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## Bigger Cinemas are Doing a Better Business

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Following some slow years, going to the movies is again popular in Canada. Not all cinema houses however, have benefited from the resurgence. In this field, larger does appear to be better, and large cinemas are showing strong growth in both attendance and profits. At the other end of the scale, small theatres have experienced declines in both areas, many to the point that they have closed their box-office windows forever.

This article will examine some characteristics of movie theatres based on data from the Culture Statistics Program's annual Survey of Movie Theatres. In the first part of this article, theatres have been grouped by total operating revenue, which includes both box office revenue and receipts from refreshment bars. Although regular admission prices have gone up over the years, special price incentives have meant that average admission prices have actually declined 7% over the last five years. Small theatres are those reporting less than \$500,000 in revenues while large theatres had revenues of \$1,000,000 and over. Theatres falling between these two groupings are considered as medium-sized.

The recent boom in the film-exhibition industry has come after four decades of decline. The popularity of television in the 1950s led the film exhibition industry to close 598 theatres, or nearly a third of the total, between 1952-53 and 1963-64. Admissions fell by almost two-thirds, from 247.7 million to 88 million during the same period. From then up until the beginning of the 1980s, admissions remained quite stable, although the number of theatres fell a further 15%.

Then, the videocassette recorder once again threatened cinemas. Attendance fell a further 21% from 1979-80 to reach 69.2 million in 1991-92. One of the responses to this downward trend was the proliferation of multi-screen complexes - the average number of screens per theatre almost doubled over the previous decade to reach 2.6 in 1991-92. We also began to see a significant trend towards bigger theatres. During the 1980s, the number of large theatres jumped 264% while the number of small theatres

fell by 60%. Medium-sized halls also declined slightly (6%).

The five years from 1992-93 to 1996-97 saw attendance actually grow, and in fact, this growth reached almost 21%. Although the 89.4 million admissions were still less than 40% of the total in the early 1950s, they did represent the first sustained growth period in almost half a century. What is at least as interesting as the growth itself is how it was distributed.

### Attendance grew at larger movie theatres and declined at smaller theatres

In 1992-93, small theatres still represented slightly more than one-half of the locations but accounted for only 14% of admissions. In contrast, large theatres represented 28% of the locations but 69% of the admissions. Four years later, large theatres represented 35% of the locations and perhaps more importantly, over three-quarters (77%) of admissions. Small and medium-sized theatres lost ground on both fronts.

### Large movie theatres earned profits while small theatres suffered losses

When using the measure of profits, large theatres contributed significantly to the industry's profitability. Of the \$62.2 million in operating profits reported in 1996-97, large theatres were responsible for 95% of the total (\$59.2 million). Small theatres actually reported an overall

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**Table 1**  
**Larger theatres accounting for a larger proportion of theatres and attendance from 1992-93 to 1996-97**

	Small theatres		Medium theatres		Large theatres		All theatres	
	Number of theatres	Attendance	Number of theatres	Attendance	Number of theatres	Attendance	Number of theatres	Attendance
	%		%		%		%	
1992-93	53	14	19	17	28	69	100	100
1993-94	51	12	17	15	32	73	(598)	(71,700,000)
1994-95	49	11	18	15	33	74	100	100
1995-96	49	11	18	15	33	74	(581)	(76,500,000)
1996-97	49	10	16	13	35	77	(582)	(81,100,000)
							100	100
							(584)	(84,900,000)
							100	100
							(587)	(89,400,000)

loss of \$2.7 million, while medium-sized operations had profits of \$5.7 million.

Certainly, the higher number of admissions contributed to the higher profits of large theatres but there was more to it than that. For more insight, let us break down the financial accounts of theatres into several items that can be examined independently.

First there are two principal revenue streams available to a theatre - the box office and the refreshment bar. Although the data do not permit the separate identification of the labour costs associated with each of these revenue streams, information on certain direct expense items is available. From the price of a ticket we deducted that portion which is paid back to the distributor (film rental and royalty payments), while from the refreshment bar receipts the cost of the goods sold was subtracted. This left what will be called the gross profit from each of these sources.

On the expense side, personnel costs, including wages, salaries and benefits, are the major item. Other cost items such as occupancy costs vary sufficiently due to the various leasing and ownership arrangements that, for the purposes of this article, they will be grouped in the "other" category along with such items as marketing, depreciation and interest charges.

To better allow comparisons among theatres of various sizes, the data in Table 2 are presented on a per-admission basis. Given the emergence of some very large theatres in recent years, the category of large theatres

has been further split into those with operating revenues under \$5 million and a new category which we will call "very large theatres" whose revenues are \$5 million and over. Although there were only 9 very large establishments that met this criterion in 1996-97, the growing interest in them merits the creation of a separate category.

From Table 2 it can be seen that as size changes, the financial picture moves in a direction indicating that bigger is better.

The higher admission prices were responsible for the greater gross box office profit per visit for the larger theatres. In 1996-97, for example, the very large theatres charged an average admission price of \$5.46, which was 28% higher than that charged by the small theatres. On the other hand, film rental and royalty costs per visit for these very large theatres were only 18% higher than those for the small theatres.

Gross profit per visit from confectionary sales was also higher for the larger theatres. On a per visit basis, not only did larger theatres receive a greater amount of revenue at the candy bar, but they also spent less money in the purchase of goods which were sold at the refreshment bar (perhaps because of bulk buying). This contributed to higher profits for larger theatres.

Larger theatres also led the smaller theatres in terms of capacity utilization. In the very large theatres for example, the proportion of seats filled, on average, was nearly double that for small theatres. This may be because most of the large theatres are located in large urban markets and generally exhibit more commercially attractive, first-run films. These large multi-screen theatres also have the flexibility of shifting a film to a different-sized hall as its popularity changes.

