

**Structural change in the Canadian commercial radio market:  
Implications for public policy**

PREPARED FOR THE CANADIAN ASSOCIATION OF BROADCASTERS

**In 2025, private radio in Canada will mark its 105<sup>th</sup> year of operation – at a time of profound technological and structural change**

On May 20, 2020, Canada Post issued a commemorative stamp to mark the 100<sup>th</sup> anniversary of radio broadcasting in Canada:



The Canada Post news release also noted one of radio’s most important contributions:  
***“Technology brought live news and entertainment into people’s homes”.***

Since those early beginnings, Canada’s private radio broadcasters have played a vital role in connecting local journalism to the citizens of the communities they serve.

And the history of that role in communities across Canada now helps to inform the framework for ongoing considerations of the appropriate responses to further technological and structural changes.

## **Key indicators**

- According to Statistics Canada, Canadian private commercial radio stations have seen decreases in revenue, from \$1.53 billion in 2017 to \$1.11 billion in 2023.
- Over the same period (2017-2023), their profitability (PBIT margin) has declined significantly, from 18.7% to 4.7%.
- Industry tracking data for the 2024 broadcast year indicate that revenue continues to be flat or down.
- Industry tracking data for the first four months of the 2025 broadcast year indicate further declines in revenue.
- According to custom tabulations from Statistics Canada (prepared for Communications Management Inc.), in 2023, 44 per cent of private radio stations in Canada had negative PBIT margins. Within that total, 182 stations had profitability levels lower than negative 20 per cent, indicating a risk of closure or significant cutbacks.

## **Past, present, and future**

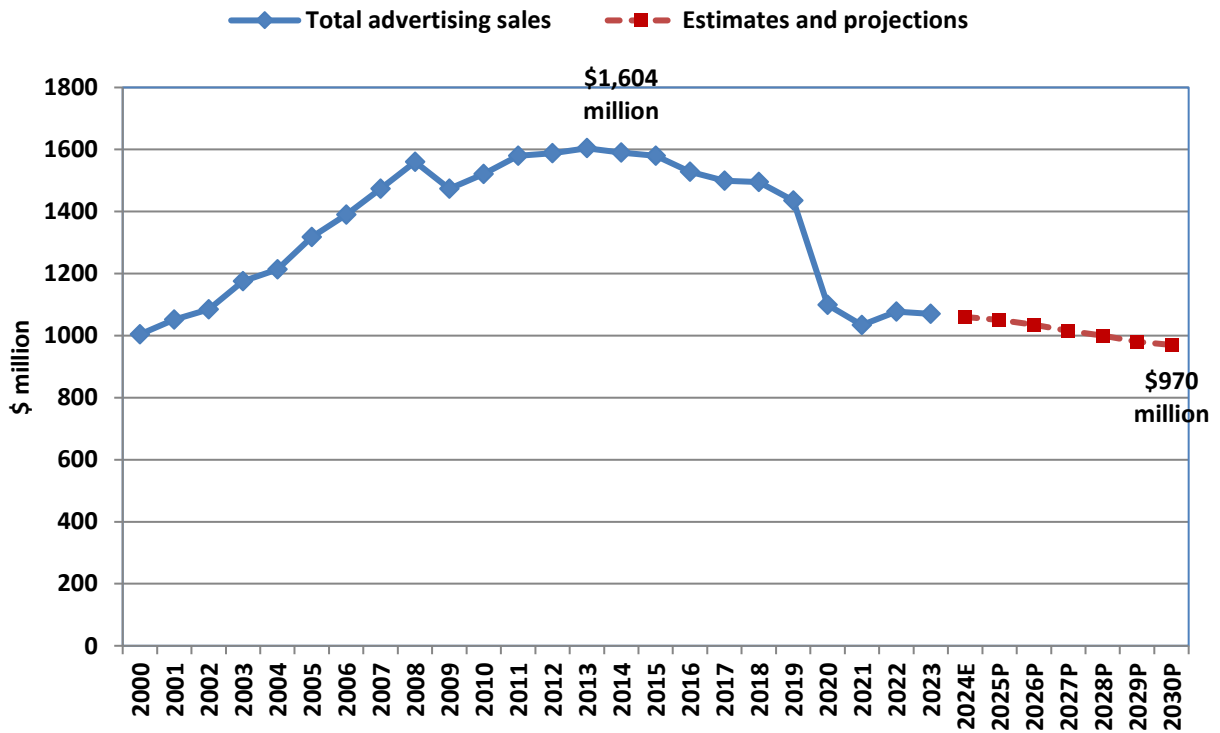
This Research Note has been prepared for the Canadian Association of Broadcasters, to provide the most up-to-date economic data for private commercial radio, in three key areas:

