



Revenue Report: Community Newspapers 2014

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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.

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Community Newspaper Revenue Report 2014

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 community newspaper industry advertising revenues.

The 2014 revenue survey reports the following:

- Total 2014 advertising revenue for community newspapers in Canada is **\$967,734,000**.
- Print advertising revenue represents the majority (97%) of revenue at **\$935 million** and the balance is online revenue at **\$32.8 million**.

(\$000)	2010	2011	2012	2013	2014
National Advertising	291,771	131,066	123,337	107,409	110,082
Local/Retail Advertising	741,411	705,236	798,738	601,455	551,784
Classified Advertising	109,739	112,523	105,671	82,604	74,140
Inserts/Flyers		218,549	225,885	204,389	198,955
PRINT Advertising Revenue	1,142,921	1,167,374	1,253,632	995,857	934,961
Online Advertising (incl. Mobile)	32,241	43,703	35,201	31,309	32,773
Total Advertising Revenue	1,175,162	1,211,077	1,288,832	1,027,166	967,734

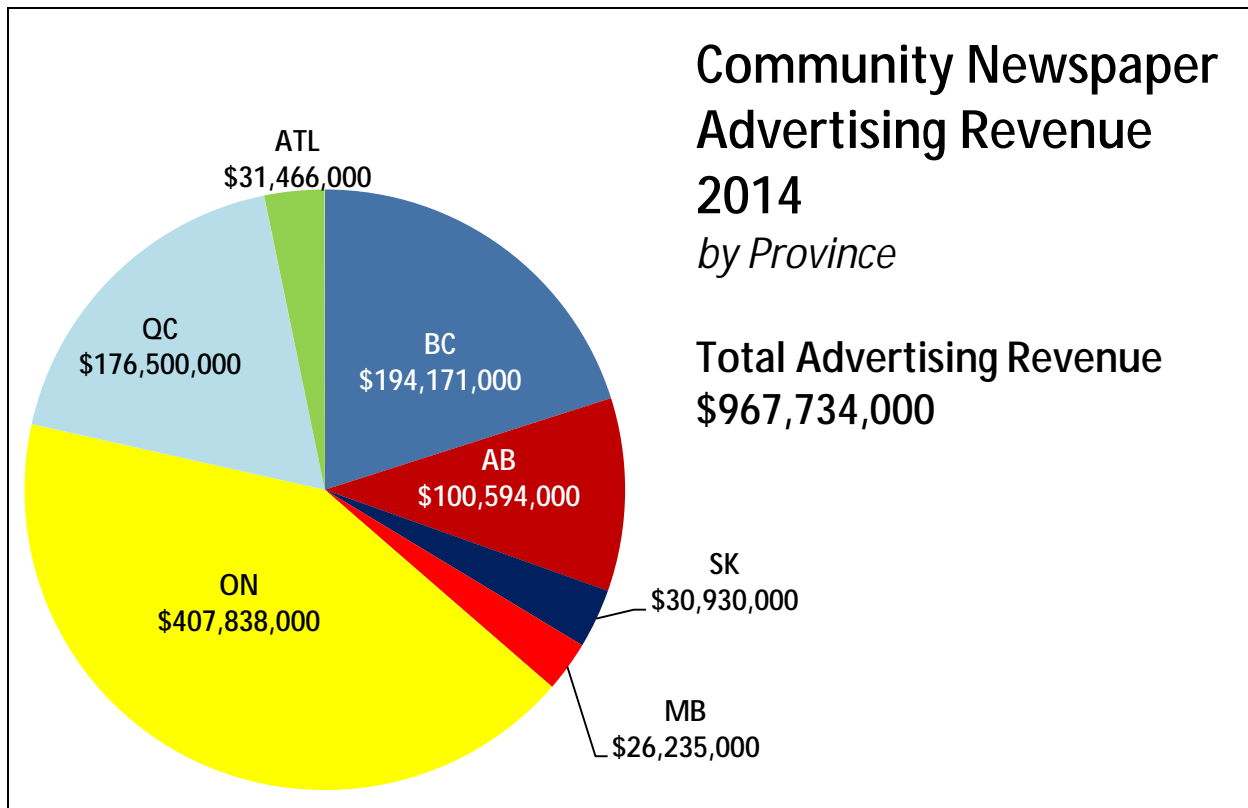
Other revenue was included for the first time in the 2014. A total of **\$89.6 million** in revenue was reported in this category which includes commercial printing, events, promotions and contra revenues.

