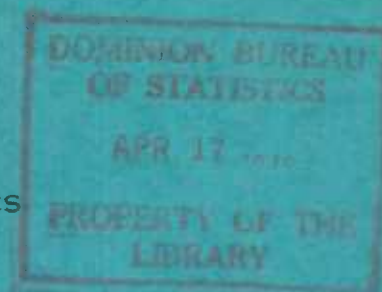


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OPERATING RESULTS
OF
RETAIL
HARDWARE, FURNITURE,
HOUSEHOLD APPLIANCE AND RADIO STORES
1946

BULLETIN NO. 4



April, 1948

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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returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.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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OPERATING RESULTS OF HARDWARE, FURNITURE, HOUSEHOLD APPLIANCE AND RADIO STORES....

INTRODUCTION

The operating results of retail hardware, furniture, and household appliance and radio stores for 1946 are presented in this report, which continues the series of bulletins published for 1944 and 1945. The survey is based upon operating statements contributed by a sample of firms throughout the country. The sample includes only unincorporated independent 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 furniture merchant should help other retailers to use the average ratios presented herein. Results of the three types of stores are brought together to provide a means of comparing various operating factors. Tables and charts illustrate, clarify, and facilitate understanding of the text. It is hoped that merchants, students, and others, will consult these reports as sources of reference and information.

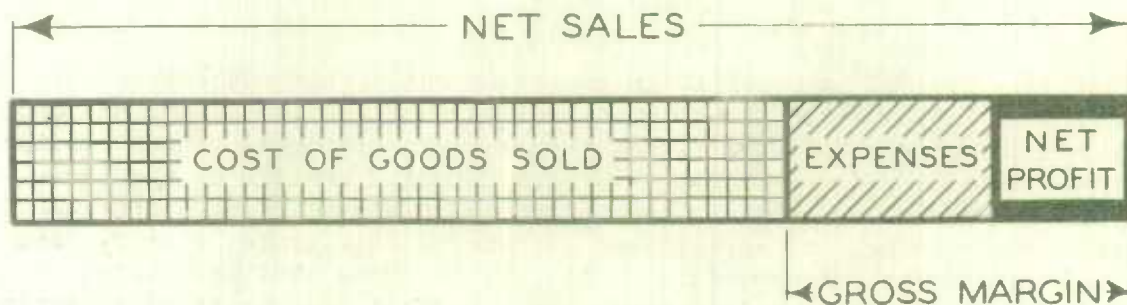
Once each year, at least, the merchant must come to grips with the task of reviewing his operations, and calculating his expenses and profits. At the same time he may make plans for the coming months, applying his knowledge, experience, and personal observations to increase the efficiency of his business. This bulletin has been prepared for the purpose of augmenting the merchant's 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 average experience as shown in this study. 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 component parts of operating ratios are graphically portrayed in the following formula and bar chart:

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



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

CASE STUDY.....

Retail merchants face problems of this nature concerning business operations:

- what is an adequate rate of profit for the line of business,
- what proportion should be distributed in wages and salaries to employees,
- how much inventory should be carried,
- what is a reasonable figure to pay for rent in relation to size of business,
- how many times a year should inventory be turned over.

In order to help furniture and appliance dealers use the average ratios compiled in the survey, a case study describing the operations of a retail furniture store has been made. Merchant A is presented as a composite of several retailers in the size-of-business category \$50,000-\$99,999. Other selection-factors such as, location in an Ontario metropolitan area, rented premises, and nearly average operating results, were employed.

During the war years and in 1946, Merchant A, with few appliances for sale, re-grouped his furniture to occupy the front space formerly allotted to the display of ironers, refrigerators, vacuum cleaners, etc. He had tried furnishing a room, as it would appear in a customer's home, but found that his space was used to better advantage by grouping related pieces of furniture with sufficient interspacing to allow ready substitution.

In the accompanying table Merchant A's operating ratios are set down beside the average results derived from a sample of retail furniture dealers throughout the country.

