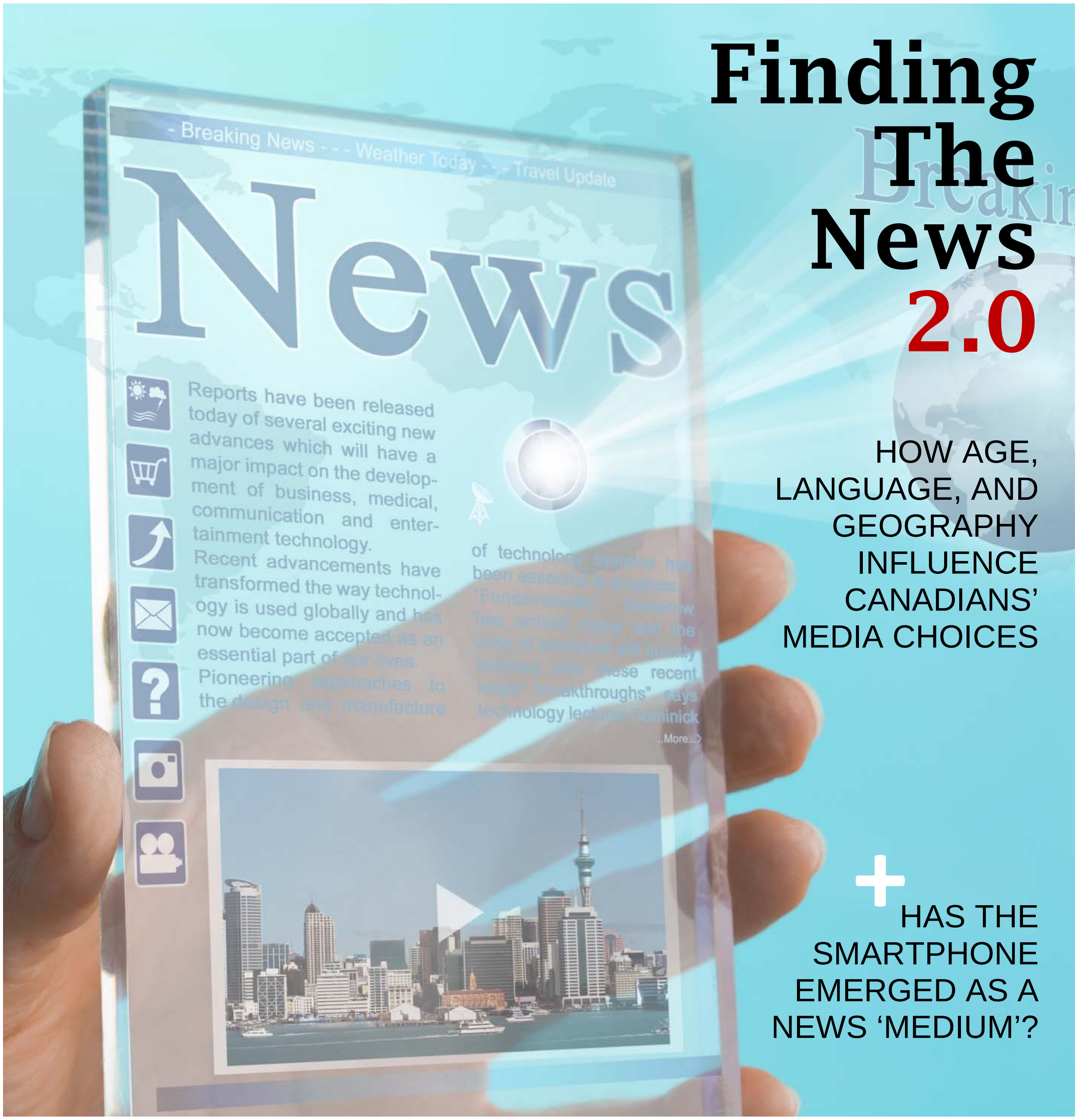


Finding The News 2.0

HOW AGE, LANGUAGE, AND GEOGRAPHY INFLUENCE CANADIANS' MEDIA CHOICES

+ HAS THE SMARTPHONE EMERGED AS A NEWS 'MEDIUM'?

A DISCUSSION PAPER FROM

Communic@tions Management Inc.

30 October 2018

Table of contents

List of figures

Introduction

In 2015, we published two discussion papers that examined the relationships between citizens and media:

- "Canada's Digital Divides" (August 2015)[1]; and
- "Finding The News" (December 2015)[2].

The data in those discussion papers were drawn from a number of sources, including two important surveys from Statistics Canada – the General Social Survey, and the Survey of Household Spending.

Since then, the Survey of Household Spending has continued to be done annually, with the 2016 data the most recently available at this time.[3] The General Social survey does not cover the same topics each time it is done. However, the General Social Survey done in 2016 did include some useful information on how Canadians relate to the media.[4]

Thus, the data from 2016 provide a useful context for assessing the ongoing changes in the media in Canada, and that is particularly true because the two Statistics Canada surveys have large sample sizes, which allow us to produce custom tabulations by home language, age groups, and size of area of residence.[5]

This update is based primarily on data from those two surveys.

The 2016 General Social Survey: Finding the news online, or in print newspapers

The 2016 General Social Survey (GSS) included some important questions about the way Canadians get the news, and particularly about the relationship between getting the news online (from any source) and getting it from print newspapers.[6]

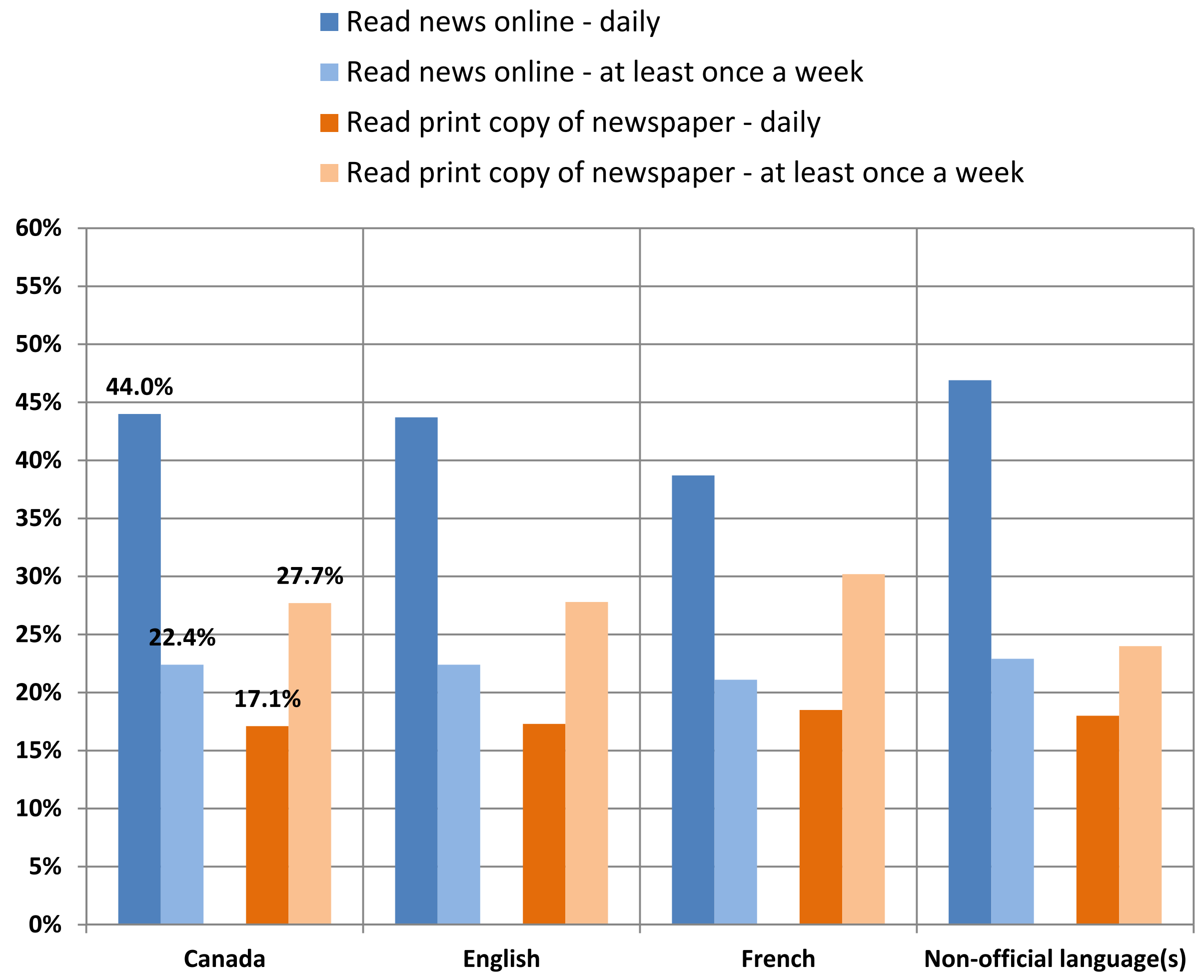
Among other things, it asked respondents (those 15 years of age and older) whether they went online for news daily or at least once a week, and whether they read a print copy of a newspaper daily or at least once a week.

