



**NEWSPAPERS CANADA**

# Revenue Report: Daily Newspapers Q3 2016

July to September 2016



NEWSPAPERS CANADA  
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# Daily Newspaper Revenue Report

## Q3 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

## Q3 2016

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 \$456,385,000 is 8.7% lower than the same quarter last year.

- Total revenue in the third quarter shows that the industry continued to decline, with a drop of 8.7% compared to Q3 of 2015.
- In dollar terms, this represents a decline of \$46,639,000.

**Print advertising** revenue of \$222,322,000 is 16.2% lower than Q3 of 2015.

- 2016 revenue in Q3 is \$42,998,000 lower than the same quarter last year.
- Local/Retail advertising (41%) now provides significantly more revenue for daily newspapers than National advertising (30%); Classified advertising currently represents 11% of revenues; and Flyers/Inserts represent 18% of Q3 revenues.

**Online advertising (excluding mobile)** increased 39.2% compared to the third quarter of 2015.

- Q3 2016 online advertising revenue (excluding mobile) was \$57.5 million, up \$16,190,000 compared to last year.

**Mobile advertising** increased by 14.6% over Q3 last year.

- Total mobile advertising revenue for Q3 2016 was \$4,185,000 -- an increase of \$553,000 over last year.

**Circulation revenue** is down 6.3% this quarter with a decline of \$11.2 million.

- Total circulation revenue for Q3 2016 was \$165,350,000.
- Digital circulation revenue for the quarter (\$7.5 million) represents 4.5% of quarterly circulation revenue.

**Other Revenue** is now included in the survey and represents \$7 million this quarter.

This category includes revenue for commercial printing, contract publishing, distribution, promotions and events.

# Daily Newspaper Revenue Report

## Q3 2016

### Total Newspaper Revenues

*Print, Online, Mobile, Circulation and Other Revenues*

Total revenue in the third quarter of 2016 dropped 8.7%, continuing the industry decline. This decline is smaller than in the equivalent quarter last year. In dollar terms, this signifies a decline of \$46,639,000.

While advertising revenue from National, Local/Retail and Classified has fallen again this quarter, revenue from inserts and flyers actually increased somewhat.

Online advertising increased by \$16 million this quarter, bringing it back in line with 2014 online revenues.

Mobile advertising also increased slightly over Q3 of 2015.

Revenue from other sources has been included in this survey since the first quarter of 2014. This amounted to \$7,012,000 in the third quarter of 2016, \$6.19 million less than in the equivalent quarter last year.

