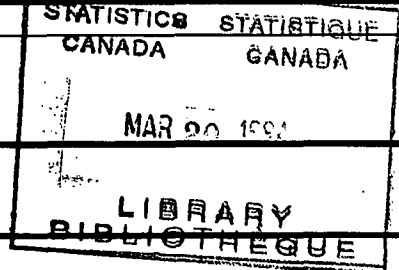


# The Daily

Statistics Canada

Monday, March 20, 1995  
For release at 8:30 a.m.



## MAJOR RELEASES

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Consumers continued to increase their spending in January. Retail sales have been on an upward trend since August 1994.
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Success demands a commitment to innovation. There is no single key to innovation, though. Truly innovative firms take a balanced approach to their operations by implementing a range of strategies. They are more likely to train their workers, and thereby provide better wages and employment stability.

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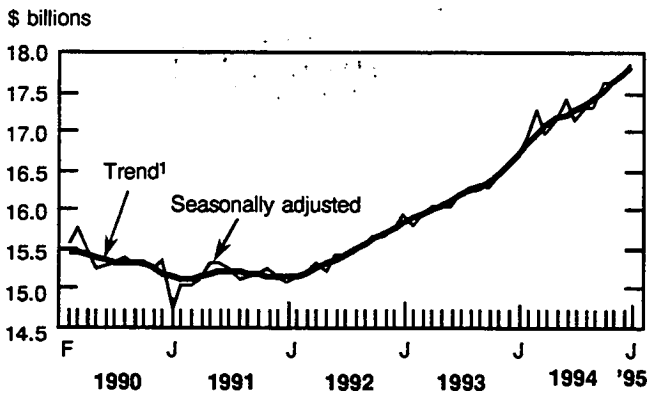
## MAJOR RELEASES

### Retail trade

January 1995 (preliminary)

Consumers continued to increase their spending as retail sales increased 0.8% to \$17.9 billion (seasonally adjusted) in January. This followed a 0.6% gain in December 1994. Since early 1992, retail sales have generally been increasing. The rate of increase has grown faster since mid-1994.

#### Sales have been increasing since early 1992



**Note:** Data prior to 1991 have been adjusted to remove the federal sales tax to be comparable to January 1991 and subsequent data.

<sup>1</sup> Trend represents smoothed seasonally adjusted data.

January's largest increase in dollar terms was by retailers of department store-type merchandise (33% of total retail trade), who increased sales 1.6% after a 0.5% rise in December. The latest gain was led by other durable and general merchandise stores.

Sales of other durable goods jumped 8.4% in January, offsetting the 6.3% drop in December. Monthly sales movements of other durable goods stores have been volatile over the last year.

The general merchandise sector (10% of total retail trade) advanced 1.6%, the third increase in four months. Sales by general merchandise stores have slowed in recent months after steady growth since mid-1993.

#### Definitions

**Department store-type merchandise** includes goods sold by drug and patent medicine, clothing, furniture, general merchandise, and other semi-durable and durable goods stores.

**Other semi-durable goods** include commodities sold by hardware, book and stationery, florist, lawn and garden, paint, glass and wallpaper, toy, hobby, gift, novelty and souvenir stores.

**Other durable goods** include merchandise sold by sporting goods, bicycle, musical instrument, record and tape, jewellery, watch and jewellery repair, and camera and photographic supply stores.

#### Auto sector declined for the first time since July

A 0.2% decline in the auto sector was the first drop since July 1994. Lower sales by gas stations more than offset increases by dealers of new motor vehicles and retailers of auto parts, accessories and services.

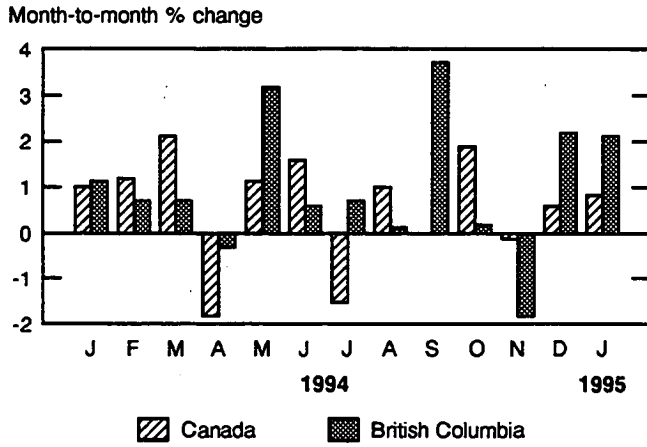
Gas stations' sales fell 2.3%, a fourth consecutive monthly decline. This decline coincided with a drop in gas prices in January.

