

The Canadian Interactive Digital Media Industry Profile

# 2023-24 IDM Profile

January 2025



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## Acknowledgement

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Executive Summary

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# Executive Summary



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# Executive Summary

## About this report

This report was prepared by Nordicity for the Canadian Interactive Alliance / L'alliance interactif canadienne (CIAIC), a not-for-profit trade association formed in 2005 to serve as the voice of Canada's interactive digital media industry.

In this report, Interactive Digital Media (IDM) is defined as:

- video games;
- interactive and immersive storytelling and experiences, and,
- interactive educational content

destined for consumers as end-users.

## IDM Industry Profile

In 2024, 937 active IDM companies were identified in Canada. 82% of these companies are in Ontario, British Columbia and Quebec.

88% of IDM companies primarily work with video games, while the remaining 12% focus on other IDM products and services.

More than half (52%) of companies in the industry employ fewer than five people.

The leadership demographic survey suggests that founders in the IDM space are predominantly white (80%), men (88%) aged 31 to 45 (57%).



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# Executive Summary

## Employment

Canada's IDM industry directly supports an estimated 37,850 Full-Time Equivalents (FTEs) of employment.

94% of the IDM employment impact is generated in Quebec, Ontario and British Columbia.

Although they constitute only 9% of IDM businesses operating in Canada, companies that employ more than 100 people account for 71% of all FTEs directly employed by the industry.

Senior workers with 6 years of experience or more account for 41% of the IDM workforce in Canada, while more junior talent (0 to 2 years of experience) represent 21% of the workforce.

The average salary for workers in the industry is \$103,000. This data varies greatly depending on seniority and company size.

In 2023-24, women made up roughly 26% of the direct workforce in the industry. About two thirds of these women worked directly on IDM products, as opposed to support and operating functions.

On the theme of equity, diversity and inclusion (EDI), 69% of Canadian IDM companies with 25 employees or more have developed and implemented at least one EDI plan (attraction, retention, and career development).



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# Executive Summary

## Economic Impact

The IDM industry in Canada directly spent an estimated \$5.4 billion in 2023-24 and generated an estimated \$5.5 billion in revenue.

71 % of the total expenditure relates to spending on labour, accounting for approximately \$3.9 billion in direct labour income. The indirect and induced employment generated \$0.7 billion in further labour income.

In terms of GDP, the industry contributed a total of \$5.5 billion to Canada's economy in 2023-24. Of that \$5.5 billion, the industry directly contributed an estimated \$4.1 billion, and a further \$1.4 billion through indirect and induced impacts.

## Environment

Flexible work policies are now widespread in the IDM industry: hybrid is now the preferred mode of work for companies that employ more than 50 people.

Companies that employ 100+ people noted that it now takes on average 5 more months for a product to hit the market in comparison to their workflow in 2020.

51% of IDM companies are using generative AI, primarily as a brainstorming or idea generating tool. 24% more intend to explore AI use cases.

Challenges vary greatly depending on the size of IDM companies. Smaller companies are facing difficulty accessing funding programs while very large companies are struggling with securing talent and the decreasing demand.



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# 1. Introduction



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# About this report

## CIAIC members:

- DigiBC
- Digital Alberta
- New Media Manitoba
- SaskInteractive
- Interactive Ontario
- La Guilde du jeu vidéo du Québec
- Interactive Society of Nova Scotia
- Videogames PEI
- InteractiveNB

- This report was prepared by Nordicity for the Canadian Interactive Alliance / L'alliance interactive canadienne (CIAIC), a not-for-profit trade association formed in 2005 to serve as the voice of Canada's interactive digital media industry.
- Based on two industry surveys conducted for CIAIC and the Entertainment Software Association of Canada (ESAC), this study profiles the IDM industry in Canada and its economic impact.
- The last time a similar exercise was conducted was in [2012](#). As such, there is no direct comparison to this data presented in this report as the industry and the underlying methodology of this study have changed. This reports thus constitutes a baseline for future studies of the IDM sector in Canada to be conducted more regularly.
- To do so, Nordicity independently collects, analyzes, and reports on data collected directly from the video game industry in Canada. Details regarding Nordicity's methodology can be found in Appendix, as well as a Glossary of Terms.
- The research herein was prepared by Nordicity; and constitutes Nordicity's independent interpretation of industry data collected in 2024.

### About the Survey and n-values

The survey was distributed and promoted by provincial industry associations through newsletters, direct outreach to interactive digital media companies, and via social media channels.

Upon closing the survey, Nordicity had received responses with some data from 170 IDM companies (out of a universe of 937) which were able to provide detailed financial data. As this financial data lies at the heart of this exercise (e.g., because it is the primary input into the economic impact analysis), Nordicity used these 170 responses to estimate the degree to which the sample collected reflects the universe of IDM activity in Canada.

Nordicity work with CIAIC members to ensure that the final sample of collected responses is representative of the volume of activity in the sector, notably by identifying *must-have* companies for all size categories, as well as ensuring higher response rates for larger companies, given that they account for a significant share of the sector's activity.

However, the actual sample used for each data point (n-value) can vary depending on the number of usable responses received by Nordicity (see footnotes below each charts).





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# Defining IDM

- In 2024, Nordicity facilitated workshops with CIAIC members organizations to develop a common definition of what constitutes Interactive Digital Media (IDM) for the Alliance.
- Using three axes (products, audiences and intent) a consensus was built around the distinct modality of IDM as an interactive experience, its specific intent to entertain and education, and the intermediary role played by digital technology
- For the purpose of this report, Interactive Digital Media is then defined as:
  - video games;
  - interactive and immersive storytelling and experiences, and,
  - interactive educational content destined for consumers as end-users.



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## 2. Industry Profile



# Number of Companies Size

- Nordicity identified 937 interactive digital media companies operating in 2023-24 across Canada.
- The IDM industry is primarily composed of micro and small companies: 81% of IDM companies employ 25 or fewer people.

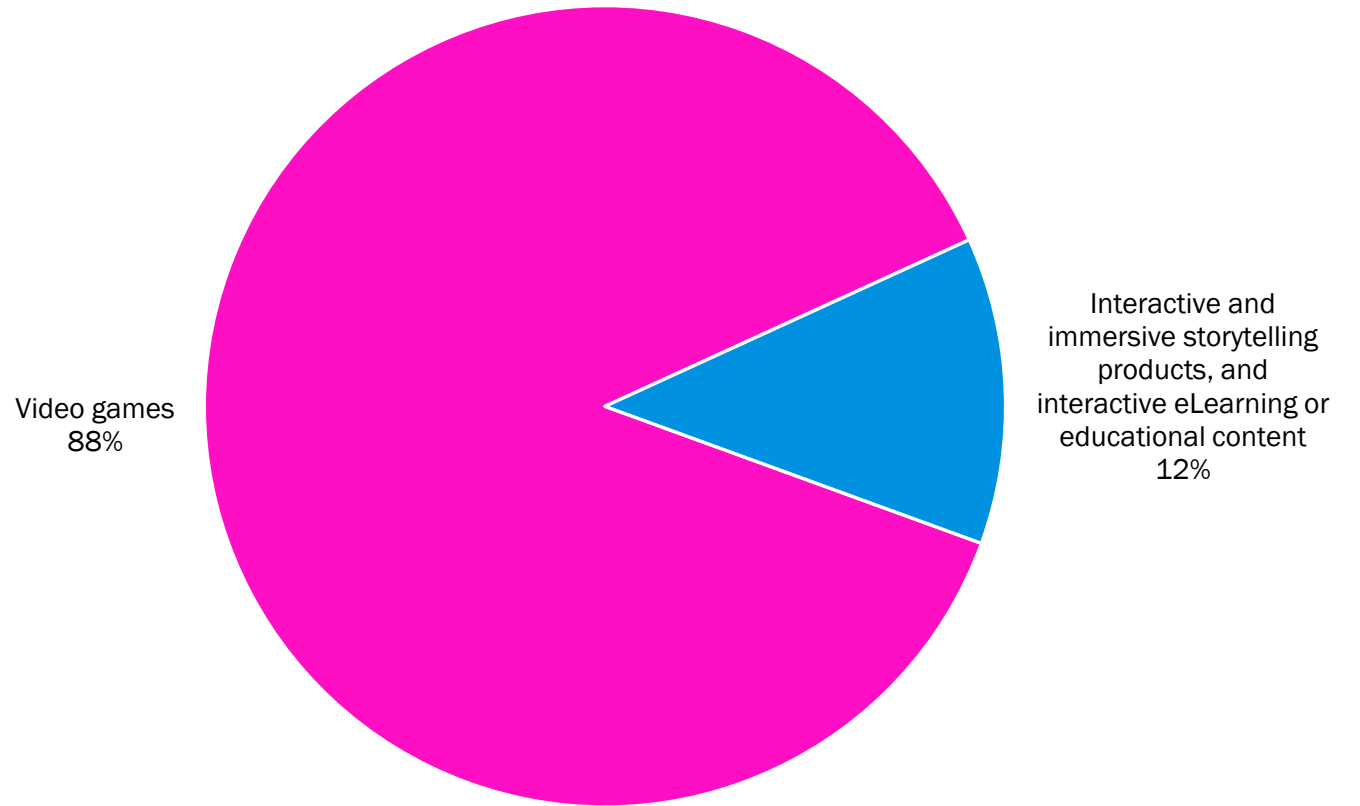


Source: estimates based on CIAIC and ESAC 2024 Industry Surveys, Nordicity secondary research and data provided by provincial industry associations



# Number of Companies | Primary Sector

- IDM companies predominantly work in the video games industry (88%).



n=937 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys, Nordicity secondary research and data provided by provincial industry associations



# Number of Companies | Regions

- Most (82%) Canadian IDM companies are located in Ontario, Quebec and British Columbia.

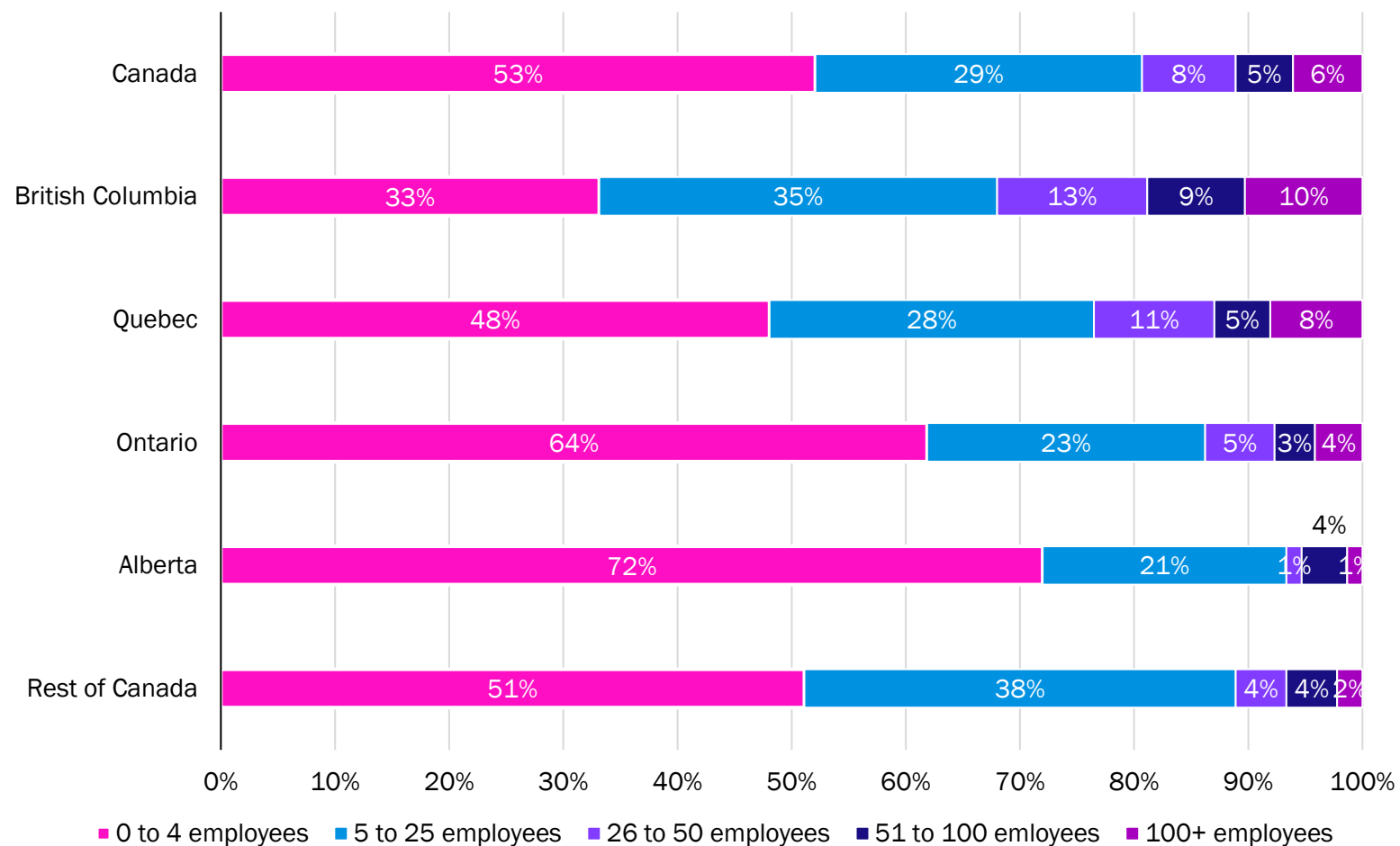
	Canada	Prairies	Alberta	Atlantic	Ontario	Quebec	British C.
Sole proprietorship (1)	111	10	15	12	37	27	16
Micro (2-4)	377	17	39	17	156	110	42
Very small (5-10)	138	9	7	10	44	36	34
Small (11-25)	130	5	9	11	32	45	27
Medium (26-50)	77	2	1	1	19	30	23
Large (51-100)	47	1	3	2	11	14	15
Very large (100+)	57	0	1	2	13	23	18
<b>Total</b>	<b>937</b>	<b>44</b>	<b>75</b>	<b>55</b>	<b>312</b>	<b>283</b>	<b>175</b>
	As % of total	4.7%	8.0%	5.9%	33.3%	30.2%	18.7%

n=937 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys, Nordicity secondary research and data provided by provincial industry associations



