

# INDUSTRY PROFILE - MAGAZINE

## INTERIM UPDATE TO OCTOBER 2021 PROFILE

JUNE 2022

- Ontario's periodical publishing sector contributed \$467 million to Ontario's GDP, and accounted for 3,572 jobs in 2020.<sup>[a]</sup>
- In a search for better methods of monetization, almost half (45.3%) of media companies surveyed by an international study use intelligent paywalls--data-based paywalls that offer users subscription messages at a time determined by data collected, rather than the same set time for all users. Some major brands have also had success with metered paywalls, which allow readers a certain small number of articles every month, allowing for dual revenue streams of subscription and advertising.<sup>[b]</sup>
- The place of both print and digital magazines in the media ecosystem changed during COVID-19.
  - Print is evolving to become more of a "luxury" product, but growing distrust with "fake news" and unregulated social media is making print media increasingly a source of public trust. Print advertising also continues to have a higher uptake than digital advertising.<sup>[c]</sup>
  - In digital media, revenue models are shifting in a pre-emptive response to browsers removing third-party cookies. Publishers currently using third-party cookies on their websites may shift to enhancing first-party data strategies, focusing on contextual targeting (which uses context clues from user engagement to select ads), or creating strategic partnerships with other publishers.<sup>[d]</sup>
- Access to paper continues to be a challenge across the magazine, book and newspaper industries, both nationally and internationally, driven by supply chain issues around the production of paper products like wood pulp.<sup>[e]</sup>
- A 2021 United States study by the Association of Magazine Media found that readers have engaged more deeply with magazines (particularly print magazines) during COVID-19, with 76% saying that reading magazines in print is a nice break from screens, and 68% saying they appreciate print magazines more. Additionally, 41% of women say that magazines are more important to them now versus pre-pandemic.<sup>[f]</sup>
- Although digital magazines are gaining in popularity, the majority of surveyed magazine readers in the United States prefer print, with an average of 73% of adults. However, older generations are far more likely to prefer print, with 79% of respondents 55+ preferring it, compared to 64% of respondents ages 18-34.<sup>[g]</sup>
- In April 2022, the federal government introduced the *Online News Act*, which aims to establish a new legislative and regulatory framework for Canada's digital news marketplace. The bill would require tech companies to make fair commercial deals with news outlets for the news and information shared on their platforms.<sup>[h]</sup> The bill has been referred to the Standing Committee on Canadian Heritage.
- Ontario magazines received a number of honourable mentions at the 2021 Digital Publishing Awards, including *Canadian Art* for Best Arts & Culture Storytelling, *Spacing* for Best Podcast: News & Politics, and *Azure Magazine* for Best Virtual Event.
- Ontario magazines were well represented at the 45th National Magazine Awards, with *Cottage Life*, *Spacing*, *Broadview*, *Brick*, *Inuit Art Quarterly*, *Literary Review of Canada* and *The Walrus* earning awards and honourable mentions.

*Ontario Creates Industry Profiles receive a full update once per year. The interim update summarizes key changes approximately six months after the profile's release.*

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## ENDNOTES

<sup>a</sup> [Statistics Canada](#), *Table 36-10-0452-01, Culture and sport indicators by domain and sub-domain, by province and territory, 2020, product perspective (x 1,000)*. (Accessed June 27, 2022)

<sup>b</sup> [FIPP](#), *A Deep Dive Into Digital Subs*, September 2021, p. 7; Pierre de Villiers, “D2C Summit: Nicolas Thompson on why The Atlantic and a metered paywall is a match made in heaven,” *FIPP*, June 29, 2021.

<sup>c</sup> [UPM & FIPP](#), *The Future of Media*, 2021, pp. 12, 15.

<sup>d</sup> [UPM & FIPP](#), *The Future of Media*, 2021, pp. 13-14.

<sup>e</sup> [Toronto Star](#), “Paper shortage impacting local newspapers”, January 4, 2022. (Accessed: June 15, 2022)

<sup>f</sup> [The Association of Magazine Media](#), *Factbook 2021*, pp. 15-16.

