CANADA DIGITAL FUTURE IN FOCUS 2013

Key Insights from 2012 and What They Mean for the Coming Year

March 2013

Introduction

Executive Summary

Media fragmentation is occurring at light speed in today's multi-platform environment, which features not only computers, but smartphones, tablets, gaming platforms and a seemingly ever-increasing number of emerging devices.

The strong swelling of mobile audiences, devices and consumption habits have shown us that consumers have become more platform agnostic in their digital media consumption and happily switch devices throughout the day and into the night to stay up to date on email, news, social media etc.

comScore has been preparing for a future scenario where most people will consume content on the go and PCs would no longer be the center of the digital universe. This future is quickly becoming a reality.

The following report examines how the latest trends in web usage, online video, digital advertising, mobile, social media and e-commerce are currently shaping the Canada digital marketplace and what that means for the coming year, as comScore helps bring the digital future in focus.

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Key Takeaways

Canada continues to be a leader in engagement

Canadians spend more than 41 hours per month online on their PC, representing the 2nd highest across the globe, and they rank 1st in terms of monthly pages and visits per visitor.

Online video grows in importance to digital ecosystem

The online video market continues to grow in Canada as long-form viewing and premium programming migrate online. Canadians rank 2nd worldwide in terms of monthly hours (25) and videos (291) per viewer. The Entertainment category saw the largest growth in number of videos viewed versus year ago.

Digital ad market healthy and growing

In 2012, more than 724 billion display ad impressions were served on the Internet in Canada, up 17% year over year, increasing the importance for validation and measuring viewable impressions. Social Media, Entertainment and Portal sites continue to account for the largest share of impressions.

Media landscape is fragmenting

The rapid adoption of internet-enabled devices is contributing to a more fragmented digital media landscape. Smartphone subscribers grew by 17% in 2012, with Google Android accounting for 40% of the market. Subscribers watching video on their phones has increased 21 points in the last year, while search represents the fastest-growing content category.

Social Media players increase their visitor base and engagement

Facebook continues to lead the Social Networking category, but there are some rising stars to watch in 2013 – Twitter, LinkedIn, Tumblr, Pinterest and Instagram are all seeing strong growth rates across PC access.

Key industry verticals witness interesting trends amid media fragmentation

E-Commerce totaled $22.3 billion dollars in Canada in 2012, up 10% versus year ago. Banking and Automotive content consumption are also seeing growth on PC and mobile devices, and the online advertising market is following suit.

Overview of Canadians Online

comScore

Canadians continue to be highly engaged online compared to the rest of the world

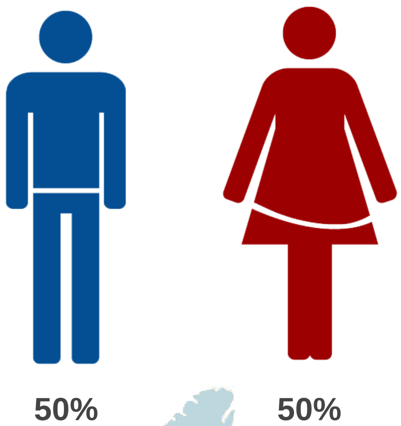
Online Visitation and Engagement

	Q4 2012*			
Geography	Average Monthly Unique Visitors (000)	Average Monthly Hours per Visitor	Average Monthly Pages per Visitor	Average Monthly Visits per Visitor
Worldwide	1,519,489	24.6	2,278	60
China	342,334	17.6	1,621	54
United States	188,743	43.0	3,709	97
Japan	73,577	21.9	2,244	52
Russian Federation	60,922	25.0	2,835	63
Germany	52,373	24.7	2,681	64
Brazil	45,762	27.9	2,345	59
France	43,176	27.9	2,681	75
United Kingdom	39,318	38.9	3,432	88
Italy	28,653	19.0	1,908	47
Canada	25,497	2nd 41.3	1st 3,731	1st 101

*Ranking in table is based on Average Monthly Unique Visitors in Q4 2012 for selected geographies
Source: comScore, Inc., Media Metrix, WW, Home & Work, Persons: 15+, Monthly Q4 Avg. 2012

Canadian Online Demographic Breakdown

Gender



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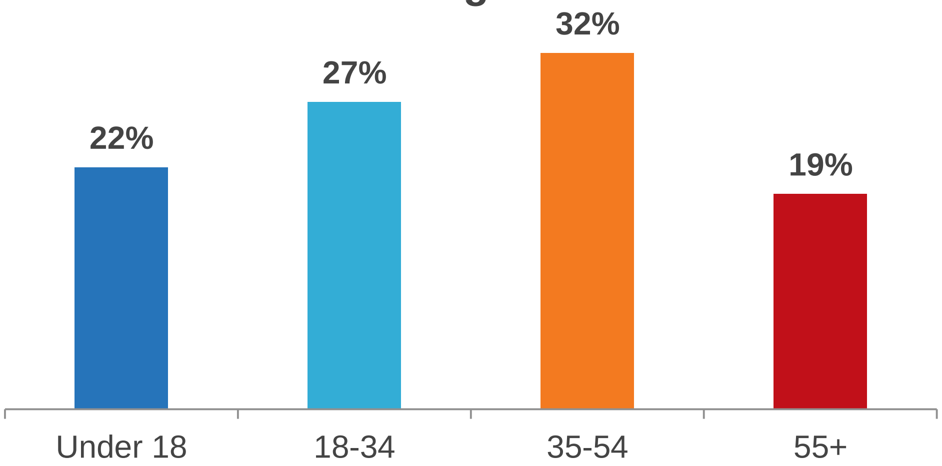
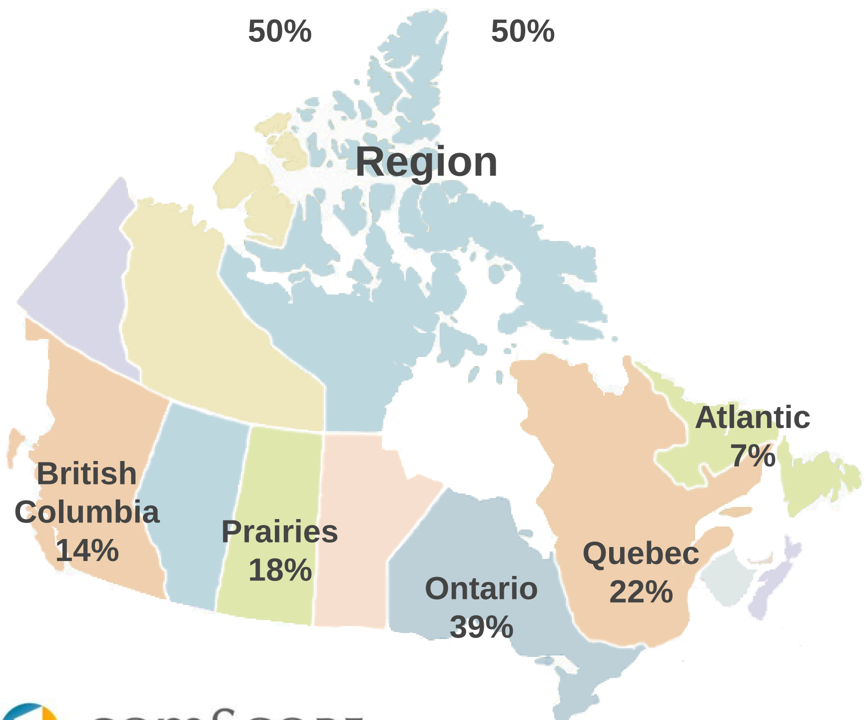
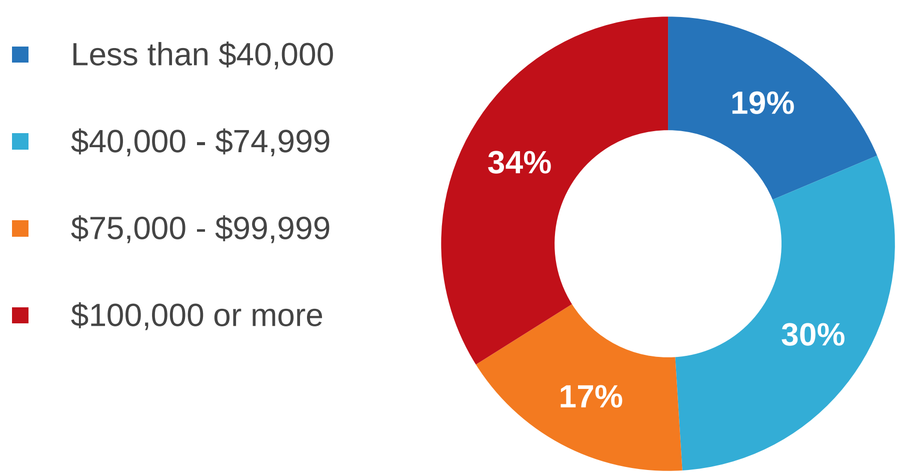


Region

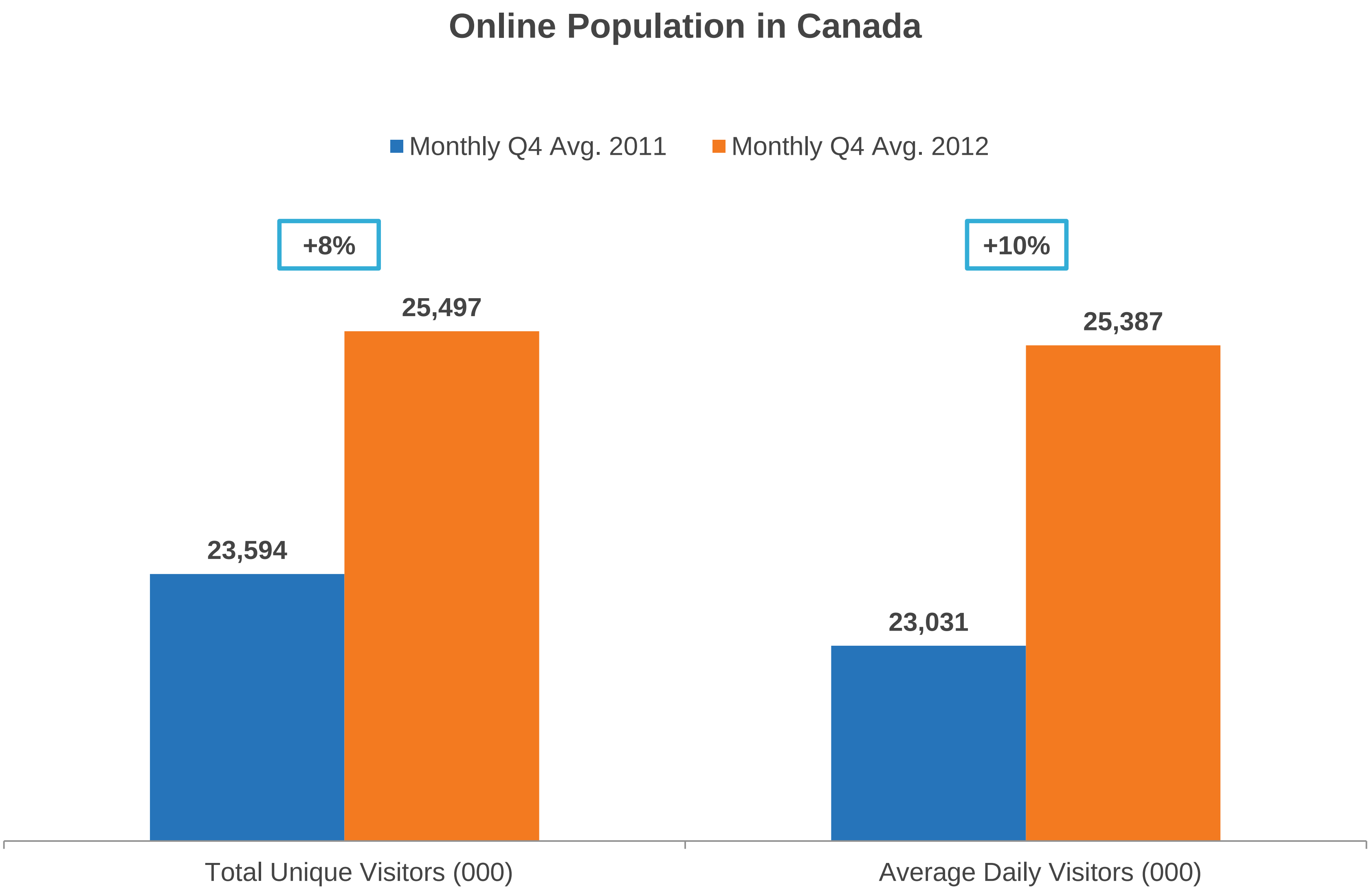


Household Income (CAD)



Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012

Nearly 100% of unique visitors in Canada access the Internet everyday



Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 15+, Monthly Q4 Avg. 2012 vs. 2011

Online video engagement in Canada is high compared to the rest of the world

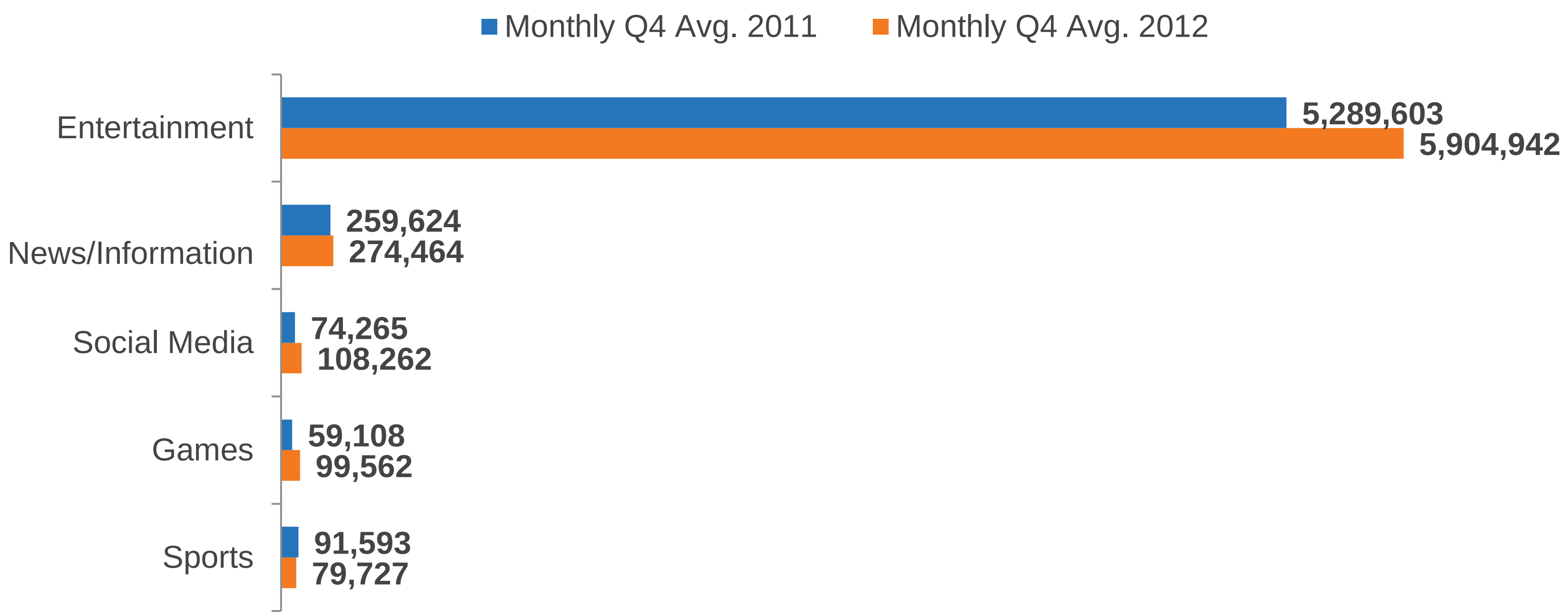
Online Video Viewership and Engagement

	Q4 2012*		
Geography	**Average Monthly Unique Viewers (000)**	**Average Monthly Hours per Viewer**	**Average Monthly Videos per Viewer**
Worldwide	1,277,913	18.9	180
United States	164,452	21.8	288
Russian Federation	50,773	21.9	181
Germany	44,126	22.4	188
Brazil	39,672	11.4	134
France	37,609	18.7	204
United Kingdom	33,381	30.4	300
Italy	23,800	20.7	191
Canada	23,357	2nd 24.8	2nd 291

