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Beyond the Big Screen: Competitiveness of Film Markets

Marie Lavallée-Farah, Manager of the Film and Video Project

Movies are not confined to the big screen any more. The markets for home video and pay-TV are growing and consumers can choose to see their favourite films either at home or in the theatre.

According to the Family Expenditure Survey, Canadian families spent an average of $72 to go to the movies in 1990, an average annual increase of 7.3% since 1982. For the first time, however, they spent more on videocassette rentals, $75 per family. This represents an average annual growth of 16% from 1986, the first year for which data were collected on this item.

Cautious consumers

The evidence suggests movie-goers are becoming more selective. They are still attracted by the big screen, but they are attending less frequently on average. Paid admissions to theatres and drive-ins dropped in 1990-91 by almost 4% from the previous year. This continues a trend that covers the decade of the 1980s. In 1979-80 theatres and drive-ins reported nearly 100 million in paid attendance; by 1990- 91 this had dropped to under 80 million.

Back in 1979-80 Canadians went to the movies, on average, 4.2 times a year. In recent years, they have gone to the movies about 2.9 times a year. The lack of fluctuation in this number suggests a point of equilibrium has been reached.

The impact of the drop in demand in the theatrical sector is evident. In 1986-87 there were 897 theatres and drive-ins, a significant drop from the 1,355 reported in 1979-80. By 1990-91, the number had dropped again to 742. The decline was most pronounced for theatres and drive-ins located in small towns and rural areas.

Even though film attendance has been dropping, theatres reported total revenue, from both admission receipts and concessions, of $582 million in 1990-91, an average annual increase of 9.6% since 1986-87. The overall profit margin was 14% in 1990-91.

This increase in revenue is explained, in part, by the 8.6% annual increase in ticket prices, over the same period. The average ticket price went from $4.25 in 1986-87 to $5.92 in 1990-91. For consumers this is only the beginning of the cost of an evening at a movie theatre. They also have to take into account such other expenses as baby-sitting, parking and purchases from the theatre concessions.

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In This Issue...

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

The Home-Movie Front

Increasingly, consumers are obtaining their movies by other means. Nearly every home in Canada has at least one television set, and almost 70% have access to a VCR. Perhaps the most striking lifestyle change of the 1980s has been the expansion of home entertainment equipment. New films are now available through video rental, often at much less than the price of admission to a movie theatre, and on pay-TV and conventional television. Three quarters of homes have cable, and the number now viewing specialty television services comes close to 40%.

The retail market for home video rental is estimated to be around $800 million to $1 billion. In 1990-91, video wholesalers alone reported revenues of $495 million.

Distribution

Distributors gained $695 million in revenues from the sale and rental of films and videos in 1990-91. This represents an average annual increase of 16.2% since 1986-87. Their profit margin increased slightly from 8% to 9% over the same period.

The theatrical market is responsible for a constantly diminishing proportion of these revenues. In 1982- 83, 55% of distribution income came from this market. By 1990-91 this proportion had dropped to 26%. While the $184 million revenue from this market is down 18% from the previous year, this is the first significant decrease reported, after years of steady increase.

If the proportion of revenues from the theatrical market is down, this is largely because of the growth of other markets. The home entertainment market (conventional TV, pay-TV and home video) has increased rapidly to $486 million in 1990-91. This is a 21% average annual increase since 1986-87. The most important part of this market for distributors is conventional television at $370 million, 53% of the total revenue from distribution activities.

