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This is Exhibit "B" referred to in the affidavit of Edwin Bolwell sworn before me at Vancouver this 4th day of Sept. 1991

Mary Kube
A Commissioner for taking Affidavits for British Columbia

A REPORT ON
THE NEWSPAPER MARKETS
OF THE
CITY OF VANCOUVER
AND THE
NORTH SHORE

COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE
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MANDATE

This report was commissioned by the Bureau of Competition Policy, Mergers Branch, Consumer and Corporate Affairs in the wake of a number of acquisitions, including 13 community newspapers, by Lower Mainland Publishing Limited (LMPL), a subsidiary of Southam Newspaper Group.

The initial assignment was to analyze the editorial and advertising content of daily and community newspapers serving the areas of British Columbia's Lower Mainland affected by the acquisitions.

This subsequently became a mandate to focus on the newspaper markets of the City of Vancouver and the adjacent North Shore, assessing:

(a) the degree, if any, of competition for readers and/or advertisers, at the time of LMPL's acquisitions, between the Vancouver Sun and the Province (both dailies, published by Pacific Press, another subsidiary of Southam) and two specific community newspapers being acquired by LMPL: the Courier in the City of Vancouver and the North Shore News;

(b) the strategic implications of LMPL's acquisitions of the Courier and the North Shore News.

To put these analyses in broader perspective, the author also was asked to open this report with a brief, simplified description of the different kinds of media (both news and advertising), highlighting some of their strengths and weaknesses, and to follow with a brief, simplified review of major trends affecting them.

PREPARATION

In addition to knowledge accumulated by the author as a senior executive and consultant in the newspaper industry over the past 27 years, this report is based on, among other specifically related reading, an analysis of:

(a) The reader-appeal, including editorial and advertising content, of issues published during the week of May 14-20, 1990, by:

The Vancouver Sun, the Province, and the following community newspapers (all published at least once a week):

The Courier, the West Ender, the East Ender, the Western News, the Vancouver Echo, the South Vancouver Revue, the Mount Pleasant Revue, the Marpole Revue; the Georgia Straight (all distributed in Vancouver);

The North Shore News;

The South Delta Today, the Delta Optimist, the North Delta Optimist Weekender, the South Delta Optimist Weekender, the Delta Optimist Sunday News; The Surrey-North Delta Now, the Surrey-North Delta Leader;

The Richmond Times, the Richmond News, the Richmond Review, the Richmond Times Weekender;

The Burnaby Now, the Royal City Now;

The Coquitlam Now, the Maple Ridge-Pitt Meadows Times, the Abbotsford-Clearbrook Times, the Chilliwack Times.

(b) The reader-appeal, including editorial and advertising content, of issues published during the week of March 11-17, 1991, by:

The Vancouver Sun, the Province, the Courier, the North Shore News, the West Ender, the East Vancouver News, the South Vancouver News, the Vancouver Echo, the South Vancouver Revue, the Mount Pleasant Revue, the Marpole Revue, the Kerrisdale Revue.

(c) The reader-appeal, including editorial and advertising content, of issues published during the week of March 11-17, 1991, by the following daily newspapers in other parts of Canada:

The Edmonton Journal (Southam-owned), the Edmonton Sun, the Calgary Herald (Southam-owned), the Calgary Sun, the Winnipeg Free Press, the Winnipeg Sun, the Toronto Star, the Toronto Sun, the Globe and Mail.

(d) The reader-appeal including editorial and advertising content of the following community newspapers (all published at least once a week):

Neighbors (Southam-owned) and the Examiner, both distributed in Edmonton;

The St. Albert Gazette (Southam-owned) and St. Albert This Week, both distributed in a suburb of Edmonton;

Neighbors (Southam-owned) and the Mirror, both distributed in Calgary;

Metro, the Herald, Lance and the North Times, all distributed (by the same owner) in Winnipeg;

The Etobicoke Guardian, Etobicoke Life, the East End News, the North York Mirror, the North York News, the Scarborough Mirror and the Scarborough News, all distributed (the Etobicoke Guardian and both Mirrors by the same owner) in specific areas of Metropolitan Toronto.

(e) Audit Bureau of Circulation figures relating to all the daily newspapers mentioned above for the years 1980-90.

(f) Distribution figures for 1990 (plus, in some cases, other years), obtained from Canadian Advertising Rates & Data (a trade guide book) and/or the respective publishers, for all the community newspapers mentioned above.

(g) Canadian Daily Newspaper Association data on the industry's performance in circulation and household penetration from 1980 to 1990.

(h) Data supplied by Southam on circulation of the Sun and the Province in the City of Vancouver and on the North Shore for the years 1988-90.

(i) Readership studies of community newspapers undertaken by the Print Measurement Bureau (a respected tripartite organization supported by advertisers, ad agencies and publishers).

(j) Membership data obtained from the Canadian Community Newspaper Association for the years 1980-90.

(k) Canadian Daily Newspaper Association reports of advertising lineage for all its members (82 at the end of 1990) for the years 1980-90.

(l) A report on Advertising Revenues in Canada, prepared by the Maclean Hunter Research Bureau in May, 1991, encompassing net advertising revenues, media by media, for the years 1974 to 1990.

(m) Various reports, documents and other information obtained by the Bureau of Competition Policy from Southam.

Preparation for this report also included a number of interviews or discussions with current or former executives in the daily newspaper, community newspaper and advertising industries.

SUMMARY

The daily newspaper industry has been in decline for many years worldwide, including in Canada.

Over the past decade alone, Canadian dailies have suffered substantial losses in readership and, largely as a consequence, in their share of total advertising revenue.

In recent years, the Southam Newspaper Group has been particularly troubled.

Its worst-performing division has been Pacific Press Limited, which publishes the only two daily newspapers in Vancouver: the Vancouver Sun and the Province.

The community newspaper industry, over the past decade, has been one of the fastest-growing advertising media in Canada.

Two of the strongest community newspapers are published in the core circulation area of Pacific Press: the twice-weekly Courier in a high-income area of Vancouver City; the thrice-weekly North Shore News in a high-income suburb.

Each has a stranglehold on community newspaper distribution in its area.

Each also reaches more households in its area than either the Sun or the Province does.

It is evident that the Courier and the North Shore News have been taking readers and advertising away from Pacific Press.

Both, under their previous independent owners, could have been expected, in the future, to have hurt Pacific Press more.

Whatever its motivation, in its acquisition of the Courier and the North Shore News (along with 11 other community newspapers in the B.C. Lower Mainland), the Southam Newspaper Group has achieved the following:

1. Switched back into its own pockets the flow of current and future revenues from Pacific Press to the Courier and North Shore News.
2. Reduced the likelihood of a new daily newspaper being launched to compete with the Sun and Province.
3. Reduced the likelihood of a new competitive daily's entry into Vancouver even if Pacific Press were to terminate the Sun or the Province.
4. Established insurance against Pacific Press being closed down by a strike; even stronger insurance against Southam being severely hurt by such a strike.
5. Inhibited the chances of growth by another community newspaper chain in the Lower Mainland.

COMPARING THE MEDIA

This report addresses two basic groups of media: the news media and the advertising media.

Most news media are also advertising media. (The few exceptions include such diverse conduits as CBC Radio and newsletters.)

But many kinds of advertising media are not news media. (These include billboards, transit advertising, directories, direct mail and, of course, entertainment programming on television and radio.)

A fuller description of each media group and its major components follows.

THE NEWS MEDIA

Many news media compete with each other not only in the gathering of news but also for audience.

For example, newspapers, television and radio strive to take viewers/listeners/readers from each other, to become the preferred source of news.

But, because each medium is blessed and blighted with distinctive inherent traits that define its basic appeal, the toughest competition for audience is within each medium: for readers among newspapers, viewers among TV networks and channels, listeners among radio stations.

There are four major kinds of news media: newspaper, magazines, television and radio.

In broad terms, the strengths and weaknesses of each medium can be outlined as follows.

Newspapers

Newspapers can be categorized into a number of classifications and sub-classifications, including national, financial, sport, broadsheet, tabloid.

This report is concerned with two major groups, both of which can be printed as broadsheet or (roughly half the page-size) tabloid. They are commonly referred to as "daily newspapers" and "community weeklies."

The labels are somewhat misleading.

For instance, all newspapers, no matter what their frequency or circulation area, serve some community in the broadest sense; even most dailies strive to serve especially the community of the cities or towns in which they are published.

More pointedly, many so-called community weeklies are published not once a week but two or three times a week.

Better, fairer, more accurate to call them "community newspapers" -- which is what they will be called here.

One strength common to both daily and community newspapers is that their printed format, unlike news broadcasts, permits their audiences to absorb the contents whenever they wish and at their own pace.

The printed format also affords news consumers the privilege of browsing among the pages, selecting the items in which they are most interested.

A special strength of daily newspapers is that they carry a complete range of news -- international, national, regional, local, business, sport, entertainment, lifestyle -- generally in more detail than either television or radio offers.

A weakness of daily newspapers is that they are generally less up-to-date with major breaking news than TV or radio (though more current than magazines).

For growing numbers of contemporary society, another weakness of daily newspapers is that they take more time, attention and effort to read than watching a TV newscast or listening to a radio broadcast.

A strength of community newspapers is that they concentrate on the area of news in which there is high public interest and relatively low satisfaction from television and radio: local news.

The degree to which this strength is exploited varies widely among community newspapers. But the best of them -- including the two most germane to this report -- challenge even daily newspapers in their depth and breadth of local news coverage.

