



Radio On The Move: 2018 Interim Report

An update to Wave 9, issued in February 2018

June 2018

In field June 2018



» A mid-year update

A mid-year update to Radio on the Move among 2,035 Canadians age 18+

» A Canadian snapshot

Market representative sample from Canada's premier online panel:



» What's new in audio

Additional data drawn from the *Canadian Podcast Listener Study 2018*; *Canada Music Mid-Year Report 2018*; Nielsen; and *Full Year 2017 Podcast Ad Revenue Study* / IAB/PWC (U.S.)



Glossary of Terms

Definitions of the terminology used in this report



Audio Streaming

Any audio transmitted online as a continuous flow; includes music streaming services, live streaming of AM/FM or other audio on demand.



Pureplay music streaming

Streaming of those music services available online only, such as Spotify, Apple Music subscription service, and cbcmusic.ca



Ad-supported music streaming

A music streaming option offering users limited interactivity (typically a range of playlists with limited ability to skip songs) at no charge with advertising.



Ad-free subscriptions

Paid subscriptions to pureplay music streaming services such as Spotify, Apple Music, Google Play Music that allow on demand access to a virtually unlimited choice of music with no advertising

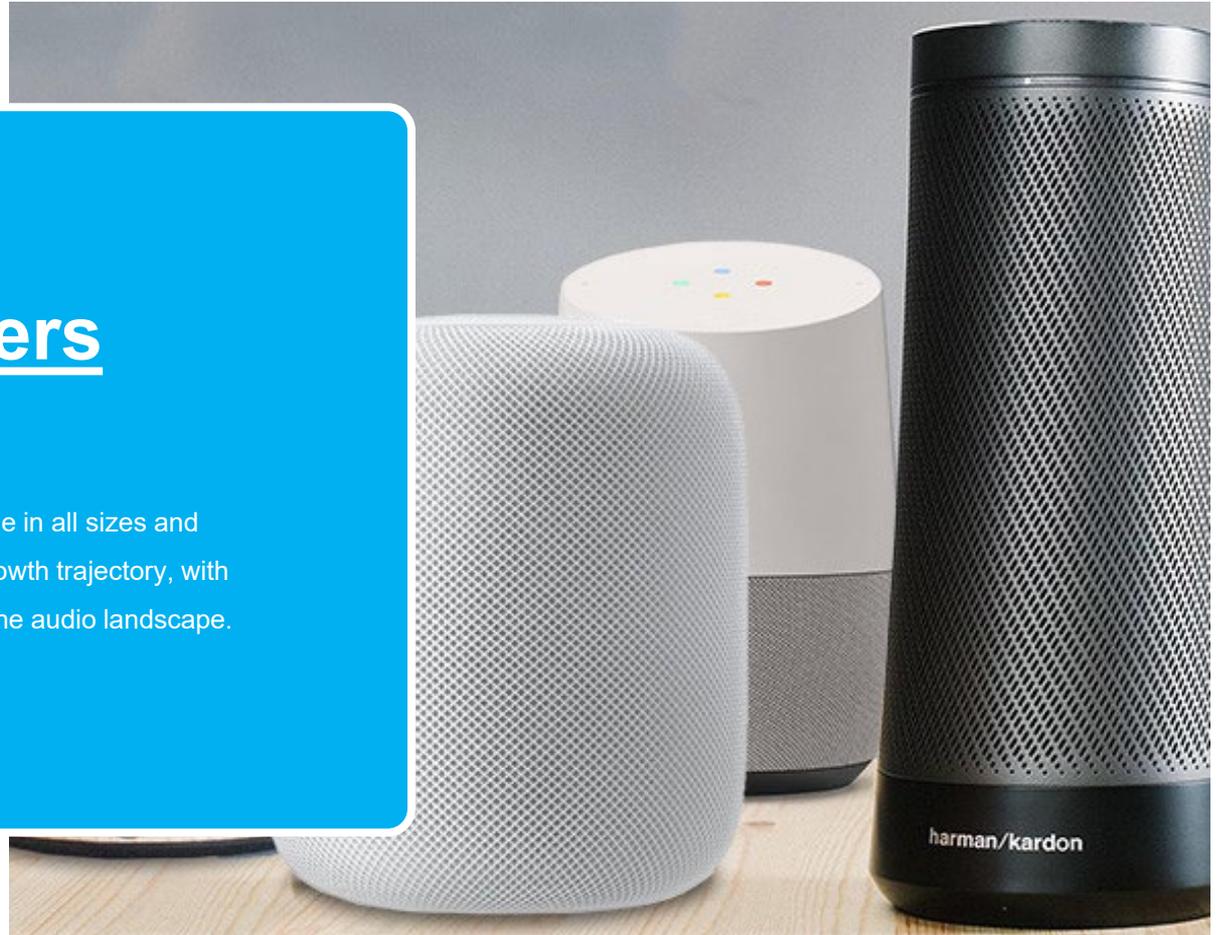


Podcasts

Pre-recorded digital audio programs, usually spoken word, that you can subscribe to in a feed and/or download to listen to later

Smart Speakers

With more smart speakers now available in all sizes and price ranges, they are on a dramatic growth trajectory, with potential to transform home life... and the audio landscape.



Smart speaker adoption is growing rapidly.



Nearly tripled since before Christmas.

Just one year after Google Home arrived in Canada, more than 1-in-10 Canadian adults own a smart speaker.



More players entering the field.

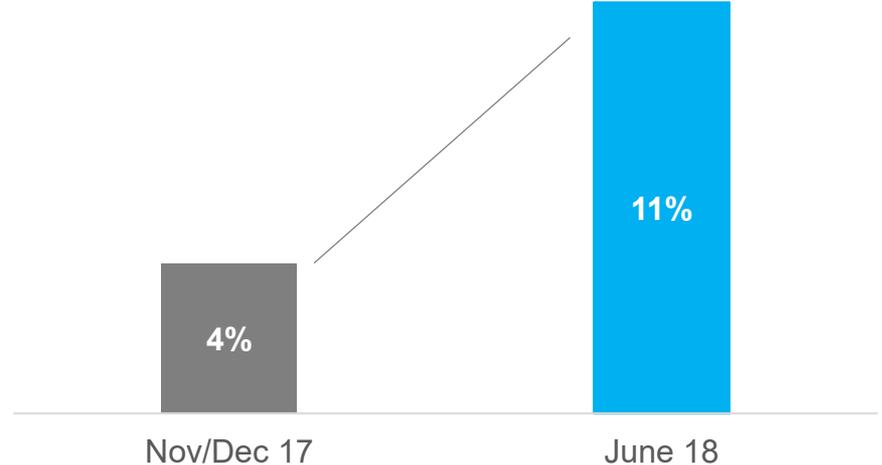
Samsung will soon be joining Google, Amazon, and Apple. Microsoft rumored to be developing their own.



Audio branding increasingly a “thing.”

The growth of smart speakers is opening new conversations at ad agencies around audio branding.

% of Canadian Adults who Own Smart Speakers



Google Home leads smart speakers in Canada.



Different picture than the U.S.

Google Home was first into the market in Canada and backed it up with a major marketing campaign, unlike the U.S. where Amazon launched first.



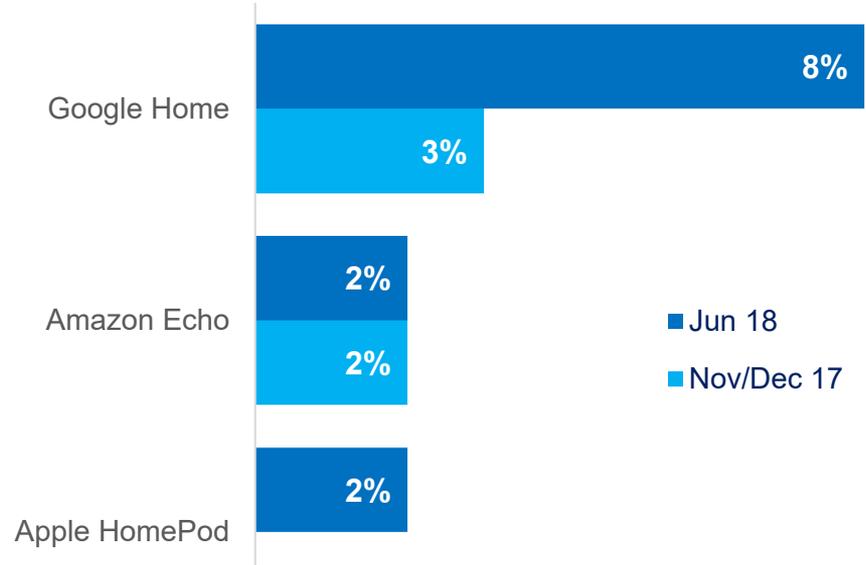
Amazon Echo flat.

