

Newspaper publishers, 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 29, 2019

As the newspaper publishing industry continues its digital transition, digital advertising sales grew by 20.8% from 2016 to 2018, reaching \$295.6 million. However, this increase was not enough to offset declining print advertising revenues. Total advertising sales were \$1.5 billion in 2018, down 18.2% from 2016. Print advertising sales totalled \$1.2 billion, down from \$1.6 billion in 2016 and from \$2.1 billion in 2014.

Overall, newspaper publishers' operating revenue declined to \$2.7 billion in 2018, down 12.9% from 2016. Operating expenses, down 10.6% from 2016, did not keep pace with declining revenues, further lowering the industry's profit margin. The operating profit margin decreased to 3.3% in 2018, down from 5.7% in 2016 and 9.3% in 2014. Declining advertising sales had the largest impact on the industry's profitability.

One of the challenges facing newspapers is that their main competitors have changed. As they endeavour to generate additional revenue from digital advertising, many newspapers find themselves competing not only with other newspapers, but also with other services such as online search engines, social media and programmatic advertising services. These other services are capable of reaching larger audiences and, in some cases, delivering advertising at lower costs.

In 2018, Ontario (44.6%) accounted for the largest share of operating revenue. The province recorded an operating revenue of \$1.2 billion, down 8.0% from 2016. The largest declines in operating revenue from 2016 to 2018 were posted in Quebec (-21.1%) and in the Atlantic provinces (-16.4%). For the Prairie provinces, British Columbia and the territories, operating revenue decreased 13.4% over the same period.

Salaries, wages, commissions and benefits continued to account for the largest share (34.9%) of operating expenses in 2018. However, this was down from 36.6% in 2016. Over the past several years, many companies in the newspaper industry have reorganized to reduce compensation expenses through employee layoffs and severance packages. Subcontracting accounted for 14.8% of total operating expenses in 2018, as some companies outsourced certain activities that were deemed less profitable or that could be performed efficiently by a third-party provider. Some examples included distribution services, production and printing activities.

Circulation sales were the second largest source of revenue for the newspaper industry, and, similar to digital advertising, digital circulation sales were on the rise. Canadian newspapers earned \$52.7 million from online circulation, up 23.1% from 2016. However, circulation sales from print newspapers declined 5.5% over the same period to \$595.7 million.

Other sources of revenue for the industry included the distribution of flyers and inserts (9.2% of total sales) and custom printing services (2.7%). Other sales increased from 1.8% in 2016 to 2.9% in 2018, as some newspapers looked for alternate revenue streams. Some examples included publishing other periodicals (such as magazines), organizing trade shows and other events, and providing a variety of advertising services for clients.

The newspaper publishing industry has been characterized by a high number of transactions in recent years, including sales of assets, and mergers and acquisitions. Newspapers have also sold or closed printing facilities, partly because of reduced demand for print circulation. The cost of newsprint, an important factor in the industry's profitability, also increased in 2018.

Note to readers

Data for 2014 and 2016 have been revised.

Prior to reference year 2017, newspaper publishers that published only in electronic form or online were classified according to the North American Industry Classification System (NAICS) under 519130 (Internet publishing and broadcasting and web search portals) and were not collected under this survey. However, with the introduction of NAICS 2017 version 2.0, and beginning with the release of the data for reference year 2018, online-only newspaper publishers are now classified under NAICS 511110 and are part of the survey estimates.



Available tables: [21-10-0191-01](#) to [21-10-0197-01](#) and [21-10-0228-01](#).

Definitions, data sources and methods: survey number [4710](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).