The public policies of support to the magazines in question: the Canadian case in an economic globalization context of capital concentration and Internet development

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Abstract – In 2003, we made a research on the francophone and bilingual industry of magazines in Canada for the Department of Canadian Heritage. We had to analyze the market, identify the stakes and the challenges of this industry, evaluate what firms managers knew about the public policies in this sector and make proposals concerning the support measures. Within the framework of the conference of the Canadian Association of Communication (CCA), we wish to present the lessons which seemed most relevant to us, starting from the three following points. Firstly, the structures of the francophone and the anglophone magazines industries are extremely different from one another. Thus, the French-speaking market is located primarily in Quebec whereas the anglophone market is widely distributed in the country. In addition, as american competition is strong on the anglophone market, it plays a more secondary role in the case of the francophone market. Lastly, the industry of bilingual magazines also shows specific characteristics. Secondly, the term of « magazine » gathers extremely varied informational and cultural contents : from periodicals for a large public to religious magazines or publications for children who correspond to markets which present very different structures. Thirdly, some questions, in particular the « Canadian content », must be reconsidered in certain cases. For example, this concept is completely unknown in the sector of the scientific journals and is called into question by some persons in charge of cultural magazines who seek to privilege the concept of diversity in terms of contents while trying to propose « another » globalization. Consequently, it seems problematic to follow too uniform public policies of support and it seems important to reflect on it in a context characterized by globalization, concentration of capital and Internet development.
Les politiques publiques de soutien aux magazines en question : le cas canadien dans un contexte de mondialisation économique, de concentration du capital et de développement d’Internet

Résumé - En 2003, nous avons fait une recherche sur l’industrie des magazines en français et bilingues au Canada pour le Ministère du Patrimoine canadien. Nous devions analyser le marché, identifier les enjeux et les défis de cette industrie, évaluer la connaissance par les responsables d’entreprises des politiques publiques dans ce secteur et faire des propositions concernant les mesures de soutien. Dans le cadre du colloque de l’Association canadienne de communication (ACC), nous souhaitons présenter les enseignements qui nous ont semblé les plus pertinents à partir des trois points suivants. Premièrement, les structures de l’industrie des magazines en français et en anglais sont fort différentes l’une de l’autre. Ainsi, le marché francophone se situe essentiellement au Québec alors que le marché anglophone est réparti sur l’ensemble du territoire. Par ailleurs, si la concurrence étatsunienne est forte sur le marché anglophone, elle joue un rôle plus secondaire dans le cas du marché de langue française. Enfin, l’industrie des magazines bilingues présente également des caractéristiques spécifiques. Deuxièmement, le terme même de « magazine » rassemble des contenus informationnels et culturels fort variés : des périodiques pour un large aux magazines religieux et aux publications pour enfants qui correspondent à des marchés dont les structures présentent des différences non négligeables. Troisièmement, certaines questions, notamment le « contenu canadien », doivent être reconsiderées dans certains cas. Cette notion est par exemple complètement inconnue dans le secteur des revues scientifiques et est remise en cause par certains responsables de revues culturelles qui cherchent à privilégier la notion de diversité en termes de contenu en essayant de mettre en avant une « autre » mondialisation. En conséquence, il semble problématique de mener des politiques publiques de soutien trop uniformes et il semble important de s’interroger sur celles-ci dans un contexte de mondialisation économique, de concentration du capital et de développement d’Internet.

Text

In 2003, we carried out a research on the Francophone and bilingual magazines industry in Canada for Heritage Canada. We had to analyze the market, identify the stakes and challenges of that industry, evaluate the knowledge of the persons in charge of businesses on the public policies in the sector and make proposals in relation with the support measures.

1. Introduction

In this speech, I will present some lessons that I find the most pertinent. But before, I will give you some introductory facts. First of all, this research was done according to the politic economy of communication approach and particularly within the framework of the cultural industry theory. I principally kept in mind the following points: the uncertain use value of cultural products (the exchange is even uncertain after important promotion campaigns) ; the sometimes indirect links between the product and its price (the funding can be assured by other sources such as publicity and subsidies) ; the existence at the same time of very large and much more modest businesses,
this ones are especially present in the less lucrative sectors; the State role which supposedly is to protect the private property and to assure the economic viability of the sector.

