

Internet and Multimedia 2005

The On-Demand Media Consumer



How *Internet and Multimedia 2005* Was Conducted

1,855 telephone interviews were conducted in January 2005

- National random sample
- Fall 2004 Arbitron diarykeepers age 12+
- Supplemental Random Digit Dial sample covers certain geographies where diaries were not available

The On-Demand Media Consumer



On-Demand Devices Owned By American Consumers

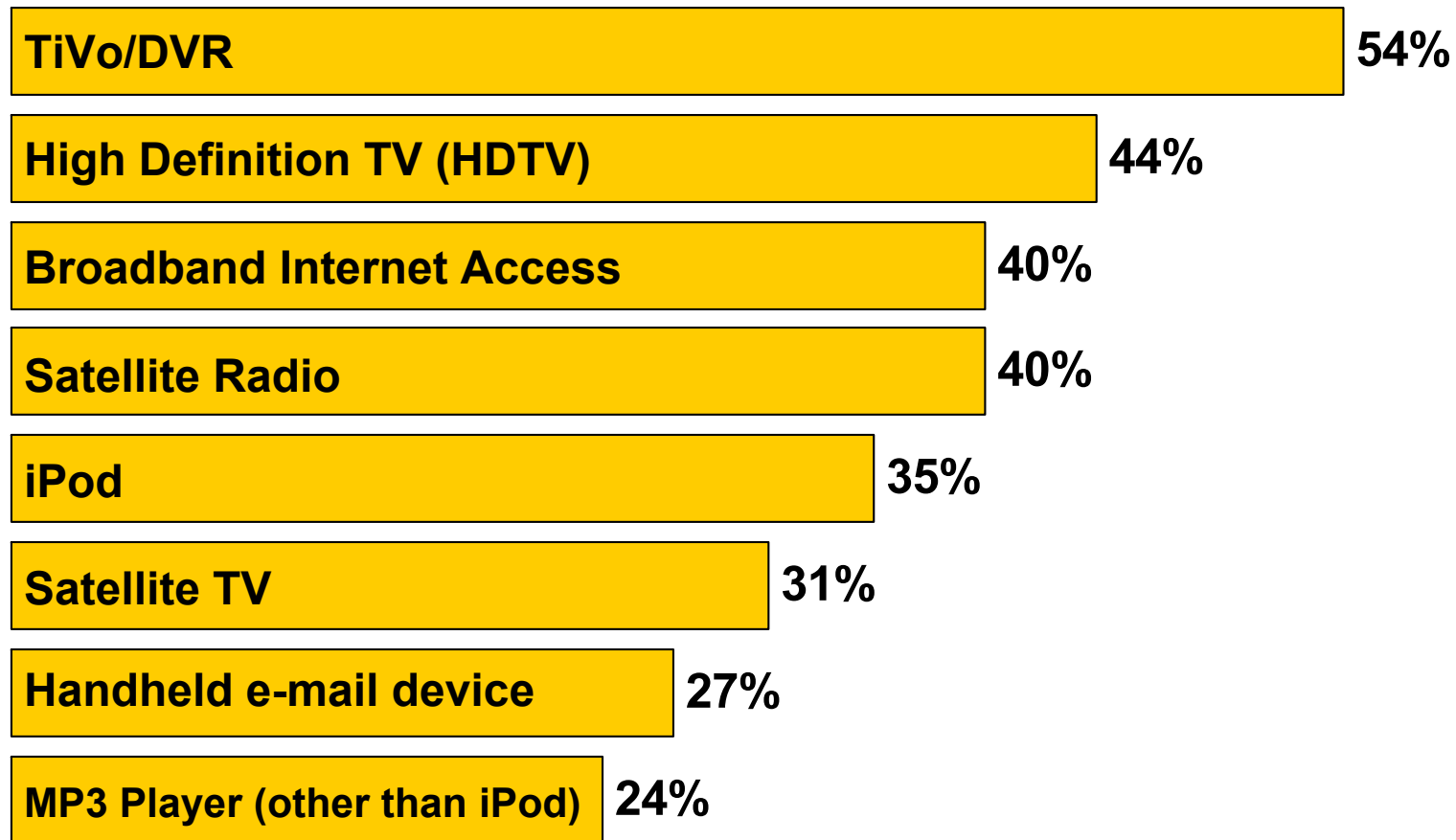
Percent Of U.S. Population Who Own/Use On-Demand Devices/Media

Base: Total Population 12+

Satellite TV	25%
Computer DVD Recorder	21%
Portable DVD Player	19%
Stand alone DVD Recorder	16%
High Definition TV (HDTV)	10%
Video on Demand (watched last month)	10%
MP3 audio player (other than iPod)	8%
TiVo/DVR	6%
iPod	6%
Handheld wireless e-mail device such as a BlackBerry	3%

TiVo/DVR Has Highest Enthusiasm Among its Users

% of Owners/Users Who “Love” Using...



“Overall, how much do you enjoy... ?
 (“Love It”, “Like It”, “Think It’s Okay”, “Dislike It”, “Hate It”)

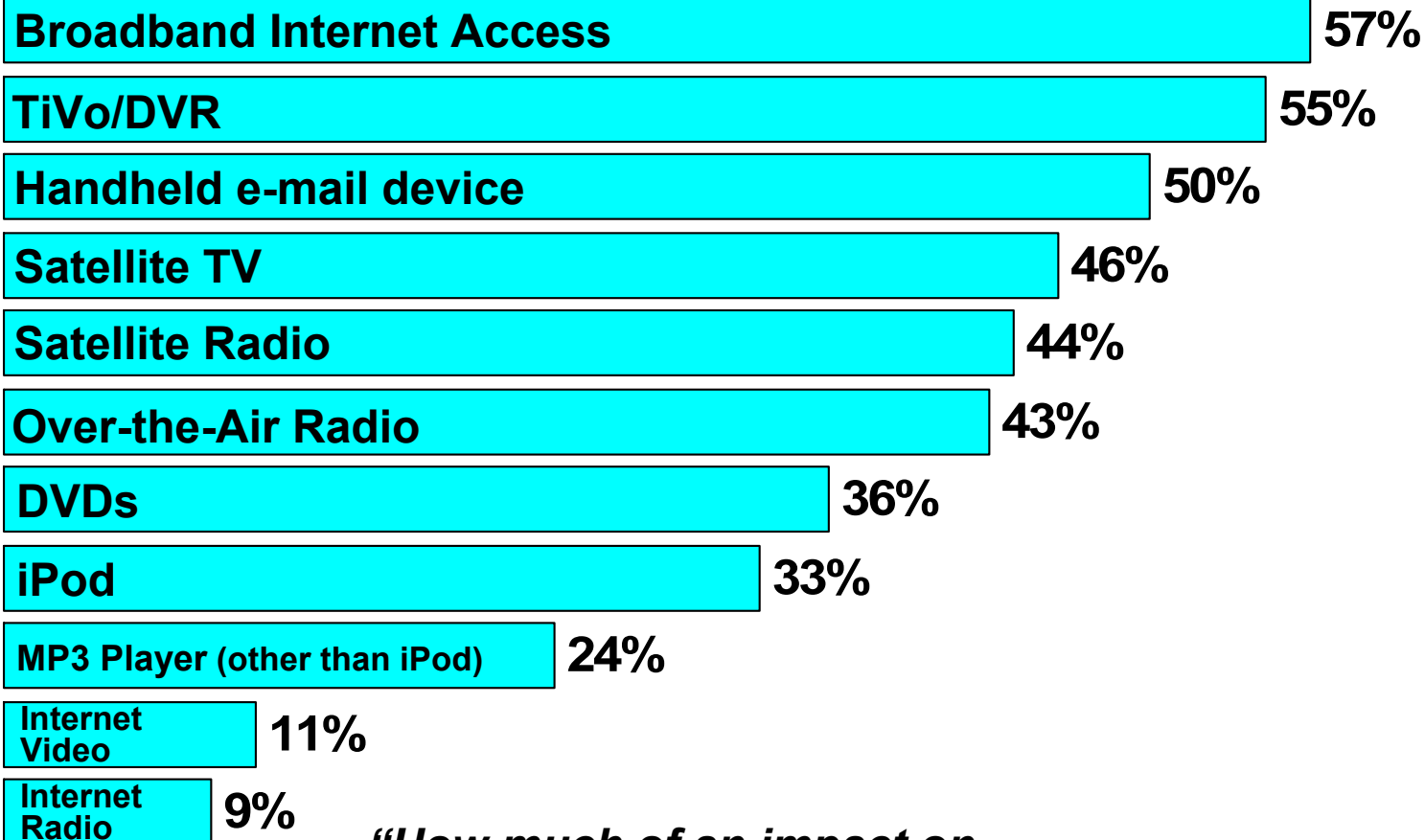


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Broadband and TiVo/DVR Have Biggest Impact on Users' Lives

% of Owners/Users Giving "4" or "5" on 5 pt. Impact on Life Scale to...



"How much of an impact on your life has (item) had?"
(*"1" is "No Impact at All", "5" is "Big Impact"*)