**Table 2**  
**Financial statistics of movie theatres per admission, by size of theatre, 1996-97<sup>1</sup>**

	Small theatres	Medium theatres	Large theatres	Very large theatres
	\$	\$	\$	\$
Gross box office profit	2.36	2.37	2.60	2.60
Gross candy bar profit	1.19	1.47	1.51	1.55
Other operating revenue	0.20	0.08	0.09	0.06
Wages, salaries and benefits	1.57	1.29	1.00	0.96
Other operating expenses	2.41	2.10	2.36	2.19
Operating profit	-0.20	0.51	0.84	1.07
Average capacity utilization (%)	14.30	16.36	21.25	25.76
Profit margin (profit as % of revenue)	-3.41	8.17	12.10	14.80

<sup>1</sup> Based on 524 movie theatres that reported complete financial data.

The more intensive use of multiple screens by the larger theatres has resulted in employment cost savings. For example, in 1996-97, very large theatres spent 39% less on wages and salaries per visit than small theatres. In terms of the proportion of revenue devoted to the salary budget, these very large theatres allocated only 13%, compared to 26% by small theatres. Larger theatres also cut their employment costs by using more part-time employees and less full-time employees per screen.

Although the survey results do not provide balance-sheet information and, as a result, do not permit the full analysis of the financial health of the movie theatres, the profit margins show that in 1996-97, very large theatres reported a 15% average profit on revenues, compared with 12% for large, and 8% for medium-sized theatres, and an average loss of 3% for small theatres.

Financial analysis does not tell the whole story. Some of the new larger

theatres have been created and marketed as a new type of experience. There are bigger curved screens, stadium seating, digital sound and video games in the lobbies. There is also a wide selection of foods, including deals with major fast-food chains - all there to add to the movie going experience.

#### Bigger continuing...

The new larger theatres are not only bigger in terms of seating capacity, they also tend to make more intensive use of multiple screens. For example, in 1996 alone, 7 new large theatres accounted for 56 new screens. In addition, major chain companies have plans to build several hundred new screens in the next several years, a multi-million dollar investment<sup>1</sup>. The trend toward the replacement of smaller theatres by larger theatres is, therefore, expected to continue in the future.

<sup>1</sup> *The Globe and Mail*, October 3, 1998, p. C1.

**Table 3**  
**Number of screens and seats, by size of theatre, 1996-97**

	Small theatres	Medium theatres	Large theatres	Very large theatres	All theatres
Average number of screens per theatre	1.4	3.1	5.6	7.7	3.2
Average number of seats per screen	286	256	253	333	264

## Profile of a Disappearing Magazine

*Mary K. Allen, Project Manager, Periodical Publishing*

Periodicals published in Canada had a good year in 1996-97, reporting revenues of over \$1 billion. In addition to higher revenues, magazines reported increased profits: 7.0% of revenues compared to 1.6% in 1991-92. Over the previous five years, however, many unprofitable magazines disappeared.

As in any industry, businesses come and go and the recession of the early 1990s was a difficult time for many. Since 1991-92, 400 periodicals have ceased publication. How were they different from the ones that survived? An analysis of the 1991-92 performance of titles that ceased publication compared with magazines who were still responding to the survey five years later shows some noticeable differences.

The discussion in this article is centred on the 1991-92 situation of the 400 periodicals that would not survive, compared to the 1333 magazines that did, and thus were included in both the 1991-92 and 1996-97 surveys. During the same period, 219 new magazines sprang up and were still holding their own by 1996-97 (see *New titles for*

details on this group). Another 72 periodicals came and went in the years in between<sup>1</sup>. Neither of these latter two groups are part of the current discussion.

The 1333 periodicals that survived the market downturn in the early 1990s continued to provide a stable base for Canadian magazine publishing. Not only did this group survive the decline, they prospered. Revenues for these magazines rose by 10.6% over the five years ending in 1996-97. Sales of advertising space fell slightly as a percentage of revenues, but sales revenues grew in spite of an increase in free distribution. Regarding the bottom line, profits were rosier, climbing from 3.4% of before-tax revenues to 7.9%. In both 1991-92 and 1996-97, these magazines continued to outshine the industry average.

But what of the one-in-four magazines published in Canada in 1991-92 that had ceased publication by 1996-97? Those most likely to fold were general-interest consumer magazines. Almost one in three of these had closed, while only 15% of religious and scholarly periodicals did not survive the period. These latter two categories were not highly profitable, but their survival may be attributed to the fact that they often do not constitute the main activity of the organizations that publish them.

<sup>1</sup> Information on magazines that start and close in the same year is generally not available since the magazine has usually ceased to exist by the time of the survey. Such false starts may not be captured in the survey. For this reason, existing data for the group of 72 magazines that came and went between 1992-93 and 1996-97 may not be representative of all short-lived magazines and are not analyzed here.

**Table 1**  
**Number of magazine disappearances by year and category**

	1992-93	1993-94	1994-95	1996-97 <sup>1</sup>	Total	% of 1991-92
All magazines	101	74	96	129	400	23.1
General-interest consumer	19	17	11	11	58	31.7
Special-interest consumer	35	22	28	34	119	23.3
Business and trade	29	25	32	47	133	26.9
Farm, religious and scholarly	18	10	25	37	90	16.5

<sup>1</sup> These disappearances took place over the two-year period 1995-96 to 1996-97.