MERCHANT A'S OPERATING RESULTS COMPARED WITH AVERAGE RESULTS FOR
\$50,000-\$99,999 SIZE-OF-BUSINESS CLASS

ITEM	MERCHANT "A"	AVERAGE
Average net sales per store	\$87,070	\$68,975
Average cost-of-goods sold	\$64,907	\$49,729
Per cent of net sales	74.6	72.1
Average beginning inventory	\$ 4,685	\$ 9,075
Per cent of net sales	5.4	13.1
Average ending inventory	\$ 8,685	\$13,017
Per cent of net sales	10.0	18.9
Stock turn (times per year)	9.7	4.5
Gross margin	25.4	27.9
Operating expenses:		
Employees' salaries	6.9	5.4
Advertising	-	0.8
Store supplies	0.2	1.2
Rent	4.1	2.3
Light, heat, and power	0.4	0.6
Repairs and maintenance	0.1	0.5
All others	4.5	4.1
Total operating expenses	16.2	14.9
Net profit	9.2%	13.0%

It should be stated at the outset that since the case study firm had a greater volume of business than the average, in the particular size-of-business group in which it fell, percentages to net sales of such factors as inventories and cost-of-goods sold were more significant than dollar comparisons.

Analysis of the table reveals considerable contrast between the inventories stocked by Merchant A and the average shop. Survey store stocks were greater by 7.7 per cent for beginning inventory and 5.9 per cent for ending inventory, as a ratio to net sales, than dealer A's stocks of merchandise. The dollar value of beginning inventory was approximately one-half the survey average, while at the year end the stock maintained was two-thirds the average size. The rate of inventory replacement, which bears a close relationship to size of inventory, was more than twice the ratio typical of the sample.

Dollar net sales exceeded by about 25 per cent those of survey stores. The average costs-of-goods sold and gross margins bore similar proportions.

The relatively greater salary and rent expenditures of Merchant A were noteworthy in the operating statement. He spent almost one-quarter more to maintain his salesforce and about 74 per cent more, proportionately, for rent. Store supplies indicated an especially favourable ratio (Merchant A---0.2%, Average---1.2%), while light, heat, and power, as well as repairs and maintenance, were effectively controlled. Advertising was not part of the operational program of the case study merchant.

The more than average salary and rent percentage, using the survey proportions as a norm, were reflected in total operating expenses of 16.2 in contrast to 14.9 for the sample firms. In consequence, a net profit approximately 30 per cent less than the average was realized by Merchant A-- 9.2 per cent compared with the average 13.0 per cent.

Consideration should be given to the fact that average ratios are based upon the data received and reflect the typical performance, or range of performance, recorded by the reporting stores. In practice there is considerable variation between the operating results of one firm and another in retail trade. Any inferences drawn from the data are subject to qualifications resulting from these differences, which are due to the diverse sets of circumstances forming the operating backgrounds of individual establishments.

HIGHLIGHTS AND SUMMARY

IN 1946.....

- Gross margins of hardware and furniture stores were less than in the two previous years. Net profit revealed a similar trend in the hardware business, whereas for furniture there was a nominal increase during both 1945 and 1946.
- Total operating expenses, gross margins, and net profits, in relation to sales, decreased considerably for household appliance and radio stores since 1945. This decline is subject to modification when the increase in average net sales and reduction of the service factor are considered...

HOUSEHOLD APPLIANCE AND RADIO STORES

	1945	1946	% change 1946/1945
Gross margin	36.4	29.2	- 20%
Operating expenses ..	23.5	17.6	- 25%
Net profit	12.9	11.6	- 10%

- Year end inventories maintained by all types of business were a smaller per cent of net sales than in 1945, but stock turnover was accelerated.
- Average dollar sales per store were substantially augmented, with household appliance and radio stores revealing an increase of 125 per cent over 1945. Analysis of the sample for both years indicates that this increase is due to actual change in dollar volume rather than to variation in the group of stores selected for survey purposes.

HARDWARE STORES

1. The average hardware store realized a gross margin of 23.7 per cent in 1946, compared to 24.6 per cent in 1945 and 25.7 per cent in 1944. Operating expenses were much the same as during previous years leaving a smaller net profit on a larger turnover. (See Table 1, page 9).

