

Survey of Innovation and Business Strategy, 2015 to 2017

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, October 30, 2018

Canadian businesses are becoming more innovative

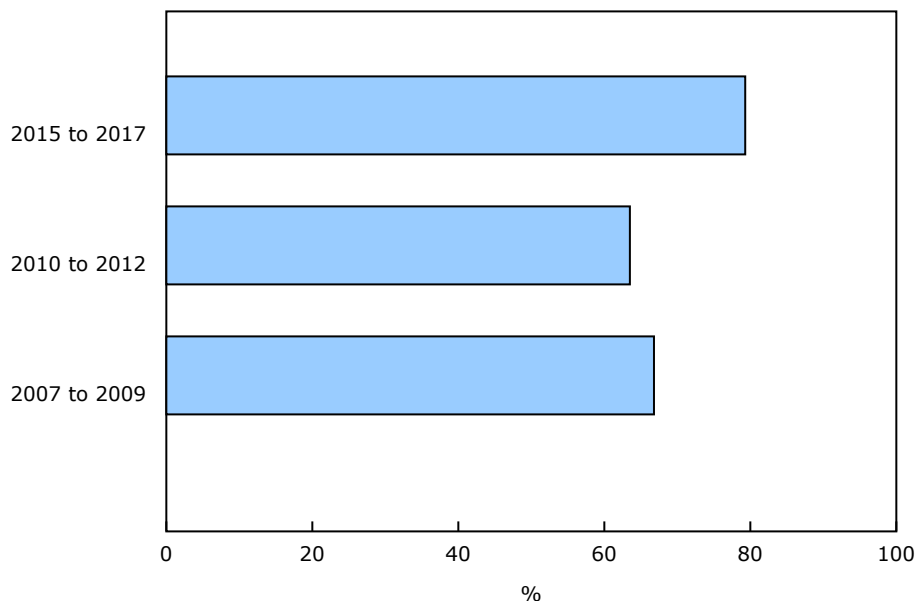
Innovation plays a central role in productivity gains and the competitiveness of enterprises, influencing economic growth and social wellbeing. The development of policies that support innovation depends, to a great extent, on the availability of appropriate data.

Existing guidelines for the measurement of innovation focus on the performance of the business enterprise sector. The Survey of Innovation and Business Strategy (SIBS) is the primary source of business innovation data for the Canadian economy.

The latest results from the 2017 SIBS, which covers the three-year period of 2015-2017, showed that Canadian businesses are becoming more innovative. This first of five releases focuses on the prevalence of innovation—in other words, the extent to which enterprises made a new or improved product available on the market or introduced new methods in their operations.

The percentage of innovative enterprises increased 12.5 percentage points to 79.3% in 2015-2017, up from 66.8% in 2007-2009 and 63.5% in 2010-2012. This greater propensity to innovate by Canadian businesses may reflect the availability of affordable and accessible technological solutions.

Chart 1
Innovative enterprises in Canada



Source(s): Tables [27-10-0120-01](#) and [27-10-0155-01](#).

Medium-sized enterprises post largest gains

The innovation rate was highest among large (85.9%) and medium-sized (83.5%) enterprises in 2015-2017, compared with 78.3% for small enterprises. In terms of change from an earlier period, the largest movement was among medium-sized enterprises, where rates increased 23.4 percentage points from 2010-2012.

Broad-based gains across industries

All industry sectors surveyed in both 2010-2012 and 2015-2017 showed notable increases in the overall share of innovative enterprises at the Canada level. As in the earlier period, information and cultural industries (87.2%) continued to rank high in 2015-2017, as did professional, scientific and technical services (87.0%) and finance and insurance excluding monetary authorities (86.6%).