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Figure 1

Family Expenditures : Selected Cultural Services, 1978 to 1990

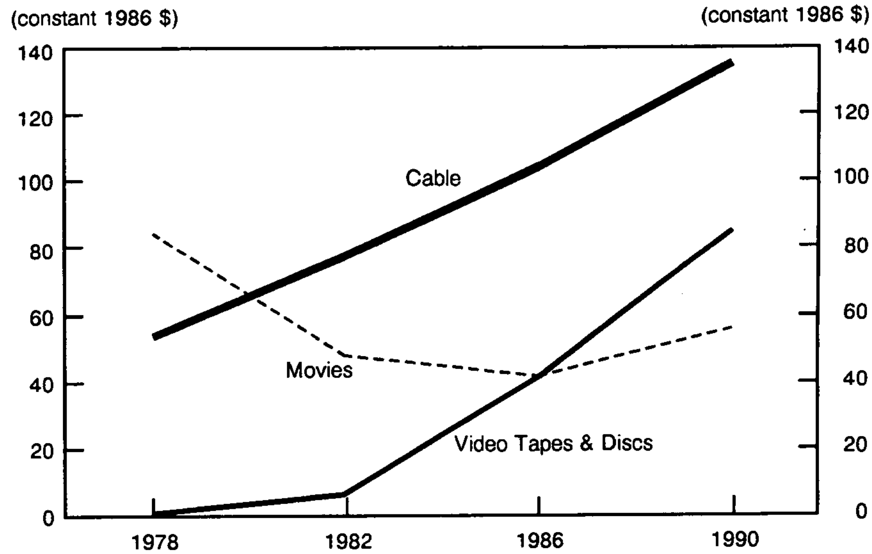
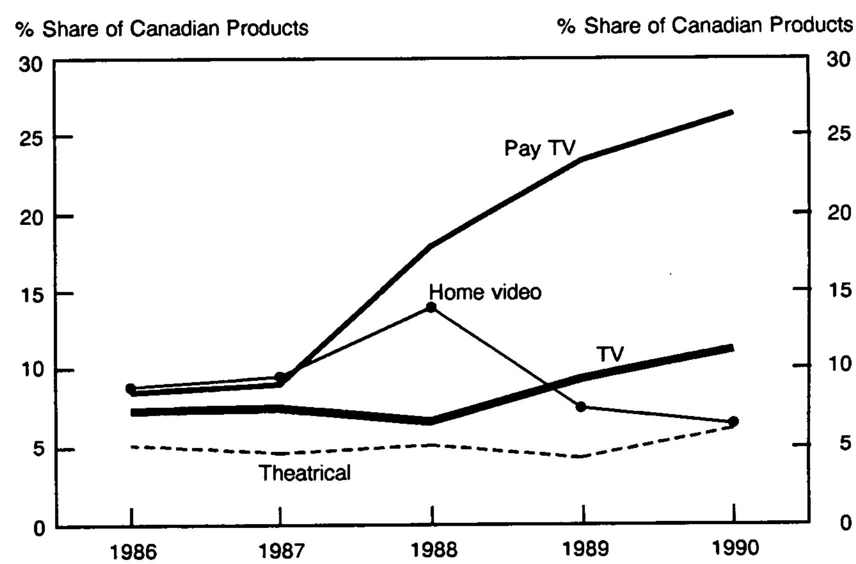


Figure 2

Film and Video Distribution: Market Share of Canadian Products



The pay-TV and home video markets garnered distributors $42 million and $75 million respectively.

Canadian Content

The number of Canadian feature films released has doubled since 1986-87, going from 26 in that year, to 54 in 1990-91. However, the production companies specializing in feature film continued to show operating losses of 17% on $21 million total revenues. This compares with average losses of 22% in 1986-87. Canadian feature films have not made major inroads in the theatrical market. Distributors placing Canadian features in movie theatres reported $11 million in revenues from these products, which was 6% of the total revenue distributors gained from the theatrical market in 1990-91.

By contrast, the home entertainment sector has provided additional markets for the producers of theatrical features, and those producers specializing in television production were more profitable. Their revenues reached $138 million from conventional television and $28 million from pay-TV. This provided them with a profit margin of 1%.

Nonetheless, Canadian productions are a small proportion of all the film and video products distributed in Canada. In total, distributors earned $620 million from imported productions in 1990-91 -- an amount close to 9 times higher than the $74 million they earned from Canadian productions. As a proportion of the total revenue earned, Canadian productions rose from 6% in 1986-87 to 11% in 1990-91. Canadian productions were responsible for over a quarter of the total distribution revenues from the pay- TV market, where they generated $11 million. In the conventional television market, distributors reported earning 11% of their revenues from Canadian productions, or $41 million.

Looking into the future

Over the decade of the 1980s the home entertainment market has become the principal source of revenue for both producers and distributors. There is a growing market for Canadian productions on television (see also the article, The Growth of Canadian Drama on TV, p. 5) and new opportunities in the home video market.

Further technological developments, such as high definition television, interactive cable systems and direct satellite broadcasting may only serve to accelerate this trend. □

Deficits of Performing Arts Companies Level Off

Mary Cromie, Manager, Performing Arts

The total debt generated by performing arts companies in 1990-91, $7.6 million, was virtually equal to that acquired in 1989-90. The 395 companies which responded to Statistics Canada's 1990-91 survey of performing arts companies reported total revenues of $373 million and total expenditures of $381 million. The survey shows that this debt is spread among companies in all provinces and in all performing disciplines.