2. Net profits generally decreased in ratio to sales in 1946 as the volume of business expanded. Gross margins followed a regular downward trend in rented stores, while the ratio to net sales in owned stores was irregular over the five size classes. Salaries and wages increased in ratio consistently with expanding volume of sales. (See Table 5, page 16).
3. In all sizes of business, rented stores obtained wider gross margins than owned stores and maintained this advantage with greater net profits for all except the middle size group. (See Table 5, page 16).

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

Item	1944	1945	1946
Number of stores reporting	161	612	694
Average sales per store \$	37,296	36,441	46,053
Gross margin	25.7	24.6	23.7
Operating expenses:			
Employees' salaries and wages ...	6.4	5.6	6.1
Advertising	7.1	0.4	0.4
Store supplies		0.9	0.9
Bad debts		0.2	0.2
Occupancy expense		3.3	3.1
All other expenses		1.7	1.5
Total operating expenses	13.5	12.3	12.2
Net profit before deduction of proprietors' salaries and income tax	12.2	12.3	11.5

(Items expressed as percentages of net sales)

FURNITURE STORES

1. Although the gross margin of furniture stores has been narrowed from 1944 to 1946, a reduction in total expenses resulted in a gain in net profit - 1946, 11.5 per cent; 1945, 11.0 per cent; **1944, 10.3 per cent.** (See Table 2, page 10).

2. Net profit and gross margins in ratio to net sales were somewhat irregular over the four size classes in both owned and rented stores. A considerable improvement was made in inventories at the end of the year in all sizes of business. Stock was sold and replaced more often in the larger than in the smaller size stores. (See Table 6, page 18).
3. In 1946 rented stores operated on wider gross margins and derived greater net profits than did owned stores. (See Table 6, page 18).

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

Item	1944	1945	1946
Number of stores reporting	120	204	188
Average net sales per store \$	44,350	54,657	76,944
Gross margin	29.9	28.0	26.7
Operating expenses:			
Employees' salaries and wages ...	7.7	6.7	6.2
Advertising		1.0	0.9
Store supplies	11.9	1.5	1.3
Bad debts		0.2	0.2
Occupancy expense		4.8	4.1
All other expenses		2.8	2.5
Total operating expenses	19.6	17.0	15.2
Net profit before deduction of proprietors' salaries and income tax	10.3	11.0	11.5

(Items expressed as percentages of net sales)

HOUSEHOLD APPLIANCE AND RADIO STORES

1. In 1946, household appliance and radio stores operated on a gross margin of 29.2 per cent as compared to 36.4 per cent in 1945 and 35.2 per cent in 1944. Table 4 reveals that the percentage of service business decreased considerably, probably accounting in part for the drop in margin. Certain constant items of expense coupled with greatly increased average sales reduced the total expense ratio, leaving a net profit 11.6 per cent of net sales, only slightly less than that for former years. (See Table 3, page 11).

2. Gross margin in rented stores, in 1946, decreased in ratio as the volume of business expanded while net profits increased. The ratios of net and gross profits in owned stores were irregular in trend over the three size classes tabulated.
3. The proportion of service business decreased in all size and occupancy groups in 1946, with no class above 15.0 per cent. In 1944 the proportion of repair work ranged as high as 46.8 per cent. (See Table 4, below).

TABLE 3. - OPERATING RESULTS OF HOUSEHOLD APPLIANCE AND RADIO STORES - 1944, 1945, 1946

Item	1944	1945	1946
Number of stores reporting	105	117	134
Average net sales per store \$	17,688	19,764	44,560
Gross margin	35.2	36.4	29.2
Operating expenses:			
Employees' salaries and wages ...	8.4	9.9	8.5
Advertising		1.1	1.0
Store supplies	14.6	2.2	1.6
Bad debts		0.3	0.2
Occupancy expense		6.4	4.0
All other expenses		3.6	2.3
Total operating expenses	23.0	23.5	17.6
Net profit before deduction of proprietors' salaries and income tax	12.2	12.9	11.6

(Items expressed as percentages of net sales)

TABLE 4. - PERCENTAGE OF SERVICE RECEIPTS IN HOUSEHOLD APPLIANCE AND RADIO STORES, BY SIZE AND OCCUPANCY CLASS - 1944, 1945, 1946

Size-of-Business	OWNED			RENTED		
	1944	1945	1946	1944	1945	1946
Less than \$10,000 ...	19.7	15.9	6.8	46.8	22.0	15.0
\$10,000 - \$19,999 ...	21.8	18.6	7.3	21.6	20.9	14.0
\$20,000 - \$49,999 ...	(a)	12.2	11.4	16.5	12.2	8.8
\$50,000 - \$99,999 ...	(a)	(a)	6.4	(a)	(a)	6.1

(a) Not available.