1. A review of the major economic and structural trends that had begun to emerge in the early part of the 21<sup>st</sup> Century, prior to the pandemic-related impacts;
2. A review of the latest available data from Statistics Canada, the CRTC, and other sources, on the actual economic performance of private radio in the most recent years for which data are available; and
3. Projections for private radio advertising revenues to 2030.

To “set the scene”, Figure 1 summarizes the trends in total private radio advertising sales in Canada, using actual data for 2000-2023, and estimated and projected data to 2030.

As can be seen in Figure 1, the shape of the recent and anticipated radio advertising sales curve – the overwhelming source of private radio’s revenue – appeared to follow a growth pattern until peaking in about 2013, but then flattened prior to the pandemic.

**Figure 1.**  
Trends in total private radio advertising sales, Canada, actual data 2000-2023, and estimated and projected data to 2030:



SOURCE: Statistics Canada; Communications Management Inc.

As will be outlined below, that growth pattern may be related to a number of structural and economic changes that have affected the advertising market in general, and radio in particular.

**The evolution of the advertising market and the audio market from 2005 to today**

Commercial radio competes in two overlapping markets:

1. The Canadian advertising market (versus other advertising options); and
2. The audio market (versus other audio options).

Market share comparisons are presented here for both, starting with the Canadian advertising market. At the outset, however, it is useful to understand the structural changes that have led to those changing market shares.

**Factors influencing changing shares in the advertising market**

Traditionally, reaching the right audience in the right place has been among the most important considerations, and that remains true today. However, in changing the nature of retail itself, the

Internet has not only added multiple additional competitors for advertising dollars, it has also altered the sequence in which advertising is purchased.

In some cases, that means that part of an advertiser’s budget might be “pre-spent” (and linked to online activities), earlier in the marketing planning process than the planning for traditional media advertising.

In other cases, traditional “media” (like radio) might find themselves competing against “retail media” – advertising vehicles linked online and/or instore for major retailers.

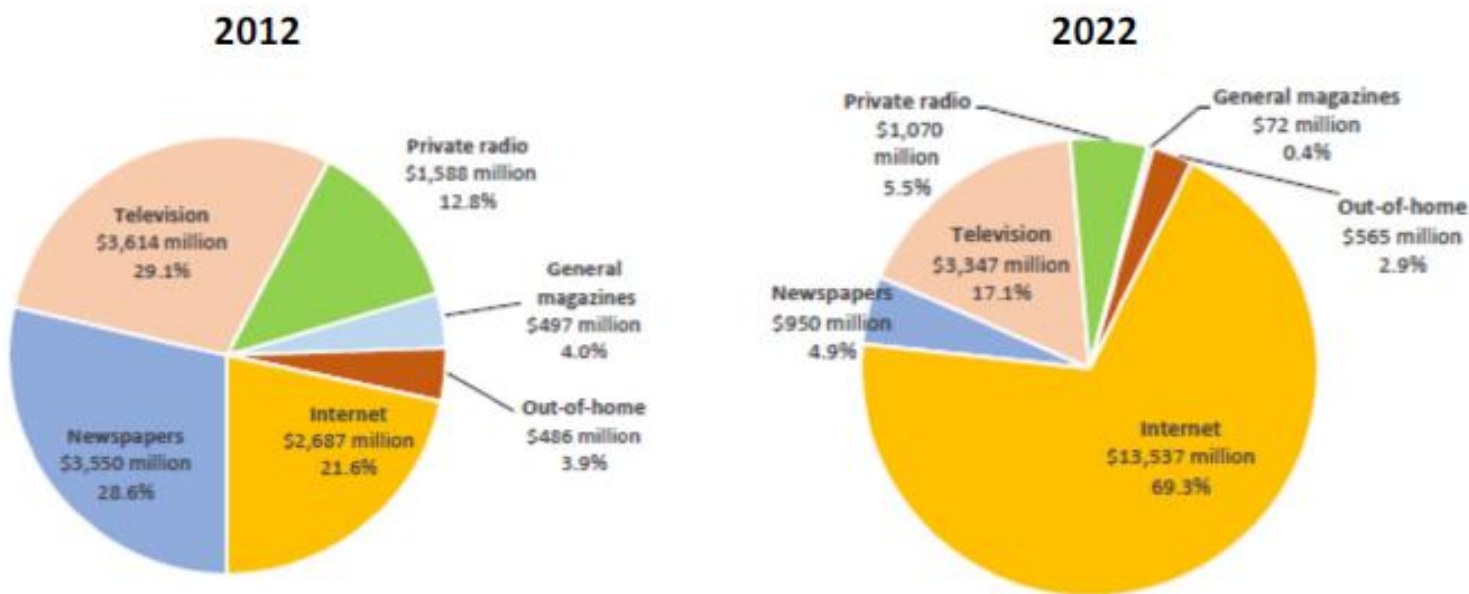
Thus, while commercial radio still delivers meaningful audiences, the combination of new advertising choices and the change of purchasing sequence appears to have impacted radio advertising sales more than tuning measurements alone.

