

Service bulletin

Sound Recording and Music Publishing



2009

Highlights

In 2009, the Canadian Sound Recording Industry experienced a 3.2% decline in its combined operating revenues from \$887.3 million to \$858.9 million.

The largest industry group, record production and integrated record production and distribution, accounted for about 69% of the total revenue, followed by music publishing at 18%, sound recording studios at 12%, and all other sound recording industries at 1%.

Record production and integrated record production and distribution

- In spite of declining revenues for a third consecutive year, the record production and integrated record production and distribution industry continued to experience an increase in profitability. Operating revenue decreased from \$619.4 million in 2008 to \$596.3 million in 2009. However, during this year businesses reduced their operating expenses by 7.3% to \$498.9 million. These reductions contributed to an increase in the operating profit margin to 16.3% in 2009, up from 13.1% in 2008 and 11.8% in 2007.
- As in 2008, Ontario firms accounted for the vast majority of national operating revenues at 77.6%, followed by firms in Quebec with 18.6%. However, for Ontario this figure is down from 80.6% last year while Quebec's figure has increased from 15.7%.
- The largest proportion of operating expenses were for cost of goods sold at 32.0%, followed closely by royalties, rights, licensing and franchise fees at 28.1% and salaries, wages and benefits at 14.5%. These proportions are very similar to 2008.
- Revenue from sales of digital musical recordings, which include both individual tracks and albums, increased by 48.9% from \$53.0 million in 2007 to \$79.0 million in 2009. However, this did not offset the 25.9% decline in sales from compact discs from \$393.8 million in 2007 to \$291.8 million in 2009.
- From 2007 to 2009, sales of recordings declined by 22.2% reflecting significant drops in sales by Canadian and non-Canadian artists.
- As was noted last year, foreign-controlled firms generated the majority of industry operating revenues at 74.9%, and operating expenses at 72.3%. Compared with 2008, foreign-controlled firms saw an increase in their operating revenues and a decrease in their operating expenses, yielding a profit margin increase to 19.2% from 16.3%. During this period, Canadian-controlled firms experienced a much larger drop in both their operating revenues and operating expenses, which also resulted in an increased profit margin from 5.8% to 7.7%.

Music publishing

- Operating revenues in the music publishing industry increased 8.3% in 2009 to \$153.5 million, while at the same time operating expenses rose by 4.8% to \$137.8 million. The industry's profit margin grew from 7.3% in 2008 to 10.3% in 2009.

- The largest expense item in this industry is royalties, rights and licensing fees which comprised 45.2% of operating expenses, followed by salaries, wages and benefits at 21.4%.

Sound recording studios

- In 2009 the sound recording studio industry saw its operating revenues fall by 16.5% to \$98.7 million from \$118.3 million in 2008. Operating expenses also declined by a similar amount, from \$102.2 million to \$85.5 million, or 16.4%. These similar declines resulted in the operating profit margin being essentially unchanged at 13.5% in comparison with 13.6% for 2008.
- Almost one-half of the operating expenses in this industry were accounted for by salaries, wages and benefits at 31.5%, and subcontract expenses at 14.8%.

Statistical tables

Table 1

Summary statistics for the record production and integrated record production and distribution industry, by province and region, 2007 to 2009⁴

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2009 p				
Atlantic provinces ¹	984	31	776	21.2
Quebec	110,786	16,538	103,892	6.2
Ontario	462,675	52,931	376,139	18.7
Prairie provinces ²	6,069	1,599	5,733	5.5
British Columbia and Territories ³	15,831	1,459	12,353	22.0
Canada	596,346	72,557	498,892	16.3
2008				
Atlantic provinces ¹	934	122	817	12.6
Quebec	97,398	11,083	90,681	6.9
Ontario	499,391	60,210	425,596	14.8
Prairie provinces ²	4,819	1,498	4,745	1.5
British Columbia and Territories ³	16,901	2,021	16,338	3.3
Canada	619,444	74,934	538,177	13.1
2007 r				
Atlantic provinces ¹	1,984	222	1,843	7.1
Quebec	110,925	13,009	103,623	6.6
Ontario	533,544	68,510	460,334	13.7
Prairie provinces ²	6,042	1,511	5,431	10.1
British Columbia and Territories ³	20,935	3,125	22,475	-7.4
Canada	673,431	86,377	593,707	11.8

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

2. Prairie provinces include: Manitoba, Saskatchewan and Alberta.

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

4. Starting with the 2006 annual data release, the methodology used to generate provincial data estimates was modified to enhance the quality of these estimates. As a result, provincial data for 2006 and subsequent years, are not comparable to provincial data released prior to 2006.

