



Magazines

A Comparison of Canada & the US

Executive Summary

- o The Canadian magazine market remains vibrant, significantly out performing the U.S. in:
 - o Title growth
 - o Ad revenue growth
 - o Ad page growth
- o Canadian magazines dominate the landscape representing 97.9% of circulation delivered by the 100 largest magazines available
- o U.S. circulation spill into Canada continues its long term decline in absolute terms (-41%) and average circulation per title (-46%)
- o 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 91% of total average issue circulation

Continued...

Executive Summary

- o 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
- o Both markets share similar ad categories (six of the top ten)
- o Canada and the U.S. share five of the Top 10 advertisers
- o Both Canada and the U.S. have similar subscription and newsstand ratios with subscriptions accounting for early 90% of copy sales
- o 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	34.2 million	308.7 million
	Highly concentrated	Dispersed
Top 4 Markets	39% of population	15% of population
Number of Households	14.1 million	113.1 million
Language Spoken at Home	English (67%) Other (33%)	English (80%) Other (20%)
Per Capita Income	US\$45,888	US\$47,132

Population, Geography & Language

Population & Geography

- o Canada is the world's second largest country covering almost 10 million sq. km
- o Canada's population is approximately 11% that of the U.S.
- o Canada has 10 provinces and three territories:
 - Ontario is home to 39% of the population followed by Quebec (23%)
- o Toronto, Ontario (pop. 5.7 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)
- o 71% of population growth between in Q1 2010 came from immigration



Language

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



Canada/U.S. Trade Relations

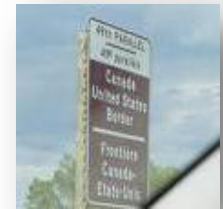
Trade

- o Canada is the United States' largest trading partner. The U.S. accounts for 75% of Canadian exports and 50% of Canadian imports
- o The trade market in Canada for U.S. goods is larger than all 27 members of the EU combined.
- o Canada is the United States' largest foreign supplier of energy
- o 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
- o The Canadian dollar currently trades at or above parity with the U.S. dollar
- o Canada has the lowest cost of living among the G8 except Russia
- o 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

- o Canada consistently ranks among the United Nations top places in the world to live
- o Canadian cities recently ranked #3 (Vancouver), #4 (Toronto) and #5 (Calgary) as the most liveable cities in the world in 2011, as selected by the *Economist Intelligence Unit*.
- o Canada's relationship with the USA is probably the closest and most extensive in the world:
 - Approximate volume of bilateral trade is \$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

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

U.S

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

Attitudes

Don't like to change habits

Acceptance of nonconformists attitudes
(examples: towards conformity of dress,
behaviour, political correctness)

Willingness to take "great risks" in order to
get what they want

U.S.

54%

52%

38%

Canada

42%

(Less resistance to change)

67%

(More accepting of differences)

25%

(More conservative)

