



Revenue Report: Community Newspapers 2012



NEWSPAPERS CANADA
TRUSTED | CONNECTED | TARGETED

Community Newspaper Revenue Report 2012

Revenue Survey Highlights

Newspapers Canada conducts an annual revenue survey of community newspaper revenues on behalf of the Canadian Community Newspapers Association (CCNA). This survey provides a high-level overview of the health of the community newspaper industry for both advertising and circulation revenues.

Community newspapers in every province were asked to participate in the survey in order to provide a snapshot of the industry for member and non-member publications, independent and corporate publications as well as English and French language publications.

The 2012 revenue survey reports the following:

- Total 2012 advertising revenue for community newspapers in Canada is \$1,288,832,000.
- Year-over-year growth in total advertising revenue is 6.4%.
- Print advertising revenue represents the majority of revenue at \$1.25 billion and the balance is online revenue at \$35.2 million.
- While print revenue increased over 2011, online revenues decreased 19.9%.
- Circulation revenue is up slightly by 1.5% in 2012 to \$43,502,000.

| (\$000) | 2010 | 2011 | 2012 |
|--|------------------|------------------|------------------|
| National Advertising | 291,771 | 131,066 | 123,337 |
| Local/Retail Advertising | 741,411 | 705,236 | 798,738 |
| Classified Advertising | 109,739 | 112,523 | 105,671 |
| Inserts/Flyers | | 218,549 | 225,885 |
| Total PRINT Advertising REVENUE | 1,142,921 | 1,167,374 | 1,253,632 |
| Online Advertising | 32,241 | 43,703 | 35,201 |
| Total Advertising REVENUE | 1,175,162 | 1,211,077 | 1,288,832 |
| Circulation REVENUE | 42,625 | 42,854 | 43,502 |

Community Newspaper Revenue Report 2012

Print Advertising Revenue Analysis

Overall, print advertising in 2012 increased by 7.4% to a total of \$1,253,632,000.

In the 2012 survey, participants were asked to report their print advertising revenues as national, local, classified and inserts/flyers. This is the second year collecting data for inserts/flyers as a separate category and as such there is only a comparison to 2011.

Inserts/flyers fell slightly from 18.7% of total print revenue in 2011 to 18.0% this year. Most of the share difference went to local advertising. The overall averages were:

| | 2011 | 2012 |
|----------------|-------|-------|
| National | 11.2% | 9.8% |
| Local/Retail | 60.4% | 63.7% |
| Classified | 9.6% | 8.4% |
| Inserts/Flyers | 18.7% | 18.0% |

Online Advertising Revenue Analysis

Online advertising in 2012 decreased by 19.9% to \$35.2 million. This is the first decrease noted since starting to collect online revenue information in 2009.

The revenues reported in this category for 2012 differ considerably by province from the previous year. These variances were reported almost entirely by larger chains and do not appear to have any obvious explanation. As in previous years, the great majority of independents continue to report minimal revenue from online.

Circulation Revenue Analysis

Circulation revenue remains stable with a moderate increase of 1.5% over the previous year to a total of \$43,502,000.

| Year | Circulation Revenue | % Change |
|------|---------------------|----------|
| 2010 | \$42,625,000 | n/a |
| 2011 | \$42,854,000 | 0.5% |
| 2012 | \$43,502,000 | 1.5% |

