

Calgary Economic Development

INDUSTRY REPORT: WHOLESALE

January 2008

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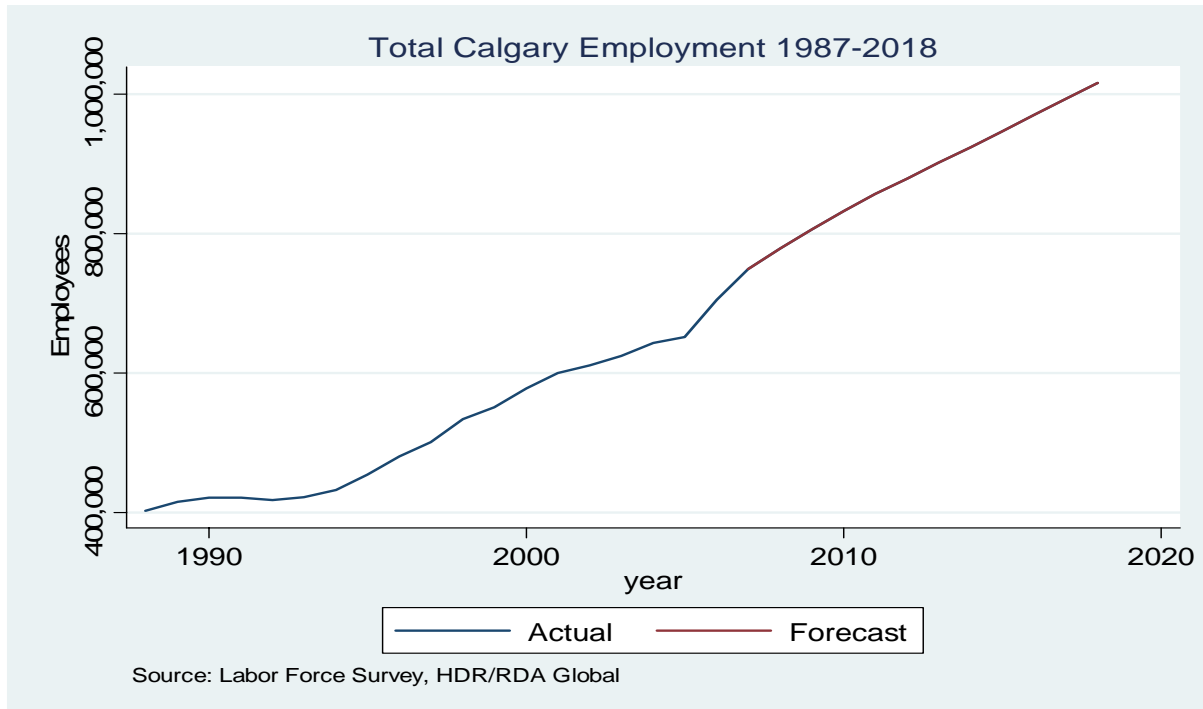
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Figure 1: Total Calgary Employment Forecast (All Industries)



The Calgary economy has seen tremendous growth in labour demand over the previous decade with employment growth reaching an all-time high of 8.1%¹ in 2006. The recent strong growth in the Calgary economy has been driven by a combination of economic factors spurring growth in specific sectors and generally throughout the Calgary economy. Energy prices are a significant driver with West Texas Intermediate oil price rising 17%² in 2006. Investment levels in major construction projects have risen significantly compared to historical levels. Housing starts have risen from 13,700³ starts in 2005 to 17,000 starts in 2006, an increase of 25%. Calgary GDP grew at 7.7% in 2006.

Recent increases in employment levels have been highest in sectors of the Calgary economy which are related to energy, in particular in the professional services sector. However, overall growth has been relatively balanced among industries with significant growth in most sectors of the economy.

As Figure 1 shows, labour demand in the Calgary Economic Region is expected to continue to grow at a healthy rate throughout the forecast, albeit at a lower, more sustainable level. The overall growth in employment in Calgary is expected to decline over the next several years settling at a more sustainable long-term employment growth rate of 2.4%, in line with historical average growth. However, this lower growth rate will continue to result in strong job creation. Over the previous ten years (1996-2006) Calgary employment increased adding 224,000 new

¹ Source: Labor Force Survey

² Source: US Energy Information Administration

³ Source for housing starts statistics and Metro GDP at basic prices was the Conference Board of Canada

jobs. Over the ten year forecast period (2007-2017) Calgary employment growth will result in the creation of an additional 244,000 new jobs. This growth in the Calgary economy will be driven by a number of factors including expectations that oil prices will remain at or near historically high levels. Energy prices are expected to be volatile in the near term, with possible spikes in prices, partially due to the declining value of the US dollar. However, for the long-term forecast, an average annual 1.7% growth rate in oil prices has been forecasted, which is consistent with conservative expectations of energy analysts⁴. Calgary GDP growth will moderate to a strong long term compound annual real growth rate of 3.8%.

