

## Service bulletin

# Motion Picture Theatres

2009



### Highlights

- Canadian cinemas entertained more movie-goers in 2009 which helped boost industry operating revenues despite the economic downturn.
- The motion picture theatre industry recorded total operating revenues of about \$1.5 billion, up 11.2% from 2008. At the same time, operating expenses rose by 9.6% - largely due to an increase in film rental costs and royalty payments.
- The industry posted an operating profit margin of 11.9% in 2009, up from 10.7% in 2008.
- Cinemas, including indoor theatres, drive-ins and film festivals, sold 114.4 million tickets in 2009, up 7.5% from 106.4 million the year before.
- Total industry revenues from admission receipts reached \$915 million, up from \$826 million in 2008.
- The largest expense reported by the surveyed theatres were film rental and royalty payments which represented 36.0% of total operating expenses. Since 2008, film rental costs and royalty payments have increased by 13.6%.
- Ontario theatres dominated the country, earning 41% of total operating revenues in 2009. Quebec theatres accounted for 18%, while those in Alberta and British Columbia each represented 15%.
- The top chain-operated theatres, ranked on the basis of operating revenues, continued to dominate 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 83% of the total national operating revenue in 2009, unchanged from a year earlier.
- Operating revenues for the large theatre chains increased 11.8% from 2008, outpacing the 8.2% increase for the rest of the industry. At the same time, operating expenses were up 10.6% for the large theatre chains. As a result, these large theatre chains saw their profit margins increase slightly from 12.6% in 2008 to 13.5% in 2009.
- The rest of the industry saw their profit margins rise as well. Profit margins for these theatres rose from 1.8% in 2008 to 7.6% in 2009.
- The large theatre chains saw their admission receipts rise 13.1% from a year earlier. Admission receipts for the rest of the industry dropped 2.7% from a year ago.
- The large theatre chains saw a 12.2% rise in the sales of food and beverages (concession sales) from 2008 to 2009, whereas the rest of the industry recorded a smaller increase of 5.8%.
- Attendance levels for the large theatre chains reached 97.7 million up from 88.5 million in 2008. This helped to increase box office and concession sales. The large theatre chains accounted for 85.5% total attendance in 2009.

**Note to readers**

Data for 2008 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 North West 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, 2007 to 2009**

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	thousands of dollars			percent
<b>2009<sup>p</sup></b>				
Newfoundland and Labrador	x	x	x	x
Prince Edward Island	x	x	x	x
Nova Scotia	x	x	x	x
New Brunswick	x	x	x	x
Quebec	275,670	253,933	44,113	7.9
Ontario	617,992	569,539	87,915	7.8
Manitoba	x	x	x	x
Saskatchewan	42,636	32,450	4,978	23.9
Alberta	224,592	175,420	25,946	21.9
British Columbia	222,741	193,524	25,588	13.1
Yukon Territory	x	x	x	x
Northwest Territories	x	x	x	x
Nunavut	x	x	x	x
<b>Canada</b>	<b>1,518,429</b>	<b>1,337,496</b>	<b>207,648</b>	<b>11.9</b>
<b>2008<sup>r</sup></b>				
Newfoundland and Labrador	x	x	x	x
Prince Edward Island	x	x	x	x
Nova Scotia	x	x	x	x
New Brunswick	x	x	x	x
Quebec	246,128	240,763	40,773	2.2
Ontario	546,904	499,274	76,438	8.7
Manitoba	x	x	x	x
Saskatchewan	37,475	32,012	4,753	14.6
Alberta	206,735	163,958	23,398	20.7
British Columbia	208,747	182,274	24,852	12.7
Yukon Territory	x	x	x	x
Northwest Territories	x	x	x	x
Nunavut	x	x	x	x
<b>Canada</b>	<b>1,365,874</b>	<b>1,220,010</b>	<b>187,545</b>	<b>10.7</b>
<b>2007</b>				
Newfoundland and Labrador	x	x	x	x
Prince Edward Island	x	x	x	x
Nova Scotia	x	x	x	x
New Brunswick	x	x	x	x
Quebec	218,507	212,905	35,070	2.6
Ontario	562,091	503,195	75,341	10.5
Manitoba	x	x	x	x
Saskatchewan	34,956	30,013	4,575	14.1
Alberta	194,777	151,789	20,955	22.1
British Columbia	203,974	180,268	24,697	11.6
Yukon Territory	x	x	x	x
Northwest Territories	..	..	..	..
Nunavut	x	x	x	x
<b>Canada</b>	<b>1,326,627</b>	<b>1,176,872</b>	<b>176,950</b>	<b>11.3</b>

**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 sources, definitions and methodology" at the end of tables for definition of terms.

