

The Media and Entertainment World of Online Consumers



How Internet 9 Was Conducted

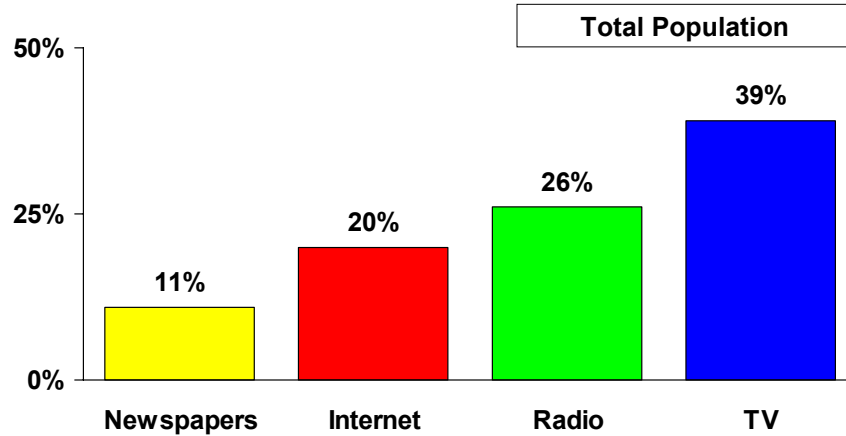
2,511 telephone interviews were conducted in July 2002

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



“Most Essential” Media in Consumers’ Lives

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

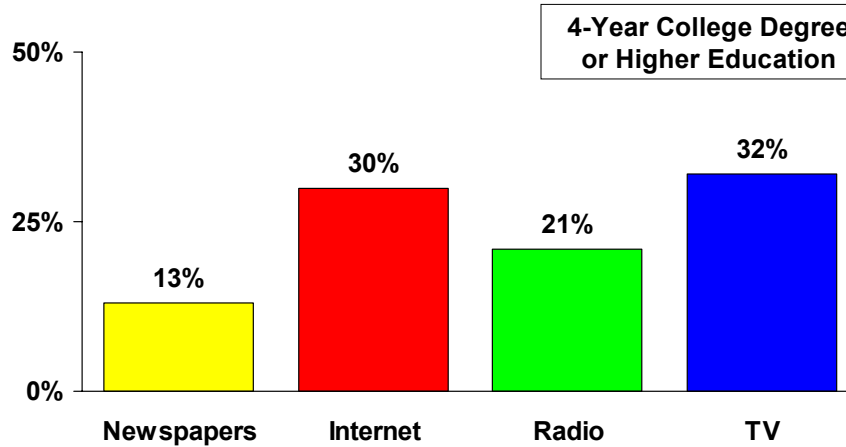


Base: Total Population 12+



The Internet Is More Essential Among the Highly Educated

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

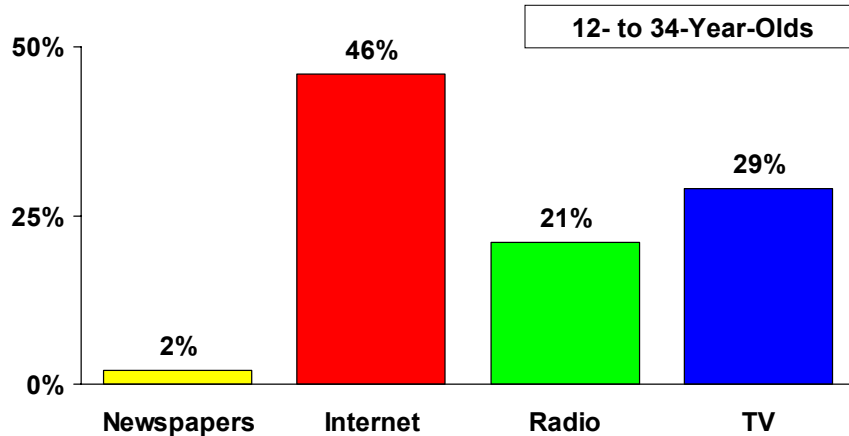


Base: 4-Year College Degree or Higher Education



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

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

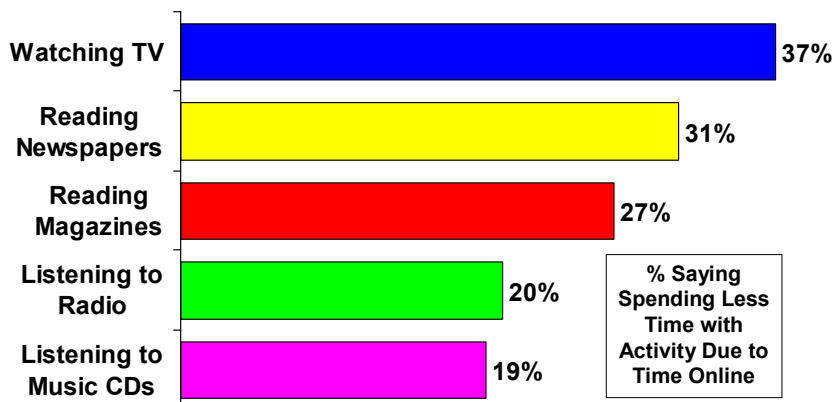


Base: 12- to 34-Year-Olds



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?”

