

Internet VI

Streaming at a Crossroads



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Arbitron/Edison Media Research Internet Studies

- **August 1998 - Internet I**
 - “Radio in the New Media World”
- **January 1999 - Internet II**
 - “Radio & E-Commerce”
- **July 1999 - Internet III**
 - “Broadcasters vs. Webcasters”
- **January 2000 - Internet IV**
 - “The Buying Power of Streamies”
- **August 2000 - Internet V**
 - “20 Insights about the Internet & Streaming”



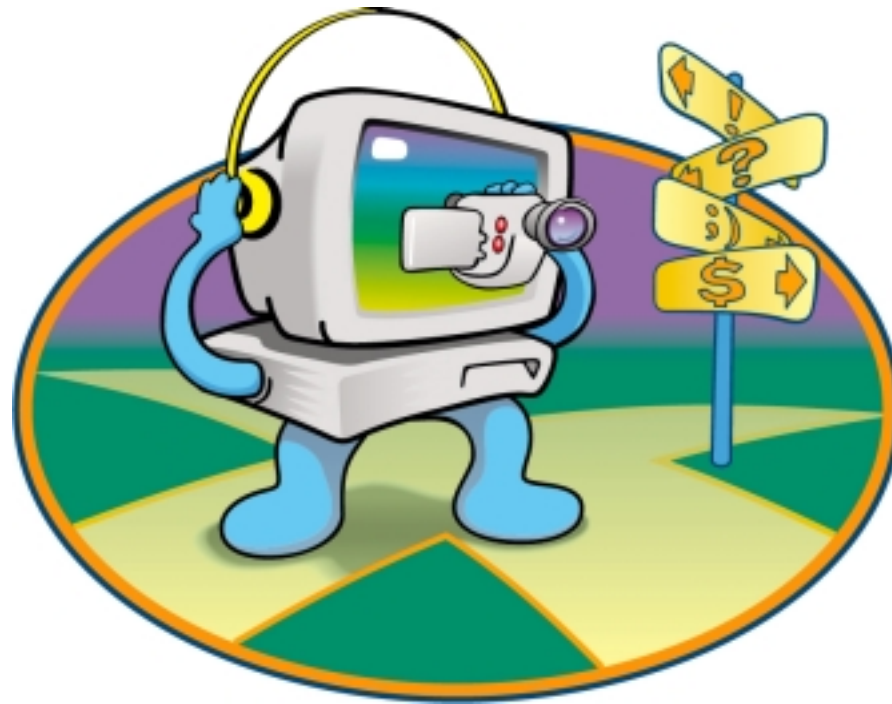
How Internet VI Was Conducted:

- **3,005 telephone interviews conducted in January 2001**
 - National random sample of Fall 2000 Arbitron diarykeepers age 12+
- **233 Hispanics and 255 African-Americans**
- **Interviews with Streaming Media Executives**

Survey Goals

- **Continue to track changes in the Internet**
- **Assess impact of Internet and streaming audio on traditional radio**
- **Create information to allow radio managers to develop profitable Internet initiatives**

Crossroads #1: *Is the Internet Still Growing?*

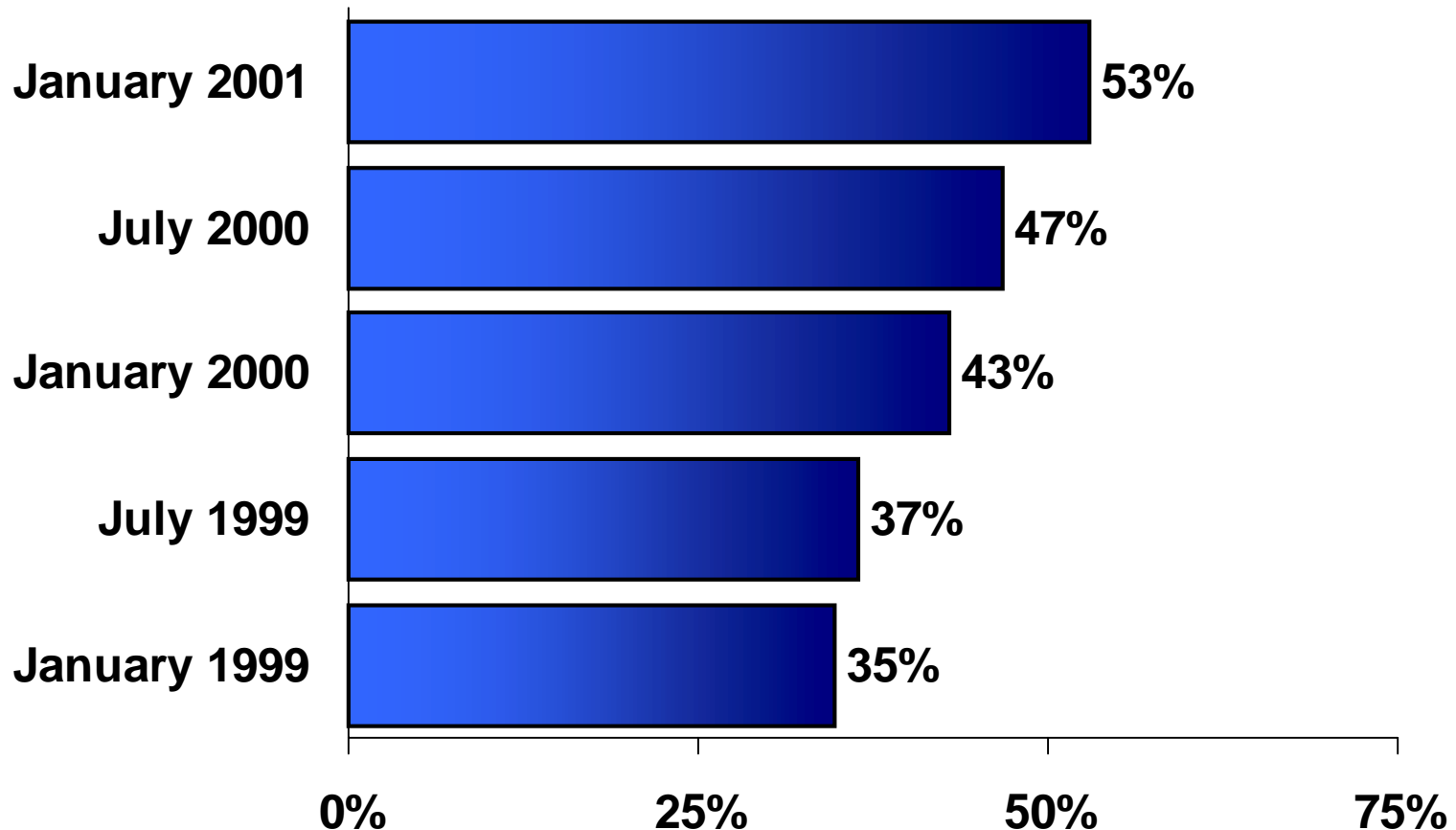


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Home Internet Access Continues to Grow

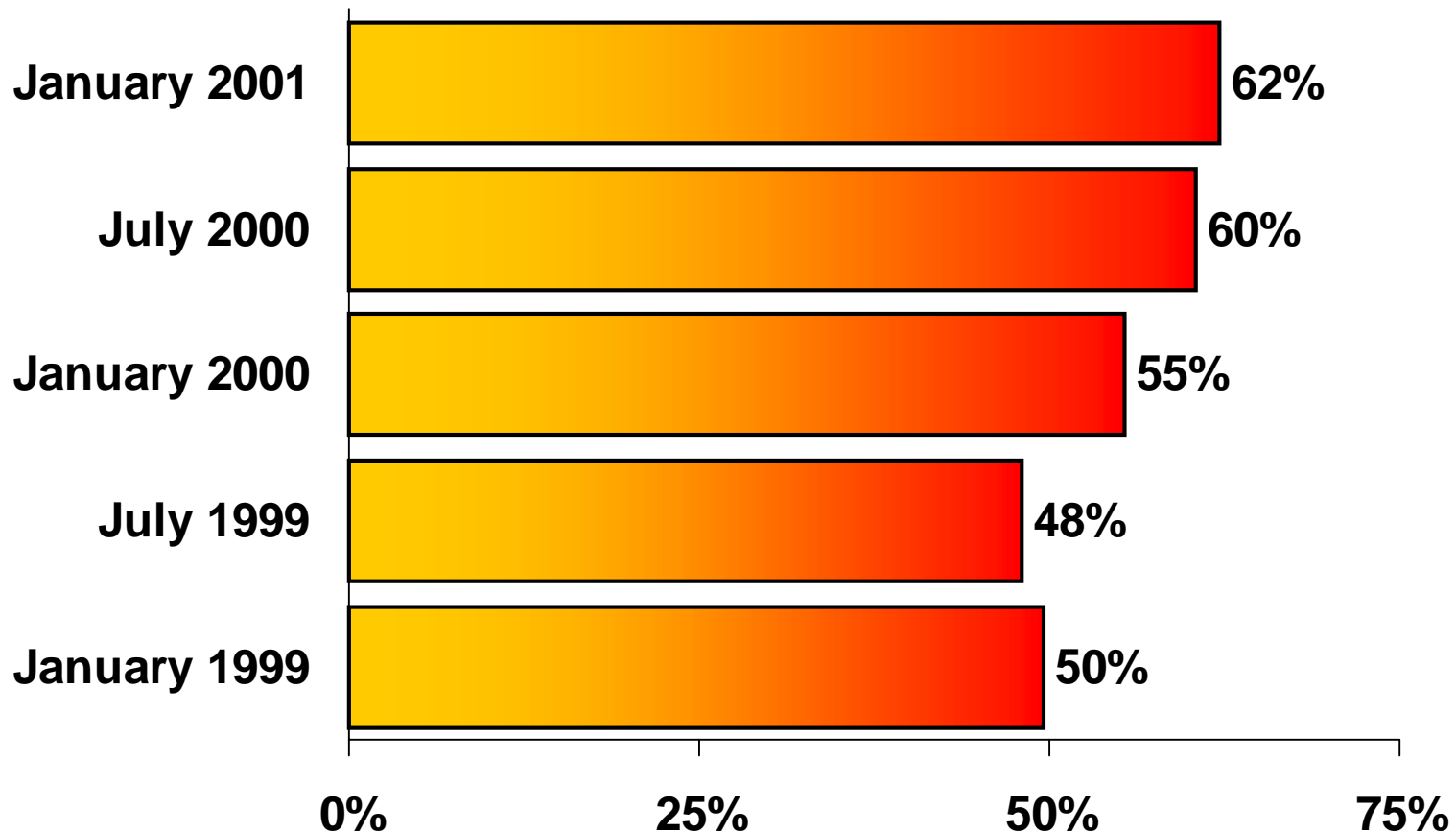
% with Internet Access at Home



Overall Internet Access Continues to Grow

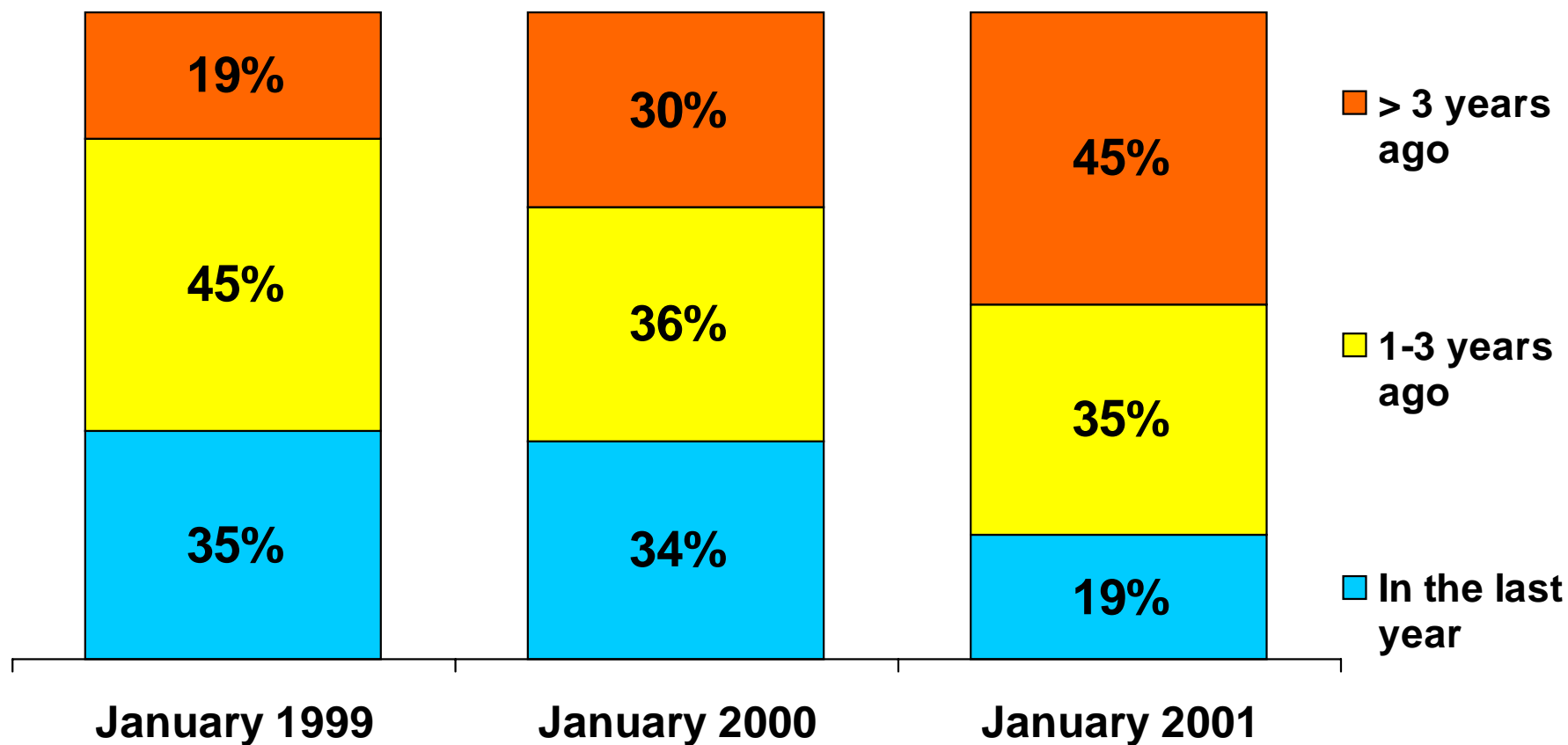


% with Internet Access at any location



Fewer "Newbies" Coming Online as the Internet Matures

When did you first access the Internet?



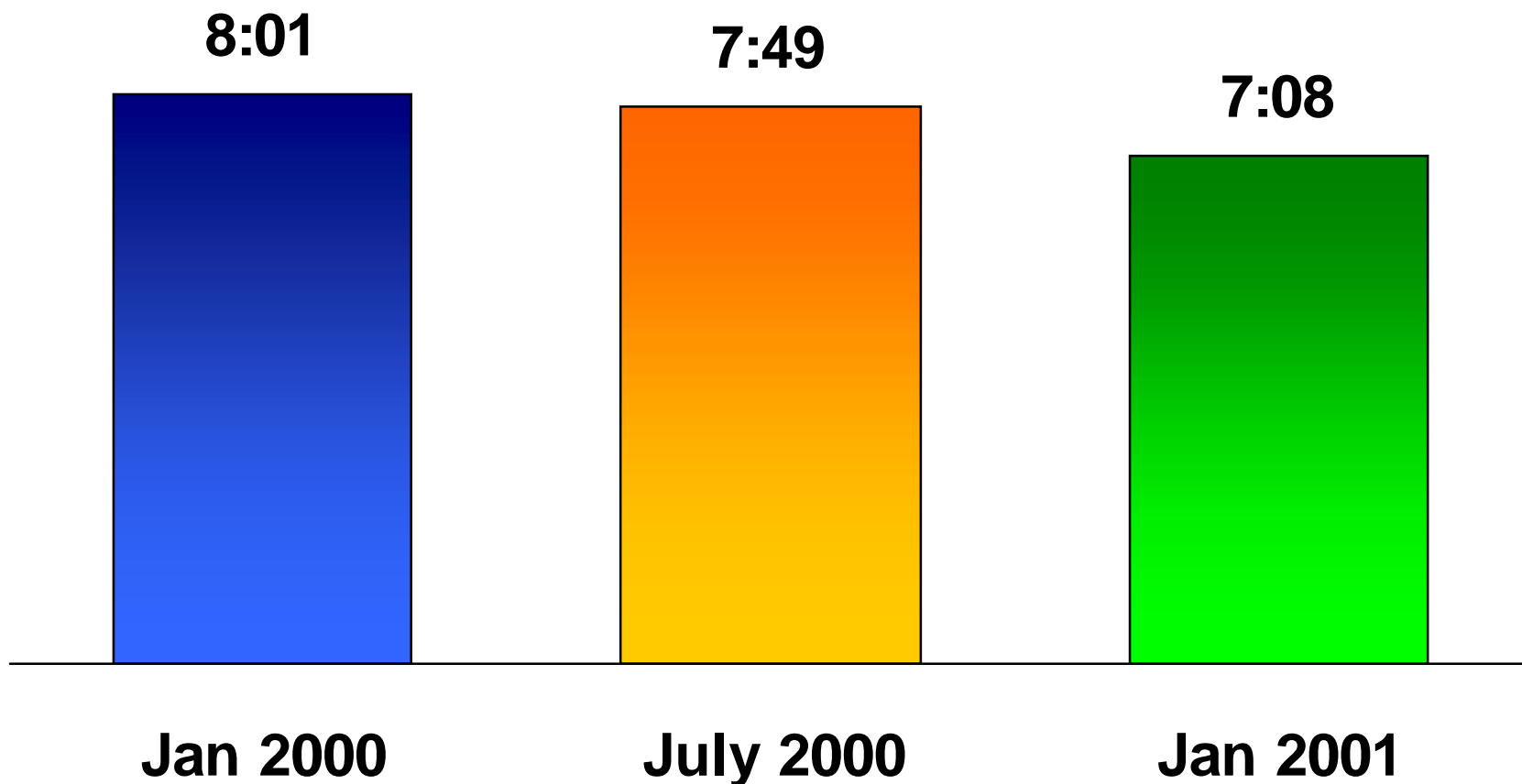
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Base: Currently access the Internet



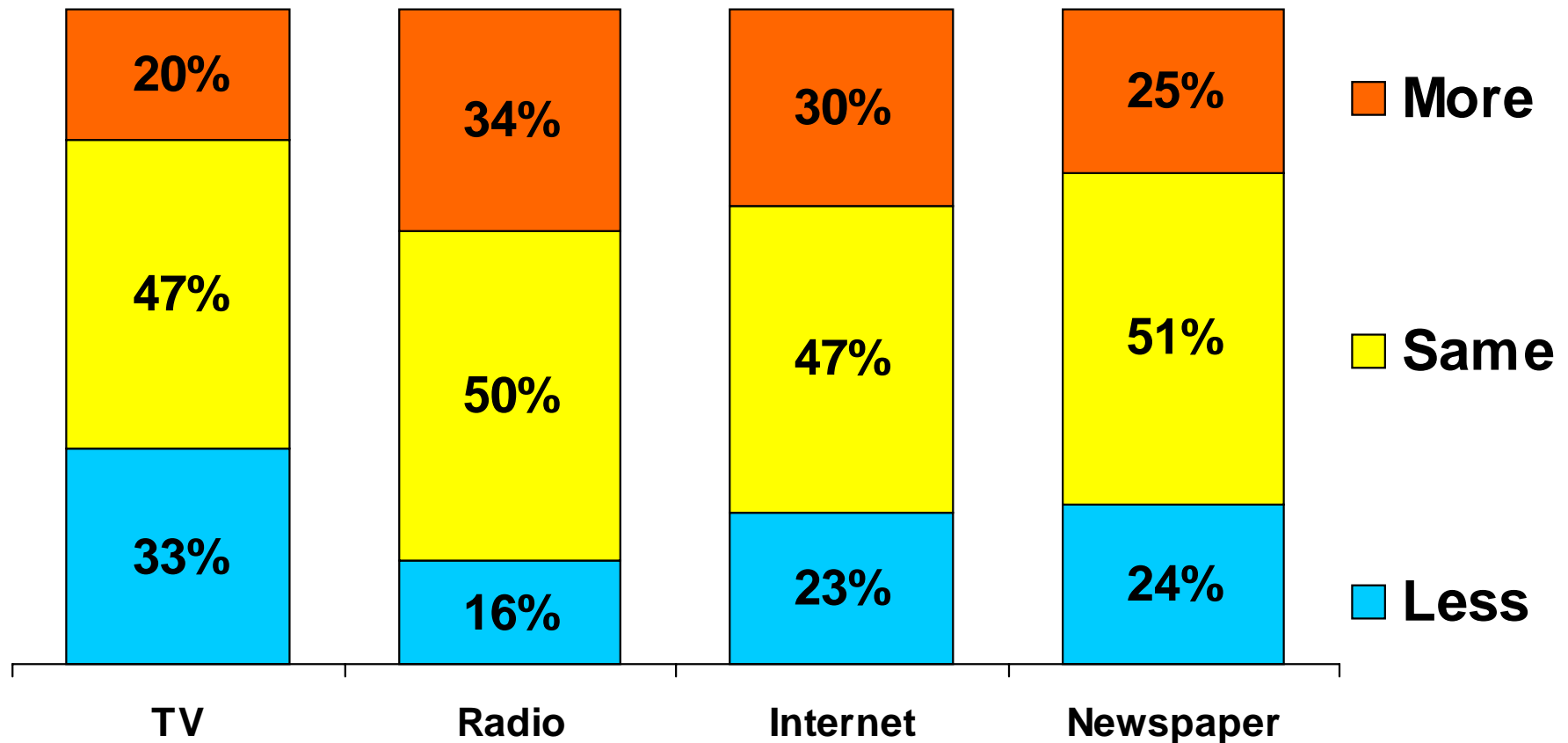
Access to the Internet is Up but Time Spent Online is Down

Amount of Time Spent Online Per Week (hr:min)



Consumers Expect to Spend More Time with Radio and Internet

“Over next 12 months, do you think you will spend more or less time with...”





