

CANADA
DOMINION BUREAU OF STATISTICS
CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

OPERATING RESULTS
OF
RETAIL HARDWARE STORES
IN CANADA
1938



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CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

Operating Results of Retail Hardware Stores in Canada, 1938

Introduction

This report is one of a series presenting average operating results in various branches of retail trade in Canada in 1938. The basic data from which the report was compiled were secured in connection with the annual survey of retail trade, conducted by the Internal Trade Branch of the Dominion Bureau of Statistics and designed primarily to provide information regarding annual trends in various kinds of business in the several provinces.

Results of the Census of Merchandising and Service Establishments for 1930, taken in connection with the last decennial census, show that there were altogether 3,001 retail hardware stores in Canada that year. Approximately 1,100 hardware stores report to the annual survey of retail trade. But many of these firms, while able to report general information such as total sales, payroll and inventories carried, are unable to furnish a breakdown of their operating expenses. Returns from 331 firms were utilized in the preparation of the operating expense analysis presented in this bulletin. The present report represents the first attempt of the Bureau of Statistics to provide an analysis of operating results for the retail trade. Such an undertaking is rendered difficult because of the lack of strict uniformity among business houses in classifying and recording expense data. For this reason the figures published here must be considered as indicators of general relationships rather than as material the absolute accuracy of which can be guaranteed.

Summary of Results

Hardware store sales for 1938 were maintained at the 1937 level, a moderate falling off in trade in the latter months of 1937 being offset by a better than usual winter business in the early months of 1938. Aggregate sales for 1,073 independent stores reporting for both years were \$35,872,300 for 1937 and \$35,931,800 for 1938. Results on a regional basis reveal minor gains in Quebec and the Prairie Provinces and minor losses in other districts; percentage changes in sales over the two year period for the various divisions were as follows: Maritime Provinces, -4 per cent; Quebec, +3 per cent, Ontario, -2 per cent; Prairie Provinces, +4 per cent and British Columbia, -3 per cent.

Analysis of operating results for 1938 of the 331 retail hardware stores furnishing detailed figures and included in this survey reveals an average net operating profit of 1.6 per cent of sales before making provisions for interest on own capital investment. Gross margin or profit (difference between sales and cost of goods sold) averaged 25.6 per cent of sales while operating expenses amounted to 24.0 per cent. Stocks were turned over on an average of twice during the year.

Of the 331 stores included in the survey, 204 or 62 per cent secured a profit on the year's operations, after making allowance for an imputed value of proprietors' services, while 127 or 38 per cent operated at a loss. The profitable stores secured a higher gross margin, had lower operating expenses and had a slightly higher rate of stock-turn than had the unprofitable concerns. The 204 profitable firms operated on a gross margin of 26.5 per cent, had operating expenses of 22.7 per cent resulting in a net profit of 3.8 per cent of sales and turned their stock 2.2 times during the year. On the other hand the unprofitable firms had a gross margin of 23.8

per cent, operating expenses of 26.7 per cent with a consequent net loss of 2.9 per cent and these had a stock turnover rate of 1.8 times during the year.

The proportions of profitable and unprofitable firms varied considerably for various sizes of business and for different regions of the country. When the 331 stores in all provinces are classified according to size of business it is found that 57 per cent of the stores having annual sales of less than \$20,000 operated at a profit and the remainder at a loss. Sixty per cent of the stores in the \$20,000 to \$50,000 class secured a profit on the year's operations while amongst large stores with annual sales of \$50,000 or more the ratio of profitable to total number was 76 per cent.

When the sample is classified geographically it is seen that 74 per cent of the Ontario stores secured a profit on the year's operations while corresponding proportions for other regions were 69 per cent for the Maritime Provinces and Alberta, 61 per cent for Quebec, 54 per cent for Manitoba, 51 per cent for British Columbia and 48 per cent for Saskatchewan. Interpretation of these differences must be made in the light of average sales per store which the tables show to vary considerably for different regions. A more valid examination of regional differences would entail a cross classification by provinces and size of business. Unfortunately the size of the sample is not sufficient to warrant this more detailed analysis.

