

# **The Growth of the Network Media Economy in Canada, 1984 – 2014**

## **Report**



November 2015

# **The CMCR Project's Growth of the Network Media Economy in Canada, 1984-2014 Report**

## **Executive Summary**

This report examines the development of a dozen or so of the largest sectors of the media, internet and telecommunications industries in Canada between 1984 and 2014: wireline and wireless telecoms; internet access; cable, satellite & IPTV; specialty and pay TV; broadcast TV; radio; newspapers; magazines; music; and internet advertising.

### **Headlines include:**

- The network media economy expanded greatly from \$19.4 billion in 1984 to \$75.2 billion thirty years later (current \$);
- If “Content is King”, in an internet- and mobile-centric world “Connectivity is Emperor”. The “platform media” (i.e. wireline, mobile wireless, ISPs and cable, satellite and IPTV) have grown far faster than the “content media” (i.e. television, radio, newspapers, magazines, music). The platform media accounted for just under three-quarters of all revenues across the network media economy in 2014;
- Telus, Bell, MTS Allstream and SaskTel’s Internet Protocol TV (IPTV) services have grown swiftly in the last year to 2,046,882 subscribers with revenues of \$1.6 billion. Nearly 15% of Canadian households subscribe to IPTV services and this has intensified competition between the telcos’ and the cable companies’ TV distribution services; telcos now garner close to one-in-five cable TV subscribers;
- cord-cutting is over-rated with the number of cable, satellite TV and IPTV subscribers staying remarkably stable while revenues continue to grow;
- over-the-top services (OTT) like Netflix, Shomi and Spotify do not appear to be cannibalizing the revenue of existing media but expanding the size and diversity of the media economy overall;
- Growth across the media economy since 2008 has been half the rate of the previous half-decade (i.e. 2%), largely due to the lingering effects of the “global financial crisis” and ensuing economic downturn;
- Advertising dependent media, notably broadcast TV, radio, newspapers and magazines have been the hardest hit by the economic downturn;
- Some sectors of the media are growing, others are stagnating, some are declining and yet others appear to be in the process of recovering, as is the case for the music industry. The Figure below summarizes the point.

GROWTH	STAGNATION	DECLINE	RECOVERY(?)
Mobile Wireless Internet Access IPTV Internet Advertising Pay & Specialty TV Total TV	Cable Radio	Wireline Telecoms DTH Satellite Broadcast TV Newspapers Magazines	Music

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The [Canadian Media Concentration Research](#) project is directed by Professor Dwayne Winseck, School of Journalism and Communication, Carleton University. It is funded by the Social Sciences and Humanities Research Council and has the mission of developing a comprehensive, systematic and long-term analysis of the media, internet and telecom industries in Canada to better inform public and policy-related discussions about these issues.

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## The Growth of the Network Media Economy in Canada, 1984-2014

### Introduction

This report examines the development of a dozen or so of the largest sectors of the media, internet and telecommunications industries in Canada between 1984 and 2014: wireline and wireless telecoms; internet access; cable, satellite & IPTV; specialty and pay TV; broadcast TV; radio; newspapers; magazines; music; and internet advertising.

The aim is to examine how different sectors of the media, internet and telecoms industries have developed over time and how they fit together into a larger entity that I call the network media economy. It is also to determine which sectors of the media industries are *growing*, which are *stagnating* and which appear to be in long-term *decline*. It also shines a light on media that appear to be on their way to *recovery* after years of upheaval and industrial restructuring, as appears to be the case for the music industry.

One of the most important developments discussed is the extent to which the platform media industries – wireline telecoms, mobile wireless, ISPs and cable, satellite and IPTV -- have grown far faster than the “content media” sectors of the media industries, i.e. television, radio, newspapers, magazines and music. By 2014, they accounted for three-quarters of all revenues across the media economy. Thus, while “Content may be King”, in an internet- and mobile-centric world “Connectivity is Emperor” (see [Odlyzko](#)).

By the end of 2014, 15% of Canadian households got their television service from their telephone company: i.e. Telus, Sasktel, MTS or Bell. This is a relatively high number by international standards.

Telus, Bell, MTS Allstream and SaskTel’s Internet Protocol TV (IPTV) services have grown swiftly in the last year to 2,046,882 subscribers with revenues of \$1.6 billion. The relatively rapid rate of IPTV growth in recent years has intensified competition between the telephone and cable companies’ TV distribution services; by the end of last years, the telcos garnered close to one-in-five cable TV subscribers. While many claim that widespread cord cutting is hurting the cable television industry, almost all of the losses to cable and direct-to-home satellite TV providers have redounded to Telus, Sasktel, MTS and Bell’s IPTV services.

While there is no doubt that competition has increased in the “television delivery business” as a result of these developments, concentration levels in the ISP market have not changed and those in the mobile wireless market continue to be remarkably high (i.e. Rogers, Bell and Telus control 92% of the market share based on revenue). Concentration levels have also risen sharply across the telecoms and broadcasting landscape. The “big five” – Bell, Rogers, Telus, Shaw and Quebecor -- accounted for two-thirds of all telecoms and broadcasting revenue in 2010, for instance. That figure

had soared to 83% by 2014. Thus, while competitive intensity is *increasing* in the television delivery business (i.e. broadcast distribution), the more pronounced trend is towards bigger and more complex markets but with greater concentration across sectors of the media overall (More on this in the next post).

The point for now, however, and the *raison d'être* for this report is that without a good body of data from which to address these questions, hyperbolic claims and vested interests tend to pollute public discourse about the state of the media in Canada and what might be done in response, if anything, to the issues at hand. This report aims to add the public and policy discussion of these issues out of sense that we are living in a constitutive moment when choices made now or in the near future will have enduring and cumulative effects on what the media and communications ecology will look like for much of the rest of the 21<sup>st</sup> Century.

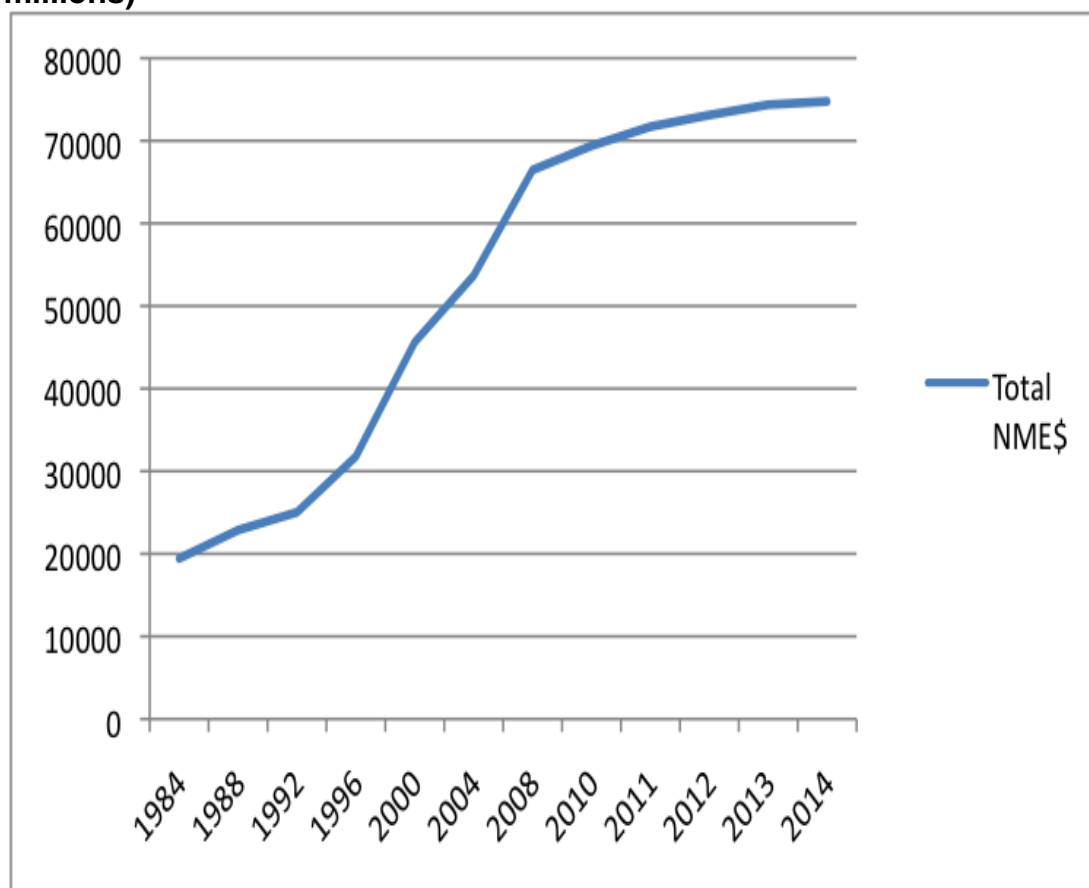
Throughout this report we cite the sources for our work but the entire dataset underpinning the analysis can be freely downloaded and used under Creative Commons licensing arrangements for non-commercial purposes with proper attribution and in line with the ShareAlike principles set out in the International License 4.0 (see [here](#)).

This report also sets a baseline for several others to follow over the next few weeks that will examine the trends in media and internet concentration in Canada, and similar issues in relation to the English- and French-language media economies. A PDF version of this report is available [here](#), while previous versions can be found [here](#), [here](#) and [here](#).

### **The Network Media Economy in Canada: Growth, Stagnation, Decline or Recovery?**

The network media economy expanded greatly from \$19.4 billion in 1984 to \$75.2 billion thirty years later (current \$). Figure 1 below illustrates the trends.