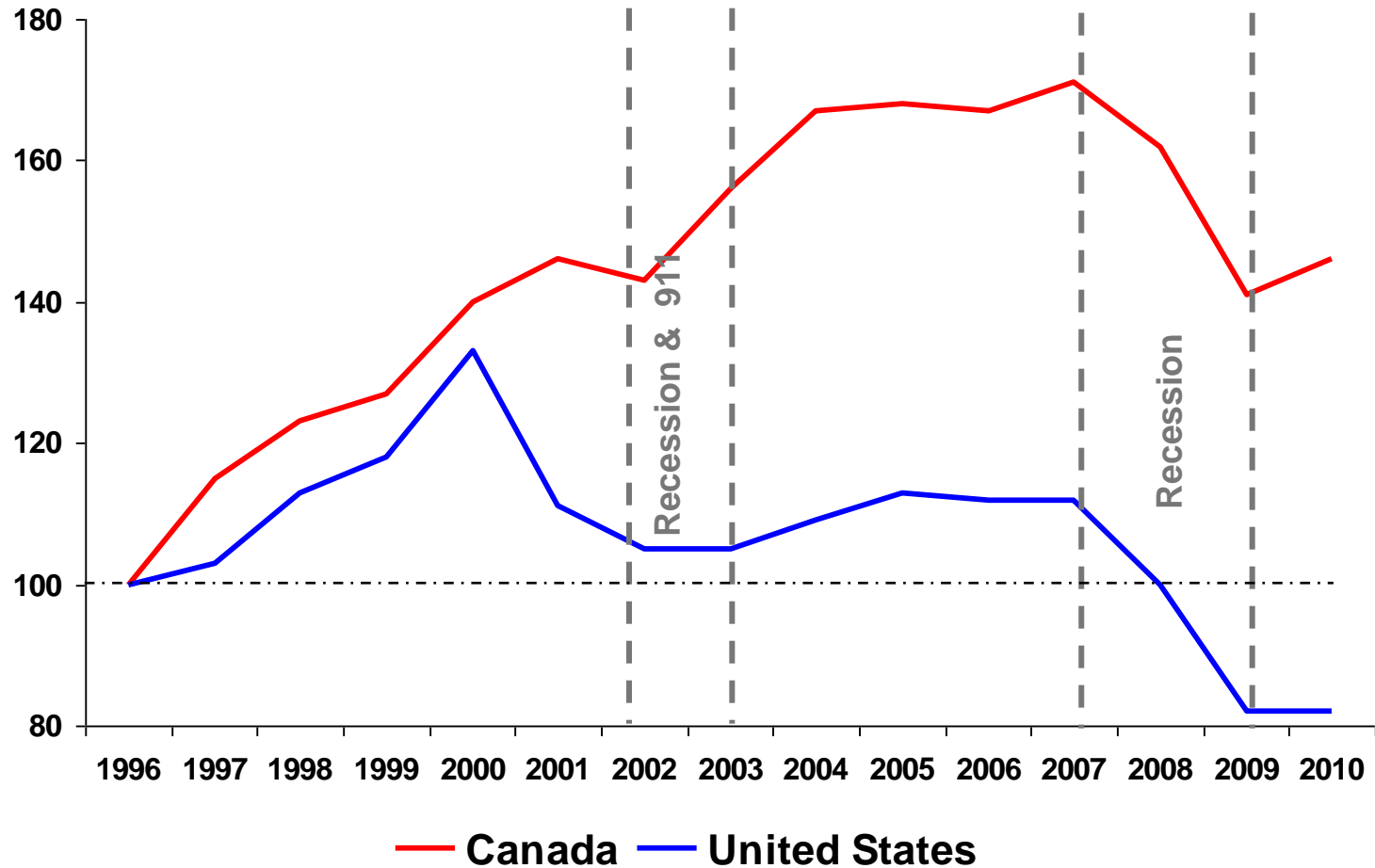
Number of Consumer Magazines 1997-2010

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	TBD	TBD	TBD	TBD

Canadian title growth has increased by over 50% in the past 10+ years

