

# The Digital-Only Media Consumer

**Key Findings from a Conversation with  
All-Digital Millennials**



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## Introduction

The overall audience for “traditional media” – that is newspapers, magazines, radio or television accessed via either a physical support (paper, DVD) or a regulated broadcast media – is declining slowly, and many indicators suggest that the decline is more pronounced among the younger generations, specifically Millennials aged 16-34.

In its 2014 TMT Predictions, Deloitte noted that “*Canadians who are watching less than 30 minutes of TV are also spending less time reading newspapers and magazines and listening to traditional radio*”<sup>1</sup>.

This assumption led us to believe that there may very well be a sub-population literally not consuming any traditional media in their average week. We assumed – based on empirical observation – that they were more likely to be found in younger generations, those generations born with the internet, or whose media use began when the internet entered the mainstream, the 16 to 34 year-olds.

For the purpose of this study, we dubbed them the *digital-onlys*. Some indicators point to the fact that this behaviour found in some parts of this sub-population may represent future patterns for much larger groups over time. After all, they are tomorrow’s typical consumer. As the authors of a paper published in the Journal of Consumer Marketing put it: “To assess the future impact of new information and communication technologies, we focus on the members of the younger generation who have been brought up in a digital medial landscape because their present media use allows for assumptions about society’s future average media use. Furthermore, young consumers adopt media innovations earlier than older consumers do because they tend to be more likely to experiment.”<sup>2</sup>

### ***Media: traditional, new, old, digital – what’s in a name?***

To dispel any ambiguity, in this paper, *media* refers to the technology used to access content, not the content itself. So, *traditional (or old) media* refers to accessing content through either a physical support or a regulated broadcast entity, while *new (or digital) media* refers to accessing content through the internet. Content may, and often is, the same.

So, in fall 2014, the Canada Media Fund set out to better understand this generation’s media relationship by organizing two focus groups in Montreal. Participants were recruited through social media by asking for 16 to 34 year olds who considered themselves 100 percent digital (i.e. no traditional media consumption in a typical week).

These discussions, while not capable of identifying statistically significant data trends among the younger generation, allowed for a thought-provoking glimpse into what may be the motivations and driving factors behind the emergence of a new relationship to media. Through the insights and experiences of those very tech-savvy young people, we hoped to understand how communication technologies are altering the audience relationship to media, and, ultimately, how media itself is likely to transform.

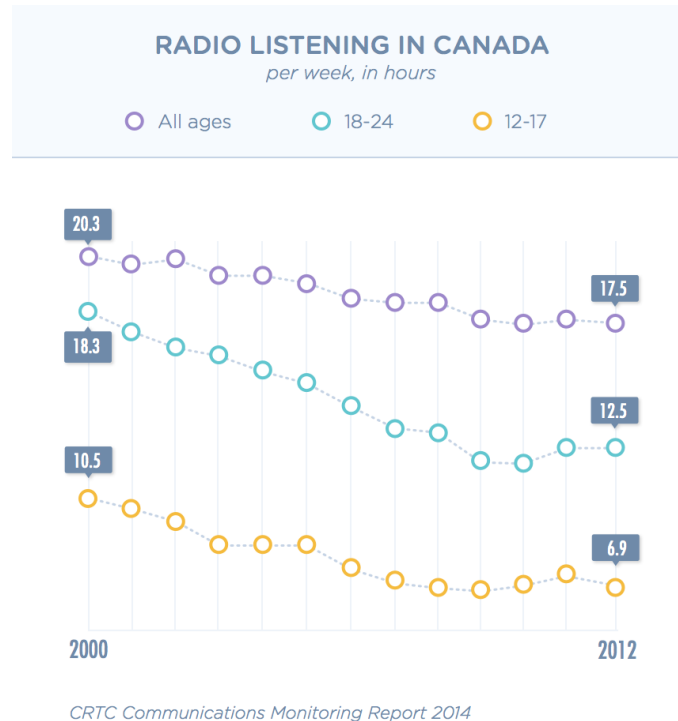
<sup>1</sup> Deloitte, TMT Predictions 2014. Canadian Focus. Online: <http://goo.gl/HePmje>

<sup>2</sup> Do Millennials read books or blogs? Introducing a media usage typology of the internet generation, Journal of Consumer Marketing, 29 February 2012, online: <http://goo.gl/nAZqw3>

## Media consumption trends

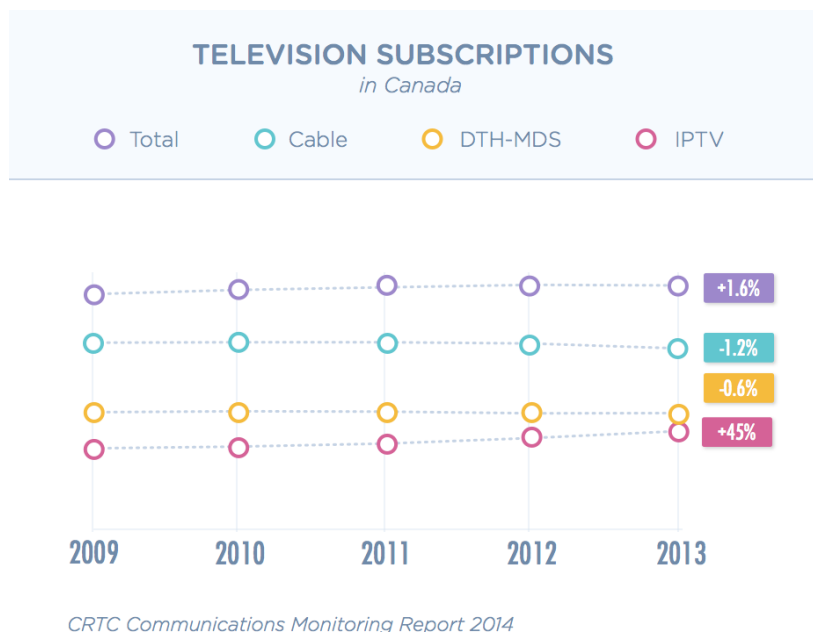
### Radio: slow but steady decline

From 2000 to 2012, the average weekly listening hours of the 18 to 24 years old decreased by 31 percent, while the rate was 14 percent for all listeners (over 12).



### Television: traditional still rules, but ...

Accessing television through regulated services is losing ground. The total of Canadian households subscribing to a distribution system grew by a rate of 1.6 percent from 2009 to 2013, but this is largely due to an important increase of IPTV subscribers.



