



# Canada: Educational Supplies and Technology Market

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## Summary

Canada represents a profitable and attractive market for U.S. manufacturers of educational supplies, equipment and technology. Canadian educational institutions, ranging from elementary and secondary schools to colleges and universities, are continually seeking to enhance their teaching and learning capacities by modernizing their facilities and by employing the most modern and sophisticated technologies, educational software and supplies available in North America.

As a result export opportunities for U.S. suppliers of educational supplies, equipment and technology to Canada are forecasted to grow over the next two years, particularly with respect to scientific and laboratory instruments, software products and educational hardware, including handheld electronic devices and mobile internet devices for remote course delivery and access.

This report endeavors to outline current funding proprieties within Canada's education systems and the market demand for educational supplies, equipment and technologies. For further information on this market and the business facilitation services available to U.S. exporters to Canada, please note the contact information provided at the end of this report.

*Note: All dollar values are in USD. Where applicable, an exchange rate of CAN1.05=USD1.00 was used for uniformity purposes.*

## Canada's Education Funding Priorities

Public education in Canada falls under the purview of its ten provinces and three territories, where individual departments or ministries of education are responsible for the assessing, organizing, funding and delivering educational services at all levels.

With regard to private education, particularly the pre-school level, the provincial governments set a framework within which independent schools must operate in order to receive public funding. For the most part, funding for private schools is generated from tuition fees and charitable contributions from parents and supporters. However, private schools can obtain public funding, if they meet provincial curriculum requirements, hire certified teachers and meet other specified requirements. Private schools may also qualify for provincial funding if they offer programs tailored to address the needs of students with learning disabilities and special needs.

With a high priority placed on education, Canada's provincial and territorial governments have launched numerous initiatives to address their infrastructure and technology needs. For example, the Government of Alberta has committed approximately USD\$1.33 billion between 2008/09 and 2009/10 to upgrade school facilities and purchase new equipment and technology; the Government of British Columbia is investing approximately USD\$870 million between 2008/09 and 2010/11 to replace, renovate and expand K-12 facilities; and the Government of Newfoundland and Labrador is investing USD\$272 million to upgrade K-12 and post-secondary educational facilities.

At the federal level, the Government of Canada (GoC) announced a [Knowledge Infrastructure Program](#) in January 2009, which earmarks USD\$1.9 billion in matching funds for critical infrastructure and technology upgrades at postsecondary educational institutions across Canada. Seventy percent of federal funds will be directed towards infrastructure upgrades, with the remainder going to meet current technology requirements of colleges and universities in Canada. Examples of projects that will be funded by the federal government, on a 50/50 basis, with provincial/territorial governments, private donors and the institutions themselves include: construction of a new

Arts and Science building at [University of British Columbia](#): improvements to the Canada Education Park Campus of the [University of the Fraser Valley](#) (British Columbia); technological upgrades and infrastructure improvements to [College of New Caledonia](#) (British Columbia), [Great Plains College](#) (Saskatchewan), [Winnipeg Technical College](#) (Manitoba), [Durham College of Applied Arts and Technology](#) and [Algonquin College](#) (Ontario), and [New Brunswick Community College](#) (New Brunswick).

Furthermore, to accelerate investments in leading-edge facilities and equipment, the federal government is investing USD\$142 million to upgrade research venues at Canadian universities, colleges, research hospitals and not-for-profit institutions in programs such as information communication technology (ICT), biochemistry, nanotechnology, physics, space engineering, computer engineering, and energy and conservation disciplines. An additional USD\$633 million will be provided to the [Canadian Foundation for Innovation](#) for investment in state-of-the-art infrastructure at 41 Canadian research institutions focused on priority projects such as the [Canadian Light Source Synchrotron](#) at the University of Saskatchewan; the [Sudbury Neutrino Observatory laboratory](#); the [Amundsen ice-breaker](#) based at Laval University; the [Neptune Canada and Venus Ocean Observatories](#) coordinated by the University of Victoria; the Diabetes Research Centre at the University of Alberta, and the National Site Licensing Project at the University of Ottawa. Finally, another USD\$48 million is being made available to the [Institute for Quantum Computing](#) for use by physicists, engineers, mathematicians and computer scientists working at the institute.