While growth may be slowing, the Internet is becoming vital to a huge percentage of households

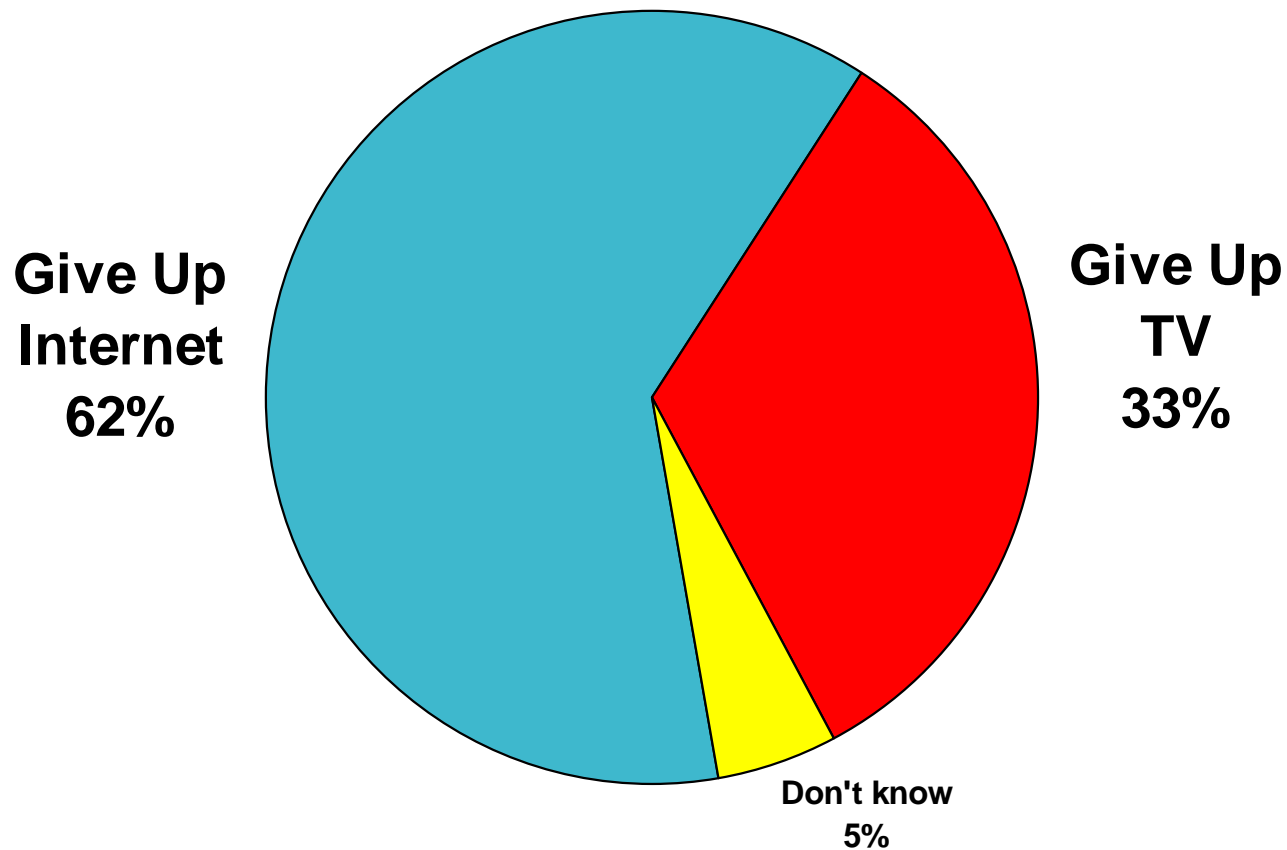


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The Internet is Vital to a Significant Segment

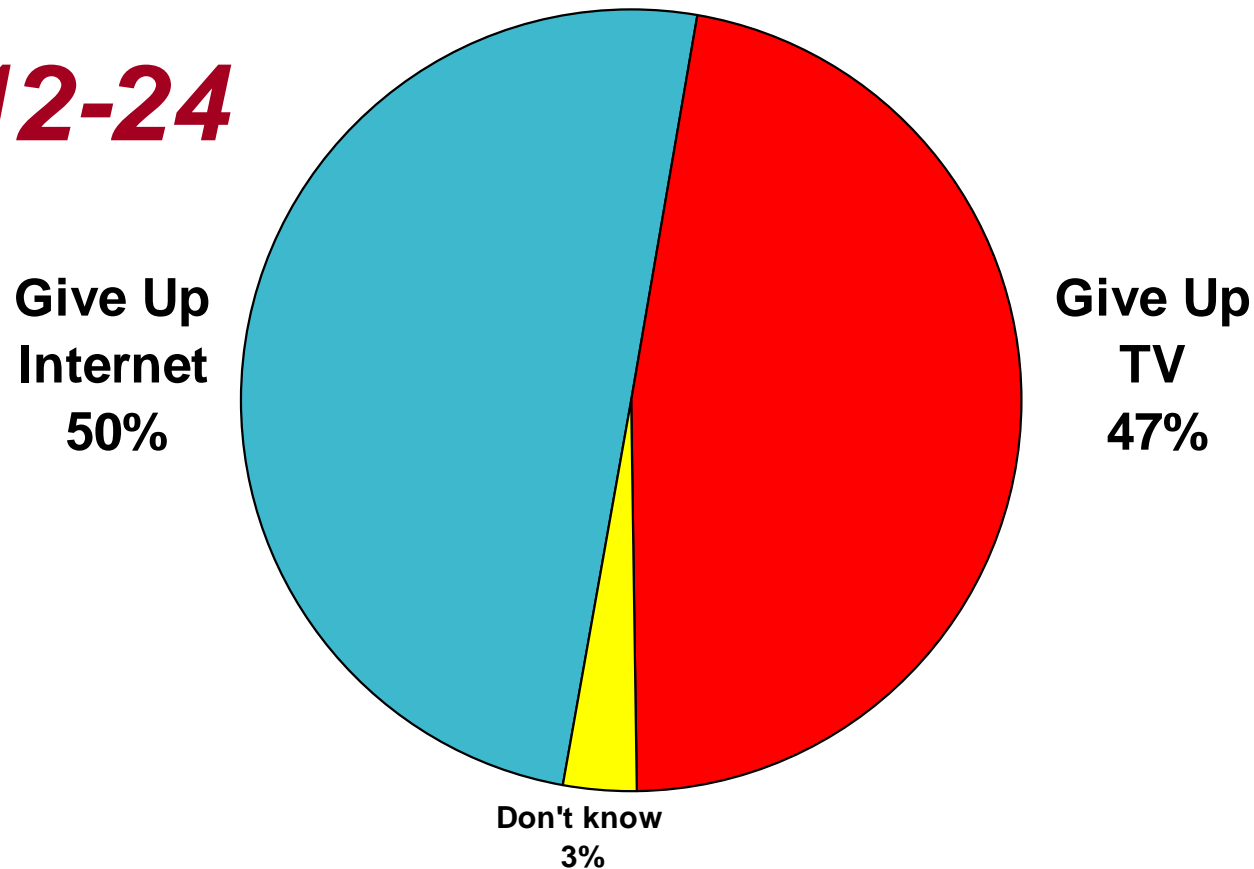
“If you had to choose between giving up all the TVs in your home or your Internet Access, which would you give up first?”



Internet is Equally as Important as TV Among Youngest Groups

“If you had to choose between giving up all the TVs in your home or your Internet Access, which would you give up first?”

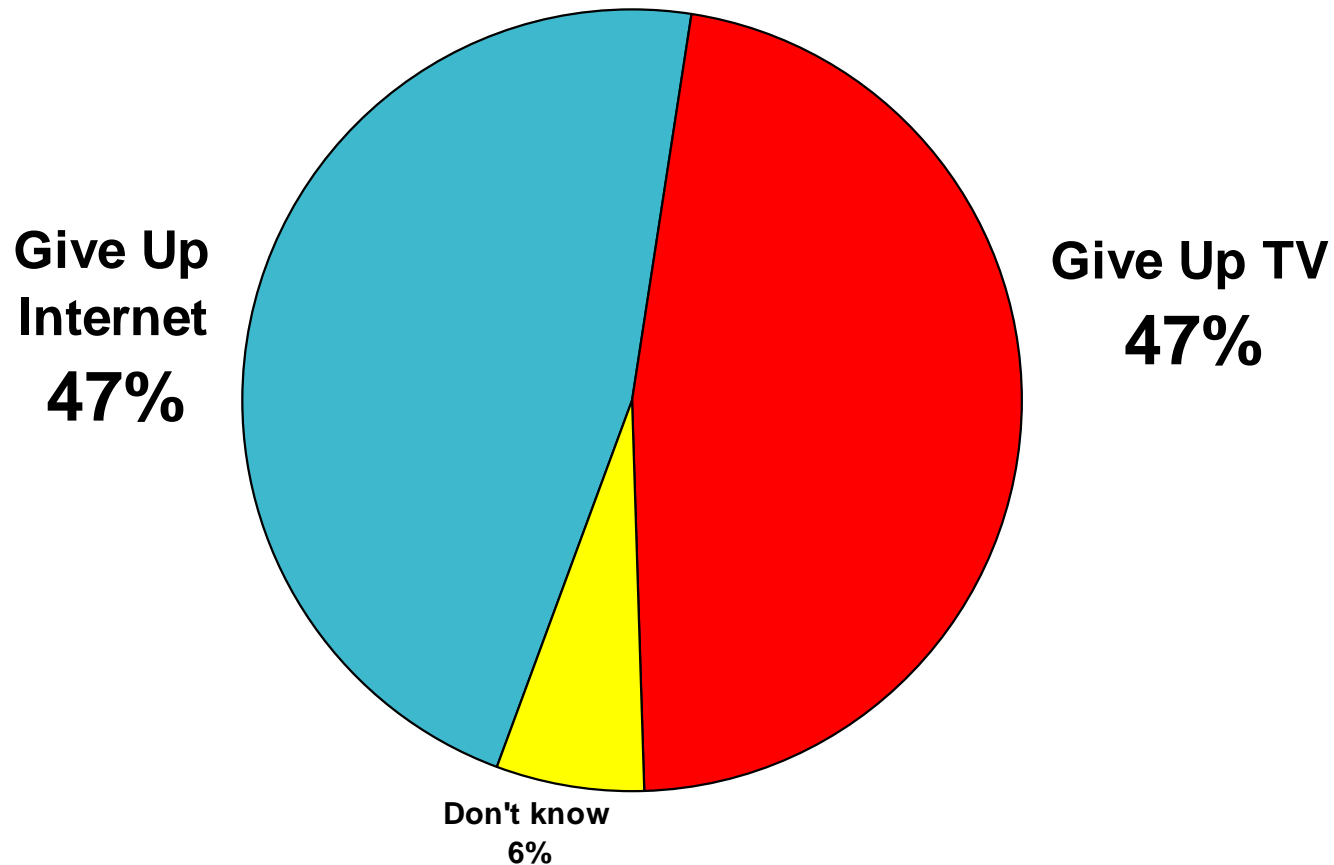
Age 12-24



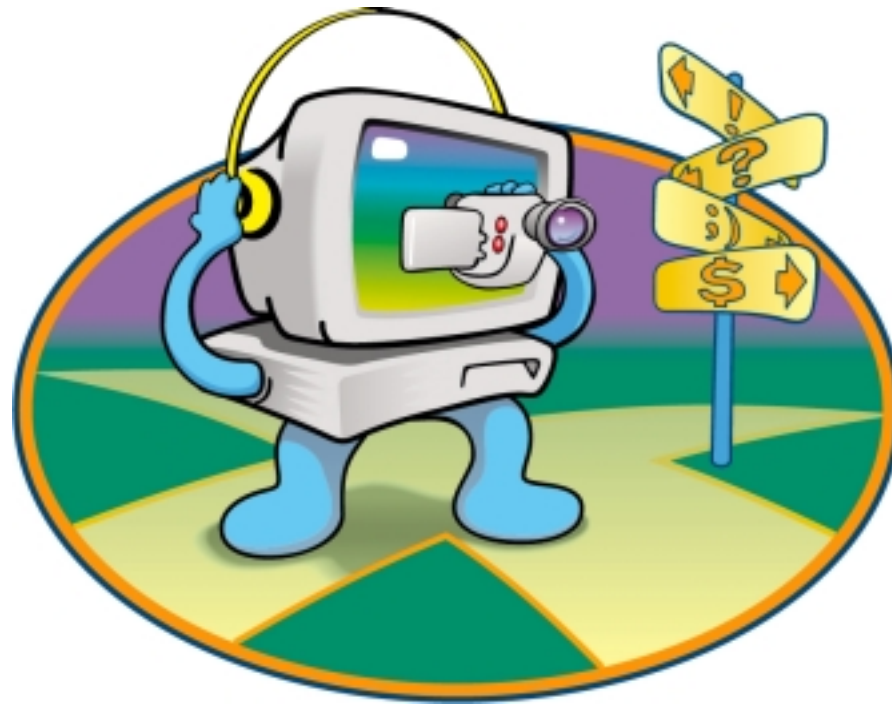
The Most Active Streamies are as Willing to Give Up TV as Internet



“If you had to choose between giving up all the TVs in your home or your Internet Access, which would you give up first?”



Crossroads #2: *What is the Impact of Lower Dot Com Ad Spending?*





“Lower ad spending...”

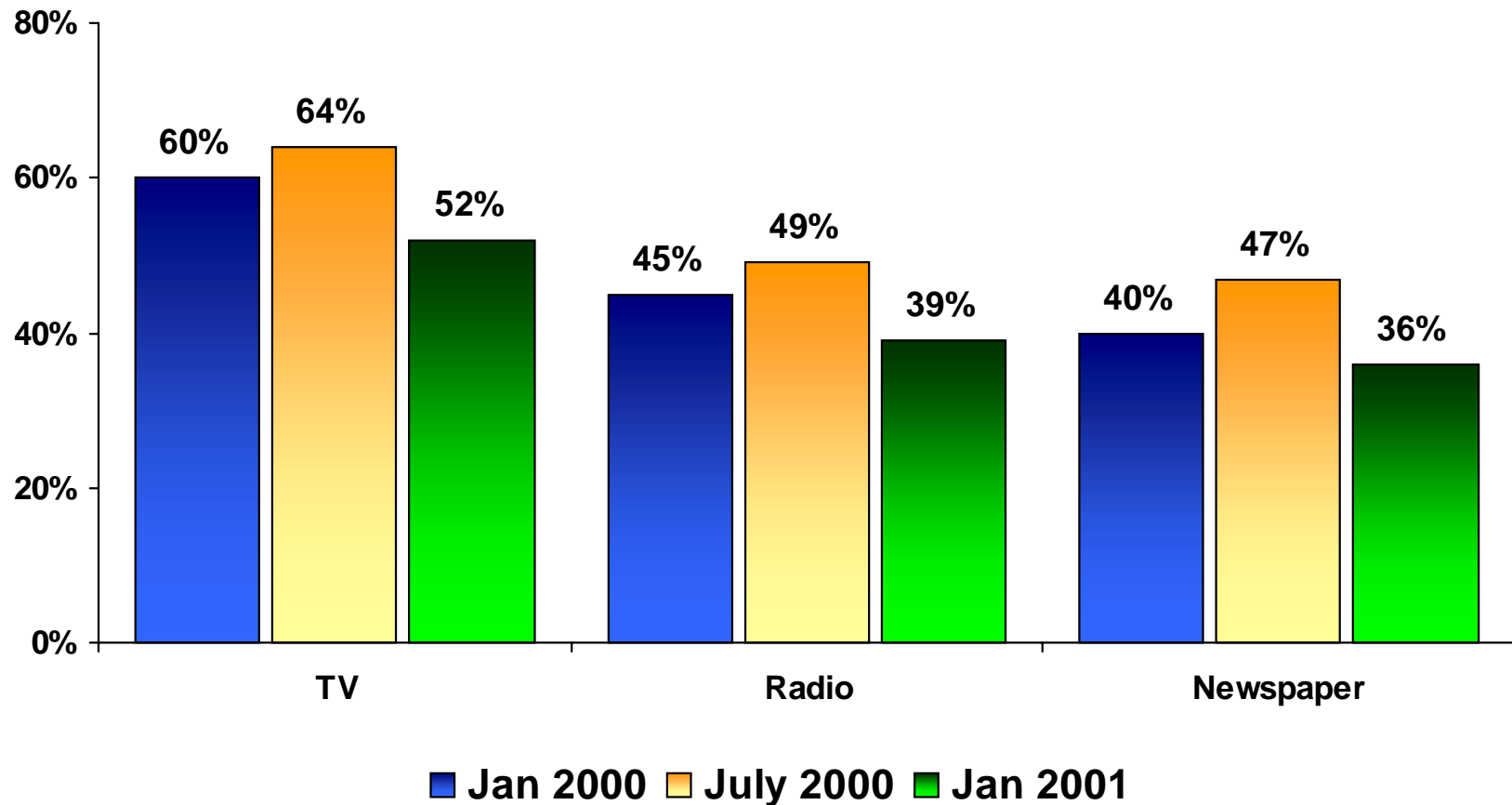


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...Results in a Large Decrease in Ad Recall

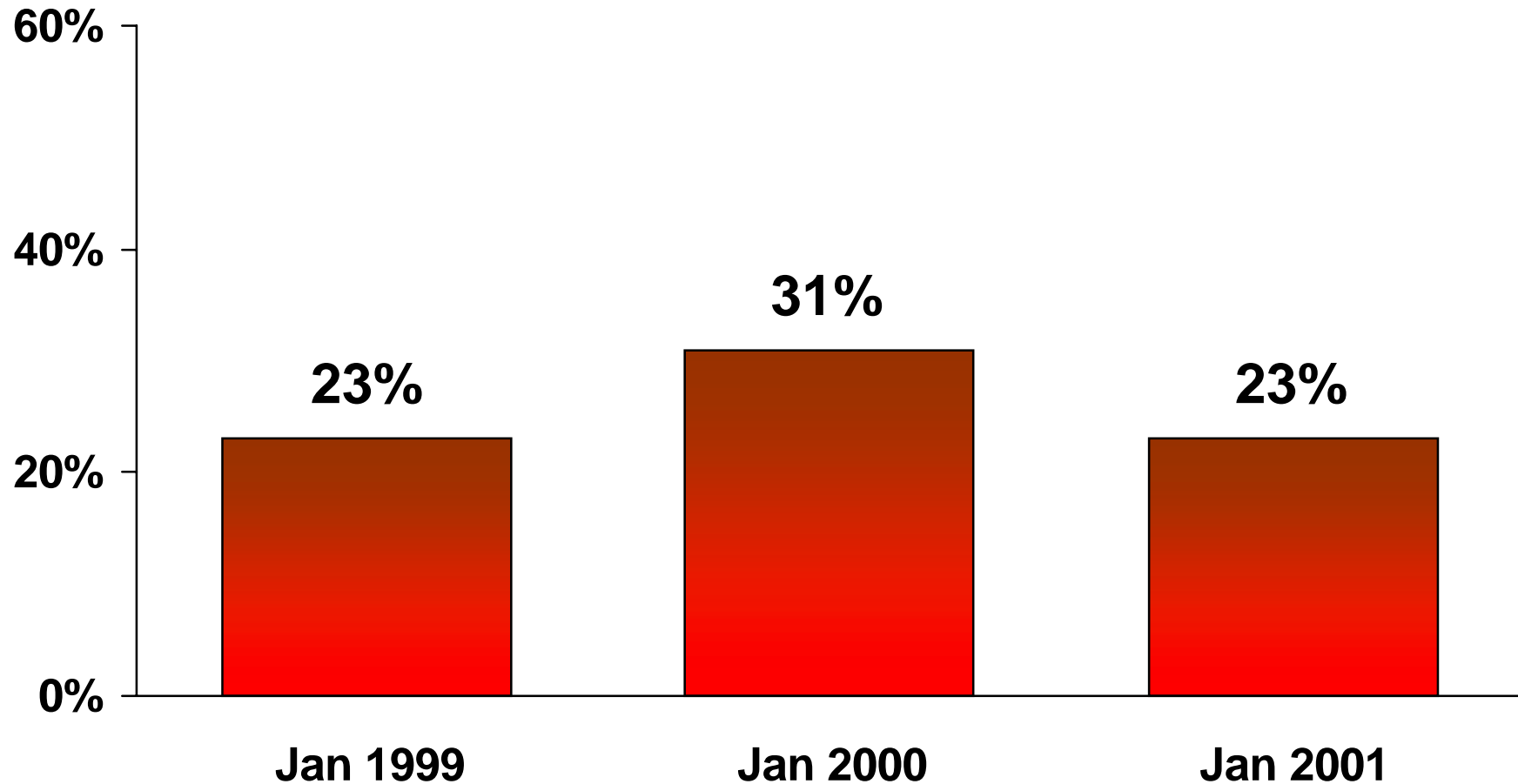
“Have you ever visited a Web site you learned about from an ad on...”



...Results in Fewer Clicks on Banner Ads



% having clicked on a banner ad in last month



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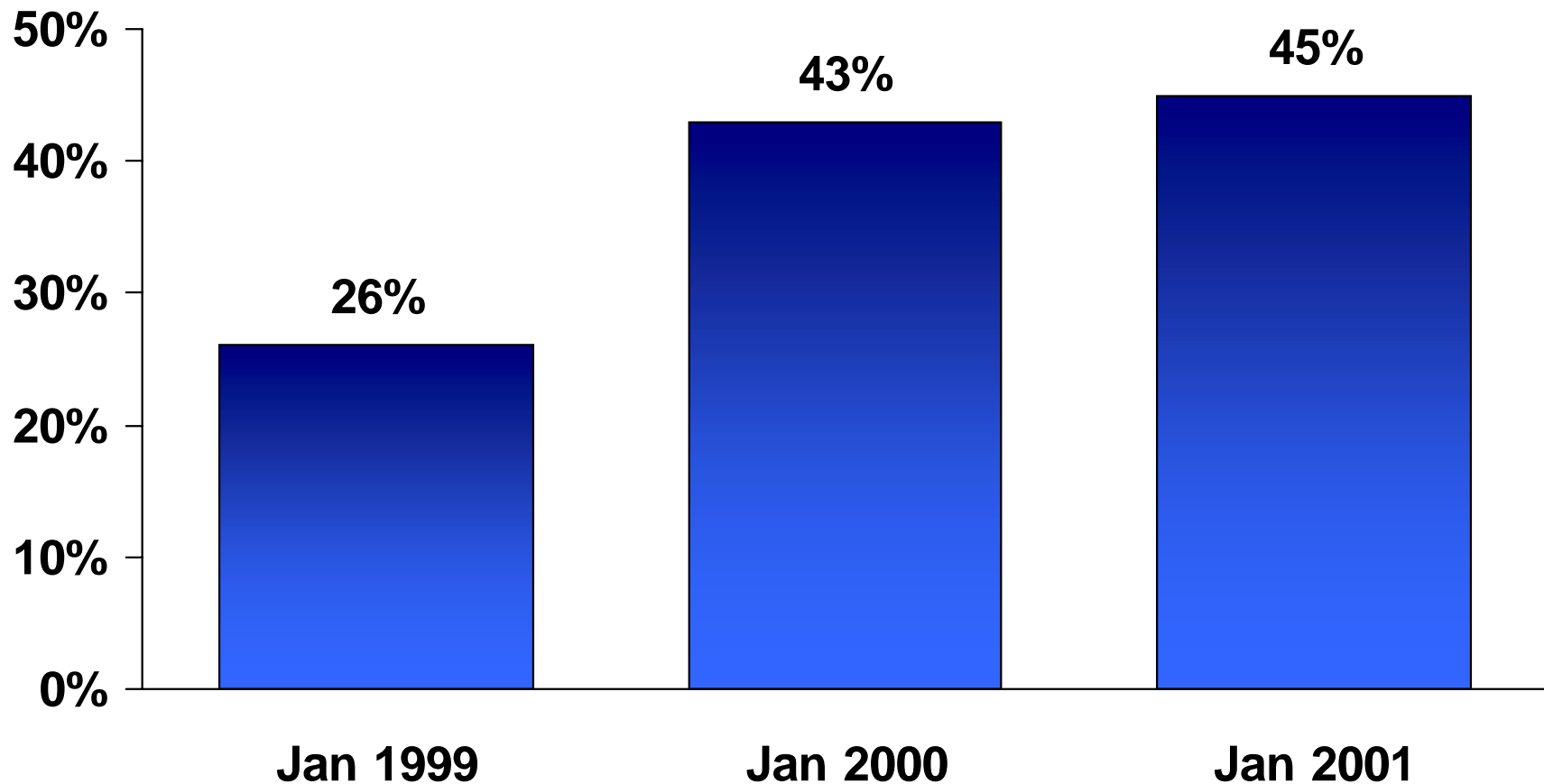
Base: Total population



Growth in Those Purchasing Online is Slowing



% Ever Made Online Purchase



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Base: Currently access the Internet

