

THE UNIVERSITY OF MANITOBA

INTERMARKET PATRONAGE: A CASE
STUDY OF CONSUMER OUTSHOPPING

by

Manfred F. Maute

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE

MASTER OF BUSINESS ADMINISTRATION

FACULTY OF ADMINISTRATIVE STUDIES

WINNIPEG, MANITOBA

MAY, 1979

INTERMARKET PATRONAGE: A CASE
STUDY OF CONSUMER OUTSHOPPING

BY

MANFRED F. MAUTE

A dissertation submitted to the Faculty of Graduate Studies of
the University of Manitoba in partial fulfillment of the requirements
of the degree of

MASTER OF BUSINESS ADMINISTRATION

© 1979

Permission has been granted to the LIBRARY OF THE UNIVERSITY OF MANITOBA to lend or sell copies of this dissertation, to the NATIONAL LIBRARY OF CANADA to microfilm this dissertation and to lend or sell copies of the film, and UNIVERSITY MICROFILMS to publish an abstract of this dissertation.

The author reserves other publication rights, and neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

ACKNOWLEDGEMENTS

The author wishes to express his appreciation to a number of individuals without whose help and encouragement this research could not have been completed.

Special thanks are extended to Dr. Les Roos who served as thesis advisor and provided guidance and encouragement throughout the completion of this study. In addition, the constructive criticism and suggestions of Dr. W. W. Notz and Professor G. B. Anderson are acknowledged.

A special thank you is reserved for Mr. V. N. Aultman, The Clerk-Treasurer of the Municipality of Ear Falls and his staff for their co-operation and enthusiasm and to Professor John C. McCutcheon who suggested the subject of this thesis.

TABLE OF CONTENTS

	<u>Page</u>
List of Tables	
List of Figures	
List of Appendices	
Abstract	
Introduction	
Scope and Limitations	1
Information Sources	2
Literature Review	
The Retail Industry	4
Retail Development Policy	7
Small Town Retailing	8
Outshopping	9
Background	
History	17
Growth	17
Age Composition	18
Analysis of Retail Facilities	
Regional Comparisons	21
Ratio Analysis	23
Research Methodology	
Research Design	27
Sample Design and Return Rates	28
Analysis	28
Demographic and Attitudinal Analysis	
Population	30
Employment and Earnings	31
Education	32
Housing	35
Non-work Related Trips	36
Destinations	37
Reasons for Travelling	38
Outshopping	39
Retail Priorities	40
Retail Leakage	41

TABLE OF CONTENTS cont'd

	<u>Page</u>
Crosstabulation	44
Multiple Regression	46
Determination of Retail Requirements	
Aggregate Personal Income	53
Family Expenditure	58
Retail Floorspace Requirements	64
Summary and Conclusions	72
Bibliography	77
Appendix 1 Retail Food Price Comparison	81
Appendix 2 Retail Expenditure Pattern Questionnaire	85
Appendix 3 Dun and Bradstreet Ratings for Ear Falls Retailers	91

LIST OF TABLES

	<u>Page</u>
TABLE 1 Retail Industry Income Statement	5
2 Summary of Research Findings	13
3 Reasons Cited Most Frequently For Outshopping	14
4 Percentages of Out of Town Purchases By Product Category	16
5 Age Comparisons of Resident and Provincial Populations	20
6 Ear Falls Retail Inventory By Product Category	22
7 Selected Retail Trade Ratios for Canadian Retailers	25
8 Selected Canadian Average Wages By Occupational Group	33
9 Occupational Breakdown For Household Heads	34
10 Ear Falls Retail Priorities	43
11 Canadian Personal Disposable Income By Income Group	56
12 Per Capita Financial Statistics For Selected Cities and Regions (1977)	57
13 Urban Family Expenditures By Income Group (in \$)	59
14 Urban Family Expenditure By Income Group (in %)	60
15 Detailed Urban Family Expenditures	61
16 Calculation of Annual Retail Expenditure And Leakage for Selected Product Categories	63
17 Retail Floorspace Requirements for Selected Rates of Leakage	66
18 Future DSTM Floorspace Requirements For Varying Rates of Leakage	67
19 Future Food Floorspace Requirements For Varying Rates of Leakage	68
20 Retail Food Price Index for Selected Communities	84

