



NEWSPAPERS CANADA

Revenue Report: Daily Newspapers Q3 2015

July to September 2015



NEWSPAPERS CANADA
TRUSTED | CONNECTED | TARGETED

Daily Newspaper Revenue Report

Q3 2015

Contents

Revenue Highlights.....	3
Total Newspaper Revenues.....	4
Print Advertising Revenues.....	5
Online Advertising Revenues.....	7
Mobile Advertising Revenues	8
Newspaper Circulation Revenues.....	9
Industry Highlights	10
Research Highlights	12
Daily Newspapers with Metered Access/Paywalls.....	13
Methodology and Technical Notes.....	14

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

Daily Newspaper Revenue Report

Q3 2015

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 **\$497,288,000** is **12.6%** lower than the same quarter last year.

- Total revenue in the third quarter shows that the industry continued to decline, with a drop of **12.6%** compared to Q3 of 2014.
- In dollar terms, this represents a decline of **\$71,434,000**.

Print advertising revenue of **\$263,110,000** is **16.3%** lower than Q3 of 2014.

- 2015 revenue in Q3 is **\$51,079,000** lower than the same quarter last year.
- Local advertising (**44%**) now provides significantly more revenue for daily newspapers than national advertising (**32%**); Classified advertising currently represents **11%** of revenues; and Flyers/Inserts represent **14%** of Q3 revenues.

Online advertising (excluding mobile) decreased **22%** compared to the third quarter of 2014.

- Q3 2015 online advertising revenue (excluding mobile) was **\$42 million**, down **\$11.9 million** compared to last year. The decline in online revenue is balanced by growth in mobile advertising revenue.

Mobile advertising increased by **16.2%** over last year.

- Total mobile advertising revenue for Q3 2015 was **\$3,253,000**.
- Mobile advertising was up slightly (**\$161,000**) compared to Q2 of 2015.

Circulation revenue is down **3.5%** this quarter with a decline of **\$6.4 million**.

- Total circulation revenue for Q3 2015 was **\$176,520,000**.
- Digital circulation revenue for the quarter (**\$7 million**) represents **4%** of quarterly circulation revenue.

Other Revenue is now included in the survey and represents over **\$12 million** this quarter. This category includes revenue for commercial printing, contract publishing, distribution, promotions and events.

Daily Newspaper Revenue Report

Q3 2015

Total Newspaper Revenues

Print, Online, Mobile, Circulation and Other Revenues

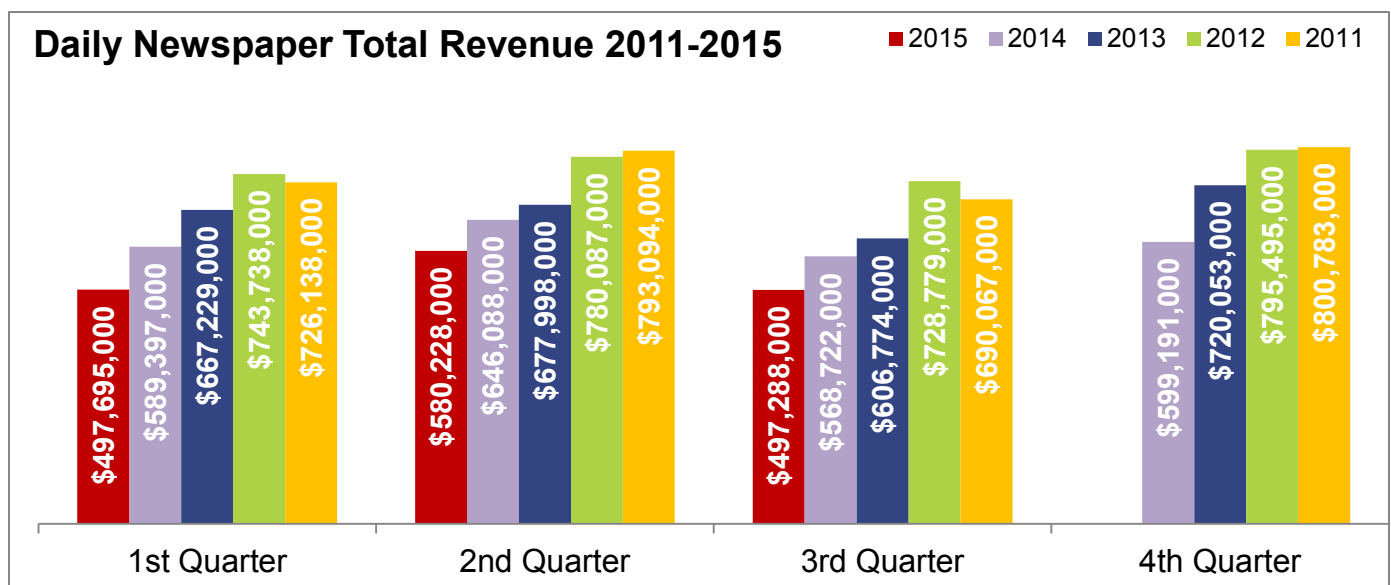
Total revenue in the third quarter of 2015 shows that the industry continues to decline, with a drop of **12.6%**, and the rate of decline is significantly higher than in the equivalent quarter last year. In dollar terms, this signifies a decline of **\$71,434,000**.

