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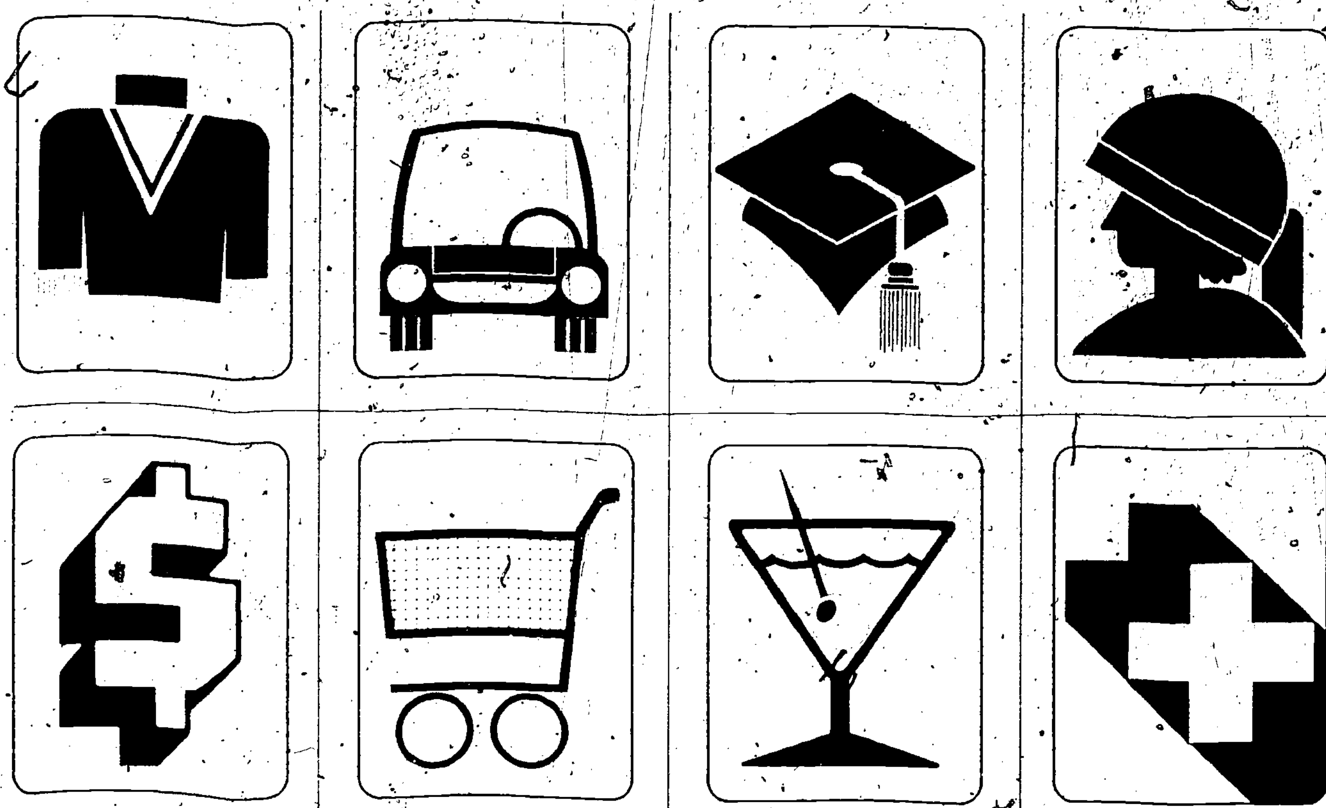
ABSTRACT

This publication is designed to provide the business community with information on growing markets for many business and consumer services. Divided into two parts, the document overview in part I identifies two service area problems: lagging productivity gains and rapidly rising prices of services. The overview states, however, that service sector growth is expected to increase. The remainder of part I contains five sections and a bibliography. The sections include (1) nature and extent of United States service industries, (2) inflation impact on service industries, (3) service sector employment trends since 1960, (4) service sector productivity, and (5) impact of demographic changes on service industries. Part II consists of individual service industry studies: advertising, automotive services, banking/other financial services, educational services, health/medical services, hotels/motels, life insurance, motion pictures, personal services, wholesale trade, nonfood retailing, and food retailing. The advertising study, for example, looks at advertising in the present and future and examines the ad agency's changing character, competitiveness, and responses to consumerism and special service agencies. A 1963-1974 advertising expenditure chart is also included. At the end of part II, 1972 census data are presented for selected service industries, retail trades, and wholesale trades. (CSS)

Service Industries

TRENDS AND PROSPECTS



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Under Secretary

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Assistant Secretary for
Domestic and International Business

SAMUEL B. SHERWIN
Deputy Assistant Secretary for
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Foreword

The transition year of 1975—as the Nation copes with problems of curbing inflation and moving out of a recession—is an especially appropriate time to introduce "Service Industries: Trends and Prospects." This new publication is designed to provide the business community with information on growing markets for practically all types of business and consumer services.

Part I details significant trends emerging in the services sector since the early 1960's and contains a general discussion of the probable impact of demographic and economic changes on service industries in the years ahead. Part II includes analyses of 15 individual service industries, focusing on recent trends and future prospects for these particular industries.

"Service Industries: Trends and Prospects" was coordinated by Renee L. Gallop under the general supervision of Norris A. Lynch, Director, Consumer Goods and Services Division, Office of Business Research and Analysis. Individual industry statements were prepared by the following Division industry specialists: Jacob H. Bennison, Gary R. Boss, Wray O. Candilis, Marvin J. Margulies, Theodore A. Nelson, and Steven H. Sternlieb. Statistical data from the 1972 Census of Business were provided by the Business Division of the Bureau of the Census.

PART I

OVERVIEW

Service Industries: Trends and Prospects

OVERVIEW

The dramatic growth of the services sector of the Nation's economy during the "soaring sixties" was accompanied by rising income, strong demand for a variety of business and consumer services, and a growing population.

During these years, service industries provided expanding markets for such manufactured products as computers and advanced machinery, designed to improve services delivery. At the same time, the servicing of these manufactured products plus growing needs of manufacturers for legal, financial, and advertising services expanded markets for the services sector.

Since 1970, the slower pace of the Nation's economic activity has accentuated two major problems associated with the country's continued shift toward a service-oriented economy—lagging productivity gains and rapidly rising prices for services. The issue of slow productivity gains becomes increasingly significant when it is realized that services output in 1974 accounted for $589 billion of the Nation's gross national product, very little of which is exportable or enters into the balance of payments accounts. Hopefully, continuing efforts to improve productivity in the service sector in the next several years may reduce the above-average inflation rate characteristic of service-producing industries.

Service sector receipts and jobs generally are less affected by business slowdowns than the manufacturing sector because sick people continue to require immediate medical attention, children attend school, fire and life insurance policies are not allowed to lapse, and government protective services are continued. At the same time, business capital investment and consumer purchases of big-ticket items like automobiles and appliances can be postponed.

Although sales and profits for many service-producing industries[1] were disappointing during the recession year of 1974, real personal consumption spending for services (adjusted for price changes) rose modestly while expenditures for manufactured goods declined.

With economic recovery anticipated in 1976, strong service sector growth is expected to resume and new, marketable service industries probably will continue to emerge. The growing complexities of modern business will stimulate increased demand for such business services as equipment rentals, employment agencies, legal services, and systems management. Home maintenance services are expected to expand significantly in the late 1970s as apartment living continues to increase sharply. The steadily growing proportion of women workers will provide expanded markets for labor-saving services. With a sizable increase in the number of elderly people in the next several years, larger markets are expected for home health services, medical services, leisure activities, small apartments, and retirement communities in warm-weather regions. By 1980, services production probably will account for an increasing share of the Nation's gross national output.

[1] Service-producing industries include transportation, communication, public utilities, finance, public administration, private household services, and miscellaneous services which include hotels, repair, recreational, medical, legal, and educational services.

Section 1. Nature and Extent of Service Industries in the United States

As service industries have grown in variety and volume, a broadened definition of industries included in the service sector has emerged. Private sector service industries whose output consists of intangibles include such diverse activities as banking, legal services, health care, insurance, auto repair, beauty shops, and travel agencies. Activities provided largely by government, such as education, sanitation, and protective services, are also service-oriented industries. In addition, retail and wholesale trade may be considered service-producing industreis although the distribution and selling services often are measured in terms of consumer outlays for goods, not services.

Since the early 1960's, substantial gains in receipts and employment were recorded by such major service activities as banking, legal services, insurance, real estate, and medical care. In contrast, booming sales of television sets and high-fidelity equipment for home entertainment moderated spending for such recreational services as movies, theatres, and spectator sports. Another service category in which consumer spending has leveled off is personal care services — beauty and barber shops, shoe repair, and laundry and cleaning.

GNP Reflects Service Sector Growth

The continuing shift toward a service economy is reflected in the significant growth of the dollar value of services produced compared to increases in the output of goods. Between 1960 and 1970, the dollar value of the Nation's gross national product—the overall measure of goods and services produced—almost doubled, with the service sector's growth accounting for more than half of the gain. In 1960, the production of manufactured goods accounted for more than half of all output while the service sector's share was only 3[illegible] percent. By the 1970's, the dollar value of goods production and services output had equalized; each accounted for more than two-fifths of the entire gross national product.

Last year, the gross national product reached almost $1.4 trillion, with services produced accounting for $589 million. It should be noted that services produced excludes such business service activities as equipment rentals and transportation costs for product shipments which are included in the value of goods output.

The increasing affluence of Americans during the 1960's fueled a rapid rise in consumer spending, with the increase in service spending outpacing expenditures on consumer products. Total personal consumption expenditures almost doubled from 1960 to 1970 while spending on services more than doubled. By 1974, consumer expenditures on services increased 40 percent further to more than $369 billion.

Actually, spending on services probably is underestimated in the national income accounts series since personal consumption expenditures for services excludes spending by Federal, State, and local governments for such services as education, public health, sanitation, security, and firefighting. Also, an increasing share of government funds has been spent on environmental quality control activities since 1970. The Census Bureau reports that Federal, State, and local governments spent approximately $6 billion for water quality control, solid waste management, and air quality control activities in fiscal year 1972-73, about 9 percent above year earlier levels.

Trends in Consumer Spending on Services

In absolute terms, consumers now are spending more on services than they spent for everything in 1960—services, durable goods, and nondurables such as food and clothing. In current dollars, consumer outlays for services rose at a 7.7 percent annual rate from 1960 to 1973 while personal consumption expenditures increased 7.2 percent annually. During these years, disposable personal income rose at a 7.6 percent annual rate. The portion

Sector Composition of Gross Product Originating[1] Selected Years and Projected 1980

(percentage distribution based on 1972 dollars)

Sector	1960	1968	1972	1980
Total	100.0	100.0	100.0	100.0
Agriculture	4.9	3.6	3.4	2.4
Mining	2.3	1.9	1.8	1.3
Construction	7.9	6.0	5.5	4.8
Manufacturing	27.1	29.0	28.5	28.6
Transportation, communication, and public utilities	8.7	9.3	10.0	11.0
Wholesale and retail trade	18.5	18.6	19.1	18.7
Finance, insurance, and real estate	16.1	16.4	16.1	16.7
Other services	14.2	13.7	13.3	14.9
Government enterprises	1.5	1.7	1.8	1.7
Other	-1.2	-.2	.6	.0

[1] The concept of gross product originating attributes to each industry only that part of gross national product originating there.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, and Bureau of Labor Statistics, U.S. Department of Labor.

of personal income spent on services probably will continue to grow in the years ahead.

A sizable share of increased consumer spending for services reflects larger outlays for household operations needed to maintain and repair built-in air conditioning systems and appliances in modern suburban homes and apartments. In addition, spending for utilities and telephone services has been rising rapidly in recent years. In 1973, almost two-thirds of the estimated $18.9 billion in expenditures on upkeep and improvement of residential properties was spent by owner occupants of properties containing one to four units. The remainder was spent on rental properties by nonresident owners.

Consumer Spending, 1960-73 and 1967-73

Average annual growth rate (percent)

	1960-73 Current dollars	1960-73 Constant dollars	1967-73 Current dollars	1967-73 Constant dollars
Disposable personal income	7.6	4.7	8.8	4.4
Personal consumer expenditures	7.2	4.4	8.6	4.2
Durables	8.5	7.4	10.1	[illegible]
Nondurables	6.4	3.3	7.8	3.1
Services	7.7	4.3	8.7	3.9

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Increased spending on medical services and on personal business services — brokerage charges, banking and legal services, and life insurance expenses — account for an increasing share of the consumer's service dollar. In contrast, the share of personal income spent for such recreational services as movies and spectator sports actually declined during the past decade as people spent more leisure hours at home with newly purchased television sets and expensive high-fidelity equipment. However, consumer spending increased significantly for such leisure activities as camping and luxury vacations and boating.

The large volume of consumer expenditures for repair services of all types of consumer products, ranging from automobiles and appliances to electric hairdryers and shavers, has resulted in a growing problem of consumer relations. Although many consumer complaints originate from manufacturing problems, the service sector is the direct and sometimes the only contact available to receive expressions of consumer dissatisfaction. The increasing complexity of manufactured products makes adequate repair services more difficult, leading to further complaints of poor service.

Patterns of Consumer Spending on Services

(Millions of dollars)

	1960	1970	1972
Household operations [1]	28,622	50,669	59,996
Household supplies	3,397	5,796	6,389
Utilities	13,749	24,325	29,396
Telephone and telegraph	4,515	9,879	12,208
Domestic service	3,799	4,830	5,021
Auto repairs, parking, and rental	5,198	8,719	10,436
Auto insurance [2]	1,966	3,478	4,561
Public transportation	3,309	5,526	6,210
Foreign travel	2,200	4,800	5,700
Restaurants	16,182	29,286	33,261
Personal business services	15,000	35,300	41,200
Personal care services	2,354	4,129	4,405
Medical care services	14,740	38,711	47,739
Admissions to spectator amusements	1,606	2,421	2,631
Private education, research	3,700	10,400	12,000
Religious, welfare activities	4,700	8,600	10,100

[1] Includes such household operations as writing supplies, services on appliances and home furninhings, premiums for fire and theft insurance, postage, and moving expenses that are not shown separately.

[2] Auto insurance less claims paid.

Source: Bureau of Economic Analysis, U.S. Department of Commerce—Breakdown of selected personal consumption expenditures by type of expenditure.

The impact of the slowdown in the Nation's economy in 1974 on consumer service industries was uneven. For example, some popular forms of recreation remained unaffected by sluggish business activity and the high cost of energy. Backpacking and outdoor camping, which have become a way of life for many Americans in recent years, continued popular. Because of the high cost of air travel to overseas resorts, domestic ski resorts attracted increasing numbers of winter holiday skiers.

Similarly, postponement of automobile purchases boosted auto repair receipts. Also, limited job opportunities throughout the Nation lowered worker turnover in some labor-intensive service industries (fast food chains, laundry and drycleaning establishments, hospitals) and, in turn, lowered costs of training new employees. In contrast, in areas of high unemployment and resultant declining personal income, receipts of service establishments declined sharply.

Strong Demand for Business Services

Because the cost of services to business is presumably added to the final sales price of goods and services, spending on business services is not identified in the national income accounts. However, data collected in Census Bureau surveys indicate rapid growth in services to business since 1960.

Today, business firms depend upon a variety of service suppliers to handle data processing needs, advertising accounts, and legal services, and to install and repair telephones, plan conventions, and lease equipment.

Among the fastest growing business services during the past decade were equipment leasing and legal services. According to the American Association of Equipment Lessors, the volume of leasing has been increasing about 15 percent annually for several years. New equipment valued at an estimated $11 billion was leased solely for business in 1973 in addition to equipment leases outstanding valued at an estimated $64 billion.

Increasingly, business firms prefer leasing such items as oil tankers, aircraft, ships, computers, and heavy industry machinery to investing scarce capital for the purchase of these expensive items. Advantages of equipment leasing include reduction of interest costs, preservation of bank credit reserves for inventory purchases, and less risk of obsolescence. Lessors include independent finance leasing companies, banks and other financial institutions, and manufacturers, especially in the computer field.

Demand for legal services has grown markedly in recent years because of the complexities of business activities involving labor union contracts, patents, securities, and government regulatory agencies. The recently enacted pension legislation, for example, requires companies to submit all existing and new plans to both the Labor and Treasury Departments. Attempting to cut legal costs, some major corporations are beginning to monitor legal fees, use paralegal staff for routine legal research work, and maintain internal legal staffs. In 1972, receipts for legal services totaled $10.9 billion.

Selected Services Receipts, 1966-74

(millions of dollars)

Year	Hotels, motels, courts, etc.	Personal services	Business services	Automotive services	Miscellaneous repair services	Motion pictures, amusements
1966	6,501	10,981	18,567	6,516	3,939	7,498
1967	6,813	11,168	18,356	7,023	4,085	7,159
1968	7.010	11,827	23,367	8,109	3,687	8,689
1969	6,823	11,481	25,406	8,647	3,885	8,677
1970	7,417	12,746	31,082	10,040	4,602	10,256
1971	7,856	12,965	31,398	11,113	5,368	10,529
1972	8,548	12,965	34,165	12,266	6,190	11,876
1973	9,491	13,561	37,716	13,891	7.396	12,270
1974	9,319	13,793	42,334	15,190	8,439	14,189

Source: Bureau of the Census, U.S. Department of Commerce.

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Section 2. Impact of Inflation on Service Industries

A major economic consequence of a services-dominated economy is the inflationary pressure on prices charged for services. The upward push of costs for service suppliers reflects rising wages in this highly labor-intensive sector as well as increased costs for such items as real estate, maintenance upkeep, and equipment needed to deliver services. In recent years, service sector investment in expensive capital equipment has grown significantly.

From 1963 to 1973, the price index for consumer services rose 57 percent while prices for durable goods advanced 25 percent. With sharply rising costs for energy boosting prices for services during 1974, prices for consumer services rose 9.3 percent and prices for durables increased 7.1 percent. For example, higher costs of such items as utilities, linen upkeep, furniture, and food in 1974 accounted in part for the steadily rising prices of hotel and motel accommodations and of restaurant food.

Prices and output of service-producing industries are greatly influenced by developments in manufacturing industries which supply equipment, improved materials, and new technology to the service sector. Medical services have been transformed during the past decade with the introduction of such modern and costly lifesaving products as kidney dialysis units, radiographs which can process X-rays in 90 seconds, and manufactured heart valves. Similarly, the growing use of computer technology in banks, airlines, insurance, and real estate has added to both the cost and quality of these services. Many routine business activities — accounting, payrolls, and inventories — are now handled by expensive information systems that record, transmit, store, and retrieve data.

According to a survey conducted by the Census Bureau, the gross value of fixed assets for selected service industries (hotels and motels; personal, business, and repair services; and motion picture and other amusement and recreational services) amounted to about $50 billion at the start of 1973.

Consumer Price Index
(1967=100)

Year	All items	Services	Commodities
1960	88.7	83.5	91.5
1961	89.6	85.2	92.0
1962	90.6	86.8	92.8
1963	91.7	88.5	93.6
1964	92.9	90.2	94.6
1965	94.5	92.2	95.7
1966	97.2	95.8	98.2
1967	100.0	100.0	100.0
1968	104.2	105.2	103.7
1969	109.8	112.5	108.4
1970	116.3	121.6	113.5
1971	121.3	128.4	117.4
1972	125.3	133.3	120.9
1973	133.1	139.1	129.9
1974	147.7	152.0	145.5

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Consumer Price Indexes for Various Service Industries
(1967=100)

	1967	1969	1971	1973	1974
Rent (for shelter)[1]	100.0	105.7	115.2	124.2	130.2
Restaurant meals	100.0	111.6	126.1	141.4	159.4
Automobile repairs and maintenance	100.0	112.2	129.2	142.2	156.8
Public transportation	100.0	112.7	137.7	144.8	148.0
Medical care services	100.0	116.0	133.3	144.3	159.1
Personal care services	100.0	110.9	120.0	130.6	141.5
Reading and recreation	100.0	108.7	119.3	125.9	133.8
Fuel and utilities[2]	100.0	101.3	115.1	126.9	150.2

[1] Also includes hotel and motel sales not shown separately.
[2] Also includes residential telephones, fuel oil, coal, water, and sewerage service not shown separately.
Source: Bureau of Labor Statistics, U.S. Department of Labor.

Section 3. Service Industry Employment Trends Since 1960

Today, two out of three workers holds a job in a service-producing industry in a broad spectrum of occupations ranging from maintenance workers, truck drivers, and retail clerks to physicians, computer programmers. and television announcers. In 1960, only three-fifths of the employed population were working in service-producing industries.

During the 1960's, employment in all industries increased 20 percent, with most of the gains in the service sector. Employment in professional and related services rose 66 percent, employment in business and repair services increased 40 percent. and there was an 18 percent increase in entertainment and recreation jobs. Because of a sharp drop in private household service workers during these years. employment in the personal service sector declined 15 percent. Excluding private household service (housekeeping, maid service, etc.), however, personal services employment rose 7 percent during the decade.

Employment in the finance. insurance, and real estate industries increased 36 percent and public administration employment (Federal, State and local governments) rose 32 percent.

Largely reflecting the dramatic employment growth in the service-producing industries from 1960 to 1970. median family income rose from $5,620 to $9.867. After adjustment for inflation, median family income rose 35 percent during the decade. By 1974, median family income (in current dollars) reached $12.840.

Married Women in the Workforce

Contributing to rising family incomes has been the steadily increasing number of married women who are working outside the home. In 1973, about 19 million or 35 percent of all families received annual earnings of $15.000 or more compared with 6 million or 12 percent of all families in this income bracket in 1960.

Today, almost half of the wives in husband/wife families receive money from earnings compared to about 36 percent in 1960. The proportion of children under 18 whose mothers were employed outside the home reached 40 percent last year. About a third of all employed mothers have children of preschool age. As the number of working wives increases, markets expand for a variety of services including child care and restaurant services, beauty parlors, and appliance and repair services.

Among the factors that contribute to the addition of large numbers of women to the job market during the 1960's was that the bulk of new job opportunities occurred mostly in the service-producing industries where women traditionally have been employed — teaching, retail trade which offers flexible hours and opportunities for part-time work, and nursing and other health service occupations. Other developments encouraging participation of women in the workforce in recent years include better education, increasing social acceptance of working women, and the decline in the fertility rate.

Employees on Nonfarm Payrolls, by Major Sectors, Selected Years [1] (000)

Sector	1960	1965	1970	1974
Total [2]	54,234	60.815	70.593	78,337
Goods-producing	20,393	21,880	23,352	24,674
Mining	712	632	623	672
Contract construction	2.885	3.186	3,381	3,984
Manufacturing	16.796	18,062	19,349	20,017
Service-producing	33.840	38.936	47.242	53,664
Transportation and public utilities	4.004	4.036	4.493	4,699
Wholesale trade	3.004	3,312	3.812	4,261
Retail trade	8,388	9.404	11,102	12,749
Finance, insurance, and real estate	2.669	3,023	3,688	4,161
Miscellaneous services [3]	7.423	9,087	11,612	13,508
Government [4]	8.353	10.074	12,535	14,286
Federal	2.270	2.378	2.705	2,725
State and local	6.083	7.696	9.830	11,561

[1] Data includes Alaska and Hawaii beginning in 1970.
[2] Data excludes proprietors, the self-employed, farm workers, and domestic workers in households.
[3] Includes hotels, repair, household, recreational, personal, medical, business, legal, and educational services.
[4] Includes only civilian employees; military personnel are excluded.
Source: Bureau of Labor Statistics, U.S. Department of Labor.

Married Women in the Labor Force by Presence of Children

Year	Total married women (husband present)	Presence of children under 18 years: None	6-17 Years	Under 6 years
Labor force (thousands)				
1960	12,253	5,692	4,087	2,474
1965	14,708	6,755	4,836	3,117
1970	18,377	8,174	6,289	3,914
1972	19,249	8,797	6,706	3,746
1974	20,367	9,365	6,792	4,210
Participation rate[1]				
1960	30.5	34.7	39.0	18.6
1965	34.7	38.3	42.7	23.3
1970	40.8	42.2	49.2	30.3
1972	41.5	42.7	50.2	30.1
1974	43.0	43.0	51.2	36.0

[1] Number of women working or seeking work.
Source: Bureau of Labor Statistics, U.S. Department of Labor.

Young Adults Will Dominate Workforce in 1980

Tomorrow's labor force will be better educated han ever before as young people continue to devote nore of their early adult years to getting an education in lieu of a job. In line with population growth patterns, labor force growth in the early 1970's has been concentrated in the 20- to 34-year age group which numbered more than 34 million in 1974 compared to 30 million in 1970 and only 23 million 10 years earlier.

In 1960, the workforce included almost 9 million more 35- to 54-year olds than 20- to 34-year olds. Today, each of these labor force groups total about 34 million. By 1980, the younger group is expected to outnumber the older group by almost 7 million. With increases in social security and other pension benefits, the number of workers aged 65 and over is expected to remain constant during the 1970's despite a numerical increase in the age group.

Labor Force and Employment, Selected Years and Projected 1980, 1985
(in millions unless otherwise indicated)

	Actual 1960	Actual 1972	Projections 1980	Projections 1985
Labor force, total	72.1	89.0	101.8	107.7
16 to 19 years	5.2	8.4	8.3	7.2
20 to 34 years	22.7	32.5	42.2	44.8
35 to 54 years	31.6	33.7	32.5	39.5
55 years and over	12.6	14.5	16.1	16.3
Median age in years	39.8	37.2	35.2	35.8
Employment, total	65.7	81.6	95.7	101.5
White-collar and service workers	36.7	50.0	62.0	67.1
Professional and technical	7.2	11.5	15.0	17.0
Managers and administrators	7.4	8.0	10.1	10.5
Sales workers	4.2	5.4	6.3	6.5
Clerical workers	9.5	14.2	17.9	19.7
Private household workers	2.0	1.4	1.3	1.1
Other service workers	6.4	9.5	11.4	12.3
Blue-collar workers	23.8	28.5	31.7	32.8
Craftsmen and kindred workers	8.7	10.8	12.2	13.0
Operatives	11.4	13.5	15.0	15.3
Nonfarm laborers	3.7	4.2	4.5	4.5
Farm workers	5.2	3.1	2.0	1.6

Source: "The United States Economy in 1985," Monthly Labor Review, December 1973. Bureau of Labor Statistics, U.S. Department of Labor.

Section 4. Productivity in the Service Sector

With a high proportion of the workforce employed in the service sector, efforts to increase productivity in service industries are essential to offset rising wages and costs and to improve profit margins. From 1963 to 1973, manufacturing sales more than doubled, yet the number of employees rose by less than 3 million or 17 percent. During the same 10-year period, the dollar value of services sold (excluding government services) grew at a slightly faster rate, but a 43 percent employment increase, or an additional 11.5 million workers, were needed to achieve these gains.

Productivity gains generally tend to run above average when output is expanding and below average when output slows. With the decline in gross national output in 1974, productivity in the service sector actually declined since such service employees as retail clerks, barbers, lawyers, and stock brokers serviced a declining volume of sales. In addition, lower speed limit regulations last year resulted in slower or less productive truck freight deliveries of supplies to both manufacturing and nonmanufacturing industries.

Productivity Measurement Problems

Lagging productivity gains during the buoyant 1960's in a number of service industries underscored the need to improve efficiency through application of laborsaving devices and modern management techniques. However, it should be recognized that part of the slow productivity gains in the service sector reflect problems of measurement since output often is measured by statistics on employment and wages. The use of employment data rather than man-hours may underestimate productivity levels in such labor-intensive industries as retail trade, personal services, hospitals, and hotels/motels because a large portion of the workforce is employed on a part-time basis. In the education field, costs for additional teachers and materials tailored to meet the special learning problems of inner-city disadvantaged youngsters cannot be effectively measured in terms of output until these young people reach adulthood.

Productivity Gains in Some Service Industries

Productivity levels vary sharply within the service sector, depending upon the type of service rendered. For example, trends in output and employment in the banking industry suggest improvements in productivity during the past decade. Measured in terms of increasing volume of checks, deposit accounts, and trust and loan departments, bank output has been rising sharply. Between 1960 and 1973 the volume of checks handled through Federal Reserve banks (accounting for one-third of all banking operations) rose from 3.4 billion to 10 billion, reflecting an annual growth rate of 8.3 percent. During the same period, employment increased by only 4.5 percent annually, less than the rate of growth in the volume of deposits, checks, and other bank services.

Examples of productivity gains in other services are numerous. Today, some illnesses which involved many patient visits in past years can be cured quickly with antibiotic treatment, taking less of the physician's time. The widespread use of copiers has given secretaries more time for non-typing duties. In retailing, some stores employ part-timers to work only at peak periods during the day in order to improve both productivity and the quality of service. In the laundry and drycleaning business, two operators using the latest pressing equipment now can iron 85 to 90 shirts an hour compared with 65 shirts an hour several years ago.

Computer Applications Aid Productivity

Increasingly, the computer is being utilized in a variety of service industries. The introduction of computerized records has reduced manpower requirements and sharply increased productivity in finance, airlines, insurance, and real estate. Computers have revolutionized airline reservation systems and the maintenance of library archives. In the health services industry, computer technology has eliminated endless clerical tasks and is even being used to automate physical examinations. Similarly, recently developed electronic bank teller terminals offer fast deposit, withdrawal, and funds transfer services, reducing long lines in front of tellers' windows. To monitor warehouse inventories, visual display terminals are capable of increasing order-selecting productivity and reducing warehouse operating costs. In Tacoma, Washington, a computerized court scheduling system saved about 40 percent in police overtime costs during the first 13 months of operation.

In the retail field, a few supermarket chains are testing an automated pricing and checkout system that identifies prices, adds a customer's bill and, at the same time, offers instant inventory control and a method to check results of the store's sales and promotion campaigns. The key to the operation is a product coding system under which thousands of grocery items are identified by 10-digit numbers by food packagers. Optical scanners installed in computerized checkout counters are connected to a computer programmed with the store's current prices. The scanner identifies each item's sales price on a digital display screen and grocery orders can be checked out in about half the time of traditional cash registers. The estimated $125,000 cost of installing the system could be offset by estimated annual savings of $40,000 in an eight-lane supermarket.

Franchising Improves Efficiency of Small Businesses

Under the franchising system, franchisors offer management expertise and research marketing resources to small business enterprises with limited capital to help them achieve success. During the decade of the 1960's, the dramatic growth of franchising in a broad range of service industries — gasoline stations, fast food, hotels and motels, auto and truck rentals, retailing, and campgrounds — significantly changed the traditional distribution system for consumer goods and services. According to a recent survey conducted by the Bureau of Domestic Commerce on the extent of franchising, an estimated 444,000 establishments were engaged in franchising business in 1974 with estimated receipts of almost $162 billion.

In recent years, the growth sector of the restaurant industry has been the franchised fast-food business. Fast-food franchises expanded rapidly during the 1960's providing opportunities for franchisees to own a business with a relatively small investment and decreased costs resulting from automation, standard menus, and strict portion control. Offering quick service, convenient locations, and easy parking, fast-food units sell inexpensive meals of chicken, hamburgers, roast beef sandwiches, pizza, etc. Utilizing market research techniques to survey potential customer demand, some fast-food franchisors have extended the limited menu technique to chefless dinner restaurants which serve such items as roast beef, steak, or lobster in a more luxurious restaurant environment.

Despite a current slowdown in franchising expansion, long-range prospects are favorable since the franchising concept has proved to be a successful method to create efficient new businesses to accommodate the needs of shifting consumer markets.

Section 5. Impact of Demographic Changes on Service Industries

Besides income levels, U.S. spending habits are influenced by population age-mix, birth rates, educational achievement, ~~and~~ housing patterns. Statistical trends of births, deaths, population distribution, labor force, and family formation offer insights into consumer and business markets. During the 1960's, over four-fifths of the Nation's growth occurred in metropolitan areas, largely within suburbs outside central cities. About 70 percent of the 213 million Americans now live in metropolitan areas. Larger numbers and proportions of the population are now completing high school and college than ever before.

The population mix is changing as the very large school age population of the 1960's reaches adulthood during this decade. Today, more than half of all Americans between the ages of 20 and 55 are under 35. These young adults, having been raised in an affluent society, are likely to spend an increasing share of income on such luxury services as air-conditioned apartments, travel, entertainment, art, books, and recreation. The sharp decline in the birthrate during the past 10 years has resulted in a decrease in the proportion of preschoolers and an increase in the proportion of school-age children.

The typical family has changed significantly in recent years because marriage is occurring later, couples are having fewer children, and the life span is lengthening with medical advances. Furthermore, many more unmarried persons, both young adults and elderly people, are maintaining separate households. Non-husband/wife households account for an increasing proportion of new household formations — 40 percent of the 5 million new households formed between 1970 and 1973. In the under 35-year age bracket, husband/wife families fell from 79 percent of all family households in 1969 to only 70 percent in 1974.

Future Directions

Because of the changing age-mix and life styles of the population, there are a number of expected developments in spending for consumer services in the years ahead. Families in the under 35-year age bracket probably will account for more than one-third of all retail sales in 1980 compared to about one-fourth in 1970.

With the trend toward condominiums and apartment rentals accelerating because of the high cost of home ownership, an increasing proportion of young adult households and families will rely on commercial home and grounds maintenance services instead of the homeowner maintenance upkeep of the 1960's.

Other fast-growing service industries in the next several years will be medical services, utilities, telephone service, domestic and foreign travel, personal business services, and recreation. At the same time, outlays for educational services probably will slow significantly because of the declining birth rate and because the population of college-age youngsters will be growing less rapidly.