LIST OF FIGURES

	<u>Page</u>
FIGURE 1 Retail Floorspace Formula	69

LIST OF APPENDICES

			<u>Page</u>
APPENDIX	1	Retail Food Price Comparison	81
	2	Retail Expenditure Pattern Questionnaire	85
	3	Dun and Bradstreet Ratings For Ear Falls Retailers	91

ABSTRACT

While the retail infrastructure makes important contributions to the development of any community, the impact is clearly more significant for smaller, isolated communities. Retailers provide employment and income, increase municipal assessment and encourage potential residents to settle within a community. Conversely, the absence of a retail industry or the deterioration of an existing retail infrastructure can have detrimental effects on the future development of a community.

This report constitutes a case study of retail outshopping (inter market patronage) for the Township of Ear Falls Ontario, a small community ninety miles northwest of Dryden. The study has the following objectives:

1. to provide a description of the local retail infrastructure
2. to determine the dollar value of retail leakage to competing trade centres by product category
3. to determine current and future retail floor space requirements for the Township
4. to assess the impact of demographic and attitudinal variables on outshopping
5. to propose recommendations to guide future retail development in Ear Falls.

INTRODUCTION

Scope and Limitations

This study does not attempt to analyze outshopping across all product categories, nor to enumerate the total spectrum of possible reasons underlying outshopping behavior. Rather, it focuses on those aspects of retailing that appear to be most closely related to outshopping.

Geographically, this study is limited to the Township of Ear Falls and the immediately surrounding area. Attempts to generalize the findings to other situations cannot be regarded as necessarily valid.

The scope of the study is further limited by the availability of time and funds.

From its inception to completion, the study spanned approximately twelve months. It can be hypothesized that events which occurred during this period could render the research obsolete. The decline of the Canadian dollar has had very little effect as the retail attraction of U.S. metropolitan centres has always been limited by transportation accessibility. Vacillation by Reed Paper on their decision to extend operations into the Ear Falls region persists. While other factors may have influenced the results or their interpretation, the fundamental implications of this study have remained unaffected.

Retail inventory data collected through the retailer questionnaire suffered from a low response rate. Consequently, only the existing retail floor space was adequately determined. The lack of an existing data base was

reflected most vividly in the attempt to assemble demographic data on the resident and transient populations. This factor necessitated the use of regional, provincial and national averages taken from Statistics Canada publications and the Financial Post Survey of Markets 1976/77 in computing personal disposable income, projected population growth and per capita retail sales. Estimation procedures were used to develop aggregate personal income figures for transients and secondary wage earners.

The retail price index developed in Appendix 1 applies only to food prices. The variety of goods and services to be priced in developing a complete retail price index is beyond the scope of this report.

A number of limitations are inevitable when the questionnaire format is employed. These problems include improper coding and answering of questions, misinterpretation of questions, low response rates and errors in tabulating and recording results. These shortcomings were mitigated to the greatest extent possible through careful attention to questionnaire design, pre-testing and third party tabulation.

Information Sources

The information required to complete this study included the following:

1. Background information on the community. The limited amount of information available was obtained from Municipal records, Township of Ear Falls Municipal Housing Policy Statement and the local Business Directory.
2. Retail inventory data including existing retail floor space, age of present facilities, annual sales, number of employees, annual payroll, expansion plans, retail facilities in regional centres, financial strength, credit worthiness, and retail ratios. Some of the inventory data was collected through a Retailer questionnaire and by observation. Financial strength and credit worthiness were assessed through Dun and Bradstreet records. The analysis of

retail ratios was based on data published in Capital At Work - Canadian Imperial Bank of Commerce Commercial Letter.

