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**DOMINION BUREAU OF STATISTICS**

**MERCHANDISING AND SERVICES STATISTICS**

**OTTAWA, CANADA**

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**OPERATING RESULTS**  
**OF**  
**RETAIL FOOD STORES**  
**1946**

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BULLETIN NO. 1

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February, 1948

Price 25 cents

**OPERATING RESULTS  
OF  
RETAIL FOOD STORES  
1946**

**INDEPENDENT:**

**GROCERY STORES**

**COMBINATION STORES**

**MEAT STORES**

**FRUIT & VEGETABLE STORES**

**CONFECTIONERY STORES**



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## DEFINITIONS.....

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returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS MARGIN is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit.

Advertising

Store supplies - used in the business during the year - wrapping paper, office supplies, gasoline and oil for delivery trucks.

Loss on bad debts - during the year - amount written off  
Less debts which are recovered.

Taxes and Insurance - business, property and water taxes, licences including truck licences, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Repairs and maintenance - incurred for the purposes of keeping fixed store assets, including delivery equipment, operating efficiently.

Depreciation - allowances to cover decreases in the value of fixed store assets, including delivery equipment.

Occupancy expense - comprises taxes and insurance, rent, heat, light and power, repairs and maintenance, and depreciation.

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

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise.

DOMINION BUREAU OF STATISTICS  
MERCHANDISING AND SERVICES STATISTICS  
OTTAWA

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Dominion Statistician, HERBERT MARSHALL  
Director, Division of Census of Industry and Merchandising, W.H. Losee  
Chief, Merchandising and Services Statistics, C.H. McDonald

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## OPERATING RESULTS OF RETAIL FOOD STORES

### INTRODUCTION

The operating results of retail food stores for 1946 are presented in this report, which continues the series of bulletins published in 1944 and 1945. The survey is based upon operating statements contributed by a sample of firms throughout the country and covers five types of stores.

Several innovations in the treatment of the subject matter have been introduced. A case study which describes the background and operating experiences of a food merchant should help other food retailers to use the average ratios presented herein. Results of the five types of food stores are grouped to provide a composite picture of the trade. Illustrated tables and charts clarify and facilitate understanding of the text. It is hoped that food merchants, students, and others, will consult these reports as sources of reference and information.

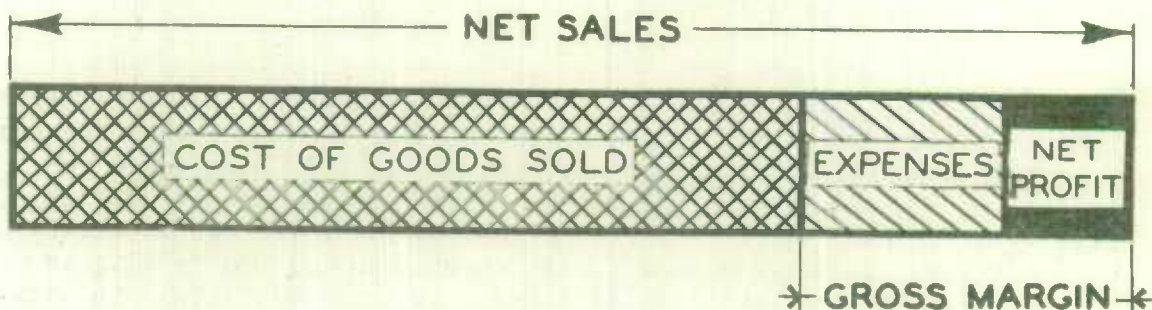
Once each year, at least, the merchant must come to grips with the problem of describing his operations, and calculating his expenses and profits. At the same time he may make plans for the coming months, applying his knowledge, experience, and personal observations to increase the efficiency of his business. This bulletin has been prepared for the purpose of augmenting the merchants experience with data which describe the operations of his own type and size of business.

Our studies do not attempt to deal with such matters as store layout, advertising display, and salesmanship which may be called methods of operation. The emphasis here is upon operating results, comparisons of profit and loss statements, and their component parts.

The necessity of maintaining some orderly system of book-keeping cannot be over-emphasized. If some method of current record keeping is not employed, it is difficult to compare individual operations with the ones here derived. It is essential that the meanings of terms be checked in such comparisons. For this purpose a list of definitions has been inserted at the beginning of this bulletin.

The formula for operating ratios as illustrated in the chart is

$$\text{NET SALES} = \text{COST OF GOODS SOLD} + \text{GROSS MARGIN}$$



$$\text{GROSS MARGIN} = \text{EXPENSES} + \text{NET PROFIT}$$



## CASE STUDY.....

Every retail merchant faces questions of this nature about his operations:

- what is an adequate profit for his line of business,
- what proportion should be paid out in wages to employees,
- how much inventory should be carried,
- what is the proper amount to pay for rent in relation to the size of his business,
- how many times a year should inventory be turned over.

In order to help merchants use the average ratios computed in the survey, a case study of the operations of a combination food dealer in an Ontario city has been made. Merchant A is a composite of several food store operators in the \$20,000 - \$49,999 size of business class. He operated a fair-sized remodelled store, with brick veneer front, and modern lighting of both windows and interior. The shop has a spacious, orderly atmosphere, and provides many conveniences, such as bags and scales in accessible positions. Vegetables are displayed in bins, meat is kept in a large white unit at the back of the store opposite the double center entrance. Semi-self-service is provided, so that Merchant A, a butcher, a delivery boy, and a member of the family who is cashier during the afternoon, can operate the shop.

Merchant A's operating ratios and the average ratios of a sample of stores in his size-of-business class follow:



MERCHANT A'S OPERATING RESULTS COMPARED WITH AVERAGE RESULTS  
FOR HIS SIZE-OF-BUSINESS CLASS

ITEM	MERCHANT A (x)	AVERAGE (z)
Net Sales .....	\$26,671	\$32,427
Beginning Inventory .....	2,403	2,143
Merchandise Purchases .....	21,705	27,656
Ending Inventory .....	2,609	2,450
Cost of Goods Sold .....	\$21,499	\$27,349
Gross Margin .....	19.4%	14.7%
Operating Expenses:		
Employees' Salaries .....	5.7	3.2
Store Supplies .....	1.6	0.8
Taxes .....	0.5	0.4
Rentals .....	1.4	1.3
Heat, Light, Power .....	0.6	0.5
Repairs, Maintenance .....	0.6	0.3
Depreciation .....	0.5	0.4
All Other .....	0.6	0.8
Total Operating Expenses .....	11.5	7.9
Net Profit .....	7.9%	6.8%
Stock Turnover (times per year) .....	18.8	12.0

(x) In order not to reveal actual results of any one firm, figures here quoted are averages of the data supplied by several merchants.

(z) Computed from a sample of results for combination stores in the \$20,000-\$49,999 size-of-business class.

A comparison of Merchant A's net profit with average net profit for his size-of-business class was indicative of his efficiency. The fact that his net sales and merchandise purchases fell below the average had no particular significance. His low cost of goods sold and high gross margin were the result of skilful buying of stocks of desirable merchandise at favourable prices and from selling some items at slightly higher than average prices. His 18.8 stock turn rate was unusually rapid and is one and one-half times the average stock turn of 12.0. He provided extra service for his customers including cellophane packaging for many articles, special bags for vegetables, delivery, and credit.

For each item Merchant A's expense ratios were greater than average ratios. His salary expense covered wages paid to a first-class butcher, and to a delivery boy, which probably accounted for his high salary percentage. His rental corresponds favourably with the average and he maintains his shop in an excellent state of repair. Merchant A makes a careful allocation of expense items so that his miscellaneous "all other" expense ratio is low. The total operating expense ratio of 11.5 is much higher than the average 7.9 but a nice balance is maintained between cost-of-goods-sold and expense so that the profit ratio is high.