<sup>g</sup> [The Association of Magazine Media](#), *Factbook 2021*, pp. 47.

<sup>h</sup> [The Government of Canada](#), *Government introduces a bill to ensure fair compensation for news media and the sustainability of local news*. (Accessed: June 15, 2022)

# OCTOBER 2021 PROFILE

## INTRODUCTION

Canada’s magazine sector includes consumer and business-to-business (B2B) brands, with content distributed both in print and digitally, via a variety of web and mobile channels. Business models in the magazine industry increasingly incorporate a range of revenue streams beyond traditional subscription and advertising, such as custom publishing, events-based and retail-based revenue generation strategies.

## COVID-19 UPDATE

- Many magazine publishers have seen a significant uptick in online traffic and subscriptions since the beginning of the pandemic and the broad implementation of lockdown measures. This was significantly driven by a lack of new content to consume as people spent more time at home, leading consumers to explore other avenues for entertainment. Publications focusing on news have been in particularly high demand.<sup>[1]</sup>
- Although demand has been greater for online content, newsstand sales (already suffering in recent years) have seen significant drops across a number of international jurisdictions, particularly in those that have deemed many venues for magazine purchasing non-essential services.<sup>[2]</sup>
- Even with re-occurring lockdowns in Ontario and other parts of Canada, magazine distribution warehouses have thus far been deemed essential services, and remained open in spite of shutdowns.<sup>[3]</sup>
- COVID-19 has impacted the magazine publishing industry in three main areas: proving the value of diversifying revenue streams, the loss of advertising income, and the effect on retail sales of magazines. The pandemic has also changed the way the industry thinks about issues such as the transition of live events to virtual, and an increase in hiring of remote employees.<sup>[4]</sup>
- Some publications have made changes to content and delivery in light of COVID-19, such as Germany-based *Die Zeit*, which provided COVID-19 stories outside of their paywall to build loyalty and good faith, as well as hosting weekly online chats with journalists and providing pop-up newsletters on topics such as kids’ activities during lockdown.<sup>[5]</sup>