*Ranking in table is based on Average Monthly Unique Visitors in Q4 2012 for selected geographies
Source: comScore, Inc., Video Metrix, WW, Home & Work, Persons: 15+, Monthly Q4 Avg. 2012

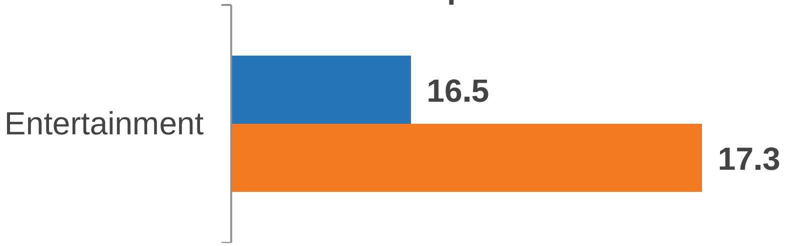
Canadians are watching more videos online and spending more time with the Entertainment category versus year ago

Top 5 Content Video Categories by Videos Viewed (000)*



Videos per Viewer

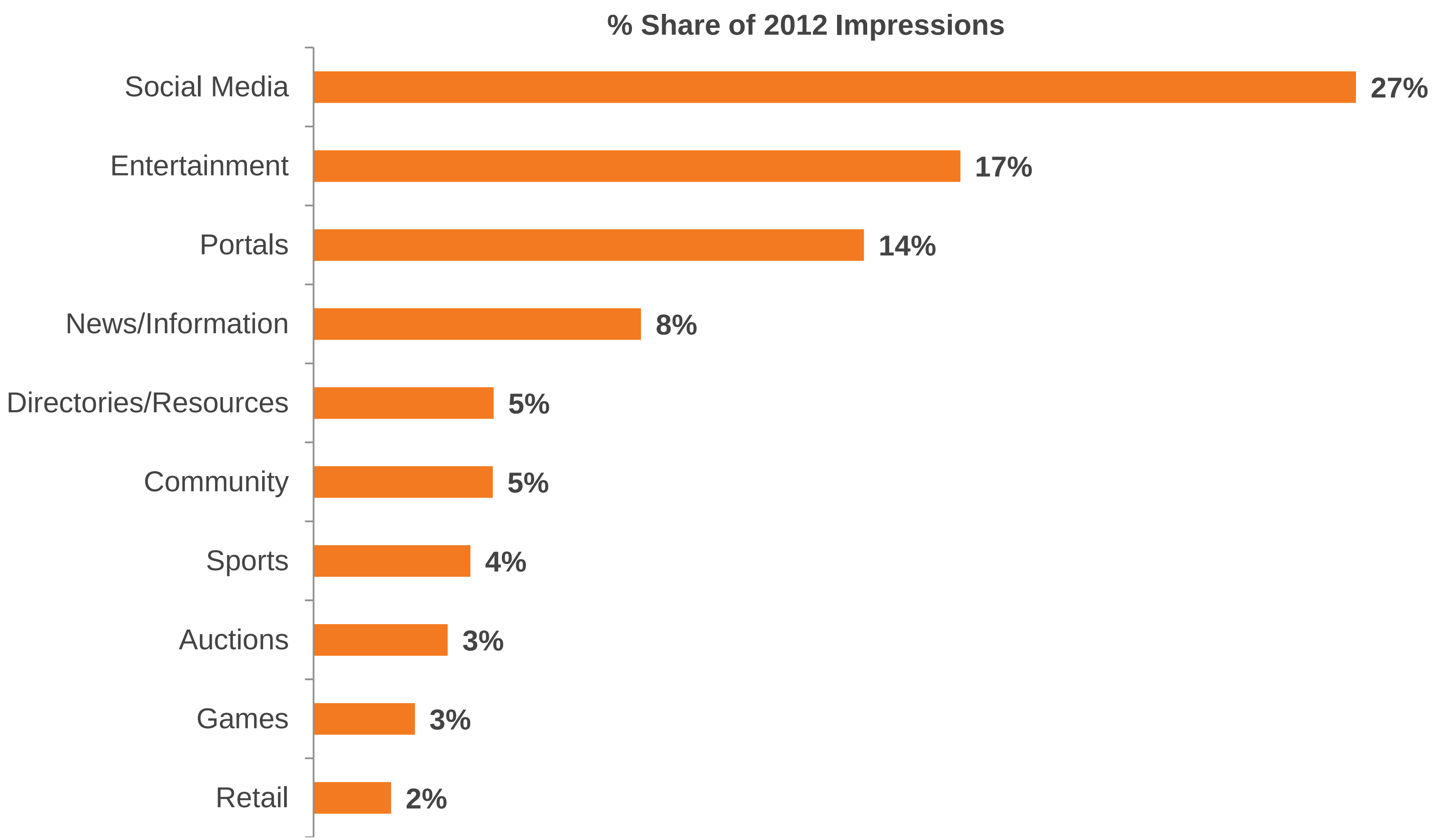
Hours per Viewer



*Excluding Corporate Presence, XXX Adult, Portals, Promotional Servers, Services
Source: comScore, Inc., Video Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

Social Media publishers host the largest share of display advertising

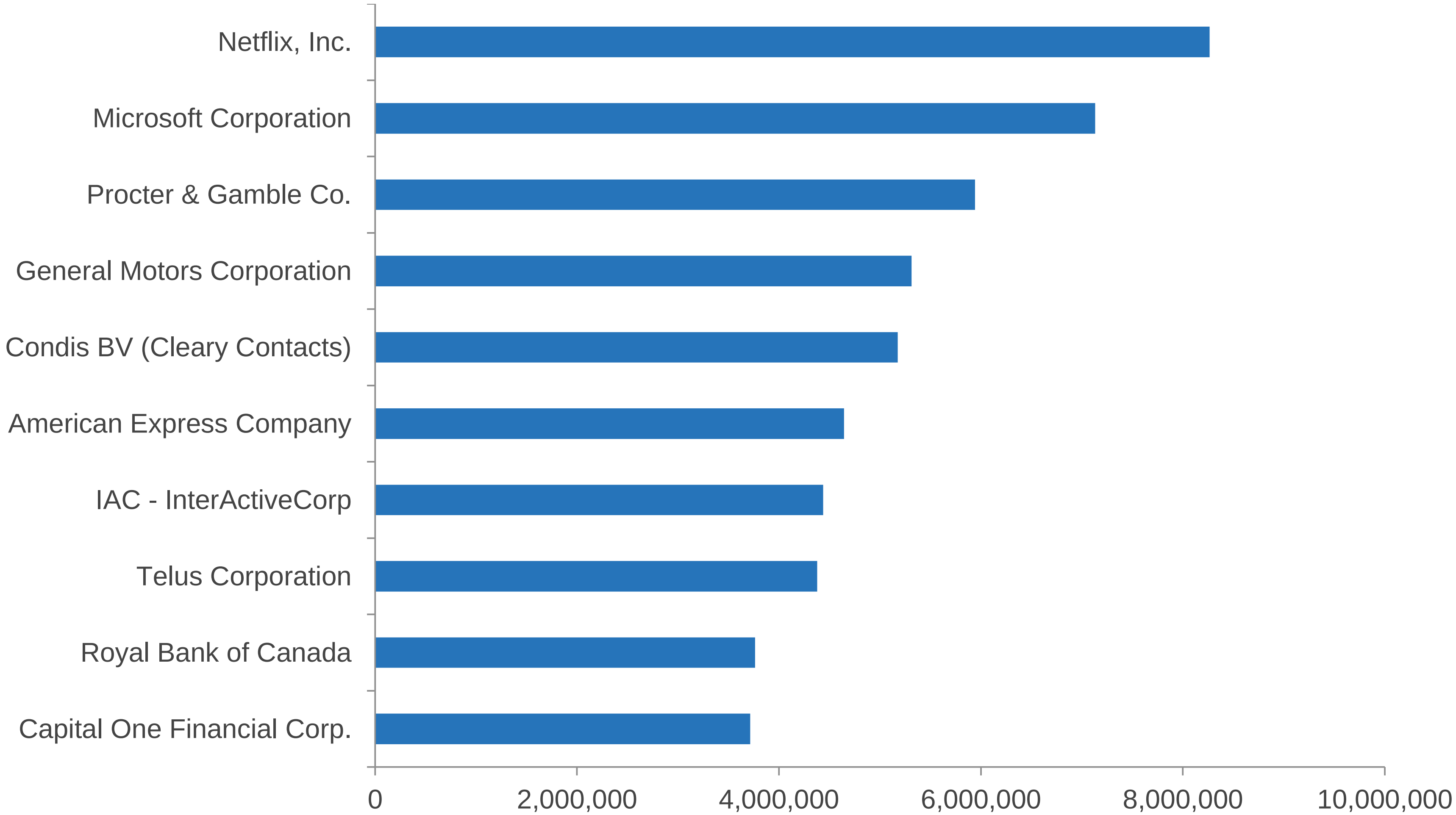
Top 10 Display Advertising Publisher Categories*



*Excluding Corporate Presence, Promotional Servers, Services
Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2012

In 2012, more than 724 billion display ad impressions were served on the Internet in Canada, up 17% year over year

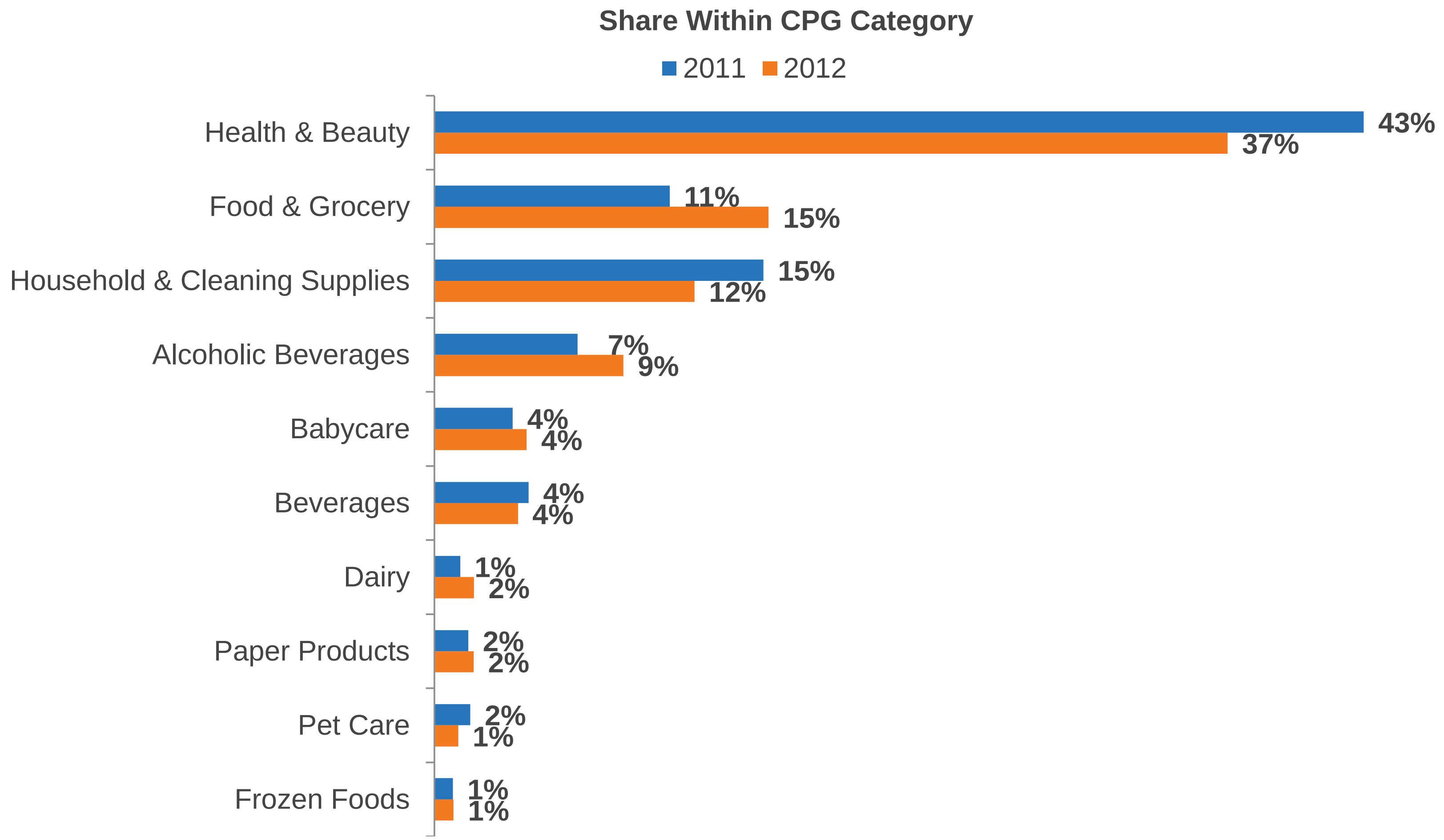
Top 10 Advertisers in 2012 by Total Display Ad Impressions (000)



Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2012

CPG advertising accounts for 4% of all display ad impressions via the fixed Internet

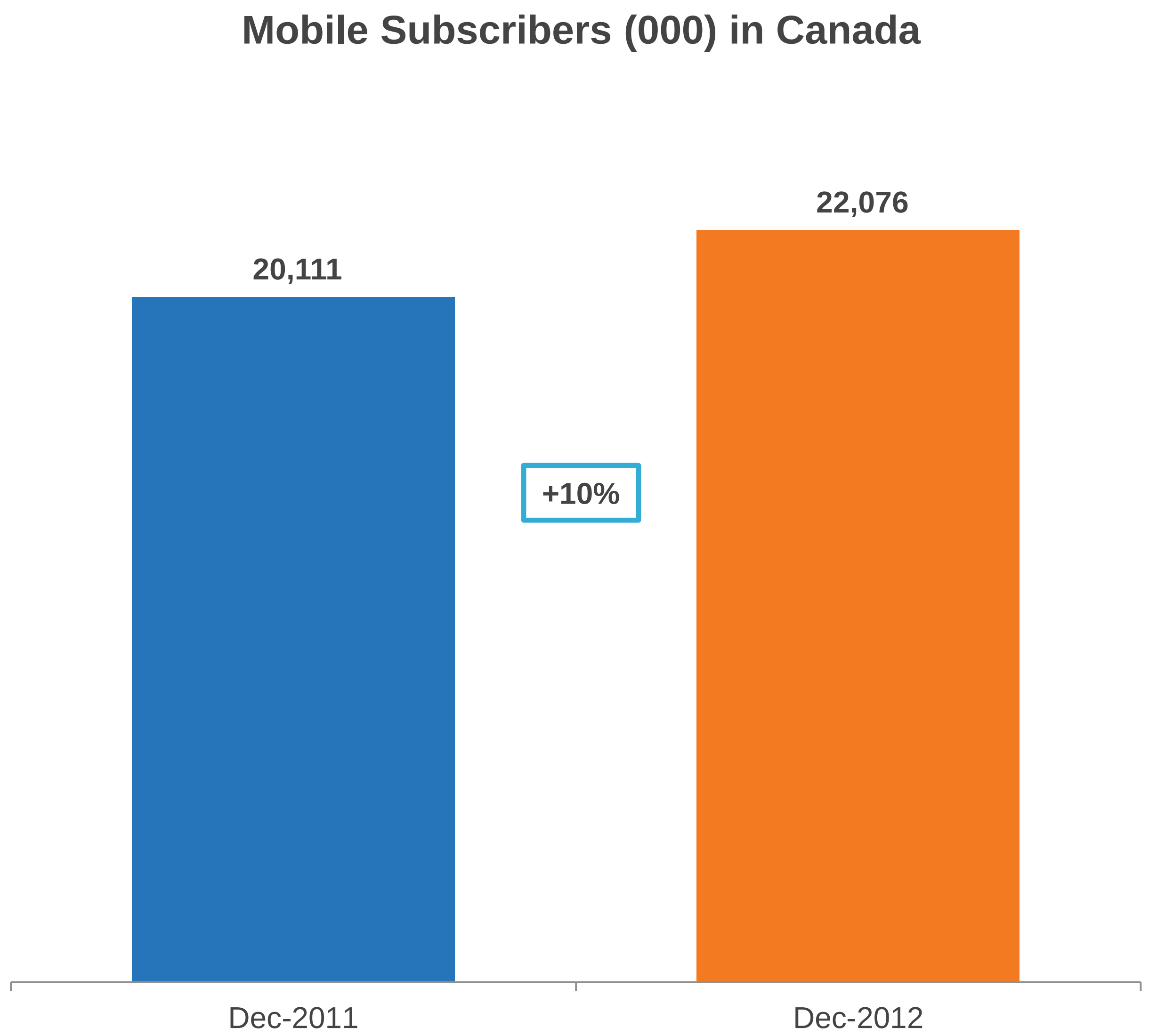
Consumer Packaged Goods* Advertising by Category