Revenue from other sources has been included in this survey since the first quarter of 2014. This amounted to **\$18,792,000** in the second quarter of 2015, **\$4.3 million** more than in the equivalent quarter last year.

	2015	2014	2013	2012	2011
1st Quarter	\$497,695,000	\$589,396,000	\$667,229,000	\$743,738,000	\$726,138,000
% change	-15.6%	-11.7%	-10.3%	2.4%	-3.0%
2nd Quarter	\$580,228,000	\$646,088,000	\$677,998,000	\$780,087,000	\$793,094,000
% change	-10.2%	-4.7%	-13.1%	-1.6%	-2.4%
3rd Quarter	\$497,288,000	\$568,722,000	\$606,774,000	\$728,779,000	\$690,067,000
% change	-12.6%	-6.3%	-16.7%	5.6%	-3.9%
4th Quarter		\$599,191,000	\$720,053,000	\$795,495,000	\$800,783,000
% change		-16.8%	-9.5%	-0.7%	-7.0%
Total Revenue		\$2,403,398,000	\$2,672,054,000	\$3,048,099,000	\$3,010,082,000
% change		-10.1%	-12.3%	1.3%	-4.2%

2015 data for Quebecor/Sun Media represent June to August not July to September.

2014 and 2015 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 2015

Print Advertising Revenues

Third quarter revenue in print advertising is lower than in the equivalent quarter last year with a drop of **16.3% (\$51,079,000)**. This is a slightly higher percentage drop than in the previous year.

In the third quarter of 2014 three free distribution dailies moved to digital only (Regina, Saskatoon, London) resulting in lower print advertising revenue. This will have impacted third quarter of 2015 revenues as well. Similarly, the change in Quebecor/Sun Media's reporting period (June to August in 2015) will affect the results.

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

	2015	2014	2013	2012	2011
1st Quarter	\$263,460,000	\$346,093,000	\$408,482,000	\$490,892,000	\$473,834,000
<i>% change</i>	-23.9%	-14.3%	-16.8%	3.6%	-3.7%
2nd Quarter	\$316,335,000	\$380,886,000	\$428,971,000	\$517,437,000	\$527,502,000
<i>% change</i>	-16.9%	-11.2%	-17.1%	-1.9%	-4.3%
3rd Quarter	\$263,110,000	\$314,189,000	\$372,961,000	\$475,679,000	\$435,542,000
<i>% change</i>	-16.3%	-15.8%	-21.6%	9.2%	-6.3%
4th Quarter		\$350,725,000	\$468,143,000	\$535,000,000	\$533,621,000
<i>% change</i>		-25.1%	-12.5%	0.3%	-10.3%
Total Revenue		\$1,391,893,000	\$1,678,557,000	\$2,019,008,000	\$1,970,499,000
<i>% change</i>		-17.1%	-16.9%	2.5%	-6.3%

