

Chapter 18

Merchandising and trade

18.1 Merchandising and service industries

This Section deals with the distribution of goods and services which flow from producer to consumer principally through wholesale and retail channels and through service outlets in what is generally known as the marketing process.

Merchandising industries include wholesaling and warehousing (wholesale merchants, agents and brokers, primary products dealers, manufacturing sales branches, petroleum bulk tank plants and truck distributors) and the entire field of retailing including direct selling and automatic vending. Service industries offer a service to consumers, businesses and the professions.

The data on merchandising and service industries are gathered in the course of censuses which are conducted by Statistics Canada every five years, and by means of monthly, annual and occasional surveys. In recent years, a considerable degree of interest has been focused on the service trades, which has resulted in an expanded statistical coverage of that area of activity.

18.1.1 Retail trade

Data for retail trade are collected by Statistics Canada from monthly surveys of all retail chains (four or more stores in the same kind of business under one owner), and of a sample of independent retailers.

Table 18.1 shows retail trade data from 1970 to 1974 with percentage change for 1970-74. During this period retail sales rose from \$28.0 million to \$43.8 million, an increase of 56.3%. Above average sales increases were recorded by motor vehicle dealers (81.2%), department stores (77.4%) and fuel dealers (73.1%). Among the smallest sales increases recorded were those in variety stores (27.1%), shoe stores (30.3%), men's clothing stores (33.6%), all other food stores (36.1%) and family clothing stores (40.9%). On a provincial level, all provinces showed retail sales increases of well over 50.0%, with Saskatchewan recording the highest increase 73.2%, followed by British Columbia (68.4%), Newfoundland (64.1%) and Alberta (63.3%). Ontario, with an increase of 50.7%, recorded the smallest increase of all the provinces.

Chain and independent stores. A retail chain is defined as an organization operating four or more retail stores in the same kind of business under the same legal ownership. All department stores are classified as "chains" even if they do not meet the foregoing definition. An independent retailer is one who operates one to three stores, even if he is a member of a voluntary group organization.

In some kinds of business such as motor vehicle dealers, service stations and garages, "other food stores" (i.e. excluding grocery and combination stores), and men's clothing stores, independent merchants have maintained a dominant position; in others, such as general merchandise stores and variety stores, chains are dominant. Table 18.2 provides information on the sales trends of chains and independent stores by kind of business in 1970 and 1974 and the percentage change during that period.

From 1970 to 1974 retail sales through chain stores rose by 68.3% and through independent stores by 49.0%.

During this period grocery and combination store chains continued their sales increases (68.9%) at the expense of independent stores (32.3%). Although general store chains were less important than independents, from 1970 to 1974 chains made considerably more headway (99.3%) than independents (46.3%). The dominant chains in the variety stores category showed smaller sales increases (25.4%) than the independents (35.8%) and for the period 1970 to 1974, variety stores were the only category in which the sales increases of the chain segment were less than those of independents. Sales by service stations and garage chains are far less than the total sales by independents in this category but a trend to chains seems to be developing; sales increases of chains compared to those of independents were 177.3% to 35.6% from 1970-74. Men's clothing store chains account for appreciably fewer sales than independent merchants but from 1970 to 1974 chains recorded sales increases of 79.4%