**Table 2**  
**Profile of the motion picture theatre industry,<sup>1</sup> by province and territories, 2007 to 2009**

	Atlantic <sup>2</sup> provinces	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Territories <sup>3</sup>	Canada
thousands of dollars									
<b>Operating revenue</b>									
Total admission receipts									
2009 <sup>p</sup>	x	167,107	368,232	x	23,646	133,735	142,268	x	915,369
2008 <sup>r</sup>	x	149,599	327,888	x	20,447	124,145	132,103	x	826,072
2007	x	137,580	327,128	x	18,914	117,591	129,372	x	797,065
Sales of food and beverages									
2009 <sup>p</sup>	x	66,662	176,789	x	15,109	73,138	61,544	x	439,728
2008 <sup>r</sup>	x	58,481	158,846	x	12,577	64,740	59,593	x	394,372
2007	x	55,058	152,960	x	12,361	61,359	54,909	x	374,576
All other operating revenue									
2009 <sup>p</sup>	x	28,395	48,401	x	2,383	12,240	11,911	x	109,338
2008 <sup>r</sup>	x	28,068	48,748	x	3,224	13,519	11,994	x	112,299
2007	x	18,622	69,574	x	2,318	11,468	11,866	x	119,469
<b>Total operating revenue</b>									
2009 <sup>p</sup>	x	262,163	593,422	x	41,138	219,114	215,722	x	1,464,434
2008 <sup>r</sup>	x	236,148	535,482	x	36,248	202,405	203,689	x	1,332,743
2007	x	211,260	549,662	x	33,593	190,418	196,148	x	1,291,109
<b>Operating expenses</b>									
Salaries, wages and benefits									
2009 <sup>p</sup>	x	40,922	81,536	x	4,746	25,126	23,983	x	194,947
2008 <sup>r</sup>	x	38,225	73,585	x	4,506	22,664	23,708	x	179,822
2007	x	33,064	72,492	x	4,213	20,179	22,682	x	168,359
Cost of goods sold									
2009 <sup>p</sup>	x	16,319	36,581	x	2,745	14,849	14,300	x	94,961
2008 <sup>r</sup>	x	13,871	33,060	x	4,168	12,244	13,166	x	84,132
2007	x	14,449	35,828	x	2,713	12,418	11,234	x	84,049
Film rental and royalty payments									
2009 <sup>p</sup>	x	82,202	195,845	x	12,204	70,566	78,623	x	481,975
2008 <sup>r</sup>	x	74,658	166,900	x	10,429	63,532	70,518	x	424,097
2007	x	68,117	165,395	x	10,349	61,090	67,049	x	406,960
All other operating expenses									
2009 <sup>p</sup>	x	101,561	232,043	x	11,578	60,260	70,167	x	514,950
2008 <sup>r</sup>	x	104,073	214,590	x	11,855	61,555	70,177	x	500,019
2007	x	89,817	217,493	x	11,145	54,000	71,390	x	482,010
<b>Total operating expenses</b>									
2009 <sup>p</sup>	x	241,004	546,005	x	31,273	170,802	187,073	x	1,286,834
2008 <sup>r</sup>	x	230,827	488,134	x	30,959	159,996	177,569	x	1,188,071
2007	x	205,447	491,209	x	28,421	147,688	172,355	x	1,141,378
number									
<b>Theatre operations</b>									
Paid admissions (attendance)									
2009 <sup>p</sup>	x	23,080,019	46,308,519	x	3,428,359	15,142,057	16,038,138	x	114,369,815
2008 <sup>r</sup>	x	21,187,423	43,057,080	x	3,084,715	14,163,224	15,319,534	x	106,375,418
2007	x	20,834,987	41,032,805	x	2,954,251	14,048,615	15,652,455	x	104,464,904
Screens									
2009 <sup>p</sup>	x	636	1025	x	87	338	342	x	2,691
2008 <sup>r</sup>	x	636	1056	x	90	349	346	x	2,739
2007	x	579	1002	x	86	344	359	x	2,652
percent									
<b>Operating profit margin</b>									
2009 <sup>p</sup>	x	8.1	8.0	x	24.0	22.0	13.3	x	12.1
2008 <sup>r</sup>	x	2.3	8.8	x	14.6	21.0	12.8	x	10.9
2007	x	2.8	10.6	x	15.4	22.4	12.1	x	11.6

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

### Description

This annual sample survey collects data required to produce economic statistics for the motion picture theatre 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 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 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 information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - 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 (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). 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 based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2009 was 137 collection entities.

### Definition

**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.

### 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 91.8%. CVs were calculated for each estimate and are available upon request.

## Related products

### Selected CANSIM tables from Statistics Canada

361-0012: Motion picture theatres, summary statistics, by North American Industry Classification System (NAICS), annual (dollars unless otherwise noted) (70 series)

361-0028: Motion picture theatres, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)

## 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 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 <sup>s</sup>	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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