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Canadian-Controlled Book Publishing: The Language Groups

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The period between 1982-83 and 1988-89 was an era of expansion for Canadian-controlled publishing houses. The number of publishing houses with incomes over $50,000 rose from 207 to 273, and their sales almost doubled, reaching $670 million in 1988-89. Even if we take into account the rate of inflation over these seven years, the real increase in sales amounted to 44%.

This study looks at these Canadian-controlled publishing houses from the point of view of their linguistic affiliation. There are two groups, one where most of the sales stem from titles in English (English-language publishers), and one where the largest share of sales come from French books (French-language publishers). In the following pages, we will examine some characteristics of these two groups, and their development during the period from 1982-83 to 1988-89.

In 1982-83, there were 126 Canadian-controlled English-language publishing houses with incomes over $50,000. That year, they published almost 2,300 titles, half of all the books published in Canada. Over 18,000 of their own titles were in print. The number of titles published each year has grown steadily: in 1988-89, the 176 English-language publishers put 3,875 new titles on the market, 70% more than in 1982-83.

Ninety-four percent of the 81 Canadian-controlled French-language publishing firms were located in Quebec in 1982-83. Six years later, this percentage dropped to 90%, and 10 of the 97 French-language publishing houses had their head offices outside Quebec. The French-language firms published an average of 1,650 titles per year. In 1988-89, 1,815 titles were published, an increase of 50% over the number printed in 1982-83. These 1,815 titles represented 24% of the production of all Canadian publishing houses.

Before we see how these Canadian-controlled publishers got along financially, we should point out that the figures being used here are averages, where the weight of the incomes of the larger publishing houses, even though they are less numerous, obscures the results of small and medium-size firms. For example, we know that profitability is closely linked to size: in general, small businesses are less profitable than larger ones. Since our study deals with the profit-making capacity of these businesses according to their linguistic group, we should remember that all through the period from 1982-83 to 1988-89, the average English-language firm was twice as large as the average French-language publishing house.

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What was the profit-making capacity of these two groups of Canadian-controlled publishing houses?

Total sales, in Canada and abroad, more than doubled over the last seven years. Sales of English-language publishers climbed from $264 million in 1982-83 to $534 million in 1988-89. More than 80% of these sales were of titles they had published themselves. Over the same period, the sales of French-language publishers increased from $65 million to $147 million, and about 65% of these sales came from their own titles.

Did this increase in sales lead to increased profits? Was the injection of millions of dollars in government assistance and other types of aid over this period beneficial?

Figures I and II show the distribution of publishers' incomes by language. The difference in the allocation of financial resources is striking. In the case of English-language publishers, operating costs take up an increasing share of the income; however, in the case of French-language publishers, the cost of titles sold consistently uses up a larger share of their income over this period. In a way, this reflects the two markets: the English-language market, an area of competition with foreign-controlled firms; and the French-language market, limited in its economies of scale for demographic reasons. The two figures also show that profitability is decreasing for the first group and increasing for the second.

For English-language publishers, average profits were equivalent to 11% of their income in 1982-83, but only five percent in 1988-89. At the same time, the share of their income allocated to costs of sales decreased by almost 20%, while the share that went to operating expenses increased by 25%. Some of this increase in operating costs can be explained by the escalation in marketing expenses in 1984-85. Before then, these expenses had stayed within 7% of income, but jumped to 22% at that time, before decreasing in subsequent years to 15% in 1988-89. Over the same period, other operating expenses also showed an upward trend and cut into the profit margin.

French-language publishers, as Figure II shows, progressively cut back the share of their income allocated to costs of sales and operating expenses, and the result was an increase in profits.

