

Report for DM@X 2025

The Digital Media Universe in Canada: Measuring the Revenues, the Audiences, and the Future Prospects

February 2024

Funding for this report was provided by:



All rights reserved. Any opinions, findings, conclusions or recommendations expressed in this publication have been prepared by NGL Nordicity Group Limited (Nordicity), and do not necessarily reflect the views of DGC, SOCAN or DM@X and its sponsors. The Government of Ontario and its agencies are in no way bound by the recommendations contained in this document.

Permission is granted to reproduce all or any part of this publication provided credit is given to DM@X and Nordicity.



Contents

1. Report Mandate
2. Building Competitive Cultural Industries: The Content + Audience Connection
3. Music
4. IDM/Video Games
5. Audiovisual
6. Observations and Concluding Remarks
7. Q & A



Introduction



Report Mandate & Objectives

Mandate

- To gather and present information on key trends in the music, IDM/video games, and audiovisual production industries.
- To analyze the potential impact of these trends on the creative industries in Canada.

Objectives

- To set the stage for a lively DM@X conference.
- To refresh the 2024 DM@X Report.
- To stimulate further discussion on policy, strategy, and economics in other venues.



A Change in Perspective for DM@X 2025

This year's iteration of DM@X presents major trends and supporting data related to the audiovisual, music, and interactive digital media industries aligned with a **broader cross-sector shift that deserves to be explored.**

DM@X 2025 proposes looking at trends in music, AV, and IDM by **focusing on the role of intellectual property (IP) and audience engagement.**

Why this perspective?

Because refocusing the conversation illuminates important shifts and trajectories within and across the digital media industries into 2025 – and well beyond.

There will be exceptions to this perspective, but it nonetheless tells the story of Canada's – and the worlds' – digital media.

**SAME
GREAT DATA,
NEW PERSPECTIVE!**



Building Competitive Cultural Industries: The IP + Audience Connection



Connecting with Audiences – the Digital Shift

Digital technology has affected all aspects of the cultural industries' value chain. The ubiquity of streaming platforms, audience appetite for niche and international content, and increased access to high-end production and promotional tools has impacted how we make, watch and promote content.

This report focuses on the music, video games, and audiovisual (AV) industries although similar dynamics can be observed in book publishing. In each case, content is made, distributed, and promoted using digital technology. And in each case, audience is at the centre of the business model – content creators and platforms all seek to attract and engage audiences.

The digital shift has led to a proliferation of accessible, desired international content. This report explores how understanding the digital content value chain can inform smart investment in audience and IP development to enhance global success for Canadian content creators



Digital disruption in the **music industry** – driven first by Napster, then by the iTunes Store, and finally by streamers like Spotify – has upended how artists reach audiences. The traditional gatekeeping role of major labels and publishers has given way to discovery via algorithmic curation and direct-to-fan engagement, shifting power toward streamers and artists, respectively.



The **video games industry**, while it emerged in the digital space still must contend with gatekeeping platforms. The audience challenge is to strive for prominence in digital storefronts (ex. Steam), and platform-based games (ex. Roblox, Fortnite), cross-platform titles and subscription-based services (ex. Xbox Game Pass) – de-siloing and expanding the potential scope of players; while creating new challenges for targeted player engagement.



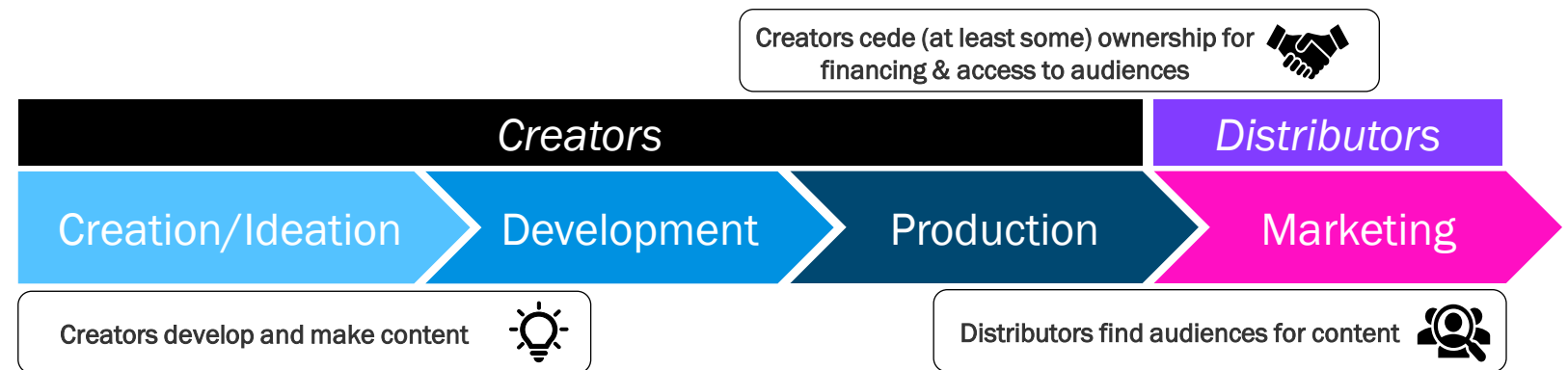
The digital shift in the **AV industry** is a prolonged transition where traditional distribution infrastructure (broadcasters) and digital platforms co-exist, sometimes within the same company and in every case acting as gatekeepers to audience. AV content audiences; however; are fully active in the digital space with a voracious appetite for international content available via streamers (ex. Netflix, Disney+, AppleTV+) and tech companies (ex YouTube).



Cultural Content Value Chain – The Traditional Model

The cultural content value chain is typically understood as a 4-step process. Each step may be termed slightly differently in each of the music, games, and AV industries, but the process and output was essentially understood to follow the same path.

The Content creator forms an idea, theme, image, concept --- some point of origin – into a specific content: a song, a game, a film. That piece of content is sold to an **intermediary that ensures distribution and promotion of the content to audiences**. The content creator relinquishes some, or all, of their ownership rights through the sale.



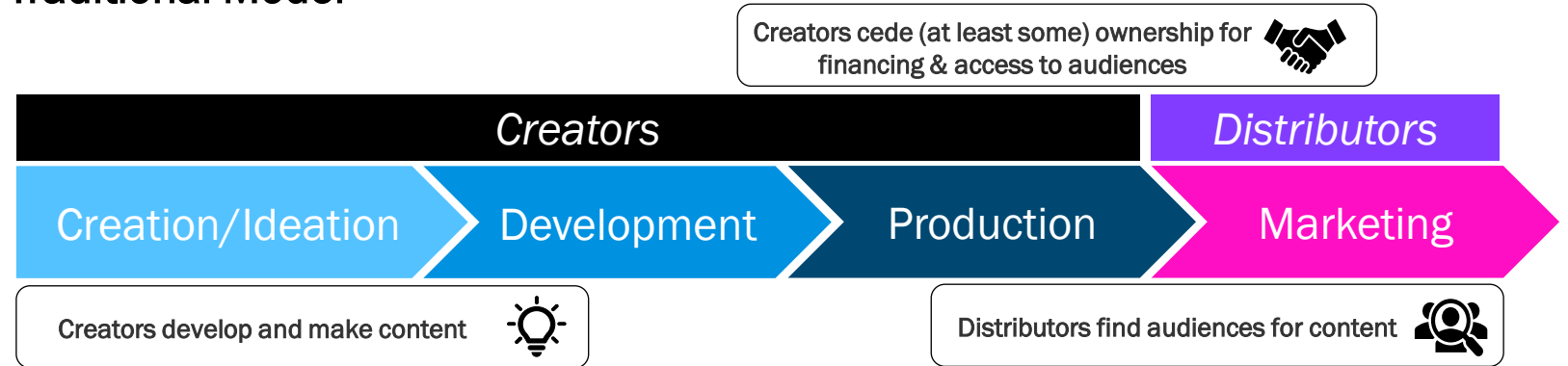
Cultural Content Value Chain Today

The traditional production and content model does not align with audience behaviour and market realities today.

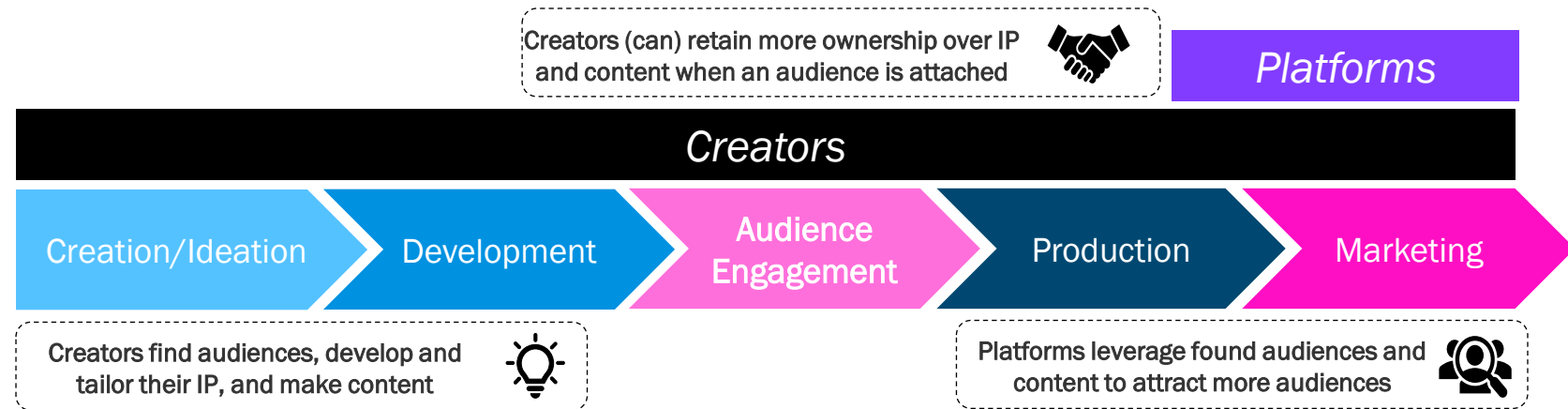
Rethinking **audience engagement throughout the value chain** highlights how audiences actively seek and find meaning from narratives, stories, characters, ideas across all content.

Re-thinking the **point of origin of Intellectual Property (IP) to focus on both audience and content development** can position content creators to retain more ownership over IP when they negotiate with platforms.

Traditional Model



Actual/Current Model



Why it Matters

Understanding IP as a point of origin from which multiple content forms can be made, broadens the scope of opportunity for content creators when IP and audience are developed concurrently. Financing support is still required for production and marketing. Platforms still have obligations and responsibilities relative to the distribution and promotion of content. But refocusing on audience provides creators and public funders with an **approach adapted to the realities of the global digital marketplace.**

Current support systems focus on content production, which stimulates employment but does not maximize the potential for export revenue.

Concurrent IP and audience development prioritizes the long-term value of IP, and the commercial viability of content designed for the global marketplace supporting both employment and export revenue.

Focusing on audience and IP development gives creators the leverage they need to maximize their commercial potential and build long-term enterprise value.



