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# Canadian Market Opportunities— Import Profile

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Government  
of Canada

Regional Industrial  
Expansion

Gouvernement  
du Canada

Expansion industrielle  
régionale

Canada

VIDEO CASSETTE RECORDERS (VCR'S)  
EXCEPT TELEVISION BROADCAST

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OR

The nearest DRIE Regional Office.  
These offices are listed on the last  
page of this publication.

REFERENCE SOURCES

Department of Regional Industrial Expansion  
Statistics Canada  
Revenue Canada  
Supply and Services Canada

EXPLANATORY NOTES

Valuation

Imports are generally recorded at the values established for customs duty purposes according to the provisions of the Customs Act. Customs values are identical to selling prices for most transactions between non-affiliated firms, but customs values exceed selling prices for many transactions between affiliated firms. All values are reported in Canadian dollars and do not include duty.

Average Growth Rate

Growth rates are calculated on the basis of annual compounding.

Rounding

Figures may not add due to rounding.

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CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

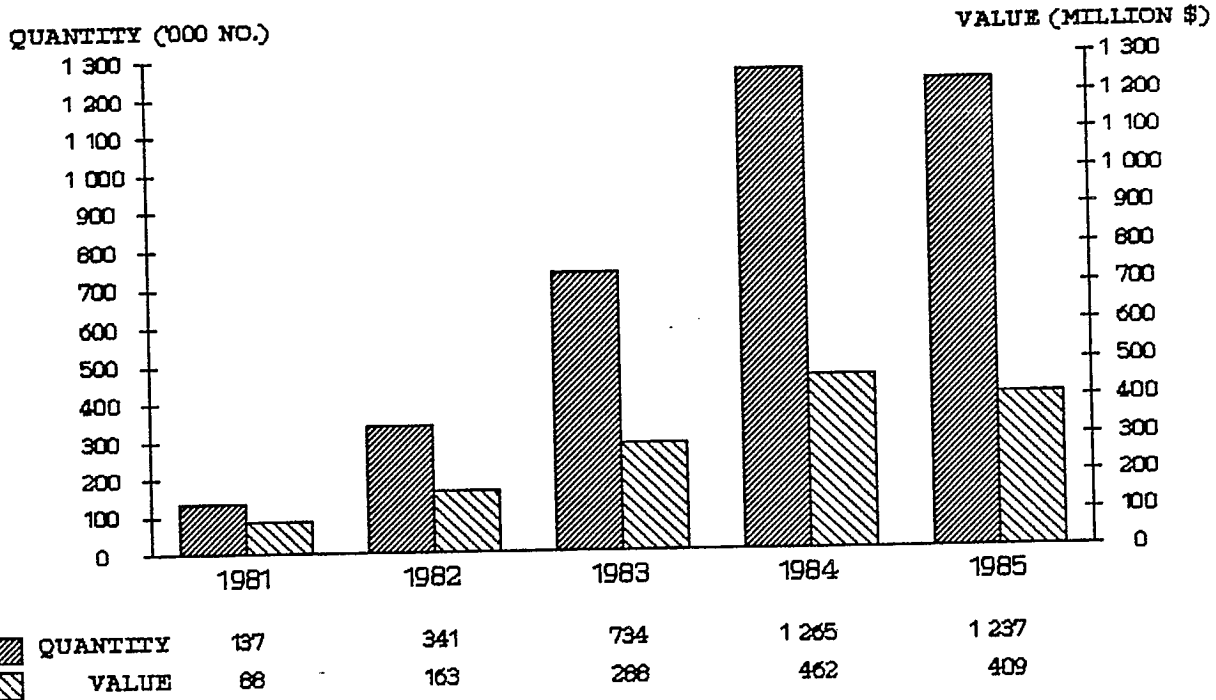
VIDEO CASSETTE RECORDERS (VCR'S)  
EXCEPT TELEVISION BROADCAST

INTRODUCTION AND SCOPE

This report is one of a continuing series designed to increase business awareness of the potential existing for domestic production and to stimulate Canadian business to further explore potential opportunities in both the Canadian and export markets. It is important to emphasize that this report does not attempt any assessment as to the feasibility of manufacturing or competing in a particular market and should be treated as an indicator or starting point for the manufacturer or entrepreneur.

