

Service bulletin

Film and Video Distribution



2009

Highlights

- Canada's film and video distributors reported total operating revenues of \$2.0 billion in 2009, up 2.5% from 2008.
- Firms managed to increase their operating profit margin as operating expenses remained fairly stable over the year. Operating profit margin increased to 20.5% in 2009 compared with 18.6% in 2008.
- The largest expense reported by surveyed firms was royalties, rights, licensing and franchise fees which represented 37.6% of total operating expenses. Cost of goods sold accounted for 35.0% of expenses, while advertising, marketing and promotions accounted for 12.4%.
- Film and video distributors in Ontario and Quebec combined accounted for the vast majority (98.7%) of total national film and video distribution operating revenue. Ontario firms earned 85.7% of total operating revenues in 2009, while Quebec firms accounted for 13.0%.
- The two primary sources of revenue for the industry are distribution of film and video titles and wholesaling of pre-recorded videos. Revenues from the distribution of film and video titles accounted for 60.7% of total national operating revenues in 2009, while wholesaling revenues accounted for 38.4%.
- Firms increased their distribution revenues by 7.6% from 2008 but those engaged in wholesaling (i.e. DVDs) as a secondary activity saw their wholesaling revenues drop 1.4%.
- Distribution revenues earned from the conventional television market increased 17.8% over the year. This market accounted for 52.2% of total distribution revenues.
- Distribution revenues for the motion picture theatre market decreased 2.2% from 2008. This market accounted for 31.1% of total distribution revenues.
- The five largest companies, ranked on the basis of revenues earned, continue to dominate the industry in 2009. They accounted for about 76% of total national revenues down from 77% in 2008.
- Expenses for the five largest companies decreased 1.3% over the two year period and as a result, profits rose from \$317 million to \$361 million in 2009.
- The five largest companies enjoyed a healthier profit margin in 2009 than the rest of the industry. The top five companies' profit margin was 24.2% while the rest of the industry showed a profit margin of 9.8%.

Note to readers

Data for this release include all provinces. However, provincial data are available only for firms in Ontario and Quebec in order to protect confidentiality of survey respondents.

Film distribution companies are engaged primarily in distributing film and video productions to a variety of different markets including motion picture theatres, television stations and commercial exhibitors. They are the film industry's intermediaries, the liaison between producers and exhibitors. Distributors obtain the rights to market and distribute films and videos.

Data for 2007 and 2008 have been revised.



Statistical tables

Table 1

Summary statistics for the film and video distribution industry, by province, 2007 to 2009

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	thousands of dollars			percent
2009 p				
Canada	1,975,464	1,569,727	84,016	20.5
Québec	256,860	247,836	16,206	3.5
Ontario	1,692,361	1,295,842	67,005	23.4
2008 r				
Canada	1,927,223	1,569,651	96,436	18.6
Québec	253,483	244,929	19,302	3.4
Ontario	1,611,762	1,267,803	75,777	21.3
2007 r				
Canada	1,848,518	1,554,451	99,583	15.9
Québec	253,700	240,534	19,000	5.2
Ontario	1,544,541	1,266,097	79,602	18.0

Note(s): Data for this table includes all provinces, however, provincial data are published only for firms in Ontario and Quebec to protect the confidentiality of survey respondents. Based on the North American Industry Classification System (NAICS) and includes all establishments classified to 512120 (film and video distribution). See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 2

Distribution revenue for the film and video distribution industry, by Canadian and non-Canadian productions, primary market, Canada, 2007 to 2009

