The Canadian TV Industry

September 2014
Canadian TV Overview
Agenda

- Canadian TV Overview
- Who is Watching?
- Who are the Broadcasters?
- Characteristics of the Canadian TV Industry
  - Regulatory Body
  - Audience Measurement
  - Broadcaster Ownership Groups
  - Planning and Buying
Welcome to Canada!

Bienvenue à Canada!

- A confederation of 10 provinces
- Two founding European ancestries - England and France - hence two official languages and two parallel media structures
- Multi-cultural community, with some of the highest concentrations of ethnic diversity in the world
The Canadian Market

- 34.1 million people
- 42 TV markets
- 13.9 million TV households

Source: CCH · BBM Canada – Jan ‘11
Total Advertising Revenue

- $12.5 billion total advertising market
- $3.6 billion is TV
- $103 - per capita TV ad spend

Source: NAV 2013
Top TV Markets in North America

Toronto is the 5th largest market in North America

New York: 19.79 MM
Los Angeles: 16.90 MM
Chicago: 9.34 MM
Philadelphia: 7.43 MM
Toronto: 7.36 MM
Dallas: 6.91 MM
San Francisco: 6.71 MM
Boston: 6.27 MM
Houston: 6.14 MM
Atlanta: 5.91 MM

Source: TVBasics 2013-2014
Top 10 Canadian TV Markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Population 2+ (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto</td>
<td>7.57</td>
</tr>
<tr>
<td>Montreal</td>
<td>4.76</td>
</tr>
<tr>
<td>Vancouver</td>
<td>3.51</td>
</tr>
<tr>
<td>Kitchener-London</td>
<td>1.87</td>
</tr>
<tr>
<td>Edmonton</td>
<td>1.75</td>
</tr>
<tr>
<td>Calgary</td>
<td>1.67</td>
</tr>
<tr>
<td>Ottawa-Gatineau</td>
<td>1.52</td>
</tr>
<tr>
<td>Quebec City</td>
<td>1.11</td>
</tr>
<tr>
<td>Winnipeg</td>
<td>1.00</td>
</tr>
<tr>
<td>East Central Ontario</td>
<td>0.73</td>
</tr>
</tbody>
</table>

Source: TVBasics 2013-2014
Dramatic Population Concentration

The top 10 markets represent 72% of the total population

This concentrated population distribution has lead to exclusively market-specific television planning and execution

– National ratings are not utilized as they would not accurately reflect Top 10 vs. minor market deliveries
– Given the importance of each major market, it is imperative to ensure delivery of planned support levels in each
  • e.g. Toronto represents almost 22% of Canada’s total population

Source: BBM Canada Fall 2012-2013
Canadian Advertising Revenue Growth

Percentage change VYA

Source: TVB Canada, Net Ad Volume – CRTC/CNA/NMR/IAB
Share of Canadian TV Viewing

What we watch

Viewers 2+, M-Su 2a-2A, 2013

- Cdn Conv: 37.3%
- Cdn Spec: 37.4%
- US Conv: 4.0%
- US Spec: 6.9%
- Cdn Pay: 4.5%
- Cdn CS: 0.3%

Source: BBM Canada 2012-2013
Canadians’ Exposure to Ads on U.S. Stations

In spite of almost 13% share of total Canadian viewing to U.S. stations, exposure to U.S. placed ads is small

- While much of the programming airing on Canadian stations is of U.S. origin, cable and satellite companies are required by law to substitute American broadcasts with Canadian signals (programs and commercial) when both stations are airing the same program/episode simultaneously (i.e. Simulcast)

- Implemented to protect Canadian advertisers’ interests by ensuring that Canadians watch Canadian commercials

- Not surprisingly, Canadian broadcasters strive to maximize simulcast opportunities

Source: BBM Canada 2012-2013
Who is Watching?
Canadian Television Viewing Patterns

Canadians are watching more TV today than they did 10 years ago

![Average hours viewed per week](chart)