# Number of Companies | Regions

- Ontario and Alberta have a higher concentration of micro companies (0 to 4 employees) than the rest of Canada,

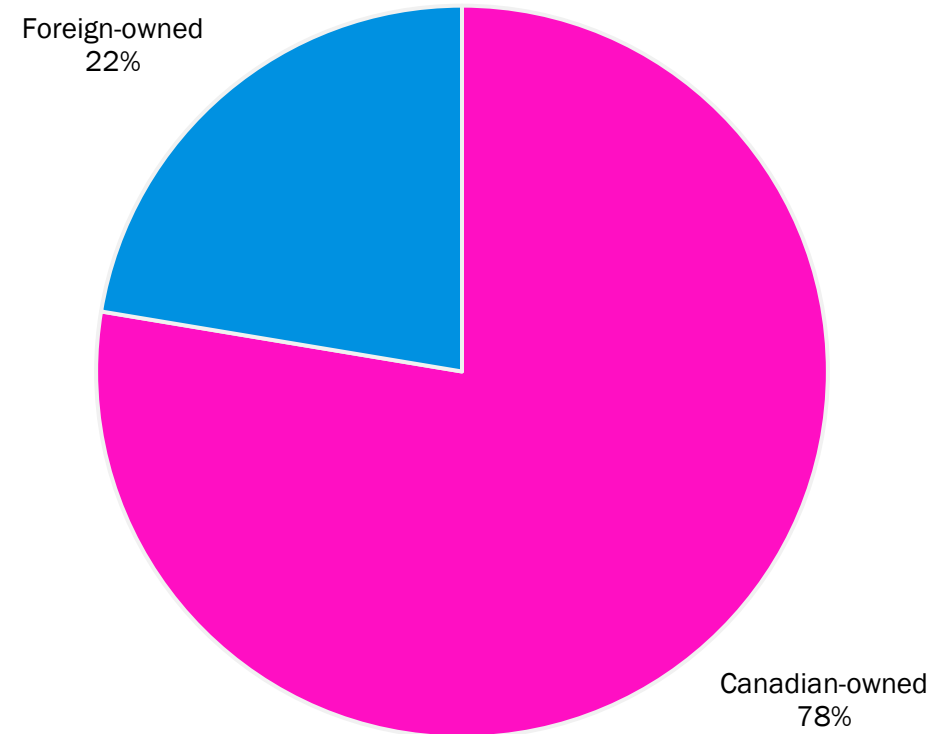


n=937 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys, Nordicity secondary research and data provided by provincial industry associations



# Ownership

- Most (78%) IDM companies are Canadian-owned.
- While acquisitions have occurred in the recent years, fewer new studios are opened in Canada by foreign-owned companies – and some notable closures have hit Canadian subsidiaries.



n=219 | Source: CIAIC and ESAC 2024 Industry Surveys



# Leadership Demographics

## | Introduction

- CIAIC and ESAC industry surveys included an optional self-identification questionnaire for company leaders and founders.
- 130 founders or leaders shared demographic data, accounting for 14% of the entire Canadian IDM industry. As such, the data presented in this section is not representative of the entire IDM industry but only provides an insight into the profile of IDM leadership in Canada.

	Demographics Survey Respondents	% of Canadian IDM Companies
Sole proprietorship (1)	18	16%
Micro (2-4)	46	12%
Very small (5-10)	28	20%
Small (11-25)	23	18%
Medium (26-50)	7	9%
Large (51-100)	4	9%
Very large (100+)	4	7%
<b>Total</b>	<b>130</b>	<b>14%</b>

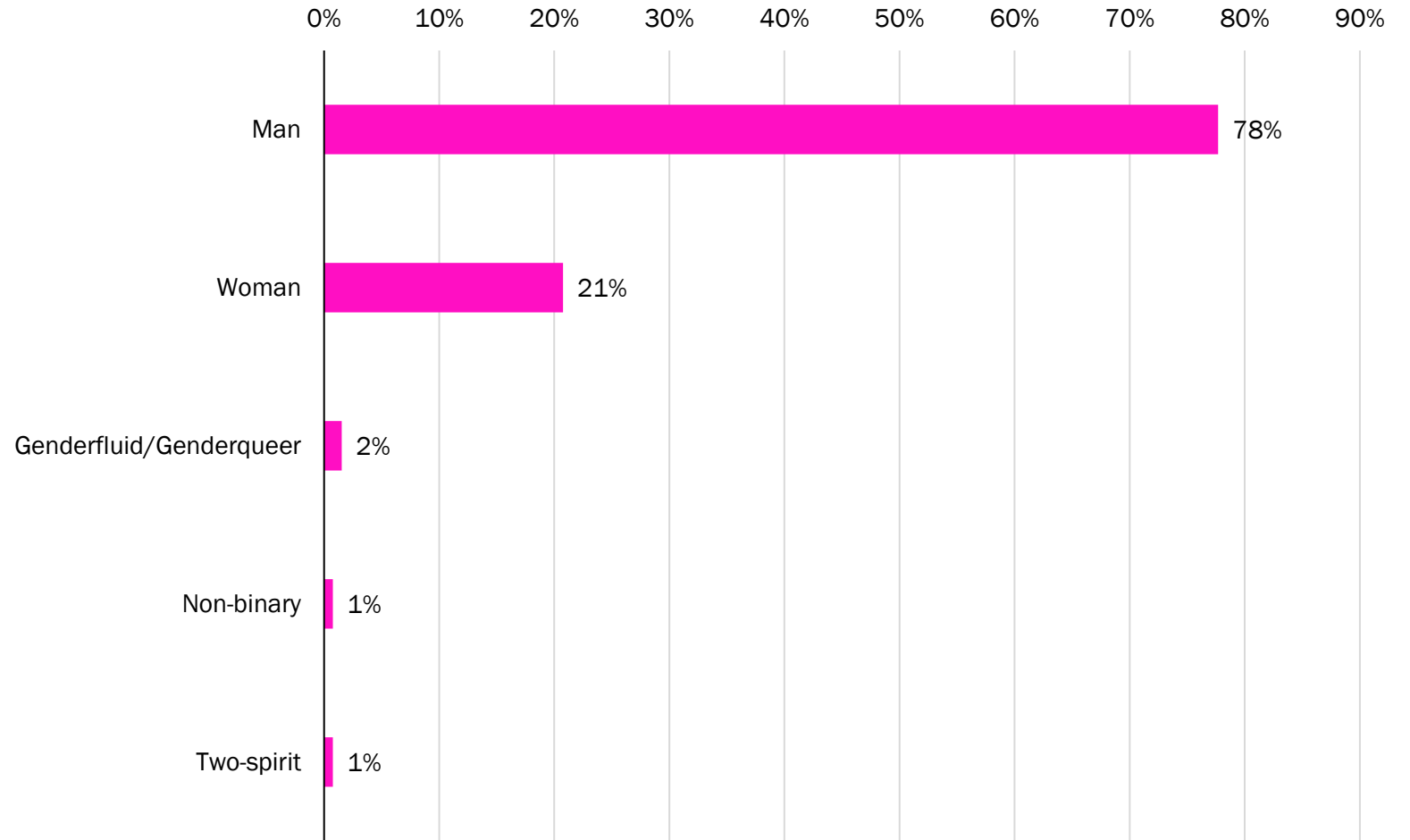




# Leadership Demographics

## Gender

- A large majority (78%) of respondent founders identified as men.
- Compared to the national average, more respondents based in Ontario and British Columbia identified as non-male (36% and 27% respectively).



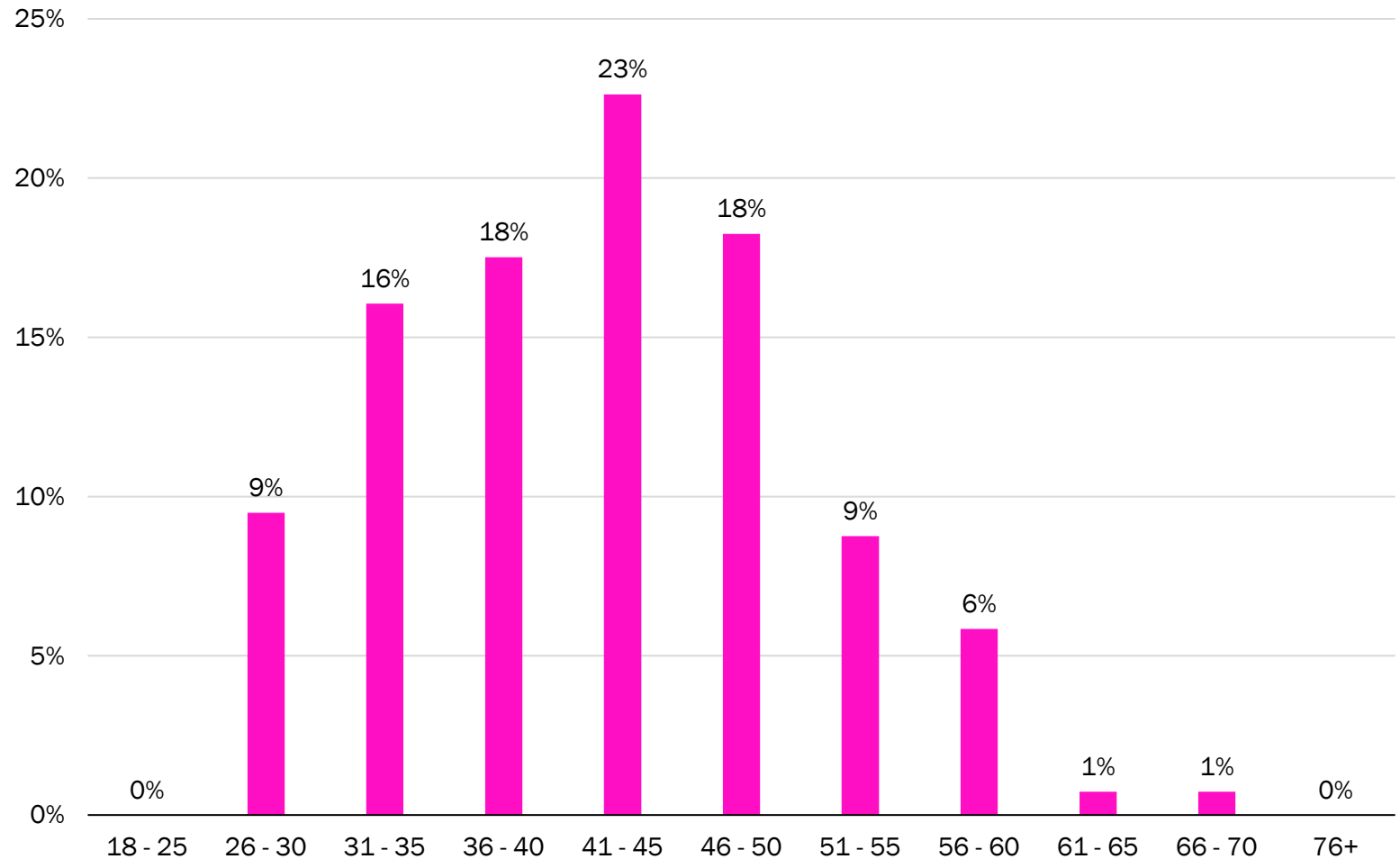
n=130 leaders | Source: CIAIC and ESAC 2024 Industry Surveys



# Leadership Demographics

## | Age

- 57% of founders and leaders who responded are between 31 and 45 years old.
- Ontario and Quebec leaders follow the national average (56% and 58% of 31-45 respectively), while respondents in British Columbia are slightly older (56% between 36 and 50).



