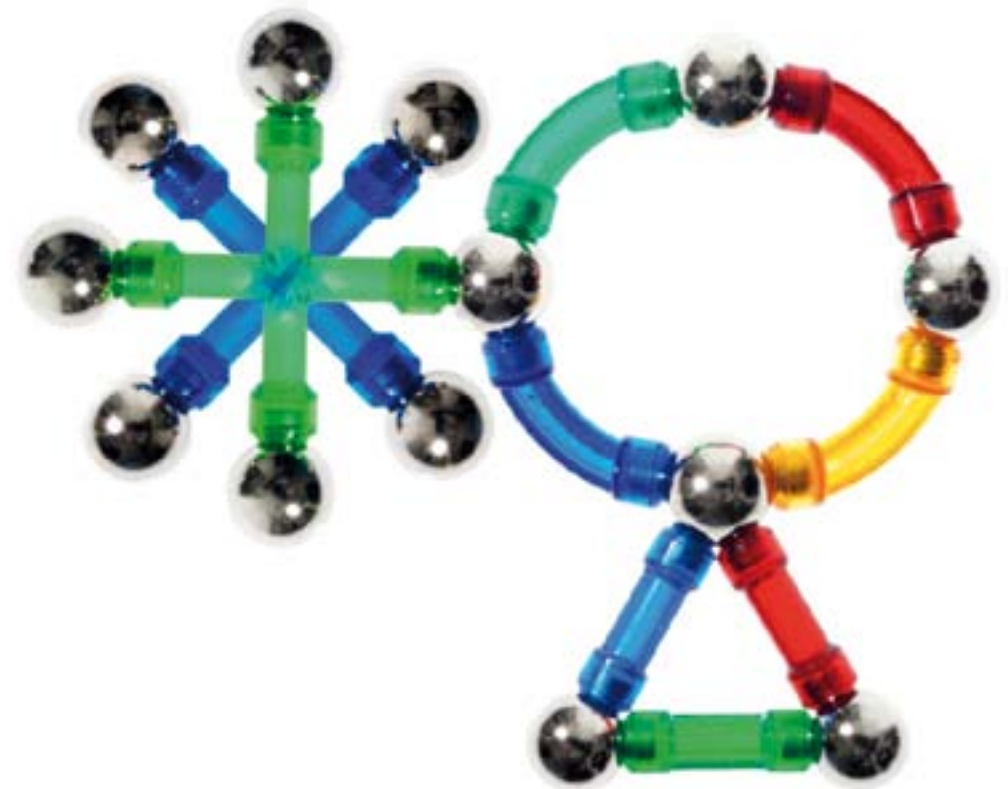


This way to the future

Canadian TMT Predictions 2012





What's around the corner?

More devices, more data, more innovation...

The influx of mobile devices will not slow down in 2012, as Canadians continue to collect an array of tablets and smartphones with which to conduct business, entertain, amuse and connect with each other. Challenged to keep pace with demand, vendors, network operators, app developers and marketers are finding innovative ways to support and capitalize on this continually growing urge to go mobile.

As Canadians do more things on more devices, every keystroke and every swipe will contribute to the mountains of information piling up in data warehouses. In 2012, a small number of big companies will blaze the trail towards making sense of this big data.

Yet, for all the innovation before us, in 2012, Canadians will remain committed to traditional TV broadcast schedules and watch their programs within 24 hours of airing. Where this viewing takes place, however, will continue to evolve – from living rooms to planes, trains, subways and buses during daily commutes. Fortunately, to keep up with trends like these, there will be many options to choose from. And as consumers spend more on electronics, these devices will become the status symbols of the future.





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Billions and billions: big data becomes a big deal

In 2012, “big data” will experience accelerating growth and market penetration as there are times that traditional analytics tools can’t keep up with the information being collected. Deloitte expects that by the end of 2012, more than 90 percent of Fortune 500 companies will have some big-data initiatives underway in an attempt to manage their overflowing data warehouses. Not surprisingly, the early adopters of big-data technologies were Internet companies. The fast followers are likely to be those in the public sector, financial services, retail, entertainment and media industries. Globally, as much as \$1.5 billion worth of new development projects (up more than ten-fold since 2009) will signal the start of a demand for skilled talent, which, in Canada, could grow to 15,000 more professionals within the next five years.





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NFC and mobile devices: payments and much more!

The number of mobile devices with Near Field Communications (NFC) chips will double by the end of 2012, enabling the transfer of small amounts of data over a very short distance. NFC has been dominated by the “wave and pay” notion, which, in effect, incorporates a credit card into a mobile phone, thereby creating a “digital wallet.” However, for this application to take off, consumer misperceptions about the security and battery-draining aspects of NFC will need to be overcome. In the meantime, thousands of other applications for NFC – from gambling to gaming to healthcare and security – will gain traction this year.





