

Magazines | A Comparison of Canada & U.S.



20
16

Magazines
Canada

Executive Summary

- The Canadian marketplace is concentrated with two large publishers accounting for over 60% of measured ad revenue whereas the top five U.S. publishers account for approximately the same share
- Canadian magazines dominate the landscape representing 98.7% of circulation delivered by the 100 largest magazines available
- U.S. circulation spill into Canada continues its long term decline in absolute terms (-52%) and average circulation per title (-47%)
- Canadian magazines dominate in their respective editorial categories. They are a must buy to reach Canadian readers as spill alone will not deliver needed visibility. Canadian magazines deliver approx. 92% of total average issue circulation

Continued...

Executive Summary

- Both markets share similar ad category development (six of the top ten)
- Canada and the U.S. share four of the Top 10 advertisers
- Both Canada and the U.S. have similar subscription and newsstand ratios with subscriptions accounting for nearly 90% of copy sales
- Canadians love their magazines! Canadian's have access to and read more magazines per capita than any other developed country

Demographic Summary

| | Canada | U.S. |
|--------------------------------|-------------------------------------|------------------------------|
| Population | 35.5 million Highly concentrated | 318.9 million Dispersed |
| Top 4 Markets | 37% of population | 16% of population |
| Number of Households | 13.3 million | 117.6 million |
| Language Spoken at Home | English (67%) Other (33%) | English (80%) Other (20%) |
| Per Capita Income | US\$42,693 | US\$49,965 |



Population, Geography & Language

Population & Geography

- Canada is the world's second largest country covering almost 10 million sq. km
- Canada's population is approximately 11% that of the U.S.
- Canada has 10 provinces and three territories:
 - Ontario is home to 39% of the population followed by Quebec (23%)
- Toronto, Ontario (pop. 5.5 million) is Canada's largest city followed by Montreal, Quebec (3.9 million) and the west coast city of Vancouver, B.C. (2.4 million)
- Two-thirds of population growth between in 2011 came from immigration

Language

- Quebec is a distinct society and has its own legal system; tax system and immigration policy. Its first language is French
- Product labels in Canada are in both in English and French
- Advertising in French media must be in the French language



Canada/U.S. Trade Relations

Trade

- Canada is the United States' largest trading partner. The U.S. accounts for 75% of Canadian exports and 50% of Canadian imports
- The trade market in Canada for U.S. goods is larger than all 27 members of the EU combined.
- Canada is the United States' largest foreign supplier of energy
- The U.S. is Canada's most important agricultural export market, taking over half of all Canadian food exports and nearly 20% of American food is exported to Canada
- The Canadian dollar currently trades at or near parity with the U.S. dollar
- Canada has the lowest cost of living among the G8 except Russia
- The Canadian economy was the best performer across all G8 economies during the recession and continues to be among the best performers post-recession



Canada's Place in the World

- Canada consistently ranks among the United Nations top places in the world to live
- Canadian cities recently ranked #3 (Vancouver), #4 (Toronto) and #5 (Calgary) as the most liveable cities in the world in 2012, as selected by the *Economist Intelligence Unit*.
- Canada's relationship with the USA is probably the closest and most extensive in the world:
 - Approximate volume of bilateral trade is approx. \$1.6 billion *a day* in goods & services and investment income
 - Over 100 million U.S./Canada border crossings a year
 - Work closely on multiple levels from federal to local

Similar Goals. Different Strategies.

Canada

- Peace, order and good government
- Canadians use
- Canadians pragmatize
- The common man performs great deeds not from bravery but from the *necessity of duty*

U.S

- Life, liberty and the pursuit of happiness
- Americans acquire
- Americans mythologize
- Heroes are larger than life

| Attitudes | U.S. | Canada |
|--|------|--|
| Don't like to change habits | 54% | 42% (Less resistance to change) |
| Acceptance of nonconformists attitudes (examples: towards conformity of dress, behaviour, political correctness) | 52% | 67% (More accepting of differences) |
| Willingness to take "great risks" in order to get what they want | 38% | 25% (More conservative) |

