Published by Authority of the Hon. James A. MacKINNON, M.P.,
Minister of Trade and Commerce

CANADA

DOMINION BUREAU OF STATISTICS

MERCHANDISING AND SERVICES BRANCH

OPERATING RESULTS OF UNINCORPORATED RETAIL STORES

1944

Bulletin No. 3

INDEPENDENT MEN'S CLOTHING STORES

INDEPENDENT WOMEN'S READY-TO-WEAR STORES

INDEPENDENT FAMILY CLOTHING STORES

INDEPENDENT FAMILY SHOE STORES

Including

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

OTTAWA
1946

Price 25 cents

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
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OTTAWA -- CANADA

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Series, 1944
No. 11

16 - 7020

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

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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 and 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 33-1/3 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 btween 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 - MEN'S CLOTHING OR CLOTHING AND FURNISHINGS STORES

Trends by Size of Business, 1944

This classification of retail stores consists chiefly of establishments selling a general line of men's apparel including ready-made suits and coats in addition to furnishings such as underclothing, neckwear, shirts and hosiery. Stores selling furnishings to the extent of 80 per cent or more of their total trade, however, were not included in this kind of business but were classified as "men's furnishings stores". Statistics on the operating costs of the latter kind of stores, unfortunately, could not be presented in the present series of reports, the sample being far too small to justify the publication of the information.

As can be expected from these rules of classification, men's clothing or clothing and furnishings stores tend to concentrate heavily on these lines of goods. Thus according to the reports of such stores reporting a breakdown of their sales by classes of commodities in the 1941 Census of Merchandising about 94 per cent of their total sales on average were made up of men's and boys' clothing and furnishings with 5 per cent consisting of shoes and about 1 per cent of miscellaneous merchandise. Of the 94 per cent for clothing and furnishings, moreover, about 13 per cent of total sales consisted of custom tailoring and made-to-measure clothing while 38 per cent of total sales was comprised of ready-made clothing, 34 per cent of furnishings, and 9 per cent of all other clothing. It is such stores, then, which were sampled to produce the statistics on operating results which are shown in Tables 1 and 2 of this part of the bulletin.

A total of 158 usable schedules were received from independent men's clothing or clothing and furnishings stores giving figures on their results for 1944. When these were sorted into the ten sales-size and occupancy classes of stores only one report was included in the less than $10,000 sales grouping for owned establishments. No statistics are, therefore, shown in Table 1 for this classification. In the nine remaining categories, the numbers of stores represented is considerably larger but in six of these the reports numbered 15 or fewer, and hence the statistics should be interpreted more as indicators than as accurate overall measures of operating results.

Proceeding now to the statistics presented in Table 1, it will be seen that the nine stock turnover averages varied between a low of 1.8 and a high of 3.3 times in 1944. There was, with one exception, among the five ratios for rented stores a clear tendency for the averages to increase with size of business. For owned stores the number of stock turns increased steadily from 2.0 times in the $10,000 to $20,000 to 3.3 times in the $50,000 and over sales classes. For rented stores, on the other hand, the ratios moved up from 1.8 times in the less than $10,000 to 2.6 times in the $10,000 to $20,000 sales grouping, dropped slightly to 2.5 times in the $20,000 to $30,000 sales size, returned to 2.6 times in the next classification, and rose to 3.1 times for stores having sales of $50,000 or over in 1944. This upward trend, it may be noted, is a natural one because a comparatively small sales volume would require at least a fairly complete and balanced inventory of merchandise for efficient retailing and hence a relatively low rate of stock turn would here be recorded. From that point onward, however, moderate expansions in inventories would provide the basis for relatively larger increases in sales volume, and thus for progressive increases in rates of stock turnover.

Attesting to the sizable amounts of capital invested in merchandise inventories, the nine average end-of-year stocks of men's clothing or clothing and furnishings stores ranged between a low of $2,079 and a high of $28,058 per store in

1944. These averages, moreover, increased steadily in amount as the size of business expanded. In terms of total inventories reported, however, the inventory levels were lower in five of the nine sales-size and occupancy classifications at the end of 1944 than at the start of the period with decreases in fact running between nearly 2 and 23 per cent of beginning values. No change was apparent in one while increases of about 3, 5 and 12 per cent were recorded in the three other groupings.

Average rates of gross trading profit in the nine classifications of stores ranged between 22.8 and 30.3 per cent of sales. Among the four sales sizes of owned stores, the gross profit ratios increased steadily from 22.8 per cent in the $10,000 to $20,000 sales grouping to 27.7 per cent of sales in the $50,000 and over sales class. On the other hand, the trend for rented outlets was generally downward, the averages declining from 30.3 per cent in the less than $10,000 sales category to 25.6 per cent in the $30,000 to $50,000 size of business, from which it rose against the trend to 28.1 per cent of sales for stores with annual sales of $50,000 and over. Too much weight, however, should not be attached to this variation in trend because the numbers of stores included in the four sales groupings of owned stores were for the most part considerably smaller than the numbers included in the corresponding classification of rented outlets.

Turning now to the ratios for operating expenses, salaries and wages to paid employees as percentages of sales generally varied directly with sales, the percentages increasing in magnitude as the size of business became greater. For owned stores this was a consistent trend, the averages rising from 3.5 per cent in the $10,000 to $20,000 to 5.4 per cent in the $30,000 to $50,000 and to 8.0 per cent of sales in the $50,000 and over sales groupings. The especially marked increase from 5.4 to 8.0 per cent, it may be noted, is due in part at least to the fact that average sales per store expanded very sharply from $40,477 in the $30,000 to $50,000 size to $119,674 per outlet in the $50,000 and over sales size. For rented men's clothing or clothing and furnishings stores the averages moved up from 2.0 per cent in the less than $10,000 to 3.8 per cent in the $10,000 to $20,000 size of business, dropped slightly to 3.6 in the next, and then rose to 4.4 and 7.3 per cent in the $30,000 to $50,000 and the $50,000 and over sales brackets. Here again the sharp increase between the two largest sales categories must be attributed in part at least to the decided gain in store sales volumes from $37,625 per rented outlet in the $30,000 to $50,000 to $84,940 per store in the $50,000 and over classification. In general, the comparatively uniform upward trend in the payroll percentages can be attributed partly to the additional work of an indirect nature involved in handling the greater sales volumes but principally to the fact that the relative importance of the proprietor's clerical services decreases as the stores become larger.

Rental expenses stood at the comparatively high figure of 6.8 per cent of sales for stores in the less than $10,000 sales grouping in 1944. From that point on the ratios moved steadily downward as sales volumes expanded until the low of 2.3 per cent of sales in the $50,000 and over size of business was reached.

Advertising expenditures as percentages of sales ranged in 1944 between a low of 0.1 and a high of 1.0 per cent of sales for the nine sales and occupancy classes of stores with two of them having averages of 0.1 per cent, three with 0.4 per cent, two with 0.7, one with 0.8 and one with 1.0 per cent of reported sales. No consistent trend is in evidence for the ratios to vary either directly or indirectly with changes in the size-of-business groupings, although it can be pointed out that the largest sales classes for both owned and rented stores each recorded the highest percentage averages for local advertising expenses.

Depreciation allowances, a relatively fixed expense, ranged in 1944 between

0.4 and 1.0 per cent of sales for the nine sales and occupancy classifications of men's clothing stores. Among the owned outlets there was an irregularly downward tendency in the four depreciation percentages as the size of business increased, the averages first moving upward from 0.7 per cent in the $10,000 to $20,000 sales class to 1.0 per cent in the $20,000 to $30,000 size and then declining to 0.7 and 0.5 per cent of total sales in the two largest sales categories. For rented stores the highest average at 0.6 per cent of sales occurred in the less than $10,000 sales size from which it receded to 0.4 per cent of sales in each of the four larger sizes of business. Such stability, of course, meant that the dollar allowances for depreciation became greater in the larger sizes of rented stores; and this in turn attests to the progressively greater value of fixtures which on average were in use in each succeeding size grouping of stores. Reflecting the larger investments of capital in the fixed assets of owned-store businesses, moreover, the depreciation percentages for these outlets were consistently greater than those of their rented counterparts in each of the store sizes for which comparisons can be made.

Other operating expenses, as used in these reports, consist of such residual operating costs as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses. Some of these items, it may be noted, are items which were probably quite commonly experienced and were reported by most of the stores in the sample, while others, like repairs, interest on borrowed money, and losses on bad debts, etc., may have varied rather widely in amount and in the extent to which they were encountered and included in this expense classification. Possibly because of this reason, the ratios for other operating expenses were quite irregular in pattern. Thus for owned stores the averages declined from 7.2 per cent of sales in the $10,000 to $20,000 sales size to 6.2 per cent in the $20,000 to $30,000 class but then rose to 6.6 and 7.1 per cent of sales in the two larger groupings. For rented stores, on the other hand, the ratios increased from 4.2 per cent in the less than $10,000 sales category to 5.9 in each of the two immediately larger sizes of business, dropped to 4.5 per cent in the $30,000 to $50,000 sales bracket to rise finally to 5.0 per cent of sales for stores with sales of $50,000 and over. Due in some measure at least to the higher occupancy expenses which owned stores usually experience, the averages for these outlets were uniformly larger than those of the rented clothing stores.

Total operating expenses, summarizing the expenses just described, varied for the nine sales and occupancy classes of men's clothing stores between lower and upper limits of 11.8 and 16.6 per cent of sales. Among the four classifications of owned establishments, the ratios exhibited an upward trend, rising from 11.8 per cent of sales in the $10,000 to $20,000 and the $20,000 to $30,000 sales sizes to 13.1 and 16.6 per cent in the two larger classifications. For the five classes of rented stores the trend was more irregular, the averages rising from 13.7 per cent in the less than $10,000 sales size to 14.4 per cent of sales in the $10,000 to $20,000 grouping, receding to 14.0 and 12.8 per cent of sales in the two larger categories, and then moving upward to 15.8 per cent of total sales in the $50,000 and over size 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 ranged for the nine classifications between 11.0 and 16.6 per cent of total sales, with six of them between the much narrower limits of 12.3 and 13.4 per cent of reported dollar volumes. By size of business, however, very little in the way of a consistent trend in the averages can be noted. Thus for owned stores, the ratios moved up from 11.0 per cent in the $10,000 to $20,000 sales size to 12.3 and 13.4 per cent in the two middle categories and then dropped back to 11.1 per cent in the $50,000 and over sales class. Among the five groups of rented establishments a tendency to stability can be seen for apart from the ratio of 16.6 per cent of sales recorded for net earnings in the less than $10,000 size of business the four remaining percentages were closely grouped between narrow limits of 12.3 and 12.8 per cent of total sales. This comparative steadiness, it may be noted, is due to the fact that variations in the ratios for gross trading profits by size of business are mostly offset by opposing changes in the average percentages for total operating expenses.

