groups of individuals or producers, thereby increasing indirectly the purchasing power available for other commodities and services. Finally, reductions in business mortalities represents lowered credit losses and the decreased



wastage of capital and effort invested by unsuccessful merchants in their retail businesses.

#### Methods of Making Survey and of Compiling Results.

As already indicated, the purpose of this survey of operating results was to obtain sufficient information from stores operated by individuals and partnerships to enable accurate overall estimates of their net earnings in 1941 and 1944 to be made for inclusion in National Income figures. This would have involved a coverage according to 1941 figures of some 124,000 stores -- far too many to permit a comprehensive survey of all stores.

It was therefore decided to obtain the results from a sample of these stores, some 17,000 being chosen for this purpose. These stores, although selected at random, were carefully distributed geographically to represent each province and each of the 28 important retail trades from which the information was needed. Not all firms were able readily to provide the required information while changes in business and other causes further reduced the sample. In addition, some of the reporting stores were able to supply figures for only 1944. In general, however, sufficient reports were received to enable overall net earnings' estimates to be made for both 1941 and 1944. Reductions in the size of the sample, however, prevented the preparation of tables showing 1941-1944 comparisons of operating results for some trades and in some cases also limited the extent to which average operating results could be broken down into sales size and "owned" and "rented" classifications.

Following completion of the editing process and the preparation of the National Income estimates, the schedules were re-processed for compilation of reports on operating results in the various kinds of retail business. In addition to the kind-of-business groupings, there were several ways in which the schedules could have been classified such as by size of business and method of occupancy, by provinces or regions by size of business, by size of locality by size of business, etc. Examination of the reports submitted for the different retail trades, however, indicated that in many instances the number of schedules was too small to enable many of these detailed classifications to be made. The reports were therefore grouped on a Canada-wide basis into size-of-business categories and within these by method of occupancy into "owned" and "rented" sub-divisions.

Statistical tables showing average operating results in 1944 for the various retail trades were then prepared. Here the results appear in five size-of-business groups for "owned" and for "rented" stores having 1944 sales volumes of less than \$10,000, between \$10,000 and \$20,000, \$20,000 and \$30,000, \$30,000 and \$50,000, and sales of \$50,000 and over. In some instances, however, the number of reports for "owned" or for "rented" stores was too small to justify the publication of figures for one of these types of occupancy.

Where possible tables were also prepared to present comparative and average figures on the results which identical groups of stores obtained in 1941 and 1944. Individual returns were therefore classified before tabulation into three size-of-business divisions and within these, between "owned" and "rented" establishments, according to the sales they made and the methods of occupancy they used in 1941, irrespective of their size of business or type of occupancy in 1944. Unfortunately, however, comparative statistics for both 1941 and 1944 cannot be published for some retail trades due to the limited numbers of reports giving information for both years. In other cases, comparative results for 1941 and 1944 are presented by size-of-business groups for only "owned" or "rented" stores, the sample in these instances being too small to permit statistics for one of these types of occupancy to be of much practical value.



A glance at the tables appearing in this report will reveal quickly the items for which statistics are given in the various size-of-business and occupancy columns. These are grouped into two sections, one designated as the "General Information" and the other as the "Profit and Loss Data" section.

The "General Information" section, as its name implies, consists of statistics useful as background material for interpreting the percentages shown in the following division of the tables. Nine individual items are here shown, consisting of figures on number of stores reporting, sales, inventories, cost of goods sold, and stock turnover in times per year. Apart from "Average Sales Per Store", "Average Inventory Per Store, End of Year", and "Stock Turnover (times per year)", the figures appearing in this section are the dollar totals of the amounts shown in the individual reports of the co-operating stores.

Items included in the "Profit and Loss Data" section consist of "Gross Trading Profit", "Employees' Salaries and Wages", "Rent", "Advertising", "Depreciation", "Other Operating Expenses", "Total Operating Expenses", "Proprietor's Net Earnings Before Income Taxes and Withdrawals", and "Average Proprietor's Net Earnings Per Store". Dollar figures for all of the above items with the exception of "Average Proprietor's Net Earnings Per Store" were of course compiled by sales-size and occupancy categories and were then expressed as percentages of the total sales reported by those groups of stores. In this way the percentages become averages for the several classes of unincorporated retail stores.

The explanations for the above terms are set forth later in this report under the sub-heading entitled "How The Retailer Can Use Information on Operating Costs". It can be noted here, however, that both the percentages and the dollar figures for proprietor's net earnings are weighted by the inclusion of two different elements. One of these comprises the proprietor's remuneration for managing the business -- an amount which would in fact have been charged as an expense against the store if the business had been incorporated or had been operated as a unit of a retail chain system -- while the second consists of the smaller and residual net profit element which compensates for capital invested and risked and for unusual merchandising abilities brought into play. Quite obviously the figures shown for net earnings considerably overstate the proprietor's 'net profits' because they also include the allowance for proprietor's managerial services. Questions were consequently included in the schedule to permit objective allowances to be made for these services but insufficient information was obtained to enable the two elements in proprietor's net returns to be separately presented. The final item on average net earnings per store is therefore shown in dollar figures in the tables, partly as an offset to the relatively high net earnings percentages revealed by the previous series and partly to enable the reader to make his own allowances for the two principal elements the net earnings figures contain.

#### Limitations to Information on Operating Results.

Many retailers may quite probably use the averages contained in the tables of this series of reports as information against which their own results can be compared and analyzed. Others may use the statistics in a broader way as indicators of distribution costs in the various retail trades. Both uses are of course quite proper but the information will serve these uses best when the limitations inherent in the figures are fully appreciated.

In the first instance it is important to note that the figures are based only on the results of unincorporated retail stores. The averages therefore do not reflect the results obtained by stores operating under the incorporated form of

organization. The absence of these stores probably bears most heavily upon the representativeness of the averages for stores in the higher sales volume brackets in which incorporated stores are most frequently found. Quite apart from differences in the qualities of management between these two types of establishments, however, the figures for average sales and average year-end inventories per store, stock turnover, gross trading profits and percentages for rent, advertising, depreciation and all other operating expenses will be readily useful to incorporated store managements. Employees' salaries and wages and proprietor's net earnings before income taxes and withdrawals, on the other hand, are not comparable without adjustments with similar percentage figures for individual incorporated stores because allowances for proprietors' managerial services have been excluded from the former and included in the latter item.

In the second place, the figures on operating results are based upon returns from relatively restricted numbers of stores in the different retail trades under study. These samples, chosen at random, are presumed to give representation to the several factors which influence operating results, including differences arising from size of business, methods of occupancy, from the sizes of locality and provinces in which the stores are situated, from degrees of service provided to customers, merchandising policies and variations in the quality of store managements. Size of business and method of occupancy rank high among these factors and the tables were therefore prepared to show operating result averages for different sales-size and occupancy groups of stores. Within these breakdowns of the overall sample the remaining factors naturally tend to 'average out' in the Canada-wide operating averages presented.

The proper 'averaging-out' of the above variations is naturally dependent upon a sufficient number of reports being included to permit this process automatically to take place. Examination of the tables, however, will indicate that the number of usable reports included in the various sales-size and occupancy categories is often quite small, frequently representing less than ten stores. In such cases the results should be compared carefully with the results shown for other sales-size brackets to appraise consistencies in trends between the different groups. Where the results appear definitely out of line with these trends, the figures should be interpreted with considerable care because it is quite possible that the averages for that bracket are not typical of the average results for all stores of that size.

The 'averaging-out' within the different sales-size brackets of the factors which affect retail operating results, however, imposes certain limitations upon the use of operating cost information by individual merchants. This is because retailers wish to compare their own results with those obtained by stores as similar to their own as possible. With the tables set up in the present manner, retailers are able in part to do this because they can match their own results against those of stores in their own sales-size and occupancy classes. On the other hand, these overall figures also reflect the combined and average influences of location by provinces and by size of locality, of degrees of service provided and of merchandising policies followed. Individual retail stores, however, experience not the 'average', but rather the full effects of such factors in their operating results. Thus the overall percentages may well be quite accurate in what they represent and yet differ considerably from the experiences of many individual stores. Unfortunately the isolation of such influences would require a considerably larger number of reports than were received from the recent survey of operating costs.

An additional point arises in connection with the way average expense percentages for employees' salaries and wages, advertising and depreciation were built up. Some reports for instance did not show dollar amounts for one or two of



these expense items. When no values were shown for the first two types of expenses, the practice was to accept the report on the assumption that the store required no paid help and in the case of advertising that no such expenditures were incurred. Where no amounts were shown for depreciation and no indication was given that any had been taken, the schedule was examined to see if the size of business justified further attention. If so, the firm was either corresponded with or an estimate was made for this item. In all cases, of course, the expense ratios represent the total dollar expense figures for each item in each individual classification expressed as percentages of the total sales reported by stores in that category. The expense percentages for these three items may therefore be slightly less than they would have been if only the sales of stores reporting full expense figures had been used.

#### How the Retailer Can Use Information on Operating Results.

Mention has already been made of the conditions in retail trade which may prevail in the more normal peacetime period after the transition phase has been negotiated. This possible pattern of economic factors, it was suggested, may include a greater pressure of available supplies on retail and consumer markets, a relatively smaller unstimulated demand for those commodities, a greater competition in retailing associated quite probably with freer and often somewhat lower prices, and the possibilities of reduced percentages of gross trading profit, of lower individual store sales volumes for many kinds of independent stores, and of higher expense percentages. Such factors raise the question of how individual merchants can best utilize information on average operating results as a management tool in meeting their problems of transition and adjustment to changing economic conditions.

Use of operating cost averages in this way depends essentially upon comparing results of individual stores with those obtained by similar stores in the same kind of business. The retailers therefore should first determine from the tables the size of business and occupancy categories most similar to his own store. This may be done by comparing his own sales for the period with the sales-size brackets of the tables to determine his size category and by selecting the occupancy basis coinciding with that of his own business. He should next reduce his own financial items such as his stock turnover, his gross trading profits and his several expense categories to conform with those appearing in the tables and express these figures in ratio form -- for the most part as percentages of his own total net sales and receipts from services performed. He is then in a position to compare directly his own results with those which other more or less similar Canadian stores obtained in the same period.

"Number of Stores Reporting", the first item in the tables is also the first item to which the merchant should direct his attention. This figure, indicating the number of reports upon which the following percentages are based, is a good overall indicator of how typical those ratios may be of the entire class of stores they are presumed to represent. Such percentages, it will be recalled, become more accurate as overall measures of their class as the numbers of stores in the sample increases. Consequently the averages for particular categories where the number of reports is small should be compared with other brackets for consistency before those averages are applied against the results of the individual store.

"Average Sales Per Store" is a useful comparative figure because it gives the retailer an idea of the size of the 'average' store in each size-of-business bracket. With this information the merchant can identify the position of his store as either below, above, or at the sales-average point in his appropriate category. He can make the necessary allowances therefor when comparing figures for stock



turnover and percentages for the various operating expenses and net earnings with his own results.

"Total Inventory Reported" as a section within the tables contains four items of which the first two and the last will be of considerable interest. The first two show total inventories of merchandise for resale of all reporting stores at the beginning and end of the year under review. Individual merchants can thereby take note of the dollar change in such stocks between the two dates which for the sake of convenience may be reduced to percentage form. This variation can then be compared with changes in their own inventory levels to indicate how their own experiences conform with the trend for the group.

"Average Inventory Per Store, End of Year", the last of such inventory items reduces the total end-of-year stocks of reporting retailers to a per store basis and thereby indicates the average amount of capital per store that was invested in stocks at that date. Admittedly these figures have been influenced by wartime conditions which have affected the quantities on hand, the commodity composition of the stocks and the cost prices on which the inventory valuations rest. Moreover, the value of inventories on hand at the end of the year is often an inadequate measure of the stocks which were maintained throughout the period because the end-of-year stocks for many trades tend to reach a relatively low point at that time. In view of such limitations, comparisons based on these averages reveal at the most the extent to which the merchant's residual and immediate supply position conforms with others in his own sales-size bracket. Under normal supply-demand conditions, however, such figures would probably provide on average a better indication of the more basic and minimum inventories which reporting retailers of that size feel were required at that time.

"Stock Turnover (times per year)" is the number of times that reporting stores disposed of their average inventories of merchandise in the year. For purposes of this report, it has been calculated by dividing the average of the total beginning and ending inventories at cost values into the "Cost of Goods Sold". The latter item itself is a computed one, being determined by adding beginning merchandise inventories to purchases and deducting stocks of goods left on hand at the year-end. Merchandise purchases here consists of the invoice value of all goods bought for resale during the year, less returns, allowances and cash and trade discounts, but including duty, inward freight, and express and truckage charges. Obviously the individual merchant must calculate his own stock turnover in the same way before valid comparisons can be made with similar stores. So computed, both stock turnover figures probably overstate the actual number of times the average inventory was disposed of since the beginning and ending inventory figures each reflect year-end valuations when stocks are frequently at their lowest. This does not impair the value of conclusions based on comparisons because the turnover figures for the individual store and sample group of stores are similarly affected.

Having computed his stock turnover in the above manner, the retailer may find the figure for his store somewhat lower than the average for the comparable group of **retail** establishments. The immediate explanation for this variation of course is that the merchant seemingly used a larger average inventory to obtain his sales volume than the sample of similarly-sized stores used to obtain theirs. The merchant's larger average inventory, in turn, may result from one of three situations, namely, that his opening inventory was higher than the beginning per store inventory for the group, that his ending inventory was larger than the ending per store inventory for the group, or that both his beginning and ending inventories were larger than that of the sample group of stores.

