

Intermedia Intramedia

CMUST 2016
Executive Summary
French Canada
Prepared by PHD Canada
Rob Young, January 2017

WHAT'S CMUST?

Since its inception in 2004, IAB 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.

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

The study reviews how new devices and new types of content are triggering ways consumers devote ever growing time counts with the Internet. This includes Car Connectivity, new Multi-platform data from comScore, time spent with Internet video and the impact of Ad Blocking.

In addition, CMUST 2016 examines how reach builds across multiple channels and compares multi-channel reach from a recent study to random duplication – an approach the industry has used for decades to estimate multi-media reach.

REACH
DEVICES
REACH/TIME
UNEARTHED INTERNET TIME
INTERNET TELEVISION
AD BLOCKING
INTERNET CONTENT
TIME+MONEY
SUMMARY

REACH

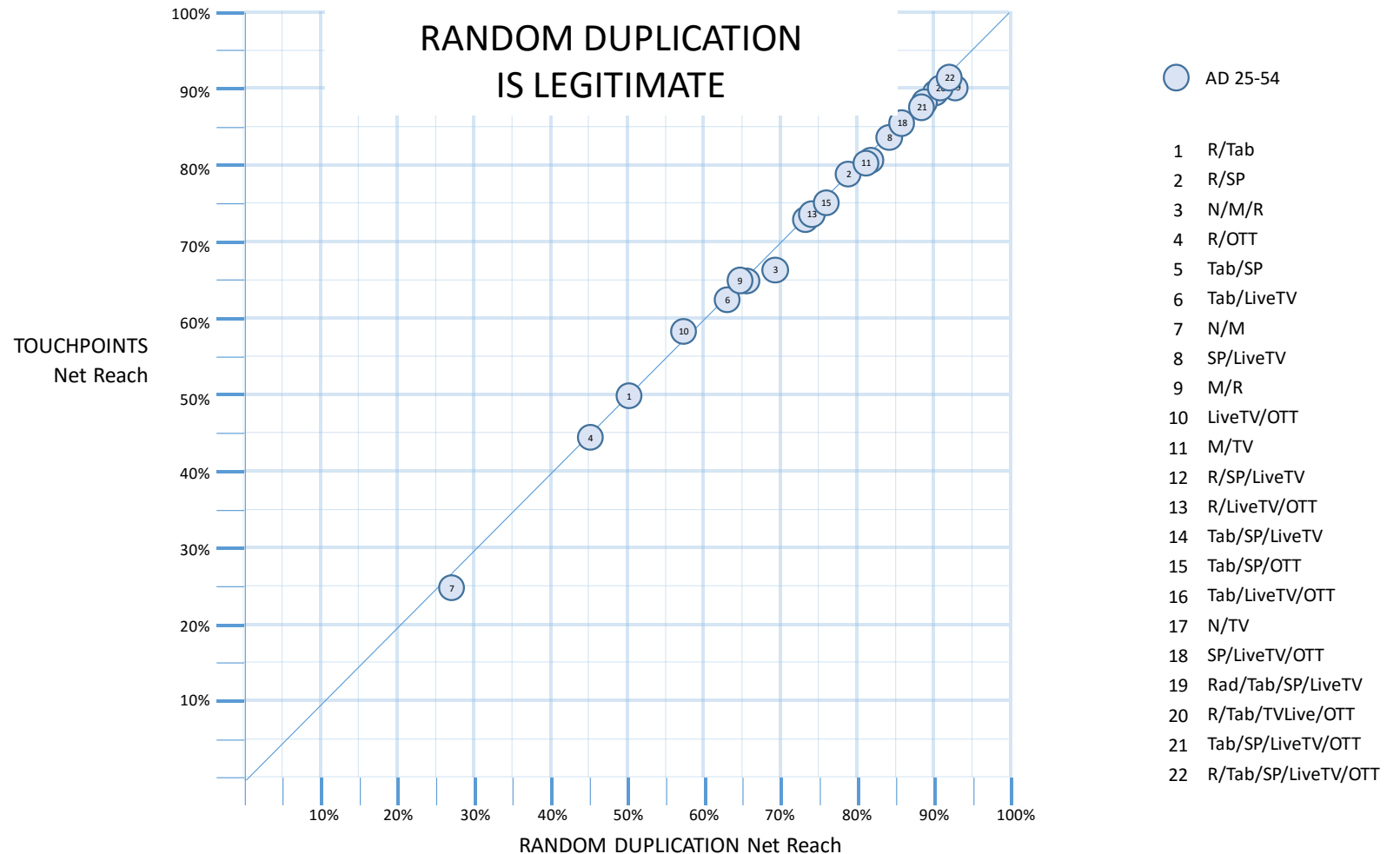
According to the recently published “How Brands Grow Part 2” (Romaniuk and Sharp), REACH is all important; a necessary core element of all marketing and media plans. Problem is our industry has no empirical means by which to determine multimedia reach and if you can't measure it, how can you manage it? Our industry here and in many countries around the world rely upon the “Random Duplication” formula to estimate multiple media reach. But is it a legitimate approach? Until the arrival of Touch Points 2015, there has been no way to verify Random Duplication results.

RANDOM DUPLICATION

A second medium's reach applies to the first medium's unreached. A third medium's reach applies to the first/second media's unreached. And so on.

The chart to the right plots 22 multi-media schedules according to found TouchPoints 2015 Adult 25-54 reach (the vertical axis) and also by manually calculated reach using Random Duplication (horizontal axis). All 22 pairs of reach fell on the diagonal line between the two axis demonstrating a high degree of consistency between the two sets of data.

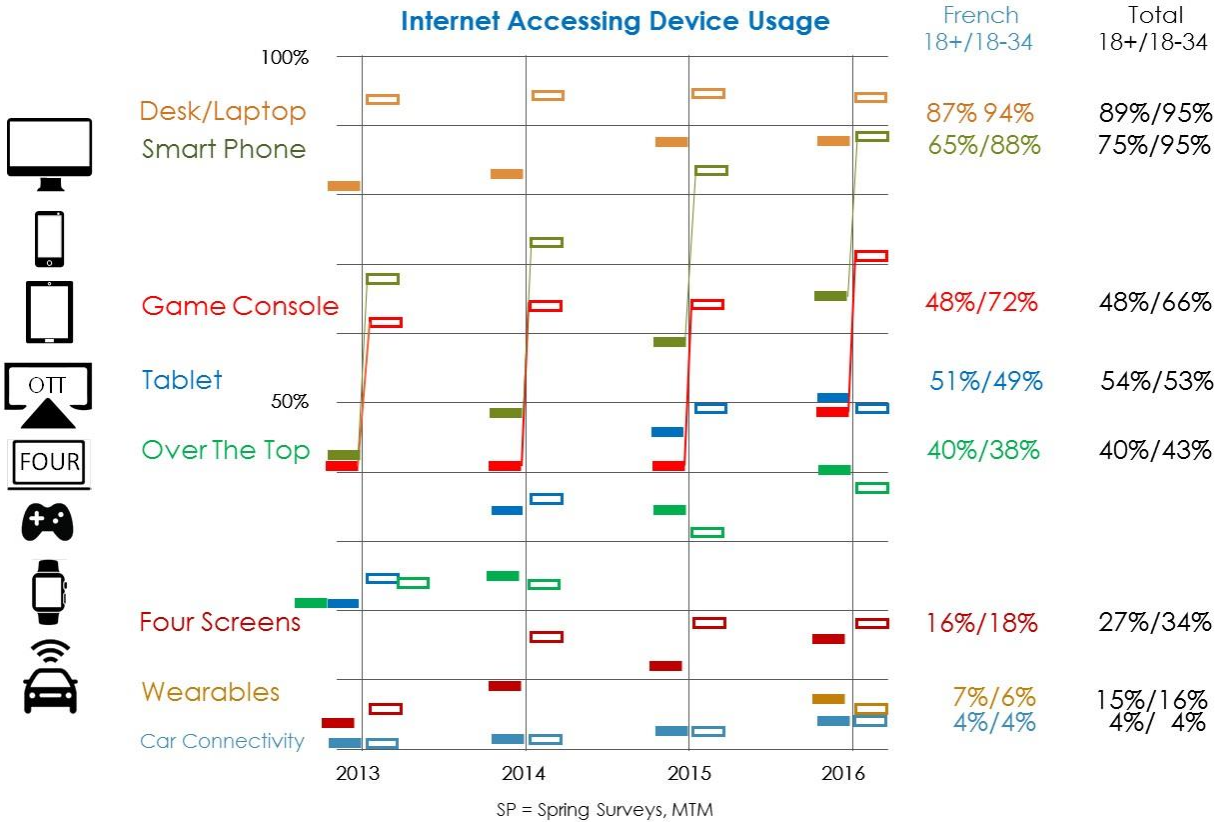
IN SUMMARY – Random Duplication is a dependable way to estimate multiplatform reach.