Figure 2 Calgary Job Creation in Each Industry

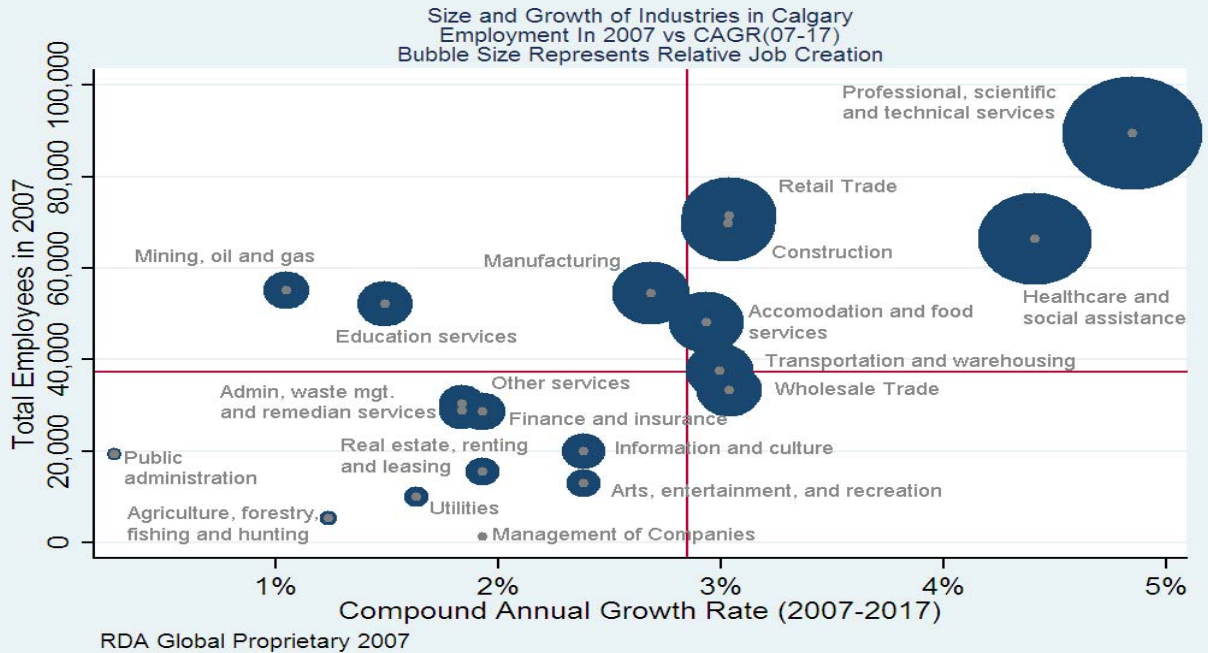


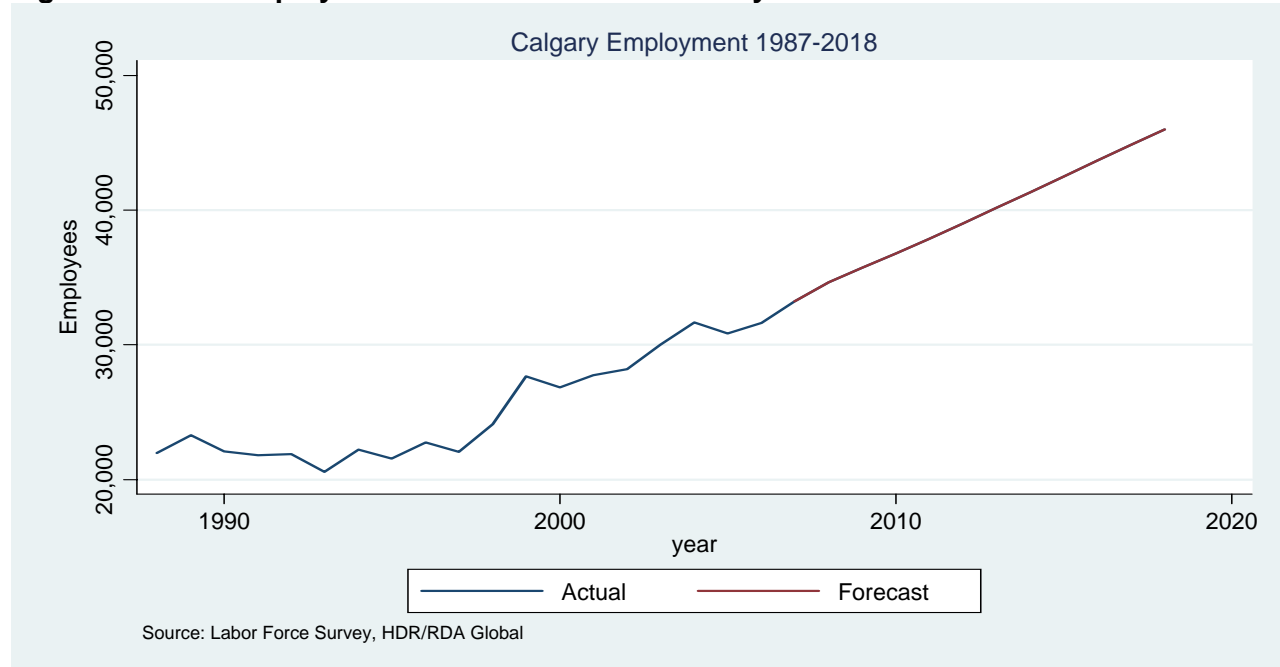
Figure 2 highlights the differences in job creation across industries in Calgary, with the larger circles representing industries with more job creations. Significant gains in employment will be somewhat distributed among economic sectors. However, there will be particularly strong expansion in the professional services sector, which is tied to continued demand for technical and engineering services in the energy sector. There will also be strong job growth in healthcare, driven by overall population growth and growth in the older segments of the population. Job expansion will also continue to be robust in retail, construction, accommodation & food services, transportation, manufacturing, and wholesale. Population growth is expected to drive up demand for education services. Most segments of the economy are expected to continue to see positive growth with employment growth rates in the 1% to 2.5% long-term growth range. However, total job creation in niche industries will be constrained by the relatively smaller size of these segments.

⁴ In development of this forecast, oil price forecasts of the Energy Information Administration and Sproule and Associates were consulted, however, final assumptions in the forecast model were based on a nominal annual growth rate of 1.7%.

WHOLESALE INDUSTRY

The Wholesale industry is expected to continue to expand at a compound annual growth rate of 3.0% over the next ten years. This will grow in step with the overall employment growth in Calgary of 2.9% over the same forecast period. Growth in the industry will result in an additional 11,600 jobs created over the forecast period.

Figure 3: Total Employment in the Wholesale Industry 1987-2018



The Wholesale industry ranks tenth out of twenty industries in total Calgary employment. Historically, growth in this industry has slightly outpaced that of the region and will continue to slightly outpace overall growth in the region. In terms of jobs created, the industry ranked ninth over the 1997-2007 period, creating nearly 11,200 jobs. The industry will move up to become the eighth largest contributor to job creation in the 2007-2017 forecast period, creating nearly 11,600 new jobs.

