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# Enterprise surveys and the measurement of digital trade in services in Canada

E-commerce Session

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Presented by Diana Wyman and Jason Aston

- 1) Trade by Exporter and Importer Characteristics – Services
  - Digital Intensity in RY2019 (RY2020 release November 2022)
  
- 2) Non-resident platforms (Audio and Video streaming, Restaurant delivery, Personal transport) in International Trade in Services Statistics in RY2019 (advertising integration into RY2020 release November 2022)
  
- 3) On the shoulders of Enterprise surveys
  - Enterprise surveys' e-commerce and digital technology modules key to development of Canada's International transactions in services Digital Module
  - Spotlight on
    - Survey of Digital Technology and Innovation (SDTIU)
    - Monthly Retail Trade Survey (MRTS)
  - Anchored administrative data linkage for digital trade and digital intensity

## Digital intensity – Results RY2019

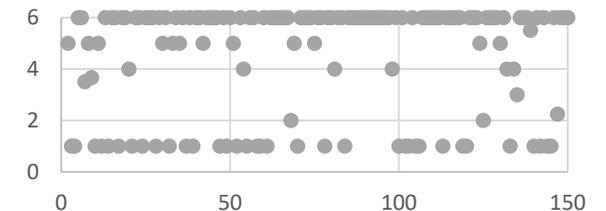
## Trade by Exporter and Importer Characteristics – Services (STEC): Digital Intensity

New economic indicator of digital intensity in delivery of services exports

- CODR dissemination of digital intensity of services exporters by MNE status, Employment size class and industry in December 2021 (12-10-0142 and -0146) to create STEC - DIGITAL
- Research paper published in Latest Developments in December 2020
- Result of NEW digital module into annual International Transactions in Services Survey (Commercial services), now enhanced coverage to include exports of 25 services categories

Small changes in  
ITSS Digital Module  
+ Big Impact

New respondents to digital module because of service category extension in RY2020

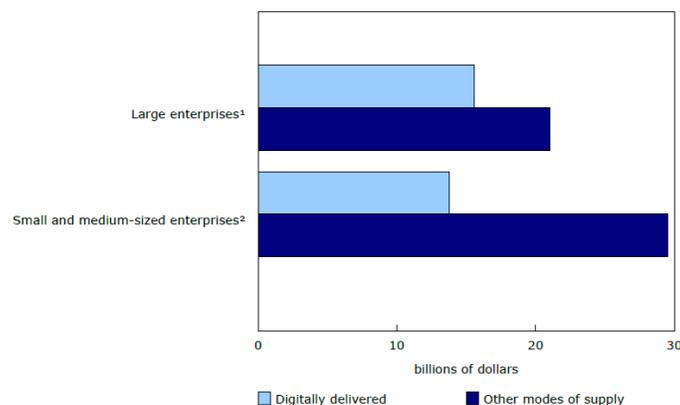


## Digital intensity: 36%

with \$30 of \$84 billion worth of exports were self-reported as digitally delivered in RY2019

Overall, nearly two-fifths (36%) of commercial services exports were reported to be digitally delivered in 2019, amounting to approximately \$30.2 billion of business services. Typically, these are services provided through the use of platforms, applications and other means of transmission of materials online. This first estimate of digital intensity provides the foundation for assessing enterprise-level adaptation over the course of the pandemic in 2020 and 2021.

Commercial services, digitally delivered exports of large, and small- and medium- sized enterprises, 2019



1. 500 or more employees.  
2. 0 to 499 employees.  
Source(s): 12-10-0146-01.

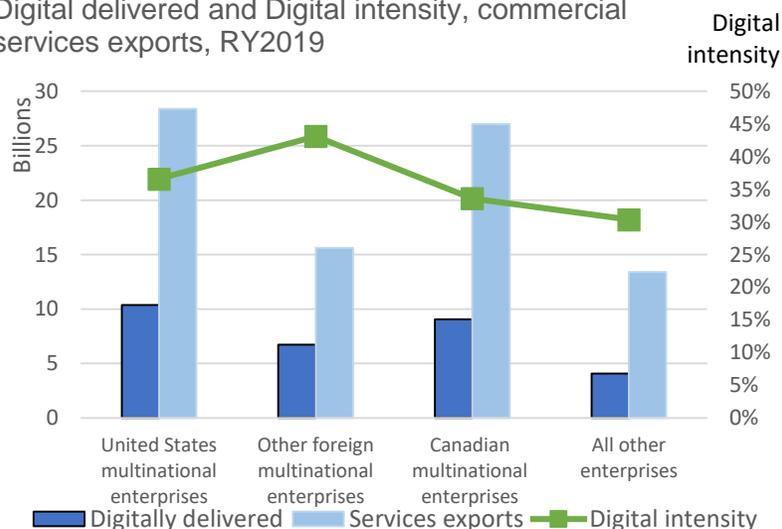
### SMEs account for larger share of commercial services exports but report lower digital intensity

While SMEs accounted for a higher share of commercial services exports in 2019, large enterprises reported the higher digital intensity. Large firms showed a 43% digital intensity, while SMEs reported that approximately 32% of services had been digitally delivered in 2019.