Source: TVBasics
Major Media Comparison

Overall, TV is the media with the highest consumption

Source: TVBasics 2013-2014 & comScore Jan-Mar 2013 avg
Television Technology Adoption

✓ 98% penetration

✓ 93% have access to TV services

✓ 85% have digital TV

✓ 53% have PVRs

✓ 73% are multi-set households

Source: TVBasics 2013-2014
Who are the Broadcasters?
## Major Suppliers in Canadian Media

<table>
<thead>
<tr>
<th></th>
<th>Conventional TV</th>
<th>Specialty TV</th>
<th>Radio</th>
<th>Magazine</th>
<th>Newspaper</th>
<th>Online</th>
<th>Out of Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Media</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
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<td>✅</td>
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<tr>
<td>Shaw Media</td>
<td>✅</td>
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<td>Rogers Media</td>
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<tr>
<td>Corus Entertainment</td>
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<td>Astral Media</td>
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<td>CBC Television</td>
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<td>TVA</td>
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</table>
Geographic Coverage by Broadcaster

CTVglobe media
Geographic Coverage by Broadcaster
Geographic Coverage by Broadcaster
Geographic Coverage by Broadcaster
Major Broadcast Groups – Specialty Networks

- CBC Television
- Radio-Canada Télévision
- Astral
- Corus
- CBC News Network
- RDI
- CANAL+C
- Téléïa
- Télétoon
- Nickelodeon
- Cosmopolitan
- W Network
- Sundance Channel
- Series+
Characteristics of the Canadian TV Industry

Regulatory Body
The Canadian Radio-Television and Telecommunications Commission (CRTC) is an independent agency responsible for regulating Canada's broadcasting and telecommunications systems. The CRTC reports to Parliament through the Minister of Canadian Heritage. The Canadian industry comprises public and private ownership – however majority the are private. Current regulations do not limit commercial time. Canadian broadcasters are required by the CRTC to produce and air Canadian content. The intent is to develop popular programming relevant to Canadians as well as to support the production and talent communities.
Characteristics of the Canadian TV Industry

Broadcast Ownership Groups
Broadcasters Ownership Groups

- English
  - Bell Media
  - CBC television
  - Global
  - Rogers Media
  - Shaw Media
  - Corus Entertainment

- French
  - TVA
  - Radio-Canada Télévision
  - Astral
**English Broadcasters**

**Canadian program production:**

All private broadcasters provide some original Canadian content

- However, developing original programming is costly relative to size of the Canadian market
- As a result, Canadian broadcasters purchase U.S. programming and maximize simulcast for largest viewing audience potential
- Where relevant, broadcasters will produce a Canadian version of a U.S. hit - e.g. American Idol
- Major broadcaster groups own both conventional and specialty/cable stations

**CBC is the national public broadcaster in Canada**

- CBC’s mandate is to develop and deliver programs that reflect the Canadian experience
- CBC provides extensive national coverage in all major & minor markets
- CBC receives funding from the federal government as well as revenue from commercial sales
French Broadcasters

French-speaking population base is 6.8 million (20% of all of Canada)

Quebec networks feature mostly locally made productions: Why? To reflect Quebecers’ overwhelming preference for “home-grown” product (versus English Canada, where US product is preferred)

<table>
<thead>
<tr>
<th>Market</th>
<th>Program</th>
<th>2+ Rtg</th>
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</thead>
<tbody>
<tr>
<td>Montreal F</td>
<td>Tout Le Monde</td>
<td>26.1%</td>
</tr>
<tr>
<td>Montreal E</td>
<td>Amazing Race</td>
<td>12.1%</td>
</tr>
<tr>
<td>Toronto</td>
<td>Survivor</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Overall tuning levels are equivalent in both English & French Canada

There is less fragmentation in French Canada - hence higher ratings
SRC (French-language equivalent of CBC) is also a national public broadcaster
Public Broadcasters

- CBC/SRC - Canadian Broadcasting Corporation/ Société Radio-Canada (national)
- Télé-Québec - Quebec (regional)
- Saskatchewan Communications (regional)
- TVO - Ontario’s public broadcaster (regional)
- Knowledge Network - British Columbia (regional)
Multicultural Broadcasters