Number of Consumer Magazines (1997-2013)

| Year | Canada | | US | |
|------|----------|-------|----------|-------|
| | # Titles | Index | # Titles | Index |
| 1997 | 818 | 100 | 7,712 | 100 |
| 1998 | 860 | 105 | 7,864 | 102 |
| 1999 | 908 | 111 | 9,311 | 121 |
| 2000 | 941 | 115 | 8,138 | 106 |
| 2001 | 961 | 117 | 6,336 | 82 |
| 2002 | 1,000 | 122 | 5,340 | 69 |
| 2003 | 1,032 | 126 | 6,234 | 81 |
| 2004 | 1,114 | 136 | 7,188 | 93 |
| 2005 | 1,160 | 142 | 6,325 | 82 |
| 2006 | 1,201 | 147 | 6,734 | 87 |
| 2007 | 1,244 | 152 | 6,809 | 88 |
| 2008 | 1,282 | 157 | 7,383 | 96 |
| 2009 | 1,276 | 156 | 7,110 | 92 |
| 2010 | 1,283 | 157 | 7,163 | 93 |
| 2011 | 1,286 | 157 | 7,179 | 93 |
| 2012 | 1,286 | 157 | 7,390 | 96 |
| 2013 | 1,311 | 160 | 7,240 | 94 |

Canadian title growth has increased by 60% since 1997

Major Magazine Publishers (2015)

| | Canada (2015) | U.S. (2015) |
|------|-------------------------------|-----------------------------------|
| Rank | Publisher | Publisher |
| 1 | Globe Media Group | Time Inc. (USA) |
| 2 | Rogers Publishing | Hearst Magazines (USA) |
| 3 | TVA Publications | The Conde Nast Publications (USA) |
| 4 | Postmedia Network Inc. | Meredith Corporation |
| 5 | St. Joseph Media | Rodale, Inc. |
| 6 | Trusted Media Brands (Canada) | Wenner Media LLC |
| 7 | House & Home Media | TEN: The Enthusiast Network |
| 8 | Spafax Canada Inc | American Media, Inc. |
| 9 | Newcom Business Media, Inc. | Bonnier Corporation |
| 10 | Yellow Pages Canada | ESPN, Inc. |

Top Magazine Advertising Categories (2015)

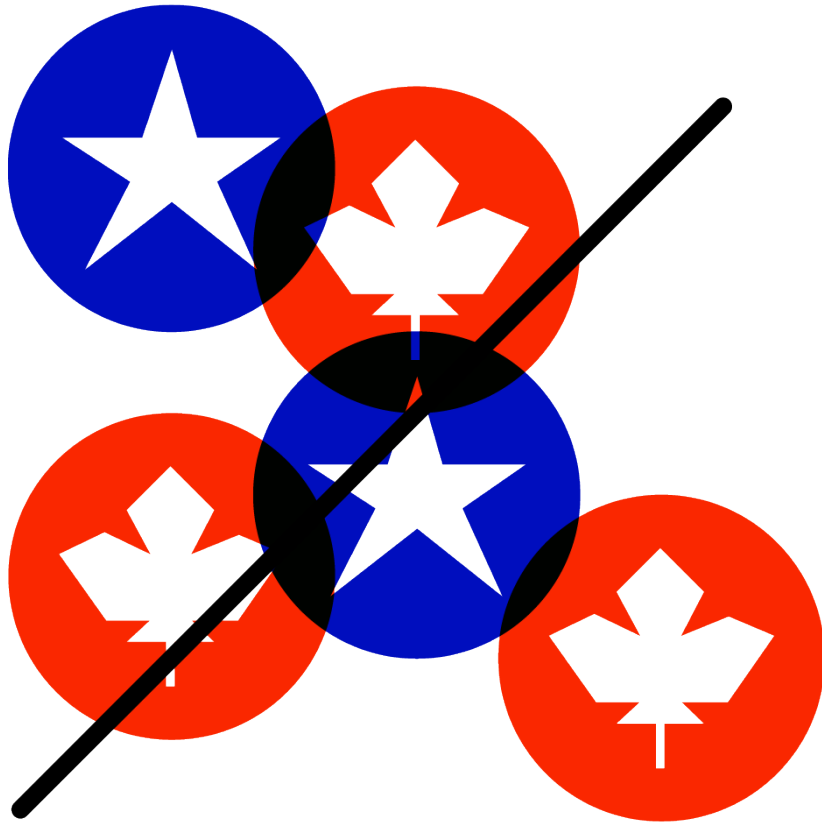
| Rank | Advertiser Category | |
|------|-------------------------|-------------------------|
| | Canada (2015) | U.S. (2015) |
| 1 | Retail/Wholesale | Apparel & Accessories |
| 2 | Beauty | Toiletries & Cosmetics |
| 3 | Professional Service | Retail / Wholesale |
| 4 | Home Furnishings | Medical/Pharmaceutical |
| 5 | Travel & Leisure | Automotive |
| 6 | Financial & Real Estate | Athletics |
| 7 | Apparel & Accessories | Home Furnishings |
| 8 | Medical/Pharmaceutical | Travel & Leisure |
| 9 | Automotive | Financial & Real Estate |
| 10 | Industry | Food |

