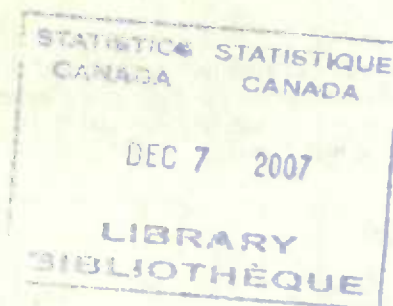


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6.3



OPERATING RESULTS OF DRY GOODS, PIECE GOODS AND FOOTWEAR WHOLESALEERS 1957

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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade
- B — Operating Results of Food Wholesalers
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers
- 2 Operating Results of Drug Wholesalers
- 3 Operating Results of Hardware Wholesalers
- 4 Operating Results of Plumbing and Heating Supply Wholesalers
- 5 Operating Results of Household Appliance & Electrical Supply Wholesalers
- E — Agents and Brokers, Wholesale Trade (Memorandum)

Part II — Retail Statistics

- F — Retail Trade
- G — Retail Chain Stores
- H — Operating Results of Food Store Chains
- I — Operating Results of Clothing Store Chains
- J — 1 Operating Results of Variety Store Chains
- 2 Operating Results of Drug Store Chains
- 3 Operating Results of Furniture Store Chains
- *K — Operating Results of Independent Food Stores
- *L — Operating Results of Independent Clothing Stores
- *M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores
- *N — Operating Results of Filling Stations and Garages
- *O — 1 Operating Results of Independent General Stores
- 2 Operating Results of Independent Restaurants
- 3 Operating Results of Independent Fuel Dealers
- 4 Operating Results of Independent Drug Stores
- 5 Operating Results of Independent Jewellery Stores
- 6 Operating Results of Independent Tobacco Stores
- P — Retail Credit

Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers
- R — Motion Picture Theatres, Exhibitors and Distributors
- S — Hotels
- T — Sales Financing
- U — Farm Implement and Equipment Sales
- V — New Motor Vehicle Sales and Motor Vehicle Financing
- W — Advertising Agencies (Memorandum)
- X — Motion Picture Production (Memorandum)

The reports are punched to permit of filing in a ring binder.

- * Biennial reports — not issued for 1957.

Prices of most reports released after January 1, 1959 have been increased. Information on the new prices of particular issues is available on request from the Information Services Division of the Dominion Bureau of Statistics.

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OPERATING RESULTS—LIST OF REPORTS

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1. Food Wholesalers
2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Automotive Parts and Accessories Wholesalers
4. Drug Wholesalers
5. Hardware Wholesalers
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7. Household Appliance and Electrical Supply Wholesalers

INDEPENDENT RETAIL STORES (1944, 1945, 1946, 1948, 1950, 1952, 1954 and 1956)

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RETAIL CHAIN STORES (1947, 1949, 1951, 1953, 1955 AND 1957)

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5. Chain Drug Stores

OPERATING RESULTS OF DRY GOODS, PIECE GOODS AND FOOTWEAR WHOLESALERS

1957

INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

Scope

This study is confined to wholesale merchants, i.e., those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributors are not included.

Content

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared. Proprietors' salaries were included with administrative salaries. A table showing income tax was made for incorporated companies only.

Purpose

The primary purpose of the operating results surveys is to provide average measurements of the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

However, the average—i.e., arithmetic mean—operating results of all wholesalers classified under "Wholesalers Proper" would be misleading as, by definition, "Wholesalers Proper" includes subsidiary companies performing the wholesaling function of parent companies whose marketing policies with regard to profit and expense ratios may be atypical of the trade. In addition, "Wholesalers Proper" includes those firms whose revenues are derived in part from a type of activity—e.g., manufacturing, retailing—which may be uncommon to the trade. Consequently, it is thought that average operating results of the more typical establishments within a trade would be of superior value in view of the purposes for which the series on operating results is designed. Therefore, firms with atypical policies and/or activities have been excluded from the computations of the average operating results published herein.

Period Covered

This report deals with operations for the calendar year 1957 or fiscal years which fall closest to the calendar year and is the sixth biennial publication in a series begun in 1947. A summary table shows identical firm results for 1955 and 1957. The charts show the gross profit components for 1951, 1953, 1955 and 1957 by suitable sales-size classification for each trade.

SUMMARY OF THE 1957 SURVEY

The following summary table presents statistics on operating results for dry goods, piece goods and footwear wholesalers. It draws the main findings of the survey together in convenient form and enables comparison of the operating results of the three groups for the year 1957. In the pages which follow, the reader will find sections of the report dealing with each of the three trade groups mentioned above.

The reader is warned against drawing erroneous conclusions from absolute dollar values (average sales, cost of goods sold, inventories, etc.) published in the table which follows immediately and in those appearing in other sections of this report. These values are the arithmetic means of items reported by both firms operating one place of business and firms operating a number of

places of business. Average absolute values are shown only to make perfectly explicit the nature of the data from which the ratios are derived. The surveys were designed primarily to obtain ratios which various profit and expense items of a panel of firms bear to net sales. In the case of dry goods and piece goods wholesalers, ratios are shown for four sales-size categories of firms and, in the case of footwear wholesalers, the ratios are classified into two sales-size categories. In less detail, ratios are given by geographical region in which the firms are domiciled and one table in each section is restricted to the operating results of incorporated companies. Finally, there is a table in each section which makes possible the comparison of the operating results of the same panel of firms for the years 1955 and 1957.

Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers Compared, 1957

Item	Dry goods	Piece goods	Footwear
Number of firms	50	48	17
Average net sales per firm \$	1,722,681	464,400	645,920
Stock turnover (times per year)	4.56	3.50	4.99
(Items expressed as per cent of net sales)			
Gross profit	16.04	17.21	13.60
Operating expenses:			
Selling	5.26	4.97	3.35
Warehouse and delivery	3.21	2.53	2.29
Administrative and general	6.43	8.04	6.50
Total Operating expenses	14.90	15.54	12.14
Net operating profit	1.14	1.67	1.46
Non-trading income	1.19	0.68	0.97
Non-trading expense	0.62	0.17	0.21
Net profit before income tax deduction	1.71	2.18	2.22
Credit sales	92.58	96.86	97.77
Sales to voluntary group retail stores	1.08	0.83	0.88
Sales to other retail stores	85.09	35.21	96.48

The table above indicates that piece goods wholesale merchants, with the lowest estimated rate of stock turnover (3.50 times per year), reported the highest average gross profit (17.21%) as well as the highest average total operating expenses (15.54%) when these items are expressed as percentages of net sales. However, lower average operating expenses (12.14%) among footwear wholesalers enabled them to realize the highest average net profit before income tax deduction

(2.22%). Over 92% of total sales of wholesalers in each of the three trades were made on a credit basis; and, except for the piece goods trade where this percentage was 35.21%, more than 85% of all goods sold went to retail stores. For the first time, sales to voluntary group retail stores were segregated and shown as a percentage of total sales for each trade. A detailed report on each of the three trades follows.

DRY GOODS WHOLESALERS

Description of Reporting Firms

Item	Firms with 1957 sales of				Total all sizes
	Under \$250,000	\$250,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 and over	
Number of firms	10	19	13	8	50
Form of organization:					
Individual proprietorship	4	1	—	—	5
Partnership	—	—	1	—	1
Incorporated company	6	18	12	8	44
Number of firms operated as:					
Single establishment	10	19	12	6	47
Multiple establishment	—	—	1	2	3
Distribution of sales:					
To voluntary group retail stores %	0.66	—	1.01	1.34	1.08
To other retail stores %	85.21	85.88	92.25	81.20	85.09
To other wholesalers %	1.82	3.36	1.58	11.70	7.58
To large users ¹ %	12.31	9.21	5.16	5.42	5.87
To others %	—	1.55	—	0.34	0.38

¹ Industries, hospitals, institutions, etc.

Forty-six of the 60 firms that reported for the 1955 survey of dry goods wholesalers reported for the 1957 survey and reports were received from 4 other firms. This means that the data used for compiling Tables 1 and 2 of this report were supplied by 50 firms in the trade. Table 3 is compiled from reports of 44 incorporated companies and Table 4

from reports of the 46 firms that reported for both the 1955 and 1957 surveys. The purpose of Table 4 is to enable comparison of the same panel of firms for the two periods. More information about the firms in the panel, including percentages of sales distribution, is given in the above table.

REVIEW OF 1957 OPERATING RESULTS

Profit and Expense Ratios

Table 1 shows that the 1957 panel of dry goods wholesalers realized an average gross profit of 16.04% of net sales, incurred average total operating expenses of 14.90% and, after allowing for non-trading items, had average net profit before income tax deduction of 1.71%. As well as being shown for the whole panel of firms in the survey, these data are shown for four groups of firms classified according to the size of their annual sales. Ratios for various expense components for each of the four sales-size groups are also shown in Table 1.

While an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient numbers to report for a series of consecutive biennial

surveys. Hence, published results of the biennial surveys may not be strictly comparable. Therefore, a special compilation is furnished in the last section of this report for purposes of comparing results of the 1957 survey with those of 1955.

Other Operating Features

Table 1 contains information with respect to inventories, credit sales, accounts receivable and stock turnover. The latter is computed by dividing the cost of goods sold by the average of the beginning and end-of-year inventories. For the panel as a whole, this worked out to 4.56 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Finally, information on sales per 1,000 square feet of floor space is available.

TABLE 1. Operating Results of Dry Goods Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of				Total all sizes
	Under \$250,000	\$250,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 and over	
Number of firms reporting.....	10	19	13	8	50
Average net sales per firm..... \$	117,134	525,715	1,975,340	6,161,836	1,722,681
Average cost of goods sold..... \$	95,026	438,688	1,640,649	5,212,958	1,446,348
Stock turnover (times per year).....	2.87	4.76	4.09	4.87	4.56
Average beginning inventory..... \$	31,865	91,005	398,904	1,025,846	308,805
Per cent of average net sales.....	27.20	17.31	20.19	16.65	17.93
Average ending inventory..... \$	34,456	93,311	403,999	1,115,566	325,879
Per cent of average net sales.....	29.42	17.75	20.45	18.10	18.92
Profit and loss data (Per cent of net sales)					
Gross profit.....	18.87	16.55	16.94	15.40	16.04
Operating expenses:					
Selling expense:					
Salaries.....	3.75	3.63	4.09	3.74	3.84
Travelling.....	1.20	0.74	0.80	0.63	0.70
Advertising.....	0.10	0.22	0.34	0.31	0.31
Other selling expense.....	0.62	0.34	0.55	0.36	0.41
Total selling expense.....	5.67	4.93	5.78	5.04	5.26
Warehouse and delivery expense:					
Salaries and wages.....	1.91	2.18	2.29	2.51	2.39
Maintenance of delivery equipment.....	0.29	0.15	0.18	0.13	0.15
Outward freight.....	0.33	0.23	0.18	0.47	0.35
Warehouse supplies.....	0.17	0.15	0.17	0.20	0.19
Other warehouse and delivery expense.....	0.41	0.04	0.07	0.16	0.13
Total warehouse and delivery expense.....	3.11	2.75	2.89	3.47	3.21
Administrative and general expense:					
Salaries.....	4.92	3.28	3.48	2.65	3.00
Employees' benefits.....	0.16	0.21	0.26	0.25	0.25
Occupancy.....	2.00	1.30	0.99	0.88	0.98
Taxes ¹	0.14	0.11	0.12	0.15	0.14
Insurance ¹	0.31	0.24	0.10	0.09	0.11
Office supplies.....	0.16	0.25	0.18	0.21	0.20
Communication.....	0.29	0.29	0.28	0.23	0.25
Bad debts—amount written off.....	0.82	0.67	0.18	0.18	0.25
All other expense.....	0.91	1.27	1.10	1.34	1.25
Total administrative and general expense.....	9.77	7.62	6.69	5.98	6.43
Total operating expenses.....	18.55	15.30	15.36	14.49	14.90
Net operating profit.....	0.32	1.25	1.58	0.91	1.14
Non-trading income.....	0.96	1.54	0.70	1.39	1.19
Non-trading expense.....	0.41	0.30	0.59	0.71	0.62
Net profit before income tax deduction.....	0.87	2.49	1.69	1.59	1.71
Miscellaneous data					
Credit sales:					
Average per firm..... \$	112,316	497,856	1,713,626	5,860,456	1,594,864
Per cent of average net sales.....	95.89	94.70	86.78	95.11	92.58
Accounts outstanding:					
Average per firm..... \$	21,257	133,219	365,114	959,720	303,359
Per cent of average credit sales.....	18.93	26.76	21.31	16.38	19.02
Sales per 1,000 sq. ft. of floor space.....	50,650	52,405	45,704	63,606	55,549