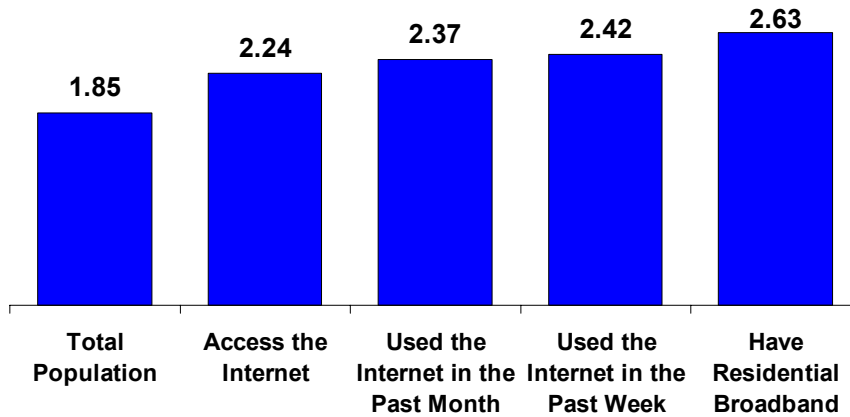


Base: Currently Access the Internet



People Who Are Highly Involved with the Internet Attend More Movies

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

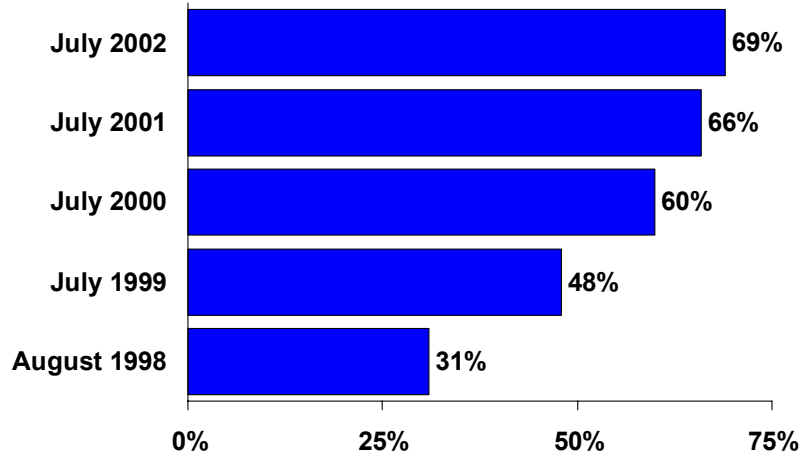


Internet Access Trends



Seven in Ten Americans Now Have Access to the Internet

% with Internet Access at Any Location



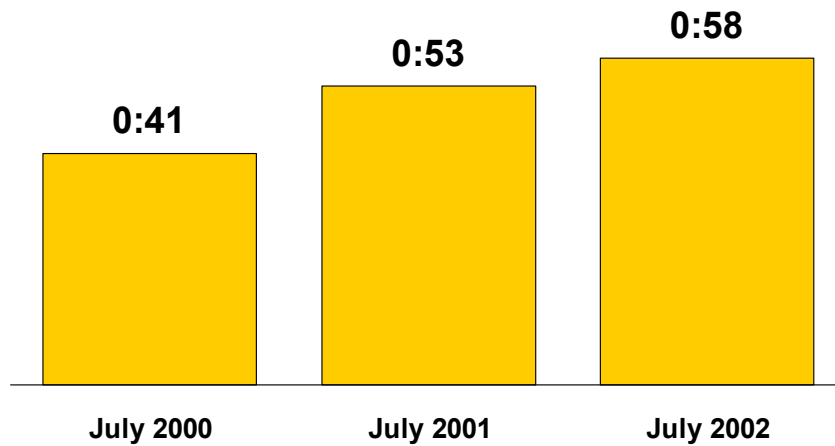
Base: Total Population 12+



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Average Time Spent Online Approaches One Hour Per Day

Time Spent Online Per Day (Hours:Minutes)



