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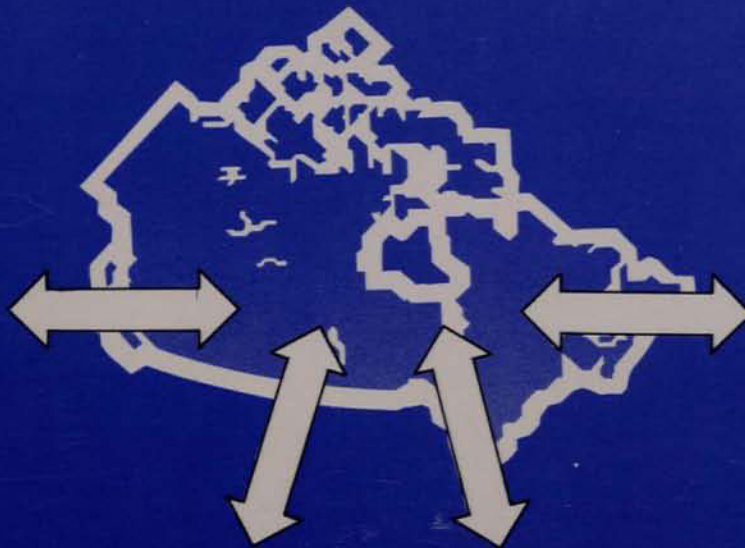
MARKET INTELLIGENCE

COMPACT DISCS

OCTOBER 1988

Pub. No.: 89016-PM

February 1990



Canada



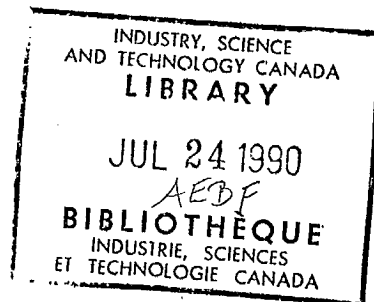
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FOR MORE INFORMATION PLEASE CONTACT:

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REFERENCE SOURCES

Industry, Science and Technology Canada
Statistics Canada
Revenue Canada

TARIFFS

Enquiries concerning **Canadian** 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) 954-7012

Enquiries concerning tariffs and other government trade regulations in **foreign** countries should be directed to:

Info Export
External Affairs
Ottawa, Ontario
K1A 0G2
Tel.: (613) 993-6435 OR
1-800-267-8376

EXPLANATORY NOTES

Commodity Classification

Canadian Trade statistics are classified and published according to the International Convention on the Harmonized Commodity and Description Coding System (H.S.), as defined by the Canadian Customs Tariff and Statistical Nomenclature.

Method

The data shown in this analysis are extracted from Revenue Canada Customs documents. These documents provide a description of the products, names of importers, foreign exporters, quantities, dollar values, unit prices, countries of origin, provinces of entry, tariff applications and rates of exchange.

The information presented in this report is more detailed than that generally available from Statistics Canada or other publications. Data which might reveal information about individual importers are aggregated.

Valuation

Dollar values shown in this report are based on selling price F.O.B. plant, in Canadian dollars. This selling price represents the value paid by the importer, excluding all freight, packing and insurance costs when specified. All trade discounts, when applicable, are also deducted from the selling price.

Rounding

Figures may not add due to rounding.

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**IMPORT ANALYSIS
COMPACT DISCS**

I. INTRODUCTION AND SCOPE

This Import Analysis is one of a series prepared in order to assist businesses and other organizations in their market research of specific products. The detailed import information provided in these reports supports studies by organizations seeking to expand existing production lines, change individual product characteristics or engage in new manufacturing investment in Canada. The coverage of an import analysis is developed in close consultation with the client, and is tailored to meet their specific requirements. It is important to emphasize that this report does not attempt any assessment as to the feasibility of competing in a particular market.