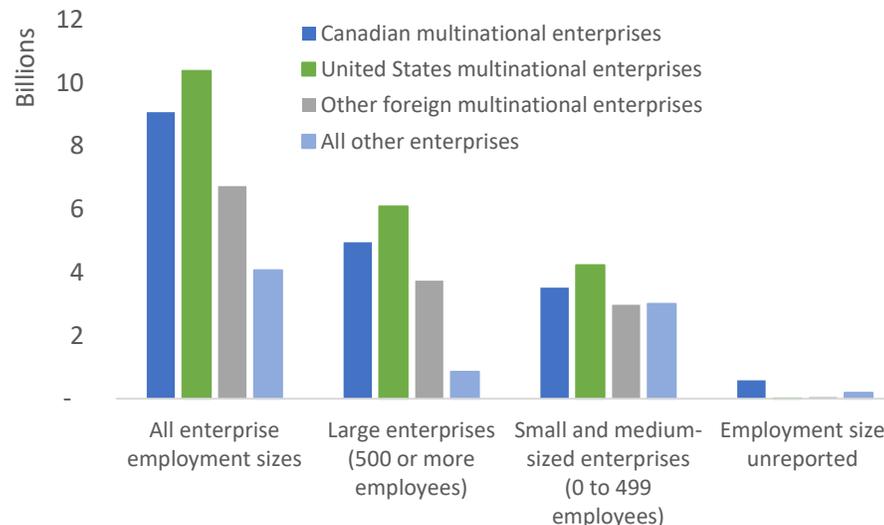
## Foreign multinationals report higher digital intensity than Canadian MNEs

By multinational status, non-US foreign MNEs operating in Canada reported the highest share of exports digitally delivered at 43%, compared with a share of 36% for US MNEs and 34% for Canadian MNEs. The activities of global leaders in digital intermediary platforms and digital infrastructure operating in Canada spanned all three multinational enterprise groupings.