¹ Excludes amount attributed to real estate which is in occupancy expense.

Regional Results

Table 2 shows the principal profit and expense figures by regions for dry goods wholesalers in the 1957 panel. Average gross profit ranged from 17.12% in British Columbia to 14.49% in Ontario. Average total operating expenses varied from 14.51% in

Ontario to 15.17% in the Maritime Provinces and Quebec. Average net operating profit was lowest in the Maritime Provinces and Quebec (1.40%) and highest in British Columbia (2.26%). Ontario suffered a net operating loss of 0.02%.

TABLE 2. Operating Results of Dry Goods Wholesalers, by Regions, 1957

Item	Maritimes and Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms	18	17	11	4	50
Average net sales per firm \$	2,217,988	1,471,357	1,411,467	1,417,763	1,722,681
	Per cent of net sales				
Gross profit	16.57	14.49	16.79	17.12	16.04
Operating expenses:					
Selling	5.96	4.40	5.14	4.38	5.26
Warehouse and delivery	3.24	3.12	3.21	3.37	3.21
Administrative and general	5.97	6.99	6.50	7.11	6.43
Total operating expenses	15.17	14.51	14.85	14.86	14.90
Net operating profit	1.40	0.02 ¹	1.94	2.26	1.14

¹ Operating loss.

Incorporated Companies, 1957

Table 3 shows the operating results of 44 incorporated companies of dry goods wholesalers. Unlike Table 1, deduction for income tax is shown as a percentage of net sales. Firms in the sales-

size group of "under \$250,000" suffered an average net operating loss of one-fifth of one per cent; however, non-trading income succeeded in raising the group's final net profit to 0.46% of net sales.

TABLE 3. Operating Results of Incorporated Dry Goods Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of				Total all sizes
	Under \$250,000	\$250,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 and over	
	per cent of net sales				
Gross profit	19.35	16.61	16.79	15.40	15.97
Operating expenses	19.55	15.38	15.03	14.49	14.79
Net operating profit	0.20 ¹	1.23	1.76	0.91	1.18
Non-trading income	1.43	1.58	0.69	1.39	1.21
Non-trading expense	0.29	0.30	0.64	0.71	0.64
Net profit before income tax deduction	0.94	2.51	1.81	1.59	1.75
Income tax	0.48	0.47	0.64	0.66	0.62
Final net profit	0.46	2.04	1.17	0.93	1.13

¹ Operating loss.

Comparison of 1955 and 1957 Results

As has been stated earlier, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. Although reports are used only if the operations of the firms closely conform to those of typical firms in the trade, it should be noted that the changing composition of the panel places some limitation on the comparability of the data contained in the present survey with those found in previous surveys. For this reason, a special compilation of the operating results of the 46 firms that reported for both 1955 and 1957 is shown in Table 4. This table sets out the principal profit and expense figures for the same panel of firms for the two periods.

Moreover, when interpreting figures in the following table, changes in the average net sales of firms from period to period should be noted. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

Average net sales of these 46 firms increased from \$1,698,305 in 1955 to \$1,838,255 in 1957. Lower average gross profit (15.92% versus 16.08% in 1955) and higher average total operating expenses (14.82% versus 14.65%) combined to reduce average net operating profit to 1.10% from 1.43% in 1955.

