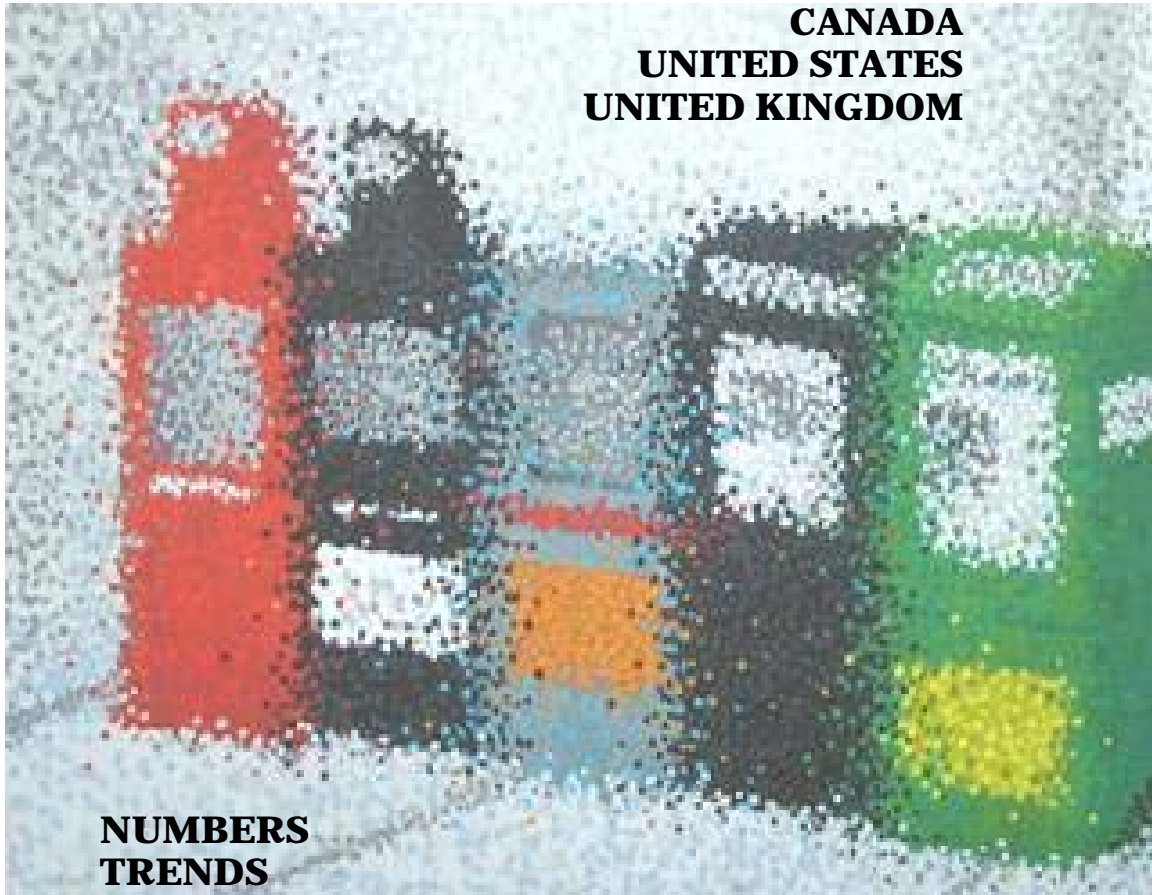


**SIXTY YEARS OF
DAILY NEWSPAPER
CIRCULATION TRENDS**

1950 1960 1970 1980 1990 2000 2010



**CANADA
UNITED STATES
UNITED KINGDOM**

**NUMBERS
TRENDS
PUBLIC POLICY
WILL THERE BE A PLATEAU?**

A DISCUSSION PAPER FROM

**Communic@tions
Management Inc.**

6 May 2011

About the cover: The painting on the cover of this discussion paper is “News on the Street”, by Calgary artist Jim Pescott. Jim’s work can be found at www.jimpescott.com.

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Introduction

If you stand very close to the original of the painting reproduced on the cover of this discussion paper, all you will see is multi-coloured dots. But if you step back and take a longer view, you will see that the dots are describing newspaper boxes. Whether the dots are coming together to create the boxes, or flying apart as if to signal a coming end to the printed newspaper, is open to interpretation.

But it is clear that the long view reveals a different picture than the short view.

And the same is true when we study daily newspaper circulation trends – not just the trends of the last five or 10 years, but six decades worth of data. The picture that emerges may help us better understand the degree to which today’s daily newspaper realities – in Canada, the U.S. and the U.K. – are, in fact, part of a long term trend that goes back more than half a century.

The end of the “Century of Mass Media”

We are coming to the end of a 100-year-old economic model for the media industry. In fact, what is happening now is nothing less than a fundamental restructuring of business models for the media. It is systemic. It is structural. And it is not likely to go back to the way it was before.

We now are in an era in which new and old media are competing for our attention, in which we have the luxury of both the “mainstream” and the “alternative”. But that may be transitory, and we have to consider what the “alternatives” might look like if, or when, the “mainstream” is gone or much diminished.

So how did we get here?

In the 20th Century, media were intermediaries, connecting content, consumers, and advertisers. That role was influenced by the limited number of media players – a function, at least in part, of capital costs in print and regulatory and “spectrum scarcity” considerations in broadcast. So the economic structure for many media was based on what might be called a “coincidence of oligopoly”.

At the same time, it was reasonably possible to maintain borders and protect copyrighted content. So, in the 20th Century, the media business evolved as a business based on “protectable scarcity”.

But the fundamental reality about media in the 21st Century is that technology now threatens to challenge traditional media’s role as intermediary – because media from other places, content-producers, other consumers and advertisers will all be able to send media-like content directly to consumers.

We are consuming more – and different – media than ever before. And younger consumers, in particular, are not only receiving media from many sources (often at the same time), but are also modifying and copying what they receive, and redistributing to others. This, too, is a fundamental change from the way media have operated: *For the first time in history, on a mass scale, the means of production and distribution for information and entertainment products are finding their way into the hands of the consumers.*

And where does journalism fit in all of this? It is important to remember that media's role as an intermediary based on scarcity led to its development as a "bundled" or "packaged" product. And journalism has, for the most part, existed within those bundles or packages.

Of course, one could pull out the direct cost of the journalism, and argue, for example, that it was roughly equal to some source of revenue. But that would miss the point – the journalism function exists within a larger economic unit, and depends on the ability of that unit to house that function, to deliver its product (in print or broadcast), and to sell the subscriptions and/or advertising that pay for it.

This in no way devalues the journalism, which may well be the main reason people purchase, read or view a particular medium; it merely states an economic reality – the choices those people have made to read or listen or watch have been based on prices (to them) that do not reflect the full actual cost of delivering to them the journalism they are consuming.

In 2009, an article in *The Economist* described a newspaper in this way:

A newspaper is a package of content—politics, sport, share prices, weather and so forth—which exists to attract eyeballs to advertisements. Unfortunately for newspapers, the internet is better at delivering some of that than paper is. It is easier to search through job and property listings on the web, so classified advertising and its associated revenue is migrating onto the internet. Some content, too, works better on the internet—news and share prices can be more frequently updated, weather can be more geographically specific—so readers are migrating too. The package is thus being picked apart.¹

Marshall McLuhan put it more starkly in 1964, in his book, *Understanding Media: The Extensions of Man*:

The classified ads (and stock-market quotations) are the bedrock of the press. Should an alternative source of easy access to such diverse daily information be found, the press will fold.²

How quickly that may happen is open to debate. But we cannot ignore the fact that, for the past 100 years, journalism has lived within a bundled product called media, and that bundle now is beginning to unravel.

In 1997, the *Harvard Business Review* carried an article titled "Strategy and the New Economics of Information". That article had this to say about the threat to newspapers from electronic alternatives:

Freed from the necessity of subscribing to entire physical newspapers, readers will be able to mix and match content from a virtually unlimited number of sources. ... It does not follow that all readers will choose to unbundle all the current content of the physical newspaper, but the principal logic for that bundle – the economics of printing – will be gone.

¹ "The rebirth of news", *The Economist*, May 16, 2009 [www.economist.com].

² Marshall McLuhan, *Understanding Media: The Extensions of Man*, McGraw-Hill, 1965, p. 207 (originally published in 1964). (One is tempted to speculate on how much of McLuhan's prediction was based on theory, and how much was based on the fact that he grew up in Winnipeg reading the *Free Press*, which dominated the classified advertising market in Winnipeg at that time.)

This transformation is probably inevitable but distant. ...

... the greatest vulnerability for newspapers is not the total substitution of a new business model but a steady erosion through a sequence of partial substitutions that will make the current business model unsustainable.³

The authors of that article were correct, in 1997, to say that the transformation was “distant” – but it now is 14 years later and the unbundling is happening as they predicted.

In that same year, the “Newshour” program on PBS in the U.S. did a report on newspapers and competition from electronic alternatives. On that program, Harvard professor Jeffrey Rayport dealt with the same “bundling” issue:

... the subsidy that advertising provides to newspaper and the traffic building that some of that utility data provides in terms of attracting readers who don't care what's on the front page but they've got to know what their stocks did today, and therefore they buy the newspaper tomorrow morning at the newsstand, those artificial subsidies that came from bundling commercial editorial information will go away. Hence there will be newspapers. They will be thinner, they'll have a lot less advertising, and you'll pay 10 bucks a copy. Some of us will want to do that; most of us won't.⁴

Again, a prediction from 14 years ago. It did not happen immediately, but some elements of that prediction now are upon us.

Those new economic realities form an important part of the context for looking at daily newspaper circulation trends.

Tracking circulation trends

We have chosen to track daily newspaper circulation trends over time, because the data help to paint a picture of how media and society have changed in the last 60 years. For example, circulation data are still a factor in some public policies on media ownership, yet those policies are often rooted in a time when newspapers played a very different role in the media environment.

On the following pages, we present data that track daily newspaper paid circulation trends from 1950 to 2010 for three countries – Canada, the U.S.A., and the United Kingdom.

We have focused on paid circulation dailies, because of the availability of consistent data over a long period of time, and because of the historical role of paid circulation in the daily newspaper business model.⁵ We know, of course, that free dailies have been tried in a number of markets, often as extensions of established paid dailies, and finding a balance between paid and free is obviously one of the challenges going forward.

³ Philip B. Evans and Thomas S. Wurster, “Strategy and the New Economics of Information,” *Harvard Business Review*, September-October 1997, p. 76.

⁴ Accessed at: http://www.pbs.org/newshour/bb/media/july-dec97/tribune_11-28.html

⁵ It should also be noted that, in addition to circulation data, total readership figures are also an important metric.

We have also assessed the data in two ways – first, a simple tracking of the total circulation numbers; and second, presenting the circulation totals as a percentage of total households.

Canada⁶

Through the first half of the 20th Century, daily newspapers were on the ascendancy, as the principal medium of news and information in Canada. Yet, looking back on that century from the vantage point of the second decade of the 21st Century, one can see that part of that ascendancy was accomplished by a contraction in the number of newspapers, resulting in better economic prospects for the papers that survived.

For example, when George McCullagh engineered the purchase of two Toronto dailies, *The Globe* in October 1936, and then *The Mail and Empire* in November 1936, to create *The Globe and Mail*, the *Toronto Star* commented:

... The merger has now come, and very few informed newspaper men will be surprised to hear of it. ... There will be one morning enterprise with prospects of profitable operation instead of two without such prospects. ... This is a natural and proper development.⁷

While the *Star's* view of newspaper consolidation in 1936 was likely correct in terms of economics, there were also political considerations in the newspaper purchases, mergers and closures in the first half of the 20th Century. In Toronto in 1936, the *Globe* (morning) and the *Star* (afternoon) were both Liberal newspapers. *The Mail and Empire* (morning) and the *Telegram* (afternoon) were both Conservative newspapers. So the *Star* seemed unconcerned about a Liberal voice swallowing a Conservative one. The *Telegram*, on the other hand, carried an editorial at the time that lamented the loss of a morning voice for the Conservatives in Toronto.

By mid-century, the daily newspaper industry in Canada was relatively strong and secure, although the picture might have varied for some newspapers that were not the leaders in competitive markets.

For at least the three decades after 1950, much of the relative decline in daily newspaper circulation can be related to the growth of television, which changed the way, and when, Canadians spent time with the media. As attention in the early evening shifted to television, fewer people had the time to read the newspaper. That contributed to circulation declines and, of course, the switch of many Canadian dailies from afternoon to morning publication.

By the mid-1990s, the growth of the Internet had begun to pose additional challenges for daily newspapers, not just in terms of competition for readers, but also in terms of the Internet's ability to "unbundle" the traditional newspaper package.

⁶ **Sources and methodology:** Circulation data come from the Canadian Newspaper Association, ABC, CCAB, and *Canadian Advertising Rates and Data*; household estimates are based on data from Statistics Canada.

⁷ "The Inevitable Merger is Announced," *Toronto Star*, November 19, 1936, p.4.