DEVICES

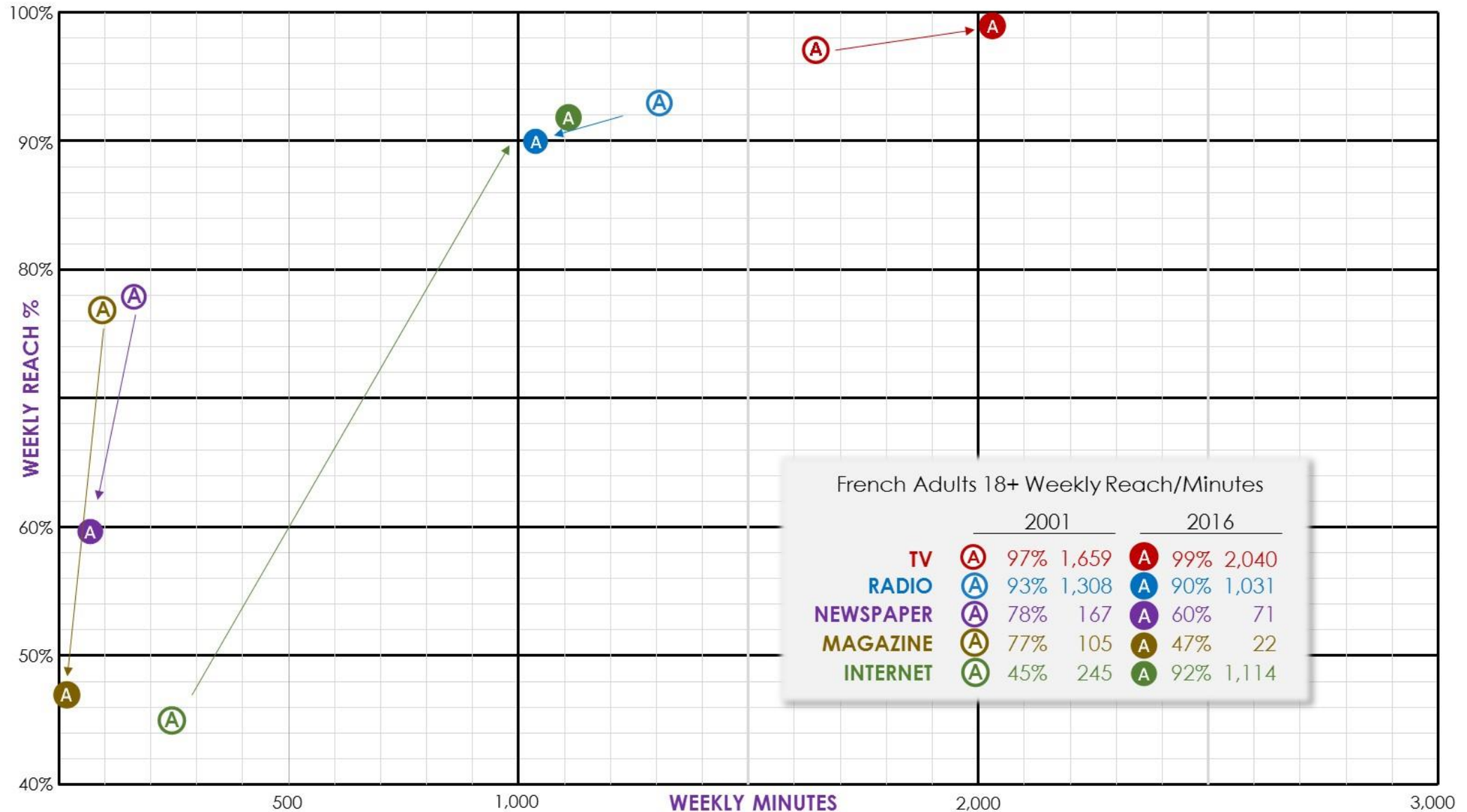
This chart demonstrates how devices capable of accessing the Internet have grown over the last four years. Both adult 18+ and adult 18-34 percent penetration levels are shown. Currently in the market place, there is a wide range of consumer uptake of these devices ranging from levels of saturation - desktop/laptop at 94%, to the relatively new and growing car connectivity device at 4% penetration. The French Canada penetration numbers are compared to penetration levels in Total Canada and there are some significant differences. Smart Phone penetration in French Canada is very much lower than Total Canada 65% vs 75% for Adults 18+ and 88% vs 95% for Adults 18-34.

IN SUMMARY - Car Connectivity and OTT (smart TV) represent devices with reasonably strong prospects for growth in the future. These will be the Internet medium's source of future incremental consumer time spent counts.



REACH/TIME 2001 - 2016

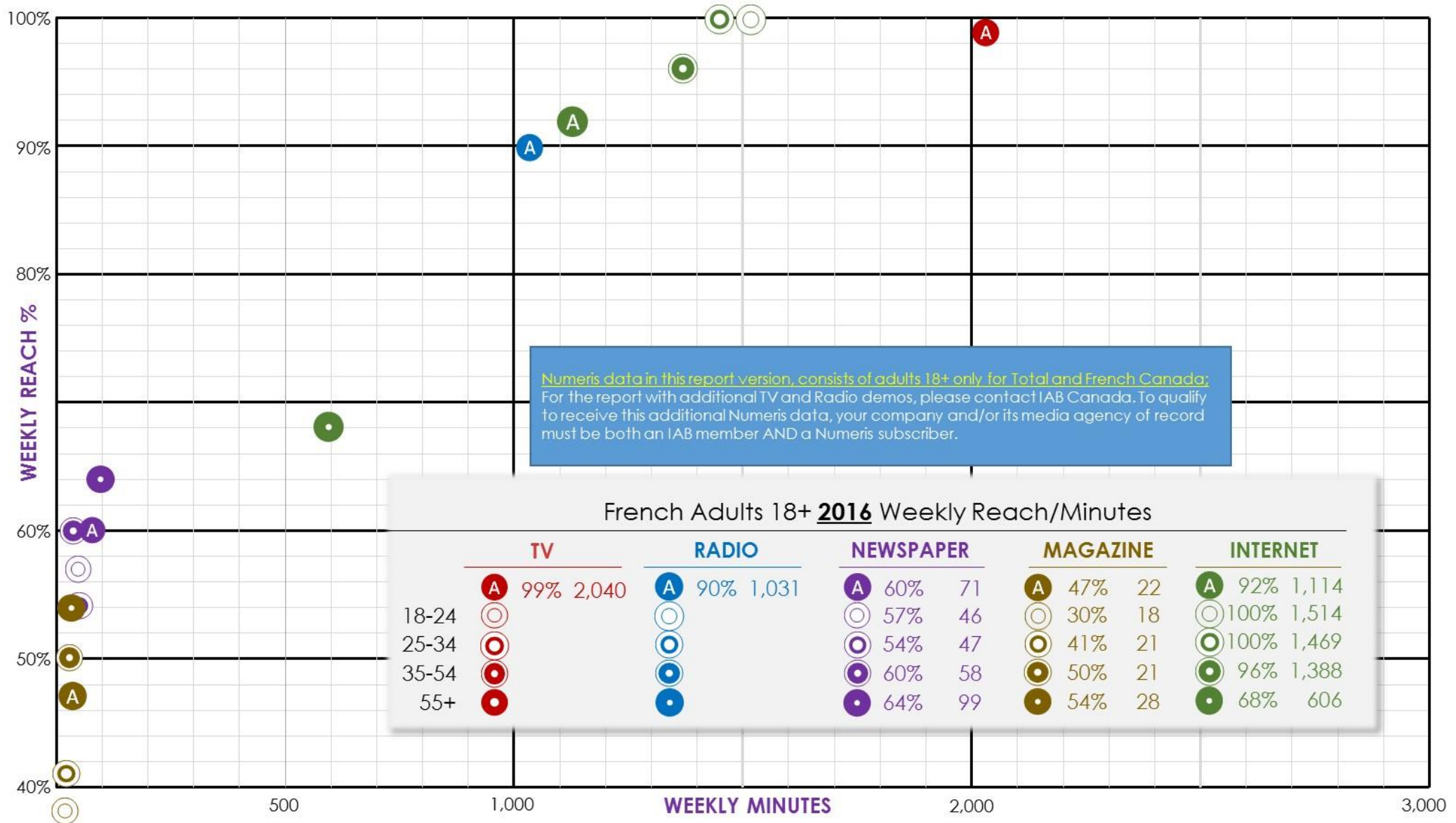
The grid below accommodates the positioning of **TV**, **RADIO**, **NEWSPAPER**, **MAGAZINE** and **INTERNET** media by weekly Reach (vertical axis) and Time (minutes per capita on the horizontal axis). This chart examines the shift in media consumption that has taken place between 2001 and 2016 for Adults 18+. TV's growth over the 15 year period is due to changes in measurement technology employed by Numeris. **IN SUMMARY** - Only the Internet medium has exhibited significant **real** growth in reach and time.