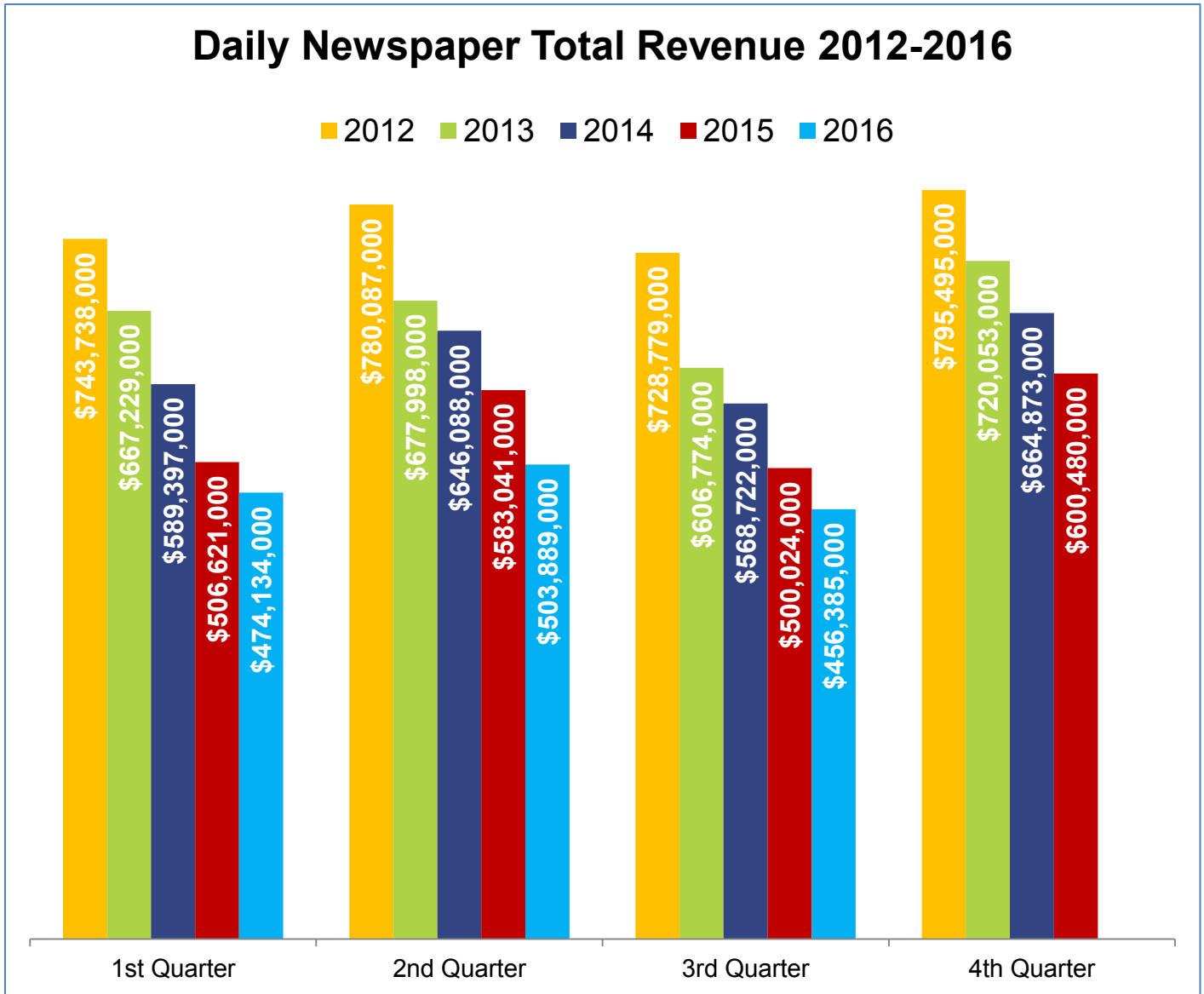
	2016	2015	2014	2013	2012
<b>1<sup>st</sup> Quarter</b>	\$474,134,000	\$506,621,000	\$589,396,000	\$667,229,000	\$743,738,000
<i>% change</i>	-6.4%	-14.0%	-11.7%	-10.3%	2.4%
<b>2<sup>nd</sup> Quarter</b>	\$503,889,000	\$583,041,000	\$646,088,000	\$677,998,000	\$780,087,000
<i>% change</i>	-13.6%	-9.8%	-4.7%	-13.1%	-1.6%
<b>3<sup>rd</sup> Quarter</b>	\$456,385,000	\$500,024,000	\$568,722,000	\$606,774,000	\$728,779,000
<i>% change</i>	-8.7%	-12.1%	-6.3%	-16.7%	5.6%
<b>4<sup>th</sup> Quarter</b>		\$600,480,000	\$664,873,000	\$720,053,000	\$795,495,000
<i>% change</i>		-9.7%	-7.7%	-9.5%	-0.7%
<b>Total Revenue</b>		<b>\$2,161,691,000</b>	<b>\$2,469,080,000</b>	<b>\$2,672,054,000</b>	<b>\$3,048,099,000</b>
<i>% change</i>		<b>-12.4%</b>	<b>-7.6%</b>	<b>-12.3%</b>	<b>1.3%</b>

*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 Revenue Report Q3 2016



# Daily Newspaper Revenue Report

## Q3 2016

### Print Advertising Revenues

Third quarter revenue in print advertising is lower than in the equivalent quarter last year with a drop of 16.2% (\$42,998,000). 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
<b>1<sup>st</sup> Quarter</b>	\$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%
<b>2<sup>nd</sup> Quarter</b>	\$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%
<b>3<sup>rd</sup> Quarter</b>	\$222,322,000	\$265,320,000	\$314,189,000	\$372,961,000	\$475,679,000
% change	-16.2%	-15.6%	-15.8%	-21.6%	9.2%
<b>4<sup>th</sup> Quarter</b>		\$332,223,000	\$396,184,000	\$468,143,000	\$535,000,000
% change		-16.1%	-15.4%	-12.5%	0.3%
<b>Total Revenue</b>		<b>\$1,181,354,000</b>	<b>\$1,437,352,000</b>	<b>\$1,678,557,000</b>	<b>\$2,019,008,000</b>
% change		<b>-17.8%</b>	<b>-14.4%</b>	<b>-16.9%</b>	<b>2.5%</b>

