

# Internet 9: The Media and Entertainment World of Online Consumers *Special Radio Industry Edition*



## How Internet 9 Was Conducted

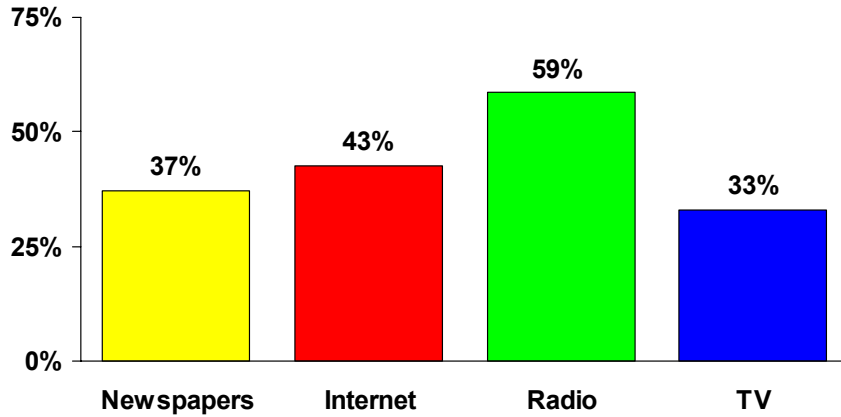
2,511 telephone interviews were conducted in July 2002

- National random sample
- Spring 2002 Arbitron diarykeepers age 12+



## Consumers Give Radio High Marks For “Getting Better Lately”

% Who Say Medium is “Getting Better Lately”

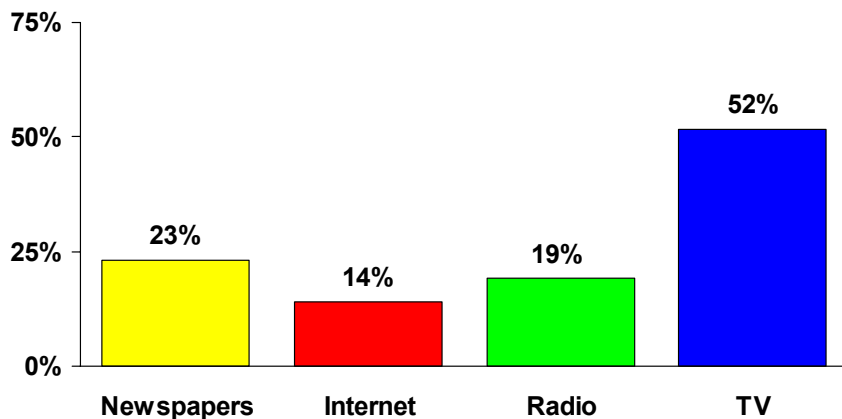


Base: Total Population 12+



## Consumers Are Most Likely to Say TV is “Getting Worse Lately”

% Who Say Medium is “Getting Worse Lately”

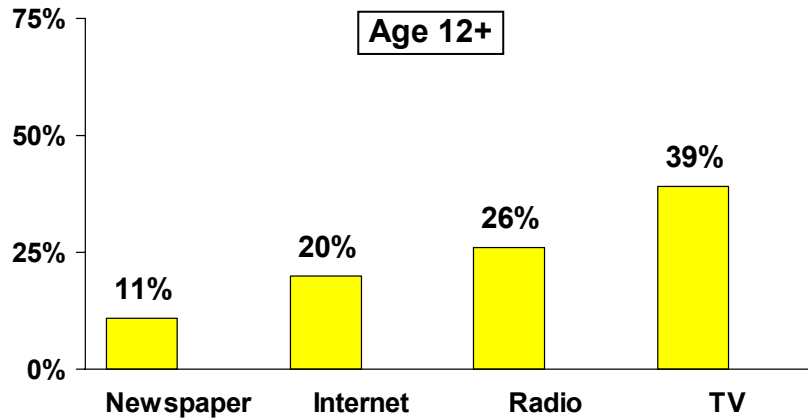


Base: Total Population 12+



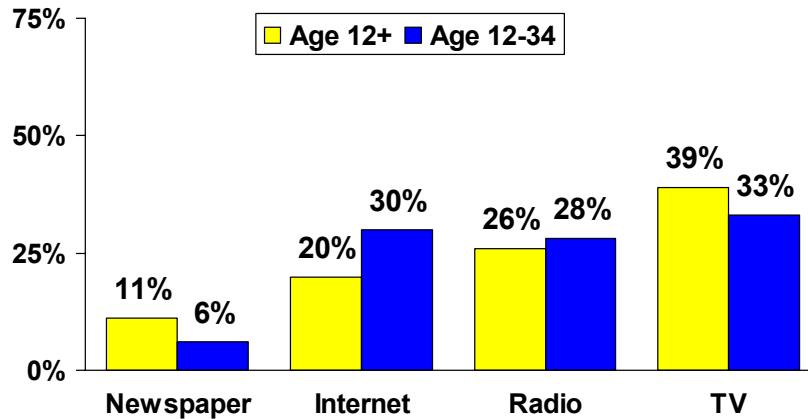
## Radio Trails TV as “Most Essential” Medium in Consumers’ Lives

“Which of these media is MOST essential to your life?”



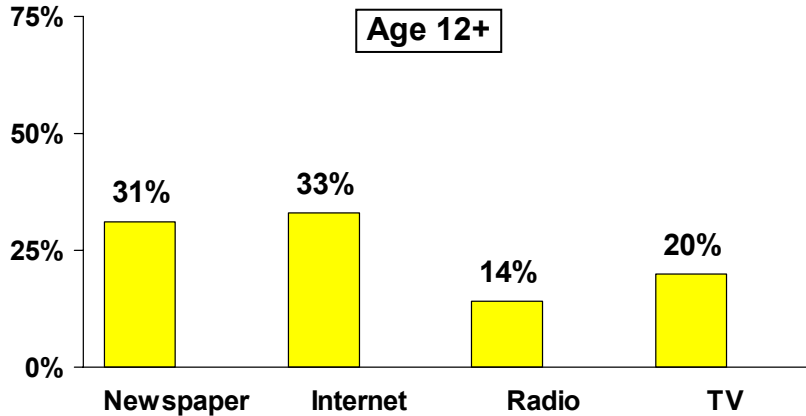
## Radio Nearly Tied With TV & Internet as “Most Essential” to 12 to 34 Year-Olds

“Which of these media is MOST essential to your life?”



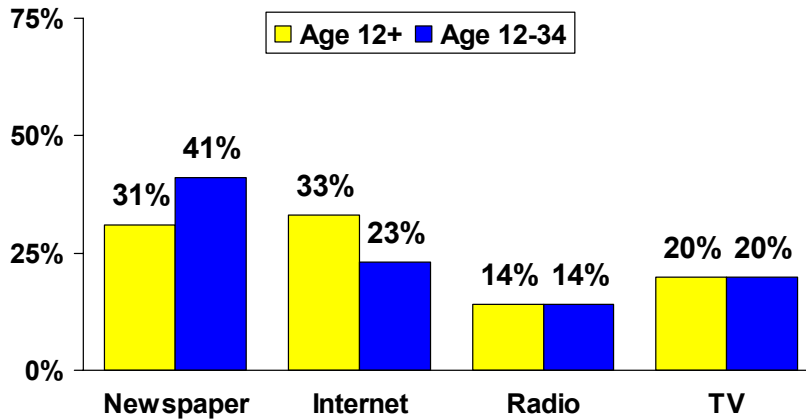
## Radio Has Fewest Saying it is “Least Essential” Medium

“Which of these media is LEAST essential to your life?”



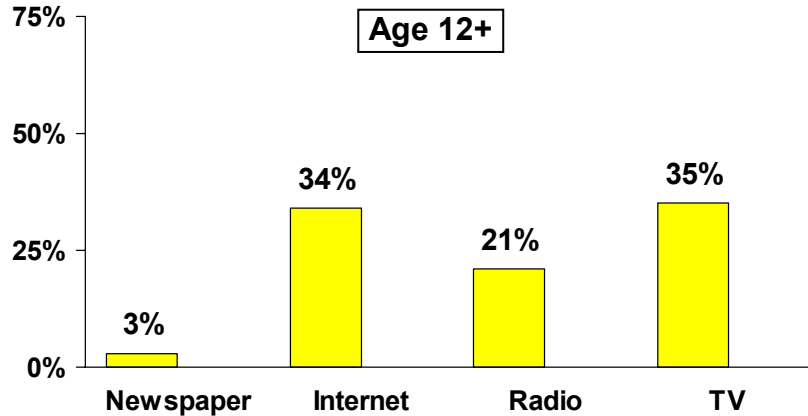
## Newspaper is “Least Essential” Medium to 12 to 34 Year-Olds

“Which of these media is LEAST essential to your life?”



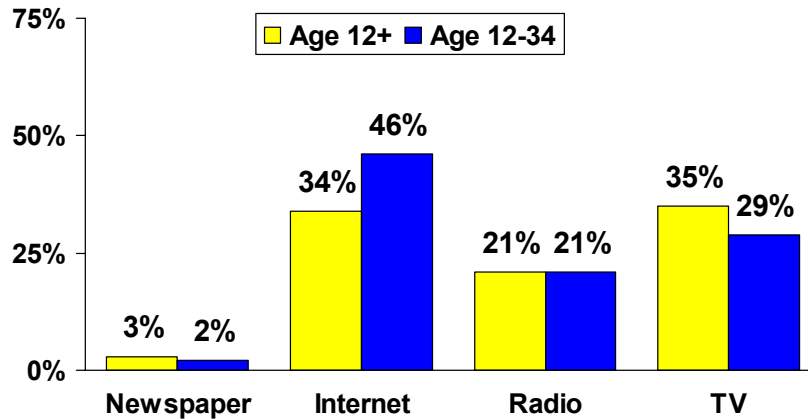
## Radio Trails TV and Internet as “Most Cool & Exciting” Medium

“Which of these media is MOST cool and exciting?”