The first of these, that the retailer's opening inventory was out of line



with the average for the group, may be determined by calculating the average per store beginning inventory for his class of store and then making a direct comparison. The merchant's larger beginning inventory may have been caused by the arrival of a comparatively large shipment of merchandise just before the year opened, or to other conditions applying more particularly to operations in the preceding year. The fact, however, that his end-of-year stocks were more closely in line with the average for his group not only indicates a liquidation of part of his inventories, but also suggests that the merchant enjoyed a higher rate of stock turnover during the latter part of the year than that of his class.

The second possibility, that his ending inventory exceeded the average for his group while his beginning stocks were more closely in line, could have been caused by several factors. Thus receipts of merchandise just before his financial year ended may have been sufficiently heavy to produce the comparatively larger inventory position. This would clearly reduce his calculated rate of stock turnover but it would not necessarily mean that his real turnover was lower than the average for his class. Another explanation is that the merchant experienced a lower volume of sales in the closing months of the year than he had expected, while his purchases of merchandise continued unchecked. Such a condition might be a matter of considerable concern, first because of the possibility of continued curtailments in sales and second, because the merchant would be facing a new financial year with a relatively heavy and perhaps unbalanced inventory position.

The third possibility, that the retailer's beginning and ending inventories were both higher than the average beginning and ending per store inventories for the group, from the merchant's viewpoint is probably most significant of all. Some retailers, of course, may end their fiscal years at times when due to seasonal factors their stocks are naturally quite high. In such instances an unreal comparison could result because most of the reporting stores terminated their accounting years at the end of December, January, or February when their stocks were comparatively low. In all other cases, however, such a state of affairs indicates quite definitely that the retailer is using a larger inventory to produce his sales than those used on the average by other stores in his class. For some stores, the size of the floor area or the use of mass displays of merchandise may require heavy but balanced stocks of goods; for others, the comparatively large inventories may result from the policy of purchasing in sizable quantities for quantity discounts, or for other reasons. Such inventories of course require the investment of additional capital in merchandise, but the retailers concerned may feel the risks to be justified in the light of the gains achieved. In other instances, however, the carrying of higher inventories may well suggest the presence in the inventory of unnecessarily large quantities of slow-moving goods which have accumulated over a considerable period. Here, the careful examination of the retailer's inventory position with a view to the clearance of the excessive stocks of particular items may be in order to minimize the possibilities of losses on eventual disposal, to make way for better stocks, and to release capital for more profitable investment in other ways.

"Gross Trading Profit", as has been pointed out earlier, is the difference between net sales of merchandise, including proprietor's withdrawals of goods and receipts from repairs<sup>and</sup>/services, and the "Cost of Goods Sold". The latter item is calculated by adding beginning merchandise inventories to purchases and then subtracting the inventory of merchandise left over at the end of the period. Merchandise purchases, of course, represents the total invoice cost of the goods less returns, allowances and cash and trade discounts, but includes both duties levied on imported commodities and inward transportation charges. "Cost of Goods Sold" is therefore the cost value of the merchandise which was sold or otherwise disposed of while "Gross Trading Profit" is the gross income fund remaining from store receipts after the merchandise costs have been deducted.



The "Gross Trading Profit", then, arises directly out of the retailer's activities in buying, selling and managing his inventories of merchandise. As such, it can be considered in two ways, that is, the total amount of gross trading profits realized during the period and also the percentage rate at which they are made. To retailers, both aspects are important. The actual amount of such profits is significant because it is from this profit fund that the operating expenses must be deducted before the retailer can properly claim the net earnings which determine his standard of living. The percentage rate is of interest because it is a measure of his success in obtaining a satisfactory overall spread between merchandise costs and sales, and indicates what could reasonably be expected in the future from a given volume of sales.

In the tables, the gross trading profit is shown only as a percentage of sales, thereby setting forth average standards of performance for each of the size and occupancy classes of co-operating stores. These percentages therefore represent the overall maintained mark up on sales which, on average, was obtained by the reporting stores. Such ratios can also be expressed as percentages of cost of goods sold merely by expressing the gross profit percentage as a fraction of the remaining cost of goods sold percentage and multiplying by 100. For instance, if the gross profit forms 25 per cent of sales, the cost of goods sold would form 75 per cent of sales, and the maintained mark up on cost for the store then would be 25 per cent over 75 per cent times 100 per cent, or  $33\frac{1}{3}$  per cent on the cost of goods sold.

To compare his own rate of gross trading profit with the average obtained by the reporting stores in his own group the retailer should be sure his gross profits have been calculated in the above manner and then expressed as a percentage of his total net sales including his receipts from repairs and other services rendered. Having done this, the retailer may find his own gross profit percentage, for instance, somewhat lower than the average for the reporting stores in his sales and occupancy group. He can then analyze his own trading activities to uncover by process of elimination the possible reasons for his seeming less-than-average performance.

One or more of a number of factors, together or singly, could depress the merchant's percentage of gross trading profits. On the selling side of the picture it is possible, for instance, that an unusually large proportion of the retailer's sales could have been concentrated in the lower-profit lines of merchandise; in other words, that he was not selling enough of the higher profit items to 'average-up' his gross trading profits. Competition may possibly have required the retailer to sell at relatively low selling prices and thus at relatively small original mark ups over cost values during the period under study. In some cases, merchants may have had satisfactory original mark ups but later on have marked down sharply the retail prices of various items for sales promotional purposes; in others, heavy mark downs may have been taken to clear excessive stocks of slow-moving goods, to sell merchandise depreciated by style changes or by the possible appearance of better goods to replace various types of wartime articles, or to dispose of perishable commodities before total losses were sustained.

Factors relating to purchasing for resale likewise could have had a downward influence on the gross profit percentage. Miscalculations in estimating the demand for certain lines of merchandise, for instance, could have been the original reason for some of the clearance mark downs just described. Difficulties in purchasing goods at cost prices sufficiently low to enable satisfactory original mark ups to competitive selling values to be obtained is another factor. This experience, of course, is at least partly common to other retailers in the same kind of business. Failure to take the full benefit of cash discounts, also tends to reduce the gross trading profit percentage. Such discounts, although representing



a worth while addition to the income of the business, will usually not of themselves cause any considerable change in the gross profit percentage.

A number of other factors may also be influential in producing a lower-than-average rate of gross profit. An over-valued beginning inventory, for instance, will cause a larger figure to be shown for cost of goods sold and thereby will reduce gross trading profits. An ending inventory that is under-valued, or one which has been written down in value due to lower cost prices or to depreciation in the quality of the merchandise, will also lead to the same result. Stock shortages, too, will have a similar effect. Here the retailer should perhaps compare his gross profit percentage with those for previous years to see whether a sudden or more gradual drop has been experienced. Merchandise withdrawn by proprietors or by employees as part payment for services rendered, will likewise depress the gross profit percentage if such amounts have not been included in sales at full retail values. In cases where cash receipts are considered as sales the withdrawal of cash by the proprietor without including it in his total receipts, or the transacting of an unusually large proportion of business on a credit basis near the end of the financial year, again will reduce the gross trading profit and its percentage for the year under review.

"Employees' Salaries and Wages", exclusive of all types of cash withdrawals by the individual retailer, may appear higher when expressed as a percentage of his total sales than the average obtained by reporting stores in his own size and occupancy group. Such a situation could mean that the merchant's employees are not as productive of sales volume in proportion to their salaries and wages as those of similar stores. This might result from the fact that the retailer is paying them at higher rates of pay than other merchants in his class. Alternatively, the retailer could be using more full-time and fewer part-time workers than the comparable outlets, or is relying more on male employees than was true of the group of similar reporting stores.

The types of services provided by the retailer to his customers might also be an explanation. Some of these extended on a non-charge basis, such as free delivery, the provision of credit, the making of adjustments and alterations, etc., could have increased the routine work of the store sufficiently to require additional help. Certain other services performed on a charge basis, such as repairs, etc., could also increase staff requirements, even though profitable revenues were obtained.

Certain peculiarities in the retailer's business may also account for the higher-than-average percentage for salaries and wages. If the merchant is conducting a mixed business or, in other words, is operating another business besides his retail store, he may have allocated too high a proportion of his salaries and wages to his store. On the other hand, the proprietor may be giving more of his attention to the other activity, relying to a greater extent on paid help to operate his store.

In some instances the merchant's higher payroll percentage may reflect peculiarities of some of the stores included in the different sample groups of stores. Probably the most important of these is the likelihood that some of the reporting stores may have been relying in part at least on family members for store help. Some of these individuals may not receive any regular wages and others may be paid at less than going rates of pay for their services. The inclusion of these stores in the sample therefore would result in a somewhat lower salary and wage percentage than otherwise would have been shown. In general, however, these peculiarities to the extent that they do exist will probably be most pronounced in the smaller size-of-business groups of stores.



"Rent", when expressed as a percentage of the retailer's total sales may also appear higher than the average for comparable stores. Some allowance, though, should be made for such differences, particularly when merchants who are comparing their results are situated in the larger centers of population. This is because the reporting stores represent the various sizes of locality, including the larger cities in which dollar rents often tend to be somewhat higher than in the smaller places. In the tables, however, these higher rents are 'averaged down' by the lower rental experiences of stores in the smaller localities.

When due regard has been paid to this fact, it may be true that the merchant's rental percentage is still above the average for his group, - in other words that he is not obtaining as large a sales volume per dollar of rent expense as the comparable stores obtained. Several factors, of course, can account for his less-than-average performance. Among these is the possibility that especially severe competition or lack of aggressive promotion may be keeping the retailer's sales volume down; that he has been in business for a relatively short time and has not yet built up his sales volume to the potential his location offers; or that the merchant is situated in a city with particularly high commercial rentals. In other cases, the merchant may be renting more than the space required for his store and yet be charging the full rent to the store business. Here the comparison may not be as adverse as it seems when the proportionate amount of rent is charged against the store.

"Advertising", shown in the tables as average percentages of sales, is based on the sales of all stores in the several categories even though some stores may not have incurred any advertising expenses. This clearly would reduce the average advertising expense ratios below what would have been the average for the stores that advertised, and hence should be allowed for in making comparisons. As in other cases, a higher-than-average advertising expense ratio may be due to a number of possibilities requiring analysis by the merchant concerned. Thus he may have been trying to expand his sales volume through advertising and deliberately incurring high initial expenses for such publicity. Special clearance sales may have been held which required higher-than-average advertising expenditures, or perhaps he found it necessary to advertise heavily as a defensive measure against especially severe competition which may have featured his trading locality. There is also the further possibility that due to various reasons his advertising is not producing the extra business that it should.

"Depreciation", as percentages of total sales, measures the extent to which the owned fixed assets of the store -- including the value of new additions or replacements -- have decreased in value by wear and tear, by getting out of date, or simply by growing older. This of course is a real expense of the business even though it does not immediately involve cash expenditures, for the business man should recover his capital either for investment in new assets or for other uses. The size of this expense obviously depends upon whether the store building is owned or rented, the original costs and types of the fixed assets which are owned, and the rate at which those assets are being written off.

. Not all of the co-operating stores reported allowances for depreciation. In some instances, at least, this may have been due to the fact that the fixed assets had already been written off. Quite possibly, the wartime scarcities of equipment, materials and labour may often have prevented replacement or renovation of the fixed assets, thus depressing the depreciation expense percentages below what they would have been in normal times. In other instances where no depreciation was shown, a corrected figure was obtained for depreciation or alternatively an estimate was entered in the tabulations for this expense. In general where correspondence with reporting stores was undertaken the following rates were suggested



for consideration: on cost of building, a maximum of 5 per cent if of wood, and of 2-1/2 per cent if of brick or stone; on delivery equipment, 25 per cent of cost for the first year and 20 per cent thereafter; on fixtures, a maximum of 5 per cent; and on machinery, of 10 per cent per year.

In comparing his own depreciation expense percentage with those shown in the tables, the retailer should recognize that the averages are somewhat lower, frequently in the smaller size groups, than they would have been if only stores reporting depreciation allowances had been taken. If the merchant's depreciation ratio still appears high it is very likely due to certain factors peculiar to his own business. Thus his fixed assets may be more elaborate; their original cost may have been greater; some of them may have been purchased more recently; or the rates of depreciation used may have been higher. In any event the element of depreciation is there, and the rate of allowing for it can only vary on a sound basis between fairly narrow limits.

"Other Operating Expenses", comprise all legitimate expenses still remaining and include heat, light and power, store supplies, taxes other than income taxes, business insurance, losses on bad debts, repairs and maintenance, interest on borrowed money, etc., but do not include proprietor's salaries or withdrawals. As such it is unfortunately too mixed an expense category to permit a detailed analysis of the reasons for the difference between the individual retailer's expense ratio and that of his group. Furthermore the merchant must make an allowance for a reasonable difference between the two expense percentages because of the varying experiences of stores reporting their "all other operating expenses". If his own percentage is still somewhat higher than the average, however, the retailer may well check through his residual expenses to determine the reasons for them and to assess the possibilities of effecting certain reductions in the future.

"Total Operating Expenses", when expressed as a percentage of the store's total sales, is of course merely the sum of the individual expense percentages previously discussed. The difference between the individual merchant's total expense ratio and that of his group is consequently the net result of the variations he finds between his own individual expense items and the averages for his comparable group of stores. These differences could quite possibly cancel each other out to leave the retailer's total expense ratio closely approaching the average for the category against which it is compared. Clearly, however, this does not mean that no opportunities exist for a curtailment in total operating expenses by a careful examination of the individual expenses which were incurred.