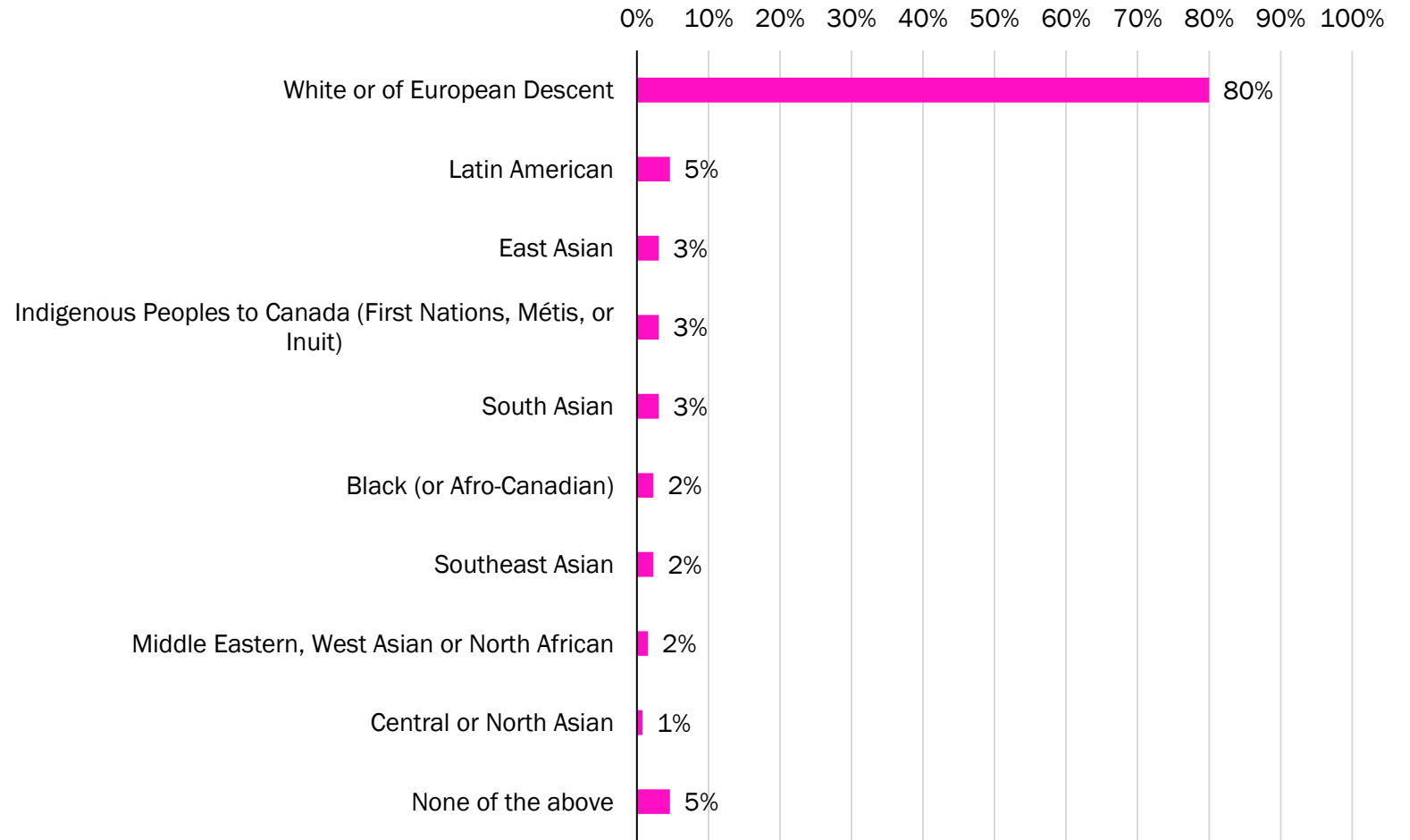
n=130 leaders | Source: CIAIC and ESAC 2024 Industry Surveys



# Leadership Demographics

## Race and Ethnicity

- Respondents predominantly self-identified as White or of European descent (80%).
- The founder community seems slightly more diverse in British Columbia and Ontario, with 77% and 69% identifying as White or of European descent respectively.



n=130 leaders | Source: CIAIC and ESAC 2024 Industry Surveys



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# 3. Employment



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# Employment

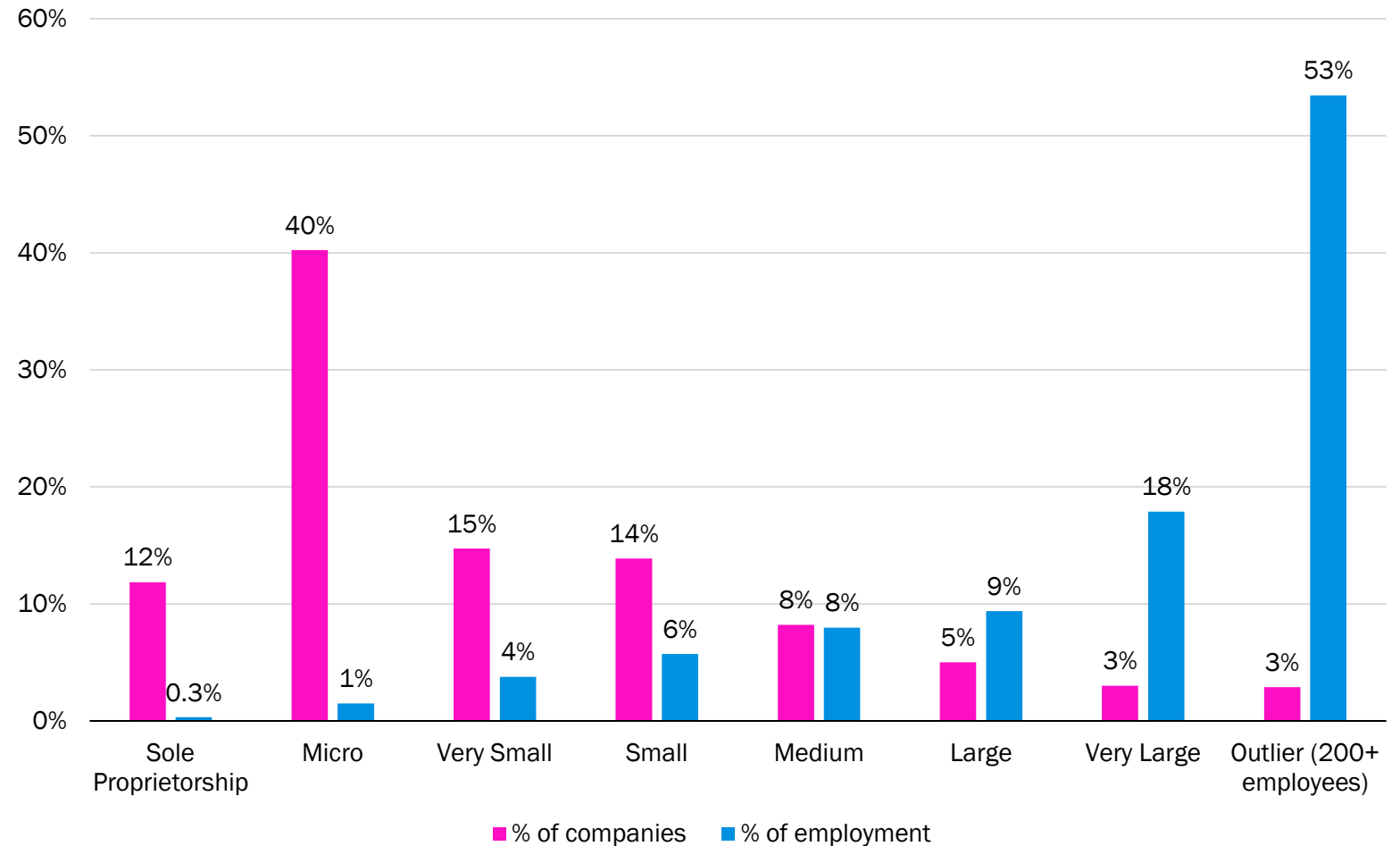
## | Introduction

- Another measure of the size and health of an industry is by the number of people it employs (direct employment), which is best measured by the number of full-time equivalents (FTEs) it employs. The spin-off employment stimulated by an industry is also a key measure of its economic impact in a given jurisdiction.
- The following section describes employment in the industry, the spin-off employment it generates, and provides information about average salaries at IDM companies across Canada. The section also provides a description of some industry workforce demographics.



# Employment | Company Size

- IDM companies in Canada directly supported 37,850 FTEs.
- The largest 3% companies employ 53% of these FTEs while the smallest 67% only capture 5%.

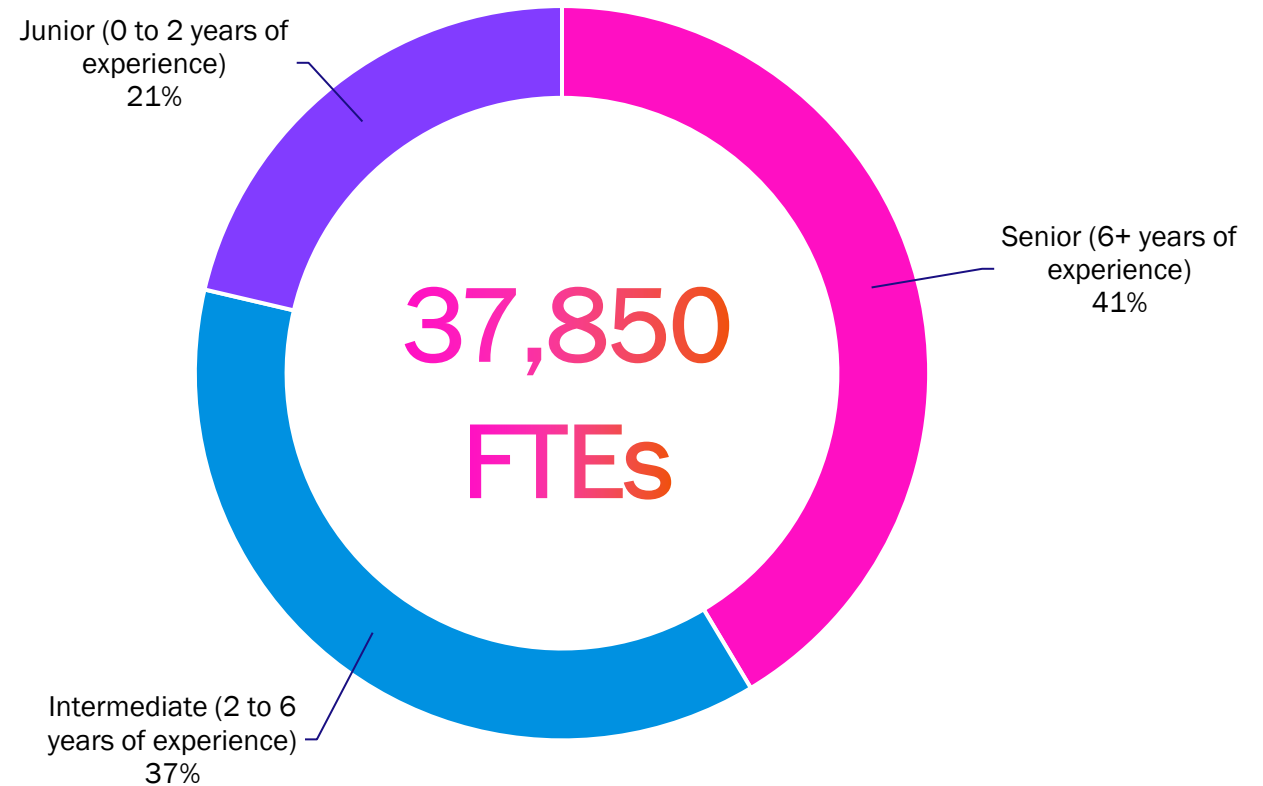


n=178 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys, Nordicity secondary research and data provided by provincial industry associations



# Employment | Seniority

- Senior workers account for 41% of the interactive digital media workforce in Canada in 2023-24: in a more complex environment, companies tend to rely on more experienced resources, thus limiting the hiring of more junior talent.