Another service category for which the rate of spending will be slower in the next few years is personal care. Consumer spending in barbershops, beauty parlors, and drycleaning establishments has increased relatively little in the past few years and is unlikely to change markedly by 1980 because of the

Changes in Personal Consumption Expenditures
(percent distribution based on 1972 dollars)

	1960	1968	1972	Projected 1980
Personal consumption expenditures	100.0	100.0	100.0	100.0
Durable goods	11.6	14.6	16.3	16.0
Nondurable goods	46.1	42.7	41.3	39.6
Services	42.3	42.7	42.6	44.4

Source: Bureau of Economic Analysis, U.S. Department of Commerce, and Bureau of Labor Statistics, Department of Labor.

Population by Age Groups (as of July 1)
(millions of persons)

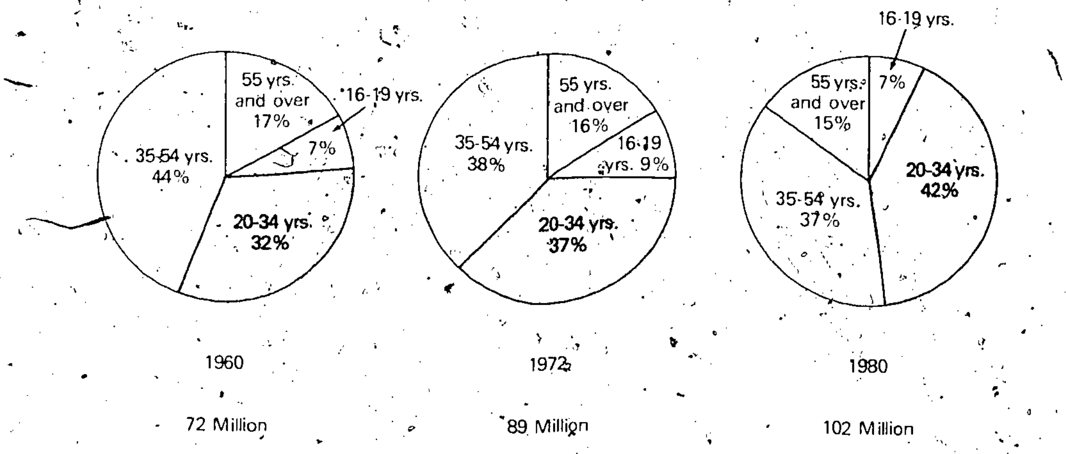
Year	Total population	Under 5	5-17	18-39	40-64	65 and over
1960	180.7	20.4	44.2	51.6	47.9	16.7
1965	194.6	20.4	50.0	54.6	51.5	18.2
1970	204.9	17.2	52.5	61.1	53.9	20.2
Projections						
1975	213.9	16.8	50.0	70.4	54.5	22.2
1980	224.1	18.6	46.3	80.2	55.0	24.1
1985	235.7	20.6	46.3	85.7	57.1	25.9

Source: Bureau of the Census; Series E (low series) projection.

emphasis on the "natural look" and development of synthetic materials which do not require drycleaning service.

Although incomes are not expected to rise as rapidly in the next several years as during the 1960's, a slower projected rate of population growth will result in higher per capita consumer buying power by 1980. In terms of sales and employment, the service sector is expected to grow more rapidly than manufacturing. However, unless major efforts are made to improve productivity in the service sector, a large part of the increase in sales will be in prices, reflecting the continued influence of some labor-intensive, low-productivity service industries.

...The Growing Young Adult Workforce....



Source: Bureau of Labor Statistics, U.S. Department of Labor.

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PART II

INDIVIDUAL SERVICE INDUSTRY STUDIES

ADVERTISING

The advertising industry is made up of advertisers, advertising agencies, special-purpose establishments, and the various media that print or broadcast advertising messages. In addition to stimulating demand for the advertiser's products and services, advertising dollars support agencies and special-service establishments that work for agencies, and the various media organizations that depend upon ad money for the bulk of their operating revenues.

Advertising in Modern Society

Advertising expenditures totaled $26.5 billion in 1974, nearly twice as much as a decade ago. The rapid expansion of the economy during these years, together with the proliferation of new products and services, account for advertising's 7 percent average annual growth rate since 1963. During such expansionary periods as the late 1960's, business maintains high levels of advertising and is quick to increase spending. However, ad expenditures historically have increased at a slightly slower pace than the Nation's gross national product (GNP). Advertising expenditures now represent about two percent of GNP, down marginally from the 2.1 to 2.2 percentages characteristic of the past decade.

National advertising expenditures — money spent by advertisers in national and regional media markets (network television, radio, magazines, etc.) — totaled $14.6 billion in 1974, while local advertising — money spent by advertisers in local markets (principally newspapers and local broadcasting) — totaled $11.9 billion.

Local advertising is growing faster than both national and total ad expenditures and is expected to surpass the national share in the late 1970's. This trend reflects the increasing use of media by local retail chains and supermarkets and the leveling off of national advertising growth.

Newspapers, the Nation's largest ad media, is essentially a local medium as most of its $8 billion in 1974 ad revenue originated from local business sources. Some of the Nation's major national retail chains direct much more of their ad dollars to local than to national media.

The Changing Character of Ad Agencies

Once thought of as a haven for creative pursuits, the modern full-service ad agency must be skilled in delivering a wide spectrum of special services. Competition for new clients is severe. The changing advertising demands of clients require a group of professionals whose specialties span advertising, market research, distribution, psychology, sociology, and international business. Not every agency, however, offers such a variety of multi-disciplinary talent. Most ad agencies are, in fact, quite small and limited to developing and preparing advertising messages — the service for which ad agencies originally evolved.

In 1972, about 28,500 establishments, with receipts of $10.6 billion, provided advertising services, up from 20,124 establishments with receipts of $8.3 billion in 1967. Accounting for 98 percent of all receipts, however, were only 35 percent of the establishments with paid employees. Included in this count are ad agencies, outdoor advertising services (billboard and poster specialists), media representatives, and miscellaneous specialized organizations.

Ad Agencies are Competitive

In 1974, there were an estimated 5,500 advertising agency companies, some with several branch offices, whose collective billings (client money for media payments) totaled $10.8 billion. About 650 were full service agencies handling nearly all national advertising expenditures. The remaining 5,000 agencies were the smaller, creative shops servicing predominantly local clients.

Despite the steady overall growth in advertising business over the past decade, agency employment declined in the early 1970's. Unlike other professional services, where licensing and tests of competence requirements limit market entry, ad agencies can be established with little difficulty. Frequent account changes and a rigid commission rate structure characterize the industry.

A single major client account change can spell disaster for an agency. For example, in 1971 — a sluggish year for business and advertising — nearly 200 major advertisers moved their accounts, billing $350 million to different agencies. Agency employment rolls were trimmed by nearly 4,500, as agency net profits as a percent of billings fell to their lowest point since 1963.

Outside Pressures — Inside Changes

The advent of organized consumerism and increased government consumer protection regulations have forced agencies and their advertiser clients to be more careful about advertising claims and more sensitive to current public issues. While these forces may have dampened some of the creative element in advertising, effective advertising that avoids public

Advertising
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974	Percent increase 1972-74*
Total advertising expenditures	13,107	16,866	6.5	23,060	6.4	26,550	7.3
National advertising	8,124	10,250	6.0	13,100	5.0	14,620	5.6
Local advertising	4,983	6,616	7.3	9,960	8.5	11,930	9.5
Number of establishments (000)	12.[illegible]	20.1	11.7	28.5	7.2	—	
Receipts	6,384.[illegible]	8,341.6	6.9	10,591.3	4.9	11,200[1]	3.0
Number of establishments with payroll (000)	7.7	8.2	1.6	10.6	5.3	—	
Receipts	6,325.0	8,201.5	6.7	10,342.3	4.8	11,000[1]	3.0
Employment (000)[2]	100.3	109.1	2.1	111.5	1.2	—	

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census, Advertising Age, and BDC.

and private criticism has posed a creative challenge to ad agencies. Also, public service advertising has opened up a new market segment for many agencies. The growing dominance of television as the most influential medium also has created a continuing market for creative artists.

Within ad agencies, cost control concern and computer sophistication now are being emphasized. Traditional full service agencies — the ones that perform a full range of services for their clients — are faced with increased competition from independent media buying services and "creative only" agencies. These "special service" independent agencies, spawned several years ago, partly resulted from advertiser disenchantment over the inflexible 15-percent-of-billing commission rate charged by full service agencies. Also, many advertisers now absorb more of the promotional activities formerly contracted to agencies.

Future Directions

Total advertising volume probably will match or slightly trail GNP growth throughout the 1970's with local advertising scoring the greatest gains. Local television, radio and newspapers are expected to increase their share of total advertising while direct mail, magazines, and national newspapers will continue to lose part of their share as local advertising slowly becomes the dominant force in advertising. Advertising revenues are not expected to be appreciably affected by increased subscriber cable television penetration in the next several years since the major source of cable television revenues are subscriber fees.

The larger agencies, those few hundred accounting for nearly all national advertising, will grow just as fast, primarily because of their rapidly expanding international business and diversification into non-advertising ventures. Already, foreign business of the very large agencies accounts for up to 25 percent of their sales. By 1980, some of these agencies probably will have worldwide sales of $1 billion.

Diversification opportunities for the large talent-laden agencies are many, especially in services such as public relations, research, and consulting. Stiff competition for a limited number of national accounts will be a major influence on these agencies to continue seeking foreign sales and diversification ventures.

Public pressure for truth-in-advertising and accountability will continue as advertisers and their agencies strive to construct advertisements which are effective sales tools without being objectionable to the many public and private watchdog organizations.

AUTOMOTIVE SERVICES

The automotive services industry continued its long-term growth trend through 1974 despite the severe disruptive effects of the energy crunch and generally lower levels of business activity in the Nation's economy. Although 1974's performance varied by sector, receipts for all automobile services rose 12.1 percent annually from 1972 to 1974, partially reflecting rising prices for services. In 1974, receipts totaled $15.1 billion, more than double the level of receipts in 1967.

In 1974, there were 116 million vehicles on the Nation's highways compared with only 79 million 10 years previously. As a result, demand rose rapidly for automobile repair and such emergent specialized services as parking and auto and truck rental/leasing. In 1974, only auto renting/leasing failed to register a substantial gain but this service is expected to resume its growth with the anticipated business upturn in 1976.

Establishments serving the automotive public employ more than 400,000 workers nationwide in such areas as auto repair, auto rental and leasing, and parking. Of the 170,000 auto service establishments in 1972, only 54 percent were large enough to employ paid workers. Counting proprietorships and typically small partnerships, the total number of individuals earning a livelihood from servicing automobiles probably exceeds 500,000. Except for parking establishments which rely increasingly on customer self-parking, significant employment gains have accompanied receipt increases in all auto services sectors. Auto services employment rose 3.8 percent annually from 1963 to 1972.

Auto Repair Demand Keeps Surging

Despite a sharp decline in new car sales and reduced auto usage during 1974, demand for auto repair services continues its long established growth trend. Auto repair demand spillover resulting from numerous new car dealerships closings and an estimated 10,000 service station failures in 1974 probably will further increase business activity of the nearly 130,000 independent auto repair establishments in operation today. Also, auto repair shops contribute significantly to improved auto maintenance needed to combat pollution caused by excessive auto emissions. It is increasingly recognized that periodic tuneups keep exhaust emissions low and improve gasoline mileage.

The greatest challenge facing the auto repair industry has been its ability to maintain an adequate pool of competent mechanics. Future prospects of training an additional 200,000 mechanics needed by 1980 to meet anticipated repair workload requirements is less than optimistic. Nearly half of these auto mechanics will be required by independent auto repair shops which generally perform about half of all auto repair work. The remainder would be employed in car dealerships and gasoline stations. Increasing sophistication of automobiles equipped with complicated emission control and pollution equipment and the proliferation of state and local inspection requirements will contribute toward increasing demand for mechanics.

Major reasons cited for the past shortage of qualified mechanics include relatively low wage levels despite high skill requirements, inadequate tests of competency standards, and a limited number of effective mechanic training programs. Reports of widespread mechanic incompetency has led to increasing consumer complaints on the quality of auto repair work.

Efforts to upgrade the profession through improved training programs, mechanic testing and certification, and licensing, have yielded mixed results and some controversy on the subject of licensing. Until such efforts improve the attractiveness of the auto mechanic profession, the shortage of qualified mechanics will continue to be the industry's greatest problem.

Auto Rental/Leasing Popular

Although the auto rental and leasing service sector did not post a significant gain in 1974 largely because of reduced gasoline consumption and general sluggish business activity, substantial growth has occurred since the early 1960's as business and consumer markets for auto rentals expanded sharply. Since 1963, establishments engaged in washing, renting, and leasing cars and trucks more than doubled, from 22,500 to 46,800. Passenger car rental, especially daily rent-a-car agencies, and truck leasing comprise the largest subsector, accounting for over half of all establishments engaged in renting and/or leasing.

Increasingly, businesses and individuals are turning to auto lease/rental in lieu of purchasing vehicles. Advantages of lease/rental versus ownership include less capital tieup, a constant stream of new cars, and fewer repair problems under typical maintenance agreements. For private individuals, leasing autos can be cost effective as well as less troublesome in terms of maintenance upkeep and shopping time inconvenience. Individual leasing probably will continue to outpace all other leasing sectors.

About 12 percent of new passenger car sales are fleet sales, 70 percent of which represent purchases by lessor companies (those who lease or rent to companies and individuals) and daily rental companies. Such purchases are taking an increasingly larger share of new car output as leasing and rentals gain in popularity.

In recent years, car washes have emerged as a strong growth industry, although their growth has slowed significantly in the last 2 years. Their strength has been built on technological advancement in laundering autos quickly and cheaply along with their successful on-premise tie-in with service stations.

Parking Lot Industry

Rapidly rising parking industry receipts largely reflect higher parking costs since the number of parking lots and structures actually declined from 11,300 to 10,500 from 1963 to 1972. Receipts during this period rose from $416 million to $725 million, an average annual increase of 6.4 percent. The trend toward fewer parking establishments has not actually resulted in a reduction in parking spaces since many new establishments are multistory structures. About 20 percent of all parking establishments are structures, a percentage likely to increase in the next decade as real estate values continue to soar and old lots are replaced by spacious multistory structures.

Like most auto service sectors, the parking industry is dominated by small establishments. Nearly 80 percent of the Nation's 10,000 parking establishments have a work force of under 20 workers, most of whom are unskilled workers. The parking industry as a whole employs the fewest number of people — just over 37,000 paid employees — of all major auto service sectors.

Future Directions

Auto service receipts are expected to continue rising for the next several years despite moderating new car sales and increasingly cost-conscious consumers. Actually, such factors may help to sustain the high growth rate of auto services. With consumers expected to keep their cars longer, demand for automobile service and repair will continue to rise as consumers strive to keep their existing vehicles in good working order in lieu of purchasing a new car. Further increasing demand for auto services will be the trend toward increased mandatory state

Selected Automobile Services

(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Auto repair shops							
Number of establishments (000)	114.5	109.9	—	127.2	—	—	
Receipts	3,588.1	4,085.5	3.3	7,045.1	11.5	9,455	15.9
Number of establishments with payroll (000)	58.3	55.8	—	65.5	—	—	
Receipts	3,049.3	3,505.0	3.6	6,434.3	11.9	—	
Payroll/year	778.3	943.3	4.9	1,699.3	12.5	—	
Paid employment[2] (000)	184.4	187.9	.5	237.8	4.8	—	
Automobile parking							
Number of establishments (000)	11.3	10.6	—	10.5	—	—	
Receipts	415.6	483.8	3.9	725.3	8.4	959	15.0
Number of establishments with payroll (000)	9.6	9.3	—	9.4	—	—	
Receipts	404.1	473.2	4.0	711.4	8.5	—	
Payroll/year	114.3	129.5	3.2	174.3	6.1	—	
Paid employment[2] (000)	34.9	33.5	-.7	37.2	2.1	—	
Car, truck rental and leasing and other services							
Number of establishments (000)	13.9	18.7	—	31.2	—	—	
Receipts	1,440.2	2,489.3	14.7	4,310.7	11.6	4,773	5.2
Number of establishments with payroll (000)	8.6	12.0	—	15.6	—	—	
Receipts	1,394.8	2,420.6	14.8	4,083.3	11.0	—	
Payroll/year	242.5	395.8	13.0	679.0	11.4	—	
Paid employment[2] (000)	68.7	95.0	8.5	118.2	4.5	—	
Total automobile service receipts	5,444.0	7,028.0	6.6	12,081.1	11.4	15,187	12.1
Paid employment[2] (000)	296.8	343.5	3.7	414.0	3.8	—	

[1] Estimated by BDC.
[2] As of March.
* Compound annual rate of growth.
Source: Bureau of Census and BDC.

auto inspection, enforcement tightening of safety and emission control standards, and more technological efficiency in repair service delivery. Recent reductions in the number of gas stations and new car dealerships also will increase the repair load on auto repair service facilities.

However, the auto service field still will be plagued by the continuing shortage of skilled mechanics. Lessened emphasis on mechanic training by the major auto makers who are becoming more cost conscious may further compound this problem. Recent efforts, both voluntary and mandatory, in upgrading mechanic skills via certification and/or licensing may help to expand the pool of quality mechanics in coming years. A number of states have initiated mandatory mechanic and repair shop licensing and/or certification designed to reduce automobile service complaints and upgrade mechanical quality. Additional pressure for state licensing and certification is expected to continue.

Strong growth prospects also are in store for the parking and rental/leasing service sectors as these industries continue to provide essential services to the Nation's automobile drivers. In the future the traditional parking lot will slowly be replaced by multistory structures as land values increase and the availability of city space diminishes. While fringe and suburban parking areas are still lot-oriented, multistory parking structures are gaining popularity in these areas.

BANKING AND OTHER FINANCIAL SERVICES

Marketing and long-range planning, full service banks, bank holding companies, the age of consumerism, and electronic funds transfer systems were some of the principal trends characterizing the banking system during the past 15 years. They can all be summarized into one word— expansion.

Expansion was translated in more time deposits—$184 billion in 1967 compared with $432 billion in 1974; more demand deposits—$211 billion in 1967 compared with $346 in 1974; more assets—$451 billion compared with $919 billion; and increased employment—870,000 compared with 1,234,000.

Banking institutions have had remarkable success in adapting to the innumerable changes in the U.S. economy that influence the financial community. As a result, the financial community has anticipated problems in the structure and operations of commercial banks. As long-range planning and marketing techniques have become more integrated into the bank management process, the banking industry is able to anticipate problem areas before they reach crisis proportions. For instance, with the "age of consumerism" during the 1960's, banks expanded consumer loan operations, home mortgage loan activity, and credit services, emphasized retail banking, and expressed willingness to revise any practices that might be considered questionable or unfair to consumers.

The Bank Credit Card

One of the fastest growing phenomena in consumer-oriented banking has been the credit card, which was developed in response to the consumer's need for expanded credit use and for safe and fast funds transfer.

An estimated 60 million Americans held bank cards in 1974 and used them to obtain $13.8 billion in goods, services, and cash advances. Nearly 11,400 of the Nation's 14,000 banks are involved in some aspect of the bank card business, but only about 1,500 actually issue cards and operate their own plans. The rest serve as agents of larger banks. Virtually all are affiliated with Master Charge or BankAmericard, the two nationwide corporations that administer the system for their member banks.

Bank cards are accepted at more than two million retail businesses. The average card purchase is about $20, and the average outstanding balance is $280. Bank cards also are used for a cash advance at a bank within a prearranged credit limit, usually $400 to $600.

Another form of bank card is the debit card issued to customers so they may have access to their bank accounts 24 hours a day, 7 days a week. These cards are designed to activate cash dispensers and automated tellers that are usually installed through the walls of bank buildings. Customers can deposit or withdraw funds from their checking or savings accounts, or transfer funds from one account to the other.

Bank Holding Companies

Another form of bank expansion relates to the bank holding company movement. While the number of banks has remained fairly constant since World War II, the number of branches and facilities has grown considerably. In 1946 there were roughly 14,000 banks and 4,000 branches; by 1960 the number of banks and branches were almost even; today, branches outnumber main offices by two to one. This area-wide expansion was partly due to liberalized branching laws. In addition, the banks wanted to provide customers with new services not necessarily oriented to traditional banking activities and to expand services outside the restrictive banking laws and regulations. The answer was the bank holding company which, while not a new phenomenon, made such tremendous strides during the 1960's that fundamental changes resulted in the traditional structure of banking.

Some of the advantages inherent in holding companies were opportunities to tap major money and capital markets, economies of scale, recruitment of better talent, the ability to plan on a longer range basis, and to market services more effectively. Nonbank activities have ranged from mortgage, finance, credit card, factoring, or leasing companies, to providing bookkeeping, data processing, and investment services. Some areas being considered by the Federal Reserve Board as permissible activities for bank holding companies include leasing real property, underwriting mortgage guarantee insurance, operating savings and loan associations and armored car services, and providing management consulting services to non-affiliated banks.

Holding company operations are expected to grow vigorously over the next few years, particularly in States which restrict or prohibit branching. However, with the recent trend towards the liberalization of branching laws, the real potential for growth probably lies in the area of additional nonbank activities that may be permitted by the Fed rather than in the number of bank holding companies.

Electronic Funds Transfer System

The growing volume of checks has long been the subject of discussion and apprehension on the part of regulatory authorities and the banking industry. To avoid a total collapse of the system under an avalanche of an estimated 45 billion checks by 1980 and a 7 percent annual growth in checkwriting, banks extended their automation capabilities considerably in the 1960's and are looking forward to the development of paperless entries that must inevitably culminate in a cashless and checkless monetary system.

According to results of a 1972 survey conducted jointly by the American Bankers Association and the Bank Administration Institute, 56 percent of all banks were using computer facilities that year compared to a mere 7 percent in 1963. In addition, banks have started using automatic tellers and cash dispensing machines, a form of expansion that carries enormous possibilities depending on future improvements in methods and equipment.

An electronic funds transfer system, however, involves more than the use of computers. It basically means the debiting and crediting of funds by electronic methods rather than by the use of checks. The first banker group to develop a noncheck payments system was the California Special Committee on Paperless Entries (SCOPE) formed by the Los Angeles and San Francisco Clearing House Associations in 1968. Located in the Los Angeles and San Francisco Federal Reserve offices, SCOPE began to handle funds transfers in 1972. A similar payments system began operating in 1973 at the Atlanta Federal Reserve Bank, and two more groups in New England and in the Minneapolis-Saint Paul area joined the system in 1974. Many more areas are considering implementing SCOPE systems.

Another form of computerized payments system is the point-of-sale (POS) mechanism located in retail establishments and connected to the computers of a bank or credit card organization. When a sale takes place, the computer debits the customer's account and credits the merchant's account for the amount of the transaction. The POS potential for eventually replacing checks obviously is considerable.

The Future

During the next few years the magic word in the field of banking will be competition. As thrift institutions enter new fields of endeavor unrelated to housing finance, as industrial and retailing corporations venture in fields such as insurance, consumer and business financing, mortgage banking, and other financial services, and as consumers become increasingly more demanding, competition for banking customers will tend to intensify.

The "Financial Institutions Act" under consideration in the Congress would develop mutual savings banks and savings and loan associations into "full service" institutions, offering customers the same services that "full service" commercial banks now offer. Based upon the recommendations of a special Presidential commission on financial structure and regulation, the Act would provide checking account and credit card authority for mutual savings banks and savings and loan associations, check clearing authority similar to that of the Federal Reserve System for the Federal Home Loan Bank Board and its members, broader powers for mutual savings banks and savings and loan associations in the area of consumer loans, federal chartering for mutual savings banks, and liberalization of credit union powers.

Commercial Banking, 1967-1974 (selected years)
(in billions of dollars except otherwise noted)

	1967	1972	Percent increase[1] 1967-72	1973	Percent increase 1972-73	1974	Percent increase 1973-74
Assets	451	739	10.4	835	13.0	919	10.1
Loans	236	415	12.0	495	19.3	549	10.9
Investments	124	184	8.2	[illegible]	2.7	195	3.2
Demand deposits	211	297	7.1	310	4.4	316	1.9
Time deposits	184	319	11.7	372	16.6	432	16.1
Employment (000's)	870	1,105	4.9	1,162	5.2	1,234	6.2
Women (percent)	62	64	—	65	—	66	—
Establishments	13,721	13,940	—	14,194	—	14,961	—

[1] Compound annual rate of growth.
Source: Board of Governors of the Federal Reserve System, Bureau of Labor Statistics.

Subjects relating to commercial banks will also probably be included in bank legislative proposals in the near future. Examples include the removal of interest rate ceilings from time and savings deposits, the granting of interest to demand deposits, the expansion of lending and investment powers in the real estate and community welfare and development areas, the introduction of corporate savings accounts, and certain reorganizational aspects of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Administrator of National Banks.

In the years ahead, some large, nationwide, multi-unit department stores that have become service conglomerates may establish themselves as the chief competitors of commercial banks in the field of consumer finance. These retail companies have demonstrated their stability and earnings capacity to the financial community, and have access to large sums for financial needs. In addition, their reputation is well established, they are able to recruit outstanding financial staff, and are far less regulated than depository institutions.

The heightening of competitive activity will intensify even more in the years ahead as potential consumerism problems catch up with the banking industry and as banks become increasingly oriented towards societal rather than strictly business related activities.

Some indication of the legislative concern for protecting consumers' rights can be clearly perceived from recent trends in both Federal and State banking legislation. The passage of the Truth in Lending Act, the Fair Credit Billing Act, and the Fair Credit Reporting Act, the establishment of the National Business Council for Consumer Affairs and the National Commission on Consumer Finance, plus a number of pending bills before Congress, are all indications of the fundamental changes that are taking place for the purpose of simplifying financial procedures and of guarding consumers against unfavorable practices.

At the State level, several legislatures have passed consumer protection laws, ranging from sweeping new consumer credit acts to more narrow enactments such as a "cooling off" period within which a consumer may cancel a home solicitation sale. Some States have legislated in the area of credit card activity, have modified the "holder in due course" doctrine, or have enacted consumer-oriented mortgage laws covering such areas as closing costs, unfair escrow practices, and services provided by title insurance companies.

EDUCATIONAL SERVICES

Significant gains achieved in education since the early 1960's include a record number of high school and college graduates, improved school construction and educational equipment, increased efforts to adapt curricula to student needs, and improved teacher education.

During this period, the business community has become increasingly involved with the educational enterprise both as suppliers to school markets and as employers of school graduates. Traditional teaching has been supplemented by such devices as computer instructional systems, closed circuit television, and film strip projections. Prefabricated "packaged classrooms" supplement customary school structures in some school districts.

With the increasing number of working mothers, business firms have entered the growing field of early childhood education through the establishment of day care centers with modern learning and play equipment. Despite a declining birth rate, enrollments in nursery schools tripled from 1964 to 1974 — from 470,000 to 1.6 million — and private nursery schools account for about three-fourths of all preschool enrollments.

Spending on educational services more than tripled during the past 10 years. Despite declining elementary school enrollments since 1970, educational expenditures have continued to rise because of increased enrollments at the more expensive-per-pupil high school and college levels and higher costs for salaries, teaching materials, maintenance services, and utilities. In the 1974-75 school year, expenditures for public and private schools, including colleges, were estimated at $110 billion, reflecting a 9.6 percent annual increase over 1970-71 levels.

New Technology Benefits Schools

Increasingly, modern technology is being adapted to school needs. The use of computer techniques to store student academic and health records is growing each year, eliminating needless retesting and reimmunization of students. Mobile vans equipped with technical teaching aids move among county schools in many rural areas.

Experimental efforts are underway to determine whether a satellite can provide a practical means of delivering education to students in isolated regions. In the Rocky Mountain States, for example, 4,900 junior high school children are watching satellite-beamed career education programs each weekday morning.

Teachers in eight Rocky Mountain States — Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming — can now order and receive any of 460 videotaped programs listed in a catalog for use in classrooms. In about half of the 56 participating schools in this experimental program, special equipment provides a 2-way audio capacity by which teachers and students can talk directly, via satellite, to the program originators in Denver, Colorado.

Changing Enrollment Patterns

Because of the high birth rate of the 1950's and early 1960's, enrollments in regular public and private schools at all grade levels, including college, rose from almost 51 million in 1963 to 59.2 million in 1970. Between 1970 and 1974, enrollments dropped to 58.2 million, reflecting a 2 percent decline in elementary school enrollments due to lower birth rates in recent years. High school and college enrollments continued to rise steadily during these 4 years, however, as yesteryear's fast growing school population continued their studies. About 3.1 million persons graduated from high school in 1974; the class of 1975 is expected to exceed 3.1 million.

Today, about three fourths of the Nation's young people finish high school and more than half of all high school graduates enter a degree-credit program in a college or university. In the early 1960's, only about two-thirds of American youngsters graduated from high school.

Employment

Employment in educational services is estimated at about 6 million. Regular elementary and secondary schools employ nearly 2.4 million classroom teachers and more than 300,000 principals, supervisors, and other professional staff members. The number of professional staff members in colleges and universities totals about 900,000, of whom 620,000 are instructional staff. The remainder are nonprofessional workers employed in school supportive occupations.

Teaching staffs of schools and colleges expanded at a rapid rate during the mid- and late 1960's in order to keep pace with burgeoning enrollments. With the decline in total enrollments since 1970, there has been a continuing improvement in the pupil-teacher ratio in public schools. In the fall of 1974, there were about 21.1 pupils per teacher compared with 25.1 pupils per teacher 10 years earlier.

The largest item in school budgets is teacher salaries. Salary increases in recent years reflect efforts of school systems to keep salaries in pace with the rising cost of living. Average annual salary of classroom teachers in public elementary and secondary schools was estimated at $11,300 in the 1974-75 school year compared with $6,195 in 1964-65. The average salary of full-time faculty members in 4-year colleges and universities has been rising about 5½ percent annually in recent years and was estimated at about $15,200 in 1974-75.

Since 1970, the supply of trained teachers seeking employment has exceeded the number of positions available. Coupled with the diminished demand for teachers has been the graduation of record numbers of qualified teachers. Also, because of fewer job opportunities in the past few years, the rate of teacher loss through turnover has declined too. At the start of the 1974 school year, it was estimated that many prospective beginning teachers at the elementary and secondary levels were unlikely to locate teaching positions.

Public Schools Have Money Worries

Although education has consistently been the largest item in State and local budgets during the past decade and now accounts for 39 cents of every budget dollar expended, the main crisis confronting public education today is financial. Expenditure per pupil in average daily attendance in the Nation's 91,000 public elementary and secondary schools more than doubled during the past decade, rising from about $485 in 1964-65 to more than $1,200 in 1974-75.

Financing problems are especially acute in the big cities. Because of the movement of the affluent to suburbia in recent years and the increasing concentration of low-income families in urban areas. State legislative efforts continue to find ways to channel more resources to inner city schools where needs are high in relation to the tax base. In April 1975, the Department of Health, Education and Welfare proposed regulations for Congressional review that would reimburse States for the cost of developing and implementing plans for equalizing school finances— transferring money from wealthy school districts to poor districts.

Rising costs in other communities have resulted in austerity programs— cafeteria closings, curtailment of music and art programs in elementary schools, elimination of summer school enrichment programs, and cutbacks in maintenance services. The 1973/74 energy crisis and subsequent higher prices for heating fuel and electricity brought further money problems to school administrators. A variety of approaches have been used in the Nation's schools to conserve energy, including longer winter vacations in schools located in cold climates, reduction in the required number of school days per school year in some States, a 4-day school week, and less frequent field trips.

Also plagued by rising costs and resultant financial problems, many private elementary and secondary schools have closed in recent years. From 1964 to 1974, private school enrollments declined from 15 to 10 percent of all elementary school enrollments.

Changing Role of Colleges

During the past 10 years, the Nation's colleges have changed from being exclusive institutions to servicing a large portion of the population. With the rapid growth of 2-year colleges, work/study college programs, and off-campus course offerings in urban areas, there has been a major trend toward decentralization of higher education. Increasingly, adjunct professors from the professional community offer post-secondary or college level courses in such subjects as banking, computer programming, and film making. With part-time students out-numbering full-time students this past year, college learning opportunities have been extended to increasing numbers of Americans.

The proportion of women and older persons in the college population has been increasing significantly in the past few years. Continuing a long-term trend, women accounted for 44 percent of 1974 college enrollments. Since 1970, the number of 18 to 24 year old college students increased 9 percent while enrollments of persons 25 to 34 years of age increased 63 percent. Furthermore, enrollments of persons 35 years and older — mostly part-time students — rose 30 percent to one million from 1972 to 1974.

Rapid Growth of 2-Year Colleges

At the start of the 1974-75 school year, degree-credit college enrollments totaled 8.5 million, almost double the number of such enrollments in 1963. Higher education expenditures were estimated at $39.5 billion for the year, twice the level of spending than 7 years earlier.

Two-year colleges accounted for nearly three-fifths of the 500 new colleges established during the 1960's and enrollments in these colleges more than tripled during the decade. While the overall growth of degree-credit college enrollments has slowed since 1970, enrollments in community and junior colleges — mostly commuter colleges with low tuition fees — continued to rise rapidly.

Two-year colleges generally offer both academic transfer programs and associate degree programs in a variety of technical and semi-professional fields such as law enforcement, fire science, food service management, data processing, and practical nursing.

Empty Spaces in 4-Year Colleges

Empty student spaces in 4-year colleges are increasing, mostly in high-tuition private colleges but also in State-supported schools. Applications for freshman places in baccalaureate programs in colleges and universities across the country have been declining since 1970, intensifying financial problems for colleges. With faculty positions already filled and the need to maintain facilities, student vacancies have resulted in higher costs per pupil. Contributing to declining applications in the past few years were changes in the draft law that exempted college students, the high cost of a traditional 4-year college education, and the weak job market for recent college graduates.

