

# *The Media and Entertainment World of Online Consumers*



## *How Internet 9 Was Conducted*

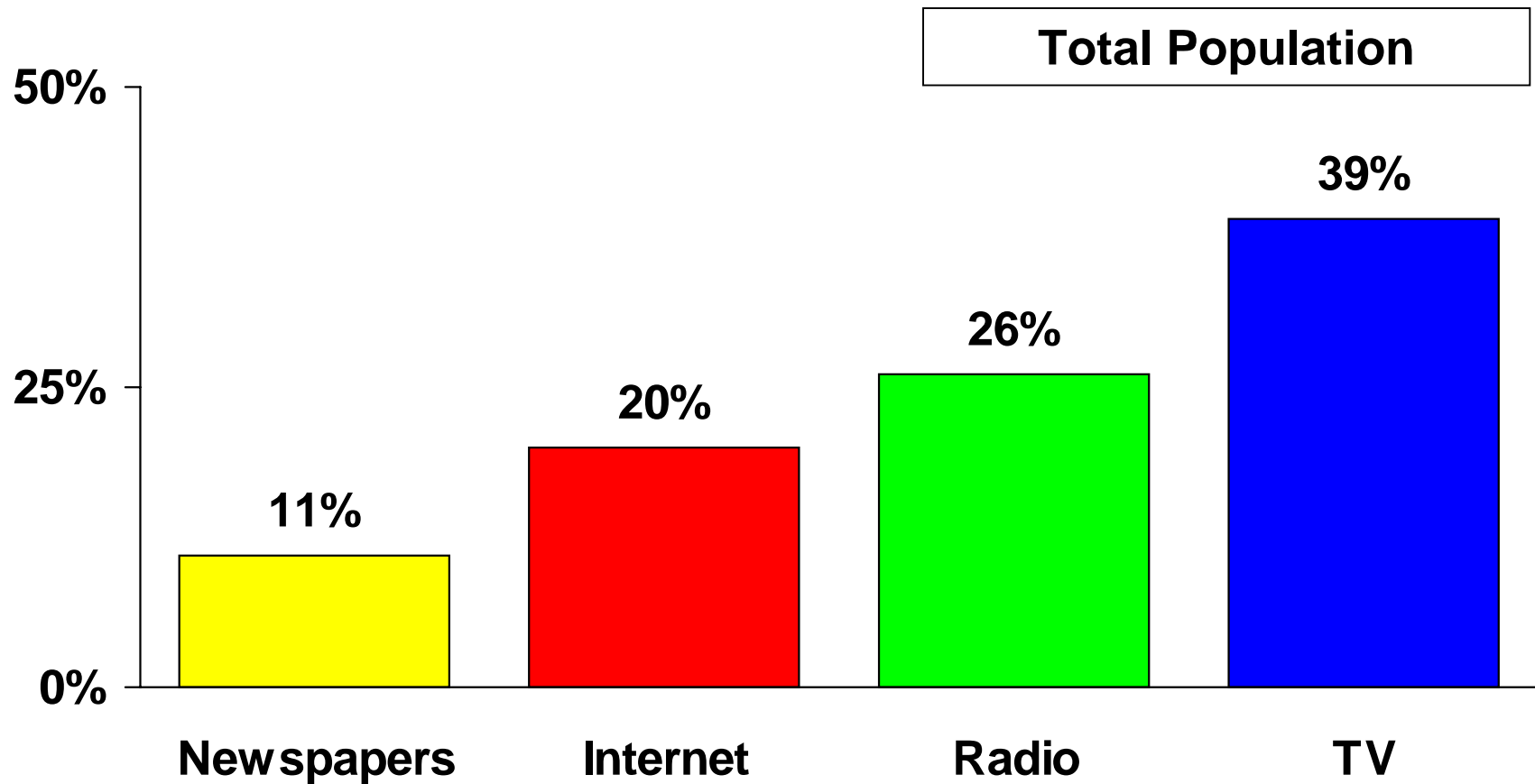
---

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

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

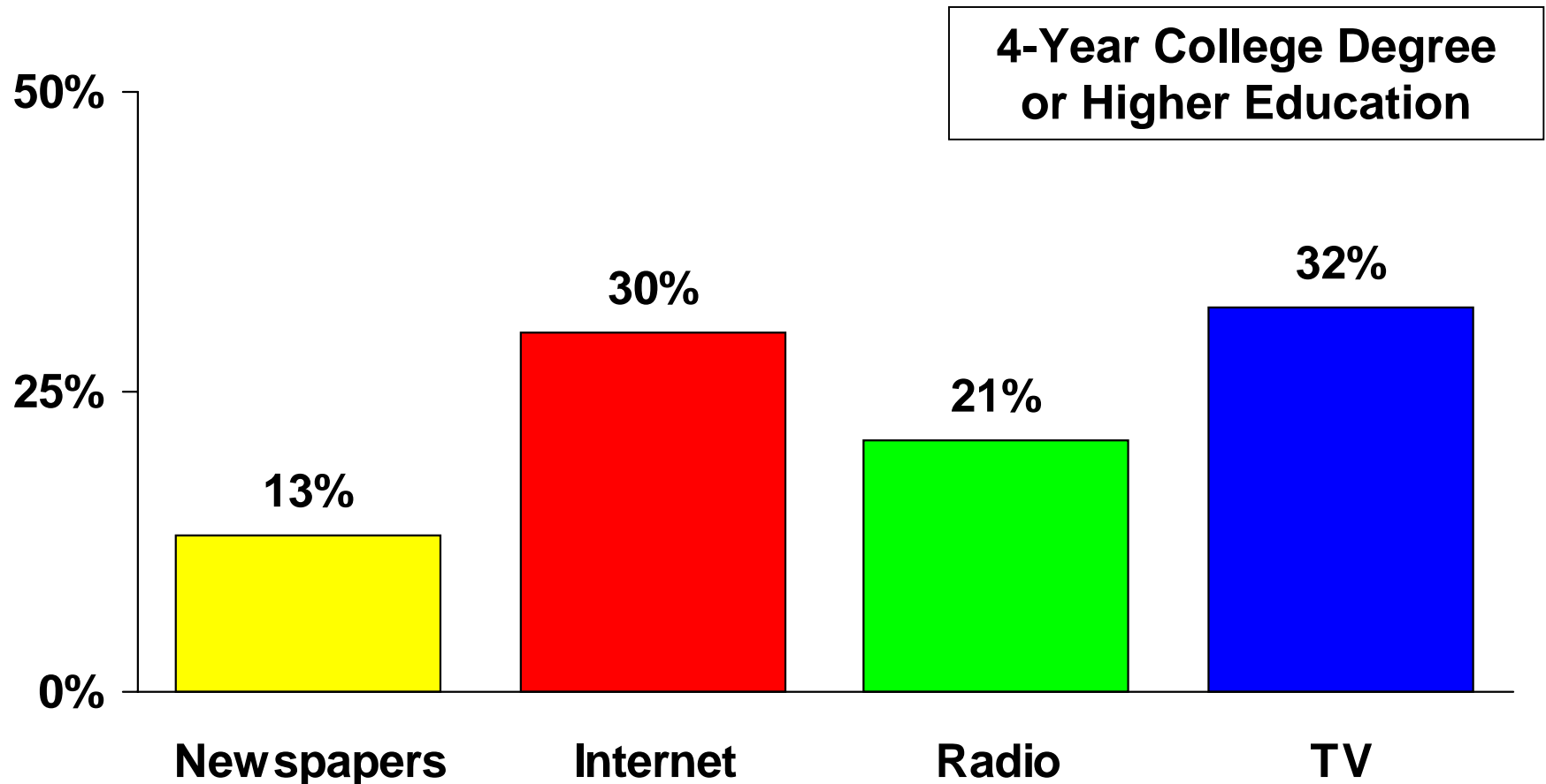
# "Most Essential" Media in Consumers' Lives

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



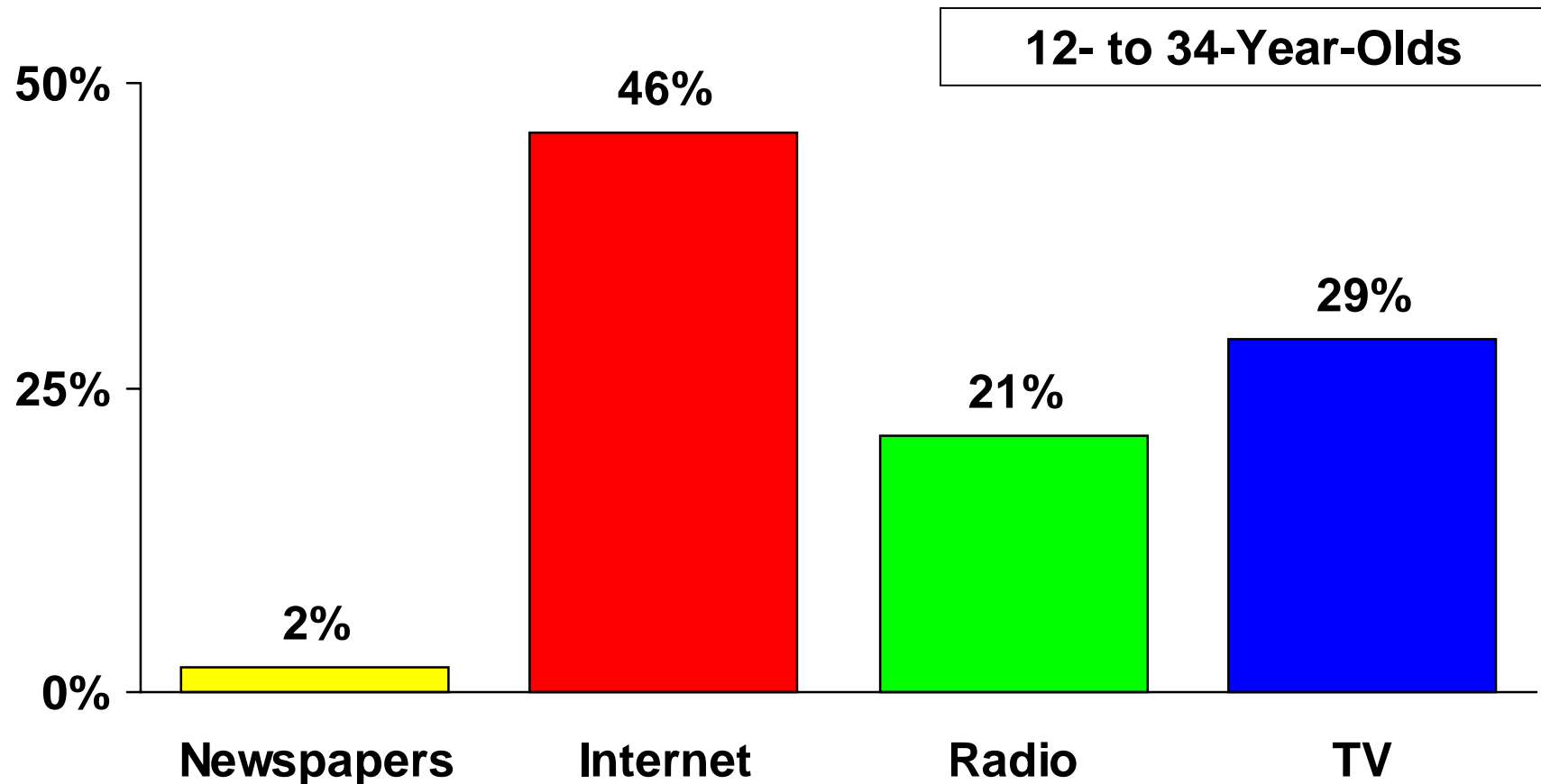
# The Internet Is More Essential Among the Highly Educated

