

## 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 final consumers, 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 distributive trade industries are gathered by Statistics Canada through monthly, annual and occasional surveys to produce a variety of statistical information.

### 17.1 Retail trade

The retail trade sector includes those industries, classified according to the 1980 Standard Industrial Classification, which are primarily engaged in buying commodities for resale to the general public for personal or household consumption and in providing related services. 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 used by economists and statisticians to estimate total national expenditure on consumer goods (final demand), as shown in the national accounts and the many economic indicators derived from them. Retail trade statistics are collected by the industry 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 1982 to 1985, and indicates percentage changes in sales for 1985 over 1984 and the percentage distribution of sales by kind of business for 1985. The results for 1985 show the favourable effect of a general improvement in the economy. As inflation and interest rates declined and the unemployment rate subsided in 1985 to a somewhat lower level than in previous years, total retail trade rose by 11.5% to reach a total of \$129.4 billion, up from \$116.1 billion in 1984.

Adjusted for price changes (inflation), total retail sales increased in 1985 by 8.2% over 1984, the most substantial real growth in recent years.

Motor vehicle dealers led the growth in sales in 1985 with an increase of \$5.2 billion over 1984, followed by combination food stores and service stations, both increasing by \$1.4 billion. With the exception of garages and household furniture stores, all retail businesses shared in the overall growth of retail sales in Canada in 1985. The three largest categories were motor vehicle dealers (\$26.0 billion or 20.1% of total retail trade), combination food stores (\$23.8 billion or 18.4%), and department stores (\$12.0 billion or 9.3%). All provinces registered higher sales in 1985 compared with 1984, with increases ranging from 5.1% in Prince Edward Island to 15.2% in Manitoba.

Because of its demographic predominance, Ontario remained the largest market in Canada with 37.9% of total retail sales in 1985, followed by Quebec (24.6%) and British Columbia (11.1%). But the largest amount of money spent on purchases of goods per capita was recorded in Alberta (\$5,758), followed by Ontario (\$5,405) and Nova Scotia (\$5,200). The national average per capita expenditure on consumer goods was \$5,104 in 1985.

#### 17.1.1 Chain and independent stores

For the monthly retail trade survey a retail chain is defined as an organization operating four or