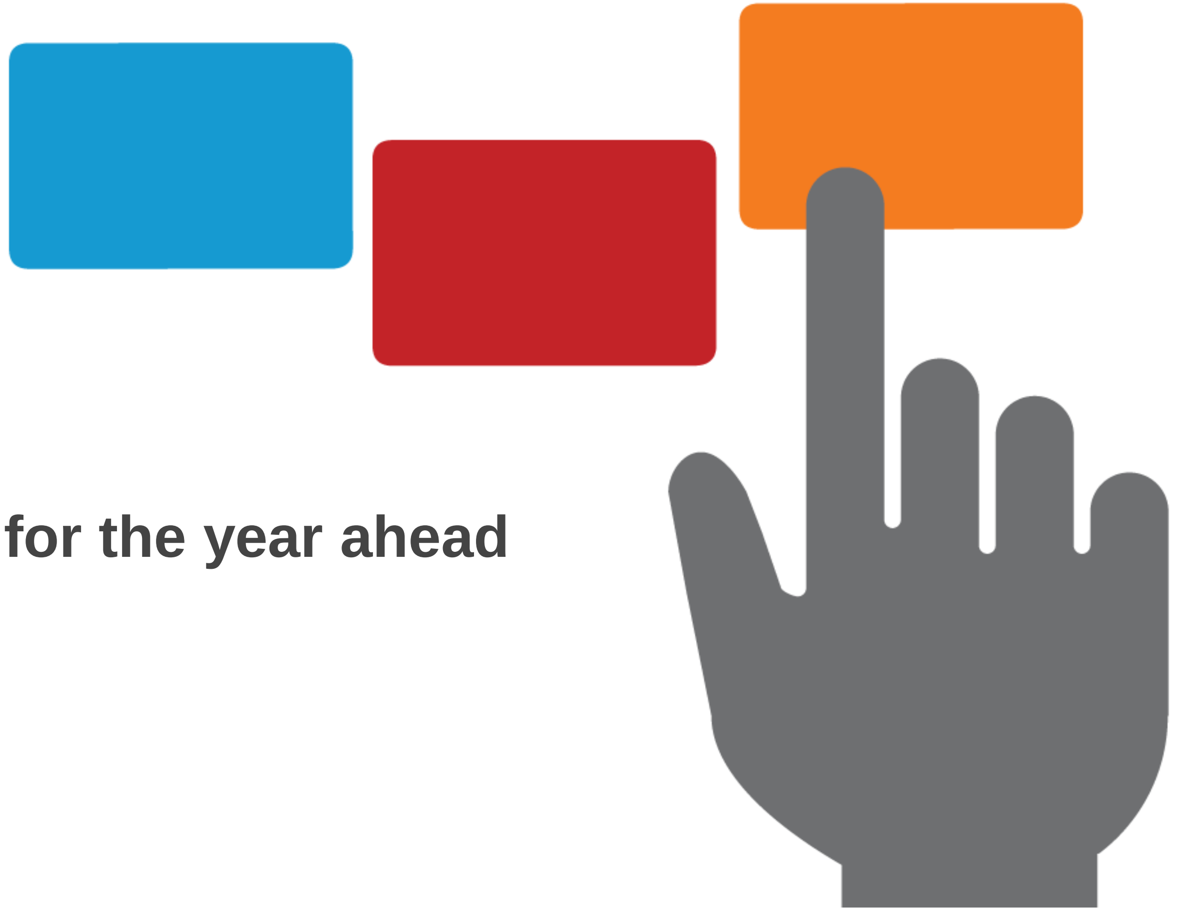
DIGITAL FUTURE IN FOCUS

CANADA 2015



The 2014 Digital Year in Review & Predictions for the year ahead

comScore.

Introduction

#FutureinFocus

Executive Summary

With Multi-Platform consumption becoming increasingly mainstream, the digital ecosystem continues to adapt to match new behaviors.

The options for consumers to engage with digital content have never been so diverse, with a multitude of platforms, manufacturers, operating systems all offering access to diverse content forms, increasingly including video and applications.

These changes in the world of 'digital', are increasingly driving change for multiple industries and to other media.

This report examines how the latest trends in Desktop, Mobile and Video consumption, as well as display advertising are shaping the Canadian digital marketplace and what it means for the year ahead, as comScore helps bring the digital future in focus.

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Desktop

Desktop usage in Canada is…

SOME OF THE MOST ENGAGED GLOBALLY

Canadian users rank highly in time and page consumption metrics, when compared against users from other nations.

STILL A LARGE PLATFORM, EVEN AMONGST YOUNGER USERS

Whilst desktop users and usage have remained relatively flat YOY, the growth of mobile has not brought a decline. Younger users still account for a large share of Desktop users.

CRUCIAL FOR MANY CATEGORIES

Key content categories still reach more than 80% of desktop users, demonstrating continued relevance for a multitude of tasks and content consumption.

Canadian users once again among world's most engaged

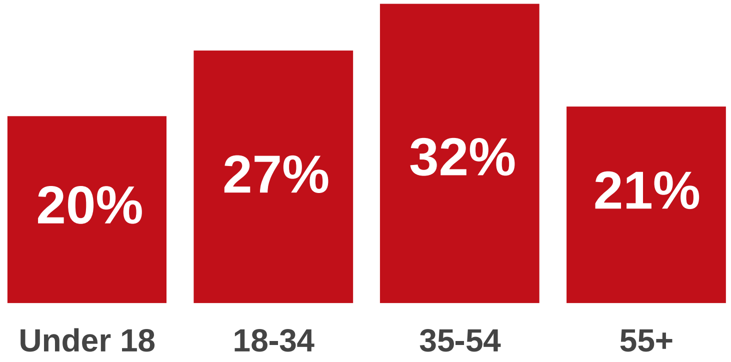
Q4 2014* Desktop Audiences and Engagement				
Geography	Average Monthly Unique Visitors (000)	Average Monthly Hours per Visitor	Average Monthly Pages per Visitor	Average Monthly Visits per Visitor
Worldwide	1,797,208	22.8	2,134	55
China	472,887	22.0	2,132	59
United States	198,379	35.2	3,061	80
Japan	73,656	18.4	1,821	44
Russian Federation	67,669	32.5	3,853	73
Brazil	62,784	28.9	2,339	58
Germany	51,835	27.3	2,827	64
United Kingdom	39,551	33.0	3,006	75
France	37,011	28.7	2,985	72
Italy	25,054	33.5	3,527	74
Canada	23,568	$\boxed{36.7}$ 1st	$\boxed{3,238}$ 3rd	$\boxed{90}$ 1st

*Ranking in table is based on Average Monthly Unique Visitors in Q4 2014 for selected geographies
Source: comScore, Inc., Media Metrix, WW, Home & Work, Persons: 15+, Monthly Q4 Avg. 2014

Gender

50% 50%

Age



Canadian online demographics show **half of the population is under age 35**, and **more than 1/3rd reside in households with at least $100,000**

Region

Ontario 39%

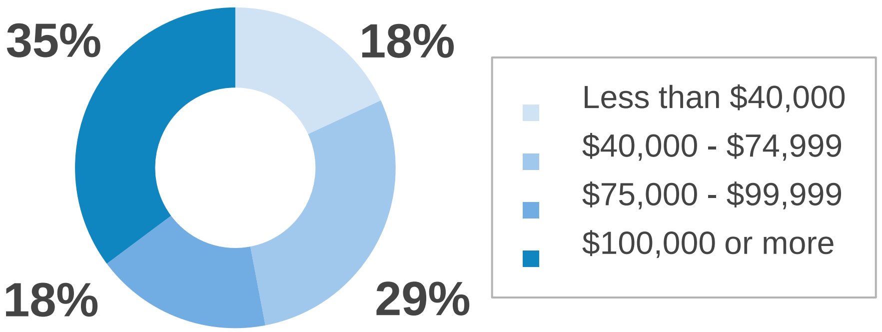
Quebec 22%

Prairies 18%

British Columbia 14%

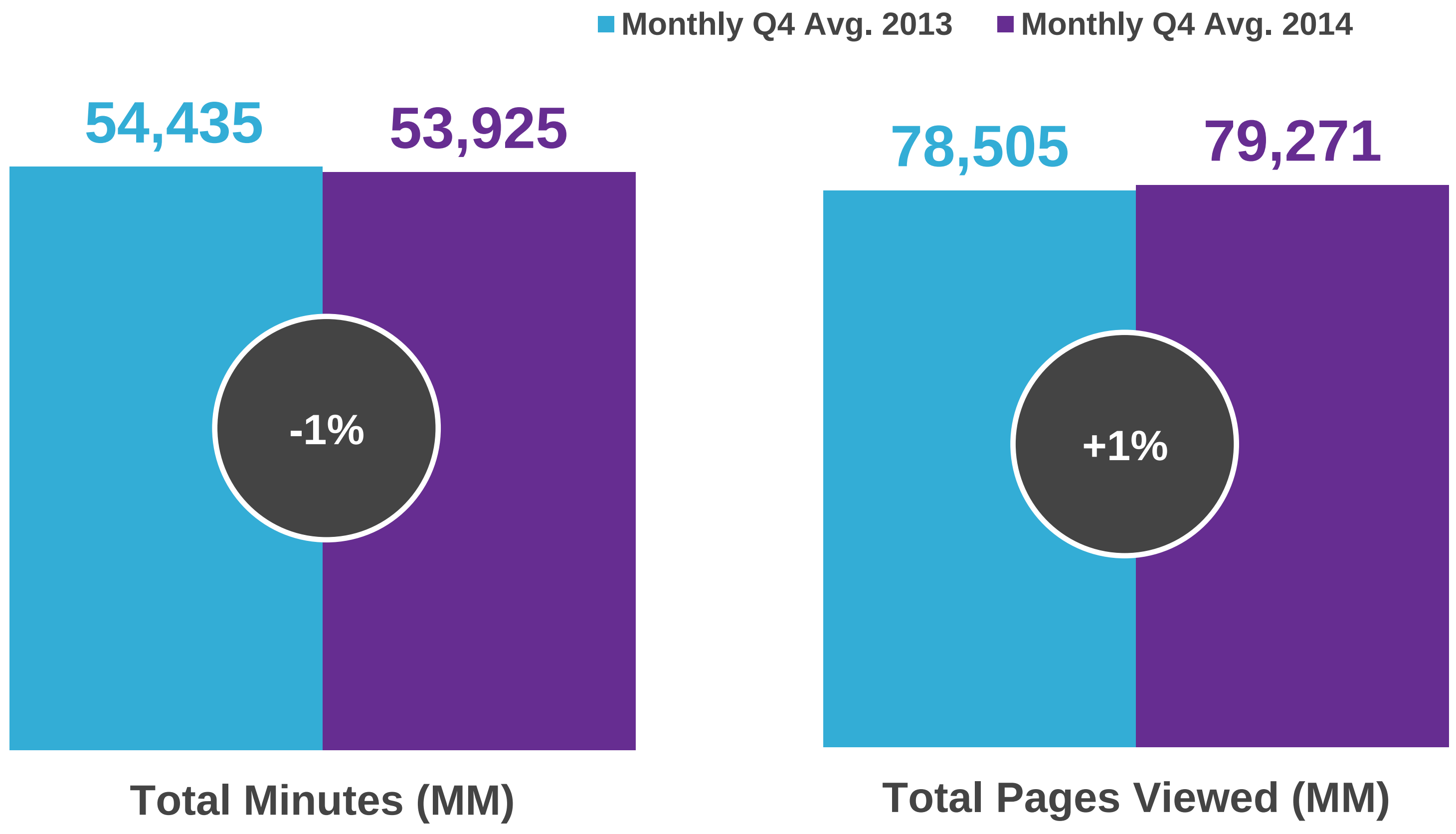
Atlantic 7%

Household Income (CAD)



Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2014

Desktop Internet Engagement



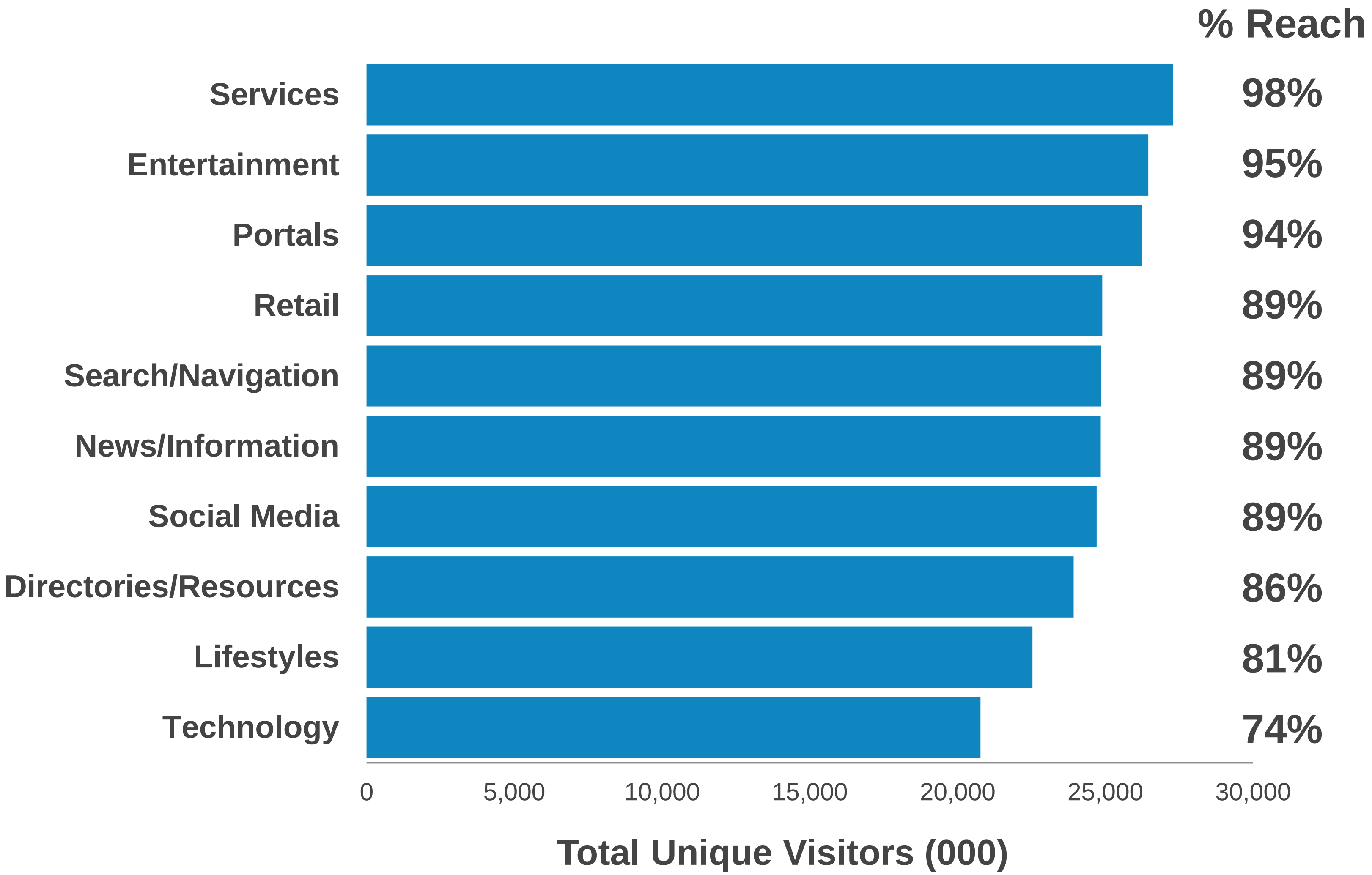
Insight

Engagement on desktop has flattened, but is not yet declining.

See page 35 for how Multi-Platform is adding new digital time

Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2013 vs. Monthly Q4 Avg . 2014

Top Content Areas by Unique Visitors (000) and % Reach



Insight

Broad usage means **many Top content** categories still **reach over 80%** of Canadian desktop users.

Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2014

Video

Digital Video consumption in Canada is…

MORE COMMON AND ENGAGED THAN IN THE US

In both average time and overall penetration amongst the digital population, Canadians rank higher than their US counterparts.