Another strength of community papers is that, through their quicker (relatively inexpensive) adaptation to modern technology, they are often printed better than daily newspapers, with color photographs especially of much higher quality.

Many community newspapers, however, still suffer from awkward, unappealing layouts, poor picture choice and sloppy writing.

Finally, it should be briefly noted here that daily and community newspapers have one more major potential strength in common: they are perceived as total packages, consumed often as much for their advertising as their news.

More on that in the discussion of The Advertising Media.

Magazines

Magazines are the most varied form of news media.

They range from those of general interest (such as the newsweeklies, People, Reader's Digest, Saturday Night), which aim at a cross-section of readers (at least in terms of interests, if not income and education), to those of special interest (such as Sports Illustrated, National Geographic, Playboy, Equinox).

City and regional magazines fall somewhere in between these parameters. Their editorial content usually covers a wide range of interests (such as lifestyle, politics, entertainment, sport), but the focus in each case is usually narrow, relating to activities in their geographical area.

Magazines in general have certain distinctive, inherent attractions to readers. Among them: the wide variety available (with, in effect, some magazine or another to satisfy every taste); the aura, at least, of quality, which stems partly from their glossy paper and high definition printing (especially noticeable in color photographs and graphics).

News and information carried by magazines lacks the immediacy of the other media, but this is offset in some readers' minds by the belief (if not always the reality) that the content has been assembled more thoughtfully and benefits from a fuller perspective.

Television

Television has become a giant news medium, with special attractions to contemporary society in general. Television newscasts, with their distinctive facility to show events happening on screen and their increasingly impactful graphics, are easy to absorb.

They lack the depth of both newspapers and magazines, but modern society as a whole has become less interested in depth.

Television newscasts also have more immediacy than newspapers, let alone magazines. Invariably, most major stories in a daily newspaper have been carried on a newscast the night, even early evening, before.

Television news specials and magazine shows have more depth than regular newscasts; though they are not as widely watched, they provide further competition for the print media in terms of audience.

Radio

As a news medium, radio has even more immediacy in general than television does.

With its frequent newscasts and its easy access (in the car, on the beach, jogging down the street), radio is undeniably the most popular medium for keeping up to date with the news.

It also benefits, in terms of impact, from its increasing use of "on-the-scene" reports, whether live or taped.

Radio newscasts, even more so than those on television, generally lack depth, but, again, this is not as big a drawback to society as it once was.

THE ADVERTISING MEDIA

All advertising media compete with each other, at least theoretically, for revenue from the total pool of advertising dollars available.

But each advertising medium has distinctive traits that make it more -- or less -- appealing to the different needs of different advertisers.

These needs are determined by, among other things, the kind of product an advertiser is promoting, the kind of image it wants to project, the kind and size of audience it is trying to reach, the advertising dollars it has to spend.

Despite their different traits, some advertising media compete with others for revenue from the same advertisers.

This is particularly evident in the case of large national advertisers such as automobile manufacturers, cosmetic and food manufacturers, brewers, banks.

But in advertising, as in news, the stiffest competition is within each medium: newspaper against newspaper, TV channel against TV channel, radio station against radio station, and so on.

And they battle most fiercely for the type of advertising most suited to their medium.

Daily Newspapers

Many readers value a newspaper for the information it provides through its ads, as well as in its news and feature content.

As evidence of this, the weekday circulation of most daily newspapers surges on Wednesdays, the traditional day for food advertising (though an increasing number of supermarket chains are now switching to weekend editions).

Circulation also generally jumps on Fridays, the traditional day for the biggest movie and other entertainment ads.

Movie exhibitors, food stores and many other advertisers like newspapers because the printed format permits the communication of much more detailed information than, say, TV or radio spots do.

For instance, movie chains (among the biggest advertisers in daily newspapers) can not only extol the merits of the various films they are screening, but also tell readers where and at what times they are being screened.

Moreover, a newspaper, unlike the broadcast media, has such information at a reader's fingertips, whenever she or he wishes to obtain it.

Supermarkets, drugstores, electronics outlets and other merchants can list in a newspaper any number of sale items, with their prices. This is commonly called price/product advertising.

Popular with both consumers and certain advertisers, this form of detailed message is exclusively suited to the printed media, especially daily and weekly newspapers, catalogues and flyers (which are often distributed within newspapers, and then also called inserts).

Daily newspapers also offer advertisers the attraction of immediacy.

This means that an advertiser, on as little as two days' notice, can pick any day desired for a message to be published and be virtually guaranteed that it will at least be in the hands of potential consumers the same day.

Moreover, the success of an ad can be measured, at the cash register, the same or next day.

Daily newspapers attract much display advertising that is not price/product oriented. They aggressively solicit so-called institutional, image or brand advertising, especially from national companies.

But daily newspapers face much more competition for these dollars from other media, particularly television and magazines.

Most successful daily newspapers also attract substantial amounts of classified advertising.

They encounter no competition in this area from radio or regular TV, and minimal competition from some magazines. However, a growing competitive threat are community newspapers and newsprint publications that specialize in classified ads, such as real estate weeklies.

Other inherent strengths of daily newspapers as an advertising medium include: flexibility in ad size; relative ease of ad production; opportunity to use coupons.

Other weaknesses include: declining market coverage (see Media Industry Trends); waste circulation for many retailers, especially small, local outlets; generally poor color reproduction; sometimes ad cluttering; short life-span.

Community Newspapers

Community newspapers share some of the inherent strengths of daily newspapers as an advertising medium.

For example, they are ideal for price/product advertising, and offer a variety of ad sizes, easy ad production and coupon use.

They are also useful as vehicles for insert advertisers; even more so than dailies sometimes, when low-cost blanket coverage is sought in a concentrated area.

No so-called community newspaper has the frequency of a daily, but the shortfall in immediacy is reduced among community newspapers that publish two or three times a week.

At the same time, lack of daily frequency means they have a somewhat longer life-span than the dailies.

Like dailies, community newspapers sometimes suffer from ad clutter, created not only by ads overwhelming editorial content but compounded by messy page layouts.

Community newspapers often have superior printing quality than the dailies, most vividly in color reproduction.

They generally do not have circulations as large as dailies offer, which is a weakness for most national advertisers, but their concentrated (often saturation) distribution in specific areas is a strength for local retailers. So is the development of community newspaper networks offering advertisers group buys.

In addition to minimal waste circulation, community newspapers also offer such retailers lower rates than the dailies do.

Most community newspapers have no paid circulation; they are distributed free, usually household to household, though sometimes through a mixture of selected households and stacks in shops.

Their lack of paid circulation used to raise suspicions in many advertisers' minds that community newspapers were not being read in anywhere near the numbers that were being printed.

But an advertiser can quickly assess readership -- or at least the kind a merchant wants most -- by consumer response to a particular ad.

Significant growth in the community newspaper industry's share of all media advertising revenue (see Media Industry Trends) indicates advertisers are losing their skepticism about readership.

Studies undertaken by the Print Measurement Bureau (a respected tripartite organization supported by advertisers, the advertising industry and newspaper publishers) are also convincing.

According to a PMB study in 1990, 62.4 per cent of English-speaking adults (aged 18 and over) in Canada reported having read a community newspaper within the previous week.

This compared with 54.1 per cent who might be termed regular readers of daily newspapers (at least five times a week).

Readership of individual community newspapers varies, of course, depending upon their quality and the quality of the daily newspapers circulated in their areas.

It also varies by region.

For instance, the PMB study of 1990 reported 79.7 per cent of English-speaking adults in British Columbia had read a community newspaper within the past seven days.

That is 17.3 percentage points higher than the national average.

Regular daily newspaper readers in B.C. tallied 50.7 per cent of the total English-speaking adult population.

In the Vancouver Census Metropolitan Area, PMB 1990 recorded 79.2 per cent of adult residents had read a community newspaper in the past week.

The percentage of adults who regularly read a daily was 57.1.

(For a chart of these figures, as well as those for other selected Census Metropolitan Areas, see Appendix A.)

Magazines

The slick paper and printing quality of magazines is a major attraction to some advertisers as well as readers, especially to advertisers wanting to present an upscale image with full-color graphics.

Many advertisers also prefer this medium because one or more magazines can often offer them -- at a more efficient cost than television, radio or newspapers do -- a special type of audience the advertisers are seeking.

Another attraction to advertisers of magazines in general is that they offer the best chance of any medium for multiple viewings of a single ad.

This is because magazines usually are retained in a house or office longer than newspapers, for repeated delving into by the initial or successive readers.

An ad on TV or radio, of course, cannot be seen or heard beyond its broadcast time, unless multiple airings are bought (which, to some viewers, happens far too often).

Magazines have some drawbacks for some advertisers. For example, the date on which they will be actually read is difficult to pinpoint. Thus, magazines are not an ideal medium for such retailers as those trying to move quickly an inventory of sale items.

Neither are magazines generally a prime medium for advertisers seeking a mass audience with a wide spectrum of demographics.

Other weaknesses of magazines as an advertising medium include: early deadlines for placing an ad (routinely weeks in advance of publication date); relatively high production costs for big, full-color ads; the large share of total magazine readership in Canada that goes to U.S.-printed publications, which are not permitted to carry Canadian ads.

Television

The most distinctive attribute of TV advertising is its unique ability to reach mass audiences with eye-catching, moving images on screen, supported by audio.

Thus, TV advertising is particularly attractive to advertisers seeking a high, intrusive impact, either to promote a specific product or service (especially one with

broad appeal), or an indelible corporate image.

Other strengths of TV as an advertising medium include: it reaches the consumer at home in a relaxed atmosphere; consumers spend far more time with TV than on any other medium; commercials can be slotted into the kind of programs most watched by the kind of consumers being sought.

