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ADVERTISING EXPENDITURES IN CANADA

1965

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- .. figures not available.
- ... figures not appropriate or not applicable.
- nil or zero.
- amount too small to be expressed.
- p preliminary figures.
- r revised figures.
- x confidential to meet secrecy requirements of the Statistics Act.

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- néant ou zéro.
- nombres infimes.
- p nombres provisoires.
- r nombres rectifiés.
- x confidentiel en vertu des dispositions de la Loi sur la statistique relatives au secret.

INTRODUCTION

Advertising expenditures included in this report are made up of the advertising revenues of the various media situated in Canada (printing, publishing and allied industries, radio and television stations, signs and display industry), the commissions of advertising agencies, the internal costs of advertisers and miscellaneous items. Therefore, the figures are total expenditures **in Canada** and not total expenditures of Canadian advertisers. An exception to this is the inclusion of the value of imported printed matter, stereotypes and so forth, shown in Table 13, and certain out-of-Canada costs shown in Table 8.

Not considered as advertising for the purpose of this survey, and excluded by instructions to advertisers, are expenditures on sales promotion or similar plans involving samples and premiums, expenditures on measurements of the effectiveness of advertising, market surveys and other research work, fairs and exhibitions, package design, annual reports and house organs. Expenditures on catalogues and window displays were collected in such a way that they can be included or excluded as the expert user of the data may decide.

A different type of survey that would have ascertained all advertising expenditures would have required a costly procedure of sending a questionnaire to each individual advertiser in the country. The approach through the media, therefore, was adopted for reasons of economy. The Dominion Bureau of Statistics has regular surveys every year of the major media – the printing, publishing and allied industries, radio and television stations, and the bulk of the sign and display industry. With advertising data from these surveys to start

with, the survey went on to get information about the revenue derived from billboard advertising, streetcar, bus and other transit system advertising, direct mail costs attributed to advertising, the cost of imported advertising material, etc.

The media revenue excluded advertising agencies' commissions, information about which is available directly from the annual DBS report on advertising agencies, and this is noted as a separate item in the list of advertising expenditures. In the last survey of advertising expenditures made by the Dominion Bureau of Statistics for 1964 (published as DBS Catalogue No. 63-512), there was no estimate for the expenditures by advertisers on their own advertising efforts – e.g. overhead of an advertising department or show cards made by their own staff. For statistical purposes, these have been called internal costs and were measured for the last time during a survey carried out by DBS for 1954 (published as DBS Catalogue (No. 63-501). For 1954 internal costs accounted for 8 per cent of total advertising expenditures. Data on internal costs were collected again during the present study for 1965. It was found that they increased by 160.3 per cent from 1954 reaching an amount of \$83,165,952 or 9.1 per cent of the 1965 total.

During this survey a special effort was made to collect from advertisers not only "internal costs" but also "external costs" to provide total advertising costs from which ratios of advertising to sales or shipments could be calculated. This matter will be discussed in more detail in the last section of this report. A new feature of the 1965 report is a tabulation of the expenditures of various industries by type of advertising medium.

SECTION A. SUMMARY OF RESULTS

Estimated advertising expenditures in Canada for 1965 amounted to \$909,849,961, while the Gross National Product reached \$52,109 million. These figures indicate that in 1965 Canadians devoted 1.75 per cent (as compared to 1.60 per cent in 1954) of the Gross National Product to advertising expenditures. Table 1 indicates that between 1954 and 1965 the grand total of advertising expenditures increased by 128.1 per cent.

The largest component of advertising expenditures is for the goods and services of the printing, publishing and allied industries. Advertising revenue of these industries, representing an increase of 85.1 per cent over 1954, accounted for 52.9 per cent of total expenditures in 1965. The 1965 total of \$481,495,880 for printed advertising comprises \$360,780,880 as advertising revenue of Canadian newspapers and periodicals and \$120,715,000 for the printing of catalogues and other printed advertising matter. More detailed discussion of this subject may be found in the section "Printed advertising" which follows.

Radio advertising revenue, at \$70,640,099, accounted for 7.8 per cent of the total, while television, recording an increase of 965.2 per cent since 1954, reached the amount of \$91,558,760 or

10.1 per cent of the total in 1965. Advertising agencies' commissions reached \$52,883,006, compared with \$23,229,612 attained eleven years earlier.

Outdoor advertising accounted for \$60,724,784 and included advertising revenues of firms producing neon and other electric and non-electric signs, revenues of show card painters, sign writers, sign painters and other sign producers; revenues of firms in other outdoor advertising activities, e.g., renting space, putting up billboard or poster displays, etc., and advertising revenues of firms placing advertising matter in streetcars, buses and other transit systems. The amount of \$60,724,784 for 1965 is 244.9 per cent greater than the corresponding figure of \$17,607,278 recorded in 1954.

Direct mail (postage) increased by 210.6 per cent and accounted for \$34,648,575 versus \$11,155,000 for 1954. So called internal costs of advertisers advanced sharply by 160.3 per cent reaching \$83,165,952 in 1965 as against \$31,953,252 recorded for 1954. Miscellaneous advertising revenues jumped in the period under discussion by 139.8 per cent from \$14,482,476 to \$34,732,905.

TABLE 1. Estimated Advertising Expenditures in Canada, 1954 and 1965

Component	1954	1965	Change 1965/54
	dollars		%
Totals, all components	398,843,452	909,849,961	128.1
Printed advertising	260,109,518	481,495,880	85.1
Radio	31,710,690	70,640,099	122.8
Television	8,595,626	91,558,760	965.2
Advertising agencies' commissions	23,229,612	52,883,006	127.7
Outdoor advertising	17,607,278	60,724,784	244.9
Direct mail (postage)	11,155,000	34,648,575	210.6
Advertising departments of advertisers (internal costs)	31,953,252	83,165,952	160.3
Miscellaneous	14,482,476	34,732,905	139.8

SECTION B. ADVERTISING EXPENDITURE COMPONENTS

Printed Advertising

Newspapers and Periodicals

For many years the Dominion Bureau of Statistics published an annual report entitled "The Printing Trades". This publication ceased with the 1959 number. For the years 1960 to 1962 statistics were issued in the following four publications: "Commercial Printing Industries";

"Engraving, Stereotyping and Allied Industries"; "Publishing Industry"; "Printing and Publishing Industry".

