

2014: Internet in the Media Garden

The 2014 CMUST Report: Commissioned by IAB Canada

PURPOSE

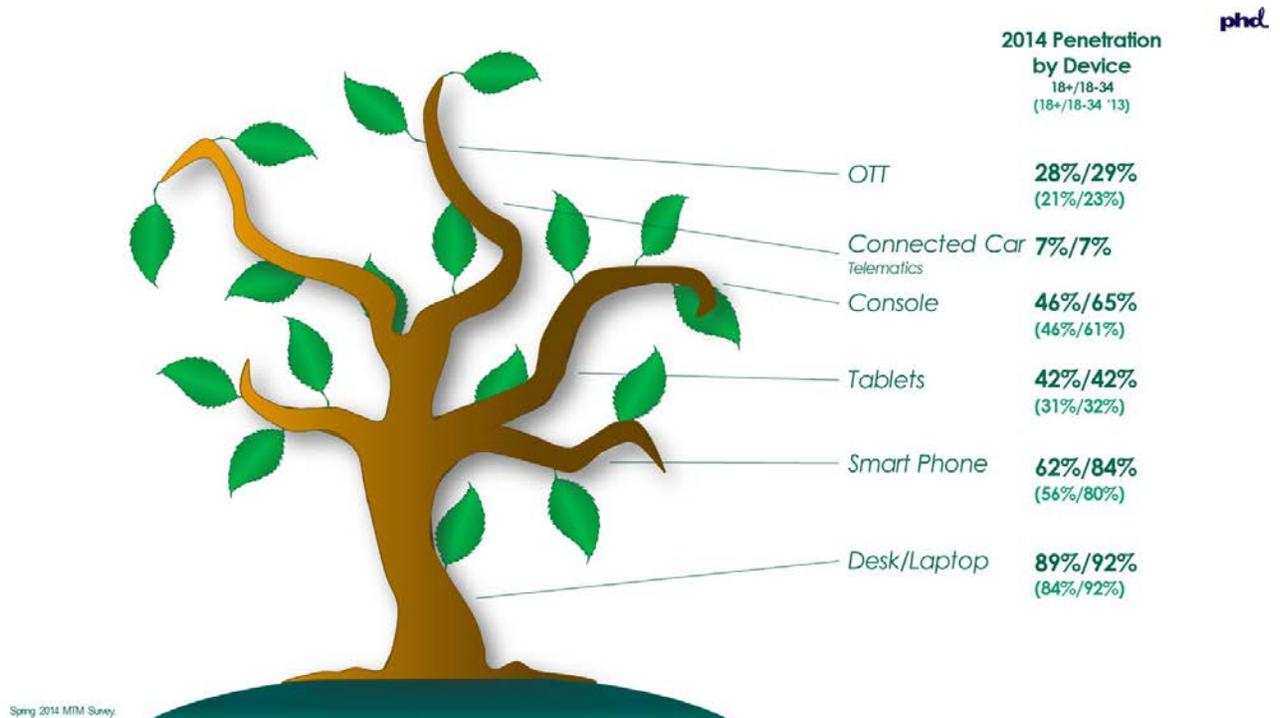
Originally commissioned by IAB Canada in 2004, the Canadian Media Usage Study (CMUST) was designed to quantify Canadians' consumption of the Internet medium relative to the legacy media; TV, Radio, Newspaper and Magazine. The Internet was in its infancy at the time and even a basic sense of weekly reach and time spent was helpful. But today the Internet medium is highly developed and accounts for a share of Canada's ad revenue that now exceeds Radio, Newspaper and TV (if TV and Newspaper Internet revenue is assigned to Internet) ad revenue levels and so the objective of CMUST has changed.

Even though advertisers have universally adopted, at least to some extent, the Internet medium, there is still a gap between consumer consumption of Internet and our industry's ability to measure that consumption. This CMUST study estimates that 40% of the time consumers spend with the Internet medium remains buried; beyond the capability of today's formal measure. Consumers spend time with the Internet medium by way of numerous devices such as smart phones, tablets, phablets, laptops and desktop computers, game consoles, smart TV's (Over-The-Top or OTT devices) and through car connectivity and yet only PC and non-video mobile accessing time can be measured in Canada. This study attempts to update the amount of "buried" time consumers spent with the Internet by trawling through various media usage data sources in Canada aggregating the learning and by making "intelligent" estimations.

