



INDUSTRY PROFILE - BOOK

OCTOBER 2021 PROFILE

INTRODUCTION

Book publishing in Canada is a \$1.7 billion industry, with Ontario contributing approximately two-thirds of total national operating revenue at \$1.1 billion. The Ontario publishing ecosystem includes large, foreign-owned publishing firms as well as smaller, Canadian-owned publishers.

COVID-19 UPDATE

- Early in the pandemic, COVID-19 led to unprecedented spikes in the consumption of digital books. In the first two months of lockdown, the Toronto Public Library saw a 33% jump in the use of ebooks and e-audiobooks. Audiobook purchasing options have also improved, with American company Libro.fm moving into Canada and partnering with independent book sellers.^[1]
- As a result of COVID-19, sales of print books in the first half of 2020 were substantially lower than in the same time period in 2019. Sales declined by over 2.5 million units, and over \$63 million. However, after a low point in Q2 of 2020, GDP generated by the book sector began to rebound over the rest of 2020.^[2]
- An October 2020 survey of Canadian book publishers showed that almost half were expecting at least a 40% drop in sales revenue in 2020 compared to 2019, and 10% were expecting a loss of 60% or more.^[3]
- Local independent bookstores have found creative ways to connect with readers and boost sales during the pandemic, with some even reporting significant increases in sales. Examples include Guelph store The Bookshelf's wine and book pairing deliveries or Toronto-based Mabel's Fables' subscription service and virtual book clubs. These independent bookstores tend to support independent Canadian publishers, and their successful pivoting has contributed to the recovery of the sector.^[4]