Changes the conversation between global/domestic platforms and creators



Promotes projects with a (far) greater potential for commercial success



Enables creators to transition/carry-over audiences from project to project



Builds sustainable companies with more long-term company value



Supports broader Canadian cultural and economic objectives



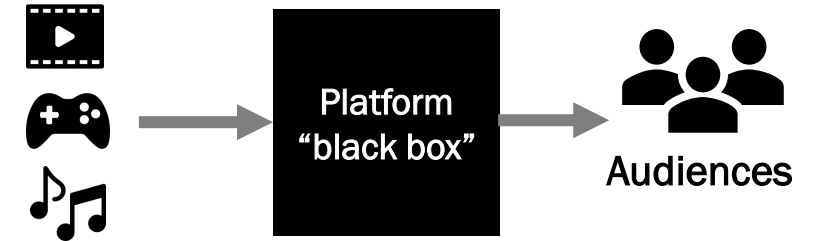
Understanding Discoverability

While prominence and placement can be helpful, discoverability of content is an output of effective, respectful, and authentic audience development; and content creators can strategically develop IP through approaches that facilitate and invite audience engagement.

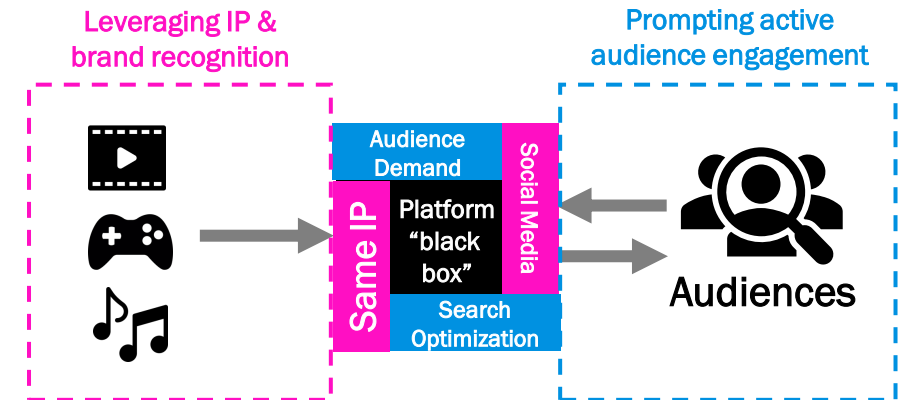
Ultimately, what platform algorithms deem to be of interest to audiences is informed by how audiences engage with content (searches, liking similar content, sharing content with others, etc.).

Audience interest drives content prominence on platforms. The opportunity for creators is to strategically maximize the visibility and algorithmic inclusion of their content across platforms by engaging audience, cultivating demand, ensuring a strong online presence, and by leveraging existing relationships with other content and IP.

Discoverability as a function of platform prominence



Discoverability as a function of audience engagement



Music

Where the IP + Audience connection began

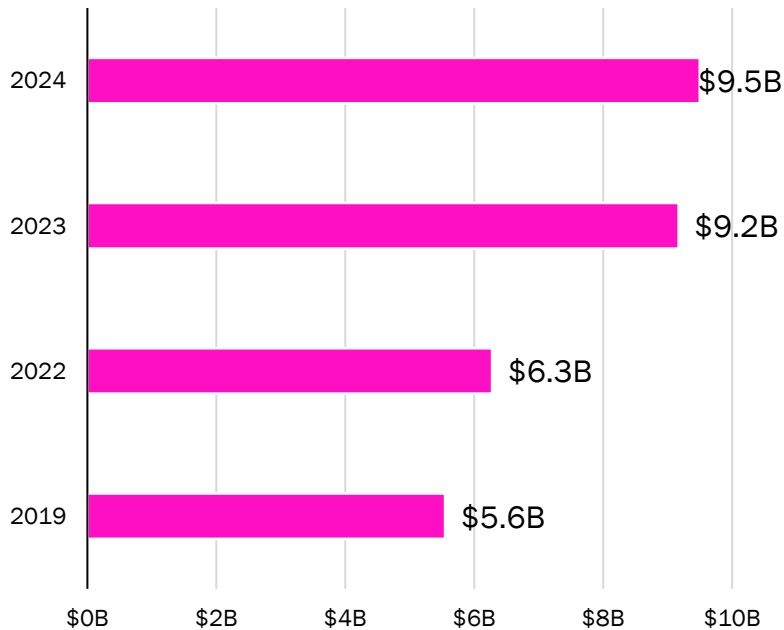


Snapshot of the Global Music Industry

\$33.1B
Global Live Music Revenue (2023)

\$19.2B
Global Music Streaming Revenue (2023)

Worldwide Top 100 Tours Total Gross Revenues (\$USD)



Streaming is dominated by a few platforms, mostly owned by tech giants, with curated playlists and algorithms seen to favour major artists. The **top 1% of artists capture 90% of streams**, leaving little for the rest.



With the proliferation of digital distribution and inexpensive at-home production tools, **the music market has become increasingly crowded**. In 2019, ~40,000 new songs were added to Spotify every day; that number rose to ~60,000 new songs per day in 2021 and ~120,000 new songs per day in 2023.



Live music revenue is **concentrated in large-scale tours**, while smaller shows and **mid-sized venues struggle with rising costs**, limiting opportunities for emerging artists to engage with increasingly larger audiences and refine their offering.



Live shows, even in small venues, and social media platforms like TikTok and YouTube provide opportunities for artists to connect directly with audiences to test new ideas and build a grassroots following. **Developing audience demand increases the potential to access larger venues and increased presence on streaming platforms.**

Sources: [Rolling Stone](#); [IFPI Music Industry Report \(2024\)](#); [Pollstar](#); [Variety](#); [Music Business Worldwide](#).



Snapshot of the Global Recorded Music Industry

% change from 2022 to 2023

+10.4%
Streaming

+13.4%
Physical

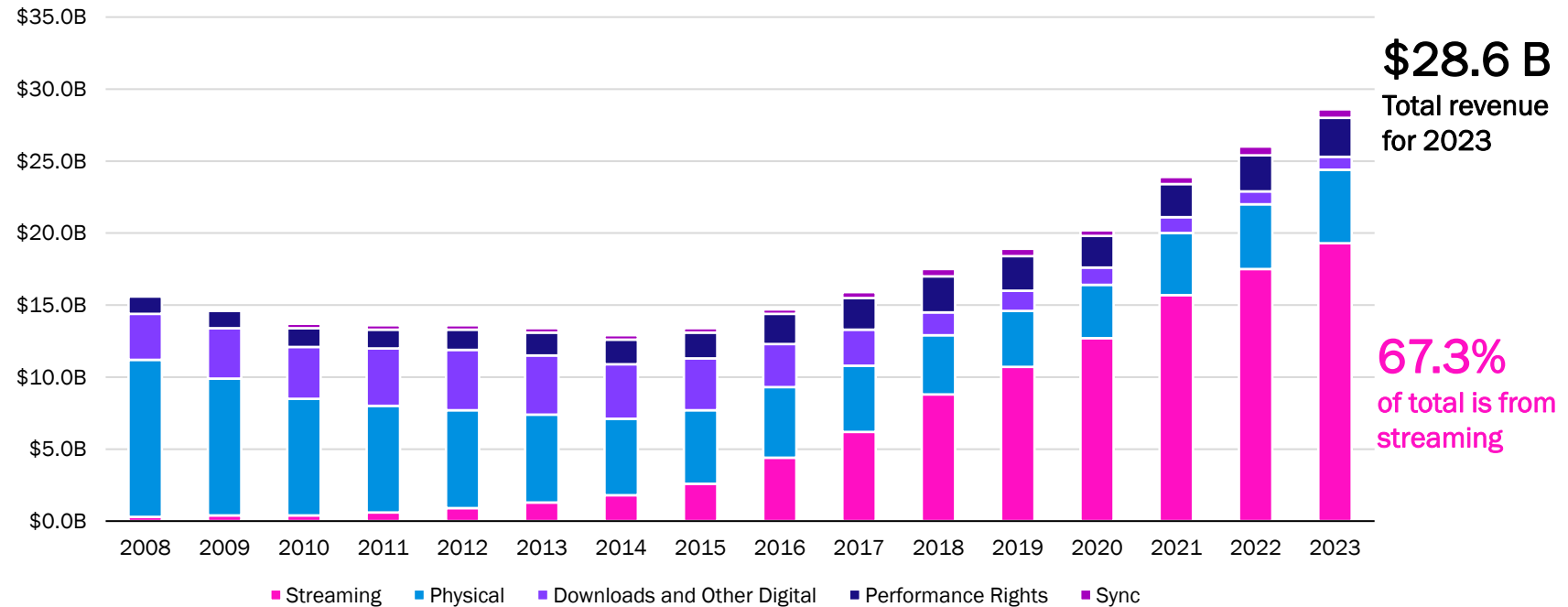
-2.6%
Digital Downloads

+9.5%
Performance Rights

+4.7%
Sync

+10.2%
Overall Revenue Growth

Global Recorded Music Industry Revenue (\$USD)



Source: IFPI, Global Music Report (2024)

Key Trends

- **Streaming continues to dominate** revenue generation – reflecting the same market trend as in AV and IDM sectors.
- **Subscription streaming** is growing as a proportion of overall streaming (vs. ad-supported streaming).
- Nearly all formats recorded increased revenue; performance rights, physical and subscription streaming **grew faster in 2023 than 2022**.
- Somewhat surprisingly, **physical media** is outpacing all other formats.



Snapshot of the Canadian Music Industry



Canada is the **third largest music exporter** in the world, after the US and UK. Canada is the **eight largest recorded music market** in the world and among the fastest growing (12.2% in 2023), outpacing global revenue growth (10.2% in 2023).



As a result of the *Online Streaming Act* bringing streamers into the Canadian broadcasting system, the Canadian Radio-Television and Telecommunications Commission (CRTC) requires streamers to contribute 5% of annual gross Canadian audio revenues to Canadian music industry funds (e.g., FACTOR/Musicaction, Canadian Starmaker Fund, Community Radio Fund, Indigenous Music Office, etc.). 5% of the estimated \$948.6M (CAD) in Canadian audio revenues of streamers is ~\$47M, which is **a meaningful but not industry-altering sum of money**.



A new study published by the Canadian Live Music Association states that **live music** in Canada generates an estimated **\$10.9B in annual GDP impact, 101,640 jobs, and \$3.73B in tax revenues**.

Playing live shows remains a critical avenue for artists to develop and cultivate an audience (and thus build IP value).