*CPG = Consumer Goods (excluding Restaurants)
Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2012 vs. 2011

Canadian Mobile Market

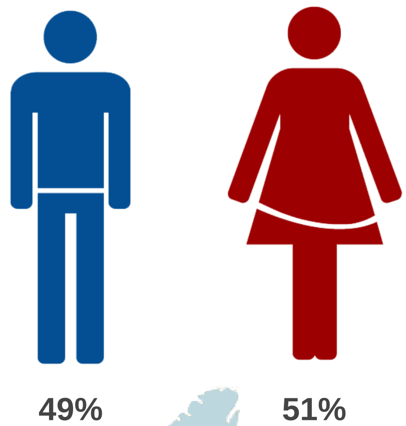
Mobile subscribers grew by 10% in Canada year over year



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

Canadian Mobile Demographic Breakdown

Gender



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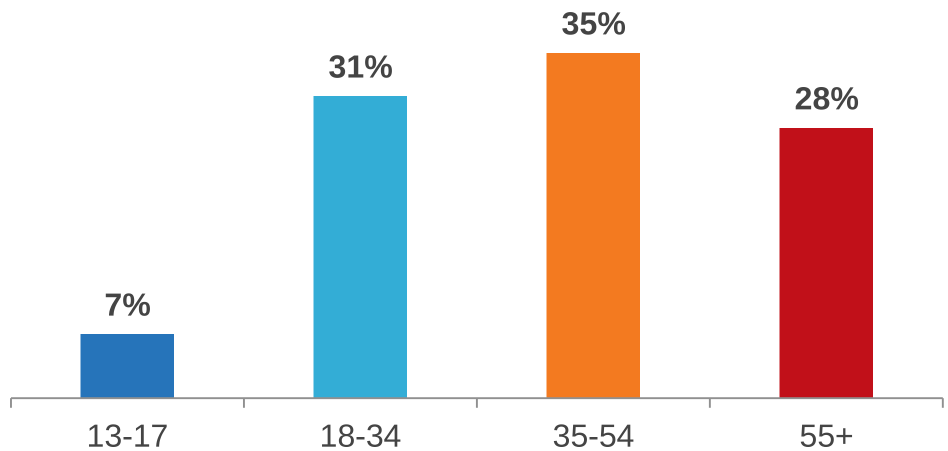
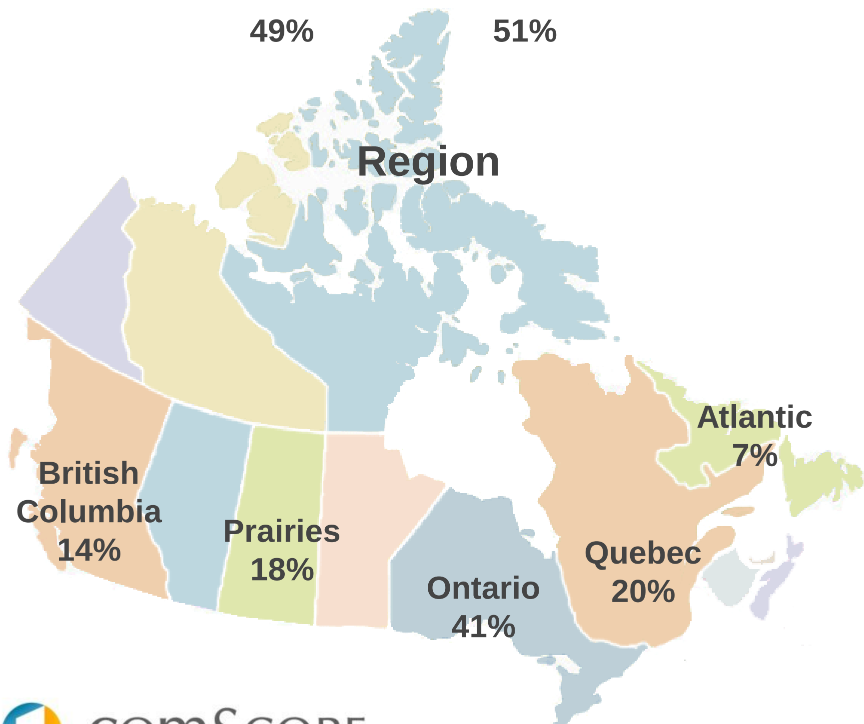
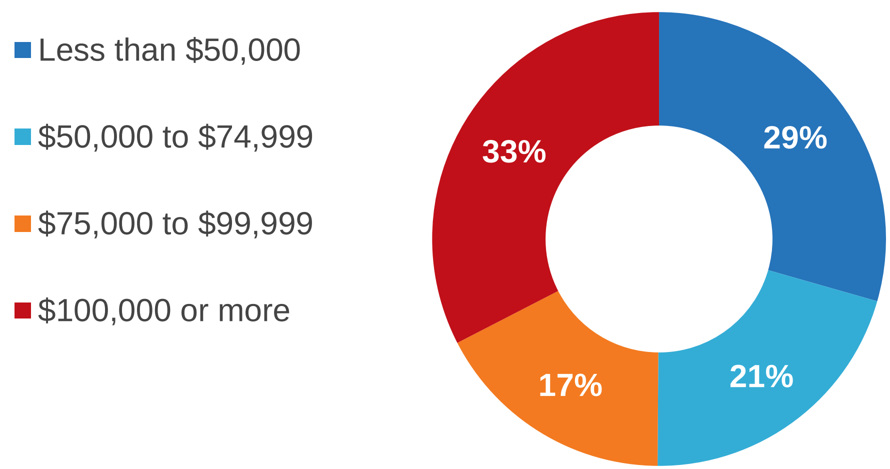


Region

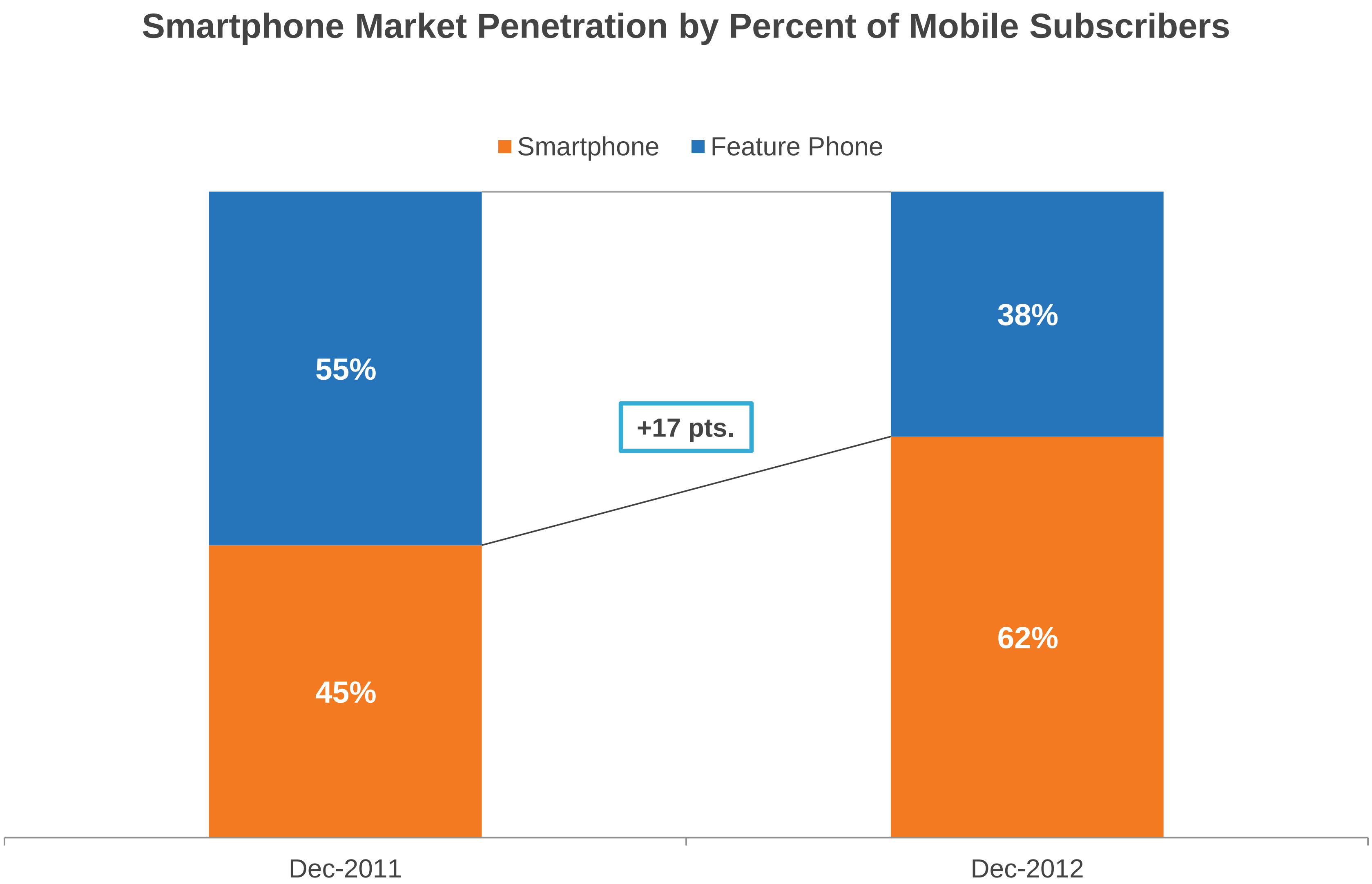


Household Income (CAD)



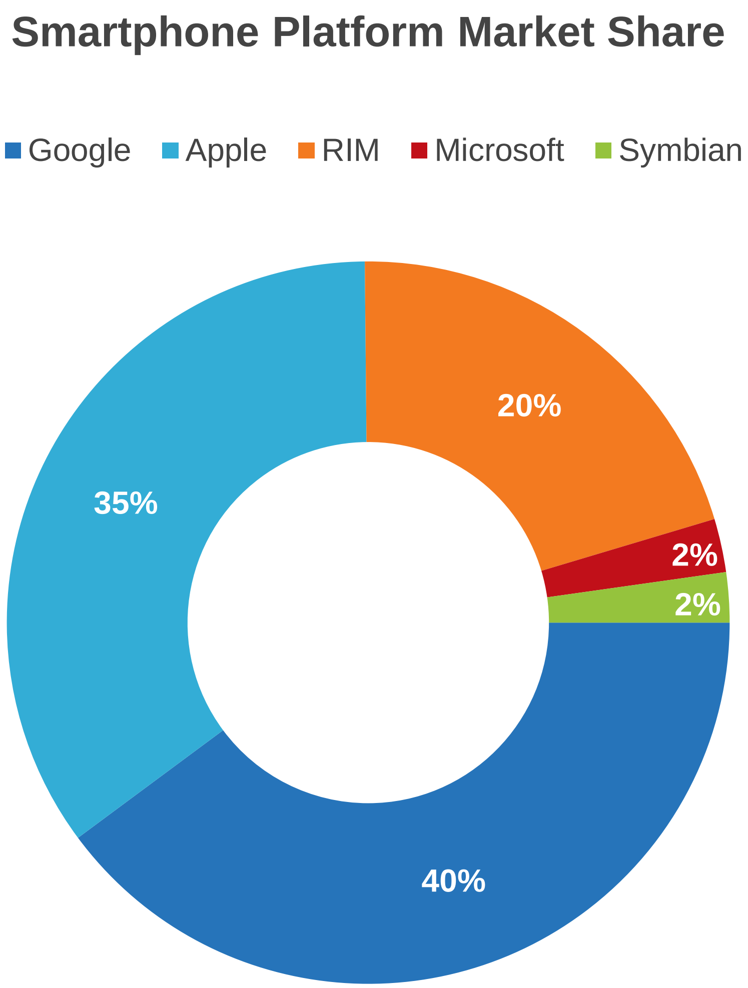
Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012

Smartphone penetration increased by 17 pts. in the Canadian Market



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

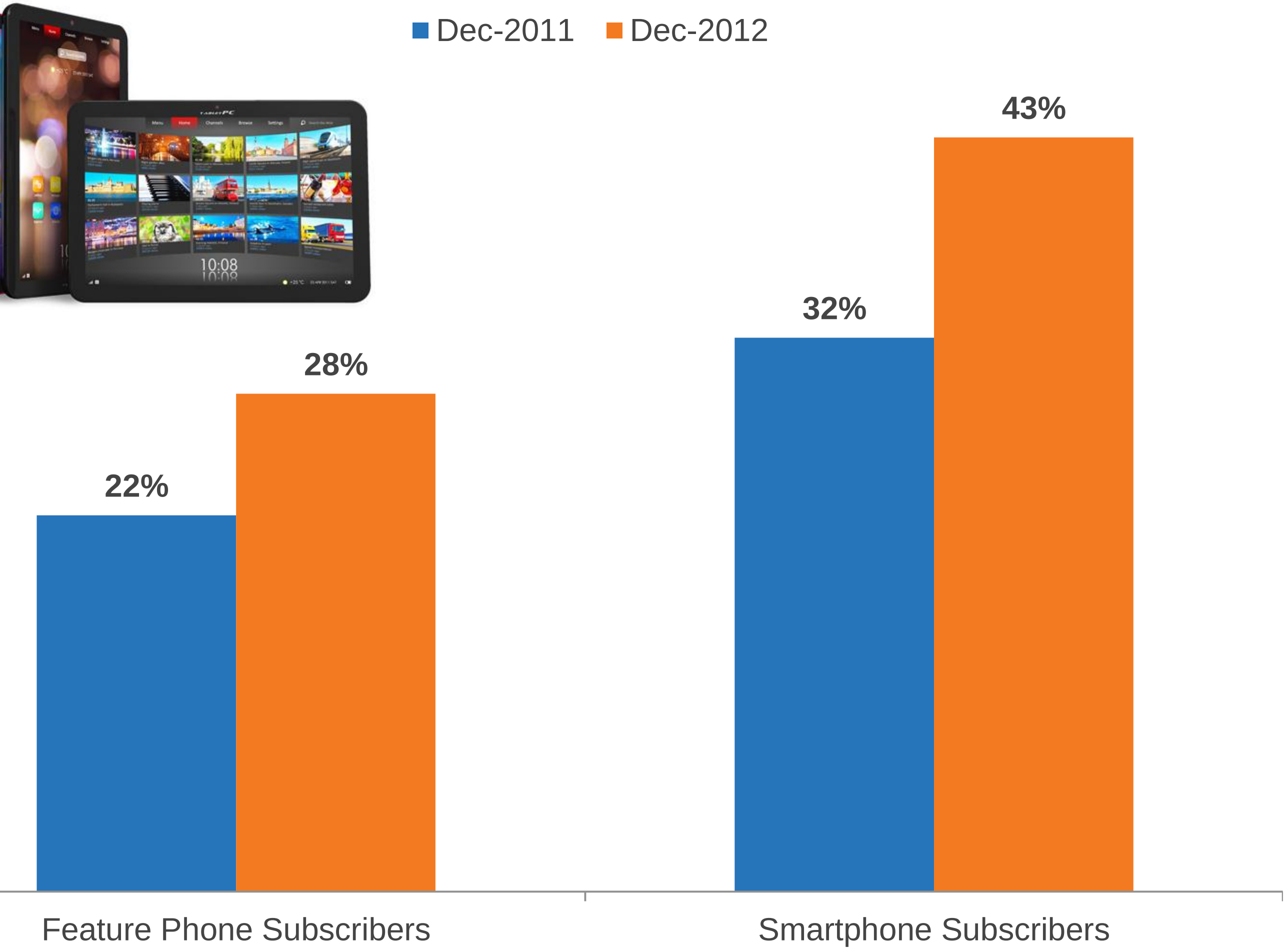
Google’s Android platform continues to capture share in the smartphone market