REACH/TIME Age Profiles

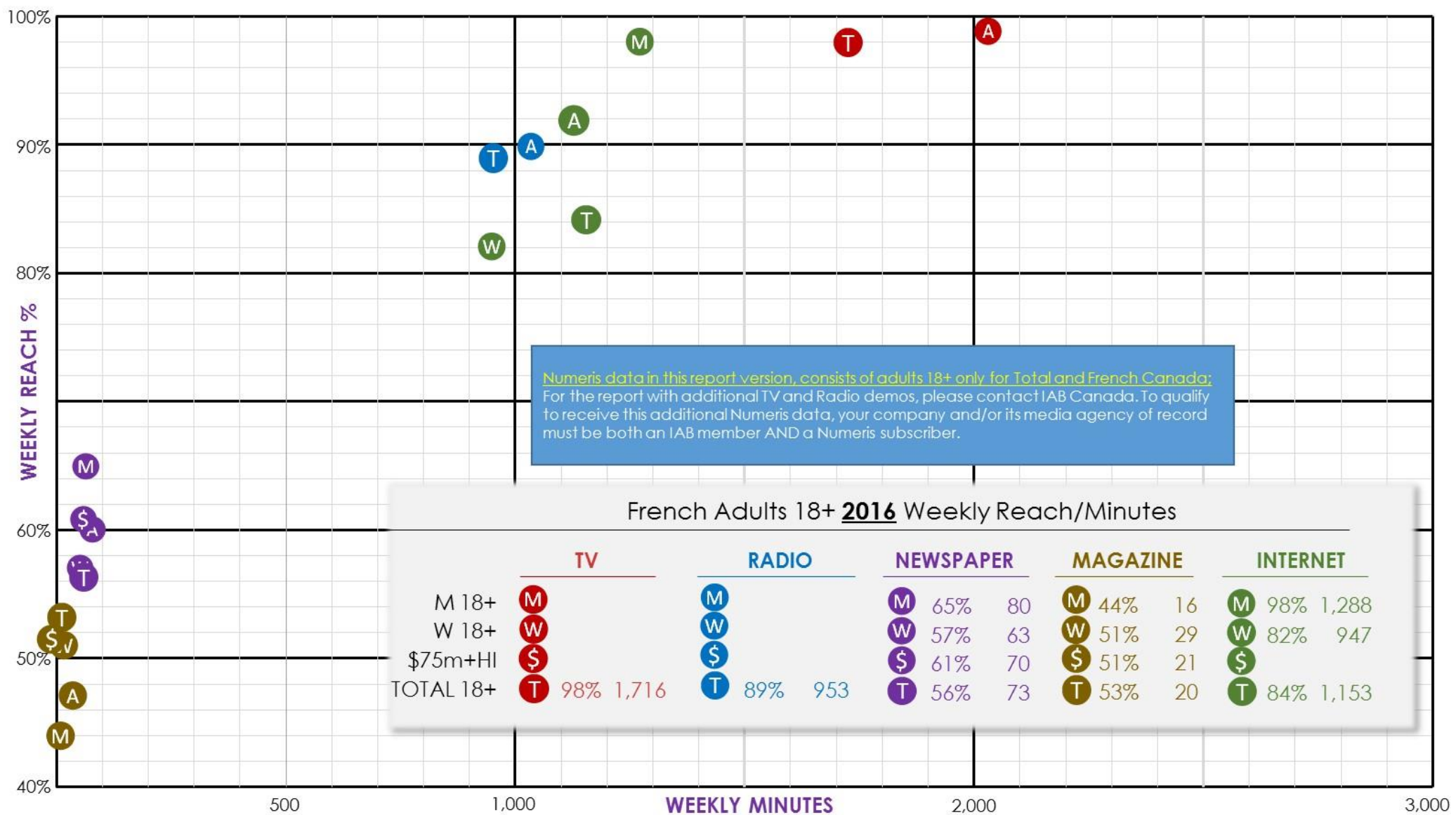
Four age breaks per medium are plotted on the reach/time grid below relative to their adult reach/time location. All legacy media find their younger users demonstrate lower reach/time levels than their older users. The Internet is a dramatic exception to this rule where the 55+ age break exhibits lighter usage.

IN SUMMARY – The Internet medium exhibits a youth skew compared to Legacy media's older age skew.



REACH/TIME Gender, Income and Total Canada

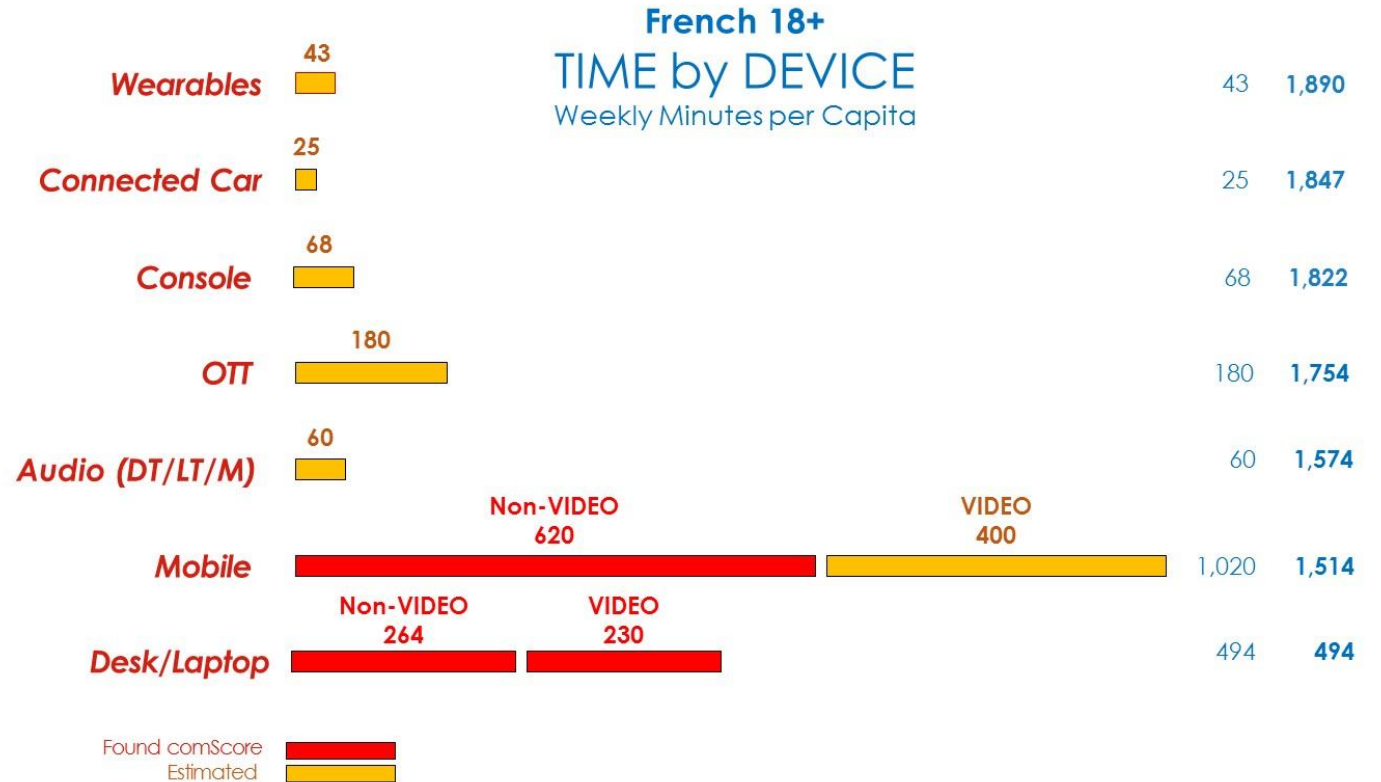
Men, Women, above average income and Total Canadian adults 18+ are plotted below on the reach/time grid relative to French adults 18+. Women are heavier users of TV and Magazines than Men. Men are heavier users of the newspaper medium than Women. With the exception of Magazines, French Canadians are heavier users of media than Total Canadians. Above average income earning families are heavier users of print.