For the early post-war period, Merchant A intelligently assessed his neighbourhood and his competitive position. Because he foresaw keener competition he planned adjustment of his ratios to correspond more closely with average percentages. He gave special consideration to his pricing problem as a first step toward increasing his net sales. He planned to make a gradual change from a specialized service type of operation to price-appeal-quantity merchandising. Rearrangement of his store to permit semi-self-service has already enabled him to dispense with the help of a part time clerk and to bring his salary expense into better line with the average ratio. In addition, there will be more intensive utilization of the space he has available by pro-rating costs such as floor and shelf space expenses, and elimination of the "loser" items through the direction of effort toward the potentially more profitable ones.

Thus Merchant A used as a yardstick the average operating results of his fellow merchants against which he matched his own carefully kept records. With this background he adjusted and readjusted himself to changing conditions of purchasing, marketing, and competition.

It should be borne in mind that average operating ratios are compiled from figures submitted by firms included in the survey. Actually there is, of course, considerable variation between one firm and another in the food trade. Such differences are the result of peculiar sets of circumstances which form the operating background of each different firm. This fact does not, however, discount the usefulness of the ratios as a standard of measurement.

## HIGHLIGHTS AND SUMMARY IN 1946.....

- All types of food businesses indicated a tendency to resume pre-war operating patterns. The trend to lower gross margins and higher net profits appeared to have levelled off.
- Net profits decreased in ratio to sales as business volume expanded, but dollar value of net earnings per store showed marked gains.
- While dollar value of average inventories increased the change in physical volume of merchandise was not as great. Food prices index rose from 134.3 in December 1945 to 146.4 in December 1946.
- Rate of stock turnover per year declined since 1945 for every type of retail food store.
- Average gross margin of combination stores was intermediate between those of groceries and meat markets, but net profit ratio was short of both.

### GROCERY STORES

1. The average grocery store realized a gross margin of 14.3 per cent in 1946, compared to 14.1 per cent in 1945 and 14.2 per cent in 1944. Operating expenses increased from previous years to 8.3 per cent of net sales, leaving a net profit of 6.0 per cent. (See Table 1, page 9.)
2. Net profits, expressed as percentages of net sales, followed a general downward trend as the volume of business increased. Salaries and wages paid to employees increased with business volume and accounted for a similar pattern in total expenses. Stock was turned over more frequently in large stores than in the smaller ones. Although net profits decreased in ratio to sales as the business volume expanded, the dollar value of net earnings per store showed marked gains. (See Table 6, page 18.)
3. Rented stores in all size classes maintained greater gross margins than did owned stores. Their greater occupancy costs, however, offset the advantage in gross margin to result in very similar ratios of net profit. (See Table 6, page 18.)



4. A smaller proportion was spent on employees' salaries and wages in businesses owned and operated as partnerships than in businesses owned by individuals in the same size range. Net profits, before deduction of proprietors' salaries and income tax, were correspondingly greater for partnership businesses. (See Table 7, page 19.)

TABLE 1. - OPERATING RESULTS OF RETAIL GROCERY STORES - 1944, 1945, 1946

Item	1946 Owned and Rented Combined			1945 Owned and Rented Combined	1944 Owned and Rented Combined
	Indi- viduals	Partner- ships	Total		
No. of stores reporting .....	1,256	156	1,412	1,594	310
Average net sales per store ..... \$	32,797	53,419	35,075	32,356	27,233
Gross margin .....	14.3	14.6	14.3	14.1	14.2
Operating expenses:					
Employees' salaries .....	3.9	3.4	3.8	3.4	3.3
Advertising .....	0.1	0.1	0.1	0.1	0.1
Store supplies ...	0.9	0.8	0.9	0.8	
Bad debts .....	0.1	0.1	0.1	0.1	
Occupancy expense	2.6	2.3	2.5	2.6	
All other expenses	0.9	0.9	0.9	1.0	
Total operating expenses .....	8.5	7.6	6.3	6.0	7.9
Net profits before deduction of proprietors' salaries and income tax .....	5.8	7.0	6.0	6.1	6.3

(Items expressed as percentage of net sales)

#### COMBINATION GROCERY AND MEAT STORES

1. In 1946 the average combination store operated on a gross margin of 15.1 per cent of net sales which was slightly higher than that realized in 1945. Expenses, particularly higher salaries, more than cancelled the gain in margin to net a profit of 4.8 per cent compared with 5.0 per cent in 1945 and 5.8 per cent in 1944. (See Table 2, page 10.)
2. Increased salary cost in the larger stores was accompanied by a reverse trend in the ratio of net profits. Because of the greater volume of sales, the diminishing ratios of net profit in the larger stores actually produced greater dollar value of net profits. A more rapid rate of stock replacement is evident in stores of greater business volume. (See Table 8, page 22.)



3. As with grocery stores, businesses operated from rented premises procured wider margins than those conducted from owned premises. Despite this advantage, operating expenses were generally greater and net profits of similar proportions were earned. (See Table 8, page 22.)
4. Businesses operated by partners paid a smaller proportion as employees' salaries, than did individually owned businesses. This saving in expense netted the partnerships a greater profit than that procured by individual owners - 5.3 per cent compared with 4.6 per cent. From the average 5.3 per cent ratio, however, there was eventual deduction of more than one proprietor's withdrawal. (See Table 9, page 23.)

TABLE 2. - OPERATING RESULTS OF COMBINATION STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined			1945 Owned and Rented Combined	1944 Owned and Rented Combined
	Indi- viduals	Partner- ships	Total		
No. of stores reporting .....	734	146	880	926	175
Average net sales per store ..... \$	56,980	88,923	62,280	56,956	43,268
Gross margin .....	15.2	14.8	15.1	14.9	15.2
Operating expenses:					
Employees' salaries .....	5.8	5.0	5.6	5.2	4.6
Advertising .....	0.1	0.1	0.1	0.2	0.2
Store supplies ...	1.1	1.2	1.1	1.0	
Bad debts .....	0.1	0.1	0.1	0.1	
Occupancy expense	2.5	2.1	2.4	2.4	
All other expenses	1.0	1.0	1.0	1.0	
Total operating expenses .....	10.6	9.5	10.3	9.9	9.4
Net profits before deduction of proprietors' salaries and income tax .....	4.6	5.3	4.8	5.0	5.8

(Items expressed as percentage of net sales)

#### MEAT MARKETS

1. In 1946 meat markets on the average, realized wider gross margins than in the two previous years. This increase, however, was more than absorbed in higher salary expenses of 5.9 per cent of net sales as compared with 5.4 per cent, with a resultant decrease in net profit. There was no appreciable change in the ratio of the remaining expense items from 1945 to 1946. (See Table 3, page 11.)

2. Gross margins decreased in ratio to net sales as business volume expanded. Net profits followed the same trend while the salary cost increased with sales volume. Because of the greater volume of business, the diminishing net profit ratios in the larger stores actually represented higher dollar net earnings. (See table 1C, page 26.)

TABLE 3. - OPERATING RESULTS OF MEAT MARKETS - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting .....	439	475	182
Average net sales per store \$	52,581	46,403	42,103
Gross margin .....	17.2	16.9	17.1
Operating expenses:			
Employees' salaries .....	5.9	5.4	5.4
Advertising .....	0.1	0.1	0.1
Store supplies .....	1.4	1.3	
Bad debts .....	0.1	0.1	
Occupancy expense .....	2.7	2.7	5.6
All other expenses .....	1.2	1.3	
Total operating expenses ...	11.4	10.9	11.1
Net profits before deduction of proprietors' salaries and income tax .....	5.8	6.0	6.0

(Items expressed as percentage of net sales)

FRUIT AND VEGETABLE STORES, CONFECTIONERY STORES

1. The average fruit and vegetable store operated on a gross margin of 16.1 per cent which was very little changed from the 16.0 per cent of 1945. An increase in salary expense was the cause of a slightly reduced net profit - 6.5 per cent as compared with 6.6 in 1945. (See table 4, page 12.)
2. In 1946 the average independent confectionery store operated on a margin of 18.9 per cent, which was considerably narrower than the 20.7 per cent margin of 1945. Although employees' salaries formed a larger ratio than in the previous year, other expenses lessened to result in a net profit of 8.8 per cent of net sales.
3. In common with other food stores, both gross and net profits in fruit and vegetable stores and confectionery stores diminished in ratio to sales volume. In all size and occupancy categories, inventories were greater at the end of the year than at the beginning. In 1946 rented stores operated on wider gross margins than owned stores but disbursed a larger proportion for expenses to net quite similar profits. (See tables 11 and 12, pages 28 and 29.)

