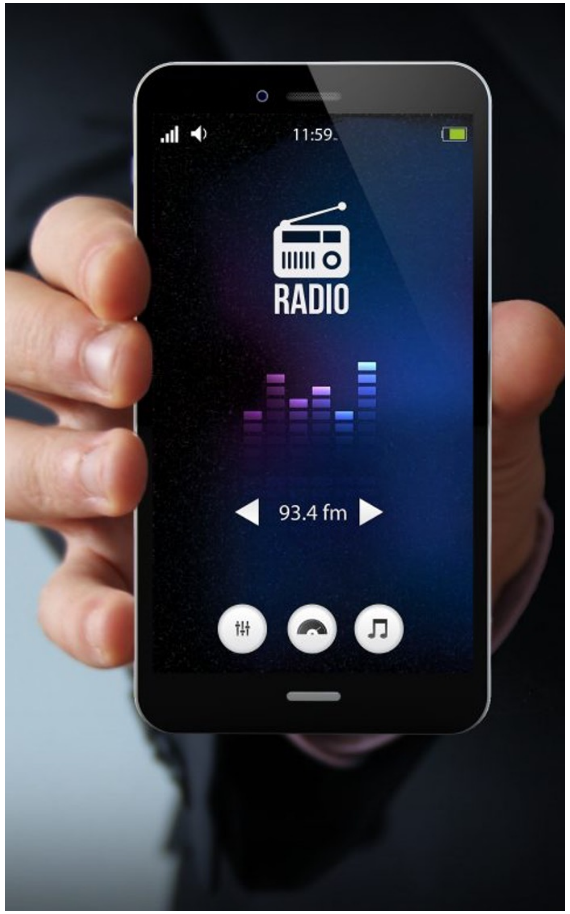
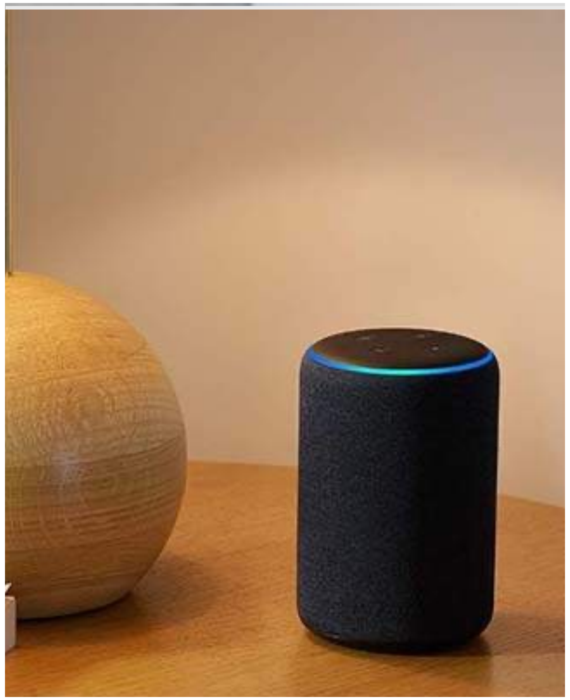
SignalHill Insights

RADIO ON THE MOVE'S AUDIO UPDATE SPRING 2023 Q&A

RADIO CONNECTS





Q1. Why is the number of people using ad-supported streaming platforms decreasing and paid subscriptions are increasing?

The growth in the number of paid subscriptions and the decrease of free subscriptions is likely due to a number of reasons:

- Unlike video subscription services, Canadians do not need to subscribe to multiple platforms to access similar audio content, or specific types of music.
- There are fewer paid audio platforms vs. video platforms.
- Subscription costs for audio platforms are cheaper than video platforms:
  - Many Canadians are spending less on their music subscriptions vs. what they would typically budget to buy new music for their personal libraires, now choosing to ”rent” vs. own their music.
- The free music streaming platform listening experience is different from the paid service. Ads heard on free music streaming platforms are experienced as an interruption because the listener is in a different mind set, where they want to disconnect, similar to when they are listening to their personal music and would rather not hear the ads.
- People listen to AM/FM Radio for different reasons than music streaming services:
  - For the personalities whom they like and trust.
  - For entertainment, companionship and connection.
  - For news and information.

Q2. You identified that more Canadians are streaming AM/FM Radio than ad supported platforms like Spotify, can you explain how it can deliver the same benefits?

