

Internet and Multimedia 2006

On-Demand Media Explodes



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How *Internet and Multimedia 2006* Was Conducted

1,925 telephone interviews were conducted in January 2006

- National random sample
- Fall 2005 Arbitron diarykeepers age 12+
- Supplemental Random Digit Dial sample covers certain geographies where diaries were not available



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The On-Demand Media Consumer



On-Demand Media/Device Consumer Scale

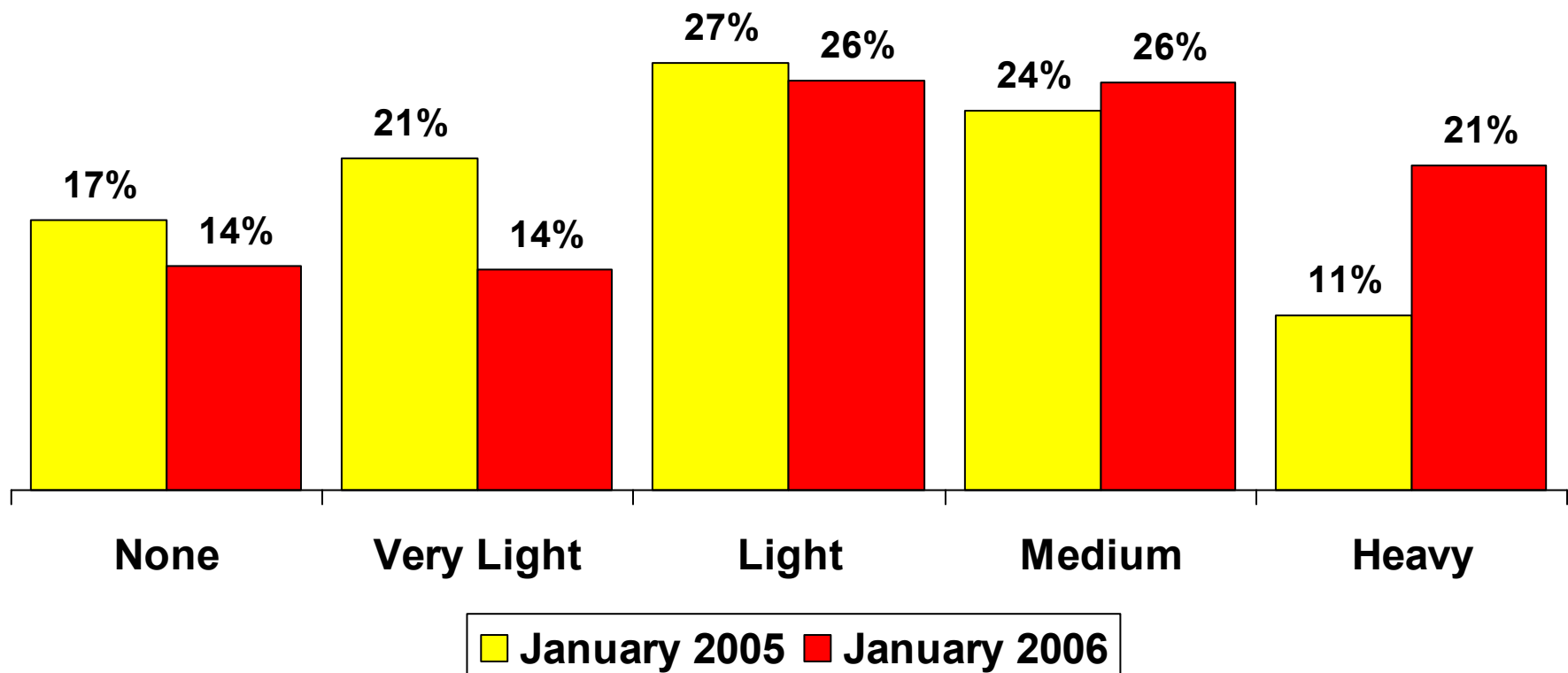
Devices/Behaviors Used to Categorize Consumers of Media

Watched Video On Demand in past month	Own 20 or more DVDs
Own/Use Digital Video Recorder such as TiVo	Prefer to record TV to watch at later time
Own portable DVD player	Listened to online radio in past month
Own portable MP3 player such as an iPod	Watched online video in past month
Own portable media player (plays digital video/audio)	Try new products or services before most
Ever watched TV clips on cell phone	Own a handheld wireless Internet device such as BlackBerry
First to try new products or services	Spend 7+ hours on Internet per week
Subscribe to online DVD rental service	Have made a purchase online



Heavy On-Demand Media Consumers Nearly Doubled In Last Year

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



On-Demand Devices Owned By American Consumers

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

Base: Total Population 12+

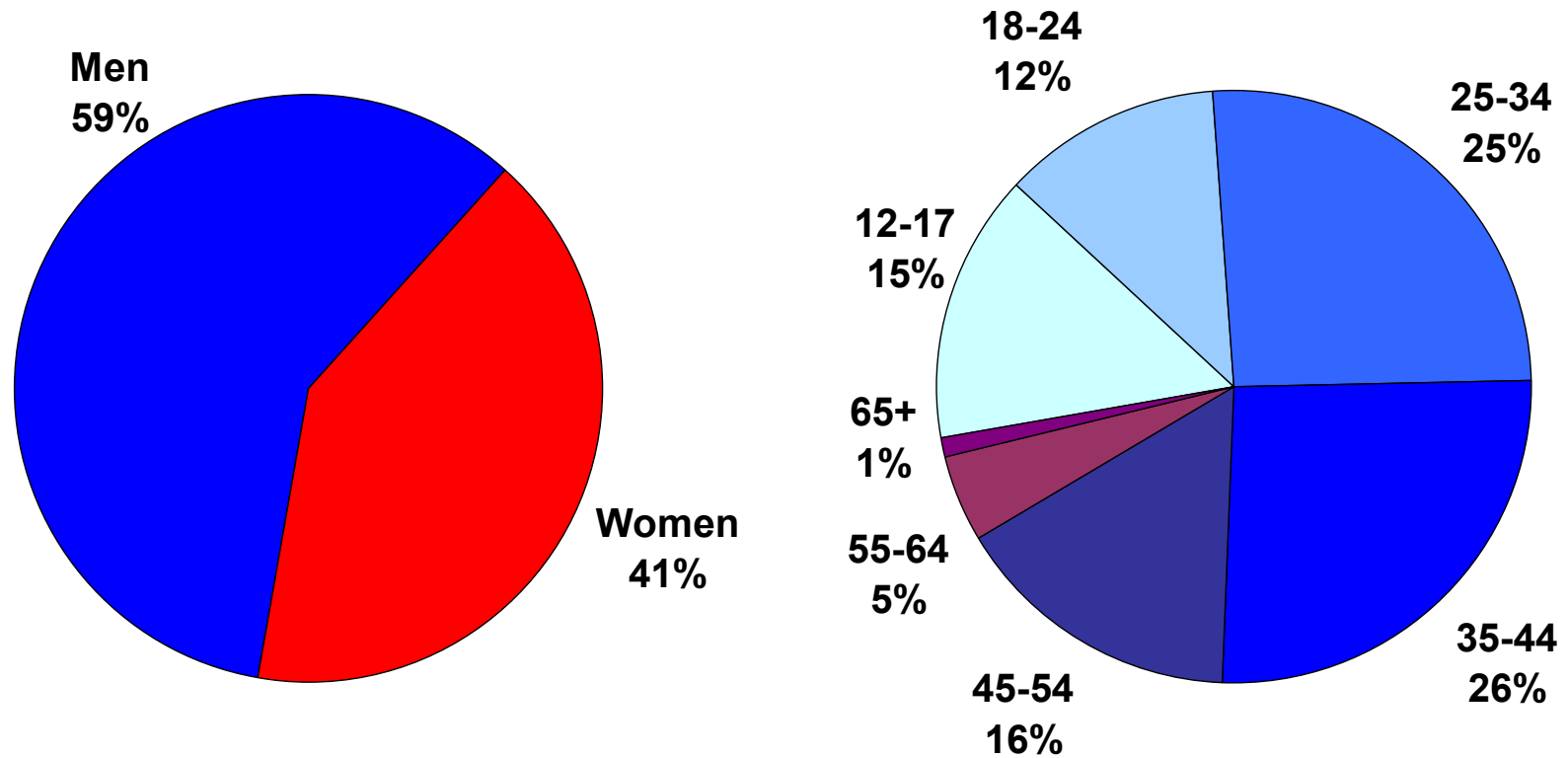
	2005	2006
Satellite TV	25%	25%
Portable DVD Player	19%	24%
High-definition TV (HDTV)	10%	19%
TiVo/DVR (2005 = ownership of TiVo/DVR; 2006 = any usage of TiVo/DVR, including cable/satellite)	6%	18%
Video On Demand (watched last month)	10%	14%
Portable MP3 player other than iPod	10%	14%
iPod	6%	11%
Handheld wireless e-mail device such as a BlackBerry	3%	4%



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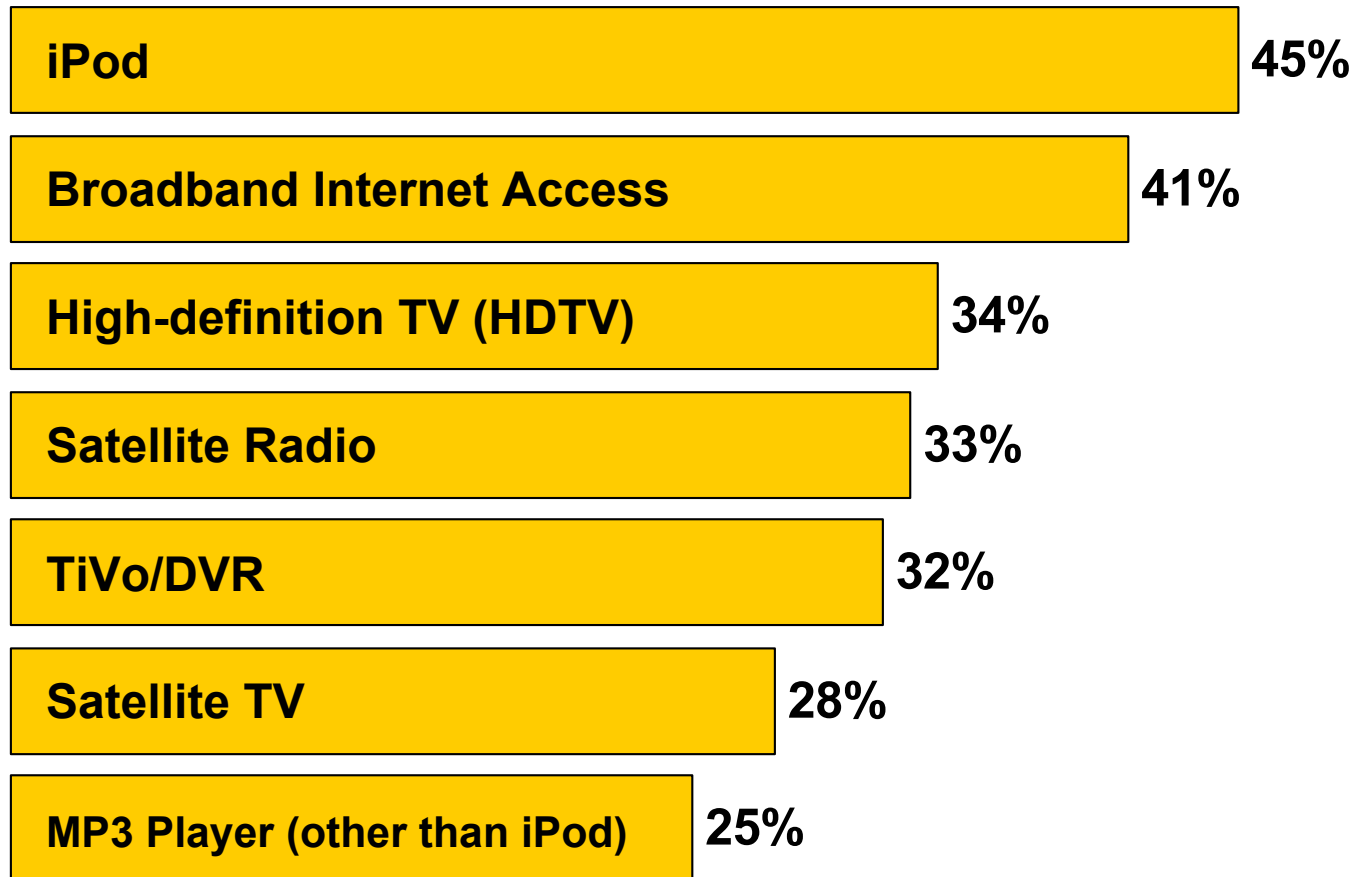
Heavy On-Demand Media Consumers More Likely to Be Male and 25-44

Heavy On-Demand Media Consumer Composition



The iPod 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”)

