



December 2012

2012: Blurring the Line.

The 2012 CMUST Report: Commissioned by IAB Canada

Purpose

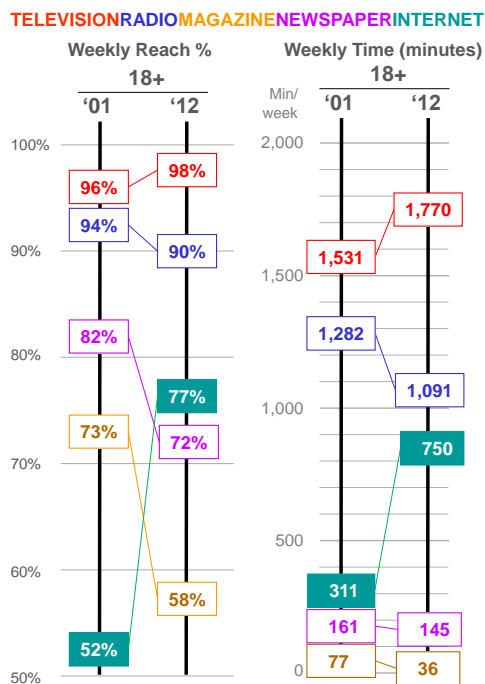
The Canadian Media Usage Study (CMUST for short) was originally commissioned by IAB Canada in 2004 to quantify Canadians' consumption of the Internet medium relative to the primary media of TV, Radio, Newspaper and Magazine. Weekly reach, time spent (per capita) data for a range of demographic groups was plotted using most of the primary syndicated media sources. In this way, our industry was able to place the Internet medium in the context of the entire Canadian media landscape.

This 2012 CMUST work continues that tradition of MEASUREMENT. But the Internet is no longer an emerging medium and accounts for a share of Canada's ad revenue that now exceeds the Radio and Newspaper media. And so the landscape picture being presented in this report is now designed to demonstrate how Canadian consumers have not only "crossed the line" that once demarcated off and online media but have now learned to eliminate the very notion of the "line" from their media usage behaviour. To this end, additional topics of examination have been included in this year's CMUST report namely MASHUP and MOBILE. The MASHUP section examines how Canadians consume offline-like vehicles online and the MOBILE section of the report quantifies Canadians use of mobile devices such as smart phones and tablets.

The full presentation of the 2012 CMUST Report is now available to IAB Canada members. The complete report provides a full listing of sources, definitions and private and syndicated study descriptions. The syndicated studies involved in this report are listed at the end of this document.

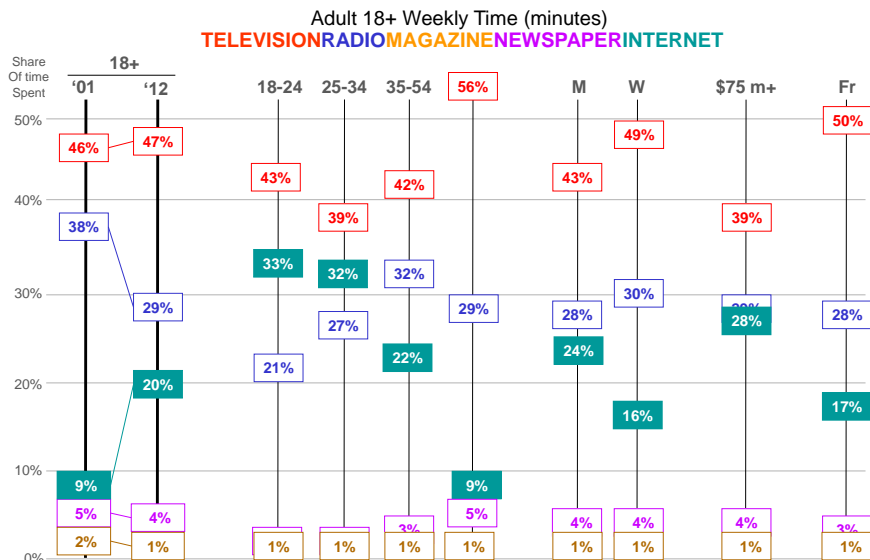
MEASUREMENT

The chart below plots weekly reach and time (minutes per week per capita) levels for Canada's five major media between 2001 and 2012, adults 18+.