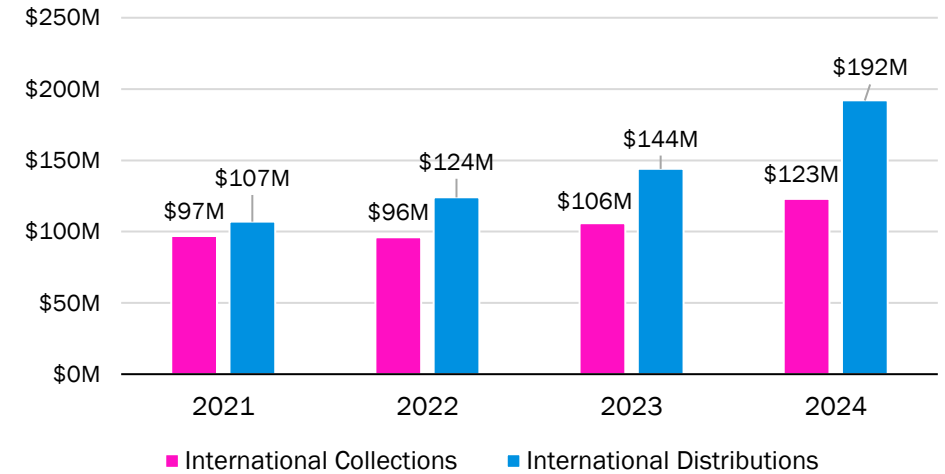
State of Music Rights in Canada

\$67.14
Average digital streaming royalties earned by writers (2021)

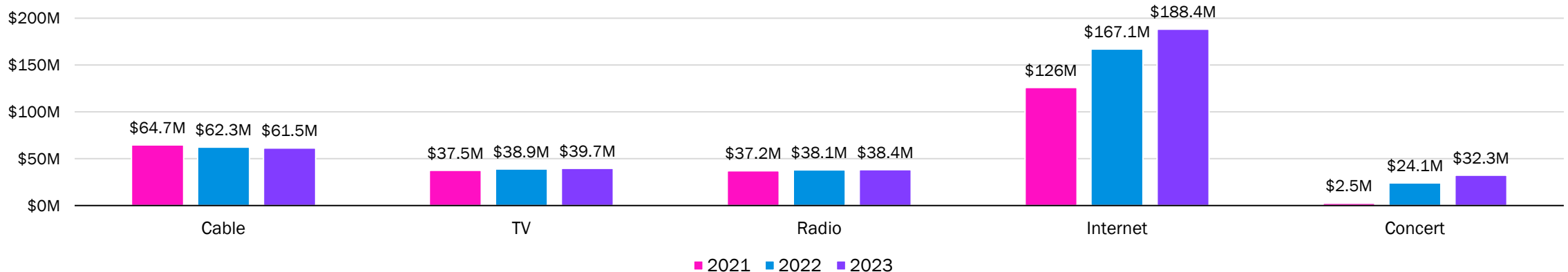
International distributions outpace collections, but both segments are growing year over year, supporting the notion of an increasingly global music industry.

Performing rights revenue generally tracks with global revenue; internet (streaming) and concerts continue to grow, while changes in other mediums are more modest.

International Collections Vs. Distributions



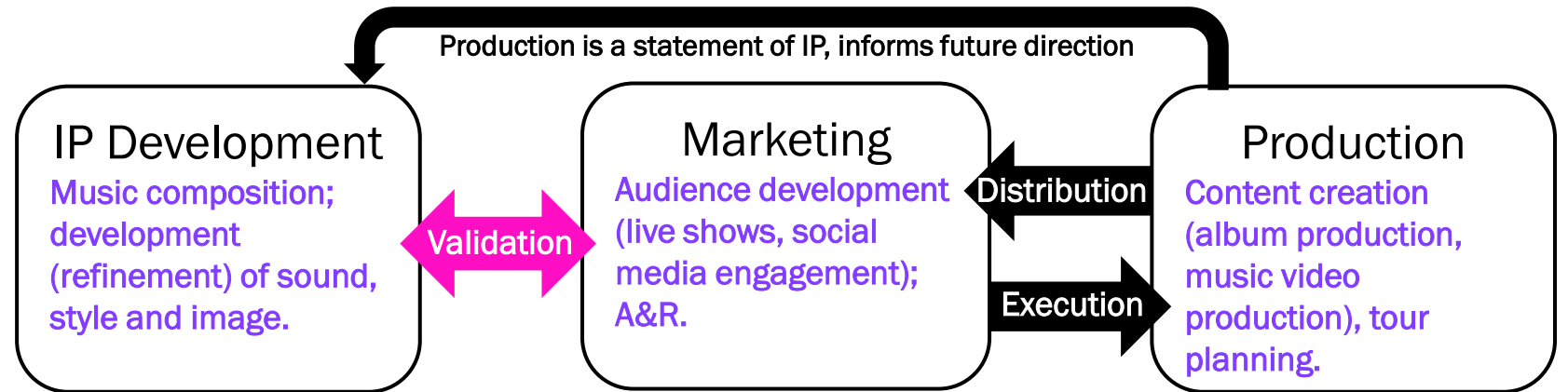
Domestic Performing Rights Revenues



Music, IP, & Audience – The New Model

Instead of taking finished, highly produced content to market to find an audience, the new model starts with audience development, treating **the artist as the core IP**. Artists follow an **iterative process** to develop and refine their sound, style and image, leveraging live shows and social media to validate their offering, and cultivate a loyal fanbase. **Claim to an existing audience is the artist's strongest currency** in the new music market.

Live performance and streaming create a **virtuous cycle**: playing live shows increases streaming volume, and higher streaming numbers lead to stronger ticket sales.



Booking agents and venue operators are increasingly seek artists with **more than just sales/streams**; looking for evidence of an **engaged local audience**. Not all streams are created equal (e.g., many come from curated playlists, autoplay, etc.).



Learning From The Stars – Building Audiences



“In the future, artists will get record deals because they have fans – not the other way around.” – Taylor Swift, 2014

“When did it become not enough to be just a musician? I think it was when Rihanna sold her first billion with the makeup... or when Ryan Reynolds became our cell phone provider.” – Charlie Puth, 2024



- Practiced digital communicator – started on **Myspace** in 2005.
 - Has developed **closeness with fans**: active presence on #SwiftTok, exclusive content for fans, promoting community-building via “friendship bracelets.”
 - **Consistent brand narrative**: each album is a chapter of her personal story, drawing fans into the story.
 - **Easter eggs, clues, hidden messages** in her content with online culture encouraging fans to decode them.
 - **Re-release of “Taylor’s Version” catalogue albums**: driving a narrative to reframe a business problem into a commercial opportunity.
 - **Pulled music from Spotify** (2014) and criticized their payout model in Wall Street Journal; argued artists drive attention, not platforms.
- Prior to fame, ran **YouTube channel *Charlies Vlogs***, making comedy videos and acoustic covers.
 - After years as a ghost writer, experienced **surprise fame** as co-writer/singer of Wiz Khalifa’s hit single “See You Again,” and successfully leveraged that moment into a **sustained solo artist career**.
 - Uses **TikTok to bring fans into the music creation process** – most notably with his song “Light Switch” using sound samples from around his room.
 - Has embraced online **music educator role** for his fans (and built a 9-hour pop production masterclass).
 - Incorporates song construction and career narrative into **live shows**.
 - Launched **reality-comedy series *The Charlie Puth Show*** on Roku.



Music, IP, & Audience – the Opportunity

Streaming and Live Music as Growth Leaders:

Streaming drives 67.3% of global music revenue, but the top 1% of artists dominate streaming. Similarly, live music growth is concentrated in large-scale tours, while smaller shows and venues face challenges

The New Model: The artist is the source of IP and audience development. Streamers increasingly control audience access, but they do not have fans; **artists have fans.** Global success for Canadian artists is about artists building audiences that find them on streaming platforms, which in turn drives their prominence on the platform.



Export Revenue Focus: Success for Canadian artists and companies lies in export revenue generated by globally successful artists who maintain ownership of their IP and operate through Canadian firms – ensuring incremental value stays in Canada. Major acts create industry jobs, but without Canadian ownership, they fail to add incremental value to the Canadian economy.



Live Music as a Foundation: Live performances are crucial for the development of new artists; live is where artists refine a sound and build a core audience. Local venue ladders and touring opportunities are essential components of this development process.



Social Media for Audience Growth: Platforms like TikTok and YouTube provide artists with powerful tools to connect directly with audiences, test ideas, and grow fanbases before entering streaming platforms.



Funding Considerations: Canadian music industry funding programs is likely to have a stronger impact on global commercial success if they increased focus on market fit and audience potential as key criteria. Funds that prioritize and incentivize audience-building, including through live performance and social media engagement, leads to more incremental IP value.



IDM/Video Games

Content creation that has evolved with and through digital platforms



Global Games Industry Trends

The video game industry is currently undergoing a period of recovery following a market correction from its 2021 peak.

The market correction, accounting for accelerated (but untenable) growth and investment at the height of the pandemic, resulted in headline layoffs, studio closures, and corporate consolidation. The bulk of the impact was felt by AAA studios and multinational companies, who began shedding employees and cancelling projects to make their operations more sustainable.

New reality for the industry? An investment climate that is risk-averse; higher production costs; increased competition for market share; more precarity and uncertainty.

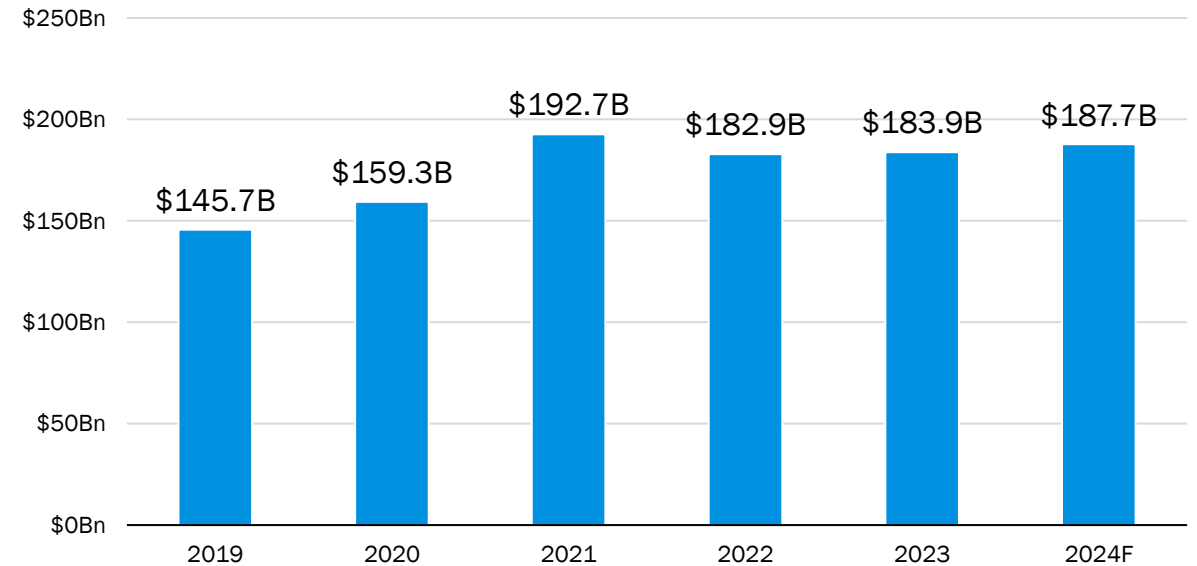
- But more opportunities for strategic, accountable and scaled business operations for both AAA and indie developers.

