

Stories

Executive Summary

2018 CMUST

Total Canada

Prepared by PHD Canada

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WHAT'S CMUST?

Since its inception in 2004, PHD Canada's Canadian Media Usage Trends Study (CMUST) has been the only Canadian study to examine all major media utilizing each channel's research audience currency of record. PHD Canada has made the 2018 CMUST available to IAB Canada.

The study documents consumers' changing media consumption across all media as digital technologies impact the lives of Canadians.

This year's study updates how new devices and new types of content are triggering ways consumers spend their ever growing time with the Internet. New insights relating to Podcast consumption have been introduced in CMUST 2018. Our e-Commerce chapter has been updated.

New to CMUST 2018 are topline results of a Facebook/Omniconom Neural Video Research study designed to determine if video commercials build relatively stronger or weaker connections with consumers when viewed on different device platforms.

**MEDIA
STORIES
DEVICES
MEDIA
E-COMMERCE
AUDIO
VIDEO
COMMERCIALS
UNEARTHED
MONEY
ACTIONS**

MEDIA STORIES

Stories and Media go hand in hand. All media tell and retell, stories in order to attract people's attention. Reach is the term we use to define individuals captured in the telling of the story. And time (minutes per capita) is the unit we, in the media business, use to measure how well media stories hold people's attention. The two measures move in lockstep. Stories that produce bigger reach, produce bigger time counts. This phenomena is called "double jeopardy". A media platform's story telling prowess predicts the media platform's financial success measured in the form of subscription and/or ad revenue.

This year's CMUST presentation begins by measuring Canadian's interest in 15 media stories that happened in the summer of 2018. Canadian's fascination with the misfortune of others was a popular story theme but was overshadowed by stories of "disaster", "conflict", "celebrity", "death " and "suicide". But in the end, the "stories of live sport" dominated the Canadian story-time.

Each chapter in this year's CMUST is related to the first line of a world famous novel. Can you guess the novel?

THE DEVICE STORY

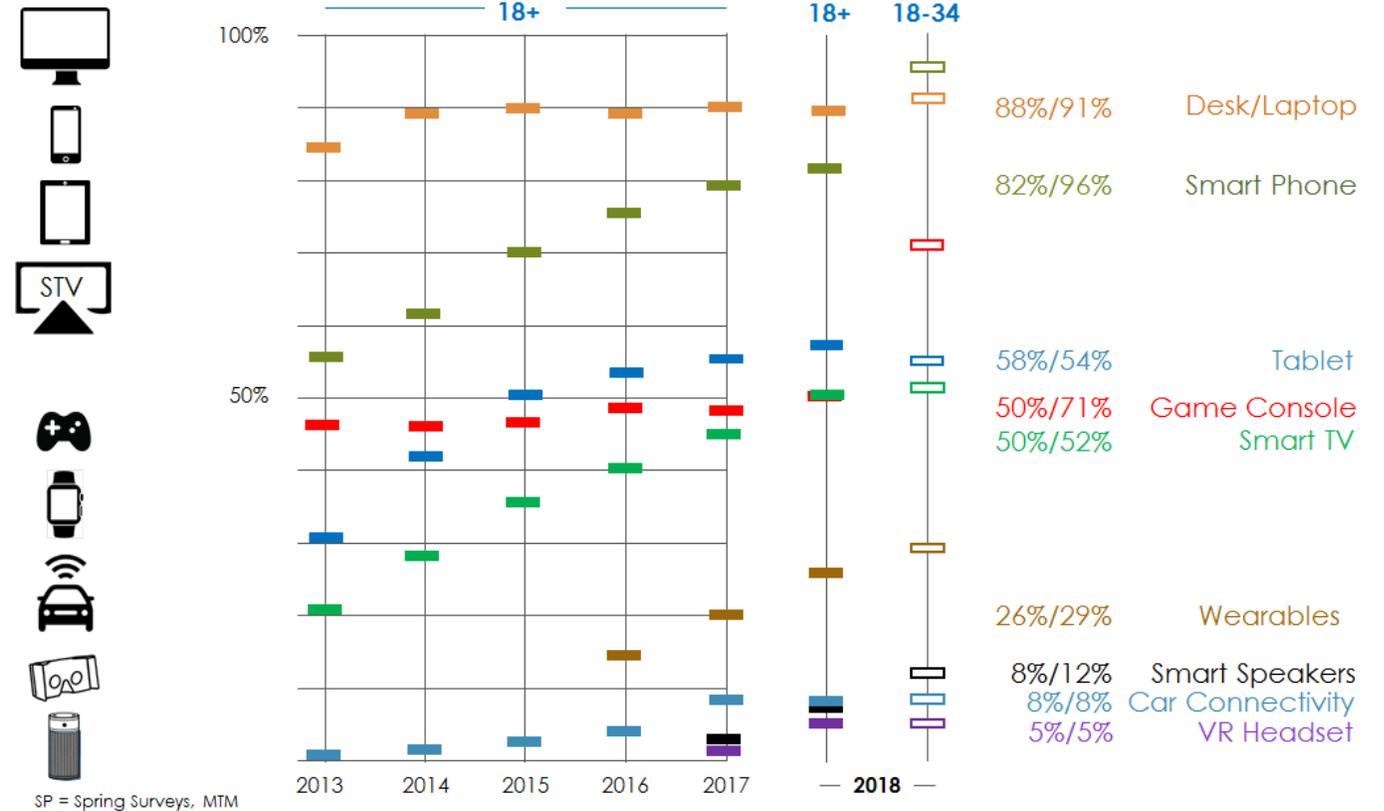
"All this happened, more or less."

Slaughterhouse-Five by Kurt Vonnegut, 1969

Wearable Watches - renewed growth

Devices capable of accessing the Internet have grown over the last five years. The chart to the right exhibits device percent penetration levels amongst adult 18+ and adult 18-34 total Canada populations. Currently, in the market place, there are wide ranges in consumer uptake of these devices ranging from very high (desktop/laptop at 90%) to low penetration levels (VR Headsets). Smart TV and Smart Speakers are devices with the strongest prospect for growth. These devices are projected to be a significant source of new, incremental time spent counts with the Internet medium. Connected Car growth has stalled as manufacturers search for a common "digital language"; a characteristic that is particularly necessary to support the adoption of self driving vehicles. Wearable Watches appear to be experiencing renewed growth.

