



Revenue Report: Daily Newspapers Q4 2017

October to December 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 \$391,748,000 is 22.8% lower than the same quarter last year.

- Total revenue in the fourth quarter shows that the industry continued to decline, with a drop of 22.8% compared to Q4 of 2016.
- In dollar terms, this represents a decline of \$115,502,000.

Print advertising revenue of \$165,805,000 is 39.0% lower than Q4 of 2016.

- 2017 revenue in Q4 is \$105,872,000 lower than the same quarter last year.
- Local/Retail advertising (42%) now provides significantly more revenue for daily newspapers than National advertising (34%); Classified advertising currently represents 5% of revenues; and Flyers/Inserts represent 19% of Q4 revenues.

Online advertising (excluding mobile) increased 1.3% compared to the fourth quarter of 2016.

- Q4 2017 online advertising revenue (excluding mobile) was \$67.4 million, up \$832,000 compared to last year.

Mobile advertising decreased by 11.6% over Q4 last year.

- Total mobile advertising revenue for Q4 2017 was \$4,925,000 -- a decrease of \$647,000 over last year.

Circulation revenue is down 9.5% this quarter with a decline of \$14.5 million.

- Total circulation revenue for Q4 2017 was \$138,276,000.
- Digital circulation revenue for the quarter (\$8,993,000) represents 6.5% of quarterly circulation revenue.

Other Revenue is now included in the survey and represents \$15,362,000 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 fourth quarter of 2017 dropped 22.8%, continuing the industry decline. This decline is larger than in the equivalent quarter last year. In dollar terms, this signifies a decline of \$115,502,000.

Print advertising revenue is down compared to the same quarter last year. Local advertising continues to make up the largest share (42%) of all print revenues.

Online advertising increased by \$832,000 this quarter, 1.3% more than Q4 2016.

Mobile advertising decreased 11.6% over Q4 of 2016 to a total of \$4,925,000. This is the third quarterly decrease in a row.

Circulation revenues in Q4 2017 were down 9.5% with print circulation revenue declining 10.1% compared to Q4 2016 and digital circulation decreasing by 0.5%.

Revenue from other sources has been included in this survey since the first quarter of 2014. This amounted to \$15.4 million in the fourth quarter of 2017, \$4.7 million more than in the equivalent quarter last year. Revenues from other sources in Q4 2017 were more in line with the levels of Q4 2014.

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	\$447,056,000	\$506,526,000	\$584,777,000	\$646,088,000	\$677,998,000
<i>% change</i>	-11.7%	-13.4%	-9.5%	-4.7%	-13.1%
3rd Quarter	\$408,061,000	\$457,258,000	\$501,400,000	\$568,722,000	\$606,774,000
<i>% change</i>	-10.8	-8.8%	-11.8%	-6.3%	-16.7%
4th Quarter	\$391,748,000	\$507,250,000	\$601,737,000	\$664,873,000	\$720,053,000
<i>% change</i>	-22.8%	-15.7%	-9.5%	-7.7%	-9.5%
Total Revenue	\$1,658,986,000	\$1,946,927,000	\$2,196,208,000	\$2,469,080,000	\$2,672,054,000
<i>% change</i>	-14.8%	-11.4%	-11.1%	-7.6%	-12.3%