Figures 1 through 6 provide summary data for Canadian daily newspaper circulation trends, in five year increments, from 1950 to 2010. Figures 7 through 12 provide data for each of the years from 1995 to 2010.⁸

It should be noted that the reporting of Canadian daily newspaper circulation data changed in 2008. As explained by the Canadian Newspaper Association:

The Canadian Newspaper Association's 2008 circulation data report calculates paid circulation levels based on ABC and CCAB audit statements. Due to the change in the data collection periods in 2008, any comparisons over the previous year's data should be used with caution. Papers audited by CCAB now provide 12-month averages ending December 31. For those dailies measured by ABC, the paid averages of two six-month ABC Fas Fax reports were utilized for the periods ending March 31 and September 30 to provide a 12-month picture. (Previous ABC and CCAB circulation data only reflected the six-month periods ending March 31)⁹

Thus, in presenting the data, we have used the data as published for each year, but we have also estimated what the circulation-as-percentage-of-households might have been had the previous circulation reporting methodology continued to have been used from 2008 to 2010.

Figures 1 and 2 deal with all Canadian dailies, from 1950 to 2010. As we can see from Figure 1, total paid circulation grew from 1950 to about 1990, although that growth did not keep pace with the growth in the number of households. As indicated in Figure 2, total daily newspaper paid circulation in Canada was equivalent to more than 100 per cent of households in 1950; today it is about 30 per cent.

Figures 3 and 4 provide similar data for English-language daily newspapers in Canada; Figures 5 and 6 provide data for French-language daily newspapers in Canada.¹⁰

Figures 7 and 8 provide data for all Canadian paid circulation dailies, on an annual basis, from 1995 to 2010. Over the past 15 years, the average daily total paid circulation has gone from about 5.3 million to about 4 million, and the combined circulation as a percentage of households has gone from about 50 per cent to about 30 per cent.

Figures 9 and 10 provide similar data for English-language daily newspapers in Canada; Figures 11 and 12 provide data for French-language daily newspapers in Canada.

There appears to be an important difference between the English and French markets in Canada in the last 15 years, in terms of the relationship between total paid circulation and the number of households. To help understand that difference in trends, we have presented Figure 13, which combines the data from Figures 10 and 12.

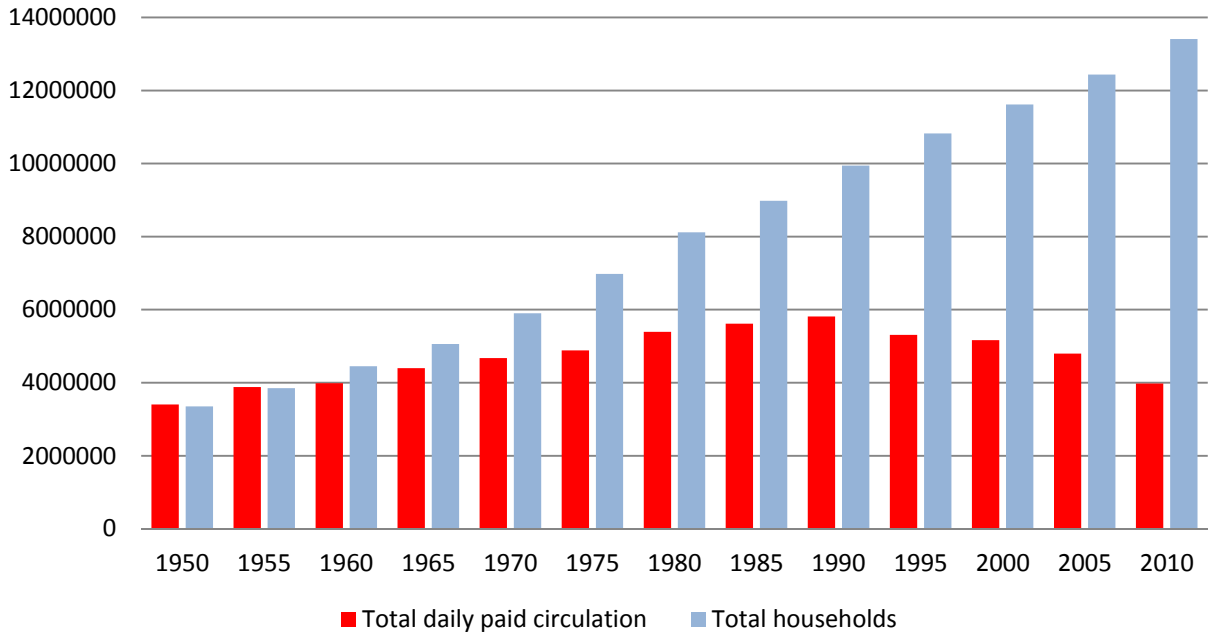
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⁸ The data are for all dailies combined, including Sunday editions of those papers that publish on Sunday. Sunday newspaper do not have the same historical importance in the Canadian newspaper market as they do in the U.S. or the U.K.

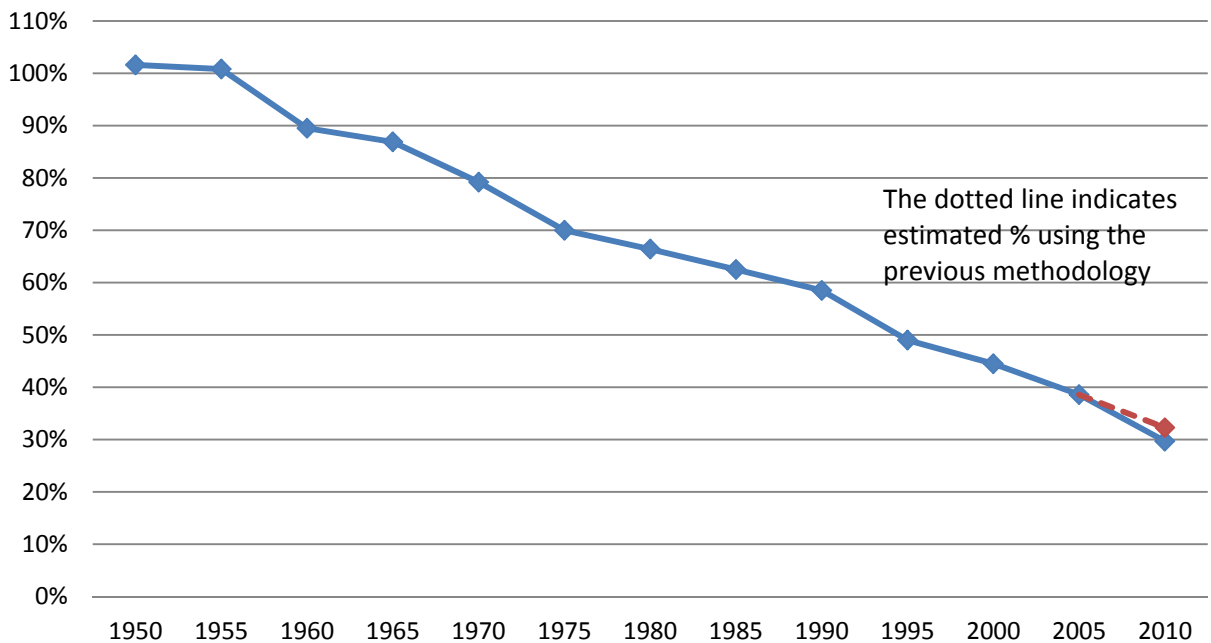
⁹ Canadian Newspaper Association, *Circulation Data Report 2008*, p. 2.

¹⁰ Please note that "Allophone" refers to persons whose language is neither English nor French.

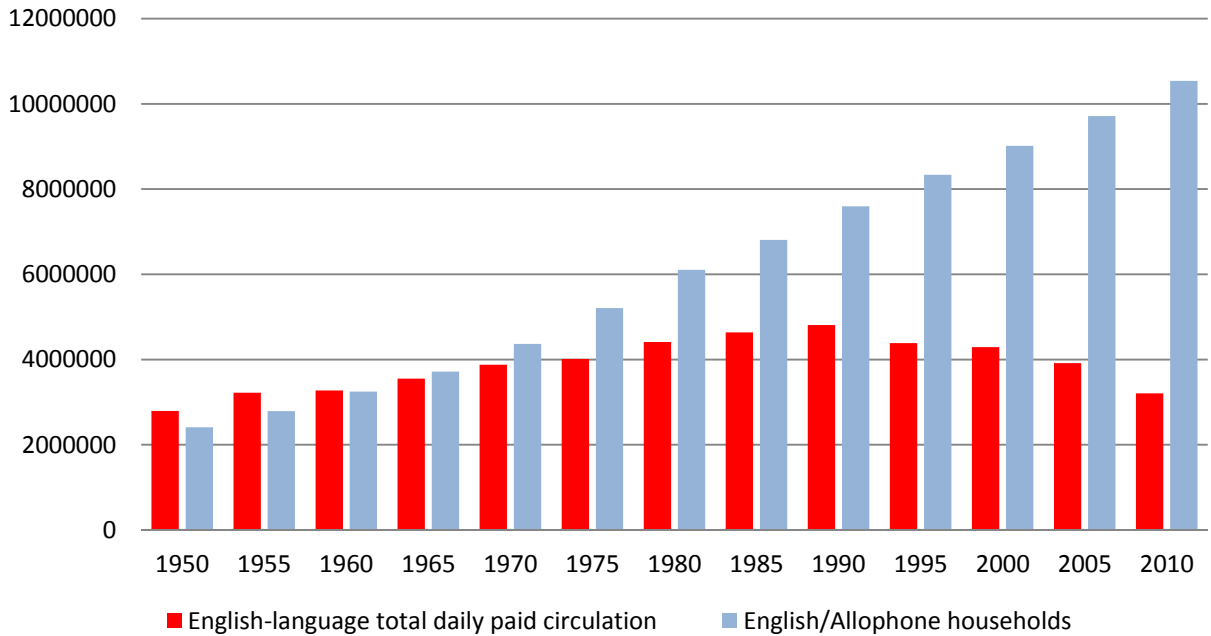
1. Total daily newspaper paid circulation, and total households, Canada, 1950-2010



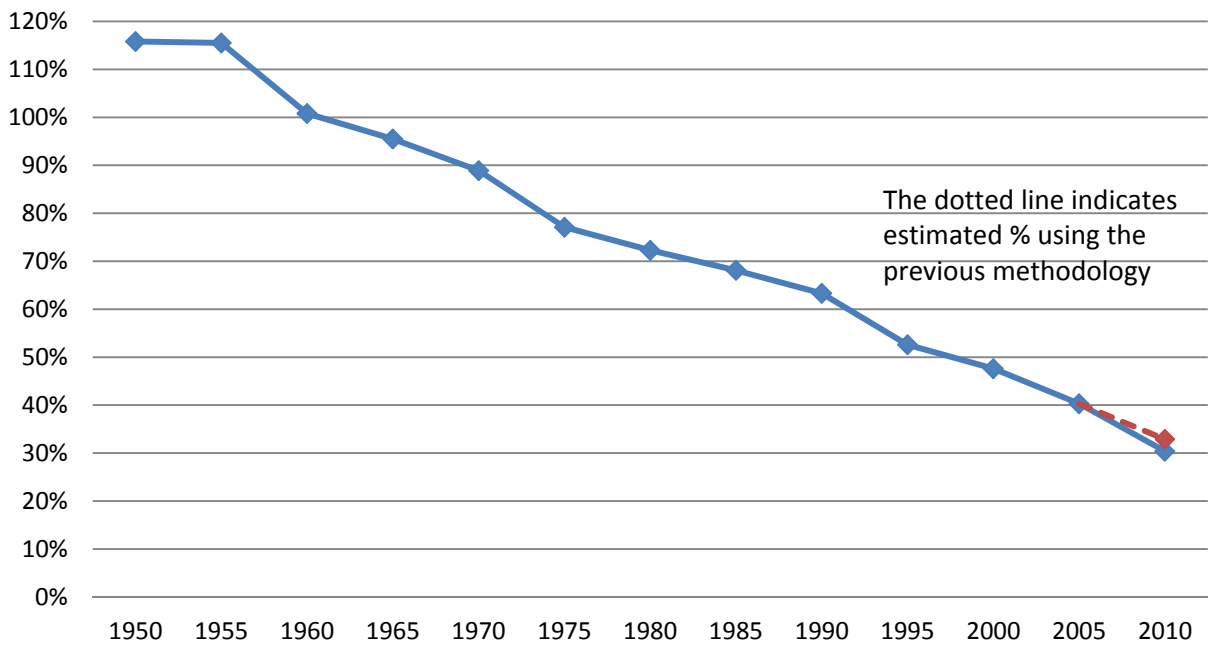
2. Total daily newspaper paid circulation as % of households, Canada, 1950-2010



