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Film and video distribution

2005

Canada's film and video distributors posted a relatively healthy profit margin in 2005 despite a decline in revenues resulting from a sharp drop in foreign sales.

The industry reported revenues amounting to \$1.7 billion, down 8.2% from 2004, mainly the result of a sharp reduction in exports. Foreign sales generated revenues of just \$90 million in 2005, half the amount recorded in 2004.

At the same time, total expenses surged 8.3% to \$1.4 billion.

As a result, distributors recorded a profit of \$303 million in 2005, compared with \$557 million in 2004. Even so, the industry still posted a profit margin of 18%.

The largest expense item reported by surveyed firms was the cost of sales, which represented 45% of total expenses. Royalties, rights, licensing and franchise fees accounted for 18%, and advertising, marketing and promotions, 13%.

The film and video distribution industry consists of establishments that are primarily engaged in acquiring distribution rights, and distributing film and video productions to motion picture theatres, television networks and stations, and other exhibitors. It does not include establishments that are primarily engaged in wholesaling pre-recorded videos.

Distributors in Ontario and Quebec combined accounted for the vast majority (96%) of total national film and video distribution operating revenues. Ontario firms dominated Canadian distribution, earning 79% of total operating revenues in 2005, while Quebec firms accounted for 18%.

Increase in revenues from the home video market

Data analyzed in the remainder of this release are based on establishments whose combined revenues account for about 95% of the industry's total revenues.

Industry revenues from exports and from the distribution of films to cinemas both declined from 2004. These declines were somewhat offset by an increase in revenues earned from the home video market (the rental or sale of videos for playback on household machines). However, this increase was not enough to keep industry revenues from falling.

The growing popularity of cheaper home entertainment equipment, such as DVD players,

Note to readers

Data for 2005 should not be compared with previously published data for the Film, Video and Audio-Visual Distribution Survey since significant changes were made to the survey.

Some key trends can still be determined as this release includes data for two previous survey years, 2004 and 2003, using the 2005 methodology.

This industry-based classification is a departure from the activity-based classification used previously by the Culture Statistics Program. Some film distribution activity that was previously included in the survey is now excluded due to differences introduced in adopting the North American Industry Classification System classification.

An example of the new exclusion is establishments that are primarily engaged in wholesaling pre-recorded videos.

Data for this release include all provinces. However, provincial data are available only for firms in Ontario and Quebec in order to protect the confidentiality of survey respondents.

and the popularity of renting DVDs help explain the increase. It is an indication that Canadians were more inclined to watch movies in their living rooms than in cinemas in 2005.

According to the Survey of Household Spending, Canadian households spent an average of \$122 in 2005 on pre-recorded digital video discs, compact discs, video and audio cassette tapes, video discs, and paid audio or video downloads, up from \$116 in 2004.

In addition, data from the Monthly Survey of Large Retailers showed that sales of televisions and audio and video equipment increased 10.5% over the year.

Survey data show that revenues from the distribution of films to the movie theatre market fell 1.6% in 2005 to \$325.5 million.

This coincided with a decline in movie attendance in 2005, according to data from the Motion Picture Theatres Survey, released in *The Daily* on August 3, 2007. One reason cited in the report was a lack of major blockbuster films released during the summer of 2005. This may have dampened attendance and, in turn, reduced the demand for films by movie theatres.

Film and video distributors generate the bulk of their revenues from distributing film and video productions. However, they also make money by wholesaling these videos. Firms that engaged in some wholesaling (as a secondary activity) enjoyed increases in this revenue stream. From 2003 to 2005, revenues earned from wholesaling grew 11%.

Four large firms dominate the film distribution industry

Four large companies, ranked on the basis of revenues earned, dominated the film distribution industry in 2005. These companies accounted for about 70% of total national revenues, up from 66% in 2004.

Revenues for these four companies combined slipped 2.2% in 2005, but they still outperformed the industry as a whole. Revenues for companies in the rest of the industry fell 20.1%.

Revenues for the top four companies increased in two key markets—the motion picture theatre market and the home video market. Combined, these markets accounted for a revenue gain of 26.5% in 2005. This increase is in sharp contrast with the rest of the industry, where distribution revenues to the motion picture market dropped 14%.