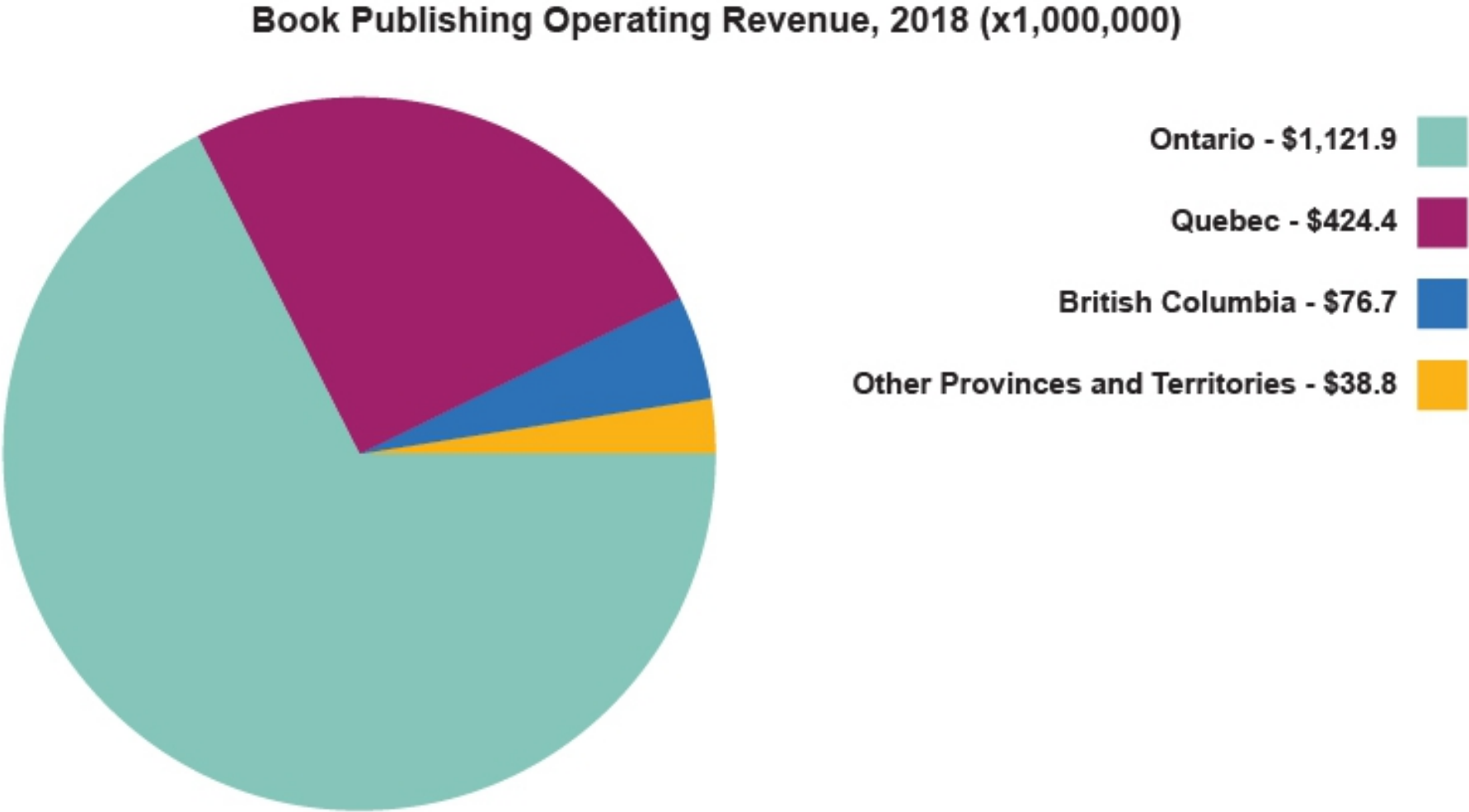
INDUSTRY SIZE AND ECONOMIC IMPACT

Note: The following information on employment, revenue and the consumer market should be considered a snapshot of activity in the industry based on the best available information. Many of the figures for Canadian-owned publishers contained in this profile include a very small number of large corporations whose characteristics differ significantly from those of small- and medium-sized book publishers. All dollar figures are in CAD unless otherwise noted.

REVENUES AND RELATED FIGURES

Note: Unless otherwise indicated, the following figures include all book publishers in Canada, including both domestically-owned and foreign-owned.

- In 2018, the Canadian book publishing industry generated operating revenue of \$1.7 billion, an increase of 2% from 2016. Operating expenses rose by 3.6% to \$1.5 billion, with an operating profit margin of 7.6%.^[5]
 - The Ontario book publishing industry generated \$1.1 billion of this (67.2%), up 0.07% from 2016. Operating expenses were \$1.05 billion, with an operating profit margin of 6.4%.^[6]



Source: Statistics Canada, Table 21-10-0200-01 – Book publishers, summary statistics. (Accessed April 21, 2021).

- The Canadian book publishing industry generated \$971 million in GDP in 2019, down from \$985 million in 2018. Of that \$971 million, \$759 is attributable to GDP generated in Ontario.^[7]
- Of the \$772.1 million generated by book sales in Ontario in 2018, \$562.7 million was attributable to print book sales not on the internet, \$123.2 million to online sales of print books, and \$86.2 million to ebooks. While the total sales declined, online sales of print books and sales of ebooks have both increased substantially.^[8]
- In Canada in 2019, publishers generated an average of 84.5% of their revenue from print books, 11.5% from ebooks, 2% from audiobooks, and 1% from other sources.^[9]
- A significant part of the Canadian publishing ecosystem is made of up small publishers. Approximately half of Canadian publishers generated gross revenue under \$500,000 in 2019, with 63% grossing under \$1 million. Twenty-seven percent grossed between \$1-\$10 million, and 10% grossed over \$10 million. There has been a migration to mid-size publishing, up from 19% in 2017.^[10]
- In 2020, the Canadian book market consisted of approximately 53 million units sold, for a total value of over \$1.1 billion.^[11]