This analysis of imports on Compact Discs is based on a detailed examination of Revenue Canada Customs import documents for the month of October, 1988. Documents with the following code were analyzed:

<u>Description</u>	<u>H.S. Commodity Code Analyzed</u>
Compact Discs	8524.90.90.10

Further H.S. Customs Tariff Code information may be found in Appendix G.

I. INTRODUCTION AND SCOPE (Cont'd)
COMPACT DISCS

Imports of compact discs (H.S. Commodity Code 8524.90.90.10) in 1988 amounted to 5.4 million discs valued at \$21.6 million.

For the first nine months of 1989 (latest data available), imports increased over the 1988 total during the same period by 1.4 million discs for a value of \$2.6 million or 35 per cent in quantity and 16 per cent in value.

	<u>Jan.-Sept.</u> <u>1988</u>	<u>Jan.-Sept.</u> <u>1989</u>	<u>% Change</u> <u>Jan.-Sept.</u> <u>1988/89</u>	<u>TOTAL</u> <u>1988</u>
Quantity (No.000)	3 986	5 378	35	5 428
Value (\$000)	16 104	18 716	16	21 554
Average Unit Price (\$)	4.04	3.48		3.97

The following is the analysis of Revenue Canada Customs import documents for the month of October 1988.

A total quantity of 432 thousand discs for a value of \$1.7 million was classified to the aforementioned H.S. commodity code during October 1988. At the time of analysis, many National Revenue Customs documents were not available for processing. This analysis reports on those documents (shipments) which were available. These documents totalled 372 thousand discs valued at \$1.2 million.

II. ANALYSIS OF IMPORTS COMPACT DISCS

OCTOBER 1988

This analysis of compact discs for the month of October 1988 amounted to a total value of \$1.2 million or 71 per cent of the total value of \$1.7 million published by Statistics Canada.

The bulk of shipments of compact discs were imported into Canada at \$5.00 or less per disc. These accounted for 319 thousand discs valued at \$772 thousand or 86 per cent and 62 per cent of the total quantity and value respectively. For further details by unit price refer to Appendix A.

SUMMARY OF IMPORTS BY PRICE RANGE

<u>Price Range</u> (\$)	<u>Quantity*</u> (No.000)	<u>Value</u> (\$000)	<u>Average Unit Price</u> (\$)
Up to 5.00	319	772	2.42
5.01 to 10.00	46	347	7.54
10.01 to 20.00	7	84	12.00
Over 20.00	<u>1</u>	<u>37</u>	<u>37.00</u>
TOTAL	372	1 240	3.33

Seventy-seven per cent of the total analyzed value originated in the United States, followed by the Federal Republic of Germany with 10 per cent and United Kingdom with 5 per cent. In descending order of value, France, Italy, the Netherlands, Japan, Belgium, Hong Kong and Greece accounted for the remaining 8 per cent. For further details by country of origin refer to Appendix B.

Ontario was the major province of consignee accounting for 74 per cent of the total analyzed value followed by Québec with 23 per cent. British Columbia, Alberta, Manitoba and New Brunswick accounted for the remaining 3 per cent. For further details by province of consignee refer to Appendix C.

Sixty-three per cent of all shipments included in this analysis are, in Statistics Canada's terminology, "affiliated transactions", i.e. shipments between affiliated firms.

* In some instances compact discs were packaged with more than one disc per package. When this occurred, the total number of discs was reported on. Therefore, the data in this report refers to discs, not packages.

II. ANALYSIS OF IMPORTS (Cont'd)

COMPACT DISCS

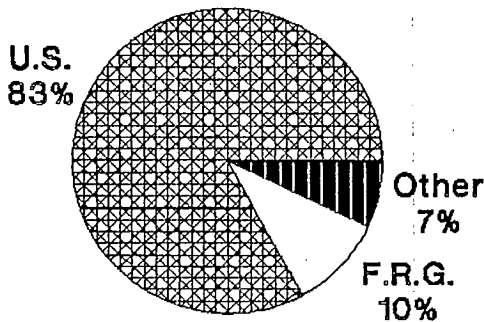
BY COUNTRY OF ORIGIN

OCTOBER 1988

Imports of compact discs originating from the United States accounted for 308 thousand discs for a value of \$951 thousand, 83 and 77 per cent respectively of the total quantity and value.

