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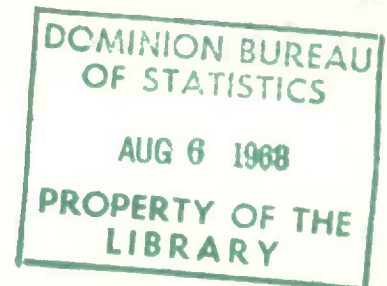


CAMERA AND PHOTOGRAPHIC SUPPLIES STORES AND SPORTING GOODS STORES

(Independent)

OPERATING RESULTS

1965



First issue

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INTRODUCTION

This is the first operating results survey of camera and photographic supplies stores and sporting goods stores.

During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey the trades reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and

ratios that are shown can be used as a standard against which business men can compare their own operating experience. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operations, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are not collected.

Note: Definitions are given at the end of this report.

CAMERA AND PHOTOGRAPHIC SUPPLIES STORES (INDEPENDENT)

Stores included in this classification are those selling mainly cameras and photographic supplies. As additional lines, photo-finishing and picture framing may be carried on and less frequently the sale of greeting cards. Photographic studios are sometimes operated as a subsidiary activity.

Financial data of 6 unincorporated businesses and 17 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 28.21 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for camera and photographic supplies stores revealed by the 1961 Census of Merchandising was 30.5 per cent. Gross profit ranged from 24.2 per cent in the case of Saskatchewan to 32.5 per cent for British Columbia. The Census statistics pertain to all stores of this kind, independent as well as chain, and incorporated

companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated camera and photographic supplies stores, excluding the pay for delivery employees, were 5.8 per cent, occupancy expenses were 6.16 per cent and total operating expenses amounted to 16.12 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 12.09 per cent. Taking account of non-trading income, net profit was 12.11 per cent.

In the incorporated sector of the trade, for all 17 companies reported the gross profit was 30.49 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.74 per cent. Taking account of non-trading income and expense, net profit was 3.37 per cent of net sales. (See Tables 1 and 2)

SPORTING GOODS STORES (INDEPENDENT)

Stores included in this classification are those selling mainly a general or special line of sporting goods and equipment such as required for gymnasium or playground, or for hunting, fishing, riding, skiing and for various games like golf, tennis, baseball, etc. Toys, indoor games and sports clothing are additional lines. Repairs not exceeding 50 per cent of the total trade may also be undertaken.

Financial data of 28 unincorporated businesses and 17 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 27.81 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for sporting goods stores revealed by the 1961 Census of Merchandising was 30.4 per cent. Gross profit ranged from 24.2 per cent for Nova Scotia to 35.0 per cent for British Columbia. The Census statistics pertain to all stores of this kind, independent as well as

chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated sporting goods stores excluding the pay for delivery employees, were 8.79 per cent, occupancy expenses were 6.22 per cent and total operating expenses amounted to 20.22 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 7.59 per cent. Taking account of non-trading income, net profit was 8.44 per cent.

In the incorporated sector of the trade, for all 17 companies reported the gross profit was 30.71 per cent of net sales in 1965. Net operating profit before adding net non-trading income and before making allowance for income tax, was 3.83 per cent. Taking account of non-trading income and expense, net profit was 4.01 per cent. (See Tables 3 and 4)

TABLE 1. Camera and Photographic Supplies Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses) 1965

Item	Rented stores with annual net sales of \$30,000 - 199,999	Total owned and rented
Number of businesses reporting	5	5
Average net sales per business	64,025	62,293
Average beginning inventory	10,836	10,679
Average inventory, end of year	12,737	12,419
Average cost of goods sold	45,652	44,611
Stock turnover (times per year)	3.87	3.86
Profit and loss data (Per cent of net sales)		
Gross profit	28.69	28.21
Operating expenses:		
Employees' salaries and wages (except delivery)	5.94	5.80
Delivery expenses (including salaries and wages)	0.31	0.29
Occupancy expenses:		
Taxes	0.28	0.40
Insurance	0.49	0.52
Rent	3.40	3.15
Heat, light and power	1.13	1.13
Repairs and maintenance	0.36	0.36
Depreciation allowances	0.59	0.60
Total occupancy expenses	6.25	6.16
Office and store supplies	0.60	0.56
Advertising	1.72	1.60
Net loss on bad debts	0.12	0.11
All other expenses	1.68	1.60
Total operating expenses	16.62	16.12
Net operating profit	12.07	12.09
Non-trading income	0.02	0.02
Non-trading expense	-	-
Net profit before deduction of proprietors' salaries, withdrawals and income tax	12.09	12.11