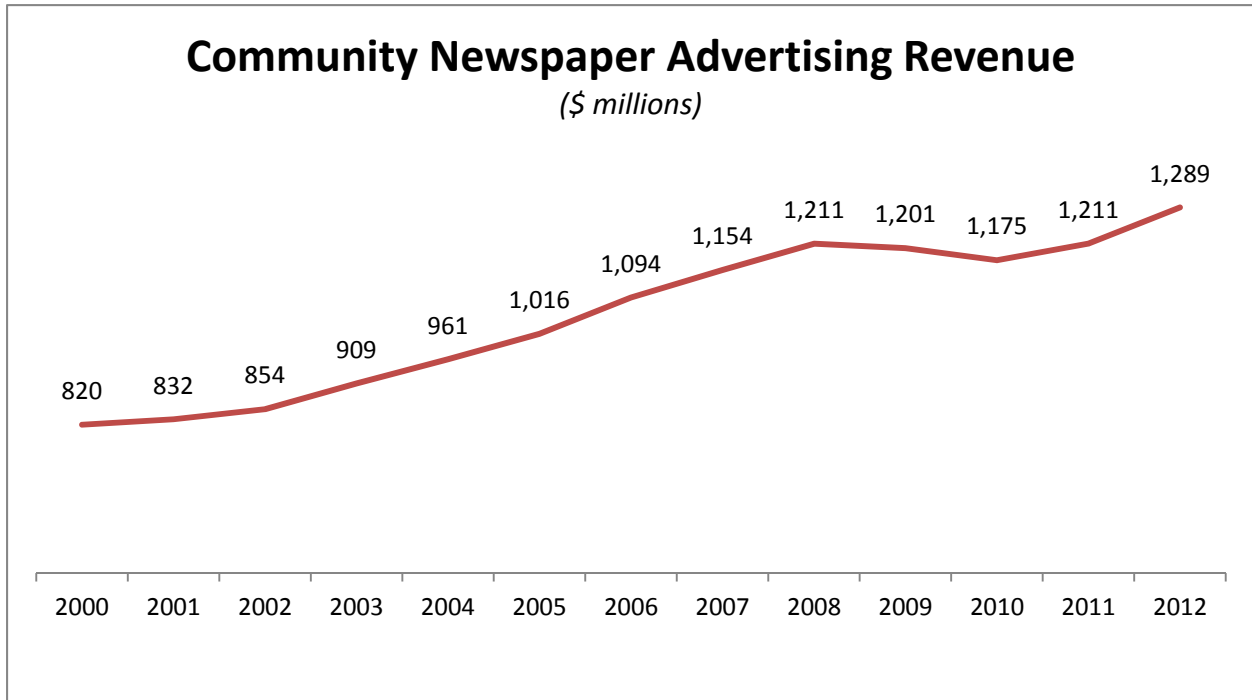
The 2012 survey included French independent publications in QC for the first time, perhaps accounting for the minor increase in circulation revenue.

Community Newspaper Revenue Report 2012

Community Newspaper Revenue Trending

Community newspaper revenue has been trending upwards since recovering from the 2009 recession.

As with most media, 2009 and 2010 were difficult years and community newspaper revenue suffered two years of declines. Since 2010 revenues have been on the upswing. In 2011 revenue returned to 2008 levels and in 2012 community newspapers posted an all-time high of \$1.3 billion in print and online revenues combined.



| \$ millions | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Community Newspaper - Print | 820 | 832 | 854 | 909 | 961 | 1,016 | 1,094 | 1,154 | 1,211 | 1,174 | 1,143 | 1,167 | 1,254 |
| % Change | | 1.5% | 2.6% | 6.5% | 5.7% | 5.7% | 7.7% | 5.4% | 4.9% | -3.0% | -2.7% | 2.1% | 7.4% |
| Community Newspaper - Online | - | - | - | - | - | - | - | - | - | 27 | 32 | 44 | 35 |
| % Change | | | | | | | | | | | 20.3% | 35.6% | -19.9% |
| TOTAL | 820 | 832 | 854 | 909 | 961 | 1,016 | 1,094 | 1,154 | 1,211 | 1,201 | 1,175 | 1,211 | 1,289 |
| % Change | | 1.5% | 2.6% | 6.5% | 5.7% | 5.7% | 7.7% | 5.4% | 4.9% | -0.8% | -2.2% | 3.1% | 6.4% |
| TOTAL | | | | | | | | | | | 43 | 43 | 44 |
| % Change | | | | | | | | | | | | | |
| Source: New papers Canada September 2013 | | | | | | | | | | | | | |
| <i>estimated data 2002-2008</i> | | | | | | | | | | | | | |

Community Newspaper Revenue Report 2012

Industry Snapshot

Publications and Editions

- Total number of community newspaper titles: 1,029
- Total number of community newspaper editions published: 1,142

Circulation

- Total weekly circulation of all community newspaper editions: 19,736,168

Paid vs. Controlled Circulation

The majority of community newspaper circulation is free (controlled).