Digital delivered and Digital intensity, commercial services exports, RY2019

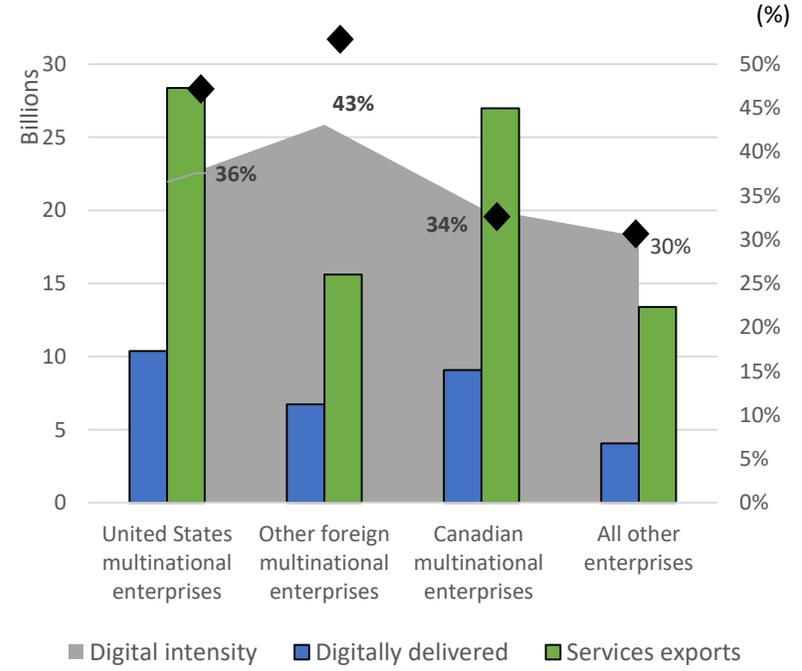


Value of digitally delivered exports, RY2019



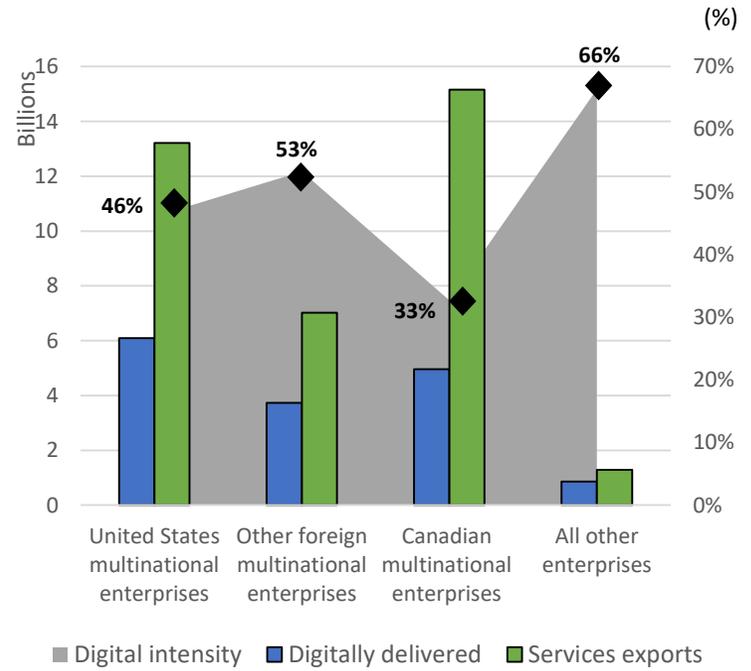
# Digital intensity profiles across MNE and employment size profiles...high digital intensity shares found in large MNEs

Digital delivered and Digital intensity, commercial services exports, RY2019



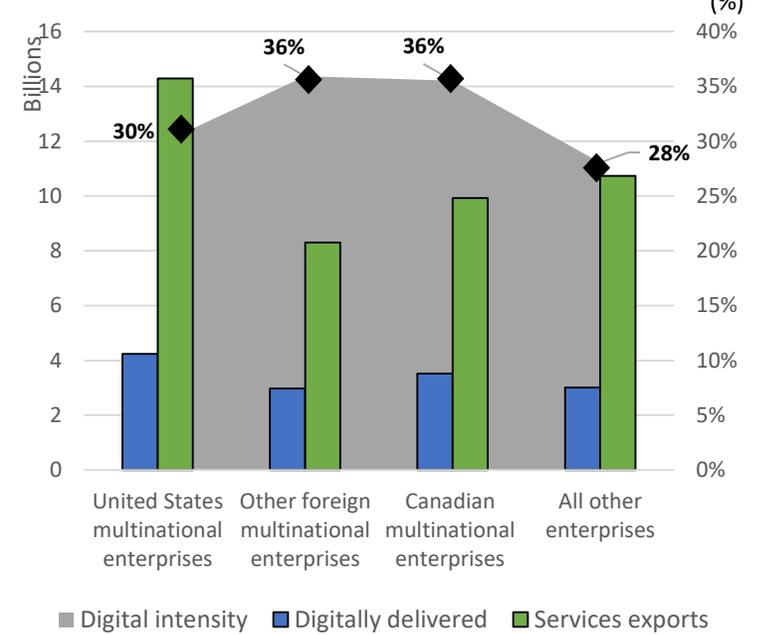
All services exporters

Digital delivered and Digital intensity, commercial services exports, Large enterprises, RY2019



Large enterprises (500+ Employees)

Digital delivered and Digital intensity, commercial services exports, Small- and medium-sized enterprises, RY2019



SMEs (0-499 employees)

## Non-resident platforms and enterprises representing imports into Canada

- Audio and Video streaming, Gaming, Restaurant delivery, Personal transport) in International Trade in Services Statistics/Balance of Payments in RY2019
- Integration of trade value between Canadians and non-resident platforms through consolidated value (leveraging horizontal collaboration)
- Enhanced coverage leveraging administrative data (Goods and Services Tax, GST)
- Better understanding of players and how to capture/distinguish activity

### What's Next?

- Integration of trade value between Canadians and non-resident platforms – including data-driven advertising revenue RY2020

## Closing the data gap on non-resident enterprises generating revenue in Canada

For **accommodation, ride-sharing and food delivery**, it is necessary to break down the fee or margin from the overall revenue generated.

