

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



# How Internet 9 Was Conducted

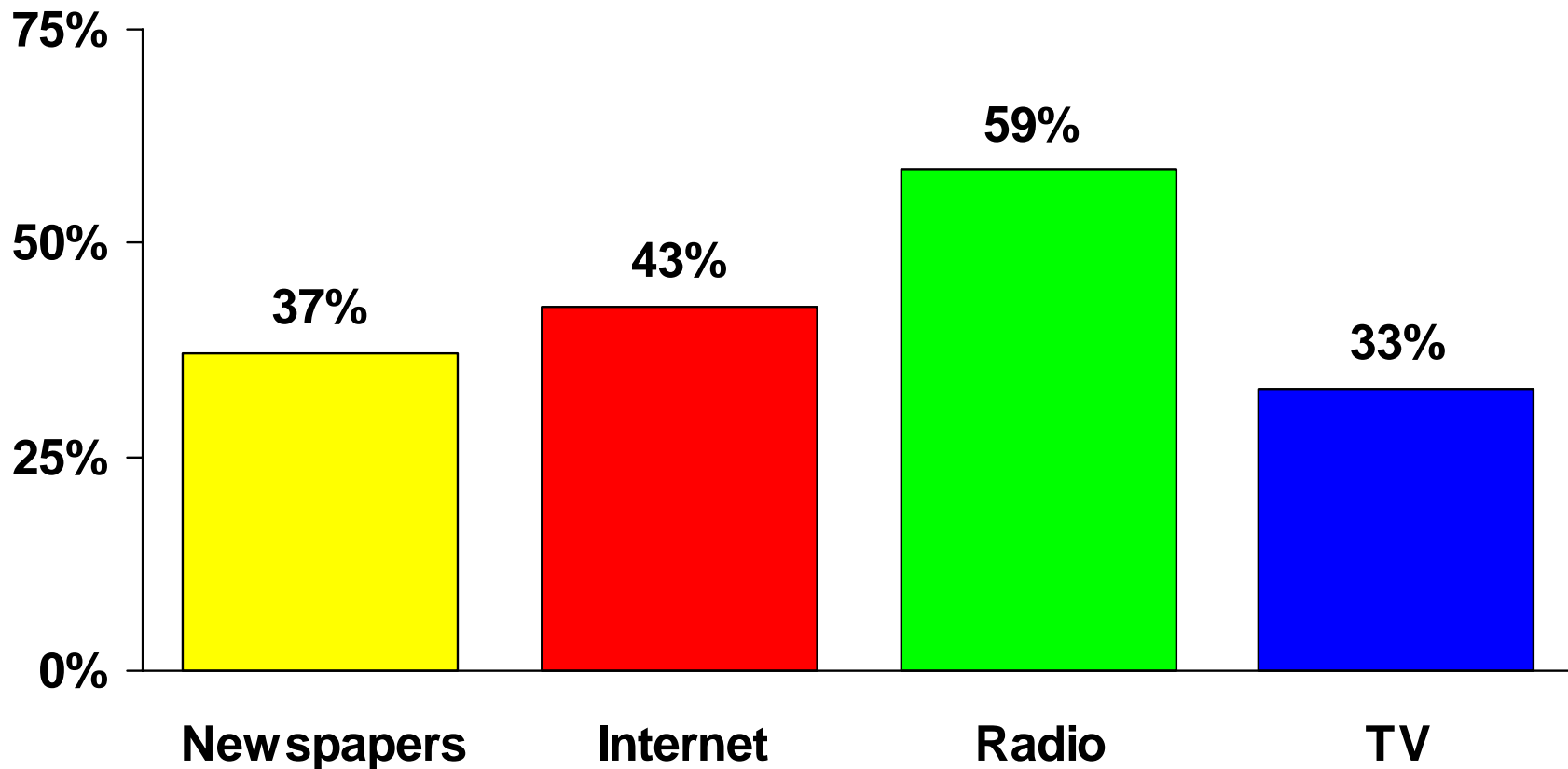
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**2,511 telephone interviews were conducted in July 2002**

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

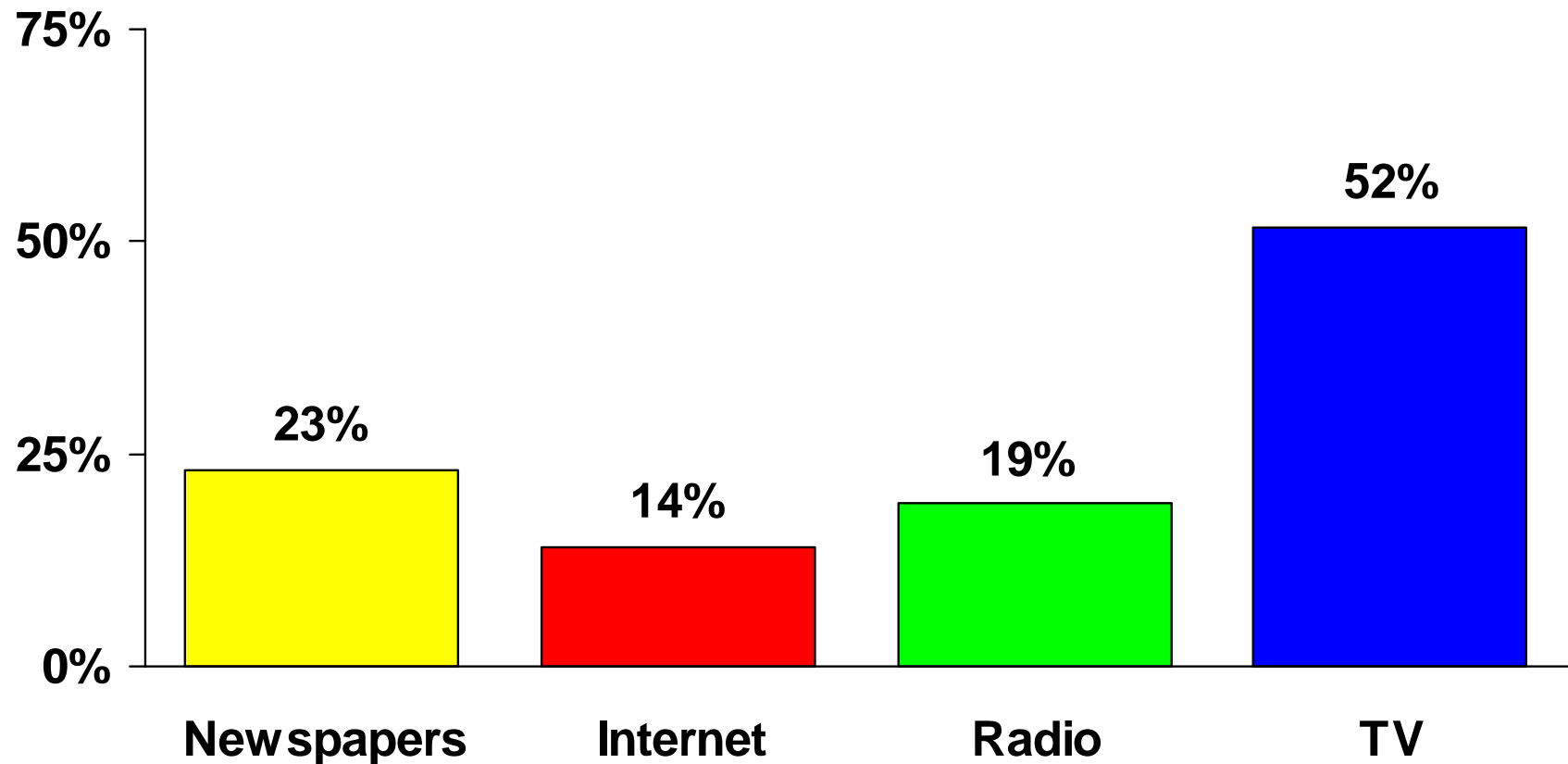
# Consumers Give Radio High Marks For “Getting Better Lately”

% Who Say Medium is “Getting Better Lately”



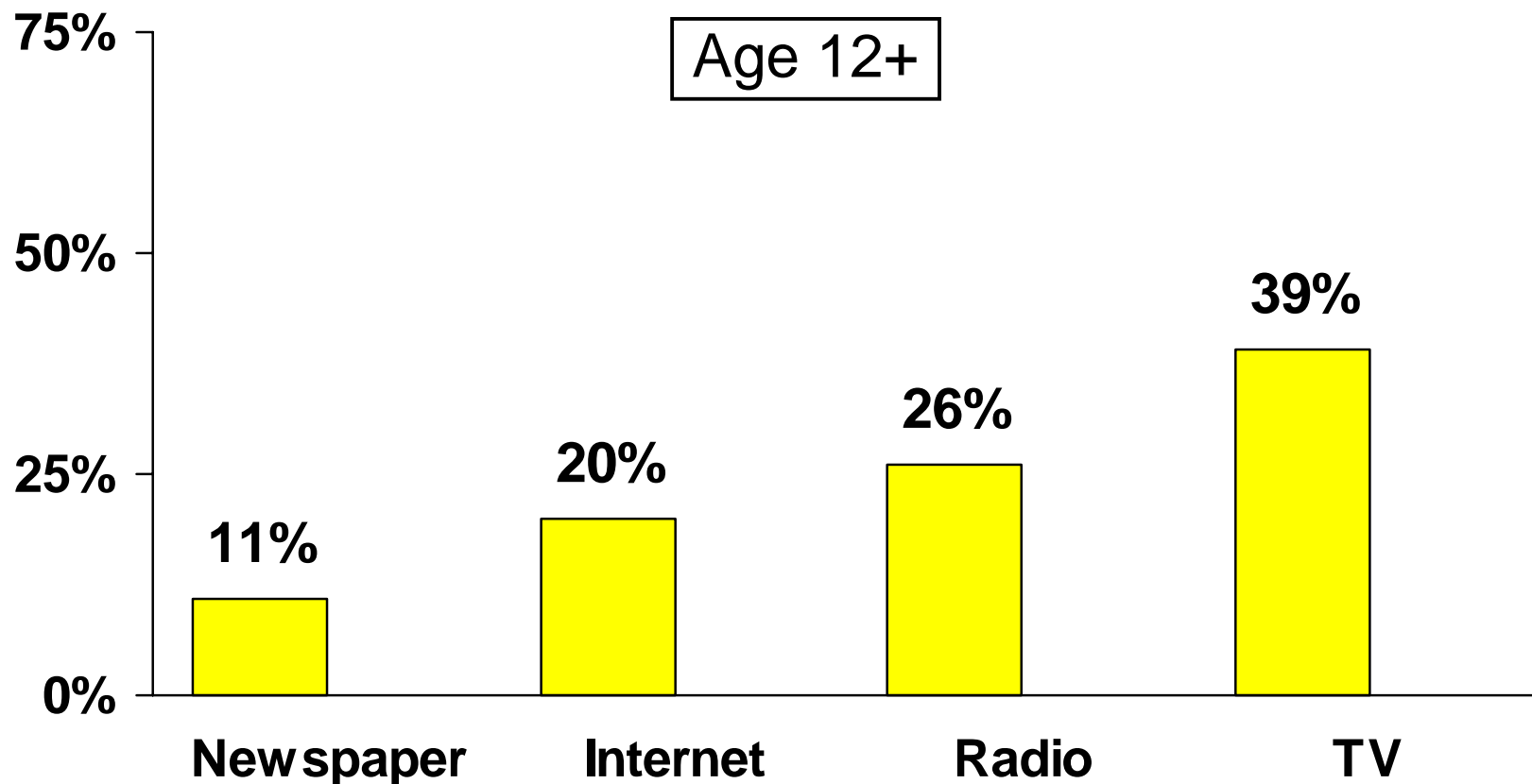
# Consumers Are Most Likely to Say TV is "Getting Worse Lately"

% Who Say Medium is "Getting Worse Lately"



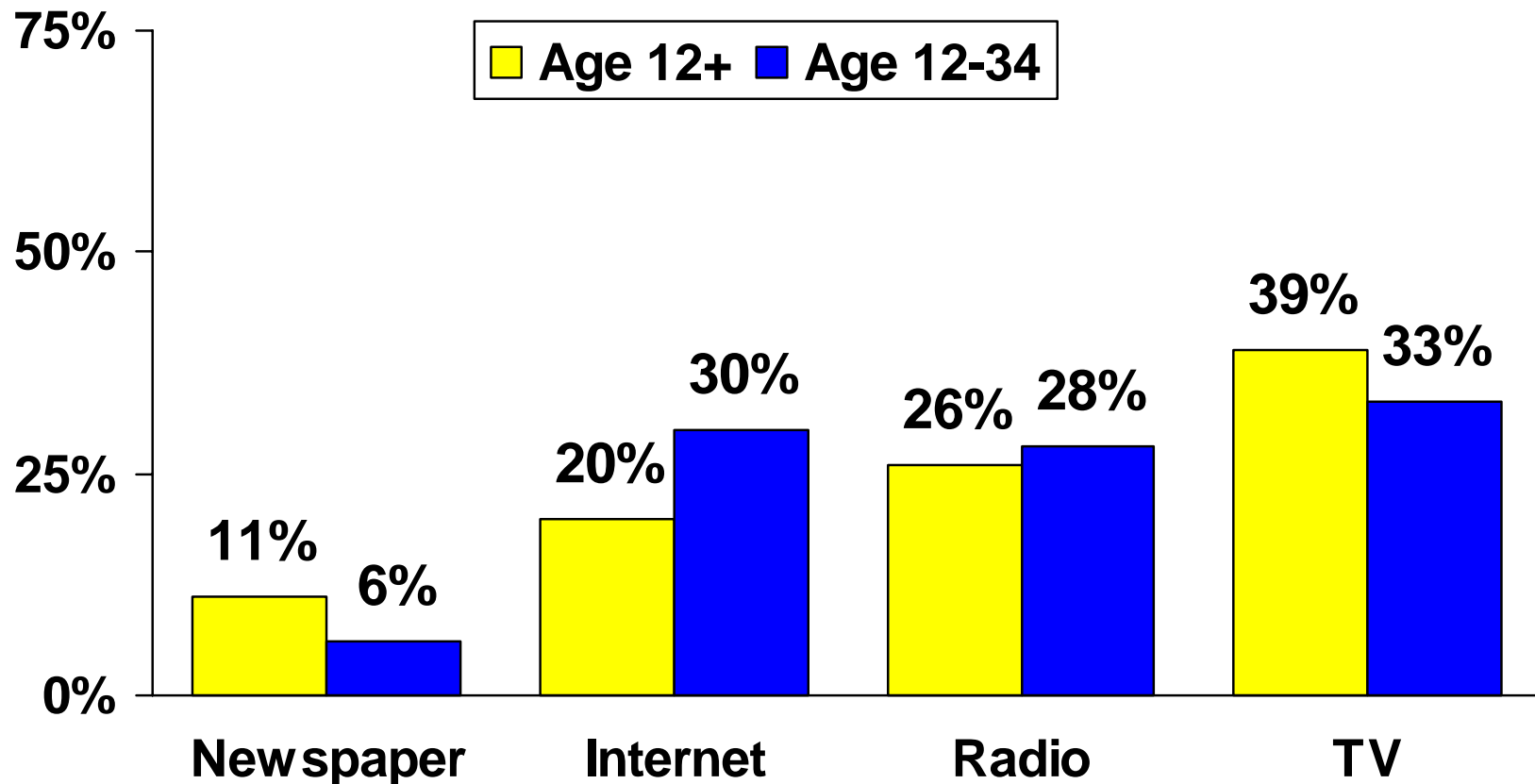
# Radio Trails TV as “Most Essential” Medium in Consumers’ Lives

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



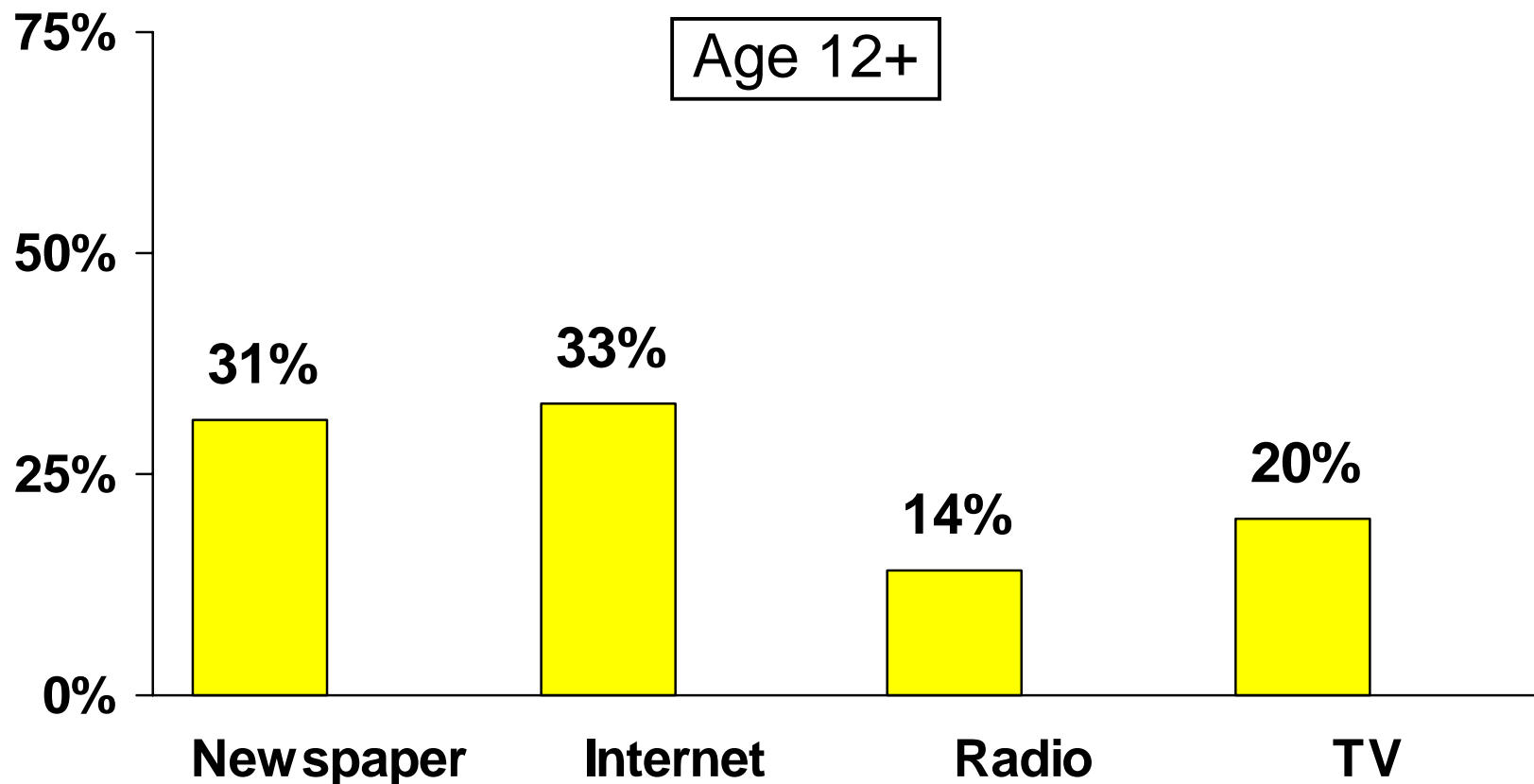
# Radio Nearly Tied With TV & Internet as “Most Essential” to 12 to 34 Year-Olds

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



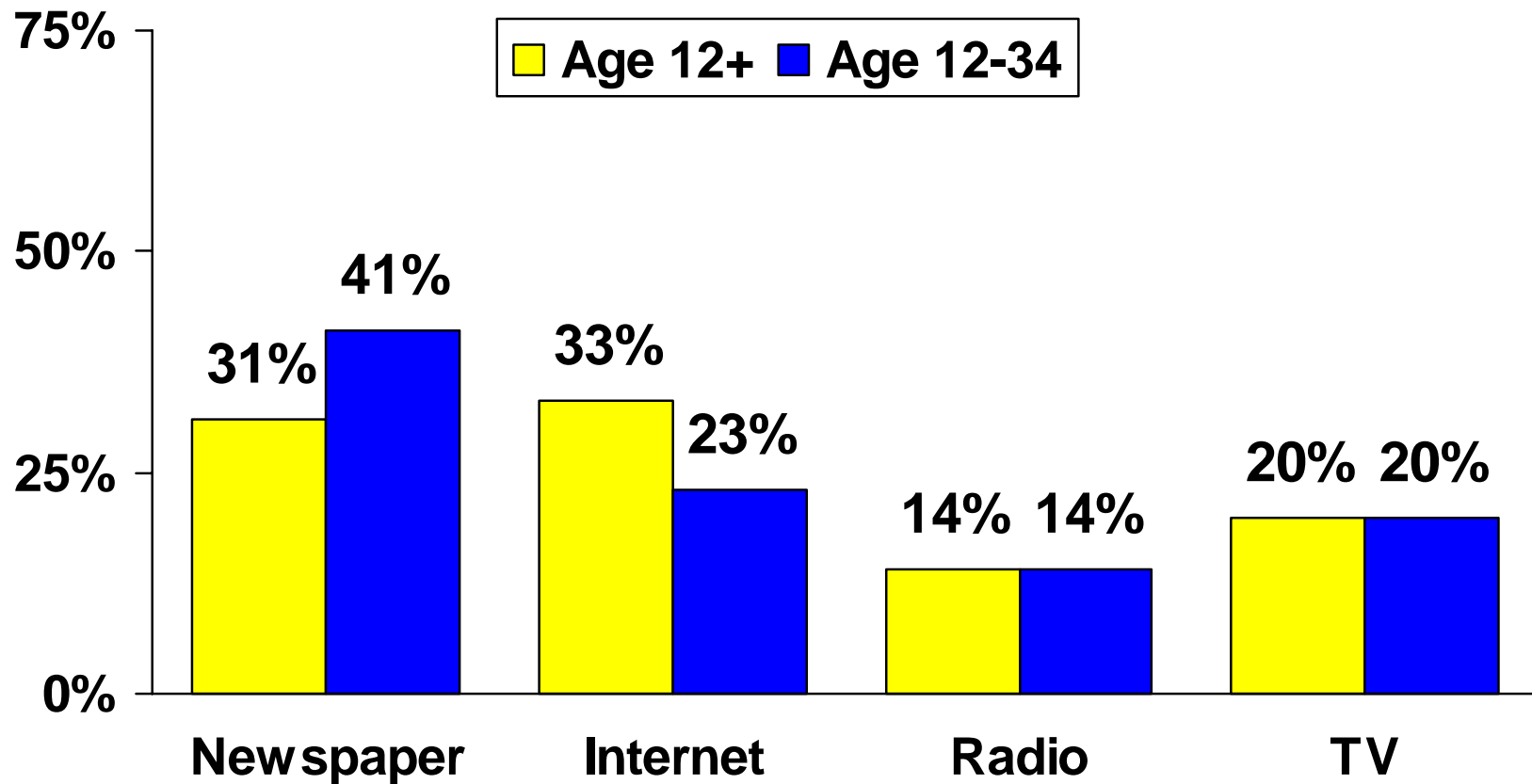
# Radio Has Fewest Saying it is "Least Essential" Medium

"Which of these media is LEAST essential to your life?"



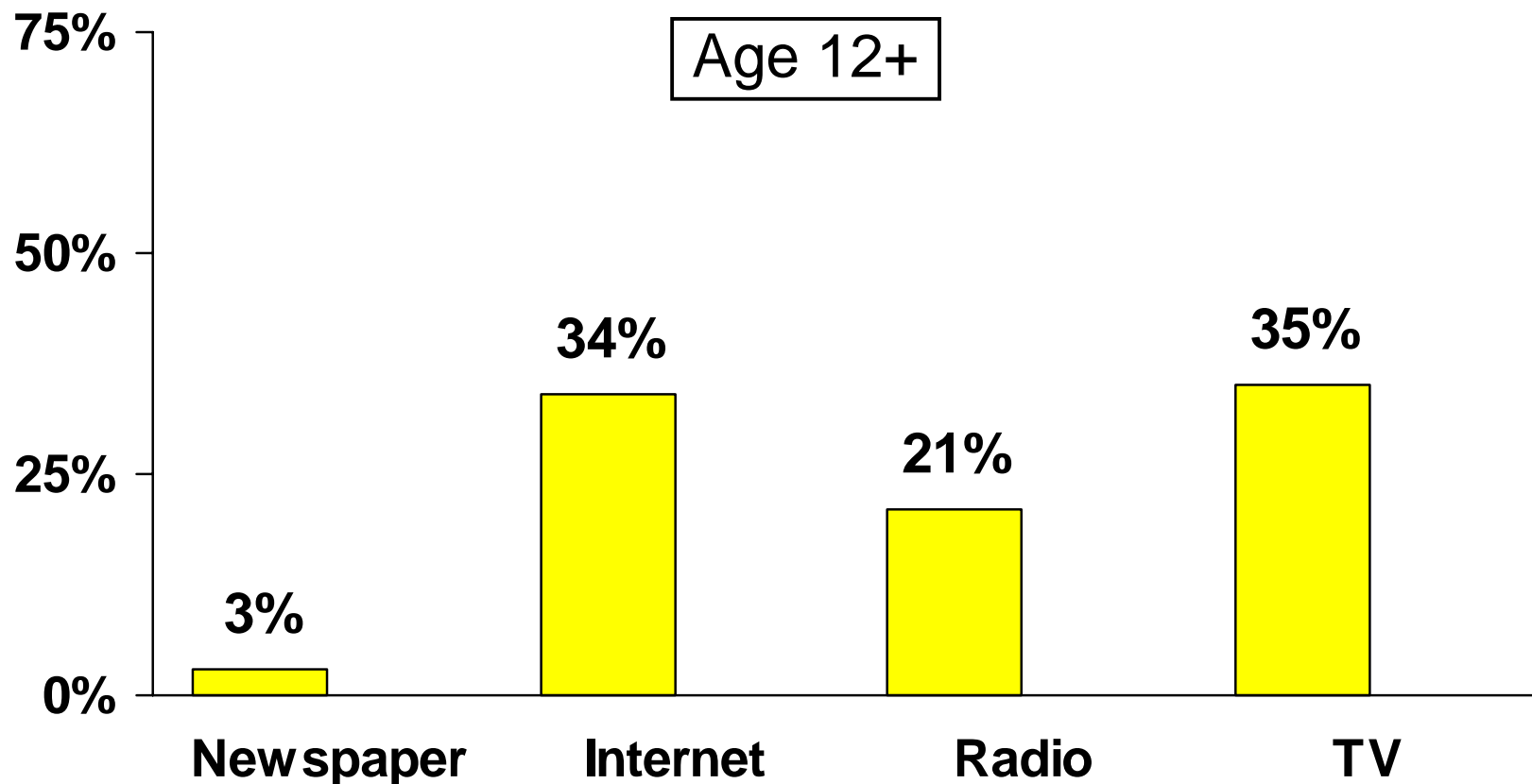
# Newspaper is "Least Essential" Medium to 12 to 34 Year-Olds

"Which of these media is LEAST essential to your life?"



