

## 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 both wholesale and retail businesses. 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 other channels 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. 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 Standard Industrial Classification) and by province from 1984 to 1987,

and indicates percentage changes in sales for 1987 over 1986 and the percentage distribution of sales by kind of business for 1987.

The results for 1987 continued to show steady growth in the retail sector, reflecting generally favourable economic conditions, including a relatively low rate of inflation and significant declines in unemployment and interest rates. Despite a deceleration in the automotive sector, retail sales remained relatively strong, even in the latter part of the year, following the October 1987 drop in world stock market indexes.

Total retail trade for the year 1987 rose by 9.8% to reach \$153.7 billion, up from \$140.0 billion in 1986.

Adjusted for price changes (inflation), total retail sales increased, in 1987, by 5.8% over the previous year, compared with a real growth of 4.2% in 1986 and 8.2% in 1985.

Motor vehicle dealers led the growth in sales in 1987, with an increase of \$3.6 billion over 1986, followed by combination food stores and service stations, which increased by \$1.7 billion and \$1.5 billion, respectively. With the single exception of variety stores, all retail businesses shared in the overall growth of retail sales in Canada in 1987. The four largest categories were motor vehicle dealers (\$32.2 billion or 21.0% of total retail trade), combination food stores (\$26.8 billion or 17.4%), department stores (\$12.9 billion or 8.4%), and service stations (\$12.3 billion or 8.0%). All provinces registered higher sales in 1987 compared with 1986, with increases ranging from 3.6% in Alberta to 14.5% in Newfoundland.

Because of its demographic predominance, Ontario remained the largest market in Canada with 38.4% of total retail sales in 1987, followed by Quebec (25.3%) and British Columbia (11.1%). Ontario was also the leading province in retail sales per capita in 1987 (\$6,368), followed by Alberta (\$6,241) and Nova Scotia (\$5,945). The national average per capita expenditure on consumer goods was \$5,999 in 1987.