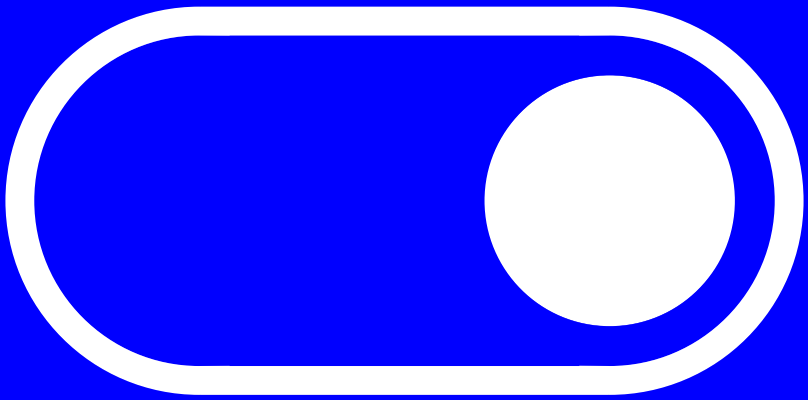
Guide to Responsible Media Practices

Encouraging advertising investment in local media



By the Association of Creative Communications Agencies (A2C) and the Quebec Media Director's Council (CDMQ)

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Introduction.

—— This document complements the Manifesto for Responsible Media Practices issued by the A2C and the CDMQ. It serves as a guide to adopting responsible media practices which support the local media ecosystem while providing social, cultural and economic benefits for advertisers and consumers.

Purpose of the Guide

This Guide seeks to educate stakeholders and assist them in taking action; its various sections outline the advantages of a balanced, diversified and local eco-system, while recommending best practices. The measures outlined in this Guide will help inject $200 million into local media over the next three years, while also improving results for advertisers. This will boost the activity of local creators and support the growth our arts sector, our culture and our local economy.

What is local media

To better understand what is proposed in this Guide, we first need to define the concept of local media.

Key criterion:

Media that predominantly creates and publishes original Canadian news or content as its primary mission.

Other criteria:

1 —

Media with head offices in Canada.

2 —

Media with a majority of investors who reside in Canada.

3 —

Media that pays taxes in Canada (if applicable).

4 —

Media that creates jobs in Canada.

—— To qualify as local media, the majority of these criteria must be met. All regional and local media are included under our definition.

Who is this Guide for?

The Guide is aimed at all stakeholders with an influence on advertisers' ad investments. Our goal is to raise awareness across the entire advertising industry in such a way as to strengthen the sector as a whole. That said, the Guide has two specific targets:

1 —

Decision makers

Decision makers include media agencies, media consultants (buyers and planners), advertisers' internal media teams and, of course, the advertisers themselves.

2 —

Influencers

Media partners and communication/advertising/digital/PR agencies, investors and professionals in the advertising industry.

Members of both these target audiences are strongly encouraged to use this Guide to help mobilize all industry stakeholders. Decision makers and influencers can also use it as tool to help integrate more local media into their media planning and activation processes.

What the Guide does not cover

The Guide is not a list of requirements or rules for decision makers. It encourages diversify media practices, which is why it is important to remember that the Guide:

- Does not address every client's need or seek to standardize media planning or activation methods and practices.
- Does not replace agency strategy and planning; rather, it is intended more to inspire decision makers.
- Does not seek to restrict media planning to 100% local players.

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Purpose of the Guide.

—— Before diving into how this Guide should be used, it is important to explain why it was created and why the changes it proposes are needed.

—— Why local media? What are the impacts of this approach? Here are the main reasons for spending advertising dollars on local media.

1. To stimulate the local economy

Advertising investment has been redirected to global digital platforms in recent years, depriving local media of significant revenue. By investing in local media:

- We will encourage the creation of local information and content.
- We will generate and maintain quality local jobs.
- We will also protect our wealth by supporting local publishers who pay taxes in Canada. According to Statistics Canada, digital advertising is now the driving force behind the growth of advertising and related services — a sector with $10.7 billion in annual operating revenues.
- By injecting $200 million into local media, we can help grow our economy and strengthen our entire ecosystem, including the media outlets, artists and artisans who help create and produce local content and information.
- Finally, we reduce the risks associated with a dependence on foreign media data.

2. To preserve our culture

We all have a role to play in growing, diversifying and enriching cultural life. By choosing local publishing platforms:

- We enhance our culture with diversified programming and content that reflects our values.
- We strengthen our social fabric and promote diversity by supporting local media that reflect the full spectrum of our community.
- We give local media the opportunity to promote our culture and creative forces abroad.