Future Directions

Today's seventh graders will be among those entering the teaching profession in the mid-1980's, knowledgeable about environmental problems,

Enrollment in Public and Nonpublic Schools, by Instructional Level, Selected Years
(in millions)

	1963	1967	Percent change 1963-67	1970	Percent change 1967-70	1974	Percent change 1970-74
Total	50.9	56.3	11	59.2	5	58.2	-2
Elementary [1]	34.3	36.2	6	36.7	1	34.2	-7
Public	29.3	31.6	8	32.6	3	30.7	-6
Nonpublic	5.0	4.6	-8	4.1	-10	3.5	-15
Secondary [2]	12.1	13.7	13	14.6	7	15.5	6
Public	10.9	12.3	13	13.3	8	14.3	8
Nonpublic	1.2	1.4	17	1.3	-7	1.2	-8
Higher education, degree-credit	4.5	6.4	42	7.9	23	8.5	8
4-year colleges	3.9	5.3	36	6.3	19	6.6	5
2-year colleges	.6	1.1	83	1.6	45	1.9	19

[1] K through 8th grade.
[2] Grades 9-12.
Source: National Center for Educational Statistics, Office of Education, HEW.

schooled from textbooks yet to be written, and well trained in the use of audio-visual materials. School finance reform will be needed in the years ahead to keep pace with rising costs of school services and high budget school projects necessary to implement successful, innovative teaching programs.

By the end of this decade, school children probably will be learning metrics in arithmetic lessons. A recent Department of Commerce survey of State education departments indicated that efforts already are underway in most States to prepare for teaching metrics in the Nation's public schools. In Delaware and California, the State Boards of Education plan to introduce the metric system in the public schools by the 1976-77 school year.

Because of limited employment opportunities for liberal arts college graduates in today's technologically oriented society, it is likely that enrollments in

Educational Services: Expenditures, Public and Nonpublic, by Instructional Level, Selected Years
(in billions of dollars except as noted)

	1963-64	1967-68	Percent increase over 1963-64 *	1970-71	Percent increase over 1967-68 *	1974-75	Percent increase over 1970-71 *
Total [1]	35.8	56.9	12.2	76.4	10.3	110.1	9.6
Elementary and secondary	24.5	37.0	10.8	49.3	10.0	70.6	9.4
Public	21.4	33.0	11.4	44.3	10.3	63.8	9.6
Operating expenditures [2]	17.6	27.7	12.0	37.9	11.0	56.7	10.6
Capital outlays [3]	3.1	4.3	8.5	5.1	5.8	5.2	.6
Interest payments	0.7	1.0	9.3	1.3	6.8	1.9	10.0
Nonpublic	3.1	4.0	6.6	5.0	7.8	6.8	8.0
Operating expenditures [2]	2.6	3.4	7.0	4.3	8.1	6.1	9.1
Capital outlays [3]	.4	.5	5.8	.6	6.3	.5	-4.6
Interest payments	.1	.1	—	.1	—	.2	19.0
Higher education	11.3	19.9	15.2	27.1	10.8	39.5	9.9
Public	6.4	12.3	17.6	17.7	12.9	26.1	10.2
Student education	3.0	6.2	19.9	10.0	17.3	15.3	11.2
Organized research	.9	1.4	11.7	2.3	18.0	3.3	9.4
Other operating expenses	1.0	2.4	24.0	2.7	4.0	5.0	16.6
Capital outlays [3]	1.5	2.3	11.3	2.7	5.5	2.5	-2.0
Nonpublic	4.9	7.6	11.6	9.4	7.3	13.4	9.3
Student education	2.0	3.4	14.2	4.7	11.4	7.0	10.4
Organized research	1.0	1.3	6.8	1.6	7.2	2.1	7.0
Other operating expenses	.9	1.8	19.0	2.1	5.3	3.4	12.8
Capital outlays [3]	1.0	1.1	2.6	1.0	-.9	.9	-2.6

[1] Includes public and most nonprofit elementary and secondary schools (K-12), plus institutions of higher education offering degree credit courses and a small number of technical and professional schools.
[2] Excludes repayment of loans.
[3] Construction costs, expenditures for land acquisition and plant equipment and repair.
* Compound annual rate of change.
Source: National Center for Educational Statistics, Office of Education, HEW.

career-oriented courses in both 2-year and 4-year colleges will continue to rise in the next several years. In addition, many of the Nation's colleges have introduced 3-year bachelor's programs which help to reduce the cost of education for students and colleges. With many of today's college-bound students having studied college level material in high school, the 3-year curriculum can shorten the schooling period for those planning graduate studies and, at the same time, ease the colleges' financial burden of providing additional facilities to accommodate steadily rising enrollments.

HEALTH AND MEDICAL SERVICES

The dramatic growth of the health services industry since the mid-1960's reflects the Nation's population growth, increased longevity, rising prices per unit of service, and rapid advances in medical knowledge and capabilities. In addition, rising levels of income and education have contributed to increased consumer demand for more and improved medical care which is largely financed through private and government health insurance plans.

Estimated health and medical service spending in 1974 topped $110 billion, 11 percent above 1973 levels and almost three times the level of spending in 1965, the year before the Medicare/Medicaid programs were implemented. In terms of gross national product, health expenditures increased from 5.9 percent in 1965 to 7.7 percent since 1972.

The Nation's expanding health care industry has provided a growing market for manufacturers of health related products and suppliers of health related services. A large share of the medical dollar is spent on such manufactured goods as furniture and linens for hospitals and nursing homes, closed circuit television for training health workers, computers which speed hospital recordkeeping and such biomedical equipment as kidney dialysis units, radiographs, and automated analyzers for blood tests. Caterers provide food service to many hospitals and "meals-on-wheels" to the elderly in some communities. Cleaning and maintenance companies contract their services to hospitals and nursing homes. Increasingly, business firms are providing capital and management expertise through acquisition and operation of nursing homes and other health facilities.

A Unique Industry

Unlike other service industries, decisions to purchase various types of medical services generally are not made by the consumer but are determined by physicians who prescribe medicine, order clinical laboratory tests and X-rays, instruct patients on further office visits, and may suggest hospitalization. Thus, the physician is both a provider of medical care and an advisor on how much medical care should be purchased. Furthermore, medical services are distributed on the basis of need rather than the ability to pay and a large portion of payments are made by third parties. Thus, hospital care, the most costly sector of the health services industry, is provided by one set of institutions while payment for these services is made through another set of institutions.

Following the enactment of Medicare/Medicaid legislation in 1965, the sudden addition of billions of dollars worth of purchasing power to the limited resources of the health services industry pushed prices up and, at the same time, provided funds for technological advances in medical care. By fiscal 1974, Medicare/Medicaid outlays reached $22.5 billion, more than 20 percent over a year earlier and almost twice the level of public sector spending for health care in 1967.

The introduction of new and expensive treatment procedures to improve health care services has tended to increase rather than reduce staff requirements in hospitals. Technical staff and additional nurses are essential to help operate such complex electronic devices as physiological monitoring equipment and electronic flowmeters that regulate the flow of blood during heart-lung operations. In contrast, technological advances which increase output of manufacturing industries usually result in reduced manpower needs.

Impact of Third-Party Payments

Third-party payments now account for the bulk of medical care outlays since third parties together — government, private health insurance companies, philanthropy, and industry — finance almost two-thirds of the Nation's personal health bill. More than 90 percent of hospital bills and about 60 percent of physician fees are now paid by private health insurers or from public funds.

Nearly all of the public financing of medical spending since 1967 — the first full year of Medicare and Medicaid programs — has been to pay hospital, physician, and nursing home bills for the elderly. During these years, private health insurance coverage also increased rapidly. Last year, some four-fifths of the population under 65 years of age were enrolled in varying private insurance plans covering hospital care and almost three-fourths were enrolled in insurance programs which met some of the costs of surgical services. By 1974, third parties were paying an estimated 65 percent of the total health bill, with the government share at 38 percent and private health insurance, 26 percent. In 1960, third-party payments accounted for about 45 percent of personal health care spending.

Cutting Medicare/Medicaid Costs

In recent years, there has been a marked trend toward tighter government regulation of publicly financed medical programs. Implementing the 1972 amendments to the Social Security Act, the Department of Health, Education and Welfare (HEW) is developing a network of physician-dominated professional standards review organizations (PSRO's) to monitor the cost and quality of medical care under Federally financed programs. Stringent auditing by medical review professionals is expected to eliminate unnecessarily lengthy hospital stays, needless injections, and other uneconomical procedures, and result in significant dollar savings in Medicare/Medicaid expenditures.

In addition, HEW is now implementing the health planning regulation legislation (S. 2994) enacted in early 1975 which provides for establishment of a national network of health planning agencies responsible for developing short- and long-term health plans tailored to the health needs of particular areas. The agencies will make recommendations on construction of new health facilities and determine how Federal resources authorized under the Public Health Service Act are used in their jurisdiction.

Other efforts to cut costs and increase efficiency in health services delivery include the availability of Federal funds to support establishment of health maintenance organizations (HMO's) which provide enrollees, including some Medicare/Medicaid recipients, with comprehensive medical services for a fixed fee and reimbursement limits for prescription drugs for Medicare and Medicaid patients to the "lowest cost at which a drug is generally available."

Hospital Costs Continue Up

Public concern about rising health care costs has focused on hospitals — the largest single medical services expenditure segment. From 1965 to 1974, spending on hospital care increased at an annual rate of 13.8 percent, reaching an estimated $43.5 billion last year. While hospital admissions have been rising steadily since 1966, the average length of a hospital stay declined from a high of 8.1 days in 1968 and 1969 to 7.4 days in 1974.

Despite shorter hospital stays, hospital expenses per patient day continue to rise rapidly, reflecting expensive diagnostic tests generally administered in the first 2 days of a hospital stay, as well as a sharp increase in such nonpayroll expenses as rent, interest, equipment, and utilities. Also, because of a shortage of family physicians in many areas, hospital emergency rooms increasingly are serving as general health facilities. Between June 1970 and June 1974, there was a 35 percent increase in patient visits to emergency rooms nationwide compared with only an 11 percent increase in hospital admissions. As emergency room activity has increased, community hospitals have begun staffing emergency departments with full time, salaried physicians. Nationally, total expense per adjusted patient day in community hospitals was $118 in 1974, up from $105 in 1973 and $78 in 1970.

In early 1975, decreasing hospital occupancy rates further boosted hospital expenses. Routine costs do not decline appreciably because an unoccupied bed costs two-thirds as much to maintain as an occupied one. Among the factors accounting for empty hospital beds are lower utilization rates in maternity departments because of declining birth rates and postponed elective surgery because of lapsed health insurance policies of laid-off workers. Furthermore, in some cities, hospitals and welfare authorities are coping with unexpected costs of the sick but medically indigent unemployed.

Shared Services Reduce Costs

The hospital industry is making a concerted effort to reduce costs through shared services which lower capital outlays, eliminate duplicate facilities, and better utilize personnel and facilities. According to an American Hospital Association survey, about two-thirds of the 4,725 responding hospitals reported instances of services sharing. The five most frequently shared services were blood banks, purchase of medical/surgical supplies, data processing, disaster plans, and laboratory professional staff. In addition, such administrative services as ambulance, food service, housekeeping, laundry, medical library, and motor pools frequently are shared.

Medical Prices Rose Sharply in 1974

From 1965 to 1971, medical care service prices increased at an annual rate of 7.3 percent while prices for goods and services rose at an annual rate of 4.2 percent. A slower rise in medical care prices from late 1971 to early 1974 because of the Economic Stabilization program was followed by steep increases in prices during 1974 after wage-price controls ended. Consumer prices for medical care services rose 12.4 percent last year compared with 5.2 percent a year earlier. Similarly, hospital charges rose 14.2 percent in 1974 compared with only 4.3 percent in 1973.

Nursing Home Care

Increased longevity due to advances in medical knowledge and changing social and family attitudes, together with the availability of Medicaid and Medicare funds for nursing home care, have resulted in a tremendous expansion of nursing home facilities during the past decade. Today, there are about 23,000 nursing homes with about 1.2 million beds. Expenditures on nursing home care totaled an estimated $8 billion in 1974 compared with $4.3 billion in 1970 and only $1.3 billion in 1965. Although about two-thirds of nursing home revenues come from public funds, most nursing homes are privately owned franchise or chain operations, leasing arrangements, or independent enterprises.

Because nursing homes are required to meet varying standards established under Medicare and Medicaid programs in order to qualify for reimbursement, facilities may be divided into three categories. Medicare-qualified homes are classified as extended-care facilities (ECF) and provide 24-hour nursing services and medical supervision as an extension of hospital care. Medicaid-qualified homes include intermediate care facilities for people who need some nursing supervision in addition to personal care assistance. Skilled nursing homes provide round-the-clock nursing services for residents sick enough to require them. Nursing homes may be certified in one, two, or all three categories.

Growing Health Worker Needs

Growing needs for all types of health service workers have accompanied the tremendous expansion of the medical services industry during recent years. From 1960 to 1970, health services employment rose from 2.8 million to 4.6 million. In 1974, employment reached an estimated 5.5 million. About 60 percent of the persons employed in health care occupations work in hospitals.

Large numbers of trained supportive staff health workers have been required to keep pace with developments in medical technology and advances in patient care. New allied health occupations include physician assistants, nurse practitioners, intravenous technicians, physician therapy assistants, inhalation therapy assistants, biomedical technicians, and medical transcriptionists.

All types of nurses — registered nurses, licensed practical nurses, and nurse aides — continue in great demand in hospitals, nursing homes, and health maintenance organizations as well as in physicians' offices. Although the number of physicians in the United States continues to increase each year, heightened demand for medical services, coupled with increasing specialization, has resulted in shortages of family physicians, especially in rural areas. Several medical schools have undertaken programs which enable persons holding doctoral degrees in the biological, physical, or engineering sciences to become M.D.'s or dentists with shorter periods of training than are normally required.

Computer-aided Patient Management

In the past few years, the use of computers for scheduling hospital admissions and recordkeeping has become widespread. Increased use of computer technology has eliminated many hospital clerical tasks and is widely used to automate clinical laboratory tests and to assist in diagnosis procedures. Multiphasic screening centers can process 30,000 patients a year on an 8-hour day and double that number on a 16-hour day. Through the screening clinic, the physician can obtain an important clinical profile of a patient.

In some areas, computerized systems have been developed to provide a single expert physician with patient information necessary to make therapeutic decisions at distant locations. For example, the Community Electrocardiographic Interpretive Service in Denver, Colorado, services 20 hospitals in a 4-State area. The Denver Center can process an electrocardiogram and transmit its analysis to the attending physician or nurse at a remote hospital within 6 minutes.

Future Directions

The volume of health care spending in the next several years will be partly influenced by the growth and success of health maintenance organizations that emphasize preventive medicine practice and tend to eliminate costly, fragmented medical services. Also, medical costs may be reduced through increased surveillance of publicly financed medical care programs; improved health facilities construction planning; expansion of multiphasic screening centers; the training of additional physicians, nurses, and

Health and Medical Services Industry
(in billions of dollars except as noted)

	1960	1965	Percent increase 1960-65*	1970	Percent increase 1965-70*	1973	Percent increase 1970-73*	1974[1]	Percent increase 1973-74
Total	26,895	40,468	8.5	72,962	12.5	99,069	10.7	110,400	11.4
Health services and supplies	25,185	37,087	8.0	67,748	12.8	92,327	10.9	103,175	11.7
Hospital care	9,092	13,605	8.2	27,444	15.0	38,270	11.7	43,465	13.5
Physicians' services	5,684	8,745	8.9	14,306	10.4	18,200	8.4	19,895	9.3
Dentists' services	1,977	2,808	7.3	4,750	11.1	5,970	7.9	6,475	8.5
Other professional services	862	1,038	3.8	1,462	7.1	1,900	9.1	2,055	8.2
Drugs and drug sundries[2]	3,657	4,850	5.8	7,409	8.8	9,300	7.9	10,140	9.0
Eyeglasses and appliances	776	1,230	9.7	1,787	7.7	2,091	5.4	2,270	8.5
Nursing home care[3]	526	1,328	20.0	4,333	26.0	7,050	17.6	8,035	14.0
Expenses for prepayment and administration	861	1,293	8.4	2,111	10.3	3,998	24.0	4,520	13.0
Government health activities	414	698	11.0	1,568	17.5	1,905	6.7	2,385[5]	25.2
Other health services	1,336	1,492	2.2	2,578	11.5	3,643	12.2	3,935	8.0
Research and medical facilities construction	1,710	3,381	14.5	5,214	9.1	6,742	9.0	7,225	7.2
Research[2]	662	1,469	17.3	1,848	4.7	2,484	7.7	2,735	10.1
Construction	1,048	1,912	12.8	3,366	12.0	4,258	8.1	4,490	5.4
Medical care services—Consumer price index (1967=100)	74.9	87.3		124.2		144.3		162.2	
Personal health care expenditures[4]	23,680	34,821	8.0	63,652	12.7	85,894	10.5	—	—
Private direct payments	12,990	18,053	6.8	25,137	6.8	31,243	7.5	—	—
Private insurance benefits	4,996	8,729	11.8	15,744	12.5	21,614	11.1	—	—
Public funds	5,157	7,342	7.3	21,840	24.0	31,859	13.4	—	—

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] Research expenditures of drug companies included in drugs and drug sundries and excluded from research expenditures.
[3] The definition of nursing homecare has been changed to include *all* facilities that provide some level of nursing care. Revisions have been made for all years.
[4] Includes hospital care, physicians' and dentists' services, drugs, other professional services, nursing homes, care, eyeglasses, appliances, etc.
[5] Includes OED health activities which have been transferred to the Department of Health, Education and Welfare.

other health personnel; and possible research breakthroughs to treat costly chronic illnesses. Furthermore, home-delivered health and medical services are now being increasingly recognized as an alternative, less expensive way to offer care to the elderly sick who do not require continuous institutional nursing care. In some areas, community home health care programs providing such services as visiting nurses, physical therapy, medicines, and "meals-on-wheels" have reduced hospital stays and cut costs to patients and third-party payers.

Legislators, chambers of commerce, labor unions, hospital and health insurance executives, physicians and public health officials, and consumers continue to work together to seek new ways to finance and deliver quality medical care to all Americans. Experience with Medicare and Medicaid has shown that a mechanism that simply pays bills is not the answer to a problem calling for better systems of delivery. Health care proposals now before Congress would generally provide greater health benefits but differ with regard to payment mechanism and extent of coverage.

HOTELS AND MOTELS

The lodging industry has demonstrated steady growth over the past decade. Lodging industry receipts and payroll more than doubled between 1963 and 1972 and receipts totaled an estimated $10.1 billion by 1974. The sharp decline in the number of hotels and the modest increase in the number of motels and motor hotels during these years reflects the growing trend toward larger motels and motor hotels, developed mostly by franchise organizations. In 1972, motor hotels accounted for less than 10 percent of all motels and motor hotels but for about one-fourth of all receipts.

During the 1960's, rising personal income and increased leisure time resulted in a highly mobile population. For example, the number of person trips on which at least one night was spent away from home rose to 458 million in 1972 from 361 million in 1967. Businessmen continue to be major users of commercial lodging facilities but their share has been declining because of increased pleasure travel as well as the greater use of air transportation for one-day trips without overnight stays.

Most of the growth in the lodging industry in recent years has been through franchise chains. Promotional marketing techniques of franchisors, together with chain-wide reservations systems, provided expanding markets for franchised hotels and motels since the early 1960's.

Lodging Market Segmented

The lodging market is really a number of markets, including sports enthusiasts, sightseers, luxury seekers, commercial travelers, vacationing families, and budget-conscious travelers. All have definite requirements and no one facility can successfully cater to all types of guests. Hotel and motel managers generally key their accommodations to meet the needs of closely defined market segments rather than attempting to appeal to broad markets. Those with adequate facilities for hosting conventions work closely with business groups to find ways of attracting conventions to their cities. Because of the "new money" introduced into the local economy by out-of-town guests, the community benefits as well as the convention hotel. A large number of lodging facilities augment restaurant sales by drawing heavily from the local population.

The position of chains and franchise groups which expanded significantly during the past decade remains strong. The economy motel is playing an increasing role during the current economic slowdown, catering particularly to transient families traveling on limited budgets.

Impact of Energy Crisis

During the early months of 1974, the energy crisis caused severe dislocations in the lodging industry. With gasoline stations closed during the weekends of the 1973-74 winter months, occupancy rates at some motels along interstate routes and in winter resort areas declined sharply. Since then, the higher cost of gasoline, together with shorter gasoline station hours, continued to have a restraining effect on long automobile trips and motel occupancy rates. In some parts of the country, decreased tourist traffic or excessive capacity due to overbuilding have resulted in extreme price competition. In contrast, hotels in downtown areas and resort hotels within a 4- or 5-hour drive of large population centers have enjoyed improved occupancy. Also, many resort hotels were filled to capacity during vacation seasons in 1974 as vacationers sought nearby accommodations in lieu of traveling abroad.

Domestic Travel [1]

	1967	1972
Number of person trips (000)	361.2	458.5
Number of person nights (millions)	1,579.9	1,781.9
Number of person nights in commercial lodgings (millions)	489.8	606.5
Number of person miles (billions)	311.8	369.6

[1] Includes travel by all modes of transportation— automobile, train, bus, airplane, etc.

Source: National Survey of Travel, Census of Transportation, Bureau of the Census.

Employment

Employment in the lodging industry rose modestly during recent years, reflecting the fast growth of motels and motor hotels which generally furnish fewer services for guests than do hotels. In addition, many large city hotels have reduced the level of services rendered because of lowered occupancy rates and rising labor costs.

Except for a few occupations, lodging industry workers are usually not highly skilled. Chambermaids, housemen, and cleaning staff, who constitute the bulk of the workforce, are usually trained on the job. Electricians and other maintenance technicians may either learn skills on the job or through apprenticeship programs. Increasingly, skills of clerical workers are being upgraded because computers are being installed in increasing numbers to handle reservations and bookkeeping chores.

Future Directions

Future trends in the hotel-motel industry will be influenced by many factors. Though the gasoline shortage has eased in the past year, increased prices for fuel and the general economic slowdown will adversely affect long highway travel.

The recent trend towards budget chains and franchising operations will probably continue strong with the independent owner/operator having a smaller share of the market in the years ahead. The traveler is less likely to be making his own reservations, preferring to have some type of referral or reservation association service. The use of computers in the reservation area will continue to grow.

To attract new customers, hotels and motels will be trying such new marketing devices as discount rates for senior citizens as well as children. This move, coupled with an increased push to capture the fast-growing group travel tours, should help boost occupancy rates in the future.

The move of many motels to include restaurant facilities will continue in an effort to strengthen their survival capabilities in times of reduced travel. In many areas, these restaurants have become favorite

Hotels and Motels
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974 [1]	Percent increase 1972-74*
Hotels							
Number of establishments	22,692	23,625	—	13,989	—	—	—
Receipts	3,005.7	3,823.2	6.2	4,794.3	4.6	5,274.0	4.9
Payroll	1,035.1	1,272.0	5.8	1,601.8	4.7	—	
Paid employees [2] (000)	N.A.	378.0	—	347.0	—	—	
Motels, motor hotels, and tourist courts							
Number of establishments	41,584	41,954	—	44,699	—	—	
Receipts	1,661.4	2,709.6	13.0	5,293.5	14.3	5,823.0	2.9
Payroll	337.9	622.6	16.5	1,275.9	15.4	—	
Paid employees [2] (000)	N.A.	222.6	—	364.1	—	—	

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] For one week including March 12.
N.A.—Not available.
Source: Bureau of the Census and BDC.

eating spots of local residents and serve to offset reduced highway traffic. Hotels are generally expected to continue exp[illegible]g in suburban areas surrounding major cities i[illegible]er to attract businessmen visiting industrial parks growing in these areas.

LIFE INSURANCE

Although the primary function of life insurance is to provide financial protection for families of deceased policyholders, other uses have evolved in recent years — to provide cash for payment of estate taxes and debts of the deceased, to compensate a corporation for the death of a key executive, and to provide retirement income for the policyholder. Increasingly, family heads rely on the growing convertible cash value of most ordinary life insurance policies to supplement their Social Security and private pension payments.

In early 1974, some 145 million persons — two out of every three people in the country — were insured by some type of life insurance policy. Life insurance in force soared from $798 billion in 1964 to nearly $2 trillion in 1974, reflecting an annual increase of 9.5 percent. During these years, life insurance purchases more than doubled, from $105 billion to $268 billion, and premium receipts advanced from almost $23 billion to almost $53 billion. At the same time, life insurance company assets grew from $149 billion to more than $263 billion.

Policy Mix Changing

From 1964 to 1974, group life insurance — mostly covering employer-employee groups — enlarged its share of all life insurance in force from 32 percent to 42 percent. Group life insurance in force reached $828 billion last year. In contrast, total ordinary life insurance valued at $1 trillion in 1974, accounted for 51 percent of all life insurance in force, down from 57 percent 10 years earlier. Many group life plans provide coverage on the lives of dependents of members as well as coverage in reduced amounts for retirees. Some plans include provisions for annuities to survivors.

Life Insurance Pension Plans Grow

The number of Americans enrolled in pension plans with life insurance companies in early 1974 totaled 13.6 million. Included were retirees already receiving pension benefits, those who had left their jobs with vested pension benefits, and those still employed and accumulating pension credits. The number of persons covered by private retirement plans with life insurance companies, as a percentage of all persons enrolled in all types of private plans, increased from about 23 percent in 1963 to about 33 percent in 1974. The recently enacted Federal Pension Reform Act probably will boost the life insurance share of private retirement plans further. The rising importance of individual pensions has spurred a number of companies to review the market potential of these programs with a view to expanding services and profits. One large firm has created a separate individual pension trust department.

Mutual Life Companies Dominate

Although more than 90 percent of the more than 1,800 insurance companies (required by State legislation to maintain minimum cash reserves) are owned by Stockholders, fewer than 200 large mutual life companies account for more than half of all life insurance in force and own about two-thirds of all life company assets. Companies are located in every State, ranging from one in Alaska to 399 in Arizona. However, companies based in New York, New Jersey, and Connecticut account for the greatest proportion of life insurance in force.

Employment Rising Steadily

Life insurance employment climbed steadily between 1967 and 1973, from 740,000 to an estimated 888,300; about one-third were sales personnel — chiefly agents, brokers, and others who sell policies to individuals and business firms. Over half of all life insurance company employees work in clerical and related jobs, maintaining records and handling services including benefits paid to policyholders. Because of increased efficiency in recordkeeping resulting from the introduction of computers, employment has increased at a far slower rate than sales in recent years.

Investment Earnings Add to Income

Premium receipts account for about three-fourths of the annual income of life insurance companies. Because a portion of each premium is available for investment in the Nation's economy, a significant share of income — about 20 percent — is derived from such investments as bonds, notes, government debentures, stocks, mortgages, real estate, policy loans, and short-term debt issues. Rising investment earnings help to cut the cost of life insurance to policyholders and the average policy cost has decreased significantly in recent years despite inflationary pressures. According to industry sources, the average premium payment for each $1,000 of life insurance in force decreased from $26.90 in the early 1950's to $14.70 by 1970.

Life insurance companies were the source of $15.4 billion to money and capital markets in 1974, according to the American Life Insurance Association. Corporate bond investments and nonresidential mortgage loans each accounted for a $5.2 billion increase in life company portfolios. However, net purchases of corporate stock declined to $2.1 billion in 1974 from $3.6 billion in 1973.

Outstanding policy loans increased during 1974 by an estimated $2.7 billion, surpassing the previous record high of $2.5 billion in 1969. Total value of policy loans in 1974 was $22.9 billion, about 8.7 percent of all assets of U.S. life insurance companies. In 1964, policy loans accounted for less than 5 percent of total assets. In all but 2 of the past 10 years, policy loan growth outpaced the growth in total assets. The unusually high interest rates available on market investments in 1974 were an inducement to policyholders to borrow on the cash values of their life insurance policies at the relatively low rates set in their policies.

Industry Active in Public Interest

During recent years, the life insurance industry has made contributions to the public interest in ways beyond its traditional services. For example, the industry initiated a $2 billion Urban Investment Program which financed new housing projects and job-creating businesses or community enterprises for central-city residents. An outgrowth of this activity was the formation of the Committee on Corporate Social Responsibility, to further the industry's involvement in such areas as health, environment, and community development and a Committee on Consumer Affairs. Furthermore, the Life Insurance Medical Research Fund, in existence for many years, has awarded millions of dollars in research grants to institutions and to medical students working in heart research.

Consumer Attitudes Changing

Results of a 1974 life insurance industry survey of consumer attitudes toward life insurance showed that about 7 out of 10 people surveyed thought that the insurance agent is influenced primarily by the size of the sales commission rather than the customer's needs. About 42 percent of the respondents preferred to purchase insurance from a bank or other financial service institution than from an insurance agent, up from 31 percent in 1971. Although most respondents considered life insurance a necessity, 4 out of 10 had misgivings about whether their purchased policies were the best they could have for the money.

Another problem confronting the life insurance industry is the steadily rising rate of "dropouts" or lapsed policies. According to a recent Senate Subcommittee study of 60 leading life insurance companies, nearly one-fourth of whole life policyholders discontinue their policies within the first year of purchase and 46 percent allow their policies to lapse within 10 years. Only about one-third of all policyholders keep their policies into old age.

Future Directions

In the next several years, life insurance companies will continue to introduce new kinds of policies to accommodate changing consumer needs. Some firms already have announced a new, low-cost, "nonsmoker" discount policy, charging lower premiums to abstainers. Another innovative type of policy offers lower premium rates to women because of their greater longevity. One life company recently announced a new policy series that includes a special term contract, renewable annually for 7 years, which provides for a 20 percent discount on the first year's premium if the premium is paid at the time of application. Two general areas of great potential for life insurance companies are health and hospitalization policies and insured pension programs for both groups and individuals.

Policy loan demand, registering a pronounced upsurge during the past 2 years, is leveling off now. However, this situation has prompted at least three large mutual life companies to raise interest rates on policy loans from the 6 percent level to a maximum of 8 percent where State law permits. This action is bound to trigger similar action by other life companies. Raising the policy loan interest rate is expected to lessen future policy loan demand, to improve investment earnings, and to benefit policyholders with higher dividends or lower premium charges.

Because of the life insurance industry's concern with continuing inflation and problems of financing capital formation, the American Life Insurance Association is sponsoring two special research projects. One project will examine the impact of double digit inflation on financial markets and various forms of savings, including life insurance, as well as the consequences of redistribution of real income among various sectors of the population. The second project will examine and analyze the future role of private pension plans in mobilizing private savings and allocating these savings among its optional uses in financing capital formation. The report will be entitled "The Role of Private Pension Funds in Savings and Capital Formation in the United States."

Life Insurance, 1964-1974 (Selected Years)
(in billions of dollars except as noted)

	1964	1974	Percent increase[1] 1964-74
Total premium receipts	22.7	52.6	8.8
New life insurance purchases	105.0	268.5*	9.8
Life insurance in force in the United States	797.8	1,985.7	9.5
Assets of U.S. life companies	149.4	263.3	5.8
Employment (000's)	474.6	538.8	1.3
Women (percent)	43	46	—

* Data excludes $29.4 billion of servicemen's group life insurance.
[1] Compound annual rate of growth.
Source: Institute of Life Insurance and Bureau of Labor Statistics.

MOTION PICTURES

Reflecting the increased popularity of motion pictures both in theaters and on television screens, receipts for motion picture production and allied services — film production and rentals, casting bureaus, educational and industrial motion pictures, commercials for television — reached an estimated $3.3 billion in 1974 compared with $2.9 billion in 1972. Similarly, increased movie attendance and higher admission fees, together with the continued construction of new and better equipped theaters in convenient neighborhood shopping centers since 1972, have contributed to rapidly rising movie theater receipts.

In 1974, box office and concessionaire receipts of motion picture theaters totaled an estimated $2.5 billion compared with $1.8 billion in 1972. Box office receipts generally account for about three-fourths of gross theater income. Also, average receipts for indoor movies are higher than for seasonal drive-in theaters. Movie attendance topped one billion last year, the highest since the mid-1960's.

About one-fourth of all motion picture industry receipts are spent on payrolls. In 1972, industry employment totaled approximately 192,000; about two-thirds were employed in motion picture houses as managers, cashiers, concession attendants, janitors, projectionists, and ushers. Except for managers and projectionists, many movie theater workers are part-timers. Women account for about one-third of all employees. Only about 8 percent of all movie houses have no paid employees.

New Theaters Built

There were 12,699 theaters in operation in 1972; about 30 percent were drive-in theaters. Although there has been very little change in the number of theaters since the early 1960's, new construction of multiplex and minitheaters in shopping centers with parking facilities have replaced many unprofitable or marginal theater operations located in downtown city areas. In addition, many large theaters have been remodeled into minitheaters during recent years. Multiplex theaters generally consist of two to four minitheaters, each accommodating an audience of less than 400, and can be operated with a minimum of personnel. In these theaters, starting times are staggered to permit a common ticket-selling lobby.

Motion Picture Industry
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-1967*	1972	Percent increase 1967-1972*	1974[1]	Percent increase 1972-1974*
Motion picture production and allied services							
Number of establishments	3,729	4,565	—	8,555	—	—	
Receipts	1,520	2,183	9.5	2,920	5.9	3,334	6.8
Number of establishments with payroll	2,829	3,375	—	4,704	—	—	
Receipts	1,510	2,169	9.5	2,857	5.6	3,243	6.5
Payroll	479	699	9.9	795	2.6	—	
Paid employees[2]	48,806	64,581	—	64,660	—	—	
Motion picture theaters							
Number of establishments	12,652	12,187	—	12,699	—	—	
Receipts	1,063	1,293	5.0	1,833	7.2	2,485	16.4
Number of establishments with payroll	12,040	11,478	—	11,670	—	—	
Receipts	1,057	1,283	4.9	1,816	7.2	2,463	
Payroll	250	281	2.9	381	6.2	—	
Paid employees[2]	112,521	112,109	—	127,43[illegible]	—	—	

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March except in 1963, as of November.
Source: Bureau of the Census and BDC.