## Market Demand

There are three primary groups of end users that rely on educational supplies and technology in Canada.

- 1) **Students** enrolled in elementary, secondary, and postsecondary programs, as well as students attending professional development programs (or corporate programs) provided by independent and/or accredited and non-accredited educational facilities;
- 2) Elementary and secondary school **teachers** and faculty **professors** at colleges and universities that require course content and management solutions, as well as, independent instructors delivering personalized training at the corporate level;
- 3) All educational **institutions** that require specialized equipment, hardware and software for management of academic and research and development programs, assets and staff management.

### 1) Demand for Supplies and Technology by Students

According to Statistics Canada's 2006 census, there are approximately 15,850 schools in Canada of which 10,100 are elementary, 3,400 secondary, 2,000 mixed elementary and secondary, 163 recognized public and private universities (including theological schools), 183 recognized public colleges and institutes, and approximately 1,800 private independent elementary and secondary schools. The combined student population, enrolled at all levels of education in Canada, reached approximately 6.7 million in 2006.

In terms of household expenditure trends, approximately 35 percent of Canadian families incurred educational expenses for items including textbooks, school supplies, technology, and tuition costs in 2007. The average household expenditure was placed at USD\$2,810 per school year, up 7% from USD\$2,627 in 2006.

The 2007 [Retail Council of Canada's](#) back-to-school consumer trends report identified increased shopping traffic (at the retail level) in the following product subcategories:

#### **Electronics**

Canada's consumer electronics contribution to the Canadian electronics industry is complex to measure due to the industry's fragmentation. Without many large and innovative companies to dominate the global market, Canada ranks 11th in terms of industry market value, and 18th in the manufacturing of electronic devices when compared to worldwide key makers.

Canadian students are widely influenced by technology that can help them achieve their educational objectives from elementary to postsecondary programs while on the go, especially if technology provides unique devices that allow internet access, are user friendly, affordable, light, and easy to carry. In 2007, most commonly used devices in Canada included MP3/4 players, notebook and desktop computers, pocket size USB flash drives, desktop webcams, digital cameras, multifunctional mobile internet devices, mobile phones, electronic book readers, and wireless mouse and keyboards. With personal laptops and desktop computers increasingly affordable for most families, spending on electronics and computer equipment is expected to increase 11 percent as the average Canadian household plans to spend an average of USD\$157 on these products in 2009, compared to USD\$143 in 2008.

Of growing importance within the electronics sector is the market of handheld mobile internet devices (MID). Due to Canada's highly sophisticated internet connectivity and increased wireless penetration, a large number of portable devices, also referred by some industry leaders as "non-negotiable-devices," when hooked to an internet platform, have become suitable products for content consumption, content creation, and content delivery.

For end users of MID to positively impact their learning experience, this technology must integrate devices, services and content to create an ideal mobile classroom environment. According to industry experts, MID devices should display a full web page, provide zoom in/out capabilities, show all plugs-in and font types, and perform at the same speed and quality of a PC with a broadband connection. Examples of MID integrated technology include the electronic book readers that come with a sharp high-resolution screen, look and read like real paper, have wireless connectivity to allow online shopping, are lighter and thinner than a typical paperback, and can hold up to 200 electronic books.

With a market value of US\$5.2 billion, the North America's textbook industry supplies books from kindergarten to Grade 12 and texts for business for higher education. According to industry experts, the switch from traditional paperback into e-books represents a growing opportunity for U.S. manufacturers of book readers for use in a classroom setting, or at a remote location.

Since the electronics sector is an extremely evolving and complex market to measure, experts predict a worldwide growing demand from 2009 to 2012 on the following products; nevertheless newer technologies may arise within that same timeframe:

WIRELESS	CONSUMER ELECTRONICS	COMPUTING
Smart phone	iTouch	Personal Navigation Device
Multimedia phone	iPod	Ultra Mobile PC
Feature phone	Portable Media Player	Touch-screen laptops
Blackberry	Portable Digital/Satellite Radio Receiver	Notebook PC and Mini Laptops
Mobile phone	Electronic Book Readers	Netbooks

