

Service bulletin

Sound Recording and Music Publishing



2010

Highlights

In 2010, the combined operating revenues for the Canadian sound recording industry totalled \$819.9 million, down 4.9% from 2009. This represents another year of decline in revenues for this industry.

The largest industry group, record production and integrated record production and distribution, accounted for 67.4% of the total revenue, followed by music publishing at 18.1%, recording studios at 13.1% and finally, all other sound recording industries at 1.4%.

Record production and integrated record production and distribution

A 6.4% decline in operating revenues combined with a less than 1 percent drop in operating expenses resulted in a decrease in operating profit margins for companies in the record production and integrated record production and distribution industry. Operating revenues fell from \$590.4 million in 2009 to \$552.7 million in 2010. Businesses managed to reduce slightly their operating expenses from \$495.1 million to \$492.1 million for an overall operating profit margin of 11.0% for 2010 down from 16.1% in 2009.

At the provincial level, Ontario establishments accounted for 81.6% of the operating revenues, followed by Quebec firms with 14.8% and British Columbia at 2.4%.

Cost of goods sold accounted for the largest industry operating expense at 31.4%, followed closely by royalties, rights and licensing fees at 28.7%. Salaries, wages and benefits claimed an additional 15.0% of the total operating expenses. These ratios are similar to the distribution for 2009.

Music publishing

Despite a decrease in operating revenues from \$159.6 million in 2009 to \$148.3 million in 2010, the music publishing industry's operating profit margin showed a slight increase in 2010 at 10.3% up from 10.0% in 2009. This was due to a stronger decrease in operating expenditures from \$143.6 million in 2009 to \$133.0 million in 2010.

Royalties, rights, licensing and franchise fees accounted for 46.2% of total industry operating expenses, followed by salaries, wages and benefits at 15.1%.

Sound recording studios

Sound recording studios generated \$107.4 million in operating revenues, an increase of 7.9% from 2009. However, operating expenses increased by 11.3% in 2010 to give an overall operating profit margin decline of almost three percentage points from 13.0% in 2009 to 10.2% in 2010.

Salaries, wages and benefits accounted for the largest portion of total industry operating expenses for sound recording studios (30.0%), followed by cost of goods sold (13.0%), subcontract expenses (9.6%) and rental and leasing (9.1%).

Statistical tables

Table 1

Summary statistics for the record production and integrated record production and distribution industry, provinces and regions, 2008 to 2010

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2010 p				
Atlantic provinces ¹	x	x	x	x
Quebec	81,885	11,899	76,298	6.8
Ontario	451,004	58,420	399,112	11.5
Prairie provinces ²	x	x	x	x
British Columbia and Territories ³	13,156	1,439	10,612	19.3
Canada	552,714	73,326	492,071	11.0
2009 r				
Atlantic provinces ¹	x	x	x	x
Quebec	77,273	11,246	73,743	4.6
Ontario	496,152	58,101	406,729	18.0
Prairie provinces ²	x	x	x	x
British Columbia and Territories ³	9,875	x	8,104	17.9
Canada	590,355	71,772	495,085	16.1
2008 r				
Atlantic provinces ¹	x	x	x	x
Quebec	90,056	9,977	83,637	7.1
Ontario	499,391	60,210	425,596	14.8
Prairie provinces ²	x	x	x	x
British Columbia and Territories ³	12,045	1,320	11,841	1.7
Canada	607,245	73,127	526,636	13.3

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.

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) categories 512210 and 512220. See "Data sources, definitions and methodology" at the end of tables for definitions of terms.

Table 2

Summary statistics for the music publishing industry, Canada, 2008 to 2010

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2010 p	148,269	19,825	133,002	10.3
2009 r	159,640	28,725	143,632	10.0
2008	141,742	21,964	131,444	7.3

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512230. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Due to rounding, components may not add to total.

Table 3
Summary statistics for the sound recording studio industry, provinces and regions, 2008 to 2010

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2010 p				
Atlantic provinces ¹	1,645	x	1,335	18.8
Quebec	29,951	6,226	26,249	12.4
Ontario	41,386	10,920	36,874	10.9
Prairie provinces ²	10,699	x	9,630	10.0
British Columbia and Territories ³	23,690	6,156	22,277	6.0
Canada	107,371	25,907	96,365	10.2
2009 r				
Atlantic provinces ¹	1,753	x	1,309	25.3
Quebec	23,132	5,381	20,267	12.4
Ontario	39,491	9,879	34,128	13.6
Prairie provinces ²	9,537	x	8,032	15.8
British Columbia and Territories ³	25,606	6,419	22,848	10.8
Canada	99,519	23,907	86,584	13.0
2008				
Atlantic provinces ¹	1,943	x	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	x	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

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.

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512240. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Due to rounding, components may not add to total.

Table 4
Summary statistics for other sound recording industries, Canada, 2008 to 2010

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2010 p	11,590	3,946	9,437	18.6
2009 r	12,961	4,260	10,527	18.8
2008	7,801	2,492	6,645	14.8

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512290. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Due to rounding, components may not add to total.