Realism and relevance continue to characterize today's movies. Several years ago, lower budget films predominated after several multimillion dollar movies were box office disasters. Today, producers are again financing high budgeted, major films which are sometimes released to a number of key theaters at advanced prices on a reserved seat basis prior to general release.

American Movies Popular Overseas

American films continue to be popular abroad and frequently enjoy long runs in major foreign cities. According to trade sources, about half of every dollar of revenue for domestic film production is earned overseas.

Foreign earnings from film rentals in 1973 were estimated at $390 million. In addition, exports of movie theater and television films were valued at $35 million last year while imports amounted to only $13 million.

Recreational Dollar Share Declines

Although there have been yearly increases in movie admissions since the early 1960's receipts have not kept up with other forms of recreational spending. In 1960, receipts from admissions to movie theaters accounted for 5 percent of all consumer spending on recreational activities. With a greater share of the recreation dollar going for radio and television sets as well as for sporting goods and games, movie receipts accounted for only 3 percent of recreation spending by 1973.

A survey conducted in 1973 by the Motion Picture Association of America showed that almost three-fourths of all moviegoers were between the ages of 12 and 19, and that 40 percent of the patrons attended the movies at least once a month. However, the survey indicated increased movie attendance by middle-aged adults during the year.

Changes in Film Production

With the evolution of miniaturization of equipment and newer lighting systems, the production of motion picture films has shifted movie making toward location sites. Lightweight cameras and small recording units have replaced mammoth equipment which restricted motion picture production to studios in past years.

Compact vans which house necessary film production equipment serve as a convenient means to move an entire film production unit to a locational site quickly and easily at reasonable cost, adding to the mobility of the film production industry. Many States have initiated programs to attract film makers to produce films within their particular scenic environments.

Automation techniques have shortened the film editing process. A new European system of editing films, now being used in the United States, may reduce both costs and editing time.

The number of establishments engaged in motion picture production and allied services almost doubled from 1967 to 1972 — from 4,565 to 8,555 — reflecting a large increase in independent movie-makers and related movie service enterprises in recent years. However, establishments with paid employees, which account for more than 98 percent of all receipts, represent only one out of every three of these new establishments. Receipts of motion picture film exchanges which rent films to movie theater exhibitors rose at an annual rate of 10.2 percent during this period and generally account for about 40 percent of all receipts of companies with paid employees.

Channels of Distribution

In the early 1960's, motion picture distribution functions were controlled by film distributors who assumed the majority of the financial risk. Since then, a system of bidding for films has emerged whereby the financial responsibility is passed on to the exhibitor, who must invest a large sum of money without viewing the film prior to showing. This method often delays the showing of feature films in neighborhood theaters. A new method of distribution developed in recent years is "four-walling." This is a method whereby the distributor sells his own pictures through theater leasing by renting a movie house for a flat fee, to include operating expenses plus a small profit.

Future Directions

Production of feature films is expected to be maintained at a high level in the next several years and the supply of films should be sufficient to meet the demands of exhibitors. Multiauditoriums offering a wide choice of movies that appeal to diverse ages and movie tastes probably will continue to increase indoor movie attendance. The growing population of young moviegoers and top box office attractions, together with continued reduced weekend travel because of the high cost of energy, probably will boost box office receipts during the remainder of this decade.

As population trends shift toward more singles, later marriages, later childbearing, and fewer children per family, there will be increased leisure time for entertainment activities in evenings and on weekends. It is expected that a larger number of young people will attend movie theaters than in previous years, less hampered by family responsibilities.

Competition for the recreational dollar probably will continue and the motion picture production industry may enter the emerging cable television market, which would provide additional outlets for movies besides theaters and pay-broadcast television. Because increased cable television playoff of feature films probably will only benefit producers, growth of motion picture exhibitors' receipts may be limited in future years. Factors which may slow pay-cable movie growth, however, include the inability of pay-television to obtain initial release of feature films which are normally distributed first to exhibitors and the large capital outlays needed for films, projectionists, and equipment, and installation of cables and adapters for existing CATV equipment.

PERSONAL SERVICES

Receipts of personal services industries totaled an estimated $14.7 billion in 1974 compared with $13.5 billion in 1972. These services include laundry and drycleaning, beauty and barber shops, shoe repair, photographic studios, funeral services, and such miscellaneous services as dressmaking, babysitting, and beauty spas. In recent years, price increases have far outpaced increases in spending for most personal services, indicating a probable drop in the volume of some types of personal services activities.

During the period of economic growth and rising incomes in the 1960's, demand for personal services increased steadily as people tended to buy services that they otherwise would have performed for themselves or bought less frequently. The increased number of households and steadily growing number of employed women had a strong impact on such businesses as automatic laundry and drycleaning establishments, car and tag and title services, and beauty shops. Photographic studios benefited from the rising number of school graduates and marriageable adults. However, lessened shoe repair needs created by the proliferation of inexpensive shoes, as well as by longer wearing materials, prompted most shoe repair shops to offer a variety of related services—repair and alteration of all types of leather garments, handbags, and sporting goods, and custom leather work.

With the exception of industrial launderers, linen suppliers, and some chain-operated beauty salons and funeral homes, personal services are predominantly small, independently owned businesses. In 1972, more than half of the 528,000 personal service establishments were operated by independent proprietors without paid employees. For example, more than half of the 655,000 licensed barbers and beauticians in 1972 operated their own business. Similarly, most drycleaning stores were owner operated.

The labor-intensive beauty salons, barber shops, and laundry and drycleaning establishments employ

Consumer Price Indexes for Selected Personal Services
(1967=100)

Item	1965	1970	1972	1973	1974
Drycleaning, suits and dresses	92.1	112.9	117.7	122.0	135.9
Laundry, men's shirts	91.2	115.0	122.0	129.0	143.2
Laundry, finished flatwork	92.4	124.3	138.7	148.9	170.1
Automatic laundry service	98.1	110.7	114.9	117.7	124.3
Shoe repairs, women's lifts	99.2	107.5	116.0	122.1	132.0
Men's haircuts	89.7	119.0	125.3	132.9	144.5
Beauty shop services	93.1	113.9	121.3	129.1	139.4
Funeral services, adult	95.6	112.9	121.2	126.4	135.0
Babysitter services	89.9	123.0	136.3	142.8	165.4

Source: Bureau of Labor Statistics, U.S. Department of Labor.

about 80 percent of personal service workers on payrolls, but account for only 70 percent of personal service receipts. In contrast, funeral homes with paid employees account for about 17 percent of all receipts, but less than 9 percent of employment. The impact of yearly minimum wage increases required by the 1967 Amendments to the Fair Labor Standard Act has been greatest in the South where wages generally are lowest. Beginning on January 1, 1975, the minimum hourly wage for most personal service industries rose to $2. A large proportion of personal service workers are employed less than a 40-hour week.

The growth potential and limited capital requirements of many of the personal services have attracted franchising during the past decade. Franchising has made inroads in laundry and drycleaning, beauty salons, and spas. According to a recent Bureau of Domestic Commerce survey of franchising, there were more than 3,600 franchised laundry and drycleaning establishments with sales of about $235 million in 1973. Many offer 1-day or 1-hour service on both drycleaning and shirts.

Although profits vary among personal service industries and within a particular industry, opportunities continue for imaginative and talented entrepreneurs to prosper by offering quality services to consumers. Fewer opportunities for mechanization and

Photographic Studios
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Number of establishments (000)	19.5	26.6	—	33.0	—		
Receipts	502.7	745.2	10.3	1,078.7	7.7	1,212.0	6.0
Number of establishments with payroll (000)	7.4	8.1	—	8.5	—		
Receipts	415.4	596.6	9.5	845.3	7.2	940.0	5.5
Payroll/year	125.3	187.1	10.5	236.7	4.8		
Paid employees[2] (000)	33.6	35.8	—	38.9	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census and BDC.

Shoe Repair, Shoeshine, and Hatcleaning
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Number of establishments (000)							
Receipts	21.5	16.3	—	12.9	—		
Number of establishments with	208.1	207.1	-0.1	209.9	0.2	210.0	0.0
payroll (000)	6.2	5.3	—	4.0	—		
Receipts	124.9	134.5	1.8	125.9	-0.2	124.0	0.0
Payroll/year	34.7	46.0	7.3	37.7	-4.0		
Paid employment[2] (000)	12.9	11.5	—	8.5	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census and BDC.

limited technological developments have resulted in low productivity levels for many personal services. However, improved productivity, together with price stability and the timely marketing of services to meet new consumer needs, probably will result in a higher volume of business activity and an improved profit picture in the years ahead.

Family Laundry/Drycleaning Activity Slows

Laundry, drycleaning, and garment repair and storage receipts totaled an estimated $5.6 billion in 1974, only a negligible increase over 1967 levels. Receipts of coin-operated stores increased about 5.8 percent annually during this period, partially offsetting the sharp decline in the volume of traditional laundry and drycleaning activity.

The impact of new textile developments, improved home laundering equipment, and the increased use of coin-ops since the early 1960's have been most severe on power laundries and drycleaning plants. New synthetics and finishing processes widely used in the manufacture of clothes which retain their shape after home laundering have sharply reduced the volume of family laundry and drycleaning at commercial establishments during the past decade. The number of power laundries dropped from 6,350 in 1967 to about 3,100 in 1972 and receipts declined from $942 million to only $670 million during this period. Similarly, because of a decline in both drycleaning establishments and receipts during these years, the share of industry receipts for drycleaning dropped from 39 percent in 1969 to 34 percent in 1972.

Many enterprising laundry and drycleaning establishments have broadened their services to include drapery processing, carpet cleaning, rental of units for cleaning rugs at home, alteration work, and rental of storage space for safety from robbery as well as from moths. Some firms offer specialized services for fire damaged goods where soil and smoke odor create special cleaning problems.

Rental Laundry Industry Markets

Receipts of the rental laundry industry, consisting of almost 1,600 establishments engaged in linen supply, industrial laundry, and diaper service, totaled about $1.8 billion in 1972. Rental laundry firms are fairly large businesses which require considerable investment in plant and equipment. According to the Linen Supply Association, the linen supply industry alone processes about 5.5 billion pounds of linen annually and spends about $30 million on buildings,

Laundry, Drycleaning, and Garment Service
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent change 1972-74*
Industry[2] total							
Number of establishments (000)	109.7	111.9	—	94.1	—		
Receipts	4,357.3	5,432.3	5.6	5,561.8	0.5	5,617.0	0.5
Number of establishments with payroll (000)	65.0	65.7	—	58.7	—		
Receipts	4,008.7	5,002.1	5.7	5,103.6	0.4	5,144.0	0.4
Payroll/year	1,623.3	2,012.8	5.5	2,016.7	0.0		
Paid employees[3] (000)	755.0	572.5	—	456.7	—		
Coin-operated laundries[2] and drycleaning stores							
Number of establishments (000)	26.2	29.6	—	30.4	—		
Receipts	372.7	557.4	10.5	742.3	5.9	826.0	5.5
Number of establishments with payroll (000)	11.7	16.0	—	16.8	—		
Receipts	225.6	407.4	15.9	545.6	6.0	608.0	5.8
Payroll/year	46.3	85.4	13.0	116.0	6.1		
Paid employees[3]	21.7	32.2	—	41.9	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] Coin-operated laundry machine routes are not included.
[3] As of March.
Source: Bureau of the Census and BDC.

machinery, and equipment each year. Although many hospitals have inplant laundries, the sharp increase in nursing home occupancy and hospital admissions during recent years has provided a growing market for linen suppliers. In contrast, the popularity of disposable diapers, together with a declining birth rate, has adversely affected the diaper service industry.

Because of rapidly rising costs of fuel, wages, and delivery services in the past 2 years, industrial laundries and linen suppliers have attempted to cut costs with improved maintenance of equipment, elimination of unprofitable routes and minimum charges for route stops, and shortened workweeks. To prevent linen losses, these firms are emphasizing careful inventory control systems. In some instances, closed-circuit television networks have been installed.

New technology for industrial and institutional launderers include sorters that can fold 1,000 mixed size towels per hour and stack each of three different sizes on precounted stacks on separate conveyors; dryers which can handle more than 100 pounds of wash at one time; self-closing hamper bags; rinsing aids which save fuel needed to heat water; ultrasonic drycleaning; and monorail systems to transport laundry between departments.

Environmental Laundry Requirements

The Federal Environmental Protection Agency (EPA) recently released a proposed draft of water quality standards for laundries limiting the hexane solubles and mercury allowed in water discharge. Public hearings on these standards will be held in the fall of 1975. Laundry industry representatives plan to present data showing that mercury in excess of the proposed standards is caused by its presence in soiled fabrics submitted for laundering and cannot be filtered out by any known treatment system other than cleansing compounds. Suppliers to family laundries already have changed and perfected new formulations of cleansing products without hexane solubles.

The EPA also has adopted a regulation which would deny Federal financial assistance to metropolitan water treatment plants unless a dual surcharge is imposed on the use of water—a general surcharge for all water users and another surcharge to large users to help defray the cost of treatment works.

Coin-op Store Receipts Up

Coin-operated laundry and drycleaning stores have been the fastest growing segment of the industry, with coin-op receipts increasing at a 7.9 percent annual rate from 1963 to 1972. Receipts of stores with paid employees rose more than 10 percent annually during these years. By 1974, coin-op store receipts reached an estimated $826 million. Commercial coin-operated laundries are used mostly by those unable to afford the convenience of home installed equipment—the poor, the elderly, and young adults living in small apartment houses without laundry facilities.

According to a recent industry-sponsored survey, coin-ops in the western half of the country are larger than in the eastern regions. While the percentage of gross receipts paid for rent is similar throughout the country, New England and East Coast stores pay more than twice as much for utilities than those in the Western States. The average charge for a 12-pound or less wash is 35 cents, but there is a steady movement toward 40, 45, and 50 cents because of steadily rising costs for gas, electricity, water, rent, and attendants. The average charge for an 8-pound load of drycleaning ranges from $3 to $3.50.

Today, about half of all coin-op stores are equipped with drycleaning machines compared with about 20 percent a decade ago. Increasingly, coin-ops have added pressing and dropoff services. Also, vending machines for soft drinks, coffee, popcorn, and candy add to profits and help customers pass the necessary waiting time for the washer or dryer cycle to be completed.

Prices for coin-op laundry/drycleaning probably will continue upward, reflecting the probable higher costs of natural gas and electricity in the next several years. In order to conserve energy, it is expected that new laundry equipment will be designed for low water consumption, shorter cycle time, and high extract speed. Successful coin-ops in the future probably will offer services to supplement the home laundry machine—large capacity rug washers, economical drycleaning, and "clean and steam" services. The well-equipped coin-op store will continually attract new customers.

Beauty and Barber Shops

Combined beauty and barber shop receipts reached an estimated $4.2 billion in 1974. Beauty shop receipts totaled an estimated $3.3 billion last year, reflecting an average annual gain of 5.1 percent over 1967. Barber shop receipts, slowed by the long hair style trend in the late 1960's declined 2 percent annually from 1967 to 1974.

Beauty and Barber Shops

(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Beauty shops							
Number of establishments (000)	151.7	179.2	—	189.1	—		
Receipts	1,618.0	2,354.4	9.8	3,025.1	5.1	3,335.0	5.0
Number of establishments with payroll (000)	64.1	72.8	—	79.6	—		
Receipts	1,321.3	1,947.3	10.1	2,417.6	4.4	2,630.0	4.3
Payroll/year	572.9	943.3	13.2	1,164.6	4.3		
Paid employees[2] (000)	203.7	255.0	—	278.3	—		
Barber shops							
Number of establishments (000)	105.5	112.5	—	91.8	—		
Receipts	906.6	1,020.3	3.0	884.9	(–3.0)	957.0	4.0
Number of establishments with payroll (000)	37.1	32.5	—	19.8	—		
Receipts	585.3	603.2	0.8	393.8	(–8.0)	425.0	3.9
Payroll/year	254.4	307.5	4.8	178.6	(–10.0)		
Paid employees[2] (000)	73.5	67.2	—	38.1	—		

[1] Estimated by BDC.
[2] As of March.
* Compound annual rate of growth.
Source: Bureau of the Census and BDC.

Dominated by small, independent businesses, almost 60 percent of all beauty salons and nearly 80 percent of all barber shops are owner-operated with no paid employees. However, beauty and barber shops with paid employees account for almost three-fourths of all industry receipts. Beauty shops account for more than three-fourths of the 317,000 paid employees in these industries, partly because there are many part-time beauticians and few part-time barbers.

Retailing in beauty and barber shops has continued to grow in the past few years with shops typically selling such items as cosmetics, hair conditioners, wigs, toupees, and a variety of related products.

Impact of Changing Hairstyle Fashions

Since hairstyling is closely linked to fashion changes, successful beauty shops have operators trained in the professional details of new styles prior to each new fashion season. The current trend toward short- or mid-length hair with curls has largely replaced the simple, long straight style of the late 1960's and requires frequent visits to the beauty parlor for cutting, shampoo/setting, and permanents.

While most beauty shops limit services to hairdressing, haircoloring, manicuring, and retailing beauty products, some large expensive salons' beauty treatments include such related services as saunas, exercises, massages, and facials. In recent years, a series of technological improvements such as faster permanents, speedy hair dryers, and coloring machines have made it possible to give quality hairdressing service in less time. Most beauty salons are open 6 days a week and many adjust their business hours to accommodate the increasing number of working women.

Because of the long hair casual style for men in the late 1960's, the once-a-week visit to the barbershop was replaced by a 4 to 6 week interval between haircuts and receipts of traditional barbershops were sharply reduced. Haircutting alone no longer provided an adequate income for barbers despite rising prices for haircuts, and barber-stylists emerged. The typical styling shop offers full grooming services for men, including haircutting and styling, haircoloring, hair and scalp cleansing and treatments, hair straightening, manicuring, as well as servicing hairgoods and selling toiletries. By 1974, the fashion of sideburns, moustaches, beards, and long hair was beginning to shift toward the more traditional clean-shaven, shorter hair look. Prospects for barbershops in the next several years are brighter than during the late 1960's.

The number of unisex shops in metropolitan areas is increasing, boosted by the repeal of several State laws prohibiting cosmetologists from servicing male patrons. These shops usually cater to young adults, mostly featuring individual haircut-styling.

Funeral Receipts Rising

Reflecting yearly increases in the number of elderly Americans as well as steadily rising prices, funeral home and crematory receipts reached an estimated $2.6 billion in 1974, an 8 percent annual gain over 1967 levels. The death rate, estimated at 9.2 per 1,000 in 1974 is expected to rise to 9.4 this year and to 9.6 by 1980.

Although incorporated establishments are growing in number, most of the Nation's 20,800 funeral homes are owned and operated by families who have been in the funeral business for generations. About three-fourths of all funeral homes are businesses with paid employees and account for about 93 percent of all funeral receipts. Funeral directors have substantial investments in facilities and equipment ranging from about $120,000 for funeral homes which conduct fewer than 100 funerals annually to over $600,000 for those with more than 300 services a year.

Funeral Charges

A complete funeral includes embalming, viewing, transportation, supervision of services, and paperwork. Cemetery, monument, vault, flowers, and clergy costs are extra, although these services frequently are billed with the basic price. Although the price of a standard funeral may vary from less than $400 to more than $10,000, depending upon the price of the casket and the type of service, the majority of adult funerals in 1973 cost between $1,200 and $1,500. In 1974, funeral service charges rose an estimated 7.3 percent.

Today's trend is toward simpler funeral ceremonies. Viewing frequently is limited to a single evening and plain wooden coffins are more widely used.

Cremation

Although the number of cremations and body donations to medical institutions accounts for less than 6 percent of all funerals, the total is rising. In 1974, the total in this category was 39,000 compared with 1.9 million caskets purchased. More cremations occur in the Pacific States than in any other region of the country.

Funeral Service and Crematories
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Number of establishments (000)	20.5	20.2	—	20.8	—		
Receipts	1,298.5	1,516.6	3.9	2,218.3	7.9	2,602.0	8.3
Number of establishments with payroll (000)	15.7	14.7	—	15.4	—		
Receipts	1,200.4	1,394.7	3.8	2,071.4	8.2	2,435.0	8.4
Payroll year	257.3	320.4	5.6	464.0	7.7		
Paid employment[2] (000)	58.8	63.1	—	70.2	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census and BDC.

Miscellaneous Personal Services
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972[1]	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Number of establishments (000)	18.5	32.3	—	64.6	—		
Receipts	279.8	474.3	14.1	1,381.8	30.0	1,642.0	9.0
Number of establishments with payroll (000)	5.0	5.5	—	13.7	—		
Receipts	229.2	325.0	9.2	1,032.6	33.0	1,272.0	11.0
Payroll year	67.5	105.7	11.8	338.5	33.0		
Paid employment (000)[2]	20.8	24.6	—	96.9	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census and BDC.

Miscellaneous Personal Services

Receipts for miscellaneous personal services more than doubled between 1967 and 1972 and totaled an estimated $1.6 billion in 1974. Growing miscellaneous personal services include such varied activities as babysitting bureaus, all types of dressmaking services, rug and furniture cleaning on owners' premises, massage parlors, slenderizing salons, college clearing houses, valet parking, and car title and tag services. These services probably will continue to expand in the next several years as imaginative entrepreneurs develop new ideas.

TRADE

WHOLESALE TRADE

During the past decade, sales of merchant wholesalers — mostly local independent distributors — rose at a 10 percent annual rate. Since the mid-1960's, merchant wholesalers' receipts as a percent of the gross national product have increased from about 26 percent to 32 percent in 1974.

The major wholesaling functions associated with the sale of goods include maintaining inventories; extending credit; physically assembling, sorting, and grading goods in large lots; breaking bulk and redistributing in smaller lots; delivery; refrigeration; and promotional advertising. Functions associated with the physical handling and distribution of goods (when the wholesaler takes title to the goods) are performed in warehouses operated by wholesalers. Because retailers and manufacturers also are performing distribution functions, the wholesaler is able to act as a distributor only in those markets where he has demonstrated his economic efficiency and capability.

Merchant wholesalers represent the largest wholesaling group in terms of sales (51 percent) and employment (75 percent), and are the most homogeneous group as well. Between 1967 and 1972, the number of merchant wholesale establishments increased from 213,000 to 290,000, up 36 percent.

During 1974, sales by merchant wholesalers rose 23 percent to $448 billion, largely reflecting the 20 percent increase in wholesale prices during the year. Sales of durable goods lines increased about 20 percent while sales of nondurables, led by farm product raw materials, jumped 25 percent.

Employment Increases Steadily

Employment in the wholesale trades has grown steadily during the last 10 years. Employment in merchant wholesaling totaled about 3.2 million in 1974 compared with nearly 2.5 million in 1967, a rise of about one-third. From 1964 to 1974, average weekly earnings increased annually, ranging from 4 to 6 percent. During the same period, the average work week has hovered around 39 hours.

In an effort to improve worker productivity, many firms have initiated training programs aimed at upgrading employee skills, and have sponsored frequent management seminars. The increasing use of computerization and sophisticated equipment has opened new employment opportunities and prompted special technical training programs. Often, firms favor a salary-plus-incentive plan for the sales force instead of a straight salary or commission-only plan. The large wholesalers with big fleets of delivery trucks are seeking such cost-cutting benefits in distribution management as improved route planning and the measurement and control of route-driver performance. This effort is especially important during the current period of high gasoline prices.

Changing Pricing Practices

Because of higher operating costs, competition, and shifting markets, wholesalers are continually reviewing their pricing practices. Pricing merchandise to reflect rising prices during the past year has multiplied problems for wholesalers. From late 1973 through most of 1974, frequently changing product prices caused lags in accounting systems, making it difficult to measure the true impact of cost factors, pricing, and accounting policies. In addition, strong customer resistance to rising prices made it harder for wholesalers to pass on their own rising costs. To meet these problems, wholesalers have responded in several ways:

—Improved accounting systems and a reevaluation of costs. For example, some firms are now charging customers for such extra services as emergency or late deliveries.

—Establishing or raising minimum order levels.

—Recognizing the inherent higher costs of slow-moving items, management has lowered prices on such items to speed up turnover.

—In order to improve collections and cash flow, more firms are charging interest for accounts over due more than 60 or 90 days, as well as for credit extensions.

Storage Improvements

Inventory-handling, a vital functions of wholesaling, has changed markedly during the past few years. Wholesaling's major large customers—retailers, institutional users, commercial and industrial users—have reduced their onsite inventory holdings and have kept backup stock in distributors' warehouses. This practice strongly reinforced the services which wholesalers perform.

The preference of many retail customers for quick turnover items that produce good volume and profit has increased the rack jobber type of service by wholesalers. Providing point-of-sale merchandise in stores, rack jobbers own the goods up to the time the goods are turned over to the retailers, thus reducing retailers' inventory investment. By rendering such service, the wholesaler assumes complete responsibility for replacement needs for certain customer commodity lines. Rack jobbing is a large business with retail food and drug chains.

Improving Productivity

In recent years, rising operating costs have pressed wholesalers to sell a greater volume of goods in order to maintain a reasonable level of dollar profit. To improve their long-term profit position, many wholesalers are expanding facilities and modernizing their capital base through warehouse modernization, greater reliance on and use of labor-saving equipment, and increased use of computers.

Many warehouse operations today are simplified by electronic equipment that automatically reads information from labels on cartons as they move on high-speed conveyor belts, thus eliminating excess handling and improving productivity. According to a recent survey by the National Association of Wholesaler-Distributors, 56 percent of the survey respondents reported that they were using computers or planning to do so during 1975, up from about 45 percent in 1972. Smaller wholesale firms, especially those in metropolitan areas, have instituted such cost-cutting methods as cooperative financing, billing, buying, and data processing.

Since warehousing requires a high percentage of fixed costs and a high debt/equity ratio, a number of wholesalers are establishing distribution centers. These centers plan modes of transportation, storage methods, layout considerations, locator systems, interaction of handling systems, material handling equipment, and scheduling of deliveries. Wholesalers decide the limits of service required of a distribution center which may include some or all of the following—inventory stockpiling consolidation, distribution, product-mixing, and test marketing.

Smaller grocery wholesalers often share a distribution center with wholesalers of other products. Cost-cutting benefits of shared distribution centers include use of handling equipment required for efficient operation; suitable layouts for various sizes of wholesale firms in multiple-occupancy buildings; efficient modes of transportation of products to and from the distribution center; and ample parking space and docking facilities.

It has become increasingly necessary to coordinate transportation of goods with storage facilities and customer requirements. Increased costs of shipping and distribution handling require better transport utilization. In some areas of the country, however, deteriorating railroad service has created shipping problems for regional and local distributors. Profit-minded distributors increasingly are using the computer order processing technique which automatically reorders low stock items from suppliers, selects carriers and delivery routes, and pinpoints delays or bottlenecks.

Changing Markets Reshape Trends

The changing nature of wholesaling markets, owing largely to the spreading out of metropolitan areas and the emergence of new communities with their super-size shopping centers, actually reversed a trend that began in the early 1960's toward product specialization in wholesaling. Even though many wholesalers have retained specialized line titles, they have broadened product bases. Also, the introduction of thousands of new products during the 1960's resulted in a diversification of commodity lines, further emphasizing the need for expanded product distribution.

Competition, a major influence on recent trends in wholesaling, also has compelled wholesalers to vary commodity lines, expand territories, and diversify operations. Manufacturers have become the wholesalers' greatest competition for the business of large customers through direct selling to ultimate users, bypassing wholesalers. However, since shipping distance for wholesalers in local and regional markets is less than for national manufacturers, lower freight costs frequently benefit wholesalers.

Competition together with rising costs—especially fixed costs—which continually narrow gross margins, have spurred wholesalers to seek ways of improving services as a means of boosting sales. Some have extended more generous credit arrangements to their customers; others advise customers on store locations, on store layout, and on effective display of merchandise. Still others provide product promotional material and notify customers of new products coming on the market.

Increasingly, a variety of small manufacturers are providing new business for wholesalers. Small manufacturers look to wholesalers in a variety of lines to find outlets for their products and to move them to end-users and to retailers because they do not generally have the resources to hire a sales force of the size necessary to tap markets. The wholesaler-distributor knows sales areas and has the technical know-how for handling, storing, and moving merchandise.

Future Directions

Changing market conditions and varying customer needs will demand more sophisticated operating methods and scientific management of wholesaling in the future. Adjustment to future changes will necessitate expanded capital bases which will, in turn, probably result in fewer and larger wholesale firms selling and servicing a variety of retail outlets, other industries, and institutions.

The number of companies using computers is expected to increase and the purposes for which computers are used will also multiply. Distributors may utilize the computer in market analysis and sales strategy to tie in with a total systems approach to fulfilling customer needs. Simulation models will probably be used to forecast markets and to provide alternatives for marketing and management decisions.

Wholesale Trade—Establishments

	1963	1967	Percent increase 1963-67	1972	Percent increase 1967-72
Wholesale trade, total	308,177	311,464	1.1	369,792	18.7
Merchant wholesalers, total	208,997	212,993	2.0	289,980	36.1
Wholesale merchant distributors	199,946	204,783	2.4	274,733	34.1
Importers	5,754	5,171	–10.1	6,786	31.2
Exporters	2,664	2,272	–14.7	2,650	16.6
Manufacturers' sales branches and offices, total	28,884	30,679	6.2	47,191	53.8
Sales branches, with stock	16,408	16,709	1.8	32,611	95.2
Sales offices, without stock	12,476	13,970	11.2	14,580	4.4
Merchandise agents and brokers, total	25,313	26,462	4.5	32,621	23.3
Brokers for buyers or sellers	5,083	4,373	–14.0	4,770	9.1
Commission merchants	3,416	5,425	58.8	6,940	28.0
Manufacturers' agents	11,189	12,106	8.2	16,529	36.5
Import agents	393	270	–31.3	265	–1.9
Export agents	544	548	1.0	440	–19.7

Source: Bureau of the Census.

Wholesale Trade—Sales
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974 [1]	Percent increase 1972-74*
Wholesale trade, total	358,385.7	459,476.0	6.4	695,830.3	11.0	875,000	15.2
Merchant wholesalers, total	15[illegible],391.8	206,055.1	6.9	353,316.0	14.4	—	
Wholesale merchants, distributors	136,866.7	181.775.7	7.3	305,181.5	13.8	448,127	21.0
Importers	9,243.3	10,354.0	2.9	23,092.4	22.0	—	
Exporters	8,281.9	9,507.7	3.5	13,601.4	9.4	—	
Manufacturers sales branches and offices, total	116,443.3	157,096.5	7.7	255,562.8	12.9	—	
Sales branches with stock	54,857.4	67,174.6	9.9	124,458.5	16.7	—	
Sales offices, without stock	61,585.9	89,921.9	9.9	131,104.3	9.9	—	
Merchandise agents and brokers, total	53,245.0	61,347.0	3.6	86,951.6	9.1	—	
Brokers for buyers or sellers	13,854.5	14,030.5	.3	20,397.8	9.8	—	
Commission merchants	9,524.0	14,068.0	6.4	18,970.9	7.8	—	
Manufacturers agents	10,941.3	15,257.0	8.6	23,344.6	11.2	—	
Import agents	2,112.0	1,790.7	–4.0	3,618.8	19.2	—	
Export agents	2,178.9	3,372.0	11.5	4,694.1	8.7	—	

* Compound annual rate of growth.
[1] Estimated by BDC.
Source: Bureau of the Census and BDC.

Changing market conditions will require continual adjustments in the type, variety, and quality of products carried. Emphasis will be on operating economies and retaining customers. For example, wholesalers are attempting to trim costs and improve efficiency through "route engineering," a technique of mounting importance in a future that promises higher fuel costs. This method requires an analysis of the route man's activities, from the time he leaves the warehouse to the time he returns, including the scheduling of deliveries and work content of each delivery man's route.

Always alert for new ways to retain customers and expand sales, wholesalers generally seize opportunities to pass on to customers the benefits of cost savings and price reductions by manufacturers. Growing competition among wholesale distributors, continual product changes, introduction of new products, and shifting consumer preferences will further increase wholesalers' efforts toward product line diversification.

If conditions warrant—that is, if the economy improves substantially—wholesalers will plan new branches or additions to present facilities. Decisions concerning new facility locations will be influenced by the level of retained earnings, the cost of borrowing, land prices, and proximity and access to customers.

NONFOOD RETAILING

DEPARTMENT STORES

Department store retailing[1] in the 1970's is markedly changed from only a decade ago. During the past 10 years, department stores have followed customers to suburban areas, opening stores in climate-controlled shopping malls which frequently house motion picture theaters, hotels, and offices. More and more, merchandise offerings are geared to the Nation's fast-growing young adult population accustomed to spending an increasing share of income on luxury items—sports equipment, books, high-fidelity sets. As the number of working wives has increased, markets have expanded for such time- and labor-saving purchases as dishwashers, hair dryers, cosmetics, and pocket calculators for balancing household accounts.

In recent years, rapidly growing department store sales exceeded the growth rate of all retail sales, with discount department stores contributing significantly to the steady upward trend. Sales of department store chains (11 or more stores) now account for the bulk of all department store sales. Department store chains are now advertising on television and radio in addition to traditional advertising in newspapers. Apparel, home furnishings, and customer service are favored subjects for local color television advertising.

Keeping pace with changing consumer needs through new merchandise offerings and innovative retailing techniques is essential to department store retailing success. Department stores have responded to the special needs of working women through longer store hours, Sunday openings, and upgrading women's fashions. Home improvement needs are an important sales area that many department store retailers are finding lucrative. With repairs of all types becoming increasingly costly, more people are learning to make home repairs themselves and are seeking product information from knowledgeable salespersons as well as merchandise.

More people are taking a greater interest in sports activities, thereby increasing sales of television sets, sporting goods equipment, and clothing. Sales of sporting goods equipment covering a wide variety of activities rose rapidly during recent years. Department stores and their mail order divisions are in a good position to accommodate these needs through merchandise selections in their stores, via their mail order departments and through specialized stores selling these products.