- Stats Canada employed 62 languages in completing the form census
- Broadcasters are expanding their multilingual programming services

Rogers:
- Ontario – OMNI.1 and OMNI.2
- Calgary – OMNI
- Edmonton – OMNI
- Vancouver – OMNI Vancouver

Vision:
- Canada's multi-faith and multicultural broadcaster is available as a basic service on cable and satellite

Fairchild TV:
- A popular Asian channel that is carried by the listed cable, satellite systems and broadcast

Channel Zero:
- Montreal - CJNT

Source: Statistics Canada 2006 Census
Aboriginal Broadcasters

APTN Aboriginal People’s Television Network is a mandatory service available in over 10 million Canadian households and commercial establishments.

Inuit and Métis people have the opportunity to share their stories with the rest of the world on a national television network dedicated to Aboriginal programming, documentaries, news, dramas, entertainment specials.
Characteristics of the Canadian TV Industry

Audience Measurement
Audience Measurement Currency

- Base: Demographic Groups* within DMAs
  - Cost Per Rating Point - CPRP
  - Cost Per Thousand - CPM

- CPRP and CPM are the currency for planning and buying commercial airtime in Canada
  - CPRP is always DMA-specific

- A national rating is not functional in Canada:
  - Population skews to major centres
  - Under-represents rural Canada

*Definition options: measurement data may be extracted using a variety of qualitative criteria
Audience Measurement Methodology

BBM Canada provides meter measurement nationally and in five markets, 52 weeks a year:

- Toronto, Vancouver, Calgary, Halifax, and Montreal
- National audiences are measured through a national PPM sample as of September, 2009

Quebec and Montreal Francophones are measured by BBM Personal Portable Meters
Audience Measurement Methodology

Diary measurement for these 7 markets occurs in the fall and spring
Audience Measurement Methodology

Diary measurement for these minor markets occurs in the fall and spring

- Saint John-Moncton
- Okanagan-Kamloops
- Sherbrooke
- Sudbury-Timmins/
  North Bay-S.S.M
- Kitchener/London
- Barrie
- Windsor
- St.John’s-Corner Brook
- Windsor
- Saskatoon
- Regina-Moose Jaw
- Saguenay
- Red Deer
- Thunder Bay
- Carleton
- Sydney-Glace Bay
- Rouyn-Noranda
- Charlottetown
- Rivière du Loup
- Prince Albert
- Brandon
- Pembroke
- Lloydminster
- Yorkton
- Medicine Hat
- Terrace-Kitimat
- Dawson Creek
- Kenora
- Rim.Mat.Sep.Iles
Characteristics of the Canadian TV Industry

Planning and Buying
Planning and Buying

The Canadian advertising industry, comprising of broadcasters, agencies, and advertisers, operates similarly to the US

### Key Objectives

<table>
<thead>
<tr>
<th>Broadcasters</th>
<th>Agencies</th>
<th>Advertisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Manage inventory for maximum return</td>
<td>- Lowest costs in market place</td>
<td>- Lowest rates</td>
</tr>
<tr>
<td>- Build client base</td>
<td>- Flexibility with suppliers</td>
<td>- Deep consumer insights &amp; effective communication strategies</td>
</tr>
<tr>
<td>- Maximize unit rates</td>
<td>- Insightful and innovative client solutions</td>
<td>- High profile/ visibility</td>
</tr>
<tr>
<td>- Forecast the market place accurately</td>
<td>- Preferred client status</td>
<td>- Creativity &amp; Innovation</td>
</tr>
<tr>
<td>- Increase sales year over year</td>
<td>- Added value at no cost</td>
<td>- Positive business results</td>
</tr>
<tr>
<td>- Increase share of tuning/advertising $</td>
<td>- Growth in existing business</td>
<td>- Flexibility</td>
</tr>
<tr>
<td>- Implement successful program strategy</td>
<td>- Increased margins</td>
<td></td>
</tr>
<tr>
<td>- Realize margins via product placement, integration, sponsorship</td>
<td>- Growth of client base</td>
<td>- Media planning begins with an in-depth briefing on the client’s overall business, marketing objectives, and advertising objectives – both historically and the coming year</td>
</tr>
<tr>
<td>- Offer multi-platform extensions and multi-media opportunities</td>
<td>- Delivery of established objectives</td>
<td></td>
</tr>
</tbody>
</table>

