



NEWSPAPERS CANADA

Revenue Report: Daily Newspapers Q2 2016

April to June 2016



NEWSPAPERS CANADA
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Daily Newspaper Revenue Report

Q2 2016

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

Daily Newspaper Revenue Report

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

Revenue Highlights

Total revenue of \$492,409,000 is 15.5% lower than the same quarter last year.

- Total revenue in the second quarter shows that the industry continued to decline, with a drop of 15.5% compared to Q2 of 2015
- In dollar terms, this represents a decline of \$90,632,000.

Print advertising revenue of \$277,695,000 is 13.3% lower than Q2 of 2015.

- 2016 revenue in Q2 is \$42,656,000 lower than the same quarter last year.
- Local advertising (41%) now provides significantly more revenue for daily newspapers than national advertising (33%); Classified advertising currently represents 11% of revenues; and Flyers/Inserts represent 15% of Q2 revenues.

Online advertising (excluding mobile) decreased 23.2% compared to the second quarter of 2015.

- Q2 2016 online advertising revenue (excluding mobile) was \$47.3 million, down \$14,311,000 compared to last year.

Mobile advertising increased by 13.4 % over Q.2 last year.

- Total mobile advertising revenue for Q2 2016 was \$4,047,000 -- an increase of \$477,500 over last year.

Circulation revenue is down 13.4 % this quarter with a decline of \$23.9 million.

- Total circulation revenue for Q2 2016 was \$153,790,000.
- Digital circulation revenue for the quarter (\$7.1 million) represents 4.6% of quarterly circulation revenue.

Other Revenue is now included in the survey and represents almost \$10 million this quarter. This category includes revenue for commercial printing, contract publishing, distribution, promotions and events.

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Total Newspaper Revenues

Print, Online, Mobile, Circulation and Other Revenues

Total revenue in the second quarter of 2016 dropped 15.5%, continuing the industry decline. This decline is somewhat greater than in the equivalent quarter last year. In dollar terms, this signifies a decline of \$90,632,000.

During Q2 2016 two newspapers in BC dropped publishing schedules to 3 days per week (Cranbrook Townsman, Kimberley Bulletin) and TC Media sold their SK daily newspapers in Prince Albert and Moose Jaw to Star News Publishing.

Revenue from other sources has been included in this survey since the first quarter of 2014. This amounted to \$9,607,000 in the second quarter of 2016, \$10.28 million less than in the equivalent quarter last year.