The 2014 CMUST presentation contains five areas of examination; DEVICE, REACH, TIME, CORD CUTTING and CONTENT. This document provides some top line findings derived from the full 2014 full presentation which is only available to IAB Canada members.

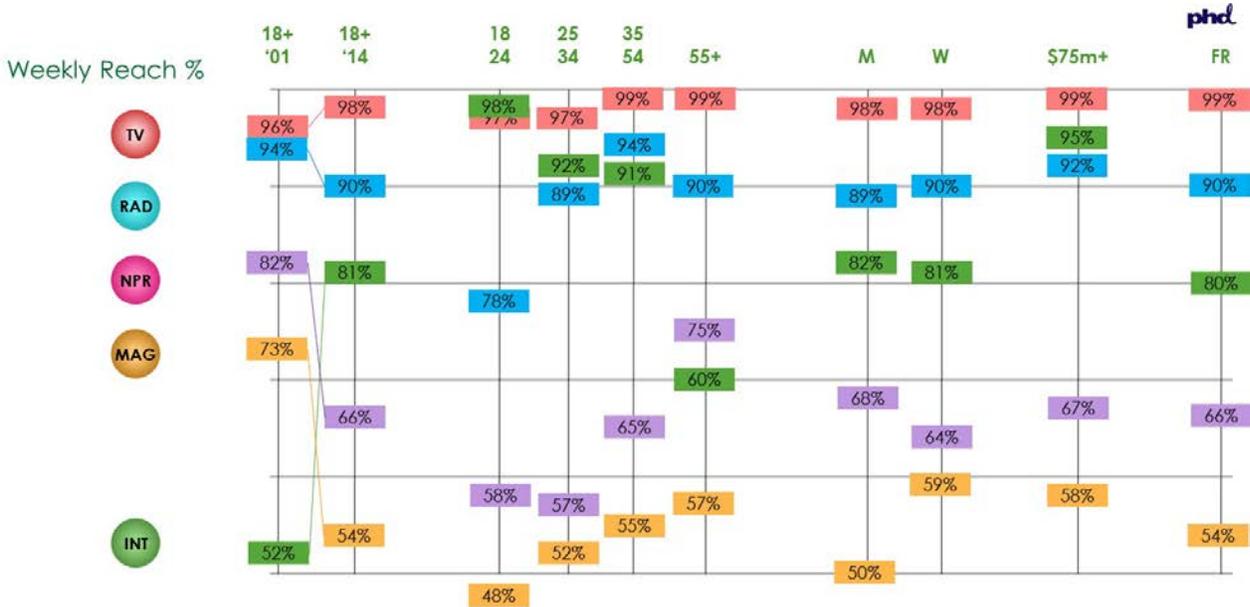
DEVICE

Devices drive consumption and today the Internet accessing devices are numerous. Some are ubiquitous. This chart provides current penetration levels for adults and younger adults 2014 vs 2013.