Sales of new motor vehicles increased slightly (+0.3%) in January despite a 6.5% decline in the number sold. This divergence reflects a 10% increase in the average price of new models this January compared with a year earlier.

#### Sales in British Columbia grew strongly

Sales in British Columbia grew strongly (+2.1%) for a second consecutive month to stand 12.6% higher than in January 1994. Since January 1994, sales increases in British Columbia have generally surpassed growth at the national level.

**Retail sales are growing faster in British Columbia**



**Early indications of February sales**

Early indications of February sales are not as encouraging. Estimates indicate a drop in department stores sales and the number of new motor vehicles sold. These two categories account for about one-third of retail sales. Employment in trade declined 0.9% from January 1995. Retail sales in the United States declined 0.5% in February after a 0.6% increase in January 1995.

**Available on CANSIM: matrices 2299, 2398-2417 and 2420.**

The January 1995 issue of *Retail trade* (63-005, \$20/\$200) will be available the second week of April. See "How to order publications".

For further information on this release, contact Pierre Desjardins (613-951-9682), Retail Trade Section, Industry Division. □

**Retail sales**

Trade group	January 1994	October 1994 <sup>r</sup>	November 1994 <sup>r</sup>	December 1994 <sup>r</sup>	January 1995 <sup>p</sup>	December 1994 to January 1995	January 1994 to January 1995
	seasonally adjusted						
	\$ millions				% change		
Food	4,369	4,495	4,476	4,522	4,532	0.2	3.7
Supermarkets and grocery stores	4,089	4,153	4,155	4,181	4,174	-0.2	2.1
All other food stores	280	342	321	341	358	5.0	27.8
Drug and patent medicine stores	1,014	1,007	995	997	1,005	0.8	-0.9
Clothing	954	1,042	1,054	1,064	1,072	0.7	12.4
Shoe stores	144	149	154	147	145	-1.3	0.9
Men's clothing stores	154	154	153	158	160	1.1	3.7
Women's clothing stores	306	345	347	354	359	1.4	17.3
Other clothing stores	350	393	401	405	408	0.8	16.8
Furniture	873	956	939	980	986	0.7	12.9
Household furniture and appliance stores	681	762	742	787	793	0.7	16.3
Household furnishings stores	192	193	197	192	194	0.7	0.9
Automotive	5,887	6,292	6,320	6,365	6,351	-0.2	7.9
Motor vehicle and recreational vehicle dealers	3,706	4,086	4,115	4,161	4,172	0.3	12.6
Gasoline service stations	1,173	1,201	1,181	1,178	1,151	-2.3	-1.8
Automotive parts, accessories and services	1,009	1,005	1,023	1,027	1,027	0.1	1.8
General merchandise stores	1,739	1,817	1,802	1,821	1,850	1.6	6.4
Retail stores not elsewhere classified (n.e.c.)	1,863	2,030	2,042	1,988	2,083	4.8	11.8
Other semi-durable goods stores	563	610	612	600	606	0.9	7.5
Other durable goods stores	452	472	482	452	490	8.4	8.4
All other retail stores n.e.c.	848	949	948	936	988	5.5	16.5
<b>Total, retail sales</b>	<b>16,700</b>	<b>17,639</b>	<b>17,628</b>	<b>17,738</b>	<b>17,880</b>	<b>0.8</b>	<b>7.1</b>
Total excluding motor vehicle and recreational vehicle dealers	12,994	13,553	13,513	13,577	13,707	1.0	5.5
Department store-type merchandise	5,595	5,903	5,884	5,915	6,009	1.6	7.4
Newfoundland	284	293	286	286	286	0.0	0.6
Prince Edward Island	76	76	72	73	74	2.2	-1.7
Nova Scotia	550	550	549	551	548	-0.6	-0.4
New Brunswick	424	416	421	416	413	-0.8	-2.6
Quebec	4,192	4,229	4,234	4,265	4,300	0.8	2.6
Ontario	6,028	6,511	6,572	6,582	6,650	1.0	10.3
Manitoba	566	595	589	595	588	-1.1	4.0
Saskatchewan	497	548	536	533	539	1.1	8.3
Alberta	1,739	1,847	1,842	1,856	1,846	-0.5	6.2
British Columbia	2,290	2,517	2,471	2,524	2,577	2.1	12.6
Yukon	17	16	16	17	18	2.0	6.9
Northwest Territories	38	40	40	41	41	0.5	6.2

