

# AM/FM Radio & Ad-Supported Streaming

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An Update On How The Canadians  
Are Engaging With Digital Radio and  
On-demand Platforms

May 2020



# AM/FM Radio and Ad Supported Digital Streaming

- The following provides trends and insights on ad-supported audio consumption, excluding podcasts.
- Also included are consumption trends and insights on AM/FM Radio in comparison to ad-supported digital services.
- Insights presented reflect the ability of AM/FM Radio, including over the air and digital platforms, to inform consumer choices and generate business advantages for advertisers.

*“When you look at the landscape overall, and you think about something like radio, the truth is that the vast majority of the minutes that are being spent on radio today haven't yet moved online,”*

*Daniel Ek  
CEO of Spotify*



**Lift my mood**

#1 Live Radio #2 On Demand



**Provide social currency**

#1 Live Radio #2 On Demand



**Keep me in the loop**

#1 Live Radio #2 On Demand



**Broaden my horizons**

#1 Live Radio #2 On Demand



**Help me escape**

#1 On Demand #2 Live Radio



**Amplify the moment**

#1 On Demand #2 Live Radio

## Live radio fulfills more needs states for audio than on-demand audio.\*

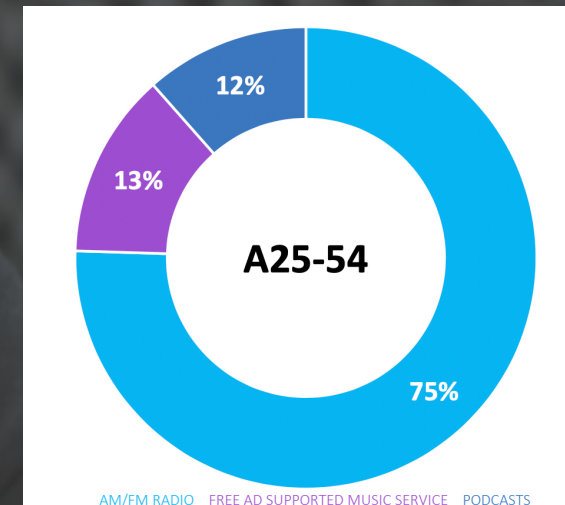
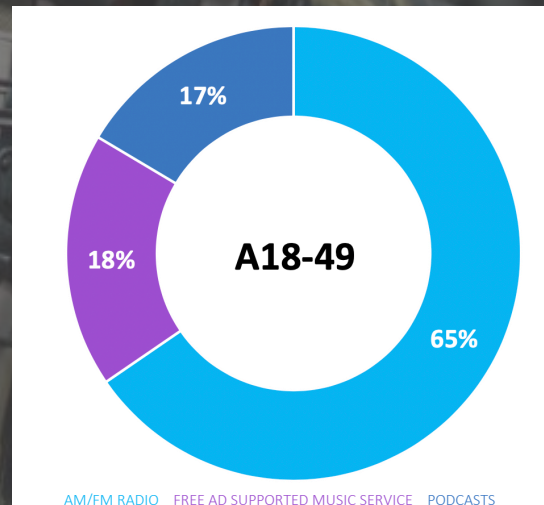
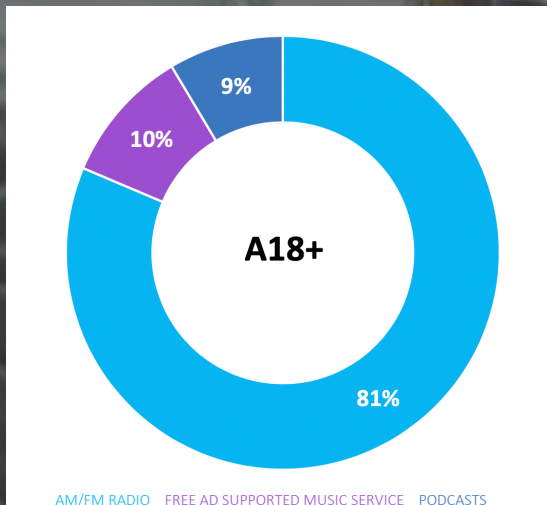
The two need-states mainly served by on-demand services are for times when people want to disconnect. When consumers want to cut themselves off from the outside world and mentally recharge, or take control of background music to match the mood in social situations, they choose on-demand platforms.