**Figure 1: Growth of the Network Media Economy, 1984–2014 (current \$, millions)**



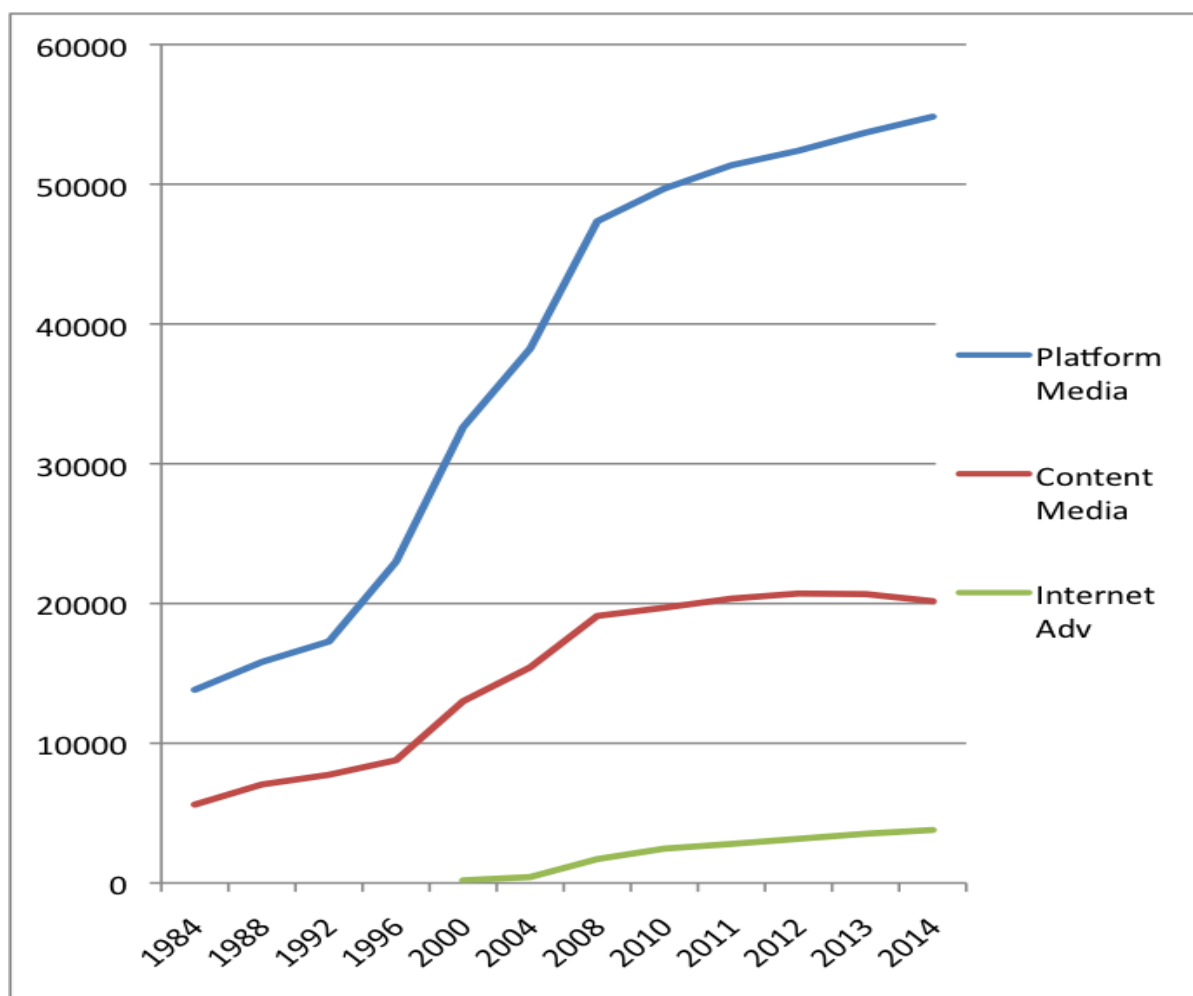
**Source:** see the “Media Economy” sheet in the [Google Docs Workbook](#).

The growth of the media over time has been enormous. While the media economy in Canada is often seen as a pygmy amongst giants, especially relative to the colossal United States, it is actually amongst the twelve or so biggest media economies in the world. It has also grown quickly relative to other OECD countries as well, for reasons that will become clear in a moment.

The media system is also becoming evermore internet- and mobile-centric. “Platform media” (i.e. wireline, mobile wireless, ISPs and cable, satellite and IPTV) have grown much faster than the “content media” (i.e. television, radio, newspapers, magazines, music) sectors of the media industries. While internet advertising has grown swiftly into a \$3.8 billion industry by 2014, that still represents a modest 5% of all revenue across the media economy as a whole. Internet access, by comparison, accounts for 12% of total revenue, while “platform media” overall account for nearly three-quarters of all revenue (see the “Media Economy” sheet in the [Google Docs Workbook](#)).

Figure 2 below illustrates the divergent development trajectories for the ‘platform media’, ‘content media’ and ‘internet advertising’ over the course of the past thirty years.

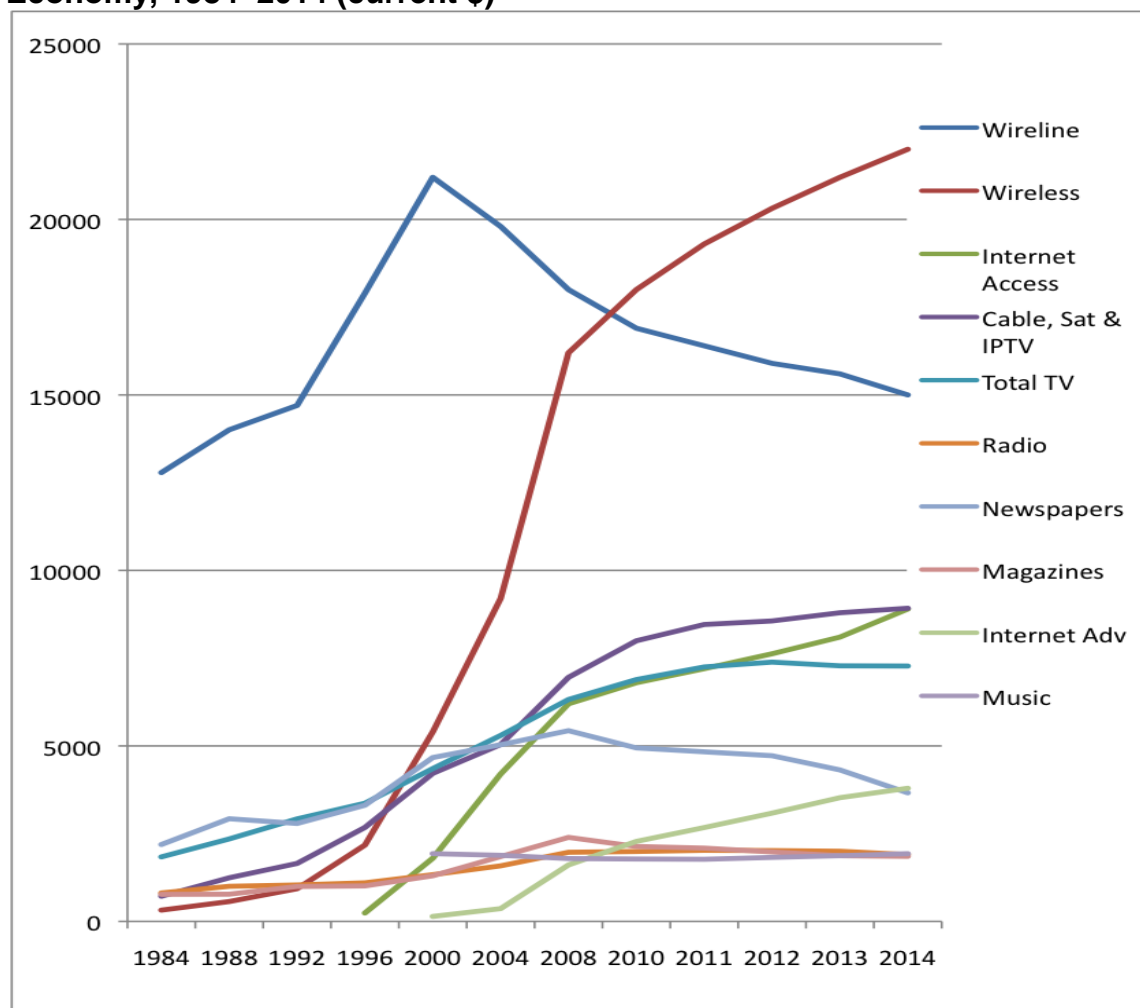
**Figure 2: Growth and Development of Platform Media vs Content Media, 1984-2014 (current \$, millions)**



**Source:** see the “Media Economy” sheet in the [Google Docs Workbook](#).

Figure 3 takes this a step further by separately depicting the long-term growth for each of the sectors covered in this report. Amongst other things, it shows that while all segments of the media, internet and telecom industries broadly share the fact that they have grown substantially over time, there are unique differences among them that merit further discussion.

**Figure 3: Separate Media, Distinct Evolutionary Paths and the Network Media Economy, 1984–2014 (current \$)**



**Source:** see the “Media Economy” sheet in the [Google Docs Workbook](#).

Over the long run, the growth across the network media economy and the rise of wholly new sectors – i.e. mobile wireless, internet access, pay and specialty TV, internet advertising – has added greatly to the size of the network media economy. As a result, the media ecology has become larger and structurally more complex.

Another thing that stands out in Figure 3, however, is the sharp kink in the revenue lines since 2008 for all sectors. This reflects the impact of the global financial crisis on the media economy. Growth has fallen to two percent per annum on average ever since – half the rate of the previous half-decade. If we switch the unit of analysis to inflation-adjusted, real dollars, the size of the media economy has stayed basically flat since 2010 amidst uncertain economic times.

While the financial crisis and ensuing economic downturn have had an impact on all media, the severity of the impact has varied considerably across media. After 2008, the earlier rapid pace of growth for mobile wireless, internet access, cable television,

specialty and pay television channels and even internet advertising slowed. It declined outright for direct-to-home satellite, broadcast television, newspapers and magazines. The music industry, in contrast, went into decline earlier in the decade, before bottoming out towards the middle of the decade but appears to have turned a corner in the last few years (see [Picard](#), [Garnham](#), [Miege](#), [Vogel](#) on the relationship between the fate of the media economy and the general economy).

Table 1 below provides a summary snapshot of which segments of the telecoms, media and internet industries have grown, stagnated, declined or recovered over the past few years.

**Table 1: Growth, Stagnation, Decline and Recovery in the NME, 2014**

GROWTH	STAGNATION	DECLINE	RECOVERY(?)
Mobile Wireless Internet Access IPTV Internet Advertising Pay & Specialty TV Total TV	Cable Radio	Wireline Telecoms DTH Satellite Broadcast TV Newspapers Magazines	Music

**Source:** see the “Media Economy” sheet in the [Google Docs Workbook](#).

### The Platform Media Industries: If Content is King, Connectivity is Emperor

The platform media industries – i.e. the pipes, bandwidth and spectrum people use to connect with one another and to devices, content, the internet, and so forth – have grown the most over time, from \$13.8 billion to \$54.8 billion between 1984 and 2014. Table 2 below shows the trends. Accounting for nearly three-quarters of all revenues (73%), the platform media sectors are the fulcrum upon which the media economy pivots.

**Table 2: Revenues for the Platform Media Industries, 1984-2014 (Millions\$)**

	1984	1988	1992	1996	2000	2004	2008	2010	2011	2012	2013	2014
Wireline	12787	14007	14700	17900	21200	19800	18000	16900	16400	15900	15600	15000
Wireless	321	565.2	931	2175	5400	9200	16200	18000	19300	20316.6	21200	22000
Internet Access				239	1800	4200	6200	6800	7200	7625	8100	8900
Cable + DTH	716.3	1242.9	1651.4	2677.4	4218.5	5031.1	6,834.4	7,712.2	7,993.6	7,821.9	7,787.6	7,343.8
IPTV						8.3	119.1	283.1	465.5	738.9	1006.3	1578.6
Total PM\$	13824.3	15815.1	17282.4	22991.4	32618.5	38239.4	47353.5	49695.3	51359.1	52402.4	53693.9	54822.4

**Source:** see the “Wireline”, “Wireless”, “ISPs” and “CableSatIPTV” sheets in the [Google Docs Workbook](#).

## Mobile Wireless

Mobile wireless services have expanded quickly since the turn-of-the-21<sup>st</sup> century to become a critical cornerstone of the digital media ecology. Mobile wireless revenues grew more than four-fold from \$5.4 billion in 2000 to \$22 billion last year. They overtook those of plain old wireline services in 2009. In 2014 the number of Canadian households subscribing exclusively to mobile services for their voice calling needs exceeded those relying exclusively on landlines for the first time ([CRTC, 2015, p. 1](#)).