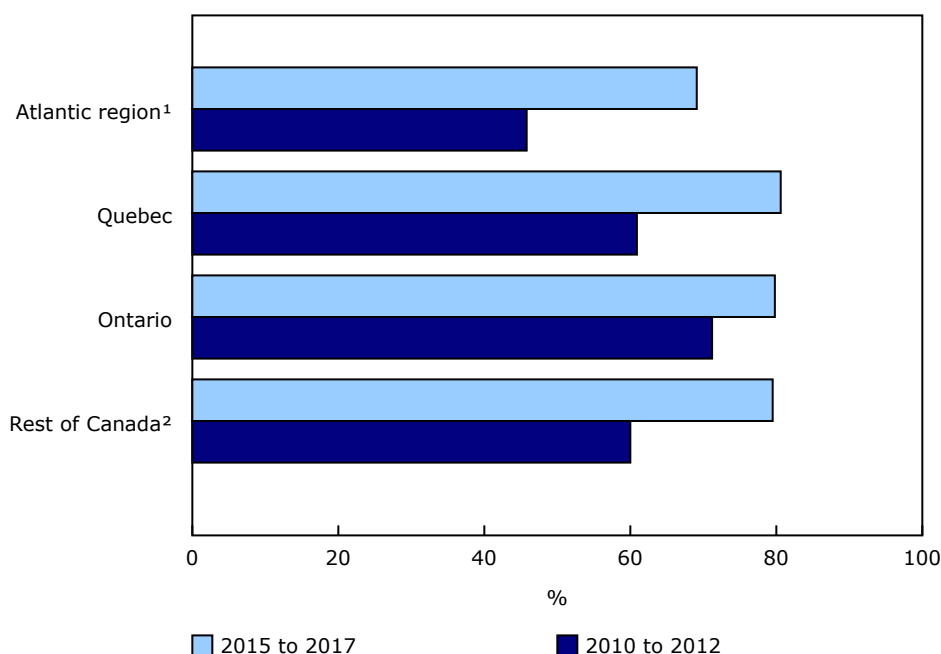
Wholesale trade reported the biggest movement, increasing its proportion of innovative enterprises from 56.7% to 85.1%. Even in the industry sector with the lowest incidence of innovation in 2015-2017—management of companies and enterprises—more than half of the enterprises were innovative.

Atlantic region is catching up

In 2015-2017, the proportion of innovative enterprises was lower in Atlantic Canada than in the other regions. Nevertheless, while innovation rates rose in every region, Atlantic Canada showed the greatest change in the propensity to innovate, increasing from 45.8% in 2010-2012 to 69.1% in 2015-2017.

Quebec and the rest of Canada caught up to Ontario in terms of innovative enterprises in 2015-2017, with a share of around 80% for all three regions.

Chart 2
Innovative enterprises in Canada, by region



1. The Atlantic region comprises Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick.

2. The rest of Canada comprises Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories and Nunavut. The estimate for the rest of Canada previously published for 2010 to 2012 excluded Alberta. The 2010-to-2012 percentage presented here includes Alberta and is an approximation.

Source(s): Tables 27-10-0120-01 and 27-10-0155-01.

Organizational innovation continues to be the most prevalent

The increase in the percentage of enterprises that innovated was evident in all four types of innovation—product, process, organizational and marketing.