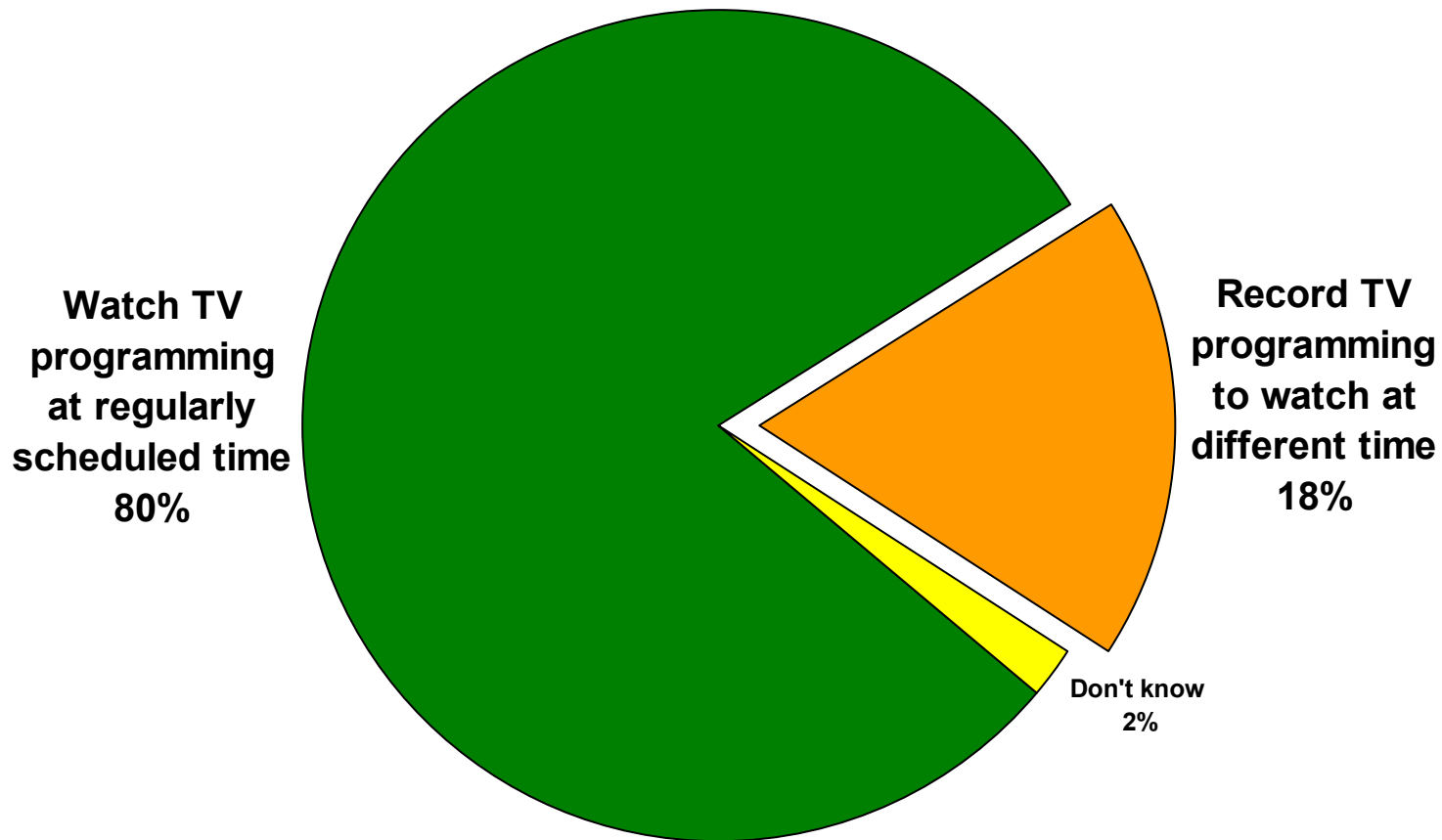


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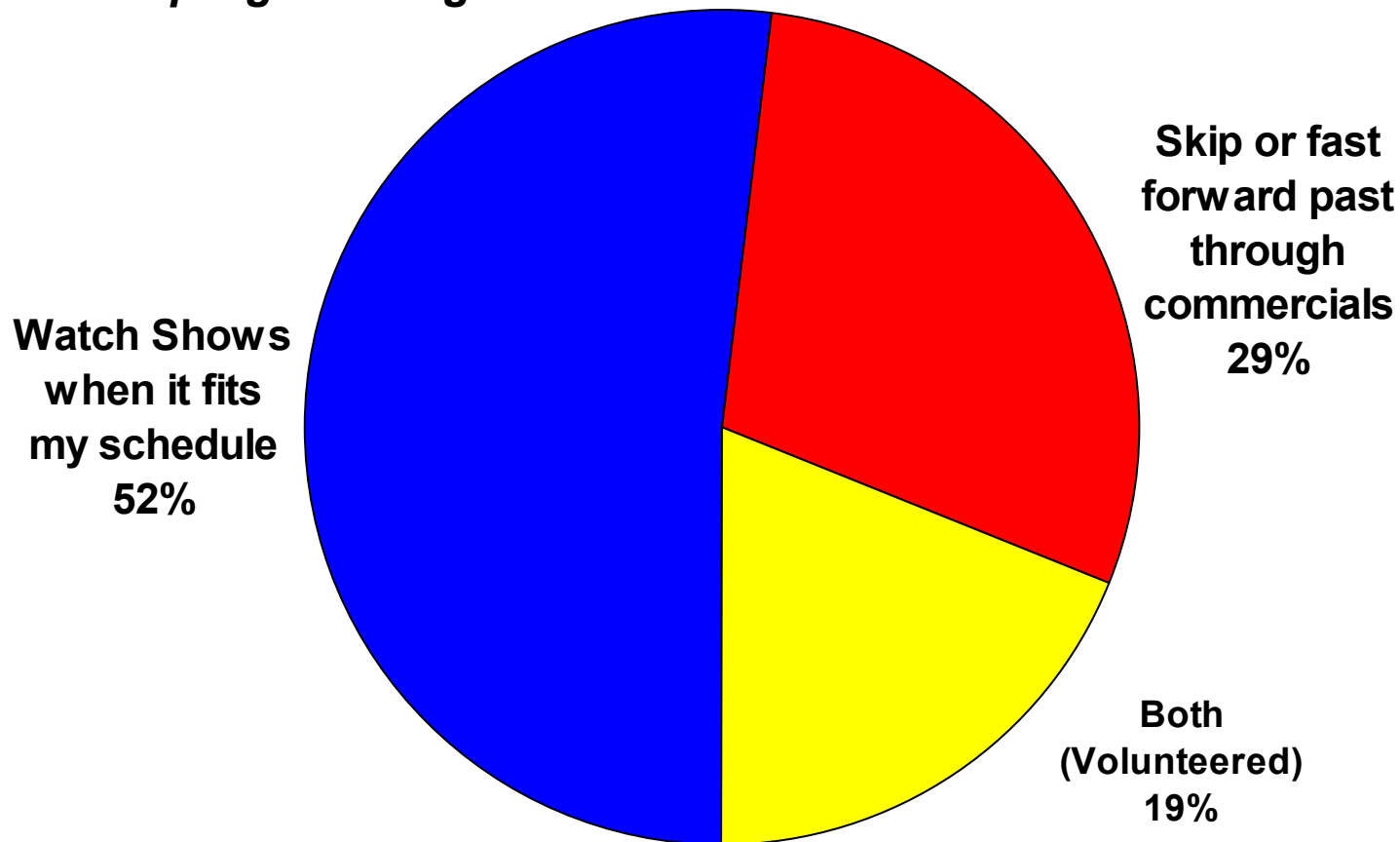
Nearly One in Five Americans Record TV to Watch at a Different Time

“Which ONE way of watching TV do you prefer?”



“Fit With My Schedule” More Important Than Skipping Commercials For Those Who Record TV Programs

“Which ONE reason is more important to you in choosing to RECORD television programming?”



Base: Record TV to watch at a different time

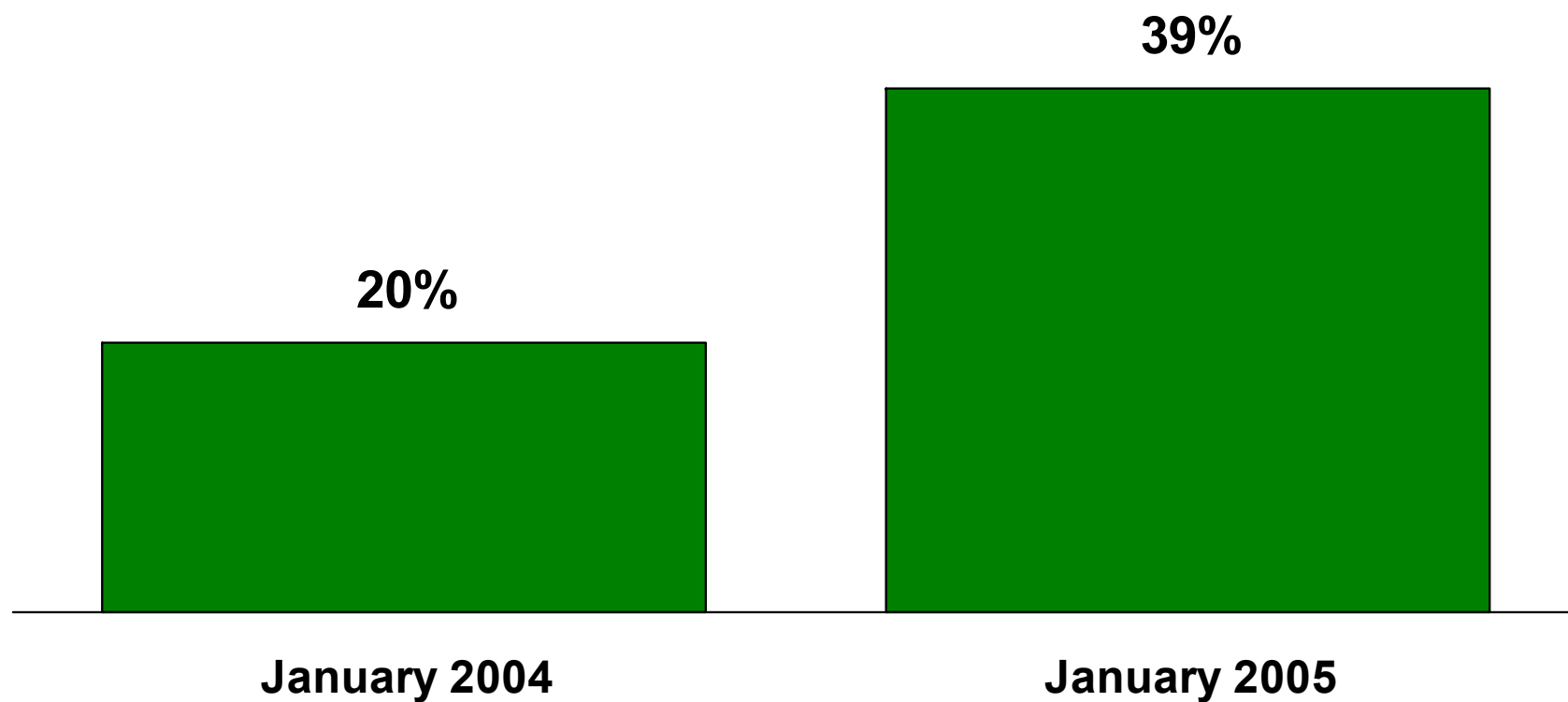


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DVD Collections Continue to Grow

% Owning 20+ DVDs



Base: Total Population 12+

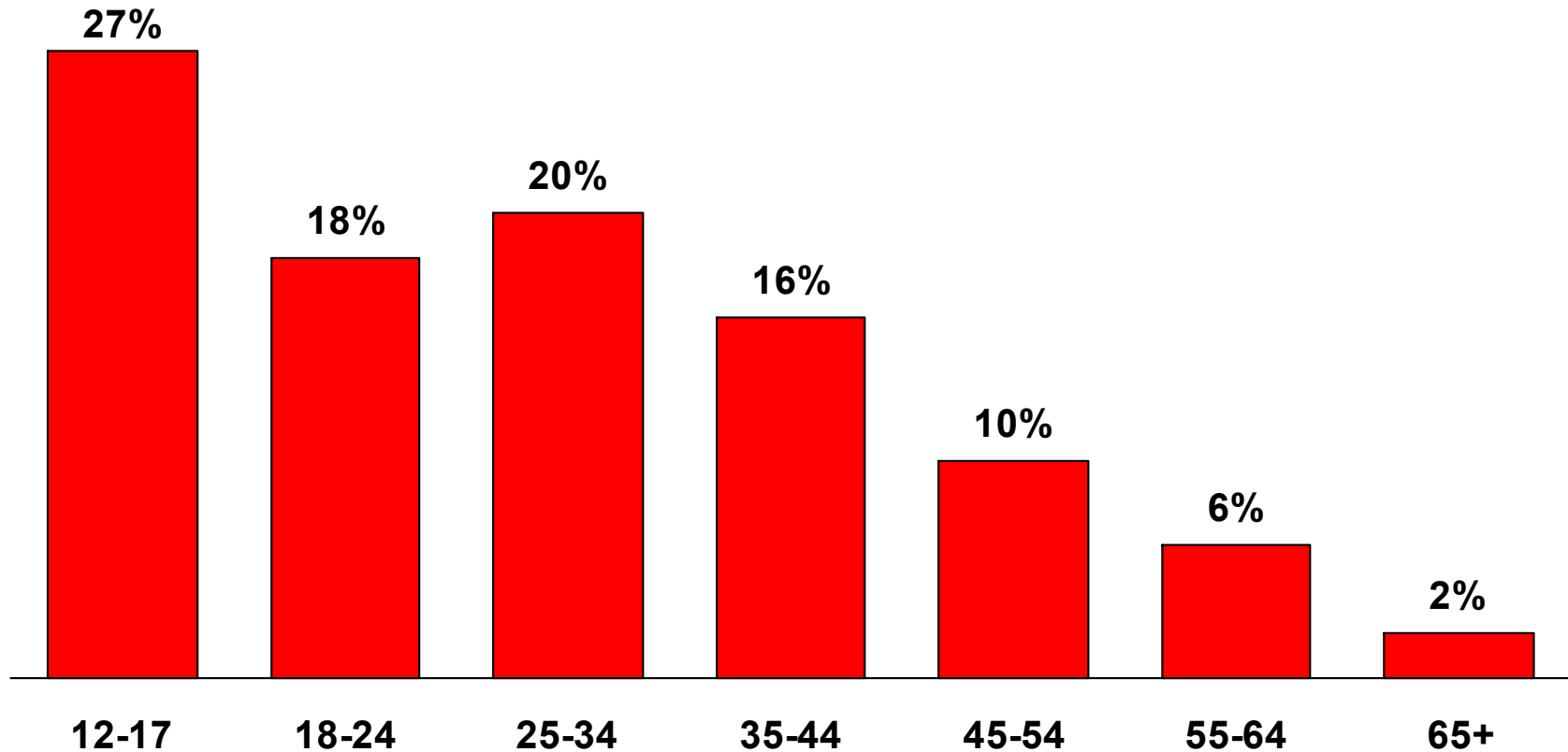


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More Than One-Quarter of 12-17s Own An iPod/Portable MP3 Player