### Shares of the Canadian advertising market, by media – 2012 and 2022

To indicate radio’s changing share, we have presented the data in Figure 2. (Data for some of the non-broadcast media are only publicly-available up to 2022.)

*(Note: In order to be able to compare the data over time, we selected the main advertising media for which data were consistently available. Note also that the data for “newspapers” include daily and community newspapers.)*

**Figure 2.**  
Advertising market shares for selected media, Canada, 2012 and 2022:



**ESTIMATED SHARE OF TOTAL ADVERTISING PLACED IN NON-CANADIAN MEDIA:**  
**2012: 16%**  
**2022: 52%**

SOURCE: ThinkTV; Statistics Canada; Communications Management Inc.

As can be seen in Figure 2, the changes in market shares from 2012 to 2022 are significant:

- Internet advertising jumped from 21.6 per cent to 69.3 per cent;
- Advertising on private radio stations fell from 12.8 per cent to 5.5 per cent;
- Print media (newspapers and magazines) advertising fell from 32.6 per cent to 5.2 per cent; and
- Television advertising fell from 29.1 per cent to 17.1 per cent.

Figure 2 also includes data for the “estimated share of total advertising placed in non-Canadian media” in 2012 (16 per cent) and 2022 (52 per cent). Those calculations refer to the totals for the advertising in each of the two years, not just the Internet-related portions, and they provide an additional illustration of how the growth of Internet-based alternatives has impacted the total Canadian advertising market.

### **Shares of the Canadian audio market – 2005 and 2023**

In Figure 3A (for 2005) and Figure 3B (for 2023), we have summarized the main components that make up the Canadian audio market. *(Note: We have developed estimates for the main components in the relevant market. It should be noted that there may be some smaller components that have not been included. For example, although less than in 2005, there were still sales of physical recorded music in 2023. On the other hand, podcasting was a much smaller part of the audio market in 2005 than it is today.)*

The data indicate that commercial radio’s share of the Canadian audio market was as follows for the selected years:

- 2005 74.8 %
- 2023 42.5 %

(In defining the audio market, we took note of the definition of “relevant market” from the European Union: “A relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the products’ characteristics, their prices and their intended use.”<sup>1</sup>)

The changing shares within the audio market reflect the fact that more content is available from more sources than ever before, but that also has implications for how programmers structure formats within their operations.

If we link the market shares to the question of station formats, we see that the audio market is evolving toward an environment in which formats might be less fixed than in the past. In other words, station programmers will likely require greater flexibility and fewer restrictions, to allow radio formats to respond more effectively to increasing competition from unregulated sources.