AM/FM Radio connects with people when they want to engage, and when listeners are engaged, the opportunity to influence them with a message increases.




# No other source of audio reaches consumers like AM/FM Radio.

AM/FM Radio accounts for more than 80% of the audio share available to Canadian advertisers.







# Radio is digital and Canadians are enjoying it across multiple platforms.

- Over the air and in car are the most widely used platforms, but radio is digital, and people are connecting across different devices.

Canadians 15+

**83%**

Listened to AM/FM in car/over the air on a 'radio'

**42%**

Listened on a mobile device

**44%**

Listened on a desktop or laptop computer

**31%**

Listened over a Smart Speaker



Each generation connects in a way that suits them most.  
Radio listening for Gen Z is via a digital device.

Smart Phone/Tablet

**50%**

(119i 15+)

Desktop/Laptop

**46%**

(106i 15+)

Smart Speaker

**36%**

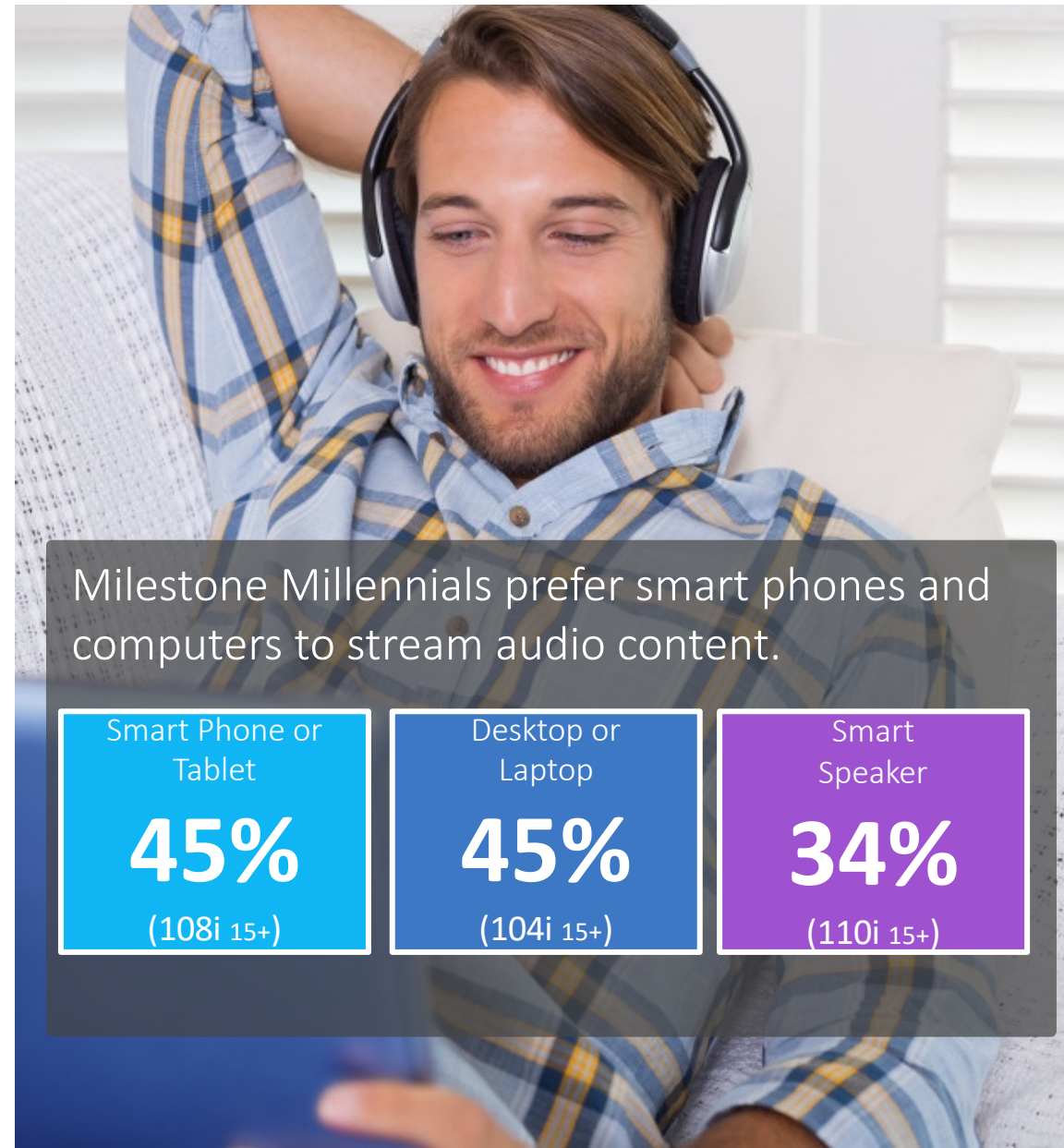
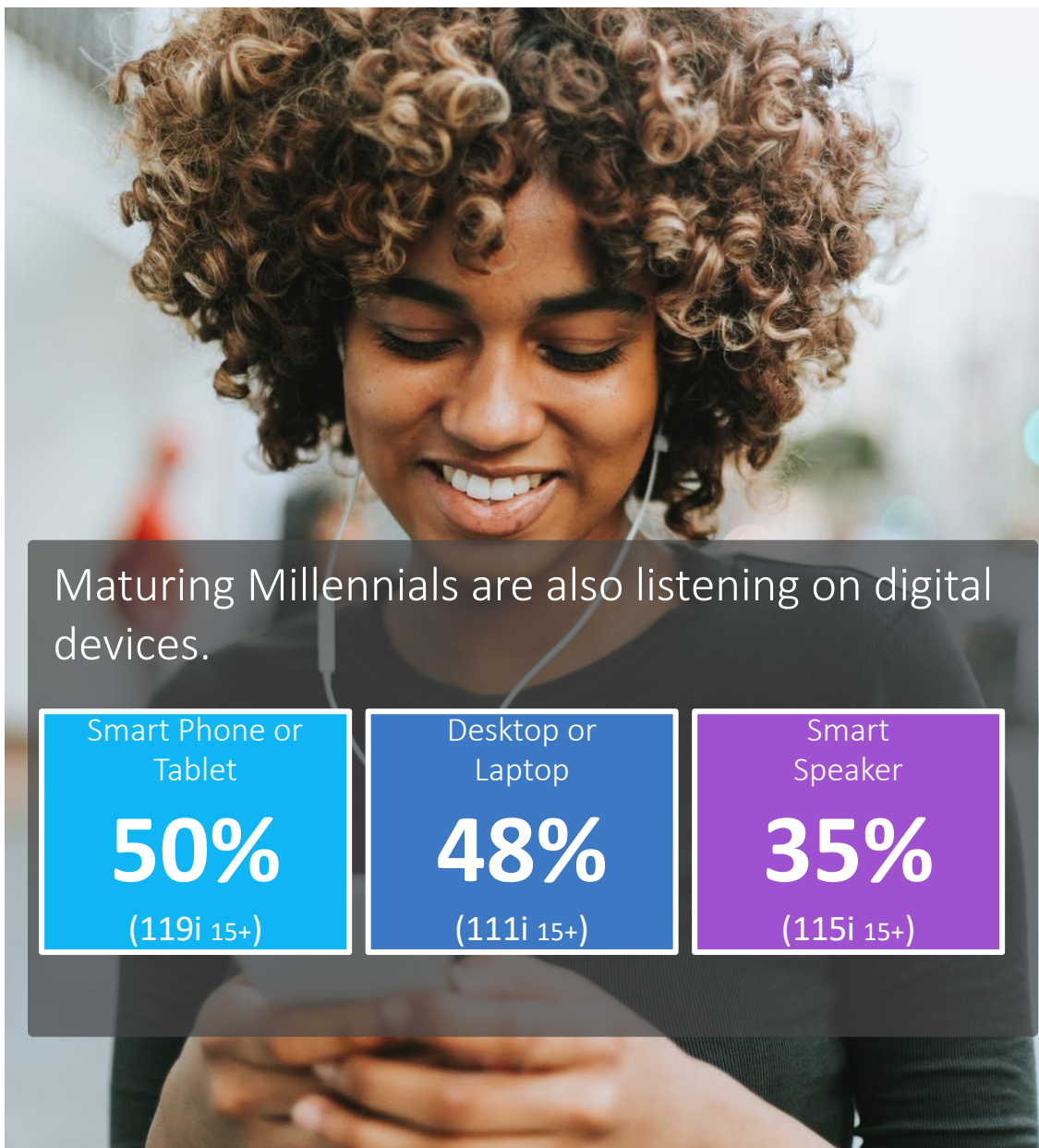
(117i 15+)

Radio App

**32%**

(96i 15+)





# A18-34's are rediscovering AM/FM Radio at home.

During the COVID Pandemic when Canadians were forced to break from their usual routines, AM/FM Radio was a source of comfort and information for 18-34's.