Figure 1 indicates the overall results for Canada, and also provides breakdowns by home language.[7] As indicated in Figure 1, the patterns across language groups are broadly similar, with print being somewhat higher for those with French home language, and online being somewhat higher for those reporting "non-official language(s)".

---

[1] See: http://media-cmi.com/downloads/CMI_Discussion_Paper_Digital_Divides_082015.pdf
[2] See: http://media-cmi.com/downloads/CMI_Discussion_Paper_Finding_The_News_120315.pdf
[3] The CRTC used data from this survey in a report it issued in August 2018.
[4] 2016 also saw the restoration of the long-form Census of Canada.
[5] The sample sizes for the 2016 General Social Survey and for the 2016 Survey of Household Spending were each over 10,000. Both surveys were administered in the 10 provinces, but did not include the three territories; thus "Canada" totals are based on the data for the 10 provinces.
[6] Please note that Figures 1-10 in this paper are based on custom tabulations of data from Statistics Canada's 2016 General Social Survey.
[7] Please note that the term "non-official language(s)" encompasses "non-official language or multiple non-official languages".

1. Percentages of individuals, 15+, reporting reading news online, or reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – **by home language**



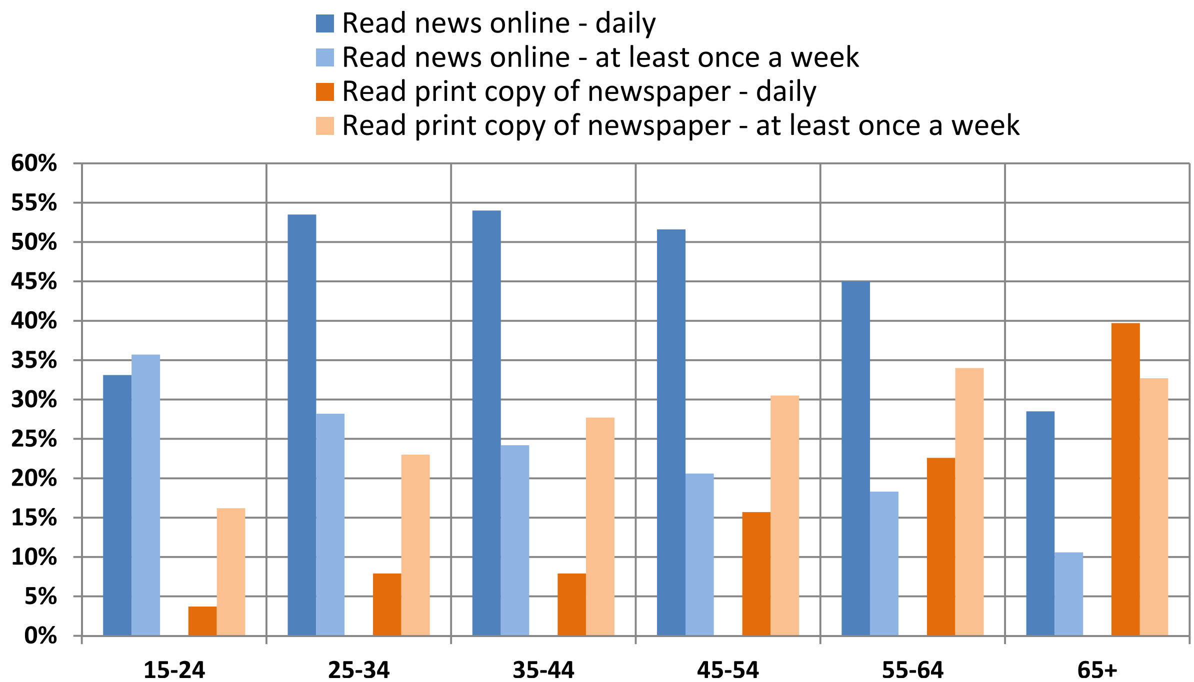
In Figure 2, we have presented the data by age group. The data in Figure 2 indicate a fairly clear pattern of online use decreasing with age, and print use increasing with age. But there is also an indication that, for the youngest group (15-24), there appears to be a somewhat lower overall interest in news, regardless of the platform or method of delivery.

In Figure 3, we have presented the data by size (population) of area of residence. As indicated in Figure 3, reading news online daily is highest in the largest metro markets (over one million in population). And, not surprisingly, reading a print copy of a newspaper at least once a week is highest in the smaller markets, where community (weekly) newspapers tend to be more prevalent.

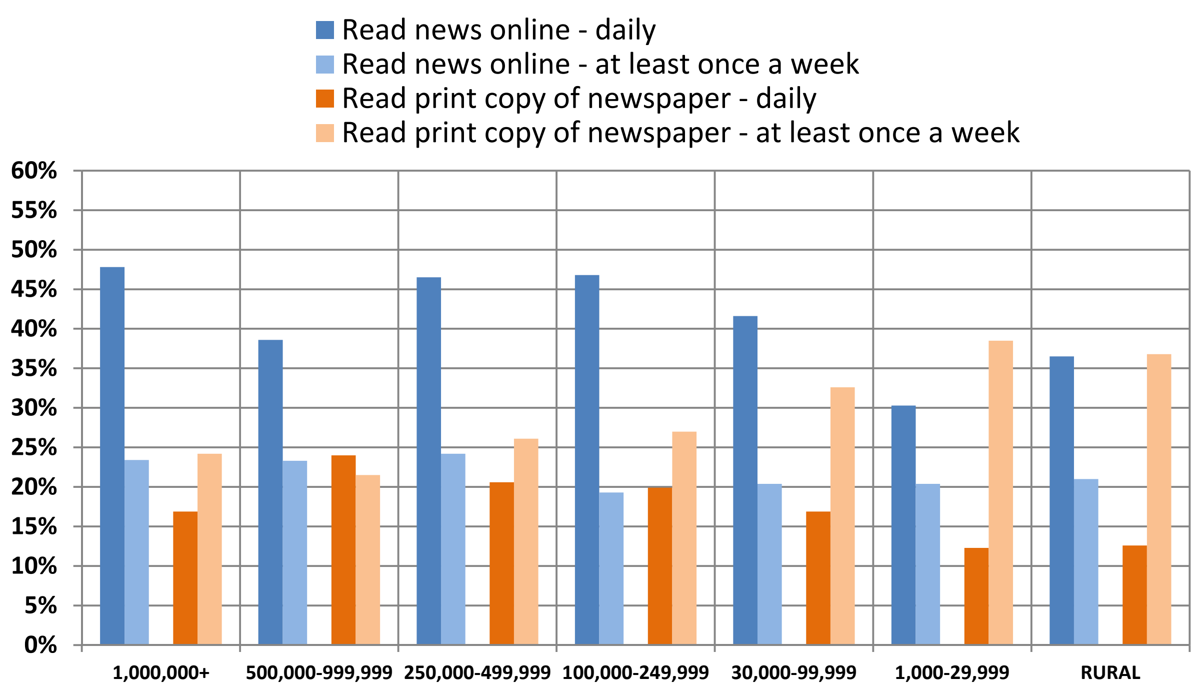
In Figure 4, we have presented the data for the top 12 (by population) Census Metropolitan Areas (CMAs) in Canada. As can be seen from Figure 4, among the 12 CMAs for which data are shown, the Vancouver CMA appears to have the highest percentage for reading news online daily.