Table 1: Wholesale Industry Compared with Other Industries

NAICS Industry	Total Employment				Compound Annual Growth			Jobs Added		
	1987	1997	2007	2017	1987-97	1997-07	2007-17	1987-97	1997-07	2007-17
11 Agriculture, forestry, fishing and hunting	10,357	8,230	5,262	5,951	-2.3%	-4.4%	1.2%	(2,127)	(2,968)	689
21 Mining and oil and gas extraction	34,043	32,970	55,092	61,154	-0.3%	5.3%	1.0%	(1,073)	22,122	6,062
22 Utilities	4,700	3,800	9,881	11,621	-2.1%	10.0%	1.6%	(900)	6,081	1,740
23 Construction	21,500	36,600	69,847	94,177	5.5%	6.7%	3.0%	15,100	33,247	24,331
31-33 Manufacturing	30,500	42,900	54,380	70,890	3.5%	2.4%	2.7%	12,400	11,480	16,510
41 Wholesale trade	21,375	22,041	33,228	44,815	0.3%	4.2%	3.0%	666	11,187	11,586
44-45 Retail trade	46,025	47,459	71,546	96,493	0.3%	4.2%	3.0%	1,434	24,087	24,948
48-49 Transportation and warehousing	21,300	30,400	37,452	50,295	3.6%	2.1%	3.0%	9,100	7,052	12,844
51 Information and cultural industries	11,317	16,489	19,961	25,271	3.8%	1.9%	2.4%	5,172	3,472	5,310
52 Finance and insurance	16,662	21,266	28,538	34,543	2.5%	3.0%	1.9%	4,603	7,272	6,006
53 Real estate and rental and leasing	9,038	11,534	15,479	18,736	2.5%	3.0%	1.9%	2,497	3,944	3,258
54 Professional, scientific and technical services	27,200	43,700	89,591	143,873	4.9%	7.4%	4.9%	16,500	45,891	54,282
55 Management of companies and enterprises	501	879	1,169	1,415	5.8%	2.9%	1.9%	378	289	246
56 Admin & support, waste mgmt & remediation svcs.	11,299	19,821	28,790	34,543	5.8%	3.8%	1.8%	8,522	8,969	5,753
61 Educational services	23,800	31,900	52,154	60,488	3.0%	5.0%	1.5%	8,100	20,254	8,334
62 Health care and social assistance	33,700	43,200	66,471	102,326	2.5%	4.4%	4.4%	9,500	23,271	35,855
71 Arts, entertainment and recreation	7,283	10,611	12,845	16,262	3.8%	1.9%	2.4%	3,328	2,234	3,417
72 Accommodation and food services	20,200	32,100	48,100	64,248	4.7%	4.1%	2.9%	11,900	16,000	16,148
81 Other services (except public administration)	17,800	21,900	30,408	36,484	2.1%	3.3%	1.8%	4,100	8,508	6,076
91 Public administration	21,200	22,900	19,176	19,712	0.8%	-1.8%	0.3%	1,700	(3,724)	536
Grand Total	389,800	500,700	749,368	993,298	2.5%	4.1%	2.9%	110,900	248,668	243,930

