

Service bulletin

Motion Picture Theatres

2007



Highlights

- Canadian motion picture theatres attracted more movie-goers in 2007. Cinemas, including indoor theatres, drive-ins and film festivals, sold 104.5 million tickets in 2007, up 1.5% from 102.9 million the year before.
- The motion picture theatre industry recorded total operating revenues of about \$1.3 billion, up 8.7% from 2006. Operating expenses increased by 6.1%.
- Operating profits totaled \$148.0 million, up from \$109.1 million in 2006. The industry posted an operating profit margin of 11.0% in 2007. Theatres in British Columbia, Alberta and Saskatchewan recorded operating profit margins above the national average.
- Ontario theatres earned 43% of total operating revenues in 2007, followed by those in Quebec, 16%, and Alberta and British Columbia, both with 15%.

Results in the remainder of this release are based on establishments whose combined revenues account for about 95% of the industry's total revenues.

Large chains continue to dominate the motion picture industry

- The top chain-operated theatres, ranked on the basis of operating revenues, dominated the industry in terms of revenues, expenses and profit but also in terms of admission receipts, concession sales and attendance.
- These large theatre chains represented 85% of the total national operating revenue in 2007, up slightly from 84% in 2006.
- Operating revenues for large theatre chains increased 10.1%, outpacing the 9.2% increase for the industry as a whole.
- At the same time, operating expenses were up 8.7% for the large chains, which was above the industry average of 6.5%.
- As a result, these large theatre chains saw their profit margins increase from 9.8% in 2006 to 11.0% in 2007. This was in line with the industry average of 11.3%.
- Box office sales (admission receipts) from the large theatre chains accounted for 53.6% of total operating revenue in 2007. These companies saw their box office sales reach \$703.2 million, a 9.3% increase from a year earlier.
- Revenues from the sale of food and beverages followed a similar pattern. The large theatre chains saw a 12.4% rise in concession receipts from 2006 to 2007. Concession sales accounted for 25.7% of total operating revenue in 2007.



- Attendance levels for the large theatre chains reached 87 million, up from 83 million in 2006. This helped to increase box office and concession sales. The large theatre chains accounted for just over four-fifths of total attendance in 2007.

Albertans still the nation's most avid movie-goers

- Each Canadian made 3.2 visits to the movies on average in 2007 based on population projections for the year and the number of paid admissions to movie theatres from the survey.
- Alberta residents were the nation's most avid movie-goers with an average of 4 visits to the movies per person in 2007.

Note to readers

Data for the 2007 Motion Picture Theatre industry should not be compared with data published prior to 2005, as significant changes were made to the survey. Data for 2006 were revised.

The Motion Picture Theatre industry comprises establishments primarily engaged in exhibiting motion pictures. To facilitate the presentation of characteristics in this release, reference to motion picture theatres includes indoor theatres, drive-ins and film festivals.

In this release, data for Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Yukon, Nunavut and Northwest Territories have been suppressed due to Statistics Canada's requirement to ensure confidentiality of respondent data.

Statistical tables

Table 1
Summary statistics for the motion picture theatre industry, 2005 to 2007

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin	Statistical establishments
	thousands of dollars		percent		number
2007					
Newfoundland and Labrador	x	x	x	x	x
Prince Edward Island	x	x	x	x	x
Nova Scotia	x	x	x	x	x
New Brunswick	x	x	x	x	x
Quebec	218,507	212,905	35,070	2.6	143
Ontario	582,091	524,946	76,987	9.8	212
Manitoba	x	x	x	x	x
Saskatchewan	34,956	30,013	4,575	14.1	37
Alberta	194,777	151,789	20,955	22.1	88
British Columbia	203,974	180,268	24,697	11.6	106
Yukon	x	x	x	x	x
Northwest Territories	..	..	..	..	..
Nunavut	x	x	x	x	x
Canada	1,346,627	1,198,623	178,597	11.0	672
2006 r					
Newfoundland and Labrador	x	x	x	x	x
Prince Edward Island	x	x	x	x	x
Nova Scotia	x	x	x	x	x
New Brunswick	x	x	x	x	x
Quebec	223,529	213,936	40,339	4.3	141
Ontario	529,096	497,882	74,186	5.9	199
Manitoba	x	x	x	x	x
Saskatchewan	32,718	27,546	4,711	15.8	38
Alberta	176,889	141,904	22,063	19.8	79
British Columbia	170,054	153,436	22,618	9.8	114
Yukon	x	x	x	x	x
Northwest Territories	..	..	..	..	..
Nunavut	x	x	x	x	x
Canada	1,238,710	1,129,606	179,668	8.8	664
2005					
Newfoundland and Labrador	x	x	x	x	x
Prince Edward Island	x	x	x	x	x
Nova Scotia	x	x	x	x	x
New Brunswick	x	x	x	x	x
Quebec	243,693	272,755	40,498	-11.9	137
Ontario	478,634	459,910	70,973	3.9	201
Manitoba	x	x	x	x	x
Saskatchewan	31,014	25,749	4,686	17.0	40
Alberta	171,285	163,783	22,732	4.4	84
British Columbia	168,496	160,819	24,560	4.6	115
Yukon	x	x	x	x	x
Northwest Territories	x	x	x	x	x
Nunavut	..	..	..	..	..
Canada	1,199,433	1,177,857	179,971	1.8	656