COMPARISON OF OPERATIONS.....

GROSS MARGIN AND NET PROFIT

While the net profit ratio of furniture stores continued to advance in 1946, that of hardware stores, and household appliance and radio stores, diminished when compared with the net profit of the two previous years. Gross margin ratios for all three types of business were lower in 1946 than in any previous year for which figures are available. Hardware stores presented the least change in gross margin. The decline in the gross margin of appliance and radio stores must be viewed in the light of the decrease in service and repair work as indicated in Table 4, page 11. Net profits for the three kinds of business were almost identical in 1946.

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

Year	HARDWARE		FURNITURE		HOUSEHOLD APPLIANCE & RADIO	
	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit
1938	25.6	5.5	33.5	4.3	(a)	(a)
1941	25.7	9.0	(a)	(a)	(a)	(a)
1944	25.7	12.2	29.9	10.3	35.2	12.2
1945	24.6	12.3	28.0	11.0	36.4	12.9
1946	23.7	11.5	26.7	11.5	29.2	11.6

(a) Not available.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER

Average sales per store were higher in 1946 than in any other year shown. The effect of curtailment of the supply of durable goods during the war was most evident in the average sales of household appliance and radio stores. A special tabulation of stores reporting in both years indicated that they slightly more than doubled their 1945 sales in 1946. The increase in average sales from \$19,764 to \$44,560 was not, therefore, occasioned by any change in the sample of stores reporting in the two years. The trend in inventory to sales relationship reveals the low point at the beginning of 1946 with inventories greater in dollar value at the end of 1946. The sharp drop in stock-sales ratio at the beginning of 1946 in household appliance and radio stores was occasioned by the increase in sales. Coincident with diminished stocks since 1938, the rate of turnover increased in all types of store. Data for these features in the three kinds of business under review follow, with no figures available for household appliance and radio stores in 1938 and 1941.

AVERAGE SALES, INVENTORIES AS PERCENTAGE OF SALES, AND STOCK TURNOVER - 1938, 1941, 1944, 1945, 1946

Year	HARDWARE				FURNITURE			
	Average sales per store	Inventory % of net sales		Stock turn-over	Average sales per store	Inventory % of net sales		Stock turn-over
		Begin-ning	End-ing			Begin-ning	End-ing	
	\$				\$			
1938	31,581	36.6	36.1	2.0	72,923	24.1	25.1	2.7
1941	28,353	32.1	35.0	2.2	(not available)			
1944	37,296	22.4	23.4	3.2	44,350	23.9	22.3	3.0
1945	36,441	22.3	23.5	3.3	54,657	17.0	18.9	4.0
1946	46,053	18.5	22.6	3.7	76,944	14.1	19.7	4.3

Year	HOUSEHOLD APPLIANCE AND RADIO			
	Average sales per store	Inventory % of net sales		Stock turn-over
		Begin-ning	End-ing	
	\$			
1944	17,688	20.0	17.4	3.5
1945	19,764	15.6	17.6	3.8
1946	44,560	8.4	15.2	6.0

AVERAGE OPERATING EXPENSES

Because the ratio to net sales of most expense items varies with size-of-business, a comparison is made here of expenses in the middle size category - stores with net sales between \$20,000 and \$49,999. Salaries were the major single expense item in household appliance and radio stores where service functions constituted a greater part of the business. Furniture stores paid the greatest proportion for occupancy but for most other expenses, household appliance and radio dealers were highest. Hardware stores in this size class operated on the smallest expense ratio - 12.4 per cent of net sales as compared with the furniture total of 13.8 per cent and the appliance and radio ratio of 18.3 per cent. The average expense ratios for these three types of business in the \$20,000 - \$49,999 class are shown below.