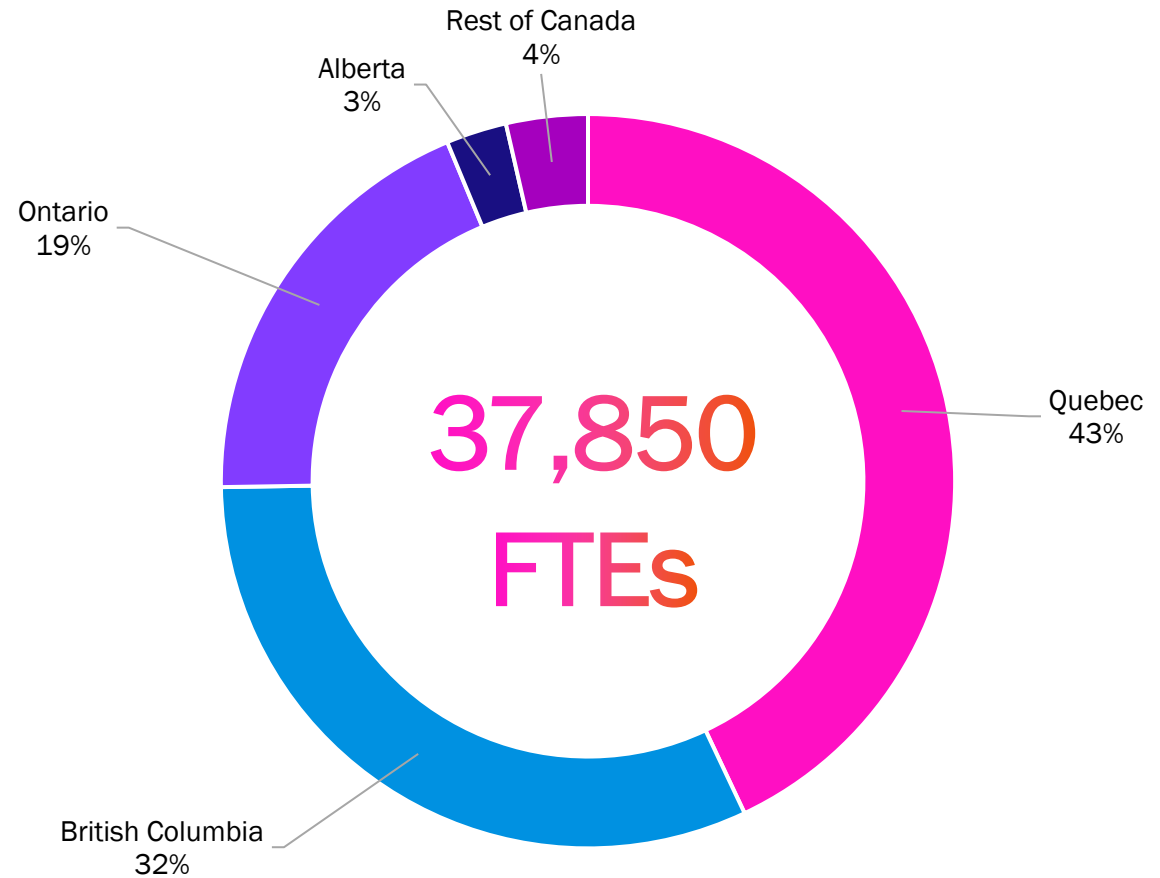


n=178 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Employment | Regions

- Quebec, British Columbia and Ontario account for 94% of Canada's IDM FTEs.



n=178 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys





# Employment | Spin-off

- In addition to direct impacts, the IDM industry in Canada also generates significant indirect and induced impacts (i.e., spin-off impacts) in the economy.
- The total employment impact (direct + spin-off) reached an estimated 50,140 FTEs.

	Canada	Quebec	British C.	Ontario	Atlantic	Alberta	Prairies
Direct impact	37,850	16,270	12,020	7,190	1,040	1,010	300
Indirect impact	4,730	2,440	1,210	790	140	130	20
Induced impact	7,560	4,680	1,690	880	100	190	20
<b>Total</b>	<b>50,140</b>	<b>24,080</b>	<b>14,560</b>	<b>8,610</b>	<b>1,230</b>	<b>1,320</b>	<b>330</b>

n=178 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Average Salary | Seniority

2024

- The redistribution of the workforce towards more senior resources, coupled with the inflation and wage competition drove average salaries up across the board.

Senior (6+ years)	\$132,000
Intermediate (2-6 years)	\$91,000
Junior (0-2 years)	\$67,000
Overall	\$103,000

n=163 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys

Note: these estimates encompass all positions and may not reflect the average salaries for specific departments/position types (e.g., admin, technical, creative, management, etc.). Companies do not report average salary by job type, but only the average company salary across all positions.



# Average Salary | Company Size

2024

- Larger companies have the resources to offer more competitive compensations and attract and retain highly-skilled talent.

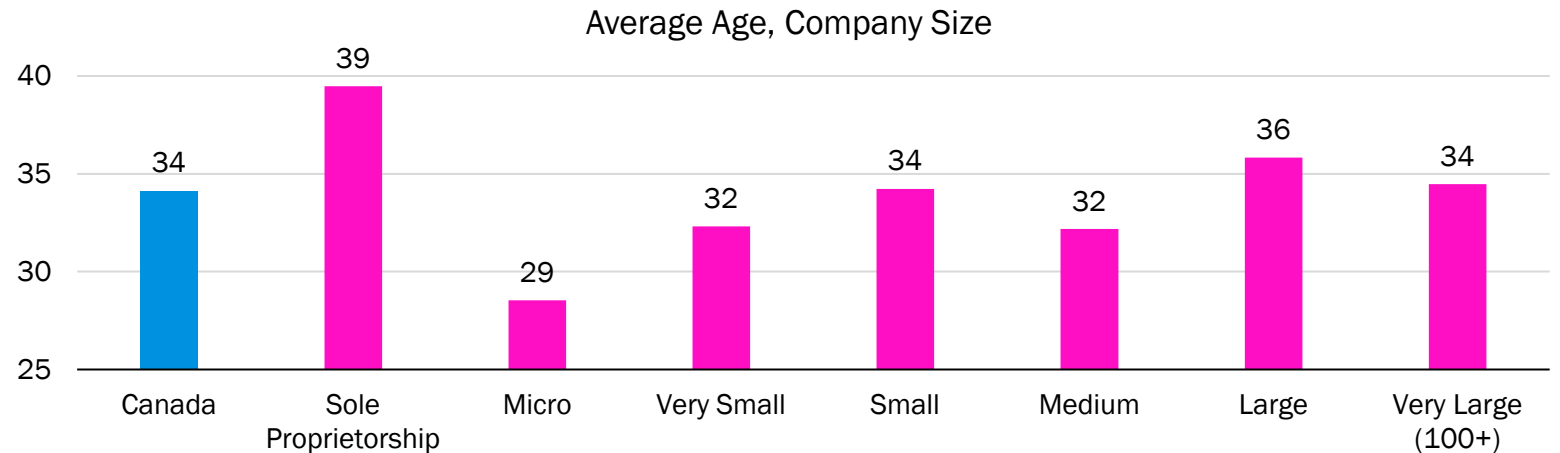
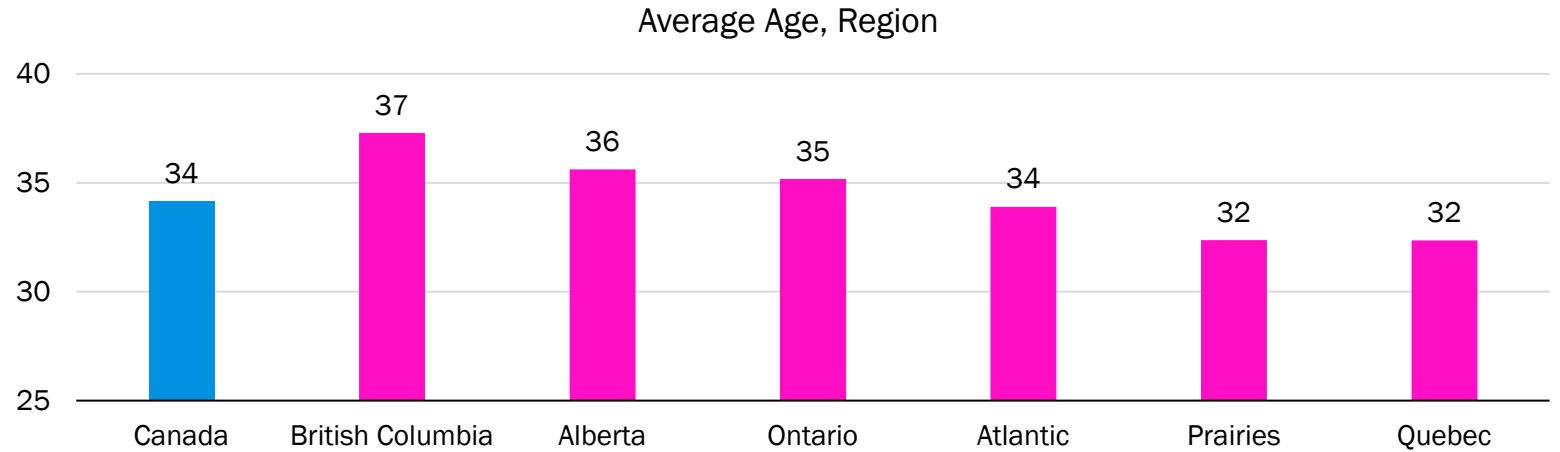
Sole proprietorship (0-1)	\$54,000
Micro (2-4)	\$54,000
Very small (5-10)	\$89,000
Small (11-25)	\$90,000
Medium (26-50)	\$106,000
Large (51-100)	\$102,000
Very large (100+)	\$106,000
Overall	\$103,000

n=163 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Age

- The average IDM worker in Canada is 34 years old.
- When compared to other leading provinces British Columbia and Ontario, Quebec seems to attract younger talent.