Rapid Sales Growth

In recent years, department stores' sales growth outpaced the growth of all retail sales, largely reflecting the strong gains of both traditional and discount chain department stores. In 1974, department store sales totaled an estimated $62 billion compared to $51 billion in 1972. From 1963 to 1972, sales more than doubled, reflecting high levels of consumer spending as well as the addition of about 3,500 new department stores.

From 1963 to 1973, sales of chain department stores almost quadrupled. About half of the sharp rise in sales growth, however, reflected price increases over the period. Discount retailers experienced rapid expansion in the decade of the 1960's.

[1] Standard Industrial Classification Manual definition: Retail stores carrying a general line of apparel, such as suits, coats, dresses, furnishings; home furnishings, such as furniture, floor coverings, curtains, draperies, linens, major household appliances; and housewares such as table and kitchen appliances, dishes, and utensils. These and other merchandise lines are normally arranged in separate sections or departments with the accounting on a departmentalized basis. The departments and functions are integrated under a single management. The stores usually provide their own charge accounts, deliver merchandise and maintain open stocks.

accounting for a peak sales volume of 11 percent of department store sales in 1970. In the past 2 years, severe competition among discounters' operations because of overbuilding, overextension of financial resources, and high interest rates caused some of the Nation's large discounters to become bankrupt or reduce operating units. Despite these problems, continued price consciousness assures a viable market for discount-type department stores.

Employment Gains

Reflecting department store expansion from 1963 to 1973, employment rose from about 1 million to almost 1.7 million, an average annual increase of 5.1 percent. More than two-thirds of department store employees are women, who generally hold the greatest proportion of sales jobs, and such clerical positions as bookkeepers, cashiers, and office workers. About half of all salespersons are part-time workers and/or temporary salesclerks hired during such peak selling periods as the Christmas season. Part-time sales job opportunities have increased in recent years as suburban shopping center stores are generally open several nights each week.

Staffing requirements at the executive level in today's department store requires a variety of skills besides a background in merchandising. The introduction of sophisticated electronic equipment to monitor inventory and credit accounts requires trained technical staff. Large multiunit stores employ professionally qualified persons to supervise centralized departments of advertising, public relations, accounting, and personnel.

Suburban Shopping Center Growth

During the 1960's, shifts of population to suburban areas and the growth of circumferential highways improved the profit potential of retail stores located in areas surrounding cities. Climate-controlled malls serving as retail centers are generally dominated by four department stores and provide one-stop shopping for customers. Vertical construction of shopping malls permits additions to selling and parking space on smaller areas of land than is required for traditional shopping centers. With the focus of shopping now centered in suburbia rather than downtown city stores, the volume of retail sales in suburban malls accounts for about two-thirds of all retail sales.

Department stores now require about 3 years lead time from the decision to build to the actual opening of the store because of the complexities involved in site selection, financing, construction, and delivery of merchandise stock. Department stores generally become "anchor" units in a regional shopping center where the typical general merchandise store is smaller in size and less demanding with regard to store fixturing and furnishing.

Managing Inventory Buildup

Levels of retail inventories have a major impact on the economy's production and employment levels. Large inventories in the manufacturing and wholesale sector are often reflected in equally high retail inventories. Excessive inventories stem from businessmen's expectations outpacing reality and result in a "ripple" effect in terms of reduced purchases from wholesalers and fewer orders from manufacturers.

Retailers in many merchandising categories found themselves with excessive inventories in the summer and fall of 1974. The overstock situation developed because of supply dislocations resulting from economic controls and an oversupply of petrochemical based products in the aftermath of the oil embargo, as well as a decline in consumer demand accompanying the recessionary cycle.

In November 1974, department store inventories were 25 percent over the previous year level. However, as a result of heavy pre-Christmas sales at lower than usual markups, department store management eliminated overstocked merchandise and reduced substantial inventory carrying costs. By February 1975, department store inventories were only about 6 percent higher than the previous year.

The problem of inventory accumulation and decumulation is a familiar one to the department store sector. Aided by computers, point of sale inventory devices and early warning systems, department stores have been better able to manage this problem. Between 1963 and 1973, the sales-inventory ratio was about 7.7, varying less than half a percent during the entire period.

Impact of Rising Energy Costs

The impact of rapidly rising energy costs for gasoline, heating, lighting, and air conditioning has slowed consumer spending and increased department store operating expenses. During the remaining years of this decade, additional energy cost increases can be expected as domestic petroleum and natural gas prices elevate because of high foreign oil costs and increased domestic oil industry investment.

Higher energy costs have other implications for department store management. Among these are decisions concerning new construction versus curtailment of store expansion in suburban growth areas or the central cities with mass transit systems; alterations of consumer shopping patterns associated with driving distance and gasoline cost; and deferrals of home ownership and fewer durable and nondurable purchases. Furthermore, the growing consumer preference for smaller and more energy efficient housing may lead to reduced home floor space in future home construction and will require continuing review and modification of merchandise product lines.

Improving Department Store Productivity

As a service industry, retailing does not produce goods that can be measured or quantified. Department store retailers emphasize new ways to produce greater sales per square foot of selling space which ultimately increase profits. With the high costs of all types of construction materials, display items are selected with a view toward promoting reuse of building components through redesign and maneuverability of internal display to meet the needs of varying merchandise lines.

In a department store, the incorporation of nonselling functions, such as storage and warehousing, can maximize the use of existing high-priced selling space. Strategically located central warehouses, using sophisticated receiving, handling, and packaging systems, can speed the flow of merchandise to sales areas and customer deliveries. Other nonselling store functions, such as customer repair services, accounting and clerical staff operations, as well as the location of data processing, can be planned for less costly nonretail site locations. The computer continues to be the single effective tool for increasing productivity. Before 1980, point-of-sale cash registers linked to central computers should be installed in most department stores. As a central information gathering unit, point-of-sale registers provide instant, detailed sales data, help to reduce clerical errors, and provide on-line inventory controls. Additional benefits include rapid cash register balancing, a reduction in audit expense, and speeded credit authorization procedures. Also, advertising and sales promotion campaigns can be closely monitored and modified to meet changing market demands and credit control, and authorization can be accomplished with speed and accuracy as part of the customary retail checkout procedure at the cash register.

For warehouse inventory control, computer-linked scanners can be positioned to read information from cartons or tagged merchandise as it moves on high-speed conveyor belts. This procedure helps to eliminate extra merchandise handling and clerical work. Also, computer prepared shipping lists and schedules serve as inventory control units to check container contents as merchandise is loaded and unloaded. Additional computer-generated economies are obtained from more efficient scheduling of truck deliveries and a reduction in down-time due to the control and coordination of truck and automotive equipment maintenance.

Credit Card Popular

The widespread use of credit cards, often permitting customers the option of repaying balances on an installment basis, has vastly extended the availability of credit for retail store purchases. Since the mid-1960's, annual expenditures on credit cards issued and usable at department stores have accounted for more than half of all annual sales. In the past few years, use of bank credit cards for all types of consumer purchases has risen sharply and a number of department stores have begun to accept bank-issued credit cards. In some instances, store credit cards are being replaced by bank credit cards, eliminating the overhead costs of department store credit and collection departments. Credit cards serve to encourage impulse buying.

New Department Store Services

Many department stores are now engaged in catalog selling and offering shop-at-home services. Printed catalogs of department store merchandise which can be ordered by mail, especially benefit customers who are housebound or have limited time for shopping. For the past several years, department store mail order sales have accounted for 10 to 12 percent of sales annually. Shop-at-home services usually relate to home furnishings—particularly carpets and drapes—enabling customers to judge new furnishings in their home surroundings.

Profit Gains Through Diversification

Department store diversification into nonretail sales fields has expanded dramatically in recent years. Realty ventures involving town or city planning, shopping center development, and living accommodations for entire communities are examples of the types of projects large corporate chain department stores have financed. One such real estate joint venture, involving two large chain department store subsidiaries and a large insurance company subsidiary, will finance and build a new suburban city with 20,000 homes near Chicago. The first phase of the development, completed in 1974, is a $35-million shopping center which will benefit the retail sponsors who may take advantage of the contract sales techniques to sell such items as carpeting, furniture, and appliances for the planned residential housing. Other department store corporations own and operate numerous shopping centers throughout the United States.

Some large chain department stores offer to sell subsidiary-operated financial services such as insurance and mortgage loans on store premises. Other department store complexes have entered the field of manufacturing (paints, household detergents, lawnmowers, and cash registers), thereby controlling quality and specifications for a variety of products from the manufacturing process through retail distribution.

Future Directions

Department store retailers will continue to adapt to changing consumer needs in the years ahead. Employment will probably increase more moderately than sales because of the trend toward self-service and the increasing use of computers to perform time-consuming sales and bookkeeping procedures. However, there will always be a continuing need for highly trained, experienced salespersons with product knowledge to demonstrate and sell big-ticket, high quality merchandise.

Business costs for department store operation are expected to continue upward, partially re[illegible] high cost of energy required for heating/cooli[illegible] lighting. Broader product lines needed to sell to expanding consumer markets will require more inventory investment. As shopping centers are expensive to build, there will probably be more vertical development and multipurpose use of commercial buildings. Increasingly, developers are adapting the shopping center idea to central business districts, using redeveloped land or existing sites of retail establishments. Aiding in the effort to conserve gasoline supplies, customers can come to downtown one-stop shopping centers via public transportation.

Multiunit chains, emphasizing mass distribution of merchandise to the cost-conscious consumer, will continue to predominate and increase their share of the total department store market in the years ahead. These chains, which include many old-line stores as well as regional and local companies, now account for 89 percent of department store sales. The continuing growth of this group will not entirely displace the family-owned department store in the future. The single-unit store will remain a potent market force, providing specialized merchandise selections, personalized service, and a knowledge of regional or individual preferences that the multiunit or national chain cannot always duplicate.

Attracting and retaining new executive talent is a problem for individual firms, which do not offer the broad based employment benefits of multiunit companies. Mechanical or cost-intensive hardware to improve productivity and output, and specialists to advise on important intangibles including inventory levels and borrowing capability, are critical to viable operations and are not generally supported to a large extent by family-owned units. Store traffic dislocations, because of subway construction or the altering of highway interchanges, will affect consumer shopping patterns and some single-unit stores in the years ahead.

Department stores will probably continue to diversify retail and nonretail activities. While many department stores attempt to provide one-stop retail shopping, larger chains will offer a similar array of financial services. These may include insurance (automobile, property, liability, life, and unusual risk), mutual funds, and the origination and servicing of mortgage loans on residential property. Increasing use of sales techniques to maximize facilities and to reach the "at-home" customer will broaden the future sales base. Emphasis will be placed on shop-at-home services, catalog mail order sales, and telephone sales. Expanding international trade may provide potential for overseas expansion of catalog or mail order operations.

By the 1980's, the use of bank credit cards in lieu of cash for sales transactions may increase substantially. Automated banking and point-of-sale terminals in retail establishments will allow direct transactions and retail purchases without a monetary or check exchange. Retailers should benefit by greater sales generated through increased store traffic; by improved cash flow attributed to a reduced float in the payment of outstanding customer bills; and by adding to financial services already offered.

MAIL ORDER AND DIRECT SELLING

Increasingly, businesses are engaged in direct selling and mail order marketing—selling techniques that reach many customers far from the neighborhood or suburban stores as well as people with limited time for shopping. In past years, mail order and door-to-door selling involved highly specialized products such as cosmetics, sewing machines, kitchenware, books, encyclopedias, magazines, and educational courses. More recently, large mail order houses with no retail outlets include a variety of related products in their catalogs and advertise catalogs for sale in national magazines. Direct selling companies also offer a selection of consumer products through their neighborhood representatives.

Mail Order House Sales Gaining

In 1972, sales of 5,410 mail order houses with paid employees accounted for 99 percent of all mail order sales which totaled $4.5 billion, reflecting an 8.2 percent annual rate of increase over 1967. An additional 2,572 owner-operated mail order businesses reported sales of about $45.8 million for the year. By 1974, sales of mail order companies reached an estimated $5.2 billion.

Advantages of Mail Order Selling

A mail order selling business appeals to individuals seeking additional income by working on a part- or full-time basis from the home. Entry into the field requires a small investment in inventory. The mails are used to advertise and deliver merchandise and rising postage rates have increased costs.

Consumers favor mail order sales as an additional shopping vehicle that brings new ideas and products into the quiet of their own home. They can peruse brochures or catalogs at their leisure, comparing products and prices with items advertised via television, radio, magazines, and newspapers. While store prices tend to fluctuate, items listed in a catalog are generally available at a specific price for a predictable period of time.

Large mail order houses are almost completely automated, using computers to maintain and update mailing lists, to seek out potential customers based on age, sex or income, maintain inventory records, and process orders and billing with a minimum of delay.

Mail Order Prescription Handling

According to a recent survey conducted by the Department of Health, Education and Welfare, the mail order volume of prescription drugs involves about 17 million prescriptions annually compared with the more than one billion prescriptions dispensed by retail pharmacies. Nonprofit government and private organizations account for almost two-thirds of the mail order prescriptions volume. Customers tend to be elderly people with chronic conditions living in rural areas who are high volume prescription users. Special precautions usually are undertaken by the mail order firms to screen out fraudulent orders.

Direct Sales Increasing

While the number of direct selling establishments rose 82 percent to almost 141,300 from 1967 to 1972, small owner-operated businesses accounted for the bulk of the increase. In 1972, a total of 8,864 companies with paid employees accounted for 59 percent of the $4 billion in sales during the year. In 1974, sales reached an estimated $4.5 billion.

Direct Selling Methods

Direct selling serves as a primary source of distribution or an additional means of extending product sales and market penetration for some corporations. Direct selling is accomplished through house-to-house canvassing or the party plan—selling merchandise through demonstrations in prospective customers' houses.

To be successful in the direct selling business involving many part-timers who are not necessarily retail experts, the products sold are usually items that everyone needs—detergents, soaps, car waxes, vacuum cleaners, vitamins, cosmetics, aluminum cookware, and other commonly used household and personal products. One large cosmetics corporation with annual sales of more than $1 billion, involved in direct selling for many years, generates sales through representatives throughout the country who are given lists of former customers in their neighborhoods. However, with more women working away from the home, there are fewer prospective customers in the daytime and more problems in recruiting representatives.

Efforts to Regulate Direct Sellers

Current Federal Trade Commission regulations require that door-to-door sales signed contracts must be accompanied by a "notice of cancellation statement" which permits buyers to cancel transactions without penalty or obligation within 3 days of the completed sale. The Direct Selling Association has requested an opinion on conflicts between State and Federal cooling-off requirements in instances where the cooling-off period varies.

In the 1974/75 legislative year, over 55 bills concerning six major direct selling issues—cooling-off, licensing, franchise regulation, pyramid selling, consumer complaints and remedies, and telephone solicitation—have been introduced in State legislatures. In addition, several States have introduced legislation to enable local governments to enact ordinances requiring the licensing of peddlers, solicitors, and/or transient merchants. With increased emphasis being placed on the rights of the consumer in the market-

Nonfood Retailing

(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Department stores							
Sales	20,537.3	32,344.0	12.0	51,088.5	9.6	61,710.0	9.9
Payroll	2,941.9	4,673.4	—	7,225.7	—	—	—
Number of establishments with payroll	4,251	5,792	8.1	7,742	6.0	—	—
Employment (000)	1,021.2	1,324.0	6.7	1,594.0	3.8	1,680.0	2.7
Women as percent of total	69.3	69.0	—	69.0	—	—	—
Mail order houses							
Sales	2,378.5	3,083.8	6.7	4,574.1	8.2	5,214.0	6.7
Payroll	360.0	558.5	—	736.8	—	—	—
Number of establishments with payroll	3,172	4,430	8.7	5,410	6.9	—	—
Direct selling							
Total sales	2,372.7	2,494.3	1.3	3,983.4	9.8	4,541.1	6.8
All establishments	66,223	77,632	4.3	141,294	12.7	—	—
Sales of establishments with payroll	1,721	1,719	—	2,349	6.5	2,675.6	6.7
Payroll	362.2	330.0	—	483.8	—	—	—
Number of establishments with payroll	9,323	6,991	—	8,864	4.9	—	—

* Compound annual rate of growth.
[1] Estimated by BDC.

place, it is reasonable to expect that government efforts will focus on direct selling in the future.

Future Directions

Direct and mail order sales will continue to expand rapidly. A more affluent and older population, with limited time for shopping at a retail store, will prefer to make purchases in the home. Ease of entry into direct selling should continue to offer enterprising people and companies an opportunity to provide a viable service. The mail order field is expected to remain dominated by large firms using modern sales management and production techniques. About 1 percent of these establishments should continue to account for almost 50 percent of mail order sales. However, the diversity of products adaptable to the mail order technique will provide smaller firms the opportunity to grow rapidly. Consumers will continue to favor buying by mail order because of its convenience, higher gasoline costs, growing price consciousness, and the interesting and unique merchandise offered.

APPAREL STORES

Despite growing competition for the apparel dollar from department stores and the home sewing market, sales of men's and women's apparel stores continued upward during the past decade, increasing at a 5.5 percent annual rate from 1963 to 1974. Apparel store sales in 1974 reached an estimated $16.4 billion. Specialized apparel stores generally can offer more personalized attention to customers and adapt inventories rapidly to new style trends. Part-time workers, often employed by apparel shops, help improve efficiency by limiting the number of full-time workers employed during slow periods.

Apparel Stores Move to Suburbia

Apparel retailers account for a substantial portion of the movement of stores from downtown areas to suburban shopping centers. Stores carrying more conservative styles and clothing for the family have been particularly active in suburban areas. Many of these are branches of long-established downtown stores, while others are small, independent one- or two-store companies. New stores opening in downtown areas tend to feature the newer styles, catering to young single adults and young couples without children. Such groups of customers traditionally spend larger portions of their incomes for apparel than do older individuals or families with children and therefore constitute a desirable market. Competition for this market is keen.

Casual Clothes are Popular

Apparel retailing has grown rapidly in recent years, as a result of high levels of disposable in-

:omes coupled with wider style ranges of apparel. Reflecting changing life styles, widely diverse clothing styles have emerged. Sportswear, in particular, ias been a growth area as clothing has become less ormal, even for on-the-job wear. In contrast, there ire indications that young people on college camouses tend to dress up more.

Even older customers are buying more sports vear for their leisure activities, specially designed or participation in a particular sport such as tennis, nowmobiling, boating, or bicycling. More generally, iowever, such sportswear as slacks, pants suits, weaters, and sport shirts, are worn for all but the nost formal occasions.

One widely accepted new style is the leisure suit or men, consisting of matching jacket and trousers, out cut from fabrics generally considered suitable or work clothing. The cut also resembles working ipparel, often with a western-wear influence.

Women's apparel is showing a swing toward eisure-oriented wear as well, but the long dress has ilso reestablished itself for more formal occasions. The effect is to significantly widen the range of styles ourchased by each customer. Apparel stores are ible to take advantage of rapid style changes and ustomer preferences, with executives maintaining :lose contact with customers. Since stores cater to iarrow market segments, apparel retailers keep informed on clothes available from manufacturers vhich would interest their clientele. Even large :hains of apparel stores pinpoint particular market ectors and move quickly with swings in fashion.

Future Directions

Changing life styles of the American consumer through 1980 will be characterized by increased leisure, more free time, and more travel. Informal living styles will be reflected in apparel lines by increased emphasis on sportswear and garments that can be used for a combination of events. As styles continue to develop, the market will probably become more specialized since today's apparel store tends to concentrate on particular segments of the population.

Apparel stores are expected to multiply in the years ahead as clothing stores continue to diversify and specialize. Although faced with increasingly stiff competition from department stores and catalog houses, their adaptability, close contact with customers, and willingness to stock quantities of stylish merchandise will help them maintain their share of the apparel market. The formation of stores selling denim wares and items made of leather are examples of shops that did not exist 5 years ago. In addition to providing specialized products and extensive selections, clothing specialty shops also offer additional service in the form of merchandise groupings that cater to "smalls" and "talls," generally not offered by department or family clothing stores.

By the 1980's, changes in consumer apparel preferences may occur, with a trend toward more formal dress. Consumers may even emulate their Victorian counterparts of a century ago in their dress habits.

Apparel Stores
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974 [1]	Percent increase 1972-74*
Women's apparel and accessory stores and furriers							
Number of establishments with payroll	37,826	36,748	—	40,631	—		
Sales	5,482.3	6,361.4	3.8	9,172.8	7.6	10,447.0	6.7
Payroll	803.0	948.0	4.3	1,362.5	7.5		
Employment (000) [2]	281.4	280.7	—	332.5	—		
Men's and boys' apparel stores							
Number of establishments with payroll	17,417	16,681	—	21,017			
Sales	2,743.2	3,385.4	4.3	5,496.7	10.2	5,994.0	4.5
Payroll	411.[illegible]	520.8	6.1	860.5	10.6		
Employment (000) [2]	106.7	114.6	—	148.5	—		

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] As of March.
Source: Bureau of the Census and BDC.

FOOD RETAILING

GROCERY STORES

Grocery stores continue to represent the lion's share of retail food sales, accounting for more than 92 percent of all food sales. During the past decade, grocery store sales, employment, and wages have risen substantially, reflecting a mixture of real growth and inflation. The grocery store operation which has remained unchanged for many decades is now on the threshold of major technological advancement which promises to significantly improve productivity and management control.

Grocery Store Sales Grow Sharply

Grocery store sales more than doubled from 1963 to 1974, rising from almost $53 billion to more than $111 billion. Accounting for a large portion of the increase in sales were prices which rose at a moderate 3.1 percent annual rate during 1963-72 and then accelerated to an annual rate of 15.6 percent between 1972 and 1974. The price rise between 1972 and 1974 exceeded the entire increase in prices from 1963 to 1972 because of sharply higher raw material, marketing, production, and distribution costs since 1972. Between 1963 and 1972 grocery store sales rose 6.6 percent annually, from $53 billion to $93 billion. In the 1972-74 period sales rose 9.2 percent annually, albeit on a larger base. Grocery stores with paid employees account for the bulk of grocery store sales — 96.5 percent of all grocery store sales in 1972 compared with 95 percent in 1967 and 94 percent in 1963.

In 1972, there were 194,300 grocery stores, down 21 percent and more than 50,000 fewer stores than in 1963. This reflects the demise of "mom and pop" stores, the family-operated neighborhood grocery store. Establishments with payroll declined only 3 percent from 132,100 in 1963 to 128,100 in 1972.

The size of grocery stores has grown. In 1963, the Progressive Grocer's annual report of the grocery industry indicated that the average store area was 19,900 square feet. In contrast, average area in 1974 was 30,000 square feet. Growth in store size was influenced by several factors, including greater land availability in the suburbs where many stores were built, the addition of new lines of nonfood merchandise, the proliferation of the number of food items, and the desire to achieve economies of scale.

Employment Gains

With the growth of large supermarket operations since 1963, grocery store employment increased sharply. Employment rose from 1.1 million in November 1963 to 1.5 million in March 1972, indicating an increase in the average number of employees per establishment.

The number and proportion of women workers employed in grocery stores have increased. From 1963 to 1974, the number of women employed in all food stores, including grocery stores, rose from 356,000 or 29 percent of the workforce to 627,200 or 36 percent of total employment.[1] Contributing to the increased employment of women in food stores was the general increase in the number and proportion of women in the workforce as well as the growing opportunities for part-time employment in local neighborhoods for housewives, with children, who were unable to be employed full-time.

Wages in the food industry have risen substantially while the workweek has fallen slightly. Average weekly earnings almost doubled from 1963 to 1974, increasing from $67.74 to $120.34. Average hourly earnings rose from $1.93 in 1963 to $3.68 in 1974, reflecting sharp wage gains under collective bargaining, especially since 1970. Average weekly hours declined from 35.1 in 1963 to 32.7 in 1974, reflecting the growing number of part-time workers, a trend likely to continue into the future.

Major Factors Affecting Industry Trends

Among the factors contributing to grocery store sales growth during the past decade were population increases and rising incomes. The per capita food consumption index rose from 96.6 in 1963 to a high of 103.5 in 1972, and then declined slightly to 102.9 in 1973. Sales also were influenced by changes in the product mix, reflecting consumer preference for convenience and processed foods and increased consumption of meat, poultry, and fish.

Grocery stores have been greatly affected by the shifts in population in recent years. Successful store operators attempt to anticipate and follow population shifts in opening new stores. Although the number of establishments with payroll has remained stable, the location of these stores has changed considerably and is now concentrated in suburbia. Store operators are continually opening new stores and closing those that have become marginal operations or unprofitable.

[1] These data, published by the Bureau of Labor Statistics, represent SICs 541-3, grocery, meat, and vegetable stores. Grocery store employees, based on a comparison of Bureau of the Census and Bureau of Labor Statistics total employment figures for a comparable March 1972 period, represent 90.2 percent of grocery, meat, and vegetable store employees.

Factors affecting current grocery store operations include inflation, health consciousness, and government regulation. The effect of inflation on grocery store merchandising is yet to be fully felt. Higher prices may lead consumers to return to basics from convenience-type foods. The present and future mix and pricing structure of grocery stores will have to be continually evaluated. Also, the grocery industry is coping with the greater health and nutritional consciousness of consumers, aided by new and proposed government regulations requiring nutritional-type information. The outcome of these developments will be reflected in the mix of food products available to the consumer in the future. Other government proposals under consideration that may affect future industry trends are nonreturnable beverage container bans and requirements that a price be displayed on each individual item sold.

Future Directions

Grocery stores will continue to reflect population and income trends. Food is, of course, an essential item, and food at home accounted for 14 percent of consumer spending in early 1975.

The industry today is on the threshold of a major technological advancement with the development and introduction of the Universal Product Code and the automated front-end.

The Universal Product Code is a postage stamp size symbol consisting of bars of varying thickness and numbers. When passed over an optical scanning device, the symbol, unique for that product and size, is transmitted to a computer which identifies the product, matches it with its price, and records the transaction.

Using this system, the grocery clerk no longer has to key in prices on a cash register. Instead, the clerk passes the item over the optical scanner which reads the Universal Product Code. The system provides for comprehensive inventory control since transactions are recorded for each specific product.

This system can result in fewer errors, speedier checkout, more informed ordering, fewer out-of-stocks, tracking of inventory movement, identification of products selling poorly or well, and better customer service. Already in operation in a handful of test stores, the product-coding system can generate cost savings which have the potential to either reduce food prices or hold the line on them.

The retail food industry also is at the forefront of another major technological advancement—electronic fund transfers. This system, involving the use of telephone lines and computers, debits the customer's bank account and credits the merchant's account for the amount of the transaction each time a sale takes place. Some transfer systems allow the customer to make deposits and withdrawals in participating supermarkets. Supermarket operators in several States already have developed an electronic fund capability and others are considering installing the system. It is expected that the use of these transfers may become widespread in the next few years.

There will be a greater diversity of store types in the years ahead. Grocery store operators are experimenting with new store concepts to provide food at lower costs. One large company has opened several small stores, with limited hours of operation and small staffs, which carry about 700 items, many of them private label products. Another large grocery chain is using previously unprofitable supermarkets as "compact stores," offering about 1,000 fast-moving items representing the full range of product types sold in supermarkets, except general merchandise. If these experiments prove successful, smaller limited product stores are likely to become widespread.

At the other end of the spectrum is the superstore or hypermarche. Ranging up to more than 100,000 square feet in size and carrying a full range of general merchandise as well as food, these stores may become the flagship of the industry. Several are now operating in various sections of the country and a number of supermarket chains are considering opening others.

Not to be confused with the experimental small stores, convenience stores also are expected to grow in number, sales, and market share. Characterized as small self-service stores having long hours and featuring a limited product selection, convenience stores are expected to continue to expand their share of the grocery market. These stores, as their name implies, offer convenience to the shopper in the form of continuous or long hours and daily operation.

The long-term trend in the reduction of the number of grocery stores, however, is likely to continue in the years ahead. The disappearing grocery stores are generally family-operated neighborhood stores, representing an earlier era of food retailing that has faded in the face of today's economics. Although food retailers will continue to try to emphasize personal service, these grocers will not be able to replace the personal rapport that existed at the corner grocery store.

Energy, too, will have an impact on the grocery industry. It may also influence decisions on the superstore as store operators focus on outlets designed for maximum energy conservation. A wide range of factors will be considered in new store construction, including location, size, land needed for parking facilities, frozen food display equipment, store design, lighting, heat, cooling, and power systems. Grocery stores built in the years ahead will adopt to changing economic conditions and consumer needs.

RESTAURANTS AND BARS

During the past decade, the shift in population from urban to suburban areas moved potential customers away from downtown restaurants and resulted in strong suburban restaurant growth. From 1967 to 1972, sales of eating and drinking places increased 9.1 percent annually, from $23.8 billion to $36.9 billion, and the number of establishments rose from 348,000 to 360,000. In 1974, industry sales totaled an estimated $45.8 billion, with drinking places accounting for 15 percent of all sales.

Reflecting the inroads made by chain restaurants in recent years, restaurants with paid employees accounted for four-fifths of all establishments but 96 percent of all sales in 1972 despite a small increase in the number of family-owned or "ma and pa" type of operation from 1963 to 1972. Similarly, only about three-fourths of all establishments primarily serving alcoholic beverages have paid employees and account for 90 percent of all bar sales. Because an increasing number of restaurants are serving alcoholic beverages, sales of drinking places reflect a shrinking market share of all restaurant and bar sales, falling from 21 percent in 1967 to 17 percent in 1972.

Fast Foods Lead Restaurant Growth

The most rapidly growing segment of the restaurant industry has been the fast food category. Sales rose 13.2 percent annually between 1967 and 1972 and increased its share of total market sales from 15 percent to 23 percent during these years. The fast food sector is expected to continue its rapid growth in the years ahead, further increasing its share of the total market.

Franchising organizations dominate the field with franchise units selling everything from fried chicken, hamburgers, and roast beef sandwiches to pizza and tacos. The "fast food" concept fills a basic need providing quick service and nutritious, uniform portions at reasonable prices. The industry also has provided increased employment opportunities, particularly for people who want to work on a part-time basis.

Chains are Growth Leaders

During the past decade, major sales growth in the food service industry has been accomplished through multiunit expansion and through company-owned or franchised units.

According to an industry-sponsored survey, the 25 largest companies in the field increased their aggregate market restaurant share from about one fourth to almost one-third between 1964 and 1973. As a company expands, economies of scale in purchasing and advertising, as well as the ability to attract and retain competent management, often provides a competitive advantage over smaller unit groups. For companies that operate on a national

Grocery Stores
(in millions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Grocery stores—all establishments							
Number of establishments (000)	244.8	218.1		194.3			
Receipts	52,566.0	65,073.7	5.5	93,327.5	7.5	111,347.0	9.2
Establishments with payroll							
Number of establishments (000)	132.1	128.7		128.1			
Receipts	49,186.9	61,770.6	5.9	90,048.2	7.8	107,434.3	9.2
Payroll	3,693.3	4,897.5		7,845.7			
Paid employees (000)[2]	1,080.9	1,241.8		1,471.7			

* Compound annual rate of growth.
[1] Estimated by BDC.
[2] 1963 data are for the workweek nearest November 15, 1963. 1967 and 1972 data are for the week including March 12, 1967, and March 12, 1972.

Eating and Drinking Places
(in billions of dollars except as noted)

	1963	1967	Percent increase 1963-67*	1972	Percent increase 1967-72*	1974[1]	Percent increase 1972-74*
Eating places							
Number of establishments (000)	223.9	236.6	—	253.1	—		
Sales	13,919.0	18,879.0	7.9	30,385.0	10.0	38,741.0	12.9
Establishments with payroll (000)	180.9	189.4	—	208.9	—		
Sales	13,329.0	17,955.0	7.7	29,313.0	10.3		
Payroll	3,371.0	4,555.0	7.8	7,620.0	10.8		
Employment[2] (000)	1,490.0	1,737.0	—	2,317.0	—		
Drinking places							
Number of establishments (000)	110.6	111.3	—	106.4	—		
Sales	4,493.0	4,964.0	2.5	6,482.0	5.5	7,020.0	4.1
Establishments with payroll (000)	83.1	81.8	—	78.4	—		
Sales	4,001.0	4,263.0	1.6	5,735.0	6.1		
Payroll	694.0	839.0	4.8	1,114.0	6.1		
Employment[2] (000)	272.0	296.0	—	317.0	—		

[1] Estimated by BDC.
[2] As of November 15 in 1967 and 1963; as of March 12 in 1972.
* Compound annual rate of growth.
Source: Bureau of the Census and BDC.

basis, a familiar corporate image results in ready consumer acceptance when new units are opened or new geograhic areas are penetrated.

Opportunities for moderately priced restaurants that provide a variety of menus, quality food, and efficient service are also expanding. Although there will always be a demand for gourmet prepared foods, higher priced luxury restaurants have been affected by declining expense account business and less ostentatious spending by younger adults.

Future Directions

The successful restaurant chain is flexible in its approach to the type of meals it sells, offering different specialties at different locations. Today, Americans consider eating out a "fun experience" and increasingly seek foods that represent culinary delights of different ethnic groups—Chinese, French, Italian, German, etc. When restaurants are planned in a cluster setting, economies in ordering, delivery, and advertising can be maximized. Standardized preparation methods have resulted in greater efficiency, portion control, and lower labor costs for "chef-less" restaurants. More family-type full service restaurants will probably offer less varied menus in the years ahead. The trend toward menu specialization—steaks, roast beef, seafood, or chicken—has already begun. In recent years, medium priced restaurants have sought to accommodate the "middle American" consumer by offering a quality product, served in an atmosphere designed to create repeat sales.

Restaurant and bar sales are expected to increase in the future because of changing American life styles that stress increased leisure time and greater mobility. Retirees and the growing young adult population with a high proportion of working women will be eating out rather than preparing food at home.

Flexibility by food management in their approach to the needs of the consumer also will provide for increased sales in the future. Recent innovations in the fast food group include the addition of a breakfast menu and an increased number of entrees available. In the restaurant area, changing the restaurant decor and type of food served and new menu selections will provide the means to adapt to changing consumer preferences.