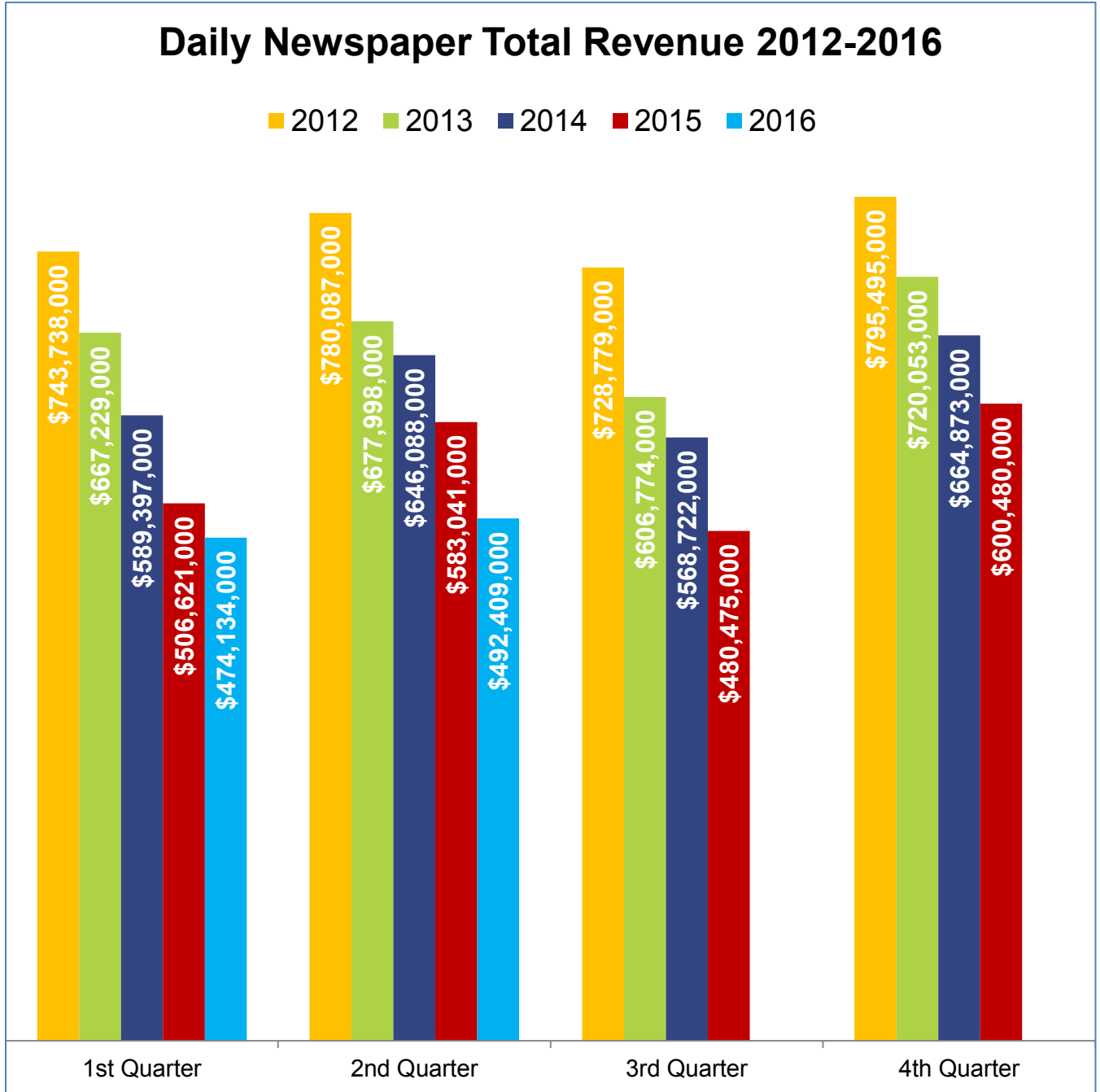
	2016	2015	2014	2013	2012
1st Quarter	\$474,134,000	\$506,621,000	\$589,396,000	\$667,229,000	\$743,738,000
<i>% change</i>	-6.4%	-14.0%	-11.7%	-10.3%	2.4%
2nd Quarter	\$492,408,000	\$583,041,000	\$646,088,000	\$677,998,000	\$780,087,000
<i>% change</i>	-15.5%	-9.8%	-4.7%	-13.1%	-1.6%
3rd Quarter		\$480,075,000	\$568,722,000	\$606,774,000	\$728,779,000
<i>% change</i>		-15.5%	-6.3%	-16.7%	5.6%
4th Quarter		\$600,480,000	\$664,873,000	\$720,053,000	\$795,495,000
<i>% change</i>		-9.7%	-7.7%	-9.5%	-0.7%
Total Revenue		\$2,161,691,000	\$2,469,080,000	\$2,672,054,000	\$3,048,099,000
<i>% change</i>		-12.4%	-7.6%	-12.3%	1.3%

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.



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Print Advertising Revenues

Second quarter revenue in print advertising is lower than in the equivalent quarter last year with a drop of 13.3% (\$42,656,000). This is a slightly lower percentage drop than in the previous year.