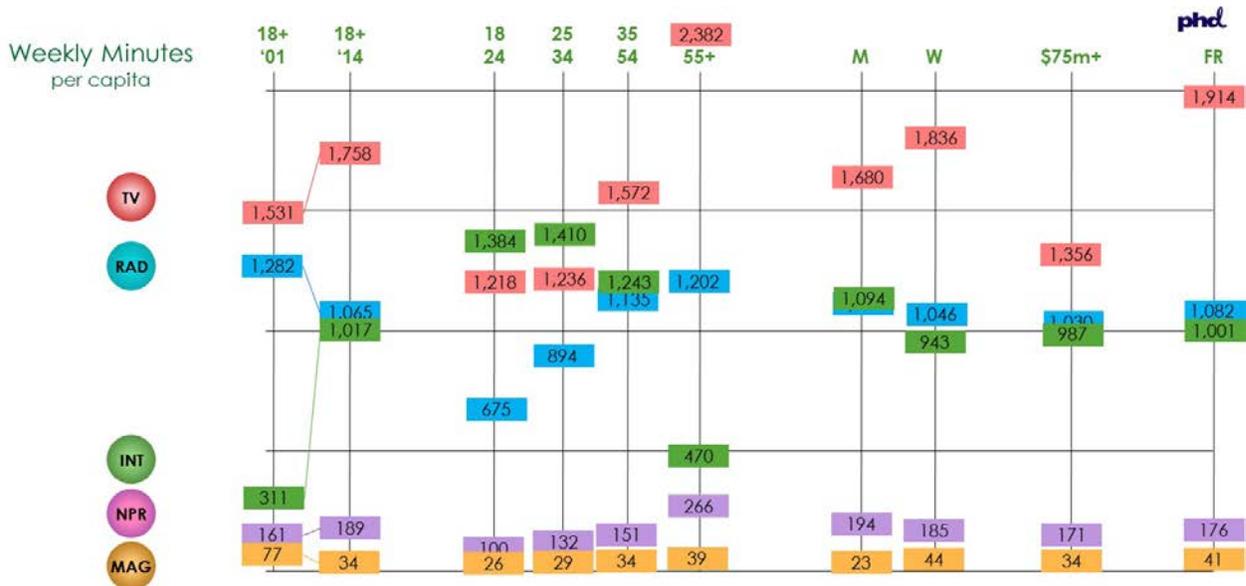
REACH

The chart below plots weekly reach for the four legacy media and the Internet medium against various demographic groups in Canada (English plus French). The reach data is sourced from each medium's respective syndicated survey of record. Today, 81% of Canadian adults access the Internet over the course of a week and this weekly reach number builds to 91% amongst younger adults 18-24. These reach levels have grown dramatically since 2001 when the Internet's reached only 52% of the adult population weekly.