In methodological terms, we used quantitative and qualitative approaches in parallel. The data for the quantitative analysis came from Statistics Canada. Sometimes, the work was hard because I had to work on the magazines though the statistic organization made reference to periodicals. The expression of “bilingual magazine” was also discussed. Finally, some provincial data about French language publications were seen as not very interesting because of their very low number outside Quebec and Ontario. The qualitative method was pertinent to identify the stakes and challenges and to evaluate the knowledge of the sector actors about the support tools put in place by the federal government and its agencies. The important thing was to understand the point of view of the actors considering that their strategies rest on their subjective knowledge. For that purpose, we did face-to-face semi-direct interviews which were completed by the use of the e-mail and the phone when it was needed. We contacted heads of professional associations, magazines editors, persons in charge of the subvention programs and others (such as journalists, researchers, Ministries collaborators)

Now I will present the lessons from the research.

2. A dynamic market, on the way to specialization, even concentration

In a general way, we noticed that the magazines market was rather dynamic during the second half of the nineties. The net creation was: 48 between 1998 and 1999, 33 between 1999 and 2000 and 20 between 2000 and 2001. In fact, not unlike all cultural products, the growth of the magazines sector is linked to the global economic results. On that subject, after the 9-11 attacks, the persons in charge of businesses were afraid that the economic crisis had negative effects on that dynamism. But, as we didn’t have access to data after 2001, we can only conclude that the second half of the nineties was propitious to the launching of new magazines, especially those in specialized areas. At the same moment, the advertising revenues were also rising and their importance is crucial to assure the existence of that industrial sector. We can clearly perceive this if we make a brief international comparison: it is in France, where there are some limits for the television diffusion of publicity (on the public channels, on some products), that the magazine industry is healthier. Not only because they have some advertising reserved for them, but also because the readers are used to pay a higher tariff for each number or for the subscription.

But let’s go back to Canada. After the growth and specialization period, we can ask ourselves if a concentration movement has occurred in the last few years. One firm, Quebecor, symbolizes by itself this tendency after buying Publicor and Trustar (who became Publications TVA). According to data from the Centre for the Study of Media, (CSM), Publications TVA was the biggest editor of Francophone magazines in Quebec, and Trustar controlled 77% of the magazine market and 48.9% of subscriptions at the time of the acquisition by TVA in 2000. On May 15th 2002, the direction of the Quebecor group announced the merge between Publicor and TVA Publications creating the number one press-magazine group in Quebec and the second one in Canada. At the web site, we can read that it is a natural alliance which offers a number of advantages, permitting economies of scale and benefiting from the strength of the TVA group.
Moreover, the Publicor contents complete and enrich those of the public service and varieties programs showing on TVA.

This horizontal, vertical and multimedia concentration is being looked after by some competitors who have not chosen this way. So, in the context of stronger competition between magazines, a crucial question emerges: that of publicity and marketing. The marketing efforts seem more important now, regarding announcers but also readers. Even if this information will have to be verified in the long run, the subject has been emphasized by a number of our interlocutors. Publicity is often exchanged by barter in Canada. This explains why media with a bigger broadcasting frequency, like daily newspapers, radio and television, and the web, have an important advantage when considered against magazines. What is more, some of our interlocutors have wondered about the possibility of making exchange-contracts with corporations that own media in all sectors.

3. Two markets, Francophone and Anglophone, with very different structures.

This tendency to capital concentration touches mostly Quebec. It is not the only difference between the Anglophone and Francophone markets. The distribution and edition market for publications in French is located mainly in Quebec, but the Anglophone homologue is located throughout the country. Outside Quebec, magazines in French are mainly distributed by mail, with kiosk sales being negligible. Even in Ottawa, the capital of an officially bilingual country, the share of publications in French is low, sometimes null.

Regarding edition, it is interesting to underline the fact that production and printing costs and redaction and conception costs are proportionally more important for publications in French than for the equivalents in English (production and printing: 33.9% of total costs for magazines in English and 39.5% for those in French in 1998-1999). This means that even if the francophone market is 3 times smaller, the magazines themselves have to include a minimum of contents. The number of pages of a typical magazine is the same in both cases. So, francophone magazine editors have to save on other type of costs like administration or publicity-marketing.