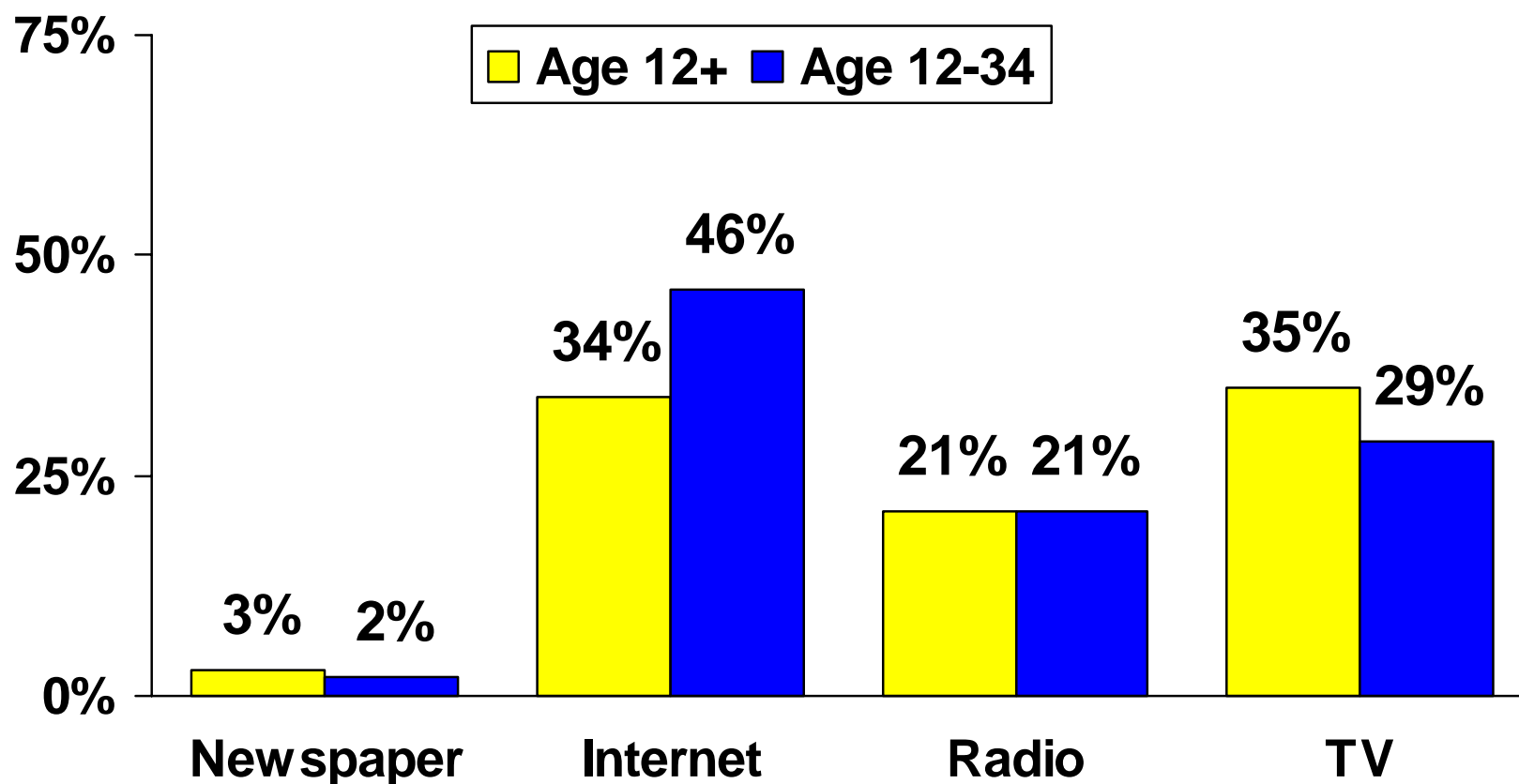
# Radio Trails TV and Internet as “Most Cool & Exciting” Medium

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



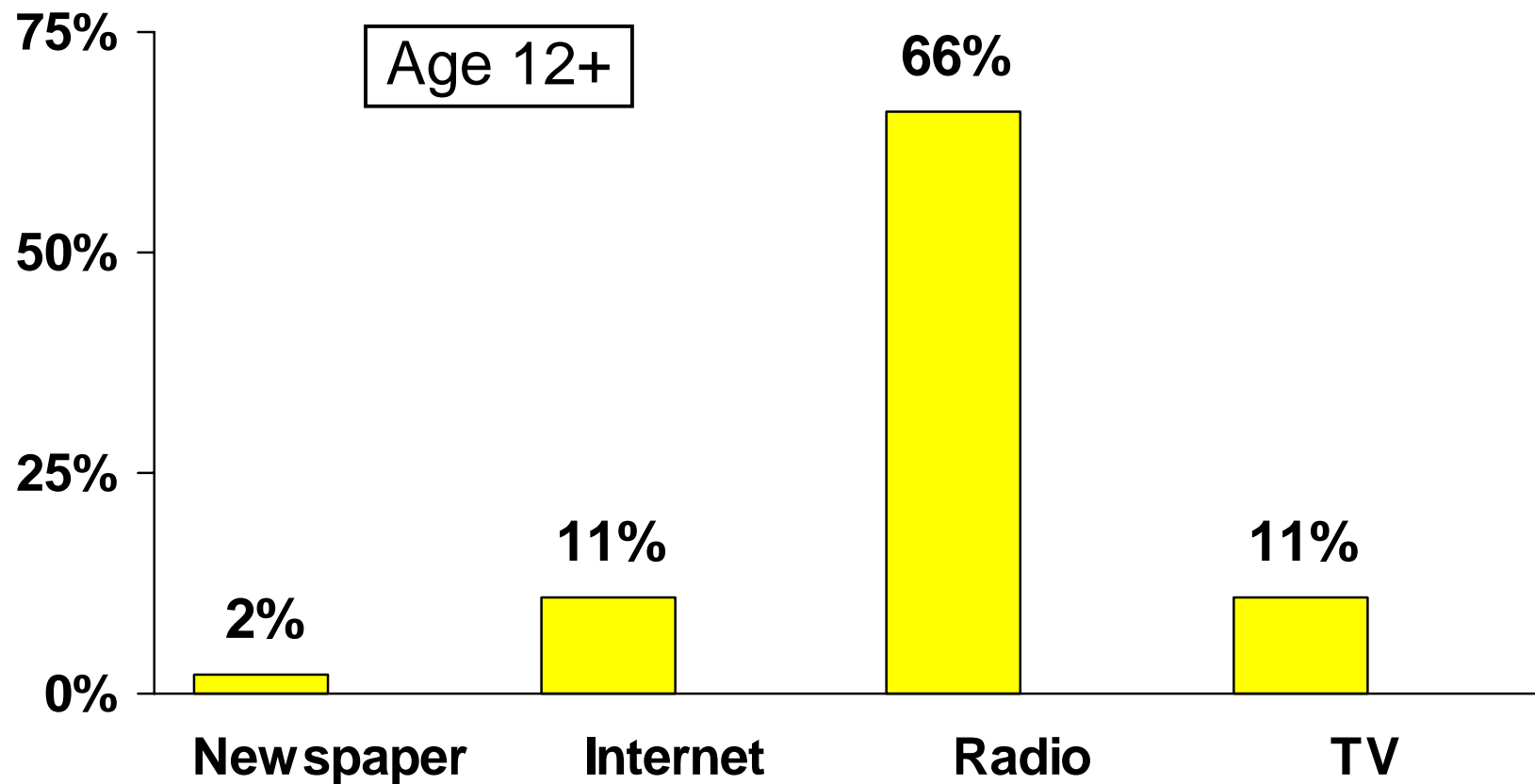
# The Internet is the “Most Cool and Exciting” Among 12 to 34 Year-Olds

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



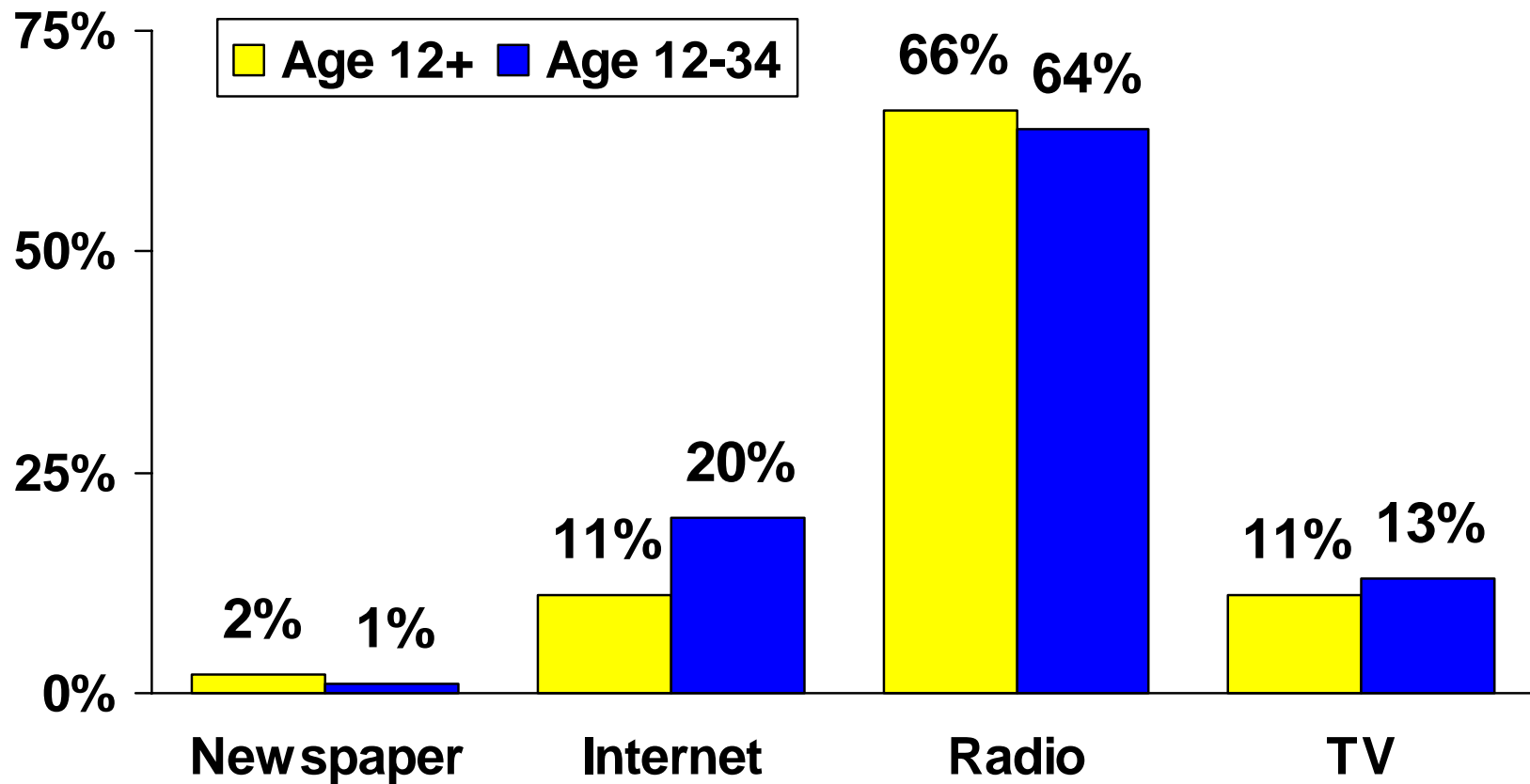
# Radio is Still the Dominant Source for New Music...

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



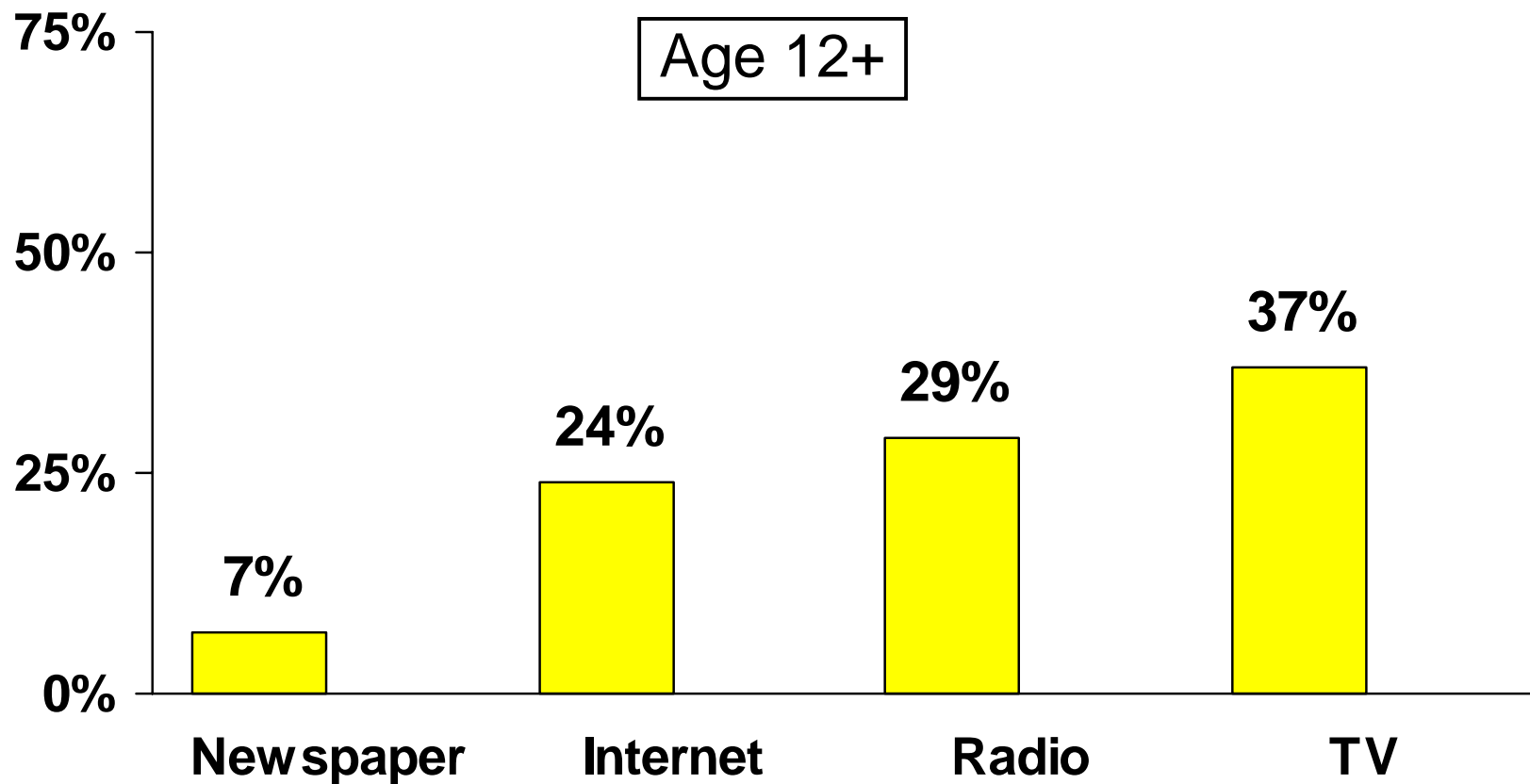
# ...And is Nearly as Dominant Among 12 to 34 Year-Olds

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



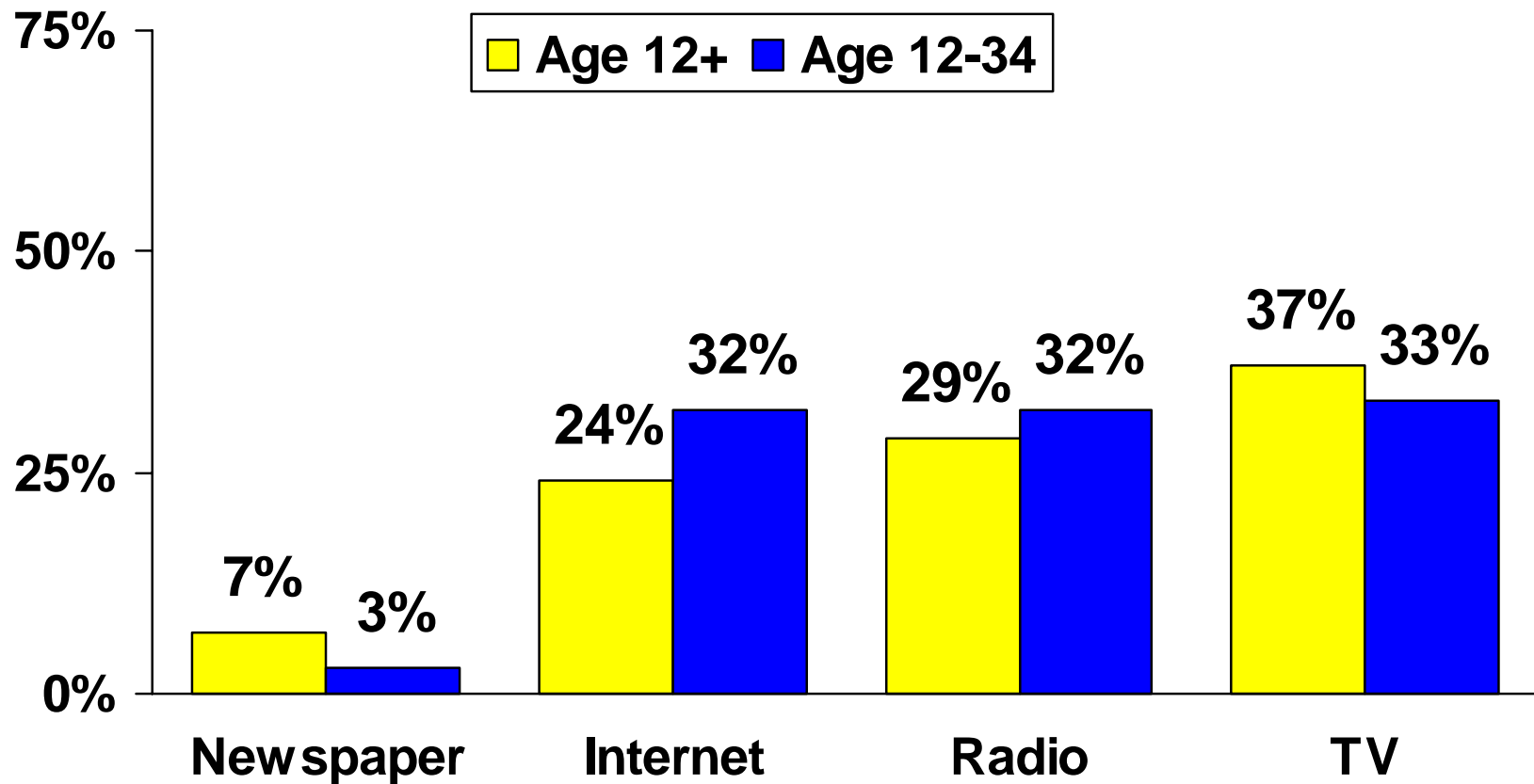
# Three in Ten Say They Are Using Radio "More Lately" Compared to Other Media

"Which of these media are you using MORE lately?"



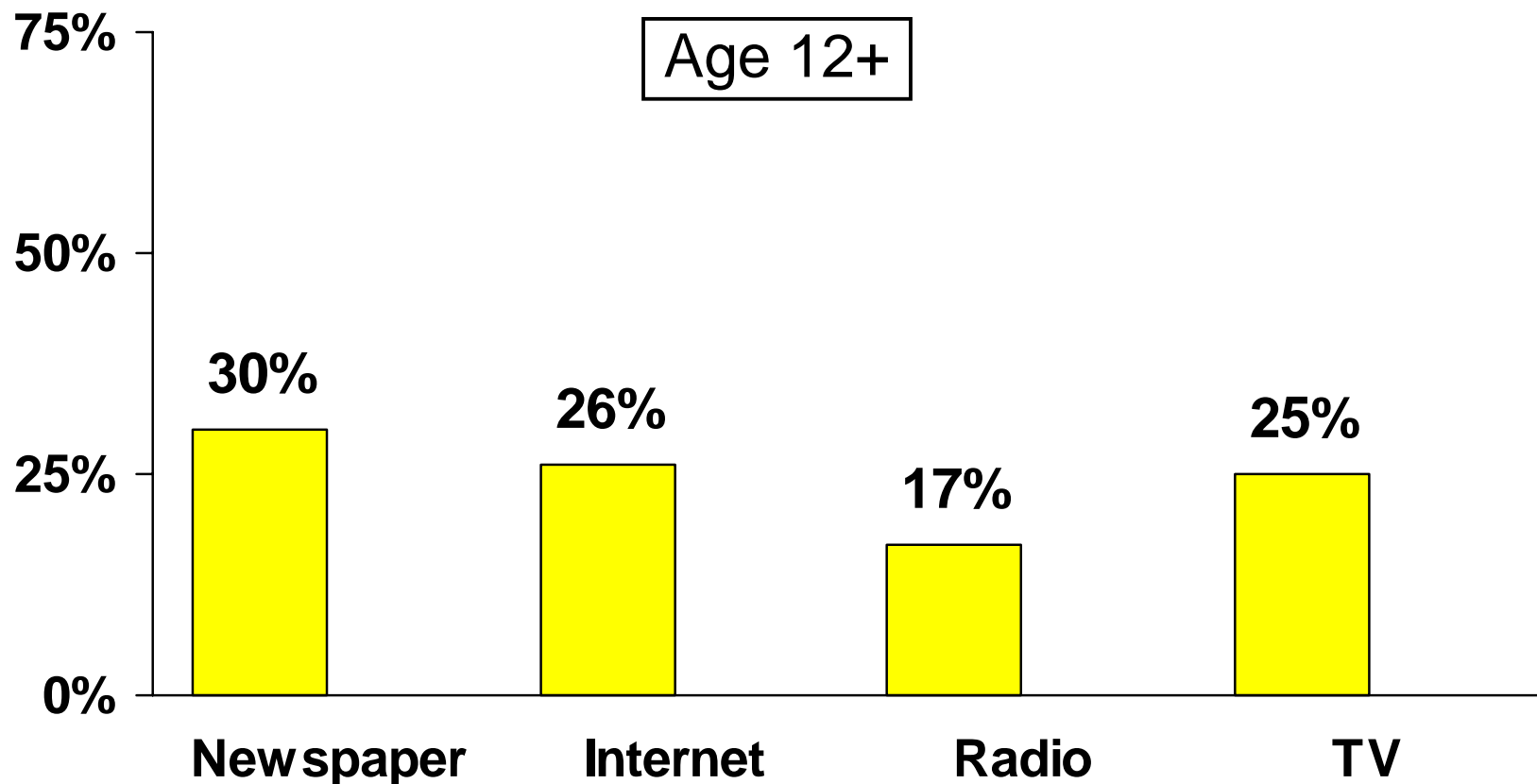
# TV, Radio & Internet Tied as Medium Used “More Lately” among 12 to 34 year-olds

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



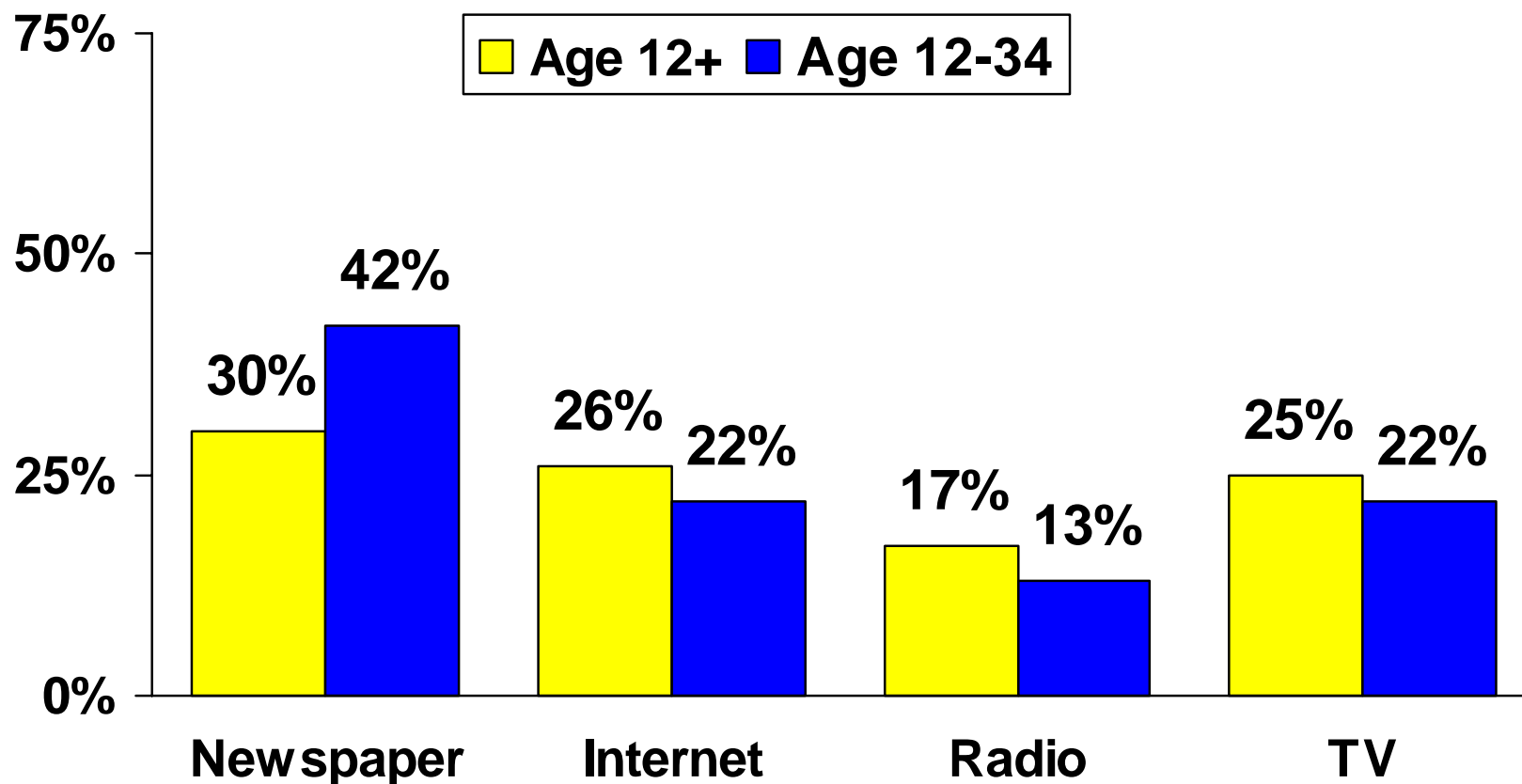
# Radio Has the Fewest Saying They Are Using It "Less Lately"

"Which of these media are you using LESS lately?"