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



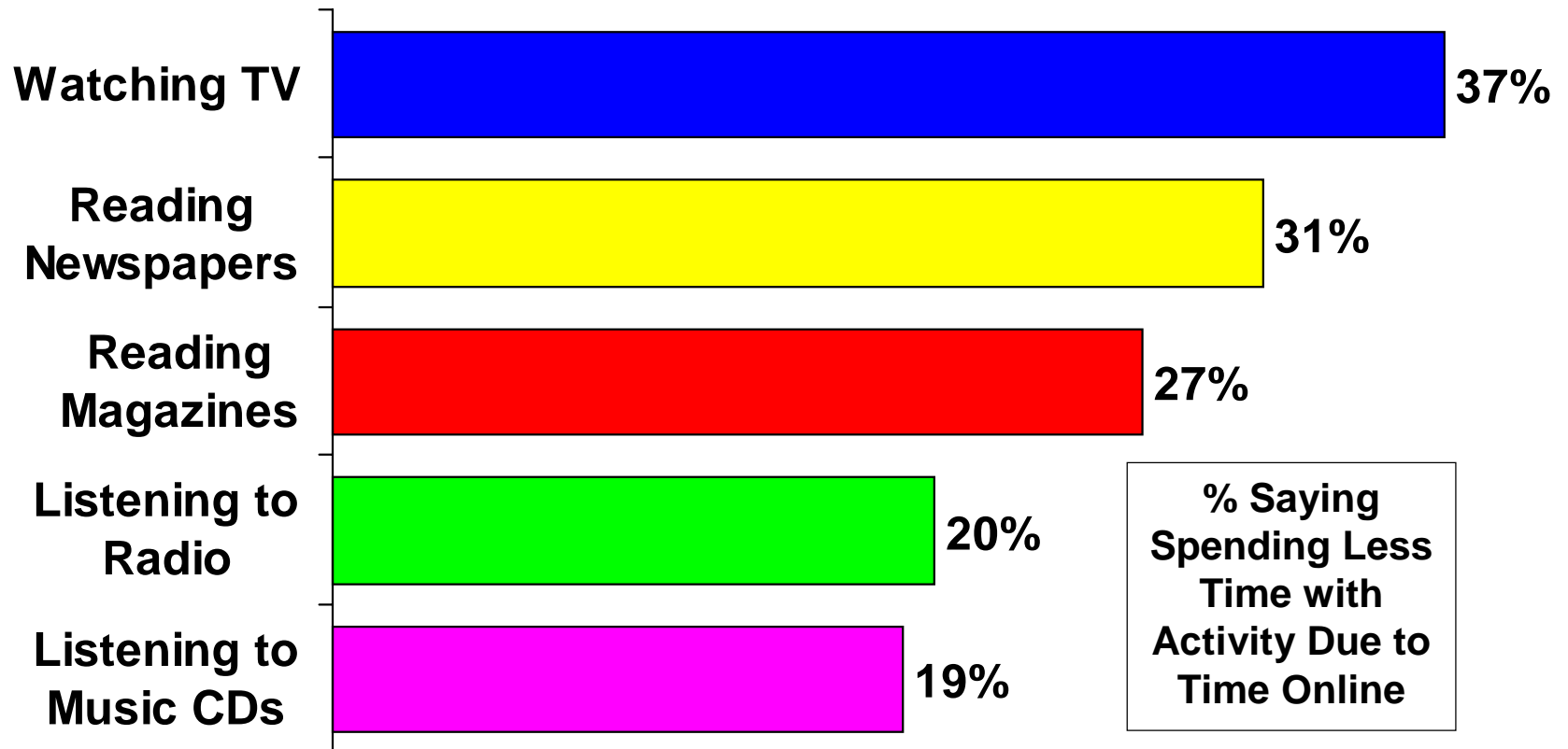
# The Internet Is the “Most Cool and Exciting” Among 12- to 34-Year-Olds

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



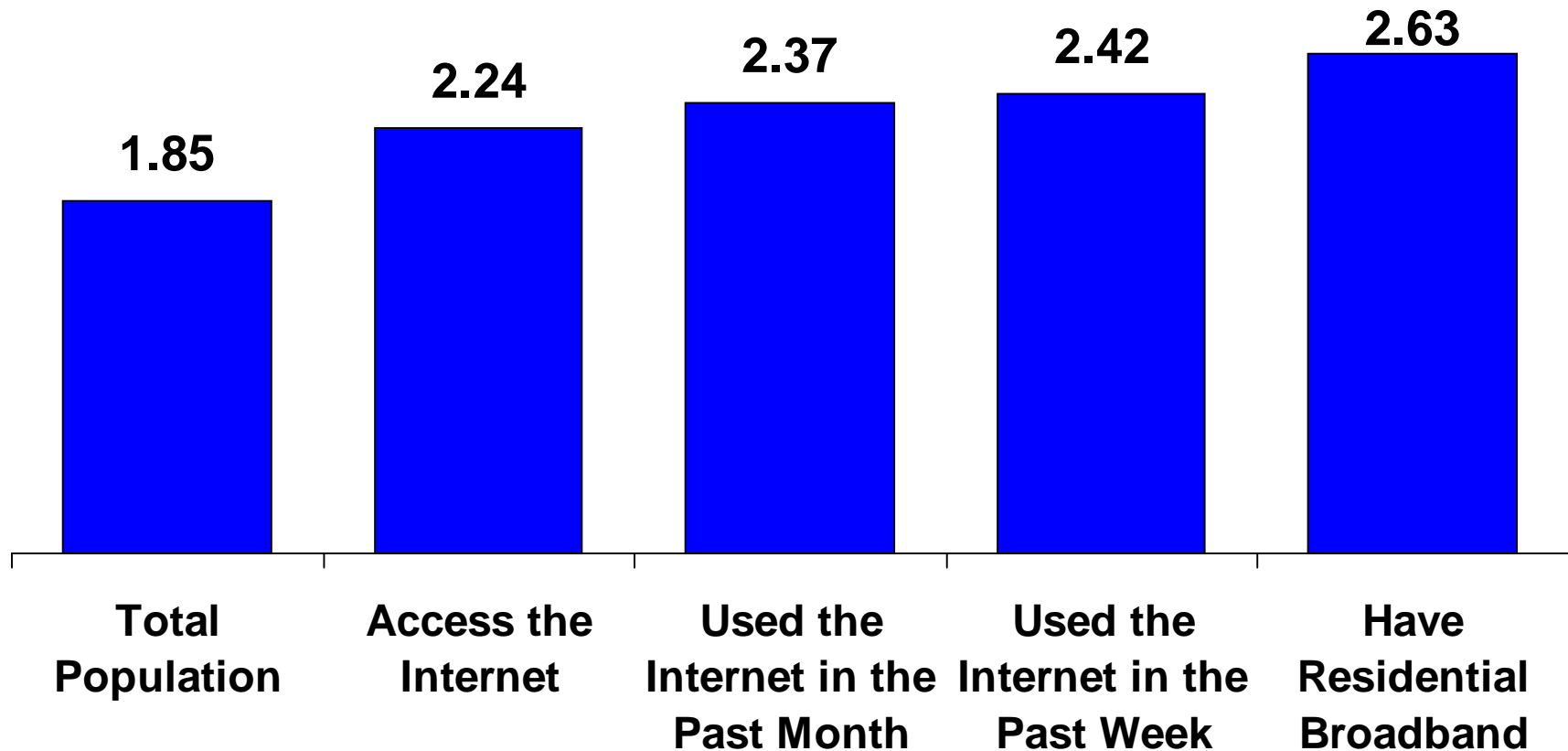
# Americans Are Spending Less Time with Traditional Media Due to Time Online

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



# *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**

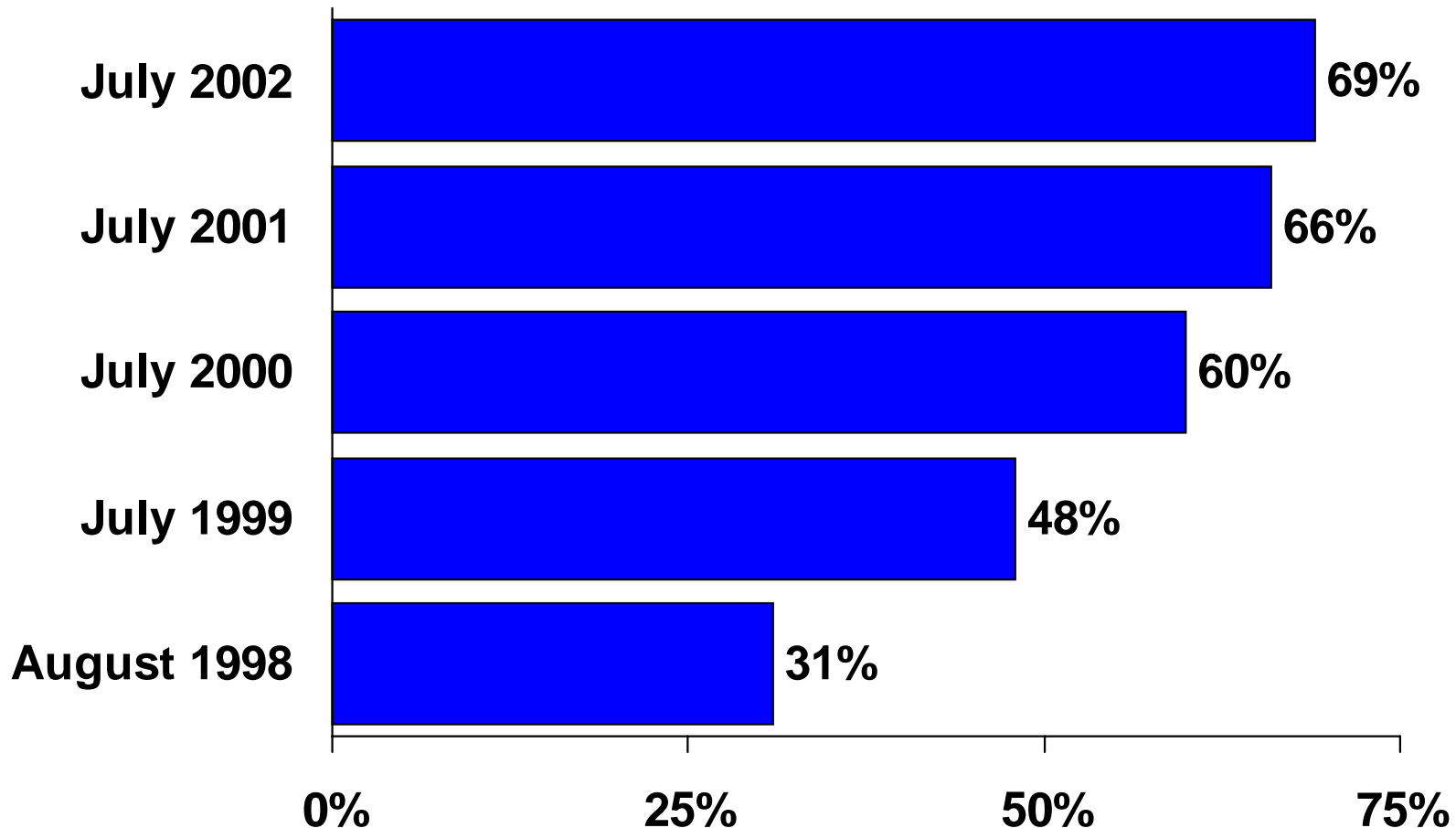


# *Internet Access Trends*



# Seven in Ten Americans Now Have Access to the Internet

% with Internet Access at Any Location



Base: Total Population 12+

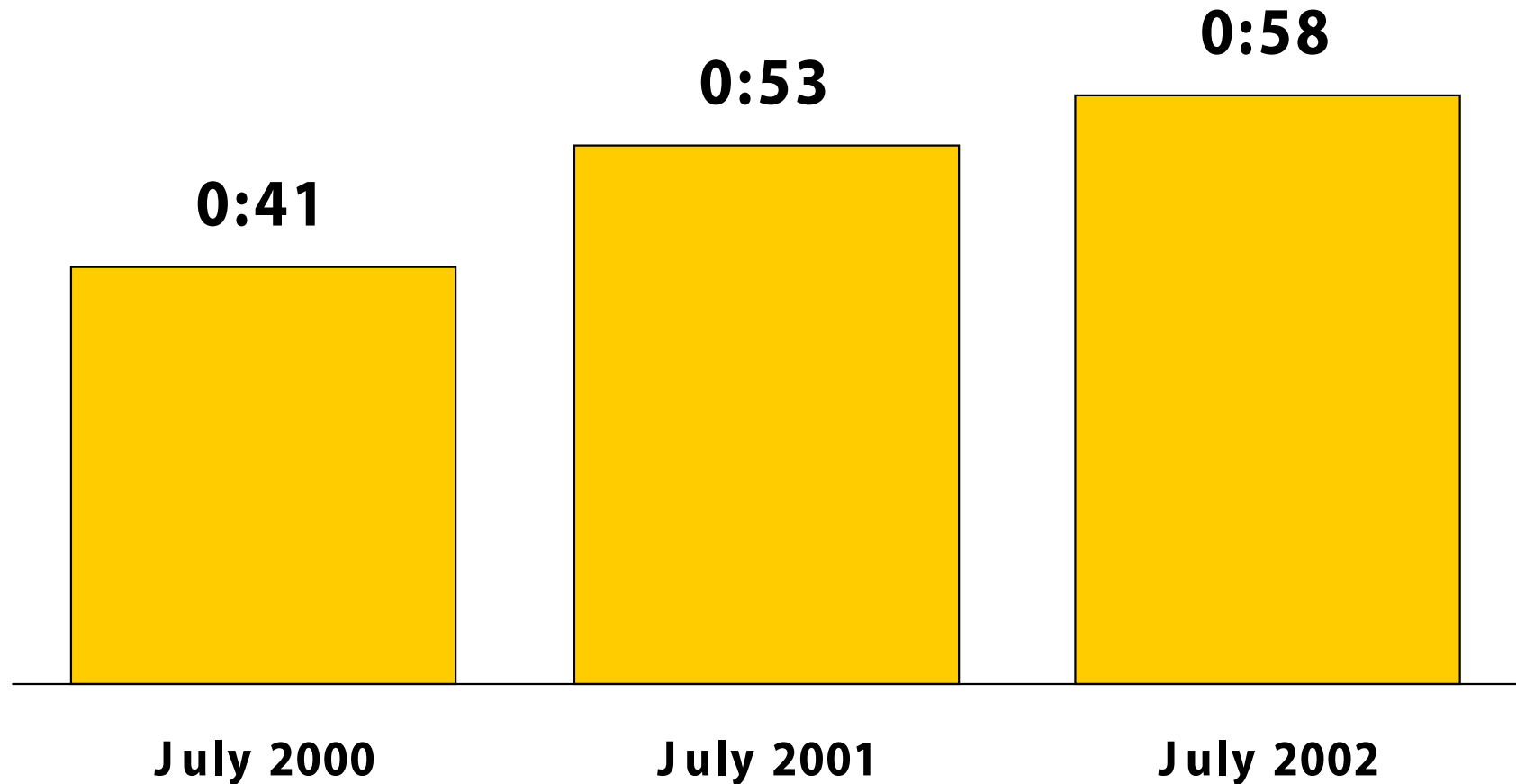


edison media research

© 2002 Arbitron Inc./Edison Media Research

# Average Time Spent Online Approaches One Hour Per Day

Time Spent Online Per Day (Hours:Minutes)