TABLE 4. - OPERATING RESULTS OF FRUIT AND VEGETABLE STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting .....	274	260	105
Average net sales per store \$	39,568	38,958	37,183
Gross margin .....	16.1	16.0	16.4
Operating expenses:			
Employees' salaries .....	3.7	3.4	3.5
Advertising .....	0.1	0.1	0.1
Store supplies .....	1.6	1.6	
Bad debts .....	(a)	(a)	
Occupancy expense .....	3.2	3.3	6.2
All other expenses .....	1.0	1.0	
Total operating expenses ...	9.6	9.4	9.8
Net profits before deduction of proprietors' salaries and income tax .....	6.5	6.6	6.6

(Items expressed as percentage of net sales)

(a) Less than 0.05 per cent.

TABLE 5. - OPERATING RESULTS OF CONFECTIONERY STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting .....	319	301	165
Average net sales per store \$	19,735	18,562	16,307
Gross margin .....	18.9	20.7	19.5
Operating expenses:			
Employees' salaries .....	3.9	3.6	3.2
Advertising .....	0.1	0.1	0.1
Store supplies .....	0.7	0.7	
Bad debts .....	0.1	0.1	
Occupancy expense .....	4.4	5.1	6.6
All other expenses .....	0.9	1.0	
Total operating expenses ...	10.1	10.6	9.9
Net profits before deduction of proprietors' salaries and income tax .....	8.8	10.1	9.6

(Items expressed as percentage of sales)



# A COMPARISON OF MAIN ITEMS ON THE PROFIT-AND-LOSS STATEMENT

## GROSS MARGIN AND NET PROFIT

Operating results for 1946 revealed a tendency to return to the relative ratios of the pre-war period. A study of war-year figures of retail food stores, by store types, disclosed a well-defined downward trend in gross margin ratios accompanied by an upward trend in net profits. From the table, gross margins in meat markets declined from 22.4 in 1938 to 16.9 through 1945 and rose to 17.2 in 1946. Net profits of grocery stores increased from 4.5 per cent in 1938 to 6.3 in 1944, 6.1 in 1945 and declined to 6.0 in 1946. Food merchants, who had, to a considerable degree, maintained the lower expenses of the war period, were still offering less advertising, limited delivery, and more self-service. Nevertheless, decreases in gross margin and gains in net profit evidenced during the war years were moderately reversed in 1946. Only in the case of confectioneries did gross margins decline, after having increased in 1945. This may be due, in part, to the greater diversity of products and services, such as dry groceries, kitchenware, added by this type of business. Average net profits of confectioneries, which had also increased in 1945, declined 1.3 per cent. Complete data for Meat, Fruit and Vegetable, and Confectionery stores are not available.

## GROSS MARGINS AND NET PROFITS - 1938, 1941, 1944, 1945, 1946.

Year	GROCERY		COMBINATION		MEAT		FRUIT AND VEGETABLE		CONFECTIONERY	
	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit
1938 .	16.0	4.5	17.4	4.1	22.4	5.6	(NOT AVAILABLE)			
1941 .	15.2	5.7	16.9	5.2						
1944 .	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945 .	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946 .	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8

Gross margins in meat markets where perishability of the product is an important factor, were 2.9 per cent higher in 1946 than that for grocery stores, while combination store ratios were intermediate between the two. Net profits, however, did not assume this pattern. The average net profit of combination stores was 1 per cent less than the net profit ratio for meat markets and 1.2 per cent less than that for grocery stores.

Confectioneries operated on the highest average gross margins and earned the largest average net profits. While gross margin ratios for groceries were least, smallest net profits were earned by combination stores.



AVERAGE BEGINNING AND ENDING INVENTORIES, AND STOCK TURNOVER

Average beginning and ending inventories of combination stores were greatest while those of meat markets were lowest. Though the average value of stocks held by all five types of food stores increased, it should be borne in mind that this increase is in dollar value, which if assessed together with food price indexes of 133.0 in 1945 and 140.4 in 1946, (1935-1939=100), provides some basis for the conclusion that actual physical inventories may not have been augmented.

The rate of stock turnover per year has declined for every type of store since 1945. Meat markets, where the stock turn is great due to the perishability factor, revealed a decline of 4.4 per cent from 1945 while the rate of combination stores diminished by one per cent. Data for fruit and vegetable shops and confectioneries were not as complete but evidenced a similar tendency.

BEGINNING AND ENDING INVENTORIES AND STOCK TURNOVER - 1938, 1941, 1945, 1946.

Year	GROCERY			COMBINATION			MEAT		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)
	\$	\$		\$	\$		\$	\$	
1938.	2,570	2,472	9.9	2,275	2,265	13.0	732	723	31.0
1941.	2,636	2,979	7.9	2,046	2,324	13.0	(not available)		
1945.	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946.	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2

Year	FRUIT AND VEGETABLE			CONFECTIONERY		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)
	\$	\$		\$	\$	
1945.	1,212	1,283	26.2	970	1,030	15.3
1946.	1,278	1,418	24.6	1,117	1,352	13.0

(\*) Times per year.

AVERAGE OPERATING EXPENSES

The largest item of operating expenses was salaries paid to employees, with combination stores and meat markets paying out most, 5.6 and 5.9 per cent respectively. Ratios for the other types of stores were under 4.0 per cent of average net sales.

Fruit and Vegetable, and Confectionery stores had the highest occupancy expenses whereas confectionery stores, some of which remain open in the evening, had the highest ratio for heat, light, and power. The major percentage of store and office supplies was used by fruit and vegetable stores.

The total expense ratio was largest for meat markets, and lowest for grocery stores, with combination stores intermediate between groceries and meat markets.

AVERAGE OPERATING EXPENSES, 1946

Expense	Grocery	Combination	Meat Markets	Fruit and Vegetable	Confectionery
Salaries .....	3.8	5.6	5.9	3.7	3.9
Supplies .....	0.9	1.1	1.4	1.6	0.7
Occupancy (*) .....	2.0	2.0	2.2	2.7	3.3
Light, heat, & power ..	0.5	0.4	0.5	0.5	1.1
Others .....	1.1	1.2	1.4	1.1	1.1
TOTAL .....	8.3	10.3	11.4	9.6	10.1

(\*) Includes all occupancy expenses save light, heat, and power.

## GENERAL DISCUSSION, TABLES, AND CHARTS.....

### 1. GROCERY STORES

The stores included in this category are those commonly known as grocery stores. Other commodities are handled but to remain in this classification the percentage of such commodities must be small. After careful editing of the reports received, 1,412 usable reports from independent unincorporated stores were tabulated. The results are presented in the following tables.

Due to changing ratios in some expense items, it is considered advisable to present operating results for different size classes. For this purpose five arbitrary size ranges have been selected. The results of the smallest size class may not always be comparable with the others because less accurate records are kept by some of the reporting firms and also because any unusual expense will distort the ratio, which is based on a smaller sales figure. A further division is made in each size range between businesses operated in owned and rented premises.

#### Trends by Size of Business (Table 6, page 18)

In 1946, gross margins in the different size of business categories ranged from 16.5 per cent of net sales to 13.4 per cent in owned stores, and from 17.4 per cent to 14.5 per cent in rented stores. The greater ratios were in the smallest size class but the trend was not uniform in decline over the size brackets to the lowest ratios.

A regular trend in the ratio of expenses increasing with sales volume, (see Chart 1) was accompanied by an inverse trend of consistently declining net profit from 9.3 per cent in the small stores to 4.0 per cent in the largest size stores. Of the expense items, salaries paid to employees was the largest and increased proportionately with sales volume.

Every size of business carried a greater average inventory at the end of 1946 than at the beginning. Stocks were replaced more often in the larger stores than in the smaller, ranging from a turnover rate of 12.6 times per year in the former to one of 6.6 times in the latter.