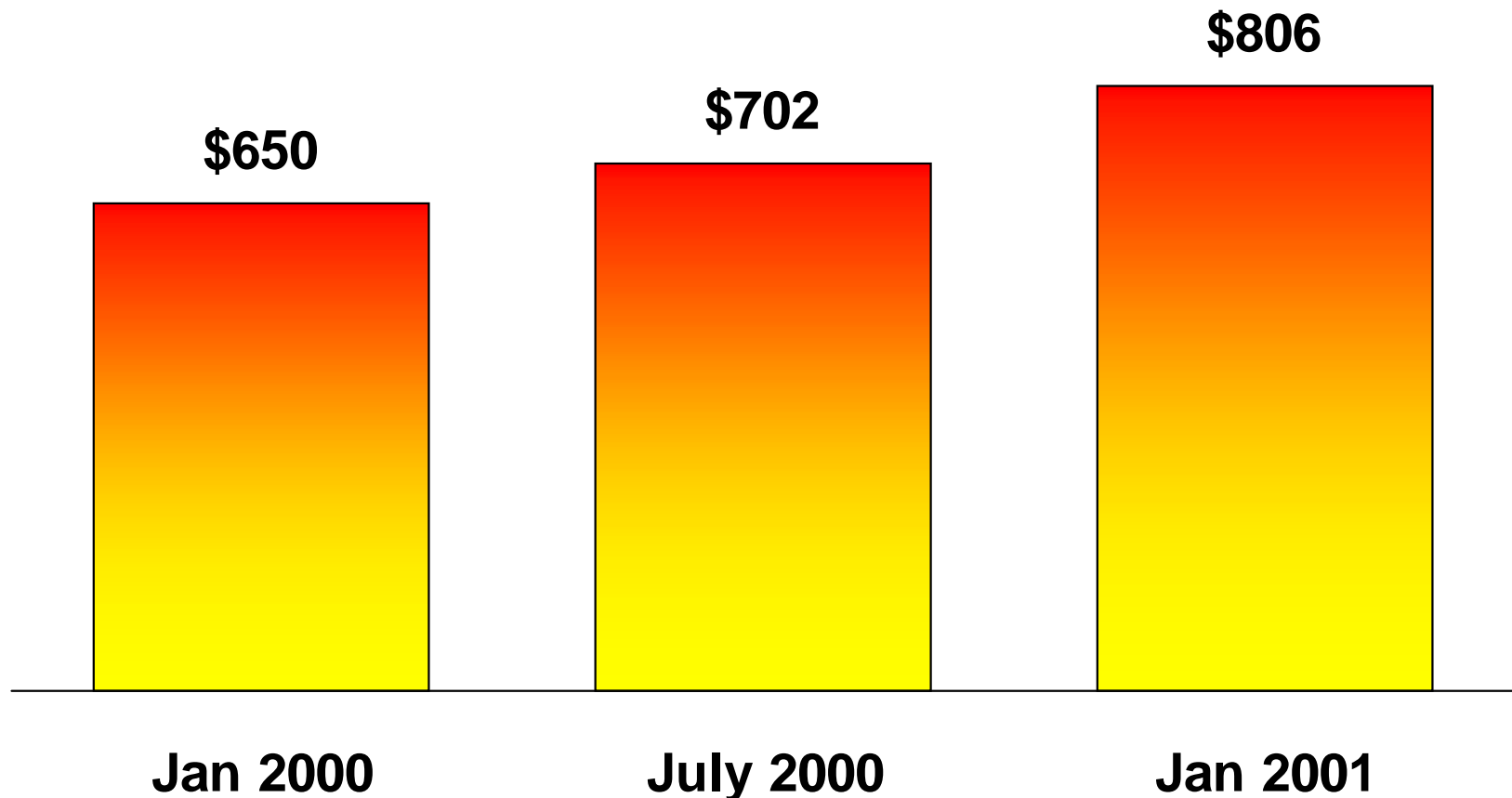


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Amount Spent Online is Still Increasing



Average Amount Spent Online in the Last Year



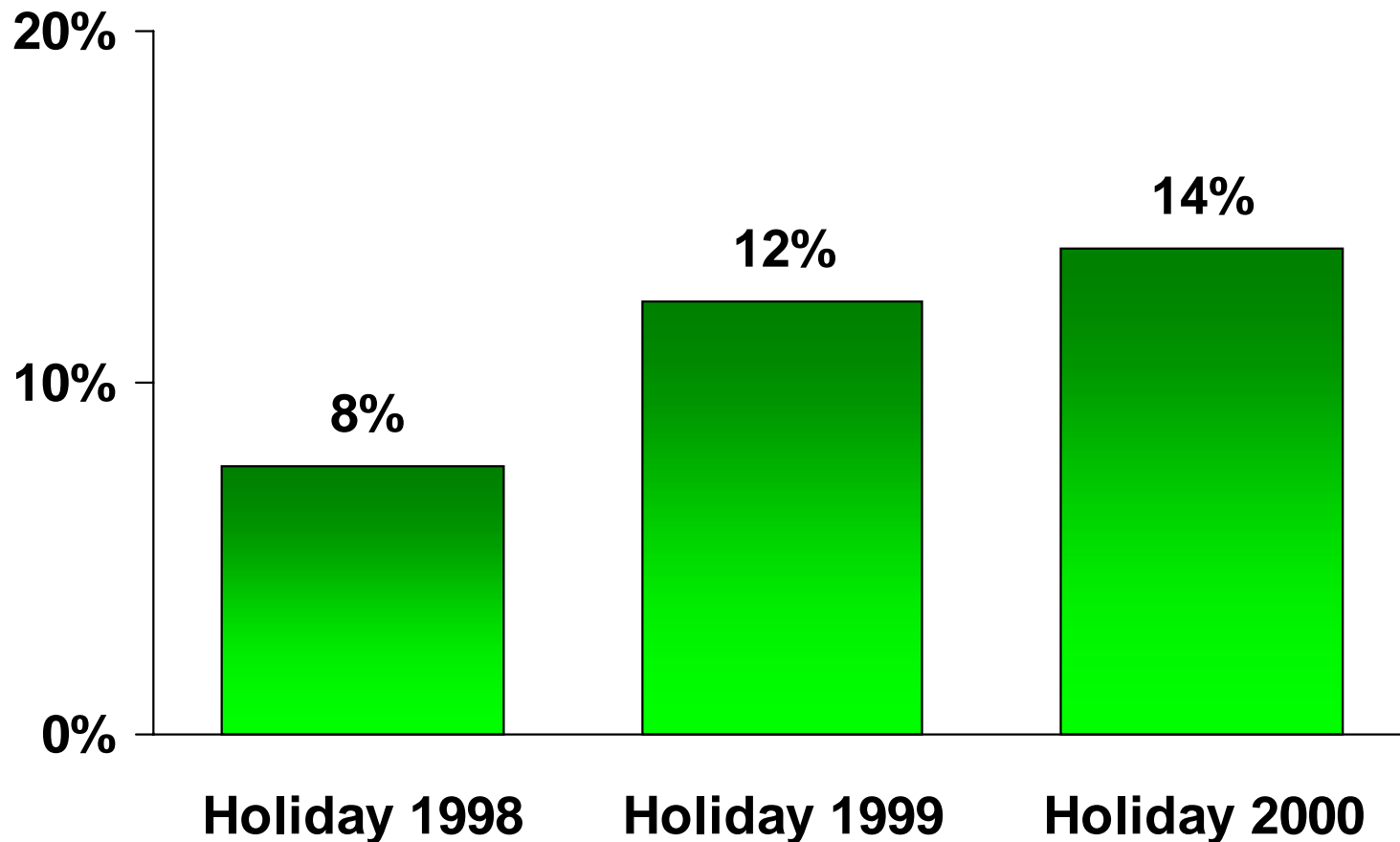
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Base: Made purchases online

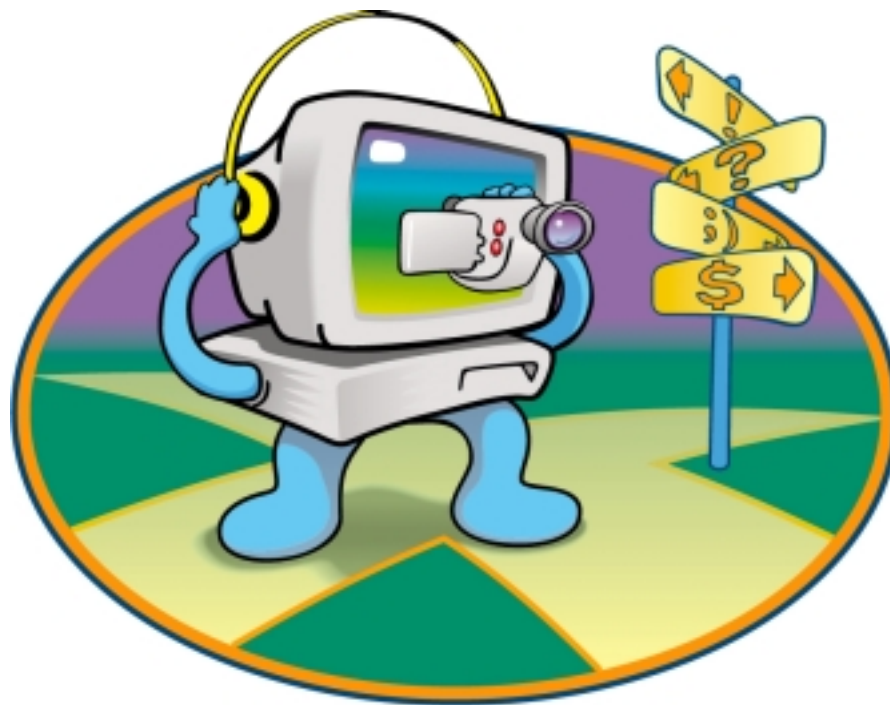


14% of all Americans Used the Internet to Purchase Holiday Gifts

% who purchased Gifts Online during Holiday Season



Crossroads #3: *What Will Broadband Bring?*



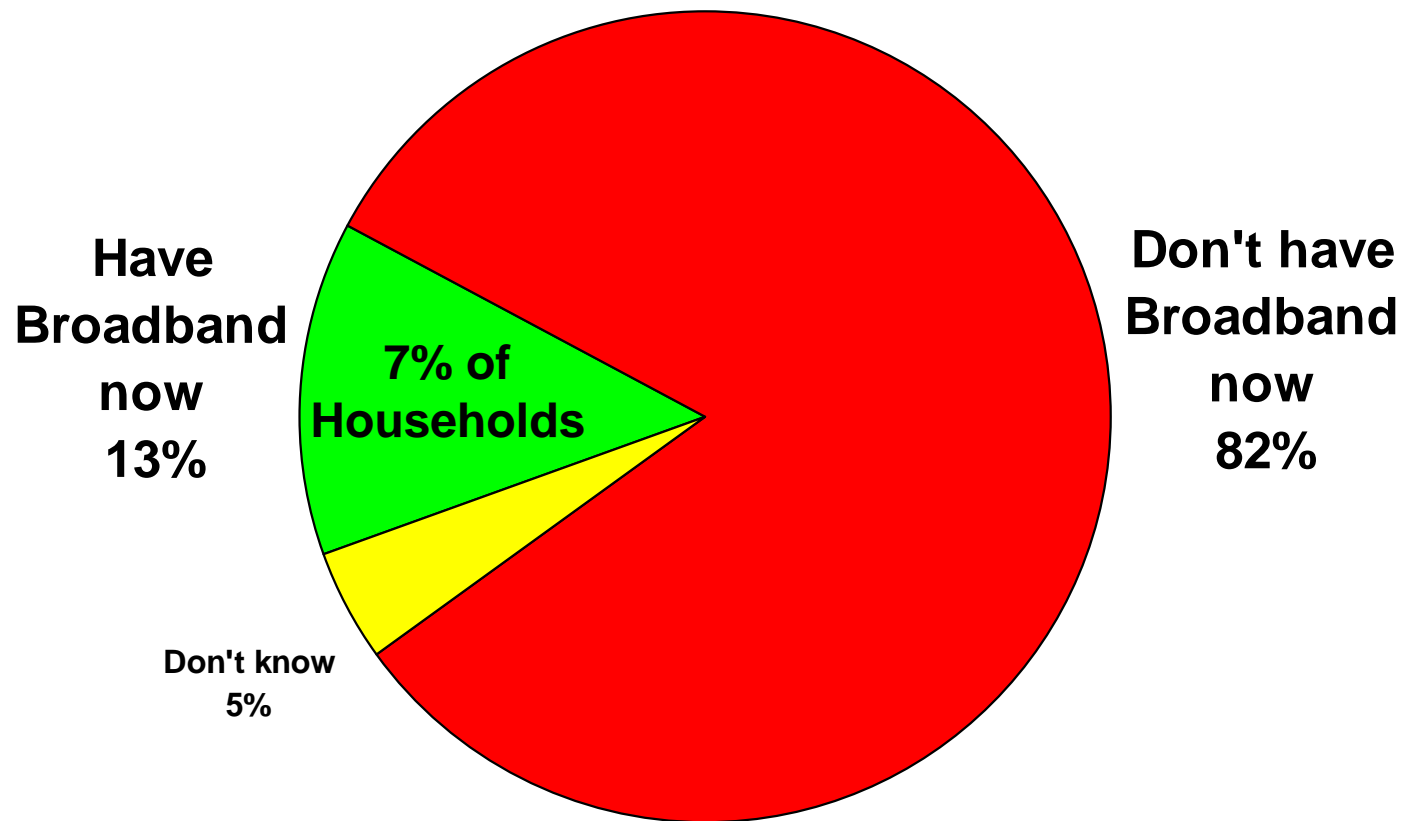
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Few Internet Households Have Broadband Access...

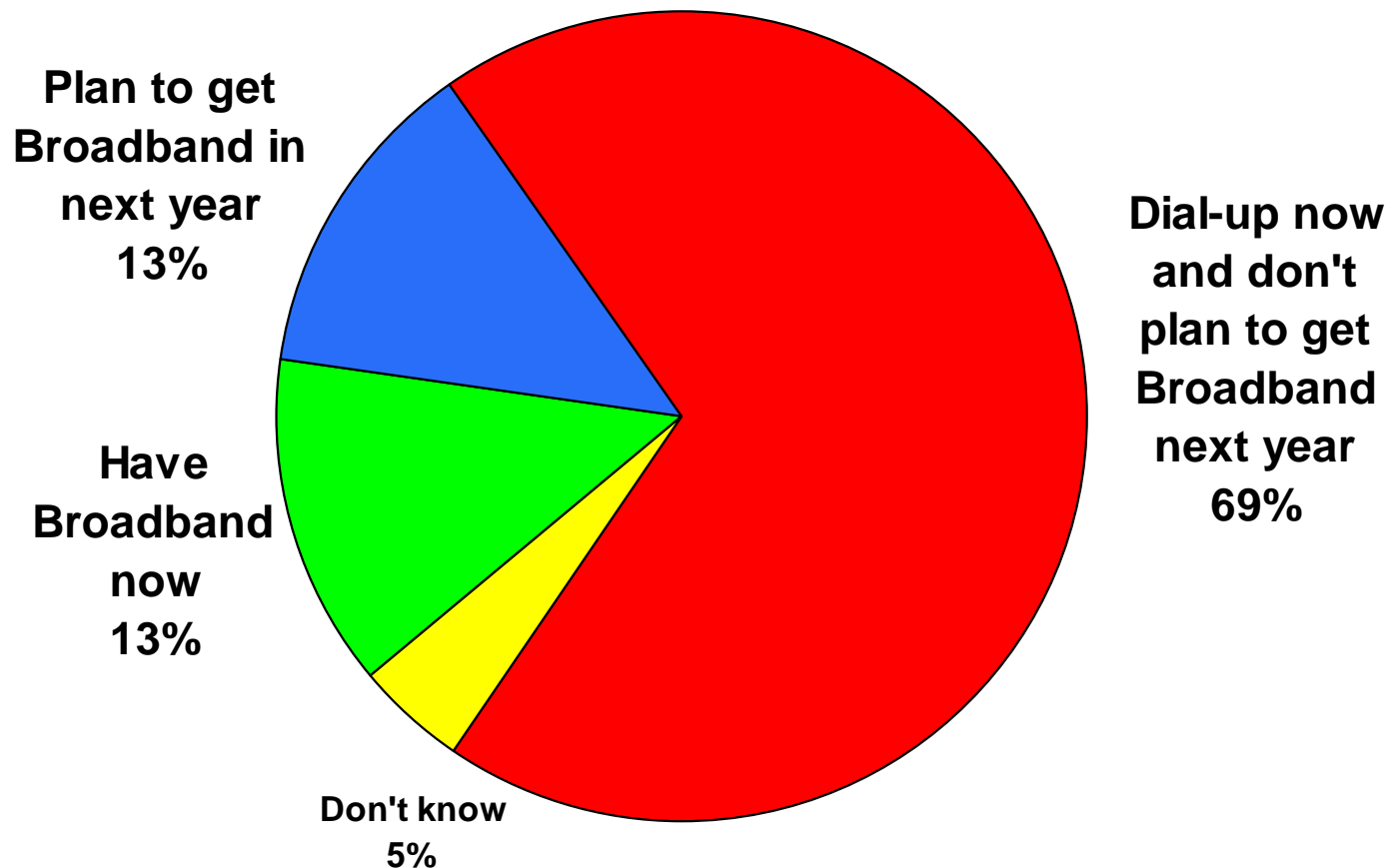


Broadband vs. Dial-up in homes with access to the Internet



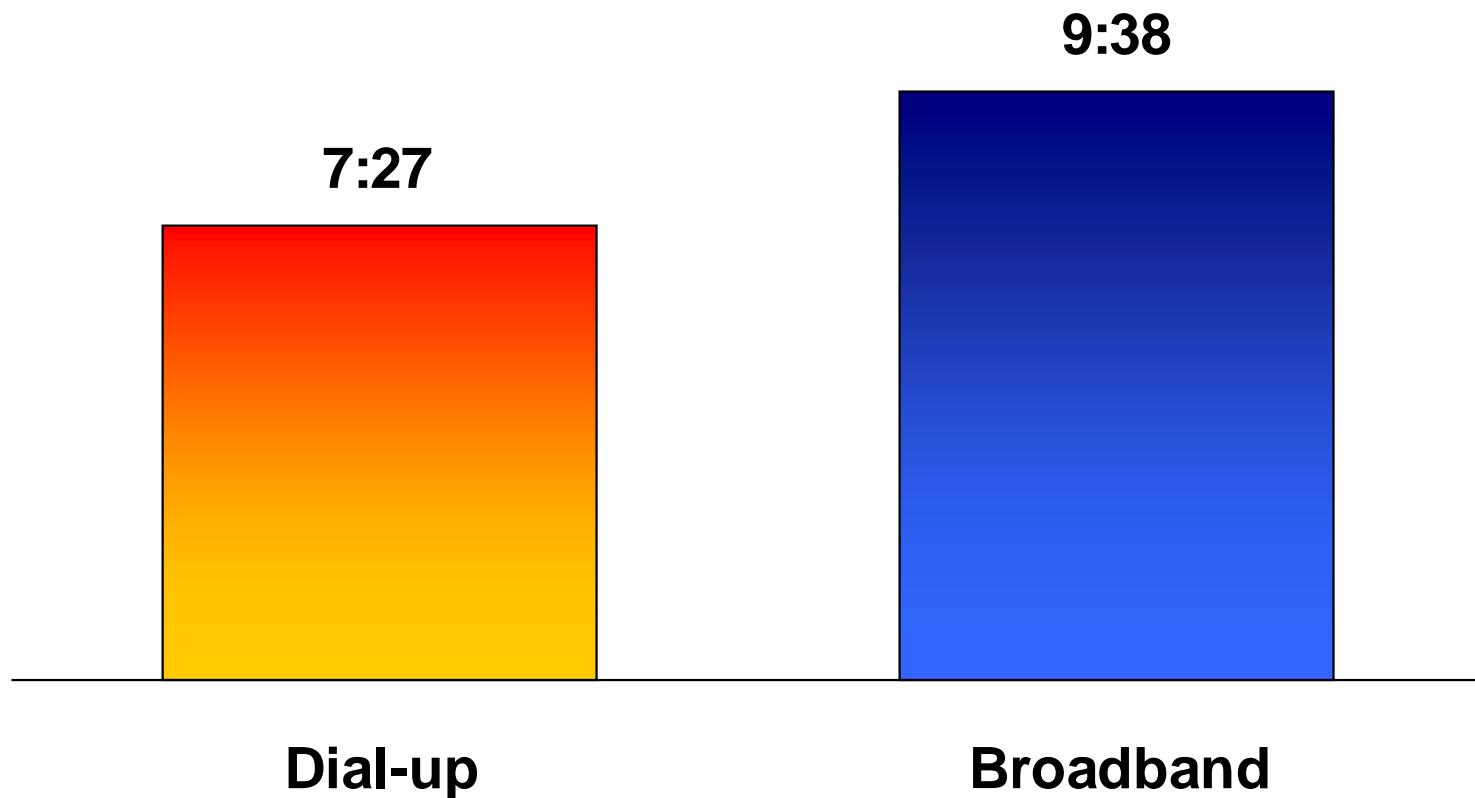
...However Broadband Access May Double in Next Year

Broadband vs. Dial-up in homes with access to the Internet



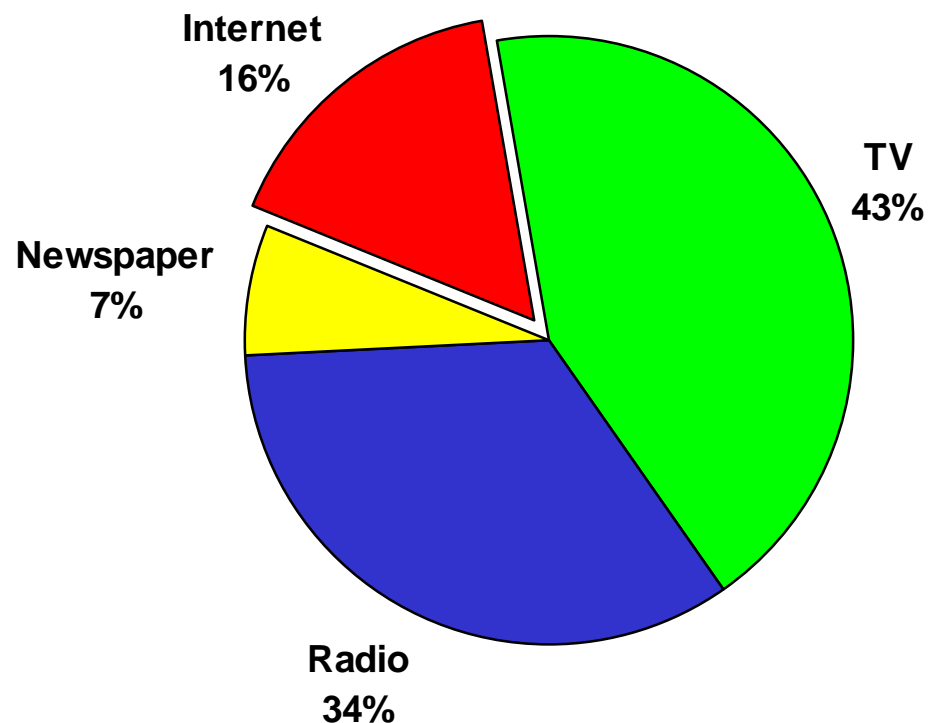
People in Broadband Homes Spend More Time Online

Amount of Time Spent Online Per Week (hr:min)

