



Revenue Report: Daily Newspapers Q1 2017

January to March 2017

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This report is intended for internal use only by participating member newspapers and is not for public distribution.

Revenue Highlights

News Media Canada reports quarterly on daily newspaper revenues in the following categories: print, online and mobile advertising, as well as circulation and other revenue.

Total revenue of \$412,541,000 is 13.3% lower than the same quarter last year.

- Total revenue in the first quarter shows that the industry continued to decline, with a drop of 13.3% compared to Q1 of 2016.
- In dollar terms, this represents a decline of \$63,352,000.

Print advertising revenue of \$195,578,000 is 21.1% lower than Q1 of 2016.

- 2017 revenue in Q1 is \$52,261,000 lower than the same quarter last year.
- Local/Retail advertising (45%) now provides significantly more revenue for daily newspapers than National advertising (28%); Classified advertising currently represents 12% of revenues; and Flyers/Inserts represent 15% of Q1 revenues.

Online advertising (excluding mobile) increased 5.4% compared to the first quarter of 2016.

- Q1 2017 online advertising revenue (excluding mobile) was \$49.2 million, up \$2,519,000 compared to last year.

Mobile advertising increased by 14.6% over Q1 last year.

- Total mobile advertising revenue for Q1 2017 was \$3,756,000 -- an increase of \$478,000 over last year.

Circulation revenue is down 7.9% this quarter with a decline of \$13.3 million.

- Total circulation revenue for Q1 2017 was \$154,412,000.
- Digital circulation revenue for the quarter (\$8.8 million) represents 5.7% of quarterly circulation revenue.

Other Revenue is now included in the survey and represents \$9.6 million this quarter. This category includes revenue for commercial printing, contract publishing, distribution, promotions and events.

Total Newspaper Revenues

Print, Online, Mobile, Circulation and Other Revenues

Total revenue in the first quarter of 2017 dropped 13.3%, continuing the industry decline. This decline is larger than in the equivalent quarter last year. In dollar terms, this signifies a decline of \$63,352,000.

Advertising revenue from National, Local/Retail, Classified and Inserts/Flyers fell this quarter.

Online advertising increased by \$2.5 million this quarter, 5.4% more than Q1 2016.

Mobile advertising increased almost 15% over Q1 of 2016 to a total of \$3.8 million.

Circulation revenues in Q1 2017 were down 7.9% as a result of less print circulation revenue compared to Q1 2016. Digital circulation increased marginally.

Revenue from other sources has been included in this survey since the first quarter of 2014. This amounted to \$9,572,000 in the first quarter of 2017, \$784,000 less than in the equivalent quarter last year.