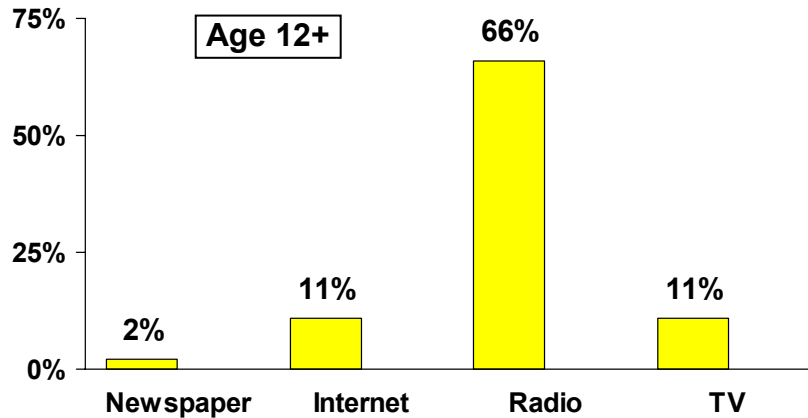
## The Internet is the “Most Cool and Exciting” Among 12 to 34 Year-Olds

“Which of these media is MOST cool and exciting?”



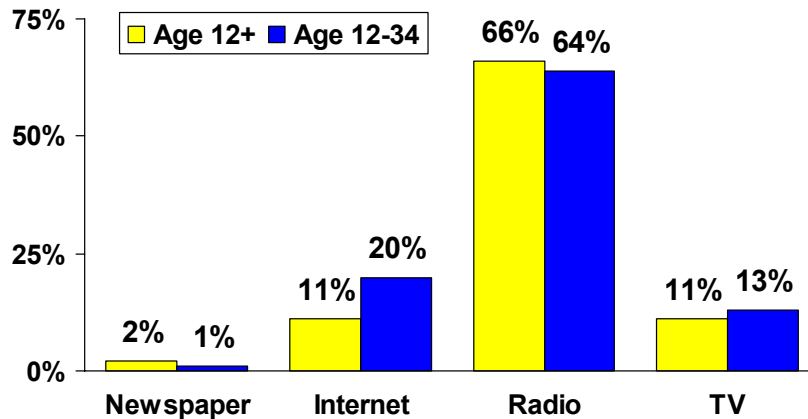
## Radio is Still the Dominant Source for New Music...

“Which of these media do you turn to first to learn about new music?”



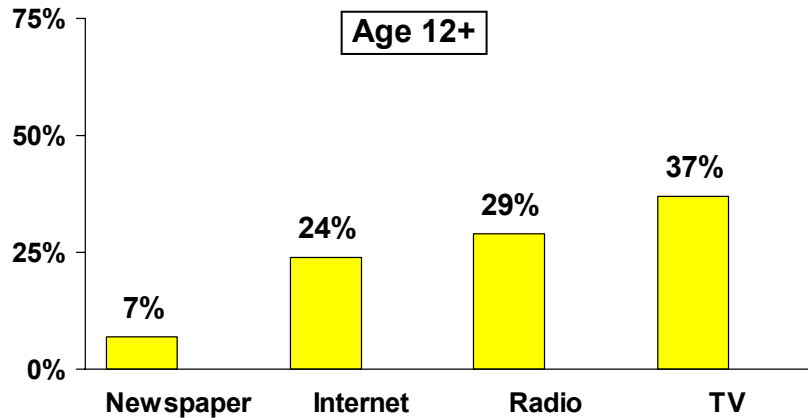
## ...And is Nearly as Dominant Among 12 to 34 Year-Olds

“Which of these media do you turn to first to learn about new music?”



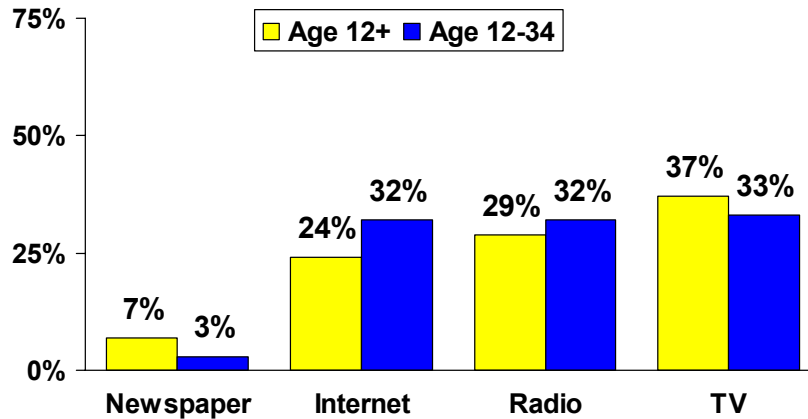
## Three in Ten Say They Are Using Radio “More Lately” Compared to Other Media

“Which of these media are you using MORE lately?”



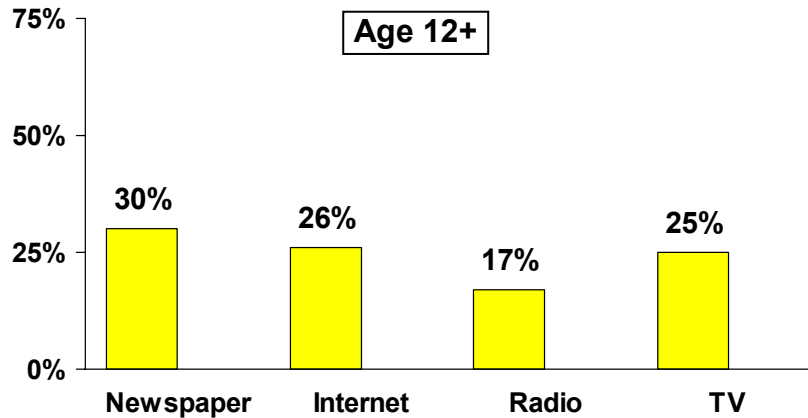
## TV, Radio & Internet Tied as Medium Used “More Lately” among 12 to 34 year-olds

“Which of these media are you using MORE lately?”



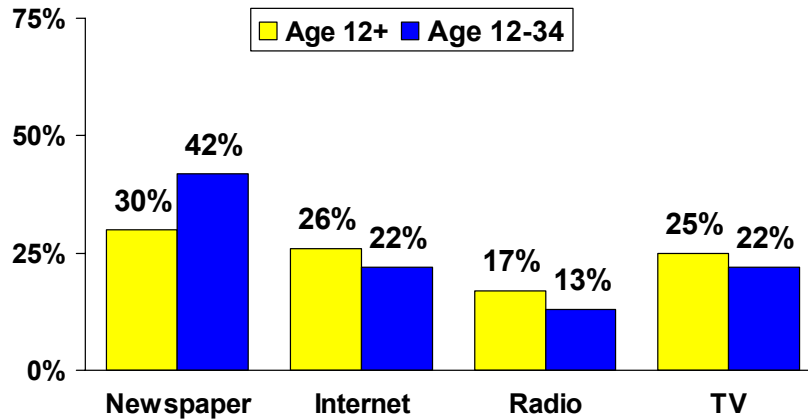
## Radio Has the Fewest Saying They Are Using It “Less Lately”

“Which of these media are you using LESS lately?”



## Even Fewer 12 to 34 Year-Olds Say They Are Using Radio “Less Lately”

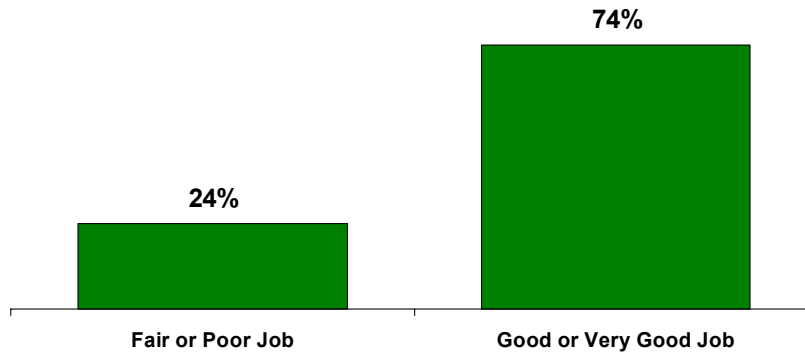
“Which of these media are you using LESS lately?”