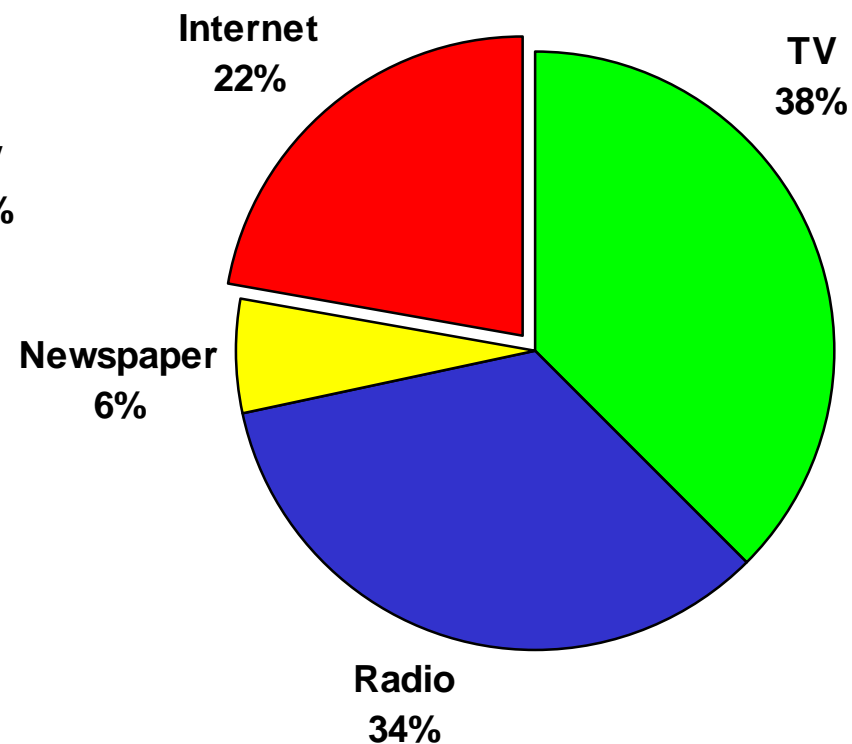


People in Broadband Homes Use the Internet More

**Media Time Spent:
Dial-Up Homes**

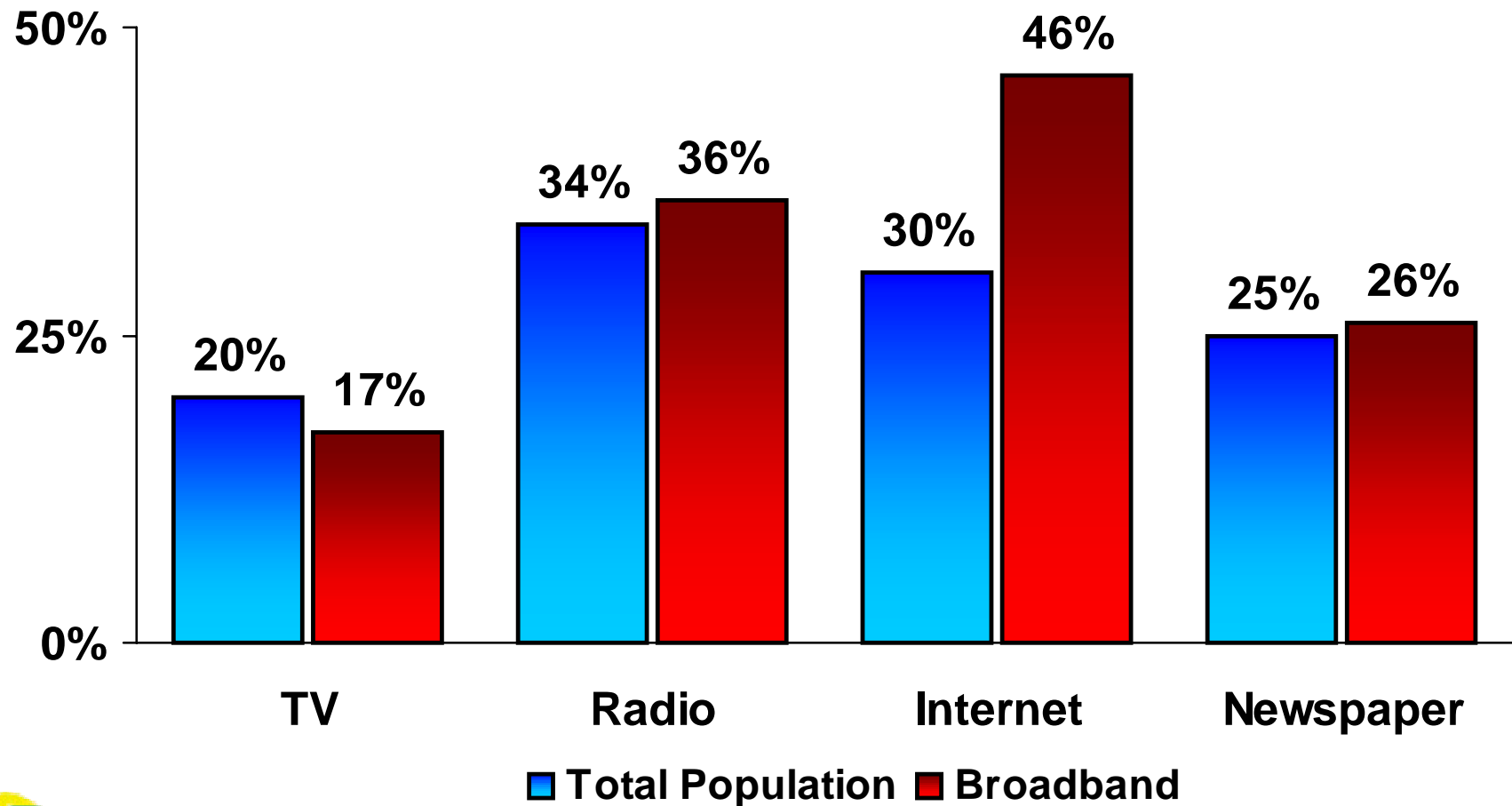


**Media Time Spent:
Broadband Homes**

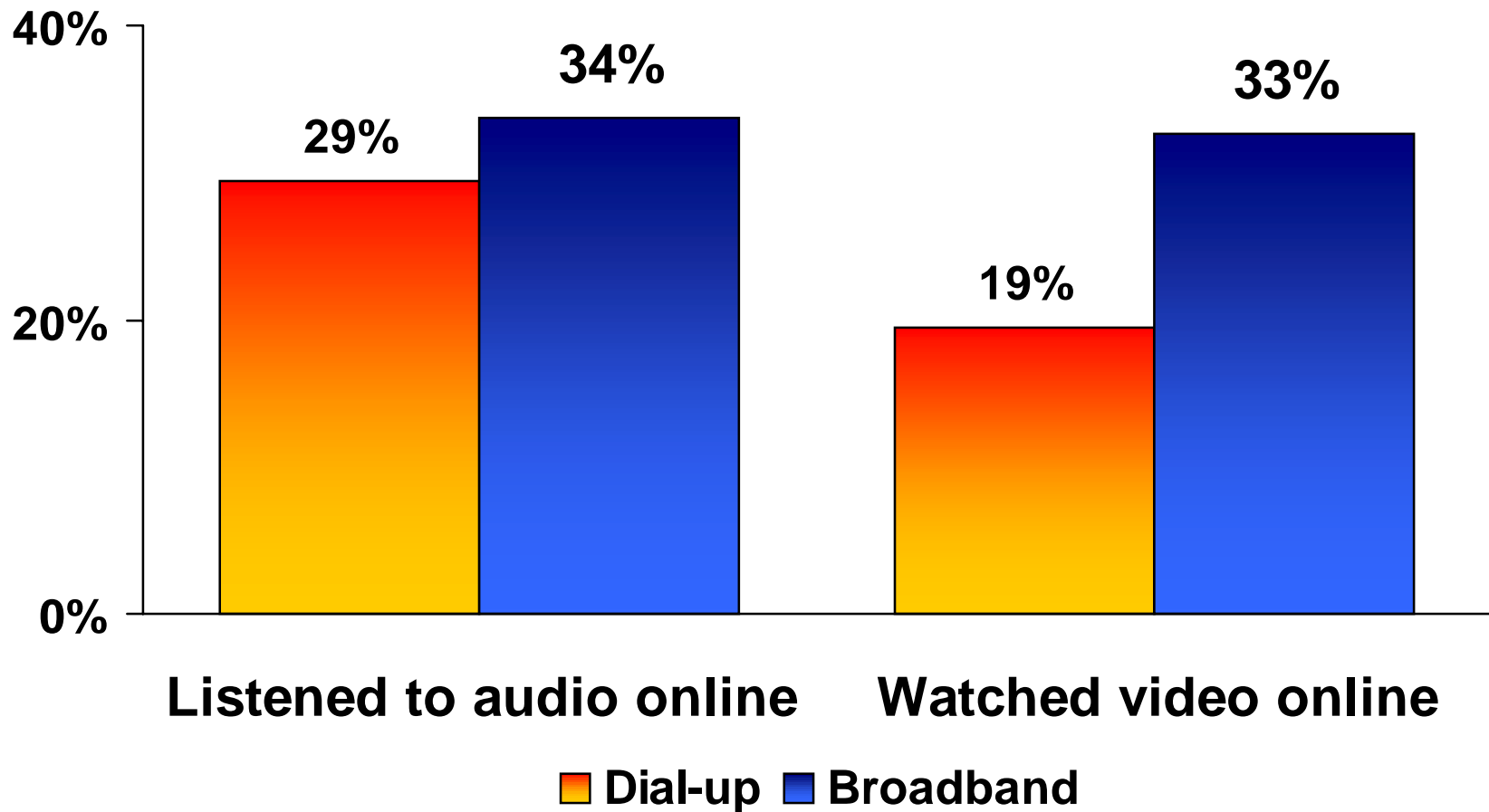


Broadband Users Expect to Use the Internet More in the Future

% saying they expect to spend more time with medium over next 12 months

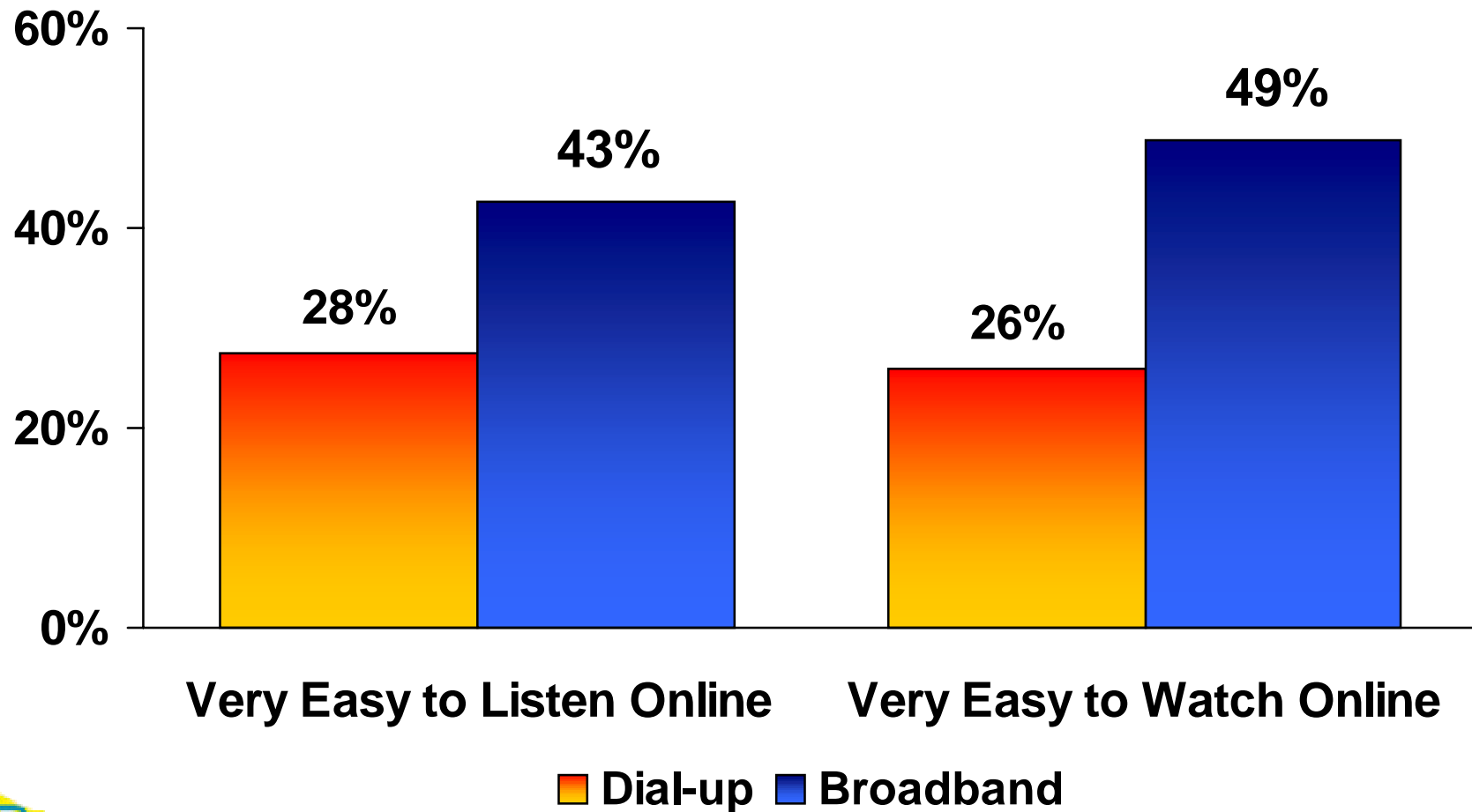


People in Broadband Homes More Likely to Stream

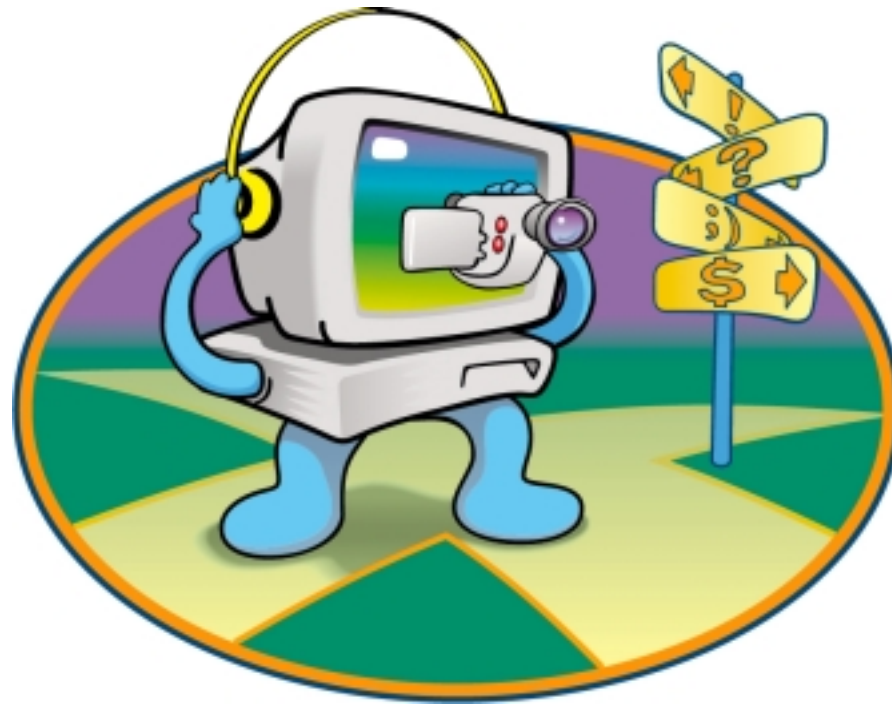


People in Broadband Homes Have Easier Time Streaming

% Saying Streaming is "Very Easy"



Crossroads #4: *Understanding the Streaming the Audience*



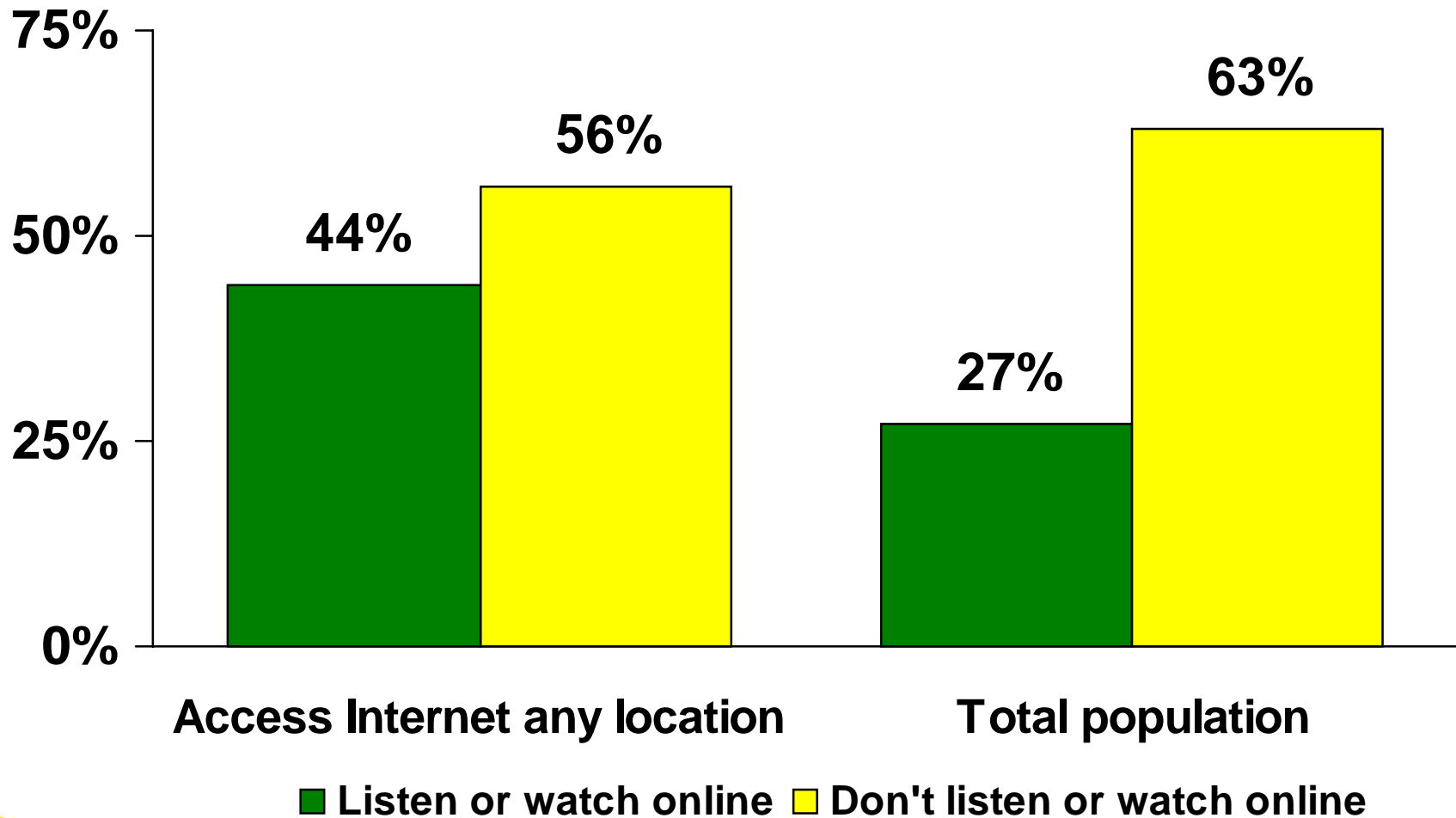
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“Streamies”

- ◆
- **Definition: Those who consume streaming media over the Internet**
 - **Audio Streamies**: those having ever listened to streaming audio over the Internet
 - **Video Streamies**: those having ever viewed streaming video over the Internet
 - **Active Streamies**: those having consumed streaming media in the last week or last month

More than 1 in 4 Americans are Streamies

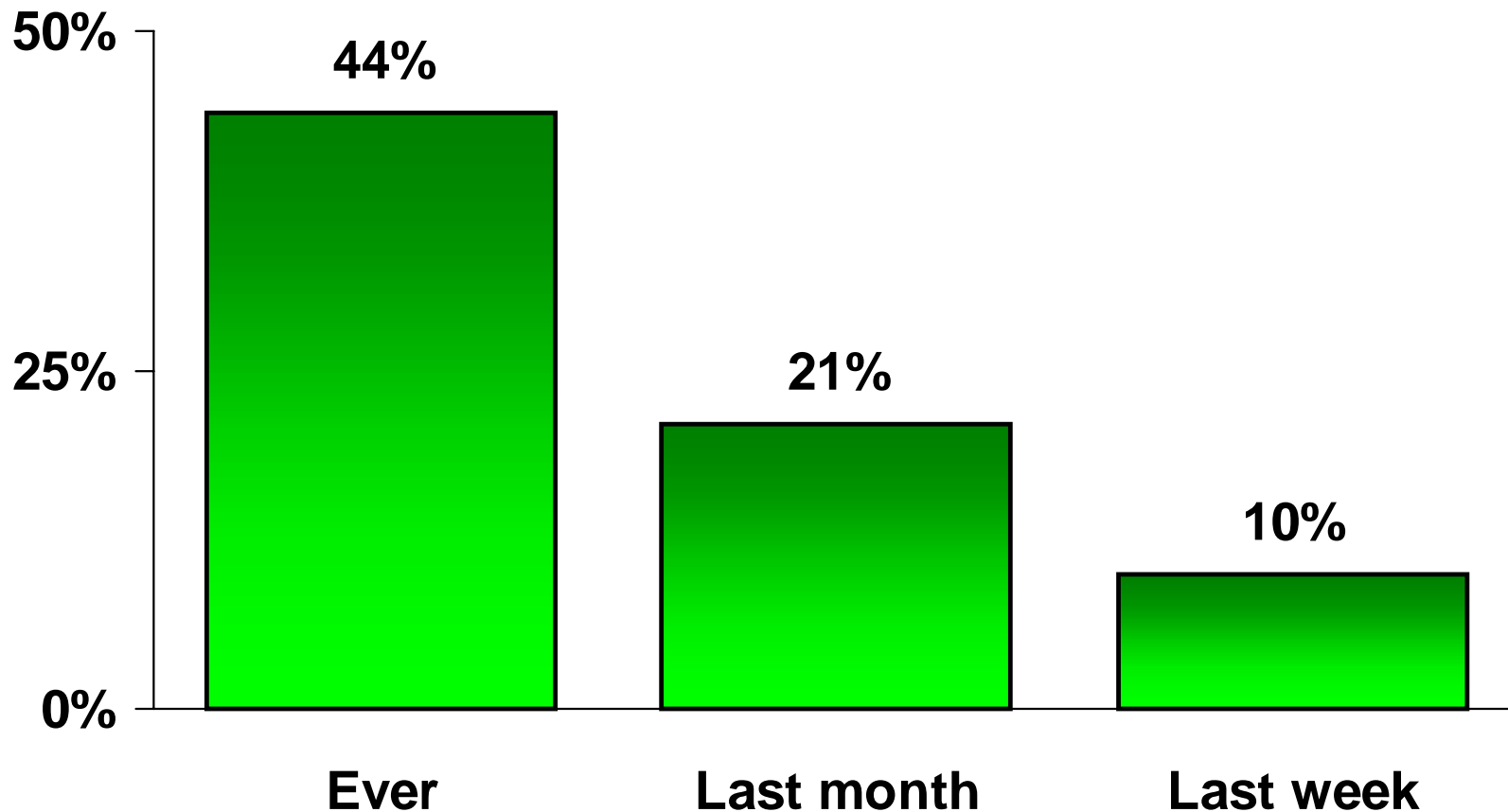


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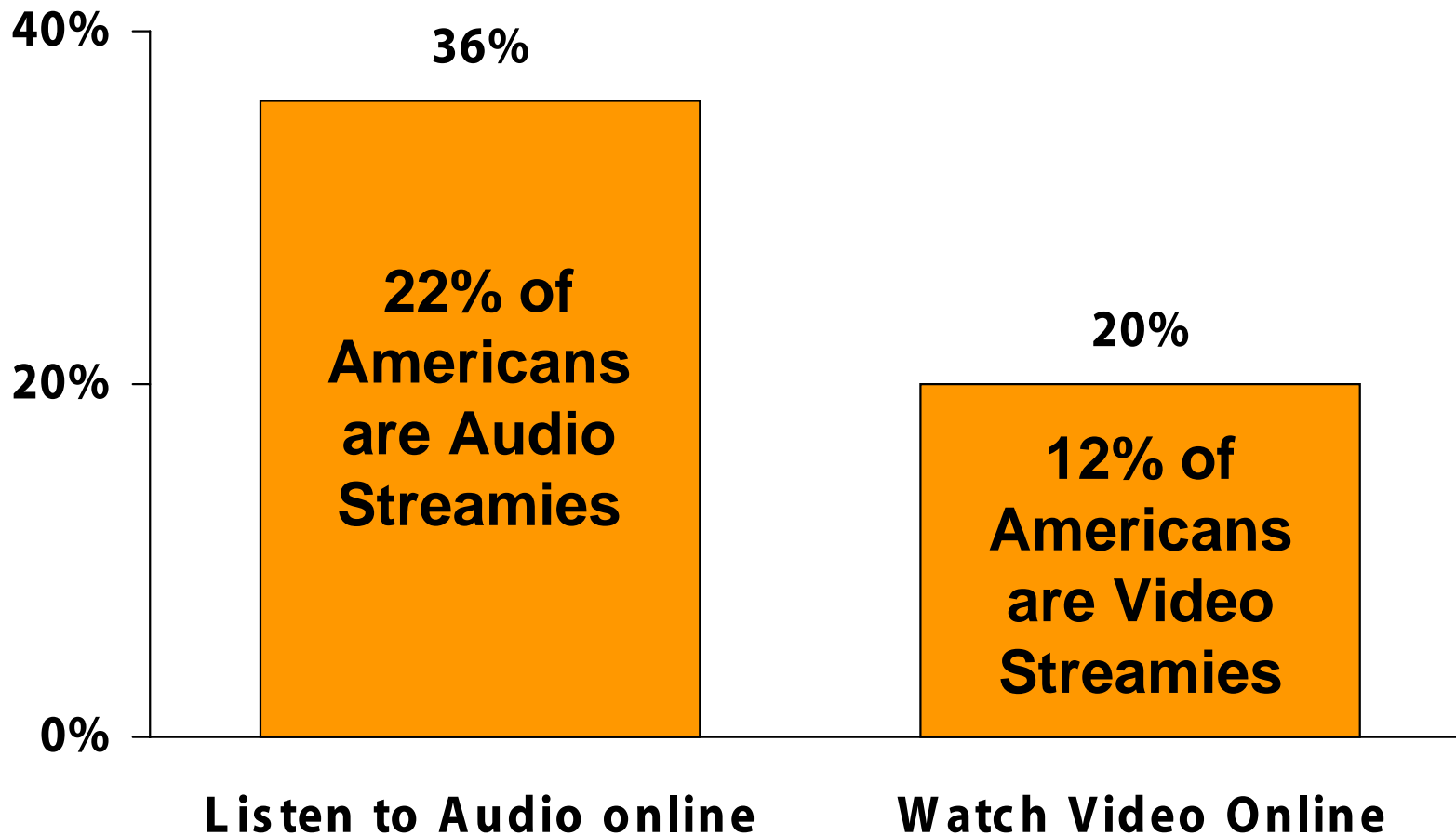


