

Service bulletin

Film and Video Distribution

2011



Highlights

- In 2011, operating revenue in the film and video distribution industry declined 6.2% to \$1.9 billion while operating expenses for the industry increased 1.4% to \$1.5 billion. This resulted in a decrease in operating profit margin from 24.5% in 2010 to 18.5% in 2011.
- The industry is mainly concentrated in Ontario and Quebec. In 2011, Ontario accounted for 86.2% of the operating revenue while Quebec accounted for 12.6%.
- The two major sources of operating revenue for the industry were the distribution of film and video titles and wholesaling of pre-recorded videos. In 2011, they respectively accounted for 69.4% and 29.9% of the operating revenue.

Statistical tables

Table 1

Summary statistics for the film and video distribution industry, by province, 2009 to 2011

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	thousands of dollars			percent
2011^p				
Canada	1,854,878	1,512,448	89,144	18.5
Québec	233,503	217,937	16,132	6.7
Ontario	1,598,506	1,274,290	72,099	20.3
2010^r				
Canada	1,976,567	1,491,574	81,712	24.5
Québec	210,385	191,776	13,631	8.8
Ontario	1,739,585	1,277,565	67,073	26.6
2009^r				
Canada	2,047,379	1,625,717	87,840	20.6
Québec	243,132	228,744	14,074	5.9
Ontario	1,777,307	1,370,647	72,860	22.9

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. The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512120. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 2

Distribution revenue for the film and video distribution industry, by Canadian and non-Canadian productions, primary market, Canada, 2009 to 2011

	2009 ^r	2010 ^r	2011 ^p
	thousands of dollars		
Distribution revenue of Canadian productions to the following domestic markets:			
Theatrical market	9,423	10,022	8,153
Specialty pay and TV market	38,786	35,277	36,645
Conventional TV market (includes cable, satellite and digital stations)	32,038	19,705	21,776
Home video	x	x	x
Other markets	x	x	x
Sub-total of domestic distribution revenue of Canadian productions	102,644	83,114	83,211
Distribution of Canadian productions to foreign clients	92,329	75,625	126,460
Total distribution revenue of Canadian productions	194,972	158,739	209,671
Distribution revenue of non-Canadian productions to the following domestic markets:			
Theatrical market	365,266	447,924	365,900
Specialty pay and TV market	58,860	65,253	65,136
Conventional TV market (includes cable, satellite and digital stations)	586,872	585,614	590,630
Home video	x	x	x
Other markets	x	x	x
Sub-total of domestic distribution revenue of non-Canadian productions	1,046,651	1,141,226	1,052,851
Distribution of non-Canadian productions to foreign clients	3,739	6,305	7,234
Total distribution revenue of non-Canadian productions	1,050,390	1,147,532	1,060,085

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512120. Data presented in this table are from the surveyed portion only. The survey portion excludes the smallest firms in terms of revenues earned. These firms account for a relatively small portion of total industry revenues and are not included in the estimates of this table. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 3
Profile of the film and video distribution industry, Canada, 2009 to 2011

	2009 ^r	2010 ^r	2011 ^p
	thousands of dollars		
Operating revenue			
Revenue from distribution of film and video titles	1,245,363	1,306,271	1,269,756
Wholesaling of pre-recorded videos ¹	762,978	635,849	546,254
Other operating revenue ²	16,421	17,879	13,731
Total operating revenue	2,024,762	1,959,999	1,829,741
Operating expenses			
Salaries, wages and benefits	83,528	78,702	82,884
Licensing costs (rights, royalties & other fees)	598,892	568,009	565,689
Cost of goods sold	515,543	446,785	450,013
Advertising, marketing and promotions	233,708	223,692	215,294
Other operating expenses ³	170,638	158,698	174,504
Total operating expenses	1,602,309	1,475,887	1,488,384
	percent		
Operating profit margin	20.9	24.7	18.7

1. Revenue from wholesaling of pre-recorded videos included in this table is from film and video distribution establishments classified under NAICS 512120 and is reported as a secondary revenue source. Establishments primarily engaged in wholesaling pre-recorded video cassettes are classified under NAICS 414450.
 2. *Other operating revenue* includes sales from production of film and video titles, grants and subsidies and other revenue.
 3. *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):** The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512120. Data presented in this table are from the surveyed portion only. The survey portion excludes the smallest firms in terms of revenues earned. These firms account for a relatively small portion of total industry revenues and are not included in the estimates of this table. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

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 2011 was 47 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 91.7%. CVs were calculated for each estimate and are available upon request.

Related products**Selected CANSIM tables from Statistics Canada**

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)

Surveys

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

Release date: March 2013

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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