#### Comparison Between Individual and Partnership Business (Table 7, page 19)

Since proprietors' salary or withdrawal has been included in net profit, net profits of individually owned businesses and partnerships are not directly comparable. In most instances individual ownerships paid a greater proportion in salaries and netted lesser profits than did partnerships, (see Table 7). The relationship between salaries paid employees and net profits, including proprietors' salaries, for these two types of organization are shown for certain size classes.

#### Comparison with Previous Years

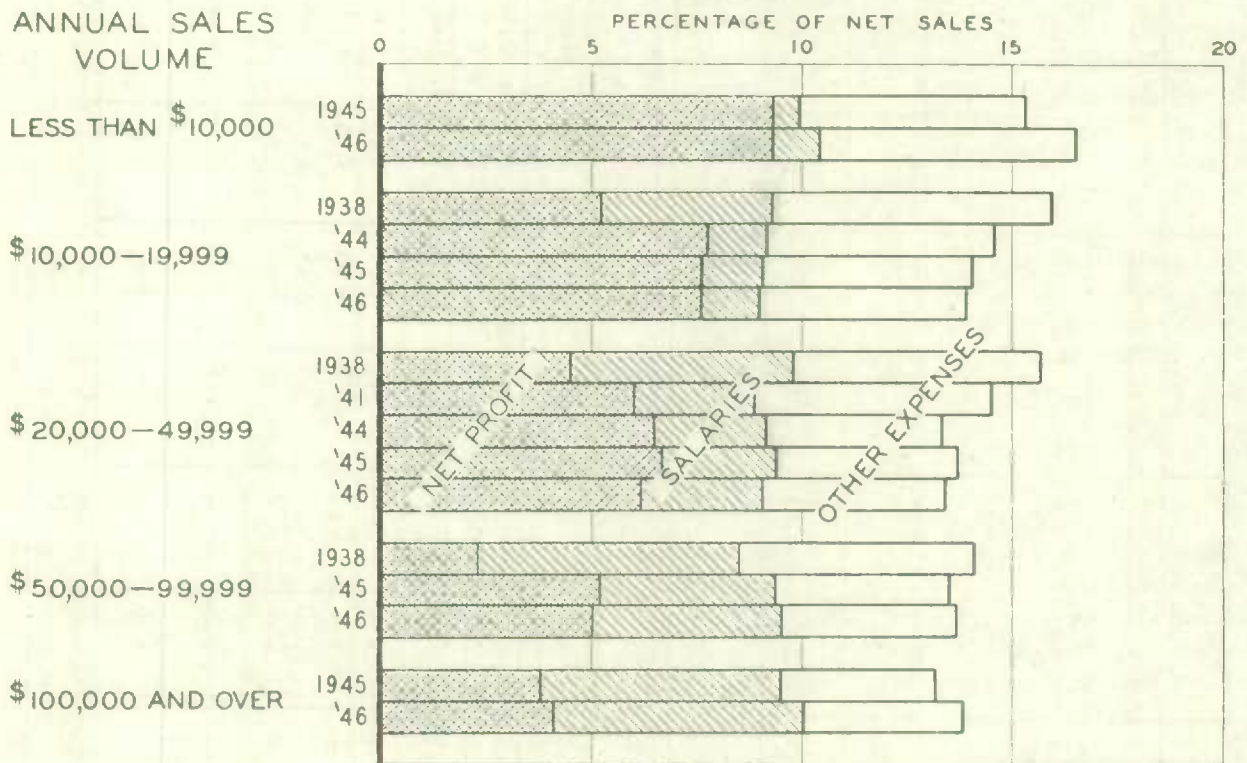
A slight improvement in gross margin for most sizes of business classes, displaced the decline in margins from 1938 to 1945. Salary expense lessened considerably from 1938 to 1945 but increased moderately in 1946. (See Chart 1).



# OPERATING RESULTS OF RETAIL GROCERY STORES

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES

## OWNED STORES



## RENTED STORES

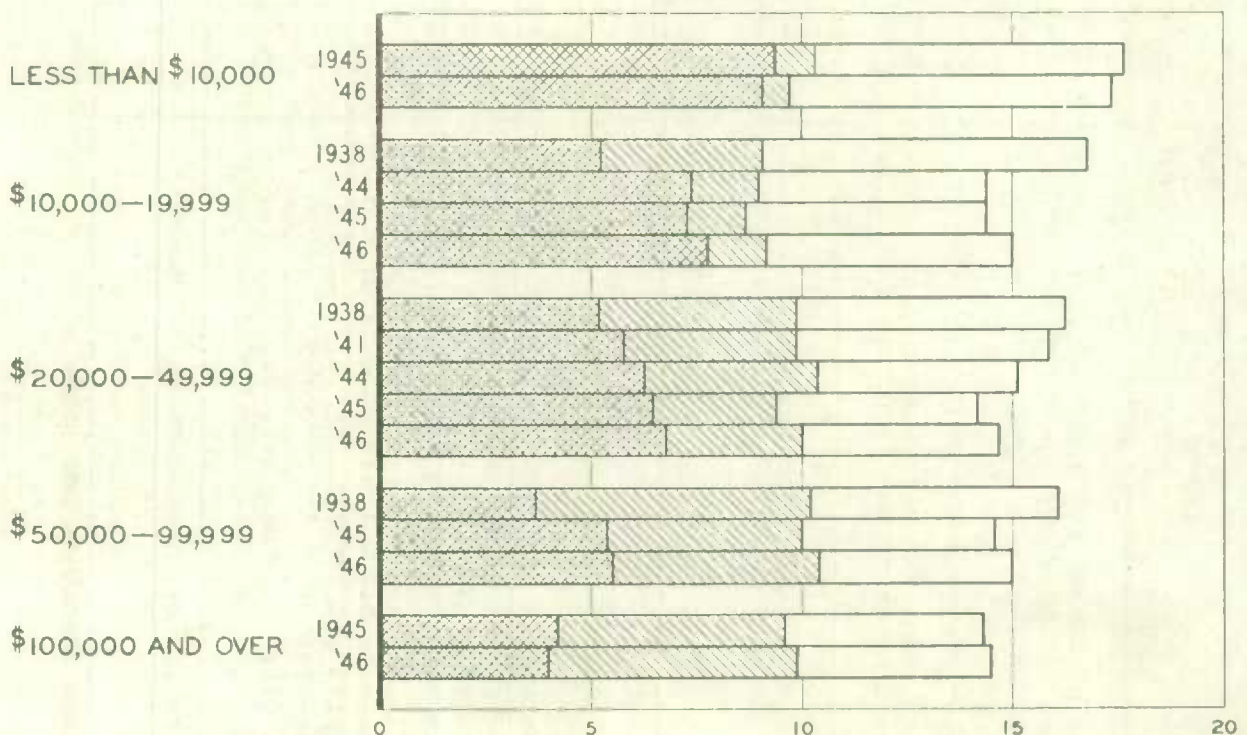




Table 6.--Grocery Stores - Operating Results Classified According to Amount of Annual Sales  
and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000- \$19,999		\$20,000- \$49,999		\$50,000- \$99,999		\$100,000 and Over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting .....	92	46	204	128	327	342	79	144	19	31
Average net sales per store ..... \$	7,178	7,936	14,641	15,026	31,544	32,427	66,002	67,928	149,632	140,222
Average cost of goods sold, per store . \$	5,993	6,555	12,606	12,778	27,302	27,656	56,967	57,721	128,968	119,832
Average inventory beginning of year ... \$	848	800	1,357	1,243	2,271	2,143	4,299	4,242	10,187	8,949
Average inventory end of year ..... \$	969	897	1,482	1,381	2,614	2,450	5,198	4,945	13,104	10,977
Stock turnover (times per year) .....	6.6	7.7	8.9	9.7	11.2	12.0	12.0	12.6	11.1	12.0
Average net profits per store ..... \$	667	726	1,105	1,165	1,980	2,198	3,297	3,785	6,126	5,653
Number of working proprietors .....	97	47	220	133	357	379	99	193	27	41