Of Those Online, One in Five Have Used Streaming Media in Last Month

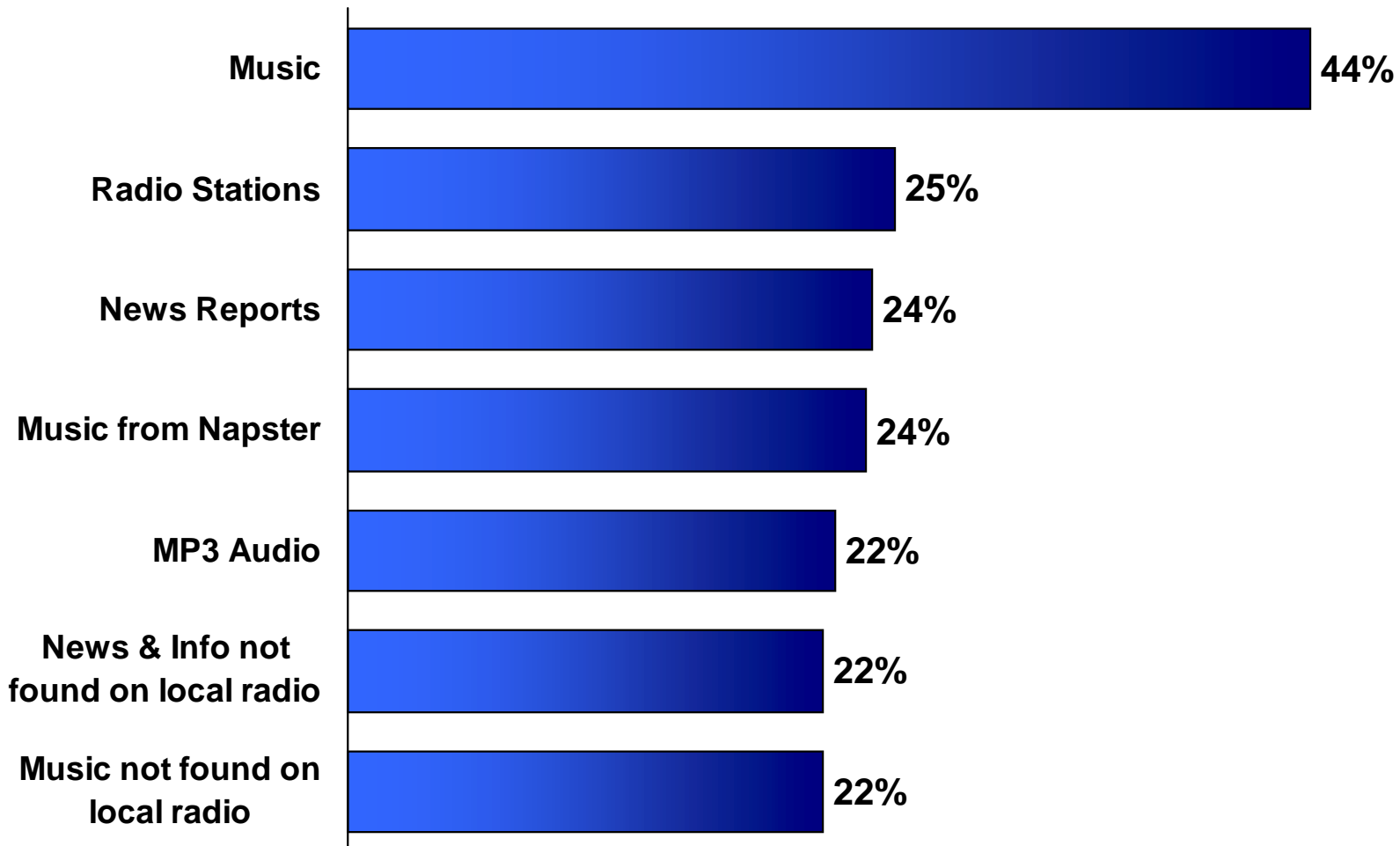
% online who have watched or listened to streaming media...



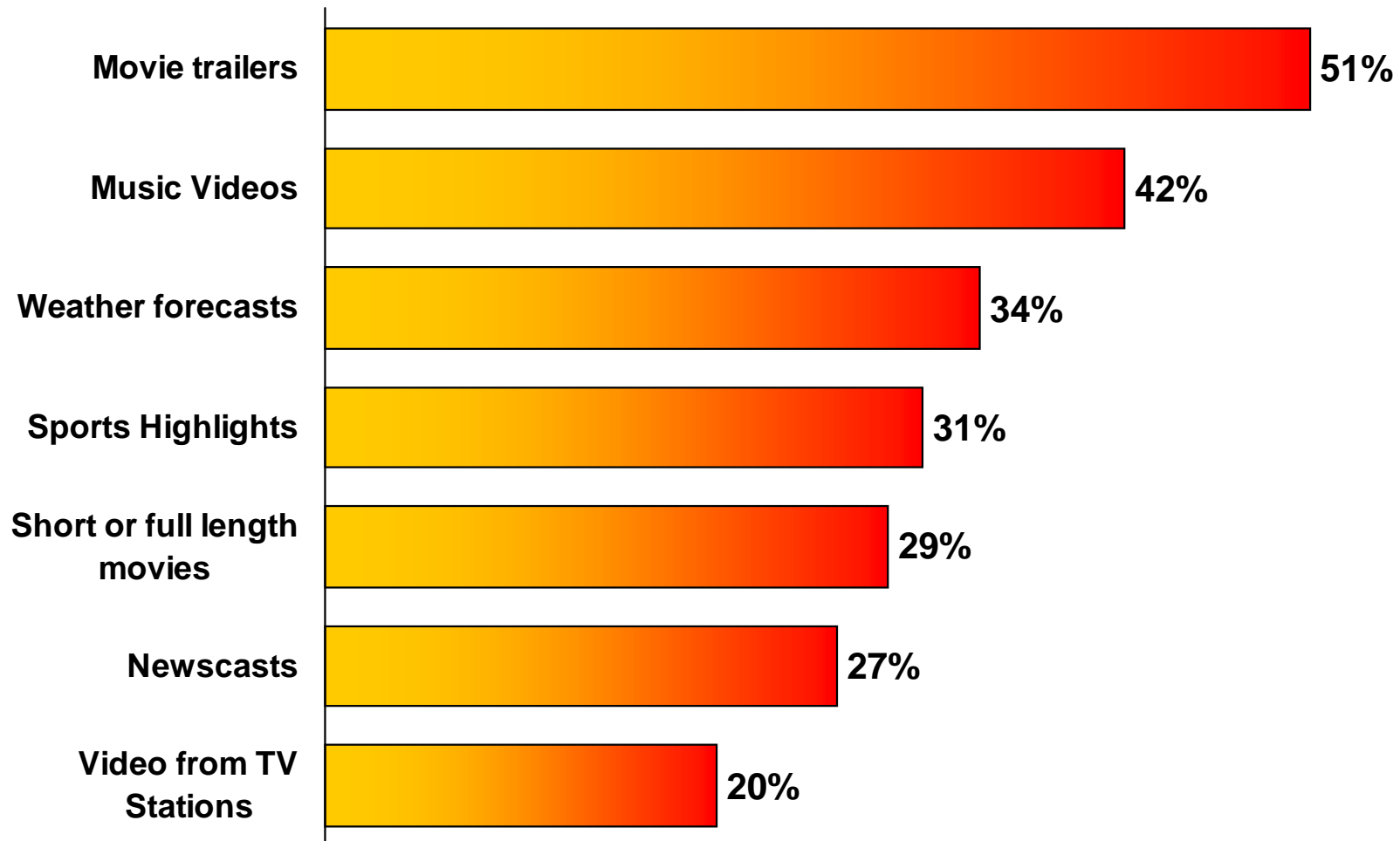
More Americans Listen than Watch Online



Types of Programming Streamies Listen To



Types of Programming Streamies Watch



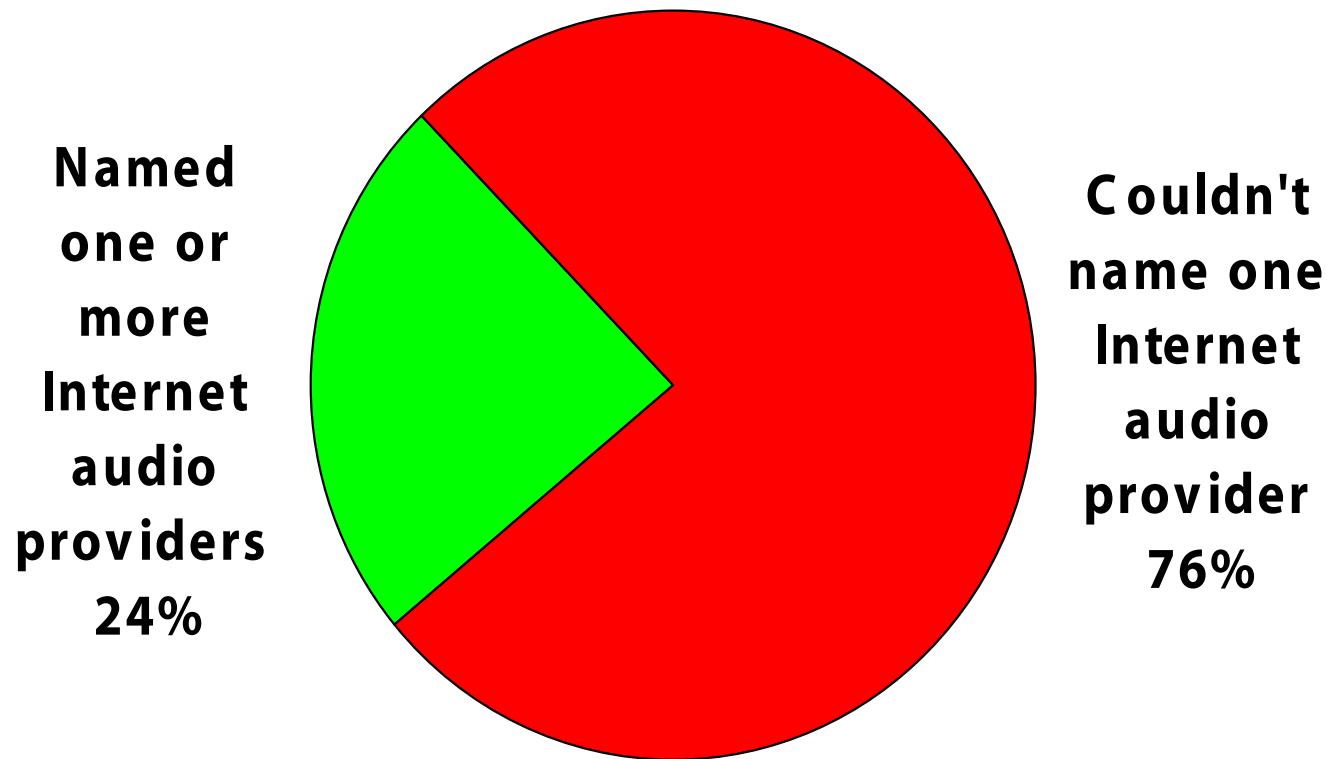
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Base: Video Streamies



Most Audio Streamies Can't Name One Internet Audio Provider

"Please list all of the providers of Internet audio you can think of"

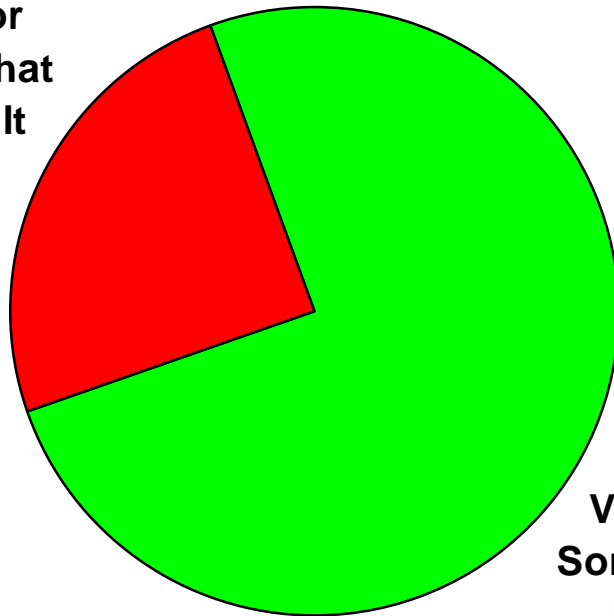


Many Find Streaming Difficult

“How easy or difficult do you find the process of...?”

Listening to Radio over the Internet

Very or
somewhat
difficult
25%

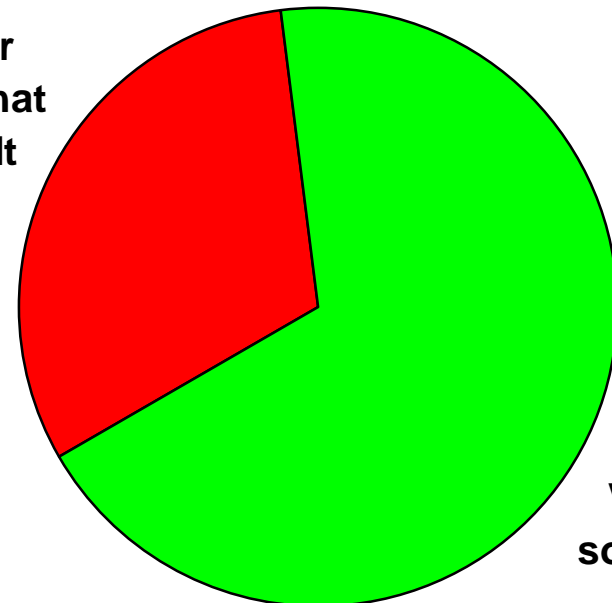


Very or
Somewhat
Easy
75%

Base: Have tried to listen to Internet audio

Viewing Video over the Internet

Very or
Somewhat
difficult
31%



Very or
somewhat
easy
69%

Base: Have tried to view Internet video



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There is Considerable Interest in Devices that Make Streaming Easier

% of Streamies "Very" or "Somewhat" interested

58%
MP3 Player



49%
Internet audio
in your car



47%
Satellite in-car audio



45%
Internet radio



41%
Internet audio on PDA



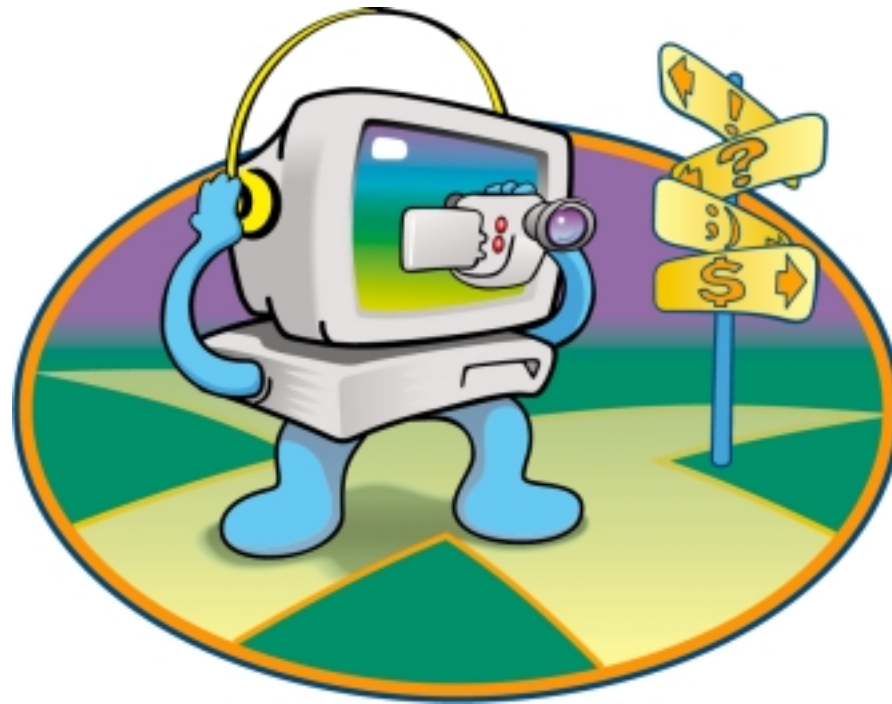
41%
Play Internet audio
on any home stereo



29%
Internet Audio
on Cell phone



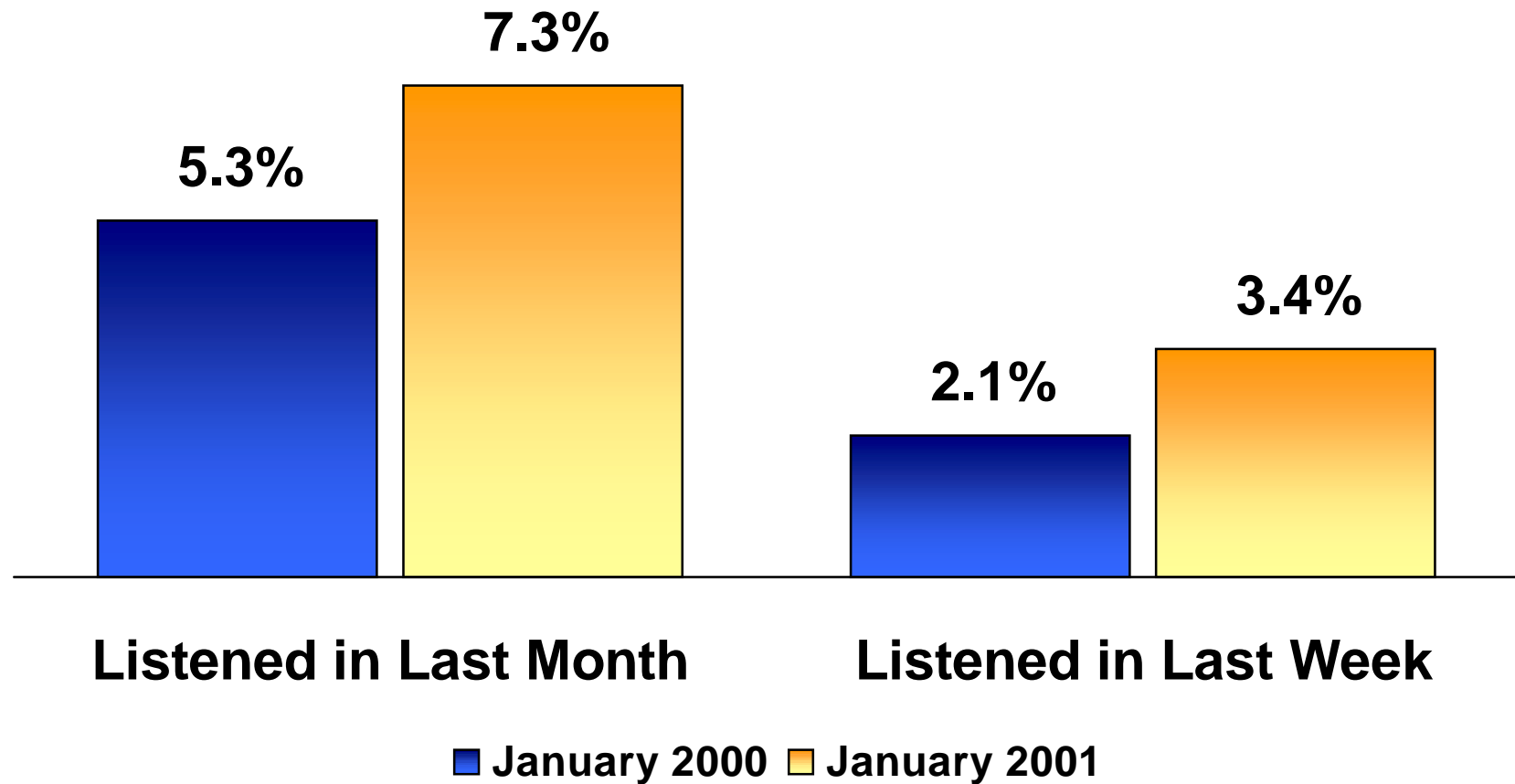
Crossroads #5: *Where Radio and Streaming Media Meet*



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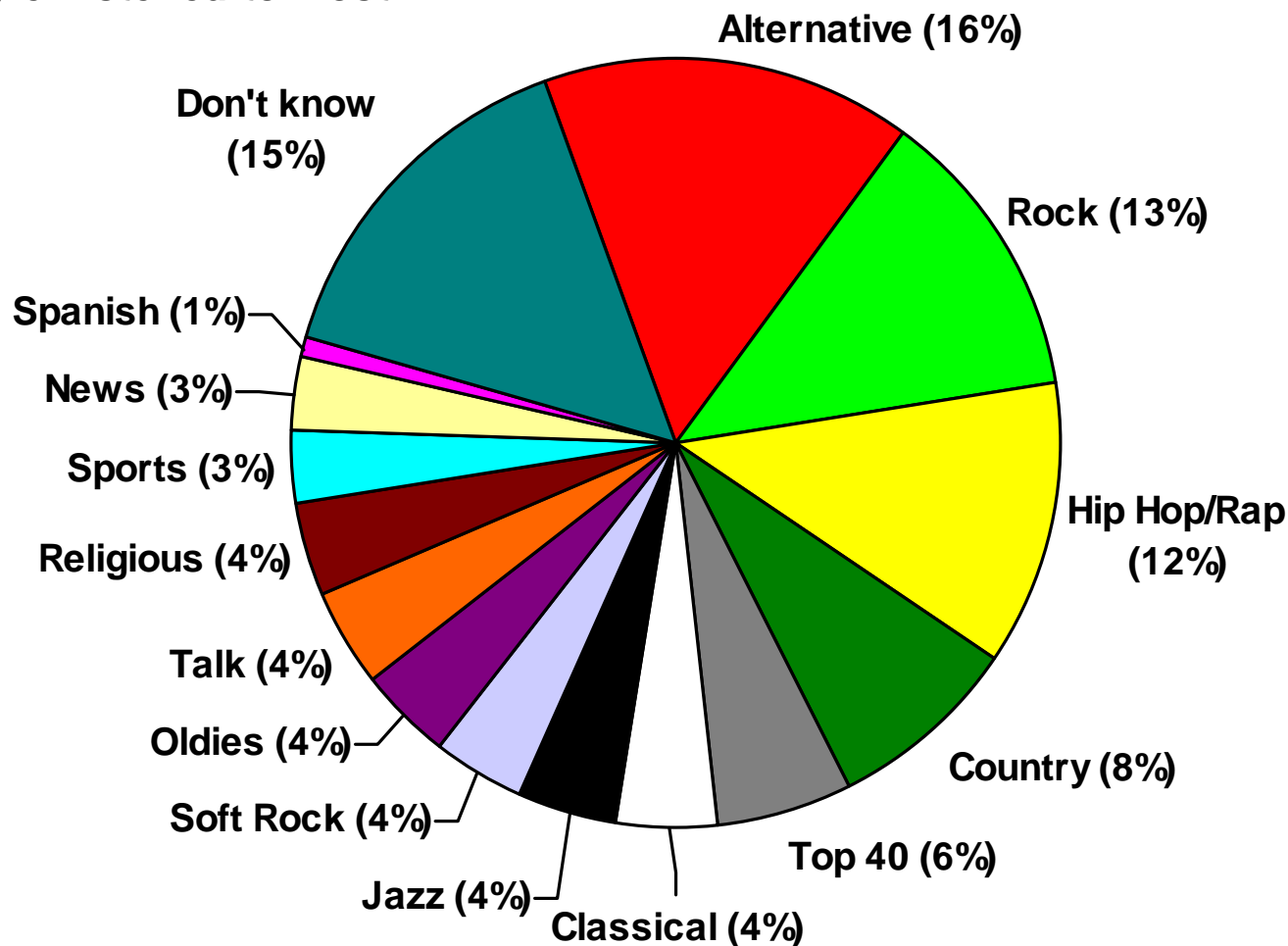