- Milestone and Maturing Millennials are rediscovered AM/FM Radio at home and were being comforted by what they were hearing.
- And because they are audible learners, hearing a brand name or a jingle helps them remember a brand.

**55%**

**102 index vs 18+**  
Listening to radio has helped to ease me through some of the more difficult days

Source 1

**38%**

**152 index vs. 18+**  
I've been listening to radio at home for the first time in a long time

Source 1

Gen Y  
**51%**

**109 index vs. 15+**  
Remember radio jingle ads

Source 2

Gen Z  
**48%**

**112 index vs. 15+**  
Hearing a brand name helps me remember it

Source 2





When Canadians want to disconnect, they listen to on-demand audio.

**54%**

Listen to any song when I want to hear it

**49%**

Access to big library of music

**39%**

Discover new music

**31%**

Have something to listen to on my phone

**30%**

For the playlists they offer

**29%**

To get songs/artists I can't get on the radio

**11%**

To share songs I like with others

# Generation Z is listening – it's how they learn.

A more engaged listener is a valuable consumer:

- AM/FM delivers on the 4 key need states when they want to be connected.
- Listening to AM/FM keeps them connected, and they pay attention.

Gen Z

**28%**

Audible learners  
(157i 15+)

Gen Y

**22%**

Audible learners  
(122i 15+)

Gen X

**20%**

Audible learners  
(112i 15+)

Gen Z

**48%** (112i 15+)

Hearing a brand name helps me remember it

Gen Y

**51%** (109i 15+)

Remember radio jingle ads

Source: Radio Connects To Consumers 2019 | Q 36. How do you best absorb information? | Q.16 Thinking of AM/FM RADIO STATIONS, how much do you agree or disagree with the following statement. | Q.11. To what

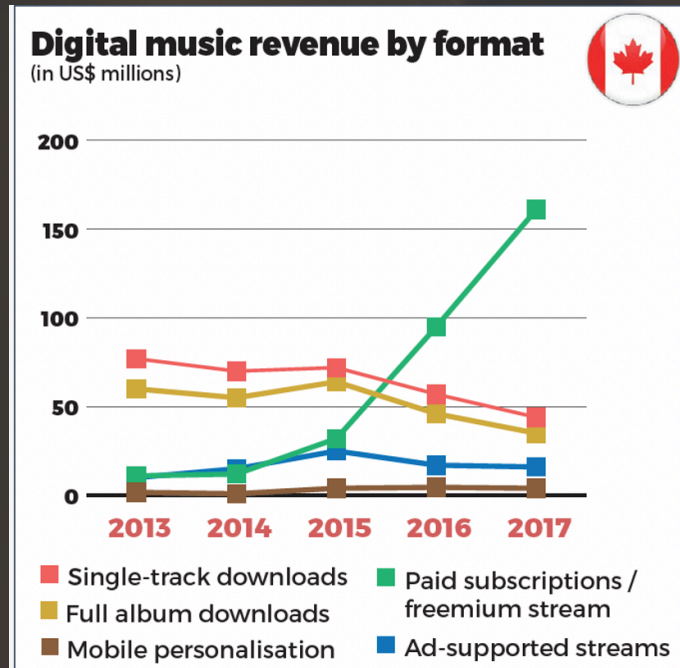
extent do you agree or disagree with each of the following statements about AM/FM RADIO STATIONS

GENERATION "Z" Born 1997-2012, 7-22 YRS OLD, 18% of Total Canada | GENERATION "Y" Born 1981-1996 23-38 YEARS, 21% Total Canada | Maturing Millennials Born 1990 – 1996, 23-29 YRS, 9% Total Canada | Milestone Millennials Born 1981-1989

30-38 YRS. 12% Total Canada | GENERATION "X" - Born 1965 – 1980. 22% Total Canada



On-demand services are like 'rental' agreements for audio listeners.