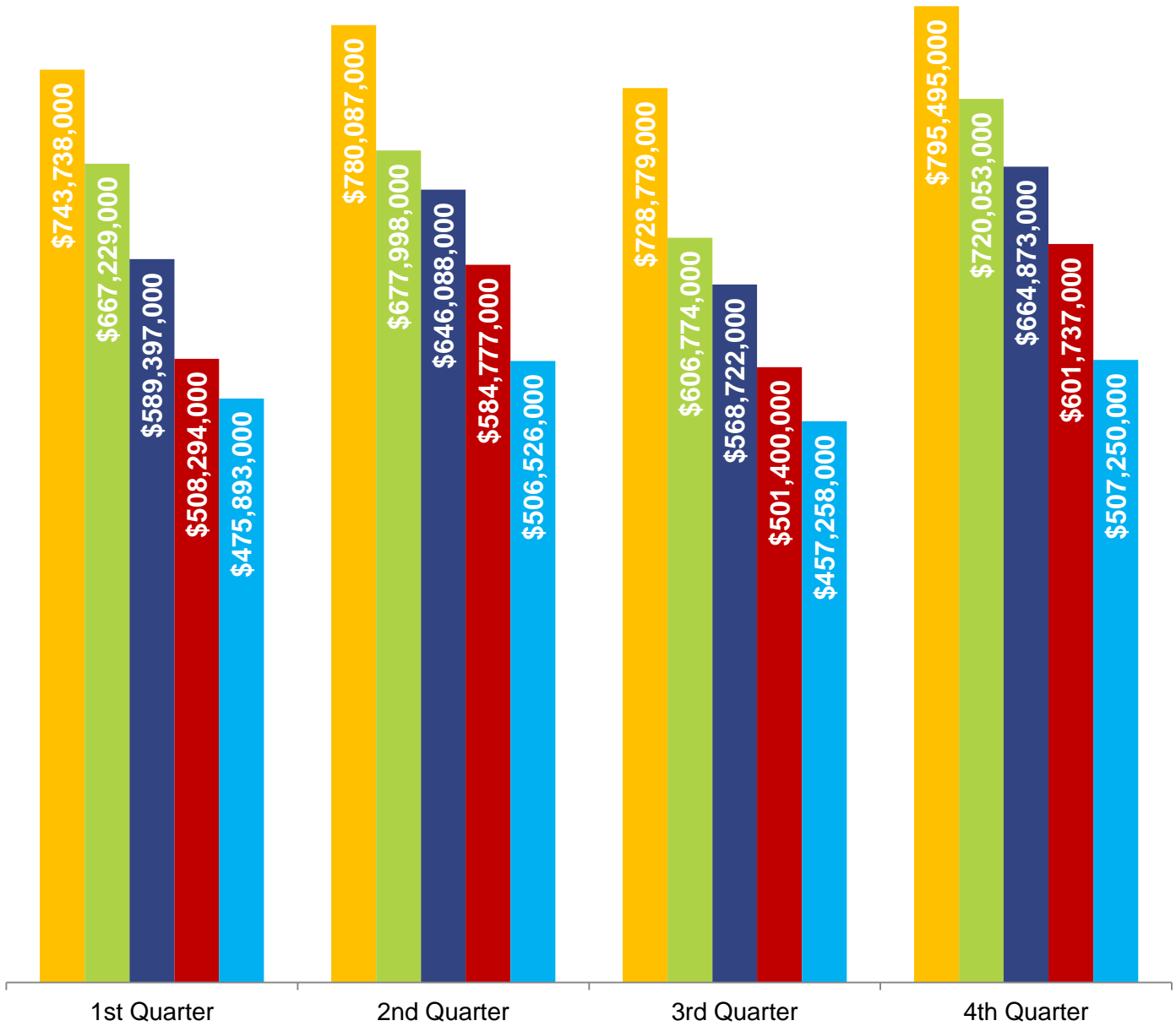
Total	2017	2016	2015	2014	2013
1st Quarter	\$412,541,000	\$475,893,000	\$508,294,000	\$589,396,000	\$667,229,000
<i>% change</i>	-13.3%	-6.4%	-13.8%	-11.7%	-10.3%
2nd Quarter		\$506,526,000	\$584,777,000	\$646,088,000	\$677,998,000
<i>% change</i>		-13.4%	-9.5%	-4.7%	-13.1%
3rd Quarter		\$457,258,000	\$501,400,000	\$568,722,000	\$606,774,000
<i>% change</i>		-8.8%	-11.8%	-6.3%	-16.7%
4th Quarter		\$507,250,000	\$601,737,000	\$664,873,000	\$720,053,000
<i>% change</i>		-15.7%	-9.5%	-7.7%	-9.5%
Total Revenue		\$1,946,927,000	\$2,196,208,000	\$2,469,080,000	\$2,672,054,000
<i>% change</i>		-11.4%	-11.1%	-7.6%	-12.3%

2015 Q4 data for Sun Media represent August to November not September to December.

2014 to 2016 data include revenue from other sources; 2012 and 2013 revenues include data from paid AND free daily newspapers – year-over-year comparisons will be influenced.

Daily Newspaper Total Revenue 2012-2016

2012 2013 2014 2015 2016



Print Advertising Revenues

First quarter revenue in print advertising is lower than in the equivalent quarter last year with a drop of 21.1% (\$52,261,000). This is a significantly higher percentage drop than in the previous year.

Many newspapers also continue to report significant declines in national advertising, including federal government, automotive and telecommunications.