The biggest drawback of TV advertising is its inability to present detailed information, such as a big number of specific products and their prices, with anywhere near the efficiency (in terms of communication and cost) that newspapers do.

For example, TV simply cannot, in even a relatively expensive 60-second slot, provide the information contained in a typical newspaper ad for a stereo store offering scores of "specials."

Other weaknesses of TV as an advertising medium include: relatively high cost of ad production; audience loss during commercial breaks; perishability of the message; the need to plan, sometimes gamble on, ad campaigns well in advance (routinely months) to secure a slot on a top-rated program.

Radio

The most distinctive attribute of radio advertising is its facility to use catchy jingles, compelling voices or other arresting sounds to make an impact on a captive (at least for that moment) audience.

Its inherent appeal to commuters, housewives and teenagers make radio an alluring medium for advertisers seeking to reach such groups.

Distinctive programming by different stations further assists advertisers to select the kinds of audiences most likely to buy their goods or services.

Other strengths of radio as an advertising medium include: relatively low cost to reach a local audience; low ad production costs; short notice to place an ad.

On the debit side, radio advertising is as perishable as that on TV; it is even less capable of conveying price/product messages; and its audience is even more fragmented and prone to fluctuation.

Outdoor

Outdoor -- meaning both billboard and transit -- advertising is a major medium in Canada; it attracts, for instance, three times the net ad spending that general magazines do.

Billboards have appeal as a strong supporting medium, to reinforce advertising in other media.

Their major strengths are: market flexibility (even down to a single neighborhood); dominant visual impact; high penetration among drivers.

Their major weaknesses: they are generally seen at a distance, with fleeting exposure time, so use of words is severely limited; they lack the consumer-comforting environment of a newspaper/magazine's editorial content or a TV/radio program.

Transit ads can be viewed less hurriedly than billboards and are more cost efficient, but they also lack an editorial/program environment, and are widely available as a medium only in large urban markets.

Catalogues/Direct Mail/Flyers

This collective is on the verge of passing daily newspapers -- if it has not passed them already -- as the dominant advertising medium in Canada, at least in terms of total market share.

Its biggest strength is low distribution costs.

Its biggest weakness is the uncertainty of how much any of its vehicles will be read, or be simply tossed aside as "junk mail."

Clearly, many advertisers are sufficiently satisfied with the readership, especially relative to the costs of this advertising, or they would not be spending so much on them. (See Media Industry Trends.)

But most advertisers who use flyers, at least, still prefer them to be delivered within a newspaper, in the belief their readership will be enhanced.

It should be noted that even when a flyer becomes an insert in a newspaper, it is still counted under Catalogues/Direct Mail/Flyers by Statistics Canada and the authoritative Maclean Hunter Research Bureau (publisher of an annual report on Advertising Revenues in Canada).

That is because newspapers cannot charge normal run-of-paper (ROP) rates for such advertising, and generally collect simply a (much lower) distribution fee.

Directories

This advertising medium is mentioned here only because it has been increasing its share of total net ad revenues in Canada faster than any other medium. (See Media Industry Trends.)

Its biggest component by far are "the yellow pages" directories published by a subsidiary of Bell Canada. Other components include versions of the "yellow pages" published by others; city directories; business directories.

Their strength as an advertising medium is obvious: comprehensive listings of a complete or selected range of businesses and services, categorized and alphabetized in an easy-to-find format, and packaged in a handy (usually single) volume.

CPM'S & PENETRATION

The cost of reaching an audience, through whatever medium, is commonly calculated by the advertising industry in terms of "cost per thousand" (or CPM).

This form of measurement simply takes into account the ad rate and audience size being offered by a particular newspaper, magazine, TV channel or radio station, then translates the combination into how much it will cost to reach each thousand members of that audience.

The CPM is a key consideration among most advertisers. But, as they know, it can be a deceptive gauge. The lowest CPM is not always the best deal.

If, for instance, a newspaper offers a huge circulation at a low CPM, a retailer still needs to know how much of the circulation is within his trading area.

If a large percentage is out of range -- or even within range, but the wrong kind of audience for his message -- that segment will be wasted circulation. And so, the real cost per thousand to reach his most likely customers may be high.

Another key gauge used by advertisers in evaluating a publication's effectiveness is "household penetration."

This simply means what percentage of households -- as a measure of total available audience -- a publication is reaching in a given area.

It is a truer guide than circulation to how a publication may be faring in terms of growth (or decline).

For example, if a newspaper records circulation gains, it does not necessarily follow that it has experienced real growth; if the number of households in its circulation area has increased faster, the newspaper has, in fact, lost ground.

As with CPM's, household penetration is most significant to advertisers in relation to their prime trading areas.

If a newspaper's penetration is increasing in a remote area, it matters little to a retailer in the newspaper's core market. If the penetration there is declining, it matters a lot.

Household penetration figures are especially important to advertisers trying to reach the maximum number of potential consumers in a specific area with flyer/inserts.

Though other factors (such as distribution costs and reader demographics) come into play, a newspaper's allure as an insert carrier shrinks in concert with penetration decline.

MEDIA INDUSTRY TRENDS

Virtually all advertising media are hurting as a result of the current recession.

But, for some, the recession is simply (if painfully) exacerbating the damage of deeper, long-term problems.

For example, over the past 10 years, daily newspapers, business papers, general magazines and radio have all suffered significant losses in their respective percentage shares of net advertising revenues in Canada. Television's share has declined slightly.

Those media making the biggest gains have been community newspapers, directories and the collective category of catalogues/direct mail/flyers. Outdoor also is up.

Appendix B records the percentage share of net ad revenue for each advertising medium, as categorized by the Maclean Hunter Research Bureau, for the years 1980 and 1990.

Appendix C presents the percentage share, year by year, from 1980 to 1990, for daily newspapers, community newspapers, general magazines, television, radio and catalogues/direct mail/flyers.

Appendix D records the actual net advertising revenues of the same selected list of media, year by year, from 1980 to 1990.

Analysis of all these statistics shows, among other things:

(a) Daily newspapers' share of total net ad revenue has slipped to 22.7 per cent in 1990 from 26.2 per cent in 1980 (even slightly higher, 26.8 per cent, in 1981).

(b) Community newspapers' share of total net ad revenue has increased to 7.0 per cent in 1990 from 5.5 per cent in 1980 (even slightly lower, 5.0 per cent, in 1981).

(c) Over the period 1980-90, without inflation being factored in, net advertising dollars spent on all Canadian media increased by 161.22 per cent; those spent on daily newspapers rose by 126.25 per cent; those spent on community newspapers soared by 236.68 per cent.

Following are some key factors contributing to the varying fortunes of the two major print advertising media.

Daily Newspapers

The biggest reason for the decline of daily newspapers as an advertising medium has been sliding readership.

The trend is not a Canadian phenomenon. It is worldwide. And it has been going on for more than 10 years.

For instance, in 1967 in the United States, 76 per cent of the population reported reading a daily newspaper "yesterday;" in 1989, the number was only 64 per cent.¹

Frequency of readership has slipped even more. In 1967, again in the U.S., 73 percent of the population read a daily newspaper "every day;" by 1988, the number was 51 per cent.¹

¹ Source: U.S. Newspaper Advertising Bureau.

Household penetration has plummeted worse. In 1970, the circulation of daily newspapers in the U.S. added up to 98 for every 100 households; by 1988, the number was down to 69.²

In Canada, a similar (if not as dramatic) slide has been evident. In 1971, daily newspapers averaged 80 copies per 100 households; by 1990, the number had slumped to 61.³

Regardless of when the decline in daily newspaper readership began, it has certainly continued through the past decade. In Canada, the average number of daily newspaper copies sold per publishing day per 100 households was 66.5 in 1981; 60.8 in 1990.³

Abundant studies have explored the reasons for the decline in daily newspaper readership.

Though there are many ancillary reasons, the prime cause is simply expressed: the daily newspaper has lost its traditional lustre as an essential source of news.

To put it another way, substantial growth in the quantity and quality of television and radio broadcasts has provided a growing percentage of society with as much news as it cares to spend the time to absorb.

Philosophers, politicians and publishers may deplore this, insisting that the public should be better informed. But contemporary society, like it or not, cares less and less.

² Source: Editor & Publisher; U.S. Census Bureau.

³ Source: Canadian Daily Newspaper Association.

Increasing numbers are deciding they have not got the time or inclination to sit down and pore over a daily newspaper the way their parents and grandparents habitually did.

To them, a daily newspaper has become not a must-read, but, in the cruel jargon of marketing, a discretionary product.

Many daily newspapers have tried to stem the tide with a variety of initiatives. Among the most common: major redesign to make a paper easier to read; better quality printing, especially of color photographs; reorganizing of content in an effort to provide today's society with more of what interests it most.

To keep regular readers, to turn occasional readers into regulars, to attract non-readers, widespread research invariably supports better coverage of local news, lifestyle trends, entertainment and (for loyal, intensive male readership) sport.

Strong coverage of local events, activities and happenings -- especially things that affect readers' everyday lives -- is generally ranked at the top.

The thirst for this kind of news, it seems, is not only high but far less satisfied by other media than the appetite for national and foreign news.

Television and radio, for example, still have limited newscast time in which to cover a wide range of local news. They also have fewer local reporters; and, for TV, it is relatively expensive to send a reporter and crew on an assignment.

City magazines lack immediacy.

But one other media poses a growing competitive threat to daily newspapers: community newspapers.

By concentrating on local news, they have been attracting more readers, which in turn attracts more advertisers, which then attracts even more readers.