The circulation of the magazines that failed was smaller than average. However, this did not mean that it was predominantly small magazines that disappeared. In fact, while 41% of the magazines that disappeared had a circulation per issue below 5,000 copies, and 77% had a circulation of less than 20,000 per issue, the picture was not that different among those that survived. Except for general-interest consumer magazines, where a few very high circulation titles dominate, the size profile of the surviving group was not significantly different from that of those magazines that did not survive.

Nor were these magazines particularly young. When they reported in 1991-92, 65% of the doomed magazines had been in the survey for at least five years. By the time of their demise, 75% were at least five years old.<sup>2</sup>

#### General-interest consumer magazines most likely to fail

General-interest consumer magazines were hit the hardest. Nearly one in three respondents in 1991-92 was gone by 1996-97. These ill-fated titles were already showing signs of stress in 1991-92, reporting losses of 20.4%. In fact, only 35% reported any profits at all

compared to 54% for the rest of the category.

Free distribution dominated circulation in this group. Where only 17% of circulation in the surviving group was unpaid, free distribution accounted for nearly two-thirds of the circulation of failed magazines. It is not clear whether the amount of free circulation was a "risk factor" for the doomed magazines or an attempt to increase readership through controlled free distribution. Whatever the case, sales were low and the magazines were unable to boost advertising revenues above category averages to make up the difference.

At only \$1.34, costs per copy for unsuccessful magazines in this category were lower in almost all expense categories. Production, printing and distribution were kept down and editorial and design costs were also slightly lower. The one area where costs were higher was administration and other expenses which amounted to 39¢ per copy, higher than other general-interest consumer magazines (22¢). However, these are generally fixed costs and, as the group that failed had much smaller circulation, they could be expected to comprise a greater proportion of expenses.

Perhaps the most telling difference between the magazines that made it and those that did not may be in marketing and promotion expenditures. Among the surviving magazines in this category, these costs were particularly high (21¢ per copy), possibly because the market for this category is large and varied. The general-interest magazines that were headed for failure, however, invested only 5¢ per copy in marketing and promotion, less than any other group in this analysis.

#### Special-interest consumer magazines that fail are weaker in advertising

Special-interest consumer magazines fared somewhat better over the period from 1991-92 to 1996-97. Over three-quarters of the titles in this category stayed afloat and had improved their performance by 1996-97. Just as their performance differed from general-interest magazines, so did the characteristics that marked those that would fail.

<sup>2</sup> The 1991-92 questionnaire did not collect information on the age of the publication. Therefore, an estimate of *minimum* age has been calculated based on the first year that the magazine was included in the survey.

**Table 2**  
**Profile of Canadian magazines 1991-92: the ones that disappeared and the ones that survived<sup>1</sup>**

	General-interest consumer		Special-interest consumer		Business and trade	
	Deaths	Survivors	Deaths	Survivors	Deaths	Survivors
Number of periodicals	58	125	119	392	133	362
Total annual circulation (millions)	20.6	254.2	30.4	98.9	18.6	65.3
Average circulation per issue	33,022	120,427	27,067	32,690	18,411	14,606
<b>Revenue per copy</b>	<b>\$ 1.11</b>	<b>1.50</b>	<b>1.10</b>	<b>1.72</b>	<b>2.63</b>	<b>3.56</b>
Sales of advertising per copy	\$ 0.78	0.78	0.62	1.08	2.29	3.07
Sales of magazines per copy	\$ 0.23	0.67	0.41	0.49	0.21	0.30
Other revenue per copy	\$ 0.10	0.05	0.07	0.15	0.13	0.19
<b>Total cost per copy</b>	<b>\$ 1.34</b>	<b>1.44</b>	<b>1.21</b>	<b>1.70</b>	<b>2.95</b>	<b>3.38</b>
Editorial and design costs per copy	\$ 0.20	0.22	0.21	0.26	0.36	0.53
Production and printing costs per copy	\$ 0.49	0.50	0.43	0.63	0.99	1.12
Marketing and promotion costs per copy	\$ 0.05	0.21	0.10	0.11	0.09	0.11
Cost of sales of advertising per copy	\$ 0.11	0.13	0.07	0.13	0.39	0.51
Distribution, fulfilment and invoicing	\$ 0.11	0.16	0.14	0.19	0.33	0.39
Administrative and other costs per copy	\$ 0.39	0.22	0.27	0.37	0.79	0.72
Profit as % of revenue	% -20.4	4.0	-10.0	1.5	-12.1	5.1
% profitable	% 34.5	53.6	47.9	55.1	40.6	52.8
Free distribution as a percentage of total annual distribution	% 66.3	16.8	51.6	44.5	79.7	56.7

<sup>1</sup> This analysis is restricted to three categories of magazine. Many of the publishers of farm, religious and scholarly periodicals are primarily engaged in other non-publishing activities. Because data on the publishing organization are unavailable separately, complete analysis of the performance of these magazines is not possible.

While general-interest consumer magazines are aimed at a large, broadly-defined market and cover a variety of topics, these special-interest consumer magazines cater to small niche markets which are more readily defined and normally easier to target (e.g. gardening or golf). The costs faced by these magazines in promoting their product are not as great as for those in the general-interest category. Certainly, marketing and promotion costs do not appear to distinguish the successful titles from the unsuccessful. As with the general-interest consumer magazines, production and distribution costs were lower for the troubled group. There was also less spending on editorial and design services and administration.

What stands out for the failing titles in this category is their inability to capture advertising revenues. In small, special-interest markets, there may be fewer "special-interest" advertisers and consequently fewer ad dollars to go around than there are in the case of general-interest periodicals. In this context, the doomed magazines spent noticeably less money selling advertising space. In the end, they earned only 62¢ per copy from the sales of advertising space compared to \$1.08 per copy earned by the surviving titles.