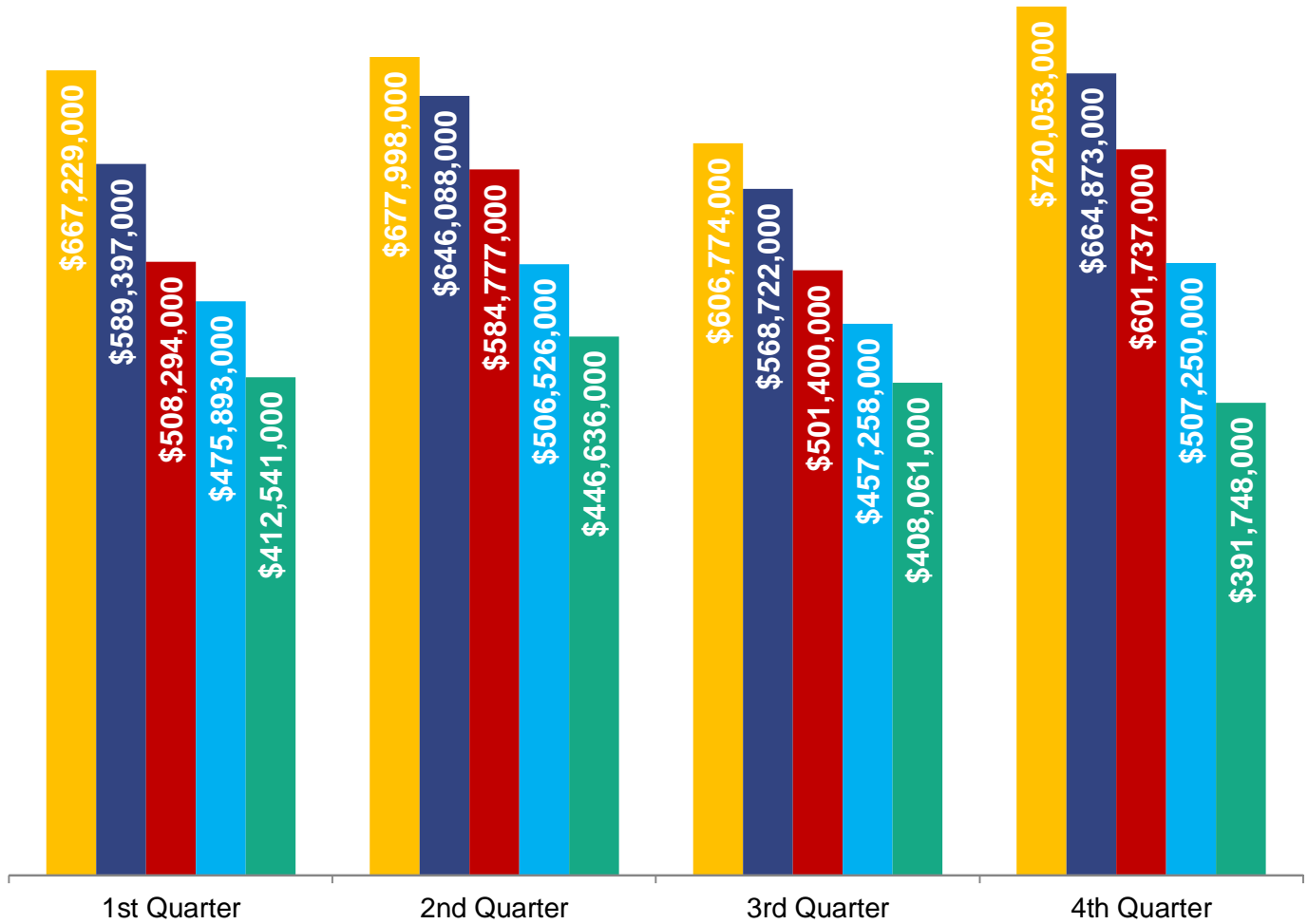
2015 Q4 data for Sun Media represent August to November not September to December.

2017 Q3 data for Metro Montréal represent August to October not July to September.

2014 to 2017 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 2013-2017

■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017



Print Advertising Revenues

Fourth quarter revenue in print advertising is lower than in the equivalent quarter last year with a drop of 39.0% (\$105.9 million). 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.

