

**CANADA MEDIA FUND**

**Digital Media Performance Measurement – Advisory Committee**

**Date: September 27, 2012**

**Presenter: J. Look/C.Briceno**

**FOR DISCUSSION**

**SUBJECT: VOD in Audience Success Factor of Performance Envelope Allocation**

---

**ISSUE:**

A discussion on the measurement of television content consumption on VOD platforms, and how this data could be integrated into the Audience Success factor in future Performance Envelope calculations.

**BACKGROUND:**

Performance Envelopes (PE) & Audience Success Factor

All projects financed by the CMF under the convergent stream must meet the following criteria (as defined by CMF guidelines under the PE Program):

- 1) A Television Component that is made available by:
  - a) One or more CRTC-licensed traditional, scheduled broadcasters; and/or
  - b) One or more CRTC-licensed video-on-demand (VOD) services;

and

- 2) Any or all of the following:
  - a) One or more Digital Media Components;
  - b) The Television Component made available to Canadians by one or more CRTC-licensed video-on-demand services;
  - c) The Television Component made available to Canadians by a Canadian entity via non-simulcast digital distribution.

As per this definition, the consumption of television content funded in the Convergent Stream is eligible for credit in the Audience Success factor of PE calculations. Audience success recognizes the ability of broadcasters to generate audiences to Canadian programs supported by the CMF.

Currently, the credit earned in this factor is based on the total number of hours tuned in Canada to each individual broadcaster's eligible programming over the course of one broadcast year. The Audience Success factor reflects viewing on the television screen and live platforms, in what has been characterized as a "linear viewing". Increasing consumer demand for television viewing that fits into their personal timetable has prompted broadcasters to make available some of the content on their own website or on BDU's value-added channels. The term "three screens" has been coined by the industry to describe the proliferation of content distribution and consumer engagement via PCs and mobile devices. The accelerated pace of this evolutionary behaviour in

television consumption has prompted the CMF to examine additional methodologies that could be used to credit viewing from these non-linear platforms. The availability of content in this capacity is loosely termed “non-linear viewing”, or more commonly known as “video on demand” (VOD).

Note that as per the CMF 2012-2013 Performance Envelope Guidelines, convergent projects may include a television component as well as a digital media component (DM). Rich and substantial DM components will be measured according to the new Digital Media Measurement Framework that was introduced in February 2012 (see separate briefing note).

For the purposes of this discussion, VOD refers to the availability of the television component on channels and platforms other than the broadcasters’ scheduled transmissions.

### Current Measures of Audience Success

The CMF uses the metric of total hours tuned, as derived from BBM Canada’s Average Minute Audience data, in order to calculate performance envelopes. That calculation is based on the following formula:

$$\text{“Total Hours Tuned”} = \frac{\text{(Average Minute Audience in thousand x duration of program)}}{1000} \times 60$$

Where “average minute audience” is extrapolated based on behavior measured from a panel of BBM participants. Those sampled carry the pager-size Portable People Meters (PPM) which captures linear-viewing, under the following scenarios:

- LIVE viewing: any viewing consumed at the time of broadcast (3 minute allowance) whether it is received from cable, satellite, off air, online, mobile or other source.
- VIEWER CONTROLLED RECORDING: such as VHS, Personal Video Recorder, DVD, computer hard drive, providing it is viewed within 7 days of broadcast (reported as playback)
- REMOTE ACCESS PROGRAMS: sometimes called “catch up viewing”, accessed from a website or cable site. BBM includes this viewing if it is available in exactly the same format as broadcast (including commercials if included in original broadcast) and viewed within 7 days of broadcast (reported as playback).

The PPM device does not currently capture viewing to non-linear viewing, otherwise known as VOD. Nor does it include “catch up viewing” for programs accessed through a cable company or broadcaster website where the program is presented differently than the first live transmission (i.e. the content does not have commercials, or has commercials that are different from those that originated in the live broadcast).

### Categories of Video-on-Demand

There are currently five basic categories of VOD. One is licensed by the CRTC because it involves regulated broadcasting systems. The others are mostly unregulated because their distribution is not categorized as broadcasting (examples are those delivered via internet service providers or mobile systems):

- Regulated VOD broadcasting services
  - digital cable, direct-to-home satellite, IPTV channels
- OTT (Over-The-Top) streaming services
  - Google TV, AppleTV, Netflix, Rogers’ Anyplace TV
- Web-based streaming services
  - Tou.tv, cbc.ca, YouTube, Vimeo

- Mobile-based streaming services
  - Video-based apps (TreehouseTV Video app, TVO app, BBC iPlayer app)
- Downloadable content
  - iTunes

A more detailed description of these categories can be found in Appendix A.

### Measurement of VOD - options

In the absence of an industry standard to measure VOD content currently, there are a variety of companies and methodologies that either have been employed, or are in the process of being developed, in order to provide consumption metrics to broadcasters, content distributors, and content owners for revenue-sharing or for sales transactional purposes.