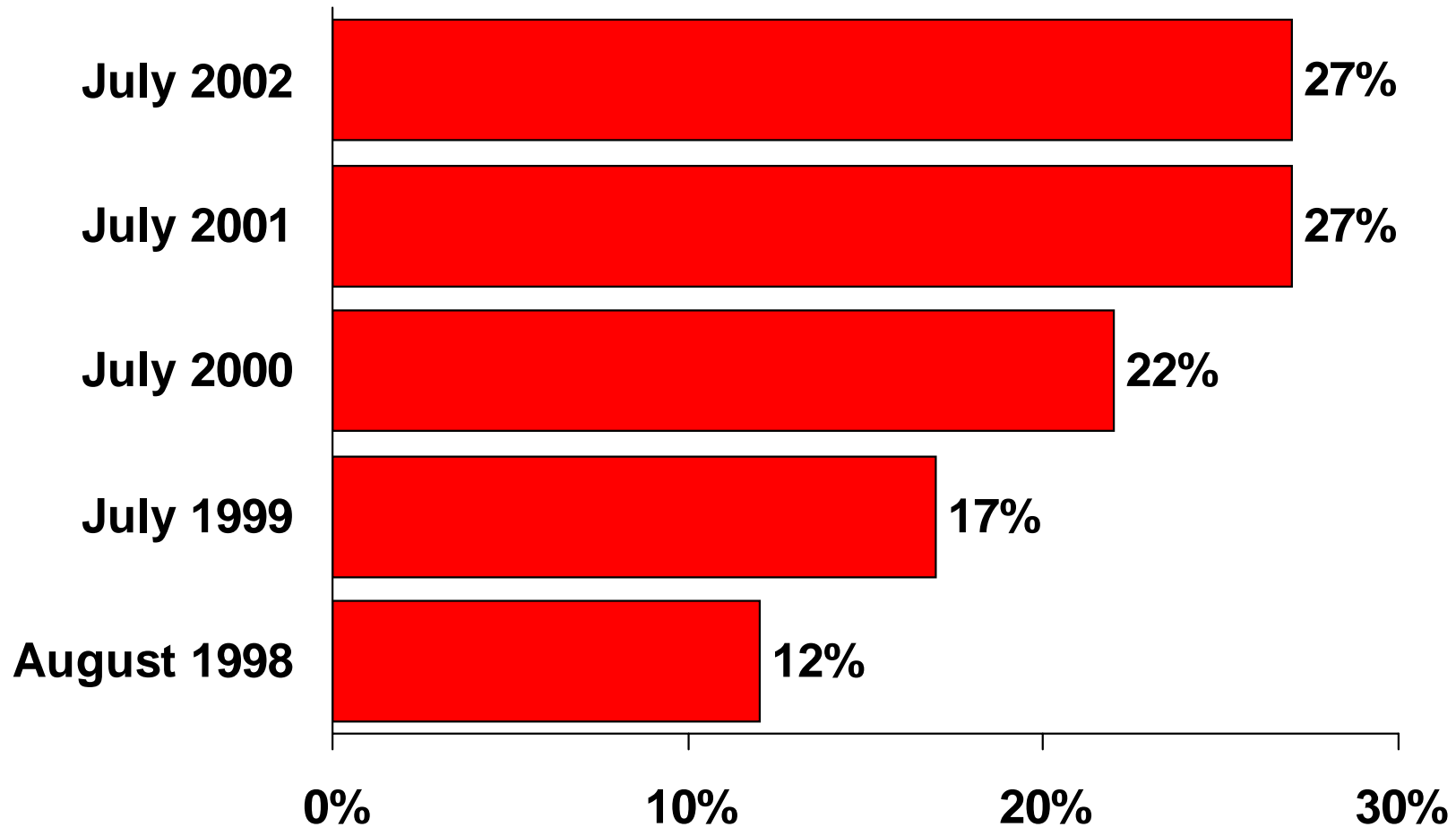
Base: Total Population 12+



© 2002 Arbitron Inc./Edison Media Research

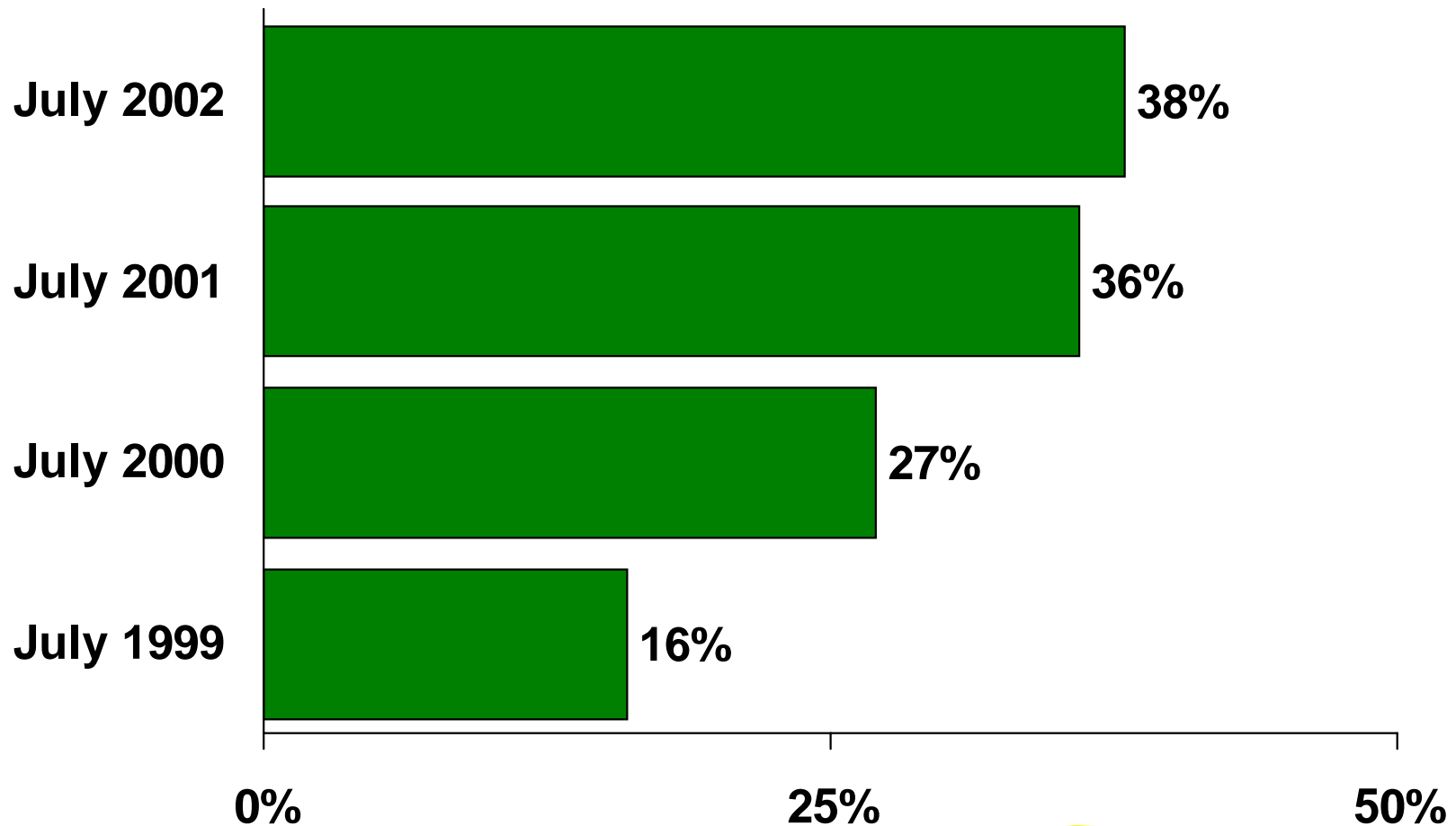
# More Than One in Four Americans Access the Internet at Work

% with Internet Access at Work



# Nearly Four in Ten Americans Have Made a Purchase Online

% Who Have Ever Purchased Online



Base: Total Population 12+



edison media research

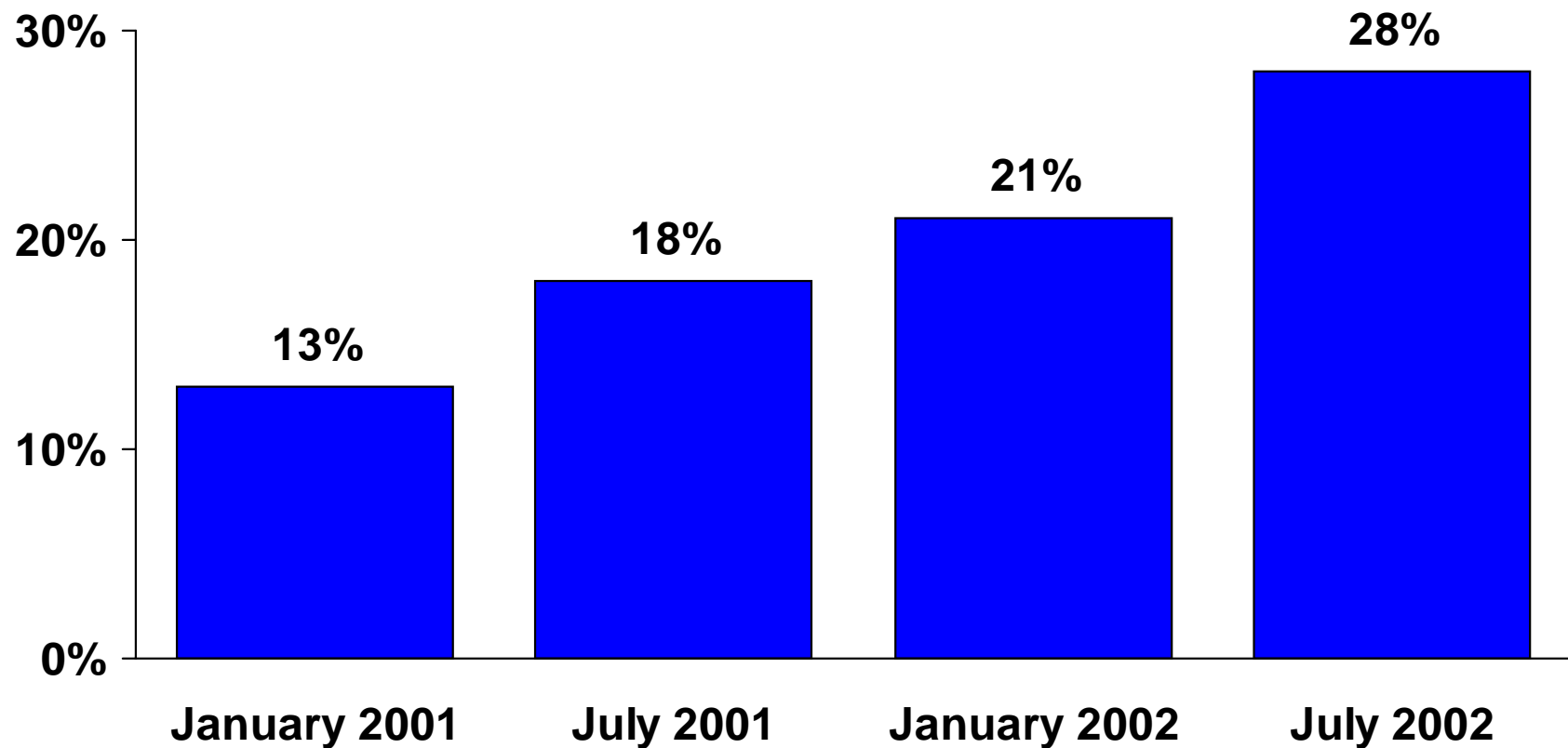
© 2002 Arbitron Inc./Edison Media Research