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution.

Table 2
Summary statistics for the music publishing industry, Canada, 2007 to 2009

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2009 ^p	153,544	28,725	137,776	10.3
2008	141,742	21,964	131,444	7.3
2007	122,903	22,015	109,214	11.1

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512230, music publishers.

Table 3
Summary statistics for the sound recording studio industry, by province and region 2007 to 2009⁴

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2009 ^p				
Atlantic provinces ¹	1,753	139	1,309	25.3
Quebec	22,349	5,353	19,137	14.4
Ontario	39,491	9,879	34,128	13.6
Prairie provinces ²	9,537	2,089	8,032	15.8
British Columbia and Territories ³	25,606	6,419	22,848	10.8
Canada	98,736	23,878	85,454	13.5
2008 ^r				
Atlantic provinces ¹	1,943	344	1,658	14.7
Quebec	31,380	5,172	25,719	18.0
Ontario	48,170	9,918	43,107	10.5
Prairie provinces ²	7,683	1,895	6,519	15.1
British Columbia and Territories ³	29,137	6,737	25,247	13.4
Canada	118,313	24,065	102,250	13.6
2007				
Atlantic provinces ¹	3,205	427	2,861	10.7
Quebec	22,744	4,313	19,418	14.6
Ontario	42,120	8,374	34,537	18.0
Prairie provinces ²	6,217	1,133	5,230	15.9
British Columbia and Territories ³	30,616	5,844	26,896	12.2
Canada	104,902	20,092	88,942	15.2

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

2. Prairie provinces include: Manitoba, Saskatchewan and Alberta.

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

4. Starting with the 2006 annual data release, the methodology used to generate provincial data estimates was modified to enhance the quality of these estimates. As a result, provincial data for 2006 and subsequent years, are not comparable to provincial data released prior to 2006.

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512240 sound recording studios.

Table 4
Summary statistics for Other sound recording industries, Canada 2007 to 2009

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2009 ^p	10,238	2,807	7,869	23.1
2008	7,801	2,492	6,645	14.8
2007	6,100	1,524	4,463	26.8

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512290 other sound recording industries.

Table 5
Operating expenses for the record production and integrated record production and distribution industry, Canada, 2007 to 2009

	2009	2008 ^r	2007 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	14.5	14.0	14.5
Commissions paid to non-employees	F	F	F
Professional and business services fees	2.7	2.8	2.3
Subcontract expenses	F	F	2.1
Charges for services provided by Head Office	1.6	1.7	x
Cost of goods sold	32.0	32.4	27.0
Office supplies	F	F	F
Rental and leasing	1.7	1.6	1.3
Repair and maintenance	F	F	F
Insurance	F	F	F
Advertising, marketing and promotions	8.5	8.3	8.6
Travel, meals and entertainment	1.0	1.4	1.3
Utilities and telecommunications expenses	F	F	F
Property and business taxes, licences and permits	F	F	F
Royalties, rights, licensing and franchise fees	28.1	27.0	30.8
Delivery, warehousing, postage and courier	3.0	2.7	2.7
Financial services fees	F	F	x
Amortization and depreciation of tangible and intangible assets	1.3	1.2	1.1
Bad debts	F	F	F
All other expenses	2.0	2.5	3.2
Total operating expenses¹	100.0	100.0	100.0

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

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 6
Operating expenses for the music publishing industry, Canada, 2007 to 2009