UNEARTHED INTERNET TIME

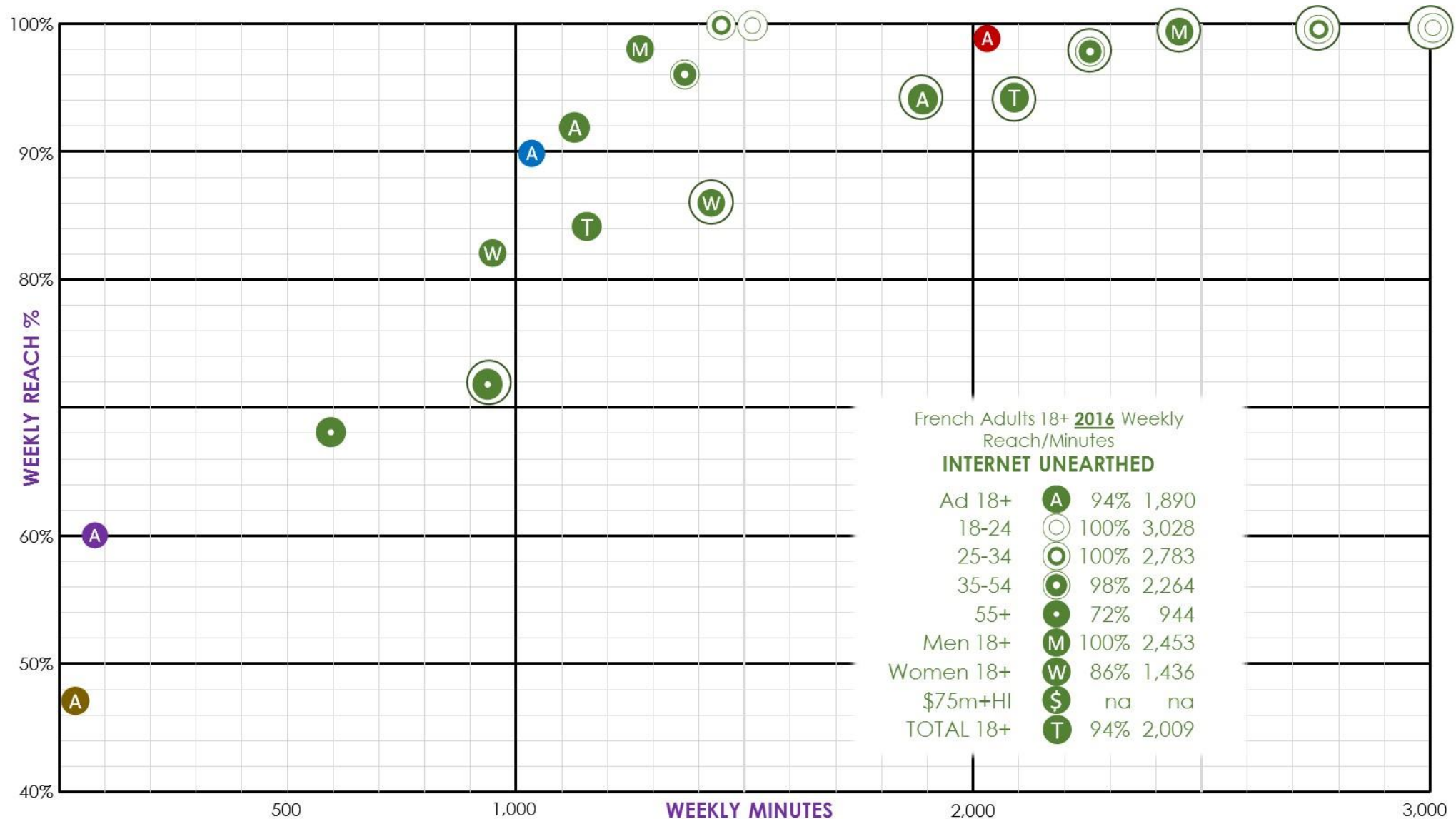
ComScore does not measure Internet time that is derived from many devices namely wearables, car connectivity, game consoles, OTT, audio and until recently mobile video. In 2015 publishers began to tag their mobile video content but as of fall 2016, comScore's mobile video time counts were still sparse. This section of the report provides estimates of minutes per capita per week for French adults 18+ in order to determine Internet's **unearthed** time. The column on the far right hand side of the opposite chart aggregates the minute counts from bottom, up. This year, we estimate total Internet unearthed time to be 1,890 minutes per week for French Adults 18+. This unearthed minute count compares to 1,114 minutes per capita captured and reported by comScore.

IN SUMMARY - 41% of the Internet medium's total consumed time is estimated to be "buried"; still unmeasured.



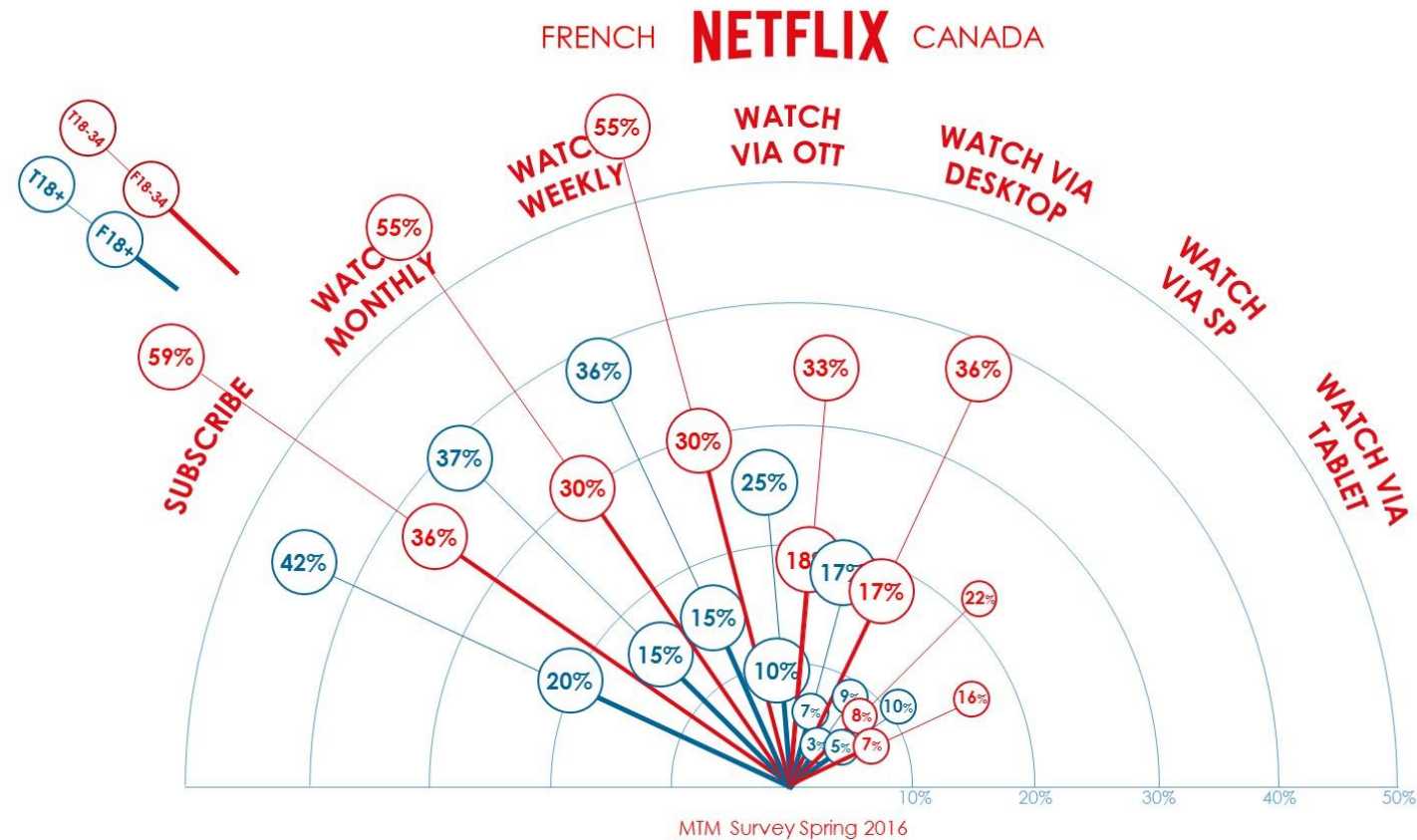
UNEARTHED INTERNET TIME – The “New” Internet Reach and Time Picture