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

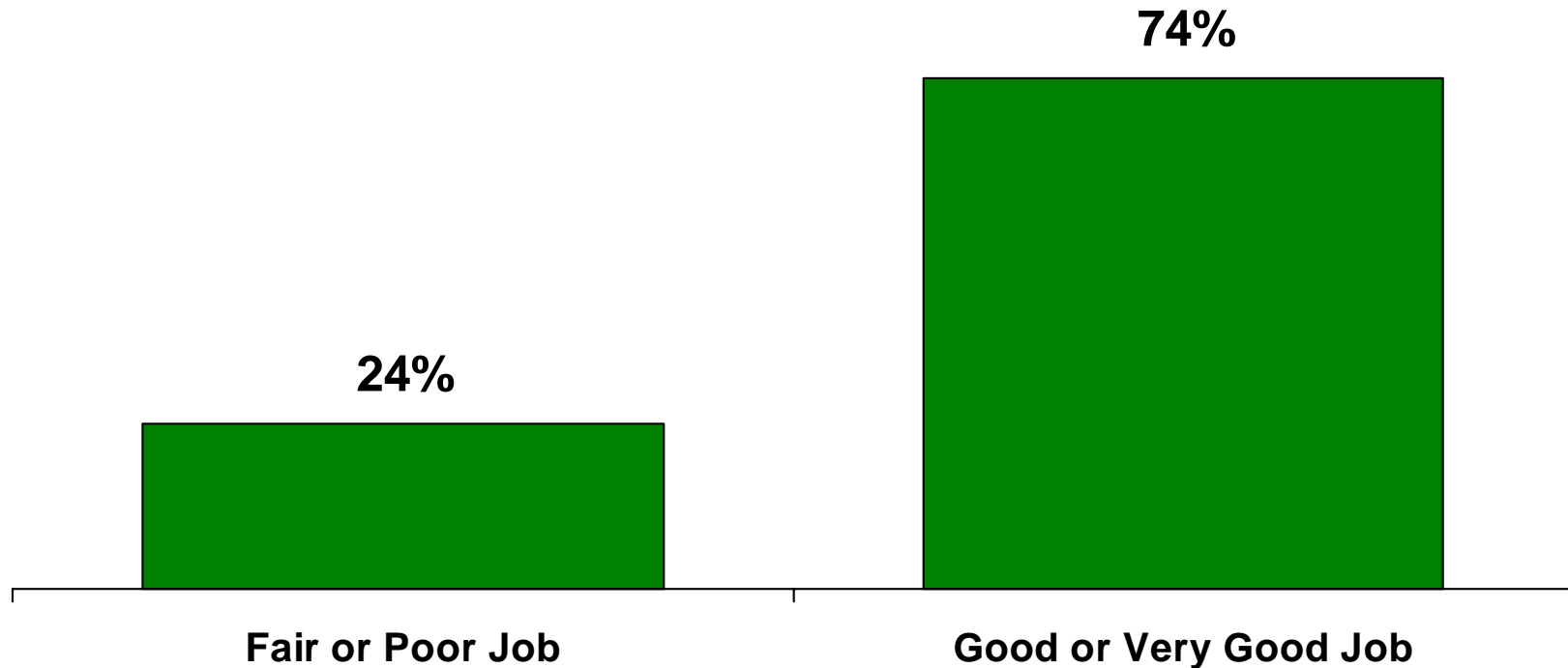
“Which of these media are you using LESS lately?”



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

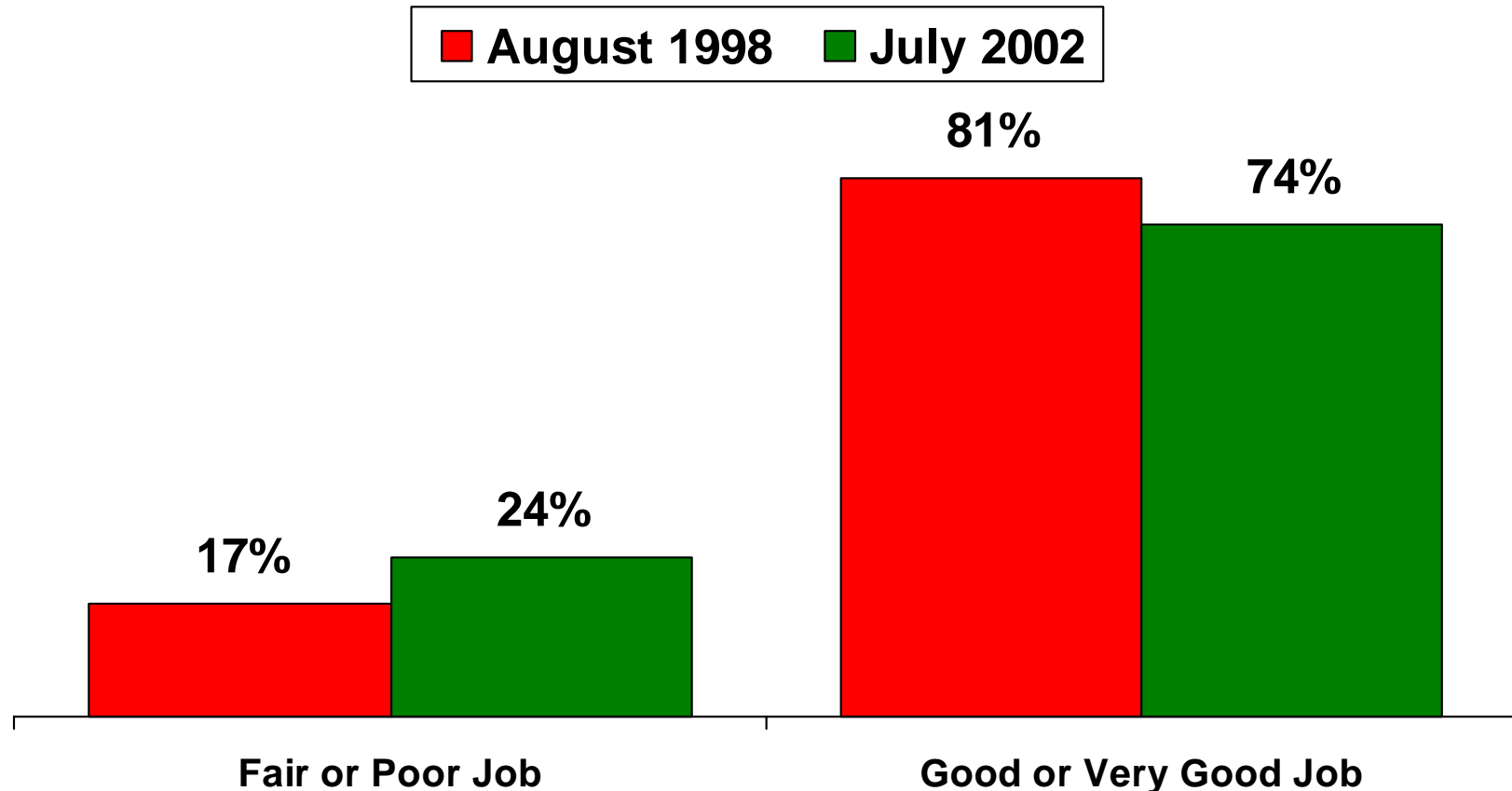
***“How good a job do radio stations you can hear do of playing the kinds of music you like?”***

July 2002



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

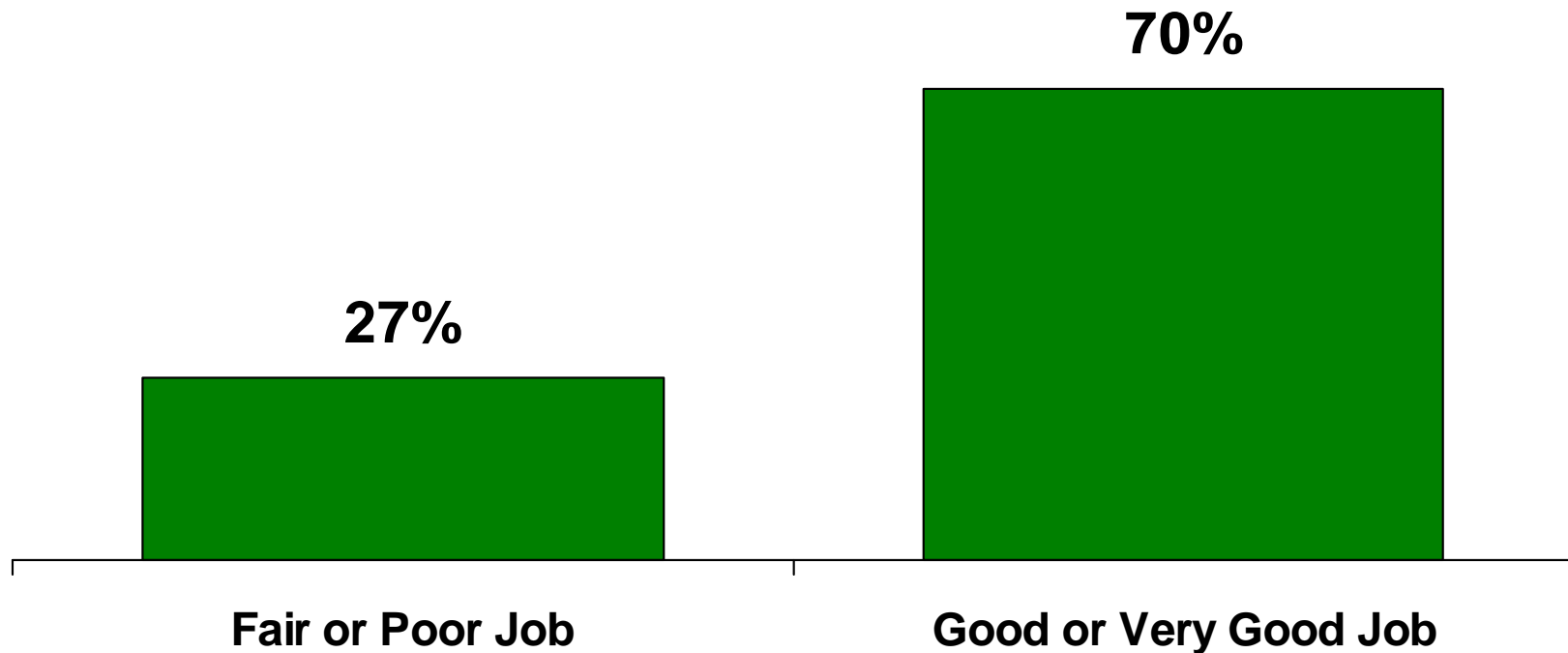
***“How good a job do radio stations you can hear do of playing the kinds of music you like?”***



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

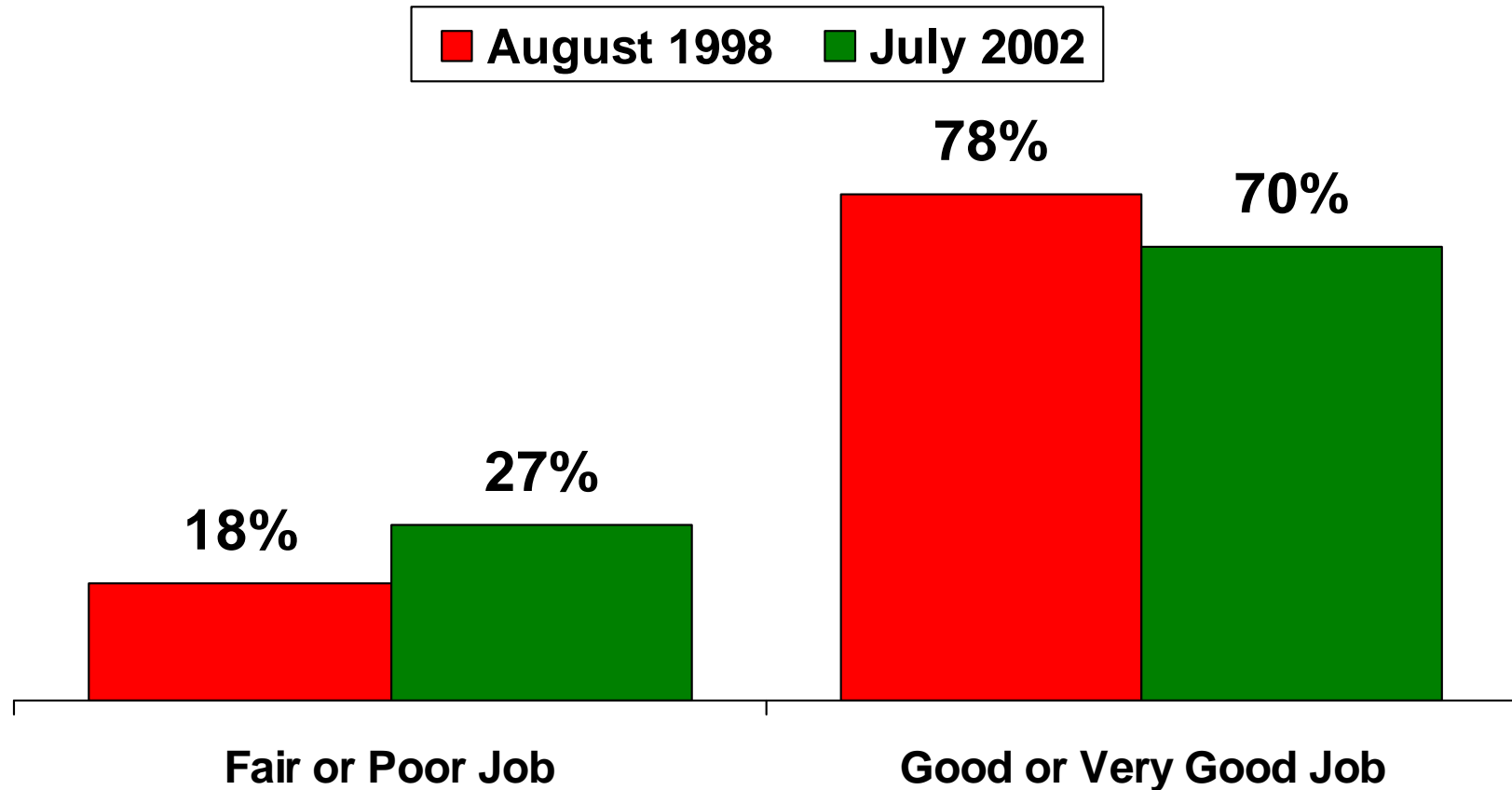
*“How good a job do radio stations you can hear do of providing the kinds of news & information you want?”*

July 2002



# ...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?”***

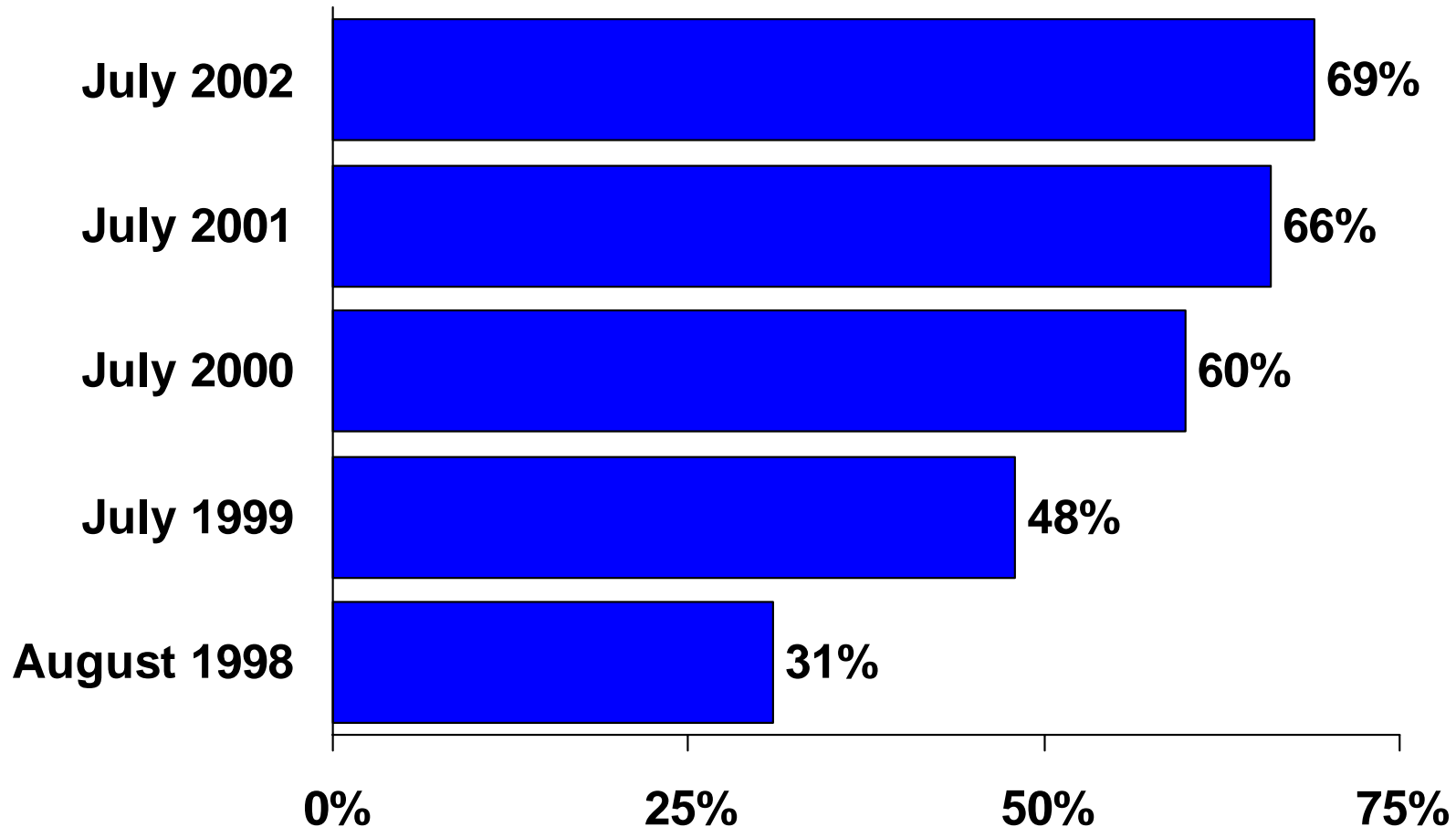


# Internet Access Trends



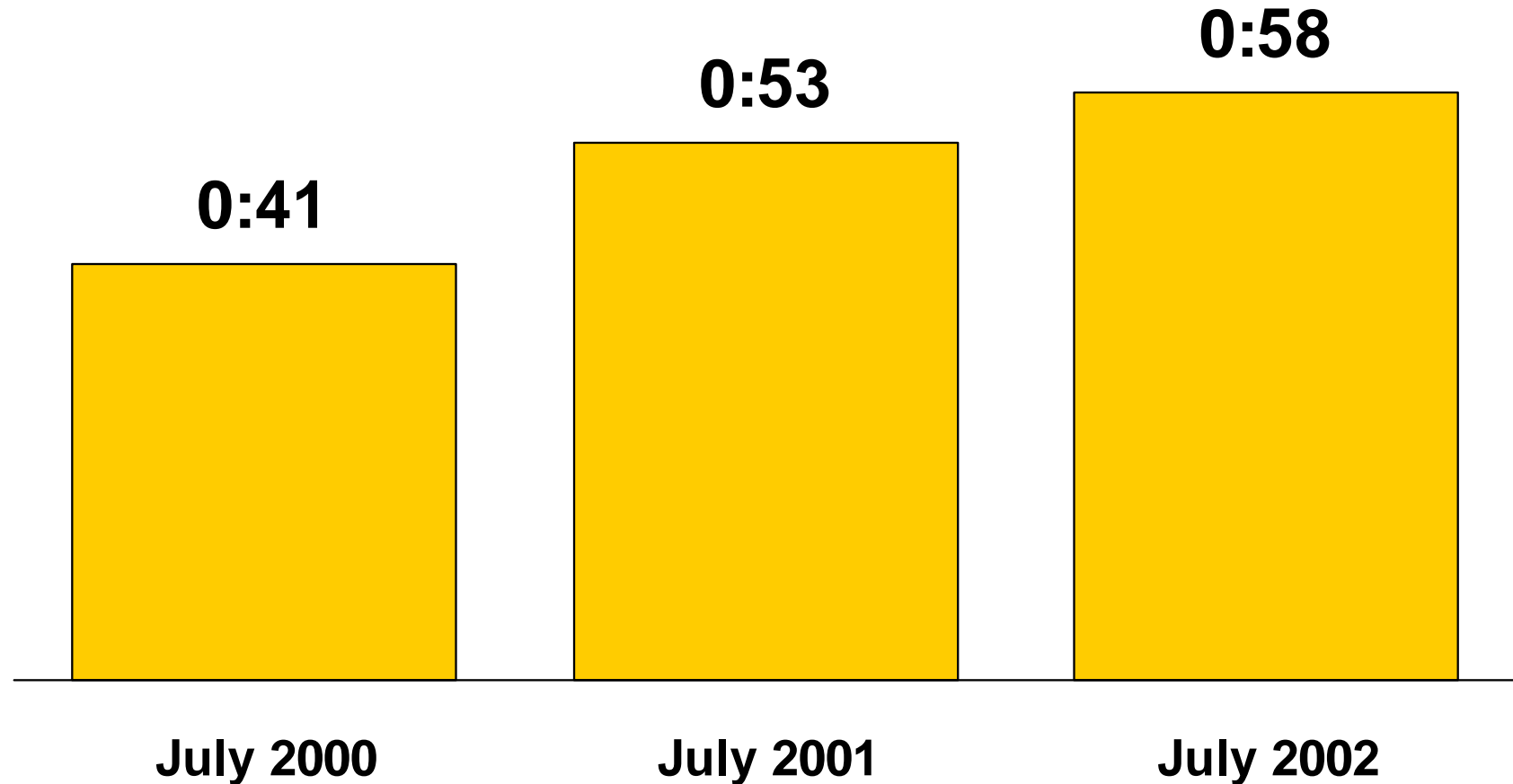
# Seven in Ten Americans Now Have Access to the Internet

% with Internet Access at Any Location



# Average Time Spent Online Approaches One Hour Per Day

Time Spent Online Per Day (Hours:Minutes)



Base: Total Population 12+

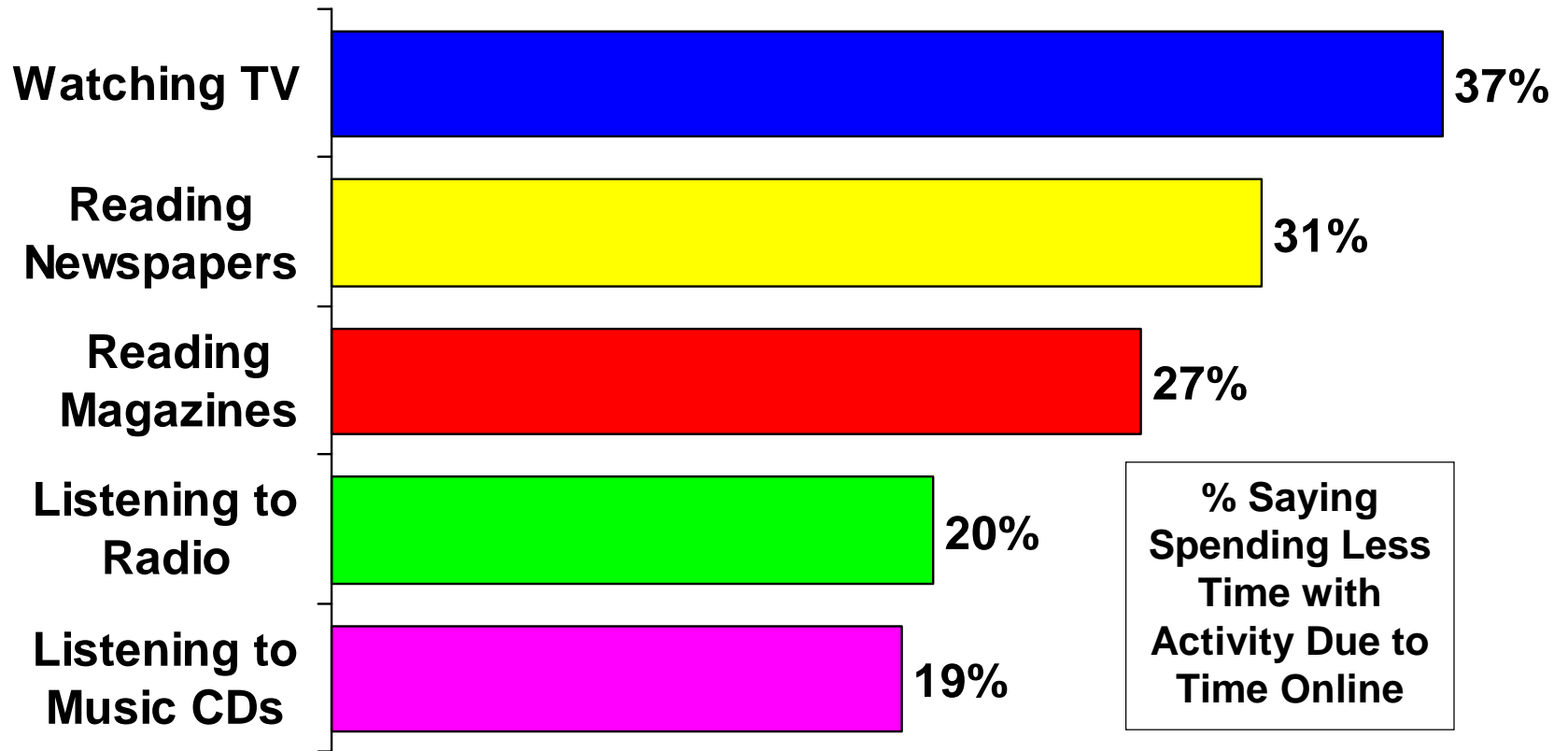


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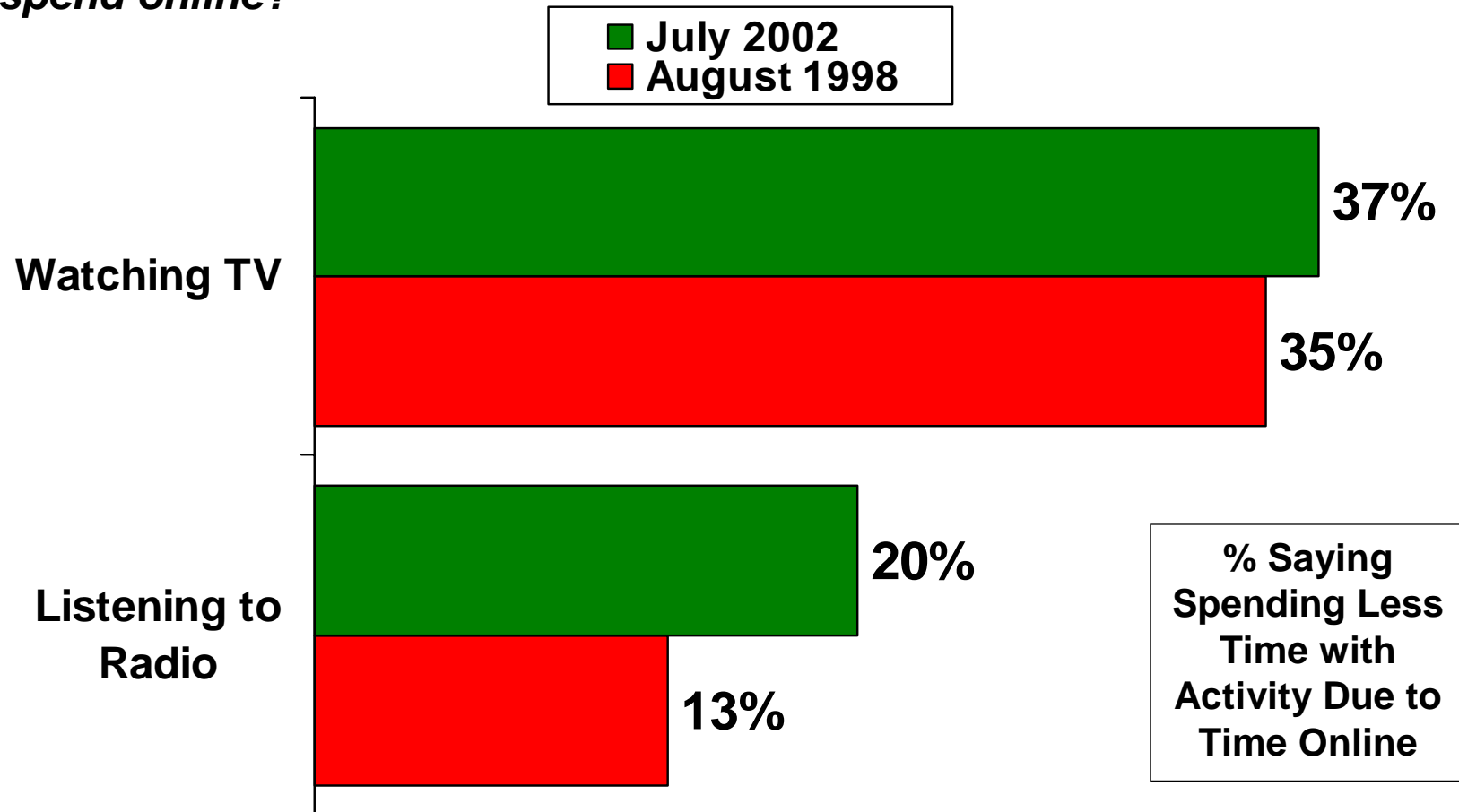
# Americans Are Spending Less Time with Traditional Media Due to Time Online