Average proprietor's net earnings per store, on the other hand, increased consistently with expansions in the sizes of business. Thus for owned stores, the dollar averages ranged upward from $1,520 per store in the $10,000 to $20,000 sales grouping to $5,433 per store in the $30,000 to $50,000 and to $13,238 per outlet in the $50,000 and over sales sizes. A similar progression is apparent in the figures for rented outlets, the averages rising from $864 per store in the less than $10,000 size to $4,827 in the $30,000 to $50,000, and to $10,398 per store in the $50,000 and over sales category. Especially marked increases in average net earnings per store for both owned and rented establishments, it will be noted, occurred between the $30,000 to $50,000 and the $50,000 and over sales classifications. This is due entirely to the fact that sales per store were much larger in the $50,000 and over than in the $30,000 to $50,000 sales sizes, the average sales for owned stores in these two groups amounting to $119,674 and $40,477 per outlet, and for rented establishments to $84,940 and $37,625 per unit in 1944.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 105 out of the 158 usable schedules received from co-operating men's clothing or clothing and furnishings stores were able to provide figures on their operating results for both 1941 and 1944. These reports have therefore been sorted into three enlarged sales classifications and the statistics for these groupings are presented in Table 2 of this part of the bulletin. Here it is necessary to note that the 105 reports have been assigned to their sales and occupancy categories for both 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 permits the trends in operating results between 1941 and 1944 to be determined for the identical retail establishments. It should be stated, however, that the trends so noted are not necessarily indicative of the experiences of all continuing men's clothing stores because of the comparatively small samples upon which the statistics are based.

A glance at the total sales figures shown in Table 2 is sufficient to indicate that both owned and rented stores in each of the three sizes of business experienced on average sharply higher sales volumes in 1944 than in 1941. These increases for the three sales sizes in fact ranged between 28 and 51 per cent over 1941 sales levels for owned, and between 29 and 45 per cent for rented stores. In both occupancy types, moreover, the percentage gains were less for the larger than the smaller businesses. Overall, the total sales of owned and rented stores reporting information on operating results recorded a gain of about 35 per cent over 1941 volumes. On the other hand, the Bureau's monthly sales indexes of a much larger sample of continuing stores indicated an increase of about 29 per cent above the 1941 sales volumes of the reporting men's clothing stores.

Due to the substantial increases in sales which the reporting stores enjoyed, the rates of stock turnover were higher in 1944 than in 1941 for all six of the sales and occupancy classes of outlets. Thus during 1941 the stock turnover averages for the six classifications ranged between outside limits of 1.5 and 2.4 turns in the year while in 1944 the ratios varied between 2.4 and 4.0 times per year. This upward movement is of course a natural one for these clothing stores were experiencing sharply higher consumer demands and sales volumes against which the supplies of merchandise were relatively at least somewhat limited.

Indeed an inspection of the statistics presented in Table 2 will indicate that average inventories per store, end of year, were consistently somewhat lower at the end of 1944 than at the end of 1941. These declines in fact ranged for the six classifications of stores between about 5 and 20 per cent of the average stocks per store for the end of the earlier period for an overall decline of nearly 10 per cent. For both owned and rented stores, however, the smallest average decreases were recorded by the smallest sizes of stores, a circumstance which may be related to the fact that it was the same groups of stores which also experienced the largest percentage gains in sales between the two years. Overall, the average ending inventories per store for the six classes of men's clothing stores ranged between $5,052 and $28,951 per outlet for 1941 and between $4,217 and $23,277 per establishment for 1944; and by size of business became steadily larger in both years as the sales-size groupings expanded.

Gross trading profits in percentage form varied for the six sales and occupancy classes of continuing stores between 24.9 and 28.6 per cent of total sales in 1941 against outside limits of 21.5 and 29.0 per cent of sales in the more recent period. In five of the six groupings, the averages were lower in 1944 than in 1941, but in only three of these were the decreases at all important with the contractions in the ratios here amounting to 3.4, 1.4 and 0.8 percentage points, while in the remaining classification an increase of 0.4 points was recorded between the two years. These figures, of course, provide some evidence of a downward trend in the rates of gross trading profit between the years in question. It must be noted, however, that the numbers of reports included in each of the six groupings of men's clothing stores are unfortunately too small to establish with any degree of accuracy at the present time either the direction or the extent of changes in overall margins of gross profit between 1941 and 1944.

The average ratios for total operating expenses were consistently lower in 1944 than in 1941 in all six of the sales and occupancy classifications of men's clothing stores. During the earlier year the six sets of averages ranged between 11.8 and 18.4 per cent of sales and in 1944 between the lower figures of 10.5 and 16.6 per cent of the dollar volume. In all but one of the six classes the decreases were rather important, the five declines here being contained between outside limits of 1.3 and 2.7 percentage points which in fact represented relative decreases running roughly between 10 and 17 per cent of the 1941 ratios. Reflecting the influence of size of business upon expense levels, however, the percentages of total operating expenses for owned and rented stores in both years with but one minor exception increased steadily as the sales-size groupings became larger.

Incorporating the results of changes in the percentage averages for gross trading profits and total operating expenses, proprietor's net earnings before income taxes and withdrawals were higher as percentages of total sales in four of the six classes of stores in 1944 than in 1941. These gains varied between 1.1 and 2.5 percentage points and represented expansions in the four net earning ratios of between about 9 and 21 per cent over the 1941 rates of net earnings. In two instances decreases were reported, the averages for owned stores in the less than $20,000 sales class dropping from 13.1 per cent in the earlier to 11.0 per cent of total sales in the later period while a much smaller decline from 9.6 to 9.4 per cent of total sales was recorded by the 6 owned stores with 1941 sales of $50,000 or over. In summary the six averages for net earnings for 1941 ranged between 9.6 and 13.1 per cent of sales in 1941 and between 9.4 and 13.9 per cent of reported dollar volumes in 1944. By size of business, it will be observed, these averages with two exceptions moved downward for owned and rented stores in each of the two years with expansions in the sales classifications.

Expressed in dollar figures, on the other hand, the averages for proprietor's net earnings per store were all sharply higher in 1944 than in the earlier period. This result, of course, was caused mainly by the substantial increases in sales volumes which the six groupings of stores experienced during the wartime period but was also aided by the gains in the rates of net earnings which were recorded in four of these classifications of continuing stores. Overall the six averages varied in 1941 from a low of $1,406 to a high of $8,679 per store and between outside limits of $1,791 and $12,725 per outlet in 1944. By size of business, moreover, the figures increased sharply and consistently in both years as the sales-size groupings became larger.

Among the several types of operating expenses, the salary and wage ratios were lower in four of the six sets of averages in 1944 and were virtually unchanged from 1941 percentage levels in the other two groupings. Overall the six payroll averages ranged between 4.1 and 8.4 per cent of total sales in 1941 and between the lower outside limits of 3.1 and 8.2 per cent of sales in the later period. This downward trend, it may be noted, results clearly from higher average sales per paid employee. The declines in average payroll ratios, however, were in fact too small to prevent the dollar payroll costs from rising somewhat between the two years.

Rentals, as percentages of total sales varied downward by size of business from 3.8 to 3.0 per cent of sales in 1941 and from 2.9 to 2.4 per cent of the dollar volumes in 1944. These expenses in dollars are of course generally fixed in nature and hence form smaller proportions of total sales as the business becomes larger.

Advertising, a controllable expense, was comparatively low in each of the two years, the six sets of averages for owned and rented stores ranging between 0.4 and 1.3 per cent of sales in 1941 and between 0.3 and 1.1 per cent of the volume in the later period. No consistent downward trend in the averages between the two years, however, is apparent, there being three cases in which minor declines were shown, two recording slight increases, and one which remained unchanged. By size of business, on the other hand, the ratios in most instances increased in each year as the sales-size grouping became larger.

Depreciation allowances, another relatively fixed dollar expense, varied somewhat erratically between the two years under review with three of the six categories showing decreases, two remaining constant and one actually recording a slight increase. Overall the six averages ranged from a low of 0.3 to 1.3 per cent of sales in 1941 and from 0.3 to 0.9 per cent of the dollar volume in 1944. The depreciation expense ratios for owned stores in both years, however, were consistently higher than the averages for their rented counterparts, a clear reflection of the greater investments which their owners had made in the store properties of their businesses.

With but one exception in which no change was indicated, the percentages for other operating expenses were somewhat lower in 1944 than in 1941. The smallest decrease amounted to only 0.2 percentage points but the other four ranged from 0.7 to 1.3 percentage points which were significant reductions when compared with the ratios recorded for other operating expenses in the earlier year. Overall the six averages varied between 5.4 and 7.9 per cent of sales in 1941, and between the lower outside limits of 4.6 and 6.6 per cent of sales in the later period. No consistent and clearly discernable trend by size of business is apparent in the figures for either year but by types of occupancy the averages for owned stores were all somewhat higher than for the corresponding sizes of clothing stores which were rented.

Table 1.--Men's Clothing or Clothing and Furnishings 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	11	13
2. Total Sales		$78,104	$152,155	$199,173
3. Average Sales Per Store		5,207	13,832	15,321
Total Inventory Reported,	SAMPLE			
4. Beginning of Year		29,688	57,966	63,716
5. End of Year	TOO	31,180	59,817	49,247
6. Average for Year		30,434	58,892	56,482
Average Inventory Per Store,	SMALL			
7. End of Year		2,079	5,438	3,788
8. Cost of Goods Sold		54,438	117,464	144,998
9. Stock Turnover (times per year) ..		1.8	2.0	2.6
	PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)			
10. Gross Trading Profit		30.3	22.8	27.2
Operating Expenses:				
11. Employees' Salaries and Wages ..		2.0	3.5	3.8
12. Rent	SAMPLE	6.8	-	3.6
13. Advertising		0.1	0.4	0.7
14. Depreciation	TOO	0.6	0.7	0.4
15. Other Operating Expenses		4.2	7.2	5.9
	SMALL			
16. Total Operating Expenses		13.7	11.8	14.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		16.6	11.0	12.8
18. Average Proprietor's Net Earnings Per Store		$864	$1,520	$1,955

Table 1.--Men's Clothing or Clothing and Furnishings 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	26	10	26	10	40	1.
$162,371	$641,076	$404,774	$978,244	$1,196,743	$3,397,584	2.
27,062	24,657	40,477	37,625	119,674	84,940	3.
54,549	192,217	120,935	284,307	249,808	793,391	4.
46,760	188,084	113,556	280,066	280,575	793,335	5.
50,655	190,151	117,246	282,187	265,192	793,363	6.
7,793	7,234	11,356	10,772	28,058	19,853	7.
123,240	469,909	297,509	727,814	865,245	2,442,863	8.
2.4	2.5	2.5	2.6	3.3	3.1	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
24.1	26.7	26.5	25.6	27.7	28.1	10.
4.5	3.6	5.4	4.4	8.0	7.3	11.
-	3.4	-	3.1	-	2.3	12.
0.1	0.7	0.4	0.4	1.0	0.8	13.
1.0	0.4	0.7	0.4	0.5	0.4	14.
6.2	5.9	6.6	4.5	7.1	5.0	15.
11.8	14.0	13.1	12.8	16.6	15.8	16.
12.3	12.7	13.4	12.8	11.1	12.3	17.
$3,325	$3,141	$5,433	$4,827	$13,238	$10,398	18.