## Online video and television

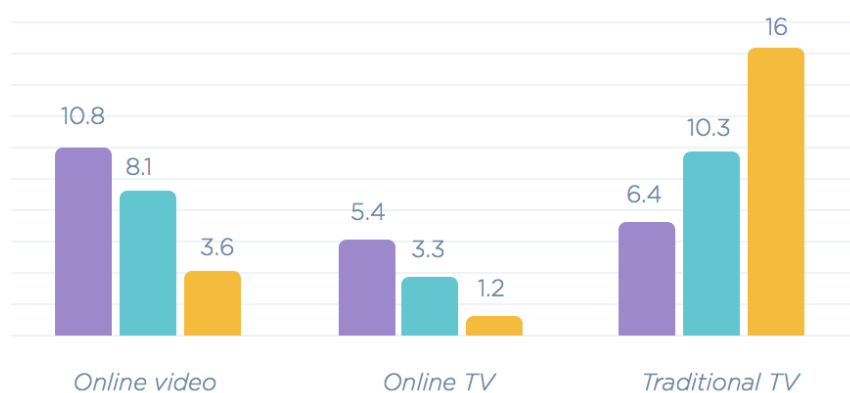
In Canada, younger Millennials are the most avid online video and TV consumers. They are also spending less time watching traditional TV than the other cohorts.

### WEEKLY HOURS SPENT CONSUMING MEDIA ONLINE

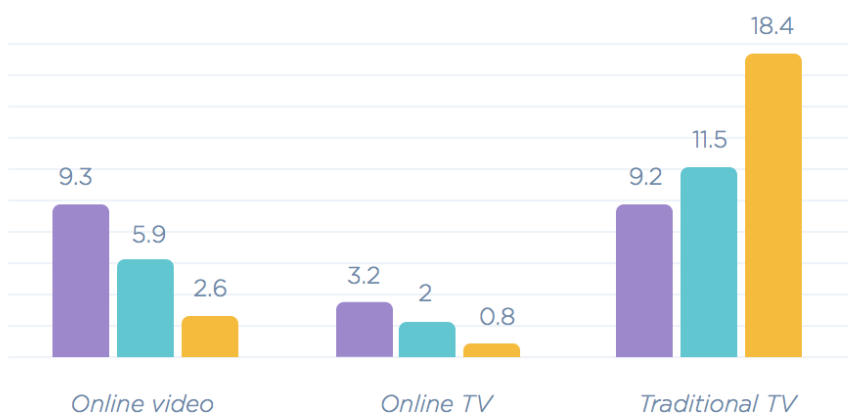
*Hours/typical week*

○ Gen Z (18-24)    ○ Gen Y (25-34)    ○ 35+

#### Anglophones



#### Francophones

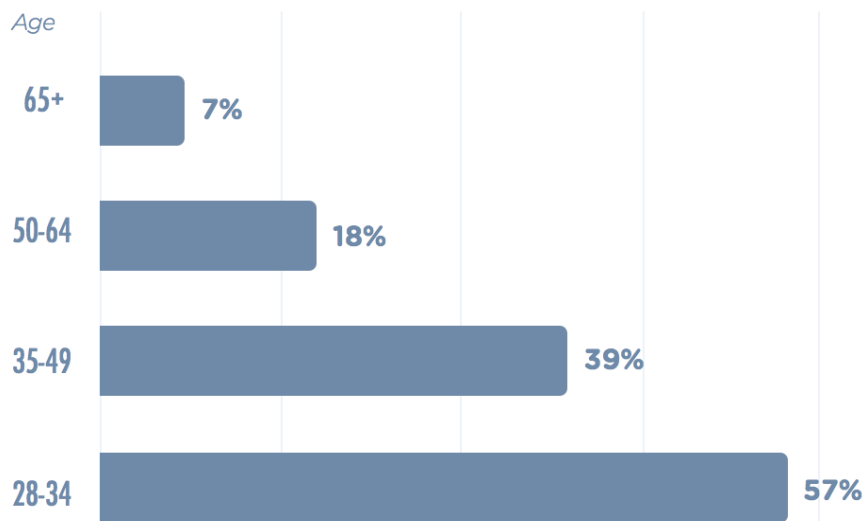


*OTM Fall 2013 data*

### News: Millennials turn to online sources

According to telephone surveys conducted by the Media Technology Monitor with 6,011 Canadians, 43 % of the respondents still relied on TV newscast as their primary source of news. But for Millennials, online comes first. 57 per cent of respondents in the 18-to-34 demographic turned to their mobile devices or computers first when catching up on headlines.

#### INTERNET AS A PRIMARY SOURCE OF NEWS IN CANADA



OTM Spring 2014 data

## A generational experience...

The participants of our focus groups were between 18 and 33 years old and thus belonged to those generations that have been given many labels, depending on the author's interests and the exact period of their birth. The term "Millennials" is most often used in the English-speaking world to describe people born between 1980 and 2000. Sometimes, Millennials are segmented into those born between 1980 and 1995 and are labelled Generation Y, the Echo Boom, the Peter Pan Generation; or, for those born after 1995, Generation Z, the Net Generation, Generation #hashtag, digital natives, the dot.com generation.

Much has been studied, analysed, assumed, and theorized about the impact of the internet and the information and communications technologies on these generations.

Their defining characteristic, so far, is that they're almost like a new species— the first generation to grow up interconnected and tethered to electronic devices – a characteristic that has a profound impact on their relationship to media.

A review of the abundant literature produced about them can help us understand the nature of this relationship.

For instance, Don Tapscott, author of *Grown Up Digital*, believes that "what we are seeing is the first case of a generation that is growing up with brains that are wired differently from those of the previous generation".<sup>3</sup> Tapscott cites research done by brain scientists which describes how time spent with digital technologies may be changing the physical structure and functioning of their developing brains.

Just compare, he writes, the media environment in which their parents grew up, made up of a handful of electronic and paper media outlets, with today's tsunami of information: "This generation has been flooded with information, and learning to access, sort, categorize, and remember it all has enhanced their intelligence."<sup>4</sup>

The author of a Wired article on Millennials notes a paradoxical outcome: "On one hand, millennials consume so much media they can't concentrate, torn as they are between texting, posting on Facebook, and watching YouTube. And yet they also have an astonishing ability to focus on elaborate videogame play for six-hour stretches or to watch complex, multistranded television dramas in binge sessions that can

**"Millennials account for a disproportionate share of total screen time and provide a useful glimpse at what the future of media consumption will look like**

As time goes on, the different viewing habits and behaviours of Millennials will only become more mainstream. While most Millennials remember a time before the consumer internet, the majority came of age as the web came into existence and evolved into what we know it as today. Because their media consumption habits serve as a leading indicator for the broader media landscape, understanding how to market to this valuable demographic is vital to brands, agencies and media companies seeking to stay ahead of the curve. "

Comscore, **Marketing to Millennials. Five Things Every Marketer should Know**, February 2014.

Online:

<http://goo.gl/HHnhXp>

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<sup>3</sup> Tapscott, Don. *Grown Up Digital. How the Net Generation is Changing your World*. McGraw Hill, 2009.

