

# Survey of Innovation and Business Strategy

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Innovation—the introduction of new products (goods or services) and operational methods—is considered to be a critical factor in business competitiveness and success.

## Overview of the 2017 Survey of Innovation and Business Strategy

Statistics Canada has been measuring innovation in the business sector since 1996, first through its Survey of Innovation and then through the Survey of Innovation and Business Strategy (SIBS), first conducted in 2009 and then in 2012.

This release from the 2017 edition of SIBS—the fifth release—provides information on innovation and the participation of Canadian enterprises in international markets. Previous SIBS 2017 releases covered the following topics:

- Prevalence of innovation: Types of innovation implemented by Canadian enterprises (published on [October 30, 2018](#))
- Dynamics of innovation: Obstacles, cooperation and use of government programs to support innovation (published on [December 19, 2018](#))
- Connections to global markets: Affiliations with foreign businesses, imports and exports of goods or services as well as challenges and opportunities faced by Canadian enterprises to connect to global markets (published on [February 13, 2019](#))
- Advanced technology and environmental benefits: Use of emerging or advanced technologies, such as clean technologies, and environmental benefits obtained from innovations (published on [March 13, 2019](#)).

Enterprises that implemented product innovations reported on average that 9.1% of their sales came from products that were new to at least one of their markets in 2017. An average of 9.4% of sales came from goods or services that were new to the enterprise only. The share of sales of goods or services that were either unchanged or only marginally modified accounted for the remaining 81.5%.

Enterprises in management of companies and enterprises reported the highest average share of sales from products that were new to one of their markets (12.9%), while construction (4.4%) and finance and insurance excluding monetary authorities (5.5%) posted the lowest.

## Canadian enterprises are more likely to make international sales through their foreign affiliates than through exports

As part of SIBS 2017, enterprises were also asked to provide information on the extent of their involvement in global markets through sales and purchases of goods or services, as well as their rationale to employ personnel abroad.

Canadian enterprises made three-quarters of their sales in Canada in 2017. The remaining quarter was made in foreign markets, including direct exports and sales made by Canadian enterprises through their foreign affiliates—not accounting for additional sales that foreign affiliates made from their own activities.

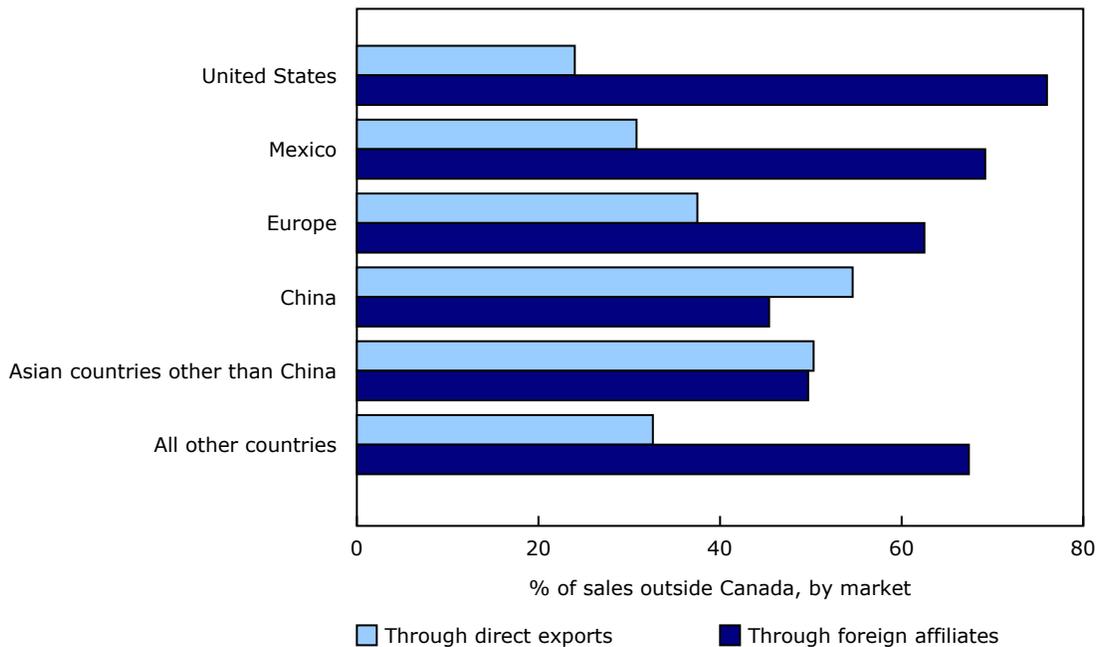
In 2017, Canadian businesses were more likely to sell goods or services internationally through their foreign affiliates (\$320 billion) than through direct exports from Canada to foreign markets (\$124 billion).

Sales to the United States were made mostly through foreign affiliated businesses (\$237 billion) rather than through exports (\$75 billion), while similar amounts of sales to Asian countries other than China were made through foreign affiliates (\$12 billion) as well as through direct exports (\$12 billion).