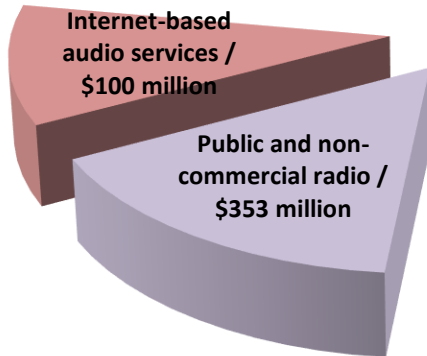
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<sup>1</sup> *Official Journal of the European Communities*, “Commission Notice on the definition of relevant market for the purposes of Community competition law” (97/C 372/03), 9 December 1997 [accessed online at <http://eur-lex.europa.eu>].

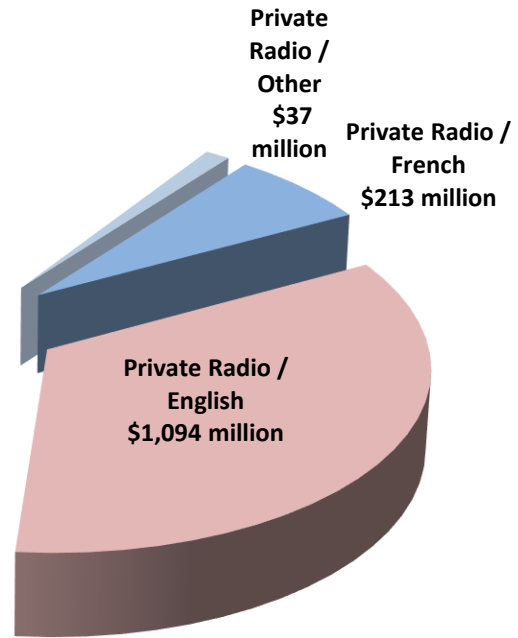
**Figure 3A.**  
The Canadian audio market in 2005:<sup>2</sup>

[TOTAL RELEVANT MARKET: **\$1,797 MILLION**]

OTHER AUDIO: **\$453 MILLION**  
(25.2% OF TOTAL RELEVANT MARKET)



PRIVATE RADIO: **\$1,344 MILLION**  
(74.8% OF TOTAL RELEVANT MARKET)