<sup>4</sup> Ibid.



swallow a weekend.”<sup>5</sup>

In its annual review of public service broadcasting, Ofcom, the UK’s media regulator, noted that tech natives’ relationship to media is unprecedented: younger people are switching off TV and radio in droves in favour of online pursuits such as Facebook, leading to a growing “generation gap” in TV and radio. “Less than half now think that the TV is their most important source for relaxing or entertainment.”<sup>6</sup>

For Don Tapscott, this generation, the first to be bathed in bits – the Net Generation as he calls them – can be described by eight characteristics or norms. Some of those characteristics illustrate eloquently their relationship to media, and we encountered them in our focus groups, as we’ll see later:

- **They want freedom** in everything they do, from freedom of choice to freedom of expression. Choice is like oxygen to them.
- **They love to customize**, personalize. They have grown up getting what media they want, when they want it, and being able to change it.
- **They have a need for speed** – and not just in video games. To them speed is normal.
- **Innovation is part of life**. They’ll want the latest technology not because it’s cool, but because the new one does so much more.

## Or a multigenerational experience?

For French authors Nicolas Colin and Henri Verdier<sup>7</sup>, we should really be talking about “les enfants du numérique” (children of the digital era) and that moniker is not limited by age group. For them, we are all *enfants du numérique*, inasmuch as we participate in *l’aventure collective de la révolution numérique* (the collective adventure of the digital revolution). They reject the notion that having had access to a computer at a young age has rendered the younger generation smarter than the previous generations.

But whether or not they give credit to theories about the impact of technology on the brain, they imbue *les enfants du numérique* with the same characteristics other authors attribute to Millennials: they are creative and entrepreneurial, they are living a collective adventure, they have no respect for institutions, they cannot be interrupted, they are agile and swift, and they are demanding and impatient.

For the consulting firm Bain, Millennials may be the digital generation, but the gap between generations shows signs of contracting. As they write in *The Rise of #hashtag Generation*, “age alone is too narrow a way to segment the next generation of content consumers. People younger than 36 may consume more content digitally, but those aged 36 and older are following quickly, closing the gap on video, music and games. In our view, this marks the advent of Generation #hashtag—a new generation of content consumers that cuts across ages, combining the digital natives

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<sup>5</sup> *Meet the First Digital Generation. Now Get Ready to Play by Their Rules*, April 2013:

<http://www.wired.com/2013/04/genwired/>

<sup>6</sup> Ofcom, *Public Service Content in a Connected Society*, Consultation, 15 December 2014, page 27. Online: <http://goo.gl/mbiAIF>

<sup>7</sup> Nicolas Colin et Henri Verdier. *L’Âge de la multitude. Entreprendre et gouverner après la révolution numérique*. Armand Colin, 2012

that live and breathe the social media they were born with, and the over-25 migrants that have already embraced digital media as their primary source for content.<sup>8</sup>

Our focus groups' participants are Millennials, a generation that came of age in a very different media and technology environment than that of their predecessors. Their relationship to media must be viewed through that prism. But as you read through this report, keep in mind that this generation, Generation Next as the Pew Research Center<sup>9</sup> has branded them, has been recognized by many researchers as the most influential generation and may be influencing society as profoundly as the Baby Boomers did.

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<sup>8</sup> *The Rise of #hashtag Generation*. Bain & Company, November 6, 2014. Online: <http://www.bain.com/publications/articles/the-rise-of-generation-hashtag.aspx>

<sup>9</sup> Pew Research Center, Millennials: a Portrait of Generation Next: <http://www.pewresearch.org/millennials/>

## Informal conversation groups

### Methodology and Key Observations

#### *Methodology*

To complement this paper, we wanted to have first-hand testimonies so we organized informal conversation groups by sending this invitation:

*Please join the Canadian Media Fund as we explore the media habits of urban young Canadians, in a series of focus groups this fall. We are looking for participants between 16 and 34 years old who consider themselves “digital-only” media consumers (in other words, those young Canadians who consume media on NONE of the traditional platforms in the average week). Participants will be invited to a 1-hour focus group, during which they will answer written questions as well as participate in verbal discussions. No compensation will be provided – except juice and cookies!*

Two focus groups were held in Montréal. The sessions were semi-structured with the same set of questions submitted to all the participants. Each lasted about an hour. A total of 16 persons, aged between 18 and 33, men and women, participated.

#### *Key Observations*

Discussions went smoothly. Some of our participants had never really thought about their *digital-only* media lifestyle, some even realising they were *digital-onlys* only when they read the invitation. Their candid answers were helpful in assessing the degree to which technology is integrated in their lives.

We identified five characteristics the majority of them shared:

1. Tech-savvy Do It Yourselfers

They are tech-savvy and especially efficient at customizing their multiple devices and apps to fit their needs.

2. Self-aware rebels

Most of them are very much aware of the effect their bypassing traditional media channels has on content creators, but they do it anyway.

3. Freedom lovers before being freeloaders

This dismissal of traditional media has much more to do with a notion they cherish above all: freedom of choice. The reputation of this age group for being adamantly opposed to paying for content may have been exaggerated: they sometime choose free digital content over paid alternatives for economic reasons, but that is not always the motivation.

4. Intrinsically digital

In their eyes, digital-only media consumption is not a fad or a statement, but a way of life.

5. Desperately seeking curation

Despite the vast array of technological tools available to them, and their prowess in using them, the large quantity of content offered appeared to be a largely shared concern.

## Tech-savvy Do It Yourselfers

Tech-savvy to the point of easily adapting their devices to their needs

The focus groups' participants had responded to an invitation for people who identified themselves as “*digital-onlys*”, consumers of media through the internet exclusively. As such, it's a given that they were very tech-savvy. What surprised us was the sophistication of their technological knowledge which enables them to customize their devices and applications to the point of bending them to their needs.

When asked about their consumption of traditional media<sup>10</sup>, our participants assessed that it was far below average:

*It's been at least 7 years since I've had a television or cable. I always listen on the internet, I listen a lot. I listen to radio through apps on my iPhone, I subscribe to magazines on my iPad, and I read my newspaper on my iPad.*

A common thread among them: they own a wide range of devices, each using at least two to interact with content, mainly a laptop and a smart phone. If they own a television set, it's usually not connected to a broadcasting distribution system, but used as another screen for viewing content through the internet.

Oftentimes, each device serves a specific purpose. One participant had six computers, each dedicated to a precise task:

*I have plenty of computers at home...six of them, in fact. The iMac in the back room is only for music. I love TV, including the actual device. I watch all my movies and TV shows on Netflix through Apple TV. At night, I watch in bed on my MacBook Pro, and I read La Presse+ on my iPad, iPhone or Android.*

For another participant, it's the TV set that had one single purpose:

*I bought a TV specifically for Netflix. I also use my iPad. As far as watching the news goes, I mostly look at my feed.*

One participant made a distinction between the devices he used for work functions and those he used for leisure.