3. Demographical data on the local population including household size, housing data, length of residence, income, occupation and level of educational attainment. This data was collected through a Householder questionnaire and supplemented where necessary by Statistics Canada data from Employment and Earnings and Prices and Price Indexes and from the Financial Post Survey of Markets 1976/77.
4. Retail Expenditure data including the number of non-work related trips out of Ear Falls, destinations, reasons for travelling, purchases of goods by product category and personal retail development priorities. Again, the Householder questionnaire played a major role in collecting this data. Urban Family Expenditures summarized detailed family retail expenditure patterns. McCabe's formula helped determine future retail floorspace requirements based on projected income and expenditure data.
5. Retail price data and transportation costs. Prices for a food basket of items were gathered through observation of seven retail food outlets in five Northwestern Ontario communities and used as a retail price surrogate. Statistics Canada data on component weightings was taken from Prices and Price Indexes. Transportation rates were derived from a Schedule of Regional Freight rates.

LITERATURE REVIEW

The Retail Industry

Retailing is a dynamic industry which is increasingly being dominated by large competitive companies with concentrated market power. In 1975, one quarter of Canadian retail establishments achieved total sales of less than \$30,000, but accounted for only 2% of the total retail trade.¹ In contrast, only 3% of retail establishments had sales of more than \$1,000,000 but accounted for almost one half of total retail sales. Between 1966 and 1974, total annual retail sales climbed 93.6% to \$43 billion.² Sales by chain retailers increased 138% while sales by independent retailers grew only 71.2%, although independents rang up \$25.3 billion or 59% of total sales.

The industry is characterized by low capital investment and limited technology, both of which facilitate ease of entry and exit under normal conditions. These factors contribute to make retailing an extremely competitive industry where the "price" of retailing tends to be set at a level equal to its cost plus a fair rate of return on capital invested.³ The number of Canadian retail corporations increased by 7% in 1975 to 46,882 inspite of the fact that profits after taxes on capital employed averaged only 3.5% and retailing continued to rank as one of the riskiest

¹Statistics Canada, Retail Trade - An Introduction and General Review, (1975), Cat 63-607, pp. 1-3.

²Statistics Canada, Market Research Handbook, (1978), Cat. 63-224, p. 29.

³Robert D. Buzzel et al, Marketing - A Contemporary Analysis, (New York: McGraw Hill, 1972), p. 234.

categories of business in terms of business failures.⁴

TABLE 1
RETAIL INDUSTRY INCOME STATEMENT
(For The Year 1975)

TOTAL INCOME	\$ 45,842	100%
EXPENSES		
Materials	32,435	70.8
Salaries and Wages	5,748	12.5
Other	5,632	12.3
Total	43,815	95.6
PROFIT BEFORE TAXES	2,096	4.4
TAXES	476	0.9
PROFIT AFTER TAXES	1,620	3.5

DOLLARS IN THOUSANDS

SOURCE: Corporation Financial Statistics

According to Buzzell et al,⁵ the five basic functions of retailing are:

1. to locate and evaluate sources of supply,
2. to offer an assortment of goods at a convenient location,
3. to store merchandise until needed,

⁴Statistics Canada, Corporation Financial Statistics, (1978), Cat. 61-207, p. 175.

⁵Buzzell et al, p. 235.

4. to provide credit, and
5. to provide product-related facilities as required.

As the size, composition and needs of the population change, the amount and type of retail facilities required to serve that population must also change. Within the last 20 years, the average store size has doubled, population and income have dispersed to the suburbs and central city retailing has declined. These changes are reflected in the type, grouping and location of retail facilities. Central city and neighbourhood developments are being replaced by larger integrated commercial units along major traffic arteries. Inter-type competition between similar stores is decreasing in the face of increasing scale and product differentiation due to specialization.