Internet Accessing Device Usage, amongst Total Canada Adults



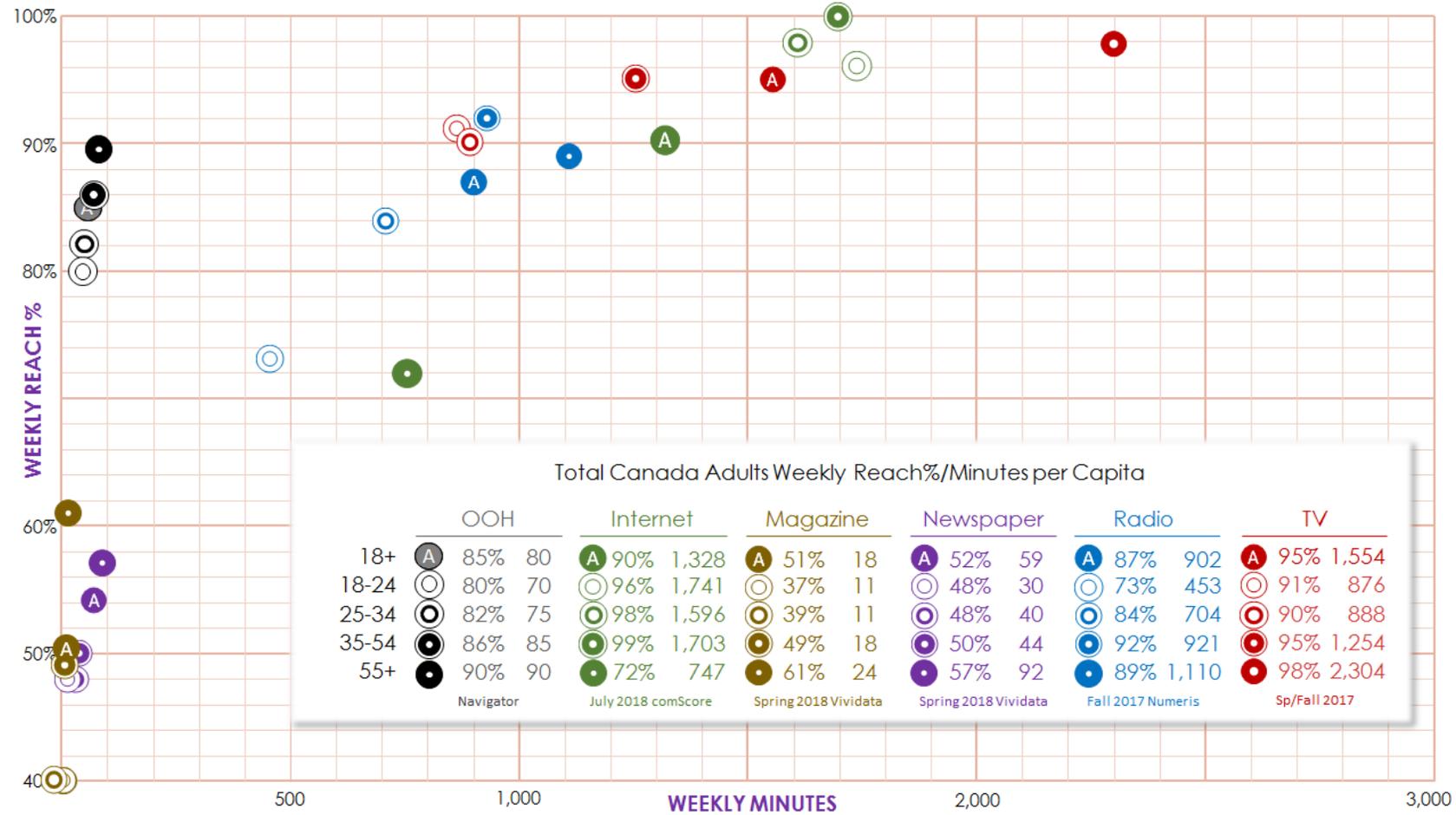
THE MEDIA STORY

"Time is not a line but a dimension, like the dimension of space."

Cat's Eye by Margret Atwood, 1988

Legacy skew older. Internet skews younger.

Four age breaks per medium are plotted on the reach/time "story board" (right) relative to their adult reach/time location. All legacy media find their younger users demonstrate lower reach/time levels than their older users. The Internet is a dramatic exception to this rule where the 55+ age break exhibits the lightest degree of usage. The Internet medium exhibits a youth skew compared to Legacy media's older age skew; a finding that has remained unchanged for a decade.

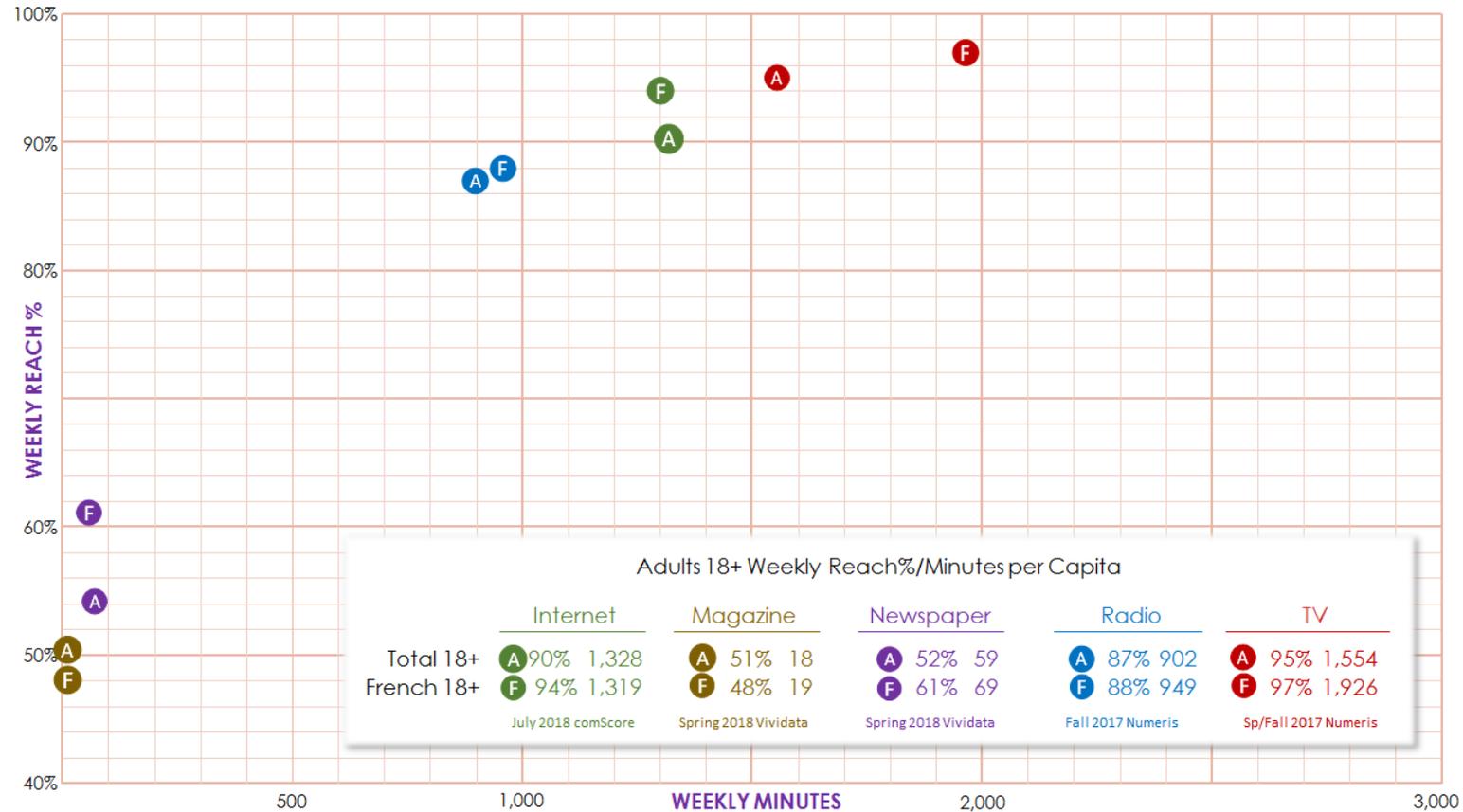


THE MEDIA STORY (continued)

French generally heavier media users than Anglos.