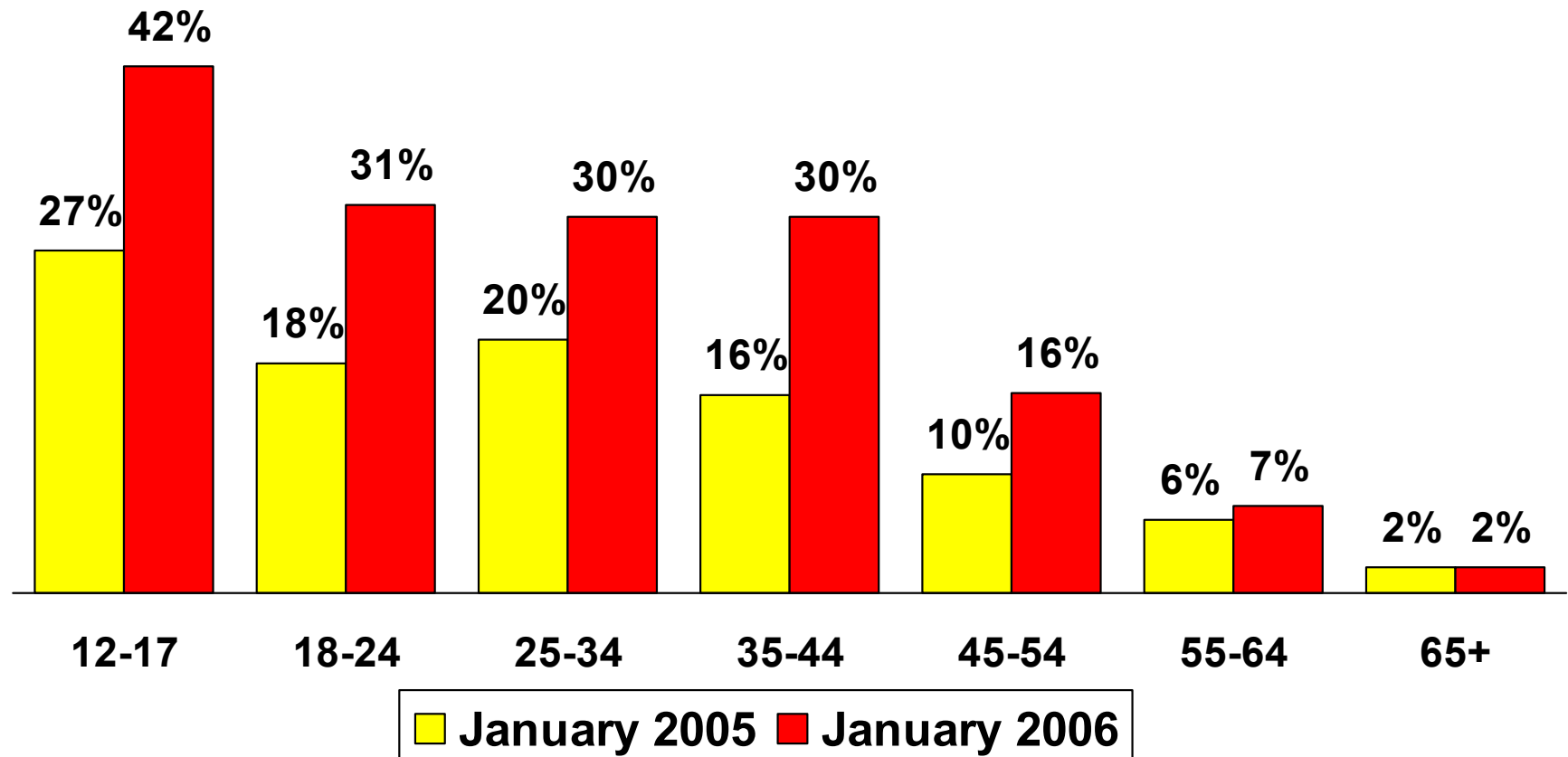


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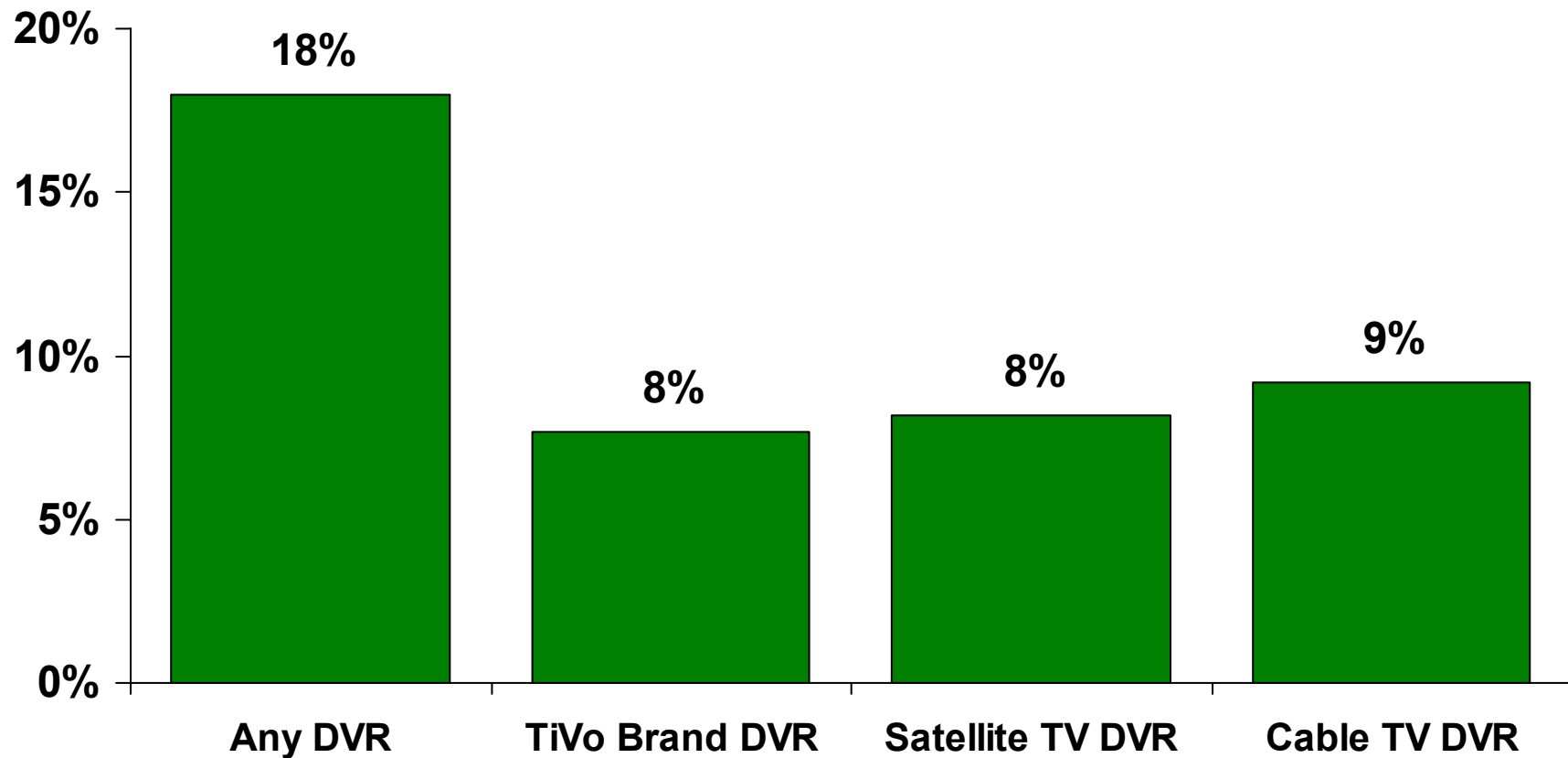
More Than Four in Ten Teens Own An iPod®/Portable MP3 Player

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



Nearly One in Five Own or Use a TiVo® or Other Digital Video Recorder

% Who Own/Use...



Base: Total Population 12+

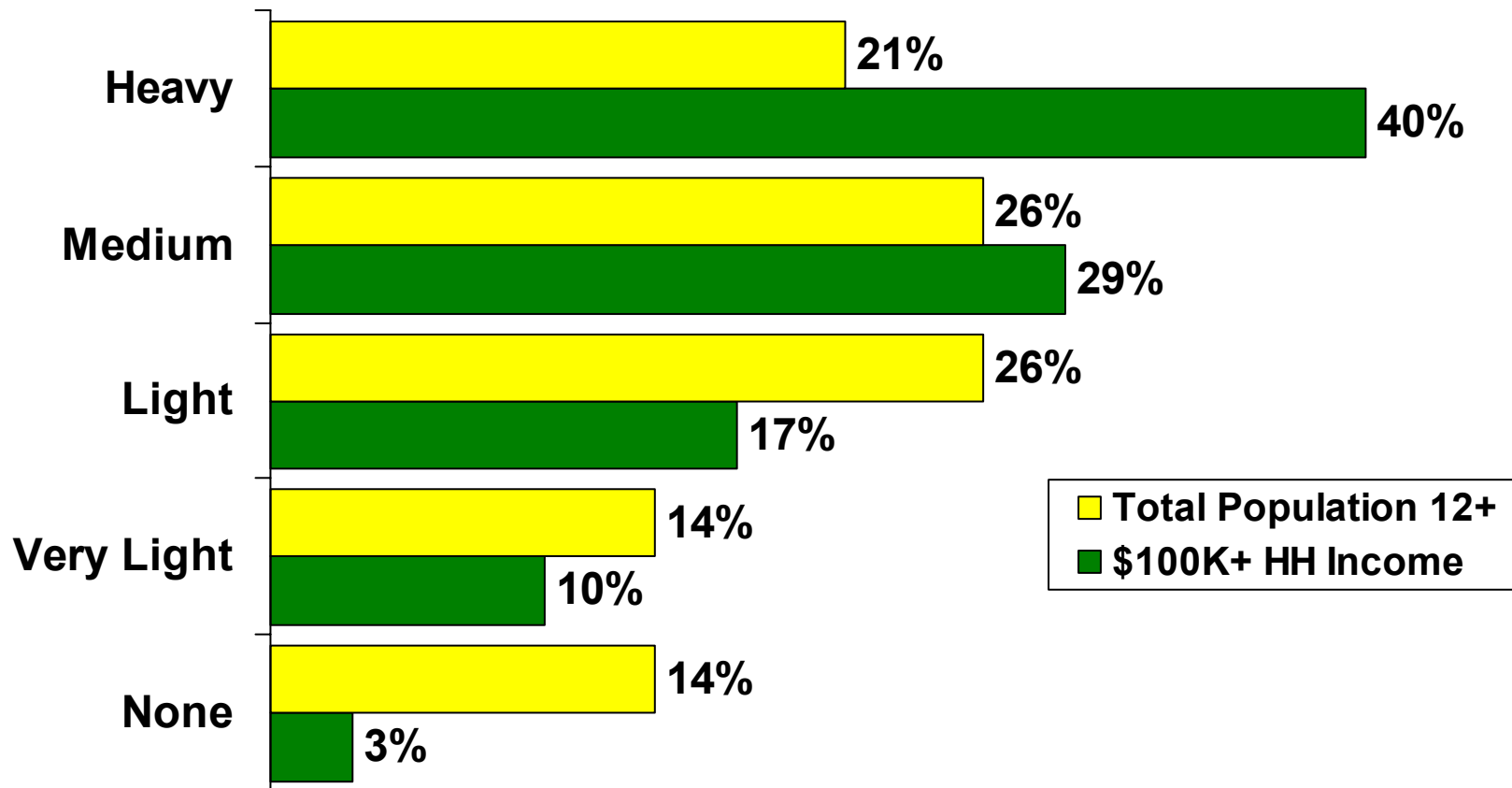


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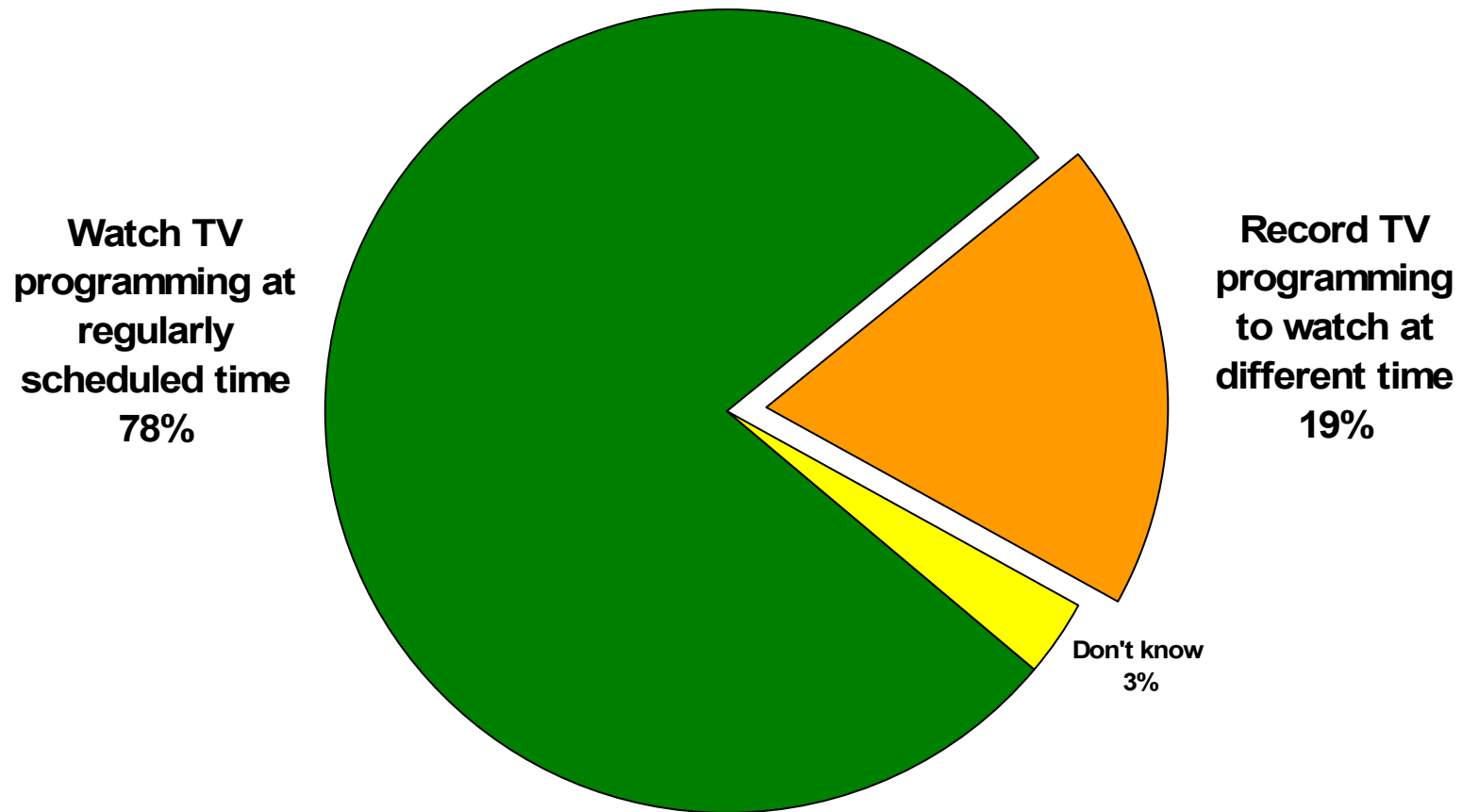
Affluent Americans Far More Likely to Be Heavy On-Demand Media Users

