

## The CCA updates its numbers!

The CCA's new edition of *Useful Statistics* is a tool for anyone and everyone interested in concrete data that reflects the impact of arts, culture, and heritage in the Canadian economy and society. This document also informs us on the current state of our cultural industries.

Committed to providing timely and relevant research on Canada's arts and culture, the Canadian Conference of the Arts has decided to revise these statistics and provide everyone with more current data on the status of the arts and culture in Canada. As you read this document you will notice that some data is dated to our previous documents. Due to cuts at Statistics Canada within the culture portfolio, it is increasingly difficult to obtain regular and consistent data on arts and culture. One result of this is that our information is drawn from a variety of sources, with often competing numbers. The goal of the CCA is to analyze these numbers and provide the sector with the best possible data, while acknowledging that the sector must continue to pursue access to rigorous data in order to understand how our sector is functioning.

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### Useful Statistics

This document contains statistics on:

- **Economic Dimensions of the Arts, Culture, and Heritage Sector**
  - General Data
  - Exports and Imports
  - Cultural Tourism
- **Social Dimensions of the Arts, Culture, and Heritage Sector**, including:
  - The Culture Labour Force
    - Writers in Quebec
  - Consumption of Cultural Goods
  - Arts Organizations
- **Cultural Sectors and Industries**, including:
  - Performing Arts
  - Heritage Sector
  - The Book Publishing Industry
  - Radio
  - Sound recording and music publishing
  - Satellite and Cable Television
  - Television
  - film, video and audio-visual post-production
  - The film, video and audio-visual distribution industry

- Internet

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## Economic Dimensions of the Arts Culture and Heritage Sector

### General Data

- The Conference Board of Canada estimates that the economic footprint of Canada's culture sector was \$84.6 billion in 2007, or 7.4% of Canada's total real GDP, including direct, indirect, and induced contributions. Culture sector employment exceeded 1.1 million jobs in 2007.<sup>1</sup>
- The direct impact of cultural activities in Canada, as measured by its contribution to the Gross Domestic Product (GDP), amounted to more than \$39 billion (approximately 3.8% of Canadian GDP) in 2002.<sup>2</sup>
- In 2008-09, governments spent \$9.3 billion on culture, excluding transfers between different levels of government. This represents a 16% increase from 2003-04 (after adjusting for inflation).<sup>3</sup>
- Provincial and municipal expenditures on culture increased substantially between 2003-04 and 2008-09 (29% and 22%, respectively, after adjusting for inflation). Federal cultural spending increased by 4% during the same timeframe. These figures include transfers between levels of government.
- In 2008-09, federal government spending on culture (including transfers) was \$4.0 billion (41% of spending by all levels of government), while the provinces and territories spent \$3.0 billion (31%) and municipalities \$2.7 billion (28%). (The federal, provincial and municipal breakdowns include \$0.5 billion in transfers between governments and therefore do not equal the \$9.3 billion total, which is net of transfers.)

### Exports and Imports

- Statistics Canada reports that exports of culture goods—such as books, art and films—totalled \$1.7 billion in 2008, while imports totalled \$4.1 billion, resulting in a cultural trade deficit of \$2.4 billion.<sup>4</sup>
- Exports of writing and published works totalled \$628.1 million in 2008, representing 37% of all culture goods exports. The writing and published works sector peaked in 1997, at 46% of all culture goods exports, but it has been gradually losing ground to other culture categories ever since.
- Canada is a net exporter of **cultural services** such as film production, film distribution and advertising. In 2007, exports of cultural services reached \$2.9 billion and imports reached \$2.7 billion. Film-related exports totalled \$1.6 billion, 54% of all cultural service exports.
- Each of Canada's trading partners around the world import and export a different blend of culture goods. Books make up the overwhelming majority of Canada's cultural trade with France, reaching 74% of exports and 53% of imports in 2008—greater proportions than any other country.