(For more on Community Newspapers, see next section.)

Thus, daily newspapers have been hurt by community newspapers in competition for both readers and advertisers, especially retail advertisers.

Some evidence of this is apparent in an analysis of the relative growths of retail advertising dollars spent on each medium from 1985 to 1990.¹

Over that period, daily newspapers recorded an increase of 39 per cent (from \$803,001,000 to \$1,116,892,000).

Over the same period, community newspapers scored an increase of 64 per cent (from \$379,582,000 to \$621,823,000). (See Appendix E.)

It should be noted that much of the gains for community newspapers surely came from retailers too small to afford advertising in daily newspapers.

Nevertheless, newspaper and advertising executives agree that community newspapers in general – and some in particular – have been attracting dollars of medium and large retailers away from daily newspapers.

Some of the most intense competition is for the distribution of flyers as inserts.

¹ Sources: Statistics Canada; Maclean Hunter Research Bureau.

And those statistics are not even reflected in the numbers mentioned above because flyer ad revenue, as stated earlier, is calculated in a different category Catalogues/ Direct Mail/Flyers.

Classified advertising is an area in which community newspapers have not yet mounted a major competitive drive against daily newspapers.

In the Maclean Hunter report on Advertising Revenues in Canada, classified is not even listed as a separate component of community newspaper ad revenue sources.

But classified factors hugely as a source of ad revenues for daily newspapers.

Indeed, over the period 1985-90, while revenues from retail advertising rose 39 per cent (and national ad revenues were up 58 per cent), dollars from classified jumped 73 per cent.¹

Thus, it can reasonably be concluded that daily newspapers would be suffering an even bigger decline in share of all-media ad revenues if it were not for classified ads.

How much longer classified can cushion their fall is questionable.

Looming on the horizon is a system that will enable television viewers to press a few buttons and summon up on their screens, from a large inventory of classified ads, the precise kind of car or any other item they are interested in buying.

Meanwhile, there is the more immediate spectre of community newspapers soliciting classified ads more aggressively. Some already are.

¹ Sources: Statistics Canada; Maclean Hunter Research Bureau.

Community Newspapers

Nobody keeps precise count of the number of community newspapers in Canada, but it is clear that the number has grown substantially in the past 10 years.

Membership in the Canadian Community Newspapers Association (CCNA), for instance, increased from 547 in 1980 to 670 in 1990 (And the growth goes on. It now stands at more than 700.)

Total distribution of its members' papers, according to the CCNA, was more than 2,500,000 in 1980; more than 5,000,000 in 1990.

The CCNA does not represent all publishers of community newspapers in Canada. For one thing, membership is voluntary. For another, Quebec has its own industry association.

However, CCNA estimates its membership covers roughly 80 per cent of the Canadian total.

The growth of community newspapers is further reflected, of course, in their remarkable gains in both advertising dollars (see Appendix B) and percentage share of all-media ad revenues (see Appendix C), both cited earlier.

And the depth of their readership has been validated by the Print Measurement Bureau study of 1990, also noted earlier. (See Appendix A.)

Clearly, community newspapers have come a long way since they were commonly regarded as little weeklies, with news content heavy on church socials, ads only for small shops, all of it assembled rather amateurishly, then haphazardly delivered free to clutter mailboxes and doorsteps before, unread, hitting the garbage.

In truth, some community newspapers still fit that image.

But others have become highly professional and readable products, with commendable coverage of significant local news and a plethora of advertising that embraces department stores, food and drugstore chains, other multi-outlet merchants, and major single outlets (such as new automobile dealers).

The best community newspapers publish all those kinds of ads run-of-paper (ROP). But they and many lesser brethren carry numerous flyers as inserts for both large and small advertisers.

As stated earlier, flyer distribution is a major battlefield in the competition between community newspapers and dailies.

As community papers have increased the efficiency of their distribution systems, flyer advertisers have become increasingly attracted to them -- especially when their household penetration is higher than a daily's and their distribution fees lower.

Altogether, the growth of both ROP and insert advertising has influenced some community papers to increase their frequency of publication from once to twice, even three times a week.

Better products, helped considerably by high-quality printing, are clearly a key factor in the growth of community newspapers.

But the growth undoubtedly has been spurred also by the decline in habitual daily newspaper readership. People who cannot be bothered to read a daily newspaper every day might be less loathe to delve into a community newspaper once a week.

Indeed, the PMB study of 1990 reported that of all English-speaking adults who did not read a daily "yesterday," 56 per cent had read a community paper within the past week.

Besides benefiting from the decline in daily readership, community newspapers, it seems reasonable to conclude, have also contributed to it.

Casual readers of dailies are more prone to stop reading them at all if they find their appetite for news and advertising being satisfied by a combination of TV/radio and a good community paper.

In the same way, regular readers of dailies are vulnerable to becoming occasional readers.

It is certainly a problem that worries many daily publishers.

Indeed, in an effort to blunt the competition from community newspapers, some dailies have launched, with varying success, special neighborhood sections, delivered only to certain areas of their circulation, and offering lower ad rates.

Some -- obviously convinced the phenomenon of community newspapers is durable -- have started or acquired their own.

LOWER MAINLAND NEWSPAPER MARKET

The only two daily newspapers published in this market are the Vancouver Sun and the Province, both produced by Pacific Press Ltd., a subsidiary of the Southam Newspaper Group.

But community newspapers abound.

Until the acquisition of 13 of them in early 1990 by a newly formed subsidiary of SNG, Lower Mainland Publishing Limited, most were owned by three different groups: Bex, Madison and MetroValley.

In addition, two of the strongest community newspapers -- the North Shore News and, in the city of Vancouver, the Courier -- were published by independent owners.

Many were published more than once a week; two of them, three times a week.

Setting aside (for fuller discussion later) the quality of the community newspapers in Vancouver City and the North Shore, the readability of the rest varied considerably about the time of the acquisitions.

In essence, it ranged from mediocre for several of them to well above average for the MetroValley-owned Richmond Review.

But, in aggregate (including those in Vancouver City and the North Shore), these products carried enough local news and advertising to reflect competition with the dailies for both readers and advertisers.

While most of their advertising was for relatively small, local retailers, there also was a significant array (especially in the better papers) of ads for multi-outlet and other large retailers, including some department stores, supermarket groups and drugstore chains.

In short, the community newspapers were carrying much of the very kind of advertising that daily newspapers normally expect to dominate.

Examination of sample issues of the Sun and Province reinforced this view.

Both carried, compared with other major daily newspapers sampled, a surprisingly small amount and variety of retail advertising.

This impression was confirmed by subsequent analysis of statistical data from various sources, including SNG and Pacific Press.

For example, over the period 1985-89, retail ad revenues for all dailies in Canada increased (partly due to inflation) by 37 per cent. For Pacific Press, they rose by only 17 per cent. (See Appendix F.)

(Over the same period, retail revenues for all community newspapers in Canada jumped by 56 per cent. No figures are available for just those in the Lower Mainland.)

In 1989, Canadian dailies collectively obtained 51 per cent of their total ad revenues from retail advertising; for Pacific Press, retail ads accounted for only 34 per cent. (See Appendix F.)

In Pacific Press' Strategic Plan of 1989, page eight notes that "retail advertising market share has declined significantly from the estimated 1985 level of 31% to an estimated 22% in 1988."

The cause is attributed, in part, to "aggressive marketing by competitive media such as radio, TV, weeklies, direct mail."

On the next page of the Strategic Plan, a table shows retail sales growth in the Vancouver area over the period 1985/88 at 41.8 per cent "in current dollar terms."

The same table shows Pacific Press' retail advertising growth over the same period at 9.5 per cent.

The competition from community newspapers is acknowledged further in this strategic plan. On page 11: "The weekly newspapers also continue to attract (cumulatively) a sizeable amount of advertising dollars, particularly as they move to provide co-ordinated advertising programs."

In fact, Southam had been alerted to competition from the community newspapers much earlier.

In a report by the publishing consultants, Urban & Associates, in November, 1986, Southam was told on page 51: "[A] large number of aggressive weeklies in Vancouver...are siphoning revenues (logically) due to the Sun and/or Province..."

Precisely how much they were siphoning is not stated. However, on page 49, the Urban Report noted:

"...Pacific Press and Montreal are now the only major Southam markets that do not enjoy more than one-third of the market's advertising expenditures.

"Exempting Montreal on the grounds of its bilingual and competitive marketplace, Pacific Press, then, appears perilously close to losing most or all of the leverage so common in single-newspaper-owned markets."

The Urban Report spends the next eight pages underlining the strength of the community newspapers. Some sample quotes:

On page 52 - "[The weeklies are] a competitive force to be reckoned with in determining the future of Pacific Press in the Vancouver market."

On page 52 - "...major retailers may be on a learning curve that positions the ubiquitous weeklies as the true mass distribution vehicle for the market -- eliminating a whole class of powerful ammunition from the daily newspaper arsenal."

On page 58 - "If half of the weeklies' estimated advertising revenue went back to Pacific Press...its share [of Vancouver's local advertising market] would increase [from its 27% in 1985] to 38%, right at the Southam standard."

On page 58 - "There are strong quantitative and logical reasons, then, to assume that the depression in Pacific Press' share of the local advertising dollars available in the Vancouver market is attributable less to the overall economic underpinnings of the market than to the competitive position gained (recently) by the weekly publications."

On page 58 -- "...the speed of [the weeklies'] growth -- and the major retailers' faith in their product -- is ominous."