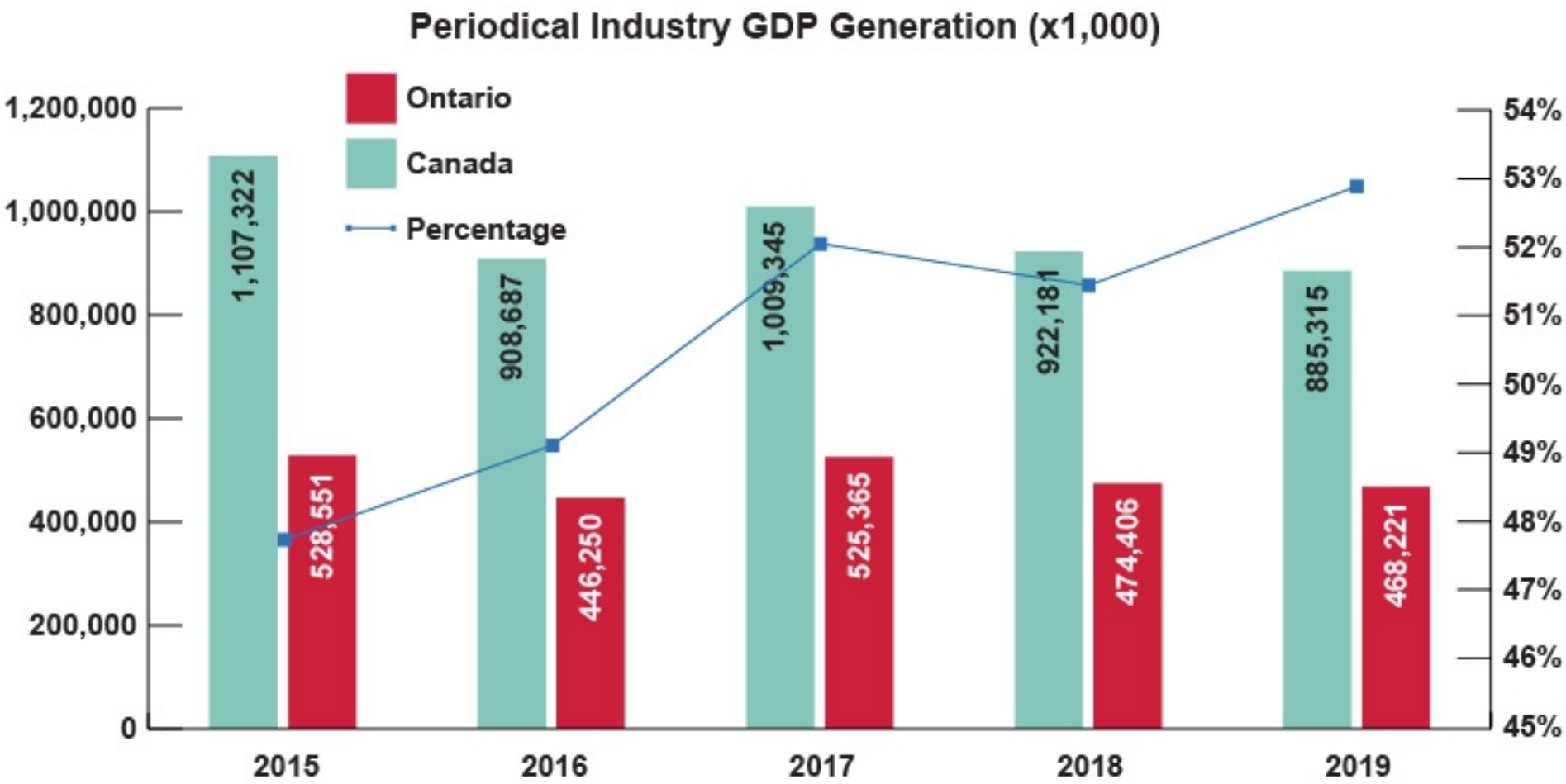
## INDUSTRY SIZE AND ECONOMIC IMPACT

*Note: The following information on revenue, employment and the consumer market should be considered a snapshot of activity in the industry based on the best available information.<sup>[6]</sup> All dollar figures are in CAD unless otherwise noted.*