French Canadians are plotted (to the right) on the reach/time “story board” relative to total Canada adults 18+.

With the exception of Magazines, French Canadians are heavier users of media than Total Canadians.



E-COMMERCE

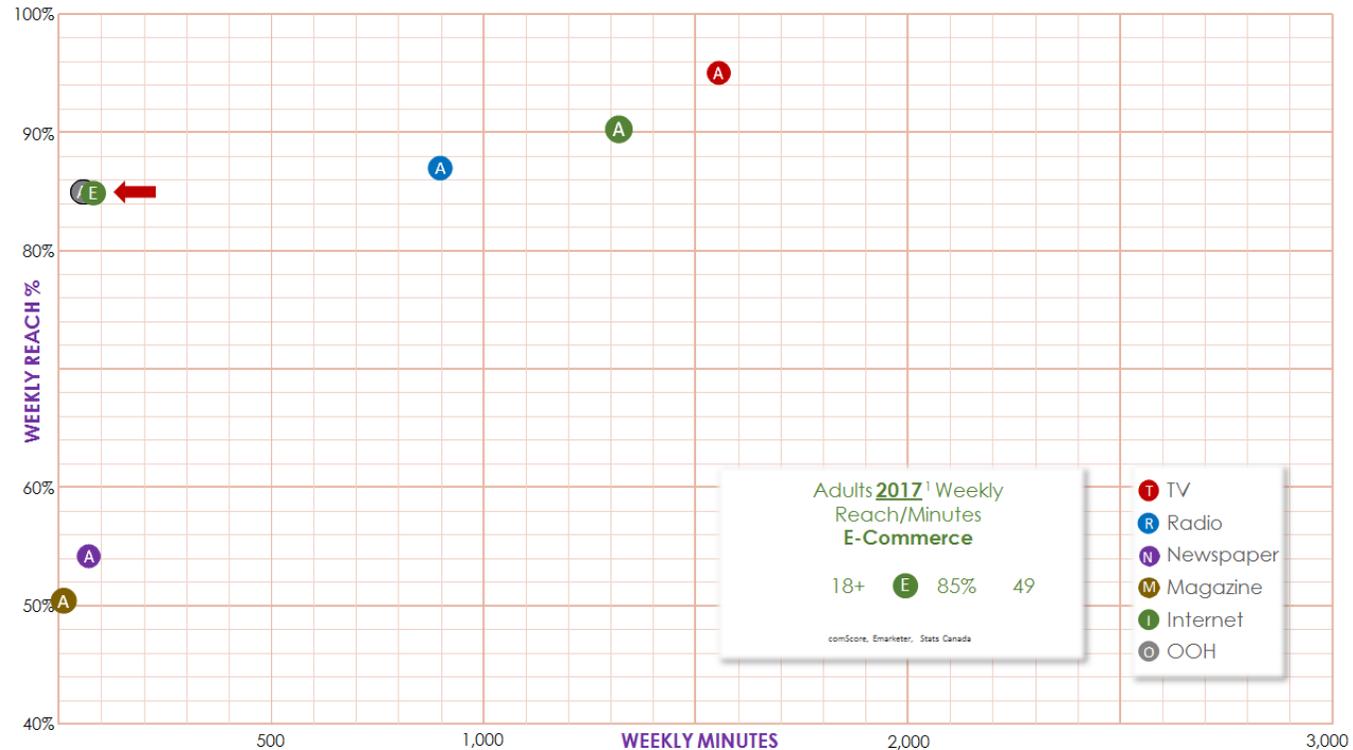
*"It was the best of times,
it was the worst of times..."*

A Tale of Two Cities by Charles Dickens, 1859

Deep reach and a growing share of wallet

Retail sales in Canada added up to an estimated to \$588.8 billion in 2016 (YTD to July '18, Stats Can) and Stats Canada estimated that 2.7% of that total was generated online through eCommerce sites. eCom is experiencing the "best of times". Bricks and mortar retail is struggling (most but not all); the "worst of times".

Therefore Canada's eEconomy is worth \$16 billion. According to comScore click through data, \$13 of the \$16 billion is captured by the busiest 11 eSites and \$7 billion by the largest eSite. The chart (right top) shows the eFunnel that exists in Canada today; 85% of adults in Canada visit an E-Site; 69% visit the top 11 E-Sites, which converts into 15% purchasing on the top 11 sites; converting into 10% who purchase on the top E-Site. Adults spend 39 minutes a week on all E-Sites. The Reach/Time for E-Sites is mapped on the "story board" (right) and compared to the big five media. If eCom was a medium, it would resemble the OOH medium.



ONLINE AUDIO

“If you really want to hear about it...”

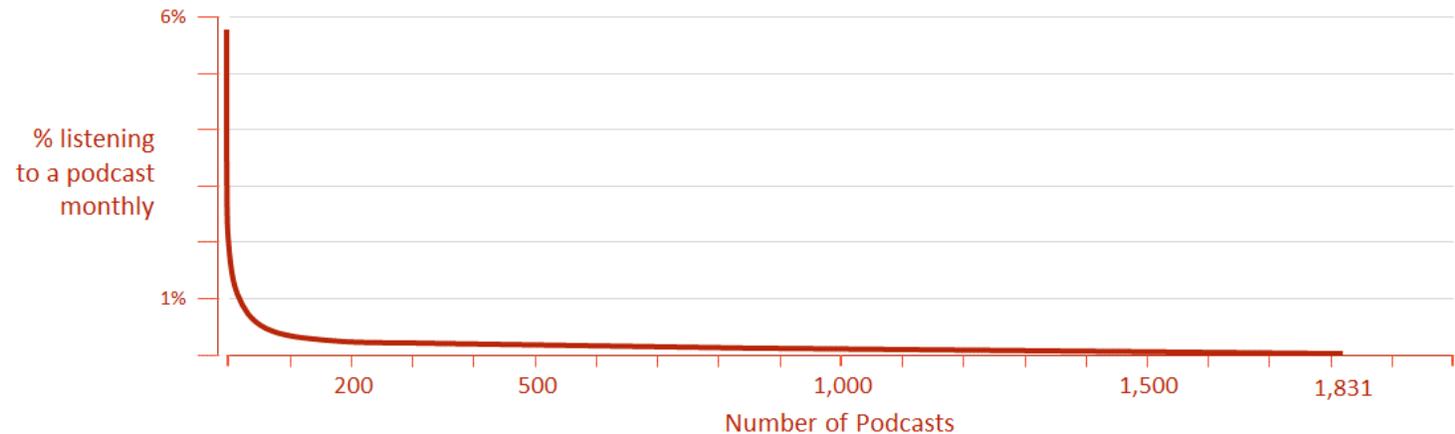
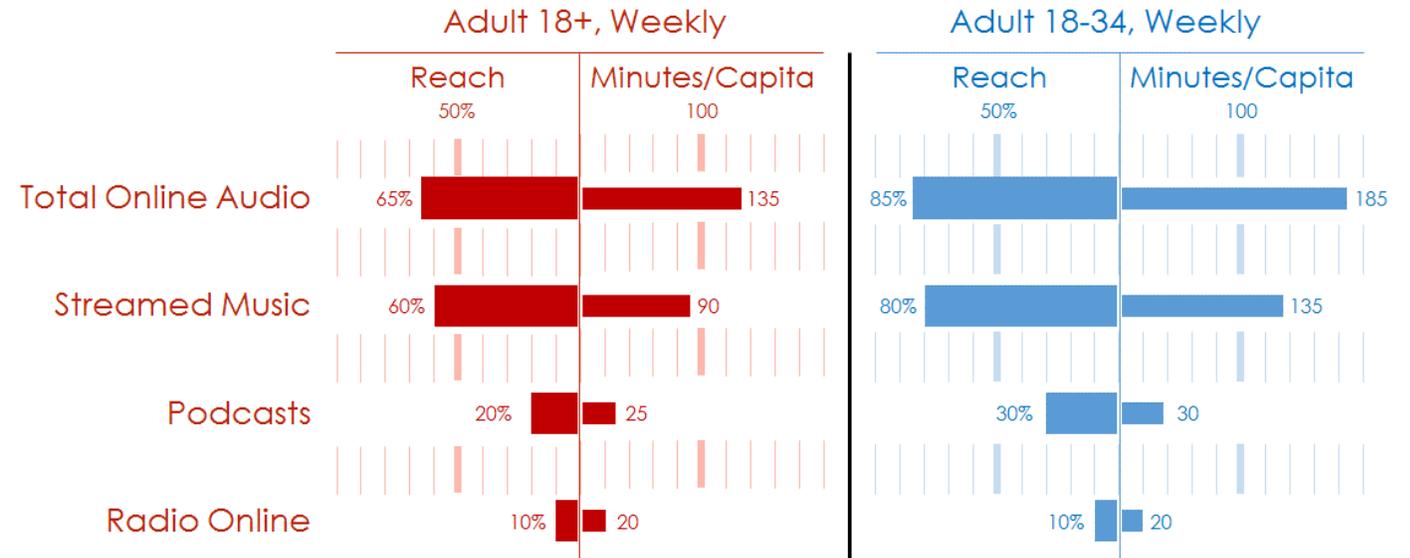
The Catcher in the Rye by J.D. Salinger, 1951

