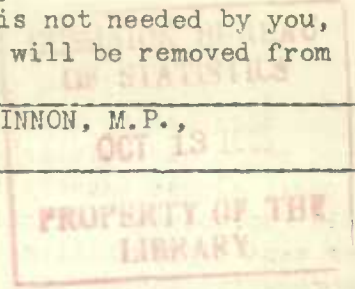


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ADVERTISING AGENCIES IN CANADA, 1944

The data presented in this summary of the operations of advertising agencies in Canada were obtained in connection with a more comprehensive study of the advertising field still in progress and designed to provide a more accurate measure of the total advertising expenditure in Canada than has hitherto been available. The results of the more exhaustive study are not yet available but the returns from advertising agencies are now complete and are here summarized.

The firms whose operations are summarized in this report are restricted to those that contract for space, radio or other advertising media, and that place the advertising for the client on a commission or fee basis. There were 41 such firms operating in Canada in 1944 and their total billings to clients for all types of work totalled \$36,944,785 of which \$36,518,296 represented billings for some type of advertising and \$426,489 represented billings for other services such as the conducting of market surveys.

Gross revenues received by the agencies amounted to \$5,949,499 in 1944. This figure represents the fees or commissions on billings and mechanical charges, on radio time and talent costs, etc., received by the agencies. It forms 16.1 per cent of the total billings for all services performed and represents the amount which the agencies received out of which to pay their operating expenses and provide a profit on the year's operations. Complete details on operating expenses were not secured but salary and wage payments to 548 male and 693 female employees were reported at \$3,294,263 or 55.4 per cent of the gross revenue.

A comparable survey of advertising agencies conducted as part of the Census of Merchandising and Service Establishments for 1941 showed gross billings in that year of \$29,224,400, gross revenue to the agencies of \$4,823,900 or 16.5 per cent of the billings and salary and wage payments of \$2,793,200. Compared with these results, gross billings in 1944 were up 26.4 per cent; gross revenues to the agencies were up 23.3 per cent while salary and wage payments gained 17.9 per cent.

Table 1. Comparative Results for Advertising Agencies
in Canada, 1941 and 1944

	1941	1944	Per cent change
Gross billings	\$29,224,400	\$36,944,785	+26.4
Gross revenue:			
Amount	\$ 4,823,900	\$ 5,949,499	+23.3
Per cent of billings .	16.5	16.1	
Salaries & wages	\$ 2,793,200	\$ 3,294,263	+17.9



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Distribution of Billings to Clients by Type of Medium

In addition to reporting the total amount of its billings, each agency was asked to classify this total to show the billings representing publication advertising, radio advertising and advertising of other kinds including bill-board and neon signs. Almost exactly two-thirds of the billings made by advertising agencies in 1944 represented advertising in newspapers, magazines or other printed matter. Twenty per cent of the billings were for radio advertising and the remaining 13 per cent represented advertising expenditures in other media.

Almost 66 per cent of the billings through the 41 agencies were made by 11 large firms each having annual billings of \$1,000,000 or more in 1944. Another 21.6 per cent of the total billings were secured by another 11 firms each with total billings lying between \$500,000 and \$1,000,000. The distribution of total billings according to type of media was strikingly similar for each of these two groups. Fourteen agencies each with annual billings of between \$100,000 and \$500,000 and accounting for 12.1 per cent of the total business, reported somewhat larger proportions of their total billings for publication and radio advertising and a much smaller proportion for the residual type. Eighty-six per cent of the business of a group of five small firms each with annual billings of less than \$100,000 represented advertising in publications. Only small proportions in this instance represented billings for the other two categories included in the analysis.

Table 11. Advertising Agencies Classified According to Amount of Annual Billings, 1944

Annual Billings	Number of Firms	Total Billings	
		Amount	Per cent of total
All firms, total	41	\$ 36,944,785	100.0
Below \$100,000	5	279,133	0.7
\$100,000 - \$499,999 ..	14	4,470,125	12.1
\$500,000 - \$999,999 ..	11	7,967,658	21.6
\$1,000,000 & over	11	24,227,869	65.6

Table 111. Percentage Distribution of Billings for Advertising by Type of Media for Advertising Agencies Classified According to Amount of Total Billings, 1944

Total Annual Billings	Number of Firms	Distribution of Advertising Billings				
		Total		Publi- cation	Radio	Other
		Amount	%			
All firms, total	41	\$ 36,518,296	100.0	66.3	20.4	13.3
Below \$100,000	5	269,445	100.0	86.0	8.8	5.2
\$100,000 - \$499,999 ..	14	4,393,614	100.0	69.8	24.8	5.4
\$500,000 - \$999,999 ..	11	7,952,098	100.0	66.6	18.9	14.5
\$1,000,000 & over	11	23,903,139	100.0	65.4	20.2	14.4