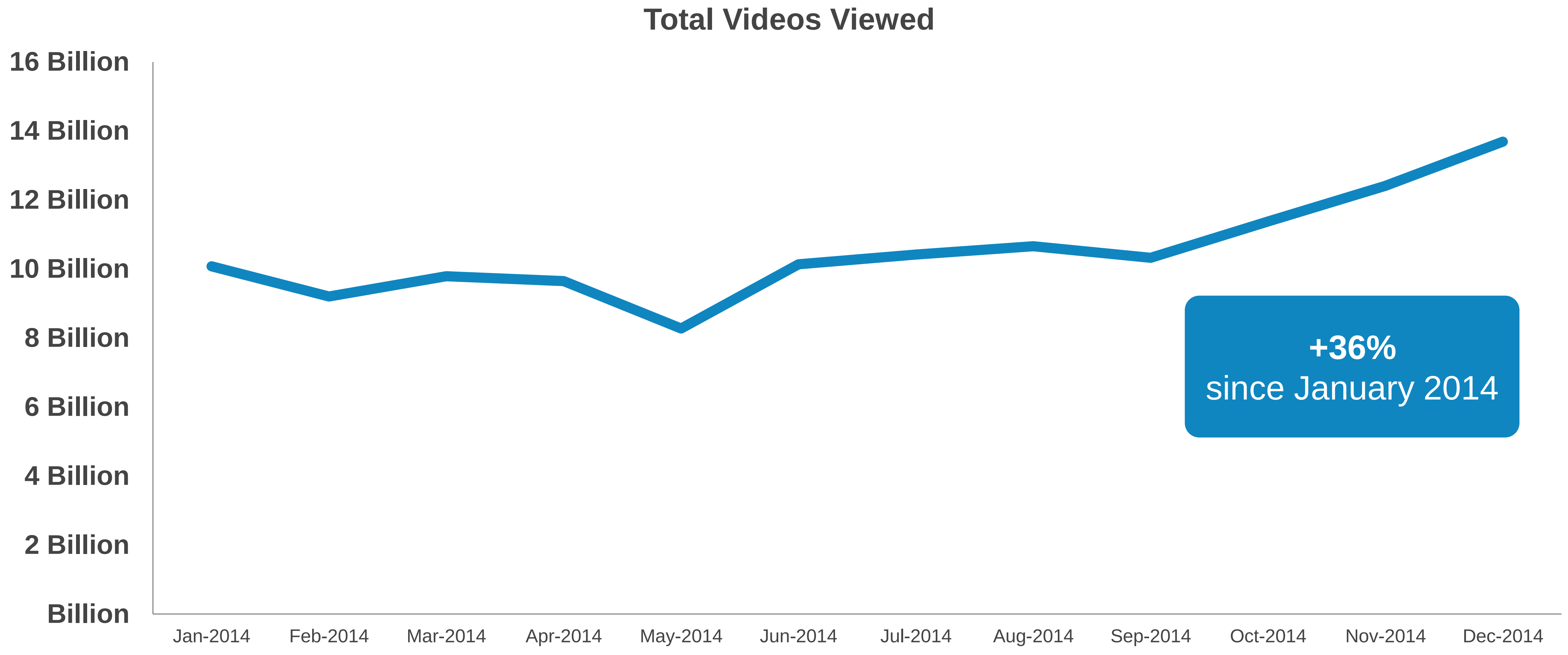
SPREAD THROUGH A LARGE NUMBER OF CONTENT CATEGORIES

As more and more content publishers unlock the benefits of video's engaged audiences, these users engage across more diverse categories.

GROWING RAPIDLY ON MOBILE DEVICES

Faster connection speeds and more powerful devices with larger screens are facilitating rapid growth of video on mobile, including longer-form content.

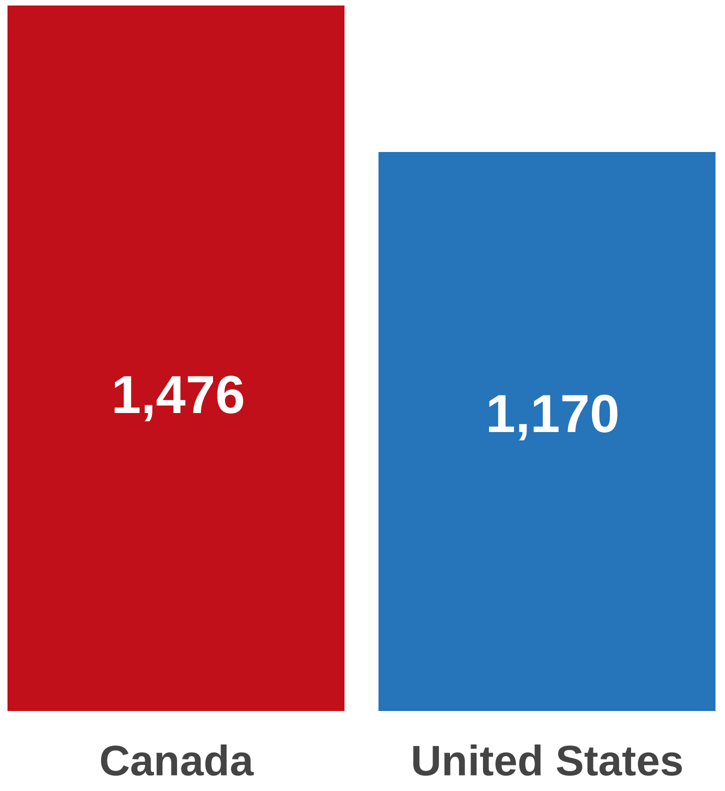
Video consumption in Canada continues to increase



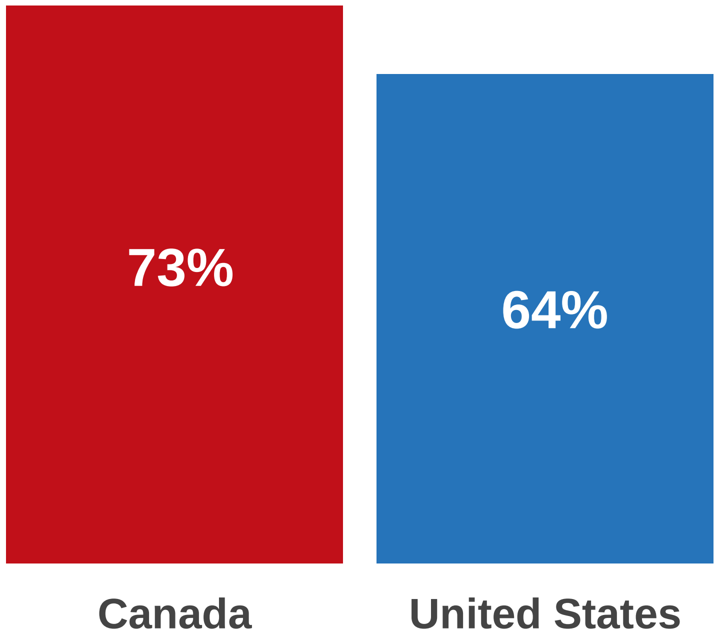
Source: comScore, Inc., Video Metrix, CA, Home & Work, Persons: 2+, Jan 2014 – Dec 2014

Canadians engage more with video than US counterparts

Minutes per Viewer



% Reach Total Population

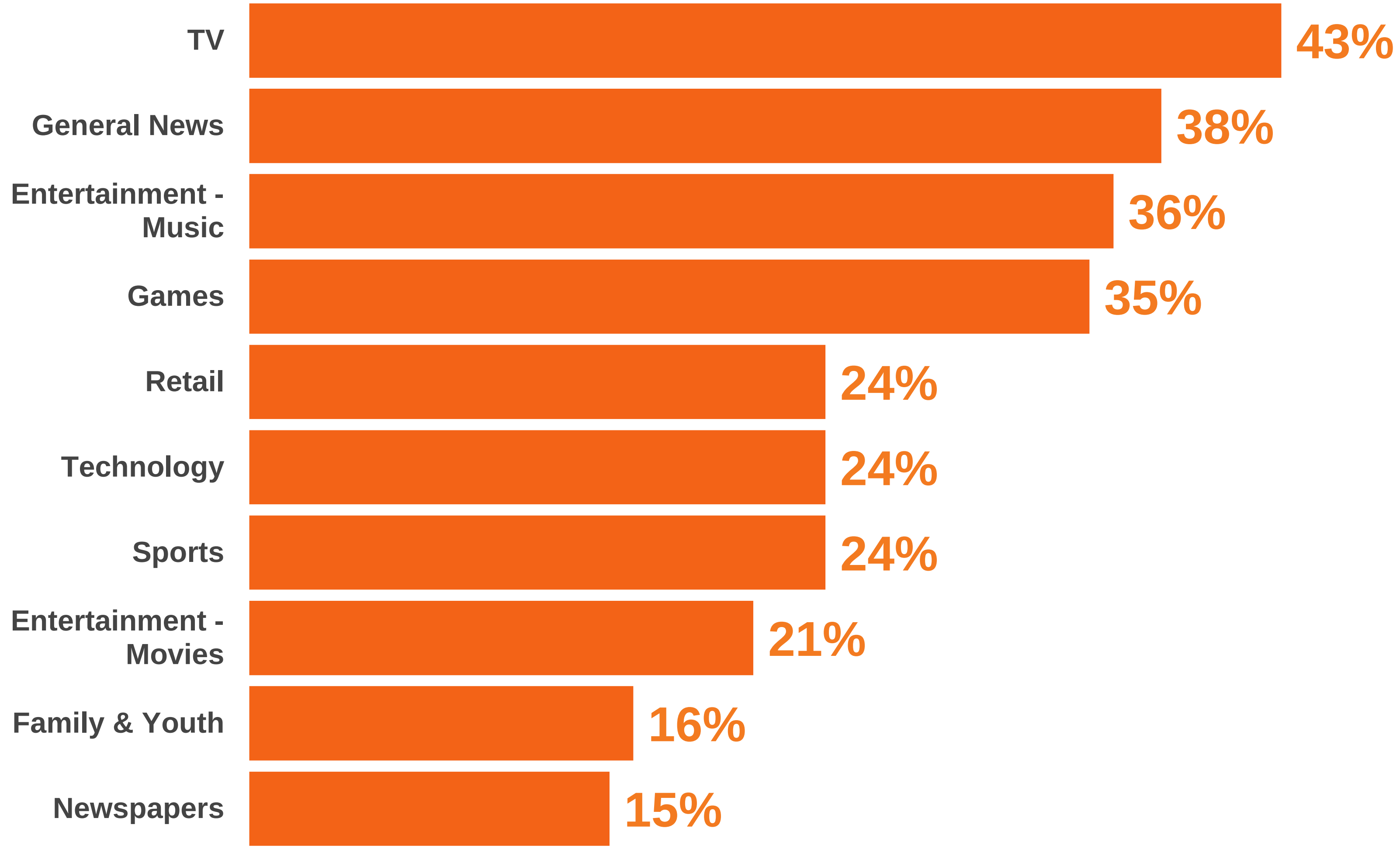


Insight

Canadians spend **5.1 more hours watching online videos** than their American counterparts.

Source: comScore, Inc., Video Metrix, CA & US, Home & Work, Persons: 2+, Monthly Q4 Avg. 2014

Unique Viewer Penetration in Canada

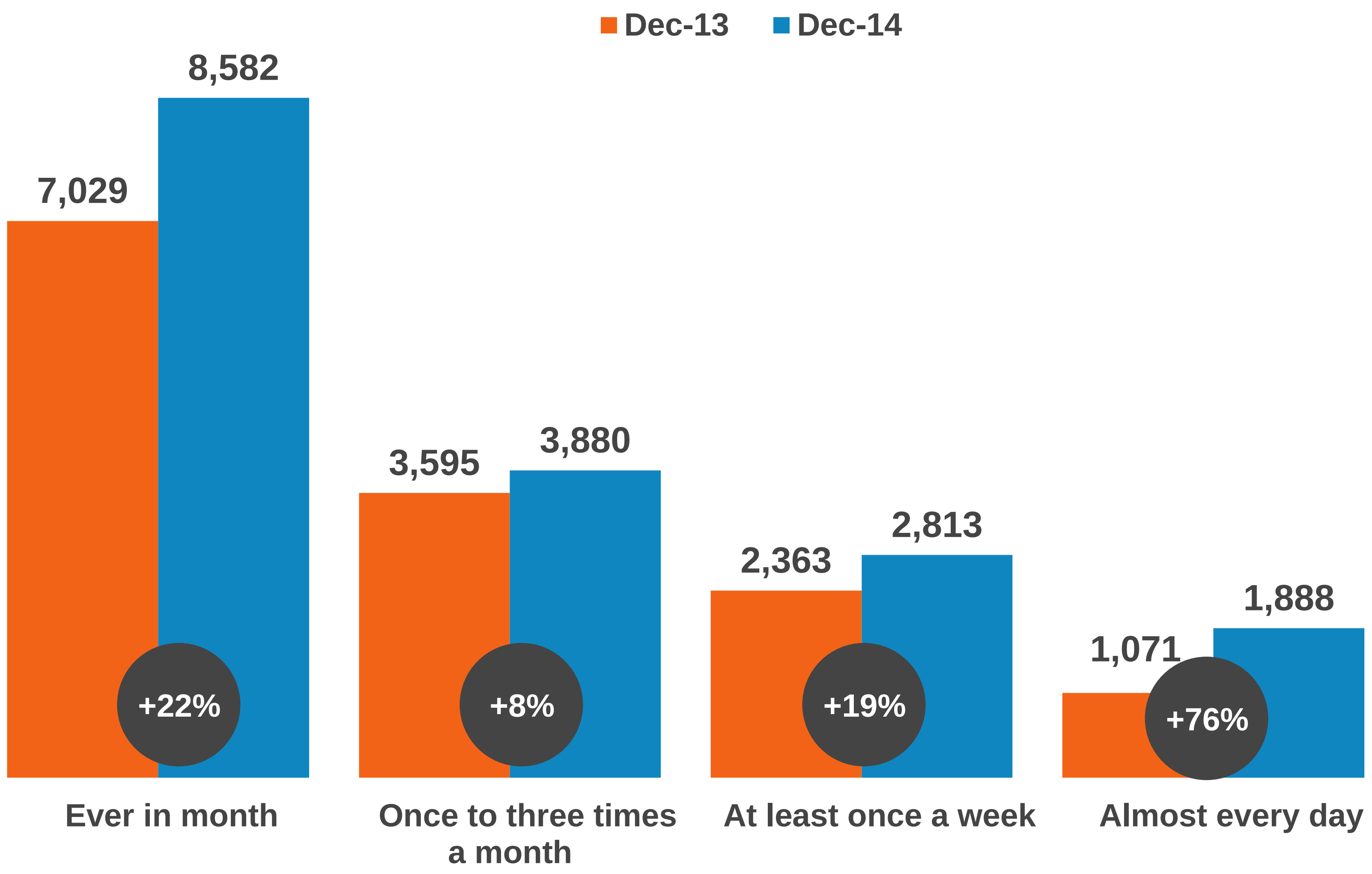


Insight

Large audiences in **varied content categories** offer multiple context-rich advertising opportunities with engaged users.

Source: comScore, Inc., Video Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2014

Mobile Subscribers’ (000) Mobile Video viewing frequency



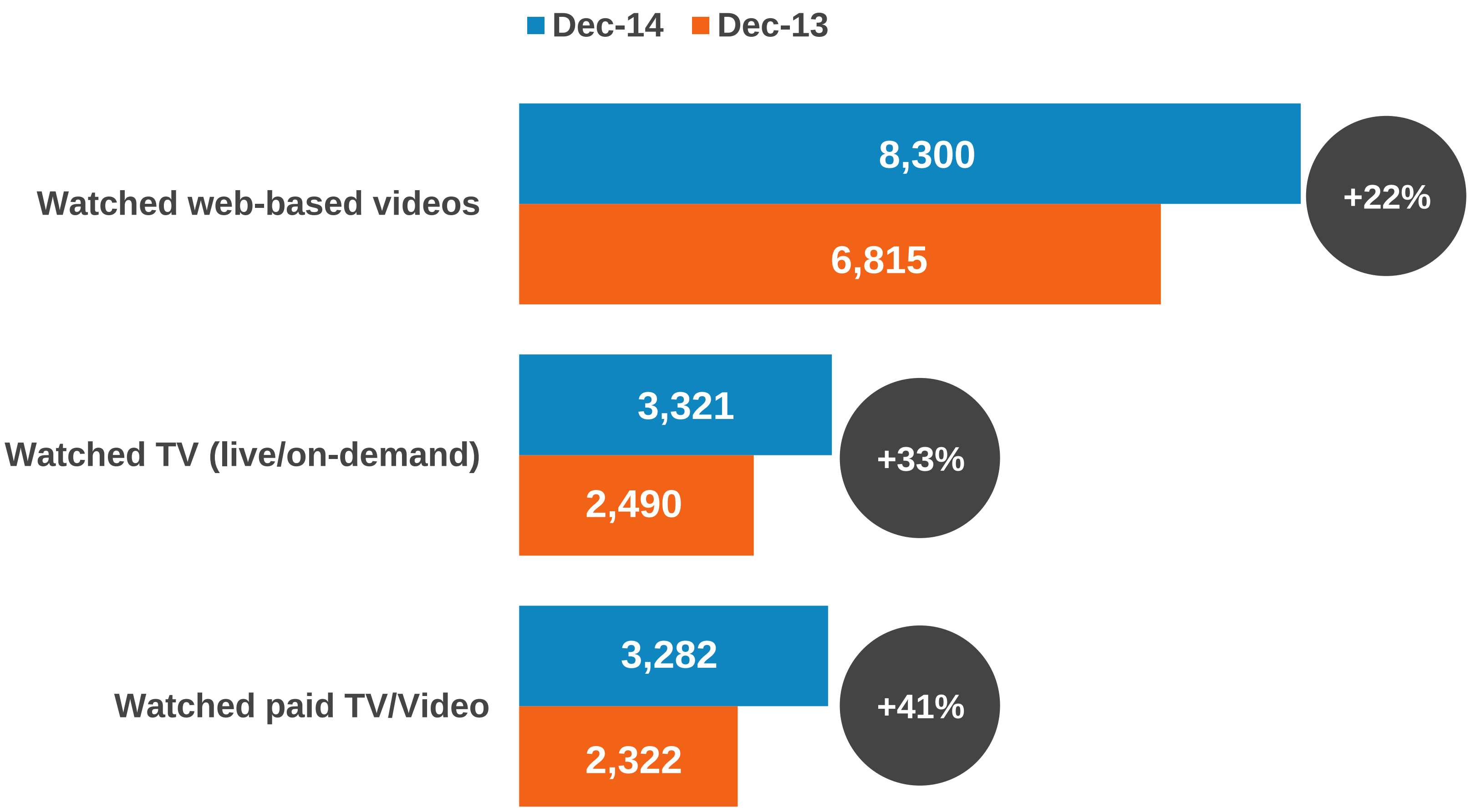
Insight

As well as overall audience sizes, there is YOY growth in viewing frequency on Mobile devices.

comScore

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec. 2014 vs Dec. 2013

Content types consumed by Mobile Subscribers (000)



Insight

Canadians are watching **more types of mobile video**, including longer-form live / on-demand TV, than a year ago.