% Who Fall into Each On-Demand Category



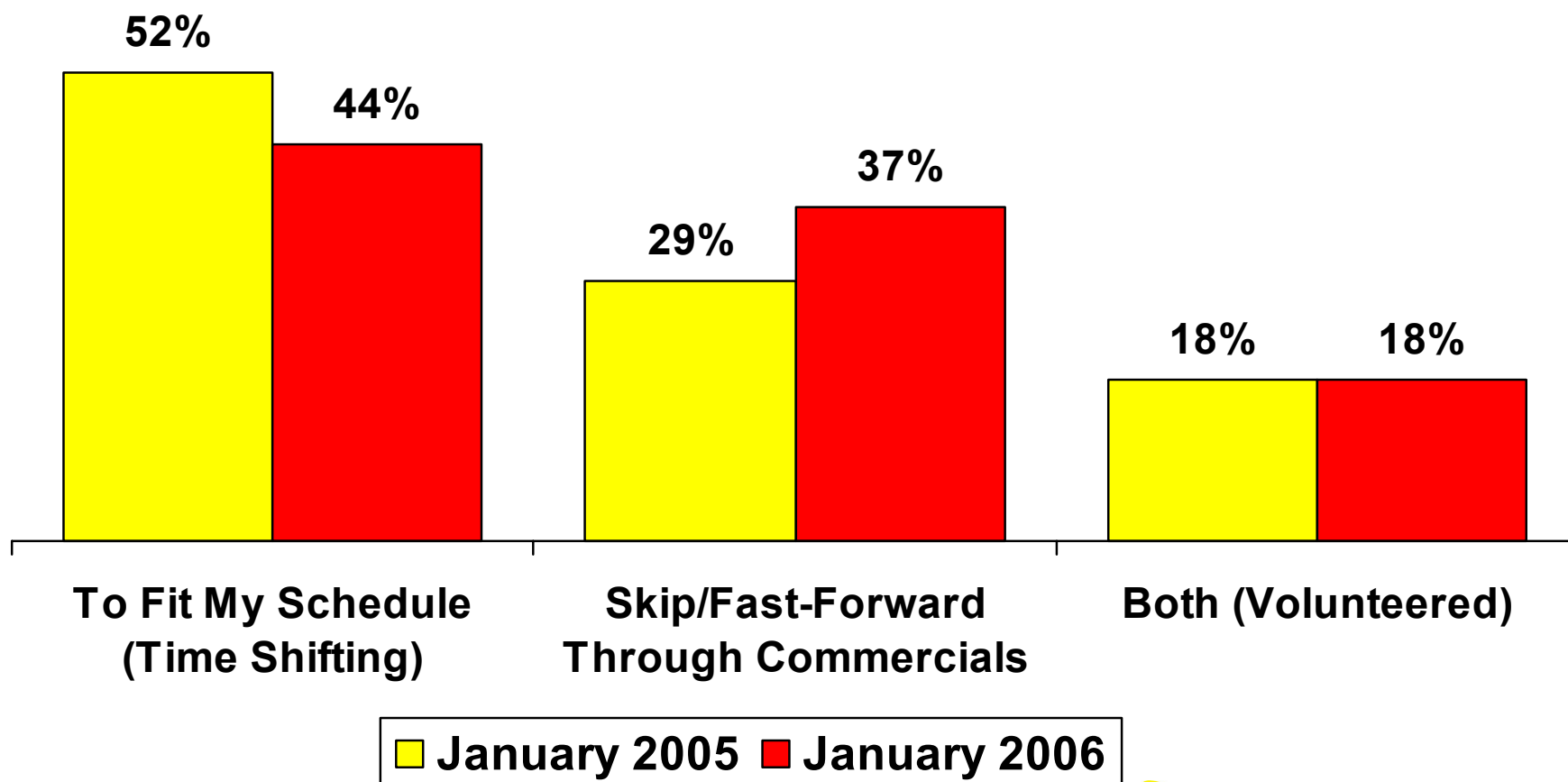
Nearly One in Five Americans Record TV to Watch at a Different Time

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



Commercial Skipping Increasingly Important to Those Recording TV

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



Base: Record TV to Watch at a Different Time

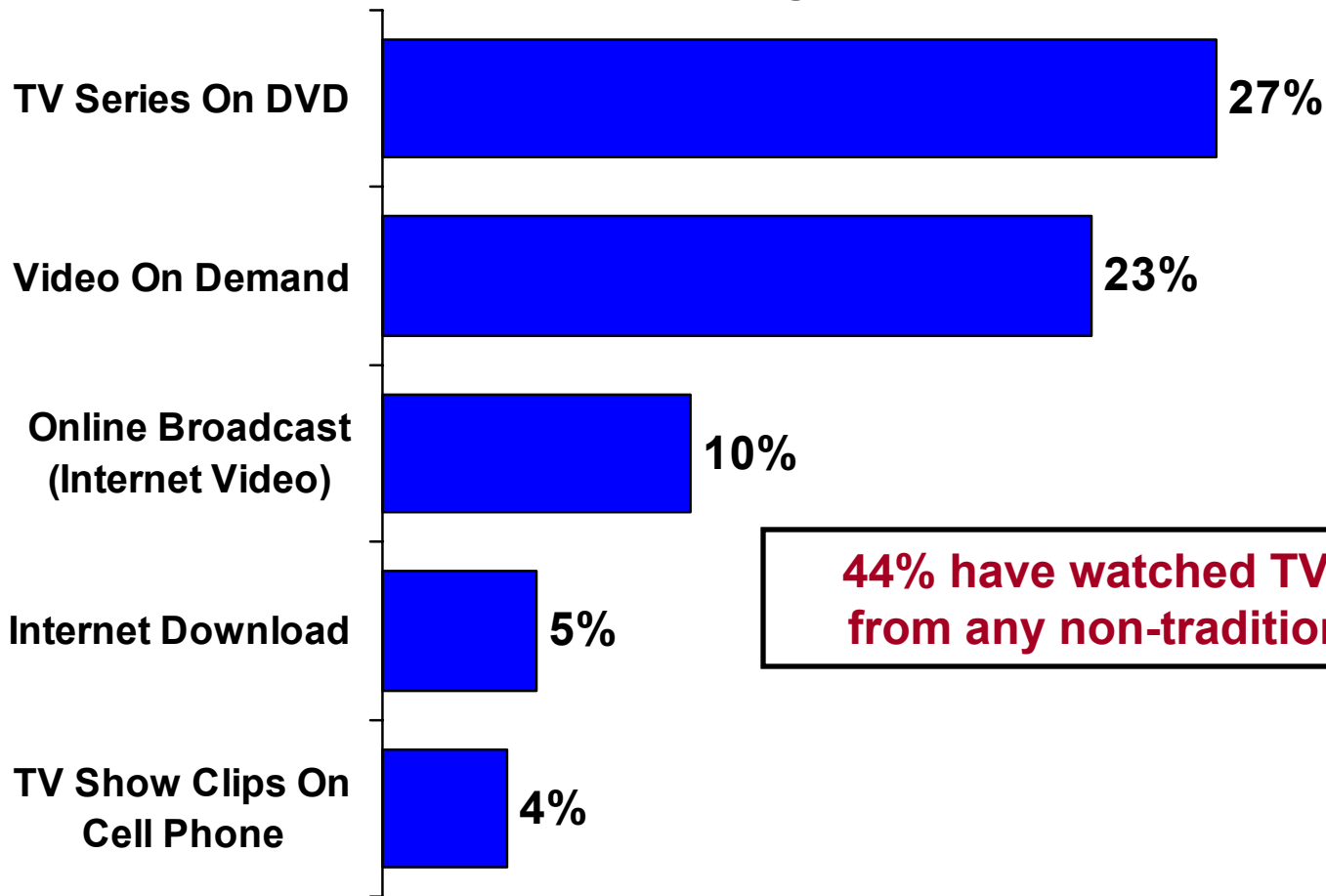


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TV Series on DVD and VOD Lead Non-traditional Ways of Watching TV Programs

% Who Have Ever Watched TV Programs From...



44% have watched TV programs from any non-traditional source



Base: Total Population 12+



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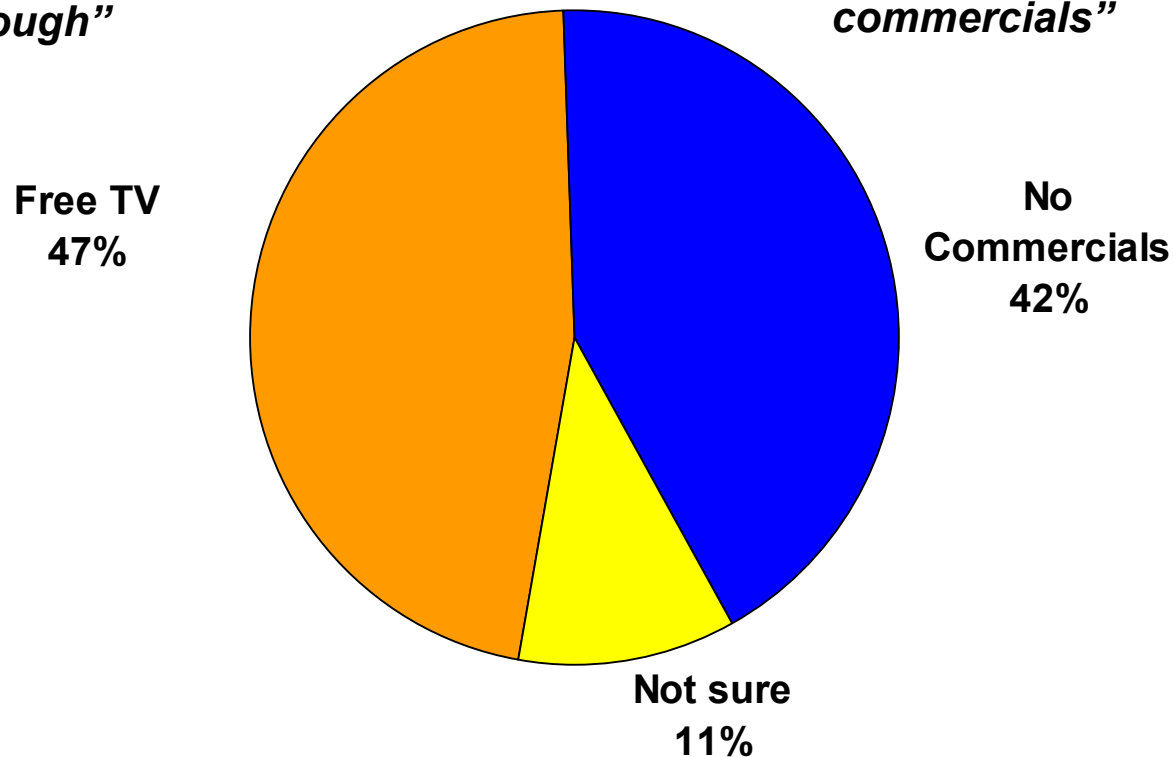
Viewers Nearly Split on Preference to Pay for VOD Content or Watch Ads

“Which of the following Video On Demand options is more appealing to you?”

“Having access to FREE TV programs in exchange for watching commercials that you COULD NOT skip or fast-forward through”

OR

“Paying a small fee, such as one or two dollars, to watch a single TV program episode WITHOUT commercials”



Base: Have Watched Video On Demand or Are Interested in VOD



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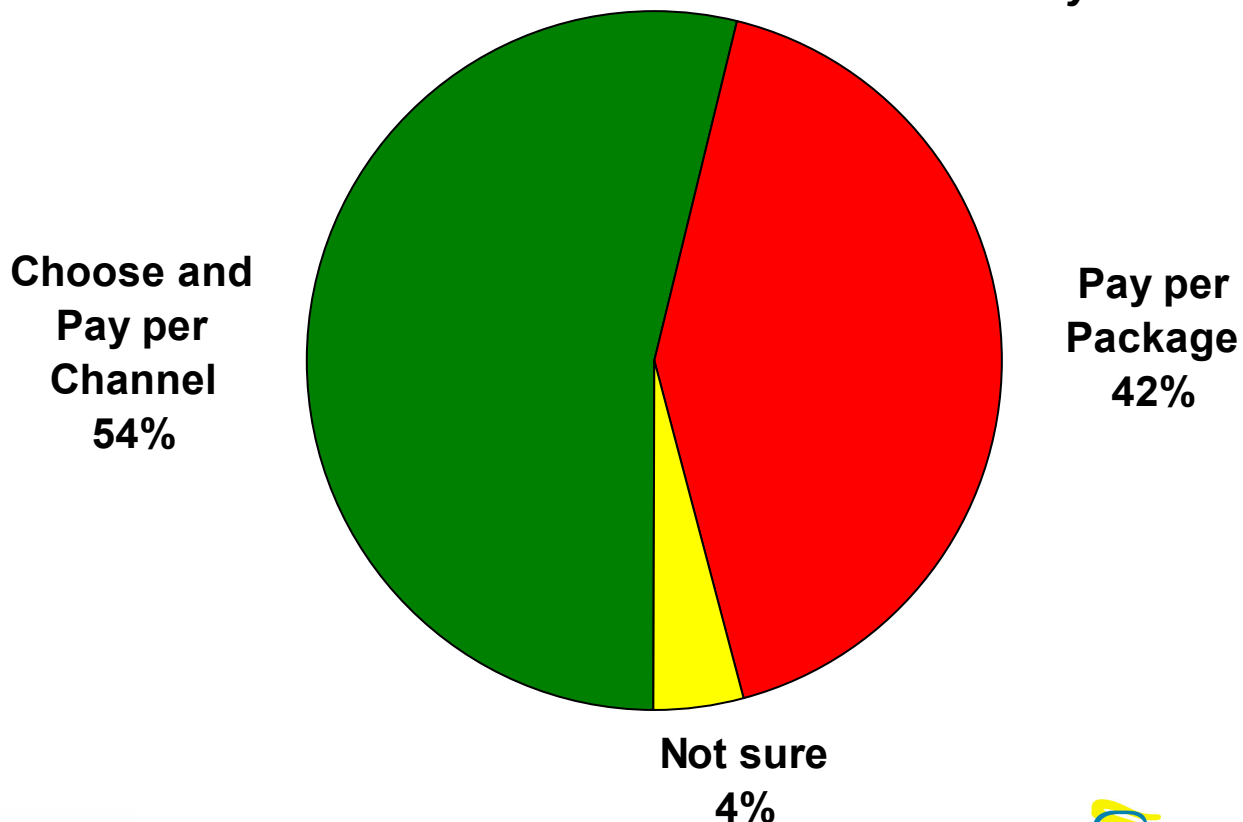
Cable Subscribers Prefer À La Carte Pricing versus Packaged Tiers

“Which of the two cable subscription options is more appealing to you?”