*It depends: my laptop is for work, for fun I use my iPhone. I also have an Android phone. I'd say I use my smartphone most of the time when it's for pleasure, when it's just for reading, really. And I don't watch television. Well, I have a TV, but I only hook my laptop up to it maybe once a month to watch a movie.*

Global marketing and translation London-based agency SDL completed a study of US millennials in February 2014, “Understanding Millennials”<sup>11</sup> in which they found

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<sup>10</sup> Reminder: for this paper, media refers to the technology used to access content, not the content itself. See box on page 3.

## Technology

“... is not technology if it already existed when you were born.”

Sir Ken Robinson, author and international expert on education

that 2 out of 3 millennials use at least two devices daily and 37 percent of them use at least four devices.

This ownership of multiple devices may come from patterns established while living in the parental home. The study “Are the Kids All Right? Canadian Families and Television in the Digital Age” conducted in 2010, showed that the children of Canadian families had access to a large array of electronic devices: “(...) each family had an average of 3.5 television sets, 2.3 computers and 2.9 gaming consoles as well as high-speed internet access. Half the children had a Facebook account even though you need to be at least 13 to sign up for one. One out of every two children had a cell phone and two out of every three had an iPod.”<sup>12</sup>

Some members of our panels described a media consumption pattern made up of a daily routine shaped around the device used. One participant had to go through his routine to retrace his media consumption habits:

*I'm going to try to tell you as it happens throughout the day, otherwise I'll forget some. In the morning, I use my Android phone to check email and social media, but I also look up the mobile La Presse site because it's easier than looking up La Presse +<sup>13</sup>. Then I use my iPad to watch a few videos on YouTube and I browse the papers, well, magazines mostly. At night I use an old laptop that's hooked up to my TV. I used to subscribe to the Netflix DVD service but I found the selection was too limited. Now I have way more access to foreign content. It's not exactly legal<sup>14</sup>, but there's lots of stuff. So I'm looking at a screen around three or four hours a day, like all those people who get home and watch television. And if I can't watch something because my girlfriend is using the TV, I have two laptops and an iPad I can use to watch Netflix and look at European magazines.*

In fact, their technological knowhow is so natural that it's far easier for them to create, maintain, curate, and support their own complex system than it is to turn to traditional service providers.

For instance, one had concocted an intricate procedure to avoid costs from exceeding their monthly download limits from their ISP:

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<sup>11</sup> *Understanding the Millennials An SDL Customer Experience Research Report 2014 Insights Into the Millennial Mindset – and what to do about it* © 2014, SDL. Online: <http://goo.gl/aNemYQ>

<sup>12</sup> Synthesis report of the 2012 study *Are the Kids All Right? Canadian Families and Television in the Digital Age*. For this study, 80 Canadian families – over 200 people – were interviewed in 2010-2011. Online: [http://trends.cmf-fmc.ca/media/uploads/reports/Are\\_the\\_Kids\\_all\\_right.pdf](http://trends.cmf-fmc.ca/media/uploads/reports/Are_the_Kids_all_right.pdf)

<sup>13</sup> La Presse+ is the made for tablet digital edition of La Presse, a Montreal daily newspaper. The Toronto Star has bought the La Presse+ Platform Technology and will launch its tablet edition in the fall 2015.

<sup>14</sup> According to a bulletin published in March 2015 by the firm Fasken Martineau “an estimated one million Canadian households are jumping the “geofence” to watch shows and movies that aren't available for streaming in Canada. These fence jumpers are using technical workarounds such as virtual private networks (VPNs) to access the U.S. (or other countries') versions of streaming services”. Online: <http://www.fasken.com/en/jumping-the-geofence-examining-canadians-use-of-vpns-to-access-us-netflix/#.VRvw1fpZY3d.facebook>

*At home we downloaded TV series using Torrent – yeah, it's illegal – and I save them on an external hard drive that's hooked up to our PlayStation. I often watch the series I download because watching on Netflix often uses more data since they use the highest image quality available. When you download you can choose the number of bits. When we're really into a series, – we usually try them out on Netflix first – when we know we're really going to like it we download it and save it to our hard drive so we can watch it for less [data-consumption] than we would online.<sup>15</sup>*

For this participant, having to go through multiple steps before getting what she wanted, when she wanted it, was really too cumbersome:

*I've never really had a cable subscription. But in my opinion, I think it's easier to access the content I want online. I'm sure it exists somewhere on cable, but I don't know how to find it. When you choose to go the online route, all you need is the web. With cable there are all these channels, and there are packages, and if I want to watch this show I like I need this channel, but the other show I like is on another channel. So I have to get all the channels, but I can't watch when I want...I have wide-ranging interests!*

This tendency to customize among Millennials underlines an often mentioned characteristic of this generation: their interest of the DIY (do it yourself) culture.<sup>16</sup>

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<sup>15</sup> Officially, the quality of the Netflix video stream can be adjusted by changing it to *auto*, *low*, *medium* or *high* in the account settings, so our participant's remark may seem to contradict our conclusion about the technological prowess of the *Digital-onlys*. But even though the solution described here may be the wrong one, it still is a rather complex technological workaround, proving our main thesis, that technology is natural to them.

<sup>16</sup> *Do-it-yourselfers inspire hardware renaissance in Silicon Valley*, Reuters, May 6 2014. Online: <http://www.reuters.com/article/2014/05/07/us-technology-makers-idUSBREA450MF20140507>

## Self-aware rebels

Aware of the impact on traditional media and on content creators, but cherishing their freedom above all

A majority of the participants used Adblock, the popular application that blocks advertisements on all web pages. Some, especially those who worked in the advertising and media industries, were self-conscious about it, but remained determined nonetheless.

Some recognized that their own “comfort” overrides their scruples:

*[Using Adblock]No, yes, well, I find it sad because that's what pays for the media we consume. It's choosing comfort above all...*

*And it costs me less this way. I used to watch more TV, I had at least six magazine subscriptions and I bought at least two DVDs a month. I'm sorry I don't contribute to society anymore! But all this junk (iPhone) ends up costing a lot more in the end.*

Others expressed a certain lack of loyalty for their line of work:

*I've never felt like paying \$75 a month. I like how I do things. If I feel like watching the entire How I Met Your Mother series, I tell myself, "Let's do it" and that's it. And it's a shame because I work in advertising, but I like that there are no commercials and I don't always have to watch the same advertising throughout the show.*

One participant knew he was guilty of rationalizing his choices:

*I'm not sure why I started doing things this way, but once you get into it, you start looking for reasons to justify your behaviour. I work in advertising so I know how the corporate machine works, and I tell myself I'm against it in a way. I'd like to show the machine there's another way of getting audiences...*

### Adblock and Adblock Plus

AdBlock is a content filtering and ad blocking “pay what you want” extension for the most popular web browsers.

AdBlock allows users to prevent page elements, such as (and mainly) advertisements, from being displayed.

Adblock Plus is a fork of the original Adblock extension which is no longer under development.

Adblock Plus has become one of the most popular free extensions on Chrome and Firefox browsers in recent years. Eyeo, the German company that produces the software, says it has been downloaded more than 300m times worldwide and has more than 50m monthly active users.