A summary of this section of the Urban Report states, in part; on page 63:

"Pacific Press" share of the locally available retail dollars -- at 27% -- is quite low compared to either a Southam 'standard' or the performance expectations common to major metropolitan newspapers...

"The fact that competitive weeklies have been able to attract...attention from major retailers...will not only help their share position in the short-term, but infuse them with cash for eventual expansion and/or strategic action over the long-term.

"In projecting the future worth of the Vancouver marketplace to Southam, then, we anticipate that these weeklies (left unchecked) could gain more than a significant foothold for the future advertising dollars to be available in the market."

The theme recurs later in the Urban Report. For example, on page 92:

"...Pacific Press must consciously and proactively construct a strategy to aggressively compete with the weeklies...It would be especially dangerous if the weeklies were given any 'open' period of time in which to operate with impunity, consolidating the gains they have made with major advertisers..."

The Urban Report also presented "the results of in-depth interviews with [executives representing 11] major retailers doing business in Vancouver to evaluate the competitive position of Pacific Press..."

Among the findings:

On page 13 - "In most other markets which Urban & Associates has studied, weekly newspapers are a secondary medium, of most interest to the small merchant. In the Vancouver market, by contrast, weeklies are seen as a primary medium by even the largest merchants..."

On page 13 - "The weeklies have established a good reputation for providing local news, and advertisers who use them for flyer distribution generally believe they are well-read, giving an added dimension to this type of distribution versus door-to-door delivery by private firms or by the mail."

The Urban Report also relates concerns among large retailers about Pacific Press experiencing labor difficulties and being the publisher of the only dailies in Vancouver.

On page 7 - "Certain key advertisers see the weekly newspaper as a 'safety net' under preprint distribution in case of labor problems at Pacific Press and as a counter to the Pacific Press 'monopoly'."

On page 45 - "Simply put, advertisers like the weeklies, think they're doing a good job, and believe their presence provides valuable balance and stability in a crisis-prone print-media marketplace."

It might be noted that the next paragraph on this page states:

"On the other hand, we believe that every tactical move being made by Pacific Press and Southam to compete with the weeklies is exactly on target."

None of the tactical moves is discussed or even described, but whatever they were they had not halted the growth of community newspapers by July, 1988, when Pacific Press presented a proposal to the Southam board for construction of a satellite press and mailing operation in Surrey.

On page 15 of that proposal, Pacific Press states: "...the community newspapers continue to consolidate their position..."

"Unless we are prepared to concede (forever?) a substantial portion of what is normally daily newspaper business to the community newspapers, this [satellite] project must be activated in 1989."

And in Appendix 5, page 5: "The weeklies...are getting stronger."

In fact, the satellite proposal quotes extensively from the Urban Report, making it clear that what Urban had said in November, 1986, was just as true in July, 1988, if not worse.

It was still true, of course, at the time Pacific Press' 1989 Strategic Plan was prepared.

As noted earlier, this plan -- titled "New Beginnings" - stated that community papers were continuing to attract a sizeable amount of advertising.

Urban & Associates did not focus on Pacific Press's circulation when it undertook its study of 1986. Chances are it was not asked to, because the circulations of both the Sun and the Province were rather healthy at the time.

The Sun, in fact, reached the peak of both its total and City Zone circulations in 1985; the Province reached a peak in its City Zone in 1986.

The City Zone is important to most advertisers, especially retailers. It has the heaviest concentration of circulation; it is where most retailers are located; and it is where most of their customers are likely to be found (even though the Sun and the Province both call their secondary circulation area the Retail Trading Zone).

Daily newspapers designate their own City Zones, and even what they want to call them (other labels include Primary Market Area).

The Sun and the Province's City Zones cover the same territory: the cities of Vancouver, North Vancouver and New Westminster, plus the municipalities of North Vancouver, West Vancouver, Burnaby and Richmond. In sum, the most populous area of the Lower Mainland.

Since 1986, the Sun's circulation has been in a tailspin both overall and in the City Zone; the Province has increased its total, but fallen in the City Zone. (See Appendix G.)

Specifically, between 1985 and 1990, the Sun's total average daily circulation fell by more than 28,000 -- or 11.29 per cent; its average daily circulation in the City Zone fell nearly 19,000 -- or 12.59 per cent.

Over the same period, the Province's total average daily circulation went up 10.58 per cent (a marked slowing down of gains achieved during 1980-85); its average daily circulation in the City Zone dipped 2.51 per cent.

In the category that matters most to retail advertisers, average daily household penetration of the Sun in the City Zone dropped from 43.23 per cent in 1985 to 33.31 per cent in 1990. (See Appendices H & I.)

The Province's average daily household penetration in the City Zone fell from 25.16 per cent in 1985 to 21.62 per cent in 1990.

These penetration figures compare unfavorably with those of daily newspapers in other major two-paper cities. (See same Appendices H & I.)

For instance, in 1990, the Winnipeg Free Press had 57.07 per cent penetration of households in its City Zone; the Southam-owned Calgary Herald had 46.00 per cent.

Even the Calgary Sun, roughly only 10 years old, exceeded, at 24.66 per cent, the penetration level of the long-established Province.

Only the Winnipeg Sun, roughly five years old and a much inferior tabloid, was below the Province, at 18.44 per cent.

While neither the City Zone boundaries in Calgary and Winnipeg are the same size as that used by the Vancouver dailies, they all share one thing in common: they are presented to advertisers as the prime market areas.

Clearly, retail advertisers must be having concerns about the circulation and penetration numbers offered by the Vancouver Sun and the Province.

VANCOUVER NEWSPAPER MARKET

The newspaper market in the city of Vancouver is unusual in several respects.

One is that it is the only major city in Canada in which there is no daily newspaper competition.

It offers two dailies, but both are published by the same company, Pacific Press, a subsidiary of the Southam Newspaper Group.

The Sun is a broadsheet, now being converted to "all-day" or morning from the afternoon field; the Province is a morning tabloid.

Another curiosity, is that community newspapers abound in Vancouver -- much more so than in most, if not all, other Canadian cities.

At the time of SNG's acquisitions of community newspapers throughout the Lower Mainland, including one in Vancouver, the city boasted nine, plus one thriving entertainment-oriented weekly.

The Dailies

In terms of design and organization for readability, the Sun is slightly above average for a major city daily broadsheet; the Province is below average for a tabloid.

Both fall far short of other major dailies in printing quality. This is especially noticeable in their color photographs, which are routinely off-register in a melange of blur.

While both, like all major dailies, offer a full range of news and features, they differ from most in one important area: each has a lukewarm attitude toward news of its own city.

In the wake of SNG's acquisitions, Pacific Press acknowledged that neither the Sun nor the Province had guidelines (as many dailies do) to ensure a minimum amount of space each day for local news.

They did not have space guidelines for other news, either. But the Province operated under at least "a mandate" to cover provincial news first; the Sun, already tilted toward national and international news, was planning to expand its foreign coverage.

A sampling of a week's issues of both dailies from May 14-20, 1990, underlined the short shrift accorded local news.

The Sun consistently carried only two or three Vancouver stories in its first news section, plus a couple to a few more in its second section, labeled "Vancouver/ B.C./Region."

The tabloid Province sometimes carried less local news. In a 156-page issue on May 18, it had only two Vancouver stories (plus three Lower Mainland items) in its first nine pages. There were only another 10 relating to Vancouver and/or the Lower Mainland in the following 56 pages, before the sports pages began.

Overall, both carried far fewer local stories than other major Canadian dailies do. Indeed, many other dailies, including some published by Southam, routinely carry two, even three times as many as they strive to satisfy contemporary reader's thirst for local news.

(Since the acquisitions, a sampling of a week's issues from March 11-17, this year indicates the Sun might be paying a little more attention to local news.)

(But the Province, most uncharacteristically for a tabloid, continues to look the other way.)

(In its issue of March 14, for instance, it carried only three Vancouver City and three Lower Mainland stories in its first 50 pages -- the prime general news pages. Three of them appeared in the first four pages.)

(In the same first 50 pages, there were 14 provincial stories, 18 Canadian, 20 U.S. and 19 other foreign. The picture count was: 3 Vancouver City, 1 Lower Mainland, 5 provincial, 4 Canadian, 3 U.S. and 10 other foreign.)

The Dailies & Advertising

As unusual as the small menu of local news in both dailies was their notably small amount of local retail advertising.

Display advertising in both the Sun and the Province was dominated by large chains -- such as The Bay, Eaton's, Woodward's, Sears, A & B Sound -- and major institutional (often national) advertisers -- such as automobile manufacturers, banks, trust companies.

While similar advertising is a staple of dailies in other major Canadian cities, the amount relative to other kinds -- especially that of medium to small merchants -- seemed unusually high in the Sun and Province.

In fact, of course, as the data cited in the Lower Mainland Newspaper Market section showed, Pacific Press as a whole lags far behind the national average in retail ad revenues.

It does not even do as well as other dailies with major merchants, such as the food chains.

In 1990, for instance, four of the top 10 retail advertisers in the Toronto Star were supermarkets.¹ In 1989 (the most recent figures available), the Sun counted two in the top 11; the Province one in the top 10.²

In 1990, four supermarkets also were among the top 10 insert advertisers in the Toronto Star.¹

No figures for the Sun or the Province were available at the time of writing this report, but sampling of many issues would indicate neither came anywhere close to that.

At the same time, sampling of the community newspapers indicates that many of them are getting plenty of food inserts.

And data obtained from them confirms the impression that they are also getting much food advertising run-of-the-paper.

For instance, in 1989, supermarkets accounted for six of the top 10 retail ROP advertisers in the Courier, and three of the top nine in the North Shore News.