TECHNICAL NOTE AND SELECTED CENSUS TABULATIONS

Data from the Bureau of the Census which supplement individual industry statements in this publication are based on 1967 Standard Industrial Classification Manual definitions in order to compare selected data from the Economic Censuses conducted in 1972 and 1967.

The following statistical tables from the Bureau of the Census are based on the 1972 Standard Industrial Classification Manual definitions and are not necessarily comparable to the 1967 Census.

SELECTED SERVICE INDUSTRIES

United States, by Kind of Business: 1972

1972 SIC code	Kind of business	All establishments: Number	All establishments: Receipts ($1,000)	Operated by unincorporated businesses[1]: Sole proprietorships (number)	Operated by unincorporated businesses[1]: Partnerships (number)	Establishments with payroll: Number	Establishments with payroll: Receipts ($1,000)	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	SELECTED SERVICES, TOTAL	1 590 248	112 970 391	1 083 591	109 254	683 614	103 236 989	33 424 040	7 841 935	5 305 181
	HOTELS, MOTELS, TRAILERING PARKS, CAMPS									
701,3	TOTAL	79 685	10 638 153	41 672	8 327	46 509	10 197 240	2 970 623	681 742	726 577
7011	HOTELS, MOTOR HOTELS, AND MOTELS	58 688	10 087 819	26 403	6 672	40 837	9 833 814	2 877 693	666 325	711 051
7011 PT.	HOTELS	13 989	4 794 289	4 973	1 652	10 750	4 745 013	1 601 790	380 129	346 955
7011 PT.	HOTELS, 25 OR MORE GUEST ROOMS	**	**	**	**	7 382	4 562 484	1 560 777	370 741	333 716
7011 PT.	HOTELS, LESS THAN 25 GUEST ROOMS	**	**	**	**	3 368	182 529	41 013	9 388	13 239
7011 PT.	MOTELS, MOTOR HOTELS, AND TOURIST COURTS	44 699	5 293 530	21 430	5 020	30 087	5 088 801	1 275 903	286 196	364 096
7011 PT.	MOTELS, TOURIST COURTS	**	**	**	**	27 739	3 854 471	932 870	207 355	273 056
7011 PT.	MOTOR HOTELS	**	**	**	**	2 348	1 234 330	343 033	78 841	91 040
7032	SPORTING AND RECREATIONAL CAMPS	7 208	265 965	4 444	462	3 165	224 537	66 525	10 247	10 524
7033	TRAILERING PARKS AND CAMPSITES FOR TRANSIENTS	13 789	284 369	10 825	1 193	2 507	138 889	26 405	5 170	5 002
	PERSONAL SERVICES									
72	TOTAL	503 378	14 049 320	382 981	27 208	196 989	11 692 013	4 324 742	1 066 388	976 709
721	LAUNDRY, CLEANING, OTHER GARMENT SERVICES	97 340	5 800 430	54 053	9 273	61 420	5 334 057	2 078 750	519 610	468 264
7215	COIN-OPERATED LAUNDRIES AND DRY CLEANING	31 642	878 641	18 607	3 815	17 550	673 361	142 708	38 160	46 110
7215 PT.	COIN-OPERATED LAUNDRIES AND DRY-CLEANING STORES	**	**	**	**	16 767	545 614	116 032	31 358	41 928
7215 PT.	COIN-OPERATED LAUNDRY MACHINE ROUTES	**	**	**	**	783	127 747	26 676	6 802	4 182
721 EX.7215	OTHER LAUNDRY, CLEANING, AND GARMENT SERVICES	65 698	4 921 789	35 446	5 458	43 870	4 660 696	1 936 042	481 450	422 154
7211	POWER LAUNDRIES, FAMILY AND COMMERCIAL*	**	**	**	**	3 094	670 273	353 310	87 568	80 688
7216	DRY-CLEANING PLANTS, EXCEPT RUG CLEANING*	**	**	**	**	28 422	1 759 486	718 504	182 295	186 701
7212	GARMENT PRESSING AND AGENTS FOR LAUNDRIES AND DRY CLEANERS	**	**	**	**	4 444	180 330	55 955	14 800	15 069
7218	INDUSTRIAL LAUNDERERS*	**	**	**	**	1 020	782 228	298 964	73 702	48 859
7213	LINEN SUPPLY*	**	**	**	**	1 314	927 480	385 065	92 635	65 622
7214	DIAPER SERVICE*	**	**	**	**	250	59 968	25 727	6 476	4 303
7217	CARPET AND UPHOLSTERY CLEANING	**	**	**	**	2 655	177 134	62 235	14 307	11 449
7219	OTHER LAUNDRY AND GARMENT SERVICES	**	**	**	**	2 671	103 797	36 282	9 647	9 463
722	PHOTOGRAPHIC STUDIOS, PORTRAIT	29 973	767 859	25 688	875	5 796	542 429	136 009	32 102	26 394
723,4	BEAUTY AND BARBER SHOPS	280 896	3 910 061	232 145	11 993	99 361	2 811 433	1 343 243	324 222	317 522
723	BEAUTY SHOPS	189 102	3 025 143	150 169	8 399	79 567	2 417 669	1 164 596	278 514	279 331
724	BARBER SHOPS	91 794	884 918	81 976	3 594	19 794	393 764	178 647	45 708	38 191
725	SHOE REPAIR, SHOESHINE, AND HAT-CLEANING SHOPS	12 924	209 945	10 810	477	4 043	125 945	37 690	9 457	8 580
726	FUNERAL SERVICE AND CREMATORIES[2]	20 854	2 218 289	8 952	2 187	15 448	2 071 442	463 954	110 673	70 191
729	MISCELLANEOUS PERSONAL SERVICES	61 391	1 143 236	51 333	2 403	10 921	806 707	265 096	70 324	85 758
729 PT.	REDUCING SALONS AND HEALTH CLUBS, EX. RESORTS	**	**	**	**	1 978	215 467	68 252	16 832	16 602
729 PT.	OTHER PERSONAL SERVICES, N.E.C.	**	**	**	**	8 943	591 240	196 844	53 492	69 156
	BUSINESS SERVICES									
73	TOTAL	326 077	37 801 941	211 974	13 173	125 404	35 493 489	12 249 607	2 898 948	1 759 438
731	ADVERTISING	28 440	10 605 327	18 004	959	10 016	10 342 279	1 287 659	314 969	111 498
7311	ADVERTISING AGENCIES	**	**	**	**	7 188	9 393 006	961 562	236 039	74 566
7312	OUTDOOR ADVERTISING SERVICES	**	**	**	**	1 035	414 994	112 492	26 937	11 858
7313 PT.	RADIO, TELEVISION ADVERTISING REPRESENTATIVES	**	**	**	**	359	108 243	51 278	12 049	3 674
7313 PT.	PUBLISHERS' ADVERTISING REPRESENTATIVES	**	**	**	**	555	203 898	104 672	26 673	11 456
7319	MISCELLANEOUS ADVERTISING	**	**	**	**	879	222 138	57 655	13 272	9 944
734	SERVICES TO DWELLINGS AND OTHER BUILDINGS	51 263	2 529 440	36 984	2 395	21 306	2 306 912	1 312 410	307 556	333 468
7341	WINDOW CLEANING	**	**	**	**	1 210	71 128	39 186	9 289	7 469
7342	DISINFECTING AND EXTERMINATING SERVICES	**	**	**	**	4 604	513 988	224 091	50 931	32 002
7349	OTHER CLEANING AND MAINTENANCE SERVICES	**	**	**	**	15 492	1 721 796	1 049 133	247 336	293 997
737	COMPUTER AND DATA PROCESSING SERVICES	8 653	3 440 381	2 539	309	6 016	3 410 923	1 324 307	316 741	127 449
7372	COMPUTER PROGRAMING AND OTHER SOFTWARE SERVICES	**	**	**	**	1 562	970 789	497 967	121 280	37 657
7374 PT.	DATA PROCESSING SERVICES, EXCEPT FACILITIES MANAGEMENT	**	**	**	**	3 598	1 667 486	628 660	148 909	71 271
7374 PT.	COMPUTER FACILITIES MANAGEMENT	**	**	**	**	247	221 922	80 330	19 054	7 640
7379	COMPUTER RELATED SERVICES, N.E.C.	**	**	**	**	609	550 726	117 350	27 498	10 881
7392	MANAGEMENT, CONSULTING, PUBLIC RELATIONS SERVICES	81 902	4 257 049	64 268	1 448	17 787	3 548 739	1 539 105	367 588	143 219
7392 PT.	MANAGEMENT AND CONSULTING SERVICES	**	**	**	**	15 516	3 259 356	1 425 768	340 765	133 263
7392 PT.	PUBLIC RELATIONS SERVICES	**	**	**	**	2 271	289 383	113 337	26 823	9 956
7394	EQUIPMENT RENTAL AND LEASING SERVICES	21 786	2 369 727	11 831	1 223	9 373	2 205 239	561 879	127 673	60 799
7394 PT.	EQUIPMENT RENTAL	**	**	**	**	5 590	1 053 469	254 353	58 721	30 762
7394 PT.	EQUIPMENT LEASING, EXCEPT FINANCE LEASING	**	**	**	**	1 513	422 706	86 612	19 830	9 637
7394 PT.	LEASING, RENTAL OF HEAVY CONSTRUCTION EQUIPMENT WITHOUT OPERATORS	**	**	**	**	1 204	311 079	82 461	18 063	8 255
7394 PT.	RENTAL OF HEAVY CONSTRUCTION EQUIPMENT WITH OPERATORS	**	**	**	**	1 066	417 985	138 453	31 059	12 145

Standard Notes: - Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.

~~*See kind-of-business descriptions for treatment of plant outlets.~~

**Data not provided because establishments with no payroll are classified only at the next broader kind-of-business level.

[1]Includes only establishments for which legal form of organization is known. Those for which it could not be determined account in total for about 9 percent of all establishments and about 7 percent of total sales and receipts in the United States. These percentages, however, may vary considerably by geographic area and kind-of-business classification.

[2]Receipts include repayments of cash advances which were not part of the cost of the complete funeral service.

SELECTED SERVICE INDUSTRIES

United States, by Kind of Business: 1972—Continued

1972 SIC code	Kind of business	All establishments: Number	All establishments: Receipts ($1,000)	Operated by unincorporated businesses[1]: Sole proprietorships (number)	Operated by unincorporated businesses[1]: Partnerships (number)	Establishments with payroll: Number	Establishments with payroll: Receipts ($1,000)	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	BUSINESS SERVICES--CONTINUED									
OTHER 73	OTHER BUSINESS SERVICES	134 033	14 600 017	78 348	6 839	60 906	13 679 397	6 224 247	1 464 421	983 005
732 PT.	ADJUSTMENT AND COLLECTION AGENCIES	--	--	--	--	4 201	422 187	189 098	44 525	30 415
732 PT.	MERCANTILE REPORTING AGENCIES	--	--	--	--	381	174 385	91 812	23 306	11 638
732 PT.	CONSUMER CREDIT REPORTING AGENCIES	--	--	--	--	1 662	206 606	104 479	24 870	21 079
7331	DIRECT MAIL ADVERTISING SERVICES	--	--	--	--	1 755	537 603	200 640	48 217	33 313
7332	BLUEPRINTING AND PHOTOCOPYING SERVICES	--	--	--	--	1 413	227 029	78 258	18 209	11 492
7339 PT.	STENOGRAPHIC, COURT REPORTING, TYPING SERVICES	--	--	--	--	1 616	120 877	46 687	11 352	7 548
7339 PT.	DUPLICATING SERVICES, EXCEPT PRINTING	--	--	--	--	742	83 098	30 972	7 612	4 741
7333	COMMERCIAL PHOTOGRAPHY, ART, GRAPHICS, AND RELATED DESIGN	--	--	--	--	6 055	881 613	319 316	75 856	35 063
7333 PT.	COMMERCIAL PHOTOGRAPHY	--	--	--	--	2 684	302 414	103 195	24 741	12 968
7333 PT.	COMMERCIAL ART	--	--	--	--	1 387	213 756	87 162	21 065	8 185
7333 PT.	OTHER	--	--	--	--	1 984	365 443	128 959	30 050	13 910
735	NEWS SYNDICATES	--	--	--	--	269	195 512	78 120	17 350	5 897
7361	PRIVATE EMPLOYMENT AGENCIES	--	--	--	--	6 378	504 855	242 836	53 547	38 12[illegible]
7362 PT.	TEMPORARY OFFICE HELP SUPPLY SERVICES	--	--	--	--	1 709	475 024	353 471	79 418	120 034
7362 PT.	TEMPORARY HELP SUPPLY, EXCEPT OFFICE WORKERS	--	--	--	--	1 244	443 189	327 394	70 314	59 136
7369	PERSONNEL SUPPLY SERVICES, N.E.C.	--	--	--	--	797	814 504	484 220	110 997	49 482
7391	COMMERCIAL RESEARCH, DEVELOPMENT LABORATORIES	--	--	--	--	2 021	1 764 057	908 595	219 132	72 536
7397	COMMERCIAL TESTING LABORATORIES	--	--	--	--	1 813	393 004	193 486	45 627	22 515
7393 PT.	DETECTIVE AGENCIES AND GUARD SERVICES	--	--	--	--	3 490	912 252	669 064	159 630	176 315
7393 PT.	ARMORED CAR SERVICES	--	--	--	--	1 019	232 464	142 021	34 709	21 260
7393 PT.	BURGLAR AND FIRE ALARM SYSTEMS	--	--	--	--	717	274 785	119 219	28 981	14 382
7395	PHOTOFINISHING LABORATORIES*	--	--	--	--	1 979	1 165 297	300 849	72 527	44 417
7396	TRADING STAMP SERVICES (SALES OFFICES)	--	--	--	--	261	570 397	28 888	7 364	3 559
7399 PT.	SIGN PAINTING SHOPS	--	--	--	--	1 546	105 529	38 193	8 953	5 748
7399 PT.	INTERIOR DESIGNING	--	--	--	--	1 697	241 191	63 413	15 180	6 792
7399 PT.	TELEPHONE ANSWERING SERVICES	--	--	--	--	2 403	204 880	101 677	24 683	26 112
7399 PT.	WATER SOFTENING SERVICES	--	--	--	--	1 593	227 552	76 381	17 745	10 091
7399 PT.	PACKAGING AND LABELING SERVICES	--	--	--	--	701	217 119	79 723	19 107	14 238
7399 PT.	MISCELLANEOUS BUSINESS SERVICES, N.E.C.	--	--	--	--	13 444	2 284 388	955 435	225 210	137 079
	AUTOMOTIVE REPAIR, SERVICES, AND GARAGES									
75	TOTAL	168 959	12 081 100	102 798	14 440	90 536	10 928 961	2 553 377	606 759	392 498
753	AUTOMOTIVE REPAIR SHOPS	127 203	7 045 122	85 192	11 301	65 498	6 134 282	1 699 338	398 475	237 865
7538	GENERAL AUTOMOTIVE REPAIR SHOPS	71 862	3 175 673	52 029	6 154	30 652	2 569 121	653 285	152 518	98 238
7538 PT.	GENERAL AUTOMOTIVE REPAIR SHOPS, EX. DIESEL	--	--	--	--	29 175	2 343 642	591 777	138 423	90 479
7538 PT.	DIESEL REPAIR SHOPS	--	--	--	--	1 477	225 479	61 508	14 095	7 759
7531	TOP AND BODY REPAIR SHOPS	31 810	1 776 468	20 971	3 109	18 293	1 577 588	485 953	115 396	65 659
7534,5,9	OTHER AUTOMOTIVE REPAIR SHOPS	23 531	2 092 981	12 192	2 038	16 553	1 987 573	560 100	130 561	73 968
7534	TIRE RETREADING AND REPAIR SHOPS	--	--	--	--	2 056	485 541	110 769	25 973	15 648
7535	PAINT SHOPS	--	--	--	--	2 463	232 365	77 907	18 635	11 470
7539 PT.	AUTO ELECTRICAL AND FUEL SYSTEM SERVICES	--	--	--	--	1 522	133 441	36 528	8 541	5 281
7539 PT.	RADIATOR REPAIR	--	--	--	--	2 058	156 073	42 614	9 578	5 922
7539 PT.	GLASS REPLACEMENT AND REPAIR	--	--	--	--	1 811	266 694	72 725	17 240	8 760
7539 PT.	BRAKE, FRONT END, AND WHEEL ALIGNMENT	--	--	--	--	2 304	243 247	79 992	18 584	9 936
7539 PT.	EXHAUST SYSTEM SERVICES (MUFFLER SHOPS)	--	--	--	--	1 128	170 656	44 028	9 540	4 885
7539 PT.	TRANSMISSION REPAIR SHOPS	--	--	--	--	2 449	215 702	70 762	16 670	8 728
7539 PT.	OTHER AUTOMOTIVE REPAIR SHOPS, N.E.C.	--	--	--	--	762	83 854	24 775	5 800	3 338
751	AUTOMOTIVE RENTAL AND LEASING, WITHOUT DRIVERS	10 474	3 558 825	2 175	415	7 390	3 486 412	482 550	117 294	62 687
7512 PT.	PASSENGER CAR RENTAL, WITHOUT DRIVERS	--	--	--	--	2 332	1 002 209	161 651	39 692	24 761
7512 PT.	PASSENGER CAR LEASING, EXCEPT FINANCE LEASING	--	--	--	--	1 451	755 199	62 038	14 948	7 252
7513 PT.	TRUCK RENTAL, WITHOUT DRIVERS	--	--	--	--	939	451 554	58 296	13 595	7 317
7513 PT.	TRUCK LEASING, EXCEPT FINANCE LEASING	--	--	--	--	2 326	1 241 805	194 835	47 739	22 525
7519	UTILITY AND RECREATIONAL VEHICLE RENTAL	--	--	--	--	342	35 645	5 730	1 320	832
752	AUTOMOBILE PARKING	10 505	725 305	2 257	487	9 389	711 368	174 762	43 095	37 295
7523	PARKING LOTS	--	--	--	--	7 396	420 770	94 949	23 390	22 990
7525	PARKING STRUCTURES	--	--	--	--	1 993	290 598	79 813	19 705	14 305
754	AUTOMOTIVE SERVICES, EXCEPT REPAIR	20 777	751 848	13 174	2 037	8 259	596 899	196 727	47 895	54 651
7542	CAR WASH	--	--	--	--	6 267	429 394	136 072	33 692	45 267
7549	OTHER AUTOMOTIVE SERVICES	--	--	--	--	1 992	167 505	60 655	14 203	9 384
	MISCELLANEOUS REPAIR SERVICES									
76	TOTAL	148 925	5 854 906	117 399	6 632	46 677	4 835 956	1 585 687	369 029	206 842
762	ELECTRICAL AND ELECTRONIC REPAIR SHOPS	53 357	2 142 081	42 141	2 370	16 565	1 729 261	573 148	135 103	74 442
7622	RADIO AND TELEVISION REPAIR SHOPS	34 810	1 086 464	28 361	1 563	9 851	829 349	260 327	63 061	38 015
7623,9	OTHER ELECTRICAL AND ELECTRONIC REPAIR	18 547	1 055 617	13 780	807	6 714	899 912	312 821	72 042	36 427
7623	REFRIGERATION AND AIR-CONDITIONING REPAIR	--	--	--	--	2 868	304 996	89 606	19 793	10 274
7629	ELECTRICAL AND ELECTRONIC REPAIR, N.E.C.	--	--	--	--	3 846	594 916	223 215	52 249	26 153
764	REUPHOLSTERY AND FURNITURE REPAIR	24 499	490 594	20 550	1 136	6 821	334 249	106 377	25 191	19 139
763,9	OTHER REPAIR SHOPS AND RELATED SERVICES	71 069	3 222 231	54 708	3 126	23 291	2 772 446	906 162	208 735	113 261
763	WATCH, CLOCK, AND JEWELRY REPAIR	--	--	--	--	1 525	89 340	27 321	6 612	4 256
769	MISCELLANEOUS REPAIR AND RELATED SERVICES	--	--	--	--	21 766	2 683 106	878 841	202 123	109 005
7692	WELDING REPAIR	--	--	--	--	4 313	367 303	119 507	26 419	15 857
7694	ARMATURE REWINDING SHOPS	--	--	--	--	2 473	606 067	201 243	45 991	21 868
7699 PT.	FARM MACHINERY AND EQUIPMENT REPAIR SHOPS	--	--	--	--	906	76 915	17 149	3 913	2 701
7699 PT.	LAWNMOWER, SAW, KNIFE, TOOL SHARPENING, REPAIR	--	--	--	--	1 396	100 762	27 881	6 265	3 905
7699 PT.	SEWER AND SEPTIC TANK CLEANING SERVICES	--	--	--	--	1 311	122 197	43 478	9 492	5 217
7699 PT.	OTHER REPAIR AND RELATED SERVICES, N.E.C.	--	--	--	--	11 367	1 409 862	469 583	110 043	59 457

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SELECTED SERVICE INDUSTRIES

United States, by Kind of Business: 1972—Continued

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	AMUSEMENT AND RECREATION SERVICES, INCLUDING MOTION PICTURES									
8,79	TOTAL	145 983	13 445 050	84 276	7 960	66 064	12 660 113	3 848 259	860 888	653 047
81,2	MOTION PICTURE PRODUCTION, DISTRIBUTION, SERVICES	6 555	2 920 415	3 174	431	4 704	2 856 799	795 490	192 314	64 660
813	MOTION PICTURE PRODUCTION, EXCEPT FOR TV	**	**	**	**	1 392	238 517	217 911	51 923	16 941
814	MOTION PICTURE, TAPE PRODUCTION FOR TV	**	**	**	**	1 138	464 471	241 094	57 996	15 106
819	SERVICES ALLIED TO MOTION PICTURE PRODUCTION	**	**	**	**	855	389 419	148 478	33 965	11 975
823	MOTION PICTURE FILM EXCHANGES	**	**	**	**	877	1 381 491	135 023	34 852	15 110
824	FILM OR TAPE DISTRIBUTION FOR TV	**	**	**	**	151	319 648	33 301	8 784	2 075
829	SERVICES ALLIED TO MOTION PICTURE DISTRIBUTION	**	**	**	**	291	63 253	19 683	4 794	3 453
83	MOTION PICTURE THEATERS	12 699	1 832 968	2 321	993	11 670	1 815 916	381 065	90 306	127 435
832	MOTION PICTURE THEATERS, EXCEPT DRIVE-IN	**	**	**	**	8 328	1 402 758	300 039	73 208	101 737
833	DRIVE-IN MOTION PICTURE THEATERS	**	**	**	**	3 342	413 158	81 026	17 098	25 698
92	PRODUCERS, ORCHESTRAS, ENTERTAINERS	47 727	1 436 093	41 444	1 225	7 641	1 110 505	473 861	112 854	58 359
929 PT.	DANCE BANDS, ORCHESTRAS, EXCEPT SYMPHONY	**	**	**	**	3 018	109 624	58 303	14 122	15 880
929 PT.	SYMPHONY ORCHESTRAS, OTHER CLASSICAL MUSIC AND DANCE GROUPS	**	**	**	**	389	85 497	82 671	20 914	9 659
929 PT.	OTHER ENTERTAINMENT PRESENTATIONS INCL. VARIETY	**	**	**	**	1 795	297 677	92 812	21 261	9 327
922 PT.	PRODUCERS OF LEGITIMATE THEATER	**	**	**	**	934	277 209	99 842	23 357	10 [illegible]22
922 PT.	PRODUCERS OF RADIO AND TV SHOWS, EXCEPT TAPE	**	**	**	**	258	82 842	30 360	7 177	2 [illegible]99
922 PT.	THEATRICAL SERVICES	**	**	**	**	1 249	257 456	109 873	26 023	10 472
922 PT.	ARTISTS' AND ENTERTAINERS' MANAGERS OR AGENTS, CONCERT BUREAUS, BOOKING AGENTS	**	**	**	**	809	156 362	55 860	13 202	4 396
922 PT.	OTHER THEATRICAL SERVICES	**	**	**	**	440	99 094	54 013	12 821	6 076
93	BOWLING ALLEYS, BILLIARDS, POOL	14 301	1 204 037	6 898	1 112	9 048	1 142 266	324 056	84 513	94 877
932	BILLIARD AND POOL ESTABLISHMENTS	5 847	115 149	4 088	472	2 531	81 004	20 115	5 415	6 463
933	BOWLING ALLEYS	8 454	1 088 888	2 810	640	6 517	1 061 262	303 941	79 098	88 414
EX,792,3	OTHER AMUSEMENT AND RECREATION SERVICES	62 701	6 051 537	30 439	4 199	33 001	5 734 627	1 873 787	380 901	307 716
91	DANCE HALLS, STUDIOS, AND SCHOOLS	**	**	**	**	2 370	89 515	33 252	8 684	10 756
91 PT.	PUBLIC DANCE HALLS OR BALLROOMS	**	**	**	**	339	23 905	7 424	1 804	2 739
91 PT.	DANCE SCHOOLS, INCLUDING CHILDREN'S AND PROFESSIONALS'	**	**	**	**	2 031	65 610	25 828	6 880	8 017
94	COMMERCIAL SPORTS	**	**	**	**	2 733	1 520 279	433 450	92 466	48 308
941	PROFESSIONAL SPORTS CLUBS, MGRS., PROMOTERS	**	**	**	**	537	512 904	207 019	45 535	14 515
941 PT.	BASEBALL CLUBS	**	**	**	**	152	120 207	60 545	9 207	3 944
941 PT.	FOOTBALL CLUBS	**	**	**	**	46	144 440	63 244	11 101	1 509
941 PT.	OTHER PROFESSIONAL SPORTS	**	**	**	**	173	151 193	55 138	17 997	5 707
941 PT.	MANAGERS AND PROMOTERS	**	**	**	**	166	97 064	28 092	7 230	3 355
948	RACING, INCLUDING TRACK OPERATION	**	**	**	**	2 196	1 007 375	226 431	46 951	33 793
948 PT.	RACETRACK OPERATION	**	**	**	**	883	893 241	194 327	39 344	27 886
948 PT.	AUTO RACETRACK OPERATION	**	**	**	**	593	102 989	16 342	2 667	4 201
948 PT.	HORSE RACETRACK OPERATION	**	**	**	**	247	684 232	153 860	31 342	19 894
948 PT.	DOG RACETRACK OPERATION	**	**	**	**	43	106 020	24 125	5 335	3 791
948 PT.	RACING STABLES, RACING, N.E.C.	**	**	**	**	1 313	114 134	32 104	7 607	5 907
992	PUBLIC GOLF COURSES, EXCEPT MUNICIPAL	**	**	**	**	2 315	257 363	82 724	14 402	12 785
997	MEMBERSHIP SPORTS AND RECREATION CLUBS	**	**	**	**	9 553	1 598 528	649 661	127 546	116 546
993	COIN-OPERATED AMUSEMENT DEVICES	**	**	**	**	2 061	297 406	72 027	16 940	10 165
996	AMUSEMENT PARKS	**	**	**	**	682	467 718	159 043	26 343	20 399
999 PT.	CONCESSION OPERATORS OF AMUSEMENT DEVICES, RIDES	**	**	**	**	1 041	112 832	27 347	4 061	3 893
999 PT.	CARNIVALS, CIRCUSES	**	**	**	**	337	97 565	19 726	2 712	3 205
999 PT.	FAIRS	**	**	**	**	529	60 521	15 971	2 517	2 688
999 PT.	OTHER COMMERCIAL RECREATION AND AMUSEMENTS	**	**	**	**	11 380	1 232 900	380 586	85 210	78 971
	DENTAL LABORATORIES									
072	TOTAL	8 543	573 126	5 095	722	3 131	518 579	218 376	52 238	29 827
	LEGAL SERVICES									
	TOTAL	144 452	10 938 178	95 820	25 488	77 262	9 724 199	2 317 648	537 016	267 656
	ARCHITECTURAL, ENGINEERING, AND LAND-SURVEYING SERVICES									
1	TOTAL	64 246	7 588 117	41 576	5 304	29 022	7 186 439	3 355 721	768 927	292 587
11 PT.	ARCHITECTURAL SERVICES	**	**	**	**	10 544	2 203 993	869 426	197 251	73 683
11 PT.	ENGINEERING SERVICES	**	**	**	**	13 676	4 567 369	2 275 521	525 448	190 906
11 PT.	LAND-SURVEYING SERVICES	**	**	**	**	4 802	415 077	210 774	46 228	27 998

Standard Notes. - Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.
**Data not provided because establishments with no payroll are classified only at the next broader kind-of-business level.
[1]Includes only establishments for which legal form of organization is known. Those for which it could not be determined account in total for about 9 percent of all establishments and about 7 percent of total sales and receipts in the United States. These percentages, however, may vary considerably by geographic area and kind-of-business classification.

RETAIL TRADE

United States, by Kind of Business: 1972

1972 SIC code	Kind of business	All establishments: Number	All establishments: Sales ($1,000)	Operated by unincorporated businesses: Sole proprietorships (number)	Operated by unincorporated businesses: Partnerships (number)	Establishments with payroll: Number	Sales ($1,000)	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	RETAIL TRADE, TOTAL	1 912 871	459 040 436	987 354	149 742	1 264 922	440 221 656	55 372 140	13 033 237	11 210 998
	BUILDING MATERIALS, HARDWARE, GARDEN SUPPLY, AND MOBILE HOME DEALERS									
52	TOTAL	83 842	23 844 148	30 938	8 248	62 046	22 957 855	2 674 905	618 750	405 325
521,3	BUILDING MATERIALS AND SUPPLY STORES	38 881	15 313 940	10 471	3 431	31 869	15 027 431	1 784 225	410 595	250 469
521	LUMBER AND OTHER BUILDING MATERIALS DEALERS	**	**	**	**	23 062	13 526 507	1 550 984	354 896	215 555
523	PAINT, GLASS, AND WALLPAPER STORES	**	**	**	**	8 807	1 500 924	233 241	55 699	34 914
525	HARDWARE STORES	26 374	3 957 373	12 173	3 432	18 530	3 634 359	490 279	113 922	95 164
526	RETAIL NURSERIES, LAWN AND GARDEN SUPPLY STORES	8 131	829 547	5 109	555	3 849	694 807	121 537	26 034	22 055
527	MOBILE HOME DEALERS	10 456	3 743 288	3 185	830	7 798	3 601 258	278 864	61 199	37 637
	GENERAL MERCHANDISE GROUP STORES									
53	TOTAL	56 245	65 090 832	17 211	3 534	44 409	64 668 930	9 036 647	2 082 364	1 887 153
531	DEPARTMENT STORES[1]	7 742	51 083 522	6	31	7 742	51 083 522	7 225 719	1 652 637	1 437 065
533	VARIETY STORES	21 852	7 343 967	6 375	1 054	18 393	7 220 301	1 112 752	268 381	290 061
539	MISCELLANEOUS GENERAL MERCHANDISE STORES	26 651	6 663 343	10 830	2 449	18 274	6 365 107	698 176	161 346	160 027
	FOOD STORES									
54	TOTAL	267 352	100 718 864	141 349	21 584	173 084	96 374 793	8 820 188	2 088 104	1 722 486
541	GROCERY STORES	194 346	93 327 525	100 097	15 464	128 115	90 048 234	7 845 656	1 858 651	1 471 695
542	MEAT, FISH (SEAFOOD) MARKETS, INCL. FREEZER PROV.	16 586	2 809 928	9 386	1 987	10 706	2 506 072	254 090	60 326	47 686
5422	FREEZER AND LOCKER MEAT PROVISIONERS	**	**	**	**	769	240 568	29 227	6 960	5 563
5423 PT.	MEAT MARKETS	**	**	**	**	8 234	1 987 828	196 878	47 032	36 063
5423 PT.	FISH (SEAFOOD) MARKETS	**	**	**	**	1 703	277 676	27 985	6 334	6 060
543	FRUIT STORES AND VEGETABLE MARKETS	8 371	695 115	6 354	699	3 127	517 876	50 185	10 632	10 834
544	CANDY, NUT, AND CONFECTIONERY STORES	12 872	690 961	7 085	640	6 804	493 551	76 368	18 500	25 201
546	RETAIL BAKERIES	19 203	1 663 911	9 662	1 642	15 148	1 547 253	426 131	101 363	119 279
5462	RETAIL BAKERIES--BAKING AND SELLING	**	**	**	**	12 870	1 310 262	383 531	90 842	106 759
5463	RETAIL BAKERIES--SELLING ONLY	**	**	**	**	2 278	236 991	42 600	10 521	12 520
545,9	OTHER FOOD STORES	15 97[illegible]	1 531 424	8 765	1 132	9 184	1 261 807	167 758	38 632	47 791
545	DAIRY PRODUCTS STORES	**	**	**	**	6 015	874 529	110 948	25 634	35 377
549	MISCELLANEOUS FOOD STORES	**	**	**	**	3 169	387 278	56 810	12 998	12 414
	AUTOMOTIVE DEALERS									
55 EX. 554	TOTAL	121 369	90 030 255	49 528	9 589	85 085	88 490 748	8 622 410	2 043 502	1 035 372
551	MOTOR VEHICLE DEALERS--NEW AND USED CARS	32 452	73 309 216	3 612	2 347	31 558	73 253 676	6 843 029	1 640 747	765 606
551 PT.	DEALERS WITH DOMESTIC CAR FRANCHISE ONLY	**	**	**	**	22 574	50 908 080	4 573 489	1 098 843	521 459
551 PT.	DEALERS WITH IMPORTED CAR FRANCHISE ONLY	**	**	**	**	3 939	6 459 353	794 507	189 535	85 149
551 PT.	DEALERS WITH DOMESTIC, IMPORTED CAR FRANCHISES	**	**	**	**	5 045	15 886 243	1 475 033	352 369	158 998
552	MOTOR VEHICLE DEALERS--USED CARS ONLY	31 785	4 523 963	21 910	2 363	12 754	3 563 413	256 438	58 867	39 445
553	AUTO AND HOME SUPPLY STORES	37 510	7 542 848	14 291	3 168	29 126	7 271 354	1 103 114	253 221	167 679
553 PT.	TIRE, BATTERY, AND ACCESSORY DEALERS	**	**	**	**	22 395	5 526 485	885 013	203 413	131 004
553 PT.	OTHER AUTO AND HOME SUPPLY STORES	**	**	**	**	6 731	1 744 869	218 101	49 808	36 675
555,6,7,9	MISCELLANEOUS AUTOMOTIVE DEALERS	19 622	4 654 228	9 715	1 691	11 647	4 402 305	419 829	90 667	62 642
555	BOAT DEALERS	**	**	**	**	4 318	1 560 308	153 555	33 189	23 617
556	RECREATIONAL AND UTILITY TRAILER DEALERS	**	**	**	**	2 251	1 167 290	82 064	17 530	11 579
557	MOTORCYCLE DEALERS	**	**	**	**	3 416	1 179 906	137 045	29 548	20 178
559	AUTOMOTIVE DEALERS, N.E.C.	**	**	**	**	1 662	494 801	47 165	10 400	7 268
	GASOLINE SERVICE STATIONS									
554	TOTAL	226 459	33 655 378	128 833	18 780	183 385	31 440 364	2 974 126	706 467	747 668
	APPAREL AND ACCESSORY STORES									
56	TOTAL	129 201	24 741 375	41 974	11 729	105 717	24 114 731	3 602 359	860 589	800 39[illegible]
562,3,8	WOMEN'S CLOTHING, SPECIALTY STORES, FURRIERS	49 639	9 397 068	16 830	4 552	40 631	9 172 819	1 362 548	326 236	332 463
562	WOMEN'S READY-TO-WEAR STORES	38 762	8 451 228	11 883	3 886	33 375	8 307 713	1 222 012	291 938	299 537
563	WOMEN'S ACCESSORY AND SPECIALTY STORES	8 859	746 362	3 810	548	6 231	686 023	107 579	26 167	28 065
563 PT.	MILLINERY STORES	**	**	**	**	828	64 853	11 252	2 737	3 254
563 PT.	CORSET AND LINGERIE STORES	**	**	**	**	833	90 942	14 528	3 550	3 565
563 PT.	OTHER WOMEN'S ACCESSORY, SPECIALTY STORES	**	**	**	**	4 570	530 228	81 799	19 880	21 246
568	FURRIERS AND FUR SHOPS	2 018	199 478	1 137	118	1 025	179 083	32 957	8 131	4 861
561	MEN'S AND BOYS' CLOTHING AND FURNISHINGS STORES	23 156	5 584 318	5 466	2 288	21 017	5 496 728	860 476	204 870	148 525
565	FAMILY CLOTHING STORES	18 224	4 926 842	6 798	2 110	13 845	4 814 567	669 628	160 765	165 677
566	SHOE STORES	26 850	4 074 583	6 627	1 623	23 390	3 972 325	605 046	143 841	127 923
566 PT.	MEN'S SHOE STORES	**	**	**	**	2 583	443 360	61 595	14 354	10 252
566 PT.	WOMEN'S SHOE STORES	**	**	**	**	5 077	944 569	156 897	37 733	31 815
566 PT.	CHILDREN'S AND JUVENILES' SHOE STORES	**	**	**	**	803	102 889	18 730	4 462	3 442
566 PT.	FAMILY SHOE STORES	**	**	**	**	14 927	2 481 507	367 824	87 292	82 414
564,9	OTHER APPAREL AND ACCESSORY STORES	11 330	758 564	6 253	1 156	6 834	658 292	104 661	24 877	25 806
564	CHILDREN'S AND INFANTS' WEAR STORES	**	**	**	**	3 695	406 025	53 933	12 785	15 260
569	MISCELLANEOUS APPAREL AND ACCESSORY STORES	**	**	**	**	3 139	252 267	50 728	12 092	10 546
	FURNITURE, HOME FURNISHINGS, AND EQUIPMENT STORES									
57	TOTAL	116 857	22 533 328	51 285	9 150	82 473	21 504 846	3 112 854	734 558	474 594
571	FURNITURE AND HOME FURNISHINGS STORES	66 705	14 064 401	28 110	5 834	47 681	13 512 445	2 059 803	483 781	301 683
5712	FURNITURE STORES	38 732	10 442 856	13 905	3 598	30 043	10 127 503	1 514 083	356 908	215 730
OTHER 571	HOME FURNISHINGS STORES	27 973	3 621 545	14 205	2 236	17 638	3 384 942	545 720	126 873	85 953
5713	FLOOR COVERING STORES	**	**	**	**	9 501	2 299 449	359 781	82 963	48 992
5714	DRAPERY, CURTAIN, AND UPHOLSTERY STORES	**	**	**	**	4 140	478 865	89 098	21 181	17 907
5719	MISCELLANEOUS HOME FURNISHINGS STORES	**	**	**	**	3 997	606 628	96 841	22 729	19 054

Standard Notes — Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.
** Data not provided because establishments with no payroll are classified only at the next broader kind-of-business level
[1] Includes sales from catalog order desks.

