

Economic Impacts of *Riverdale* - Update

Prepared for the Motion Picture Association – Canada

March 2019

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INTRODUCTION

The television series *Riverdale* originally premiered on January 26, 2017 on the CW Network. The series is based on characters from the Archie Comics franchise¹, and is filmed primarily in and around Vancouver BC. Table 1 summarizes the premiere dates and number of episodes for each of the first three seasons of *Riverdale*.²

Table 1: *Riverdale* Production Pattern

	Season One	Season Two	Season Three
Premiere Date	January 26, 2017	October 11, 2017	October 10, 2018
Number of Episodes	13	22	22

STUDY PURPOSE

In 2017 MNP LLP (MNP) was engaged by the Motion Picture Association – Canada to conduct an economic impact assessment of the production of *Riverdale* on the BC economy. For that study MNP estimated the economic impacts that were created by the production of Season One and Season Two. MNP has now been engaged by the Motion Picture Association – Canada to update the report to reflect the additional impact arising from Season Three production.

¹ Warner Bros. Retrieved from: <https://www.warnerbros.com/tv/riverdale>

² *Riverdale* has been renewed for Season Four by the CW Network. Variety. Retrieved from: <https://variety.com/2019/tv/news/riverdale-chad-michael-murray-1203132796/>

SEASON THREE ESTIMATED PRODUCTION SPENDING

Our understanding is that per-episode production spending for Season Three was 13.8 percent higher than per-episode production spending for Season One. As well, our understanding is that the pattern of spending for Season Three generally followed the same pattern of spending experienced during Season One. As a result, total Season Three production spending in BC can be estimated at approximately \$43.2 million. BC crew and other labour are estimated to receive approximately 75 percent of the total BC spending, while purchases of BC goods and services account for the remaining 25 percent.

Table 2: Season Three Production and Post-Production Expenditures in BC

	Expenditures (in millions)	Share of Expenditures
BC Production Crew and Qualifying Labour ³	\$32.2	75%
BC Purchases (Spending on Goods and Services)	\$11.0	25%
Total BC Spending	\$43.2	100%

ECONOMIC IMPACTS OF SEASON THREE PRODUCTION SPENDING

Using Statistics Canada's input-output multipliers for BC MNP estimated the total economic impacts (i.e. direct, indirect, and induced) in BC arising from the \$43.2 million in production spending for Season Three. The results of this analysis are presented in Table 3. For more information on economic impact measures and the methodology used please see Appendix A.

Table 3: Estimated Economic Impacts in BC of Season Three Production Spending

	Production Impacts
Direct Production Expenditure in BC (in millions)	\$43.2
Total Output (in millions)	\$74.8
Total GDP (in millions)	\$58.3
Total Employment (in full-time equivalent positions or FTEs⁴)	744

³ Please note that the analysis excludes production spending on non-resident labour.

⁴ One FTE is equivalent to one person-year of employment.

TOTAL ECONOMIC IMPACTS OF SEASON ONE TO SEASON THREE PRODUCTION SPENDING

By combining the estimated economic impacts of Season Three with those previously reported for Season One and Season Two in our earlier report, the total impacts over all three seasons can be seen. Table 4 presents the estimated economic impacts in BC of Season One, Season Two and Season Three.

**Table 4: Estimated Economic Impacts in BC of Season One, Season Two and Season Three
 Production Spending**

	Production Impacts
Direct Production Expenditure in BC (in millions)	\$103.6
Total Output (in millions)	\$179.3
Total GDP (in millions)	\$139.7
Total Employment (in FTEs)	1,785

COMPARISONS WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts of the production of *Riverdale*, it is useful to compare the impacts with those created by other industries. Three examples of other industries are new home construction, overnight visitors and cruise ship sailings.