"Proprietor's Net Earnings Before Income Taxes and Withdrawals" is obviously the final result and financial objective of the retailer's merchandising activities. In percentage form it is the measure of the merchant's success in keeping his gross trading profit and his total operating expenses sufficiently far apart to yield a positive percentage of net earnings which is, of course, exclusive of non-trading incomes such as return on investments, rentals received and so forth. If, then, the retailer's percentage of net earnings is less-than-average, it must be due to either one - or both - of two factors: i.e., a lower-than-average gross trading profit percentage, or a higher-than-average total operating expense ratio, the possible causes of which have already been commented upon.

"Average Proprietor's Net Earnings Per Store", as already explained, consists of the total reported net earnings divided by the number of co-operating stores. Expressed as a percentage of total net sales, this item will frequently appear large. This is because it contains two dissimilar and unmeasured elements, one being the remuneration usually thought of as the proprietor's real salary for



managing the business, the other consisting of the net trading profits which are in turn made up of a legitimate reward for exceptional merchandising abilities and a return on capital invested - and risked - in the enterprise. Allowances must therefore be made in the dollar figures shown in this item for the proprietor's managerial services before the real profitability of the individual store or the comparable group of stores can be appraised.

Discussion in this section, it will be noted, has dealt with three phases of the problem of "How The Retailer Can Use Information On Operating Results" in studying his stock turnover and his various profit and expense items. First has come an explanation of what each item is and how it is made up. Then it was assumed, for purposes of comparison only, that the retailer's results were inferior to the average for his comparable class of stores. This, in turn, was followed by a discussion of the possible operating factors which might have caused the poorer results. Many of these factors, however, would have resulted in average or better-than-average performances being obtained if their direction had been reversed. For this reason, therefore, no attempt was made to analyze the reasons for higher-than-average operating results.

Finally, it will be observed that no recommendations were made for the correction of adverse conditions. Frequently such conditions, such as particularly severe competition, are in fact hard realities which must be faced. Here, as in other cases, analysis based on facts and imagination must be relied upon to solve many of the individual problems of retail managements.

PART II - GROCERY STORES (WITHOUT FRESH MEATS)

Trends by Size of Business, 1944

By way of definition, it may be noted that the Bureau's classification for grocery stores is made up of three individual kinds of retail outlets. The first, and by far the most important, consists of stores selling a complete and general line of groceries. The second group of stores may handle both general merchandise and groceries but the sales of the latter must predominate to the extent of at least 80 per cent of the total. Some stores handling a combination of confectionery, tobacco, fruits and groceries are included when the sale of fruits and groceries comprise at least 40 per cent of their dollar volume, and when the sale of groceries exceeds that of fruits and vegetables. Cooked or prepared meats may be and frequently are handled but, by definition, the sale of fresh meats can be made only in minor quantities.

So classified, the sales of the grocery stores which reported their sales by classes of commodities in the 1941 Census of Merchandising consisted to the extent of about 86 per cent of food and kindred products. Included in this total percentage figure were fruits and vegetables which formed about 14 per cent of total sales; dairy products and eggs comprising 12 per cent; fresh and cooked meats, 4 per cent; bakery products, 3 per cent; candy and confectionery, 2 per cent; and other food products, 51 per cent of the total sales of such stores. Cigars, cigarettes and tobacco accounted for 3 per cent, household supplies 5 per cent, and miscellaneous merchandise including sales of beer and wine in the province of Quebec about 6 per cent of total grocery store sales in Canada.

A total of 319 reports for 1944 were received from grocery stores co-operating in the survey of operating costs. When these were classified by size of business and by method of occupancy into the ten groupings of stores, only 5 reports for 1944 appeared in the \$50,000 and over sales category for owned stores. This was considered to be too small a sample to justify the publication of averages and no figures are therefore shown in Table 1 for owned stores with sales of \$50,000 and over. In the nine remaining size and occupancy groupings of grocery stores into which the total of 314 usable reports were classified, the samples are comparatively satisfactory, there being only one classification in which the number of returns represented less than 24 stores.

Coming now to the operating result figures presented in Table 1, it will be noticed that stock turnover varied between a low of 6.7 times for owned stores in the less than \$10,000 sales grouping and a high of 13.4 times also recorded by owned stores in the \$20,000 to \$30,000 size of business. Between these extremes a middle range is also apparent, the four turnover ratios most closely together being contained by averages of 9.2 and 11.0 times per year. A moderate tendency is in evidence for the stock turnover to increase with expansions in the size of business, the ratios rising steadily to 13.4 times for owned stores in the \$20,000 to \$30,000 sales size, and to 13.2 times per year recorded by rented outlets in the \$30,000 to \$50,000 size of business. From these averages, however, the turnover ratio receded rather sharply to 11.0 times per year for owned stores in the \$30,000 to \$50,000 and to 10.4 times for rented establishments in the \$50,000 and over sales classification.

Average year-end inventories per store, as might be expected, increased steadily for both owned and rented stores as the size of business became greater. For owned stores the value of ending inventories for resale varied from a low of



\$714 to a high of \$3,042 per store in the \$30,000 to \$50,000 sales classification, while the range for rented stores was between a low of \$737 and the high of \$7,522 per store recorded by outlets in the \$50,000 and over sales category. A further examination of Table 1 will show that total end-of-year inventories were somewhat larger than total beginning inventories in all nine of the sales and occupancy classifications of grocery stores, the relative increases ranging in fact from a low of about 6 to a high of around 15 per cent of total beginning inventories.

Gross trading profit averages for grocery stores for 1944 varied from a low of 13.0 to a high of 18.8 per cent of total sales with seven of the nine averages ranging between the outside limits of 13.0 and 14.7 per cent of sales. A partial tendency is apparent for the gross profit percentages of both owned and rented stores to decrease as the size of business increased. Thus the gross trading profit ratios for owned stores declined steadily from 16.6 per cent in the less than \$10,000 size to 13.0 per cent in the \$20,000 to \$30,000 group, while the averages for rented stores moved progressively lower from 18.8 per cent in the smallest to 13.4 per cent in the \$30,000 to \$50,000 size of business. On the other hand, the ratios were somewhat higher in the next larger categories, standing at 13.9 per cent of sales for owned stores in the \$30,000 to \$50,000 classification and at 14.7 per cent in the case of rented outlets in the \$50,000 and over sales size.

Turning to the operating expenses, the nine average percentages for employees' salaries and wages varied between the comparatively wide outside limits of 0.3 and 5.2 per cent of total sales. Examination of Table 1 will also reveal a consistent trend for the salary and wage ratios to increase with the size of business, a relationship which is true for both the owned and the rented groups of stores in 1944. For owned stores, the payroll ratios rose from 0.5 per cent in the smallest to 3.3 per cent of sales in the \$30,000 to \$50,000 category while the payroll ratios for rented grocery stores increased from 0.3 per cent in the smallest to 5.2 per cent of sales in the \$50,000 and over size of business. These upward trends probably reflect the decreasing importance of the proprietor's clerical services and the increasing burden of selling and other work which must be performed by paid help as the size of the business becomes larger. It should be noted, however, that the percentages as averages may have been depressed somewhat by the presence of stores without employees among the various sales groups. This may be especially true of the smaller sizes of business, but even in the larger sales classifications it is possible that some reports from grocery stores operated by members of the proprietor's family may have influenced the payroll percentages in a downward direction.

Rent, unlike salaries and wages, is clearly a fixed expense once the lease has been negotiated. This presents the retailer with the opportunity to reduce the weight of this fixed expense by spreading his rental charges over an expanding volume of sales. It is therefore not surprising to note in Table 1 that the rental expense ratio dropped steadily from a high of 3.2 per cent of sales in the less than \$10,000 sales size to 1.0 per cent of sales for rented stores with annual turnovers of \$50,000 or over.

On the average, only negligible expenditures were made for local advertising by the 314 owned and rented grocery stores whose reports form the basis for the figures presented in Table 1. In the less than \$10,000 sales category, indeed, the amounts reported for advertising by both owned and rented stores were too small for percentage ratios to be shown. The highest advertising percentages at the comparatively low figure of 0.2 per cent of sales were recorded by owned stores in the \$30,000 to \$50,000 and by rented outlets in the \$50,000 and over sales categories, the remaining five averages standing at 0.1 per cent of the annual dollar volume of business.



Depreciation allowances, on the other hand, were somewhat larger, being highest at 0.9 per cent for owned stores in the less than \$10,000 and the \$10,000 to \$20,000 sales groups, and at 0.6 per cent for rented stores having sales of less than \$10,000. Thereafter the ratios for owned stores dropped to the slightly smaller figures of 0.8 and 0.7 per cent in their two largest classifications. A downward, though irregular, movement in the depreciation expense ratios as the size of business expanded is also apparent for rented stores, the figures dropping from 0.6 to 0.4 in the \$10,000 to \$20,000 sales size, rising again to 0.6 in the \$20,000 to \$30,000 category and then decreasing to 0.4 and 0.3 per cent of sales in the two largest sizes of business. Examination of the figures will also reveal that the ratios for owned stores were somewhat larger than those of rented outlets, a reflection of course of the greater investments in buildings and other physical assets required for the operation of owned grocery stores.

Other operating expenses, the last expense item shown in Table 1, varied for the nine size and occupancy groups of grocery stores between 2.7 and 4.4 per cent of total sales. This type of expense of course is a miscellaneous one, including such individual items as supplies, communication, heat, light and water, taxes other than income taxes, insurance, repairs and maintenance, interest on borrowed money, losses on bad debts and sundry expenses. Some of these are relatively fixed in amount of dollar expenditures, some tend to increase in amount with gains in dollar volume, while others may fluctuate according to circumstance. Possibly due to this reason, there is no significant tendency for the other operating expenses of rented stores to vary as percentages of sales either directly or indirectly with expansions in the size of business. Thus moving from the smallest to the largest sizes of business for rented stores, the ratios increased from 2.9 to 3.0 and 3.1 per cent of sales in the two larger categories, then dropped to 2.7 per cent in the \$30,000 to \$50,000 sales size and rose to 3.0 per cent in the largest sales classification. For owned stores, however, a downward though erratic trend can be seen. Here the averages started at 4.1 per cent in the less than \$10,000 sales size, rose to 4.4 per cent in the \$10,000 to \$20,000 class, and then declined to 3.3 per cent in the \$20,000 to \$30,000 grouping to rise slightly to 3.4 per cent in the \$30,000 to \$50,000 size of business.

Consolidating the expense trends just described, total operating expenses ranged from 5.5 to 9.7 per cent of sales, the low being recorded by owned stores with sales of less than \$10,000 and the high by rented stores with 1944 sales volumes of \$50,000 or over. Among the five sales classes of rented grocery stores there is a clear tendency for the total expense ratio to increase with sales size, the percentages rising from 7.0 in the less than \$10,000 and the \$10,000 to \$20,000 sales categories, to 7.5 in each of the two following classifications and thence to 9.7 per cent in the \$50,000 size of business. This upward movement was due principally to the expansion in the payroll ratios which more than offset the decreases recorded in the rental and depreciation expense percentages as the sales classifications became larger. With one exception, a similar increasing trend is apparent in the total expense ratios for owned establishments, again caused by the fact that the salary and wage ratios rose steadily with increases in the size of business.

Proprietor's net earnings before income taxes and withdrawals used in these reports contain in theory at least two types of rewards. One of these consists of a salary return for the proprietor's clerical and managerial services, while the other comprises the net profits which among other things represent a return on capital invested and risked in the business. So defined, these net earnings varied between the comparatively wide limits of 5.0 and 11.8 per cent of total sales with the averages for six of the nine classes of stores ranging between 5.9 and 7.8 per cent of the dollar volume. Reflecting the squeeze on rates of net earnings exerted



by the generally declining movement in gross trading profit margins and the upward progression in total expense ratios, the net earnings ratios fell steadily as size of business increased. In this regard, net earnings decreased from 11.1 and 11.8 per cent of sales for owned and rented stores in the less than \$10,000 sales size to 6.3 per cent for owned stores in the \$30,000 to \$50,000 classification and to 5.0 per cent for rented stores in the \$50,000 and over sales class.

In spite of this downward trend, however, the dollar figures for average net earnings per store consistently expanded with gains in the amount of business done. Thus in the under \$10,000 sales size the average proprietor's net earnings stood at \$598 and \$729 per store for owned and rented outlets having average sales of \$5,411 and \$6,161 per outlet in 1944. It was not until the \$30,000 to \$50,000 sales category was reached that average net earnings crossed the \$2,000 per store level, the figures here amounting to \$2,323 and \$2,300 per owned and rented store for establishments having average sales volumes of \$37,067 and \$38,659 per owned and rented outlet in 1944. In the \$50,000 and over size of business, the average net earnings for rented outlets stood at \$4,227 per store while the average sales amounted to \$84,850 per unit in the year under review.