To Critical Mass and Beyond

Online Audio is comprised of Music Streaming (paid and subscription), Podcasts and Online versions of legacy radio broadcasters (also call Cobranded Audio). These platforms continue to be poorly measured in Canada. ComScore does not capture online broadcaster time, and MTM, by their own admission, suggest their respondents overestimate time spent with online channels. The chart to the top right displays PHD Canada estimates of online audio weekly reach and minutes.

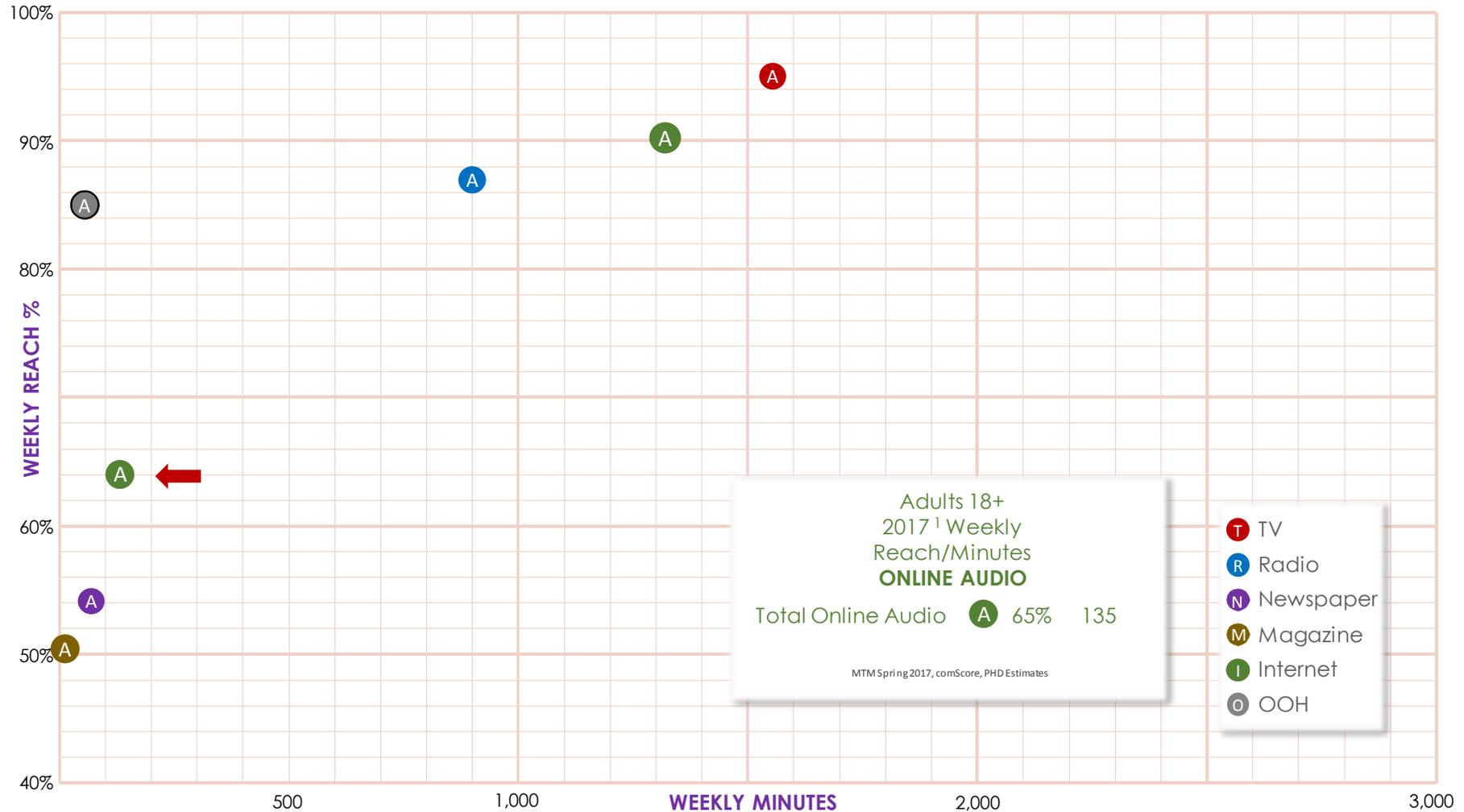
Last year online audio hit the 50% weekly reach mark; a point of critical mass – advertiser acceptance. Now the channel has moved beyond that point; ripe for marketer utilization.

A new study conducted in the summer of 2018, entitled “The Canadian Podcast Listener”, has helped to shed light on the fledgling podcasting audio channel. The chart lower right demonstrates the “long tail” nature of the Podcast medium.



ONLINE AUDIO (continued)

The chart below, summarizes PHD Canada estimates of weekly reach and minutes per capita for Online Audio in total as well as the subgroups for the category. These reach/time plots are compared to the 6 main media channels using an adult 18+ target definition.