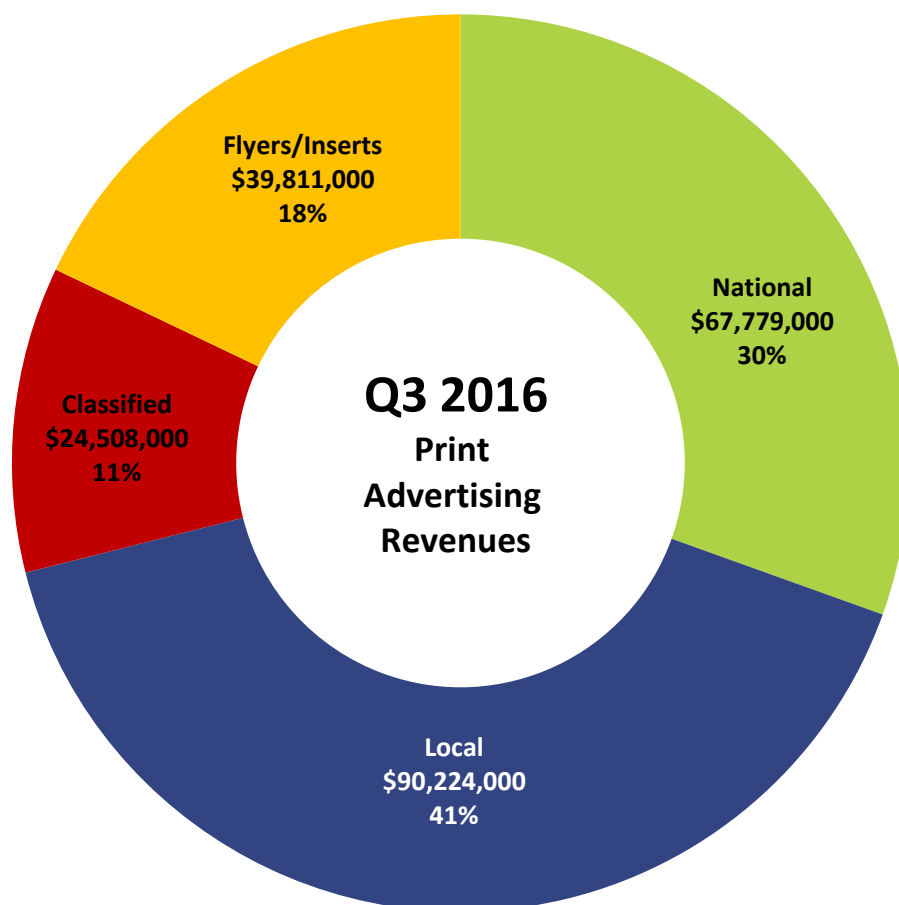
Since 2012 revenues include data from paid AND free daily newspapers – year-over-year comparisons will be influenced. 2015 Q4 data for Sun Media represent August to November not September to December.

Print Category	Q1 2016	Q2 2016	Q3 2016	Q4 2016
National	\$83,527,000	\$91,769,000	\$67,779,000	
Local	\$99,439,000	\$114,573,000	\$90,224,000	
Classified	\$26,958,000	\$29,011,000	\$24,508,000	
Flyers/Inserts	\$35,330,000	\$42,342,000	\$39,811,000	
<b>TOTAL</b>	<b>\$245,254,000</b>	<b>\$277,695,000</b>	<b>\$222,322,000</b>	

# Daily Newspaper Revenue Report Q3 2016

The survey now collects actual data by category in print advertising. In Q3 2016, category breakdowns are as follows:

- **Local advertising** (41%) declined (20.5%) over Q3 of 2015 but now provides significantly more revenue for daily newspapers than **National advertising** (30%);
- **Classified** advertising dropped a further 14.4% this quarter compared with the equivalent quarter of 2015 and currently represents 11% of revenues with \$25 million; and
- **Flyers/Inserts** represent 18% of Q3 revenues at \$40 million. Flyers/inserts were the only form of printed advertising to show an increase in Q3 over the same period last year (+7.9%).