GLOBAL MOBILE INTERNET DEMAND	2007	2008	2009	2010	2011	2012
	US\$1.33B	US\$1.52B	US\$1.73B	US\$1.87B	US\$2B	US\$2.2B

Source: InStat & Texas Instruments

Wireless communication accounts for 40 percent of Canada's overall communication sector that reported approximately USD\$15 billion in revenues in 2008 (total communications industry revenue was valued at USD\$89.8 billion), with the number of wireless subscribers increased by nine per cent year-over-year, and with eight per cent of Canadian households choosing only to use wireless communication devices instead of having a land-line telephone. The wireless device that experienced the most market growth was the smartphone with a penetration rate of 21 percent in 2008 from just 12 per cent in the year before.

### ***Educational Toys***

In 2008, the Canadian toy industry was valued at USD\$1.8 billion, with retail sales of approximately USD \$1.43 million. According to Industry Canada, there are more than 200 Canadian toy and game manufacturers mostly concentrated in the provinces of Quebec and Ontario. Mostly geared towards the pre-kinder to elementary student population, educational toys continue to be the choice of educational institutions to make learning effective and engaging. Educational toys enhance a child's development and ability to learn the alphabet, phonics, spelling, basic math and other learning activities, as it stimulates the children's emotions, intellect and imagination in a classroom environment.

The most popular toys used in Canada in a classroom setting included games that encourage language, counting, matching and memory skills, toys that interact with children in more than one language, and games to stimulate leadership skills.

A number of Canadian retailers including [Grand & Toy](#), [Mastermind Toys](#), [Jean Coutu](#), [Loblaws](#), the [Hudson Bay Company](#), [Scholar's Choice](#), [Indigo Books & Music Inc.](#), as well as some pharmacy retailers, have successfully carried toys from U.S. and Canadian manufacturing firms including [Action Products International](#), [Daron Worldwide Training](#), [Educational Insights](#), and [Educational Playthings](#), and the latest LeapPad, Quantum Pad Learning Systems, Leapster and iQuest by U.S. manufacturer [LeapFrog](#).

### ***Educational Video & Learning Game Software***

Contrary to the electronic and educational toy subsectors (with reported trade deficits of USD\$7.3 billion and USD\$2.38 billion respectively), the video game software industry in Canada is rather profitable and export intensive. The Canadian video game market is expected to grow over the next five years at a rate of 9.2 percent to USD\$2 billion. Approximately 50 percent of Canadian firms rely on exporting to U.S. organizations which accounts for 90 to 100 percent of their revenues. Sales of console and handheld games continue to dominate Canada's video game market, a segment that is expected to continue to grow at a rate of 7 percent, reaching USD\$856 million in 2012. Geographically, much of Canada's entertainment software industry is concentrated in British Columbia, Quebec and Ontario. Wireless games were the fastest growing segment of the video game industry in Canada with a forecast for the industry to grow from USD131 million in 2007 to USD330 million in 2012, or a 20.2 percent market grow.

Examples of learning game software are memory match-up games to improve memory recall, an interactive learning toy to teach children between the ages of 3 and 6 letters and sounds, along with activity books, games and puzzles. For older children, chosen toys include a hand-held electronic eye that also plugs into a television and magnifies images up to 200 times their actual size, and a 33 piece construction set that can be used to build a snow machine or a bulldozer.

## ***2) Class Management Solutions (for use by elementary and secondary teachers, postsecondary professors, and independent instructors)***

Teachers and faculty professors rely on the use of software technology to successfully deliver course content to a variety of students at different levels of education. Additionally, the use of educational tools has great potential for use in regular classroom settings, special education environments, and instructional facilities to support the learning experience of students who are intellectually and physically challenged.

### ***Tutor led Class Management Solutions***

Several computer programs have been created for educators to facilitate the job of managing course delivery. These programs are designed to easily create tests, assignments, and plan lessons that are now becoming a necessity, not only in K-12 schools, but also at the postsecondary level. A number of Canadian and U.S. software manufacturing firms have created solutions to facilitate the teaching of mathematical and analytical

skills in a classroom environment at the elementary and secondary level, or computation, modeling, simulation, visualization, development, documentation, and deployment software all widely used by professors at postsecondary educational institutions across Canada since 2008.