Text continues on page 5 …

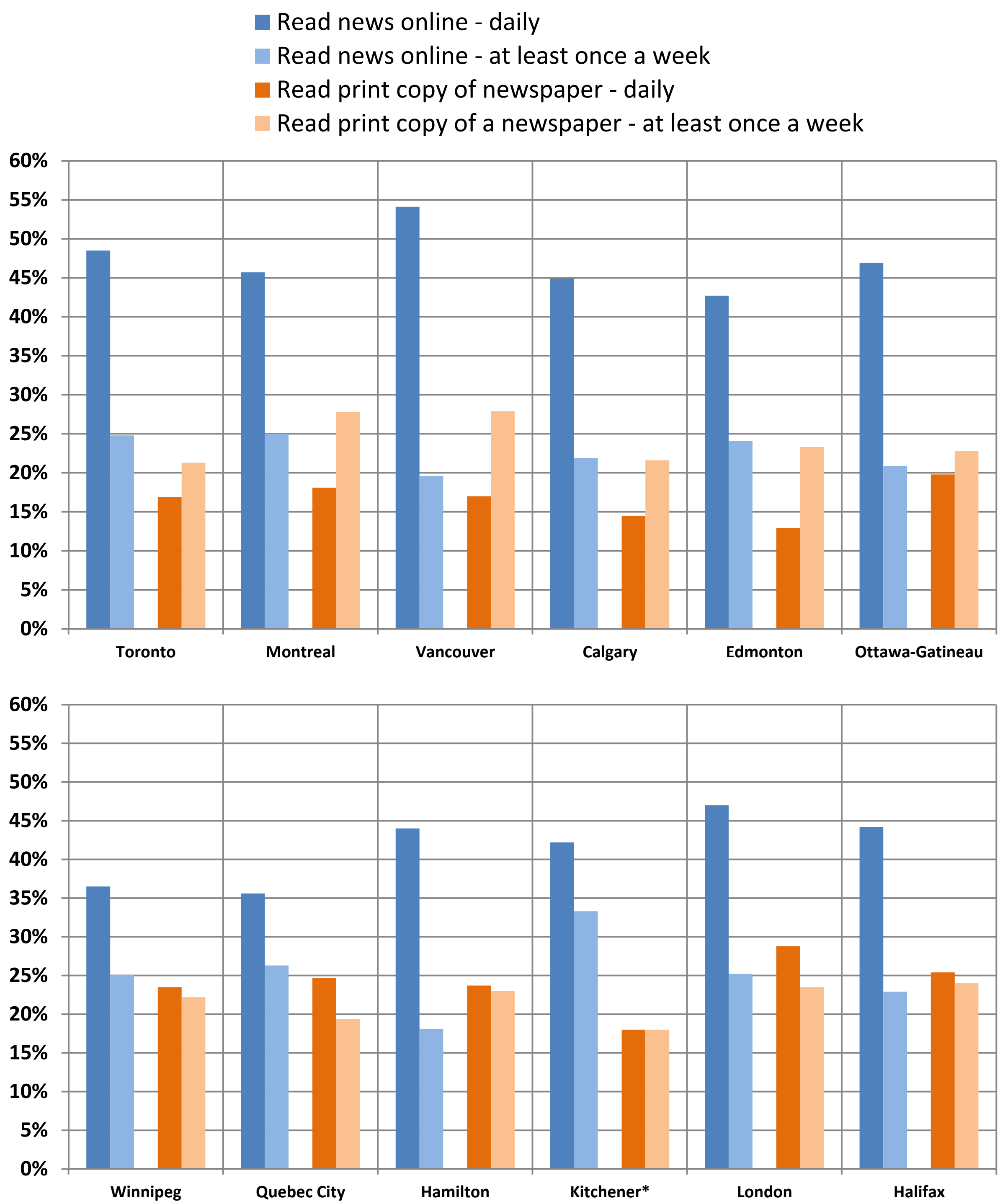
2. Percentages of individuals, 15+, reporting reading news online, or reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – **by age groups**



3. Percentages of individuals, 15+, reporting reading news online, or reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – **by size of area of residence**



4. Percentages of individuals, 15+, reporting reading news online, or reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – **by Census Metropolitan Area**



** Kitchener-Cambridge-Waterloo*

Online use of other media formats

In addition to asking respondents about reading news online (regardless of source) and reading print newspapers, the 2016 General Social Survey also asked about reading magazines online and in print, streaming online radio, and watching television online. While those questions were not linked as specifically with "news", the responses also indicate substantial use of online access and/or streaming to receive a wide variety of content and formats.

For watching television online, there is a clear link to the age groups of the respondents, with the youngest group (15-24) indicating the highest incidence, and the percentage then declining for each subsequent (older) age group.

In the case of streaming online radio, the incidence curve is actually highest across three age groups (cumulatively, from 25-54), and one might theorize that that reflects online radio listening at work.

Has the smartphone emerged as a news "medium"?

The 2016 General Social Survey also asked respondents about ownership of a number of devices with computing power and Internet connectivity. The results for the top four devices are presented in Figure 5.

As indicated in Figure 5, the most ubiquitous computing device in Canada is the smartphone.

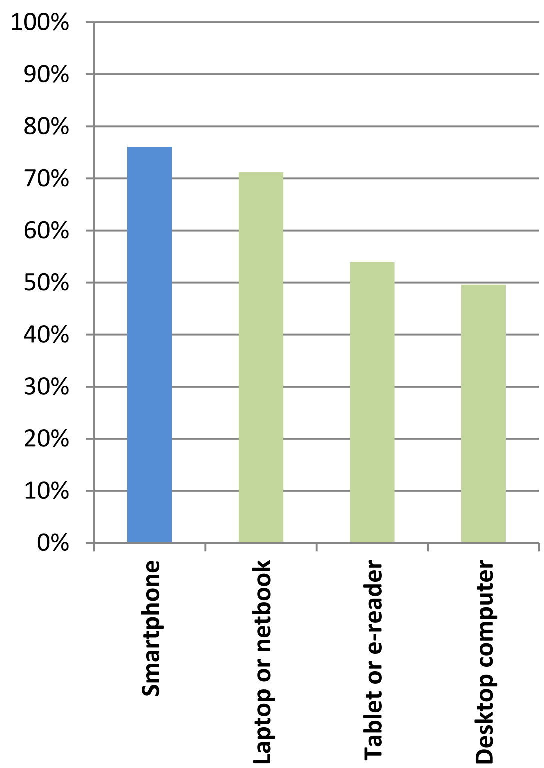
It's small, portable, and powerful. As McKinsey & Company noted in January 2018:

> ***"The processing power of today's smartphones [is] … greater than that of the computers that landed a man on the moon in 1969. These devices connect the majority of the human population …"[8]***

Can we consider the smartphone a news "medium"? That depends on what we mean by "media".