% of Each Age Group Owning an iPod/Portable MP3 Player



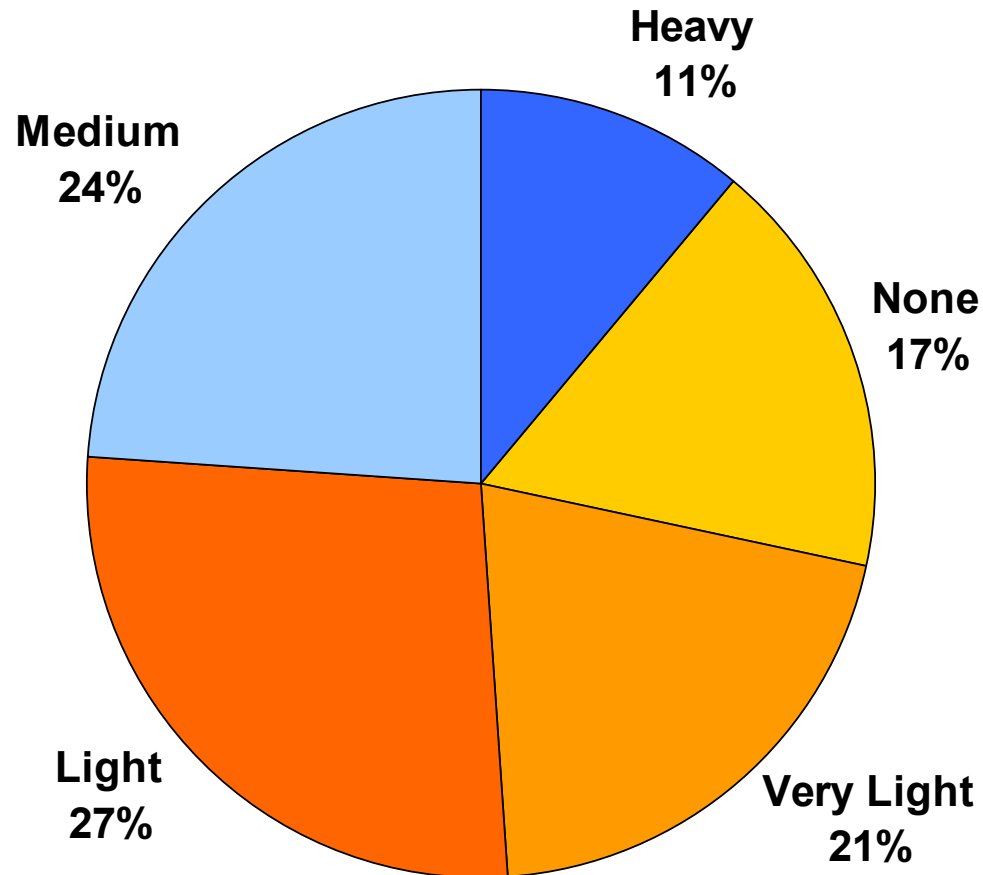
On-Demand Media/Device Consumer Scale

Devices/Behaviors Used to Categorize Consumers of Media

Watched Video on Demand in past month	Prefer to record TV to watch at later time
Own DVR such as TiVo	Listened to online radio in past month
Own portable DVD player	Watched online video in past month
Own portable MP3 player such as an iPod	Try new products or services before most
First to try new products or services	Own a handheld wireless Internet device such as BlackBerry
Subscribe to online DVD rental service	Spend 7+ hours on Internet per week
Own 20 or more DVDs	Have made a purchase online

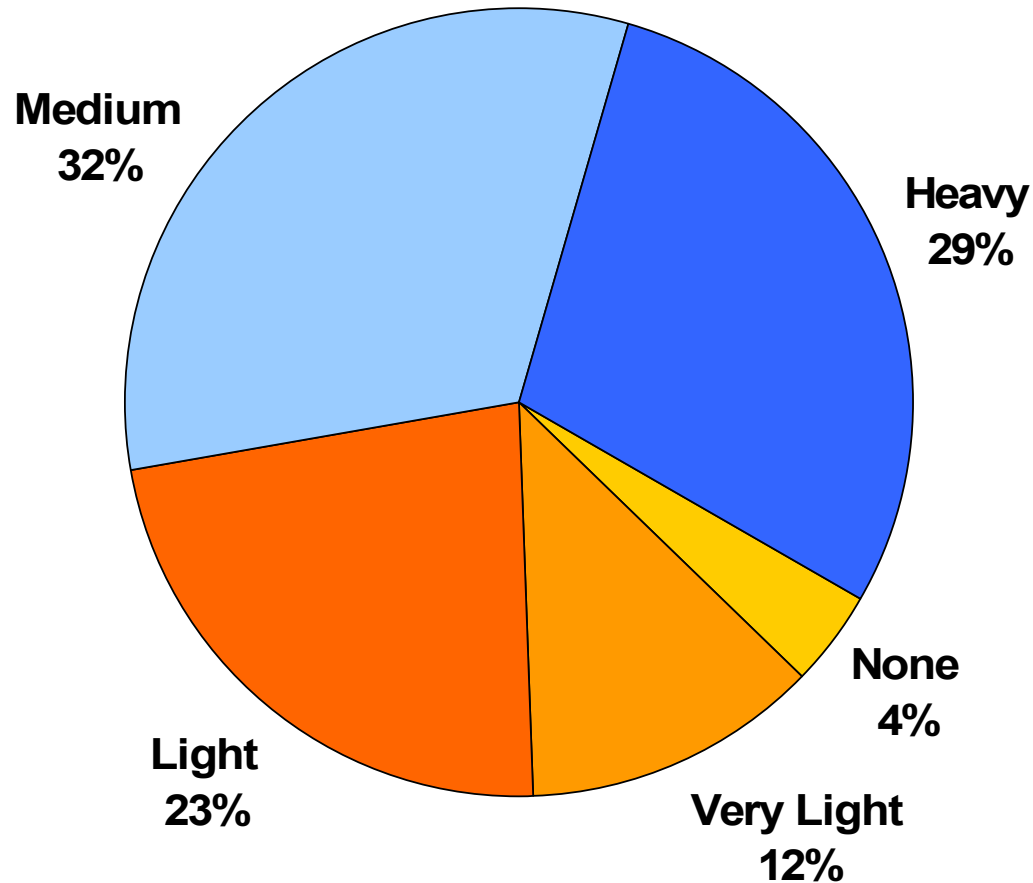
One in Ten Americans Are Heavy On-Demand Media Consumers

% of Americans 12+ Who Fall Into Each On-Demand Media Category



Nearly 1 in 3 Affluent Americans Is a Heavy On-Demand Media Consumer

% of Affluent* Americans Who Fall Into Each On-Demand Media Category



*Household Income of \$100K+

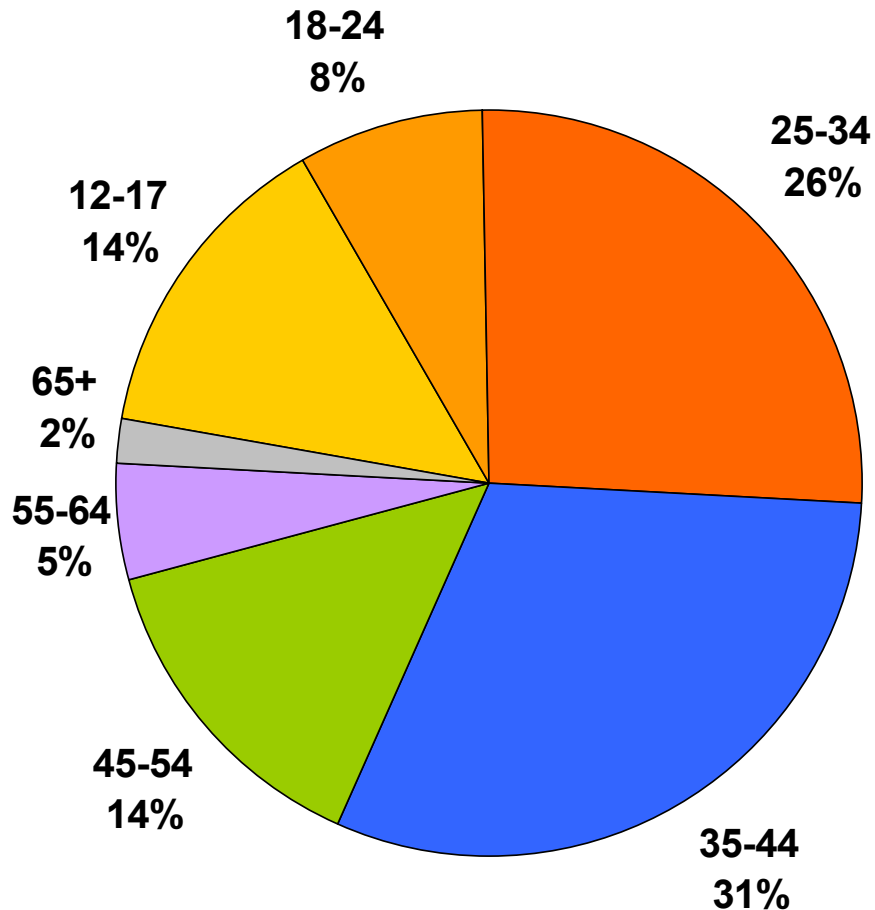


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25-44s Account for More Than Half of Heavy On-Demand Media Consumers

% By Age Group of Heavy On-Demand Media Consumers



Heavy On-Demand Media/Device Consumer Profile (page 1)

Heavy On-Demand Media/Device Consumers vs. Total Population Index Of Usage

	<u>Index</u>
Own a TiVo/DVR	500
Have purchased music from iTunes Music Store	434
Own an iPod or other portable MP3 player	433
Have listened to or watched online broadcasts in last week	372
Own an HDTV set	274
Have made a purchase online in last month	232

Heavy On-Demand Media/Device consumers are five times more likely to own a TiVo/DVR than the average consumer



Heavy On-Demand Media/Device Consumer Profile (page 2)

Heavy On-Demand Media/Device Consumers vs. Total Population Index Of Usage

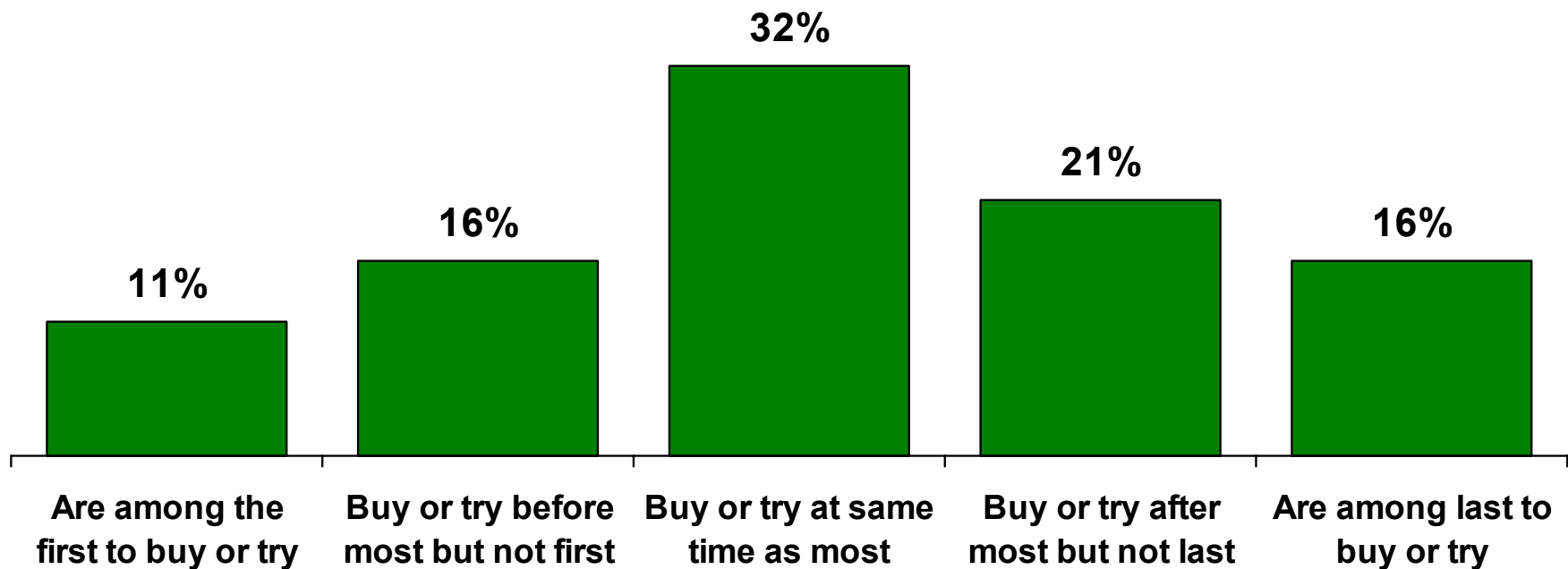
	<u>Index</u>
Currently listen to Howard Stern	206
Have bought 10+ DVDs in last 12 months	199
Have bought 11+ CDs in last 12 months	186
Subscribe to or receive Pay TV channels (ex: HBO)	179
Have children under 18 at home	158
Access the Internet at multiple locations	155
Have broadband Internet connection at home	152

Heavy On-Demand Media/Device consumers are about twice as likely to have bought 10+ DVDs in last 12 months than the average consumer