The growth was more than offset by a 31.4% decline in revenues from distributing to pay and specialty television, and conventional television markets.

Film distribution companies are engaged primarily in distributing film and video productions to a variety of different markets, including motion picture theatres, television stations and commercial exhibitors. They are the film industry's intermediaries, the liaison between producers and exhibitors. Distributors obtain the rights to market and distribute films and videos.

Expenses for the top four companies edged up 6.1%, compared with a 12.7% increase for the rest of the industry.

With expenses increasing and revenues dropping, profits for the top four distributors plunged 21.4% in 2005. This was still better than the profit decline of 90.3% incurred by the rest of the industry.

Despite these developments, the top four companies still enjoyed a healthier profit than the rest of the industry.

In 2004, the top four companies represented 65.2% of total industry profits. By 2005, this had increased to 93.8%.

At the same time, the share of total profits for the rest of the film and video distribution industry fell from 34.8% to 6.2%.

Revenues from products with Canadian content on the decline

Distribution revenues for the entire industry declined 9.5% from 2004 to 2005.

The revenues from distributing non-Canadian productions remained almost unchanged during this time, whereas the distribution revenue from Canadian productions to all markets fell almost 40%.

The Canadian theatrical market represented 4% of the total theatrical market in 2005. This was down slightly from 4.5% in 2004, but nearly double the proportion of 2.3% in 2003.

Definitions, data sources and methods: survey number 2414.

Selected information from the 2005 Survey of Service Industries: Film and Video Distribution, and Wholesaling of Pre-recorded Videos is now available in the publication, *Film, Video and Audio-visual Distribution: Data Tables* (87F0010XWE, free), from the *Publications* module of our website. These tables include breakdowns of data by province.

For more information about the survey, or to enquire about the concepts, methods or data quality of this release, contact Conrad Ogrodnik (613-951-3496; fax: 613-951-6696; conrad.ogrodnik@statcan.ca), Service Industries Division, or Fidelis Ifedi (613-951-1569; fax: 613-951-6863; fidelis.ifedi@statcan.ca), Culture, Tourism and the Centre for Education Statistics.

□

Selected statistics with backcasted data for the film and video distribution and wholesaling of pre-recorded videos industry

	Backcasted data ¹		
	2005	2004	2003
	\$ thousands		
Industry estimates²			
Total revenue	1,669,064	1,819,098	1,725,576
Salaries, wages and benefits	76,641	81,405	79,136
Total expenses	1,366,559	1,261,823	1,184,470
Profit	302,505	557,275	541,106
	%		
Profit margin	18.1	30.6	31.4
	\$ thousands		
Surveyed portion²			
Distribution revenue to theatrical markets by type of production			
Revenue from Canadian productions	13,147	14,953	8,246
Revenue from non-Canadian productions	312,377	315,700	350,212
Total revenue from distribution to theatrical markets	325,524	330,654	358,457
Distribution revenue by type of domestic market			
Total revenue from distribution to theatrical markets	325,524	330,654	358,457
Total revenue from distribution to pay and specialty television markets	119,097	132,039	101,151
Total revenue from distribution to conventional television markets	204,829	310,387	329,668
Total revenue from distribution to home video markets	x	x	x
Total revenue from distribution to other markets	x	x	x
Sub-total, domestic distribution	991,482	1,014,004	992,623
Distribution to foreign clients	90,244	180,970	199,050
Total revenue from distribution of film and video titles to all markets	1,081,726	1,194,974	1,191,673
Wholesaling of pre-recorded videos	495,015	489,478	444,568
All other revenue	51,012	89,622	46,625
Total revenue	1,627,753	1,774,074	1,682,866
Total expenses	1,329,218	1,227,344	1,152,105
Profit	298,535	546,729	530,761
	%		
Profit margin	18.3	30.8	31.5

x suppressed to meet the confidentiality requirements of the Statistics Act

1. Backcasted data have been created in order to be able to compare the data from 2003 to 2005. This is necessary because of the major changes to the survey, including the use of a new frame, a new definition of the film and video distribution and wholesaling of pre-recorded videos industry, and the use of a sample survey.