The growth spurt in mobile wireless services has tracked an expanding array of devices that people connect to wireless networks: feature phones, smartphones, tablets, wifi connected PCs, and so forth. Mobile data traffic doubled in [Canada](#) between 2012 and 2013, and grew again by 60% in 2014.

Like other sectors, revenue growth in mobile wireless slowed post-2008. Some argue that the slowdown in wireless revenue growth since 2008 is the result of it becoming a mature market ([Church and Wilkins, 2013, p. 40](#)). To be certain, the pace of growth *has* slowed relative to the torrid pace of growth from the late-1990s into the 2000s, but this single-focus explanation is too narrow.

The pace set during the early uptake of new technologies cannot be sustained forever, as is well known, and mobile wireless has unsurprisingly followed the classic “S-pattern” of diffusion, i.e. slow adoption at first, rapid uptake as the new technology becomes mainstream, and a return to flatter growth thereafter as “late adopters” come on board. More than ‘technology diffusion curves’, however, the recent flattening of growth dovetails perfectly with the financial crisis.

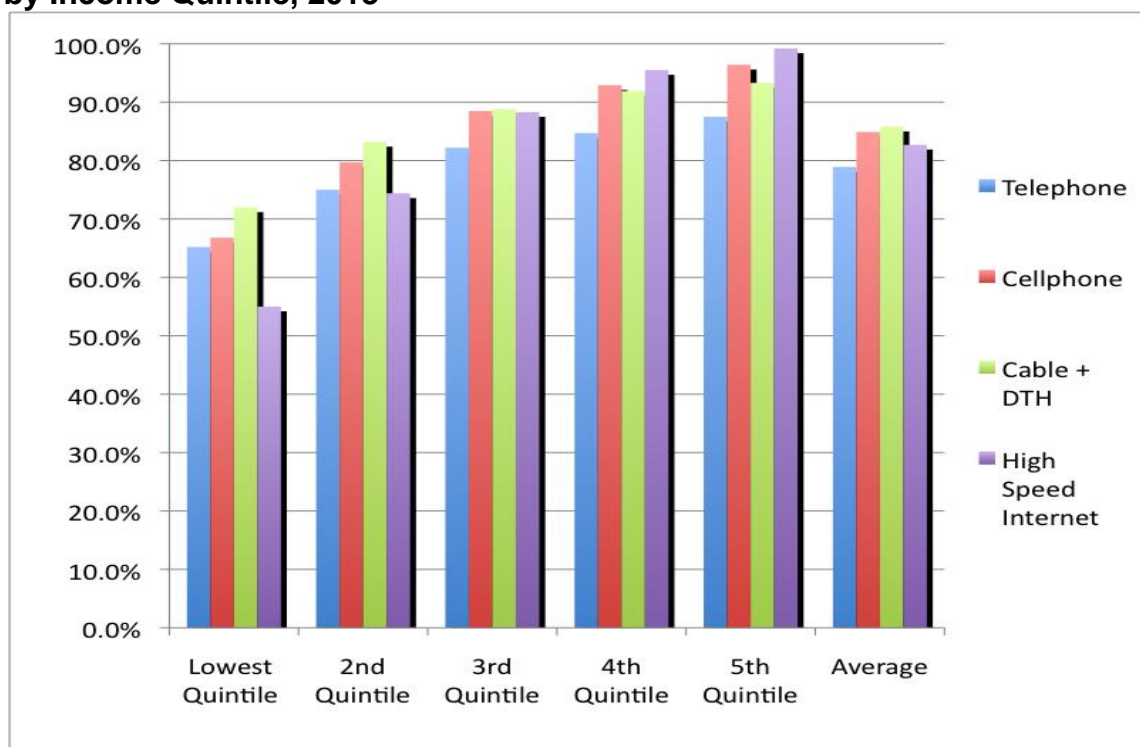
This reality cannot be ignored. Revenues for the network media economy worldwide declined between 2008 and 2009 and some of the world’s biggest media economies actually shrank between 2008 and 2012 (e.g. Germany, UK, Italy and Spain), others stalled (e.g. Japan and France) or grew modestly (e.g. US, Canada and Korea). Mobile wireless revenues have not been hit as hard as other media sectors by the collapse of the dot.com bubble in 2000 or the Anglo-European financial crisis (2007-2008ff), but the recent let-up in the pace of wireless growth amidst such conditions is not surprising.

In sum, the explanation for the slower pace of growth for mobile wireless services in recent years is not due primarily to the maturation of the mobile wireless market but to a combination of the following factors:

1. the typical ‘S-shape’ diffusion of innovation curve (mature market);
2. the protracted impact of economic uncertainty; and
3. a reluctance the big three mobile wireless carriers – Rogers, Bell, Telus -- to target less lucrative subscribers.

This last point deserves more attention. Over four-fifths of Canadians subscribed to cellphone service (85%) at the end of 2013, according to the most recent [Statistics Canada data](#), although the CRTC points to a lower number of 80.1% at the end of 2014 ([CMR, Table 5.5.11](#)). Regardless of these differences, as Figure 4 below shows, one thing that stands out is that access to wireless services, and other information and communications media, is highly unequal and stratified by income.

**Figure 4: Household Access to Information and Communication Technologies by Income Quintile, 2013**



**Note and Source:** Upper bounds for the first to fourth quintiles are \$30.7k, \$51.8k, \$79.7k, \$121.3K and Above \$121.3k. Statistics Canada (2015). [Dwelling characteristics, by household income quintile, Canada, 2013](#), in Statistics Canada, 2015. *Survey of Household Spending*.

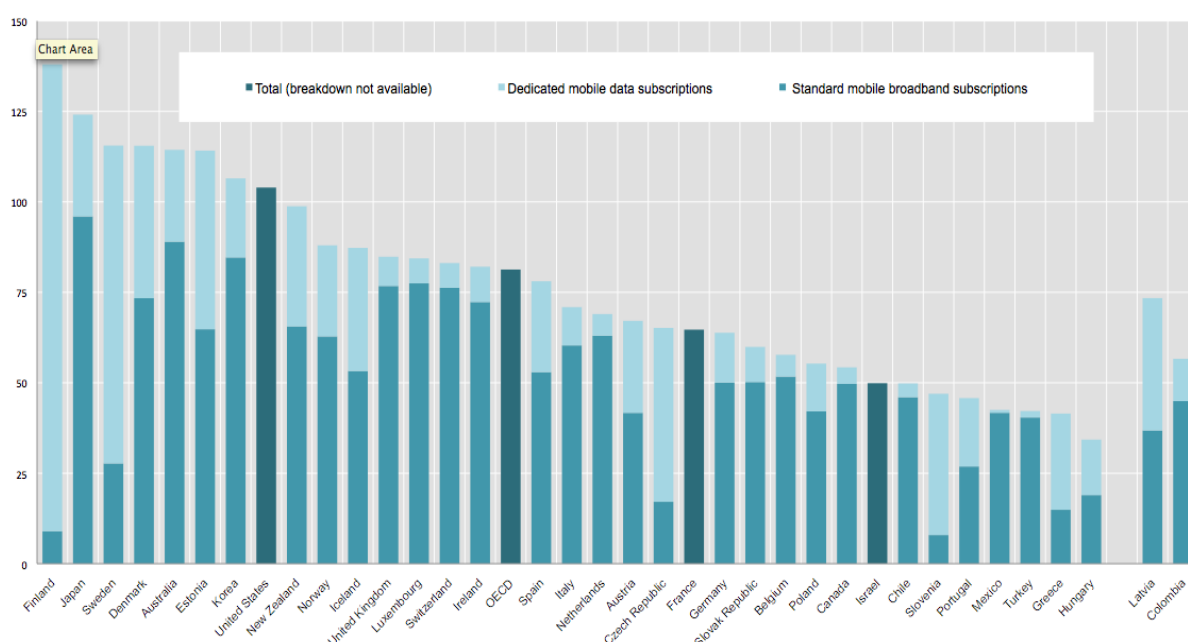
For households in the lowest income quintile, one in three have *not* subscribed to a mobile wireless service. One-in-five of those on the next rung up the income ladder stand in the same position. At the opposite end of the income scale, however, mobile wireless penetration is nearly universal at 96% — that is, only one in twenty-five households earning over ~\$121K per year do not subscribe to a mobile wireless service.

Rogers, Bell and Telus, and other observers content with the state of affairs in Canada, often obscure the reality of low levels of mobile wireless penetration by touting the large number of subscribers who have smartphones. However, taking into account the low levels of cellphone adoption (80-85%) in Canada and multiplying that by the two-thirds of subscribers who use smartphone we arrive at the reality that only 54-57% of Canadians have a smartphone ([CRTC, 2015, Table 5.5.14](#); also see

[OECD, 2015](#)). In other words, the extent of smartphone adoption in Canada is not a triumph to be celebrated but a problem to be addressed.

Consequently, rather than placing Canada at the top of international comparisons, such results put it 26<sup>th</sup> out of 34 OECD countries for broadband wireless penetration as of December 2014, as Figure 5, below, shows -- far below the US, UK, Denmark, Australia, and many others. This is also a position that Canada has languished in for years, as previous studies have shown (see, for example, [Benkler, Faris, Glasser, Miyakawa, Schultze, 2010](#); [OECD, 2011](#)).

**Figure 5: OECD wireless broadband subscriptions per 100 inhabitants, by technology, December 2014**



**Source:** OECD Broadband Portal.

<http://www.oecd.org/sti/broadband/oecdbroadbandportal.htm>

### Plain Old Telephone Service, Internet Access and Internet Protocol TV (IPTV)

While mobile wireless services are at the centre of the media universe, the wireline telecoms infrastructure – e.g. plain old telephone service (POTS), internet access, cable and IPTV networks – still remain central pillars in the network media economy. Altogether, they accounted for well over half of all platform media revenues (56%) in 2014. Mobile wireless services accounted for forty percent; direct-to-home satellite services made up the rest (4%).