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012

Smartphone subscribers are more likely to own a connected device (tablet, e-reader, etc.) compared to feature phone subscribers

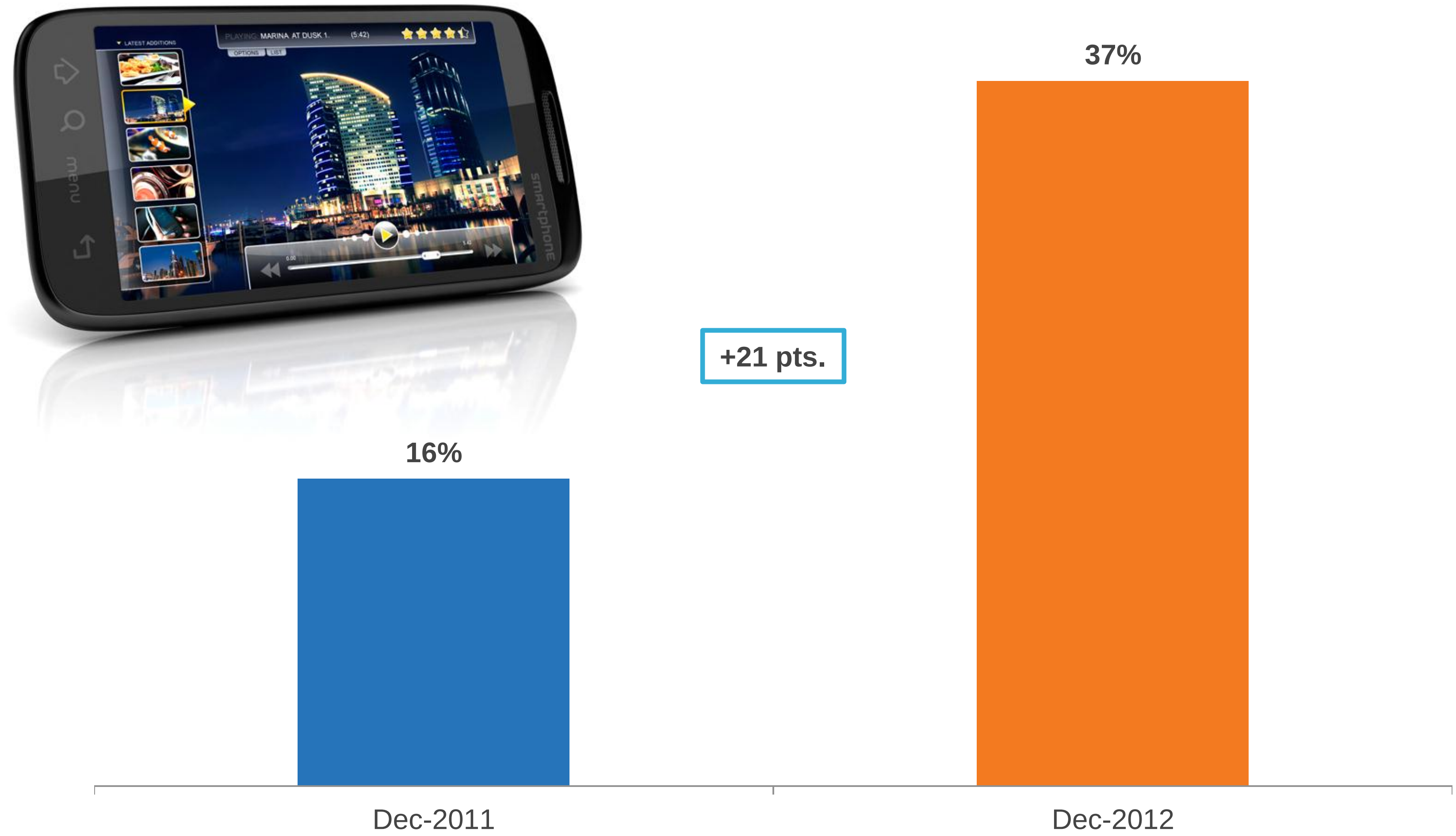
Connected Device Ownership



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

Smartphone subscribers watching videos on their mobile devices increased 21 pts. in the last year

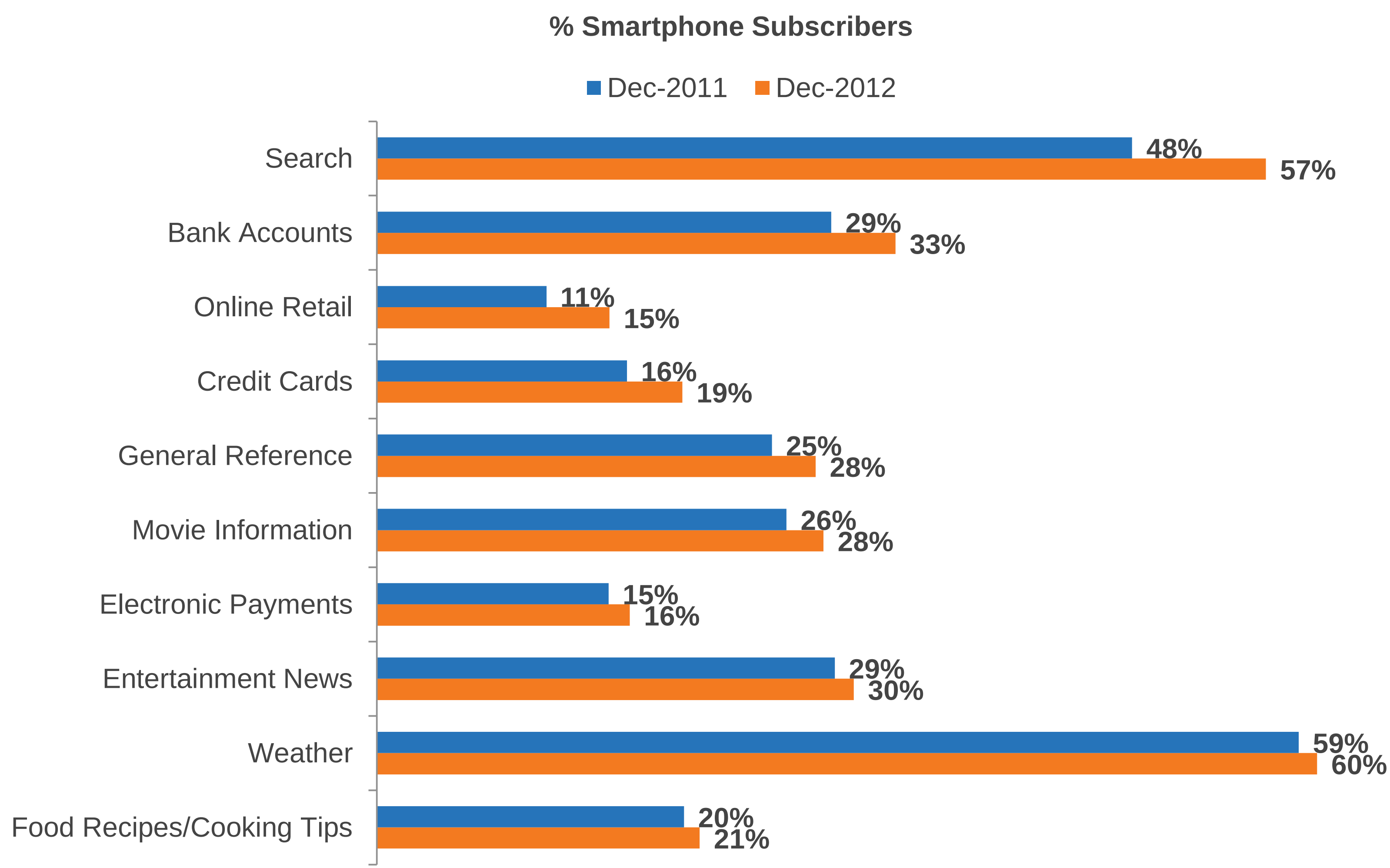
Percent of Smartphone Subscribers Watching TV and/or Video on Mobile Phone



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

Search is the fastest growing mobile content category accessed by smartphone subscribers

Fastest Growing Mobile Content Categories Accessed During Month

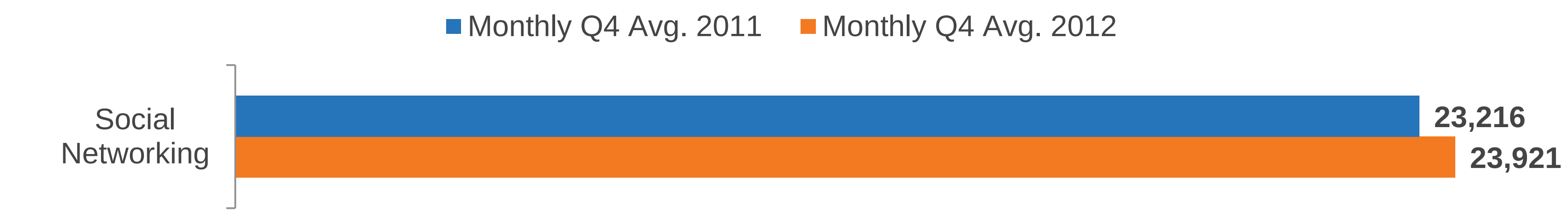


Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

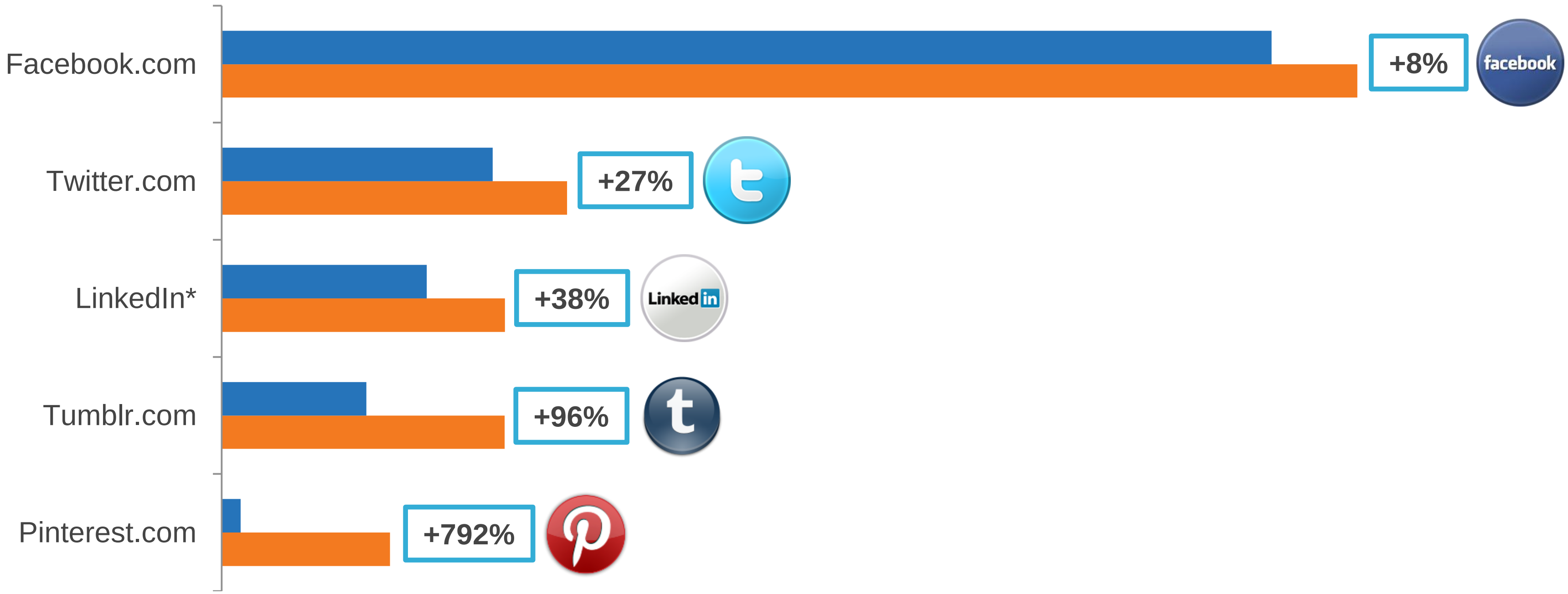
Social Networking

Social Networking overall grew 3% in the last year, with Pinterest growing significantly in the category

Total Unique Visitors (000)



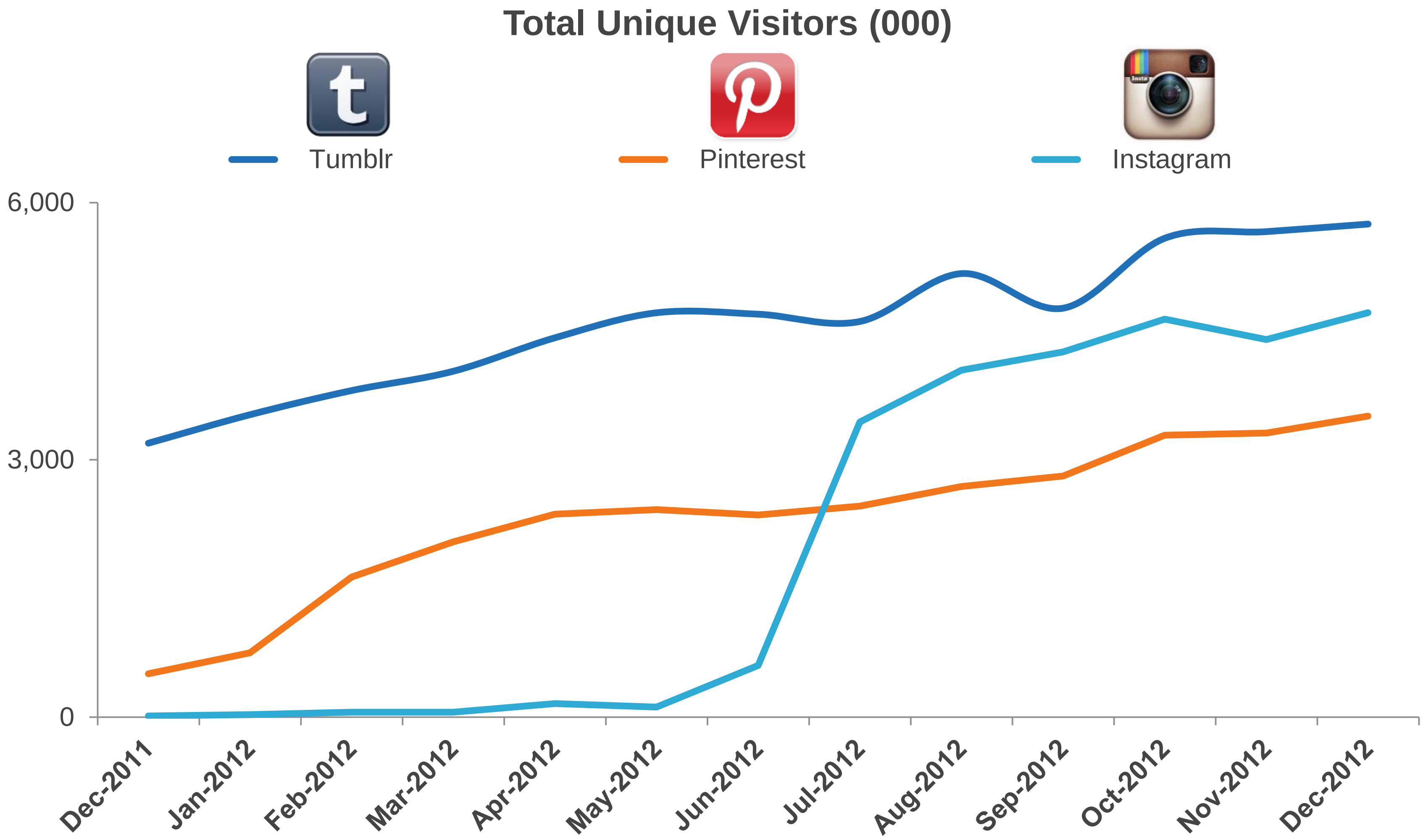
Top 5 Social Networking Sites by Total Unique Visitors (000)



comScore

*LinkedIn audience benefitted from acquisition of SlideShare
Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