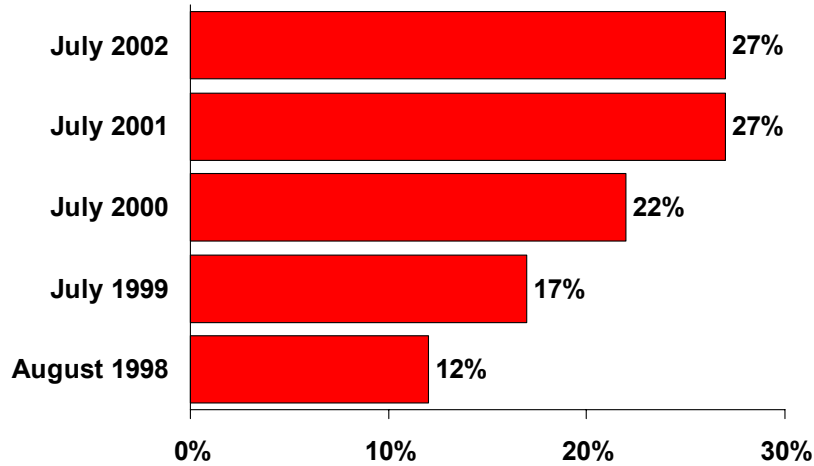
Base: Total Population 12+



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More Than One in Four Americans Access the Internet at Work

% with Internet Access at Work



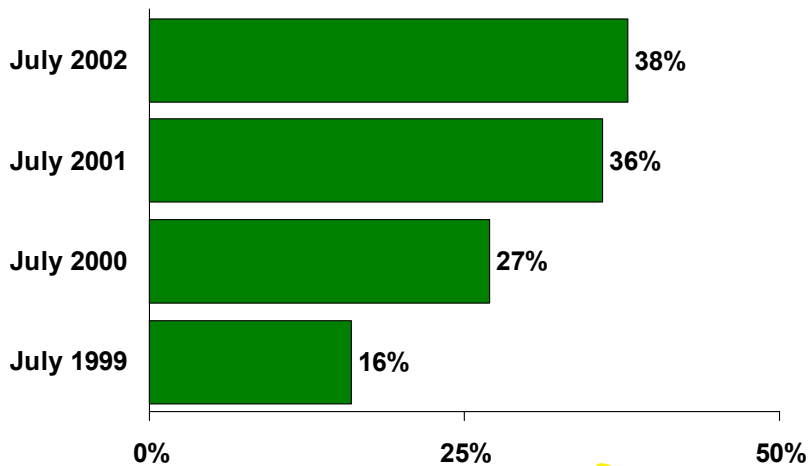
Base: Total Population 12+



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Nearly Four in Ten Americans Have Made a Purchase Online

% Who Have Ever Purchased Online



Base: Total Population 12+



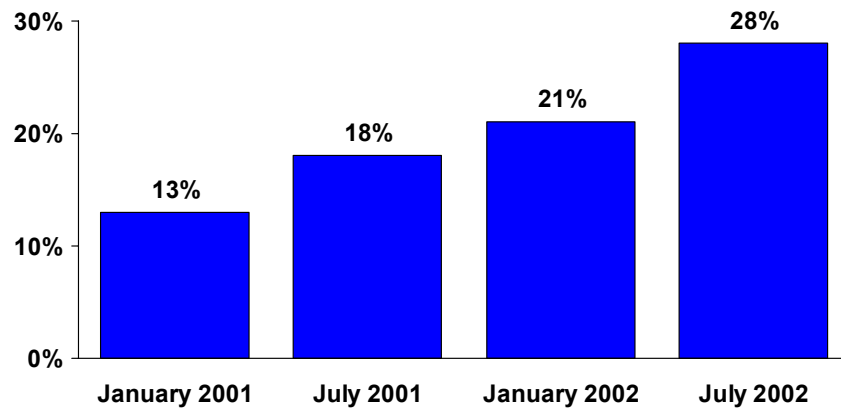
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Broadband



