

MINISTER’S COVID-19 BOOK AND MAGAZINE PUBLISHING PANEL  
SUBMISSION TO THE  
MINISTRY OF HERITAGE, SPORT, TOURISM AND CULTURE INDUSTRIES

1) What is the economic impact of the COVID-19 pandemic on your sector, including data relating to impact on revenue, workforce and business activities.

**A. Impact on overall revenue:** Financial losses are inevitable for 2020, as most Ontario magazine publishers focus their time on cash flow and protecting the balance sheet. **Overall revenue drops from March 2020 through May 2020 are in the 35%+ range for most publishers.** This is expected to continue through August 2020, and likely into the Fall. It is very unlikely that any B2B (business-to-business) media company will turn a profit in 2020. Based on known cancellation of contracts, B2B publishers will be off budget by a minimum of 30% for the year. With margins already in the single digits for most publishers, this is not sustainable. Preservation of cash is the name of the game. Many will not survive. The same or worse can be said for consumer or cultural (arts and literary) magazine publishers. These declines are unlikely to improve until some form of economic stability can be established (see recommendations).

**B. Impact on print advertising revenue:** There's no greater motivation for change than a desire to remain in business. Ontario magazine publishers have been and will continue to drive new revenue channels, however, the revenue contribution from print advertising **remains significant**, and its decline over the last decade has not been offset by other sources. There has never been a recession that has seen an increased spending on advertising. Even if/when the economy opens up, we do not expect advertising revenue to rebound until 2021 at the earliest.

**C. Impact on workforce:** While some companies have avoided layoffs to date, many have let go between 20% and 30% of staff to keep the lights on. All non-essential costs were eliminated in March 2020 across the sector. It is quite likely that about half of those employees laid off at present won't be coming back at all.

Many arts publications are already decreasing their publishing schedule, meaning they will publish fewer issues of their magazine in 2020. Many may not be able to publish in the next quarter, if at all this year. Many arts publications have laid off staff or have substantially cut hours, which is contributing to economic strain in the province.

We are seeing widespread workweek reductions and/or staff layoffs to cope with rent and overheads, **with many consumer magazines close to permanent closure.** We anticipate this situation will continue through the calendar year.

**D. Impact on other operations areas:** Magazine publishing is a business composed of smaller businesses. Though some have fared better than others, there has been sizeable impacts on each front:

**i. Print advertising:** There has been a 30%+ pull back on ad spend, expected to continue into Fall of 2020, with significant fear this loss could be permanent, particularly among national advertisers. Legacy print advertising has dropped 20%–40% among business media companies. For arts magazines, the drop in advertising revenue is 50% or higher compared to 2019.

**ii. Digital advertising:** There has been a 15%+ pull back on ad spend, as advertisers pivot messaging towards Public Service Announcements (Thank you frontline workers!) and focussed efforts on broadcast. This trend is expected to continue into Fall 2020 for national advertising, however, local and regional advertising are expected to return in the Fall. Global platforms continue to grab the lion's share of federal and provincial ad budgets around COVID (Google, LinkedIn, Instagram, Facebook, YouTube), ***despite these platforms providing no reliable news service to Ontarian and Canadian audiences, and, in fact, playing a major role in spreading misinformation.***

**iii. Ecommerce:** There has been a temporary shift in subscription sales from traditional to online channels as a result of shelter-in-place orders and the closure of traditional newsstand outlets, however, ***an overall drop in conversion/purchase intent of discretionary items, like magazine media, is expected, as unemployment rates increase and household incomes drop.***

In particular, magazine publishers need to improve their ability to track customer behaviour in order to market more successfully to them. Customer relationship management software is one example of this digital technology. This technology is neither locally available, nor is it affordable, however.

**iv. Custom publishing:** Magazine publishers will often take on custom publishing projects for clients, where the publisher will produce custom digital and/or print content to the client's specifications. The best expected outcome for custom publishing is a temporary delay in projects, while many fear outright cancellation of projects for 2020 and beyond.