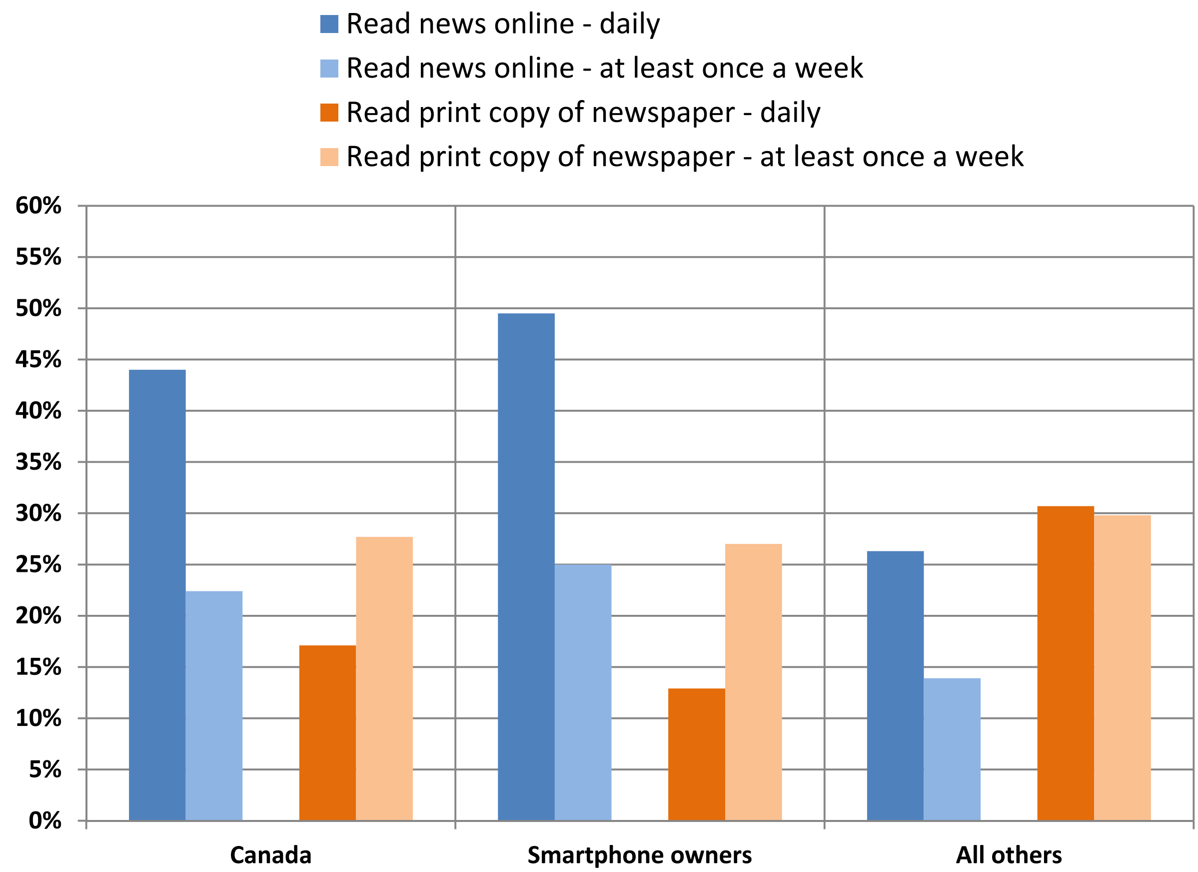
There are many overlapping definitions in today's media world. Years ago, media were viewed in separate "silos", based on formats – print, radio, television, etc.

5. Percentages of individuals, 15+, reporting ownership of selected devices, Canada, 2016



[8] "Why Digital Strategies Fail," *McKinsey Quarterly*, January 2018 [accessed at www.mckinsey.com].

6. Percentages of individuals, 15+, reporting reading news online, or reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – **by smartphone ownership**



And those separate media formats were often received on separate devices with the same name – for example, radio on a radio, television on a television set. Then the Internet emerged, and it has been called both a medium and a platform for other media, allowing numerous formats to be received on a single device, and from far more sources than was previously the case.

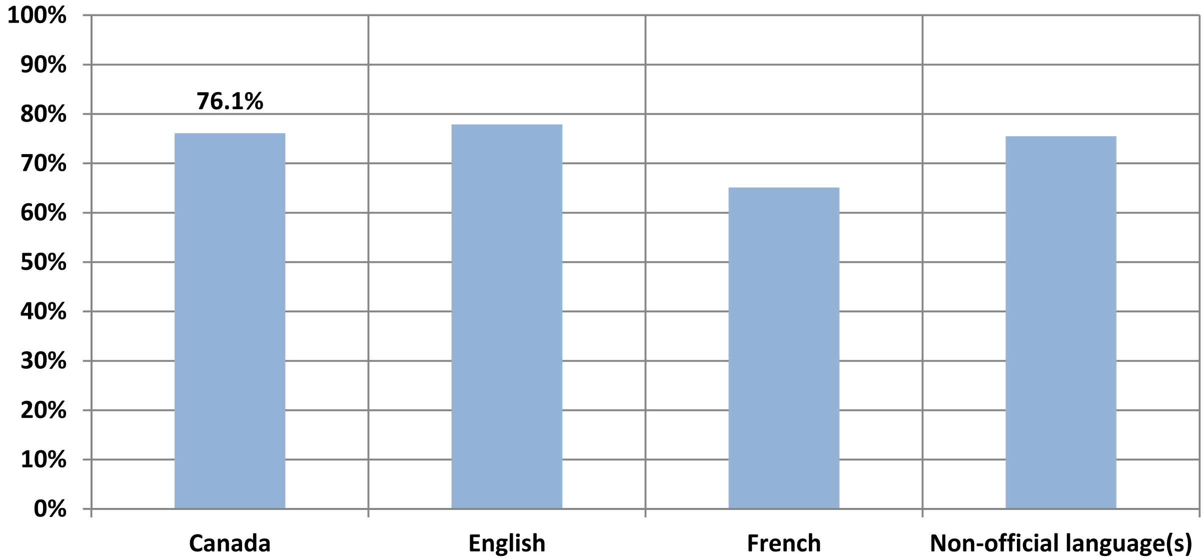
To the extent that we include devices as part of our definition, and because the nature of the device – portability, size, etc. – can influence the formats, then it might be argued that the smartphone has emerged as an important news "medium" in Canada.