TABLE 2. Camera and Photographic Supplies Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies) 1965

Item	Rented stores with annual net sales of					Total owned and rented
	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	\$500,000-999,999	Total	
Number of businesses reporting	4	4	5	3	16	17
Average net sales per business	93,271	141,324	345,418	834,524	316,696	312,852
Average beginning inventory	15,474	37,040	57,482	125,367	54,456	58,853
Average inventory, end of year	17,992	35,583	62,698	171,526	64,473	63,781
Average cost of goods sold	59,122	95,558	254,126	614,775	228,474	225,627
Stock turnover (times per year)	3.53	2.63	4.23	4.14	3.56	3.55
Profit and loss data (Per cent of net sales)						
Gross profit	36.61	32.38	26.43	26.33	30.46	30.49
Operating expenses:						
Employees' salaries and wages (except delivery)	15.97	17.65	13.74	12.96	15.30	15.32
Delivery expenses (including salaries and wages)	0.24	0.42	0.42	0.76	0.44	0.43
Occupancy expenses:						
Taxes	0.79	0.16	0.44	0.33	0.41	0.42
Insurance	0.32	0.81	0.60	0.31	0.55	0.56
Rent	4.80	3.25	1.76	2.38	2.99	2.94
Heat, light and power	0.84	0.47	0.47	0.51	0.56	0.56
Repairs and maintenance	0.31	2.09	0.38	0.65	0.95	0.94
Depreciation allowances	2.09	1.07	1.03	0.44	1.16	1.16
Total occupancy expenses	9.15	7.85	4.68	4.62	6.62	6.58
Office and store supplies	1.27	0.04	0.20	0.65	0.46	0.45
Advertising	2.50	1.99	2.10	1.72	2.08	2.06
Net loss on bad debts	0.28	0.35	0.32	0.14	0.29	0.29
All other expenses	4.60	3.09	3.49	3.31	3.57	3.62
Total operating expenses	34.01	31.39	24.95	24.16	28.76	28.75
Net operating profit	2.60	0.99	1.48	2.17	1.70	1.74
Non-trading income	3.04	0.05	0.87	1.72	1.23	1.21
Non-trading expense	2.17	-	-	0.70	0.59	0.58
Net profit before allowances for income tax	3.47	1.04	2.35	3.19	2.34	2.37

TABLE 3. Sporting Goods Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses) 1965

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				Total owned and rented
	\$20,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	Total	\$20,000 - 49,999	\$50,000 - 99,999	\$100,000 - 499,999	Total	
Number of businesses reporting.....	3	3	3	9	6	7	6	19	28
Average net sales per business	25,504	79,488	173,878	79,033	37,761	67,174	205,940	103,793	95,004
Average beginning inventory	15,146	32,920	65,190	33,034	16,236	23,294	75,116	38,275	36,415
Average inventory, end of year.....	15,563	33,408	69,012	34,231	17,716	23,212	72,836	37,977	36,647
Average cost of goods sold.....	18,666	58,863	135,268	59,878	26,091	49,592	143,708	73,248	68,502
Stock turnover (times per year)	1.21	1.77	2.02	1.60	1.23	2.13	1.94	1.76	1.70
Profit and loss data (Per cent of net sales)									
Gross profit	26.81	25.95	22.20	25.46	30.90	26.17	30.22	29.10	27.81
Operating expenses:									
Employees' salaries and wages (except delivery)	6.48	7.54	8.47	7.33	5.59	9.04	14.14	9.60	8.79
Delivery expenses (including salaries and wages)	-	1.03	1.05	0.63	0.31	0.65	0.30	0.42	0.48
Occupancy expenses:									
Taxes.....	1.59	0.78	0.61	1.06	0.49	0.53	0.28	0.43	0.65
Insurance	0.64	0.48	0.27	0.50	0.90	0.49	0.55	0.65	0.60
Rent.....	-	-	-	-	5.67	3.31	4.25	4.41	2.85
Heat, light and power.....	1.22	1.09	0.50	1.01	0.52	0.58	0.42	0.51	0.69
Repairs and maintenance	0.96	0.48	0.30	0.63	0.18	0.16	0.18	0.17	0.33
Depreciation allowances	1.28	1.32	0.37	1.09	2.17	0.66	0.50	1.11	1.10
Total occupancy expenses	5.69	4.15	2.05	4.29	9.93	5.73	6.18	7.28	6.22
Office and store supplies	0.26	0.93	0.35	0.54	0.76	0.34	0.64	0.58	0.58
Advertising.....	1.51	0.93	1.12	1.20	0.98	0.82	1.45	1.08	1.12
Net loss on bad debts	0.27	1.27	0.33	0.67	0.19	0.07	0.54	0.27	0.41
All other expenses	2.71	3.77	1.71	2.89	3.41	1.55	2.44	2.46	2.61
Total operating expenses	16.92	19.62	15.08	17.55	21.15	18.20	25.69	21.69	20.22
Net operating profit	9.89	6.33	7.12	7.91	9.75	7.97	4.53	7.41	7.59
Non-trading income	1.14	1.17	0.02	0.90	1.22	0.45	0.81	0.83	0.85
Non-trading expense	-	-	-	-	-	-	-	-	-
Net profit before deduction of proprietors' salaries, withdrawals and income tax	11.03	7.50	7.14	8.81	10.97	8.42	5.34	8.24	8.44