- Paid weekly circulation of community newspapers: 1,066,385 (5%)
- Free (controlled) weekly circulation of community newspapers: 18,669,783 (95%)

Format of Community Newspapers

- 13% of community newspapers are broadsheet format (147 editions)
- 87% of community newspapers are tabloid format (995 editions)

Ownership of Community Newspapers

- Corporate ownership: 60% (614 titles)
- Independent (group/single)/Unknown: 40% (415 titles)

| Owner | # Titles | Number of Editions | Total Circulation |
|--|--------------|--------------------|-------------------|
| Independent (single title)/Unknown | 272 | 275 | 2,588,622 |
| Independent groups (47 groups with 2-9 titles) | 143 | 148 | 1,457,608 |
| Quebecor/Sun Media/Bowes/Osprey | 164 | 173 | 2,633,300 |
| Metroland Media Group Ltd. | 112 | 152 | 5,326,877 |
| Black Press Group Ltd. | 85 | 116 | 2,135,946 |
| TC Media | 100 | 103 | 2,400,353 |
| Glacier Media Group | 75 | 95 | 1,826,046 |
| Brunswick News Inc. | 20 | 21 | 285,656 |
| Great West Newspapers, LP.* | 18 | 19 | 162,058 |
| Department of National Defence | 12 | 12 | 62,982 |
| Multimedia Nova Corporation | 11 | 11 | 298,945 |
| Postmedia Network Inc. | 7 | 7 | 215,348 |
| FP Newspapers Inc. | 7 | 7 | 197,418 |
| The Halifax Herald Ltd. | 3 | 3 | 145,009 |
| Total | 1,029 | 1,142 | 19,736,168 |

Source: Newspapers Canada database, August 2012; * Glacier Ventures International Corp. is a 50% shareholder of Great West Newspapers, LP.

Community Newspaper Revenue Report 2012

The Year in Review: Industry Highlights

New Publications

- TC Media launched a new weekly print (and online) publication in NS, The Valleyfield Express.ca.
- Sun Media launched four ON weekly newspapers in Ottawa, Windsor, Kitchener-Waterloo and Guelph.
- Sun Media launched a new bi-weekly community publication L’Echo de Victoriaville (QC).
- The Saskatoon Express, a new weekly community newspaper in SK, was launched in Q3 2012.
- Grimsby News Now, a new independent weekly community newspaper, was launched in ON.

Newspapers Ceased Publishing

- Sun Media: Amherstburg Echo, Dunnville Chronicle, Grimsby West Niagara News, Guelph Review, James Bay Northern Voice, Kitchener Waterloo Review, Leamington Post/TriTown News, Markdale Standard, Ottawa Capital City News, Windsor This Week
- Independent: Cobden Pulse/Renfrew County Pulse, Caledonia Regional News This Week, Tecumseh Tribune

Newspapers Mergers

- The Bridgewater Bulletin & Lunenburg Progress Enterprise become The Lunenburg County Progress Bulletin
- Arnprior EMC & Arnprior Chronicle Guide become Arnprior Chronicle EMC
- Kanata EMC & Kanata Kourier Standard become Kanata Kourier Standard EMC
- Stittsville Richmond EMC & Stittsville News become Stittsville News EMC
- West Carleton & West Carleton Review become West Carleton Review EMC
- Toronto Beach Riverdale Town Crier and Toronto Riverdale-East York Town Crier merge
- Uxbridge Standard no longer operates as a separate title and combined with Scugog Standard

Purchases or Ownership Changes

- TC Media purchased QC regional newspaper Édition Beauce (previously Journal de Beauce-Nord).
- Brace Capital, an investment firm led by Halifax Chronicle Herald, purchased two weekly newspapers in NS: The Quad County Extra and The Antigonish Casket.
- FP Canadian Newspapers acquired Carberry News Express in MB.
- Metroland purchased St. Thomas/Elgin Weekly News (ON).
- Caledon Publishing acquired The Regional Newspaper (ON).
- Manitowadge Echo (ON) closed in July, only to reopen with new owner in October 2012.