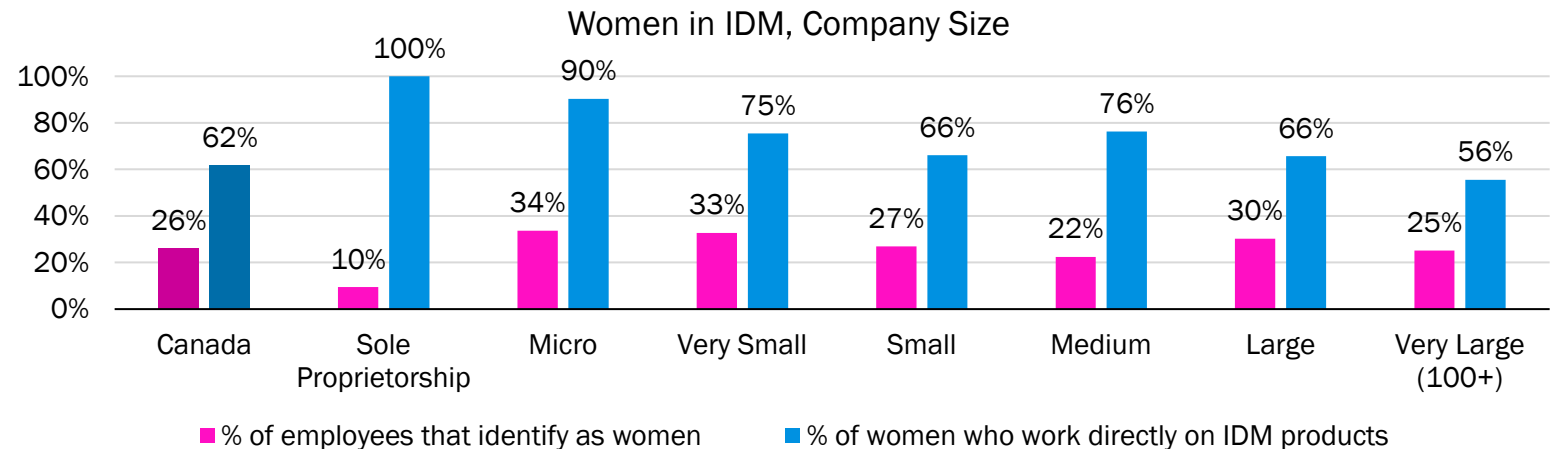
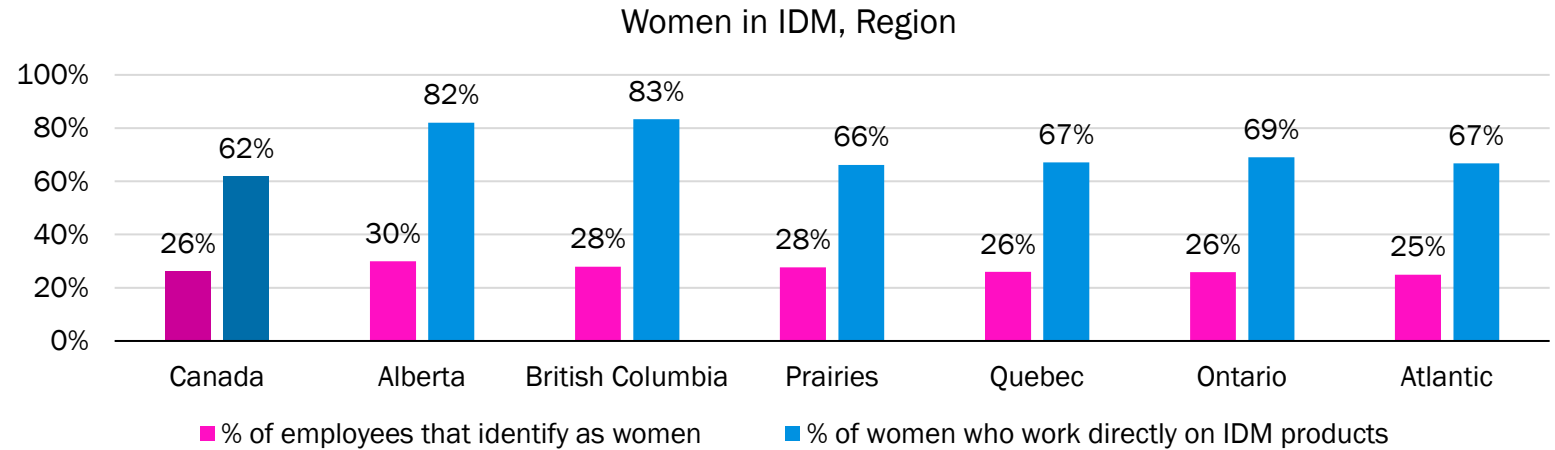


n=189 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Women in IDM

- An estimated 26% of IDM workers are women.
- On average 62% of these women work directly on IDM products.
- Women are more likely to work directly on IDM products when working at smaller companies.



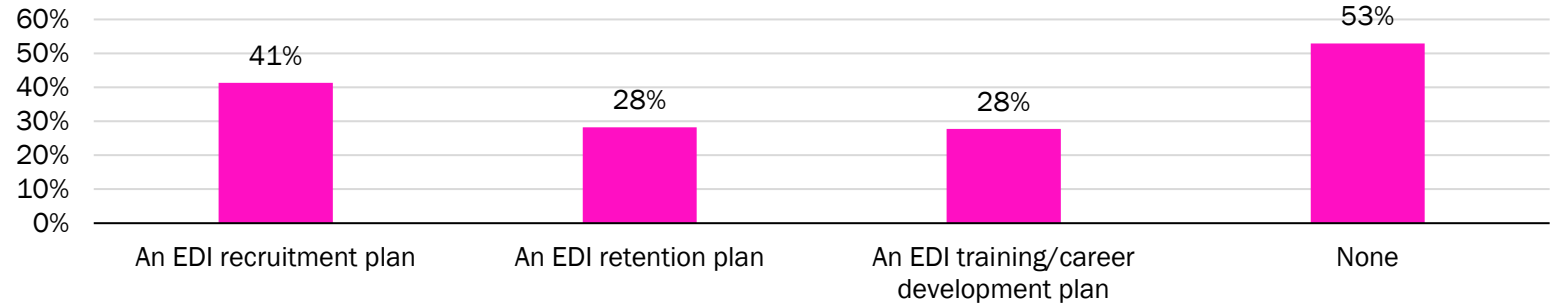
n=183 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Equity, Diversity and Inclusion Plans

- 69% of companies with 25+ employees have set EDI priorities to attract, retain and grow diverse talent.
- Not surprisingly, smaller teams, while often constrained by the demands of day-to-day operations and limited resources, may find it more challenging to allocate time and capacity for developing formalized EDI plans.

% of IDM Companies with IDM Plans, Canada



	EDI recruitment plan	EDI retention plan	EDI career development plan
Sole proprietorship	19%	5%	10%
Micro	22%	12%	8%
Very small	47%	31%	19%
Small	50%	30%	27%
Medium	31%	8%	8%
Large	38%	25%	63%
Very Large (100+)	71%	66%	71%

n=191 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



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# 4. Economic Impact

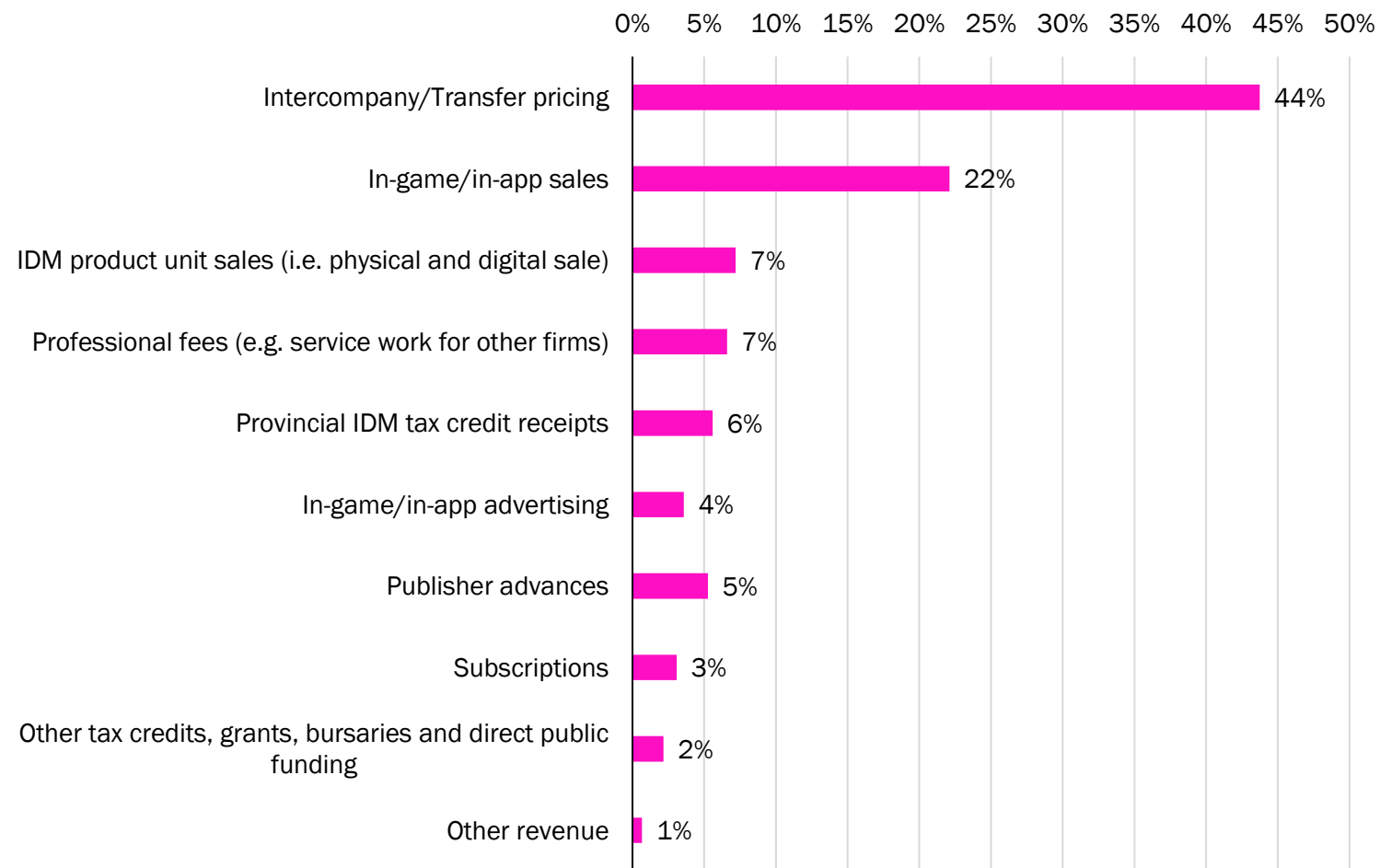


# Financials

## \$5.5B

### Total operating capital

- Operating capital refers to the capital value used by companies to go about their daily operations. In the context of the Canadian IDM industry, this includes revenue from product sales and services, as well as refundable tax credits used to subsidize labour costs.
- Given that most of the industry's operating capital is generated by larger companies with international headquarters, a significant portion (44%) of this capital comes from intercompany transfers, particularly during development cycles.



n=170 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys

Other operating capital streams includes: Technology and/or process licensing and sales, Content IP licensing (eg. royalties), Merchandising & peripherals.

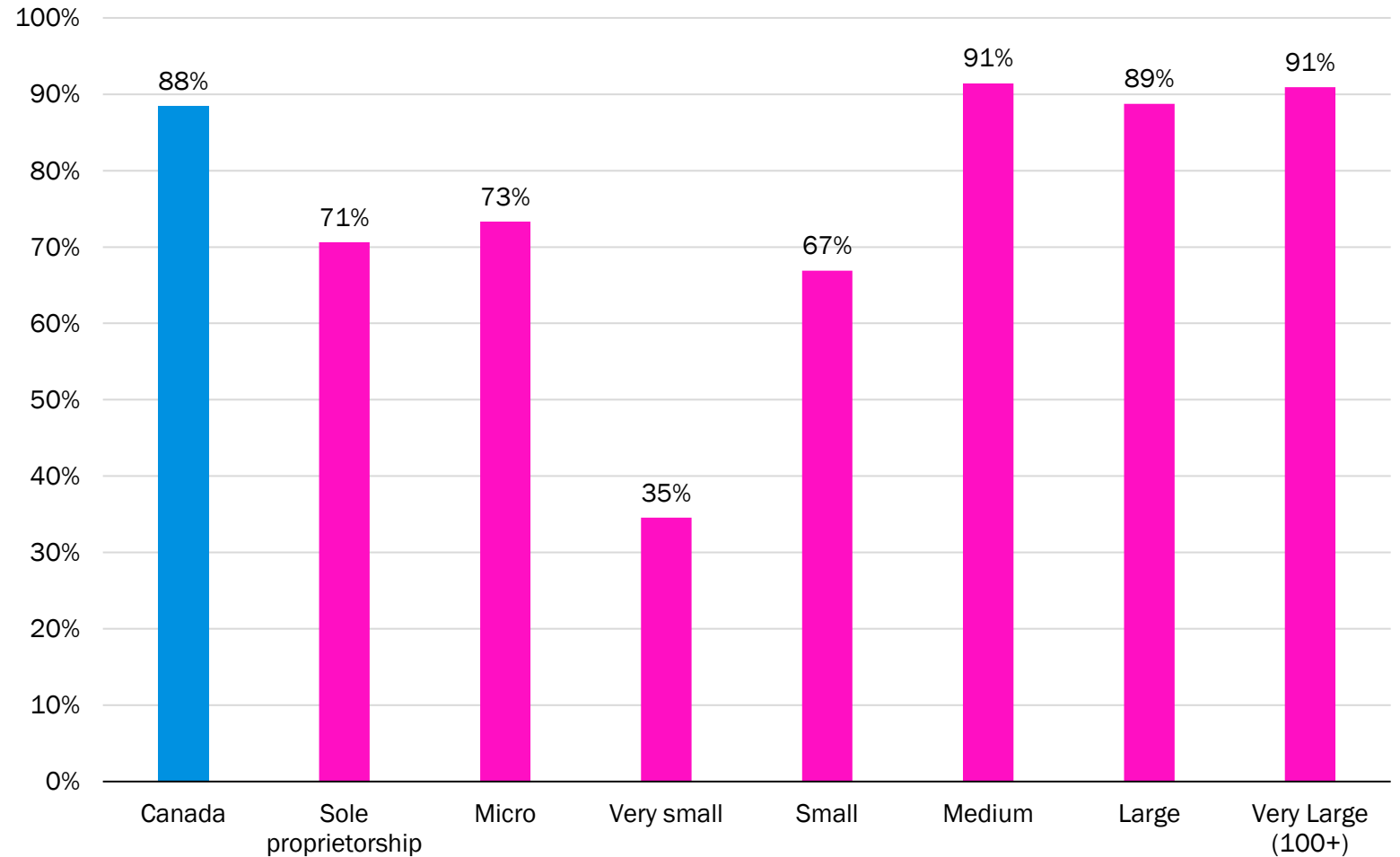




# Revenue

## Export

- The IDM industry in Canada is largely export-driven with 88% of its revenue being generated from exports.
- Exports are the principal source of revenue for most companies, with exports accounting for about 90% of revenue of Medium, Large and Very Large companies.