The number of live performances in 1990-91 was reduced by 5% from the previous year, to 38,700. Attendance, however, held to nearly the level achieved in 1989-90, dropping just 2% to 13.6 million. This was, nevertheless, still well down from the over 15 million attendances reported in 1988-89.

This drop was offset by increased ticket prices, as revenue from ticket sales rose by 9% from the previous year. In fact, the average revenue obtained per spectator rose 10%, moving from $10.82 the previous year, to $11.86.

Average expenses per company were up 8%, with average expenditures rising in all departments except marketing and publicity, where costs were trimmed by 3%. At the same time, personnel and other production expenses rose 8% and 10% respectively.

Half of the companies reported some expenditures on fund-raising activities (a new category on the 1990- 91 survey). The amounts ranged from over $600,000 to less than $100 per company; the average amount was $36,450.

For every dollar brought in through ticket sales and related advertising, bar and concession sales, investment incomes and facilities rental, the performing arts companies had to raise an additional dollar from public and private grants and donations to keep their deficits in line.

Business and individual sponsorships and donations, together with revenues from fund-raising activities, brought in nearly $59 million, up 9% from 1989-90. This was equivalent to $4.32 per spectator.

Government grants, from all levels of government, amounted to $9.22 per person attending a performance, up from $8.53 the previous year. In total, government grants to these companies rose by 6% from 1989-90 to reach $125 million. Provincial grants increased at a faster rate (7%) than those from either federal or municipal coffers (4% and 5% respectively).

More detailed information is available on company performances and attendance, as well as detailed breakdowns of revenues and expenditures, tabulated by province, or by the four disciplines of theatre, music, dance and opera. For further information please contact the project manager, Mary Cromie, at (613) 951-6864. □

Casting Call for the Cultural Labour Force Project

Kathryn A. Williams, Manager, Cultural Labour Force Project

The planning stage of the Cultural Labour Force Project ended in October 1992 with the completion of a Strategy Report on the options for conducting a survey to obtain baseline information on individuals in the cultural sector. In this report, the many steps associated with developing and implementing this survey have been considered.

After extensive consultations with the cultural community from April to June using such mechanisms as focus groups and sessions at the Canadian Conference of the Arts' CCA Days, the working group has been synthesizing all of the valuable information obtained. The Strategy Report includes a draft questionnaire, a clearer description of the individuals who should be included in the cultural labour force survey, and the identification of various options available for surveying this unique and complex population.

Who to include

The definition of the cultural labour force population has been one of the most challenging elements of the survey. Generally speaking, the participants in the focus groups and others consulted, voiced a preference for a broad view of the cultural labour force. As a result, two approaches were taken for this aspect of the survey. First, we developed a short description that would help individuals understand the population we wish to survey. Second, we identified many of the commonly used titles of the occupations and vocations within the cultural sector. Even though there is no strict definition of the cultural labour force, with the initial input we received from the cultural community, we suggest this description, at least to stimulate further discussion:

Residents of Canada working in the creation, production, distribution, conservation, administration and support of cultural products and activities, as well as those who provide education to, and about, the cultural sector. Examples would include individuals writing books, painting pictures, acting in plays, designing buildings, making crafts, dancing in productions, directing television programs, providing technical support, teaching art, conserving artifacts, publishing books, selling cultural products,etc.

A listing of 906 commonly used titles of occupations and vocations has been prepared using Statistics Canada's classification systems, reference material on the cultural labour force and titles given as examples during the consultations. These titles are very diverse: singer, theatre director, set electrician, sportscaster, projectionist, editor, playwright, painter, art gallery manager, photographer, composer, animator, potter, designer, translator, curator, librarian, visual arts teacher, music therapist, publisher, typesetter, arts administrator, subscription assistant, agent, record store manager, violin maker, wig maker, and the list goes on.

With such diversity, it will only be possible to survey a broad representation of the cultural labour force if the population is separated into two groups: a core group, and a supplementary group. The core group would include individuals with occupations and vocations for which detailed information is essential, while the supplementary group would include individuals with occupations that could be included in a broad description of the cultural labour force.