AVERAGE OPERATING EXPENSES, 1946, IN STORES WITH NET SALES \$20,000-\$49,999

Expense	Hardware	Furniture	Household appliance & radio
Salaries	5.8	4.3	7.9
Supplies	0.9	1.4	2.2
Advertising	0.3	0.6	1.0
Occupancy	3.6	4.7	4.5
All other	1.8	2.8	2.7
TOTAL	12.4	13.8	18.3

GENERAL DISCUSSION, TABLES, AND CHART....

1. HARDWARE STORES

Satisfactory reports were received from 694 independent unincorporated retail hardware stores in 1946. The results for these stores were tabulated by five sizes of business and between owned and rented stores in each size.

Trends by Size of Business, (Table 5, page 16)

In 1946, gross margins in retail hardware stores ranged from 21.5 per cent to 28.7 per cent over the different size and occupancy groups. Net profits ranged from 17.2 per cent in the smallest size rented store to 10.9 in the largest and from 14.2 per cent to 9.5 per cent in owned stores. Increased salary expense in the large size stores was offset by lesser proportions of occupancy expense to average fairly even total expenses over the size classifications.

Businesses operated from rented premises obtained wider gross margins than did owned stores in all size classes. With the exception of the middle size class, this advantage was maintained by rented stores in net profit ratios. The dollar volume of net profits, following the same relationship between the two types of occupancy, ranged from \$1,111 in the smallest class to \$15,075 in the largest size-of-business class.

Every size of business carried a greater inventory at the end of the year than at the beginning. Stocks were replaced more frequently in the larger stores than in the smaller, with the rate in the year ranging from 1.7 to 4.6 times.