Residential Broadband Has Doubled in the Past 18 Months

% Who Have Broadband Internet Access at Home

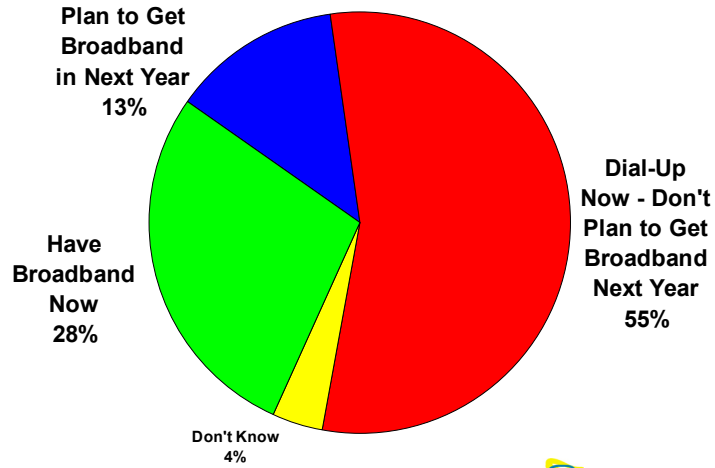


Base: Have Internet Access at Home



Residential Broadband Access Should Continue Its Rapid Rise

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



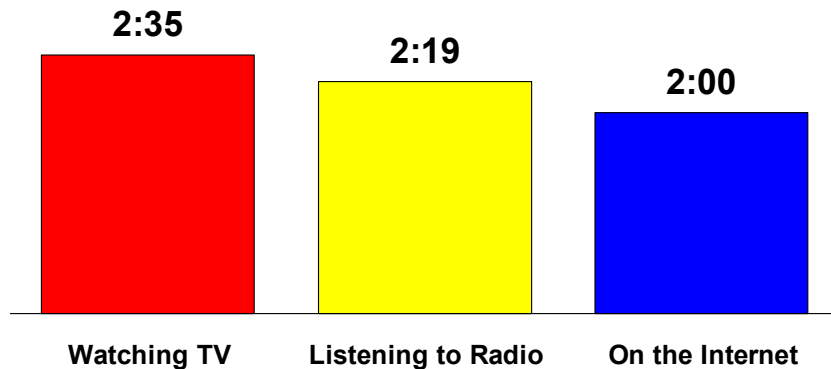
Base: Have Internet Access at Home



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

Time Spent with Medium Per Day (Hours:Minutes)



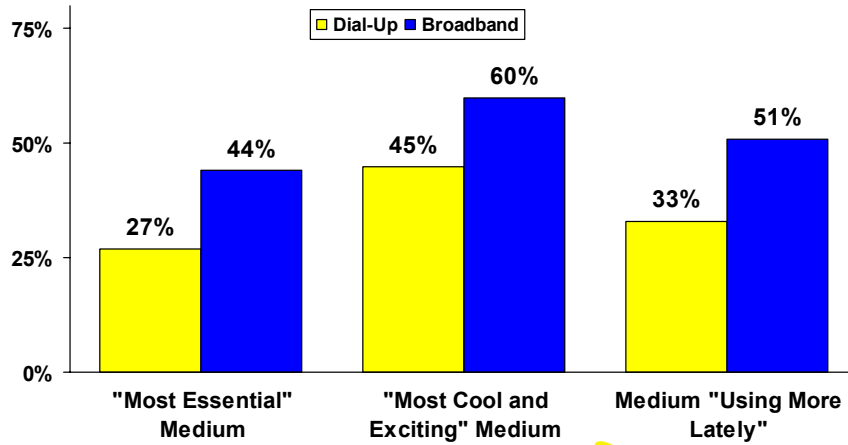
Base: Have Residential Broadband Internet Access