2. Industry estimates are based on the surveyed portion and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue.

Note: Due to rounding, components may not add up to totals.

Study: Pathways from education to the labour market among Canadian youth 2003

This study maps the various pathways that young people have taken from high school through to regular participation in the labour market.

It links this transition to important background characteristics, in addition to highlighting the pathways that lead to successful transitions to employment.

The study, conducted in partnership with Canadian Policy Research Networks, used data from the longitudinal Youth in Transition Survey for 2004. As a result, the labour market experiences of young adults were assessed as of December 2003, when they were between 22 and 24 years of age. (Youth who were still in school at the time of the survey were not included in the analysis.)

The study identified 10 prominent pathways between education and the labour market, with different pathways being associated with different labour market outcomes.

For example, median weekly earnings across all jobs worked by youth aged 22 to 24 in December 2003 were \$503. On average, college and university graduates (regardless of whether they had delayed postsecondary attendance following high school graduation) earned more than the median.

High school dropouts (whether or not they had returned to school) and young people who had entered but did not complete a postsecondary program earned less than the median.

However, some university graduates were earning less than high school dropouts. Part of the reason for this is that university graduates would have had less time in the labour market to gain work experience—and the accompanying earnings premium—than youth who had dropped out before completing high school.

The report also documents the characteristics of the individuals following each path. For example, young women were less likely than young men to follow the pathway of dropping out of high school, and were more likely to go on to some type of postsecondary program prior to entering the labour force. They were also less likely than males to delay the start of a postsecondary program.

Marks matter. A very strong relationship was found between grade-point average and dropping out of high school: youth with very low marks in high school were much more likely than those with average to high marks to drop out and not return. Very high marks predicted that the teen would go directly to a postsecondary program after high school rather than delaying.

Note: The Youth in Transition Survey (YITS) is a longitudinal survey that first collected data from two age groups of youth in the first cycle of the survey in 2000. One group began participating at age 15 (Cohort A), and the other at ages 18 to 20 (Cohort B). The focus of the analysis in this report is on the second group. Both cohorts were asked to provide a range of information on their education and employment experiences, as well as information on their personal characteristics, for example, their educational aspirations. The first follow-up interview with the YITS participants took place in early 2002. At that time, Cohort B participants were between the ages of 20 and 22. The second follow-up interview took place in 2004, for the reference period December 2003, when Cohort B participants were aged 22 to 24.

Definitions, data sources and methods: survey number 4435.

The report, "Education-to-Labour Market Pathways of Canadian Youth: Findings from the Youth in Transition Survey", part of the *Culture, Tourism and the Centre for Education Statistics - Research Papers* (81-595-MIE2007054, free), is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-307-3382; 613-951-7608; fax: 613-951-4441), Culture, Tourism and the Centre for Education Statistics. ■

Charitable donors 2006

Canadian taxfilers reported making charitable donations totalling \$8.5 billion in 2006, up 8.3% from 2005, while the number of donors decreased 1.4% to 5.8 million.

The amount of donations increased in all provinces and territories. The highest increases occurred in Alberta (+15.5%), the Yukon (+15.2%), and Newfoundland and Labrador (+13.9%).

The number of donors declined slightly in all provinces and territories, with the exception of Newfoundland and Labrador where the number remained relatively stable.

Nationally, 25% of all taxfilers claimed charitable donations, roughly the same proportion as in the past. Manitoba had the highest percentage of taxfilers who declared a donation, at 28%, followed by Ontario with 27%. These two provinces have shown the highest and second highest percentage of taxfilers claiming charitable donations for the past 10 consecutive years.

For taxfilers reporting donations, the median donation has increased each year since 1998. In 2006,

the median donation was \$250, up from \$240 in 2005. In other words, among those reporting charitable donations, half gave more than \$250 and half gave less.