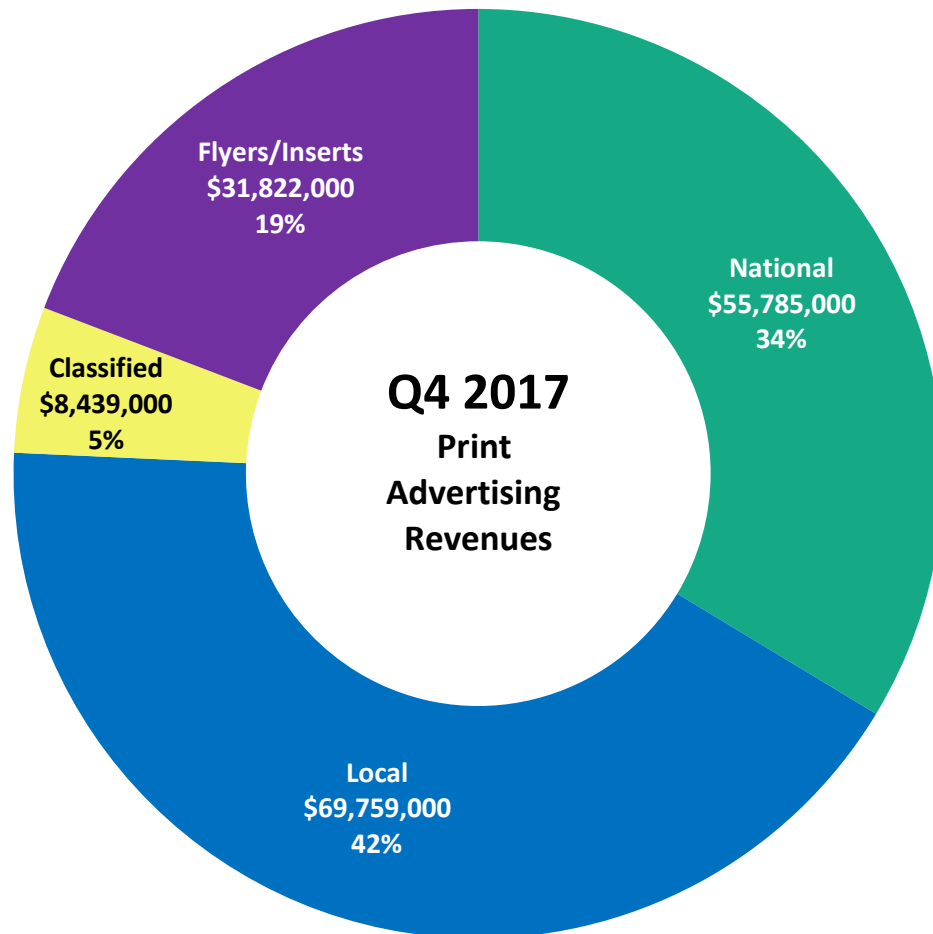
Print	2017	2016	2015	2014	2013
1st Quarter	\$195,578,000	\$247,839,000	\$267,368,000	\$346,093,000	\$408,482,000
% change	-21.1%	-7.3%	-22.7%	-14.3%	-16.8%
2nd Quarter	\$210,562,000	\$278,958,000	\$322,273,000	\$380,886,000	\$428,971,000
% change	-24.5%	-13.4%	-15.4%	-11.2%	-17.1%
3rd Quarter	\$177,466,000	\$223,984,000	\$266,846,000	\$314,189,000	\$372,961,000
% change	-20.8%	-16.1%	-15.1%	-15.8%	-21.6%
4th Quarter	\$165,805,000	\$271,677,000	\$334,081,000	\$396,184,000	\$468,143,000
% change	-39.0	-18.7%	-15.7%	-15.4%	-12.5%
Total Revenue	\$749,411,000	\$1,022,458,000	\$1,190,568,000	\$1,437,352,000	\$1,678,557,000
% change	-26.7%	-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. 2016 and 2017 Q3 data for Metro Montréal represent August to October not July to September

Print Category	Q1 2017	Q2 2017	Q3 2017	Q4 2017
National	\$54,900,000	\$59,457,000	\$44,098,000	\$55,785,000
Local	\$87,174,000	\$95,113,000	\$81,905,000	\$69,759,000
Classified	\$23,781,000	\$23,274,000	\$21,459,000	\$8,439,000
Flyers/Inserts	\$29,723,000	\$32,718,000	\$30,004,000	\$31,822,000
TOTAL	\$195,578,000	\$210,562,000	\$177,466,000	\$165,805,000

The survey collects actual data by category in print advertising. In Q4 2017, category breakdowns are as follows:

- **Local advertising** (42%) declined (38.2%) over Q4 of 2016 but now provides significantly more revenue for daily newspapers than **National advertising** (39%);
- **Classified** advertising dropped a further 65.3% this quarter compared with the equivalent quarter of 2016 and currently represents 5% of revenues with \$8,439,000; and
- **Flyers/Inserts** represent 19% of Q4 revenues at \$31,822,000, a decrease of 27.0% over the equivalent period last year.