Four separate publications have been discontinued and beginning with 1963 only one publication is prepared with the title "Printing, Publishing and Allied Industries". It shows advertising

revenues as a separate item. The information compiled for this report has been used in the survey of advertising expenditures in Canada, 1965. Table 2 gives historical data of advertising revenue of Canadian newspapers and periodicals from 1954 until 1965. The data are broken down by type of publication. In Table 3 a distinction is made between advertising revenue for 1965 of newspapers and periodicals printed in publishers' own

plants and advertising revenue of newspapers and periodicals not printed by the publishers. The total advertising revenue of Canadian newspapers and periodicals in 1965 amounted to \$360,780,880, an increase of 85.4 per cent over revenue of \$194,621,715 for 1954.

Imported printed advertising matter is included with miscellaneous revenues rather than here.

TABLE 2. Advertising Revenue of Canadian Newspapers and Periodicals, 1954-65

Year	Newspapers			Magazines of general circulation	Trade, technical and scientific	Agri- cultural publica- tions	All other	Total
	Daily	National week-end	Weekly, bi-weekly, tri-weekly					
	dollars							
1954	116,112,974	11,565,838	17,784,819	14,280,092	15,237,728	4,910,603	14,729,661	194,621,715
1955	127,224,192	12,822,142	19,274,666	15,719,984	16,290,234	4,706,426	16,436,483	212,474,127
1956	142,409,186	14,701,388	19,343,798	17,940,227	20,641,699	6,310,789	18,750,221	240,097,308
1957	146,388,471	15,234,215	19,217,282	18,109,182	22,876,176	6,217,435	21,532,407	249,575,168
1958	152,536,489	15,457,410	20,306,377	17,798,132	23,382,762	6,303,824	25,238,467	261,023,461
1959	166,316,236	15,356,837	21,900,462	18,512,676	25,182,634	6,750,578	28,933,803	282,953,226
1960	169,927,549	17,089,079	23,916,179	21,033,305	25,760,200	6,439,865	30,717,063	294,883,240
1961	174,158,578	16,934,738	23,691,553	19,801,359	25,214,701	5,756,839	33,120,092	298,677,860
1962	184,054,048	17,018,365	24,907,895	17,875,244	24,547,153	5,529,466	34,979,969	308,912,140
1963	187,619,226	17,039,427	24,878,529	17,319,948	24,932,700	5,617,089	35,900,016	313,306,935
1964	195,894,340	17,935,294	26,256,104	17,817,894	26,399,722	5,551,268	37,726,851	327,581,473
1965	220,822,462	17,393,759	29,466,378	19,650,618	29,930,500	4,230,163	39,287,000	360,780,880

TABLE 3. Advertising Revenue of Canadian Newspapers and Periodicals, by Classes, 1965

Class	Periodicals printed in publishers' own plants	Periodicals not printed by the publishers	Total, all periodicals
	dollars		
Newspapers, daily	220,406,000	416,462	220,822,462
" national, week-end	15,919,000	1,474,759	17,393,759
" weekly, semi-weekly	20,438,000	9,028,378	29,466,378
Controlled distribution, weekly newspapers	853,000	642,000	1,495,000
Magazines of general circulation	8,415,000	11,235,618	19,650,618
Telephone and city directories	149,000	34,641,000	34,790,000
Trade, technical and scientific publications	14,732,000	15,198,500	29,930,500
Agricultural publications	2,320,000	1,910,163	4,230,163
Religious publications	155,000	428,000	583,000
School and collegiate publications	1	1	176,000
Fraternal publications	1	1	372,000
Juvenile publications	1	1	31,000
All other periodicals	1,052,000	1,367,000	1,840,000
All newspapers and periodicals	284,439,000	76,341,880	360,780,880

¹ Included with "All other periodicals".

Other Printed Advertising

Table 4 gives data concerning other printed advertising revenue, exclusive of advertising in newspapers and periodicals, from 1954 to 1965. The largest single item included under this category is catalogues which amounted to \$30,624,000, or an increase of 94.0 per cent over \$15,782,725 for 1954. All other printed books chiefly for advertising totalled \$5,358,598 in 1958 compared with \$3,908,827 for 1954. Since 1959 this item has been included with all other printed advertising matter. In Table 4 it is shown that other printed advertising revenue for 1965 totalled \$120,715,000 (\$65,487,803 in 1954) and consisted of \$30,624,000 for catalogues and \$90,091,000 for all other which

included expenditures on the printing of calendars, circulars, price lists, dodgers, folders, posters, etc. As with catalogues this amount does not represent total cost, since expenditures involved in preparing such advertising matter for printing will usually be considered as part of the internal costs of advertisers.

Trade Work

As with the 1954 survey, the amount of trade work (electrotyping, photo engraving, trade composition and so forth) done directly for advertisers and advertising agencies has not been ascertained.

TABLE 4. Other Printed Advertising Revenue, 1954 - 65

Year	Catalogues	All other printed books chiefly for advertising	All other printed advertising matter	Total
dollars				
1954	15,782,725	3,908,827	45,796,251	65,487,803
1955	16,065,372	4,803,465	51,249,039	72,117,876
1956	16,422,405	5,277,934	56,619,521	78,319,860
1957	17,812,529	5,654,609	60,093,857	83,560,995
1958	17,365,913	5,358,598	60,812,195	83,536,706
1959	21,759,925	¹	56,998,721	78,758,646
1960	23,134,516	¹	62,192,010	85,326,526
1961	23,193,406	¹	66,992,595	90,186,001
1962	23,428,785	¹	69,551,093	92,979,878
1963	26,406,000	¹	76,676,000	103,082,000
1964	26,608,000	¹	84,346,000	110,954,000
1965	30,624,000	¹	90,091,000	120,715,000

¹ Included with "All other printed advertising matter".