Highest Per-Company Layoffs, YTD 2024 (By Headcount)

Company	# of Employees Laid Off
Activision Blizzard	2550
Unity Technologies	1800
PlayStation Studios	900
Electronic Arts	670
TakeTwo Interactive	600

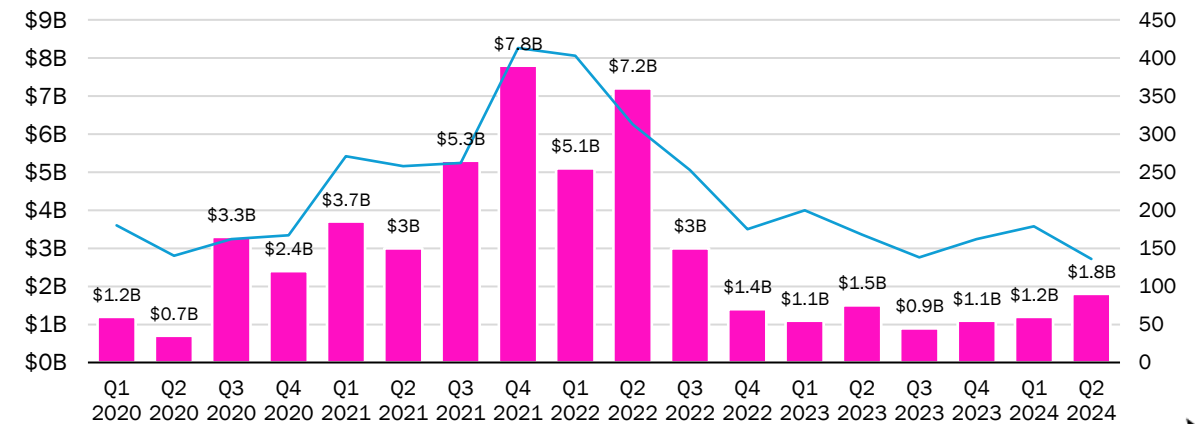
Source: gaminglayoffs.com/Mike Straw (2025)

Global Games Revenue (\$USD)



Source: [Newzoo \(2024\)](#)

VC Gaming Investment Volume (\$USD)



Source: [PitchBook \(2024\)](#)


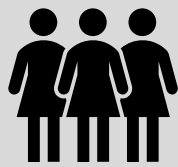
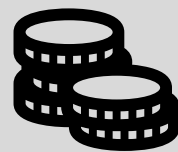
Deal value Deal count



Canadian Games Industry Status

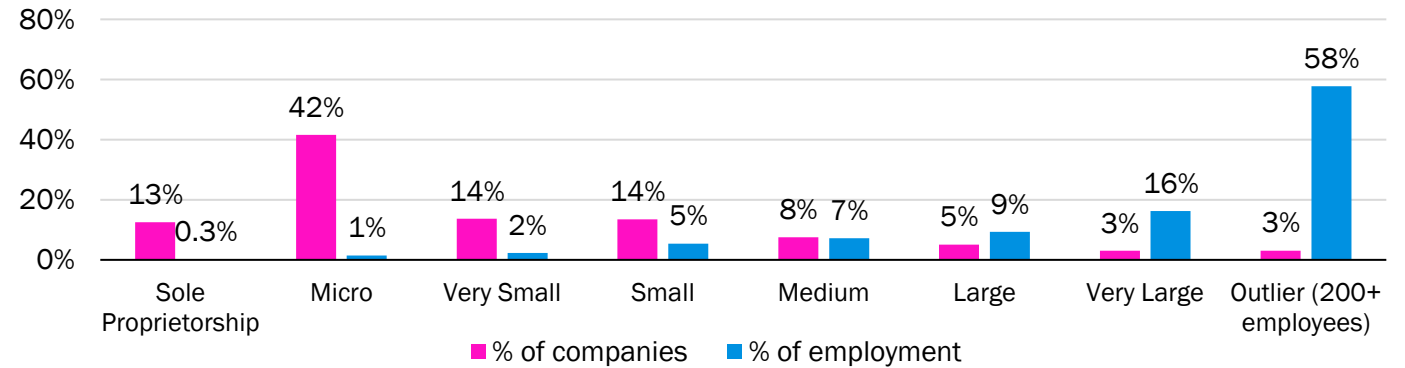
Data from 2023-24 ESAC Canadian Games Industry Profile

By the numbers, the Canadian games industry is still strong despite being affected by global trends.

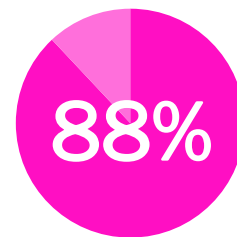
	821 companies	-9.0% Since 2021
	34,010 Direct full-time equivalents	-3.5% Since 2021
	\$5.1 billion Total GDP contribution	+3.0% Since 2021

The Canadian game ecosystem is characterized by the presence of many small companies, but the bulk of employment is attributable to “outlier” companies – namely multinational development studios with subsidiaries in Canada employing 200 or more people.

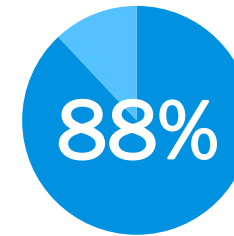
Video Game Company-to-Employment Comparison 2024



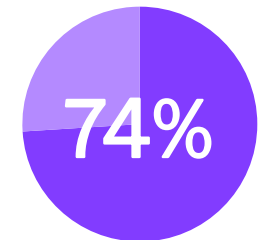
Games industry in Canada is aligned with an increasingly globalized market. Most companies are generating export revenue from the development and exploitation of original IP; but most employees work for foreign-owned companies, so the resulting revenue does not necessarily stay fully domestic with inter-company transfers.



Of companies are developing and commercializing **original IP**



Of employees work for **foreign-owned** game development studios



Of Canadian game industry revenue is derived from **exports**

Characteristically, most Canadian-owned video game studios are small businesses with export-driven revenues from games produced for Steam/PC. While the video game industry in Canada has successfully maintained game-industry employment, the challenge **remains unlocking the full potential of export revenue and capitalizing on shifting value chains.**



Shifting Value Chains

Top New Paid Steam Games, YTD 2024 (By Units Sold)

Ranking by Units Sold	Title	Development Type
1	Black Myth: Wukong	AA-AAA
2	Palworld	Indie
3	Helldivers 2	AA-AAA
4	Chained Together	Indie
5	Path of Exile 2	AA-AAA
6	Liar's Bar	Indie
7	Supermarket Simulator	Indie
8	Enshrouded	Indie
9	Manor Lords	Solo Developer
10	Buckshot Roulette	Solo Developer
11	Warhammer 40,000: Space Marine 2	AA-AAA
12	Balatro 🇨🇦	Solo Developer
13	Dragon's Dogma 2	AA-AAA
14	EA Sports FC 25	AA-AAA
15	Hades II	Indie

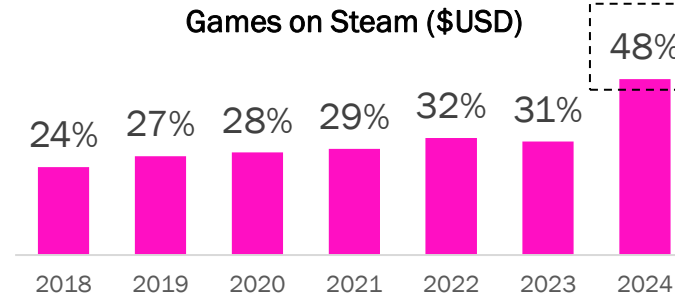
Source: [GameDiscoverCo/Simon Carless](#)

Traditional logic in the video game industry is that major studios make major (sales-chart-topping) games. However, this adage is less the case now as the game development sector adapts to new production practices and shifting consumer preferences. Indie game developers have the tools to build high-quality and innovative games, and players have the appetite for them.

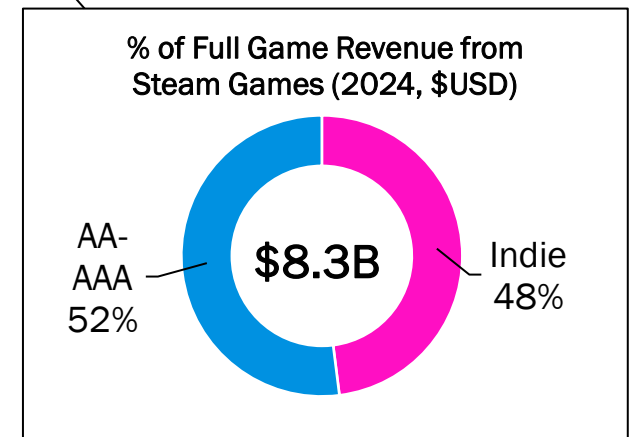
Emergence of chart-topping indies

- Indies and solo-developed games are now competing with AAA offerings from major multinational studios, signaling a new landscape for development wherein the success of a game cannot be guaranteed by large headcounts or high budget productions. Audience engagement and the use of developer-friendly online platforms have enabled indie developers to create games in a more flexible and timely way, which can also capitalize on current player preferences and trends.

% of Full Game Revenue from Indie Games on Steam (\$USD)



% of Full Game Revenue from Steam Games (2024, \$USD)



Source: [VGInsights \(2024\)](#)

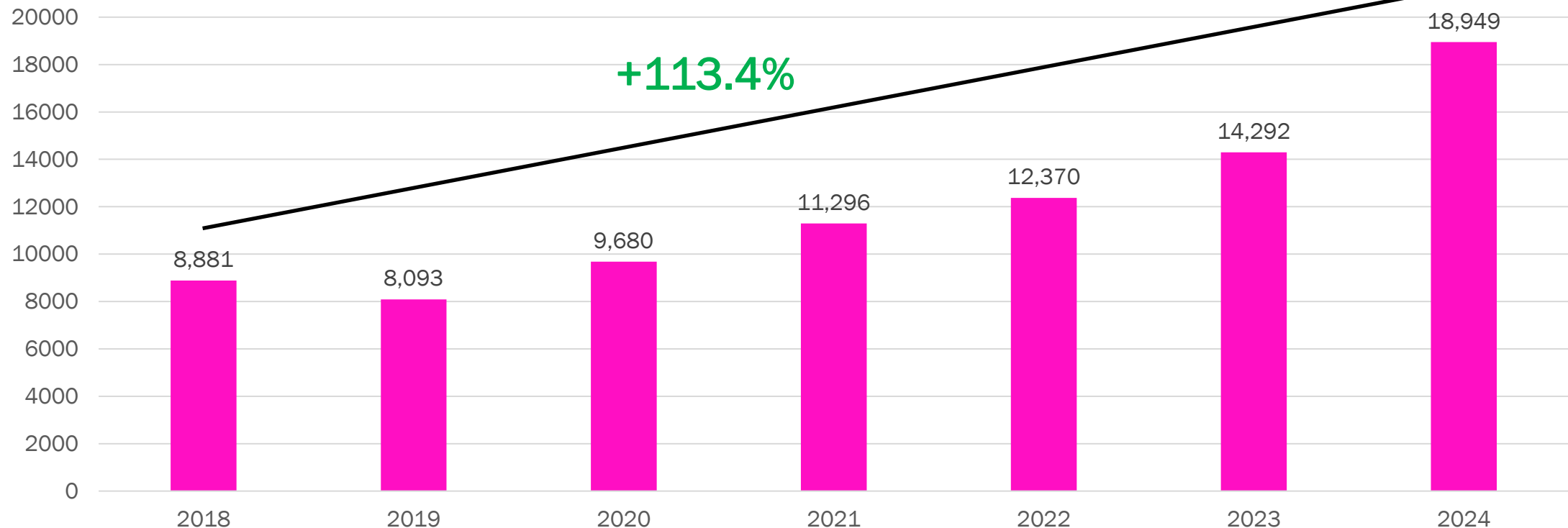
Copyright © 2024



A Global, Crowded Marketplace

While it is easier than ever for small teams to make – and successfully sell – big games, they must distinguish themselves within an increasingly saturated market that is competing for the same player base and funding/investment pool. As such, the way to succeed in this market is to actively cultivate audiences through the game production and distribution process.