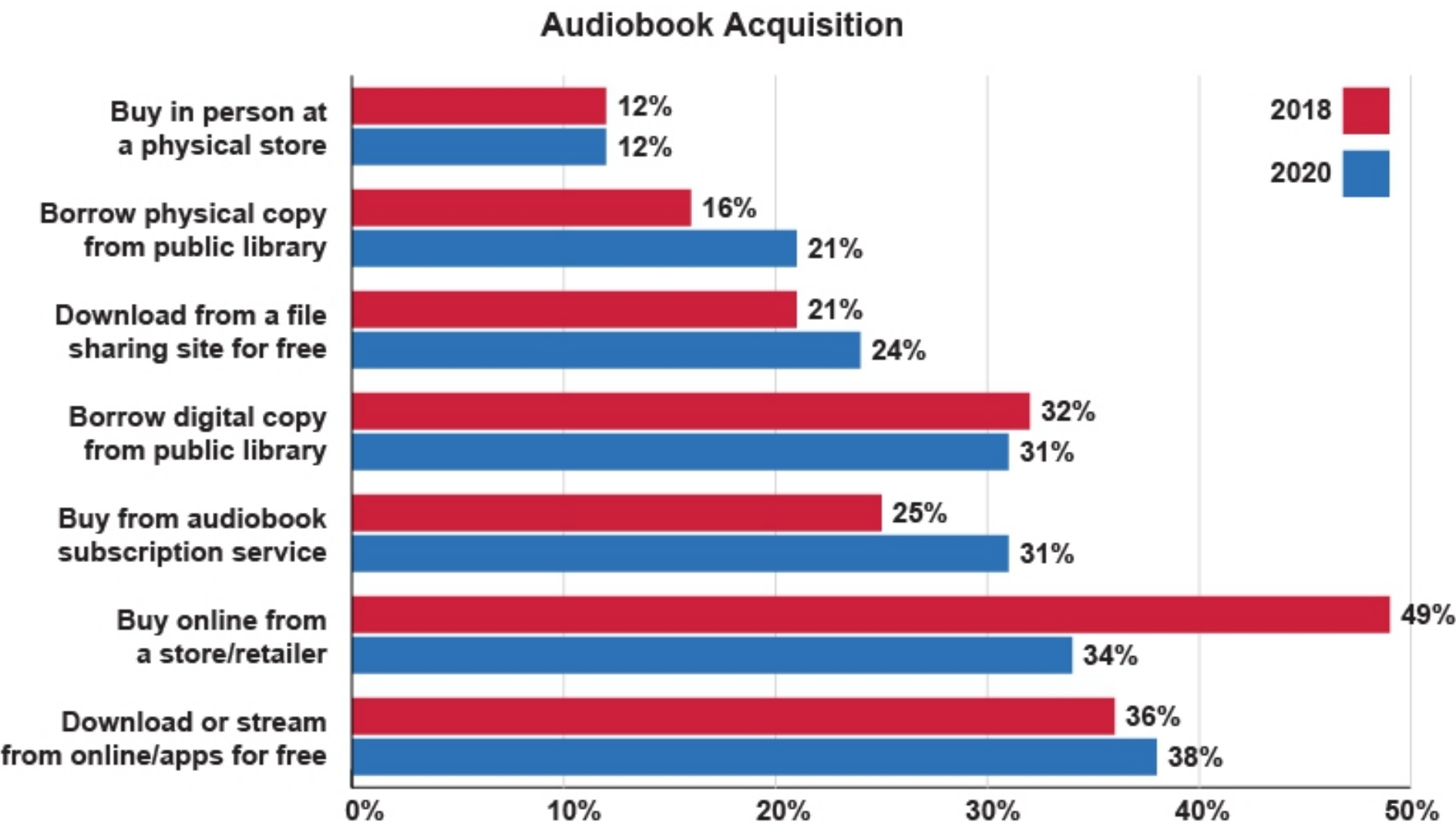
EMPLOYMENT AND WAGES

- In 2019, the Canadian book industry created 9,756 jobs, down slightly from 10,007 in 2018. Of these jobs, 6,651 (68%) were based in Ontario.^[12]
- In 2018, salaries, wages, commissions and benefits accounted for 26.6% of the Canadian book publishing operating expenses, for a total of close to \$410.4 million.^[13]
- The average number of employees at a Canadian publishing house in 2019 was 20, with a median of five employees. Small publishers (gross revenue under \$1 million) employed an average of three people, mid-sized publishers (\$1-\$10 million) had an average of 22 employees, and large publishers (\$10+ million) averaged 110 employees.^[14]
- *Quill & Quire's* 2020 Workplace Survey (using pre-COVID data) shows that only 73.5% of publishing industry employees feel that they make enough money from their jobs to cover basic expenses, and 41% take on freelance work on the side for financial reasons. Additionally, only 43.6% of employers offer a pension plan or RRSP support, and while 86.6% of employers offer a benefits plan, only 61.9% of survey respondents were happy with their plan.^[15]