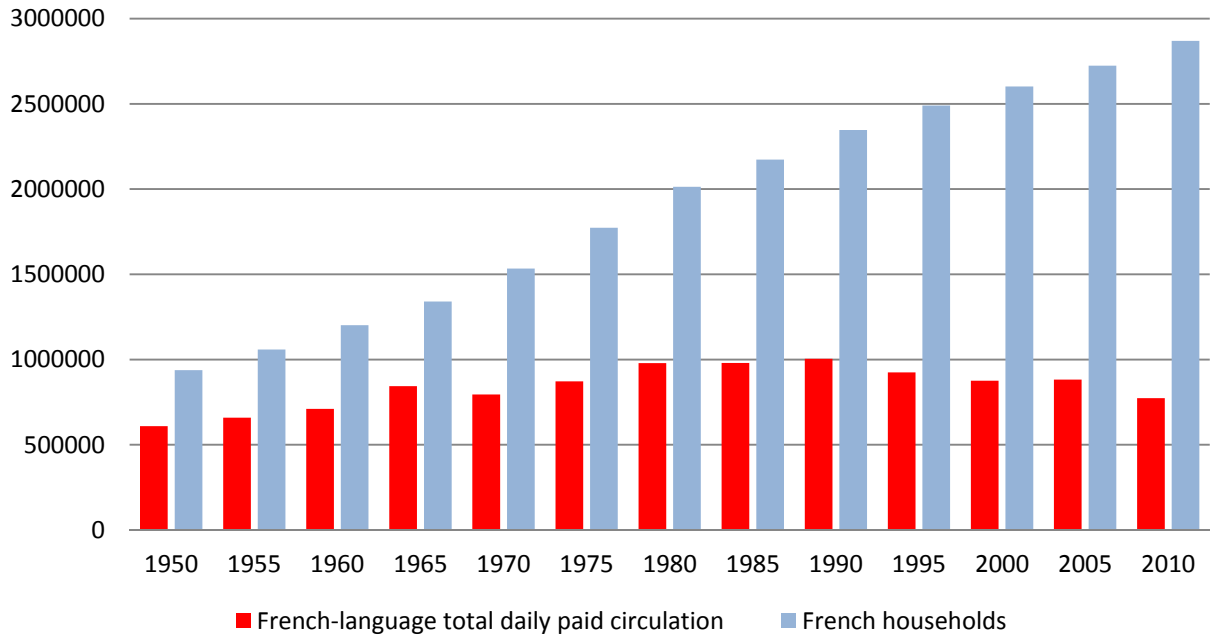
3. English-language daily newspaper paid circulation, and English/Allophone households, Canada, 1950-2010



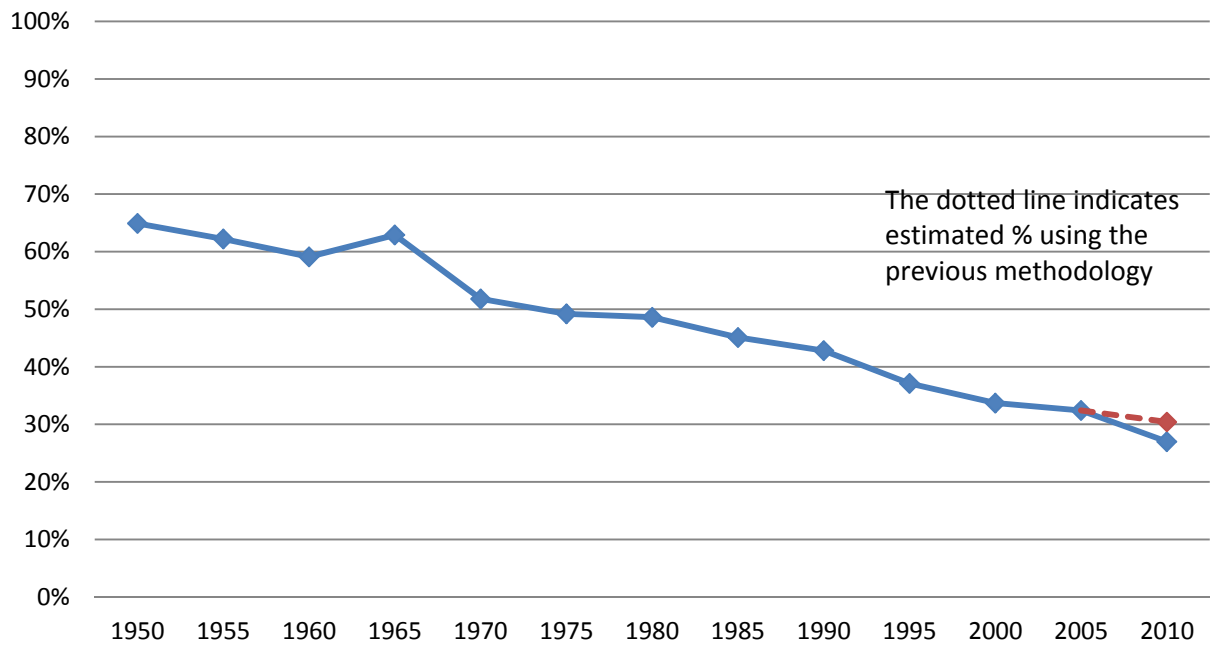
4. English-language daily newspaper paid circulation as % of households, Canada, 1950-2010 (Based on English/Allophone households)



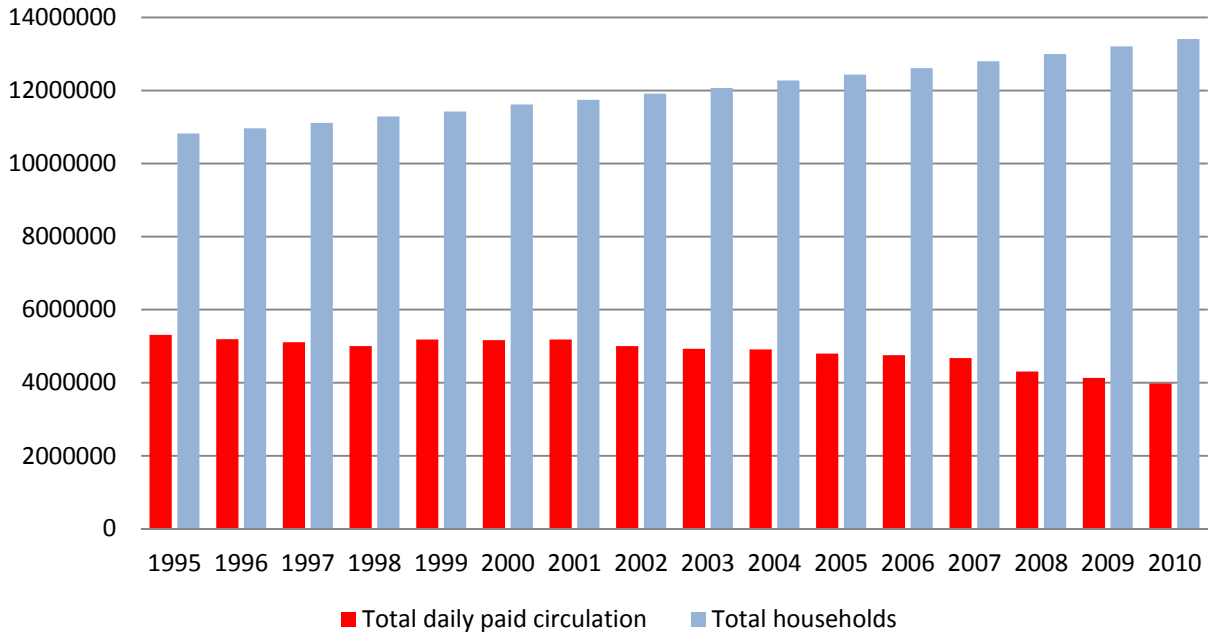
5. French-language daily newspaper paid circulation, and French households, Canada, 1950-2010



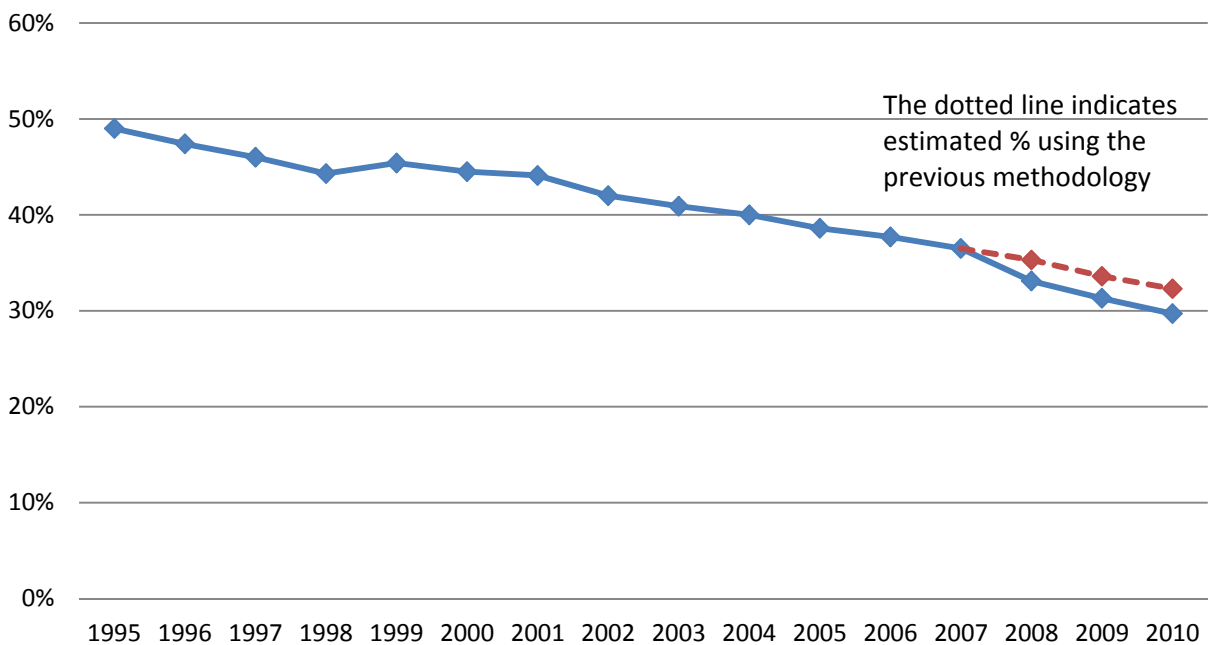
6. French-language daily newspaper paid circulation as % of households, Canada, 1950-2010 (Based on French households)



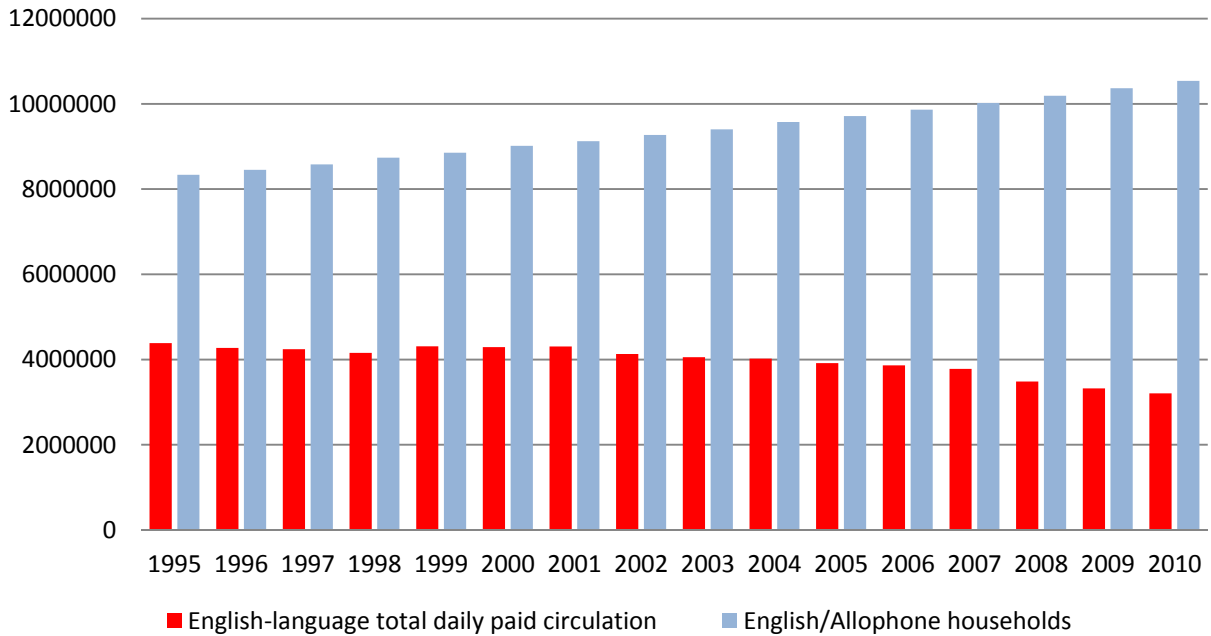
7. Total daily newspaper paid circulation, and total households, Canada, 1995-2010