“Ability to choose and pay for only individual channels you are interested in”

OR

“Paying different prices for different tiers as you currently do”



Base: Cable Subscribers Age 12+



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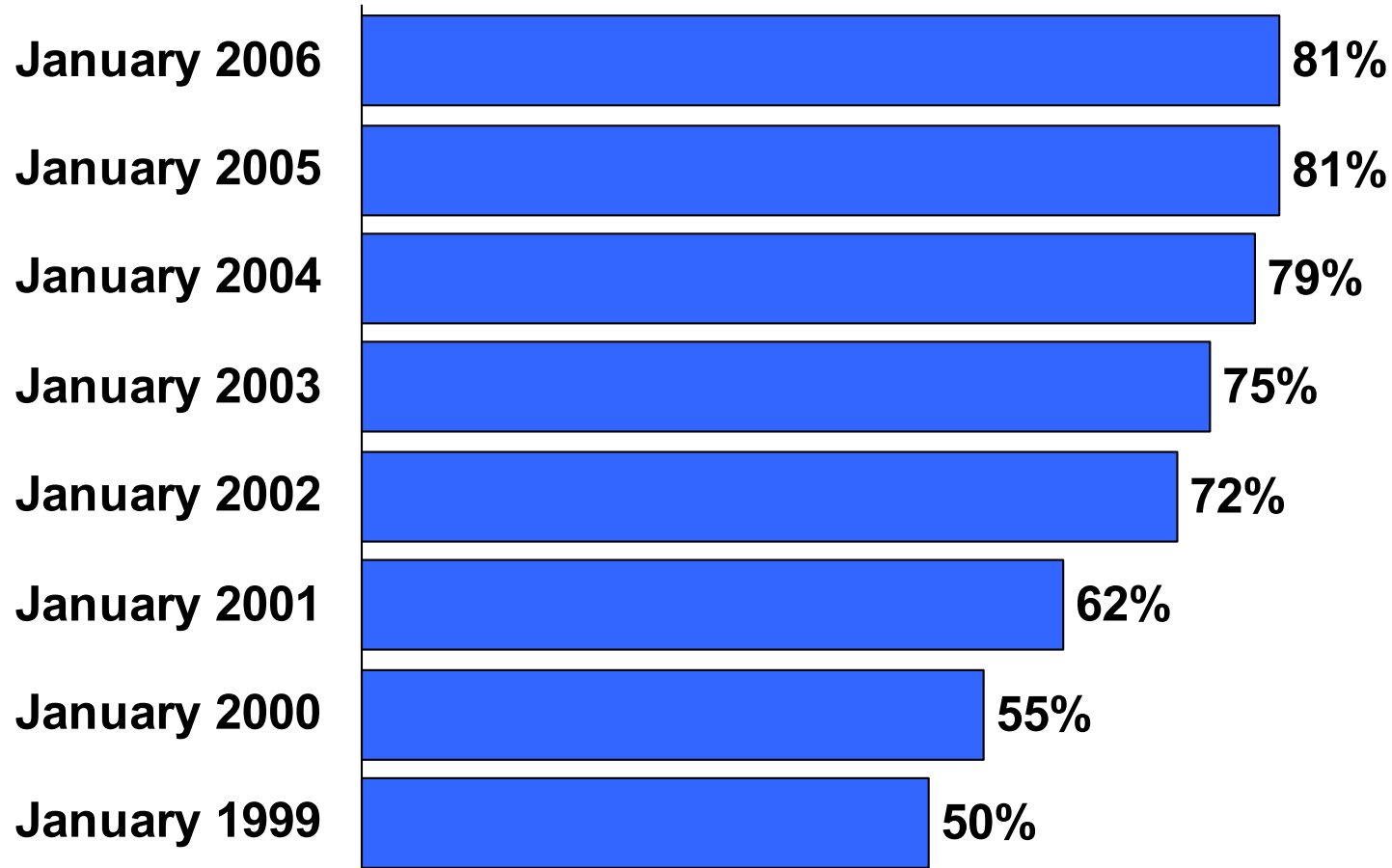
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Internet Usage Trends



More Than Eight in Ten Americans Online from Any Location

% with Internet Access from Any Location



Base: Total Population 12+

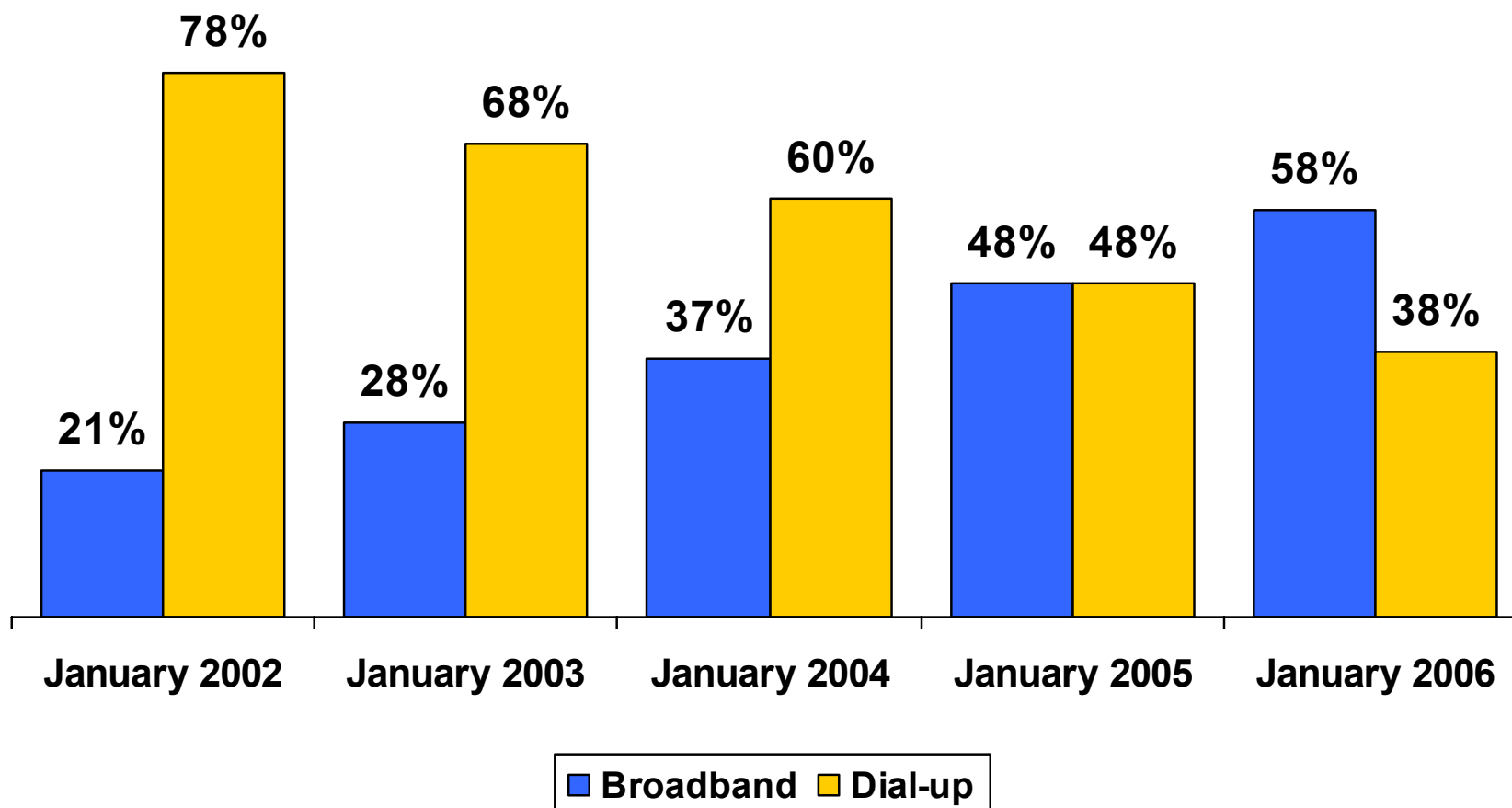


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Residential Broadband Now Far Surpasses Dial-Up Internet Access

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



Base: Access the Internet from Home

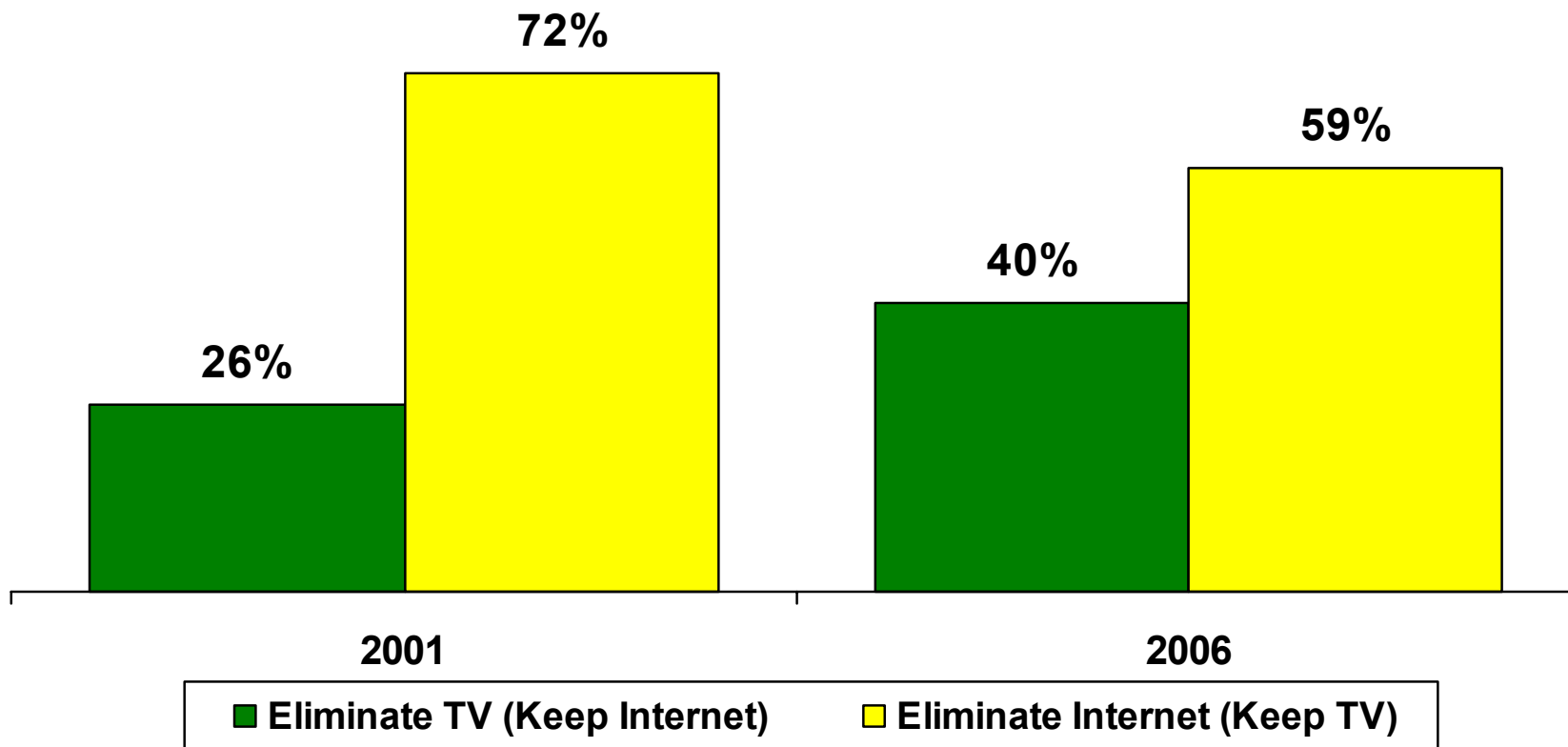


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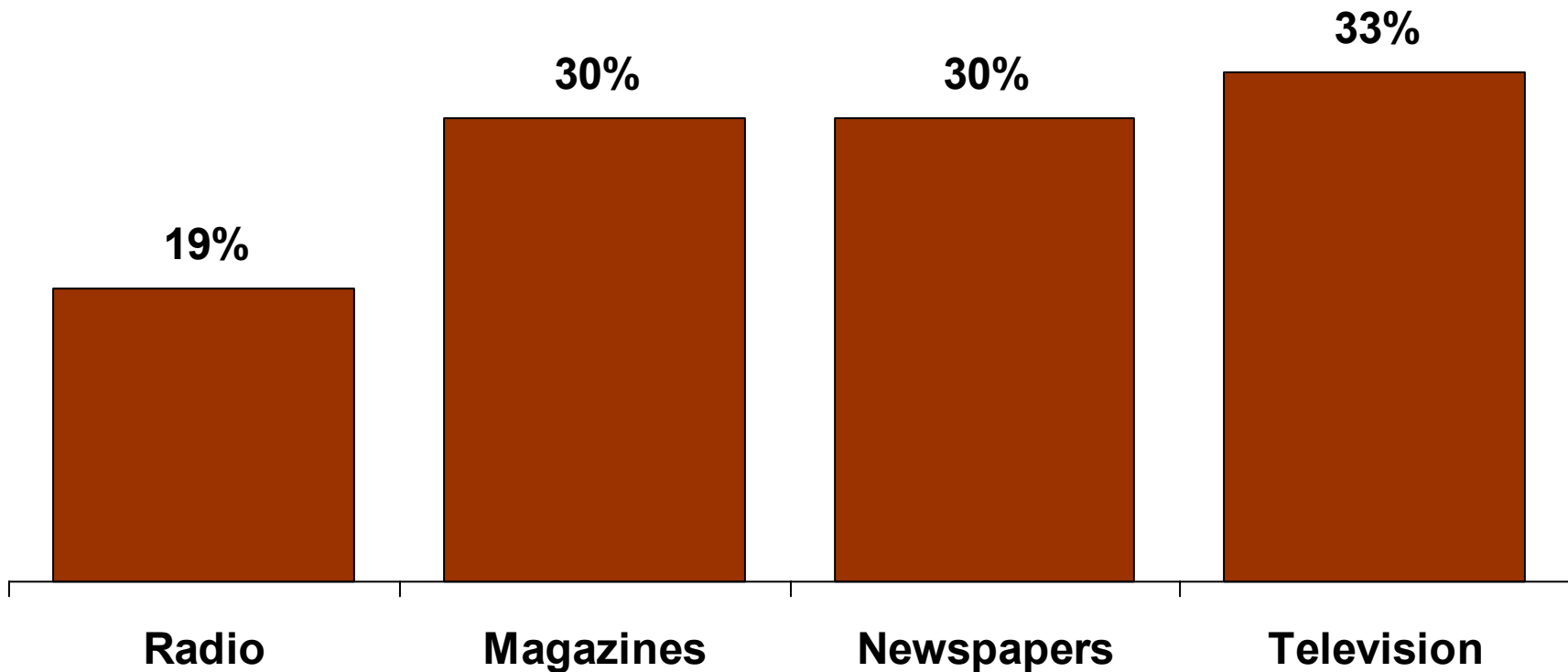
Internet Becoming More Important to People's Lives Relative to TV

“Suppose from this moment on you were given the following two choices... either you could never watch television again OR you could never access the Internet again. Which would you be more willing to eliminate from your life?”