General Operating Expense Analysis

In addition to reporting total figures, each firm was asked to give a breakdown of its total expenses into thirteen different items. Payroll and occupancy costs are the two large items contributing to the total expense which averaged 24.0 per cent of annual sales for the 331 stores reporting to the survey. Payroll accounted for almost 60 per cent of this figure, forming 14.0 per cent of annual sales. Included in the payroll data are salaries and wages of employees and an estimated value for the services of those proprietors who devoted the major portion of their time to their retail hardware business. The amounts attributed to these proprietors were obtained in the following way: The expense schedule asked that the number and earnings of proprietors securing a stated salary be reported. It also asked for the number of proprietors who did not draw a stated salary but whose remuneration consisted only of profits secured from the year's operations. The returns of those firms reporting proprietor's salaries were used in arriving at an average salary per proprietor for stores in different size classes. These averages were then assigned to all proprietors in each size class irrespective of whether or not stated earnings were reported. This practice leads to the classification as unprofitable of some returns whose actual figures showed a profit. On the other hand it transferred to the profitable classification some returns on which the appearance of an unduly large item for proprietors' earnings would have assigned to the unprofitable group. Average values of proprietors' services for various size classes as used in this survey are as follows:

<u>Amount of Annual Sales</u>	<u>Average Salary per Proprietor</u>
Less than \$10,000	\$ 700
\$10,000 - 20,000	1,100
20,000 - 30,000	1,400
30,000 - 40,000	1,700
40,000 - 50,000	1,900
50,000 - 60,000	2,100
60,000 - 70,000	2,200
70,000 - 80,000	2,300
80,000 - 90,000	2,400
90,000 - 100,000	2,500
100,000 and over	2,600

Advertising expenses amounted to 0.8 per cent of sales while "supplies" including wrapping paper, bags, twine, office supplies and also supplies such as gas and oil for own delivery equipment formed 1.2 per cent. Communication including telephone, telegraph and postage amounted to 0.5 per cent while bad debt losses for the year amounted to 0.9 per cent. Interest on borrowed money including mortgage interest but exclusive of any allowance for interest on own investment amounted to 0.6 per cent of sales.

Rental costs averaged 2.9 per cent of sales for stores in rented premises. The survey questionnaire contained five other items closely allied with occupancy costs and results for which are significant only when considered separately for owned and rented premises. Taxes amounted to 1.4 per cent of annual sales for stores in owned premises compared with 0.6 per cent for rented stores; insurance costs were 1.0 per cent and 0.6 per cent for the two types respectively. Costs of light, heat and power were somewhat higher for owned stores at 0.8 per cent compared with 0.6 per cent for rented premises. Amount paid for repairs and maintenance averaged 0.5 per cent of sales for owned stores and 0.3 per cent for rented stores while allowances for depreciation formed 1.3 per cent and 0.7 per cent of annual sales for the two types.

Sundry expenses, including all items which could not be allocated to any of the natural divisions listed on the schedule, averaged 0.7 per cent of annual turnover. The schedule made no special provision for services purchased such as the amounts paid to outside agencies for delivery of merchandise to consumers. All such amounts would therefore be included in sundry expenses.

Total operating expenses as shown in the tables averaged higher for rented than for owned stores, percentages of sales standing at 24.2 per cent and 23.7 per cent for the two types respectively. The higher expense ratio for rented stores must be attributed to the omission of any allowance for interest on own investment rather than to any difference in the efficiency of operation of owned and rented stores. In the case of rented premises, provision for interest on property valuation is normally considered in settling rental rates. Such interest is therefore included in rental costs and in total operating expenses of rented stores. But such amounts find no counterpart in the case of owned stores since no provision was made for interest on a firm's own capital investment.