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec. 2014 vs Dec. 2013

Mobile

Mobile usage in Canada is…

GROWING RAPIDLY, ESPECIALLY ON SMARTPHONES

Overall numbers of users accessing digital content via mobile continues to grow, as does Smartphones' share of the devices.

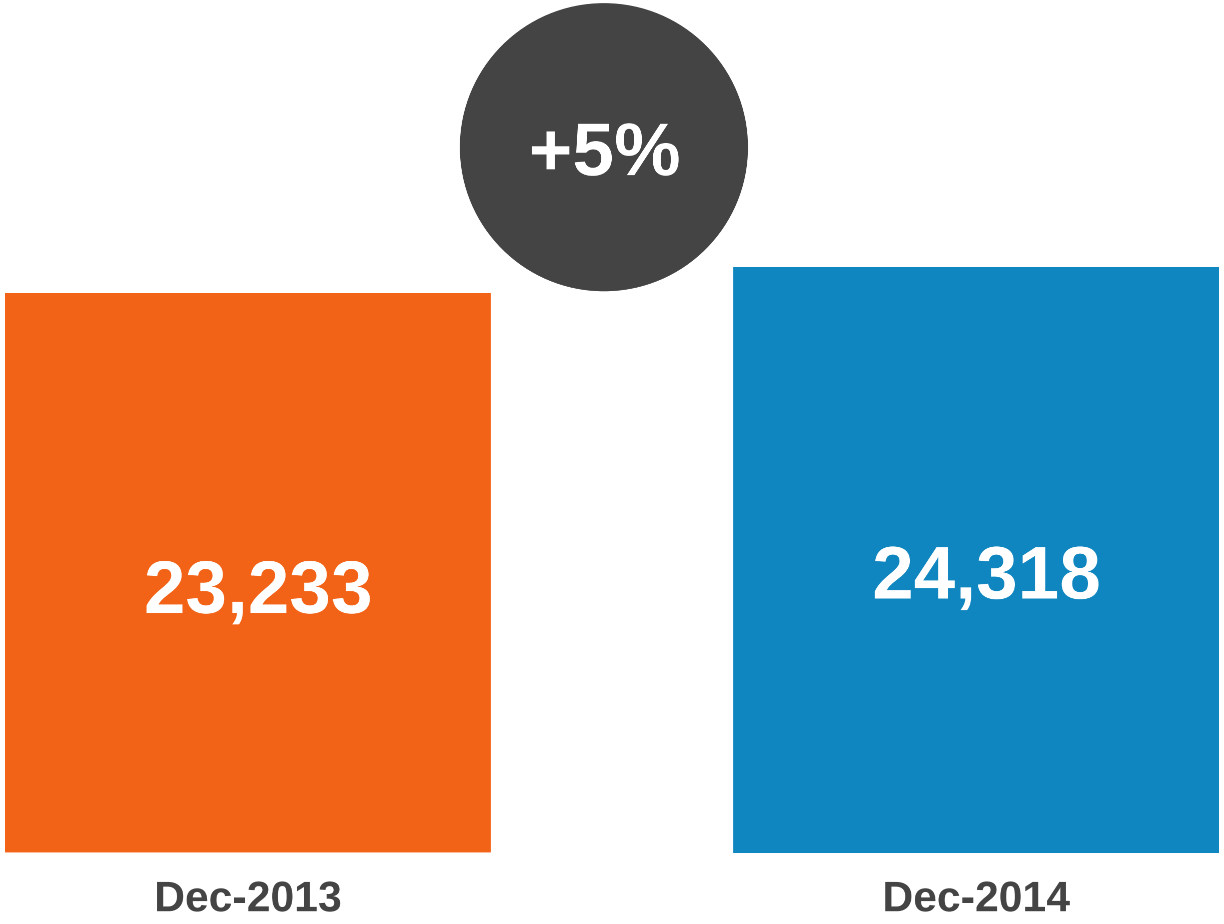
PERFORMING A DIVERSE RANGE OF ROLES

As well as adding content consumption in the form of apps and video, mobile devices continue to dominate social media, and are playing a growing role in the purchase funnel.

CRUCIAL IN THE WIDER MEDIA MIX

For many an omnipresent device, smarthpones add to Multi-Platform usage with other digital devices, and along with tablets, are frequently paired with TV for cross-platform consumption

Mobile Subscribers (000) in Canada

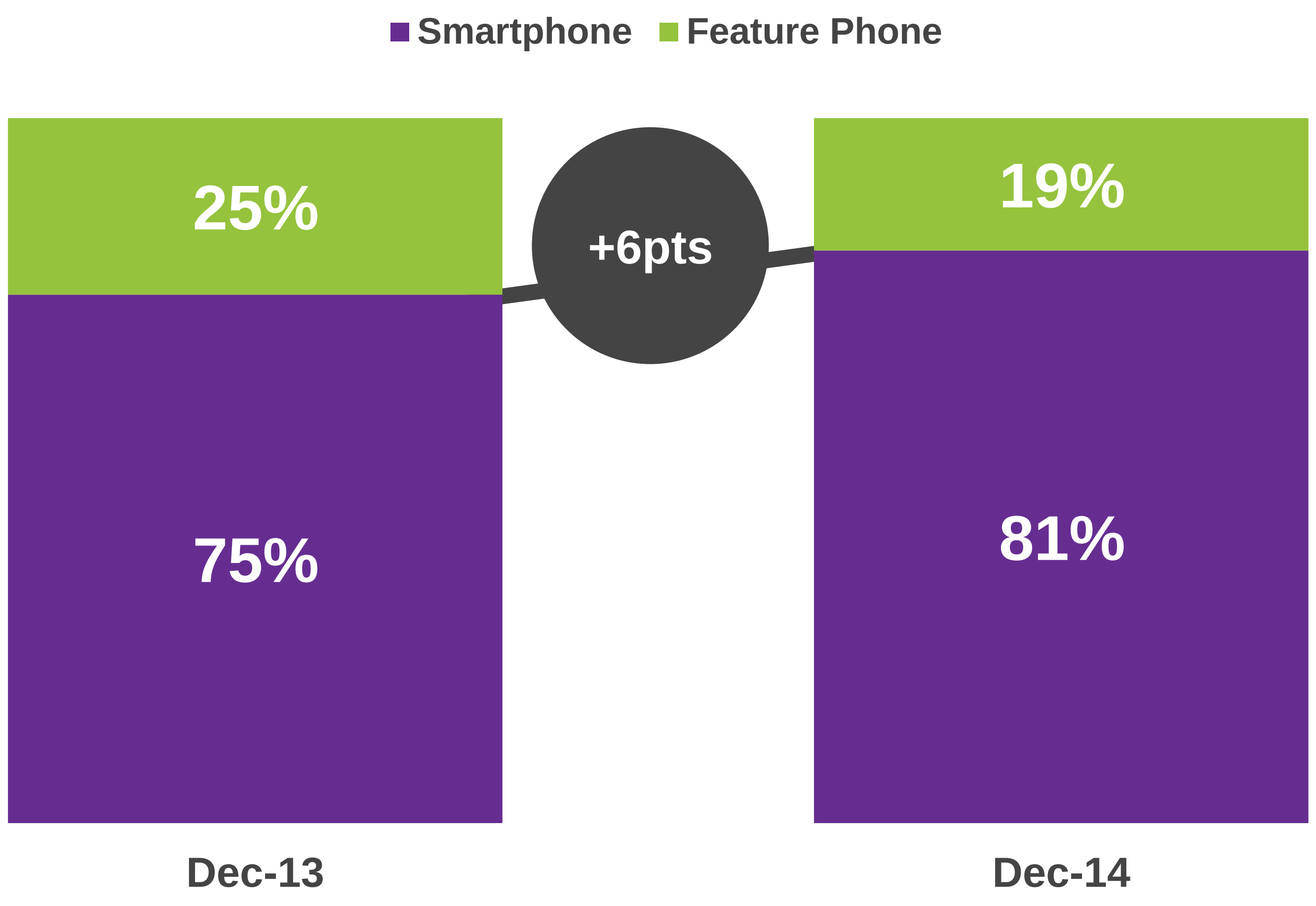


Insight

Mobile subscribers grew by 5% in Canada year over year to more than 24 million.

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2014 vs. Dec 2013

Smartphone Market Penetration by % of Mobile Subscribers



Insight

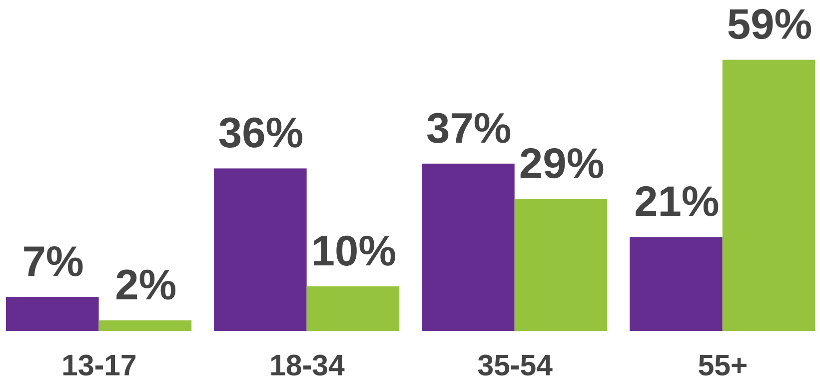
Smartphones now **reach 4 out of every 5 mobile users** in Canada.

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2014 vs. Dec 2013

Gender

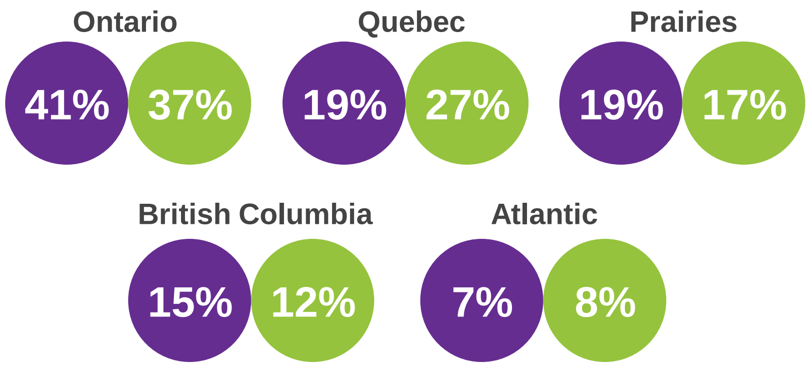
Age

Smartphone | Feature Phone



Smartphone ownership in Canada skews significantly toward **younger and higher income** than feature phone ownership.

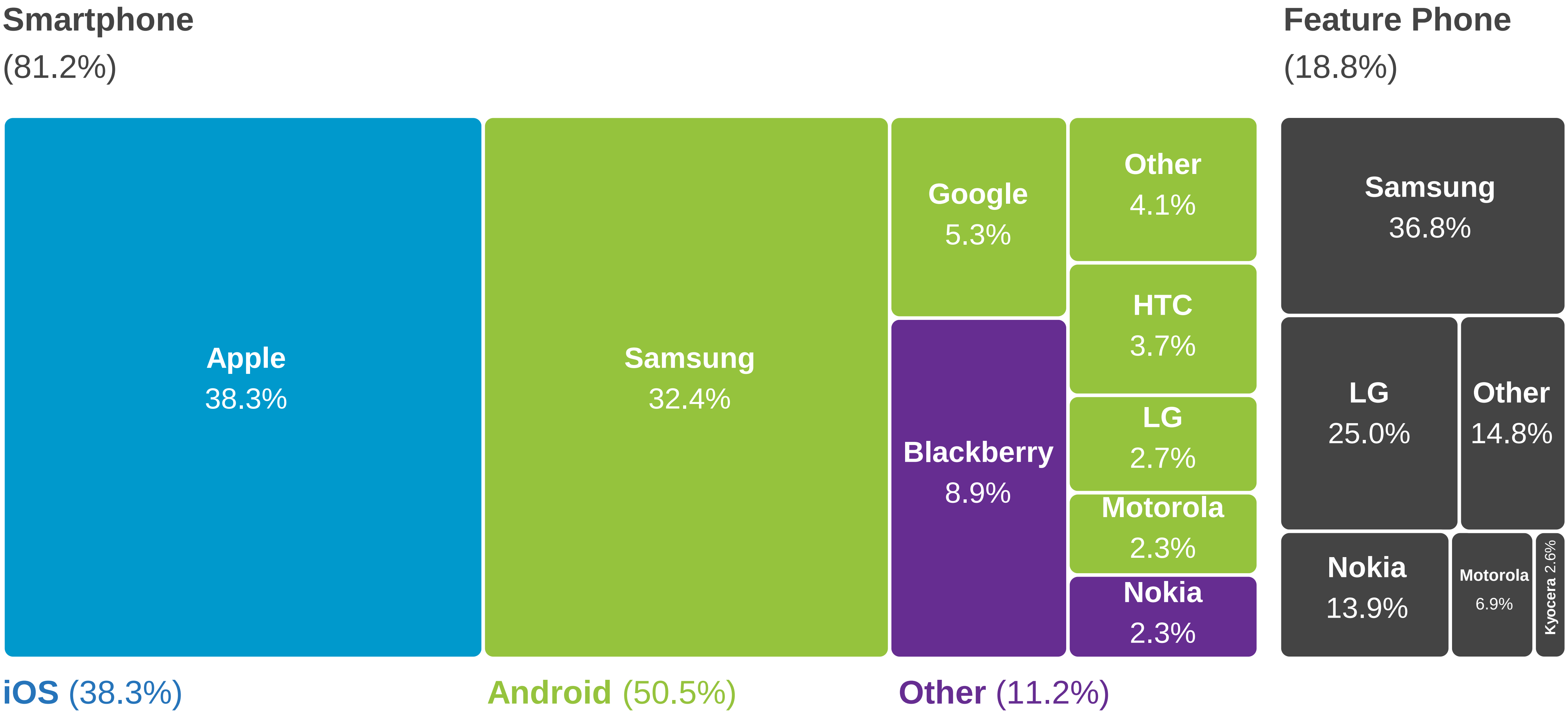
Region



Household Income (CAD)