Many Say They Are Spending Less Time with Traditional Media Due to Time Spent Online

% Spending Less Time With Medium Due to Time Spent Online



Base: Access the Internet from Any Location

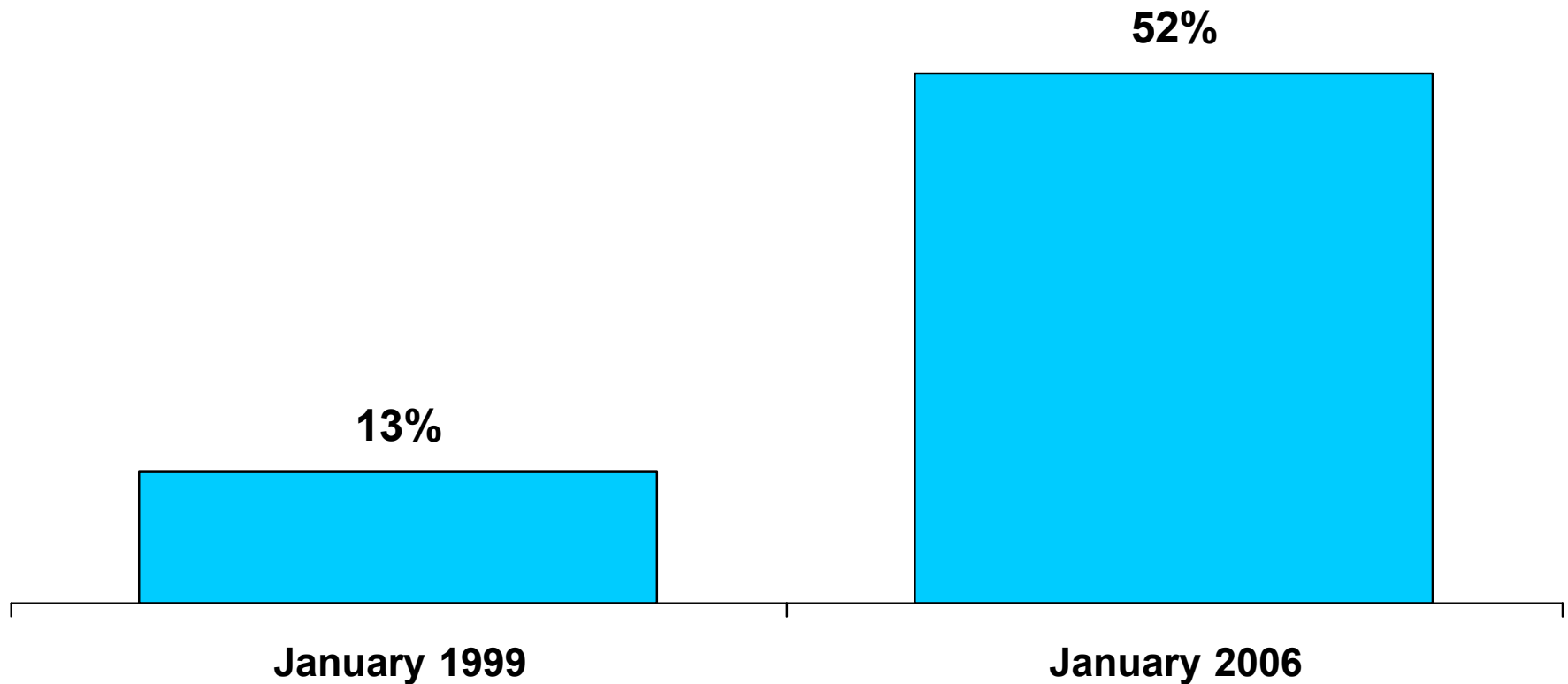


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The Number Having Purchased Online Has Grown Fourfold Since 1999

% Having Ever Made a Purchase Online



Base: Total Population 12+

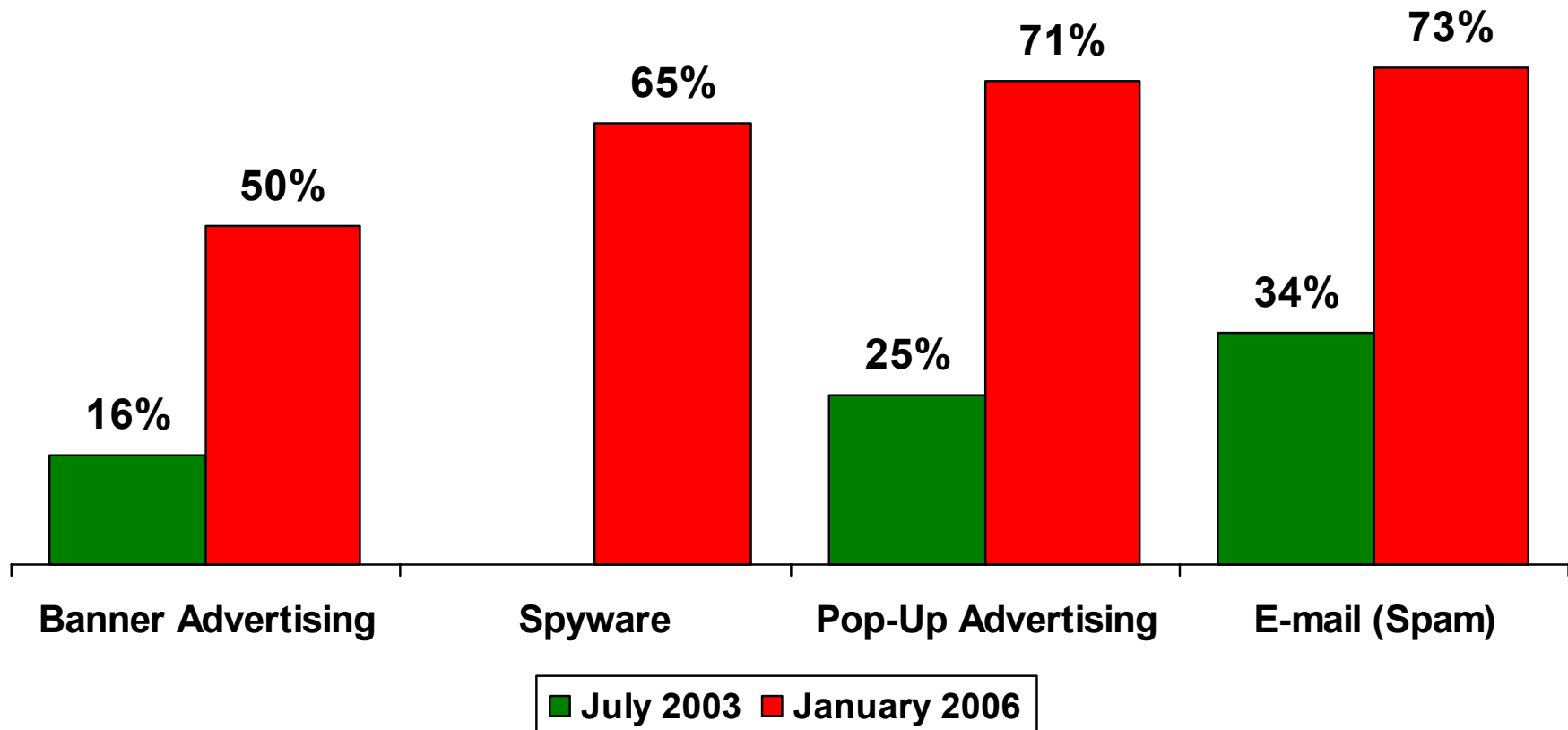


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Majority of Home Internet Users Have Spam- or Ad-Blocking Software on PC

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



Base: Access the Internet from Home



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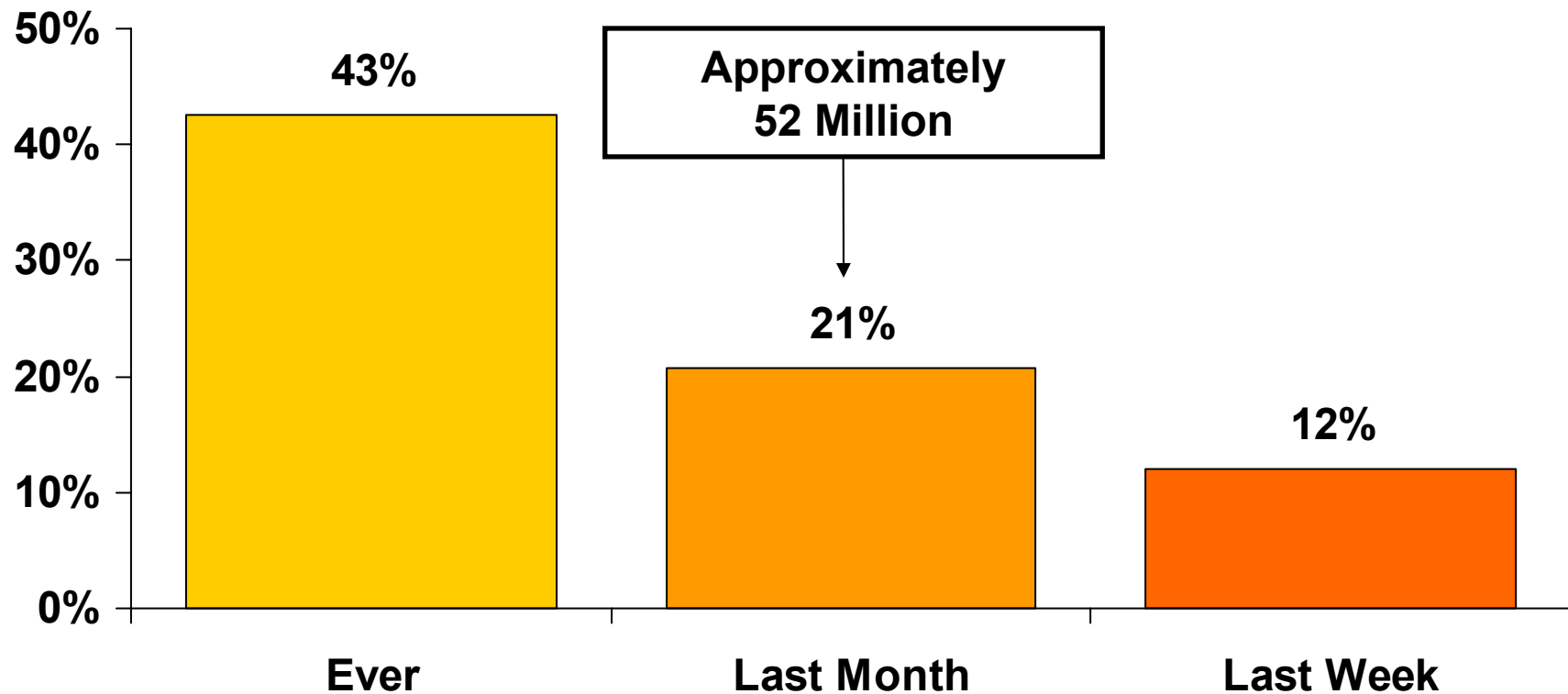
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Digital Radio



An Estimated 52 Million Americans Listened to Internet Radio in the Last Month

% Who Have Listened to Internet Radio...