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

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

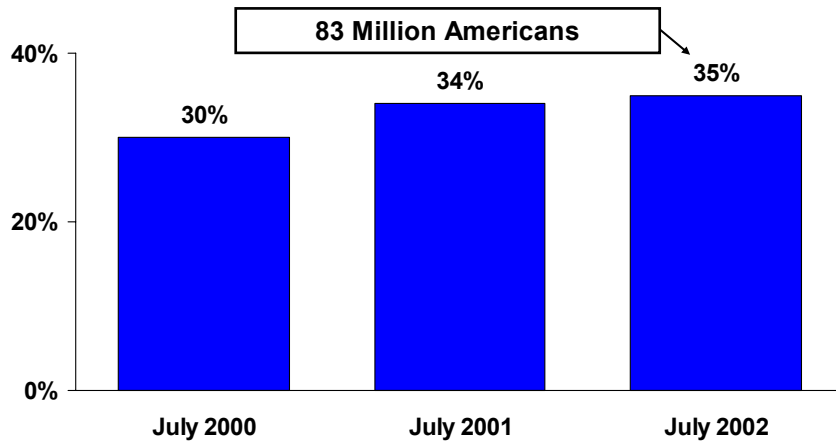


Streaming Usage



Approximately 83 Million Americans Have Ever Tried Streaming Audio or Video

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

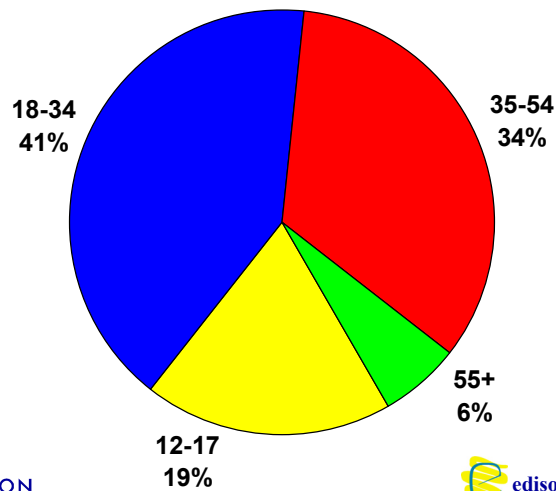


Base: Total Population 12+

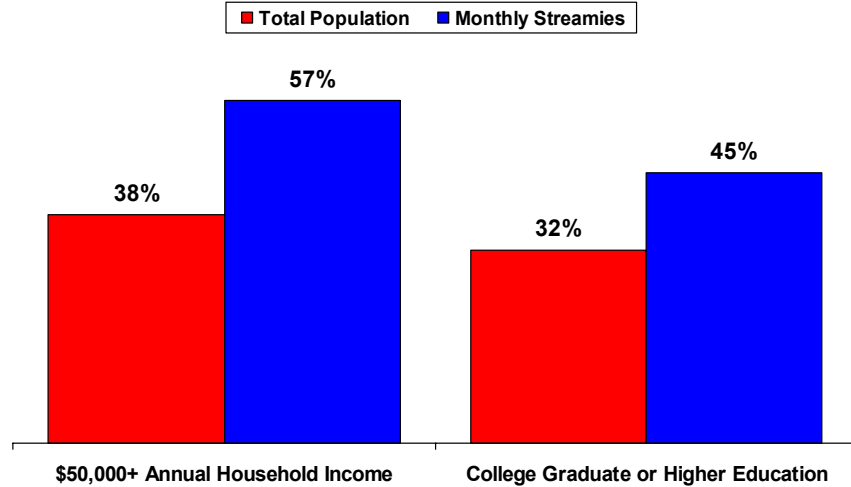


Three-Quarters of Monthly Streamies Are 18 to 54

Age Composition of Monthly Streamies

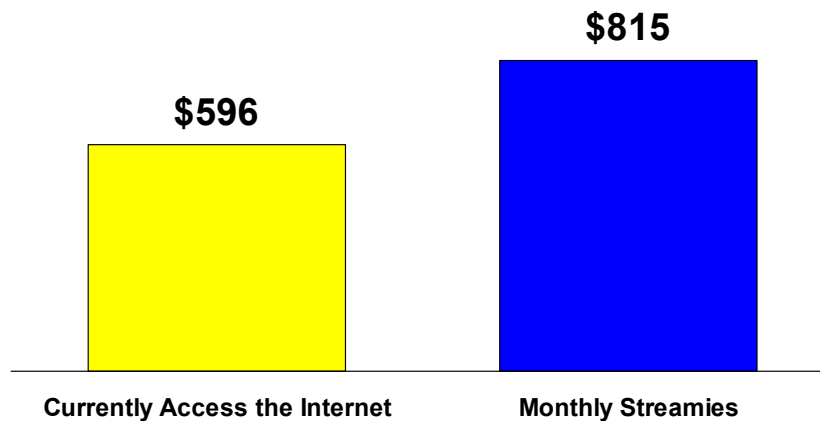


Monthly Streamies Are More Upscale Than the Total Population



Monthly Streamies Spend Far More Money Online Than the Average Web User

Average Amount Spent Online in the Past 12 Months

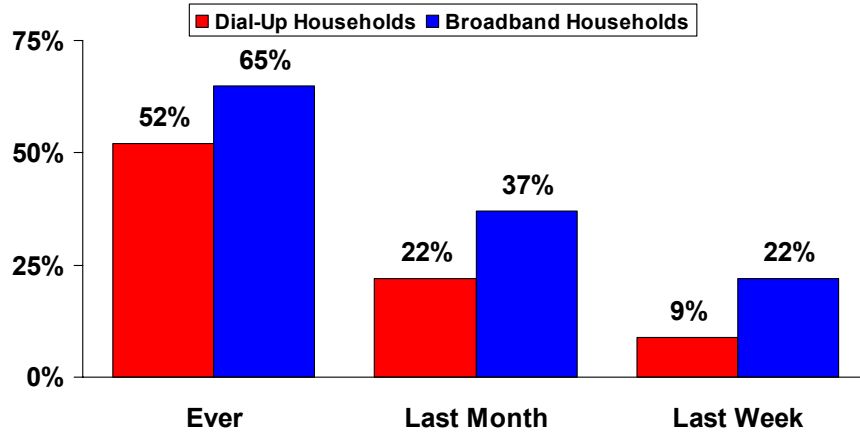


Base: Have Made a Purchase Over the Internet



Those with Residential Broadband Use Streaming Media More Frequently

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



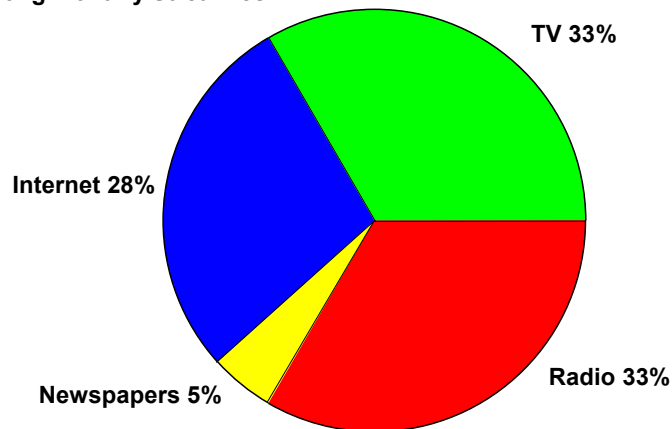
Base: Currently Access the Internet at Home



