

ADVERTISING AGENCIES

1963

During 1963, 143 advertising agencies operated in Canada through 228 offices. Their total billings to clients at \$302,851,514 were 1.4% higher than billings of \$298,584,954 by the same number of agencies for the previous year. Gross revenue from billings and other items was \$50,465,061, an increase of 2.3% over the previous year's \$49,348,113. Of the amount of billings made, \$296,762,297 was for publications, television, radio and other kinds of advertising on a commission or fee basis, leaving \$6,089,217 for market surveys, research and other fees, and production work by agency staff.

Gross revenue from total billings and other items (\$50,465,061) was 16.7% of total billings compared with a ratio of 16.5% in 1962. Advertising placed for clients on a commission or fee basis accounted for 87.7% (\$44,270,021) of total revenue; the remainder (\$6,195,040) was obtained from research, production and other sources. A few agencies were unable to exclude cash discounts and other non-operating revenue from their calculations. In a few cases, respondents could not exclude some small non-commissionable items from commissionable billings. Net revenue before income taxes increased by 0.4% to \$3,703,968 and represented 7.3% of gross revenue compared with 7.5% in 1962.

Of the 143 firms reporting, 23 with total billings of \$14,333,787 had losses for the year averaging \$13,729 per firm, compared with average losses of

\$12,147 and billings of \$31,461,079 reported by 27 firms in 1962. The remaining firms reported an average net profit of \$33,497 and total billings of \$288,517,727, compared with average profit of \$34,622 for 116 firms reporting billings of \$267,123,875 in 1962.

Advertising agencies paid \$31,157,259 in salaries, wages, commissions and bonuses in 1963. This was 0.7% higher than the \$30,932,144 paid in 1962 and represented 61.7% of gross revenue, compared with 62.7% for the previous year.

In 1963, commissionable billings and billings for production work by agency staff, as distributed by medium and kind of service (total of \$299,314,241) shows that 83.1% went for space and time charges and 16.9% for production costs as compared with 82.6% and 17.4%, respectively, in 1962. Table 6 shows the percentage distribution by medium of the same statistical items.

The distribution of commissionable billings by medium was as follows (1962 percentages in brackets): publications 42.2% (44.0%), television 26.3% (22.8%), other visual 4.6% (5.1%), radio 10.7% (10.8%) and production, art work, printing, etc., 16.2% (17.2%).

More detailed information may be obtained from the tables that follow.

Advertising Billings to Clients by Medium and Kind of Service

Medium	Space or time		Production		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
	\$		\$		\$	
Publications	125,153,278	83.1	25,513,502	16.9	150,666,780	100.0
Television	78,072,774	83.2	15,803,497	16.8	93,876,271	100.0
Other visual	13,527,867	82.0	2,963,579	18.0	16,491,446	100.0
Radio	31,736,050	92.9	2,432,784	7.1	34,168,834	100.0
Other	112,166	2.7	3,998,744	97.3	4,110,910	100.0
Totals	248,602,135	83.1	50,712,106	16.9	299,314,241	100.0

TABLE 1. Summary Statistics, Advertising Agencies in Canada, 1941 and 1946-63

Year	Number of firms	Amount of billings				Gross revenue on				Net revenue (Before deductions for income taxes)	
		Commissionable billings	Market surveys, research and other fees	Production work done by agency staff	Total	Commissionable billings		Market surveys, research, other fees and revenue, and production by agency staff	Total		
						Amount	Per cent of billings		Amount		Per cent of total billings
dollars					\$	%	\$	\$	%	\$	
1941	49	..	..	..	29,224,400	..	..	..	4,823,900	16.5	..
1946	57	52,079,347	90,114		52,169,461	..	..	..	8,458,430	16.2	..
1947	67	64,422,777	171,897		64,594,674	..	..	..	10,091,772	15.6	1,462,792
1948	75	73,543,766	218,447		73,762,213	..	..	..	11,553,459	15.7	1,370,408
1949	74	86,450,968	291,502		86,742,470	..	..	..	13,526,336	15.6	1,948,453
1950	75	95,566,600	653,944		96,220,544	14,443,707	15.1	568,965	15,012,672	15.6	2,075,563
1951	83	107,461,752	951,633		108,413,585	16,255,059	15.1	760,437	17,015,496	15.7	2,328,015
1952	88	120,628,827	1,038,156		121,666,983	18,246,232	15.1	814,029	19,060,261	15.7	2,535,195
1953	88	142,957,916	1,381,332		144,339,308	21,558,551	15.1	1,033,167	22,591,718	15.7	2,959,389
1954	91	154,467,028	1,696,261		156,163,289	23,229,612	15.0	1,349,557	24,579,169	15.7	2,337,648
1955	104	174,924,772	2,315,583		177,240,355	26,468,551	15.1	1,221,103	27,689,654	15.6	2,771,951
1956	110	201,797,434	2,783,088		204,580,522	30,452,807	15.1	1,750,947	32,203,754	15.7	3,264,250
1957 ¹	113	222,025,288	4,058,661		228,083,949	33,377,463	15.0	2,360,299	35,757,762	15.8	2,594,206
1958	123	233,789,205	3,864,833		237,654,038	35,277,406	15.1	2,846,021	38,073,427	16.0	2,710,542
1959	122	250,080,021	4,065,898		254,145,919	37,678,828	15.1	3,448,130	41,126,958	16.2	2,903,109
1960	131	287,756,156	2,965,464	2,018,182	272,739,802	39,993,639	14.9	5,156,750	45,150,389	16.6	2,579,769
1961	134	277,805,963	2,599,375	2,156,111	282,561,449	41,253,508	14.8	4,836,139	46,089,647	16.3	2,546,633
1962	143	293,028,021	2,922,078	2,634,855	298,584,954	43,496,564	14.8	5,851,549	49,348,113	16.5	3,688,187
1963	143	296,762,297	3,537,273	2,551,944	302,851,514	44,270,021	14.9	6,195,040	50,465,061	16.7	3,703,968