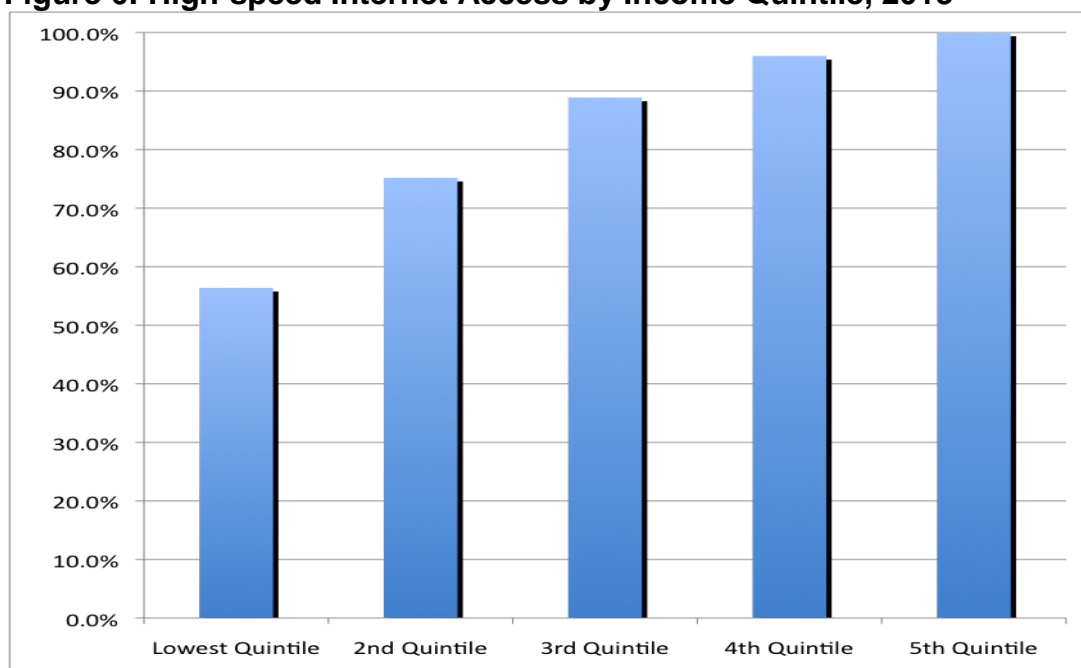
Plain old wireline telecom revenues continued to decline in 2014, with revenues falling to \$15.0 billion (current \$) -- far off their high-water mark of \$21.2 billion in 2000. Those decreases, however, have been offset by growth in internet access,

IPTV and cable revenues. All of the major telecoms and cable companies have moved significantly into data centres in the past few years as well, although both the size of this sector and the companies' revenues in this area are not yet discernible with any precision.

[Internet access](#) revenues have grown immensely in the past decade, similar to mobile wireless. Internet access revenues were \$8.9 billion last year, up substantially from \$8.1 billion the previous year. This was five times what they were at the turn-of-the-21st century (\$1.8 billion).

However, as with mobile wireless services, this should not obscure the fact that high-speed and broadband internet access are far from being universal. [Four-out-of-five](#) Canadian households subscribed to high-speed internet access by the end of 2013. Tighten the definition to include only broadband internet with download speeds more than 5 Mbps, and that number drops to 77% (see [CMR 2015, Table 2.0.9](#)). It is also the case that access to high-speed internet access is highly divided along income lines, as Figure 6, below, shows.

**Figure 6: High-speed Internet Access by Income Quintile, 2013**



**Note and Source:** Upper bounds for the first to fourth quintiles are \$30.7k, \$51.8k, \$79.7k, \$121.3K and Above \$121.3k. Statistics Canada (2015). ['Dwelling characteristics, by household income quintile, Canada, 2013](#), in Statistics Canada, 2015. *Survey of Household Spending*.

A key recent development has been the rapid growth of the telephone companies' Internet Protocol TV (IPTV) services, the incumbent telcos' managed internet-based tv services: e.g. Telus, Bell, MTS Allstream, SaskTel, and Bell Aliant. The number of IPTV subscribers has nearly quadrupled since 2010, rising to 2,046,882 last year. Nearly 15% of Canadian households subscribe to IPTV services.

A corresponding sharp increase in revenues for the telcos' IPTV services has followed, increasing from \$1.1 billion in 2013 to nearly \$1.6 billion last year – nearly quadruple the amount in 2010. Tables 3 and 4 below show the trends in terms of both subscribers and revenues, respectively.

**Table 3: The Growth of IPTV Subscribers in Canada, 2004–2014**

	2004	2008	2010	2011	2012	2013	2014
Bell Fibe TV			13000	50644	248298	479430	700,533
Bell Aliant			46575	77060	123020	178083	218,537
Telus		78000	314000	509000	678000	815000	916000
MTS Allstream	32578	82278	89967	95476	97232	104861	108,096
SaskTel	25000	70463	85537	93960	97262	101147	103,716
Total IPTV Connections	57578	230741	549079	826140	1243812	1678521	2,046,882

**Source:** see the “IPTV” data sheet in the [Google Docs Workbook](#) and the [Methodology Primary](#).

**Table 4: The Growth of IPTV Revenues in Canada, 2004–2014 (Millions\$)**

	2004	2008	2010	2011	2012	2013	2014
Bell Fibe TV			4.5	21	105.6	233.8	593.1
Bell Aliant			7.4	30.5	63.4	94.3	122.7
Telus		33.5	162.5	289.1	428.2	527.4	697.7
MTS Allstream	8.4	50	59	70.6	78.5	82	85.2
SaskTel	4.1	38.8	52.5	60.1	67.1	70.6	79.9
Total IPTV \$	8.3	119.1	283.1	465.5	738.9	1006.3	1578.6

**Source:** see the “IPTV” data sheet in the [Google Docs Workbook](#) and the [Methodology Primary](#).

The subscriber and revenue figures reported in Tables 3 and 4 are slightly higher than those in the CRTC's 2015 [Communication Monitoring Report](#): 1,784,000 subscribers and \$1,284.2882 million in revenue, respectively (Tables 4.3.1 and 4.3.2). This is likely because the CRTC's subscriber data is taken from the end of August each year as opposed to the companies' fiscal year-end, as I have done. Also, the CRTC's estimated revenues (ARPU) are lower than those that the telcos cite in their audited annual reports. Lastly, the lack of consistent, full disclosure by the telcos and CRTC further obscures the exact number. Nonetheless, the difference is small enough to suggest that both are close to the mark.

The growth of IPTV services is significant for many reasons. First, the telcos are finally making the investments needed to bring next generation, fiber-based internet networks closer to subscribers, mostly to their neighbourhood nodes and sometimes right to their doorsteps. If the distribution of television is essential to the take-up of next generation networks, as I believe it is, IPTV will be a key part of the demand drivers for these networks (see below).

Second, the addition of IPTV as a new television distribution platform brings the telcos deeper into the cable companies' turf. By 2014, IPTV services accounted for

roughly 18% of the TV distribution market by revenue on the basis of annual reports and year-end figures from the companies, a significance increase from the 11% market share they held a year earlier. The CRTC's [Communication Monitoring Report](#) publishes a lower number at 14.4% for reasons explained above (see Table 4.3.1), but again the difference does not detract from the general theme regarding the telcos' deeper forays into the cable companies' territories.

The increased competition posed by IPTV appears to be most significant in the western provinces where Shaw faces three companies that have been quickest to roll out IPTV services: Telus in Alberta and BC, SaskTel in Saskatchewan and MTS in Manitoba. From Ontario to the Atlantic, in contrast, Bell's roll-out of IPTV services occurred later, softening the competitive impact on Rogers, Quebecor, Cogeco and Eastlink – until around 2013.

Cable and satellite companies are losing subscribers to the telcos IPTV services. Indeed, they have collectively lost almost four hundred thousand subscribers since 2011, hence the hand-wringing in the press and some industry circles about cord cutting (see [CMR 2015, Table 4.3.1](#)). They have also seen television distribution revenues dwindle over the same span of time as well, as Table 5 below illustrates.

**Table 5: Cable & Satellite Provider vs IPTV Revenues, 2004–2014**

	2004	2006	2008	2010	2011	2012	2013	2014
Cable + DTH \$	5,030.7	5,801.0	6,833.9	7,711.9	7,993.5	7,822.1	7,787.7	7343.4
IPTV \$	8.3	51.0	119.1	283.1	465.5	738.9	1006.3	1578.6
Total Cable, DTH + IPTV	5039	5852	6953	7995	8459	8561	8794	8922

**Sources:** see the “IPTV” and “CableSatIPTV” data sheets in the [Google Docs Workbook](#) and the [Methodology Primary](#).

The drop in the number of cable and satellite subscribers, however, has largely been offset by the increase in IPTV subscribers. Overall, the number of cable, satellite and IPTV subscriber drifted downward slightly from 11.5 million in 2013 to 11.4 last year – a decline of 1 percent ([CMR 2015, Table 4.3.2](#)). Viewed from another angle, the number of subscribers slipped from 84.7% of households to 82.4% between 2010 and 2014. Revenues, in contrast, continued to climb, as Table 5 illustrates, largely because of rises in prices that have been well-above increases in the consumer price index ([CRTC, 2015, Figure 2.0.2](#)).

Against the hew and cry about cord-cutting and industry pleadings for regulatory favours, and much journalistic coverage that uncritically repeats such claims, the losses of incumbent cable providers, mostly to the telcos' IPTV services, must not be mistaken with an industry in peril. The more important story is that duopolistic rivalry between the telcos and cablecos has intensified since 2011. Cable companies have suffered declining subscriber levels and revenues, but the telcos' IPTV services have

offered a welcome addition to the market and have grown swiftly in terms of subscribers and revenues.

While IPTV services are taking off, a few things need to be kept in mind. First, it was the small prairie telcos, followed by Telus, which took the lead in deploying IPTV. As a result, IPTV revenues now make up a significant 15.8 percent and 15.3 percent, respectively, of Telus and Sasktel's wireline network access revenues (Wiredline + ISP + IPTV). MTS has since slipped, after spearheading the early development of IPTV services, with only 7.1% of its wireline network access revenues coming from such services in 2014. Bell lags far behind Telus and Sasktel, with 8 percent of its revenues coming from IPTV services in 2014 (see Table 4 above).

Indeed, Bell launched IPTV late via its affiliate Bell Aliant in 2009. It slowly rolled out service for the next two years in the high-end districts of Montreal and Toronto, half a decade after MTS and SaskTel began doing so in the prairies. More cities have been added at a hastening pace since 2012, and subscriber numbers and revenues have risen significantly for the Bell Fibe service as a result. By 2014, Bell (including Bell Aliant) had 919,070 subscribers versus 678,000 a year earlier and two-and-half times its number of subscribers two years earlier. The slow start by Canada's biggest telco, Bell, is likely due, at least in part, to its desire to minimize the impact of IPTV roll-out on its existing investment in DTH satellite TV, but it does seem to have turned the corner since.