Table 2.--Men's Clothing or Clothing and Furnishings 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			
	1941		1944	
	Owned	Rented	Owned	Rented
	GENERAL INFORMATION			
1. Number of Stores Reporting	10	23	10	23
2. Total Sales	$107,339	$315,455	$162,376	$457,314
3. Average Sales Per Store	10,734	13,715	16,238	19,883
Total Inventory Reported,				
4. Beginning of Year	43,874	129,734	42,054	138,046
5. End of Year	50,524	152,600	42,172	144,556
6. Average for Year	47,199	141,167	42,113	141,301
Average Inventory Per Store,				
7. End of Year	5,052	6,635	4,217	6,285
8. Cost of Goods Sold	80,612	231,859	127,465	337,040
9. Stock Turnover (times per year) ..	1.7	1.6	3.1	2.4
	PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)			
10. Gross Trading Profit	24.9	26.5	21.5	26.3
Operating Expenses:				
11. Employees' Salaries and Wages ..	4.1	4.9	3.1	3.9
12. Rent	-	3.8	-	2.9
13. Advertising	0.4	0.6	0.4	0.7
14. Depreciation	0.8	0.3	0.5	0.3
15. Other Operating Expenses	6.5	5.5	6.5	4.6
16. Total Operating Expenses	11.8	15.1	10.5	12.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.1	11.4	11.0	13.9
18. Average Proprietor's Net Earnings Per Store	$1,406	$1,570	$1,791	$2,770

Table 2.--Men's Clothing or Clothing and Furnishings 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 to $49,999				$50,000 and Over				
1941		1944		1941		1944		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
10	37	10	37	6	22	6	22	1.
$260,661	$1,168,393	$379,510	$1,643,365	$539,389	$1,743,711	$690,208	$2,255,213	2.
26,066	31,578	37,951	44,415	89,898	79,260	115,035	102,510	3.
119,221	417,278	121,183	436,089	153,596	484,216	115,419	495,688	4.
127,920	452,610	111,780	426,266	173,704	548,359	139,661	494,406	5.
123,571	434,944	116,482	431,178	163,650	516,288	127,540	495,047	6.
12,792	12,233	11,178	11,521	28,951	24,925	23,277	22,473	7.
187,415	847,085	275,904	1,214,447	399,148	1,245,010	513,515	1,601,201	8.
1.5	1.9	2.4	2.8	2.4	2.4	4.0	3.2	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)								
28.1	27.5	27.3	26.1	26.0	28.6	25.6	29.0	10.
7.0	5.3	6.3	5.2	8.4	8.2	8.1	8.2	11.
-	3.7	-	2.7	-	3.0	-	2.4	12.
0.5	0.7	0.3	0.4	1.0	1.3	1.1	0.9	13.
1.3	0.4	0.9	0.4	0.3	0.5	0.5	0.4	14.
7.9	5.7	6.6	4.6	6.7	5.4	6.5	4.7	15.
16.7	15.8	14.1	13.3	16.4	18.4	16.2	16.6	16.
11.4	11.7	13.2	12.8	9.6	10.2	9.4	12.4	17.
$2,957	$3,693	$5,009	$5,681	$8,679	$8,085	$10,850	$12,725	18.

PART III - WOMEN'S READY-TO-WEAR STORES

Trends by Size of Business, 1944

By Census definitions, these stores deal principally in women's coats, suits and dresses, with or without the usual related lines of accessories such as hosiery, lingerie, millinery, etc. Piece goods may be sold in minor quantities but when such sales form as much as 50 per cent of the total trade, the store is classified as a general merchandise and dry goods store.

So classified, the sales of the women's ready-to-wear stores which reported a breakdown of their sales by commodity classes in the 1941 Census of Merchandising consisted on average of women's, misses' and children's clothing to the extent of 95 per cent of their dollar volume. This total was made up of women's and misses' ready-to-wear outerwear to the extent of about 73 per cent of total sales; women's and misses' underwear, 8 per cent; hosiery, 6 per cent; furs and fur goods, 3 per cent; millinery, 3 per cent and of girls' and infants' wear which amounted to about 2 per cent of total store sales. The remaining 5 per cent consisted of dry goods and notions at slightly under 4 per cent of total sales while shoes and other footwear, miscellaneous merchandise and receipts from repairs and services in total amounted to a little over 1 per cent of the total dollar volume.

A comparatively good sample of 199 usable reports on 1944 operating results were received from women's ready-to-wear stores co-operating in the recent survey. When these were classified by size of business and then broken down between owned and rented stores, however, only 6 schedules appeared in the less than $10,000 sales size for owned outlets while in the four remaining sales classes of owned establishments the numbers of reports were even smaller. Statistics on operating results are therefore presented in Table 1 for the one grouping of owned stores and the five sales classes of rented outlets which in total rest upon the use of 187 individual store schedules. For the five categories of rented outlets the samples are quite large ranging between 27 and 52 reports but considerable care should be used in interpreting the results for the one division of owned establishments because of the very small sample upon which the figures rest.

Referring now to the operating results shown in the table, it will be seen that the six ratios for stock turnover varied between 2.2 and 5.3 times in the year. Taking only the five sales sizes of rented stores, the ratios moved steadily higher from 3.0 times in the less than $10,000 grouping to 5.3 times in the $30,000 to $50,000 size of business. From that point the average receded to 4.9 times in the $50,000 and over sales category, a drop which may be due in part at least to an expansion and elaboration in the lines of merchandise which these large-volume stores felt it was desirable to carry. Average ending inventories per store for the six sales and occupancy classifications ranged between outside limits of $1,545 and $11,654 per store in 1944. Reflecting the necessity of having heavier stocks of merchandise to handle larger volumes of business, these averages moved steadily higher from the low of $1,545 per store recorded in the less than $10,000 sales size to $5,032 and $11,654 per outlet in the $30,000 to $50,000 and the $50,000 and over groupings of rented establishments. The especially sharp jump in average stocks between the $30,000 to $50,000 and the $50,000 and over sizes, it may be noted, was due to the pronounced expansion in store sales volumes for average sales rose from $37,141 in the former to $80,041 per rented outlet in the largest size of business.

Inventory levels, judged from total stocks reported at the beginning and end of the year were for the most part somewhat higher at the close of 1944. Indeed, apart from decreases of about 6 and 2 per cent for owned stores in the less than

$10,000 and for rented establishments in the $50,000 and over categories, the increases ranged between about 1 and 11 per cent of beginning values in the four smaller sizes of rented stores. Overall a gain of slightly over 1 per cent was shown for all five classifications of rented stores. These increases are much too small to permit any conclusions to be drawn respecting changes in the physical quantities or dollar valuations of merchandise held in stock.

The six averages for the gross trading profits for women's ready-to-wear stores varied in 1944 between the relatively narrow outside limits of 27.4 and 31.8 per cent of total sales reported with little evidences of a trend by size of business being apparent. The highest ratio, it will be noted, occurred in the less than $10,000 sales grouping where the owned and the rented stores recorded averages of 31.8 and 30.3 per cent of the dollar volume. Thereafter the rates of gross margin for rented outlets dropped to 27.6 per cent in the $10,000 to $20,000 sales size, rose to the plateau of 29.6 and 29.1 per cent in the $20,000 to $30,000 and the $30,000 to $50,000 groupings, and then dropped to an average of 27.4 per cent of sales for stores having sales of $50,000 and over in the year under review.

Among the expenses, salaries and wages disbursed to paid employees moved steadily higher as percentages of total sales with expansions in the sizes of business, the progression for rented stores starting at 1.1 per cent of the total dollar volume in the less than $10,000 sales size and ending at the average of 8.3 per cent for stores with 1944 sales of $50,000 and over. This movement is probably due principally to the decreasing relative importance of the proprietor's clerical services in relation to the work involved in the operation of the larger stores; and to some extent at least it may be due to the possibility that a certain amount of additional help is required to perform the administrative and more indirect activities which are involved in the operation of the larger sizes of stores. For the one sales class of owned stores with sales of less than $10,000 the comparatively high payroll ratio of 4.4 per cent of sales is shown. This, as will be observed, is out of line with the average of 1.1 per cent which rented establishments of the same size obtained and must be attributed to the presence of erratic conditions within the restricted sample of 6 owned establishments whose sales amounted to $10,000 or less in the period under review.

Rentals as percentages of sales followed the opposite trend and became steadily smaller as the size of business increased. Thus, standing at 6.6 per cent of total sales in the less than $10,000 sales grouping, the ratio declined sharply to 3.7 per cent in the $10,000 to $20,000 sales class, receded more moderately to 3.6 and 3.3 per cent in the two larger sizes, and then fell somewhat more markedly to a level of 2.5 per cent of sales in the $50,000 and over classification.

Advertising expenditures for the six groupings of women's ready-to-wear stores varied between a low of 0.2 and 1.0 per cent of sales in 1944. The averages for rented stores, moreover, varied directly with size of business, the ratios moving upward from 0.2 per cent in the less than $10,000 to 0.3 per cent of sales in each of the next two sales categories and then to 0.5 and 1.0 per cent of sales in the $30,000 to $50,000 and the $50,000 and over sizes of business. This trend, all the more significant because it is consistent, may well reflect both the desire to expand and the increasing competition for customers and patronage which the larger women's wear stores often encounter from competitors in their own trade as well as from department stores and often too from family clothing establishments.