In order to satisfy many of the information needs of the cultural community, and to allow provincial analyses of the various cultural disciplines in the core group, a sample size of 18,500 would be required. Information needed for a broad view of the cultural labour force could be obtained through a limited general survey of the whole population of Canada, including those employed in the supplementary occupations.

How to be included

From the consultations and investigations, it has been determined that the best way to identify the individuals in the core group is through the membership and other lists of cultural associations, unions and councils. There has been a great deal of support by representatives of these organizations and the individual members for the use of these lists. The fact that information obtained by Statistics Canada would be used for statistical purposes only and that the confidentiality of the lists would be preserved, is well-known in the cultural community. Using these lists is the most cost-effective way to conduct an extensive survey of the cultural labour force.

A broad view of the cultural labour force could be obtained be conducting a limited survey of the general population. Since the cultural labour force would make up at most 10% of the labour force, even with a very broad definition, such a survey would only be cost-effective if a very short questionnaire is used. It would serve to improve the estimates provided by a survey of individuals in the core group using the association and union lists and it would provide a estimate of the total cultural labour force including the supplementary group.

In order to make the survey process as easy as possible for the individuals in the cultural sector, a very specialized method of collecting information will be used called computer assisted telephone interviewing (CATI). This method will improve the question flow and make responding easier for those contacted. It will also allow occupation-specific questions.

What to ask

In order to determine the content of the questionnaire, the information needs of the cultural community were identified during the consultations. The discussion of information needs was structured to draw out the issues of concern to the cultural community and to link these issues to specific information needed to address them. As a result, the proposed questionnaire is issue driven.

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In order to explore the cultural sector's "complex employment situation", questions will be asked concerning the variety of work that artists and cultural workers perform over a year, the difficulties they have finding work or consumers for their work, the adequacy of remuneration and funding, the costs involved in pursuing cultural activities, the barriers to advancement they face, the education and training they have or require and their working conditions. A number of demographic questions are also included to create a portrait of the individuals involved in the cultural sector. The level of recognition of cultural activities is explored by considering the formal achievements and the self-perception of artists and cultural workers in this area.

Numerous questions could be asked to fill information gaps about this unique and complex sector. But, the burden to survey participants must be considered, and therefore, we need the assistance of the cultural community to identify the priorities in the information to be collected. This is the next step for the project.

Consultation continues

We need your help to ensure we can meet your needs with the best quality information possible about the cultural sector.

From November through January, we are consulting the cultural community regarding the strategies for the survey. A draft version of the questionnaire and the list of titles of cultural occupations and vocations are available. If you would like to review and comment on these documents, you can call Statistics Canada's toll free number for the Cultural Labour Force Project, 1-800-661-2100, or call Kathryn Williams, the project manager at (613)951-1517.

As well, we will discuss the use of various association and union lists, to create a list the individuals involved in the cultural sector for our survey, with cultural organizations. If you are involved in the cultural sector and you want to make sure you are included on our list, please call us. ☐

The Growth of Canadian Drama on TV

John C. Gordon, Manager, Radio and Television

The days of our lives include a myriad of emotions and activities. On television, much of this reality is reflected in the dramatic format which occupies a considerable portion of the schedule. In 1991, comedy and drama shows[1] made up around 40% of the total Canadian English-language station schedules; for French-language stations the level was about 35%[2].

It has been argued that if television is to act as a true mirror of society, then Canadian comedy and drama should be reasonably represented on Canadian television. In support of this argument, several government agencies and programmes have pursued policies of support to film and video production. This article looks at possible effects of these actions.

At the Federal level, there is the capital-cost allowance for film and video production. The CRTC[3] requires broadcasters to maintain at least a certain minimum of Canadian content in TV schedules, with special incentives in the area of drama. Telefilm Canada has been supporting production for many years and more recently has begun funding distribution of Canadian productions. Provinces and territories administer, directly or indirectly, their own support programmes.

In 1990, the two senior levels of government made grants and contributions of over $225 million to the film and broadcasting sector.

How successful have these programmes been in the area of conventional television?[4] The heavy lines in Figures 1 and 2 show that the percentage of schedule time[5] given over to Canadian comedy and drama has increased over the past decade on both English-language and French-language stations. Both linguistic sectors reported an average around 4% of the total schedule being given over to Canadian comedy and drama in 1982; a decade later this percentage had almost doubled for English stations and almost tripled for French stations. This trend is consistent with the almost 10% annual increases in revenues reported by producers of television programming during the latter half of the 1980s.