*“Are you spending less time with each activity due to the time you spend online?”*



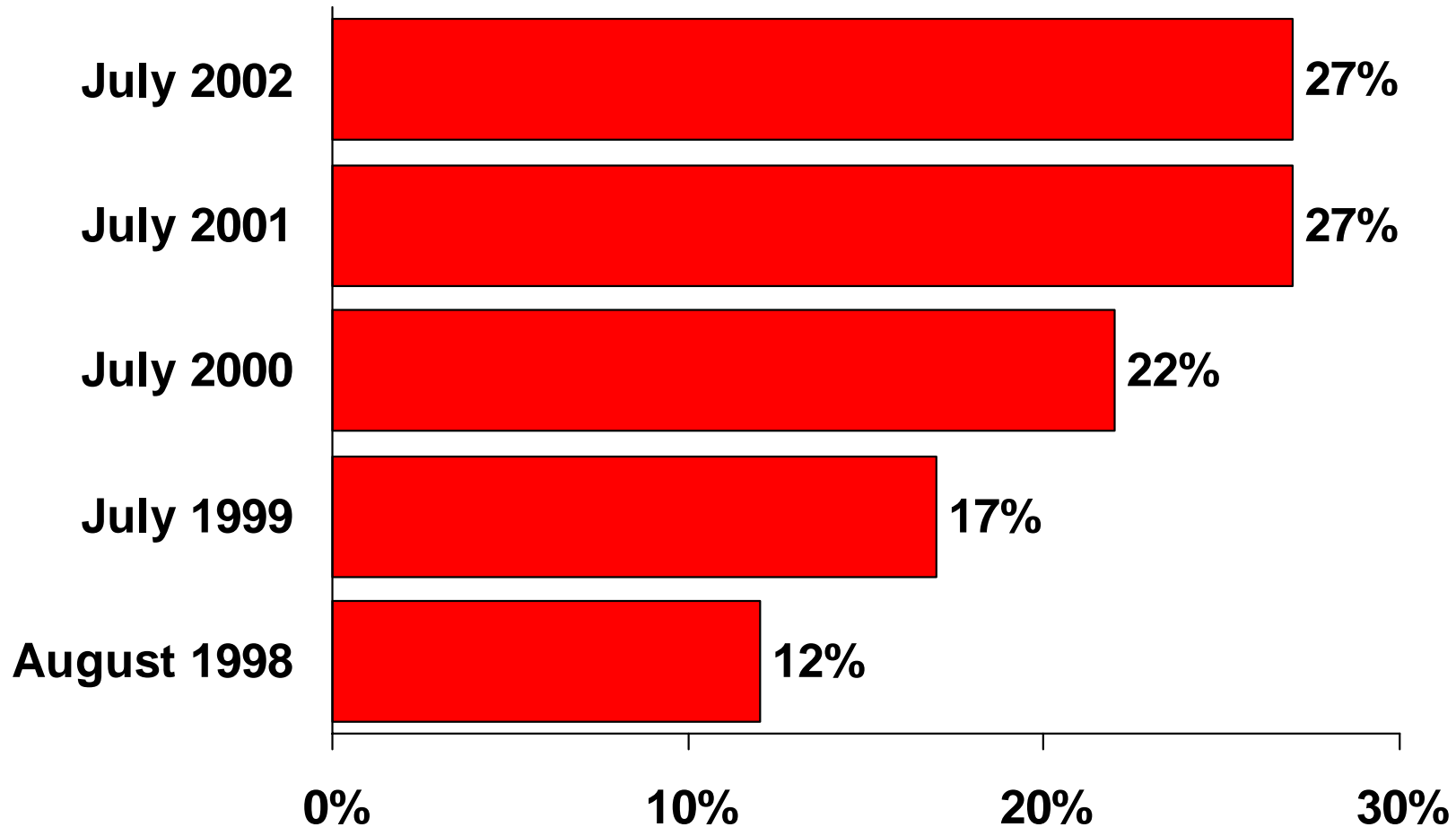
# Americans Are Spending Less Time with Traditional Media Due to Time Online

*“Are you spending less time with each activity due to the time you spend online?”*



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

% with Internet Access at Work



Base: Total Population 12+

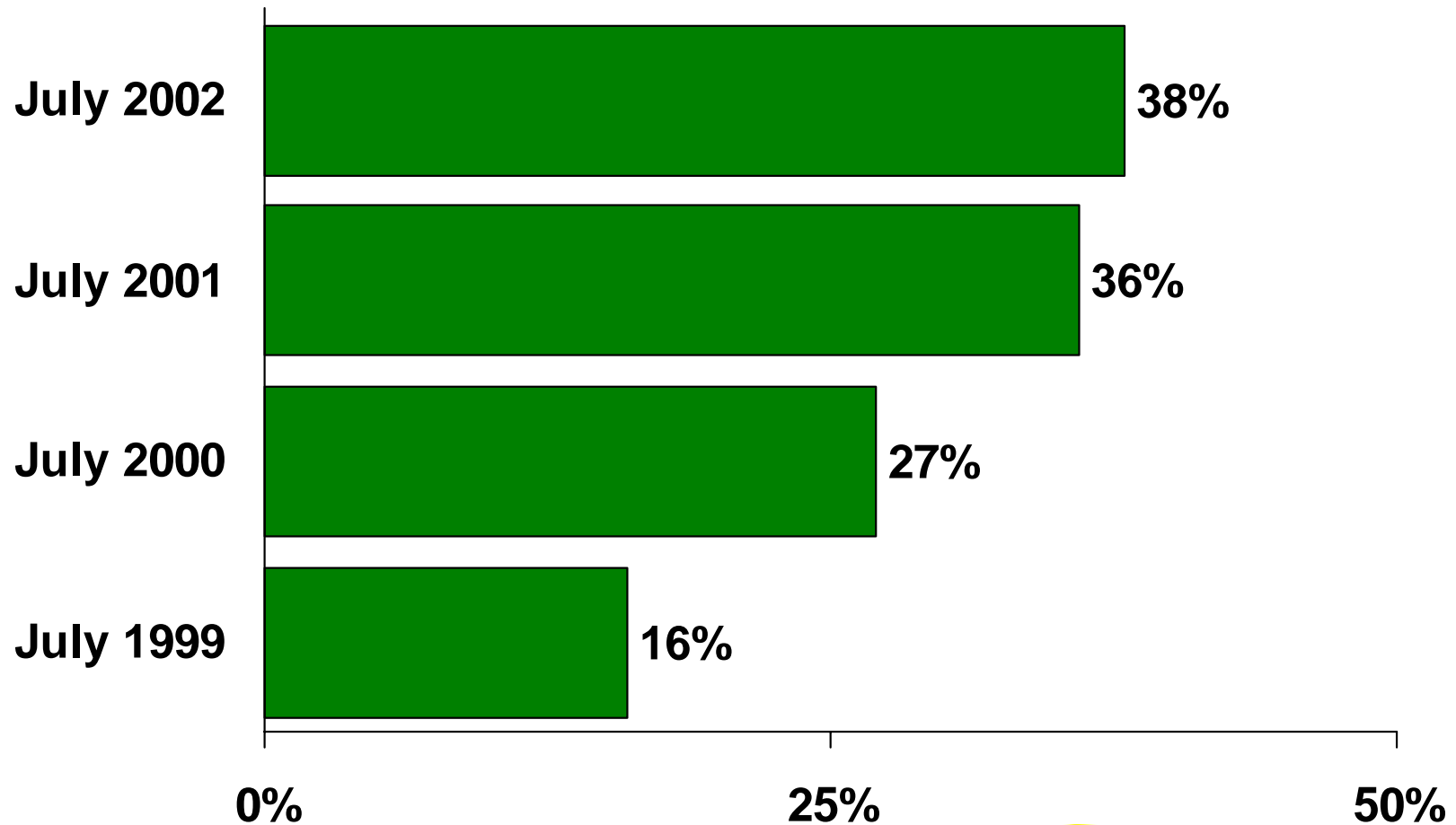


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# Nearly Four in Ten Americans Have Made a Purchase Online

**% Who Have Ever Purchased Online**



Base: Total Population 12+



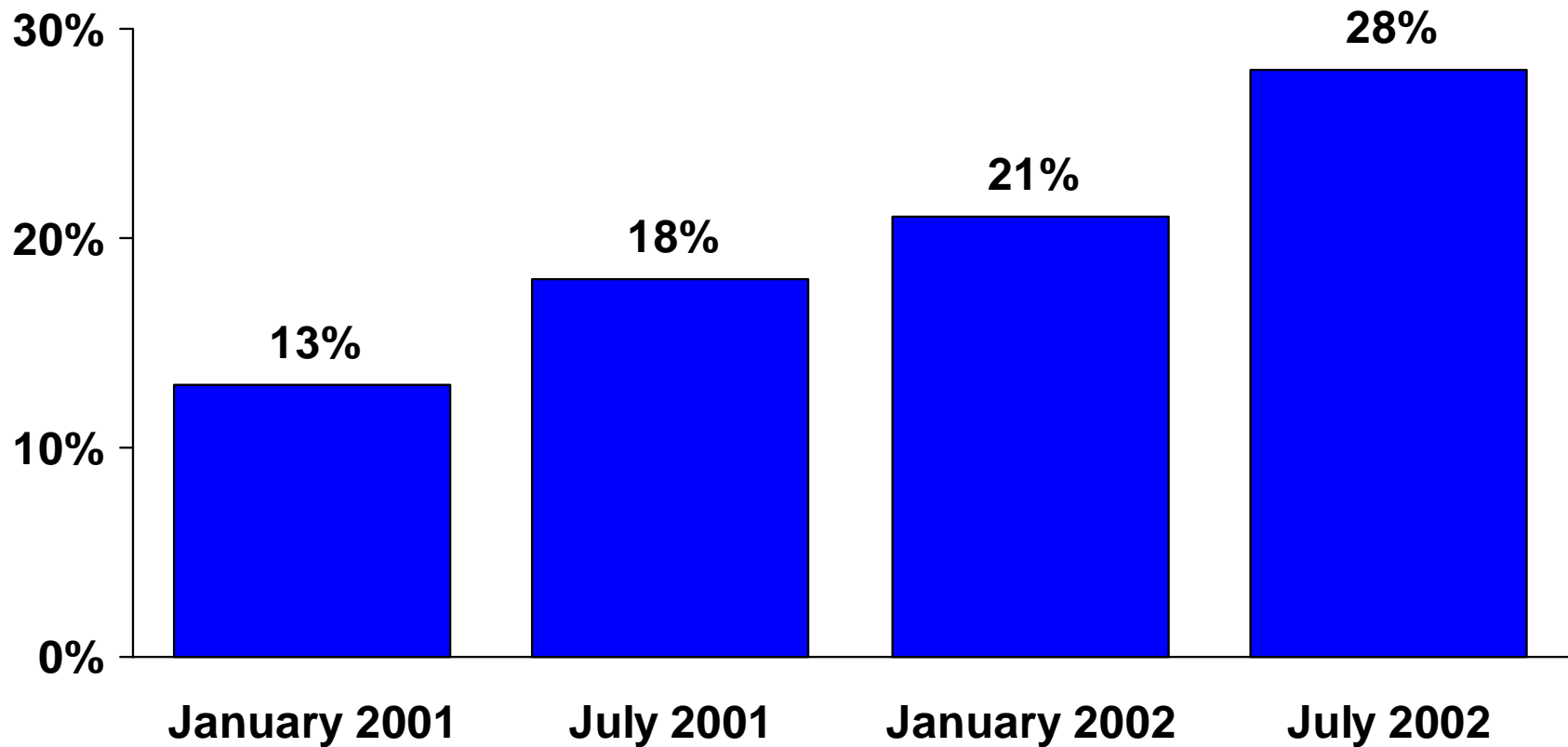
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# Broadband



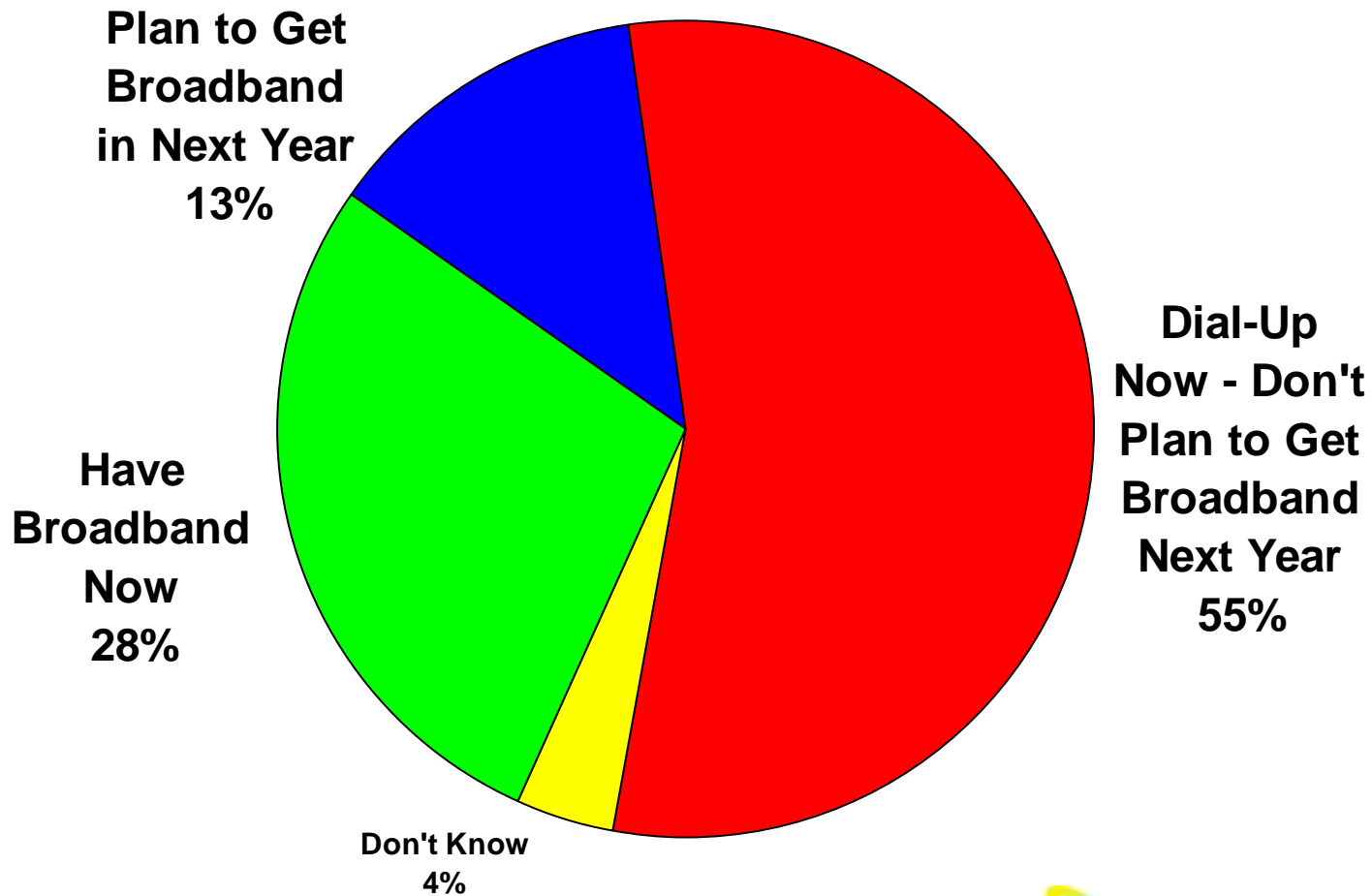
# Residential Broadband Has Doubled in the Past 18 Months

**% Who Have Broadband Internet Access at Home**



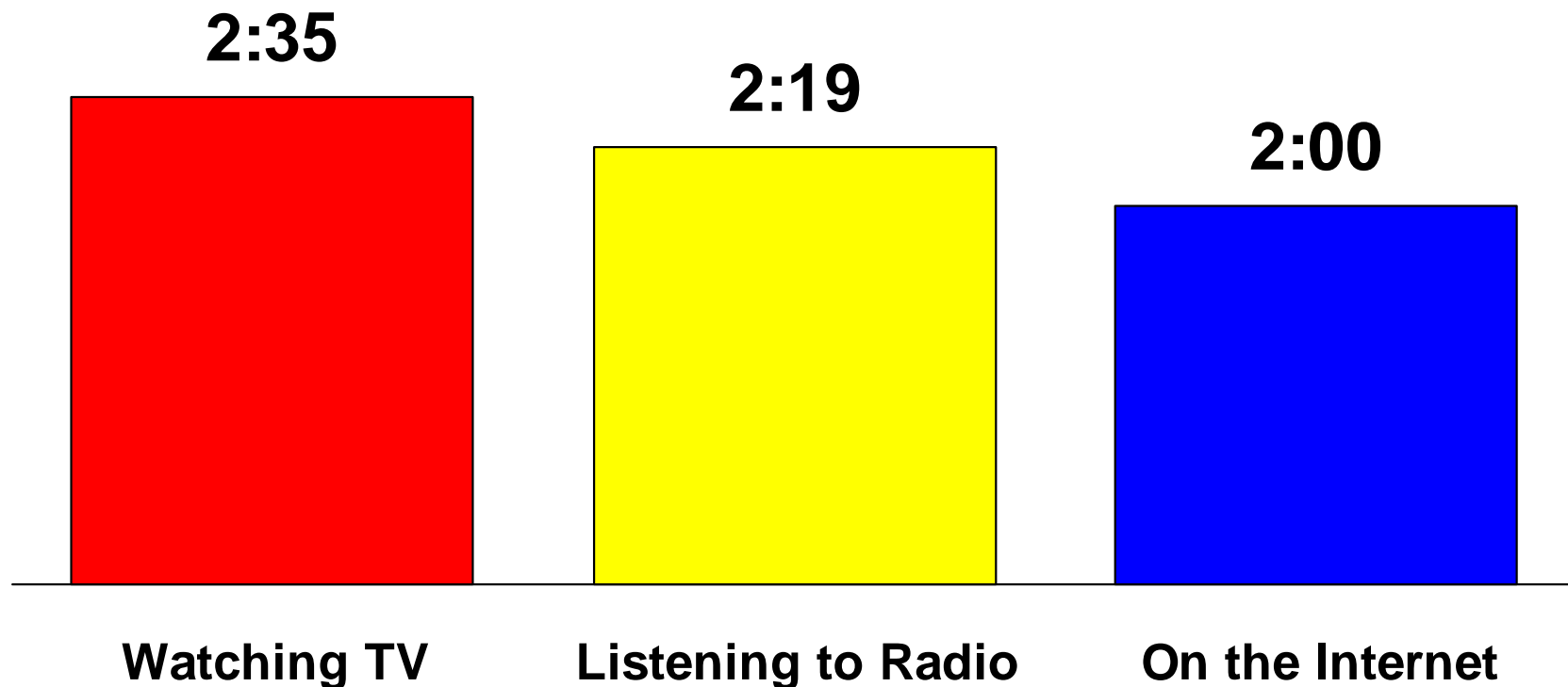
# Residential Broadband Access Should Continue Its Rapid Rise

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



# 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

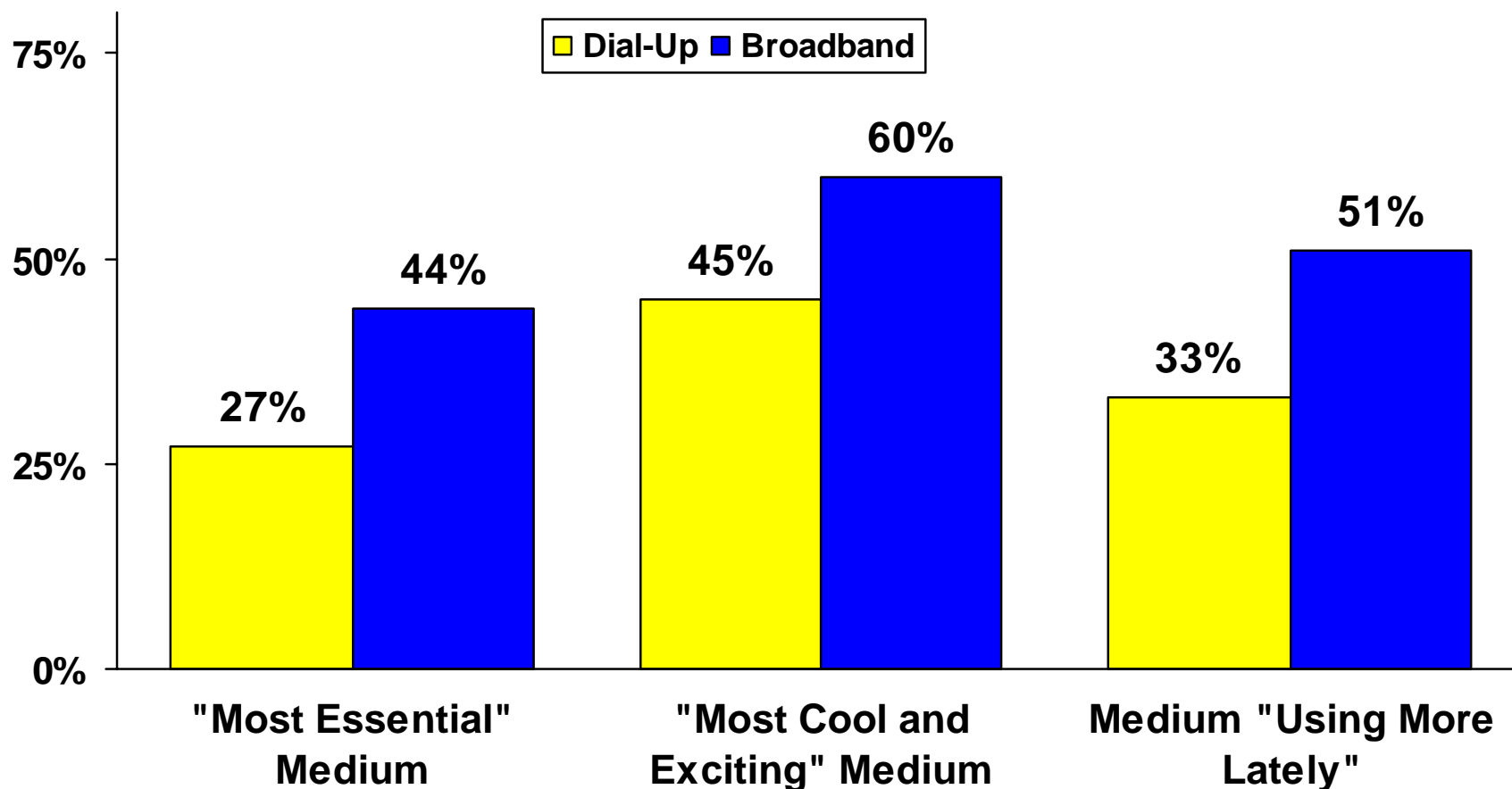


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# The Internet Is Far More Important and Essential to Those with Broadband