Little or no growth since its launch in Canada just before Christmas.



HomePod to earliest adopters only.

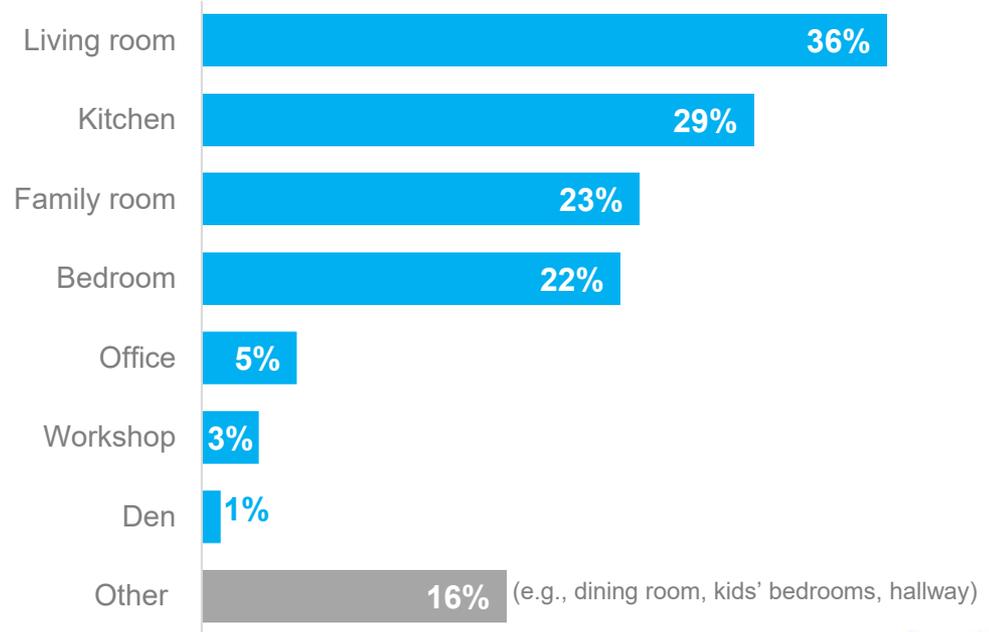
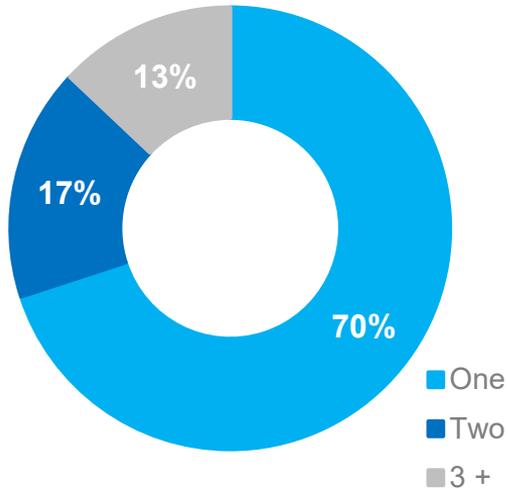
Apple's HomePod launched in Canada in June when the survey was in field. Could have been acquired via the U.S.



SOURCE: Radio on the Move
Q.F17 Which of the following would best describe your experience with the Amazon Echo and Google Home "smart" speakers? [I already own an X]
*brackets indicate Canadian release date
Base: Canadians aged 18+ (n=2035)

Smart speakers are finding their way throughout the home.

of Smart Speakers in Home
(by % of owners)



SOURCE: Radio on the Move
F20a. In total, how many of these "smart" speakers do you have in your home?
F20b. In what room(s) in your home do you currently have your smart speaker(s)?
Base: Base: Canadians aged 18+ who own a smart speaker (n=203)

Smart speakers open new opportunities to listen to audio.



Net increase in listening to music: +40%

A total of 41% of early smart speaker owners say they are listening to more music since they got their smart speaker, with just 1% saying they were listening to *less* music.



Net increase in listening to AM/FM: +13%

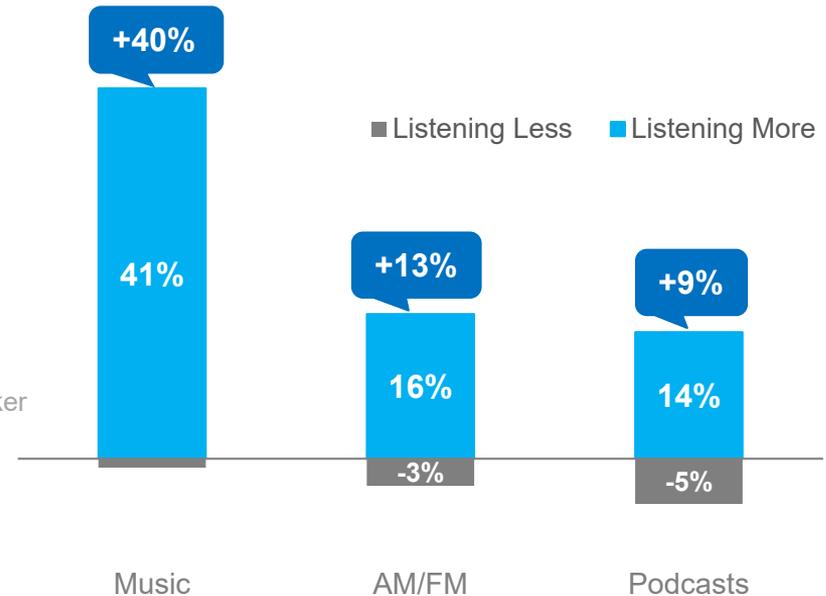
Smart speakers are the new “radios” for many early smart speaker owners.



Net increase in podcast listening: +9%

Google Home in particular provides easy access to most recent episodes of favourite podcasts.

Impact of Smart Speakers on Time Spent with Audio (by % of owners)



Music is the #1 entertainment use of smart speakers.

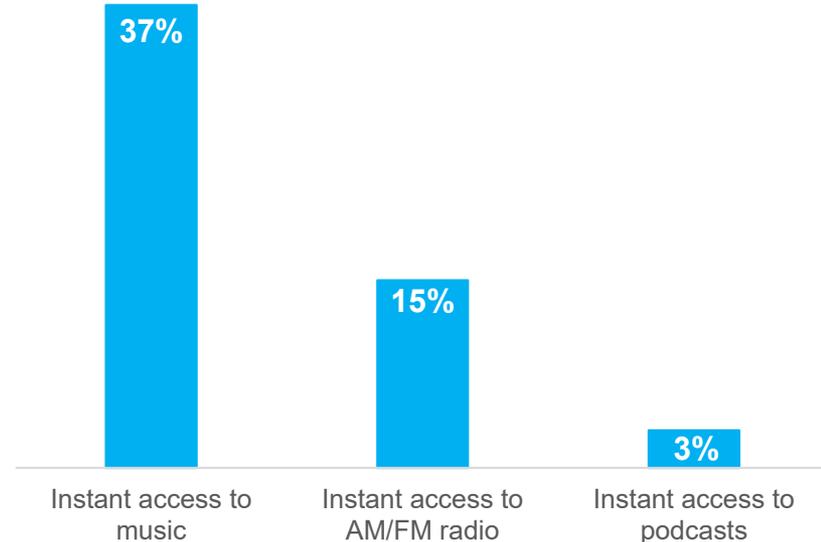


More than 1-in-3 used their smart speaker(s) for instant access to music in the past week.