Are these new Canadian comedy and drama programmes reaching an audience? The higher of the two viewing lines (the thinner lines) in the figures shows the increasing viewing trend for the conventional stations discussed above. Although the absolute viewing levels for French-stations are higher, the relative increase in viewing over the decade was greater for English-language stations. For these latter stations, Canadian comedy and drama programme viewing as a percentage of all viewing actually increased more than the corresponding schedule increases. In the French-language sector, the growth in viewing was slightly less than the increase in schedule time.[6]

Finally, to look at the complete picture, the tuning to Canadian comedy and drama in relation to the overall use of television by anglophones and francophones was calculated. These viewing lines are lower and slightly flatter; nevertheless, even in the anglophone market where the competition from foreign programming is the greatest, viewing of domestic comedy and drama programmes is over double what it was a decade ago, paralleling the increase in schedule time. A similar parallelism can also be seen in francophone viewing which increased threefold.

Is Canadian comedy and drama programming reflected in Canadian television? Yes, it makes up almost 8% of English schedules and over 11% of French schedules and has increased considerably over the past decade. Given that the percentage of all scheduled comedy and drama programming has remained almost constant over the last ten years, the results also show that Canadian programming is displacing foreign

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programming. Within the category of comedy and drama, Canadian material now makes up about 20% of English programming and a third of French programming.

Are Canadians watching Canadian drama and comedy? Yes, and viewing of these programmes is increasing at about the same rate as the corresponding increase in overall schedule time. Amongst francophones, the percent of viewing time surpasses the schedule ratio. For anglophones, the viewing levels are about half the percentage of supply but nevertheless, viewing increases parallel the expansion of Canadian productions in TV schedules.

Is this the end of the story? No, only a pilot for a proposed series – stay tuned. There is much that can be extracted from our Television Viewing Data Bank and we have only scratched the surface. Who watches what? What effect does education have on viewing? What are the differences between British Columbia and Newfoundland? How do daytime and primetime compare? If you have questions that need answers, please contact us.

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1 *Programmes that relate a story, completely imagined or inspired by real incidents, by means of dialogue and action.*

2 *Information for this article was drawn from the Culture Statistics Programme's Television Viewing Data Bank. The Bank uses the Fall Sweep Surveys conducted by BBM Bureau of Measurement as its source for basic viewing data.*

3 *Canadian Radio-television and Telecommunications Commission*

4 *The schedule analysis in this article is limited to Canadian stations and excludes pay and speciality services.*

5 *Stations were originally organized by relative size into five groups within each linguistic sector. The percentage of Canadian comedy and drama showed similar patterns across all groups and as a result a simple average of all stations within each linguistic sector was used to calculate the values for the schedule lines in Figures 1 and 2. Although a more precise methodology is being developed, the current approach is sufficient to show relative tendencies.*

6 *For English-language stations, the schedule increase was 81% while the viewing increase was 162%. For French-language stations the corresponding increases were 157% and 126%.* □