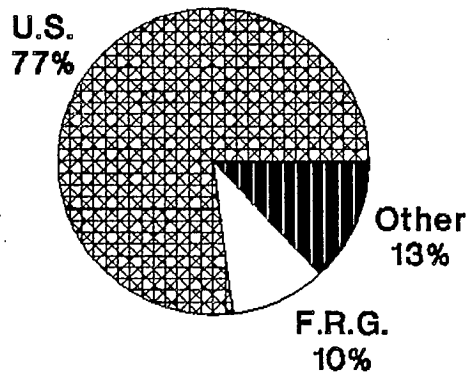
Other countries in descending order of dollar value were: The Federal Republic of Germany, United Kingdom, France, Italy, Netherlands, Japan, Belgium, Hong Kong, South Korea and Greece. For further details refer to Appendix B.

Quantity



100% = 372 Thousand

Value



100% = \$1.2 Million

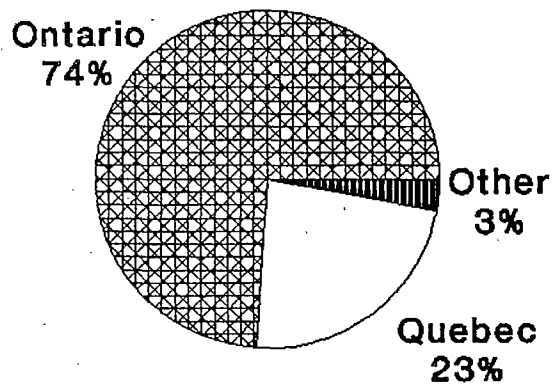
II. ANALYSIS OF IMPORTS (Cont'd)

COMPACT DISCS

BY PROVINCE OF CONSIGNEE

OCTOBER 1988

Ontario was the major province of consignee for imports of compact discs accounting for \$920 thousand or 74 per cent of the total value. This was followed by Quebec with \$283 thousand or 23 per cent. For further details refer to Appendix C.



100% = \$1.2 Million

Other: British Columbia, Alberta, Manitoba and New Brunswick.

II. ANALYSIS OF IMPORTS (Cont'd)
COMPACT DISCS

IMPORT MARKET CONCENTRATION

OCTOBER 1988

<u>Principal Consignees/Importers (By Value)</u>	<u>Cumulative Value (\$000)</u>	<u>Cumulative % of Total Value</u>
3	586	47
6	854	69
10	1 002	81
20	1 144	92
All Consignees/ Importers (71)	1 238	100

There were 71 known consignees/importers of compact discs during the month of October 1988. The top ten consignees/importers accounted for \$1.0 million or 81 per cent of the total dollar value of imports. All consignees/importers are listed in alphabetical order in Appendix D.

III. CANADIAN PRODUCTION

Compact discs are manufactured in Canada. However, separate data on production or shipments by Canadian manufacturers are not available.

COMPACT DISCS

IV. MARKET SUMMARY

A musical compact disc (commonly called CD) is a digital playback sound recording format which, at the moment, competes with analog audio tapes, vinyl record albums and singles. Compact discs require a special digital player which uses a laser beam to optically read the music on the disc.

The compact disc and its player were originally developed jointly by Philips of the Netherlands and Sony of Japan. Commercial manufacturing of this disc started in 1982 in West Germany and Japan. In Canada, full-scale manufacturing began in mid-1986.

Consumer acceptance of compact discs has accelerated rapidly. Compact discs possess a number of advantages over other existing sound recording formats, notably its superior quality and durability.