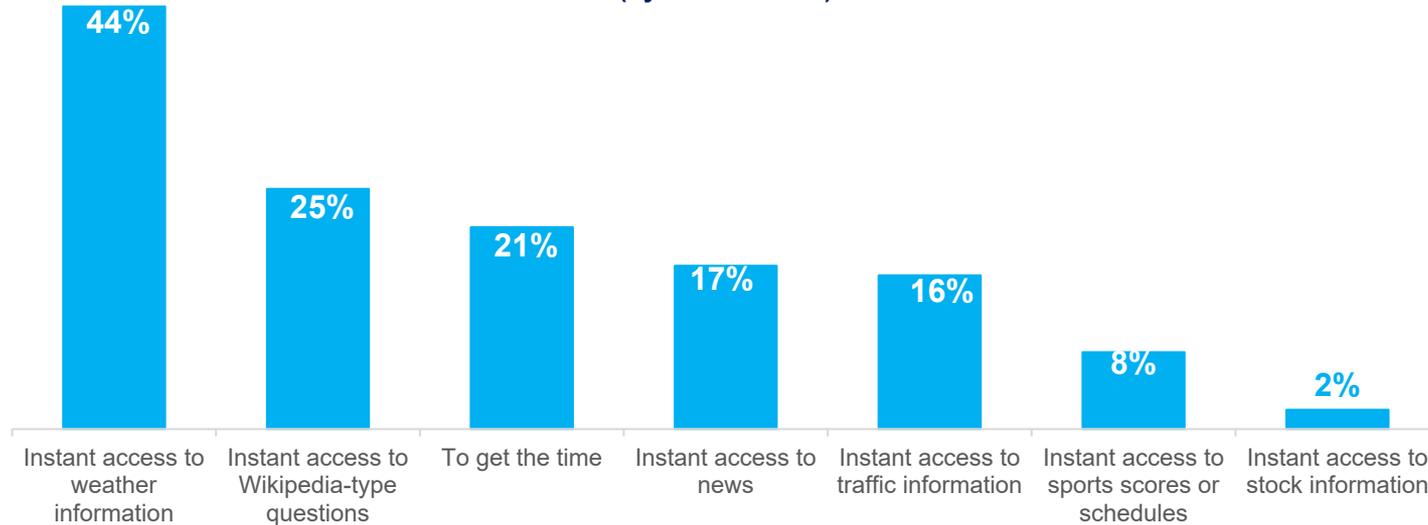
More than 1-in-7 accessed AM/FM.

Past week entertainment uses of smart speakers
(by % of owners)



Weather is the #1 information use of smart speakers.

Past week uses of smart speakers for information
(by % of owners)



Smart speakers are also a digital assistant.



The New Timer.

More than 1 in 3 smart speaker owners uses them to set alarms in the past week.



Connected Homes.

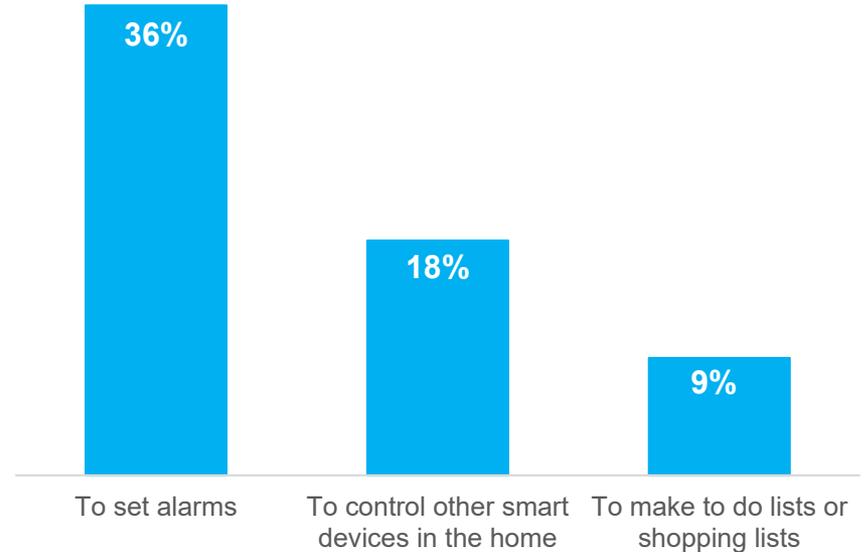
Nearly 1 in 5 smart speaker owners used smart speakers to control other smart devices in the home.



Making lists.

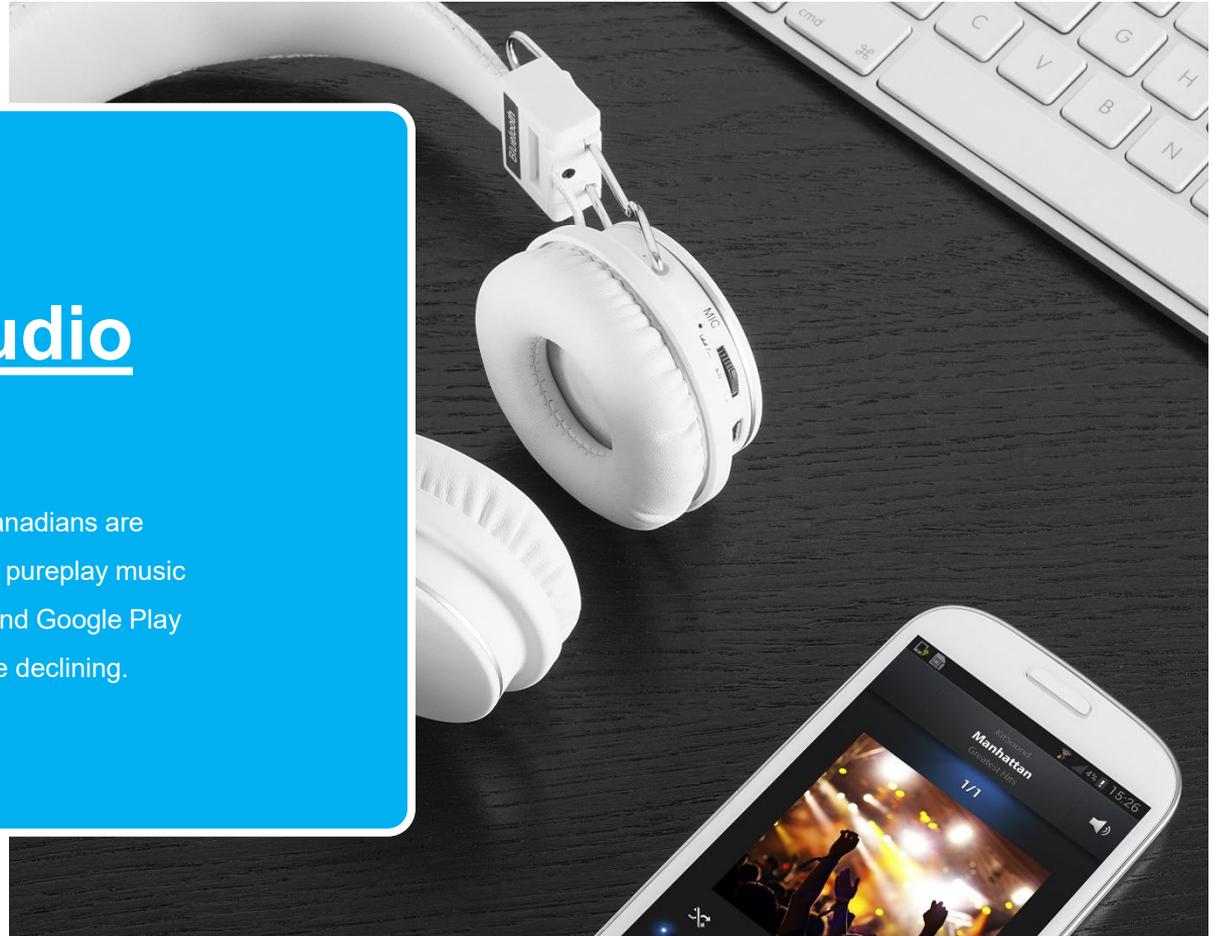
Despite efforts by Amazon to have users shop through their Echo, less than 10% of early adopters in Canada used their smart speakers for shopping or to do lists.