## Most Say Radio Does a Good Job of Playing the Kinds of Music They Like...

*"How good a job do radio stations you can hear do of playing the kinds of music you like?"*

July 2002



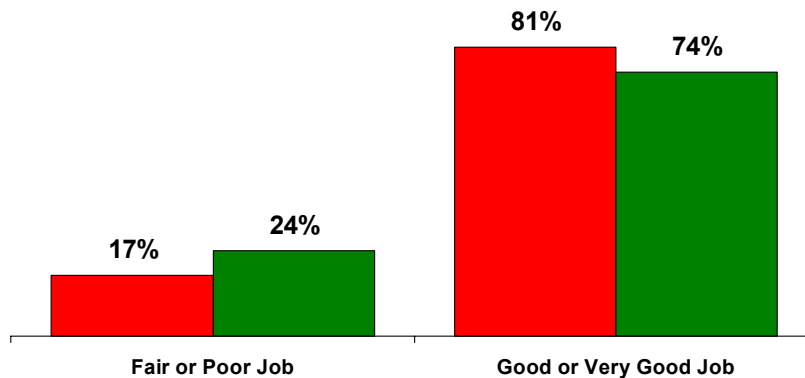
Base: Total Population 12+



## ...However Fewer Say Radio Does a Good Job Compared to Four Years Ago

*"How good a job do radio stations you can hear do of playing the kinds of music you like?"*

■ August 1998 ■ July 2002



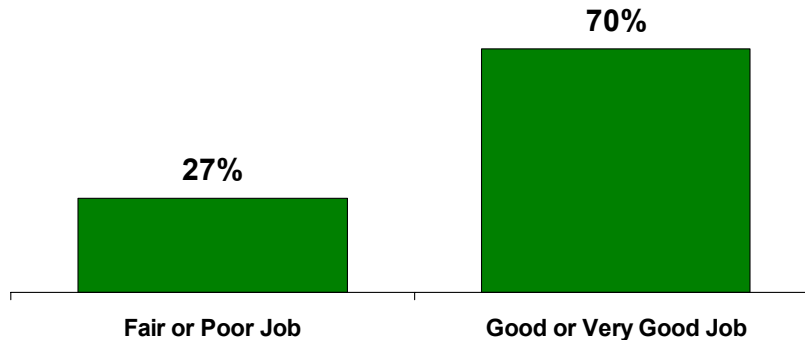
Base: Total Population 12+



## Many Also Say Radio Does a Good Job Providing the News & Info. They Want...

*"How good a job do radio stations you can hear do of providing the kinds of news & information you want?"*

July 2002



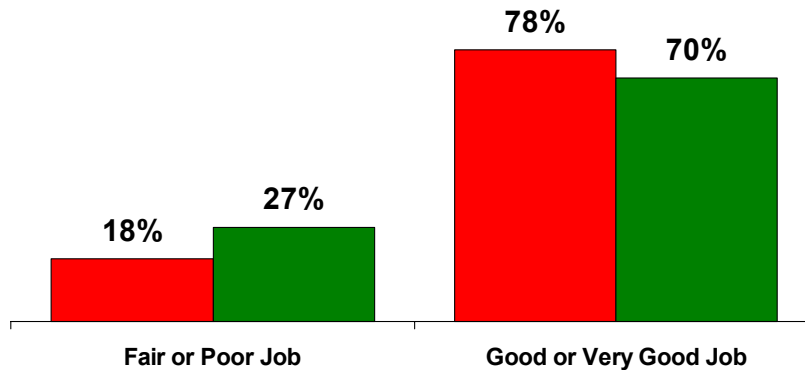
Base: Total Population 12+



## ...Though Fewer Say Radio Does a Good Job Compared to Four Years Ago

*"How good a job do radio stations you can hear do of providing the kinds of news & information you want?"*

■ August 1998 ■ July 2002



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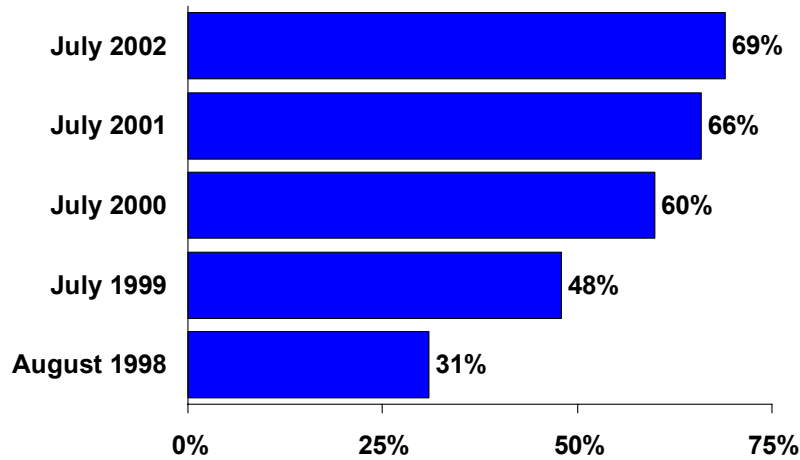


# Internet Access Trends



## Seven in Ten Americans Now Have Access to the Internet

% with Internet Access at Any Location

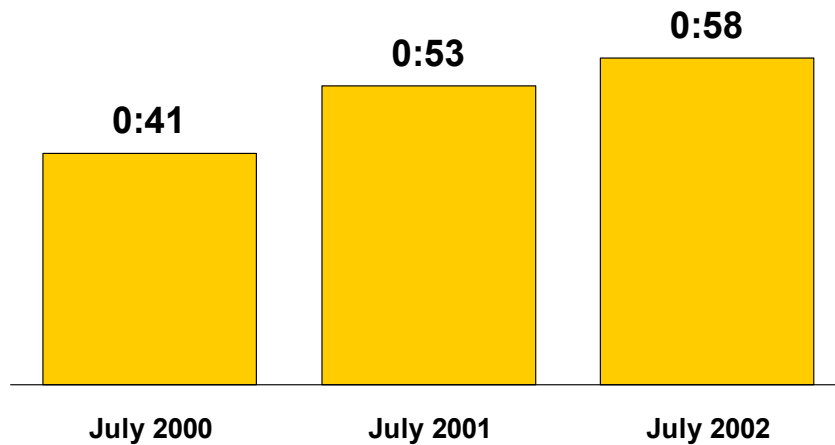


Base: Total Population 12+



## Average Time Spent Online Approaches One Hour Per Day

Time Spent Online Per Day (Hours:Minutes)

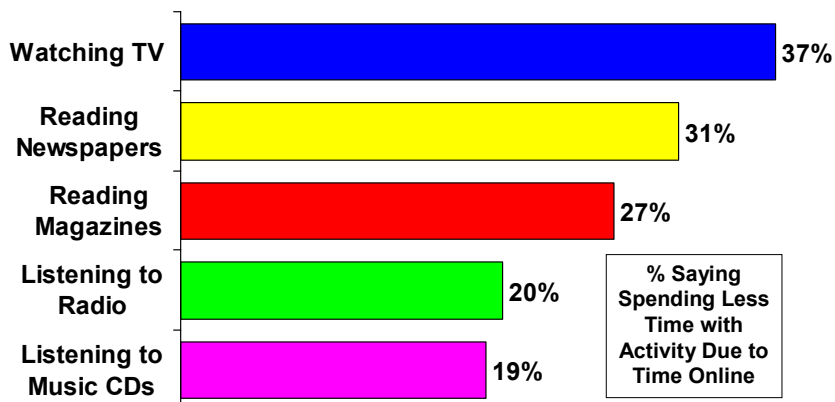


Base: Total Population 12+



## Americans Are Spending Less Time with Traditional Media Due to Time Online

"Are you spending less time with each activity due to the time you spend online?"