RETAIL TRADE

United States, by Kind of Business: 1972—Continued

1972 SIC code	Kind of business	All establishments: Number	All establishments: Sales ($1,000)	Operated by unincorporated businesses: Sole proprietorships (number)	Operated by unincorporated businesses: Partnerships (number)	Establishments with payroll: Number	Sales ($1,000)	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	FURNITURE, HOME FURNISHINGS, AND EQUIPMENT STORES--CONTINUED									
572	HOUSEHOLD APPLIANCE STORES	20 262	3 824 090	8 735	1 490	14 552	3 626 954	473 312	111 244	73 238
573	RADIO, TELEVISION, AND MUSIC STORES	29 690	4 644 837	14 440	1 826	20 240	4 365 447	579 739	139 534	99 673
5732	RADIO AND TELEVISION STORES	**	**	**	**	12 711	2 919 498	373 746	90 121	62 310
5733	MUSIC STORES	**	**	**	**	7 529	1 445 949	205 993	49 413	37 303
5733 PT.	RECORD SHOPS	**	**	**	**	2 590	391 133	47 447	11 269	10 7[illegible]2
5733 PT.	MUSICAL INSTRUMENT STORES	**	**	**	**	4 939	1 054 816	158 546	38 144	26 611
	EATING AND DRINKING PLACES									
58	TOTAL	359 524	36 867 707	164 023	34 778	287 250	35 047 577	8 734 504	2 031 224	2 634 457
5812	EATING PLACES	253 136	30 385 361	108 159	23 986	208 899	29 312 731	7 620 220	1 765 209	2 317 425
5812 PT.	RESTAURANTS AND LUNCHROOMS	**	**	**	**	112 658	16 652 826	4 516 307	1 049 145	1 353 843
5812 PT.	SOCIAL CATERERS	**	**	**	**	3 944	663 046	181 027	41 690	51 592
5812 PT.	CAFETERIAS	**	**	**	**	8 162	1 587 166	444 276	106 333	127 399
5812 PT.	REFRESHMENT PLACES	**	**	**	**	72 850	8 537 626	1 917 334	431 730	634 813
5812 PT.	CONTRACT FEEDING	**	**	**	**	5 836	1 515 755	486 863	122 456	122 008
5812 PT.	ICE CREAM, FROZEN CUSTARD STANDS	**	**	**	**	5 451	356 312	74 413	13 855	27 770
5813	DRINKING PLACES (ALCOHOLIC BEVERAGES)	106 388	6 482 346	55 864	10 792	78 351	5 734 846	1 114 284	266 015	317 032
	DRUG STORES AND PROPRIETARY STORES									
591	TOTAL	51 542	15 598 952	14 380	4 164	47 587	15 419 922	2 202 437	531 827	453 928
591 PT.	DRUG STORES	**	**	**	**	44 991	14 900 940	2 148 576	518 420	439 510
591 PT.	PROPRIETARY STORES	**	**	**	**	2 596	518 982	53 861	13 407	14 418
	MISCELLANEOUS RETAIL STORES									
59 EX. 591	TOTAL	500 480	45 959 597	347 833	28 186	193 886	40 201 890	5 591 710	1 342 651	1 049 621
592	LIQUOR STORES	41 991	9 874 465	16 594	4 383	33 698	9 342 129	632 435	152 459	126 637
593	USED MERCHANDISE STORES	33 356	1 494 732	24 793	2 052	11 913	1 179 564	207 477	50 144	44 326
596	NONSTORE RETAILERS	162 121	11 568 448	145 011	1 982	19 673	9 705 389	1 675 348	402 938	276 855
5961	MAIL-ORDER HOUSES	7 982	4 573 971	3 096	417	5 410	4 528 150	736 761	178 863	121 976
5961 PT.	DEPARTMENT STORE MERCHANDISE[1]	**	**	**	**	3 243	2 320 934	505 665	124 174	81 355
5961 PT.	OTHER GENERAL MERCHANDISE	**	**	**	**	363	547 169	38 955	8 484	6 593
5961 PT.	FOOD	**	**	**	**	142	150 727	25 215	6 188	4 308
5961 PT.	APPAREL, ACCESSORIES	**	**	**	**	164	400 823	38 549	9 084	7 198
5961 PT.	FURNITURE, HOME FURNISHINGS, EQUIPMENT	**	**	**	**	194	283 011	32 542	8 094	5 702
5961 PT.	BOOKS, STATIONERY	**	**	**	**	224	187 332	15 840	3 533	2 650
5961 PT.	OTHER	**	**	**	**	1 060	638 154	79 995	19 306	14 170
5962	AUTOMATIC MERCHANDISING MACHINE OPERATORS	12 845	3 010 578	7 841	744	5 399	2 828 590	454 785	110 706	69 897
5962 PT.	CANDY, NUT, CONFECTIONERY	**	**	**	**	815	321 953	55 994	13 771	8 658
5962 PT.	MILK, ICE CREAM	**	**	**	**	73	28 571	4 463	1 029	575
5962 PT.	OTHER BEVERAGES	**	**	**	**	1 111	856 732	169 830	41 859	25 847
5962 PT.	TOBACCO PRODUCTS	**	**	**	**	1 286	868 985	96 351	23 352	13 409
5962 PT.	OTHER	**	**	**	**	2 114	752 349	128 147	30 695	21 408
5963	DIRECT SELLING	141 294	3 983 899	134 074	821	8 864	2 348 649	483 802	113 369	84 982
5963 PT.	BUILDING MATERIALS, HARDWARE, GARDEN SUPPLIES	**	**	**	**	450	99 209	19 038	4 295	2 673
5963 PT.	GENERAL MERCHANDISE	**	**	**	**	450	181 473	44 699	10 383	7 290
5963 PT.	MILK	**	**	**	**	615	240 709	40 589	10 293	5 151
5963 PT.	OTHER FOODS	**	**	**	**	935	228 319	41 622	9 560	6 331
5963 PT.	APPAREL, ACCESSORIES	**	**	**	**	189	66 110	8 049	2 014	1 457
5963 PT.	FURNITURE, HOME FURNISHINGS, EQUIPMENT	**	**	**	**	2 360	565 554	146 425	35 033	27 396
5963 PT.	MOBILE FOOD SERVICE	**	**	**	**	1 093	227 126	46 900	10 641	9 114
5963 PT.	BOOKS, STATIONERY	**	**	**	**	1 117	398 413	70 113	16 531	13 998
5963 PT.	OTHER	**	**	**	**	1 655	341 736	66 367	14 709	11 572
598	FUEL AND ICE DEALERS	19 916	4 792 889	6 913	1 096	15 276	4 601 342	731 493	189 383	102 765
5983	FUEL OIL DEALERS	**	**	**	**	7 276	2 970 791	438 283	115 571	56 605
5984	LIQUEFIED PETROLEUM GAS (BOTTLED GAS) DEALERS	**	**	**	**	6 446	1 435 671	265 667	66 976	40 880
5982	FUEL AND ICE DEALERS, N.E.C.	**	**	**	**	1 554	194 880	27 543	6 836	5 280
5992	FLORISTS	24 464	1 604 801	14 210	2 675	16 503	1 450 320	294 785	69 185	71 411
5993	CIGAR STORES AND STANDS	4 462	422 002	2 417	303	2 595	357 797	41 415	10 065	9 215
594	MISCELLANEOUS SHOPPING GOODS STORES	123 571	11 993 115	68 700	9 117	71 150	10 991 838	1 545 674	361 145	335 729
5941	SPORTING GOODS STORES AND BICYCLE SHOPS	22 535	2 537 686	13 373	1 831	12 356	2 283 851	277 739	61 932	51 284
5941 PT.	GENERAL LINE SPORTING GOODS STORES	**	**	**	**	8 505	1 629 599	194 267	44 145	35 961
5941 PT.	SPECIALTY LINE SPORTING GOODS STORES	**	**	**	**	3 851	654 252	83 472	17 787	15 323
5942	BOOK STORES	7 830	907 027	3 715	629	4 991	853 853	118 080	28 385	28 703
5943	STATIONERY STORES	6 428	753 865	2 310	494	5 108	713 281	113 958	27 382	26 328
5944	JEWELRY STORES	25 316	3 117 740	13 229	1 608	15 956	2 903 574	472 965	111 749	86 419
5945	HOBBY, TOY, AND GAME SHOPS	10 476	907 924	7 250	567	4 267	811 460	94 685	21 528	20 [illegible]
5946	CAMERA AND PHOTOGRAPHIC SUPPLY STORES	4 743	766 737	2 131	269	3 271	735 640	92 028	21 932	15 [illegible]
5947	GIFT, NOVELTY, AND SOUVENIR SHOPS	24 649	1 216 963	15 315	2 163	12 618	1 037 034	151 509	33 842	39 872
5948	LUGGAGE AND LEATHER GOODS STORES	1 810	199 943	819	122	1 169	187 066	29 733	6 932	5 586
5949	SEWING, NEEDLEWORK, AND PIECE GOODS STORES	19 784	1 585 230	10 558	1 434	11 414	1 466 079	194 977	47 463	61 078
5994,9	OTHER MISCELLANEOUS RETAIL STORES	90 599	4 209 145	69 195	6 578	23 078	2 573 511	463 083	107 532	62 683
5994	NEWS DEALERS AND NEWSSTANDS	**	**	**	**	2 720	347 079	39 712	9 623	10 935
5999 PT.	PET SHOPS	**	**	**	**	2 510	231 370	37 213	8 764	8 683
5999 PT.	TYPEWRITER STORES	**	**	**	**	902	122 431	22 475	5 383	3 731
5999 PT.	OPTICAL GOODS STORES	**	**	**	**	5 397	527 835	138 021	32 964	19 991
5999 PT.	~~OTHER RETAIL STORES, N.E.C.~~	**	**	**	**	11 549	1 344 796	225 662	50 796	39 343

Standard Notes: –Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.
**Data not provided because establishments with no payroll are classified only at the next broader kind-of-business level.
[1] Includes catalog store operations.

WHOLESALE TRADE

United States, by Type of Operation and Kind of Business: 1972

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll[1] Amount ($1,000)	Operating expenses, including payroll[1] Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	WHOLESALE TRADE, TOTAL	369 792	695 830 319	45 757 319	66 497 355	10.2	36 901 120	8 814 236	4 027 021
	TYPE OF OPERATION								
	MERCHANT WHOLESALERS, TOTAL	289 980	353 315 986	36 779 759	46 531 215	13.9	25 917 666	6 142 082	3 023 560
	WHOLESALE MERCHANTS AND DISTRIBUTORS	274 733	305 181 518	31 282 205	42 806 591	14.9	24 480 329	5 802 187	2 875 505
	GRAIN ELEVATORS (TERMINALS AND COUNTRY)	5 811	11 440 649	1 196 325	684 176	6.0	271 589	62 304	37 857
	IMPORTERS	6 786	23 092 407	3 260 560	2 428 268	10.5	914 269	217 646	84 862
	EXPORTERS	2 650	13 601 412	1 040 669	612 180	4.5	251 479	59 945	25 336
	MANUFACTURERS' SALES BRANCHES AND SALES OFFICES, TOTAL	47 191	255 562 777	7 986 201	16 353 338	7.2	9 026 048	2 208 085	794 404
	MANUFACTURERS' SALES BRANCHES--WITH STOCK	32 611	124 458 472	7 963 280	11 060 613	11.[illegible]	6 242 440	1 516 122	574 886
	MANUFACTURERS' SALES OFFICES--WITHOUT STOCK	14 580	131 104 305	22 921	5 292 725	4.[illegible]	2 783 608	691 963	219 518
	MERCHANDISE AGENTS AND BROKERS, TOTAL	32 621	86 951 556	991 359	3 612 802	4.2	1 957 406	464 069	209 057
	MERCHANDISE BROKERS FOR BUYERS OR SELLERS	4 770	20 397 799	91 221	648 368	3.2	357 512	84 506	33 933
	COMMISSION MERCHANTS	6 940	18 970 904	240 631	714 680	3.8	383 349	91 983	48 439
	MANUFACTURERS' AGENTS	16 529	23 344 579	290 640	1 659 521	7.1	895 319	210 125	78 163
	SELLING AGENTS	1 723	6 990 389	94 334	227 666	3.2	136 542	32 952	13 634
	AUCTION COMPANIES	1 769	8 170 207	55 717	201 101	2.5	93 435	22 574	27 124
	IMPORT AGENTS	265	3 618 727	138 800	47 268	1.3	31 263	7 300	2 292
	EXPORT AGENTS	440	4 694 104	72 535	84 090	1.9	42 417	10 345	3 568
	PURCHASING AGENTS AND RESIDENT BUYERS	185	764 797	7 481	30 110	3.9	17 569	4 284	1 904
	TYPE BY KIND OF BUSINESS								
	ALL TYPES OF OPERATION								
	TOTAL	369 792	695 830 319	45 757 319	66 497 355	10.2	36 901 120	8 814 236	4 027 021
	DURABLE GOODS								
50	TOTAL	204 126	341 829 504	27 837 362	39 013 194	11.4	21 675 161	5 154 431	2 254 712
501	MOTOR VEHICLES AND AUTOMOTIVE PARTS AND SUPPLIES	36 486	83 015 818	5 441 468	6 254 469	7.6	3 414 590	813 170	391 849
5012	AUTOMOBILES AND OTHER MOTOR VEHICLES	5 550	57 754 909	2 268 348	2 043 361	3.5	1 008 560	243 917	102 327
	NEW AND USED AUTOMOBILES AND MOTORCYCLES	2 553	48 518 964	1 285 437	1 092 273	2.3	412 336	99 263	39 732
	TRUCKS AND TRACTORS	2 997	9 235 945	982 911	951 088	10.3	596 224	144 654	62 595
5013	AUTOMOTIVE PARTS AND SUPPLIES	27 070	19 930 433	2 599 793	3 461 860	17.4	2 009 363	477 476	246 127
	NEW AUTOMOTIVE PARTS, ACCESSORIES, AND EQUIPMENT--WITHOUT MACHINE SHOP	16 704	15 187 534	1 868 909	2 259 851	14.9	1 254 820	296 565	148 107
	NEW AUTOMOTIVE PARTS, ACCESSORIES, AND EQUIPMENT--WITH MACHINE SHOP	8 252	3 869 139	654 103	1 000 167	25.8	641 318	153 868	83 544
	USED AUTOMOTIVE PARTS AND EQUIPMENT	1 522	441 248	41 216	122 225	27.7	66 153	15 756	9 419
	PETROLEUM PRODUCTS MARKETING EQUIPMENT	592	432 512	35 565	79 617	18.4	47 072	11 287	5 057
5014	TIRES AND TUBES	3 866	5 330 476	573 327	749 248	14.1	396 667	91 777	43 395
502	FURNITURE AND HOME FURNISHINGS	9 530	12 358 828	1 027 481	1 778 110	14.4	925 754	219 366	96 677
5021	FURNITURE	4 093	3 934 467	289 195	643 496	16.4	350 011	83 192	36 479
	HOUSEHOLD AND LAWN FURNITURE	1 877	2 085 611	148 610	273 613	13.1	141 612	32 864	14 389
	OFFICE AND BUSINESS FURNITURE	2 216	1 848 856	140 585	369 883	20.0	208 399	50 328	22 090
5023	HOME FURNISHINGS	5 437	8 424 361	738 286	1 134 614	13.5	575 743	136 174	60 198
	CHINA, GLASSWARE, AND CROCKERY	669	877 672	114 722	150 633	17.2	70 679	16 073	7 029
	LINENS, DOMESTICS, CURTAINS, ETC.	891	1 816 534	111 111	185 252	10.2	85 240	20 267	8 833
	FLOOR COVERINGS	2 242	3 922 798	352 579	519 490	13.2	274 883	65 232	26 891
	OTHER HOME FURNISHINGS	1 635	1 807 357	159 874	279 239	15.5	144 941	34 602	17 445
503	LUMBER AND OTHER CONSTRUCTION MATERIALS	15 888	28 094 594	1 793 060	3 227 642	11.5	1 724 868	401 735	180 912
5031	LUMBER, PLYWOOD, AND MILLWORK	7 457	16 151 734	1 154 864	1 723 492	10.7	909 455	211 308	97 054
	LUMBER--WITHOUT YARD	1 157	2 314 106	76 450	199 411	8.6	107 774	25 005	12 325
	LUMBER--WITH YARD	2 920	6 822 308	457 379	730 055	10.7	369 487	84 386	38 848
	PLYWOOD AND MILLWORK (METAL OR WOOD)	3 380	7 015 320	621 035	793 966	11.3	432 194	101 917	45 881
5039	CONSTRUCTION MATERIALS, N.E.C.	8 431	11 942 860	638 196	1 504 210	12.6	815 413	190 427	83 858
	BRICK, TILE, CEMENT, ETC.	3 137	4 306 688	169 668	523 586	12.2	273 288	61 748	27 618
	GLASS (FLAT, BRICK)	1 115	1 483 831	87 467	204 577	13.8	138 047	33 483	14 143
	ROOFING, SIDING, AND INSULATION MATERIALS	1 340	1 996 449	152 793	256 028	12.8	137 302	32 897	14 094
	OTHER CONSTRUCTION MATERIALS	2 839	4 155 892	228 268	520 019	12.5	266 776	62 299	28 003
504	SPORTING, RECREATIONAL, PHOTOGRAPHIC, AND HOBBY GOODS, TOYS, AND SUPPLIES	6 721	11 145 973	1 070 503	1 613 764	14.5	852 251	205 179	85 312
5041	SPORTING AND RECREATIONAL GOODS AND SUPPLIES	3 644	4 435 307	648 789	637 840	14.4	307 731	71 018	35 003
5042	TOYS AND HOBBY GOODS AND SUPPLIES	1 457	1 886 727	181 607	267 277	14.2	124 351	29 372	14 354
5043	PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	1 620	4 823 939	240 107	708 647	14.7	420 169	104 789	35 955
505	METALS AND MINERALS, EXCEPT PETROLEUM	7 967	43 487 997	2 646 315	2 619 778	6.0	1 358 431	324 551	126 530
5051	METALS SERVICE CENTERS AND OFFICES	7 346	40 473 116	2 611 268	2 502 660	6.2	1 303 076	310 715	121 291
	FERROUS METALS SERVICE CENTERS AND OFFICES	5 540	30 091 921	2 103 325	2 091 320	6.9	1 076 358	254 244	99 527
	NONFERROUS METALS SERVICE CENTERS AND OFFICES	1 806	10 381 195	505 536	411 340	4.0	226 718	56 471	21 764
5052	COAL AND OTHER MINERALS AND ORES	621	3 014 881	35 047	117 118	3.9	55 355	13 836	5 239
	COAL	606	(D)	(D)	(D)	(D)	(D)	(D)	(D)
	OTHER MINERALS AND ORES	15	(D)	(D)	(D)	(D)	(D)	(D)	(D)
506	ELECTRICAL GOODS	21 172	49 349 015	3 328 937	4 888 896	9.9	2 603 197	630 527	270 130
5063	ELECTRICAL APPARATUS AND EQUIPMENT, WIRING SUPPLIES, AND CONSTRUCTION MATERIALS	10 914	28 374 008	1 406 860	2 436 396	8.6	1 409 620	340 920	136 324
5064	ELECTRICAL APPLIANCES AND TV AND RADIO SETS	3 331	12 681 194	1 289 652	1 423 111	11.2	633 088	156 106	62 694
5065	ELECTRONIC PARTS AND EQUIPMENT	6 927	8 293 813	632 425	1 029 389	12.4	560 489	133 501	58 112
507	HARDWARE, PLUMBING, HEATING EQUIPMENT, SUPPLIES	17 398	18 600 37[illegible]	2 155 410	2 975 198	16.0	1 713 512	409 534	181 378
5072	HARDWARE	5 100	6 680 43[illegible]	847 983	1 095 067	16.4	642 769	154 882	71 083
5074	PLUMBING AND HEATING EQUIPMENT AND SUPPLIES (HYDRONICS)	7 056	[illegible]318 420	847 456	1 108 446	15.1	631 181	150 799	67 856
5075	WARM AIR-HEATING AND AIR-CONDITIONING EQUIPMENT AND SUPPLIES	4 191	3 674 613	400 022	601 693	16.4	339 983	80 221	33 228
5078	REFRIGERATION EQUIPMENT AND SUPPLIES	1 051	926 908	59 949	169 992	18.3	99 579	23 632	9 211

Standard Notes: – Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.

[1] Excludes SIC 517, petroleum and petroleum products. For merchandise agents and brokers, entries represent commissions or brokerage received.

United States, by Type of Operation and Kind of Business: 1972—Continued

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll [1] Amount ($1,000)	Operating expenses, including payroll [1] Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	TYPE BY KIND OF BUSINESS--CONTINUED								
	ALL TYPES OF OPERATION--CONTINUED								
	DURABLE GOODS--CONTINUED								
508	MACHINERY, EQUIPMENT, AND SUPPLIES	73 752	80 692 048	9 092 763	13 489 418	16.7	7 999 774	1 893 971	800 371
5081	COMMERCIAL MACHINES AND EQUIPMENT	11 121	12 692 098	1 030 451	3 135 842	24.7	2 176 018	513 796	183 482
	OFFICE MACHINES AND EQUIPMENT	7 669	10 542 004	823 638	2 641 916	25.1	1 893 419	446 730	152 986
	RESTAURANT AND HOTEL SUPPLIES	1 163	745 879	67 579	152 285	20.4	87 360	20 746	9 718
	STORE MACHINES AND FIXTURES	2 290	1 404 215	139 234	341 641	24.3	195 239	46 320	20 778
5082	CONSTRUCTION AND MINING MACHINERY AND EQUIPMENT	3 917	8 037 [illegible]	1 924 445	1 308 808	16.3	745 196	177 906	67 380
5083	FARM AND GARDEN MACHINERY AND EQUIPMENT	15 618	12 599 [illegible]	2 065 616	1 650 701	13.1	929 652	215 139	123 586
5084	INDUSTRIAL MACHINERY AND EQUIPMENT	15 228	17 098 880	1 467 223	2 579 123	15.1	1 449 629	346 217	137 175
	FOOD-PROCESSING MACHINERY AND EQUIPMENT	825	593 408	53 466	112 897	19.0	61 488	14 939	6 212
	GENERAL PURPOSE INDUSTRIAL MACH., EQUIPMENT	3 960	5 800 747	358 586	659 656	11.4	388 361	91 329	35 720
	METALWORKING MACHINERY AND EQUIPMENT	2 264	2 180 838	190 856	319 826	14.7	176 085	42 042	15 665
	MATERIALS HANDLING EQUIPMENT	2 209	2 459 957	313 146	519 421	21.1	304 437	73 128	30 358
	OIL WELL, OIL REFINERY, PIPELINE EQUIPMENT	2 053	1 979 539	194 997	260 408	13.2	130 486	32 356	13 395
	OTHER INDUSTRIAL MACHINERY AND EQUIPMENT	3 917	4 084 391	356 172	706 915	17.4	388 772	92 423	35 825
5085	INDUSTRIAL SUPPLIES	11 857	16 451 376	1 237 927	2 201 760	13.4	1 228 237	291 981	123 785
	GENERAL-LINE INDUSTRIAL SUPPLIES	2 130	2 298 110	304 916	447 355	19.5	271 471	64 491	28 463
	MECHANICAL POWER TRANSMISSION EQUIPMENT	1 641	2 114 547	205 662	271 641	12.8	146 488	34 713	[illegible] 639
	INDUSTRIAL VALVES, FITTINGS, AND EQUIPMENT	1 398	1 698 853	179 243	251 549	14.8	140 113	34 063	13 109
	WELDING SUPPLIES	1 946	1 331 971	133 268	330 518	24.8	180 582	42 300	18 827
	OTHER INDUSTRIAL SUPPLIES	4 742	9 007 895	414 838	900 697	10.0	489 583	116 414	48 747
5086	PROFESSIONAL EQUIPMENT AND SUPPLIES	7 199	6 721 940	749 083	1 382 104	20.6	804 822	192 172	89 904
	DENTAL SUPPLIES	730	551 471	84 992	134 026	24.3	76 594	18 996	8 293
	RELIGIOUS AND SCHOOL SUPPLIES	1 173	773 399	97 930	183 630	23.7	98 040	23 495	12 221
	SURGICAL, MEDICAL, AND HOSPITAL SUPPLIES	2 194	2 399 119	267 543	457 904	19.1	260 415	63 289	25 860
	OPTICAL AND OPHTHALMIC GOODS	1 663	959 764	107 856	263 823	27.5	187 887	43 897	25 063
	OTHER PROFESSIONAL EQUIPMENT	1 439	2 038 187	190 762	342 721	16.8	181 886	42 495	18 467
5087	SERVICE ESTABLISHMENT EQUIPMENT AND SUPPLIES	6 547	3 004 295	292 105	729 854	24.3	414 269	97 767	49 602
	BEAUTY AND BARBER SUPPLIES	1 755	639 900	85 685	180 884	28.3	102 594	25 241	13 815
	CUSTODIAL SUPPLIES	1 774	638 282	58 269	193 602	30.3	122 524	26 700	14 224
	LAUNDRY AND DRY-CLEANING SUPPLIES	835	442 700	43 319	112 385	25.4	56 196	14 098	6 371
	OTHER SERVICE ESTABLISHMENT SUPPLIES	2 183	1 283 413	104 832	242 983	18.9	132 955	31 728	15 192
5088	TRANSPORTATION EQUIPMENT AND SUPPLIES, EXCEPT MOTOR VEHICLES	2 265	4 086 354	325 913	501 226	12.3	251 951	58 993	25 457
	AIRCRAFT AND AERONAUTICAL EQUIPMENT AND PARTS	1 266	2 149 506	207 155	292 638	13.6	139 671	32 458	14 547
	MARINE MACHINERY AND EQUIPMENT	657	743 973	79 788	121 819	16.4	69 386	16 356	6 790
	OTHER TRANSPORTATION EQUIPMENT	342	1 192 875	38 970	86 769	7.3	42 894	10 179	4 120
509	MISCELLANEOUS DURABLE GOODS	15 212	15 084 852	1 281 425	2 165 919	14.3	1 082 784	256 398	134 553
5093	SCRAP AND WASTE MATERIALS	7 461	6 035 233	396 387	1 089 331	18.0	543 849	130 243	74 622
	IRON AND STEEL SCRAP	3 806	3 507 901	247 595	604 056	17.2	296 731	70 118	38 136
	WITH PROCESSING EQUIPMENT	2 065	2 329 882	197 448	491 939	21.0	241 812	57 097	30 123
	WITHOUT PROCESSING EQUIPMENT	1 741	1 178 619	50 147	112 117	9.5	54 919	13 021	8 013
	WASTE AND SECONDARY MATERIALS DEALERS	3 655	2 527 332	148 792	485 275	19.2	247 118	60 125	36 486
5094	JEWELRY, WATCHES, DIAMONDS, AND OTHER PRECIOUS STONES	3 340	3 291 122	500 254	437 963	13.3	223 570	53 395	23 672
5099	DURABLE GOODS, N.E.C.	4 411	5 758 497	384 784	638 625	11.1	315 365	72 760	36 259
	MUSICAL INSTRUMENTS	314	371 560	52 688	79 139	21.3	35 634	8 667	3 789
	FOREST PRODUCTS, EXCEPT LUMBER	1 439	2 048 095	80 791	133 969	6.5	67 858	16 048	8 993
	OTHER DURABLE GOODS	2 658	3 338 842	251 305	425 517	12.7	211 873	48 045	23 477
	NONDURABLE GOODS								
51	TOTAL	165 666	354 000 815	17 919 957	27 484 161	8.9	15 225 959	3 659 805	1 772 309
511	PAPER AND PAPER PRODUCTS	10 714	17 280 148	867 213	2 201 994	12.7	1 290 920	312 726	130 498
5111	PRINTING AND WRITING PAPER	1 458	5 246 499	264 635	547 738	10.4	323 094	78 216	28 418
5112	STATIONERY SUPPLIES	5 393	3 949 670	271 328	823 406	20.8	495 779	119 077	55 307
5113	INDUSTRIAL AND PERSONAL SERVICE PAPER	3 863	8 083 979	331 250	830 850	10.3	472 047	115 433	46 773
512	DRUGS, DRUG PROPRIETARIES, DRUGGISTS' SUNDRIES	4 024	12 666 327	1 072 423	1 792 711	14.2	803 325	195 784	87 623
5122	DRUGS, DRUG PROPRIETARIES, DRUGGISTS' SUNDRIES	4 024	12 666 327	1 072 423	1 792 711	14.2	803 325	195 784	87 623
	GENERAL-LINE DRUGS	956	2 827 688	371 982	331 017	11.7	183 229	45 142	23 655
	SPECIALTY-LINE PHARMACEUTICALS, COSMETICS, AND TOILETRIES	3 068	9 838 639	700 44[illegible]	1 461 694	14.9	620 096	150 642	63 968
513	APPAREL, PIECE GOODS, AND NOTIONS	12 383	27 932 961	2 008 154	2 874 322	10.3	1 388 910	336 370	134 015
5133	PIECE GOODS	3 914	12 725 104	773 602	1 012 580	8.0	496 086	121 340	42 036
	PIECE GOODS--JOBBERS	3 168	10 417 414	452 203	753 767	7.2	373 825	90 836	32 912
	PIECE GOODS--CONVERTERS	746	2 307 690	321 399	258 813	11.2	122 261	30 504	9 124
5134	NOTIONS AND OTHER DRY GOODS	1 491	2 476 459	265 022	336 811	13.6	166 790	39 818	16 293
5136	MEN'S AND BOYS' CLOTHING AND FURNISHINGS	2 323	4 538 690	320 271	474 287	10.4	230 719	55 586	24 580
5137	WOMEN'S, CHILDREN'S, AND INFANTS' CLOTHING AND ACCESSORIES	3 670	6 085 275	418 840	749 167	12.3	361 376	86 607	37 902
5139	FOOTWEAR	985	2 107 433	230 419	301 477	14.3	133 939	33 019	13 204

Standard Notes: - Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.
[1] Excludes SIC 517, petroleum and petroleum products. For merchandise agents and brokers, entries represent commissions or brokerage received.