**22%**

Canadians 15+  
Paid Subscriber

**41%**

Gen Z (182i)  
Paid Subscriber

**39%**

Mat. Mill. (175i)  
Paid Subscriber

**34%**

Mile. Mill. (152i)  
Paid Subscriber

Source: Radio Connects To Consumers 2019 | Q41. I've paid to subscribe to a digital music app strongly agree/agree

# Growth of streaming is slowing.

- After explosive growth starting with the launch of Spotify in Canada in 2015, Nielsen reports the annual rate of growth of online streaming services is declining.

## *Use of online music streaming services*

### *Ever*

**34%**

Fall 2017

**50%**

Fall 2018

**54%**

F'2019/Jan 2020

### *Past Week*

**21%**

Fall 2017

**27%**

Fall 2018

**30%**

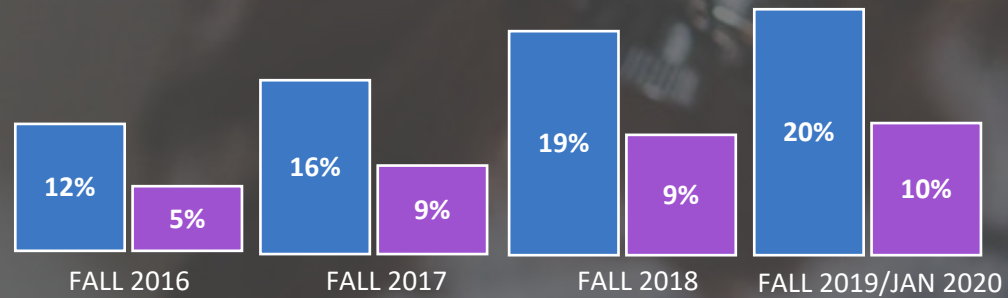
F'2019/Jan 2020



# Growth of Spotify usage is also slowing.

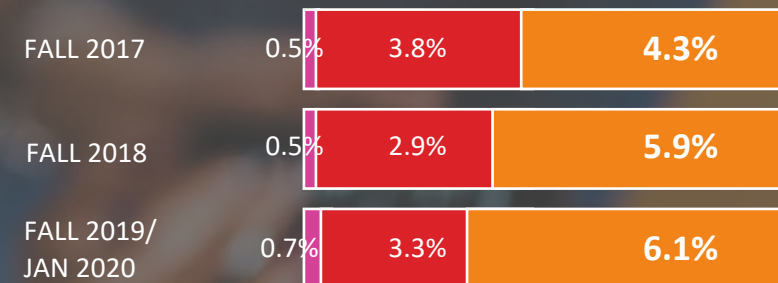
SPOTIFY USAGE AMONG 18+

Weekly | Daily



SPOTIFY DAILY USERS AMONG 18+

Listen to others' subscriptions | Ad supported | Paid ad free

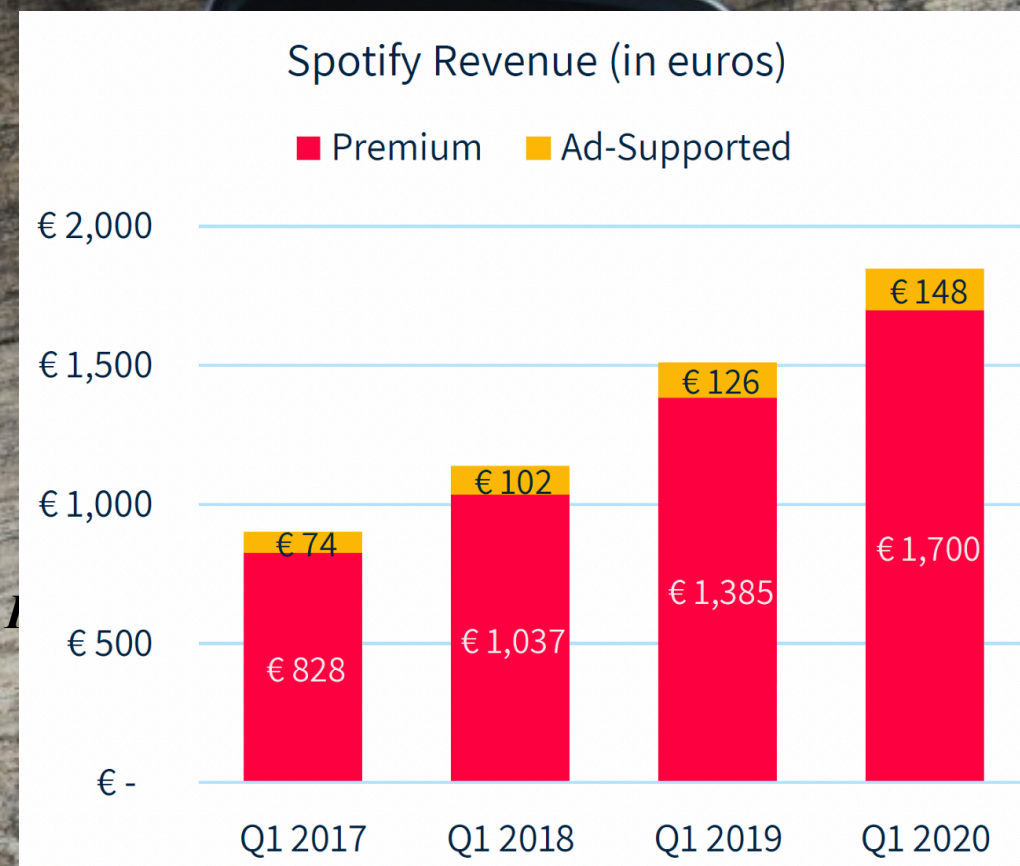


Spotify generates 92% of its global revenue thru paid subscriptions.

Even the CEO of Spotify can't argue with the strength of AM/FM Radio:

*“When you look at the landscape overall, and you think about something like radio, the truth is that the vast majority of the minutes that are being spent on radio today haven't yet moved online,”*