Past week uses of smart speaker as a digital assistant
(by % of owners)

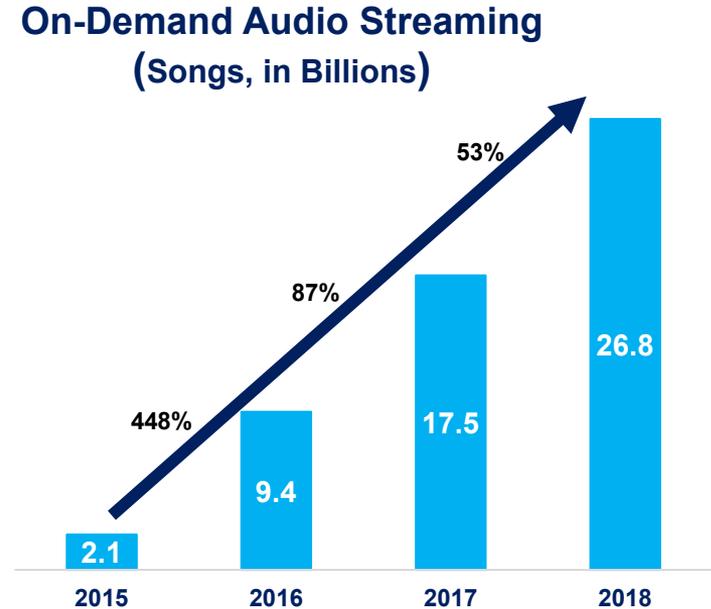
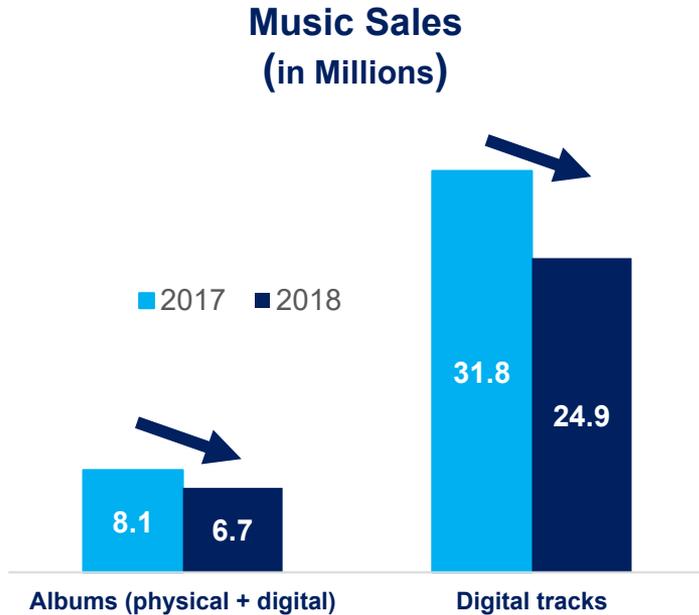


Streaming Audio

Rather than owning an audio library, Canadians are becoming content with 'renting' one. As pureplay music streaming services like Spotify, Apple and Google Play Music continue to grow, music sales are declining.



Changes in technology is changing the business model.



Streaming music is the new personal library.



On demand access the priority.

65% of Canadians who use pureplay services do it to have immediate access to songs.



Curated playlists less important.

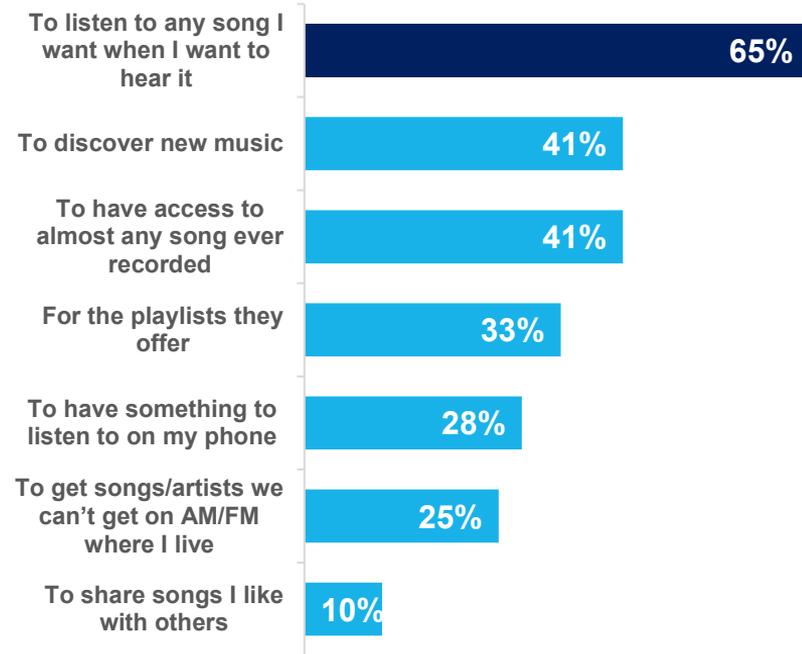
Only 1/3 of pureplay streamers name curated playlists – radio’s domain – as a main reason for listening.



Sharing isn’t a factor.

Just 10% of pureplay streamers listen to share music with others.

Reasons for Listening to Pureplay Music Streaming



SOURCE: Radio on the Move
Q.F16b. Which of the following reasons best describe why you listen to music streaming services?
Base: Canadians aged 18+ who listened to music streaming services in the past month

Spotify is the most listened to pureplay service.



Spotify.

One in five Canadians listen to Spotify's ad-supported and ad-free services weekly, up 3 points from 16% in November/December 2017. Daily listening is up 1%.



Apple Music.

Apple Music, solely an ad-free paid subscription service, is showing more robust growth than Spotify, with weekly listening up 6 points from 8% in late 2017.



Google Play + YouTube Music.

In May of this year, Google announced the launch of a new premium service, YouTube Music, and has confirmed that it will replace Google Play Music in 2019.

Google Play Unlimited

Spotify

19%

10%

Apple Music

14%

6%

■ Listen weekly

■ Listen daily

Google Play Unlimited

7%

3%

Spotify users are moving to ad-free subscriptions.

% of Weekly Spotify Users on Free Ad-Supported vs. Ad-Free Paid Subscriptions



Paid subs drive Spotify's revenue.

Spotify is encouraging users of the ad-supported service to upgrade to the ad-free paid service to maximize revenue.



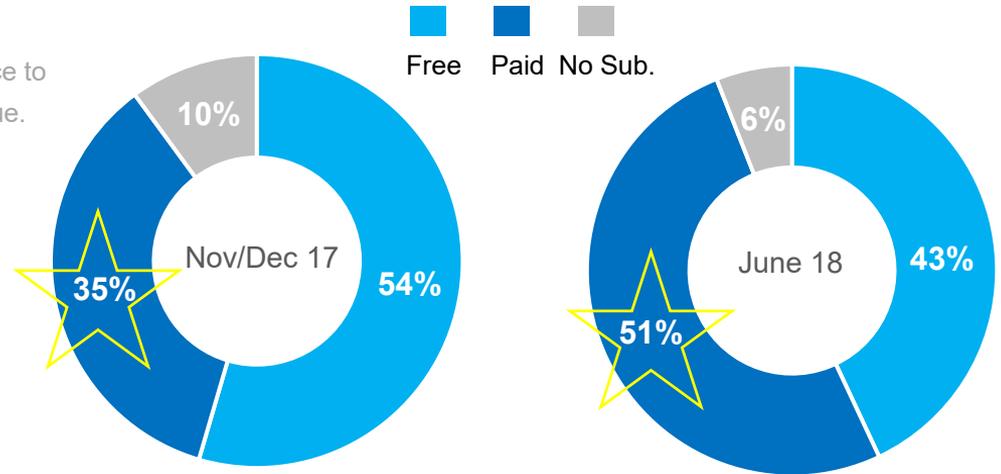
51% of users are now paid subs.

From late fall to June, the % of Spotify weekly users paying for the ad-free service increased from 35-51%.



Fewer users on service with ads.

The proportion of weekly listeners on the ad-supported service has dropped by more than 20% since late Fall, from 54-43%.



Spotify's weekly reach available to advertisers is flat-to-down since late Fall.



Ad-free paid subs driving growth.