Operating Results for Stores Classified According to Size

Gross margins and operating expenses in the retail hardware trade are higher for small than for large stores. In comparison with the average ratio of 25.6 per cent for the entire group of 331 stores, gross margin formed 26.8 per cent of sales for 142 stores each with annual sales of less than \$20,000, 25.9 per cent of sales for 134 stores each with annual sales of from \$20,000 to \$50,000 and 24.8 per cent for a group of 55 stores each with annual sales of \$50,000 or more. Total operating expenses including an estimated value for proprietors' services averaged 24.0 per cent of sales for all stores, 26.7 per cent for small units, 24.5 per cent for the middle size and 22.5 per cent for the large concerns.

Reason for the decline in gross margin percentage of sales as annual turnover increases may be found at least in part in differences in the constitution of sales or receipts for small and large concerns. Plumbing and tinsmithing repairs, in which the costs are largely for labor rather than for materials normally form a higher proportion of the total annual business for small than for large stores. Since labor costs are included in salaries and wages rather than in the cost of goods sold the net result is to produce a higher gross margin for the smaller firms. Decreased costs of doing business resulting in lower retail prices in the larger firms would also act in the same direction.

The decline in operating expenses as per cent of sales as size of store increases may be associated with differences in the type of business transacted and also with the fact that there are certain fixed charges to be met irrespective of the scale of operations carried on. In the large store the fixed charges are spread over a larger volume of sales. In particular the smaller firms are not able to utilize their staff or space requirements to the same extent as can the larger stores. Payroll averaged 14.0 per cent of sales for all stores and ranged from 15.1 per cent for units having annual sales of less than \$20,000 to 13.4 per cent for large firms with \$50,000 annual sales or more. Rental costs ranged from 4.4 per cent to 1.9 per cent in the same comparison. Taxes, insurance, light, heat and power, repairs and depreciation all show the tendency to decline in proportion to sales as annual turnover increases. On the other hand bad debt losses, advertising expenditures, amount paid for supplies and sundry expense increase as size of business increases. The increase in bad debt losses may reflect a more liberal credit policy in the larger firms or it may reflect a tendency to write off doubtful accounts at an earlier stage than in the smaller stores.

The larger stores were able to turn their stock at a faster rate than were the smaller units. In comparison with an average rate of twice per year for the 331 stores included in the survey rates for stores in the three size classes averaged 1.5 times for the smallest size, 2.0 times for the middle size and 2.5 times per year for the group of largest stores.

When classified according to size of business and also according to whether or not a profit was made on the years' operations the attached tables show that for all size classes profitable firms secured a higher gross margin, operated on a lower operating expense ratio and had a slightly higher rate of stock-turn than had the unprofitable stores. Payroll and occupancy expenses were higher for the unprofitable than for the profitable firms in each size class. Interest charges were higher for the unprofitable stores but in this connection it should again be noted that no provision was made in the expense analysis for interest on the firms own capital investment or net worth. Expenses for advertising bore no constant relationship to net operating results while bad debt losses were about equal for the profitable and unprofitable stores.

Regional Figures

Average results for all stores reporting indicate that net profits were secured in all economic divisions of the country. In comparison with an average net profit of 1.6 per cent of sales for the country as a whole results for the various geographical divisions show net profits of 2.5 per cent for the Maritimes, 1.0 per cent for Quebec, 2.2 per cent for Ontario, 0.9 per cent for the Prairie Provinces and 1.4 per cent for British Columbia. Ratios of number of profitable to total firms reporting in each of the various divisions have been quoted earlier in this report and were seen to range from 74 per cent in Ontario to 48 per cent in Saskatchewan. As previously stated, these regional comparisons must take into consideration the scale of operations of the firms included in the sample in the various sections of the country.