Number of Games Released on Steam by Year (Units)

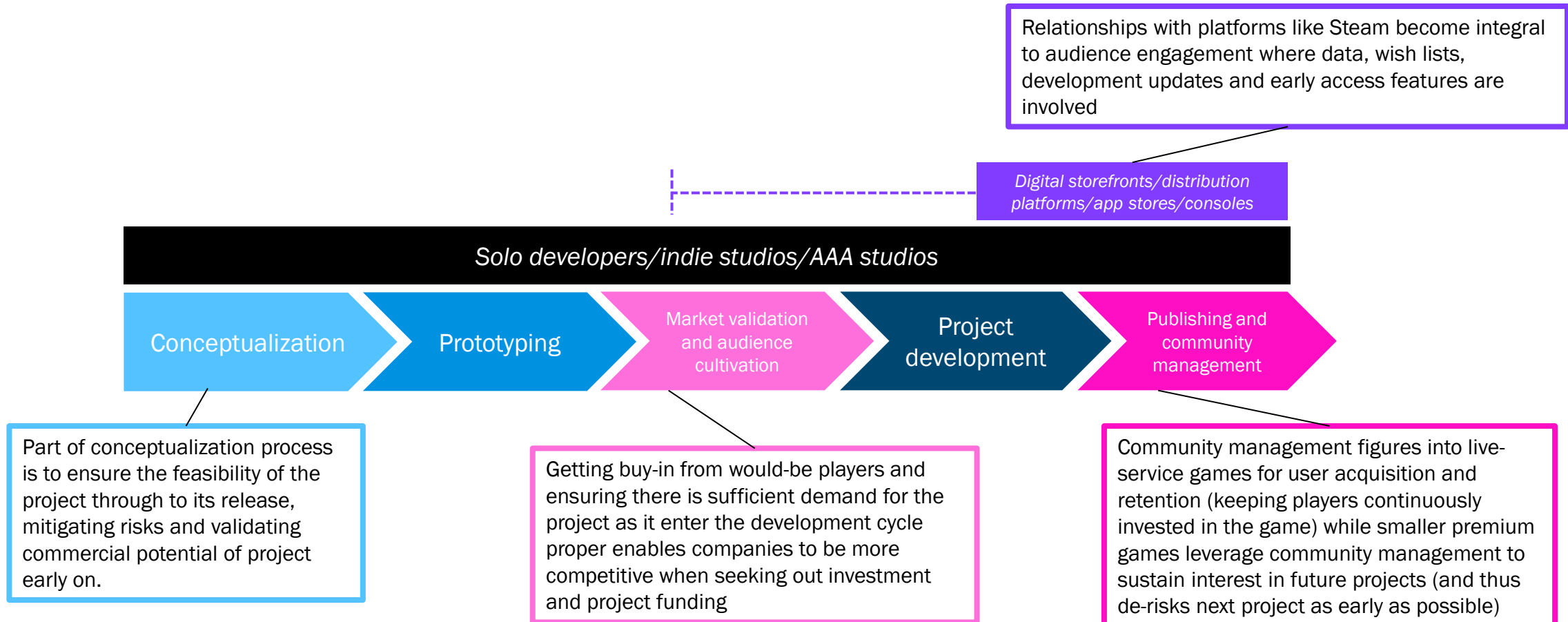


Source: [SteamDB \(2025\)](#)



The Video Game Development Process

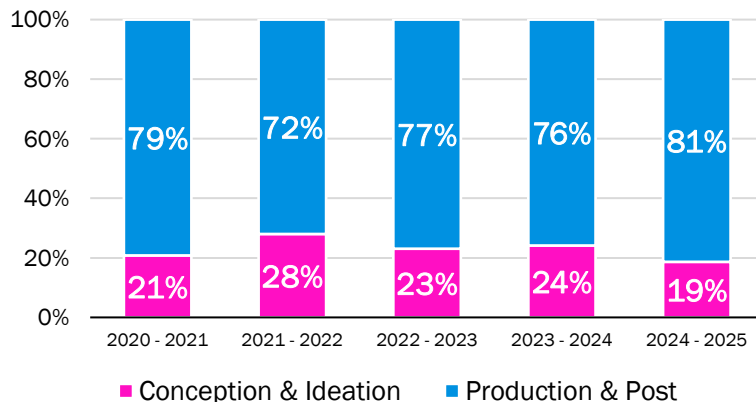
The new model applies to the process of game development. Many traditional marketing and user acquisition strategies that were previously implemented right before the release of a game are now being used as early as a project's conceptualization phase, as to ensure market fit and audience appetite ahead of development.



Funding Audience Development

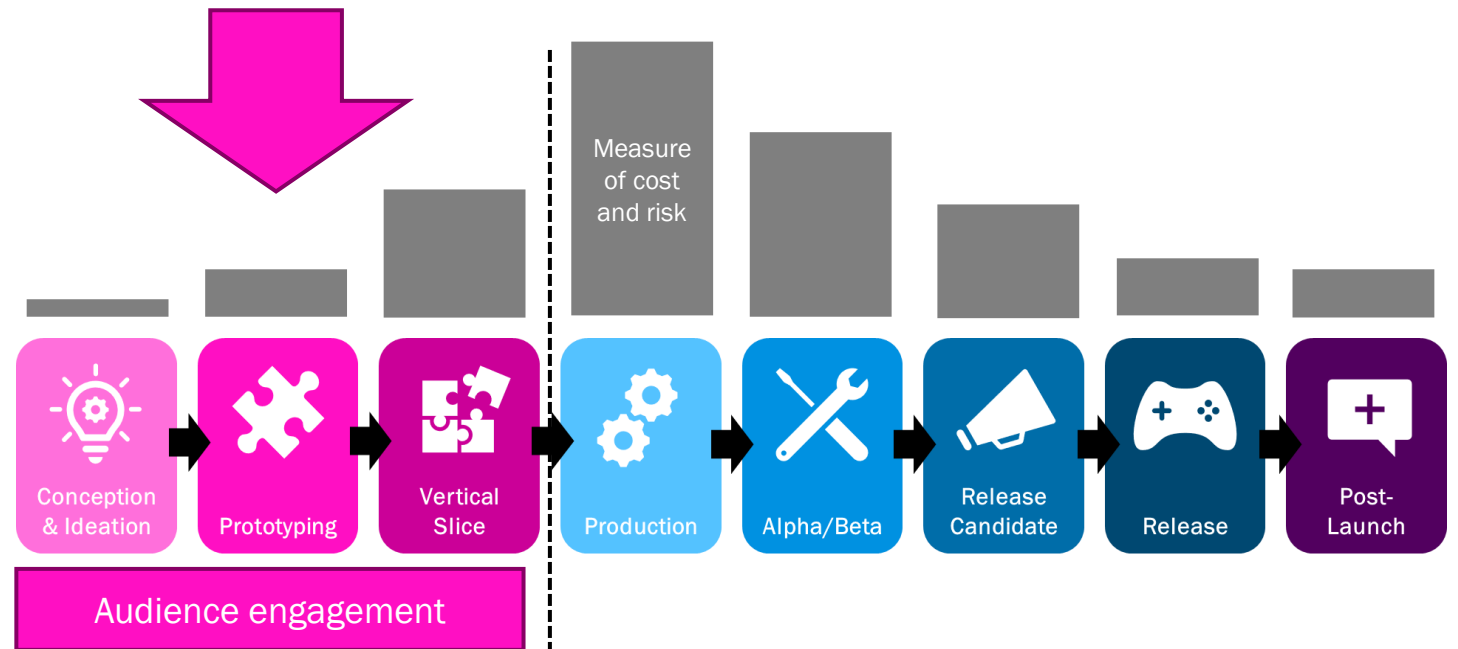
The proportion of CMF funding program allocations for game development and production has not radically changed over the last five years, despite the growing importance of audience engagement and community validation. Earlier development funding may be more suited to mitigating later project risks and maximizing the potential commercial success of funding Canadian video game projects.

CMF Program Funding Allocations by Activity Type (% of Annual Total)



Source: [Canada Media Fund – Funding Results](#)

Independent, Canadian-owned studios are more inclined to produce PC-first games for initial distribution on Steam (namely, because it is the most accessible form of game development and distribution). To mitigate risk and appeal to investors, many studios are turning to **presumptive self-publishing** – ensuring that they have **cultivated audiences** and **validated the game concept** in the ideation, conceptualization and prototyping stage of development.

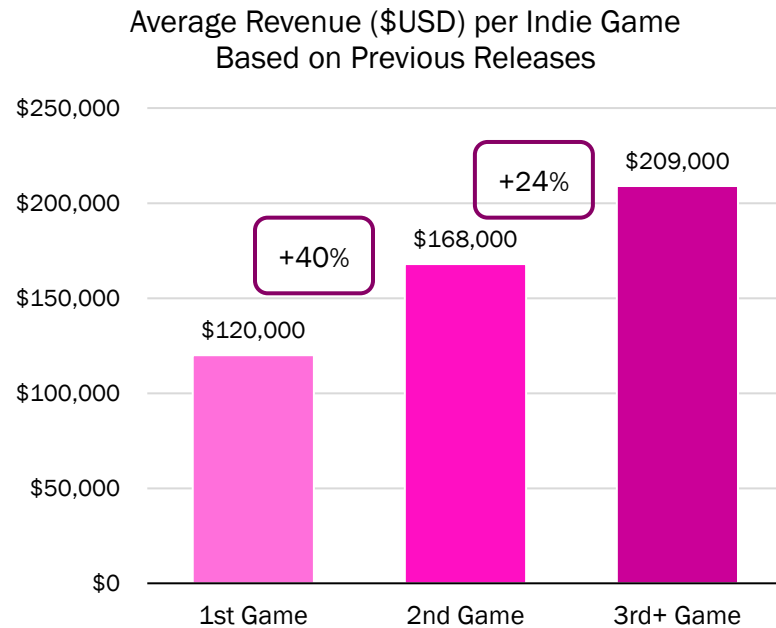


Presumptive self-publishing addresses the measure of cost and risk at the conception and development phase before it becomes too high or too hard to mitigate/recuperate. The process of audience engagement via community validation can help **offset these risks** as early and efficiently as possible, making future titles more investment-worthy and more likely to succeed in the long-term.



Sabotage Studio – A Case Study

Providing support for indies through the prototyping and community validation stage of video game development sets them up for success; with strong (and successful) freshmen projects, companies can leverage their acquired audiences when they get to new projects, with higher potential financial returns from later releases.



Source: [VGInsights \(2024\)](#)



Quebec City-based video game development studio founded in 2016



- Sabotage Studio's 1st project
- *Ninja Gaiden*-inspired retro-platformer
- Received **\$337,000** in CMF funding from 2016-2017 round of Commercial Projects Pilot Program
- Published by Devolver Digital
- Released in August 2018 for **\$26.99**
- Over 2 million players

Sabotage cultivated enough audience engagement and critical acclaim from their 1st project that they opted to self-finance, validate the feasibility of, and self-publish the next title.