Circulation of community newspapers remained stable from 2012 to 2014 with more than **20.6 million** copies distributed every week. Controlled circulation (free distribution) newspapers account for **96%** of community newspaper distribution across the country.

IN JUNE 2014 THERE WERE
**1,040 COMMUNITY
NEWSPAPER TITLES**
AND 1,145 TOTAL EDITIONS
PUBLISHED.

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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.



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Print Advertising Revenue Analysis

Overall, print advertising in 2014 is **\$934,961,000**.

In the 2014 survey, participants were again asked to report their print advertising revenues as national, local, classified and inserts/flyers. Some participants may categorize revenues differently so this data should be used as a guideline only.

The majority of community newspaper revenue comes from Local/Retail. Local advertising in 2014 accounts for **59%** of all print advertising.

Many newspapers across the country highlighted significant declines in Government advertising, specifically at the Federal level. Spending on Internet advertising and Television by the government is on the rise, specifically at the expense of print. Provincial government spending on Public Notices is also seeing a shift from print to online.

Another major category in decline is Automotive advertising which is split between Local/Retail and National. A considerable amount of Automotive revenue has shifted online.

	2011	2012	2013	2014
National	11.2%	9.8%	10.8%	11.8%
Local/Retail	60.4%	63.7%	60.4%	59.0%
Classified	9.6%	8.4%	8.3%	7.9%
Inserts/Flyers	18.7%	18.0%	20.5%	21.3%

Online Advertising Revenue Analysis

Online advertising in 2014 totals **\$32,545,000** and represents **3.4%** of all revenues, up from **2.7%** in 2010. By mid-2014 **92%** of all community newspapers reported having websites up and running, although not all were able to accept or sell advertising.

Community newspapers have been slower to generate online advertising revenues as many independent publishers have resource challenges monetizing their websites. Regional community newspaper associations have been working with independent publishers to assist with the transition to online with website development programs.

For the first time in 2014 the survey asked about Mobile Advertising Revenues. This is a relatively new revenue category for community newspapers generating **\$228,000** in 2014. Globally growth in mobile revenue is increasing faster than desktop/online advertising.

Net Advertising Volume in Canada

Community newspapers accounted for over a billion dollars in revenue in 2014 and rank **5th** behind Internet, Television, Daily Newspapers and Radio.

Community newspaper revenue accounts for more than **8%** of all 2014 advertising revenues in Canada.

Total report media revenue for 2014 is **\$12.1** billion dollars.

TOP 5 MEDIA (\$ CAD MILLIONS)



Internet
\$3,793
(31%)



Television
\$3,503
(29%)



Daily Newspapers
\$1,630
(14%)



Radio
\$1,589
(13%)



Community Newspapers
\$968
(8%)