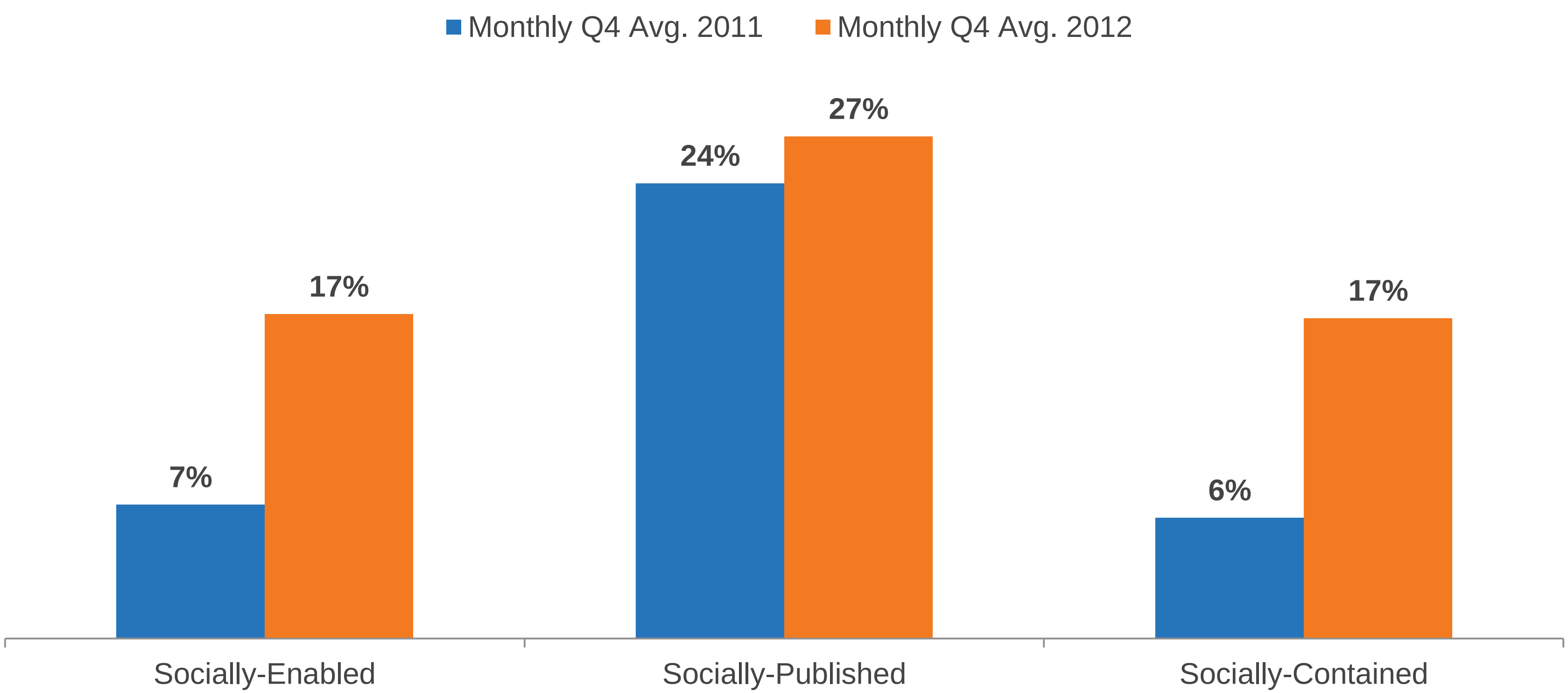
Tumblr, Pinterest and Instagram exploded in 2012 as the rise of the visual web impacted Canada



Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Dec-2011 to Dec-2012

Advertising on social media continues to escalate, with a greater emphasis on socially-contained and socially-enabled display ads

Share of Total Display Ad Impressions



An ad that links to a Social Networking site when clicked

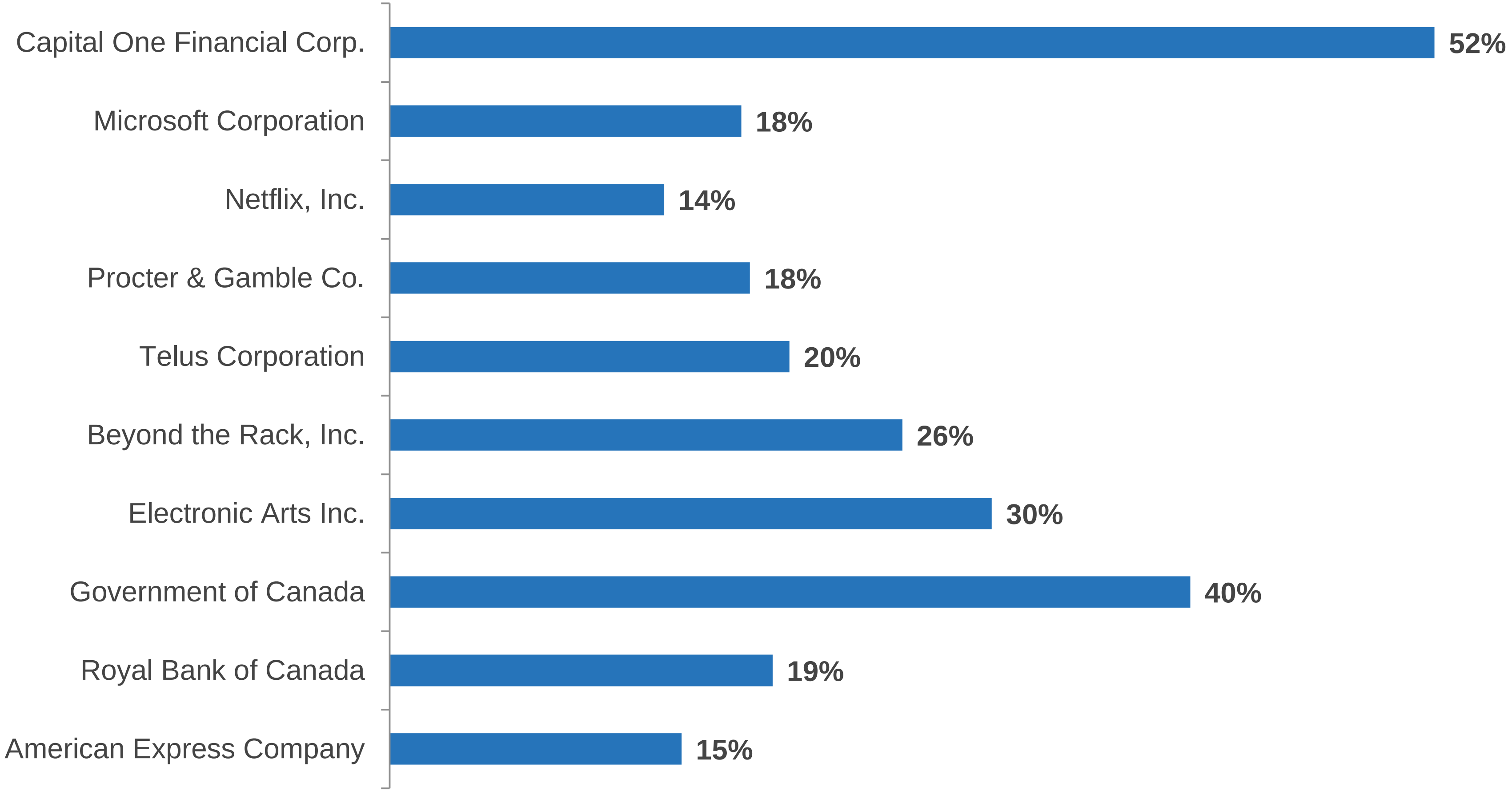
An ad published on a Social Networking site

An ad that is both socially-enabled and socially-published (e.g. an ad published on Facebook that would send someone to a Facebook fan page when clicked)

Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

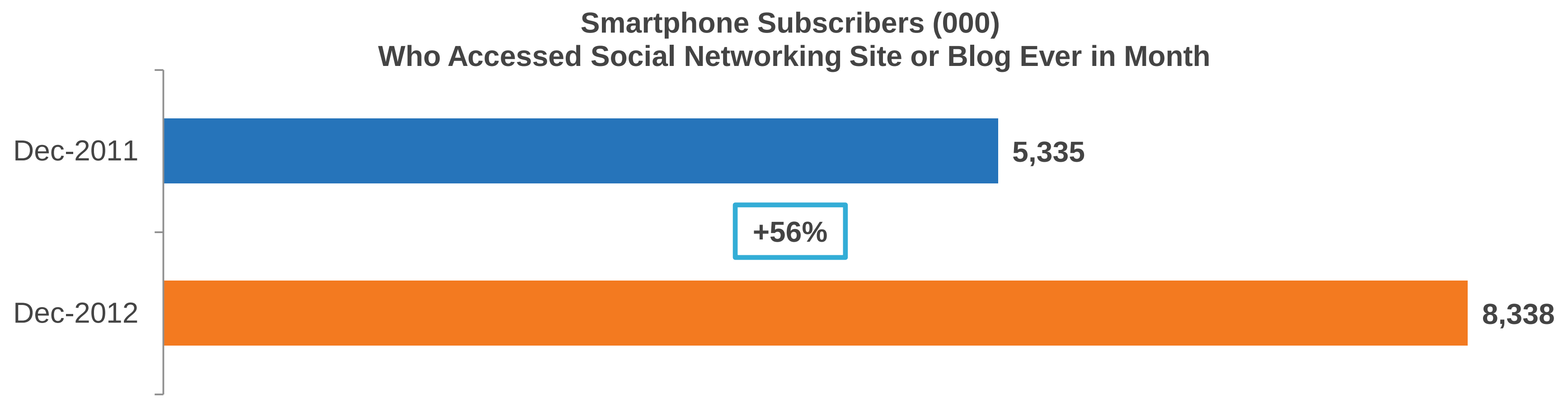
Capital One served more than half of its display ads on social networking sites in 2012

Top 10 Advertisers Overall by Share of Display Ads on Social Networking Sites

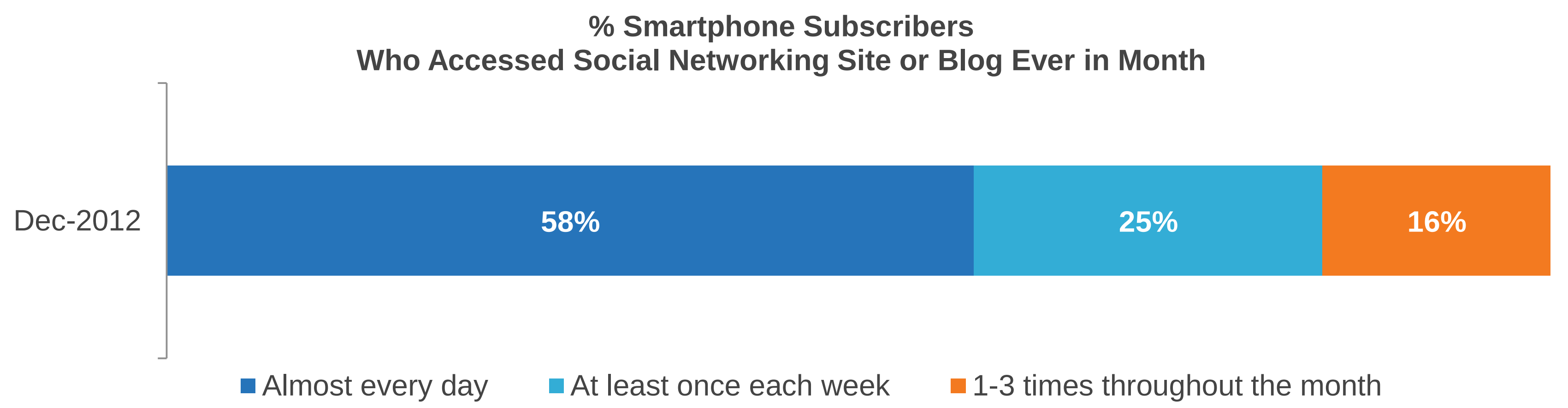


Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons: 2+, Annual Aggregate 2012

Smartphone subscribers accessing a social networking site or blog ever in month increased 56% versus year ago



