Turnover/Output for Specialized Design Activities in Canada

29th Voorburg Group Meeting

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Definition of the service (1)

- By industry - NAICS 2012

- 54 Professional, Scientific and Technical Services
  - 5414 Specialized Design Services
    - 54141 Interior Design Services
    - 54142 Industrial Design Services
    - 54143 Graphic Design Services
    - 54149 Other Specialized Design Services

- NAICS 5414 corresponds directly to Code 7410 in ISIC Rev. 4.
The Annual Survey of Service Industries: Specialized Design

- **Revenue** is collected for the following items:
  - Sales of goods and services
  - Grants, subsidies, donations and fundraising
  - Royalties, rights, licensing and franchise fees
  - Investment income (dividends and interest) excluding equity income from investments in subsidiaries or affiliates
Survey program overview (2)

The Annual Survey of Service Industries: Specialized Design

- **Expenses** are collected for the following items:
  - Salaries and wages
  - Employer portion of employee benefits
  - Commissions paid to non-employees
  - Professional and business services fees
  - Subcontract expenses
  - Cost of goods sold (purchases plus opening inventory minus closing inventory)
  - Etc.,,
Survey program overview (3)

The Annual Survey of Service Industries: Specialized Design

Respondents provide % of revenue originating from:

- **Clients in Canada**
  - Businesses
  - Individuals and households
  - Governments, not-for-profit organizations and public institutions
- **Clients outside Canada**
Survey program overview (4)

The Annual Survey of Service Industries: Specialized Design

Respondents provide value of international transactions.

- Exports of services out of Canada
- Imports of services into Canada
Market conditions (1)

- Operating revenues (turnover) generated by businesses in the specialized design services industries was **$2.9 billion** in 2012.

- Since 2009, the industry has employed around 15,000 people on average throughout Canada.

- Labour intensive, requiring skilled and educated professional work force in each individual industry.

- Wages and salaries account for approximately 33% of total operating expenses.
Market conditions (2)
Revenue breakdown by NAICS

- Interior design services (54141)
- Industrial design services (54142)
- Graphic design services (54143)
- Other specialized design services (54149)
- Related services and products

6%  15%  35%  37%  8%
Market Conditions (3)
Turnover and Profit margin

![Graph showing turnover and operating profit margin from 2009 to 2012.](image-url)
Market Conditions (3)
Distribution of Turnover by Type of Client

- 67% Sales to businesses
- 17% Sales to individuals and households
- 9% Sales to governments, not-for-profit organizations and public institutions
- 7% Sales outside Canada (exports)
Special Conditions and Constraints (1)

- The industrial, graphic and interior design *product* is produced by more industries than just the specialized design. Examples include:
  - Manufacturing and engineering producing industrial design,
  - The architectural industry producing interior design products, and
  - Publishing and advertising industries producing graphic design product.

- Some large companies engaging in Specialized Design industry, but they do not drive the industry estimates. **Small and medium firms do!**
Main Classifications (1)

- By industry - NAICS 2012

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## Main classifications – by product (2)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7731111</td>
<td>Residential interior design services (except historical restoration)</td>
</tr>
<tr>
<td>7731112</td>
<td>Non-residential interior design services (except historical restoration)</td>
</tr>
<tr>
<td>7731113</td>
<td>Historic building interior design services</td>
</tr>
<tr>
<td>7731114</td>
<td>Interior design services (except construction management services)</td>
</tr>
<tr>
<td>7731121</td>
<td>Interior decorating services</td>
</tr>
<tr>
<td>7731131</td>
<td>Product industrial design services</td>
</tr>
<tr>
<td>7731132</td>
<td>Model design and fabrication services</td>
</tr>
</tbody>
</table>
## Main classifications – by product (3)

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<tbody>
<tr>
<td>7731141</td>
<td>Corporate identity and communications graphic design services</td>
</tr>
<tr>
<td>7731142</td>
<td>Advertising graphic design services</td>
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<tr>
<td>7731143</td>
<td>Commercial illustration services</td>
</tr>
<tr>
<td>7731144</td>
<td>Graphic interface and interaction design services</td>
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<tr>
<td>7731145</td>
<td>Broadcast and motion graphic design services</td>
</tr>
<tr>
<td>7731146</td>
<td>Book, magazine and newspaper graphic design services</td>
</tr>
<tr>
<td>7731147</td>
<td>Other graphic design services</td>
</tr>
<tr>
<td>7731151</td>
<td>Fashion, jewellery, footwear and other design services, not elsewhere classified</td>
</tr>
</tbody>
</table>
Evaluation of standard definition and market conditions (1)

- **Interior design services** - businesses mainly engaged in planning, designing and administering projects in interior spaces to meet the physical and aesthetic needs of people.

- **Industrial design services** – these services include creating and developing designs and specifications that optimize the function, value and appearance of products.
Evaluation of standard definition and market conditions (2)

- **Graphic design services** - covers the planning, designing and managing the production of visual communication, etc.,

- **Other specialized design services** – includes a variety of design services such as clothing and fashion design services, shoe design services, textile design etc.,
GDP estimates – I/O tables by commodity

- Real value added by industry is derived by taking the difference between the industry gross output and the sum of industry intermediate inputs in constant prices.

- Deflated industry output is the summation of deflated output by commodity, and deflated industry input is the summation of deflated input by commodity.

- The *double deflation method* is applied to derive the constant price value added for *Specialized Design Services industry*.

- The major output commodity, Specialized Design Services of the industry is deflated using Average Weekly Earnings from the Survey of Employment Payrolls and Hours (SEPH) because there is no SPPI for the Specialized Design Services industry.
GDP estimates – monthly, by industry

- Projections for monthly GDP by industry are undertaken directly in volume (real) terms using employment data from SEPH. This is the case for many service industries for which there is no other sub-annual information.
Turnover/output data method(s)

- The entire turnover survey is part of a new Integrated Business Statistics Program (IBSP) framework that is being implemented in Statistics Canada beginning with reference year 2013.

- The IBSP framework includes a common Business Register as the frame for all business surveys; a tax data universe for the estimation of financial information; electronic data collection as the principal mode of collection; and a common editing strategy for automated and manual editing.
Comparability of turnover/output data with price indexes

- No current SPPI for *Specialized Design activities*
Questions?