## REVENUES AND RELATED FIGURES

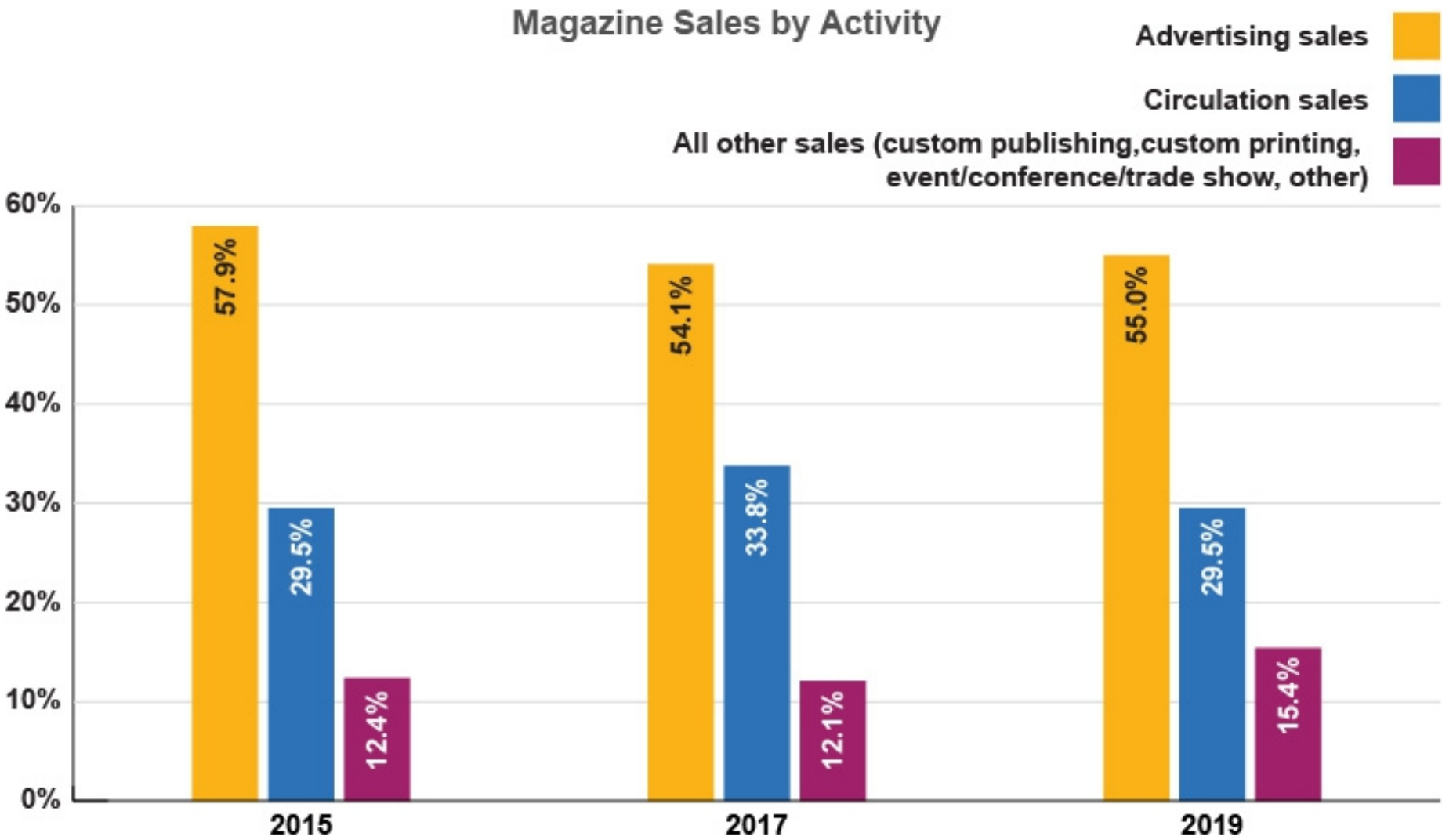
- According to PwC, the Canadian consumer magazine industry is likely to see growth in year-end revenue between 2020 and 2021, with an increase of 3.96% following years of decline, likely due to COVID-19.<sup>[7]</sup>
  - Following this increase, the industry is projected to decline at a combined annual growth rate (CAGR) of -0.53% between 2021 and 2025, from US\$776 million to US\$759 million. Consumer magazine circulation is projected to decline at a faster rate than consumer magazine advertising; at -0.86% and -0.28%, respectively. Both are higher than the global consumer magazine CAGR decline over the same time frame, which is projected to be -1.83%.<sup>[8]</sup>
- Statistics Canada data shows that the Canadian periodical industry generated over \$885 million in GDP in 2019, a -4% growth rate from \$922 million in 2018. Just under half of this was generated in Ontario, with approximately \$468 million in GDP.<sup>[9]</sup>

- Although the GDP generated by the periodicals industry both provincially and nationally has decreased fairly steadily between 2015 and 2019, Ontario’s percentage share of the national GDP has been increasing.<sup>[10]</sup>



Statistics Canada, Table 36-10-0452-01 – Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x1,000). (Accessed September 20, 2021)

- In 2019, the Ontario periodical publishing industry was operating at a 10.2% profit margin, higher than the country-wide profit margin of 8.1%, and higher than any other Canadian province or territory.<sup>[11]</sup>
- Breaking down total sales by activity, the greatest percentage of Canadian sales can be attributed to advertising, followed by circulation. However, advertising sales have decreased over time, from 61.8% of total sales in 2013 to 55% in 2019. In comparison, the proportion of circulation sales has increased, from 27.9% in 2013 to 29.5% in 2019.<sup>[12]</sup>



Statistics Canada, Table 21-10-0070-01 – Periodical publishers, sales by activity. (Accessed September 20, 2021).