Donors in Nunavut have led all provinces and territories in terms of median donation since 2000. This trend continued in 2006, with a median donation of \$450. Donors in Prince Edward Island had the second highest median at \$350, followed by donors in Newfoundland and Labrador with \$330. The median donation increased in all provinces and territories in 2006.

Among census metropolitan areas, donors in Abbotsford, British Columbia had by far the highest median donation at \$620. Toronto donors were next with a median of \$360, slightly ahead of Vancouver with \$340. It was the fourth year in a row that Abbotsford and Toronto reported the highest median donations.

Note: The databank on charitable donors provides information on taxfilers who claimed a tax credit for charitable donations on their income tax return for 2006. Only amounts given to charities and approved organizations for which official tax receipts were provided can be deducted. It is possible to carry donations forward for up to five years after the year in which they were made. Therefore, donations reported

for the 2006 taxation year could include donations that were made in any of the five previous years. According to tax laws, taxfilers are permitted to claim both their donations and those made by their spouses to get better tax benefits. Consequently, the number of persons who made charitable donations may be higher than the number who claimed tax credits.

Available on CANSIM: tables 111-0001 to 111-0003.

Definitions, data sources and methods: survey number 4106.

The databank, *Charitable Donors* (13C0014, variable prices), is now available for Canada, the provinces and territories, cities, towns, census metropolitan areas, census divisions, federal electoral districts, forward sortation areas (the first three characters of the postal code), and letter carrier routes.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-652-8443; 613-951-9720; fax: 1-866-652-8444 or 613-951-4745; saadinfo@statcan.ca), Small Area and Administrative Data Division.

Charitable donations

	2006	2005 to 2006	2006	2005 to 2006	2006	2006
	Donors		Donations		Taxfilers claiming a donation	
	number	% change	\$ thousands	% change	median in \$	%
Canada	5,752,630	-1.4	8,529,976	8.3	250	25
Newfoundland and Labrador	83,450	0.0	79,652	13.9	330	22
Prince Edward Island	26,850	-0.7	28,386	8.1	350	26
Nova Scotia	160,770	-1.3	203,904	10.6	300	24
New Brunswick	127,540	-2.4	163,515	10.2	290	23
Quebec	1,286,190	-0.3	780,058	5.6	130	22
Ontario	2,335,890	-2.2	4,089,748	5.7	310	27
Manitoba	233,270	-1.4	407,691	8.3	310	28
Saskatchewan	182,690	-1.6	266,325	13.0	310	26
Alberta	600,160	-0.2	1,289,145	15.5	320	25
British Columbia	705,080	-1.5	1,208,068	9.7	320	23
Yukon	4,470	-4.5	5,294	15.2	240	21
Northwest Territories	4,660	-2.1	5,581	7.0	220	17
Nunavut	1,630	-4.7	2,608	13.8	450	11

Note: Due to rounding, components may not add up to totals.

Asphalt roofing

September 2007

Data on asphalt roofing are now available for September.

Available on CANSIM: table 303-0052.

Definitions, data sources and methods: survey number 2123.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Coal and coke statistics

August 2007

Data on coal and coke are now available for August.

Available on CANSIM: table 303-0016.

Definitions, data sources and methods: survey numbers, including related surveys, 2003 and 2147.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

Electric power statistics

August 2007

Data on electric power are now available for August.

Available on CANSIM: table 127-0001.

Definitions, data sources and methods: survey number 2151.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

New products

Employment, Earnings and Hours, August 2007,
Vol. 85, no. 8
Catalogue number 72-002-XIB
(free).

**Culture, Tourism and the Centre for Education
Statistics - Research Papers: "Education-to-Labour
Market Pathways of Canadian Youth: Findings from
the Youth in Transition Survey"**, 2003, no. 54
Catalogue number 81-595-MIE2007054
(free).

**Film, Video and Audio-visual Distribution: Data
Tables**, 2005
Catalogue number 87F0010XWE
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 The Daily	
Statistics Canada	
Thursday, June 5, 1997 For release at 9:30 a.m.	
MAJOR RELEASES	
• Urban transit, 1995 Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 25 trips on some form of urban transit, the lowest level in the past 25 years.	2
• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses also noticeably weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.	4
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