Media planning begins with an in-depth briefing on the client’s overall business, marketing objectives, and advertising objectives – both historically and the coming year.
Planning and Buying

Key components of the television plan are:

- **Target group**: Who is the media plan intended to reach
- **Why**: Increase sales, brand launch, brand awareness, etc.
- **When**: Time of year
- **Where**: Geographical coverage
- **Media mix**: Various television platforms, etc.
- **Reach/Frequency** = Gross Rating Points (GRPs) on market-by-market basis
- **Day-part mix**: % prime, % weekend, etc.
- **Budget**: Agency’s experience, clout, and prevailing market conditions

Client approval to the media plan/ budget release, allows media buyers to proceed with negotiations/ commitment
The Canadian Upfront

- Canadian Broadcasters and agencies attend the U.S. Upfront to prepare for selection of U.S. programs for the upcoming Canadian fall TV season.
  - The upfront allow the Canadian contingent the opportunity to view the new programs and gauge audience reaction.

- Canadian broadcasters participate in aggressive bidding for selected programs and complete negotiations in Los Angeles.

- Each Canadian broadcaster hosts a fall presentation event in early June.

- At the same time, agencies are preparing for negotiations by assessing spending volumes and program preferences.

- Broadcaster/agency agreements are a combination of agency and client-specific commitments.

- Agreement base options – CPM (network) or CPRP (specific market).
Additional TV Buying Details

- Client-buying can occur at any point in the year. Campaigns can be purchased:
  - Short term or long term
  - Seasonally
  - Nationally, regionally or locally

- Historically, the highest demand for commercial time occurs in the fall of each year, followed by spring, with the lowest demand in summer and Jan/Feb

- Market pricing typically reflective of supply and demand
  - Early marketplace entry is critical to securing the best inventory at lowest rates
The National Buy

Assumed objective:

- To deliver a consistent weight in all planned markets

- Upon client approval, all national networks operating in Canada are contacted for briefing and invitation to submit proposal
  - Objectives will define mix of conventional and specialty
  - Again, share of tuning will guide share of budget

- Of note, each program is evaluated for rating delivery in each DMA separately
  - Likely that the same program will deliver a different rating in each market
  - Completed network buy will deliver variable weight levels by DMA

- Buyer will purchase inventory from regional and then local inventory in order to deliver overall weight consistent with established objective
The Regional Buy

Example: Ontario

The regional buy (usually defined by province) comprises a number of markets – buy objectives by DMA can be consistent or variable.

Upon client approval, all regional networks operating in Ontario are contacted for briefing and invitation to submit proposal. Share of tuning will guide share of budget

Of note, each program is evaluated for rating delivery in each DMA separately

Likely that the same program will deliver a different rating in each market

Last buy layer in regional buy – local inventory to deliver overall weight consistent with established objectives
The Local Buy

Example: Toronto

Upon client approval, all stations operating in Toronto are contacted for briefing and invitation to submit proposal. Generally, share of tuning will guide share of budget.