The Internet's total unearthed" time count is dramatically larger than the industry's perception and this is demonstrated in the chart below. The demo "bubbles" that are surrounded by a circle represent the estimates of Internet unearthed reach and time. TV, Radio, Newspaper and Magazine adult 18+ reach/time bubbles are also plotted below. **IN SUMMARY** – Unearthed Internet is the largest medium in Canada for all but the oldest age groups.



INTERNETELEVISION

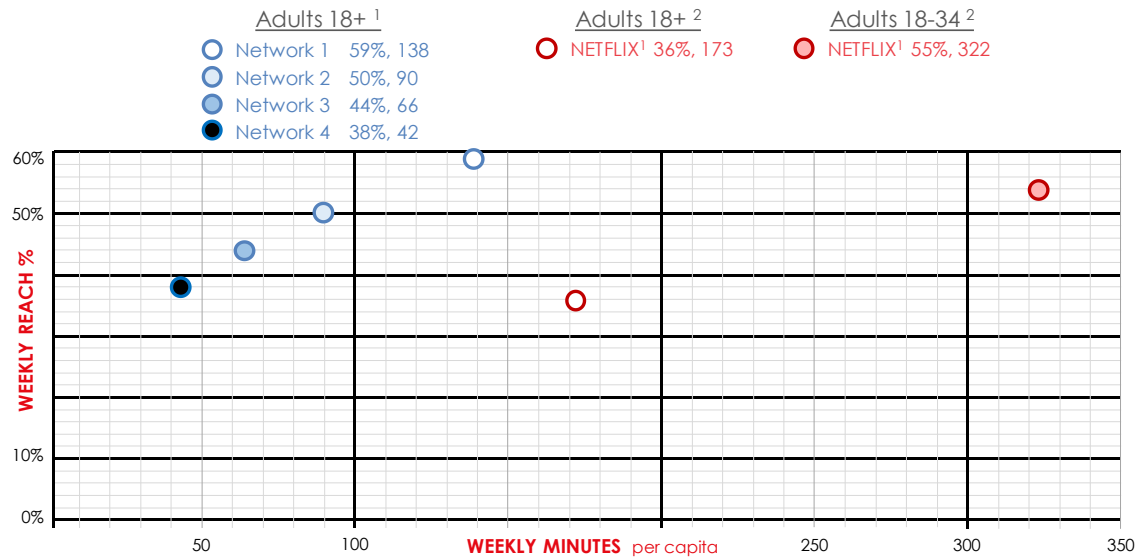
Each new year finds the TV and Internet medium moving closer together, a phenomena referred to as “connected TV”. This section of the CMUST report examines new and updated developments in the space where TV and Internet intersect.



Probably the best example of the intersection of Internet and TV, Netflix now boasts subscriptions penetration of 36% of French Canada adults 18-34 according to the Spring 2016 MTM survey; a remarkable penetration level given Netflix's language of content.

INTERNET TELEVISION

NETFLIX vs Network



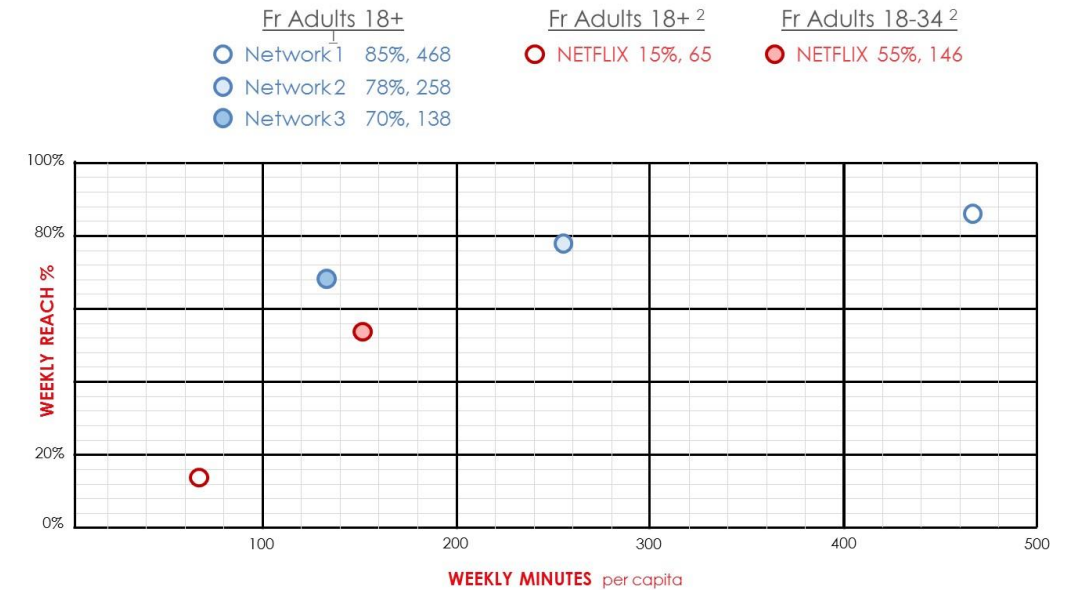
¹ Numeris PPM, Year-to-date (01/01/16-10/05/16), Average weekly reach %, Average hours per week (per cap), Total Canada, All stations

² MTM Spring 2016

Four of Canada's largest English language TV networks are plotted above on a reach/time grid map for adults 18+. Netflix 18+ and 18-34 reach and minutes per capita are compared to the networks on this map and the main finding relates to the extremely high time counts generated by Netflix relative to legacy network TV.

IN SUMMARY - Netflix is a “time hog” in Total Canada.