According to Financial Times, some of the web's biggest companies have been paying to get around Adblock Plus. According to FT sources, the companies have paid Eyeo to be added to an official whitelist, which allows them to bypass the plug-in.

Source: Google, Microsoft and Amazon pay to get around ad blocking tool, Financial Times, February 1<sup>st</sup>, 2015

Online: <http://goo.gl/5XTPLA>



While another one had his own ethical justification:

*I want to show the media industry, the entire advertising and TV industries, but especially the entire music and film industries. I find a lot of people are getting rich in these fields and every time you commit a small crime by downloading something illegally they're all like, "Think of the poor artists who aren't getting their money." Well, I have musician friends and when I talk to them about it they tell me, "When you buy a CD, I don't even make a buck from the sale." So \$19 goes to whoever it is at the record label and the retailer. But I like to support artists so when I have the chance I go see them live and I buy a t-shirt and a vinyl record. That's where the money goes to the performers directly. But honestly, I think it's more a way of justifying what I'm doing than a motivation after the fact.*

Some companies are working on alleviating those feelings of guilt: Google launched last November a service called Contributor. that replaces ads by "thank you" messages on participating websites, for internet users who contribute a monthly fee of about 2\$. The idea is tested with ten online publishers, including The Onion, ScienceDaily, Urban Dictionary, and Mashable. For now, Contributor is presented as "an experiment in additional ways to fund the web"<sup>17</sup>.

As Wired Magazine remarks in its piece on the subject, "This type of thinking makes sense. If people are going to gripe constantly about ads and having their personal data sold to advertisers, why not ask them to put a nominal amount of money where their mouths are? Google Contributor tries to appeal to readers' sense of ethics, urging them to believe that the content they enjoy is well worth spending \$2 a month.

But this approach may be too little, far too late. People are already used to getting content online for free. As much as they hate ads and ad tracking, they hate paying for free stuff even more."<sup>18</sup>

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<sup>17</sup> Contributor by Google. Online: <http://www.google.com/contributor/welcome/>

<sup>18</sup> Google's New Service Kills Ads on Your Favorite Sites for a Monthly Fee, Wired, 20 November 2014. Online: <http://www.wired.com/2014/11/google-contributor/>

## Freedom lovers before being freeloaders

A choice not solely motivated by greed

As the Wired article reminds us, it has become conventional wisdom that consumers won't pay for internet content and that this is especially true for Millennials who developed the habit of pirating music, movies and TV shows.

Therefore, is the digital-only media life a logical outcome of this presumed unwillingness to pay? Our focus groups participants told us that money is an important factor, but not THE fundamental incentive.

Their primal motivations are freedom of choice: Having the freedom of consuming content they want when and where they want it, of avoiding the hassle of intermediaries, of not having to pay for content they don't want, of escaping advertising.

For instance, some didn't object to paying per se, they criticized the concept of having to pay for a bundle.

*The main reason is it's too expensive! It's total robbery. You have to pay something like \$75 a month for 25 channels and you only really watch two of them and you can't choose what you want. I personally don't think it's worth it when I can watch whatever I want when I want. It's not that I totally dislike television. Some of the commercials are funny. It's just so expensive. I don't want to buy the whole cow, I just want a small steak! So I really think it's too expensive for what it is.*

For another one, price was a factor, but the complexity of the whole system and its lack of flexibility were chief:

*Television is an issue of content and price. It's less accessible, not as simple and there are commercials. Having cable is kind of complicated. You have to deal with packages and devices...Accessing content on your computer is so easy. You look for something and you find it. No fee, no ads, and you don't have to wait for a specific time slot. If I want to watch 12 episodes tonight, I can totally do it!*

For another participant, price wasn't really relevant:

*Cost is important, but the main thing is availability. There's so much content that's almost impossible to access on traditional media. When 24 hours of Le Mans is on, I watch 24 hours of racing at home. No TV channel shows 24 hours of racing. But it's not just television. There's a lot of foreign content you can't get here through traditional media unless you pay \$300 a month to get the channel. And then you still have to be at home to watch it or you'll miss it and then you have to wait eight months until it comes out on DVD.*

This rejection of the cable model is not new and not limited to Millennials, but it demonstrates perfectly a growing trend: the cord-nevers phenomenon, that small-but-growing percentage of young people who have never paid for cable or satellite TV and have no intention of doing so in the future. For one American analyst, the latest slew of high profile media deals – Amazon purchase of Twitch, the Viacom and Sony deal for the Sony web-TV service, the Sling TV service launched in 2015 by Dish – “all reflect an effort to target a critical but elusive audience: so-called Millennials who increasingly view video content on mobile devices instead of traditional fixed platforms, are not developing the habit of paying for TV service at levels close to previous generations and who regard video games and gaming videos as essential programming categories on par with movies and TV and spend nearly as much time playing the former as watching the latter.”<sup>19</sup>

This being said, it is important to remember that our study focusses on young people who identified themselves as *digital-only* consumers. The vast majority of 18 to 34 year olds still have access to cable TV and watch it.

#### *A symptom of the ownership shift*

For some panel members, the need for freedom went further than being free to consume content at their convenience. They expressed a lack of desire for owning things. What some analysts call an “ownership shift” is another trend developing. It’s not isolated within the millennial camp, according to some observers, but would rather have to do with “the cloud, the heavenly home our entertainment goes to when current media models die. As all forms of media make their journey into a digital, de-corporeal space, research shows that people are beginning to actually prefer this disconnected reality to owning a physical product.”<sup>20</sup>

Three of our panel members expressed exactly this notion:

*The more we talk, the more I realize...It's crazy, but traditional media really goes hand in hand with "getting more stuff." For example, to watch TV you have to buy the device to get cable access and then there's installation. If you want to keep DVDs, you're stuck with a bunch of boxes. We don't have much furniture in our apartment, we barely have anything...It's just not eco-friendly. I find it too cumbersome.*

#### **The Concept Of Shopping Has Shifted From Owning Stuff To Buying Into New Ideas.**

“The biggest insight we can glean from the death of ownership is about connection. This is the thing which is now scarce, because when we can easily acquire anything, the question becomes, “What do we do with this?” The value now lies in the doing.

People aren't shopping to "own" things in the traditional sense anymore (...)

People buy things because of what they can do with them. [The product or service] helps them feel less like spectators in their own lives, and gives them a greater sense of autonomy and action. As a company, Apple is great at leveraging this. Their products and services help people gain a sense of mastery over the world around them through digital products that let them curate music, movies, and photos.”