Depreciation allowances as a dollar expense is, of course, dependent upon the value of fixed assets used in the business. It is therefore not surprising to find that the depreciation expense ratio of 1.1 per cent of sales for owned stores in the less than $10,000 sales size was somewhat greater than the average of 0.6

per cent recorded by rented outlets in the same sales category, for the former have additional amounts of capital tied up in their store properties. Among the five groupings of rented women's ready-to-wear stores, the average dropped from 0.6 per cent in the smallest sales size to 0.5 per cent of sales in the \$10,000 to \$20,000 sales class, and then flattened out at the slightly lower average of 0.4 per cent of sales in the three largest sizes of business. Here the decline from 0.6 to 0.4 per cent possibly suggests that the value of installed furniture and fixtures, though larger, did not rise in proportion to the expansion which took place in average sales per store between the less than \$10,000 and the \$20,000 to \$30,000 classifications. On the other hand, the levelling-off in depreciation at 0.4 per cent of sales in the three larger sizes of business may indicate that the fixed asset values were here quite closely related to the progressively higher levels of business which these reporting stores handled in 1944.

Other operating expenses include such items as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses. Such costs, for the five groupings of rented women's ready-to-wear stores, generally contracted in percentage terms as the sales sizes became larger, the ratios declining from 6.1 per cent of sales in the less than \$10,000 sales size to 4.7 per cent in the \$50,000 and over sales grouping. This downward trend, of course, merely means that a considerable proportion of these expenses while expanding dollarwise did not increase at the same rate from one size of business to the next as did the gain in average sales per store and therefore were spread more thinly over larger volumes of business. Probably reflecting the higher occupancy costs such as repairs, taxes, insurance, etc., which the owned stores in the less than \$10,000 sales grouping properly included in other operating expenses, the ratio for the comparatively small sample of 6 stores here stood at 10.4 per cent of sales, somewhat larger than the average of 6.1 per cent recorded for their rented counterparts in the same sales class.

Total operating expenses, consolidating in trend the individual items described above, ranged in 1944 for the six sales and occupancy groupings of retail establishments between the fairly narrow outside limits of 14.6 and 16.9 per cent of total sales. Among the five classifications of rented stores, the ratios consistently tended to expand as the sizes of business became larger, the averages rising from 14.6 per cent for the less than \$10,000 sales size to the high of 16.9 per cent of sales for stores having dollar volumes of \$50,000 or over in the year under review. This trend, it may be noted, was due principally to the fact that the pronounced upward movement in the salary and wage ratios more than offset the contractions which occurred in the averages for rent, depreciation, and other operating expenses as the sales sizes expanded.

On the other hand, average proprietor's net earnings before income taxes and withdrawals, including both the reward for his clerical services and his net trading profits, generally declined in percentage terms as the sizes of rented stores became larger. This downward movement, it will be observed, resulted partly from the somewhat lower average rates of gross profits recorded in the larger sizes of business and partly from the consistent increases in the total expense ratios. Thus starting at 15.7 per cent of sales in the less than \$10,000 sales class, the net earnings ratio dropped markedly to 12.6 per cent in the \$10,000 to \$20,000 category, rose slightly to 13.2 per cent in the \$20,000 to \$30,000 size, and then declined to 12.4 and 10.5 per cent of sales in the two largest sales classifications.

Notwithstanding this trend in rates of net earnings, however, the dollar figures for rented stores became sharply higher in the larger sizes of business. Here the average net earnings for rented stores began their upward progression at \$985 per outlet in the less than \$10,000 sales size and thence increased steadily to $1,914 per store in the $10,000 to $20,000 class, $3,316 per establishment in the $20,000 to $30,000 grouping, $4,618 per unit in the $30,000 to $50,000 category, and to the high of $8,390 per store in the $50,000 and over classification. A considerable gain in the averages, it will be seen, took place between the $30,000 to $50,000 and the $50,000 and over classes where the figures almost doubled. This of course is a clear reflection of the major increase in the size of business, for average sales per store jumped from $37,141 per outlet in the former to $80,041 per store in the largest size of business.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 110 out of the 199 usable reports received from co-operating women's ready-to-wear stores were able to provide figures on their operating results for both 1941 and 1944. When these were classified into the three enlarged sales-size groupings and then sorted between owned and rented stores, however, a total of only 9 reports were included in the three sales classes of owned establishments. These samples were considered far too small to justify the publication of figures for such sizes of stores. For the three groupings of rented outlets the samples are comparatively large, there being 42 of the 101 remaining reports included in the less than $20,000 group, 39 in the $20,000 to $50,000 group and 20 in the $50,000 and over classification. Statistics for these classifications are therefore presented in Table 2 of this section of the bulletin.

It is important to note, however, that the 101 reports for rented stores were assigned in Table 2 to their sales categories for both 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 permits the trends in operating results between 1941 and 1944 to be determined for identical retail establishments. It should be stated, however, that the trends so noted are not necessarily accurate measures of the trends of all continuing women's ready-to-wear stores for a much larger sample of such stores would be required for that purpose.

A quick inspection of the total sales shown in Table 2 will reveal that the sales of the three classes of reporting stores were all substantially greater in 1944 than in 1941. These increases indeed amounted to about 48 per cent over reported sales for 1941 in the less than $20,000 sales size, to around 36 per cent in the $20,000 to $50,000 grouping and to 29 per cent for women's ready-to-wear stores with sales of $50,000 and over in 1941. There was thus a clear tendency for the smaller establishments to experience greater rates of increase than those obtained by the larger ones. Overall, the three classifications of rented stores recorded a total gain of 34 per cent over the earlier period. This compares with an increase of about 40 per cent over the same period which is shown in the Bureau's monthly sales indexes of a much larger sample of continuing women's clothing stores. The rates of expansion are of course moderately close but the difference does suggest that a number of the stores reporting their operating results for both years experienced in fact somewhat lower percentage gains than those included in the Bureau's sample for monthly sales trends.

Due partly to the increase in sales volumes and partly to a comparative stability in the value of ending inventories, the rates of stock turnover for the three sales classes of rented stores were all higher in 1944 than in 1941. This trend of course was a reflection partly of the increase in consumer demand and partly of the relatively restricted supplies of merchandise which were available in the later period. Thus during 1941 the three averages for stock turnover stood at 3.1, 4.7 and 3.9 times per year against corresponding averages of 3.8, 5.8 and 4.7 times in 1944.

Average year-end inventories per store, in dollar figures, were not greatly changed in 1944 from their levels in 1941. Thus average inventories stood at $2,406, $4,837 and $13,695 per outlet in each of the three groupings in 1941 and at the corresponding figures of $2,800, $4,995 and $13,497 per store at the close of 1944. In percentage terms, the greatest change was experienced in the less than $20,000 sales size where an average increase of about 16 per cent was obtained but in the $20,000 to $50,000 sales class the gain over 1941 levels amounted to only about 3 per cent, and the largest stores reported the small decrease of 1.5 per cent. Overall the increase for all three groupings amounted to a little over 3 per cent. By size of business these changes followed the pattern appearing in average sales per store with the smaller sizes of stores having the greatest percentage increases from 1941 levels.

Average rates of gross trading profit formed 29.1, 28.3 and 27.2 per cent of total sales in the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales sizes of reporting stores for 1941 and 29.4, 28.7 and 27.7 per cent of sales in the corresponding classifications of women's ready-to-wear stores in 1944. There was consequently little change recorded in the ratios of gross profits although it may be noted that the averages were all slightly higher in the more recent year.

Total operating expenses as percentages of total sales, on the other hand, were all consistently lower in 1944 than in 1941. During the earlier year the three average ratios formed 15.9, 18.9 and 18.8 per cent of total sales while in 1944 the corresponding percentages stood at the lower figures of 14.3, 17.3 and 16.9 per cent of the dollar volumes. These decreases in fact represented contractions of 1.6 percentage points in the first two sizes and 1.9 points in the third grouping, declines actually amounting to percentage decreases of between roughly 8.5 and 10 per cent of the total expense ratios recorded for the earlier year.

Reflecting the combined results of changes in the gross trading profit and total expense ratios between the two years, proprietor's net earnings before income taxes and withdrawals in percentage form were all higher in the more recent period. Thus in 1941 the net earnings ratios for the three groups of rented stores formed 13.2, 9.4 and 8.4 per cent of total sales against the somewhat higher averages for the same classifications of 15.1, 11.4 and 10.8 per cent of of the dollar volumes reported for 1944. These increases, it will be noted, amounted to gains of 1.9, 2.0 and 2.4 percentage points which in turn represented increases of about 14, 21 and 29 per cent over the rates of net earnings ratios recorded for 1941. By size of business, the percentages for both years were less in the larger than in the smaller sizes of stores, a result due to the decreases in rates of gross trading profit and the increases in the total expense ratios which consistently took place as the sales-size groupings expanded.

Following the general trend between 1941 and 1944, the dollar figures for average proprietor's net earnings per store were likewise consistently larger in the more recent year. Thus in 1941 the averages for the three sizes of business amounted to $1,325, $2,763 and $5,973 per store while in the later period the averages had expanded to $2,245, $4,538 and $9,854 per store, increases due in minor degree to the gains in the percentage rates of net earnings, and in principal part to the sharply larger sales volumes which the reporting stores experienced in the more recent year.

Turning now to the different operating expenses, it may be noted that the salary and wage percentages were slightly lower in two of the three sales sizes of rented stores and slightly higher in the remaining sales class. During 1941, the payroll ratios in the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales groupings formed 5.4, 7.4 and 8.8 per cent of total sales, and in 1944 amounted to 5.0, 7.6 and 8.4 per cent of the dollar volumes. Resulting from this comparative stability in the salary and wage percentages, it is probable that on average the dollar payroll costs for the reporting stores increased between the two years at approximately the same rates as the gains in average sales.

Rentals as percentages of sales were all lower in 1944 than in 1941, the three averages dropping from 4.5, 4.1 and 3.1 per cent of sales in 1941 to the corresponding figures of 3.3, 3.2 and 2.5 per cent of sales in the later year. Such expenses in dollars are of course relatively fixed in nature and therefore form smaller proportions of total sales as the dollar volumes expand.

Advertising expenses in percentage terms remained fairly stable in the two years under review. Thus during 1941 the three averages formed 0.4, 0.5 and 1.3 per cent of sales against corresponding averages of 0.4, 0.5 and 1.1 per cent of sales in 1944. This comparative steadiness in the ratios, however, suggests that the dollar publicity costs of the reporting stores were on average larger in 1944 than in 1941 by approximately the same rates of increase as those which were recorded for average sales per store. By size of business, on the other hand, the larger sizes of stores consistently recorded higher percentages for advertising in both years than those shown for the smaller groups of reporting women's ready-to-wear outlets.