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

	2016	2015	2014	2013	2012
1st Quarter	\$245,254,000	\$267,187,000	\$346,093,000	\$408,482,000	\$490,892,000
% change	-8.2%	-22.8%	-14.3%	-16.8%	3.6%
2nd Quarter	\$277,695,000	\$320,351,000	\$380,886,000	\$428,971,000	\$517,437,000
% change	-13.3%	-15.9%	-11.2%	-17.1%	-1.9%
3rd Quarter		\$265,320,000	\$314,189,000	\$372,961,000	\$475,679,000
% change		-15.6%	-15.8%	-21.6%	9.2%
4th Quarter		\$332,223,000	\$396,184,000	\$468,143,000	\$535,000,000
% change		-16.1%	-15.4%	-12.5%	0.3%
Total Revenue		\$1,181,354,000	\$1,437,352,000	\$1,678,557,000	\$2,019,008,000
% change		-17.8%	-14.4%	-16.9%	2.5%

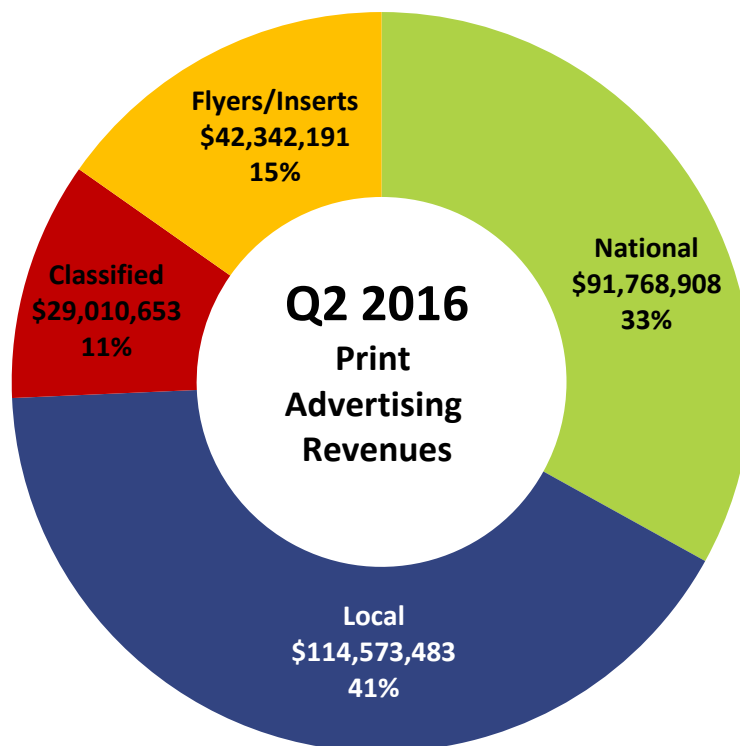
Since 2012 revenues include data from paid AND free daily newspapers – year-over-year comparisons will be influenced. 2015 Q4 data for Sun Media represent August to November not September to December.

Print Category	Q1 2016	Q2 2016	Q3 2016	Q4 2016
National	\$83,527,000	\$91,769,000		
Local	\$99,439,000	\$114,573,000		
Classified	\$26,958,000	\$29,011,000		
Flyers/Inserts	\$35,330,000	\$42,342,000		
TOTAL	\$245,254,000	\$277,695,000		

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The survey now collects actual data by category in print advertising. In Q2 2016, category breakdowns are as follows:

- **Local advertising** (41%) declined (18.3%) over Q2 of 2015 but now provides significantly more revenue for daily newspapers than **National advertising** (33%);
- **Classified** advertising dropped a further 11.6% this quarter compared with the equivalent quarter of 2015 and currently represents 11% of revenues with \$29 million; and
- **Flyers/Inserts** represent 15% of Q2 revenues at \$42 million. Flyers/inserts were the only form of printed advertising to show an increase in Q2 over the same period last year.



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Online Advertising Revenues (excluding Mobile Revenues)

Online advertising decreased by \$14,311,000 or 23.2% compared to the second quarter of 2015. Online advertising accounts for \$47,269,000 in Q2 2016.