**v. Live events:** We are seeing full-scale cancellations, with consumer shows expected to be affected through the end of 2020. Efforts toward virtual consumer events are ***being met with significant resistance from paid exhibitors looking to transact with consumers on a large scale.*** Most magazine media had greatly diversified revenue streams away from legacy print long before COVID hit. Unfortunately, the recent move to live events is a weakness for many magazine publishers under COVID, with restrictions on mass gatherings.

**E. Of note:** The rent support announcement was a welcome relief, however, the unwillingness of landlords to apply and work with tenants on a fair and equitable arrangement was not anticipated. This program should have been made available to tenants.

2) Please share ideas on innovative short- and long-term sector-led approaches that can be taken in response to the economic challenges caused by the COVID-19 pandemic.

- Are there opportunities to reduce red tape (e.g. existing legislation, regulations or policies) that given the unique environment we are in would impact the ability of the sector as it emerges from the COVID-19 pandemic?
- How can the entrepreneurial ingenuity of the sector be leveraged?
- What emerging opportunities exist for new collaborations within and across the sectors?
- What are potential re-skilling and /or training opportunities for the workforce as the sector emerges from the COVID-19 pandemic?
- Provide insights on interdependencies and critical dependencies unique to your sector.

### **Recommendations related to innovative sector-led approaches:**

The magazine sector in Ontario and other jurisdictions has seen continuous **innovation** since the 2008 recession. Publishers have accelerated the pace of innovation in the face of COVID. Examples include launching virtual events to partly compensate for the loss of high-margin live events, and the increased use and monetization of digital platforms, podcasts, video, webinars, research, and lead generation. This continuing innovation will be more important than ever in the COVID-recovery era, but budgets and risk tolerances will plummet at the same time.

B2B (business-to-business) magazine media continues to lead Ontario businesses in all major sectors on sector-specific COVID response best practices, on changing regulations, health and safety news, return-to-work best practices and liabilities, etc. The level of coverage they provide of this issue is more in-depth than in newspapers or on news websites, and is across all mediums, including print, websites, e-news, webinars, podcasts, research, social media, video, and virtual conferences and workshops. Magazine publishers are doing this despite 35%+ revenue declines and very little advertising support from government programs targeting the audiences we are educating.

**Live events** have gone from being excellent revenue diversification tools to liabilities. Many Ontario magazine publishers spent five to ten years building valuable event portfolios, only to see that asset destroyed in a month. Many are responding by launching virtual or digital events. Still, these are new and unproven, and will at best replace a fraction of the contribution from live events.

**Collaboration** already exists via Ontario Creates and Magazines Canada to share best practices and accelerate the adoption of new technology and revenue streams. These initiatives should be supported and increased.

**Training and re-skilling** has been ongoing for over a decade in the sector, as publishers increase revenue from non-traditional sources such as digital, research, live events, data, etc. These needs will continue, but will need to be virtual for the foreseeable future. Players such as Magazines Canada and Ontario Creates can aid.

**Unique critical dependencies** include a reliance on Canada Post for mailing of magazine subscriptions; and a reliance on major retail outlets (Chapters–Indigo) for magazine distribution.

**Recommendation 1. Ontario Creates:** We recommend that the Government of Ontario **increase the annual budget of the Ontario Creates Magazine Fund from \$2 million to \$4 million** to support the Ontario magazine sector’s COVID-19 recovery and that a budget be set aside within the Magazine Fund specifically for innovation initiatives. One example of digital innovation is customer relationship management software, which can be adopted and adapted by Ontario magazine publishers based on scale. Effective customer data capabilities enable magazine publishers to market more effectively to customers and represent an important sector–led digital innovation. Support for just these types of innovation initiatives from the Government of Ontario via Ontario Creates will help the Ontario magazine publishing sector contribute to the province’s economic recovery and path forward in the post COVID-19 era.

**Recommendation 2. Ontario Creates:** We recommend that Ontario Creates provide operating support to trade organizations that represent sectors supported by the agency during the COVID-19 recovery period. This support would come from Ontario Creates’ Industry Development Program, utilizing some of the existing allocation, currently for project support, for this purpose.