- The scale of connected AM/FM Radio, (AM/FM Radio Streaming) proves it belongs in the same world as other music streaming platforms.
- Spots that are dynamically inserted (DAI) into an over-the-air broadcaster's digital stream replace PSA's and station promo spots and do not take away from the reach of campaigns for advertisers on Radio, regardless if the listener is using a connected device, listening in-car or on a typical Radio.
- The scale of connected AM/FM Radio gives advertisers the options to geotarget or personalize ads across AM/FM streams.
- This ability opens up the opportunity to do online attribution to see the impact of radio campaigns:
  - Digital attribution allows advertisers to see those exposed to AM/FM streams and see to what extent that exposure is creating incremental lift and conversions.
  - The impact being measured among streamers can be extrapolated to the full AM/FM audience.
  - This ability helps prove that Radio can drive performance marketing at the lower funnel while driving upper funnel awareness.

Q3. What key point do you think would influence my client or change their mind about using radio?

The trust Canadians have in a medium is an important factor, which extends to how they feel about the ads they see in various media.

- Time and again, AM/FM Radio is the leading medium when it comes to trust, as are other “legacy” media.
- AM/FM Radio is audited and measured by verified 3rd parties and offers unparallel brand safety because it is so highly regulated, which gives a level of trust for consumers that is unparalleled.
  - In fact, the invoice Radio broadcasters provide to advertisers detailing when and where their spots air, is referred to as an affidavit, which the CRTC requires all licensed broadcasters to provide.
- Canadians may trust AM/FM Radio more because as a highly regulated medium, brands don’t need to be concerned that their ads will be appear or be heard in or between reels of content that do not align with their core attributes or values.
- AM/FM Radio provides consumers an outlet through the CRTC or the Canadian Assoc. of Broadcasters (CAB), when they want to voice concerns:
  - Unlike in digital media, where options are limited to “unfollow” or “do not show again” which do not always have impact on what an algorithm will serve.
  - The rampant use of ad-blockers and other services to restrict exposure to online ads, demonstrates Canadians’ attempts to reduce their exposure to online advertising.
- The amount of money spent in digital media advertising relative to the trust factor Canadians have about the various digital platforms is an important “watchout” as this trust fact has an impact brands.

Q4. What do you project for the future as high-end auto manufacturers are removing AM radio from their dashes?

- Radio On The Move has been trending in-car audio consumption over 14 studies in order to capture any changes:
  - Turnover in Canada for new cars is slow, at apx. 11-12 years, meaning fully connected cars are still many years away.
  - Over the course of 14 years of tracking, the share of in-car audio going to AM/FM is down only a few points.
  - US Congress and the National Assoc. of Broadcasters (NAB) are very active in discussions around removing AM Radio from in-cars:
  - Their lobbying will largely determine where car manufacturers will settle, since the US drives the North American manufacturing decisions.
  - Ford as example has stopped plans to remove AM as a result of concerns and complaints from consumers and various state emergency services.
  - Parts of the US and Canada are well served by AM Radio due to the geography as well as regional tuning preferences.
- iHeart and Radioplayer apps provide in-car access to all stations, with some manufacturers using Radioplayer as a default in their infotainment system.
- Some Canadian broadcasters are using their HD signal to broadcast their AM station and avoid signal interference issues.
- Infotainment centres are prime real estate in the automobile and reflect millions of dollars of investment to create a unique and branded experience for the luxury vehicle owner:
  - Luxury auto manufacturers want their customers to experience the “beauty” and “refinement” their branded infotainment centres deliver versus an experience that merely replicates their iphone or android phone screen.
  - Manufacturers do not want Carplay or Android Auto being the default setting as they see Google and Apple as competitors in monetizing the in-car experience.

Q5. Is there any radical change in Radio usage if we look at adults 35 - 64 a group that is larger than A 25 - 54?

- Fundamentally, there have been no significant shifts in radio listening year to year within any demographics.
- The Canadian population is aging, and the 35-64 demographic, in sheer numbers and in spending power, is becoming greater than the A25-54 demographic.

Q6. Can you address sample size, what markets this includes, and was this research done with the same sample that is wearing a meter/diary?

- The study was fielded to 3,000 Canadians via Maru Voice Canada. The online panel is representative of the Canadian population by demographics, geography as well as English and French language speakers, to ensure findings are representative of the Canadian landscape.

- Each survey of Radio On The Move fielded by Maru Voice Canada uses refreshed panel members to ensure new participants each time.

- There is always a possibility that people participate in multiple panels, however, Numeris and Maru do not collaborate on PPM or diary surveys.