#### **Business and trade magazines have hard time attracting advertisers**

On the whole, business and trade magazines had high revenues per copy with sales of advertising space making up over 85% of the revenues for both surviving and disappearing magazines. Costs for business and trade magazines were also high compared to other categories. Overall, they spent \$3.29 per copy in 1991-92 compared to the industry average of \$1.70.

The profile of the failing business and trade periodicals appears similar to that of the special-interest consumer magazines. Revenues per copy were noticeably low, particularly from the low sales of advertising space. Similar to the special-interest consumer magazines, these periodicals have small, highly-defined markets, and are often directed at a single profession or trade. Marketing and promotion costs were low for both those that survived and those that failed.

Like special-interest magazines, low sales of advertising space can be linked to magazines spending less to capture those sales. Behind the similarity, however, are very different realities. Where special-interest consumer magazines face the challenge of finding advertisers for a market of consumers (the general public) with specific interests, business and trade periodicals and advertisers usually know their audiences more intimately, sometimes by name. The challenge is not, therefore, the competition for advertisers who need a way to promote a product to the public. Instead, it is sometimes the need to convince advertisers that the periodical is still a good way for them to reach the buyers they already know and can communicate with through other means. This work can be expensive; surviving business and trade magazines invested almost four times as much (per copy) on sales of advertising space as consumer magazines. The magazines that failed did spend more than their consumer counterparts, but perhaps not enough. In a category where dependence on advertising revenues is so high, this activity may be too critical to ignore.

#### **The last word**

The magazines that disappeared during the first half of the 1990s faced various challenges, not the least of which was an economic recession. The causes of their demise are at least partially caught up in the time period during which they failed. This makes it difficult to use past behaviour to predict how any individual titles will perform in the future. However, in the final analysis, it does seem that the way that magazines spend money is what separates the winners from the losers. For both consumer and business magazines, promotion - either of sales of magazines or of advertising space - appears to be critical to success.

#### **New titles**

In 1996-97, the Periodical Publishing Survey included 219 magazines that had first responded to the survey in the years since 1991-92. Most of these "new titles" (91.8%) were either consumer or business and trade magazines. Only 13 were religious magazines or scholarly journals. These

#### **Note to readers**

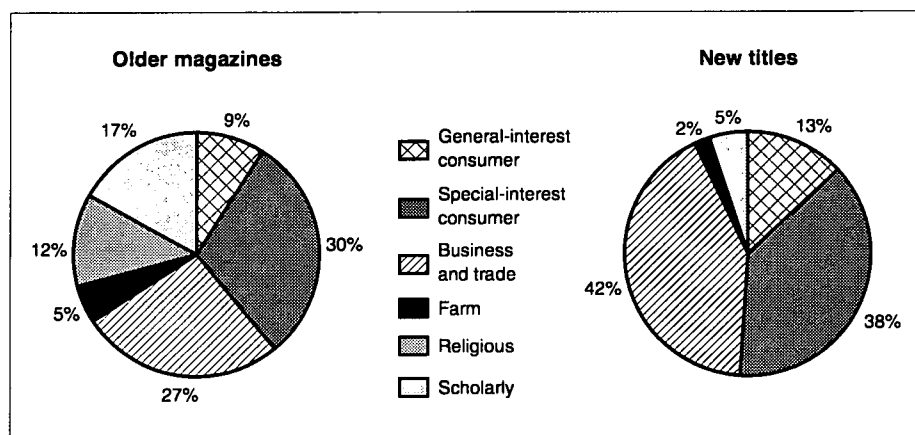
*The Periodical Publishing Survey is a census of all periodicals published in Canada. It does not collect information on periodicals published outside of Canada, that is, periodicals imported into Canada and foreign "split-run" magazines, which have Canadian editions containing advertising aimed at the Canadian market. A periodical is published more than once a year, but not more than once a week, does not have more than 70% advertising content, and is available to the general public. The survey covers consumer magazines - general-interest (covering a variety of topics) and special-interest (covering specific topics such as cooking or science); business and trade magazines; and farm, religious and scholarly periodicals.*

*The survey has recently undergone significant revisions to annual data for 1991/92 through 1994/95 as a result of a change in methodology and a thorough review of the survey population. Data now include full estimates for magazines which did not respond to the survey. As a result, the data for these years have been improved and better reflect the activities of the industry. However, researchers are cautioned not to compare data for 1996-97 with any previously released data. There was no survey for 1995/96.*

*For reasons of confidentiality, the data do not include information on periodicals published in the Northwest Territories and the Yukon.*

latter categories tend to be more stable and had also seen fewer titles disappear during the 1990s. Three-quarters of the new magazines were published in English compared to the rest of the industry where 60% were English-language. Only 21 of the new magazines were bilingual (French and English) or in a non-official language.

New general-interest consumer magazines earned just over half (56%) of the revenues per copy of the older magazines, but the distribution of their revenues by source was about the same; in both groups, sales of advertising space made up just under 50% of total revenues. Expenses were lower in the newer group. In particular, the new magazines spent only a fraction of what the older magazines invested in marketing and promotion (5¢ compared to 21¢) and sales of advertising space (7¢ compared to 13¢).



On average, the new consumer magazines aimed at niche markets (the special-interest magazines), had higher circulation per issue than older titles, and more copies were distributed free of charge. Although expenses were kept down all around, including production and printing costs at a low 37¢ per copy, revenues could not quite match them and these new magazines reported an average loss in 1996-97 of 0.1%.

In the business and trade category, the new magazines did slightly better, just managing to break even. Actually, 66% of the new business titles reported some profits. As with the consumer magazines, revenues per copy were lower, only \$3.28 compared to \$4.07 for the older group. Advertising and other revenues were not high enough to produce the high profit margins enjoyed by the rest of the business and trade category.