# Broadband



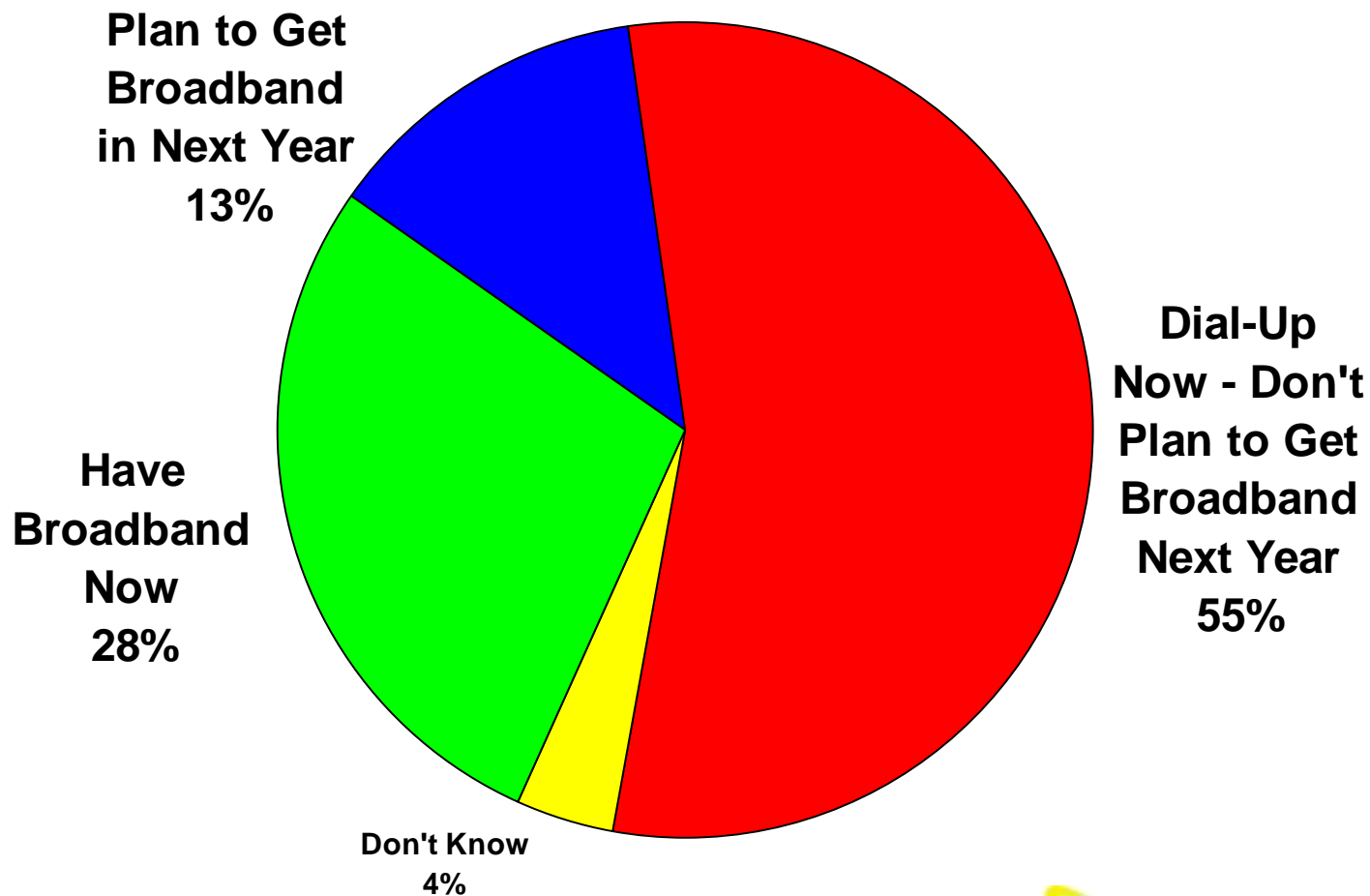
# *Residential Broadband Has Doubled in the Past 18 Months*

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



# *Residential Broadband Access Should Continue Its Rapid Rise*

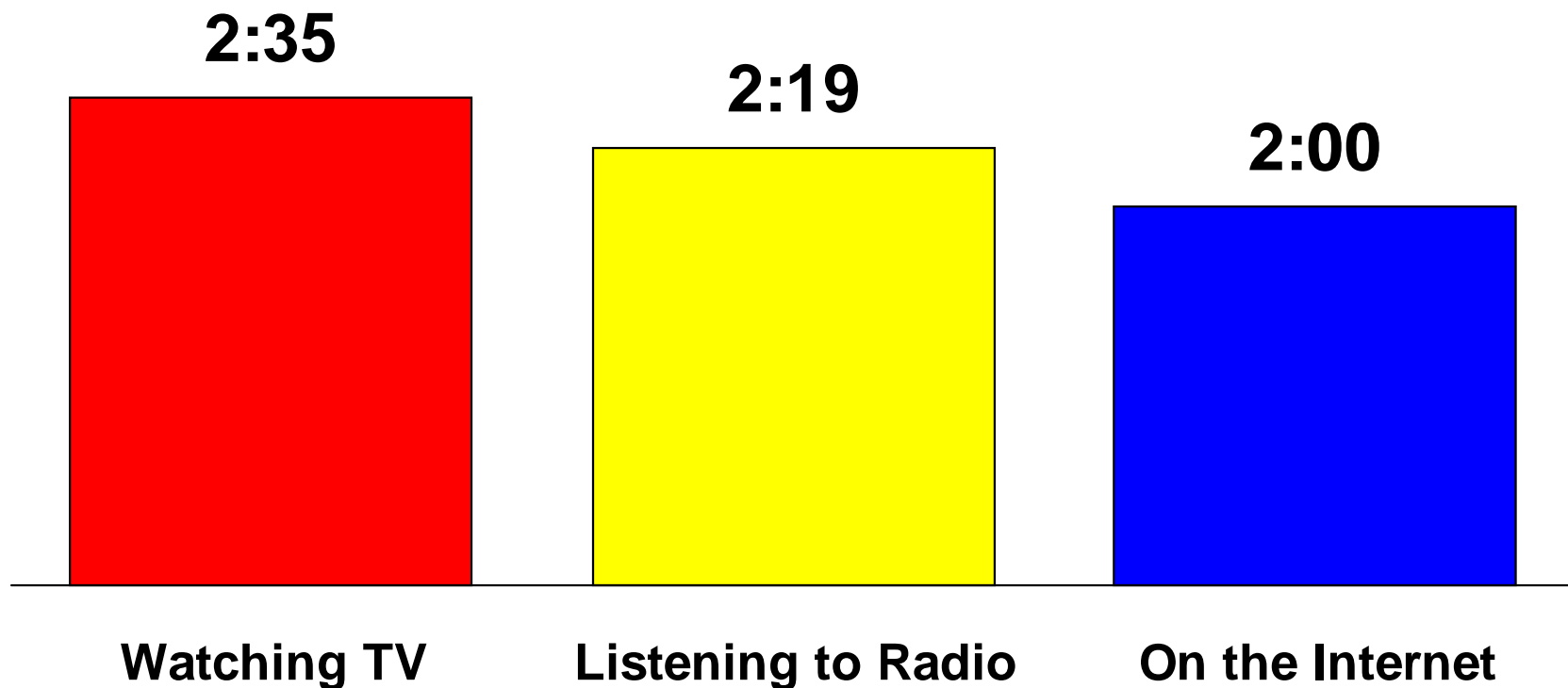
## **Broadband vs. Dial-Up in Homes with Access to the Internet**



*Base: Have Internet Access at Home*

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

**Time Spent with Medium Per Day (Hours:Minutes)**



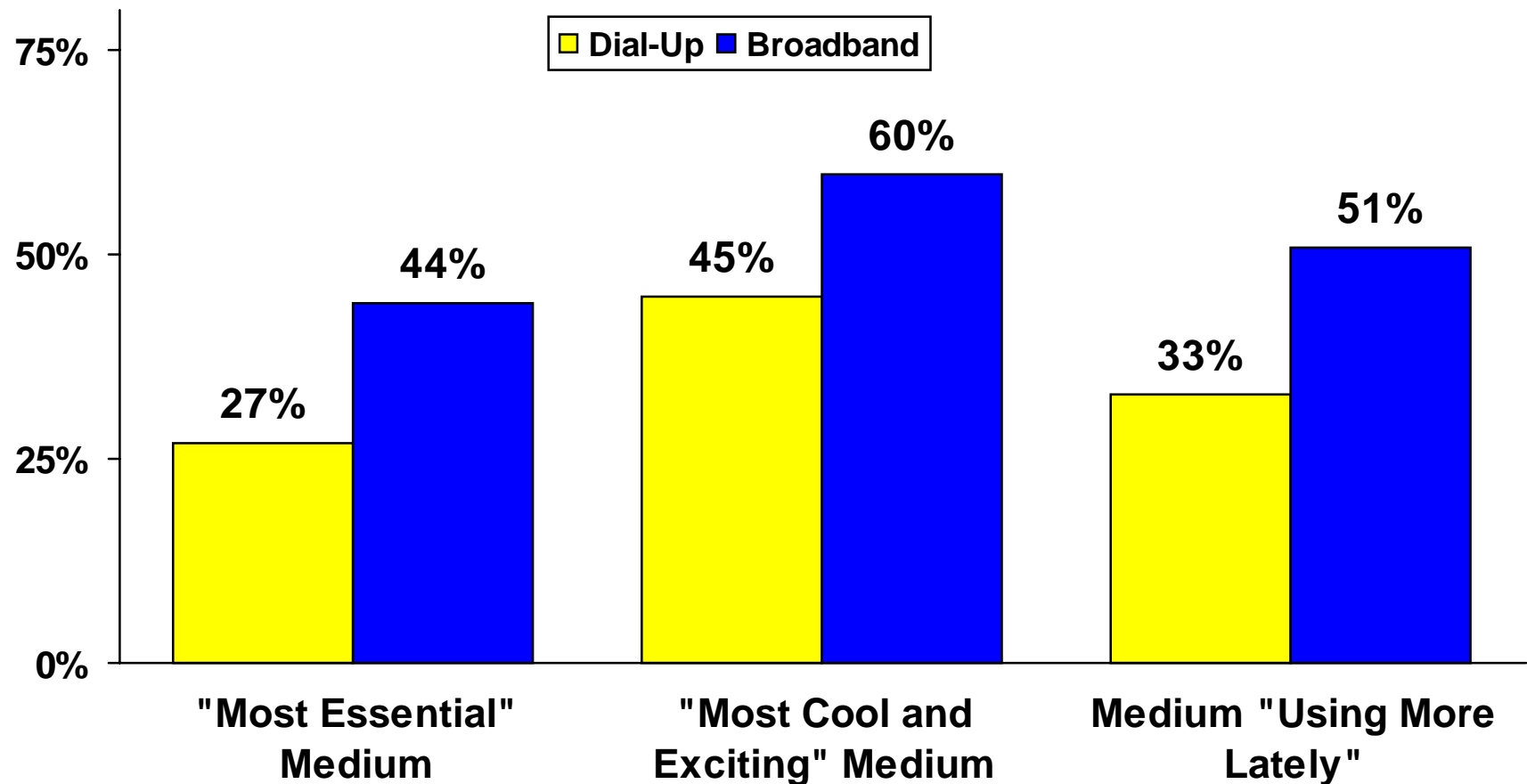
*Base: Have Residential Broadband Internet Access*