CONSUMER MARKET

- Print book purchasing is on a downward trend, whereas both ebook and audiobook purchasing are climbing. In 2019, 81% of buyers bought a print book, a decrease of 3% from 2018. In contrast, 20% bought an ebook (up 11%) and 8% bought an audiobook (up 41%).^[16]
- In 2020, approximately 8 in 10 Canadians read at least one book, on par with the last five years. Reading or listening to books was a popular recreational activity, with 53% saying they had done so at least weekly, and 33% having done so daily. Increased leisure time due to COVID-19 did not show a significant rise in reading.^[17]

- Online retailers were the most common source of print books and ebooks for readers in 2020 (24% and 27% respectively) followed by 22% and 25% respectively getting their books from a public library. Audiobook listeners were also most likely to get their books from an online retailer at 24%, an increase over 2019. An additional 21% of audiobook listeners mainly use free internet sites.^[18]
- Audiobook use has been consistently on the rise for a number of years. As of 2020, 37% of Canadians are audiobook listeners, and the number of people who exclusively consume books via audio has increased to 11%, up from 5% in 2018. Digital library audiobook circulation has increased by 32% from 2018 to 2019, and 31% of respondents use an audiobook subscription service.^[19]
 - However, although audiobook consumption has increased, the percentage of users purchasing audiobooks has decreased between 2018 and 2020. In contrast, free online and app downloading/streaming, free file share website downloading, and audiobook subscription services have all increased.^[20]



Source: BookNet Canada, Press Play: Audiobook Use in Canada: 2020, 2020, p. 16.

TRENDS AND ISSUES

The growth rate of the Canadian book industry is positive according to statistics and will continue on a slight upward trend, according to forecasts from PwC, with electronic consumer books set to grow more rapidly than print and audio formats. COVID-19 has had a number of impacts on the publishing industry that are likely to continue post-pandemic. Diversity, accessibility and environmentalism all continue to be important issues in the publishing industry.

GROWTH RATE AND INDUSTRY TRENDS

- According to PwC (in a forecast developed since the advent of COVID-19), Canadian consumer books in print and audio formats generated US\$539 million in revenue in 2020, and have a projected combined annual growth rate (CAGR) of 0.31% between 2020 and 2025. Electronic consumer books generated US\$244 million in 2020, with a CAGR of 1.61% to 2025.^[21]
- Globally, revenue from print/audio consumer books is projected to grow from US\$48.4 billion in 2020 to US\$50 billion in 2025 for a CAGR of 0.66%, and electronic consumer books are projected to grow from US\$13.5 billion in 2020 to US\$16.3 billion in 2025 for a CAGR of 3.83%.^[22]
- Canadian publishers see ebooks and audiobooks as climbing markets, as opposed to print books. As of early 2020, the majority of small publishers (60%) expected their print sales to decrease in 2020, whereas 62% expected their ebook sales to increase, and 72% expected audiobook sales to increase.^[23]
- The top-selling subject in the Canadian book market in 2020 was juvenile and young adult fiction, at 41.2%. Non-fiction was next with 33.2%, followed by adult fiction at 24.1%.^[24]
- Graphic novels aimed at children are a growing industry, with major publishing houses launching graphic novel-specific imprints such as HarperAlley (HarperCollins) and Random House Graphic (Random House), in addition to existing imprints

such as Scholastic's [Graphix](#) and Macmillan's [First Second Books](#). The illustrative storytelling format of graphic novels is often credited as drawing reluctant children into reading.^[25]