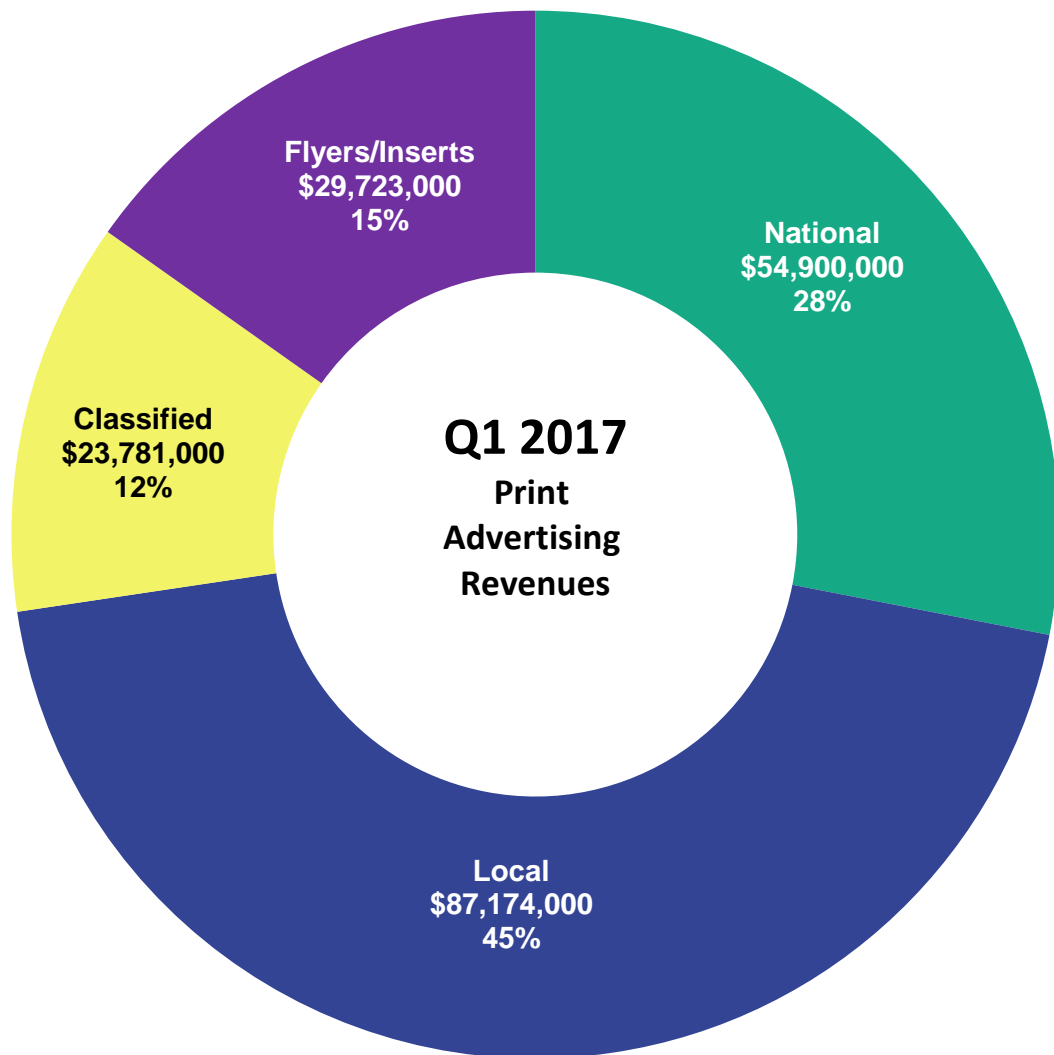
Print	2017	2016	2015	2014	2013
1st Quarter	\$195,578,000	\$247,839,000	\$267,368,000	\$346,093,000	\$408,482,000
% change	-21.1%	-7.3%	-22.7%	-14.3%	-16.8%
2nd Quarter		\$278,958,000	\$322,273,000	\$380,886,000	\$428,971,000
% change		-13.4%	-15.4%	-11.2%	-17.1%
3rd Quarter		\$223,984,000	\$266,846,000	\$314,189,000	\$372,961,000
% change		-16.1%	-15.1%	-15.8%	-21.6%
4th Quarter		\$271,677,000	\$334,081,000	\$396,184,000	\$468,143,000
% change		-18.7%	-15.7%	-15.4%	-12.5%
Total Revenue		\$1,022,458,000	\$1,190,568,000	\$1,437,352,000	\$1,678,557,000
% change		-14.1%	-17.2%	-14.4%	-16.9%

Since 2012 revenues include data from paid AND free daily newspapers – year-over-year comparisons will be influenced. 2015 Q4 data for Sun Media represent August to November not September to December.