# Daily Newspaper Revenue Report

## Q3 2016

### Online Advertising Revenues

(excluding Mobile Revenues)

Online advertising increased by \$16,190,000 or 39.2% compared to the third quarter of 2015. Online advertising accounts for \$57,516,000 in Q3 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
<b>1<sup>st</sup> Quarter</b>	\$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%
<b>2<sup>nd</sup> Quarter</b>	\$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%
<b>3<sup>rd</sup> Quarter</b>	\$57,516,000	\$41,326,000	\$53,965,000	\$41,516,000	\$56,118,000
% change	39.2%	-23.4%	30.0%	-26.0%	3.4%
<b>4<sup>th</sup> Quarter</b>		\$71,456,000	\$66,260,000	\$58,707,000	\$63,635,000
% change		2.3%	12.9%	-7.7%	-0.1%
<b>Total Revenue</b>		<b>\$227,568,000</b>	<b>\$225,654,000</b>	<b>\$220,643,000</b>	<b>\$235,079,000</b>
% change		<b>0.8%</b>	<b>2.3%</b>	<b>-6.1%</b>	<b>-2.8%</b>

*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.*



# Daily Newspaper Revenue Report

## Q3 2016

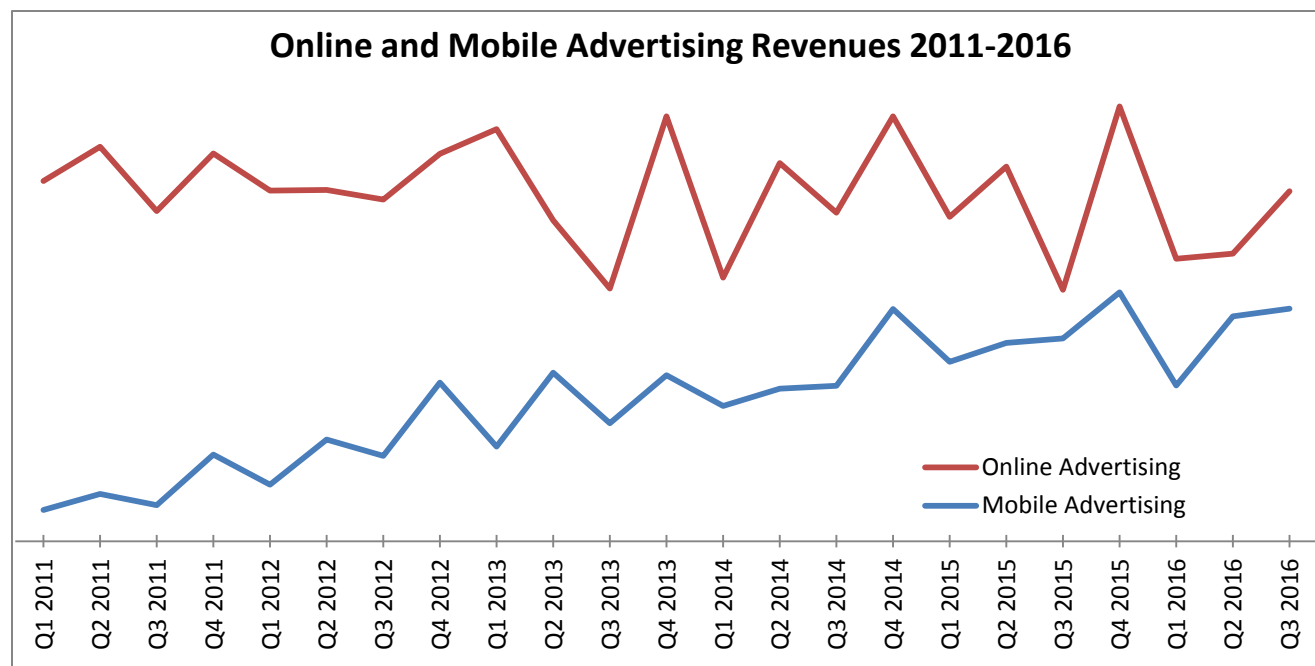
### Mobile Advertising Revenues

Mobile advertising increased by \$553,000 or 14.6% compared to the third quarter of 2015. Mobile advertising accounts for \$4,185,000 this quarter.