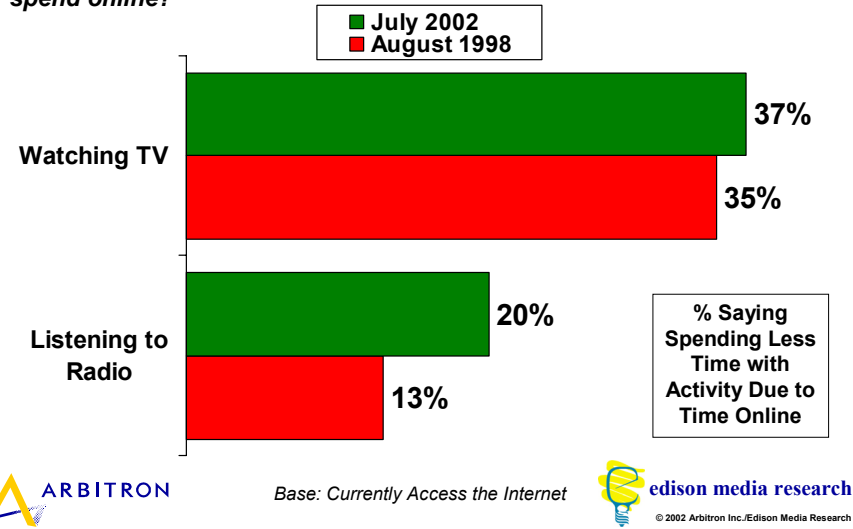


Base: Currently Access the Internet



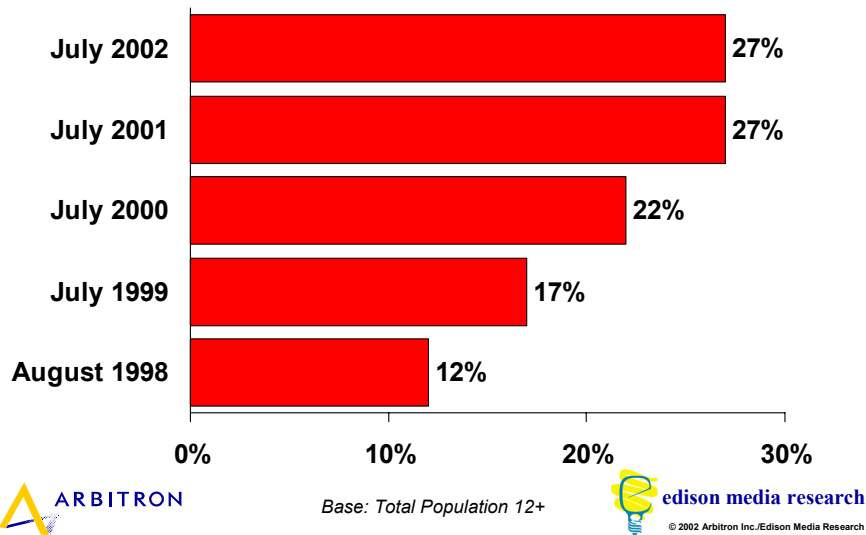
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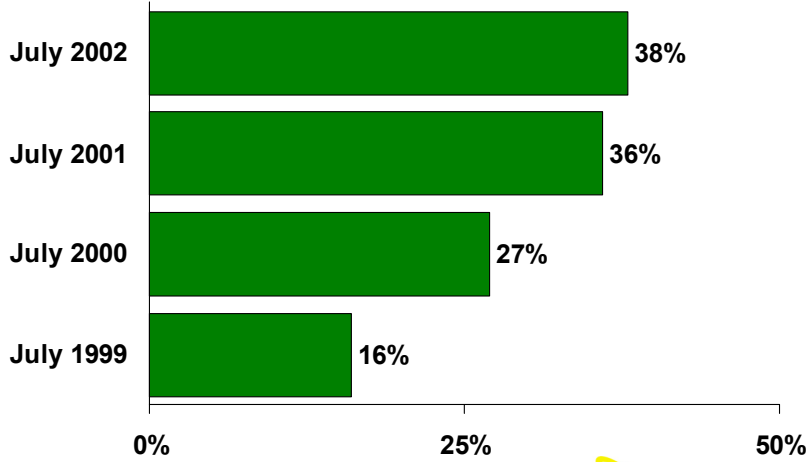
## More Than One in Four Americans Access the Internet at Work

% with Internet Access at Work



## Nearly Four in Ten Americans Have Made a Purchase Online

% Who Have Ever Purchased Online



Base: Total Population 12+

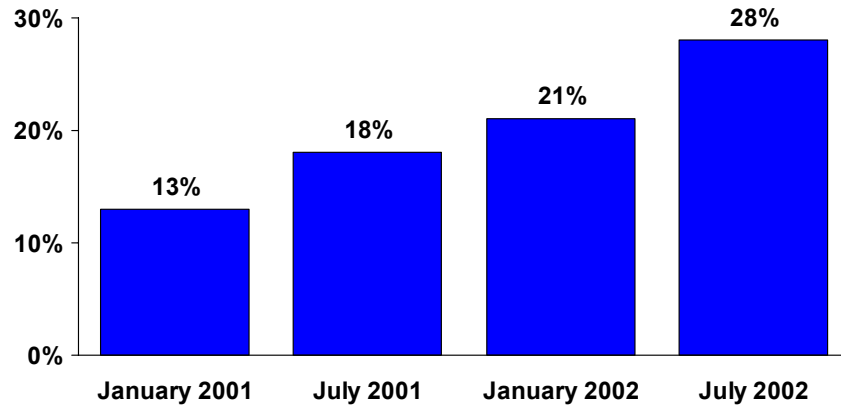


## Broadband



## Residential Broadband Has Doubled in the Past 18 Months

% Who Have Broadband Internet Access at Home



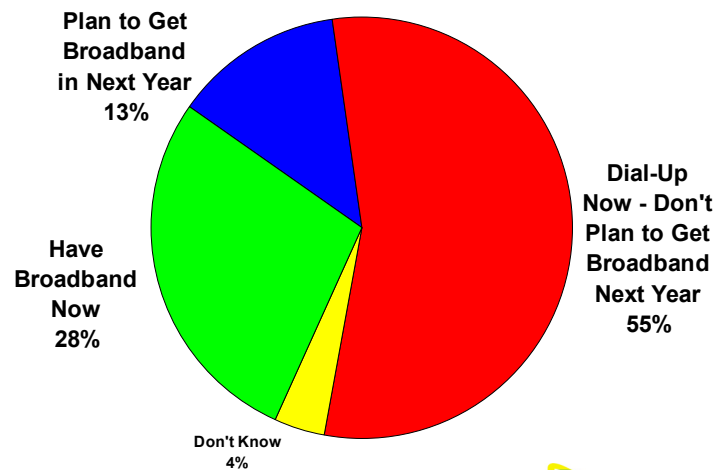
Base: Have Internet Access at Home



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## Residential Broadband Access Should Continue Its Rapid Rise

Broadband vs. Dial-Up in Homes with Access to the Internet



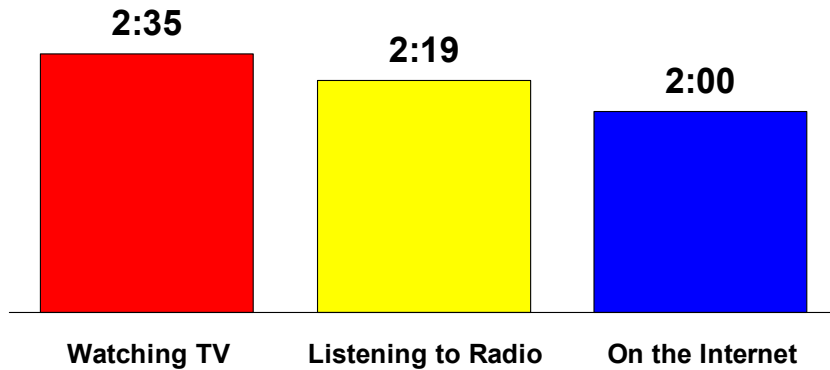
Base: Have Internet Access at Home



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## Time Online Rivals Time with TV and Radio Among People with Broadband

Time Spent with Medium Per Day (Hours:Minutes)

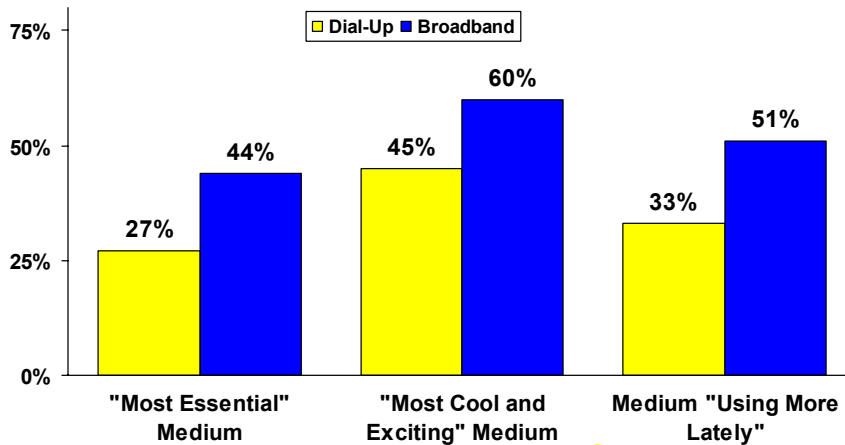


Base: Have Residential Broadband Internet Access



## The Internet Is Far More Important and Essential to Those with Broadband

Among the Internet, Newspapers, Radio and TV, those Saying the Internet Is...