ONLINE VIDEO

*“The sky above the port
was the color of television...”*

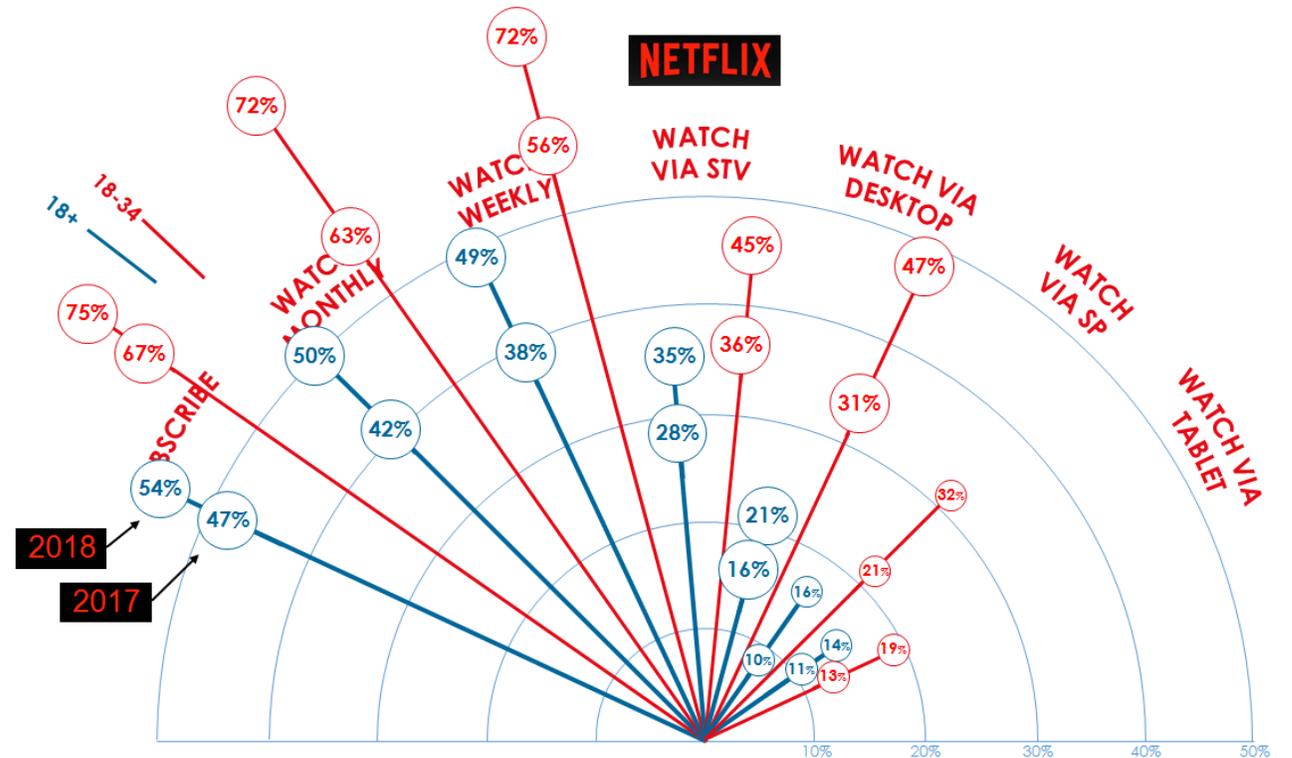
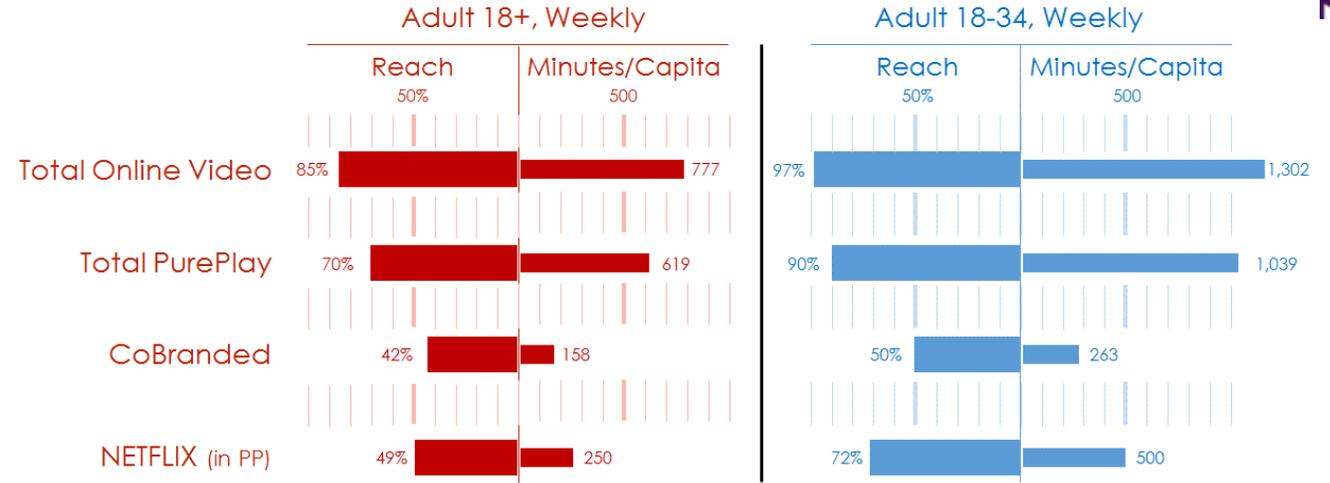
Neuromancer by William Gibson, 1984

We’re all screaming for streaming

Online Video is made up of Pureplay (like Netflix, Amazon Prime, YouTube Movies) and Cobranded Video (broadcaster online video) sub-channels. Each of these subchannels is described in the chart upper right in terms of weekly reach and minutes per capita.