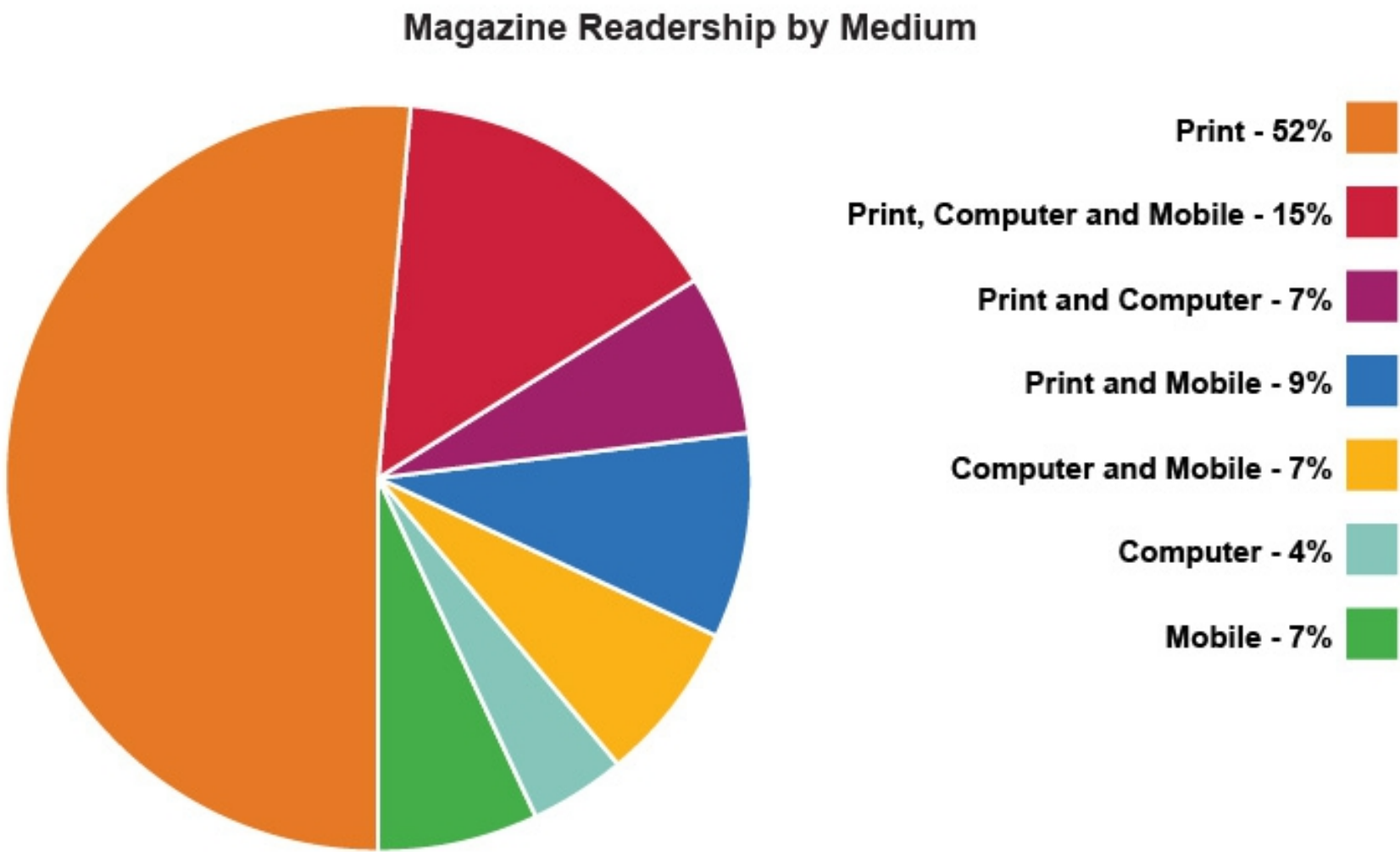
EMPLOYMENT AND WAGES

- In 2019, the Ontario periodicals industry employed 3,961 people, close to 42% of the 9,468 employed nationally.<sup>[13]</sup>