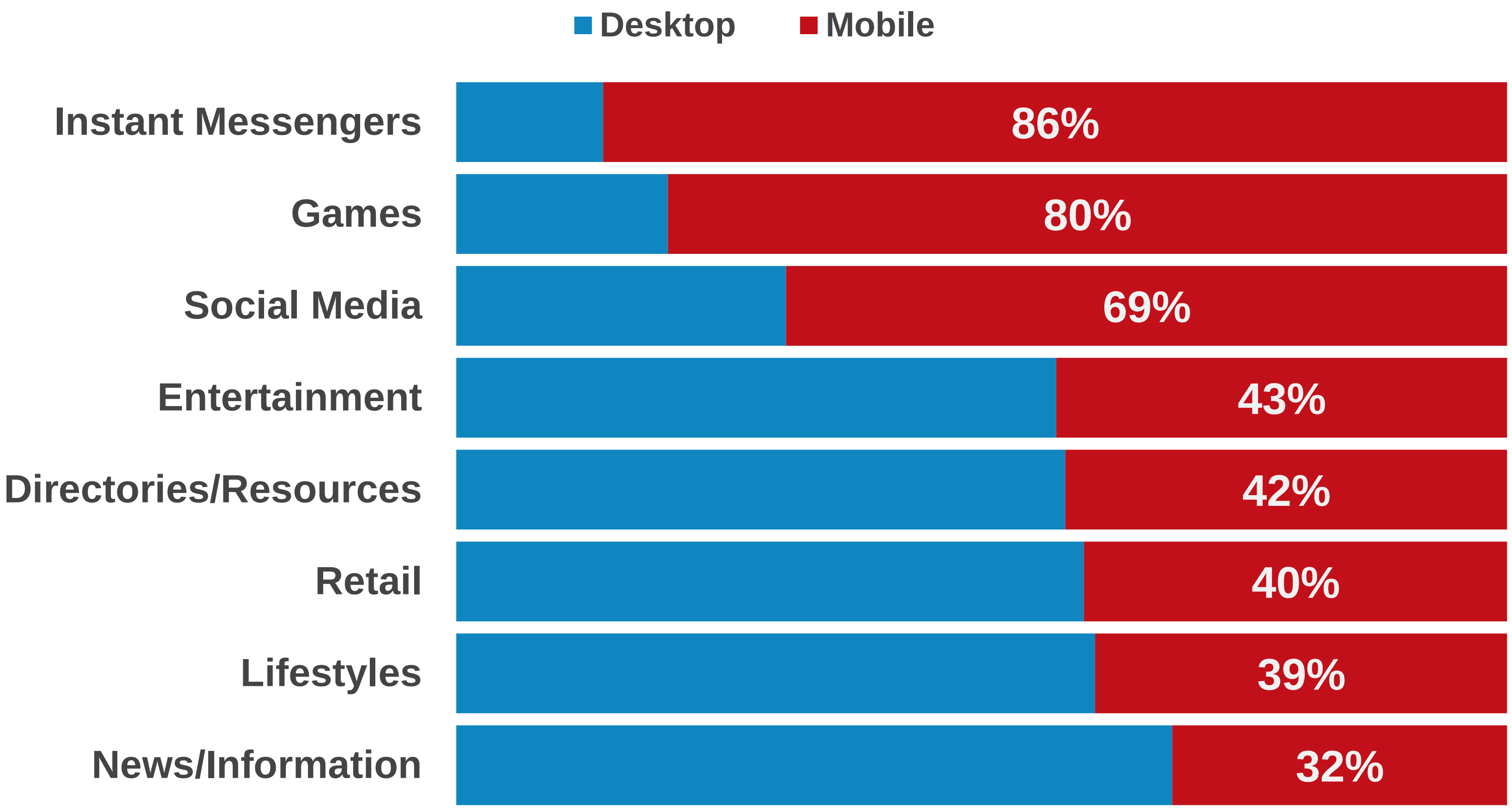
Source: comScore, Inc., Media Metrix, CA, Home & Work, Persons: 2+, Monthly Q4 Avg. 2014

Canadian Manufacturer and OS Landscape



Source: MobiLens, December 2014

Share of Content Category Time Spent by Platform

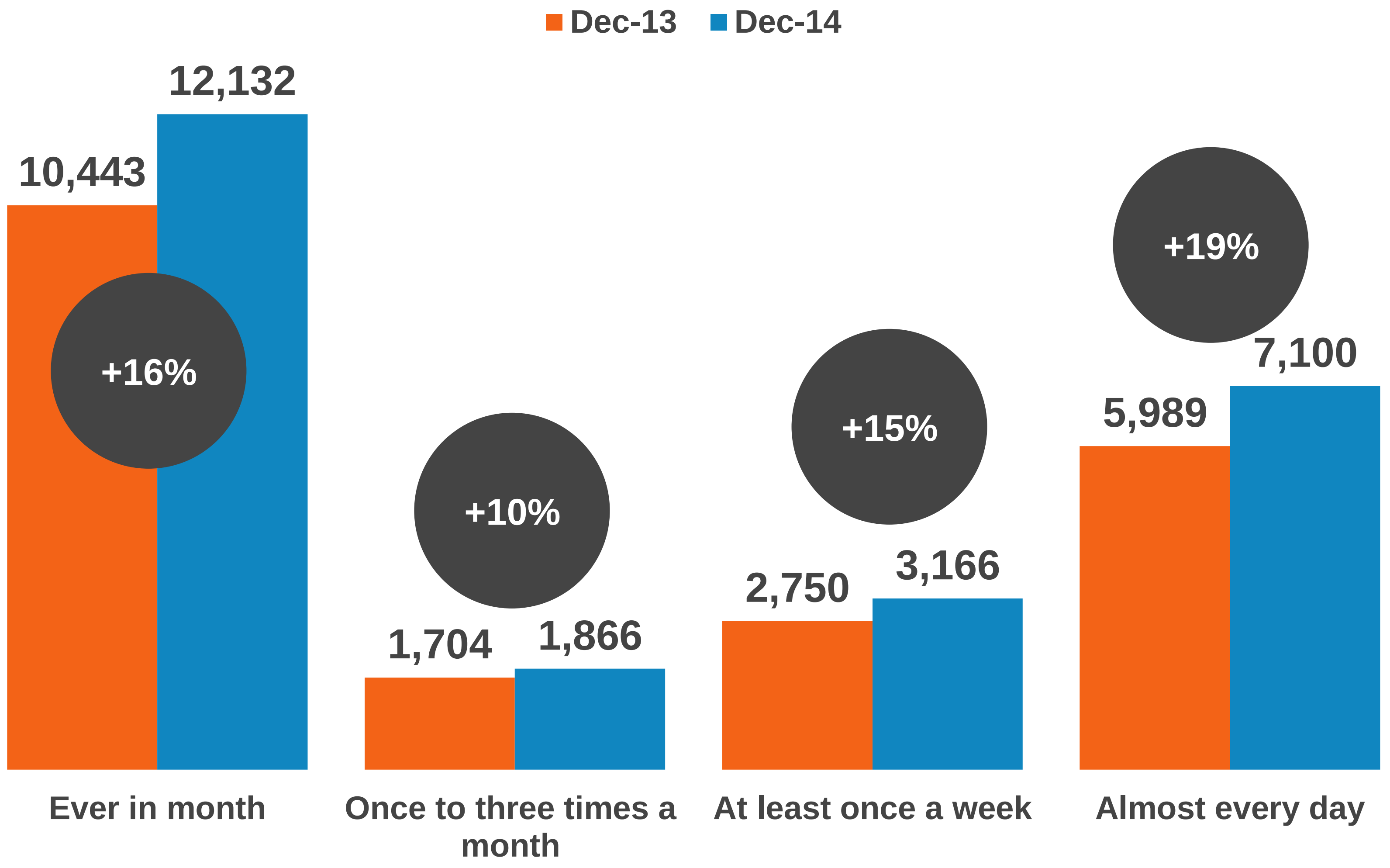


Insight

Share of time reflects **evolving usage** of certain categories, with implications for advertising and content.

Source: comScore, Inc., Media Metrix Multi-Platform, CA, Persons 2+, 18+, Monthly Q4 Avg. 2014

Social Networking habits of Smartphone Subscribers (000)

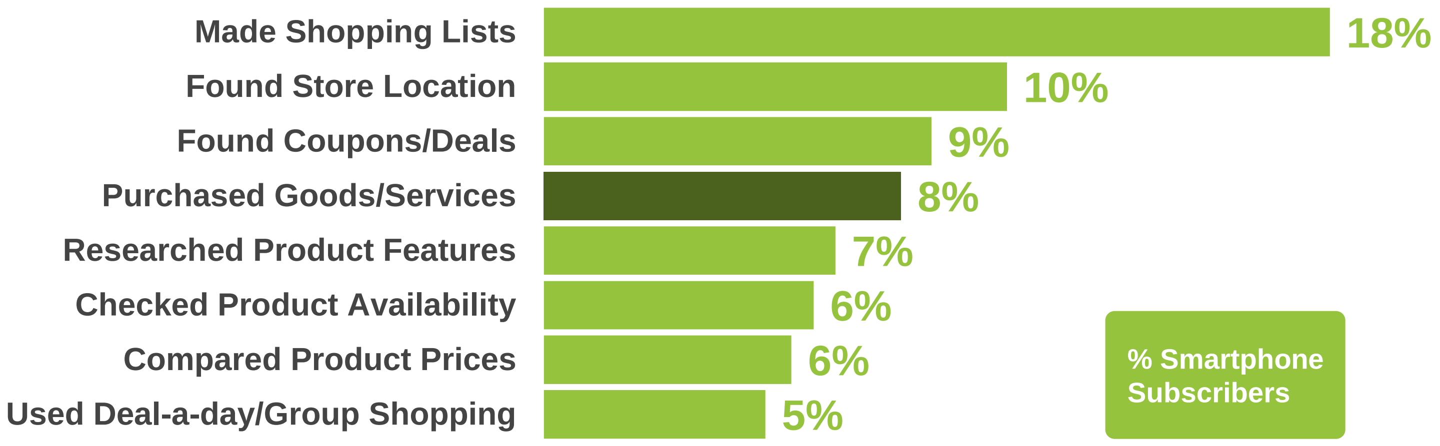


Insight

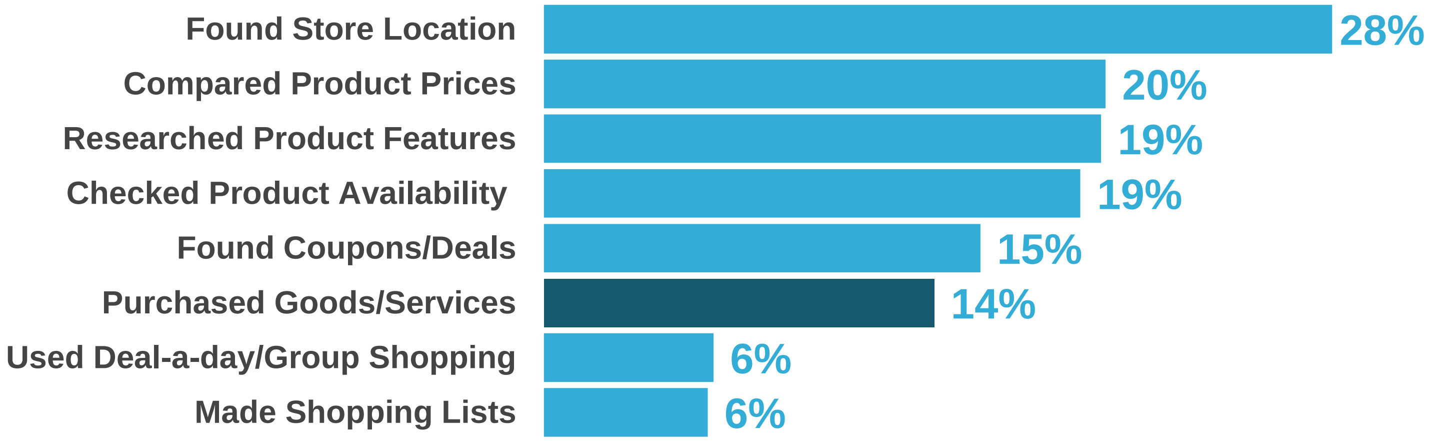
Access frequency is growing on mobile devices, with a large number of monthly users accessing almost daily.

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2014 vs. Dec 2013

Retail Activities on Smartphone via Application



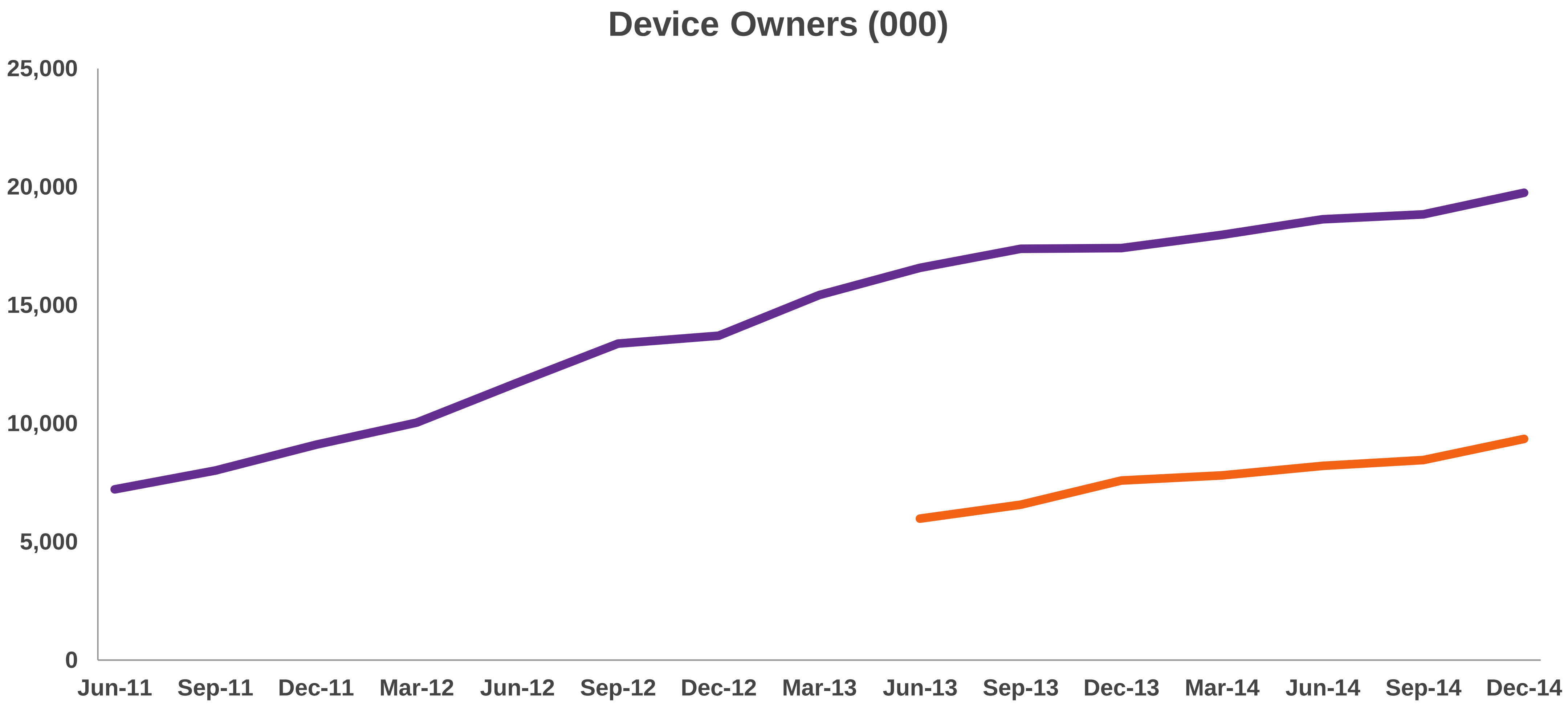
Retail Activities on Smartphone via Browser



Insight

Browsing still currently leads apps in **% of users that engage in key retail activities**, including purchases. This could change with rapid growth of overall app time (see p 28).