#### Operating Results of Continuing Stores in 1941 and 1944 Compared

Table 2 in this section of the report presents figures on the operating results obtained by the sample of grocery stores reporting for both 1941 and 1944. Of the 314 reports of grocery stores upon which the statistics presented in Table 1 for 1944 were based, however, only 119 reports contained similar information for 1941. The sales classifications appearing in Table 2 have therefore been reduced in number to three and their limits have been set further apart to include considerably wider ranges of sales volumes. For this table, moreover, each store has been assigned to a size-of-business classification determined exclusively by its sales in 1941 and thus entirely independent of the amount of business transacted in 1944. In this way, the operating results obtained by identical stores in 1941 and in 1944 can be compared to determine the overall trends in the operating results of these stores during the wartime period. The trends so determined, however, are not necessarily indicative of the trends of all stores continuing in business during this four year period because of the comparatively small number of sample reports which are available for use.

Referring now to Table 2, it will at once be evident that on the average both owned and rented stores enjoyed substantially larger sales volumes in 1944 than in 1941. These gains on 1941 sales levels in fact amounted to 50 and 67 per cent for owned and rented stores in the less than \$20,000 size of business; to 29 and 45 per cent for owned and rented stores in the \$20,000 to \$50,000 sales classification; and to 19 per cent for the group of rented stores which in 1941 had sales volumes in excess of \$50,000. In total an increase of about 36 per cent in sales was recorded by the 119 stores reporting for both years. This compares with a gain of about 28 per cent shown in the Bureau's indexes of the sales of a much larger sample of continuing food stores which includes both chain and independent grocery, combination grocery and meat, and meat stores and hence is not strictly comparable with the preceding percentage figures.

Reflecting the sharp increases in sales experienced by the reporting stores between 1941 and 1944, the rates of stock turnover were considerably higher in the more recent year. This trend was consistent for each of the two size groups of owned and the three sales sizes of rented stores. For 1941 the five series of stock turnover ratios varied between a low of 6.2 and a high of 10.3 times while for 1944 the averages ranged between outside limits of 8.6 and 13.3 times per year. In

both years, moreover, the low and high points were recorded by the same size and occupancy groups of stores, the low average standing for rented stores in the \$50,000 and over sales category and the high representing rented stores in the \$20,000 to \$50,000 classification. Inventory levels, judged on the basis of average inventory per store, end of year, were upward between 1941 and 1944 for owned and rented stores in the less than \$20,000 sales group and also for rented stores in the \$20,000 to \$50,000 size of business. Decreases in average ending inventories per store were experienced by owned stores in the \$20,000 to \$50,000 category and also by rented stores with sales in 1941 of \$50,000 or over.

Average gross trading profit percentages for the five size and occupancy groups of stores in 1944 were not too greatly changed from their respective levels for 1941. Thus in the earlier year these ratios varied between the comparatively narrow limits of 14.5 and 15.9 per cent of sales while in 1944 they were grouped closely between 13.3 and 15.2 per cent of sales. In each of the five classifications, however, the gross trading profit ratios were somewhat lower in 1944 than in 1941. The greatest decreases of 1.6 and 1.2 percentage points were recorded by owned stores in the less than \$20,000, and the \$20,000 to \$50,000 sizes of business, while declines from 1941 averages of 0.5, 0.8 and 0.2 percentage points are shown for rented stores in the less than \$20,000, the \$20,000 to \$50,000, and the \$50,000 and over sales sizes.

Total expense ratios were also consistently lower for each of the five groupings of stores in 1944 than in 1941. In 1941 these expense ratios varied between outside limits of 7.1 and 10.4 per cent of sales, the low representing owned stores in the under \$20,000 size of business, the high standing for rented outlets with sales of \$50,000 and over. For 1944 the range extended from 5.8 to 9.3 per cent of total sales, the high and low averages again being recorded by the same classes of stores as in 1941. The greatest decrease between the two years amounted to 1.9 percentage points but the smallest decline, amounting to 1.1 points, was also relatively significant. In each of the two years, however, the ratios for total operating expenses for both owned and rented stores became higher as the size of business expanded.

Average percentages for proprietor's net earnings before income taxes and withdrawals with one exception were higher in 1944 than in 1941. This movement in the four sales and occupancy classes of stores, of course, resulted from the fact that total operating expense ratios declined more than the percentages of gross profit between the years in question. These increases ranged between 0.5 and 1.4 percentage points, the one decrease of 0.3 points being recorded by owned grocery stores in the less than \$20,000 sales-size classification. Overall the net earnings ratios ranged between 4.4 and 8.5 per cent of sales in 1941 and between outside limits of 5.3 and 8.4 per cent of total sales in 1944. In both years, moreover, the rate of earnings decreased as the size of business became larger, a result principally due to the steady increase in the total operating expense ratios from the smallest to the largest sales groupings.

The dollar series of figures for average proprietor's net earnings per store were all substantially higher in the more recent year and, as expected, became sharply larger in both years as the size of business expanded. For 1941 these dollar figures, including both payments for proprietors' clerical services and profit returns from the business, varied from a low of \$771 to a high of \$3,738 per store. In 1944, on the other hand, the outside limits were both higher and wider with the low and high amounting to \$1,249 and \$5,319 per store.

Among the individual expense items, salaries and wages as ratios of total sales rose in percentage amounts as the size of business increased, but



remained relatively stable in the two periods under review. Indeed in two of the five sales and occupancy classes of grocery stores the payroll ratios were the same in 1944 as in 1941. Decreases, however, can be noted in the three remaining groupings but these declines amounted to only 0.3, 0.2 and 0.1 percentage points from their respective levels in 1941. Overall, the payroll ratios ranged from 2.0 to 5.2 per cent of sales in 1941 and from 2.0 to 5.1 per cent of total sales in 1944. This relative stability in the five payroll ratios does not mean of course that actual payroll costs were substantially the same in 1944 as in 1941, but rather that on the average the amounts expended for employees' salaries and wages increased at approximately the same rates as did the percentage gains in the total sales of the five groupings of reporting grocery stores.

Rentals, being relatively fixed dollar outlays, were lower as percentages of sales in 1944 in all three sales-size classifications of rented stores than in 1941, a reflection of the considerable increases in business which had taken place since the earlier year. The sharpest drop occurred in the less than \$20,000 sales grouping where the rental ratio declined from 2.7 to 1.6 per cent of total sales. In the other two categories the declines were less striking, the ratio decreasing from 1.5 to 1.1 per cent of sales in the \$20,000 to \$50,000 and from 1.2 to 1.0 per cent in the \$50,000 and over sales sizes.

Advertising expenditures as percentages of total sales were low in both years under review, the five averages ranging between 0.1 and 0.4 per cent of sales in 1941 and between less than 0.1 and 0.2 per cent in 1944. Depreciation expenses, a less controllable item, were somewhat greater than publicity expenses in both years. During 1941, the five average ratios for depreciation varied between 0.3 and 0.8 per cent of sales and for 1944 between the lower outside limits of 0.2 and 0.7 per cent of total sales. Reflecting the influence of size of business, these averages for depreciation expenses generally decreased in both years as the sales-size groups became larger. Examination of Table 2 will also reveal that the ratios for owned stores were somewhat higher than those of rented outlets, a fact which can be attributed to the greater amounts of capital which their owners have invested in them.

Other operating expense ratios likewise showed a declining tendency, the average percentages for each of the five sales and occupancy classes of grocery stores being lower in the more recent period. For 1941, these ratios varied between a low of 3.3 and a high of 4.5 per cent of total sales while in 1944 the averages ranged between the lower and narrower limits of 2.7 and 3.2 per cent of dollar volume. Reflecting the proper inclusion of the various types of occupancy expenses in the figures for owned stores such as property taxes, etc., these outlets again had uniformly higher ratios for other operating expenses than the average percentages for their rented counterparts.

Table 1.--Grocery Stores - Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting .....	46	24	41	33
2. Total Sales .....	\$248,886	\$147,866	\$603,363	\$486,708
3. Average Sales Per Store .....	5,411	6,161	14,716	14,749
Total Inventory Reported,				
4. Beginning of Year .....	29,278	16,343	50,745	37,311
5. End of Year .....	32,842	17,689	54,271	40,807
6. Average for Year .....	31,060	17,016	52,508	39,059
Average Inventory Per Store,				
7. End of Year .....	714	737	1,324	1,237
8. Cost of Goods Sold .....	207,571	120,067	515,272	416,622
9. Stock Turnover (times per year) ..	6.7	7.1	9.8	10.7
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....	16.6	18.8	14.6	14.4
Operating Expenses:				
11. Employees' Salaries and Wages ..	0.5	0.3	1.4	1.6
12. Rent .....	-	3.2	-	1.9
13. Advertising .....	(a)	(a)	0.1	0.1
14. Depreciation .....	0.9	0.6	0.9	0.4
15. Other Operating Expenses .....	4.1	2.9	4.4	3.0
16. Total Operating Expenses .....	5.5	7.0	6.8	7.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	11.1	11.8	7.8	7.4
18. Average Proprietor's Net Earn- ings Per Store .....	\$598	\$729	\$1,155	\$1,091

(a) Less than .05 per cent.



Table 1.--Grocery Stores - Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
31	50	16	44		29	1.
\$763,199	\$1,264,323	\$593,069	\$1,700,990		\$2,460,638	2.
24,619	25,286	37,067	38,659		84,850	3.
				SAMPLE		
47,640	85,319	44,040	107,829		186,215	4.
51,707	94,166	48,668	114,907	TOO	218,130	5.
49,674	89,742	46,354	111,368		202,172	6.
				SMALL		
1,668	1,883	3,042	2,612		7,522	7.
663,983	1,083,525	510,632	1,473,057		2,098,924	8.
13.4	12.1	11.0	13.2		10.4	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
13.0	14.3	13.9	13.4		14.7	10.
1.9	2.2	3.3	3.1		5.2	11.
-	1.5	-	1.2	SAMPLE	1.0	12.
0.1	0.1	0.2	0.1		0.2	13.
0.8	0.6	0.7	0.4	TOO	0.3	14.
3.3	3.1	3.4	2.7		3.0	15.
				SMALL		
6.1	7.5	7.6	7.5		9.7	16.
6.9	6.8	6.3	5.9		5.0	17.
\$1,680	\$1,710	\$2,323	\$2,300		\$4,227	18.

Table 2.--Grocery Stores - Operating Results for Stores Classified  
According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting .....	41	26	41	26
2. Total Sales .....	\$416,780	\$286,449	\$625,019	\$477,865
3. Average Sales Per Store .....	10,165	11,017	15,244	18,379
Total Inventory Reported,				
4. Beginning of Year .....	40,453	23,063	44,203	30,069
5. End of Year .....	45,000	27,084	47,785	34,318
6. Average for Year .....	42,727	25,074	45,994	32,194
Average Inventory Per Store,				
7. End of Year .....	1,098	1,042	1,165	1,320
8. Cost of Goods Sold .....	351,762	241,477	537,516	405,230
9. Stock Turnover (times per year) ..	8.2	9.6	11.7	12.6
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....	15.6	15.7	14.0	15.2
Operating Expenses:				
11. Employees' Salaries and Wages ..	2.3	2.0	2.0	2.0
12. Rent .....	-	2.7	-	1.6
13. Advertising .....	0.1	0.1	(a)	0.1
14. Depreciation .....	0.8	0.6	0.6	0.4
15. Other Operating Expenses .....	3.9	3.3	3.2	2.7
16. Total Operating Expenses .....	7.1	8.7	5.8	6.8
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ..	8.5	7.0	8.2	8.4
18. Average Proprietor's Net Earn- ings Per Store .....	\$863	\$771	\$1,249	\$1,535

(a) Less than .05 per cent.



Table 2.--Grocery Stores - Operating Results for Stores Classified  
According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944 (Cont.)

AMOUNT OF ANNUAL SALES								
\$20,000 - \$49,999				\$50,000 and Over				
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
11	27	11	27		14		14	1.
\$347,825	\$814,754	\$447,549	\$1,178,275		\$1,180,658		\$1,409,552	2.
31,620	30,176	40,686	43,640		84,333		100,681	3.
				SAMPLE		SAMPLE		
29,472	62,392	30,193	70,923		154,387		129,612	4.
33,582	70,933	32,986	79,757	TOO	172,297	TOO	150,740	5.
31,527	66,663	31,589	75,340		163,342		140,176	6.
				SMALL		SMALL		
3,053	2,627	2,999	2,954		12,307		10,767	7.
297,390	685,208	388,025	1,000,355		1,005,921		1,203,757	8.
9.4	10.3	12.3	13.3		6.2		8.6	9.
PROFIT AND LOSS DATA								
(Items Expressed As Percentages of Sales)								
14.5	15.9	13.3	15.1		14.8		14.6	10.
2.9	4.1	2.7	4.1		5.2		5.1	11.
-	1.5	-	1.1	SAMPLE	1.2	SAMPLE	1.0	12.
0.4	0.3	0.2	0.1		0.3		0.2	13.
0.7	0.5	0.7	0.4	TOO	0.3	TOO	0.2	14.
4.5	3.7	3.2	3.1		3.4		2.8	15.
				SMALL		SMALL		
8.5	10.1	6.8	8.8		10.4		9.3	16.
6.0	5.8	6.5	6.3		4.4		5.3	17.
\$1,909	\$1,754	\$2,637	\$2,731		\$3,738		\$5,319	18.

### PART III - COMBINATION STORES (GROCERIES & MEATS)

#### Trends by Size of Business, 1944

Stores of this kind, as the name suggests, sell both groceries and fresh meats but by definition the smaller of the two kinds of commodities must not be below a certain percentage of their total sales. For small stores with annual sales below \$50,000 the percentage is 20 per cent while for larger stores the smaller of the two types of products must be at least 10 per cent of the dollar volume. Fruits and vegetables also are usually carried and frequently form an important department in this particular kind of food store.