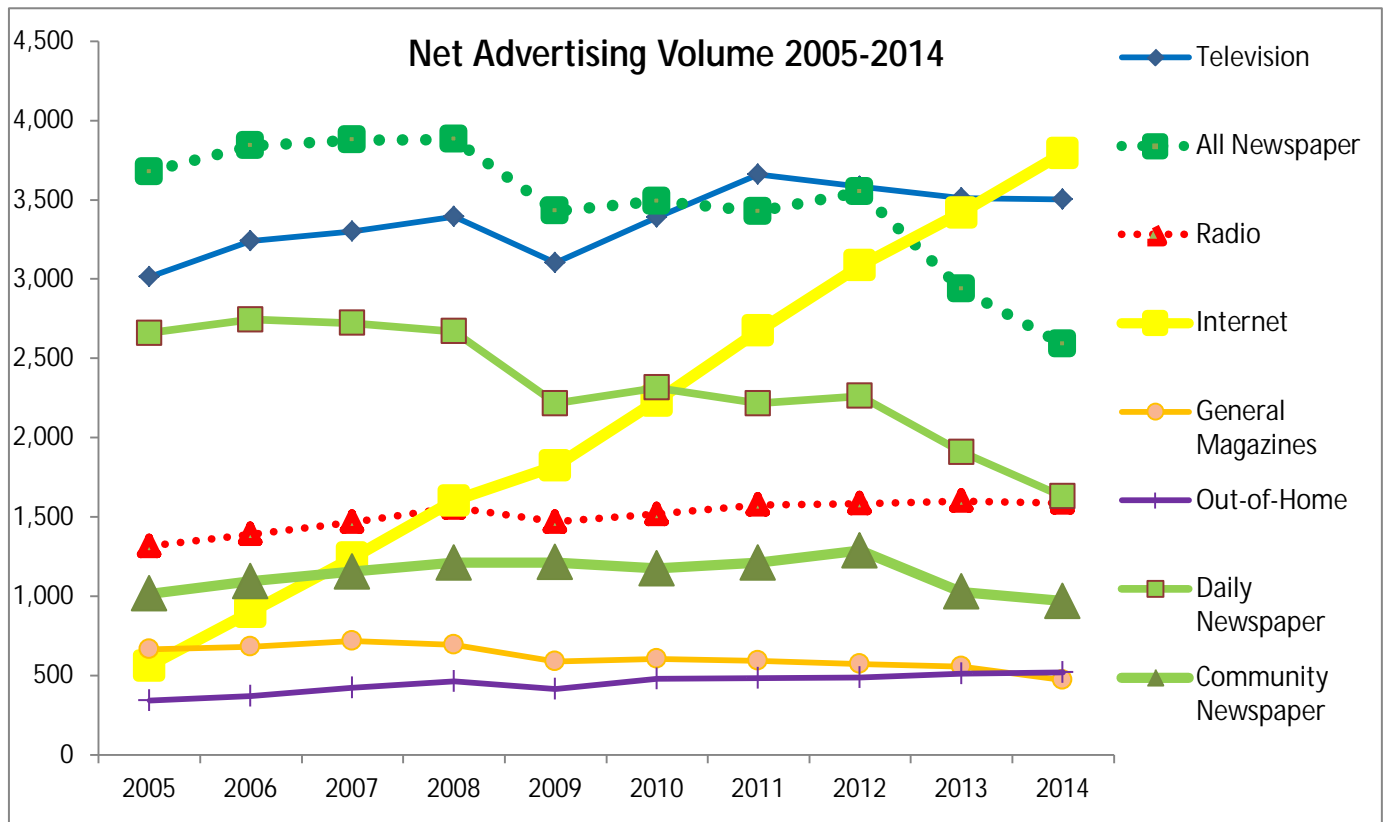
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Net Advertising Volume in Canada

Trending 2005-2014 (\$millions CAD)

Medium	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Share
Television	3,014	3,241	3,299	3,393	3,104	3,391	3,658	3,582	3,510	3,503	29%
Daily Newspaper	2,659	2,745	2,722	2,670	2,216	2,316	2,216	2,261	1,909	1,630	14%
Community Newspaper	1,016	1,094	1,154	1,211	1,213	1,175	1,211	1,288	1,027	968	8%
Radio	1,316	1,391	1,468	1,558	1,470	1,517	1,576	1,585	1,600	1,589	13%
Internet	562	900	1,241	1,602	1,822	2,232	2,674	3,086	3,419	3,793	31%
General Magazines	665	682	718	692	590	606	593	573	558	472	4%
Out-of-Home	344	370	422	463	416	482	484	486	514	521	4%
TOTAL ACTUALS	9,576	10,313	10,873	11,408	10,618	11,473	12,017	12,470	12,152	12,052	

Sources: Television: Linear revenue - CRTC; Online revenue - TVB | Daily & Community Newspaper: Newspapers Canada | Radio: CRTC | Internet: IAB | General Magazine: Magazines Canada | Outdoor: Estimate of net revenue based on NMR data



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Industry Snapshot – June 2014

Publications and Editions

- Total number of community newspaper titles: **1,040**
- Total number of community newspaper editions published: **1,145**

Circulation

- Total weekly circulation of all community newspaper editions: **20,577,994**

Paid vs. Controlled Circulation

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

- Paid weekly circulation of community newspapers: **885,346 (4%)**
- Free (controlled) weekly circulation of community newspapers: **19,692,648 (96%)**