Online Advertising Revenues*

Online advertising increased by \$832,000 or 1.3% compared to the fourth quarter of 2016. Online advertising accounts for \$67,380,000 in Q4 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	\$63,362,000	\$47,568,000	\$62,057,000	\$62,139,000	\$52,703,000
% change	33.2%	-23.3%	-0.1%	17.9%	-8.7%
3rd Quarter	\$55,444,000	\$57,741,000	\$41,725,000	\$53,965,000	\$41,516,000
% change	-4.0%	38.4%	-22.7%	30.0%	-26.0%
4th Quarter	\$67,380,000	\$66,548,000	\$71,774,000	\$69,830,000	\$58,707,000
% change	1.3%	-7.3%	2.8%	18.9%	-7.7%
Total Revenue	\$235,409,000	\$218,561,000	\$228,861,000	\$229,224,000	\$220,643,000
% change	7.7%	-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)*

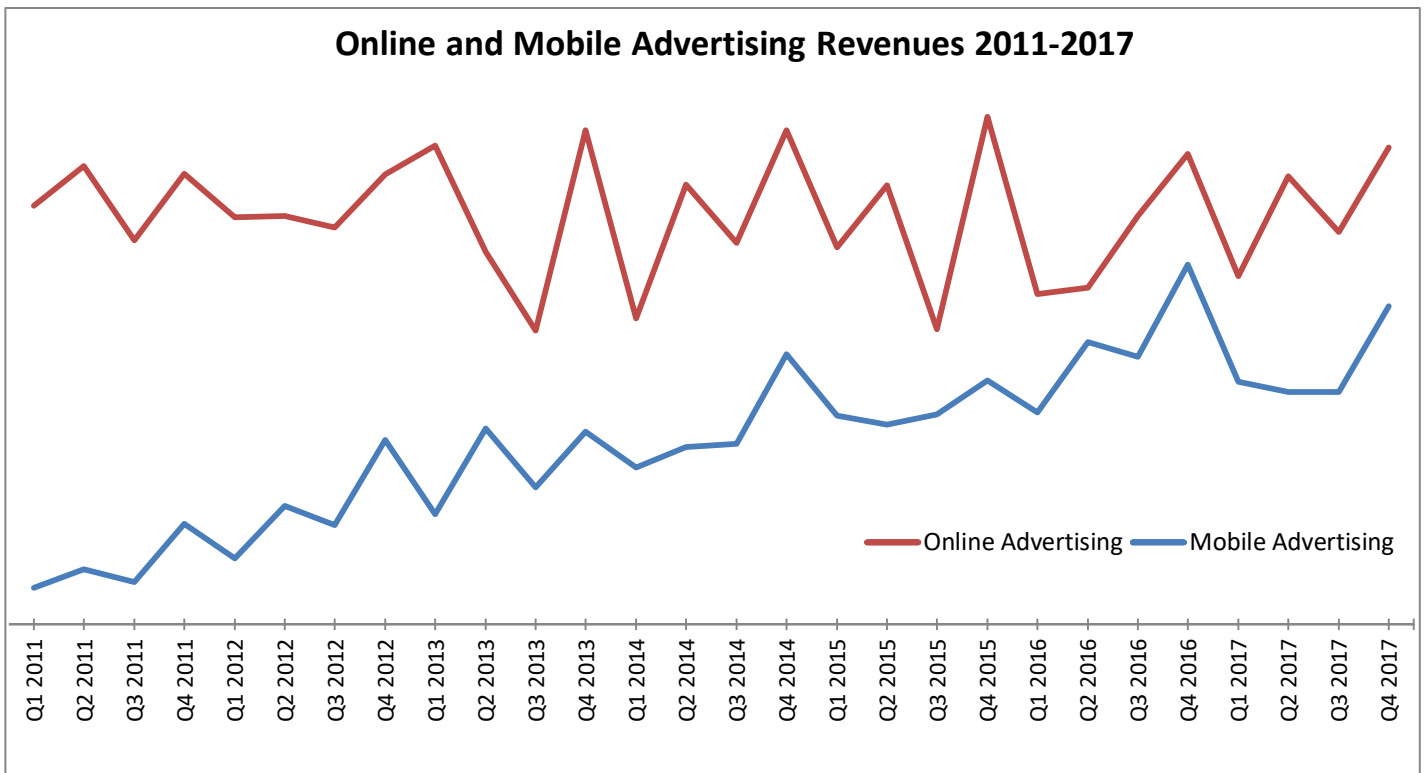
Mobile Advertising Revenues

Mobile advertising decreased by \$647,000 or 11.6% compared to the fourth quarter of 2016. Mobile advertising accounts for \$4,925,000 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	\$4,020,000	\$4,374,000	\$3,092,000	\$2,744,000	\$3,036,000
<i>% change</i>	-8.1%	41.5%	12.7%	-9.6%	65.9%
3rd Quarter	\$3,600,000	\$4,150,000	\$3,253,000	\$2,800,000	\$2,123,000
<i>% change</i>	-13.3%	27.6%	16.2%	31.9%	38.2%
4th Quarter	\$4,925,000	5,572,000	\$3,777,000	\$4,184,000	\$2,989,000
<i>% change</i>	-11.6%	47.5%	-9.7%	40.0%	4.7%