3. To inform the public

Investing in local media fosters healthy public debate by encouraging democracy, freedom of expression and diverse viewpoints. Local media players are present in our everyday lives. They provide greater flexibility, offer brand safety and create jobs in our community. They offer credible information, using social media to push content from recognized news sources while combating fake news.

- In 2020, 65% of Canadian respondents were concerned about the accuracy of information found online,[1] up four percentage points from 2019.
- According to the 2020 Digital News Report Canada[2], trust in news is slipping across Canada.
- According to the same study, only 19% of Canadians say they trust the news found on social media.

FACTS AND FIGURES

65%

of Canadian respondents are concerned about the truth of online information

19%

of Canadians say they have trust in news on social media

2nd

The advertising sector represents the 2nd main source of income for artists in the Union des artistes[3]

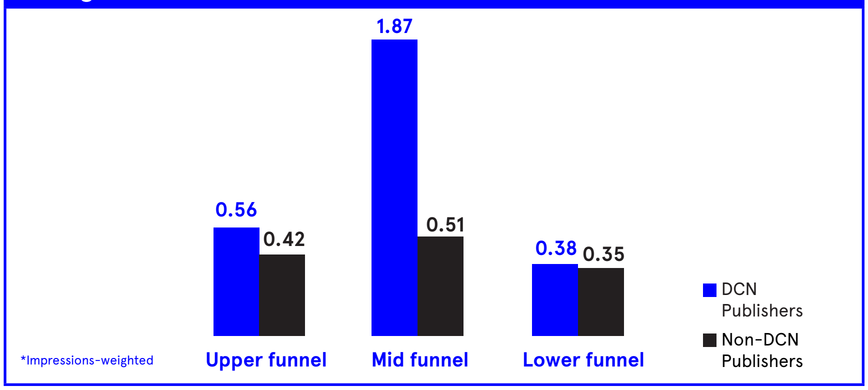
1 https://www.cem.ulaval.ca/wp-content/uploads/2020/06/dnr20_can_fr.pdf
2 2020 Digital News report Canada
3 A2C Economic Study, 2014

4. To redefine performance

Buying digital ad placements from local publishers improves the quality control of environments and audiences and can help reach more local and niche targets.

- According to IAB Canada,[4] brand safety is top of mind for advertisers. 76% report that they are very concerned about it. Purchasing inventory from trusted media partners is one way to reduce risks while prioritizing quality over quantity.
- To improve advertising visibility and avoid impression fraud. A Comscore study[5] revealed a 50% higher viewability rate for so-called "premium publishers," as compared to other publishers.
- According to the same study,[6] the use of premium publishers improves brand lift effectiveness at all stages of the customer journey.

Average brand lift*



FACTS AND FIGURES

76%

of advertisers are concerned about brand safety

4 IAB Canada Barometer report: The State of Brand Safety in Canada
5 The Halo Effect Premium Publisher Study July 2016
6 AB Canada Barometer report: The State of Brand Safety in Canada 2019

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Its application.

—— The following section outlines the various ways you can use this Guide in media planning.

1. Planning/strategy

Performance Indicators

When planning digital campaigns, it is vital to carefully select and understand performance indicators. At the planning/strategy stage, campaign objectives are usually determined by the customer's journey. Choosing the right performance indicators is key. When assessing ad placement performance, it's important to identify which performance indicators to use, based on the objective. For example, it would be a mistake to gauge the performance of a video placement based on click-through rates if the campaign's goal is to build brand awareness. It's best to take an objective approach in measuring the performance of ad placements on local media platforms, and to compare them to other platforms using appropriate performance indicators.

Media Partners

To activate your strategy, we recommend you consider local media options and build new solutions with local media partners. Please do not hesitate to challenge your partners and engage in transparent dialogue about your needs.

To access an online media directory, visit: **https://nosmediaslocaux.org/**.

LMI

Local Media Index

We suggest that the media plan also identify the percentage of digital investments (digital LMI) and total investments (total LMI, across all media) allocated to Quebec media. Two icons were created for you to identify them in the media plan (download them from the A2C website: **https://a2c.quebec/en/resources/mouvement-media-d-ici**). This will help in generating customer interest and in assessing opportunities for increasing the LMI to the customer's benefit. We are also working with an external accounting firm to create an LMI for the industry which would measure the share of digital investments allocated to local media compared with total digital investments. The CDMQ and the A2C will thus be able to track the influence of Mouvement Média d'Ici and to quantify its actual impact on the industry over time.