This report covers imports of Video Cassette Recorders (VCRs) Canadian International Trade Classification (C.I.T.C.) 634-75-40, Recorders/Players, Tape, Video Except TV Broadcast. The types used in television broadcasting are excluded and classified to (C.I.T.C.) 634-95-49. This report does not cover audio tape recorders for domestic, automobile or commercial use: these are found in (C.I.T.C.) 634-75-20, 634-75-25 or 634-75-30. However, video players are included.

IMPORT TRENDS: OVERVIEW



From 1981 to 1985, imports of Video Cassette Recorders increased at an average annual rate of 73 per cent in quantity and 47 per cent in terms of dollar value.

IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT

VIDEO CASSETTE RECORDERS (VCR'S)  
EXCEPT TELEVISION BROADCAST

Foreign Country of Export	1981	1982	1983	1984	1985	Unit Price 1985 \$	Average	Per cent Change 1984-1985 %
							Annual Growth Rate 1981-1985 %	
<b>JAPAN</b>								
Quantity (No.)	135 307	325 594	728 295	1 234 091	1 111 935		69	-10
Value (\$000)	86 850	154 897	284 387	448 213	368 655	332	44	-18
<b>UNITED STATES</b>								
Quantity (No.)	1 615	14 573	4 296	30 194	93 826		176	211
Value (\$000)	1 168	8 085	3 014	13 276	32 475	346	130	145
<b>REPUBLIC OF KOREA</b>								
Quantity (No.)	0	650	1 259	347	30 848		N/A	8 790
Value (\$000)	0	128	457	126	7 382	239	N/A	5 759
<b>SINGAPORE</b>								
Quantity (No.)	0	0	22	399	246		N/A	-38
Value (\$000)	3	0	8	224	135	549	159	-40
<b>UNITED KINGDOM</b>								
Quantity (No.)	10	4	23	8	117		85	1 363
Value (\$000)	6	3	38	12	87	744	95	625
<b>OTHER</b>								
Quantity (No.)	37	57	108	45	179		48	298
Value (\$000)	31	52	73	30	121	676	41	303
<b>TOTAL</b>								
Quantity (No.)	136 969	340 878	734 003	1 265 084	1 237 151		73	-2
Value (\$000)	88 058	163 165	287 977	461 881	408 855		47	-11
<b>UNIT PRICE (\$)</b>	643	479	392	365	330			

N/A - Not applicable

In 1985, some 1.2 million VCR's were imported into Canada, with a total value of \$409 million. From 1981 through 1984, VCRs showed a very rapid growth, at average compound rates of 110 per cent per year in quantity and 74 per cent in value. Unit prices declined steadily from \$643 to \$365. In 1985, however, import growth stabilized abruptly, average price decreased further to \$330, and the value of imports fell by 11 per cent.

The cumulative number of VCRs imported since 1981 is shown in the following table. Also shown are the cumulative imports per hundred households, based on 8.6 million households in Canada in 1983. These data show a market nearing maturity, in which competition can be expected to play an increasing role.

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Imports (thousand units)	137	341	734	1 265	1 237
Cumulative imports (thousand units)	137	478	1 212	2 477	3 714
Cumulative imports per hundred households	2	6	14	29	43

Japan has consistently been the major exporter to Canada, accounting for 96 to 99 per cent of the quantity and value through 1984, and 90 per cent in 1985. In 1985, United States imports were up 211 per cent in quantity and 145 per cent in value compared to 1984, giving that country eight per cent of the market. Unit prices dropped to near those from Japan for the first time. Imports from the Republic of Korea rose from negligible values to about two per cent of the market in 1985.

IMPORT MARKET CONCENTRATION  
(BY % OF TOTAL 1984 VALUE)

	<u>Top 5 Importers</u>	<u>Top 10 Importers</u>	<u>Top 15 Importers</u>	<u>Top 20 Importers</u>	<u>All 110 Importers</u>
Value of imports (cumulative) \$ millions	282	393	434	444	461
% of total	61	85	94	96	100

The 10 top importers accounted for 85 per cent of the total imports. Of these 10, six were manufacturers who accounted for \$268 million, and four were wholesalers importing \$123 million. The majority of the 10 top companies are located in Ontario.

NOTE: "Top importers" are the known importers with the largest imports by value in 1984.