n=170 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys

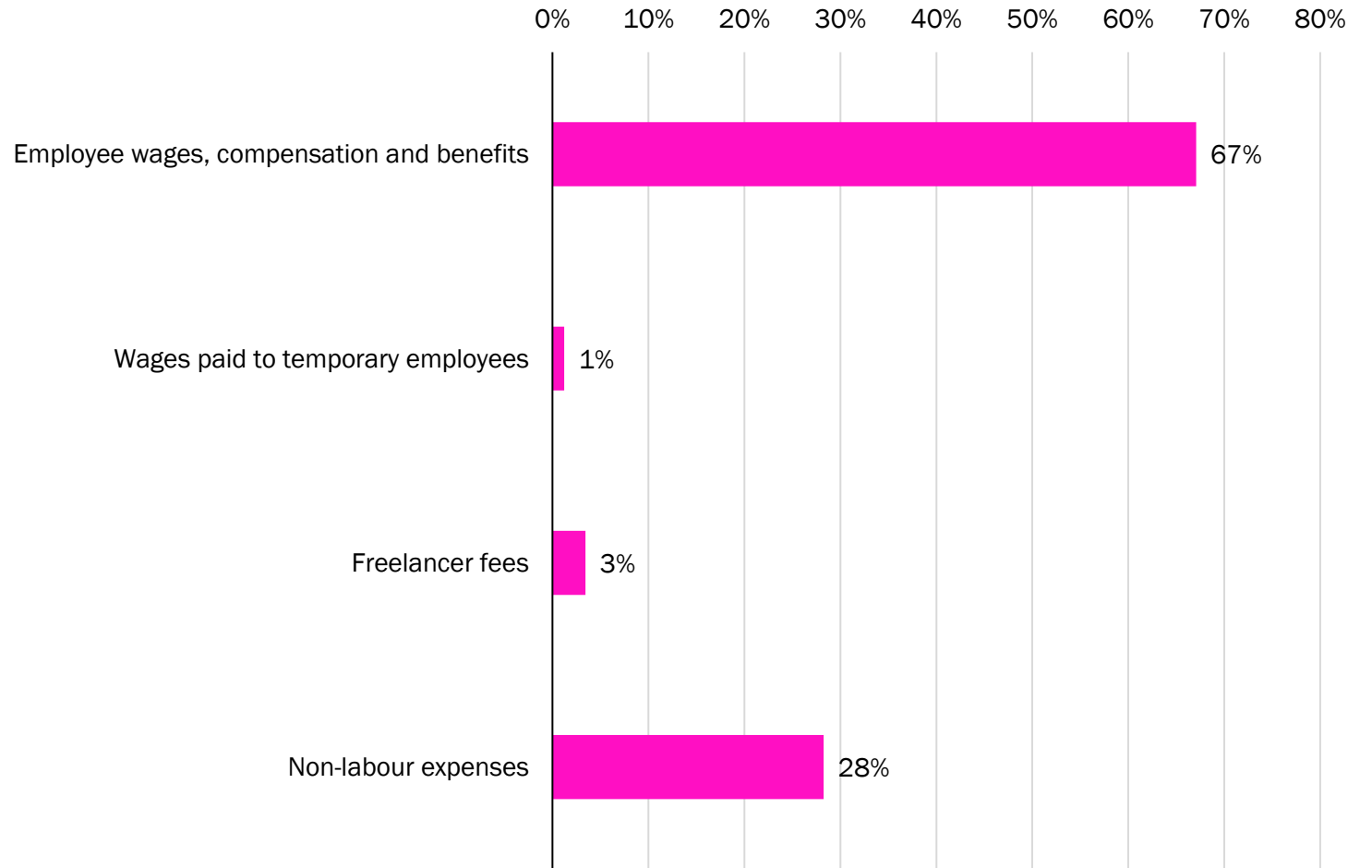


# Expenditure

## \$5.4B

### Total expenditure

- Given that the IDM industry in Canada is composed of several integrated studios (studios operating under a shared parent company or as subsidiaries of multinational game companies), company expenditure is a more reliable indicator of the size of the industry.
- 71% of the total expenditure relates to labour.

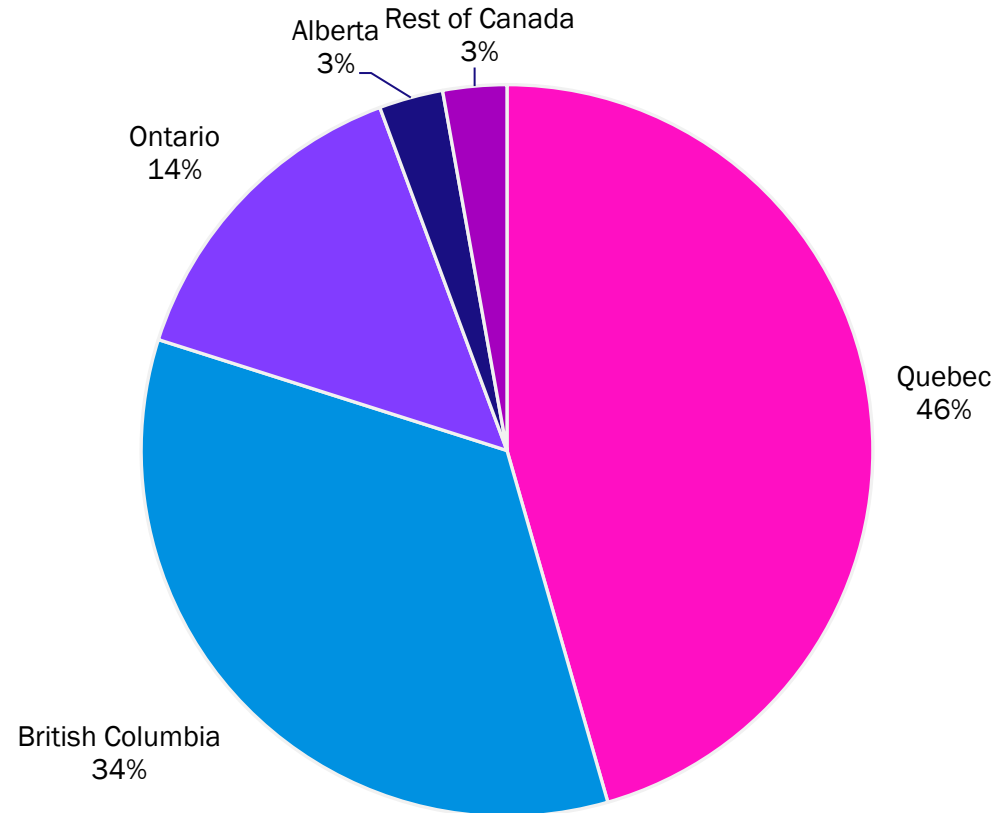


n=170 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Expenditure | Regions

- Quebec accounts for the largest share of total industry expenditure (46%), followed by British Columbia (34%) and Ontario (14%).



n=170 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Labour Income

2024

- Most of the economic impact of the industry is derived from income earned by employees of IDM companies and the labour income associated with indirect and induced employment generated by the industry.
- Workers employed in the IDM industry in Canada collectively generated a total of \$3.9 billion in labour income.

Direct impact	\$3,885M
Indirect impact	\$297M
Induced impact	\$396M
Total impact	\$4,578M

n=170 | Source: estimates based on ESAC and CIAIC 2024 Industry Surveys, Statistics Canada Input-Output Tables, Nordicity's MyEIA tool



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# GDP

## | Introduction

- The main measure of direct economic impact in any industry is Gross Domestic Product (GDP), which refers to the total value generated by a company or industry in the development and production of a good or service. In other words, the money paid to or generated by individuals. As such, the GDP contribution of IDM companies in Canada is estimated by summing the labour income of workers in Canada, plus an allocation of the operating surplus (which can be understood as income for the companies' owners).
- In addition to the direct impact, economic activity also has what can be called “spin-off” impacts, which represent the ripple effects that an industry has on the broader economy. These impacts include indirect impacts (the employment and value added by suppliers from which video game companies purchase goods and services), and induced impacts (the re-spending of labour income by employees of video game companies and their suppliers).



# GDP

2024

- Nordicity estimates that the IDM industry directly contributed an estimated \$4.1 billion to GDP in Canada in 2023-24.
- The industry also generated \$1.4 billion in indirect and induced impacts. The total GDP contribution is estimated to be \$5.5 billion.

<b>Direct impact</b>	<b>\$4,092M</b>
<b>Indirect impact</b>	<b>\$558M</b>
<b>Induced impact</b>	<b>\$826M</b>
<b>Total impact</b>	<b>\$5,476M</b>

n=170 | Source: estimates based on ESAC and CIAIC 2024 Industry Surveys, Statistics Canada Input-Output Tables, Nordicity's MyEIA tool



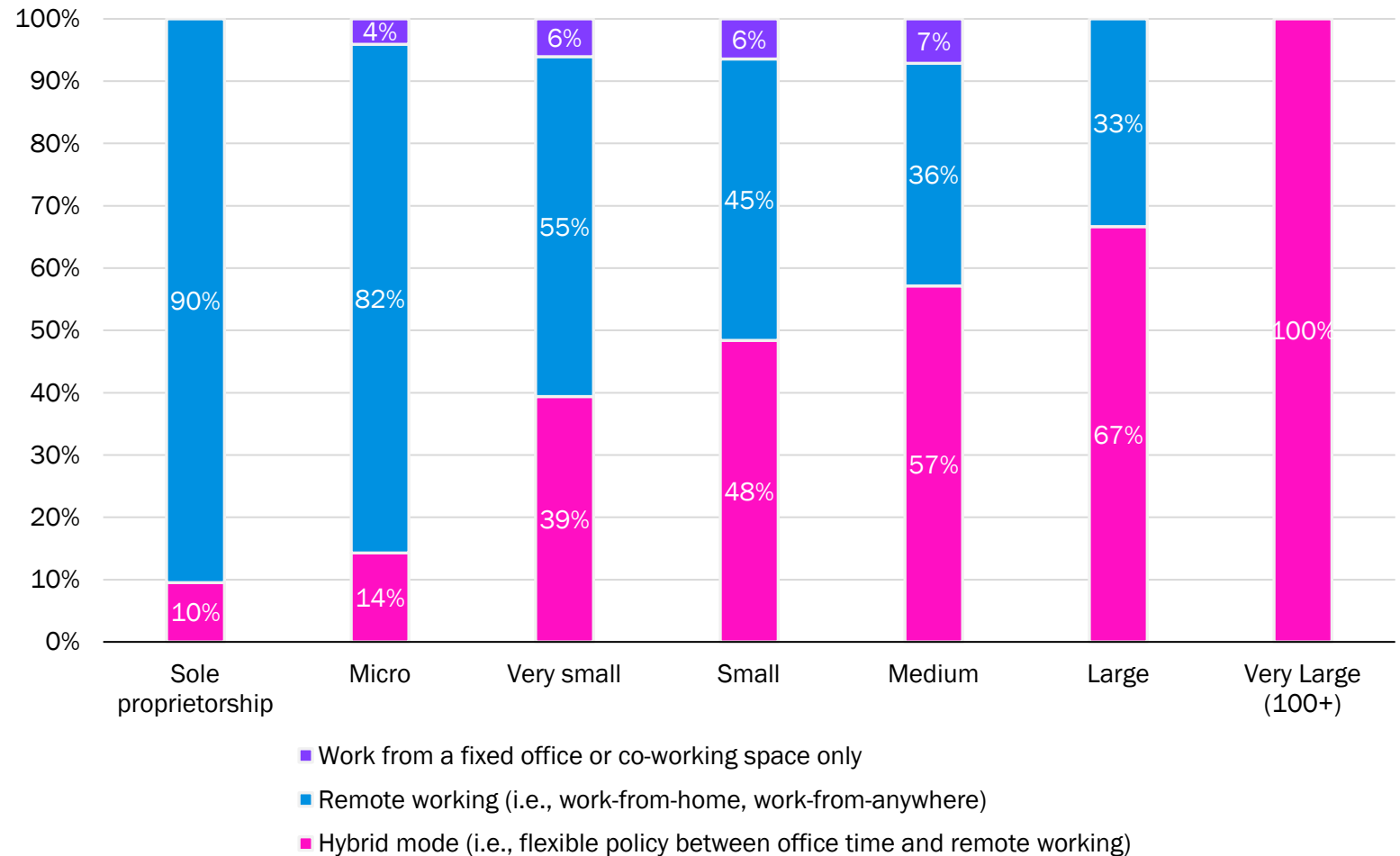
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# 5. Other Insights



# Mode of Work

- Flexible work policies are now widespread in the IDM industry: hybrid is now the preferred mode for Large and Very Large companies, which employ 80% of IDM workers.
- On average, companies have indicated requiring 2 days of presence in the office per week.