Comparison of individual expense items on a regional basis shows that advertising expenditures as percentages of hardware store sales were higher in the extreme east and west than in Central Canada or the Prairie Provinces. Ratios of advertising to sales were 1.1 per cent for the Maritime Provinces and British Columbia, 0.5 per cent for Quebec and 0.7 per cent for Ontario and the Prairie Provinces. Communication expense was constant at 0.5 per cent of sales across the country. Occupancy expenses including rents, taxes, insurance, light, heat and power, repairs and depreciation ranged from 4.0 per cent of sales in the Maritimes to 6.0 per cent in the Prairie Provinces. Bad debt losses were lowest in Ontario at 0.6 per cent and highest in the Maritime Provinces at 1.3 per cent.

EXPLANATION OF TERMS

Gross Margin

Gross margin represents the difference between net sales and the cost of goods sold which amount is obtained by adjusting purchases of goods during the year for differences between year-end inventories. That is to say, cost of goods sold equals the value of inventory at the beginning of the year, increased by the value of goods purchased and decreased by the inventory at the end of the year. Value of purchases includes the invoice value of goods bought less any returns, allowances or discounts received from manufacturers or wholesalers. The cost of goods also includes duty and inward freight, express or truckage. Outward delivery costs and other store expenses are not included.

Payroll

Payroll includes salaries, wages and commissions paid to all full-time or part-time employees including amounts paid to members of proprietors' families who serve in the capacity of employees. It also includes an imputed value for the services of proprietors who devote the major portion of their time to the business in question.

Advertising

Included in this item are all amounts paid for various types of advertising, newspaper, handbill, radio, etc.

Supplies

The amount reported under this heading includes expenditures for all supplies used in connection with the business such as wrapping paper, bags, twine, office supplies and in addition supplies such as gas and oil for the firm's own delivery equipment.

Communication

Telephone, telegraph and postage were to be reported under this heading.

Taxes

All licenses and taxes including both property and business taxes but exclusive of Dominion income taxes were to be reported here.

Insurance

Amount of premiums paid for insurance of all types carried in connection with the business was to be reported: fire, theft, plate glass, insurance on delivery equipment, etc.

Rent

Only rentals paid for premises actually used in connection with the business were to be reported.

Heat, light and power

Water rates, if paid separately from taxes, were to be included here in addition to all amounts paid for fuel, light and power.

Bad debt losses

Each firm was asked to report the amount actually written off as bad debts during the year less bad debts written off in previous years and recovered in the year in question. In some instances amounts transferred to bad debt reserves may have been reported rather than the amount actually written off.

Repairs and maintenance

This item includes amounts paid for repairs and maintenance to buildings, furniture, fixtures and store or delivery equipment. Labor costs coming through the store's own payroll were to be included in the payroll item and not in this category.

Interest

Only interest paid on borrowed money, bank, mortgage, etc. was to be reported. No allowance was made for interest on own capital investment.

Depreciation

Each firm was asked to report what it considered to be a fair charge for annual depreciation on owned buildings, furniture and store or delivery equipment. From two to five per cent is generally allowed on the cost or purchase price of buildings depending upon the type of construction. Five per cent of cost is frequently allowed on store furniture and fixtures and twenty per cent on the cost of delivery equipment.

Sundry expenses

This includes all expenses not otherwise allocated. No separate provision was made for amounts paid outside agencies for delivery to purchasers. Such amounts would normally be assigned to the sundry expense item.

Stock-turn rate

Rate of stock-turn was obtained by dividing the average of the year-end stock figures into the cost of goods sold. By this means the numerator and denominator in the ratio were brought to the same value basis. But no information is available to indicate the extent to which the average of the year-end figures may be representative of the average stock carried throughout the twelve month period. Thus while the ratios shown in the tables may be used as a basis for comparisons with individual results, their accuracy as a measure of the number of times that stock was turned over during the year cannot be guaranteed.