JOBS CREATED BY OCCUPATION – WHOLESALE INDUSTRY

Figure 4: Total Jobs by Occupation 2007 and 2017 – Wholesale Industry

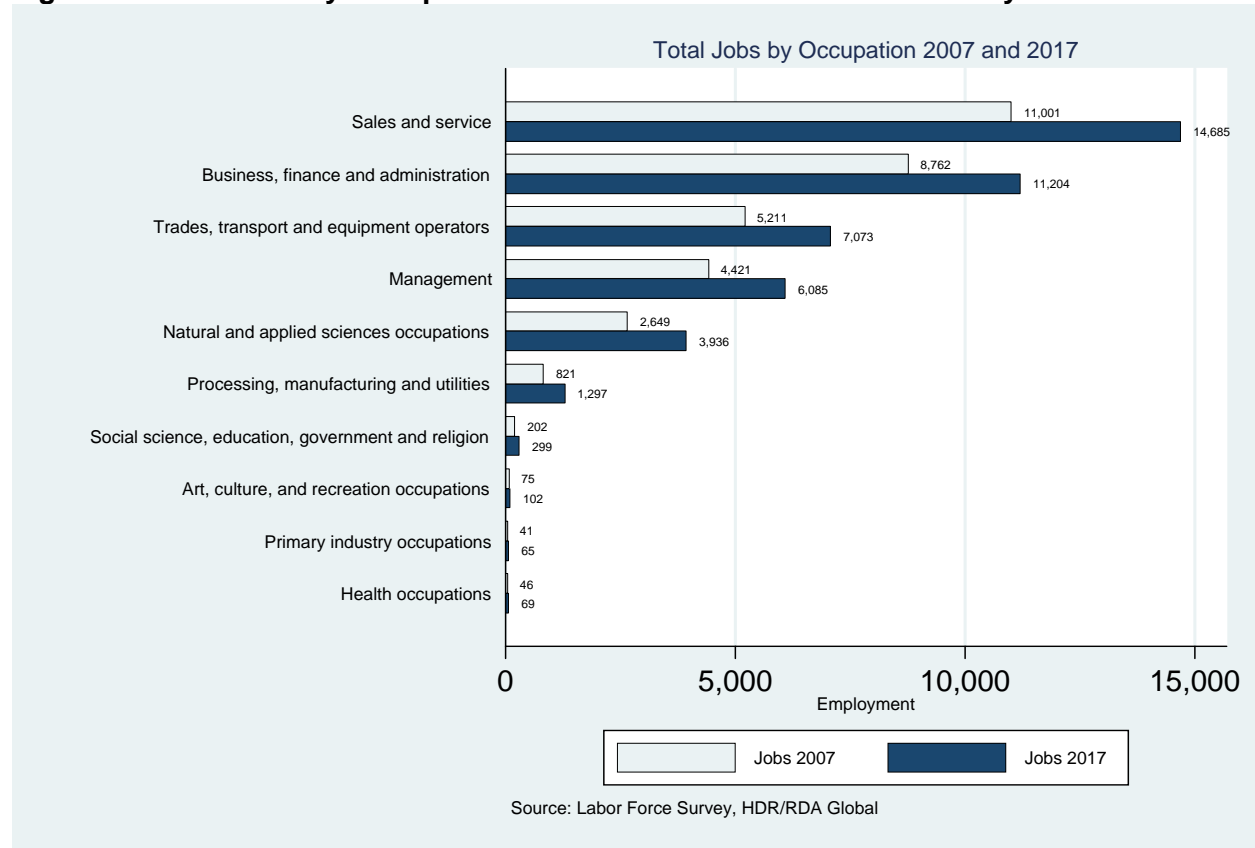
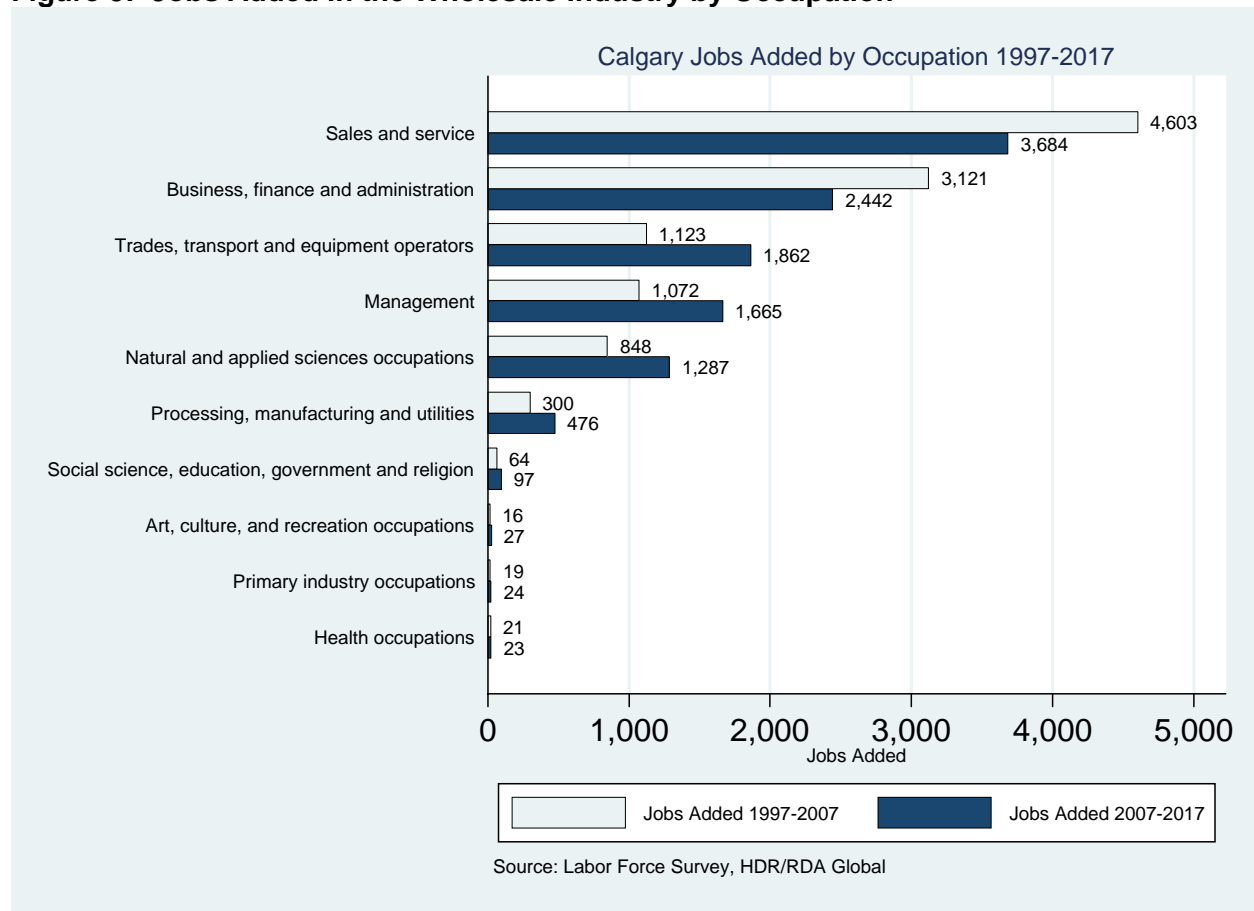