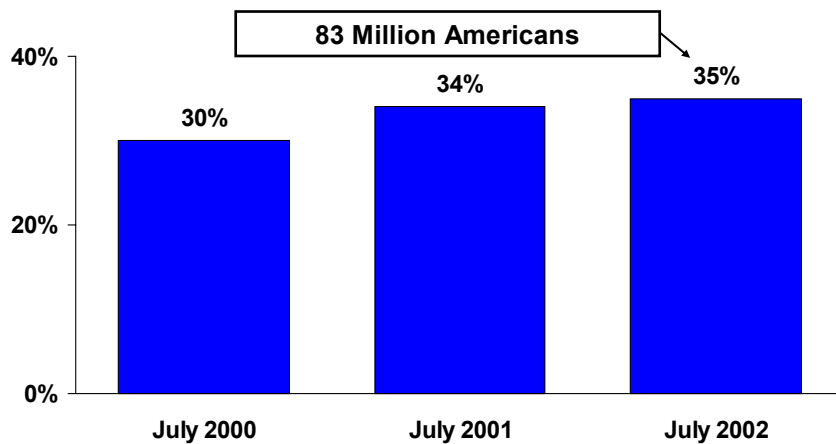


# Streaming Usage



## Approximately 83 Million Americans Have Ever Tried Streaming Audio or Video

% of Americans Who Have Ever Watched or Listened to Streaming Media

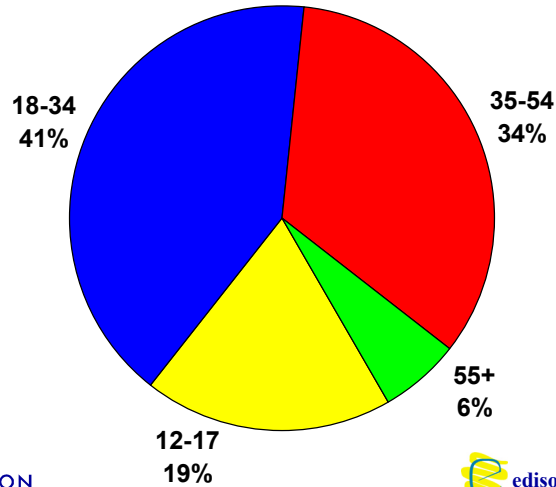


Base: Total Population 12+



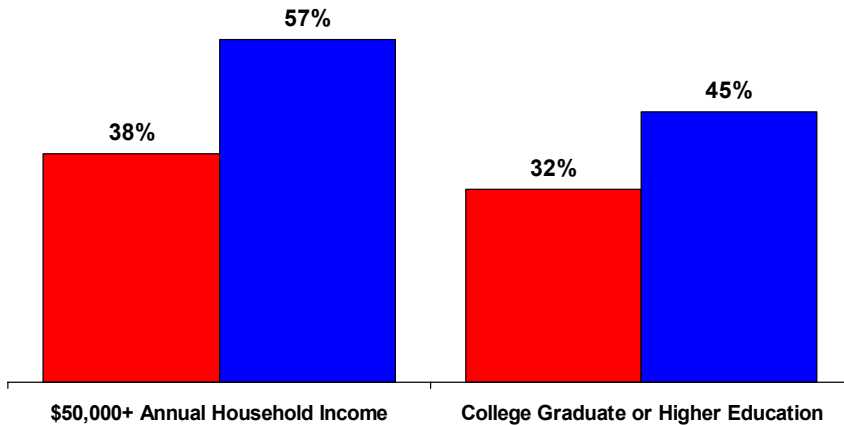
## Three-Quarters of Monthly Streamies Are 18 to 54

Age Composition of Monthly Streamies



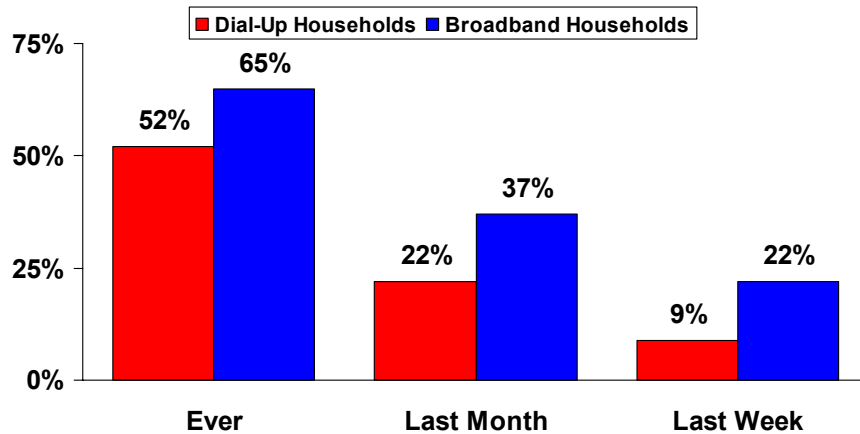
## Monthly Streamies Are More Upscale Than the Total Population

■ Total Population ■ Monthly Streamies



## Those with Residential Broadband Use Streaming Media More Frequently

% of Those Online Who Have Watched or Listened to Streaming Media...

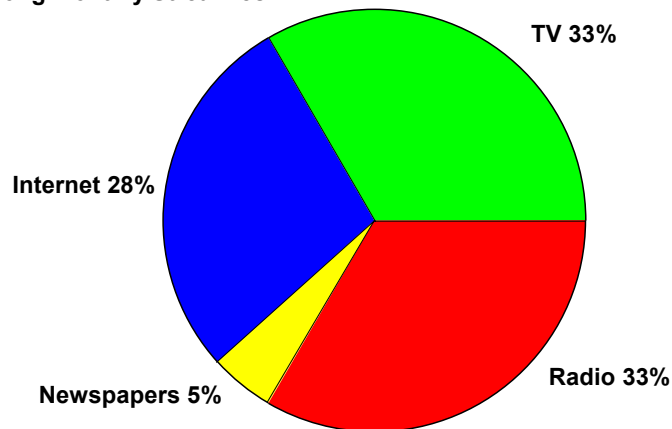


Base: Currently Access the Internet at Home



## Time Spent Online by Monthly Streamies Nears Time Spent with TV and Radio

% of Time Spent Daily with TV, Radio, Newspapers and the Internet Among Monthly Streamies

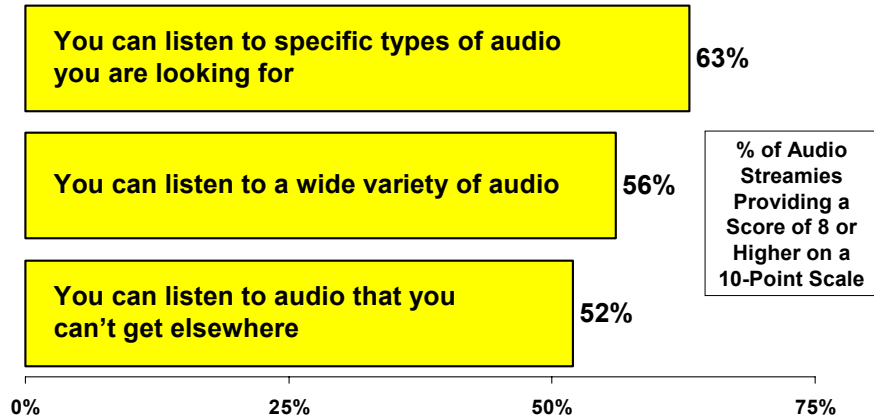


Base: Monthly Streamies



## Unique Content Is “Very Important” When Choosing an Internet Audio Site

“How important is this item when selecting a site to listen to Internet audio?”

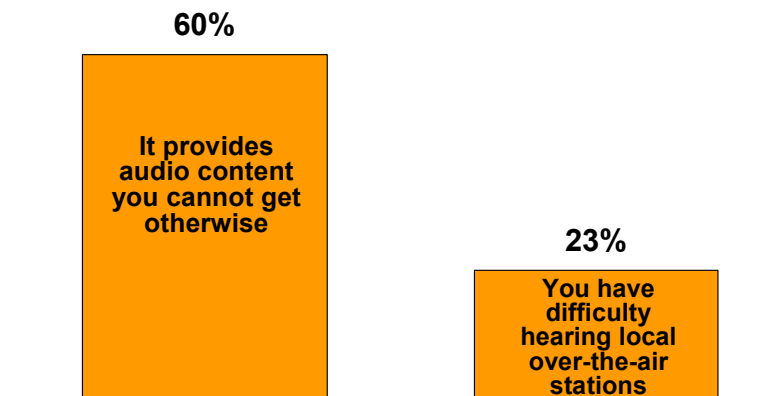


Base: Audio Streamers



## When It Comes To Choosing Internet Audio, It's the Content, Not the Signal

% Who Agree That They Choose to Listen to Internet Audio Because...

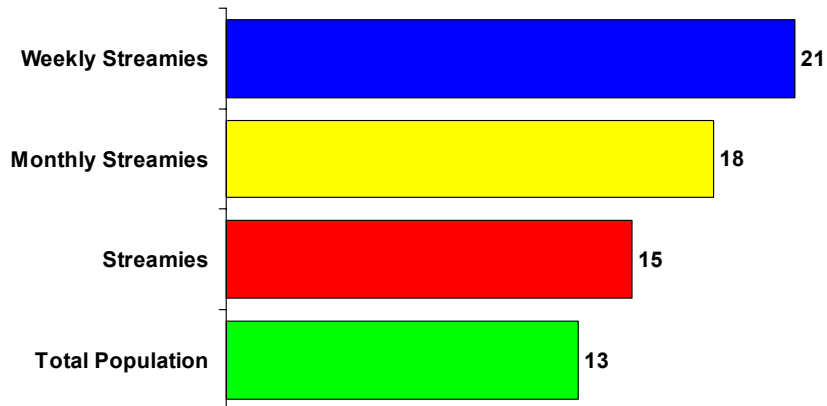


Base: Audio Streamers



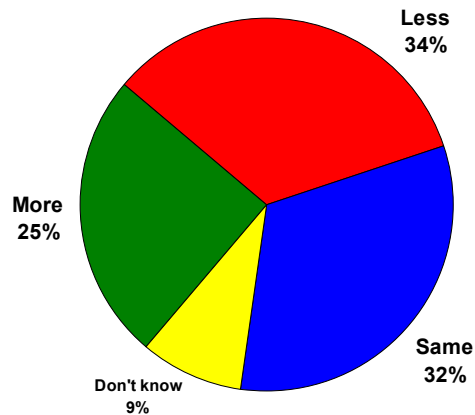
## People Who Stream Frequently Buy Significantly More CDs Than Most Americans

Average Number of CDs Purchased in the Past 12 Months



## One Third Say They Bought Fewer CDs in the Past Year

*"Is the number of CDs you've bought in the last 12 months more or less than what you had purchased in the previous 12 months?"*

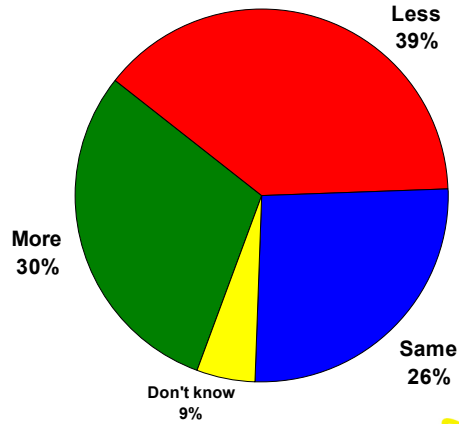


Base: Total Population 12+



## Monthly Streamies Only Slightly More Likely to Have Bought Fewer CDs

“Is the number of CDs you’ve bought in the last 12 months more or less than what you had purchased in the previous 12 months?”