Format of Community Newspapers

- **12%** of community newspapers are broadsheet format (**146** editions)
- **88%** of community newspapers are tabloid format (**984** editions)

Ownership of Community Newspapers

- Corporate ownership: **61% (631** titles)
- Independent (group/single)/Unknown: **39% (409** titles)

Owner	# Titles	Number of Editions	Paid	Controlled	Total Circulation
Independent Titles	255	159	218,982	1,254,624	1,473,606
Independent Groups (with 2-9 titles)	154	257	292,537	1,800,038	2,092,575
Black Press Group Ltd.	89	122	48,047	2,097,216	2,145,263
Brunswick News Inc.	21	22	32,553	256,978	289,531
Department of National Defence	16	16	260	80,763	81,023
FP Newspapers Inc.	8	8	6,979	200,259	207,238
Glacier Media Group	76	93	55,700	1,662,400	1,718,100
Great West Newspapers, LP.	19	20	27,807	151,332	179,139
Metroland Media Group Ltd.	114	148	31,861	4,927,132	4,958,993
Postmedia Network Inc.	9	9	2,579	531,674	534,253
Sun Media Corporation	95	102	76,931	1,133,156	1,210,087
TC.Transcontinental	180	185	87,403	5,452,067	5,539,470
The Halifax Herald Ltd.	4	4	3,707	145,009	148,716
TOTAL	1,040	1,145	885,346	19,692,648	20,577,994

Source: Newspapers Canada database, June 2013; * Glacier Ventures International Corp. is a 50% shareholder of Great West Newspapers, LP.

The Year in Review: Industry Highlights

Purchases / Ownership Changes

- Postmedia purchased 175 Sun Media publications
- Black Press purchased daily and community newspapers from Glacier Media
- Transcontinental Printing announced sale of assets of subsidiary Rastar
- TC Media completed acquisition of 74 Quebecor community newspapers and sold its weekly papers on the Côte-Nord

New Publications/Editions/Publishing Schedules

- Kamloops This Week (BC) expanded to three-day publishing schedule
- A new community newspaper launched in Cowichan Valley in B.C.
- Oakville (ON) Beaver updated publishing schedule
- York Region Media Group (ON) launched new publication
- TC Media launched new free weekly in Nova Scotia

Newspapers Closures

- Torstar (ON) closed weekly magazine The Grid
- TC media announced reorganization for weekly papers in Quebec (including closures)

General Industry

- TC Media's Atlantic papers launched unique storytelling initiative
- Nova Scotia community papers adopted metered access model
- Guelph Mercury (ON) relocated print production to Hamilton
- Transcontinental Inc. entered flexible packaging market
- Glacier Media launched new crowdfunding initiative
- Quebecor created new Media Group division
- Sun Media partnered with Meltwater
- Postmedia launched new advertising website
- Media outlets partnered to expand Northern news network
- Postmedia's Infomart expanded coverage in Western Canada

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.
- In 2013 the supplier was changed again, the questionnaire was refined and was presented as a spreadsheet to respondents with circulation revenues asked last to avoid previous confusion on the part of respondents.
- In 2014 circulation revenues were asked on a separate form in an attempt to avoid confusion with advertising revenues. Mobile advertising revenue was asked separate from online revenue.

Data Collection

Data collection began in May 2015 and continued through until September 2015.

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. (returning supplier for this survey) which contained a link to the online questionnaire which was blindly hosted by Market Pulse.

Participation

As in the past, independent response was high in the Prairie and Atlantic provinces, moderate in English Quebec and Ontario and lower elsewhere, especially in the Northern Territories and for French language publications. However, given the higher overall response rate, the received data provided sufficiently reliable samples to model the 2014 totals.

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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.
- In 2013 independent participation rose to 30% with 141 independent publisher responses.
- In 2014 there were responses for 131 newspapers, out of a total sample of 406 independent publications, resulting in a response rate of 32%.

The survey includes English and French-language titles. 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 2013 and 2014 advertising levels, the results make sense intuitively and may therefore be accepted as representing an accurate picture of the revenue patterns.

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 2014 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

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

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