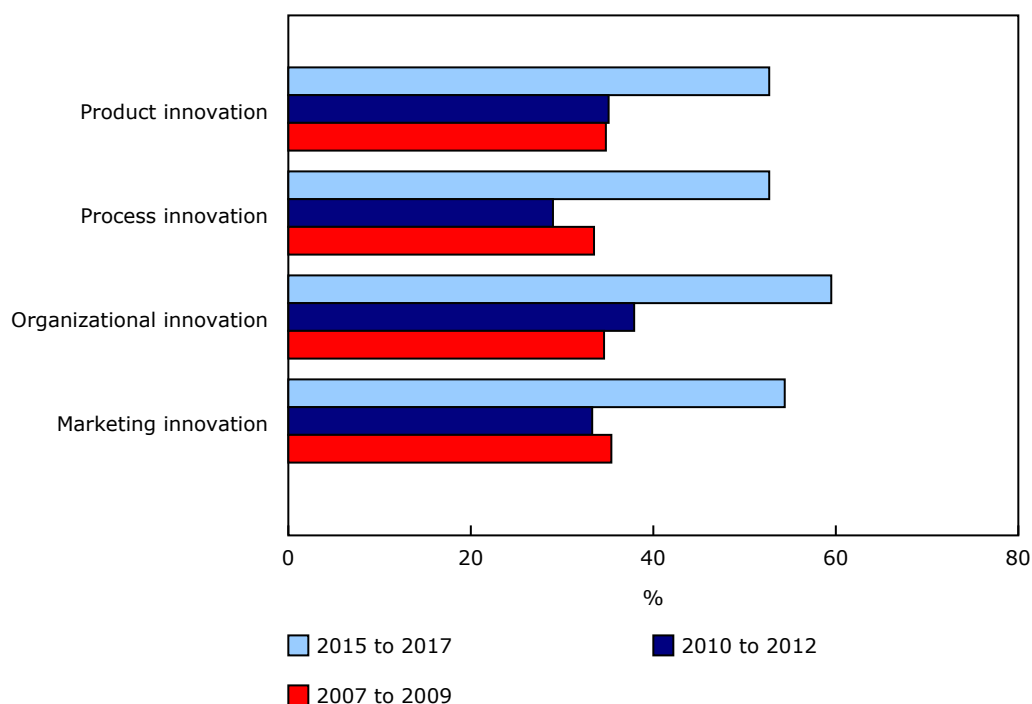
Organizational innovation—the introduction of new methods in business practices, workspace organization or external relations with other organizations—remained the most prevalent of innovation types (59.5%) in 2015-2017, increasing from 37.9% in 2010-2012.

Marketing innovation—the use of new media or techniques for promotion, new methods of product placement or pricing, or changes to aesthetic design or packaging—ranked second, with rates rising from 33.3% in 2010-2012 to 54.4% in 2015-2017.

The highest increase over the two periods occurred in process innovation, which is the implementation of new or significantly improved production processes, distribution and delivery methods or support activities for goods or services. Process innovation rose from 29.0% in 2010-2012 to 52.7% in 2015-2017.

The share of enterprises that implemented product innovation—the introduction of new or significantly improved goods or services on the market—changed the least, but still increased from 35.1% to 52.7% over the two periods.

Chart 3
Innovation rates in Canada by type of innovation



Source(s): Tables [27-10-0120-01](#) and [27-10-0155-01](#).

Across industry sectors, organizational innovation was the most common type with a few exceptions. Notably, enterprises in manufacturing (66.2%) and in agriculture, forestry, fishing and hunting (52.1%) were mostly process innovators. Moreover, even though organizational innovators were predominant in total selected services sectors, product innovators led the way in information and cultural industries (74.2%), while marketing innovators led in wholesale and retail trade (about 65.0%).

Product innovators had the lowest rates in the two resource-based sectors: mining, quarrying, and oil and gas extraction (36.4%) and agriculture, forestry, fishing and hunting (30.2%). However, these rates were higher than before, particularly in agriculture, forestry, fishing and hunting, which registered a share of 0.9% in 2010-2012.

In 2015-2017, organizational innovators were predominant in Quebec (64.9%), Ontario (61.9%) and the Atlantic region (50.5%), while product innovators were the most common innovators in the rest of Canada (55.3%). In 2010-2012, organizational innovators were most frequent in Quebec (37.9%) and the rest of Canada (41.8%). Product innovators were prevalent in Ontario (49.3%) and marketing innovators led in the Atlantic region (23.9%).