Classified on this basis, the total sales of the combination stores reporting a breakdown of their sales by classes of commodities in the 1941 census were composed of food and kindred products to the extent of 91 per cent; cigars, cigarettes and tobacco to the extent of 2 per cent; while household supplies and miscellaneous merchandise, including beer and wine sales in the province of Quebec, made up the remaining 5 and 2 per cent of their total volume. Food and kindred products in turn were broken down into fresh and cooked meats forming 28 per cent of total store sales; fresh fruits and vegetables accounting for 12 per cent; dairy products and eggs with 10 per cent of store volumes; bakery products, and candy and confectionery with 2 per cent and 1 per cent; and all other food products which comprised 38 per cent of the total sales volumes.

A total of 175 reports on operating results in 1944 were received from combination stores co-operating in the survey. When classified in Table 1 into the ten sales-size and occupancy classifications of stores, however, only three reports were included in the grouping for rented stores with 1944 sales of less than \$10,000. No figures were therefore shown for this class of combination store, the sample being far too small for the statistics to be of practical value. In some of the nine remaining sales and occupancy classes of stores the number of reports is also definitely on the small side, there being five groupings made up of 15 reports or less, of which two contain only 9 and 6 reports. In these classifications especially the reader should consider the averages more as indicators than as accurate measures, and should compare them with ratios in other size and occupancy classes to see how they conform with the overall trends within the table.

Apart from the limitations imposed upon the statistics by the smallness of the samples, it should be noted that the operating results of combination stores are modified by the commodity composition of their sales. For in addition to handling the normal lines of the grocery store, the typical combination outlet also operates a fresh and cooked meats department. These products enjoy on average a much higher rate of stock turn than grocery products; usually carry higher initial mark ups on cost which, depending upon skill in eliminating wastes, permit higher gross trading profits to be realized from their sale; generally require more labor in preparing and selling; and also necessitate the use of more refrigeration and other facilities. Such conditions clearly influence the rates of stock turnover, the gross trading profit ratios and the expense percentages of combination stores. The reader may therefore find it informative and helpful in studying the results of combination stores to compare the statistics with the averages presented elsewhere in this bulletin for grocery stores and for meat markets.

Turning now to the operating results of combination grocery and meat stores presented in Table 1, it will be seen that the stock turnover ratios for the



nine sales and occupancy classes of outlets varied between a low of 8.2 and a high of 24.0 times in 1944. Among the five groups of owned stores there was a steady upward progression in the averages as the size of business increased. For the four classifications of rented stores, on the other hand, the movement was irregular, the averages rising from 12.9 times in the \$10,000 to \$20,000 sales size to the high of 24.0 times in the \$20,000 to \$30,000 group, then dropping to 18.5 and 17.1 times in the \$30,000 to \$50,000 and the \$50,000 and over sales categories. Reflecting the higher turnover ratios experienced in handling meat products, however, the average number of stock turns for combination stores was uniformly higher than those of the reporting grocery stores in each of the sizes of business from which comparisons can be made.

The stock turnover ratio of 24.0 times obtained by the 21 rented stores in the \$20,000 to \$30,000 size of business in 1944 seems definitely on the high side when compared with the average of 16.3 times for their owned counterparts and the figures of 12.9 and 18.5 times recorded by rented stores in the \$10,000 to \$20,000 and the \$30,000 to \$50,000 sales groupings. This high turnover ratio is probably due in principal part to factors associated with the Bureau's rules for defining combination grocery and meat stores. One of these rules provides that the smaller of grocery or meat sales must form at least 20 per cent of the total sales of stores of this size. Thus in extreme instances stores would be classified as combination outlets if their sales of groceries formed only 20 per cent or slightly more of their dollar volume. Examination of these 21 reports indicated that a number of such stores were included in the \$20,000 to \$30,000 sales category. These stores were thus characterized more by the trading features of meat markets with their relatively high stock turn and low ending inventories than of grocery and meat stores. The inclusion of their figures in the averages for this group was therefore principally responsible for the comparatively high turnover and low ending inventory averages shown in the table. It will be noted, however, that the \$20,000 to \$30,000 sales size was the only category in which this erratic distribution of reports was so pronounced.

Average ending inventories per store with one exception increased steadily as the size of business became greater. For owned stores, the average year-end stocks ranged between outside limits of \$611 and \$3,383 per store; and leaving out of the comparison the average ending inventory figure of \$921 for rented stores in the \$20,000 to \$30,000 sales size, whose unusual features have already been commented upon, the end-of-year stocks for rented outlets varied from \$1,083 per store in the \$10,000 to \$20,000 size of business to \$3,741 per unit in the \$50,000 and over class. Inspection of the figures for beginning and ending inventories shown in Table 1 indicates that total stocks at the end of the year were somewhat larger than at the start of 1944 in all of the nine sales and occupancy classifications. These increases in fact varied between 2.5 and 19.7 per cent of commencing stocks with an overall gain of about 8 per cent.

The gross trading profit percentages for owned and for rented combination grocery and meat stores presented in Table 1 for the most part moved downward as the size of business increased. In the case of the five groups of owned stores, the average for 1944 dropped from 21.8 per cent of total sales in the less than \$10,000 sales size to 16.8 in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 groupings and thence downward again to 14.4 and 13.7 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sales categories. For rented stores, the highest ratio of 19.5 per cent of sales is found in the \$10,000 to \$20,000 size of business, from which the averages declined to 15.6 and 14.8 per cent in the two larger groupings, from which it rose as an exception to the general trend to 15.7 per cent in the \$50,000 and over classification. A somewhat similar downward trend for 1944 is also



apparent in the gross profit ratios of grocery stores for 1944 where the highest percentages likewise were recorded by grocery stores in the smallest sales brackets.

In regard to the expenses, employees' salaries and wages ranged between a low of 1.2 and a high of 5.6 per cent of total sales in 1944. Apart from two exceptions, a clear trend is apparent for the payroll ratios to increase with expansions in the size-of-business classifications, a progression also in evidence in the payroll percentages for grocery stores. For owned combination stores, salaries and wages formed 1.6 per cent of sales in the less than \$10,000 sales-size, dropped to 1.2 per cent in the \$10,000 to \$20,000 grouping and then rose to 2.4, 3.1, and 5.3 per cent in the three larger sales categories. For rented stores the payroll ratio stood at the fairly high figure of 3.3 per cent in the \$10,000 to \$20,000 bracket, dropped to 2.6 per cent in the \$20,000 to \$30,000 size and then rose to 4.1 and 5.6 per cent of sales in the two larger sizes of business. Reflecting in part at least the influence of the meat departments upon the results of combination stores, the salary and wage ratios in six of the eight classifications for which comparisons can be made were higher than those recorded by grocery stores.

Rental expenses as percentages of total sales declined steadily with increases in the size of business. They were highest at 1.9 per cent in the \$10,000 to \$20,000 size class of rented stores and lowest at 0.9 per cent in the \$50,000 and over sales grouping, and in general were closely comparable with the rental ratios which grocery stores in the same sizes of business experienced in 1944. Advertising expenses as in the case of grocery stores comprised very small proportions of the sales dollars of the reporting combination stores, the percentages varying from 0.1 to 0.3 per cent of sales, with publicity expenditures in one classification being too small to be shown in the table.

Depreciation, a fixed expense for stores having equipment still to write-off, varied between a low of 0.4 per cent and a high of 1.4 of total sales. Apart from three exceptions, these ratios moved downward as the size of business increased. Owned stores naturally had the higher depreciation percentages because of the larger amounts of capital invested in their business. In many of the size and occupancy groupings, moreover, the averages for combination stores were somewhat greater than those of grocery stores, a reflection of the additional facilities required for the handling of fresh and cooked meats.

Other operating expenses, for which averages for the nine sales and occupancy classifications are presented in Table 1, ranged in 1944 between a low of 3.0 and a high of 5.7 per cent of total sales. Although the movement was irregular, the ratios for other operating expenses in both owned and rented combination stores tended to fall as the size of business increased. For owned stores the averages dropped from 5.7 per cent in the less than \$10,000 sales size to 4.2 in the next, rose to 5.4 and then decreased to 3.7 and 3.3 per cent in the two largest sizes of business; for rented stores the percentages declined from 4.5 per cent in the \$10,000 to \$20,000 sales grouping to 3.5 and 3.0 in the two larger sizes and then rose slightly to 3.1 per cent in the \$50,000 and over sales category. This trend, it may be noted, is much less apparent in the figures for grocery outlets. The presence of this relationship in the other operating expenses of the reporting combination stores may therefore be due at least partly to the fact that the operation of the meat department has added somewhat to the fixed costs included in this expense category which, as percentages, become smaller with increases in sales. Reflecting the greater expenses of operating the combination store, however, the ratios for the other operating expenses of this kind of outlet were somewhat higher in most of the sales and occupancy groups than the averages for the reporting grocery stores. The same comparison will also reveal that these ratios were higher for owned grocery,



and combination grocery and meat stores than for their rented counterparts, a fact which must be attributed to the higher occupancy expenses for repairs and maintenance, etc., which naturally tended to be higher for owned types of outlets.

Total operating expenses for the nine sales and occupancy groups of combination stores varied between 6.9 and 10.6 per cent of total sales in 1944, the low standing for owned establishments in the \$10,000 to \$20,000 sales-size and the high for rented stores in the same sales class. These averages, moreover, were greater than those obtained in 1944 by each of the sales and occupancy categories of reporting grocery stores for which comparisons can be made.

Although rather irregular in pattern, a tendency may be seen for the total expense ratios of combination stores to increase with expansions in the size-of-business classifications. For the four groups of rented stores, the series started with the high average of 10.6 per cent for the 13 stores in the \$10,000 to \$20,000 sales size, dropped to 8.2 in the next, and then rose to 8.8 and 10.3 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over sales groupings. The high average of 10.6 per cent of sales relative to the ratio of 8.2 per cent in the next larger category, it may be noted, was due principally to the fact that the ratios for payroll costs and for other operating expenses, contrary to the general trend, were higher here than in the immediately following sales classification. Among the five categories of owned stores, the progression was thrown out of line by the large total expense ratios of 8.2 and 9.5 per cent of sales which were recorded by the 9 outlets in the less than \$10,000, and by the 6 establishments in the \$20,000 to \$30,000 sizes of business. These two averages were influenced in considerable degree by the comparatively high averages of 5.7 and 5.4 per cent of sales which represented other operating expenses in the same two categories. In all three instances, it is evident that the numbers of stores on which the somewhat unusual ratios were based were clearly too small to iron out fully the erratic results which some of them apparently obtained in the year under review.

Referring now to proprietor's net earnings before income taxes and withdrawals in Table 1, it will be seen that these percentages ranged in 1944 between a low of 4.4 and a high of 13.6 per cent of the total sales of the reporting combination stores. The net earnings ratios, however, became consistently smaller as the size of business increased, a trend principally due to the downward movement in the gross trading profit percentages. The sharpest drop in net earnings occurred between the less than \$10,000 and the \$10,000 to \$20,000 classifications of owned combination stores where the ratios declined from 13.6 to 9.9 per cent of sales. From this figure of 9.9 per cent for owned, and the average of 8.9 per cent recorded by rented stores in the same sales grouping, the ratios continued their steady decrease to 4.4 per cent for owned and 5.4 per cent for rented stores with 1944 sales of \$50,000 and over. A similar downward progression, it will be recalled, was also seen in the net earnings averages for grocery stores in 1944 but in that instance the recessions were due to the combined influences of the declining gross trading profit and the rising total expense percentages. It will also be noted from the comparison that the net earnings ratios for the various groups of reporting combination stores were somewhat higher in 1944 than those for grocery establishments in each of the sales and occupancy classifications for which comparisons can be made.

In dollar figures, average proprietor's net earnings per store for combination grocery and meat outlets varied between a low of \$833 and a high of \$3,977 per unit in 1944. As is to be expected, these averages became steadily larger as the size of business became larger. Not until the \$30,000 to \$50,000 sales size was reached, however, did the dollar figures exceed \$2,000 per store where average net earnings of \$2,607 and \$2,416 per owned and rented establishment were attained. In

the \$50,000 and over sales classifications the averages stood at \$3,082 and \$3,977 per unit to obtain which average sales of \$70,370 and \$73,726 per owned and rented store were made in 1944.

#### Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 91 of the 175 reports received from co-operating combination grocery and meat stores were able to provide figures on their operating results in both 1941 and 1944. These reports have therefore been classified into only three sales classifications and the statistics for these groupings are presented in Table 2. Here it is necessary to note that the 91 reports have been assigned to their sales and occupancy grouping for 1941 and 1944 entirely on the basis of the volume of business transacted in the earlier year and without regard to the sales they obtained in the later period. This method permits the trends in operating results between 1941 and 1944 to be determined for the identical retail establishments. It must be stated, however, that the trends so noted are not necessarily indicative of the trends of all continuing combination stores because of the comparatively small samples upon which the figures are based.

A glance at the total sales figures shown in Table 2 is sufficient to indicate that owned and rented stores in each of the three sales-size classifications experienced sharply higher sales volumes in 1944 than in 1941. Indeed these increases over 1941 levels amounted to about 42 per cent in the less than \$20,000, and the \$20,000 to \$50,000 sales categories, and to about 27 per cent in the \$50,000 and over grouping. Rented store sales gained by about 56 and 51 per cent in the two smaller sales brackets and by around 28 per cent in the largest size of business. Overall an expansion of about 39 per cent was recorded in the sales of the reporting combination grocery and meat stores over their dollar volumes in the earlier year.