- The rise of online book purchasing has led to an increase in the significance of presales. While brick and mortar stores have always taken presale orders, online presales are significantly more common, and can impact factors ranging from how a book is marketed, to how many copies retailers order, to how the book appears in online algorithms, and therefore which audiences it reaches.^[26]
- The necessary prevalence of work-from-home during COVID-19 may signal a broader shift to remote work for the publishing industry post-pandemic. Historically, it has been felt that publishing companies and their employees need to be located in major city centres, but the pandemic has proven that remote work is feasible for many parts of this industry. The ability for publishing employees to work remotely could also help counter broad concerns about salary, as reflected in [Quill & Quire's](#) annual survey.^[27]
- A new report by the [Association of Canadian Publishers](#) entitled [Canadian Ebooks in K-12 Education](#) outlines the necessity of Canadian publishers making their digital resources more accessible to the educational market, and provides guidance on how best to do so. The report addresses the specific challenges presented by COVID-19, as well as discussing strategies for digital resources more broadly.

GLOBAL AND DOMESTIC ISSUES

- Over half of Canadian publishers (59%) identified financial limitations as the main challenge to innovation. Twenty-five percent also identified that they didn't feel the internal structures of their organizations were conducive to innovation and change.^[28]
- Although Canada will be stepping into its role as guest of honour at the 2021 Frankfurt Book Fair in October (after a postponement from 2020), the steering committee for Canada's presence at the festival is prioritizing virtual programming, due to COVID-19 uncertainty.^[29]
- Twelve independent booksellers from across Canada came together in the summer of 2020 to form a new [Canadian Independent Booksellers Association](#), mandated to offer programs and services and promote policies that support the strengthening of Canadian independent booksellers.^[30]
- Canadian publishing advocates are lobbying Canada Post and Canadian Heritage to provide booksellers with a discount on postage for delivery services. Canada Post currently offers a discount of over 95% to public libraries, and a report authored by think tank More Canada suggests that this rate should be extended to bookstores that stock at least 20% Canadian-authored books.^[31]
- A significant merger between international publishing companies Penguin Random House and Simon & Schuster (with the parent company to the former purchasing the latter) has given rise to concern in a number of countries. Advocates in the publishing industry say that the combined publisher would dominate national markets in a way that has not previously been possible. Challenges to this merger include a call by the U.S. Authors' Guild to block the deal, and an investigation by U.K. watchdog the Competition and Markets Authority. The [Association of Canadian Publishers](#) has also called on the Competition Bureau and the Department of Canadian Heritage to review the sale.^[32]
- Many publishers are turning to online influencers to reach Gen Z audiences, many of whom are frequent readers. YouTube is particularly popular, with a strong "BookTubers" subculture providing reviews, discussions about books, and interviews with authors. TikTok has also become a popular social media app to connect with book readers, particularly those under 30.^[33]
- Accessibility features are an important part of ebook production, and Canadian publishers are beginning to incorporate these elements into their ebooks. As of 2019, 50% included navigational aids, 33% included semantic tags, 33% had fixed layout picture books, 28% had accessibility metadata, and 17% used text-to-speech with special audio markup and aural styles. Only 13% used none of these technologies.^[34]
- Diversity in books has become a significant issue in recent years, and is being particularly discussed in regards to children's books. A 2020 study by the *Toronto Star* of diversity in a selection of 419 Canadian-authored/illustrated children's books published in 2019 found that 37.5% feature white main characters, down 8.2% from 2018. Books with main characters who are Black, Indigenous, East Asian or South Asian saw an increase of 4.9% from 2019, with 29.3%.^[35]
 - This study also showed that only 28 of the 525 characters examined were LGBTQ+, 20 were invisibly disabled, and 19 were visibly disabled. LGBTQ+ and visible disability representation both improved by a small percentage, and invisibly disabled characters decreased by only 0.3%.^[36]
- The [Association of Canadian Publishers](#) has created a [Freelancers from Diverse Communities Database](#) to promote racialized and other marginalized people working as contract or freelance employees in the Canadian book publishing industry.
- Canadian publishers are seeing positive return on investment (ROI) from books by and about diverse audiences. In 2019, 89% of books by and about Black, Indigenous or people of colour had a positive ROI, books by and about women had

79%, books by and about people who are LGBTQIA+ had 78%, and books by and about disabled or neurodivergent people had a 63% positive ROI.^[37]