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 2017 provides key information on strategic decisions, innovation activities and operational tactics used by Canadian enterprises. Innovation data are collected for a three-year period. For SIBS 2017, the three-year period was 2015 to 2017. For the previous iterations of the survey, SIBS 2012 and SIBS 2009, the periods were 2010 to 2012 and 2007 to 2009, respectively. While the questionnaires for SIBS 2009 and 2012 were similar, changes in content and design were made to the SIBS 2017 questionnaire.

The SIBS 2017 sample was composed of 13,252 enterprises in Canada with at least 20 employees and revenues of \$250,000 or more. These enterprises spanned 14 sectors within the North American Industry Classification Systems (2012). In 2017, the sample was stratified into four regions: the Atlantic region; Quebec; Ontario; and the rest of Canada. SIBS 2012 included Alberta as a separate region and SIBS 2009 was not stratified by region. For Canada, the sample was also stratified by industry groups and by enterprise size: small (20 to 99 employees); medium-sized (100 to 249 employees); and large (250 or more employees). Data collection for the 2017 reference period was undertaken between January and April 2018.

Despite the changes in content and sampling methodology, data at the higher aggregated levels are comparable between SIBS 2017 and the two earlier SIBS iterations of 2009 and 2012. Caution is recommended in making comparisons at more detailed levels of aggregation.

SIBS 2017 estimates are provided primarily as percentages, accompanied by quality indicators. Data quality indicators for percentage estimates are based on standard error (SE) and number of observations in the estimates. Quality indicators for SIBS are as follows: A is very reliable (SE between 0% and 2.49%) B is reliable (SE between 2.50% and 7.49%) E is use with caution (SE between 7.50% and 14.99%) F is too unreliable to be published (SE greater than or equal to 15.00%)

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

Definitions

Innovative enterprises: enterprises that introduced (or implemented) a new or significantly improved product (good or service), or process, or a new marketing method, or a new organizational method in business practices, workplace organization or external relations.

Product innovation: the market introduction of a new or significantly improved good or service with respect to its capabilities, user friendliness, components or sub-systems. **Product innovators:** enterprises that implemented product innovation.

Process innovation: the implementation of a new or significantly improved production process, distribution method, or support activity for goods or services. **Process innovators:** enterprises that implemented process innovation.

Marketing innovation: the implementation of a new marketing concept or strategy that differs significantly from the enterprise's existing marketing methods and that has not been used before by the enterprise. **Marketing innovators:** enterprises that implemented marketing innovation.

Organizational innovation: the implementation of a new organizational method in the enterprise's business practices, workplace organization or external relations that has not been previously used by the enterprise. **Organizational innovators:** enterprises that implemented organizational innovation.

Table 1
Innovative enterprises by industry sector, 2010-2012 and 2015-2017

	2015 to 2017	2010 to 2012
	%	
All surveyed industry sectors	79.3^A	63.5^B
Information and cultural industries	87.2 ^A	70.7 ^B
Professional, scientific and technical services	87.0 ^A	77.1 ^B
Finance and insurance excluding monetary authorities	86.6 ^A	73.6 ^B
Manufacturing	85.5 ^A	74.8 ^A
Wholesale trade	85.1 ^A	56.7 ^B
Utilities	82.2 ^B	73.0 ^B
Retail trade	79.7 ^B	59.5 ^E
Construction	75.0 ^B	61.1 ^E
Real estate and rental and leasing	72.6 ^B	67.7 ^E
Mining, quarrying, and oil and gas extraction	72.2 ^A	56.3 ^B
Transportation and warehousing	70.2 ^B	55.9 ^B
Administrative and support, waste management and remediation services	69.9 ^B	70.7 ^E
Agriculture, forestry, fishing and hunting	67.1 ^B	F
Management of companies and enterprises	56.1 ^B	F

A is very reliable (standard error between 0% and 2.49%)

B is reliable (standard error between 2.50% and 7.49%)

E use with caution

F too unreliable to be published

Source(s): Tables [27-10-0120-01](#) and [27-10-0155-01](#).

Available tables: table [27-10-0155-01](#).

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) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).