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

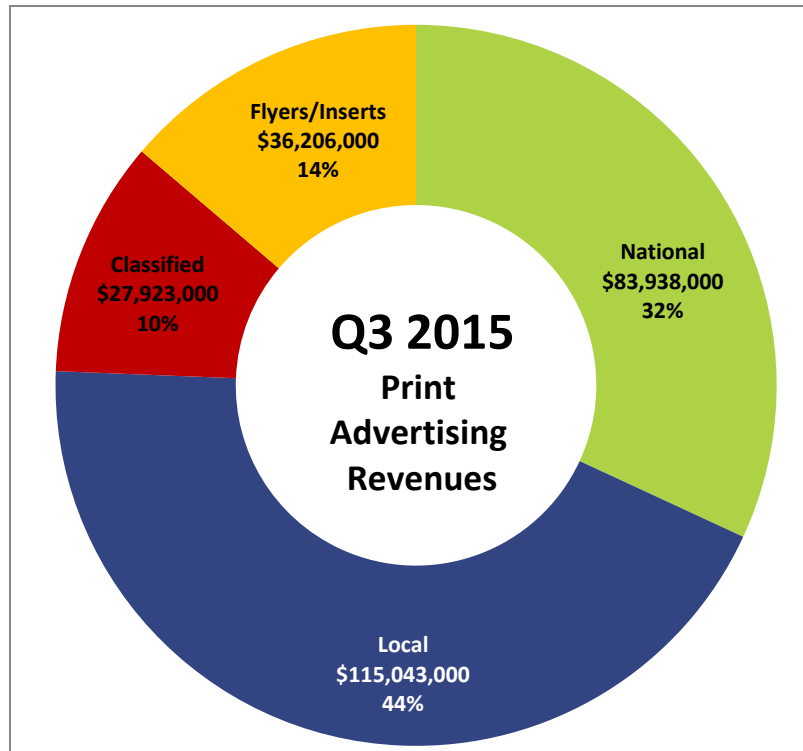
2015 data for Quebecor/Sun Media represent June to August not July to September

Daily Newspaper Revenue Report

Q3 2015

The survey now collects actual data by category in print advertising. In Q3 2015, category breakdowns are as follows:

- Local advertising (44%)** declined (-8.4%) over Q3 of 2014 but now provides significantly more revenue for daily newspapers than **national advertising (32%)**;
- Classified advertising** dropped by almost a third (-29%) this quarter compared with the equivalent quarter of 2014 and currently represents **10%** of revenues with \$28 million; and
- Flyers/inserts** represent **14%** of Q3 revenues at \$36.2 million.



Category	Q1 2015	Q2 2015	Q3 2015	Q4 2015
National	\$88,532,000	\$106,571,000	\$83,938,000	
Local	\$116,895,000	\$141,592,000	\$115,043,000	
Classified	\$30,284,000	\$31,729,000	\$27,923,000	
Flyers/Inserts	\$27,749,000	\$36,443,000	\$36,206,000	
TOTAL	\$263,460,000	\$316,335,000	\$263,110,000	

Daily Newspaper Revenue Report

Q3 2015

Online Advertising Revenues (excluding Mobile Revenues)

Online advertising decreased by **22.1%** compared to the third quarter of 2014. The decline in online revenue somewhat is balanced by growth in mobile advertising revenue.

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.

	2015	2014	2013	2012	2011
1st Quarter	\$53,206,000	\$43,290,000	\$67,717,000	\$57,587,000	\$59,183,000
% change	22.9%	-36.1%	17.6%	-2.7%	21.5%
2nd Quarter	\$62,666,000	\$62,139,000	\$52,703,000	\$57,739,000	\$64,814,000
% change	0.8%	17.9%	-8.7%	-10.9%	21.5%
3rd Quarter	\$42,054,000	\$53,965,000	\$41,516,000	\$56,118,000	\$54,253,000
% change	-22.1%	30.0%	-26.0%	3.4%	8.4%
4th Quarter		\$66,260,000	\$58,707,000	\$63,635,000	\$63,704,000
% change		12.9%	-7.7%	-0.1%	3.4%
Total Revenue		\$225,654,000	\$220,643,000	\$235,079,000	\$241,954,000
% change		2.3%	-6.1%	-2.8%	13.2%

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 data for Quebecor/Sun Media represent June to August not July to September