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.

	2016	2015	2014	2013	2012
1st Quarter	\$46,403,000	\$53,305,000	\$43,290,000	\$67,717,000	\$57,587,000
% change	-12.9%	23.1%	-36.1%	17.6%	-2.7%
2nd Quarter	\$47,269,000	\$61,580,000	\$62,139,000	\$52,703,000	\$57,739,000
% change	-23.2%	0.9%	17.9%	-8.7%	-10.9%
3rd Quarter		\$41,326,000	\$53,965,000	\$41,516,000	\$56,118,000
% change		-23.4%	30.0%	-26.0%	3.4%
4th Quarter		\$71,456,000	\$66,260,000	\$58,707,000	\$63,635,000
% change		2.3%	12.9%	-7.7%	-0.1%
Total Revenue		\$227,568,000	\$225,654,000	\$220,643,000	\$235,079,000
% change		0.8%	2.3%	-6.1%	-2.8%

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.

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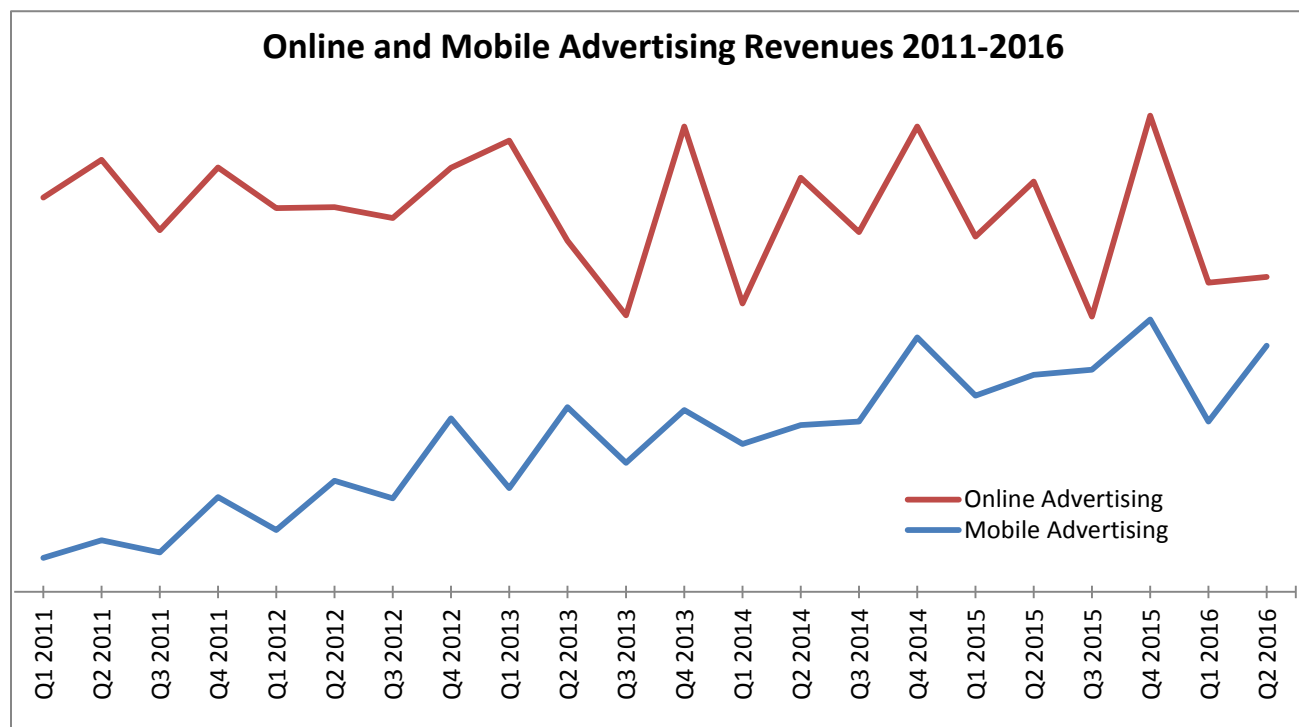
Mobile Advertising Revenues

Mobile advertising increased by \$478,000 or 13.4% compared to the second quarter of 2015. Mobile advertising accounts for \$4,047,000 this quarter.

