

social dynamics of economic performance  
in a creative industry

motion picture and video production in  
Montreal, Toronto and Vancouver

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ISRN-10, Toronto, May 2010

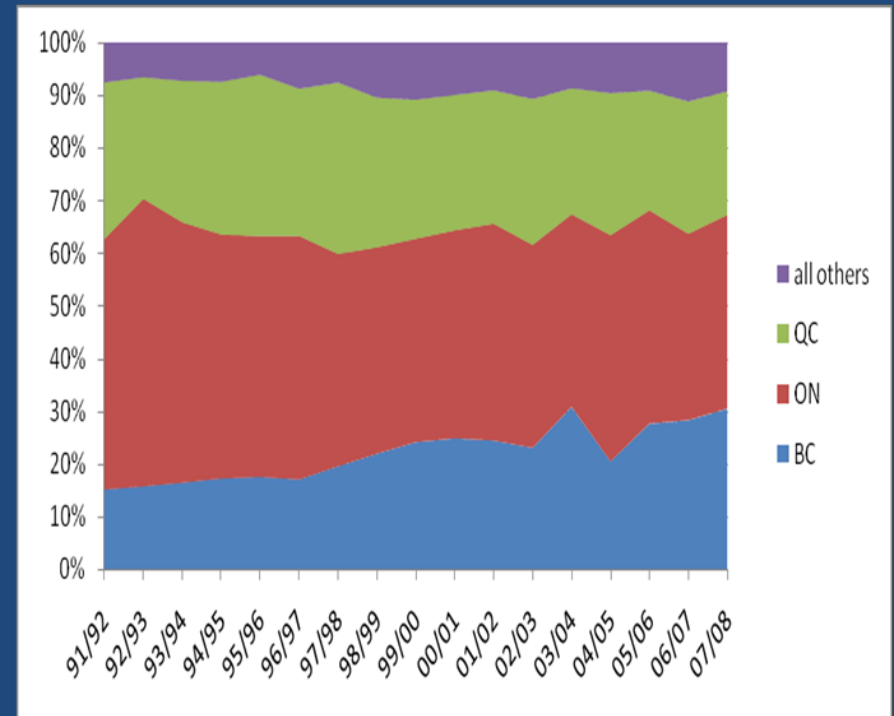
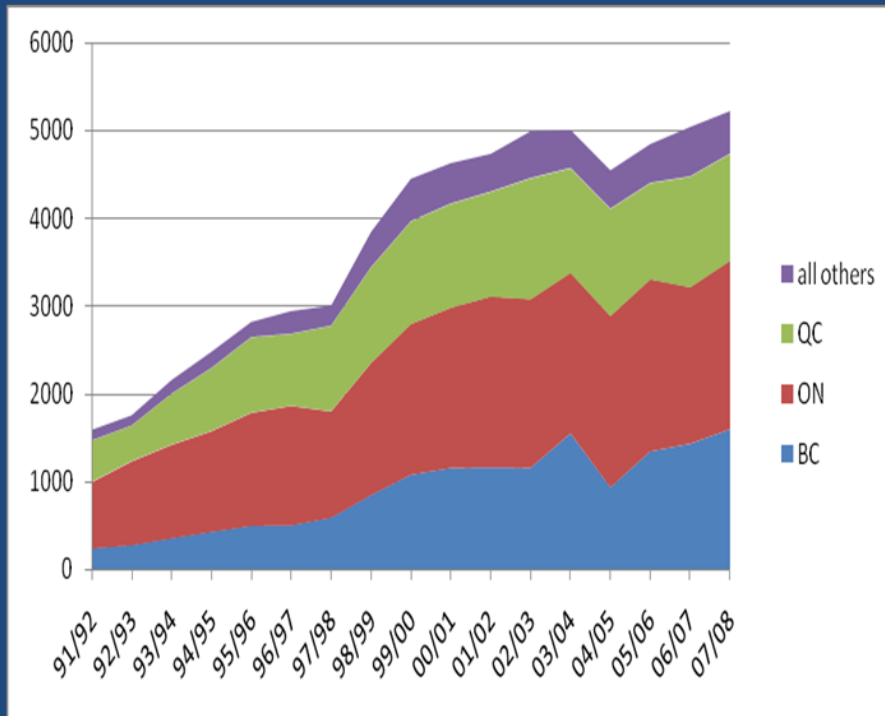
- Our research develops a comparative perspective on one focal industry across all three themes (innovation, talent, governance) in the three most important centres in Canada
- We describe the configuration or “business model” of the industry in each city, diagnose a key local development bottleneck, and provide a case-based interpretation of the social dynamics in terms of ISRN2 analytical categories: innovation, talent, or governance.

# Motion picture and video production (NAICS 512110)

- This industry provides moving images to the following industries:
  - Television broadcasting
  - Film exhibition
  - Advertising
  - Corporate communication
  - Education
  - Web 2.0, including games
  - Real estate, weddings, etc.

# 90% of all motion picture and video production in Canada takes place in three centres: Montreal, Toronto, and Vancouver

