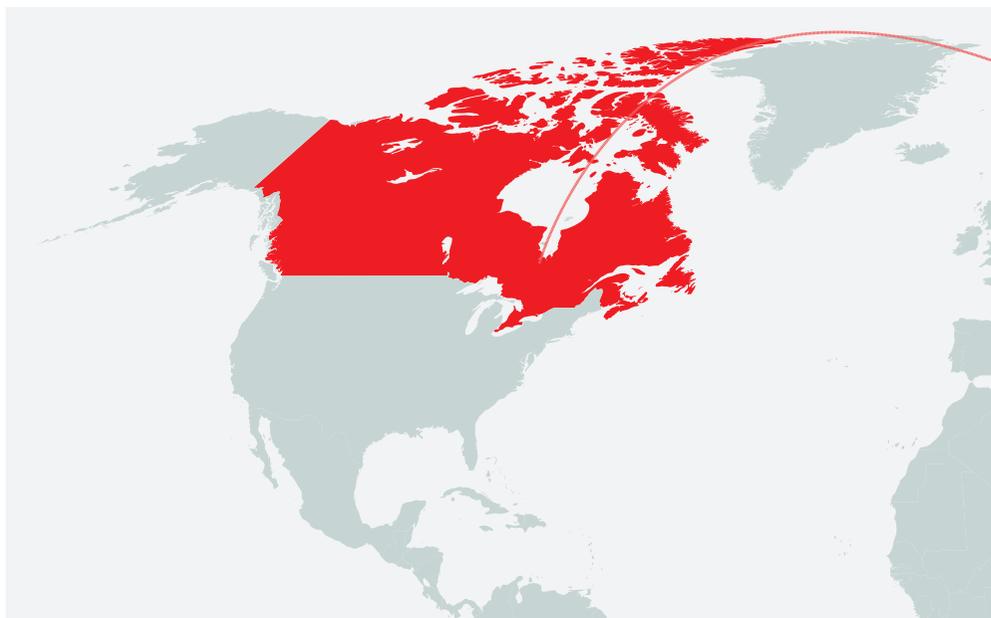


# Canada



## CANADA



### STATS



**Population** 37.7m\*



**GDP (purchasing power parity)**  
\$1.774tn\*

**GDP real growth rate** 3%\*

**GDP per capita (PPP)** \$48,400\*



**Internet users** 31.7m

**Per cent of population** 89.8%



**Broadband connections** 14.4m

**Broadband - subscriptions  
per 100 inhabitants** 39\*



**Mobile phone subscriptions** 33.2m

Sources: CIA World Factbook \* = 2017/18 estimates

Canada may have been initially slow to embrace streaming, but recent years have seen the market make steady gains, even if YouTube remains a constant source of irritation.

**A**s the third decade of the 21st Century begins, it is tempting to wonder if Canada's – possibly rather clichéd – reputation for low-octane stability has leaked into its music business. As other digital music markets around the world experience streaming-led leaps in recorded music income, revenue in Canada grew just 0.5% in 2018, a result that saw China and Australia both overtake it in the global rankings.

There are, however, extenuating circumstances. Canada's recorded music income in 2017 was boosted by a one-off performance rights payment and Music Canada claims that, by normalising the

revenue in 2017 to compare it to 2018, there was actually a 5.5% increase in recorded music revenue in the country year-on-year. Meanwhile, in 2018 Canadian collecting society SOCAN paid out CAD \$320m (US\$241.35m) to its members, an 8% year-on-year growth.

What's more, according to Nielsen, 2019 saw total album equivalent audio consumption in Canada increase by 18.1%, driven by a 31.2% growth in on-demand audio song streams. Going further into the Nielsen figures, we see a Canadian music market behaving similarly to most major music industries. While audio song streams were up, total physical album sales in Canada

declined by 23.3% to 10.4m copies in 2019 and digital album sales fell 24.5% to 3.8m units.

SOCAN CEO Eric Baptiste says that the total number of music subscribers in Canada most recently reported to his society is 7.8m, or around 22% of the total population. "Remember, though, that SOCAN works with total subscriber numbers, which do not necessarily reflect the total number of



**"The popularity of music streaming continues to increase, but... digital platforms are reaping massive value on the backs of music creators and publishers..."**

**- Eric Baptiste, SOCAN**

individuals who have access to subscriptions," he explains. Baptiste adds that, from what SOCAN has seen, there has been growth in the number of subscribers recently "but just not as fast as in recent years".