Table 1.--Operating Results of Hardware Stores Classified by Sales
Volume and Occupancy Basis, Canada, 1938

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total			Less than \$20,000		
	Total	Owned	Rented	Total	Owned	Rented
GENERAL INFORMATION						
Number of Stores Reporting	331	147	184	142	66	76
Total Sales	\$10,453,273	4,443,592	6,009,681	1,816,408	783,326	1,033,082
Average Sales per Store	\$ 31,581	30,229	32,661	12,792	11,869	13,593
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.6	25.6	25.6	26.8	26.6	26.9
Expenses--						
Payroll	14.0	14.3	13.9	15.1	15.6	14.8
Advertising	0.8	0.6	0.9	0.6	0.6	0.6
Supplies	1.2	1.3	1.1	1.0	1.0	1.0
Communication	0.5	0.5	0.5	0.7	0.7	0.7
Rent	1.6	-	2.9	2.5	-	4.4
Taxes	0.9	1.4	0.6	1.3	1.8	0.9
Insurance	0.8	1.0	0.6	1.0	1.3	0.8
Light, heat and power	0.7	0.8	0.6	1.2	1.3	1.1
Repairs	0.4	0.5	0.3	0.4	0.5	0.3
Depreciation	0.9	1.3	0.7	1.2	1.6	0.9
Bad debts	0.9	0.8	0.9	0.7	0.7	0.7
Interest on borrowed money	0.6	0.6	0.5	0.6	0.7	0.6
Sundry expense	0.7	0.6	0.7	0.4	0.4	0.3
Total Expense	24.0	23.7	24.2	26.7	26.2	27.1
Net Profit or Loss	+1.6	+1.9	+1.4	+0.1	+0.4	-0.2
OTHER INFORMATION						
Stock Turnover (times per year)	2.0	2.0	2.1	1.5	1.4	1.6

Table 1.--Operating Results of Hardware Stores Classified by Sales
Volume and Occupancy Basis, Canada, 1938--Cont'd.

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$50,000			\$50,000 and Over		
	Total	Owned	Rented	Total	Owned	Rented
GENERAL INFORMATION						
Number of Stores Reporting	134	55	79	55	26	29
Total Sales	\$4,059,885	1,666,310	2,393,575	4,576,980	1,993,956	2,583,024
Average Sales per Store	\$ 30,298	30,297	30,298	83,218	76,691	89,070
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.9	25.5	26.1	24.8	25.2	24.5
Expenses--						
Payroll	14.4	14.3	14.4	13.4	13.9	12.9
Advertising	0.8	0.6	0.9	0.9	0.7	1.0
Supplies	1.1	1.1	1.0	1.3	1.5	1.1
Communication	0.5	0.5	0.5	0.4	0.4	0.4
Rent	1.9	-	3.3	1.1	-	1.9
Taxes	0.9	1.5	0.5	0.7	1.1	0.4
Insurance	0.8	1.1	0.6	0.7	0.8	0.6
Light, heat and power	0.7	0.8	0.7	0.5	0.6	0.4
Repairs	0.3	0.4	0.3	0.4	0.5	0.4
Depreciation	1.0	1.3	0.8	0.7	1.2	0.5
Bad debts	0.8	0.9	0.7	1.1	0.9	1.2
Interest on borrowed money	0.6	0.6	0.6	0.5	0.6	0.5
Sundry expense	0.7	0.6	0.7	0.8	0.6	0.9
Total Expense	24.5	23.7	25.0	22.5	22.8	22.2
Net Profit or Loss	+1.4	+1.8	+1.1	+2.3	+2.4	+2.3
OTHER INFORMATION						
Stock Turnover (times per year)	2.0	2.0	2.0	2.5	2.3	2.7

Table 2.--Operating Results of Hardware Stores Classified by Sales Volume
and Net Profit or Loss, Canada, 1938