Depreciation allowances as percentages of sales were also virtually unchanged between the two years, the three averages amounting to 0.3, 0.5 and 0.5 per cent of sales in 1941, and to 0.4 per cent of sales in each of the three sizes of business in 1944. Here again the stability in the ratios resulted on average in the dollar allowances for depreciation being substantially greater in 1944 than in 1941. This in turn suggests that either the reporting stores had increased the fixed assets against which the enlarged depreciation allowances were made; or were utilizing the high revenues of the wartime period to write-off their fixed assets more quickly with perhaps a view to the possible renovation or replacement of some of the fixed assets at a later date.

Other operating expenses in percentage form were lower in all three sizes of business in 1944 than in 1941 but the decline in one classification was very small. For 1941 these ratios stood at 5.3, 6.4 and 5.1 per cent of sales in the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales groupings and for 1944 amounted to 5.2, 5.6 and 4.5 per cent of sales in the corresponding sales classes.

Table 1.--Women's Ready-To-Wear 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	6	27		52
2. Total Sales	$34,249	$169,276		$787,379
3. Average Sales Per Store	5,708	6,269		15,142
Total Inventory Reported,			SAMPLE	
4. Beginning of Year	11,029	37,752		145,411
5. End of Year	10,326	41,710	TOO	155,317
6. Average for Year	10,678	39,721		150,364
Average Inventory Per Store,			SMALL	
7. End of Year	1,721	1,545		2,987
8. Cost of Goods Sold	23,358	117,985		570,062
9. Stock Turnover (times per year) ..	2.2	3.0		3.8
	PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)			
10. Gross Trading Profit	31.8	30.3		27.6
Operating Expenses:				
11. Employees' Salaries and Wages ..	4.4	1.1		4.8
12. Rent	-	6.6	SAMPLE	3.7
13. Advertising	0.3	0.2		0.3
14. Depreciation	1.1	0.6	TOO	0.5
15. Other Operating Expenses	10.4	6.1		5.7
			SMALL	
16. Total Operating Expenses	16.2	14.6		15.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	15.6	15.7		12.6
18. Average Proprietor's Net Earnings Per Store	$890	$985		$1,914

Table 1.--Women's Ready-To-Wear 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						
	41		29		32	1.
	$1,029,856		$1,077,101		$2,561,298	2.
	25,118		37,141		80,041	3.
SAMPLE		SAMPLE		SAMPLE		
	155,218		143,348		380,397	4.
TOO	157,320	TOO	145,921	TOO	372,922	5.
	156,269		144,635		376,660	6.
SMALL		SMALL		SMALL		
	3,837		5,032		11,654	7.
	725,019		763,665		1,859,502	8.
	4.6		5.3		4.9	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	29.6		29.1		27.4	10.
	6.3		7.1		8.3	11.
SAMPLE	3.6	SAMPLE	3.3	SAMPLE	2.5	12.
	0.3		0.5		1.0	13.
TOO	0.4	TOO	0.4	TOO	0.4	14.
	5.8		5.4		4.7	15.
SMALL		SMALL		SMALL		
	16.4		16.7		16.9	16.
	13.2		12.4		10.5	17.
	$3,316		$4,618		$8,390	18.

Table 2.--Women's Ready-To-Wear 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			
	1941		1944	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		42		42
2. Total Sales		$420,511		$621,435
3. Average Sales Per Store		10,012		14,796
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		91,895		112,481
5. End of Year	TOO	101,067	TOO	117,610
6. Average for Year		96,481		115,046
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		2,406		2,800
8. Cost of Goods Sold		298,142		438,733
9. Stock Turnover (times per year)		3.1		3.8
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		29.1		29.4
Operating Expenses:				
11. Employees' Salaries and Wages		5.4		5.0
12. Rent	SAMPLE	4.5	SAMPLE	3.3
13. Advertising		0.4		0.4
14. Depreciation	TOO	0.3	TOO	0.4
15. Other Operating Expenses		5.3		5.2
	SMALL		SMALL	
16. Total Operating Expenses		15.9		14.3
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals		13.2		15.1
18. Average Proprietor's Net Earnings Per Store		$1,325		$2,245

Table 2.--Women's Ready-To-Wear 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 to $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								
	39		39		20		20	1.
	$1,149,050		$1,558,012		$1,413,715		$1,818,154	2.
	29,463		39,949		70,686		90,908	3.
SAMPLE		SAMPLE		SAMPLE		SAMPLE		
	164,605		191,456		253,020		283,856	4.
TOO	188,638	TOO	194,789	TOO	273,906	TOO	269,930	5.
	176,622		193,123		263,463		276,893	6.
SMALL		SMALL		SMALL		SMALL		
	4,837		4,995		13,695		13,497	7.
	823,869		1,110,863		1,029,185		1,314,525	8.
	4.7		5.8		3.9		4.7	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)								
	28.3		28.7		27.2		27.7	10.
	7.4		7.6		8.8		8.4	11.
SAMPLE	4.1	SAMPLE	3.2	SAMPLE	3.1	SAMPLE	2.5	12.
	0.5		0.5		1.3		1.1	13.
TOO	0.5	TOO	0.4	TOO	0.5	TOO	0.4	14.
	6.4		5.6		5.1		4.5	15.
SMALL		SMALL		SMALL		SMALL		
	18.9		17.3		18.8		16.9	16.
	9.4		11.4		8.4		10.8	17.
	$2,763		$4,538		$5,973		$9,854	18.

PART IV - FAMILY CLOTHING STORES

Trends by Size of Business, 1944

These stores by definition sell a general line of men's, women's and children's clothing, or furnishings, or clothing and furnishings. Other items such as piece goods, notions, house furnishings and shoes may be carried but sales of clothing or furnishings must form at least 50 per cent of the total business.

So classified, the sales of family clothing stores reporting a breakdown of their sales by commodity classes in the 1941 Census of Merchandising consisted on average of clothing and furnishings to the extent of 79.3 per cent of their total sales. The balance was comprised of sales of dry goods and notions at 8.9 per cent of the dollar volume; shoes and other footwear, 8.1 per cent; house furnishings, 1.7 per cent; all other merchandise, 1.6 per cent; and receipts from services and repairs amounting to 0.4 per cent of total sales. The figure of 79.3 per cent for sales of clothing and furnishings in turn was made up of men's and boys' apparel items which formed 35.7 per cent of total sales, and of women's, misses' and children's apparel which amounted to 43.6 per cent of the volume of business. A further breakdown of these items indicated that the figure of 35.7 per cent for men's and boys' apparel consisted of sales of custom tailoring and made-to-measure clothing to the extent of 3.2 per cent of total sales; ready-made clothing 12.8 per cent; furnishings, 13.2 per cent; and all other men's and boys' clothing amounting to 6.5 per cent of total sales. Women's, misses' and children's apparel as reported in the Census was composed of women's and misses' ready-to-wear outerwear at 23.4 per cent of sales, and of underwear to the extent of 5.6 per cent of sales; girls' and infants' wear, 2.8 per cent; millinery, 1.4 per cent; hosiery, 5.0 per cent; and of furs and fur goods to the extent of 5.4 per cent of total sales.

Resulting from the nature of the lines of merchandise they sell, family clothing stores combine or average out within themselves many of the features of men's clothing, and women's ready-to-wear stores. Compared with either of these more specialized kinds of apparel stores, the inventories of family clothing stores are spread over wider and more divergent lines of merchandise. This involves a wider range of merchandising problems arising out of the different price, style, size and stock turnover characteristics which the more extended inventories of goods possess. In addition, the methods of display and selling may also vary in some degree. These features all tend to be reflected in operating results. For this reason, therefore, the reader may find it interesting to compare the statistics presented in the table for family clothing stores with those shown in Table 1 in the preceding sections for men's clothing and women's ready-to-wear stores.

Turning now to the information presented in the table, it will be noted that a total of 138 usable schedules were received from family clothing stores co-operating in the recent survey of operating costs. These were classified into five sizes of business ranging from a less than $10,000 sales size to a $50,000 and over classification. Such groupings were then separated by type of occupancy as between owned and rented stores and figures were compiled for each of these ten sales and occupancy classes of family clothing stores. In a number of instances the samples were quite small for in six of the ten divisions the reports on which the statistics were based numbered less than 15, and the statistics for these should therefore be used with some caution. For much the same reason, no figures were compiled to present a comparison of operating results for 1941 and 1944, the number of schedules giving figures for both years unfortunately being too small to justify the compilation.

Average rates of stock turnover, it will be observed, varied for the ten sales and occupancy classes of stores between 1.8 and 3.7 times for 1944. Among the five groups of owned establishments, the rate of stock turnover was higher for the larger than the smaller businesses, the averages here moving consistently higher as the size of business became larger. In the case of rented stores, the rates of stock turnover were almost uniform for the first four sizes of business where they varied only slightly from an average of 2.6 times. For the larger stores, however, the rate was somewhat higher at 3.1 times for 1944. These rates of turnover were close to those recorded by the corresponding classifications for men's clothing stores but were somewhat lower than those shown in comparable groupings for women's ready-to-wear stores in 1944.

Merchandise inventories on hand at the end of 1944 ranged between averages of $1,890 and $25,533 per store for the ten groupings of family clothing outlets shown in the table. These inventories rose consistently and for the most part steeply for both owned and rented establishments as the store sizes became larger, a clear indication of the expansion and elaboration which took place in stocks of merchandise with increases in size of business. Most of these average inventories, a comparison with the preceding sections will reveal, were higher than those recorded in the corresponding classifications of men's clothing stores while all of the comparable averages were higher than those shown for women's ready-to-wear stores at the end of 1944. This of course results from the fact that family clothing stores must maintain balanced inventories of both men's and boys', and of women's, misses' and children's apparel, a condition leading naturally to the holding of larger stocks of merchandise than those usually maintained by their more specialized competitors.

The inventory levels of family clothing stores, as judged from total inventories reported, were for the most part somewhat higher at the end of 1944 than at the beginning of the year. In nine of the ten sales and occupancy classes of stores the gains in fact varied from about 3 to 10 per cent over total beginning inventories with six of the nine showing relative expansions of 7 per cent or more. In one of the classifications a decrease of about 6 per cent was recorded, a fact which, in view of the consistent gains shown in the other categories, may be attributed to the non-typical experiences of some of the outlets which were included in that size of business. Overall the inventories of owned stores increased by an average of about 3 per cent against a gain of about 7 per cent for rented establishments and a combined expansion of about 5 per cent for both occupancy types of retail outlets.