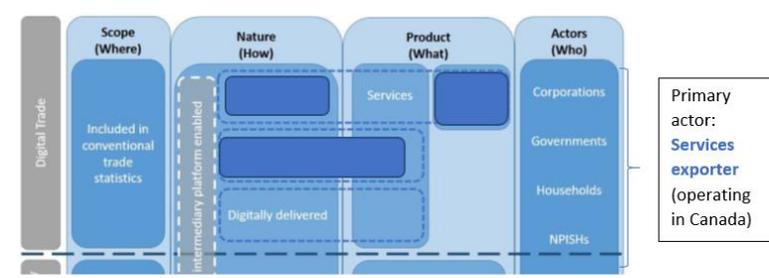
For **streaming** (music, podcast, audiobook, video, video game) directly from non-resident enterprises via the non-resident streaming platform, imports tend to have a subscription fee that is channelled to the non-resident platform. This streaming fee flows from the household or firm in Canada directly to the non-resident firm, and therefore, the entire fee is included in the import value.

For **data- and advertising-driven platforms**, data arriving from recent legislation, more complete reporting in annual financial reports by geographic segment and further mining of existing data sources can provide better estimated values.

For **other digital infrastructure platforms**, underlying payment and digital delivery facilitation mechanisms, domain name and security infrastructure, among other aspects of digital infrastructure, are necessary dimensions to capture to measure this activity.

## **Enterprise surveys @ Statistics Canada and e-commerce**

# E-commerce and Digital technology survey modules: The road to measuring digital trade in services



Source: Adapted from OECD/WTO Going Digital Toolkit note

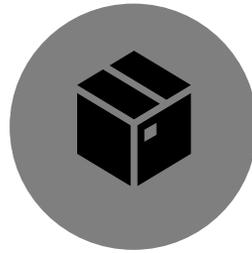


Survey of Manufactures



Monthly Retail Trade Survey (MRTS)

- Monthly (timeliness)
- Covid-19 pandemic response (relevant)



Wholesale Trade



Services (such as computer services)

## Survey of Digital Technology and Internet Use

Reference year 2019

Data collection occurred from November 2019 to March 2020, prior to closures related to the COVID-19 pandemic



Firms with 5+ employees



Across all sectors, over 14,000 firms in the sample



Response rate of 77%

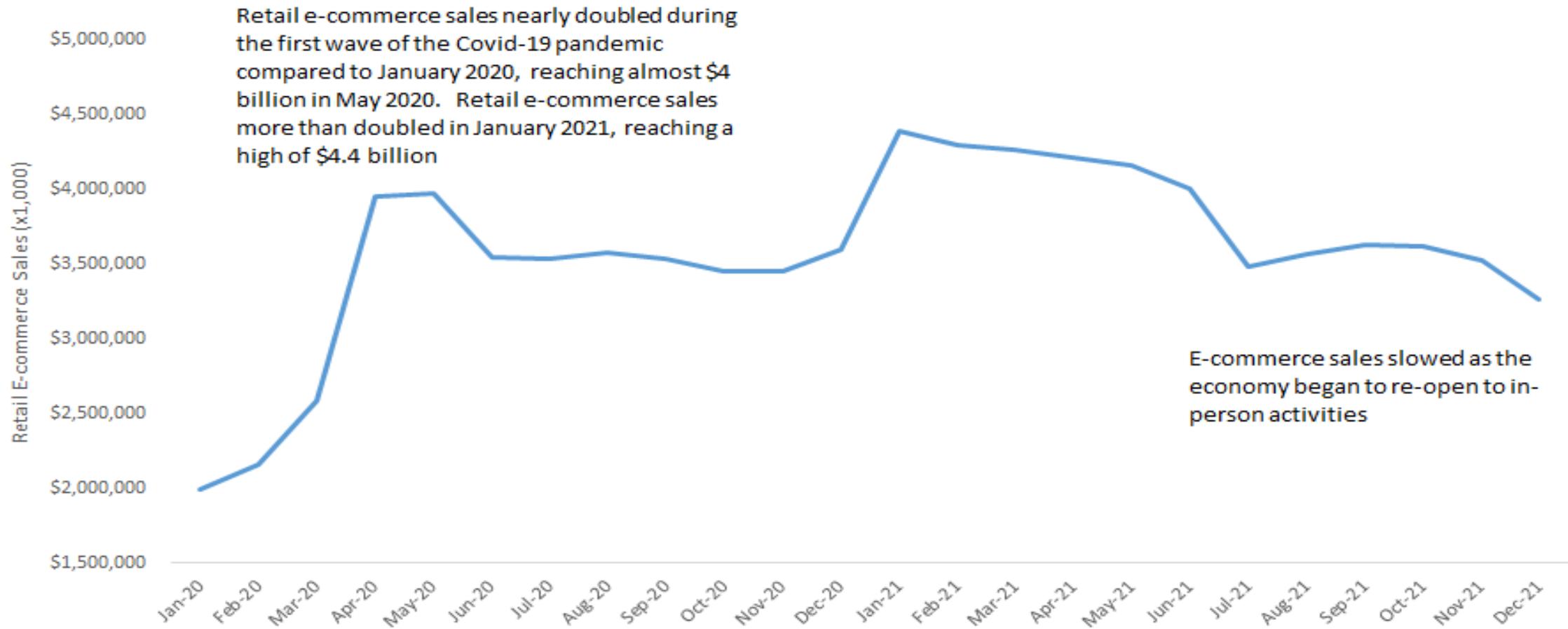
**Digital Trade Framework:**  
Building on enterprise survey work, shrinking the scope and defining actors as services exporters