3) What changes will need to be made to your industry / sector because of public health?

**Recommendations related to improved public health:**

The magazine publishing sector in Ontario needs as much business stability as possible. Overall, that will come from a sustainable re-opening or “new normal”, which in turn will rely on a well-planned and aggressive *testing and tracking regime*. Our audience and clients do not feel confident that this is in place in most provinces, including Ontario, and thus, we are simply in a calm between storms. Above all, that must change before we have a sustained business where we are confident our employees are secure. This would benefit all industries in Ontario and give the province a competitive advantage.

Sector-specific initiatives related to improved public health spearheaded by the Ontario magazine sector:

**Recommendation 3. Magazine Sector-Specific Protocols for Publishers:** We recommend that new protocols be established for on-location photo shoots, with fewer production staff and photographers with broader skill sets. Magazines Canada will lead this initiative on behalf of the Ontario magazine publishing sector.

**Recommendation 4. Magazine Sector-Specific Protocols for Printers:** We recommend that new protocols be established for Ontario printers. For example, separating shifts to reduce density; breaks between shifts to avoid overlap and allow for disinfection of plant; lunchroom chairs spread out with extra chairs removed; regular disinfection of washrooms and lunchroom(s); personal protective equipment supplied for use as required (e.g. if help is required lifting parts); increased ventilation airflow; paid leave in cases where employees feel unwell; training, signage, supervision and continuous reminders to ensure protocols are respected, including regular plant walk-throughs by senior management. Magazines Canada encourages the Ontario Printing & Imaging Association / Canadian Printing Industries Association to take the lead on establishing these protocols.

**Recommendation 5. Support for Ontario Magazine Publishers and their Employees During the COVID-19 Recovery Period:** We recommend that the Government of Ontario:

- a) Provide supports to allow employees to continue to work remotely for the near to mid-term. This includes ongoing investments in equipment, networks, software, training and IT support.
- b) Study the effects that working remotely has on mental health in order to understand and support accommodations.

c) Work with municipalities to increase safety measures for Ontarians travelling to and from offices using public transit.

d) Implement standardized temperature and symptom monitoring at offices, as well as on-site testing. We acknowledge in making this recommendation the concerns about cost, privacy, availability and speed of testing.

e) Implement standardized temperature and symptom monitoring at live events in the province, as soon as live events are once again feasible. We acknowledge concerns about cost and privacy in making this recommendation.

These supports will help a broad array of industries in Ontario, give the province a competitive advantage, and represent an important investment in productivity.

**Recommendation 6. Newsstand 2.0:** In the COVID-recovery era, solutions need to be found for magazine browsing at retail outlets and libraries. We recommend that the Government of Ontario work with Magazines Canada to encourage online retailers including [chapters.indigo.ca](http://chapters.indigo.ca) and [amazon.ca](http://amazon.ca). to make print and digital magazines available for purchase and, in the case of print magazines, fulfillment (delivery to the purchaser) via their websites.

4) What other ministries can assist in your sector recovery?

**Recommendations related to cross-ministerial collaboration and support:**

**Recommendation 7. Pan-Government Advertising Campaigns Should Use Ontario Magazines:** The Government of Ontario should regularly use Ontario magazines in its advertising campaigns, across all ministries, from campaigns promoting tourism (Ministry of Heritage, Sport, Tourism and Culture Industries), to campaigns aimed at COVID responses and awareness (Ministry of Health, all Ministries in some capacity). Ontario magazines can deliver the government’s target audiences through top-flight original content and trusted brands (advertisements). Magazines create and drive communities of all kinds and across all mediums, in consumer, special interest, arts, and B2B. This unique asset should be encouraged and promoted in these times of isolation. Advertising revenue is an essential ingredient to Ontario magazines’ sustainability in the COVID-recovery era.

As an example, we recommend that the Government of Ontario create a “Made in Ontario” or a “Buy Ontario” advertising campaign and work with Ontario magazines to get the word out. By promoting Ontario businesses and Ontario pride, the government could also identify key industries or companies to support on Ontario.ca.