2. Technological considerations and activation

Neutral Measurement

A central pillar of this Guide is the notion that agencies must measure digital placements fairly and detach themselves from any industry biases. By assessing all investments neutrally (separate from media buying), we can accurately demonstrate the value of local media.

A good example of this principle would be using the same ad server for all placements, allowing for a just comparison of local and non-local media.

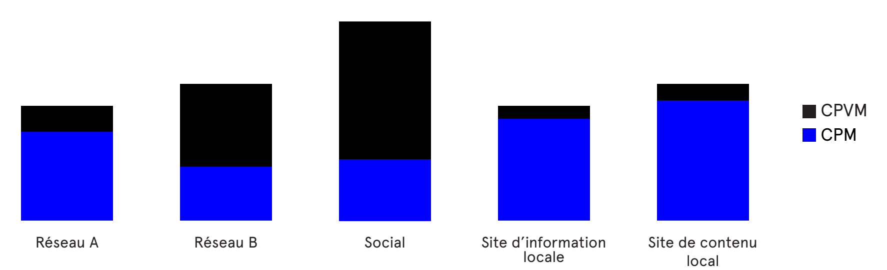
Delivery Audits

In selecting these types of measurement tools, care must be taken to ensure they can produce delivery audits as well as viewability reports. The first shows where your digital placements have been displayed. The second shows the proportion of messages that met viewability standards (banners or video) and can even sometimes detect irregularities in inventory delivery, adding an important qualitative metric to your investment analysis.

Cost vs. quality

One of the pitfalls in evaluating local media has to do with cost assumptions. The CPM of local media does not always compare favourably with that of GAFAM. Target volumes (impressions or conversions) might therefore prompt a strategist to opt for a global solution. Conversion performance estimates will be addressed in the next paragraph. An approach that focuses on the volume or scope of impressions should be revised to integrate the value of impressions quality, and more specifically, impressions viewed. Viewability reports provide a window on the volume of impressions actually viewed, so you can more accurately calculate your CPM. The resulting performance metric is **CPVM**, which stands for cost per viewable thousand. With historical viewability standards based on channel or media placements, at the planning stage it is a good idea to base estimates on CPVM, rather than the usual CPM. The same logic can be applied to performance indicators based on completed views (video completion rate or cost per completion). Viewability reports can establish the proportion of the video visible on the screen (at least 50% for 2 seconds), and confirms whether the video's sound was activated. You can then calculate the cost per completed view and use this figure on a comparative basis when planning video campaigns with local or other partners.[7]

Example of benchmarking based on CPVM



7 IAB Canada Viewability: https://www.iab.com/insights/digital-video-advertising-glossary/#index-45

Placement attribution

Your neutral measurement tool should also provide an advanced and transparent report of your campaign's digital placement attribution. This digital attribution metric allows you to assign credit to local media more fairly, hence the important of understanding attribution when assessing placements. Performance can be more accurately assessed using concepts such as conversion windows, channel positions within conversion paths, rules-based attribution models and machine learning. This approach recognizes the true role of premium videos in the conversion path, as compared to search engine ads. External learning can also be integrated when redefining and customizing your channel allocation process (for example, by incorporating the "lift" indicators for a client's previous campaign or the concept of *Ad Stock* or residual impact, depending on the format).

Segmentation of results

Finally, while it's important to aggregate results, this process can mask important takeaways. More nuanced approaches to performance analysis can be beneficial, as broad generalizations often disfavour certain media channels, including local media. We therefore recommend segmenting your results into several categories, including audiences, targeting or tactics, formats, platforms, and calls to action. This non-exhaustive list provides some ideas for tests you can run upstream of your campaign to validate your hypotheses (e.g., A/B test, multivariate, etc.).

3. Programmatic

Private Market Place (PMP)

It's important to keep programmatic media buying in mind, whether for local or non-local inventory. A good way for agencies to ensure inventory quality is to purchase ads programmatically via a Private Marketplace (PMP), where content publishers make their inventory directly available to buyers. There are many advantages to activating your campaign by buying programmatically, including with local media. And with the middleman out of the equation, local publishers reap a greater share of advertising revenues.