An example of successful implementation of tutor-lead software programs can be found at Gordon Bell High School, in Winnipeg, Manitoba, where a U.S. software manufacturer has created an online platform to enrich the teaching experience by delivering science chemistry and biology programs to senior high students while using animation in a web-based setting. Moreover, the development of an individualized program has proven successful to reinforce language communication techniques and math curricula to students who are intellectually challenged in an unthreatening way.

A technology not yet widely available in Canada but of important applicability, especially when delivering distance education is the use of "audience response systems" to enable professors collect, analyze, and display real time student feedback from satellite campuses, home, or other geographical remote locations. The system also proves effective when polling students on the relevance of a topic, or on the content or format of course delivery. Examples of this technology include software tools such as "student response systems" (SRS), designed to engage students and the teacher located in different campuses, by using a radio frequency (RF) handheld remote technology; other example is the distance education pooling tools where students located in remote areas participate in classroom pooling broadcasted from a host site. A wireless signal sends the data via RF to the receiver at the local site, which logs and stores each student's response. The collective data is sent to a host site, where the instructor can immediately display the results in a graph chart, and later export the scores for integration into a grade book or course management system.

### **3) *Integrated Management Solutions for use by schools, colleges, universities and private training facilities, and Research & Laboratory Equipment***

#### ***e-Learning***

A number of learning trends are now changing the requirements of educational institutions and facilities, with a greater emphasis in e-learning solutions:

*Mobile learning:* Of common use in postsecondary institutions and the corporate environment, mobile learning can reduce costs associated with traditional content development and delivery. Educational institutions and corporations can broadcast courses, or training on demand through podcast series. All that is required is to have access to MID.

*Do-it-yourself (DIY) learning:* Especially used in the workplace, educational software firms can create dynamic content accessible to employees anywhere by using information from experts, employees and consumers, through the use of employee blogs, Intelpedia (an internal Wiki), social networks, virtual learning environments, and collaborative tagging and sharing.

*Virtual worlds:* Considered a much more affordable way to train without the cost and risks associated with real-life situations, more educational facilities are using virtual worlds for postsecondary and workplace learning. Nursing Education Simulation in virtual life allows nursing students to measure blood pressure and vital signs, administer drugs and make other interventions on a virtual patient. The associated reductions in energy consumption are another benefit to virtual education. Elementary and secondary schools across Canada are also embracing the use of *animated educational* course content in areas such as literature and arts, history, modern languages, science and math for use in regular classroom settings to enhance the student's learning experience.

#### ***School Management Software***

In addition to e-learning, school management software is also experiencing increased popularity by educational institutions in Canada as they require web-based solutions to track and maintain student, staff, assets and general information accurately, therefore providing functionality to enhance the institution's

operations and meet their school's objectives. Examples of school management software can include web-based enterprise solutions to assist university administration officials manage its entire student and staff population by using an enterprise resource planning system to enable educational institutions to be more efficient and organized. Another example with excellent applicability in educational institutions is the adoption of automated HR business processes to manage school's position requisition, hire process, and casual new hire process.

### Laboratory & Scientific Instruments

University research facilities continue experiencing a reasonable demand for replacements, accessories, modules, and computer attachments. Machines that aid in quick creation and imaging of slides are in high demand as they reduce repetitive and labor-intensive tasks for lab technicians, as well as image-capturing devices. University programs in mineral, earth sciences, and engineering fields such as metallurgy and geology extensively use high-end electrical optical equipment, representing roughly 10 percent of the laboratory and scientific instruments market in Canada.

### Market Data

In 2008, total expenditures at elementary, secondary and postsecondary level reached USD\$79.5 billion, a modest 2.5 percent increase from the USD\$77.5 billion spent in 2007, but a staggering 24 percent increase since 2004.

Education has always been a large priority for Canadians. In 2009, combined social, health and education service sectors accounted for two-thirds of Canada's total local, provincial, and territorial expenditures, the same percentage as in 2008. Moreover, in 2009 just over USD\$91.1 billion was allocated to all three levels of the education industry; elementary, secondary, and post-secondary, a 3.2 percent increase from the previous year.