- Sabotage Studio's 2nd project
- *Chrono Trigger*-inspired Japanese-style roleplaying game
- Set in the same world/has continuity with *The Messenger*
- Kickstarter crowdfunding campaign with **25,000 backers** for a total of **\$1.6 million** (exceeding original funding goal by 1200%)
- Self-published
- Released in August 2018 for **\$49.99**
- 250,000 copies sold in the first week
- Over 6 million players
- Ongoing DLC and feature updates
- Release of original soundtrack and related merchandise



Audiovisual

Focusing on IP and audience development to strengthen company, and sector, competitiveness



Global Market Dynamics: Streamers

Post Streaming Wars

- The streaming market is dominated by six U.S. companies, that in 2024 accounted for 51% of total global content spend.
- Netflix holds its position as the “streaming wars” winner; it has the highest number of subscribers and is the most profitable.
- Capturing subscribers is no longer the priority as streamers focus on long-term revenue generation. Netflix will stop publishing subscriber data in 2025.
- To augment profitability streamers are likely to rely on similar approaches to those uses by broadcasters in the past: bundling, timed-releases, ad-supported subscription tiers, and live content. Mergers and acquisitions are also potential options.

Streamers are expanding from original film/TV to sports and live events:

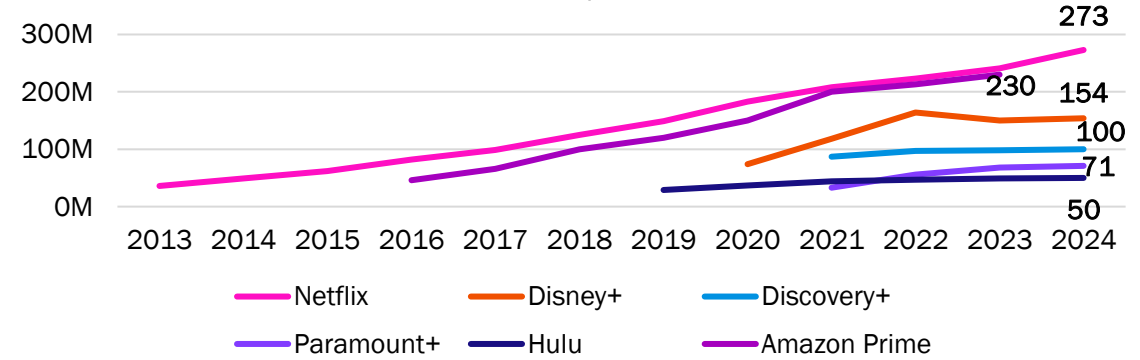
- In 2024, streamers made serious forays into sports offering leagues nine figures for 1-2 games/events.
- These steep investments are worth it for streamers as these sports leagues come with confirmed, dedicated audience resulting in increased subscriptions and ad revenue.
- Netflix added 19 million subscribers during Q4 2024, which can be attributed, in part, to live events (e.g., Jake Paul vs. Mike Tyson fight, two NFL Christmas Day games).

YouTube – Leader in Audience Engagement

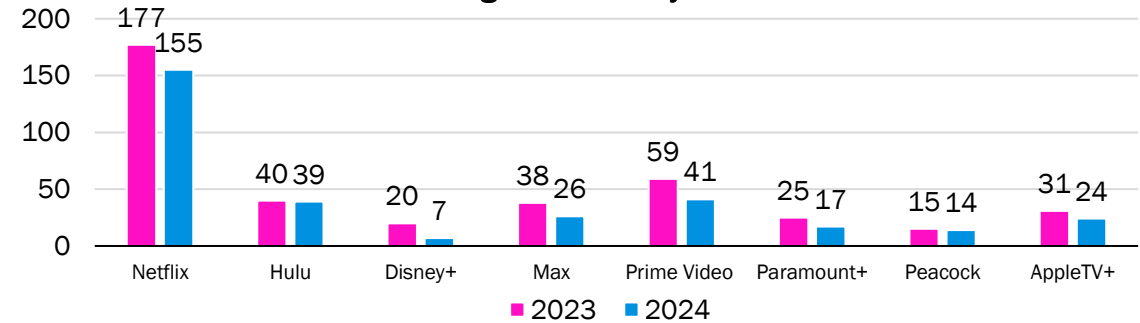
- Although not typically seen as an SVOD service, YouTube is in fact the true victor when it comes to audience engagement and is Netflix’s main threat.
- YouTube makes up 10.4% of all TV viewing in the USA vs. Netflix at 8.4%

Sources: Variety, Nordicity research; Intelligence Platform Analysis, Luminare Film & TV

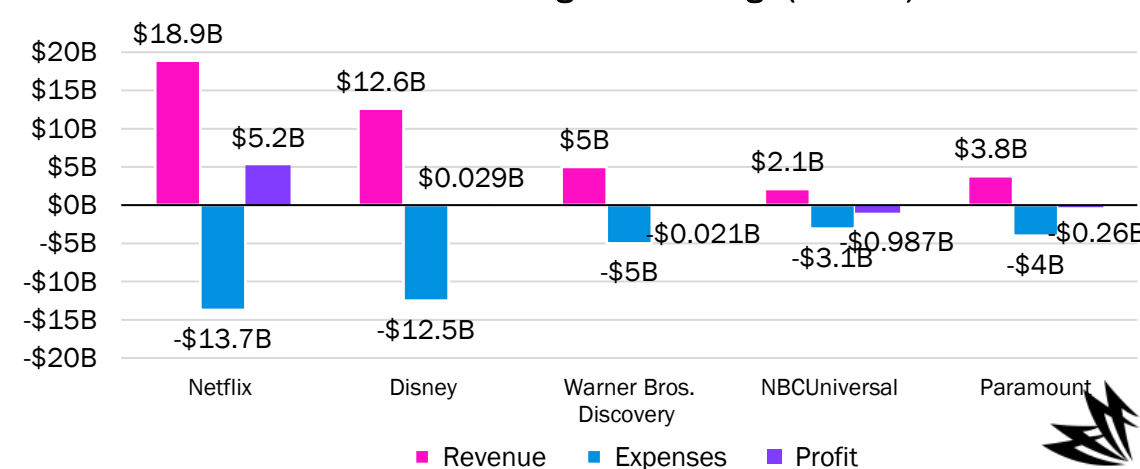
SVOD Subscribers by Service (Millions)



SVOD Original Series by Service



2024 Direct-to-Consumer Segment Earnings (USD \$B)



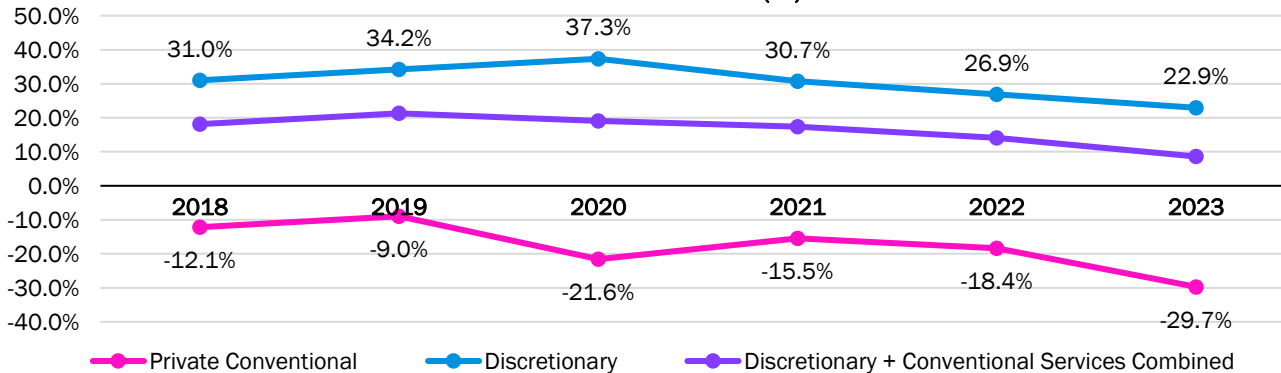
Global Market Dynamics: Canadian Broadcasters

Broadcaster revenues continue to decline, although collectively, Canadian broadcasters remain profitable, just.

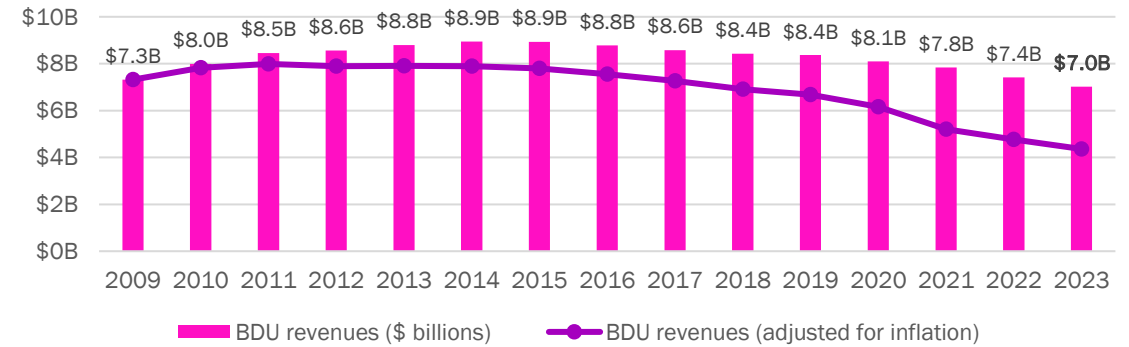
- Revenues dropped by 20% from 2016 to 2023 hitting \$7.0 billion, well below 2009's revenues of \$7.3 billion.
- As the number of Canadian households has increased over time, BDU subscriptions have conversely declined.
- Advertising dollars continue to migrate to online platforms.

Federal Conservative leadership is proposing to “defund” the CBC “to save a billion dollars” if elected in 2025.

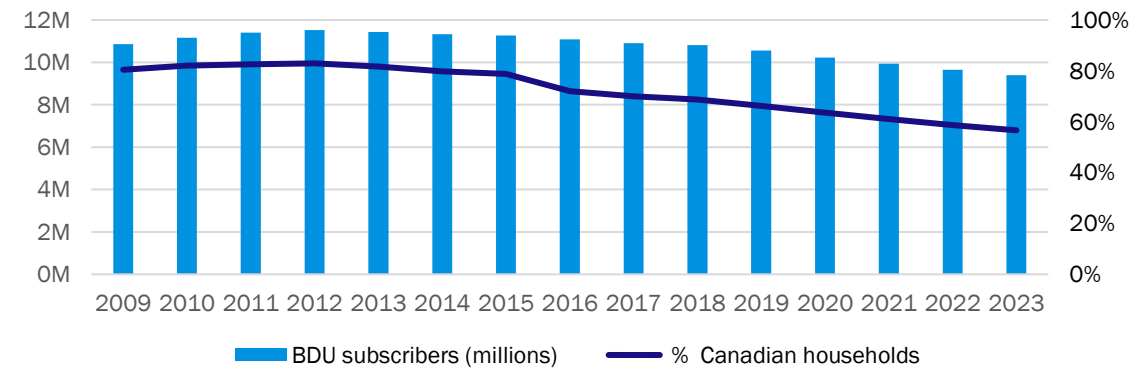
English language large ownership group broadcaster's profit margins before interest and taxes (%)



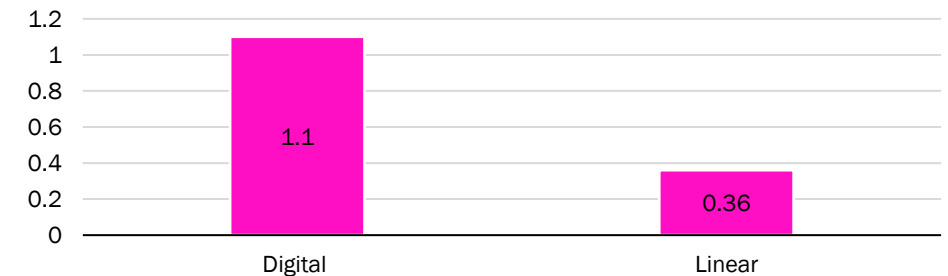
BDU revenue



BDU subscribers



Market Share of Ad Spending (\$ B)



Global Market Dynamics: European Regulations

In Europe, the Audiovisual Media Services Directive (AVMSD) provides policy and direction for governments of the European Union (EU) to regulate broadcast and streaming services. This includes implementation of levies and other contributions to respective domestic AV production.

