

2013

Essential Facts about the



CANADIAN

VIDEO GAME INDUSTRY |



**entertainment
software**

association of canada



CONTENT

- + Did you know? 4 & 5
- + Why is Canada's video game industry successful? 6 & 7
- + Industry structure by platform 8
- + Industry structure of top 3 provinces 9
- + The industry in Canada 10 & 11
- + Employment Information 12
- + Sales and distribution 13
- + What are ESRB ratings? 14
- + Canadian Gamers 15
- + Gamer profiles (male) 16
- + Gamer profiles (female) 17
- + About ESAC 18

All data in this document is from Nordicity's Canada's Video Game Industry in 2013 unless otherwise noted. This report was commissioned by the Entertainment Software Association of Canada (ESAC) and gathered quantitative and qualitative data from 90 computer and video game companies in Canada. Nordicity is a leading consulting firm specializing in policy, strategy, and economic analysis in the media, creative and information & communications technology sectors.

This document also contains data from NPD Group's Understanding the Canadian Gamer 2012 custom research. The survey was commissioned by ESAC and gathered data from 2,969 adults, 527 teens (13-17) and 687 children (6-12) between April 13 and April 30, 2012. The margin of error associated with the total sample is +/- 1.5, 19 times out of 20. The NPD Group is the leading provider of reliable and comprehensive consumer and retail information for a wide range of industries. Today, more than 1,700 manufacturers, retailers, and service companies rely on NPD to help them drive critical business decisions at the global, national, and local market levels. NPD helps clients to identify new business opportunities and guide product development, marketing, sales, merchandising, and other functions. Information is available for the following industry sectors: automotive, beauty, commercial technology, consumer technology, entertainment, fashion, food and beverage, foodservice, home, office supplies, sports, toys, and wireless. For more information, please visit: www.npd.com.

Did you know ?

Canada has the third largest video game development industry in the world after the US and Japan - or the biggest per capita based on the number of employees.



329

There are currently **329** video game companies operating in Canada.



16,500

The Canadian video game industry employs the equivalent of over 16,500 full time employees.



↑ **5%**

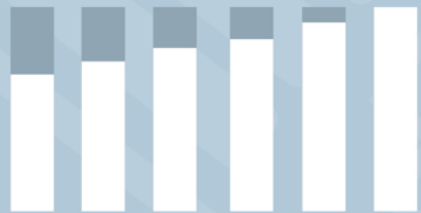
That's up 5% from 2011.

\$2.3 billion

The video game industry contributes over \$2.3 billion to Canada's GDP.



40% of companies predict over 25% projected growth over the next two years.



↑ **25% Growth**



Why is Canada's video game industry successful?

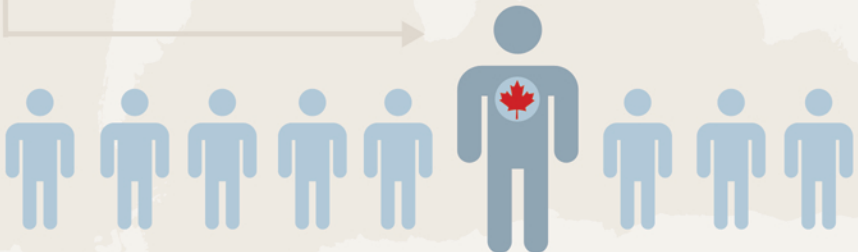
Homegrown talent

The Canadian video game industry is responsible for creating some of the most recognizable games and major game franchises in the world. Some of the biggest companies in the world have studios in Canada with many other thriving video game studios also calling Canada home.



Canada is known internationally for its strong base of diverse, creative and well-trained talent

Canadian educational programs, particularly at the college and university levels, produce some excellent graduates. However, as our industry grows, we face an increasing shortage of experienced talent across all job categories. Deepening the pool of domestic talent and having timely access to the best international talent are both critical solutions to ensure the video game industry can continue to succeed.



Government policies at both the federal and provincial levels

Canada offers generally competitive corporate tax rates, and many provinces have introduced refundable tax credits for production of interactive digital media to encourage growth of the sector. Scientific Research and Experimental Development (SR&ED) tax credits also play a critical role in fostering technology-based innovation and advancements in the video game industry. Federal and provincial funding programs for digital media offer support for projects that might not otherwise obtain funding.