	2007	2008
<b>Total Education Expenditures by School Boards</b>		
Elementary and Secondary Level	\$44.6 billion	\$ 45.6 billion
<b>Total Education Expenditures by Universities and Colleges</b>		
Administration	\$6.9 billion	\$7 billion
Education	\$16.2 billion	\$16.8 billion
Support to Students	\$1.2 billion	\$1.2 billion
Other postsecondary education expenses	\$8.5 billion	\$8.9 billion

Amounts are in USD dollars. Data excludes expenditures from private elementary and secondary schools. **Source:** Statistics Canada

The following table identifies the Harmonized System (HS Codes) used for this market analysis:

Industry	HS Codes
Electronics	334410, 33451, 334610, 334300, 33421, 33422, 334511, 847010, 847120, 847170, 847310, 847350, 900729, 902300
Educational Toys	33993
Video Game Software	334310, 95410, 950430
Learning Management Software	8523.40.21
Laboratory & Scientific Instruments	900190, 900219, 900220, 900290, 901110, 901120, 901180, 901190, 901320, 901380, 901390, 903140 and 901780

## **Best Prospects**

Canadian educational institutions are incorporating *digital media*, web-based and desktop *learning applications* and *electronic technology* to supplement their current curriculums enhance the overall management of their educational institutions, and to improve the learning experience from elementary to post-secondary education and beyond. The following products constitute best prospects in the Canadian education industry:

### **Computer Hardware**

Mini Laptops

Tablet PCs or slate-shaped mobile computer, equipped with a touch screen or graphics tablet/screen hybrid to operate the computer with a stylus or digital pen

Editing devices

Portable and talking word processors

Handheld computers

### **Administrative Software Packages**

School assess management

Student relationship management

### **Academic Software and Development Tools**

Voice recognition software

Graphic organizers

Electronic organizers

Word-prediction software

Educational game software

Educational satellite and cable TV programs

Virtual educational software

Audience response systems

CD ROMS and DVDs designed for learning

Note taking/note sharing software

### **Presentation Products/Projection Systems/Printers/AV Equipment**

Digital presenters that combine HDTV, plasma display, interactive white board, one-touch video recording and instant playback feature

Smart boards

Electronic books

Interactive whiteboards/dashboards

Interactive videoconferencing systems

### **Laboratory & Scientific Instruments**

Digital imaging apparatus, especially if using modular designs

Dynamic customization software

### **Assistive Technology Best Prospects**

Speech analyzers

Print enlargers for students with low vision

Adjustable desks or computer tables

Braillers

Symbol or letter voice translators

Speech synthesizers

Positioning devices for sitting, standing and lying

Lifts or harnesses for moving students and for board-provided transportation

## Key Suppliers

**Electronics** - The Canadian market is saturated with imports from low-cost production countries including China, Israel, Mexico, Indonesia, Malaysia and Taiwan, with a great variety of options available at chain retailers, both U.S. and Canadian owned, including Walmart Canada, Future Shop, Staples, Best Buy, to mention a few. With the exception of Canadian based [Research in Motion](#) (RIM), and [Xantrex Technology Inc.](#), the world's largest supplier of advanced power electronics and controls, Canada is not a key manufacturer of electronic products.

**Educational Toys**– Canada has approximately 200 toy manufacturers, primarily located in the provinces of Ontario and Quebec. For a complete list of companies, visit the [Canadian Toy Association](#)'s website.

**Learning and Animation Software** - Several Canadian companies supply the educational market to a wide variety of users in areas including ESL, literacy, science, math, authoring programs, which are also available in French, Spanish, Chinese, German, Japanese, Italian, etc.). Canadian companies operating in this market niche are: [NAS Software Inc.](#), [Toon Boom Animation](#), [Xcel Software Source Corporation](#), [Side Effects Software](#), [Electronic Arts](#), [Ubisoft](#), [BioWare's Baldur's Gate](#), and [Next Level Games](#).

**School Supplies** – Widely available through a number of discount stores and pharmacies across Canada, school supplies are usually available at stores including Walmart Canada, Staples, Grand & Toy, Giant Tiger, the Hudson Bay Company (and its subsidiaries Zellers, and the Bay), London Drugs, Shoppers Drug Mart, the Katz Group, and super grocery stores like Loblaws.