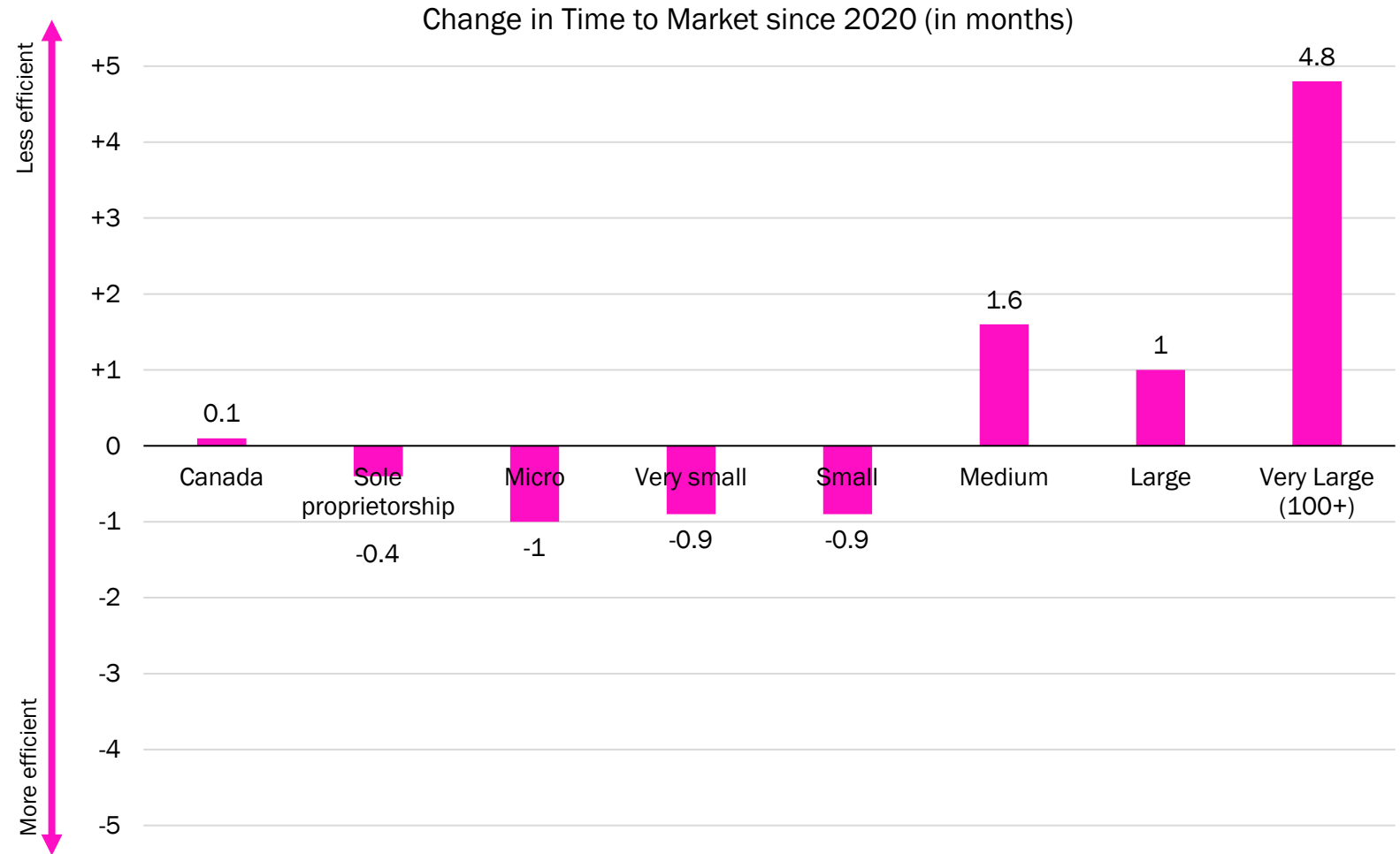
n=195 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys





# Change in Productivity

- While smaller companies do not seem to have been particularly impacted by recent changes to production practices, large companies have reported that projects now take more time to be delivered.
- In particular for Very Large companies, it takes on average 5 more months for a product to hit the market.

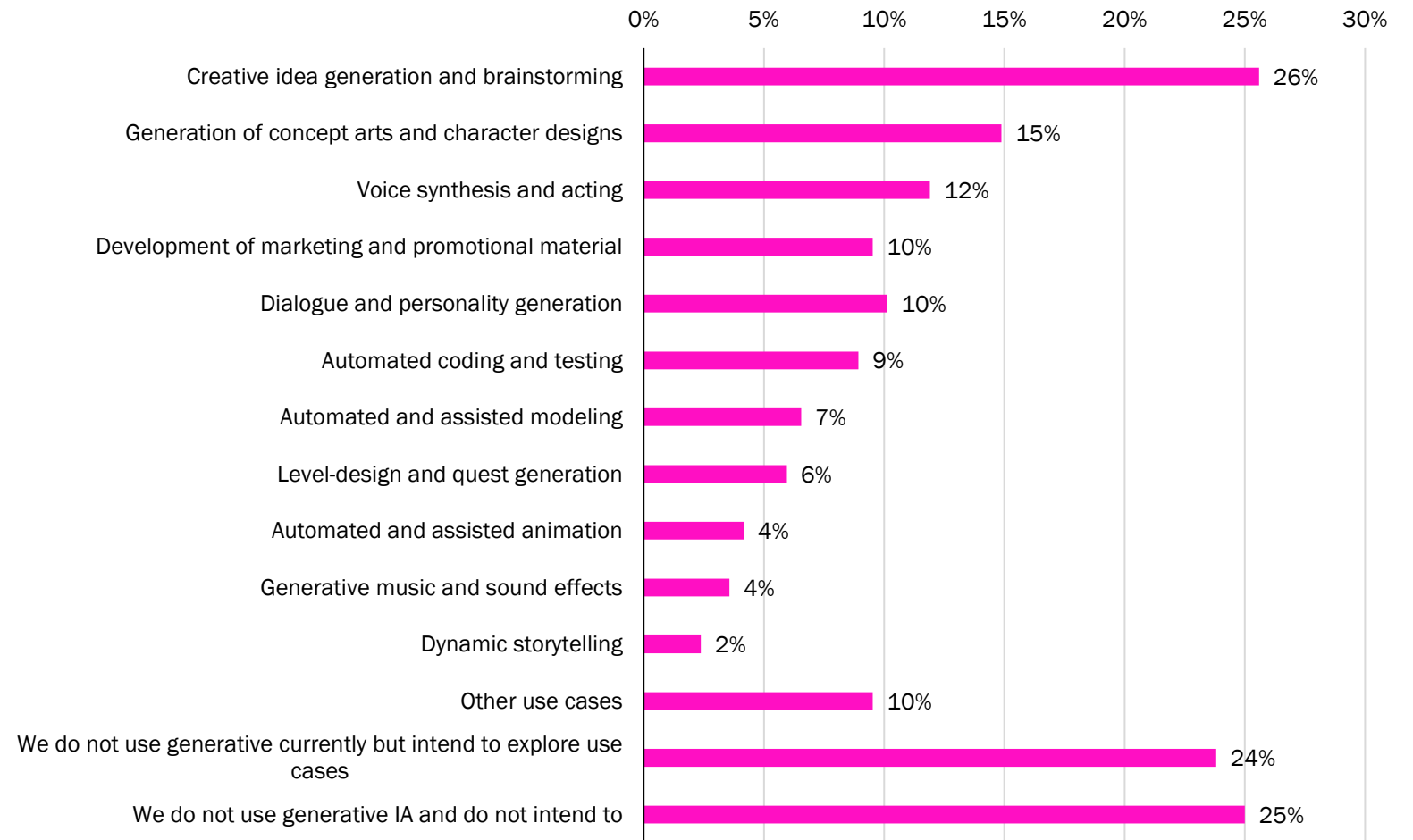


n=178 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Use of Generative AI

- IDM companies are starting to use generative artificial intelligence in different ways, primarily as a brainstorming and idea generation tool.
- 24% of respondent companies are currently not using generative AI but still intend to explore its use. This share goes up to 38% for Very Large companies (100+).

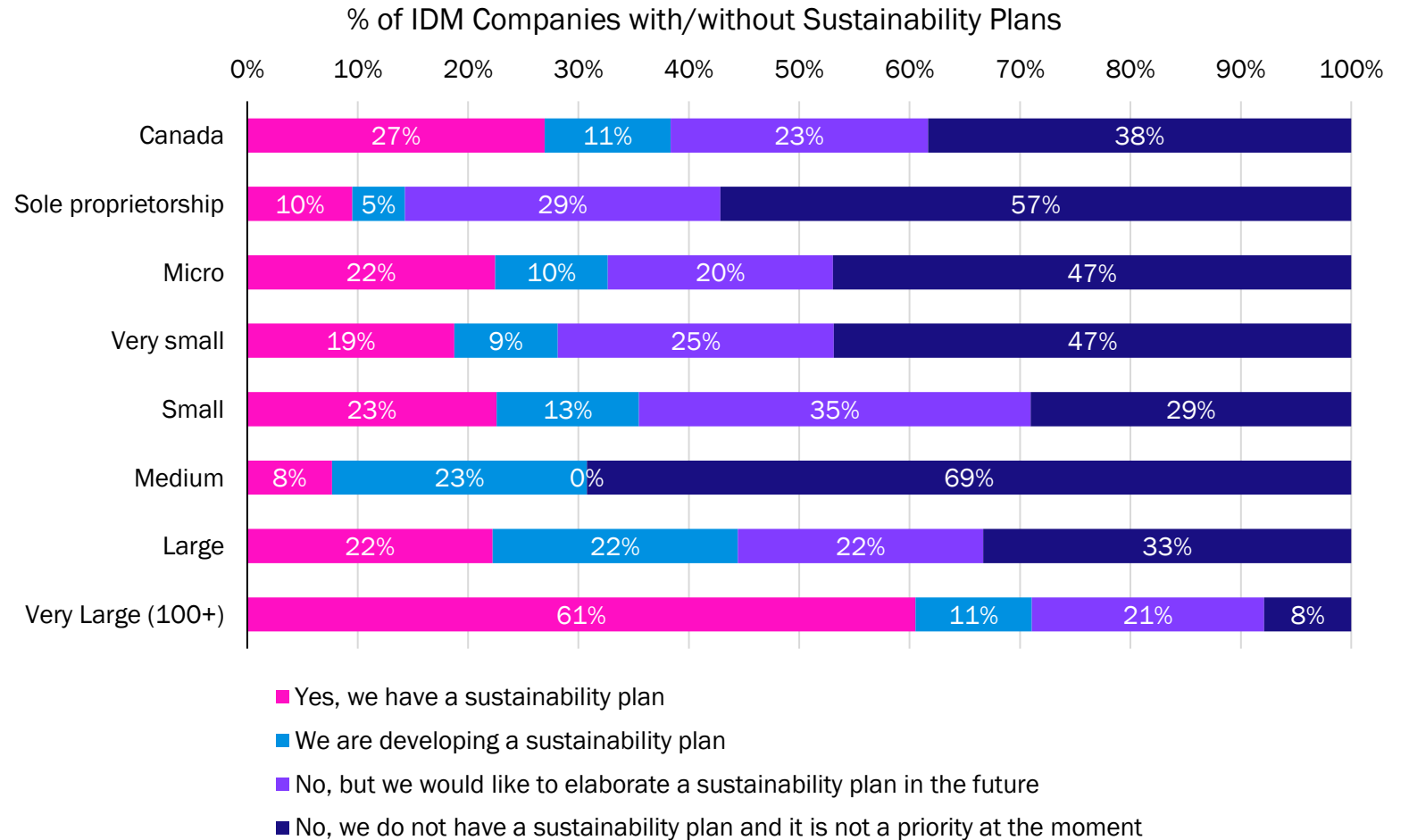


n=168 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Sustainability Plans

- 27% of Canadian IDM companies have already developed and implemented a sustainability plan.
- Sustainability is a key concern for Very Large companies, with 72% having implemented or currently developing a sustainability plan.
- Micro, Very Small and Small companies may not formally implement sustainability plans as their headcount, activity, and remote work arrangements may not impart a large carbon footprint