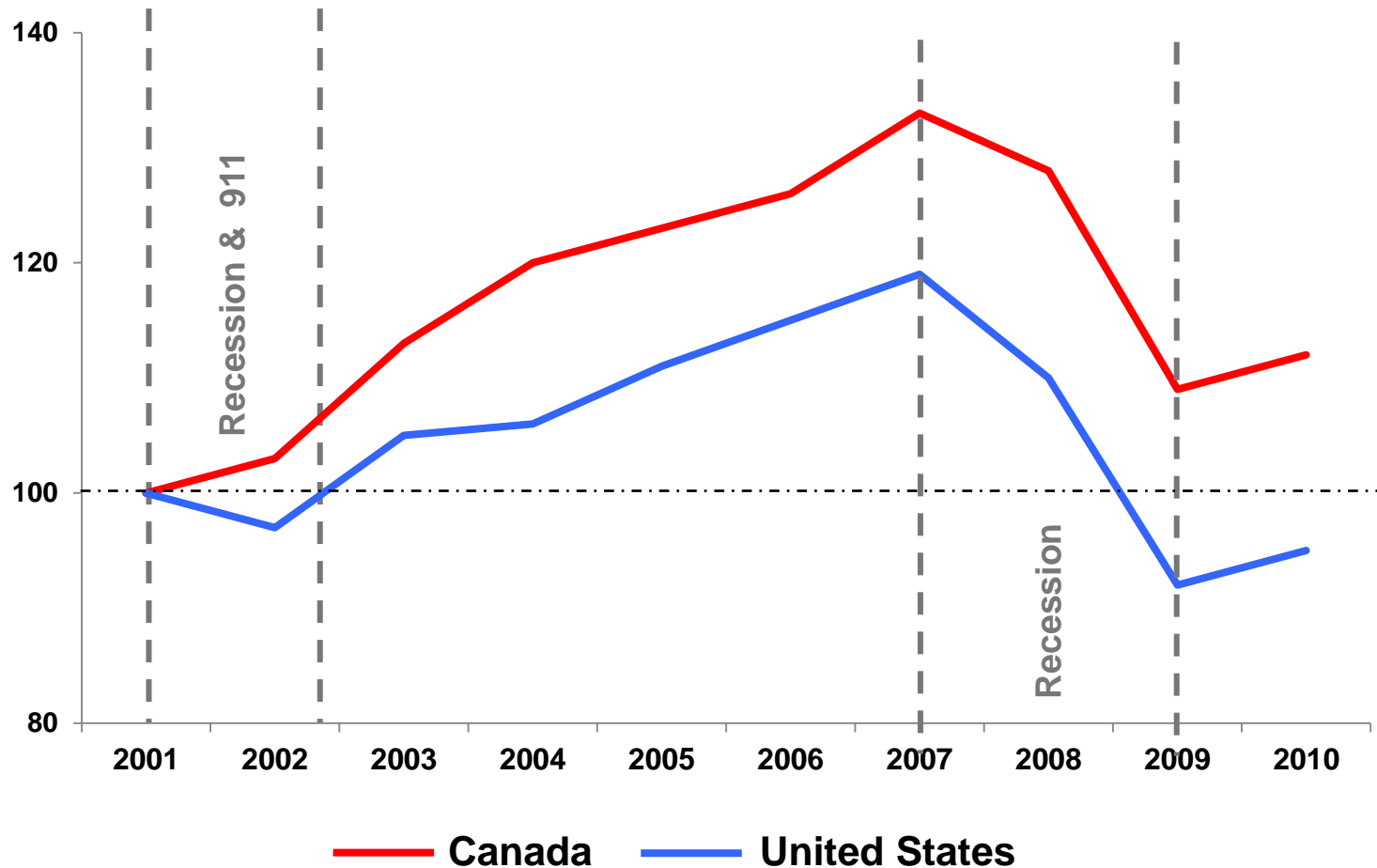
Canada Continues to Outpace the U.S. in Page Growth

Magazine Page Growth 1996-2010



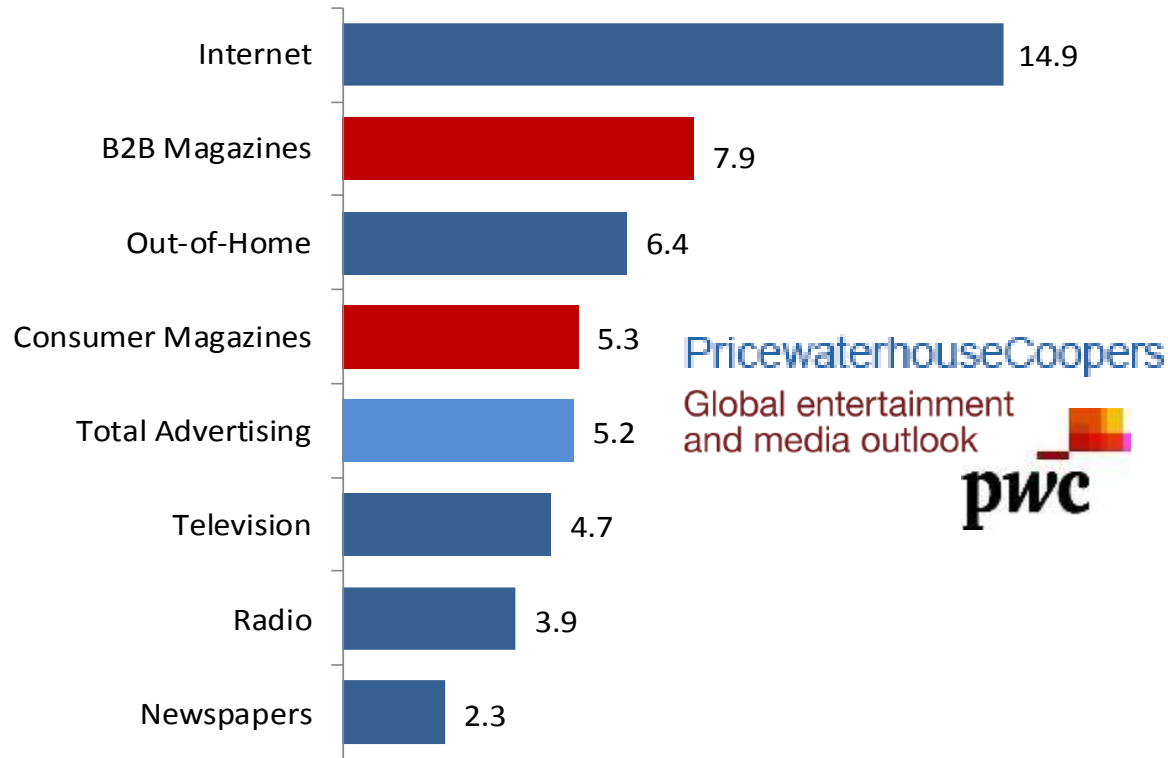
Canada Continues to Outpace the U.S. in Revenue Growth