Daily Newspaper Revenue Report

Q3 2015

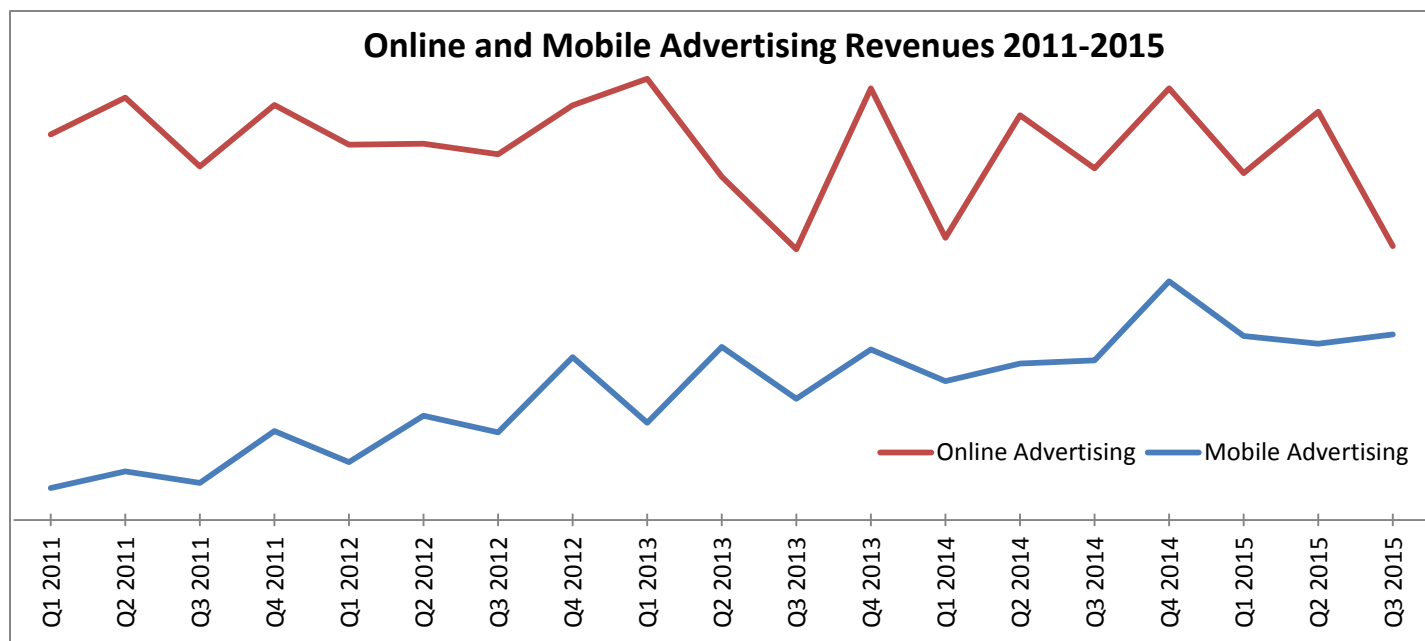
Mobile Advertising Revenues

Mobile advertising increased **16.2%** compared to the third quarter of 2014. Mobile advertising accounts for **\$3,253,000** this quarter.

	2015	2014	2013	2012	2011
1st Quarter	\$3,228,000	\$2,433,000	\$1,704,000	\$1,016,000	\$560,000
<i>% change</i>	32.7%	42.8%	67.7%	81.4%	
2nd Quarter	\$3,092,000	\$2,744,000	\$3,036,000	\$1,830,000	\$850,000
<i>% change</i>	12.7%	-9.6%	65.9%	115.3%	
3rd Quarter	\$3,253,000	\$2,800,000	\$2,123,000	\$1,536,000	\$650,000
<i>% change</i>	16.2%	31.9%	38.2%	136.3%	
4th Quarter		\$4,184,000	\$2,989,000	\$2,854,000	\$1,558,000
<i>% change</i>		40.0%	4.7%	83.2%	
Total Revenue		\$12,161,000	\$9,852,000	\$7,236,000	\$3,618,000
<i>% change</i>		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. Within the newspaper industry mobile continues to grow year over year, moving from **1.5%** of online advertising in 2011 to more than **5%** of all online advertising revenues in 2014.



Daily Newspaper Revenue Report

Q3 2015

Newspaper Circulation Revenues

Circulation revenue in the third quarter decreased against the same period in 2014 by **3.5%**. In dollar terms this represents **\$176,520,000**, down **\$6,430,000** compared with the equivalent quarter last year.