#### Profile of new magazines in 1996-97

	All new magazines	General-interest consumer	Special-interest consumer	Business and trade
Number of periodicals	219	28	83	90
Total annual circulation (millions)	51.1	21.4	20.0	8.5
Average circulation per issue	38,018	111,980	44,181	14,173
Sales of advertising per copy	\$ 0.95	0.48	0.50	3.09
Sales of magazines per copy	\$ 0.32	0.46	0.28	0.09
Other revenue per copy	\$ 0.06	0.05	0.05	0.10
<b>Revenue per copy</b>	<b>\$ 1.34</b>	<b>0.98</b>	<b>0.82</b>	<b>3.28</b>
<b>Total cost per copy</b>	<b>\$ 1.41</b>	<b>1.11</b>	<b>0.92</b>	<b>3.20</b>
Profit as % of revenue	% -0.1	-0.1	-0.1	0.0
% profitable	% 55.3	50.0	48.2	65.6
Free distribution as a percentage of total annual distribution	% 75.9	70.8	76.8	83.9

## Nothing Unusual about Magazines with Websites

Mary K. Allen, Project Manager, Periodical Publishing

The 1996-97 Survey of Periodical Publishing<sup>1</sup> asked about the availability of periodicals on websites. Who are they? Are they big, well-established magazines? Are they small, young, and on the margins? The answer is, "both".

The survey found that in 1996-97, periodicals with websites were not much different from those without. Magazines in all categories and across all circulation sizes were getting on-line. In fact, 44% of magazines reported that they had websites either available or under development.

Magazines on the web had, on average, the same size readership for their print copies as other magazines. They had higher revenues and relied more on advertising than their unconnected counterparts. Higher revenues per copy were matched, however, by higher costs. As a result, these magazines tended to be less profitable. On the whole, however, their performance was not significantly different from the others. Nor were they noticeably younger or older than unconnected magazines. Magazines with websites were, on average, about 23 years old at the time of the survey, which was less than two years younger than the industry average.

<sup>1</sup> The Periodical Publishing Survey is a census of all known periodicals published in Canada. Data are collected for individual titles available in print. The survey does not cover magazines that are wholly electronic with no print version (e-zines or virtual magazines). Please note that the survey did not ask how the website was being used, in particular, to what extent the periodical itself was made available on the website, what the "readership" was like, or what revenues or expenses could be attributed to the website.

## Incidence of websites, 1996-97

	General-interest consumer	Special-interest consumer	Business and trade / farm	Religious and scholarly	Total
Number of periodicals	153	475	517	407	1552
Website available or under development	% 40.5	46.7	43.5	41.5	43.7
No website or no information available	% 59.5	53.3	56.5	58.5	56.3

For the most part, English-language and French-language periodicals participated equally on the Internet, with one notable exception. While 49% of English-language general consumer magazines reported having websites on the go, only 29% of French-language general consumer magazines were getting on the web. This may be

explained by the differences in English and French consumer markets. According to Statistics Canada's Survey of Household Facilities and Equipment, only 8.2% of households in Quebec had access to the Internet in 1997 compared to the national average of 13.0% (*Household Facilities and Equipment, 1997*, catalogue n° 64-202).

## Magazines with a website and those without, 1996-97

	Website available or under development	No website or information not available	All periodicals
Number of periodicals (number)	678	874	1552
Total annual circulation (million)	283.4	255.2	538.6
Average circulation per issue (number)	31,261	31,298	31,282
Sales of advertising space (\$ million)	381.2	265.8	647.0
Single copy sales (\$ million)	39.7	43.9	83.6
Subscription sales (\$ million)	131.9	115.2	247.1
Other revenue (\$ million)	34.9	30.2	65.1
Total revenue (\$ million)	587.6	455.2	1042.8
Total Expenses (\$ million)	557.2	412.2	969.4
Profit before taxes as a % of total revenue	5.2	9.4	7.0
Revenue per copy (dollars)	2.07	1.78	1.94
Cost per copy (dollars)	1.97	1.62	1.80
Average age (years)	23.5	26.6	25.1

□

## Selected Culture Workers - a ten year perspective

*Pina La Novara, Research and Communications, Culture Statistics Program*

There has been keen interest in the last several years in the culture labour market. How large is it? How much has it grown over time? Who are the culture workers and what are their education levels, gender distributions, ages, and what kind of culture occupations do they have? To better understand this specialized labour market the Culture Statistics Program (CSP) conducted a cost-recovery survey in 1994 called the Cultural Labour Force Survey on behalf of Human Resources Development Canada. The survey collected information on the demographic profiles of culture workers, their financial situations, their labour market

experiences, their training needs and the impact of new technology on their careers (refer to the articles in *Focus on Culture*, "The Art of the Future: Training Needs of the Culture Sector" Vol. 9 No. 2 and "Cultural Labour Force Survey" Vol. 7 No. 3).

At the same time, the Culture Statistics Program also took advantage of the rich data available from the Census. With the funding support of consortium members, the CSP was able to produce and disseminate a comprehensive set of tables on the culture labour market using 1986 and 1991 Census data.

This year, the Program is exploiting another useful source of information on the culture labour market - the Labour Force Survey (LFS). This monthly survey is based on a sample of 52,000 Canadian households. The reason

d'être of this survey is to divide the working age population into three mutually exclusive categories<sup>1</sup> - "employed", "unemployed" and "not in the labour force". At the same time, the Labour Force Survey collects detailed information on the socio-demographic characteristics of respondents as well as information on their primary occupations and in what industry they work. The LFS is a more timely source of data than the Census because it is conducted every month while the Census is only conducted every five years. However, like the Census, the Labour Force Survey collects detailed occupation information on a respondent's primary occupation only.