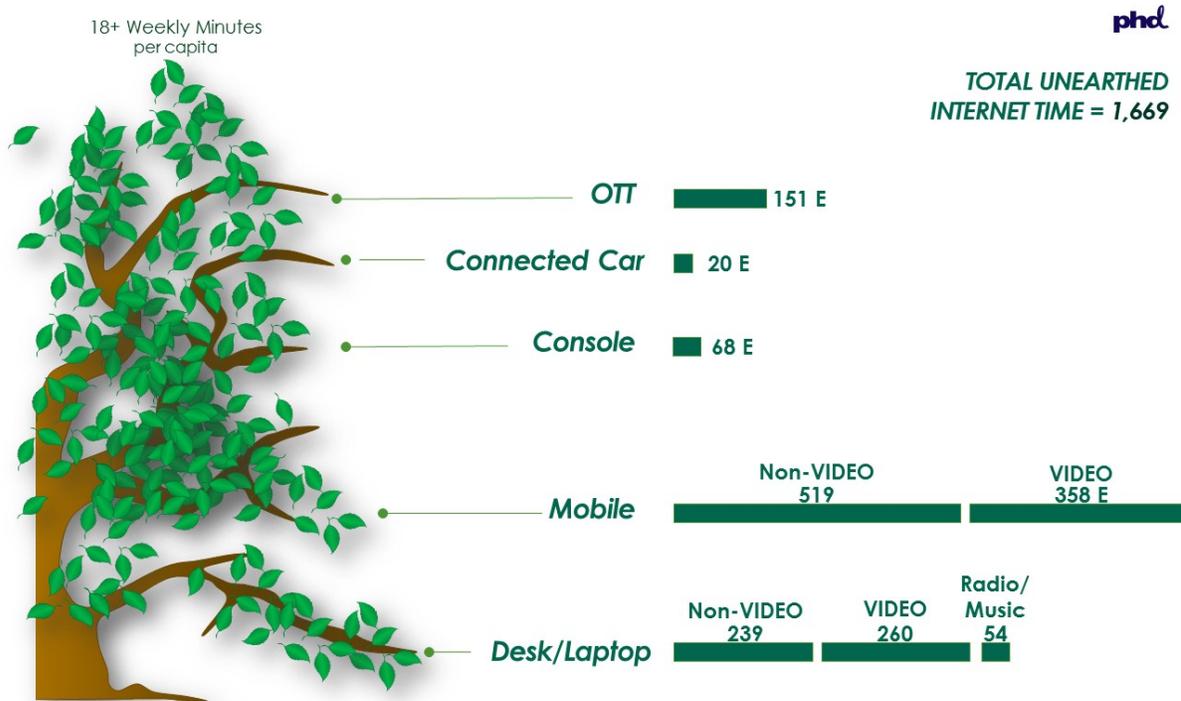


TIME

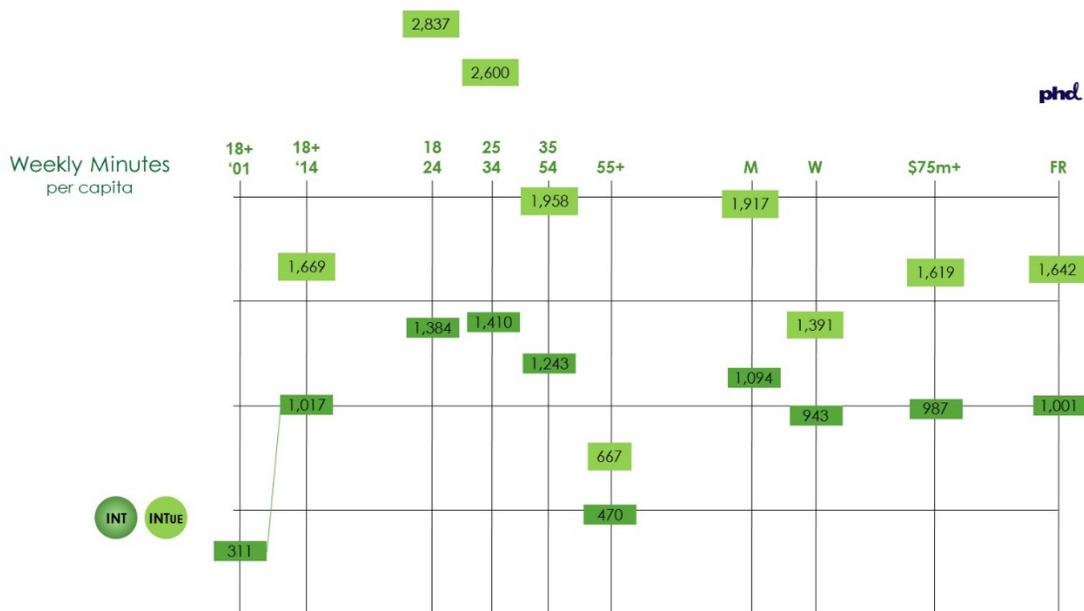
This chart plots time in the form of minutes per week per capita. Internet time is sourced from comScore's July 2014 Multiplatform survey and does not include mobile video or time from devices other than PC and mobile. Even so, the Internet generates bigger minute counts than the TV medium amongst 18-24 and 25-34 year old adults (1,384 and 1,410 minutes per week per capita respectively).



In an attempt to “unearth” the totality of Internet time, minutes per week per capita by device are estimated below. Some of this data (PC and Mobile non-video) is comScore based while the balance of the time spend data comes from various non-comScore sources. It all adds up to 1,669 minutes of total “unearthed” time. This “unearthed” minute count for Internet, when added to the minutes adults spend with “legacy” media, produces an astonishingly large block of time (11 hours a day). “Simulmedia” is the explanation - the act of consuming multiple media channels simultaneously. MTM survey data suggests this is most commonly occurs between the TV and Internet media.

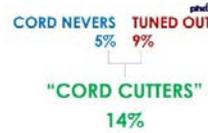


This chart compares comScore based Internet minutes to PHD “unearthed” Internet minutes. Most of the difference between the official and “unearthed” minute counts below lies with mobile video. Mobile video is estimated to represent a very significant part of the 18-24 and 25-34 year olds total Internet time consumption habits.