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

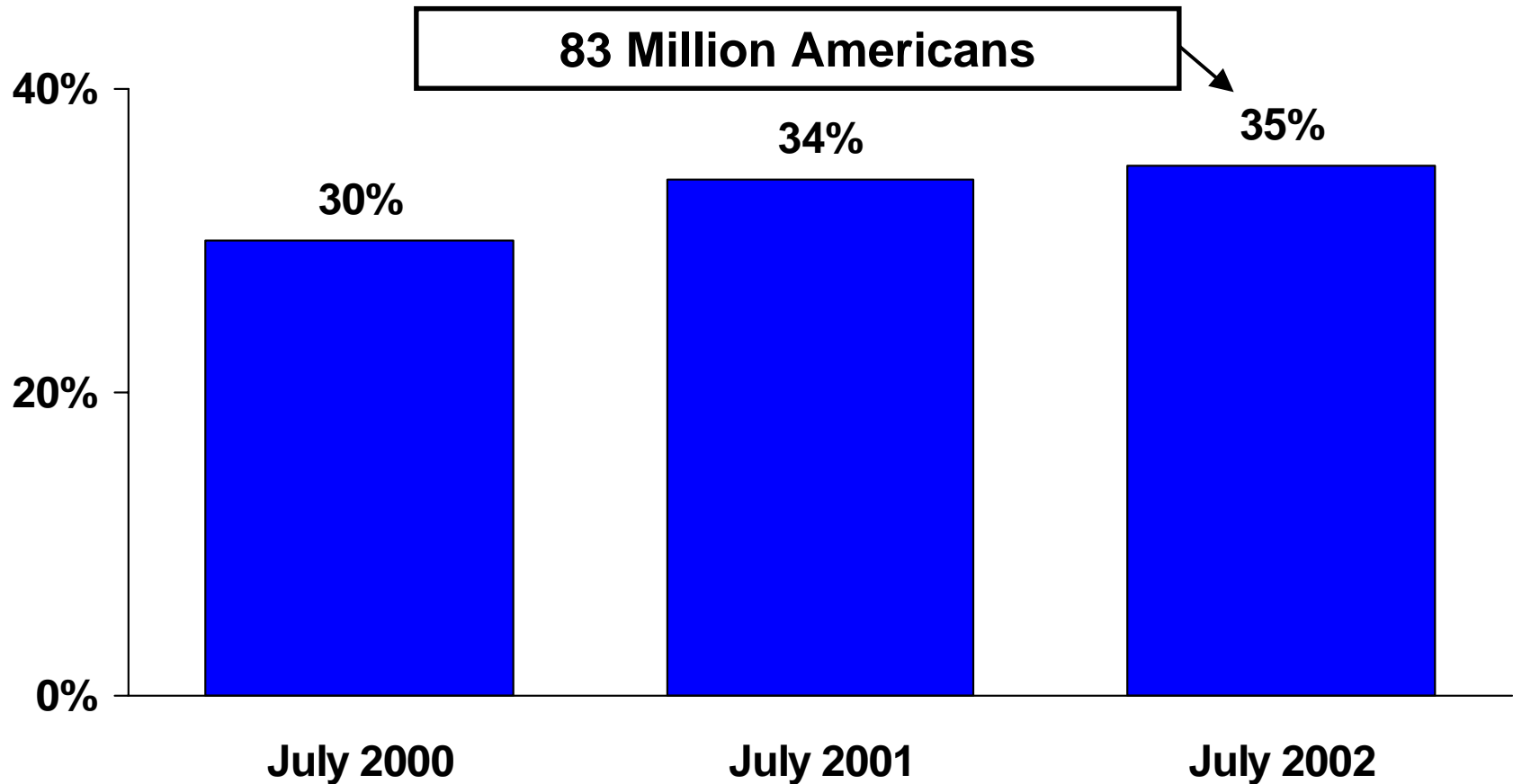


# Streaming Usage



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

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

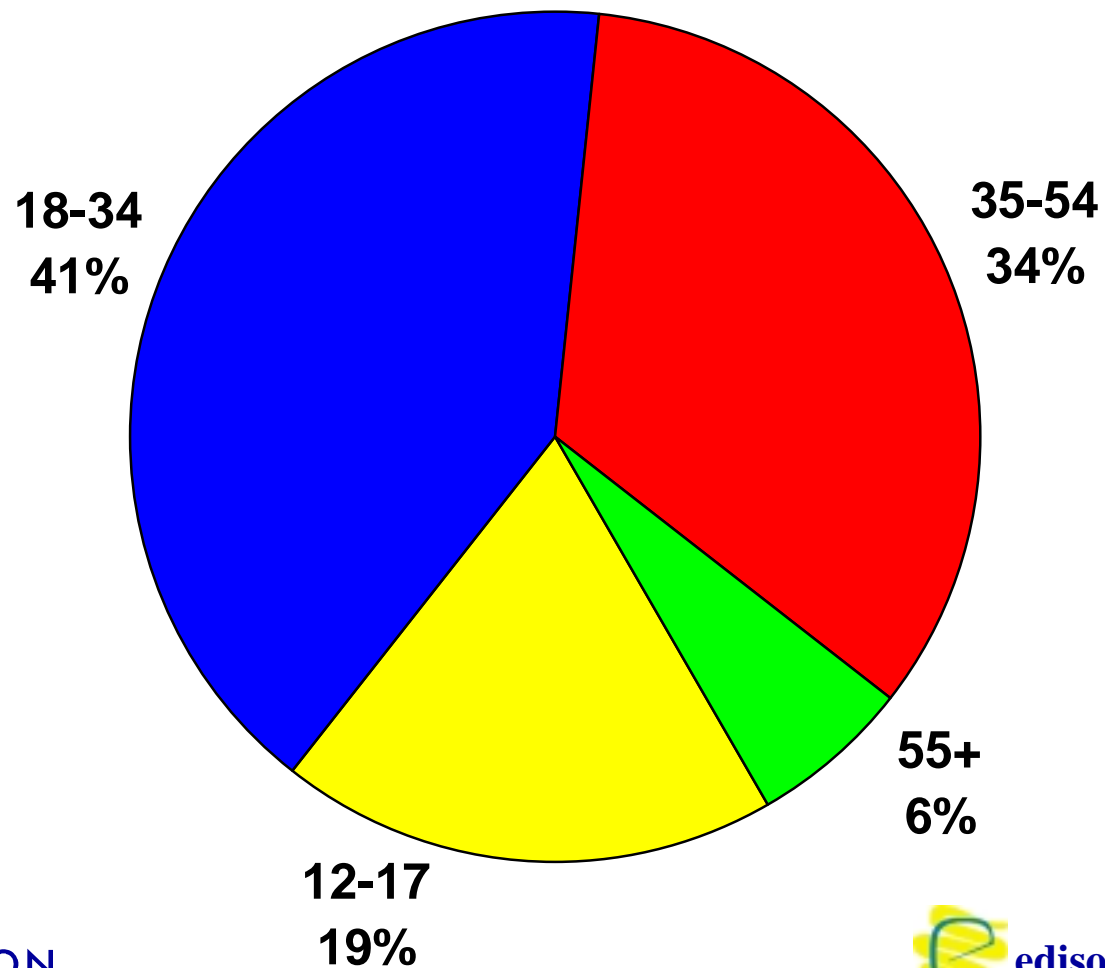


Base: Total Population 12+

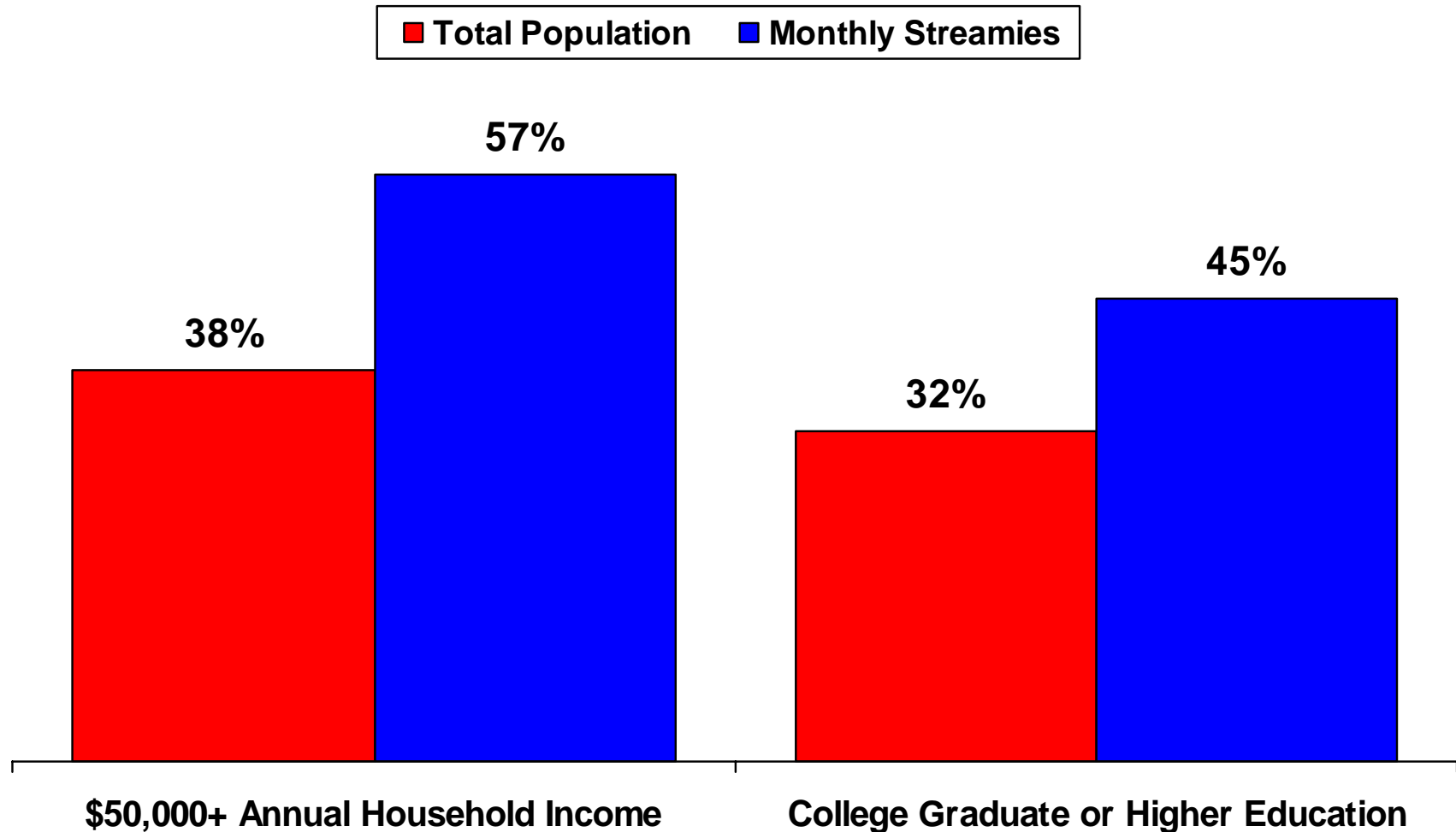


# Three-Quarters of Monthly Streamies Are 18 to 54

## Age Composition of Monthly Streamies

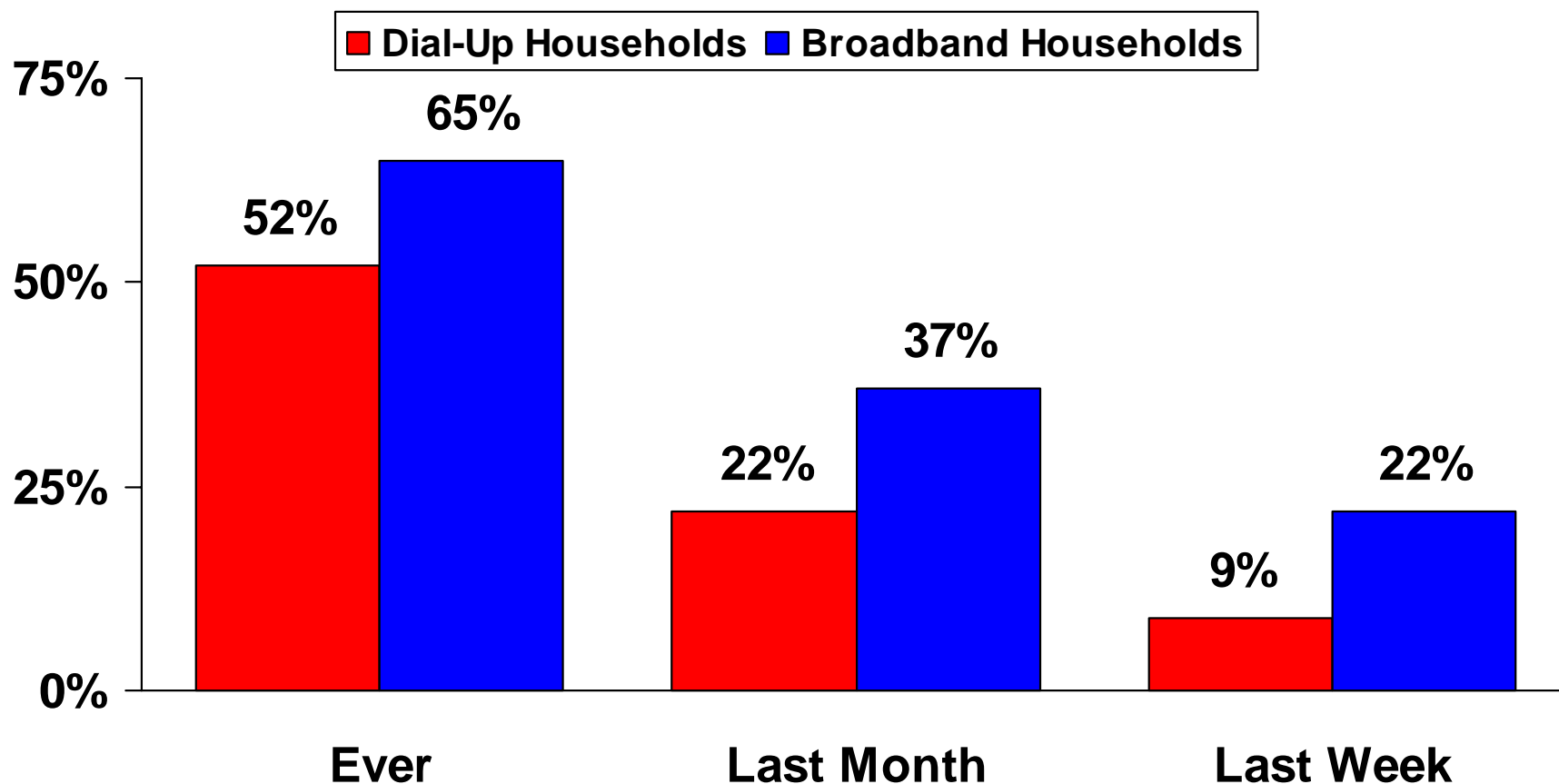


# Monthly Streamies Are More Upscale Than the Total Population



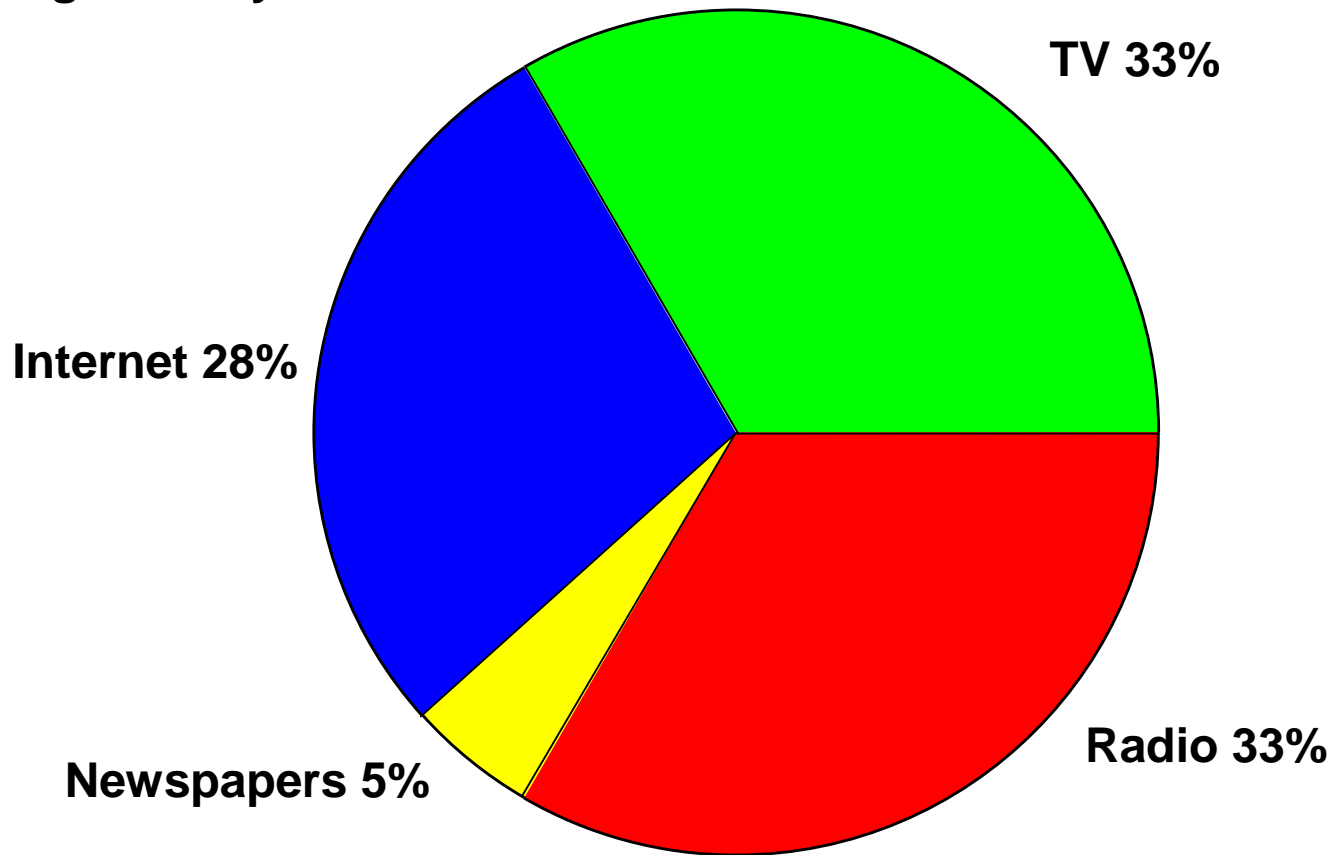
# Those with Residential Broadband Use Streaming Media More Frequently

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



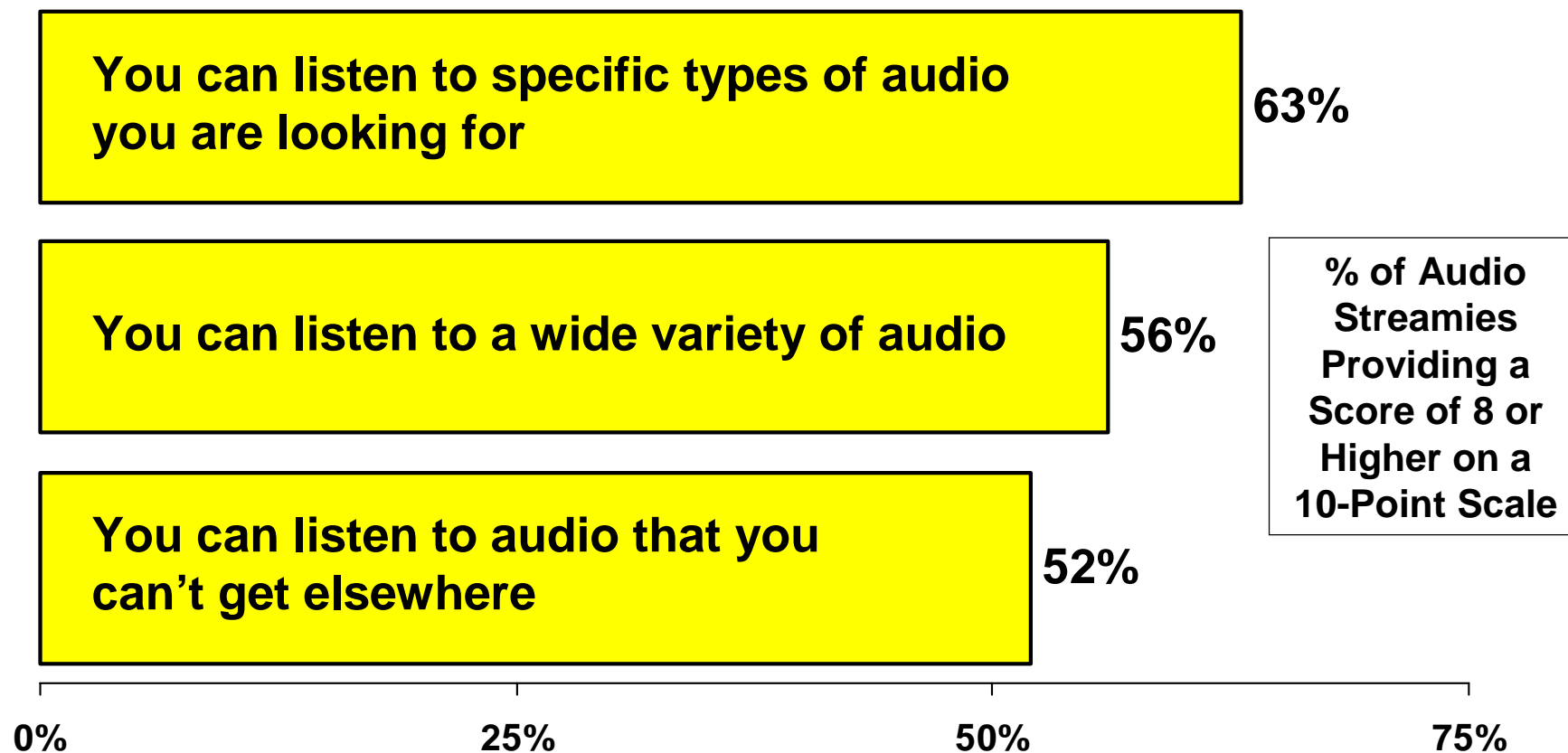
# Time Spent Online by Monthly Streamies Nears Time Spent with TV and Radio

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



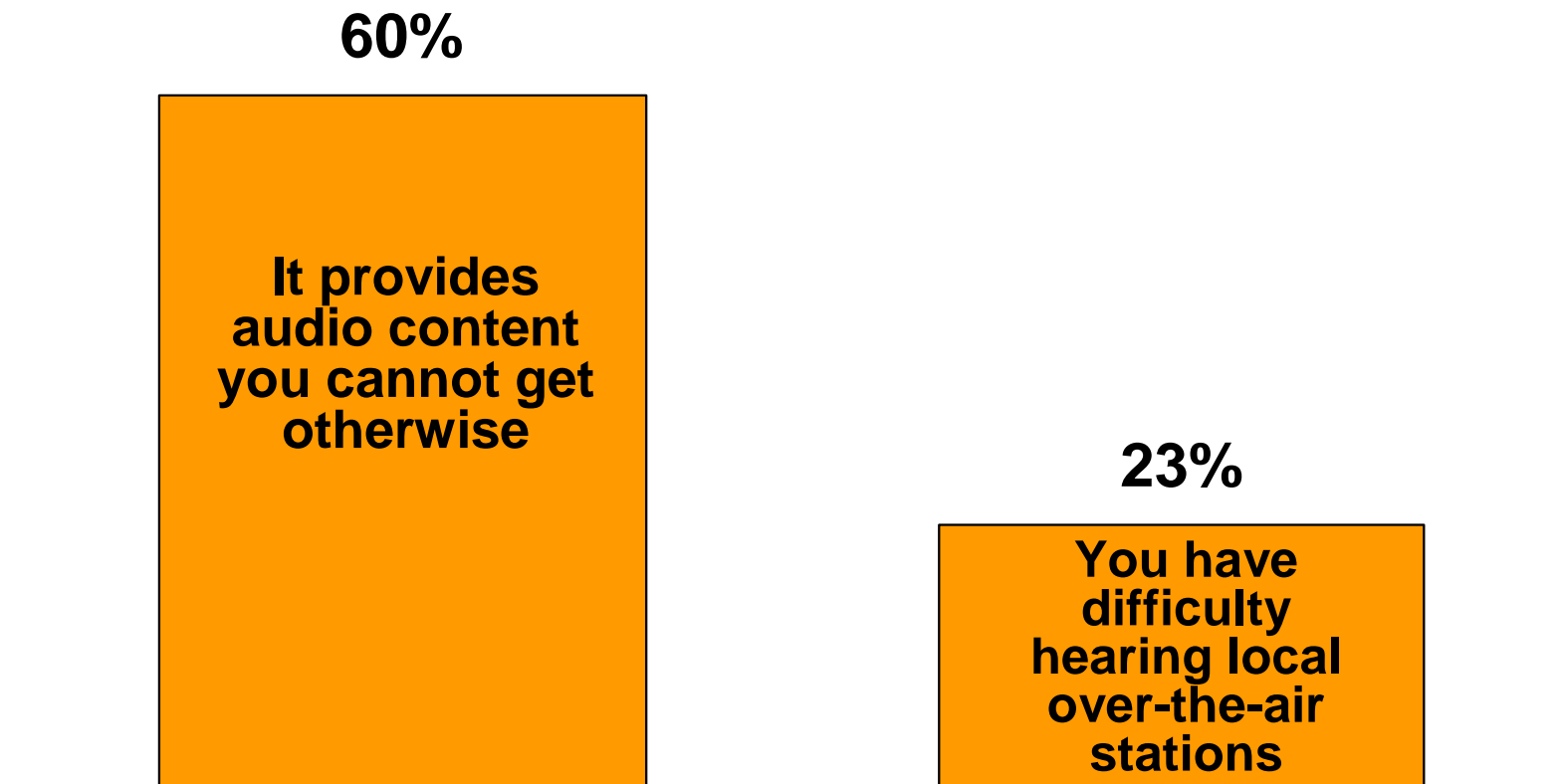
# Unique Content Is “Very Important” When Choosing an Internet Audio Site

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



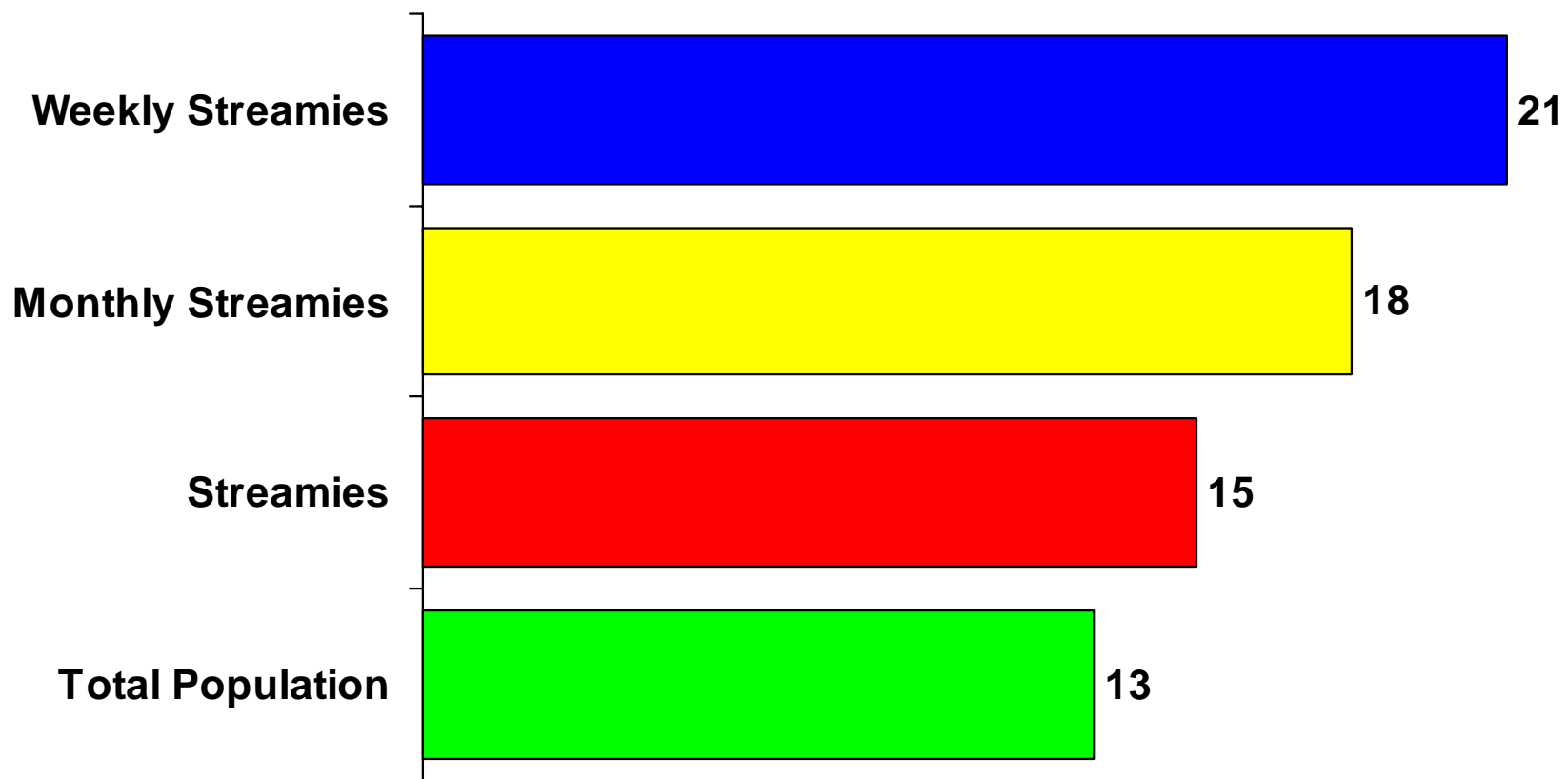
# When It Comes To Choosing Internet Audio, It's the Content, Not the Signal