Millions of dollars

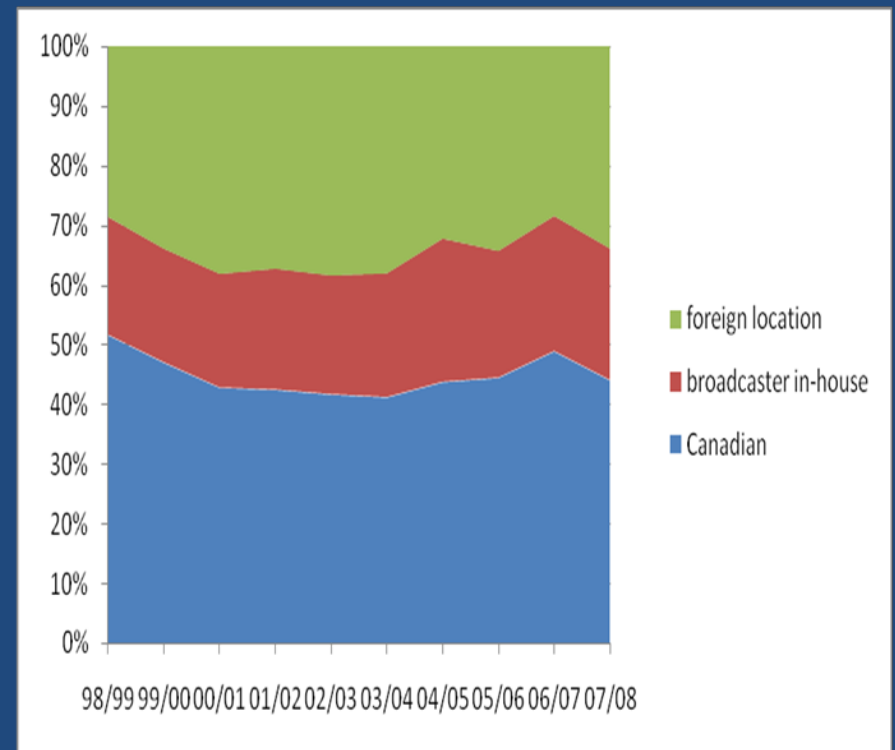
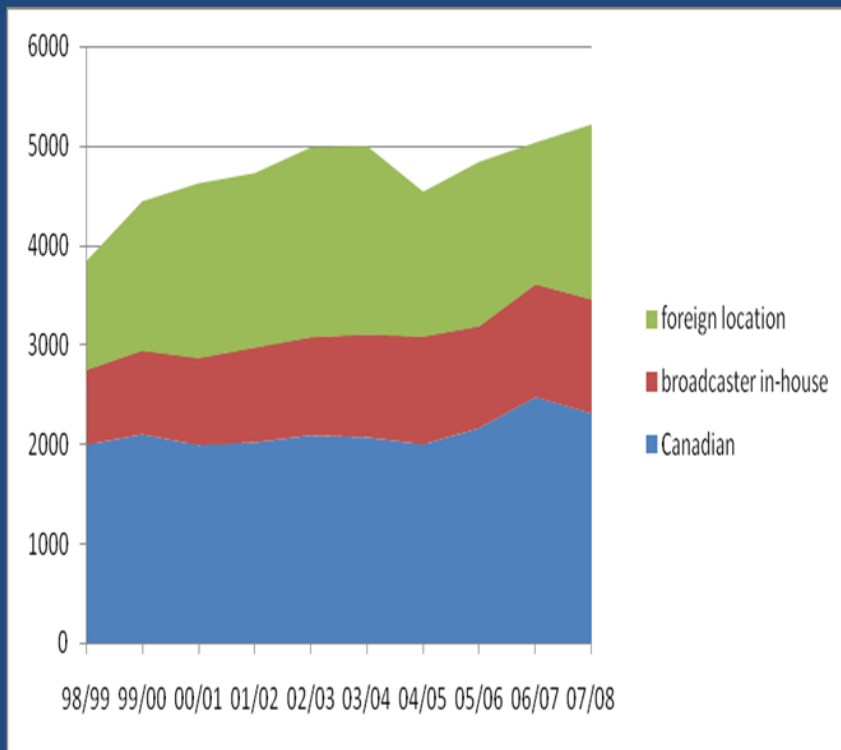


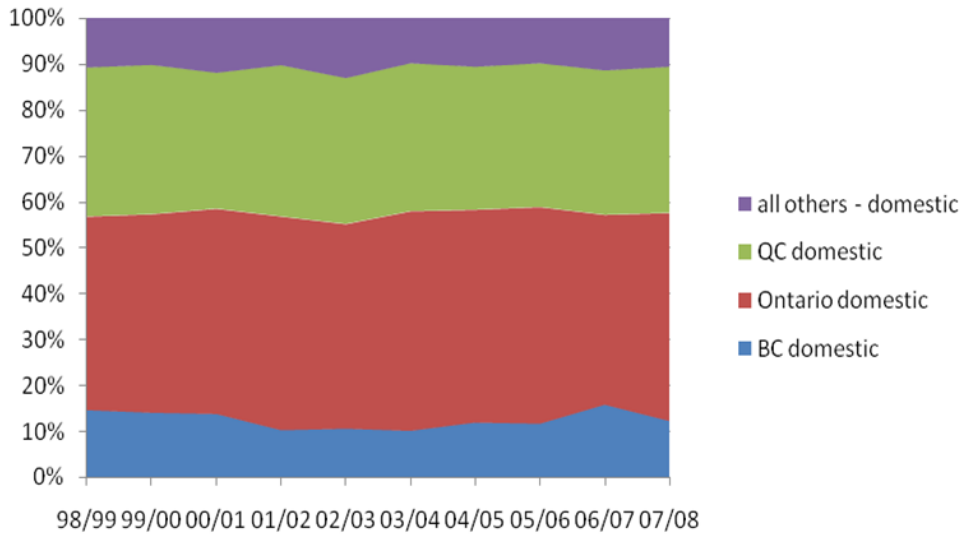
Note: in each province, the respective principal city-region accounts for >80% of production volume.  
Source: CFTPA, various years

# Explaining the geographic diffusion of motion picture / video capabilities

- Much of the research literature on the development of media cities in North American portrays the development of centres outside Hollywood and New York in terms of “runaway” or outsourced production. The issue is what are the long-term development prospects for satellite production centers.