The Internet medium reaches 77% of adults 18+ in Canada weekly and has been the only medium to have registered any significant growth over the last decade. Adults spend 750 minutes with the Internet medium weekly (pc) and this does not include time accessing the Internet via smart phones and tablets. PHD estimates an additional 190 minutes per week is spent by adults accessing the Internet via these mobile devices. Again, the Internet medium's growth rate has been significant (+141%) since 2001.

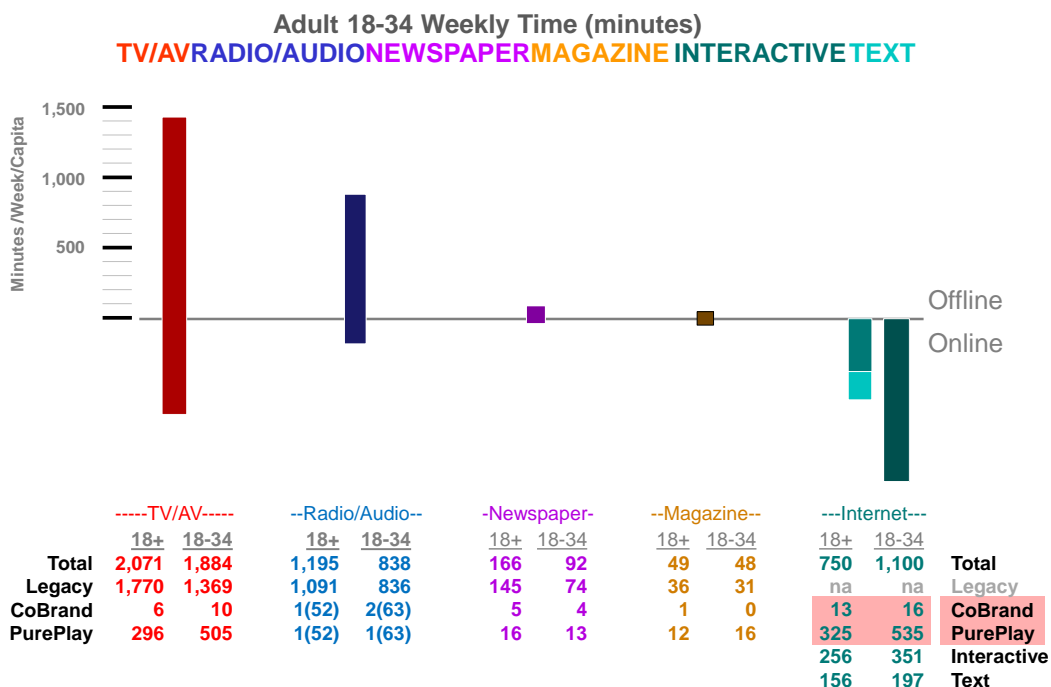
The weekly time spent data from the previous chart has been converted into “shares” of weekly time spent amongst the five media reviewed below. For example, Adults 18+, in total Canada, spent 20% of their weekly time with the Internet medium out of the total amount of time spent with the sum of TV, Radio, Newspaper, Magazine and Internet. This chart plots each medium’s share of time by age break, male/female break. \$75m+ Hhld income and French (Quebec in the case of Internet). Each medium’s demographic share can be compared to the adult 18+ share in order to determine demographic propensity. The Internet medium is unique, exhibiting a youthful, higher income profile. The reach profiles for these media are comparable to the time spent profile we see below.



It is interesting to compare Internet’s share of weekly time spent to the share of ad revenue (against the same base of media). The 25-34 year old age demo (a key ad target group) share of time is 32%. The Internet medium captured a 25% share of ad revenue in 2011. The Internet medium’s share of revenue is gradually catching up to the medium’s share of time.

MASHUP

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 and PurePlay media refers to media available only online. The chart below summarizes the minutes per week per capita and also provides composition proportions for Adults 18+ and Adult 18-34 demographic breaks for each of these three media “types”.