In that context, it is interesting to note the results when we cross-reference smartphone ownership with the data for reading news online or in print, as we have done in Figure 6. As indicated in Figure 6:

- ***Smartphone owners are almost twice as likely to read news online daily, compared to those that do not own smartphones; and***

- ***Smartphone owners are less than half as likely to read a print copy of a newspaper daily, compared to those who do not own a smartphone.***

7. Percentages of individuals, 15+, reporting smartphone ownership, Canada, 2016 – **by home language**



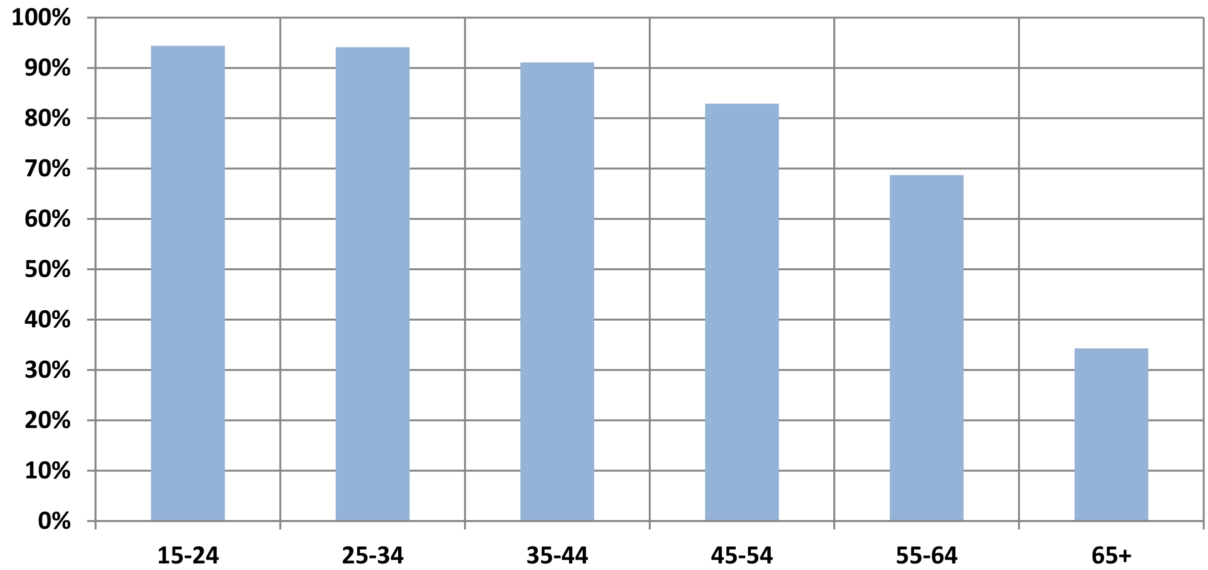
This does not necessarily mean that smartphone ownership itself causes people to go online for news; it may simply be that the demographics of smartphone owners are similar to the demographics of those who tend to seek news online. But, given the near ubiquity of the smartphone, it is not unreasonable to expect it to be the device through which a growing amount of news is consumed by Canadians.

With that in mind, we have constructed a series of charts which provide the data on smartphone ownership, using the same parameters as used for the consumption of online news:

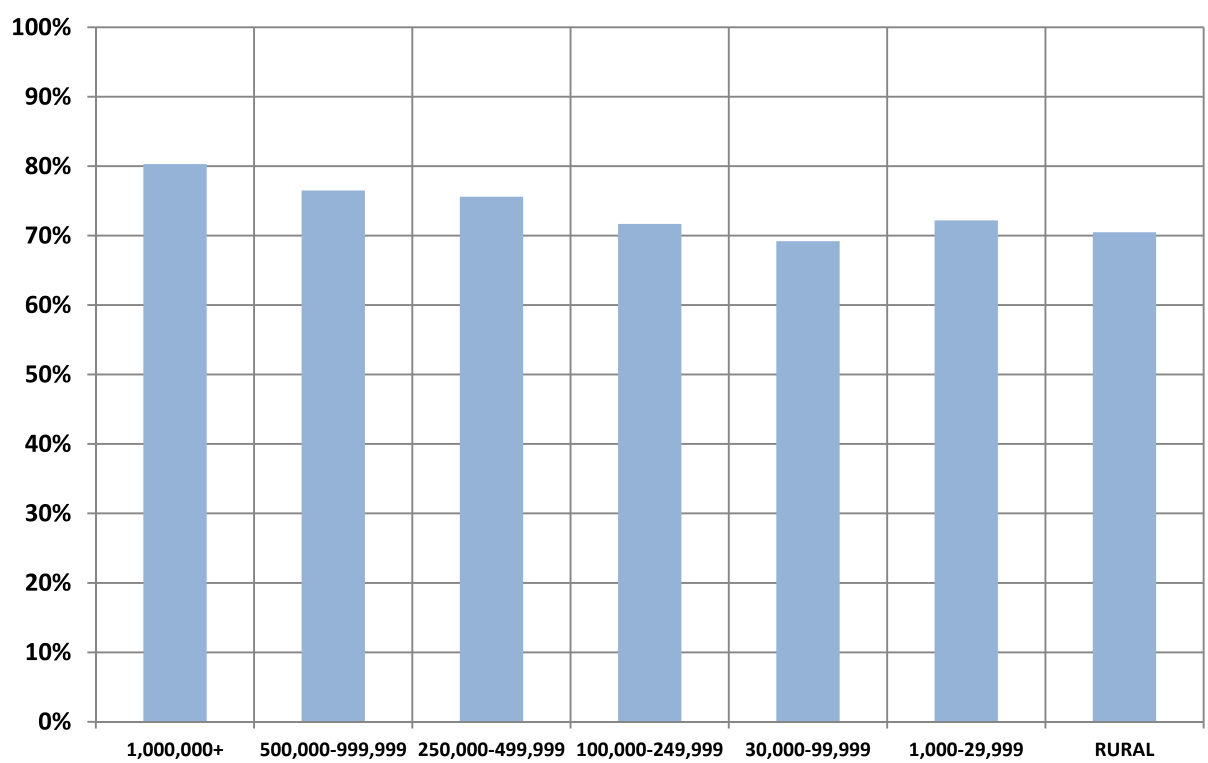
- Figure 7 indicates the overall results for Canada, and also provides breakdowns by home language.
- Figure 8 indicates the results by age group.
- Figure 9 indicates the results by size (population) of area of residence.
- Figure 10 provides data for the top 12 (by population) Census Metropolitan Areas.

Text continues on page 10 …

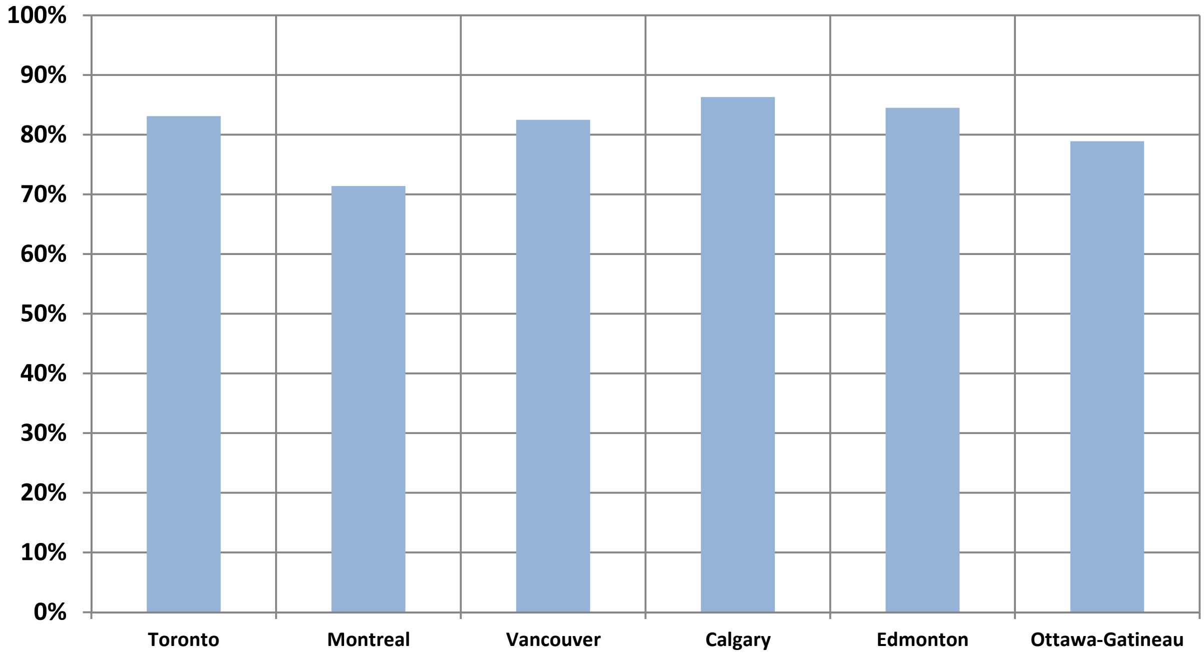
8. Percentages of individuals, 15+, reporting smartphone ownership, Canada, 2016 – **by age groups**