- Digital technology content
- Delineation between purchases and sales through digital ordering
- RY2022 Delineation between digital ordering of goods and services, digital delivery of services

# COVID-19 impacts on retail e-commerce sales



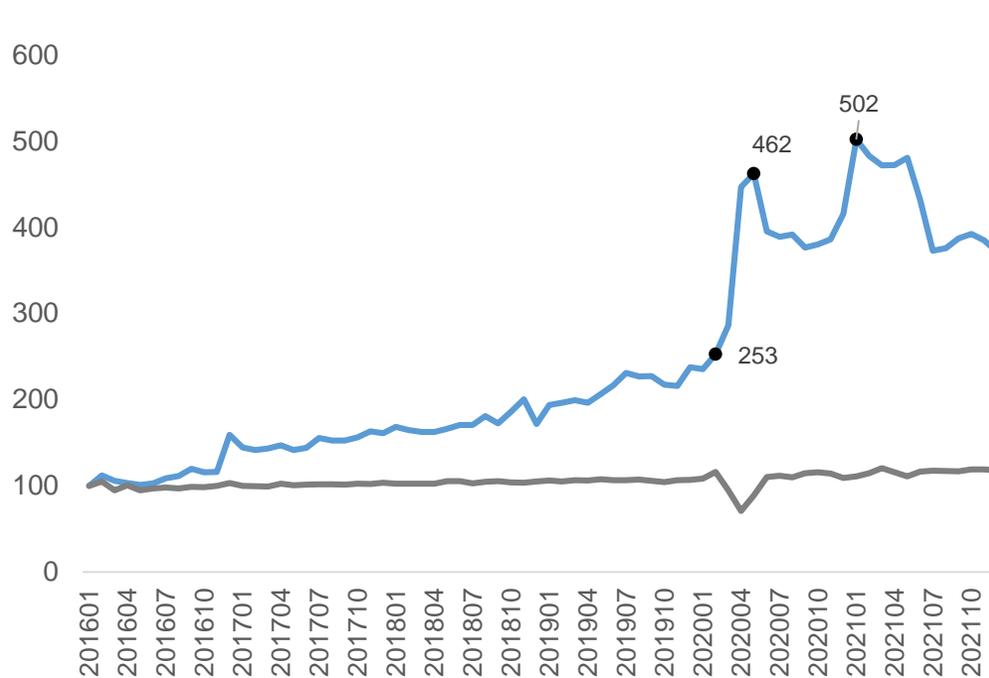
## Retail E-commerce sales, seasonally adjusted