TYPE AND LOCATION OF THE 29 TOP KNOWN IMPORTERS - 1984  
(96% OF TOTAL IMPORT VALUE)

	<u>MANUFACTURERS</u>		<u>WHOLESALEERS</u>		<u>OTHER (1)</u>		<u>TOTAL</u>	
	<u>No. of Importers</u>	<u>Value (\$000)</u>	<u>No. of Importers</u>	<u>Value (\$000)</u>	<u>No. of Importers</u>	<u>Value (\$000)</u>	<u>No. of Importers</u>	<u>Value (\$000)</u>
Ontario	7*	268 538*	13	157 237	1	303		
Québec			6**	17 311**	1	51	29***	443 586***
Western Provinces	-	-			1	146		
Atlantic Provinces	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>7</b>	<b>268 538</b>	<b>19</b>	<b>174 548</b>	<b>3</b>	<b>500</b>	<b>29</b>	<b>443 586</b>

Per cent of 1984  
total value

58%	38%	(2)	96%
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(1) Includes retailers

(2) Less than one per cent

\* Ontario and Québec aggregated to preserve confidentiality.

\*\* Québec and Western Provinces aggregated to preserve confidentiality.

\*\*\* Ontario, Québec and Western Provinces aggregated to preserve confidentiality.

There were 110 known importers of VCRs in Canada during 1984 of which the top 29 accounted for 96 per cent or \$443.6 million. Of these 29 importers, seven were manufacturers and 19 were wholesalers representing 58 per cent and 38 per cent respectively of the total imported value. Of the seven importers who are manufacturers, none currently manufacture VCRs in Canada.

Six of the 19 firms classified as wholesalers are subsidiaries whose parent companies currently manufacture brand name electronic equipment outside of Canada. These six firms account for \$141 million of 1984 imports.



CANADIAN PRODUCTION

VCRs are not currently produced in Canada.

DEPARTMENT OF SUPPLY AND SERVICES PROCUREMENTS

The Department of Supply and Services reports that its purchases for the federal government of all types of VCRs including industrial quality during the fiscal year 1984/85 amounted to one million dollars.

NOTE: This figure is for purchases by the Department of Supply and Services only, and may not include direct purchases by other federal government departments.

MARKET SUMMARY

The success of the VCR in the home entertainment market has been remarkable. From 1981 to 1984, unit sales grew tenfold. Annual volume is now \$400 million. This growth offers a substantial investment opportunity in Canada since there is no Canadian presence either in the manufacturing or assembly of these products. Despite this lack of a manufacturing base, the major suppliers have been able to sustain their marketing efforts using the same distribution channels as the T.V. receiver industry—i.e. the major department store chains, the wholesalers/importers, the home entertainment retail chains, the buying groups and the independent retailers and department stores.

In 1985, 43 per cent of Canadian homes had a VCR. Comparable figures for the United States indicate a 38 per cent penetration while in Japan, this rate was more than 60 per cent. Market researchers in the United States predict a continued strong demand there for VCRs with annual sales averaging 12 to 15 million units and the penetration reaching 60 per cent by 1990.

Both the Canadian and United States markets are beginning to show signs of maturity. Canadian unit sales in 1984 and 1985 remained stable and market data for early 1986 shows a slight drop in demand. In the United States, sales grew to 12 million units in 1985, a 58 per cent increase over 1984. However, this growth is not being maintained, and the market recently suffered the first month decline in its history. This slowing in growth has been matched by a proliferation of models and a decline in individual shares of the brand leaders.

Japanese firms dominate production, shipping 34 million units in 1985. This dominance is now being challenged by a group of Korean firms which have started to produce their own models using Japanese parts. Korean made models have generally been private labelled and priced below Japanese brands in order to enter markets. In the United States, there have been attempts to establish a Korean brand, but in Canada, similar efforts have yet to take place. The emergence of new suppliers has reduced the Japanese share of the Canadian market from 97 per cent to 89 per cent with most of this loss going to imports from the United States, some of this being reexports.

It is expected that Canadian demand will continue to be strong as penetration increases and new models are introduced. Continuing product innovation has led to the addition of new features and improved performance. These innovations have resulted in the introduction of stereo hi-fi, camcorders, Super 8, VHS-C and a number of other product enhancements.

The strong demand in Canada and the proximity of the large U.S. market provide an ample opportunity for VCR manufacturing in Canada. Because of the proprietary nature of VCRs, the most likely business arrangement is a wholly-owned subsidiary of one of the major VCR manufacturers. However, there are possibilities for joint ventures/partnerships with established Canadian companies. To be competitive, there is a need for a large-scale production/assembly facility, capable of supplying the North American market.

This report was prepared by:

the Market Development Branch  
in collaboration with the  
Investment Promotion  
Electronics Directorate,  
Electronics and Aerospace Branch.