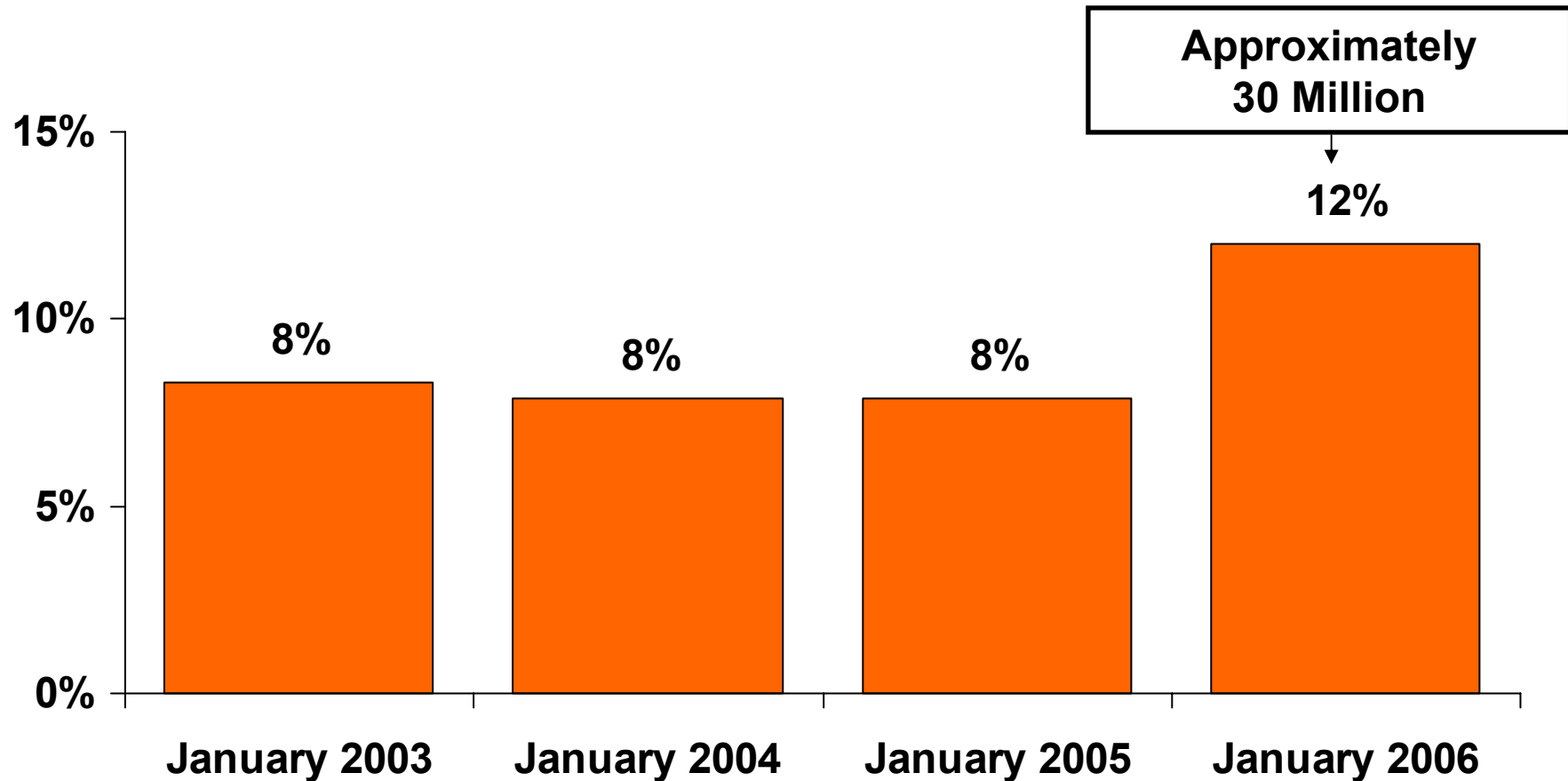


Base: Total Population 12+



Weekly Internet Radio Audience Increased by 50% in Past Year

% Who Have Listened to Internet Radio in Last Week



Base: Total Population 12+

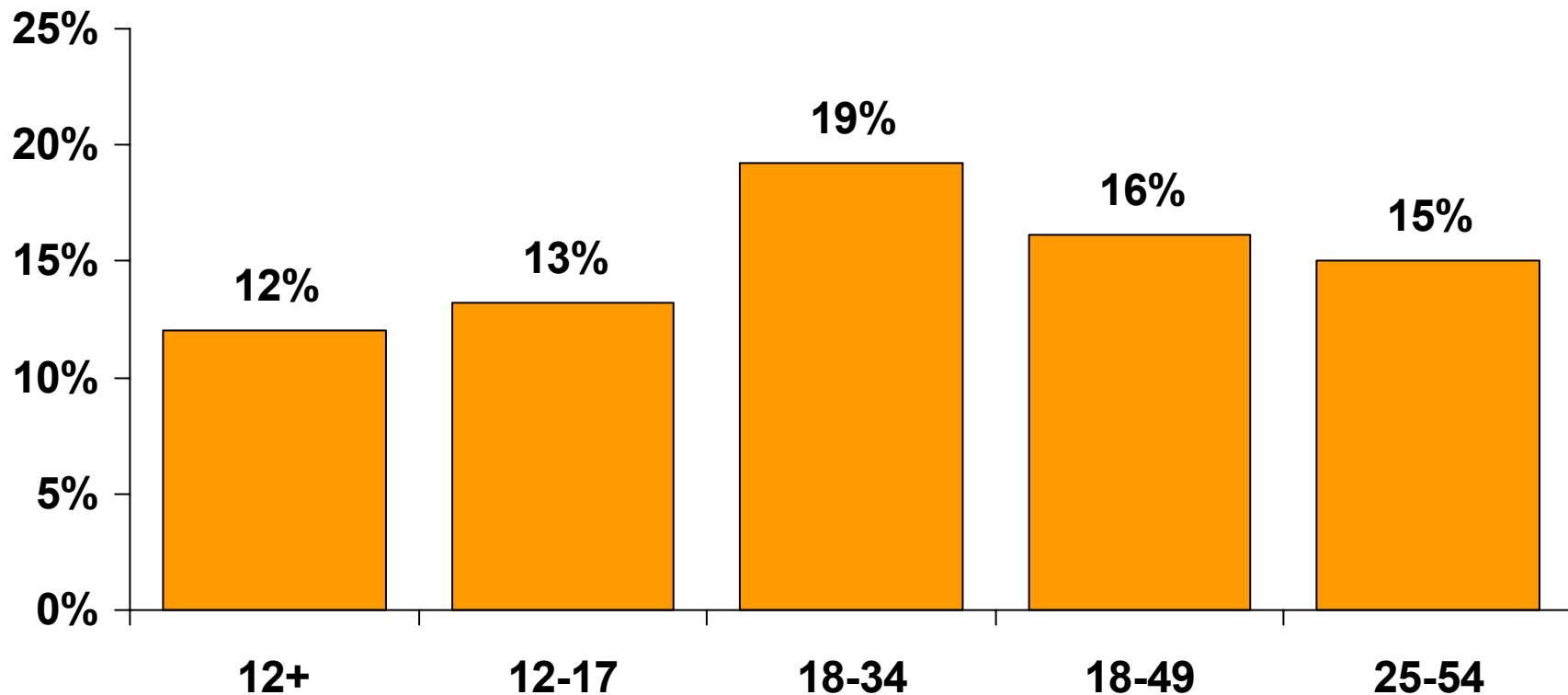


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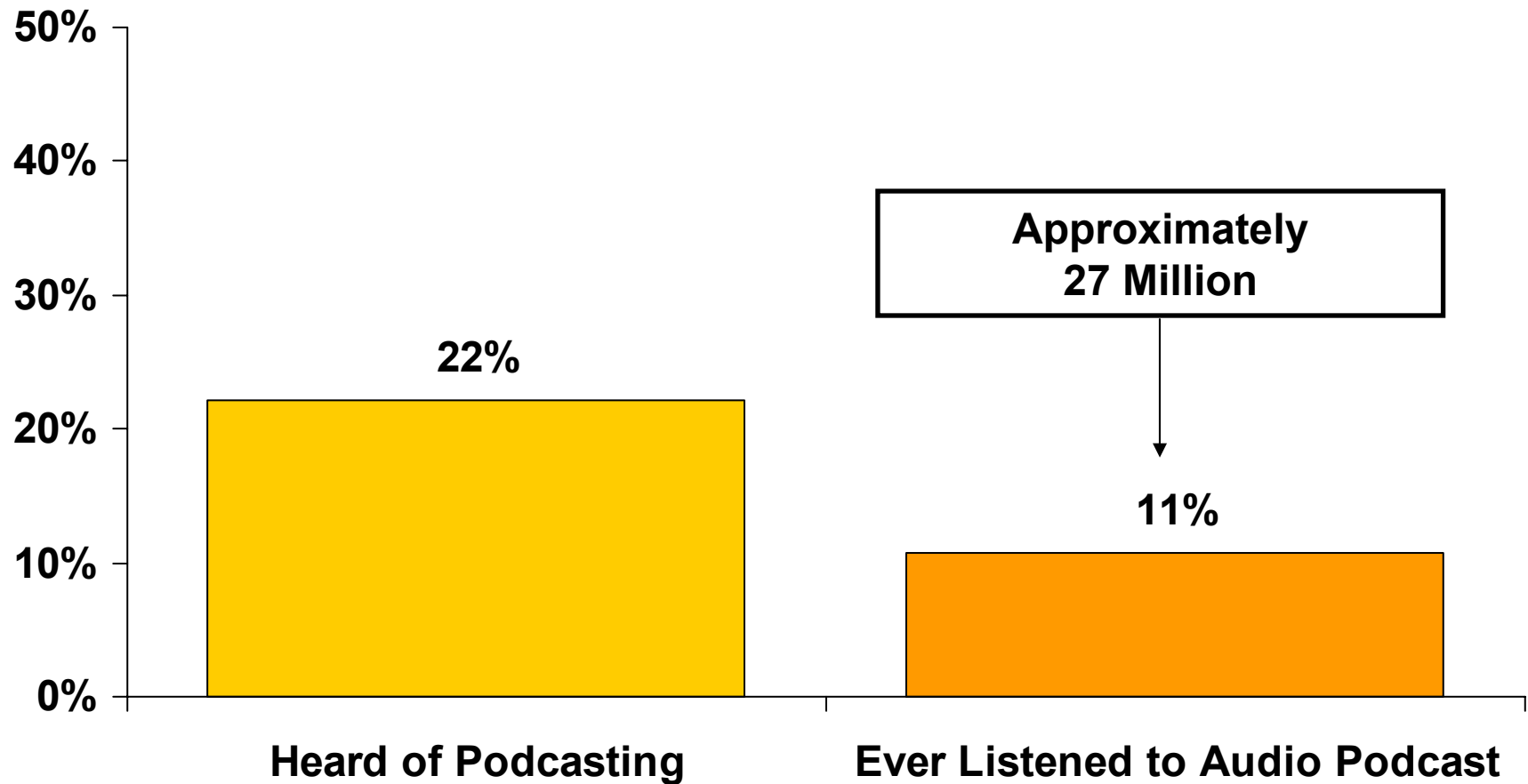
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Internet Radio Reaches One in Five 18- to 34-Year-Olds Per Week

% By Age Group Who Have Listened to Internet Radio in Last Week

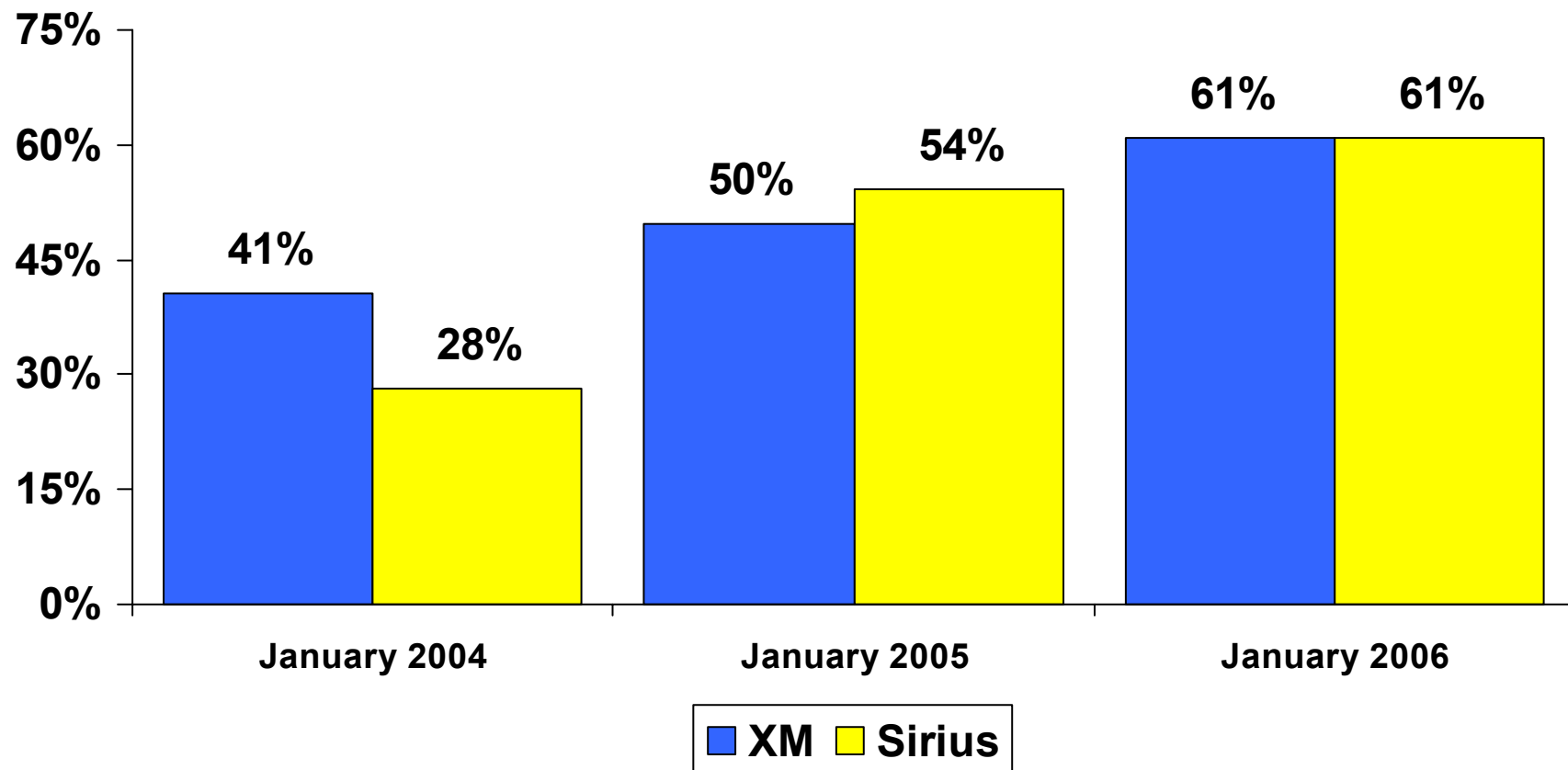


More Than One in Ten Have Listened to an Audio Podcast



Both Satellite Radio Companies Now Have More Than 60% Awareness

“Have you ever heard of a satellite radio service called...?”