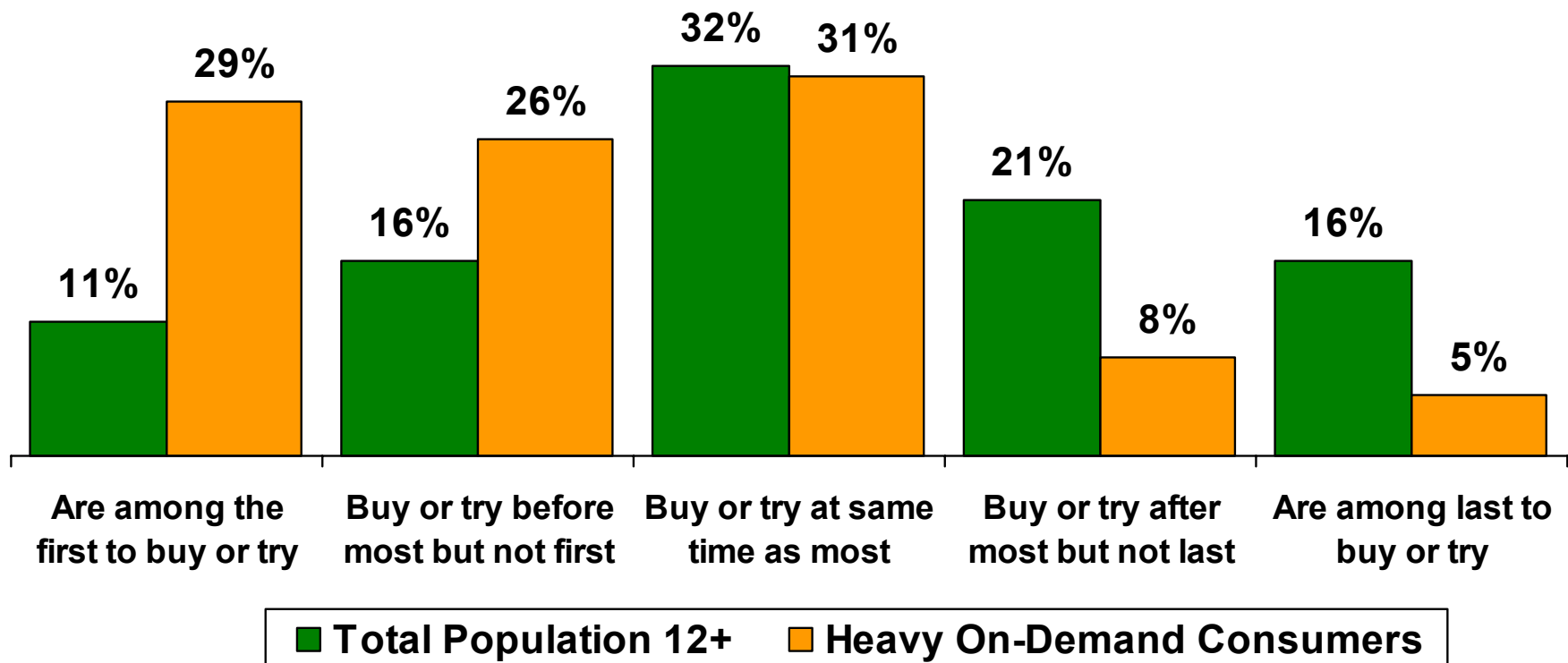
Consumer Adoption Scale

“Think about when you buy or try new products or services, compared to other people you know. In general, would you say that you...”



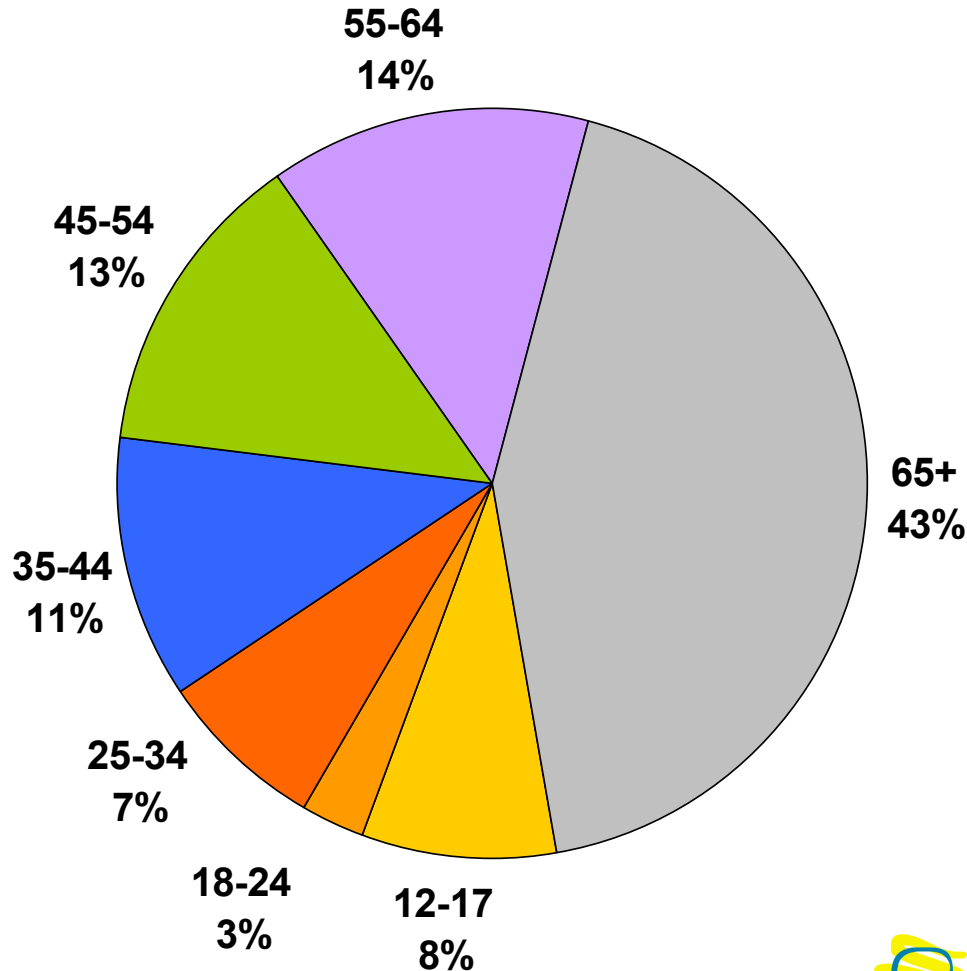
On-Demand Media Behavior Approaching Mainstream

“Think about when you buy or try new products or services, compared to other people you know. In general, would you say that you...”



Older Americans Show Less Interest In Controlling Media They Consume

% By Age Group Who Exhibit No On-Demand Media behaviors

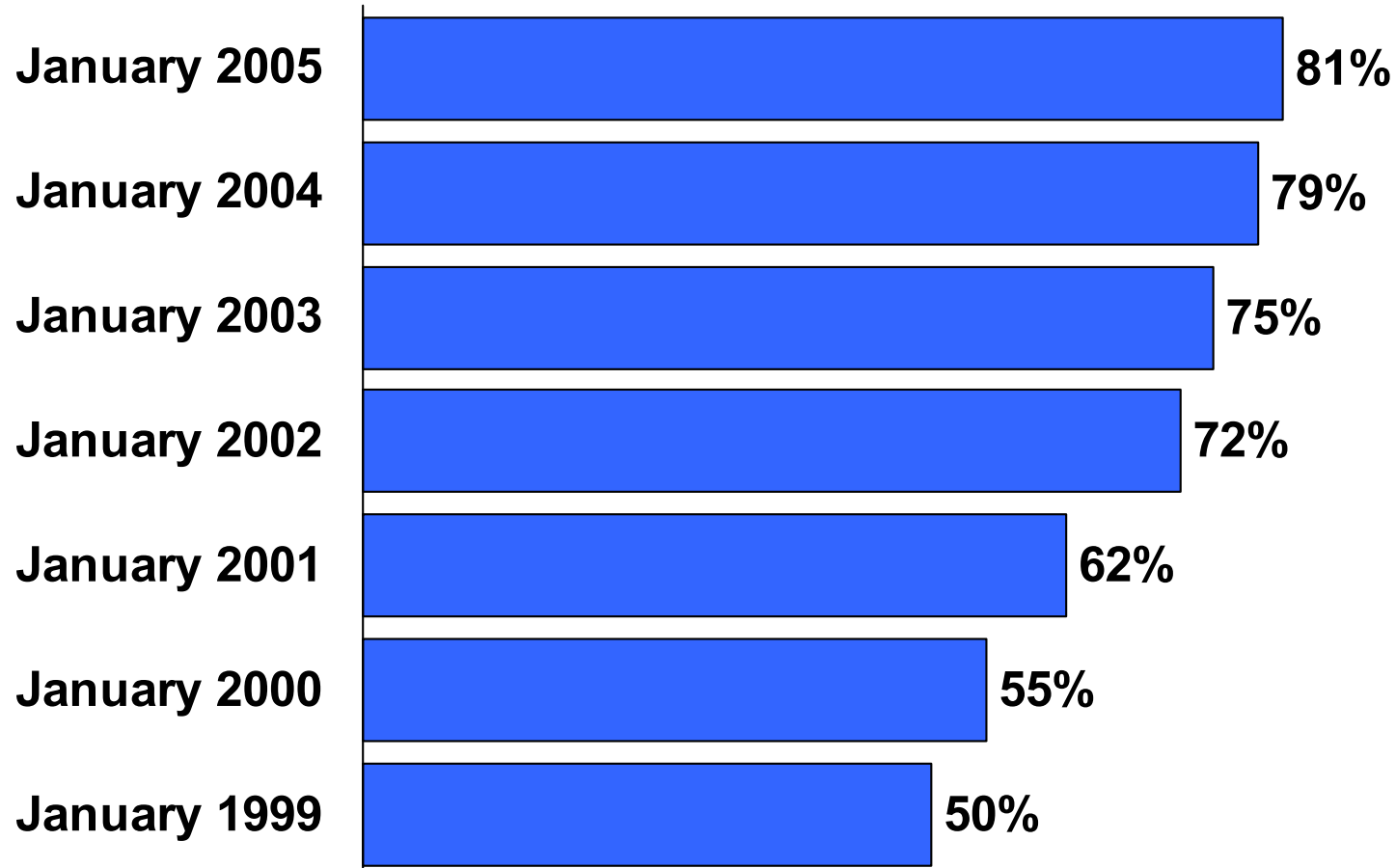


Internet Usage Trends



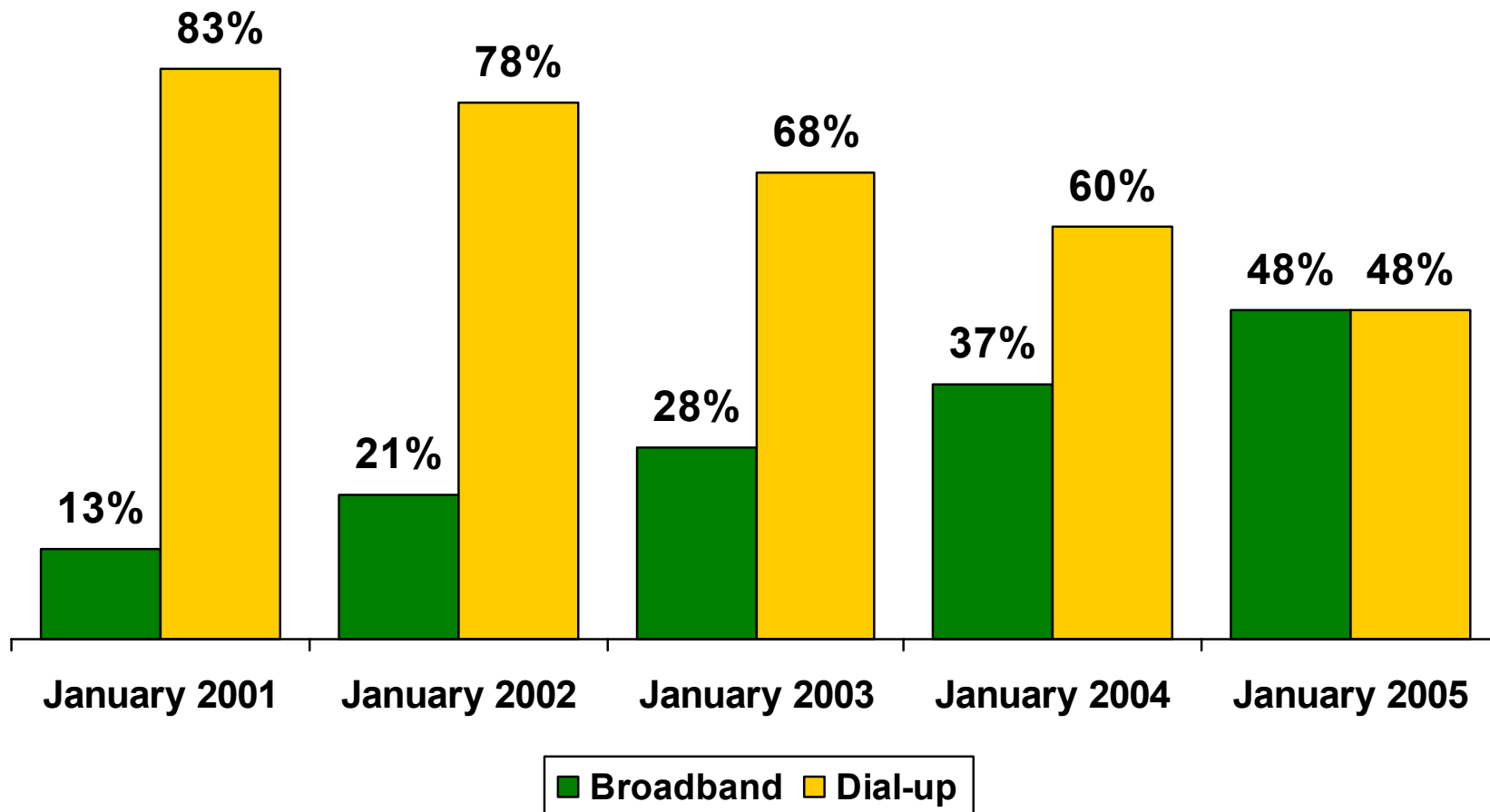
Eight in Ten Americans Online from Any Location

