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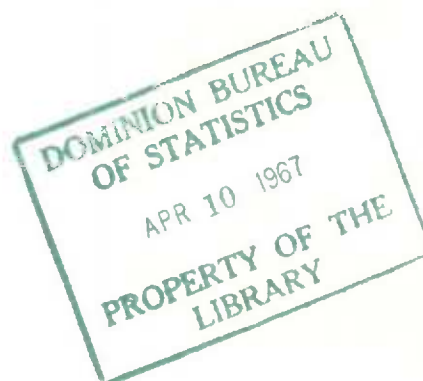
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ADVERTISING EXPENDITURES  
IN CANADA  
1964



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# ADVERTISING EXPENDITURES IN CANADA 1964

## INTRODUCTION

Advertising expenditures included in this report consist 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 and miscellaneous items. Therefore, the figures are total expenditures **in Canada** with one important omission 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 8. The omission is internal costs which are described below.

The approach through the media 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 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 largest omission from the media approach is the expenditures made by advertisers on their own advertising efforts — overhead of an advertising department and show cards made by their own staff would be examples. For statistical purposes, these have been called internal costs and in a previous study accounted for 8 per cent of total advertising expenditures. Internal costs will be included in a report of advertising expenditures for 1965 after a major survey of advertisers has been completed. The media revenue excludes 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. The last survey of this nature was made by the Dominion Bureau of Statistics for 1954 and the report is known as Reference Paper No. 67.

## SECTION A. SUMMARY OF RESULTS

Estimated advertising expenditures in Canada for 1964 amounted to \$752,539,299, while the Gross National Product reached \$47,003 million. These figures indicate that Canadians devote a little more than 1.5 per cent of the Gross National Product to advertising expenditures. As pointed out previously this amount contains no estimate of internal costs or expenditures by advertisers on their own effort, e.g., the costs of operating an advertising department. These will be included in a report of advertising expenditures for 1965, after a major survey of advertisers has been completed. Advertising cost ratios for some of the most important industries as published in Tables 8 and 9 of the 1954 report will also be available for the 1965 report.

The comparable figure for 1954, the year of the last survey, was \$366,890,200 or 1.5 per cent of the G.N.P. In 1944 expenditure was thought to be in the neighborhood of \$105,000,000 though this likely understates the amount considerably because survey coverage was not nearly as comprehensive.

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 68.6 per cent over 1954, accounted for 58.3 per cent of total expenditures in 1964. The 1964 total of \$438,535,473 for printed advertising comprises \$327,581,473 as advertising revenue of Canadian

newspapers and periodicals and \$110,954,000 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 \$65,120,940, accounted for 8.6 per cent of the total, while television, recording an increase of 838.4 per cent since 1954, reached the amount of \$80,662,036 or 10.7 per cent of the total in 1964. Advertising agencies' commissions reached \$46,596,607, in comparison with \$23,229,612 attained ten years earlier.

Outdoor advertising accounted for \$46,674,758 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 \$46,674,758 for 1964 is 165.1 per cent greater than the corresponding figure of \$17,607,278 recorded in 1954.

Direct mail (postage) increased by 216.8 per cent and accounted for \$35,336,250 versus \$11,155,000 for 1954. Miscellaneous advertising revenues jumped in the period under discussion by 173.5 per cent from \$14,482,476 to \$39,613,235.

TABLE 1. Estimated Advertising Expenditures in Canada, 1954 and 1964

|   | 1954                           | 1964                           | Change<br>1964/54 |
|---|--------------------------------|--------------------------------|-------------------|
|   | dollars                        |                                | %                 |
| <b>Totals, all components</b> .....     | <b>366,890,200<sup>1</sup></b> | <b>752,539,299<sup>1</sup></b> | <b>105.1</b>      |
| Printed advertising .....               | 260,109,518                    | 438,535,473                    | 68.6              |
| Radio .....                             | 31,710,690                     | 65,120,940                     | 105.4             |
| Television .....                        | 8,595,626                      | 80,662,036                     | 838.4             |
| Advertising agencies' commissions ..... | 23,229,612                     | 46,596,607                     | 100.6             |
| Outdoor advertising .....               | 17,607,278                     | 46,674,758                     | 165.1             |
| Direct mail (postage) .....             | 11,155,000                     | 35,336,250                     | 216.8             |
| Miscellaneous .....                     | 14,482,476                     | 39,613,235                     | 173.5             |

<sup>1</sup> In the 1954 survey the estimated internal costs (expenditures by advertisers on their own efforts, e.g., the costs of operating an advertising department) were \$31,953,252 and, if the rate of increase for this component of total advertising expenditures has been the same as the overall increase in other advertising expenditures, internal costs in 1964 would be \$65,536,119. This would make total advertising expenditures in Canada for 1964 \$818,075,418 compared with \$398,843,452 for 1954.