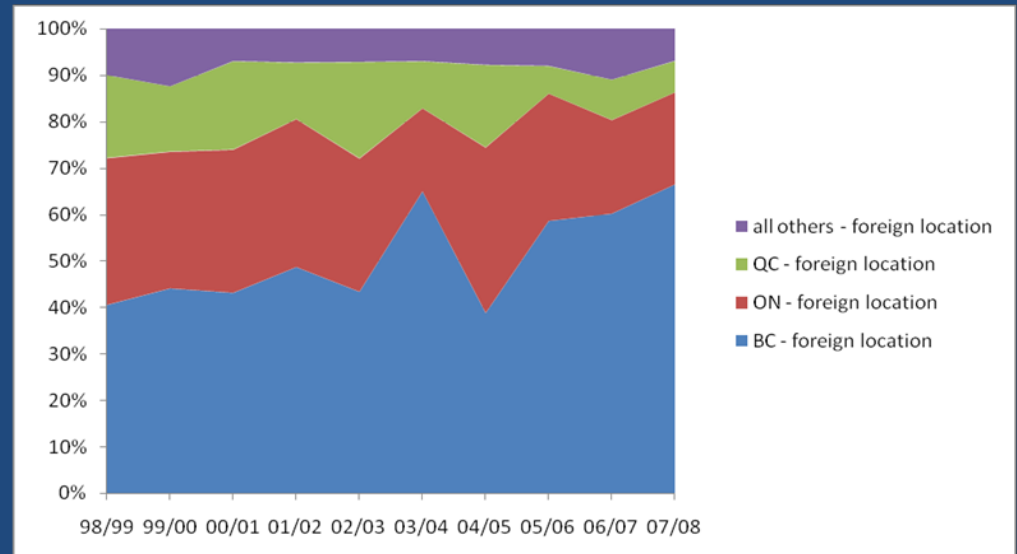
# Three institutional logics of film and television production in Canada: foreign location, broadcaster in-house, and Canadian independent production





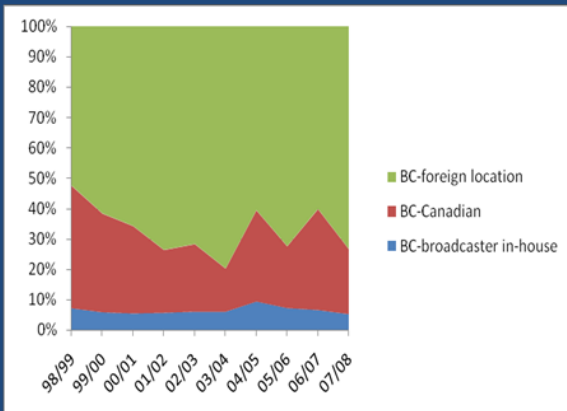
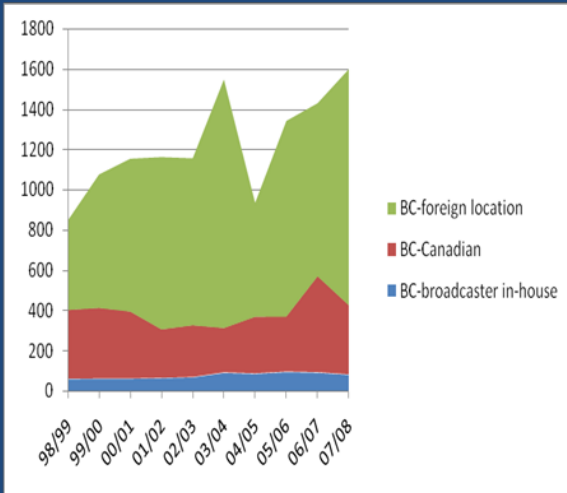
80% of Canadian-owned televisual IP is produced in Toronto and Montreal

Vancouver accounts for 60% of Canadian service production

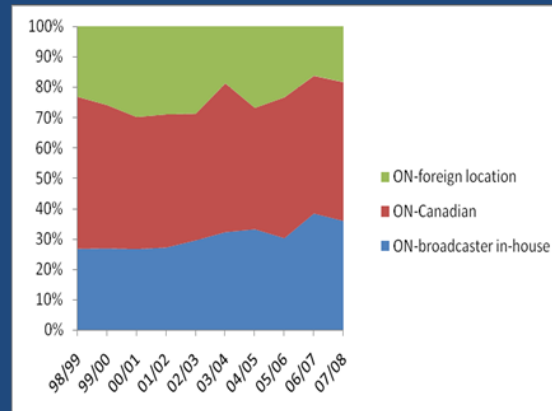
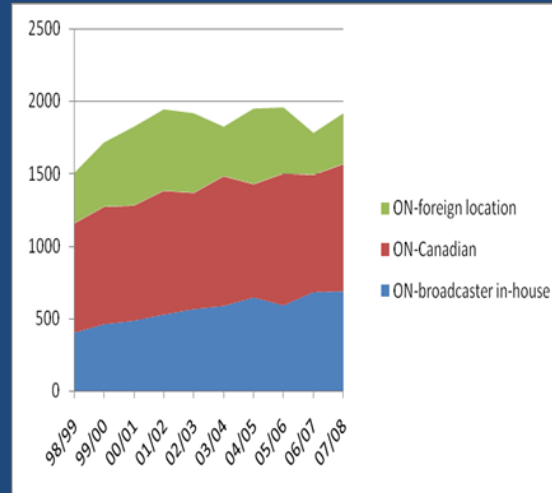


# Production composition of the three Canadian centres

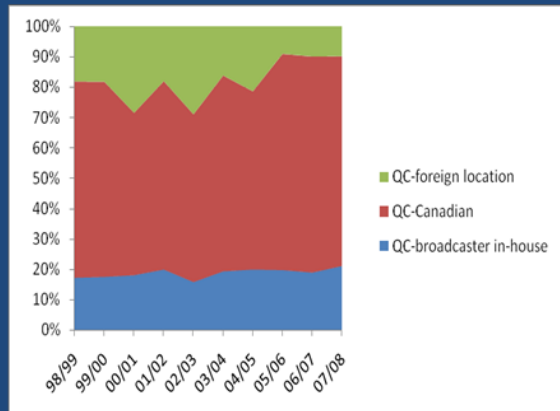
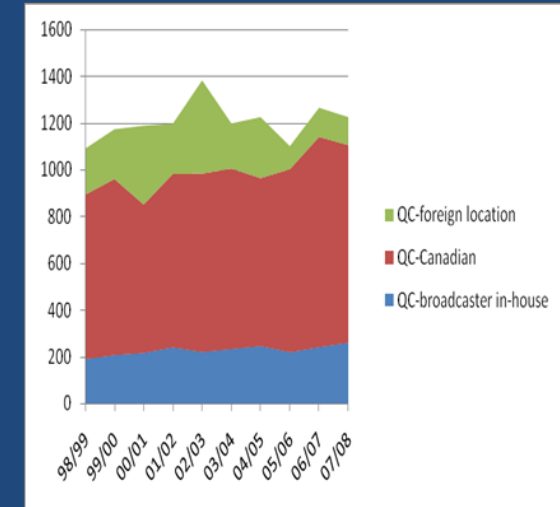
## British Columbia: service production dominates