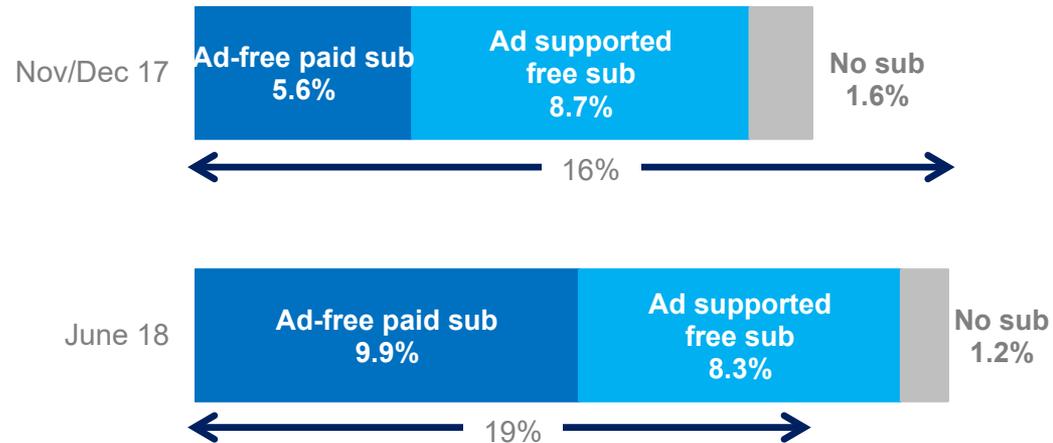
While Spotify's weekly reach continues to grow, virtually all growth is coming from paid subscriptions with no advertising.



Fewer listeners exposed to ads.

Weekly reach from ad-supported sub is actually down marginally from 8.7% to 8.3%.

% of Canadian Adults Listening to Spotify Weekly, by Service Type



When you buy ads on AM/FM, you get almost all of Spotify's audience for free.

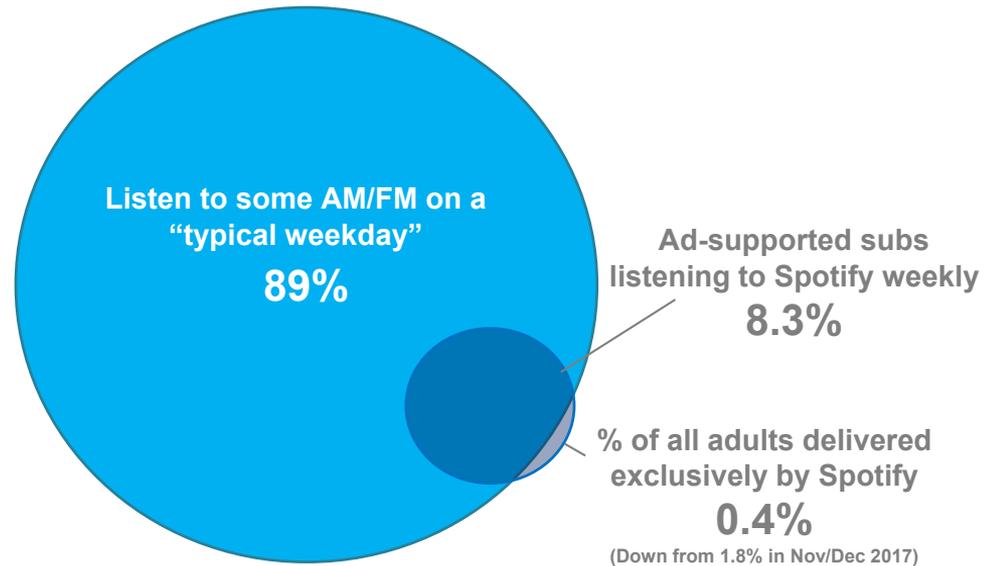
» Ad-supported subs also tune AM/FM.

In fact, an even higher % of ad-supported subs who listen to Spotify weekly reported listening to at least some AM/FM on a typical weekday (95%, compared to 89% of all Canadian adults).

» Similar picture in 18-34 demo.

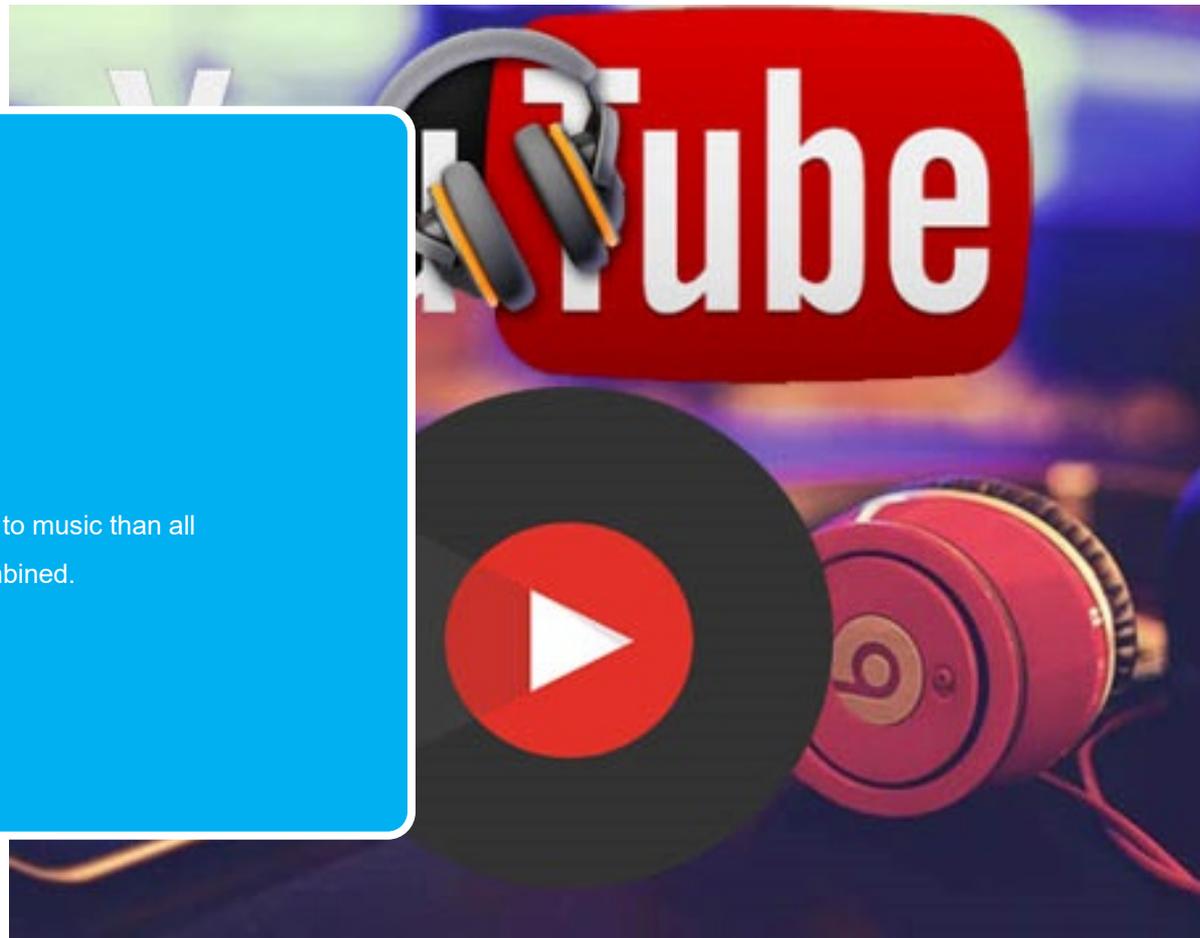
A total of 92% of 18-34 year-olds with an ad-supported subscription who listen to Spotify weekly said they also listen to some AM/FM on a typical weekday: % of all 18-34s delivered exclusively by Spotify: just 1.2%.

% of all Canadian adults



YouTube

More Canadians use YouTube to listen to music than all pureplay music streaming services combined.



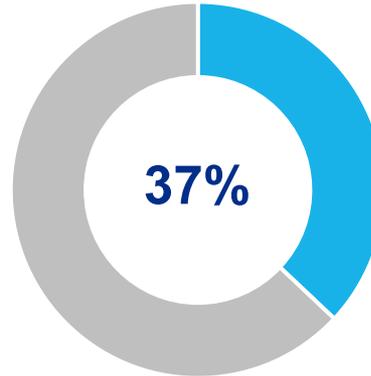
YouTube #1 for pureplay streaming.