Figure 1
Canadian Comedy and Drama on Television
English Language Market

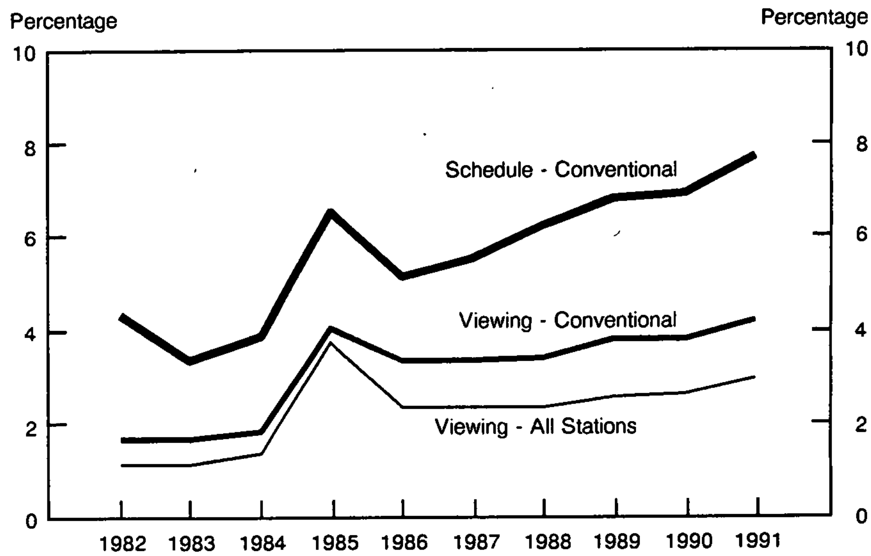
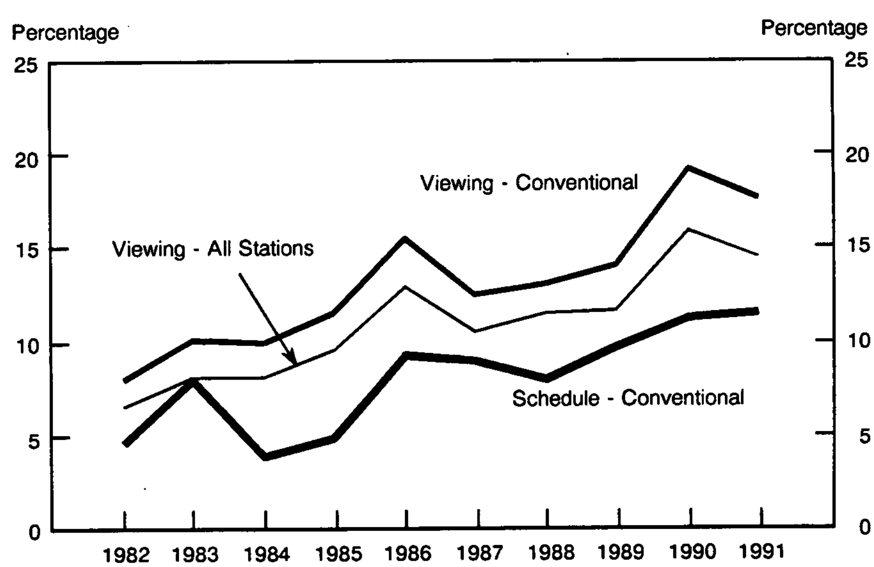


Figure 2
Canadian Comedy and Drama on Television
French Language Market



New Edition of Book Publishing

Michel Frève, Manager, Book Publishing and Exclusive Agents Survey

The new edition of the publication Book Publishing (Catalogue 87-210) presenting statistics for 1990-91, was released in October.

As in previous years, you find the most recent data on sales, employment, grants, profits or losses by publishing firms and exclusive agents, in this publication's wide variety of tables. To allow a more sophisticated analysis of the information contained in Book Publishing, statistics are presented by variables such as language, origin of financial control, province and size of firm.

But this year we have added something new -- an overview of the key indicators on book publishing for each year from 1986-87 to 1990-91. This table also provides the market share of foreign-controlled companies, for the most important data items.

Book Publishing is an essential tool for all those who need to understand the current state of publishing and exclusive distribution of books in Canada. It can be obtained, for $17.00, by dialling 1-800-267-6677, or by calling Statistics Canada's closest regional office. □

New Editor for Focus on Culture

Claire McCaughey, formerly Head of the Research and Evaluation Section of the Canada Council, joins us in this issue as Editor of Focus on Culture. Claire brings her experience in cultural statistics and research from the Canada Council to the Culture Statistics Program and looks forward to hearing from the community of users of cultural statistics about their needs and the topics they would like to see addressed.

Earlier this year, Focus on Culture undertook a readership survey to find more about what you – the users – want from the bulletin. Claire will be using the results of this survey to help provide you with more of the data and analyses you would like to see.

Claire will also be working on profiles of culture consumers, bringing together and analyzing data from a variety of sources to provide an integrated picture of Canadians' consumption of cultural products and services and participation in cultural activities. More on this in future issues. □

Most Recent Data Available

Sound Recording: 1990-91
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Editor,
Focus on Culture,
Education, Culture and Tourism Division,
Statistics Canada,
R.H. Coats Building,
Ottawa, Ontario
K1A 0T6

For information on products, special tabulations or content of specific surveys, please contact any of the following:

Assistant Director, Culture
Iain McKellar 951-9038

Manager, Cultural Labour Force Project
Kathryn Williams 951-1517

Consumer Profiles
Claire McCaughey 951-1562

Data Access Unit 951-1557

Cultural Activities and Institutions Section

Chief
Roberta Sametz 951-9173

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