© 2002 Arbitron Inc./Edison Media Research

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

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

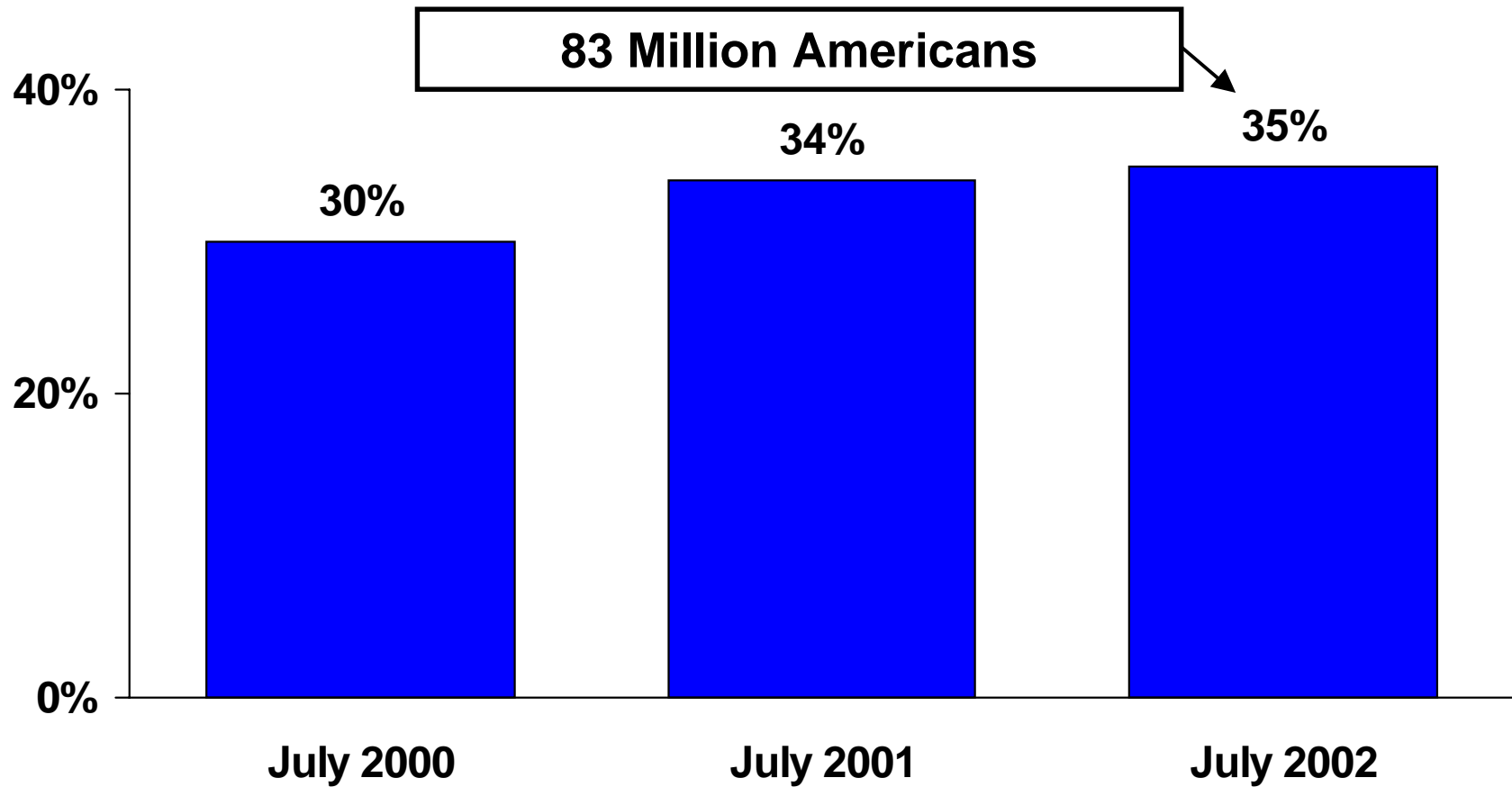


# *Streaming Usage*



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

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



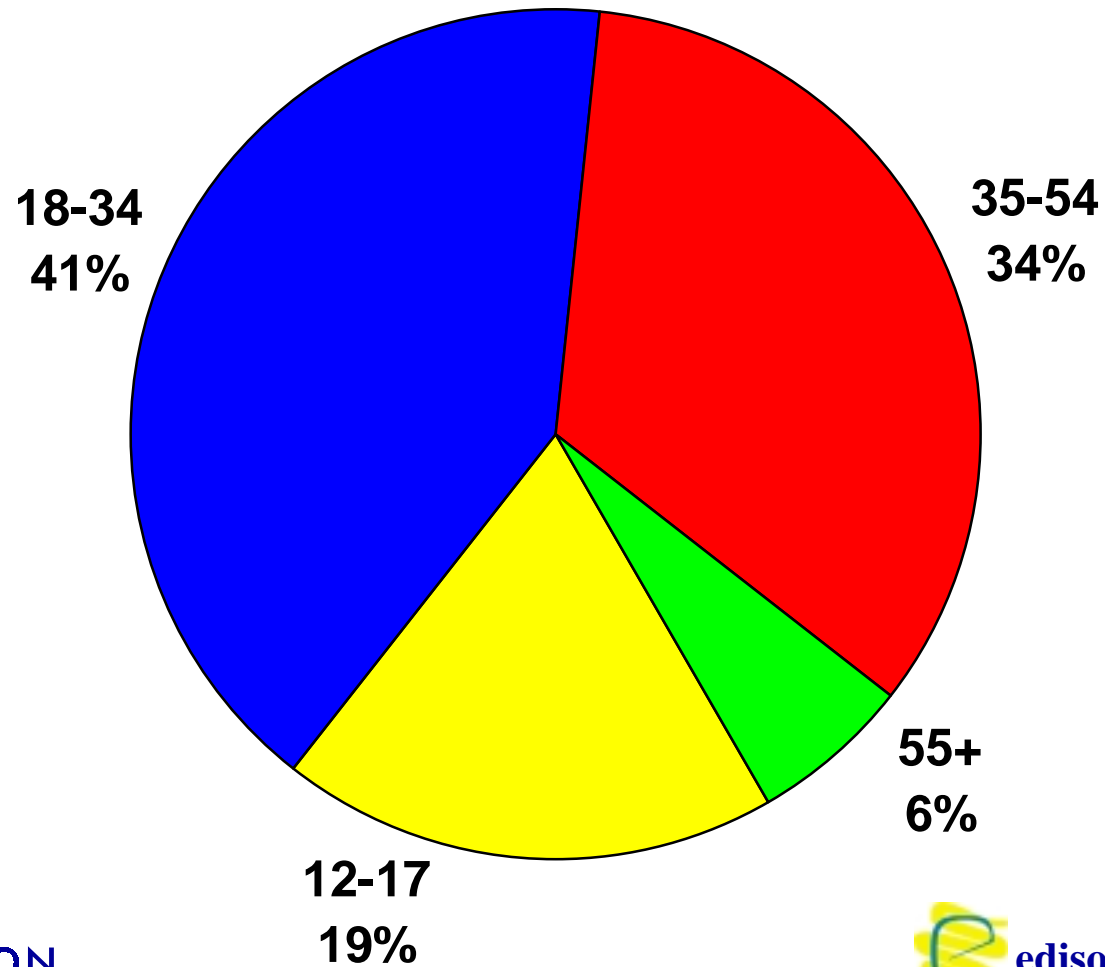
Base: Total Population 12+



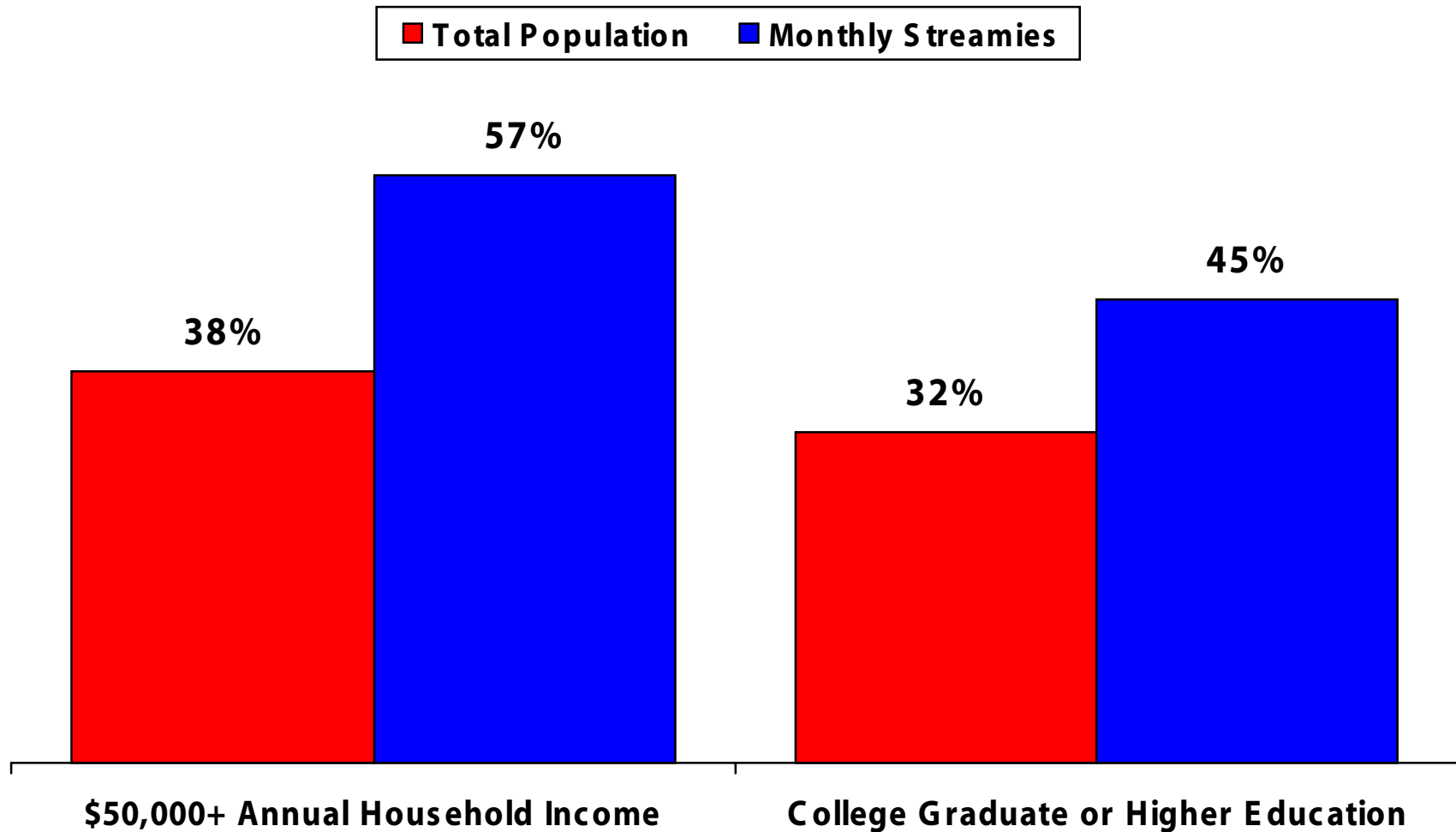
© 2002 Arbitron Inc./Edison Media Research