This article does not pretend to provide a comprehensive portrait of all culture workers in Canada. There are two main reasons for this. As noted, the Labour Force Survey does not capture information on Canadians' second or third occupations. Many individuals hold down primary occupations in non-culture areas but have second or even third occupations that are clearly cultural. This survey classifies such individuals based solely on their primary occupation so we have no information on their secondary or tertiary cultural activities. Secondly, there is no consensus, as yet, on how broadly to define culture workers. There is, in fact, a working group (consisting of representation from the Canada Council for the Arts, the Canadian Artists and Producers Professional Relations Tribunal, the Cultural Human Resources Council, Human Resources Development Canada and the Department of Canadian Heritage) currently discussing this very issue in collaboration with the Culture Statistics Program. While this work is ongoing, the CSP would like to inform the wider culture community of the information that is available from the LFS. Therefore, this article uses the Framework for Culture Statistics (refer to Text Box 2) to define, in a fairly narrow way, those workers who have a clear cultural or artistic primary occupation. More specifically, this article focuses on selected culture workers<sup>2</sup> who were "employed" during the survey reference period, and highlights some of the interesting trends that have taken place over the

<sup>1</sup> Refer to Text Box 1 for definitions.

<sup>2</sup> Refer to the end of this article for the list of occupations that have been defined as cultural in the article.

last ten years. It is also important to note that no reference is made to where these selected culture workers work. In other words, the focus of the article is on the skill sets of these Canadians no matter where they are being applied.

### Ten-year trends

Most of the trends discussed in this study do not reveal any consistent pattern on a year-over-year basis. This reflects the volatility of the labour market both for culture and non-culture workers. As a result of these yearly inconsistencies, the focus will be on percentage changes that took place between 1987 and 1997.

In 1997, there were 13,940,600 employed Canadians. Of these, 318,700, or 2%, reported a primary cultural occupation. Culture workers recorded a larger employment growth rate (19%) between 1987 and 1997 than all employed Canadians (12%).

All but one of the selected culture worker subgroups experienced employment growth between 1987 and 1997. Fine and commercial art workers recorded the strongest growth (33%)

followed by performing and audio-visual arts workers (26%). Those working in printing and related occupations, however, experienced a considerable decrease of 22% in their employment numbers over the same period. This decrease may be attributable to the introduction of new high-tech printing technology in the printing and publishing industry.

### Gender distribution

There was virtually no change in the gender distribution of selected culture workers between 1987 and 1997. At both points in time, there was an equal split between men and women employed as culture workers. Even when analysing the gender distributions of the particular culture worker subgroups, there was no significant change over the ten-year period. Workers in libraries, museums and archives remained predominantly women (79% in 1997) while workers in the performing and audio-visual arts remained predominantly men (63% in 1997).

### Age distribution

The age distribution of both culture and non-culture workers<sup>3</sup> shifted towards

older workers between 1987 and 1997. In 1987, about 25% of both categories of workers were 45 years of age or older, while by 1997 this had increased to over 30%. "Library, museums and archives" is the culture worker subgroup that, in 1997, had the highest percentage of workers 45 years of age or older (50%). At the other end of the scale, less than 30% of workers in fine and commercial art and performing and audio-visual arts were in this age category.

### Highest level of education

During the 1990-1997 period there was an increase in the level of education attained by employed Canadians. There was a clear shift for both culture and non-culture workers from having only an elementary/secondary education to having some type of post-secondary education, be it non-university (college, trade/vocational) or university (bachelor's degree or higher). Even though this trend occurred for all Canadians, culture workers have continued to be more highly educated than non-culture workers. In 1997, four in ten culture workers had completed a university education, double the rate of non-culture workers. Culture workers were just as likely to have a non-university, post-secondary education as other workers. However, culture workers were half as likely as non-culture workers to have only an elementary or secondary education (20% compared with 39%).

### Full-time employment

Full-time employment grew considerably more for culture workers than it did for other workers between 1987 and 1997. While culture workers experienced a 14% increase in full-time employment during this time, other workers experienced a 9% increase.

Despite this growth, both culture and non-culture workers experienced decreases in full-time employment between 1990 and 1992, revealing the effects of the recession. Unlike non-culture workers, culture workers also experienced decreases between 1994 and 1995 (-4%) and again between 1996 and 1997 (-2%).

**Table 1**  
Number of people employed in selected cultural occupations, 1987 and 1997

Selected culture worker subgroups	1987	1997	Per cent change 1987 to 1997
			%
Fine/commercial arts	102,200	136,000	33
Library/museum/archive	24,300	27,700	14
Performing/audio-visual arts	55,000	69,100	26
Writing	52,000	58,800	13
Printing and related	34,700	27,100	-22
<b>Total</b>	<b>268,200</b>	<b>318,700</b>	<b>19</b>
<b>Total employment in Canada</b>	<b>12,422,400</b>	<b>13,940,600</b>	<b>12</b>

**Table 2**  
Per cent change in full-time employment, 1987 to 1997

Selected culture worker subgroups	Per cent change between 1987 and 1997
	%
Fine/commercial art	33
Library/museum/archive	21
Performing/audio-visual arts	27
Writing	-1
Printing and related	-27
<b>Total</b>	<b>14</b>

<sup>3</sup> Most of this article compares selected culture workers to the rest of employed Canadians. The terms "non-culture workers" and "other workers" are used interchangeably.



Canadians who had occupations in either writing or in printing and related occupations were the only ones to experience a decrease in full-time employment between 1987 and 1997.