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1 Conference Board of Canada, "Valuing Culture: Measuring and Understanding Canada's Creative Economy," July 2008.

2 "Focus on Culture", Statistics Canada, Vol. 15 No. 1, April 2005

3 Statistics Canada - Government Expenditures on Culture: Data Tables 2008/2009, May 4, 2011

4 Statistics Canada – Culture & leisure imports and exports, October 2010

- Canada's main culture goods import from Germany in 2008 was original pieces of art, whereas the main culture goods export to Germany was printed materials such as maps, postcards and brochures. The culture good most exported to the United Kingdom in 2008 was original works of art; the culture good most imported was books.
- In 2008, Canada's main culture goods import from China was books (\$146 million) whereas the main export was videos.
- **Canadian cultural goods exports** were valued at \$1.5 billion in 2004, down 5.5% from 2003 with this breakdown: <sup>5</sup>
  - Written and published works \$862M
  - Film and video \$589M
  - Advertising \$168M
  - Sound recording and music publishing \$24,2M
  - Visual Art \$76M
  - Photography \$112M

## Cultural Tourism

- Cultural tourism is a fast-growing and lucrative segment of the North American travel industry:<sup>6</sup>
- Tourism receipts from cultural tourists amounted to \$8,034 million in 2007 <sup>7</sup> . Canadian tourists accounted for \$5.2 million of receipts in cultural tourism.
- The gross domestic product derived from cultural tourism in 2007 amounted to over \$5.1 billion and produced labour income of almost \$3.3 billion.

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## Social Dimensions of the Arts, Culture and Heritage Sector

### The culture labour force

- There are 140,000 artists in Canada who spent more time at their art than at any other occupation in May 2006. <sup>8</sup>
- The number of artists represents 0.8% of the overall Canadian labour force. The number of artists is slightly larger than the number of Canadians directly employed in the automotive industry (135,000).<sup>9</sup>

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<sup>5</sup> Statistics Canada – International Trade in cultural goods – 2002- 2009 – current dollars – October 2010

<sup>6</sup> Burnett Thorne Cultural Tourism “On Stream,” Vol. 2 I.3, 2004.

<sup>7</sup> The impact of cultural activities in sports Tourism in Canada – March 2009 for Heritage Canada & Industry Canada

<sup>8</sup> Hill Strategies Research, Statistical Insights on the arts - based on Statistics Canada's 2006 – February 2009

<sup>9</sup> The automotive industry figure is from the Canadian Auto Workers union, as reported in a November 13, 2008 CBC article entitled A timeline of auto sector layoffs, <http://www.cbc.ca/canada/story/2008/10/21/f-autolayoffs.html>. This page was viewed on January 12, 2009

- For artists, median earnings are only \$12,900. This means that a “typical” artist in Canada earns less than half the typical earnings of all Canadian workers (\$26,900).
- At 42%, the percentage of artists who are self-employed is six times the self-employment rate in the overall labour force (7%).
- Although artists work in many different sectors of the economy, the top three industries employ about three-quarters of artists: arts, entertainment and recreation (52,600 artists); educational services (28,700); and information and cultural industries (25,500).
- The cultural sector has about 609,000 workers and comprises 3.3% of the overall labour force in Canada. One in every 30 people in Canada has a cultural occupation. This is about double the level of employment in the forestry sector in Canada (300,000) and more than double the level of employment in Canadian banks (257,000).<sup>10</sup>
- Forty-three percent of artists earn less than \$10,000, compared with 25% of the overall labour force. Another 19% of artists earn between \$10,000 and \$19,999, compared with 16% of the overall labour force. Taken together, these statistics show that 62% of artists earn less than \$20,000, compared with 41% of the overall labour force.
- Women earn less than men in all nine of the arts occupations. In one arts occupations (“conductors, composers and arrangers”), women’s earnings amount to just over one-half of men’s earnings. Only in one arts occupation (“producers, directors, choreographers and related occupations”) do women’s earnings come within 10% of men’s earnings.
- The percentage of artists with a bachelor’s degree or higher (39%) is nearly double the rate in the overall labour force (21%).
- The 3,300 Aboriginal artists represent 2.4% of all artists, which is less than the percentage of Aboriginal people in the overall labour force (2.9%).
- The 14,900 visible minority artists represent 11% of all artists, lower than the percentage of visible minority Canadians in the overall labour force (15%). Two-thirds of visible minority artists are first-generation immigrants (66%).
- The 28,400 immigrant artists account for one-fifth of all artists, almost exactly the same percentage as immigrants in the overall labour force (21%).<sup>11</sup>
- The characteristics of cultural workers in 2002 were as follows:<sup>12</sup>
  - 77% of workers worked full time
  - 25% were self-employed
  - 71 % worked in the private sector, while 6% worked in the public sector