Frequency of Accessing Social Networking Site or Blog

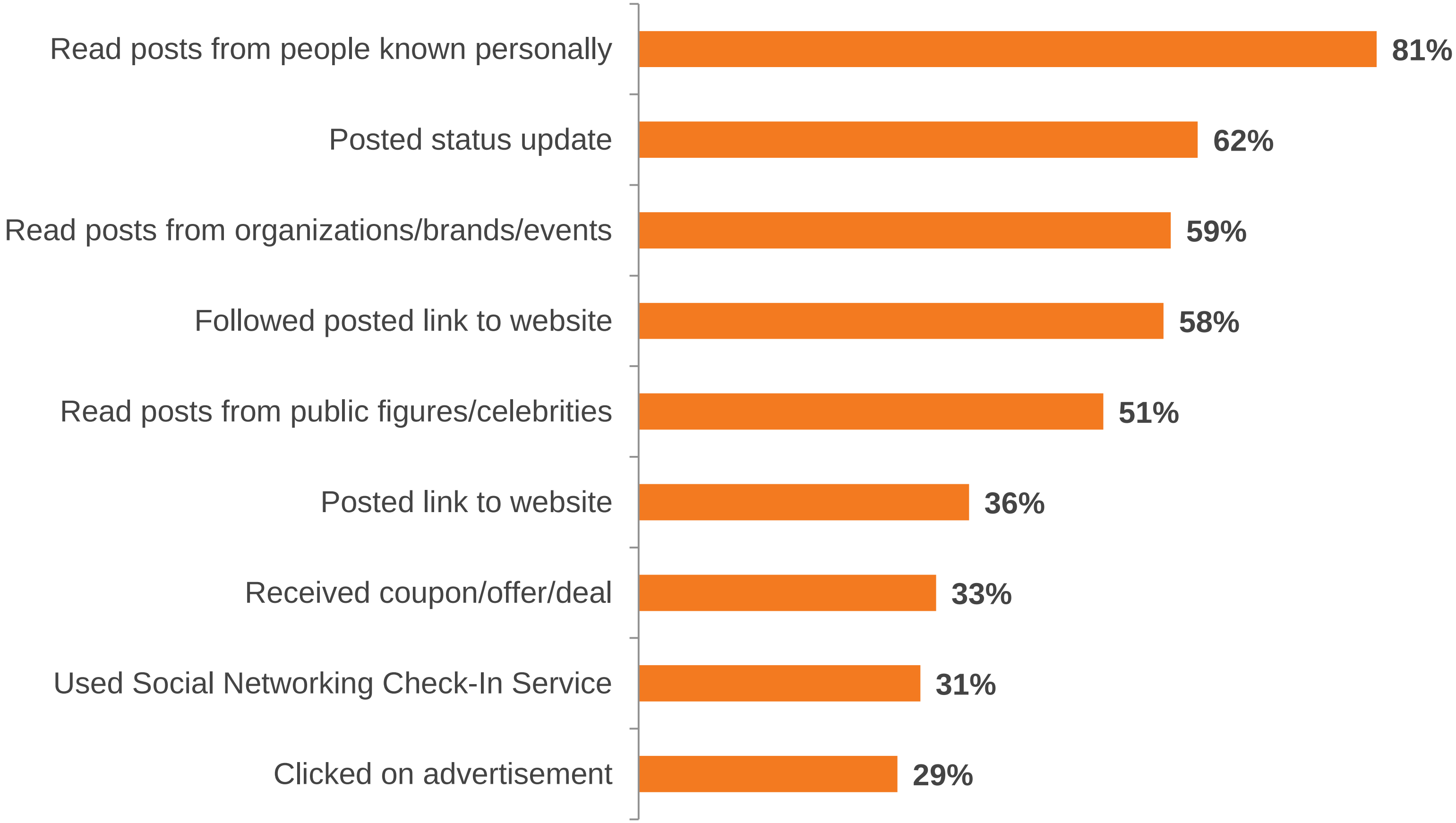


Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

81% of smartphone social networkers read posts from people known personally

Mobile Social Networking Activities

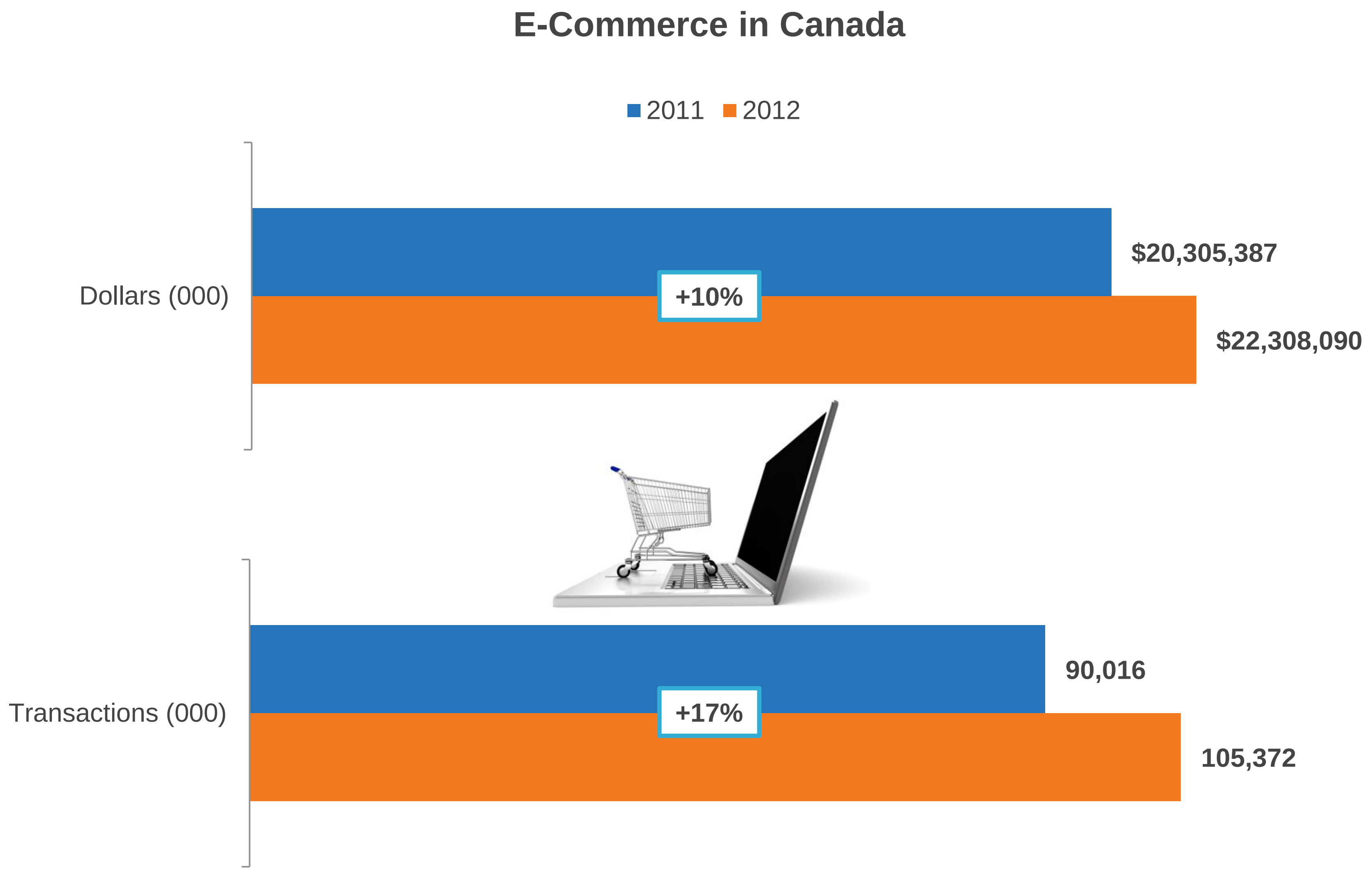
% Smartphone Subscribers Who Accessed Social Networking Site or Blog



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012

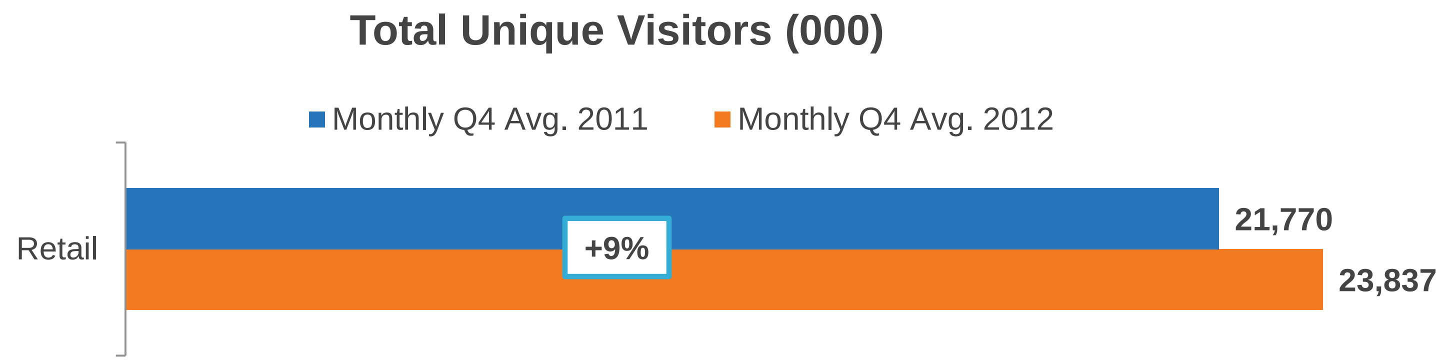
Retail

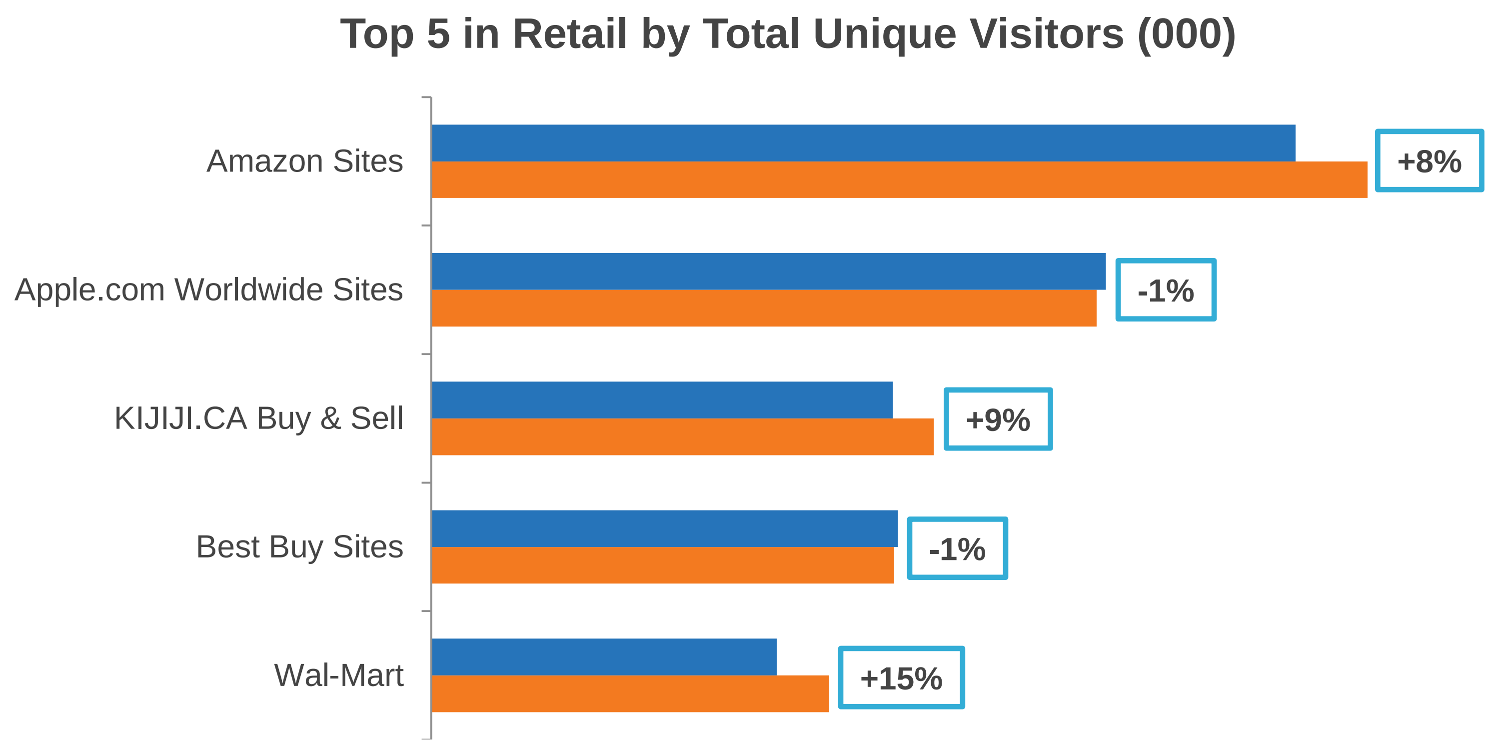
E-Commerce spend and transactions in Canada increased 10% & 17% respectively year over year



Source: comScore, Inc., Custom Reporting, CA, Person: 2+, Annual Aggregate 2012 vs. 2011

Traffic to Retail sites increased 9% year over year with Amazon Sites leading the category

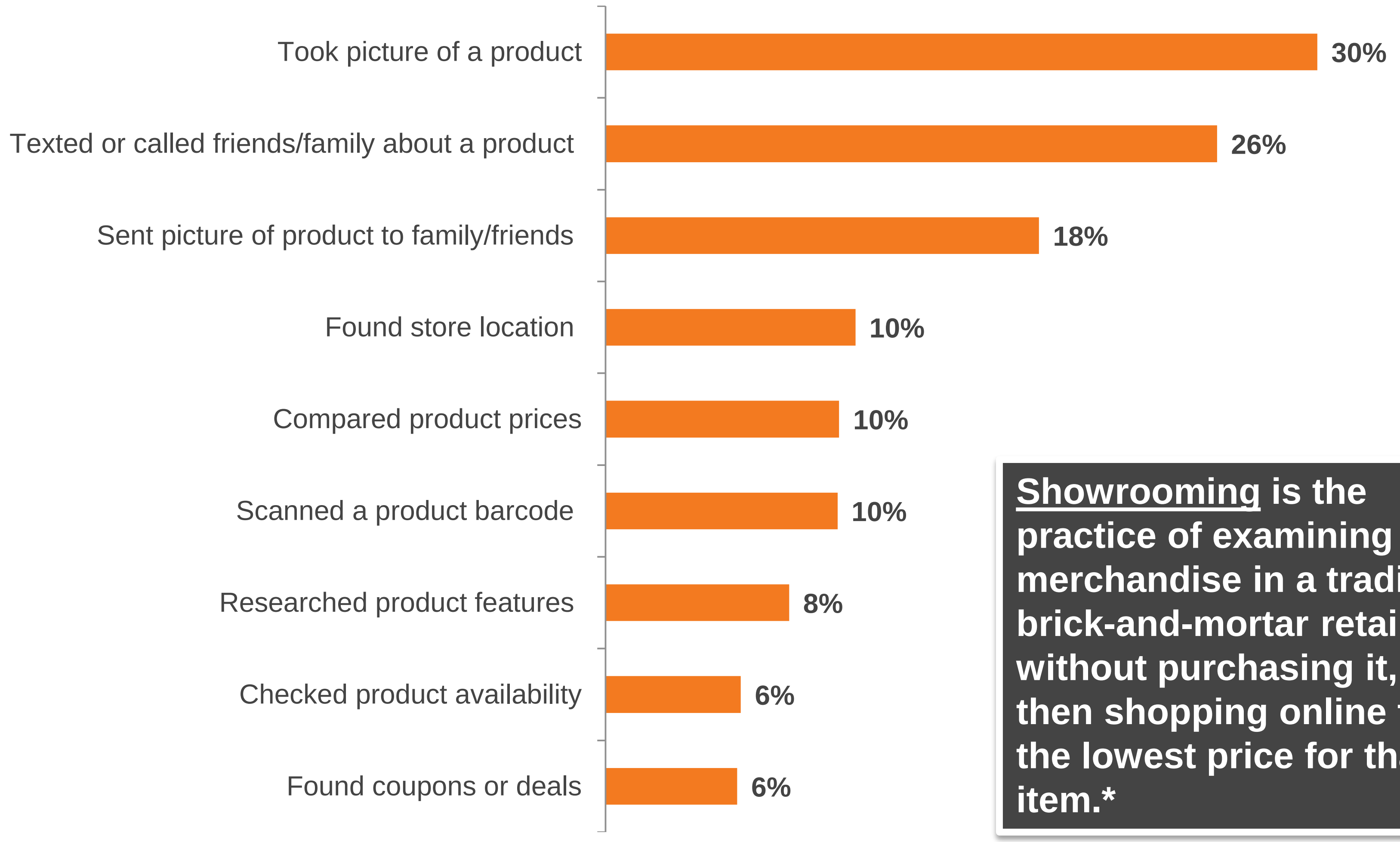




Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

Smartphone subscribers have begun "showrooming" while in a retail store, then buying for the lowest price online

Activities Performed in a Retail Setting by Share of Smartphone Subscribers

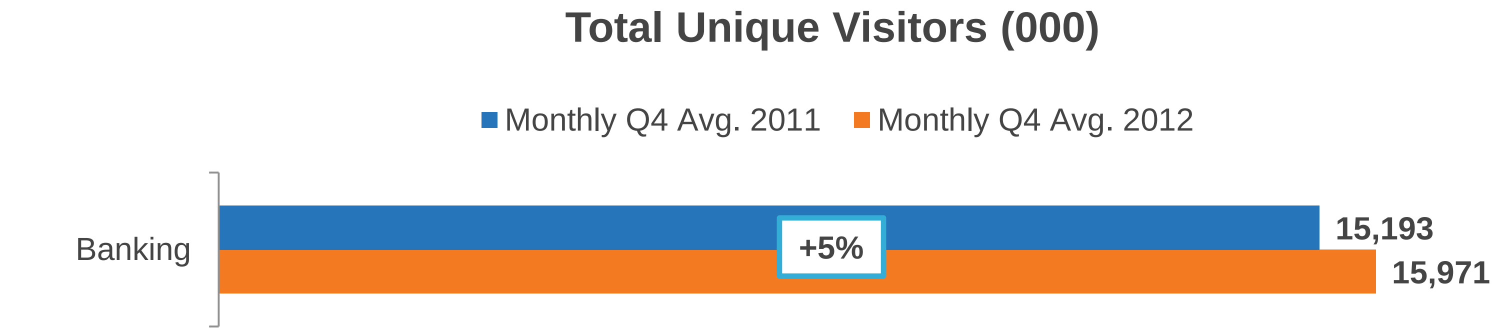


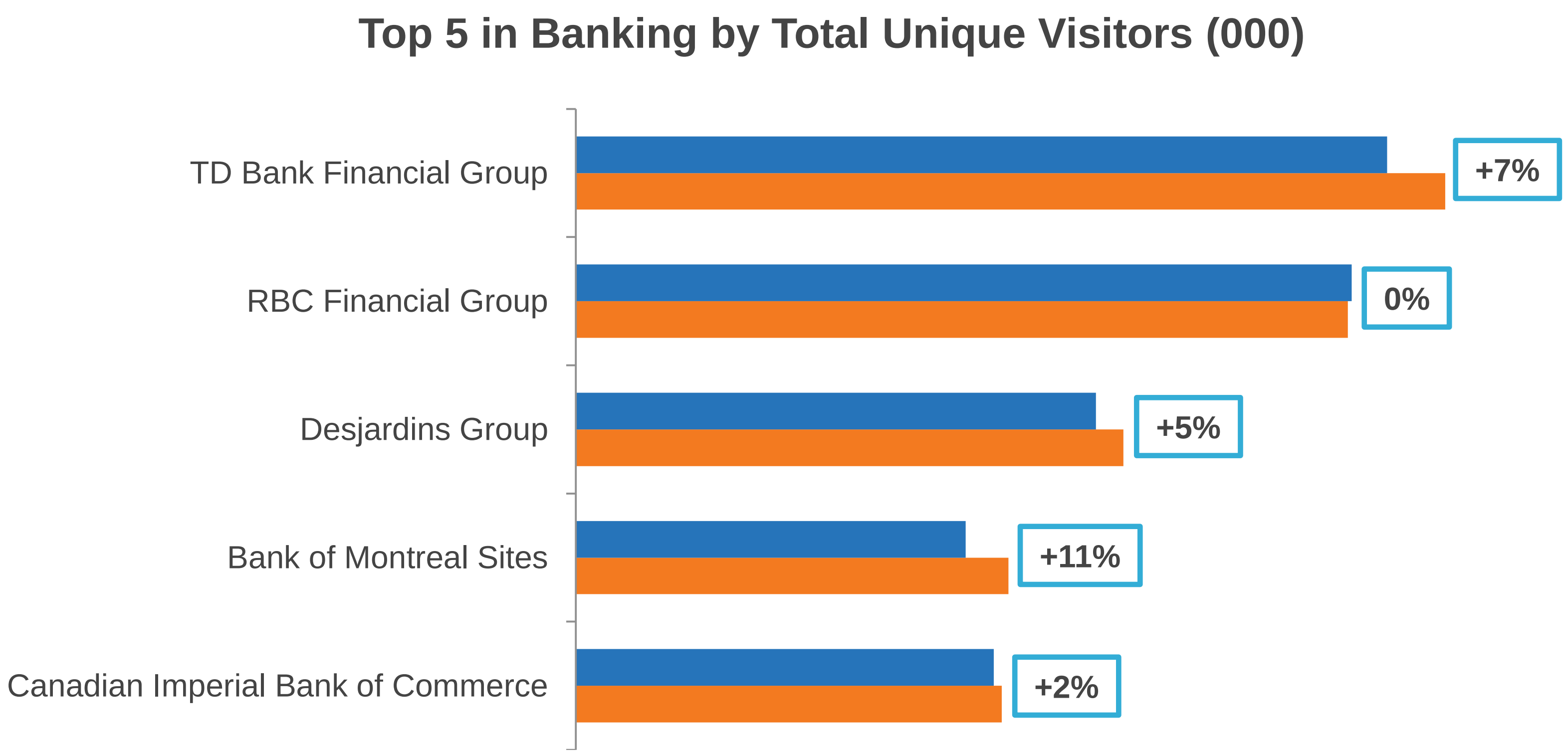
Showrooming is the practice of examining merchandise in a traditional brick-and-mortar retail store without purchasing it, but then shopping online to find the lowest price for that item.*