- In 2019, the Ontario periodical publishing industry spent \$240.7 million on salaries, wages, commissions and benefits. This was a 10.5% decrease from the previous year, and makes up 63.6% of the national expenditure in this area.<sup>[14]</sup>

CONSUMER MARKET

- Across Canada over the first three months of 2021, 80-90% of adults read magazines in some format, with 84% of Ontarians having read magazines.<sup>[15]</sup>
- As of spring 2021, Food/Recipes were the most popular magazine category among Canadians with 67% reach, followed by Travel/Tourism at 58%, Health/Fitness at 55%, Nature at 54%, and Entertainment/Celebrity at 54%.<sup>[16]</sup>
- Magazine readers still favour print, with 52% reading exclusively via print, 18% reading digital only, and 31% reading both print and digital formats (numbers do not add up to 100% due to rounding).<sup>[17]</sup>



Source: Vividata, Overview of Results: Spring 2021 Study, April 2021, p. 6.

- Gen Z and Gen Y are significantly more likely to read magazine content digitally, and prefer smartphones (46% and 40% respectively) and computers (37% and 30% respectively) to access digital content. Gen Z and Gen Y, along with Gen X, are also all more likely to access digital magazine content via search engine or social media links, rather than seeking out a magazine website directly.<sup>[18]</sup>

TRENDS AND ISSUES

Some of the current key trends in the magazine publishing industry are ongoing discussions of print vs. digital media, new methods to engage readers, subscription models, environmental sustainability, and diversity.

GROWTH RATE AND INDUSTRY TRENDS

- Although COVID-19 restrictions have prevented most in-person gatherings, hosting events can still be a valuable revenue stream opportunity for magazine brands to grow audiences, attract new advertisers, and increase engagement with existing readers. A new FIPP Insight Report outlines a wide variety of event types (such as festivals, informative, listen and learn, interactive, awards and activity-based) that can increase revenue through advertising, sponsorship and ticketing.<sup>[19]</sup>
- Although digital is often viewed as a successor to or evolution of print media, print continues to thrive in many markets, and occupies a niche that digital cannot always fill. For example, while many people find digital more convenient, others find print a much-needed break from the digital data-heavy reality of everyday life. It is therefore important for magazine brands to diversify and offer both print and digital options where possible, in order to reach consumers who prefer either or both media.<sup>[20]</sup>
- There have been changes to the place of print media specifically in a primarily digital ecosystem, many of which were already occurring but have been highlighted by COVID-19. Not only is print increasingly viewed as a luxury product, but studies continue to show that print is more trusted than digital media to provide truthful and accurate information.<sup>[21]</sup>

- In order to maintain consumer interest in print media, some brands are exploring new and innovative methods of engaging with readers beyond simply words on a page. Methods such as *Empire Magazine*'s talking Deadpool cover, Audi's remote controlled animated taillights, Old Spice's scented paper jacket or textured sand samples included in a Dominican Republic advertising campaign seek to engage consumers' senses beyond just print.<sup>[22]</sup>
- In her new book *The Forever Transaction*, strategy consultant Robbie Baxter notes that as companies in many industries embrace a "Netflix-style" subscription model, it is important for subscription-heavy industries such as magazine publishing to stay current. Some areas to consider are the benefits of providing a straightforward and universal fixed price model; moderating free introductory offers to reduce churn and maintain subscribers after a trial period is over; moving to a reader/viewer-first mindset to help create content worth paying for; and bringing on new roles such as product managers to fully support this kind of new approach.<sup>[23]</sup>