NETFLIX vs Network FRENCH CANADA



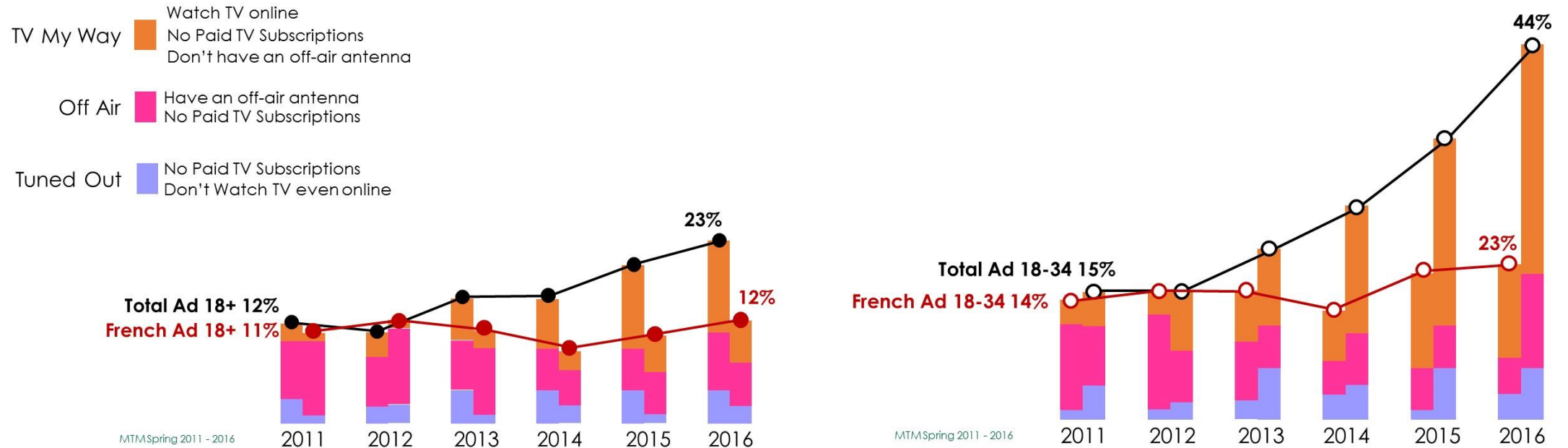
Numeris PPM, Year-to-date (01/01/16-12/19/16), A18+, Average weekly reach %, Average hours per week (per cap), Quebec Franco, All stations

² MTM Spring 2016

The reach/minutes per week comparison between French language TV networks and Netflix demonstrates significant differences between French and Total Canada. Note the large French Canada Network weekly reach levels thanks to low levels of TV fragmentation. Netflix weekly reach levels are much lower in French than in Total Canada but even so, Netflix time counts are larger than expected given the reach.

IN SUMMARY – Netflix is on a much lower impact plane in French than it is in Total Canada.

INTERNETELEVISION



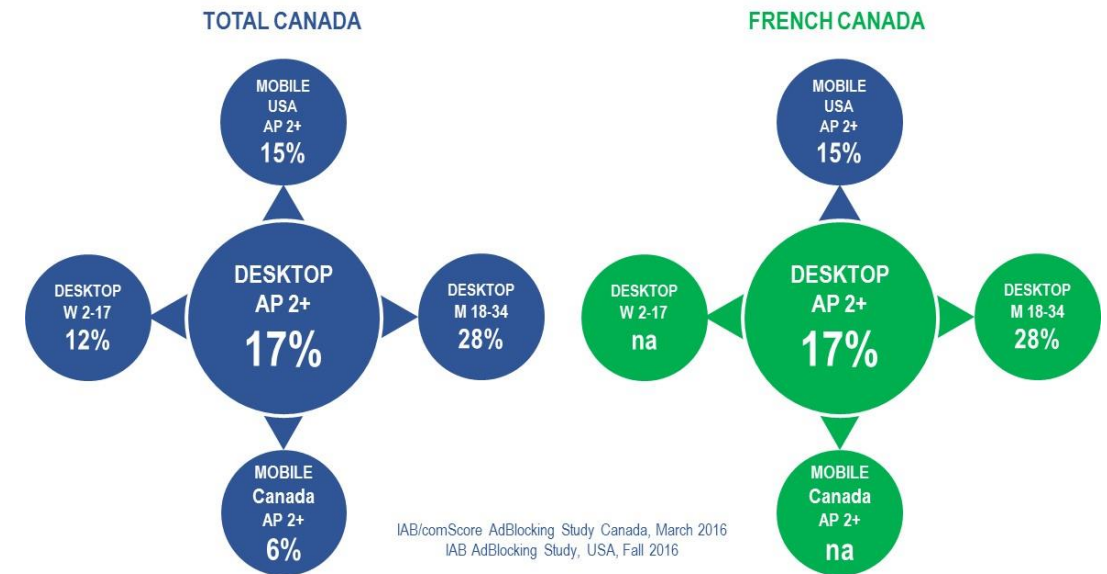
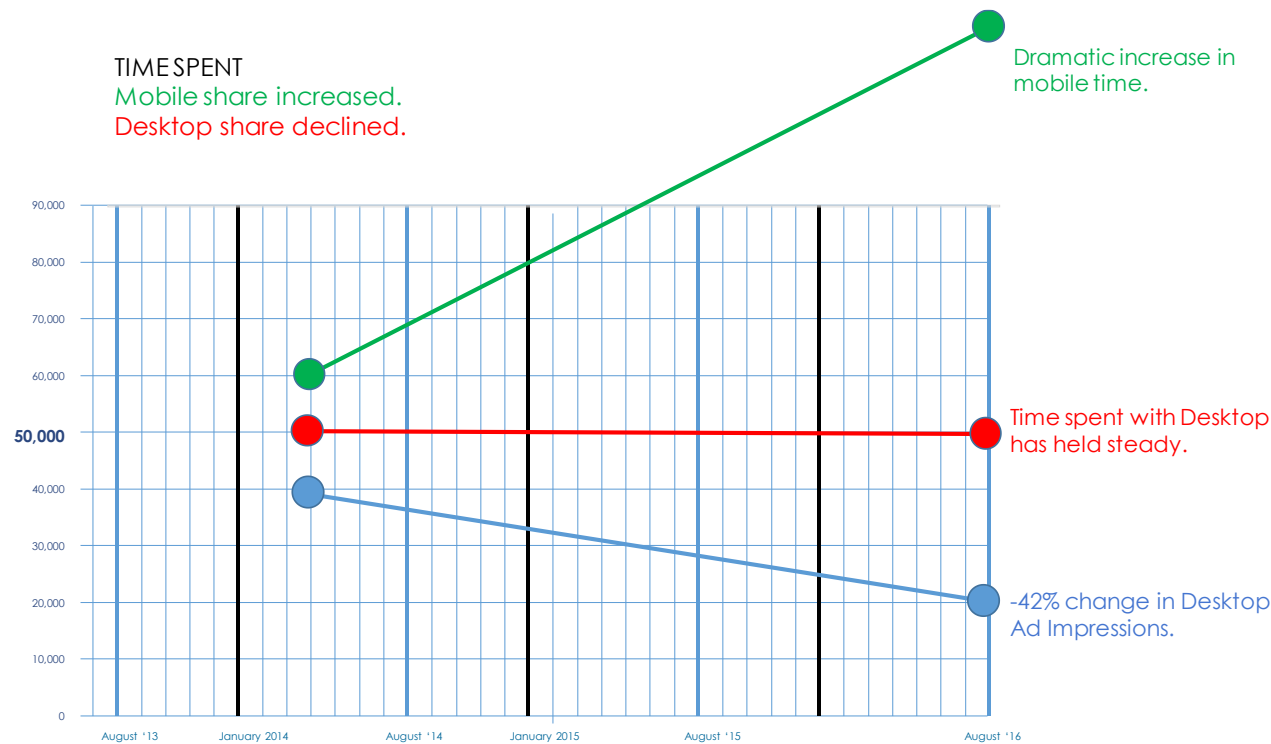
According to MTM, the “TV My Way” viewing segment (don’t have cable or off-air antenna and only watch TV online) describes **27% of adults 18-34** in Total Canada. “Cordlessness” is growing in Canada, led by the “TMW” 18-34 year olds (chart upper right). The proportions of adults 18+/18-34 who are “un-cabled” increased from 12%/15% in 2011, to 23%/44% in 2016. In French Canada, the size and rates of growth of “cordlessness” are far more moderate, growing in size from only 11% to 12% for Adults 18+ and, more significantly, from 14% to 23% for Adults 18-34 between 2011 and 2016.

IN SUMMARY – The Internet is playing a growing role in the field of TV carriage in Total Canada – less so in French Canada.