TABLE 5. Advertising Revenue of Radio and Television Stations, by Type of Program, 1965

Medium	Network and national	Local	Total
dollars			
Radio	29,186,396	41,453,703	70,640,099
Television	72,808,024	18,750,736	91,558,760

Radio and Television

Information which appears in this section has been published by the Dominion Bureau of Statistics which annually surveys the Canadian broadcasting industry. The data are compiled from an annual broadcasting questionnaire which also meets the requirements of the Board of Broadcast Governors and the Department of Transport.

Table 5 reveals that for 1965, in Canada, advertising revenue amounted to \$70,640,099 and

\$91,558,760 for radio stations and television stations, respectively. In comparison with 1954 the advertising revenue of radio stations increased by 122.8 per cent and of television stations by 965.2 per cent. All such media totals are exclusive of advertising agencies' commissions. To obtain the total of advertisers' expenditures on radio or television advertising, the commission of advertising agencies should be added to these amounts. An indication of this can be obtained from Table 6 on advertising agencies where the proportion of their billings for advertising through the radio and television media is shown.

All private commercial broadcasting stations and the Canadian Broadcasting Corporation were surveyed to obtain their net revenue from advertising. Non-commercial stations are not included. It should be noted that data for privately-owned stations are for those stations whose fiscal year ends within the calendar year 1965. Information for the CBC is for the fiscal year 1965-66. The net revenue from advertising included charges billed either directly to advertisers or through advertising agencies and consists of station time, production and talent costs, announcers' fees and line charges. All broadcasting stations report advertising revenue received from network, national and local advertising net of advertising agency commissions.

Network advertising revenue consists of revenue received for advertising when a station is attached to a network. Arrangements are generally made by the advertiser or his agency directly with the CBC or with the other networks. In the case of a non-CBC network, arrangements may be made with the station originating the program. The individual stations show as revenue only the amount that was received from the network. National advertising represents those programs or short interludes where the advertiser, or his agency, makes all arrangements directly with the individual stations and pays them at a national rate. Such advertising is generally of a national product but need not be national in broadcast coverage. Local advertising revenue is revenue received from local or district advertisers for programs or announcements broadcast on a non-network basis.

The estimate for production work by producers outside of the radio or television stations, whether billed to advertisers directly or through advertising agencies, is included in the miscellaneous section rather than in the figure for radio and television. Excluded from this report entirely are the production or talent costs for programs originating in other

countries but channelled through Canadian networks.

Advertising Agencies

Advertising agencies act as intermediaries between the advertisers and the various media in which the advertising is placed. On behalf of their clients, advertising agencies make contracts for space or time with the printing trades, outdoor advertising firms, radio and television stations. They engage in the preparation of advertising material and advise their clients in a number of respects regarding their advertising program. The recognized agencies operate on a commission basis with the media through which they place their clients' advertising.

In 1965, 159 advertising agencies operated in Canada, an increase of 68 over 1954. Their total commissionable billings amounted to \$354,650,007 (\$154,467,028 in 1954) on which they received commissions amounting to \$52,883,006, an increase of 127.7 per cent over 1954. As already pointed out, the various media figures do not include the commissions of recognized advertising agencies. The amount of agencies' gross revenue on commissionable billings must, therefore, be taken into consideration to produce an estimate of total advertising expenditures for 1965.

The information shown on advertising agencies in this section of the report is available to a much greater extent from the regular annual DBS publication issued under the title "Advertising Agencies, 1965", Catalogue No. 63-201. However, Table 6 of the present report shows the percentage distribution of commissionable billings by medium and agency commissions for the period from 1954 to 1965. An estimate of production work on advertising material either by independent artists or agencies' own staff is included in the miscellaneous section rather than here.

TABLE 6. Percentage Distribution of Commissionable Billings by Medium, and Agency Commissions, 1954 - 65

Year	Total commissionable billings	Percentage distribution of commissionable billings						Agency commissions
		Publications	Other visual	Production, artwork, etc.	Radio	Television	Other	
	dollars	per cent						dollars
1954	154,467,028	56.4	4.5	17.3	15.4	5.5	0.9	23,229,612
1955	174,924,772	53.3	5.5	15.1	11.9	13.5	0.7	26,468,551
1956	201,797,434	52.6	4.4	15.3	10.3	16.6	0.8	30,452,807
1957	222,025,288	51.6	4.4	15.1	10.0	18.3	0.6	33,377,463
1958	233,789,205	49.3	4.7	14.4	10.5	20.5	0.6	35,227,406
1959	250,080,021	47.8	4.8	14.7	10.6	21.3	0.8	37,678,828
1960	267,756,156	47.2	5.1	18.7	9.7	19.3	--	39,993,639
1961	277,805,963	45.5	4.6	19.0	9.4	21.4	0.1	41,253,508
1962	293,028,021	44.0	5.1	17.2	10.8	22.8	0.1	43,496,564
1963	296,762,297	42.2	4.6	16.2	10.7	26.3	--	44,270,021
1964	311,332,070	40.4	3.9	18.4	10.5	26.7	0.1	46,596,607
1965	354,650,007	39.5	3.7	18.9	10.4	27.4	0.1	52,883,006

Outdoor Advertising

Table 7 shows the two components of expenditures for outdoor advertising. The amount of \$41,036,000, which is advertising revenues of manufacturers of neon and other electric and non-electric signs, has been arrived at by adjusting the data published in the Dominion Bureau of Statistics publication "Signs and Display Industry, 1965" in accordance with reports obtained from important producers.

The figure for neon and other electric and non-electric signs published in "Advertising Expenditures in Canada, 1964" bearing Catalogue No. 63-512, occasional, has been revised since

its publication in April 1967. The revised amount for neon and other electric and non-electric signs for 1964 is estimated at \$32,450,000 and not at \$27,418,000 as previously published.