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	16.5	17.4	13.9	15.0	13.4	14.7	13.7	15.0	13.8	14.5
Operating expenses:										
Employees' salaries and wages .....	1.1	0.6	1.4	1.4	2.9	3.2	4.5	4.9	5.9	5.9
Advertising .....	(a)	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Store supplies .....	0.9	1.0	0.9	0.8	0.7	0.8	0.9	0.9	0.8	1.0
Bad debts .....	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	(a)	0.1
Taxes and insurance .....	1.2	0.6	0.8	0.5	0.7	0.4	0.6	0.3	0.4	0.4
Rent .....	-	3.3	-	1.9	-	1.3	-	1.1	-	1.0
Light, heat and power .....	1.4	1.4	1.1	0.8	0.6	0.5	0.5	0.4	0.3	0.3
Repairs and maintenance .....	0.8	0.2	0.5	0.4	0.5	0.3	0.5	0.3	0.5	0.4
Depreciation .....	0.6	0.3	0.5	0.3	0.6	0.4	0.5	0.3	0.4	0.2
All other expenses .....	0.9	0.6	0.8	0.9	0.9	0.8	0.9	1.0	1.2	1.0
Total operating expenses .....	7.2	8.3	6.3	7.2	7.2	7.9	8.7	9.5	9.7	10.5
Net profits before deduction of proprie- tors' salaries and income tax .....	9.3	9.1	7.6	7.8	6.2	6.8	5.0	5.5	4.1	4.0

(a) Less than 0.05 per cent.

Table 7.--Grocery Stores - Operating Results of Individual Ownerships and Partnerships, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-\$19,999		\$20,000-\$49,999				\$50,000-\$99,999			
	Owned		Owned		Rented		Owned		Rented	
	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships
Number of stores reporting .....	191	13	302	25	306	36	63	16	100	44
Average net sales per store ..... \$	14,471	17,129	31,319	34,261	32,136	34,896	65,089	69,602	67,252	69,488
Average cost of goods sold, per store . \$	12,475	14,533	27,110	29,612	27,404	29,801	56,364	59,339	57,145	59,030
Average inventory beginning of year ... \$	1,347	1,508	2,279	2,168	2,139	2,180	4,342	4,127	4,133	4,490
Average inventory end of year ..... \$	1,484	1,451	2,597	2,814	2,440	2,537	5,100	5,583	4,817	5,237
Stock turnover (times per year) .....	13.8	9.8	11.1	11.9	12.0	12.6	11.9	12.2	12.8	12.1
Average net profits per store ..... \$	1,075	1,538	1,917	2,741	2,094	3,087	2,942	4,694	3,466	4,506
Number of working proprietors .....	191	29	302	55	306	73	63	34	100	92

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	13.8	15.2	13.4	13.6	14.7	14.6	13.4	14.7	15.0	15.0
Operating expenses:										
Employees' salaries and wages .....	1.4	1.4	3.0	1.5	3.5	1.4	4.6	4.1	5.3	4.1
Advertising .....	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Store supplies .....	0.9	0.6	0.7	0.9	0.8	0.7	0.9	0.9	0.9	0.9
Bad debts .....	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Taxes and insurance .....	0.6	0.8	0.7	0.6	0.4	0.3	0.6	0.5	0.3	0.3
Rent .....	-	-	-	-	1.3	1.3	-	-	1.0	1.1
Light, heat and power .....	1.1	0.9	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Repairs and maintenance .....	0.6	0.5	0.5	0.4	0.3	0.3	0.5	0.5	0.4	0.3
Depreciation .....	0.5	0.5	0.6	0.6	0.4	0.2	0.6	0.5	0.3	0.3
All other expenses .....	0.8	1.2	0.9	0.7	0.8	0.9	0.9	0.9	1.0	0.8
Total operating expenses .....	6.4	6.2	7.3	5.6	8.2	5.8	8.9	8.0	9.9	8.5
Net profits before deduction of proprie- tors' salaries and income tax .....	7.4	9.0	6.1	8.0	6.5	8.8	4.5	6.7	5.1	6.5



## 2. COMBINATION STORES (GROCERIES AND MEATS)

Stores selling both groceries and fresh meats are classed as combination stores. For the business to remain in this classification the percentage of the smaller of the two commodities cannot be less than 20 per cent. Fruits and vegetables are generally sold in some quantity. Some 880 satisfactory reports were received from independent unincorporated stores.

For presentation of operating cost ratios, the data from these stores were tabulated in five different sales size ranges, each of which was again divided according to owned and rented premises. There were too few stores in the rented class with sales less than \$10,000 to allow publication of results. Fresh meats, in general, require wider margins to allow for waste, deterioration, and handling, and stock turn is more rapid than for groceries. Certain fluctuations in the results may therefore be attributed to the varying percentage of fresh meats sold by the survey stores.

### Trends by Size of Business (Table 8, page 22)

While gross margins in combination stores over the different size of business categories followed no definite trend in 1946, net profits decreased in ratio with greater sales volume. This decline in net profits resulted in part from an increased salary expense ratio among the larger stores. However, due to greater volume, the smaller profit ratios actually represented greater dollar net profits, (see Chart 2). Other expense items did not change greatly when considered by size classes.

As with grocery stores, all size classes carried inventories considerably greater in dollar volume at the end of the year than at the beginning of 1946. The rate of stock turnover increased with business volume from 5.6 times in the smallest stores to 16.4 times per year in stores whose annual sales were \$100,000 or over.

### Comparison Between Individual and Partnership Businesses (Table 9, page 23)

Since all proprietor's salaries or withdrawals are included in net profit, this item differs considerably between the two types of organization. In all size and occupancy classes shown, partnerships obtained greater ratios of net profit.

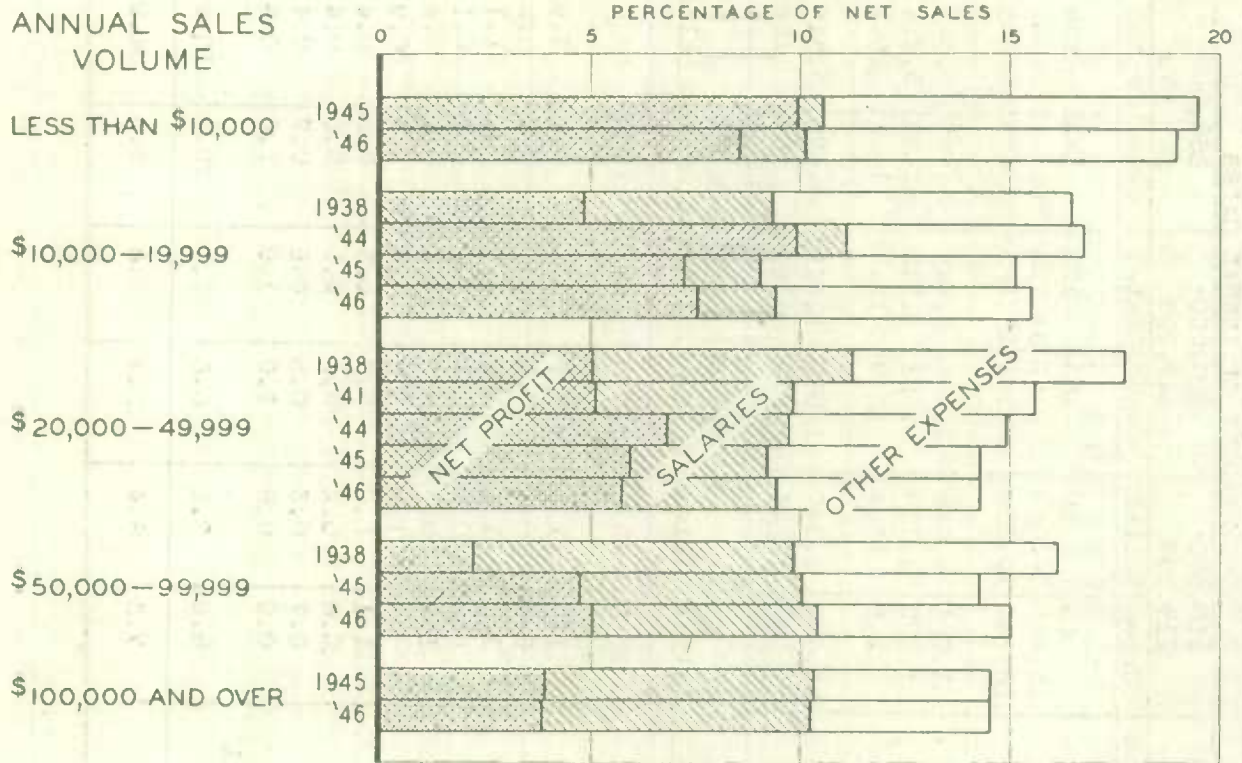
### Comparison with Previous Years (Chart 2, page 21)

Studies on operating costs in independent stores were conducted in 1936, 1944 and 1945. The results of earlier years are shown with those of 1946 in chart 2. Gross margins declined from 1938 to 1945 but improved slightly in 1946. The narrowing salary expense also reached its low level in 1945 and advanced in 1946.