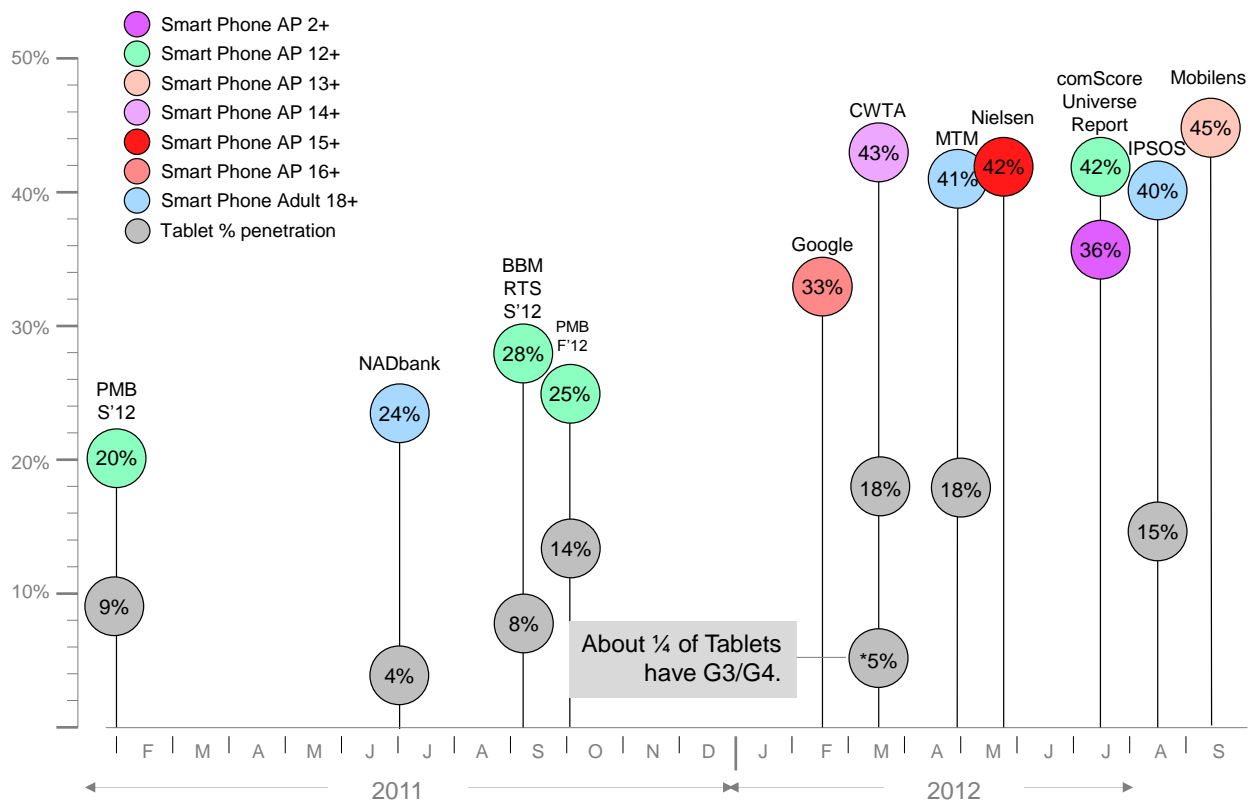
The shaded data in the previous chart highlights the Legacy, Co-Brand and PurePlay time and composition of time within the Internet medium. Co-Branded time is a relatively small portion of the total amount of time spent with the Internet medium (2% for Adults 18+ and 18-34) while the PurePlay proportion is very significant (43%/49%). The 18-34 minutes per week count directed to Internet PurePlay (535) is 65% higher than the time spent level for Adults 18+ (325). The younger, 18-34 demographic is a harbinger of interest in, and time allocated to, digital video. Digital video, driven by 18-34 year olds is the engine to the Internet medium's future growth.

"Interactive" Internet time includes time consumers spend accessing banking, gaming, e-mailing, social themed sites and accounts for time that is significantly higher than time allocated to Text sites (search, corporate sites).

Internet minutes per week (750 for adults 18+ and 1,100 for adults 18-34) reflect comScore methodologies and therefore co-branded and PurePlay Radio as well as time spent accessing the Internet by way of a number of mobile devices is not included. These devices include smart phones, tablets, co-branded and PurePlay radio, Netflix, AppleTV, Google TV, Boxee and video game consoles and handhelds. PHD estimates an additional 294 adult 18+ minutes of per capita time weekly (additional to 750 minutes per week) would accrue to the Internet medium if all smart phone, tablet, co-branded radio and audio PurePlay time could be captured by comScore.

MOBILE

It has been particularly difficult to keep up with Canadian's adoption of mobile devices; specifically smart phones and tablets. Estimates of penetration vary due to different survey field work dates and different demographic bases being measured. The chart provides an amalgamated answer to the question "what proportion of the population has mobile devices?"