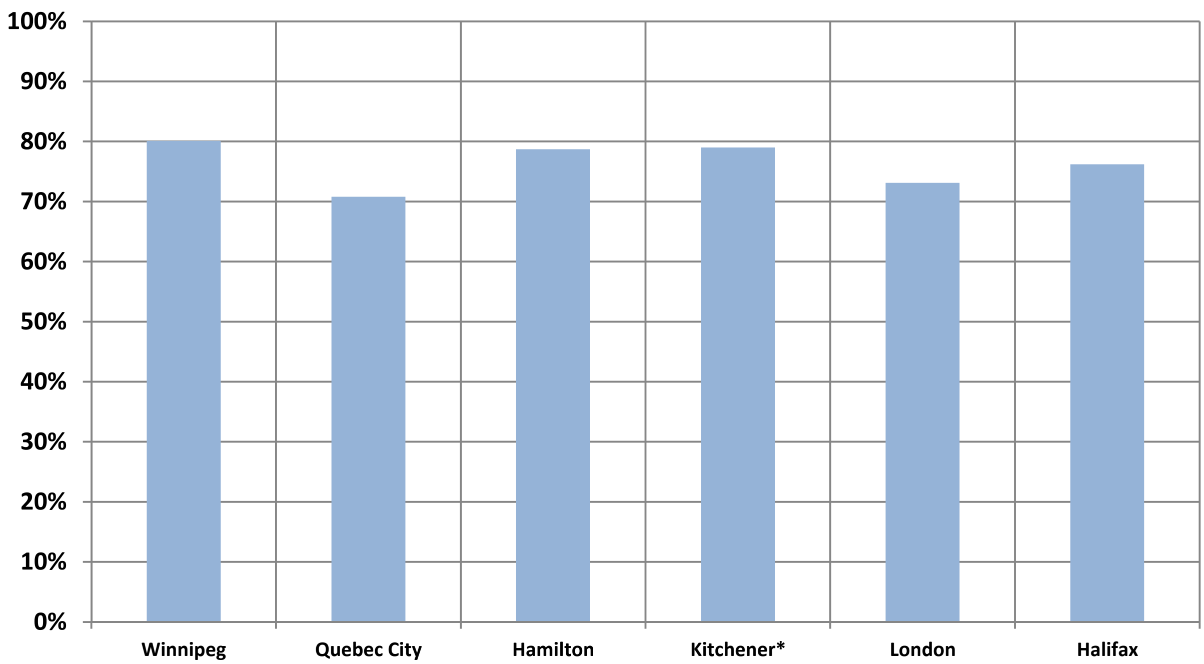


9. Percentages of individuals, 15+, reporting smartphone ownership, Canada, 2016 – **by size of area of residence**



10. Percentages of individuals, 15+, reporting smartphone ownership, Canada, 2016 –
by Census Metropolitan Area





** Kitchener-Cambridge-Waterloo*

The 2016 Survey of Household Spending

In August 2018, the CRTC released a portion of its 2018 *Communications Monitoring Report*, titled "Communications Services in Canadian Households: Subscriptions and Expenditures 2012-2016", based on data from Statistics Canada's Survey of Household Spending. As indicated by the title, it focused on trends in spending on communications services.

The same Statistics Canada survey also included a number of questions about household facilities and services, including data on the percentages of households subscribing to cable, satellite, and IPTV, and to various ways of receiving the Internet.

To supplement the CRTC data from this survey, and to update our own data, we have used the survey data to estimate the number of "cord-cutters" and "cord-nevers" in 2016, and included a comparison for 2012.

While these data are not directly related to news consumption, they do provide an additional measure of the degree to which Canadian viewers may be selecting news sources that are different than the packages of news sources available through traditional multi-channel subscription services.

"Cord-cutters" and "cord-nevers"

We have divided Canadian households into three categories:

1. Households with cablevision, IPTV and/or satellite dish.

   This is not a simple total of the percentages for each. Instead, we have used custom tabulations from Statistics Canada to eliminate any duplication for the small number of households that subscribe to more than one multi-channel service.

2. "Cord-cutters" or "cord-nevers" (households that subscribe to high-speed Internet capable of receiving television, but do not subscribe to cable, IPTV, or satellite for television).

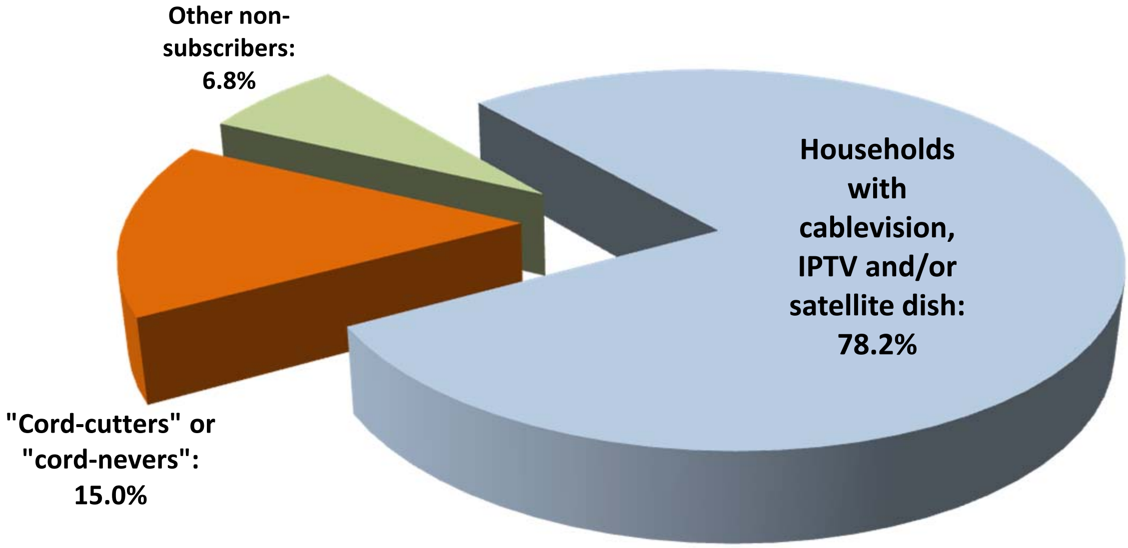
   "Cord-cutters" are defined as households that have subscribed to cablevision, IPTV, or satellite TV, but have stopped doing so, and rely more on programming delivered via the Internet; and

   "Cord-nevers" are defined as households that use the Internet for video entertainment and information, and have never subscribed to cable, satellite, or IPTV for television.

3. All other households that do not have cablevision, IPTV, or satellite dish.

In estimating the percentage of households that could be called "cord-cutters" or "cord-nevers", we have noted the distinctions about Internet speeds set out by the CRTC – i.e., that there are varying "broadband" speeds within the overall "high-speed" category. Thus, we have adjusted the numbers for high-speed Internet to take that into account, and those adjusted numbers form the basis for our estimates of "cord-cutters" and "cord-nevers".