It is estimated that in 1989, Canadian consumers purchased roughly \$750 million worth of sound recordings (at retail price). It is believed that compact discs accounted for about 30 per cent of this total, or roughly \$225 million. Compact disc players were found in about 8 per cent of Canadian homes in 1989.

The future rate of introduction of digital players is difficult to estimate at this time. Likewise the eventual market size for compact discs is also difficult to forecast. The relatively high prices of compact discs, compared to the prices of tapes and albums, continue to restrain sales. However, most experts believe that demand will continue to grow at a relatively rapid rate over the short term. Prospects over the medium term will depend in a large measure on the future impact of digital audio tapes, a new sound recording format which is expected to be introduced commercially in 1990. It is understood that digital audio tape will offer a sound quality comparable to that available on compact disc.

APPENDIX A

IMPORTS OF
COMPACT DISCS
BY PRICE RANGE

OCTOBER 1988

<u>Price Range</u> (\$)	<u>Quantity</u> (No.)	<u>Value</u> (\$)	<u>Average</u> <u>Unit Price</u> (\$)
0.86 to 1.50	90 456	103 301	1.14
1.51 to 2.00	31 911	58 844	1.84
2.01 to 2.50	81 645	186 352	2.28
2.51 to 3.00	11 890	31 408	2.64
3.01 to 3.50	45 831	151 135	3.29
3.51 to 4.00	28 075	103 126	3.67
4.01 to 4.50	4 445	18 971	4.26
4.51 to 5.00	24 332	118 420	4.86
5.01 to 5.50	5 693	29 851	5.24
5.51 to 6.00	3 240	18 927	5.84
6.01 to 6.50	2 351	14 583	6.20
6.51 to 7.00	2 494	16 540	6.63
7.01 to 7.50	2 730	20 012	7.33
7.51 to 8.00	3 196	24 744	7.74
8.01 to 8.50	14 192	115 012	8.10
8.51 to 9.00	6 093	53 702	8.81
9.01 to 9.50	2 628	24 074	9.16
9.51 to 10.00	2 898	28 208	9.73
10.01 to 10.50	973	10 025	10.30
10.51 to 11.00	1 888	20 162	10.67
11.01 to 11.50	821	9 243	11.25
11.51 to 12.00	401	4 691	11.69
12.01 to 12.50	683	8 396	12.29
12.51 to 13.00	253	3 262	12.89
13.01 to 13.50	416	5 549	13.33
13.51 to 14.00	361	4 946	13.70
14.01 to 14.50	143	2 039	14.25
14.51 to 15.00	304	4 455	14.65
15.01 to 15.50	84	1 282	15.26
15.51 to 16.00	409	6 484	15.85
16.01 to 17.00	38	627	16.50
17.01 to 18.00	50	877	17.54
18.01 to 20.00	105	2 027	19.30
20.01 to 21.00	414	8 662	20.92
21.01 to 24.00	134	2 920	21.79
24.01 to 25.00	54	1 304	24.14
25.01 to 26.00	456	11 592	25.42
26.01 to 30.00	16	452	28.25
OVER 30.00	213	11 990	56.29
TOTAL	372 316	1 238 196	3.32

APPENDIX B

IMPORTS OF
COMPACT DISCS
BY COUNTRY OF ORIGIN
OCTOBER 1988

<u>Country of Origin</u>	<u>Quantity (No.000)</u>	<u>% of Total Quantity</u>	<u>Value (\$000)</u>	<u>% of Total Value</u>
United States	308	83	951	77
Federal Republic of Germany	37	10	119	10
Other	<u>27</u>	<u>7</u>	<u>168</u>	<u>13</u>
TOTAL	372	100	1 238	100

Other: United Kingdom, France, Italy, Netherlands, Japan, Belgium, Hong Kong,
South Korea and Greece.