	2009	2008 ^r	2007 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	21.4	18.2	20.1
Commissions paid to non-employees	2.7	2.3	3.1
Professional and business services fees	5.6	7.0	3.7
Subcontract expenses	x	x	4.9
Charges for services provided by Head Office	2.8	x	x
Cost of goods sold	x	1.9	x
Office supplies	F	F	1.0
Rental and leasing	1.4	1.2	1.9
Repair and maintenance	F	1.5	F
Insurance	F	F	x
Advertising, marketing and promotions	F	F	x
Travel, meals and entertainment	1.6	2.2	3.1
Utilities and telecommunications expenses	F	F	F
Property and business taxes, licences and permits	x	F	x
Royalties, rights, licensing and franchise fees	45.2	49.6	47.7
Delivery, warehousing, postage and courier	F	x	x
Financial services fees	F	F	x
Amortization and depreciation of tangible and intangible assets	4.7	4.3	5.2
Bad debts	F	F	x
All other expenses	6.8	5.8	3.9
Total operating expenses¹	100.0	100.0	100.0

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

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512230, music publishers. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 7
Operating expenses for the sound recording studio industry, Canada, 2007 to 2009

	2009	2008 ^r	2007
	percent		
Industry expenditures			
Salaries, wages and benefits	31.5	25.8	25.4
Commissions paid to non-employees	x	x	x
Professional and business services fees	3.4	5.5	2.7
Subcontract expenses	14.8	12.7	13.8
Charges for services provided by Head Office	x	x	x
Cost of goods sold	9.9	11.9	17.1
Office supplies	2.3	3.1	2.6
Rental and leasing	9.8	10.2	11.1
Repair and maintenance	2.1	3.3	2.2
Insurance	1.2	1.2	1.2
Advertising, marketing and promotions	1.6	2.0	2.6
Travel, meals and entertainment	2.6	3.2	2.5
Utilities and telecommunications expenses	2.3	2.3	2.4
Property and business taxes, licences and permits	F	F	1.0
Royalties, rights, licensing and franchise fees	x	x	x
Delivery, warehousing, postage and courier	F	x	x
Financial services fees	F	F	x
Amortization and depreciation of tangible and intangible assets	6.2	8.7	6.9
Bad debts	x	x	x
All other expenses	7.2	6.1	4.8
Total operating expenses¹	100.0	100.0	100.0

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

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512240. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 8
Operating expenses for Other sound recording industries, Canada 2007 to 2009

	2009	2008 ^r	2007 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	38.0	41.4	39.7
Commissions paid to non-employees	x	x	x
Professional and business services fees	2.2	4.6	3.0
Subcontract expenses	x	x	7.9
Charges for services provided by Head Office	x	F	F
Cost of goods sold	x	F	x
Office supplies	1.7	2.4	2.4
Rental and leasing	3.6	7.9	6.4
Repair and maintenance	4.2	2.9	1.6
Insurance	1.4	F	x
Advertising, marketing and promotions	2.0	1.4	x
Travel, meals and entertainment	3.6	3.1	3.1
Utilities and telecommunications expenses	2.9	1.8	2.3
Property and business taxes, licences and permits	x	F	x
Royalties, rights, licensing and franchise fees	x	x	x
Delivery, warehousing, postage and courier	F	F	F
Financial services fees	1.2	F	F
Amortization and depreciation of tangible and intangible assets	5.1	7.2	5.8
Bad debts	x	x	x
All other expenses	2.9	14.2	18.8
Total operating expenses¹	100.0	100.0	100.0

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

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512290. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 9
Profile of the record production and integrated record production and distribution industry, by province and region, 2007 and 2009