OPERATING RESULTS OF RETAIL HARDWARE STORES

GROSS MARGIN=NET PROFIT + SALARIES + OTHER EXPENSES

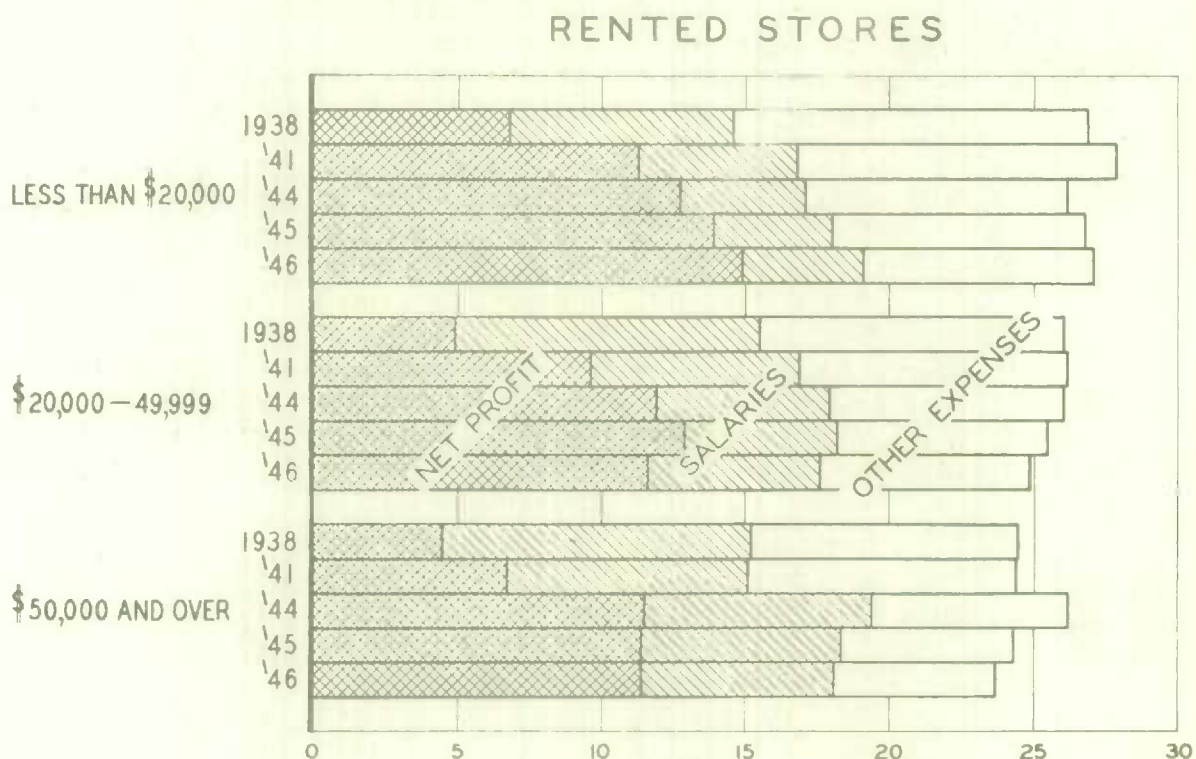
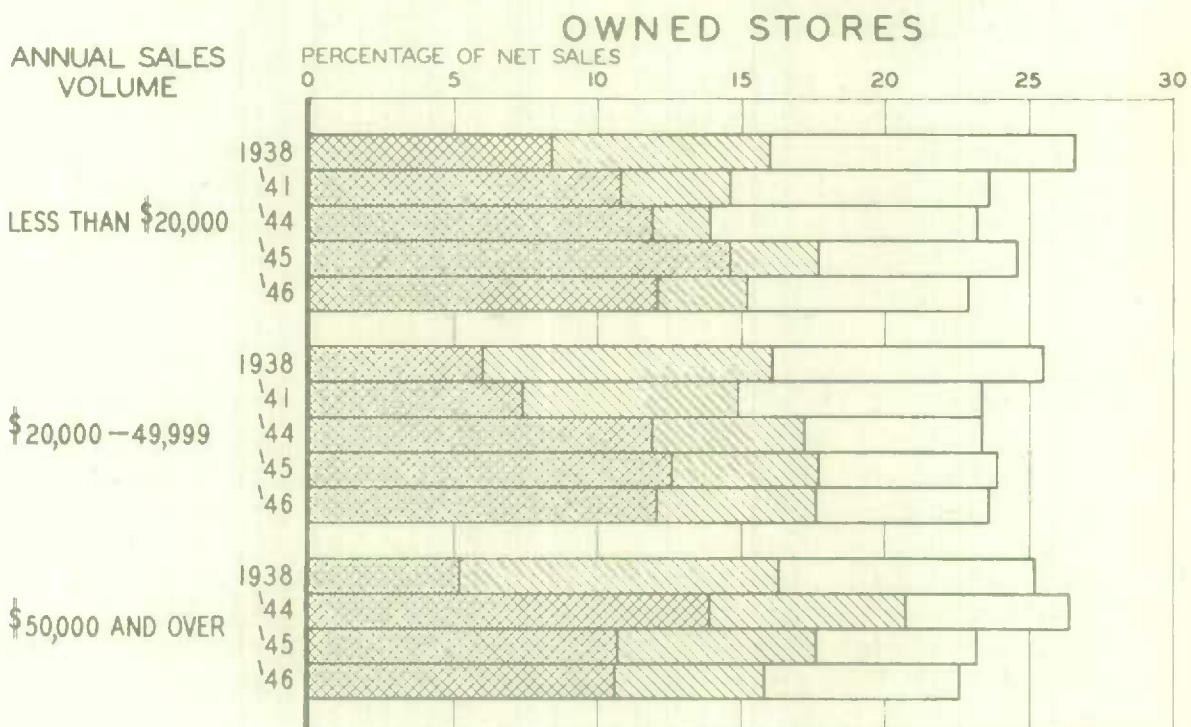