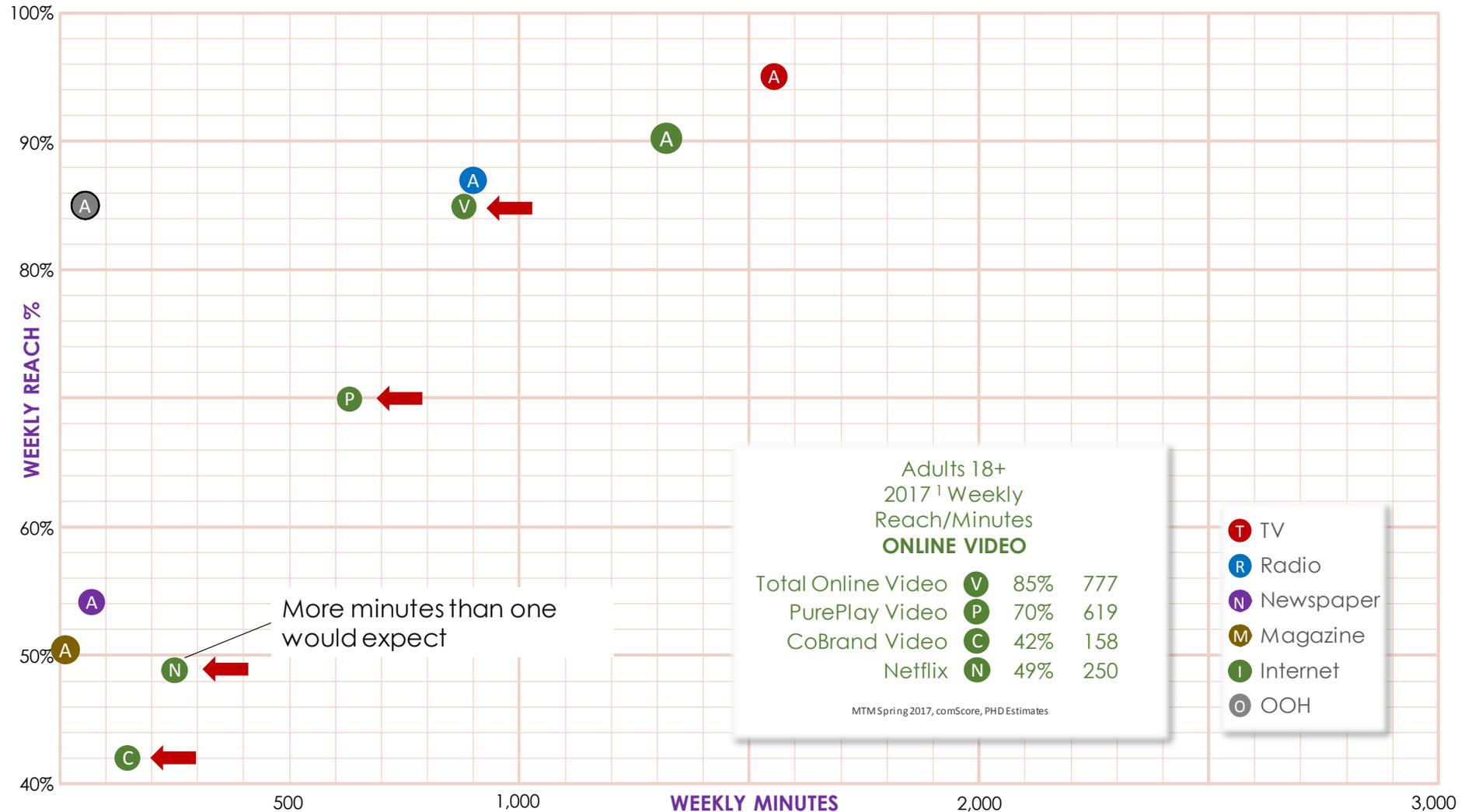
Some degree of estimation is required to fill in the Online Video data gaps. ComScore does not fully measure Mobile Video and comparisons between MTM and comScore suggest comScore under-represents the impact of cobranded video.

Netflix (charted to the lower right) represents a significant portion of Pureplay minutes per week and is therefore deserving of a detailed examination. Subs, reach and device usage for Netflix has grow significantly over the past year. The 2017 data is compared to the more recent 2018 findings from the spring MTM surveys.



ONLINE VIDEO (continued)

Online Video is big - big reach - big time counts. Weekly reach and time, total Canada, adults 18+, for Online Video is plotted on the chart below where it's significance can be seen relative to the "big five" media channels for adults 18+. CoBranded reach and time levels appear to be growing and this represents an important development for Canada's legacy broadcast industry.



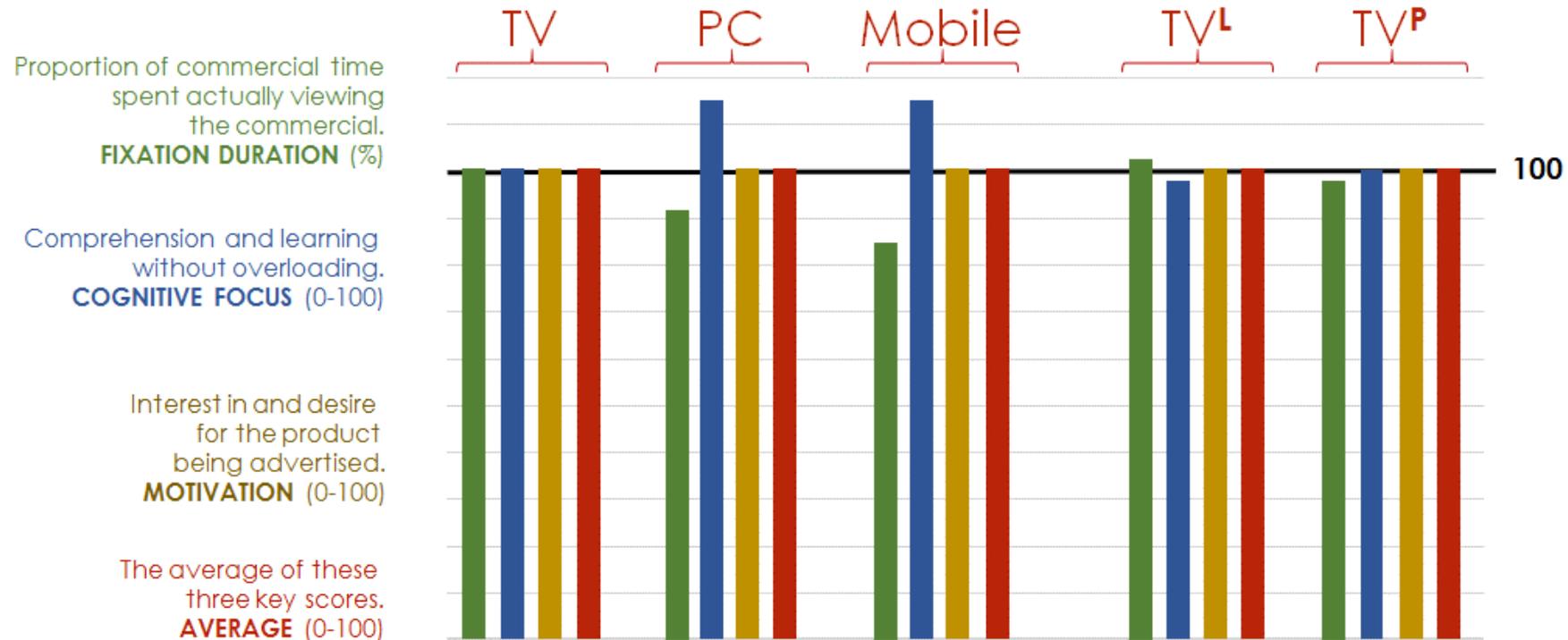
COMMERCIALS

"It was love at first sight."

Catch 22 by Joseph Heller, 1961

A Facebook/Omnicom Media Group research project delving into effectiveness of commercials by device

Are video commercials inherently more or less effective depending upon the viewing device used? For example does a consumer see more or less of the commercial content when viewed on TV or PC or Mobile devices? Do they subconsciously desire the product being promoted more or less by device? Do they learn or comprehend to a higher or lower degree depending upon the device being used? Facebook and Omnicom Media Group teamed up in 2018 and hired Neuron Inc. to conduct a Neural Video Research project in order to get answers to these questions. The results are displayed below. Some devices do better than others for certain measures but when averaged, it appears that video commercials are **NOT** inherently more or less effective depending upon the viewing device used. In short, devices are "ad-nostic". It was also determined from this study that commercials airing in live (sporting events, TV^L) were no more or less effective, against these three metrics, than commercials airing in regular programming (TV^P).