- The publishing industry is becoming increasingly aware of the need to embrace greener methods of working as a paper-heavy and carbon-heavy industry. Some publishers are moving over to online-only manuscript submission services like Submittable, and others are looking to reduce or remove single use plastics in packaging and shipping. Smaller strategies include reducing travel and office space, or issuing advanced reader copies (ARCs) of books in digital-only formats.^[38]
 - Canadian publishers are particularly embracing eco-friendly practices. Seventy-four percent of interviewed publishers were using video or voice conferencing instead of business travel (pre-pandemic); 62% were sourcing paper for sales, ARCs and/or catalogues from a certified forest management system; and 53% were using print-on-demand technologies.^[39]
- Audible launched its inaugural slate of Canadian Audible Originals, consisting of Canadian-made, commissioned content including podcasts, series and original audiobooks. The series will serve as an ongoing spotlight on Canadian writers, and is open to proposals from the Canadian literary community.^[40]
- Changes in the pulp-and-paper industry have begun to affect production costs for Canadian independent presses. COVID-19 is partially responsible for this due to shutdowns, but other issues such as wood scarcity in British Columbia have been ongoing. Some presses are adjusting budgets and adopting new printing strategies, such as shorter initial runs with more frequent reprints as necessary.^[41]
- In 2020, the Canadian Federal Court of Appeal released its decision on the legal case between Access Copyright and York University regarding reproduction fees on copyrighted material given to students. While the Court agreed that the fair-dealing guidelines adopted by York University do not meet the Supreme Court's test, it also ruled that the tariffs certified by the Copyright Board of Canada are not mandatory. Both York University and Access Copyright appealed the decision, and the case has gone to the Supreme Court of Canada.^[42]

GOVERNMENT SUPPORT

Note: The information included in this section is an overview of some of the government support to the book publishing sector. This is not intended to be a comprehensive list of government support available.

- The 2021 Federal Budget committed \$39.3 million over two years, from 2021-22, to Canadian Heritage to support the Canadian book industry, including \$32.1 million over two years to help bookstores increase online sales and \$7.2 million in 2021-22 for industry promotion at the Frankfurt Book Fair.
- In 2021-22, Ontario publishers have access to provincial funding through several Ontario Creates programs and a tax credit: the Book Fund, the Export Fund and the Ontario Book Publishing Tax Credit (OBPTC). Through its Industry Development Program, Ontario Creates also provides support to book industry organizations for events and activities that stimulate growth of the industry, including the educational market.
- The Department of Canadian Heritage provides funding to the Canadian book industry through the Canada Book Fund (CBF), with two major streams: Support for Organizations and Support for Publishers. Starting in 2019-20, the CBF also began accepting applications for new projects through the Accessible Digital Books Initiative.
- Other funding mechanisms at the federal and provincial levels include the Canada Council for the Arts and the Ontario Arts Council (with the Literary Creation Projects grants, the Literary Organization Projects grant, the Literary Organizations: Operating grant and the Publishing Organizations: Operating grant).

INDUSTRY RECOGNITION

Ontario authors and publishers are frequently lauded for their outstanding work:

- Ontario author Souvankham Thammavongsa's short story collection *How to Pronounce Knife* (McClelland & Stewart) was named one of *Time Magazine's* Must-Read Books of 2020, and won the 2020 Scotiabank Giller Prize.
- Souvankham Thammavongsa's *How to Pronounce Knife* also won the 2021 Trillium Book Award (English). *Sept nuits dans la vie de Chérie* (Éditions David) by Danièle Vallée won the 2021 Trillium Book Award (French). *sick* (Black Lawrence Press) by Jody Chan won the 2021 Trillium Book Award for Poetry (English). *Capitaine Boudou et les enfants de la Cédille* (Éditions L'Interligne) by Éric Mathieu won the Trillium Book Award for Children's Literature (French).
- *Skin House* (Anvil Press) by Michael Blouin won the ReLit award for best novel.
- Toronto-based 2019 Giller Prize winner Ian Williams won the 2021 Raymond Souster Award for his poetry collection *Word Problems* (Coach House).

Profile current as of September 28, 2021

ENDNOTES

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