

17.1.1 Chain and independent stores

For the monthly retail trade survey, 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. Department stores are classified as chains even if they do not precisely meet this definition. Independent retailers are defined as those who operate one to three stores, although they may be affiliated with a larger retail organization.

Table 17.2 provides data on the retail sales of chain and independent stores by kind of business in the years 1984-87, with percentage changes for 1987 over 1986 and for 1985 over 1984. Over the four-year period, independent retailers gradually increased their market share from 57.1% of total retail trade in 1984 to 59.6% in 1987. Independent retailing held its predominance in the automotive sector (accounting for 98.7% of total motor vehicle sales in 1987) and, in recent years, had stronger overall growth relative to the chain store sector. In 1987, the independent sector had an increase in the number of new retail businesses. In addition, the trend to franchising increased the proportion of independent retailers (franchisees) vis-à-vis chain stores, especially in hardware and in combination food stores (supermarkets), although chain organizations continued to remain dominant in the latter category.

Total sales of independent retailers in 1987 were \$91.7 billion, while chain store sales amounted to \$62.1 billion.

17.1.2 Department stores

Department stores are defined as general merchandise stores which carry several commodity lines such as clothing, furniture, appliances and home furnishings, of which no single category represents more than 50% of total sales revenue. Within a retail location, goods are usually displayed in separate departments and the accounting is done on a departmental basis.

Table 17.3 shows data on department store sales for the period 1984 to 1987. With sales in 1987 of \$12.9 billion, department stores represented the third largest component of the retail sector. Faced with strong competition from the specialty chain stores in recent years, the market share held by department stores has declined from 9.8% in 1984 to 8.4% in 1987. Junior department stores, defined as retailing entities selling the same wide range of goods as the more traditional major department stores but popularly described as discount operations, had sales of \$5.2 billion in 1987, up 5.5% from 1986. Major department store organizations recorded

total sales of \$7.7 billion, a decline of 1.2% from 1986.

Of the 14 department store organizations in operation as of December 1987, nine were considered major department stores, operating a total of 309 separate locations. Five were considered junior department store organizations and operated in 507 locations.

At the department level, 27 of the 40 departments covered by the Statistics Canada survey recorded higher sales in 1987, compared with 1986. The largest percentage increases were reported for repairs and services (18.8%), receipts from meals and lunches (18.1%), and lamps, pictures, mirrors and other home furnishings (14.3%). The largest decrease was for food and kindred products 33.3%. Other decreases ranged from 20.9% for women's and misses' furs to 0.9% for women's and misses' coats and suits.

17.1.3 New motor vehicle sales

Because of the importance of the automobile industry in Canada, retail sales of new cars constitute one of the leading indicators of Canadian economic performance, and represent a major component of total personal expenditure for consumer goods and services in the Gross Domestic Product.

The automotive sector, which had been the most seriously affected by the recession of 1982, also enjoyed the strongest initial recovery. Retail sales of new motor vehicles posted record rates of growth (24% to 29%) in 1983, 1984 and 1985, before moderating to increases of 9.8% and 12.0% in 1986 and 1987, respectively. Total sales of new motor vehicles in 1987 amounted to \$24.5 billion, of which 64% (\$15.7 billion) represented sales of passenger cars and 36% (\$8.7 billion) were sales of commercial vehicles.

A deceleration in the demand for passenger cars which occurred in 1986 and again in 1987 was partly offset by strong growth in the commercial vehicle sector. Unit sales of new passenger cars, which amounted to 1.1 million vehicles in 1987, barely maintained the level reached in 1985, despite continued efforts by automotive manufacturers to stimulate sales through innovative financing programs.

North American manufacturers held 65.8% of the Canadian passenger car market in 1987 (based on unit sales), compared with a share of 69.5% in 1986. Japanese manufacturers held the major share (66.8%) of the Canadian imported passenger car market in 1987. Sales by North American manufacturers accounted for 89.0% of the domestic truck and bus market in 1987, compared with a market share of 87.6% in 1986.