Table 2: 30-Year Occupational Growth for the Wholesale Industry

Occupation (1 Digit NOC)	Total Employees				Compound Annual Growth		
	1987	1997	2007	2017	1987-97	1997-07	2007-17
A Management occupations	1,267	2,192	2,581	3,532	3.0%	3.2%	2.6%
B Business, finance and administration occupations	5,489	7,404	10,112	13,040	3.0%	3.2%	2.6%
C Natural and applied sciences and related occupations	1,672	2,552	3,287	4,889	4.3%	2.6%	4.0%
E Occupations in social science, education, government service and religion	104	169	209	298	5.0%	2.1%	3.6%
F Occupations in art, culture, recreation and sport	42	62	67	99	4.0%	0.8%	4.0%
G Sales and service occupations	2,074	2,956	3,907	5,127	3.6%	2.8%	2.8%
H Trades, transport and equipment operators and related occupations	10,528	14,901	17,048	22,929	3.5%	1.4%	3.0%
I Occupations unique to primary industry	5	13	20	33	9.6%	4.7%	4.8%
J Occupations unique to processing, manufacturing and utilities	120	152	220	349	2.4%	3.8%	4.7%
Grand Total	21,300	30,400	37,452	50,295	3.6%	2.1%	3.0%

There are about 37,500 employees in the Wholesale industry today. About 17,000 of these workers have trades occupations or work as transport and equipment operators, representing the largest share of occupations. Demand for workers in these jobs will rise to about 22,000 total workers over the forecast period. The next largest occupational category is business, finance, and administration jobs, which currently employ over 10,100 workers and will employ about 13,000 workers in 2017. Sales and service occupations is the third largest category with over 3,900 employees today growing to about 5,100 workers in 2017.

Figure 5: Jobs Added in the Wholesale Industry by Occupation



About 1/3 of all jobs created in this industry will be sales and service jobs, a total of about 3,700 new jobs by 2017. The industry will require about 2,400 workers in business and finance occupations and about 1,900 workers in trades, transport and equipment operators.

Table 3: Ten-Year Forecast of Jobs by Major Occupational Group – Wholesale Industry

Occupation (1 Digit NOC)	Annual Employment											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A Management occupations	2,780	2,581	2,663	2,717	2,821	2,954	3,080	3,182	3,274	3,362	3,448	3,532
B Business, finance and administration occupations	11,242	10,112	10,359	10,466	10,807	11,250	11,679	12,002	12,282	12,545	12,796	13,040
C Natural and applied sciences and related occupations	3,762	3,287	3,437	3,585	3,704	3,854	4,060	4,250	4,402	4,553	4,719	4,889
E Occupations in social science, education, government service and religion	236	209	212	214	222	234	246	256	267	277	287	298
F Occupations in art, culture, recreation and sport	76	67	64	67	69	74	78	83	86	91	95	99
G Sales and service occupations	4,222	3,907	3,977	3,935	4,087	4,277	4,449	4,577	4,720	4,860	4,995	5,127
H Trades, transport and equipment operators and related occupations	18,127	17,048	17,372	17,703	18,304	19,086	19,847	20,512	21,133	21,740	22,336	22,929
I Occupations unique to primary industry	23	20	21	21	23	24	26	28	29	30	31	33
J Occupations unique to processing, manufacturing and utilities	231	220	227	236	250	267	283	297	310	324	337	349
Grand Total	40,700	37,452	38,332	38,945	40,287	42,020	43,749	45,187	46,503	47,782	49,044	50,295