### **Part-time employment**

Despite growth in full-time employment, culture workers have remained more likely to work part-time than non-culture workers. For example, in 1997, over one quarter of culture workers worked part-time compared with 19% of other workers. Canadians working in performing and audio-visual arts were the most likely to work part-time (32%) compared to other culture workers. Almost three in ten (29%) people in fine and commercial art occupations and one in four in writing occupations worked part-time.

There was phenomenal growth in part-time employment for both culture and non-culture workers between 1987 and 1997. While non-culture workers recorded an increase in part-time employment in each year between 1987 and 1997, culture workers experienced a rougher ride. There were small decreases in part-time employment each year between 1989 and 1991 and again between 1994 and 1995.

While individuals in writing occupations recorded a slight decrease in full-time employment between 1987 and 1997, they simultaneously experienced a dramatic increase in part-time employment. Those employed as library, museum or archive workers experienced the opposite trend; they recorded a 21% increase in full-time employment with a 10% decrease in part-time employment. Fine and commercial art workers and performing and audio-visual arts workers recorded substantial increases in both full-time and part-time employment during the same period.

In 1997, 26% of all employed culture workers worked part-time; this marked a slight increase from 1987 (23%). In comparison, 19% of all employed non-culture workers worked part-time in 1991, also little changed from ten years earlier (17%).

**Table 3**  
**Per cent change in part-time employment, 1987 to 1997**

Selected culture worker subgroups	Per cent change between 1987 and 1997
	%
Fine/commercial art	33
Library/museum/archive	-10
Performing/audio-visual arts	23
Writing	109
Printing and related	-
<b>Total</b>	...

- Amount too small to be expressed.

... Figures not appropriate or not applicable.

### **Employees**

Culture workers were less likely to be working as employees in 1997 compared to ten years earlier. In 1997, 55% of all employed culture workers worked as employees compared with 69% in 1987. Individuals working as employees in writing occupations or in printing and related occupations were the two culture worker subgroups that experienced the largest declines between 1987 and 1997 (17% and 35% drops respectively).

Non-culture workers were more likely than culture workers to be working as employees in 1997 (83% compared with 55%). On a year-over-year basis, culture workers working as employees experienced declines more often than non-culture workers. This perhaps reflects the volatile labour market in which culture workers participate.

### **Self-employed workers**

The Canadian economy has undergone substantial changes in the last decade. One of the major changes has been the increasing tendency for Canadians to be self-employed. This has been the case for both culture and non-culture workers. Both groups recorded considerable growth in self-employment between 1987 and 1997 (72% increase for culture workers and 45% increase for non-culture workers). The year-over-year percentage changes in self-employment have been smoother for non-culture workers.

Throughout the ten year period, culture workers were much more likely to be self-employed than were non-culture workers. For instance, in 1997, 45% of culture workers were self-employed compared to 17% of all other workers. While this rate had not changed dramatically for non-culture workers since 1987 (when it was 13%), there was a substantial increase for culture workers (from 33% in 1987).

Over half of Canadians in fine and commercial art occupations (53%) and performing and audio-visual arts occupations (54%) were self-employed. In contrast, almost all (95%) library, museum and archive workers worked for an employer.

### **And even more detail in the future...**

The focus of this article in terms of the occupations considered "cultural" may be too narrow for some people. It has, nevertheless, allowed us to get a first glimpse at how the Labour Force Survey can help us better understand the changing socio-demographics of selected culture workers and how they compare to other Canadian workers. Future work in collaboration with external clients will probe these trends further.

*continued on page 10*

**Text Box 1****Definitions**

In order to properly interpret the data from the Labour Force Survey the following key definitions should be well understood:

**Employed:** persons who during the survey reference period:

- did any work at a job or business - that is, persons who were paid for work as employees or as self-employed persons. It also includes unpaid family work which is defined as unpaid work contributing directly to the operation of a farm, business or professional practice owned and operated by a related member of the same household; or
- had a job but were not at work due to factors such as illness or disability, personal or family responsibilities, bad weather, labour dispute, vacation or other reason.

**Unemployed:** persons who, during the survey reference period:

- were on temporary layoff with an expectation of recall and were available for work; or
- were without work, had actively looked for work in the past four weeks and were available for work; or
- had a new job to start within four weeks from the survey reference period and were available for work.

**Labour force:** composed of that portion of the civilian non-institutionalized population 15 years of age and over who, during the survey reference period, were "employed" or "unemployed".

**Primary occupation:** the occupation involving the greatest number of usual hours worked.

**Occupation:** refers to the kind of work persons were doing in their primary occupation during the survey reference period as determined by the kind of work reported and the description of the most important duties. For those not currently employed, the information on occupation is collected for the most recent job held within the previous twelve months.

**Industry:** refers to the general nature of the business in which the respondent worked (primary occupation only). If a person did not have a job during the survey reference period, the information is collected for the last job held, providing the person worked within the previous twelve months.

**Type of work** (full-time or part-time work): full-time employment consists of persons who usually work at least 30 hours a week at their primary occupation. Those who usually work less than 30 hours a week at their primary occupation are considered to be employed part-time. This information is available for those currently employed or who last worked within the previous twelve months.

**Text Box 2**

In order to foster a standard approach to the study by our client base of culture activities, the Culture Statistics Program saw the need to develop among users a common set of concepts, definitions and terminologies for use in undertaking all analytical activities. A framework is particularly useful because it avoids the pitfall of trying to define culture as a whole. Rather, the framework acts as a tool from which we can generate a range of data sets, each of which meets different information requirements. With the assistance of a working group and consultations with the wider culture community, a framework is being developed that will be the foundation for each CSP application, such as this Culture Labour Market Project.

For more information on the Framework for Culture Statistics please contact Michel Durand, Chief of Research and Communications, at 613-951-1566.

