

Description of the Market Structure

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1 Data Updates:

In the previous reports, only the newspapers that were present in both the circulation and advertising datasets were included. However, for a more comprehensive analysis, the data has now been merged by performing an outer join on the two datasets. This ensures the inclusion of all newspapers that are present in either the circulation dataset or the advertising dataset, or both.

There are newspapers in the circulation dataset that are not included in the advertising dataset, and vice versa. Consequently, some newspapers lack advertising rates, while others lack circulation data. Nonetheless, including all newspapers is preferable when counting the number of newspapers in each Census Subdivision before and after the newspaper swap, as it ensures a broader range of newspapers is covered and reduces the likelihood of overlooking important ones.

Some of the newspapers swapped were dailies, and initially, they were not covered in either the advertising or circulation datasets. To ensure their inclusion in the analysis, these dailies were manually added to the dataset as part of the newspaper swap. This results in a more comprehensive representation of the newspaper landscape for the analysis, although it may be more appropriate to exclude these dailies when studying circulations, considering their potentially different business model.

Furthermore, some unusual addresses provided as circulation areas for certain observations in the data were manually corrected. Upon investigation, it appears that some of these addresses may be vague directions of a city, for example (northeast should be interpreted as the northeastern suburb of the city where the newspaper mainly circulates, while GPS located it somewhere in the center of northeast Ontario). These corrections impact the latitude and longitude coordinates of the circulation areas, thereby affecting the Census Subdivisions impacted by the newspaper swap.

After these corrections were made, a total of 33 Census Subdivisions are now affected by the newspaper swap.

The dataset now includes 625 newspaper editions, out of which 53 editions have been swapped, and 119 editions are affected by the swap as they circulate in the impacted census subdivisions. In terms of distinct newspapers, there are 490 newspapers covered in the dataset, with 39 of them being swapped and 95 newspapers being affected by the swap. It is worth noting that the two commuter newspapers that were swapped have been excluded from this count, as one of the commuter newspapers is not in Ontario, and they appear to be treated as separate entities from community newspapers according to the news reports covering the swap event.

2 Market Structure Change of The Affected Census Subdivisions:

In order to assess whether Metroland or Postmedia are avoiding competition, an analysis was conducted for each impacted census subdivision, counting the number of newspapers owned by Metroland, Postmedia, and other companies before and after the swap in these markets. The inference of newspaper existence is based on observations, so it is possible for newspapers to operate in a market without being observed in the data.

For example, based on the available data, it is indicated that Postmedia does not own any newspapers in the Ottawa census subdivision, both before and after the swap. However, news reports about the swap event suggest that Postmedia does own some newspapers in Ottawa, even though they are not included in the dataset. This discrepancy could be because these newspapers are not members of News Media Canada. Therefore, the interpretation of the analysis needs some caution.

Nevertheless, the data does indicate some evidence of the two companies avoiding competition. In many census subdivisions, there is only one newspaper operated by each company. After the swap, these markets are left with either Postmedia or Metroland as the sole operator. While this pattern is observed in many markets, it is not always the case. Some markets initially have only one newspaper owned by one of the two companies, but after the swap, neither company remains active in the market. Additionally, there are instances where certain markets have multiple newspapers owned by one of the two companies. Detailed information can be found in Table 1.

When the CEOs of the two companies discussed the newspaper swap, their intention may have been to reduce market contact in a general sense, rather than focusing on each specific census subdivision or completely avoiding market contact. This could be one possibility explaining why it is not consistently the case that each market has two newspapers operating, with only one company remaining after the swap. To further verify this, a similar analysis was conducted using census divisions as the market definition, as census divisions are larger in size. Although both definitions show evidence of avoiding market contact, it appears that defining markets as census subdivisions provides a better representation of the avoidance of market contact.

CSDs	Before Swap			After Swap		
	Others	metroland	postmedia	Others	metroland	postmedia
Alnwick/Haldimand	0	0	1	0	0	0
Barrie	1	1	1	1	1	0
Belleville	1	1	1	1	0	1
Bradford West Gwillimbury	0	1	1	0	1	0
Brantford	0	1	1	0	0	1
Brockville	1	1	0	1	0	0
Cobourg	0	1	1	0	1	0
Collingwood	0	1	1	0	1	0
Cramahe	0	1	1	0	1	0
Fort Erie	0	1	1	0	1	0
Innisfil	0	1	1	0	1	0
Kingston	1	1	1	1	0	1
London	3	1	1	4	0	1
Meaford	1	1	0	1	0	0
Niagara-on-the-Lake	0	1	1	0	1	0
Norfolk County	2	1	1	2	0	1
Orillia	1	1	1	1	1	0
Ottawa	5	8	0	9	0	0
Pelham	2	1	2	2	2	0
Peterborough	1	1	1	1	2	0
Port Colborne	0	1	1	0	1	0
Port Hope	0	1	1	0	1	0
Quinte West	2	1	1	2	0	1
South Frontenac	0	1	1	0	0	1
South Huron	0	2	0	0	0	2
Southwold	0	1	0	0	0	0
St. Catharines	1	0	1	1	1	0
St. Marys	1	2	0	1	0	0
St. Thomas	0	1	0	0	0	0
Stirling-Rawdon	0	1	0	0	0	0
Stratford	0	1	1	0	0	1
Thorold	0	0	1	0	0	0
Welland	1	0	1	1	1	0
Sum of Each Column	24	38	26	29	17	10

Table 1: Market Structure: Number of Newspapers Owned by Metroland, Postmedia, and Other Companies Before and After the Swap for Each Census Subdivision Affected by the Newspaper Swap

CDs	Before Swap			After Swap		
	Others	metroland	postmedia	Others	metroland	postmedia
Brant	1	1	2	1	0	2
Elgin	2	1	1	1	0	1
Frontenac	2	2	1	2	0	1
Grey	3	1	0	3	0	0
Haldimand-Norfolk	4	2	1	4	1	1
Hastings	7	3	2	7	0	2
Huron	1	3	4	1	1	6
Leeds and Grenville	4	2	1	4	1	1
Middlesex	6	1	2	8	0	2
Niagara	5	5	8	5	8	0
Northumberland	0	3	1	0	2	0
Ottawa	5	8	0	9	0	0
Perth	2	6	2	2	3	2
Peterborough	3	1	1	3	2	0
Simcoe	9	8	6	9	8	1
Sum of Each Column	54	47	32	59	26	19

Table 2: Market Structure: Number of Newspapers Owned by Metroland, Postmedia, and Other Companies Before and After the Swap for Each Census Division Affected by the Newspaper Swap