This compares with an increase of 28 per cent which is shown for those years in the Bureau's monthly indexes of a much larger sample of continuing food stores. It is true, of course, that the Bureau's monthly sales indexes give due representation to grocery, combination, and meat market stores, which are composed of both independent and chain store types of food outlets. These kinds and types may well have experienced different rates of expansion during the wartime period and their varying rates of gain may thus have averaged down to some extent the trend which would have appeared if only combination stores had been used. It is probable, nevertheless, that the more restricted sample of combination stores providing operating cost data in the recent survey was biased in some degree so that on average they experienced somewhat greater increases in sales than those which reported monthly sales figures for the construction of the Bureau's indexes of retail sales. Some allowances should, therefore, be made for this situation when comparisons are made with the statistics on operating results which are shown in Table 2.

Due to the major increases in sales which the reporting combination stores enjoyed, the rates of stock turnover were higher in 1944 than in 1941 in all six of the sales and occupancy classes of stores. During the earlier year, the rates of stock turn varied between 8.2 and 19.0 times while in 1944 the ratios ranged between lower and upper limits of 10.7 and 25.8 times per year. Inventory levels, as seen from changes in average year-end inventories per store, were higher in five of the six groupings in 1944 than in 1941 by ratios ranging between 7 and 21 per cent of the 1941 dollar averages. In one classification, that of owned stores with 1941 sales of \$50,000 or over, a decline of about 7 per cent was experienced. There was, however, an increase of about 13 per cent in the cost-of-living indexes of food



prices, and it is therefore rather unlikely that the groups of stores reporting dollar gains in inventories experienced similar percentage gains in the physical quantities of merchandise they held in stock.

Average gross trading profit ratios for the six groups of stores in 1944 were consistently lower than those obtained by the reporting combination outlets in 1941. During the earlier year the averages varied between 15.6 and 24.0 per cent of total sales with four of them included within the narrower limits of 15.6 and 17.3 per cent of the dollar volumes. In 1944 the six ratios were grouped between 13.8 and 22.2 per cent of total sales, again with the same four inner averages ranging between 13.8 and 15.9 per cent of the business transacted. Overall the six declines in rates of gross profit amounted to between 0.7 and 2.0 percentage points, figures which are fairly significant when related to the averages obtained in 1941. This downward movement, it will be recalled, was also in evidence in the average gross margins of grocery stores, the statistics for which appear in Table 2 of the preceding section of this bulletin.

Total operating expense ratios for each of the six classifications of combination stores were lower in 1944 than in 1941, a trend also in evidence in the figures for reporting grocery outlets. In 1941 these averages ranged between 10.2 and 13.1 per cent of sales and in 1944 extended between the lower figures of 8.3 and 10.8 per cent of the dollar volumes. The greatest decrease between the two years amounted to 2.4 and the lowest to 1.2 percentage points, while three of the six ratios recorded declines of 2.0 percentage points or more. By size of business, on the other hand, total operating expenses as percentages of sales with but one exception became steadily higher as the sales-size groupings became larger.

Proprietor's net earnings before income taxes and withdrawals as percentages of sales were higher in four of the six sales and occupancy classes of stores in 1944 than in 1941. This of course was clearly due to the fact that the declines in the total expense ratios exceeded the decreases which occurred in gross trading profit percentages between the two years. In two instances -- that of owned stores in less than \$20,000, and of rented stores in the \$50,000 and over sales classes -- the rates of net earnings were slightly lower and conversely resulted from the fact that the fall in gross trading profit margins were here somewhat greater than the contraction in the total expense ratios. Overall the net earnings percentages in 1941 varied between 2.6 and 13.8 per cent of sales against outside limits for 1944 of 4.1 and 13.2 per cent of the total dollar volumes. With but one exception, moreover, the rates of net earnings in both years became smaller as the size of business increased.

Dollar figures for average proprietor's net earnings per store were all considerably higher in 1944 than in 1941, and with one exception also became larger as the progression moved from the smaller to the larger sales-size groupings. Including both the rewards for the proprietor's clerical services and the return in the form of net profits, the six averages ranged between a low of \$968 and a high of \$3,920 per store in 1941, and a low and high of \$1,321 and \$4,462 in 1944.

In regard to the individual expense items, salaries and wages with one exception were moderately lower in the more recent year. These decreases varied from 0.2 to 1.1 percentage points for the five sets of ratios in which the declines can be noted. Such decreases while significant in relation to the size of the 1941 payroll ratios were all much lower than the relative increases in sales which were recorded between the two years, and as a consequence the average dollar payroll per store was in fact somewhat larger in 1944 than in 1941. In summary, the six payroll ratios for owned and rented combination stores had outside limits of 1.6 and

7.2 per cent of sales in 1941 against outside limits of 1.8 and 6.2 per cent of the dollar volumes in 1944, and in both years became steadily larger with increases in the size of business.

Rentals claimed a smaller proportion of the sales dollar of rented stores in 1944 than in 1941, a trend resulting naturally from the sharp increases in sales which the three size-of-business groups of stores had experienced. During 1941 the ratios for the three size classes varied between 1.9 and 1.1 per cent of sales while in 1944 the averages ranged between 1.4 and 0.8 per cent, with steady declines apparent as the size of business expanded.

Advertising expenses for the owned and rented groups of stores were very small in both years ranging between 0.1 and 0.4 per cent of sales in the earlier period and between the lower limits of from less than 0.1 per cent to 0.3 per cent in 1944. Depreciation allowances also followed the same downward trend between the two wartime years. In 1941, for instance, the six percentages for this expense varied from a low of 0.6 to a high of 1.6 per cent of sales, while in 1944 the ratios of 0.5 and 1.4 per cent stood as the outside limits for these averages. In both years, moreover, these averages declined as the size of business became larger and, as is to be expected, the ratios were somewhat higher for owned than for rented combination outlets.

Other operating expenses, the miscellaneous or residual category, likewise adhered to the general trend and were lower in 1944 than in the earlier year. For 1941, the six averages for owned and rented stores varied from a low of 3.0 to a high of 6.9 per cent of total sales which compares with limits of 3.0 and 5.7 per cent of the dollar volumes. With but two exceptions, the ratios recorded progressive decreases as the sales-size groupings became larger, a downward movement also apparent in the figures shown in Table 1 for 1944. Probably reflecting the influence of the operations of the meat department upon this expense category, the percentages for other operating expenses were higher than those of grocery stores in eight of the ten categories for which comparisons can be made in the results for 1941 and 1944.



STATISTICS  
ON  
OPERATING RESULTS  
OF  
COMBINATION GROCERY AND MEAT STORES

Table 1.--Combination Grocery and Meat Stores - Operating Results for Stores  
Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting .....	9		15	13
2. Total Sales .....	\$55,282		\$222,741	\$212,305
3. Average Sales Per Store .....	6,142		14,849	16,331
Total Inventory Reported,		SAMPLE		
4. Beginning of Year .....	4,986		13,589	12,480
5. End of Year .....	5,499	TOO	16,479	14,082
6. Average for Year .....	5,243		15,034	13,281
Average Inventory Per Store,		SMALL		
7. End of Year .....	611		1,099	1,083
8. Cost of Goods Sold .....	43,231		185,321	170,906
9. Stock Turnover (times per year) ..	8.2		12.3	12.9
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....	21.8		16.8	19.5
Operating Expenses:				
11. Employees' Salaries and Wages ..	1.6		1.2	3.3
12. Rent .....		SAMPLE	-	1.9
13. Advertising .....	(a)		0.1	0.1
14. Depreciation .....	0.9	TOO	1.4	0.8
15. Other Operating Expenses .....	5.7		4.2	4.5
16. Total Operating Expenses .....	8.2	SMALL	6.9	10.6
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.6		9.9	8.9
18. Average Proprietor's Net Earn- ings Per Store .....	\$833		\$1,465	\$1,459

(a) Less than .05 per cent.



Table 1.--Combination Grocery and Meat Stores - Operating Results for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
6	21	13	30	23	42	1.
\$140,557	\$495,958	\$505,236	\$1,204,342	\$1,618,521	\$3,096,510	2.
23,426	23,617	38,864	40,145	70,370	73,726	3.
6,905	15,536	24,546	52,508	71,952	148,105	4.
7,459	19,349	25,186	58,340	77,800	157,133	5.
7,182	17,443	24,866	55,424	74,876	152,619	6.
1,243	921	1,937	1,945	3,383	3,741	7.
116,943	418,589	432,482	1,026,099	1,396,784	2,610,358	8.
16.3	24.0	17.4	18.5	18.7	17.1	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
16.8	15.6	14.4	14.8	13.7	15.7	10.
2.4	2.6	3.1	4.1	5.3	5.6	11.
-	1.5	-	1.1	-	0.9	12.
0.3	0.1	0.1	0.2	0.1	0.2	13.
1.4	0.5	0.8	0.4	0.6	0.5	14.
5.4	3.5	3.7	3.0	3.3	3.1	15.
9.5	8.2	7.7	8.8	9.3	10.3	16.
7.3	7.4	6.7	6.0	4.4	5.4	17.
\$1,719	\$1,738	\$2,607	\$2,416	\$3,082	\$3,977	18.

Table 2.--Combination Grocery and Meat Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting .....	14	16	14	16
2. Total Sales .....	\$98,506	\$227,742	\$139,403	\$354,534
3. Average Sales Per Store .....	7,036	14,234	9,957	22,158
Total Inventory Reported,				
4. Beginning of Year .....	9,026	12,080	9,142	15,753
5. End of Year .....	9,184	15,963	11,121	19,069
6. Average for Year .....	9,105	14,022	10,132	17,411
Average Inventory Per Store,				
7. End of Year .....	656	998	794	1,192
8. Cost of Goods Sold .....	74,865	188,343	108,456	298,872
9. Stock Turnover (times per year) ..	8.2	13.4	10.7	17.2
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....	24.0	17.3	22.2	15.7
Operating Expenses				
11. Employees' Salaries and Wages ..	1.6	3.1	1.8	2.9
12. Rent .....	-	1.9	-	1.4
13. Advertising .....	0.1	0.1	0.1	(a)
14. Depreciation .....	1.6	0.7	1.4	0.6
15. Other Operating Expenses .....	6.9	4.6	5.7	3.5
16. Total Operating Expenses .....	10.2	10.4	9.0	8.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.8	6.9	13.2	7.3
18. Average Proprietor's Net Earn- ings Per Store .....	\$968	\$975	\$1,321	\$1,612

(a) Less than .05 per cent.



Table 2.--Combination Grocery and Meat Stores - Operating Results for Stores  
Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944  
(Cont.)

AMOUNT OF ANNUAL SALES								
\$20,000 - \$49,999				\$50,000 and Over				
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
18	23	18	23	7	13	7	13	1.
\$595,386	\$799,005	\$843,719	\$1,206,902	\$433,404	\$955,873	\$549,018	\$1,221,430	2.
33,077	34,739	46,873	52,474	61,915	73,529	78,431	93,956	3.
43,572	46,683	45,614	51,211	19,351	55,469	18,611	81,063	4.
46,421	54,336	49,675	59,993	19,059	66,495	17,673	75,205	5.
44,997	50,509	47,645	55,602	19,205	60,982	18,142	78,134	6.
2,579	2,362	2,760	2,608	2,723	5,115	2,525	5,785	7.
502,506	666,370	727,286	1,015,005	365,360	787,639	467,763	103,089	8.
11.2	13.2	15.3	18.3	19.0	12.9	25.8	13.2	9.
PROFIT AND LOSS DATA								
(Items Expressed As Percentages of Sales)								
15.6	16.6	13.8	15.9	15.7	17.6	14.8	15.6	10.
4.7	5.7	4.0	5.2	6.7	7.2	5.6	6.2	11.
-	1.5	-	1.0	-	1.1	-	0.8	12.
0.3	0.3	0.2	0.2	0.2	0.4	0.1	0.3	13.
0.9	0.6	0.6	0.5	0.6	0.6	0.6	0.5	14.
4.6	3.7	3.5	3.2	5.6	3.0	4.4	3.0	15.
10.5	11.8	8.3	10.1	13.1	12.3	10.7	10.8	16.
5.1	4.8	5.5	5.8	2.6	5.3	4.1	4.8	17.
\$1,678	\$1,676	\$2,576	\$3,056	\$1,630	\$3,920	\$3,187	\$4,462	18.

#### PART IV - MEAT MARKET STORES

##### Trends by Size of Business, 1944

These stores by definition are engaged primarily in handling fresh meats and may also sell poultry, fish, dairy products and eggs. Dry groceries may be sold in limited quantities but if such sales exceed 20 per cent of the total business, the establishment is considered to be a combination grocery and meat store. On this basis, then, the meat market stores reporting a breakdown of their sales by commodity classes for the 1941 Census of Merchandising showed in total the following percentage distribution of their dollar volume: fresh fruits and vegetables, 3.3 per cent; fresh and cooked meats including poultry and fish products, 86.5 per cent; dairy products and eggs, 5.2 per cent; all other food products, 4.6 per cent; and miscellaneous merchandise, 0.4 per cent of their total sales.