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10 Forestry Products Association of Canada press release, Forest Industry Sets Urgent Priorities for Federal Budget, December 16, 2008, and Canadian Bankers Association, Quick Facts,

11 The term “immigrant” refers to people who are, or have been, landed immigrants in Canada. A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities

12 “Focus on Culture”, Statistics Canada, Vol. 15 No. 1, April 2005.

### **Writers in Quebec<sup>13</sup>**

- In 2008, one third of writers (34%) earned less than \$30,000, 38 % earned between \$30,000 and \$59,999 and, lastly, 29 % earned \$60 000 or more. The median earned income, in the amount of \$39,400, was higher than the median income of Quebec's employed population aged 25 years or older (\$29,975)
- Two-thirds (65 %) of Quebec's writers earned less than \$5,000 from their literary works, while 22 % (or 330 people) pulled in between \$5,000 and \$19,999 and 13 %, earned \$20,000 or more. Approximately 30 writers (2%) received \$60,000 or more for their literary work. The median revenue earned from writing was \$2,450.

### **Consumption of cultural goods:<sup>14</sup>**

- Canadian consumers spent over \$27 billion on cultural goods and services in 2008. The \$27.4 billion in consumer spending on culture in Canada represents \$841 for every Canadian resident. Consumer spending on culture is three times larger than the \$9.2 billion spent on culture by all levels of government in 2007/08.
- Canadians' spending on live performing arts (\$1.4 billion) is more than double their spending on live sports events (\$650 million).
- Cultural spending per capita varies significantly between the provinces and is highest in Alberta (\$963) and Saskatchewan (\$905). The five western-most provinces (British Columbia, Alberta, Saskatchewan, Manitoba and Ontario) have per capita levels of cultural spending that are above the Canadian average (\$841).
- Among 12 metropolitan areas, Calgary and Saskatoon have the highest per capita consumer spending on cultural goods and services.
- Spending on books (\$1.4 billion) was slightly higher than spending on movie theatre admissions (\$1.2 billion) in 2008.
- Consumer spending on museum and heritage admissions was \$510 million in 2008.
- Total spending on works of art, carvings and other decorative ware was \$930 million in 2008.
- Canada had 2,831 movie-theatre screens in 2006, generating 102.9 million paid theatre admissions.<sup>15</sup>
- Canadian motion picture theatres attracted more movie-goers in 2007. Cinemas, including indoor theatres, drive-ins and film festivals, sold 104.5 million tickets in 2007, a 1.5% increase from the year before.<sup>16</sup>
- Each Canadian made 3.2 visits to the movies on average in 2007.
- Alberta residents were the nation's most avid movie-goers with an average of 4 visits to the movies per person in 2007.
- 10.7 million Canadian households (90%) subscribed to multi-channel television programming services. 7.7 million subscribed to cable-television and IPTV. 2.6 million subscribed to Direct-to-

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13 Les écrivains – un aperçu statistique – Observatoire de la culture et des communications du Québec, no 3, mai 2011

14 Hill Strategies – Consumer Spending on Culture in Canada and in 12 metropolitan census areas (2008)- November 2010

15 Statistics Canada – Catalogue no. 87F0009X, Service Bulletin: Motion Picture Theatres 2007.

16 Statistics Canada – Catalogue no. 87F0009X, Service Bulletin: Motion Picture Theatres 2007.

home satellite (DTH) and multipoint distribution systems (MDS). 6.2 million Canadian households (58%) subscribed to multi-channel digital television services.