11. Percentages of Canadian households that were subscribers or non-subscribers to cablevision, IPTV and/or satellite television, 2016



SOURCE: Statistics Canada; Communications Management Inc.

Within the totals for "cord-cutters/cord-nevers", we have not attempted to split out the two groups, since the data only tell us the status at the time of the survey, not the previous subscription arrangements.

As we can see from Figure 11, we have estimated that, in 2016, 15 per cent of Canadian households fell into the "cord-cutter" or "cord-never" categories.

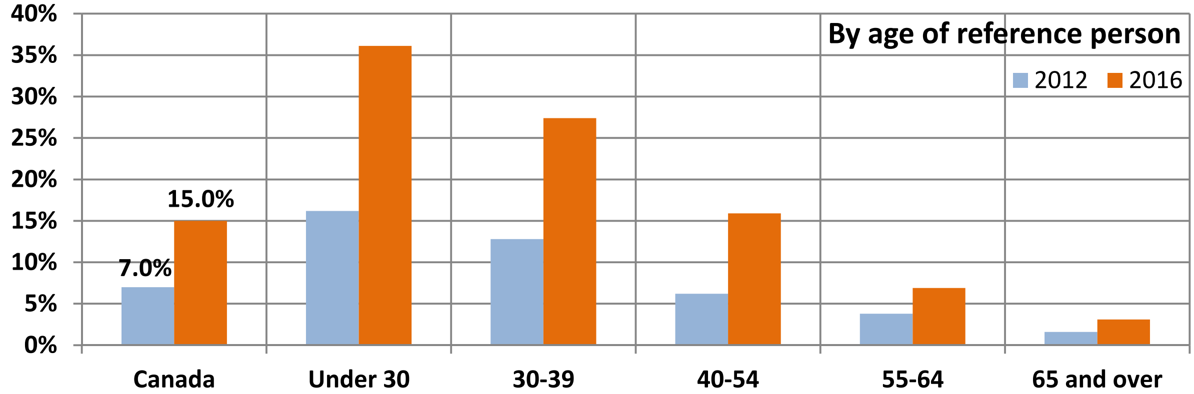
Using the same data, and the same assumptions, Figure 12 presents additional "cord-cutter/cord-never" data for households, subdivided by age of reference person, income quintile, and size of area of residence.

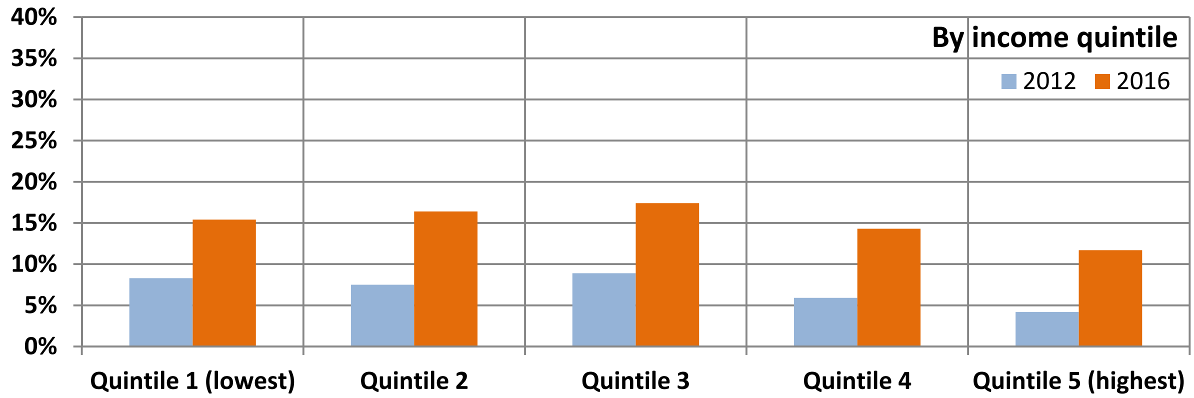
The most significant findings in Figure 12 relate to the comparison between 2012 and 2016, and the relationship to the age of the household reference person.

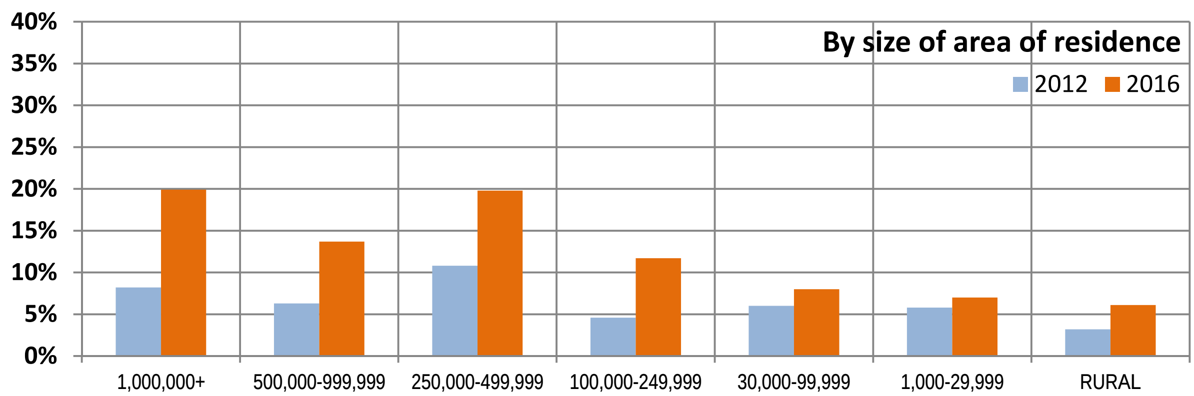
As indicated in Figure 12, the overall percentage of "cord-cutters"+"cord-nevers" more than doubled from 2012 to 2016. For households with reference persons under 30, the percentage went from 16.2 per cent in 2012 to 36.1 per cent in 2016. For households with reference persons between 30 and 39, the percentage went from 12.8 per cent to 27.4 per cent.

Text continues on page 13 ...

12. Percentages of households that were "cord-cutters" or "cord-nevers", by age of reference person, income quintile, and size of area of residence, 2012 and 2016