Table 5
Operating expenses for the record production and integrated record production and distribution industry,
Canada, 2008 to 2010

	2010 ^p	2009 ^r	2008 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	15.0	14.5	14.0
Commissions paid to non-employees	x	F	F
Professional and business services fees	3.0	2.6	2.8
Subcontract expenses	F	F	F
Charges for services provided by head offices	x	F	F
Cost of goods sold	31.4	32.1	31.9
Office supplies	F	F	F
Rental and leasing	1.6	1.7	1.6
Repair and maintenance	F	F	F
Insurance	F	F	F
Advertising, marketing and promotions	7.3	8.6	8.5
Travel, meals and entertainment	1.0	1.0	1.4
Utilities and telecommunications expenses	F	F	F
Property and business taxes, licences and permits	x	F	F
Royalties, rights, licensing and franchise fees	28.7	27.9	27.2
Delivery, warehousing, postage and courier	2.8	3.0	2.7
Financial services fees	F	F	F
Amortization and depreciation of tangible and intangible assets	1.2	1.3	1.2
Bad debts	F	F	F
All other expenses	2.8	2.2	2.6
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): The results in this table are for firms classified under the North American Industry Classification System (NAICS) categories 512210 and 512220. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample 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 is designed to cover approximately 95% of total industry revenue.

Table 6
Operating expenses for the music publishing industry, Canada, 2008 to 2010

	2010 ^P	2009 ^r	2008 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	15.1	20.5	18.2
Commissions paid to non-employees	2.2	2.6	2.3
Professional and business services fees	7.5	5.4	7.0
Subcontract expenses	x	x	x
Charges for services provided by head offices	x	x	x
Cost of goods sold	x	x	x
Office supplies	F	F	F
Rental and leasing	1.6	1.3	1.2
Repair and maintenance	F	F	F
Insurance	F	F	F
Advertising, marketing and promotions	F	F	F
Travel, meals and entertainment	2.3	1.6	2.2
Utilities and telecommunications expenses	F	F	F
Property and business taxes, licences and permits	x	x	x
Royalties, rights, licensing and franchise fees	46.2	45.7	49.6
Delivery, warehousing, postage and courier	x	x	x
Financial services fees	F	F	F
Amortization and depreciation of tangible and intangible assets	7.0	5.9	4.3
Bad debts	x	F	F
All other expenses	6.8	6.6	5.8
Total operating expenses ¹	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): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512230. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample 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 is designed to cover approximately 95% of total industry revenue.

Table 7
Operating expenses for the sound recording studio industry, Canada, 2008 to 2010

	2010 ^p	2009 ^r	2008
	percent		
Industry expenditures			
Salaries, wages and benefits	30.0	31.1	25.8
Commissions paid to non-employees	x	x	x
Professional and business services fees	5.1	3.5	5.5
Subcontract expenses	9.6	14.4	12.7
Charges for services provided by head offices	F	x	x
Cost of goods sold	13.0	11.3	11.9
Office supplies	2.5	2.3	3.1
Rental and leasing	9.1	9.8	10.2
Repair and maintenance	3.8	2.1	3.3
Insurance	1.1	1.2	1.2
Advertising, marketing and promotions	1.7	1.6	2.0
Travel, meals and entertainment	2.8	2.5	3.2
Utilities and telecommunications expenses	2.3	2.2	2.3
Property and business taxes, licences and permits	F	F	F
Royalties, rights, licensing and franchise fees	x	x	x
Delivery, warehousing, postage and courier	x	x	x
Financial services fees	F	F	F
Amortization and depreciation of tangible and intangible assets	7.2	6.0	8.7
Bad debts	x	x	x
All other expenses	8.5	7.0	6.1
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): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512240. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample 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 is designed to cover approximately 95% of total industry revenue.

Table 8
Operating expenses for other sound recording industries, Canada, 2008 to 2010

	2010 ^P	2009 ^r	2008 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	45.0	42.5	41.4
Commissions paid to non-employees	x	x	x
Professional and business services fees	1.3	1.6	4.6
Subcontract expenses	x	x	x
Charges for services provided by head offices	x	x	x
Cost of goods sold	x	x	x
Office supplies	2.4	2.4	2.4
Rental and leasing	4.2	3.2	7.9
Repair and maintenance	4.7	3.0	2.9
Insurance	F	F	F
Advertising, marketing and promotions	3.7	3.2	1.4
Travel, meals and entertainment	3.0	4.0	3.1
Utilities and telecommunications expenses	1.6	2.5	1.8
Property and business taxes, licences and permits	x	x	x
Royalties, rights, licensing and franchise fees	x	x	x
Delivery, warehousing, postage and courier	F	F	F
Financial services fees	F	F	F
Amortization and depreciation of tangible and intangible assets	5.9	4.8	7.2
Bad debts	x	x	x
All other expenses	7.1	5.9	14.2
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): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512290. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample 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 is designed to cover 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.

The effective sample size for the 2010 Sound Recording and Music Publishing survey was 414 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 80.9%. 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

Release date: March 2012

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
*	significantly different from reference category ($p < 0.05$)

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