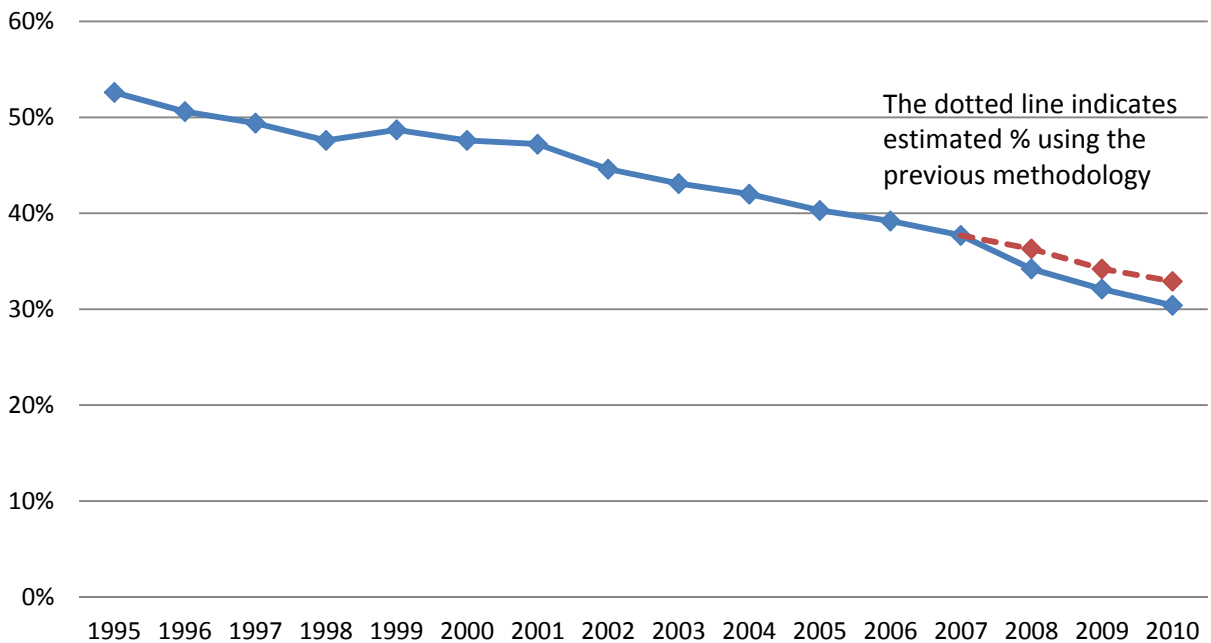
8. Total daily newspaper paid circulation as % of households, Canada, 1995-2010



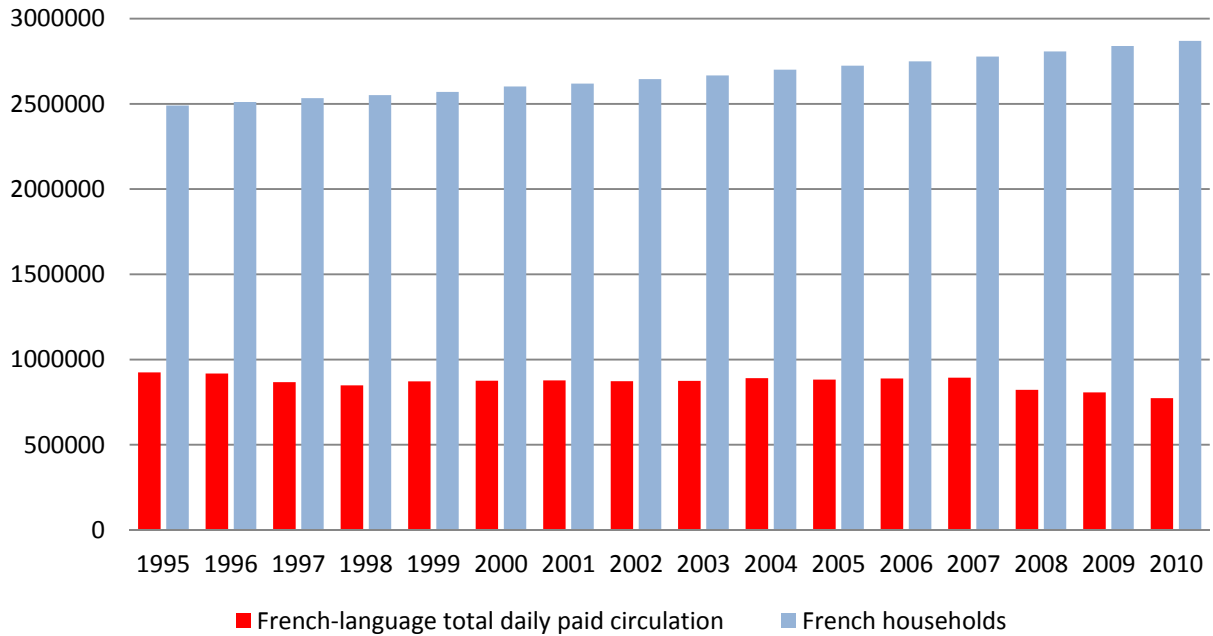
9. English-language daily newspaper paid circulation, and English/Allophone households, Canada, 1995-2010



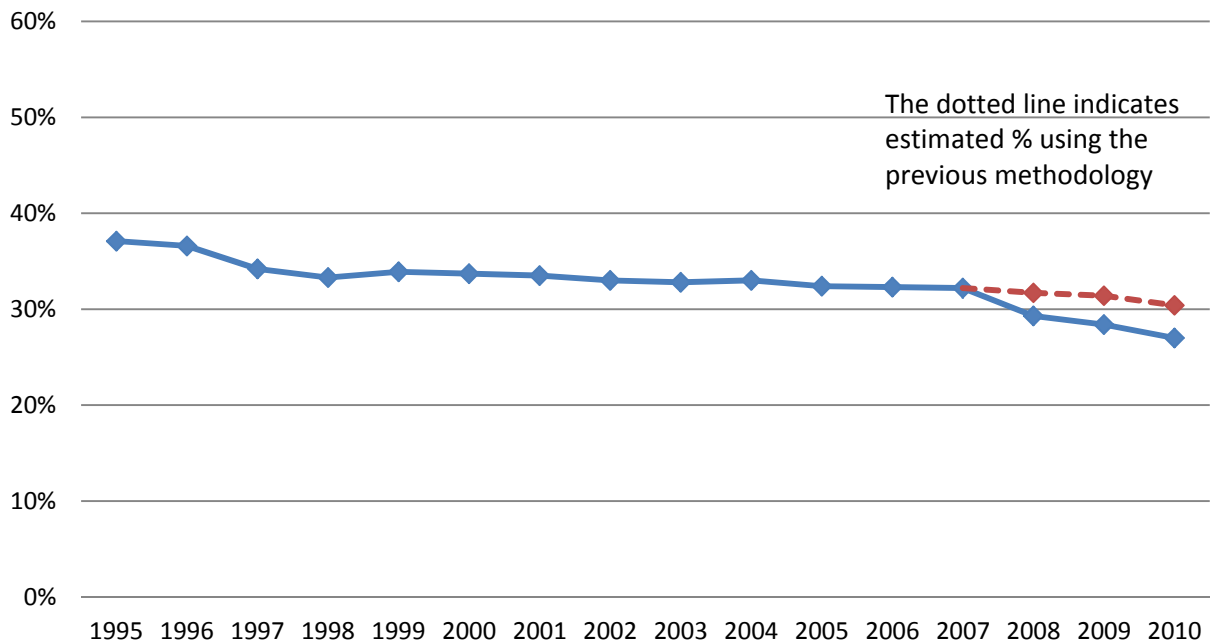
10. English-language daily newspaper paid circulation as % of households, Canada, 1995-2010 (Based on English/Allophone households)



11. French-language daily newspaper paid circulation, and total households, Canada, 1995-2010

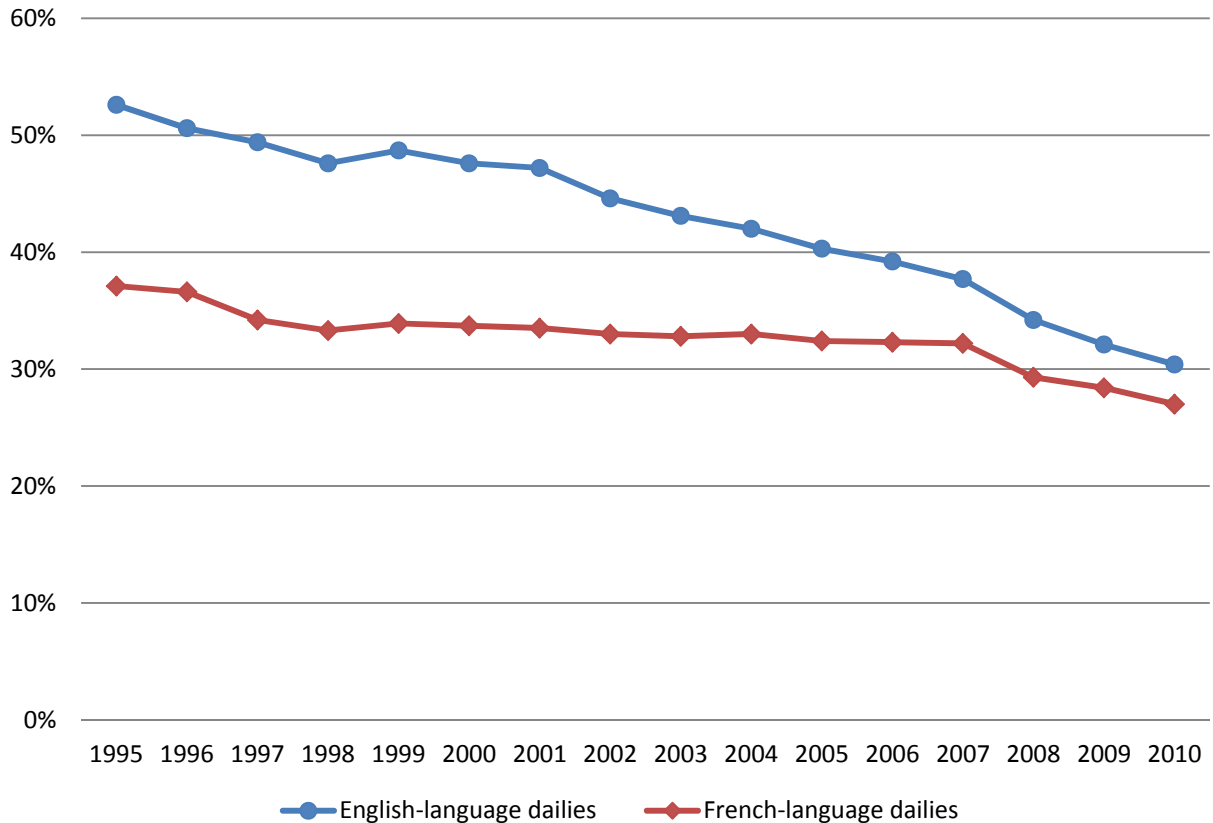


12. French-language daily newspaper paid circulation as % of households, Canada, 1995-2010 (Based on French households)



13. Comparison of English-language and French-language daily newspaper circulation as % of households, Canada, 1995-2010

(Based on English/Allophone households for English dailies and French households for French dailies)



If we look at the paid circulation trend line relative to households for English-language newspapers, it appears that it declined through most of the period from 1995 to 2010. But if we look at similar data for French-language dailies, there appears to have been a period of about 9 years when it was essentially flat – in other words, a plateau.

There may be numerous explanations for this phenomenon, and perhaps we should not read too much into this, since the French-language market obviously has different characteristics. And we would note that the English-language dailies' total circulation now is at the percentage-of-household level that the French-language dailies were at when the "plateau" first appeared. It is entirely possible that there will be no plateau for the English-language dailies, or, given the market and technology changes since the late 1990s, a plateau may appear at a different level.

But the data do at least raise three key questions: Is it possible that daily newspaper circulation might find a plateau – a level at which it might function for a reasonable period of time? At what level might that plateau be found? And will that level be sufficient to permit viable operation?

U.S.A.¹¹

In 1979, David Halberstam's book, *The Powers That Be*, provided in-depth profiles of four of the major media companies in the United States. Twenty-one years later, in 2000, a new edition was published, for which Halberstam wrote a new Introduction. In that new Introduction, he referred to the original publication of the book in 1979, and said:

I was writing, it turned out, about a certain kind of media era which was already coming to an end. The great national newspapers of the time, the *New York Times*, the *Washington Post*, and the *Los Angeles Times*, had in the period I was writing about all gotten systematically better. The competition from television stations during the fifties and sixties had killed off many of their print competitors, and left most major American cities with a de facto monopoly paper, one which was better, richer, and more serious than those papers that had existed some twenty years earlier.¹²

The changes referred to by Halberstam in 2000 are reflected in the circulation data for U.S. daily newspapers.