## Ontario: English-language Canadian-owned IP



## Quebec: French-language Canadian-owned IP





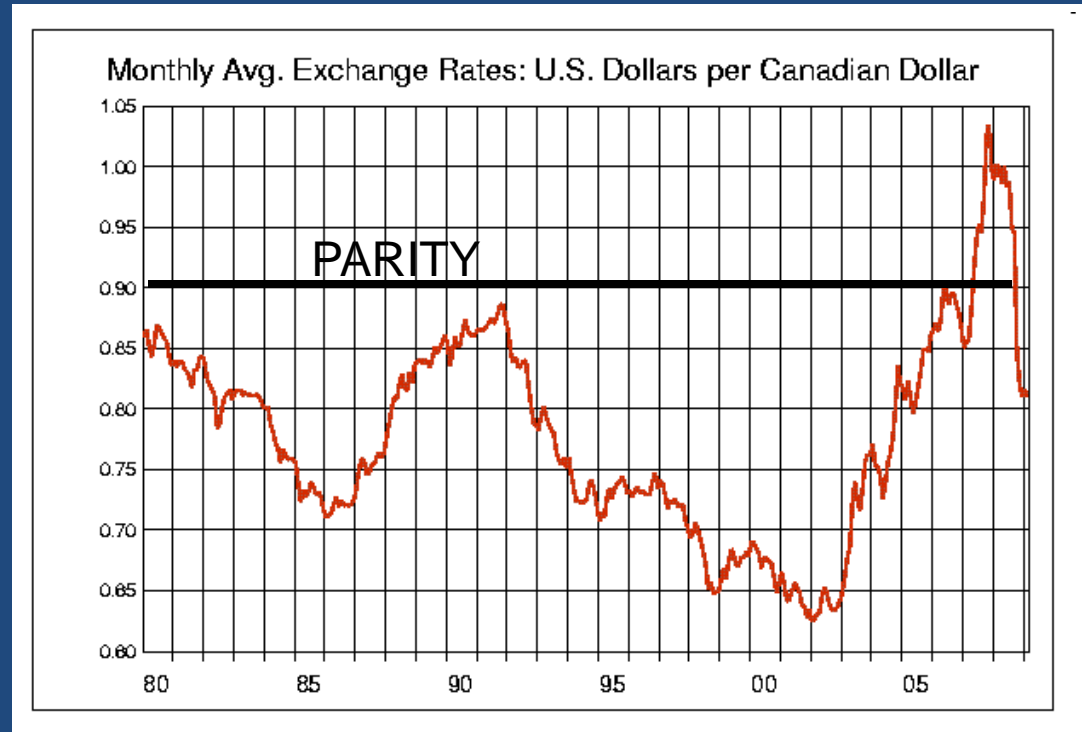
	<b>Output of production industry</b>	<b>Development bottleneck</b>	<b>ISRN2 theme</b>
Vancouver	Film/tv content for Hollywood customers	Weak product development capabilities	innovation
Toronto	Canadian-owned film/tv products for domestic English-speaking audiences	Weak domestic audience share; competition from imported products; confusing collision of cultural sovereignty and economic development missions	Talent
Montreal	Canadian-owned film/tv products for domestic French speaking audiences	Cultural sovereignty is not threatened, but there is little room to grow in domestic market	governance

## Innovation (theme 1) in Vancouver:

the business model is based on service production, which does not enable the development of product innovation capabilities. However, *spillovers between the film/tv production sector and the strong local games and special effects sector* seem promising.

# Beginnings

- Break-up of the Hollywood studio system
- Geographical advantages
  - same time zone
  - 2.5 hrs away
  - varied backlot scenery
  - all-year filming
  - until recently cheap CDN\$