% with Internet Access from any location



Residential Broadband Is Now As Common As Dial-Up Access

% Who Have Broadband / Dial-up Internet Access at Home



Base: Access the Internet from Home

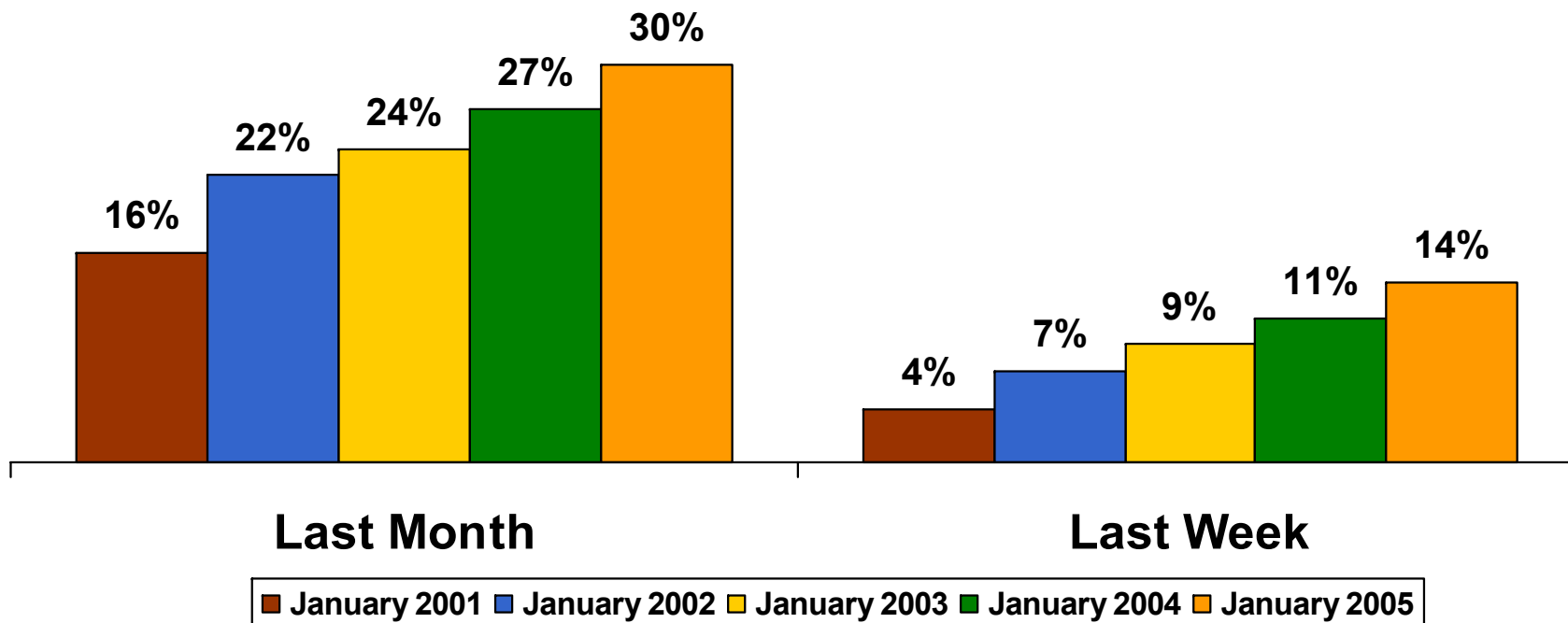


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Percent Having Bought Online In Past Week More Than Tripled Since 2001

% Who Have Purchased Online...



Base: Total Population 12+

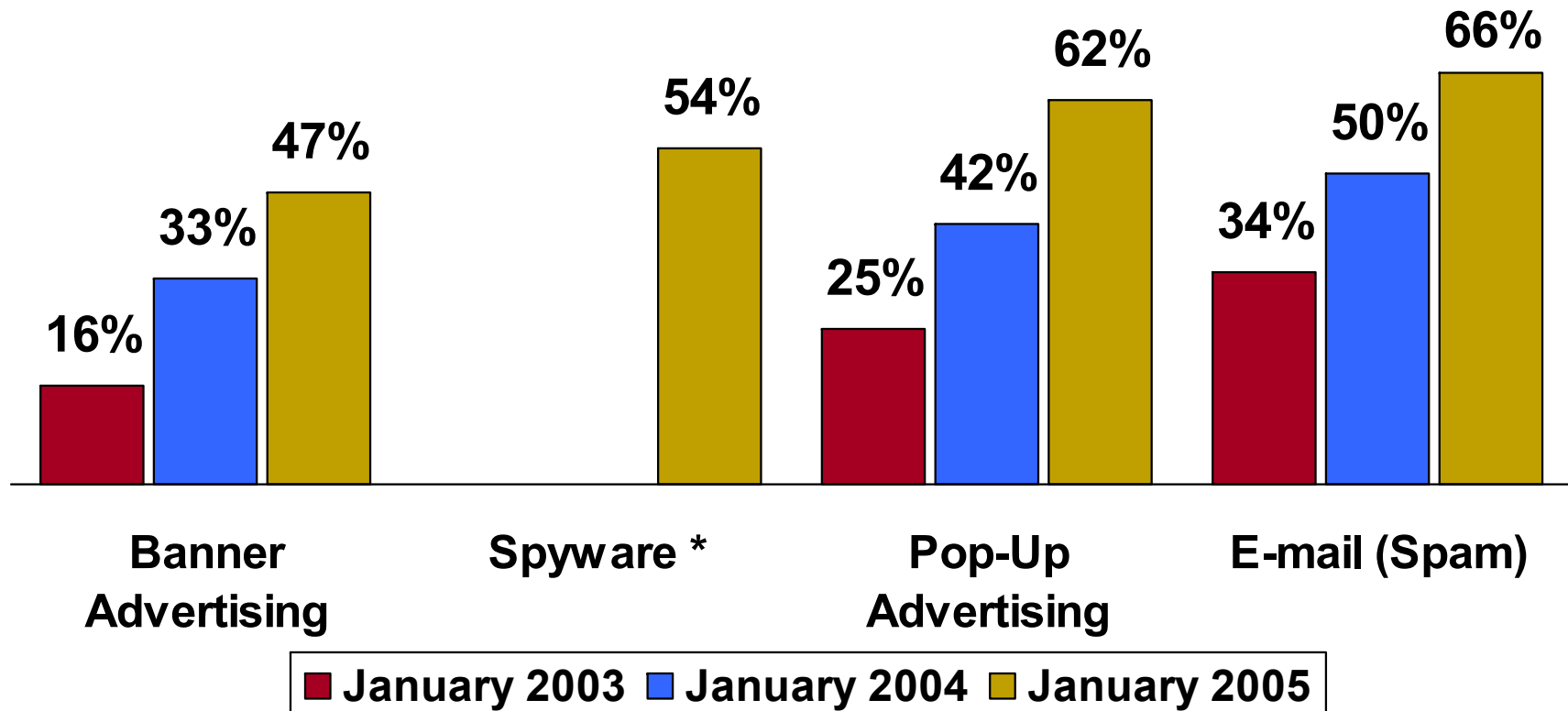


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Growing Numbers Are Equipping Themselves To Block Online Intrusions

“Do you currently use a program on your HOME computer to block...?”



* Question asked beginning January 2005



Base: Access the Internet from Home

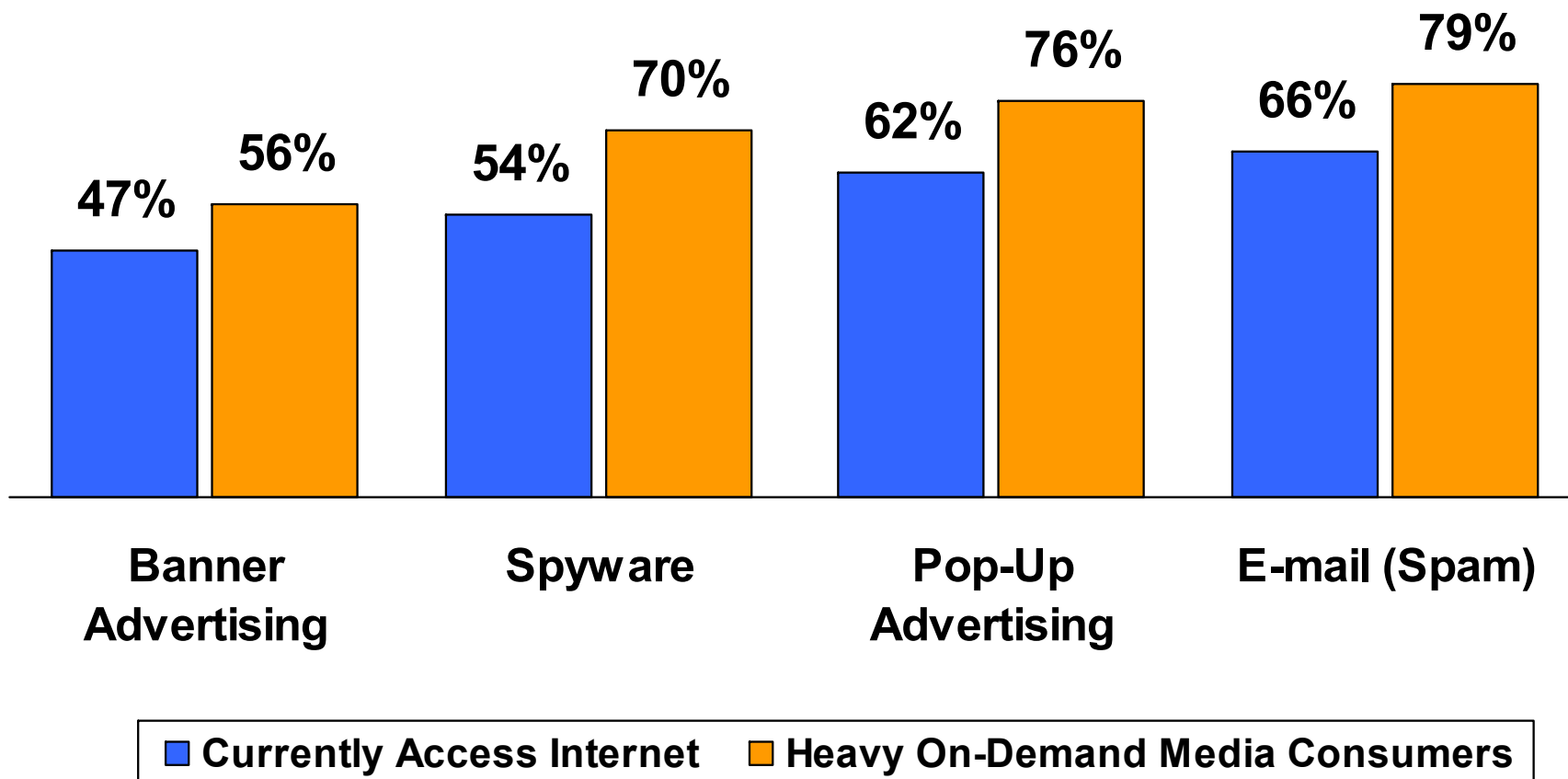


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While More Heavy On-Demand Media Consumers Block Online Intrusions...

“Do you currently use a program on your HOME computer to block...?”