¹ From 1957 figures contain some revenue which does not pertain to surveys, research or other agency services but this cannot be excluded.

.. Figures not available.

TABLE 2. Employment and Gross Revenue for Selected Years

Year	Number of firms	Gross revenue	Employees			Total amount to paid employees	Per cent of gross revenue
			Male	Female	Total		
			number				
1951	83	17,015,496	..	..	2,552	10,128,050	59.5
1953	86	22,591,718	1,502	1,378	2,880	13,630,975	60.3
1954	91	24,579,169	1,682	1,491	3,173	15,220,278	61.9
1955	104	27,689,654	1,818	1,598	3,416	17,306,034	62.5
1956	110	32,203,754	2,011	1,779	3,790	19,757,887	61.4
1957	113	35,757,762	2,167	1,875	4,042	22,591,043	63.2
1958	123	38,073,427	2,276	1,921	4,197	23,826,156	62.6
1959	122	41,126,958	2,288	1,968	4,256	26,013,132	63.3
1960	131	45,150,389	2,393	2,072	4,465	28,252,365	62.6
1961	134	46,089,647	4,331 ¹		4,331	29,313,330	63.6
1962	143	49,348,113	2,413	2,008	4,421	30,932,144	62.7
1963	143	50,465,061	2,430	1,951	4,381	31,157,259	61.7

¹ As of last week of November 1961. Not comparable with other years.

.. Figures not available.

TABLE 3. Employment and Net Revenue of Advertising Agencies, 1963 classified according to Amount of Total Annual Billings and Form of Organization

Form of organization	Less than \$500,000	\$500,000 to 2,499,999	\$2,500,000 to 4,999,999	\$5,000,000 to 9,999,999	\$10,000,000 to 14,999,999	\$15,000,000 and over	Total all sizes
Incorporated firms							
Number of firms	56	41	8	6	5	5	121
Number of employees	248	824	317	503	917	1,377	4,186
Salaries and wages	\$ 1,404,434	5,156,590	2,380,398	3,975,743	6,686,367	10,190,964	29,794,496
Net revenue (before income taxes)	\$ 192,283	808,598	254,030	487,181	562,332	1,195,676	3,500,100
Unincorporated firms							
Number of firms	20	1	—	1	—	—	22
Number of employees	21	20	—	154	—	—	195
Salaries and wages	\$ 59,054	¹	—	¹	—	—	1,362,763
Number of working proprietors	21	1	—	—	—	—	22
Net revenue (before proprietors' salaries and income taxes)	\$ 140,197	¹	—	¹	—	—	203,868

¹ Withheld to avoid disclosing individual operations.