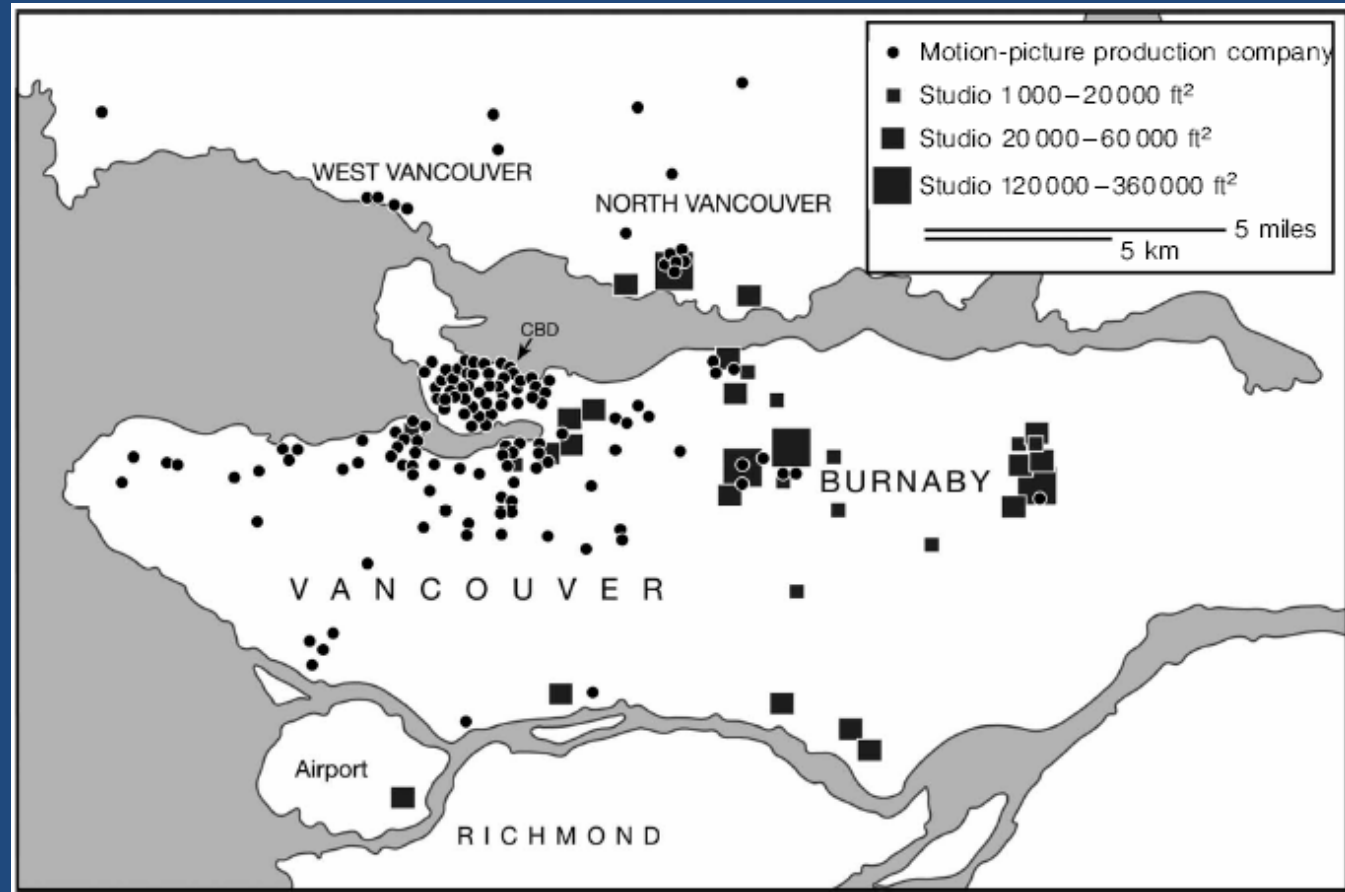
# Institutional capture

- Organised labour (two locals of IATSE and Teamsters)
- BC Film Commission (1978)
- Vancouver Film School (1987)
- Motion Picture Production Industry Association (MPPIA)



# So far, a sticky place for Hollywood capital

- > \$1b foreign investment (2009)
- Five major studios, 30,000 skilled workers, 30 separate full crews



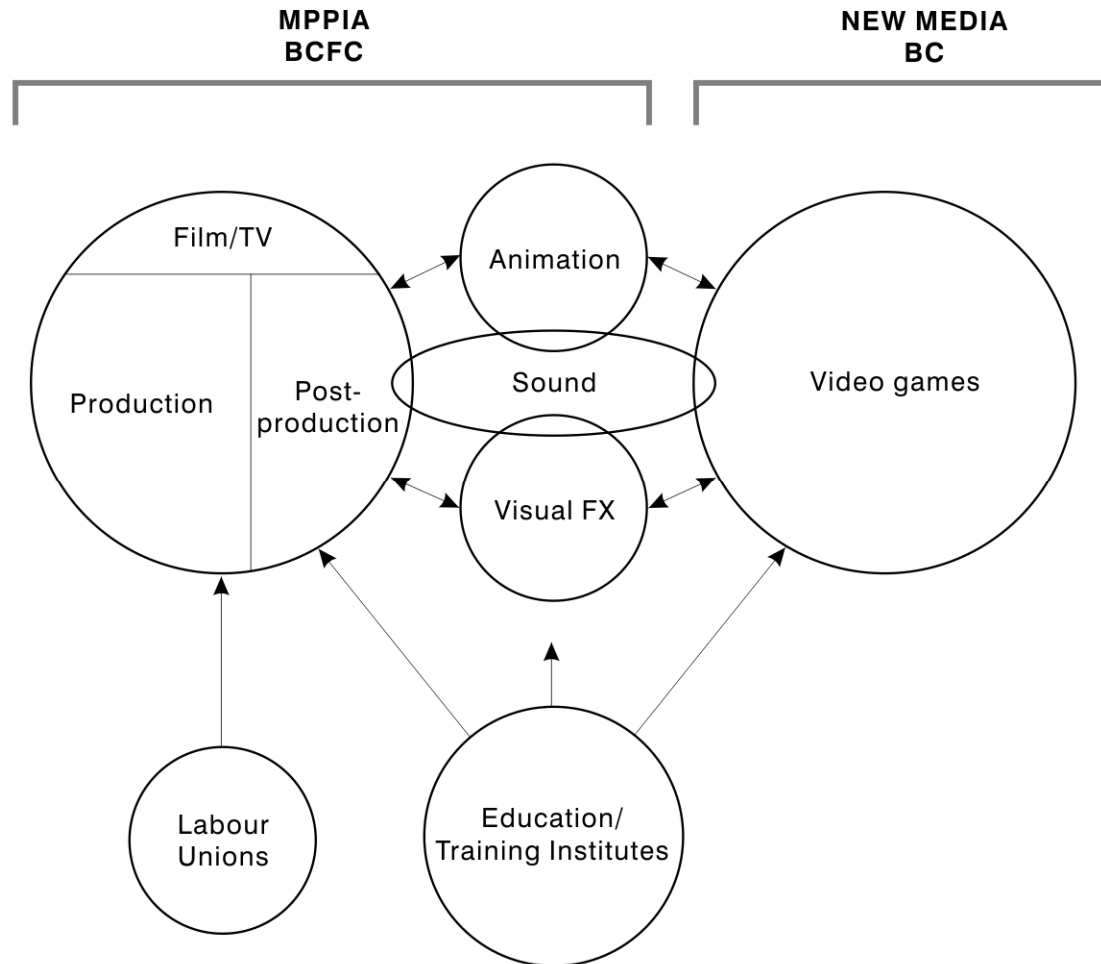
Motion picture companies and studios Vancouver Metro; from Scott and Pope 2007.