Base: Access the Internet from Home

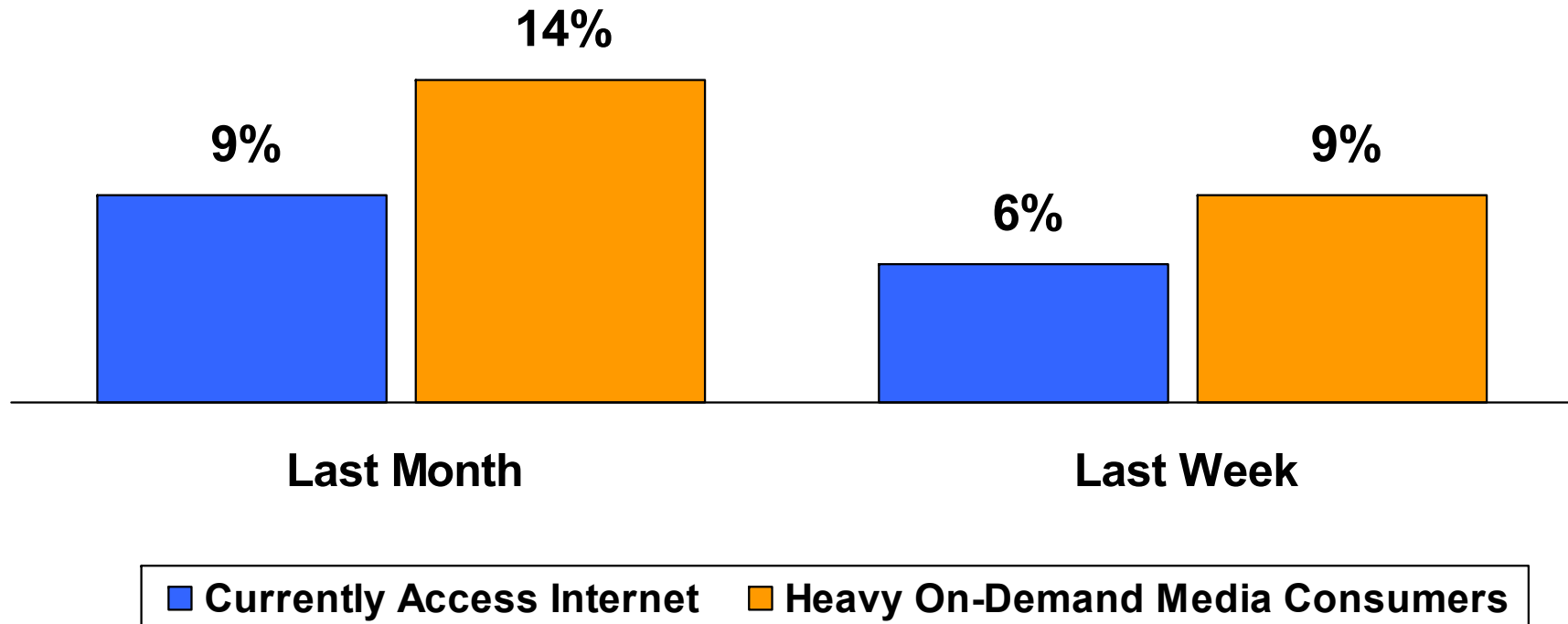


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...This Group Also Is More Likely to Click on a Banner Ad

% Who Have Clicked on Web Site Banner Ads...

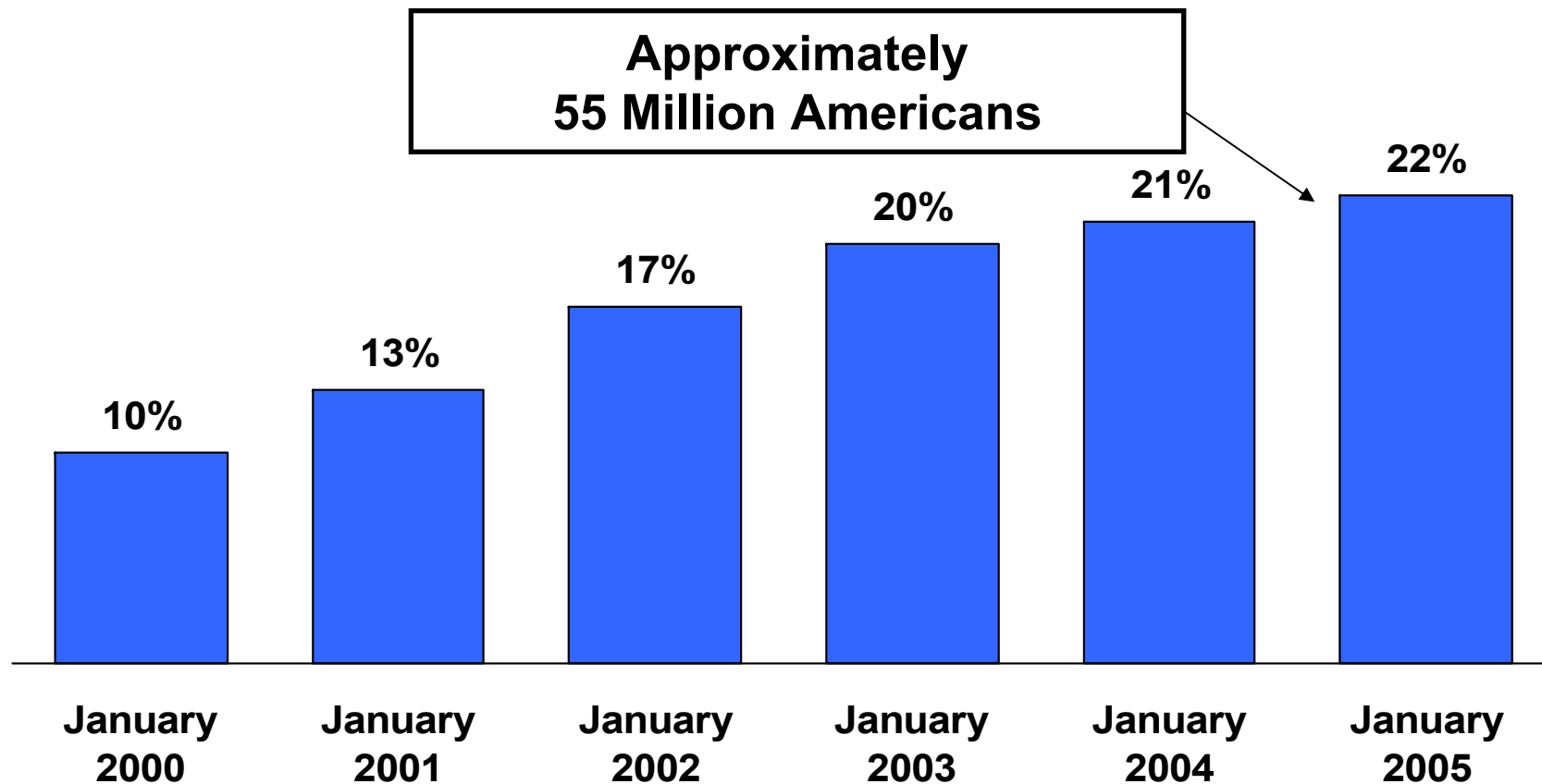


Internet Broadcast Trends



More Than Fifty Million Americans Used Internet Audio or Video in the Past Month

% of Americans Who Have Used Internet Audio or Video in Past Month

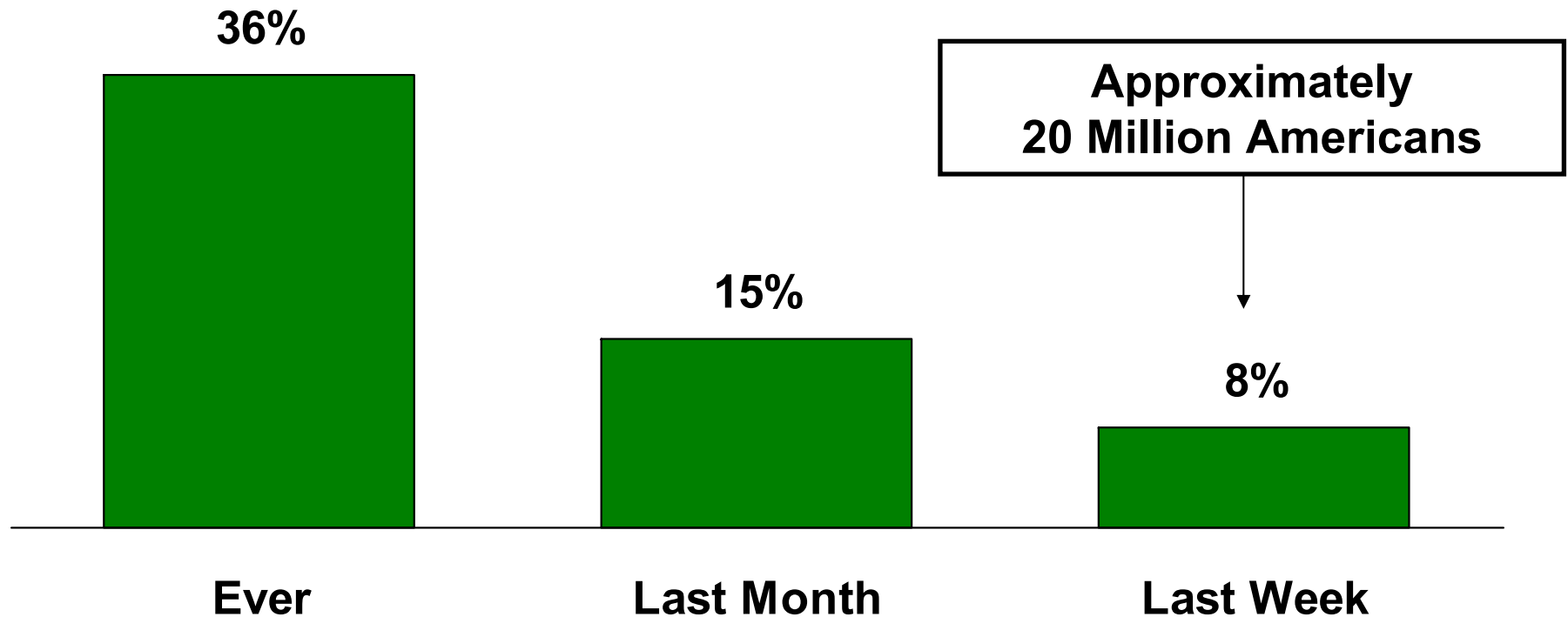


Base: Total Population 12+



Estimated 20 Million Americans Listened to Internet Radio in the Past Week

% of Americans Who Have Listened to Internet Radio...



Base: Total Population 12+

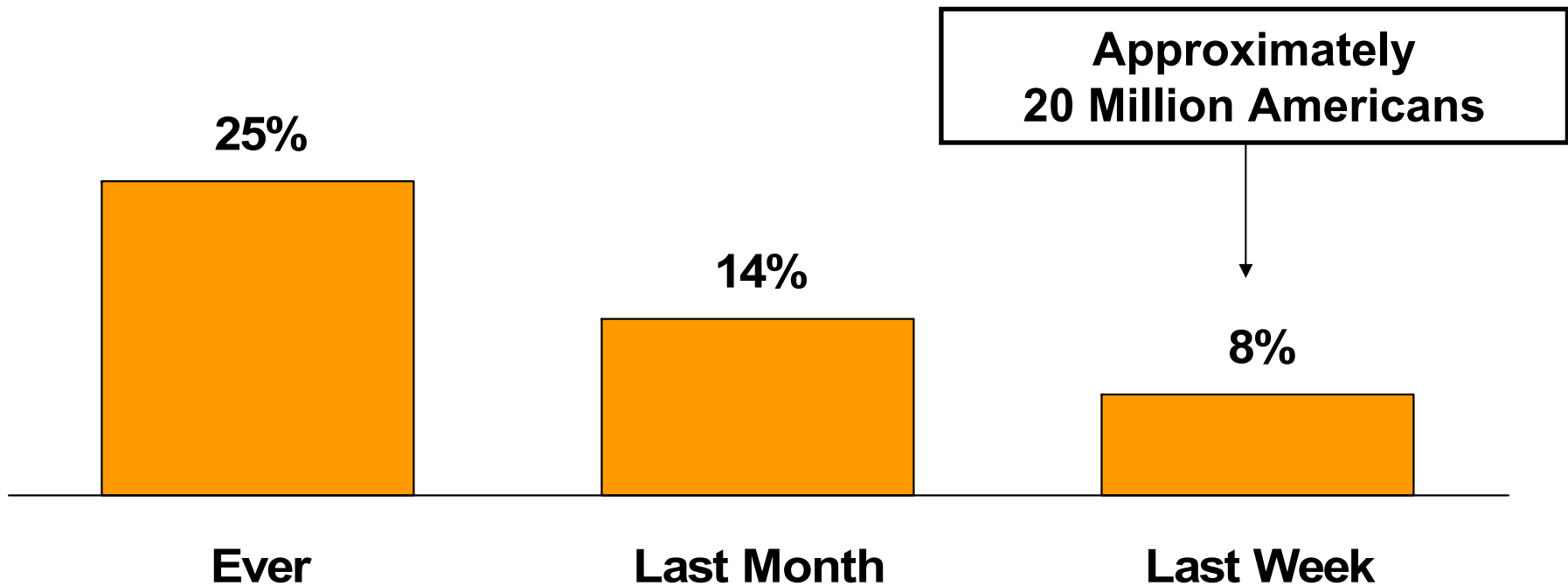


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Estimated 20 Million Americans Watched Internet Video in the Past Week

% of Americans Who Have Viewed Internet Video...