**Management Software Solutions** – A large number of U.S. firms dominate the Integrated Management Software Solutions market in Canada such as Florida based [Numara Software](#), Illinois based [Wolfram Research](#), Minnesota's [PLATO Learning](#), and Virginia based [Datatel](#). Direct competitors to these U.S. firms are Canadian [Maplesoft](#), and [Nelson Education Ltd.](#), also supplying the Canadian educational management market.

**Laboratory and Scientific Instruments** - The electrical optical device market is highly diversified. The four most popular brands in Canada are [Carl Zeiss](#), [Leica](#), [Olympus](#), and [Nikon](#), all German or Japanese companies with subsidiaries in either Canada or the United States. Other brands include [Hamamatsu](#) and [Unitron](#) with product presence in Canada, though not at the same level as the previous mentioned competitors.

## Prospective Buyers

Buyers of educational supplies and technology in the Canadian market can be segmented into the following groups: school boards, private schools, universities and colleges, and private firms or distributors (for profit/non-profit).

### **Public School Boards**

In the case of School Boards, these institutions have the most rigorous processes for assessing the purchase of academic material available in the market. Boards have pre-existing processes for evaluating programs to ensure that its content clearly matches their existent curriculum. Since the acquisition of all educational products and services is handled by school boards in each province, there is generally a high level of uniformity in the use of innovative educational supplies, equipment and technology in each of the provinces. Exceptions can be found when certain technologies are more relevant in some provinces and the school board is forced to set local priorities. When buying educational software, school boards will evaluate how the content can be easily incorporated to their curriculums by using some of the leading methodologies for teaching including: instructional design, educational design, simulation in online didactics, blended learning, collaborative learning, cyber-psychology, conceptual maps, mental map and constructivism, casting and weblogs, social software, wikis, sociology of the internet and authoring tools.

When searching for procurement opportunities with Canadian school boards, U.S. suppliers can rely on web based tendering services such as [MERX](#) and [Biddingo](#).

MERX displays a large list of tenders from provincial governments and many municipalities, including school boards, universities and colleges, among companies from other leading sectors, all under Canada's trade agreements. Approximately 200 new tenders are posted daily. In order to access opportunities in the MASH (Municipalities, Academia, Schools and Hospitals) sector users must subscribe to one of the fee-based packages.

Biddingo is another reliable online bid portal also specializing in the provincial and MESH (Municipal, Education, School Board and Healthcare) sector opportunities. The basic subscription to Biddingo allows registered companies have online access to thousands of bid opportunities from various business sectors.

### ***Private Schools***

All private schools must register with the provincial or territorial government education ministry; however, this doesn't necessarily mean schools are formally inspected. Although there is a large amount of freedom in the acquisition of supplies and technology by private schools, certain products or services must comply in accordance with federal, provincial and municipal Acts and Regulations.

### ***Universities and Private Educational Facilities (for profit or non-profit)***

The procurement process of educational material (hard copy or software) could take longer at private institutions since the product requires a level of evaluation that goes through different levels and lines of businesses within the institution. U.S. manufacturers are encouraged to offer a product with a significant competitive advantage over off-the-shelf products, by providing custom solutions that are uniquely aligned with the business and learning objectives of the targeted school.

In order to ensure transparency in the procurement process, private schools across Canadian are increasingly issuing RFPs before awarding contracts. This can be attributed to increasing caution and sophistication on the part of the purchasing units that, in conjunction with the facility's IT office, attempt to scrutinize technologies and its content display and functionality.

## **Market Entry**

U.S. manufacturers of supplies and technology can successfully export to Canada through the development of partnerships or joint ventures. Due to Canada's geographic proximity to the U.S., travel can be accomplished in the same day if needed, a method not easily achieved if selling to other foreign countries, not to mention the advantages of both countries sharing the same language. It is important to note, With English and French being Canada's official languages, there is huge business potential to create additional business deals especially in Quebec and New Brunswick.