Magazine Revenue Growth 2001-2010



2011 and Beyond

Compound Annual Average Advertising Revenue Growth Rate (%)
Canada by Media Segment - 2011-2015



Major Magazine Publishers 2010

Canada		U.S.		
Rank	Publisher	% Ad Spend	Publisher	% Ad Spend
1	Rogers Publishing	34.9	Time Inc.	20.7
2	Transcontinental Media	26.8	Conde Nast	13.3
3	Reader's Digest Assoc.	7.3	Hearst Corporation	12.0
4	TVA Publications	6.7	Meredith Corporation	10.7
5	St. Joseph Media	6.0	Bonnier Magazine Group	4.1
6	House & Home Media	4.9	American Media	3.4
7	Spafax Canada	2.5	Hachette Filipacchi Media	3.4
8	LCBO	1.9	Wenner	2.9
9	The Globe and Mail	1.6	Rodale	2.0
10	Zoomer Media	1.1	Newsweek	0.8

Top Magazine Advertising Categories 2010

Rank	Advertiser Category	
	Canada	U.S.
1	Toiletries & Toilet Goods	Toiletries & Cosmetics
2	Food & Food Products	Food & Food Products
3	Retail Stores	Drugs and Remedies
4	Business & Consumer Services	Apparel & Accessories
5	Drugs & Remedies	Retail Stores
6	Automotive & Accessories	Media & Advertising
7	Apparel, Footwear & Accessories	Automotive
8	Travel, Hotels & Resorts	Home Furnishings and Supplies
9	Entertainment & Amusement	Direct Response
10	Household Equipment & Supplies	Financial, Insurance & Real Estate

Major Magazine Advertisers 2010

Rank	Advertiser	Advertiser
	Canada	U.S.
1	Procter & Gamble	Procter & Gamble
2	L'Oreal Canada	General Motors
3	Kraft Canada	Kraft Foods
4	Johnson & Johnson	Johnson & Johnson
5	Unilever Canada	L'Oreal
6	Kellogg Canada	Unilever
7	Best Buy Canada	Time Warner
8	Dairy Farmers of Canada	GlaxoSmithKline
9	Alberto-Culver Canada	LVMH Moet Hennessy LV
10	TD Canada Trust	Pfizer

Circulation Size Comparison

2010

Canada

CIRC SIZE GROUPING	# OF TITLES	% OF TOTAL TITLES	GROUP CIRCULATION	% OF TOTAL CIRCULATION
1 Million +	4	0.5%	5,674,935	8.6%
500,000 to 999,999	21	2.2%	13,037,199	19.8%
250,000 to 499,999	24	2.7%	7,722,464	11.7%
100,000 to 249,999	122	14.6%	18,138,252	27.6%
50,000 to 99,999	145	17.0%	10,188,225	15.5%
20,000 to 49,999	281	33.8%	8,429,975	12.8%
Under 20,000	249	29.2%	2,553,343	3.9%

2009

U.S.