Print Category	Q1 2017	Q2 2017	Q3 2017	Q4 2017
National	\$54,900,000			
Local	\$87,174,000			
Classified	\$23,781,000			
Flyers/Inserts	\$29,723,000			
TOTAL	\$195,578,000			

The survey now collects actual data by category in print advertising. In Q1 2017, category breakdowns are as follows:

- **Local advertising** (45%) declined (15.9%) over Q1 of 2016 but now provides significantly more revenue for daily newspapers than **National advertising** (28%);
- **Classified** advertising dropped a further 11.8% this quarter compared with the equivalent quarter of 2016 and currently represents 12% of revenues with \$24 million; and
- **Flyers/Inserts** represent 15% of Q1 revenues at \$30 million, a decrease of 15% over the equivalent period last year.



Online Advertising Revenues*

Online advertising increased by \$2,519,000 or 5.4% compared to the first quarter of 2016. Online advertising accounts for \$49,223,000 in Q1 2017.

Note: Mobile revenues are now **excluded** from Online Advertising Revenues. Data from 2011 to 2014 has been adjusted to reflect these changes to allow for trending.

Online	2017	2016	2015	2014	2013
1st Quarter	\$49,223,000	\$46,704,000	\$53,305,000	\$43,290,000	\$67,717,000
% change	5.4%	-12.4%	23.1%	-36.1%	17.6%
2nd Quarter		\$47,568,000	\$62,057,000	\$62,139,000	\$52,703,000
% change		-23.3%	-0.1%	17.9%	-8.7%
3rd Quarter		\$57,741,000	\$41,725,000	\$53,965,000	\$41,516,000
% change		38.4%	-22.7%	30.0%	-26.0%
4th Quarter		\$66,548,000	\$71,774,000	\$69,830,000	\$58,707,000
% change		-7.3%	2.8%	18.9%	-7.7%
Total Revenue		\$218,561,000	\$228,861,000	\$229,224,000	\$220,643,000
% change		-4.5%	-0.2%	3.9%	-6.1%

Excludes certain portal revenue from non-newspaper branded sites.

Since 2012 revenues include data from paid AND free daily newspapers – year-over-year comparisons will be influenced.