Total Revenue	\$15,881,000	\$17,374,000	\$13,350,000	\$12,161,000	\$9,852,000
<i>% change</i>	-8.6%	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 6.8% of all online advertising revenues in Q4 2017.



Newspaper Circulation Revenues

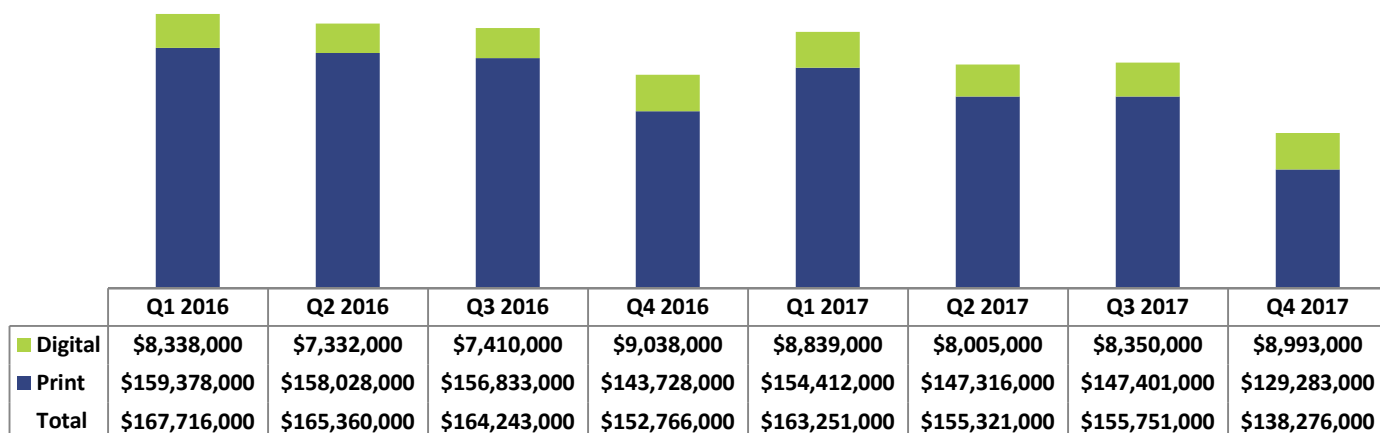
Circulation revenue in the fourth quarter decreased against the same period in 2016 by 9.5%. In dollar terms this represents \$138,276,000, down \$14,490,000 compared with the equivalent quarter last year. Circulation losses were a direct result of both lower print circulation revenues and marginally lower digital circulation revenues (-0.5%).

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	\$155,321,000	\$165,360,000	\$177,654,000	\$185,836,000	\$193,288,000
% change	-6.1%	-6.9%	-4.4%	-3.9%	-4.8%
3rd Quarter	\$155,751,000	\$164,243,000	\$176,520,000	\$182,950,000	\$190,174,000
% change	-5.2%	-7.0%	-3.5%	-3.8%	-2.7%
4th Quarter	\$138,276,000	\$152,766,000	\$174,709,000	\$178,789,000	\$190,214,000
% change	-9.5%	-12.6%	-2.7%	-6.0%	-2.0%
Total Revenue	\$603,760,000	\$650,085,000	\$700,040,000	\$728,988,000	\$763,002,000
% change	-7.1%	-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 6.5% of all circulation revenue for the quarter -- in dollar volume it is \$8,993,000.