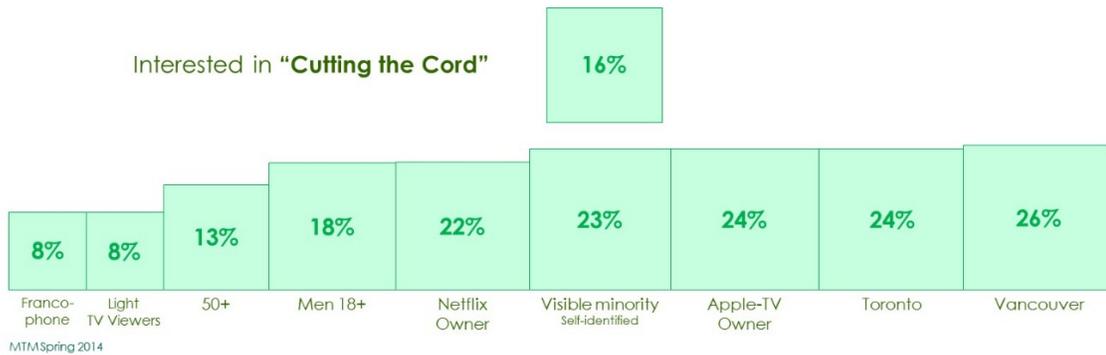
CORD CUTTING

This is a new area of examination within the CMUST study. This topic was included because there is growing interest in the intersection between legacy TV viewing and Internet Video consumption. The majority of data in this section of the report is sourced from the 2014 MTM Survey which defines "Cord Cutters" as a combination of "Cord Nevers" (those who do not access live TV via cable or DTH) and "Tuned Out" (those who do not access live TV at all). The addition of these two mutually exclusive groups of Canadian adults totals to 14%; a significant and growing segment of the population. The Cord Cutter segment size will likely increase as cable subscription levels in Canada slowly decline.



According to the Spring '14 MTM survey, 16% of Canadian adults indicated that they were interested in "cutting the cable cord" in the near future which suggests there is a significant and growing segment of the population searching for access to video entertainment a more cost effective way than cable, DTH or IPTV.

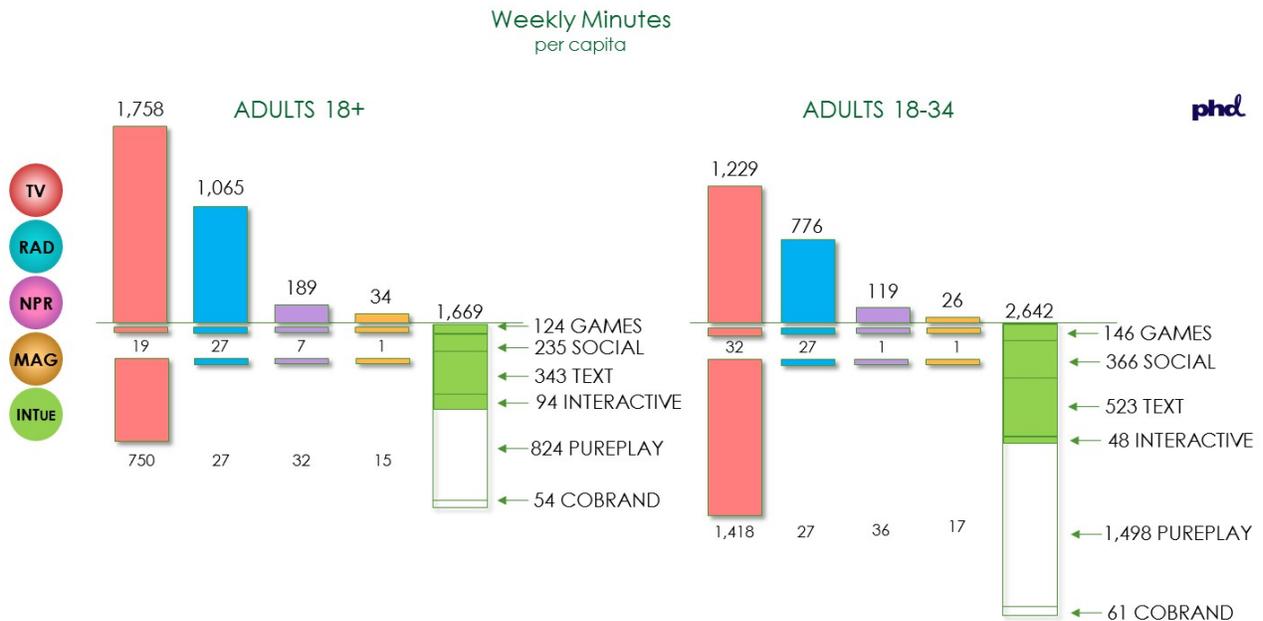
The 16% proportion of all adults in Canada is compared to other demographic subsections of the population in order to determine a range in propensity to become a "cord cutter". The propensity skews upward amongst the younger, more urban, OTT owning segments of the population as can be seen in the chart below.