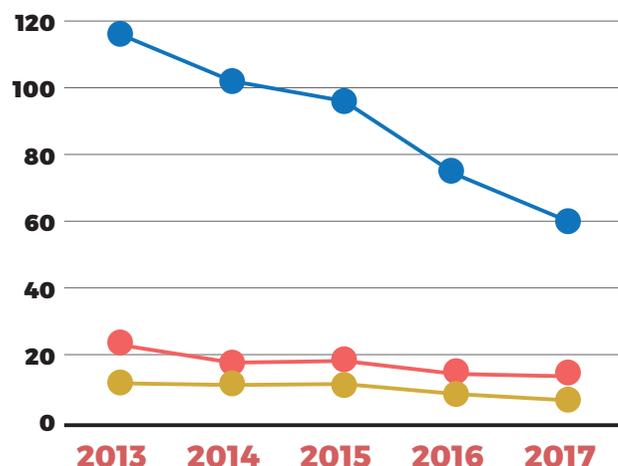
While it is still too early to give figures for recorded music income for 2019, Music Canada president and CEO Graham Henderson says we should not expect a similar growth in income to that seen in Nielsen's consumption figures. "While this growth that we've continued to see over the past few years is promising – and we expect that growth to continue – it is important to note that revenues do not directly track consumption," he says.

Perhaps more worrying for the Canadian music industry is the fact that the Nielsen figures show that consumption of on-demand

# Canada continued...

## Recorded music sales

(Volume, million units)

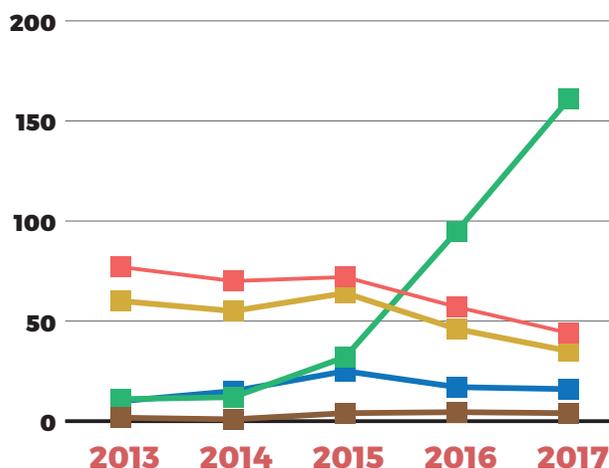


■ CD and other physical  
■ Single track downloads  
■ Digital albums

Source: IFPI Global Music Report 2018

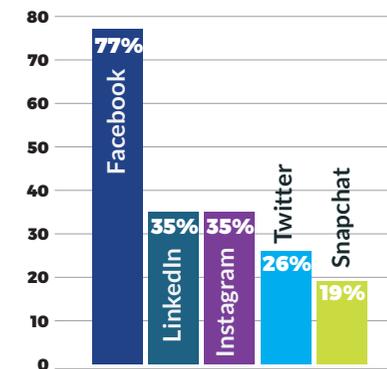
## Digital music revenue by format

(in US\$ millions)



■ Single-track downloads  
■ Full album downloads  
■ Mobility personalisation  
■ Paid subscriptions / freemium stream  
■ Ad-supported streams

## Most popular social media networks in Canada



could argue that its focus on the matter reflects a market that remains largely stable after being initially slow to embrace streaming. In this, the Canadian music industry resembles the wider Canadian economy, which is predicted to grow around 1.5% in 2020.

Henderson says he remains optimistic about the Canadian music industry. "While the digital music industry has grown and evolved, the core function of record labels has remained constant. They continue to discover, nurture and promote artists and they are the largest investors in artists' careers," he says.

"In the expanding digital marketplace, labels know how to cut through the noise and help artists reach new fans and markets. They continue to develop innovative technologies, license hundreds of digital music services around the world and invest in the human capital needed to amplify the careers of artists. As recorded revenues for music continues to grow, labels are also signing more and more artists." :)

video songs grew faster last year (at 59.7%), than on-demand audio song streams (31.2%), as the value gap rears its ugly head once more.

"Despite the wide availability of subscription music platforms, many consumers still turn to user-upload services like YouTube to listen to music," Henderson says. "Some 35% of respondents to a 2018 IFPI survey cited the availability on YouTube of the music they want as a major reason for not using paid audio subscription services."

Baptiste took a similarly wary attitude at SOCAN's 2019 annual meeting, even as the society announced a growth in payments. "The popularity of music streaming continues

to increase, but a SOCAN member who received royalties in 2018 on average took in only \$54 [US\$41] from digital sources," he said. "Digital platforms are reaping massive value on the backs of music creators and publishers."

In 2019, the Canadian music industry put a concrete value on this gap, with Jackie Dean, COO of Music Canada, telling Music Ally at the time that the revenues lost to Canadian creators because of YouTube amounts to roughly \$550m (US\$414.81m) per year, a vast sum given that the total value of recorded music income in Canada in 2018 was \$572m (US\$431.42m).

Sadly, the optimism that Dean shared in 2019 that the Canadian government would act on the value gap proved unfounded – at least in the short term. Henderson explains that the Standing Committee on Canadian Heritage's report, *Shifting Paradigms*, studied artist remuneration and made recommendations that, if made into law, would have helped to reduce the value gap. "Unfortunately, the Fall election was called before the government had an opportunity to issue a formal response to it," he adds.

While few people in the music industry would disagree with the Canadian music industry's fight against the value gap, you