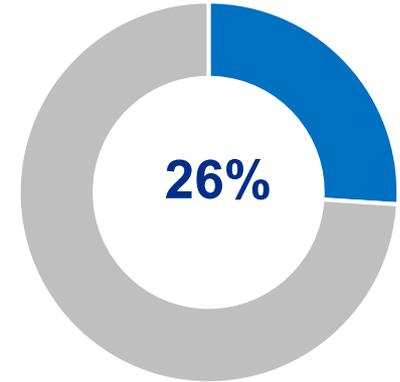
Canadians stream YouTube for music more than all other music streaming platforms combined.

YouTube remains the leader in streaming audio platforms.

Streamed YouTube for music past week



Streamed Pureplay music services past week
(Eg. Spotify, cbcmusic.ca, Stingray)



Most popular platform for streaming pureplay music across all age ranges.



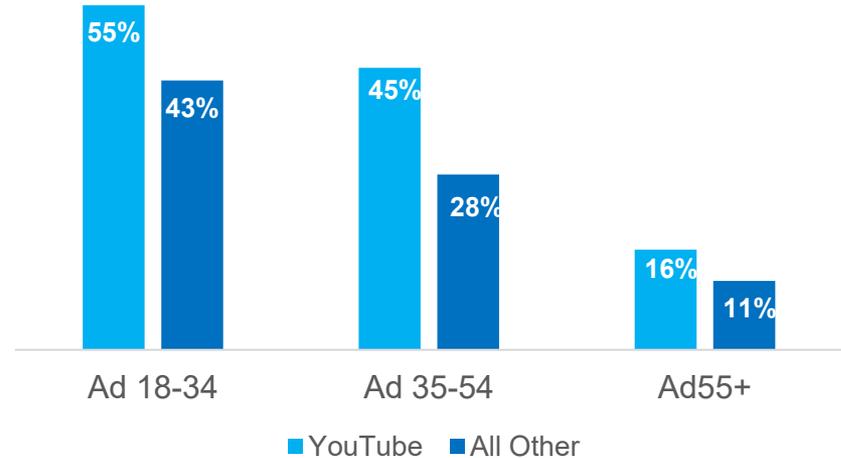
Across all platforms, YouTube most dominant for 35-54 year old's.



YouTube streamers are more likely to be play specific songs than listen to curated playlists.

28% listen for playlists | 83% listen to a specific song

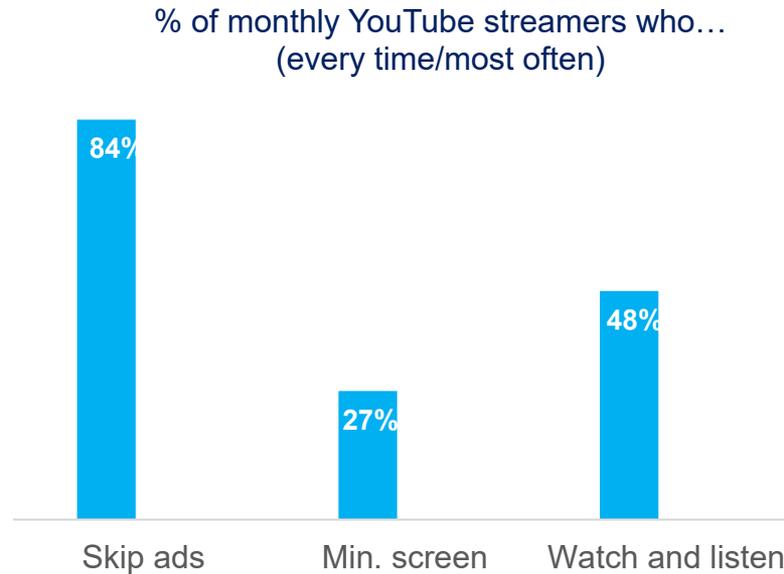
Streamed music past week



SOURCE: Radio on the Move
[Streamed YouTube to listen to music] Have you ever done any of the following via your smartphone or computer/tablet?
Base: Canadians aged 18+ (n=2035)
F10a. [Top2box] How often do you do each of the following when you're streaming music on YouTube?
Base: Streamed YouTube to listen to music in past month (n=1035)

YouTube music streamers have limited exposure to YouTube ads.

- **Most users skip the ads.**
Most frequent action taken is skipping the ads when given the opportunity.
- **Minimizing screen typically applies to computer usage.**
Minimizing on smartphones or tablets stop the stream.
- **Less than half will watch and listen.**
When not skipping ads, less than half of users will both watch and listen to the video stream.



SOURCE: Radio on the Move F10a. [Top2box] How often do you do each of the following when you're streaming music on YouTube?
Base: Streamed YouTube to listen to music in past month (n=1035)
% of monthly YouTube music streamers who... (Every time/most of the time)

Purchase Motivation

AM/FM radio often provides the last connection with the consumer on the path to purchase or visit to a retailer. Radio is also a major, typically un-credited driver of digital search.





AM/FM Radio inspires action.

After hearing a brand, product or service advertised on AM/FM radio, more than half of Canadian adults (53%) acted on one or more of these things:

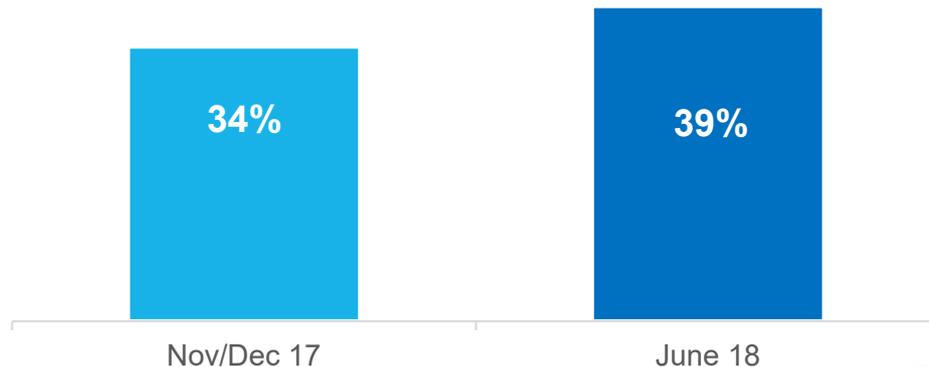
- » PURCHASED IT
- » TOLD SOMEONE ABOUT IT
- » WENT ON LINE FOR MORE INFO



AM/FM Radio drives digital search.

Though typically un-attributed to radio, nearly 4-in-10 Canadian adults say that hearing an ad on AM/FM radio led them to seek out more info online, up 5-points from late 2017.

Ever gone online for more info



SOURCE: Radio on the Move
Ad1. Whether listening in the car or elsewhere, have you ever taken any of the following actions after hearing a brand, product or service advertised on AM/FM radio? [Gone online to get more information]
Base: Canadians, aged 18+, (Nov/Dec n=3470) / (June n=2035)



AM/FM Radio activates affluent consumers.



\$100K HH more likely to take action.

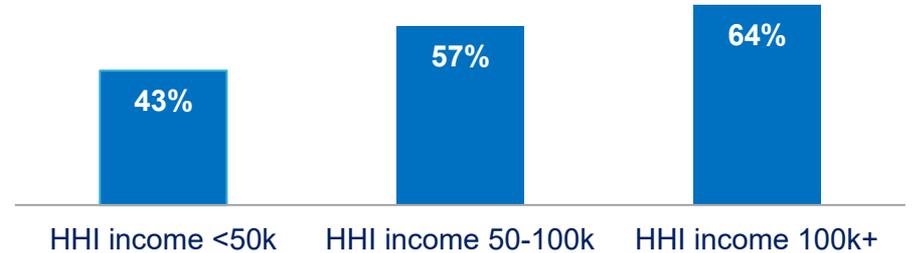
Nearly two-thirds of Canadian adults in these affluent households report having acted on an ad they heard on the radio,



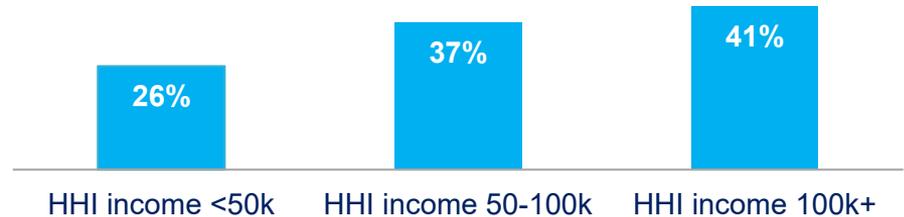
Especially on the last mile in the path to purchase.