## GLOBAL AND DOMESTIC ISSUES

- Increasing global awareness and concern surrounding climate change requires a response from all sectors, including publishing. The need to be sustainable is expanding from in-house considerations to examining supply changes for ways to reduce carbon footprint. Common actions include reducing non-recyclable plastics and ensuring that paper is sourced sustainably.<sup>[24]</sup>
- A modernization of the [Canada Periodical Fund](#) is underway, with a transition from funding focused on print circulation to investment in editorial and journalistic content, as well as based on ability to reach readers. Starting in 2021-22, 15% of funding will be based on editorial, progressing to 80% editorial/20% circulation in 2025-26. As of 2021-22, the Aid to Publishers component will also be adding a sub-component for digital-only periodicals, a broader range of periodicals will be allowed to apply for the Business Innovation component, and the Business Innovation component will be increased to \$2.5 million.<sup>[25]</sup>
- In February 2020, *Time* released an immersive VR experience titled The March, marking the third instance of *Time* using this technology to bring history to life for viewers. The March immerses viewers in the crowd at the 1963 March on Washington.<sup>[26]</sup>
- Online subscriptions have been rising in popularity, with one digital news and media company reporting subscription revenue growth of over 350% in the past seven years. While newspaper brands have embraced online subscriptions fully, many magazine brands have been more hesitant to follow, but experts say that it is essential that they do so, particularly in light of the over 9% drop in the advertising market during COVID-19.<sup>[27]</sup>
  - Key tips for improving digital subscription include the importance of registration to increase the share of known visitors to a site; the minimal usefulness of real-time propensity scoring (the likelihood of a consumer following a specific course of action) and propensity-to-subscribe scoring; the effectiveness of an intelligent paywall strategy; and the advice to provide less free content.<sup>[28]</sup>
- Institutions such as the Belleville Public Library in Ontario are working to make magazine content more available to consumers in a digital format, through partnership with digital content service Flipster.<sup>[29]</sup>
- Following the Black Lives Matter protests in the summer of 2020, there has been growing awareness worldwide of the need to improve diversity and inclusion in many sectors, including magazine publishing. Diversity and Inclusion Director of Meredith Corporation, Shona Pinnock, gives advice for companies looking to make improvements: listening with intent to the experiences of Black employees and other employees of colour; consider competencies over personal comfort or familiarity during hiring; learn from the history of racism to create understanding and belonging; deal decisively with pushback; and make sure stories are reflective of audiences.<sup>[30]</sup>

## GOVERNMENT SUPPORT

- The [Canada Periodical Fund \(CPF\)](#), administered by the [Department of Canadian Heritage \(DCH\)](#), offers funding to eligible magazine publishers for content creation, distribution, online activities, and business development. It also provides support for business innovation projects and collective initiatives that strengthen the Canadian magazine sector. The Fund currently includes a pilot project to support emerging digital publishers by providing up to \$5,000 in start-up funding for a digital-based project.
- Ontario magazine publishers currently have access to public funding through the [Ontario Creates Magazine Fund](#). Ontario Creates also provides funding to trade and event organizations in the province's magazine sector through the [Industry Development Program](#) for events and activities that stimulate the growth of the industry. In some cases, magazine publishers may be eligible for the [Ontario Creates Interactive Digital Media Fund](#).

## INDUSTRY RECOGNITION

- Ontario magazines were well-represented at the 2021 National Magazine Awards. Among these were Gold for *The Feathertale Review* in the Art Direction Grand Prix; *Maclean's* in the Cover Grand Prix and for Feature Writing; *Chatelaine* for Long-Form Feature Writing; *The Walrus* for Essays and Short Feature Writing; and *Inuit Art Quarterly* for Best Editorial Package, as well as other awards. *Toronto Life* won six Gold and two Silver, including Gold in the Magazine Grand Prix.