In terms of revenue from inserts of all kinds, data was available for a degree of comparison between the two dailies and the biggest community newspaper in Vancouver City, the twice-weekly Courier.

¹ Source: Toronto Star.

² Source: Pacific Press.

The data show that, over the period 1986-89, the Sun's revenue from inserts increased by per cent; the Province's by per cent; the Courier's by per cent. (See Appendix J.)

The data also show that inserts accounted in 1989 for per cent of the Sun's total ad revenue; per cent of the Province's total; per cent of the Courier's total.

It should be noted that the figures supplied do not distinguish between inserts from retail and national advertisers; the latter of which clearly favor the dailies.

Neither do the insert figures from the Courier include those that were booked by an ad agency representing an advertiser, rather than by the advertiser himself. All revenue through agencies is categorized separately by the Courier.

Finally, neither do the figures factor in the different rates charged by the dailies or the Courier.

Regardless of these permutations, it is evident that the Courier, at least, does substantial insert business compared with the dailies, especially the Province.

The Dailies & Circulation

Given their low quota of both local news and retail advertising, it is not surprising that neither the Sun nor the Province has a large circulation in its home base, the city of Vancouver. (See Appendix K.)

In a city with a population of about 456,000 in 1990, the Sun had an average daily circulation of 72,060, down 9.35 per cent from its 1988 figure.

The Province in 1990 had an average daily circulation in the city of 45,250, down 4.35 per cent from 1988.

(It might be noted that both sell more copies of their weekend editions, which, in turn, means that their weekday average circulations are lower than the above numbers.)

In terms of penetration (so important to advertisers), the Sun was reaching only 35.80 percentage of Vancouver city households in 1990, down from 41.62 per cent in 1988.

The Province, in 1990, was reaching even fewer: 22.48 per cent, compared with 24.76 per cent in 1988.

The penetration of both Vancouver dailies compares unfavorably with dailies in other cities.

For example, in 1990, the Southam-owned Calgary Herald penetrated 44.58 per cent of Calgary city households; the Winnipeg Free Press penetrated 57.86 per cent of Winnipeg households. (See Appendices L & M.)

It is true that the secondary dailies in both those markets fared worse than the Province, but neither has been established as long, and the Winnipeg Sun is a much inferior product.

The Community Newspapers

The community newspapers in the city of Vancouver are not only high in number but also in distribution.

At the time of the SNG acquisitions, the nine of them had a combined distribution of 309,200 -- and that is including only the smaller Wednesday edition of the Courier (65,000), not its much larger Sunday issue (120,000).

Of these nine, six merit little attention.

One, in fact, the Western News ceased publication in September last year. Four others -- the South Vancouver, Marpole, Mount Pleasant and Kerrisdale Revues -- switched from weeklies to fortnightly last May.

The sixth, the Vancouver Echo, is a skimpy publication, with poor printing and little news. Though it claims distribution now of about 47,000 (down from 53,000 last year), it would be surprising if that many people read it.

It might be added that the Echo began publishing a second edition (on Sundays, with distribution of 20,500, to complement its Wednesday edition) in March, 1990.

In April this year, that edition folded. At about the same time, LMPL acquired a 15 per cent interest in the Echo, with right of first refusal on the remaining shares in consideration for a loan guarantee of \$255,000.

In truth, it is easier, with the help of modern technology, to start a community newspaper than it is to keep one going.

This applies in any competitive market, especially when there are already well-established products, and Vancouver is no exception.

In addition to the death of the Western News and cutbacks by the Revue group and the Echo, several others have found it tough in Vancouver.

From the early to mid-1980s, four expired.

But one, born in 1984, is still publishing weekly, albeit under a different name, and two others have been around much longer.

Two of these, under the same ownership, rate some attention; the third rates a lot.

The East Ender

That, at least, is what it was called at the time of the SNG acquisitions. In July, 1990, it became the Metro Vancouver News. In January of this year, it became the Vancouver News, split into two editions: the East Vancouver News and the South Vancouver News.

All this happened under the same owner, MetroValley. Published on Thursdays when it was the East Ender and Wednesdays since, this weekly now has a distribution of 51,750 copies, up 250 from last year.

The East Ender issues sampled last year were of better quality than the community newspapers dismissed earlier, but of only average quality compared with others in the Lower Mainland and the rest of Canada.

The layout was clean, but the reproduction of photos (of which there were many) was only fair.

The 24 pages of the May 17 issue carried some real local news amid some puffery.

The most notable aspect of the editorial content were eight pages of entertainment news, mostly local, including a useful two-page guide to "what's on."

Also useful was the variety of ads, covering home improvements, auto services,

furniture, clothing video stores, books and food (including restaurants).

Most of the advertising was for small stores, but others included Color Your World (with five outlets in the Lower Mainland) and Bay Optical.

Copies of the Vancouver East News and the Vancouver South News sampled from March this year show that the only substantive changes to the East Ender have been name and publication date.

They still serve primarily Vancouver's downtown core, and the east and south sides.

The West Ender

Also owned by MetroValley, this weekly is published on Thursdays. It has a distribution of 56,250 (up 4,000 since 1987), mainly in the West End and in a small part of the west side.

The West Ender is generally fatter than its sister, and slightly better in overall quality.

It also has some photo reproduction problems, and its layout is only fair, but its local news content is stronger.

It also has an editorial, an editorial cartoon, a business and a travel page, as well as an entertainment section as similarly large and useful as its sister's.

In fact, much of the entertainment and other editorial content in the West Ender is identical to that in the "East Ender."

So are some of the ads, but there are many, many more of them.

They cover the same range of fundamental, essential or highly useful wares and services. Among the large, multi-outlet retailers: Royal City Antiques, Fabricland, Nautilus, Mills (paints), Color Your World and Bay Optical.

In sum, though neither is an outstanding community newspaper, the double "Enders" would appear to provide some competition to the Sun and Province for both readers and retail advertising in the city of Vancouver.

The Courier

The Courier is easily the best community newspaper in Vancouver and among the most remarkable published anywhere in Canada.

It has taken on two major dailies right in their home base and attracted a wealth of readers and advertisers.

No other community newspaper in Canada has come close to duplicating the feat.

Published twice a week (with plans before its acquisition by SNG to add a third day), the Courier distributes 65,000 copies on Wednesday and 120,000 copies on Sundays, with emphasis on neighborhoods of above-average income.

Thus, on its weaker day, the Courier reaches, in its limited distribution area, only some 7,000 fewer residents than the Sun averages in the whole city -- and 20,000 more than the Province does.

On its stronger day, with its distribution area enlarged but still not anywhere near blanketing the city, the Courier reaches 48,000 more Vancouverites than the Sun averages -- and nearly 75,000 (or almost three times) more than the Province attracts.

Furthermore, the Courier's distribution is growing, while the circulations of the dailies in Vancouver city (as quantified earlier in this section) have been declining.

The Courier's Wednesday distribution (which caters to the city's well-to-do west side, excluding the West End) was 52,200 in 1984. Its Sunday edition (which extends into part of the east side and all of the south) had not even been launched then.

True, the Courier is free, while the dailies are not. But, as other community newspapers have learned, this does not guarantee readership.

The Courier clearly has it, and where it counts most: in the eyes of advertisers. They have flocked to it.

Run-of-paper advertising constitutes about 60 per cent of the Courier's average 43 pages on Wednesday and 32 on Sunday.

(The Sun reported its ad content last year at about 55 per cent, slightly under its budgeted 57 per cent; the Province reported about 52 per cent, compared with a budgeted 55 per cent.)

And then there are the Courier's inserts.

Inside a 40-page Sunday issue sampled in March last year were flyers for: Sears (28 pages), Zellers (20), Safeway (8) Super Valu (8), IGA (4), plus others for Pharmasave, Scott Ackle, RBC Securities and Ridge Garden Restaurant.

The impression from this and other sample issues of heavy insert advertising is

confirmed, of course, in annual revenue figures cited earlier. (See Appendix J.)

The Courier's ROP ads are noteworthy not only for their quantity, but also for their variety.

They amount to a veritable bazaar of goods and services, including food, cookware, furniture, floor coverings, lighting fixtures, home entertainment components, clothing, optical needs, gardening needs, auto services.

Many large merchants are represented ROP, including Sears, A & B Sound, Royal City Antiques, Bay Optical and Buy Low (which has four of its 13 B.C. food stores in Vancouver).

In sum, a Vancouver resident will find much more useful advertising -- ads for things most commonly needed -- than can be found in either the Sun or the Province, or even both collectively.

A Vancouverite also will find much more news about his own city in the Courier than in the Sun or Province.

The Courier not only carries many good local stories and photos that do not appear in the dailies; it also often carries more detail about local events that are covered in the dailies.

One other difference merits mention. The quality of printing in the Courier is far superior to that in the dailies.

In sum, the biggest competitor for the Sun and the Province in the city of Vancouver, both for readers and a large element of key advertisers, is, by far, the Courier.

NORTH SHORE NEWSPAPER MARKET

Like the city of Vancouver, this also is an unusual market.

A generally well-to-do area separated from the city of Vancouver only by a long bridge span, the commonly called North Shore encompasses the cities of West Vancouver and North Vancouver, as well as the district of North Vancouver.

Combined population is about 151,000.

It is offered the same two daily newspapers, of course, as Vancouver gets. The Sun has an average daily circulation there of 24,449; the Province sells only 14,221.

While these numbers give both dailies higher household penetrations than in the city of Vancouver, they also are declining. (See Appendix L.)