The data for 1950 to 2010 are summarized in Figures 14 and 15, and the data for 1995 to 2010 are summarized in Figures 16 and 17.

In 1950, the average daily total paid circulation for U.S. daily newspapers was 53.8 million (equivalent to 123.6 per cent of households); the total paid circulation for U.S. Sunday newspapers was 46.6 million (equivalent to 107.0 per cent of households).

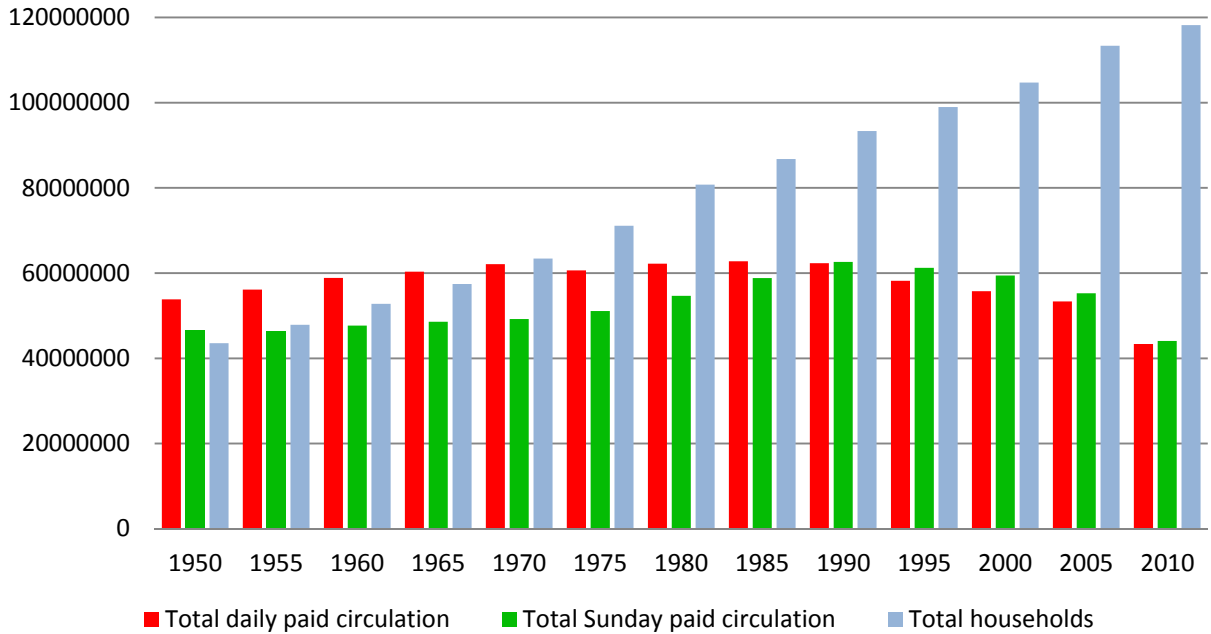
By 2010, the average daily total paid circulation for U.S. daily newspapers was about 43.4 million (equivalent to 36.7 per cent of households); the total paid circulation for U.S. Sunday newspapers was about 44.1 million (equivalent to 37.3 per cent of households).

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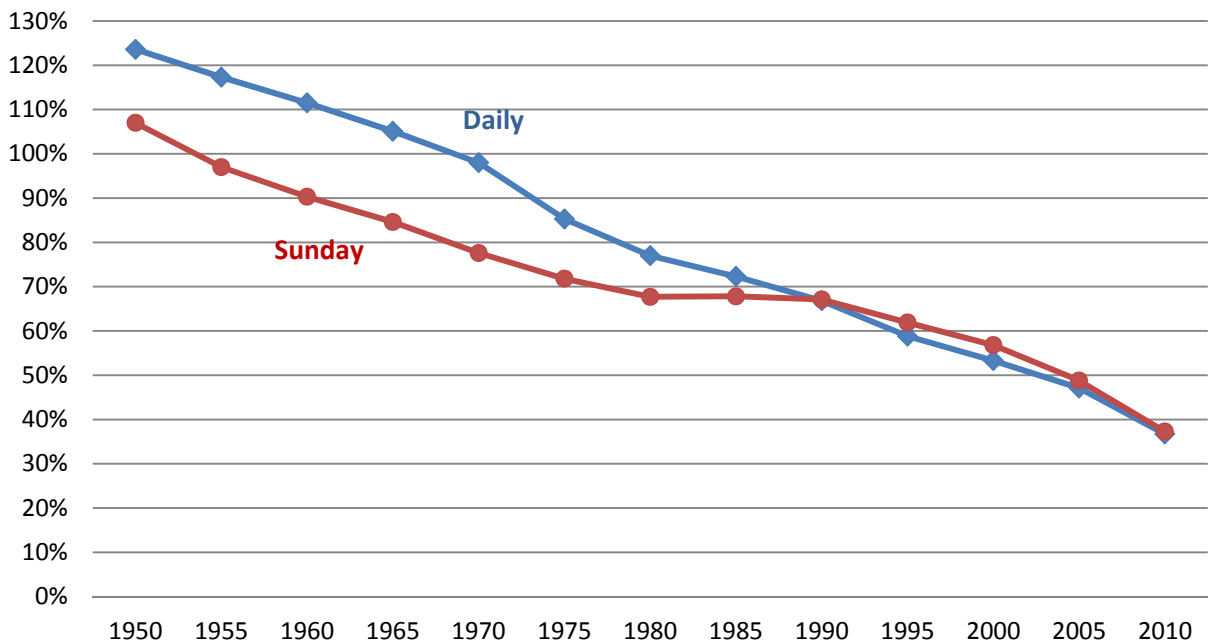
¹¹ **Sources and methodology:** Circulation data to 2009 come from the Newspaper Association of America; data for 2010 are estimates based on published reports about ABC circulation data; household estimates are based on data from the U.S. Census Bureau.

¹² David Halbertam, *The Powers That Be*, from the Introduction to the revised edition, 2000, p. xi.

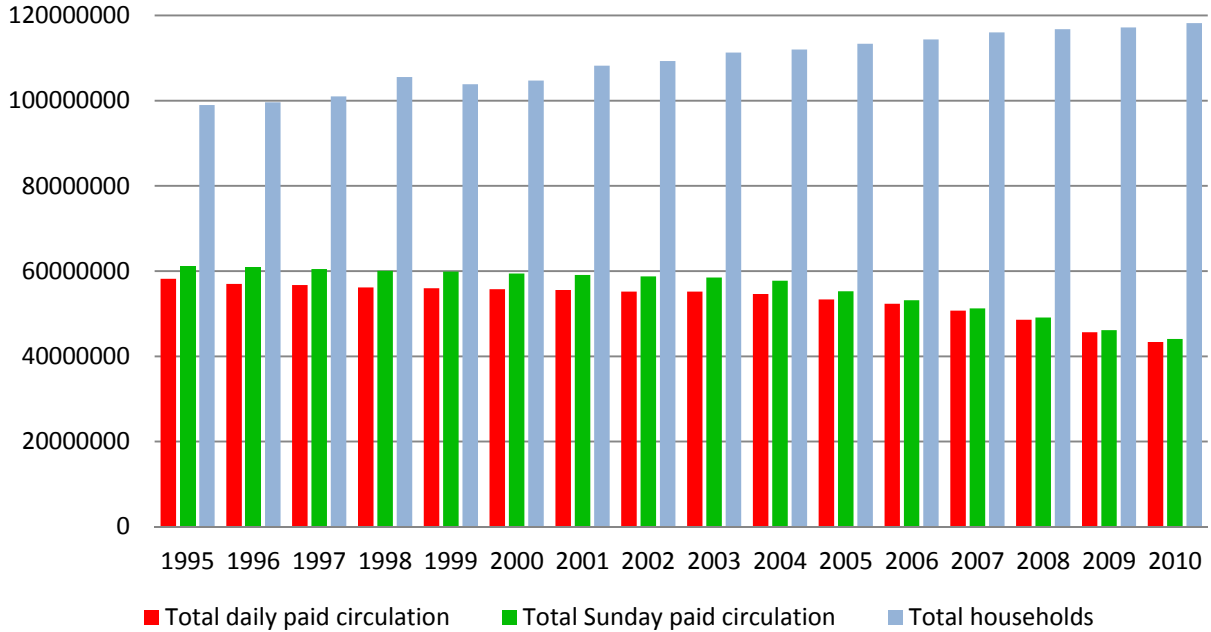
14. Total daily / Sunday newspaper paid circulation, and total households, USA, 1950-2010



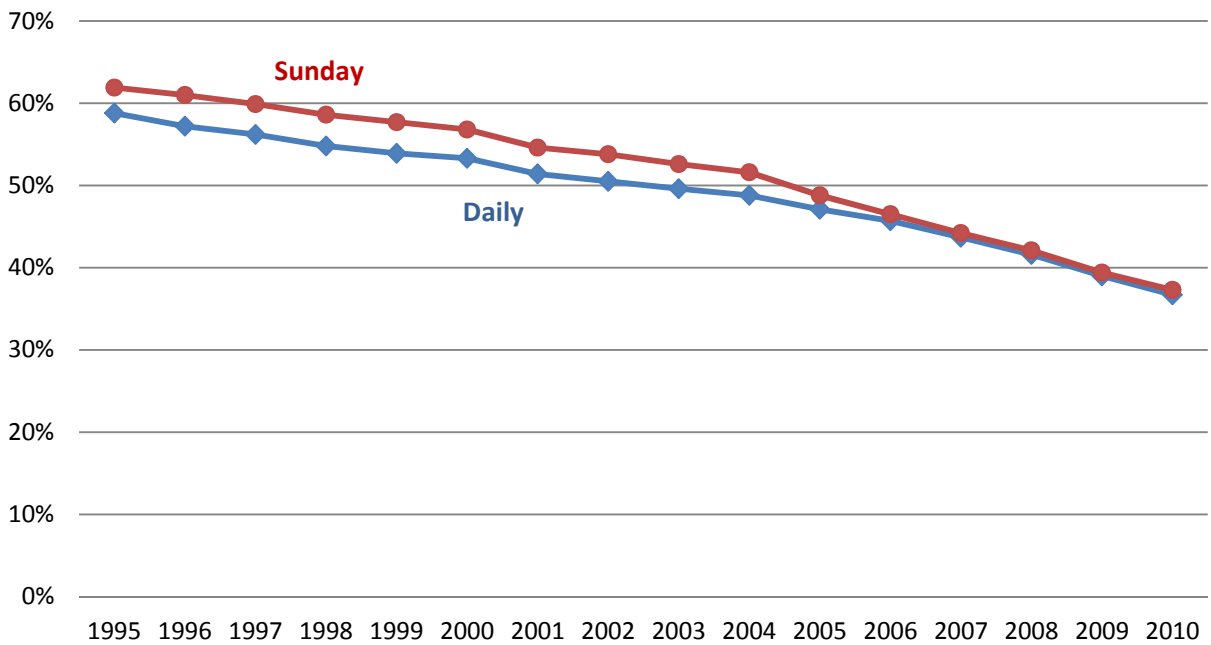
15. Total daily / Sunday newspaper paid circulation as % of households, USA, 1950-2010



16. Total daily / Sunday newspaper paid circulation, and total households, USA, 1995-2010



17. Total daily / Sunday newspaper paid circulation as % of households, USA, 1995-2010



United Kingdom¹³

The U.K. newspaper market differs from Canada and the U.S. in a number of ways, including the fact that the great majority of circulation is accounted for by national newspapers, rather than regional or local dailies. For that reason, and because of the availability of data over time, we have focused our analysis on U.K. national daily and national Sunday newspapers. In deriving estimates for the number of households, we have used data for Great Britain (England+Scotland+Wales).

In June 1983, an article appeared in the *International Communication Gazette* titled “The Decline of National Newspapers in the UK”. The author noted that various observers had singled out different groups to blame for that decline – some blamed the proprietors, some blamed the unions, and some blamed the government. But he concluded that: “All these factors are only waves superimposed on an outgoing tide ...”¹⁴

That tide is illustrated in Figures 18 and 19, which cover the period 1950 to 2010, and in Figures 20 and 21, which focus on the period from 1995 to 2010.

In 1950, the average daily total paid circulation for British national daily newspapers was about 21 million (equivalent to almost 150 per cent of households); the total paid circulation for British Sunday newspapers was about 31 million (equivalent to more than 200 per cent of households).