Table 4: Top 50 Occupations Adding Jobs From 2007-2017⁵

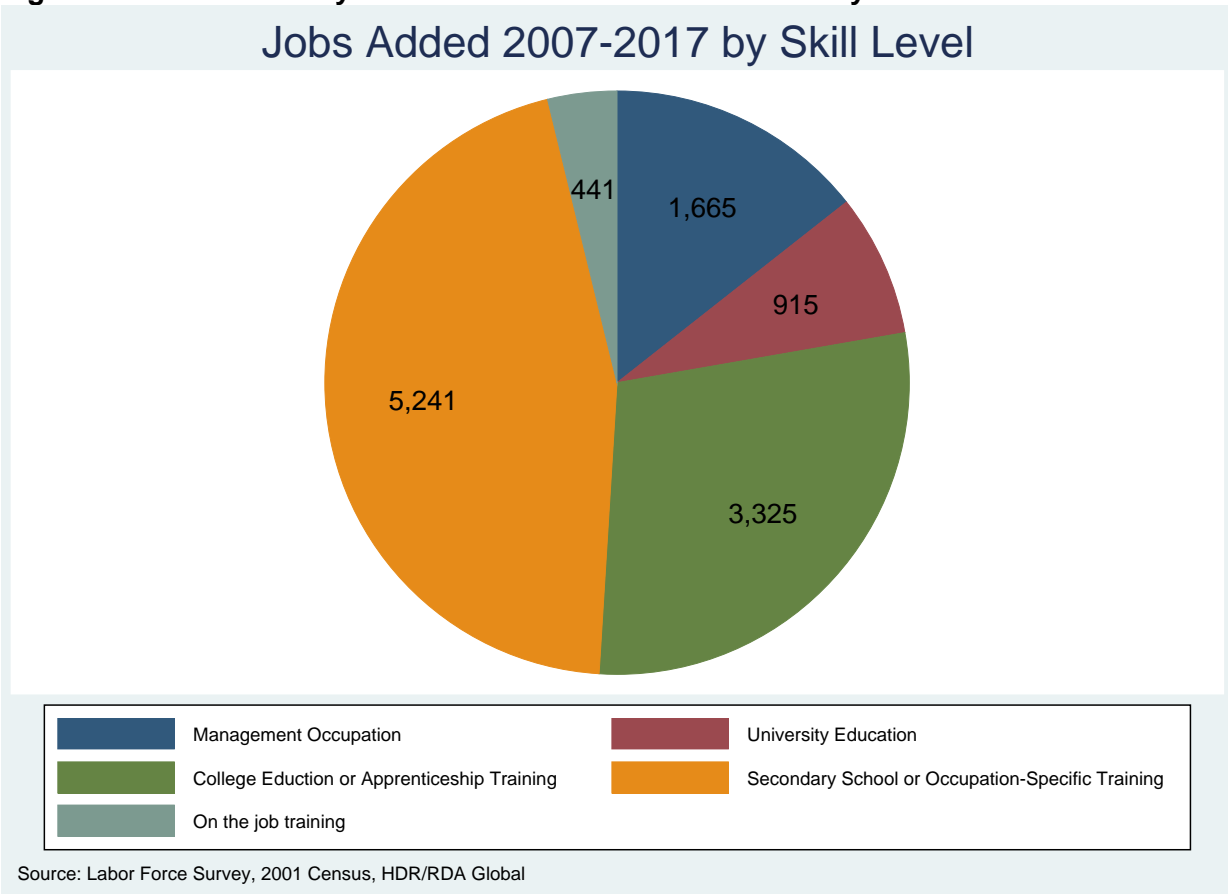
Rank	Occupation (4 Digit NOC)	Employees				Jobs Created
		1987	1997	2007	2017	2007-2017
1	G111 Sales representatives, wholesale trade (non-technical)	2,790	2,946	5,294	7,076	1,782
2	G121 Technical sales specialists, wholesale trade	1,333	1,415	2,511	3,347	836
3	G211 Retail salespersons and sales clerks	1,361	1,294	2,004	2,660	656
4	A131 Sales, marketing and advertising managers	1,117	1,370	1,798	2,451	653
5	H812 Material handlers	1,238	1,661	1,847	2,491	645
6	B571 Shippers and receivers	957	876	1,457	1,854	397
7	A211 Retail trade managers	480	590	776	1,061	286
8	B531 Accounting and related clerks	649	593	967	1,247	281
9	C142 Electronic service technicians (household and business equipment)	295	317	460	713	253
10	B511 General office clerks	485	444	719	938	218
11	A141 Facility operation and maintenance managers	271	333	445	634	189
12	B311 Administrative officers	659	545	698	884	186
13	B011 Financial auditors and accountants	332	426	662	826	164
14	B553 Customer service, information and related clerks	351	319	527	687	160
15	H412 Heavy-duty equipment mechanics	266	252	384	531	148
16	H711 Truck drivers	368	337	417	563	146
17	C071 Information systems analysts and consultants	206	221	325	462	137
18	B574 Purchasing and inventory clerks	307	280	470	602	132
19	H714 Delivery and courier service drivers	347	320	381	510	130
20	G133 Retail and wholesale buyers	186	195	353	465	112
21	C182 User support technicians	134	145	213	314	100
22	A015 Senior managers - Trade, broadcasting and other services, n.e.c.	198	189	258	358	100
23	C045 Petroleum engineers	91	97	149	249	100
24	B211 Secretaries (except legal and medical)	317	262	337	436	99
25	B415 Supervisors, recording, distributing and scheduling occupations	225	205	347	441	94