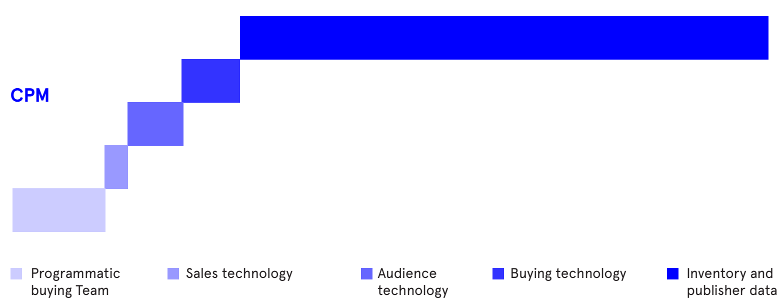
Demand Side Platforms (DSP)

Programmatic purchasing teams can access local inventory through purchasing platforms. Your specialists can program campaigns using a DSP that best fits your client's needs, setting up and optimizing various elements in the programmatic (performance indicators, objectives, audience segmentation data, performance data, budget, period, delivery rate, etc.). There are many DSPs on the market, each with its own advantages. It is therefore incumbent on your activation team to fully understand the nuances of purchasing local inventory using programmatic. Certain programmatic buying variables can disadvantage local players. You should contact each local player's programmatic specialist to maximize the chances that your DSP will purchase local inventory without affecting your campaign's performance.

Breaking down a programmatic CPM

The cost-per-thousand impressions pricing model is commonly used in costing programmatic (i.e., with every transaction, prices fluctuate depending on a number of purchase factors). The programmatic value chain involves several intermediaries, each of which plays its own role in delivering banners to target customers. The following graphic outlines the types of intermediaries usually involved in connecting advertisers with customers, along with their share of CPM.

Breaking down a programmatic CPM



Sales technology refers to ad exchanges and SSPs, while audience technology often involves the use of a DMP or third-party audiences. The cost of using a DSP represents the programmatic buying technology. Definitions of all these terms can be found in the glossary at the end of this Guide. A report published a few years ago by ANA[8] indicated that the money spent on inventory and publisher data represents 70% of programmatic costs, on average.

8 https://www.acaweb.ca/en/wp-content/uploads/sites/2/2017/07/2017-ACA-ANA-Programmatic-Study-FINAL.pdf

Audiences and innovation

Buying local inventory is key to encouraging a fairer redistribution of ad revenues, and local publishers maintain quality data throughout their media ecosystem. Activating certain audience segments may be a good alternative to programmatic buying, since not all agencies have access to internal DSPs. Audience segments are useful because they can give us a better perspective on customers, allowing for segmentations that more accurately reflect local realities. Our local partners should therefore be encouraged to acquire the means to use this data when buying media. Still from a local standpoint, the primary data held by advertisers represents the most qualified database, albeit with smaller volumes. If this data is properly collected and maintained (in compliance with current legislation), and if your client agrees, it can be good strategy to leverage this primary data in digital campaigns. This helps to create better defined audiences (e.g., similar audiences), separates out existing customers and optimizes your placements for concrete business results. We encourage agencies to compile an inventory of primary and local data as a first step with any new media planning.

- Innovation is an important driver of local media growth, and agencies are encouraged to collaborate with local partners in testing new ways to optimize digital placements. We urge agencies to learn about the technology and data offered by our local media players. Examples of recent innovations include more reliable geo-targeting and targeting tailored to the attention spans of mobile consumers—all made possible by local companies.

- Agencies should take a methodical approach in assessing the technology of GAFAM and local media partners. The data and technologies on the market are all subject to various limitations imposed by law (e.g., GDPR), by platform incompatibility (e.g., Walled Gardens), by specific platform contexts (e.g., different definitions of a video view) and by corporate business regulations (e.g., Apple's ITP). When conducting assessments, a number of factors should be examined, including the sources of audience or targeting data, collection methods, how frequent the data is validated, how sensitive data is processed, the source of available inventories, the methods for ensuring brand safety for advertisers and the ability to optimize placements using a given technology. Any doubts should be clearly and openly addressed to ensure adherence to good industry practices by you and your client.