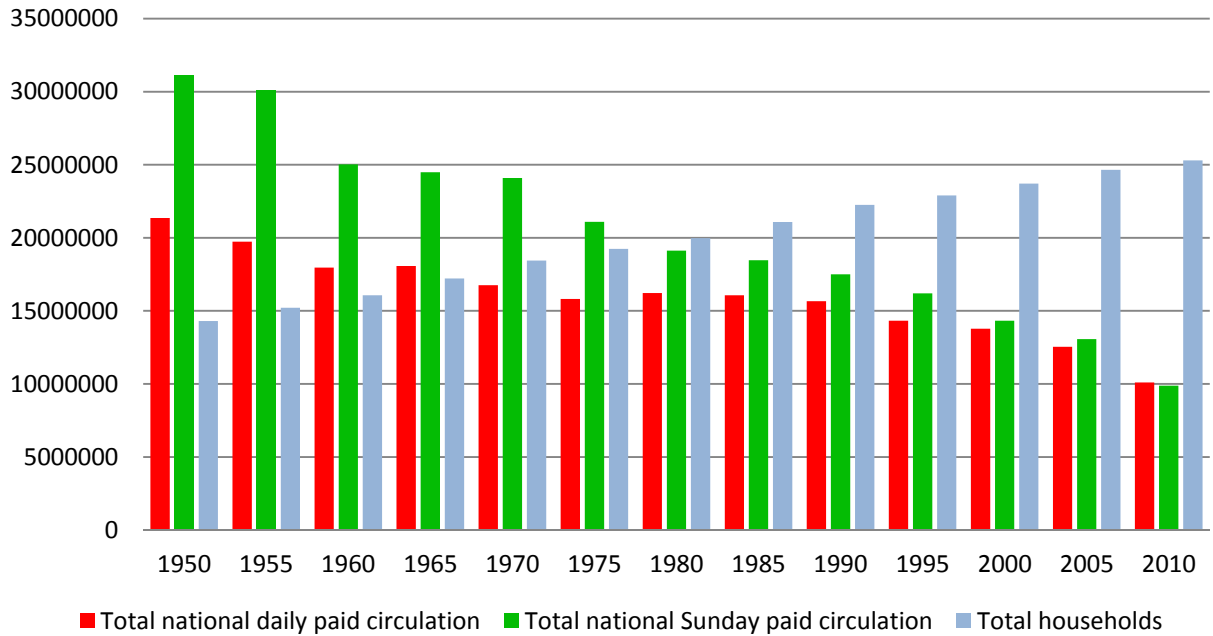
By 2010, the average daily total paid circulation for British national daily newspapers was about 10.1 million (equivalent to 39.9 per cent of households); the total paid circulation for British national Sunday newspapers was about 9.9 million (equivalent to 39.0 per cent of households).

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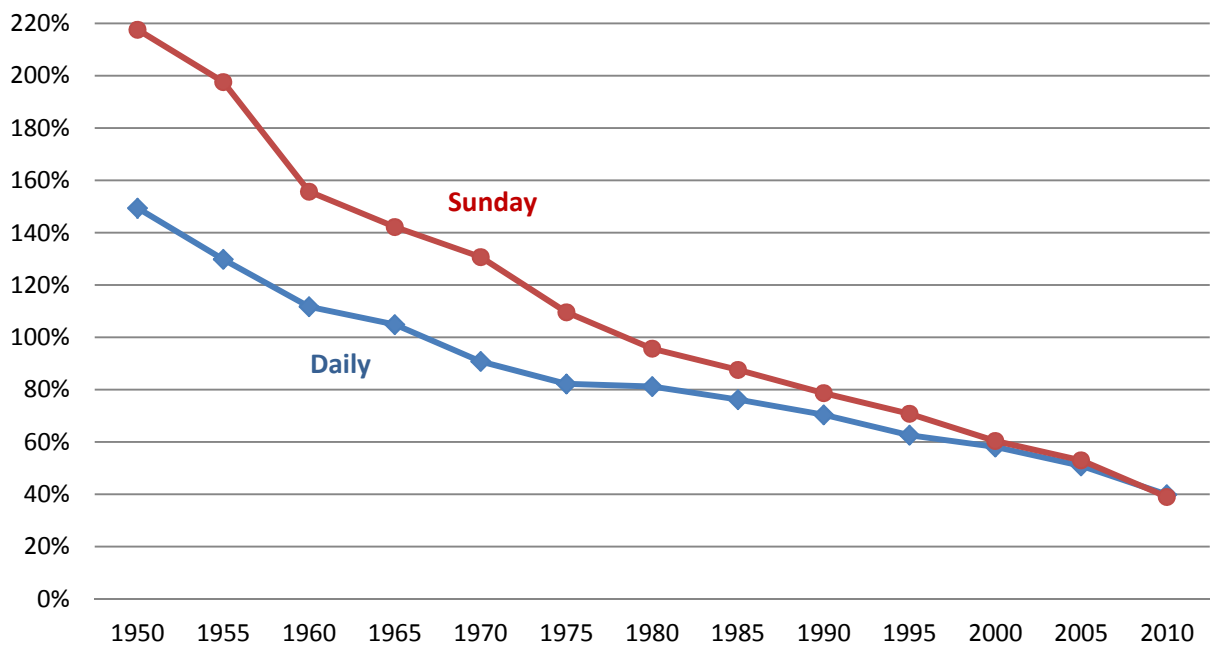
¹³ **Sources and methodology:** Circulation data come from ABC and from reports about ABC circulation data in *MediaGuardian* (online); household estimates for Great Britain are based on data from the U.K. Office for National Statistics.

¹⁴ Robert L. Bishop, “The Decline of National Newspapers in the UK”, *International Communication Gazette*, June 1983, p. 208.

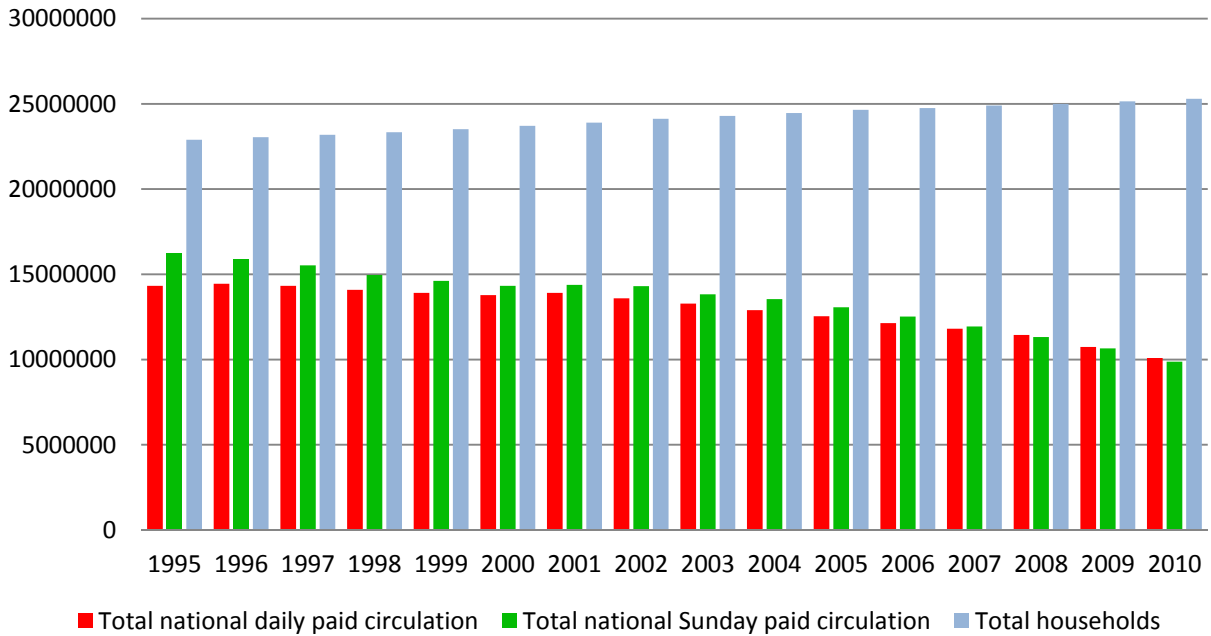
18. Total national daily / national Sunday newspaper paid circulation, and total households, Great Britain, 1950-2010



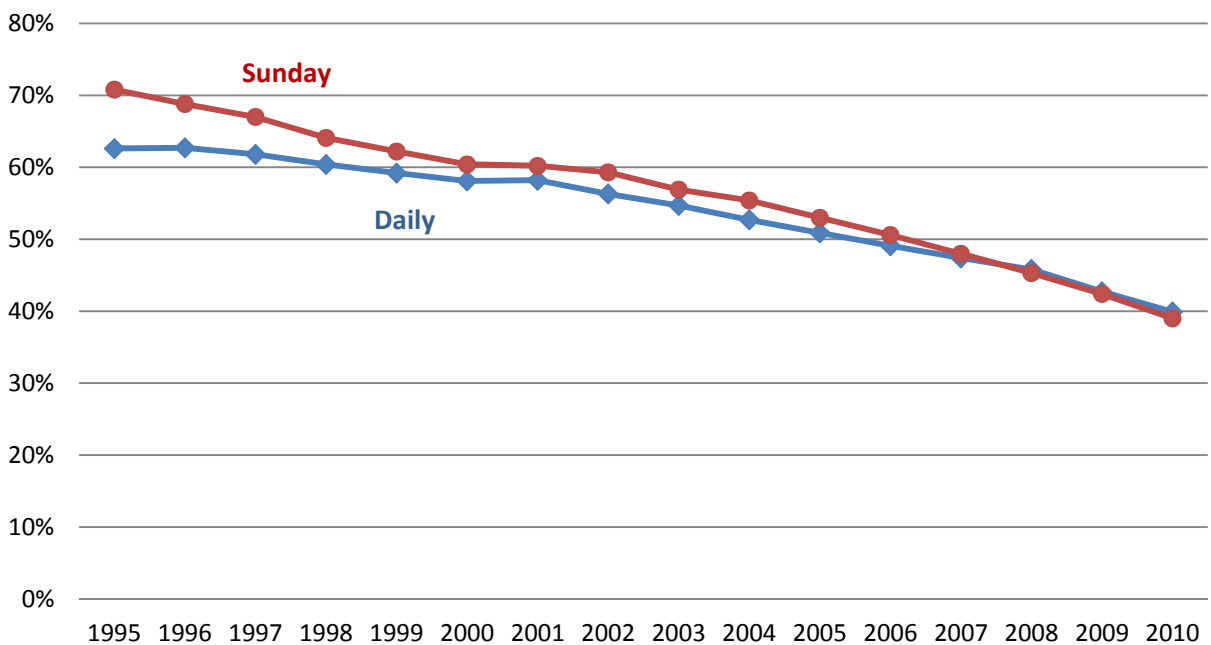
19. Total national daily / national Sunday newspaper paid circulation as % of households, Great Britain, 1950-2010



20. Total national daily / national Sunday newspaper paid circulation, and total households, Great Britain, 1995-2010



21. Total national daily / national Sunday newspaper paid circulation as % of households, Great Britain, 1995-2010



Newspaper circulation and public policy

While the newspaper circulation trends provide an insight into the changing business models of daily newspapers, the same trends can also be related to issues of public policy, and particularly to the question of cross-media ownership.

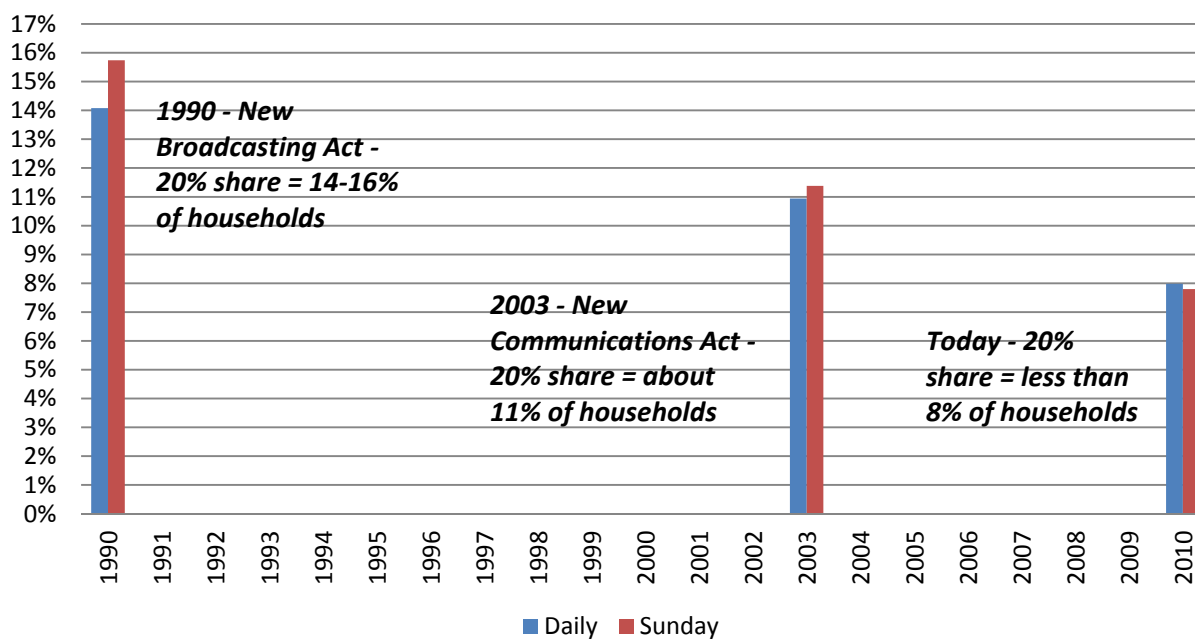
United Kingdom

In the United Kingdom, national newspaper circulation is specifically referred to in legislation dealing with ownership of television services. Both the U.K. *Broadcasting Act 1990* and the U.K. *Communications Act 2003* contain provisions that restrict the amount of a television service that a newspaper proprietor can own, if that newspaper proprietor has more than a 20 per cent share of the national newspaper market. And the market share is measured on the basis of circulation.