The second component in Table 7, \$19,688,784, comprises, as indicated in the description, several different types of advertising expenditure which could not be published separately because relatively small numbers or firms are engaged in the production of any one type of advertising material or service. Hence the individual types of expenditure had to be suppressed to prevent disclosure of confidential information. This information was obtained by a special mail survey of the firms concerned.

TABLE 7. Outdoor Advertising, 1965

Component	Amount
	\$
Neon and other electric and non-electric signs	41,036,000
Firms in other outdoor advertising business (renting space, putting up billboards or other displays, placing advertising matter in streetcars, buses and other transit systems and so forth); advertising revenue of other sign producers, show card writers, sign painters, etc.	19,688,784
Total	60,724,784

Direct Mail Advertising

An arbitrary estimate of 75 per cent of total third-class mail was used to arrive at the postal charge for direct mail advertising of \$34,648,575 in 1965, compared with \$11,155,000 for 1954 or an increase of 210.6 per cent.

Internal Costs of Advertisers

The internal advertising costs of advertisers form a substantial part of the total advertising outlay and are a segment of advertising not included in the media data. These so called internal costs represent salaries and wages of advertising staff, allocation of overhead costs to the advertising department, supplies used, etc. Any outside billings were excluded from this figure since that part of the advertising costs would be obtained from the media, whether part of the revenue of printing trades, outdoor advertising, radio stations, television stations or other.

Table 8 shows that total internal advertising costs of advertisers for 1965 reached \$83,165,952. The comparable figure for 1954 was \$31,953,252. Main components of this amount consist of internal costs of manufacturers \$42,242,498 or 50.8 per cent, retailers \$20,289,487 or 24.4 per cent, wholesalers \$7,227,564 or 8.7 per cent and others \$13,406,403 or 16.1 per cent.

The survey of advertisers was carried out to provide an estimate of total internal costs and an estimate of expenditure outside Canada. This

study also requested information about expenditures on catalogues and window display and whether or not these were included in internal costs reported. Replies made it possible to include or exclude such costs in the final compilation. Users of this report, depending on their particular viewpoint as to whether catalogues and window displays are or are not considered as advertising, can leave them as part of internal cost or exclude them. See Table 8.

By instruction, expenditures on sales promotion or other plans involving free samples or premiums were not included nor were expenditures on fairs and exhibitions, new package design, annual reports, etc. In all, some 10,000 advertisers were heard from, covering the following broad fields: manufacturing, wholesale trade, retail trade, service trades, transportation and other utility companies, communications, provincial and federal governments, financial institutions such as insurance companies, trust companies, chartered and savings banks, etc.

When comparing out of Canada costs for 1965 and 1954, there will be noticed, on the one hand, a very substantial decrease in these expenditures for retail trade and, on the other hand, a large increase in these expenditures for wholesale trade. This is due to a change in classification of a few kinds of business usually advertising more extensively outside Canada. Businesses which have changed their classification, among others, are those dealing in farm machinery and equipment and in lumber and millwork. Since 1961 they have been classified to wholesale trade and not to retail trade as formerly.

TABLE 8. Internal and Certain Other Advertising Costs of Advertisers, 1965

Industry	Total internal advertising costs	Catalogue costs		Window displays ¹	Out of Canada costs
		External	Internal ¹		
		dollars			
Manufacturing	42,242,498	15,978,800	2,702,967	4,790,597	7,098,119
Retail trade	20,289,487	20,622,166	2,128,696	5,985,312	2,175
Wholesale trade	7,227,564	4,336,564	1,016,872	587,078	141,072
Transportation and other public utilities	2,914,265	112,850	14,714	421,198	5,273,052
Telecommunication	3,387,533	4,669	—	77,302	6,897
Hotels	2,299,964	131,954	17,011	12,712	743,368
Restaurants	413,067	38,750	—	41,500	1,562
Other services (advertising agencies, power laundries and dry cleaning plants, theatres), government, banks, insurance companies, etc.	4,391,574	52,862	19,963	418,907	3,548,919
Totals	83,165,952	41,278,615	5,900,223	12,334,606	16,815,164

¹ Included in total internal advertising costs.

External Costs of Advertisers

During the survey of advertising expenditures for 1965, all respondents were asked to provide a distribution of their external costs by medium. Table 9 gives a summary of the results of this survey. The 1965 grand total of external costs was \$680,965,200. External costs of advertisers consist of payments to firms of any kind for advertising services, for planning and executing advertising campaigns, for pictorial or printed matter, space, time (radio or TV), commercial films, etc. By far the largest portion of external costs went to publications, followed by other media, some of which were specified (radio or TV for instance) and some others left unnamed.

It must be pointed out that the percentage distribution of external advertising expenditures by medium reported in Table 9, represents results of the study only for those advertisers who were able to report a precise distribution of their external costs. Therefore, percentages shown in Table 9 should be taken as an indication and not as necessarily representing an actual situation existing in respective industries.

It has been noticed that — to a large extent — advertisers have included in their TV expenditures not only their payments to TV media for space and time, but also different other charges related to TV advertising, e.g., payments to performing artists, costs for talent, salaries of campaign managers, salaries of impresarios, etc.

Proportionally the highest use of publications in advertising matters is made by retail trade, department stores (93.32 per cent), followed by insurance companies (64.30 per cent), banks (63.66 per cent), wholesale trade (62.37 per cent) and establishments belonging to transportation and other public utilities except telecommunication.

According to Table 9 manufacturers have the greatest preference for TV, and the medium of radio is especially favoured by restaurants. From the distribution of external costs it may be stated that in dollar value manufacturers spend the most on advertising in Canada, or \$403,509,592, followed by retailers and wholesalers.

