

Service bulletin

Newspaper Publishers

2007



Highlights

- The newspaper publishing industry's operating revenues declined by 0.3% in 2007 to \$5.34 billion. Although the industry expanded in the Western provinces, this was more than offset by contractions in Ontario and Quebec.
- Daily newspapers experienced slight declines in their sales of advertising space (-0.4%) and the revenues they earned from circulation sales (-1.3%).
- On the other hand, community newspapers had a 7.2% rise in circulation revenues, while their advertising revenues remained unchanged.
- Many newspapers also earn other advertising revenues by distributing flyers and inserts which continues to be among the fastest growing revenue generators for the industry. In 2007 revenues from the distribution of flyers and inserts rose by 4.5% after having increased by 11.1% the previous year.
- Although their operating revenues dipped by 0.3%, cost reductions enabled newspaper publishers to increase their operating profit margin to 14.6% in 2007 from 13.2% the year before. The industry managed to reduce its operating expenses by 1.9% in 2007.
- Over half of the cost savings came from lower subcontract expenses and salaries and wages. As well, the industry's costs of goods sold fell by nearly 4%, in part due to a sizeable drop in newsprint prices in 2007.

Statistical tables

Table 1

Summary of major variables by region, 2005 to 2007

	2005	2006	2007 ^P
	millions of dollars		
Canada			
Operating revenue	5,207	5,354	5,338
Operating expenses	4,515	4,646	4,557
Salaries, wages and benefits	1,763	1,801	1,783
Operating profit margin (in percentage)	13.3	13.2	14.6
Atlantic provinces			
Operating revenue	260	259	259
Operating expenses	234	227	229
Salaries, wages and benefits	99	97	100
Operating profit margin (in percentage)	10.1	12.3	11.5
Quebec			
Operating revenue	1,010	1,030	1,008
Operating expenses	873	891	843
Salaries, wages and benefits	376	367	361
Operating profit margin (in percentage)	13.6	13.5	16.3
Ontario			
Operating revenue	2,284	2,332	2,254
Operating expenses	2,056	2,160	2,084
Salaries, wages and benefits	722	752	728
Operating profit margin (in percentage)	10.0	7.4	7.5
Western provinces (and the territories)			
Operating revenue	1,654	1,732	1,816
Operating expenses	1,353	1,368	1,400
Salaries, wages and benefits	566	585	595
Operating profit margin (in percentage)	18.2	21.0	22.9

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

Table 2

Advertising revenue by type of paper (including revenue from flyers and inserts), Canada, 2005 to 2007

	2005	2006	2007 ^P
	millions of dollars		
Daily	2,800	2,861	2,867
Community	1,074	1,117	1,128
Total	3,874	3,978	3,995
	growth rate (percent)		
Daily	2.5	2.2	0.2
Community	0.2	4.0	1.0
Total	1.9	2.7	0.4

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, 2005 to 2007

	2005	2006	2007 ^P
	millions of dollars		
Daily	813	825	815
Community ¹	37	36	39
Total	850	861	854
	growth rate (percent)		
Daily	2.9	1.5	-1.3
Community ¹	-4.7	-1.3	7.2
Total	2.5	1.4	-0.9

1. 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.

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 4
Revenue by activity as a percentage of operating revenue, Canada, 2005 to 2007

	2005	2006	2007 ^P
	percentage		
Advertising revenue	70.1	69.6	69.6
Daily newspapers	52.1	51.4	51.3
Community and other newspapers ¹	18.0	18.2	18.3
Circulation revenue	16.7	16.5	16.3
Daily newspapers	16.0	15.8	15.6
Community and other newspapers ¹	0.7	0.7	0.7
Custom printing	3.3	3.6	3.4
Distribution of flyers and inserts ²	6.2	6.7	7.0
Other operating revenue ³	3.6	3.5	3.7
Total operating revenues	100	100	100

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

2. This value does not represent the full amount of revenues from flyer distribution as this activity was frequently reported as a form of 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, 2005 to 2007

	2005	2006	2007 ^P
	percentage		
Salaries, wages and employee benefits	39.2	38.9	39.3
Contract work (includes contract printing and freelancers)	14.2	13.6	13.0
Cost of goods sold (includes newsprint, ink, etc.)	12.5	13.7	13.5
Delivery, warehousing, postage and courier	10.4	10.3	10.1
Advertising, travel, meals, and entertainment	4.0	4.3	4.2
Depreciation and amortization	3.3	3.7	3.4
Other operating expenses ¹	16.4	15.5	16.6
Total operating expenses	100	100	100

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 the financial and operating data needed to produce statistics on the newspaper publishing industry in Canada. The survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client.

These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the newspaper publishing industry in Canada. The results from this survey provide data to businesses, governments, investors and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

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 maintained by Statistics Canada's Business Register and is updated using administrative data and survey feedback.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes, same geography (province/territory). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, take-some, and take-none.

The take-all stratum represents the largest firms in terms of performance, based on revenue, in an industry. The must-take stratum comprises units selected on the basis of complex structure characteristics, e.g., multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises. All units in the take-all and the

must-take stratum are selected to the sample. Units in the take-some strata are subject to simple random sampling. Units below specified revenue thresholds are not sampled (these thresholds vary across provinces and industries). These records fall into the take-none stratum, where estimates are based solely on administrative data.

The effective sample size for reference year 2007 was 125 collection entities.

Definitions

- Estimates for the most recent year are preliminary. Preliminary data are subject to revision.
- **Operating revenue** excludes investment income, capital gains, extraordinary gains and other non-recurring items.
- **Operating expenses** excludes 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/Québec 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.

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), historic trends, and comparisons with other data sources.

Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

Sampling error occurs because population estimates are derived from a sample of the population rather than the entire population. Sampling error depends on factors such as sample size, sampling design, and the method of estimation. An important property of probability sampling is that sampling error can be computed from the sample itself by using a statistical measure called the coefficient of variation (CV). The assumption is that over repeated surveys, the relative difference between a sample estimate and the estimate that would have been obtained from an enumeration of all units in the universe would be less than twice the CV, 95 times out of 100. The range of acceptable data values yielded by a sample is called a confidence interval. Confidence intervals can be constructed around the estimate using the CV. First, we calculate the standard error by multiplying the sample estimate by the CV. The sample estimate plus or minus twice the standard error is then referred to as a 95% confidence interval.

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 88.1%. CVs were calculated for each estimate. The CVs are available upon request.

Related products**CANSIM**

Available on CANSIM: table 361-0003 - Summary statistics for newspaper publishers (all establishments), by North American Industry Classification System (NAICS), annual (5 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: June 2009

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

To access this product

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