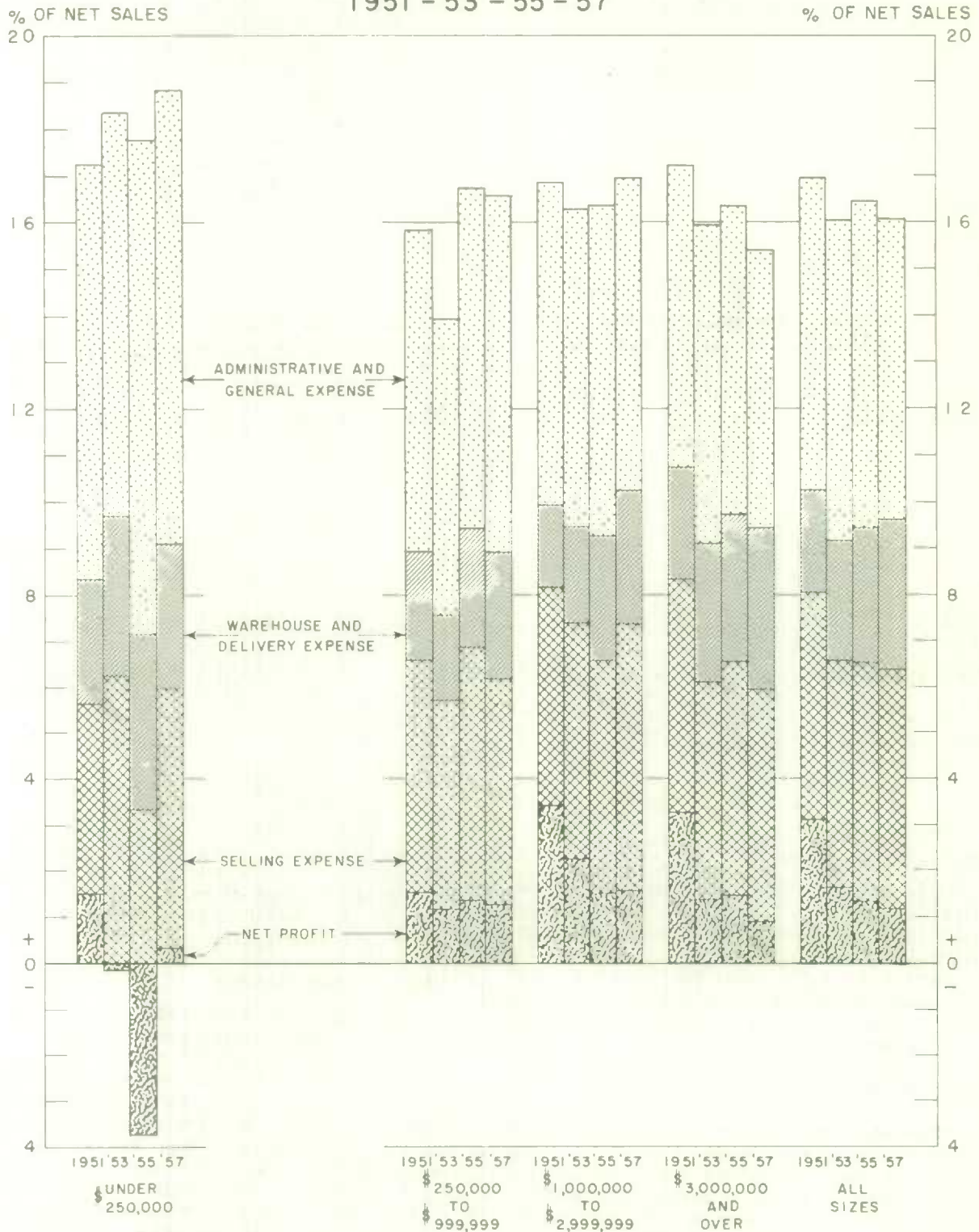
TABLE 4. Operating Results of Dry Goods Wholesalers, 1955 and 1957 Compared

Item	1955	1957
Number of firms	46	46
Average net sales per firm \$	1,698,305	1,838,255
	Per cent of net sales	
Gross profit	16.08	15.92
Operating expenses:		
Selling	5.04	5.22
Warehouse and delivery	3.00	3.19
Administrative and general	6.61	6.41
Total operating expenses	14.65	14.82
Net operating profit	1.43	1.10

OPERATING RESULTS OF DRY GOODS WHOLESALEERS BY SIZE OF FIRM

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1951 - 53 - 55 - 57



PIECE GOODS WHOLESALERS

Description of Reporting Firms

Item	Firms with 1957 sales of				Total all sizes
	Under \$200,000	\$200,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms	10	20	15	3	48
Form of organization:					
Individual proprietorship	3	—	1	—	4
Partnership	2	2	3	—	7
Incorporated company	5	18	11	3	37
Distribution of sales:					
To voluntary group retail stores %	—	2.71	—	—	0.83
To other retail stores %	61.00	41.76	32.63	23.20	35.21
To wholesalers %	5.80	16.41	9.51	19.69	13.36
To large users ¹ %	28.35	38.55	54.33	57.11	48.58
To others %	4.85	0.57	3.53	—	2.02

¹ Industries, hospitals, institutions, etc.

Forty-two of the 61 firms that reported for the 1955 survey of piece goods wholesalers reported for the 1957 survey and reports were received from 6 other firms. In all then, a panel of 48 firms provided the data used in compiling Tables 5 and 6 of this report. Table 6 shows a comparison of the operating results of firms selling primarily to retailers, and of firms selling primarily to wholesalers and large users. Table 7 is compiled from

reports of 37 incorporated companies and Table 8 from reports of the 42 firms that reported for both the 1955 and 1957 surveys. More information about the firms in the panel, including percentages of sales distribution to various classes of buyers, is given in the above table. For the first time, sales to voluntary group retail stores are shown as a percentage of total sales.

REVIEW OF 1957 OPERATING RESULTS

Profit and Expense Ratios

Table 5 shows that piece goods wholesalers in the 1957 panel realized average gross profit of 17.21%, incurred average total operating expenses of 15.54% and, after allowing for non-trading items, had average net profit before income tax of 2.18% of net sales. As well as being shown for the whole panel of firms, these data are computed for four groups of firms classified according to the size of their annual sales. Ratios for the various components of operating expenses are also given.

While an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient numbers to report for a series of consecutive biennial surveys. Because of this change in the composition of

the panel, published results of the biennial surveys may not be strictly comparable. Therefore, a special compilation is furnished in the last section of this report for purposes of comparing results of the 1957 survey with those of 1955.