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.

Highly-anticipated newspaper launches in Toronto

After much anticipation, the West End Phoenix, a new non-profit community newspaper, finally hit doorsteps in Toronto this past weekend. According to their website, the newspaper will "give [a] voice to the swirl of neighbourhoods that make up one of North America's fastest evolving catchments."

<https://nmc-mic.ca/news/industry/highly-anticipated-newspaper-launches-toronto/>

Postmedia reveals new apps and websites for former SUN Media brands

Postmedia Network Inc. has announced the launch of all new apps and websites for the Ottawa SUN, Toronto SUN, Winnipeg SUN, Calgary SUN and Edmonton SUN. The launch features new responsive apps and websites for the desktop, tablet, and mobile platforms enhancing the digital experience for readers. The new SUN apps and websites offer a superior user and content experience around each of the SUNs' newsroom platforms – Local News, Sports, and Politics, says James Wallace, Vice President Editorial, SUN.

<https://nmc-mic.ca/news/industry/postmedia-reveals-new-apps-websites-former-sun-media-brands/>

Postmedia strikes innovative advertising deal with retailer

Postmedia Network Inc. has struck a deal with Indochino to provide \$40 million of advertising to the custom clothier in exchange for an undisclosed portion of its revenue in the Canadian market, according to a report in J-Source. "This is a great opportunity for two companies to leverage each other's strengths in order to grow their businesses," Andrew MacLeod, Postmedia's president and chief operating officer, said. "We believe it's a perfect fit."

<https://nmc-mic.ca/news/marketing-news/postmedia-strikes-innovative-advertising-deal-retailer/>

Moose Jaw Times-Herald closing after more than 125 years

The Saskatchewan newspaper where former CBC radio host Peter Gzowski got his start in journalism is closing down after more than 125 years in the business, reports the Canadian Press. The last edition of the Moose Jaw Times-Herald is to be published Dec. 7. Twenty five employees will be affected. "It has a storied history," said Roger Holmes, president of Star News Publishing, Inc.

<https://nmc-mic.ca/news/industry/moose-jaw-times-herald-closing-125-years/>

Postmedia & Torstar announce newspaper swap

Canada's two largest print and digital media firms announced today they have signed a deal to buy and sell 41 newspapers, mainly in Ontario, the *Toronto Star* reports. Torstar Corporation announced it has purchased eight weekly community publications, seven daily community newspapers and two free daily newspapers from Postmedia. Postmedia Network Canada Corp.

announced a deal with Metroland Media Group and Free Daily News Group Inc., both subsidiaries of Torstar Corp., to buy 22 of Torstar's community newspapers and two free commuter daily newspapers. The two companies will close most of the affected papers, in order to focus more efficiently on key areas.

<https://nmc-mic.ca/news/industry/postmedia-torstar-announce-newspaper-swap/>

The Globe and Mail to launch new look

On Friday, December 1, The Globe and Mail will reveal its first major print redesign in seven years. This represents the culmination of a transformation that has ushered in changes to The Globe's desktop, mobile and tablet websites as well as its iOS and Android apps.

<https://nmc-mic.ca/news/industry/globe-mail-launch-new-look/>

Employees purchase Prince Albert Daily Herald from Star News Publishing

Star News Publishing, the owner of the Prince Albert Daily Herald, has announced that it has reached an agreement with the Herald's employees for an employee buyout of the publication. One of Saskatchewan's oldest newspapers, the Daily Herald started out locally-owned and operated, and will now continue as an independent, locally owned and operated business. "We're the third-largest city in the province and I do believe print media is an important part of any community, because at the end of the day, besides the (millennials), lots of people don't have computers," said Prince Albert Mayor Greg Dionne. "Lots of people don't have iPhones — especially in the North — so they rely on all sorts of media to get the news out."

<https://nmc-mic.ca/news/industry/employees-purchase-prince-albert-daily-herald-star-news-publishing/>

Waterfront Regional Star set to publish final issue

After 40 years in the Lumsden area, the Waterfront Regional Star will be publishing its final issue on December 22nd. The paper officially closes on December 29. The paper covers a large area, stretching from Lumsden and communities south of Last Mountain Lake all the way east of Regina to White City and Balgonie. The paper was originally known as the Waterfront Regional Press. Earlier this year it was merged with Emerald Park-based weekly, The Star. Now that Star News Publishing is pulling out of the Saskatchewan market the paper is being shut down.