Figure I

Canadian-controlled English-language Publishers, Percentage Distribution of Revenues, 1982-83 to 1988-89

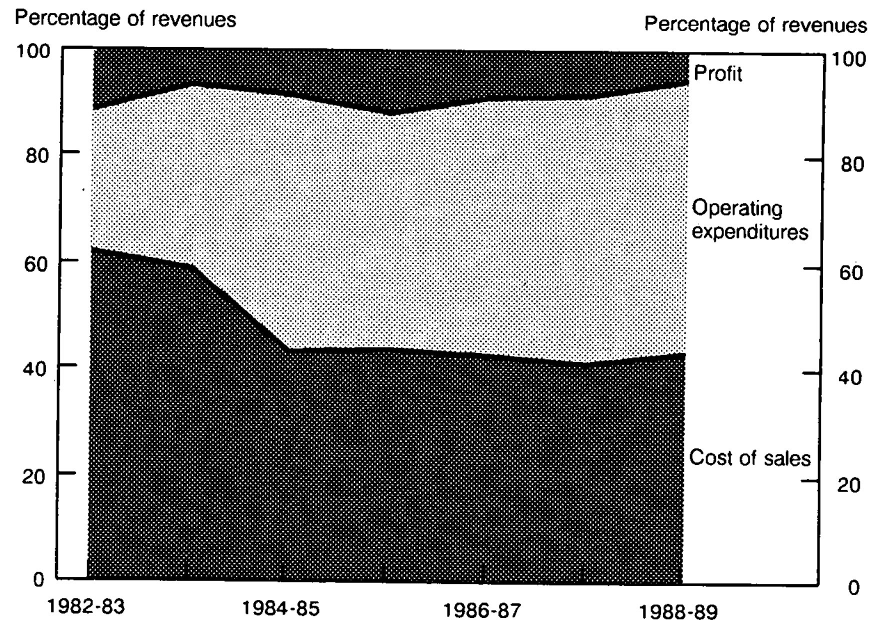
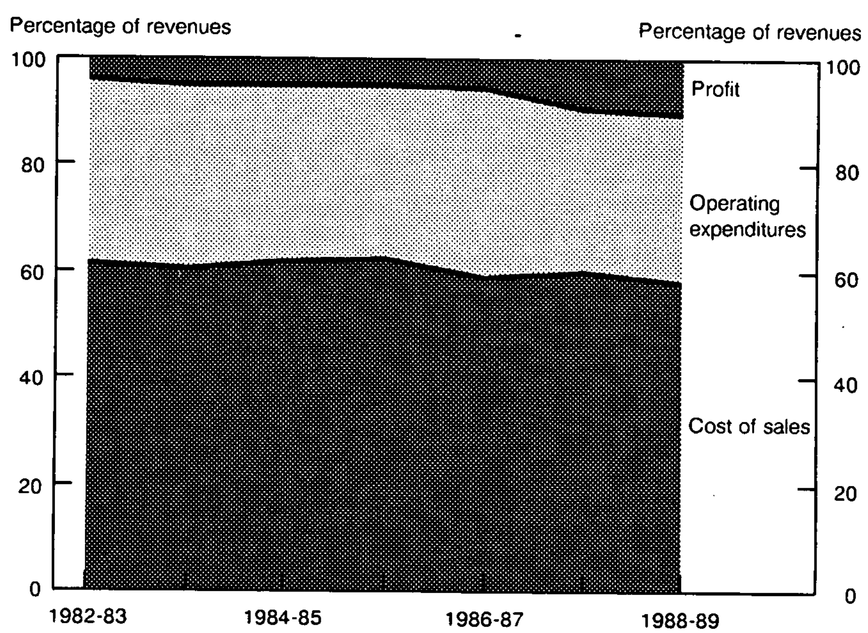


Figure II

Canadian-controlled French-language Publishers, Percentage Distribution of Revenues, 1982-83 to 1988-89



On the average, over this seven-year period both English-language and French-language publishers have shown profits. They also took advantage of financial assistance offered by various levels of government and public and private organizations either to support their operations as a whole, or to subsidize particular projects. In the case of English-language firms, this assistance accounted for a little over

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two percent of their income each year. In the case of the French-language publishers, aid went down slightly each year, from eight percent in 1982-83 to less than six percent in 1988-89.