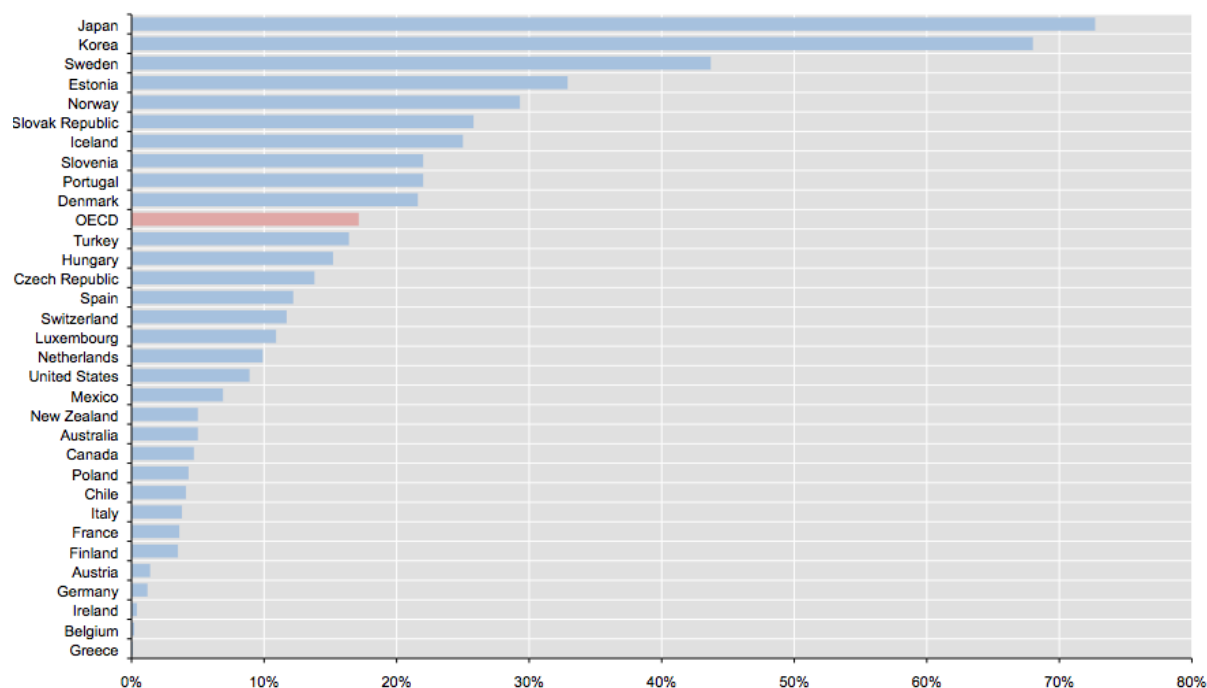
The rate of IPTV adoption in Canada is relatively high by international standards. As indicated above, about 15% of households in Canada subscribed to IPTV services. A year earlier the rate was 12%. This lags far behind countries such as France (where uptake of IPTV reached 40% of households in 2013), Singapore (27%), Korea (25%) and the Netherlands (21%), as the [UK regulator Ofcom](#) notes based on 2013 data, but it is higher than the US (10%), Japan (7%), German and the UK (5%) Spain (4%) and Australia (4%), for example (p. 153).

While Canada has done well with respect to IPTV, the picture changes for fiber-to-the-premise (FTTP) -- the latest generation of broadband internet access technology. Only six percent of broadband connections in Canada use FTTP, according to the CRTC (see [Communication Monitoring Report](#), Figure 5.1.6).

The OECD average, in contrast, is 17 percent. In countries at the high end of the scale (e.g. Sweden, Slovak Rep., Korea, Japan), thirty to seventy percent of all broadband connections are fiber-based. Canada ranked 22nd out of 34 countries on this measure as of December 2014, according to [OECD data](#).

The following figure illustrates the point.

**Figure 7: Percentage of Fibre Connections Out of Total Broadband Subscriptions (December 2014)**



**Source:** OECD (2015). [Broadband Portal](#).

In general, when it comes to fibre-optic networks, the prairie telcos and Telus were early leaders, while Bell's late turn to IPTV and FTTP in Ontario and Quebec have dragged Canada down in the global league tables. This is an important point to ponder because when it came to innovation and investment in IPTV and FTTP, it is essential to remember that it came first from small, regional telcos and, secondly by Telus, not Bell.

The general evolutionary pattern replays a long-standing practice for new services to start out as luxuries for the rich before a mix of public, political and competitive market pressures turn them into affordable and available necessities for the public at large (see [Richard John](#) with respect to the US, [Robert Babe](#) for Canada). Current ongoing debates over access to broadband infrastructure is the latest iteration of an old, old story ([Winseck Reconvergence](#), [Winseck and Pike](#), [John](#), [Babe](#), [Middleton](#)).

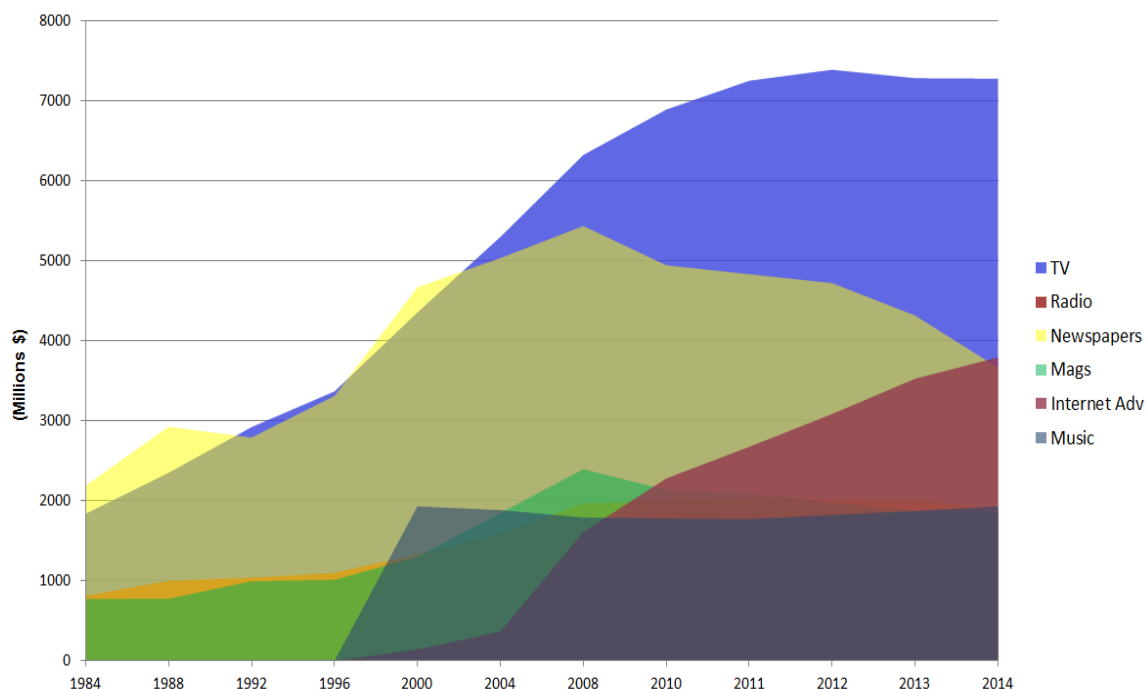
## The Content Media Industries

The remainder of this post looks at the *content media industries*: broadcast TV, pay and specialty TV, radio, newspapers, magazines, internet advertising and music. For the most part, these sectors have grown substantially over the long-run, but growth has been marginal, if at all, for most of these sectors since 2008.

In 1984, total revenue for the content industries was \$5.6 billion; in 2014, it was \$20.4 billion. In inflation-adjusted dollars, revenues basically doubled from \$11.4 billion to \$20.4 billion over this span of time. Growth was steady, with no discernible

major uptick or downturn at any given point in time *except* since 2008 when, for reasons discussed above, revenues slowed to a crawl (on the basis of current \$) or stalled (using real \$). Figure 8 depicts the trends.

**Figure 8: Revenues for the Content Industries, 1984–2014 (current \$ millions)**



**Sources:** see the “Total TV”, “Radio”, “Newspaper”, “Magazine” and “Media Economy” sheets in the [Google Docs Workbook](#) and the [Methodology Primary](#).

Trends in the content media industries tend to follow the twists and turns of those in the general economy more tightly than the platform industries because they depend more heavily on advertising revenues. And [advertising revenue](#) has gyrated in lockstep with the state of the economy over the half decade: plummeting by 7% from 2008 to 2009 followed by sizeable increases of 8.1%, 4.7% and 3.8% in 2010, 2011 and 2012, respectively, then shrinking again by 2% and another 1.7% in 2013 and 2014, respectively, amid ongoing economic uncertainty.

Perhaps more tellingly, on a per capita basis, advertising revenue was exactly the same in 2014 as it was in 2005: \$395, although again there have been substantial swings between highs and lows over this period. These trends fit the patterns described earlier perfectly (on recessions, advertising revenue and the media economy see [Picard](#), [Garnham](#) or [Miege](#)).

These trends have had a significant impact on media that depend the most on advertising: broadcast TV, radio, magazines and newspapers. For broadcast television, revenues stayed relatively flat between 2008 and 2012, when including

advertising revenue and the CBC's annual parliamentary appropriation, but have dropped significantly in the past two years.

## **The Rumoured Death of Television is Much Exaggerated**

### ***Broadcast TV***

While advertising for broadcast television plunged in 2009 before rising again in the following two years, it has dropped greatly ever since, falling from \$2.3 billion in 2011 to \$2.1 billion in 2014. Total television advertising as a proportion of all advertising (i.e. on broadcast as well as specialty and pay TV services), however, has stayed remarkably steady over time: it accounted for a quarter of all advertising last year versus an average of 23.8% per annum in the five year period prior to the economic downturn in 2008 (see [here](#)).

Government cut-backs of \$27.8 million to the CBC and a drop of \$47.1 million in payments from the Local Program Improvement Fund in 2013 compounded the woes facing broadcast TV (CBC, [2012-2013 Annual Report](#), p. 61). The bad news continued in 2014 with another cut of \$57.2 million from the CBC's government funding (CBC, [2013-2014 Annual Report](#), p. 59; CRTC, CBC Aggregate Annual Return [French](#) and [English](#)).

Altogether, conventional TV revenues slid from an all-time high in 2011 of \$3,501.7 million to \$3,059.2 million last year -- a 12.6% decline. Broadcast TV revenues in 2014 stood, more or less, at the same point where they were a decade-and-a-half ago.

Overall, four points help explain the stagnation and recent decline of broadcast TV:

1. declining [advertising revenue](#) since 2011;
2. budget cuts to the CBC ([2011-2012 AR](#), p. 8; [2012-2013 AR](#), p. 61; 2013-2014 AR, p. 59);
3. the [phasing out of the Local Program Improvement Fund](#) between 2012 and 2014;
4. the big four commercial TV providers – Shaw, Bell, Rogers and Quebecor – shift of resources to fast growing pay, specialty and other subscriber-based forms of TV (i.e. mobile, IPTV), while edging away from broadcast TV (see the CRTC's [Communication Monitoring Report](#), pp. 122-127 as well as [Individual Financial Summaries](#) for a list of the 124 pay and specialty channels the big four, in total, own 2013).

### ***Pay and Specialty (Subscription) TV***

The real growth in television has been in subscriber fees and the pay-per model of TV. This is true in Canada as it is around the world. Once we widen the lens to look at the fastest growing areas of television it is clear that the chorus of voices chiming

in on the supposed “death of television” are well wide of their mark: this is evident considering how well specialty and pay tv services (e.g. HBO, TSN, Comedy Central, Food Network, etc), mobile TV, IPTV and television distribution have done. Indeed, pay and specialty TV services have been fast growing segments since the mid-1990s and especially so during the past decade.