In contrast, Canadian businesses made significantly more sales to China through direct exports (\$9 billion) than through foreign affiliates (\$7 billion)—the only market for which this was the case.

**Chart 1**  
**International sales by Canadian enterprises, by market and mode, 2017**



Source(s): Table 33-10-0213-01.

### Businesses with foreign affiliates employ personnel outside of Canada to increase sales and access new markets

As part of the SIBS 2017, businesses with foreign affiliates also provided information on whether they employed personnel outside of Canada, and why they did so. Businesses most frequently cited increasing sales (69.6%), accessing new markets (67.5%) and proximity to important customers (62.8%) as their primary reasons for having employees abroad.

Reasons for employing personnel outside of Canada varied by sector. Firms in management of companies and enterprises were more likely to cite improved logistics (56.3%) and tax or financial incentives (40.1%) as their primary reasons for doing so than other sectors. Businesses in retail trade reported access to supply chains (83.7%) as their main motivation, while utilities were the sector most likely to seek access to specialized knowledge or technologies (54.7%).

### Canadian enterprises spend more on goods than on services

Canadian enterprises spent nearly \$1 trillion on goods or services in 2017: \$745 billion to purchase goods (either for use as intermediate input for domestic production or for resale "as-is"), about \$140 billion to purchase selected services, and \$44 billion to purchase other goods or services.

The purchase of goods for resale "as-is" represented the biggest cost (around \$466 billion), with the wholesale trade sector accounting for just over half of this amount. Goods for resale "as-is" were purchased mainly from other Canadian businesses (\$268 billion), followed by foreign affiliates (\$135 billion) and foreign unaffiliated businesses (\$62 billion).

Goods for use as an intermediate input for domestic production were the second largest expenditure (around \$279 billion), with manufacturers accounting for three-fifths of this amount. These goods were also mainly bought from other Canadian businesses (\$184 billion). Purchases of goods for use as intermediary input from foreign unaffiliated businesses (\$57 billion) exceeded those from foreign affiliated businesses (\$39 billion).

In terms of services, enterprises spent the most on distribution and logistics (\$50 billion), followed by professional services (\$43 billion). Enterprises largely bought services from Canadian sources (84.5%).

Overall, when purchasing goods or services from foreign sources, enterprises were more likely to do so from foreign affiliates (59.1%) rather than from unaffiliated foreign businesses (40.9%).

### Note to readers

*The 2017 Survey of Innovation and Business Strategy (SIBS) is a joint initiative of Statistics Canada; Innovation, Science and Economic Development Canada; Global Affairs Canada; the Bank of Canada; the Atlantic Canada Opportunities Agency; Institut de la statistique du Québec; and the Ontario Ministry of Economic Development, Job Creation and Trade.*

*SIBS is the primary source of business innovation data for the Canadian economy. Relying on the Oslo Manual guidelines (OECD and Eurostat, 2005), which enables international comparisons of key innovation indicators, SIBS collects data on the strategic decisions, innovation activities and dynamics of businesses connections to global markets.*

*Data users are advised that data covering the entire business sector for imports (goods and services) and exports (goods and services) are available from other Statistics Canada programs that cover the entire business sector (all sectors, all employment sizes). Given that tendencies to import or export vary by firm size, SIBS survey data for the selected sizes and industries will differ from data covering the entire economy.*

*SIBS 2017 data covers sales from operations in Canada only, including those sales made through affiliates abroad and, therefore, these data are different from other Statistics Canada data on activities of Canadian majority-owned affiliates abroad, which include all sales. Additionally, these data cover the entire business sector and all sizes of businesses and, therefore, are not directly comparable with SIBS.*

*The 2017 SIBS is the first survey at Statistics Canada to use the Random Tabular Adjustment (RTA) technique, which aims to increase the amount of data made available to users, while protecting the confidentiality of respondents.*

*Statistics Canada typically uses suppression techniques to protect sensitive statistical information. These techniques involve suppressing data points that can directly or indirectly reveal information about a respondent. This can often lead to the suppression of a large number of data points and significantly reduce the amount of available data.*

*Using RTA, Statistics Canada can identify sensitive estimates and randomly adjust their value rather than suppress them. The size of the adjustment is calculated to protect respondent confidentiality. After adjusting the value, the agency assigns a quality measure (A, B, C, D, or E) to the estimate to indicate the degree of confidence that users can have in its accuracy. Quality measures account for uncertainty related to sampling, non-response and RTA, when applied.*

*For more information on RTA, please refer to the blog article, "[Random Tabular Adjustment is here!](#)," now available as part of the StatCan Blog.*

*Data from the 2009 and the 2012 SIBS are available in archived tables ([12-604-X](#)).*

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**Available tables:** [33-10-0095-01](#), [33-10-0109-01](#), [33-10-0172-01](#), [33-10-0180-01](#) and [33-10-0194-01](#) to [33-10-0213-01](#) .

**Definitions, data sources and methods:** survey number [5171](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).