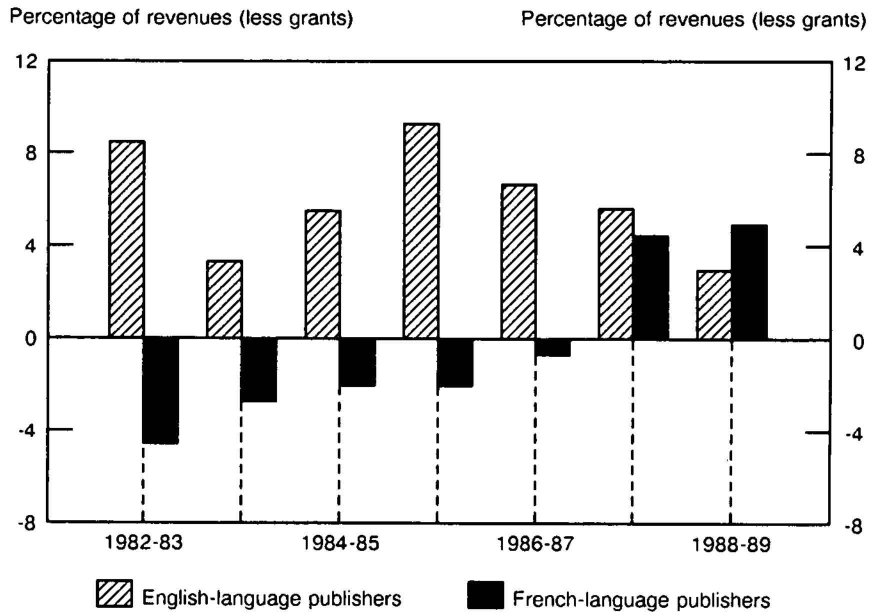
Would Canadian-controlled publishing houses have been profitable without these subsidies? To find out, a new calculation of income and profits was made, ignoring financial aid. The results are shown in Figure III.

Even without financial aid, English-language publishers would have shown a profit each year. This figure clearly shows, altogether, without outside assistance, French-language publishing firms would have shown a deficit for five of the seven years. For each of these years, however, they were moving progressively towards profitability.

This study is only partial; despite the limited number of participants, the book publishing industry may be viewed from several angles other than language, each of which has its own characteristics. For example, the specific effects of size or specialization on the production of new titles, income or profitability were not examined. Other indicators, such as financial ratios, would be helpful in any attempt to obtain a complete picture of the economic situation of publishing houses. However, this paper was concerned with revealing the general features of the Canadian-controlled book publishing industry, and looking at its "average" trends. □

Figure III

Profitability Without Grants, Canadian-controlled Publishers, 1982-83 to 1988-89



Shall We Dance?

by Mary Cromie, Project Manager, Performing Arts

When we attend a beautifully costumed and elegantly staged classical ballet or a starkly compelling modern dance piece, it is in large part our support – directly and indirectly – that makes the experience possible. Not only the tickets we buy, but also the dollars we pay-in taxes and consumer purchases enable this most graceful and physically demanding of the performing arts to speak to us.

Each year the Performing Arts Survey takes stock of the finances, performances and attendance of Canada's professional, non-profit theatre, music, dance and opera companies. While the 1988-89 data are now available, at the time of writing, the most recent data were for companies with fiscal years ending between September 1, 1987 and August 31, 1988. That year, 369 companies responded – 220 theatre, 88 music, 48 dance and 13 opera. It is the 48 dance companies which are the focus of this article. Comparison with selected previous years' data – 1982, 1984 and 1986 – is also included; the number of dance companies in the surveys in those years was 24, 32 and 46, respectively.

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TABLE 1

Public Support for Dance Companies, Total and Average Per Company, by Company Size (constant 1988 $)

Size	Total $			
	1982	1984	1986	1988
Small				
Average per company	48,429(9)*	43,337(14)	47,372(20)	54,194(19)
Medium				
Average per company	295,393(11)	309,974(10)	238,872(16)	241,202(19)
Large				
Average per company	1,782,120(4)	1,327,804(7)	1,163,562(10)	1,453,525(9)
Total				
Average per company	450,569(24)	419,390(31)	356,631(46)	397,750(47)

*number reporting government grants

Three principal sources of funding exist for performing arts companies: earned (primarily through box office sales), public (government) grants, and private donations (corporate and individual). Since at least 1982, earned revenue from all sources has consistently remained at 43% or less of total revenues realized by dance companies. The other performing disciplines averaged 50% or greater over the same period.