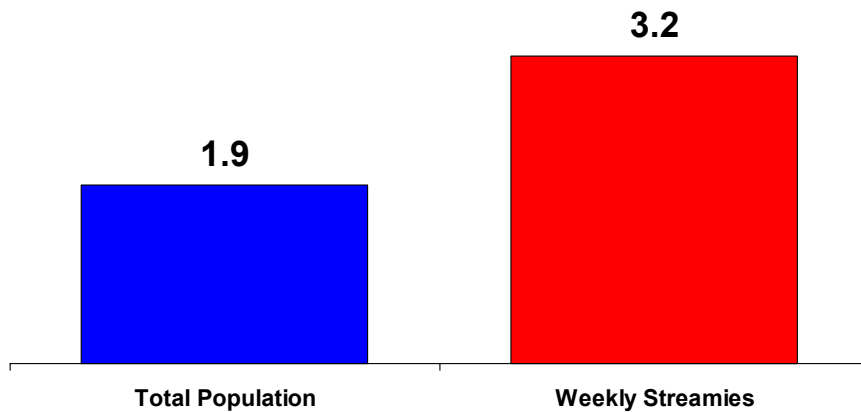


Base: Monthly Streamies



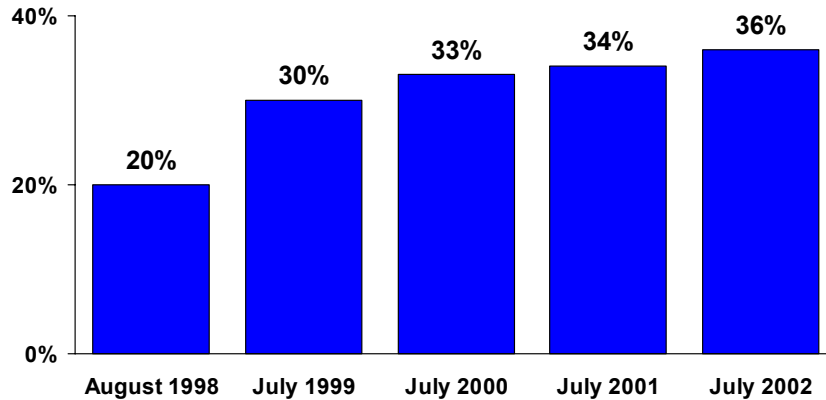
## Weekly Streamies Go To More Movies Than the General Population

Average Number of Times Seen a Movie in a Theater in Past 3 Months



## Listening to Radio Station Webcasts Exceeds One in Three Online

% Online Who Have Listened to a Radio Station Over the Internet



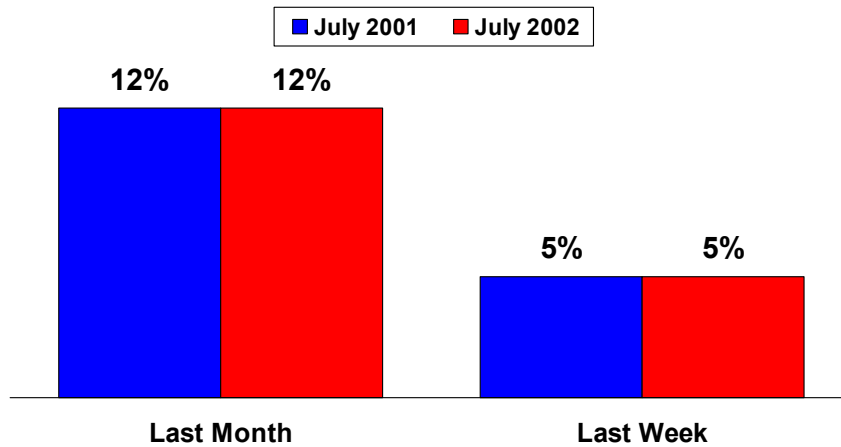
Base: Currently Access the Internet



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## Monthly and Weekly Listening to Radio Stations Online Stable vs. Last Year

% Who Have Listened to a Radio Station Over the Internet in...



Base: Currently Access the Internet



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## Streamies Upset Over Impact of Digital-Rights Fees and Support Congressional Action

Would be "Very or Somewhat upset" if you could no longer listen to Internet audio webcasts due to new digital-rights fees

62%

Support action by Congress to address music licensing fees in ways that would help webcasters continue streaming music

64%



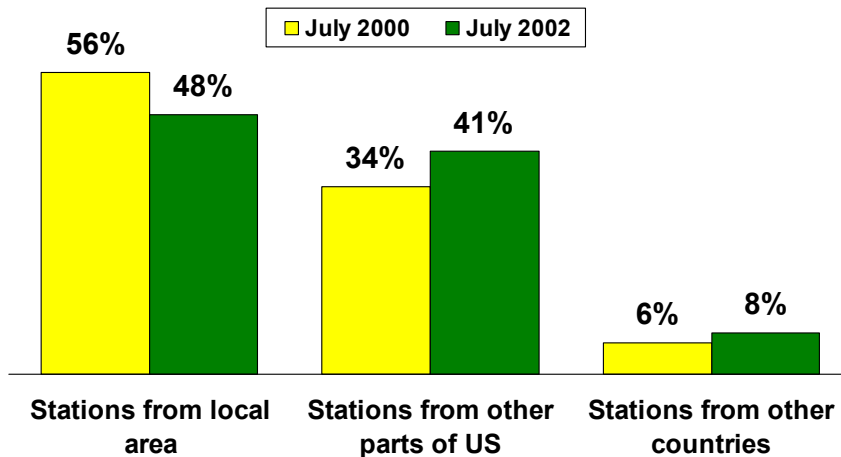
Base: Monthly Audio Streamies



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## Gain in Listening Online to Out-of-Market Radio Stations

"Which do you listen to most often?"



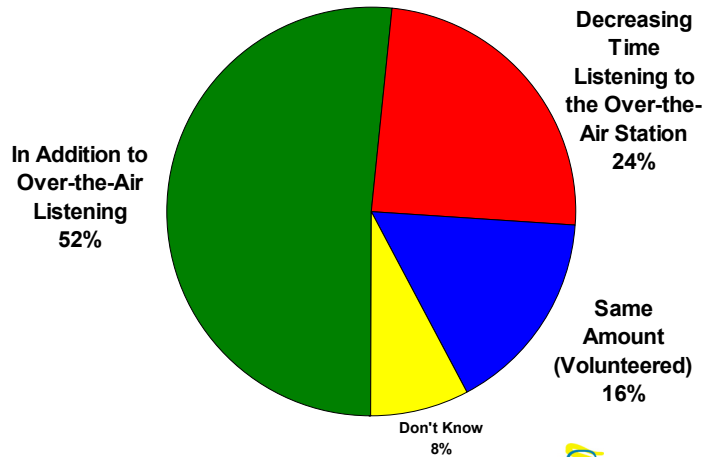
Base: Listened to Radio Stations Online



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## Time Spent with Audio Webcasts Is in Addition to Over-the-Air Listening

*"Is the time you spend listening to Internet Audio..."*

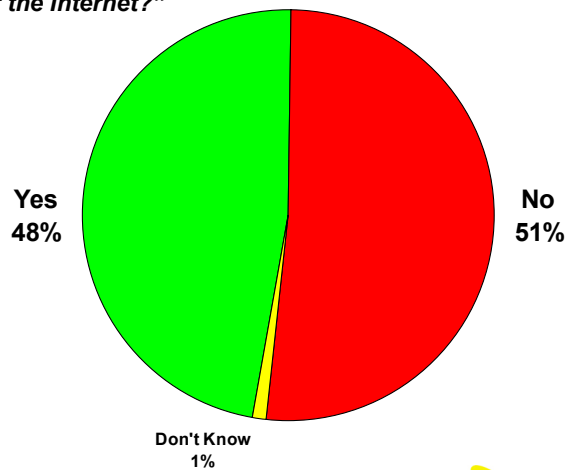


Base: Audio Streamies



## Hearing Music Online Spurs CD Sales Among Weekly Audio Streamies

*"Have you ever purchased a music CD because you heard that artist's music over the Internet?"*

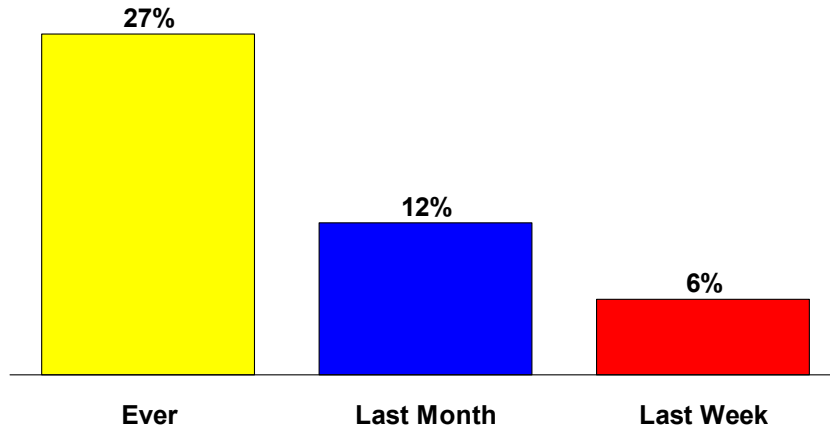


Base: Weekly Audio Streamies



## More Than One in Four Online Have Ever Watched Internet Video

% Online Who Have Watched Internet Video...