### **Arts and culture organizations**

- 13 770 incorporated non-profit organizations in Canada were involved in the arts and culture in 2003.<sup>17</sup>
- Compared with other incorporated nonprofit organizations, arts and culture organizations:
  - Received much lower funding from government (28% for arts and culture vs. 49% for all nonprofits), and
  - Earned much higher revenues from earned sources (50% for arts and culture vs. 35% for all nonprofits)
- Only 37% of incorporated arts and culture organizations reported having paid staff, much lower than 46% of all incorporated nonprofit organizations with paid staff.
- Arts and culture organizations reported a volunteer complement of 933 000 with almost 200 million hours volunteered.
- Canadian volunteers reported 780,000 positions in arts and culture organizations in 2007. This represents 3.2% of the volunteer positions in all types of volunteer organizations in Canada.<sup>18</sup>

### **Cultural Sectors and Industries**

#### **Performing Arts**

- As the Canadian economy contracted in 2009, total operating revenues for the performing arts industry slowed to \$1.3 billion in 2009, down 3.7% from 2008. These revenues were split almost equally between the for-profit and not-for-profit sectors.<sup>19</sup>
- Operating expenses for the industry totalled just under \$1.3 billion. Nearly one-third of operating expenses of performing arts companies consisted of salaries, wages and benefits paid to employees. The salaries and wages expense does not include fees paid to contract workers.
- The for-profit companies saw their profit margin fall from 13.2% to 7.2% between 2008 and 2009, while the not-for-profit companies decreased from 0.0% to -0.2%.

#### **Heritage Sector<sup>20</sup>**

- Operating revenues for Canada's heritage institutions, excluding nature parks and archives, reached \$1.23 billion in 2009. Operating revenues for heritage institutions consist

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17 Hill Strategies Research, which was based on Statistics Canada's 2004 National Survey of Nonprofit and Voluntary Organizations.

18 Hill Strategies Canada – Volunteers in Arts& culture organizations 2007 – March 2010

19 Statistics Canada, Service Bulletin, Performing Arts 2009 - January 2011

20 Statistics Canada – Catalogue 87F0002XWE, Service Bulletin 2009, March 2011

of government and private contributions, admission receipts, membership dues and sales, and miscellaneous sources.

- Non-commercial art galleries and museums generated 22.8% of total revenues for the industry, followed by botanical gardens, winter gardens, aquariums and zoos (20.6%). The remaining revenues came from historic and heritage sites.
- The average admission charge for an adult for all not-for-profit heritage establishments surveyed rose from \$4.84 in 2007 to \$5.29 in 2009, an increase of 9.3% before inflation.

### **Book Publishing<sup>21</sup>**

- Operating revenues for the book publishing industry in Canada rose by 1.6% reaching \$2.19 billion in 2009. This rise in revenues was due to increased sales in Quebec and Ontario.
- In Quebec, operating revenues increased by \$20.2 million (3.0%) due to greater sales following a similar increase in 2008. Ontario also experienced an increase in revenues with a rise of \$26.7 million (2.0%) in various types of publications.
- Spending on salaries, wages and benefits accounted for 21.2% of overall expenses for the industry and rose 1.7% in 2009.
- Sales of books by Quebec-owned publishers reached \$312 million in 2009, that is 42% of all books sold in Quebec. Sales as a percent of total books sold were the same in 2008. This was published in a December 2011 study by «Observatoire de la culture et des communications du Québec (OCCQ) » and the « Institut de la statistique du Québec. »<sup>22</sup>
- In the general publishing market (\$575 million), sales by Quebec-owned publishers rose to \$206 million, or 36 % of sales. This was the same percentage as in 2008. In the school textbook market (\$164 million), sales by Quebec-owned publishers were \$107 million or 65 % of all school textbooks sold in Quebec.
- Furthermore, among the 50 top bestseller lists of 2008 and 2009, books published in Quebec gained 14 percentage points in terms of market share. This increase is attributable to the fact that a greater number of Quebec titles appearing on the 2009 list. Those titles at the top of the lists include *L'énigme du retour (The Riddle of the Return)* by Dany Laferrière and *Le journal d'Aurélie Laflamme : ça déménage!(The Diary of Aurélie Laflamme :It's crazy! by India Desjardins.*