The ability of a retail facility to satisfy the needs of a consumer is determined by a number of factors.⁶ The major factors include:

1. availability of merchandise (type, size, variety of stores; depth and breadth of assortment; adequacy of service)
2. price advantage (regular competitive prices; impact of special sales and promotions)
3. physical comfort (air conditioning; decor; intra-store circulation; availability of restaurant or other amenities)
4. convenience (accessibility; parking; store hours)

Current retail models have isolated the two most important variables with respect to retail attraction. Attraction appears to be positively

⁶J. Simmons, The Changing Pattern of Retail Location, (Chicago: University of Chicago, Doctoral Dissertation, 1964), pp. 8-12.

related to merchandise availability and the physical location of the retail facility. Insofar as the consumer is concerned, the greater the number of items carried, the greater the expectation that a particular shopping trip will be successful. Consumers therefore prefer larger retail facilities and all other things being equal will travel further to reach them.

The attractiveness of a particular shopping centre is also influenced by the effort and expense involved in getting there. While distance is a factor, shopping is not always carried out at the nearest centre in an effort to minimize this cost. A tradeoff exists between the perceived benefits of a particular retail facility and the "secondary purchase costs" such as travel time and expense incurred in shopping there.⁷ On the whole, retail shoppers tend to follow traditional shopping patterns, move toward the dominant trading centre and exhibit a reluctance to bypass one trading centre to get to another with equal facilities.

Retail Development Policy

McCabe⁸ points out that the number of applications for the development of suburban and regional shopping centres has increased. Growth in this area emphasizes the need for planned and orderly development of retail facilities. The development of such facilities, particularly in small isolated communities carries with it important and far reaching economic and social

⁷W. C. Bender, "Consumer Purchase Costs - Do Retailers Recognize Them?", Journal of Retailing, (Spring 1971), 40(1), p. 2.

⁸Robert W. McCabe, Shopping Centre Decision Evaluation Guides, Ministry of Treasury, Economics and Intergovernmental Affairs, (Toronto, 1971), p. 12.

ramifications.

Additional retail development can be justified on the grounds of serving an expanding population, providing more goods and services than are currently available, improving accessibility or providing additional assessment to the municipality. At first glance, these benefits appear to be substantial. The positive aspects of retail development must, however, be weighed against the costs of such additional development. Often overlooked costs include the hardship created for existing merchants and local suppliers, decreases in municipal revenues through diminished assessment in less competitive areas and the undesirable social consequences which may result if the existing pattern of retail circulation is altered.⁹ For these reasons, all effects of proposed retail development must be assessed in light of the goals and objectives of both the developers and the community. The importance of policy guidelines for retail development cannot be understated.

Small Town Retailing

A number of classical features characterize most small town retailing. Factors such as limited local population, geographical isolation and the dependence on surrounding communities present unique challenges to local retailers.¹⁰

Retail establishments in small communities are faced with limited opportunities to employ economies based upon division of labour and merchandise

⁹McCabe, p. 27.

¹⁰Peter S. Carusone, "The Growing Strength of Small City Retailing", Journal of Retailing, (Winter 1970-71), 46(4), pp. 50-58.

specialization. Small towns tend to be economically unstable, as the industrial base is generally narrow and dependent upon one or two major industries. As a result, local retailers are faced with tighter labour market conditions and increased susceptibility to economic instability.

Most small town retailers suffer from low inventory and mix capabilities. The limited size of the local market makes it difficult for retailers to specialize, as specific market segments are not large enough to adequately support a retail enterprise. Consequently, retailers carry a variety of product lines, but only a very limited selection in each line. The inability to stock specialized merchandise leads to increasing patronage of mail order and out of town retail facilities (outshopping) further reinforcing the limitations of the local merchant as sales and profits are exported to other communities.¹¹

Despite the impression which may have been conveyed, prospects for the growth of small town retailing do exist. In the 1970's retail sales in non-metropolitan areas are increasing at a faster rate relative to population and income than are sales in metropolitan areas."¹² Outshopping, then, represents both a problem and an opportunity for small town retailers.