Average rates of gross trading profits for the ten classes of reporting family clothing stores ranged between 13.9 and 30.7 per cent of sales in 1944. The highest ratios for both owned and rented stores occurred in the smallest size of business where the two occupancy types of stores with sales of less than $10,000 obtained respective averages of 26.1 and 30.7 per cent of total sales. Thereafter the trends moved irregularly downward as store size increased until averages of 22.8 and 25.7 per cent of sales were recorded by owned and rented stores with sales of $50,000 or over in the year under review. These rates of gross profit, it may be noted, were somewhat lower than those recorded in six of the nine corresponding classifications of men's clothing stores and in five of the six comparable groupings of women's ready-to-wear establishments. No statistical information is available to explain these differences. Nevertheless it is possible that the family clothing stores with their greater diversity of merchandise were handling more of the staple lines of goods than were their more specialized competitors, and hence were deriving somewhat lower percentages of gross profit from their sales than was true of either the men's or the women's apparel stores which reported in the recent survey.

Turning now to the operating expenses, it will be seen that employees' salaries and wages varied for the ten classes of family clothing stores between 1.8 and 7.9 per cent of sales in 1944. Here the averages with but two exceptions moved progressively higher as the sizes of the reporting stores became larger. For owned stores the upward trend started at 1.8 per cent of sales in the less than $10,000 sales size, rose to 2.2 per cent in the next and to 4.7 per cent in the $20,000 to $30,000 sales grouping, dropped slightly to 4.3 per cent in the $30,000 to $50,000 category and increased finally to 5.5 per cent in the $50,000 and over size of business. For rented establishments the payroll ratios averaged 2.8 per cent in the less than $10,000 sales grouping, dropped to 2.2 per cent in the $10,000 to $20,000 size, and then rose to 4.6, 4.8 and 7.9 per cent of sales in the three larger sizes of business. This, of course, is to be expected, for both the selling and the more indirect types of work increase steadily as the size of the stores moves upward while at the same time the share of this work performed by the proprietors naturally becomes steadily smaller.

By comparison with the more specialized apparel outlets, the salary and wage ratios of reporting family clothing stores tended to occupy a middle position between the averages obtained in 1944 for men's and for women's clothing stores. Thus the ratios for family clothing establishments were higher than those of men's clothing stores in five of the nine corresponding classifications and were less than those of women's clothing stores in five of the six comparable groupings. This pattern was also apparent in the results of the 1941 Census of Merchandising. Here the payroll percentage for all independent family clothing stores, both incorporated and unincorporated, stood at 9.3 per cent of sales, a mid-point between the averages of 8.5 per cent for men's clothing and of 10.1 per cent for women's ready-to-wear stores. Due among other things to different kinds of commodities handled and the methods and time involved in selling them, employees' salaries and wages formed a higher proportion of the sales dollar of the women's than of the men's clothing stores. Family clothing stores, however, handle both men's and women's apparel and it is therefore not surprising that their payroll ratios should average out to the middle percentage figures shown above.

Rentals as a percentage of sales was highest at 3.5 per cent of sales for rented family clothing stores in the less than $10,000 sales grouping.

Thereafter the ratios decreased steadily as the store sizes became larger until the ratio of 2.0 per cent was finally reached in the $50,000 and over classification. These percentages, moreover, were all lower than those obtained by the similarly-sized groups of men's clothing and women's ready-to-wear stores which reported for 1944 in the recent survey. Such differences, although possibly resulting in part from other factors, could have been caused by a tendency for more of the responding family clothing stores to be situated in the smaller centers than was true of the men's or women's clothing outlets. Here it may be noted that family clothing stores according to the 1941 Census of Merchandising were in fact concentrated more in the smaller urban centers where rental charges are presumably somewhat lower than were either the men's or the women's clothing establishments. Indeed according to that Census about 57 per cent of family clothing stores were located in places of 10,000 population or less against only 38 per cent for men's and only 32 per cent for women's apparel outlets.

Average percentages for advertising were low in most of the ten groupings of stores with the ratios in eight of them ranging from less than 0.1 to 0.5 per cent of sales in 1944 while in two the relatively high figures of 0.8 and 1.5 per cent were recorded. No marked tendency was apparent for the ratios to vary either directly or indirectly with size of business during the year under review. The percentages for family clothing stores, however, were generally lower than those of the corresponding classifications of men's clothing and women's ready-to-wear stores, a fact which was true in six of the nine comparable classes of men's, and in four of the six groupings of women's apparel outlets.

Depreciation allowances on average ranged between 0.4 and 1.4 per cent of reported dollar volumes for the ten sales and occupancy classifications of family clothing establishments in 1944. By size of business the trend was somewhat irregular but nevertheless in a downward direction. Thus the ratios for owned stores declined from 1.4, 1.2 and 1.4 per cent of sales in the three smaller sales groupings to 0.7 per cent in the $30,000 to $50,000 and to 0.4 per cent in the $50,000 and over store classes. For rented stores the ratios moved from 0.7, 0.5 and 0.6 per cent in the same sales sizes to 0.4 and 0.5 per cent in the $30,000 to $50,000 and the $50,000 and over sizes. By type of occupancy, however, the relationships were more regular with the percentages for owned stores being higher than those of rented establishments in four of the five sales classes. Suggesting the likely presence of more extensive furniture and fixtures, the depreciation ratios for these stores were higher than those recorded for men's apparel establishments in six of the nine comparable classifications but exceeded the averages for women's clothing stores in only four of the six comparisons.

Other operating expenses, including such residual operating costs as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses, ranged f[illegible] the ten averages between 3.8 and 9.1 per cent of sales in 1944. Some of these, like supplies, taxes, insurance, etc., were commonly experienced while others like repairs, bad debt losses, interest on borrowed money, etc., may have varied widely in amount and in the extent to which they were encountered and reported. Possibly due to this reason, the ratios for other operating expenses were irregular in the downward trend they followed. Thus moving from the smallest to the largest size of business, the averages for owned stores dropped from 9.1 per cent in the less than $10,000 sales size to 5.7 per cent in the next, then rose to 8.7 per cent and declined to 5.2 and 3.8 per cent in the two largest sales grouping while for rented stores the percentages decreased from 6.9 per cent in the less than $10,000 store size to 4.9 per cent in the next, then increased to 5.3, declined again to 4.5 and ended at 5.2 per cent in the largest size of business. Owned family clothing stores in four out of the five sales groupings had higher ratios for other operating expenses than their rented counterparts, a relationship probably due to the greater content of occupancy costs in the other expenses of the former type of outlets. In comparison with the experiences of the two more specialized kinds of clothing outlets, the averages for family clothing stores were lower than those recorded by men's clothing stores in only five of the nine corresponding classifications and by women's ready-to-wear stores in only four out of six categories which were comparable.

Total operating expenses for the ten sales and occupancy classes of family clothing stores ranged between a low of 9.1 and a high of 16.4 per cent of sales in 1944. By size of business, however, the trends in the total expense ratios were quite irregular for both owned and rented establishments. Thus for the five groupings of owned outlets, the averages started at 12.5 per cent of sales in the less than $10,000 sales size, dropped to 9.1 per cent in the $10,000 to $20,000 sales grouping, rose sharply to 16.1 per cent in the $20,000 to $30,000 store size and receded to 10.5 and 10.2 per cent of sales in the two largest sales classifications. For rented stores, the averages began with the relatively high figure of 14.1 per cent of sales in the less than $10,000 sales size and then dropped to 10.8 per cent, rose to 13.4 per cent, declined again to 12.3 per cent and then rose to 16.4 per cent in the successively larger sizes of stores. Overall the total expense ratios for family clothing stores were less than those of men's clothing outlets in six of the nine comparable groupings and were less than those of women's ready-to-wear stores in all six of the corresponding classifications.

Proprietor's net earnings before income taxes and withdrawals and including both the reward for his personal services and his net trading profit return, varied for the ten classes of family clothing stores between outside limits of 9.0 and 16.6 per cent of total sales in 1944. By size of business, the rates of net earnings for owned stores were somewhat lower for the medium-sized stores than for the small and large ones. Thus the ratios started at the relatively high figure of 13.6 per cent of sales in the less than $10,000 sales grouping, receded to the lower averages of 12.5, 9.0 and 9.4 per cent in the next three larger sales sizes and then rose sharply to 12.6 per cent of sales in the $50,000 and over classification. In the case of rented establishments, however, the percentages moved irregularly downward from the high of 16.6 per cent of sales in the less than $10,000 to 13.1, 14.4, 11.7 and 9.3 per cent of sales in the four successively larger sizes of business. Irregularity also featured the comparisons of the net earnings' ratios for family clothing stores with the averages for their more specialized counterparts. Here the percentages were greater than those obtained by men's clothing stores in only four of the nine corresponding sales sizes, and exceeded those for women's ready-to-wear stores in only three of the six cases where comparisons were possible.

Average proprietor's net earnings per store in dollars increased consistently with expansions in size of business. For owned family clothing stores, the averages moved sharply upward from $745 per store in the less than $10,000 to $3,802 in the $30,000 to $50,000 and $14,997 per outlet in the $50,000 groupings. For rented establishments the figures for net earnings started at $1,118 in the smallest and rose steadily to $4,619 in the $30,000 to $50,000 and to $8,161 per store in the $50,000 and over classifications. Quite marked increases in the averages, it will be noted, occurred between the $30,000 to $50,000 and the $50,000 and over sizes of business. This expansion was of course mainly due to substantial differences in average sales per store, the figures for owned stores amounting to $40,430 and $118,906 and for rented outlets to $39,525 and $88,221 per store in the last two sales sizes.

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

Item	Less than $10,000: Owned	Less than $10,000: Rented	$10,000 to $19,999: Owned	$10,000 to $19,999: Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	8	8	10	15
2. Total Sales	$43,996	$53,810	$149,056	$237,224
3. Average Sales Per Store	5,500	6,726	14,906	15,815
Total Inventory Reported,				
4. Beginning of Year	16,889	13,895	61,230	71,631
5. End of Year	18,294	15,118	57,798	77,512
6. Average for Year	17,592	14,507	59,514	74,572
Average Inventory Per Store,				
7. End of Year	2,287	1,890	5,780	5,167
8. Cost of Goods Sold	32,513	37,290	116,860	180,527
9. Stock Turnover (times per year) ..	1.8	2.6	2.0	2.4
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	26.1	30.7	21.6	23.9
Operating Expenses:				
11. Employees' Salaries and Wages ..	1.8	2.8	2.2	2.2
12. Rent	-	3.5	-	3.0
13. Advertising	0.2	0.2	(a)	0.2
14. Depreciation	1.4	0.7	1.2	0.5
15. Other Operating Expenses	9.1	6.9	5.7	4.9
16. Total Operating Expenses	12.5	14.1	9.1	10.8
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.6	16.6	12.5	13.1
18. Average Proprietor's Net Earnings Per Store	$745	$1,118	$1,864	$2,066

(a) Less than .05 per cent.