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It takes two to tablet: the rise of the multi-tablet owner

The tablet explosion has shown little sign of slowing down since the format hit the market in 2010. Almost five percent of tablets sold in Canada in 2012 will be to households that already own a tablet, likely marking the most rapid “multi-anything” market penetration in history. In contrast, it took several decades after introduction for one household to have more than one car, phone, radio or television and ten years for a similar landmark to be reached for computers and mobile phones. As was the case with smart phones, Canadians will demand choice, forcing the tablet market to diversify around size, processing power, price and operating system.





All aboard for the catch-up commuter

Five percent of owners of full-screen smart phones and one in ten tablet owners will use their devices at least once a month to catch up on TV viewing while commuting. Globally, this could represent an additional five billion hours of television viewing for the year. While there are technological and legal challenges related to recording content, the surge in tablet and smartphones sales – with half a billion expected to be in people’s hands by the end of the year – will drive this use of tablets and smart phones. The catch-up commuter in Canadian cities – including the transit-heavy Greater Toronto Area (GTA) – represents a new opportunity for content producers and advertisers. On the other hand, this trend represents a threat to Canadian publishers of free newspapers and to vendors of portable video-game consoles.





Consumer tech spending defies the economic headwinds

Rises in smart phone, tablet, computer and TV purchases will far surpass gloomy general predictions of economic growth. Even in a weak economy, lower prices, new form factors and the “bang for your buck” value of technology will all encourage consumer spending on these devices. Compared to the cost of buying a car or a house – the traditional rite of passage for families – an investment in consumer electronics could become an alternative status symbol for Canadians. Constrained budgets and our love affair with technology may even drive buyers to sacrifice other lifestyle purchases, like vacations, in order to upgrade to a new computer and television.





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It's a “brand” new day for online ads

While the overall advertising sector will grow five percent this year, online brand spending will grow 50 percent to \$20 billion worldwide as marketers realize the potential of online to build long-term value for brands. With more money being invested, more sophisticated methods for measuring the success of online branding campaigns have evolved. For example, “Real Time Bidding” (RTB), which allows companies to specify exactly where and in what context their ads will appear, has transformed digital marketing campaigns from their humble beginnings as banner ads. Advertisers have also increasingly turned their efforts to tailoring ads specifically for the online world via videos and social-media campaigns. However, the key to success will rest with the Canadian companies and their agencies that develop new skills to take advantage of the increase of digital branding.





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The schedule remains supreme

Somewhat surprisingly, Canadian consumers will continue to watch 95 percent of programs live or within 24 hours of broadcast in 2012. This viewing habit is virtually unchanged from a decade ago, despite new devices that allow them to record programs and watch them whenever they want. The rise of social networks has enhanced, rather than diminished, the schedule's appeal as online discussion and commentary on programs has expanded from the living room to a continental community. Maybe we're hardwired to prefer routine, maybe we enjoy the "event" aspect of television or maybe we just find choosing a chore. Whatever the reason, Canadians are sticking to the schedule. And this habit is causing conventional broadcasters to be more creative in showing advertisers the advantages of building their campaigns within the context of that schedule.





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Hard times for the hard disk: silicon storage surges

In 2009, over 99 percent of laptops and netbooks kept their data on hard disks, but that will be down to 85 percent by the end of 2012, as solid-state drives take off. By the end of 2012, solid-state storage for small devices such as MP3 players, smart phones and tablets will likely account for 90 percent of the market, compared to just 20 percent in 2006. Even large data centres will be turning to smaller, cooler, power-sipping solid-state drives as an alternative to more traditional hard drives. In the past, storage technology has mostly been taken for granted; but more tech-savvy Canadians are starting to pay attention to how much storage they actually need on specific devices, particularly as cloud-based storage services become available.





Market research is all in your head: MRI machines and media

“Neuromarketing” will figure prominently as marketers try to peer into the minds of consumers – literally – using functional Magnetic Resonance Imaging (fMRI). Similar to larger, more expensive MRI machines used in the medical sector, fMRI can show that activity in certain regions of the brain correlates with specific emotions and types of thinking. Neuromarketing is already being used by North American marketers to alter their packaging and even the flavours of their products, and by film studios who are re-editing movie trailers to appeal to certain demographics. Considered by many to be more reliable than traditional focus-group testing (turns out some people don’t tell the truth during these sessions), neuromarketing – which also includes biometric tools to monitor skin sweat, heart rate, respiration and movement – has caught the attention of Canadian marketers desperate for a competitive edge in the high-stakes world of product promotion.





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Here come more data caps: it's the end of the (wire)line for unlimited Internet

In 2012, more than 100 million additional Internet users around the world will have to pay attention to the meter on their wired broadband connections as explicit monthly bandwidth caps are introduced to alleviate congestion. The demand for data has already seen many mobile phone networks ease away from the “all-you-can-eat” world and 2012 could be the year that a similar trend occurs in fixed-line broadband. Demand is growing at over 30 percent a year, with traffic at peak times already forcing many network providers to throttle back speeds or charge for additional gigabytes. The caps placed on mobile networks have forced many consumers to offload data usage onto Wi-Fi networks, adding further strain to already congested networks.





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