Outshopping

The phenomenon of outshopping has been studied from a number of different perspectives. Traditionally, outshopping has attracted the interest of

¹¹Carusone, p. 55.

¹²R. Cox and J. Erickson, "Retail Decentralization", MSU Business Studies, (East Lansing Michigan: Bureau of Business and Economic Research, Michigan State University, 1970) p. 43.

macro-analytic researchers concerned with determining the limits of retail trade areas through the use of retail gravitation and probabilistic models.¹³ More recently, research efforts have focused on the micro-analytic aspects of outshopping, in an effort to isolate those variables which describe and hopefully predict the nature and likelihood of outshopping behavior.

To date, no one definition of outshopping has met with widespread acceptance. Herman and Beik¹⁴ initially defined the outshopper as a consumer "who has shopped outside a five mile radius of the downtown area one or more times during the previous year". Clearly, this would classify almost everyone as an outshopper today. While attention continued to centre on the number of purchases, Thompson¹⁵ described the outshopper as one who "has made at least one out of town purchase in the last six months". Reynolds and Darden¹⁶ retained the condition that purchases be made out of town, but increased the minimum frequency of such purchases to twelve annually. The most widely accepted definition of outshopping is offered by Solmi and Uhr.¹⁷ They argue that the dollar proportion of out of town purchases rather than number is the critical issue. Thus, they define heavy outshoppers as those

¹³G. Schwartz, Development of Marketing Theory, (Cincinnati: South-Western Publishing Co., 1963) p. 15.

¹⁴R. Hermann and L.L. Beik, "Shoppers Movements Outside Their Local Retail Area", Journal of Marketing, (October 1968) p. 47.

¹⁵J.R. Thompson, "Characteristics and Behavior of Out-Shopping Consumers", Journal of Retailing, (Spring 1971) p. 74.

¹⁶F.D. Reynolds and W.R. Darden, "Intermarket Patronage: A Psychographic Study of Consumer Outshoppers", Journal of Marketing, (October 1972) p. 51.

¹⁷A.C. Solmi and E.B. Uhr, "The Outshopping Spectrum: Key For Analyzing Intermarket Leakages", Journal of Retailing, (Spring 1972) p. 74.

who purchase more than 75% of a good or service out of town; outshoppers as those who purchase 50% to 74% of a good or service out of town and so on. Implicitly, this definition acknowledges that most consumers practice intermarket patronage in some degree and that outshopping can vary significantly across product categories.

Despite the lack of agreement as to an appropriate definition of outshopping, researchers have reported similar results with respect to the major descriptive factors of outshopping. It appears that consumer income is positively related with outshopping. Jonassen¹⁸ reports findings which indicate that intra-urban shopping movement increases with consumer's income. Solmi and Uhr,¹⁹ Thompson²⁰ and Hermann and Beik²¹ all concluded that income was also a related factor in inter-urban outshopping. A number of major outshopping studies²² agree that outshopping increases with education and that the largest proportion of outshoppers is concentrated in the 25-45 year age group. There is almost complete agreement on the absence of any significant relationship between occupation and outshopping.

It must be noted that while relationships between other demographic variables

¹⁸C.T. Jonassen, The Shopping Centre Versus Downtown, (Columbus Ohio: Ohio Bureau of Business Research, Ohio State University) 1965, p. 56.

¹⁹Solmi and Uhr, p. 76.

²⁰Thompson, p. 72.

²¹Hermann and Beik, p. 46.

²²Reynolds and Darden, p. 50.

and outshopping have been uncovered, the statistical strength of these relationships has never been sufficient to allow the formulation of any definitive hypotheses. Table 2 summarizes the often contradictory research findings which attempted to relate demographic and attitudinal variables to outshopping.