### **Radio broadcasting industries<sup>23</sup>**

- The operating revenues of the private radio broadcasting sector reached \$1.6 billion (current dollars) in 2010, up 3.2% from 2009. Of those revenues, 97.6% were from advertising. The year 2009 had been marked by the first year-over-year drop in revenues since 1993. Even with the gains recorded in 2010, revenues have yet to surpass the level registered in 2008, before the general economic downturn.

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21 Statistics Canada , catalogue 87F0004XWE Service Bulletin, Book publishers 2009 – January 2011

22 Optique Culture no 7/Juin 2011 – Observatoire de la culture et des communications du Québec

23 Statistics Canada , catalogue 56-208-XWE Service Bulletin, Radio broadcasting 20010 – June 2011

- The recovery experienced by private radio broadcasters was also seen in their profit margin before interest and taxes, which rose to 19.1% in 2010, compared to 17.9% in 2009.
- For a second consecutive year, Ontario radio broadcasters were the most profitable, with 22.9 cents of profit before interest and taxes per dollar of revenue. For the first time since 1976, the profit margin exceeded 10% in all regions of Canada.
- For a second consecutive year, Francophone radio stations recorded stronger growth in their operating revenues (+ 6.0%) than Anglophone stations (+ 2.6%) and ethnic stations (+4.5%) in 2010.
- There were 1208 radio and audio services in Canada in 2010. Seventy-five percent of the radio and audio services were broadcast to English-language Canadians, 22% to French-language Canadians, and the remaining 3% to third-language Canadians.<sup>24</sup>
- National average weekly hours tuned per capita remained relatively unchanged at 17.6 hours in 2010. On a per-listener basis, average weekly hours tuned also remained relatively unchanged at 19.4 hours per listener.

### **Sound recording and music publishing**

- In 2009, the Canadian Sound Recording Industry experienced a 3.2% decline in its combined operating revenues from \$887.3 million to \$858.9 million.
- The largest industry group, record production and integrated record production and distribution, accounted for about 69% of the total revenue, followed by music publishing at 18%, sound recording studios at 12%, and all other sound recording industries at 1%.
- In spite of declining revenues for a third consecutive year, the record production and integrated record production and distribution industry continued to experience an increase in profitability. Operating revenue decreased from \$619.4 million in 2008 to \$596.3 million in 2009. However, during this year businesses reduced their operating expenses by 7.3% to \$498.9 million. These reductions contributed to an increase in the operating profit margin to 16.3% in 2009, up from 13.1% in 2008 and 11.8% in 2007.
- As in 2008, Ontario firms accounted for the vast majority of national operating revenues at 77.6%, followed by firms in Quebec with 18.6%. However, for Ontario this figure is down from 80.6% last year while Quebec's figure has increased from 15.7%.
- Revenue from sales of digital musical recordings, which include both individual tracks and albums, increased by 48.9% from \$53.0 million in 2007 to \$79.0 million in 2009. However, this did not offset the 25.9% decline in sales from compact discs from \$393.8 million in 2007 to \$291.8 million in 2009.
- From 2007 to 2009, sales of recordings declined by 22.2% reflecting significant drops in sales by Canadian and non-Canadian artists.