Note(s): Based on the North American Industry Classification System (NAICS) and includes all establishments classified to 512130 (indoor motion picture theatres, drive-ins and film festivals). Due to rounding, components may not add to total. See "Data source, definitions and methodology" at the end of tables for definition of terms.

Table 2
Profile of the motion picture theatre industry,¹ 2005 to 2007

	Atlantic ² provinces	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories ³	Canada
thousands of dollars									
Operating revenue									
Total admission receipts									
2007	x	137,580	341,283	x	18,914	117,591	129,372	x	811,220
2006 r	x	136,426	324,323	x	17,840	103,426	107,997	x	752,589
2005	x	145,053	292,566	x	18,412	105,499	103,061	x	729,308
Sales of food and beverages									
2007	x	55,058	158,449	x	12,361	61,359	54,909	x	380,065
2006 r	x	51,665	145,558	x	11,118	57,389	45,273	x	346,157
2005	x	62,089	130,532	x	10,067	50,929	45,993	x	334,238
All other operating revenue									
2007	x	18,622	69,930	x	2,318	11,468	11,866	x	119,824
2006 r	x	22,456	48,861	x	2,647	11,049	10,728	x	101,450
2005	x	18,470	41,795	x	1,792	9,715	10,837	x	88,051
Total operating revenue									
2007	x	211,260	569,662	x	33,593	190,418	196,148	x	1,311,109
2006 r	x	210,546	518,743	x	31,605	171,863	163,997	x	1,200,196
2005	x	225,612	464,893	x	30,270	166,144	159,891	x	1,151,597
Operating expenses									
Salaries, wages and benefits									
2007	x	33,064	74,139	x	4,213	20,179	22,682	x	170,006
2006 r	x	37,739	71,674	x	4,456	21,207	21,171	x	171,292
2005	x	38,290	67,364	x	4,563	21,924	22,141	x	170,359
Cost of goods sold									
2007	x	14,449	36,837	x	2,713	12,418	11,234	x	85,057
2006 r	x	12,079	32,051	x	2,702	13,178	7,703	x	74,503
2005	x	18,836	24,957	x	1,972	12,296	9,394	x	74,503
Film rental and royalty payments									
2007	x	68,117	172,750	x	10,349	61,090	67,049	x	414,315
2006 r	x	66,491	164,221	x	8,782	50,587	55,322	x	378,321
2005	x	82,747	145,500	x	8,660	53,957	52,547	x	377,098
All other operating expenses									
2007	x	89,817	229,234	x	11,145	54,000	71,390	x	493,751
2006 r	x	85,096	219,369	x	10,636	52,238	63,372	x	467,907
2005	x	116,096	208,855	x	9,904	70,770	68,238	x	510,398
Total operating expenses									
2007	x	205,447	512,960	x	28,421	147,688	172,355	x	1,163,129
2006 r	x	201,406	487,315	x	26,576	137,210	147,569	x	1,092,023
2005	x	255,970	446,676	x	25,098	158,948	152,320	x	1,132,358
number									
Theatre operations									
Paid admissions (attendance)									
2007	x	20,834,987	41,032,805	x	2,954,251	14,048,615	15,652,455	x	104,464,904
2006 r	x	20,700,371	41,955,618	x	3,130,483	14,418,135	13,326,854	x	102,927,624
2005	x	20,590,566	36,718,067	x	3,271,005	16,582,369	13,737,322	x	101,026,816
Screens									
2007	x	579	1,002	x	86	344	359	x	2,652
2006 r	x	633	1,056	x	107	376	380	x	2,831
2005	x	666	1,003	x	75	446	348	x	2,826
percent									
Operating profit margin									
2007	x	2.8	10.0	x	15.4	22.4	12.1	x	11.3
2006 r	x	4.3	6.1	x	15.9	20.2	10.0	x	9.0
2005	x	-13.5	3.9	x	17.1	4.3	4.7	x	1.7

1. Industry estimates for this table are based on the surveyed portion and exclude establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue.