	2015	2014	2013	2012	2011
1st Quarter	\$166,364,000	\$181,413,000	\$189,326,000	\$194,243,000	\$192,561,000
% change	-8.3%	-4.2%	-2.5%	0.9%	-7.4%
2nd Quarter	\$179,343,000	\$185,836,000	\$193,288,000	\$203,081,000	\$199,928,000
% change	-3.5%	-3.9%	-4.8%	1.6%	-4.1%
3rd Quarter	\$176,520,000	\$182,950,000	\$190,174,000	\$195,446,000	\$199,622,000
% change	-3.5%	-3.8%	-2.7%	-2.1%	-1.9%
4th Quarter		\$162,136,000	\$190,214,000	\$194,006,000	201,900,000
% change		-14.8%	-2.0%	-3.9%	-1.4%
Total Revenue		\$712,335,000	\$763,002,000	\$786,776,000	\$794,011,000
% change		-6.6%	-3.0%	-0.9%	-3.7%

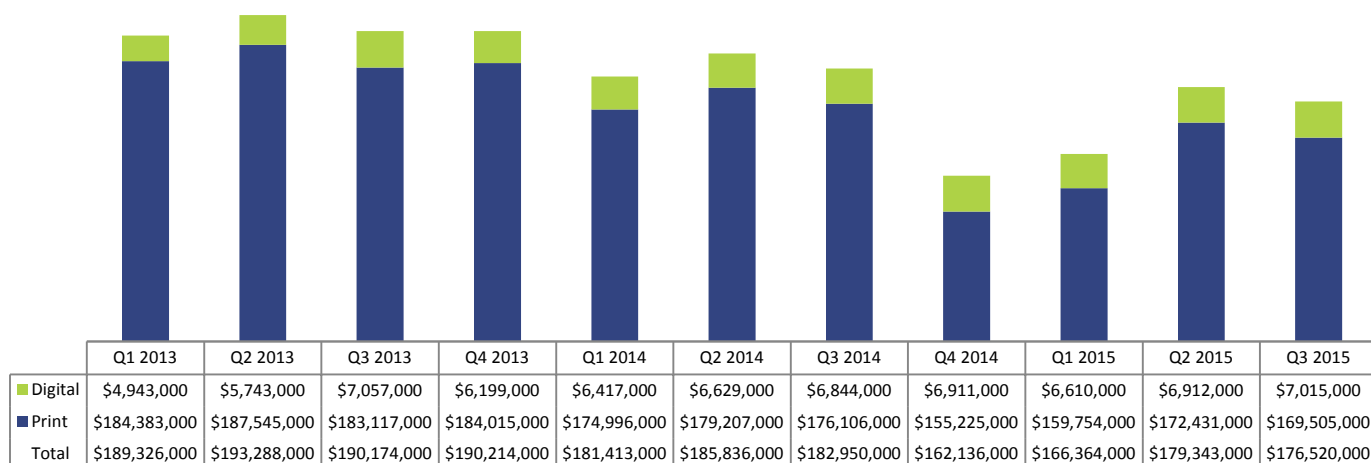
Q1 2010 increase attributable to change in accounting policy by 1 participant; using prior year policy, the increase over Q1/2009 is approx. 0.5%. Effective Q1 2012, measurement of digital circulation is also included.

2015 data for Quebecor/Sun Media represent June to August not July to September

The survey tracks **digital circulation revenue**, which has been increasing due to paywalls and metered access pricing plans implemented at many publications.

Digital circulation revenues now represent **4%** of all circulation revenue for the quarter -- in dollar volume it is **\$7 million**. Annual digital circulation revenue in 2014 was **\$26.8 million** and accounted for **3.8%** of all circulation revenue.

Circulation Revenue - Print + Digital



Daily Newspaper Revenue Report

Q3 2015

Industry Highlights

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

Free commuter paper 24 Hours signs distribution deal with Gateway Newstands

Free daily paper 24 Hours has entered into an exclusive three-year distribution deal with Gateway Newstands. Starting July 2, the Postmedia-owned commuter paper will be available at more than 90 TTC and GO transit stations, within Toronto's underground PATH system and at Gateway Newstands across the Greater Toronto Area. Postmedia acquired the free daily in April as part of its purchase of Sun Media's English-language publications. "We are thrilled to work with Gateway Newstands to bring 24 Hrs to a larger, broader audience by making our free daily newspaper available to subway commuters across the GTA," said Postmedia president and CEO Paul Godfrey. "This allows us to further extend our reach and provide advertisers with a unique opportunity to influence an often tough to reach younger demographic. <http://newspaperscanada.ca/news/industry/free-commuter-paper-24-hrs-signs-distribution-deal-with-gateway-newstands/>