Online Radio Listening Is Up Significantly In Last 12 Months



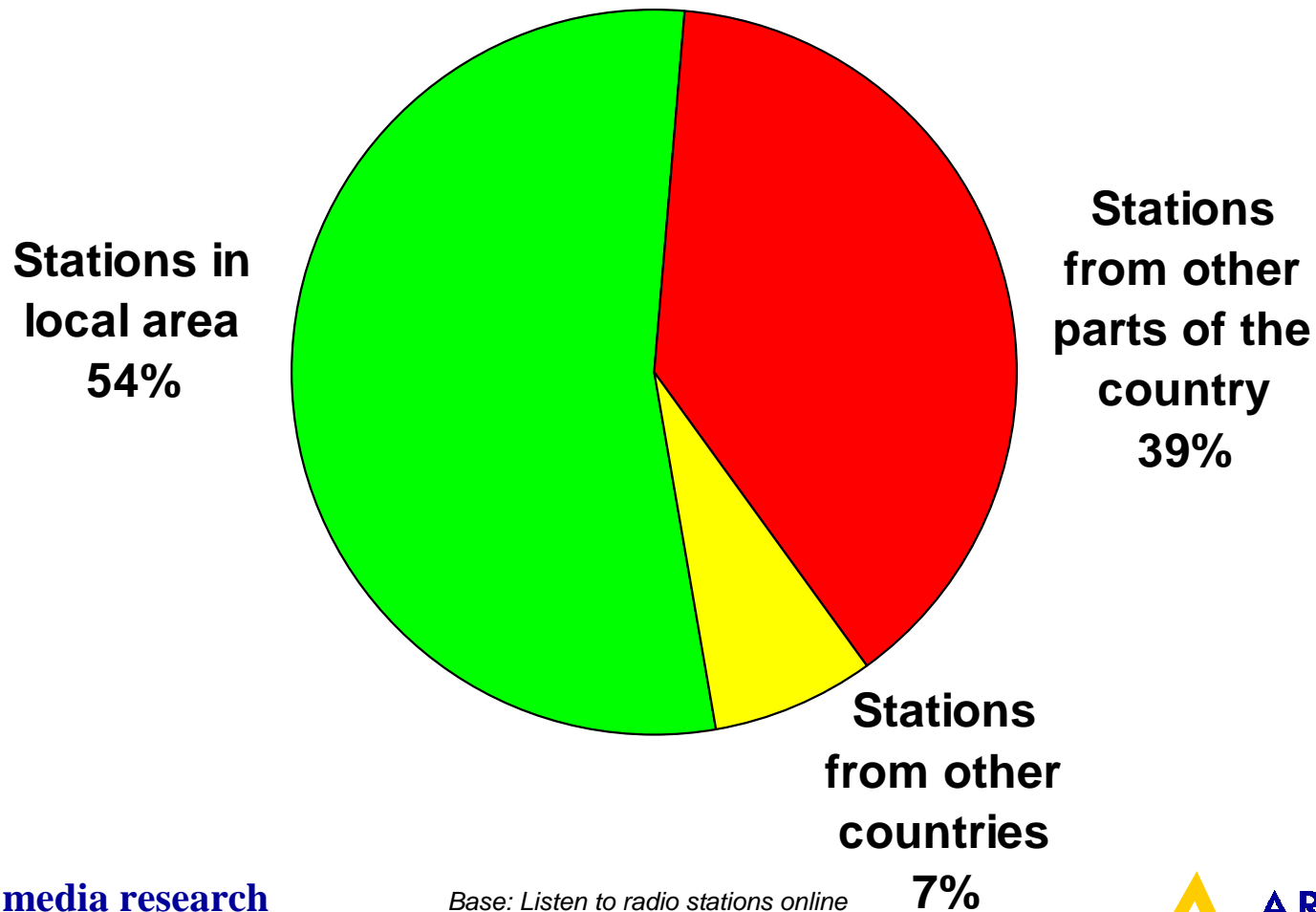
Young, Male-Oriented Formats Are Listened to Most

Music Style Listened to Most



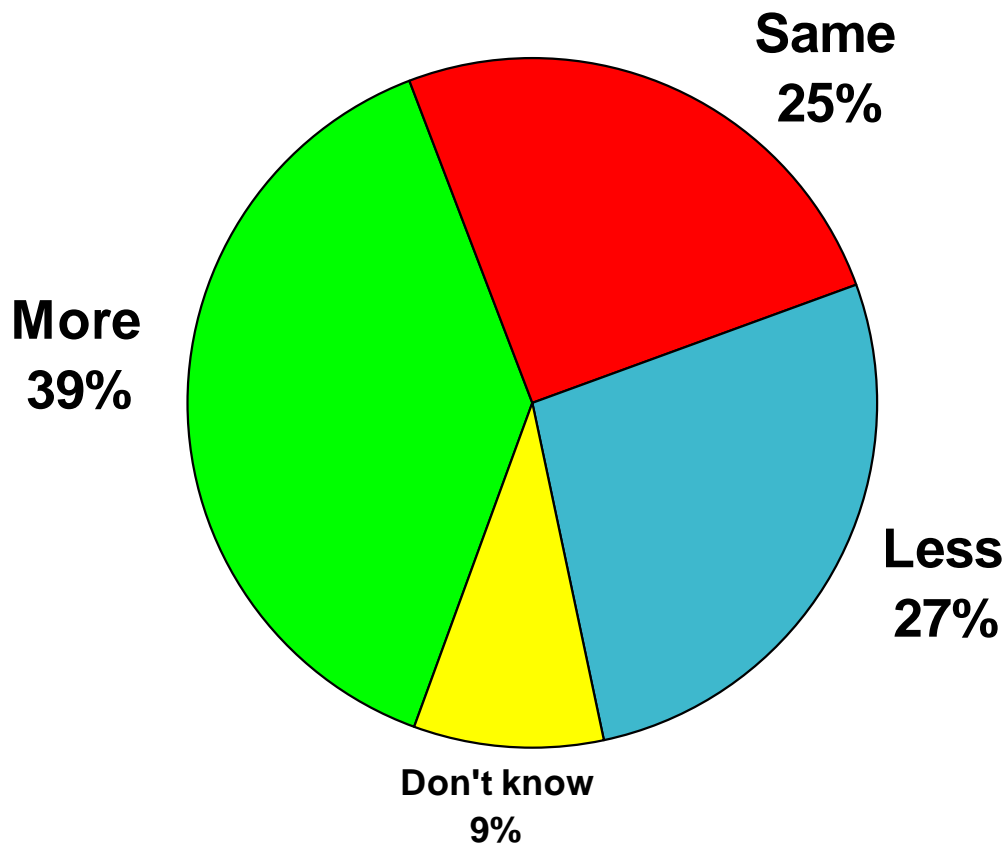
The Online Radio Audience Listens Most to Local Stations

“Which do you listen to most on the Internet?”



Streaming Appears to Add to Total Station Listening

“Does the time you spend listening to the station you listen to most online cause you to spend more or less time listening to that station over-the-air?”



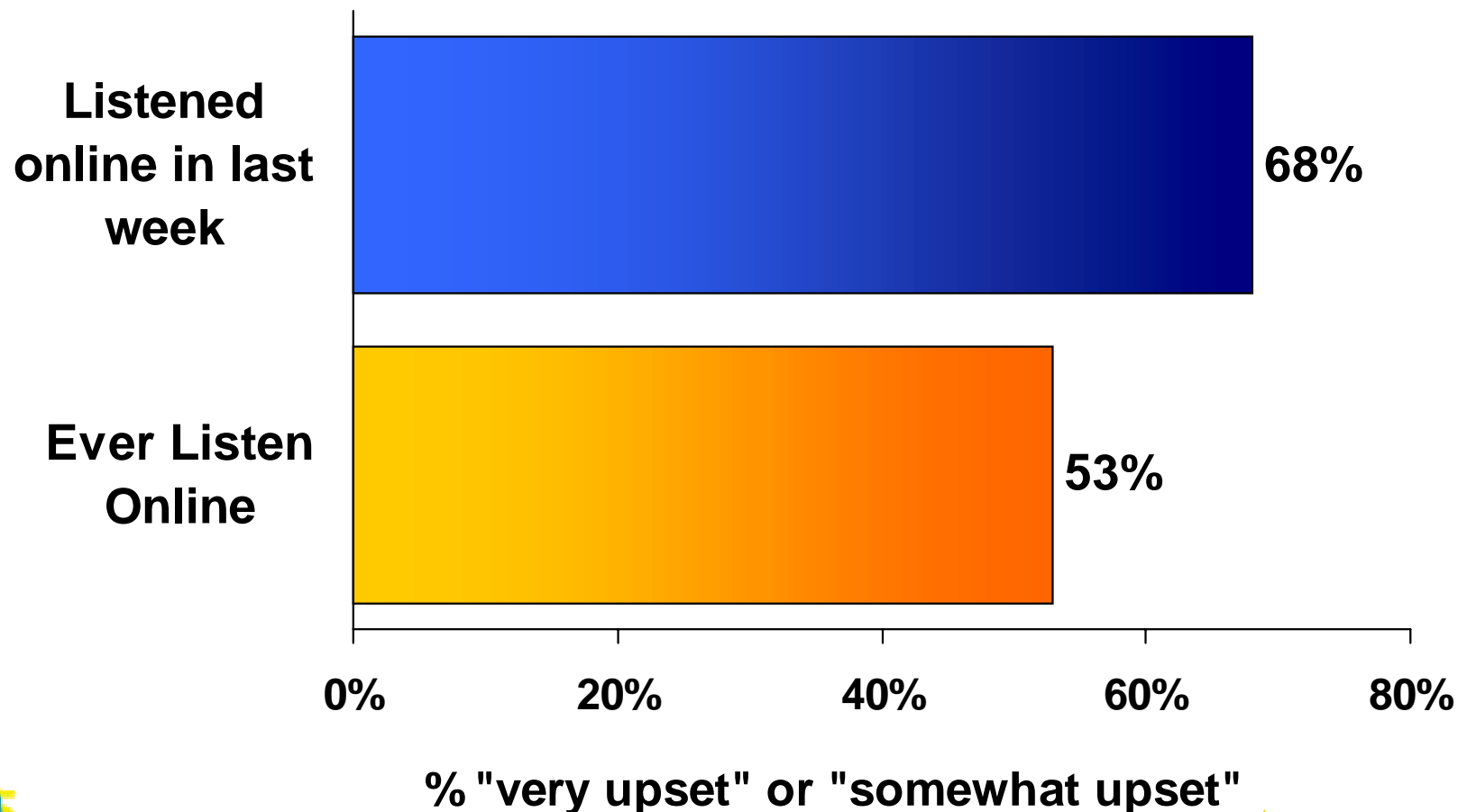
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Base: Listen to given radio station over-the-air and listen most to that station online



Streamies Would be Upset if They Couldn't Listen to Radio Online

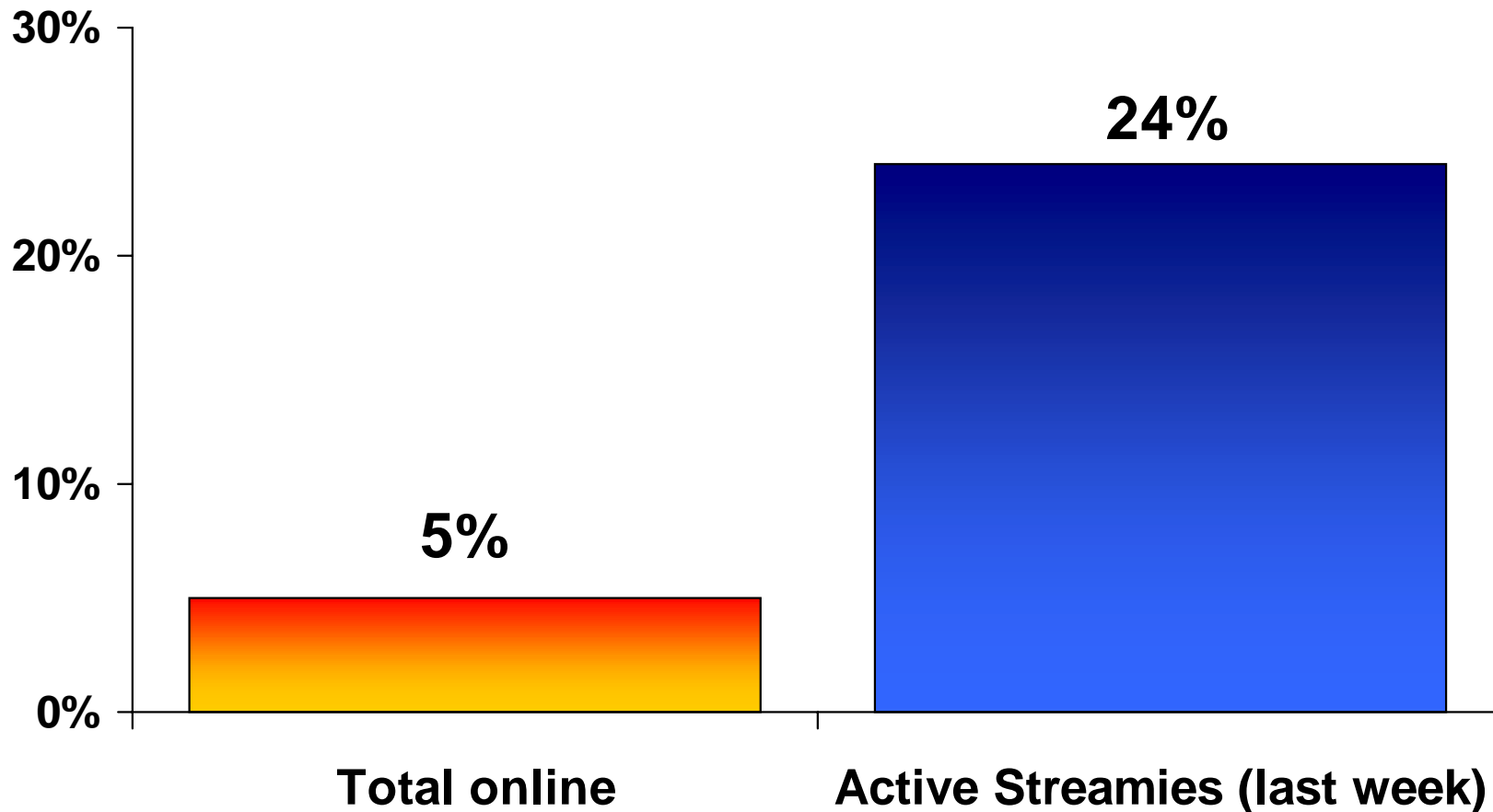
“How upset would you be if the radio stations you listen to online were no longer available due to fees Internet broadcasters would have to pay?”



Streamies are Listening to Internet Radio At Work



% listening to Internet radio at work



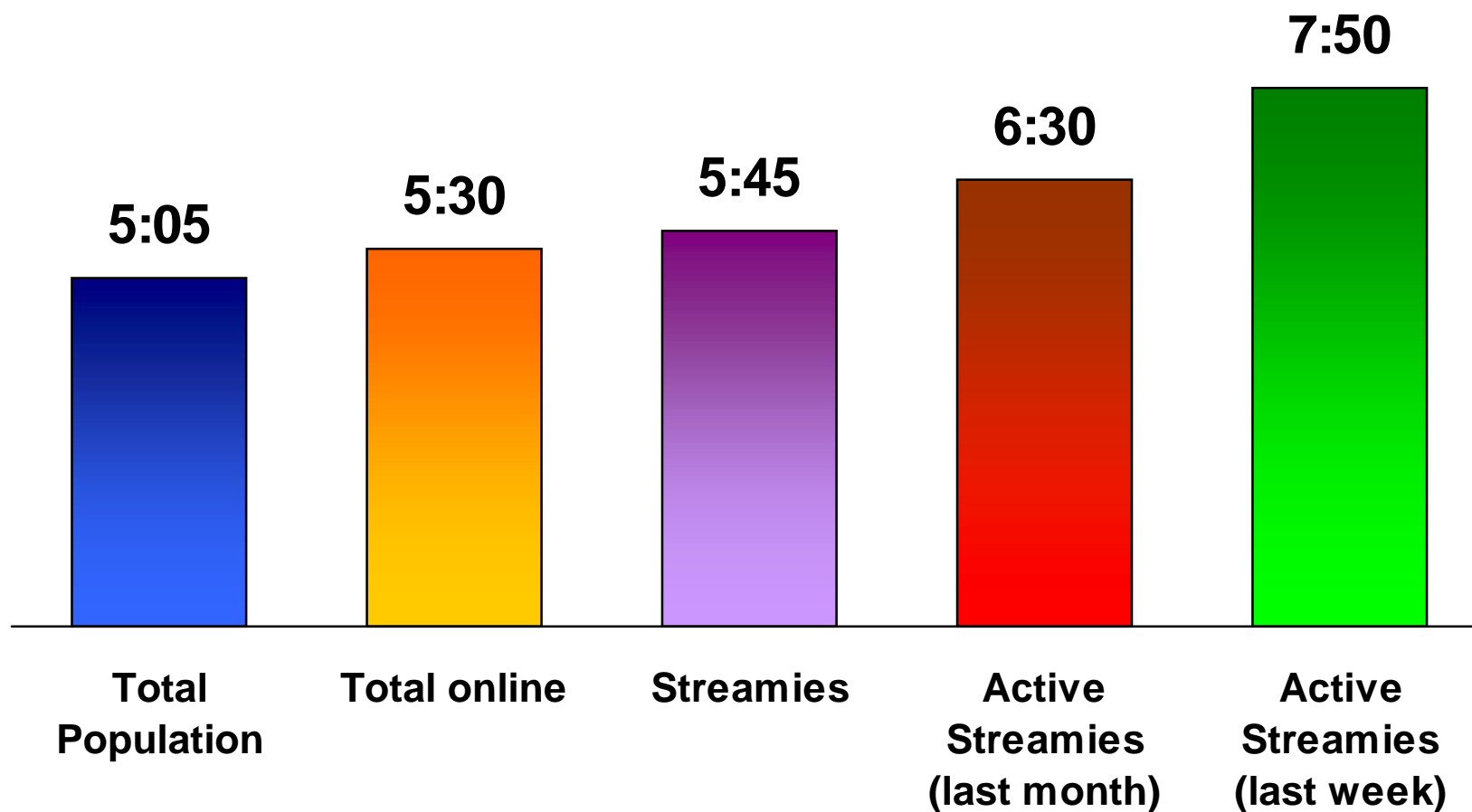
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Streamies Spend More Time Listening to Radio At Work

Time Spent Listening to Over-the-Air Radio at Work per Week (hr:min)





Side Channels



What Exactly ARE Radio Station Side Channels?

- Internet-based extensions of a radio station's "over-the-air" programming
- Complements or extends the station's over-the-air brand

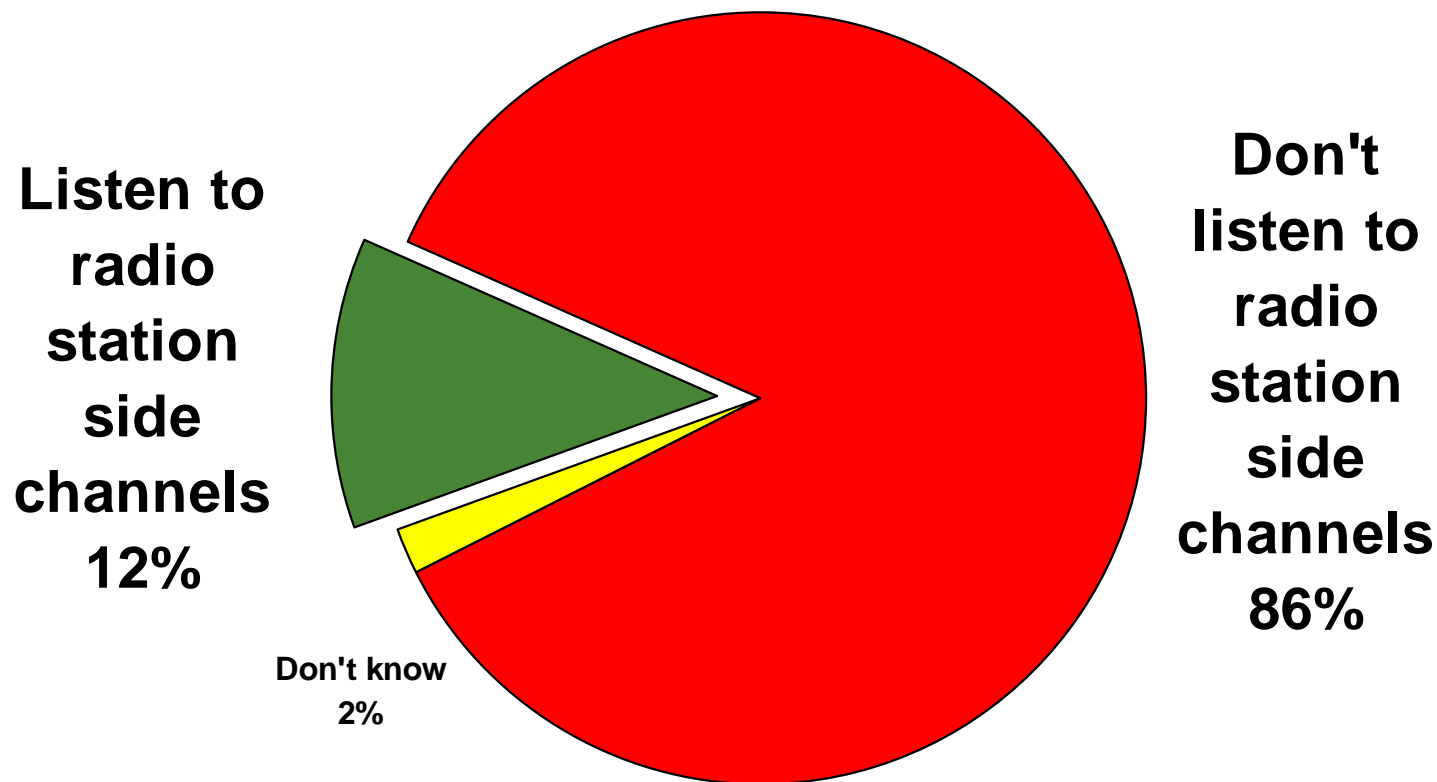


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Side Channels Listened to by 1 in 8 Audio Streamers

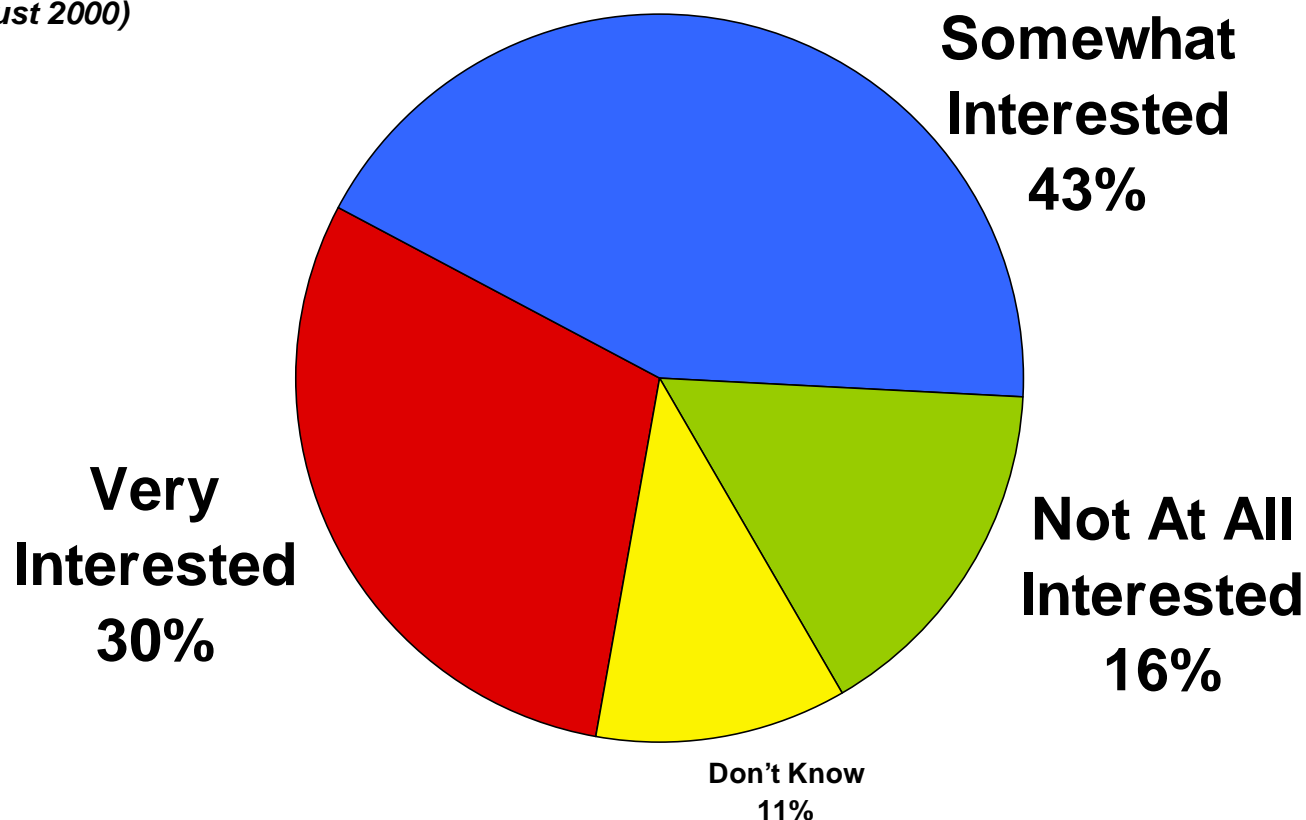
“Do you ever listen to Side Channels: Online audio programming that is similar to but not exactly the same as a radio station’s ‘over the air’ content?”