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



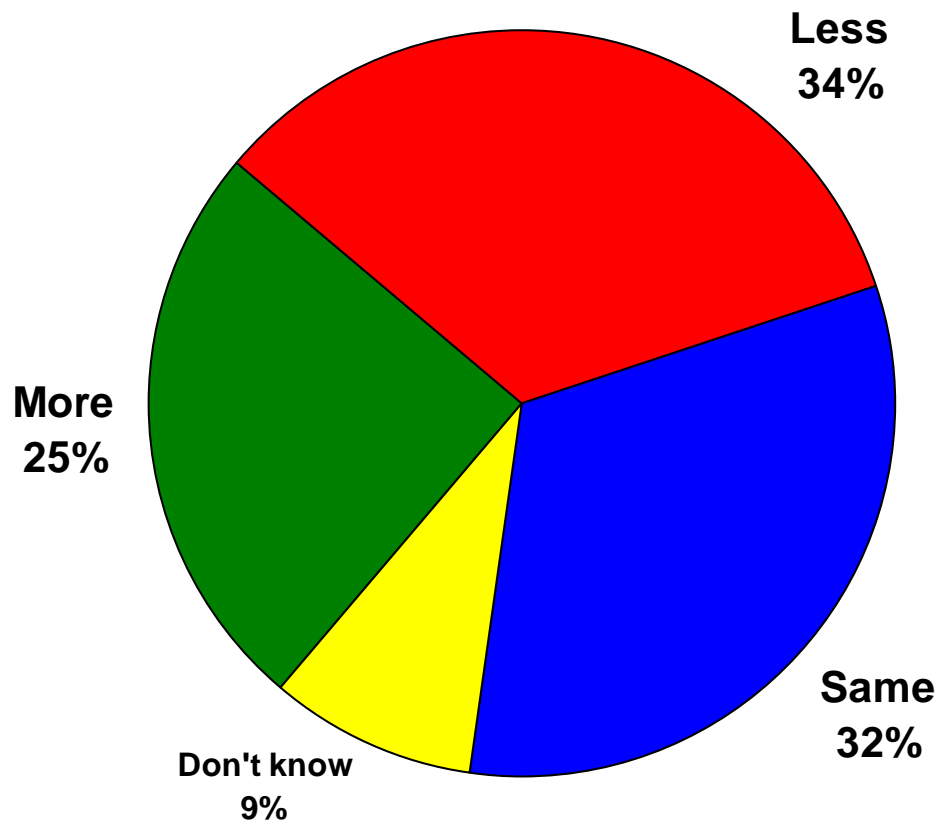
# People Who Stream Frequently Buy Significantly More CDs Than Most Americans

## Average Number of CDs Purchased in the Past 12 Months



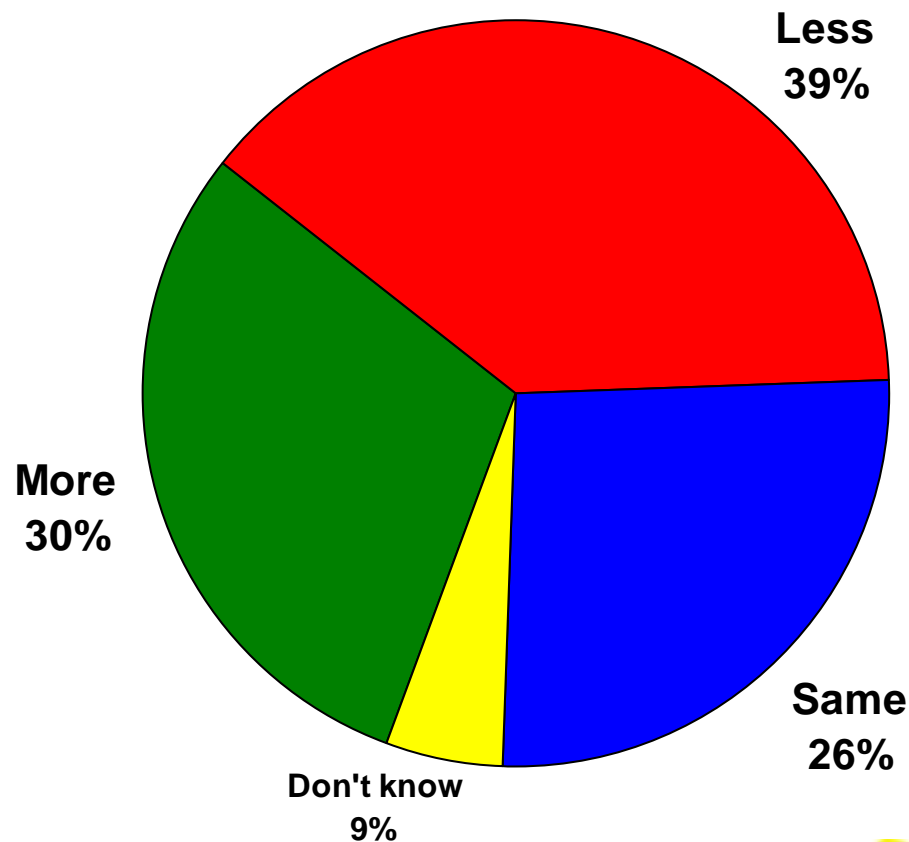
# One Third Say They Bought Fewer CDs in the Past Year

*“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?”*



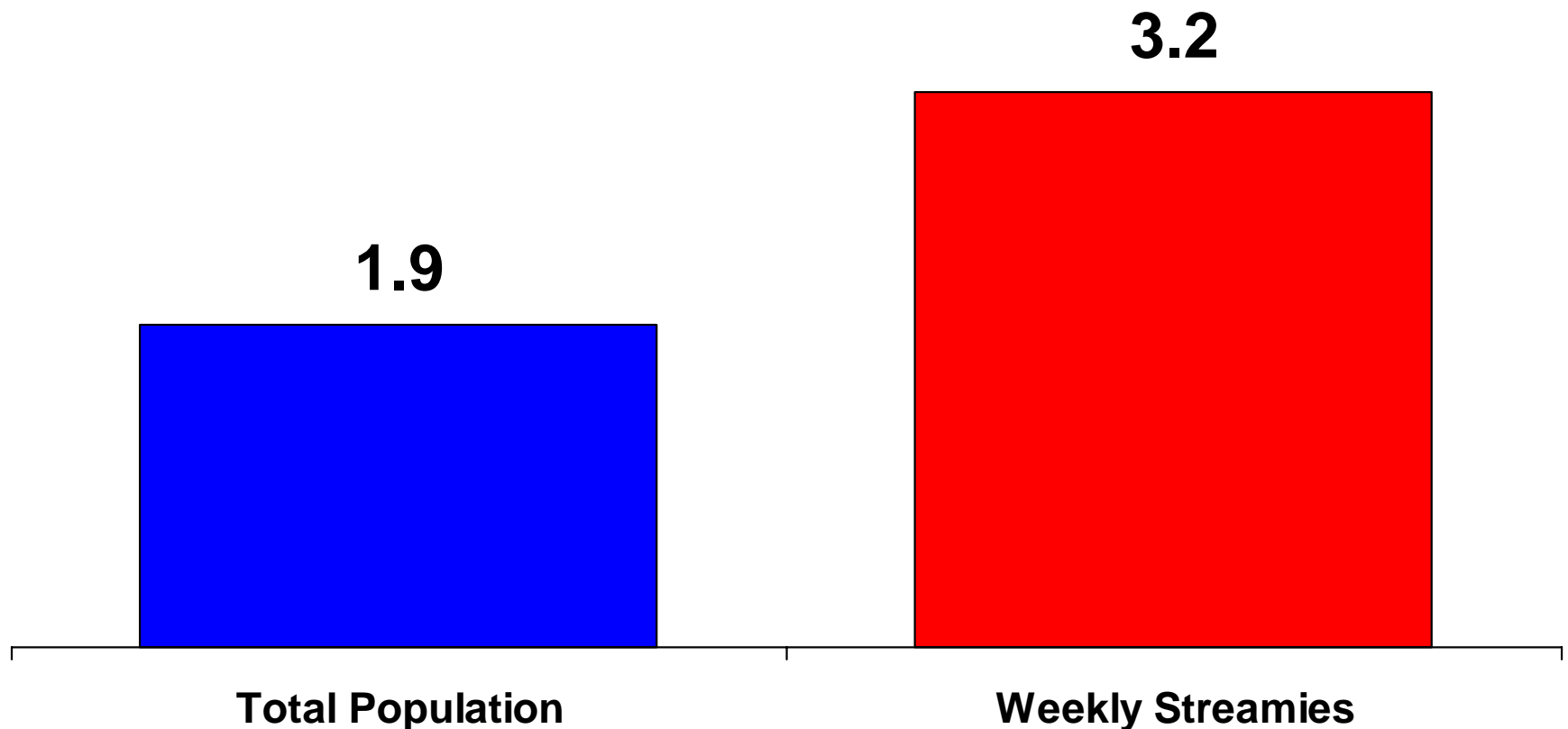
# Monthly Streamies Only Slightly More Likely to Have Bought Fewer CDs

*“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?”*



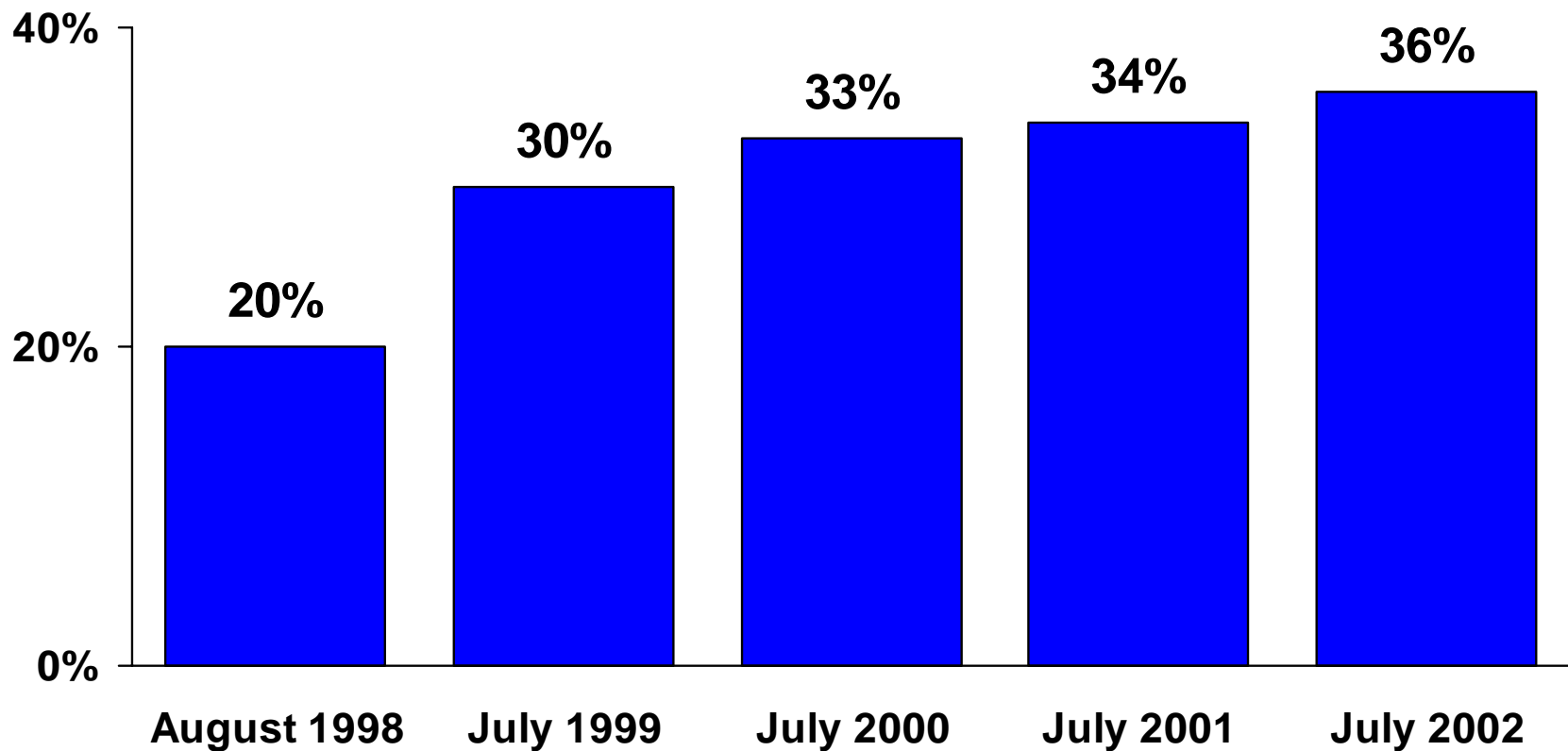
# Weekly Streamies Go To More Movies Than the General Population

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*

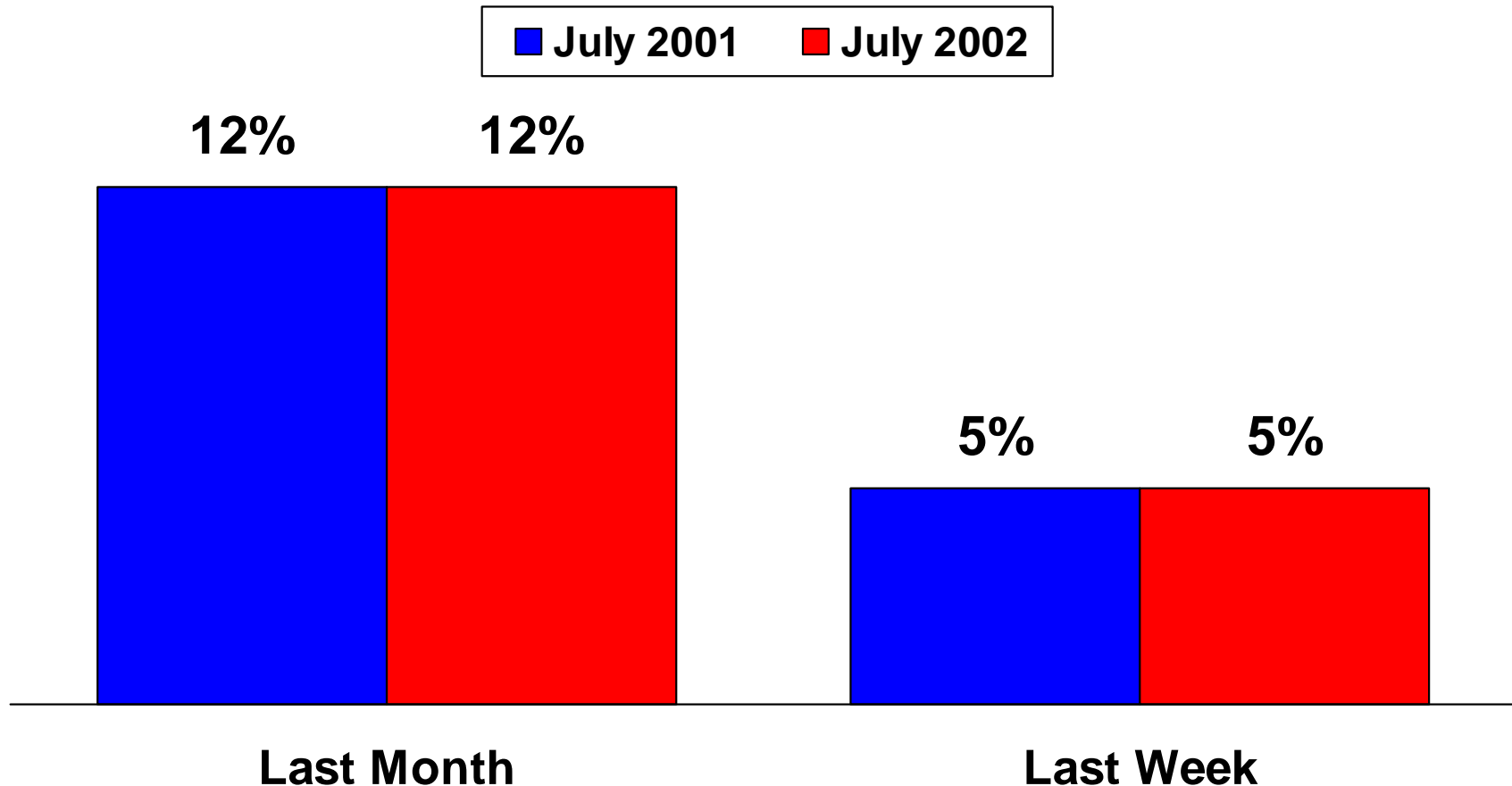


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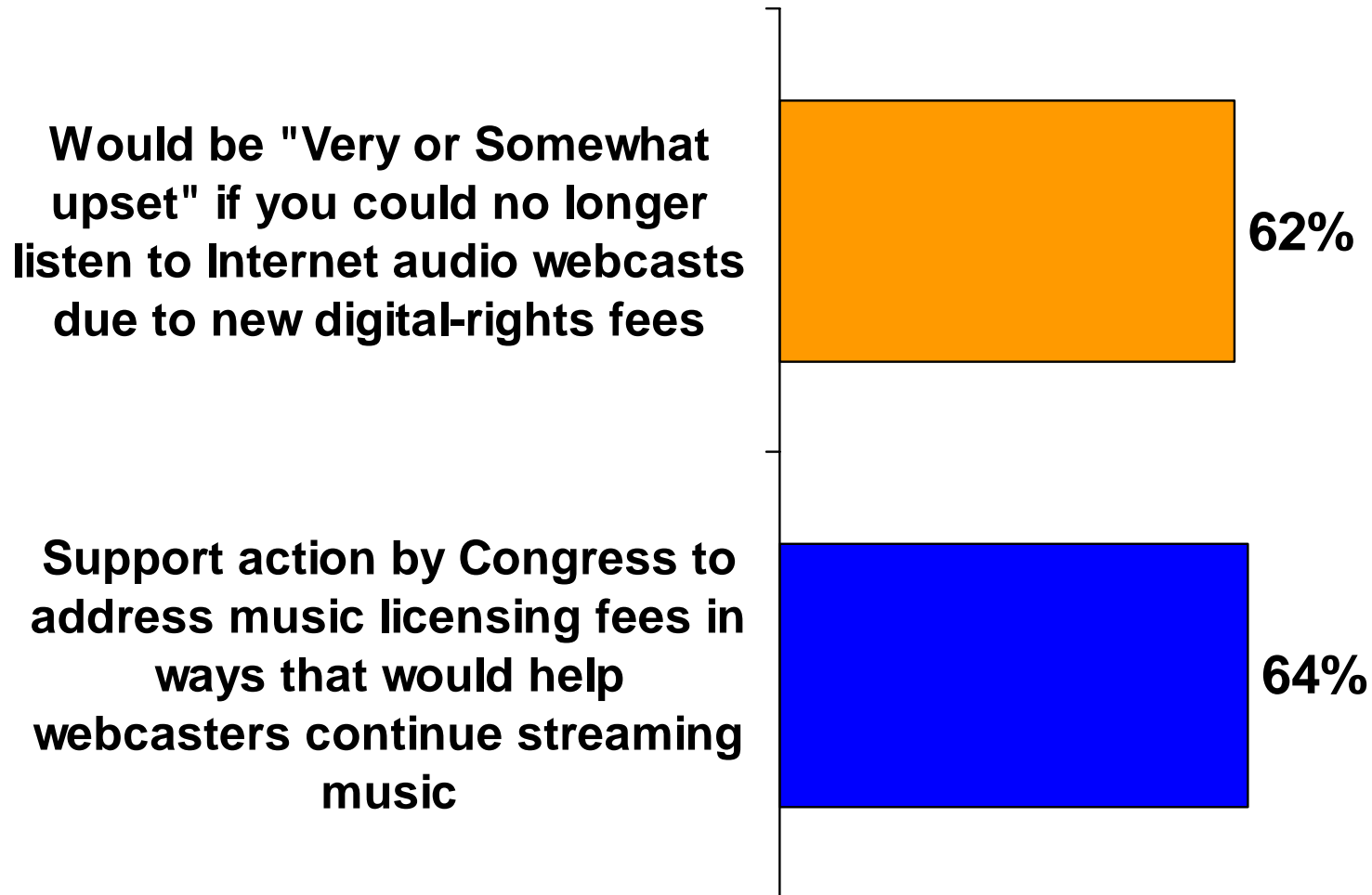
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# Monthly and Weekly Listening to Radio Stations Online Stable vs. Last Year

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

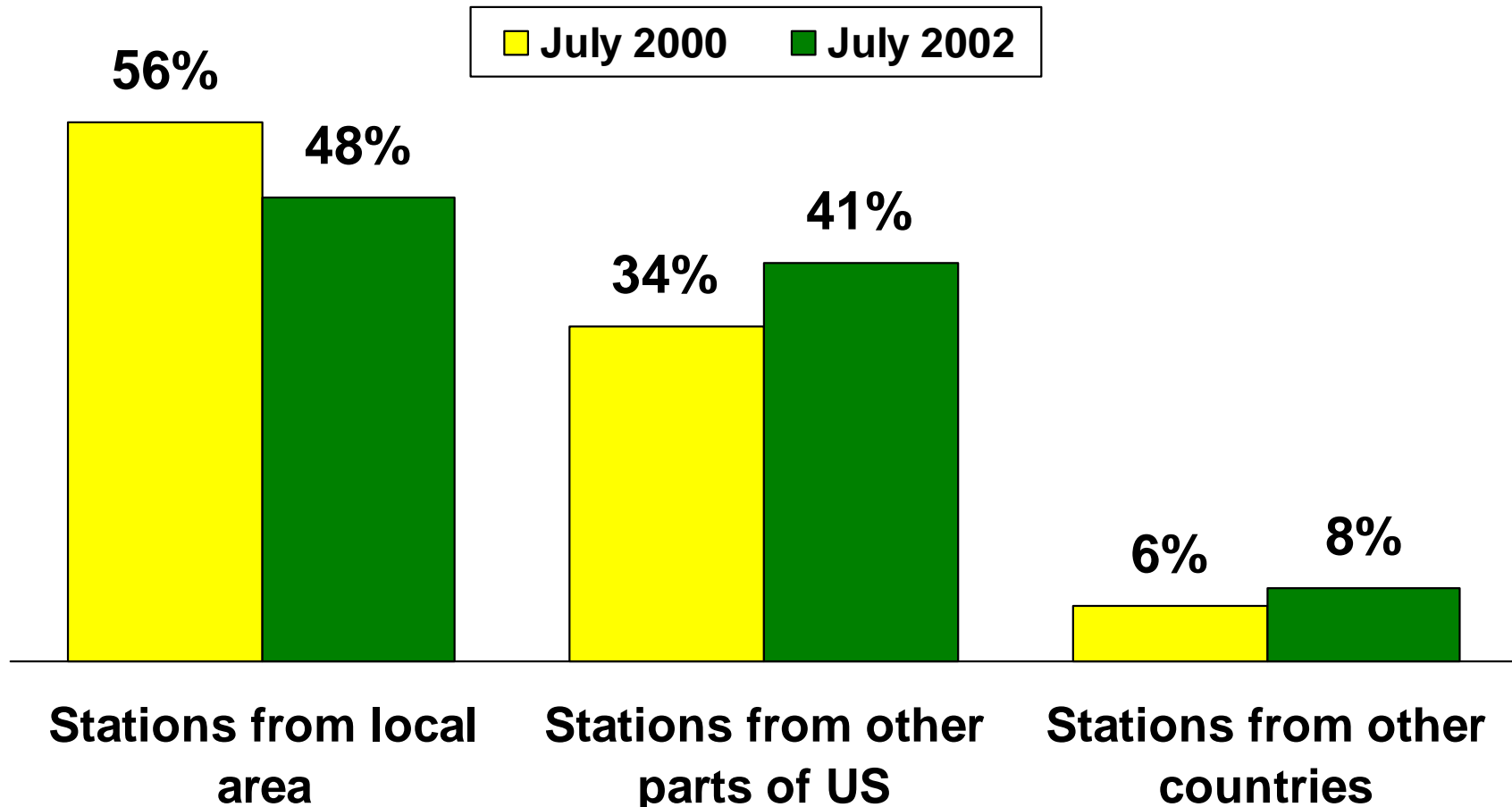


# Streamies Upset Over Impact of Digital-Rights Fees and Support Congressional Action



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

*“Which do you listen to most often?”*



*Base: Listened to Radio Stations Online*

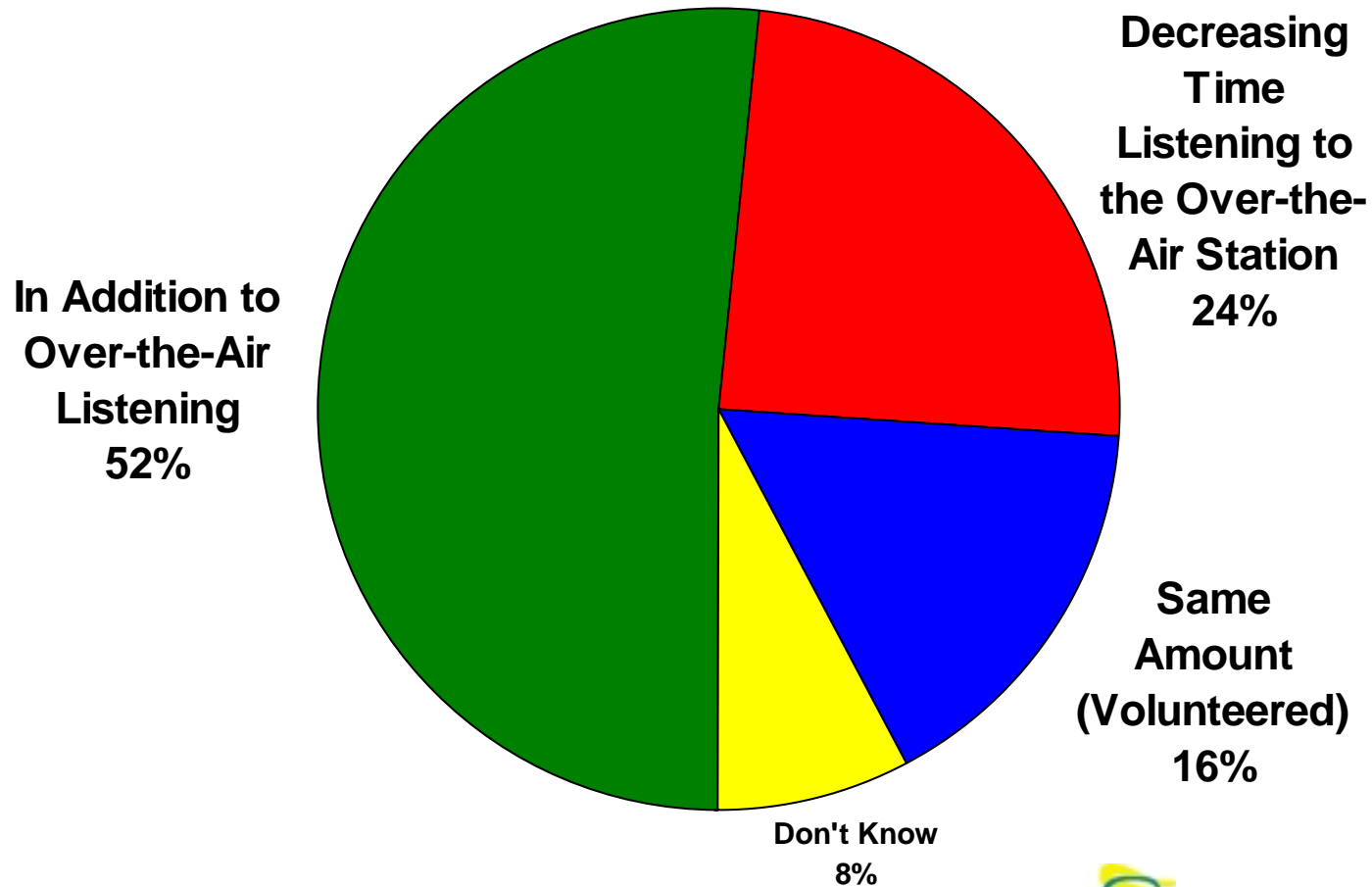


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# Time Spent with Audio Webcasts Is in Addition to Over-the-Air Listening