Source: http://en.wikipedia.org/wiki/Showrooming
Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012

Banking

Traffic to Banking sites increased 5% in the past year, with TD Bank Financial Group ranking #1 in the category

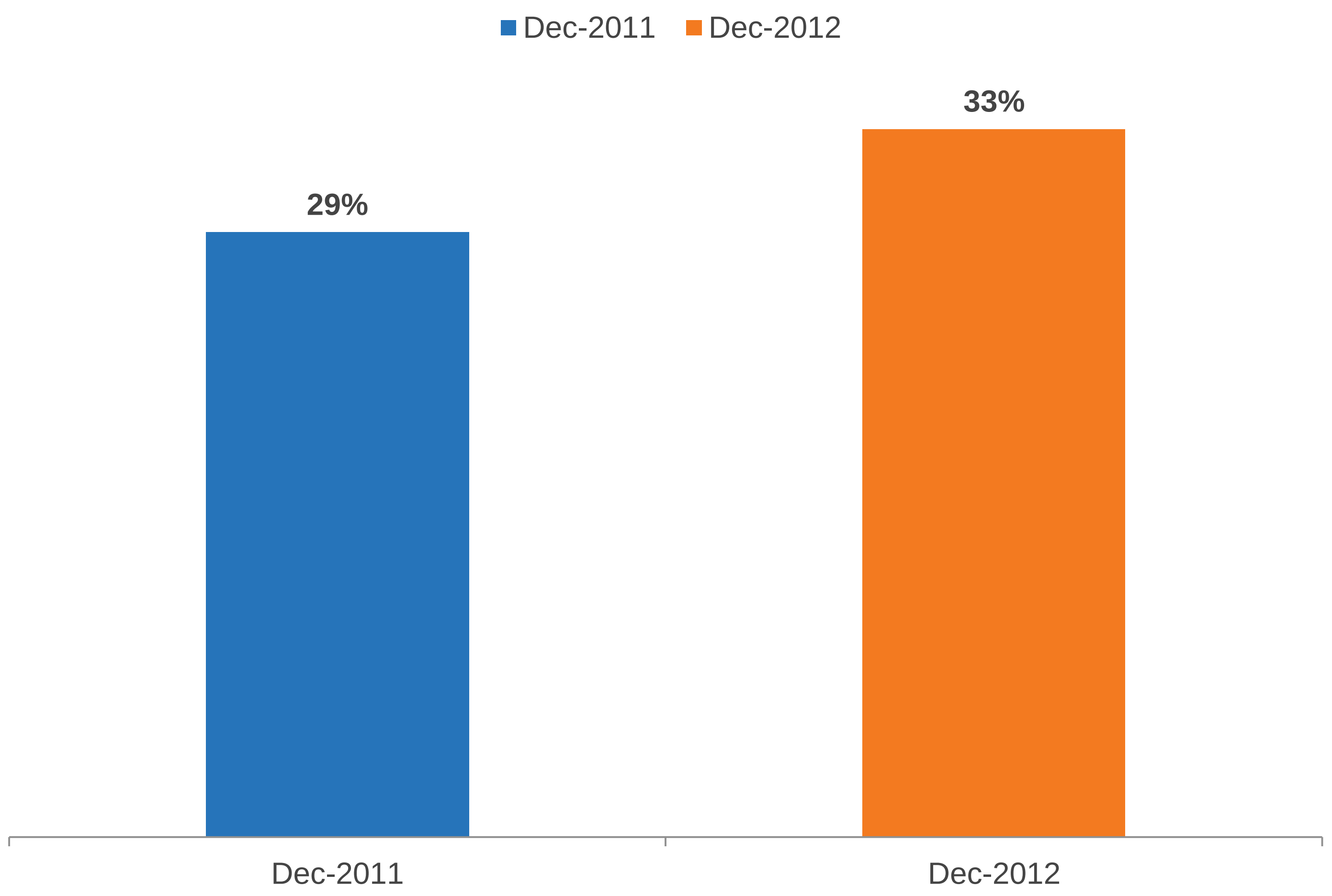




  Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

More Canadians are accessing online banking through their smartphones

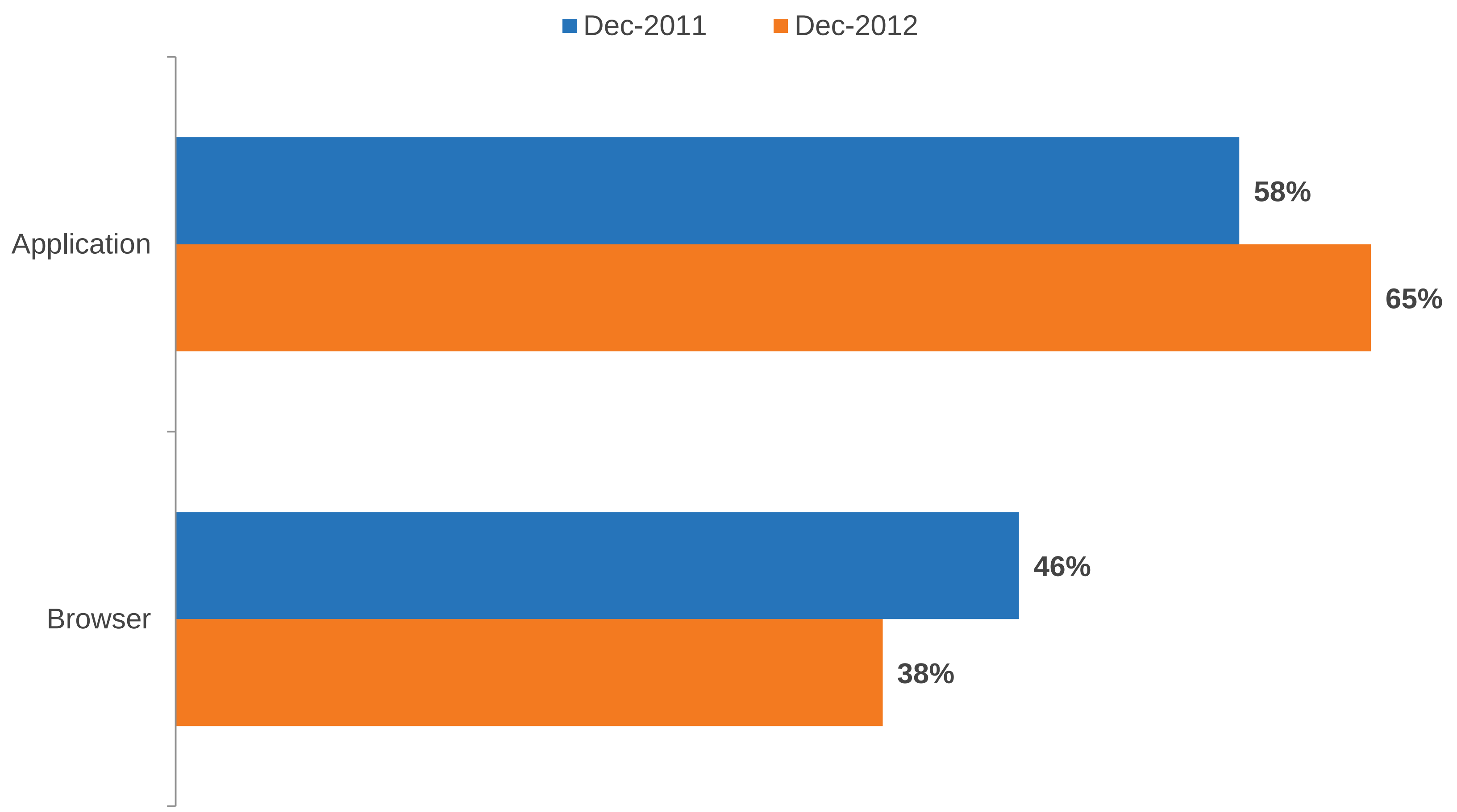
% Smartphone Subscribers Accessing Bank Accounts on Mobile Device



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

Application access of bank accounts increased in the past year, while access from a mobile browser declined

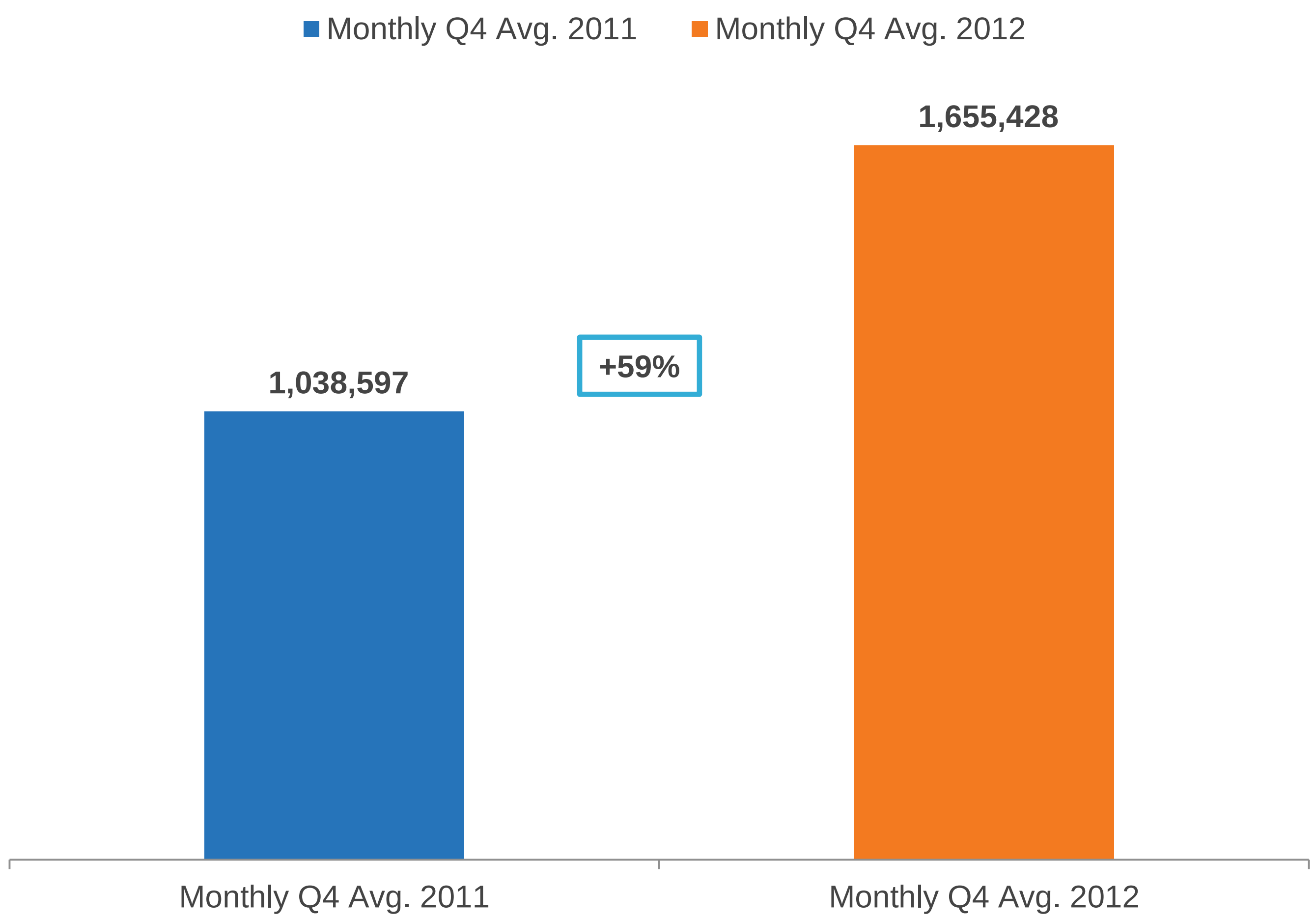
Method of Access by % Smartphone Subscribers Who Accessed Bank Accounts



Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2012 vs. Dec 2011

Banking advertisers increased their online display ad impressions by 59% in 2012

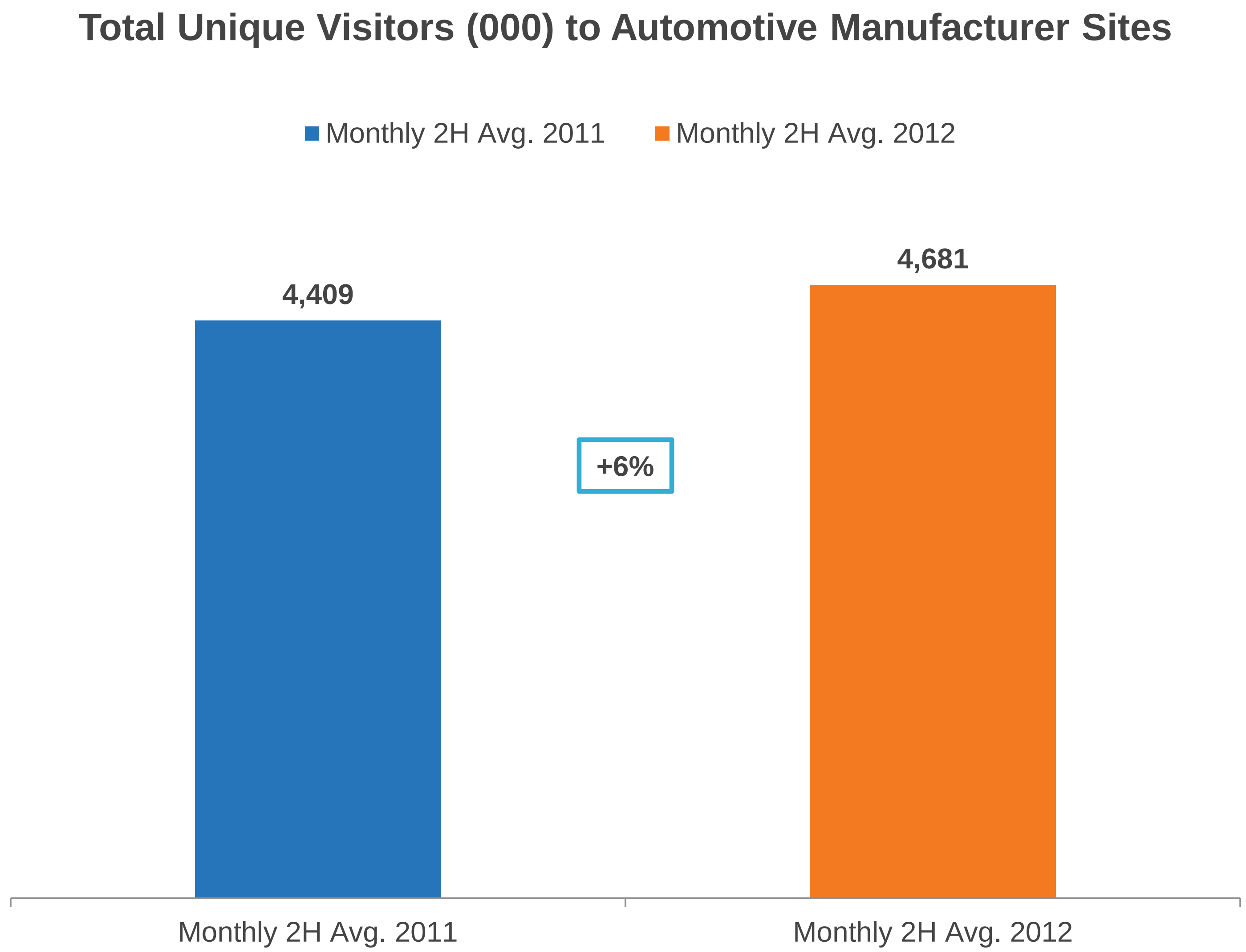
Total Display Ad Impressions (000) Delivered by Banking Sites



Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2012 vs. 2011

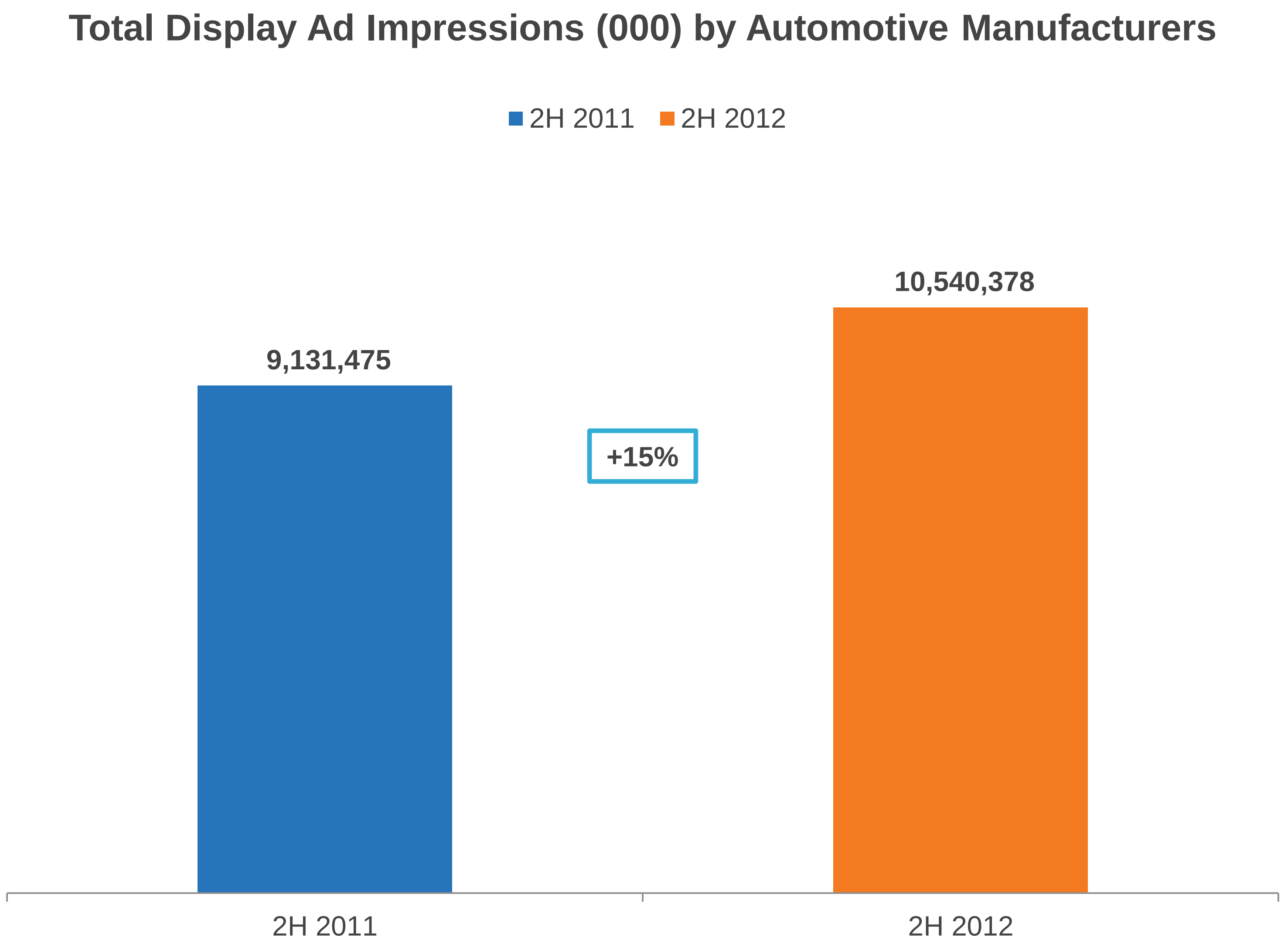
Automotive

Traffic to Automotive Manufacturer sites increased 6% year over year



Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly 2H Avg. 2012 vs. 2011

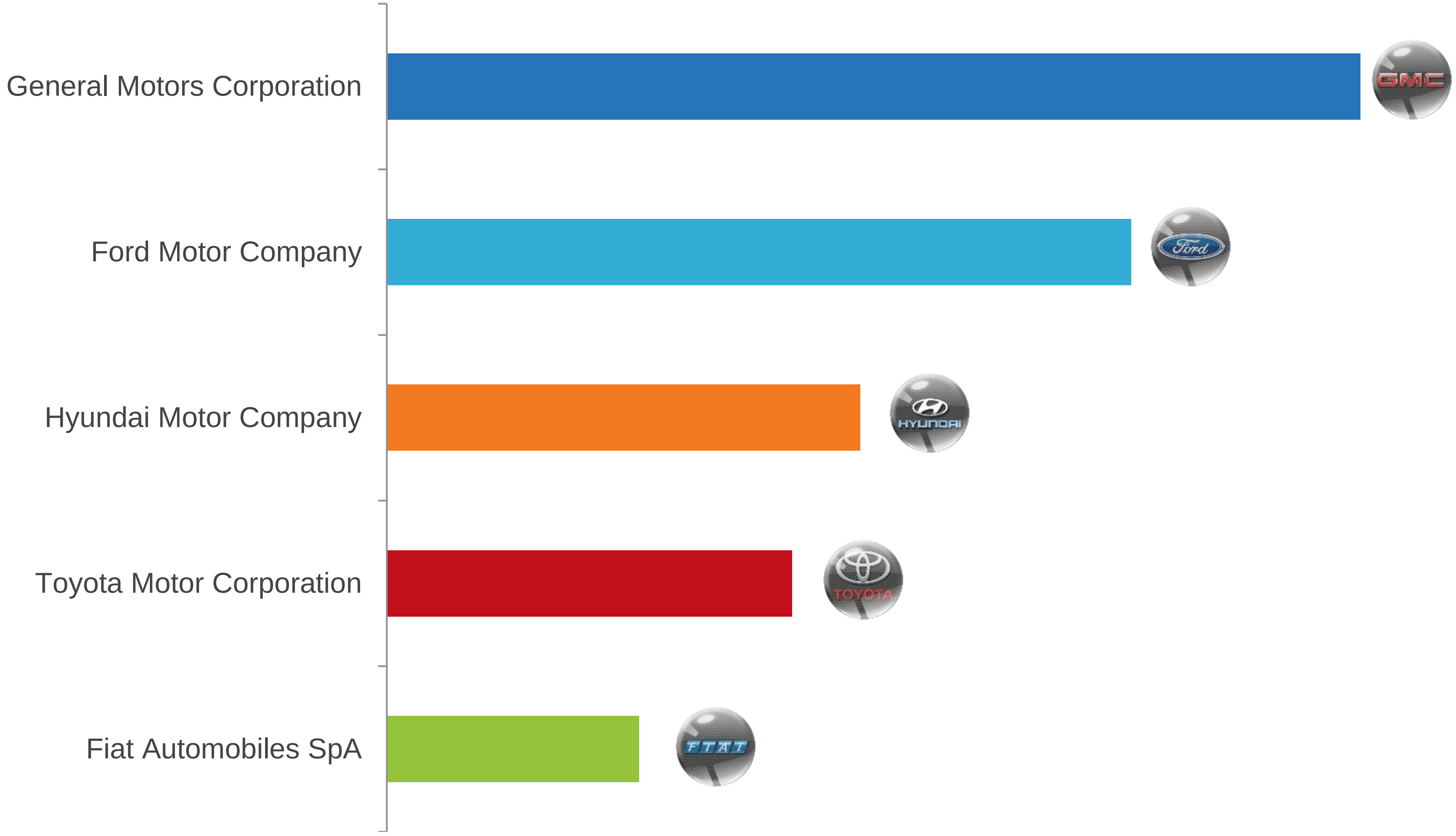
Automotive Manufacturer advertisers posted a 15-percent increase compared to last year



Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons: 2+, 2H Aggregate 2012 vs. 2011

General Motors delivered the greatest number of display ad impressions in December 2012

Top 5 Automotive Manufacturer Advertisers in December 2012 by Total Display Ad Impressions



Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Dec 2012

Conclusion:
Putting the Future in Focus 2013

2013: Putting the Future in Focus

ADAPTABLE ANALYTICS REQUIRED

This past year saw digital media's continued rise in prominence as part of consumers' personal lives and in business environments. Consumers are quickly becoming platform agnostic in their digital media consumption, and in today's world they can choose when and how they'd like to consume content. It might be that they started watching a film at home on their TV, continued watching it on their smartphone on the way to work, and finished watching it in bed at night on their tablet.

It's the pinnacle of convenience for consumers, but an utter headache from an audience measurement and advertising analytics standpoint. comScore has adapted to this changing digital world to become a trusted resource for understanding multi-platform consumer behavior and enabling unification of all data across platforms.

Consumers have already adopted multiple platforms and devices – 2013 is the year businesses need to follow if they desire a unified, platform-agnostic view of consumer behavior.

2013: Putting the Future in Focus

MULTI-PLATFORM TAKES CENTER STAGE

With the platform shift in full swing, businesses will be challenged in the coming year to stay ahead of consumers' usage curve and deliver them with the content they want, when and where they want it. It will also be imperative to maintain revenue streams in the core digital channels while capturing market share and monetizing emerging channels. Doing so will require businesses to get even smarter in how they scale their content to other platforms by developing integration strategies that deliver unique offerings to advertisers.

Integration between delivery of content and the ability to deliver campaigns in a multi-platform fashion remains a challenge, but the companies who facilitate this form of platform agnostic strategy will enhance value to marketers, simplify campaign management for agencies and foster greater pricing equilibrium between their content channels. As the bridge between traditional and digital platforms, online video will play an important leading role in how these integration strategies materialize.

2013: Putting the Future in Focus

VALIDATION MATTERS

In Canada, more than 724 billion display ad impressions were delivered across the web in 2012 at a growth of 17-percent indicating an increasing level of comfort with a medium capable of delivering strong marketing ROI.

While delivering advertising at scale remains important, an increased premium on accountability and performance means advertisers may be sacrificing quantity for quality – whether that means leveraging more rich media, experimenting with larger ad units, or demanding ad viewability.

It is more important than ever for advertisers to evaluate campaign viewability to improve optimization and maximize the return on their media spend. Look for advertisers to demand more accountability and publishers to reconfigure site design and ad inventory to improve performance in the coming year.

Tweetable Highlights

- Canada continues to be a leader in online engagement: #1 in page views and visits, #2 in hrs/visitor http://cmsc.re/hGKMc #FutureinFocus
- Nearly 100% of unique visitors in Canada access the Internet every day http://cmsc.re/hGKMc #FutureinFocus
- 92% of online audience in Canada watches online video http://cmsc.re/hGKMc #FutureinFocus
- In 2012, more than 724 billion impressions were served online in Canada, up 17% year over year http://cmsc.re/hGKMc #FutureinFocus
- CPG advertising accounts for 4% of all display ad impressions via the fixed Internet in Canada http://cmsc.re/hGKMc #FutureinFocus
- Smartphone penetration increased 17 points in Canada in 2012 to represent 62% of mobile audience http://cmsc.re/hGKMc #FutureinFocus
- 3 out of 4 Canadian smartphone subscribers have Android or iOS device http://cmsc.re/hGKMc #FutureinFocus
- 43% of Canadian smartphone subscribers own a connected device (e.g. tablet) http://cmsc.re/hGKMc #FutureinFocus
- 37% of Canadian smartphone subscribers watch TV/video on phone, up 21 percentage points vs. year ago http://cmsc.re/hGKMc #FutureinFocus
- Tumblr, Pinterest and Instagram exploded in 2012 as the rise of the visual web impacted Canada http://cmsc.re/hGKMc #FutureinFocus
- E-Commerce spend and transactions in Canada increased 10% & 17% respectively year over year http://cmsc.re/hGKMc #FutureinFocus
- Canadian smartphone subscribers are “showrooming” in retail stores, then buying online for lower price http://cmsc.re/hGKMc #FutureinFocus
- Banking advertisers increased their online display ad impressions by 59% in 2012, Auto makers 15% http://cmsc.re/hGKMc #FutureinFocus
- Key themes to watch in CA 2013: adaptable analytics, multi-platform measurement, campaign validation: http://cmsc.re/hGKMc #FutureinFocus

Methodology

Methodology

This report utilizes data from the comScore suite of products, including comScore Media Metrix®, comScore Ad Metrix®, comScore Video Metrix® and comScore MobiLens™.

comScore Media Metrix

The comScore Media Metrix suite of syndicated products sets the standard for digital audience measurement and media planning. Powered by Unified Digital Measurement™, the revolutionary measurement approach that bridges panel-based and website server-based metrics to account for 100 percent of a site's audience, Media Metrix delivers the most accurate and comprehensive suite of audience metrics, providing valuable demographic measures, such as age, gender, household income and household size. Media Metrix reports on more than 70,000 entities, with audience measurement for 43 individual countries and 6 global regions, as well as worldwide totals.

The comScore Media Metrix product suite includes individual products utilized within this report including comScore Ad Metrix and comScore Video Metrix.

http://www.comscore.com/Products/Audience_Analytics/MMX

Methodology

comScore MobiLens

comScore MobiLens provides market-wide insight into mobile digital media consumption, brand-level audience metrics, and details of device ownership and technology penetration. Using proprietary data collection methods, we survey nationally representative samples of mobile subscribers age 13+ in the U.S., UK, France, Germany, Spain, Italy, Canada, and Japan. The MobiLens sample is substantial enough to provide projected data for sub-segments as small as 1 percent of mobile subscribers. For 2012, the estimated monthly survey completes utilized for this report are 5,500 mobile phone owners in Canada.

For more information, please visit:
http://www.comscore.com/Products/Audience_Analytics/MobiLens

ABOUT COMSCORE

comScore, Inc. (NASDAQ: SCOR) is a global leader in digital measurement and analytics, delivering insights on web, mobile and TV consumer behaviour that enable clients to maximise the value of their digital investments.

A preferred source of digital audience measurement, comScore offers a variety of on-demand software and custom services within its four analytics pillars: Audience Analytics, Advertising Analytics, Digital Business Analytics and Mobile Operator Analytics. By leveraging a world-class technology infrastructure, the comScore Census Network™ (CCN) captures trillions of digital interactions a month to power big data analytics on a global scale for its more than 2,000 clients, which include leading companies such as AOL, Baidu, BBC, Best Buy, Carat, Deutsche Bank, ESPN, France Telecom, Financial Times, Fox, LinkedIn, Microsoft, MediaCorp, Nestle, Starcom, Terra Networks, Universal McCann, Verizon, ViaMichelin and Yahoo!.

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