	Quebec	Ontario	British Columbia	All other provinces and territories ¹	Canada
	number				
Number of new releases					
Recordings by Canadian artists					
2009	168	237	x	x	572
2007 r	217	271	23	75	586
Recordings by non-Canadian artists					
2009	247	1,648	x	x	1,931
2007 r	74	4,098	40	24	4,236
Total					
2009	415	1,885	55	148	2,503
2007 r	291	4,369	63	99	4,822
	percent				
Percentage of releases by Canadian artists					
2009	40.5	12.6	50.9	93.9	22.9
2007 r	74.6	6.2	36.5	75.8	12.2
	thousands of dollars				
Operating revenue					
Sales of recordings by Canadian artists					
2009	26,493	49,833	2,897	1,926	81,149
2007 r	35,624	65,937	4,148	2,626	108,335
Sales of recordings by non-Canadian artists					
2009	x	247,162	x	x	299,310
2007 r	43,662	331,710	4,904	660	380,936
Revenue from royalties and rights					
2009	x	20,812	x	492	31,886
2007 r	4,083	31,024	4,609	300	40,016
All other operating revenue					
2009	x	139,910	x	x	168,084
2007 r	22,762	97,844	6,023	2,688	129,317
Total operating revenue					
2009	102,345	457,716	14,675	5,692	580,428
2007 r	106,131	526,515	19,685	6,274	658,604
	percent				
Percentage of sales from recordings by Canadian artists					
2009	34.4	16.8	70.2	81.5	21.3
2007 r	44.9	16.6	45.8	79.9	22.1

See notes at the end of the table.

Table 9 – continued

Profile of the record production and integrated record production and distribution industry, by province and region, 2007 and 2009

	Quebec	Ontario	British Columbia	All other provinces and territories ¹	Canada
thousands of dollars					
Operating expenses					
Cost of goods sold					
2009	x	127,669	x	x	155,535
2007 r	30,332	120,865	x	x	156,367
Royalties, rights, licensing and franchise fees					
2009	x	109,801	x	319	136,215
2007 r	15,648	156,648	x	x	178,249
Salaries, wages and benefits					
2009	x	52,426	x	1,402	70,631
2007 r	12,481	67,331	3,019	1,390	84,222
All other operating expenses					
2009	34,828	81,900	x	x	123,130
2007 r	40,486	108,277	8,861	2,679	160,303
Total operating expenses					
2009	97,064	371,795	11,469	5,183	485,511
2007 r	98,947	453,122	21,376	5,697	579,142
percent					
Operating profit margin					
2009	5.2	18.8	21.8	8.9	16.4
2007 r	6.8	13.9	-8.6	9.2	12.1
number					
Employment					
Full-time employees					
2009	201	564	x	x	819
2007 r	187	739	42	50	1,018
Part-time employees					
2009	15	x	x	12	34
2007 r	34	19	6	58	117
Contract workers					
2009	916	87	12	9	1,024
2007 r	679	101	34	40	854

1. All other provinces and territories include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta, Yukon, Northwest Territories and Nunavut.

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Table 10
Profile of the music publishing industry, Canada, 2007 and 2009

	2009	2007 ^r
	thousands of dollars	
Music publishing royalties		
Licensing of rights to use sound recordings	44,926	14,042
Performing rights	34,958	29,350
Mechanical rights	31,181	32,552
Synchronization rights	7,001	6,897
Print licensing rights	87	24
Other music publishing rights	2,661	10,965
All other operating revenue	19,200	20,207
Total operating revenue	140,015	114,037
Operating expenses		
Royalties, rights or franchise fees	57,173	48,370
Depreciation	5,892	5,279
Salaries, wages and benefits	27,132	20,357
All other operating expenses	36,395	27,476
Total operating expenses	126,591	101,482
	percent	
Operating profit margin	9.6	11.0
	number	
Employment		
Full-time employees	128	108
Part-time employees	52	31
Contract workers	274	160

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512230 music publishers. 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.

Table 11
Profile of the sound recording studio industry, by province and region, 2007 and 2009