Canadian video game companies by size



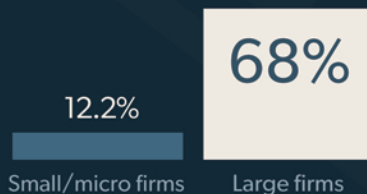
88%

88% of firms are small (5-99) or micro (0-4)

12%

12% of firms are large (100+)

Employment by size of companies





Industry structure by platform

The Canadian industry is increasingly focusing on the emerging mobile market, with 84% of companies developing games for smart phones and tablets. Development for dedicated game consoles remains strong, with approximately 48% of developers currently working on titles for current and next-gen consoles.

While the number of completed projects is predominantly for mobile and casual markets, the lion's share of overall resources are still dedicated to console games by a small amount of companies.



PLATFORM



Average project budget



Average project team size



Average number of days

Console

\$8,728,125

65

583

PC/Mac

\$995,675

10

268

MMO

\$834,000

9

259

Web

\$651,625

7

172

Mobile

\$303,500

7

156

Social Network

\$295,000

5

69

Kiosk and Standalone

\$ 30,000

5

65

Quebec's Video Game Industry

Total employees

 **8750**

Estimate Spending in Quebec

\$741m

Total Number of Companies

 **97**

- Quebec is home to a robust and well-established video game industry thanks to a long-standing tax credit established in 1996.
- The province is home to some of the largest studios in the world.
- The province is also home to a many small developers, with micro studios accounting for almost 60% of all enterprises.
- The Quebec region is primed for growth: fully two thirds expected to grow by 10% or more in the coming two year period.

BC's Video Game Industry

Total employees

 **5150**

Estimate Spending in BC

\$548m

Total Number of Companies

 **67**

- British Columbia is one of the oldest video game clusters in North America and home to major players in the video game industry. In addition to established companies, many start-ups capitalize on expertise and talent in this sector.
- In 2012, the video game industry in BC was responsible for \$568 million in gross expenditure, resulting in direct employment of 5142 FTEs.

Ontario's Video Game Industry

Total employees

 **1850**

Estimate Spending in Ontario

\$134m

Total Number of Companies

 **96**

- Ontario's industry is mainly composed of small and micro-sized firms.
- The introduction of provincial tax credits is attracting larger studios; a few medium and large studios now call Ontario home.
- Almost two thirds (65%) of Ontario-based companies say they've been in business for more than seven years.
- More rapidly than in Quebec, increasing shares of total industry resources in Ontario are going to games on mobile, social, and casual platforms.

329

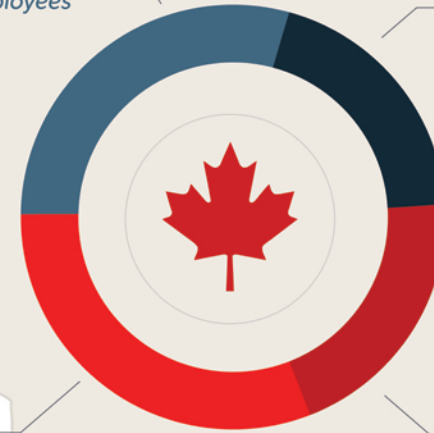
There are currently **329** video game companies operating in Canada.

Ontario

1850 *total employees*

BC

5150 *total employees*



Quebec

8750 *total employees*

Other

750 *total employees*

Quebec

97 Companies

Newfoundland

2 Companies

Alberta

20 Companies

Manitoba

20 Companies

PEI

5 Companies

British Columbia

67 Companies

Saskatchewan

1 Company

Nova Scotia

18 Companies

Ontario

96 Companies

New Brunswick

3 Companies

Employment Information

The average age of workers in the video game industry is 31 years old, while the average video game salary in 2012 was roughly \$72,500 per annum, across all job types and levels of seniority.