*Profile current as of September 20, 2021*



# ENDNOTES

1 FIPP, “Hearst reports significant ecommerce upturn during Covid-19 lockdown”, *FIPP*, May 12, 2020; *FIPP*, *Publishing during a pandemic*, June 2020, pp. 5-6.

2 *FIPP*, *Publishing during a pandemic*, June 2020, pp. 8-12.

3 *Magazines Canada*, “Update on Magazines Canada’s Retail Distribution Service”, *Magazines Canada*, January 11, 2021.

4 Sadie Hale, “Innovations in print, advertising, events and more: FIPP CEO James Hewes on how Covid-19 is generating new opportunities for media”, *FIPP*, November 17, 2020.

5 Pierre de Villiers, “Membership, revenue and subscriptions – insights from TU Media and Die Zeit”, *FIPP*, September 15, 2020.

6 Ontario Creates relies on the most recent Statistics Canada data releases to compile this profile. There is a period of time needed for Statistics Canada to collect the data (e.g. receipt of income tax returns) and compile the data releases.

7 *PwC*, *Global Entertainment & Media Outlook 2021-2025 – Canada*.

8 *PwC*, *Global Entertainment & Media Outlook 2021-2025 – Canada*; *PWC*, *Global Entertainment & Media Outlook 2021-2025 – Global Newspaper and consumer magazines*.

9 *Statistics Canada*, Table 36-10-0452-01 – Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x1,000). (Accessed September 20, 2021).

10 *Statistics Canada*, Table 36-10-0452-01 – Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x1,000). (Accessed September 20, 2021).

11 *Statistics Canada*, Table 21-10-0053-01 – Periodical publishers, summary statistics. (Accessed September 20, 2021).

12 *Statistics Canada*, Table 21-10-0070-01 – Periodical publishers, sales by activity. (Accessed September 20, 2021).

13 *Statistics Canada*, Table 36-10-0452-01 – Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x1,000). (Accessed September 20, 2021).

14 *Statistics Canada*, Table 21-10-0053-01 – Periodical publishers, summary statistics. (Accessed September 20, 2021).

15 *Vividata*, *Overview of Results: Spring 2021 Study*, April 2021, p. 4.

16 *Ibid*, p. 5.

17 *Ibid*, p. 6.

18 *Ibid*, pp. 8-9.

19 *FIPP*, *Events in magazine media*, 2020, pp. 2, 7-8, 22-23.

20 *UPM & FIPP*, *The Future of Media*, October 2019, pp. 3, 7.

21 Sadie Hale, “Innovations in print, advertising, events and more: FIPP CEO James Hewes on how Covid-19 is generating new opportunities for media”, *FIPP*, November 17, 2020.

22 *UPM & FIPP*, *The Future of Media*, October 2019, p. 9; *FIPP*, “Innovation in action: blending print and digital to optimize the experience”, *FIPP*, March 30, 2020.

23 Sadie Hale, “How to build a forever transaction with your readers, using the same principles as Netflix”, *FIPP*, September 8, 2020.

24 *UPM & FIPP*, *Publishing and Climate Change*, June 2020, pp. 4-5, 9-10.

25 Canadian Heritage, “Backgrounder – Modernization of the Canada Periodical Fund: Adapting to the Digital Era”, *Government of Canada*, February 18, 2020.

26 Patrick Lucas Austin, “How TIME Re-created the 1963 March on Washington in Virtual Reality”, *TIME*, February 20, 2020.

27 *FIPP*, *Global Digital Subscription Snapshot – Q3 Report 2020*, pp. 2-4.

28 Arvid Tchivzhel and Matt Lindsay, *Research Highlights 7 Digital Subscription Best Practices*, April 28, 2020, p. 2.

29 Intelligencer Staff, “Library Line: New digital tool brings magazines to users”, *The Intelligencer*, September 11, 2020.

30 Pierre de Villiers, “Making change happen – diversity and inclusion at Meredith Corporation”, *FIPP*, September 29, 2020.