Why Millennials Don't Want To Buy Stuff, The Concept Of Shopping Has Shifted From Owning Stuff To Buying Into New Ideas. Fast Company, 13 July 2012. Online: <http://goo.gl/91q6Ym>

<sup>19</sup> Chasing Cord Nevers, Gigaom Research, September 15, 2014, online: <http://research.gigaom.com/2014/09/chasing-cord-nevers-2/>

<sup>20</sup> Why Millennials Don't Want To Buy Stuff, The Concept Of Shopping Has Shifted From Owning Stuff To Buying Into New Ideas. Fast Company, 13 July 2012. Online: <http://www.fastcompany.com/1842581/why-millennials-dont-want-buy-stuff>

*The fact is it's a lot easier to have everything in the Cloud instead of on actual discs.*

*Because these files take up a crazy amount of space. Managing your collection takes a lot of work! Now it's all in the Cloud. You just have to type in what you're looking for in the search engine. And with DVDs, once you've watched them, you don't really have a need for the physical object anymore...*

#### *Legal or illegal: a matter of perspective*

In the same way they don't necessarily want everything for free and tend to reject ownership of content, they aren't downloading illegally just for the sake of it, but mostly because it's often the only way to access the content they desire:

*[It used to be mostly illegal, but now it's the opposite.] The tipping point? When streaming came into play, like Spotify. When Spotify came out. The platforms are free, but they're not illegal. Apple TV, too.*

*Another thing is that going the legal route is really expensive. I'm a huge Game of Thrones fan. It's a really good series. I'd gladly pay HBO \$25 just to watch this show. But it doesn't work that way. I'd have to get a package with 75,000 channels I don't care about and it's going to cost me \$100.*

*If it was easy to get things legally, I'd do it. But when you can't get the content you want that way...then you find another way.*

The digitally native news outlet Quartz asserts that *convenience is no longer an excuse for online piracy in the US – nearly all popular movies and TV shows are legally available online.*<sup>21</sup> But it's still complicated to access content freely outside of the US and the lure of free content remains strong. In 2014, for instance, *Game of Thrones* episodes were downloaded 8.1 million times worldwide<sup>22</sup> from peer-to-peer file sharing sites, making it the most pirated show of 2014. (Worth noting: there was a certain confusion among participants about what was legal on the internet. Some were unaware that free streaming sites were sometimes acting illegally.)

Deloitte's TMT Predictions 2015<sup>23</sup> found that Millennials are spending less on traditional media than they did in the past, less than older generations, and less on content than people of similar ages did in the past.

Nevertheless, they are still spending to access media content: "Spending less on content is surprisingly expensive: consuming news, video and music for free requires expensive hardware and high-speed wired and wireless Internet access."<sup>24</sup>

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<sup>21</sup> *Nearly all popular movies and TV shows are legally available online*, Quartz, 3 October 2014, online: <http://qz.com/275704>

<sup>22</sup> *Game Of Thrones' Most Pirated TV-Show Of 2014*, TorrentFreak, December 26, 2014. Online: <https://torrentfreak.com/most-pirated-tv-show-of-2014-141225/>

<sup>23</sup> Deloitte Technology, Media and Telecommunications Predictions 2015, <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Technology-Media-Telecommunications/gx-tmt-pred15-full-report.pdf>

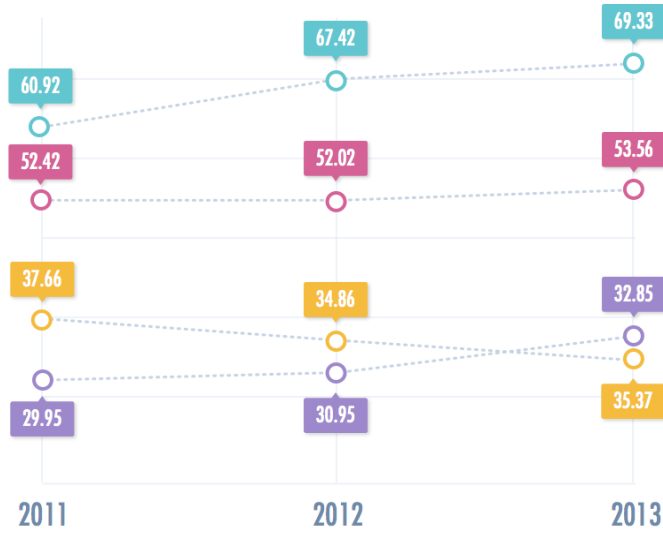
<sup>24</sup> *Ibid*, page 35

According to the data gathered by Deloitte, Millennials who replace their hardware every three or four years and subscribe to high-speed wired and wireless internet services spend about \$3,000 per year, while Deloitte's prediction for their spending on media content is \$750 per year.

## MONTHLY COMMUNICATION EXPENDITURES BY SERVICE

per Canadian household, in CAD

○ Wireline Telephone    ○ Mobile Wireless    ○ Internet    ○ Cable and DTH

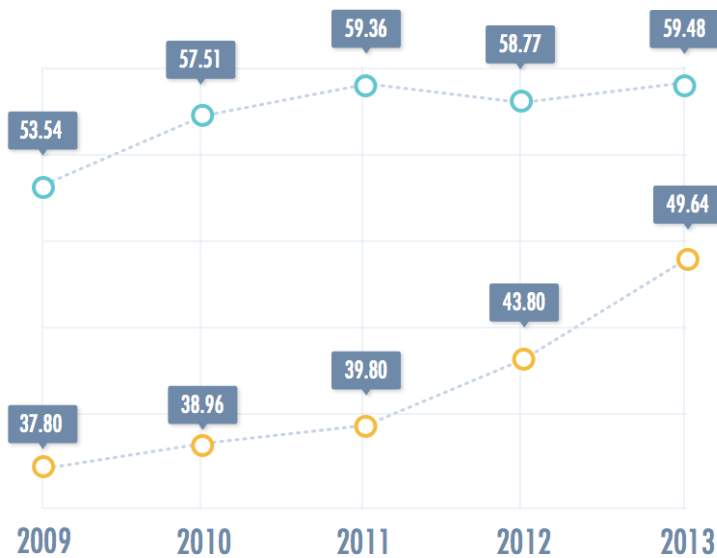


CRTC Communications Monitoring Report 2014

## REVENUE PER SUBSCRIBER

for Canadian companies, in CAD

○ Cable    ○ Residential Internet



CRTC Communications Monitoring Report 2014

## Intrinsically digital

Not a fad or a statement: a way of life

While designing the questionnaire for the meetings, we worked on the hypothesis that maybe consumption of digital media only was a social signifier, marking a person as part of a forward looking new generation, making digital-only behaviour a 'fashion choice.' We presumed that the 16-34 year olds who consider themselves *digital-onlys* would argue that their choice is purely rational, and would justify their behaviour on price, ads, convenience, form factor, etc.