2015 Q4 data for Sun Media represent August to November not September to December.

**(excluding Mobile Revenues)*

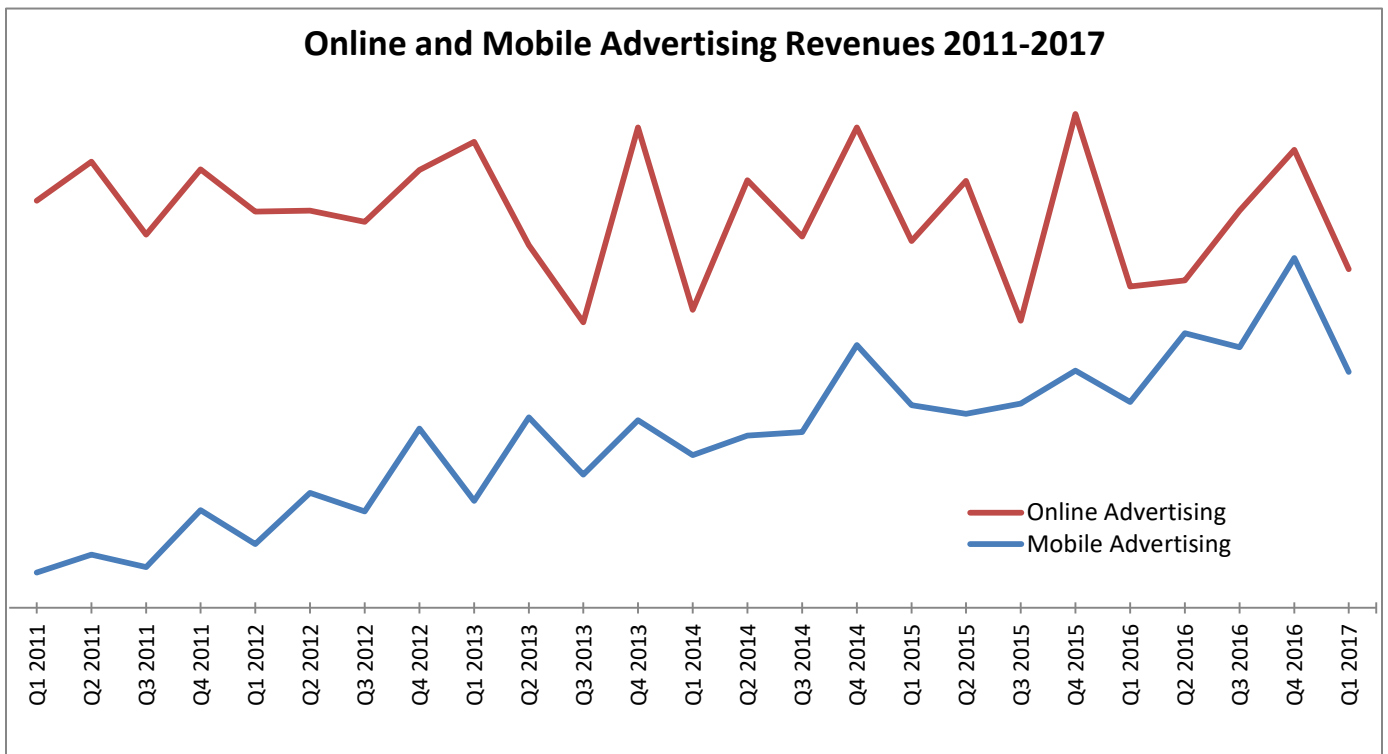
Mobile Advertising Revenues

Mobile advertising increased by \$478,000 or 14.6% compared to the first quarter of 2016. Mobile advertising accounts for \$3,756,000 this quarter.

Mobile	2017	2016	2015	2014	2013
1st Quarter	\$3,756,000	\$3,278,000	\$3,228,000	\$2,433,000	\$1,704,000
<i>% change</i>	14.6%	1.5%	32.7%	42.8%	67.7%
2nd Quarter		\$4,374,000	\$3,092,000	\$2,744,000	\$3,036,000
<i>% change</i>		41.5%	12.7%	-9.6%	65.9%
3rd Quarter		\$4,150,000	\$3,253,000	\$2,800,000	\$2,123,000
<i>% change</i>		27.6%	16.2%	31.9%	38.2%
4th Quarter		5,572,000	\$3,777,000	\$4,184,000	\$2,989,000
<i>% change</i>		47.5%	-9.7%	40.0%	4.7%
Total Revenue		\$17,374,000	\$13,350,000	\$12,161,000	\$9,852,000
<i>% change</i>		30.1%	9.8%	23.4%	36.2%

Note: Mobile revenues are now excluded from Online Advertising Revenues.

Mobile is currently the main driver of **global** ad spend growth and is growing faster than desktop internet. In Canada, mobile revenues currently represent 7.1% of all online advertising revenues in Q1 2017.



Newspaper Circulation Revenues

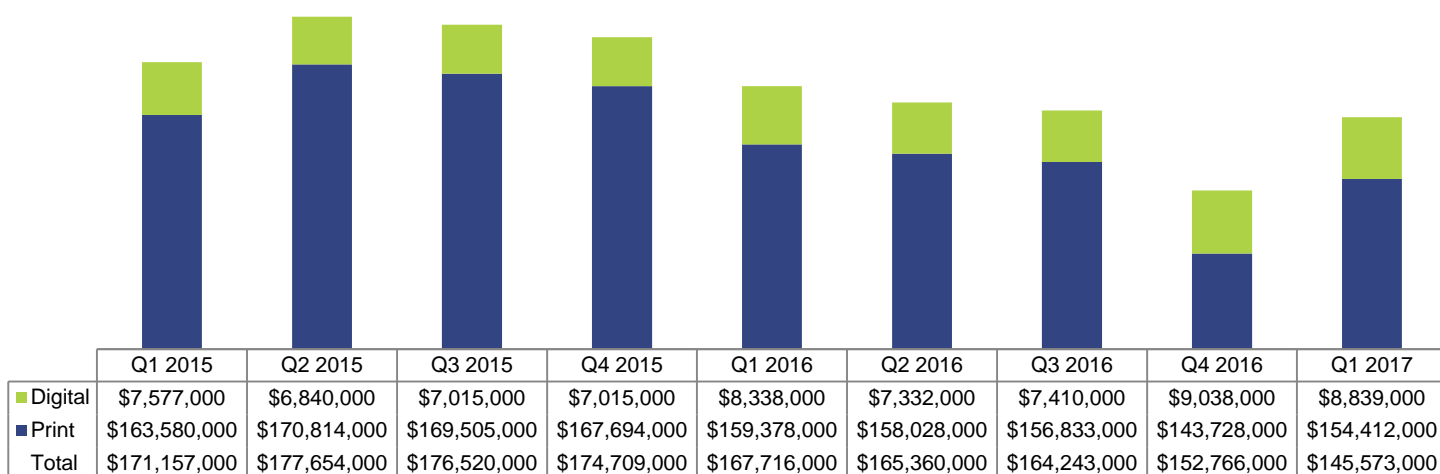
Circulation revenue in the first quarter decreased against the same period in 2016 by 7.9%. In dollar terms this represents \$154,412,000, down \$13.3 million compared with the equivalent quarter last year. Circulation losses were a direct result of lower print circulation revenues while digital circulation revenue increased marginally.