Side Channels Appeal to Radio Station Web Site Visitors

“How interested are you in radio station side channels?”

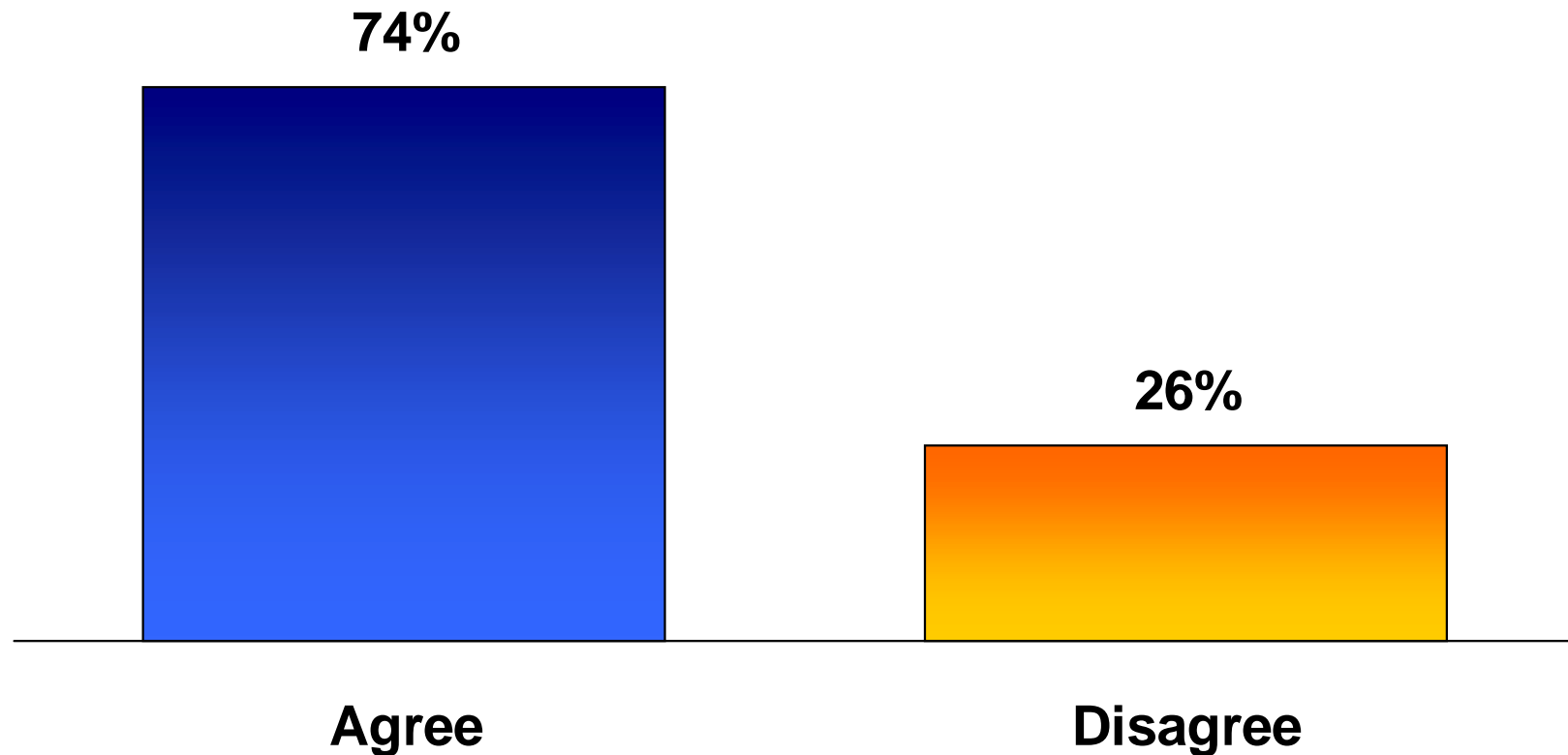
Internet V Web site pop-up survey (August 2000)



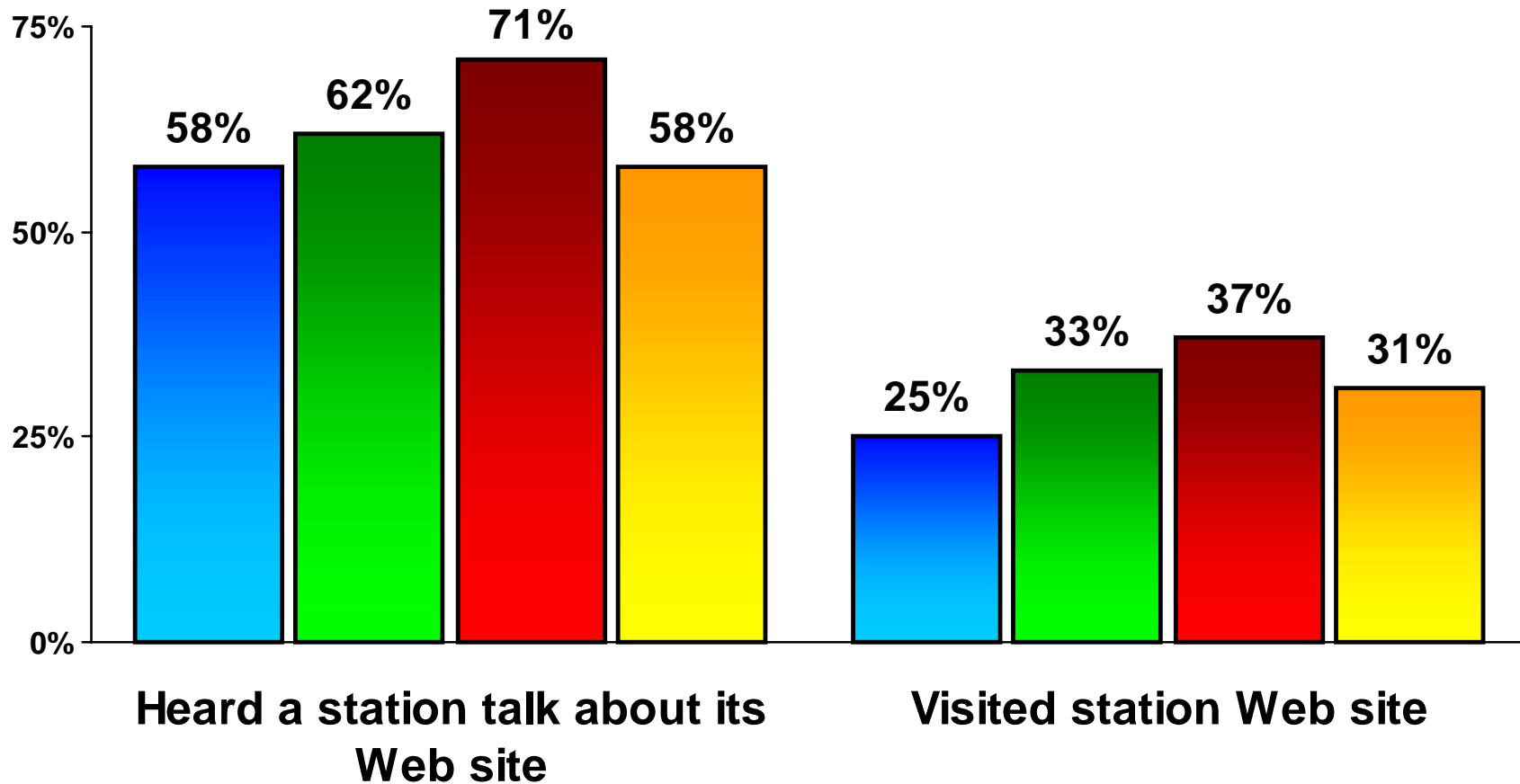
Without Webcasts Side Channel Listeners Would Go Elsewhere



“If the station did not offer webcasts, I would listen elsewhere to similar programming online”



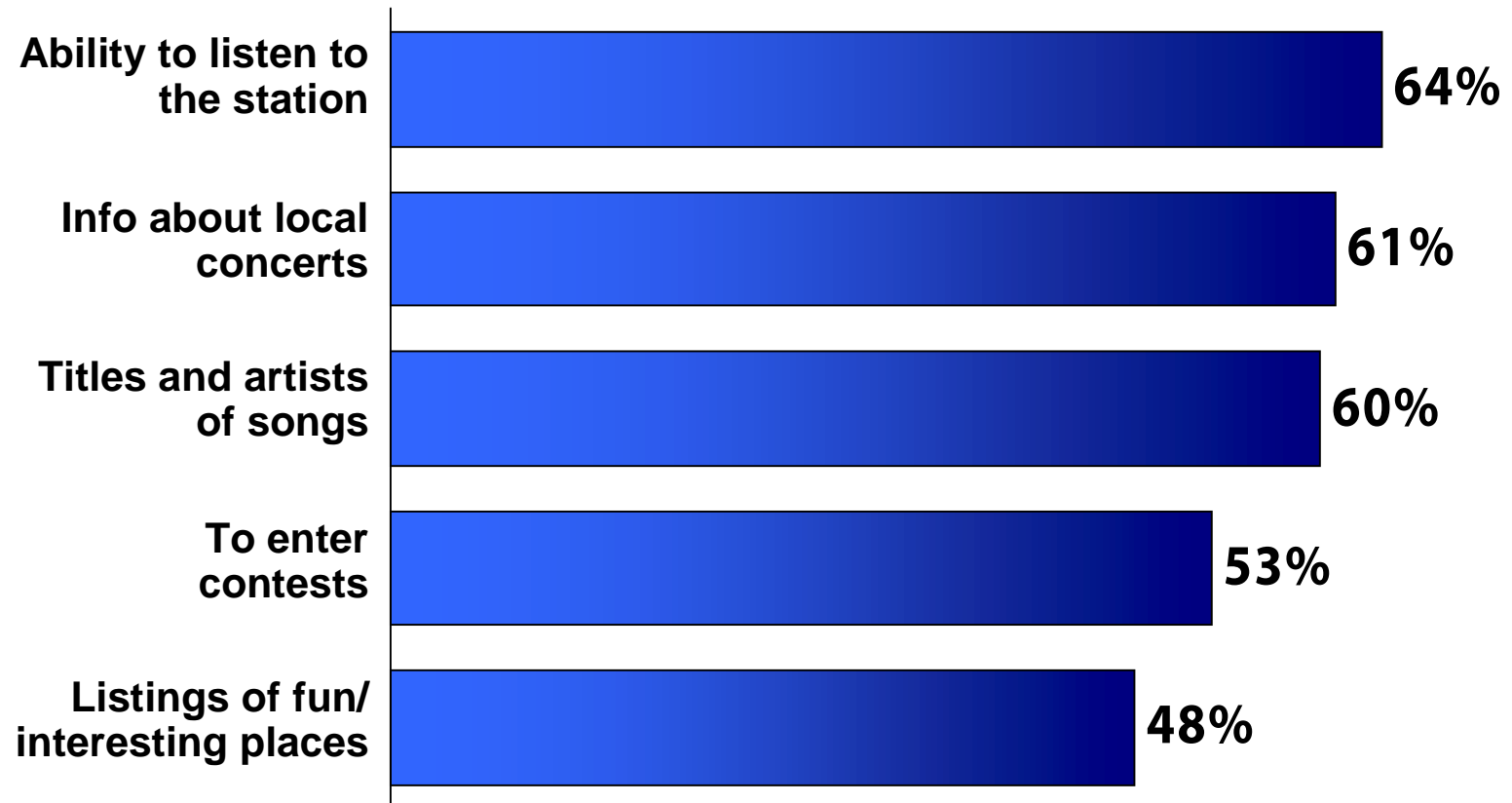
Are Radio Stations Talking Less About Their Web Sites?



■ Aug-98 ■ Jul-99 ■ Jul-00 ■ Jan-01

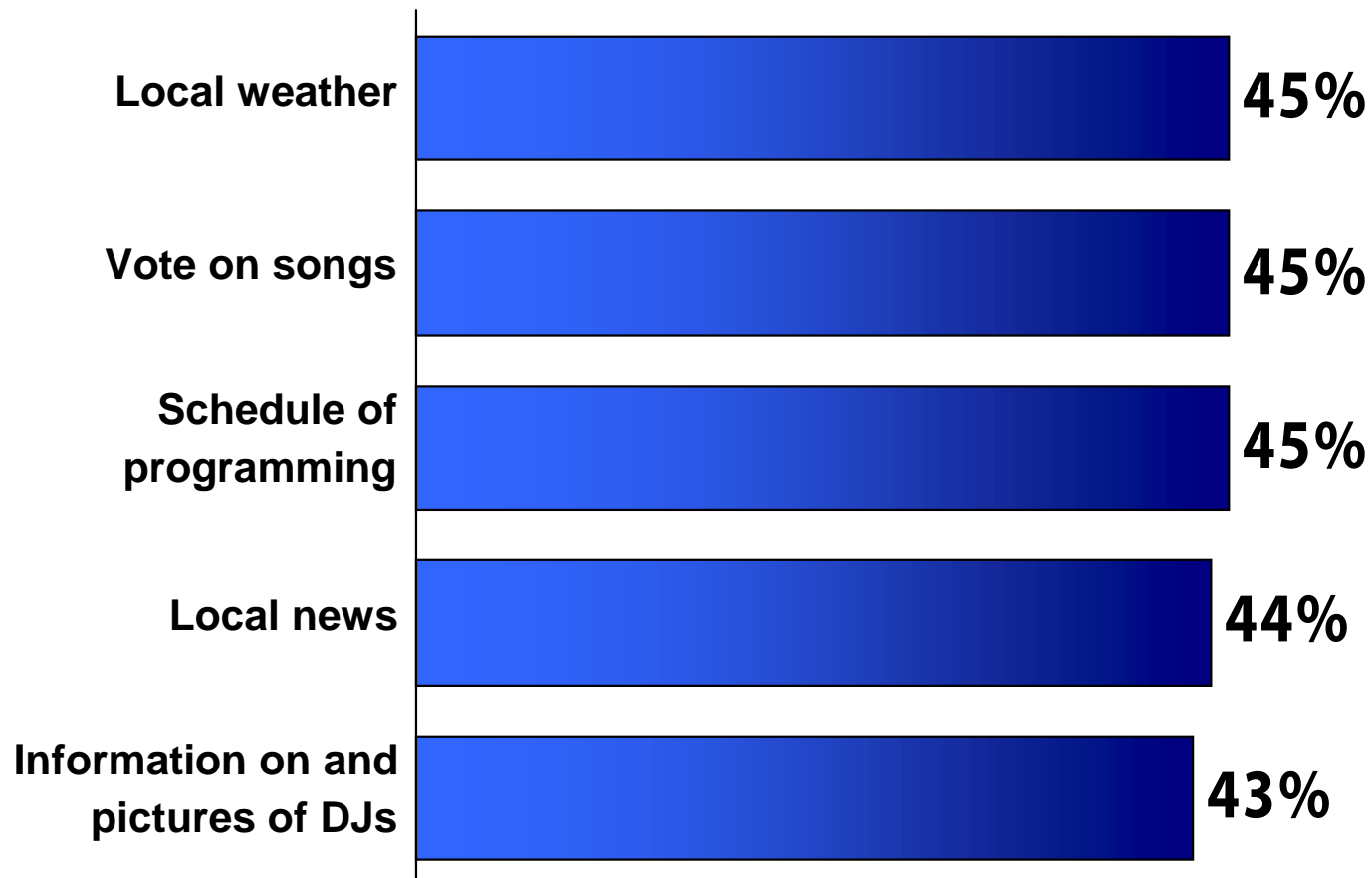
Interest in Features of a Radio Station Web Site

% "Very Interested" in feature

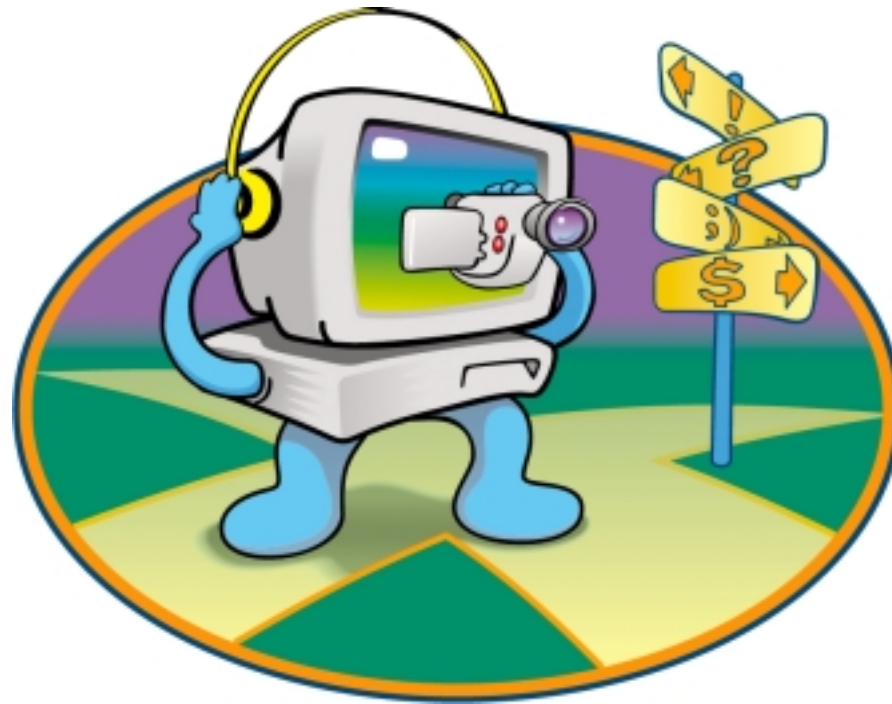


Interest in Features of a Radio Station Web Site

% "Very Interested" in feature



Crossroads #6: *Selling the Value of Streaming Media to Advertisers*



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Webcast Execs Speak

✦ Top reason advertisers should use your Webcast

"High in-office usage, lack of clutter, highly qualified audience" – Senior Executive, Webcast Rep Firm

"The audience we're providing is interactive and more likely to involve themselves in your advertising. We make your advertising sing" – VP Sales, Internet-only Webcaster

"People with money, power and brains listen. Decision-making ability within the workplace." - Group VP, Internet-only Webcaster

"Best of both worlds. Poster-child of traditional media meets new media." - Director Biz Development, Major Radio Group



Webcast Execs Speak

❖ Biggest obstacle to Webcast Advertising

"Advertiser's ignorance as to the value of Streaming Media" – VP Operations, Webcaster

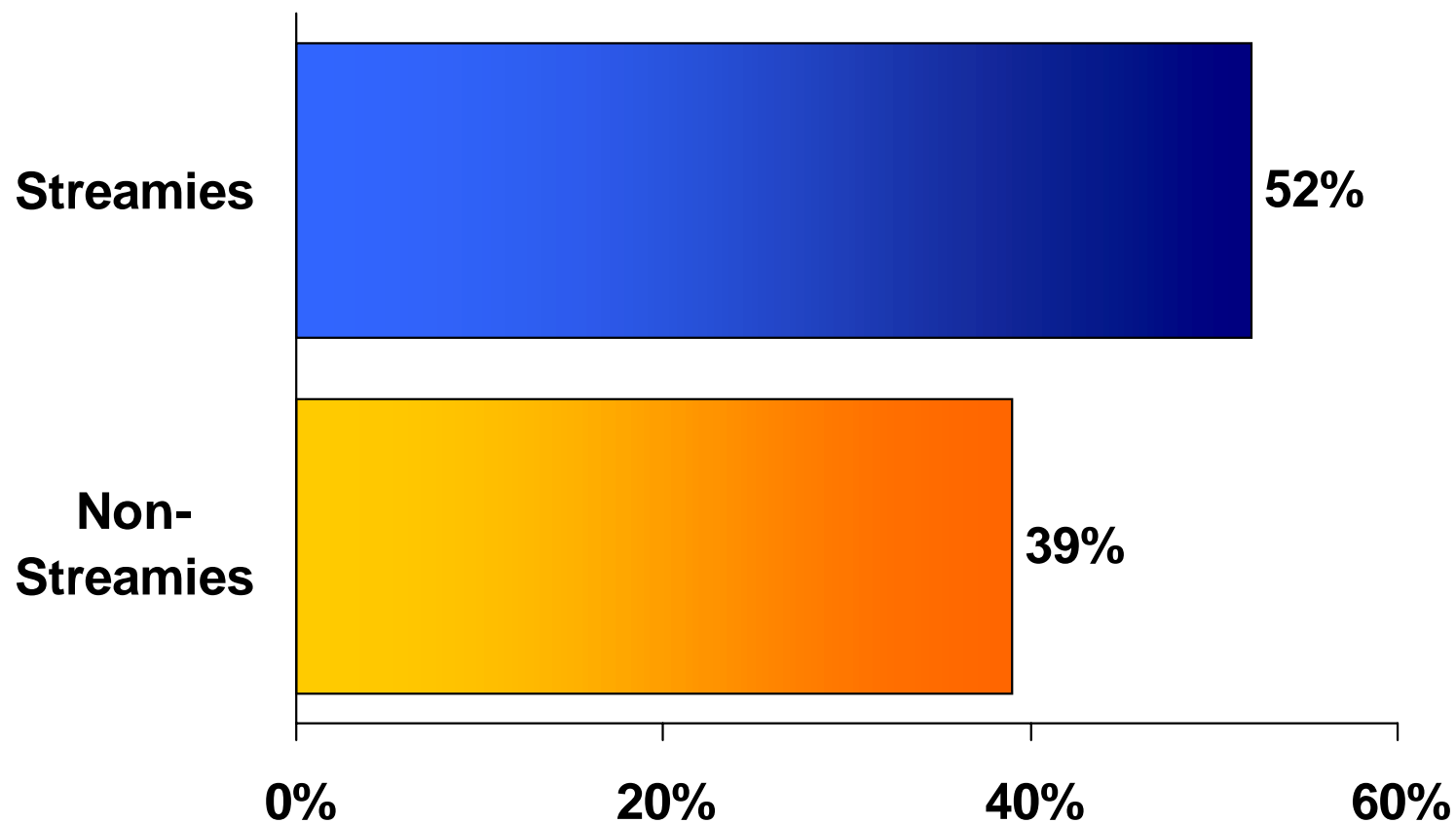
"Lack of uniform measurement (accepted metrics) followed closely by a lack of critical-mass"
– Senior Exec, Webcast Rep firm