Over the seven year period studied, there has been a marked increase in the proportion of persons attending dance performances as part of a subscription series, rather than on a single ticket purchase basis. Subscription tickets, as a proportion of all tickets sold, rose from less than 10% in 1982 to just over 35% in 1988. At the same time, the other disciplines, which already obtained a substantial proportion of ticket sales through subscriptions, have simply endeavoured to maintain their subscription sales as an important part of earned revenue.

After dollars are converted to their equivalent 1988 value, government funding as a revenue source increased substantially over the 7 year period from $10.8 million to $18.7 million. In both 1984 and 1986, government grants actually exceeded the total amount of revenue earned by dance companies, underlining how vital these grants are in reducing the discrepancy between earned revenues and company expenditures. They are significantly higher for dance companies than for the other three disciplines combined.

While the total dollar support of our performing arts companies has been steadily increasing, the number of companies being funded by public grants has also increased. Therefore, as Table 1 (page 3) shows, average dollar support per dance company generally declined throughout much of the 1980's, although 1988 saw this downward trend reversed. This pattern is not constant for dance companies of all sizes. For medium and large companies (with total revenue of $200,000 to $800,000, and greater than $800,000, respectively), while levels of grants per company fluctuated during the 1980s, companies reporting in 1988 recorded levels 18% lower than those of 1982. Small dance companies on the other hand (those with less than $200,000 total annual revenue), despite a drop in average grants in 1984, rallied in 1986, and in 1988 showed a 12% increase over 1982.

Business and individual donations are an essential link with earned and public revenues, making up about 15% of dance company revenues. Although total dollars obtained from this source have doubled over the decade from $3.8 million in 1982 (constant 1988 dollars) to $7.3 million in 1988, so has the number of companies reporting assistance from this quarter. The result? While 1988 total average per company receipts from the private sector were higher in 1988 than in 1982 (adjusted for inflation), the increase was just 3% and the intervening years saw substantially lower levels. A further examination of the breakdown by company size (Table 2) shows that average company values in 1988 were actually lower than those of 1982 for each of the groups.

Although total revenue for all companies increased throughout the 1980s, prior to 1988 at the individual company level, average earned and unearned revenues from all sources were declining sharply. But, as

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TABLE 2

Average per Company Private Support of Dance Companies, by Company Size

Size	1982	1984	1986	1988
	(constant 1988 $)			
Small	15,703	17,343	13,683	14,976
Medium	55,098	31,427	48,298	39,651
Large	759,230	432,104	432,501	705,322
Total	157,680	112,474	125,764	162,915

New Data Releases

Sound Recording: 1989-90

Heritage Institutions: 1988-89

Performing Arts: 1988-89

Most Recent Data Available

Sound Recording: 1989-90

Periodical Publishing: 1988-89

Newspapers: 1989

Film and Video Producers: 1988-89

Film and Video Distributors: 1988-89

Film Laboratories and Post-Production Services: 1988-89

Motion Picture Theatres: 1988-89

Public Libraries: 1988-89

Government Expenditures on Culture: 1988-89

Heritage Institutions: 1988-89

Radio and Television: 1989

Performing Arts: 1988-89

Book Publishing: 1988-89

Coming Soon

		Price in Canada
87-202	Sound Recording, 1988-89	$22.00
87-204	Film and Video, 1988-89	$22.00
87-208	Television Viewing, 1989	$26.00
87-001	Vol. 14, No. 2 Government Expenditures on Culture, 1988-89	$4.90
87-001	Vol. 14, No. 3 Performing Arts, 1988	$4.90

revenues declined, so too did average company expenditures. In fact, the balance between income and expenses has been steadily strengthening throughout the period. This can be seen in the total deficits reported by dance companies, which were at a high of $1.4 million in 1982, fell to $1.1 million in 1984 and dropped to $743,000 in 1986. They recorded a total surplus of $40,800 in 1988.