UNEARTHED INTERNET

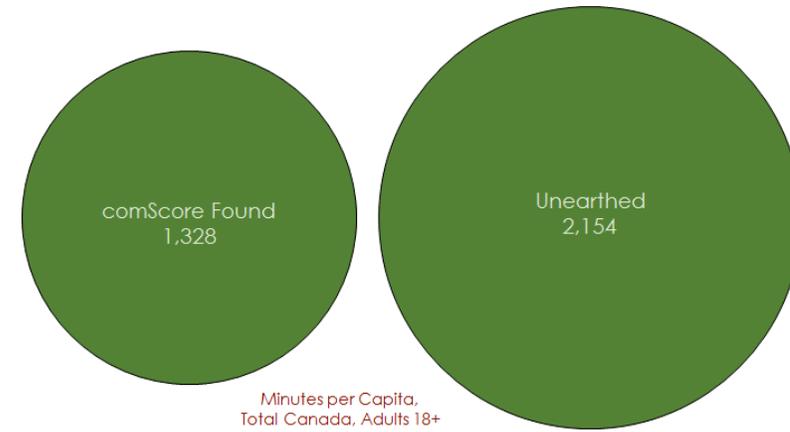
“In a hole in the ground there lived a hobbit.”

The Hobbit by J.R.R. Tolkien, 1937

38% of Internet time is not measured and this proportion is growing.

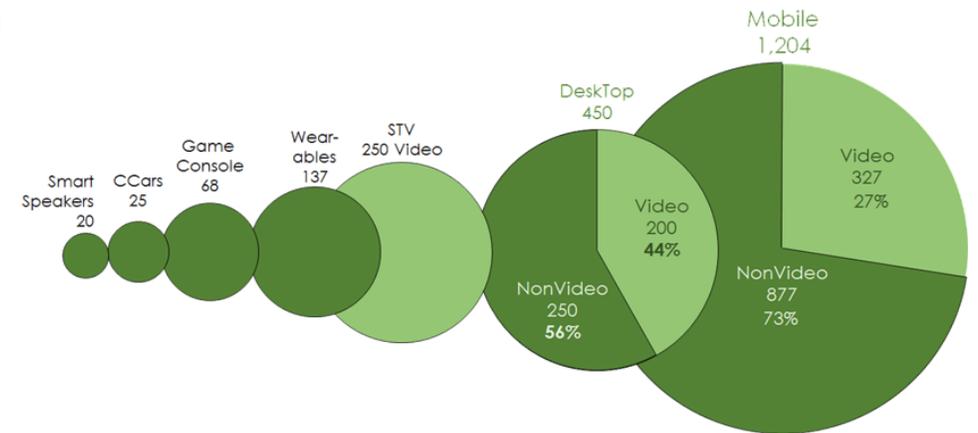
The Internet is bigger than we think because large swaths of Internet time are not measured by comScore. Consumer time spent with mobile video is undermeasured. Time spent with Smart TV sets, Wearables, Connected Cars, IOT, Smart Speakers, and game consoles are not measured at all. When these additional, estimated time spent counts are added to the found comScore minutes per capita time jumps from 1,328 to 2,154 minutes per capita for adults 18+ - a 62% increase.

The chart to the lower right breaks down the total unearth minutes of Internet time by device and content type. Note the magnitude of time spent with mobile devices and video content.

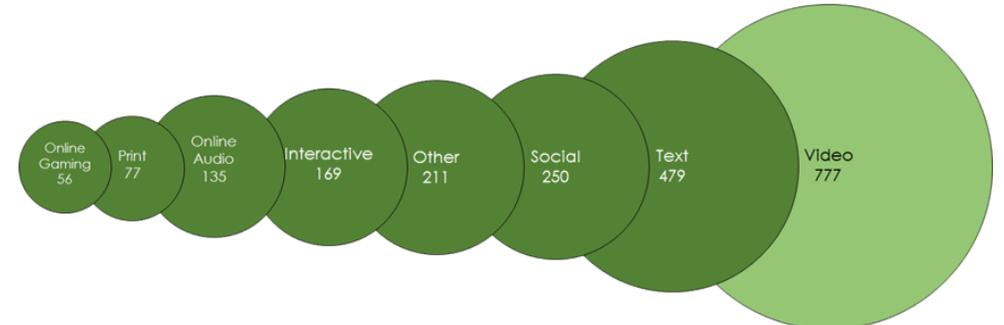


Minutes per Capita
Total Canada
Adults 18+

DEVICES

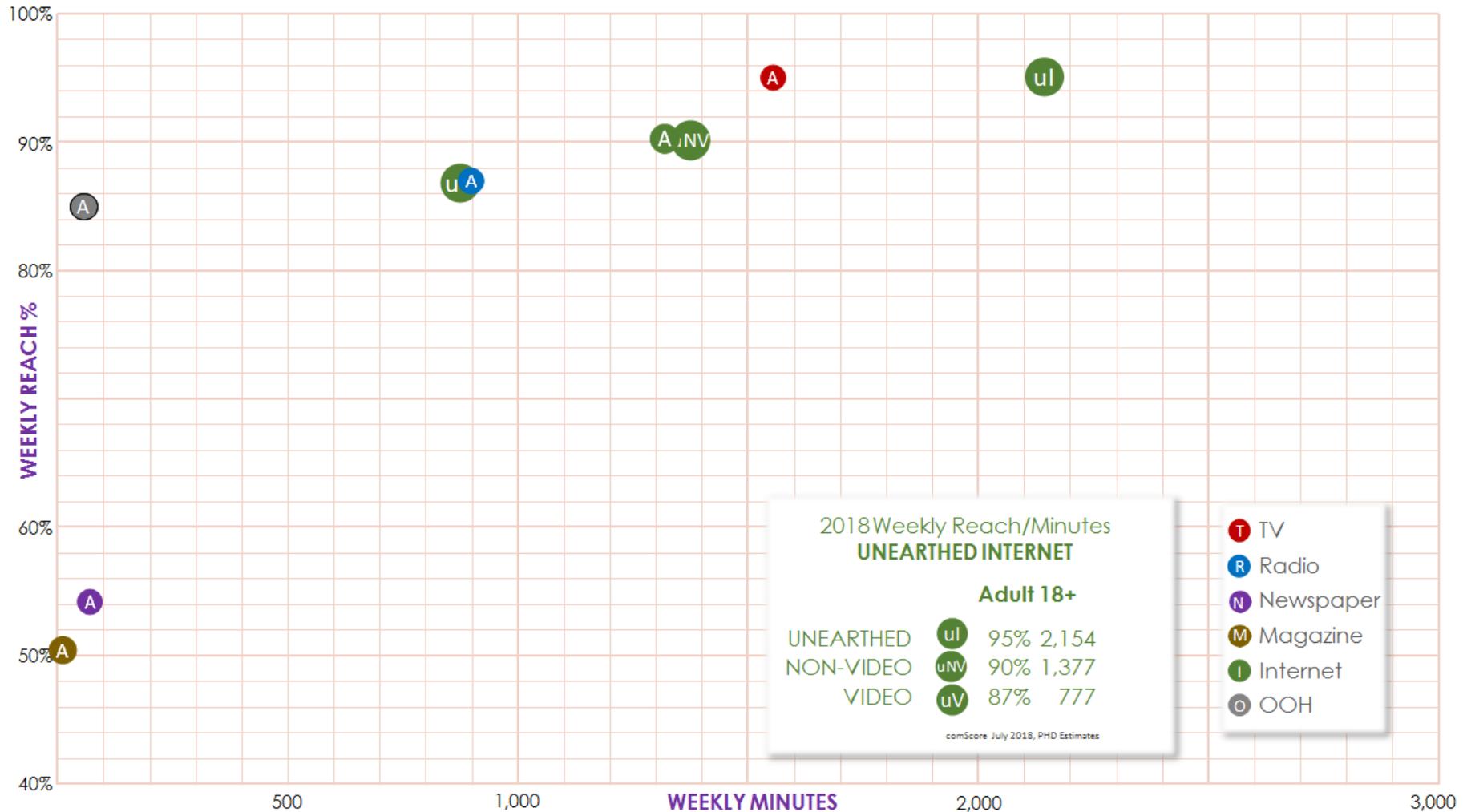


CONTENT



UNEARTHED INTERNET (continued)

The Unearthed Internet estimates are plotted on the reach/time chart below and compared to the positions of the legacy media. This estimate of full Internet consumption now stands far to the right (more time spent) of the TV medium. Unearthed Internet Video, total Canada adults 18+, generates comparable reach and time to the Radio medium. The Internet medium now clearly occupies the largest share of the Canadian consumer's total media time spent counts.