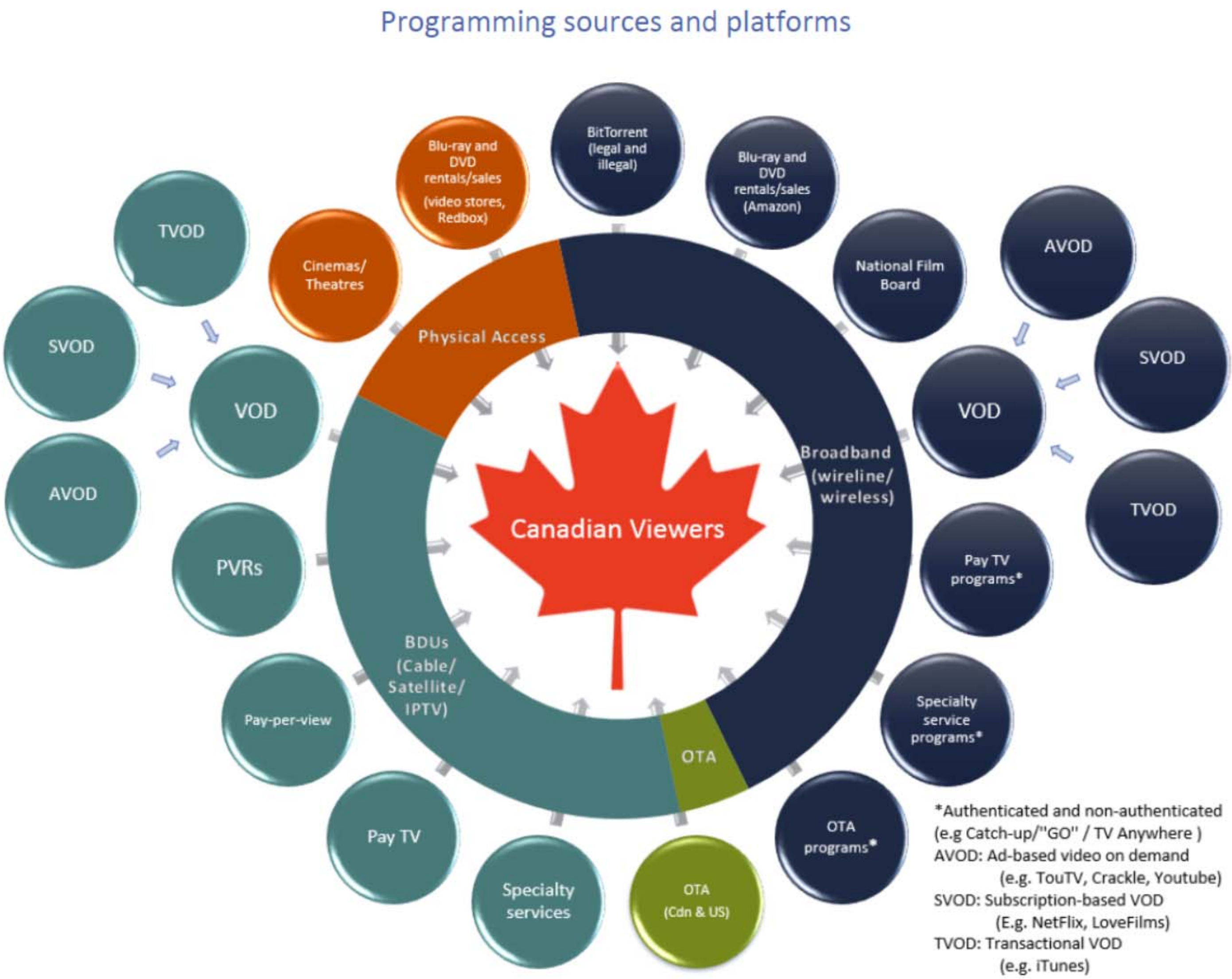
SOURCE: Statistics Canada; Communications Management Inc.

The end of media "silos" … and the implications for public policy

In Figure 13, we have reproduced a chart from the CRTC's 2017 *Communications Monitoring Report* – a chart that illustrates the real relevant market from which Canadians access television and video services, and within which Canadian companies compete.

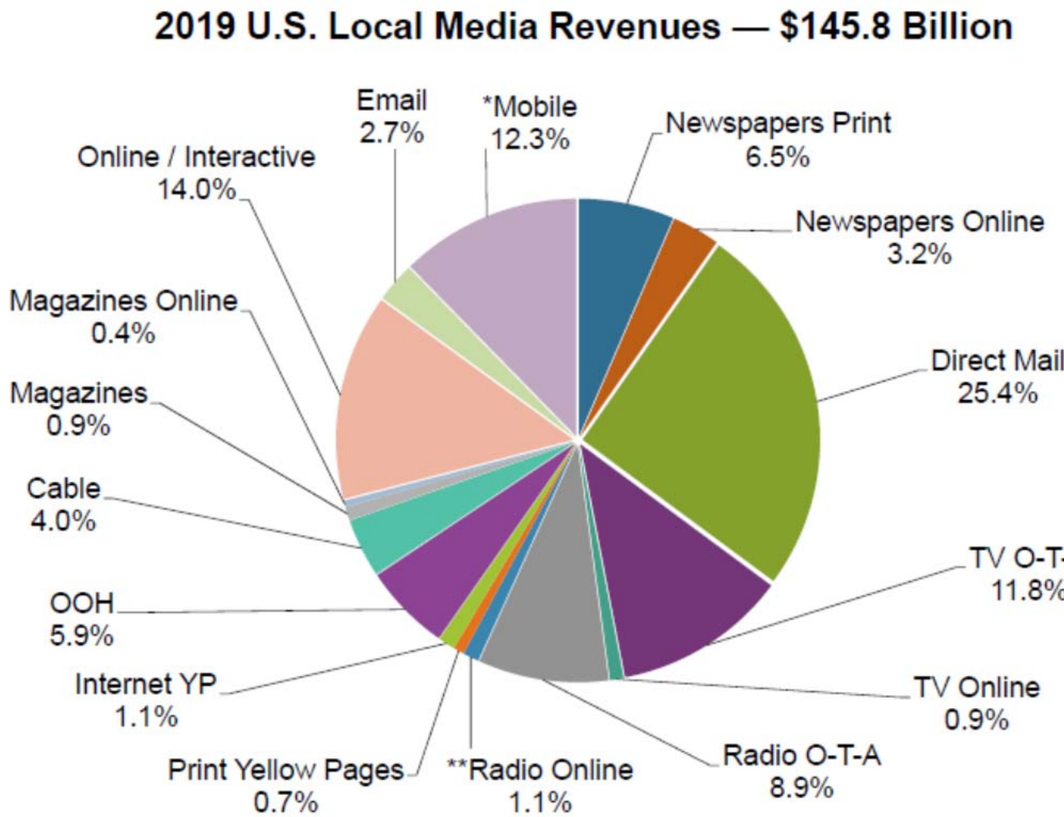
In Figure 14, we have reproduced a U.S. chart that shows the wide number of competitors for local advertising revenues.

13. CRTC description of the "television and video services" available to, and used by, Canadians



SOURCE: CRTC's 2017 *Communications Monitoring Report*, page 152. In introducing this chart, the CRTC states: "Canadians enjoy multiple sources and means of accessing content, from conventional over-the-air linear broadcasting to digital media provided over the Internet."

14. Projected sources of local media revenues in the U.S.



SOURCE: BIA Advisory Services, LLC.
(NOTE: * "Mobile" refers to pure play mobile companies; mobile advertising sold by traditional players is included in their online services. ** "Radio online" includes locally-targeted advertising sold by streaming services.)

The data summarized on the previous pages tell us that Canadians have become "information omnivores" who receive news and other information from many sources (Canadian and non-Canadian), in many formats, and on many devices.

The old "silos" approach to media analysis is, simply, out of date.

And that has important implications not only for the strategies of Canadian media competing in this new environment, but also for public policies that deal with the media.

In terms of public policy, there are four general areas to consider:

1. Regulation;
2. Direct public spending on operating units;
3. Public spending on "pump-priming" in the private sector; and
4. Taxation.

In the case of regulation, it is clear from Figure 13 that many of the market participants do not fit neatly into the regulatory jurisdiction or models that have been used to regulate Canadian broadcasting in the past. That not only raises questions about whether it is even possible to regulate new market participants, but also about how to recognize the impact if Canadian market participants are regulated and their non-Canadian competitors are not.

In the case of direct public spending on operating units, the end of media "silos" means that we have to consider whether publicly-funded market participants – like the Canadian Broadcasting Corporation – should be able to spend public funds to compete directly online with Canadian newspapers. If a goal of public policy is to help the newspaper industry make the transition from print to online, then the presence of a publicly-funded competitor for that same audience would appear to be inconsistent in public policy terms.

In the case of "pump-priming" – like current assistance programs for television production – we may find that this represents one of the bases on which future public policy can be built.

Finally, in the case of taxation, the presence of a marketplace of many sources and many choices would seem to argue for a "level playing field" in terms of how those choices are taxed, particularly at the consumer level.

Given the rapid rate of change we are currently witnessing, all of those public policy considerations should be viewed with a sense of urgency.