<sup>p</sup> Preliminary figures.

<sup>r</sup> Revised figures.

**Retail sales**

Trade group	January 1994	December 1994 <sup>r</sup>	January 1995 <sup>p</sup>	January 1994 to January 1995
	\$ millions			% change
Food	4,137	5,122	4,138	0.0
Supermarkets and grocery stores	3,904	4,706	3,837	-1.7
All other food stores	233	417	301	29.1
Drug and patent medicine stores	960	1,245	953	-0.7
Clothing	696	1,847	768	10.4
Shoe stores	111	210	107	-3.8
Men's clothing stores	115	338	116	1.5
Women's clothing stores	217	599	251	15.7
Other clothing stores	252	699	293	16.3
Furniture	711	1,391	809	13.7
Household furniture and appliance stores	567	1,153	661	16.6
Household furnishings stores	145	237	148	2.3
Automotive	4,679	5,713	5,087	8.7
Motor vehicle and recreational vehicle dealers	2,776	3,401	3,185	14.7
Gasoline service stations	1,090	1,172	1,058	-2.9
Automotive parts, accessories and services	813	1,140	844	3.9
General merchandise stores	1,231	3,166	1,303	5.8
Retail stores not elsewhere classified (n.e.c.)	1,373	3,347	1,517	10.5
Other semi-durable goods stores	405	963	426	5.3
Other durable goods stores	344	916	372	7.9
All other retail stores n.e.c.	623	1,467	719	15.3
<b>Total, retail sales</b>	<b>13,787</b>	<b>21,830</b>	<b>14,575</b>	<b>5.7</b>
Total excluding motor vehicle and recreational vehicle dealers	11,011	18,429	11,390	3.4
Department store-type merchandise	4,348	9,528	4,631	6.5
Newfoundland	224	369	222	-1.1
Prince Edward Island	58	90	58	-0.1
Nova Scotia	448	698	443	-1.1
New Brunswick	336	522	330	-1.5
Quebec	3,342	4,949	3,392	1.5
Ontario	5,032	8,283	5,466	8.6
Manitoba	470	762	487	3.6
Saskatchewan	424	660	450	6.3
Alberta	1,463	2,325	1,524	4.1
British Columbia	1,944	3,103	2,156	10.9
Yukon	13	20	13	3.3
Northwest Territories	32	49	33	2.8

<sup>p</sup> Preliminary figures.

<sup>r</sup> Revised figures.

## Business strategies and innovative firms

Innovative firms are more successful than non-innovative firms. They grow faster, gain more market share and achieve higher growth in profits.

There is no single key to success. Rather, truly innovative firms take a balanced approach to their operations by implementing a range of strategies that involve factors from marketing, production, finance, investment, human resources and government programs. They excel in several different but related areas of business performance.

Successful innovative firms are more critically dependent on employees' skills. Employees of innovative firms are more likely to receive training and, consequently, better wages and employment stability.

### Complementary strategies are part of innovation

Innovative firms are those that engage in research and development. They develop, improve and refine technology. They seek new materials and more efficient ways to use existing materials. They exploit a variety of sources to find ideas for product and process innovations.

However, innovative firms' sole concern is not how to be at the leading edge of new product and technology development. They are also concerned about restraining production costs. Moreover, they invest a larger percentage of sales in improving these capabilities.