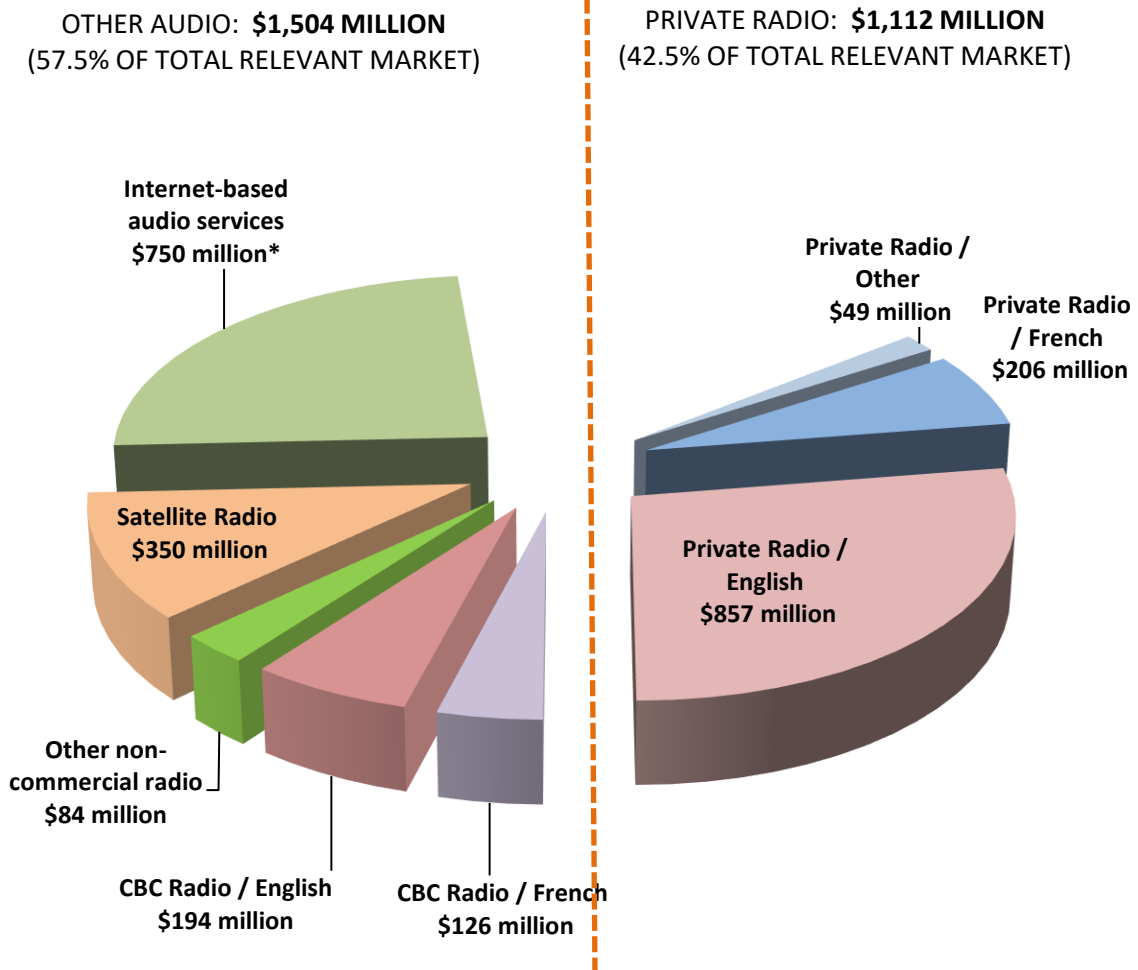


SOURCE: CRTC; Statistics Canada; Communications Management Inc.

<sup>2</sup> Based on total operating revenues for the components shown.

**Figure 3B.**  
The Canadian audio market in 2023:<sup>3</sup>

[TOTAL RELEVANT MARKET: \$2,616 MILLION]



\* Estimated, based on CRTC and other sources

SOURCE: CRTC; Statistics Canada; Communications Management Inc.

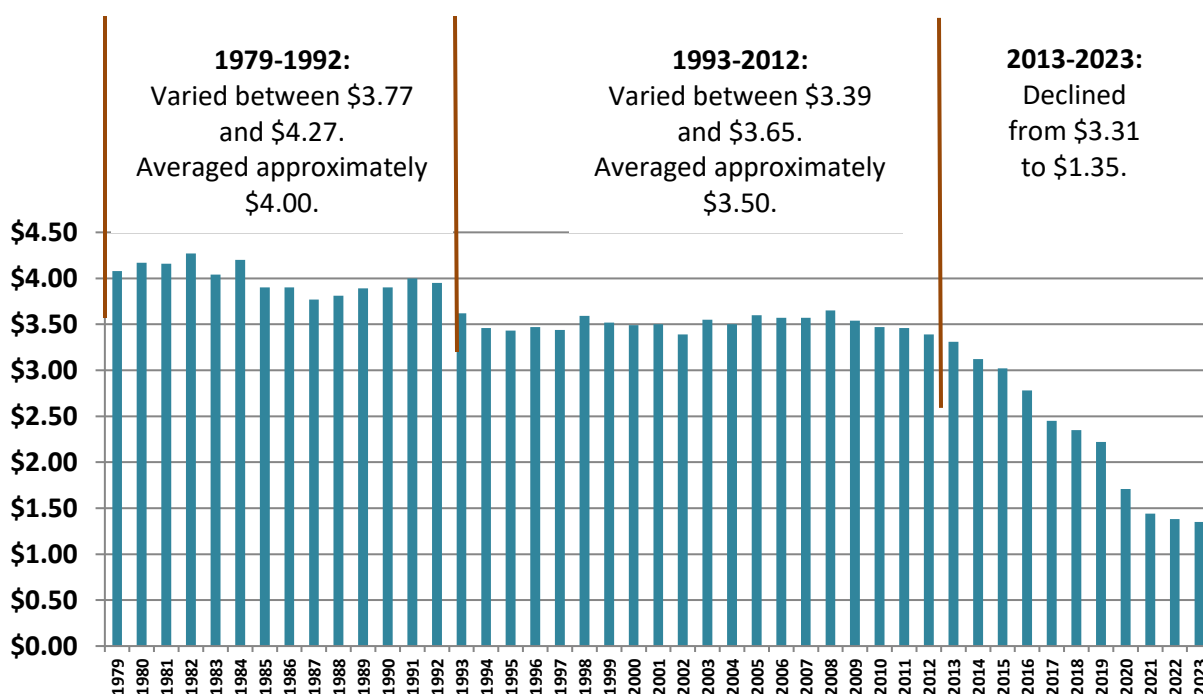
<sup>3</sup> Based on total operating revenues for the components shown.