Table 10 indicates the distribution of external advertising costs of 20 manufacturing industry major groups. Two of them, namely, foods and beverages and chemical products have the highest external costs. Both groups spend the largest proportion of their external expenditures on TV. With respect to the total external advertising costs of manufacturers (\$403,509,592), 35.66 per cent is spent on publications, 36.80 per cent on TV, 8.73 per cent on radio and the remainder on other media.

Tables 11 and 12 give a distribution of external advertising expenditures by medium for retail trade and transportation and other public utilities respectively.

When discussing external costs of advertisers, it might be pointed out that the sum of external and internal expenditures should amount to approximately the grand total of \$909,849,961, given in Table 1. At the completion of this survey, however, it has been found that external and internal expenditures reached, for 1965, \$680,965,200 and \$83,165,952 respectively. In order to arrive at the total given in Table 1, the amounts for external and internal costs should be increased by approximately \$145 million. This figure is the estimated cost of advertising of all those business establishments, other companies and private persons who were not covered by this study. Not contacted by this survey of advertising expenditures for 1965, were the following kinds of establishments: educational, health and welfare, religious, municipal governments, associations, fraternal organizations, political parties, labour unions personal households and so forth.

TABLE 9. Selected Industries, Distribution of External Advertising Expenditures by Medium, 1965

Industry	Amount	Percentage distribution by medium			
		Publi- cations	TV	Radio	Other
	\$	%			
Manufacturing	403,509,592	35.66	36.80	8.73	18.81
Retail trade, independent stores	52,405,173	55.01	7.81	17.64	19.54
Retail trade, chain stores	46,116,621	53.65	4.42	13.77	28.16
Retail trade, department stores	52,731,556	93.32	1.51	2.16	3.01
Wholesale trade	41,103,388	62.37	6.07	6.55	25.01
Transportation and other public utilities except telecommunication	23,341,483	60.90	7.56	9.09	22.45
Telecommunication	8,226,446	59.30	16.69	3.54	20.47
Hotels	7,775,026	44.59	5.49	9.01	40.91
Restaurants	4,969,216	44.85	8.13	26.41	20.61
Banks	8,663,933	63.66	0.06	0.36	35.92
Insurance	6,961,344	64.30	8.22	0.90	26.58
Trust and finance companies	6,455,936	45.95	4.70	16.88	32.47
Other (advertising agencies, power laundries and dry cleaning plants, film distributors, theatres, motion picture production, funeral directors, construction companies, government departments and miscellaneous)	18,705,486	55.10	9.30	14.29	21.31
Totals	680,965,200				

TABLE 10. Manufacturing Industries (Major Groups), Distribution of External Expenditures by Medium, 1965

Industry	Amount	Percentage distribution by medium			
		Publi- cations	TV	Radio	Other
	\$	%			
Foods and beverages	125,809,590	23.42	48.63	14.13	13.82
Tobacco products	16,189,182	34.16	18.62	24.02	23.20
Rubber products	5,557,074	43.25	15.65	1.72	39.38
Leather products	2,761,799	59.00	19.20	2.17	19.63
Textiles	9,324,037	57.91	12.13	9.23	20.73
Knitting mills	3,381,642	78.90	2.02	0.80	18.28
Clothing	9,782,975	75.29	4.12	3.99	16.60
Wood	2,154,369	67.33	1.58	4.48	26.61
Furniture and fixtures	5,200,036	71.10	5.52	2.88	20.50
Paper and allied industries	8,760,112	44.09	36.70	2.74	16.47
Printing, publishing and allied industries	7,614,033	53.50	12.40	12.76	21.34
Primary metal	3,997,273	75.72	3.48	6.09	14.71
Metal fabricating (except machinery and transportation equipment)	14,416,005	51.42	31.40	3.64	13.54
Machinery (except electrical machinery)	10,558,066	73.47	7.82	1.26	17.45
Transportation equipment	36,743,475	48.74	20.60	6.04	24.62
Electrical products	21,596,066	52.72	15.40	2.63	29.25
Non-metallic mineral products	5,352,687	54.50	0.63	0.57	44.30
Petroleum and coal products	16,378,829	14.70	41.08	9.59	34.63
Chemicals and chemical products	79,374,499	19.93	58.78	6.06	15.23
Miscellaneous	18,557,843	41.61	37.78	3.16	17.45
Totals	403,509,592	35.66	36.80	8.73	18.81

TABLE 11. Retail Trade, Distribution of External Advertising Expenditures by Medium, 1965

Industry	Amount	Percentage distribution by medium			
		Publications	TV	Radio	Other
	\$	%			
Independent stores	52,405,173	55.01	7.81	17.64	19.54
Chain stores	46,116,621	53.65	4.42	13.77	28.16
Department stores (excluding discount stores)	51,202,430	94.13	1.45	1.96	2.46
Discount stores	1,529,126	65.96	3.51	8.97	21.56
Department stores - Total	52,731,556	93.32	1.51	2.16	3.01
Total	151,253,350				

TABLE 12. Transportation and Other Public Utilities, Distribution of External Advertising Expenditures by Medium, 1965

Industry	Amount	Percentage distribution by medium			
		Publications	TV	Radio	Other
	\$	%			
All	10,722,820	61.24	4.51	8.33	25.92
Gas	634,558	47.95	10.55	12.67	28.83
Rail, truck, water	6,751,157	74.12	4.11	5.37	16.40
Urban	487,048	37.31	10.39	8.00	44.30
Hydro-electric	3,537,306	42.55	19.48	15.95	22.02
Gas distribution	1,180,139	52.92	16.75	15.44	14.89
Pipelines	28,455	98.25	—	—	1.75
Total	23,341,483	60.90	7.56	9.09	22.45

Miscellaneous

Miscellaneous items of advertising expenditures for which data are available totalled \$34,732,905 in 1965 against \$14,482,476 for 1954, or an increase of 139.8 per cent. See Table 13. The chief component in this section represents the value of imported advertising matter, including such items as advertising printed matter, imported stereotypes, electrotypes and imported TV commercials. The total import value of these items amounts to \$11,794,347. The second component in Table 13 represents theatre revenue from screenings of advertising films and amounts for \$95,311. Table 13

shows that revenue from the production of motion picture films in Canada used for advertising purposes is estimated at \$4,350,000. Advertising work of commercial artists and photographers amounts to \$4,451,255.