Average age:

31

years old

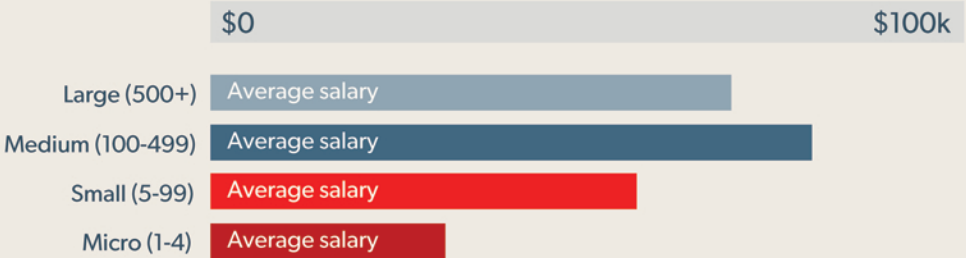
Average salary:

\$72,500

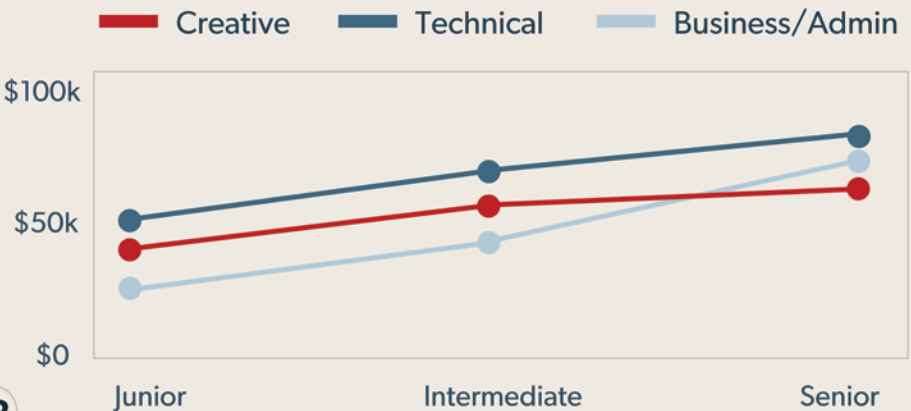
per annum



Overall average salary by size of company



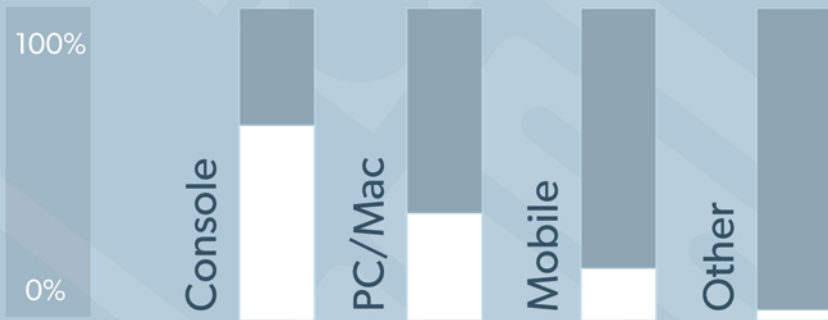
Average salary by type of position and level of seniority



Sales and distribution method of the Canadian video game industry

Video game revenues are representative of the shift happening in the industry. Mobile games represent an increasing share of overall revenues, while digital distribution channels are also more prevalent than before. However, games for consoles and traditional physical retail sales are still predominant.

Video game revenue by platform, 2012



Video game revenue by sales channel, 2012



- Physical retail
- Online sales via a digital store
- Direct-to-customer (digital)
- Other



What are ESRB ratings



The **Entertainment Software Rating Board** (ESRB) is a non-profit, self-regulatory body that assigns computer and video game content ratings. The ESRB ratings are designed to provide consumers, especially parents, with concise, impartial guidance about the age-appropriateness and content of computer and video games so that they can make informed purchasing decisions about the games they deem suitable for their children and families.

87%

87% of parent gamers sometimes or always check the ESRB rating symbol on the game box when purchasing or renting video games for their children.

87%

87% of parent gamers sometimes or always use the content descriptors when purchasing games for their child.

93%

93% of adult gamers agree that the ESRB rating system is very useful to help parents buy and rent age-appropriate games for their children.