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

CANADIAN TARIFFS, 1984

Tariff Item	Description	% of Total Import Value (1984)	TARIFF TREATMENT				
			British Prefer- ential Tariff %	U.K. and Ireland %	Most Favoured Nation Tariff %	General Tariff %	General Prefer- ential Tariff %
44538-01	Recorders, reproducers and dictation recording and transcribing equipment using magnetizable tape as a recording medium; parts thereof, n.o.p.	99	9.7	9.7	9.7	25	6
44538-04	Video tape recorders and reproducers other than those used in television broadcasting January 1, 1985		9.5	9.5	9.5	25	6
	<u>Future Scheduled Rates:</u>						
	January 1, 1986		8.9	8.9	8.9	25	5.5
	January 1, 1987		8.3	8.3	8.3	25	5.5

N.o.p. - Not otherwise provided for

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: JAPAN, UNITED STATES  
 MOST FAVOURED NATION OR GENERAL PREFERENTIAL\*: REPUBLIC OF KOREA  
 MOST FAVOURED NATION OR BRITISH PREFERENTIAL OR GENERAL PREFERENTIAL\*: SINGAPORE  
 MOST FAVOURED NATION OR U.K. AND IRELAND: UNITED KINGDOM

\*NOTE: In order to qualify for General Preferential Tariff treatment, a special certificate of origin is required.

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:

TARIFF PROGRAMS  
 REVENUE CANADA  
 CUSTOMS AND EXCISE  
 OTTAWA, ONTARIO  
 K1A 0L5  
 TEL: (613) 996-6595

CANADIAN IMPORTERS

Importers of Video Cassette Recorders (VCR's) Except Television Broadcast as indicated in this report during 1984 are listed below in alphabetical order. This list includes all importers except shipments to individuals and a minimal number of importers whose names were not available.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
3 M Employees London Credit Union Ltd.	London, Ont.	Disco Warehouse Ltd.	Vancouver, B.C.
A Allen Pringle Ltd.	Don Mills, Ont.	Electro Reparadora, O/B 486559 Ontario Ltd.	Toronto, Ont.
A C Nielsen Company of Canada Ltd.	Markham, Ont.	Floating Point Systems (Canada) Ltd.	Portland, OR, USA*
A V S Video & Sound Ltd.	Edmonton, Alta.	Frisco Bay Industries of Canada Ltd.	St-Laurent, Qué.
A and A Canada, a Div. of Tandy Electronics Ltd.	Barrie, Ont.	G T E Lenkurt Electric Canada Ltd.	Burnaby, B.C.
Agatronics Ltd.	Burlington, Ont.	General Electric Medical Systems Ltd.	Milwaukee, WI, USA*
Air Canada	Winnipeg, Man.	General Reinsurance Corp.	Toronto, Ont.
Akia Audio Video Canada Inc.	Richmond, B.C.	Genois Jérôme Inc.	Laval, Qué.
American Airlines Incorp.	Tulsa, OK, USA*	H Roy Gray Ltd.	Markham, Ont.
Ampex Canada Inc.	Bramalea, Ont.	Hewlett-Packard (Canada) Ltd.	Mississauga, Ont.
Asia Import House (1980) Ltd.	Edmonton, Alta.	Hitachi Credit Canada Inc.	Pointe-Claire, Qué.
Assegai Inc.	Markham, Ont.	Hitachi HSC Canada Inc.	Pointe-Claire, Qué.
Associated Films & Ausio Visual Co. Ltd.	St-Laurent, Qué.	Hydro Electric Power Commission	Milverton, Ont.
Audio Video Specialists Inc.	Dorval, Qué.	Independent Order of Foresters	Toronto, Ont.
Audio Visual Dynamics Ltd.	Montréal, Qué.	Infrascan Sales Ltd.	Richmond, B.C.
B R E Electric Ltd.	Edmonton, Alta.	Interactive Image Technologies Ltd.	Toronto, Ont.
Beckman Instruments Inc.	Vancouver, B.C.	J V C Canada Inc.	Scarborough, Ont.
Bombardier Ltée	La Pocatière, Qué.	Julianas Sound Services Ltd.	London, England*
Brunswick Centre Operations	Skokie, IL, USA*	Jutan International Ltd.	Willowdale, Ont.
Burlington Northern Inc.	Vancouver, B.C.	Kodak Canada Inc.	Toronto, Ont.
C M S Musique Inc.	Montréal, Qué.	Lloyds Electronics Ltd.	Don Mills, Ont.
CFTO TV Ltd.	Toronto, Ont.	Matsushita Electric DPSP	Toronto, Ont.
Calko Canada Inc.	Montréal, Qué.	Matsushita Electric of Canada Ltd.	Mississauga, Ont.
Canadian Compact Inc.	Weston, Ont.	Melco Sales Canada Inc.	Markham, Ont.
Canadian General Electric Co. Ltd.	Toronto, Ont.	Melkit Marketing, a Div. of Mitsubishi Electric Sales Can.	Kitchener, Ont.
Canadian Pacific Airlines	Vancouver, B.C.	Metropolitan Separate School Board	Willowdale, Ont.
Canadian Super-8 Centres Ltd.	Toronto, Ont.	Milans O/B Jalaram Enterprises Ltd.	Toronto, Ont.
Canon Canada Inc.	Mississauga, Ont.	Minolta Canada Inc.	Toronto, Ont.
Capital Novelties Ltd.	Montréal, Qué.	Miscoe Data, a Div. of Deyoung Holdings Ltd.	Mississauga, Ont.
Chemlawn Ltd.	Fort Erie, Ont.	Monsanto Canada Inc.	Mississauga, Ont.
Cinram Ltd.	Scarborough, Ont.	Nicks Shipping Co.	Toronto, Ont.
Compact Home Care Products Ltd.	Rexdale, Ont.	Oliver Import & Export (Paris) Ltd.	Montréal, Qué.
Continental Can Canada Inc.	Toronto, Ont.		
Crown Compact Cleaners Ltd.	Calgary, Alta.		
Cummins Diesel Power Ltd.	Vancouver, B.C.		
Cunard Steamship Co. Ltd.	New York, NY, USA*		
Data General (Canada) Ltd.	Mississauga, Ont.		
Department of National Defence	Ottawa, Ont.		