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<sup>24</sup> CRTC – Monitoring Report – July 2011

- As was noted last year, foreign-controlled firms generated the majority of industry operating revenues at 74.9%, and operating expenses at 72.3%. Compared with 2008, foreign-controlled firms saw an increase in their operating revenues and a decrease in their operating expenses, yielding a profit margin increase to 19.2% from 16.3%. During this period, Canadian-controlled firms experienced a much larger drop in both their operating revenues and operating expenses, which also resulted in an increased profit margin from 5.8% to 7.7%.
- Operating revenues in the music publishing industry increased 8.3% in 2009 to \$153.5 million, while at the same time operating expenses rose by 4.8% to \$137.8 million. The industry's profit margin grew from 7.3% in 2008 to 10.3% in 2009.
- The largest expense item in this industry is royalties, rights and licensing fees which comprised 45.2% of operating expenses, followed by salaries, wages and benefits at 21.4%.

### **Cable and satellite Television<sup>25,26</sup>**

- In 2010, approximately 11.5 million or 91% of Canadian households subscribed to a BDU for television service, an increase of 2.5% over the previous year. Of those subscribing to BDUs, 25% subscribed to either a DTH provider or a MDS BDU. The top four cable BDUs and the two DTH providers captured 89% of all BDU subscribers in 2010.
- BDU programming revenues per subscriber per month increased by \$3.55 or 6%, to \$59.73 in 2010.
- The number of subscribers to the main services offered by cable operators (television, Internet and telephony) reached 16.6 million on August 31, 2009, 1.0 million more than in 2008. More than half of these new customers were telephone service subscribers.
- The number of wireless television (mainly satellite) subscribers rose to 2.7 million on August 31, 2009, compared with 8.1 million for cable television. For the first time, in 2009, a majority of cable subscribers were using digital technology for television services. As of August 31, 2009, 58.3% of cable television subscribers had chosen this technology, compared with 49% in 2008. Almost all wireless service subscribers were using digital.
- Cable operators earned \$2.5 billion of profits before interest and taxes in 2009. This represents 27.5 cents of profit for each dollar of revenue and the highest profit margin since the beginning of the decade.
- Wireless service providers, mainly satellite providers, posted profits before interest and taxes of \$70.2 million or 3.2 cents of profit for each dollar of revenue. For the third consecutive year, this segment of the industry generated profits, whereas it consistently suffered losses before interest and taxes between its emergence in 1997 and 2006

<sup>25</sup> Statistics Canada catalogue 56-209-XWE, February 2011

<sup>26</sup> CRTC monitoring Report – July 2011

## Television broadcasting<sup>27</sup>

- The television broadcasting sector's operating revenues totalled \$6.5 billion in 2009, up 0.6% from 2008. This was the lowest year-over-year increase since 1997, when a decrease in revenues had been reported.
- Revenues of public and private conventional television broadcasters fell 3.9% from 2008 to \$3.4 billion in 2009, the steepest decline in 10 years. It was a particularly difficult year for private conventional television. Compared with 2008, the operating revenues of this segment dropped 7.7% in 2009, the largest annual decrease in more than 30 years. Public and non-commercial television posted a 1.9% increase in operating revenues between 2008 and 2009.
- The specialty (+3.3%) and pay television (+16.6%) segments posted operating revenue gains in 2009 compared with 2008. Revenues for the two segments combined totalled \$3.1 billion. Nevertheless, revenue growth for pay and specialty television has been diminishing each year for the past few years in both absolute and percentage terms. The year-over-year increase was \$230 million in 2007, \$200 million in 2008 and \$175 million in 2009.
- Canadian television broadcasters' advertising revenues fell 8.4% from 2008 to \$3.1 billion in 2009, the first decline in 15 years. The weak growth of operating revenues in the television industry as a whole in 2009 was largely due to the decrease in advertising revenues, as other revenue sources were up.
- Overall viewing of Canadian programs on Canadian English-language services was 88% in 2010, while viewing of Canadian programs on French-language services remained relatively unchanged at 99%. While drama and comedy programs continued to be the most popular genre, it is predominantly of non-Canadian content. In 2010, 81% and 67% of English- and French-language drama and comedy programs were non-Canadian, respectively.<sup>28</sup>