APPENDIX C

IMPORTS OF
COMPACT DISCS
BY PROVINCE OF CONSIGNEE
OCTOBER 1988

<u>Province of Consignee</u>	<u>Quantity (No.000)</u>	<u>% of Total Quantity</u>	<u>Value (\$000)</u>	<u>% of Total Value</u>
Ontario	295	79	920	74
Québec	71	19	283	23
Other	<u>6</u>	<u>2</u>	<u>35</u>	<u>3</u>
TOTAL	372	100	1 238	100

Other: British Columbia, Alberta, Manitoba and New Brunswick.

**COMPACT DISCS
CANADIAN IMPORTERS**

OCTOBER 1988

Importers of compact discs during the month of October 1988, as indicated in this report, are listed below in alphabetical order. Where the importer is not the same as the consignee (i.e. the recipient of the goods shipped), the name of the consignee rather than that of the importer is listed. The importer or consignee is not necessarily the end-user of the product.

NOTE: This list includes all importers except individuals.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
A & A Records & Tapes, Div. of Sound in Sight Ltd.	Scarborough, Ont.	Highlife Records & Music Holland Shopping Centre Ltd.	Vancouver, B.C. New Westminster, B.C.
A & M Records of Canada Ltd.	Scarborough, Ont.	Indian Record Shop Ltd.	Toronto, Ont.
Ben Thanh Gift & Videos Benuitton International Inc.	Calgary, Alta. Vancouver, B.C.	Interdisc Distribution Inc. International & Sound Leon Vellone Eng.	Lanorale, Qué. Kitchener, Ont. Montréal, Qué.
BMG Music Canada Inc.	Scarborough, Ont.	Liv Trans Ltée. M.C.A. Canada Ltd., Div. of MCA Records	Laval, Qué. Willowdale, Ont. Longueuil, Qué. Montréal, Qué.
Canden Enterprises Inc. Capitol Records (Canada) Ltd. Cargo Records, Div. Halom Inc. CBS Records Canada Ltd. Climax Industries Ltd. Columbia House, Div. of CBS Records Cda Ltd. Denon Canada Inc. Disc-Counts Music Co. Inc. Disques Rock En Stock Inc., Les Disques RSB Inc. Distribution Domino Inc. Distribution Fusion III Inc. Downtown Records Ltd. Editions Du Levain Canada Inc. Enigma Canada Ltd. Enterprises Sillons Engr. Faith Christian Books Ltd. Festival Records German Canadian News Co. Ltd. Gipsy Importing Co. Goliath Distribution Greek Video Records & Tapes Ltd. Grigorian Holdings Ltd. Groovy Times Distribution Groupe de Musique Trans-Canada Halom Enterprises Inc. Handleman Co.	Markham, Ont. Mississauga, Ont. Montréal, Qué. Don Mills, Ont. Milton, Ont. Scarborough, Ont. Markham, Ont. Toronto, Ont. Montréal, Qué. St.-Laurent, Qué. Montréal, Qué. Montréal, Qué. Ottawa, Ont. Montréal, Qué. Mississauga, Ont. Québec, Qué. Surrey, B.C. Vancouver, B.C. Toronto, Ont. Toronto, Ont. Montréal, Qué. Toronto, Ont. Toronto, Ont. Victoria, B.C. St-Laurent, Qué. Montréal, Qué. Calgary, Alta, Moncton, N.B. Scarborough, Ont.	McGill University Musical Heritage Society of Canada Numuzik Inc. Odyssey Imports, Div. of Odyssey Pacific Ventures Inc. Polygram Inc. Record Peddler Ltd. Records of Wheels Ltd. Rectrack (Canada) Inc. Roblan Distributors Ltd. Scandinavian Record Import Ltd. Shannock Corp., The Sniderman Radio Sales & Service Ltd. Star Sound Ltd. Super Laser Products Inc. Trend Records & Tapes Ltd. Video Shop Ltd., The Wah Yue Records (Canada) Ltd. WEA Music of Canada Inc. Word Records Ltd.	Richmond Hill, Ont. St-Léonard, Qué. Vancouver, B.C. St-Laurent, Qué. Toronto, Ont. Toronto, Ont. St-Laurent, Qué. Toronto, Ont. Peterborough, Ont. Burnaby, B.C. Toronto, Ont. Toronto, Ont. Vancouver, B.C. Rexdale, Ont. Vancouver, B.C. Toronto, Ont. Scarborough, Ont. Richmond, B.C.