Completed buy will comprise multiple stations that, together, deliver GRP, daypart, and budget objectives established for the market.
Accountability to Advertisers

- Pre-buy reports provide an overview of completed buys:
  - Estimated
  - GRP and audience deliveries
  - Review of station selection and share
  - Program & added-value highlights
  - Spending details

- Post-buy reports provide an analysis of actual audience deliveries:
  - GRP and audience deliveries by station on a local market and national level
  - Compensation details for station/network under-deliveries
  - Lessons learned/ indicated action
Appendix
## Geographic Coverage by Broadcaster

<table>
<thead>
<tr>
<th>CTV National Network</th>
<th>Regional Networks</th>
<th>Local</th>
<th>Global National Network</th>
<th>Regional Networks</th>
<th>Local</th>
<th>CBC National Network</th>
<th>Regional Networks</th>
<th>Local</th>
<th>Radio-Canada National Network</th>
<th>Regional Networks</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>British Columbia</td>
<td>Vancouver</td>
<td>Alberta</td>
<td>British Columbia</td>
<td>Edmonton</td>
<td>Quebec</td>
<td>Quebec</td>
<td>Montréal</td>
<td>Chicoutimi/Jonquière</td>
<td>Chicoutimi/Jonquière</td>
<td>Montréal</td>
</tr>
<tr>
<td>British Columbia</td>
<td>Alberta</td>
<td>Kelowna</td>
<td>Manitoba</td>
<td>Alberta</td>
<td>Regina</td>
<td>Saguenay</td>
<td>Quebec City</td>
<td>Mondial</td>
<td>Rimouski</td>
<td>Quebec City</td>
<td>Sherbrooke</td>
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<tr>
<td>Manitoba</td>
<td>Saskatchewan</td>
<td>Red Deer</td>
<td>Ontario</td>
<td>Saskatchewan</td>
<td>Yellowknife</td>
<td>Sherbrooke</td>
<td>Trois-Rivières</td>
<td>Trois-Rivières</td>
<td>Trois-Rivières</td>
<td>Trois-Rivières</td>
<td>Sydney</td>
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<tr>
<td>New Brunswick</td>
<td>Quebec</td>
<td>Regina</td>
<td>Ontario</td>
<td>Quebec</td>
<td>London</td>
<td>Montréal</td>
<td>Trois-Rivières</td>
<td>Magog</td>
<td>Yellowknife</td>
<td>Trois-Rivières</td>
<td>Charlolettetown</td>
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<tr>
<td>Nova Scotia</td>
<td>Nova Scotia</td>
<td>Saskatchewan</td>
<td>Saskatchewan</td>
<td>Nova Scotia</td>
<td>Sydney/Cape Breton</td>
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## Major Broadcast Groups – Specialty Networks

<table>
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<th>CTVglobemedia</th>
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</tr>
</thead>
</table>

### Analog
- BNN
- Bravo!
- Pulse24
- CTV News Channel
- Discovery Channel
- RDS
- MTV
- MuchMusic
- MuchMoreMusic
- Space
- E!
- The Comedy Network
- TSN

### Digital
- Animal Planet
- BookTelevision
- Comedy Gold
- Discovery HD Theater
- Discovery Science
- ESPN Classic Canada
- Fashion Television
- Investigation Discovery
- MTV2
- MuchLOUD
- MuchMoreRetro
- MuchVibe
- NHL Network
- PunchMuch
- RIS Info Sports
- TSN2

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</thead>
</table>

### Analog
- Food Network
- HGTV
- History Television
- Showcase
- SLICE
- TVTropolis

### Digital
- BBC Canada
- BBC Kids
- DéjàView
- DIY Network
- Fox Sports World
- Global Reality Channel
- IFC
- MovieTime
- MysteryTV
- National Geographic
- Showcase Action
- Showcase Diva
- Twist TV

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### Analog
- OLN
- Rogers Sportsnet

### Digital
- Biography Channel
- G4 Tech TV

<table>
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<th>CTVglobemedia</th>
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### Analog
- CBC Newsworld

### Digital
- Bold
- Documentary Channel

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### Analog
- RDI

### Digital
- ARTV

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</tr>
</thead>
</table>

### Analog
- Canal D
- Canal Vie
- Historia
- MusiMax
- MusiquePlus
- Teletoon (Fre)
- Séries+
- VRAX
- Ztéle

### Digital
- Cosmopolitan TV
- Drive-In Classics
- Dusk
- HBO Canada
- Movie Network
- Nickelodeon
- OWN
- Sundance Channel
- Teletoon Retro