

Size Does Matter - and Appearances can be Deceiving

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Economic data collection

The US government conducts an economic census every five years in which all retail establishments report annual sales. <http://www.census.gov/> The Cdn government annually performs a related exercise; however, the data reflect consumer expenditure collected from a representative sample, extrapolated onto the national population. <http://www.statscan.ca/> Although some harmonization between the two study designs has occurred, there is little likelihood that Canada's fewer, smaller and easily identifiable businesses will publicly disclose their sales. They do not enjoy the anonymity afforded their US counterparts owing to the magnitude of the US economy. Most recent economic data (1997) show an American population (268 M) that is ~ 9 fold that of Canada (29 M).

Automobiles #1

In both countries, transportation equipment is the leader in annual sales. US expenditure totals US\$ 484B (C\$ 701B), compared to Canada's total sales of US\$ 49B (C\$ 71B). Per-capita expenditure is similar between the two countries - US\$ 1.8K in the US, and US\$ 1.7K in Cda.

Food Industry #2

The US census data pegs the US food industry at US\$ 378B (C\$ 548B) despite the often quoted figure of US\$ 460B. The total reflects sales of US\$ 367B from retail and US\$ 11B from foodservice. Statscan consumer expenditure estimates the Cdn food industry at US\$ 45B (C\$ 66B) reflecting US\$ 32B (C\$ 48B) from retail and US\$ 13B (C\$ 18B) from foodservice. According to these statistical surveys, per-capita food expenditure in the US is US\$ 1.4K, slightly higher than that in Cda of US\$ 1.1K. However, the US census data appears to understate total food sales compared to industry-generated figures.

Opposite purchase rates

In both countries, per-capita expenditure on transportation equipment is only ~US\$ 500 greater than that for food. However, the buyer behaviour, purchase frequency and average sales value differ greatly. Since transportation equipment purchases are high-risk owing to the multi-thousand dollar ticket price, a typical consumer will collect information (sales brochures), consult with experts (Consumer Reports) and seek the opinion of friends and family members. Purchase rate is sporadic except for the hobbyists who may purchase automobiles annually. Contrastingly, in normal circumstances food purchases are low-risk. Consumers buy the same product, format, brand or flavour on a weekly and often daily basis in a very routine manner. One reason is the relatively small dollar figure of each item. A second reason is consumer confidence and trust derived from experience, repetitive use and all aspects of food quality and safety. A more compelling reason is necessity. One can imagine the pandemonium if consumers engaged in high-risk purchase behaviour every single time they shopped for food.

Consistency kindles confidence

Stakeholders would do well to recognize the hundreds of thousands of minute-by-minute transactions that place aggregate food industry sales second only to big-ticket transportation equipment. Although the food sector has challenges and is far from perfect, its performance is noteworthy. The food industry pulse is healthy and rapid, driven by the human necessity to regularly replenish body and soul and by a commercial track record that fosters habitual, routine and confident purchases. **ff**

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