Innovative firms place more emphasis on human resources and the importance of skilled labour. Their labour relations are superior to those of their competitors. They value the skills of management and non-management employees more highly than other firms do. Innovative firms are more likely to have formal and informal training programs for all employees—management and non-management alike.

Furthermore, innovative firms consider management—indeed all employees—to be important sources of innovation, which suggests a highly integrated work environment. Consultation with production employees is one of the keys of "total quality management" (i.e., workers will be more satisfied and productive if they can actively participate in the direction of the company).

#### Note to users

*What makes a company innovative? What leads a company to offer training to its workers? Business strategies in innovative and non-innovative firms in Canada and Human capital development and innovation: the case of training in small and medium-sized enterprises are based on a 1992 survey. One study divides firms into innovative and non-innovative firms. It investigates the strategies and activities of each group in the areas of research and development, technology, human resources, marketing, finance, production, use of government programs, and management. The study uses objective measures of performance, such as sales and profitability, to compare the success of innovative and non-innovative firms. The second study examines the training decisions of a group of small and medium firms.*

*The survey covered 2,156 small and medium firms that grew in terms of sales, assets, and employment over the last half of the 1980s. Small firms were defined as having fewer than 500 employees and less than \$100 million in assets in 1984. The sample was drawn from all major sectors except public administration. The response rate was 69%.*

Aggressive marketing policies are equally critical for innovative firms. Innovative firms provide higher quality products and deliver more customer service. They are also more export oriented.

Financing strategies also receive greater emphasis from innovative firms. The cost of and access to capital is a more important factor in their growth than in the growth of non-innovative firms. Innovative firms rely more heavily on venture capital, public equity and parent corporations for financing.

Government programs receive higher marks from innovative firms than from non-innovative firms. Innovative firms make greater use of export incentives, industrial support, government procurement, training programs, and research and development tax incentives.

### Technology demands greater skills and more training

Three factors influence a firm's willingness to offer training: its degree of innovativeness, its attention to quality, and its high value on employee skills.

The implications are twofold. First, training occurs in response to innovation, which suggests that policies to increase training will work better in conjunction with policies fostering greater innovation. Second, training has been linked to better wages and employment stability. Therefore, because innovative firms are more likely to train their employees, they are also more likely to offer higher wages and better jobs.

Innovative firms train their employees for several reasons. Firms that are introducing new products and processes continually require new skills from their employees. Because the pace of change is so rapid, they are unable to hire new employees to meet these needs. So they must train their existing employees. In addition, innovative firms are more technologically advanced than other firms, and advanced technology demands greater skills from employees. Firms must train employees to develop these greater skills. Those that value the skills of their employees are more likely to train them.

The difference between the percentage of firms offering training in more and less innovative firms is striking. Firms were classified into one of four groups, depending on their degree of innovation.

Some 79% of firms in the most innovative group offer training, compared with just 36% in the least innovative group. Consequently, the firms in the most innovative group were twice as likely to offer training as those in the least innovative group.

Two reports on this subject are now available: *Business strategies in innovative and non-innovative firms in Canada* (no. 73) and *Human capital development and innovation: the case of training in small and medium-sized enterprises* (no. 74). To obtain copies, contact Lucienne Sabourin (613-951-4676).

For further information on this release, contact John Baldwin (613-951-8588) or Joanne Johnson (613-951-3547), Micro-Economics Analysis Division. ■

## OTHER RELEASES

### Sales of natural gas

January 1995 (preliminary)

Natural gas sales totalled 7 578 347 thousand cubic metres in January, down 7.6% from January 1994. The drop was due to sharply lower sales to the residential (-14.5%) and commercial (-15.3) sectors. The weather was warmer than normal this January compared with last year's record cold. Sales to the industrial sector (including direct sales) rose 3.2%, largely because electric utilities and the chemical industry have increased their use of natural gas.