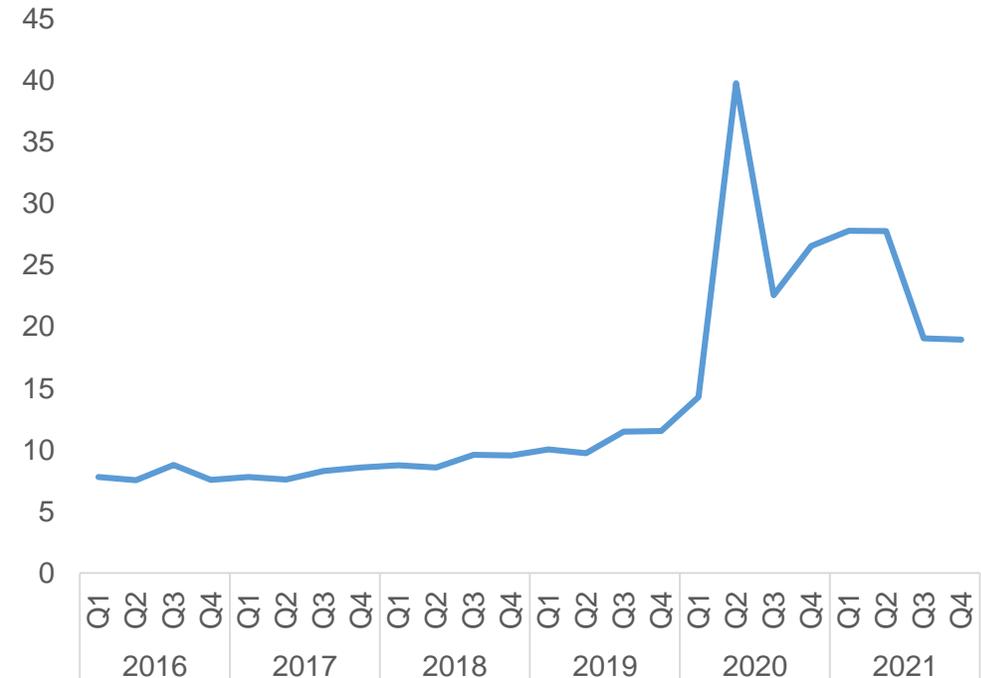


*In Figure 1, growth in online retail sales compared with brick-and-mortar stores is shown monthly for the period of 2016 to 2021. Online sales more than doubled over the four-year period, then had doubled again in the first year of the COVID-19 pandemic.*

**Figure 1. Online sales compared with in-store sales, indexed, 2016 to 2021 (January 2016 = 100, updated to 2021/12)**



**Figure 2. Share of online sales out of total retail trade, Clothing and clothing accessories stores, 2016 to 2021 (quarterly)**



# E-commerce customer locations

The vast majority of businesses with online sales (**98%**) had customers located in **Canada**, while around **one-quarter exported outside of Canada**.

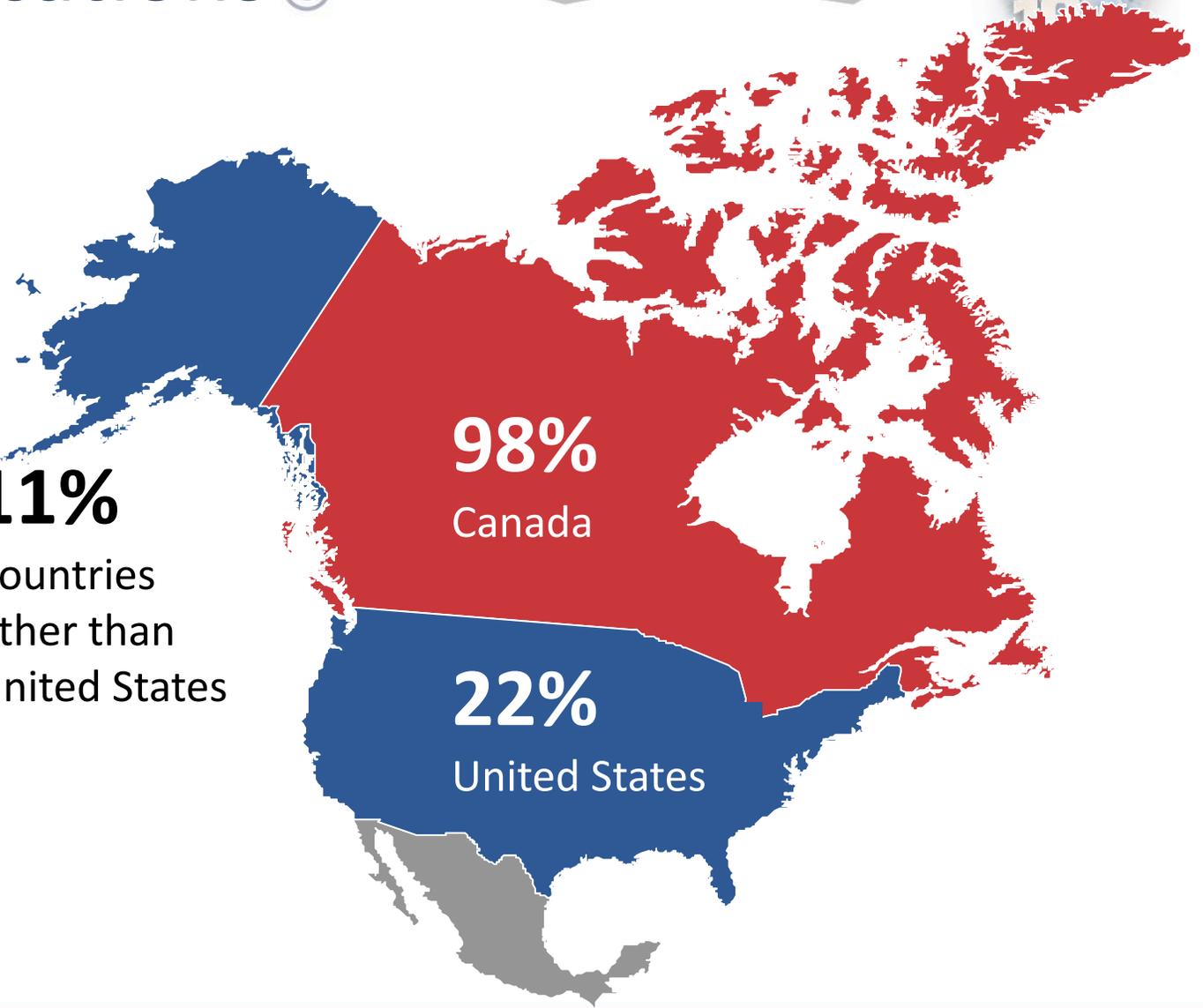
Just over one-fifth (**22%**) with online sales had customers in the **United States**.