<https://globalnews.ca/news/3925955/waterfront-regional-star-set-to-publish-final-issue-from-lumsden-to-white-city-december-22/>

Historic Oxbow-Carnduff Herald-Gazette Prints Last Edition

The presses grind to a halt on Friday as the final edition of the newspaper is released, after two deals with prospective buyers fell through. The Carnduff Gazette was first published in 1899, while the Oxbow Herald went into circulation in 1913. The pair were merged under Star News Publishing in 2016.

<https://www.discoverestevan.com/local/31788-historic-oxbow-carnduff-herald-gazette-prints-last-edition-friday>

Westender newspaper will close after 68 years in business in Vancouver

The Westender, in Lower Mainland, will publish its final edition on December 21 after 68 years in business in Vancouver.

<https://www.straight.com/news/1007436/westender-newspaper-will-close-after-68-years-business-vancouver>

TC Media sells another newspaper in Quebec

TC Media has announced the sale of its Sorel-Tracy-based weekly Les 2 Rives, as well as its related web property, to DBC Communications Inc. DBC already owns several newspapers in the area, including: L'Oeil Régional, Le Clairon de Saint-Hyacinthe, La Pensée de Bagot, Gestion et Technologies Agricoles and Le Courrier de Saint-Hyacinthe. All 8 employees involved in the transaction will be retained. TC Transcontinental will continue to provide printing and distribution services. This transaction is part of the process for the sale of TC Media's local and regional newspapers in Québec and Ontario.

<https://nmc-mic.ca/news/industry/tc-media-sells-another-newspaper-quebec/>

TC Media sells 21 publications to Icimédias

TC Media has sold 21 of its Quebec-based community newspapers to Icimédias, reports Le Devoir. Titles included in the sale include La Voix du Sud, le Courrier Frontenac, Beauce Média, Le Progrès de Coaticook, Le Reflet du Lac, le Granby Express, among others. The transaction also includes the website InMemoriam.ca. Icimédias is headed by Renel Bouchard and Marc-Noël Ouellette. The transaction means that 140 employees will be impacted by the transaction.

<https://nmc-mic.ca/news/industry/tc-media-sells-21-publications-icimedias/>

TC Media sells its weekly Courier Laval

TC Media has announced the sale of its weekly newspapers, Courier Laval, as well as its related web property, to 2M Média. 2M Média is led by Mr. Martin Olivier, president, and Mr. Martin Routhier, vice president, who are both former TC Media managers. Fourteen employees of Courier Laval are now employees of 2M Média.

<https://nmc-mic.ca/news/industry/tc-media-sells-weekly-courier-laval/>

Transcontinental sells 12 small Quebec newspapers to Groupe Lexis Media

Transcontinental Inc. has sold 12 Quebec newspapers and their related web properties to Groupe Lexis Media Inc. Financial terms of the deal were not immediately available. Under the agreement, 75 employees of the various publications and 16 employees from TC Media's production team have been transferred to Groupe Lexis Media. The newspapers sold to Groupe Lexis Media are: Le Citoyen Rouyn-Noranda, Le Citoyen de la Vallée-de-l'Or, L'Echo Abitibi and La Frontière, distributed in Abitibi-Témiscamingue; L'Action D'Autray, L'Action – Wednesday Edition, L'Action – Weekend Edition, L'Express Montcalm and Hebdo Rive-Nord, in Lanaudière; Le Bulletin, La Petite-Nation and La Revue, in Outaouais.

<https://nmc-mic.ca/news/industry/transcontinental-sells-12-small-quebec-newspapers-groupe-lexis-media/>

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
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 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	SaltWire Network	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	SaltWire Network	July 2013
The Chronicle Herald	NS	Halifax	Halifax Herald Ltd.	August 2013
Journal Pioneer	PE	Summerside	SaltWire Network	November 2013
The Western Star	NL	Corner Brook	SaltWire Network	January 2014
Cape Breton Post	NS	Sydney	SaltWire Network	February 2014
The Telegram	NL	St. John's	SaltWire Network	April 2014
TOTAL Newspapers with Metered Access/Paywalls				32

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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