Specialty and pay TV revenues eclipsed those of broadcast TV in 2010, when revenues reached \$3,474.6 million. In 2014, specialty and pay TV revenue grew to \$4,216.4 million – a growth of 3.1 percent over the previous year. Adding Netflix’s estimated revenues of \$293 million for the year reinforces the point.

The fact that specialty and pay TV channels have continued to grow briskly even in the face of the economic downturn reveals a crucial point: the television business appears to have shifted to the direct pay-per model (indeed, the shift is apparent across the media economy as a whole ([Mosco](#)). In other words, subscriber fees are now the centre of the media universe not advertising. The pay-per model is more resilient to economic shocks compared to the hyper-twitchy nature of advertising revenue.

### ***The Total Television Universe***

Adding broadcast TV as well as specialty and pay TV services together to get a sense of ‘total television’ revenue yields an unmistakable picture: total TV revenue quadrupled from \$1,842 million in 1984 to \$7.3 billion in 2014. Using ‘real dollars’, total TV revenues doubled from \$3.7 billion three decades ago to \$7.3 billion last year. The severity of the decline in broadcast TV has dragged total TV revenue down by one-and-a-half percent in the last two years, but neither this nor mid- and long-term trends comport with the “death of television” narrative so often heard.

If we add cable, satellite and IPTV distribution to this portrait the trend is even more undeniable. As indicated earlier, the addition of new services, first DTH in the 1990s, accompanied by the steady growth of cable TV since that time, and the quick growth of IPTV in recent years means that the TV distribution market has grown immensely. Indeed, revenues for this sector have soared from \$716.3 million in 1984 to \$8,922.4 million in 2014.

Sum up all of the elements of “Total TV” and TV distribution, the television marketplace accounted for nearly \$16.2 billion in 2014. To put it another way, in 1984, all segments of the TV industry accounted for 13% of revenues in the network media economy. That figure rose to 19% in 2000; by 2014, it was 22%. Table 6 illustrates the trends. In other words, television continues to be a central feature of the increasingly internet- and mobile-centric media universe.

**Table 6: Television Moves to the Centre of the Network Media Economy Universe, 1984-2014 (millions current \$).**

	1984	1988	1992	1996	2000	2004	2008	2010	2011	2012	2013	2014
Cable, Sat & IPTV	716.3	1242.9	1651.4	2677.4	4218.5	5039.4	6953.5	7995.3	8459.1	8560.8	8793.9	8922.4
TV	1837.8	2349.6	2920.3	3366.7	4353.9	5297.5	6321.9	6890	7249.8	7387.5	7281.9	7275.6
Total NME\$	19434	22864.3	25024.8	31778.4	46344	54247.8	66872.6	69711.9	71998.1	73415.8	74558	74769.1
BDU+TV/NME	13.1	15.7	18.3	19	18.5	19.1	19.9	21.4	21.8	21.7	21.6	21.7

**Sources:** see the “Total TV” and “CableSatIPTV” sheets in the [Google Docs Workbook](#) and the [Methodology Primer](#).

A broader analysis reveals that the picture is somewhat mixed, but still hardly fits the image of television being in dire straights. The time people spent watching television has [stayed remarkably steady](#). It even grew between 2010 and 2011, but has fallen across all age groups by 4 percent since then. That decline, however, has also been more than offset by the increase in television viewing over the internet and mobile wireless connections ([CRTC, CMR](#), Figure 4.2.15).

The most recent [Canadian Media Usage Study](#) also indicates that the amount of time spent watching television weekly in Canada has grown substantially during the past decade. According to this study, television viewing grew by one-half hour per week over the last year (p. 3). Time spent on the internet using a variety of devices – PCs, smartphones, tablets – is now equal to the time spent watching television on the traditional screen (p. 2), although the study does not indicate how much of the time spent using the internet is spent watching television on a PC, smartphone, tablet or some other device.

Sanford C. Bernstein & Co. senior analyst [Todd Juenger](#) sheds some light on this point in “Why the Internet Won’t Kill TV”, when he states that, “so far teens are following historical patterns, and in fact, their usage of traditional TV is increasing”. Their use of computers, smart phones and tablets to do so is adding to, rather than taking away from, how much they watch television, he states. As Marshall McLuhan once put it, old media are not wiped out by the new but rather become the content of new media.

Ofcom’s 2014 [International Communications Market Report](#) shows that the average cumulative growth rate of worldwide television revenues worldwide was up by 5% per year between 2009-2013, and increased in each of the four regions it surveyed: Europe (1.7%), Asia-Pacific (2.4%), BRICs + Nigeria (15.5%) and US (3%) (pp. 118-119, 147-148). In four of the fifteen countries Ofcom surveyed viewing time declined substantially from 2012 to 2013 in the UK (-3.7%), Sweden (-3%), Korea (-2.5%) and China (-3%) but stayed essentially the same with modest increases or decreases of 1% or less in the rest of the countries covered (p. 162).

Internet equipment manufacturers [Cisco](#) and [Sandvine](#) suggest that television and online video are driving the evolution and architecture of the internet, with half of all down-stream internet traffic now accounted for by Netflix and Youtube. Netflix alone

accounted for a third of all downstream internet traffic in North America at the end of 2014 (p. 6)

In general, the proliferation of devices is expanding the time and space/place for television in people's lives. Elsewhere, I have called this the rise of the [prime time internet](#). The fact that Netflix is engineered to be watched on 800 devices helps to illustrate the point. To be sure, watching television the "old fashioned way" is on the decline, but this is largely being offset by changes in *how* people watch television. In this regard, watching television over the internet and via mobile devices has largely resulted in television viewing time to remain relatively consistent over time or even to rise ([CRTC, CMR](#), Figure 4.2.15).

Of course, this does not mean that that life is easy in the television business. Indeed, all of its constituent elements continue to have to come to terms with an environment that is becoming structurally more differentiated because of new media, notably IPTV and over-the-top (OTT) services such as Netflix, and on account of major changes in how people use the multiplying media at their disposal.

Incumbent television providers have leaned heavily on the CRTC and Parliament to change the rules to bring OTT services into the regulatory fold, or to weaken the rules governing their own services, on the grounds that such services threaten their commercial viability and the underlying economics of the Canadian television system (see [Bell's submission](#) to the CRTC's Talk TV proceeding last year, for a recent example, notably pp. 22-24). However, rather than cannibalizing the revenues of the television industry, new OTT services appear to have added to the size of the pie, given the trends outlined above.

Based on an [estimated 3.1 million subscribers](#) at the end of 2014, Netflix's estimated revenues for Canada were \$293 million – about 4 percent of "Total TV" revenues. If this is counted as part of the overall television marketplace, total TV revenues rose to \$7.6 billion in 2014 rather than simply holding steady. Recent reports by [Media Technology Monitor and CBC](#) and the CRTC's (2011) [Results of the Fact Finding Exercise on Over-the-Top Programming Services](#) lead to a similar conclusion.

In sum, television is not dead or dying. Conventional television is in trouble, but everywhere else, television is thriving, with revenue up, and watching television content online is now very much at a core activity for denizens of the internet- and wireless-centric media universe. Television and online video, in fact, are driving the development and use of wireless and internet services. This is why Rogers, Telus and Bell are all using television to drive the take-up of 4G wireless services, internet access and IPTV. To paraphrase Mark Twain, rumors of television's demise are greatly exaggerated.

## **Internet Advertising**

In 2014, [internet advertising](#) revenue grew to \$3.8 billion, up from just over \$3.5 billion a year earlier and \$1.6 billion in 2008. At the beginning of the decade, internet advertising accounted for a paltry \$141 million. Similar to wireless services, however, internet advertising revenues continue to grow fast, but the pace of the growth has slowed since the onset of the financial crisis, even if the impact has been modest relative to other media.

To be sure, these trends have given rise to important new actors on the media scene in Canada, notably Google and Facebook (among others) who account for the lion's share of internet advertising revenues. Indeed, based on common estimates that Google accounts for about half of all internet advertising revenues, the search engine giant's revenues in Canada in 2014 were around \$1,896.5 million, or about 2.6% of total revenues across the network media economy. This is significant.

On this basis, [Google ranks as the sixth largest](#) media company operating in Canada, just after Bell, Rogers, Telus, Shaw and Quebecor, in that order. As of 2014, Google's revenues were greater than those of the CBC, MTS, Cogeco, Sasktel, Torstar, Postmedia, Eastlink, Power Corporation (Gesca) and the *Globe and Mail*.

For its part, Facebook had an estimated [18.7 million users in Canada](#) by mid-2014. With each Canadian user worth about \$28.61 to the company a year (see Facebook, [Annual Report](#), pp. 35-37), it's Canadian revenue in 2014 can be estimated as having been \$535 million. This represents about 14% of online advertising revenue – a sum that gives it a modest place in the overall media economy in Canada and a spot among the top twenty telecom, media and internet companies in this country.

While it is commonplace to throw the digital media giants' incursions north of the 49th into the mix of woes that are trotted out as ailing many traditional media in Canada, the impact of Google and Facebook are largely limited to three media sectors where they are probably quite significant: music, magazines and newspapers. For the latter two, this is because of the direct impact on advertising revenues, while for music it is not advertising that is at issue, but how online distribution and the culture of linking and aggregation affects the music industry. The concluding sections of this post sketch out trends in each of these domains.

## **The Music Industry**

While many have held up the music industry as a poster child of the woes besetting 'traditional media' at the hands of digital media, the music industry in Canada is *not* in crisis. The picture over time, however, is mixed but seemingly getting better from a commercial standpoint.

Trends in Canada appear to be in line with and may be leading those worldwide. As the [International Federation of Phonographic Industries](#) noted last year, 2013 was the second year in a row in which music industry revenues increased (pp. 5-9). This

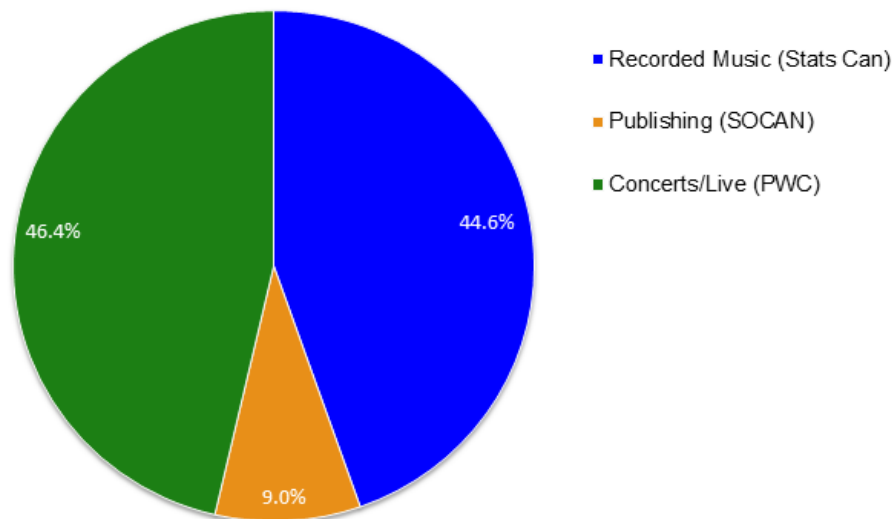
year it remarks that while another increase in revenue was not to be had, conditions had stabilized ([IFPI, 2015, p. 5](#)). While the details the IFPI offers are sketchy, the industry's lobby group points to the widespread availability and uptake of commercial music downloading and streaming services, the diversification of revenue sources, stronger copyright laws in many countries, and an industry that has met the need to transform itself in light of new realities after having clung to the past for years.