Base: Total Population 12+

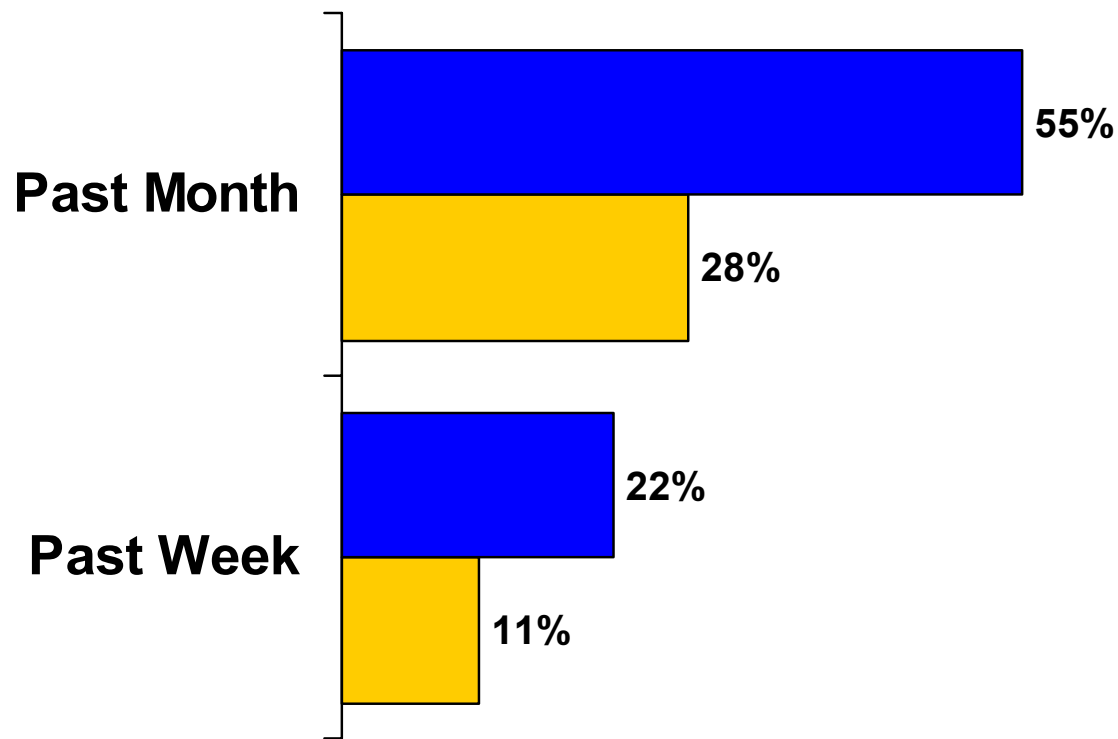


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Twice As Many Monthly Online Broadcast Consumers Buy Online

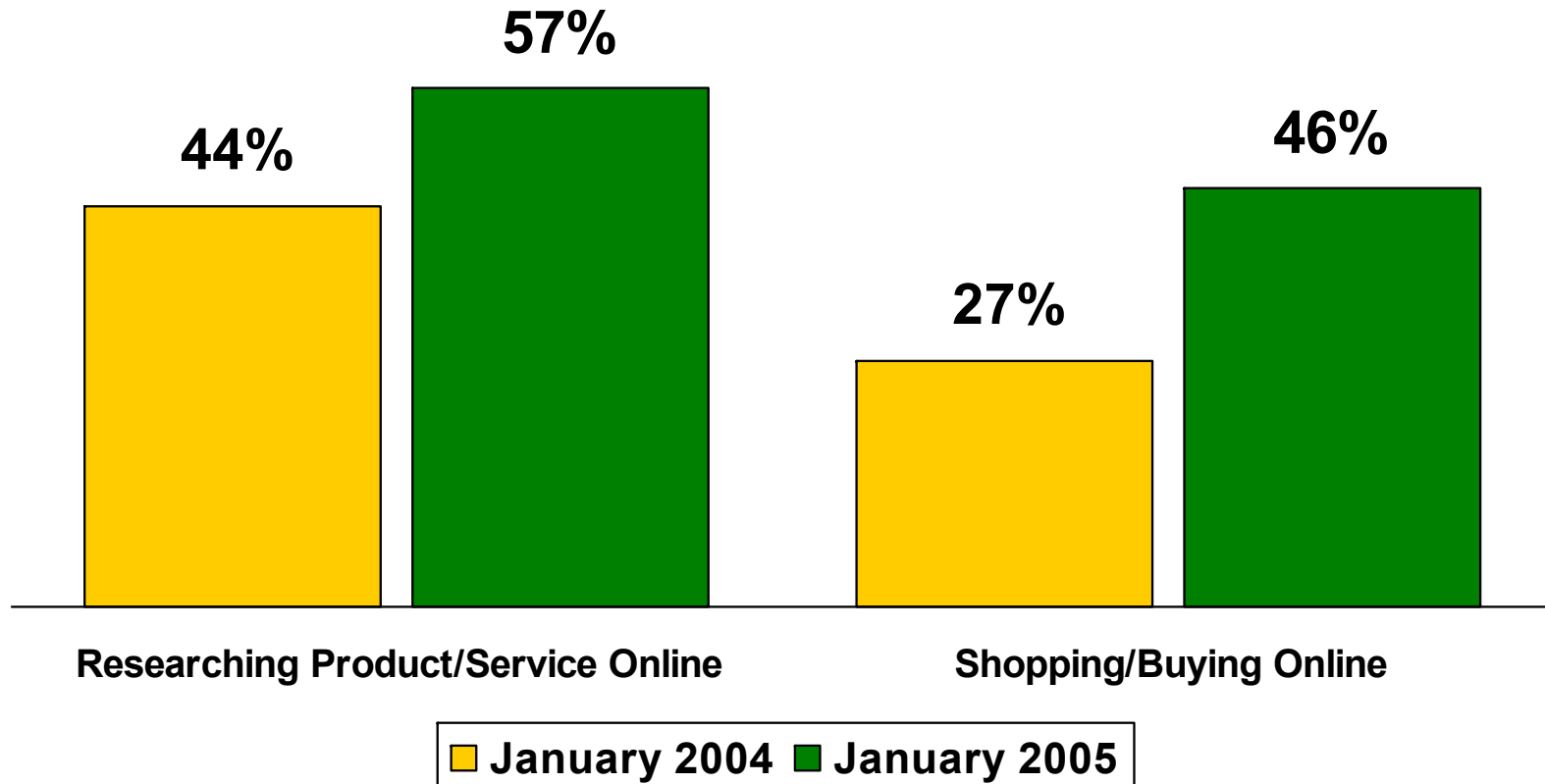
% Who Have Bought Online...



■ Monthly Consumers of Online Broadcasts
■ Did Not Consume Online Broadcasts In Past Month

Internet Radio Increasingly Used As Soundtrack for Online Shopping/Buying

% of Weekly Internet Radio Listeners Who Have Ever Listened While...



Internet Radio Listeners Seek Unique Content, Control and Variety Of Music

“What is the one main reason you listen to Internet radio?”

Main Reasons People Listen to Internet Radio

*Base: People who have ever listened to Internet Radio
(35% of U.S. Population)*

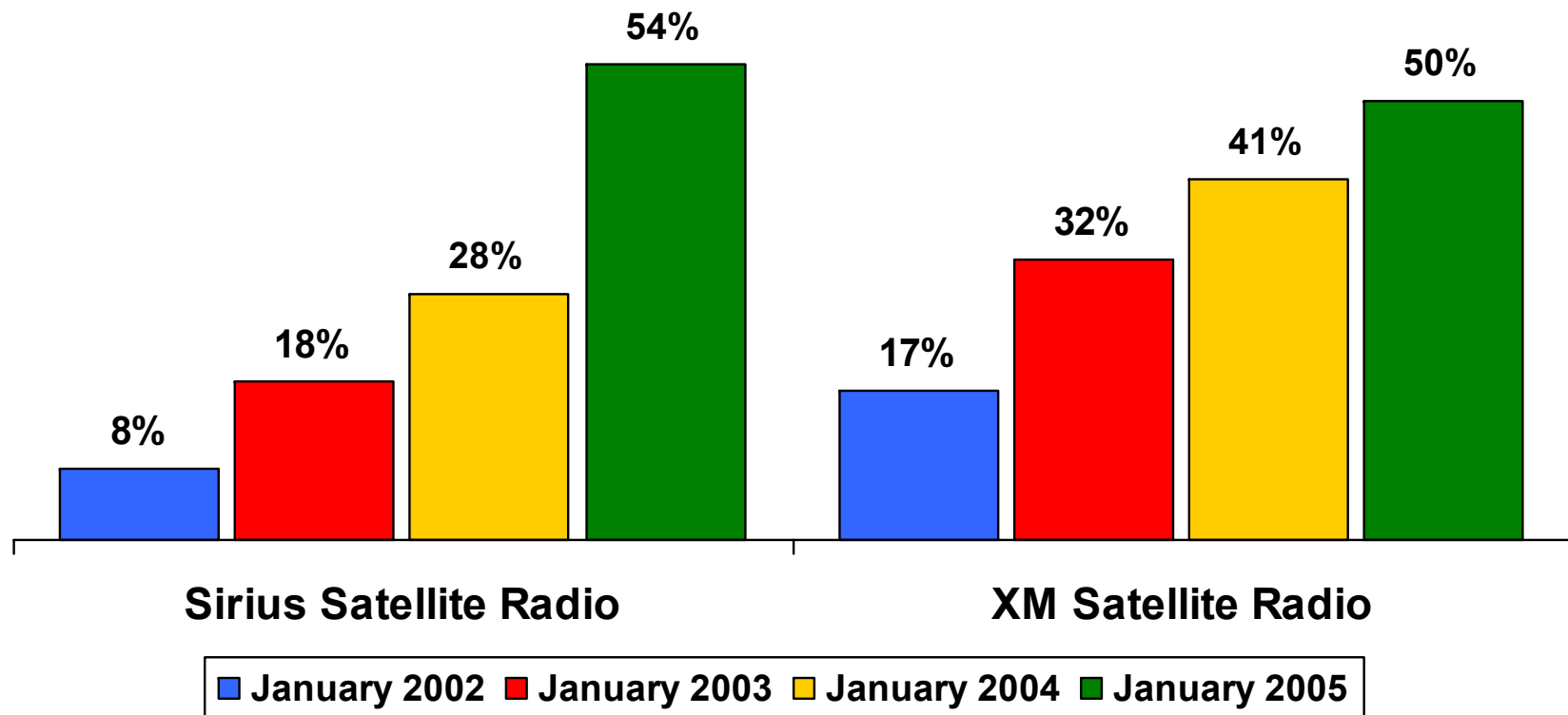
To listen to audio can't get elsewhere	17%
To control/choose the music played	15%
Fewer commercials	14%
More music variety	13%
Clearer signal than over-the-air radio	8%
Less DJ chatter	8%
Because it is new	7%

Satellite Radio Trends



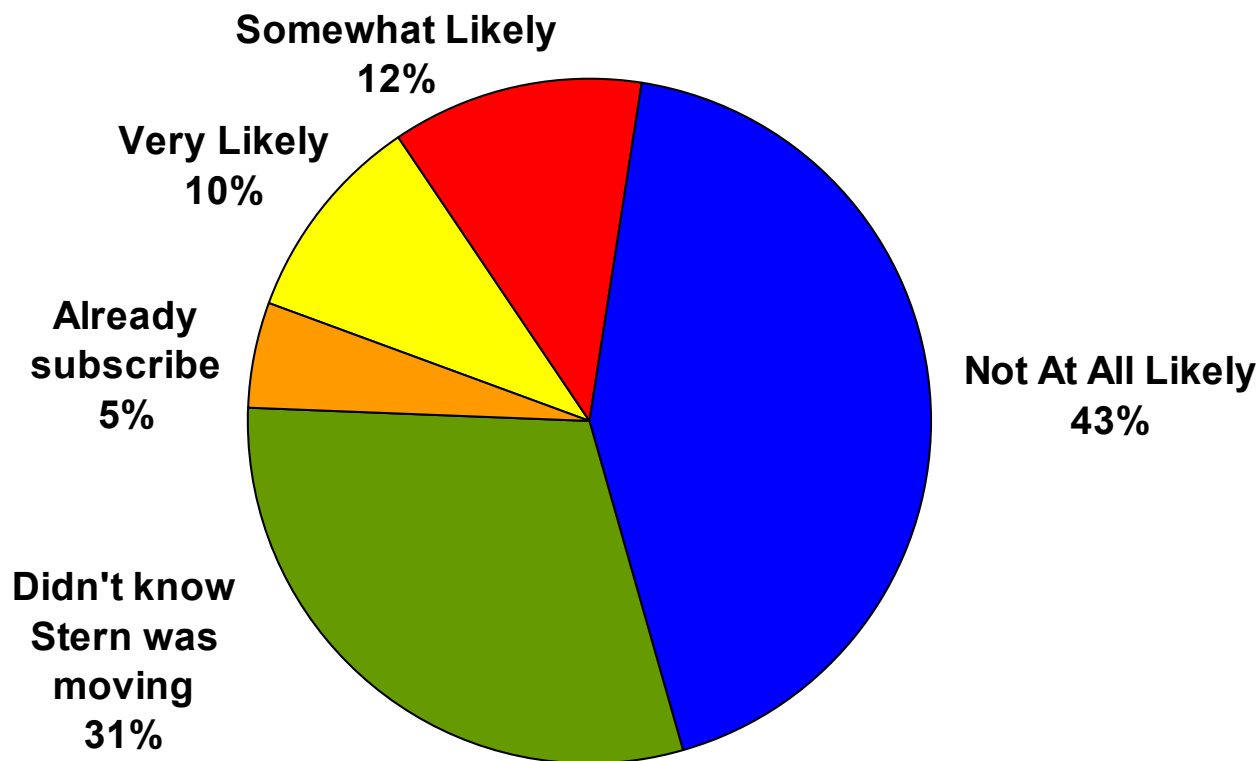
Awareness Of Both Satellite Radio Providers Has Grown Substantially

% Having Ever Heard of...