Table 5.--Hardware Stores - Operating Results Classified According to
Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	29	62	159	58	16	19	40	167	107	37
Average net sales per store \$	7,833	15,306	32,989	64,533	158,391	7,374	15,687	34,041	70,788	141,498
Average cost of goods sold, per store \$	5,836	11,692	25,204	49,450	124,369	5,257	11,489	25,560	53,699	109,014
Average inventory beginning of year \$	3,058	4,419	6,878	11,302	23,398	2,926	4,604	6,960	11,679	21,311
Average inventory end of year ... \$	3,354	4,993	8,079	14,125	28,839	3,128	5,269	8,564	14,729	26,774
Stock turnover (times per year) ...	1.8	2.5	3.4	3.9	4.8	1.7	2.3	3.3	4.1	4.5
Average net profits per store ... \$	1,111	1,776	3,995	7,319	14,989	1,267	2,261	3,961	8,431	15,075
Number of working proprietors	30	69	194	79	27	22	42	189	163	46

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

Gross margin	25.5	22.3	23.6	23.4	21.5	28.7	26.8	24.9	24.1	23.0
Operating expenses:										
Employees' salaries and wages ...	2.8	3.1	5.5	5.9	6.6	1.2	4.8	6.0	6.5	7.0
Advertising	0.2	0.2	0.3	0.3	0.5	0.3	0.2	0.4	0.4	0.5
Store supplies	1.1	1.0	0.9	0.7	1.0	1.1	1.2	1.0	0.8	0.8
Bad debts	0.1	0.2	0.1	0.4	0.3	0.1	0.1	0.1	0.2	0.2
Taxes and insurance	2.1	1.5	1.1	1.0	0.7	1.4	0.7	0.7	0.5	0.5
Rent	-	-	-	-	-	4.0	2.5	2.0	1.3	1.1
Light, heat, and power	1.8	1.2	0.8	0.6	0.4	1.3	0.9	0.6	0.4	0.3
Repairs and maintenance	1.4	1.1	0.6	0.8	0.5	0.2	0.4	0.4	0.4	0.2
Depreciation	0.5	1.0	0.7	0.6	0.4	0.3	0.3	0.3	0.3	0.2
All other expenses	1.3	1.4	1.5	1.7	1.6	1.6	1.3	1.5	1.4	1.5
Total operating expenses	11.3	10.7	11.5	12.0	12.0	11.5	12.4	13.3	12.2	12.3
Net profits before deduction of proprietors' salaries and income tax	14.2	11.6	12.1	11.4	9.5	17.2	14.4	11.6	11.9	10.7

2. FURNITURE STORES

A total of 188 unincorporated furniture stores submitted suitable 1946 reports for this survey. When classified by size of business there were too few in both owned and rented categories with annual sales less than \$10,000 to warrant publication of results.

Trends by Size of Business (Table 6, page 19)

In 1946, gross margins decreased in ratio with volume of business in owned stores and with the exception of the \$20,000 - \$49,999 group followed the same trend in rented stores. Net profits were irregular in trend over the different size classes.

Salaries paid to employees increased in ratio to net sales as the volume of business expanded while occupancy expenses declined in ratio. Advertising expense was proportionately greater in the larger size stores. Net profits, expressed in dollar value, ranged from \$1,755 in the smallest size group to \$23,088 in the largest.

Merchandise on hand at the end of 1946 exceeded that held at the beginning of the year in each size and occupancy class. The rate of turnover increased with sales volume, ranging from 2.0 times to 4.7 times per year.

3. HOUSEHOLD APPLIANCE AND RADIO STORES

Satisfactory reports were received from 134 retail stores in this classification. There is evidence of the resumption of a more 'normal' business pattern in the greater average sales per store and lesser proportion of service receipts, as indicated in tables 3 and 4, page 11.

When classified by size of business the smallest and largest sales-size classes were represented by too few stores to warrant publication of results.

Trends by Size-of-Business (Table 7, page 20)

The three size-of-business categories do not provide sufficient basis to trace a trend for gross margin or net profit percentages. Salary ratios were irregular in owned stores and changed little in rented stores.

Similar to most other kinds of business, the inventory in proportion to net sales, held at the end of 1946 exceeded the amount held at the beginning of the year. The rate of stock replacement increased with business volume.