Circulation	2017	2016	2015	2014	2013
1st Quarter	\$154,412,000	\$167,716,000	\$171,157,000	\$181,413,000	\$189,326,000
% change	-7.9%	-2.0%	-5.7%	-4.2%	-2.5%
2nd Quarter		\$165,360,000	\$177,654,000	\$185,836,000	\$193,288,000
% change		-6.9%	-4.4%	-3.9%	-4.8%
3rd Quarter		\$164,243,000	\$176,520,000	\$182,950,000	\$190,174,000
% change		-7.0%	-3.5%	-3.8%	-2.7%
4th Quarter		\$152,766,000	\$174,709,000	\$178,789,000	\$190,214,000
% change		-12.6%	-2.7%	-6.0%	-2.0%
Total Revenue		\$650,085,000	\$700,040,000	\$728,988,000	\$763,002,000
% change		-7.1%	-4.0%	-4.5%	-3.0%

Q1 2010 increase attributable to change in accounting policy by 1 participant; using prior year policy, the increase over Q1/2009 is approx. 0.5%. Effective Q1 2012, measurement of digital circulation is also included. 2015 Q4 data for Sun Media represent August to November not September to December.

The survey tracks **digital circulation revenue**, including revenue from paywalls and metered access pricing plans implemented at many publications. Digital circulation revenues now represent 5.7% of all circulation revenue for the quarter -- in dollar volume it is \$8.8 million.

Circulation Revenue - Print + Digital



Industry Highlights

News Media Canada publishes a weekly update of industry happenings. Headlines below can be found online at www.newsmediacanada.ca/newsroom.

Black Press launches high-end lifestyle magazine in the Okanagan

The luxury publication, *Boulevard Okanagan*, covers home and decor, food, fashion, and art, and also features profiles on local tastemakers. Black Press first acquired *Boulevard* in June 2013 and now publishes four English-language editions, covering markets in Victoria, Vancouver Island and the Lower Mainland, as well as a Chinese edition focused on the Vancouver market. *Boulevard Okanagan* will be distributed six times a year to select homes and will be available, free of charge, in various retail outlets throughout the region.

<https://nmc-mic.ca/news/black-press-launches-high-end-lifestyle-magazine-okanagan/>

Postmedia launches Innovation Outpost for B2B digital clients

Postmedia announced plans to launch an innovative tech lab at the Communitel Hub in Waterloo, Ontario. The unique Innovation Outpost is designed to serve as an incubator for new digital ideas. To learn more about Postmedia's Innovation Outpost, continue reading on INMA.

<https://nmc-mic.ca/news/postmedia-launches-innovation-outpost-b2b-digital-clients/>

Oakville Beaver launches new look for 2017

In Ontario, the *Oakville Beaver* is kicking off the New Year with a new look. The community paper's newly redesigned masthead is consistent with other publications in the Metroland Media Group chain.

<https://nmc-mic.ca/news/oakville-beaver-launches-new-look-2017/>

Public Policy Forum releases report on Canadian media industry

The Public Policy Forum will be releasing its major report on the news media industry and democracy in Canada on Thursday, January 26, 2017. Entitled 'The Shattered Mirror: News, Democracy and Trust in the Digital Age', the report will offer extensive recommendations on how government can respond to the ever-evolving media landscape in Canada. A copy of the report can be downloaded from our website here.

<https://nmc-mic.ca/news/public-policy-forum-report-released-week/>

Multicultural newspaper re-launches in PEI

Ni Hao PEI has re-launched as Prince Edward Island's first-ever dual language newspaper. Written in English and Mandarin, the publication is a full-colour monthly publication with a circulation of 2,000-3,000 copies. According to its website, the free newspaper is "designed to inform and educate all Islanders on PEI's growing Chinese community, available services, events [...] and much, much more." You can read more about the paper's evolution here.