"Cost of streaming & recognition as a business by everybody internally" - Director Biz Development, Major Radio Group

"Nobody knows what it is. Advertisers are unwilling to put dollars into something that has yet to be proven or is widespread" Director of Advertising, Streaming Media Company

Streamies are Online Veterans

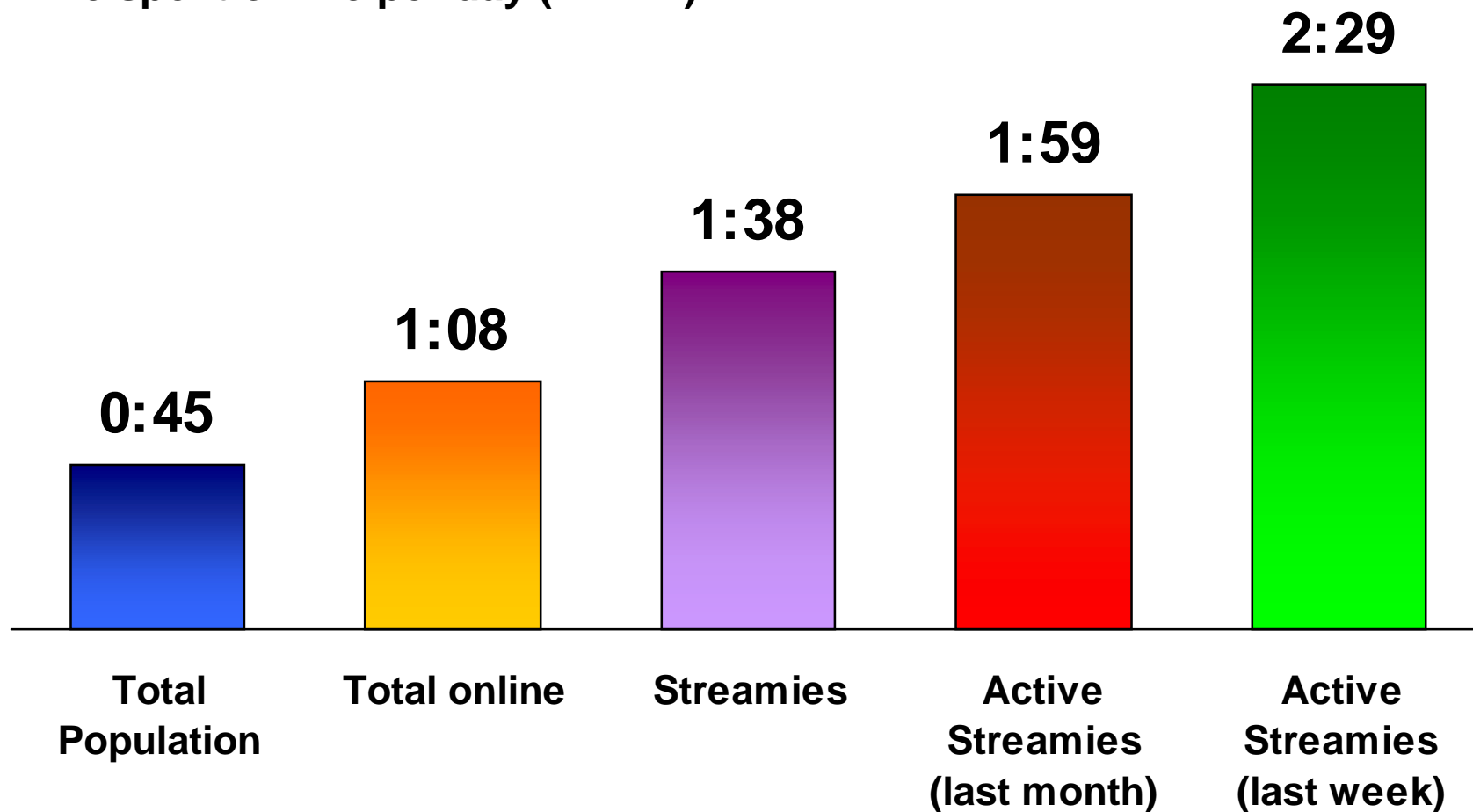
% Online for Three or More Years



Streamies are Online Fanatics



Time spent online per day (hr:min)



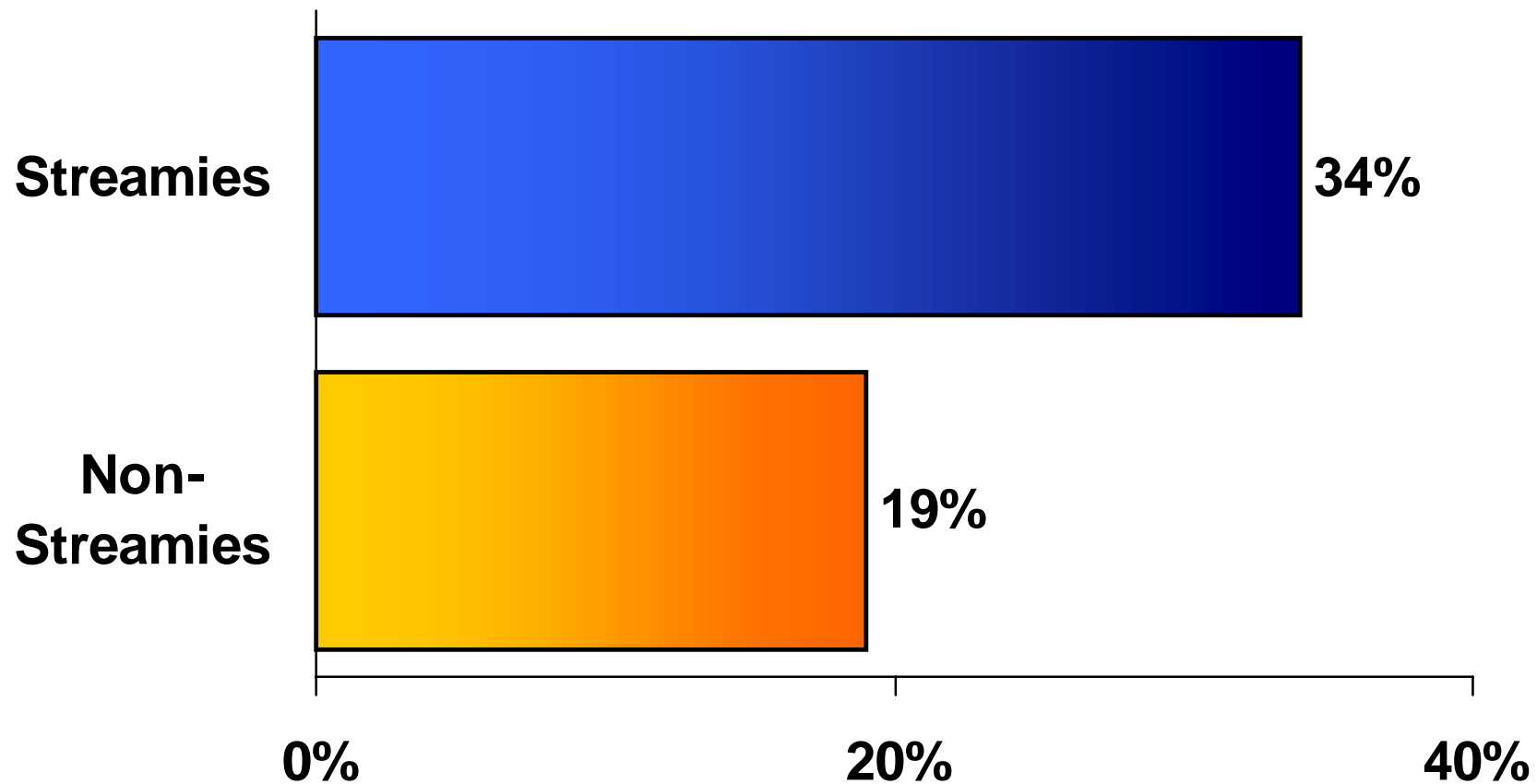
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Streamies are Much More Likely to Purchase Online

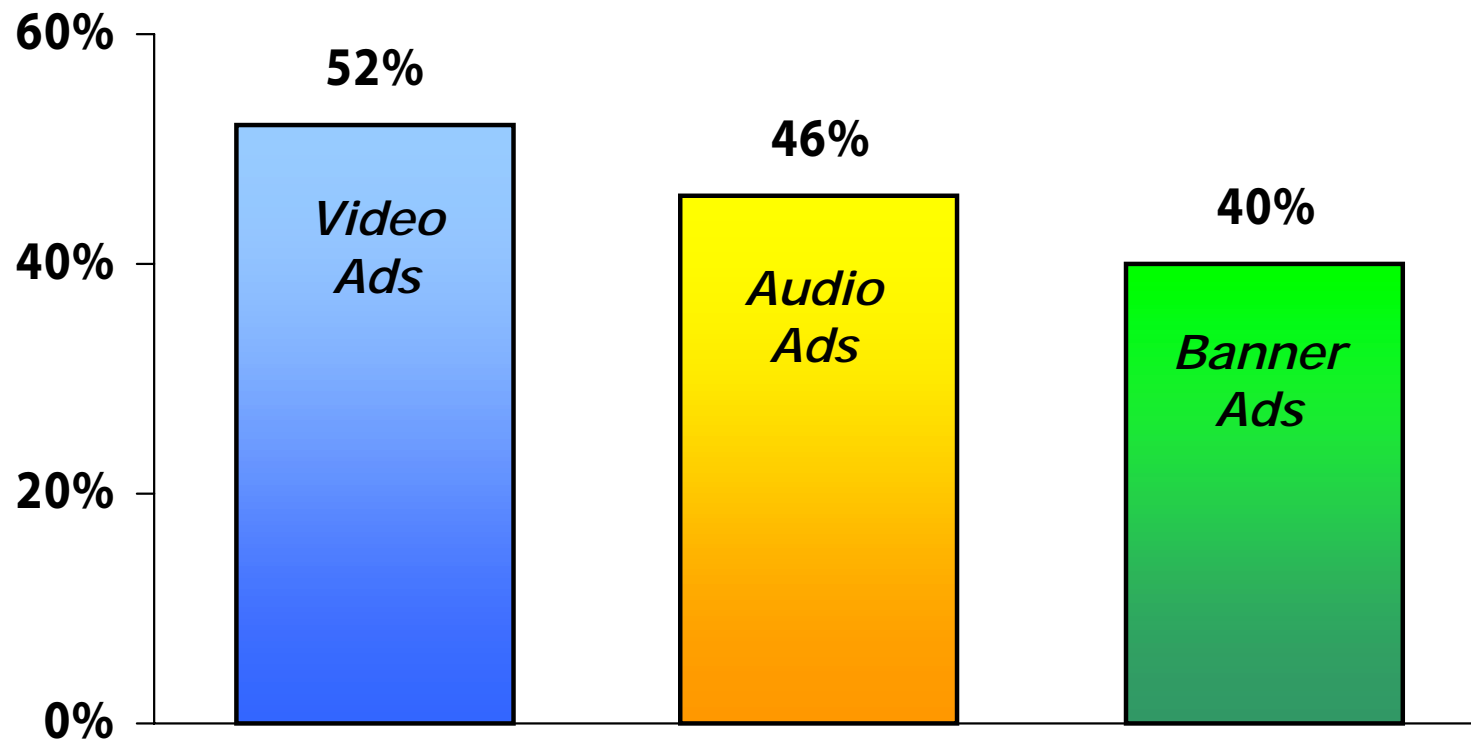


% who purchased online in the last week



Streamies Pay More Attention to Online Audio and Video Ads

✦ % Who “frequently/sometimes” pay attention to each type of ad



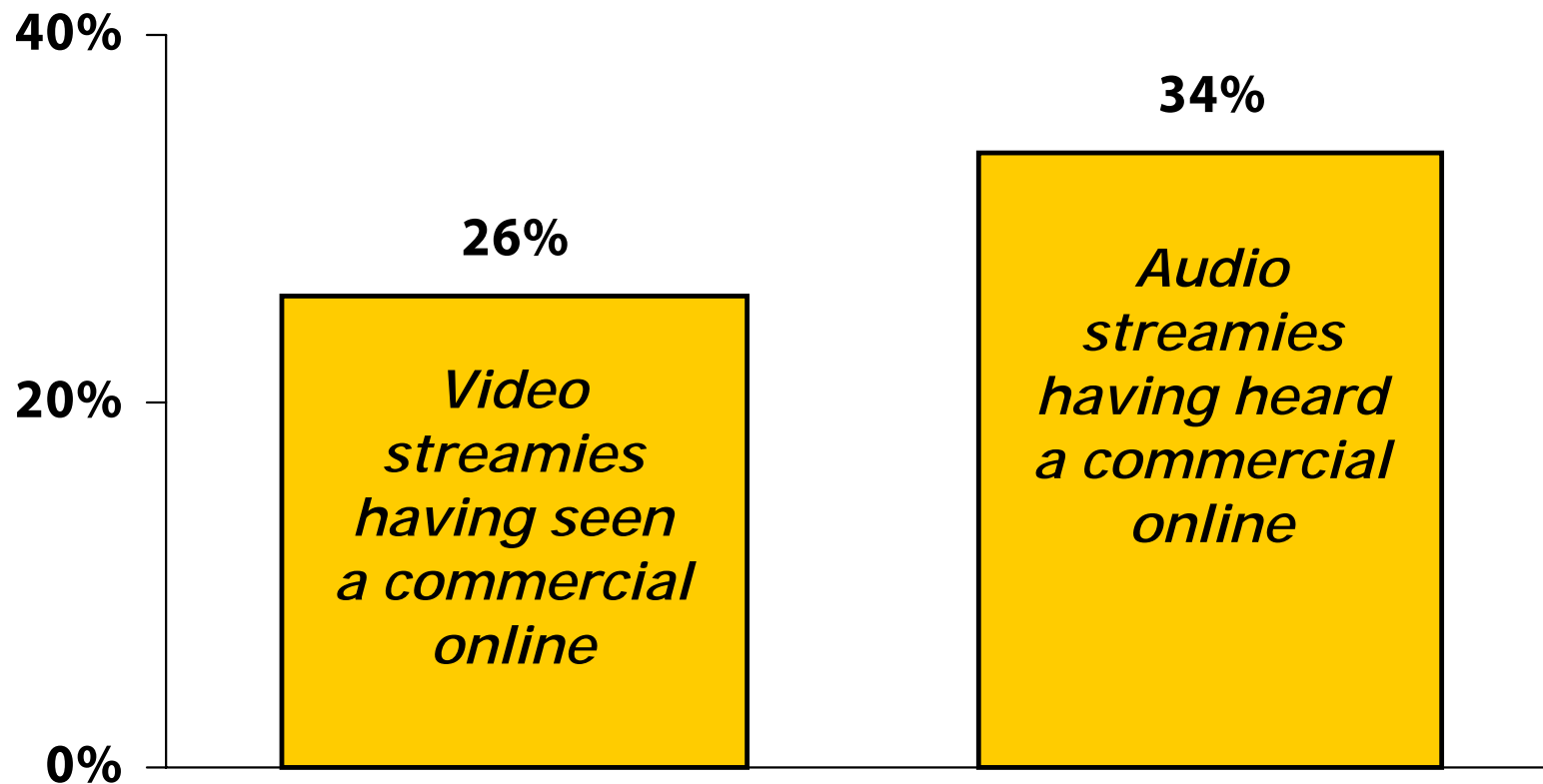
Base: Saw Video Ad Online

Base: Heard Audio Ad Online

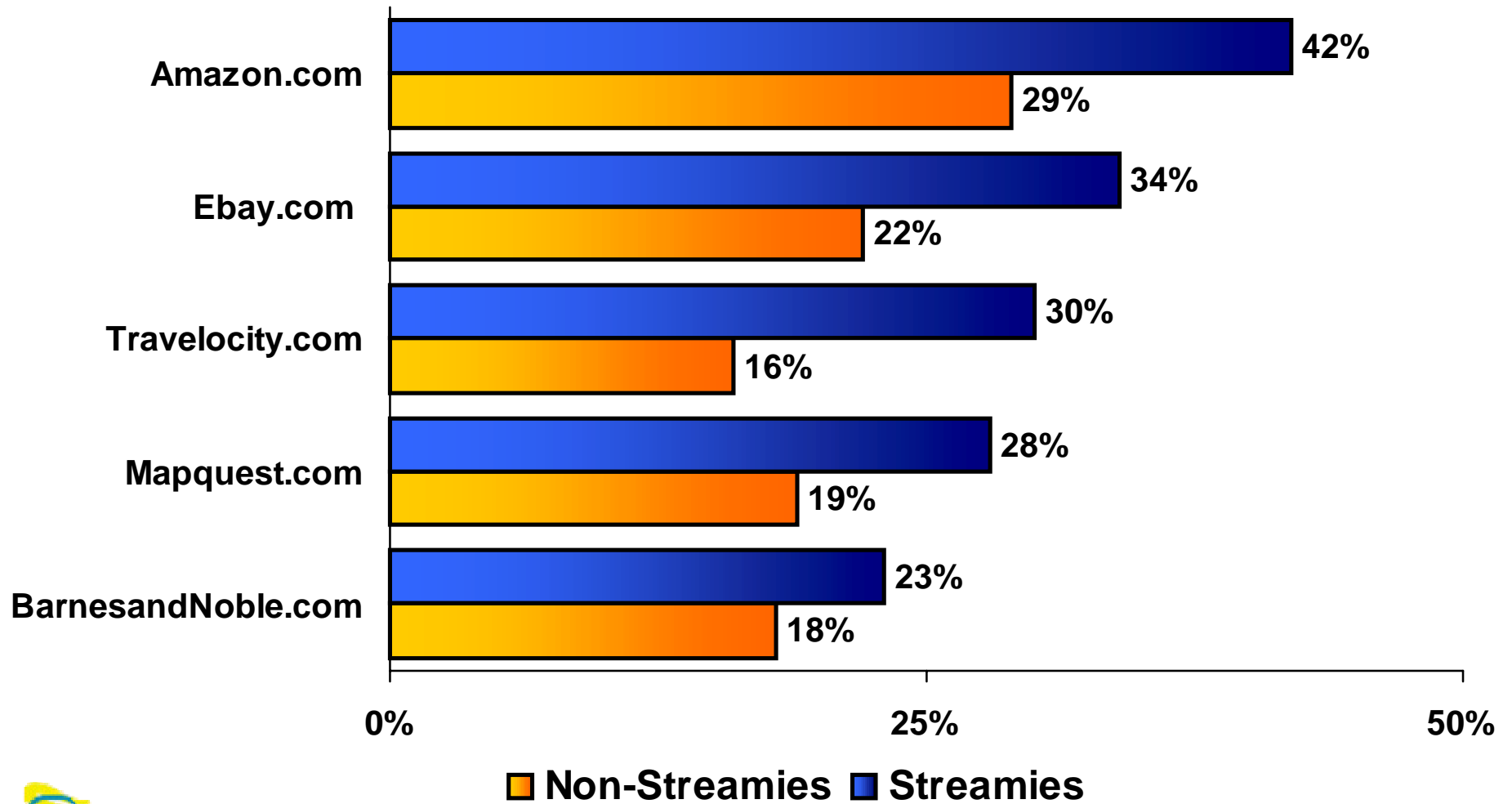
Base: Access the Internet

Most Streamies Have Not Heard or Seen Commercials Online

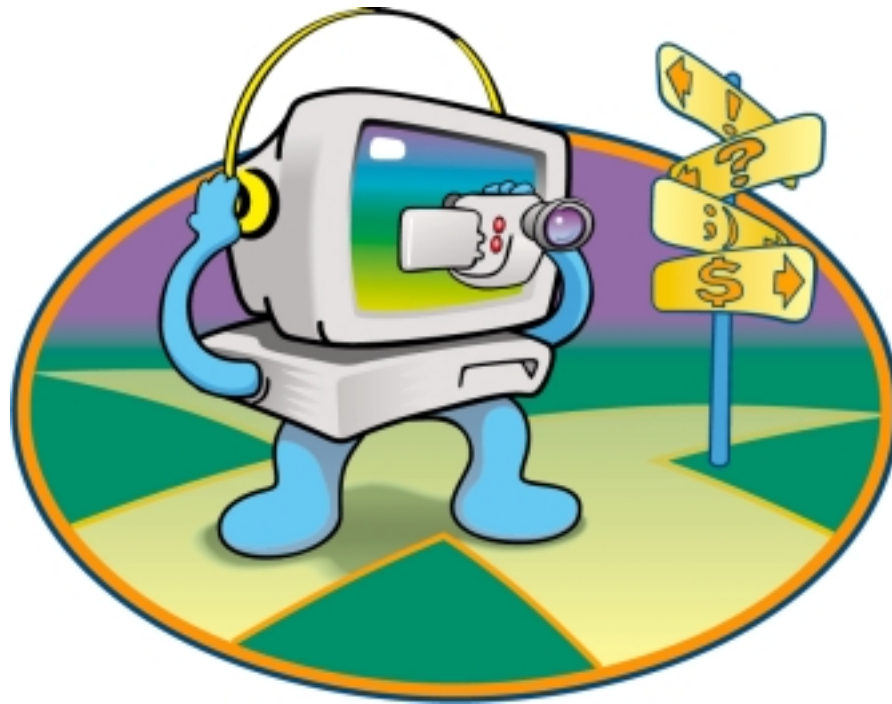
% Who have seen video or heard ads online



Popular Web Sites Visited Past 30 Days



Recommendations for Broadcasters and Webcasters



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Recommendations

- 1 Webcasters should promote the compelling marketing attributes of “Streamies”

Recommendations

❖

2 Internet based
Webcasters and
traditional media should
team up

Recommendations

- ③ Streaming media represents a valuable opportunity for at-work audiences

Recommendations

- ④ Traditional media companies should maintain their Internet and Webcast initiatives despite slow down in ad spending

Recommendations

- ❖
 - ⑤ Broadband = fuel for Webcast growth
 - ✓ Media companies should track the growth of broadband penetration

Recommendations

- ⑥ In an online world of nearly infinite choices, make it easy for Streamies to know what they are tuning to

The last word from the consumer...

“I used to only listen to 101.5 on the radio. When I was unable to listen to it on the Internet, I browsed around and found another station that I like. So now I listen to the other station as well.”



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