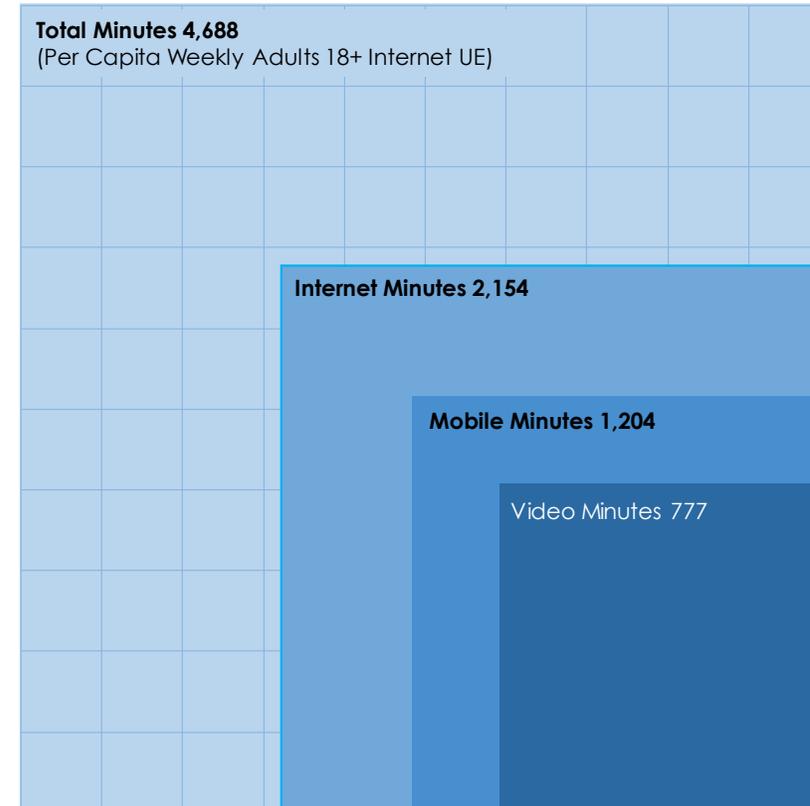
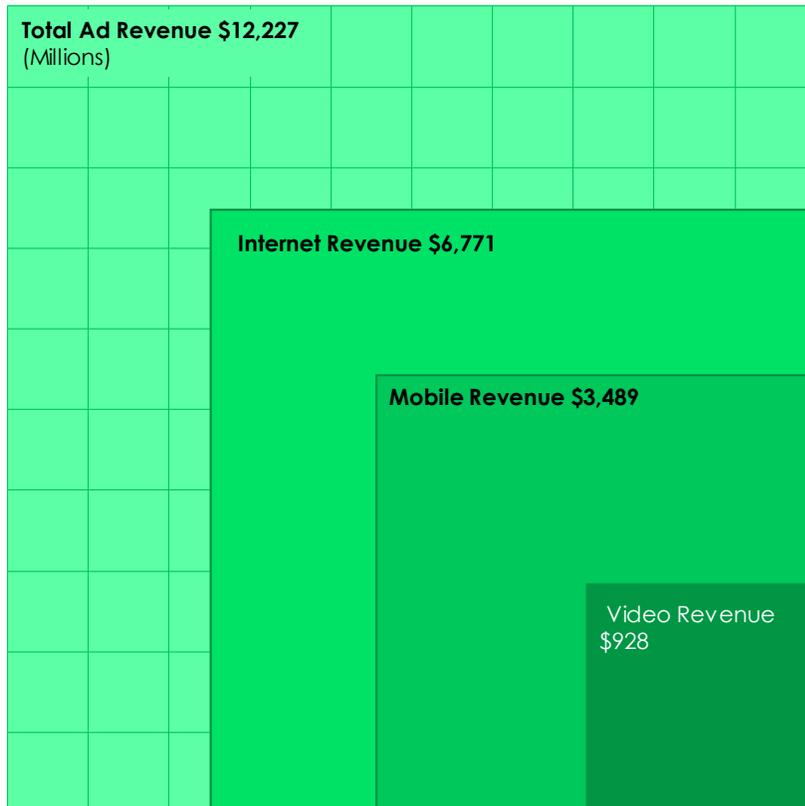
MONEY

“Money... in a voice that rustled.”

J.R. by William Goddis, 1975

Internet and mobile ad revenue is officially over developed.

The share of the ad revenue captured by the Internet was 55% in 2017. Internet's share of media time was 46%. The Internet's share of spend has exceeded the share of consumer time captured by the Internet for two years in a row. Shares of total ad revenue and time captured by mobile internet, 29% and 26% respectively, is evidence of Mobile's revenue overdevelopment. But the ad revenue fortunes of Online Video remain far behind the shares of time consumers spend with Video. Video share of revenue is 8% compared to its share of time of 16%. It is unlikely that Online Video's share of revenue will ever catch up to Video share of time because significant proportions of online video is unmonetizable (Netflix).



ACTION

“I had the story, bit by bit, from various people...”

Ethan Frome by Edith Wharton, 1911

DEVICE ACTION

Need to learn how to “smart” communicate.
“Consumer take-up of voice commerce remains low.”
David Tiltman, WARC.

MEDIA ACTION

Plan against the “Two Solitudes” (*Hugh MacLennan*).
Older (offline)/younger (online) solitudes.

E-COMMERCE ACTION

Only medium that provides both mental and physical availability.
Media plan must learn how to incorporate “e-channel media”.

ONLINE AUDIO ACTION

Left critical mass behind last year.
The time really has come to engage with this media channel.
Podcast buy/sell infrastructure has developed.

ONLINE VIDEO ACTION

Commercialized VOD end of 2019.
True TV addressability unlikely in 2019.
Return Path Data? The search for proof continues.
“Video” not “TV” approach to planning/trading is a given.
Broadcasters aggressive in cobranded video development.

COMMERCIAL ACTION

Devices are ad-nostic.
So weighting impressions by device type is ill advised.

UNEARTHED ACTION

Data bases do not a census make.
Hard for measurement to keep up with consumer behavior.
A serious and growing reporting problem in Canada.
Places huge pressure and cost on media agencies.
Need for tripartite, non-profit coop approach in Canada.

MONEY ACTION

Online’s share of expenditure moves above the 50% mark.
Online focus = activation focus.
Are we, perhaps, over-activating and under-branding?

“Are there any questions?”

The Handmaid’s Tale by Margaret Atwood, 1986