In this miscellaneous section there is an item which should be noted for its importance. Revenue of independent radio and television program producers amounts to \$7,441,423. Lesser amounts noted in Table 13 cover creative work performed by advertising agencies' own staff, door-to-door household delivery of advertising matter and window display service.

TABLE 13. Miscellaneous Advertising Revenues, 1965

Component	Amount
	\$
Imported advertising, (printed matter as well as imported stereotypes, electrotypes, TV commercials)	11,794,347
Theatre revenue from screenings of advertising films	95,311
Revenue from the production of motion picture films in Canada used for advertising purposes	4,350,000
Advertising work of commercial artists and photographers	4,451,255
Independent radio and television program producers	7,441,423
Creative work performed by advertising agencies' own staff	3,614,697
Window display service	1,073,654
Door-to-door household delivery	1,912,218
Total	34,732,905

SECTION C. ADVERTISING RATIOS

Probably the most important result of the survey of advertising expenditures for 1965 is the tabulation and publication of advertising ratios (advertising expenditures as a percentage of total shipments, revenues, or sales) for manufacturing

industry groups, individual industries, retail trade, wholesale trade and other selected trades.

Table 14 gives advertising ratios for industry major groups and for all manufacturing.

TABLE 14. Advertising Ratios in Manufacturing by Industry Major Groups, 1965

Industry group	Ratio of advertising to shipments	Industry group	Ratio of advertising to shipments
	%		%
Foods and beverages	2.03	Primary metal	0.16
Tobacco	5.08 ¹	Metal fabricating industries (except machinery and transportation equipment industries)	0.62
Rubber	1.27	Machinery (except electrical machinery)	0.84
Leather	0.90	Transportation equipment	0.90
Textile	0.81	Electrical products	1.15
Knitting mills	1.09	Non-metallic mineral products	0.55
Clothing	1.01	Petroleum and coal products	1.15
Wood	0.18	Chemicals and chemical products	3.85
Furniture and fixtures	1.09	Miscellaneous manufacturing	2.17
Paper and allied industries	0.36	Total, all manufacturing	1.25
Printing, publishing and allied industries	0.97		

¹ If the value of shipments includes taxes, the ratios is 2.14.

Table 14 shows that the highest ratio of advertising to value of shipments is recorded for tobacco and chemicals and chemical products. It should be noted that the ratio of 5.08 per cent for tobacco is obtained when the value of shipments excludes taxes collected at the manufacturing level. The above mentioned ratio decreases to 2.14 per cent, however, if the value of shipments includes taxes.

The similar remark should be made in connection with Table 15 showing advertising ratios in manufacturing for selected industries. For tobacco products manufacturers the ratio is 6.13 per cent when the value of shipments excludes taxes and 2.30 per cent when the amount for taxes is added to the total value of shipments.

Ratios are available only for industries and trades which are regularly covered by the Dominion Bureau of Statistics surveys, since there was no question on sales or revenues on the questionnaire used in this part of the study. DBS has no figure on which to base ratios for such business organizations as insurance companies, chartered banks, trust companies, etc.

Advertisers were asked to report external, internal and total advertising costs, as well as supplementary data on catalogues, window display and out-of-Canada expenditures. In order to calculate advertising expenditures as percentages of shipments or revenues for manufacturing establishments, total revenues for industries excluded non-manufacturing revenues and the value of inter-plant transfers.

Ratios of advertising expenditures shown for industry major groups and for all manufacturing were obtained by weighting the individual industry ratios according to their annual 1965 value of shipments. When examining the advertising ratios as they appear in Tables 14 and 15, one should

keep in mind that they reflect advertising expenditures at the manufacturing establishment level. If the expenditure actually occurs partly, or entirely, at some other level, such as wholesaling or retailing, then it is properly excluded here.

TABLE 15. Advertising Ratios in Manufacturing for Selected Industries, 1965

Industry	Ratio of advertising to shipments	Industry	Ratio of advertising to shipments
	%		%
Food and beverages:		Knitting mills:	
Meat products	0.36	Hosiery mills	2.01
Slaughtering and meat processors	0.39	Other knitting mills	0.76
Sausage and sausage casing manufacturers	1.16		
Poultry processors	0.15	Clothing:	
Dairy products:	0.65	Men's clothing	1.31
Dairy factories	0.53	Men's clothing factories	1.38
Process cheese manufacturers	2.97	Women's clothing	0.42
Fish products:	0.34	Women's clothing factories	0.45
Fruit and vegetables canners and preservers	2.97	Children's clothing	0.22
Grain mills:	1.85	Fur goods	0.26
Feed manufacturers	0.63	Hat and cap	1.21
Flour mills	2.11	Foundation garment	5.42
Breakfast cereal manufacturers	12.12	Other clothing	1.04
		Fabric glove manufacturers	1.00
Bakery products:	1.28	Miscellaneous clothing	1.07
Biscuit manufacturers	2.06	Wood:	
Bakeries	1.11	Sawmills	0.04
Other food processors:	3.83	Shingle mills	0.13
Confectionery manufacturers	4.78	Sawmills and planing mills	0.03
Sugar refineries	0.19	Veneer and plywood mills	0.33
Miscellaneous food	4.98	Sash, door and other millwork plants	0.44
Beverage manufacturers:	5.93	Miscellaneous wood	0.61
Soft drink manufacturers	8.20	Wood preservation	0.22
Distilleries	2.74	Wood handles and turning	0.17
Breweries	6.56	Miscellaneous wood n.e.s.	1.03
Wineries	3.99	Furniture and fixtures:	
Tobacco:		Household furniture	1.11
Tobacco products manufacturers	6.13 ¹	Office furniture	1.39
Rubber:		Other furniture	1.03
Rubber footwear manufacturers	0.61	Electric lamp and shade	0.31
Rubber tire and tube manufacturers	1.40	Paper and allied industries:	
Other rubber industries	1.26	Pulp and paper mills	0.24
Leather:		Asphalt roofing manufacturers	1.15
Shoe factories	1.15	Paper box and bag manufacturers	0.16
Luggage, handbag and other leather goods manufacturers	0.90	Folding and set-up box manufacturers	0.10
		Corrugated box manufacturers	0.19
Textile:		Paper and plastic bag manufacturers	0.18
Woollen mills	0.17	Other paper converters	1.28
Wool yarn mills	0.44	Printing, publishing and allied industries:	
Wool cloth mills	0.11	Commercial printing	0.43
Synthetic textile mills	1.05	Platemaking, typesetting and trade bindery plants	0.67
Other primary textile:	1.04	Publishing only	2.79
Cordage and twine	0.36	Printing and publishing	1.23
Carpet, mat and rug	1.11	Primary metal:	
Linoleum and coated fabrics	1.27	Iron and steel mills	0.16
Other textile:		Steel pipe and tube mills	0.16
Canvas products	0.88	Iron foundries	0.13
Miscellaneous textile	2.48	Smelting and refining	0.16
		Aluminum rolling, casting and extruding	0.26
		Copper and alloy rolling, casting and extruding	0.19