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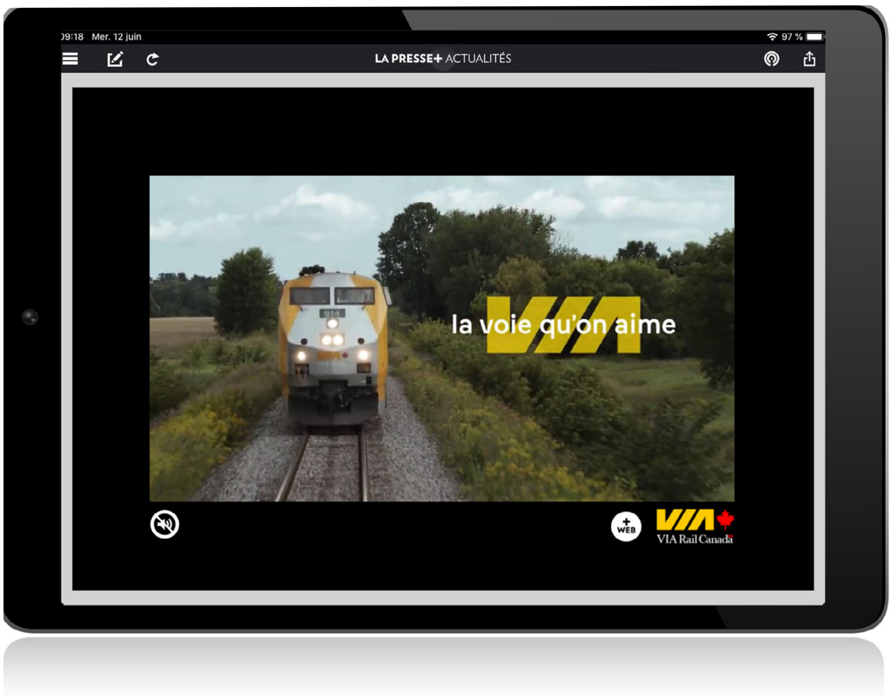
Case study.

—— Nothing speaks louder than real-life examples. Here, we present a case study of responsible practices at work.

This is a concrete illustration of how the Guide can be applied in awareness, performance and content campaigns.

1— Performance case

VIA Rail 2019
Love the way (and the media)



In the summer of 2018, VIA Rail launched its *Love the Way* campaign to increase its brand visibility and boost ticket sales. The campaign's success prompted VIA Rail to extend it into 2019, but with a major change: 80% of advertising investments were allocated to digital platforms of local publishers and content creators. That represented an increase of 25 percent compared to a similar period and budget the previous year.

To ensure the success of this strategy, a good deal of preliminary research and analysis was conducted. A number of parameters were studied, including the target audience's media consumption level, the cost of the media, the state of Canadian inventory and the performance of Canadian platforms. Ultimately, 48% of digital dollars changed hands, with 80% of digital investment supporting Canadian content. The business risk for VIA Rail was assessed at 1.2% of its total revenues. But once the plan was established and the risks were assessed, there was nothing to stop this responsible media plan from being deployed.

FACTS AND FIGURES

80%

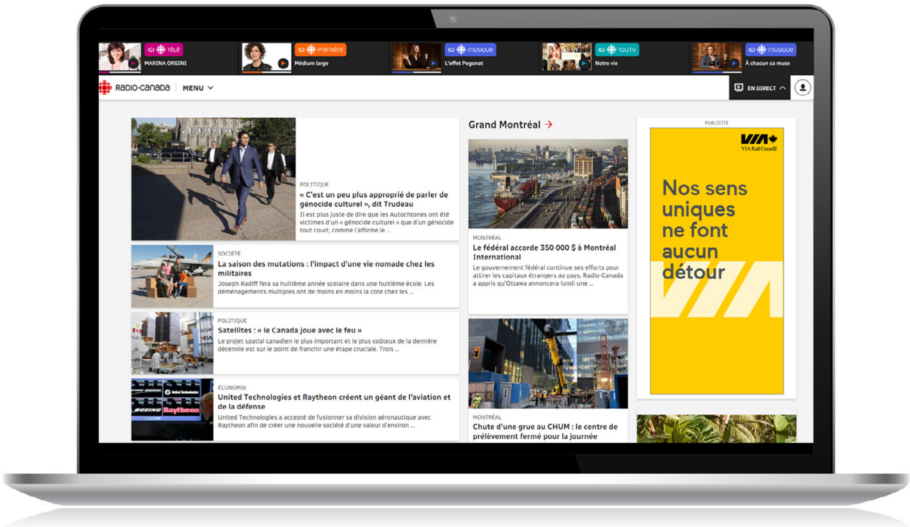
of advertising investments were allocated to digital platforms of local publishers and content creators

48%

of digital dollars changed hands, making it possible to assign

80%

of digital investments to Canadian content



This major campaign was 100% digital, with 62 different creatives generating more than 63 million impressions. Targeting was limited to cities in the Montreal-Toronto corridor, with ticket sales as the main performance indicator.