### Sales of natural gas

	January 1995 <sup>P</sup>	January 1994	January 1994 to January 1995
	'000 cubic metres		% change
<b>Total</b>	<b>7 578 347</b>	<b>8 203 470</b>	<b>-7.6</b>
Residential	2 430 544	2 843 520	-14.5
Commercial	1 759 001	2 077 046	-15.3
Industrial	2 319 444	2 414 942	3.2
Direct	1 069 358	867 962	

<sup>P</sup> Preliminary figures.

### Available on CANSIM: matrices 1052-1055.

The January 1995 issue of *Gas utilities* (55-002, \$14/\$140) will be available the third week of April. See "How to order publications".

For further information on this release, contact Gary Smalldridge (613-951-3567), Energy Section, Industry Division. ■

### For-hire motor carriers of freight, large carriers

Fourth quarter 1994

Large motor carriers of freight continued increasing their performance in the fourth quarter of 1994, when they posted an operating ratio (operating expenses divided by operating revenues) of 0.95. This represents the best fourth quarter ratio since 1990. (Any ratio over 1.00 represents an operating loss.)

In the fourth quarter of 1994, 51 large motor carriers (those earning \$25 million annually) generated \$960 million in operating revenues and \$917 million in operating expenses.

By the end of 1994, these for-hire carriers generated \$3.6 billion in operating revenues and \$3.5 billion in operating expenses. Throughout 1994, a steady increase in revenues and an overall improvement in the carriers' economic performance translated into the best operating ratio (0.97) of the last four years—this marked a return to the pre-recession level. General freight carriers posted a ratio of 0.97 and specialized carriers posted a ratio of 0.96 in 1994.

For further information on this release, contact Gilles Paré (613-951-2517, fax: 613-951-0579), Transportation Division. ■

### Motor carriers of freight, private carriers 1992

There were 474 private carriers (businesses that maintain their own truck fleet to carry their own goods) in 1992, up 4% from 1991. Their total operating expenses remained unchanged from 1991 at \$2.2 billion, while the average cost of operating a private fleet decreased 5% to \$4.7 million in 1992. By comparison, for-hire carriers (firms whose major activity is to carry goods for a fee) of a similar size reported an average cost of \$5.7 million to operate a for-hire fleet during the same period. Since 1990, about two-thirds of all operating costs for private and for-hire carriers has consisted of transportation expenses (such as drivers' salaries and wages, owner-operators' payments, fuel, and purchased transportation).

This release is based on the annual survey of private motor carriers of freight.

For further information on this release, contact Gilles Paré (613-951-2517, fax: 613-951-0579), Transportation Division. ■

### Stocks of frozen poultry meat

March 1, 1995

Preliminary data for March 1, 1995 on the stocks of frozen poultry meat in cold storage are now available.

### Available on CANSIM: matrices 5675-5677.

For further information on this release, contact Conrad Ogrodnik (613-951-2860), Livestock and Animal Products Section, Agriculture Division. ■



## PUBLICATIONS RELEASED

**Surface and marine transport service bulletin,**  
vol. 11, no. 2.

**Catalogue number 50-002**

(Canada: \$11/\$80; United States: US\$14/US\$96;  
other countries: US\$16/US\$112)

**Mortality: summary list of causes, 1992**

**Catalogue number 84-209**

(Canada: \$30; United States: US\$36; other countries:  
US\$42)

**Oil pipeline transport, December 1994**

**Catalogue number 55-001**

(Canada: \$11/\$110; United States: US\$14/US\$132;  
other countries: US\$16/US\$154)

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences - Permanence of Paper for Printed Library Materials, ANSI Z39.48 - 1984.



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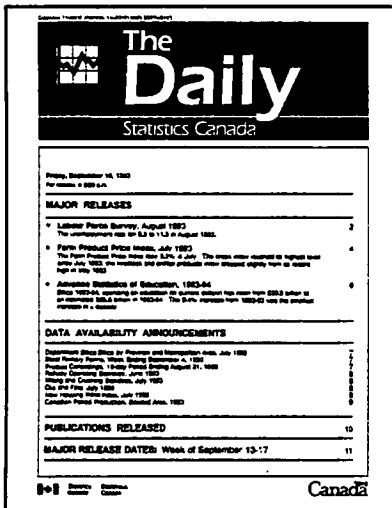
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