When asked directly, they scoffed at the idea. They recognized that price, advertising, convenience were factors, as we've seen in the previous chapter, but beyond that, digital to them was a way of life, an organic choice:

*That's just the way it is. It's not a pride thing. It's the easiest way. It's simple, and it's free...*

*I'm not up-to-date on other ways on consuming media either. My consumption is 100 percent organic. I don't think about how I consume media, I just consume it. I feel like a junkie when I hear myself say that! Media is part of my life. It just comes to me. What I also like, and why I've never paid for subscriptions to magazines or whatever else, is something my dad taught me about comparing how different media sources treat the same subject. When you're online, you can do that just like that [snaps fingers]! It's great to see the same news from many different angles. What's cool about Facebook is that you can look at six different articles and the content is analysed at all different levels. You make up a more global opinion of things. So let's just say that The New York Times versus BuzzFeed...*

One of them even posited that using traditional media may be the statement:

*I'd say it's the opposite, even. Now that you mention it, I read The Economist. And now that I think about it, it's almost like making a statement. I don't do it myself, but going into a meeting with a newspaper under your arm would be quite the statement.*

And another one saw his suppression of Facebook from his smartphone as the statement:

*The statement I made this morning was deleting Facebook from my iPhone...but I do check it at work. I kept Messenger, but I removed the Facebook app. It felt like the first step. But I do feel a sense of guilt when it comes to new technologies that could lead me to make a statement later on, like reading the NYT in the Metro.*

## Desperately seeking curation

What about discovery?

In this world of infinite and immediate choices, on devices customized to serve their users' needs, discovering interesting and relevant content remains a chore, rendered more complex by the ever growing volume of possibilities.

The tech-savvy members of our panels haven't found the Holy Grail of discovery. They talked of many sources, some legal: their Facebook newsfeed, Flixster, IMBD, YouTube, specialized blogs and podcasts, applications and some illegal or in a grey zone: Kickass Torrents, projecttv.com, XBMC, etc.

But none of those sources really satisfied them:

*I feel limited in my options. I want to be surprised. I know my sources are good, but I'm too familiar with them. I'd like to be surprised, but by good content.*

And none could mitigate the overabundance of choice:

*I find there are more and more options as time goes on. I've got YouTube, and Crackle by Sony. Vevo's doing more and more stuff. There's Netflix, Flixster...It's almost like there are new ones all the time. For music there's Songza. Sometimes you find tracks on Songza and you download an artist's complete discography. I also like the CBC Music and Music Radio apps a lot.*

*Personally, I find there are too many access points now because they're trying to reach every type of media consumer. There's Rdio, Songza, 8tracks...*

One participant acknowledged his fear of being trapped in the *filter bubble*, this phenomenon first signalled by internet activist Elie Pariser<sup>25</sup> and CEO of the news site Upworthy<sup>26</sup>, and described as the result of a personalized search in which a website algorithm selectively guesses what information a user would like to see based on information about the user: <sup>27</sup>

*For my part, I almost feel guilty about my internet over-consumption. Because I feel like... when you have all your internet stuff, you feel like you can control everything but as time goes by... you think you make choices, but it's really Facebook's algorithm that decides... you know... the Filter Bubble... We're the victim of our and our friends' preferences. I'm afraid of relying too much on Facebook.*

Another participant observed that media had always acted as a filter bubble: the television channel, the magazine vendor having already selected for us which content would be presented. He emphasized that being aware and wary of the filter bubble was a good way to escape it.

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<sup>25</sup> <http://www.thefilterbubble.com/>

<sup>26</sup> <http://www.upworthy.com/could-this-be-the-most-upworthy-site-in-the-history-of-the-internet>

<sup>27</sup> Wikipedia. Online : [http://en.wikipedia.org/wiki/Filter\\_bubble](http://en.wikipedia.org/wiki/Filter_bubble)



So, despite their technological knowhow, their intrinsic need for freedom of choice, and the interactive relationship they have established with media, our panel members feel, like everybody, overwhelmed by options (or as the famous economic study by Barry Schwartz<sup>28</sup> has called it: the paradox of choice).

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<sup>28</sup> [http://en.wikipedia.org/wiki/The\\_Paradox\\_of\\_Choice](http://en.wikipedia.org/wiki/The_Paradox_of_Choice)

## Avenues to be explored: Toward a global culture?

In the introduction to its Keytrends Report 2015<sup>29</sup>, CMF identifies, among the challenges facing the audiovisual sector, the decline of cultural differences in favour of a standardisation of preferences on a global scale. The culprits: the lack of hard national borders in the online world and the rise of a globalized content market dominated by huge American web interests.

Netflix, for instance, added more new subscribers than it expected in the fourth quarter of 2014, aided by a growing international user base that brought its total number of subscribers to 57.4 million worldwide. A good portion of this growth can be attributed to its original programming. As Netflix's CEO Reed Hastings writes in his Q4 2014 Shareholders Letter<sup>30</sup>: "Our launch in Q3 in France, Germany, Austria, Switzerland, Belgium and Luxembourg went well and our new original content is particularly popular. Last year our original content overall was some of our most efficient content. Our originals cost us less money, relative to our viewing metrics, than most of our licensed content, much of which is well known and created by the top studios."

Here in Canada, a Media Technology Monitor survey conducted in fall 2014 assessed that 12 percent of French-speaking Canadians subscribed to Netflix, while 39 percent of English-speaking Canadians did so. Limited French content is often cited as an explanation for the Francophone's lack of enthusiasm for the service.

However, among the 18-34 year-olds Francophone, the percentage of Netflix subscribers is double: 24 percent.<sup>31</sup>

Our Montréal focus groups were comprised of French speaking people of various origins – "pure-laine" Quebecers as well as some born outside Canada. Most were Netflix subscribers, some even subscribing to both the US service – through a VPN<sup>32</sup> – and the Canadian service. When asked if they would be willing to pay more for Netflix, participants of the first group spontaneously answered in the affirmative (except for one who inferred that he'd be willing to pay more only if there was a "de luxe" edition, with the latest blockbusters).

*I bought a TV just to watch Netflix.*

*Netflix is flexible. The selection is amazing. You can watch what you want when you want, and you can binge-watch. I'm happy to pay when I know I can watch what I want.*

### VPNs and foreign services

*The VPN originated as a means of providing greater security for conducting online transactions or accessing confidential documents, mainly used in business environments. By masking or changing IP addresses, VPNs allowed users to secure their private personal data from ISP records, protect online transactions from unsecured networks or harmful sites, and generally provide a layer of encryption using a secure protocol. Ideologically, VPNs can also represent digital democracy and freedom of privacy and be used to facilitate the circumvention of censorship. Noble intentions aside, Canadians are using VPNs to access Netflix's US-based site as well as to other American video websites.*

Source: FMC Trends, *Are VPNs legal in Canada?* Online: <http://trends.cmf-fmc.ca/blog/are-vpns-legal-in-canada/>

<sup>29</sup> Canadian Media Fund, Keytrends Report 2015 - The Big Blur Challenge. Online: <http://trends.cmf-fmc.ca/research-reports/keytrends-report-2015-the-big-blur-challenge/>

<sup>30</sup> Online: <http://goo.gl/616L83>

<sup>31</sup> Media Technology Monitor, Autumn 2014 Survey, Online: <https://www.mtm-otm.ca/DataAnalysisTool>

<sup>32</sup> 14% of French-speaking Canadians use an American IP address to watch the American version of Netflix (Media Technology Monitor, Autumn 2014 Survey)

*I'm willing to pay as long as there's an added value. I'd rather pay \$35 a month for Netflix than pay \$35 a month for cable.*

The HBO network was also among their favourite media. Some of the participants expressed their willingness to pay for it if it were offered on a standalone basis and not as part of a package from a cable operator, where they'd have to pay for other undesired channels.<sup>33</sup>

It is a well-known fact – rooted in Canada's cultural history – that Canadian Francophones are attached to their television. The CRTC's Communications Monitoring Report 2014 states that Quebecers spent on average 61 percent of their weekly viewing hours watching Canadian content in 2013. This, to a large extent, explains the meagre success of Netflix in that market.