Canadian Importers (Continued)

<u>Name</u>	<u>Address</u>
Pharmacia (Canada) Ltd.	Dorval, Qué.
Philips Electronics Ltd.	Scarborough, Ont.
Posh Optical Accessories Ltd.	Montréal, Qué.
Prairie Medical Ltd.	Edmonton, Alta.
Premier Fastener Ltd.	Cleveland, OH, USA*
Premier Impex Far East Int'l.	St-Laurent, Qué.
Pride Rentals Ltd.	Maple Ridge, B.C.
Province of Ontario Ministry of Government Services	Toronto, Ont.
RCA Inc.	Toronto, Ont.
Remington Omar Incorporated	Mississauga, Ont.
Ro-Bar Electronics Systems Ltd.	Thornhill, Ont.
Roco Distributors Ltd.	Vancouver, B.C.
Roland Music Canada Ltd.	Richmond, B.C.
Rutherford Photo Ltd.	Toronto, Ont.
SDRC Inc.	Toronto, Ont.
STP of Canada Ltd.	Mississauga, Ont.
Sanyo Canada Inc.	Toronto, Ont.
Sanyo Canada Ltd.	Montréal, Qué.
Sanyo E T Canada Inc.	Toronto, Ont.
Schultz Bob Production Ltd.	Toronto, Ont.
Sharp Electronics of Canada Ltd.	Rexdale, Ont.
Shriro (Canada) Ltd.	Montréal, Qué.
Simpson-Sears Ltd.	Toronto, Ont.
Sona Imports & Exports Inc.	Rexdale, Ont.
Sony of Canada Ltd.	Willowdale, Ont.
Southam Inc.	Calgary, Alta.
Spar Aerospace Products Ltd.	Toronto, Ont.
Steintron International Electron ICS Ltd.	Richmond, B.C.
The Health Sciences Centre	Winnipeg, Man.
Thorvin Electronics Inc.	Mississauga, Ont.
Time Shift Video Systems Ltd.	Calgary, Alta.
Toshiba of Canada Ltd.	Willowdale, Ont.
Twentieth Century Fox Film Corp.	Toronto, Ont.
U-Haul Co. of Canada Ltd.	Burlington, Ont.
Universal Crating & Packing, O/B 364806 Ontario Limited	Scarborough, Ont.
Utias Inc.	Toronto, Ont.
Videoscope Ltd.	Don Mills, Ont.
W Carsen & Co. Ltd.	Don Mills, Ont.
Winston Electronic Service Co. Ltd.	Burnaby, B.C.
World Book & Child Craft Ltd.	Chicago, IL, USA*
Zenith Radio Canada Ltd.	Toronto, Ont.

\*non-resident importer

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