It has been suggested by a number of researchers that demographic variables may not have as much explanatory power as was expected and that a psychographic profile of outshopping consumers may be more useful. Reynolds and Darden describe outshoppers as "active, on the go, urban oriented" people, who are "neither time-conscious nor store loyal shoppers".

In direct contrast to the apparent weaknesses of demographic descriptors, all major outshopping studies have found strong relationships between consumer attitudes towards local retailing and outshopping. Attitudes towards such factors as quality; selection; prices of goods offered for sale locally; the courtesy and product knowledge of sales personnel; accessibility and convenience of retail facilities; services offered by retailers and credit have been found to have a direct bearing on the willingness to engage in outshopping behavior.

Of the attitudinal variables cited, selection and price perception appear to be the primary source of dissatisfaction among outshoppers. The importance of selection is further illustrated by the types of products which constitute the most frequent purchases of outshoppers (see Table 4. for complete summary). Generally, these products are classified as shopping goods and characterized by high visibility and significant status connotations. Such

TABLE 2

SUMMARY OF RESEARCH FINDINGS

RESEARCH STUDY	DEMOGRAPHIC VARIABLES							ATTITUDINAL VARIABLES		
	Income	Occupation	Education	Family Size	Out of Town Charge Acc.	Age	Selection	ATTITUDE TOWARDS		
								Price	Quality	Personnel
Hermann & Beik	Yes(+)	No	NA	Yes(-)	Yes(+)	NA	Yes(+)	Yes(+)	NA	NA
Thompson	Yes(+)	No	NA	No	Yes(+)	Yes(-)	Yes(+)	Yes(+)	Yes(+)	Yes(+)
Reynolds & Darden	Yes(+)	No	Yes(+)	No	Yes(+)	Yes(-)	Yes(+)	NA	No	NA
Solmi & Uhr	Yes(+)	NA	Yes(+)	NA	Yes(+)	Yes(-)	Yes(+)	Yes(+)	Yes(+)	Yes(+)
Lillis & Hawkins	No	No	NA	Yes(-)	NA	Yes(-)	Yes(+)	Yes(+)	No	No

NOTE: "Yes" indicates the existence of a significant relationship between the variables.

"No" indicates the absence of a significant relationship.

"NA" indicates that the variable was not tested in the study.

"(+)" indicates that the relationship is positive (as income increases outshopping increases).

"(-)" indicates that the relationship is negative.

TABLE 3
REASONS CITED MOST FREQUENTLY
FOR OUTSHOPPING

	<u>Percent</u>
1. limited local selection	58
2. to see what is available elsewhere	41
3. local prices too high	40
4. poor quality	24
5. inconvenient hours	15
6. unpleasant store appearance	13
7. unknowledgeable sales help	11

SOURCE: Laurence P. Feldman, "Prediction of the Spatial Pattern of Shopping Behavior", Journal of Retailing (Spring 1967) 43(1): 29.

characteristics point to the need for a large assortment of goods which facilitate comparison shopping.

Bender²³ proposes that an additional variable, attitudinal in nature, has a significant impact on the propensity of small town consumers in particular to outshop. Small town consumers are willing to incur proportionally larger secondary purchase costs in return for what Bender describes as the "enjoyment value" associated with inter urban shopping trips. He argues that shopping trips furnish the consumer with a "cosmopolitan orientation" which

²³Bender, p. 2.

offsets the additional secondary purchase costs incurred. Thus, outshopping may to some extent be a result of primary motives that are not related to product purchase - satisfying efforts on the part of the consumer.