Family Clothing 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	17	8	27	13	26	1.
$175,173	$412,823	$323,443	$1,067,163	$1,545,772	$2,293,743	2.
29,196	24,284	40,430	39,525	118,906	88,221	3.
58,256	104,657	89,361	300,284	321,213	532,916	4.
63,204	115,021	93,380	320,613	331,932	563,009	5.
60,730	109,839	91,371	310,449	326,573	547,963	6.
10,534	6,766	11,673	11,875	25,533	21,654	7.
131,205	298,058	259,078	811,044	1,193,336	1,704,251	8.
2.2	2.7	2.8	2.6	3.7	3.1	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
25.1	27.8	19.9	24.0	22.8	25.7	10.
4.7	4.6	4.3	4.8	5.5	7.9	11.
-	2.4	-	2.3	-	2.0	12.
1.3	0.5	0.3	0.3	0.5	0.8	13.
1.4	0.6	0.7	0.4	0.4	0.5	14.
8.7	5.3	5.2	4.5	3.8	5.2	15.
16.1	13.4	10.5	12.3	10.2	16.4	16.
9.0	14.4	9.4	11.7	12.6	9.3	17.
$2,612	$3,503	$3,802	$4,619	$14,997	$8,161	18.

PART V - FAMILY SHOE STORES

Trends by Size of Business, 1944

Family shoe stores as the name implies combine within themselves the handling of men's, women's and children's shoes and other footwear. They may carry subsidiary lines of merchandise such as baggage and other leather goods while shoe repair services in some cases may also be provided.

These stores are nevertheless specialized to a high degree in the handling of footwear. Indeed the sale of shoes and other footwear formed 97.2 per cent of the total sales of those stores which analyzed their 1941 dollar volumes by classes of commodities in their Census returns for that year. This figure in turn consisted of boots and shoes at 79.6 per cent of total sales; rubbers and overshoes at 12.8 per cent; all other footwear at 4.8 per cent; clothing and miscellaneous merchandise at 2.3 per cent, and receipts from repairs and services which formed 0.5 per cent of their total dollar volumes. Boot and shoe sales at 79.6 per cent, it may be noted, were made up of sales of men's and boys' types to the extent of 28.7 per cent of total sales, of women's and misses' at 43.9 per cent, and of children's and infants' types at 7.0 per cent of total sales in 1941.

A total of 165 usable schedules giving figures on operating results for 1944 were received from family shoe stores co-operating in the recent survey. These were then sorted into five sizes of business for stores having sales of less than $10,000, between $10,000 to $20,000, $20,000 to $30,000, $30,000 to $50,000, and of $50,000 or over in the period under review. The classifications were further broken down into groupings for owned and rented establishments. At that point it became apparent that the number of reports for owned stores in each of the five store sizes was too small to justify the publication of averages for them. For rented stores, however, the size of the sample was much larger with the numbers of usable reports in each of the five sizes of business ranging between 14 and 45 schedules for a total of 145 returns.

Turning now to the statistics on operating results presented in Table 1, it will be seen that the average rate of stock turnover for the five sizes of rented stores varied between a low of 1.8 and a high of 3.4 times in 1944. With but one minor exception, stock turnovers were higher for the larger stores, the low rates of 1.9 and 1.8 in the less than $10,000 and the $10,000 to $20,000 sales grouping giving place to turnovers of 2.6, 3.0 and 3.4 times in the three larger classes of establishments. This trend was of course a natural one for having obtained a comparatively balanced complement of merchandise the inventory could support somewhat larger volumes of sales without proportionate increases in those stocks, a relationship then contributing to faster rates of stock turn.

Attesting to the substantial inventories which the reporting shoe stores carried to maintain satisfactory size, price and style ranges in their stocks, their average inventories per store varied between $2,613 and $17,277 per store at the end of 1944. These averages, moreover, increased steadily and in places rather sharply as the stores became larger. Thus the average year-end stocks expanded from $2,613 per store in the less than $10,000 sales size to $6,055 and $6,955 in the $10,000 to $20,000 and the $20,000 to $30,000 groupings, thence to $9,741 in the $30,000 to $50,000 sales class and finally to $17,277 per outlet for stores with 1944 sales of $50,000 or over. The pronounced gain from $9,741 per store in the $30,000 to $50,000 to $17,277 in the $50,000 and over classification, however, was due at least partly to the major increase in the sizes of stores being compared for average sales per store jumped from $40,802 in the former to $81,383 in the latter size of business.

Changes in inventory levels between the beginning and end of 1944 may be appraised from the total inventories shown for these two dates in Table 1. In the three smaller sizes of business increases were experienced, the gains in fact amounting to about 22, 4 and 6 per cent over beginning figures, but declines of about 3 and 1 per cent were recorded in the two larger store groupings. Overall, however, the total ending inventories reported were up by less than 1 per cent from beginning levels.

Average rates of gross trading profit for the five size categories of family shoe stores varied between a low of 27.0 and a high of 29.9 per cent of sales for 1944. By size of business the smallest and the largest sizes of store had the two highest ratios of gross trading profit at 29.9 and 28.3 per cent of sales while in the three middle groupings the lower averages of 28.1, 27.0 and 27.1 per cent of sales were obtained.

Turning now to the operating expenses, the five series of averages for employees' salaries and wages ranged consistently upward from 2.1 per cent of sales in the less than $10,000 to 3.8, 5.3, 6.8 and 8.2 per cent of total sales in the four progressively larger sizes of stores. This rising trend is probably due principally to the decreasing share of the work which the proprietors of the larger stores perform. In some degree it may also reflect the fact that certain additional help is required by the larger stores to handle the greater administrative and other indirect activities involved in their operation.

Rent, unlike salaries and wages, is clearly a fixed expense once the lease has been negotiated and therefore presents the retailer with the opportunity to reduce the weight of this cost by spreading the rental charges over a larger volume of sales. This process is illustrated in the rentals percentages, for the ratios dropped steadily from 4.3 per cent of the total dollar volumes in the less than $10,000 sales grouping to 3.5, 3.3, 3.3 and 2.8 per cent in the four larger sizes of business.

Advertising costs as percentages of sales, however, exhibited a contrary pattern and varied directly with amount of sales made. Thus commencing at 0.2 per cent of sales in the less than $10,000 sales grouping, the averages for the reporting family shoe stores increased steadily to 0.4, 0.5, 0.6 and 0.9 per cent of sales in the four progressively larger store sizes. This trend, all the more significant because it is consistent, could have been prompted by several reasons such as that of building up consumer recognition and goodwill in anticipation of more competitive conditions in the post war period, of retaining present patronage or actually of obtaining new customers.

Depreciation allowances in ratio form although somewhat less regular moved generally downward as the sizes of rented stores became larger. The averages were therefore highest in the less than $10,000 and the $10,000 to $20,000 store sizes where they stood at 0.5 per cent of sales and from which they declined to 0.3, 0.2 and 0.3 per cent of reported dollar sales in the three larger sizes of stores.

Other operating expenses include such costs of doing business as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money and sundry expenses. Some of these like supplies, communications, taxes, insurance, etc., were commonly experienced and hence were probably included quite uniformly in the figures reported for other operating expenses. Others such as repairs, interest on borrowed money, etc., may not have been so generally encountered and therefore not so consistently in the dollar totals for this expense classification. Nevertheless, the percentages for all other operating expenses tended to be smaller in the larger sizes of business. Thus the average declined from 5.1 per cent of sales in the less than $10,000 sales grouping to 4.9 and 3.8 per cent in the $10,000 to $20,000 and $20,000 to $30,000 store sizes, then rose and again decreased slightly to 4.0 and 3.9 per cent of sales in the $30,000 to $50,000 and the $50,000 and over sizes of business.

Summarizing the trends in the expenses just described, total operating expenses varied for the five sales classes of rented family clothing stores between 12.2 and 16.1 per cent of total sales for 1944. These averages, moreover, were consistently greater for the larger than for the smaller stores, the ratios increasing from 12.2 per cent of sales in the less than $10,000 sales grouping to 13.1, 13.2, 14.9 and 16.1 per cent for the larger sizes of business. This, of course, resulted from the fact that the higher percentages for payroll costs and for advertising which were shown for the larger sizes of stores were more than sufficient to offset the lower ratios which were recorded there for rent, depreciation, and other operating expenses.

Proprietor's net earnings before income taxes and withdrawals, it should be noted, include both the rewards for the operator's clerical services and the net trading profit returns from his business. So defined, the figures for net earnings in percentage terms exhibited a clear tendency to decrease as the sizes of stores became larger, the ratios declining from 17.7 per cent of sales in the less than $10,000 sales grouping to 15.0, 13.8, 12.2 and 12.2 per cent in the following classifications. Here, the downward trend, although partly due to the rather irregular contraction in the gross trading profit percentages, was principally caused by the upward movement which took place in the total expense ratios as the stores became larger.

In spite of the relationship just described, however, average proprietor's net earnings per store in dollar figures were much higher for the larger family shoe stores. Thus moving from the smallest to the largest sales groupings, the averages rose from $1,141 per store in the less than $10,000 sales class to $2,190, $3,374, $4,991 and $9,979 per outlet in following sizes of business. A pronounced gain in dollar net earning, it will be noticed, occurred between the two largest classifications where the averages rose from $4,991 to $9,979 per store. This is due to the major increase in sales volumes for average sales jumped from $40,802 per outlet in the $30,000 to $50,000 to $81,383 per store in the $50,000 and over sales class.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Exactly 100 out of the 165 usable schedules received from co-operating family shoe stores were able to provide figures on their operating results for both 1941 and 1944. When these 100 reports were sorted into the three enlarged sales classifications and then broken down between owned and rented establishments, however, only 8 schedules were included in the three sizes of business for owned establishments. As a consequence, it was possible to present statistics in Table 2 on operating results for only the three groupings of rented stores for which fairly satisfactory numbers of reports were available.

It is important to note, however, that the reports included in Table 2 were assigned to their sales classifications for both 1941 and 1944 entirely upon the basis of the volume of business transacted in 1941 and without regard to the sales they obtained in the later period. This permits the trends in operating results between the two years to be determined from the experiences of identical and continuing shoe stores. Because of the comparative smallness of the sample, however, the trends so shown are not necessarily accurate indicators of the financial experiences of all family shoe stores during the wartime period.