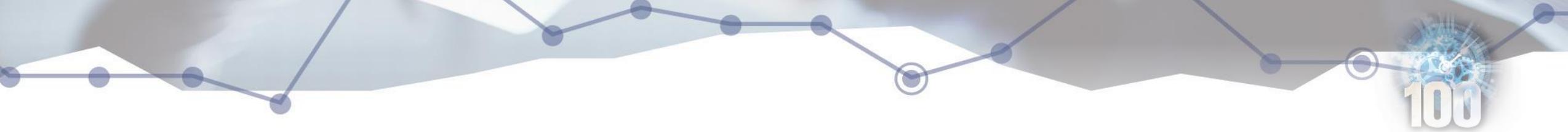
Just over one-tenth (**11%**) of businesses with online sales reported having customers located in regions other than Canada or the United States.

**11%**  
Countries  
other than  
United States

**98%**  
Canada

**22%**  
United States

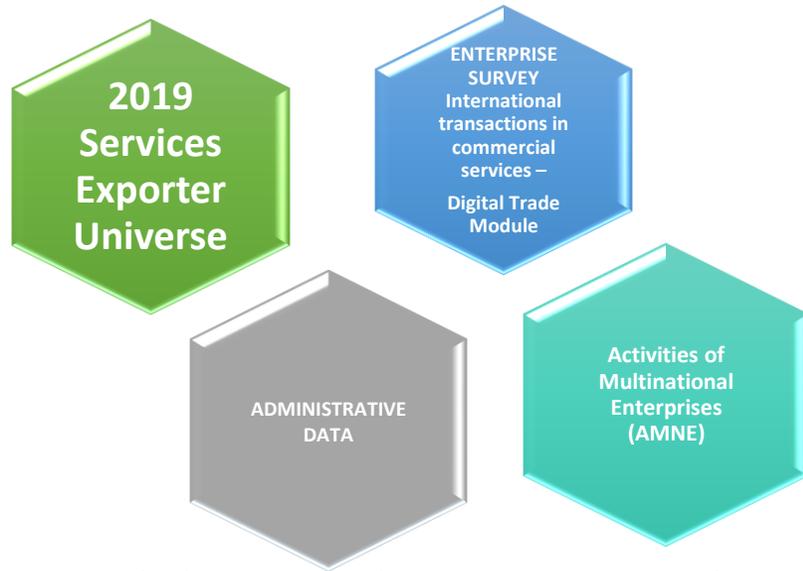




## Measuring Digital Intensity



# Anchored to International trade in services survey data, data linkage for digital intensity involves important administrative data



## Internet Business Activities (2013 and later tax years)

Corporation's name	Business number	Tax year-end
		Year    Month    Day

- File this schedule if your corporation earns income from one or more web pages or websites.
- You may earn income from your web pages or websites if:
  - you sell goods and/or services on your own pages or websites. You may have a shopping cart and process payment transactions yourself or through a third-party service
  - your site doesn't support transactions but your customers call, complete, and submit a form, or email you to make a purchase, order, booking, and others
  - you sell goods and/or services on auction, marketplace, or similar websites operated by others
  - you earn income from advertising, income programs, or traffic your site generates. For example:
    - static advertisements you place on your site for other businesses
    - affiliate programs
    - advertising programs such as Google AdSense or Microsoft Advertising
    - other types of traffic programs.
- Also file this schedule if you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites from which you earn income.
- File this schedule with your T2 Corporation Income Tax Return.