Tablet Adoption* continues at high % growth



19.7M Smartphones

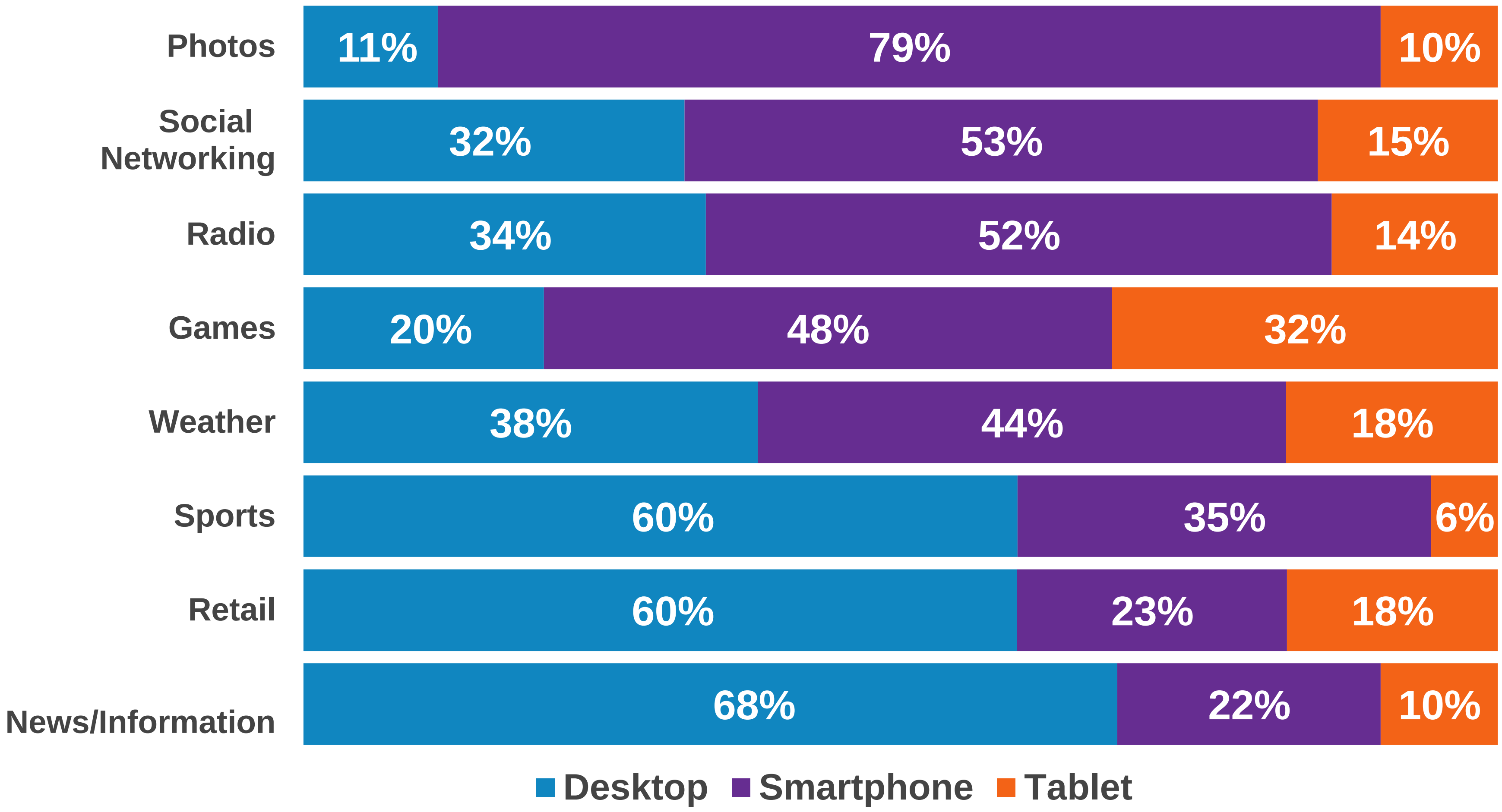
+19% since June 2013

9.3M Tablets

+56% since Jun 2013

*Adoption amongst Mobile Subscribers
Source: comScore, Inc., MobiLens, CA, Persons: 13+, Jun 2011 - Dec 2014

Share of Time Spent by Device – Selected Categories

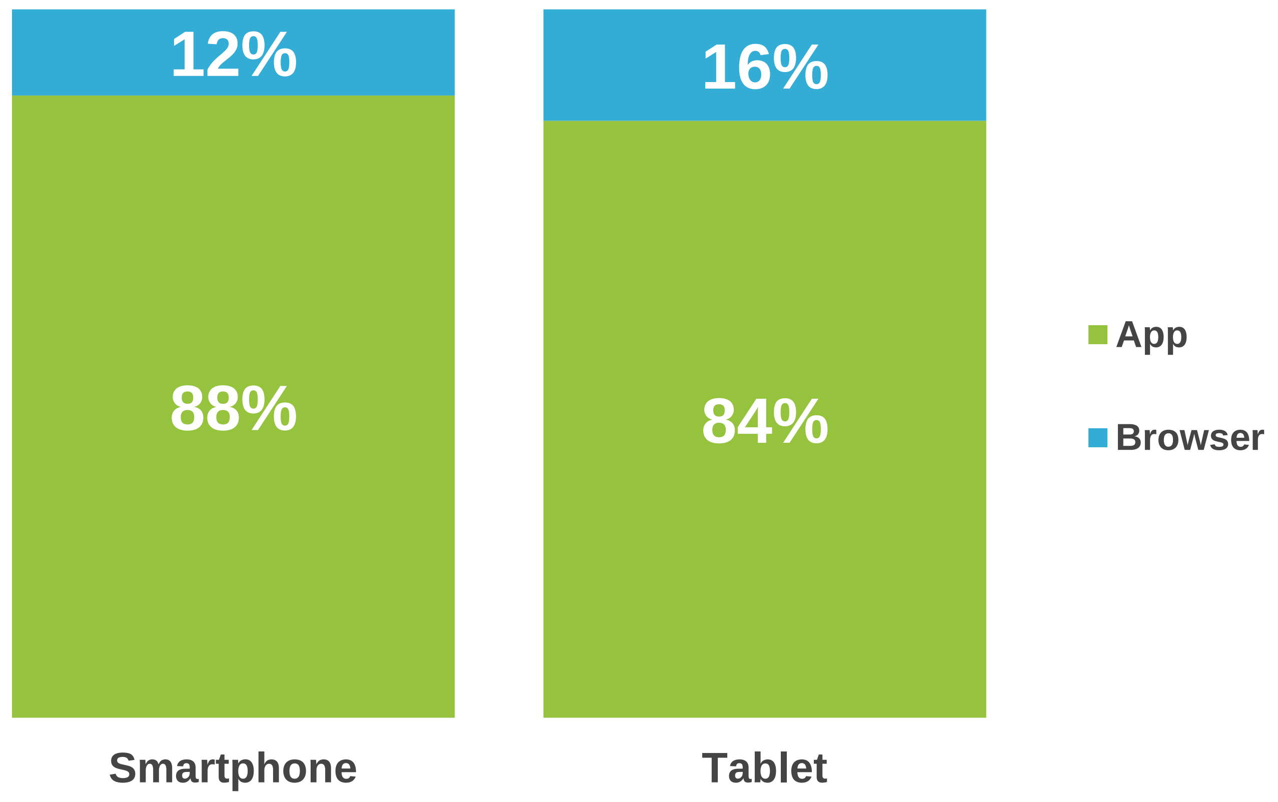


Insight

Understanding which platforms users are selecting for specific content is vital for all sides for the digital ecosystem.

Source: comScore, Inc., Media Metrix Multi-Platform, Mobile Metrix, CA, Persons 2+, 18+, Monthly Q4 Avg. 2014

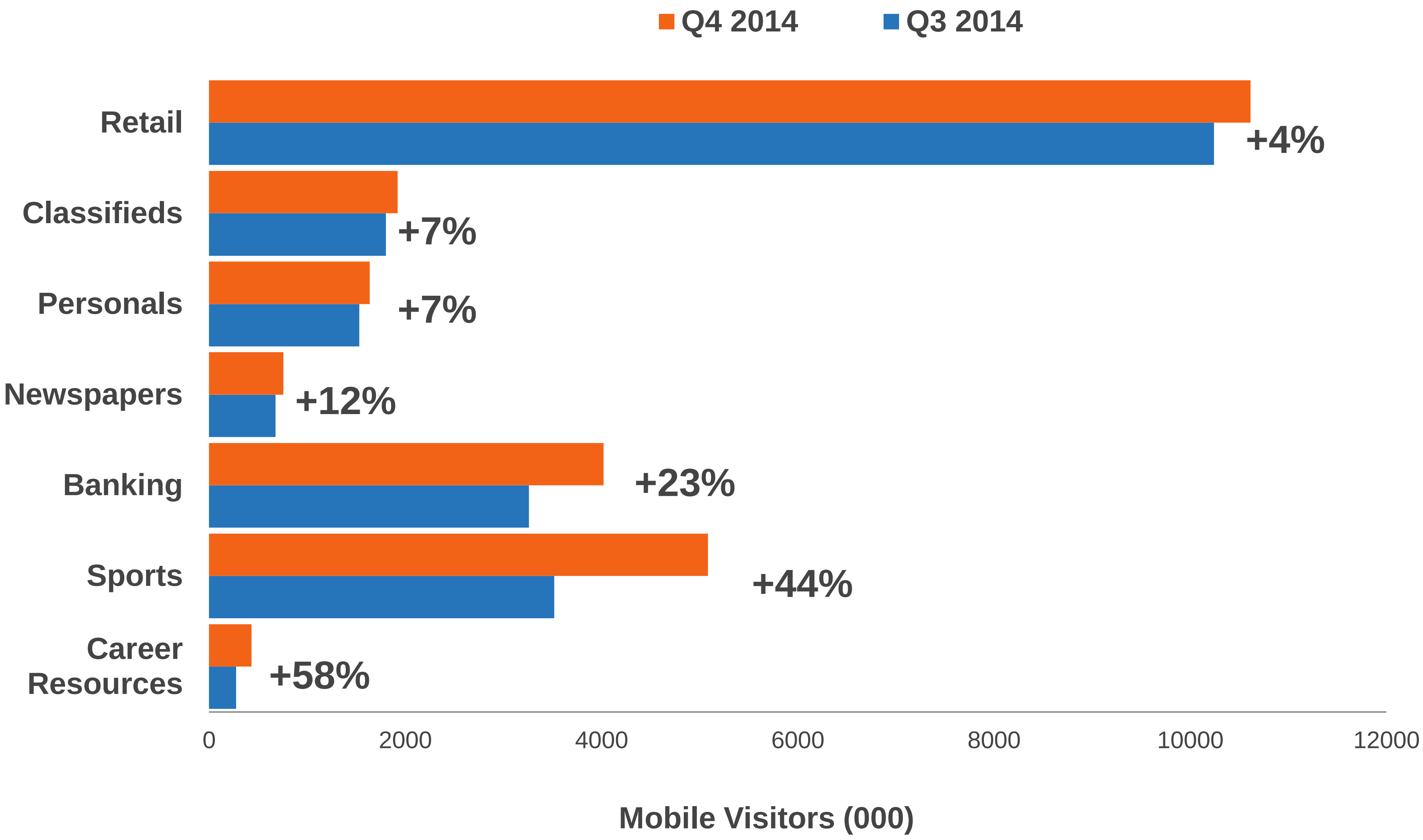
Percentage of Time Spent on Mobile App vs. Browser



Insight

Over 80% of digital time on both mobile and smartphones is **spent on apps**.

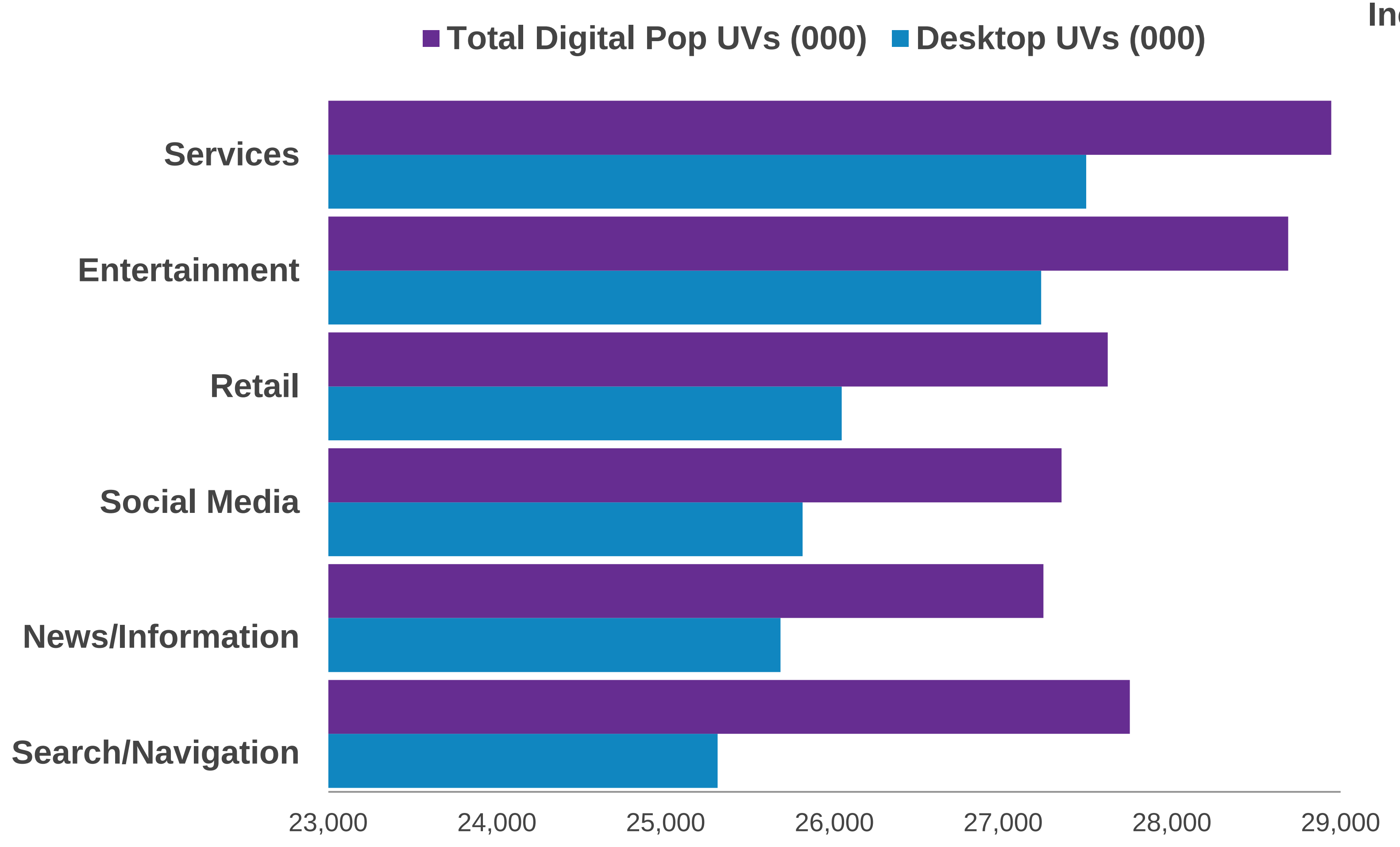
Growth of Select Mobile Application Categories



Insight

Sports and Banking apps are becoming **increasingly more popular** on 'omnipresent' mobile devices.

Incremental Reach on Top Content Categories



Incremental Reach

+5%

+5%

+6%

+6%

+6%

+10%

Insight

Even high-reach categories gain at least **5% in incremental reach** by taking mobile into account.

Source: comScore, Inc., Media Metrix Multi-Platform, CA, Persons 2+, 18+, Monthly Q4 Avg. 2014

Mobile device usage alongside TV

32.2%
used their smartphone while watching TV

Smartphone + TV

32.2% of Canadian smartphone subscribers used their phone while watching TV

35.0%
used their tablet while watching TV

Tablet + TV

35.0% of Canadian smartphone subscribers who own tablets used their tablet while watching TV

Source: comScore, Inc., MobiLens, CA, Persons: 13+, Dec 2014
Source: comScore, Inc., TabLens Lite, CA, Persons: 13+, Dec 2014

Multi-Platform

Multi-Platform usage in Canada is…

APPROACHING A MAJORITY

Many countries across the world have a ‘Multi-Platform majority’, with more than 50% of the online population accessing digital content via both desktop and a mobile device in a month. Canada is on the verge of joining these countries.

DELIVERING ADDITIONAL DIGITAL TIME

From a holistic view, time is spent equally between traditional desktop and mobile devices.