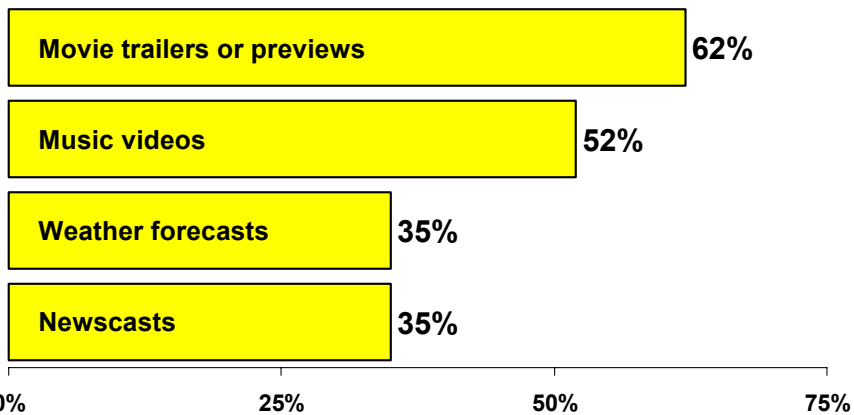


Base: Currently Access the Internet



## Movie Trailers & Music Videos Are Leading Types of Content Among Video Streamies

% of Video Streamies Who Have Ever Watched...



Base: Video Streamies

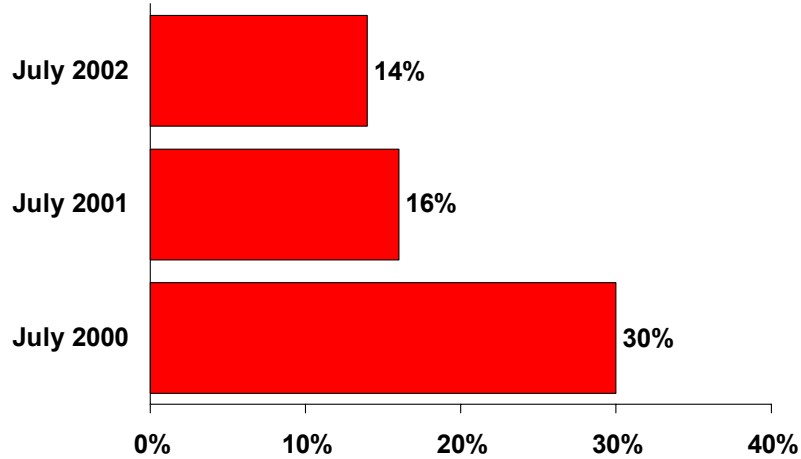


# Subscription and Advertising



## The Decline in Those Clicking on Banner Ads Continues

% Online Who Have Clicked on Banner Ads in Last Month

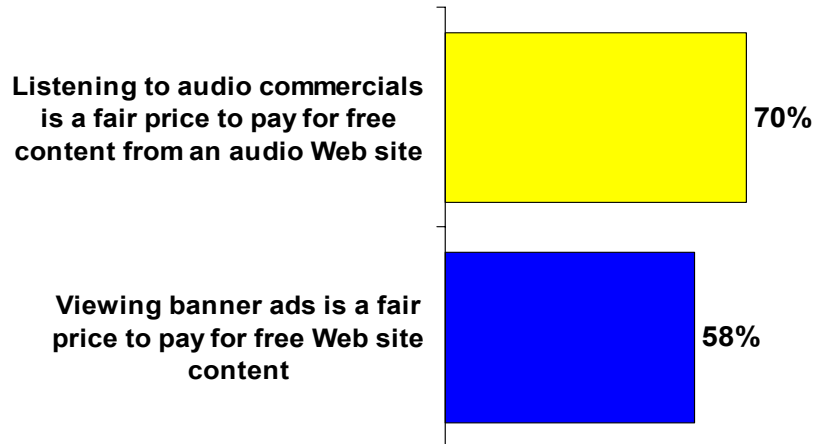


Base: Currently Access the Internet



## Online Audio Commercials Are a Better Trade for Free Content Than Banner Ads

% of Audio Streamies Who Agree That...

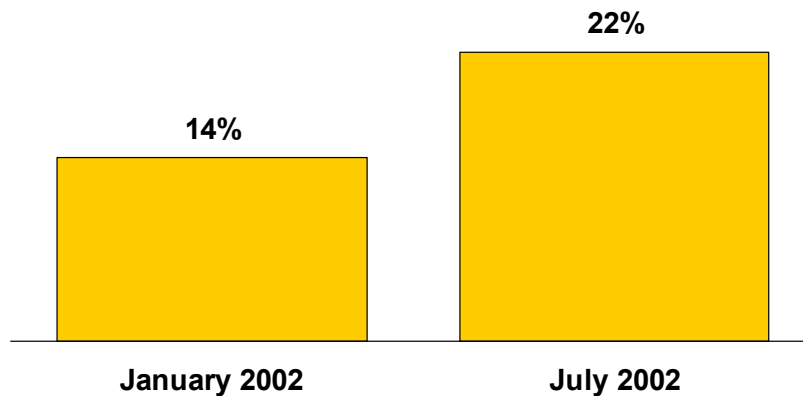


Base: Audio Streamies



## Significant Growth in Number of Audio Streamies Willing to Pay a Fee to Listen

% Willing to Pay a Small Fee to Listen to Content Provided by the Online Station or Channel Listened to Most



Base: Audio Streamies

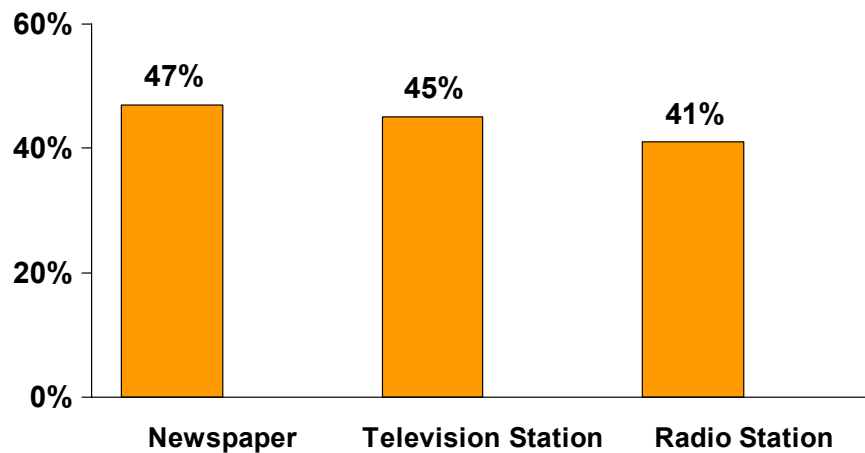


# Local Media Web Sites



## Radio Web Site Visitation Lags Newspaper and TV

◆ % Online Who Have Ever Visited Web Site of a...

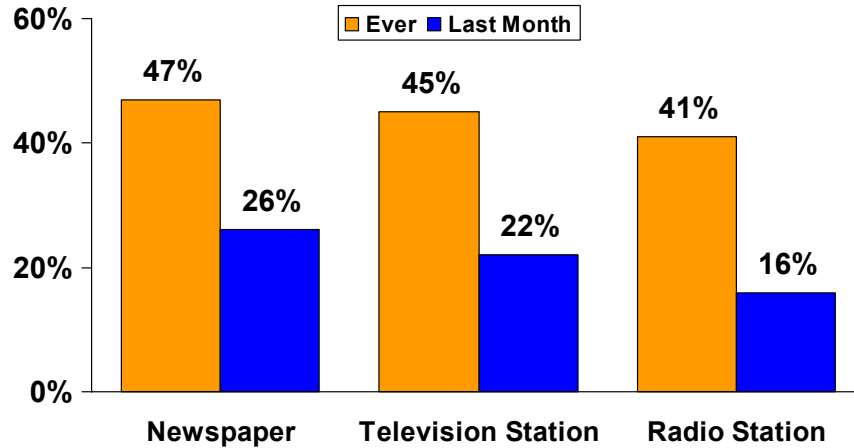


Base: Currently Access the Internet



## Radio Web Sites Worse at Converting Trial Visits Into Monthly Usage

% Online Who Have Visited Web Site of...