Without getting into a debate over media cross-ownership rules, it is clear that the U.K. legislation is intended to limit some perceived “influence” that a media owner may have. But if that is the concern, a measurement based on a fixed percentage of circulation will represent a declining share of households reached, at a time when circulation is declining and the number of households is growing.

As illustrated in Figure 22, when the U.K. *Broadcasting Act* was enacted in 1990, 20 per cent of national newspaper circulation was the equivalent of 14-16 per cent of households in Great Britain. Today, 20 per cent of national newspaper circulation is less than 8 per cent of households.

22. Percentages of households in Great Britain reached by a 20 per cent share of circulation in the national newspaper market, selected years, 1990-2010

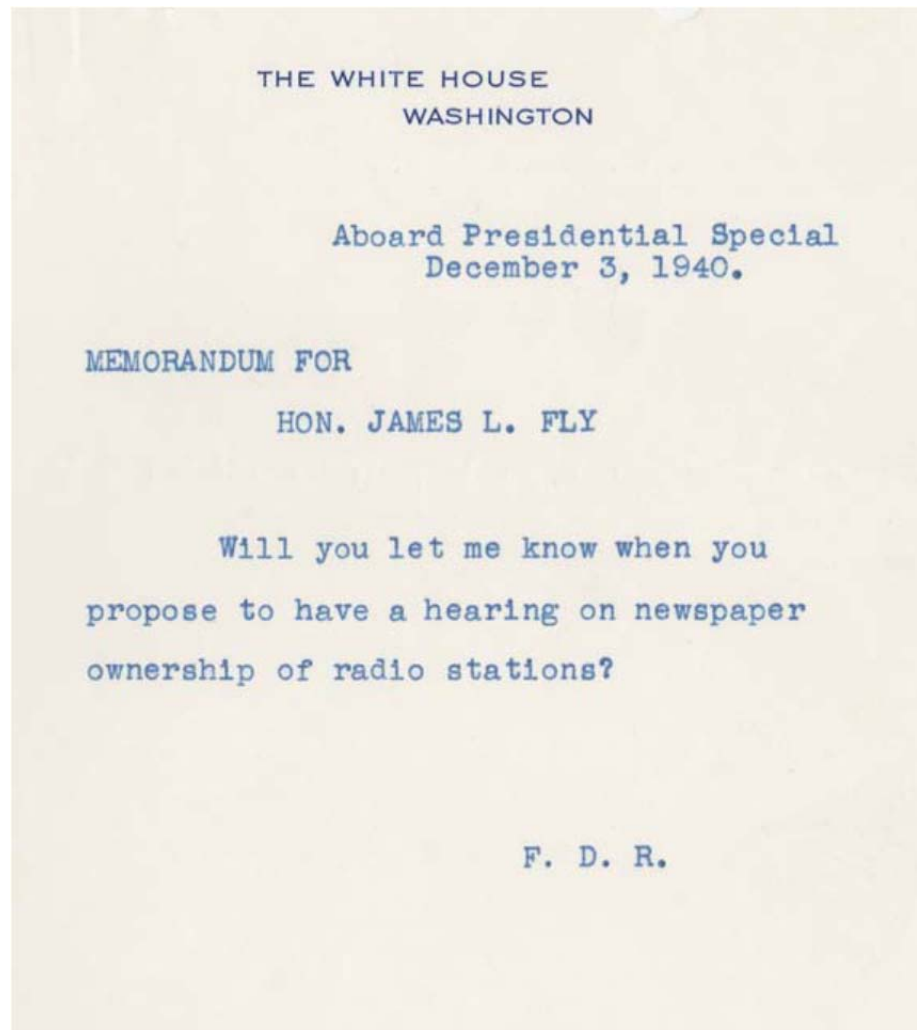


United States

In the United States, debates on cross-media ownership go back many years, although those debates were more often in the context of proposed regulation (by the Federal Communications Commission) rather than the type of legislation found in the U.K. Yet it is interesting to review some of the U.S. history with cross-media regulation against the backdrop of the U.S. daily newspaper circulation trends.

On November 5, 1940, President Franklin Delano Roosevelt was re-elected to an unprecedented third term in office with 55 per cent of the popular vote. During the campaign, the majority of daily newspapers had opposed his re-election and supported his Republican opponent. And a number of those newspapers owned radio stations.

On December 3, 1940, President Roosevelt sent an 18-word memorandum to FCC Chairman James Lawrence Fly, asking him to initiate a hearing into newspaper ownership of radio stations. The memorandum is reproduced below.



SOURCE: James Lawrence Fly Papers; Rare Book & Manuscript Library, Columbia University

The FCC process to consider this question began in 1941, and continued until early 1944. The FCC's determination was published in the *Federal Register* on January 18, 1944. While noting that it wished to encourage "diversification", the FCC stated:

The Commission has concluded, in the light of the record in this proceeding and of the grave legal and policy questions involved, not to adopt any general rule with respect to newspaper ownership of radio stations.¹⁵

It was not until 1975 that the FCC put in place the current newspaper-broadcast cross-ownership rule. In both 2003 and 2007, the FCC attempted to modify its 1975 rule, but those attempts at modification have so far not succeeded.

In Figure 23, we have related a number of the public policy events to the data on U.S. daily and Sunday newspaper circulation as a percentage of households, in this case going back to 1940. It is somewhat ironic that the opposition to modifying cross-ownership restrictions seems to increase as the actual influence of daily newspapers declines.

Canada

In Canada, in 1982, the federal Cabinet issued a Direction to the Canadian Radio-television and Telecommunications Commission (CRTC) that prohibited joint ownership of a daily newspaper and broadcasting in the same market, although the Commission was granted discretion not to apply the policy if it felt that it would be in the public interest to leave such ownership arrangements intact.¹⁶ The Direction was revoked in 1985.¹⁷

During the period that the Direction was in effect, the Commission considered two major cases involving television and daily newspapers:

1. New Brunswick Broadcasting Co. Limited in 1983;¹⁸ and
2. CFPL Broadcasting Limited in 1984.¹⁹

In both cases, the Commission concluded that the structure fell within the structural arrangements covered by the Direction. However, the CRTC came to different conclusions about what should be done in the two cases.

In 1983, in the case of New Brunswick Broadcasting, the CRTC indicated its displeasure that New Brunswick was not receiving full CBC television service. It gave the television station in question a short-term renewal, so that New Brunswick Broadcasting could, in the words of the decision, "rearrange its affairs or for other arrangements to be made."

Text continues on page 23 ...

¹⁵ U.S., *Federal Register*, January 18, 1944, p. 702.

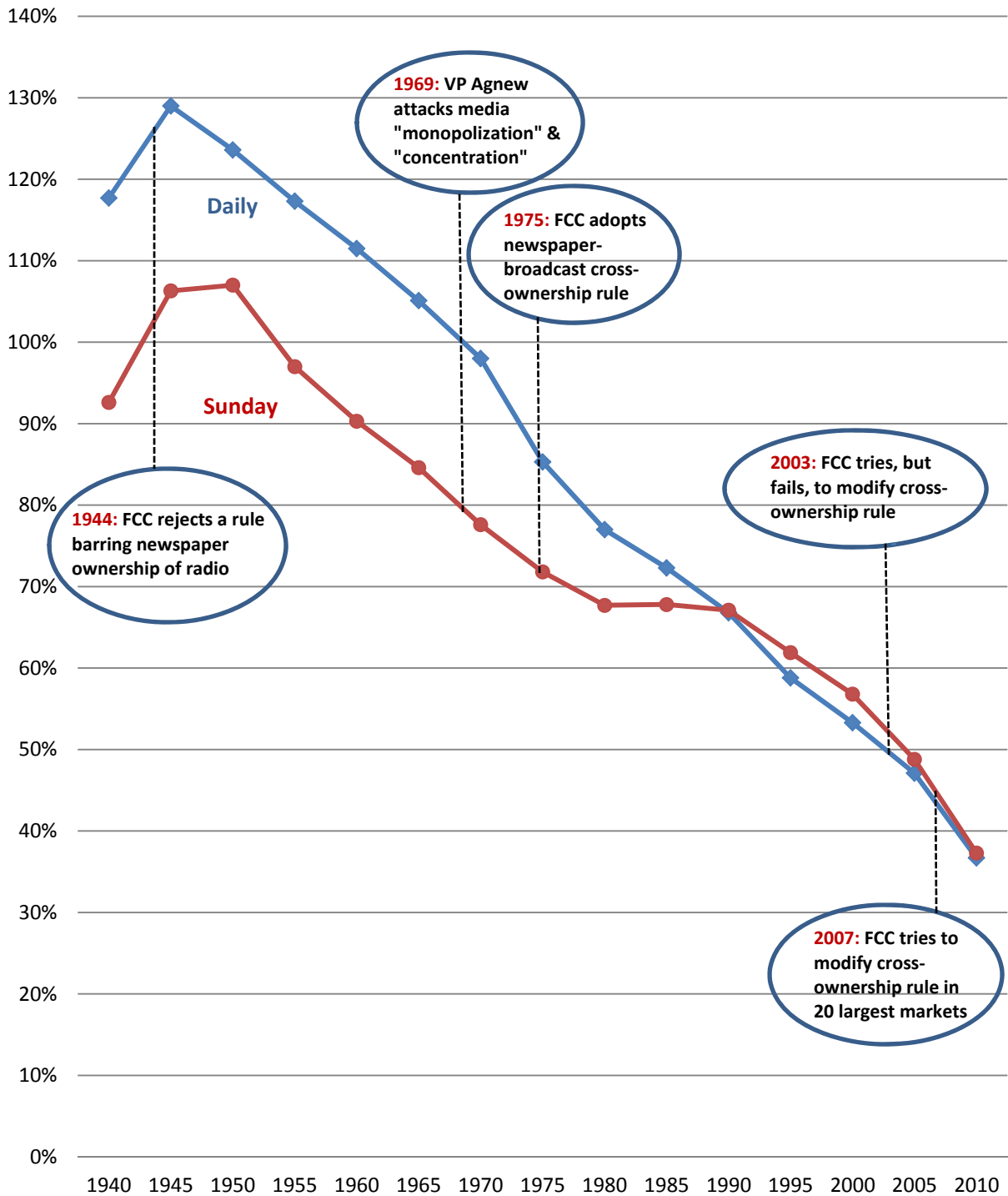
¹⁶ Canada, P.C. 1982-2294, July 29, 1982.

¹⁷ Canada, P.C. 1985-1735, May 30, 1985.

¹⁸ Decision CRTC 83-656, August 11, 1983.

¹⁹ Decision CRTC 84-603, July 20, 1984.

23. Daily and Sunday newspaper circulation as % of households, 1940-2010, and selected public policy events relating to media ownership in the USA since 1940



In 1984, in the case of CFPL-TV, which serves London, Ontario, the CRTC came to a very different conclusion. Although the same company controlled the daily newspaper (the *London Free Press*), the television station, and two radio stations, the CRTC stated:

... the Commission is satisfied that there already exists a high degree of competition resulting from the multiplicity and diversity of voices accessible to residents of the London area.²⁰

The CRTC enacted a new “diversity” policy in 2008. That policy included a restriction on cross-media ownership in local markets. According to the CRTC news release on January 15, 2008:

... a person or entity will only be able to control two of the following types of media that serve the same market: a local radio station, a local television station or a local newspaper.²¹

In the public notice on this subject, the CRTC defined a “local newspaper” as follows:

- it is published at least five days per week;
- no less than 50% of its total circulation is within the relevant radio market; and
- no less than 50% of its total circulation is paid.²²

So newspaper circulation is also a factor in Canadian policies on cross-media ownership, although the circulation data are used to determine whether a newspaper meets the definition of “local”, rather than a specific share within the newspaper market itself.

Assessing the trends

In Figure 24, we have combined the data for Canada, the U.S. and Britain for daily newspaper circulation as a percentage of households, from 1950 to 2010. In Figure 25, we have combined the data for U.S. and British Sunday newspapers, from 1950 to 2010. Figures 26 and 27 present similar data for the period from 1995 to 2010.

While the newspaper circulations as a percentage of households in the three countries were all more than 100 per cent in 1950 (and for the British national newspapers, substantially more than 100 per cent), the percentages in each country have all fallen over time. Today, those percentages are all under 40 per cent, and, in the case of Canada, closer to 30 per cent.

It is clear from the data that this is a long term structural decline in the relative (and actual) size of the daily newspaper market – a decline that was initially related to the growth of television, and is currently related to the growth of the Internet.

