

Statistics Canada

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Private radio broadcasting 2006

In 2006, private radio's advertising revenue increased 5.3% to \$1.4 billion.

That growth rate is slightly lower than the average of 5.7% over the last five years and much lower than the rate of 8.7% observed in 2005. The radio industry had a particularly prosperous year in 2005, posting its largest gain in advertising revenue since 1988.

Despite the decline in performance, the dean of the electronic media continued to produce substantial profits.

In 2006, radio generated profits of \$284.0 million before interest and taxes, up 0.4% from 2005. The 20.0% profit margin is the third-highest in the last 40 years after those realized in 2005 (+21.0%) and 1971 (+20.5%).

However, the balance sheet for the industry as a whole conceals some widely varying results, by broadcast language and market size, especially with regard to profit margins before interest and taxes.

English-language stations enjoyed the largest profit margin (+22.0%), followed by French-language stations (+11.5%) and ethnic stations (+8.3%). This order has remained unchanged in the last five years. English-language stations' main competitive advantage is that they spend a smaller percentage of their revenues on programming and administration.

The gap is just as wide between large markets and small and mid-sized markets. In 2006, the profit margin before interest and taxes was 26.9% for all stations in the five largest census metropolitan areas, about double the profit margins for stations in other metropolitan areas (+13.4%) and stations operating outside metropolitan areas (+13.9%). In larger markets, corporations can more readily reap the benefits of owning more than one station.

The protracted rationalization of AM radio seems to be paying off. In 2006, AM radio made a profit before interest and taxes for the fourth consecutive year after suffering losses between 1990 and 2002. Its total profit before interest and taxes was \$17.6 million in 2006, up 29.7% from 2005. However, nearly half of all stations did not break even, and the 5.5% profit margin before interest and taxes is only a fraction of FM radio's 24.2% profit margin.

The FM band continued to prosper. The segment's advertising revenues rose to \$1.1 billion, up 5.6% from 2005. Its 2006 profit margin of 24.2% before

interest and taxes is similar to the profit margins it has enjoyed over the last five years. In total, 7 out of 10 FM stations made a profit in 2006, slightly less than in 2005. The change is due to the influx of new stations. It usually takes a few years for a new station to become profitable. Stations that started broadcasting in 2006 lost a total of \$4.9 million before interest and taxes, or 28.5 cents for every dollar of revenue.

Available on CANSIM: tables 357-0002 and 357-0003.

Definitions, data sources and methods: survey number 2724.

The publication *Radio Broadcasting Industry*, 2006 (56-208-XWE, free) is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel April (613-951-3177; daniel.april@statcan.ca) or Dany Gravel (613-951-0390; dany.gravel@statcan.ca), Science, Innovation and Electronic Information Division.

Farm product prices

June 2007

Prices received by farmers in June for grains, oilseeds, specialty crops, potatoes, cattle, hogs, poultry, eggs and dairy products are now available.

The Quebec oats price in June was \$170.00 per metric tonne, up 1% from May and up 45% from June 2006, when the price was \$117.61.

The June slaughter steer price in Alberta was \$86.03 per hundredweight, down 12% from May, but up 2% from the June 2006 price of \$84.75.

Farm commodity prices are now available in CANSIM. Prices for over 35 commodities are available by province, some series going back 20 years.

Available on CANSIM: table 002-0043.

Definitions, data sources and methods: survey number 3436.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Nickeisha Patterson (613-951-3249; fax: 613-951-3868; nickeisha.patterson@statcan.ca), Agriculture Division.

New products

Radio Broadcasting Industry, 2006 Catalogue number 56-208-XWE (free).

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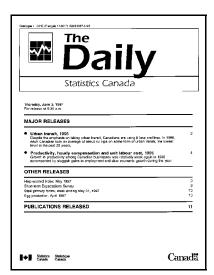
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