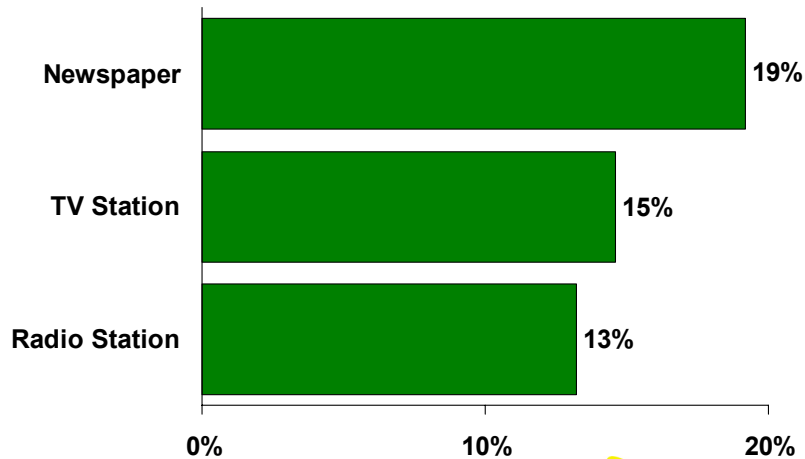


Base: Currently Access the Internet



## Consumers Rate Content on Newspaper Web Sites Highest

% Rating Overall Content On Media Web Sites as "Excellent"

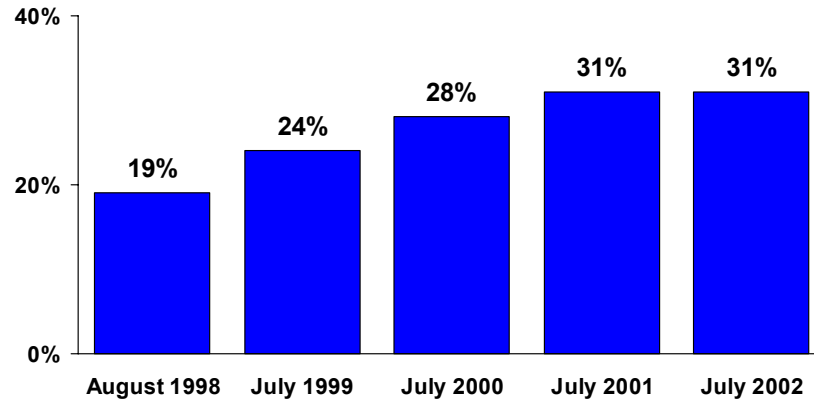


Base: Visited Web Site of Each Medium



## Those Visiting Web Site of P1 Radio Station Has Levelled Off

% Who Have Ever Visited Web Site of Radio Station They Listen To Most

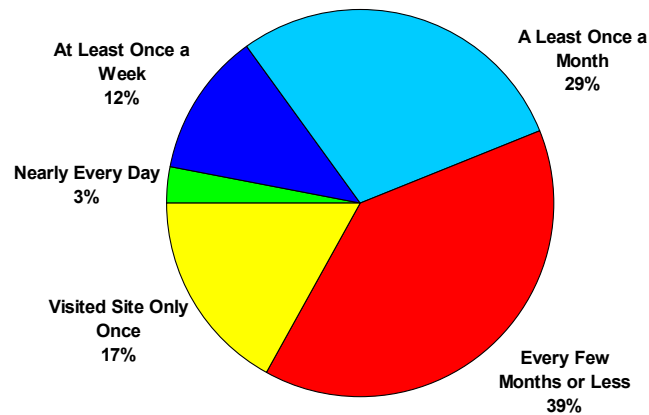


Base: Currently Access the Internet



## Few People Visit Radio Station Web Sites Regularly

"How frequently do you visit the Web site of the radio station you listen to most?"

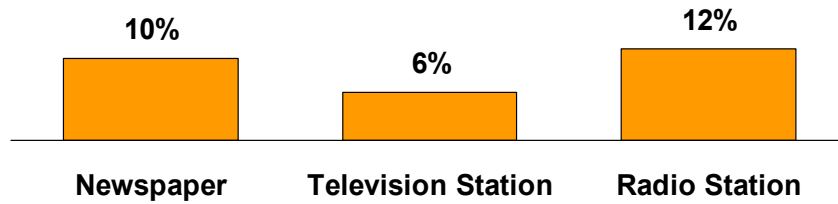


Base: Visited Web Site of P1 Radio Station



## Few Consumers Say They Have Ever Received Email From Local Media

% Who Have Ever Received An Email From a...



Base: Total Population 12+

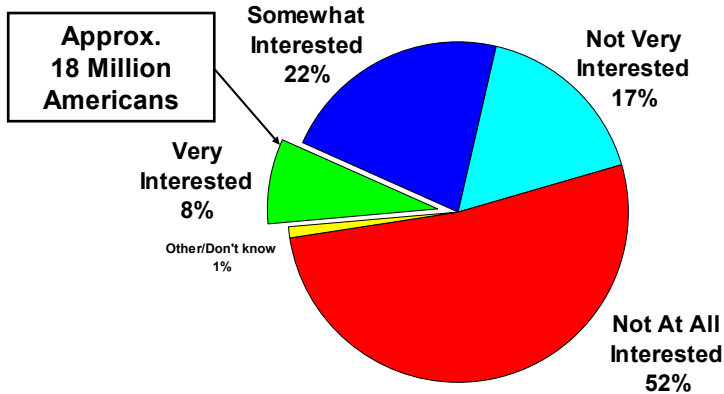


## Satellite Radio



## Approximately 18 Million People are “Very Interested” in Satellite Radio

“How interested would you be in a satellite radio device for your car that, for a monthly fee, can play many channels of CD quality music without commercials?”

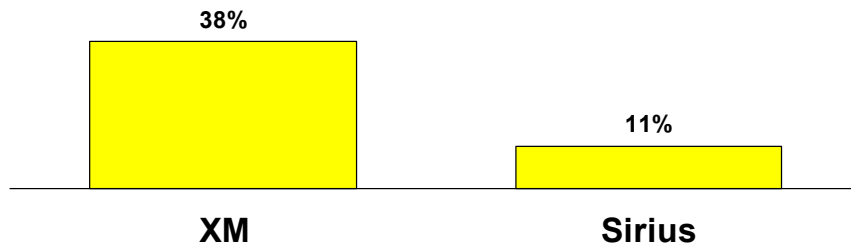


Base: Total Population 12+



## Significantly More Americans Aware of XM than Sirius

% Aware of Satellite Radio Service



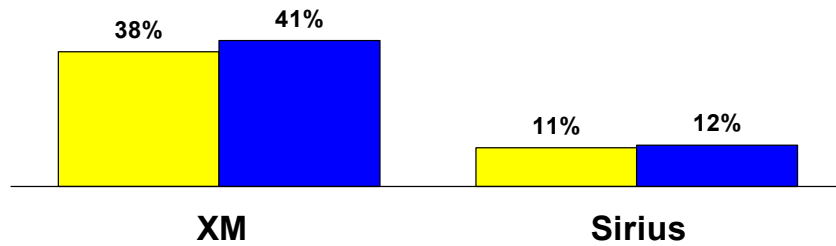
Base: Total Population 12+



## No Greater Awareness of Satellite Among Heavy Radio Listeners

% Aware of Satellite Radio Service

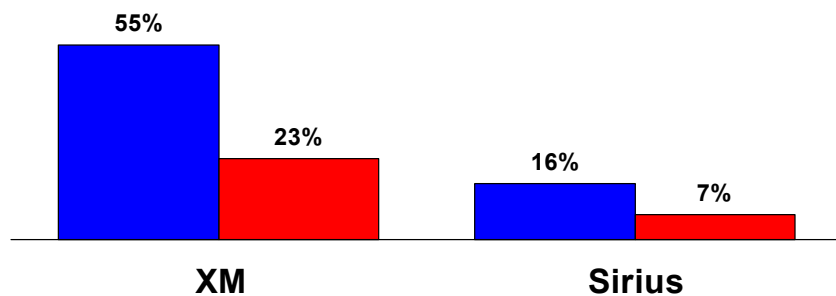
■ Total Population ■ Heavy Radio Listeners (25+ hours/week)



## Men Are More Aware of Satellite Radio than Women

% who are aware of satellite radio service called...

■ Men ■ Women



Base: Total Population 12+



# Recommendations



## Recommendations

1. The premise that radio “sucks” because of consolidation is *false*. Consumers say radio is “getting better,” it dominates the image for the medium to learn about new music, and it remains very relevant to consumers’ lives.

Radio needs to counter these myths through proactive communications of its own.



## Recommendations

2. More than half of those online have never visited their P1 station's Web site. Radio also gets low marks for useful Web site content.

Don't ignore the continued growth of Internet usage. Radio stations should upgrade and refresh the content of their Web sites now.



## Recommendations

3. The Internet, streaming and satellite are hot among 12-34 year olds... radio is not.

Radio must get over its obsession with the 25-54 demographic and target more formats to 12-34 years olds.



## Recommendations

4. **Approximately 18 Million Americans are “Very Interested” in satellite radio.**

**The radio industry should not write off satellite radio as viable competition. Also, radio owners should adopt streaming to enhance its appeal to the niches that satellite is targeting.**



## Recommendations

5. **Consumer interest in subscribing to unique content has grown substantially.**

**Webcasters should pursue subscription models in addition to advertising models.**



## Recommendations

6. Those with broadband at home consume streaming media much more frequently than those with dial-up.

Media and streaming companies should continue to develop partnerships to cater to and benefit from the growing residential broadband audience.



## Recommendations

7. Unique content generated growth in cable TV audiences and subsequent gains in its advertising revenue.

More than ever, the streaming media industry needs to focus on developing “must see” and “must hear” content that will spur consumer awareness and passion.



## **Recommendations**

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- 8. Streamies are well educated, affluent, interactive and more likely to shop and buy online.**

**The streaming media advertising community needs to develop methods to reach a significant portion of its valuable audience easily and effectively.**



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