In all, a total of 182 reports were received from meat markets co-operating in the survey of operating results for 1944. When classified into the ten sales and occupancy groupings, however, only 5 reports were included in the less than \$10,000 sales class for owned stores. This was considered to be too small for the data to be of practical value and no figures are therefore shown for this category in the table. In several other brackets the sample is also quite small, for in four of the nine remaining sales sizes the returns numbered between 9 and 13 reports. The statistics, especially in these four groupings, must therefore be treated more as indicators than as accurate measures of the operating results achieved by stores in the different sales and occupancy groupings of meat markets.

Coming now to the averages on operating results, it will be seen that the nine stock turnover ratios ranged between a low of 29.0 and a high of 63.6 times in 1944, the middle seven falling within the limits of 36.8 and 54.5 times per year. Reflecting the perishable nature of the commodities being handled and the high level of repeat demand they experienced, the turnover ratios were all comparatively high and showed virtually no tendency to vary either directly or inversely with changes in the size of business. Average year-end inventories per store, as is to be expected, were all quite small but of course increased steadily with increases in the size of business, the outside limits amounting to values of \$144 and \$3,018 per store at the end of 1944. Both of these figures, however, may be somewhat erratic because both averages are based on only 9 reports, and the presence or absence of receipts of goods on or just before the close of the year could influence them to a considerable degree. Changes in total inventories reported from beginning-of-year levels were upward in six of the nine groupings, downward in two and stable in one, the variations in fact ranging from a decline of about 12 per cent to an increase of around 18 per cent of opening valuations.

Gross trading profit percentages for the nine groupings of meat markets varied between lower and upper limits of 16.0 and 22.0 per cent of total sales, and were featured by a moderate, though irregular, tendency to decrease as the size-of-business categories became larger. All of the averages, moreover, were larger than the gross trading ratios obtained by the corresponding sales and occupancy groupings of grocery and of combination stores, the figures for which are presented in Table 1 of Sections II and III of this bulletin. These differences, of course, reflect partly the lower rates of gross profit realized from the sale of many lines of grocery products, and partly the fact that more labour and other costs are involved in handling meats which in turn require higher initial mark ups to carry the added expenses.



Among the operating expenses, salaries and wages disbursed to paid employees formed percentages of total sales ranging between 2.0 and 6.7 per cent of sales in 1944. Indicative of the greater requirements for paid help and the decreasing relative importance of the proprietor's clerical services, the averages moved consistently higher as the sales-size groupings became larger. These payroll ratios, it may also be noted, were higher than those recorded in most of the corresponding sales and occupancy groupings of grocery and of combination stores.

Rentals, an occupancy expense of a comparatively fixed nature, was highest for rented stores in the less than \$10,000 sales classification at 3.4 per cent of sales in 1944. From this point it decreased steadily with expansions in business to only 1.1 per cent of sales for stores with annual sales volumes of \$50,000 or over. Advertising expenses were very low in most of the nine groupings of owned and rented stores with all but one of the averages standing at 0.1 per cent of total sales or less. Depreciation allowances, on the other hand, were somewhat larger in all nine sales and occupancy categories, the outside limits for which amounted to 0.5 and 1.3 per cent of the dollar volumes. These percentages, it will be observed, exhibited a general although slightly irregular tendency to decrease with expansions in sales volumes, a fact suggesting the more intensive use which the larger reporting stores were able to make of their fixed assets. The depreciation ratios, moreover, were somewhat greater for owned than for rented meat markets, a relationship which of course reflects the greater investments of the owners in their store properties. Due probably to the greater requirements for refrigeration facilities, the depreciation expense ratios for meat markets were somewhat larger than those of grocery and combination stores in the sales groupings for which comparisons can be made.

Consisting of the remaining types of operating expenses and including among others such items as supplies, communication, interest on borrowed money, bad debts, repairs, taxes and insurance, and light, heat and power, other operating expenses in the nine sales and occupancy groupings varied between a low of 3.4 and a high of 5.7 per cent of total sales in 1944. Viewing the ratios from the standpoint of trends by size of business, the averages moved irregularly downward as the sales-size groupings became larger; and by type of occupancy, the percentages were consistently higher for the owned classes of stores, a reflection of the greater expenditures which such outlets were required to make for taxes and insurance, repairs, and for the other expenses which property ownership entails. In most of the classifications for which comparisons can be made, it may also be noted that the ratios for other operating expenses were higher for meat markets than for either the reporting grocery or combination stores.

Total operating expenses, consolidating the individual expense categories just described, varied narrowly between outside limits of 9.8 and 12.0 per cent of total sales in 1944. For owned stores there was a fairly evident upward trend in the ratios as size of business increased, the averages rising from 9.8 per cent in the \$10,000 to \$20,000 grouping to 10.0 and 12.0 in the two following size categories, thereafter dropping slightly to 11.9 per cent in the \$50,000 and over sales grouping. In the case of rented outlets, on the other hand, the upward progression was much less evident, the averages here moving downward from 11.2 per cent in the under \$10,000 sales size to 10.3 per cent in the \$10,000 to \$20,000 bracket, then rising to 10.8, declining again to 9.8 and increasing finally to 11.5 per cent of sales in the \$50,000 and over sales class. These ratios, however, were greater than those recorded by grocery and combination stores in most of the sales and occupancy classifications for which comparisons can be made.

Proprietor's net earnings before income taxes and withdrawals, including both the net profit return and the reward for the operator's clerical services,

ranged in 1944 between a low of 4.2 and a high of 10.8 per cent of total sales. Overall, there was a clear downward trend in the rate of net earnings as the size of business became larger with only one exception in this progression to be noted in the averages. In dollar figures, however, average proprietor's net earnings per store with but one exception moved steadily higher as the sales-size groupings expanded. For owned stores this upward movement began with the average of \$1,306 per store in the \$10,000 to \$20,000 sales bracket, rose to \$2,491 in the \$20,000 to \$30,000 size, then dropped slightly to \$2,265 in the \$30,000 to \$50,000 size of business, and increased again to \$4,723 per outlet for stores in the \$50,000 and over class where average sales of \$111,481 per outlet were experienced. For rented stores, the average amounted to \$737 per outlet in the under \$10,000 classification from which it rose to \$1,512, \$1,806 and \$2,312 per unit in the next three sales sizes and reached its high of \$4,198 per store in the largest sales grouping in which average sales amounted to \$81,511 per store in 1944.



STATISTICS  
ON  
OPERATING RESULTS  
OF  
MEAT MARKETS

Meat Markets--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented

  

GENERAL INFORMATION				
1. Number of Stores Reporting .....		9	19	26
2. Total Sales .....		\$61,359	\$292,187	\$389,320
3. Average Sales Per Store .....		6,818	15,378	14,974
Total Inventory Reported,	SAMPLE			
4. Beginning of Year .....		1,300	6,247	5,911
5. End of Year .....	TOO	1,300	6,461	6,269
6. Average for Year .....		1,300	6,354	6,090
Average Inventory Per Store,	SMALL			
7. End of Year .....		144	340	241
8. Cost of Goods Sold .....		47,860	238,717	309,899
9. Stock Turnover (times per year) ..		36.8	37.6	50.9

  

PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....		22.0	18.3	20.4
Operating Expenses;				
11. Employees' Salaries and Wages ..		2.0	2.7	3.1
12. Rent .....	SAMPLE	3.4	-	1.9
13. Advertising .....		0.1	0.1	0.1
14. Depreciation .....	TOO	0.8	1.3	0.6
15. Other Operating Expenses .....		4.9	5.7	4.6
	SMALL			
16. Total Operating Expenses .....		11.2	9.8	10.3
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		10.8	8.5	10.1
18. Average Proprietor's Net Earn- ings Per Store .....		\$737	\$1,306	\$1,512



Meat Markets--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES					
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over	
Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION

10	20	13	26	9	45	1.
\$255,390	\$480,529	\$529,777	\$960,441	\$1,003,330	\$3,667,978	2.
25,539	24,026	40,752	36,940	111,481	81,511	3.
3,388	7,739	10,346	11,914	30,920	65,370	4.
4,129	8,809	10,073	13,440	27,165	66,171	5.
3,759	8,274	10,210	12,677	29,043	65,770	6.
413	440	775	517	3,018	1,470	7.
204,823	392,592	436,536	806,770	841,794	3,059,094	8.
54.5	47.4	42.8	63.6	29.0	46.5	9.

PROFIT AND LOSS DATA  
(Items Expressed As Percentages of Sales)

19.8	18.3	17.6	16.0	16.1	16.6	10.
4.2	3.9	5.6	4.3	6.7	6.1	11.
-	1.6	-	1.4	-	1.1	12.
(a)	0.1	0.1	0.1	0.4	0.1	13.
0.9	0.6	1.0	0.6	0.7	0.5	14.
4.9	4.6	5.3	3.4	4.1	3.7	15.
10.0	10.8	12.0	9.8	11.9	11.5	16.
9.8	7.5	5.6	6.2	4.2	5.1	17.
\$2,491	\$1,806	\$2,265	\$2,312	\$4,723	\$4,198	18.

(a) Less than .05 per cent.

## PART V - FRUIT AND VEGETABLE STORES

### Trends by Size of Business, 1944

These stores by definition specialize in handling fresh fruits and vegetables with 50 per cent or more of their sales consisting of such commodities. Stores selling a combination of fruits, vegetables, groceries, candy and confectionery, tobacco, magazines, etc., are also included in this kind of business provided two requirements are met. These are that the sales of fruits and vegetables must comprise at least 40 per cent of the total volume, and that sales of fruits and vegetables together must be larger than the sales of grocery items. So classified, the sales of fruits and vegetables of the stores reporting a commodity breakdown of their dollar volume in the 1941 Census of Merchandising formed 79.6 per cent of their total sales; and the balance consisted of bakery products, candy and confectionery to the extent of 1.3 per cent, fresh and cooked meats, 2.0 per cent; dairy products and eggs, 2.0 per cent; other food products, 12.7 per cent; and miscellaneous merchandise including tobaccos 2.4 per cent of total sales.

A total of 105 usable reports were received from fruit and vegetable stores co-operating in this survey. When classified by sizes of business and within these by owned and rented stores, however, it became evident that the numbers of owned establishments were much too small in each of the five sales groupings to permit averages to be shown in the following table. Figures are therefore shown only for the five classes of rented fruit and vegetable stores and these are based on the reports of only 92 stores.

In regard now to the operating results of rented fruit and vegetable outlets, it will be seen that the stock turnover ratios varied between a low of 10.1 and a high of 30.8 times in 1944. These averages, as will be noted from the table, moved up from 10.1 times in the less than \$10,000 sales class to 15.2 in the next and to the high of 30.8 in the \$20,000 to \$30,000 size of business, dropped to 16.7 in the \$30,000 to \$50,000 grouping, and again rose to the high of 30.8 times in the \$50,000 and over sales size. Such ratios, as has been pointed out previously, are calculated by dividing into the cost of goods sold the average of the inventories reported for the beginning and end of the year. At those times the stocks of salable merchandise usually are relatively small, and unusually small inventories at these dates can therefore cause disproportionately high stock turnover figures for the entire year to be shown. It is to this circumstance that the comparatively high average turnover of 30.8 times shown in the \$20,000 to \$30,000 and the \$50,000 sales classes must be attributed, for examination of the reports in these categories indicates the presence of a number of stores with relatively small quantities of goods on hand at either or both the beginning and ending of 1944. These in turn have pulled up the average to the 30.8 times which is shown in these two sizes of business.

Average inventories per store at the end of 1944 were quite small in each of the five size classes of rented fruit and vegetable stores. With one exception, however, the averages generally became larger as the sizes of business increased. Thus, average ending inventories amounting to \$729 per store in the less than \$10,000 sales size increased to \$868 per store in the \$10,000 to \$20,000 grouping, then dropped to \$646 per outlet in the \$20,000 to \$30,000 sales class, from which it rose sharply to \$2,101 in the \$30,000 to \$50,000 and to \$2,479 in the \$50,000 and over sales categories. In the \$20,000 to \$30,000 and the \$50,000 and over sales groupings, it will be remembered, the stock turnover averages each stood at 30.8 times, and it is here that the unusually small ending inventories of a number of



stores have also influenced the rather small ending inventory averages of \$646 and \$2,479 which are there shown. Changes in inventory levels from beginning to end-of-year periods lose some of their importance in the case of fruit and vegetable stores because of comparative smallness of the stocks which are carried. With but one exception, however, the total inventories reported for the end of the year were somewhat larger than at the beginning, the relative changes for the five sales sizes in fact varying between a decrease of about 4 per cent and a maximum increase of around 26 per cent for an overall average increase of approximately 17 per cent of total beginning inventories.

Gross trading profits in 1944 ranged between 15.2 and 19.5 per cent of total sales for the five sales-size groups of rented fruit and vegetable stores. An upward tendency in these averages may be noted in the three smaller sales categories where the ratios rose from 17.3 per cent in the less than \$10,000 size of business to 18.1, and then to the high of 19.5 per cent in the \$20,000 to \$30,000 classification. Thereafter, the gross trading profit percentages dropped to 17.6 per cent in the \$30,000 to \$50,000 and to the low of 15.2 per cent of sales in the grouping for stores with sales of \$50,000 or over in 1944.

Salaries and wages of paid employees as percentages of total sales moved steadily higher as the size of business increased, with the ratios varying between 0.9 per cent in the less than \$10,000 sales group to 3.9 per cent in the \$50,000 and over size of business. This upward progression, of course, reflects the decreasing relative importance of the proprietor's clerical services and the increasing requirements for paid help as the size of these stores became larger.