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total			Less than \$20,000		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	331	204	127	142	81	61
Total Sales	\$10,453,273	6,938,001	3,515,272	1,816,408	1,074,496	741,912
Average Sales per Store	\$ 31,581	34,010	27,679	12,792	13,265	12,162
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.6	26.5	23.8	26.8	28.5	24.4
Expenses--						
Payroll	14.0	13.3	15.5	15.1	13.9	17.0
Advertising	0.8	0.8	0.8	0.6	0.6	0.6
Supplies	1.2	1.0	1.4	1.0	1.0	1.0
Communication	0.5	0.5	0.6	0.7	0.7	0.8
Rent	1.6	1.4	2.1	2.5	2.1	3.0
Taxes	0.9	0.8	1.0	1.3	1.1	1.6
Insurance	0.8	0.8	0.8	1.0	1.0	1.1
Light, heat and power	0.7	0.6	0.8	1.2	1.0	1.4
Repairs	0.4	0.4	0.4	0.4	0.4	0.4
Depreciation	0.9	0.9	1.0	1.2	1.1	1.2
Total occupancy costs (1)	5.3	4.9	6.1	7.6	6.7	8.7
Bad debts	0.9	1.0	0.8	0.7	0.8	0.7
Interest	0.6	0.5	0.8	0.6	0.3	1.0
Sundry expense	0.7	0.7	0.7	0.4	0.4	0.4
Total Expense	24.0	22.7	26.7	26.7	24.4	30.2
Net Profit or Loss	+1.6	+3.8	-2.9	+0.1	+4.1	-5.8
OTHER INFORMATION						
Stock Turnover(times per year)	2.0	2.2	1.8	1.5	1.6	1.3

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 2.--Operating Results of Hardware Stores Classified by Sales Volume and Net Profit or Loss, Canada, 1938--(Cont'd.)

Item	AMOUNT OF ANNUAL SALES					
	Total	\$20,000 - \$50,000		Total	\$50,000 and over	
		Profitable	Unprofitable		Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	134	81	53	55	42	13
Total Sales	34,059,885	2,408,569	1,651,316	4,576,985	3,454,936	1,122,044
Average Sales per Store	30,298	29,735	31,157	83,218	82,260	86,311
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.9	27.1	24.0	24.8	25.4	23.1
Expenses--						
Payroll	14.4	13.5	15.4	13.4	12.8	14.8
Advertising	0.8	0.7	0.9	0.9	0.9	0.7
Supplies	1.1	1.0	1.2	1.3	1.1	2.0
Communication	0.5	0.5	0.5	0.4	0.4	0.6
Rent	1.9	1.7	2.3	1.1	1.0	1.1
Taxes	0.9	0.9	0.9	0.7	0.7	0.8
Insurance	0.8	0.8	0.9	0.7	0.7	0.7
Light, heat and power	0.7	0.7	0.8	0.5	0.5	0.4
Repairs	0.3	0.3	0.4	0.4	0.5	0.3
Depreciation	1.0	1.1	0.9	0.7	0.8	0.9
Total occupancy costs (1)	5.6	5.5	6.2	4.1	4.2	4.2
Bad debts	0.8	0.8	0.8	1.1	1.2	0.8
Interest	0.6	0.4	0.8	0.5	0.5	0.6
Sundry expense	0.7	0.5	0.9	0.8	0.8	0.6
Total Expense	22.5	22.9	26.7	22.5	21.9	24.3
Net Profit or Loss	+1.4	+4.2	-2.7	+2.3	+3.5	-1.2
OTHER INFORMATION						
Stock Turnover (times per year)	2.0	2.0	1.9	2.5	2.5	2.4

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 3.--Operating Results of Hardware Stores, Classified by Provinces
and Net Profit or Loss, 1938