¹ If the value of shipments includes taxes, the ratio is 2.30.

TABLE 15. Advertising Ratios in Manufacturing for Selected Industries, 1965 — Concluded

Industry	Ratio of advertising to shipments	Industry	Ratio of advertising to shipments
	%		%
Metal fabricating (except machinery and transportation equipment):		Non-metallic mineral products — Concluded:	
Boiler and plate works	0.36	Stone products manufacturers	0.69
Ornamental and architectural metal	0.69	Mineral wool manufacturers	0.85
Wire and wire products	0.21	Absbestos products manufacturers	1.14
Hardware tool and cutlery manufacturers	3.41	Glass and glass manufacturers	0.33
Heating equipment manufacturers	0.84		
Machine shops	0.35	Petroleum and coal products:	
Miscellaneous metal fabricating	0.68	Petroleum refineries	1.14
		Petroleum refining	1.17
Machinery, (except electrical machinery):		Lubricating oils and greases manufacturers	0.36
Agricultural implement	0.98		
Miscellaneous machinery and equipment manufacturers	0.81	Chemical and chemical products:	
Commercial refrigeration and air conditioning equipment manufacturers	0.55	Explosives and ammunition manufacturers ..	0.65
Office and store machinery manufacturers	0.82	Mixed fertilizers manufacturers	0.72
		Pharmaceuticals and medicines manufacturers	8.65
Transportation equipment:		Paint and varnish manufacturers	3.32
Aircraft and parts manufacturers	0.17	Soap and cleaning compounds manufacturers	10.85
Motor vehicle manufacturers	1.27	Toilet preparations manufacturers	15.22
Truck body and trailer manufacturers	0.42	Industrial chemicals manufacturers	0.41
Motor vehicle parts and accessories manufacturers	0.60	Other chemical industries	2.85
Boatbuilding and repair	1.55	Printing ink manufacturers	0.32
Miscellaneous vehicle manufacturers	2.18	Other chemical industries	3.15
Electrical products:		Miscellaneous manufacturing:	
Small electrical appliances manufacturers	3.27	Scientific and professional equipment manufacturers	2.06
Major appliances manufacturers (electrical and non electrical)	1.90	Instrument and related products	1.86
Household radio and TV receivers manufacturers	3.00	Clock and watch manufacturers	6.70
Communications equipment manufacturers	0.47	Orthopaedic and surgical appliance manufacturers	4.77
Electrical industrial equipment manufacturers	0.62	Jewellery and silverware manufacturers	0.65
Battery manufacturers	1.20	Broom, brush and mop industries	2.65
Miscellaneous electrical products manufacturers	0.90	Venetian blind manufacturers	1.20
		Plastic fabricators	2.68
Non-metallic mineral products:		Sporting goods and toy industries	3.68
Cement manufacturers	0.85	Sporting goods	1.37
Gypsum products manufacturers	1.26	Toys and games	6.50
Concrete products manufacturers	0.55		
Clay products manufacturers	1.01	Miscellaneous n.e.s.:	
From domestic clay	1.14	Button, buckle and fastener industry	1.36
From imported clay	0.85	Pen and pencil manufacturers	7.35
		Statuary, art goods, regalia, etc.	0.86
		Umbrella manufacturers	0.98
		Artificial ice manufacturers	0.15