Base: Total Population 12+

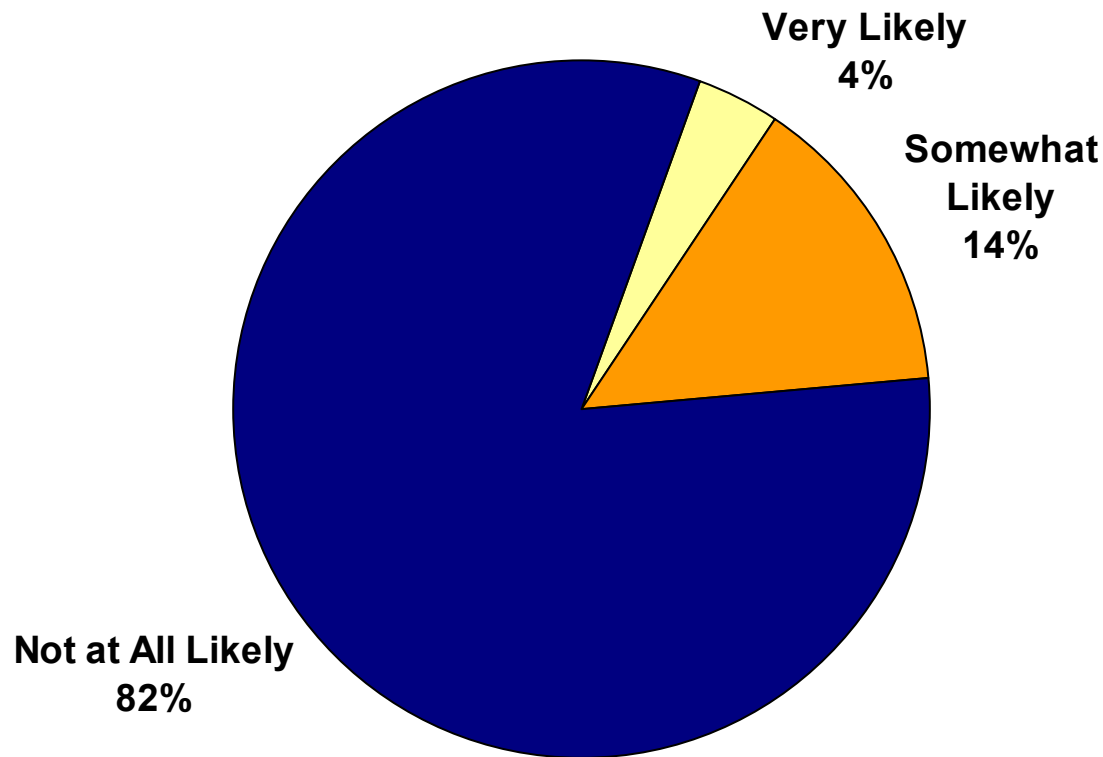


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Nearly One In Five Non-Subscribers Likely to Sign Up For Satellite Radio In Next Year

% Likely to Subscribe to Satellite Radio Services in Next 12 Months



Base: Do Not Subscribe to Satellite Radio
(XM or Sirius)

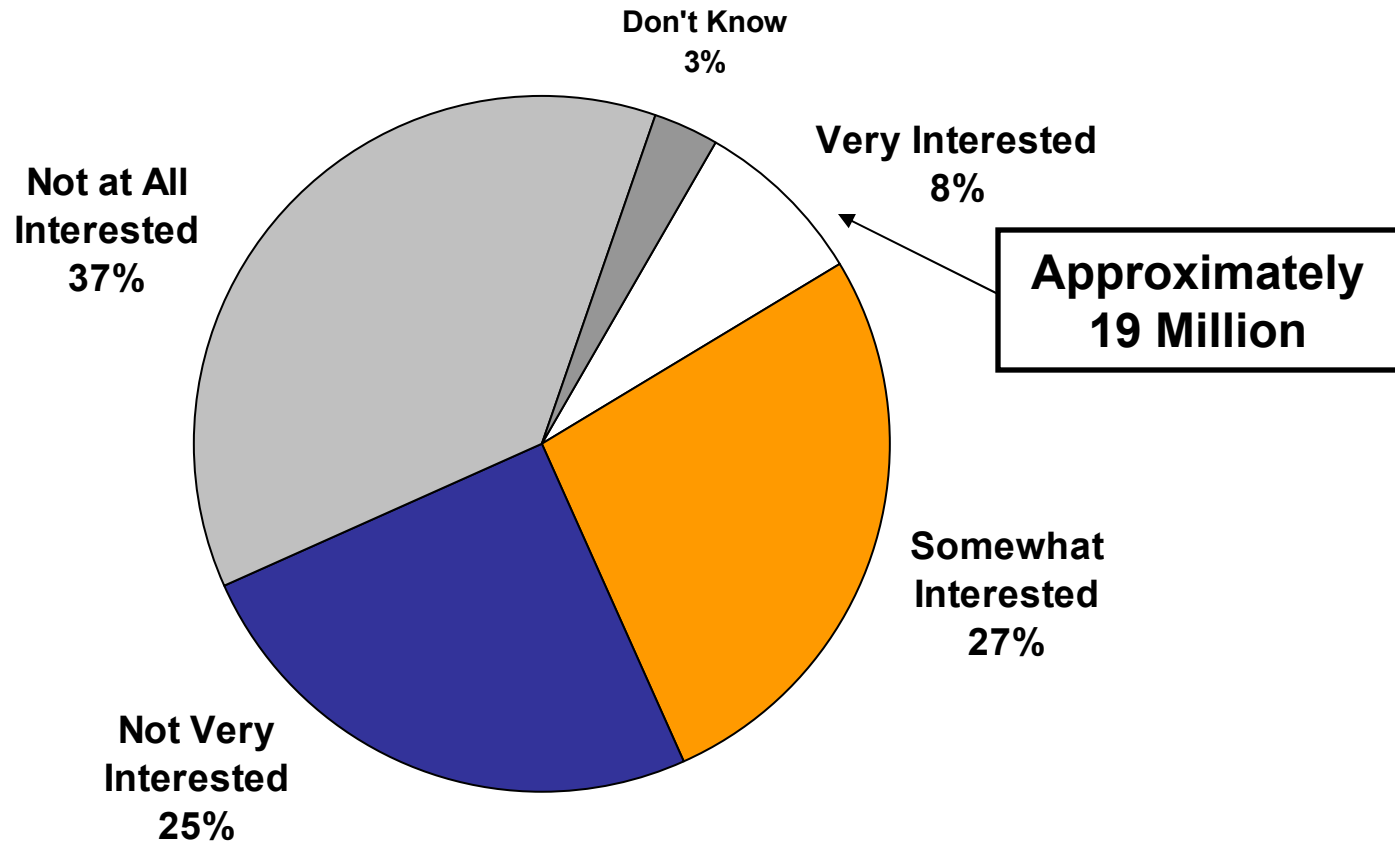


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More Than One in Three Show Interest in HD Radio™

Interest in HD Radio Based on Description



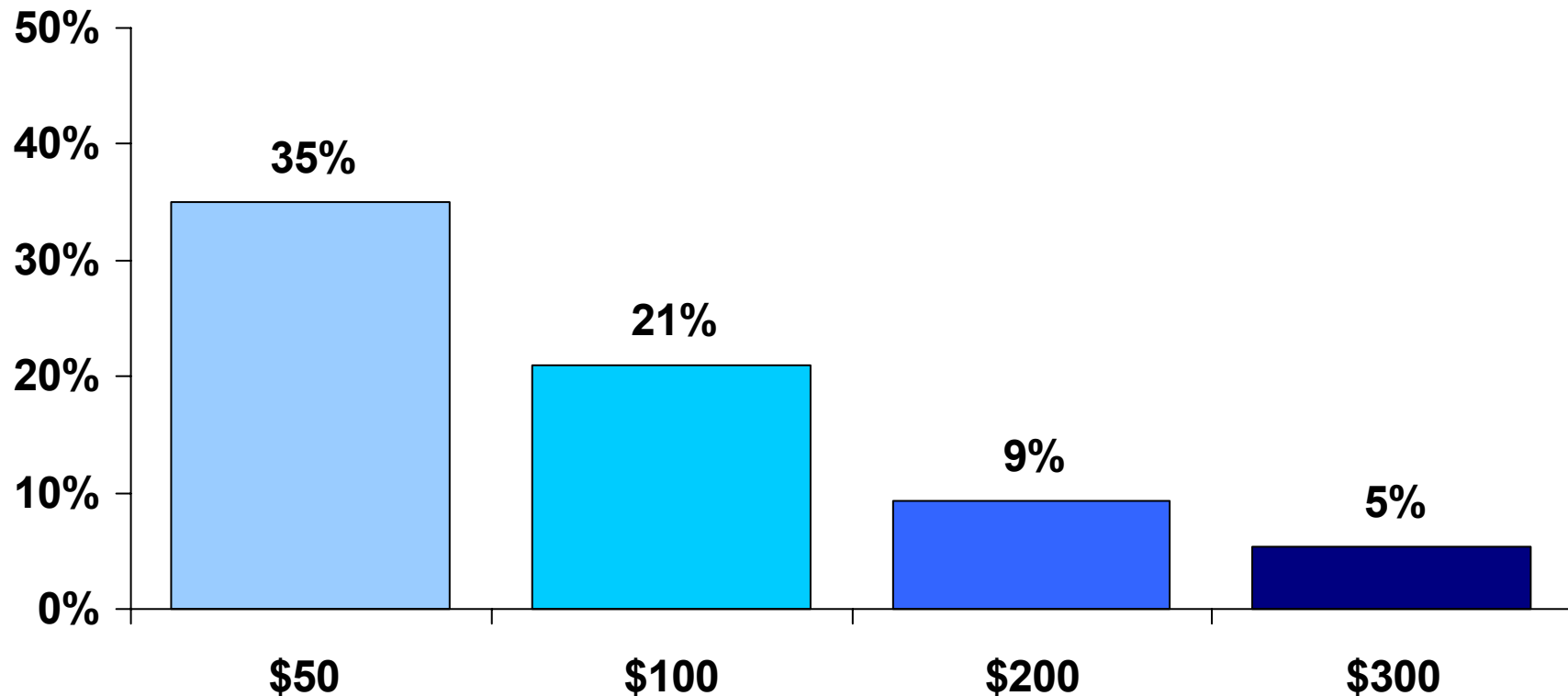
Base: Total Population 12+



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More Than One-Third Say They Would Be Likely to Buy an HD Radio For \$50

% Saying Likely to Purchase HD Radio at Price Level Based on Description



Base: Total Population 12+

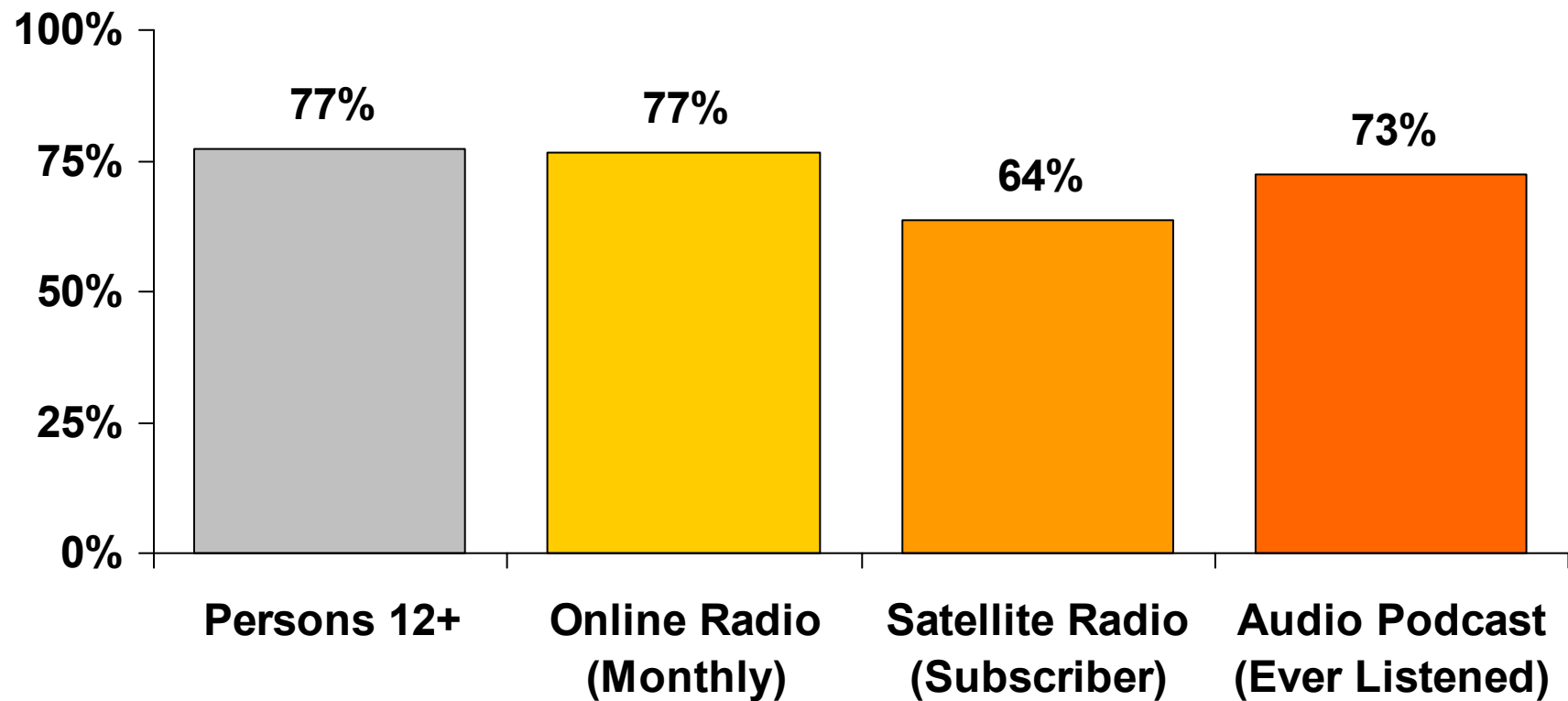


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Majority of “Digital Radio” Audience Expect to Listen Same Amount to AM/FM Radio in Future

% Agreeing: “In the future, you will continue to listen to AM/FM radio as much as you do now despite increasing advancements in technology.”