<https://nmc-mic.ca/news/multicultural-newspaper-re-launches-pe/>

Quebec bill could kill local newspapers, critics say

A bill currently working its way through Quebec's National Assembly could have significant negative impacts on local newspapers if enacted, *The Montreal Gazette* reports. Last week, a coalition of newspapers warned a National Assembly committee that the disappearance of the notices in newspapers “would lead to the loss of at least 100 quality jobs and the closure of many papers.” The story highlights another troubling trend for Canadian newspapers: that government advertising has dropped significantly in recent years. The federal government, for example, spent \$20 million on newspaper ads in 2004. Ten years later, spending in papers had dropped to under \$400,000, while Ottawa was spending \$4.7 million on ads on Facebook and Google.

<https://nmc-mic.ca/news/public-affairs/quebec-bill-kill-local-newspapers-critics-say/>

Advocate Media partners with unique community-building project

Atlantic Canada's Advocate Media has agreed to be the title sponsor of a new project aimed to attract more people to Lunenburg County, N.S. Lunenburg County, like many communities in the province, is experiencing a population decline. NOW Lunenburg County, a part of the Lunenburg County Community Fund, was initiated to carry out the work of growing the population. Together with a videographer to document their work, they'll be traveling across Canada during the summer of 2017, stopping in communities throughout the country. It's a creative strategy - and we will keep you posted on how the project develops over the coming months.

<https://nmc-mic.ca/news/members/advocate-media-partners-unique-community-building-project/>

Last edition of 117-year-old newspaper hits news stands

Residents of Grandview, Manitoba, have read the last edition of their weekly local newspaper. The owners of the *Exponent* announced on the front page that the February 28 edition would be its last. It marks the end of an era in this small community. The first paper rolled off the presses on March 7, 1901. To read more about the history of the newspaper, please click here.

<https://nmc-mic.ca/news/industry/last-edition-117-year-old-newspaper-hits-news-stands/>

Changes coming to the ‘Surrey Now’ and ‘Surrey Leader’

Black Press, the owner of The Surrey Now and The Surrey Leader, is transforming the community newspaper model in British Columbia. The Surrey Now News Leader will publish every Wednesday and Friday and will become one of the largest community newspaper titles in Western Canada. The Surrey Now News Leader will begin publishing April 5. For more on these changes, please click here.

<https://nmc-mic.ca/news/members/changes-coming-surrey-now-surrey-leader/>

Digital-only publication takes off in Manitoba

Glen Kirby, a career journalist, launched the Southwest Post last fall, a digital-only news site carrying daily news stories he writes and photos taken as he covers the region around Souris, Hartney and Wawanesa, Manitoba. It's an ambitious project because the area is also served by a variety of community newspapers and radio stations plus the *Brandon Sun*. To read all about Kirby's career pivot, please check out the story in the *Manitoba Co-Operator* here.

<https://nmc-mic.ca/news/career-journalist-glen-kirby-carves-new-niche/>

Black Press removes paywall from news website

Black Press, the company that publishes The Valley Echo, recently removed the paywall from the paper's website. Online Valley Echo content is now available to everybody everywhere, allowing residents, visitors and those who haven't lived here for years but who still like to keep tabs on the community, to keep a finger on the political pulse of the Columbia Valley. The paywall began in late spring 2012 and was in place for nearly five years before coming down last week. To read more about the decision to drop the paywall, please click here.

<https://nmc-mic.ca/news/members/black-press-removes-paywall-news-website/>

Cornwall's Seaway News announces changes

If you live in eastern Ontario, you might have noticed you've begun receiving your copies of the *Cornwall Seaway News*, *Cornwall Express* and 'ad bag' flyers earlier than usual over the last couple of weeks. This is not an error. From now on, the date of distribution has been moved to one day earlier, the newspaper reports on its website. According to TC Media, that's not the only change happening in that community. Staff numbers are on the rise as well. The publication has added a new reporter named Alycia Douglass, as well as a new sales representative.