# OPERATING RESULTS OF RETAIL COMBINATION STORES

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES

## OWNED STORES



## RENTED STORES

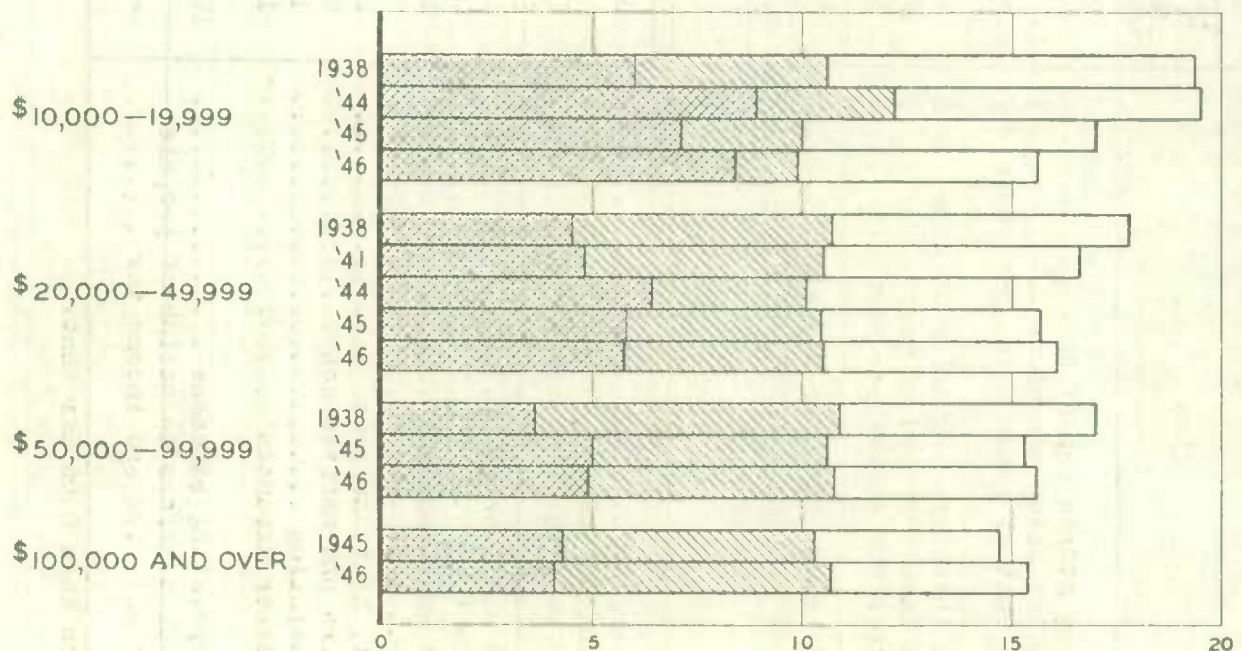




Table 8.--Combination Stores - Operating Results Classified According to Amount of Annual Sales  
and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000- \$19,999		\$20,000- \$49,999		\$50,000- \$99,999		\$100,000 and Over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting .....	17		69	20	183	151	133	158	69	77
Average net sales per store ..... \$	6,678		15,680	16,068	33,067	34,755	70,114	71,338	150,761	142,508
Average cost of goods sold, per store . \$	5,411		13,244	13,554	28,341	29,163	59,629	60,236	128,955	120,569
Average inventory beginning of year ... \$	898	SAMPLE	1,001	1,048	1,866	1,846	3,747	3,511	7,969	6,660
Average inventory end of year ..... \$	982		1,075	1,139	2,221	2,013	4,648	3,974	10,086	8,021
Stock turnover (times per year) .....	5.8		12.8	12.4	13.9	15.1	14.2	16.1	14.3	16.4
Average net profits per store ..... \$	567		1,177	1,347	1,880	2,017	3,475	3,517	5,694	5,815
Number of working proprietors .....	17		77	24	202	164	166	196	98	105

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	19.0		15.5	15.6	14.3	16.1	15.0	15.6	14.5	15.4
Operating expenses:										
Employees' salaries and wages .....	1.6		1.9	1.5	3.7	4.7	5.4	5.9	6.4	6.6
Advertising .....	(a)		0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Store supplies .....	1.5		1.3	1.1	1.0	1.1	1.0	1.1	1.2	1.2
Bad debts .....	0.1		0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Taxes and insurance .....	1.9	TOO	1.0	0.5	0.6	0.4	0.5	0.4	0.4	0.4
Rent .....	-		-	1.5	-	1.2	-	0.9	-	0.8
Light, heat and power .....	2.0		1.1	1.0	0.7	0.5	0.5	0.4	0.3	0.3
Repairs and maintenance .....	0.7		0.8	0.2	0.6	0.5	0.5	0.4	0.5	0.4
Depreciation .....	1.5		0.7	0.3	0.8	0.6	0.7	0.4	0.6	0.4
All other expenses .....	1.2		0.9	0.8	1.0	1.0	1.0	0.9	1.0	0.9
Total operating expenses .....	10.5	SMALL	8.0	7.2	8.6	10.3	10.0	10.7	10.7	11.3
Net profits before deduction of proprietors' salaries and income tax .....	8.5		7.5	8.4	5.7	5.8	5.0	4.9	3.8	4.1

(a) Less than 0.05 per cent.

Table 9.--Combination Stores - Operating Results of Individual Ownerships and Partnerships, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$20,000-\$49,999		\$50,000-\$99,999				\$100,000 and Over			
	Rented		Owned		Rented		Owned		Rented	
	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships
Number of stores reporting .....	139	12	106	27	125	33	47	22	54	23
Average net sales per store ..... \$	34,798	34,307	69,961	70,712	70,472	74,620	142,081	169,309	134,648	160,960
Average cost of goods sold, per store \$	29,203	28,692	59,210	61,273	59,396	63,417	121,299	145,311	114,386	135,086
Average inventory beginning of year .. \$	1,791	2,483	3,710	3,891	3,539	3,407	6,579	10,939	6,374	7,331
Average inventory end of year ..... \$	1,953	2,708	4,613	4,784	4,017	3,809	8,467	13,541	7,573	9,071
Stock turnover (times per year) .....	15.6	11.1	14.2	14.1	15.7	17.6	16.1	11.9	16.4	16.5
Average net profits per store ..... \$	1,963	2,695	3,341	3,999	3,203	4,707	4,953	7,278	4,925	7,903
Number of working proprietors .....	139	25	106	60	125	71	47	51	54	50

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	16.1	16.4	15.4	13.3	15.7	15.0	14.6	14.2	15.0	16.1
Operating expenses:										
Employees' salaries and wages .....	4.8	3.6	6.0	3.3	6.4	4.2	6.7	5.8	6.8	6.2
Advertising .....	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Store supplies .....	1.1	1.1	1.1	0.9	1.1	1.2	1.2	1.1	1.1	1.3
Bad debts .....	0.1	-	0.2	0.2	0.1	(a)	0.1	0.1	0.1	0.1
Taxes and insurance .....	0.4	0.3	0.5	0.5	0.4	0.3	0.5	0.4	0.4	0.4
Rent .....	1.2	1.1	-	-	0.9	0.9	-	-	0.8	0.8
Light, heat and power .....	0.6	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.3	0.3
Repairs and maintenance .....	0.4	0.4	0.5	0.4	0.4	0.3	0.5	0.5	0.4	0.4
Depreciation .....	0.6	0.5	0.8	0.6	0.5	0.4	0.6	0.6	0.4	0.4
All other expenses .....	1.0	1.0	0.9	1.2	0.8	0.9	1.0	0.8	0.9	1.1
Total operating expenses .....	10.4	8.5	10.6	7.7	11.2	8.7	11.1	9.9	11.4	11.2
Net profits before deduction of proprie- tors' salaries and income tax .....	5.7	7.9	4.8	5.6	4.5	6.3	3.5	4.3	3.6	4.9

(a) Less than 0.05 per cent.