	2016	2015	2014	2013	2012
<b>1<sup>st</sup> Quarter</b>	\$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%
<b>2<sup>nd</sup> Quarter</b>	\$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%
<b>3<sup>rd</sup> Quarter</b>	\$4,185,000	\$3,652,000	\$2,800,000	\$2,123,000	\$1,536,000
% change	14.6%	30.4%	31.9%	38.2%	136.3%
<b>4<sup>th</sup> Quarter</b>		\$4,480,000	\$4,184,000	\$2,989,000	\$2,854,000
% change		7.1%	40.0%	4.7%	83.2%
<b>Total Revenue</b>		<b>\$14,929,000</b>	<b>\$12,161,000</b>	<b>\$9,852,000</b>	<b>\$7,236,000</b>
% 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 6.8% of all online advertising revenues in Q3 2016.



# Daily Newspaper Revenue Report

## Q3 2016

### Newspaper Circulation Revenues

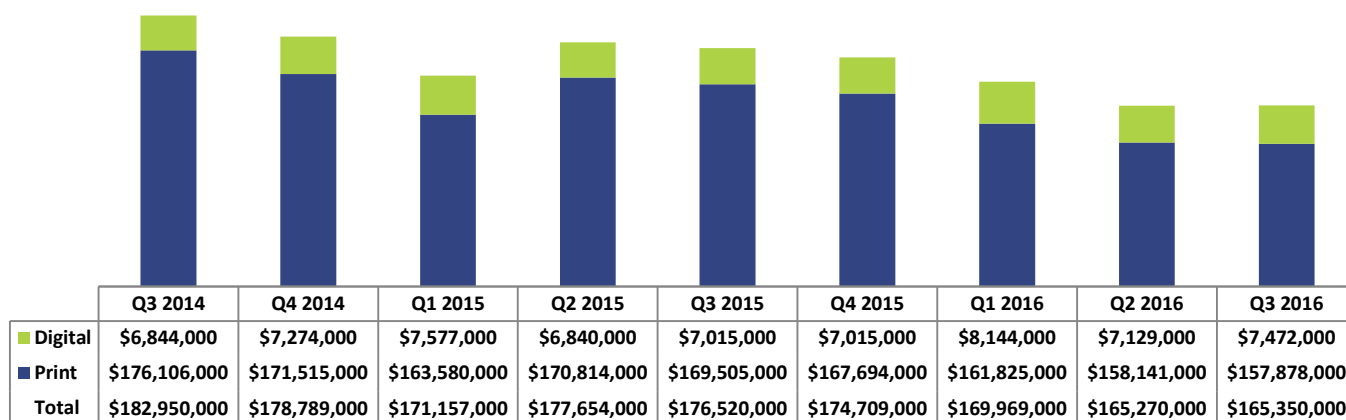
Circulation revenue in the third quarter decreased against the same period in 2015 by 6.3%. In dollar terms this represents \$165,350,000, down \$11.2 million compared with the equivalent quarter last year. Some of this revenue loss can be attributed to newspaper closures, reduction in frequency to weekly 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
<b>1<sup>st</sup> Quarter</b>	\$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%
<b>2<sup>nd</sup> Quarter</b>	\$165,270,000	\$177,654,000	\$185,836,000	\$193,288,000	\$203,081,000
% change	-7.0%	-4.4%	-3.9%	-4.8%	1.6%
<b>3<sup>rd</sup> Quarter</b>	\$165,350,000	\$176,520,000	\$182,950,000	\$190,174,000	\$195,446,000
% change	-6.3%	-3.5%	-3.8%	-2.7%	-2.1%
<b>4<sup>th</sup> Quarter</b>		\$174,709,000	\$178,789,000	\$190,214,000	\$194,006,000
% change		-2.7%	-6.0%	-2.0%	-3.9%
<b>Total Revenue</b>		<b>\$675,698,000</b>	<b>\$728,988,000</b>	<b>\$763,002,000</b>	<b>\$786,776,000</b>
% change		<b>-7.3%</b>	<b>-4.5%</b>	<b>-3.0%</b>	<b>-0.9%</b>

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 4.5% of all circulation revenue for the quarter -- in dollar volume it is \$7.5 million.

### Circulation Revenue - Print + Digital



# Daily Newspaper Revenue Report

## Q3 2016

### 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/>.

#### **Moose Jaw Times-Herald stops charging for web content, ends Monday print edition**

In Saskatchewan, the Moose Jaw Times-Herald has taken down its online paywall effective July 1. Readers will no longer be charged to access online stories; previously, site visitors were able to read five online stories per month before being asked to pay to continue reading additional content.