AD BLOCKING

The **blue trend** line below tracks the number of display ad impressions that occurred on desktop/laptop between May 2014 and August 2016 in Total Canada; a 42% downward trend. Why? Desktop/laptop time is steady (**the red line**), but mobile time is on the upswing (**the green line**). The share of consumer time and advertiser dollars has shifted from Desktop/Laptop to Mobile and this is confirmed by Internet ad revenue trends. That movement in ad dollars and therefore ad impressions from desktop to mobile probably accounts for one half of the 42% decline in desktop impressions defined by the **blue line** below. What explains the balance – the remaining 21% decline? Ad Blocking we believe. An **IAB/comScore** ad blocking report (Spring 2016) places 2+ ad blocking penetration at 17% of desktop/laptop devices rising as high as 28% amongst men 18-34 and as low as 12% amongst Women 2-17. In Canada, mobile ad blocking runs at only 6% of the 2+ population (15% in USA, IAB Fall 2016). According to this same study, rates of ad blocking in French Canada are similar to Total Canada.

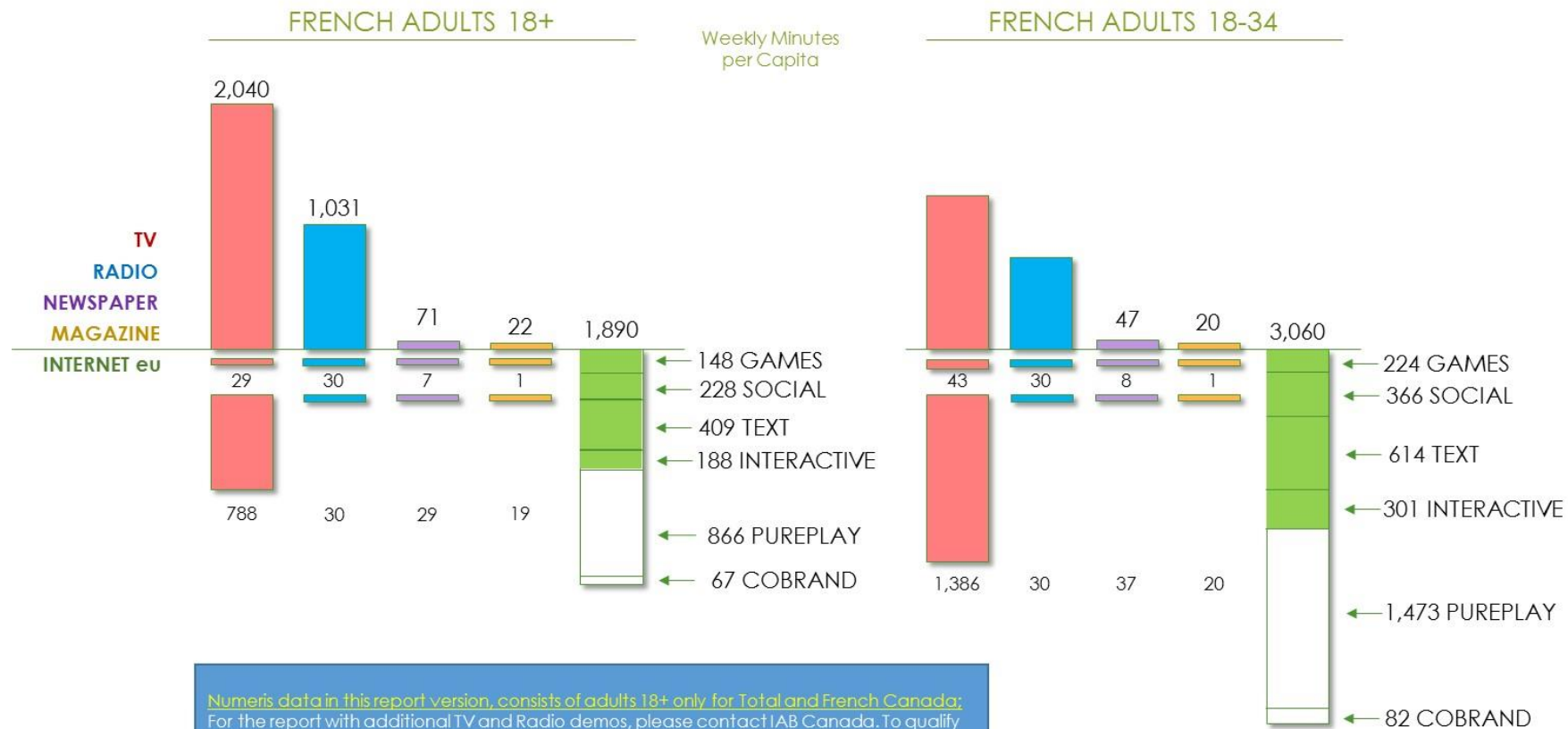
IN SUMMARY – ad blocking is a 12% to 28% situation in Canada.



INTERNET CONTENT

The chart below quantifies the amount of time (minutes per week per capita) adults 18+ and adults 18-34, in French Canada, spend with different genres of Internet content. Legacy media minutes are scaled above the line and Internet minutes are scaled below the line. Cobranded refers to Internet time spent with online extensions to legacy media channels (TheStar.ca) and Pureplay refers to time spent with Internet content that is off-line media-like but available only online (Huffington Post for example). Of note in this content review is the very large degree of time spent with video (the **red boxes**) be it on-line or off-line.

IN SUMMARY - Internet Video is the way to an 18-34 year old's heart.