The trend for the rentals percentages, however, was in the opposite direction, a direct reflection of the fact that the expenditures for rentals were being spread over larger sales volumes. These averages, it may be noted, ranged downward from a high of 4.0 per cent of total sales in the less than \$10,000 sales grouping to a low of 2.1 per cent in the \$50,000 and over sales class. Advertising costs, a controllable expense, were very small in all five sizes of business. Indeed in only the three largest sales classes were they large enough to be shown, in each of which advertising amounted to only 0.1 per cent of sales in 1944.

Depreciation allowances, on the other hand, are relatively fixed dollar expenses which depend upon the extensiveness and cost of the fixed assets used in the store rather than directly upon the amount of business transacted. These expenses therefore decreased in importance as the sales-size groups grew larger, the ratios dropping from 0.7 per cent of sales in the less than \$10,000 sales category to 0.2 per cent of the dollar volume for rented fruit and vegetable stores with 1944 sales of \$50,000 or over. Other operating expenses including all store operating expenses not mentioned previously were irregular in pattern when expressed as percentages of the total sales in these five classifications of rented stores. Thus the ratios increased from 3.9 in the less than \$10,000 size of business to 4.0 in the next and to 4.3 in the \$20,000 to \$30,000 sales grouping and then declined to 3.6 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sales categories.

Total operating expense ratios for the five classes of fruit and vegetable stores varied between the narrow outside limits of 9.5 and 10.7 per cent of total sales. These averages moved upward from 9.5 per cent in the less than \$10,000 sales grouping to 10.0 and 10.7 per cent of sales in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 sizes of business. At this point, however, a decreasing tendency is apparent for the ratios dropped to 10.3 and 9.9 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over classifications, the contraction in the percentages for rent, depreciation, and other operating expenses more than offsetting the continued expansions in the payroll ratios.

Proprietor's net earnings before income taxes or withdrawals varied between averages of 5.3 and 8.8 per cent of total sales in 1944. These averages rose in the three smaller sizes from 7.8 per cent of sales in the less than \$10,000 to 8.8 per cent in the \$20,000 to \$30,000 sales groupings but thereafter dropped to 7.3 and 5.3 per cent in the \$30,000 to \$50,000, and the \$50,000 and over classifications, declines due to the contractions which the gross trading profit ratios experienced in the two largest sizes of business. In terms of dollars, on the other hand, average proprietor's net earnings per store consistently expanded with increases in amount of sales made, the figures ranging upward from \$706 per outlet in the smallest to \$4,145 in the largest sales-size classification. Not until the \$20,000 to \$30,000 sales size was reached, however, did net earnings cross the \$2,000 per store level where an average of \$2,172 per rented outlet was recorded for this classification.





Fruit and Vegetable Stores--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented

GENERAL INFORMATION

1. Number of Stores Reporting .....		7		19
2. Total Sales .....		\$63,525		\$284,072
3. Average Sales Per Store .....		9,075		14,951
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year .....		5,327		14,068
5. End of Year .....	TOO	5,105	TOO	16,499
6. Average for Year .....		5,216		15,284
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year .....		729		868
8. Cost of Goods Sold .....		52,535		232,655
9. Stock Turnover (times per year) ..		10.1		15.2

PROFIT AND LOSS DATA

(Items Expressed As Percentages of Sales)

10. Gross Trading Profit .....		17.3		18.1
Operating Expenses:				
11. Employees' Salaries and Wages ..		0.9		2.6
12. Rent .....	SAMPLE	4.0	SAMPLE	2.8
13. Advertising .....		(a)		(a)
14. Depreciation .....	TOO	0.7	TOO	0.6
15. Other Operating Expenses .....		3.9		4.0
16. Total Operating Expenses .....	SMALL	9.5	SMALL	10.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		7.8		8.1
18. Average Proprietor's Net Earn- ings Per Store .....		\$706		\$1,206

(a) Less than .05 per cent.



Fruit and Vegetable Stores--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
	20		24		22	1.
	\$482,655		\$947,523		\$1,718,292	2.
	24,633		39,480		78,104	3.
SAMPLE		SAMPLE		SAMPLE		
	12,828		43,266		40,141	4.
TOO	12,922	TOO	50,417	TOO	54,529	5.
	12,875		46,842		47,335	6.
SMALL		SMALL		SMALL		
	646		2,101		2,479	7.
	396,587		780,759		1,457,112	8.
	30.8		16.7		30.8	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	19.5		17.6		15.2	10.
	3.2		3.8		3.9	11.
SAMPLE	2.7	SAMPLE	2.4	SAMPLE	2.1	12.
	0.1		0.1		0.1	13.
TOO	0.4	TOO	0.4	TOO	0.2	14.
	4.3		3.6		3.6	15.
SMALL		SMALL		SMALL		
	10.7		10.3		9.9	16.
	8.8		7.3		5.3	17.
	\$2,172		\$2,890		\$4,145	18.

## PART VI - CONFECTIONERY STORES

### Trends by Size of Business, 1944

Confectionery stores are engaged principally in retailing such products as candy and confectionery, tobaccos, soda fountain products and ice cream. But many confectionery stores handle other lines such as groceries, magazines, school supplies, and light lunches. With no generally accepted system of classification available within the trade, however, it is necessary to lay down somewhat arbitrary conditions for their definition. Stores are therefore assigned to this class when sales of candy and confectionery, soda fountain products and ice cream comprise 50 per cent or more of the total dollar volume. Light lunches may be carried but must not form more than 40 per cent of the total business; when they do, the stores are considered to be restaurants. On this basis, the dollar volume of confectionery stores reporting their sales by commodity classes in the 1941 Census of Merchandising on average consisted of 43.7 per cent of candy and confectionery; 1.4 per cent of fresh fruits and vegetables; 16.3 per cent of all other food products; 6.0 per cent as receipts from meals and lunches; 27.8 per cent of tobacco products; and 4.8 per cent of miscellaneous merchandise.

A total of 165 usable reports were received from confectionery stores providing information on their operating results for 1944. When classified by size of business and type of occupancy, however, only 5 reports were assigned to the \$20,000 to \$30,000 and the \$30,000 to \$50,000 sales groupings for owned stores, none appeared for owned stores in the \$50,000 and over class, and only two reports for rented outlets showed sales in 1944 of \$50,000 or over. Statistics are therefore presented in the following table for only six sales and occupancy classifications of confectionery stores consisting of the two smallest sales groupings of owned stores; and the first four sales classes of rented establishments.

For these six groups, then, the stock turnover ratios varied between a low of 10.9 and a high of 18.6 times in 1944. Among the four groups of rented stores, the averages with one exception moved higher as the sales-size classifications became larger. The exception, it will be noted, was due to the fact that a comparatively high turnover average of 18.6 times was recorded for the 17 stores in the \$30,000 to \$50,000 classification. Here it should be noted that the presence of stores in a category with unusually low beginning or ending inventories, or both, could cause the averages for stock turnover to appear somewhat higher than would be the case if the erratic influences were not present.

Average inventories per store at the end of 1944 were fairly low in all six sales and occupancy classifications, the outside limits for which stood at \$384 and \$2,061 per store at the end of that period. For rented outlets, the four averages ranged between the low of \$483 per outlet in the less than \$10,000 sales size and the high of \$2,061 in the \$30,000 to \$50,000 sales class, with the two middle figures appearing at \$992 and \$990 per store. For most of the groups the total inventories reported at the end of the year were somewhat higher than at the beginning, there being only two categories in which minor relative decreases are in evidence.

The rates of gross trading profits for the six sales and occupancy groupings were all fairly close together with outside limits of 18.8 and 21.9 per cent of total sales. A slightly downward movement is apparent in the ratios for rented stores as the sales groupings became larger. The sharpest decline occurred between the high of 21.9 per cent recorded by outlets in the less than \$10,000 sales size and the average of 19.6 per cent representing confectionery stores in the \$10,000 to



\$20,000 classification, from which the percentage rose to 20.9 in the \$20,000 to \$30,000 size and then dropped to 18.8 per cent in the \$30,000 to \$50,000 size of business.

Among the expenses, salaries and wages disbursed to paid employees ranged for the six classifications of stores between a low of 1.6 and a high of 4.5 per cent of sales, the low representing rented stores in the less than \$10,000 group and the high standing for rented stores with 1944 sales of \$50,000 and over. For these outlets, moreover, the averages moved consistently upward between the limits just quoted as the size of business became larger.

Rental expenses formed steadily smaller proportions of the sales dollar of rented confectionery stores as the size-of-business groupings became larger. Overall, the four rental ratios ranged downward from 3.1 per cent in the less than \$10,000 sales class to 1.5 per cent recorded by such stores in the \$50,000 and over sales size.

Advertising expenses, it will be noted, were very small as percentages of the total sales in each of the six sales and occupancy classes of confectionery stores. Indeed, in five of the six groupings the advertising expense ratios stood at 0.1 per cent of the dollar volume while in the sixth the amounts reported formed too small a fraction of one per cent to be shown in the table. The percentages for depreciation allowances, however, were somewhat larger with the six averages ranging between 0.6 and 1.1 per cent of total sales. For rented stores, the depreciation expense ratios stood at 0.8 per cent in each of the three smaller sizes of business from which it dropped to 0.6 per cent of total sales in the \$30,000 to \$50,000 sales classification.

Other operating expenses, including such residual operating costs as supplies, communication, taxes other than income taxes, insurance, light, heat and power, repairs, losses on bad debts, interest on borrowed funds and sundry expenses, varied between outside limits of 3.3 and 5.5 per cent of total sales for the six classifications appearing in the table. Among the four groups of rented stores, the averages moved downward as the sizes of business became larger, the ratios dropping from 4.5 per cent in the less than \$10,000 sales grouping to 3.3 per cent of total sales in the \$30,000 to \$50,000 sales category.

Overall the total expense percentages for the six sales and occupancy groupings of confectionery stores ranged between the comparatively narrow limits of 8.9 and 11.1 per cent of total sales in 1944. For rented stores the ratios moved upward as the sales sizes became larger from 10.1 per cent in the less than \$10,000 to the high of 11.1 per cent of sales in the \$20,000 to \$30,000 sales classification. From that point, however, the average dropped to 10.0 per cent for stores in the \$30,000 to \$50,000 sales category. This decline, it will be noted, resulted from the fact that the decreases in the ratios for rent, depreciation, and other operating expenses more than offset the increase which occurred in the payroll percentages which occurred between these two sizes of business.

Proprietor's net earnings before income taxes and withdrawals and including both the reward for his clerical services and his net trading profits varied for the six sets of averages between 8.7 and 11.8 per cent of sales in 1944, with the low point occurring in the \$10,000 to \$20,000 and the high in the less than \$10,000 sales classes of rented stores. In general, an irregularly downward trend may be seen in the net earnings percentages of rented stores as the size of business expanded. In dollar figures, average proprietor's net earnings ranged between \$531 and \$3,143 per store for the different groupings of confectionery stores, the low standing for

owned outlets in the less than \$10,000 and the high for rented stores in the \$30,000 to \$50,000 sales classifications. These dollar averages, it will be seen, increased steadily as the sales-size classes became larger, an obvious reflection of the influences of increasing sales volumes upon the dollar averages for proprietor's net earnings per store.



STATISTICS  
ON  
OPERATING RESULTS  
OF  
CONFECTIONERY STORES

Confectionery Stores--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting .....	15	38	15	51
2. Total Sales .....	\$78,601	\$252,872	\$209,847	\$720,843
3. Average Sales Per Store .....	5,240	6,655	13,990	14,134
Total Inventory Reported,				
4. Beginning of Year .....	5,897	15,117	13,792	45,774
5. End of Year .....	5,758	18,335	16,796	50,089
6. Average for Year .....	5,828	16,726	15,294	47,932
Average Inventory Per Store,				
7. End of Year .....	384	483	1,120	982
8. Cost of Goods Sold .....	63,667	197,493	169,556	579,558
9. Stock Turnover (times per year) ..	10.9	11.8	11.1	12.1
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit .....	19.0	21.9	19.2	19.6
Operating Expenses:				
11. Employees' Salaries and Wages ..	2.3	1.6	3.2	2.9
12. Rent .....	-	3.1	-	2.7
13. Advertising .....	(a)	0.1	0.1	0.1
14. Depreciation .....	1.1	0.8	1.0	0.8
15. Other Operating Expenses .....	5.5	4.5	4.8	4.4
16. Total Operating Expenses .....	8.9	10.1	9.1	10.9
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	10.1	11.8	10.1	8.7
18. Average Proprietor's Net Earn- ings Per Store .....	\$531	\$783	\$1,413	\$1,227

(a) Less than .05 per cent.



Confectionery Stores--Operating Results for Stores Classified  
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
	17		17			1.
	\$396,426		\$607,163			2.
	23,319		35,715			3.
SAMPLE		SAMPLE		SAMPLE	SAMPLE	
	16,854		31,165			4.
TOO	16,837	TOO	35,032	TOO	TOO	5.
	16,845		33,099			6.
SMALL		SMALL		SMALL	SMALL	
	990		2,061			7.
	313,573		493,016			8.
	18.6		14.9			9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	20.9		18.8			10.
	3.5		4.5			11.
SAMPLE	2.3	SAMPLE	1.5	SAMPLE	SAMPLE	12.
	0.1		0.1			13.
TOO	0.8	TOO	0.6	TOO	TOO	14.
	4.4		3.3			15.
SMALL		SMALL		SMALL	SMALL	
	11.1		10.0			16.
	9.8		8.8			17.
	\$2,295		\$3,143			18.

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