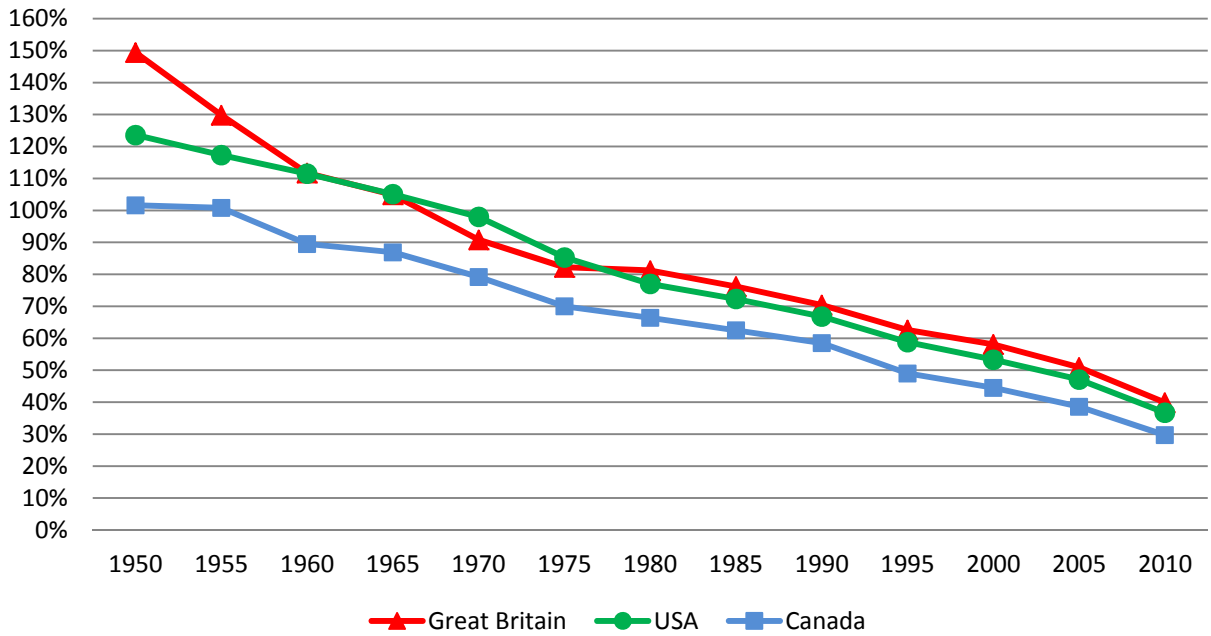
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²⁰ *Ibid.*

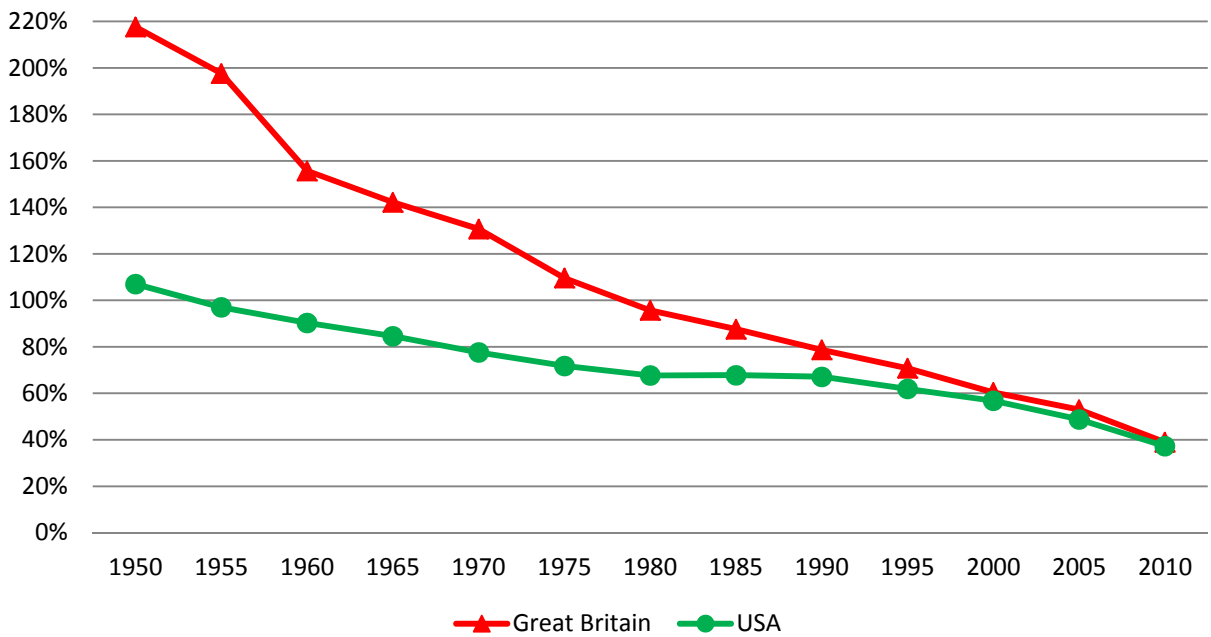
²¹ CRTC, News Release, “CRTC establishes a new approach to media ownership”, January 15, 2008.

²² Broadcasting Public Notice CRTC 2008-4, 15 January 2008, “Regulatory Policy: Diversity of Voices”, paragraph 66. (In the context of this policy, the CRTC also stated that “*The Globe and Mail* and the *National Post* will be considered as national newspapers in all markets.”)

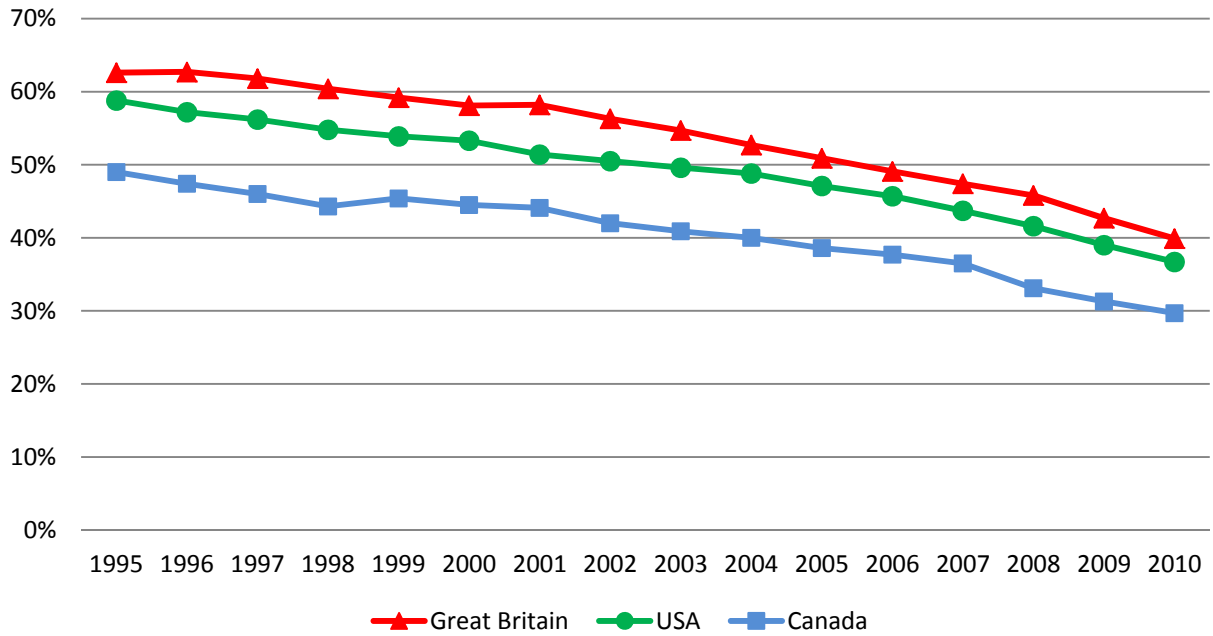
24. Total daily newspaper paid circulation as % of households, Canada, USA, and Great Britain's national dailies, 1950-2010



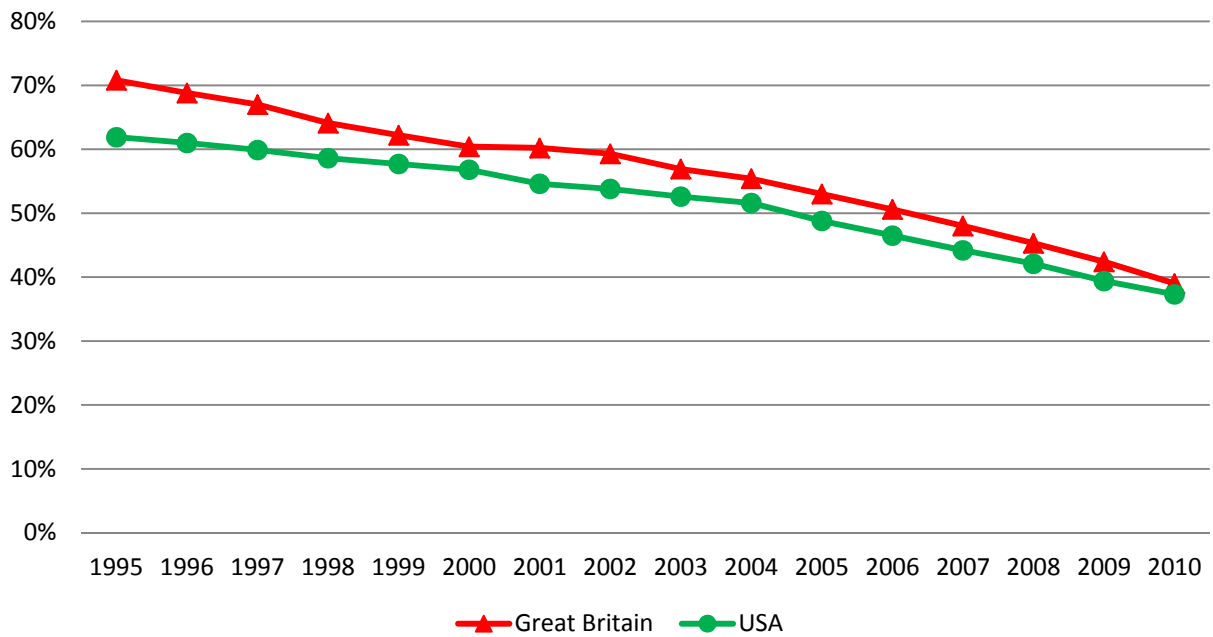
25. Total Sunday newspaper paid circulation as % of households, USA, and Great Britain's national Sunday newspapers, 1950-2010



26. Total daily newspaper paid circulation as % of households, Canada, USA, and Great Britain's national dailies, 1995-2010



27. Total Sunday newspaper paid circulation as % of households, USA, and Great Britain's national Sunday newspapers, 1995-2010



In the case of television, it was a question of shifting habits of how consumers spent their time. In the case of the Internet, it is that, and more – because the Internet enables reception of competing content from everywhere, and also enables the “unbundling” of the traditional newspaper package.

Responding to change

We believe it is not unfair to state that most newspapers in Canada, the U.S. and the U.K. have not yet crafted effective responses to the profound structural changes currently underway. Initially, there was too little recognition of the Internet’s ability to “unbundle” the newspaper package in addition to its potential to compete for time and attention.

More recently, a number of newspapers have focused on paywalls and platforms. But paywalls and platforms are not business models. They are, at best, transitional steps on the way to a new and very different business model. And, for general interest newspapers, there is a very real problem – as long as reasonable substitutes are free, charging for content will be difficult.

In the short term, it will be important to assess if it is reasonable to expect a plateau in circulation, and at what point that might occur – 30 per cent of households, 25 per cent, lower? And it will be important to assess what business plans make sense at those levels.

There will have to be a recognition that the daily newspaper industry, in its printed form, is likely to be smaller than it was even in the very recent past, and that there may be a further contraction in the number of daily newspapers.

One does not make that last comment lightly or with any pleasure. The idealized notion of competing voices is a good thing. But it is precisely because of the number of alternative competing voices, and consumer acceptance of those voices, that daily newspaper circulations are declining. Indeed, if the trends of the past 10 years continue for the next 10 years, and if there is no plateau, then daily newspaper circulations could fall to a level equivalent to 20-25 per cent of households by 2020.

Finally, all the suggestions enumerated above are not going to keep the print product in business forever. We hope the profitable life of that product continues for as long as possible; indeed, that extension may prove vital to maintaining brand value in an online environment.

But, ultimately, someday, the print product will be gone. And its replacement will not necessarily be the same number of local newspapers simply re-purposed into electronic formats. Because of the unbundling effect, it is at least possible that only a few major national or international newspaper “brands” will survive in electronic form, and that local news will come to be delivered by, and attached to, a variety of other online services.

For most daily newspapers in Canada, the U.S. and the U.K., that is a prospect that should focus their strategies.