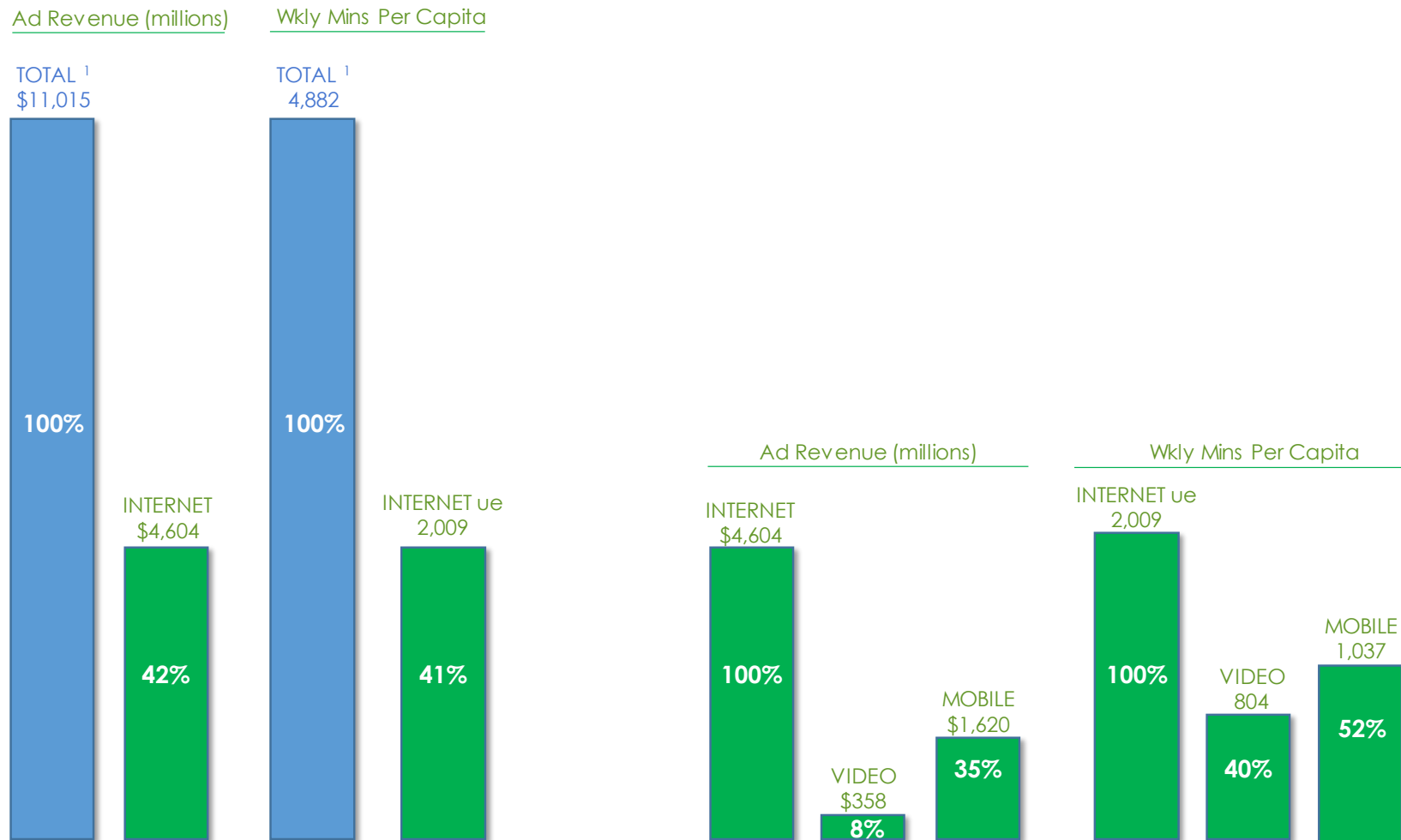


Numeris data in this report version, consists of adults 18+ only for Total and French Canada; For the report with additional TV and Radio demos, please contact IAB Canada. To qualify to receive this additional Numeris data, your company and/or its media agency of record must be both an IAB member AND a Numeris subscriber.

TIME+MONEY

Internet's share of total Ad Revenue (does not include OOH or Community Newspaper), shown as a green bar percent of the blue bar (below, left), is 42% and this share level is comparable to the Internet's 41% share of weekly time for the five media examined in 2016 CMUST. Finally, advertisers have caught up to consumer behavior. Within the Internet media, Video and Mobile shares of ad revenue and time are compared (below right). While the gaps between revenue and time continue to narrow, shares of Internet time spend on mobile and video are still very much larger than their shares of Internet ad revenue.

IN SUMMARY – anticipate the largest rates of annual ad revenue growth to be exhibited by these two media vehicles.

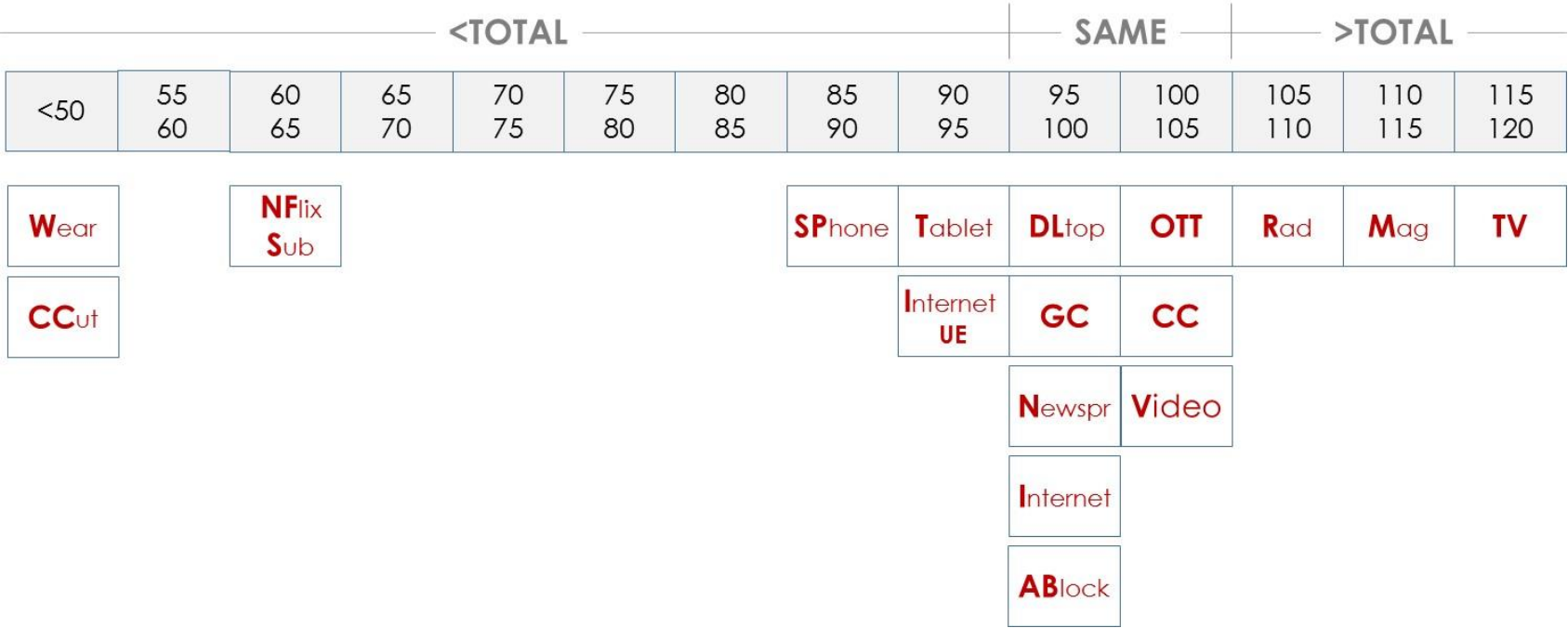


¹ Total excludes OOH and Com Newspaper, Revenue from 2015 Ad Revenue Summary Think TV, mpc from 2016 CMUST.

SUMMARY of Media Usage
FRENCH vs TOTAL CANADA

The chart below provides index category boxes that range from <50 (meaning French media usage is less than 50% of Total Canada usage) to 115/120 (15% - 20% greater propensity for French Canadians to use the media channel than Canadians as a whole). French Canada Netflix subscriptions, Wearable ownership and “Cordlessness” are media activities that are very underdeveloped compared to all adults in Canada. On the other hand adults in French Canada exhibit Radio, Magazine and TV readership/viewership levels that are between 5% and 20% higher than all adults 18+.

USAGE INDEX
FRENCH vs TOTAL



2016 CMUST IN SUMMARY

French Canada

RANDOM DUPLICATION	Dependable. Good news. Need it for the foreseeable future.
REACH	Brands need reach to grow. Can rely on Random Duplication.
DEVICE GROWTH POTENTIAL	OTT and Connected Cars.
REACH/TIME GRID	The great Canadian media curve. Media have set reach/time relationships.
UNEARTHED INTERNET TIME	Reflects the true level of Internet time. 41% of Internet time is buried - unmeasured.
TV MY WAY	Growing "cordlessness" in Anglo Canada. Much less so in French Canada.
NETFLIX	A time hog in Anglo Canada. Much less so in French Canada. Breaks the rules of reach/time.
AD BLOCKING	A 12% - 28% situation depending on demo. Bigger situation for desktop vs mobile.
INTERNET VIDEO	The way to an 18-34 year old's heart.
MOBILE/VIDEO	The ad revenue/time gap is closing. Anticipate largest rates of revenue growth.

CMUST 2016 SOURCES OF DATA

	TV RADIO NEWSPAPER MAGAZINE INTERNET	NUMERIS FALL'15/SPRING'16 PPM NUMERIS FALL'15 DIARY, NATIONAL VIVIDATA Q3 2016 72 paper rollup VIVIDATA Q1 2016 Generic QUESTION COMSCORE MAY'16
“Hip” TV Minute by Minute “Hip” Radio Minute by Minute YouTube Minute by Minute		NUMERIS PPM SEPTEMBER 2016 NUMERIS NTL PPM ANALYSIS CODED AND INCLUDED IN TV AMAs
“Hip” Concert Timing and Pictures		YOUTUBE
Device Coverage		MTM SPRING 2016
Car Connectivity Penetration		THE IOE NOV'15 BI INTELLIGENCE
“Canada’s hero’s ”		STEPHEN MARCHE NEW YORKER AUG 20 '16
Hip Concert Review		JESSE BROWN CANADALAND
Ad Blocking Trend Lines		COMSCORE ADMETRIX to AUGUST '16
Long Form/Short Form Ratios		Based upon unearthed Internet Minutes per Capita Ratio is calculated using non-OTT and OTT minutes Non-OTT ratio calculated from comScore May 2016 SF = Google and FaceBook video LF = Netflix + 3 other sites OTT ratio Netflix +50% (other OTT services), 100% LF.