## The changing relationship between retail trade and radio advertising revenues

As a result of increasing competition for tuning, increasing competition for advertising dollars, and the changing sequence in which advertising is purchased, Canadian commercial radio's historical link to retail trade has been significantly impacted – resulting in a structural decline in radio advertising revenues.

The changes are summarized in Figure 4.

**Figure 4.**  
Private radio advertising revenues per \$1,000 of retail trade, Canada, 1979-2023:



SOURCE: Statistics Canada; Communications Management Inc.

As indicated in Figure 4, in 2005, commercial radio advertising in Canada was equivalent to \$3.60 per \$1,000 of retail trade.

In 2019, commercial radio advertising in Canada totalled \$1.435 billion, or \$2.22 per \$1,000 of retail trade. Had the link between radio advertising and retail trade been the same in 2019 as it was in 2005, the advertising revenue in 2019 would have been \$2.330 billion – \$895 million higher than it actually was.

In 2023, commercial radio advertising in Canada totalled \$1.070 billion, or \$1.35 per \$1,000 of retail trade. Had the link between radio advertising and retail trade been the same in 2023 as it was in 2005, the advertising revenue in 2023 would have been \$2.850 billion – \$1.780 billion higher than it actually was.



These data provide a graphic example of the structural change in the radio industry:

1. First, the changes in the radio advertising / retail trade link; and
2. Second, the additional impact of the pandemic on making the shortfall even deeper.

The fact that there was already a significant shortfall in the radio advertising / retail trade link before the pandemic should be seen as a caution against assuming that, once the pandemic effects have passed, then things will get back to something resembling the “old normal”.

### **Predicting radio’s advertising revenues to 2030**

In Figure 1, we have summarized our projections for commercial radio advertising revenues in Canada, to 2030.

The projections are based on the latest available data, including:

- The trends in the link between radio advertising and retail sales;
- Industry data up to 2023 from the CRTC and Statistics Canada;
- Radio industry advertising sales tracking data for the broadcast year ending August 31, 2024, and for the first four months of the 2025 broadcast year;
- Other data from the CRTC and Statistics Canada.

As indicated in Figure 1, the current projections indicate that Canadian private commercial radio advertising will total just under a billion dollars in 2030, a decrease of about \$600 million (or 37 per cent) from the actual total in 2013.

And that, in turn, poses risks to system viability/profitability, and to the level of contributions that might be anticipated.

## **Commercial radio’s contributions to society and the economy**

As we know, commercial radio makes a wide variety of contributions to our society, and to the economy, including, but not limited to:

- News and community information
- Copyright payments for the use of music
- Canadian Content Development contributions
- “Multiplier” effects on the broader economy, in terms of incomes and employment
- Stimulative effects on retail trade

While some of those contributions are required by regulation, many flow naturally from the nature of the relationship between local radio stations and their communities. We have estimated that Canadian content of all types accounts for the great majority of spending on programming and production by Canada’s commercial radio stations.<sup>4</sup>

### **Commercial radio spending on News and Information in 2023**

While the CRTC reports annually on the spending by television on News, the reporting for radio appears to cover only part of the spending on News, and does not cover all stations.

In early 2021, the Canadian Association of Broadcasters conducted a survey that yielded results for 573 private radio stations. We have been able to use the results of the CAB survey, along with data from Statistics Canada, to estimate the spending by private radio stations on news and information.

We know that news and information on radio extend beyond scheduled newscasts, and make up a significant part of radio’s overall spoken word content. In the CAB survey, respondents were asked to estimate the percentage of their spoken word content that could be considered news and information. The answer: 47 per cent.