In fact, the circulation of the Sun on the North Shore dropped 4.59 per cent between 1988 and 1990, with its household penetration percentage falling from 47.55 to 42.

Over the same period, the Province gained 2.78 per cent in circulation, but its household penetration percentage dipped from 24.66 to 23.47.

The Sun's losses happened, ironically, while it was making a special effort to increase circulation and penetration on the North Shore.

In September, 1988, the Sun started including in its copies sold on the North Shore, every other Wednesday, a tabloid section called North Shore Extra.

The hope was that it would not only improve circulation, but also attract at least sufficient local advertising (at rates substantially lower than its mother product) to pay for itself.

The North Shore Extra achieved neither. It withered from a maximum 30 pages to eight, and expired in April, 1990.

Another new entry into the market, an independently owned community newspaper, came and went even faster. Launched in February, 1990, North Shore Today was dead by that July.

Blithely cruising through all this was a long-established community newspaper.

The North Shore News

The North Shore News is one of the best community newspapers in Canada.

Though it is not, like the Courier, pitted against two dailies in their living room, it is on their doorstep.

And it is not only competing with them for readers and major advertisers, it seems to be winning.

A fine-looking product with excellent color reproduction, the North Shore News distributes about 61,000 copies three times a week. Thus, it reaches more than twice as many of the residents in its community as the Sun does, and more than three times the number the Province does.

Its distribution also is rising (albeit gradually) while the dailies' circulations in its area decline.

In 1980, the North Shore News had only two editions, Wednesday and Sunday, each with a distribution of about 50,000. A Friday edition was added in 1983, when all three editions were about 55,000. Now all are 60,946.

The issues are substantial, ranging from 50 to 120 pages (not including inserts). Advertising constitutes 74 per cent of the contents (not including inserts).

This may sound as if the North Shore News is top-heavy with ads to the point of oppressiveness. But, in fact, this ad content includes several pages in each issue of well-laid-out classified ads (including a handy directory of home services).

And every Friday, there are hundreds of real estate listings (most with photos) in an easy-to-peruse "Homes" section. (A section sampled in May, 1990, numbered 56 pages.)

The North Shore News' profusion of display ads is well-organized and easy to read, too. Like those in the Courier, the ads provide readers with useful information about a wide variety of products and services most commonly in demand.

Also like the Courier's, the ads are not only from small, local retailers -- such as clothiers, beauty parlors, auto service stations, even lawyers -- but also from many major merchants and chains -- such as new auto dealers, home electronics stores, Sears, Woolco, Zellers, Bay Optical and Color Your World.

The North Shore News even carries retail ads for single outlets across the bridge in the city of Vancouver. In an issue sampled in March this year, it carried more than 40 ads for small Vancouver retailers, most of them in full color.

And, again, there are the inserts.

In one Wednesday issue in May last year, the North Shore News carried flyers for: Eaton's, Woodward's Woolco, Moore's Suits, Japan Camera, Save-On Foods. The following Sunday there were flyers for: Shoppers Drug Mart, Safeway, Super Valu, Zellers.

In fact, with its deep household penetration in its community, the North Shore News is a favored carrier of inserts. In 1990, they provided per cent¹ (or of its total ad revenue.

Food advertising, in ROP as well as inserts, is also heavy.

Such revenues help pay for strong coverage of local news.

The editorial content includes an abundance of local photos, a sports section that focuses on North Shore teams, a useful entertainment/dining section every Wednesday, and assorted other, specially packaged sections

All in all, the North Shore News is an extraordinary publication, enjoying well-earned domination of its market.

¹ Source: Southam Newspaper Group.

STRATEGIC IMPLICATIONS

At the time the Southam Newspaper Group completed plans to acquire 13 community newspapers in the B.C. Lower Mainland, it was beset by problems.

- * Its share of total daily newspaper circulation in Canada was declining.
- * Its household penetration was dropping faster than the industry's own worrisome average.
- * Its share of total daily newspaper advertising revenues was slipping.
- * Its share of vital retail ad revenues was faring much worse.
- * Its profit margins, not surprisingly, were not achieving the targets set by its parent, Southam Inc.

Contributing substantially to all these problems was the group's biggest division: Pacific Press Limited.

Despite owning the only two daily newspapers in Canada's third largest metropolitan area -- in the only major city, in fact, without daily competition -- Pacific Press was floundering.

Its costs were high and its profit margin low; indeed, the lowest of any SNG division with the possible exception of the daily in predominantly French-speaking Montreal.

In addition to its abnormally high production costs, Pacific Press had other burdens.

- * Its premier publication, the afternoon broadsheet Vancouver Sun, had been in a downward spiral since 1985, losing circulation and market share of retail advertising at a remarkable rate.
- * Its morning tabloid Province had been making overall circulation gains, but the bulk of them were outside its primary market area; its key household penetration numbers were slipping.
- * The Province was also making some gains in advertising revenue, but not nearly enough to offset the Sun's market share losses.

At the same time, hovering within Pacific Press, were perpetual twin fears: the never unlikely possibility of a strike; the chance of a competing daily being launched.

Contributing to all these burdens and fears was another form of competition, already well-entrenched and growing in strength: community newspapers.

They abounded in the Lower Mainland, including Vancouver, stealing readers and advertisers away from Pacific Press.

Indeed, one of the strongest, the Courier, was flourishing in the city itself, publishing two issues a week, with plans to add a third.

The strongest community newspaper of all, the North Shore News, was just across a bridge, blanketing a prime area with already three issues a week.

The community newspaper problem was not new to Pacific Press. The Urban report of 1986 had defined it bluntly and copiously.

Relatively small initiatives to combat it since the report had not worked.

A "Flyer Force", launched in 1986 to win back insert advertisers from the community newspapers by offering low-cost distribution to households not receiving the Sun or Province, was stumbling along. (It came to a halt early this year.)

A special section in the Sun, distributed every two weeks to North Shore subscribers, was born in September, 1988, and died in April, 1990.

And so, three years after Urban, the community newspapers were still there, stronger than ever, and still growing. More attractive group buys were being offered to advertisers. The market for classified ads had barely been tapped.

There were documented worries even within Pacific Press that a new daily might be launched in the Fraser Valley.

It seems reasonable to speculate that there also were concerns about one (or a group) of the community newspapers being used as a springboard to launch a new daily in Vancouver -- especially if Pacific Press were hit by another strike.

At any rate, the time was obviously ripe for some big initiative to turn Pacific Press's fortunes around.

Whatever options were actually considered, four possibilities come to mind.

1. Shut down the Sun or the Province to focus on making the survivor achieve acceptable profits.

(The downside of that option, of course, is that it would certainly open the door wider to a competitive daily in Vancouver.)

2. Focus more strongly on making both the Sun and the Province more popular with readers and advertisers, such as by putting more emphasis on local news and cutting the remarkably high ad rates of the Sun, in particular.

(The negatives here are that it is much harder, especially these days, to win back readers than lose them. Moreover, lower ad rates would have to be offset by lower production costs, a tough hurdle to clear with Pacific Press' unions.)

3. Start new products to compete with the key community newspapers.

(The main minus of that option is that the two community newspapers causing Pacific Press most harm are so entrenched that it would take much time and money to shake their hold, if it could be shaken at all.)

4. Buy a bunch of existing community newspapers, including, especially, the Courier and the North Shore News.

The strategic implications of the Southam Newspaper Group adopting the last-named course of action are multiple.

For, whatever its actual motivations, SNG has achieved the following:

- * Switched back into its own pockets the flow of revenues from Pacific Press to the Courier and the North Shore News, as well as its other acquisitions.
- * Reduced the possibility of a new daily newspaper being launched to compete with the Sun and Province.

(Anybody trying it could be whipsawed by the advertising rates of the Pacific Press dailies and SNG's community papers.)

- * Reduced the likelihood of a new competitive daily's entry into Vancouver even if Pacific Press were to terminate one of its two.

(The whipsaw stratagem would still be available.)

- * Established insurance against Pacific Press being closed down by a strike; even stronger insurance against Southam being severely hurt by such strike.

(The community newspapers are not unionized. The obvious threat of the courier or North Shore News being turned into an emergency daily could curb Pacific Press' union demands. If a strike still occurred, Pacific Press advertisers could be expected to turn first to the Courier and North Shore News, as dailies or not.)

- * Inhibited the chances of growth by another community newspaper chain in the Lower Mainland.

(With the Courier and North Shore News as linch-pins -- or "twin anchors" as one Southam architect of the acquisitions called them in an internal letter -- SNG is ideally positioned to dominate the community newspaper market in Vancouver and throughout the Lower Mainland.)

Community vs Daily Readership

English Adults Age 18+
(% of total audience)

	Read Community Paper Past 7 Days	Read Daily Newspaper 5 Times Per Week
CANADA	62.4	54.1
B.C.	79.7	50.7
VANCOUVER	79.2	57.1
EDMONTON	68.8	62
CALGARY	50.1	60.4
WINNIPEG	51.3	59.9
TORONTO	44.7	52.8

SOURCE: Print Measurement Bureau Study 1990.