Major Magazine Advertisers (2015)

| Rank | Advertiser | Advertiser |
|------|--------------------------------------|--------------------------------|
| | Canada (2015) | U.S. (2015) |
| 1 | Hudson's Bay | GEICO Insurance |
| 2 | LCBO Liquor Control Board of Ontario | Harbor Freight Tools USA, Inc. |
| 3 | World Vision Canada | WeatherTech |
| 4 | Dairy Farmers of Canada (Corporate) | AutoAnything.com |
| 5 | New Nordic Healthbrands AB | TireRack.com |
| 6 | Air Canada Vacations | Saks Fifth Avenue |
| 7 | L.L. Bean, Inc. | Sarco, Inc. |
| 8 | Mr. Clean Magic Eraser | Nexplanon |
| 9 | Shoppers Drug Mart Inc | Rolex |
| 10 | Always Discreet | Xeljanz |

Subscription vs. Newsstand (2015)

| Country | Subscription | Newsstand |
|----------------------|--------------|-----------|
| | (%) | (%) |
| Sweden | 92 | 8 |
| United States | 92 | 8 |
| Canada | 88 | 12 |
| France | 49 | 51 |
| Germany | 44 | 38 |
| Italy | 20 | 80 |
| Czech Republic | 17 | 81 |
| Australia | 12 | 88 |



US Spill Into Canada

2015

Six U.S. Spill Titles in Canada's Top 100

Title (*Ranking*)

- National Geographic (*25*)
 - People (*50*)
 - Cosmopolitan (*71*)
 - Woman's World (*80*)
 - Prevention (*94*)
 - Food Network Magazine (*98*)
-

Tax Deductability

Foreign-based magazines
with less than 80% original Canadian content (as above)
may only deduct 50% of advertising expenses

Magazines with 80%+ original Canadian content may deduct 100%

Canadian Magazines are a “Must Buy”

Women’s Magazines (2015)

| Top Canadian Titles | Circulation (000s) | Top U.S. Titles | Circulation (000s) |
|---------------------|--------------------|------------------------|--------------------|
| Canadian Living | 460 | Cosmopolitan | 95 |
| Chatelaine | 440 | Woman’s World | 90 |
| Coup de Pouce | 199 | O (The Oprah Magazine) | 70 |
| Fashion | 131 | First for Women | 65 |
| Elle Canada | 111 | Good House Keeping | 62 |
| Total Top 5 Titles | 1,341 | Total Top 5 Titles | 382 |
| % of Total | 78% | % of Total | 22% |

78% of Top Title Circulation is Canadian

Canadian Magazines are a “Must Buy”

Business Magazines (2015)

| Top Canadian Titles | Circulation (000s) | Top U.S. Titles | Circulation (000s) |
|--------------------------|--------------------|-------------------------|--------------------|
| Report on Business | 265 | The Economist | 69 |
| CPA Magazine/CA Magazine | 246 | Bloomberg | 21 |
| Business Edge | 157 | Harvard Business Review | 13 |
| MoneySense | 142 | Forbes | 11 |
| Profit | 87 | Fortune | 9 |
| Total Top 5 | 897 | Total Top 5 | 123 |
| % of Total | 88% | % of Total | 12% |

88% of Top Title Circulation is Canadian

Canadian Magazines are a “Must Buy”