#### *BBM*

BBM has seen expanded interest in non-linear viewing and is building a new system to report it separate from the current linear live and playback system. BBM has started to build the technical infrastructure required to implement VOD measurement and the system will be subject to testing. BBM will consult with future users of this new system during 2012-2013 to design a reporting system prior to making decisions on how to report non-linear viewing as part of its reporting methodology. It is not known whether the data generated will be compatible to the current total hours tuned demographic data that is provided for linear television viewing. However, given that BBM already measures a form of VOD via remote accessed programs within the first 7 days of the initial telecast using the same metrics as those for linear viewing, it may be reasonable to assume that BBM will move to a system where metrics are compatible across linear and non-linear viewing.

BBM estimates that the process of assessing the technical requirements, development, testing and consultation with future users of this new system in order to determine the design of a reporting system will require at least 12 months to complete. Conceivably, the reporting mechanism and a performance metric to reflect non-linear viewing may not be available to broadcasters until at least the start of the 2013-2014 broadcast year, and perhaps even later.

#### *Rentrak*

A U.S. company, Rentrak, uses data derived directly from BDUs to monitor VOD activity. Utilizing orders tracked by set-top boxes used by consumers to access VOD services, Rentrak's interface has the ability to track the number of orders placed as well as the amount of time spent viewing these respective purchases by program title. The data could then be aggregated by program title to ensure anonymity of individual cable subscribers and in compliance with privacy regulations.

A major impediment in CMF's proposed collaboration with the Rentrak system lies in the fact that Rentrak has until now been unable to procure authorization from its contracted subscribers to extract the specific level of information that CMF requires for testing and the development of a methodology to integrate this type of television content consumption into the Audience Success-THT factor for PE allocation.

#### *comScore / Digital Analytix*

The CMF has selected comScore and its Digital Analytix interface to capture the performance of CMF-funded digital media components from the Convergent stream and the Experimental stream. comScore's StreamSense, a utility feature within Digital Analytix reports on video consumption via a list of metrics, some of which are listed below; the measures are not directly

comparable to the consumption of television content measured by BBM (i.e. total hours tuned, a derivative of Average Minute Audience). Video consumption metrics reported by comScore's StreamSense include:

- video starts
- video completes (set to a pre-determined value, i.e. 50%/75%/90% completion)

As StreamSense measures activity through video players and not the content itself, producers or content providers would be required to tag the television content in order to properly measure consumption using the comScore solution. Tagging provides important classification information such as video title, publisher, and genre.

#### *Self-reporting by broadcasters using proprietary measurement systems*

Proprietary measurement systems are frequently used to evaluate content consumption on various platforms. While an array of measurement tools are widely utilized across the industry, the glossary of terms referenced and the definition for each nomenclature may not be subject to the same universal standard; rather, the criteria established by individual broadcaster or content provider would serve to accommodate its own set of business objectives. For example, while the number of video starts would be captured, subject to the criteria that was established for percent completes, this could be set at 25%, 50%, 75% or 90% of the online viewing of one program (episode).

As the CMF would not have access to proprietary measurement systems, the CMF would not support a self-reporting mechanism towards the development of a methodology to establish a factor in the PE allocation process. The CMF would need to propose a metric to capture this consumption behaviour. In all other options for VOD measurement that are available to the CMF (BBM, Rentrak, and comScore), the data can be verified directly at source. CMF also needs to be cognizant of fairness in the industry. Would smaller broadcasters or content distributors be placed at an unfair disadvantage if they lack the financial and human resources necessary to monitor, track and self-report VOD consumption to the CMF?

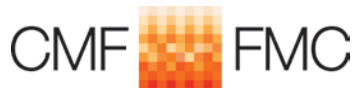
#### Integration of VOD data into Performance Envelope calculations

The metrics currently used by alternate suppliers (i.e. Rentrak, ComScore, self-reported data) to measure VOD are not directly compatible with the industry wide support of BBM standards for the measurement of television content available via linear (non-VOD) delivery methods.

Given that an integrated BBM solution will not be available for 1-2 years, the CMF needs to determine if and how, in the interim, it might reward consumption of funded content on VOD platforms. As this is a measure of the television component of a convergent project, the metrics used to evaluate performance would be applied towards the Audience Success metric of PE calculations.

If it is decided that currently available metrics should be used to evaluate VOD consumption in the allocation of PE funds, further discussions are needed to focus on the following items:

- what should the metric(s) be
- how would VOD be integrated into the audience success calculation, given that the measure of total hours tuned is not compatible with any metric currently available for VOD
- should the VOD metric be evaluated alongside THT (i.e. a separate factor weight), or should it be integrated into the current measure for THT



- is the VOD metric an interim-measurement tool that could be replaced by the BBM PPM measurement system, once the technical infrastructure is able to measure VOD viewing

#### **OPTIONS:**

Based on the preceding information, here are some possible (but not definitive) options for the course of action the CMF could follow with respect to the evaluation of VOD viewing in performance envelope calculations:

1. Defer to the BBM reporting system for measurement of VOD, or non-linear viewing consumption. In the interim, continue to calculate audience success based on current audience measures for linear (non-VOD) programming.
2. Use metrics supplied by Rentrak (number of orders and time spent watching each order) to evaluate VOD consumption. *Note: as of this date, CMF has not been granted permission to procure this information from Rentrak.*
3. Use comScore and their Digital Analytix StreamSense to capture VOD consumption (metrics yet to be determined, as well as method in which such data could be integrated into current audience success calculations).
4. Ask broadcasters to self-report VOD activity via their proprietary measurement systems, using CMF-defined metrics. *Not recommended.*

#### **DISCUSSION:**

## APPENDIX A: Categories of VOD services

**Regulated VOD Broadcasting Services** – Digital cable, direct-to-home (DTH) satellite or IPTV channels. Astral's *The Movie Network On-Demand* is an example. These are governed by the Pay Television Regulations, 1990 (part of the Broadcasting Act).

**OTT (Over-The-Top) Streaming Services** – There are several OTT services. Google TV and AppleTV are content aggregators linked to proprietary set-top boxes. Meanwhile, content distributors such as Netflix and Hulu send content directly to gaming consoles, high-definition television sets and mobile applications, or through online streaming. Canadian broadcast distribution undertakings (BDUs) follow similar models, such as Videotron's Illico system which is available via set-top box, online and mobile. Rogers' *Anyplace TV* is similar to Illico and is also available through the *Xbox 360*. These are generally paid services (subscriptions, access fees) with content available across as many platforms as there are service hubs or customized interfaces.

**Web-based Streaming Services** – Video through a web browser. Some streaming services are offered by Canadian cable and satellite companies. Other sites stream video managed by Canadian broadcasters (such as [tou.tv](http://tou.tv) in French Canada and [cbc.ca](http://cbc.ca) in English Canada). There are also international portals like YouTube or Vimeo, and sites created by independent content creators (like [web series](#)). These are usually free and supported by advertising or fan donations.

**Mobile-based Streaming Services** – Many video-based apps are simply a front end (similar to a web interface), with video being pulled in from servers via wireless internet connections (WiFi or mobile 3G networks). Many OTT and web-based streaming services offer content via mobile apps, in addition to specialized paid streaming apps like the [TreehouseTV Video](#) app.

**Downloadable Content** – While downloadable video's predecessors – VHS/DVD/Blu-ray – are not considered VOD, being able to log onto iTunes and buy a television series turns content possession into a form of video-on-demand. For example, CTV has arranged for [Flashpoint](#) to be available on iTunes, as has Showcase/Shaw Media for [Continuum](#).

## APPENDIX B: Summary of possible VOD measurement providers

Provider	Metrics	Verifiability
BBM	<ul style="list-style-type: none"> <li>• Full demographic information, based on rigorously controlled sampling and weighting to portray consumption behaviour.</li> <li>• CMF pertinent KPIs include<sup>1</sup>:               <ul style="list-style-type: none"> <li>○ AMA (all demos)</li> <li>○ Duration of viewing</li> <li>○ Total hours tuned</li> <li>○ Reach</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Independent 3<sup>rd</sup> party measurement</li> <li>• Industry-supported standardized metric</li> <li>• CMF verifiable (via 3<sup>rd</sup> party independence).</li> </ul>
Rentrak	<ul style="list-style-type: none"> <li>• No demographic information available.</li> <li>• “Census data” based on number of orders only.</li> <li>• CMF pertinent KPIs include:               <ul style="list-style-type: none"> <li>○ Total number of orders</li> <li>○ Duration of viewing per order</li> <li>○ Total hours tuned (based on number of orders only)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Independent 3<sup>rd</sup> party measurement</li> <li>• Used widely by BDUs and content owners in North America.</li> <li>• Not verifiable by CMF, due to proprietary ownership of data by BDUs.</li> </ul>
comScore StreamSense	<ul style="list-style-type: none"> <li>• Full demographic info, based on extrapolation of panel behavior</li> <li>• CMF pertinent KPIs may include:               <ul style="list-style-type: none"> <li>○ video consumption                   <ul style="list-style-type: none"> <li>▪ number of video starts</li> <li>▪ Number of video completes</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Independent 3<sup>rd</sup> party measurement</li> <li>• Used widely across multiple digital platforms. CMF selected vendor for DM performance measurement.</li> <li>• CMF verifiable (via 3<sup>rd</sup> party independent).</li> </ul>
Self-Reporting using proprietary measurement systems	<ul style="list-style-type: none"> <li>• Requires CMF to define acceptable metrics for submission. Data submitted would need to conform to an agreed upon standard metric in order to allow for proper evaluation and credit application in performance envelopes.</li> <li>• CMF pertinent KPIs may include:               <ul style="list-style-type: none"> <li>○ Traffic                   <ul style="list-style-type: none"> <li>▪ Number of starts</li> <li>▪ Number of completes</li> <li>▪ Time spent</li> <li>▪</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Not recommended.</li> <li>• Would require broadcasters to provide proof of performance.</li> </ul>

<sup>1</sup> Assumes that the non-linear (VOD) reporting metrics developed by BBM will be the same as that of currently measured linear viewing.