# But ...

- Activity is all below the line
- Directors, producers, “stars,” money come from elsewhere.
- A new staples economy?



# Convergence?



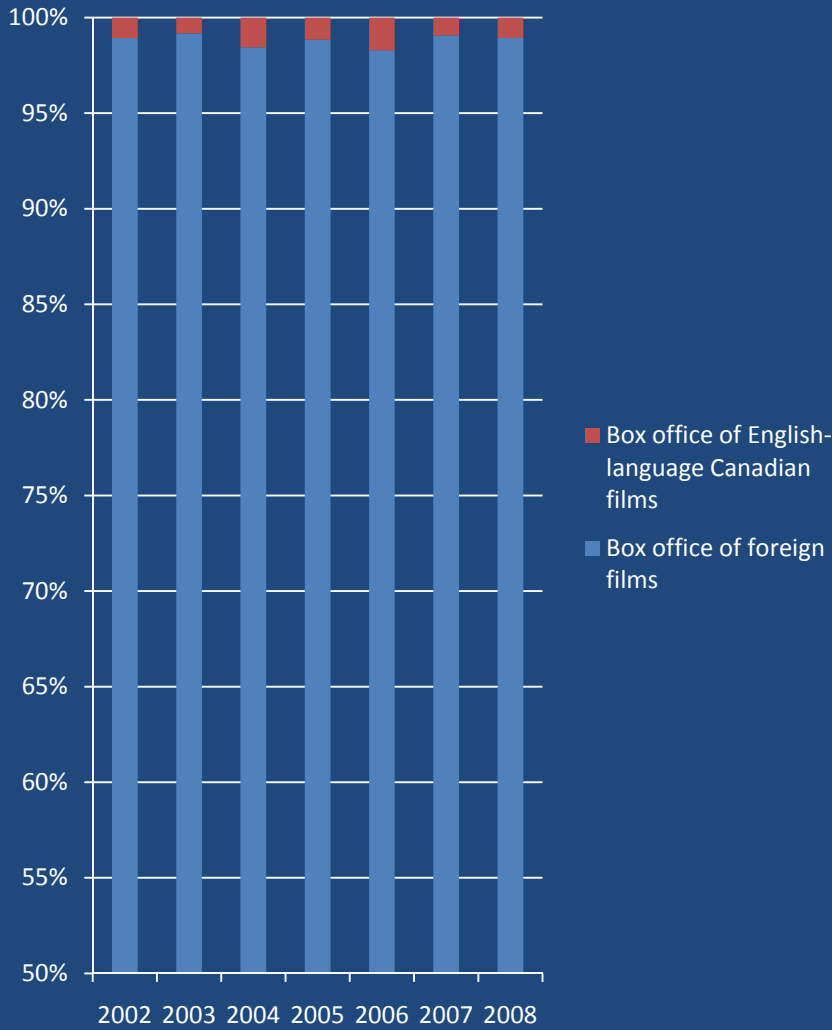
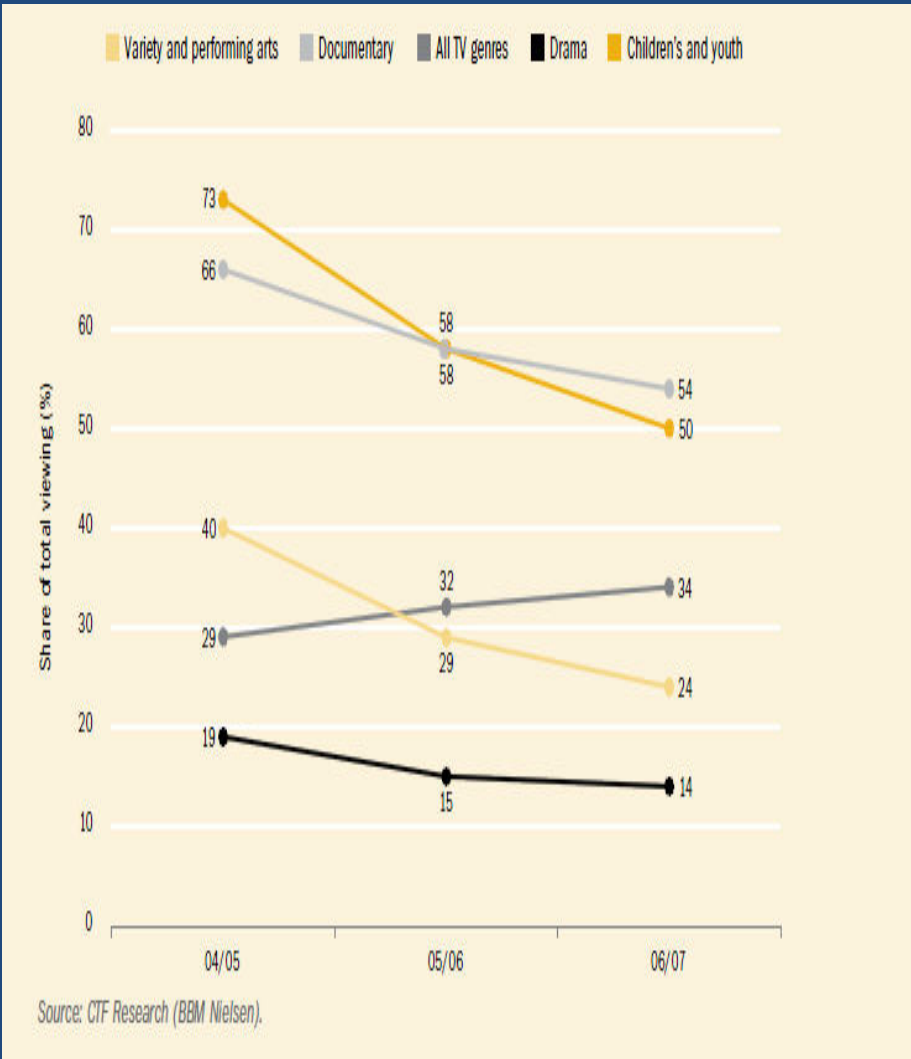
## Social Foundations of Talent Attraction and Retention (Theme 2) in Toronto

Canadian English-language film/tv (of which Toronto is the principal centre) has declining domestic market share and is not a strong exporter. This is in certain respects a talent issue.