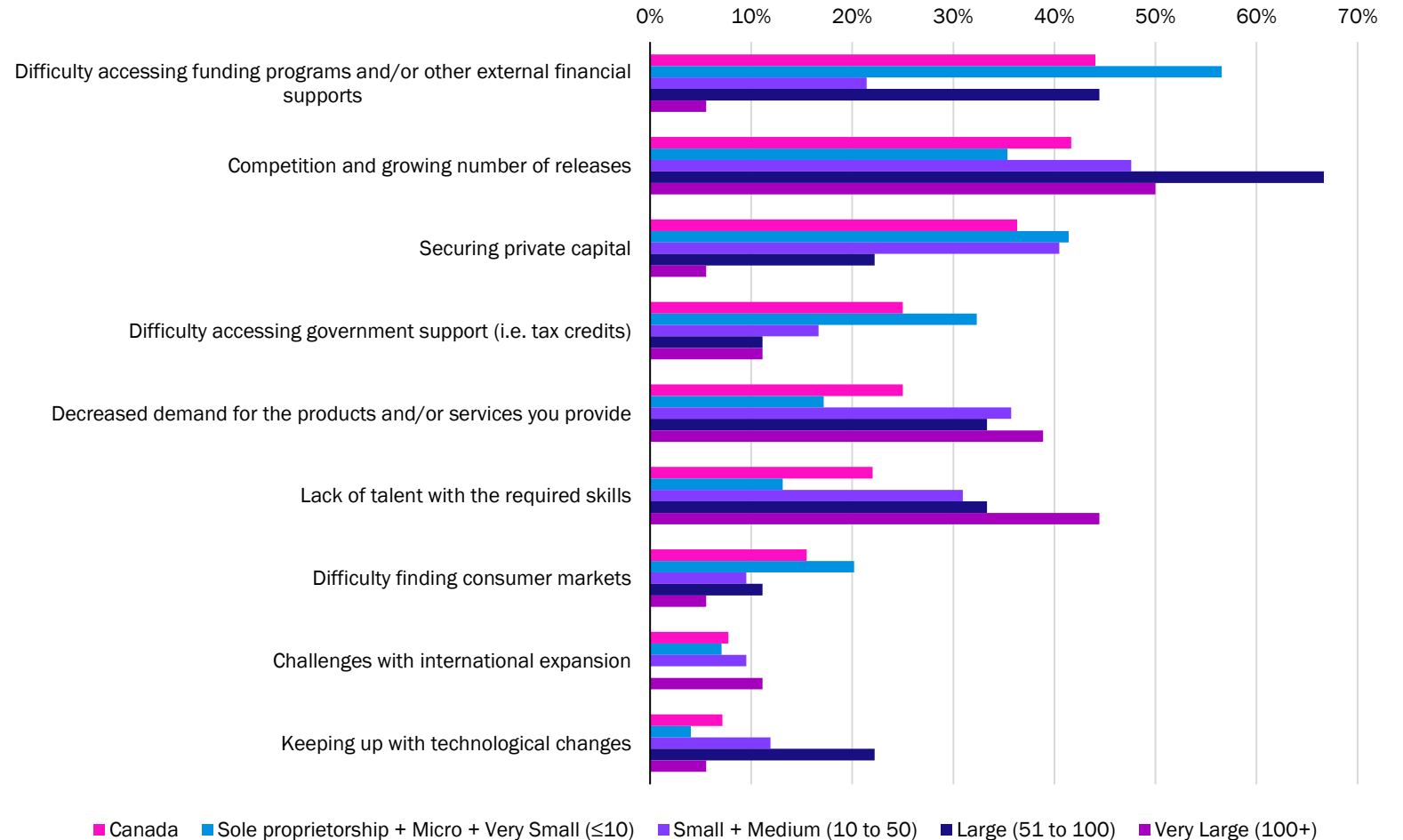


n=193 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



# Barriers to Growth

- Companies of all sizes are facing discoverability challenges in a competitive and abundant market.
- Smaller companies are facing difficulty accessing funding programs and external financing.
- Very Large companies are struggling with securing talent and the decreasing demand.



n=193 | Source: estimates based on CIAIC and ESAC 2024 Industry Surveys



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# Appendix



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# Glossary of Terms

**Company sizes:** Companies are divided into eight segments ranging from Sole proprietorship (0 to 1 employee) to Outlier companies (200+ employees). In this report, the two largest categories (Very Large, 100-200 employees, and Outlier, 200+ employees) are presented together as Very Large (100+) to respect the confidentiality of these companies. Outlier companies are only reported as a different category in the Employment section.

**n-values:** The number of respondents to a survey question, which is often used in the data analysis related to that question.

**Direct GDP:** The economic activity generated directly by the video game industry.

**Indirect GDP:** The increased economic activity generated by business sectors broadly associated with the video game industry in Canada—i.e., sectors that are supplying goods and services to companies in the industry.

**Induced GDP:** The increase in economic activity attributable to re-spending of labour income within an economy by workers at the direct and indirect levels. In other words, people employed at the direct and indirect level take home salaries and re-inject that income into the economy through their day-to-day spending.

**Direct employment:** Those people employed by a video game company.

**Spin-off employment:** Employment resulting from economic activity generated by business sectors that supply the video game industry in Canada and from the re-spending of labour income within an economy by workers at the direct and indirect levels. In other words, employment related to the indirect and induced economic impact of the video game industry.

**FTE:** Full-time equivalent is a measure of employment that can mean, for example, that three part-timers each working a third of a year make up one FTE.

**Labour income:** Salaries and benefits paid to employees of video game companies.

**Prairies:** A term used to designate Manitoba and Saskatchewan throughout this report.

**Atlantic:** A term used to designate New Brunswick, Nova Scotia, Newfoundland & Labrador, and Prince Edward Island throughout this report.



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# Methodology

## | Data Collection

The data presented in the above report was collected primarily through an online survey, although some secondary research was conducted to provide context to the findings.

For this study, much of the data presented was derived from the results of two online surveys that Nordicity conducted between May and July 2024 for CIAIC and ESAC. Prior to deploying this iteration of the survey, Nordicity and the studies' partners (CIAIC, ESAC and provincial industry associations) developed and expanded the list of IDM companies to which the survey was distributed to the universe of 937 IDM companies.

In this context, an “IDM” was defined as “a company directly involved in the development and/or sale of, and/or the provision of services directly related to the development and sale of :

- Video game products;
- Interactive and immersive storytelling products; and,
- Interactive eLearning or educational content

destined for consumers as end-users.

The survey was also distributed and promoted by provincial industry associations through newsletters, direct outreach to video game companies, and via social media channels. Upon closing the survey, Nordicity had received responses with some data from 170 IDM companies which were able to provide detailed financial data. As this financial data lies at the heart of this exercise (e.g., because it is the primary input into the economic impact analysis), Nordicity used these 170 responses to estimate the degree to which the sample collected reflects the universe of IDM activity in Canada.

The n-value for some questions can vary depending on the number of usable responses received by Nordicity (see footnotes below each charts).

Nordicity work with CIAIC members to ensure that the final sample of collected responses is representative of the volume of activity in the sector, notably by identifying must-have companies for all size categories, as well as ensuring higher response rates for larger companies, given that they account for a significant share of the sector's activity.



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# Methodology

## | Data Analysis

A survey will only ever capture a portion of the potential respondents. Having collected the online survey data, the first step was to estimate the degree to which the sample reflects the universe of video game activity in Canada. In effect, the survey sample needs to be “grossed-up” to the size of the universe. In this case, that meant extrapolated data from the 170 firms that supplied employment and financial data to the 937 companies in the final list of potential respondents. In the IDM sector, firms range in size from a few employees to several hundred employees, with a very small number of outlier companies whose employment is in the thousands.

Nordicity split this gross-up exercise into eight segments:

- Sole proprietorships: 0-1 employee
- Micro companies: 2 to 4 employees
- Very small companies: 5 to 10 employees
- Small companies: 11 to 25 employees
- Medium companies: 26 to 50 employees
- Large companies: 51 to 100 employees
- Very large companies: 100 to 200 employees
- Outlier companies: 200+ employees

To do so, Nordicity first classified the 937 companies into the eight groups based on a review of their websites, socials and based on their potential response to the survey. Averages were calculated for expenditure and revenue for each of the size categories from survey data.

In this report, Very Large (100+) regroups very large and outlier companies to protect the confidentiality of their data.





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# Methodology

## | Data Analysis

### (continued)

For each region, the averages calculated above were multiplied with the number of companies in that size group, in that region, to arrive at a gross expenditure and revenue for each region. Labour and non-labour expenditure percentages from the survey were used to allocate the gross expenditure into categories. For non-labour expenditure, survey data from previous Nordicity projects were used to develop an expenditure profile of IDM companies which was then applied to the gross expenditure less labour.

Note that a few massive companies were not included in the gross-up exercise – but added as is - if they completed the survey and indicated more than 500 employees. This accommodation was made to ensure that the Outlier segment is not overestimated.

Other industry data, such as the industry average salary was estimated using a weighted average. For example, firms were asked to provide average salary data for three levels of seniority (junior, intermediate, senior). First, average salary levels were developed for each type of employee at each size of firm (the eight segments). These averages were then weighted by the relative employment in each type to arrive at a single average salary for each size group. These company size-based averages were then combined (and weighted by the relative employment of each size group) to arrive at a final average salary.



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# Methodology

## | Economic Impact Analysis

The economic impact modelling drew upon data from the online survey, secondary sources and Statistics Canada's Input-Output (I-O) tables, to derive estimates of direct, indirect and induced impacts of the video game industry on the Canadian economy in terms of employment (i.e., full-time equivalents [FTEs]), labour income (i.e., wages, salaries and benefits) and gross domestic product (GDP).

The direct impact refers to the employment, labour income and GDP generated within the video game industry itself and is largely in the form of wages and salaries paid to the industry's workers. It also includes operating surplus (i.e., operating profits [return to shareholders] and sole proprietors' income) earned by companies and the value of depreciation of capital assets.

To estimate the direct economic impact, we compiled data from the online survey on industry activity (i.e., operating revenue and expenditures, total wages and salaries, average salaries) and a representative breakdown of cost structures for the video game industry. These data were used to estimate labour income and employment.

To estimate direct GDP, the ratio of operating surplus to labour income for Canada's software publishing industry was obtained from Statistics Canada's input-output tables and used to estimate the amount of operating surplus to add to the estimate of labour income in order to derive an estimate of GDP.



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# Methodology

## | Economic Impact Analysis

### (continued)

The indirect impact refers to the increase in employment, labour income and GDP in the industries that supply inputs to the IDM industry (e.g., utilities, real estate, telecommunications services). The conversion of data for industry activity into estimates of the indirect economic impact required an I-O model of the Canadian economy. Nordicity used Statistics Canada's I-O tables to construct a model that could be used to estimate the indirect economic impact. This model took into account the pattern of re-spending by the video game industry's supplier industries, and the degree to which these supplier industries' purchases leaked from the Canadian economy in the form of imported inputs. This I-O model was used to derive estimates of indirect employment, labour income, and GDP.

The induced impact refers to the increase in employment, labour income, and GDP that can be attributed to the re-spending of income by Canadian households that earned income at both the direct and indirect stages of the economic impact. Because Statistics Canada's I-O tables only permit one to estimate the indirect impacts of an industry, sector or economic shock, Nordicity developed and applied a custom induced impact economic multiplier to derive estimates for this analysis. This multiplier was based on Nordicity's estimates of the marginal propensity to consume (MPC) and marginal propensity to import (MPM) for Canada. The derivation of the MPC and MPM were based on data for household spending and international trade available from Statistics Canada.



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