	2016	2015	2014	2013	2012
1st Quarter	\$2,802,000	\$3,228,000	\$2,433,000	\$1,704,000	\$1,016,000
% change	-13.2%	32.7%	42.8%	67.7%	81.4%
2nd Quarter	\$4,047,000	\$3,569,000	\$2,744,000	\$3,036,000	\$1,830,000
% change	13.4%	30.1%	-9.6%	65.9%	115.3%
3rd Quarter		\$3,652,000	\$2,800,000	\$2,123,000	\$1,536,000
% change		30.4%	31.9%	38.2%	136.3%
4th Quarter		\$4,480,000	\$4,184,000	\$2,989,000	\$2,854,000
% change		7.1%	40.0%	4.7%	83.2%
Total Revenue		\$14,929,000	\$12,161,000	\$9,852,000	\$7,236,000
% change		22.8%	23.4%	36.2%	100.0%

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 8.6% of all online advertising revenues in Q2 2016.



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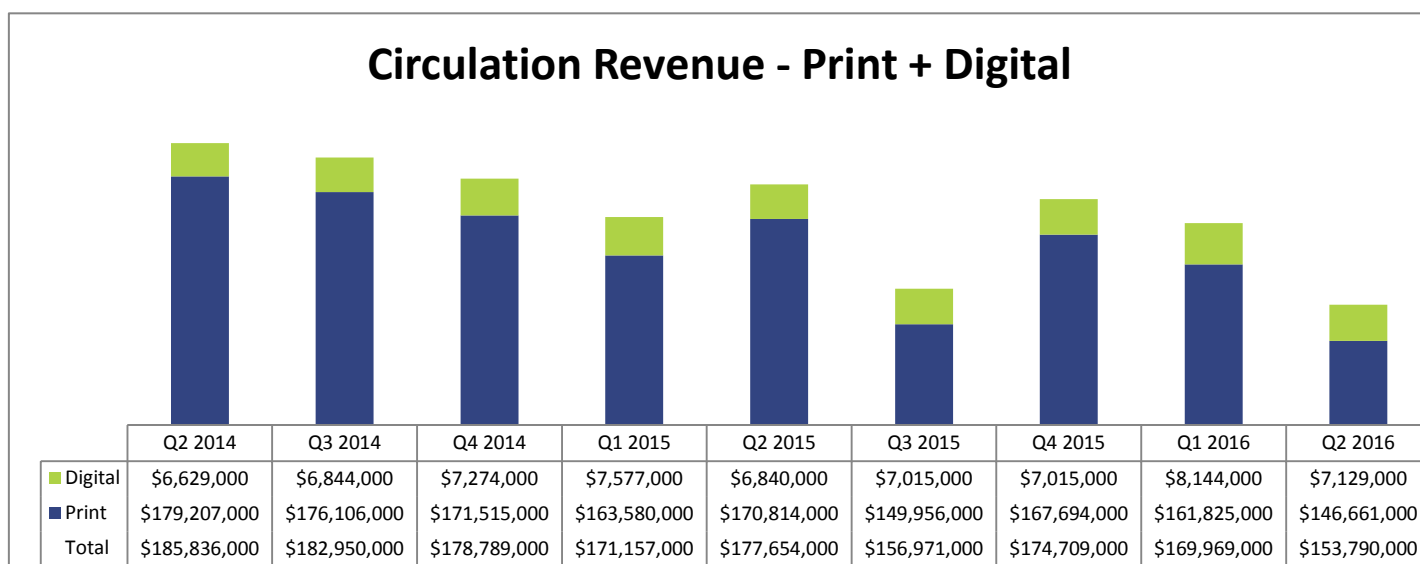
Newspaper Circulation Revenues

Circulation revenue in the second quarter decreased against the same period in 2015 by 13.4%. In dollar terms this represents \$153,790,000, down \$23.9 million compared with the equivalent quarter last year. Some of this revenue loss can be attributed to newspaper closures, reduction in frequency to weekly from daily, new tablet editions and La Presse's decision to produce their paper in digital format only on weekdays.