1. Firm-level business capabilities
2. The attraction of Hollywood
3. Placelessness and slow embrace of multiculturalism

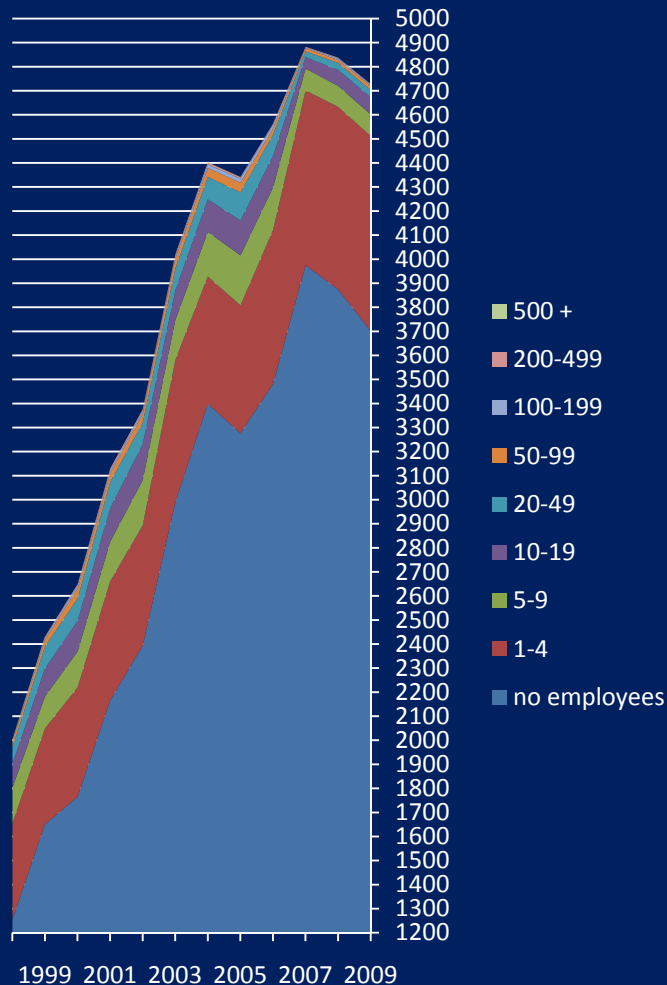


# Domestic market share: Canadian English-language film and television



# Firm-level business capabilities as a talent issue

NAICS 512110: motion picture and video production in Toronto CMA



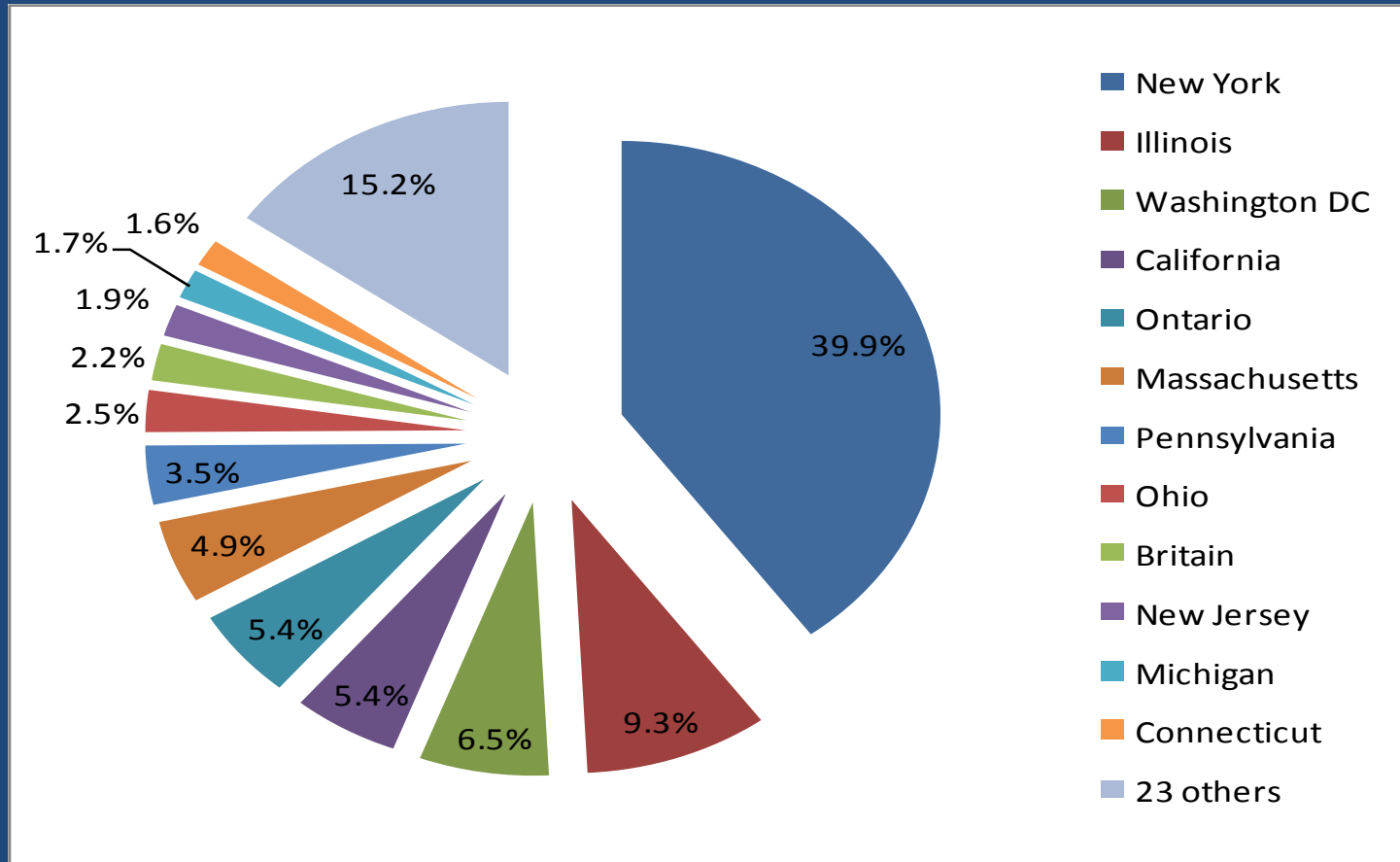
Nearly 5000 film/tv production firms in Toronto CMA (Business Register). 95% are micro-enterprises. Around 200 are members of CFTPA. Critical issue: transition to a rights-management business model