Other Operating Features

Table 5 contains information with respect to inventories, credit sales, accounts receivable and stock turnover. This latter item is computed by dividing the cost of goods sold by the average of the beginning and end-of-year inventories. For the panel as a whole, this worked out to 3.50 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Finally, information is available on sales per 1,000 square feet of floor space.

TABLE 5. Operating Results of Piece Goods Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of				Total all sizes
	Under \$200,000	\$200,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting	10	20	15	3	48
Average net sales per firm	\$ 126,239	339,854	664,394	1,421,936	464,400
Average cost of goods sold	\$ 102,184	281,631	556,886	1,148,680	384,454
Stock turnover (times per year)	3.53	3.43	3.27	4.32	3.50
Average beginning inventory	\$ 28,421	86,199	168,333	272,518	111,474
Per cent of average net sales	22.51	25.36	25.34	19.17	24.00
Average ending inventory	\$ 29,401	77,904	171,937	258,837	108,493
Per cent of average net sales	23.29	22.92	25.88	18.20	23.36
Profit and Loss Data (Per cent of net sales)					
Gross profit	19.05	17.13	16.18	19.22	17.21
Operating expenses:					
Selling expense:					
Salaries	2.97	3.10	3.10	5.33	3.52
Travelling	0.78	0.95	0.68	1.24	0.88
Advertising	0.36	0.20	0.15	0.14	0.17
Other selling expense	0.09	0.48	0.37	0.44	0.40
Total selling expense	4.20	4.73	4.30	7.15	4.97
Warehouse and delivery expense:					
Salaries and wages	2.11	1.25	1.95	1.40	1.64
Maintenance of delivery equipment	0.32	0.20	0.42	0.15	0.29
Outward freight	1.73	0.21	0.31	0.22	0.34
Warehouse supplies	0.14	0.20	0.16	0.09	0.16
Other warehouse and delivery expense	0.32	0.02	0.12	0.09	0.10
Total warehouse and delivery expense	4.62	1.88	2.96	1.95	2.53
Administrative and general expense:					
Salaries	4.76	4.63	3.22	3.79	3.85
Employees' benefits	0.05	0.15	0.06	0.16	0.10
Occupancy	1.32	1.21	1.41	0.79	1.22
Taxes ¹	0.29	0.21	0.16	0.13	0.18
Insurance ¹	0.27	0.23	0.19	0.06	0.18
Office supplies	0.39	0.31	0.23	0.22	0.26
Communication	0.36	0.28	0.30	0.20	0.28
Bad debts — amount written off	0.92	0.43	0.68	0.12	0.51
All other expense	1.80	1.49	1.44	1.34	1.46
Total administrative and general expense	10.16	8.94	7.69	6.81	8.04
Total operating expenses	18.98	15.55	14.95	15.91	15.54
Net operating profit	0.07	1.58	1.23	3.31	1.67
Non-trading income	1.12	0.71	0.85	0.11	0.68
Non-trading expense	0.01	0.22	0.23	0.03	0.17
Net profit before income tax deduction	1.18	2.07	1.85	3.39	2.18
Miscellaneous Data					
Credit sales:					
Average per firm	\$ 117,655	318,826	651,954	1,419,888	449,834
Per cent of average net sales	93.20	93.81	98.13	99.86	96.86
Accounts outstanding:					
Average per firm	\$ 27,058	52,405	120,859	211,362	78,451
Per cent of average credit sales	23.00	16.44	18.54	14.89	17.44
Sales per 1,000 sq. ft. of floor space	\$ 60.401	94,379	132,349	99,785	105,661

¹ Excludes amount attributed to real estate which is in occupancy expense.

Comparison of Operating Results of Firms Selling to Retailers and to Combined Wholesalers and Large Users

A comparison of operating results of firms selling primarily to retailers (at least 50% of sales) and firms selling chiefly to wholesalers and large users combined (over 50% of sales) is presented in Table 6 below. Average gross profit of 22 firms that sold at least 50% of their merchandise to retailers stood at 18.13% compared with 16.77% for 26 firms that sold over 50% of their merchandise to

wholesalers and large users combined. Except for firms with annual sales of less than \$200,000, firms selling to retailers had higher average total operating expenses (16.97%) than those selling to wholesalers and large users (14.85%). For the whole panel, the result was a lower average net operating profit (1.16% versus 1.92%) for firms selling to retailers.

TABLE 6. Operating Results of Piece Goods Wholesalers, 1957
Firms Selling to Retailers and to Wholesalers and Large Users, Compared

Item	Firms with 1957 sales of							Total all sizes	
	Under \$200,000		\$200,000 to \$499,999		\$500,000 to \$999,999		\$1,000,000 and over		
	50% and over to retailers	Over 50% to wholesalers and large users ¹	50% and over to retailers	Over 50% to wholesalers and large users ¹	50% and over to retailers	Over 50% to wholesalers and large users ¹	Over 50% to wholesalers and large users ¹	50% and over to retailers	Over 50% to wholesalers and large users ¹
	per cent of net sales								
Gross profit	19.49	18.23	17.19	17.08	18.70	14.94	19.22	18.13	16.77
Operating expenses:									
Selling	3.48	5.56	5.10	4.41	4.30	4.30	7.15	4.55	5.17
Warehouse and delivery ..	5.50	2.95	2.15	1.64	3.90	2.49	1.95	3.32	2.15
Administrative and general	9.34	11.71	9.25	8.67	8.89	7.11	6.81	9.10	7.53
Total operating expenses ..	18.32	20.22	16.50	14.72	17.09	13.90	15.91	16.97	14.85
Net operating profit	1.17	1.99 ²	0.69	2.36	1.61	1.04	3.31	1.16	1.92

¹ Large users: industries, hospitals, institutions, etc.