CIRC SIZE GROUPING	# OF TITLES	% OF TOTAL TITLES	GROUP CIRCULATION	% OF TOTAL CIRCULATION
10 Million +	2	0.4%	48,637,387	14.0%
5,000,000 to 9,999,999	2	0.4%	15,257,097	4.4%
2,000,000 to 4,999,999	35	6.7%	98,730,786	28.5%
1,000,000 to 1,999,999	54	10.3%	74,720,469	21.6%
750,000 to 999,999	28	5.4%	24,113,381	7.0%
500,000 to 749,999	47	9.0%	29,103,618	8.4%
250,000 to 499,999	74	14.2%	26,887,567	7.8%
100,000 to 249,999	134	25.7%	22,051,852	6.4%
Under 100,000	146	28.0%	7,069,755	2.0%

Subscription vs. Newsstand

2010

Country	Subscription	Newsstand
	(%)	(%)
Sweden	91	9
Canada	88	12
United States	90	10
Germany	54	46
France	45	55
Czech Republic	14	86
United Kingdom	17	83
Italy	24	76
Australia	10	90
Spain	10	90



U.S. Spill into Canada

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

Title *(Ranking)*

National Geographic *(35)*

Cosmopolitan *(61)*

People *(97)*

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”

2010

Women’s Magazines

Top Canadian Titles	Circ (000)	Top U.S. Titles	Circ (000)
Chatelaine	514	Cosmopolitan	245
Canadian Living	500	O (Oprah Magazine)	144
Glow	359	Women’s World	137
Homemaker’s	301	First	123
Viva	300	Women’s Health	122
Total Top 5	1,974	Total Top 5	771
% of Total	72%	% of Total	28%

72% of Circulation is Canadian

Canadian Magazines are a “Must Buy”

2010

Business Magazines

Top Canadian Titles	Circ (000)	Top U.S. Titles	Circ (000)
Report on Business	256	The Economist	82
Financial Post Business	166	Bloomberg Business Week	30
Business Edge	157	Fortune	25
MoneySense	100	Forbes	15
Backbone	100	Harvard Business Review	14
Total Top 5	779	Total Top 5	166
% of Total	82%	% of Total	18%

82% of Circulation is Canadian

Canadian Magazines are a “Must Buy”

2010

General Interest

Top Canadian Titles	Circ (000)	Top U.S. Titles	Circ (000)
CAA Magazine	1,546	National Geographic	342
Westworld	1,294	Vanity Fair	84
Touring	861	New Yorker	26
Reader's Digest	723	Esquire	26
Home Digest	700	The Atlantic	20
Total Top 5	5,124	Total Top 5	498
% of Total	91%	% of Total	9%

91% of Circulation is Canadian

Canadian Magazines are a “Must Buy”

2010

Total Average Issue Circulation

All Canadian Titles	Circ (000)	All U.S. Spill Titles	Circ (000)
Total Circulation	66,503	Total Circulation	6,349
% of Total	91%	% of Total	9%

91% of Total Magazine Circulation in Canada is Canadian

Canadian Magazines are a “Must Buy”

U.S. Spill circulation accounts for just

2.1%

**of total circulation delivered by the
Top 100 titles available in Canada**

U.S. Circulation Spill in Long Term Decline

Year	Total Spill Circulation (000)	Index	Average Circ 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
2009	6,676	62	13,823	53
2010	6,349	59	14,235	54

Canadian Magazines Deliver Relevant Content for Canadians

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

Source: Industry questionnaire conducted by Totum Research

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)

Consumer Magazines per Capita

(Excluding Spill)

2009

Canadians Love their Magazines

Country	# Titles	Population	Mags per Capita
		Millions	Index
France	4,092	64.1	167
UK	3,391	61.1	145
Australia	1,200	22.1	142
Germany	3,831	82.4	121
Canada*	1,282	33.5	100
Japan	3,613	127.1	74
U.S.	7,383	307.2	63

* Excluding spill

Consumer Magazines per Capita

(Including Spill)

2009

Canadians Love their Magazines

Country	# Titles	Population Millions	Mags per Capita Index
Canada*	3,482	33.5	100
France	4,092	64.1	61
UK	3,391	61.1	53
Australia	1,200	22.1	52
Germany	3,831	82.4	45
Japan	3,613	127.1	27
U.S.	7,383	307.2	23

* Including spill



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