CONTENT

In the chart below, bars rising above “the line” reflect legacy time and bars falling below the line reflect online time. Minutes per week per capita for Adults 18+ (left) and Adults 18-34 (right) appear for five media “types”. Internet media minutes reflect the PHD unearthed estimates.

Some terminology clarification is in order, relating to the chart below. Legacy refers to traditional media that existed before the advent of the Internet medium. Co-Brand time refers to online extensions of Legacy media. PurePlay media refers to media available only online. Other content terms include Gaming which refers to time consumers spend playing games online time on PCs or gaming consoles. Social, relates specifically to time spent with online Social networks. Interactive represents time spent online with sites such as banking, trading and maps. Test minutes reflect time on corporate and family (automotive is a good example of a text site).



The predominant take away from this data display is the immense size of PurePlay time, the relatively small size of Cobranded time and magnitude of I-Video time in the media “garden”.

IN SUMMARY

Here are 11 points which summarize the findings from this year’s 2014 CMUST study.

- Only the Internet is growing
- Internet has become ubiquitous
- As devices multiply, Internet time expands
- Car Connectivity being the newest device
- Offline older; Online younger
- Total media time expands due to Simulmedia
- Online measurement trying to catchup
- 40% of Internet time is buried
- TV/Video time 18+ = 18-34
- PP/Cord Cutting driven by cost issues
- PurePlay>Text>Social>Games>CoBrand

IMPLIC@TIONS

This year's CMUST report highlights the size (16% chart below) of IVideo share of total media consumption. In stark contrast, IVideo captures only 1% of total media revenue (TV, Radio, Newspaper, Magazine and Internet). One might argue that the IVideo ad share should be larger; so make it 2% - and that the IVideo time share includes non-commercial sites; so reduce the share to 10%. Nevertheless a significant time/revenue gap exists for IVideo. There are barrier and opportunity implications concerning IVideo for Buyers, Sellers and Researchers.



	<u>MINUTES PER WEEK PER CAPITA Adults18+</u>	<u>2013 AD REVENUE Millions</u>
TV+RADIO+NEWSPAPER+MAGAZINE+INTERNET	4,715	\$10,748
I-VIDEO	769	\$146
I-VIDEO SHARE	16%	1%

BARRIERS

IVideo and legacy TV planning, buying and selling operations have evolved within procedural "silos". The two media forms are more often planned and executed by different staffing groups, following different procedures (programmatic vs conjunction), using different metrics (clicks, completes, grp's). The work flows are different. The labour costs per dollar of media expenditure are different. The rates of remuneration are usually different.

OPPORTUNITY

IVideo is an underutilized media segment and as such has the potential to provide high of 'share of voice' levels to participating advertisers. IVideo also can provide heightened reach delivery in conjunction with legacy TV over a brand's purchase cycle. Therefore there is benefit that can accrue to a marketer by treating IVideo and TV as one integrated VIDEO form rather than two separate, siloed media forms that currently exist today. There is evidence that the Video "de-siloing" effort has begun in earnest at Canada's largest media agencies.

Media Landscape Sources

TV		2002 BBM Calendar year 2002, Picture Matching and Mark II Meters, 2+ Sample 5,006. 2013 BBM Fall'13 – Spring'14, PPM, 2+ Sample 4,470 hhlds (≈ 11,000 persons 2+).
RADIO		2000 BBM Fall 2000, Diary, 12+ Sample 85,464. 2013 BBM Fall 2013, Diary, 12+ Sample 88,568.
NEWSPAPER		2001 NADbank Fieldwork 2000, telephone and LB questionnaire, 18+ Sample, 29,584. 2013 NADbank Fieldwork 2013, telephone and LB questionnaire, 18+ Sample, 38,903.
MAGAZINE		2001 PMB Rolling 2 year 1999-'01, In Home Interviews/LB questionnaire, 12+ Sample, 26,608. 2014 Spring PMB Rolling 2 year 2012 – '13, In Home Interviews/LB questionnaire, 12+ Sample, 21,701.
ONLINE	 	2001 NADbank Fieldwork 2000, telephone and LB questionnaire, 18+ Sample, 29,584. 2014 comScore July 2014 panel, 25,000, used 7day reach UVs expressed as a % against PMB Spring'14 population bases. MultiPlatformVideo Metrix. See following page for reach calculation.

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