² Operating loss.

Incorporated Companies, 1957

Table 7 shows the operating results of 37 incorporated companies in the piece goods wholesale

trade. Unlike Table 5, deduction for income tax purposes is shown as a percentage of net sales.

TABLE 7. Operating Results of Incorporated Piece Goods Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of				Total all sizes
	Under \$200,000	\$200,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 and over	
	per cent of net sales				
Gross profit	16. 21	16. 97	16. 59	19. 22	17. 31
Operating expenses	16. 36	15. 30	15. 31	15. 91	15. 48
Net operating profit	0. 15 ¹	1. 67	1. 28	3. 31	1. 83
Non-trading income	0. 81	0. 74	0. 92	0. 11	0. 67
Non-trading expense	—	0. 20	0. 25	0. 03	0. 18
Net profit before income tax deduction	0. 66	2. 21	1. 95	3. 39	2. 32
Income tax	0. 20	0. 64	0. 31	1. 23	0. 63
Final net profit	0. 46	1. 57	1. 64	2. 16	1. 69

¹ Operating loss.

Comparison of 1955 and 1957 Operating Results

As stated earlier in this report, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. It should be noted that, although reports are used only if the operations of the firms closely conform to those of typical firms in the trade, the changing composition of the panel places a severe limitation on the comparability of the data contained in the present survey with those contained in previous surveys. Hence, a special compilation of the operating results of the 42 firms that reported for both 1955 and 1957 is shown in Table 8. It sets out the principal profit and expense figures for the same panel of firms for the two periods.

Moreover, when interpreting figures in the following table, changes in the average net sales of

firms from period to period should be noted. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

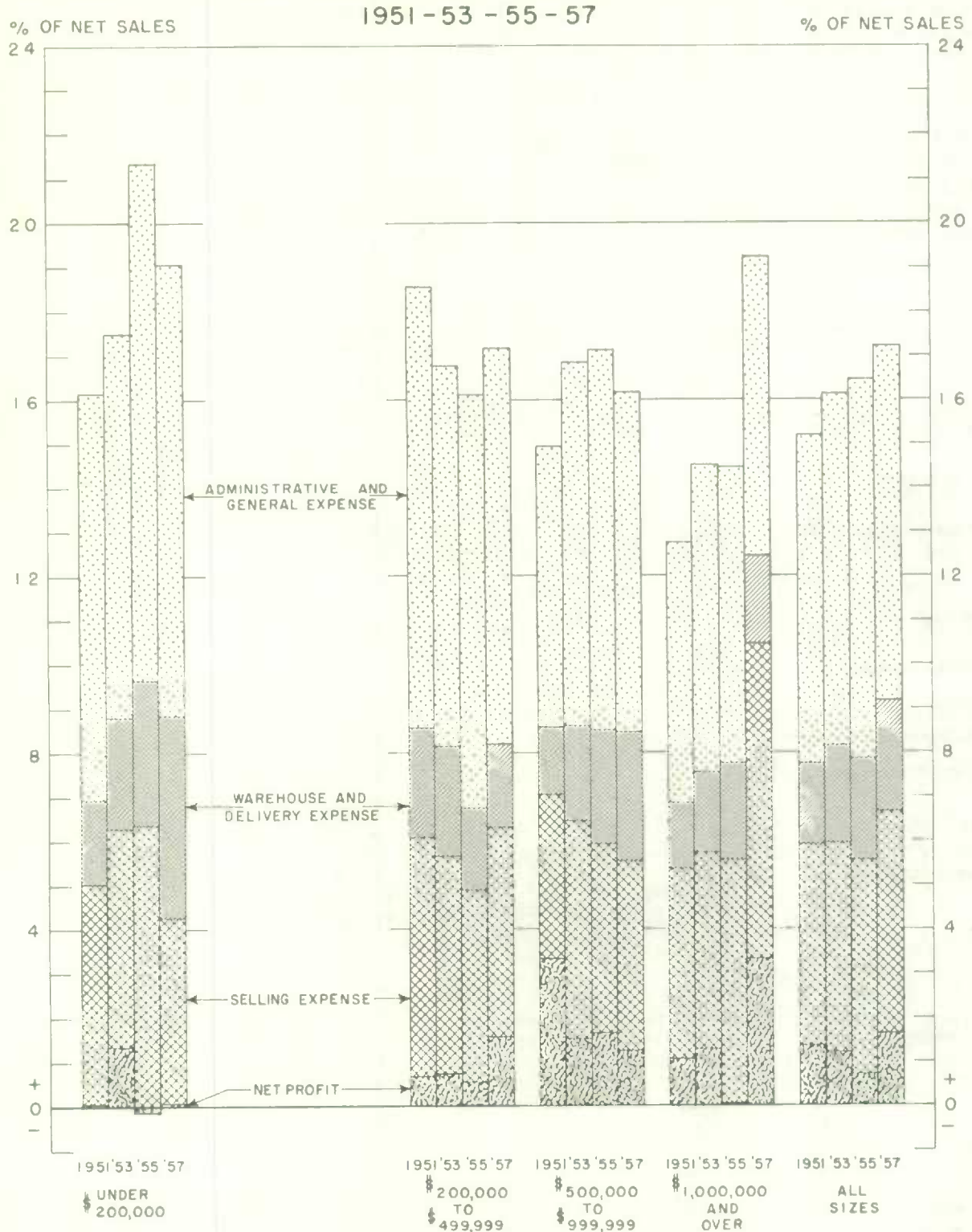
Average net sales of the 42 firms increased from \$421,780 in 1955 to \$477,344 in 1957; and, with a rise in average gross profit (17.08% versus 16.81%), average total operating expenses (15.42%) were sufficiently low to produce a substantially improved average net operating profit of 1.66% compared with 0.86% in 1955.