- **15 EU countries** have introduced financial obligations on media service providers (i.e., broadcasters and streamers). There are two types of financial obligations:
 1. Direct investment in production obligations and/or;
 2. Indirect investment obligations (i.e., contributions to a fund).
- Rates vary from as low as under 0.15% (Germany) to as high as 25% (France), depending on the structure and financial obligation type.
- The AVMSD was revised in 2018, and some countries have already revised and/or refined their approach since initial adoption between 2019 to 2022.
- It is too early to confirm the effectiveness of the AVMSD regulations; however, in France, where financial obligations were first introduced in 2021 ~€1 billion have been invested in the French AV industry (including acquisitions).

Source: Screen Daily, "France's streamer levy has injected €1bn into the industry in three years, says report"



Most countries either allow a choice between direct or indirect investment (e.g., Belgium, Greece, Romania, Spain) or require both (e.g., Croatia, France, Portugal)

Notable Examples:



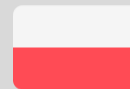
In France 5.15% of streamer net revenues goes to a fund/agency, and 20% of net revenues must be directly spent on production.



Denmark has a unique structure, where services must pay a base levy of 2% of Danish revenue, but if they do not invest more than 5% of local turnover into Danish content, they must pay an additional 3%.

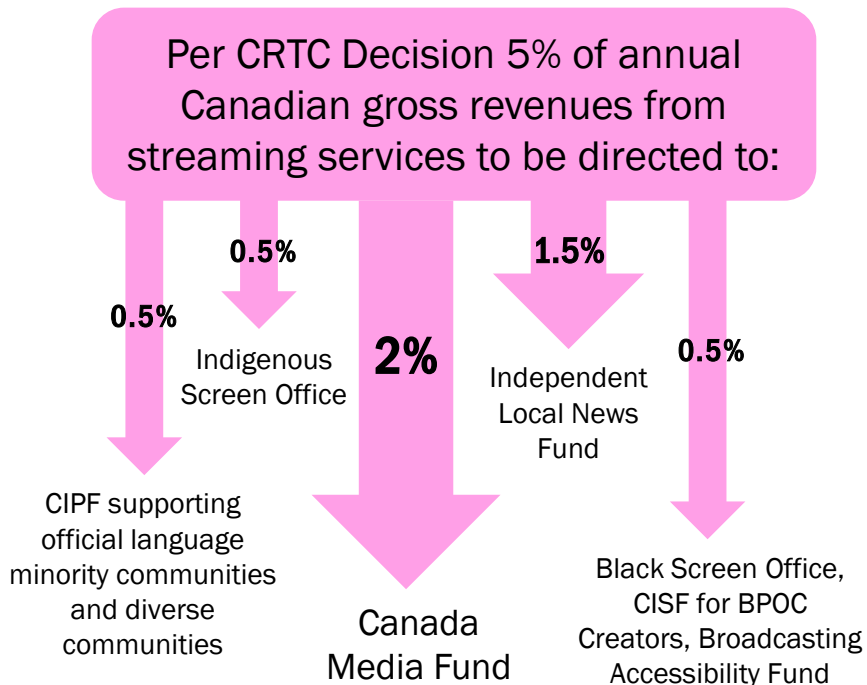


Italy is currently the only country among this group that only imposes a direct obligation (reduced to 16% in 2024 from 20%).



Poland is currently the only country among this group that only imposes a levy (indirect obligation).

Global Market Dynamics: Emerging Canadian Regulations



In June 2024, the Canadian Radio- Television and Telecommunications Commission (CRTC) announced that foreign streaming services earning over \$25 million annually in Canada must contribute 5% of their annual gross Canadian revenue. That total is estimated to represent \$200 million annually in new funding as a base contribution to the Canadian broadcasting system (audio and television combined).

While this monetary injection into the system will help support diverse Canadian content, it will not make the impact that was initially predicted. The “illustrative” estimate in 2018 for streamer contributions was \$830 million.

- Major streamers have protested the CRTC decision and obtained a reprieve on the required 5% contribution, through an accelerated process that will see a court decision in June 2025, before the contributions come due in August 2025.
- Contributions and regulations will continue to evolve as the CRTC works to define “Canadian Content” under Canadian AV industry pressure to apply Canadian Production expenditure (CPE) and programs of national interest (PNI) requirements to both broadcasters and streamers. These requirements would be in addition to the 5% base contribution required of the streamers.
- Could we see a structure similar to that in France where 5.15% of streamer net revenues go to a fund/agency, and 20% of net revenues must be directly spent on production?



Global Market Dynamics: Canadian Content Production

Total production volume **decreased by 18.5%** from 2022/23 (\$11.75 B) to 2023/24 (\$9.58 B).

- FLS production fell by 26.1%, largely in TV series.
- Canadian television production decreased by 12.7%, mostly in the English market, although still slightly above 2018/19 levels.
- Broadcaster in-house production decreased by 3.3%.
- Canadian theatrical production was unchanged.

Overall drop stems from the 2023 Hollywood strikes, lower contributions from Canadian broadcasters, and the end of surplus programming expenditures resulting from the pandemic.

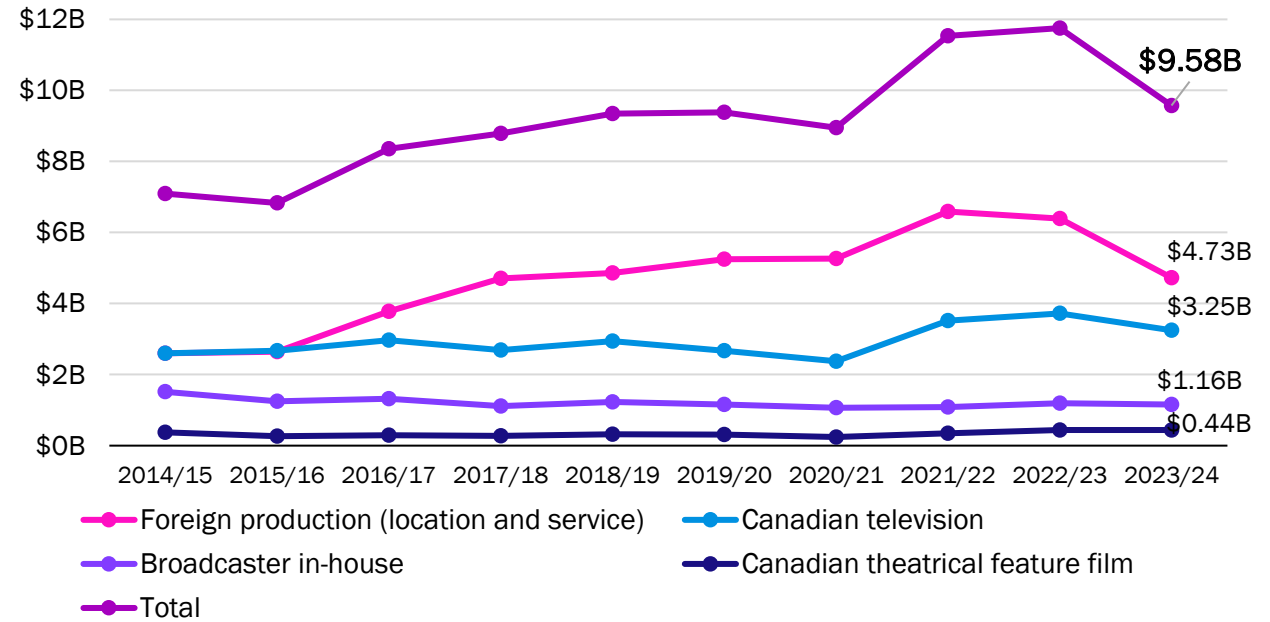
Despite decline, the industry provided **179,130 Canadian jobs** and contributed **\$11 billion to GDP**.

Streamers' shift to profitability over subscriber growth means the high production volumes of recent years are unlikely to return.

While most streaming platforms are not expanding content production internationally, **Netflix and Amazon continue to work overseas because of cost efficiency and their emphasis on local content** (70% of Netflix's subscriber base is outside of North America).

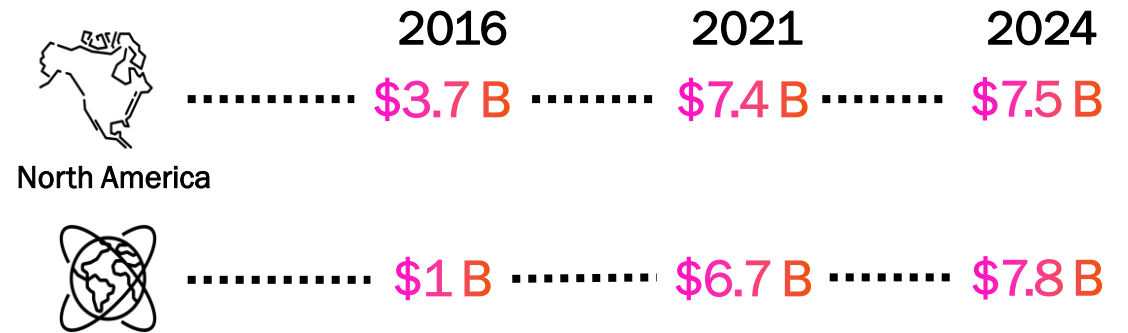
There is opportunity for the independent Canadian AV production industry to enhance its competitiveness and remain active in the global market.

Total Volume of Film and Television Content Production in Canada (\$CAD)



Sources: Profile 2024; Ampere Analysis

Netflix: Content Spend by Region of Production (\$USD)



In 2024, 51% of Netflix's content production budget was spent outside of North America



A Crowded Global Market

The audiovisual content market is extremely saturated. Year after year the record for the number of original content being produced breaks.

- In 2024, \$248 billion dollars was spent on content globally.

Canadian content must compete globally in this crowded environment. Even within Canada, Canadians primarily consume foreign content.