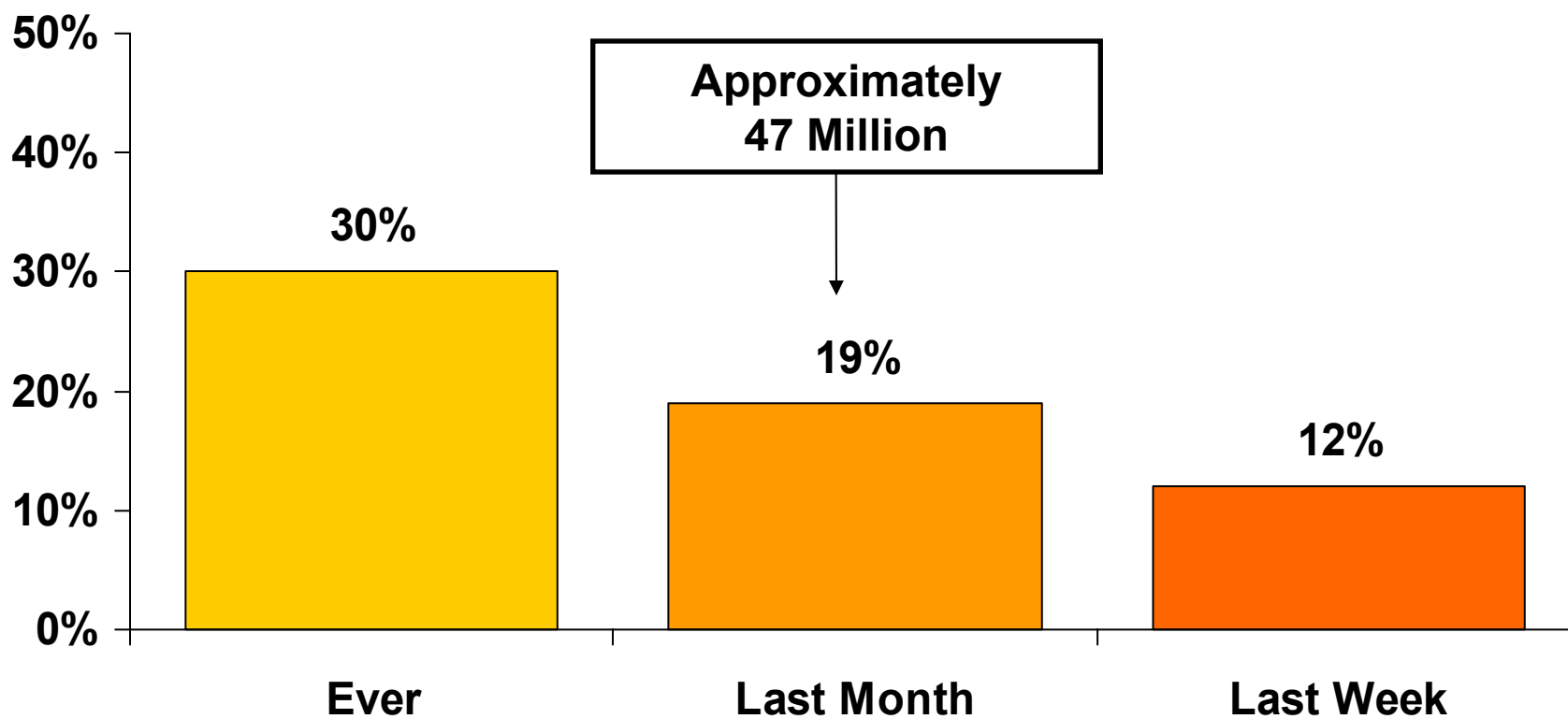


Internet Video



An Estimated 47 Million Viewed Internet Video In the Last Month

% Who Have Viewed Internet Video...



Base: Total Population 12+

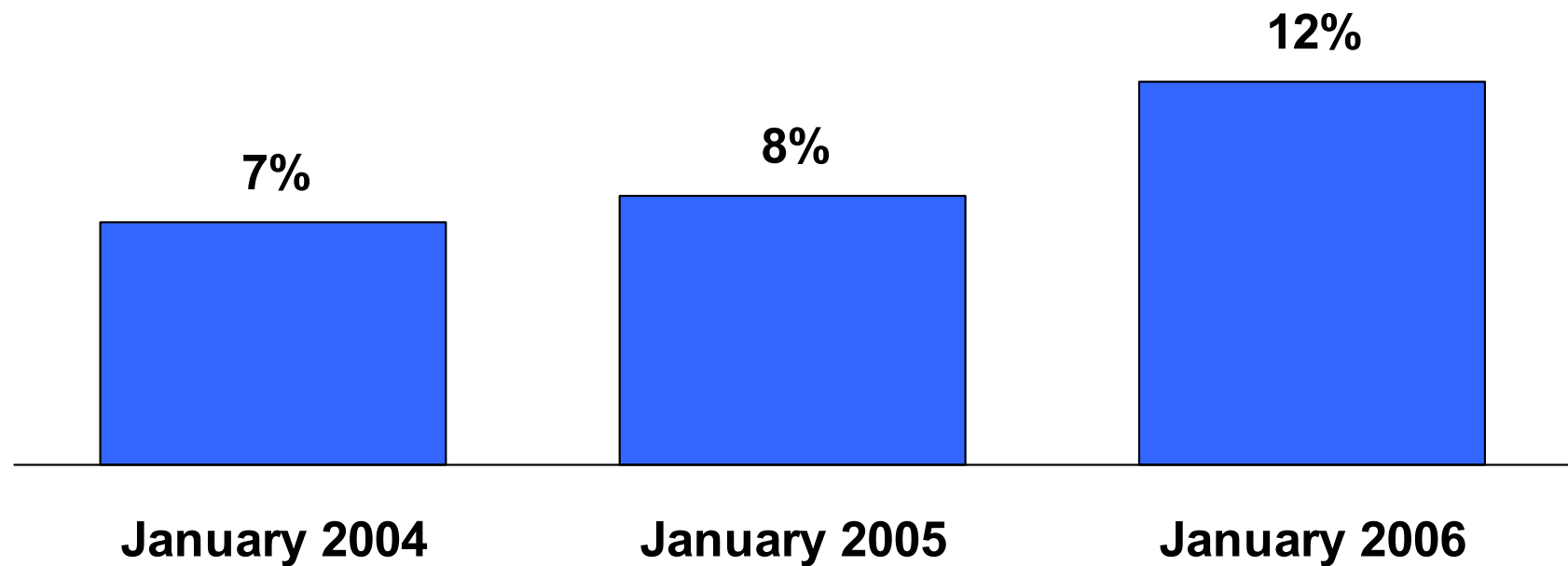


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Weekly Internet Video Audience Has Grown 50% In the Last Year

% Who Have Viewed Internet Video in Last Week



Base: Total Population 12+



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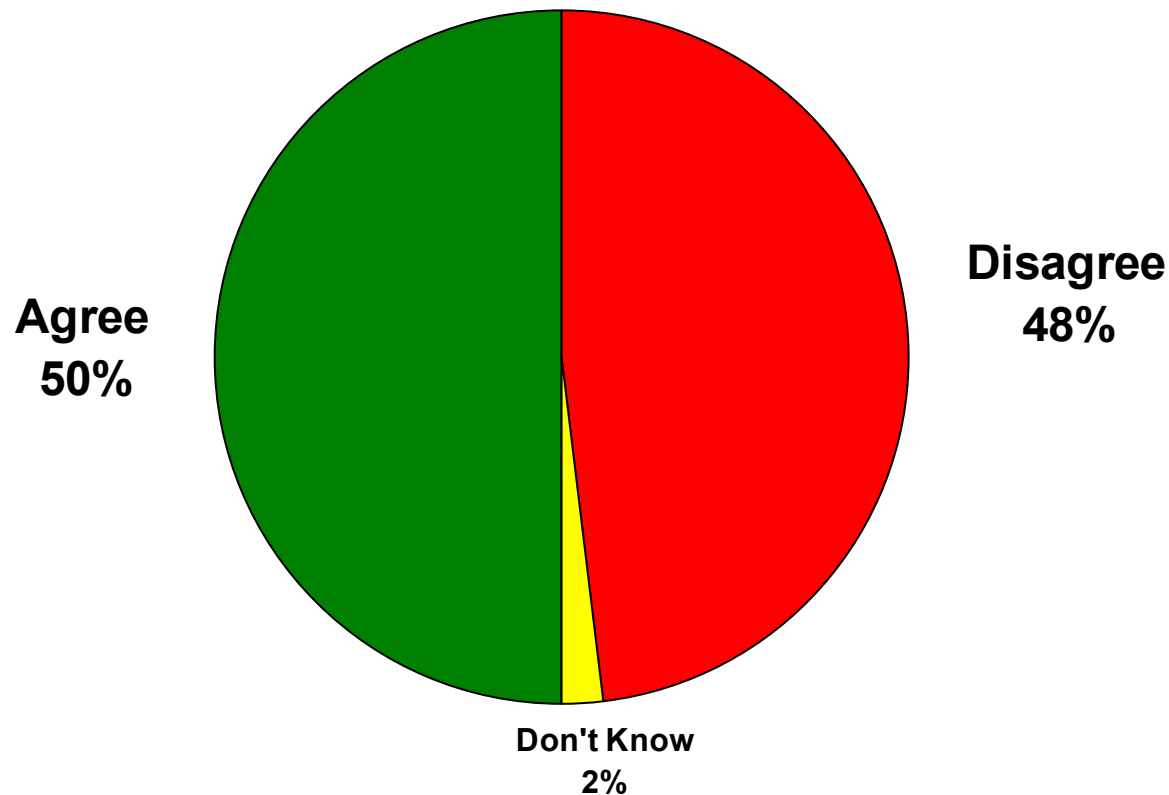
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Views of Traditional Media



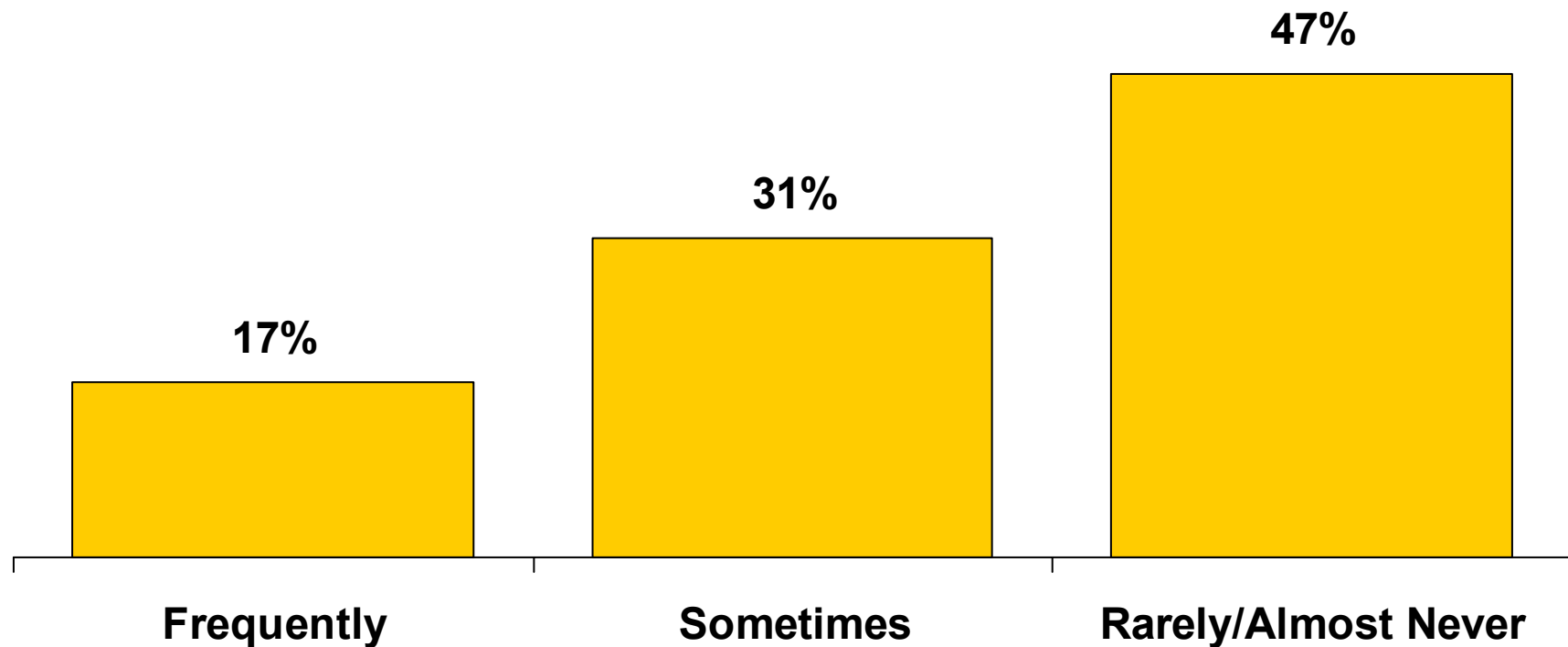
Americans Split on Restricting Network Television Programming

“Television networks like ABC, NBC, CBS and Fox should be able to air whatever programming they please; if people don’t want to watch, they can change the channel.”



One in Six Frequently Find Network TV Programs Too Dirty/Explicit

“How often do you find NETWORK television programs to be too dirty and explicit for your taste?”



Base: Total Population 12+



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Implications



Implications

- 1. Content producers and advertisers will need to track the “Heavy” On-Demand media consumer more closely.**

The growth of “On-Demand Media Consumers” has shown that new broadcasting platforms and time-shifting programming is not a just a techie fad.

Advertisers must continue to support experiments in tandem with the content providers to learn how to reach consumers who are adopting this new media consumption style.

Implications

- 2. Media becomes ever more portable and flexible, requiring new advertising approaches.**

Shorter spots, more engaging creative and new incentives to view and listen to ads will need to be tested.

Implications

3. Audience measurement will have to include time-shifting.

The time that content first debuts and the time of its consumption increasingly are disconnected.

As a result, audience measurement systems will have to account for exposure over time.

Implications

4. Advertising will continue to be integrated into the content of programming.

With much of on-demand media consumption is driven by the ability to avoid or eliminate commercials, advertisers will have to continue their experiments with advertising and promotion within programming.

Look for any number of partnerships and creative solutions to reduce dependence on traditional “spots” and instead to interweave programming with advertising.

Implications

5. Increased demand for accountability and standardized audience measurement.

Online radio and XM Satellite Radio are now measured and accountable.

Each of the new media platforms need to develop reliable and standardized measurement tools to justify investment from advertisers and agencies.

Implications

6. New marketing opportunities exist for Radio's "Infinite Dial."

Radio's digital platforms (Online Radio, HD Radio, Satellite Radio, Podcasting) provide myriad opportunities to get the client's message out to consumers who are young, upscale, and technologically savvy.

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