	2016	2015	2014	2013	2012
1st Quarter	\$169,969,000	\$171,157,000	\$181,413,000	\$189,326,000	\$194,243,000
% change	-0.7%	-5.7%	-4.2%	-2.5%	0.9%
2nd Quarter	\$153,790,000	\$177,654,000	\$185,836,000	\$193,288,000	\$203,081,000
% change	-13.4%	-4.4%	-3.9%	-4.8%	1.6%
3rd Quarter		\$156,971,000	\$182,950,000	\$190,174,000	\$195,446,000
% change		-14.2%	-3.8%	-2.7%	-2.1%
4th Quarter		\$174,709,000	\$178,789,000	\$190,214,000	\$194,006,000
% change		-2.7%	-6.0%	-2.0%	-3.9%
Total Revenue		\$675,698,000	\$728,988,000	\$763,002,000	\$786,776,000
% change		-7.3%	-4.5%	-3.0%	-0.9%

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 4.6% of all circulation revenue for the quarter -- in dollar volume it is \$7.1 million.



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Industry Highlights

Newspapers Canada publishes a weekly update of industry happenings. Headlines below can be found online on the Newspapers Canada website at <http://newspaperscanada.ca/newsroom/>.

Postmedia unveils redesigned Vancouver Sun

Postmedia has launched a new look for the Vancouver Sun's print, web and mobile products. The reimagined newspaper brand features a fresh new layout and revamped content and sections across all platforms. <http://newspaperscanada.ca/news/postmedia-launches-redesigned-vancouver-sun/>

La Presse+ readership numbers increase

La Presse has just released a new set of readership metrics for its mobile app, La Presse+. Readership on the app continues to increase and has grown almost 30% since the weekday print version of the newspaper was discontinued in January 2016. <http://newspaperscanada.ca/news/la-presse-readership-numbers-increase/>

Winnipeg Free Press generates new revenue with micropayment plan

In 2015, the Winnipeg Free Press became the first newspaper in North America to introduce a micropayment plan. Unlike a standard metered paywall, this unique pay-per-view model allows readers to purchase digital content on a per-article basis. Winnipeg Free Press editor Paul Samyn provides some insight into the success of the micropayment plan in a recent blog post for INMA. <http://newspaperscanada.ca/news/winnipeg-free-press-generates-new-revenue-micropayment-plan/>

B.C. papers announce new publishing schedules

In British Columbia, three Black Press papers have announced changes to their publishing schedules effective this week. The Kimberley Bulletin and The Cranbrook Townsman will now print three issues a week while The Kootenay Advertiser will print one region-wide issue a week. <http://newspaperscanada.ca/news/b-c-papers-announce-new-publishing-schedules/>

Federal government launches public consultations on the future of Canadian media

In light of rapid technological advances and changing consumer behaviour, the federal government recently announced plans to launch consultations on the future of Canadian media. The Minister of Canadian Heritage will lead public, stakeholder and online consultations on Strengthening Canadian Content Creation, Discovery and Export in a Digital World this upcoming summer. <http://newspaperscanada.ca/news/federal-government-launches-public-consultations-future-canadian-media/>

Star News Publishing purchases 13 newspapers in Saskatchewan

Alberta's Star News Publishing has acquired all of Transcontinental's Saskatchewan newspaper products, including the Prince Albert Daily Herald, the Moose Jaw Times-Herald, the Southwest Booster, and a number of smaller community weeklies and specialty products. Before the sale, Star News owned five community publications in Alberta and Saskatchewan. <http://newspaperscanada.ca/news/star-news-publishing-purchases-13-newspapers-saskatchewan/>