Canadians in affluent households spend more time in their cars or trucks, making them much more likely than those in lower income households to have been influenced by an ad they heard in the car.

Ever gone online for more info, purchased, or told someone about a product, service or brand after hearing an ad on radio



Ever heard something on the radio in the car that affected a purchase you were about to make / store you were about to visit



Source: The Canadian Podcast Listener—a Landscape Study / Summer 2017 & May 2018

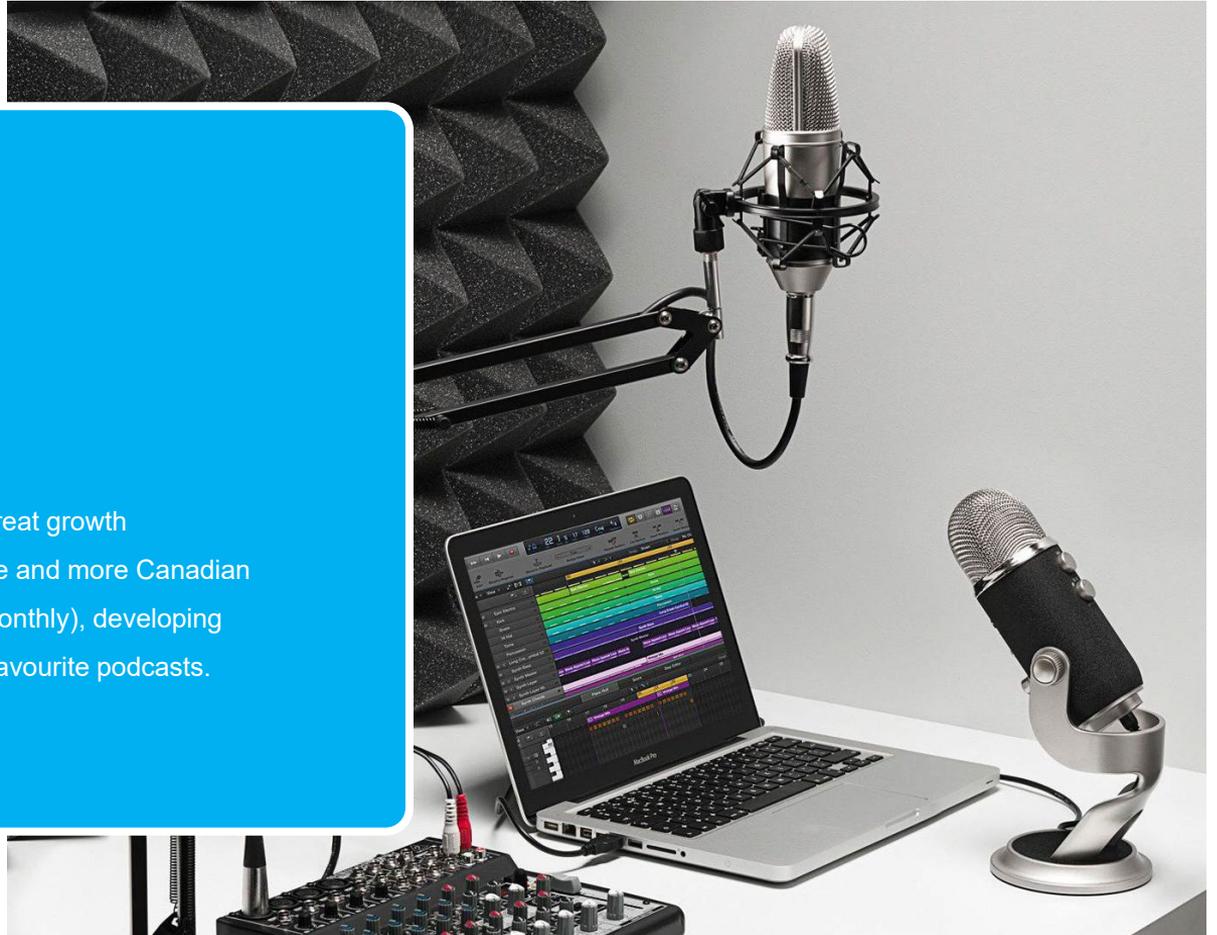
Ad1. Whether listening in the car or elsewhere, have you ever taken any of the following actions after hearing a brand, product or service advertised on AM/FM radio?

Ad3. Has something you heard on the radio in the car ever affected a purchase you were about to make, or a store/location you were about to visit?

Base: Canadians, aged 18+ (HHI <50K: n=731; HHI 50-100K: n=645; HHI 100K+: n=361)

Podcasting

Podcasting is emerging as one of the great growth opportunities for media in Canada. More and more Canadian adults are listening to podcasts (26% monthly), developing an intimate, immersive habit with their favourite podcasts.



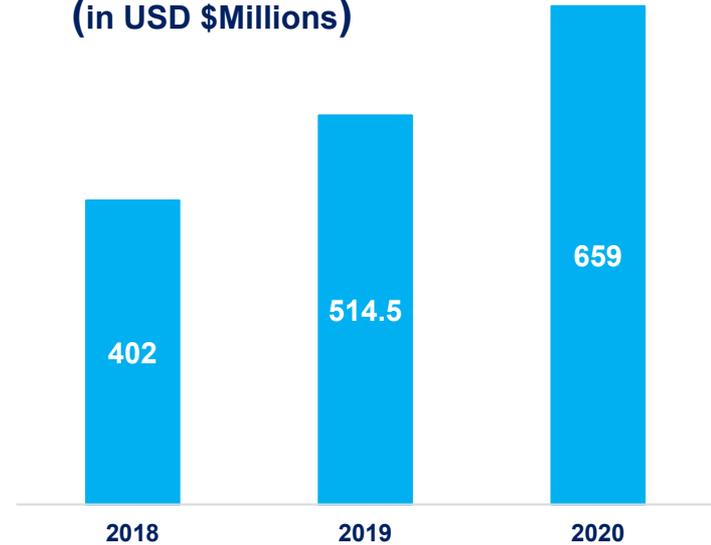
U.S. ad \$\$ from podcasting are on a dramatic growth trajectory.

Self-Reported Revenues*
(in USD \$Millions)



* from the companies surveyed; less than 100% of total podcast ad market

Projected Revenues*
(in USD \$Millions)



* IAB/PWC estimate of total market sizing, not self-reported revenues

Podcast listening in Canada matches U.S. levels.



A developing story.

Podcast listening is growing, fueled by increased time spent with smartphones and expanded content offerings (now over 500,000 podcasts worldwide).



Tapping into the power of audio.

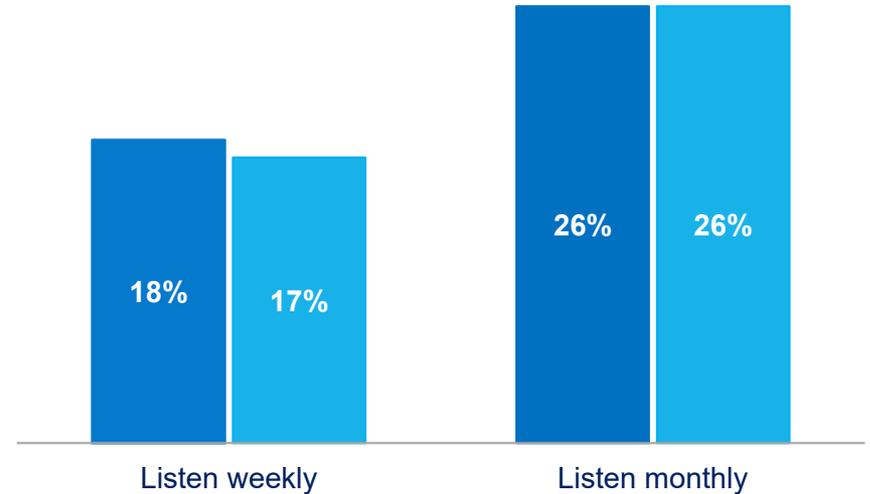
The personal and immersive nature of podcasts create a unique and engaging listening environment.



Listening drivers.