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

Item	OWNED STORES					-- RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting		10	18	23	18		10	36	41	27
Average net sales per store \$		15,767	33,594	71,833	143,049		14,788	34,936	68,975	193,070
Average cost of goods sold, per store \$		11,550	24,621	53,726	108,926		10,197	25,730	49,729	139,507
Average inventory beginning of year \$	SAMPLE	5,397	5,124	11,009	18,123	SAMPLE	2,570	5,244	9,075	26,348
Average inventory end of year ... \$		6,164	7,798	13,833	28,073		3,709	7,099	13,017	44,983
Stock turnover (times per year) ...		2.0	3.9	4.3	4.7		3.2	4.2	4.5	3.9
Average net profits per store ... \$		1,755	4,203	7,119	12,260		2,209	4,432	8,989	23,088
Number of working proprietors		11	21	30	23		11	45	60	44

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

Gross margin		26.7	26.7	25.2	23.9		31.0	26.4	27.9	27.7
Operating expenses:										
Employees' salaries and wages ...		5.1	4.7	6.3	6.7		3.7	4.1	5.4	7.2
Advertising		0.1	0.4	0.9	0.8		0.4	0.6	0.8	1.0
Store supplies		1.5	1.4	1.8	1.2		1.9	1.4	1.2	1.3
Bad debts	T00	0.2	0.5	0.3	0.3	T00	0.3	0.1	0.3	0.2
Taxes and insurance		2.4	1.9	1.2	1.1		0.9	0.9	0.9	0.7
Rent		-	-	-	-		3.9	2.6	2.3	1.7
Light, heat, and power		1.5	1.0	0.7	0.6		1.1	0.7	0.6	0.5
Repairs and maintenance		1.8	1.1	1.1	0.6		0.7	0.5	0.5	0.6
Depreciation		0.9	0.7	0.6	0.8		0.5	0.2	0.3	0.3
All other expenses		2.1	2.5	2.4	3.2		2.7	2.6	2.6	2.3
Total operating expenses	SMALL	15.6	14.2	15.3	15.3	SMALL	16.1	13.7	14.9	15.8
Net profits before deduction of proprietors' salaries and income tax		11.1	12.5	9.9	8.6		14.9	12.7	13.0	11.9

**Table 7.--Household Appliance and Radio Stores - Operating Results Classified According to
Amount of Annual Sales and Occupancy Basis, Canada, 1946**

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting		9	19	8			15	28	33	
Average net sales per store \$		14,966	36,221	62,645			14,985	32,235	67,016	
Average cost of goods sold, per store		10,638	25,214	45,963			10,325	22,867	46,003	
Average inventory beginning of year	SAMPLE	2,040	4,785	4,349	SAMPLE	SAMPLE	2,609	2,571	4,847	SAMPLE
Average inventory end of year ... \$		3,487	7,559	9,453			3,799	4,465	9,133	
Stock turnover (times per year) ...		3.8	4.1	6.7			3.2	6.5	6.9	
Average net profits per store ... \$		2,156	4,025	7,456			1,616	3,705	8,015	
Number of working proprietors		9	24	11			17	32	40	

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

Gross margin		28.9	30.4	26.6			31.1	28.9	26.4	
Operating expenses:										
Employees' salaries and wages ...		3.7	9.0	6.8			7.0	7.1	8.1	
Advertising		0.6	0.9	0.9			1.0	1.1	1.0	
Store supplies		1.8	2.6	1.2			2.6	1.9	1.5	
Bad debts	T00	0.1	0.2	(a)	T00	T00	0.2	0.1	0.2	T00
Taxes and insurance		1.3	1.0	0.9			1.1	0.7	0.5	
Rent		-	-	-			2.7	1.8	1.6	
Light, heat, and power		1.4	1.0	0.6			1.0	0.6	0.4	
Repairs and maintenance		1.1	0.8	0.9			0.5	1.0	0.7	
Depreciation		2.3	1.5	0.7			1.1	0.6	0.3	
All other expenses		2.2	2.3	2.7			3.1	2.6	2.1	
Total operating expenses	SMALL	14.5	19.3	14.7	SMALL	SMALL	20.3	17.5	16.4	SMALL
Net profits before deduction of proprietors' salaries and income tax		14.4	11.1	11.9			10.8	11.4	12.0	

(a) Less than 0.05 per cent.

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