<http://newspaperscanada.ca/news/moose-jaw-times-herald-stops-charging-web-stories-ends-monday-print-edition/>

#### **Postmedia to open digital development lab in Kitchener-Waterloo**

Earlier this month, Postmedia announced plans to open a new digital development lab at Communitech, an innovation centre based in Kitchener-Waterloo, Ontario. Two new staff members – an innovation manager and a development lead – will be hired to lead a team of engineers and developers focused on identifying and developing new B2B-focused digital products and services for small and medium sized businesses, as well as providing additional support for Postmedia's existing portfolio of digital products.

<http://newspaperscanada.ca/news/postmedia-open-new-digital-development-lab-kitchener-waterloo/>

#### **Torstar launching new food publication this fall**

Torstar's content division is launching a new quarterly magazine titled Food T.O. The food-focused publication is a partnership between Star Metro Media and publisher Dick Snyder. Food T.O. is set to launch its first edition in October 2016, with copies to be included inside the Toronto Star and Metro newspaper boxes in Toronto.

<http://newspaperscanada.ca/news/torstar-launching-new-food-publication-fall/>

#### **TC Media aims to become 'printer par excellence'**

This year marks the 40th anniversary of the founding of TC Media. A new story in *PrintAction* magazine provides some insight into the company's plans for the future, including reasons why it decided to sell off its newspaper assets in Saskatchewan and the steps involved in building a newspaper 'printer par excellence'.

<http://newspaperscanada.ca/news/tc-media-builds-print-platforms/>

#### **Star Media Group launches coffee subscription service**

In an effort to diversify its offerings, Star Media Group has partnered with Toronto's Mountain View Coffee to launch a new subscription-based coffee delivery service, *Headline Coffee*. For \$20 a month, subscribers will receive a curated package of fair trade certified coffee delivered fresh to their door.

<http://newspaperscanada.ca/news/star-media-group-launches-new-coffee-subscription-service/>

#### **Toronto Star launches new NIE resources for schools**

The *Toronto Star's* Newspapers in Education division has launched two new educational resources for fall 2016. The 60-page *Ontario Field Trip Guide* will be distributed to more than 16,000 teachers. The paper has also developed a comprehensive financial literacy program to be used in schools across the country.

<http://newspaperscanada.ca/marketing/newspapers-in-education-2/>

#### **OBJ and Metro Ottawa team up on distribution deal**

TC Media's *Ottawa Business Journal* has entered into a multi-year distribution agreement with *Metro Ottawa* in order to increase the paper's visibility and accessibility within the region. Metro News network will deliver the bi-weekly newspaper to more than 1,000 local businesses and bulk distribution points.

<http://newspaperscanada.ca/news/obj-metro-ottawa-team-distribution-deal/>



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# Daily Newspaper Revenue Report

## Q3 2016

### **Postmedia debt reduction plan receives final approval from court**

An Ontario judge has approved a plan to reduce the debt of Postmedia Network Canada Corp., less than a week after shareholders and debt holders voted overwhelmingly in favour of the deal that will slash its \$648 million debt by \$307 million. Under the new debt plan, Postmedia will have to make a \$78 million payment to its first lien debt holders, who are agreeing to postpone their repayment schedule for an additional \$225 million until 2021.

<http://business.financialpost.com/news/postmedia-debt-reduction-plan-receives-final-approval-from-court>

### **Toronto Star Touch celebrates one-year anniversary**

One year ago, the Star launched its Toronto Star Touch tablet app, giving readers a new way to enjoy the newspaper's award-winning content. There have been more than 250,000 overall Star Touch downloads in the past year. The average time spent with the app daily has risen from 10 to 30 minutes per unique device since its first month of activity.

<https://www.thestar.com/news/gta/2016/09/16/toronto-star-touch-celebrates-one-year-anniversary.html>

### **Quebec newspapers form industry coalition to seek government funding**

The majority of Quebec newspapers have come together to form a coalition demanding that the government establish a funding program to assist publishers in the transition from print to digital. *Coalition pour la pérennité de la presse d'information au Québec* represents 146 newspapers, including *Le Devoir*, *Groupe Capitales Médias*, *Hebdos Québec* and *TC Transcontinental*.

<http://newspaperscanada.ca/news/quebec-newspapers-form-industry-coalition-seek-government-funding/>



# Daily Newspaper Revenue Report Q3 2016

## 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
<b>TOTAL Newspapers with Metered Access/Paywalls</b>				<b>37</b>

# Daily Newspaper Revenue Report

## Q3 2016

### 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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