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

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



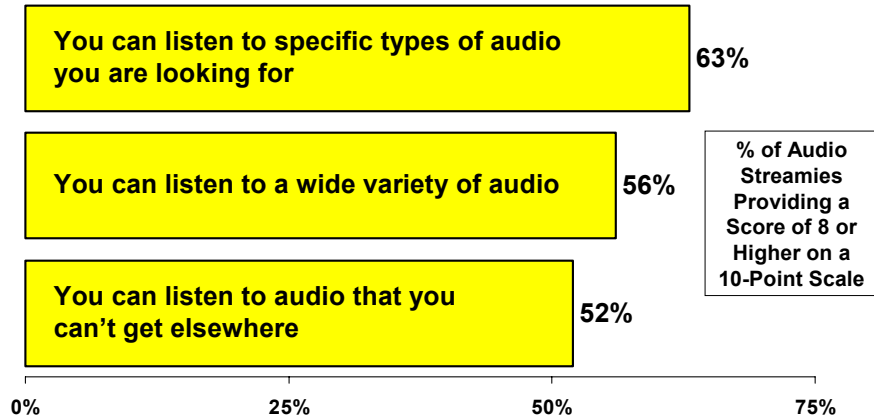
Base: Monthly Streamies



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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?”

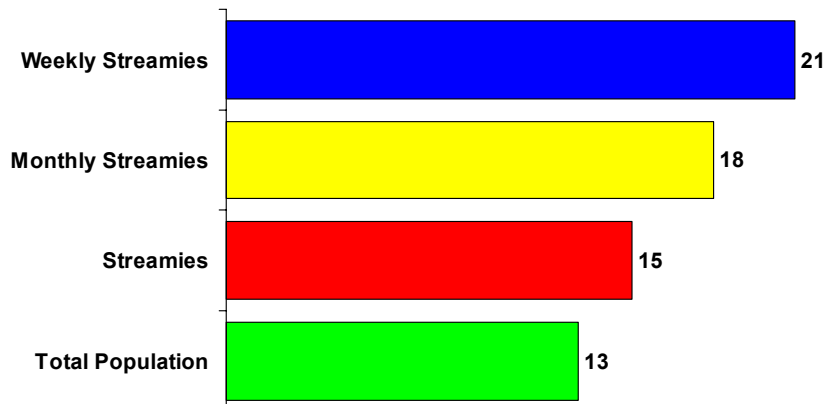


Base: Audio Streamies



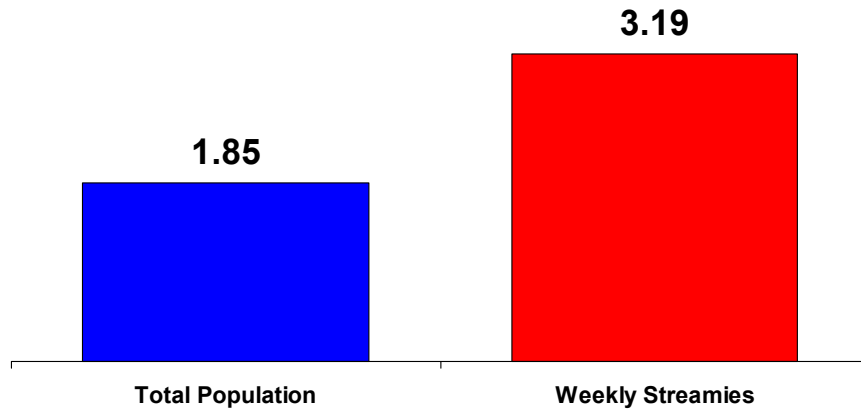
People Who Stream Frequently Buy Significantly More CDs Than Most Americans