TABLE 4. Advertising Agencies classified according to Amount of Total Billings for Selected Years

Year	Amount of billings													
	Less than \$500,000		\$500,000 to 2,499,999		\$2,500,000 to 4,999,999		\$5,000,000 to 9,999,999		\$10,000,000 to 14,999,999		\$15,000,000 and over		Total all sizes	
	No. of firms	Amount	No. of firms	Amount	No. of firms	Amount	No. of firms	Amount	No. of firms	Amount	No. of firms	Amount	No. of firms	Amount
		\$		\$		\$		\$		\$		\$		\$
1951	44	7,403,103	24	24,445,383	11	37,681,187			4	38,883,932			83	108,413,585
1953	45	10,267,929	27	29,689,622	9	35,544,950			7	68,836,807			88	144,339,308
1954	45	8,767,354	31	36,201,868	7	29,596,073			8	81,597,994			91	156,163,289
1955	55	9,888,646	33	40,020,221	5	19,831,472			11	107,502,016			104	177,240,355
1956	57	11,622,067	33	34,614,412	9	34,883,497			11	123,260,546			110	204,580,522
1957	56	11,787,271	38	45,397,794	4	14,140,558			15	154,758,328			113	226,083,949
1958	60	10,416,081	42	44,731,514	7	23,355,411			14	159,151,032			123	237,654,038
1959	58	10,231,804	43	48,833,205	7	26,539,274			14	168,541,636			122	254,145,919
1960	63	10,508,233	48	58,622,287	6	21,924,677			14	181,684,605			131	272,739,802
1961	67	11,576,490	47	54,181,948	4	13,552,523			16	203,250,488			134	282,561,449
1962	82	16,933,878	39	50,156,783	5	16,208,730	7	51,676,573	4	45,210,383	6	118,111,386	143	298,297,731
1963	76	14,583,841	42	47,986,752	8	25,763,211	7	51,064,842	5	60,232,605	5	103,220,263	143	302,851,514



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TABLE 5. Percentage Distribution of Commissionable Billings by Medium, 1962 and 1963

(Agencies classified by Amount of Total Annual Billings)

Year and amount of annual billings	Number of firms	Total commissionable billings ¹	Distribution of commissionable billings						Total
			Publications	Television	Other visual	Radio	Production, artwork, printing, etc.	Other	
		\$	per cent						
1962									
Less than \$500,000	82	15,641,784	54.7	9.8	3.5	12.1	19.3	0.6	100.0
\$ 500,000 to \$ 2,499,999	39	48,593,913	52.2	16.4	5.9	9.0	16.1	0.4	100.0
2,500,000 " 4,999,999	5	16,079,862	46.5	17.9	3.0	12.4	18.2	—	100.0
5,000,000 " 9,999,999	7	51,380,995	36.5	27.7	6.3	13.3	16.2	—	100.0
10,000,000 " 14,999,999	4	44,494,189	40.1	26.5	4.3	12.2	16.9	—	100.0
15,000,000 and over	6	116,837,278	43.4	24.4	5.0	9.4	17.8	—	100.0
All sizes, totals	143	293,028,021	44.0	22.8	5.1	10.8	17.2	0.1	100.0
1963									
Less than \$500,000	76	13,700,716	54.9	13.2	3.8	10.7	17.4	—	100.0
\$ 500,000 to \$ 2,499,999	42	46,285,958	50.9	16.9	4.2	11.7	16.1	0.2	100.0
2,500,000 " 4,999,999	8	25,233,577	43.4	28.2	3.5	6.1	16.8	—	100.0
5,000,000 " 9,999,999	7	50,605,530	33.2	34.5	6.3	12.0	14.0	—	100.0
10,000,000 " 14,999,999	5	59,059,610	39.6	28.2	4.0	11.2	17.0	—	100.0
15,000,000 and over	5	101,876,906	42.1	26.7	4.6	10.0	16.6	—	100.0
All sizes, totals	143	296,762,297	42.2	26.3	4.6	10.7	16.2	1	100.0

¹ Excluding billings for market surveys and other services not commissionable.² Less than 0.05 per cent.

TABLE 6. Percentage Distribution of Advertising Billings by Medium, 1963

(Agencies classified by Amount of Total Annual Billings)

Amount of annual billings	Number of firms	Total advertising billings ¹	Distribution of advertising billings					Total
			Publications	Television	Other visual	Radio	Other	
		\$	per cent					
Less than \$500,000	76	14,158,380	64.2	14.4	4.5	11.5	5.4	100.0
\$ 500,000 to \$ 2,499,999	42	46,978,611	60.4	19.1	5.0	12.1	3.4	100.0
2,500,000 " 4,999,999	8	25,363,282	51.2	32.6	5.3	8.4	2.5	100.0
5,000,000 " 9,999,999	7	50,759,283	38.9	41.9	6.5	12.6	0.1	100.0
10,000,000 " 14,999,999	5	59,591,516	47.7	34.4	4.4	11.7	1.8	100.0
15,000,000 and over	5	102,463,169	50.8	32.0	6.1	11.1	—	100.0
All sizes, totals	143	299,314,241	50.3	31.4	5.5	11.4	1.4	100.0

¹ Excluding billings for market surveys, research and other fees, but including production work by agency staff.