Digital Changes

- Barrhaven Independent (ON) shifts to web only.
- To broaden its existing digital network, TC Media purchases a majority stake in Redux Media (an online advertising network including over 2,500 websites).
- Black Press and Glacier Media sign distribution agreement with SendtoNews (digital sports news)

Community Newspaper Revenue Report 2012

Revenue Survey Methodology and Technical Notes

This survey was conducted at the request of Newspapers Canada on behalf of the Canadian Community Newspapers Association (CCNA) with the financial support of the Government of Canada through the Canada Periodical Fund of the Department of Canadian Heritage.

There have been ongoing changes in scope since the study's inception in 2009:

- In 2009, all print advertising was reported as a single category.
- In 2010, in order to obtain a more detailed understanding of weekly newspaper revenues, participants were asked to show the amounts attributable to national, local and classified advertising, and also to report any circulation revenue.
- In 2011, inserts/flyers were included as a separate category.
- In 2012 the supplier was changed, the questionnaire was completely overhauled, additional definitions of advertising revenue sources were added and a higher completion rate was achieved than in previous years.

Data Collection

Data collection began in April 2013 and continued through until July 2013. As in previous years, the executive directors of the regional associations were asked to endorse the study with their independent members by advising them of the request to provide data and encouraging them to participate. Respondents were sent an email by Totum Research Inc. (the new supplier for this survey) which contained a link to the online questionnaire which was blindly hosted by Research Now. A few respondents subsequently asked for a paper or Excel version of the questionnaire and they responded directly to Totum. Most completed the online version.

Participation

Participation rates for independents were much higher than in previous years. As in the past, it was very high in the eastern and Prairie provinces, moderate in Ontario and lower elsewhere, especially in the northern territories. However, given the higher overall response rate, the received data provided sufficiently reliable samples to model the 2012 totals.

All but two of the smaller corporate groups participated, meaning that almost 97% of chain revenue was reported, which accounted for more than 80% of total weekly newspaper advertising revenue across Canada.

Substantial effort was made to improve the response rate among independent publishers with this study. The independent response rate in 2011 was 18%, with varying levels of participation at the provincial level. The response rate for 2012 among independent publishers was 24% with responses from more than 100 independent publishers across the country.

The survey includes English and French-language titles and beginning in 2012 French-language independent newspapers were surveyed as well. Francophone papers outside Quebec were also included through the support of the Association de la Presse Francophone (APF).

Methodology

The census level of chain participation produced an accurate picture nationally for their print and online advertising. In comparing 2012 and 2011 advertising levels, the results make sense intuitively and may therefore be accepted as representing an accurate picture of the revenue patterns.

To avoid the risk of identifying survey respondents, and to smooth out possible sampling errors in smaller provinces, the 2012 data is only shown at the national level. There were substantial provincial variations for both advertising and circulation revenues, compared with previous years. The reasons for this are not entirely clear but are most probably the result of different approaches to estimating provincial breakdowns.

The calculation of revenue involved projecting data for non-respondents using the average revenue per unit of paid circulation applied to the known paid circulation totals. To generate the final 2012 report, these are the calculations applied:

For respondents – both chain and independent – actual claimed revenue by revenue source was summed. Provincial proportions were then calculated by percentaging the circulation breakout for all publications reported on and applying those percentages to the claimed revenues.

For those publications that did not respond, the revenue by source was first projected using the circulation of each newspaper as a basis for the calculation. Average revenues per unit of circulation were calculated for those publications that did respond. This was done in six groups based on circulation size:

- Over 40,000 circulation
- 20,000 – 40,000 circulation
- 10,000 – 20,000 circulation
- 5,000 – 10,000 circulation
- 3,000 – 5,000 circulation
- Under 3,000 circulation

Revenue by source for each non-responding publication was then projected using the appropriate circulation-based averages.

This report is produced by Newspapers Canada and the Canadian Community Newspapers Association (CCNA) with the financial support of the Government of Canada through the Canada Periodical Fund of the Department of Canadian Heritage. The content of this study represents the opinions of the authors and does not necessarily represent the policies or the views of the Department of Canadian Heritage or the Government of Canada.

For additional information contact:

Kelly Levson

Director of Research

klevson@newspaperscanada.ca