26	J319 Other labourers in processing, manufacturing and utilities	117	122	157	248	91
27	H421 Automotive service technicians, truck mechanics and mechanical repairers	151	144	215	304	89
28	C181 Computer and network operators and web technicians	117	126	186	275	89
29	H326 Welders and related machine operators	160	151	223	309	85
30	J317 Labourers in food, beverage and tobacco processing	105	108	143	228	85
31	A114 Other administrative services managers	124	152	201	286	84
32	B522 Data entry clerks	175	160	265	347	81
33	B315 Purchasing agents and officers	244	203	263	344	80
34	A391 Manufacturing managers	123	151	203	283	80
35	B572 Storekeepers and parts clerks	179	166	271	348	78
36	C141 Electrical and electronics engineering technologists and technicians	95	103	150	227	76
37	A111 Financial managers	110	133	179	251	72
38	C047 Computer engineers (except software engineers)	104	112	165	233	68
39	G973 Other elemental sales occupations	132	131	191	256	65
40	E033 Business development officers and marketing researchers and consultants	84	100	149	213	64
41	C013 Geologists, geochemists and geophysicists	58	62	95	154	59
42	C074 Computer programmers and interactive media developers	97	103	152	211	58
43	H411 Construction millwrights and industrial mechanics (except textile)	102	96	143	198	55
44	G972 Grocery clerks and store shelf stockers	110	107	168	223	55
45	B514 Receptionists and switchboard operators	161	147	240	293	53
46	H017 Contractors and supervisors, heavy construction equipment crews	113	91	148	200	52
47	B111 Bookkeepers	212	176	224	275	51
48	G011 Retail trade supervisors	104	98	156	206	51
49	H016 Contractors and supervisors, mechanic trades	100	80	130	179	49
50	A122 Computer and information systems managers	102	126	161	206	45
	Others	3,232	3,259	4,850	6,717	1,867
	Grand Total	21,375	22,041	33,228	44,815	11,586