APPENDIX E

FOREIGN EXPORTERS TO CANADA
COMPACT DISCS

OCTOBER 1988

There were a total of 113 exporters to Canada of compact discs during the month of October 1988. Seventy-eight of these are listed below in descending order of dollar value. These exporters accounted for \$1.2 million or 92 per cent of the value of imports analyzed.

<u>Name</u>	<u>Address</u>	<u>Value of Exports to Canada (\$)</u>
Capitol Records Inc. Digital Audio Disc Corp.	Bethlehem, PA, USA) Terre Haute, IN, USA)	390 017*
Polygram Record Service GmbH	Langenhagen, Federal) Republic of Germany)	242 714*
Columbia House A & M Records	Pitman, NJ, USA) Hollywood, CA, USA)	
WEA International Inc. BMG Music Specialty Records	New York, NY, USA) Duncan, SC, USA) Olyphant, PA, USA)	164 863*
Polygram Records Co. Aresta Records Discovery Systems MCA Distributing Corp.	Indianapolis, IN, USA) New York, NY, USA) Dublin, OH, USA) Gloversville, NY, USA)	95 428*
Nippon Columbia Co. Ltd. Better Quality Cassettes Caroline International Ltd.	Tokyo, Japan) Council Bluffs, IA, USA) London, UK)	45 138*
Polygram Thames Distributor Ltd. JRN Music Distributors	Cedex, France) Hampton, UK) Ocean, NJ, USA)	35 122*
Jonah Sound Ltd. Aavidis CBS Grammofoonplaten BV	Milan, Italy) Paris, France) Haarlem, Netherlands)	30 459*

* Aggregated to preserve confidentiality of Canadian importers

APPENDIX E

FOREIGN EXPORTERS TO CANADA (Cont'd)

COMPACT DISCS

OCTOBER 1988

<u>Name</u>	<u>Address</u>	<u>Value of Exports to Canada</u> (\$)
Sheffield Lab. Inc.	Santa Barbara, CA, USA	27 239*
Sanyo Laser Products Inc.	Richmond, IN, USA	
Word Inc.	Waco, TX, USA	
Melodram S.r.I.	Milano, Italy	16 614*
Qualton Imports Ltd.	Long Island City, NY, USA	
Cargo Records	San Diego, CA, USA	21 412*
Cornelsen Verlagskontor	Bielfefeld, Federal Republic of Germany	
Nimbus Records Inc.	Ruckersville, VA, USA	
BMG Ariola France S.A.	Paris, France	18 570*
Koch Import Service	West Babylon, NY, USA	
Welk Record Group	Santa Monica, CA, USA	
Bertus Distributie	Netherlands	11 803*
Lasgo Exports Ltd.	London, UK	
Play It Again Sam	Bruxelles, Belgium	15 366*
Decca International, Div. of	London, UK	
The Decca Record Co. Ltd.	Hillside, NJ, USA	
Retrack (USA) Inc.		
Mobile Fidelity Sound Lab.	Petaluma, CA, USA	14 693*
EMI Records Ltd.	Middlesex, UK	
Concord Jazz Inc.	Concord, CA, USA	
The Recording Arts Co.	Switzerland	13 225*
Bold Reprive Productions	Kent, UK	
Music & Arts Programs of America Inc.	Berkeley, CA, USA	
Philips and Dupont Optical Co.	Grover, NC, USA	11 245*
WZ Tontrager Vertriebs GmbH	Herogenrath, Federal Republic of Germany	
Disques Trema	Paris, France	
Disc-O-Rama	New York, NY, USA	6 833*
S.J. Records	New York, NY, USA	