Firm-level capabilities:  
operational management, clarity of business idea, product development, market definition, motivation of core group, expertise of core group, relations with customers, other relations

# “sadly, I’m the best we’ve got” - the attraction of Hollywood

- The English-speaking Canadian film & tv industry has a very complex subordinate (but not necessarily unprofitable) relationship with Hollywood. Big nation-small nation syndrome.
  - Canada is a major exporter of talent and importer of media products
  - Hollywood is said to be 25% Canadian. Los Angeles, with 600,000 Canadians, would be the tenth-largest Canadian metropolitan area.
  - Toronto-based creative talent know that rewards are much greater in Hollywood. But one can move to Hollywood only at certain point in one’s career (early).
  - Asymmetrical “cultural discount” for film/tv products.
  - Hollywood experience has value in Canada, but historically, not the reverse.

# Toronto: specialized in placelessness



Locations played by Toronto in 689 film and TV productions, 1999-2006. Source: Toronto Film and Television Office.

# Toronto and Canadian English-language TV: the slow embrace of multiculturalism

- Little reflection or representation of Toronto's multicultural urban reality on mainstream primetime TV
- Examples from 2008-2010 seasons
  - Republic of Doyle
  - 18 to Life
  - Death Comes to Town
  - Heartland
  - Battle of the Blades
  - Dragon's Den
  - Being Erica
  - This Hour has 22 Minutes
  - Flashpoint
  - Wild Roses
  - The Tudors
- Most multicultural
  - Little Mosque on the Prairie, Degrassi, The Border

## Governance (Theme 3) in Montréal.

The French-language moving images industry is very popular with domestic audiences, and the industry needs to find new growth pathways.

*Concerted action and strategic planning* at the cluster level offer a possible response.

# Montreal: how can concerted action move the French-language film and television industry forward?

- Main challenge: continued development of the film industry in a context of continuous competition with American production
- While the Québec market is to a certain extent protected by the language issue, the market share of Québec production in film is still limited
- It had increased from 6,1 % in 2001 to 18 % in 2005 and is back down to 11,7 % in 2006

# Cluster strategy as a response

- the CMM adopts its Economic Development Plan which includes a metropolitan cluster development strategy and a **Competitiveness Fund to provide financial support to cluster development.**
- City identifies four clusters: the **Aerospace** industry, born in 2006 after a concerted effort spread over two years, **Health Sciences** which emerged in 2002, **ITC and MM** sector launched in 2002 and, finally, the **Film and Audiovisual production cluster**, when Québec Film and Television Council (QFTC) becomes the secretariat for the film and television industry cluster.



# MMC's role

- The **Montreal Metropolitan Community** (or *Communauté métropolitaine de Montréal*, CMM) is responsible for the strategy and so serves as the **coordinator of the three fundamental steps in the creation of a cluster: pre-startup , startup, and operation.**
- One of the conditions for eligibility for the CMM and its governmental partners to lend financial support to the secretariat of the cluster **is that all of the industries' stakeholders have to be part of one non-profit organisation** run by a board composed of the sector's professionals.
- + difficult in a SMB sector vs very centralized (aeronautics)

# Devt of cooperation

- The Québec Film and Television council has a mandate for international development, and it represents the regional offices present in other Québec regions, but Montreal remains dominant.
- The dynamics of collaboration between the various regions, industry sectors and members of the Qc Film and Television Council are not yet very fully developed. Based on the interviews, there are still a few obstacles to collaboration and it is also possible that the other actors should be brought to the table to collaborate, many of whom are not yet active members of the QFTC

# Challenge of organization

- The main challenge in the Film and Audiovisual sector is that it is composed of many small players, although there are a few large dominant firms
- Many have conflicting objectives at times, for ex, the Film and television producers of Québec (APFTQ), the artists' union (UDA), the unions, the producers, who often have different objectives and have difficulty getting their act together.
- There seems to be a stronger inclination towards cooperation in the new small businesses created over recent years, but the greatest weakness in the visual effects and animation sector is the lack of recognition from govts, especially in contrast to the videogame sector

# Challenge of cooperation

- *"We work together to put together the best bid possible so that we get the project in Quebec and when it (the production) arrives it might be shot in different regions of Quebec; ideally it's shot in different regions of Quebec and everyone gets their piece of the pie, but they have to first decide on coming to Quebec!"*

# Need to create relational proximity

- *"There are several key players: the film and television producers of Quebec (APFTQ), the artists' union (UDA), the unions, the producers, and often all of these players have different objectives- sometimes conflicting objectives.*
- *There are also some groups that are more interested in producing cultural products, meant for a local market, and others with a more commercial orientation. I think that there is a fear that some groups feel that they might take a backbench to another and that is why it's important to remember that the success of one doesn't always mean the defeat of another."*

*"The communication of the stakes of each player needs to be transparent so that the interests of all are taken into account."*

# Conclusions

- Place matters
- Commerce vs culture
- Local models
  - Dependence on external decisions
  - Broadcasting platform no longer supports cultural nationalism (commerce or culture)
  - Social embeddedness is a double-edged sword

Thanks!

Questions?