# Three-Quarters of Monthly Streamies Are 18 to 54

## Age Composition of Monthly Streamies

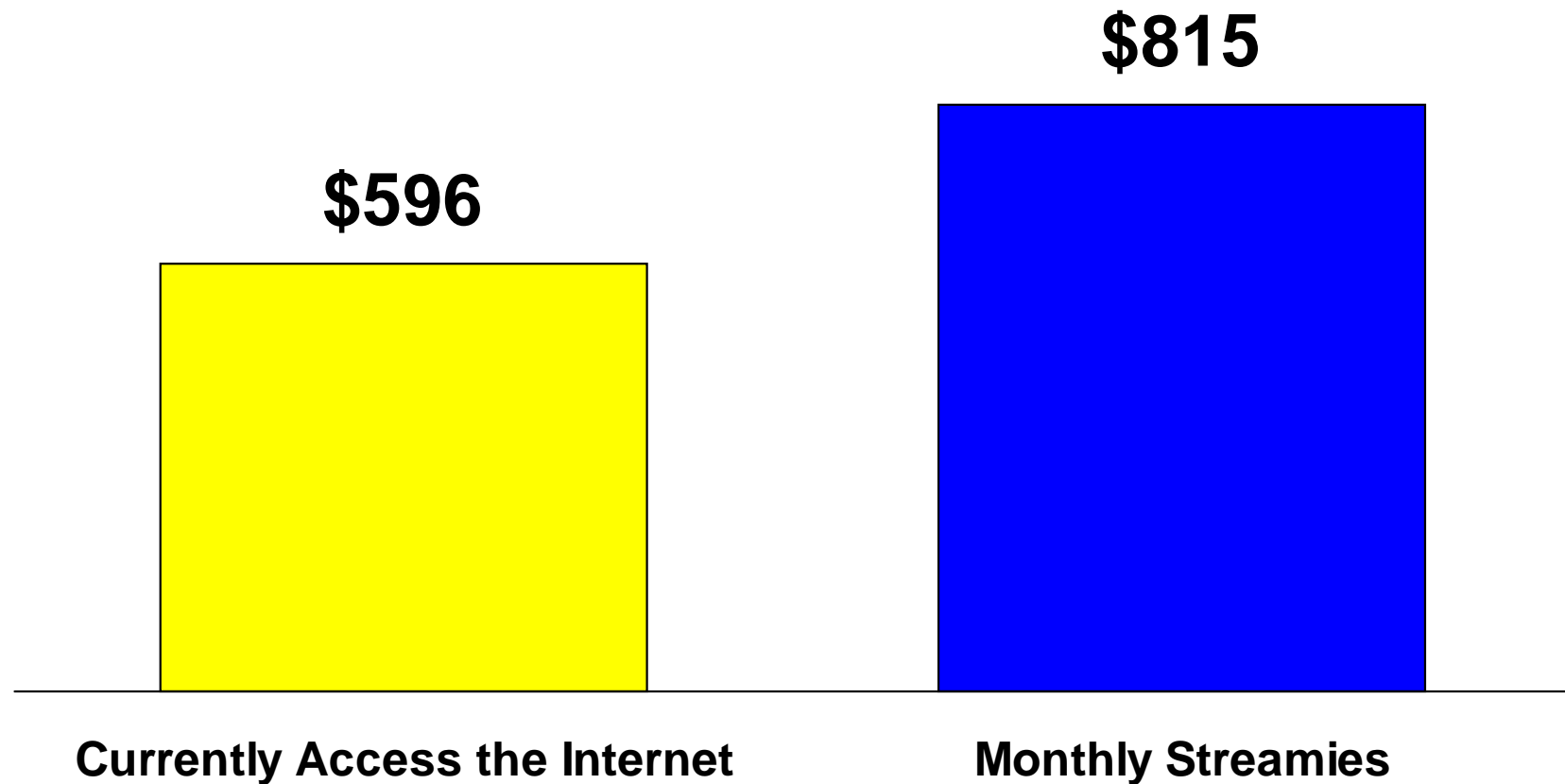


# Monthly Streamies Are More Upscale Than the Total Population



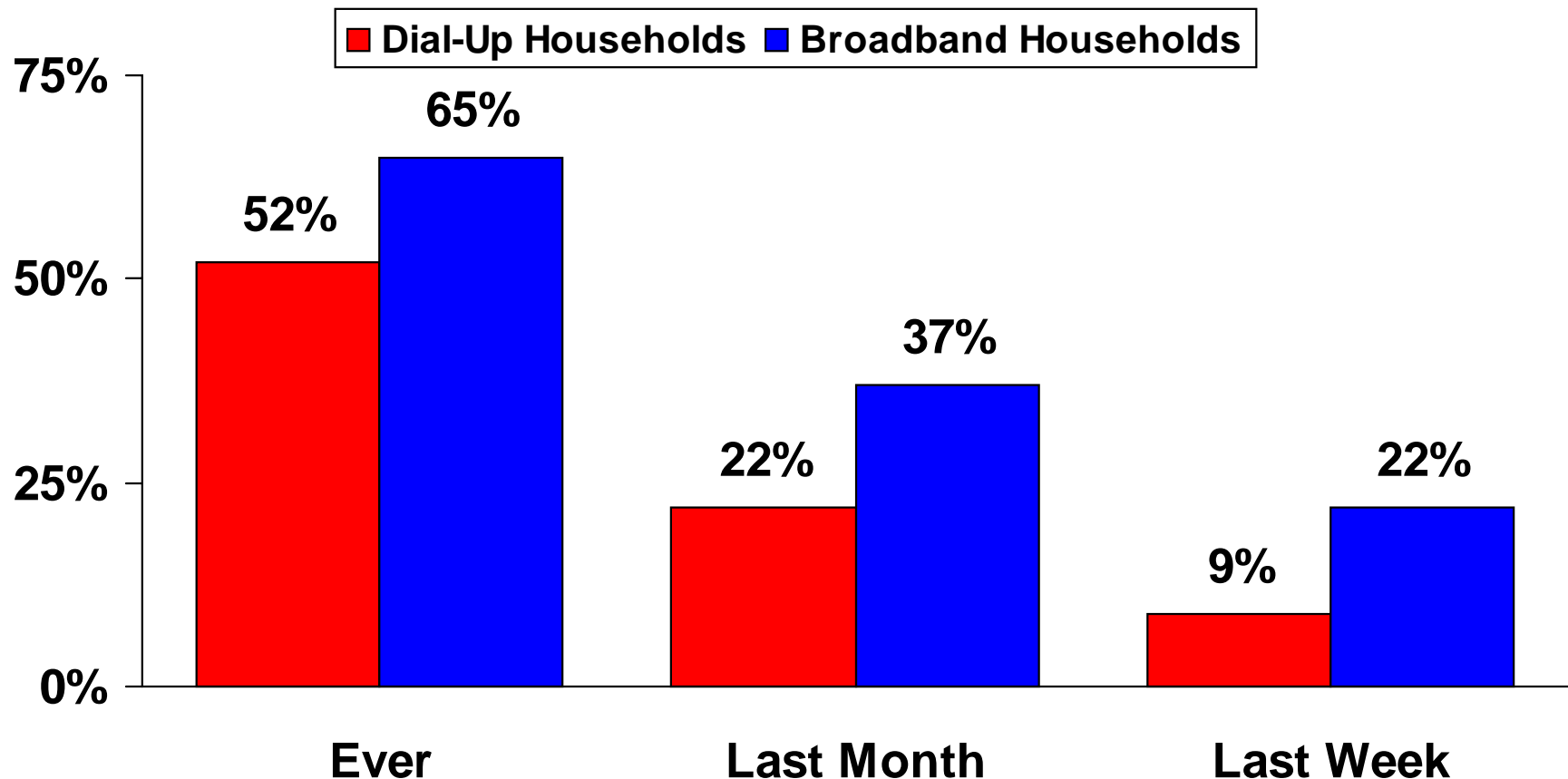
# Monthly Streamies Spend Far More Money Online Than the Average Web User

Average Amount Spent Online in the Past 12 Months



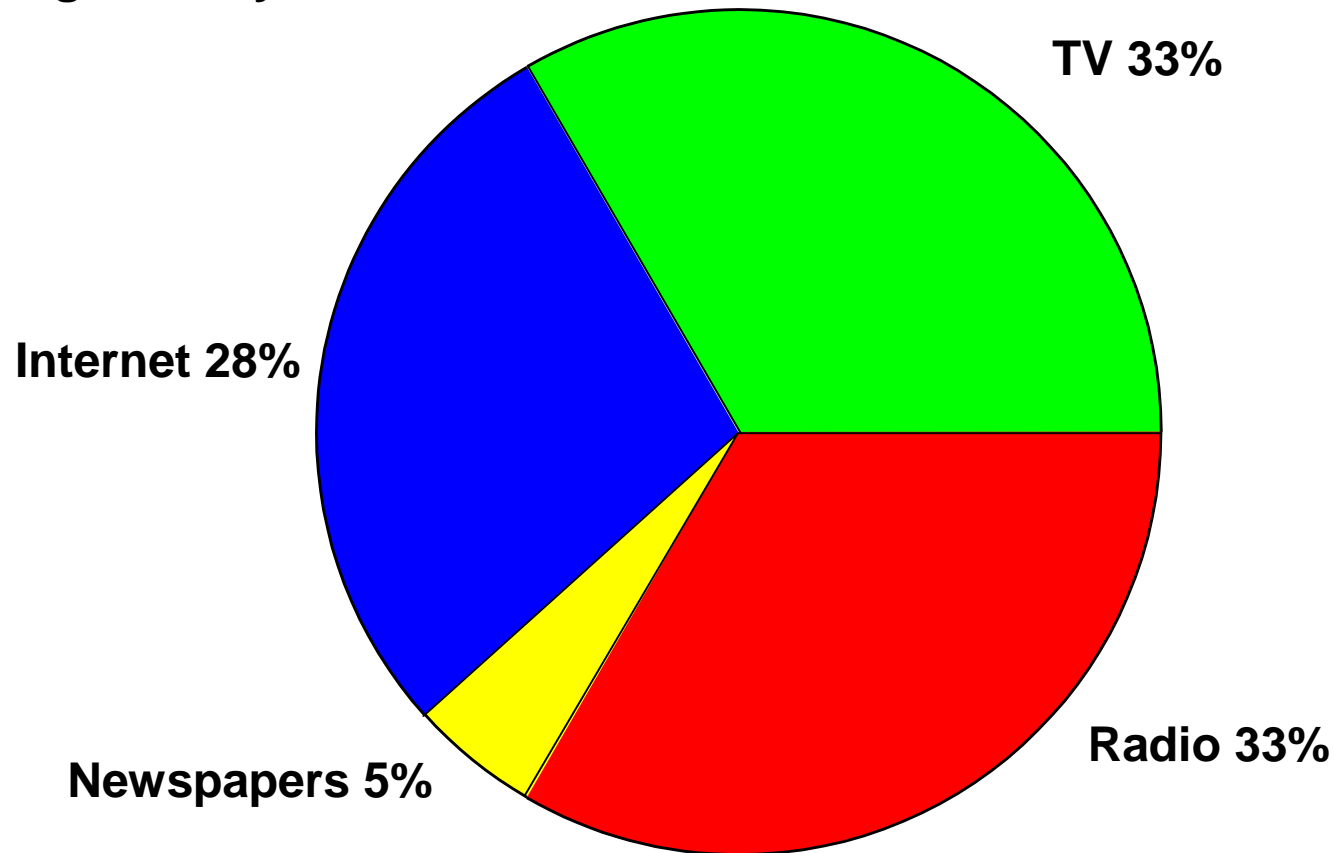
# Those with Residential Broadband Use Streaming Media More Frequently

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



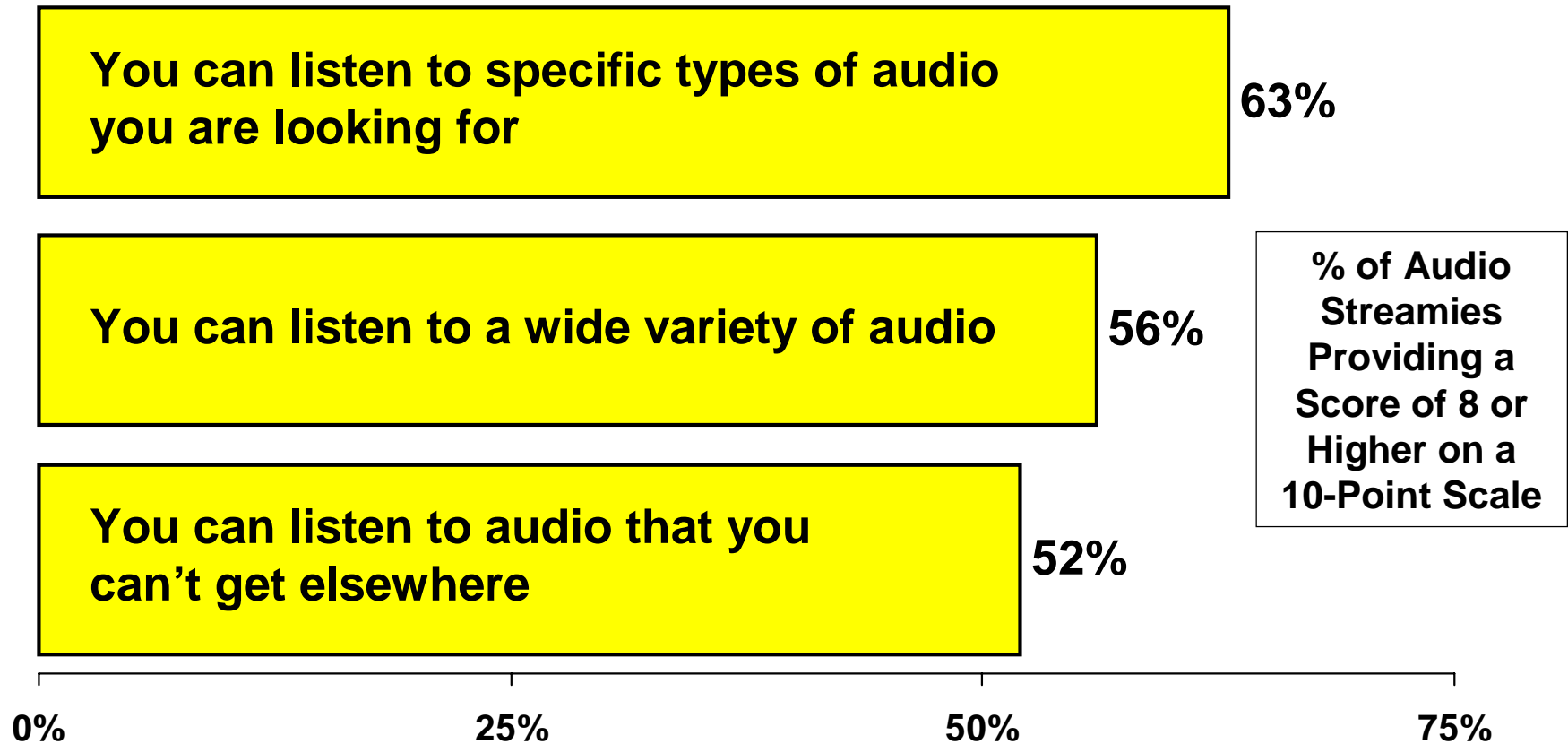
# *Time Spent Online by Monthly Streamies Nears Time Spent with TV and Radio*