General Interest (2015)

| Top Canadian Titles | Circulation (000s) | Top U.S. Titles | Circulation (000s) |
|---------------------|--------------------|---------------------|--------------------|
| CAA Magazine | 1,676 | National Geographic | 209 |
| Home Digest | 1,000 | Vanity Fair | 53 |
| Touring (FR) | 837 | New Yorker | 30 |
| Westworld Alberta | 610 | The Atlantic | 15 |
| Westworld BC | 478 | Esquire | 11 |
| Total Top 5 | 4,601 | Total Top 5 | 318 |
| % of Total | 94% | % of Total | 6% |

94% of Top Title Circulation is Canadian

Canadian Magazines are a “Must Buy”

Total Average Issue Circulation (2015)

| All Canadian Titles | Circ (000) | All U.S. Spill Titles | Circ (000) |
|--------------------------------|-----------------------|----------------------------------|-----------------------|
| Total Circulation | 30,976 | Total Circulation | 332 |
| % of Total | 99% | % of Total | 1% |

99% of Total Magazine Circulation in Canada is Canadian

Canadian Magazines are a **Updated** “Must Buy”

U.S. Spill circulation accounts for just

1%

of the total circulation delivered by the
top 100 titles in Canada

U.S. Circulation Spill in Long Term Decline

| Year | Total Spill Circulation (000) | Index | Average Circulation per Title | Index |
|------|-------------------------------|-------|-------------------------------|-------|
| 1983 | 10,705 | 100 | 26,303 | 100 |
| 1989 | 9,969 | 93 | 21,031 | 80 |
| 1998 | 9,155 | 86 | 16,203 | 62 |
| 2000 | 8,518 | 80 | 15,716 | 60 |
| 2002 | 8,160 | 76 | 15,396 | 59 |
| 2004 | 7,899 | 74 | 14,055 | 53 |
| 2006 | 7,666 | 72 | 13,664 | 52 |
| 2008 | 7,322 | 68 | 13,435 | 51 |
| 2010 | 6,349 | 59 | 14,235 | 54 |
| 2011 | 6,201 | 58 | 14,799 | 56 |
| 2012 | 5,827 | 54 | 14,641 | 56 |
| 2013 | 5,122 | 48 | 13,882 | 53 |
| 2014 | 4,794 | 45 | 13,136 | 50 |
| 2015 | 3,399 | 32 | 11,885 | 45 |

Circulation of Top U.S. Spill Magazines in Canada is in Long Term Decline

Given a choice, Canadians prefer magazines that tell Canadian stories and reflect Canadian needs.

Canadians prefer content that reports on products and services available in Canada and priced in Canadian dollars.

- 92% agree that Canadian magazines play a significant role in informing Canadians about each other
- 88% feel it is personally important that a magazine have editorial content created specifically for Canadian readers
- 90% feel that U.S. titles don't effectively cover Canadian issues

Statement 1

I am more inclined to look for information in Canadian magazines than U.S. magazines when I am in the market to purchase a product.

| | |
|-----------------|-----------|
| AGREE | 77 |
| DISAGREE | 23 |

Statement 2

Advertisements in Canadian magazines are more relevant to me than advertisements in U.S. magazines.

| | |
|-----------------|-----------|
| AGREE | 83 |
| DISAGREE | 17 |

Source: Reader's Digest Magazines (Canada)

Source: Industry questionnaire conducted by Totum Research

Consumer Magazines per Capita (Excluding Spill) 2015

Canadians Love their Magazines

| Country | # Titles | Population | Mags per Capita |
|----------------|--------------|-------------|-----------------|
| | | Millions | Index |
| France | 4,430 | 64.6 | 187 |
| Australia | 1,100 | 23.6 | 128 |
| UK | 2,823 | 63.5 | 120 |
| Canada* | 1,286 | 35.5 | 100 |
| Czech Republic | 3,871 | 10.7 | 98 |
| U.S. | 7,240 | 322.5 | 60 |
| Germany | 1,587 | 82.6 | 52 |

* Excluding spill

Consumer Magazines per Capita (Including Spill) 2015

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|-------------------|--------------|------------------------|--------------------------|
| Canada* | 3,286 | 35.5 | 100 |
| France | 4,430 | 64.6 | 73 |
| Australia | 1,100 | 23.6 | 50 |
| UK | 2,823 | 63.5 | 47 |
| Czech Republic | 3,871 | 10.7 | 38 |
| U.S. | 7,240 | 322.5 | 23 |
| Germany | 1,587 | 82.6 | 20 |

For More Information



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