### ***North America Free Trade Agreement (NAFTA)***

NAFTA facilitates the entry of U.S. products, with the exception of a few agricultural products, into Canada, duty free. The NAFTA came into force on January 1, 1994 and replaced the U.S.-Canada Free Trade Agreement (FTA), which was originally implemented in 1989. The phase-out of tariffs between Canada and the United States was completed on January 1, 1998, except for tariff-rate quotas (TRQ) that Canada retains on certain supply-managed agricultural products. Canada does maintain some non-tariff barriers at the federal and provincial levels that are a concern as they impede market access to some U.S. goods and services. Nevertheless, recent studies show that 99 percent of all trade passes across the border without incident or controversial trade restrictions as many more Canadian product standards become are closely harmonized with U.S. standards. For information on how to effectively take advantage of NAFTA contact the U.S. Commercial Service in Canada.

### ***Local and national and foreign retailers***

Although discount stores are the most popular destination for back-to-school shoppers, the number of people planning to buy school items at drug stores is expected to rise substantially. According to the [National Retail Federation's 2009 Back to School Consumer Intentions and Actions Survey](#), nearly a quarter of American of families, or 21.5 percent, will shop at drug stores for back-to-school, an 18 percent increase over last year's 18.2 percent. Drug stores have become more popular recently as their merchandise mix has broadened beyond health and beauty products to include school supplies, small electronics, and even groceries.

Even though U.S. retailers Walmart, Best Buy & Future Shop (a wholly owned subsidiaries of Best Buy Co., Inc.), and Staples dominate the market for educational supplies and technology across Canada, additional market exposure can be gained by approaching Canadian retail chains, drugstores and grocery stores such as [Grand & Toy](#), [Giant Tiger](#), the [Hudson Bay Company](#) (and its subsidiaries Zellers, and the Bay), [London Drugs](#), [Shoppers Drug Mart](#), the [Katz Group](#), and super grocery stores like [Loblaws](#).

### ***Canadian Non-Resident Importer (NRI) Program***

To successfully penetrate the Canadian market, U.S. firms can register with Canada Customs and Revenue Agency to become importers of their product in Canada under the Non-Resident Importer program. This procedure can facilitate the export sale of U.S. products into Canada, making the buyer transaction for Canadian buyers resemble a domestic transaction for the most part. Through the NRI program, U.S. exporters include all shipping, customs clearance fees, duties and taxes in the shipping and handling fees charged to the customer, therefore eliminating the importing procedures for Canadian importers, and allowing the U.S. exporter selling to Canada on a delivered-price basis. As a NRI, a U.S. company that does not have a physical presence in Canada can import into Canada under their company name, making the company the exporter and the importer of record, therefore simplifying the import process for Canadian customers.

### ***Tax Exception of Imported Computer Software***

U.S. companies who are conducting business in Canada may have to register to collect and remit GST to the GoC through the [Canada Revenue Agency](#). This Government agency will determine the GST treatment for imported computer software into Canada. The GST treatment of imported computer software depends on whether, at the time of importation, the software is an **off-the-shelf** (prepackaged, commercial software programs available to all customers and useable in a standard form, such as word processing and spreadsheet applications.) or **custom** (other types of software, such as a software designed and developed to meet a particular customer's specific requirements) product. For custom software, the GST treatment depends on whether the item is sold or licensed, and whether the non-resident supplier is registered for the GST. For information on how to export educational software products in Canada, contact the [U.S. Commercial Service Canada](#) in your desired location.

## **Market Issues & Obstacles**

### ***Funding***

Lack of provincial funding can threaten infrastructure and technology upgrade projects currently underway in schools across Canada, but most particularly at the elementary and secondary public level, the most neglected sector within the industry. A change in Government priorities or governing party can affect the way in which funds are being allocated within the education industry.

### ***Language and Cultural Differences***

Canada is a bilingual country and education at all levels is widely available in English and French. U.S. manufacturers of educational content should note that the Province of Quebec's official language is French. When targeting elementary and secondary schools primarily, U.S. firms must keep in mind the vast cultural, historical and geographical differences and customs that prevail in Canada, not to mention the requirements for French educational content at schools where education is exclusively delivered in French language.

### ***Canadian Curriculum***

When selling a curriculum program at the elementary and secondary level, school boards across Canada will often favor educational material that places great emphasis on Canadian subjects. Therefore, U.S. manufacturers can face a competitive advantage when selling to school boards across Canada if the material presented has a considerable amount of content that highlights Canada over other geographic regions.