	2007 ^r	2008 ^r	2009 ^p
	thousands of dollars		
Distribution revenue of Canadian productions to the following domestic markets:			
Theatrical market	11,160	11,228	12,414
Specialty pay and TV market	42,839	45,181	38,838
Conventional TV market (includes cable, satellite and digital stations)	24,662	33,883	28,814
Home video	x	x	x
Other markets	x	x	x
Sub-total of domestic distribution revenue of Canadian productions	90,478	105,983	90,416
Distribution of Canadian productions to foreign clients	43,281	36,990	58,293
Total distribution revenue of Canadian productions	133,759	142,973	148,709
Distribution revenue of non-Canadian productions to the following domestic markets:			
Theatrical market	319,325	366,231	356,586
Specialty pay and TV market	48,049	x	54,572
Conventional TV market (includes cable, satellite and digital stations)	409,355	490,911	589,442
Home video	x	x	x
Other markets	x	x	x
Sub-total of domestic distribution revenue of non-Canadian productions	807,587	940,701	1,031,840
Distribution of non-Canadian productions to foreign clients	6,616	17,350	4,554
Total distribution revenue of non-Canadian productions	814,203	958,051	1,036,394
	percent		
Percentage share by domestic market			
Theatrical market ¹	3.4	3.0	3.4
All markets ²	10.1	10.1	8.1

1. Revenue from distribution of Canadian productions to theatrical markets (percentage of total revenue from distribution to theatrical markets)

2. Domestic distribution revenues from Canadian productions (percentage of total domestic distribution revenues)

Note(s): Industry estimates are based on the surveyed portion and are augmented by administrative data for 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. Due to rounding components may not add to total.

Table 3
Profile of the film and video distribution industry, Canada, 2007 to 2009

	2007 ^r	2008 ^r	2009 ^p
thousands of dollars			
Operating revenue			
Total revenue from distribution of film and video titles	947,962	1,101,024	1,185,103
Wholesaling of pre-recorded videos ¹	841,658	761,204	750,169
All other operating revenue ²	29,612	43,823	17,575
Total operating revenue	1,819,231	1,906,051	1,952,847
Operating expenses			
Salaries, wages and benefits	93,335	91,228	79,703
Licensing costs (rights, royalties & other fees)	459,808	506,976	581,857
Cost of goods sold	552,047	555,803	541,592
Advertising, marketing and promotions	243,372	252,982	191,989
All other operating expenses ³	179,526	141,337	151,177
Total operating expenses	1,528,088	1,548,326	1,546,319
percent			
Operating profit margin	16.0	18.8	20.8
number			
Employment			
Full-time	941	820	797
Part-time	105	109	34
Contract Workers	x	x	134

1. Wholesale revenue included in this table are from film distribution establishments classified under NAICS 512120. Wholesaling of pre-recorded videos is reported as a secondary revenue source. Establishments primarily engaged in wholesaling pre-recorded video cassettes are classified under NAICS 414450.

2. All other operating revenue includes sales from production of film and video titles, grants and subsidies and other revenue.

3. All other operating expenses include commissions paid to non-employees, professional and business services fees, payments for services provided by head office, office supplies, rental and leasing, repair and maintenance, insurance, travel, meals and entertainment, utilities, telephone and telecommunication, property and business taxes, licences and permits, delivery, warehousing, postage and courier, financial service fees, charitable donations, bad debts and all other expenses.

Note(s): Industry estimates are based on the surveyed portion and are augmented by administrative data for 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. Due to rounding, components may not add to total.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Film and Video Distribution 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 film and video distribution industry (NAICS 512120) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in acquiring distribution rights and distributing film and video productions to motion picture theatres, television networks and stations, and other exhibitors.

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 54 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 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 81.3%. CVs were calculated for each estimate and are available upon request.

Related products**CANSIM**

361-0014 Film and video distribution, summary statistics, by North American Industry Classification System (NAICS), annual (dollars unless otherwise noted) (44 series)

361-0026 Film and video distribution, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)

Survey(s)

Definitions, data sources and methods: survey number 2414 - Annual Survey of Service Industries: Film and Video Distribution Publications

Publications

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

Release date: February 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. 87F0010X, 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: Annual / ISSN 1918-3127

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

Cette publication est également disponible en français.

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2011. All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed *standards of service* that its employees observe.

To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on www.statcan.gc.ca under "About us" > "The agency" > "Providing services to Canadians."

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.