TABLE 8. Operating Results of Piece Goods Wholesalers 1955 and 1957 Compared

Item	1955	1957
Number of firms	42	42
Average net sales per firm \$	421, 780	477, 344
	percent of net sales	
Gross profit	16. 81	17. 08
Operating expenses:		
Selling	4. 70	5. 19
Warehouse and delivery	2. 44	2. 42
Administrative and general	8. 81	7. 81
Total operating expenses	15. 95	15. 42
Net operating profit	0. 86	1. 66

OPERATING RESULTS OF PIECE GOODS WHOLESALERS BY SIZE OF FIRM

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES



FOOTWEAR WHOLESALERS

Description of Reporting Firms

Item	Firms with 1957 sales of		Total all sizes
	Under \$500,000	\$500,000 and over	
Number of firms	12	5	17
Form of organization:			
Individual proprietorship	2	—	2
Partnership	—	—	—
Incorporated company	10	5	15
Distribution of sales:			
To voluntary group retail stores %	0.13	1.21	0.88
To other retail stores %	96.34	96.54	96.48
To wholesalers %	0.44	0.14	0.23
To large users ¹ %	0.65	2.11	1.65
To others %	2.44	—	0.76

¹ Industries, hospitals, institutions etc.

Fifteen of the 25 firms that reported for the 1955 survey of footwear wholesalers reported for the 1957 survey and reports were received from 2 other firms. This means that a total of 17 firms provided the data used in compiling Table 9 of this report. Table 10 is compiled from reports of 15 in-

corporated companies and Table 11 from 15 firms that reported for both the 1955 and 1957 surveys. More information about the firms in the panel, including percentages of sales distribution to various classes of customers, is given in the above table.

REVIEW OF 1957 OPERATING RESULTS

Profit and Expense Ratios

Table 9 shows that the 1957 panel of footwear wholesalers realized an average gross profit of 13.60% of net sales, incurred average total operating expenses of 12.14% and, after allowing for non-trading items, had average net profit before income tax deduction of 2.22%. Similar data are shown for two groups of firms classified according to the size of their annual sales. Ratios for various expense components are also shown for each of the two groups.

While an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient numbers to report for a series of consecutive biennial surveys. Hence, published results of the biennial

surveys may not be strictly comparable. Therefore, a special compilation is furnished in the last section of this report for purposes of comparing results of the 1957 survey with those of 1955.

Other Operating Features

Table 9 contains information with respect to inventories, credit sales, accounts receivable and stock turnover. The latter is computed by dividing the cost of goods sold by the average of the beginning and end-of-year inventories and, for the panel as a whole, this worked out to 4.99 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Finally, information is available on sales per 1,000 square feet of floor space.

TABLE 9. Operating Results of Footwear Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of		Total all sizes
	Under \$500,000	\$500,000 and over	
Number of firms reporting	12	5	17
Average net sales per firm \$	283,925	1,514,707	645,920
Average cost of goods sold \$	238,098	1,325,945	558,053
Stock turnover (times per year)	4.07	5.53	4.99
Average beginning inventory \$	62,010	227,395	110,653
Per cent of average net sales	21.84	15.01	17.13
Average ending inventory \$	54,854	252,358	112,943
Per cent of average net sales	19.32	16.66	17.49
Profit and Loss Data (Per cent of net sales)			
Gross profit	16.14	12.46	13.60
Operating expenses:			
Selling expense:			
Salaries	3.05	2.54	2.70
Travelling	0.91	0.28	0.48
Advertising	0.18	0.02	0.07
Other selling expense	0.05	0.13	0.10
Total selling expense	4.19	2.97	3.35
Warehouse and delivery expense:			
Salaries and wages	1.64	1.37	1.46
Maintenance of delivery equipment	0.33	0.03	0.12
Outward freight	0.19	0.74	0.56
Warehouse supplies	0.05	0.09	0.08
Other warehouse and delivery expense	0.07	0.07	0.07
Total warehouse and delivery expense	2.28	2.30	2.29
Administrative and general expense:			
Salaries	4.40	2.59	3.15
Employees' benefits	0.18	0.10	0.13
Occupancy	1.19	0.61	0.79
Taxes ¹	0.32	0.03	0.12
Insurance ¹	0.32	0.17	0.22
Office supplies	0.26	0.28	0.27
Communication	0.28	0.07	0.14
Bad debts - amount written off	0.61	0.30	0.39
All other expense	1.23	1.31	1.29
Total administrative and general expense	8.79	5.46	6.50
Total operating expenses	15.26	10.73	12.14
Net operating profit	0.88	1.73	1.46
Non-trading income	0.25	1.29	0.97
Non-trading expense	0.46	0.10	0.21
Net profit before income tax deduction	0.67	2.92	2.22
Miscellaneous Data			
Credit sales:			
Average per firm \$	271,566	1,495,290	631,485
Per cent of average net sales	95.65	98.72	97.77
Accounts outstanding:			
Average per firm \$	63,781	260,870	121,748
Per cent of average credit sales	23.49	17.45	19.28
Sales per 1,000 sq. ft. of floor space \$	64,897	91,468	84,272

¹ Excludes amount attributed to real estate which is in occupancy expense.

Incorporated Companies, 1957

Operating results of 15 incorporated wholesale footwear companies are shown in Table 10. As an

additional item in this table, income tax is computed as a percentage of net sales.