WHOLESALE TRADE

United States, by Type of Operation and Kind of Business: 1972—Continued

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll[1] Amount ($1,000)	Operating expenses, including payroll[1] Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	TYPE BY KIND OF BUSINESS--CONTINUED								
	ALL TYPES OF OPERATION--CONTINUED								
	NONDURABLE GOODS--CONTINUED								
514	GROCERIES AND RELATED PRODUCTS	38 533	107 373 778	3 744 540	9 251 982	8.6	4 842 895	1 156 723	580 505
5141	GROCERIES, GENERAL LINE	2 818	21 572 586	1 286 676	1 537 118	7.1	910 723	217 858	101 281
	VOLUNTARY GROUP WHOLESALERS	396	6 458 693	369 695	406 850	6.2	237 527	57 227	27 223
	RETAIL COOPERATIVE WHOLESALERS	225	6 938 617	329 563	375 555	5.4	234 778	56 383	23 931
	OTHER GENERAL-LINE WHOLESALERS	2 197	8 175 276	587 418	754 713	9.2	438 418	104 248	50 127
5142	FROZEN FOODS	1 955	6 689 874	283 007	519 498	7.8	259 491	61 984	29 306
5143	DAIRY PRODUCTS	4 127	8 885 168	153 634	989 638	11.1	471 159	115 041	53 187
5144	POULTRY AND POULTRY PRODUCTS	2 468	3 715 602	90 789	382 926	10.3	193 741	46 593	31 006
5145	CONFECTIONERY	2 407	3 287 282	144 617	303 296	9.2	163 261	39 416	20 916
5146	FISH AND SEAFOODS	1 711	1 661 505	86 784	193 540	11.7	98 885	22 801	15 454
5147	MEAT AND MEAT PRODUCTS	5 557	18 351 629	402 588	1 524 070	8.3	795 493	190 793	85 472
5148	FRESH FRUITS AND VEGETABLES	6 861	9 654 898	169 819	1 291 531	13.4	653 744	151 132	103 347
5149	GROCERIES AND RELATED PRODUCTS, N.E.C.	10 630	33 573 887	1 125 671	2 511 715	7.5	1 297 396	311 343	140 648
	COFFEE, TEA, AND SPICES	783	4 305 523	320 587	227 682	5.3	109 833	25 243	9 930
	BREAD AND BAKED GOODS	2 096	2 843 209	60 095	608 615	21.4	325 793	78 716	35 420
	OTHER GROCERY SPECIALTIES, N.E.C.	7 751	26 425 155	744 989	1 675 418	6.3	861 770	207 384	95 298
515	FARM-PRODUCT RAW MATERIALS	14 820	53 312 735	3 484 745	1 706 917	3.2	713 771	165 583	118 030
5152	COTTON	557	3 077 747	654 051	92 184	3.0	28 317	6 811	3 294
5153	GRAIN	8 529	27 040 163	1 884 941	1 016 606	3.8	423 734	97 519	56 432
5154	LIVESTOCK	3 814	18 693 958	157 421	342 517	1.8	146 463	34 204	41 081
5159	FARM-PRODUCT RAW MATERIALS, N.E.C.	1 920	4 500 867	788 332	255 610	5.6	115 257	27 049	17 223
	HIDES, SKINS, AND PELTS	536	1 101 635	69 760	68 084	6.2	33 738	8 091	4 137
	LEAF TOBACCO	610	2 022 077	553 288	88 018	4.3	36 229	8 340	5 891
	WOOL, WOOL TOPS, AND MOHAIR	212	318 137	34 775	21 490	6.8	9 919	2 129	1 152
	OTHER RAW FARM PRODUCTS	562	1 059 018	130 509	77 711	7.3	35 371	8 489	6 043
516	CHEMICALS AND ALLIED PRODUCTS	6 397	24 620 736	656 028	2 105 112	8.5	884 522	216 913	77 863
5161	CHEMICALS AND ALLIED PRODUCTS	6 397	24 620 736	656 028	2 105 112	8.5	884 522	216 913	77 863
517	PETROLEUM AND PETROLEUM PRODUCTS	31 277	46 283 548	1 633 437	(NA)	(NA)	1 546 577	388 710	193 885
5171	PETROLEUM BULK STATIONS AND TERMINALS	25 533	33 358 040	1 336 084	(NA)	(NA)	1 196 742	302 538	152 132
	GASOLINE, KEROSENE, DISTILLATE, AND RESIDUALS	24 839	32 714 255	1 286 946	(NA)	(NA)	1 147 395	290 000	145 747
	LIQUEFIED PETROLEUM GAS	694	643 785	49 138	(NA)	(NA)	49 347	12 538	6 385
5172	PETROLEUM AND PETROLEUM PRODUCTS, EXCEPT BULK STATIONS AND TERMINALS	5 744	12 925 508	297 353	(NA)	(NA)	349 835	86 172	41 753
518	BEER, WINE, AND DISTILLED ALCOHOLIC BEVERAGES	7 012	19 884 855	1 431 126	2 402 466	12.1	1 185 109	273 094	110 816
5181	BEER AND ALE	5 182	7 130 931	354 177	1 147 386	16.1	621 269	140 035	62 291
5182	WINES AND DISTILLED ALCOHOLIC BEVERAGES	1 830	12 753 924	1 076 949	1 255 080	9.8	563 840	133 059	48 525
	WINES, DISTILLED SPIRITS--LICENSED OPERATION	1 674	12 259 235	1 050 004	1 237 337	10.1	551 789	130 511	47 212
	WINES, DISTILLED SPIRITS--STATE OPERATED	156	494 689	26 945	17 743	3.6	12 051	2 548	1 313
519	MISCELLANEOUS NONDURABLE GOODS	40 506	44 645 727	3 022 291	5 148 657	11.5	2 569 930	613 902	339 074
5191	FARM SUPPLIES	20 558	14 858 986	1 237 284	1 878 856	12.6	878 872	207 635	130 111
5194	TOBACCO AND TOBACCO PRODUCTS	2 432	7 740 934	418 801	556 197	7.2	287 916	70 643	37 593
5198	PAINTS, VARNISHES, AND SUPPLIES	2 951	2 067 688	181 928	418 015	20.2	202 240	47 706	22 856
5199	NONDURABLE GOODS, N.E.C.	14 565	19 978 119	1 184 278	2 295 589	11.4	1 200 902	287 918	148 514
	BOOKS, PERIODICALS, AND NEWSPAPERS	2 628	3 662 460	240 281	682 882	18.6	362 940	87 716	46 064
	ART GOODS	1 997	1 114 88[illegible]	151 038	275 798	24.7	132 143	31 089	16 296
	FLOWERS AND FLORIST SUPPLIES	2 171	1 280 3[illegible]	79 328	267 107	20.9	153 652	35 884	22 578
	GENERAL MERCHANDISE	569	2 266 723	121 885	110 647	4.9	68 760	16 983	8 289
	FOOD AND BEVERAGE BASIC MATERIALS	606	3 318 534	142 438	96 515	2.9	50 685	12 109	5 753
	TEXTILE BAGS, BAGGING, AND BURLAP	550	711 992	39 879	58 068	8.2	31 601	7 499	3 928
	SPECIALTY ADVERTISING (SALE OF MERCHANDISE)	1 458	590 599	39 886	133 181	22.8	67 001	15 804	8 325
	OTHER NONDURABLE GOODS	4 587	7 032 545	369 543	671 391	9.7	334 120	80 834	37 281
	MERCHANT WHOLESALERS								
	TOTAL	289 980	353 315 986	36 779 759	46 531 215	13.9	25 917 666	6 142 082	3 023 560
	DURABLE GOODS								
50	TOTAL	166 117	159 278 383	22 252 281	27 597 436	17.3	15 196 899	3 589 357	1 707 298
501	MOTOR VEHICLES AND AUTOMOTIVE PARTS AND SUPPLIES	33 473	29 189 761	4 182 638	4 695 054	16.1	2 626 093	623 784	320 197
5012	AUTOMOBILES AND OTHER MOTOR VEHICLES	4 455	12 959 134	1 689 872	1 301 313	10.0	614 682	147 562	66 047
	NEW AND USED AUTOMOBILES AND MOTORCYCLES	2 035	8 529 061	1 099 711	712 673	8.4	227 193	54 038	24 566
	TRUCKS AND TRACTORS	2 420	4 430 073	590 161	588 640	13.3	387 489	93 524	41 481
5013	AUTOMOTIVE PARTS AND SUPPLIES	25 579	13 556 013	2 136 570	2 845 088	21.0	1 713 160	406 912	219 435
	NEW AUTOMOTIVE PARTS, ACCESSORIES, AND EQUIPMENT--WITHOUT MACHINE SHOP	15 518	9 201 896	1 412 292	1 674 501	18.2	974 039	229 735	123 000
	NEW AUTOMOTIVE PARTS, ACCESSORIES, AND EQUIPMENT--WITH MACHINE SHOP	8 119	3 704 034	652 815	986 527	26.6	635 268	152 386	82 864
	USED AUTOMOTIVE PARTS AND EQUIPMENT	1 465	362 455	40 613	115 399	31.8	63 751	15 247	9 132
	PETROLEUM PRODUCTS MARKETING EQUIPMENT	477	287 628	30 850	68 661	23.9	40 102	9 544	4 439
5014	TIRES AND TUBES	3 439	2 674 614	356 196	548 653	20.5	298 251	69 310	34 715
502	FURNITURE AND HOME FURNISHINGS	7 130	6 787 930	906 990	1 347 911	19.9	711 768	167 343	78 203
5021	FURNITURE	2 898	2 206 848	249 265	467 140	21.2	254 880	60 314	28 126
	HOUSEHOLD AND LAWN FURNITURE	1 199	963 716	123 534	181 529	18.8	90 793	20 961	10 025
	OFFICE AND BUSINESS FURNITURE	1 699	1 243 132	125 731	285 611	23.0	164 087	39 353	18 101
5023	HOME FURNISHINGS	4 232	4 581 082	657 725	880 771	19.2	456 888	107 029	50 077
	CHINA, GLASSWARE, AND CROCKERY	467	542 832	104 876	123 374	22.7	56 744	12 889	5 959
	~~LINENS, DOMESTICS, CURTAINS, ETC.~~	~~663~~	~~669 775~~	~~87 914~~	~~112 504~~	~~16.8~~	~~57 513~~	~~13 431~~	~~6 405~~
	[illegible]OR COVERINGS	1 866	2 273 110	317 091	421 031	18.5	224 602	52 601	22 990
	[illegible]R HOME FURNISHINGS	1 236	1 095 365	147 844	223 862	20.4	118 029	28 108	14 723

Standard [illegible] – Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.

[1] Excludes SIC 517, petroleum and petroleum products. For merchandise agents and brokers, entries represent commissions or brokerage received.

WHOLESALE TRADE

United States, by Type of Operation and Kind of Business: 1972—Continued

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll[1] Amount ($1,000)	Operating expenses, including payroll[1] Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	TYPE BY KIND OF BUSINESS--CONTINUED								
	MERCHANT WHOLESALERS--CONTINUED								
	DURABLE GOODS--CONTINUED								
503	LUMBER AND OTHER CONSTRUCTION MATERIALS	12 601	16 914 178	1 419 913	2 481 463	14.7	1 352 157	312 058	145 131
5031	LUMBER, PLYWOOD, AND MILLWORK	6 212	11 468 154	930 676	1 433 128	12.5	722 882	178 518	83 667
	LUMBER--WITHOUT YARD	985	1 730 829	75 299	177 282	10.2	96 608	22 283	11 320
	LUMBER--WITH YARD	2 665	5 916 860	431 662	689 439	11.7	350 030	79 738	36 592
	PLYWOOD AND MILLWORK (METAL OR WOOD)	2 562	3 820 465	423 715	566 407	14.8	326 244	76 497	35 755
5039	CONSTRUCTION MATERIALS, N.E.C.	6 389	5 446 024	489 237	1 048 335	19.2	579 275	133 540	61 464
	BRICK, TILE, CEMENT, ETC.	2 364	1 528 059	138 426	356 480	23.3	183 886	40 800	19 540
	GLASS (FLAT, BRICK)	778	457 145	64 459	134 195	29.4	92 289	22 284	9 616
	ROOFING, SIDING, AND INSULATION MATERIALS	1 138	1 275 753	123 241	196 381	15.4	107 716	25 157	11 382
	OTHER CONSTRUCTION MATERIALS	2 109	2 185 067	163 111	361 279	16.5	195 384	45 299	20 926
504	SPORTING, RECREATIONAL, PHOTOGRAPHIC, AND HOBBY GOODS, TOYS, AND SUPPLIES	5 573	5 416 238	878 257	960 470	17.7	471 186	110 003	55 732
5041	SPORTING AND RECREATIONAL GOODS AND SUPPLIES	3 108	3 104 051	560 493	515 163	16.6	246 904	57 488	29 811
5042	TOYS AND HOBBY GOODS AND SUPPLIES	1 193	1 145 320	152 997	205 405	17.9	99 859	23 267	11 996
5043	PHOTOGRAPHIC EQUIPMENT AND SUPPLIES	1 272	1 166 867	164 767	239 902	20.6	124 423	29 248	13 925
505	METALS AND MINERALS, EXCEPT PETROLEUM	5 427	15 021 681	2 054 661	1 899 034	12.6	981 309	231 609	96 010
5051	METALS SERVICE CENTERS AND OFFICES	5 014	14 158 639	2 031 988	1 830 335	12.9	946 414	222 827	92 239
	FERROUS METALS SERVICE CENTERS AND OFFICES	3 947	11 099 573	1 736 992	1 587 650	14.3	821 491	191 847	79 541
	NONFERROUS METALS SERVICE CENTERS AND OFFICES	1 067	3 059 066	294 996	242 685	7.9	124 923	30 980	12 698
5052	COAL AND OTHER MINERALS AND ORES	413	863 042	22 673	68 699	8.0	34 895	8 782	3 771
	COAL	400	846 978	22 442	67 877	8.0	34 417	8 656	3 739
	OTHER MINERALS AND ORES	13	16 064	231	822	5.1	478	126	32
506	ELECTRICAL GOODS	14 278	18 848 068	2 515 484	2 928 311	15.5	1 560 817	375 403	168 573
5063	ELECTRICAL APPARATUS AND EQUIPMENT, WIRING SUPPLIES, AND CONSTRUCTION MATERIALS	7 347	8 887 150	999 078	1 331 497	15.0	773 738	184 792	82 926
5064	ELECTRICAL APPLIANCES AND TV AND RADIO SETS	2 385	6 734 966	971 899	911 223	13.5	417 268	103 030	42 734
5065	ELECTRONIC PARTS AND EQUIPMENT	4 546	3 225 952	544 507	685 591	21.3	369 811	87 401	42 913
507	HARDWARE, PLUMBING, HEATING EQUIPMENT, SUPPLIES	14 336	13 328 409	1 980 664	2 539 753	19.1	1 464 703	348 249	159 613
5072	HARDWARE	4 083	4 823 435	774 036	926 298	19.2	547 794	130 894	62 740
5074	PLUMBING AND HEATING EQUIPMENT AND SUPPLIES (HYDRONICS)	6 054	5 623 211	803 930	990 488	17.6	562 587	134 144	61 509
5075	WARM AIR HEATING AND AIR-CONDITIONING EQUIPMENT AND SUPPLIES	3 354	2 383 732	352 456	495 156	20.8	278 968	65 465	28 044
5078	REFRIGERATION EQUIPMENT AND SUPPLIES	845	498 031	50 242	127 811	25.7	75 354	17 746	7 320
508	MACHINERY, EQUIPMENT, AND SUPPLIES	59 323	42 496 792	7 117 065	8 841 040	20.8	5 062 257	1 192 555	560 629
5081	COMMERCIAL MACHINES AND EQUIPMENT	8 335	3 465 757	432 412	906 198	28.7	595 682	140 018	66 534
	OFFICE MACHINES AND EQUIPMENT	5 390	1 860 923	252 441	600 552	32.3	372 293	87 392	41 669
	RESTAURANT AND HOTEL SUPPLIES	1 047	621 907	66 720	138 786	22.3	80 891	19 241	9 105
	STORE MACHINES AND FIXTURES	1 898	982 927	113 251	256 860	26.1	142 498	33 385	15 760
5082	CONSTRUCTION AND MINING MACHINERY AND EQUIPMENT	3 375	5 897 241	1 623 994	1 075 915	18.2	633 639	151 551	57 797
5083	FARM AND GARDEN MACHINERY AND EQUIPMENT	14 444	8 268 413	1 773 335	1 364 172	16.5	763 641	174 841	107 856
5084	INDUSTRIAL MACHINERY AND EQUIPMENT	10 374	8 189 787	1 083 044	1 614 047	19.7	904 611	214 294	90 377
	FOOD-PROCESSING MACHINERY AND EQUIPMENT	597	361 408	39 563	78 821	21.8	41 493	10 085	4 133
	GENERAL PURPOSE INDUSTRIAL MACH., EQUIPMENT	2 455	2 002 192	288 258	403 901	20.2	241 186	56 435	23 774
	METALWORKING MACHINERY AND EQUIPMENT	1 489	1 075 247	136 218	209 953	19.5	112 969	26 746	10 583
	MATERIALS HANDLING EQUIPMENT	1 690	1 581 779	214 025	379 799	24.0	223 530	53 218	22 652
	OIL WELL, OIL REFINERY, PIPELINE EQUIPMENT	1 391	1 227 350	127 735	158 408	12.9	78 808	19 374	8 749
	OTHER INDUSTRIAL MACHINERY AND EQUIPMENT	2 752	1 941 811	277 245	383 165	19.7	206 625	48 436	20 486
5085	INDUSTRIAL SUPPLIES	9 237	7 738 848	1 011 212	1 674 033	21.6	954 347	225 438	100 035
	GENERAL-LINE INDUSTRIAL SUPPLIES	1 971	2 126 455	299 341	430 434	20.2	260 829	61 776	27 542
	MECHANICAL POWER TRANSMISSION EQUIPMENT	1 237	978 409	172 736	202 550	20.7	110 646	26 000	11 625
	INDUSTRIAL VALVES, FITTINGS, AND EQUIPMENT	940	893 145	115 847	174 865	19.6	98 301	23 830	9 470
	WELDING SUPPLIES	1 755	996 099	112 936	293 589	29.5	160 923	37 815	16 967
	OTHER INDUSTRIAL SUPPLIES	3 334	2 744 740	310 352	572 595	20.9	323 648	76 017	34 431
5086	PROFESSIONAL EQUIPMENT AND SUPPLIES	5 799	4 731 763	643 026	1 097 031	23.2	641 915	153 143	72 276
	DENTAL SUPPLIES	684	512 962	82 281	128 320	25.0	73 878	18 378	8 004
	RELIGIOUS AND SCHOOL SUPPLIES	1 050	671 694	95 111	169 908	25.3	91 350	21 930	11 419
	SURGICAL, MEDICAL, AND HOSPITAL SUPPLIES	1 792	1 689 779	209 385	339 993	20.1	195 274	47 337	20 135
	OPTICAL AND OPHTHALMIC GOODS	1 184	660 483	81 880	191 665	29.0	135 699	31 313	17 563
	OTHER PROFESSIONAL EQUIPMENT	1 089	1 196 845	174 369	267 145	22.3	145 714	34 185	15 155
5087	SERVICE ESTABLISHMENT EQUIPMENT AND SUPPLIES	5 934	2 200 565	262 328	628 861	28.6	366 316	86 389	44 717
	BEAUTY AND BARBER SUPPLIES	1 691	544 381	82 634	167 382	30.7	96 150	23 700	13 091
	CUSTODIAL SUPPLIES	1 659	515 000	56 680	169 661	32.9	113 151	24 540	13 206
	LAUNDRY AND DRY-CLEANING SUPPLIES	782	381 747	41 067	102 371	26.8	52 087	13 059	5 955
	OTHER SERVICE ESTABLISHMENT SUPPLIES	1 802	759 437	81 947	189 447	24.9	104 928	25 090	12 465
5088	TRANSPORTATION EQUIPMENT AND SUPPLIES, EXCEPT MOTOR VEHICLES	1 825	2 004 418	287 714	390 783	19.5	202 107	46 882	21 037
	AIRCRAFT AND AERONAUTICAL EQUIPMENT AND PARTS	1 038	1 167 923	186 235	229 633	19.7	113 756	26 317	12 251
	MARINE MACHINERY AND EQUIPMENT	569	623 160	74 237	110 524	17.7	64 593	15 027	6 273
	OTHER TRANSPORTATION EQUIPMENT	218	213 335	27 242	50 626	23.7	23 758	5 538	2 513

Standard Notes: – Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.

[1] Excludes SIC 517, petroleum and petroleum products. For merchandise agents and brokers, entries represent commissions or brokerage received.

WHOLESALE TRADE

United States, by Type of Operation and Kind of Business: 1972—Continued

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll[1] Amount ($1,000)	Operating expenses, including payroll[1] Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	TYPE BY KIND OF BUSINESS--CONTINUED								
	MERCHANT WHOLESALERS--CONTINUED								
	DURABLE GOODS--CONTINUED								
509	MISCELLANEOUS DURABLE GOODS	13 976	11 275 326	1 196 609	1 904 400	16.9	966 609	228 353	123 210
5093	SCRAP AND WASTE MATERIALS	7 139	5 481 057	390 503	1 056 978	19.3	528 740	126 512	72 498
	IRON AND STEEL SCRAP	3 655	3 249 529	243 551	590 971	18.2	291 125	68 781	37 362
	WITH PROCESSING EQUIPMENT	2 004	2 173 742	193 490	484 936	22.3	238 513	56 327	29 688
	WITHOUT PROCESSING EQUIPMENT	1 651	1 075 787	50 061	106 035	9.9	52 612	12 454	7 674
	WASTE AND SECONDARY MATERIALS DEALERS	3 485	2 231 556	146 952	466 007	20.9	237 615	57 731	35 136
5094	JEWELRY, WATCHES, DIAMONDS, AND OTHER PRECIOUS STONES	3 042	2 681 765	482 149	399 269	14.9	204 362	48 803	21 882
5099	DURABLE GOODS, N.E.C.	3 795	3 112 504	323 957	448 153	14.4	233 507	53 038	28 830
	MUSICAL INSTRUMENTS	280	212 026	42 819	53 049	25.0	27 225	6 795	3 089
	FOREST PRODUCTS, EXCEPT LUMBER	1 207	1 142 472	68 976	105 662	9.2	49 533	11 441	7 064
	OTHER DURABLE GOODS	2 308	1 758 006	212 162	289 442	16.5	156 749	34 802	18 677
	NONDURABLE GOODS								
51	TOTAL	123 863	194 037 603	14 527 478	18 933 779	10.7	10 720 767	2 552 725	1 316 262
511	PAPER AND PAPER PRODUCTS	8 231	8 215 972	749 149	1 546 231	18.8	920 413	222 736	99 207
5111	PRINTING AND WRITING PAPER	1 157	2 951 946	227 098	409 698	13.9	247 378	60 079	22 249
5112	STATIONERY SUPPLIES	4 135	1 908 877	238 706	532 301	27.9	318 113	76 295	39 940
5113	INDUSTRIAL AND PERSONAL SERVICE PAPER	2 939	3 355 149	283 345	604 232	18.0	354 922	86 362	37 048
512	DRUGS, DRUG PROPRIETARIES, DRUGGISTS' SUNDRIES	3 292	6 535 525	833 102	914 121	14.0	490 037	120 775	61 349
5122	DRUGS, DRUG PROPRIETARIES, DRUGGISTS' SUNDRIES	3 292	6 535 525	833 102	914 121	14.0	490 037	120 775	61 349
	GENERAL-LINE DRUGS	956	2 827 688	371 982	331 017	11.7	183 229	45 142	23 655
	SPECIALTY-LINE PHARMACEUTICALS, COSMETICS, AND TOILETRIES	2 336	3 707 837	461 120	583 104	15.7	306 808	75 633	37 694
513	APPAREL, PIECE GOODS, AND NOTIONS	9 515	13 433 182	1 593 872	1 947 510	14.5	947 082	227 748	97 921
5133	PIECE GOODS	3 166	5 707 543	692 242	721 093	12.6	348 347	85 210	31 565
	PIECE GOODS--JOBBERS	2 420	3 399 853	370 843	462 280	13.6	226 086	54 706	22 441
	PIECE GOODS--CONVERTERS	746	2 307 690	321 399	258 813	11.2	122 261	30 504	9 124
5134	NOTIONS AND OTHER DRY GOODS	1 183	1 393 318	197 188	240 679	17.3	119 781	27 909	11 872
5136	MEN'S AND BOYS' CLOTHING AND FURNISHINGS	1 751	1 986 251	228 180	296 445	14.9	145 441	34 468	17 141
5137	WOMEN'S, CHILDREN'S, AND INFANTS' CLOTHING AND ACCESSORIES	2 609	3 076 784	304 685	484 669	15.8	238 561	56 998	27 383
5139	FOOTWEAR	806	1 269 286	171 577	204 624	16.1	94 952	23 163	9 960
514	GROCERIES AND RELATED PRODUCTS	29 917	64 617 890	3 167 420	6 470 775	10.0	3 458 197	820 783	437 550
5141	GROCERIES, GENERAL LINE	2 818	21 772 586	1 286 676	1 537 118	7.1	910 723	217 858	101 281
	VOLUNTARY GROUP WHOLESALERS	396	6 458 693	369 695	406 850	6.2	237 527	57 227	27 223
	RETAIL COOPERATIVE WHOLESALERS	225	6 938 617	329 563	375 555	5.4	234 778	56 383	23 931
	OTHER GENERAL-LINE WHOLESALERS	2 197	8 175 276	587 418	754 713	9.2	438 418	104 248	50 127
5142	FROZEN FOODS	1 436	3 399 613	243 294	401 423	11.8	200 753	47 856	23 651
5143	DAIRY PRODUCTS	2 924	3 747 477	95 123	444 085	11.9	214 684	51 775	25 782
5144	POULTRY AND POULTRY PRODUCTS	2 278	3 228 520	80 830	350 683	10.9	177 894	42 886	28 629
5145	CONFECTIONERY	1 866	1 330 285	87 872	189 998	14.3	100 726	24 013	14 294
5146	FISH AND SEAFOODS	1 564	1 382 749	[illegible]	180 740	13.1	91 363	21 055	14 690
5147	MEAT AND MEAT PRODUCTS	4 847	12 611 151	[illegible]	1 148 166	9.1	622 969	148 464	68 043
5148	FRESH FRUITS AND VEGETABLES	5 877	6 868 014	160 648	1 159 440	16.9	568 708	131 254	93 413
5149	GROCERIES AND RELATED PRODUCTS, N.E.C.	6 307	10 477 495	811 594	1 059 122	10.1	570 377	135 622	67 767
	COFFEE, TEA, AND SPICES	511	2 072 621	215 452	87 729	4.2	42 407	10 052	4 675
	BREAD AND BAKED GOODS	956	622 292	20 854	148 151	23.7	84 189	19 940	10 247
	OTHER GROCERY SPECIALTIES, N.E.C.	4 840	7 782 582	575 288	823 242	10.6	443 781	105 630	52 845
515	FARM-PRODUCT RAW MATERIALS	11 985	34 758 135	3 339 865	1 431 767	4.1	575 422	132 973	81 845
5152	COTTON	423	2 382 756	633 787	84 081	3.6	23 712	5 738	2 706
5153	GRAIN	8 258	24 256 628	1 842 690	990 759	4.1	406 207	93 516	54 709
5154	LIVESTOCK	2 035	5 421 402	118 482	161 327	3.0	57 642	13 456	11 795
5159	FARM-PRODUCT RAW MATERIALS, N.E.C.	1 269	2 697 349	744 906	195 600	7.3	87 861	20 263	12 635
	HIDES, SKINS, AND PELTS	446	744 313	61 963	55 273	7.4	26 483	6 313	3 293
	LEAF TOBACCO	202	979 928	525 192	51 212	[illegible]	21 553	4 591	2 939
	WOOL, WOOL TOPS, AND MOHAIR	166	203 728	30 312	19 176	[illegible]	8 238	1 753	898
	OTHER RAW FARM PRODUCTS	455	769 380	127 439	69 939	9.1	31 587	7 606	5 505
516	CHEMICALS AND ALLIED PRODUCTS	4 204	4 586 841	354 852	781 882	17.0	378 711	89 315	38 401
5161	CHEMICALS AND ALLIED PRODUCTS	4 204	4 586 841	354 852	781 882	17.0	378 711	89 315	38 401
517	PETROLEUM AND PETROLEUM PRODUCTS	16 636	18 194 937	715 882	(NA)	(NA)	899 669	221 358	121 739
5171	PETROLEUM BULK STATIONS AND TERMINALS	11 277	10 254 190	451 349	(NA)	(NA)	613 964	151 481	85 697
	GASOLINE, KEROSENE, DISTILLATE, AND RESIDUALS	10 825	9 873 187	430 846	(NA)	(NA)	581 437	143 310	81 282
	LIQUEFIED PETROLEUM GAS	452	381 003	20 503	(NA)	(NA)	32 527	8 171	4 415
5172	PETROLEUM AND PETROLEUM PRODUCTS, EXCEPT BULK STATIONS AND TERMINALS	5 359	7 940 747	274 533	(NA)	(NA)	285 705	69 877	36 042
518	BEER, WINE, AND DISTILLED ALCOHOLIC BEVERAGES	6 539	15 423 216	1 367 783	[illegible]	13.0	1 065 296	245 508	101 240
5181	BEER AND ALE	5 038	6 744 624	340 762	1 081 425	16.0	584 502	131 861	59 174
5182	WINES AND DISTILLED ALCOHOLIC BEVERAGES	1 501	8 678 592	1 027 021	924 571	10.7	480 794	113 647	42 066
	WINES, DISTILLED SPIRITS--LICENSED OPERATION	1 345	8 183 903	1 000 076	906 828	11.1	468 743	111 099	40 753
	WINES, DISTILLED SPIRITS--STATE OPERATED	156	494 689	26 945	17 743	3.6	12 051	2 548	1 313

Standard Notes: - Represents zero. D Withheld to avoid disclosure. NA Not available. X Not applicable.

[1] Excludes SIC 517, petroleum and petroleum products. For merchandise agents and brokers, entries represent commissions or brokerage received.

WHOLESALE TRADE

United States, by Type of Operation and Kind of Business: 1972—Continued

1972 SIC code	Type of operation and kind of business	Establishments (number)	Sales ($1,000)	Inventories, end of year 1972 ($1,000)	Operating expenses, including payroll[1]: Amount ($1,000)	Operating expenses, including payroll[1]: Percent of sales	Payroll, entire year ($1,000)	Payroll, first quarter 1972 ($1,000)	Paid employees for week including March 12 (number)
	TYPE BY KIND OF BUSINESS--CONTINUED								
	MERCHANT WHOLESALERS--CONTINUED								
	NONDURABLE GOODS--CONTINUED								
519	MISCELLANEOUS NONDURABLE GOODS	33 544	28 271 905	2 395 553	3 835 497	13.6	1 985 940	471 529	276 980
5191	FARM SUPPLIES	17 627	10 263 666	976 711	1 489 955	14.5	704 882	165 597	108 849
5194	TOBACCO AND TOBACCO PRODUCTS	2 363	7 267 508	388 111	459 146	6.3	270 231	66 031	35 705
5198	PAINTS, VARNISHES, AND SUPPLIES	1 724	719 522	83 877	185 080	25.7	100 704	23 441	12 773
5199	NONDURABLE GOODS, N.E.C.	11 830	10 021 209	946 854	1 701 316	17.1	910 123	216 460	119 653
	BOOKS, PERIODICALS, AND NEWSPAPERS	2 069	2 135 084	208 418	451 972	21.2	261 709	62 750	35 761
	ART GOODS	1 720	901 464	141 769	243 780	27.0	116 225	27 300	14 489
	FLOWERS AND FLORIST SUPPLIES	1 974	923 773	76 312	245 500	26.6	138 243	32 180	20 564
	GENERAL MERCHANDISE	514	1 251 078	104 262	100 158	8.0	61 841	15 280	7 716
	FOOD AND BEVERAGE BASIC MATERIALS	487	1 175 065	59 439	68 570	5.8	34 482	8 388	4 227
	TEXTILE BAGS, BAGGING, AND BURLAP	470	275 368	34 788	39 548	14.4	20 975	4 908	2 898
	SPECIALTY ADVERTISING (SALE OF MERCHANDISE)	1 273	467 985	38 520	118 578	25.3	60 459	14 273	7 590
	OTHER NONDURABLE GOODS	3 323	2 891 392	283 346	433 210	15.4	216 189	51 381	26 408