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Guelph Tribune re-launches as Guelph Mercury Tribune

As the Guelph Tribune marks its 30th anniversary this year, the community paper is relaunching with a new name: the Guelph Mercury Tribune. The newly rebranded Metroland publication pays tribute to the recently shuttered Guelph Mercury. <http://newspaperscanada.ca/news/guelph-tribune-re-launches-guelph-mercury-tribune/>

Postmedia signs printing agreement with Metroland

Postmedia has entered into a printing contract with Metroland Media Group for the production of the London Free Press starting this fall. As a result of this new outsourcing agreement, Postmedia will close its London-based printing plant. <http://newspaperscanada.ca/news/postmedia-signs-printing-agreement-metroland/>

Google partners with news publishers to improve mobile experience

Google is partnering with news publishers from around the world, including the Toronto Star in Canada, to deliver mobile news faster. The media company recently launched its Accelerated Mobile Pages project, which uses an open-source code that speeds up slow load times on data-heavy content such as ads and videos. <http://newspaperscanada.ca/news/google-partners-news-publishers-improve-mobile-experience-readers/>

La Presse attracts new readers, strong digital ad revenues

After discontinuing its weekday print edition at the beginning of 2016, La Presse is seeing an impressive increase in readership, particularly among younger adults, as well as strong digital ad sales. In a new blog post for INMA, La Presse president and publisher Guy Crevier outlines how the media company is transforming its business model with a new multi-platform strategy. <http://newspaperscanada.ca/news/la-presse-attracts-new-readers-strong-digital-ad-revenues/>

Globe and Mail adopts Arc Publishing technology

On June 1, The Globe and Mail became the largest North American media outlet to begin using the Arc Publishing platform. Developed by The Washington Post, the technology driven multi-platform system will allow the paper to manage, publish, analyze and monetize content more efficiently. <http://newspaperscanada.ca/news/globe-mail-adopts-arc-publishing-technology/>

Black Press launches branded content for local business

Black Press announced Friday the launch of paid content for advertisers — the largest native advertising platform in British Columbia. Regular visitors to Black Press websites and Facebook pages across B.C. might notice an additional source of information being made available to them. Impress Branded Content has been added to introduce readers to some of the key businesses and individuals in their communities, while giving advertisers an additional way to provide information to consumers in a technology-driven era. <http://www.wltribune.com/impress/384286121.html>

Times-Herald will no longer charge for stories on its website

Moose Jaw Times Herald publisher Roger Holmes has announced the paper will no longer expect readers of its web site to pay for stories effective July 1. Previously readers of the website were allowed to read up to five stories on the newspapers' website without charge after which the readers were expected to pay to continue reading additional stories. Effective July 1, 2016 readers can enjoy short versions of our newspaper stories on the site for free. Longer versions of the stories with more details will be available to subscribers of the digital and print versions of the newspaper. <http://www.mjtimes.sk.ca/section/2016-06-28/article-4572706/Effective-July-1.-Times-Herald-will-no-longer-charge-for-stories-on-its-website/1>



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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

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Methodology and Technical Notes

This quarterly survey is conducted on behalf of Newspapers 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 is at an all-time high among paid and free dailies, with only a few papers representing a very small slice of total circulation not providing data. Participating newspapers represent 98% of total daily newspaper circulation.

Beginning with the first quarter of 2012 several survey improvements 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 as of 2013 not all participants reported mobile advertising revenues.

In 2013 the quarterly report was expanded to include industry headlines and a listing of newspapers with metered access/paywalls.

In 2014 revenue from other sources, including events, promotions, distribution and commercial printing, was included.

In 2015 mobile advertising has been separated from online advertising to facilitate more detailed analysis. Previous years have been adjusted to separate the data for trending purposes.

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