*“Is the time you spend listening to Internet Audio...”*

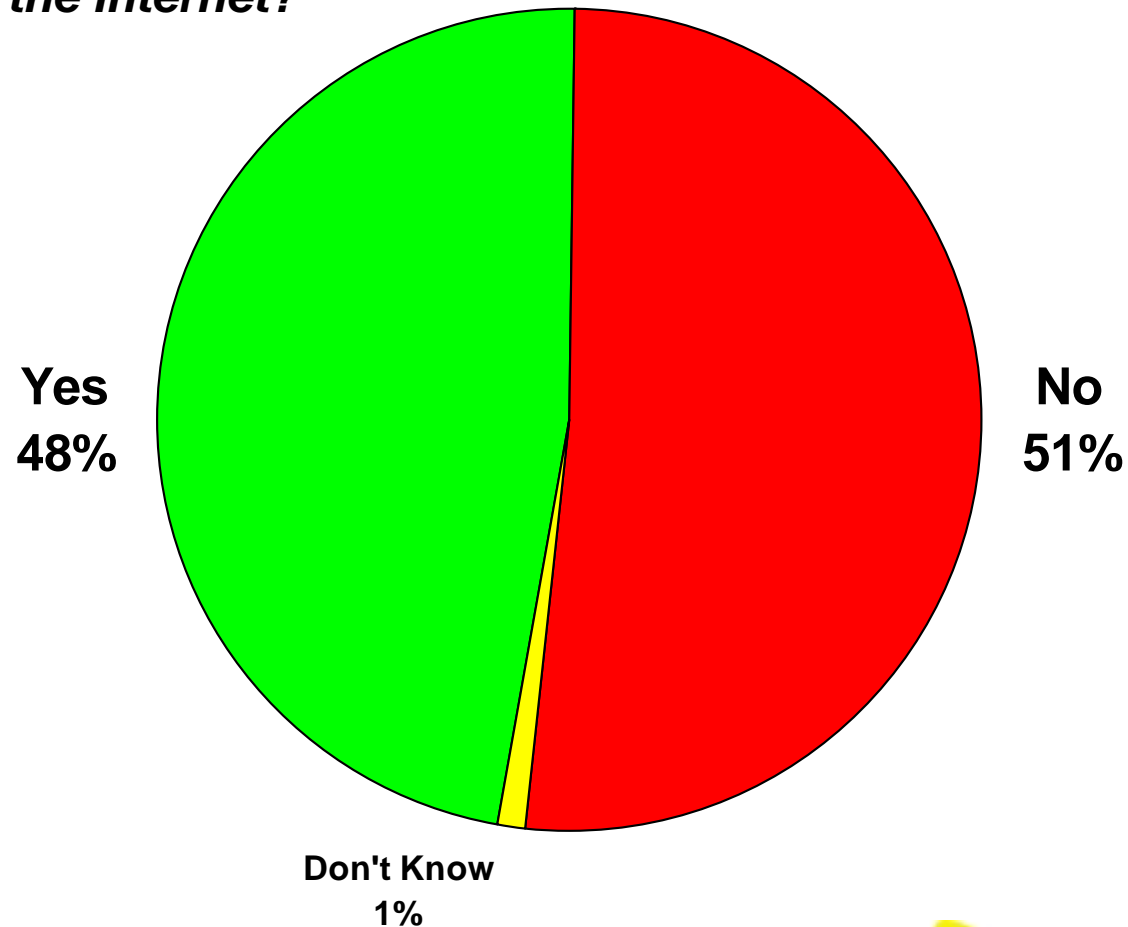


Base: Audio Streamies



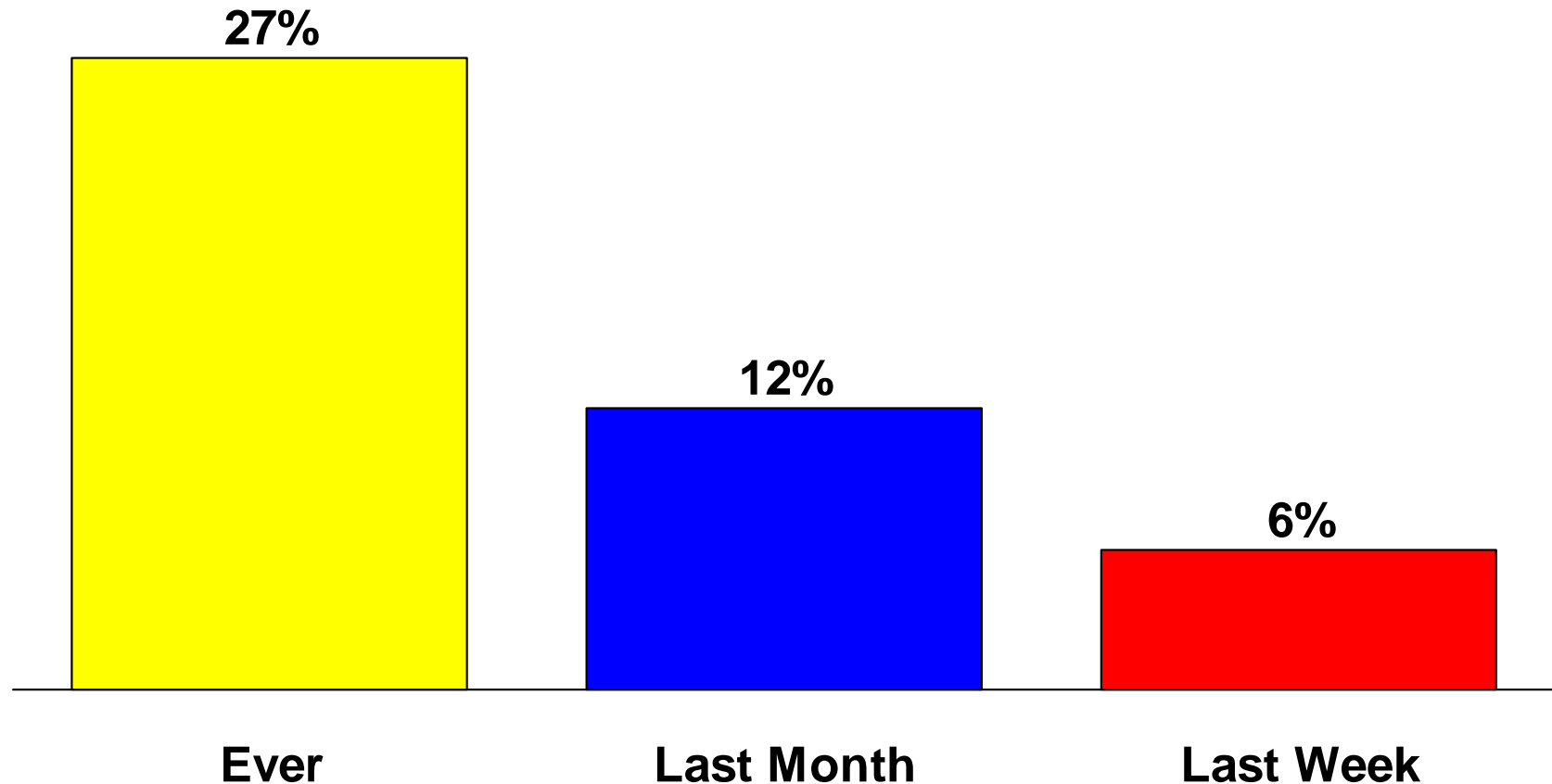
# Hearing Music Online Spurs CD Sales Among Weekly Audio Streamers

*“Have you ever purchased a music CD because you heard that artist’s music over the Internet?”*



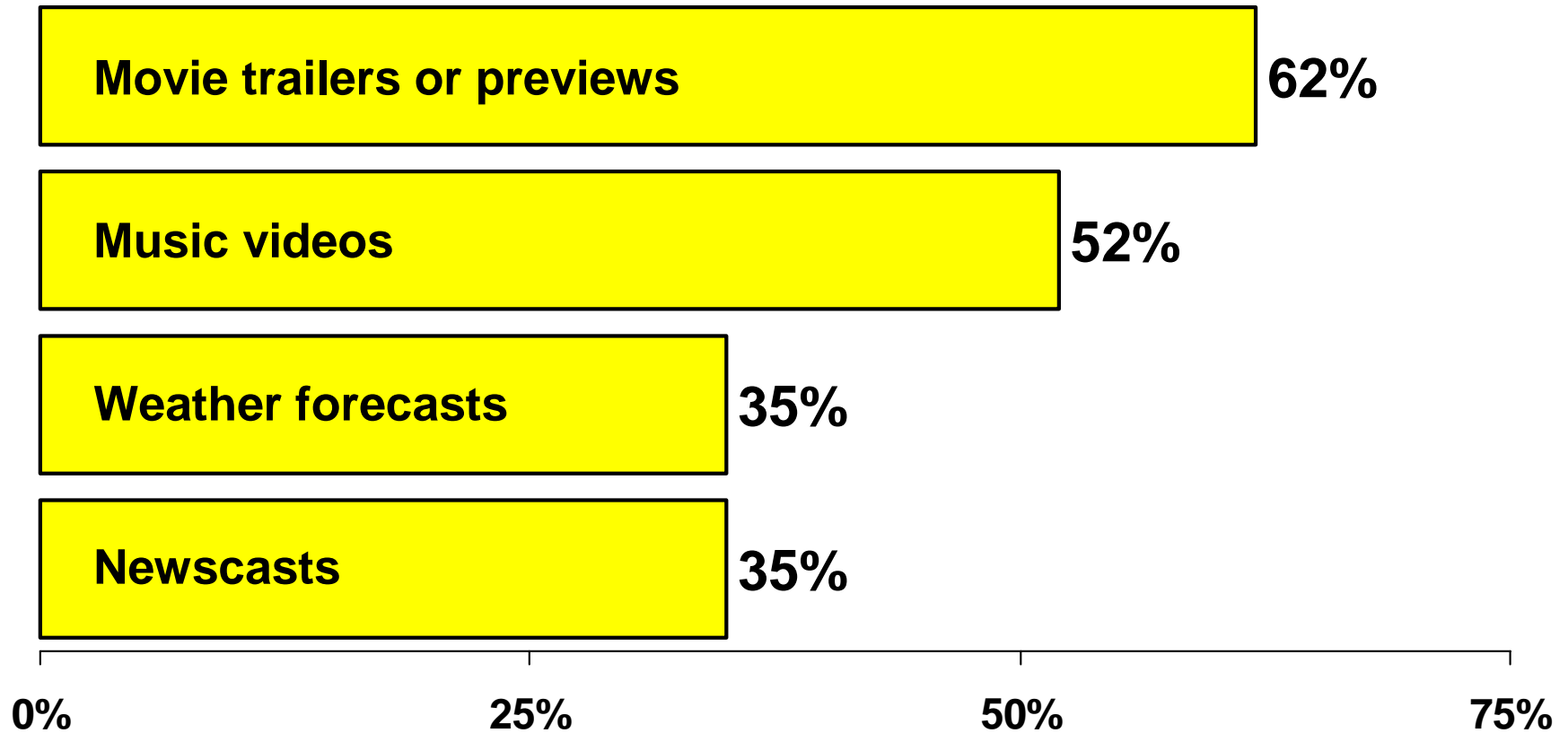
# More Than One in Four Online Have Ever Watched Internet Video

% Online Who Have Watched Internet Video...



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

**% of Video Streamies Who Have Ever Watched...**

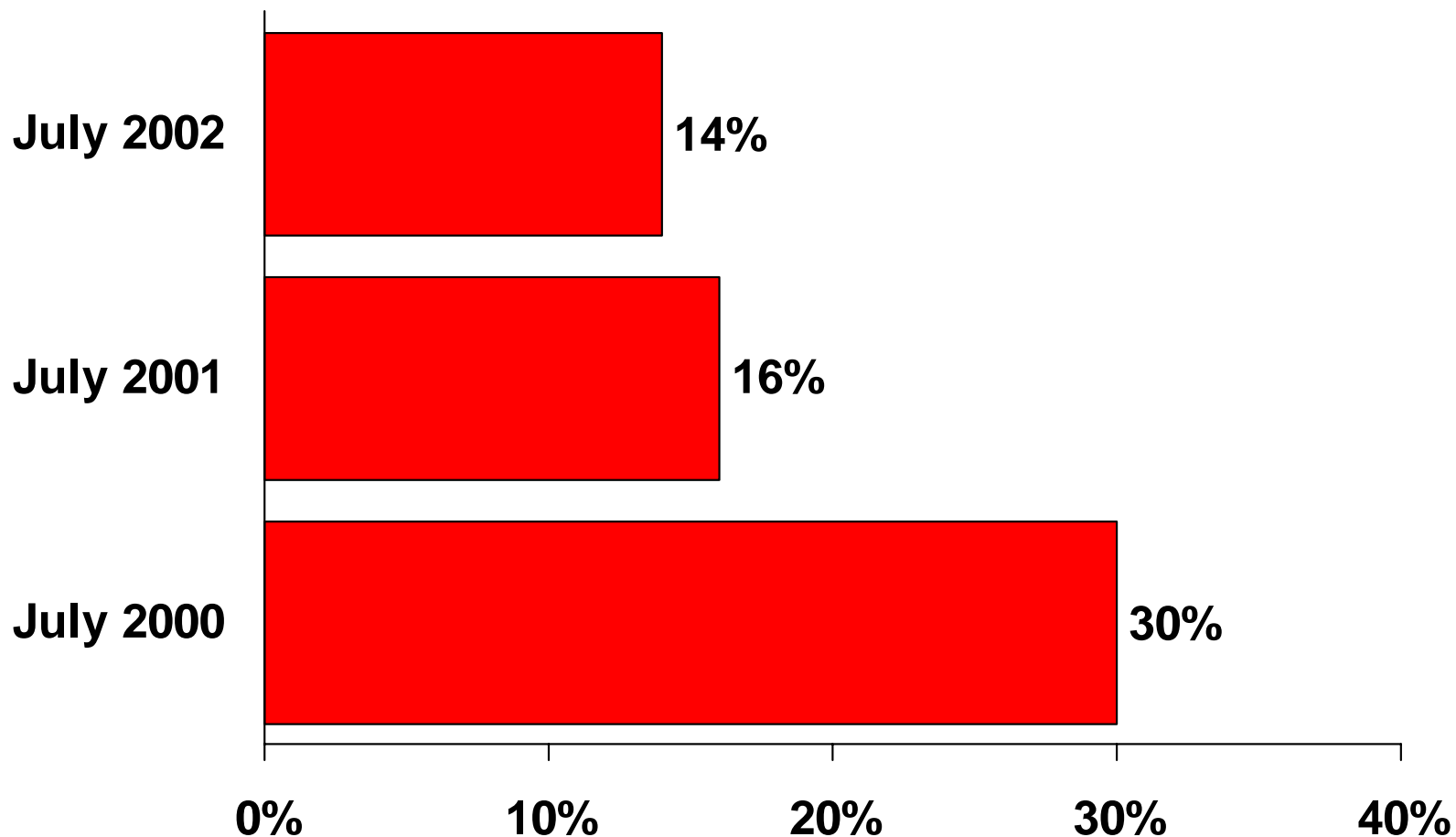


# Subscription and Advertising



# The Decline in Those Clicking on Banner Ads Continues

**% Online Who Have Clicked on Banner Ads in Last Month**



*Base: Currently Access the Internet*



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

**% of Audio Streamies Who Agree That...**

**Listening to audio commercials is a fair price to pay for free content from an audio Web site**

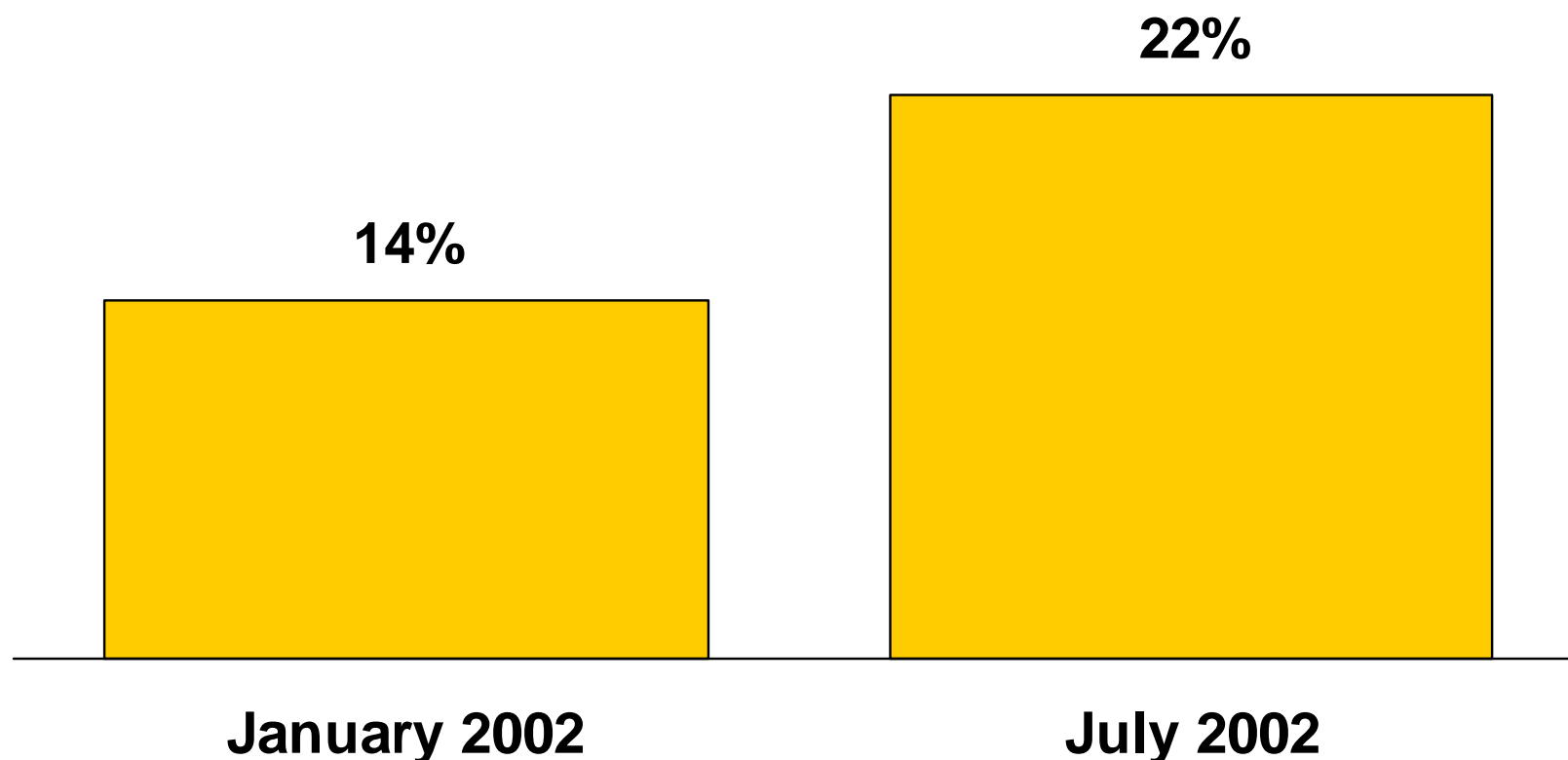
**70%**

**Viewing banner ads is a fair price to pay for free Web site content**

**58%**

# 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**

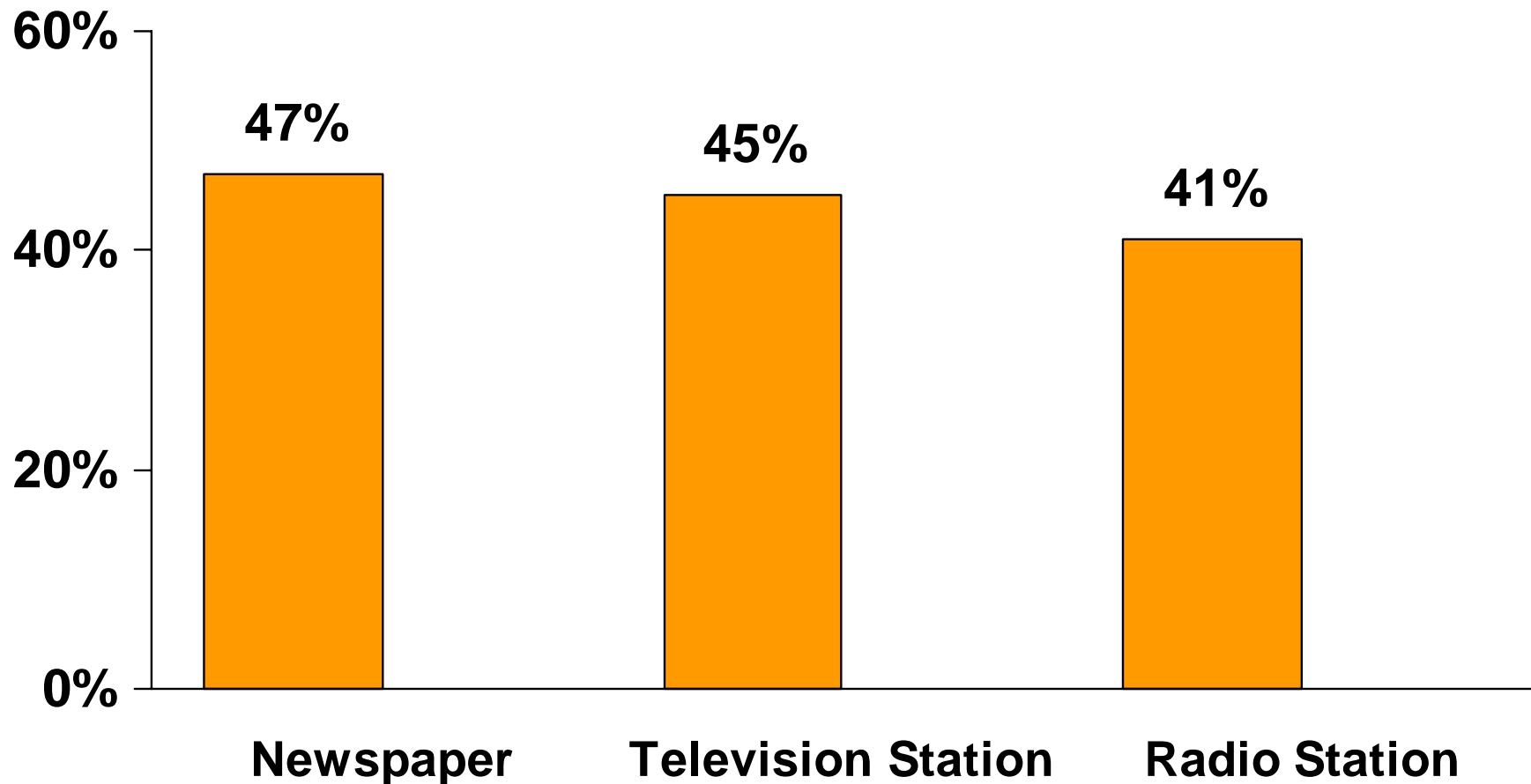


# Local Media Web Sites



# Radio Web Site Visitation Lags Newspaper and TV

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



Base: Currently Access the Internet

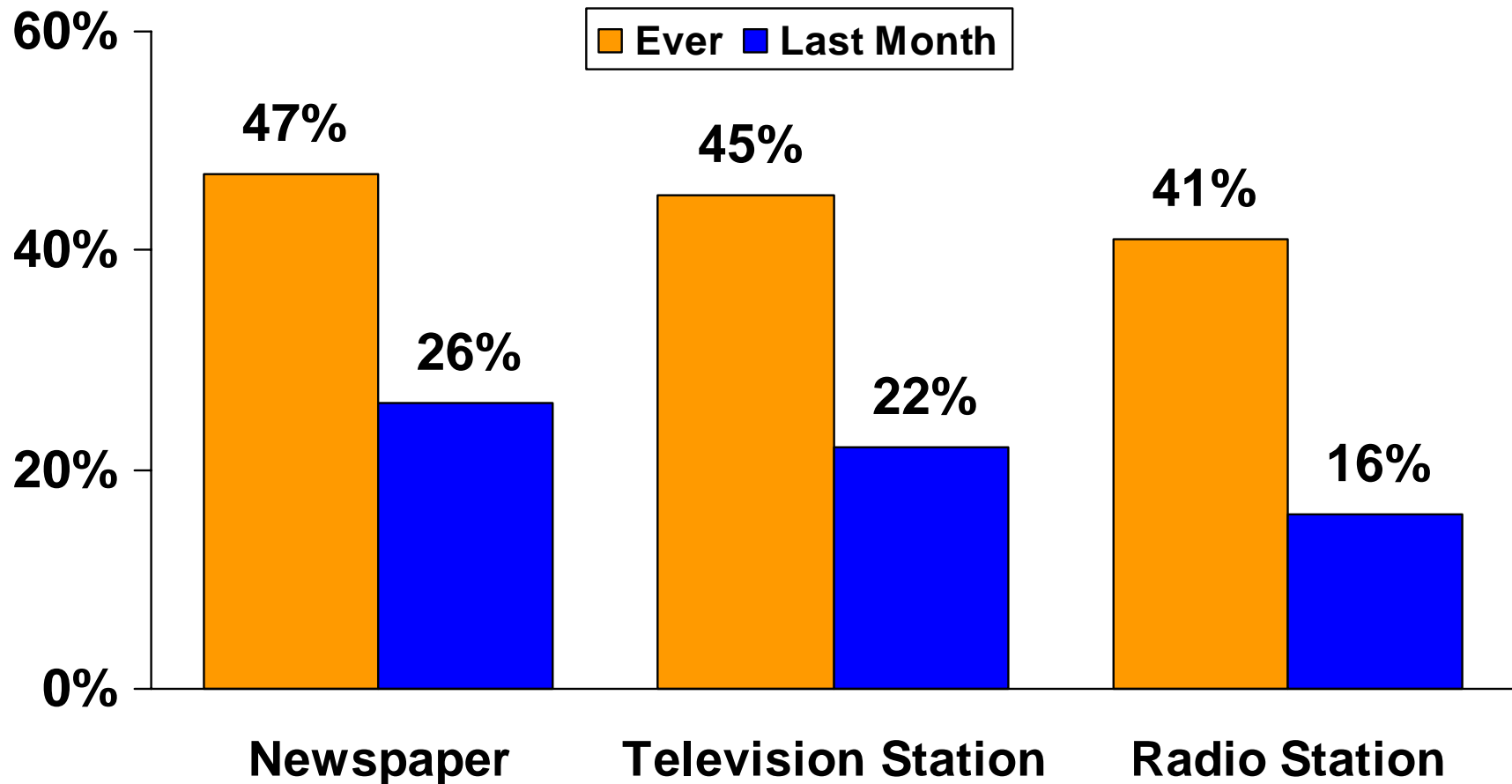


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# Radio Web Sites Worse at Converting Trial Visits Into Monthly Usage

% Online Who Have Visited Web Site of...