Podcasting engages its listeners through story-telling, satisfying curiosity and excelling at story-telling.

■ Canada (age 18+) ■ U.S. (age 12+)



Podcast listening continues to grow.



13m Canadian adults have listened.

Adults who have ever listened to podcasts is up 2 points over the past year, from 43-45% of all adults.



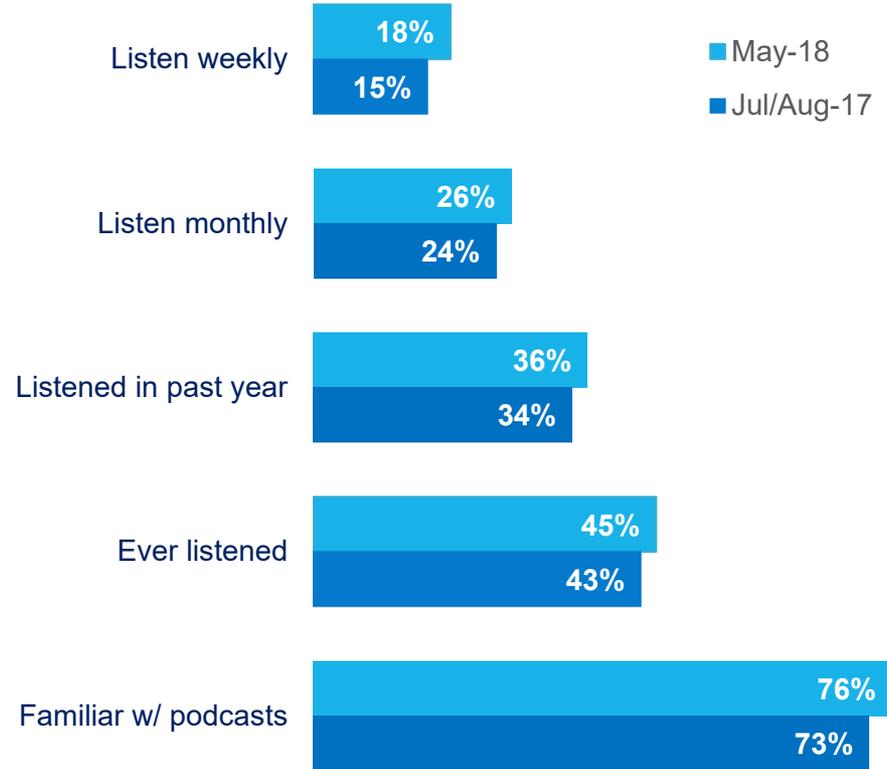
10m have listened in the past year.

More than a third of all Canadian adults have listened in the past year (36% vs. 34% last summer).



7m+ listen monthly; 5m weekly.

More Canadian adults are listening regularly. Weekly listening is up 20%, from 15-18% over the past year.



Podcasts offer a digital answer to ad avoidance.



Like radio, podcasts hold audience.

Podcast listeners are significantly less likely to skip, tune out or turn away from podcast ads than those in most other media.



Heavy podcast listeners skip less.

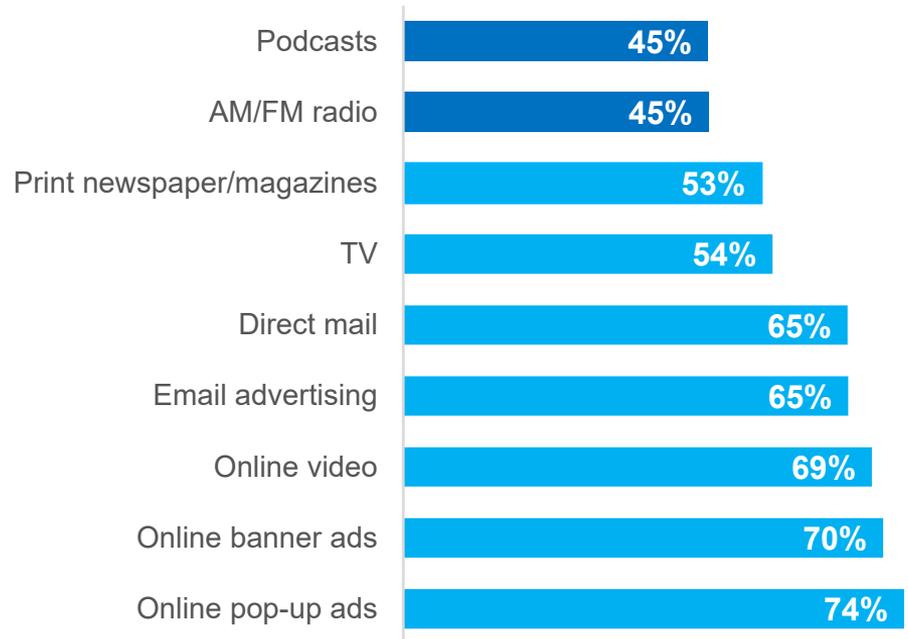
Power podcast listeners (spending 5+ hours/week with podcasts) are even less likely to say they avoid ads on podcasts.



Other digital media perform worst.

Of all platforms, podcast listeners are most likely to say they avoid online video, banner and pop-up ads.

% of Podcast Listeners who Say They Avoid Each Media's Ads All or Most of the Time



Canadian broadcasters are expanding podcasting initiatives.

Bell Media banks on podcasts as it expands distribution

With the company's potential of podcasts

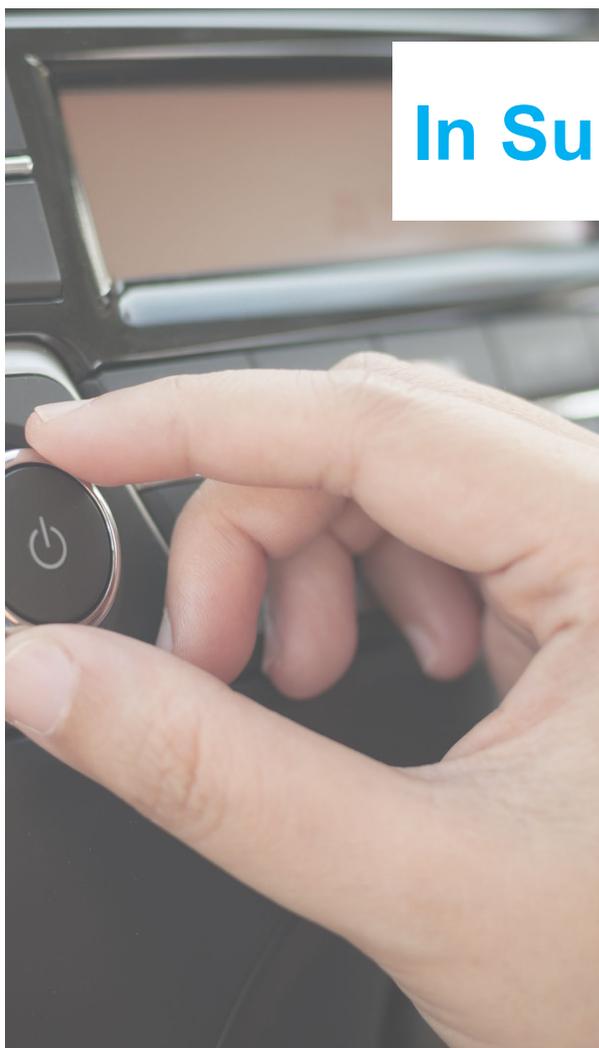
Rob Farina tells *MiC* it's time to look at the

Rogers Media dives into podcasting

The media division has Jordan Heath-Rawlings to head up digital radio and audio.

Corus gets serious about podcasts with new hire

The Canadian media and broadcasting company will roll out original content for the platform over the course of the year.



In Summary.

- » Smart speaker adoption is growing and giving Canadians more opportunities to tune in AM/FM radio.
- » Personal music streaming continues to replace physical music sales and digital platforms like Spotify are growing via paid subscribers vs. ad supported listeners.
- » YouTube is the digital platform of choice when it comes to streaming options.
- » Radio listeners take action when they hear an ad, whether physically going to a store on going online and making a purchase.
- » Podcast listening is growing and is becoming part of the personal audio library.

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Radio Connects

It's been a pleasure to share this information with you. For much more on how AM/FM radio connects with Canadians, please reach out.

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