From a business perspective, VIA Rail recorded increases of 5.5% in total revenue, 6% in ridership and 5.5% in transactions compared with a similar budget the previous year.

From a media perspective, the responsible media plan generated five additional target rating points (at 80%), compared to the previous year's media plan. Given the campaign's success, the strategy was maintained throughout the second half of 2019 and into 2020, despite the onset of the COVID-19 pandemic.

Incorporating local media into your channel strategy is not only a social or philanthropic gesture: the results speak for themselves, as this case illustrates very well.

FACTS AND FIGURES

VIA RAIL REPORTED
INCREASES OF

5.5%

in total revenue

6%

in ridership

5.5%

in transactions

Impact of the Guide.

We foresee a number of different impacts worth considering:

- We hope the Guide leads to more open dialogue with media partners and generates more advertising solutions based on clients needs.
- An increase in video demand among local media could reduce the amount of available inventory and result in higher prices.
- Greater demand for certain formats could increase their cost.
- The Guide will no doubt prompt advertisers to raise questions about current technologies and methods. We must take the time needed to assist them.
- Decision makers will need to consider a wider range of local media of all sizes and avoid focusing investments on a small number of local players.

Conclusion.

Growing out of the Manifesto for Responsible Media Practices movement, this Guide is a tool for agencies and their clients, but also for the community as a whole, to encourage better and greater use of local media.

Rather than set out a defined process, it should serve first and foremost as a springboard to conversation with your clients.

Of course, each agency must hold true to its own unique values and ways of doing things, but by initiating discussion and mobilizing as a group, we can enhance our contribution to local media.

Agency Directory:

A2C Members : https://a2c.quebec/en/agency-directory
CDMQ Members: http://cdmq.ca/fr/conseil/membres

Executive Summary.

Checklist

- Encouraging local media is a way to preserve our culture. Local media publishes information the public perceives as credible. They also enhance the performance of ad campaigns and boost the commercial success rates of advertisers.
- Local media are media that publish local content, are officially located in Canada and contribute to the Canadian economy (taxes, salaries, etc.). A more detailed definition can be found in this Guide.
- The Guide proposes integrating local media at a level that aligns with consumer practices and with each advertiser's strategies and objectives. Diversity is encouraged, but this guide does not prescribe minimum thresholds.
- Digital planning can sometimes take longer with local media, but agencies become involved in nurturing dialogue with local partners and clients.

Action items

- Using the Local Media Index (LMI) icon when measuring the share of digital and total investments allocated to local media.
- Signing direct agreements with content publishers (e.g., programmatic PMPs) to better control the quality and sources of inventory.
- In addition to favouring local media, this practice ensures a higher quality of purchased inventory.
- Conducting audits (placement, domains, viewability) on your digital placements to gain a better understanding of purchased inventory.
- Considering quality when assessing media costs (e.g., CPVM).
- Using audience segments and data available from local publishers.
- Developing a deeper understanding of digital attribution to better appreciate the role of local media in the conversion funnel.

FAQ.

—— To help you use this Guide, we have created this list of frequently asked questions and answers:

Q Do I need my client's consent to increase investments in local media?

A Yes. Any changes to your investment strategy and media allocations must be communicated to your client with full transparency.

Q Do I need to use the LMI when implementing my strategy?

A No. The client should determine which key performance indicators to use in achieving its business goals.

Q Do I need to make these changes immediately and across all campaigns?

A No. We recommend making a gradual transition and running tests to fully understand how this new strategy will impact your campaign objectives. We also strongly urge you to share results as they come in to better support your clients.

Q To support the growth of local media players, should we always prioritize them in media planning?

A The Guide does not recommend prioritizing local media at all costs. Local media should be measured and analyzed to ensure that their performance is on par with other media and that your targets will be met. The quality of placements should not be compromised for the benefit of local media.

Q Is English Canada (ROC) aware of this movement?

A Yes. This Guide and our local media initiative have been shared with the CMDC and the ACA to raise awareness and encourage them to join the movement.

Q How can we track the success of this movement?

A We are working with a third party to ensure we meet the $200 million target over three years. A2C will communicate with all sector stakeholders as this initiative progresses.

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Appendix.