And, according to a custom tabulation from Statistics Canada, in 2023, private radio in Canada paid out remuneration of \$292.2 million in the Programming function. If we accept the broader definition of news and information outlined above, then we believe it is not unreasonable to suggest that 47 per cent of that total could be attributed to news – news in formal newscasts, and news and community information within other spoken word programming.

Thus, an approximate estimate of private radio’s economic contribution to news and information in 2023 would be 47 per cent of \$292.2 million, or \$137.3 million. Clearly, that is an estimate, but we believe it is a fair indicator of private radio’s economic contribution to providing news and community information to its listeners.

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<sup>4</sup> According to Statistics Canada, in 2023, private radio stations spent more than \$426 million on operating expenses in the “Programming and Production” category. As noted above, about one-third of that was spent on news and community information.

## **“Stations at risk”**

If the changing structure of the radio industry threatens the viability of some stations, then we must be concerned that the level of those important contributions will be more difficult to maintain.

Since the early months of the pandemic, there has been concern that a number of stations might be at risk of closing. To maintain service, radio stations have responded in a variety of ways:

- Ownership groups using profitable stations to help support non-profitable stations;
- Pandemic assistance programs;
- Staff reductions and sharing of resources to help keep stations operating (according to Statistics Canada, the number of employees in private radio in Canada was 10,521 in 2011, falling to 8,348 in 2019, and 6,781 in 2023).

But those remedies are not unlimited in either scope or duration, and some station closures have occurred:

- If revenues and profits decline, there is less opportunity for internal cross-subsidy;
- Pandemic assistance programs do not continue indefinitely;
- Stations have attempted to manage necessary staff contractions with less impact on programming functions, compared, for example, to administration – but that, too, has limits.

Thus, it is also useful to try to estimate the number of radio stations that might be “at risk” from the ongoing structural changes. To do so, we have used Statistics Canada data to track the profit before interest and taxes (PBIT) of private stations, and the results for 2023 are summarized in Table 1.

When the PBIT data for private radio stations are reviewed over time, we find that private radio’s overall PBIT percentage in 2023 was 4.7 per cent, which is a reduction from the PBIT percentage of 17.1 per cent realized in 2019.

Within the overall 2023 totals, there were more than 180 private stations with a PBIT percentage of -20 per cent or worse, and it may be appropriate to consider stations in that category to be “at risk”.

**Table 1.**

Private radio by total operating revenue, PBIT, and by groups of stations within selected ranges of positive and negative PBIT, Canada, **2023**:

<b>2023 DATA: (Statistics Canada)</b>	<b>Number of stations</b>	<b>Total operating revenue (\$'000)</b>	<b>Profit before interest and taxes (PBIT) (\$'000)</b>	<b>PBIT as % of total operating revenue</b>
<b>Total private radio stations</b>	<b>747</b>	<b>1,111,840</b>	<b>52,228</b>	<b>4.7%</b>
Private FM stations	628	927,297	75,992	8.2%
Private AM stations	119	184,543	-23,763	-12.9%
<b><i>Stations grouped by PBIT as % of total operating revenue:</i></b>				
+20% or greater	180	361,442	110,120	30.5%
10% up to 20%	119	196,595	28,591	14.5%
0% up to 10%	116	216,627	10,950	5.1%
-10% up to 0%	93	118,291	-6,510	-5.5%
-20% up to -10%	57	62,996	-9,438	-15.0%
<b>['AT RISK'] -20% or worse</b>	<b>182</b>	<b>155,888</b>	<b>-81,484</b>	<b>-52.3%</b>
<b><i>Total stations with negative PBIT</i></b>	<b>332</b>			

SOURCE: Statistics Canada.

### **Implications for public policy:**

#### **Finding the right balance between viability, sustainability, and public service**

The trend data presented on the preceding pages clearly indicate that commercial radio in Canada is continuing to undergo significant structural changes, and that those changes are affecting the industry's revenue and profitability.

In presenting the data in this Research Note, it is our hope that we can help create an updated context for the discussion of "next steps" in the policy development process – steps that will build on private radio's long history of community service to ensure continued viability and sustainability.