

MERCHANDISING AND SERVICES

Distribution of goods and services from producer to consumer, principally through wholesale and retail channels and service businesses is generally known as the marketing process.

Merchandising industries include those businesses providing wholesale and retail functions. Wholesaling exists in a variety of forms: wholesale merchants, agents and brokers, primary products dealers, manufacturers sales branches, petroleum bulk tank plants and truck distributors. Retailing encompasses all sales activities related to transmitting goods to consumers for household or personal use, both through traditional store locations and such facilities as direct selling and machine vending. Services cover those firms primarily engaged in providing a wide range of recreational, personal and business services to individuals, businesses and government operations.

Statistics on merchandising and service industries are gathered by Statistics Canada through monthly, annual and occasional surveys to produce a variety of statistical information regarding the operations of these industries.

17.1 Retail trade

The retail trade sector includes those industries, according to the 1980 Standard Industrial Classification, whose establishments are primarily engaged in buying commodities for resale to the general public for personal or household consumption and in providing related services. Through the trade sector a vast array of products are marketed, bought and sold at the various levels of the domestic economy and finally reach the Canadian consumer on the retail market. The current measure of retail trade is, therefore, one of the key components used by economists and statisticians to estimate the consumption level of goods and final consumer demand, as shown in the national accounts and the many economic indicators derived from them. Retail trade statistics are collected by the merchandising and services division of 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 based on the retail location concept.

Table 17.1 shows retail trade by kind of business (a refinement of the 1971 Standard Industrial

Classification) and by province from 1979 to 1982, and indicates percentage changes in sales for 1982 over 1981 and the percentage distribution of sales by kind of business for 1982. The results for 1982 clearly show the severity of the recession that hit the whole Canadian economy and thus considerably affected the behaviour of Canadian consumers. With interest rates and unemployment running at high levels, Canadian consumers remained reluctant to spend, and retail sales rose only 3.5% in 1982 over 1981, to a total of \$97.6 billion in current dollars from \$94.3 billion, as a result of the cautious mood that characterized Canadians in this period. Sales of durable goods in particular suffered from consumer reluctance to purchase big-ticket items. This is illustrated by the steep sales declines posted by motor vehicle dealers (-12.9%), household furniture stores (-11.4%) and used car dealers (-6.8%). The strongest increases in 1982 were recorded by pharmacies, patent medicine and cosmetics stores (21.3%), all other food stores (18.4%) and service stations (15.9%). All provinces except British Columbia, which reported a 1.9% decrease in retail sales, registered gains varying from 0.3% in Alberta to 7.5% in Newfoundland.

The three largest categories of retail sales in 1982 were combination stores (\$19.9 billion or 20.4% of total trade), motor vehicle dealers (\$14.4 billion or 14.8%) and all other stores (\$11.9 billion or 12.2%).

Because of its demographic predominance, Ontario remained the largest market in Canada with 36.4% of total retail sales in 1982, followed by Quebec (24.1%) and British Columbia (12.1%). But the largest amount of money spent on purchases of goods per capita was recorded in Alberta (\$4,889), followed by Yukon and Northwest Territories (\$4,337) and British Columbia (\$4,287). The average spending in purchases of goods per person in Canada was \$4,052 in 1982.

17.1.1 Chain and independent stores

For the monthly retail trade survey a retail chain was 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 occasionally they do not meet exactly this definition. An independent retailer