How many Internet web pages or websites does your corporation earn income from? .....

Provide the Internet web page or website addresses (also known as URL addresses): *Note*

http:// \_\_\_\_\_

http:// \_\_\_\_\_

http:// \_\_\_\_\_

http:// \_\_\_\_\_

http:// \_\_\_\_\_

What percentage of the corporation's total gross revenue is generated from the Internet? ..... %

## GST definitions include non-resident enterprises and platforms generating revenue in Canada Specified Canadian recipient

**Specified Canadian recipient** means a recipient of a supply in respect of which the following conditions are met:

- the recipient has not provided to the supplier, or to a distribution platform operator in respect of the supply, evidence satisfactory to the Minister that the recipient is registered under the normal registration regime; and
- the usual place of residence of the recipient is situated in Canada.

## Specified distribution platform

**Specified distribution platform** means a digital platform through which a person facilitates the making of specified supplies by another person that is a specified non-resident supplier or the making of qualifying tangible personal property supplies by another person that is not registered under the normal registration regime.

## Specified non-resident supplier

**Specified non-resident supplier** means a non-resident person that does not make supplies in the course of a business carried on in Canada and that is not registered under the normal registration regime.

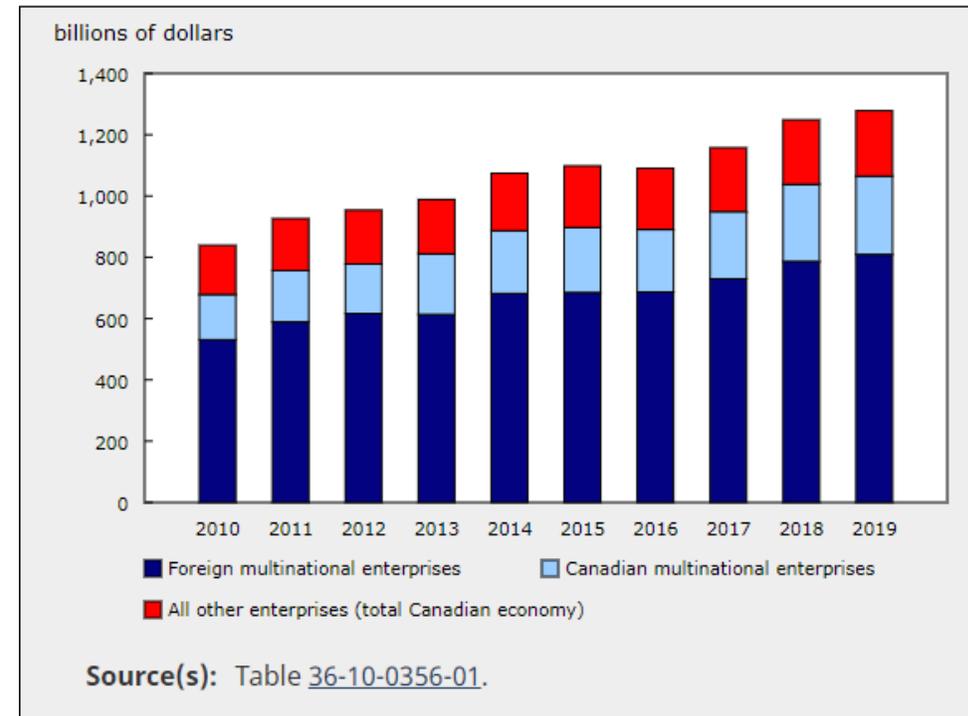
## Specified recipient

**Specified recipient** in respect of a supply means a person that is the recipient of the supply and that is not registered under the normal registration regime, other than a non-resident person that is not a consumer of the property.

## What's next for Digital Intensity?

- STEC-Digital release for RY2020 in November 2022
- Integration of value of non-resident digital platforms and enterprises into imports in RY2020 (release November 2022)
- Feasibility of extending digital intensity estimates of enterprises to imports
- Feasibility of extending digital intensity estimates of enterprises to exports/imports of goods and services

## International trade in goods and services, by type of multinational, 2010 to 2019





## Questions?

## Contact

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[https://www150.statcan.gc.ca/n1/en/subjects/international\\_trade/trade\\_by\\_exporter\\_and\\_importer\\_characteristics](https://www150.statcan.gc.ca/n1/en/subjects/international_trade/trade_by_exporter_and_importer_characteristics)

## More information