Item	CANADA			MARITIME PROVINCES		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	331	204	127	16	11	5
Total Sales	\$10,453,273	6,938,001	3,515,272	975,573	762,082	213,491
Average Sales per Store	\$ 31,581	34,010	27,679	60,973	69,280	42,698
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.6	26.5	23.8	24.5	25.0	23.0
Expenses--						
Payroll	14.0	13.3	15.5	12.6	11.9	15.5
Advertising	0.8	0.8	0.8	1.1	1.2	0.7
Supplies	1.2	1.0	1.4	1.2	1.0	2.0
Communication	0.5	0.5	0.6	0.5	0.4	0.6
Rent	1.6	1.4	2.1	0.9	0.9	0.9
Taxes	0.9	0.8	1.0	0.8	0.8	1.0
Insurance	0.8	0.8	0.8	0.7	0.6	1.0
Light, heat and power	0.7	0.6	0.8	0.5	0.4	0.6
Repairs	0.4	0.4	0.4	0.5	0.6	0.3
Depreciation	0.9	0.9	1.0	0.6	0.5	0.9
Total occupancy costs (1)	5.3	4.9	6.1	4.0	3.8	4.7
Bad debts	0.9	1.0	0.8	1.3	1.5	0.7
Interest	0.6	0.5	0.8	0.5	0.5	0.5
Sundry expense	0.7	0.7	0.7	0.8	1.0	0.1
Total Expense	24.0	22.7	26.7	22.0	21.3	24.8
Net Profit or Loss	+1.6	+3.8	-2.9	+2.5	+3.7	-1.8
OTHER INFORMATION						
Stock Turnover (times per year) ...	2.0	2.2	1.8	2.7	3.3	1.6

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 3.--Operating Results of Hardware Stores, Classified by Provinces
and Net Profit or Loss, 1938--(Cont'd.)

Item	QUEBEC			ONTARIO		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	38	23	15	67	64	23
Total Sales	\$1,519,048	992,788	526,260	3,367,314	2,380,473	986,841
Average Sales per Store	\$ 39,975	43,165	35,084	38,705	37,195	42,906
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	25.9	27.0	23.7	26.3	26.7	25.2
Expenses--						
Payroll	14.2	14.0	14.5	15.1	14.3	17.4
Advertising	0.5	0.5	0.4	0.7	0.7	0.7
Supplies	1.8	1.4	2.5	1.0	0.9	1.2
Communication	0.5	0.5	0.5	0.5	0.4	0.6
Rent	1.6	1.5	1.8	1.8	1.6	2.4
Taxes	1.0	0.9	1.3	0.8	0.7	0.9
Insurance	0.7	0.6	1.0	0.6	0.6	0.7
Light, heat and power	0.7	0.7	0.8	0.6	0.5	0.6
Repairs	0.4	0.4	0.4	0.4	0.4	0.4
Depreciation	1.3	1.3	1.2	0.9	1.0	0.8
Total occupancy costs (1)	5.7	5.4	6.5	5.1	4.8	5.8
Bad debts	0.9	0.9	0.7	0.6	0.6	0.7
Interest	0.5	0.4	0.8	0.5	0.5	0.4
Sundry expense	0.8	0.9	0.5	0.6	0.5	0.7
Total Expense	24.9	24.0	26.4	24.1	22.7	27.5
Net Profit or Loss	+1.0	+3.0	-2.7	+2.2	+4.0	-2.3
OTHER INFORMATION						
Stock Turnover (times per year) ...	1.9	1.9	1.9	2.0	2.1	1.9

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 3.--Operating Results of Hardware Stores, Classified by Provinces
and Net Profit or Loss, 1938--(Cont'd.)

Item	MANITOBA			SASKATCHEWAN		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	28	15	13	63	30	33
Total Sales	\$ 781,458	488,724	292,734	1,235,486	696,153	539,333
Average Sales per Store	\$ 27,909	32,582	22,518	19,611	23,205	16,343
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	23.8	24.2	22.9	26.4	28.5	23.6
Expenses--						
Payroll	13.1	11.9	15.1	14.6	13.7	15.6
Advertising	0.5	0.5	0.6	0.9	0.9	0.9
Supplies	1.0	0.9	1.0	0.9	0.9	1.0
Communication	0.5	0.4	0.6	0.5	0.5	0.5
Rent	1.7	1.8	1.7	1.7	1.3	2.1
Taxes	0.7	0.6	0.7	1.6	1.6	1.7
Insurance	0.8	0.9	0.6	1.0	1.0	1.1
Light, heat and power	0.8	0.8	0.8	1.1	0.9	1.3
Repairs	0.2	0.2	0.1	0.4	0.4	0.4
Depreciation	1.0	1.0	0.9	1.2	1.2	1.1
Total occupancy costs (1)	5.2	5.3	4.8	7.0	6.4	7.7
Bad debts	0.8	0.9	0.8	0.9	1.3	0.6
Interest	0.6	0.6	0.6	0.8	0.5	1.1
Sundry expense	1.0	0.5	1.9	0.6	0.6	0.6
Total Expense	22.7	21.0	25.4	26.2	24.8	28.0
Net Profit or Loss	+1.1	+3.2	-2.5	+0.2	+3.7	-4.4
OTHER INFORMATION						
Stock Turnover (times per year) ...	2.6	2.8	2.4	1.6	1.7	1.5

