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PUBLISHER'S NOTES

Of stars and stripes and the end of Canadian publishing as we know it



STRUCK DOWN RECENTLY BY A BODY-WRENCHING VIRUS, I LAY IN PAIN, DYING. Or so I imagined. It brought on deep despondent thoughts about my future (or lack of it) as an independent publisher in Canada.

But as it turned out, the virus didn't kill me. However, the Canada-U.S. trade agreement on U.S. magazine advertising may succeed where the bug failed.

To recap: In three years, under the new NAFTA-driven agreement, 18% of the total ad pages of a U.S. magazine being distributed in Canada may be sold as a tax-deductible expense to Canadian advertisers. In addition, U.S. companies may buy up to 49% of a Canadian publication without jeopardizing its "Canadian" status.

Most of the focus has been on how the ruling will drain Canadian advertising dollars south of the border into the big American mainstream magazines, thereby shrinking Canada's \$650 million advertising revenue base by as much as half. But little has been said about the impact on smaller vertically-oriented publications (like this one), which rely almost exclusively on advertising dollars to stay alive.

Let's understand a few points right off the bat. First, the Canadian government had no room to manoeuvre on this one; the Americans were determined to nail their point to the wall (the point being that a magazine is an entertainment product, not part of a country's cultural expression). Second, publishing is a business that's very subject to economies of scale; the more copies produced, the lower the unit cost. And third, being a publisher in Canada is a labour of love; newspaper reports say that only half of Canadian magazines show a profit.

Figures cited in these reports say that, even though 80% of the titles on news stands are American, 50% of all sales go to Canadian publications. Exclude the Quebec market (which is largely insulated from the effects of the agreement due to language), and that figure drops to 37%. Nonetheless, it's evident that we Canadians take our domestic publishing seriously.

But what will be left of our publishing industry in three years' time?

Look through any niche publication, the kind that makes up the bulk of Canada's roughly 1,500 titles. Look at who the advertisers are — in the case of this book, it's names like IBM, Canon, Epson, Viewsonic, Agfa, Apple, PhotoDisc, MetaCreations, Microtek, Microsoft, Mitsubishi, LaCie, Fuji...hear any genuinely Canadian-sounding names in that list?

Now imagine you're the marketing manager for a large multi-national corporation, more than likely headquartered in the U.S. What do you know?

Well, you know that Canada is a small regional market that's a quieter, poorer version of the good ol' US of A (except Quebec, of course, which you know is French). You know that the general corporate trend is towards global marketing. You know that maintaining a separate regional marketing arm inevitably takes precious dollars away from the bottom line. You know (or you quickly find out) that, on a cost per thousand basis, regional advertising costs tend to be significantly higher than U.S. national rates. You know (or you think you know) that you're already getting an indeterminate amount of exposure in U.S. magazines through that thing called "spillover". You know that in corporate power play terms, playing with a bigger budget is always better than playing with a smaller one. And above all,

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you know that, given two comparable choices, you'd always rather buy American.

And now you know that the artificial barrier that used to deter American publications from crossing over the Canadian border has been dismantled — how it got resolved doesn't really matter. You know there's some kind of deal in place.

So you start eyeing that thing called the "Canadian advertising budget", which you weren't happy to part with in the first place, and you pick up the phone and you place a call to your favorite domestic (i.e. American) advertising rep, and you ask, "Just out of curiosity — what's your Canadian circulation these days?"

And your rep shoots back, "Let me get back to you on that."

And the rep goes to his or her publisher and asks, "What's our circulation in Canada? Majordomo Corporation wants to know."

And the publisher replies, "What would you like it to be?"

And so begins the Americanization of the Canadian publishing industry — a trend no different than in any other industry you might want to look at today.

It's not the migration of Canadian advertising dollars that has me feeling blue; it's the potential consolidation of corporate budgets.

I guess it's time for all us publishers to put on our big cheesy Canadian grins and say, "Welcome, Uncle Sam! Come on up and turn me into a quasi-Canadian publisher."

Because the only alternative may be to watch all our competition take the money and run.

And, gentle reader, lest you think that this is a happy day for Canadian publishers, please realize that the soul of a Canadian publisher will never be for sale — for it's the soul in publishing that drives most of us who are in this business to be what we are.

But the new deal will make losers out of all of us.

For now, you can still enjoy the words of the masters of our industry, presented with a distinctly Canadian filter. In this issue, Adobe's legendary John Warnock talks about Adobe's present and future in an exclusive interview with yours truly, beginning on page 18. Or turn to page 12 to read Bob Connolly's dialogue with Apple's top QuickTime spokesman, Frank Casanova, who reveals the inner workings of QuickTime 4 within Bob's detailed QuickTime report, WIRED SPRITES, starting on page 10.

Then flip to page 36 for STOCK OPTIONS by Lorne Cherry, a current review of offerings in the royalty-free image market.

Or if you're interested in our annual listing of graphics courses across Canada, check pages 32-34, which concludes ALL PAGES ARE NOT CREATED EQUAL (beginning on page 17) and features the accumulated digital wisdom of ripmaster Lerrick Starr, desktop instructor Lidka Schuch, and yer humble publisher on the subject of designing better files.

Don't miss Shane Steinman's head-to-head comparison of pre-flighting packages (Markzware *FlightCheck* and Extensis *PreFlight Pro*) on page 52, or Peter Dudar's reviews of Macromedia's *FireWorks 2* and Adobe's (newly-acquired) *GoLive 4* (pages 54 and 56).

And while you're reading, I'll be thinking about whether I ought to consider changing my name.

I'm leaning toward "Jonah". *