**List of Culture Occupations**

This article focuses on culture workers whether or not they work in culture industries. The criterion for selection is the skill sets that are considered cultural by the culture community. The Labour Force Survey collects occupation data using four digit Standard Occupational Classification (SOC) codes. The following four digit 1980 SOC codes have been selected as the complete list of "culture occupations" for this article:

**Fine/commercial art**

2141 - architects  
3311 - painters, sculptors and related artists  
3313 - product and interior designers  
3314 - advertising and illustrating artists  
3315 - photographers and camera operators  
3319 - occupations in fine and commercial art, photography and related fields, not elsewhere classified  
2792 - fine arts teachers, not elsewhere classified

**Library/museums/archives**

2350 - supervisors in library, museum and archival sciences  
2351 - librarians, archivists and conservators  
2353 - technicians in library, museum and archival sciences  
2359 - occupations in library, museum and archival sciences, not elsewhere classified

**Performing/audio-visual arts**

3330 - producers, directors, performing and audio-visual arts  
3331 - conductors, composers and arrangers  
3332 - musicians and singers

3333 - occupations related to music and musical entertainment, not elsewhere classified

3334 - dancers and choreographers

3335 - actors/actresses

3337 - radio and television announcers

3339 - occupations in performing and audio-visual arts, not elsewhere classified

**Writing**

3351 - writers and editors

3359 - occupations in writing, not elsewhere classified

3355 - translators and interpreters

**Printing and related**

9510 - forepersons (printing and related occupations)

9511 - typesetting and composing occupations

9514 - printing/engraving occupations

9515 - photoengraving and related occupations

9517 - bookbinding and related occupations

For the purposes of this article, all other four digit 1980 SOC codes are classified as "non-culture occupations".

"Non-culture occupations" include occupations such as culture union representatives, culture association employees, government employees responsible for culture policy and culture researchers. Although these occupations are listed in the Framework for Culture Statistics they cannot be isolated using the SOC manual and therefore fall under the catch-all category "non-culture occupations".

## Did you know . . . ? Highlights from the Survey of Government Expenditures on Culture, 1996-97

Governments at all levels spent a total of \$5.7 billion<sup>1</sup> on culture in 1996-97, down 2.8% from the previous year. When adjusted for inflation, this decline was equivalent to 3.1%. It was the seventh consecutive year that spending on culture has declined in real terms.

Changes in the remainder of this box are all expressed in current dollars with no adjustment for inflation.

In 1996-97, the federal government spent a total of \$2.8 billion on culture, representing about 1.7% of its total budget. Federal cultural expenditures declined by 5% in 1996-97, the first drop in three years. The decline was largely the result of reduced spending on broadcasting.

The largest decline in federal spending on culture occurred in Alberta (-8%) and Newfoundland (-7.1%), due largely to a reduction in expenditures on broadcasting. The biggest percentage increases in spending occurred in the Northwest Territories (+13.3%) and the Yukon (+11.9%), where broadcasting and the heritage sector were the largest benefactors.

### Government Expenditures on Culture, by Level of Government and Major Cultural Sector, 1996-97

Major Sector	Federal (\$'000,000)	%	Provincial/Territorial (\$'000,000)	%	Municipal (\$'000,000)	%
Cultural industries <sup>1</sup>	1,931	70	250	14	..	..
Libraries	33	1	666	38	1,094	76
Heritage <sup>2</sup>	622	22	448	26	35	2
Arts <sup>3</sup>	114	4	231	13	62	4
Other	76	3	135	8	252	17
<b>Total</b>	<b>2,776</b>	<b>100</b>	<b>1,730</b>	<b>100</b>	<b>1,443</b>	<b>100</b>

**Note:** The sum of the items does not always add to the total due to rounding.

<sup>1</sup> Includes broadcasting, film and video production, book and periodical publishing, and sound recording.

<sup>2</sup> Includes museums, archives, historical sites and nature parks.

<sup>3</sup> Includes performing arts, visual arts and crafts, and arts education.

The largest amount of federal spending on culture was devoted to the cultural industries. The \$1.9 billion spent in this area accounted for 70% of the total federal cultural budget, a share that was four percentage points higher than in 1986-87. Broadcasting, in turn, consumed nearly four-fifths of the cultural industries budget. Spending was concentrated in Ontario and Quebec, largely as a result of the concentration of production facilities and related infrastructure located there.

The federal government devoted nearly one-quarter of its total cultural budget to the heritage sector in 1996-97, up slightly from the previous year. Although most provinces and territories reported growth in federal outlays on this sector, Ontario experienced a drop of 11% in spending, largely due to reduced spending on museum operations.

Due largely to cuts in federal support to the performing arts over the last year, federal spending on the arts fell by 8% to \$114 million in 1996-97.

The \$1.7 billion spent by provinces and territories on culture was down 3.4% from 1995-96. Cultural industries showed the largest decline (-14%), especially because of reduced funding for broadcasting, and film and video production. Ontario suffered the most from cuts in spending in these fields.

Provincial and territorial outlays on libraries were also down by 5% in 1996-97, while spending on the heritage sector rose by 2%. Declines in spending on heritage were reported only by Quebec, Alberta and the Northwest Territories.

Municipal governments spent a total of \$1.4 billion on culture in 1996, an increase of 1.6% from the previous year. Spending on libraries predominated in municipal cultural budgets, accounting for about three-quarters of their total cultural budgets. Municipal cultural spending fell in Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan. All other provinces and territories reported growth.

<sup>1</sup> Total expenditures are net of inter-governmental transfers.

## PUBLICATIONS

87-211 Canada's Culture, Heritage and Identity:  
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