However, viewership data for the Francophone market are gradually pointing toward a decrease in total viewership hours for Canadian drama and comedy, a decrease that is likely to be due to the influx over the past decades of new specialty channels offering foreign content in dubbed versions.

Don Tapscott believes the internet may be breeding a true global generation of youth:

“With the rise of the Internet, the distinct localized characteristics specific to young people are somehow fading. Yes, countries and regions will still have unique cultures and independent features, but increasingly young people around the world are becoming very much alike. (...) they have similar generational attitudes, norms, and behaviors.”<sup>34</sup>

A 2014 survey from Noise|The Intelligence Group, an American firm specialising in consumer insights and market research focused on young consumers, confirms this trend. An online survey<sup>35</sup> was conducted among 18-34 year-olds from 10 countries: The U.S., Brazil, South Africa, China, India, South Korea, Italy, Germany, Spain, and the U.K. The results show that “unlike previous generations, Millennials have emerged as a generation of “cultural diplomats”.

The report finds unexpected similarities among Millennials and shows this group to be “surprisingly united in global attitudes about commerce, brand preferences and life goals, despite geographic boundaries. By building connections in a variety of ways, from gaming to couch surfing, “Global Ys” are spreading a new kind of global culture and establishing personal and non-political relationships.”

70% of the survey respondents believed the world has become smaller because of technology. Interestingly, when asked to characterize their generation, a large portion answered “globally connected”, while many considered that entertainment, world issues and sporting events fostered their sense of global connectedness to other cultures.

From our focus groups participants in Montréal who knew all about HBO's programs, to the Cassandra Survey respondents who saw entertainment as a global connector, the digital native generation seems to be experiencing its cultural environment in a

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<sup>33</sup> The focus groups were held a week before HBO announced it will offer a standalone online service in 2015 in the United States. As of this writing, it was unclear when or if this will be available in Canada.

<sup>34</sup> Grown up Digital: How the Net Generation is Changing your World.

<sup>35</sup> Noise|The Intelligence Group's First-Ever Global Cassandra Report Reveals Millennials Are 'Cultural Diplomats' Forging Shared Global Values. Online: <http://goo.gl/viWj4d>

very different way than previous generations. This may be worth exploring for anyone interested in the sustainability of national cultural expression.

## Conclusion

In 1913, Wolfgang Riepl, a German journalist and newspaper editor, formulated a hypothesis about media that he called "a fundamental law of the development of communication systems"<sup>36</sup>.

Riepl's law, as it is known today, posits that new types of media never replace the existing modes of media and their usage patterns. Instead, a convergence takes place in their field, providing different application for these older forms.

This hypothesis is being used again today, especially by traditional media executives, and their argument goes like this: so far, no new medium has killed an old one. The radio did not eliminate recorded music, TV didn't eliminate radio or movies, online interactive media didn't eliminate radio, television or film.

Indeed, traditional means of consuming media are still dominating the Canadian media landscape and will for a long time still. 85 percent of Canadian households are still subscribing to a broadcasting distribution service; over-the-air radio yearly revenue keeps growing despite the success of streaming services like Spotify; Canadians bought almost 18 million CDs in 2014, which is 60 percent of total albums sold (although down from the peak in 2001.)

But these numbers are potentially misleading. Cable subscriptions have been decreasing for the last three years,<sup>37</sup> commercial radio revenues are growing more modestly than in the past, recorded music sales, in any format, have collapsed, some say that print media are doomed...

Yet, what our conversations with the panellists revealed is that some consumers are not simply abandoning traditional platforms and turning towards digital content, they actually **seem to know no other way to consume content but on digital platforms**. For them, a change in media consumption would actually be to watch cable television, listen to FM radio or read a printed newspaper or magazine. *Digital-onlys* may represent a new species of consumers that view their media habits as completely **normal and organic**. Indeed, some were not even aware they belong to this digital group.

They all shared common characteristics: a prowess to adapt devices to their needs, an intrinsically digital lifestyle and a habit of bypassing traditional media to access a larger selection of content despite the fact they're struggling with an overabundance of choice. Our conversations also revealed that *Digital-Onlys* are fully aware of the negative impact their media consumption habits can have on content creators, yet they cherish freedom above all else.

This study only paints a preliminary portrait of this group, but it demonstrates that there is still much to learn from them. Since these viewing habits can serve as a leading indicator of the future of media consumption, further analysis would provide valuable insight on how to adapt to the changing media landscape. While doing this analysis, it would also be interesting to consider changing media consumption habits across generations. Measuring the population of over-25 migrants who have already

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<sup>36</sup> [http://en.wikipedia.org/wiki/Riepl%27s\\_law](http://en.wikipedia.org/wiki/Riepl%27s_law)

<sup>37</sup> From 2010 to 2013, Canadian cable companies lost almost 444,000 subscribers, but during the same period IPTV gained 965,500 subscribers according to the CRTC's Communications Monitoring Report 2014. In 2013, all Canadian broadcasting distribution undertakings (BDUs) lost only 0.1 % of their subscribers.

embraced digital media as their primary source for content could bring about some surprising discoveries.

So, is Riepl's Law completely wrong?

Well, consider this: in 2010, former MIT visionary Nicholas Negroponte announced the death of printed books, the first form of mass media, for 2015<sup>38</sup>.

But, in 2013, 92 percent of 18-29 year-old read in print in the US, says Deloitte's TMT Predictions 2015<sup>39</sup>. In 2015, predicts Deloitte, printed books will represent more than 80 percent of all book sales worldwide.

But then again, books are a different kind of media beast, with their more than 500 hundred years of existence. As Jeff Jarvis puts it: "We ain't seen nothing yet".

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<sup>38</sup>Nicholas Negroponte: The Physical Book Is Dead In 5 Years, TechCrunch, August 6, 2010. Online : <http://techcrunch.com/2010/08/06/physical-book-dead/>

<sup>39</sup> Deloitte, TMT Predictions 2015. Online: <http://goo.gl/WpPBW1>