* Aggregated to preserve confidentiality of Canadian importers

APPENDIX E

FOREIGN EXPORTERS TO CANADA (Cont'd)

COMPACT DISCS

OCTOBER 1988

<u>Name</u>	<u>Address</u>	<u>Value of Exports to Canada (\$)</u>
Windsong Record Exports	Surrey, UK	3 342
Berkshire Record Outlet Inc. Fame Records Musikvertriebs GmbH	Lee, MA, USA) Bochum, Federal) of Germany)	9 102*
Enigma	Cluver City, CA, USA)	
Rykodisc USA Swift Imports Outlet Book Co. Inc.	Minneapolis, MN, USA) Kent, UK) Avenel, NJ, USA)	8 574*
Savera International Ltd. Productions Sunset France Record Service	Buckinghamshire, UK) Boulogne, France) Alsdorf, Federal Republic) of Germany)	7 928*
Pickwick International Arabesque Recordings K-Tel International (USA) Inc.	London, UK) New York, NY, USA) Plymouth, MN, USA)	7 201*
Rounder Records Buffalo One Stop	Cambridge, MA, USA) Buffalo, NY, USA)	4 318*
Faith Christian Books Emi Italiana S.p.A. Havant Associates Ltd.	Blaine, WA, USA) Saronno, Italy) London, UK)	5 158*
Warner Bros. Records Inc. Allegro Imports Transcontinent Record Sale Inc.	Burbank, CA, USA) Portland, OR, USA) Buffalo, NY, USA)	3 841*
South West Wholesale Cheung Shing Record Co. Pierre Verany S.A.R.L.	Houston, TX, USA) Kowloon, Kong Kong) Cedex, France)	3 475*

* Aggregated to preserve confidentiality of Canadian importers

APPENDIX E

FOREIGN EXPORTERS TO CANADA (Cont'd)

COMPACT DISCS

OCTOBER 1988

<u>Name</u>	<u>Address</u>	<u>Value of Exports to Canada</u> (\$)
Black & Blue CD's	New York, NY, USA)	
BMG Ariola Munchen GmbH	Gutersloh, Federal)	3 286*
	Republic of Germany)	
Audio Market Sales Inc.	Lewiston, NY, USA)	
ABC Music Shop	Middlesex, UK)	
Warex	Gravendeel, Netherlands)	3 094*
Island Records Inc.	New York, NY, USA)	

* Aggregated to preserve confidentiality of Canadian importers.

APPENDIX F

CANADIAN AND FOREIGN TARIFFS

Compact discs included in this analysis were dutiable under the following Canadian tariff item.

Tariff Item	Description of Goods	Tariff Treatment		
		Most Favoured Nation Tariff	General Preferential Tariff	United States Tariff
	Records, tapes and other recorded media for sound or other similarly recorded phenomena, including matrices and masters for the production of records.			
8524.90.90	Other	9.5%	Free	8.5%
	On and after January 1, 1990			7.6%
	On and after January 1, 1991			6.6%

TARIFF ARRANGEMENTS AND FOREIGN COUNTRIES OF EXPORT

Exporting countries which qualify for the Most Favoured Nation tariff treatment: Belgium, France, Greece, Italy, Japan, the Netherlands, United Kingdom, and Federal Republic of Germany.

Export countries which qualify for the Most Favoured Nation tariff treatment or General System of Preference tariff treatment*: Hong Kong and Republic of Korea.

* In order to qualify for the General System of Preference, 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) 954-7012
Fax.: (613) 954-2509

FOREIGN COUNTRIES

Enquiries concerning tariffs and other government trade regulations in foreign countries should be directed to:

Info Export
External Affairs
Ottawa, Ontario K1A 0G2
Tel.: (613) 993-6435 OR 1-800-267-8376
Fax.: (613) 996-9709