The sum of all revenues from the main components of the music industry – i.e. recorded music, digital sales, concerts and publishing royalties – indicates that the music industry revenues drifted steadily downwards from \$1,889.7 million in 1998 to \$1,769.8 million in 2011. Afterwards, however, revenue began to rise again in 2012, and has continued to do so gradually ever since.

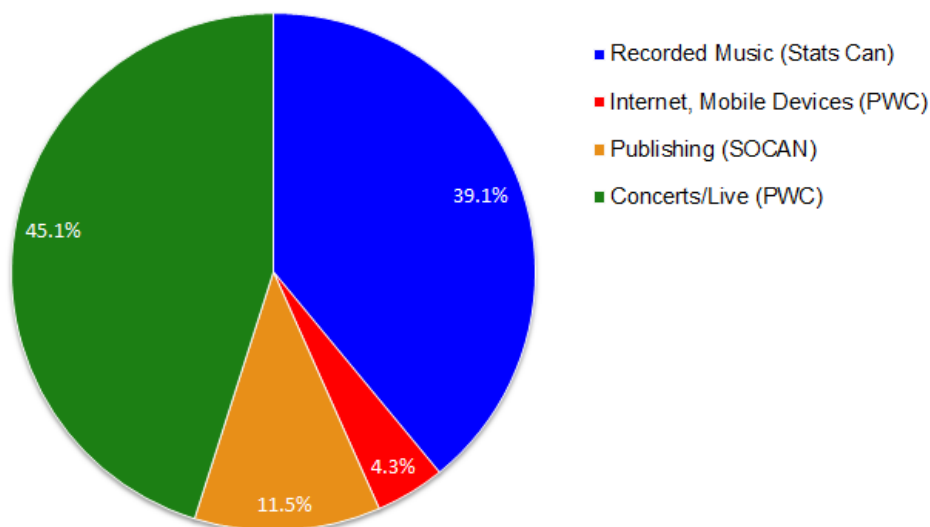
What has fundamentally changed, however, is the composition of the revenue sources that make up the total. Indeed, while those who shout from the rooftops about the 'death of the music industry' point to the undeniable plunge in revenue from recorded music sales this ignores the reality that the music industry consists of four key interlocking components: (1) recorded music sales, (2) publishing royalties, (3) concerts and (4) internet and mobile devices. While recorded music revenue has plunged over the past decade and a half, these other components have seen a very substantial, and offsetting, rise in revenue.

Figure 9, 10 and 11 illustrates the transformation of the sector over time away from one centred on recorded music to one where concerts, the internet and mobile devices, and publishing play key and growing roles.

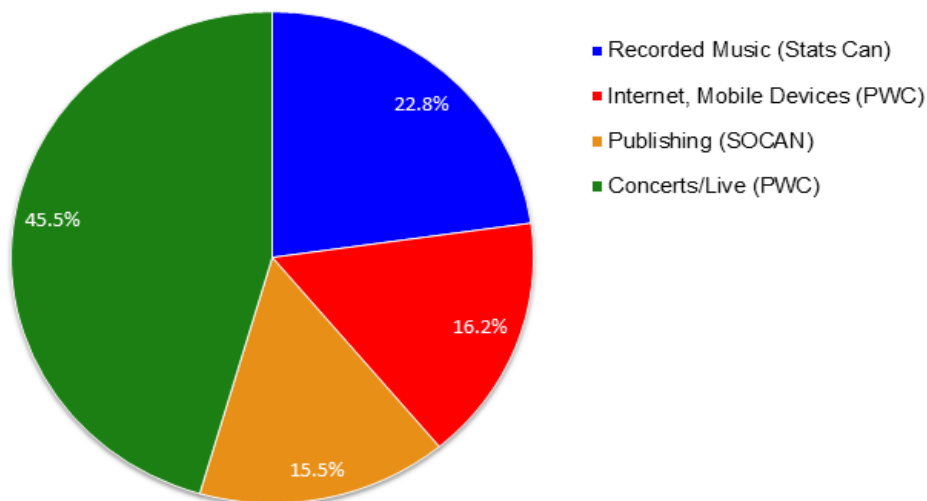
**Figure 9: Composition of Total Music Revenues, 2000**



**Figure 10: Composition of Total Music Revenues, 2006**



**Figure 11: Composition of Total Music Revenues, 2014**



**Sources:** **Recorded Music** from Statistics Canada, Sound Recording and Music Publishing, Summary Statistics CANSIM TABLE 361-0005; Sound Recording: data tables, October 2005, catalogue no. 87F0008XIE; Sound Recording and Music Publishing, Cat. 87F0008X; **Publishing** from Socan, *Financial Report* (various years); **Concerts** and **Internet** from PriceWaterhouseCooper, *Global Media and Entertainment Outlook* (various years); USD converted to CDN\$ using Bank of Canada [Year Average of Exchange Rates](#).

In short, there is and has been no crisis in the music industry. In fact, conditions in Canada now mirror those in the music industry worldwide, with the past few years indicating a slight uptick in revenues and hence a pathway to recovery clearly in sight. To be sure, certain elements within the music industry – recorded music, for instance – have suffered badly, but publishing has grown substantially in the past several years. Digital/online/mobile revenues have exploded and concerts have continued to be a cornerstone of the industry. In short, this is a story of an industry being recomposed along new lines versus an industry in crisis. Such lessons may hold for other media as well.

As the music industry's main lobby group, the International Federation of Phonographic Industries stated in its 2013 [Digital Music Report](#), "the music industry achieved its best year-on-year performance since 1998" (p. 5). And in 2014, the [same publication](#) noted, "Recorded music revenues in most major markets have returned to growth" (p. 5). This year, the [IFPI strikes](#) a measured note but one thing is for certain, the notion that the industry is in crisis is slipping into the past:

. . . The state of the recording industry is in many ways cause for great optimism . . . . Music companies are charting a path to sustainable year-on-year growth. That path was never going to be straight, but we are making great strides along it, embracing new models, licensing, investing and improving consumer choice (p. 5).

One reason for this rekindled yet measured optimism might be because of all the media covered by the network media concept, the music industries embraced digital/internet sources of revenue earlier and more extensively than any other. Worldwide, already by 2012, the industry obtained about [15% of its revenues](#) from online, mobile and digital sources, compared to numbers in the single digits for newspapers and television. In other words, the music industry was well out in front of others in embracing change and the realities of an ever increasing internet- and mobile-centric media world.

## Radio

[Radio stands](#) in a similar position to the music industries a few years ago. Revenues grew until peaking in 2011: \$2,025.6 million (including the CBC annual parliamentary appropriation), but have drifted downwards since. Revenues in 2014 were \$1,902.7 million (current dollars). Change the measurement from current dollars to inflation-adjusted, real dollars, however, and the picture changes, with revenue declining from \$2,117 million in 2010 to \$1,902.7 million in 2014 – a fall of 10%.

## Magazines

Magazines appear to be an instance where the downward trend in revenue is both steep and long-term. Indeed, magazine revenue appears to have peaked in 2008 at \$2,394.4 million but have fallen sharply since to \$1,951 in 2014 – a drop of 19%.

The [Television Bureau of Canada](#) also shows a similar trends, with a sharp and long-term drop in advertising revenue for magazines that stretches back to 2007.

## Newspapers

Perhaps the most dramatic tale of doom and gloom in the network media economy comes from the experience of newspapers. Readers will know that in earlier versions of this report, and [other posts](#), I have been skeptical of claims that journalism is in crisis. I still am but the idea that circulation and revenues are in long-term decline and unlikely to rebound is hard to deny.

Generally, however, I tend to agree with those such as [Yochai Benkler](#) who argue that that we are in a period of heightened flux, not catastrophe, even as traditional commercial newspapers cut back to the bone and continue to flail about. However, one can take some respite from the emergence of a diverse new crop of commercial and donor supported, internet-based forms of journalism (e.g. iPolitics, the *Tyee*, *Huffington Post*, *Canadaland* for example), the revival of the partisan press (e.g. *Blogging Tories*, *Rabble.ca*) as well as the rise of a few non-profits and cooperatives (e.g. *the Dominion*) and a larger role for citizen journalists. These developments suggest that journalism is not dead but in a serious moment of soul searching and transformation. Whether these changes will ultimately prove to be a boon for a free press, however, remains to be seen and I am considerably more skeptical on this point than Benkler.

At the same time, I also believe that traditional newspapers, whether the *Globe and Mail*, the *Toronto Star*, *La Preses* or *Ottawa Citizen* are still important engines in the network media economy. They still serve as the content factories that produce news, opinion, gossip and cultural style markers that have the ability to set the agenda and whose stories cascade across the media in a way that is all out of proportion to the weight of the press in the media economy. In other words, the press originates far more stories that the rest of the media pick up, whether television, radio or via the linking culture of the blogosphere, than its weight suggests. Thus, problems in the press could pose significant problems for the media, citizens and audiences as a whole.

For several years I was reluctant to agree that newspapers were in crisis, mostly because I felt that the trends had not been long enough in the making to draw a firm conclusion one way or another, and because I saw many of the wounds suffered as having been self-inflicted. However, I have been changing my tune over the past three years. The results this year offer no reason to revert back to my original view, and more evidence of the severity of the economic woes that have beset the industry.

The revenue figures for the newspaper industry, as one industry insider who tallies up the data told me, are “a mess”. As ways of reading the newspaper change to include the internet, tablets and mobile devices, the notion of circulation has had to

change as well, but so too have definitions of the “daily newspaper” been altered to fit the new reality in which many so-called dailies don’t actually publish everyday of the week but just four. How to distinguish a daily from a weekly?

All of these efforts to redefine things so that they match reality also changes how money is counted and the categories to which revenues are assigned, i.e. paid daily, free commuter dailies, weekly, community, etc. The extent of these changes makes it hard to keep a standard measure of newspaper revenues over time. Nonetheless, using a mixture of data from [Newspaper Canada](#) and [Statistics Canada](#) allows us to arrive at a reasonably good portrait of the newspaper industry over time and its main players. I show both sources below so that readers can see some of the differences for themselves.

Regardless of their differences, both of these sources show that newspaper revenues have plummeted. Statistics Canada shows that newspaper revenues peaked at \$5,482.3 million in 2008. They have fallen ever since to an estimated \$3,662.9 million last year. Table 7 below illustrates the trends over time since 2004.