Torstar Acquires 56 percent interest in VerticalScope

Torstar has acquired a 56 percent interest in VerticalScope, an integrated multi-platform media company based in Toronto. VerticalScop owns and operates more than 600 consumer enthusiast online forums and premium content sites across North America. The forums and content sites cover a wide variety of special-interest communities and provide advertisers with platforms to reach engaged audiences through social media marketing. Sites include AutoGuide.com, Motorcycle.com, ATV.com and PetGuide.com. <http://newspaperscanada.ca/news/industry/torstar-acquires-56-percent-interest-in-verticalscope/>

Metroland Media invests in Nest Wealth

Metroland Media Group has invested \$1.5-million in automated financial advisor website [Nest Wealth](#). The Toronto-based company is Canada's first online automated wealth management platform (commonly known as a robo-advisor). "We are very pleased to be leveraging our print and digital assets to deliver the message of this type of investing," remarked Metroland president Ian Oliver. "It is an area that we are not seeing a lot of advertising from currently and it can provide cost savings to the communities we serve." <http://newspaperscanada.ca/news/industry/metroland-media-invests-in-nest-wealth/>

Nanaimo Daily News announces new publishing schedule

The Nanaimo Daily News will no longer publish on Mondays effective Monday, August 10. In a notice sent to newspaper subscribers, publisher Andrea Rosato-Taylor announced the new streamlined print schedule and a number of other changes coming to the paper this fall, including a more reader friendly layout, the introduction of new columnists and extended news coverage within the Central Vancouver Island region. <http://newspaperscanada.ca/news/industry/nanaimo-daily-news-announces-new-publishing-schedule/>

Daily Newspaper Revenue Report

Q3 2015

Woodbridge acquires full ownership of The Globe and Mail

Woodbridge Co. Ltd. has taken full ownership of The Globe and Mail, acquiring the 15 percent stake in the news organization from BCE Inc. that it did not previously own. Woodbridge, the private holding company of the Thomson family, and the communications company announced on Friday they had reached a deal. Financial terms of the sale were not disclosed. Through Woodbridge, the Thomson family has been The Globe's majority owner. The company previously held 85 percent of the paper's shares, some of which it acquired in 2011 after BCE agreed to take full ownership of broadcasting company CTV Inc. for \$1.3-billion. The Globe will keep its governance structure, though its board will no longer include a representative from BCE. <http://newspaperscanada.ca/news/industry/woodbridge-acquires-full-ownership-of-the-globe-and-mail/>

National Newsmedia Council launches

Canada has a new press and newsmedia council thanks to a refreshed and renewed commitment to the newsmedia industry by publications across the country, as well as the successful amalgamation of several regional press councils, including the Ontario Press Council, the Atlantic Press Council and the British Columbia Press Council. The National Newsmedia Council (NNC) will receive, review and potentially adjudicate complaints from the public regarding alleged violations of ethical and/or journalistic standards about a member outlet's publication. <http://newspaperscanada.ca/news/news-releases/national-newsmedia-council-launches/>

Toronto Star launches Star Touch tablet app

Toronto Star launched its new tablet app on September 15. The Star's interactive digital edition has been developed in partnership with La Presse and is based on the Montreal daily's own La Presse + platform technology. Torstar dismantled the paper's online pay wall earlier this year in anticipation of the launch of the new tablet app. "We seek to really dramatically change storytelling," said David Holland, president and chief executive of Torstar. "The stories are going to be showcased in a more interactive way than ever before and provide a deep level of engagement and immersion." Star Touch includes a number of interactive design features (photo galleries, maps, audio clips, videos and more) and exclusive editorial content. The mobile app is modeled on La Presse+, which launched in 2013. <http://newspaperscanada.ca/news/industry/torstar-to-launch-new-tablet-app-in-september/>
<http://newspaperscanada.ca/news/industry/toronto-star-launches-star-touch-tablet-app/>