The distribution system is also different in Quebec. Magazines are more often sold in kiosks in Quebec than in the rest of the country. The number of sale points in Quebec is higher than in the rest of Canada. The bigger density of distributors in Quebec is due to the great number of «dépanneurs» who sell the magazines. Another difference, in Quebec, the management of circulation and publications made to sell is done in a targeted way. Statistics concerning real sales are taken by sales point while in the rest of Canada and the United States, targeting concerns only the regional level. In consequence, the rate of sales to circulation is 60% in Quebec and 40% in the rest of North America. This bigger efficiency is thought to be important in the French-speaking province because production costs for magazines are proportionally more important. This model is followed with interest but cannot be copied in the rest of the continent because local distributors have a more important role in Quebec. In this province, the main national distributor, Benjamin, also plays a local distribution role, which allows the integration of logistics and commercial operations. So, if we consider two similar magazines, Coup de pouce and Canadian Living, edited by the same group, Transcontinental, the sales rate have a 10% difference but their editor is satisfied in both cases.
Moreover, if the American competition is strong in the Anglophone market, it is less important in the case of the Francophone market for a number of reasons. The language is always showed as the main reason in the analyses. However, this is only partially true. In general, French is in fact a barrier but it is only relative in the cases of the bilingual and well-to-do population. Besides, people can also be interested by European publications, i.e. French publications. This can explain that for Rogers Media magazines like *L’Actualité* and *Châtelaine*, the competition comes both from the South and the East. That being said, we have to underline an argument that pleads for the magazine market protection in Quebec. A number of them, mainly those that are seen as popular, have contents largely based in show business. In Quebec, the starts promoted by the cultural industries are local while it is not the case in the rest of the country where the stars are almost exclusively American. That is why Anglophones will be tempted to buy American magazines. This will not happen in Quebec with French publications because the star-system is too different in France.

The ensemble of these elements leads us to conclude that the difference between the Anglophone and Francophone markets are so important that the use of common policies is questionable. These differences tend to become more important given that French-speaking population outside Quebec is decreasing (with the possible exception of the Acadian Peninsula).

4. The magazine: a very multi shaped reality.

The editors of the most important publication stress that the editing phase of the contents is always dangerous, that it is often undertaken by small groups and that the artisan dimension is always present at that stage. The small editors have a different discourse, stressing their permanent financial difficulties and the necessity of assuring the survival in a day-to-day basis. We understand that these are very different points of view but the word “magazine” refers to very different realities. The differentiation criteria are numerous: the frequency of publication, the average circulation, the place of publication, the general or topical content, the lucrative or non-lucrative object of the publication, etc. The situations vary from *L’Actualité*, edited in Montreal by the Rogers group, with an average of 185,000 copies, to *Le Moustique*, edited by a French-Colombian from the Vancouver Island and distributed to its 110 subscribers.

One of the oldest markets is that of religious publications. It is in crisis and cannot count on public help. Nevertheless, those responsible for the Canadian Association of Catholic Periodicals believe that they do not publish material that could only be considered as internal information tools. They stress that they also study general interest subjects present in the public debate and that they also create jobs. However, the survival of the religious publications itself is in danger without financial aid given the fact that they are often available through a low price subscription.

Another market, that of magazine for teenagers and children, is distinguished by the presence of only one Canadian editor in the Francophone side, the Boyard Canada group, belonging to a religious community, the “pères assomptionnistes”.

Both magazines in French for the youngest kids, *Pomme d’api* for children from 3 to 7, and *J’aime lire* for those between 7 and 10 are French imports with adaptation, while the other two, targeting older kids, *Les Débrouillards* and *Les Explorateurs* are created in Canada. Unlike the religious publications market, this one could benefit from a very important potential
development, the penetration rate for the targeted population being only 6%. In this case, the problem comes from the fact that, in Canada, parents are not used to subscribe their children to publications.

The Science Reviews are another market. The word “magazine” is never used when referring to them. There are approximately 200 in Canada, 50 of which are in French, mainly edited in Quebec. They all benefit from subsidies that allow them to exist. Clearly the objective consists of spreading the results of research without looking for commercialization. All the decisions, from the financing to contents, are taken by committees formed by pairs representing also the readers.

There is also the community magazines market, which refer to locally produced contents, by non-lucrative organizations. A publication like Recto Verso, which reaches all of Quebec and has contents open to all kinds of subjects, is an exception.

Regarding publications in minorities, they show yet another reality. Much like Le Moustique from British Columbia, it can be a publication edited by only one person and distributed to her family, friends, neighbors and more.

Regarding le Toit du Monde, it is the only French language magazine dedicated to Northern Canada. For those discovering that region of the globe, reading this magazine means often learning that French is spoken in the Northern Territories in Canada. However, its financial viability is fragile because it can only count on a subsidy from the association that supports it. Its Director admits that he has never had the time to ask for subsidies to other institutions, like Heritage Canada.

Finally, the bilingual magazines market also presents special characteristics. Leaving aside the fact that the definition of a bilingual magazine in itself can pose a problem- is it a magazine that is fully written in both languages? Is one part of the magazine written in one language and another in the other language? Is it a magazine that exists in both languages? Is it a magazine written in one language with a part of it written in the other but summarized? -we have found that this market includes a number of publications linked to organizations. This is probably why the main editing place is Ontario, where the majority of the bilingual associations are located. These magazines are essentially distributed by subscription, the kiosk sales being negligible. The share of expenses destined to marketing activities is also small because the targeted readers, for instance the members of an association, are easily identifiable. However, printing can have big costs, if it is the case of a fully bilingual publication. That is the case with Wood/Le Bois, the Canadian Wood Counsel magazine. In fact, the economics of bilingual magazines joins that of the associations.