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 3.--Operating Results of Hardware Stores, Classified by Provinces
and Net Profit or Loss, 1938--(Cont'd.)

Item	ALBERTA			BRITISH COLUMBIA		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	56	39	17	43	22	21
Total Sales	\$1,290,549	971,991	318,558	1,283,845	645,790	638,055
Average Sales per Store	\$ 23,046	24,923	18,739	29,857	29,354	30,384
PROFIT AND LOSS--(In percentages of Sales)						
Gross Margin or Profit	24.0	24.7	22.0	25.9	28.5	23.4
Expenses--						
Payroll	12.6	12.1	14.0	13.7	12.6	14.7
Advertising	0.7	0.8	0.5	1.1	1.0	1.3
Supplies	0.8	0.9	0.8	1.5	1.6	1.5
Communication	0.5	0.5	0.6	0.6	0.5	0.7
Rent	1.6	1.5	2.1	1.8	1.2	2.4
Taxes	0.9	0.8	1.0	0.6	0.6	0.5
Insurance	1.0	0.9	1.1	0.9	1.1	0.7
Light, heat and power	0.8	0.7	1.1	0.7	0.6	0.8
Repairs	0.2	0.2	0.3	0.5	0.7	0.3
Depreciation	0.8	0.7	1.0	0.9	0.9	0.9
Total occupancy costs (1)	5.3	4.8	6.6	5.4	5.1	5.6
Bad debts	1.3	1.4	1.0	0.8	0.7	1.0
Interest	0.7	0.4	1.5	0.7	0.4	0.9
Sundry expense	0.5	0.5	0.4	0.7	0.7	0.6
Total Expense	22.4	21.4	25.4	24.5	22.6	26.3
Net Profit or Loss	+1.6	+3.3	-3.4	+1.4	+5.9	-2.9
OTHER INFORMATION						
Stock Turnover (times per year) ...	1.9	2.0	1.7	2.3	2.5	2.1

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

Table 3.--Operating Results of Hardware Stores, Classified by Provinces
and Net Profit or Loss, 1938--(Cont'd.)

Item	PRAIRIE PROVINCES		
	Total	Profitable	Unprofitable
GENERAL INFORMATION			
Number of Stores Reporting	147	84	63
Total Sales	\$3,307,493	2,156,868	1,150,625
Average Sales per Store	\$ 22,500	25,677	18,264
PROFIT AND LOSS--(In percentages of Sales)			
Gross Margin or Profit	24.8	25.8	23.0
Expenses--			
Payroll	13.4	12.6	15.1
Advertising	0.7	0.8	0.7
Supplies	0.9	0.9	0.9
Communication	0.5	0.5	0.5
Rent	1.7	1.5	2.0
Taxes	1.1	1.0	1.3
Insurance	1.0	1.0	1.0
Light, heat and power	0.9	0.8	1.1
Repairs	0.3	0.2	0.3
Depreciation	1.0	0.9	1.0
Total occupancy costs (1)	6.0	5.4	6.7
Bad debts	1.0	1.2	0.7
Interest	0.7	0.5	1.1
Sundry expense	0.7	0.5	0.9
Total Expense	23.9	22.4	26.6
Net Profit or Loss	+0.9	+3.4	-3.6
OTHER INFORMATION			
Stock Turnover (times per year)	1.9	2.0	1.7

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.



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