Share of Net Ad Revenue by Media (%)

	1980	1990
Dailies	26.2	22.7
Weekend Supplements	0.8	0.2
Community Papers	5.5	7
General Magazines	4.4	2.6
Television	16.2	15.6
Radio	10.4	8
Catalogues, direct mail	19.7	22.4
Directories	5.9	11.3
Outdoor	6.4	7.8
Business Papers	3.4	1.5
Religious, school, etc.	0.5	0.5
Farm Papers	0.4	0.3
Total	100%	100%

Net Ad Revenues, Percent Share

By Media, 1980-90

	Dailies	Community Papers	General Magazines	Television	Radio	Catalogues, Direct Mail, Flyers
1980	26.2	5.5	4.4	16.2	10.4	19.7
1981	26.8	5.0	4.6	16.0	10.1	19.7
1982	24.9	5.4	4.6	16.8	10.1	21.1
1983	24.4	5.7	4.5	17.1	9.5	21.4
1984	23.3	5.8	4.4	16.7	9.4	22.3
1985	23.4	6.3	3.4	16.6	9.0	22.4
1986	23.3	6.6	3.2	15.7	8.7	22.7
1987	23.1	6.8	2.9	15.7	8.5	22.3
1988	23.7	7.1	2.8	15.7	8.3	21.8
1989	23.3	7.1	2.7	15.7	8.1	21.9
1990	22.7	7.0	2.6	15.6	8.0	22.4

SOURCE: Page 6, Maclean Hunter Research Bureau, 'Advertising Revenues in Canada'

Net Ad Revenues, By Media

(\$000)

	Dailies	Community Papers	General Magazine	Television	Radio	Catalogues, Direct Mail, Flyers	Total All Media
1980	987,305	205,188	166,933	610,334	391,985	742,104	3,763,436
1981	1,162,438	217,610	197,704	691,737	438,519	851,621	4,331,853
1982	1,149,724	251,370	213,004	777,317	466,435	976,208	4,622,442
1983	1,233,168	289,247	228,675	863,823	479,947	1,078,617	5,050,095
1984	1,353,280	339,777	255,860	970,298	544,729	1,294,919	5,809,951
1985	1,474,750	399,001	215,205	1,046,502	566,247	1,413,594	6,299,330
1986	1,626,481	459,048	225,941	1,095,320	611,540	1,587,884	6,992,827
1987	1,761,000	520,000	223,681	1,197,426	648,486	1,700,049	7,619,641
1988	2,028,426	604,656	242,521	1,339,007	705,850	1,862,100	8,552,217
1989	2,158,245	656,052	254,946	1,456,440	751,037	2,032,200	9,273,639
1990	2,233,784	690,823	252,570	1,536,544	787,087	2,204,174	9,830,983
% Change							
1980-90	126.25	236.68	51.30	151.75	100.80	197.02	161.22

SOURCE: Page 5, Maclean Hunter Research Bureau, "Advertising Revenues in Canada"

Components of Net Ad Revenues, By Media
(\$000)

	1985	1986	1987	1988	1989	1990	% Change 1980-90
DAILIES							
Total	1,474,750	1,626,481	1,761,000	2,028,426	2,158,245	2,233,784	51.47
National	311,910	336,839	359,000	434,083	453,231	491,432	57.56
Retail	803,001	866,731	919,000	1,036,526	1,100,705	1,116,892	39.09
Classified	359,839	422,911	483,000	557,817	604,309	625,460	73.82
COMMUNITY PAPERS							
Total	399,001	459,048	520,000	604,656	656,052	690,823	73.14
National	19,419	30,587	36,400	62,280	65,600	69,000	255.32
Retail	379,582	428,461	483,600	542,376	590,452	621,823	63.82

SOURCE: Page 6, Maclean Hunter Research Bureau, "Advertising Revenues in Canada" - 1991 Edition

Advertising Revenues by Type

('000s)

		1985	1989	Change 1985-89	Share of Total as of 1989
ALL DAILIES (1)	Total	1,474,750.00	2,158,245.00	46.35%	100.00%
	National	311,910.00	453,231.00	45.31%	21.00%
	<u>RETAIL</u>	<u>803,001.00</u>	<u>1,100,705.00</u>	<u>37.07%</u>	<u>51.00%</u>
	Classified	359,839.00	604,309.00	67.94%	28.00%
PACIFIC PRESS (3)	Total				
	National				
	<u>RETAIL</u>				
	Classified				
SUN (2)	Total				
	National				
	<u>RETAIL</u>				
	Classified				
PROVINCE (2)	Total				
	National				
	<u>RETAIL</u>				
	Classified				
COMMUNITY PAPERS (1)	Total	399,001.00	656,052.00	64.42%	100.00%
	National	19,419.00	65,600.00	237.81%	10.00%
	<u>RETAIL</u>	<u>379,582.00</u>	<u>590,420.00</u>	<u>55.54%</u>	<u>90.00%</u>
	Classified				

SOURCES:

(1) 1985-89 Components of Net Advertising Revenues by Media (in thousands of dollars)
From Maclean Hunter Research Bureau, "Advertising Revenues in Canada"

(2) Vancouver Sun and Province Revenues by Advertising Type 1985-1989
(in thousands of dollars) From Southam 2-108, "Schedule 4A"

(3) Advertising Revenues by Type, from page 48 of Urban Report and Southam 2-108, "Schedule 4A"

Sun / Province Circulations

(Daily Average in '000s)

	1980	1985	1990	% Change 80-85	% Change 85-90	% Change 80-90
VANCOUVER SUN						
Total	234.62	252.68	224.17	7.70	-11.29	-4.45
City Zone	144.95	149.50	130.68	3.14	-12.59	-9.84
PROVINCE						
Total	124.45	172.03	190.23	38.23	10.58	52.86
City Zone	66.98	87.00	84.82	29.88	-2.51	26.62

SOURCE: Audit Bureau of Circulations

**Comparison of
City Zone Household Penetrations
(Percentages)**

	1980	1985	1990	Change 80-85 (% points)	Change 85-90 (% points)	Change 80-90 (% points)
VANCOUVER SUN	48.61	43.23	33.31	-5.38	-9.92	-15.30
PROVINCE	22.46	25.16	21.62	2.70	-3.54	-0.84
CALGARY HERALD	62.10	51.93	46.00	-10.17	-5.93	-16.10
CALGARY SUN	20.01	26.36	24.66	6.35	-1.70	4.65
WINNIPEG FREE PRESS	53.48	61.51	57.07	8.03	-4.44	3.59
WINNIPEG SUN		*16.28	18.44		**2.16	18.44

* Penetration for 1986 when statistics began.

** For period 1986-90.

SOURCE: Based on data from Audit Bureau of Circulations

Comparison of
City Zone Households
('000s)

	1980	1985	1990	% Change 80-85	% Change 85-90	% Change 80-90
VANCOUVER	298.2	345.8	392.3	15.96	13.45	31.56
EDMONTON						
(Journal)	175.2	220.1	256.1	25.63	16.36	46.18
(Sun)	175.2	252.1	289.4	43.89	14.80	65.18
CALGARY	190.5	233.9	254.2	22.78	8.68	33.44
WINNIPEG						
(Free Press)	211.9	236.4	237.8	11.56	0.59	12.22
(Sun)		*240.5	235.2		** -2.20	

* Households for 1986 when statistics began.

** For period 1986-90.

SOURCE: Audit Bureau of Circulations

Sun / Province / Courier Ad Revenue
1986-89
 (\$000)

	1986	1987	1988	1989	% Change 1986-89	% of Total 1989
VANCOUVER SUN						
Retail						
Classified						
National						
TV Times						
FLYERS						
Total						
PROVINCE						
Retail						
Classified						
National						
FLYERS						
Total						
COURIER						
Retail*						
Classified						
Agency**						
FLYERS						
Total						

*Retail - comprised of both "local" and "national" advertisers.

**Agency - refers to any work, "local" or "national", received through an advertising agency.

Comparison of Core Area Circulations

(Daily Average in '000s)

	1988	1989	1990	% Change 1988-90
VANCOUVER SUN				
Vancouver City	79.49	78.56	72.06	-9.35%
North Shore	26.67	26.39	25.45	-4.59%
PROVINCE				
Vancouver	47.30	48.54	45.25	-4.35%
North Shore	13.84	14.08	14.22	2.78%
CALGARY HERALD				
Calgary City	119.81	118.77	116.94	-2.40%
CALGARY SUN				
Calgary City	61.98	62.03	62.68	1.13%
WINNIPEG FREE PRESS				
Winnipeg City	135.36	134.23	135.66	0.22%
WINNIPEG SUN				
Winnipeg City	43.58	45.12	43.37	-0.50%

SOURCES: Vancouver Newspapers - Southam Newspaper Group
Calgary and Winnipeg Newspapers - Audit Bureau of Circulations

**Comparison of
Core Area Household Penetrations
(Percentages)**

	1988	1989	1990	Change 1988-90 (% points)
VANCOUVER SUN				
Vancouver City	41.62	40.16	35.80	-5.82
North Shore	47.55	45.19	42.00	-5.55
PROVINCE				
Vancouver City	24.76	24.81	22.48	-2.29
North Shore	24.66	24.11	23.47	-1.20
CALGARY HERALD				
Calgary City	47.89	46.45	44.58	-3.30
CALGARY SUN				
Calgary City	24.77	24.26	23.90	-0.88
WINNIPEG FREE PRESS				
Winnipeg City	57.90	57.02	57.68	-0.22
WINNIPEG SUN				
Winnipeg City	18.64	19.17	18.44	-0.20

SOURCE: Circulation data for Calgary and Winnipeg Newspapers - Audit Bureau of Circulations
Circulation data for Vancouver Newspapers - Southam Newspaper Group
Household data - various civic authorities

Comparison of
Core Area Households
('000s)

	1988	1989	1990	% Change 1988-90
Vancouver City	191.00	195.60	201.30	5.39%
North Shore	56.10	58.40	60.60	8.02%
Calgary City	250.20	255.70	262.30	4.84%
Winnipeg City	233.80	235.40	235.20	0.60%

SOURCE: Various civic authorities.