TABLE 16. Advertising Ratios for Selected Trades, 1965

Trade	Ratio of advertising to sales	Trade	Ratio of advertising to sales
	%		%
Wholesale trade (wholesale merchants)		Retail trade¹—Concluded	
Groceries (general line)	0.48	Independent retail stores — Concluded:	
Dry goods (general line)	0.15	Hardware, furniture, appliance, radio and tele- vision stores:	
Piece goods	0.02	Hardware	0.92
Household electrical appliances	0.83	Furniture	2.75
Coal and coke	0.02	Paint, glass and wallpaper	1.20
Hardware	0.51	Household appliances	1.45
Construction and building materials (other than metal or wood)	0.39	Television sales and service	1.67
Industrial machinery, transportation equipment and supplies	0.47	Furniture, television, radio, and appliance Television and radio repair shops	1.83
Construction machinery and equipment (new and used)	0.28	Household appliance repair shops	1.56
Commercial, professional and service equip- ment and supplies	0.82	Floor coverings, curtains, upholstery and interior decoration	1.21
Automotive parts and accessories	1.05	Antique shops	1.59
Motor vehicles	1.76		1.01
Paper and paper products	0.28	Automotive group:²	
Confectionery, soft drinks and tobacco	0.10	Motor vehicle dealers	0.61
Metals and metal work	0.30	Used car dealers	2.13
Plumbing, refrigeration and heating equipment and supplies	0.21	Accessories, tire and battery	0.93
Books, periodicals and news-papers	0.44	Service stations	0.47
Floor coverings	0.11	Garages	0.44
Industrial chemicals	0.20	Other automotive	1.55
Electrical wiring supplies, construction mate- rials, apparatus and equipment	0.38	Miscellaneous group:²	
Grain	0.05	Fuel dealers (oil and other than oil)	0.47
Lumber and millwork	0.30	Drug stores	0.92
Farm machinery and equipment	0.58	Book and stationery stores	0.51
		Cameras and photographic supplies	1.39
		Jewellery	2.55
		Sporting goods	2.65
Retail trade:		Retail chain stores:¹	
Independent retail stores:		Meat stores	1.31
Food group:		Combination (grocery stores with fresh meat)	1.43
Grocery stores, without fresh meat	0.56	Dairy products	1.00
Combination stores, grocery stores with fresh meat	1.13	Children's and infants' wear	1.51
Meat markets	0.36	Family clothing and furnishings	2.67
Confectionery stores	0.09	Furriers and fur	4.57
Fruit and vegetable stores	0.19	Men's and boys' clothing	4.52
Fish stores	0.35	Piece goods	2.71
Delicatessen stores	0.74	Family shoe	1.95
Dairy products stores	1.52	Women's ready-to-wear	2.12
Egg and poultry stores	0.17	Floor coverings, curtains, upholstery and interior decoration	3.18
Variety and general merchandise stores:		Furniture	5.25
General merchandise stores	2.03	Furniture, television, radio and appliance	2.31
General stores (more than one-third foods)	0.38	Hardware stores	1.73
Variety stores	0.77	General stores (more than one-third foods)	0.35
Department stores²		General merchandise stores	3.77
Clothing and piece goods stores:		Variety stores	1.03
Men's and boys' clothing	1.87	Drug stores	1.43
Women's ready-to-wear	1.63	Automobile dealers	0.61
Lingerie and hosiery	1.26	Accessories, tire, and battery shops	1.78
Millinery	0.95	Service stations	2.07
Furriers and fur	2.70	Jewellery stores	4.31
Children's and infants' wear	1.31	Fuel dealers (other than oil)	0.79
Family clothing and furnishings	1.68		
Children's and infants' shoe	1.99		
Family shoe stores	1.64		
Custom tailors	0.92		
Piece goods	1.37		
Miscellaneous apparel and accessories	1.24		

¹ Ratios taken from triennial DBS operating results studies.² Ratios taken from the survey of advertising expenditures, 1965.

TABLE 17. Advertising Ratios for Selected Service Trades, 1965

Trade	Ratio of advertising to sales	Trade	Ratio of advertising to sales
	%		%
Power laundries	0.99	Theatres, motion picture	5.45
Dry cleaning plants	2.02	Motion picture production	0.56
Hotels, full year	1.36	Restaurants (independent)	0.84
Film distributors	2.88	Restaurants (chain)	1.03

Wholesale trade ratios of advertising, see Table 16, are taken from the 1965 study of advertising. This procedure is quite different from the one adopted in 1954 when the majority of ratios were derived from the 1953 DBS survey of the operating results of wholesale trade.

All retail trade ratios (except for department stores automotive group and miscellaneous group) have been supplied by the triennial DBS operating results surveys.

Service trades covered annually by DBS were surveyed either on a sample basis or a full coverage basis for internal advertising cost and for total cost, from which ratios were calculated. In sampling, consideration was given to size of business, and compilations were carried out on a stratified basis to give proper weight to each size class.

TABLE 18. Main Increases in Advertising Ratios, 1965-1954

Industry	Advertising ratio		Industry	Advertising ratio	
	1965	1954		1965	1954
	%			%	
Flour mills	2.11	1.14	Pharmaceuticals and medicines manufacturers	8.65	6.07
Confectionery manufacturers	4.78	2.68	Scientific and professional equipment manufacturers	2.06	1.32
Sugar refineries	0.19	0.07	Clock and watch manufacturers	6.70	3.88
Breweries	6.56	2.19	Broom, brush and mop industry	2.65	2.01
Wineries	3.99	2.89	Toys and games	6.50	0.95
Carpet, mat and rug	1.11	0.87	Button, buckle and fastener industry	1.36	0.94
Hosiery mills	2.01	1.63	Pen and pencil manufacturers	7.35	6.24
Women's clothing factories	0.45	0.30	Umbrella manufacturers	0.98	0.28
Pulp and paper mills	0.24	0.10			
Hardware, tool and cutlery manufacturers	3.41	1.20			
Petroleum refining	1.17	0.88			

Advertising ratios for industries did not change to any great extent between 1965 and 1954. In some cases, however, important fluctuations occurred. In order to give a better idea of these changes, two

tables (18 and 19) were prepared to show industries which recorded especially large movements in their advertising ratios in the period of eleven years from 1954 to 1965.

TABLE 19. Main Decreases in Advertising Ratios, 1965 - 1954

Industry	Advertising ratio		Industry	Advertising ratio	
	1965	1954		1965	1954
	%			%	
Distilleries	2.74	3.50	Agricultural implement	0.98	1.20
Linoleum and coated fabrics	1.27	3.26	Battery manufacturers	1.20	2.34
Fur goods	0.26	2.55	Soap and cleaning compounds manu- facturers	10.85	11.26
Foundation garment	5.42	6.38	Toilet preparations manufacturers	15.22	15.86
Electric lamp and shade	0.31	1.14	Sporting goods	1.37	1.80
Boiler and plate works	0.36	0.91	Statuary, art goods, regalia, etc.	0.86	1.62
Wire and wire products	0.21	0.51	Artificial ice manufacturers	0.15	0.96
Heating equipment manufacturers	0.84	2.23			

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