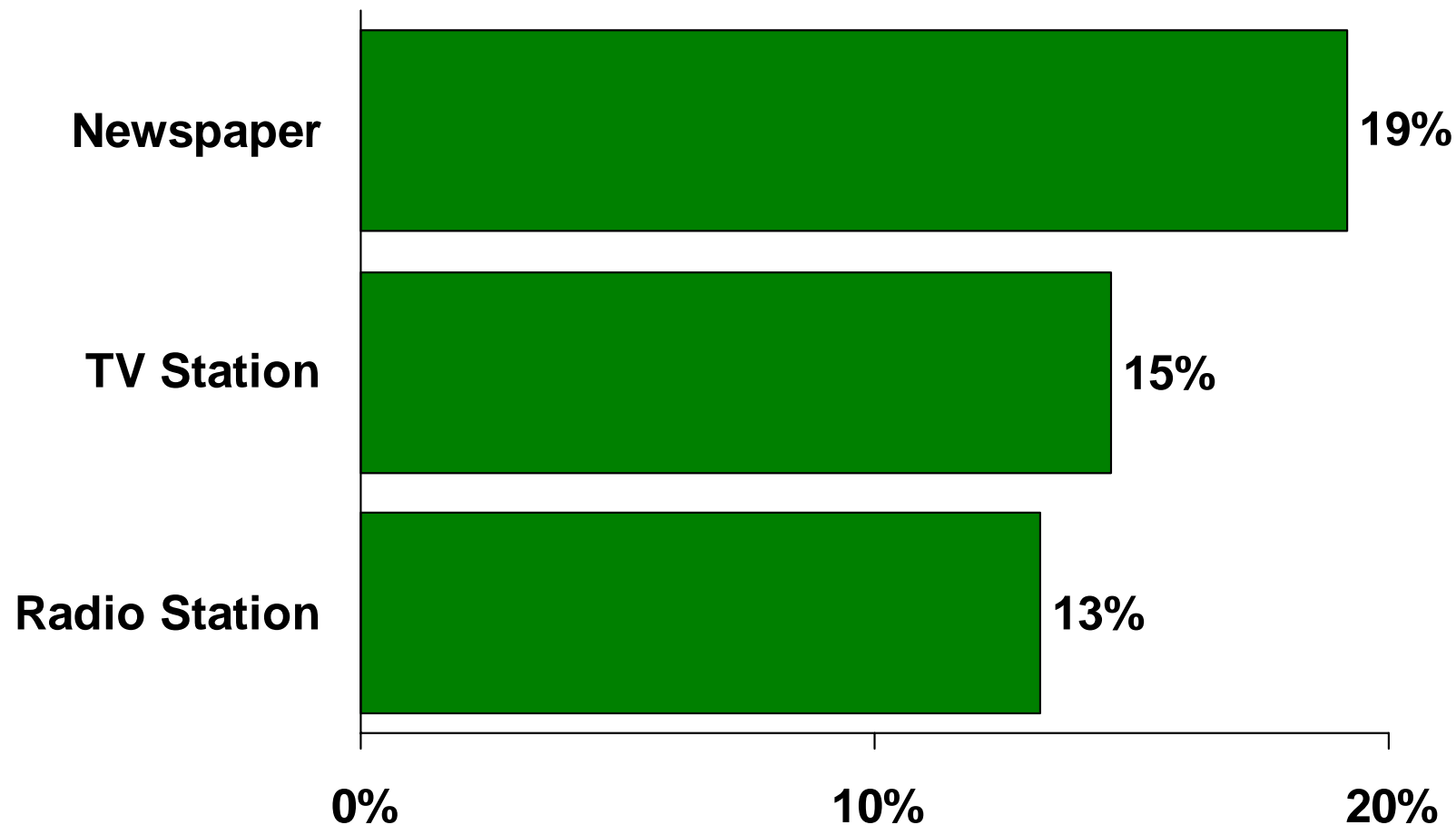


Base: Currently Access the Internet



# Consumers Rate Content on Newspaper Web Sites Highest

**% Rating Overall Content On Media Web Sites as “Excellent”**



*Base: Visited Web Site of Each Medium*

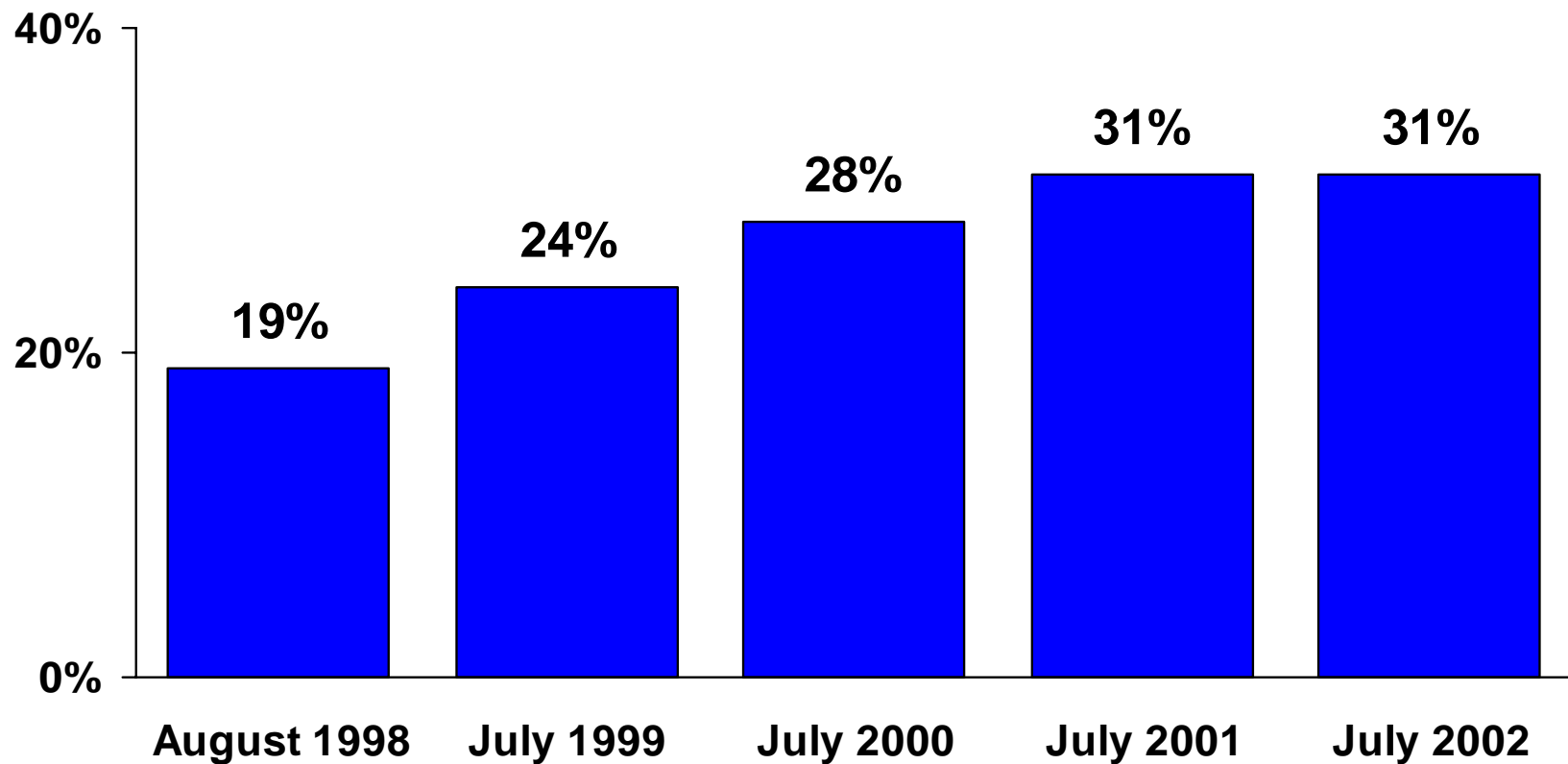


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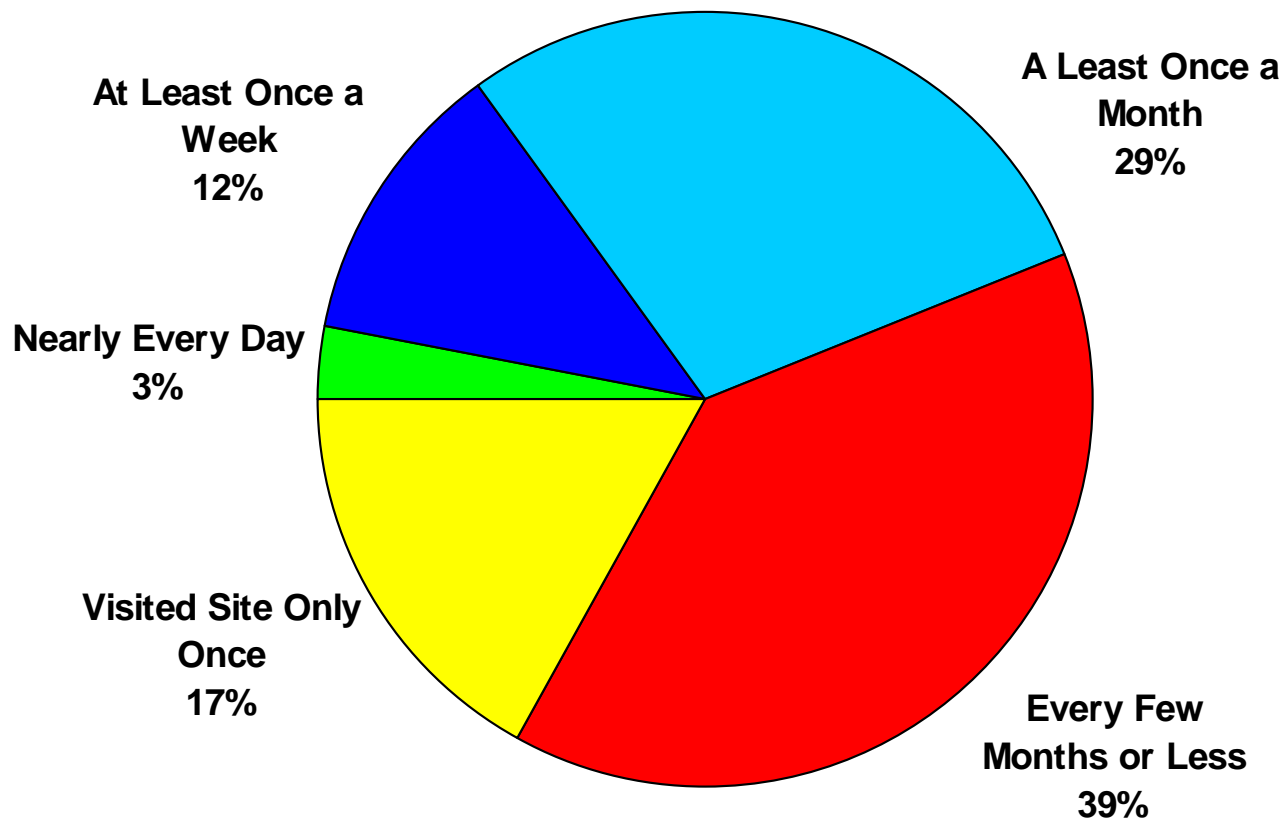
# Those Visiting Web Site of P1 Radio Station Has Levelled Off

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



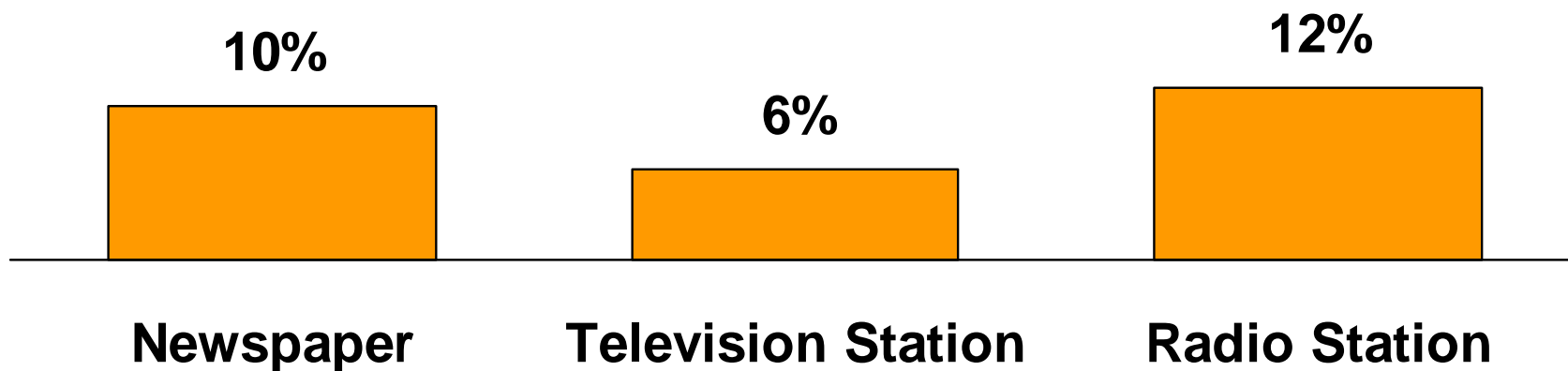
# Few People Visit Radio Station Web Sites Regularly

*“How frequently do you visit the Web site of the radio station you listen to most?”*



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

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



Base: Total Population 12+

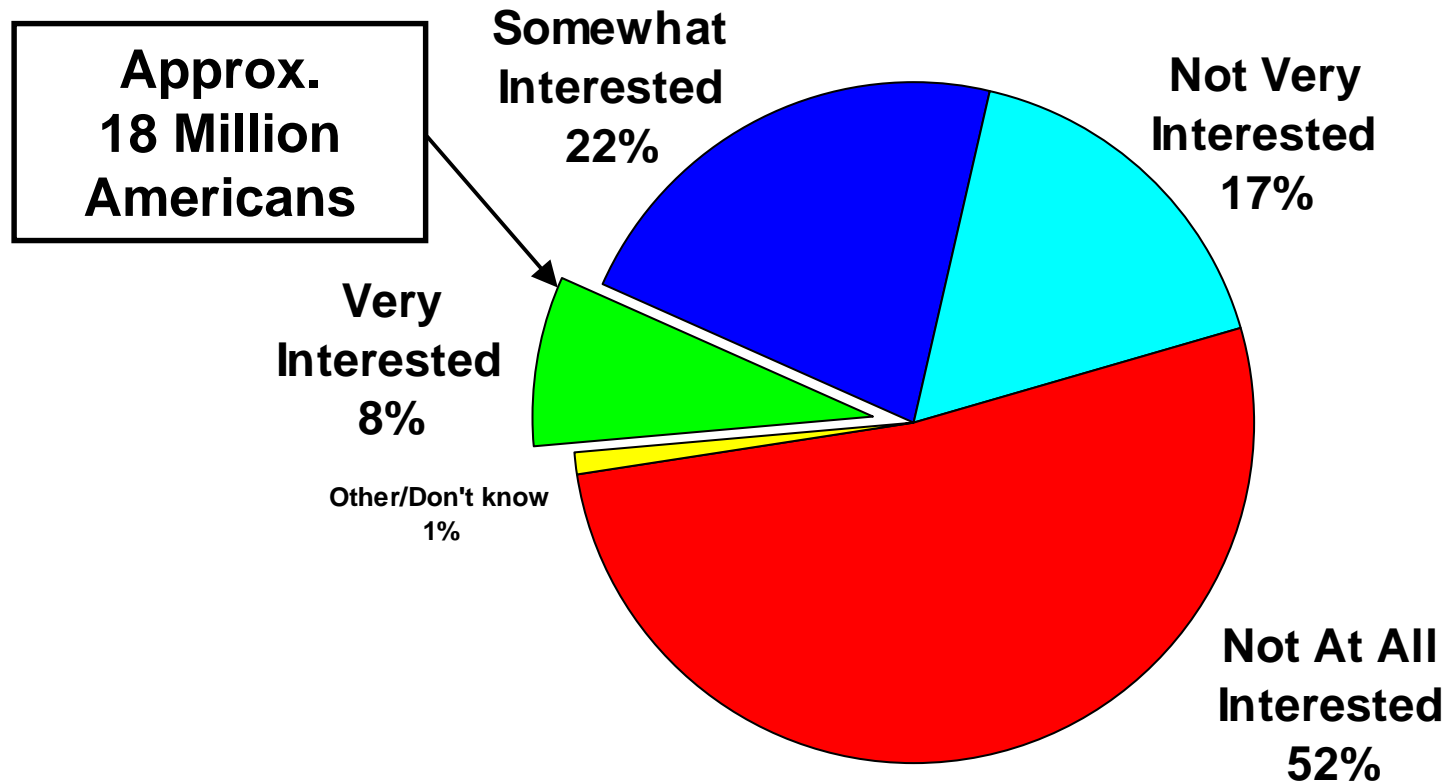


# Satellite Radio



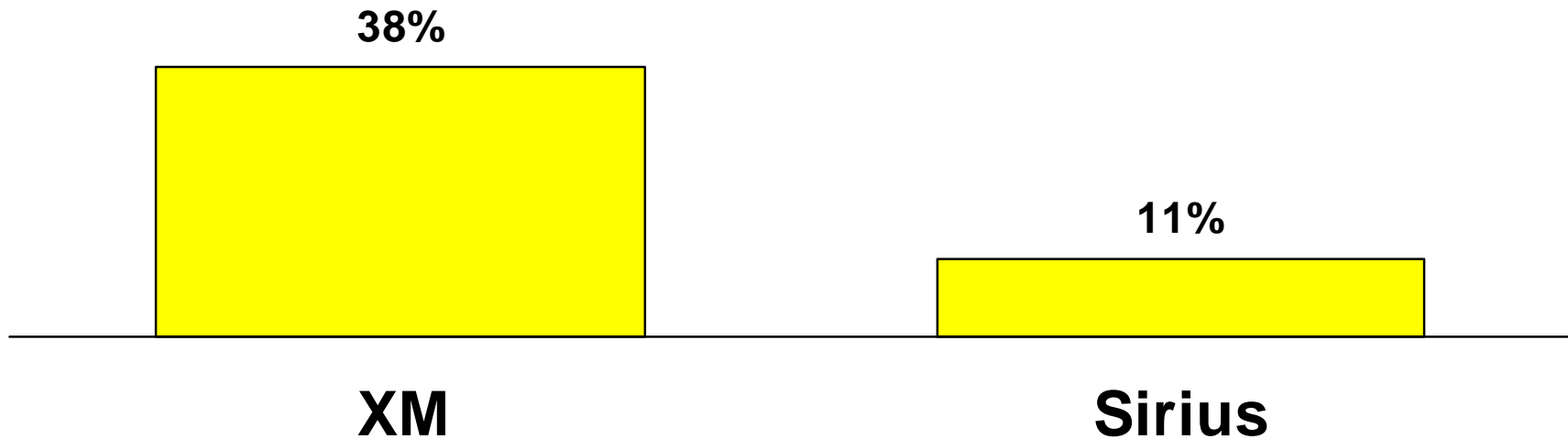
# Approximately 18 Million People are "Very Interested" in Satellite Radio

*"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?"*



# Significantly More Americans Aware of XM than Sirius

**% Aware of Satellite Radio Service**



Base: Total Population 12+

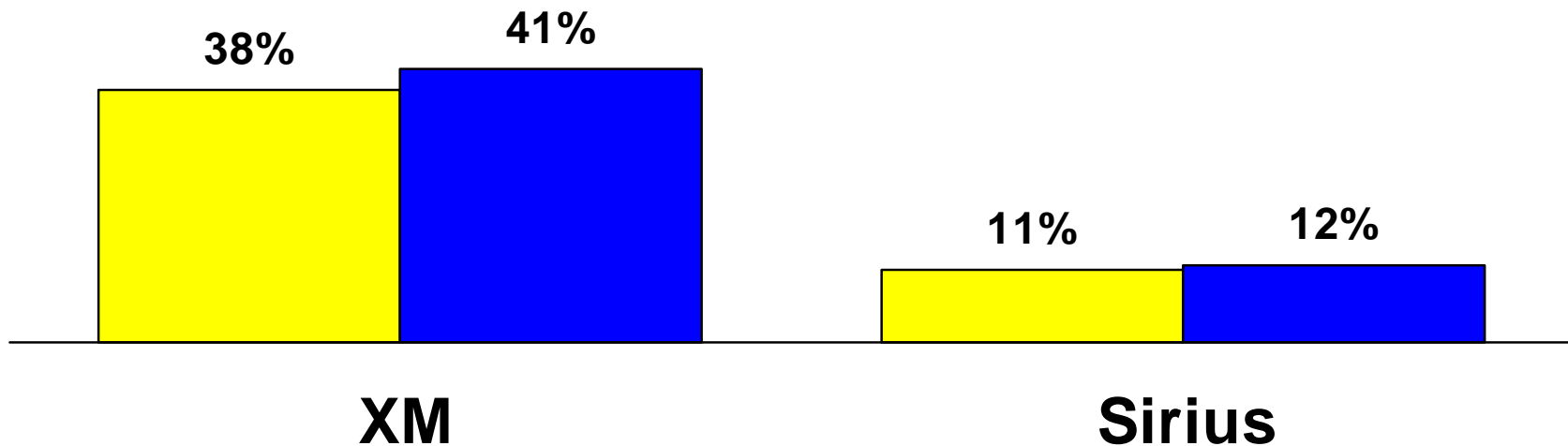


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# No Greater Awareness of Satellite Among Heavy Radio Listeners

% Aware of Satellite Radio Service

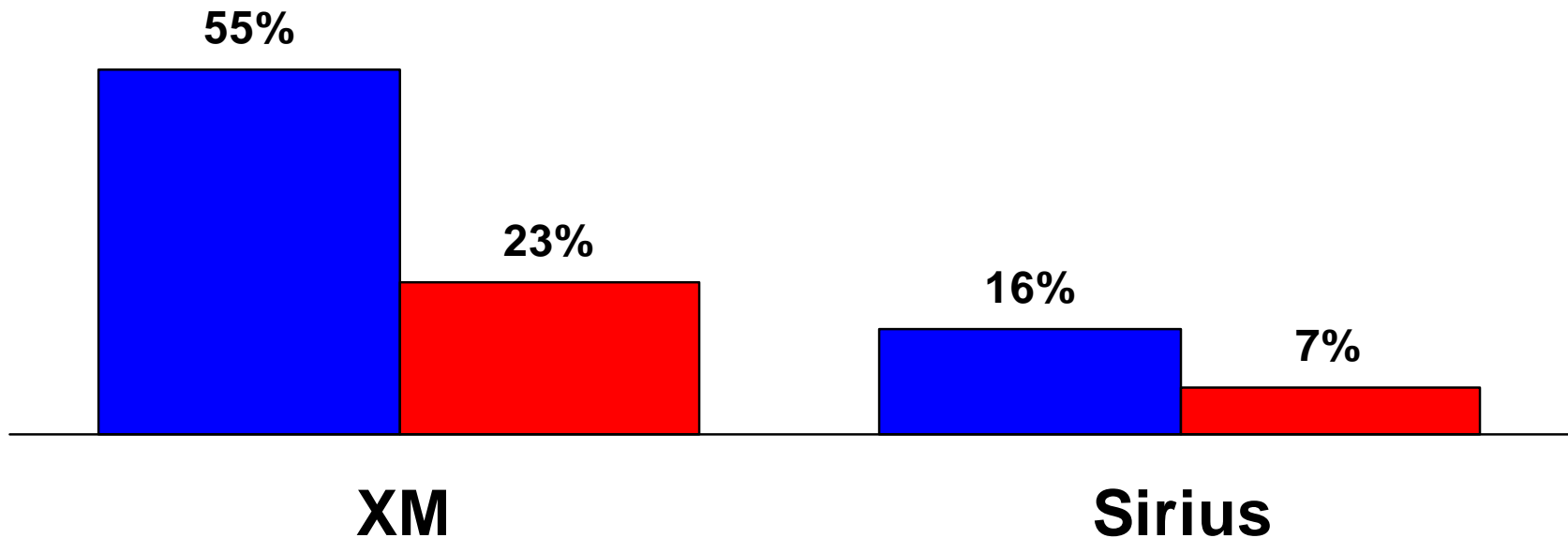
■ Total Population ■ Heavy Radio Listeners (25+ hours/week)



# Men Are More Aware of Satellite Radio than Women

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

■ Men ■ Women



Base: Total Population 12+



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# Recommendations



# Recommendations

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- 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

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- 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

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- 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

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- 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

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

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

# Recommendations

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- 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

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- 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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