DRAMATICALLY DIFFERENT ACROSS PUBLSHERS / CATEGORIES

Understanding how and why users engage with specific media on specific platforms provides crucial insight for marketers as well as content owners seeking to develop audiences

The Total Digital Population in Q4 2014 was 29.4MM

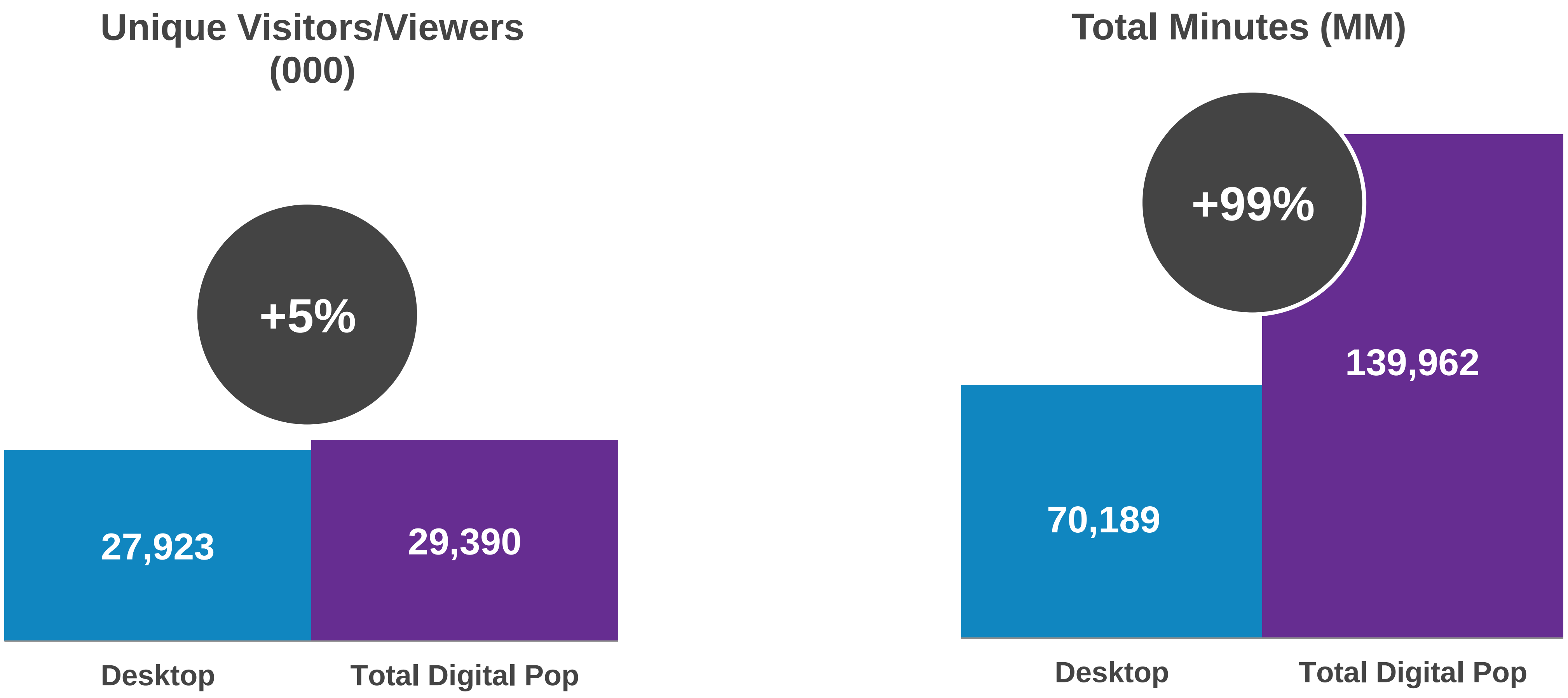
Desktop Audience	Video Audience	Mobile Audience
27.9 MM	**25.1 MM**	**15.8 MM**
Canadians are reached online from their desktop	Canadians are reached online via desktop videos	Canadians are reached online via smartphones and tablets (1.5 MM are Exclusive Mobile UV)

Total Digital Population is the **unduplicated** reach across Desktop, Video and Mobile Audiences

comScore

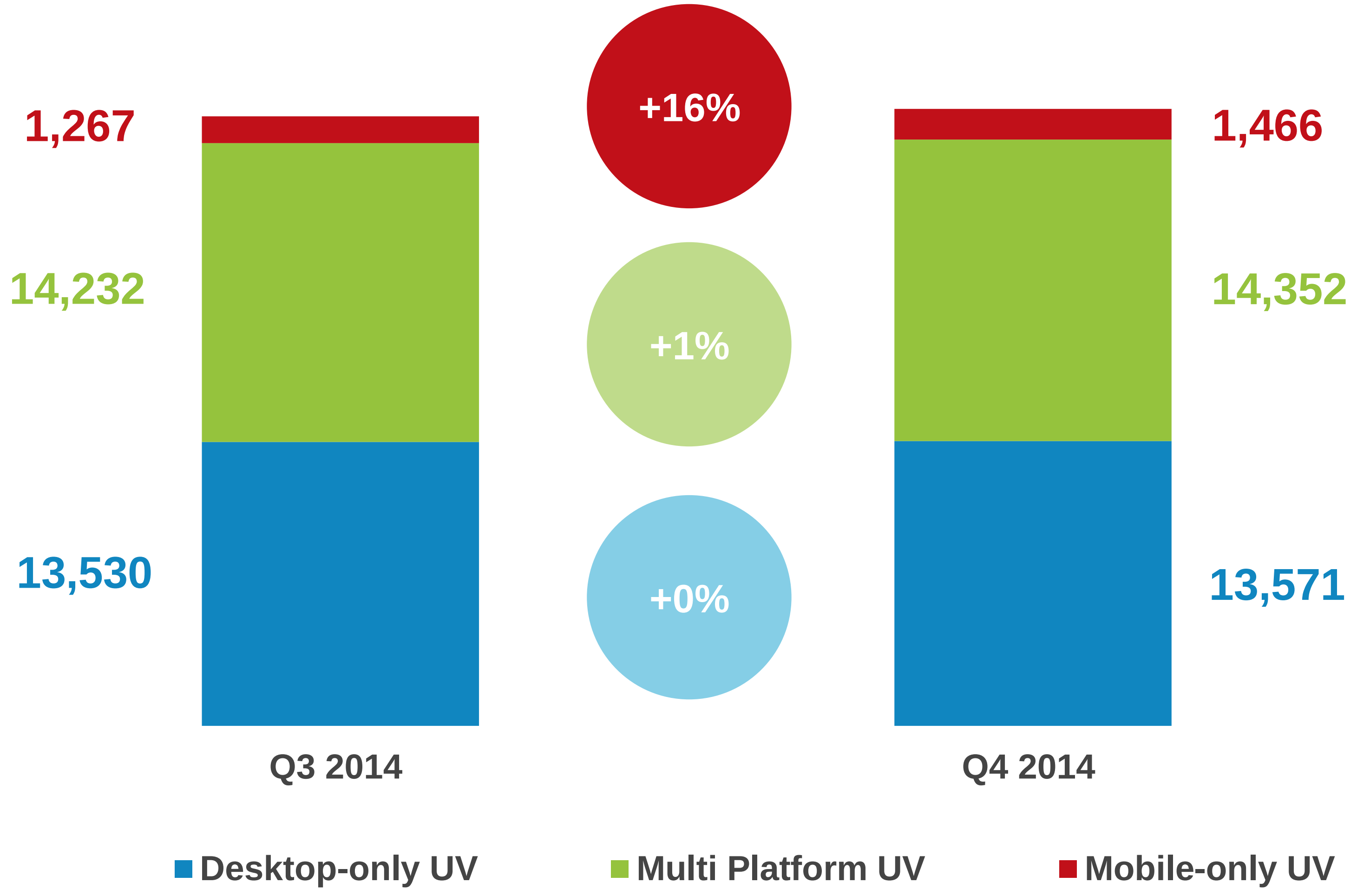
Source: comScore, Inc., Media Metrix Multi-Platform, Media Metrix, Video Metrix, Mobile Metrix, CA, Persons 2+,18+, Monthly Q4 Avg. 2014

Desktop accounts for a reduced share of total digital time



Source: comScore Inc. Media Metrix Multi-Platform, CA, Persons 2+, 18+, Monthly Q4 Avg. 2014

Mobile-only Unique Visitors Increase



Insight

Persons accessing digital content **exclusively on mobile** have **increased by 16%** as some users no longer rely on desktop in a month.

Source: comScore, Inc., Media Metrix Multi-Platform, CA, Persons 2+, 18+, Q4 2014 Average vs Q3 2014 Average

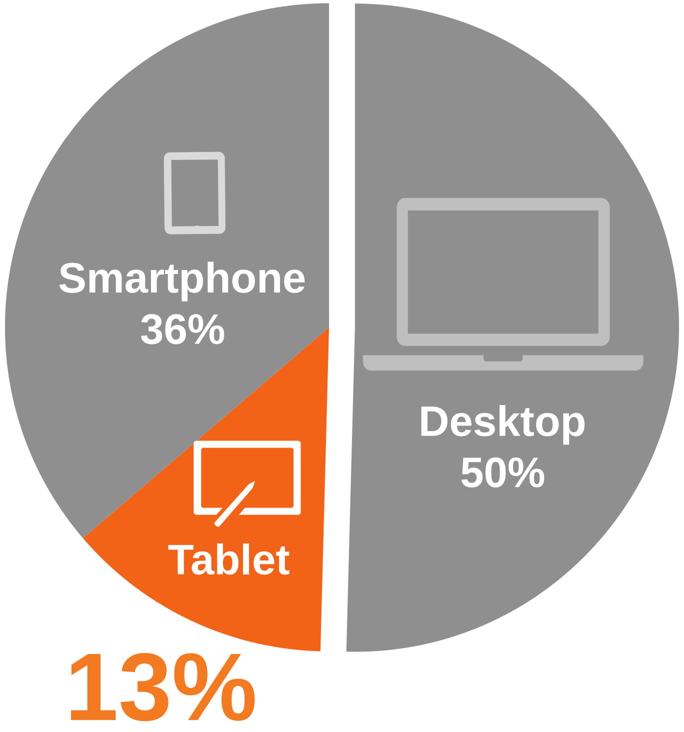
Total minutes split equally between mobile and desktop

	Desktop	Smartphone	Tablet
Q3	50%	36%	13%
Q4	50%	35%	15%

Source: comScore, Inc., Media Metrix Multi-Platform, Mobile Metrix CA, Persons 2 +, 18+, Monthly Q3 Avg. 2014 vs. Monthly Q4 Avg. 2014

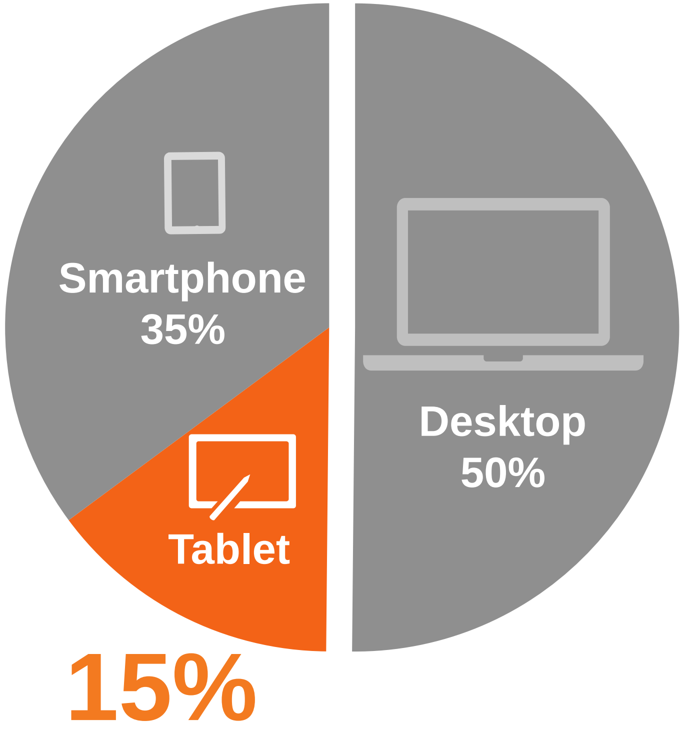
Total Minutes (000) on tablet increased by +2 pts in Q4 2014

Q3



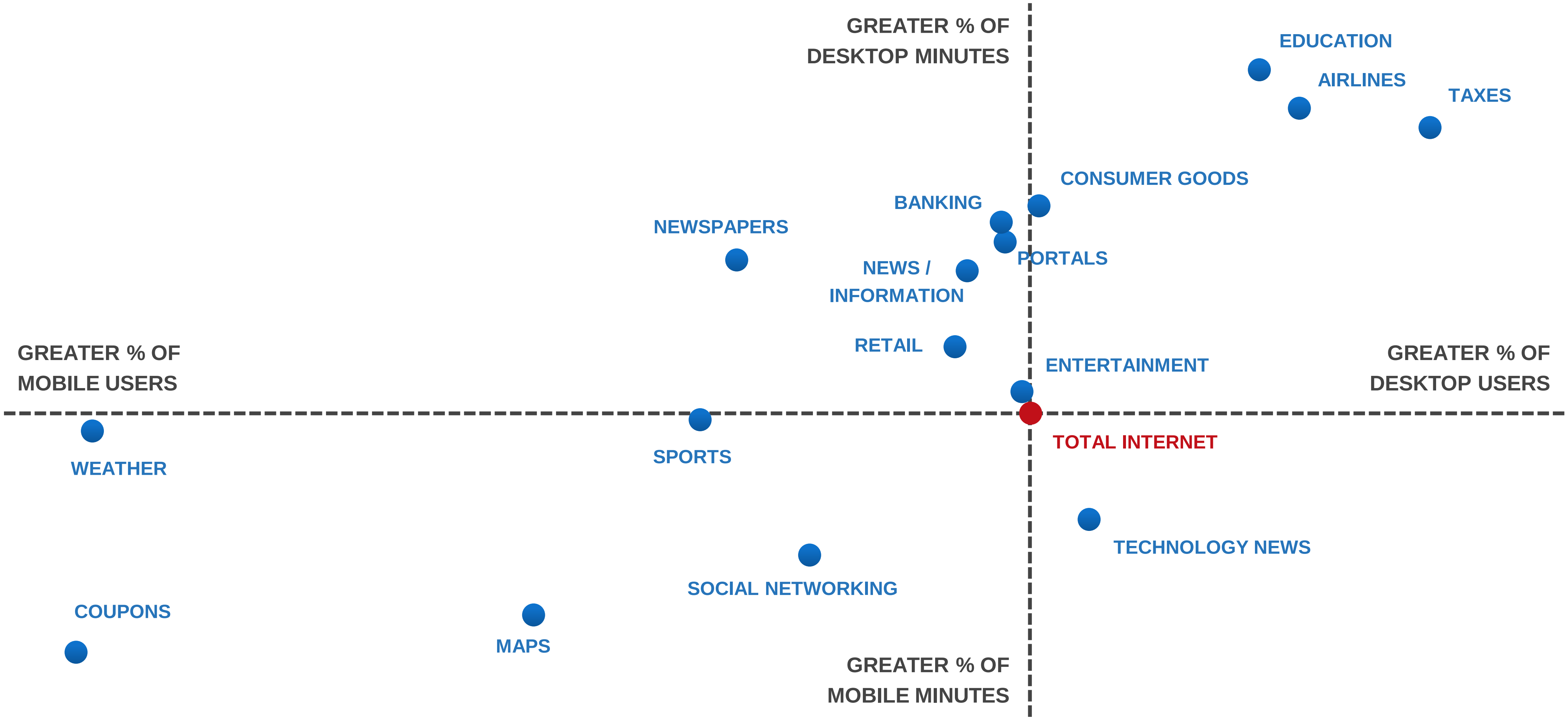
+2 pts

Q4



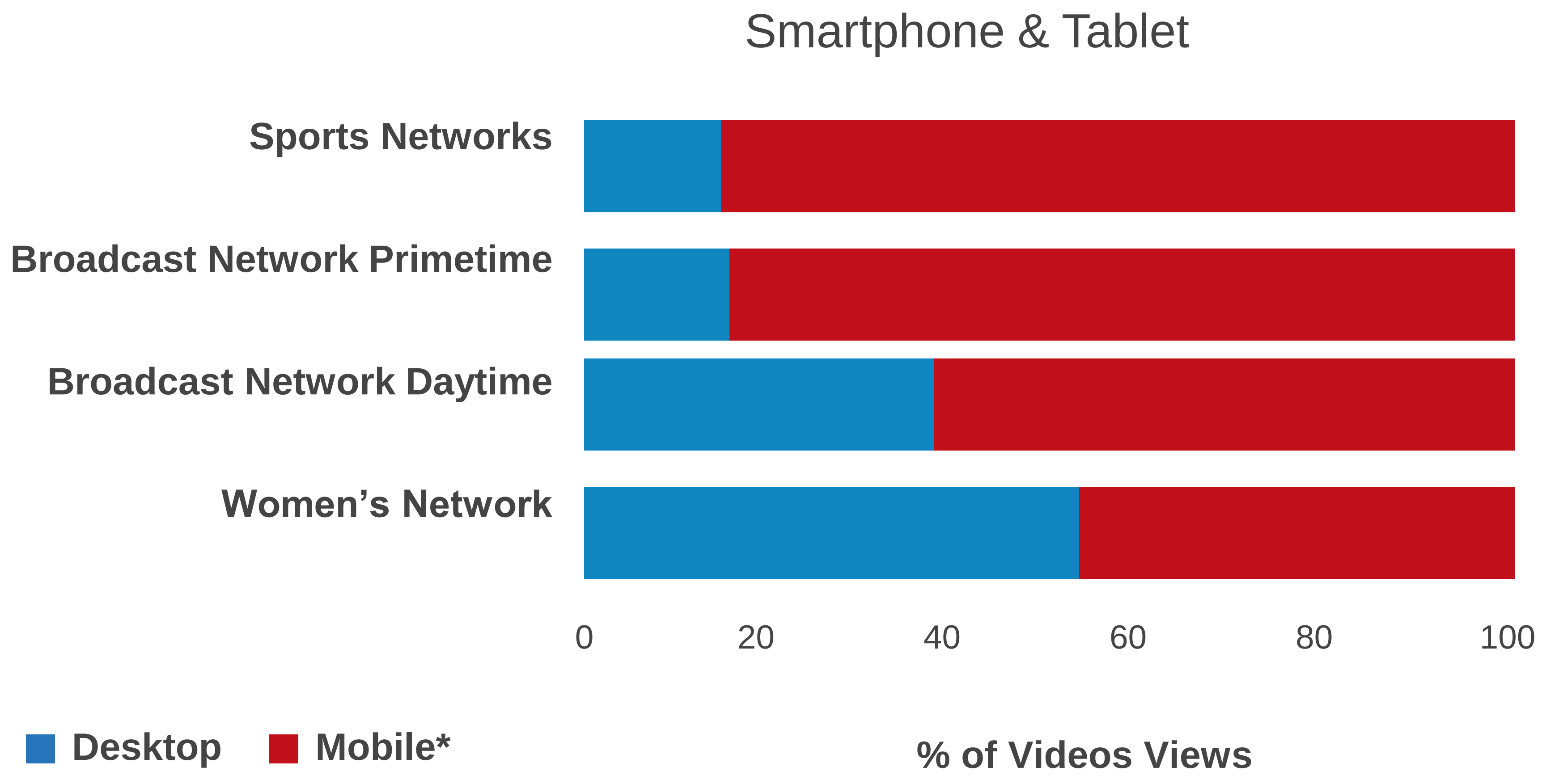
Source: comScore, Inc., Media Metrix Multi-Platform, Mobile Metrix CA, Persons 2 +, 18+, Monthly Q3 Avg. 2014 vs. Monthly Q4 Avg. 2014

Mobile vs. Desktop skew of selected categories



Source: comScore Inc. Media Metrix Multi-Platform, CA, Persons 2+, 18+, Jan 2015

TV Network Audiences are watching TV/Video on MOBILE



Insight

New US Data shows **mobile platforms** beginning to take **share of digital video views.**

*Percentage of Video Views is based off of tagged content
Source: Video Metrix Multi-Platform, November and December 2014, US data

Digital Advertising

Digital Advertising in Canada is…

STILL DOMINATED BY STANDARD-SIZED, STATIC ADS

Whilst creative new ad formats and rich media show growth, the majority of ad revenue is still delivered through standard sized, static units.