—— This appendix provides facts and figures to help you understand our approach. It presents an overview of the Quebec media industry and how that industry is evolving. These numbers clearly demonstrate the importance of using digital channels to increase local media revenues.

Why digital is the focus the Mouvement média d'ici.

Over the last 10 years, digital's share in advertising investments has tripled, from 17.4% in 2009 to 53.8% in 2018 (ThinkTV). This gradual increase has systematically disadvantaged traditional media:

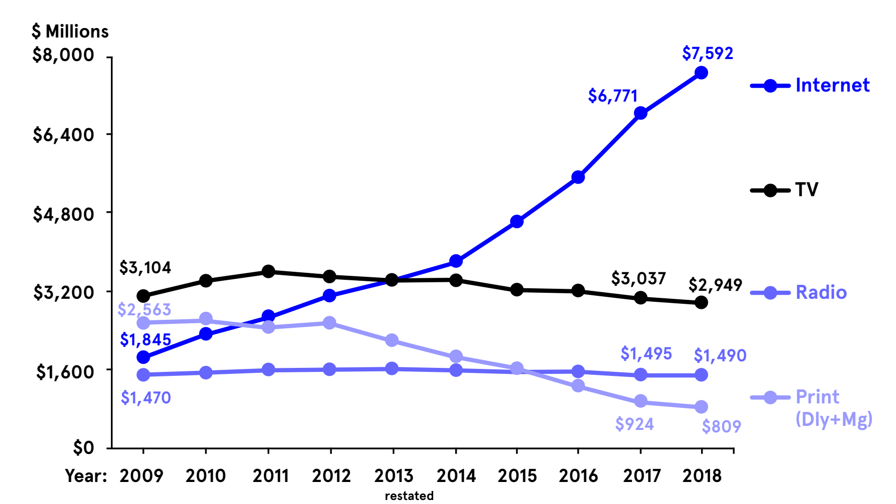
— The entire print sector (magazines, weeklies and dailies) fell from 37% to 12%.

— Television dropped from 29.3% to 22.2%.

— Radio saw its share decline from 13.9% to 10.5%.

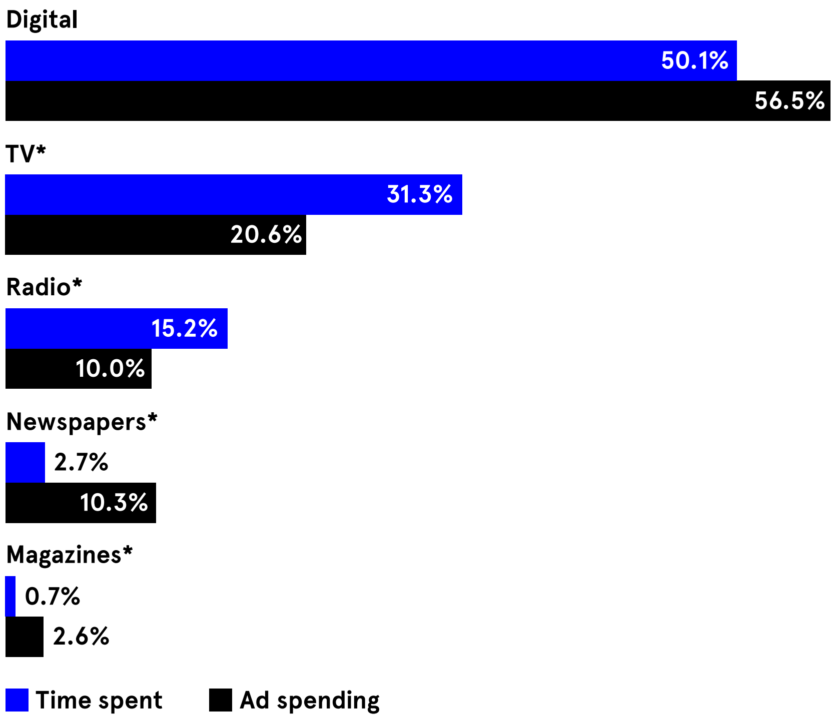
— OOH advertising saw an increase, but only marginally, from 3.9% to 4.6%.

Advertising Growth Trend - Internet vs TV, Print, Radio: 2009-18
Sources: IAB Canada, thinktv



Digital is the main focus of our movement, not only because it is experiencing the biggest growth in investment, but also because it is the main source of information for consumers, and the cost of digital advertisements is directly related to the time consumers spend viewing them.