2. Atlantic provinces include: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick.

3. Territories include: Yukon, Northwest Territories and Nunavut.

Note(s): Based on the North American Industry Classification System (NAICS) and includes all establishments classified to 512130 (indoor motion picture theatres, drive-ins and film festivals). Due to rounding, components may not add to total. See "Data source, definitions and methodology" at the end of tables for definition of terms.

Data sources, definitions and methodology

The following information is to ensure a clear understanding of the basic concepts that are being measured, the underlying survey methodology (how the concepts are measured), and key aspects of data quality. This information will provide a better understanding of the strengths and limitations of the data, and of how they can be effectively analysed and used. The information may be of particular importance when making comparisons with data from other surveys or sources of information, and in drawing conclusions regarding changes over time.

Description

This annual sample survey collects the financial and operating data needed to produce statistics on the Motion Picture Theatre industry in Canada. Commencing with reference year 2005, the survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client.

These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the Motion Picture Theatre industry in Canada. The results from this survey provide data to businesses, governments, investors and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

The new survey covers a somewhat different set of businesses than in previous years so that data generally cannot be expected to be comparable. The list of names and addresses of businesses is now drawn from a central Statistics Canada data base. Also, a much more rigorous delineation of those companies that are considered part of the culture sector has been applied through the implementation of the North American Industry Classification System (NAICS). This industry-based classification is a departure from the activity-based classification that was used previously. In addition to these changes in coverage, commencing with 2005, the data are based on a sample of businesses.

Despite these changes, several data points for two earlier survey years have been produced so that key trends can still be determined. These data represent estimates of historical data that would have been produced using this new coverage and methodology for those years. This information is included in the 2005 data release only.

Target population

The target population consists of all establishments classified to the Motion Picture Theatre industry (NAICS 512130) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in exhibiting motion pictures. Establishments primarily engaged in providing occasional motion picture exhibition services, such as those provided during film festivals, are also included.

Sampling

This is a sample survey with a cross-sectional design.

The survey design was based on probability sampling and only covered the portion of the frame subject to direct data collection.

The basic objective of the survey is to produce estimates for the whole industry for incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold and administrative data for businesses with revenue below the threshold, which are excluded from sampling. The excluded portion represents a substantial proportion of the industry in terms of number of establishments, but its contribution to the overall industry revenue is only about 5%. It should be noted that for this excluded portion, only certain financial information is obtained from administrative sources; e.g., total revenue, expenses such as depreciation and salaries, wages and benefits. Characteristics such as detailed revenue by type of service and employment are collected only for surveyed establishments. (Note: the threshold varies between industries and between provinces in the same survey.)

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including: address, industry classification and other administrative information. The frame is referred to as the Business Register and is updated regularly using administrative data.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same industry, same geography (province/territory)). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected on the basis of complex structure characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises), as well as selected establishments whose particular industry characteristics make it essential that they be included. All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

Finally, the sample size is inflated to compensate for firms that are found to no longer belong in the industry, such as those that have gone out of business, changed their primary business activity, are inactive, or are duplicates on the frame. After removing such firms, the sample size for the 2007 Motion Picture Theatre survey was 444 establishments.

Definitions

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Data quality

While considerable effort is made to ensure high standards throughout all stages of collection and processing, the resulting estimates are inevitably subject to a certain degree of error. These errors can be broken down into two major types: non-sampling and sampling.

Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

Sampling error occurs because population estimates are derived from a sample of the population rather than the entire population. Sampling error depends on factors such as sample size, sampling design, and the method of estimation. An important property of probability sampling is that sampling error can be computed from the sample itself by using a statistical measure called the coefficient of variation (CV). The assumption is that over repeated surveys, the relative difference between a sample estimate and the estimate that would have been obtained from an enumeration of all units in the universe would be less than twice the CV, 95 times out of 100. The range of acceptable data values yielded by a sample is called a confidence interval. Confidence intervals can be constructed around the estimate using the CV. First, we calculate the standard error by multiplying the sample estimate by the CV. The sample estimate plus or minus twice the standard error is then referred to as a 95% confidence interval.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the *Statistics Act* that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the weighted response rate was 96.3%. CVs were calculated for each estimate and are available upon request.

Related products

CANSIM

Available on CANSIM: table 361-0012: Motion picture theatres, summary statistics, by North American Industry Classification System (NAICS), annual

Survey(s)

Definitions, data sources and methods: survey number 2416 - Annual Survey of Service Industries: Motion Picture Theatres

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: March 2009

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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Frequency: Annual / ISSN 1916-9817

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La version française de cette publication est disponible sur demande (n° 87F0009X au catalogue).

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