One in Five Howard Stern Listeners Likely To Follow Him To Satellite Radio

“How likely would you be to subscribe to Sirius Satellite Radio specifically because Howard Stern’s new show will be available exclusively on the service?”



Base: Current Howard Stern Listeners;
16% of Total Population 12+



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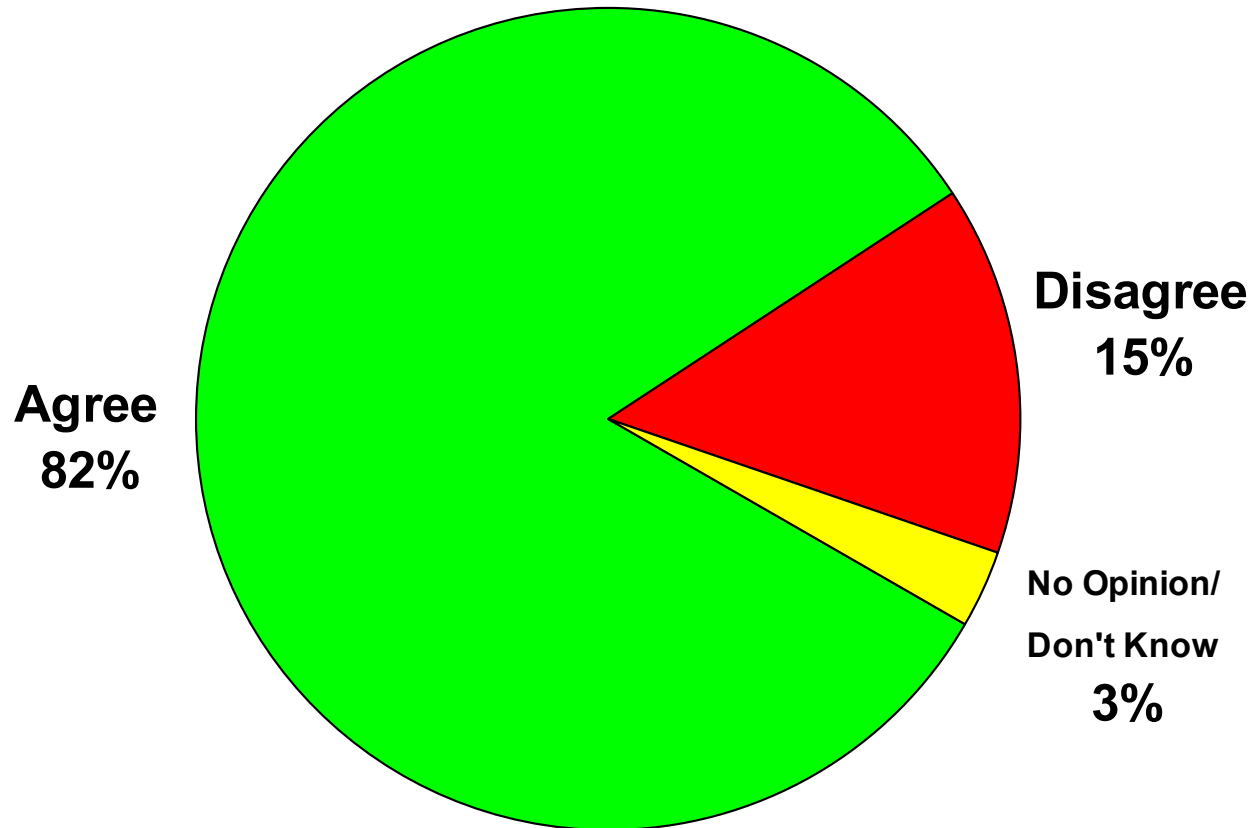
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Views of Traditional Media



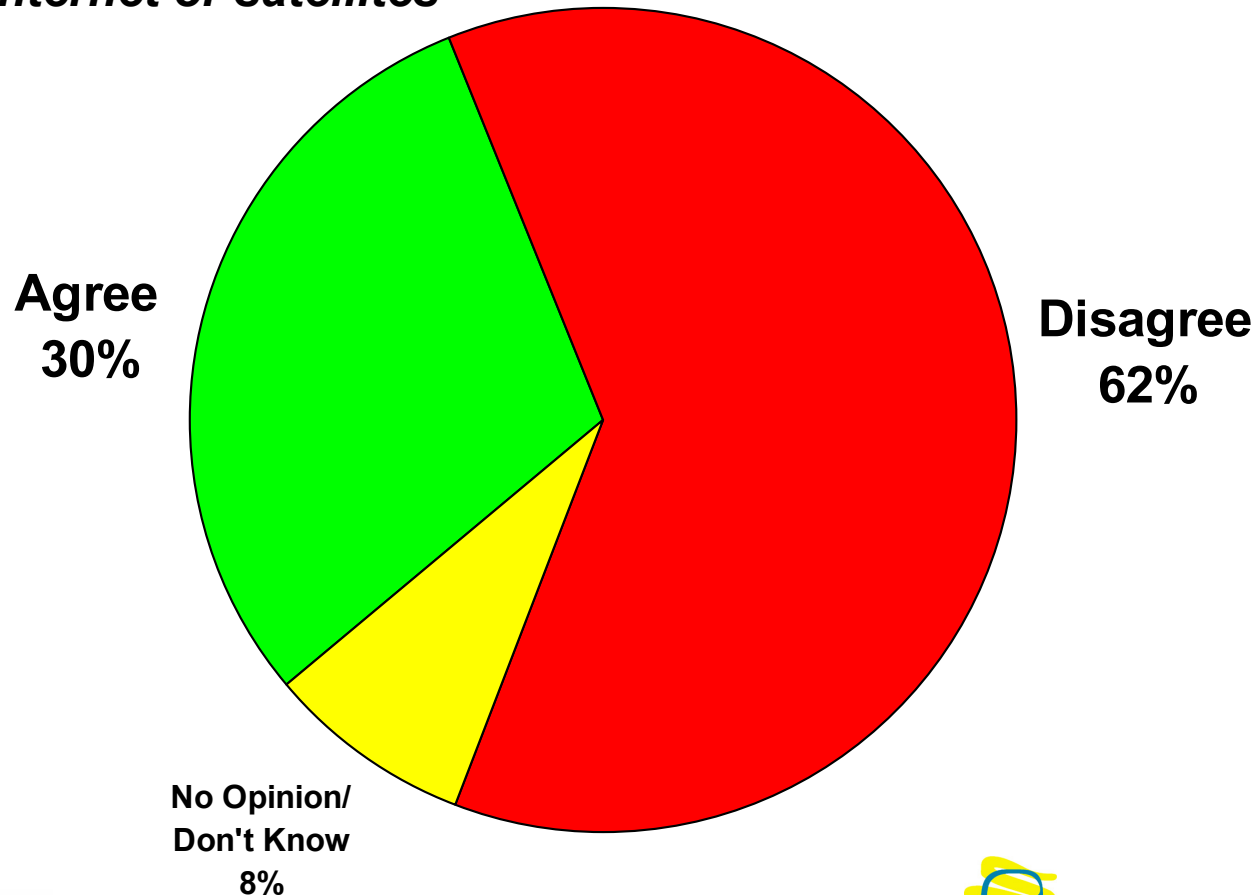
Vast Majority Say Time With Radio Won't Change Despite Technology Advancements

Agree or Disagree: "In the future, you will continue to listen to radio as much as you do now despite increasing advancements in technology"



Most Don't Believe Traditional Radio Will Be Replaced By Satellite/Internet Radio

Agree or Disagree: "In the future, there will be NO more traditional over-the-air commercial radio stations because all audio you listen to will come from the Internet or satellites"



Base: Total Population 12+

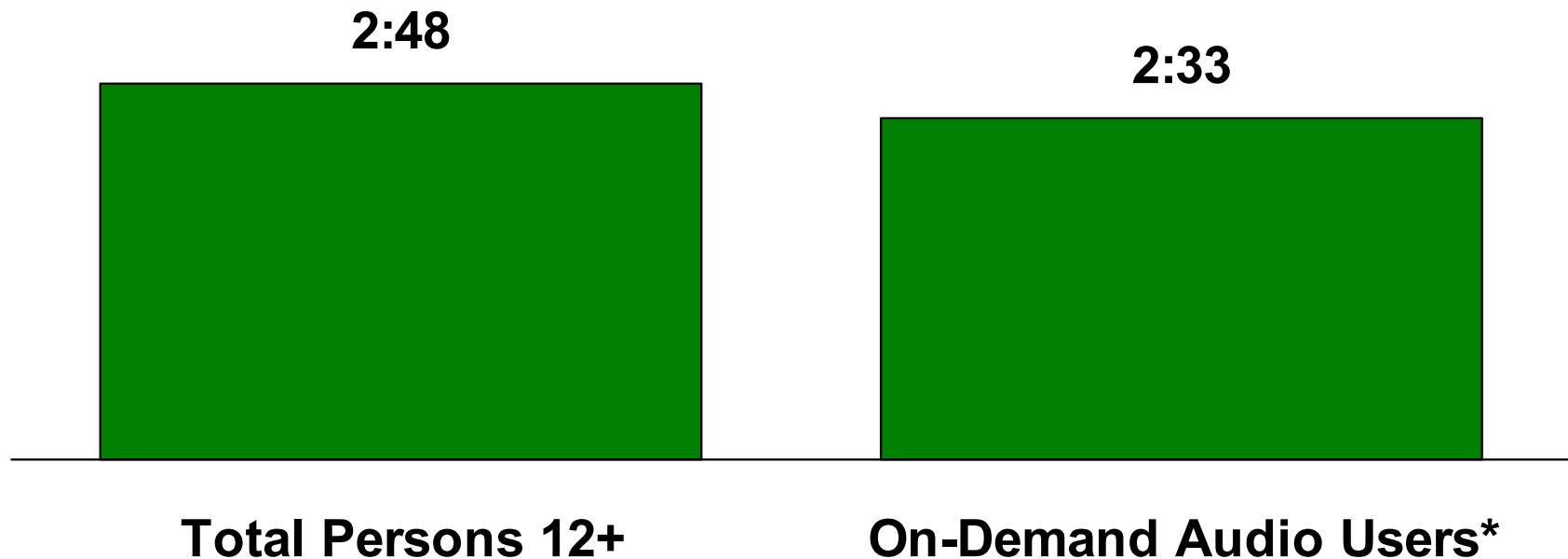


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On-Demand Audio Users Spend Only Slightly Less Time with Traditional Radio

Time Spent Listening to Radio Per Day (hours:minutes)



* Own iPod/portable MP3 player or subscribe to satellite radio or listen to Internet radio in past week

Recommendations



Recommendations

1. Advertisers need to plan for the shifts in On-Demand media habits.

Young adults and affluent Americans are most engaged by On-Demand devices and behaviors.

As teens and young adults mature and On-Demand devices become more prevalent, the consumer's desire to control their media use is likely to spread.

Marketers need to work now on strategies that will cut through in an increasingly on-demand media world.

Recommendations

2. Traditional media outlets need to incorporate the On-Demand lifestyle into their programming decisions

Consumers want media to fit their schedule. Traditional media should consider:

- Playing first-run programs more than once
- Providing consumers with content online in addition to traditional delivery outlets
- Partner with On-Demand services

Recommendations

3. On-Demand media habits are developing but it is important to keep these trends in perspective.

The publicity surrounding satellite radio and iPods creates the impression of dramatically changing radio listening. This study reveals only a slight impact.

New and traditional media and advertisers should pace their plans in line with *actual* changes in behavior.

Recommendations

- 4. Advertisers for On-Demand devices should run online audio and video advertising to get the attention of potential buyers.**

People who use On-Demand media devices and services are heavy Internet users making online media ideal to promote their products.

Recommendations

5. Internet media need to continue to make listening and viewing experiences more compelling.

Passion of online audio and video is not as great as consumer excitement for other on-demand media choices.

Internet broadcasters need to focus on providing unique programming that generates greater enthusiasm for their medium.

Recommendations

6. Internet advertising needs to expand beyond, banners, search and pop-ups.

Internet users are becoming more sophisticated and are learning to block much of the current advertisements and spyware.

Online radio ads cannot be skipped or avoided and may prove to be a more effective method of advertising.

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