La Presse shifts focus to digital, will end weekday print edition in 2016

Montreal-based French-language daily La Presse has announced it will cease its print newspaper Monday through Friday starting in January 2016. La Presse will continue to publish a Saturday print edition but will shift to a digital focus throughout the week. The paper's innovative La Presse + tablet app first launched in 2013 and now attracts more than 460,000 weekly readers. <http://newspaperscanada.ca/news/industry/la-presse-shifts-to-digital-will-cease-weekday-printed-edition-in-2016/>

Edmonton Journal launches new design and editorial projects

Edmonton Journal has introduced a new design and logo for its print, web and mobile platforms. The innovative responsive design is a collaborative effort led by Postmedia's Gayle Grin with input from renowned newspaper designer Mario Garcia and London-based design team Winkcreative. The Alberta daily has also launched a new pilot project in partnership with the National Post. <http://newspaperscanada.ca/news/industry/edmonton-journal-launches-new-design-and-editorial-projects/>

Daily Newspaper Revenue Report

Q3 2015

Toronto Star, La Presse move to sell digital advertising in house

The Toronto Star and La Presse are assuming responsibility for all digital advertising sales of thestar.com and lapresse.ca respectively, effective January 1, 2016. As a result, Square Victoria Digital Properties (La Presse) and Star Media Group (Toronto Star) will cease operations of Olive Media. <http://newspaperscanada.ca/news/industry/toronto-star-la-presse-move-to-sell-digital-advertising-in-house/>

Research Highlights

Automotive Research Tools

Newspapers Canada has created five different materials on the [Automotive Advertising Research](#) for use by newspapers:

1. A PowerPoint presentation that provides all the details from the study;
2. A one-page written summary offering an overview of the key findings of the research;
3. A two-pager highlighting key data charts;
4. An infographic which acts as a quick reference piece and works well as a leave-behind; and
5. A case study which provides detailed proof of advertiser success.

Newspapers account for \$2.6 billion in advertising revenue in 2014

In 2014 total advertising spending from major reported media accounted for just over \$12 billion. Internet advertising continues to climb, placing it in the lead position. Once again, the top three advertising media in 2014 are Internet, Television and Newspapers. Total advertising revenue from Daily and Community Newspapers combined in 2014 was \$2.6 billion, representing 21% of reported media. Full details and trending can be viewed in the Interim Report. Newspapers Canada collects and reports on revenue data for the daily and community newspaper industries. Top line data provides a high-level view of newspaper industry revenues. Data is provided annually for inclusion in the industry report on Net Advertising Volumes. <http://newspaperscanada.ca/news/research/newspapers-account-for-2-6-billion-in-advertising-revenue-in-2014/>

Federal Government advertising must deliver substance

The Government of Canada spent \$75,213,380 on advertising (media and production) in 2013-2014. Advertising in community newspapers (excluding Official Language, Ethnic and Aboriginal publications) accounted for just \$867,153. On average, this results in annual federal government spending of only \$1,021 in each of Canada's 849 local community newspapers. Newspapers Canada has prepared a report designed to provide publishers with information on the issues regarding government advertising spending as well as a sample Opinion/Editorial piece to help educate readers. <http://newspaperscanada.ca/news/public-affairs/federal-government-advertising-must-deliver-substance-4/>



Daily Newspaper Revenue Report Q3 2015

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/Sun Media	September 2012
Le Journal de Québec	QC	Quebec City	Quebecor/Sun Media	September 2012
The Globe and Mail	ON	National	Globemedia	October 2012
Calgary Sun	AB	Calgary	Quebecor/Sun Media	December 2012
Edmonton Sun	AB	Edmonton	Quebecor/Sun Media	December 2012
Winnipeg Sun	MB	Winnipeg	Quebecor/Sun Media	December 2012
Ottawa Sun	ON	Ottawa	Quebecor/Sun Media	December 2012
Toronto Sun	ON	Toronto	Quebecor/Sun Media	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	TC Media	June 2014
The Daily News	BC	Nanaimo	Black Press	September 2015
TOTAL Newspapers with Metered Access/Paywalls				38

Daily Newspaper Revenue Report

Q3 2015

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.

Report produced by Newspapers Canada. For additional information contact:

Kelly Levson

Director of Marketing and Research

klevson@newspaperscanada.ca