TABLE 10. Operating Results of Incorporated Footwear Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of		Total all sizes
	Under \$500,000	\$500,000 and over	
	per cent of net sales		
Gross profit	16.77	12.46	13.55
Operating expenses	16.45	10.73	12.18
Net operating profit	0.32	1.73	1.37
Non-trading income	0.30	1.29	1.04
Non-trading expense	0.40	0.10	0.18
Net profit before income tax deduction	0.22	2.92	2.23
Income tax	0.20	1.14	0.90
Final net profit	0.02	1.78	1.33

Comparison of 1955 and 1957 Operating Results

As stated earlier, the composition of the panel of firms that report for the biennial survey changes from survey to survey. Although reports are used only if the operations of the firms closely conform to those of typical firms in the trade, it should be noted that the changing composition of the panel places a severe limitation on the comparability of the data contained in the present survey with those found in previous surveys. Hence, a special compilation of the operating results of the 15 firms that reported for both the 1955 and 1957 surveys is presented in Table 11 for purposes of comparison. It sets out the principal profit and expense figures for the same panel of firms for the two periods.

Moreover, when interpreting figures in the following table, changes in the average net sales of firms from period to period should be observed. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

Average net sales of these 15 firms increased from \$607,178 in 1955 to \$675,297 in 1957. With a slight rise in average gross profit (13.40%) increases in average total operating expenses were sufficiently small to produce an improved net operating profit position of 1.52% of net sales.

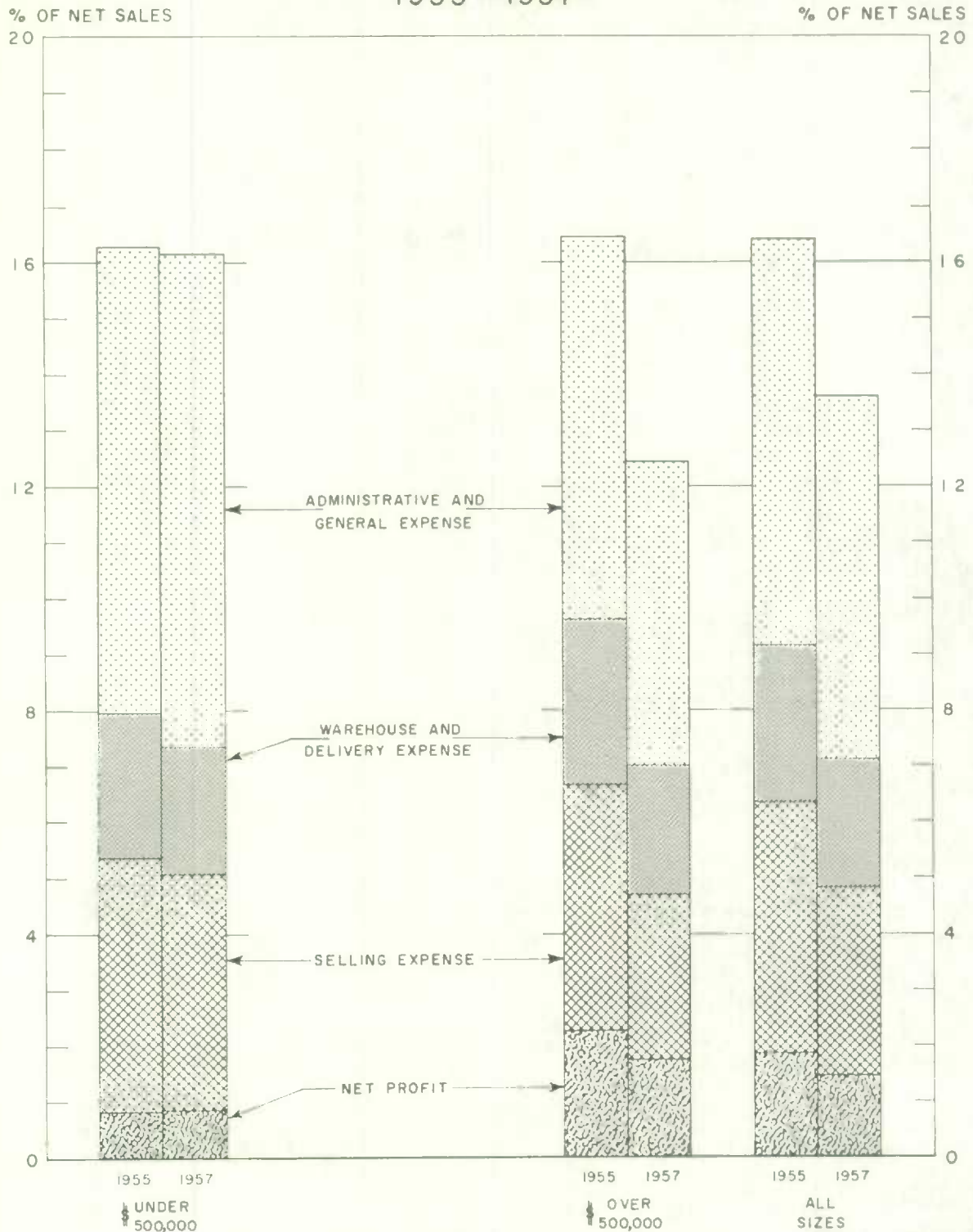
TABLE 11. Operating Results of Footwear Wholesalers 1955 and 1957 Compared

Item	1955	1957
Number of firms	15	15
Average net sales per firm \$	607,178	675,297
	Per cent of net sales	
Gross profit	13.08	13.40
Operating expenses:		
Selling	3.55	3.37
Warehouse and delivery	2.30	2.30
Administrative and general	5.84	6.21
Total operating expenses	11.69	11.88
Net operating profit	1.39	1.52

OPERATING RESULTS OF FOOTWEAR WHOLESALERS BY SIZE OF FIRM

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1955 - 1957



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