### 3. MEAT MARKETS

These stores are principally engaged in selling fresh meats with added lines of poultry, fish, and dairy products. If groceries form more than 20 per cent of net sales, the business is not classifiable as a meat market.

A total of 439 suitable reports was received. When classified by size of business and by occupancy there were too few rented stores with sales less than \$10,000 and too few owned stores with sales of \$100,000 or more to allow publication of results.

#### Trends by Size of Business (Table 10, page 24)

In 1946 gross margins and net profits decreased in ratio to net sales as the volume of business increased. Salaries and wages paid to employees were augmented while rent was reduced. The net profit ratio ranging from 14.7 per cent in small stores to 4.6 per cent in the largest was translated into a reverse dollar value trend - from \$1,049 per store in the small stores to \$6,618 per store in the highest size class - because of the difference in volume of business. (See Chart 3).

With increased inventories at the end of the year in all categories, stock turnover ranged from 21.0 times per year in the small size class to 45.0 times in owned stores of the \$50,000 - \$99,999 class.

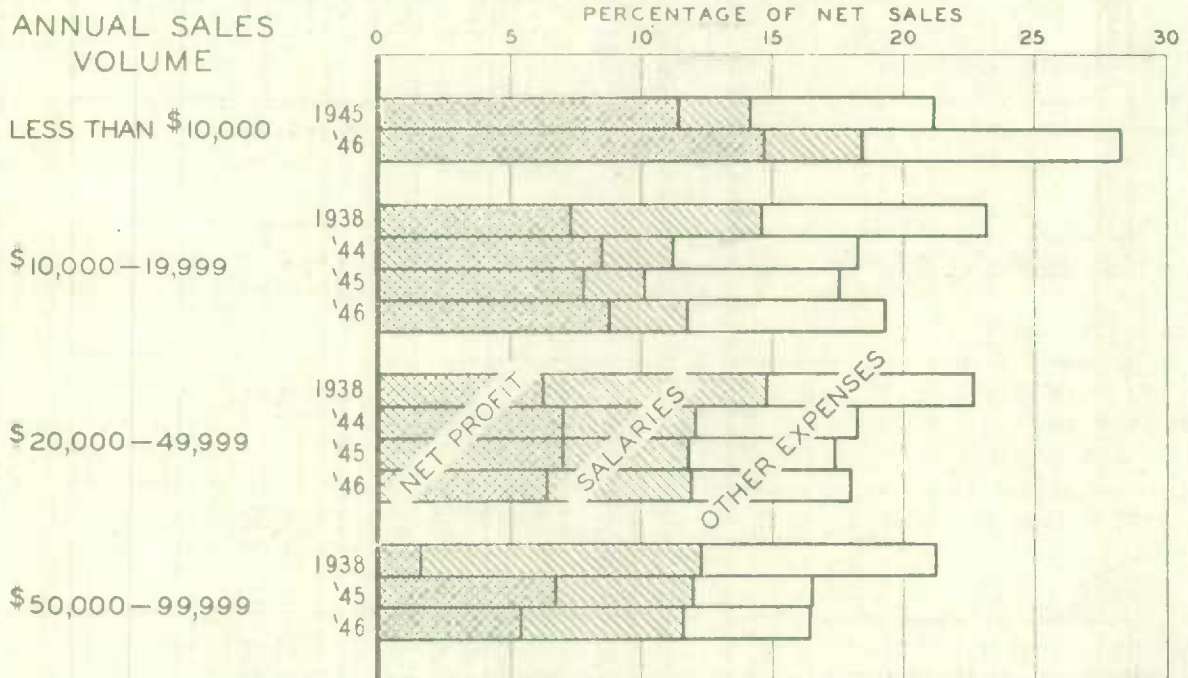
#### Comparison with Previous Years (Chart 3, page 25)

Surveys on operating results were conducted in 1938, 1944, and 1945. While some of the size categories were not identical for the different studies, comparable results for certain classes are shown in Chart 3. Although gross margins were generally wider in 1946 than in 1945, salary expense accounted for a greater proportion of net sales so that this item, diminishing since 1938, began to increase. (See Chart 3).



# OPERATING RESULTS OF RETAIL MEAT MARKETS

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES  
OWNED STORES



## RENTED STORES

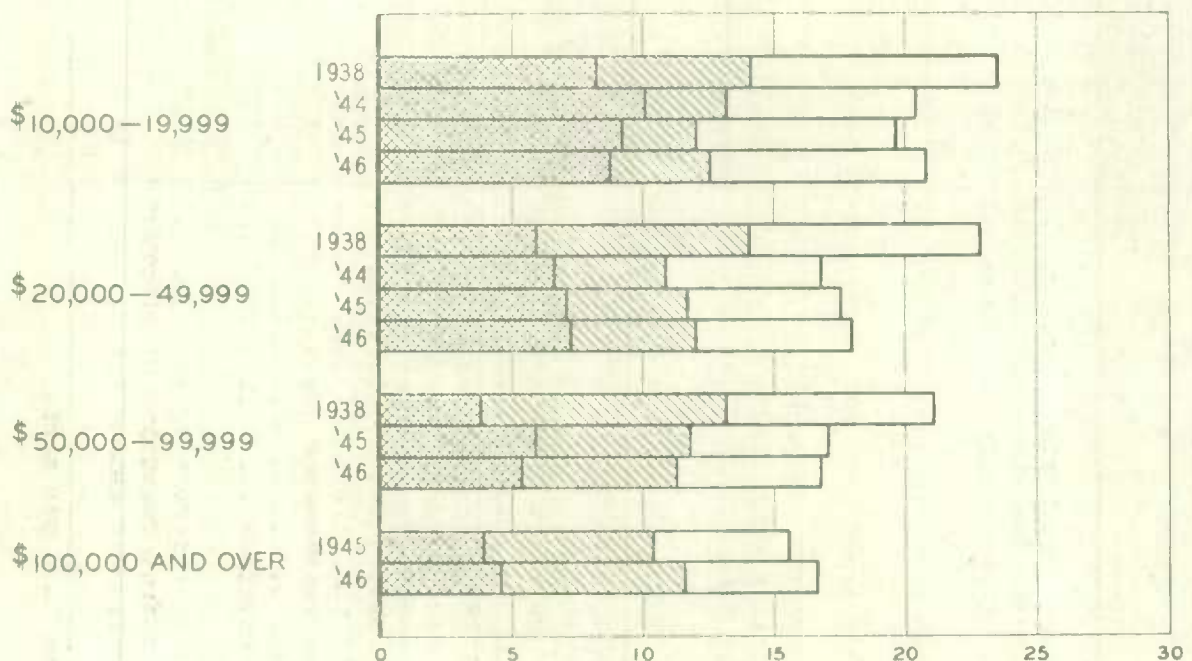


Table 10.--Meat Markets - Operating Results Classified According to Amount of Annual Sales  
and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000- \$19,999		\$20,000- \$49,999		\$50,000- \$99,999		\$100,000 and Over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting .....	11		25	23	75	140	35	79		40
Average net sales per store ..... \$	7,143		14,243	14,821	33,442	35,270	70,171	67,700		144,220
Average cost of goods sold, per store \$	5,120		11,494	11,755	27,416	28,941	58,613	56,312		120,066
Average inventory beginning of year .. \$	168	SAMPLE	319	440	666	724	1,019	1,396	SAMPLE	2,774
Average inventory end of year ..... \$	319		318	534	773	820	1,589	1,771		3,450
Stock turnover (times per year) .....	21.0		36.1	24.1	38.1	37.5	45.0	35.6		38.6
Average net profits per store ..... \$	1,049		1,241	1,285	2,127	2,593	3,743	3,664		6,618
Number of working proprietors .....	11		27	25	84	165	38	97		60