⁵ Note that these job creations in Figure 6 capture only jobs created in the Wholesale industry and do not represent total job creations for all of Calgary. Jobs with these occupations will also be created in other industries.

EMPLOYMENT GROWTH BY SKILL LEVEL – WHOLESALE INDUSTRY

From a skill level perspective, there will be almost 1,700 new management occupations, over 3,300 jobs requiring some college education or apprenticeship training, over 5,200 jobs which require secondary school or occupation-specific training, over 900 that require university training and about 440 that require only on the job training.

Figure 6: Jobs Added by Skill Level in the Wholesale Industry



APPENDIX 1: INDUSTRY DEFINITION – WHOLESALE INDUSTRY

This Industry comprises establishments primarily engaged in wholesaling merchandise and providing related logistics, marketing and support services. The wholesaling process is generally an intermediate step in the distribution of merchandise; many wholesalers are therefore organized to sell merchandise in large quantities to retailers, and business and institutional clients. However, some wholesalers, in particular those that supply non-consumer capital goods, sell merchandise in single units to final users.

This Industry recognizes two main types of wholesalers, that is, wholesale merchants and wholesale agents and brokers.

Wholesale Merchants

Wholesale merchants buy and sell merchandise on their own account, that is, they take title to the goods they sell. They generally operate from warehouse or office locations and they may ship from their own inventory or arrange for the shipment of goods directly from the supplier to the client. In addition to the sale of goods, they may provide, or arrange for the provision of, logistics, marketing and support services, such as packaging and labelling, inventory management, shipping, handling of warranty claims, in-store or co-op promotions, and product training. Dealers of machinery and equipment, such as dealers of farm machinery and heavy-duty trucks, also fall within this category.

Wholesale merchants are known by a variety of trade designations depending on their relationship with suppliers or customers, or the distribution method they employ. Examples include wholesale merchants, wholesale distributors, drop shippers, rack-jobbers, import-export merchants, buying groups, dealer-owned cooperatives and banner wholesalers.

The first eight sub-industries of wholesale trade comprise wholesale merchants. The grouping of these establishments into industry groups and industries is based on the merchandise line or lines supplied by the wholesaler.

Wholesale Agents and Brokers

Wholesale agents and brokers buy and sell merchandise owned by others on a fee or commission basis. They do not take title to the goods they buy or sell, and they generally operate at or from an office location.

Wholesale agents and brokers are known by a variety of trade designations including import-export agents, wholesale commission agents, wholesale brokers, and manufacturer's representatives and agents.