The public is indeed part of the dance. Ticket purchases are the most direct support, but government grants from tax dollars and corporate support, made possible by consumer spending, also contribute indirectly to the total income receipts of each performing company. □

New Publications

		Price in Canada
87-203	Periodical Publishing, 1988-89	$17.00
87-205	Public Libraries, 1988-89	$30.00
87-001	Vol. 14, No. 1 Specialization: A Characteristic of Book Publishing	$4.90

French-Language Periodicals in Canada

by Fidelis Ifedi, Project Manager, Newspapers and Periodicals

English and French are the principal languages in Canadian periodicals. This article compares French-language periodicals with those published in English, bilingual periodicals and those in other languages.

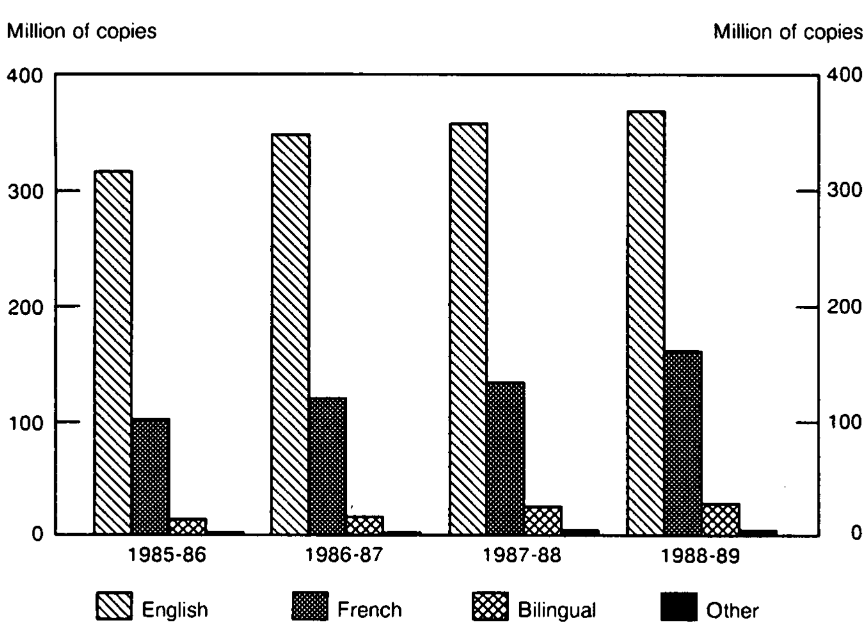
Statistics from the survey of periodicals show that over half of the 1,534 periodicals produced by Canadian publishers in the 1988-89 fiscal year were published in English, 22% in French and 16% were bilingual (English and French). Forty-seven publications in languages other than English and French accounted for the remaining 3%.

Although English is the dominant language in Canadian periodical publishing, it is French-language and bilingual periodicals that have increased substantially since 1985-86. The number of French-language periodicals published in Canada rose 26% to 339 between 1985-86 and 1988-89, and that of bilingual publications increased a dramatic 87% to 247. The number of English-language periodicals rose a modest 3% to 901 during the period.

Most of the French-language periodicals are published in Quebec. Of the 339 published in 1988-89, 91% were produced in Quebec, 7% in Ontario and 2% in all other provinces combined. Ontario publishers produced almost 62% of the English-language periodicals published in Canada. Six percent were produced in Quebec while the rest of the provinces, together, produced 32%.

Figure IV

Annual Circulation of Periodicals by Language of Publication, 1985-86 to 1988-89



Circulation of French-Language Periodicals Growing

The circulation of French-language periodicals is in a growth stage. In 1985-86, 99 million copies of French-language periodicals were circulated. By 1988-89, the annual circulation of French periodicals had reached 158 million copies, an increase of almost 60% from 1985-86. This compares with an increase in circulation of 30% for all periodicals and a less than 17% increase to 367 million copies for English-language periodicals. In an amazing spurt, the circulation of bilingual publications doubled over the same period to 28 million copies annually (Figure IV).