Average Number of CDs Purchased in the Past 12 Months



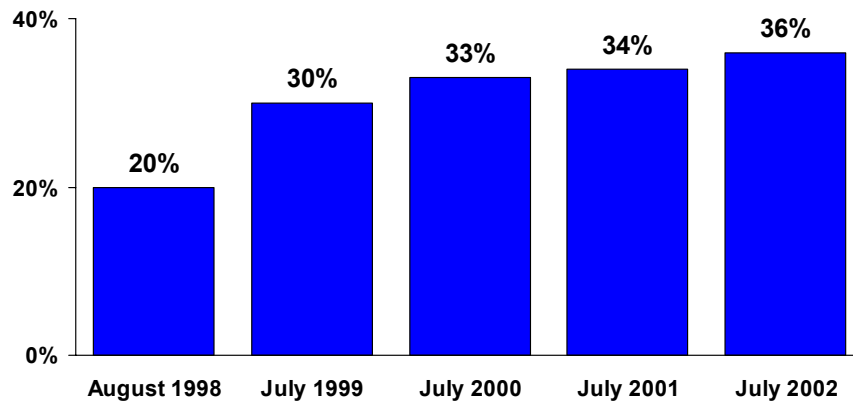
Weekly Streamies See More Movies Than the General Population

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



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



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?"

Yes
48%

No
51%

Don't Know
1%

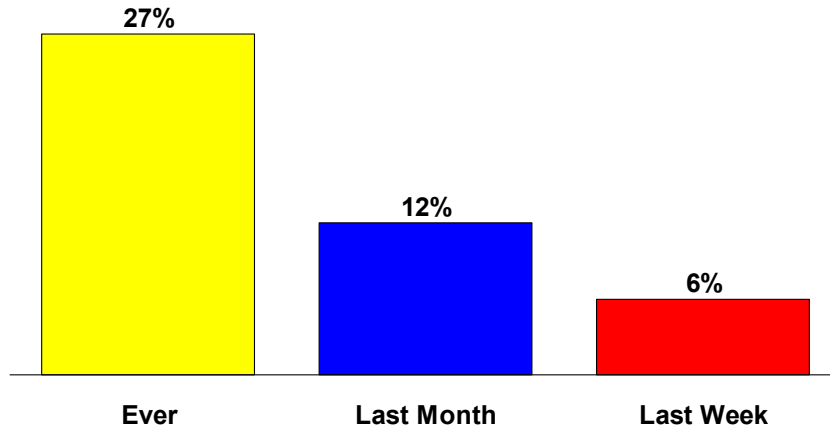


Base: Weekly Audio Streamies



More Than One in Four Online Have Ever Watched Internet Video

% Online Who Have Watched Internet Video...

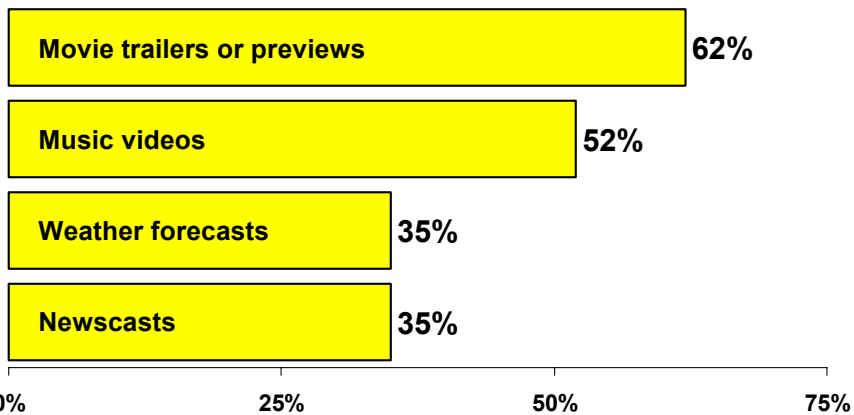


Base: Currently Access the Internet



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

% of Video Streamies Who Have Ever Watched...