**Table 7: Newspaper Revenue -- Newspapers Canada vs Statistics Canada, 2004-2014 (current \$)**

(\$ million CDN)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Daily Newspaper Adv \$	2,610.8	2,659.3	2,745.0	2,721.5	2,670.0	2,030.5	2,103	1,971	2,019.0	1,678.6	1,392
Daily Newspaper Circ \$	745.1	789.1	819.1	806.9	808.3	813.2	824.5	794.0	786.8	763.0	743.9
Online Newspaper \$	-	-	-	-	-	186	213.7	245.6	242.3	230.5	238.0
<b>Total Daily Newspaper \$</b>	<b>3355.9</b>	<b>3448.4</b>	<b>3564.1</b>	<b>3528.5</b>	<b>3478.3</b>	<b>3029.7</b>	<b>3140.7</b>	<b>3010.1</b>	<b>3,048.1</b>	<b>2672.1</b>	<b>2373.9</b>
Community Newspaper Adv \$	961	1,016	1,094	1,154	1,211	1,213	1,175	1,211	1,253.2	1,027.20	960.0
Community Newspaper Circ \$	Total						42.6	42.9	42.9	42.9	42.9
<b>Total Community Newspaper \$</b>	<b>961</b>	<b>1,016</b>	<b>1,094</b>	<b>1,154</b>	<b>1,211</b>	<b>1,213</b>	<b>1,218</b>	<b>1,253.9</b>	<b>1,296.1</b>	<b>1,070.1</b>	<b>1,002.9</b>
<b>Newspaper Canada Total \$</b>	<b>4,317</b>	<b>4,465</b>	<b>4,658</b>	<b>4,682</b>	<b>4,689</b>	<b>4,243</b>	<b>4,358</b>	<b>4,268</b>	<b>4,351</b>	<b>3,978.1</b>	<b>3,376.8</b>
<b>Statistics Canada Total \$</b>	<b>5033.9</b>	<b>5193.8</b>	<b>5353.8</b>	<b>5394.5</b>	<b>5482.3</b>	<b>4,938.5</b>	<b>4943.1</b>	<b>4831.8</b>	<b>4720.5</b>	<b>4315.5</b>	<b>3662.9</b>

**Sources:** see the “Newspaper” sheet in the [Google Docs Workbook](#) for industry revenues back to 1984. The CMCR Project’s [Methodology Primer](#) and [additional thoughts](#) on sources and method offers further discussion on the methodological issues at play.

In real dollar terms, the fall is more pronounced yet, with the decline setting in earlier and the drop being steeper. According to this measure, newspaper revenues drifted downward slowly between 2000 and 2008, but have shrunk immensely since from \$5.8 billion to \$3.7 billion – a plunge of one-third in half a decade. This is the most clear cut case of a medium in decline out of all of the sectors of the network media economy reviewed in this report.

The punishing effects of these trends in 2014 were clear:

- All major newspaper publishers – Postmedia, Quebecor, Power Corp (La Presse) and the Globe and Mail – saw steep revenue losses;

- Reduced publishing schedules across the [Postmedia chain](#) adopted in 2012 (the *Calgary Herald*, *Edmonton Journal* and *Ottawa Citizen*) and previous years (e.g. the *National Post*) have been maintained and are now the norm at these papers;
- the [Globe and Mail attempted](#) to have editorial staff and journalists write “branded content” for advertisers but dropped the plan in the face of resistance from editorial and journalistic staff;
- [Layoffs of eighteen positions](#) at the *Globe and Mail*, including nine editorial, three photographers, three copy-editors and three others, bringing the number of lay-offs since 2012 to 100;
- [lay-offs by Postmedia](#) of at least a half-dozen journalists and editors in its Parliamentary Bureau and elsewhere across the chain;
- twenty lay-offs at the [Halifax Chronicle-Herald](#);
- lay-offs of nine editorial and photographic staff across the [Brunswick News chain](#) in the Maritime provinces;
- new voluntary retirement programs for journalists and editorial staff were put in place at the *Globe and Mail* with the goal of reducing staff by about 60 as well as across Postmedia chain of ten daily newspapers, while existing offers along the same lines have been kept in place ([here](#) and [here](#));
- Postmedia [struck a deal](#) to acquire Quebecor’s chain of six major urban dailies, 27 community dailies, 140 weeklies, the 24 Hours free papers in Toronto and Vancouver and a variety of websites for \$306 million (a massive write down from the \$983 million Quebecor paid for the papers when it bought them in 1998). The transaction was not finalized after receiving approval from the Competition Bureau in 2015, and hence it’s the impact of the take-over is not shown in the CMCR Projects 2014 data;
- several small dailies [stopped publishing](#): *Kamloops Daily*, *Vernon Morningstar Daily*, and *Peace Arch News Daily*, and *Metro London*, *Metro Saskatoon* and *Metro Regina*;
- *Dawson Creek Daily News* [merged with](#) the *Alaska Highway News*;
- some newly emerging journalistic organizations have begun to bulk up. iPolitics has 15 full time journalists, five staff and a number of free-lancers, for example.

Perhaps the most significant other change to take place in the last three years is the extent to which daily newspapers across the country have been put behind paywalls. Prior to 2011 there were no dailies with paywalls; in 2011 there were 5 covering under 1/20<sup>th</sup> of daily circulation; by 2012, 16 dailies accounting for nearly a third of daily circulation were behind paywalls. In 2013, the number had grown to 27 dailies accounting for half of daily circulation – a rate considerably higher than either the US or the UK (see [here](#)). Four small dailies joined the ranks of in 2014, but their small circulations hardly moved the dial. Table 8 illustrates the point.

**Table 8: The Rise of the Great Paywalls at Canadian Newspapers, 2011-2014**

<i>Newspaper</i>	<i>Language</i>	<i>Paywall</i>	<i>Owner</i>	<i>Weekly Total</i>	<i>Daily Avg.</i>
Times Colonist, Victoria	English	May 2011	Glacier Media	330,301	55,050
The Daily Gleaner, Fredericton	English	Nov 2011	Brunswick News Inc.	96,612	16,102
Times-Transcript, Moncton	English	Nov 2011	Brunswick News Inc.	173,328	28,888
New Brunswick Telegraph Journal	English	Nov 2011	Brunswick News Inc.	161,742	26,957
Gazette, Montreal	English	May 2011	Postmedia Network Inc.	547,445	91,241
<b>% of Circ behind Paywall (2011)</b>				<b>4.1</b>	<b>4.1</b>
Vancouver Sun	English	Aug 2012	Postmedia Network Inc.	869,571	144,929
The Province, Vancouver	English	Aug 2012	Postmedia Network Inc.	760,874	126,812
Ottawa Citizen*	English	Aug 2012	Postmedia Network Inc.	626,272	104,379
Journal de Montréal	French	Sept 2012	Quebecor/Sun Media	1,633,726	233,389
Journal de Québec	French	Sept 2012	Quebecor/Sun Media	1,055,490	150,784
Globe and Mail	English	Oct 2012	Globemedia Inc.	2,149,124	358,187
Ottawa Sun	English	Dec 2012	Quebecor/Sun Media	266,777	38,111
Toronto Sun	English	Dec 2012	Quebecor/Sun Media	967,574	138,225
Winnipeg Sun	English	Dec 2012	Quebecor/Sun Media	375,876	53,697
Calgary Sun	English	Dec 2012	Quebecor/Sun Media	319,838	45,691
Edmonton Sun	English	Dec 2012	Quebecor/Sun Media	286,693	40,956
<b>% of Circ behind Paywall (2012)</b>				<b>33.4</b>	<b>31.1</b>
National Post	English	May 2013	Postmedia Network Inc.	1,097,080	182,847
Calgary Herald*	English	May 2013	Postmedia Network Inc.	680,009	113,335
Edmonton Journal*	English	May 2013	Postmedia Network Inc.	597,789	99,631
Windsor Star	English	May 2013	Postmedia Network Inc.	325,360	54,227
Guardian, Charlottetown	English	May 2013	TC Media	89,958	14,993
Leader-Post, Regina	English	May 2013	Postmedia Network Inc.	220,031	36,672
StarPhoenix, Saskatoon	English	May 2013	Postmedia Network Inc.	261,691	43,615
Daily News, Truro	English	July 2013	TC Media	29,274	4,879
Toronto Star	English	August 2013	Torstar Corporation	2,397,691	342,527
Chronicle-Herald, Halifax	English	August 2013	Halifax Herald Ltd.	548,938	91,490
<b>% of Circ behind Paywall (2013)</b>				<b>53.1</b>	<b>49.7</b>
Western Star, Corner Brook	English	Jan 2014	TC Media	32,863	5,477
Cape Breton Post, Sydney	English	Feb 2014	TC Media	109,927	18,321
Telegram, St. John's	English	April 2014	TC Media	198,815	33,136
Trail Times	English	Mar 2014	Black Press	10,924	2,731
<b>% of Circ behind Paywall (2014)</b>				<b>54</b>	<b>51</b>
<b>Total Circulation</b>				<b>31,765,434</b>	<b>5,312,018</b>

Sources: Newspaper Canada [2014 Daily Circulation Report](#).

## **Some Concluding Comments and Observations**

Several observations and conclusions stand out from this analysis.

First, the network media economy has grown immensely over time. In the short- to medium-term (1-5 years), however, things have been less rosy. The effects of the economic downturn in the wake of the Euro-American centred financial crisis have hit every sector, except, it would appear (ironically), music, which began to recover shortly afterwards. Otherwise, the effect has been to slow the rate of growth even in the fastest growing sectors (i.e. mobile wireless, ISPs, internet advertising, specialty and pay television) and to compound the woes of those media already under stress (i.e. newspapers, magazines and radio).

Second, while most sectors of the media have grown substantially, and the network media economy has become structurally more complex on account of the rise of new segments of the media, a few segments have stagnated in the past few years (cable, when IPTV is treated separately, and radio). It is now safe to say that five sectors appear to be in long-term decline: traditional newspapers, wireline telecoms, DTH satellite, broadcast TV and magazines. At the same time, however, the vicissitudes of the music industry also suggests caution before making hasty pronouncements on the “death” of any specific media industry.

All-in-all, capturing these cross-cutting dynamics and the growth and development of specific media sectors and the network media economy as a whole are the *raison d’être* behind the CMCR Project. Such an exercise offers great insights into the evolution of specific media and the media as a whole over time. In this regard, the clear thing that stands out is the sheer growth in size and complexity of the media industries over the past thirty years. Yet, as we have clearly seen, the evidence is not all to one side and ambiguities and cross-cutting trends, and unexpected reversals, all offer additional reasons as to why the CMCR project will continue to update our research on these matters annually.

As we have said before, we can know of few better ways to gain an intimate understanding of our objects of analysis – the network media and all of its core elements – than to peer deeply and systematically into the data, while providing a theoretically and historically informed analysis of the data and trends that emerge over as long a period of time as we reasonably can.