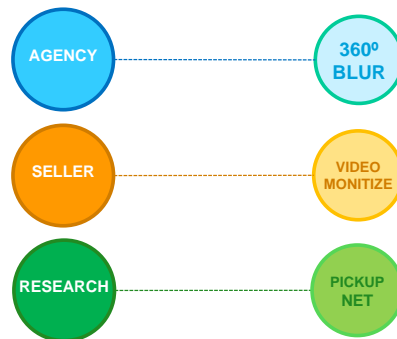
The most recent surveys (late fall 2012) suggest smart phone penetration in Canada currently stands at 45% (ap13+); 18% for tablet penetration.

The full CMUST report contains insights regarding the extent to which mobile devices extend Internet's reach of adults 18+ in Canada (not at all) and the popularity of smart phones and tablets for various internet activities. Smart Phones are preferred over computer/laptops when it comes to texting, downloading apps and I messaging activities.

IN SUMMARY

- 1) The Internet medium, unlike the traditional offline media, is growing both in terms of reach and time spent.
- 2) comScore, the measurement body of record for the Internet, does not capture all time spent with the medium. An additional 294 minutes (adults 18+, estimated PHD) of Radio/audio/mobile device weekly time remains "on the table".
- 3) Co-branded Internet time represents a small proportion of total Internet time spent by adults but PurePlay makes up almost 50% of Internet time. PurePlay time could be considered a "consumer media marketplace" that represents a source of growth for co-branded media vehicles down the road.
- 4) Adult 18-34 year old consumers are particularly attracted to online digital video. This demographic group represents the "engine" for the Internet's future rates of growth.
- 5) Canadian smart phone and tablet penetration has now reached 45%/18% respectively. Mobile's tactical, portable, right time, right place messaging capabilities are now in the hands of 60+% of adults 18-34.

IMPLIC@TIONS



For the AGENCY: Consumer behavior is causing the lines that separate offline from online buyers and planners, to blur. As a result, budgets need to be allocated between on and offline channels from a central and single optimizing planning platform. The legacy TV and PurePlay planned budgets, currently assigned from "siloeed" points of view will soon be assigned from one video budget, according to some optimized principle. The agency industry is playing catch up with the consumer in this regard.

For the SELLER: TV broadcasters are striving to emulate newspaper's success at selling cobranded advertising. Current PurePlay's ad revenue levels are unknown in Canada (or at least unreleased) but there is a great deal of consumer time allocated to this video segment. A challenge to broadcasters' revenue stream? Perhaps an opportunity to learn from other media?

For the MEDIA RESEARCHER: What is the net reach amongst legacy TV, co-branded TV and PurePlay video? We need to find ways to measure merged on/off line consumption. Additionally, there is a significant amount of online time being consumed that remains unmeasured. It is a challenge indeed to track down consumers as they spend time with the Internet medium via their portable devices and new TV technology. Unmeasured Internet minutes are moving targets but it's critical that we learn how to capture this behaviour. Our industry can't catch up to the consumer if we can't measure consumer behavior.

Media Landscape Sources

TV		<p>2002 BBM Calendar year 2002, Picture Matching and Mark II Meters, 2+ Sample 5,006.</p> <p>2012 BBM Broadcast year 2011/'12, PPM, 2+ Sample 8,991.</p>
RADIO		<p>2000 BBM Fall 2000, Diary, 12+ Sample 85,464.</p> <p>2012 BBM Fall 2011, Diary, 12+ Sample 88,838.</p>
NEWSPAPER		<p>2001 NADbank Fieldwork 2000, telephone and LB questionnaire, 18+ Sample, 29,584.</p> <p>2012 NADbank Fieldwork 2011, telephone and LB questionnaire, 18+ Sample, 38,983.</p>
MAGAZINE		<p>2001 PMB Rolling 2 year 1999-'01, In Home Interviews/LB questionnaire, 12+ Sample, 26,608.</p> <p>2012 Spring PMB Rolling 2 year 1999-'01, In Home Interviews/LB questionnaire, 12+ Sample, 22,743.</p>
ONLINE	 	<p>2001 NADbank Fieldwork 2000, telephone and LB questionnaire, 18+ Sample, 29,584.</p> <p>2012 comScore August 2012, panel, 2+ Sample 40,000, used 7day reach UVs expressed as a % against PMB Fall'12 population bases. Media/Video Metrix. See following page for reach calculation.</p>

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