5. Support measures in debate

Regarding federal government support to the magazine industry, the Publications Aid Program (PAP) is considered as a positive one, mainly by Francophone magazines which are in part distributed by mail outside Quebec.
In such a case, this way of distribution becomes crucial, and if there is a critique to be made, it concerns the high price of Post Canada.

On the other hand, the Canadian Fund for Magazines has been criticized a lot. A number of small editors find that it is regrettable that big corporations can receive subsidies from Heritage Canada while contents often lack of a cultural dimension. The weeklies Le Lundi and Les Affaires, who have obtained important financial help, are examples of it. They even ask Heritage Canada to inquire on contents before giving financial help. Only one person has told us that verifying editorial contents can also be a way of controlling compromising freedom of expression though. A lot of small editors have also asked that subsidies finance less projects and more operating costs, which are generally put aside at the moment. The present way of financing contributes to launching new projects but they can only last a couple of years, due to the lack of stable financing. Developing help given on a number of years would allow hiring collaborators which could lead to give more importance to the long run, which is impossible to do nowadays. It is now generally agreed that it is necessary to simplify the work needed to fill the requests.

Regarding subsidies, we have touched a very interesting subject: “the Canadian content”. Because it does not have 80% of Canadian content, Parachute cannot obtain financing from Heritage Canada. Those responsible for the editing firm regret the situation explaining that their publication is an international one, not only concerning contents but also circulation. In consequence, even if only half of the publication is dedicated to Canadian artists, it allows them to reach readers form other countries. The Arts Counsel of Canada has decided that Canadian contents do not need to be a selection criterion. The Arts and Letters Counsel of Quebec has no law or rule to follow regarding Quebec content but its position seems more traditional. The evaluators can issue recommendations and notifications if the Quebec coverage seems insufficient. Those editors who would choose contents with an important part of international issues could then see their subsidies cut in the coming years.

We have noticed the total lack of help to Canadian magazines exports. Heritage Canada and the Ministry of Foreign Affairs and International Trade have notified us about the lack of such programs. In Paris, the person in charge of arts and screen at the Canadian Cultural Centre has mentioned distribution projects but without any success. There are even problems regarding the arrival of subscriptions. She concludes stressing that it would be interesting to think about parallel distribution circuits. However, we have to say that exports are evidently not a priority for most of the editors. Inside an important group like Rogers Media, they claim to have subscribers in 70 different countries but they are mainly Canadian people abroad. However, it seems impossible to think about an exports campaign, even in a country like France, because the sizes of markets are very different. So, printing and sending to countries like France would mean huge costs impossible to support for the Canadian industry. Moreover, the launching of Over Atlantic products would need the free distribution of an important number of copies making it impossible to receive subsidies from Heritage Canada which only finances sales. Finally, many editors have told us that they were too busy by survival issues to even think about exports.

6. Some questions to conclude.
The main teachings being presented, what to retain in conclusion to this research?
First, we have to follow up closely for the years to come if, in a mergers and buy-ins context leading to the creation of multimedia groups, the tendency will be to follow the temptation to industrialize the redaction of contents phase, favoring mainly the creation of multimedia products.

Secondly, in a context of strong pressure, mainly from the United States with the Free Trade Agreement of the Americas and the World Trade Organization, will the Canadian political authorities continue to work for a specific place for cultural industries?

Third, regarding financial help, it will be interesting to see what the notion of « Canadian content » will become, with the promotion of the notion of « cultural diversity » which stresses the opening of borders on a basis other than that of the free flow of information. Is “Canadian content” compatible with political and cultural globalization? In the case of Scientific publications, researchers publish abroad and our homologues form other countries publish here.

Fourth, we can once again wonder- it is not the first time in the history of media in Canada- about the lack of importance given to the Francophone market differences. Isn’t it revealing that the main organization regrouping editors, the Canadian Magazines Publishers Association does not mention one publication in French? And isn’t the fact that Heritage Canada has asked us to do a research on French language magazine industry at the last minute (after realizing that all precedent studies done in a Canadian scale had all finished by almost ignoring the Francophone reality of the country) edifying? In fact, and I will finish by a disturbing note, from a very subjective point of view- having immigrated into Canada 9 years ago- it seems to me that a lot of members of the Canadian media think of Quebec as already independent! I think that this question has to interpellate us into the Canadian Association of Communication. On this statement-question, I thank you all for your attention.