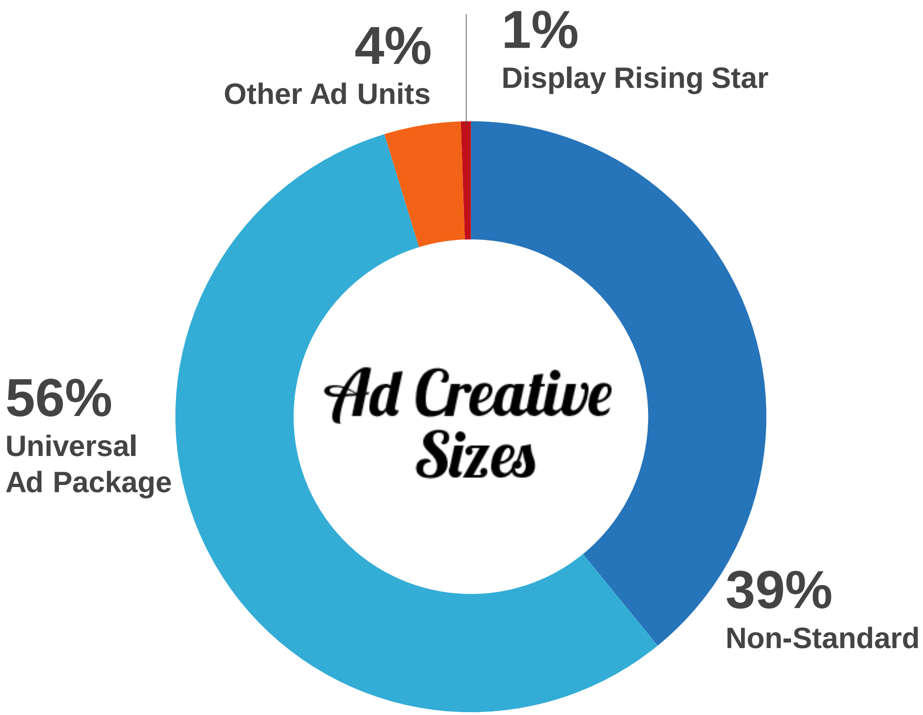
LED BY FINANCE / RETAIL ADVERTISERS & SOCIAL MEDIA PUBLISHERS

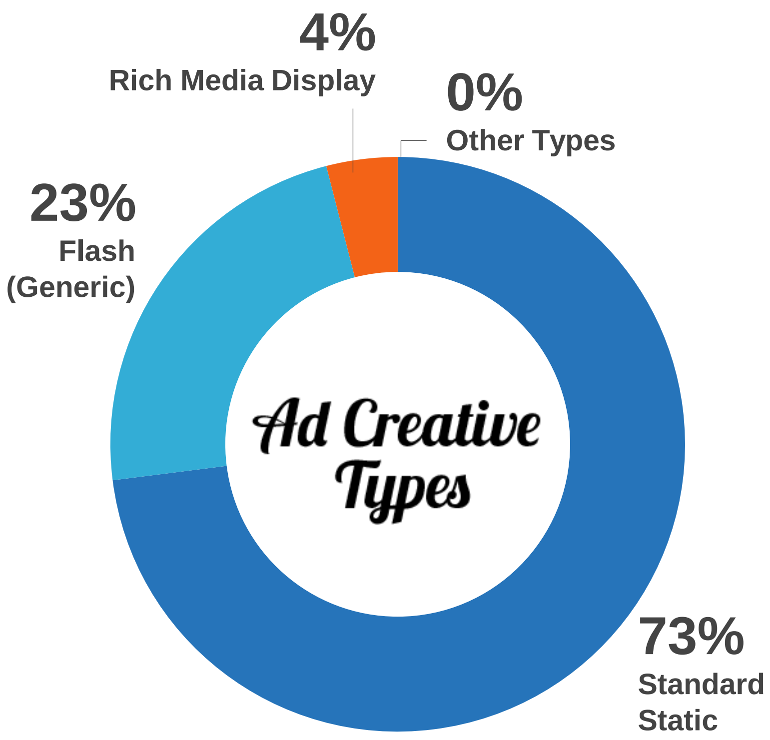
Many industries enjoy significant digital spend, with advertisers split across many categories. Spending on publishers is heavily weighted to social, although significant amongst many other categories.

IMPROVING WITH VERIFICATION AND VIEWABILITY MEASURES

With growth in automated ad buying, advertisers must increasingly take steps to ensure inventory quality in terms of verification (ads delivered to humans) and viewability (ads with a chance to be seen).

Advertising Creative Summary by Size and Type

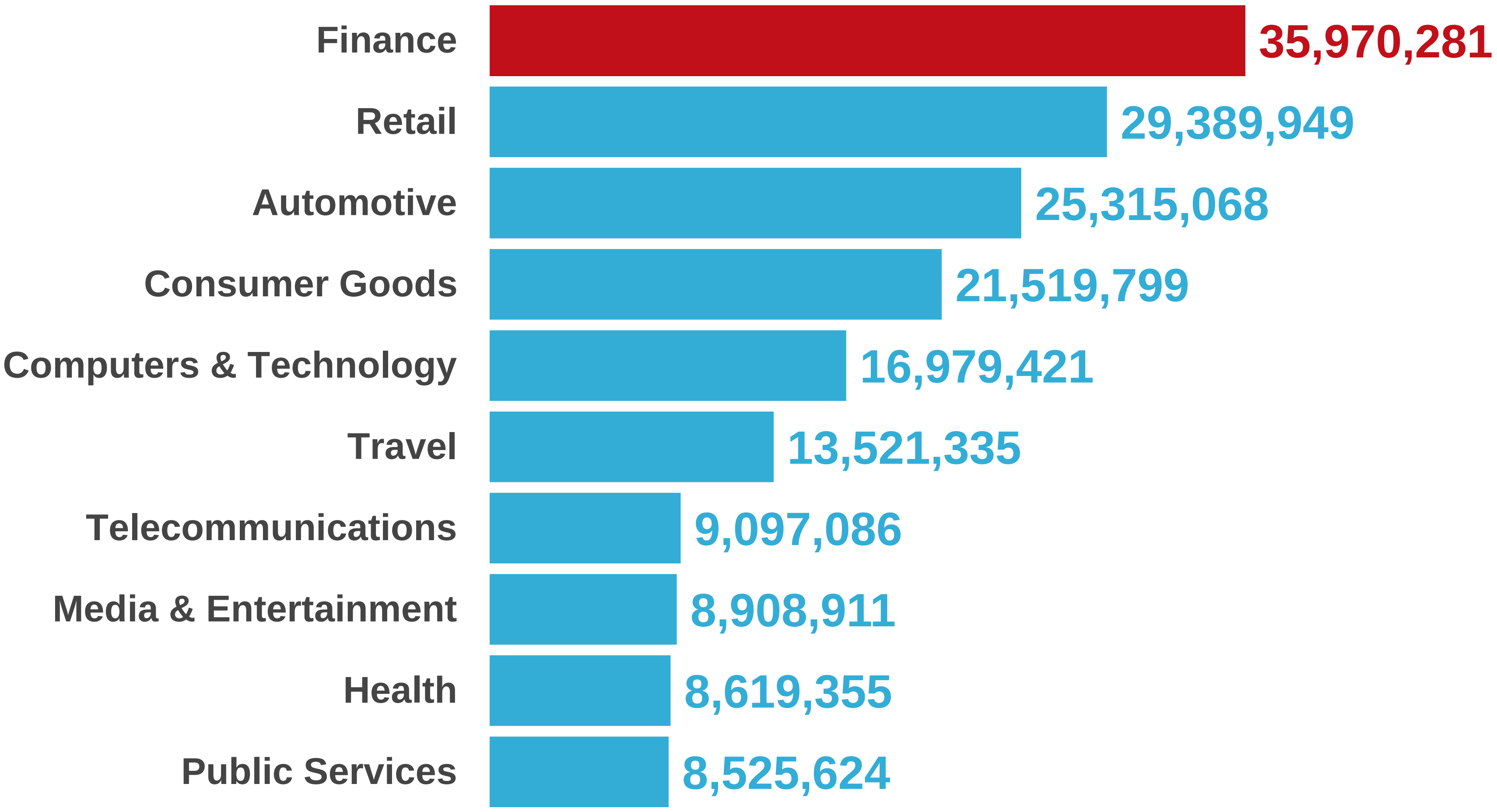




Insight

More than half of Canadian display ads are **universal ad package sizes** and **73% are standard static types.**

2014 Top Categories by Total Display Ad Impressions (000)

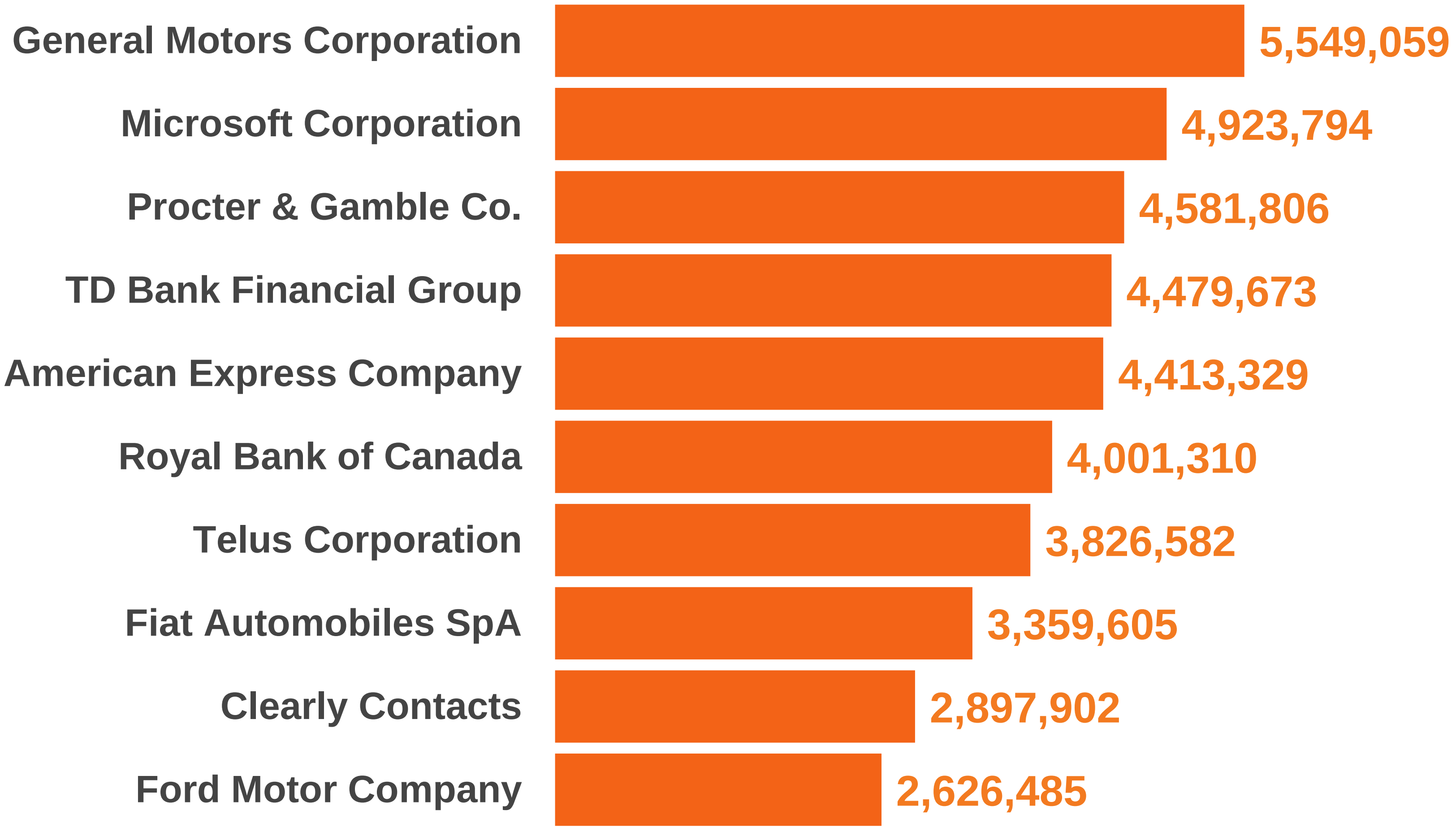


Insight

Finance ranked as the top sector for display advertising in 2014, followed by **Retail** and **Automotive.**

*Excluding Multi-Category Advertisers, Online Media
Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2014

2014 Top 10 Advertisers by Display Ad Impressions (000)

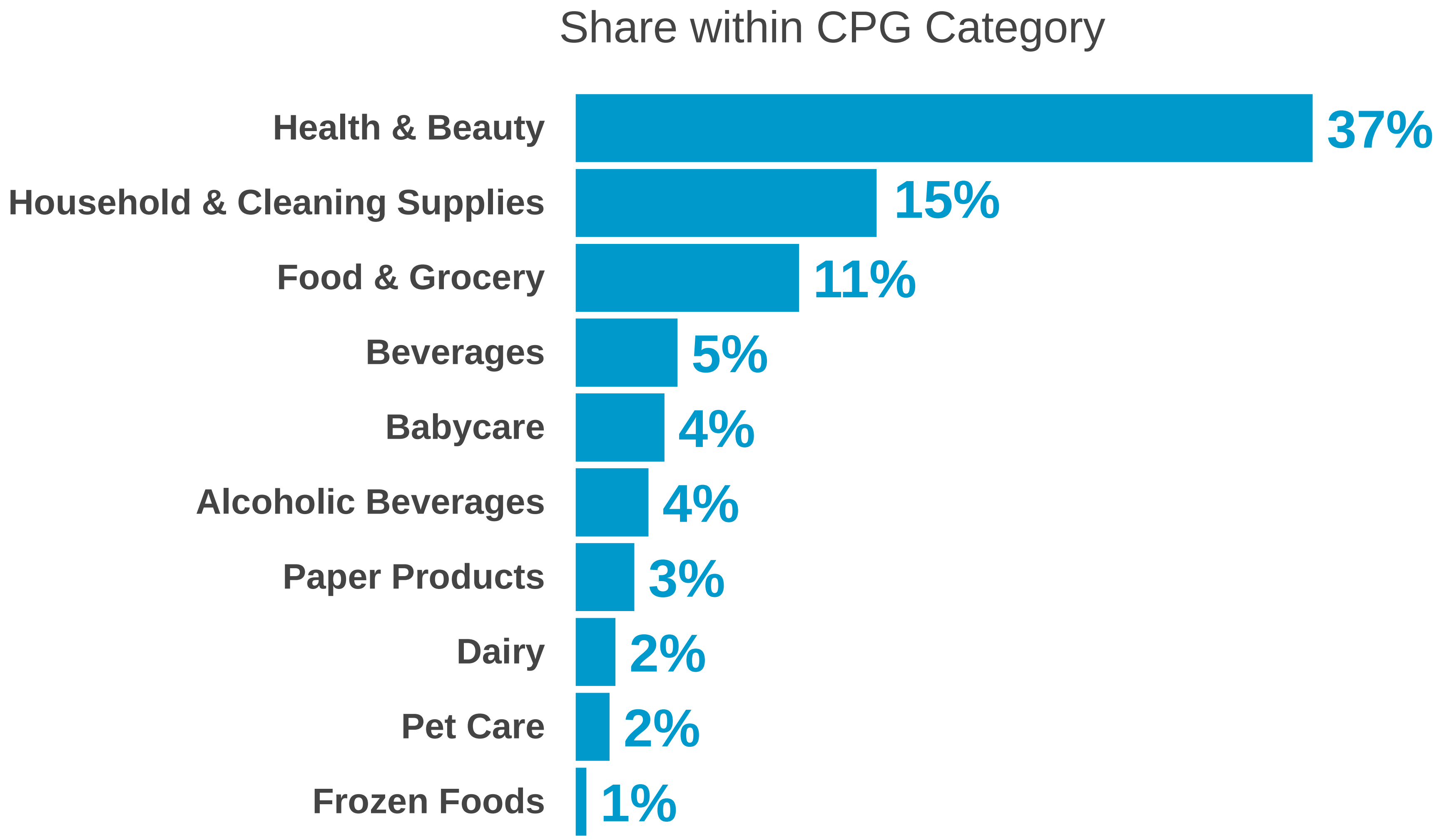


Insight

In 2014, more than **442 billion** display ad impressions were **delivered in Canada** during the year.

Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2014

Consumer Packaged Goods Advertising by Category

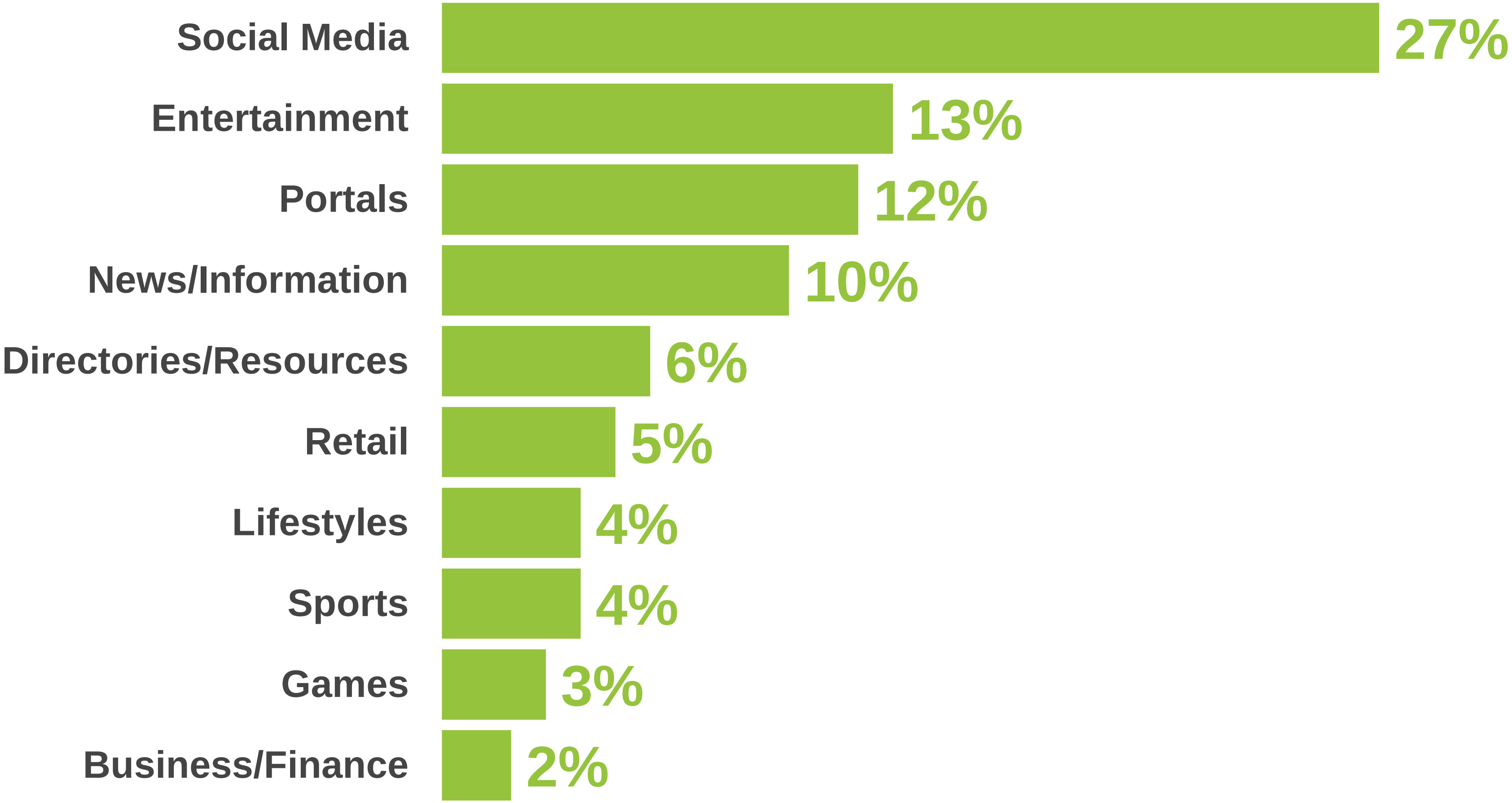


Insight

CPG display advertising is led by **Health & Beauty** sector, followed by **Household & Cleaning Supplies.**

*CPG = Consumer Goods (excluding Restaurants)
Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2014

Top 10 Display Advertising Publisher Categories*



Insight

Social Media sites account for **nearly 1 out of every 3** online display ads delivered in Canada.

*Excluding Corporate Presence, Promotional Servers, Services
Source: comScore, Inc., Ad Metrix, CA, Home & Work, Persons 2+, Annual Aggregate 2014

comScore validated Campaign Essentials (vCE) helps advertisers validate their digital campaigns across a number of variables

A **single ad tag** is appended to every creative to provide a **complete view of campaign delivery**

Census + Panel = udm

comScore's **global two million person panel** is used in conjunction with **census-data** to validate **target audience** delivery

vCAMPAIGN ESSENTIALS

vGRP

- In-View
- Geography
- Non-Brand Safe
- Non-Human Traffic

Audience

- Age
- Gender
- Household Income
- Household Size
- Behavioral Segments

vCE online advertising norms show that more than half of ads are not delivered in-view, but geographic targeting is strong in Canada

% of Online Display Ad Impressions

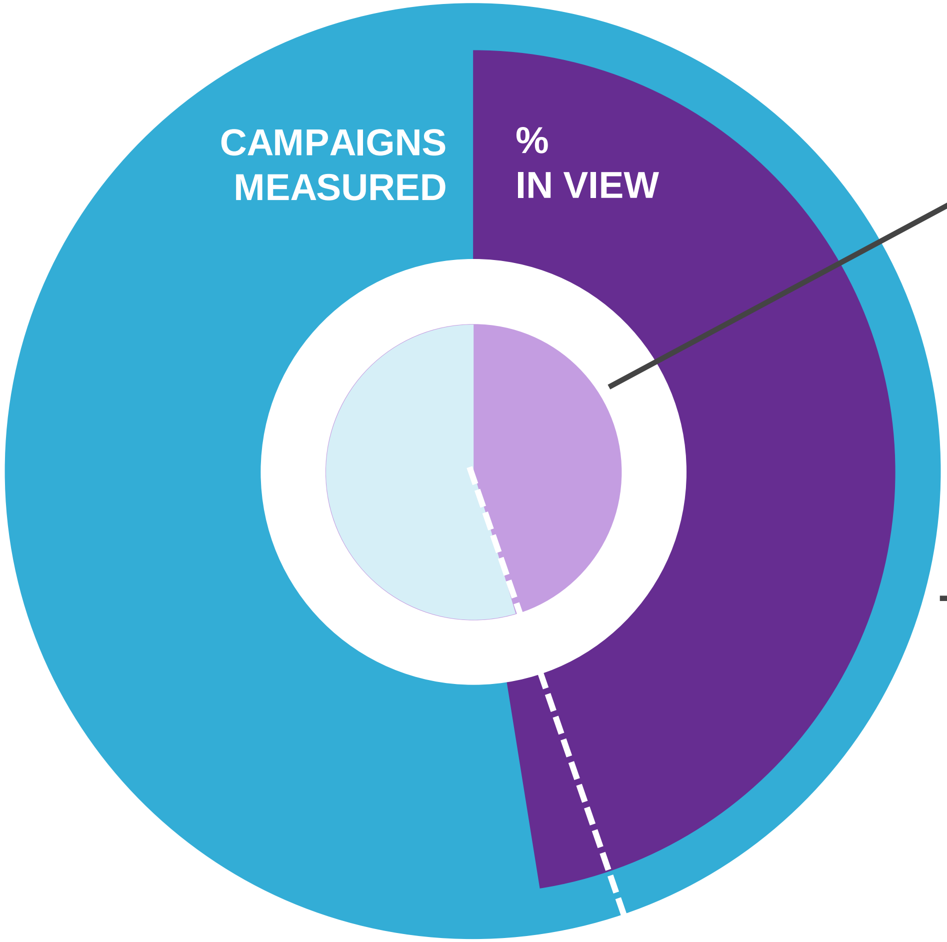
In-view	In-target
47.5%	45.7%

In-geo	Brand Safe*
99.0%	75.3%

Based on Q2 2014 Normative Canadian vCE data

*Non-Brand Safe refers to impressions that were alerted based on client defined and/or comScore defined non-brand safety

Growth in vCE usage, growth in industry quality



2013

1x campaigns measured

44.4% in view (41.1% in target)

2014

8x campaigns measured

47.5% in view (45.7% in target)

Summary and Implications

Key Findings

MOBILE & MULTI-PLATFORM CREATES FURTHER DIGITAL OPPORTUNITY

With mobile audiences growing in reach and performing a growing range of activities, desktop no longer tells the full story. The 28 million ‘Total Digital Population’ includes incremental audience beyond desktop in all categories, and total time is double that of desktop alone. Over 14 million users access via more than one platform each month – approaching a Multi-Platform majority.

DON’T FORGET THE DESKTOP

Desktop maintains consistent audiences across diverse categories, with Canadians leading the world in key engagement metrics. Video consumption has become a mainstay of desktop – 73% of Canadians watch video, and on average spend 5.1 more hours per month doing so than their American counterparts.

DIGITAL ADVERTISING CAN BE STRENGTHENED FURTHER

Advertising continues to thrive, with 442 billion display ad impressions in 2014, led by Financial, Retail, and Automotive advertisers. There are opportunities for delivery and effect to be enhanced with diligent action taken from new and existing measurement opportunities.

6 Trends to Define 2015

MULTI-PLATFORM DELIVERS ON ITS PROMISE

As publishers and advertisers better understand the relative strengths of each platform, and learn how to best harness channels individually and in combination, Multi-Platform will deliver benefits beyond the sum of its parts.

RISE OF VIDEO CONTINUES, ESPECIALLY ON MOBILE

Both mobile and video continue to grow in Canada. With the rise of video delivery apps, mobile will become even more of a content delivery vehicle. Coupled with growth of social media video (and short-form ads) makes mobile the prime destination for brands and advertisers to focus video efforts.

AD MEASUREMENT MOVES TOWARDS A CURRENCY

New tools for viewability and detection of non-human traffic are already starting to raise the bar for campaign delivery. As more brands unlock the benefits of more closely aligning their spend with the impact on their brand, these new metrics will move towards ‘currency’ status. Discerning the true value of media will be even more crucial in the growing programmatic marketplace.

APPS AND NATIVE CONTENT SHAPE MOBILE SPACE

With apps already accounting for huge swathes of mobile time, brands and publishers will continue to reap the benefits of content designed especially for the platform. Native advertising is a means for publishers to offer incredible Multi-Platform synergy to their commercial partners.

THE BROADENING UMBRELLA OF ‘DIGITAL’

With more and more platforms (such as TV) becoming inextricably linked with digital, and new devices (such as wearables) shaping the landscape, new opportunities for Cross-Media content and advertising are presented, but come with new challenges.

NEW ROLES FOR DIGITAL DEVICES

M-Commerce continues to grow with a shift to larger screen sizes and increased consumer comfort with these platforms, whilst longer-form content (both written and video) enjoys a growth on digital platforms, as consumers continue to invest more of their media time here.

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

Methodology

comScore validated Campaign Essentials™

validated Campaign Essentials (vCE®) is an integrated solution for complete campaign delivery validation and in-flight optimization. Unlike existing single-point solutions, vCE provides an unduplicated accounting of impressions delivered across a variety of dimensions, such as in-target, in-view, in-geo, brand safe and free from non-human traffic (NHT). Used by media buyers and sellers, vCE enables decreased waste and increased campaign effectiveness.

http://www.comscore.com/Products/Advertising-Analytics/validated-Campaign-Essentials

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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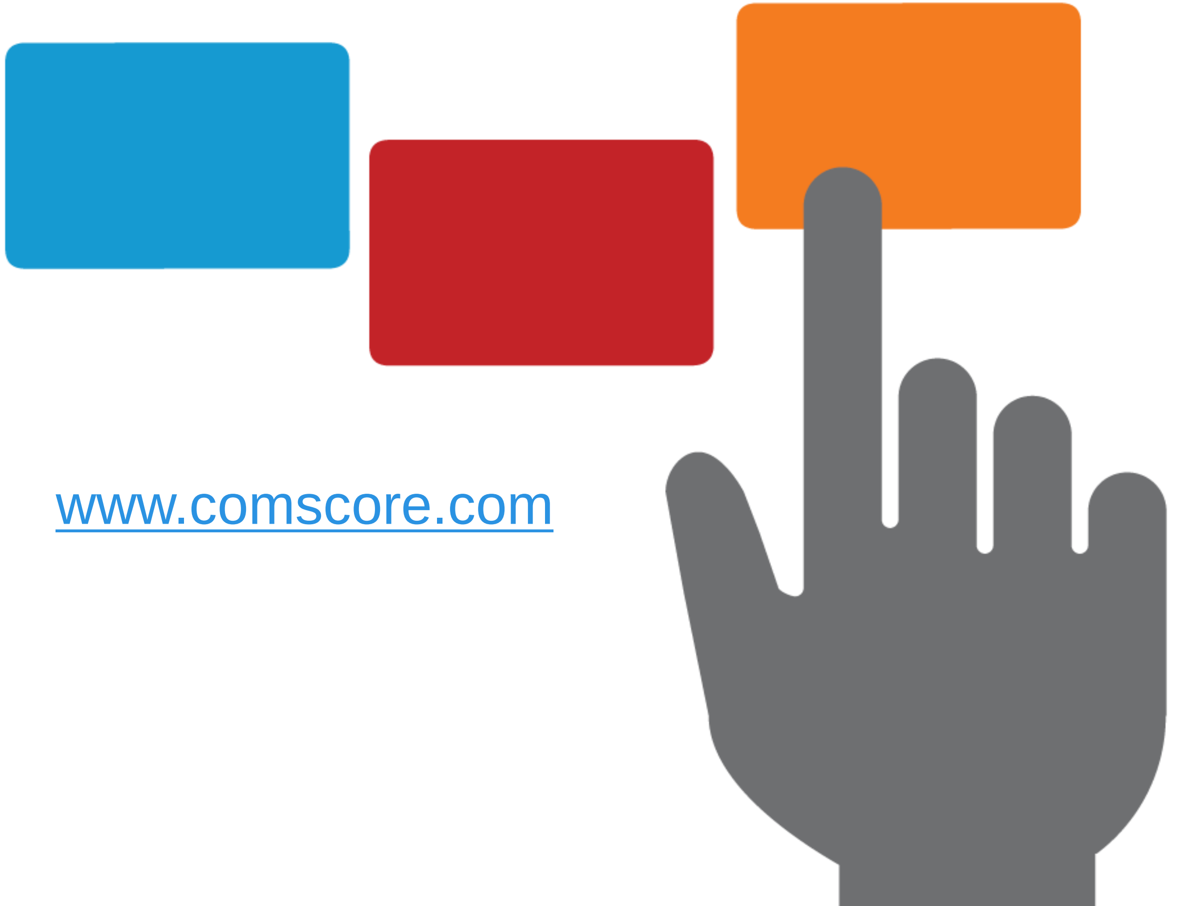

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