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	28.3		19.3	20.7	18.0	17.9	16.5	16.8		16.7
Operating expenses:										
Employees' salaries and wages .....	3.7		3.0	3.9	5.5	4.7	6.2	5.9		7.0
Advertising .....	0.1		0.1	0.1	0.1	0.1	0.1	0.1		0.1
Store supplies .....	3.0		1.6	1.7	1.4	1.4	1.3	1.5		1.2
Bad debts .....	0.1	T00	0.4	0.4	0.1	0.1	0.1	0.1	T00	(a)
Taxes and insurance .....	1.1		1.0	0.5	0.8	0.4	0.5	0.3		0.3
Rent .....	-		-	2.4	-	1.2	-	1.0		0.8
Light, heat and power .....	1.3		1.0	1.0	0.8	0.5	0.5	0.4		0.3
Repairs and maintenance .....	1.1		0.8	0.5	0.8	0.5	0.7	0.4		0.5
Depreciation .....	1.9		1.3	0.5	0.8	0.6	0.7	0.5		0.5
All other expenses .....	1.3		1.4	1.0	1.3	1.1	1.0	1.2		1.4
Total operating expenses .....	13.6	SMALL	10.6	12.0	11.6	10.6	11.1	11.4	SMALL	12.1
Net profits before deduction of proprie- tors' salaries and income tax .....	14.7		8.7	8.7	6.4	7.3	5.4	5.4		4.6

(a) Less than 0.05 per cent.

#### 4. FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. While other commodities such as groceries, tobacco, confectionery, and a variety of other food products may be handled, fruits and vegetables must form at least 50 per cent of sales. A total of 274 satisfactory reports was received from businesses in this classification. The results of owned stores in the smallest and largest sales brackets are not shown because too few reported.

##### Trends by Size of Business (Table 11, page 28)

Both gross and net profits decreased in ratio to net sales as the volume of business expanded. Salary ratios did not increase to the same extent as in other food stores. The number of partnership businesses in the higher sales groups, indicated by the number of proprietors in relation to the number of stores, may have had some influence in this case. Stocks on hand at the end of the year were generally greater in dollar value than at the first of the year. The rate of stock turnover ranged from 17.7 times per year in the smallest sales size class to 36.6 times in owned stores with sales between \$50,000 and \$99,999.

#### 5. CONFECTIONERY STORES

Stores classified as confectioneries are those retailing principally such products as candy and confectionery, soft drinks, tobacco, ice cream, papers, and magazines. Although other products may be handled, those mentioned must form 50 per cent of total sales. Light lunches sometimes form a part of the business.

A total of 319 satisfactory reports was received. Of these, 9 were within the ranges of the two occupancy classes of the two highest sales groups and their results were not tabulated.

##### Trends by Size of Business (Table 12, page 29)

Net profit ratios decreased with expansion in the size of the business. Gross margin was more irregular in trend, ranging between 16.8 per cent and 21.5 per cent. Actual dollar value of average store net earnings increased in proportion to increased sales volume.

The inventory position was considerably better at the end of the year than at the first with all groups reporting an increase in dollar value of stocks. The rate of stock turnover fluctuated between 7.3 and 17.2 times per year.



Table 11.--Fruit and Vegetable Stores - Operating Results Classified According to Amount of Annual Sales  
and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000- \$19,999		\$20,000- \$49,999		\$50,000- \$99,999		\$100,000 and Over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting .....		13	14	35	44	96	10	47		9
Average net sales per store ..... \$		7,755	16,323	14,786	32,133	33,560	62,090	67,733		110,313
Average cost of goods sold, per store . \$		5,584	13,650	11,993	27,107	27,706	53,290	57,312		93,461
Average inventory beginning of year ... \$	SAMPLE	301	517	652	1,140	1,217	1,428	2,112	SAMPLE	2,903
Average inventory end of year ..... \$		329	661	644	1,300	1,283	1,481	2,504		3,190
Stock turnover (times per year) .....		17.7	23.2	18.5	22.2	22.2	36.6	24.8		30.7
Average net profits per store ..... \$		1,137	1,133	1,194	2,254	2,376	3,466	3,947		6,364
Number of working proprietors .....		13	15	38	55	137	19	65		16

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....		28.0	16.4	18.9	15.6	17.5	14.2	15.4		15.3
Operating expenses:										
Employees' salaries and wages .....		1.9	2.0	3.0	3.3	3.8	3.2	3.8		4.5
Advertising .....		0.1	0.1	0.1	0.1	0.1	(a)	0.1		(a)
Store supplies .....		2.1	2.0	1.7	1.6	1.6	1.6	1.6		1.2
Bad debts .....	T00	0.1	0.1	0.2	(a)	0.1	-	(a)		-
Taxes and insurance .....		1.3	1.7	0.5	0.9	0.4	0.9	0.4		0.3
Rent .....		4.9	-	2.5	-	2.1	-	1.6		1.7
Light, heat and power .....		1.1	1.3	0.8	0.5	0.5	0.5	0.4		0.3
Repairs and maintenance .....		0.8	0.7	0.4	0.6	0.4	0.4	0.4		0.2
Depreciation .....		0.1	0.5	0.4	0.7	0.3	1.0	0.3		0.3
All other expenses .....		0.9	1.0	1.2	0.9	1.1	1.0	1.0		1.0
Total operating expenses .....	SMALL	13.3	9.4	10.8	8.6	10.4	8.6	9.6	SMALL	9.5
Net profits before deduction of proprie- tors' salaries and income tax .....		14.7	7.0	8.1	7.0	7.1	5.6	5.8		5.8

(a) Less than 0.05 per cent.

Table 12.--Confectionery Stores - Operating Results Classified According to Amount of Annual Sales  
and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES					
	Less than \$10,000		\$10,000- \$19,999		\$20,000- \$49,999	
	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting .....	28	37	34	79	43	89
Average net sales per store ..... \$	6,546	7,123	14,264	13,686	27,889	28,144
Average cost of goods sold, per store . \$	5,139	5,511	11,860	11,094	23,146	22,747
Average inventory beginning of year ... \$	679	574	632	738	1,524	1,377
Average inventory end of year ..... \$	733	935	751	829	1,976	1,620
Stock turnover (times per year) .....	7.3	7.3	17.2	14.2	13.2	15.2
Average net profits per store ..... \$	790	720	1,314	1,327	2,376	2,374
Number of working proprietors .....	29	38	36	79	50	97

PROFIT AND LOSS DATA  
(Items Expressed as Percentages of Net Sales)

Gross margin .....	21.5	22.6	16.8	18.9	17.0	19.2
Operating expenses:						
Employees' salaries and wages .....	1.9	2.8	2.2	2.6	3.7	4.5
Advertising .....	(a)	0.1	(a)	0.1	0.1	0.1
Store supplies .....	0.9	0.7	0.5	0.7	0.6	0.6
Bad debts .....	0.2	0.3	0.1	0.1	0.1	(a)
Taxes and insurance .....	1.5	0.9	1.2	0.6	0.7	0.6
Rent .....	-	3.8	-	2.4	-	1.9
Light, heat and power .....	2.4	2.0	1.5	1.1	1.0	0.9
Repairs and maintenance .....	1.0	0.4	0.6	0.4	0.5	0.7
Depreciation .....	0.8	0.4	0.8	0.4	0.7	0.5
All other expenses .....	0.7	1.1	0.7	0.8	1.1	1.0
Total operating expenses .....	9.4	12.5	7.6	9.2	8.5	10.8
Net profits before deduction of proprie- tors' salaries and income tax .....	12.1	10.1	9.2	9.7	8.5	8.4

(a) Less than 0.05 per cent.

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