ESRB Ratings Assigned 2012



Everyone

45%



Everyone +10

22%



Teen

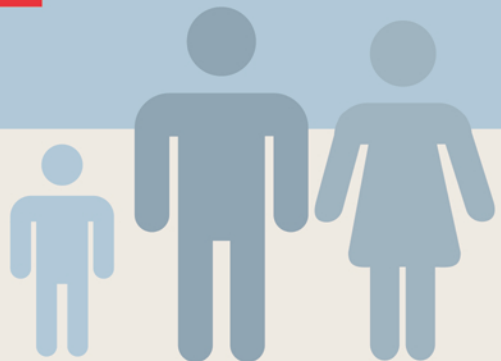
24%



Mature

9%

For more information visit the ESRB website at www.esrb.org




Canadian Gamers





 **58%** of Canadians are gamers.

 **31 years old** – average age of a Canadian gamer.

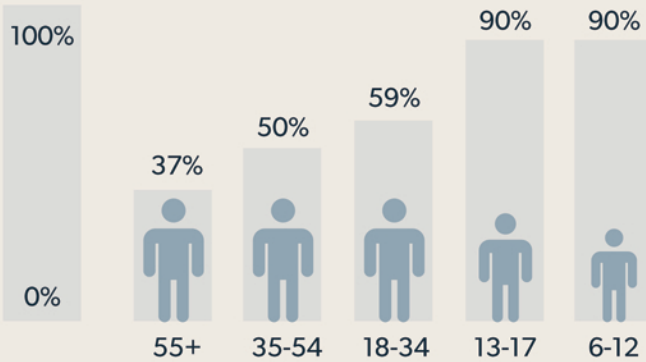
 **46% female**

 **95%** of Canadian households own a computer.

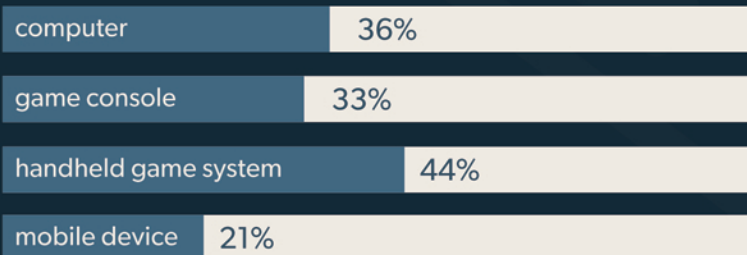
 **54% male**

 **61%** of Canadian households own at least one game console.

Canadians, by age, who have played a video game in the past 4 weeks



On what platform do Canadians play video games most frequently?





Gamer profiles



 **Male**



54%

male gamers

Children (6-12 years)

- + **35%** play most often on a game console
- + **56%** play action and adventure games

Teens (13-17 years)

- + **64%** play most often on game console
- + **53%** play shooter games

Adults (18-34 years)

- + **51%** play most often on game consoles
- + **42%** play role-playing games (RPG)

Adults (35-54)

- + **39%** play most often on a computer
- + **26%** play shooter games

Mature gamers (55+)

- + **68%** of mature gamers play games most often on a computer
- + **41%** play card games



Gamer profiles



Children (6-12 years)

- + 35% play most often on a computer
- + 45% play kid role-playing games



Teens (13-17 years)

- + 42% play most often on cell phone or mobile device
- + 27% play arcade games



Adults (18-34 years)

- + 38% play most often on cell phone, tablet or other mobile device
- + 40% play education games, puzzle or word games and games that challenge mental ability



Adults (35-54)

- + 46% play most often on a computer
- + 56% play educational games, puzzles or word games and games that challenge mental ability



Mature gamers (55+)

- + 68% of mature gamers play games most often on a computer
- + 56% play card games



Female

46%

female gamers



? About ESAC

The Entertainment Software Association of Canada (ESAC) is the voice of the Canadian video game industry, which employs approximately 16,500 people at over 325 companies across the country. By contributing \$2.3 billion to Canada's GDP, and by cultivating workers with a combination of creative, technological and management skills, the video game industry is supporting Canada's position in the changing global economy. This dynamic and growing industry is currently the world's third largest, or first on a per capita basis based on employment levels in other countries. ESAC works on behalf of its members to ensure the legal and regulatory environment is favourable for the long-term development of Canada's video game industry. Association members include:





www.theesa.ca

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