DISCOVER THE FUTURE OF TV

Why ad-supported streaming video is fueling new growth for brands

CONNECTED TV ON

theTradeDesk
This report comprises and summarizes the results of a consumer survey regarding changes in consumer viewing habits, fueled in part by the pandemic and the subsequent surge in consumption of digital channels. The Trade Desk partnered with YouGov to survey more than 1,000 adult (18 and up) TV viewers in Canada. Fieldwork was conducted between April 25, 2022 and April 27, 2022.

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Television viewing in Canada is undergoing a remarkable shift away from traditional linear television and toward Connected TV (CTV), according to new research by The Trade Desk and YouGov. As has been widely documented, viewing habits around the world are evolving quickly, thanks to the proliferation of premium content on streaming platforms, from Disney+ to Discovery+ to Netflix — and Canada is no exception. According to the research, over 70 percent of Canadians between the ages of 18 and 44 don’t currently subscribe to cable, have reduced services, or plan to cut the cord in the next year. The notion of being tethered to a cable box is outdated. In fact, these figures reveal that a new, more flexible way of viewing is already here. Streaming platforms are producing some of the best content in the history of television, which can be watched in high definition anywhere and anytime. The research indicates particularly that younger viewers — in the 18- to 29-year-old demographic — are watching content not just on the living room big screen but across other devices, too, including phones and laptops.

This shift in viewing habits has positive implications for marketers who are seeking a more modern approach to their TV buying. Consider that in 2022 alone, Canada saw an increase in CTV spending by 29 percent year over year and is estimated to exceed CA$900 million in 2022, according to eMarketer figures.¹ That’s a significant increase, even after the massive surge during the pandemic. And it continues to grow at a rapid rate relative to linear ad spend. CTV ad spend, which is up sevenfold from five years ago due to this boom in streaming services, will exceed CA$1 billion, says eMarketer.

¹eMarketer, “Connected TV Ad Spending in Canada, 2020-2025 (millions of C$, % change, and % of digital ad spending),” March 15, 2022
KEY FINDINGS

CORD-CUTTING ACCELERATES
Over 70 percent of those in the 18 to 44 age group are cutting the cord, reducing services, or not currently subscribing to a traditional TV package. With more people on the go, younger viewers are watching content across portable devices like phones or laptops.

TRADITIONAL LINEAR TV AND STREAMING SERVICES MEET DIFFERENT NEEDS
Traditional linear TV remains the key home for live content, specifically news and sports, but that is gradually shifting as more sports content moves to streaming. When it comes to watching popular scripted content, consumers prefer streaming services.

COSTS AND VARIETY DRIVE SUBSCRIPTIONS
Nearly half of all viewers are watching content on multiple services each week. Subscription costs can add up and become prohibitively expensive, especially for younger viewers, making them more open to ad-supported content to offset fees.

VIEWERS ARE OPEN TO AD-SUPPORTED CONTENT
Canadians don’t mind watching ads if they’re relevant and engaging. About a third of Canadian TV viewers prefer shoppable or interactive ads.
While the television set remains a primary way for people of all age groups to consume content, viewing attention is fragmenting across screens, especially among younger consumers. In Canada, 73 percent of TV viewers 18 to 29 report watching content on their phones, while 66 percent say they are watching on their laptops. This data suggests that in a world of fragmented viewing platforms, this demographic tends toward agility across screens.

Furthermore, all age demographics are very social during their time watching television, with 63 percent of those surveyed saying they use a second screen at the same time for things like shopping online, playing games, reading the news, using social media, or texting and talking.

29% of women surveyed are shopping on a second screen while watching television.

**KEY TAKEAWAY**

Leveraging an omnichannel approach will assist in reaching target audiences that are researching content on their second devices.
It’s one thing to run your ad on someone’s smartphone. But when you run it in the living room, you’re bringing your brand into their home, and that’s a different experience.

— JAKE RICHARDSON
DIRECTOR, CTV PARTNERSHIPS, THE TRADE DESK
Of viewers who have chosen not to cut the cord, 73 percent say that the primary reason to keep cable television is to watch live TV content. However, a closer look reveals some differences across age demographics. For instance, 61 percent of Canadian TV viewers over 65 say they keep cable to watch the news, while only 38 percent of 18- to 29-year-old viewers say the same. In addition, nearly half (43 percent) of older Canadians (45 and up) don’t consider live sports alone important enough to keep cable, compared to younger generations (35 percent), but this doesn’t mean that all Canadians are watching sports in a traditional way. In fact, 40 percent of Canadians are primarily watching sports via nontraditional means, like sports-specific apps. What’s more, a global shift is already underway. According to data from The Trade Desk, streaming live sports is gaining momentum in different markets around the world. In prior surveys, a smaller stake of TV viewers in the U.K. (26 percent), Germany (22 percent), and the U.S. (21 percent) cited streaming as their primary method for watching sports.

Public broadcasters have traditionally held the sports rights to major events such as the IIHF World Championship in Canada, but this contract expires next year, in 2023. The sports streaming space is evolving as sports rights are snapped up by streaming services. In the United States, for instance, Amazon Prime is the exclusive home of the NFL’s Thursday Night Football, while Apple TV announced it will host all Major League Soccer games for the next 10 years. In short, streaming platforms understand the value of live sports, which inevitably will move away from linear as broadcast upfront deals change.