## The film, video and audio-visual post-production industry <sup>29-30</sup>

- Profit margins in the film, television and video post-production industry in Canada rose to 6.7% in 2009 from 3.5% in 2008. For 2009, operating revenue increased by 7.3% over 2008 (\$843.8 million from \$786.0 million) while operating expenses rose by only 3.8% (\$787.2 million from \$758.6 million) over the same period.
- The cost of salaries, wages and benefits rose by almost 13% to \$288.6 million in 2009 from \$257.7 million in 2008.
- The vast majority of operating revenues for this industry in 2009 are accounted for by firms in three provinces, as was the case in 2008, with Ontario leading at 51%, followed by Quebec at 34% and British Columbia with 12%.

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<sup>27</sup> Statistics Canada catalogue 56-207-XWE, July 2010

<sup>28</sup> CRTC monitoring Report – July 2011

<sup>29</sup> Statistics Canada catalogue 87-009-XWE, January 2011

<sup>30</sup> Profile 2010 – February 2011- Nordicity Group for the CMPA, APFTQ and DCH

- The volume of Canadian production increased 0.9% to just under \$2.3 billion in 2009/10.
- Canadian production employed 54,700 FTEs in 2009/10, including 21,500 FTEs directly in the production of Canadian television programs and films.
- Canadian production generated GDP of \$3.1 billion for the Canadian economy in 2009/10, including \$1.3 billion in production-industry GDP and \$1.8 billion in spin-off GDP.
- The volume of English-language production was virtually unchanged at \$1.6 billion; French-language production increased 9.5% to \$659 million; production in bilingual format and other languages decreased from \$27 million to \$17 million.
- Ontario-based producers accounted for the largest share of production, with just under \$1 billion in production volume, or 43% of the national total.

### ***The film, video and audio-visual distribution industry***<sup>31</sup>

- Total operating revenues in the film and video distribution industry declined 4.5% to \$2.0 billion in 2010. Total operating expenses declined 9.6% to \$1.5 billion in 2010. As a result, the operating profit margin for the industry rose to 24.4% in 2010, up from 20.2% in 2009.
- The largest expense item reported by surveyed firms was licensing costs, which represented 40.5% of total operating expenses. Cost of goods sold accounted for 31.0% of expenses, while advertising, marketing and promotions accounted for 13.0%.
- Film and video distributors in both Ontario and Quebec accounted for the vast majority (98.6%) of the national operating revenue. Ontario firms earned 87.2% of total operating revenues in 2010, while Quebec firms accounted for 11.4%.
- The two primary sources of revenue for the industry are distribution of film and video titles and wholesaling of pre-recorded videos. Revenues from the distribution of film and video titles accounted for 65.8% of total national operating revenues in 2010, while wholesaling revenues accounted for 32.6%.