In 1988-89, the circulation of French-language periodicals per francophone was 24 copies annually, up from 16 copies in 1985-86. The equivalent figure for the circulation of English-language periodicals per anglophone was 22 copies, up from 20 copies in 1985-86. Overall, the per capita circulation for all periodicals published in Canada in 1988-89 was 21 copies, up from 18 copies in 1985-86.

Where French-Language Periodicals Go

The annual circulation of French periodicals by geographic destination shows that in 1988-89 almost 85% (135 million copies) were circulated in Quebec. The circulation of French periodicals in any of the other provinces was less than 2% of the total. Canada exported annually over

Continued p. 6

Table 3

Profile of the Canadian Periodical by Language of Periodical, 1988-89

		English	French	English and French	Other	Total
Total annual circulation	Number	366,840,260	158,393,108	28,081,965	4,440,165	557,755,498
Profit before taxes as a percentage of total revenue	%	4	7	1	-1	4
Cost per copy	Dollars	1.57	1.06	2.20	1.81	1.46
Average single copy price	Dollars	3.64	3.78	7.58	3.20	4.34
Average subscription price	Dollars	21.26	17.97	30.51	21.48	22.18
Average advertising rate:						
Black/white	Dollars	1,786	1,427	1,129	613	1,592
Color	Dollars	2,935	2,266	2,274	1,347	2,691

3 million copies of French periodicals to the rest of the world, 2% of the total circulation.

In comparison, Canada exported close to 5% (18 million copies) of all English-language periodicals in 1988-89, with most (over 14 million copies) going to the United States. Just under half of the total 367 million copies of English-language periodicals were distributed in Ontario. For the rest, 16% went to British Columbia, 10% to Alberta and 6% to Quebec. Other provinces together received 17%.

French-Language Periodicals Doing Well Financially

French-language periodicals appear to be in a better financial position to deal with some of the difficulties the periodical industry now faces, such as the increased cost of distribution by post and the effects on readership of free trade and the Goods and Services Tax. Since the 1985-86 fiscal year, French-language periodicals have consistently earned a higher rate of profit before taxes than English or bilingual publications. Their profit before taxes, as a percentage of total revenue, was 5% in 1985-86, compared with 4% for English-language periodicals. Profit for French-language periodicals was highest in the 1987-88 fiscal year at 8%, well above the industry average of 5%. In 1988-89, the earnings before taxes for French-language periodicals declined one percentage point to 7%, still higher than the 4% reported for those of the English.

For bilingual publications, profits before taxes have been negligible. Their per unit cost of production at $2.20 per copy in 1988-89 was considerably higher than the industry average of $1.46 per copy (Table 3). The per unit cost of producing French periodicals was one of the lowest at $1.06 per copy. In addition, the single copy prices, the subscription prices and the advertising rates for French-language periodicals, on average, were below the industry averages. This was probably responsible for much of the improvement in the circulation figures of French-language periodicals during the past four years, 1985-86 to 1988-89. □

Publications Still Available

		Price in Canada
87-202	Sound Recording, 1987-88	$21.00
87-204	Film and Video in Canada, 1987-88	$21.00
87-206	Government Expenditures on Culture, 1988-89	$17.00
87-207	Heritage Institutions, 1987-88	$30.00
87-208	Television Viewing in Canada, 1988	$25.00
87-209	Performing Arts, 1988	$30.00
87-210	Book Publishing, 1988-89	$17.00
87-517	Government Expenditures on Culture in Canada, 1982-83 to 1986-87	$35.00

Focus on Data

Per capita government spending on culture, 1988-89	$196

Total Reported Revenue:

Film producers, 1988-89	$624 million
Film distributors 1988-89	$549 million
Videocassette wholesalers 1988-89	$269 million
Film laboratories and post-production services companies, 1988-89	$224 million
Motion picture theatres, 1988-89	$499 million
Record label companies, 1988-89	$560 million
Book publishers and exclusive agents, 1988-89	$1,375 million
Periodical publishers, 1988-89	$867 million
Broadcasters, 1989	$2,046 million
Cable systems, 1989	$1,154 million

Reported Operating Revenue:

Performing arts companies, 1988-89	$318 million
Heritage institutions, 1988-89	$880 million
Public libraries, 1988-89	$570 million