TABLE 4. Sporting Goods Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies) 1965

Item	Owned stores with annual net sales of \$100,000 - 499,999	Rented stores with annual net sales of \$50,000 - 199,999	Total rented	Total owned and rented
Number of businesses reporting.....	4	11	13	17
Average net sales per business.....	153,662	122,332	193,110	185,757
Average beginning inventory.....	44,194	45,669	56,329	54,067
Average inventory, end of year.....	43,805	48,071	65,501	61,457
Average cost of goods sold.....	115,293	81,187	133,654	130,232
Stock turnover (times per year).....	2.62	1.69	2.01	2.12
Profit and loss data (Per cent of net sales)				
Gross profit	24.97	33.63	32.03	30.71
Operating expenses:				
Employees' salaries and wages (except delivery).....	14.25	16.86	16.18	15.83
Delivery expenses (including salaries and wages).....	0.29	0.44	0.30	0.30
Occupancy expenses:				
Taxes.....	1.06	0.32	0.36	0.49
Insurance.....	0.45	0.35	0.30	0.33
Rent.....	—	5.33	4.52	3.68
Heat, light and power.....	0.62	0.49	0.45	0.48
Repairs and maintenance.....	0.23	0.40	0.37	0.34
Depreciation allowances.....	0.65	0.43	0.59	0.60
Total occupancy expenses.....	3.01	7.32	6.59	5.92
Office and store supplies.....	0.38	0.44	0.41	0.40
Advertising.....	1.11	1.36	1.23	1.21
Net loss on bad debts.....	0.25	1.00	0.71	0.62
All other expenses.....	2.79	2.37	2.56	2.60
Total operating expenses.....	22.08	29.79	27.98	26.88
Net operating profit.....	2.89	3.84	4.05	3.83
Non-trading income.....	0.57	0.19	0.14	0.22
Non-trading expense.....	0.20	—	—	0.04
Net profit before allowances for income tax.....	3.26	4.03	4.19	4.01



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DEFINITIONS

PROFIT AND LOSS

Items

Net sales—the dollar 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.

Purchases—are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold—determined by adding the beginning inventory to net purchases and deducting the ending inventory

Gross profit—the difference between "cost of goods sold" and "net sales".

Operating expenses—all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except for delivery employees)—payments to employees (wages, salaries, bonuses, payments for leave, payments in kind) before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery—includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes—business, property and water taxes and licenses. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance—annual proportion of premiums for insurance policies carried to protect the business.

Rent—payments for use of business premises.

Heat, light and power—cost applicable to year's operations.

Repairs and maintenance—costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation—Write-offs for the year of fixed assets used in the business only, or rates authorized by the Income Tax Department.

Store supplies—wrapping paper, office supplies, etc.

Advertising—displays, window dressing and sales promotion.

Net bad debt loss—estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

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

Net operating profit—is the difference between "total operating expenses" and "gross profit" and in the case of unincorporated businesses includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy—the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income—interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense—interest expense, rental expense, any other expense not pertaining to the business.

Ratios

Stock turnover—the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio—sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios—each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio—the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.