<https://nmc-mic.ca/news/members/cornwalls-seaway-news-announces-changes/>

Help coming for newspapers in Quebec budget

Quebec will provide \$36 million over the next five years to support local and community print media, Finance Minister Carlos Leitão said in his budget speech, the Montreal Gazette reports. In addition to providing support for local journalism, and its digital evolution, the provincial government also provided help to publishers on recycling fees. The government will also reduce by \$12 million over four years the amount newspapers have to pay to subsidize municipal recycling programs.

<https://nmc-mic.ca/news/industry/help-coming-newspapers-quebec-budget/>

Daily Newspapers with Metered Access/Paywalls

Newspaper	Province	Market	Owner	Date Implemented
The Whitehorse Star	YT	Whitehorse	Independent	2004
Times Colonist	BC	Victoria	Glacier	May 2011
Montreal Gazette	QC	Montreal	Postmedia	May 2011
Red Deer Advocate	AB	Red Deer	Black Press	June 2011
The Daily Gleaner	NB	Fredericton	Brunswick News	November 2011
Times and Transcript	NB	Moncton	Brunswick News	November 2011
Telegraph Journal	NB	Saint John	Brunswick News	November 2011
The Daily Townsman	BC	Cranbrook	Black Press	February 2012
The Daily Bulletin	BC	Kimberley	Black Press	February 2012
The Province	BC	Vancouver	Postmedia	August 2012
Vancouver Sun	BC	Vancouver	Postmedia	August 2012
Ottawa Citizen	ON	Ottawa	Postmedia	August 2012
Le Journal de Montréal	QC	Montreal	Quebecor	September 2012
Le Journal de Québec	QC	Quebec City	Quebecor	September 2012
The Globe and Mail	ON	National	Globe and Mail	October 2012
Calgary Sun	AB	Calgary	Postmedia	December 2012
Edmonton Sun	AB	Edmonton	Postmedia	December 2012
Winnipeg Sun	MB	Winnipeg	Postmedia	December 2012
Ottawa Sun	ON	Ottawa	Postmedia	December 2012
Toronto Sun	ON	Toronto	Postmedia	December 2012
Medicine Hat News	AB	Medicine Hat	AB Newspaper Group	April 2013
Calgary Herald	AB	Calgary	Postmedia	May 2013
Edmonton Journal	AB	Edmonton	Postmedia	May 2013
National Post	ON	National	Postmedia	May 2013
Windsor Star	ON	Windsor	Postmedia	May 2013
The Guardian	PE	Charlottetown	TC Media	May 2013
The Leader Post	SK	Regina	Postmedia	May 2013
The StarPhoenix	SK	Saskatoon	Postmedia	May 2013
Lethbridge Herald	AB	Lethbridge	AB Newspaper Group	June 2013
The Daily News	NS	Truro	TC Media	July 2013
The Chronicle Herald	NS	Halifax	Halifax Herald Ltd.	August 2013
Journal Pioneer	PE	Summerside	TC Media	November 2013
The Western Star	NL	Corner Brook	TC Media	January 2014
Cape Breton Post	NS	Sydney	TC Media	February 2014
Trail Times	BC	Trail	Black Press	March 2014
The Telegram	NL	St. John's	TC Media	April 2014
The Daily Herald	SK	Prince Albert	Star News	June 2014
TOTAL Newspapers with Metered Access/Paywalls				37

Methodology and Technical Notes

This quarterly survey is conducted on behalf of News Media Canada by Totum Research Inc. and provides a high-level view of daily newspaper industry revenues. Effective January 2012, data collection is primarily conducted through online survey software.

Participation includes paid and free dailies, with only a few papers representing a very small slice of total circulation not providing data. Participating newspapers represent 95% of total daily newspaper circulation.

Beginning with the first quarter of 2012 the following survey specifications were implemented:

- Print advertising revenue is collected by specific advertising categories (national, retail, classified) as well as flyers/inserts.
- Print/online advertising revenue for both paid and free dailies is included which prevents a direct year-over-year comparison with 2011 and previous years.
- Online advertising revenue excludes certain portal revenue from non-newspaper branded sites and as of 2011 included mobile revenues.
- Circulation revenue from both print and digital categories is included.

Mobile advertising is defined as any digital ads delivered to smartphones and tablets, whether display, classified or search. It should be noted that not all participants report mobile advertising revenues.

In 2014 revenue from other sources, including events, promotions, distribution and commercial printing, was included. In 2015 mobile advertising was separated from online advertising to facilitate more detailed analysis.

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