	Quebec	Ontario	British Columbia	All other provinces and territories ¹	Canada
thousands of dollars					
Operating revenue					
Revenue from studio recording services for production					
2009	6,725	7,205	10,797	1,374	26,101
2007 r	8,313	15,636	12,600	2,545	39,094
Revenue from studio recording services for other purposes					
2009	6,636	18,105	5,923	4,492	35,156
2007 r	5,902	8,868	8,029	3,001	25,799
On location live recording services					
2009	x	x	x	x	2,948
2007 r	x	x	x	x	1,713
Support services for sound recording					
2009	x	x	1,320	x	2,675
2007 r	227	x	1,517	x	3,302
All other operating revenue					
2009	2,672	5,985	x	x	14,125
2007 r	x	6,675	x	x	16,719
Total operating revenue					
2009	18,681	32,238	22,404	7,681	81,005
2007 r	18,502	34,032	27,477	6,617	86,628
Operating expenses					
Cost of goods sold					
2009	2,236	2,199	1,311	1,414	7,160
2007 r	5,320	1,234	4,963	1,120	12,637
Depreciation					
2009	1,287	1,449	1,369	345	4,450
2007 r	995	1,737	2,027	374	5,133
Salaries, wages and benefits					
2009	5,081	9,376	6,247	2,034	22,739
2007 r	4,134	7,863	5,416	1,380	18,793
All other operating expenses					
2009	7,621	15,836	11,541	2,842	37,841
2007 r	5,657	16,770	11,773	3,107	37,308
Total operating expenses					
2009	16,225	28,860	20,469	6,635	72,190
2007 r	16,107	27,603	24,179	5,980	73,870
percent					
Operating profit margin					
2009	13.1	10.5	8.6	13.6	10.9
2007 r	12.9	18.9	12.0	9.6	14.7

See notes at the end of the table.

Table 11 – continued

Profile of the sound recording studio industry, by province and region, 2007 and 2009

	Quebec	Ontario	British Columbia	All other provinces and territories ¹	Canada
	number				
Employment					
Full-time employees					
2009	104	194	82	47	427
2007 ^r	58	112	82	38	290
Part-time employees					
2009	46	24	12	5	87
2007 ^r	48	55	x	x	113
Contract workers					
2009	455	455	204	242	1,356
2007 ^r	318	620	239	236	1,413

1. All other provinces and territories include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta, Yukon, Northwest Territories and Nunavut.

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512240 sound recording studios. 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.

Table 12

Number of new releases by nationality of artist and language of lyrics for the record production and integrated record production and distribution industry, Canada, 2007 and 2009

	2009	2007 ^r
	number	
By Canadian artists		
English lyrics	401	289
French lyrics	94	x
Other ¹	77	x
Total	572	586
By non-Canadian artists		
English lyrics	1,383	2,750
French lyrics	164	x
Other ¹	384	x
Total	1,931	4,236
All artists		
English lyrics	1,784	3,039
French lyrics	258	248
Other ¹	461	1,535
Total	2,503	4,822

1. Includes instrumental music and lyrics other than English or French.

Note(s): Due to rounding, components may not add to total. Excludes recordings distributed for another organization, finished products purchased for resale, music videos and singles. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Table 13

Number of new releases by nationality of artist and musical category for the record production and integrated record production and distribution industry, Canada, 2007 and 2009

	2009	2007 ^r
	number	
By Canadian artists		
Popular music/rock	268	177
Classical	x	x
Jazz and blues	13	x
Country and folk	128	x
Children's	x	47
Urban/rap	x	x
Other ¹	x	x
Total	572	586
By non-Canadian artists		
Popular music/rock	1,149	1,741
Classical	x	x
Jazz and blues	112	x
Country and folk	77	x
Children's	x	106
Urban/rap	x	x
Other ¹	x	x
Total	1,931	4,236
All artists		
Popular music/rock	1,417	1,918
Classical	266	859
Jazz and blues	125	428
Country and folk	205	261
Children's	48	153
Urban/rap	53	354
Other ¹	389	849
Total	2,503	4,822

1. Includes soundtracks, latin, alternative, etc.

Note(s): Due to rounding, components may not add to total. Excludes recordings distributed for another organization, finished products purchased for resale, music videos and singles. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Table 14

Revenue from sales of recordings by musical category for the record production and integrated record production and distribution industry, Canada, 2007 and 2009

	2009	2007 ^r
	thousands of dollars	
Popular music/rock	258,059	313,651
Classical	13,980	15,251
Jazz and blues	8,918	18,589
Country and folk	12,578	24,525
Children's	x	11,057
Urban/rap	x	25,887
Other ¹	70,347	80,310
Total	380,459	489,271

1. Includes soundtracks, latin, alternative, etc.

Note(s): Due to rounding, components may not add to total. Excludes recordings distributed for another organization, finished products purchased for resale and music videos. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Table 15