## 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, 1964. Table 2 gives historical data of advertising revenue of Canadian newspapers and periodicals from 1954 until 1964. The data are broken down by type of publication. In Table 3 a distinction is made between advertising revenue for 1964 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 1964 amounted to \$327,581,473, an increase of 68.3 per cent over revenue of \$194,621,715 for 1954.

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

## Other Printed Advertising

Table 4 gives data concerning other printed advertising revenue, exclusive of advertising in newspapers and periodicals, from 1954 to 1964. The largest single item included under this category is catalogues which amounted to \$26,608,000, or an increase of 68.6 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 1964 totalled \$110,954,000 (\$65,487,803 in 1954) and consisted of \$26,608,000 for catalogues and \$84,346,000 for all other which includes 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 2. Advertising Revenue of Canadian Newspapers and Periodicals, 1954 - 64

| Year       | Newspapers  |                      |                                     | Magazines<br>of<br>general<br>circulation | Trade,<br>technical<br>and<br>scientific | Agri-<br>cultural<br>public-<br>ations | All<br>other | Total       |
|------------|-------------|----------------------|-------------------------------------|---|--|--|--------------|-------------|
|            | Daily       | National<br>week-end | Weekly,<br>bi-weekly,<br>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 |



**TABLE 3. Advertising Revenue of Canadian Newspapers and Periodicals, by Classes, 1964**

| Class  | Periodicals printed in publishers' own plants | Periodicals not printed by the publishers | Total, all periodicals |
|--|---|---|------------------------|
|  | dollars                                       |   |                        |
| Newspapers, daily .....                            | 195,311,000                                   | 583,340                                   | 195,894,340            |
| "    national, week-end .....                      | 17,095,000                                    | 840,294                                   | 17,935,294             |
| "    weekly, semi-weekly .....                     | 19,136,000                                    | 7,120,104                                 | 26,256,104             |
| Controlled distribution, weekly newspapers .....   | 707,000                                       | 214,564                                   | 921,564                |
| Magazines of general circulation .....             | 7,382,000                                     | 10,435,894                                | 17,817,894             |
| Telephone and city directories .....               | 108,000                                       | 34,353,000                                | 34,461,000             |
| Trade, technical and scientific publications ..... | 12,840,000                                    | 13,559,722                                | 26,399,722             |
| Agricultural publications .....                    | 3,666,000                                     | 1,885,268                                 | 5,551,268              |
| Religious publications .....                       | 155,000                                       | 308,494                                   | 463,494                |
| School and collegiate publications .....           | 33,000  | 17,293                                    | 50,293                 |
| Fraternal publications .....                       | 1,000   | 374,416                                   | 375,416                |
| Juvenile publications .....                        | 1,000   | 29,689                                    | 30,689                 |
| All other periodicals .....                        | 492,000                                       | 932,395                                   | 1,424,395              |
| <b>All newspapers and periodicals .....</b>        | <b>256,927,000</b>                            | <b>70,654,473</b>                         | <b>327,581,473</b>     |

**TABLE 4. Other Printed Advertising Revenue, 1954 - 64**

| 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 | <sup>1</sup>                                    | 56,998,721                           | 78,758,646  |
| 1960 ..... | 23,134,516 | <sup>1</sup>                                    | 62,192,010                           | 85,326,526  |
| 1961 ..... | 23,193,406 | <sup>1</sup>                                    | 66,992,595                           | 90,186,001  |
| 1962 ..... | 23,428,785 | <sup>1</sup>                                    | 69,551,093                           | 92,979,878  |
| 1963 ..... | 26,406,000 | <sup>1</sup>                                    | 76,676,000                           | 103,082,000 |
| 1964 ..... | 26,608,000 | <sup>1</sup>                                    | 84,346,000                           | 110,954,000 |

<sup>1</sup> Included with "All other printed advertising matter".

### 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 1964, in Canada, advertising revenue amounted to \$65,120,940 and \$80,662,036 for radio stations and television stations respectively. In comparison with 1954 the adver-

tising revenue of radio stations increased by 105.4 percent and of television stations by 838.4 percent. All such media totals are exclusive of advertising agencies' commissions. To obtain the total of advertisers' expenditure 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. Allowance should also be made for revenue of television and radio time salesmen shown in Table 8. This is also excluded from the revenue data of radio and television stations.