**KEY TAKEAWAY**

As sports subscriptions multiply, the ad-funded platform may hit a sweet spot for consumers in Canada — as it has done for sports fans in Europe and the United States — thereby presenting a huge opportunity for marketers to reach highly engaged sports fans.
From an ad receptivity perspective, sports are synonymous with ads. Our audiences are used to seeing integrations. They’re far more receptive for that reason, which is a really exciting proposition as a marketer. It allows you to do different targeting and have a different approach to reaching sports streamers in particular, because they are incremental in many ways to those linear audiences.

— ROSE HUTCHISON
DIRECTOR OF ADVANCED ADVERTISING SOLUTIONS
ROGERS SPORTS AND MEDIA
While traditional linear television remains the go-to channel for live programming, it’s no surprise that streaming platforms are the preferred channels for scripted shows. For instance, of those who subscribe to streaming platforms, 66 percent say they’re watching for drama, 72 percent for action-adventure, and 77 percent for children’s animation. Furthermore, 47 percent of Canadian streaming viewers say they watch content on a variety of channels. New premium content is proving to incentivize viewers to sign up for new streaming platforms, with 32 percent of those surveyed reporting they’d sign up just to watch a particular show. All of this suggests that variety of content drives viewers to move across different channels and sign up.

At the same time, Canadians are conscious of subscription costs and how quickly they can aggregate. According to the survey, cost is one reason some viewers unsubscribe. Just like viewers in Europe and the United States, 40 percent of Canadian TV viewers are willing to pay between CA$10 and CA$30 for streaming services. But this cap on spending for streaming services by consumers, coupled with the greater demand for exclusive shows, suggests a significant opportunity for providers that offer an ad-funded tier. In fact, 48 percent of viewers say they would be open to seeing ads in exchange for paying a lower subscription fee.

While Netflix has the largest subscriber base in Canada, in the past year, 21 percent of Canadians have signed up for ad-supported video on demand (AVOD) platforms such as Roku, Discovery+, and Tubi. Meanwhile, Netflix announced this year that it would offer an ad-funded tier to its service.

For marketers, this embrace of AVOD models is good news. According to The Trade Desk’s survey, 24 percent of consumers say they often seek more information about a product after seeing it advertised on a streaming service, while 20 percent find that such ads are typically more relevant to them than those on traditional linear TV.
Over half of Canadians who watch streaming TV (56 percent) agree that subscription services offer a good value exchange for content. Ad-supported streaming inventory will continue to grow as consumers reach their subscription capacity and more content providers invest in ad-supported models.

KEY TAKEAWAY

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CONSUMERS FAVOR FUNNY, RELEVANT, AND DIVERSE ADS

The good news for advertisers is that many Canadians say they don’t mind ads, as long as they are more relevant and engaging. This is especially true of viewers 18 to 44, who would prefer an experience that’s more tailored to their interests. And no surprise, almost half of all viewers say they don’t want to see the same ad repeatedly. Viewers — especially those in the 18 to 29 age range — expressed an interest in more interactive ads that allow for easy product purchases after seeing the ad. Overall, nearly a third of Canadian TV viewers would prefer shoppable or interactive ads.

When it comes to ad formats, 89 percent of all viewers say they prefer short ads, with 87 percent expressing a preference for targeted ads.

Ad content that reflects the demographic being reached is also important to consumers. For instance, 66 percent of Canadians over 65 say they’d like to see people just like them in the ads — a reminder that diverse representation is important.

In addition, the tone of ads varies by demographic: 55 percent of those surveyed said they’d prefer to see ads that are light and humorous, and 60 percent of those who expressed that preference were women. Meanwhile, 1 in 5 viewers between the ages of 30 and 44 say they favor informative or “edgy” ads. In short, a diverse population of TV viewers needs to be met by a diverse range of relevant ads.

KEY TAKEAWAY

Canadians are open to ad-supported models if it’s right for them. Apply cross-channel frequency caps to ensure optimal brand exposure without causing negative brand perceptions.
AD TYPES MOST ENJOYED

- HUMOROUS: 55%
- PLAYFUL: 28%
- JOYFUL: 26%
- DIRECT/INFORMATIVE: 25%
- INSPIRATIONAL: 25%
- NOSTALGIC: 23%
- OPTIMISTIC: 23%
- EDGY: 14%
- SENSATIONAL: 11%
- VULNERABLE: 5%
- OTHER: 3%
CONCLUSION

The Canadian TV market is evolving, as streaming platforms offer ever more attractive programming delivered via the internet instead of the cable box. These trends accord with similar consumer surveys The Trade Desk has conducted in the United States and Europe, although Canada has its own nuances in terms of the viewer’s existing relationship to traditional linear television. At the same time, Canadian consumers are embracing the plethora of programming options from the likes of Discovery+, Tubi, Roku, and others.

The Trade Desk and YouGov’s key findings underscore a generational shift in viewing habits, since a significant majority of viewers in the 18 to 44 age group have either cut the cord or plan to do so. Untethered from the cable box, audiences are watching content in a more fragmented way, across different screens, tablets, and phones. This social, omnichannel mode of interaction between consumers and shows (e.g., watching while shopping or chatting) opens new challenges for marketers, as well as opportunities to reach their intended audiences in a more data-driven way. And with the proliferation of great content across many different streaming channels, viewers are amenable to the idea of watching ads — especially if they’re relevant to them — in exchange for those must-see shows.

As The Trade Desk has noted, digital ad spend on the CTV channel is continuing to grow at an accelerated rate, which shows that marketers perceive the value of being able to reach the Canadian consumer where they are — whether that means delivering ads in a more addressable fashion to the big screen in the living room or finding multichannel solutions to drive performance. In 2022, advertisers recognize that their most coveted consumers are digital-first viewers.
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