Sales and number of units sold by format for the record production and integrated record production and distribution industry, Canada, 2007 and 2009

	2009	2007 ^r
	number	
Number of musical recordings by format		
Compact discs	56,316,890	38,785,393
Cassette tapes	x	9,132
Vinyl albums
Electronic music files ¹	76,686,686	x
Other (DVD audio, etc.)	x	x
Total	133,451,150	70,842,663
	thousands of dollars	
Sales of musical recordings by format		
Compact discs	291,840	393,801
Cassette tapes	6	x
Vinyl albums
Electronic music files ¹	78,978	53,033
Other (DVD audio, etc.)	9,635	x
Total	380,459	489,271

1. Electronic music files include individual tracks and albums.

Note(s): Due to rounding, components may not add to total. Excludes recordings distributed for another organization, finished products purchased for resale and music videos. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Table 16
Profile of the Canadian-controlled and foreign-controlled record production and integrated record production and distribution industry, Canada, 2007^r to 2009

	Canadian-controlled			Foreign-controlled		
	2009	2008	2007 ^r	2009	2008	2007 ^r
	number					
Number of new releases						
Recordings by Canadian artists	523	..	462	49	..	124
Recordings by non-Canadian artists	182	..	x	1,749	..	x
Total	705	..	x	1,798	..	x
	thousands of dollars					
Operating revenue						
Sales of recordings by Canadian artists	58,846	..	68,017	22,303	..	40,317
Sales of recordings by non-Canadian artists	48,335	..	63,642	250,975	..	317,294
Revenue from royalties and rights	8,218	..	10,244	23,668	..	29,772
All other operating revenue	30,386	..	35,612	137,698	..	93,705
Total operating revenue	145,784	177,150	177,516	434,644	427,303	481,088
Operating expenses						
Cost of goods sold	42,261	56,987	53,604	113,274	112,810	102,763
Royalties, rights, licensing and franchise fees	18,627	21,210	22,400	117,588	120,494	155,849
Salaries, benefits and freelance fees	22,921	25,425	25,649	47,710	47,958	58,573
All other operating expenses	50,712	63,253	63,989	72,418	76,277	96,314
Total operating expenses	134,522	166,875	165,643	350,990	357,539	413,499
Operating profit	11,263	10,275	11,873	83,654	69,764	67,589
	percent					
Operating profit margin	7.7	5.8	6.7	19.2	16.3	14.0

Note(s): Due to rounding, components may not add to total. Based on the North American Industry Classification System (NAICS) and includes all establishments classified under 512210 record production and 512220 integrated record production and distribution. 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.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Sound Recording and Music Publishing Industry in Canada.

Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry.

Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

Target population

The target population consists of all statistical establishments (sometimes referred to as firms or units) classified to the Sound Recording Industries according to the North American Industry Classification System (NAICS) during the reference year.

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.

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. (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). 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. The effective sample size for the 2009 Sound Recording and Music Publishing survey was 348 collection entities.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for comparability. In general, this includes a detailed review of individual responses (especially for the largest companies), general economic conditions, historic trends, and comparisons with other data sources.

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.

Disclosure control

Statistics Canada is prohibited by law from releasing any data that 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 86.4%. CVs were calculated for each estimate and are available upon request.

Related products

Selected CANSIM tables from Statistics Canada

361-0005 Sound recording and music publishing, summary statistics, by North American Industry Classification System (NAICS), annual(dollars unless otherwise noted) (76 series)

361-0024 Sound recording and music publishing, operating expenses, by North American Industry Classification System (NAICS), annual(percent) (105 series)

Survey(s)

Definitions, data sources and methods: survey number 3115 - Annual Survey of Service Industries: Sound Recording and Music Publishing

Publications

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

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

Release date: March 2011

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

To access this product

This product, Catalogue no. 87F0008X, is available free in electronic format. To obtain a single issue, visit our website at www.statcan.gc.ca and browse by "Key resource" > "Publications."

Frequency: Irregular / ISSN 1916-5919

For information on the wide range of data available from Statistics Canada, please call our national inquiries line at 1-800-263-1136.

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