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



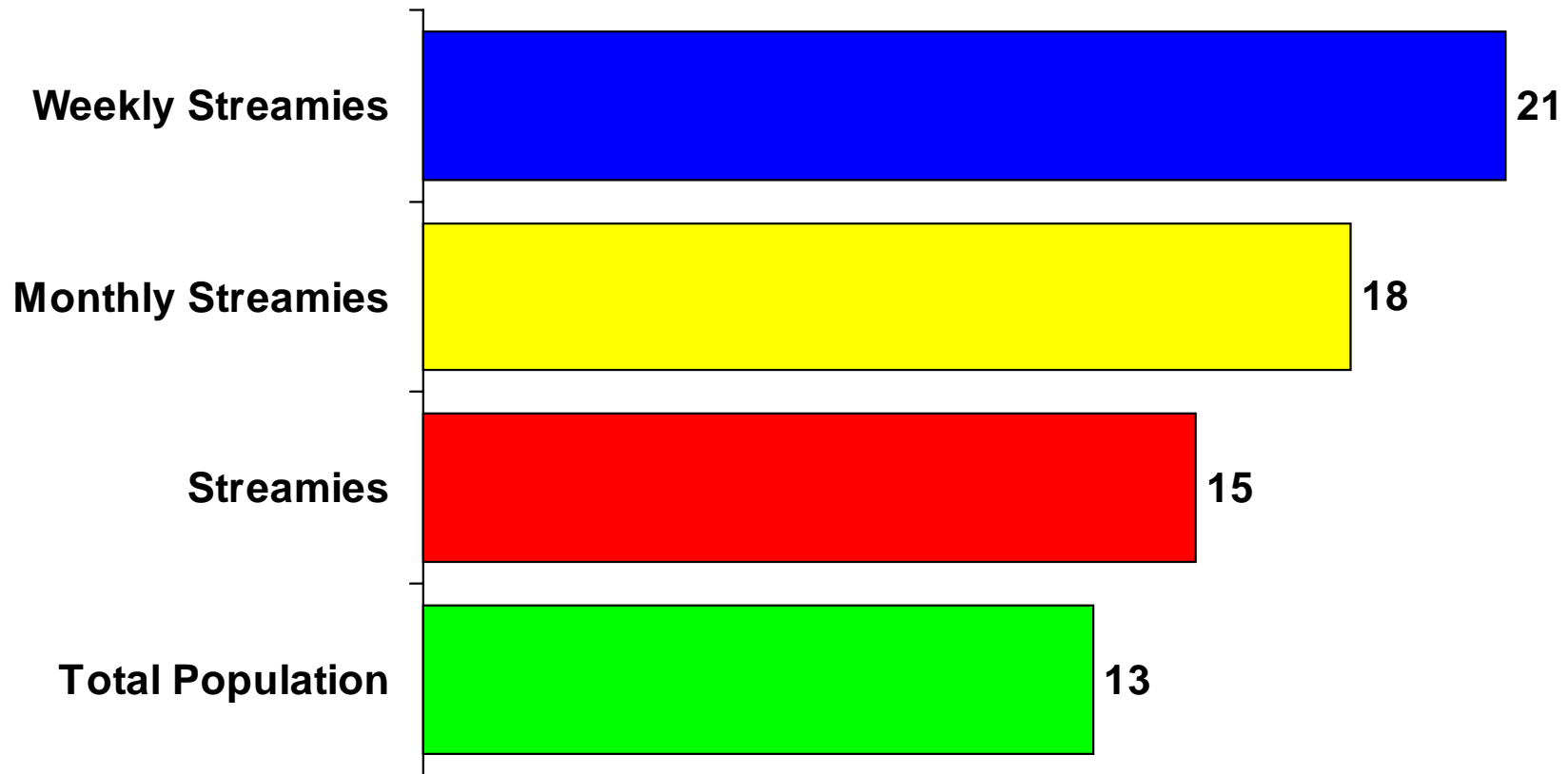
# Unique Content Is “Very Important” When Choosing an Internet Audio Site

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



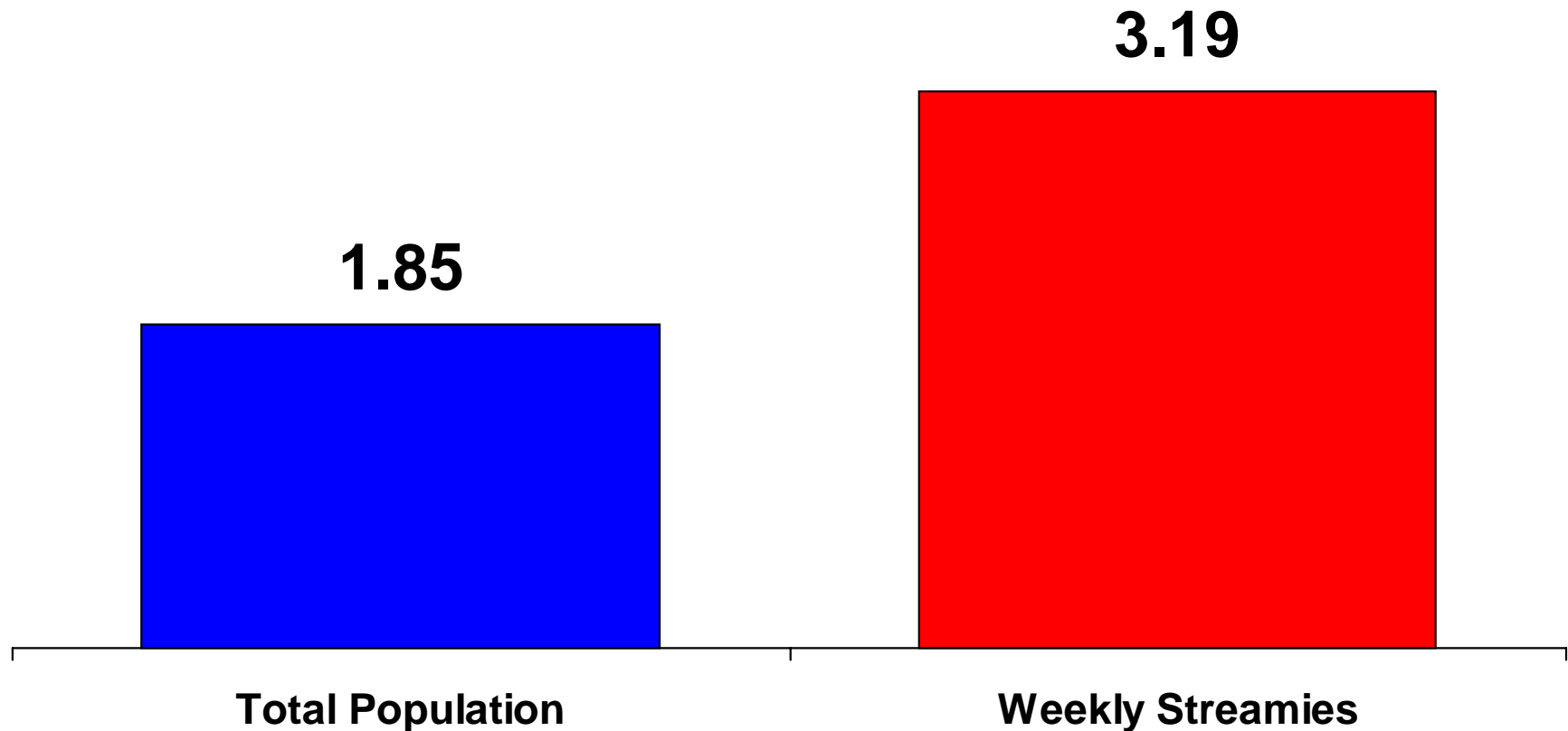
# *People Who Stream Frequently Buy Significantly More CDs Than Most Americans*

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



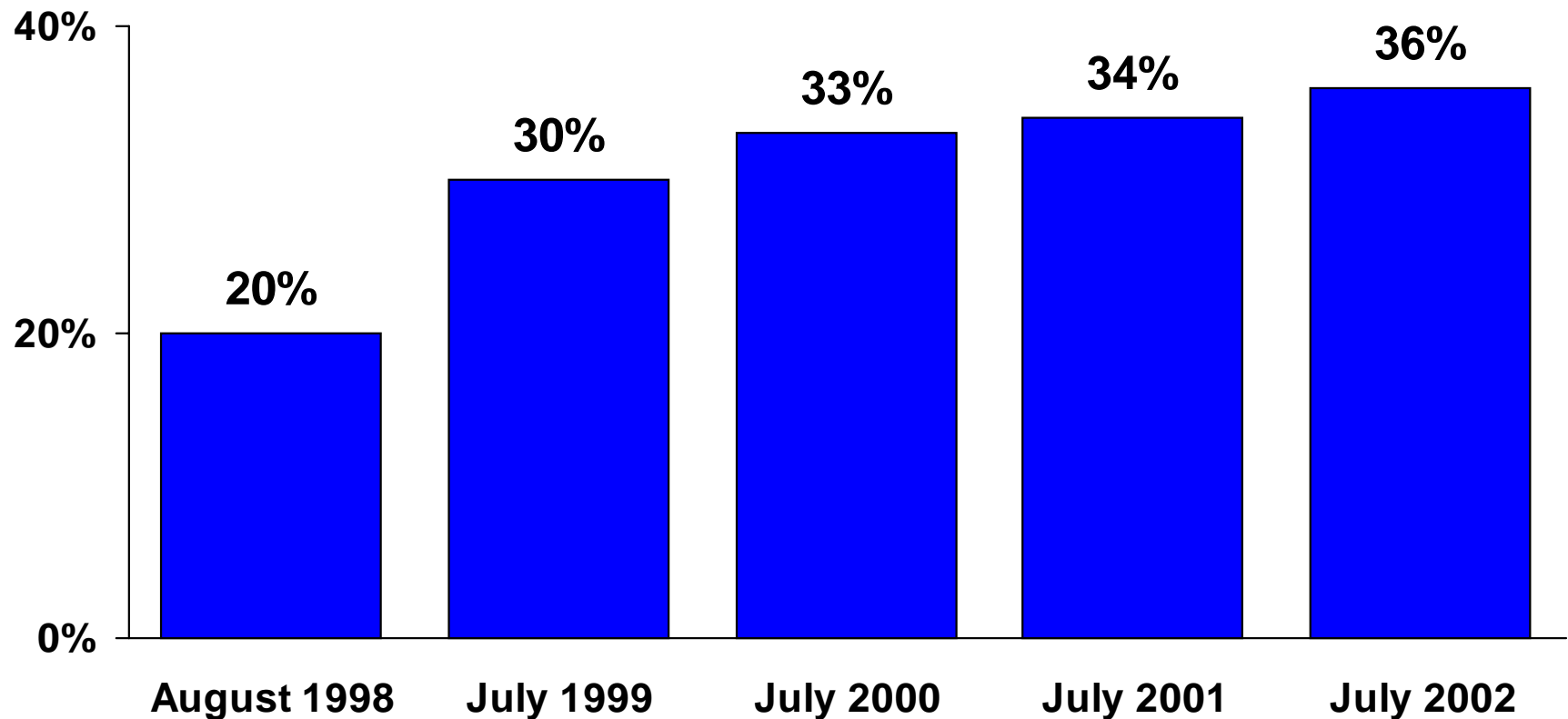
# *Weekly Streamies See More Movies Than the General Population*