### ***Provincial Procurement***

Education in Canada falls under provincial jurisdiction. As such, U.S. manufacturers of supplies and technology must familiarize with the different procurement restrictions and units in charge of procurement of supplies and technology at the public and private level. Please contact the U.S. Commercial Service in Canada for information on how to sell to educational institutions in each Canadian province.

### **Labeling and Marking**

The Canadian federal [Consumer Packaging and Labeling Act](#) and its regulations require consumer product packaging to be bilingual in English and French. According to [Competition Bureau Canada](#), the Consumer Packaging and Labeling Act requires that the following information must appear on the package/label of a consumer goods sold in Canada: product identity declaration, net quantity declaration, and dealer's name and principal place of business. Moreover, the Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, product manuals and instructions for use, public signs and written advertising. The [Office québécois de la langue française](#) (Quebec Office of the French Language) website provides guidance on these requirements. For more information on labeling and marking contact the [U.S. Commercial Service in Canada](#) to receive a copy of the 2009 Country Commercial Guide.

### **Product Safety**

U.S. manufacturers of supplies, electronic products and toys for use in an educational setting must comply with the following set of Acts and Regulations as part of the Canada's Consumer Product Safety program:

[Canada Consumer Product Safety Act](#)

[Radiation Emitting Devices Act](#) and its [Regulations](#)

[Hazardous Product Act](#) and particularly the [Hazardous Products \(Toys\) Regulations](#), and the [Science Education Sets Regulations](#)

[Canadian Environmental Protection Act](#) and its [Regulations](#)

### **Electronic Stewardship Provincial Programs**

Beginning April 1, 2009, Ontario has implemented the [Waste Electrical and Electronic Equipment \(WEEE\)](#) Program that requires the payment of recycling fees on all electrical and electronic equipment sold in Ontario. U.S. manufacturers of electrical and electronic products will be responsible for paying these fees if they have Ontario residency and a commercial connection in Ontario. For more information on Ontario's Electronic Stewardship Program visit the [U.S. Commercial Service Canada](#) market research library. To learn more on Canada's Electronic Stewardship Programs visit [Electronics Product Stewardship Canada](#).

### **RoHS Legislation**

Canada does not have federal Restriction of Hazardous Substances (RoHS) legislation in place however at the provincial level, the Provinces of Nova Scotia, British Columbia, Saskatchewan and Ontario are contemplating introducing RoHS legislation to ban circulation of toxic substances to their environmental acts in the near future. Currently the Province of Nova Scotia has been very proactive in proposing amendments to their environmental act ([Proposed amendments to the Solid Waste-Resource Management Regulations made under Section 102 of the Environment Act](#).) One element of this proposed amendment calls for every brand owner, as a component of their electronic product stewardship, to implement a "design for the environment" program for each of the brand owner's products. Each "design for the environment" program shall include the elimination of environmentally harmful materials from the brand including, but not limited to lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated dphenyl ethers.

### **Trade Events**

[Consumer Electronics Show 2010](#)

Las Vegas, Nevada, January 7-10, 2010

[Assistive Learning Technologies Exhibition and Seminar](#)

Ottawa, Ontario, January 19, 2010

[70th Canadian Toy & Hobby Fair](#)

Toronto, Ontario, January 31 - February 2, 2010

## Resources & Contacts

[Government of Canada – 2009 Canada's Economic Action Plan](#)  
[Canada Border Services Agency](#)  
[Industry Canada](#)  
[Ontario Software Acquisition Program Advisory Committee](#)  
[Retail Council of Canada](#)  
[Statistics Canada](#)  
[Entertainment Software Association of Canada](#)  
[Canadian Toy Association](#)

## For More Information

The U.S. Commercial Service in Canada can be contacted via e-mail at: [luz.betancur@mail.doc.gov](mailto:luz.betancur@mail.doc.gov); Phone: 613 688-5216; Fax: 613 238-5999; or visit our website: [www.buyusa.gov/canada/en](http://www.buyusa.gov/canada/en)

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**Comments and Suggestions:** We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: [Customer.Care@mail.doc.gov](mailto:Customer.Care@mail.doc.gov). Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

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