Turning now to the statistics presented in Table 2, a glance at the total sales figures reported is sufficient to indicate the major increases which occurred in the sales of the continuing stores between 1941 and 1944. These gains, in fact, amounted to about 57 per cent over the 1941 total in the less than $20,000 size of business, to 51 per cent in the $20,000 to $50,000 grouping and to 31 per cent for stores having sales in 1941 of $50,000 or over. The largest percentage increase, it will be noted, was obtained by the smallest retailers, a fact which must be related to the comparatively small sales volumes they experienced in the earlier year. Overall, the expansion in business for the three sizes of stores amounted to about 42 per cent. Against this must be set the gain in the dollar volume of 36 per cent over 1941 levels shown in the Bureau's indexes of a much larger sample of continuing shoe stores. It is obvious, therefore, that a number of establishments reporting in the recent survey of operating results obtained increases in sales considerably above the average of those included in the Bureau's sample for monthly sales trends.

In the light of these gains in volume, it is not surprising to find the reporting shoe stores turning over their average inventories of merchandise at much faster rates in 1944 than in the earlier period. The extent of these gains is shown by the fact that the averages for the three sizes of stores rose from 1.6, 2.2 and 2.2 times in 1941 to corresponding ratios of 2.4, 3.1 and 3.4 times in 1944. By size of business, the rates of stock turnover were again faster for the larger stores in both years, a trend which was also found to apply in the averages recorded for 1944 in Table 1.

This upward trend in rates of stock turnover between 1941 and 1944, it may be noted, was also due to changes in inventory levels between the two years. Indeed, an inspection of the statistics presented in Table 2 will indicate that average ending inventories per store recorded an increase in only one classification and declines in the other two. The increase amounting to about 3 per cent for 1941 figures occurred in the less than $20,000 sales size against declines of 5 and 21 per cent in the two larger sizes of stores and an overall decrease for all reporting stores of about 11 per cent. In summary, the three inventory figures stood at $6,115, $11,496 and $24,995 per store at the close of 1941 and at $6,312, $10,941 and $19,776 per outlet at the end of 1944.

Gross trading profits formed 27.6, 27.1 and 25.4 per cent of sales in 1941 for the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales classifications and 27.6, 27.4 and 27.4 per cent of sales in the corresponding sizes of business for 1944. The average rates of gross trading profits were therefore unchanged from 1941 in the smallest store size, up slightly in the middle, and higher by 2.0 percentage points in the largest size of business. These changes, of course, are interesting in the trends they suggest but unfortunately the numbers of reports upon which the figures are based are too small to establish firmly either the direction or extent of the changes which all retail shoe stores experienced between the two years.

Reflecting reductions in the ratios for each of the five classifications of operating expenses between the two years, the three percentages for total operating expenses were each lower in 1944 than in 1941. During the earlier year the averages for total operating expenses formed 15.5, 17.2 and 17.5 per cent of sales in the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales groupings against corresponding averages of 11.9, 15.3 and 16.2 per cent of sales for 1944. These changes in fact amounted to respective decreases of 3.6, 1.9 and 1.3 percentage points, or the rather significant declines of about 23, 11 and 7 per cent from the average total expense ratios recorded for 1941. By size of business, it may be noted, the total expense ratios in each year became higher as the sizes of stores increased, a pattern also revealed in the total expense ratios shown in Table 1 for 1944 alone.

Incorporating the results of changes in the ratios for gross trading profits and total operating expenses, proprietor's net earnings before income taxes and withdrawals were higher as percentages of sales in 1944 than in 1941. Thus moving from the smallest to the largest size of business, net earnings formed 12.1, 9.9 and 7.9 per cent of sales in the three sizes of stores for 1941 and 15.7, 12.1 and 11.2 per cent of sales in the later period. These changes in turn represented increases of 3.6, 2.2 and 3.2 percentage points or relative gains of 30, 22 and 40 per cent over the corresponding ratios for 1941. By size of business, the net earnings ratios again followed the familiar pattern and in both years were lower for the larger than the smaller sizes of shoe stores.

Expressed in dollar figures, average proprietor's net earnings per store for the three sizes of business were all much higher in the more recent year. For rented shoe stores in the less than $20,000, the $20,000 to $50,000 and the $50,000 and over sales groupings, net earnings for 1941 amounted to $1,599, $3,176 and $5,572 per store, respectively, and to $3,241, $5,872 and $10,229 per store for 1944. These changes in fact represented gains over the 1941 averages of about 100 per cent in the smallest and of close to 85 per cent in the two larger sizes of stores, increases which although due in some degree to the gains in the rates of net earnings were principally caused by the substantial expansions in sales which the reporting shoe stores had experienced.

Among the several types of operating expenses, the percentages for employees' salaries and wages were slightly lower in two and higher in one of the classifications in 1944. Thus moving from the smallest to the largest sizes of business the payroll ratios stood at 4.5, 7.1 and 8.4 per cent of sales in 1941 and at the corresponding figures of 4.2, 7.6 and 8.2 per cent of reported dollar volumes in 1944. This clear tendency to stability in the payroll percentages indicates of course that the considerable expansions in sales between the two years were reflected in almost similar relative gains in dollar salary and wage costs, a situation which in turn suggests that at least some additions had been made to store selling staff during the wartime period.

Rentals formed 5.1, 4.1 and 3.7 per cent of sales in the three groupings of shoe stores for 1941 and the lower corresponding figures of 3.3, 3.0 and 3.1 per cent of reported dollar volumes in 1944. These expenses in dollars of course are generally fixed in nature and as percentages of total sales naturally become smaller as the sales volumes increased. Advertising costs, a controllable expense, were also somewhat lower as percentages of sales in the more recent period. For 1941 these averages stood at 0.6, 0.8 and 1.0 per cent of sales while for 1944 the lower ratios of 0.4, 0.6 and 0.8 per cent of sales were recorded. Depreciation allowances, on the other hand, are comparatively fixed in nature throughout the useful life of the fixed assets being written off. It is therefore not surprising to find that the averages for the three sizes of business decreased from 0.4, 0.4 and 0.3 per cent in 1941 to 0.3, 0.3 and 0.2 per cent of total sales in the later year.

Other operating expenses, the category which includes all remaining costs of operation, likewise followed the general trend and recorded decreases in the percentage averages between 1941 and 1944. Thus amounting to 4.9, 4.8 and 4.1 per cent of sales in the earlier period, the ratios in 1944 recorded the lower averages of 3.7, 3.8 and 3.9 per cent of reported dollar volumes.

Table 1.--Family Shoe 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		14		23
2. Total Sales		$90,181		$335,463
3. Average Sales Per Store		6,442		14,585
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		30,040		134,382
5. End of Year	TOO	36,576	TOO	139,276
6. Average for Year		33,308		136,829
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		2,613		6,055
8. Cost of Goods Sold		63,217		241,198
9. Stock Turnover (times per year) ..		1.9		1.8
	PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)			
10. Gross Trading Profit		29.9		28.1
Operating Expenses:				
11. Employees' Salaries and Wages ..		2.1		3.8
12. Rent	SAMPLE	4.3	SAMPLE	3.5
13. Advertising		0.2		0.4
14. Depreciation	TOO	0.5	TOO	0.5
15. Other Operating Expenses		5.1		4.9
	SMALL		SMALL	
16. Total Operating Expenses		12.2		13.1
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		17.7		15.0
18. Average Proprietor's Net Earnings Per Store		$1,141		$2,190

Table 1.--Family Shoe 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						
	32		31		45	1.
	$783,619		$1,264,865		$3,662,231	2.
	24,488		40,802		81,383	3.
SAMPLE		SAMPLE		SAMPLE		
	210,373		312,488		787,108	4.
TOO	222,548	TOO	301,980	TOO	777,449	5.
	216,461		307,234		782,289	6.
SMALL		SMALL		SMALL		
	6,955		9,741		17,277	7.
	572,042		922,087		2,625,820	8.
	2.6		3.0		3.4	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	27.0		27.1		28.3	10.
	5.3		6.8		8.2	11.
SAMPLE	3.3	SAMPLE	3.3	SAMPLE	2.8	12.
	0.5		0.6		0.9	13.
TOO	0.3	TOO	0.2	TOO	0.3	14.
	3.8		4.0		3.9	15.
SMALL		SMALL		SMALL		
	13.2		14.9		16.1	16.
	13.8		12.2		12.2	17.
	$3,374		$4,991		$9,979	18.

Table 2.--Family Shoe 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			
	1941		1944	
	Owned	Rented	Owned	Rented
	GENERAL INFORMATION			
1. Number of Stores Reporting		30		30
2. Total Sales		$394,663		$620,472
3. Average Sales Per Store		13,155		26,082
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		176,745		178,839
5. End of Year	TOO	183,453	TOO	189,365
6. Average for Year		180,099		184,102
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		6,115		6,312
8. Cost of Goods Sold		285,736		449,222
9. Stock Turnover (times per year) ..		1.6		2.4
	PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)			
10. Gross Trading Profit		27.6		27.6
Operating Expenses:				
11. Employees' Salaries and Wages ..		4.5		4.2
12. Rent	SAMPLE	5.1	SAMPLE	3.3
13. Advertising		0.6		0.4
14. Depreciation	TOO	0.4	TOO	0.3
15. Other Operating Expenses		4.9		3.7
	SMALL		SMALL	
16. Total Operating Expenses		15.5		11.9
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		12.1		15.7
18. Average Proprietor's Net Earnings Per Store		$1,599		$3,241

Table 2.--Family Shoe 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 to $49,999				$50,000 and Over				
1941		1944		1941		1944		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
	41		41		21		21	1.
	$1,316,447		$1,981,665		$1,466,258		$1,915,514	2.
	32,108		48,333		69,822		91,215	3.
SAMPLE		SAMPLE		SAMPLE		SAMPLE		
	414,301		466,616		462,636		400,874	4.
TOO	471,327	TOO	448,595	TOO	524,898	TOO	415,303	5.
	442,814		457,606		493,767		408,089	6.
SMALL		SMALL		SMALL		SMALL		
	11,496		10,941		24,995		19,776	7.
	959,690		1,438,689		1,093,828		1,390,663	8.
	2.2		3.1		2.2		3.4	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)								
	27.1		27.4		25.4		27.4	10.
	7.1		7.6		8.4		8.2	11.
SAMPLE	4.1	SAMPLE	3.0	SAMPLE	3.7	SAMPLE	3.1	12.
	0.8		0.6		1.0		0.8	13.
TOO	0.4	TOO	0.3	TOO	0.3	TOO	0.2	14.
	4.8		3.8		4.1		3.9	15.
SMALL		SMALL		SMALL		SMALL		
	17.2		15.3		17.5		16.2	16.
	9.9		12.1		7.9		11.2	17.
	$3,176		$5,872		$5,572		$10,229	18.