*Daniel Ek, CEO of Spotify*





# Ads on Spotify are largely ignored.

- Affluent and educated Canadians are more likely to pay a monthly fee to avoid ads on Spotify.

65%

A18+

65%

A18-34

71%

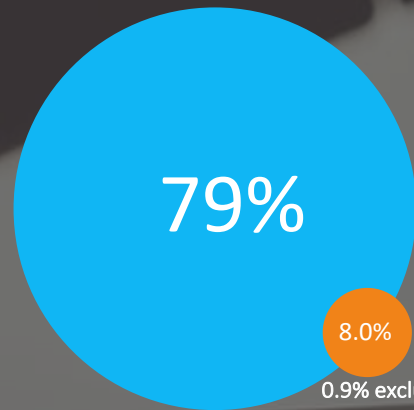
Homes with HHI 100K+

65%

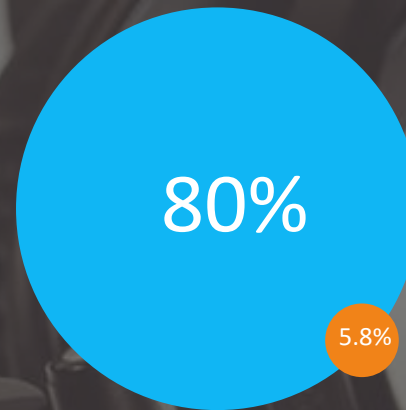
University Grads

# AM/FM Radio is better at reaching ad-supported Spotify listeners

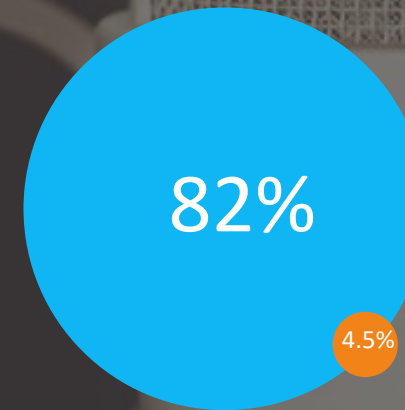
Adults 18-34



Adults 18-49



Adults 25-54



Listen to some AM/FM Radio on "a typical weekday"

Listen to ad-supported Spotify daily



# AM/FM Radio delivers

- AM/FM Radio accounts for more than 80% of the audio share available to Canadian advertisers and offers the most opportunity to reach consumers on an audio platform
- AM/FM continues to be enjoyed over the air and across different digital platforms, but younger Canadians prefer listening over a digital device.
- When younger Canadians experienced the isolation induced by the COVID-19 pandemic, they rediscovered AM/FM Radio, some listening for the first time in a long time. (source: Maru Canada COVID 19 Report)
- Spotify's overall growth is driven by paid subscribers.
- Ad-supported Spotify generates less than 0.5% percent exclusive reach against Ad2554.