

Service bulletin

Newspaper Publishers

2009



Highlights

- Operating revenues earned by newspaper publishers fell 9.8% in 2009, to \$4.9 billion, largely due to declining advertising revenues. The industry's largest contractions were in the Western provinces and Ontario.
- Nearly two-thirds of the industry's operating revenues are generated from sales of advertising space which are highly sensitive to economic conditions. The economic downturn that began in late 2008 lowered advertising revenues by 15.5% for daily newspapers in 2009, and by 10.0% for community and other newspapers.
- An additional 18% of newspaper publishers' revenues came from circulation sales. In 2009, circulation revenues increased by 1.2% for both daily newspapers and community and other newspapers. This revenue increase occurred largely due to a 5.4% increase in newspaper prices, as measured by the consumer price index.
- Revenues earned from the provision of distribution services (for example, the distribution of flyers and inserts) fell by 6.2% in 2009 after having risen by over 50% from 2004 to 2008. Revenues generated from custom printing services also declined by 3.1% in 2009 after years of steady growth.
- Although the industry reduced its operating expenses by 7.4% in 2009, this did not keep pace with the steeper decline in operating revenues. As a result, the industry's operating profit margin fell from 12.3% in 2008 to 9.9% in 2009.
- The largest cost item for newspaper publishers continues to be salaries, wages and benefits, which comprised 40% of the industry's operating expenses in 2009. Labour costs for the industry fell by 5.1% in 2009, mainly due to layoffs prompted by falling industry revenues.
- Costs of goods sold comprised another 15% of operating expenses. Due to higher costs for newsprint, the industry only managed to reduce its costs of goods sold by a relatively low 1.0% in 2009.
- Newspaper publishers made sharper cuts to their discretionary expenditures. Total spending on advertising, marketing, travel, meals and entertainment dropped by 21.4% in 2009, following a 5.4% decline in 2008.

Statistical tables

Table 1
Summary of major variables by region, 2007 to 2009

	2007	2008 ^r	2009 ^p
	millions of dollars		
Canada			
Operating revenue	5,394	5,434	4,900
Operating expenses	4,713	4,767	4,414
Salaries, wages and benefits	1,828	1,856	1,762
Operating profit margin (in percentage)	12.6	12.3	9.9
Atlantic provinces			
Operating revenue	260	261	261
Operating expenses	231	236	236
Salaries, wages and benefits	100	104	106
Operating profit margin (in percentage)	11.1	9.5	9.4
Quebec			
Operating revenue	1,031	1,046	955
Operating expenses	896	914	832
Salaries, wages and benefits	365	365	334
Operating profit margin (in percentage)	13.1	12.6	12.8
Ontario			
Operating revenue	2,315	2,281	2,065
Operating expenses	2,173	2,163	1,964
Salaries, wages and benefits	764	770	729
Operating profit margin (in percentage)	6.1	5.2	4.9
Western provinces (and the territories)			
Operating revenue	1,788	1,846	1,620
Operating expenses	1,413	1,455	1,382
Salaries, wages and benefits	600	617	591
Operating profit margin (in percentage)	21.0	21.2	14.7

Note(s): Some data are grouped by regions of Canada to maintain the confidentiality of the respondents.

Table 2
Advertising revenue by type of paper, Canada, 2007 to 2009

	2007	2008 ^r	2009 ^p
	millions of dollars		
Daily	2,665.5	2,645.3	2,235.6
Community and other ¹ newspapers	984.2	1,013.1	911.6
Total	3,649.7	3,658.5	3,147.2
	growth rate (percent)		
Daily	-0.7	-0.8	-15.5
Community and other ¹ newspapers	3.3	2.9	-10.0
Total	0.3	0.2	-14.0

1. University, ethnic and religions newspapers are included in this category.

Note(s): The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue. Due to rounding, components may not add to total.

Table 3
Circulation revenue by type of paper, Canada, 2007 to 2009

	2007	2008 ^r	2009 ^p
	millions of dollars		
Daily	823.1	827.5	837.2
Community and other ¹ newspapers	37.3	37.7	38.1
Total	860.4	865.2	875.3
	growth rate (percent)		
Daily	-0.2	0.5	1.2
Community and other ¹ newspapers	2.1	1.2	1.2
Total	-0.1	0.6	1.2

1. University, ethnic and religious newspapers are included in this category.

Note(s): The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue. Due to rounding, components may not add to total. Use trends in the circulation revenues for community newspapers with caution due to the small size of the figures and the higher than normal coefficients of variation associated with them.

Table 4
Revenue by activity as a percentage of operating revenue, Canada, 2007 to 2009

	2007	2008 ^r	2009 ^p
	percent		
Advertising revenue	69.2	69.0	66.1
Daily newspapers	50.5	49.9	47.0
Community and other ¹ newspapers	18.7	19.1	19.1
Circulation revenue	16.3	16.3	18.4
Daily newspapers	15.6	15.6	17.6
Community and other ¹ newspapers	0.7	0.7	0.8
Custom printing	3.7	3.8	4.1
Distribution of flyers and inserts ²	7.2	7.5	7.8
Other operating revenue ³	3.6	3.4	3.6
Total operating revenues	100.0	100.0	100.0

1. University, ethnic and religious newspapers are included in this category.

2. This value may not represent the full amount of revenues from flyer distribution as this activity is sometimes reported as advertising revenue.

3. Includes, for example: sales of mailing lists, photocopies, stationery, supplies, grants and subsidies, donations, insurance settlements, bad debt recovery, etc.

Note(s): The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue. Due to rounding, components may not add to total.

Table 5
Selected expenditures as percentage of operating expenses, Canada, 2007 to 2009

	2007	2008 ¹	2009 ^P
	percent		
Salaries, wages and employee benefits	39.0	39.1	40.2
Cost of goods sold (includes newsprint, ink, etc.)	13.3	13.8	14.8
Contract work (includes contract printing and freelancers)	13.7	13.8	12.7
Delivery, warehousing, postage and courier	10.6	10.5	10.9
Depreciation and amortization	3.4	3.2	3.4
Advertising, travel, meals, and entertainment	4.2	3.9	3.3
Other operating expenses ¹	15.9	15.7	14.7
Total operating expenses	100.0	100.0	100.0

1. Includes: rental and leasing expenses; repair and maintenance; telephone and other telecommunication expenses; legal, accounting, auditing, consulting and other professional service fees; commissions paid to non-employees; financial service fees; insurance; royalties, rights and licensing and franchise fees; property and business taxes, licences and permits; energy expenses; fees paid to head office; office supplies; bad debts; and donations.

Note(s): The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion represents approximately 95% of total industry revenue. Due to rounding, components may not add to total.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the newspaper publishing industry in Canada.

Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry.

Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

Target population

The target population consists of all statistical establishments (sometimes referred to as firms or units) classified as Newspaper Publishers (NAICS 511110) according to the North American Industry Classification System (NAICS) during the reference year.

Sampling

This is a sample survey with a cross-sectional design.

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including address, industry classification, and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2009 was 131 collection entities.

Definition

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the weighted response rate was 97.4%. CVs were calculated for each estimate and are available upon request.

Related products

Selected CANSIM tables from Statistics Canada

361-0003	Newspaper publishers, summary statistics, by North American Industry Classification System (NAICS), annual (5 series)
361-0022	Newspaper publishers, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)

Survey(s)

Definitions, data sources and methods: survey number 4710 - Annual Survey of Service Industries: Newspaper Publishers

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: February 2011

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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