Base: Video Streamies

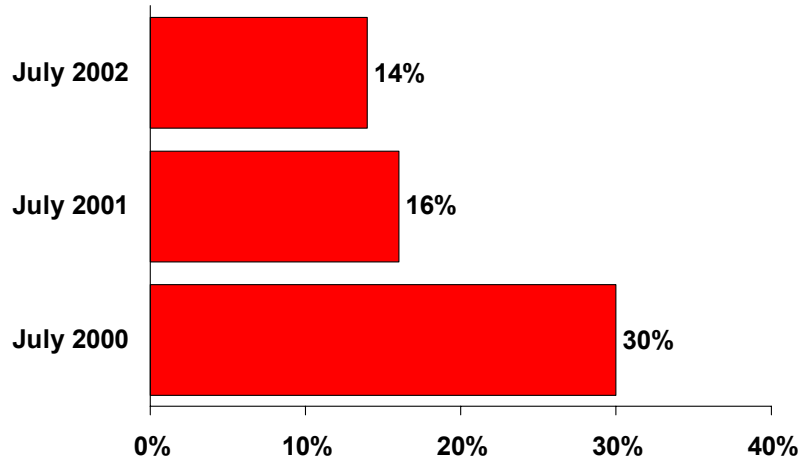


Subscription and Advertising



The Decline in Those Clicking on Banner Ads Continues

% Online Who Have Clicked on Banner Ads in Last Month

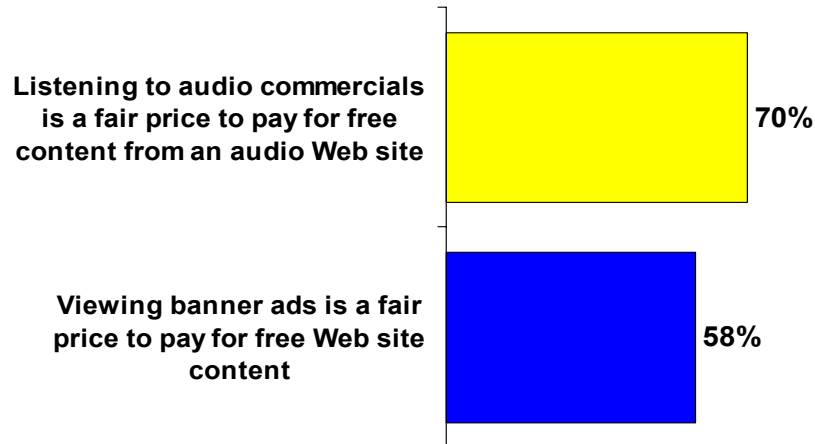


Base: Currently Access the Internet



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

% of Audio Streamies Who Agree That...

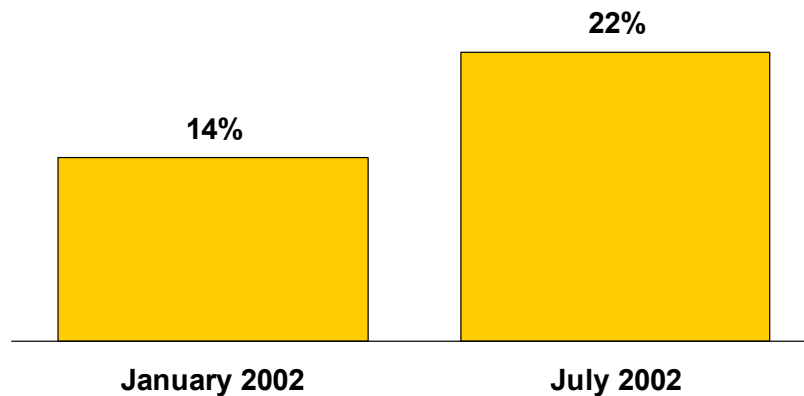


Base: Audio Streamies



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

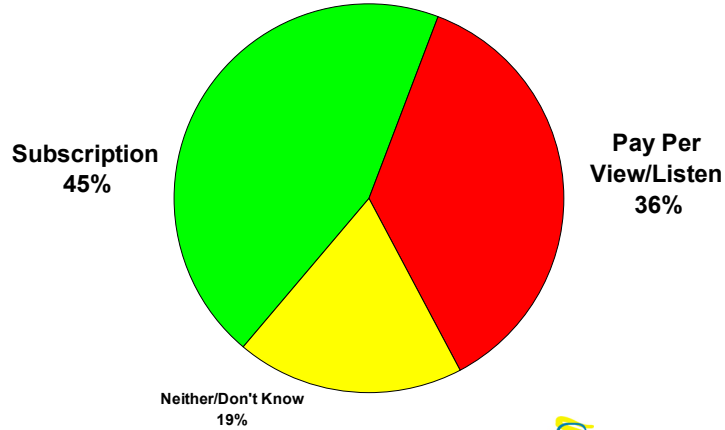


Base: Audio Streamies



More Streamies Prefer Monthly Subscription Than Those Who Prefer to Pay Per View/Listen

“Suppose you were considering paying for access to Internet audio or video. Which would you prefer: a flat monthly subscription for unlimited access to audio and video content OR pay-for-each use?”



Base: Streamies



Satellite Radio



Satellite Radio and Streaming Usage Are Highly Correlated

- Approximately 18 million people are “very interested” in satellite radio
- 63% of those who are “very interested” in satellite radio have tried streaming media



Recommendations for Broadcasters, Webcasters and Advertisers



Recommendations

- 1. People who stream frequently buy significantly more CDs than average Americans.**

Record labels should actively promote and advertise their product on streaming media channels.



Recommendations

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

Webcasters should pursue subscription models in addition to advertising models.



Recommendations

3. Streamies and those who are “very interested” in satellite radio have common interests.

Satellite radio and streaming media companies should work together to find joint marketing opportunities.



Recommendations

4. 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

5. **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

6. **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.



Recommendations

- 7. Weekly Streamies watch significantly more movies than most Americans. Plus, online movie trailers are the most viewed streaming video content among video Streamies.**

Movie studios should promote their new films by including webcasting in their media mix.



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Internet 9:

The Media and Entertainment World of Online Consumers

