

Direct selling. The public is familiar with this method of merchandising through the house calls of canvassers selling a wide range of products. The products sold, and their sales (shown in brackets) are as follows: cosmetics and costume jewellery (\$101.6 million); household electrical appliances including vacuum cleaners (\$62.7 million); dinnerware, kitchenware and utensils (\$38.7 million); household cleaners, brushes, brooms and mops (\$26.1 million); and books (\$23.1 million). Other sales made at the doors of household consumers were home-deliveries of bread, milk and dairy products (\$233.3 million) and newspapers (\$128.1 million).

"Door-to-door" selling is the best known of the various channels of "direct selling" and accounted for 63.4%, or \$655.8 million, of the total consumer expenditure of \$1,034.1 million (Tables 18.10 and 18.11) spent on direct sales in 1973, in addition to the \$38,239.2 million spent through regular retail outlets.

Sales made by "mail-order" are another mode of direct selling by which specialized retailers contact the household consumer. In 1973 total sales amounted to \$154.7 million, accounting for a further 15.0% of all direct sales and made up chiefly of books (\$48.9 million); newspaper and magazine subscriptions (\$34.2 million); phonograph records and tapes (\$23.3 million) and a wide range of household appliances, books, binoculars, cameras, jewellery, watches, radios, etc., purchased by credit-card holders of gasoline oil companies (\$20.6 million). It should be noted that these figures of mail-order purchases do not include data on foreign mail-order sales made to Canadians or the mail-order sales of Canadian department stores.

Other methods of direct selling which bypass the regular retail outlet and which are included in the \$1 billion total sales figure mentioned above are the sales made from showrooms and premises of manufacturing companies and primary producers (\$189.9 million) and the miscellaneous sales made from temporary roadside stands and market stalls, at exhibitions and shows, and purchases of meals and alcoholic beverages on airlines, ferries and railways (\$33.6 million).

18.1.2 Sales financing and consumer credit

Sales financing. Ancillary to the retailing industry are the financial institutions which facilitate consumer instalment purchases, particularly of the more expensive variety of consumer durables, such as automobiles and household appliances. Separate statistics have long been maintained by Statistics Canada on the retail instalment financing undertaken by the sales finance industry, especially their participation in the financing of automobile purchases. The firms classified to this industry in these statistics are the independent sales finance companies, the sales finance company subsidiaries of car, truck and farm implement manufacturers and the sales financing business of consumer loan companies.

Not included in these statistics are the instalment sales financing done by acceptance companies which are the subsidiaries of, or which are associated exclusively with, large retailing organizations. The sales financing activity of this type of company is regarded as an extension of the merchandising function, and their statistics are included with the accounts receivable reported by department stores and other retail merchandising establishments. At year-end 1974 about a dozen such acceptance companies reported accounts receivable of \$1,065 million, for purchases of consumer goods through their associated retail outlets.

By year-end 1974 the sales finance industry, as delineated above, held outstanding balances of \$3,020 million covering the retail instalment financing of both consumer goods (\$1,198 million) and commercial and industrial goods (\$1,822 million) (Table 18.12). In the course of the year they had augmented their purchases of new finance paper by \$2,530 million, \$1,104 of consumer goods' paper and \$1,426 of commercial and industrial finance paper.

Since 1970 the composition of the portfolios of sales finance companies has shifted from a preponderance of consumer goods paper to a marked emphasis on commercial and industrial goods financing (from 46% of the total in 1970 to 60%). While still active in the financing of passenger car sales, holding balances of \$1,222 million at year-end 1974, the sales finance companies have yielded an increasing share over the years to the chartered banks which now hold balances of \$2,969 million.

Consumer credit. Consumer credit arises through an advance of cash, or value received as goods or services, or through use of credit cards, by firms extending such credit to individuals for non-commercial purposes in exchange for a promise to pay at a later date — generally by