- **New Home Construction** – The employment supported by the Season Three production of *Riverdale* is equivalent to the direct and indirect employment supported by the construction of approximately 280 new homes in BC.⁵ The employment supported over Seasons One to Three of production is equivalent to that supported by the construction of about 670 new homes.
- **Tourism/Overnight Visitors** – The employment supported in BC by the Season Three production of *Riverdale* is equivalent to the employment supported by the spending of about 95,000 overnight visitors to Vancouver. Season One to Three production combined supports the same employment as the spending of about 230,000 overnight visitors⁶.
- **Cruise Ship Sailings** – Vancouver has a vibrant cruise ship industry. On average, each sailing involves local spending by 3,600 passengers and over 1,000 crew members, as well as substantial spending by the cruise line operator⁷. The employment supported in BC by the Season Three production of *Riverdale* is equivalent to the employment supported by about 18 cruise ship sailings from the Port of Vancouver. The employment supported over Seasons One to Three of production is equivalent to the employment supported by about 44 cruise ship sailings.

⁵ CHBA. *Economic Impacts of New Home Construction 2017 – British Columbia*. Retrieved from: <https://www.chba.ca/CHBADocs/CHBA/HousingCanada/Information-Statistics/Impacts/1%20British%20Columbia%20Economic%20Impacts%20of%20New%20Home%20Construction%202017.pdf>

⁶ Tourism Vancouver.

⁷ Port of Vancouver 2016 Economic Impact Study. Prepared for Vancouver Fraser Port Authority by InterVISTAS Consulting Inc.

ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, television series such as *Riverdale* can produce impacts that result from infrastructure spending, film induced tourism, and personal spending by non-resident labour.

- **Infrastructure Impacts** – Infrastructure spending includes expenditures associated with production facilities and equipment. While the economic impacts of infrastructure spending have not been assessed in this report, it is important to note that the impacts can be significant.
- **Film Induced Tourism Impacts** – Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred.⁸ FIT and its related tourism concepts, which include the effects of TV, films, movies, and media culture, have increasingly been viewed as an important component of tourism marketing. Television series are especially likely to reach much larger audiences than specifically targeted tourism promotion.⁹
- **Personal Spending by Non-resident Labour while in BC** – This may include spending by non-resident labour on vacations or other personal purchases while on location in BC.

While we have not quantified the broader benefits of the production of *Riverdale* in this study, it is worth noting that television production can also generate additional economic, community, and social benefits. These may include the creation of opportunities for trainees or interns, the development of business partnerships, the creation of spin-off companies, and contributions to community and culture.

⁸ Oxford Economics, *The Economic Impact of the UK Film Industry*, 2007.

⁹ Croy, Glen W, *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*, 2004.

APPENDIX A – ECONOMIC IMPACT METHODOLOGY

The main goal of an economic impact study is to quantify the economic contributions that an organization, industry, or project makes to a region.

MNP estimated the economic impact of the production of *Riverdale* using the 2013 Statistics Canada provincial input-output multipliers for BC. Statistics Canada's input-output model is the most widely used system for measuring economic impacts in Canada, and provides a measure of the interdependence between an industry and the rest of the economy. The provincial economic multipliers show the direct, indirect, and induced effects on economic metrics, and can be used to measure the quantitative impact of a change in the production or expenditure of a particular industry.

In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, GDP, and employment:

- **Output** – the total gross value of all business revenue. This is the broadest measure of economic activity.
- **Gross Domestic Product (GDP)** – the “value added” to the economy (the unduplicated total value of goods and services).
- **Employment** – the number of jobs created or supported (in full-time equivalents or FTEs¹⁰).

Economic impacts may be estimated at the direct, indirect, and induced levels:

- **Direct impacts** are due to changes to front-end businesses that receive expenses or operating revenue as a direct consequence of the activities of an industry or project.
- **Indirect impacts** are due to changes in the activity of suppliers of the front-end businesses.
- **Induced impacts** are due to shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

In this analysis, MNP estimated the impact on the BC economy of a set of direct expenditures related to the filming of Season Three of *Riverdale*. The television series, like other productions, has an amount of direct expenditure, which in turn stimulates so-called indirect impacts across the industry supply chain. These expenditures also create or support jobs, as firms add or retain labour to meet rising demand. This, in turn, raises incomes and stimulates what are known as induced impacts, as higher incomes flow through to consumption. The total economic impact of the production spending is the sum of each of these direct, indirect, and induced impacts.

¹⁰ One FTE is equivalent to one person-year of employment.