Share of Time Spent with Media vs. Ad Spending Share in Canada, 2019
% of total



*Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; ad spending share excludes out-of-home; *excludes digital*
Source: eMarketer, April 2019

T10217 **www.eMarketer.com**

Digital media industry trends

Growth of the duopoly

Smaller media players are fighting a losing battle, with the gap between them and the two media giants continuing to grow. For smaller media, their share of the pie is shrinking every year. Google and Facebook made US$79 billion last year, an 89% increase in ad revenues since 2016 and representing no less than 56% of advertising investments in 2020.

The main drivers of digital growth

The most recent Canadian digital investment projections anticipate strong growth for digital ad spending (an increase of 45% between 2019 and 2023), driven mainly by banner and web video buys, which are expected to see an increase of 75% by 2023.

Net US Digital Ad Revenues, by Company, 2016-2020
billions

	2016	2017	2018	2019	2020
Google	$29.43	$34.87	$39.92	$45.51	$51.66
—YouTube	$2.92	$3.88	$4.43	$4.96	$5.47
Facebook	$12.37	$17.97	$21.00	$24.20	$27.43
—Instagram	$1.61	$3.22	$5.48	$7.76	$10.19
Microsoft (Microsoft and Linkedin)	$3.34	$3.74	$4.16	$4.46	$4.47
—Linkedin	$0.73	$0.82	$0.92	$1.01	$1.10
Oath	$1.27	$3.60	$3.69	$3.77	$3.84
Amazon	$1.12	$1.77	$2.89	$4.37	$6.37
Twitter	$1.36	$1.17	$1.12	$1.18	$1.22
Snapchat	$0.30	$0.57	$1.03	$1.81	$3.08
Yelp	$0.62	$0.71	$0.83	$0.97	$1.10
IAC	$0.50	$0.47	$0.45	$0.45	$0.45
Hulu	$0.31	$0.35	$0.39	$0.44	$0.49
Roku	$0.06	$0.15	$0.29	$0.48	$0.70
Yahoo	$2.25	-	-	-	-
Total digital ad spending	**$72.20**	**$90.39**	**$107.30**	**$125.75**	**$142.23**

Note: includes advertising that appears on destock and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Facebook advertising revenues include Instagram advertising revenues
Source: eMarketer, March 2018

235997 www.eMarketer.com

Digital Ad Spending in Canada, by Format, 2019-2023
millions of C$

	2019	2020	2021	2022	2023
Display	C$4,531.1	C$55,230.2	C$5,907.3	C$6,585.8	C$7,212.6
—Video	C$1,407.6	C$1,682.5	C$1,946.7	C$2,217.2	C$2,474.5
Search	C$4,090.8	C$4,493.3	C$4,855.7	C$5,161.6	C$5,369.8
Classifieds	C$165.2	C$163.7	C$163.4	C$163.0	C$162.6
Email	C$10.4	C$9.9	C$9.8	C$10.1	C$9.9
Total	**C$8,797.4**	**C$9,897.1**	**C$10,936.2**	**C$11,920.5**	**C$12,754.9**

*Note: includes advertising that appears on destock and laptop computers as well as mobile phones, tablets and other internet-connected devices on all formats mentioned; *banners (static display), rich media, sponsorships, video (including advertising that appears before, during or after digital video content in a video player; **paid listings, contextual text links and paid inclusion*
Source: eMarketer, February 2019

T10100 www.eMarketer.com

Quebec: a marginal share

The situation is the same at the local level. According to a 2018 forecast, digital investment is expected to increase by 11% in Canada (10% in Quebec) by the year 2019. In Quebec, no less than 44% of investments flowed to search engines (Google, Bing) in 2018, leaving only 53% for banners and Web video — the only portion of the budget that involves local media.

Digital ad investment forecasts for English- and French-speaking Canada

Millions of $CAD	2018	2019	Change in %
English-speaking Canada	7.592	8.458	11%
French-speaking Canada	1.257	1.377	10%
Proportion of total	17%	16%	

Breakdown of digital ad spending in French-speaking Canada by channel

Channel	Millions of $CAD	Proportion of total
Keywords (search engines)	549	44%
Web Banner	328	26%
Classified Ads	36	3%
Web Video	343	27%
Total	1.256	100%

Since media in French-speaking Canada received only 17% of Canadian ad investments in 2018, shifting $200 million from GAFA+ media to Canadian media would have a negligible overall impact on the big American players—a drop in the bucket for them, a big difference for local stakeholders.