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 1964. Information for the CBC is for the fiscal year 1964-65. The net revenue from advertising includes 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 miscellaneous 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.

**TABLE 5. Advertising Revenue of Radio and Television Stations, by Type of Program, 1964**

| Medium           | Network and national | Local        | Total        |
|------------------|----------------------|--------------|--------------|
|                  | dollars              |              |              |
| Radio .....      | 27, 873, 785         | 37, 247, 155 | 65, 120, 940 |
| Television ..... | 64, 602, 667         | 16, 059, 369 | 80, 662, 036 |

### 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 1964, 149 advertising agencies operated in Canada, an increase of 58 over 1954. Their total commissionable billings amounted to \$311,332,070 (\$154,467,028 in 1954) on which they received commissions amounting to \$46,596,607, an increase of 100.6 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 1964.

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, 1964", 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 1964. 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.

### Outdoor Advertising

Table 7 shows the two components of expenditures for outdoor advertising. The amount of \$27,418,000 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, 1964" in accordance with reports obtained from important producers.

The second component, \$19,256,758 comprises, as indicated in the description, several different types of advertising expenditure which could not be

published separately because relatively small numbers of 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 and by adjustment of the 1961 Census records for changes since that year.

**TABLE 6. Percentage Distribution of Commissionable Billings by Medium and Agency Commissions, 1954-64**

| Year       | Percentage distribution of commissionable billings |              |              |                           |       |            |              | Agency commissions |
|------------|--|--------------|--------------|---------------------------|-------|------------|--------------|--------------------|
|            | Total commissionable billings                      | 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          | 35,277,406         |
| 1959 ..... | 250,080,021  | 47.8         | 4.8          | 14.7                      | 10.6  | 21.3       | 0.8          | 37,678,838         |
| 1960 ..... | 267,756,156  | 47.2         | 5.1          | 18.7                      | 9.7   | 19.3       | <sup>1</sup> | 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       | <sup>1</sup> | 44,270,021         |
| 1964 ..... | 311,332,070  | 40.4         | 3.9          | 18.4                      | 10.5  | 26.7       | 0.1          | 46,596,607         |

<sup>1</sup> Less than 0.05 per cent.

**TABLE 7. Outdoor Advertising, 1964**

| Components   | Amount            |
|--|-------------------|
|  | dollars           |
| Neon and other electric and non-electric signs .....   | 27,418,000        |
| 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. .... | 19,256,758        |
| <b>Total .....</b>   | <b>46,674,758</b> |



**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 \$35,336,250 in 1964 compared with \$11,155,000 for 1954 or an increase of 216.8 per cent.

**Miscellaneous**

Miscellaneous items of advertising expenditures for which data are available totalled \$39,613,235 for 1964 against \$14,482,476 for 1954 or an increase of 173.5 per cent. See Table 8. 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 \$10,110,000.

The second component in Table 8 represents theatre revenue from screenings of advertising films and accounts for \$123,767. Table 8 shows that revenue from the production of motion picture films in Canada used for advertising purposes is estimated at \$4,200,000. Advertising work of commercial artists and photographers amounts to \$4,081,204.

In this miscellaneous section there are two items which should be noted for their importance. Revenue of television and radio time salesmen and independent radio and television program producers amounts to \$8,263,908 and \$7,012,325 respectively. Lesser amounts noted in Table 8 cover creative work performed by advertising agencies' own staff, door-to-door household delivery and window display service.

**TABLE 8. Miscellaneous Advertising Revenues, 1964**

| Components   | Amount              |
|--|---------------------|
|  | dollars             |
| Imported advertising, (printed matter as well as imported stereotypes, electrotypes, TV commercials, etc.) ..... | 10, 110, 000        |
| Theatre revenue from screenings of advertising films .....   | 123, 767            |
| Revenue from the production of motion picture films in Canada used for advertising purposes .....                | 4, 200, 000         |
| Advertising work of commercial artists and photographers .....   | 4, 081, 204         |
| Independent radio and television program producers .....   | 7, 012, 325         |
| Creative work performed by advertising agencies' own staff .....   | 3, 022, 557         |
| Television and radio time salesmen .....   | 8, 263, 908         |
| Window display service .....   | 1, 013, 200         |
| Door-to-door household delivery .....  | 1, 786, 274         |
| <b>Total</b> .....   | <b>39, 613, 235</b> |

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