The implications of these findings are of importance for retailers facing the outshopping problem. To the extent that retailers can exercise control over merchandise selection, prices and the other attitudinal variables which appear to have a direct influence on consumers' attitudes towards local retail facilities, they can restrict the propensity towards outshopping. The desired effect of decreasing the benefits of out of town shopping may be viewed from another perspective - as an increase in the relative secondary purchase costs of outshopping. By increasing the cost of out of town shopping (or reducing the benefit so derived) the consumer is encouraged to concentrate a greater proportion of his retail expenditures locally. However, if some outshopping is, as Bender suggests, unrelated to the attitudes or perceptions of local and out of town retail facilities, the ability of retailers to stem the outflow of retail expenditures is reduced.

TABLE 4

PERCENTAGES OF OUT OF TOWN PURCHASESBY PRODUCT CATEGORY

THOMPSON		HERMANN & BEIK	
<u>Product</u>	<u>%</u>	<u>Product</u>	<u>%</u>
Women's coats	65	Women's coats	44
Curtains, drapes	60	Men's suits	36
Rugs, carpets	58	Rugs, carpets	35
Men's Suits	57	Women's fashions	28
Women's fashions	55	Curtains, drapes	24
Sporting goods	48	Men's shirts	20
Housewares	48	Linen, bedding	18
Children's clothing	47	Shoes	17
Men's work clothes	46	Sporting goods	14
Furniture	44	Boy's clothing	12
Jewelry	43	Infants clothing	11
Automobiles	40	Girl's clothing	9
Major appliances	34	Housewares	9

NOTE: the propensity to outshop is a function of the nature and extent of local retail facilities; location and comparative advantage of out of town retail facilities and other factors. For these reasons, the generalizability of specific outshopping studies is limited.

BACKGROUND

History

Ear Falls is a community of 2,177 (October 1978 municipal census) located in the District of Kenora, some 93 miles northwest of Dryden. The community was incorporated as an Improvement District in 1970 and elevated to Township status in 1972. In addition to the permanent residents, some 600-700 transient workers reside in or around Ear Falls for various parts of the year. Despite regular enumeration, only a limited amount of current demographic data is available on both the permanent and transient populations.

Growth

The population has more than doubled since 1968, but the extent of future growth remains uncertain, pending the finalization of expansion plans by the two major resource-based industries currently operating in the area. It seems clear that population projections prepared by the Municipality which predicted approximately 6,500 permanent and transient residents by 1980 were extremely optimistic. Since 1970, the Township has grown at an average annual rate of 5.1%.²⁴ The regional average annual growth rate for the District of Kenora since 1970 is somewhat higher at 6.8%.²⁵ At this rate of growth, the permanent resident population of the Township would number approximately 2,500 by 1980 and 3,650 by 1987. If the

²⁴Township of Ear Falls Municipal Housing Policy Statement Update, (August 1977) p. 3.

²⁵Financial Post Survey of Markets, (1976/77) p. 220.

current household size of 3.8 persons is maintained, approximately 960 households would comprise the permanent Ear Falls resident population by 1987.

Assuming that the ratio of transients to permanent residents remains unchanged the total Township population could range up to 3,300 in 1980 and 4,800 in 1987. These projections assume a relatively constant rate of growth through the next decade and do not consider the impact of any unforeseen industrial expansion. Further, the maximum population estimated earlier prevails only during those periods of the year when transients reside in the Township.

Age Composition

A comparison of population composition by age group indicates that permanent Ear Falls residents are generally younger than the provincial population. From 1970-77, the under 20 age group grew by 35% to comprise 46% of the total resident population. In contrast, the same age group represented only 34.8% of the Ontario population in 1976.²⁶ The 20-59 age group increased by 18.4%, but declined slightly in proportion to the total population from 52.3% to 49.2%. This ratio compares favourably with the Ontario age group figure of 52.9%. The over 60 segment of the local population increased by 22.5% over the 7 year period, but accounted for only 4.8% of the total population. The same age group in the Ontario population comprised 12.3% of

²⁶Financial Post Survey of Markets 1975/76, p. 218.