### **Internet**

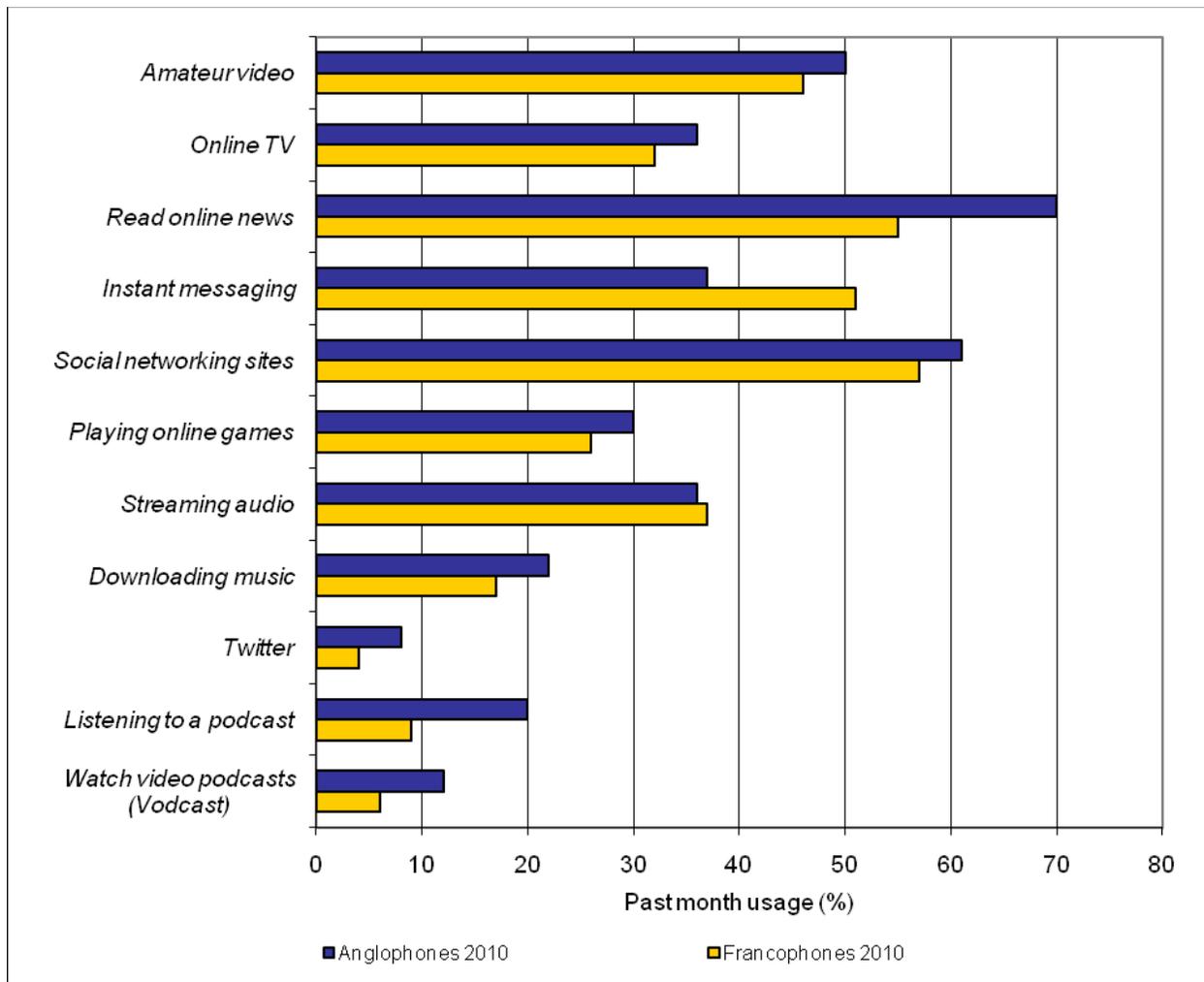
- The adoption rates of Anglophones for video on demand, Internet video, and video on a cell phone are 15%, 51% and 9%, respectively and 17%, 49% and 4% respectively for Francophones.
- More Canadians are watching television programming online. Of those viewing online TV, Anglophones spend 2.6 hours per week and Francophones spend 1.5 hours per week in such an activity.
- Anglophones that stream online radio, tend to do more streaming than their francophone counterparts. The anglophones spend 6.1 hours per week streaming audio compared to 5.3 hours for Francophones.<sup>32</sup>

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<sup>31</sup> Statistics Canada Catalogue 87F0010XWE, March 12, 2012

<sup>32</sup> CRTC monitoring Report – July 2011

Popular Internet activities for Canadian Internet users<sup>33</sup>



<sup>33</sup> CRTC monitoring Report – July 2011