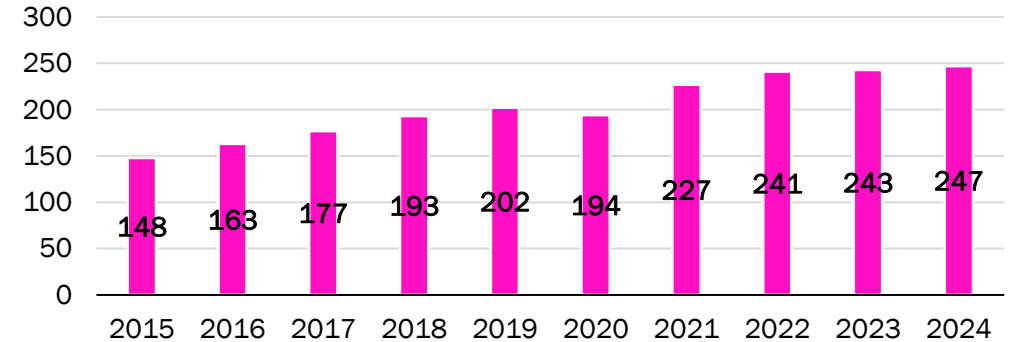
- In 2022-2023 peak hour English viewing was dominated by foreign content, for example, 86% of drama viewing was foreign.

This is not a new phenomenon, Canadian film and television has always had to compete with foreign content, much of it produced in the U.S.

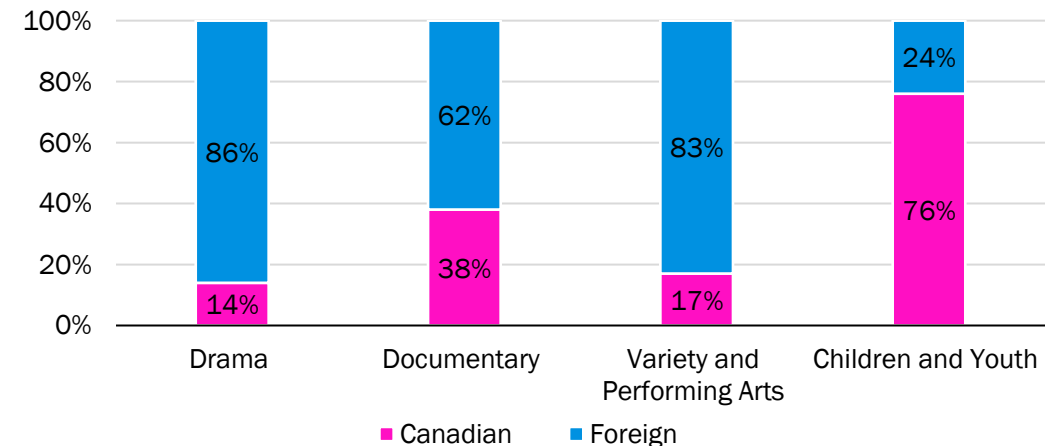
Global streaming platforms have disrupted this pattern by increasing the volume and variety of foreign content available to Canadian audiences. Those same platforms have also brought Canadian content to international markets.

The challenge today, is to enhance the competitiveness of Canadian AV content creators in the global market. **How can the new production value chain inform strategies to enhance that competitiveness?**

Film and Tv Content Spend Worldwid (\$ US B)



2022-2023 Peak Hour English Viewing



Source: Statista; CMF 2023-2024 Annual Report



Building on Success: Applying the new model work to audiovisual production

- There are many examples of Canadian content that embody the sentiment of new model. What can we learn from successful independent Canadian series? How could these series become the rule, rather than the exception?
- Canadian programs like *Kim's Convenience*, *Murdoch Mysteries*, *Sort Of*, and *Heartland* were each developed through different pathways. *Murdoch Mysteries* and *Heartland*, each with 18 seasons were originally book series, one focused on period detective stories and the other on western sagas and horses; *Kim's Convenience* started as a play focused on the immigrant experience and running a store; and *Sort Of* is anchored in a specific human experience. A closer look at the new production value chain informs our understanding of the development of these shows – essentially, how cultivating original IP and leveraging existing audiences, communities of interest, and/or affinity groups can breed success.



Involves either adapting another form of content (books, play, musical, etc.) or developing an original concept rooted in a particular affinity group.

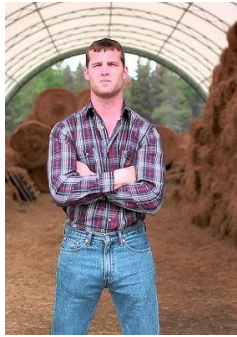
For example: *Heartland* series was adapted from book series rooted in a broad affinity group interested in horses, Westerns, and family sagas.

Initial audience engagement, prior to production, is a result of the existing audience (e.g., fans of the book series, lovers of horse stories) and/or content creator's engagement and relationship with the affinity group.

Original audience and affinity group are leveraged to generate interest in the specific content and to expand potential reach.

Platform prominence reinforces content visibility, but affinity groups and interested audiences will seek out content regardless.

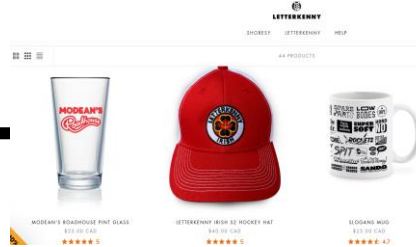
AV Content Developed in the Digital Space: Letterkenny & Shoresy



Short-form web series on YouTube: *Letterkenny Problems* (Original IP).



Commissioned as a series on Crave.

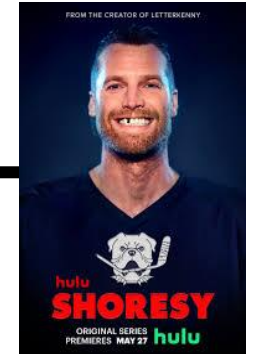


Selling merchandise based on the show: apparel, board games, beer, shot glasses, hockey pucks, etc.



Distributed by Hulu in the U.S.

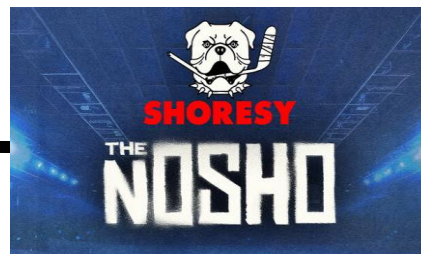
- Used merchandise sales data to justify U.S. audience interest and sell the show after initial rejection.



Shoresy spin-off created based on success.



Successful North American tours: *Letterkenny Live!*, *Letterkenny Presents: A Night of Stand-Up*, *Shoresy Fall Classic*.



Shoresy: The NOSHO video game soon to be released.

- *Letterkenny and Shoresy* is an example of IP and audience development through a digital platform (YouTube).
- Both series are unapologetically and authentically Canadian, taking place in Northern Ontario and using colloquialisms and accents of the area.
- They resonate with global audiences and critics because they are well-written, and capture universal themes related to small town life.
- People around the world can identify with growing up in similar places, with similar characters.

Shifting Investment for Global Success

In the CRTC's What We Heard Report on Defining Canadian Content, content ownership was noted as fundamental to ensure Canadians fully reap the economic benefits of their work; yet, giving up ownership rights to a platform is almost always required to secure content-specific development and production funding. In exchange, Canadian companies leave audience engagement (and measurement) almost entirely in the hands of the platform.

Currently, public funding for the AV sector tends to prioritize production over development and marketing. Considering federal contributions alone, program support is focused on production, and that investment is further compounded by tax credits. While there is no question that production funding is necessary and must be sustained; strategic support for development and marketing could enhance the competitiveness of Canadian companies locally and internationally.

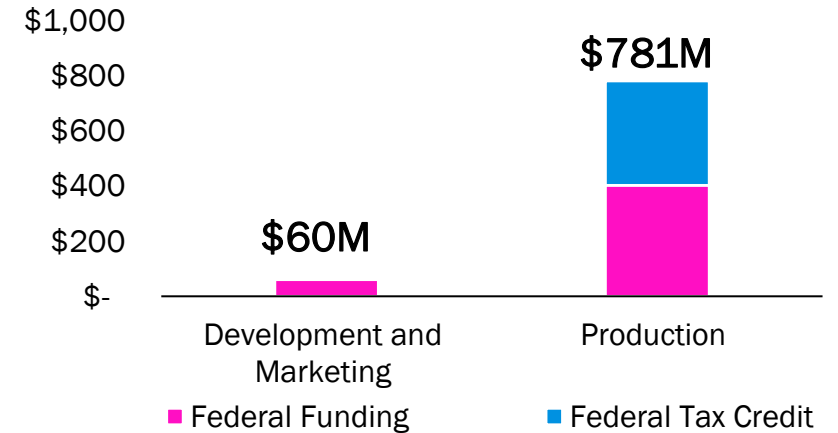
The digital space (social media and video-sharing platforms) offer opportunity for audience engagement and validation through early and lower risk IP iterations (e.g., Letterkenny Problems web series). Various tools and technology including social media can be used to measure and explore audience interest, thematic, esthetic, and content trends.

Original Canadian content by Canadian content creators that have a deeper understanding of the potential of the underlying IP and existing audience engagement is better positioned for global commercial success. This approach is anchored in building audience trust through respectful, authentic storytelling.

Refocusing investment to reflect the new production value chain could result in stronger companies that generate employment and continue to reap longer term export revenue. Investing in IP and audience development is not without risk, investment in this area could help Canadian companies offset that risk and develop the necessary capacity to develop audience and IP concurrently. This represents a significant expansion of competencies beyond current development, production, and marketing approaches that will require capacity building supports.

Strategic investment in IP and audience development including audience research is critical to enhancing opportunity for Canadian content creators to retain ownership and earn export revenue in the global marketplace.

Estimated 2023-2024 Federal Support for Content Production vs. Development and Marketing (\$M)



It is not about making more content, rather it's about making the right content that resonates.



Conclusion



Key Takeaways

- All three cultural industries operate in an increasingly convergent digital universe – and audiences form the key currency in this universe.
- Audiences engage with IP, as the core idea that transcends the specific content form. IP underlines the content, and this content is made available to audiences via a platform. The platform monetizes audience interest by providing access to the content.
- Platforms are, ultimately, looking for content that will attract and retain audiences. As such, content or IP with a confirmed and/or active audience base is more valuable to platforms.
- More than ever before, audiences live in the same space as IP and content creators. Content creators have the opportunity respectfully leverage audience engagement to tell stories that resonate.
- Audiences are sophisticated and discerning -- authentic storytelling built on trust and respect is critical to success. Rethinking investment so that it supports IP and audience development could position Canadian companies for domestic and international success.



Summary Statement

In a phrase, where are we headed in 2025?

DM@X 2016 – “Light grim”

DM@X 2018 – “Scary global”

DM@X 2019 – “Intervention imperative”

DM@X 2020 - “Be bold, adapt or starve?”

DM@X 2022 – “Riding the wave or just hanging on”

DM@X 2023 – “Adapt. Repeat”

DM@X 2024 – “Not much light at the end of the tunnel?”

DM@X 2025 – “IP + audience = better content & stronger Canadian companies”





Nordicity is a leading international consulting firm providing public and private sector clients with social impact, economic analysis, strategy, and policy solutions across the creative and cultural industries.

Presented by:

Kristian Roberts, CEO & Managing Partner

kroberts@nordicity.com

Nicole Matiation, AV Sector Lead

nmatiation@nordicity.com

Research support provided by:

Christiana Puntillo, Senior Consultant (Audiovisual)

Brian Christensen, Senior Analyst (Music)

Charlotte Panneton, Senior Analyst (IDM/Video Games)