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**

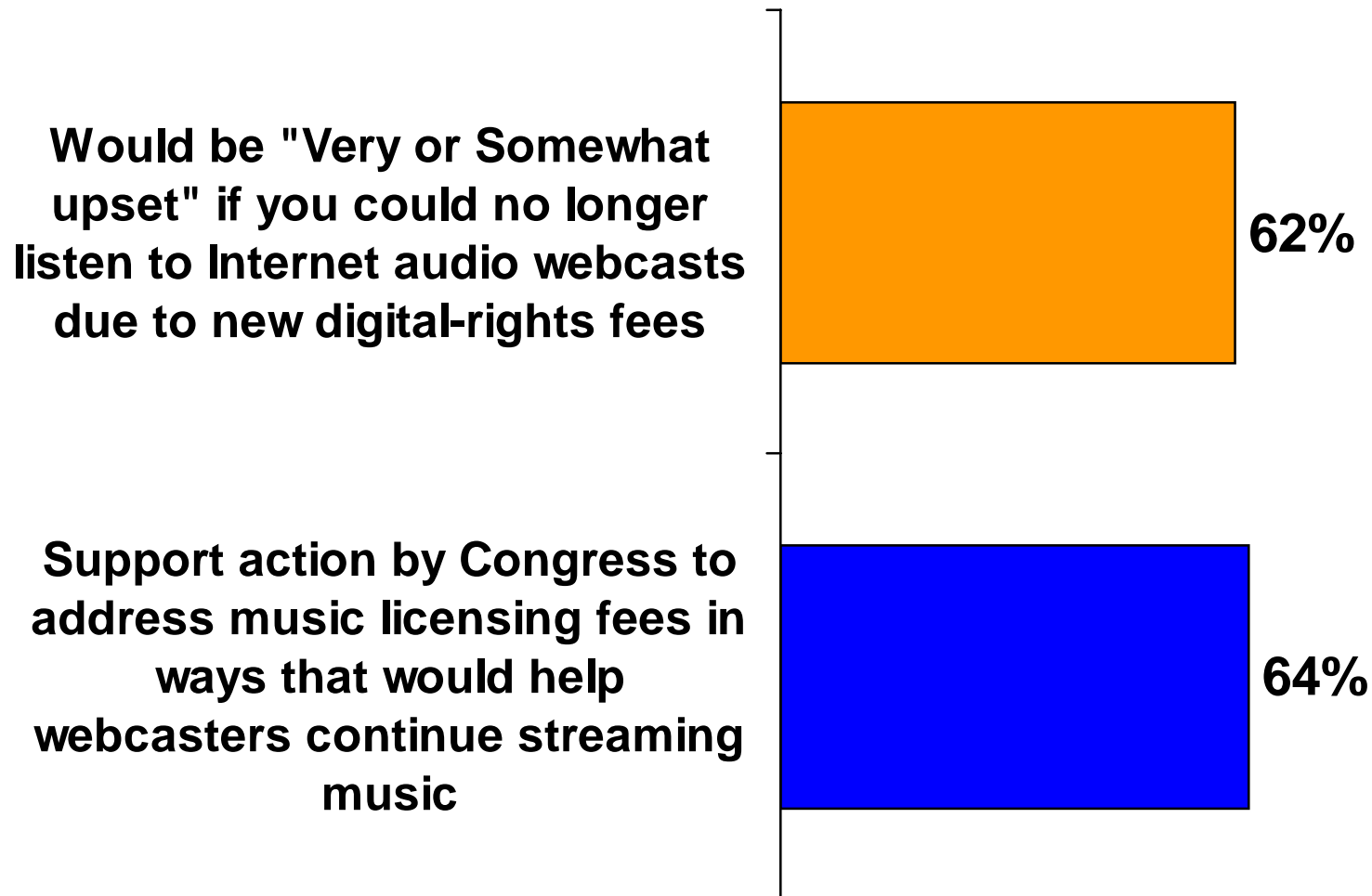


*Base: Currently Access the Internet*



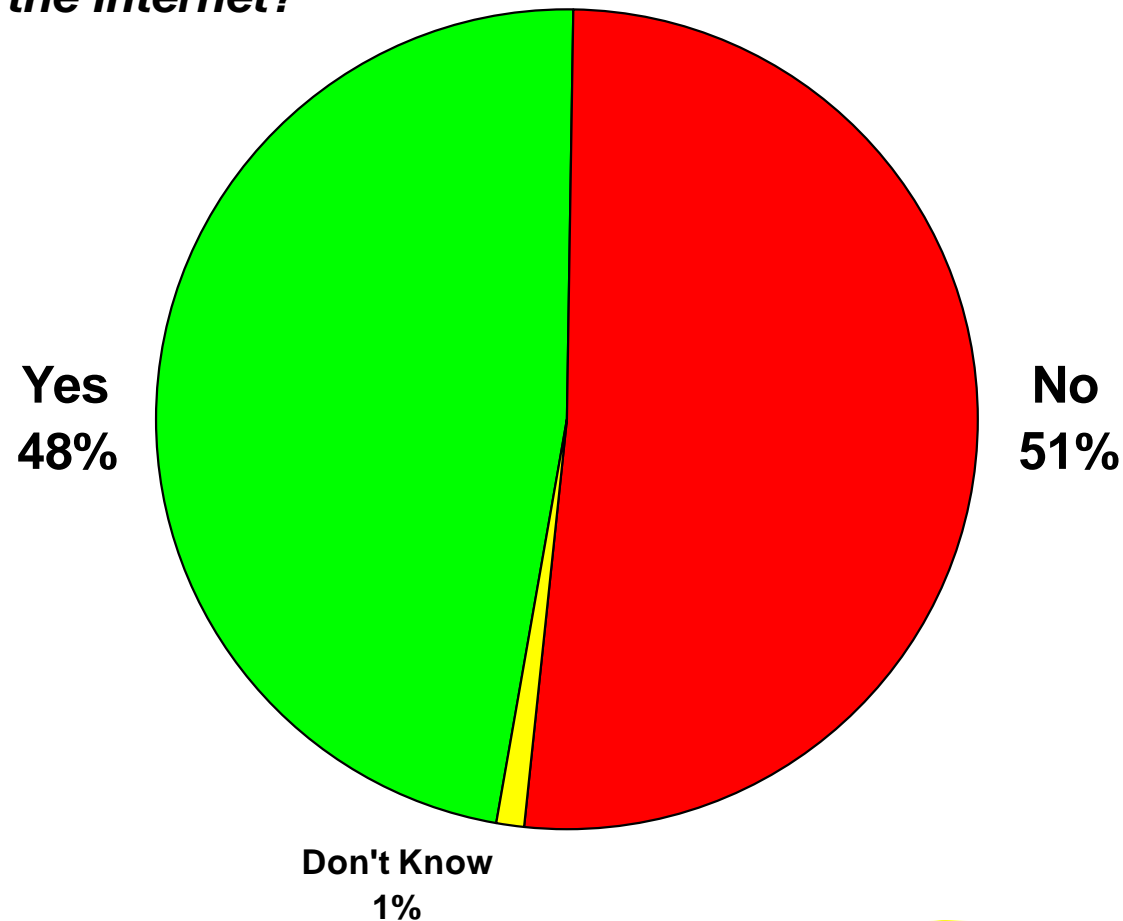
© 2002 Arbitron Inc./Edison Media Research

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



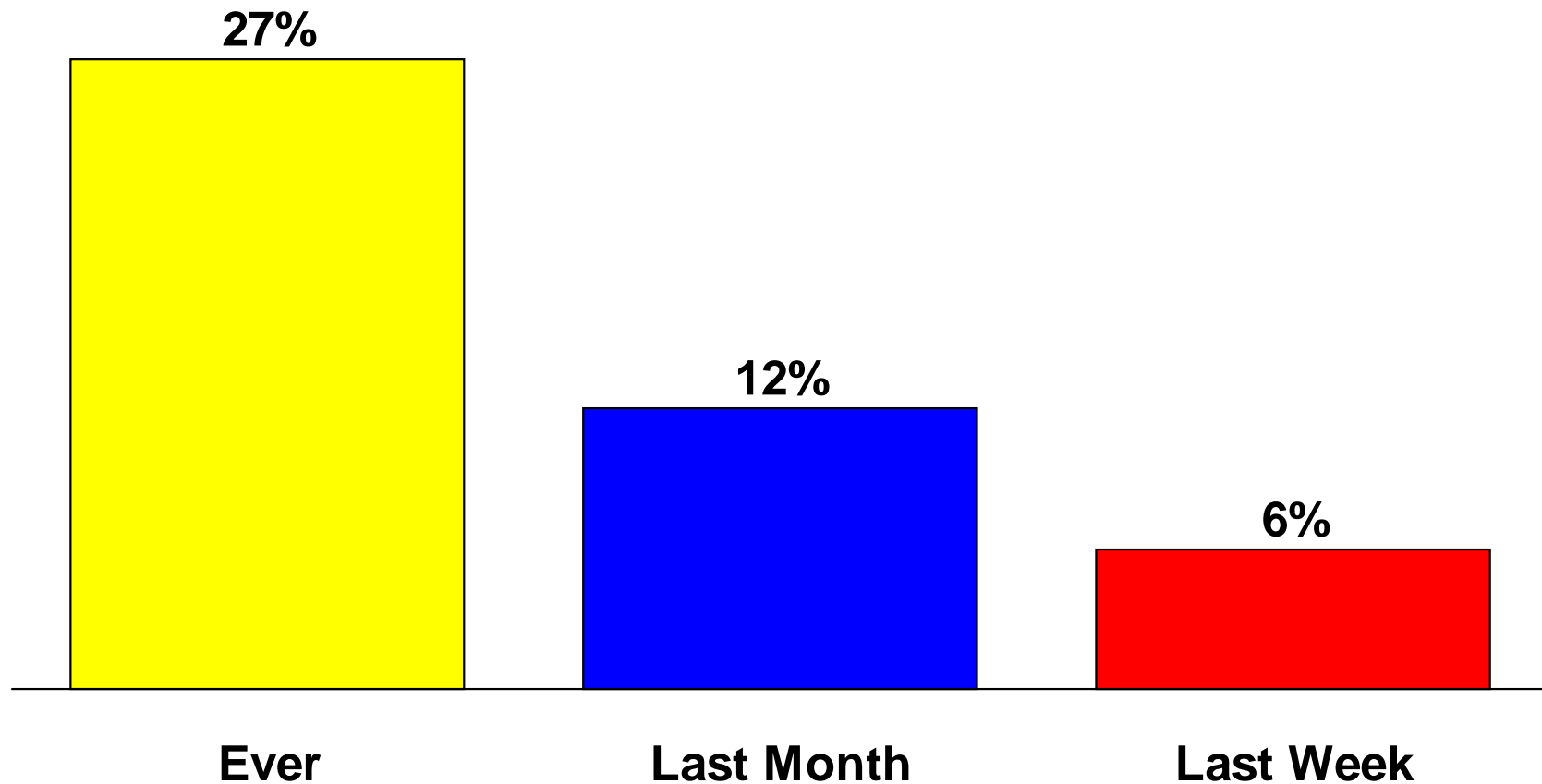
# Hearing Music Online Spurs CD Sales Among Weekly Audio Streamers

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



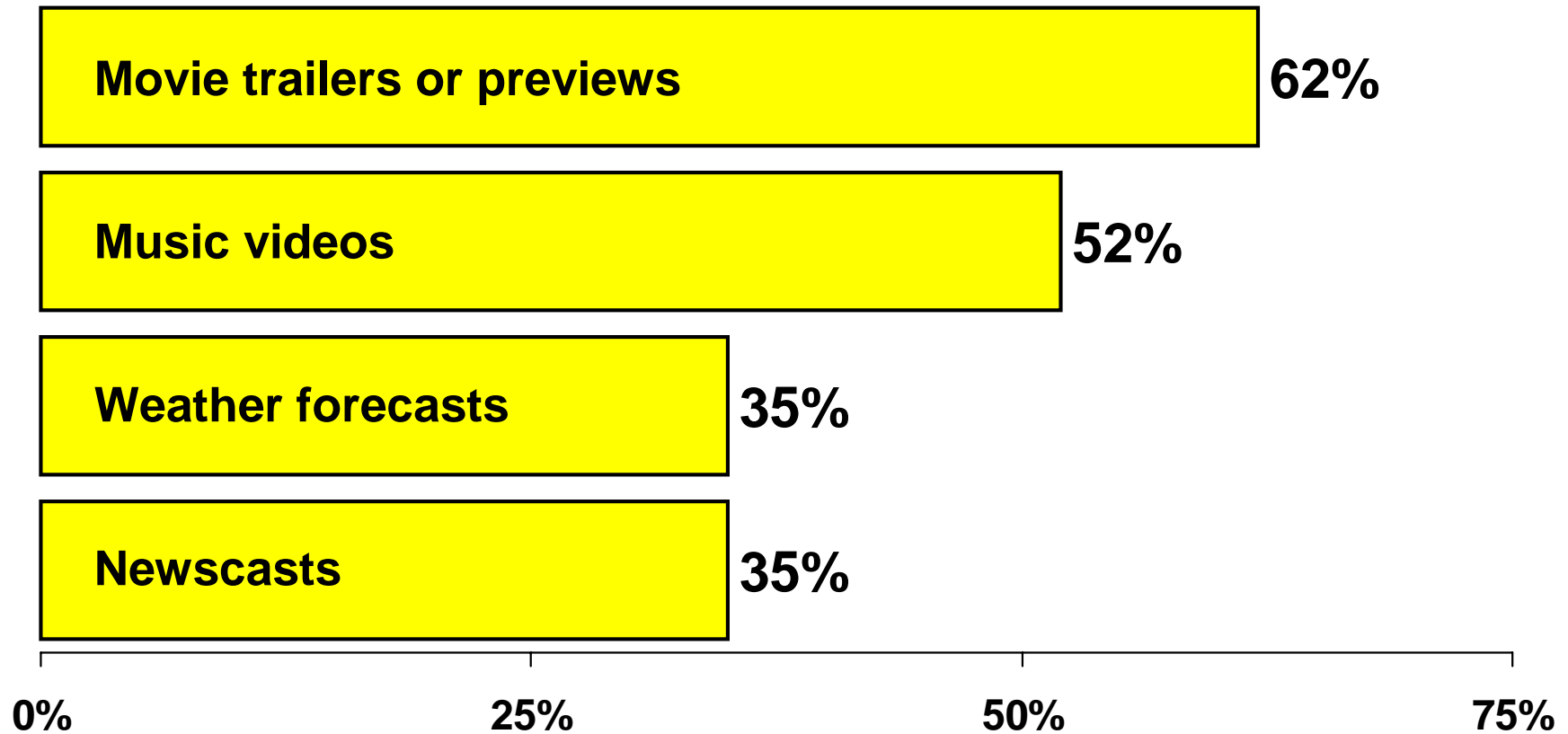
# More Than One in Four Online Have Ever Watched Internet Video

% 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...

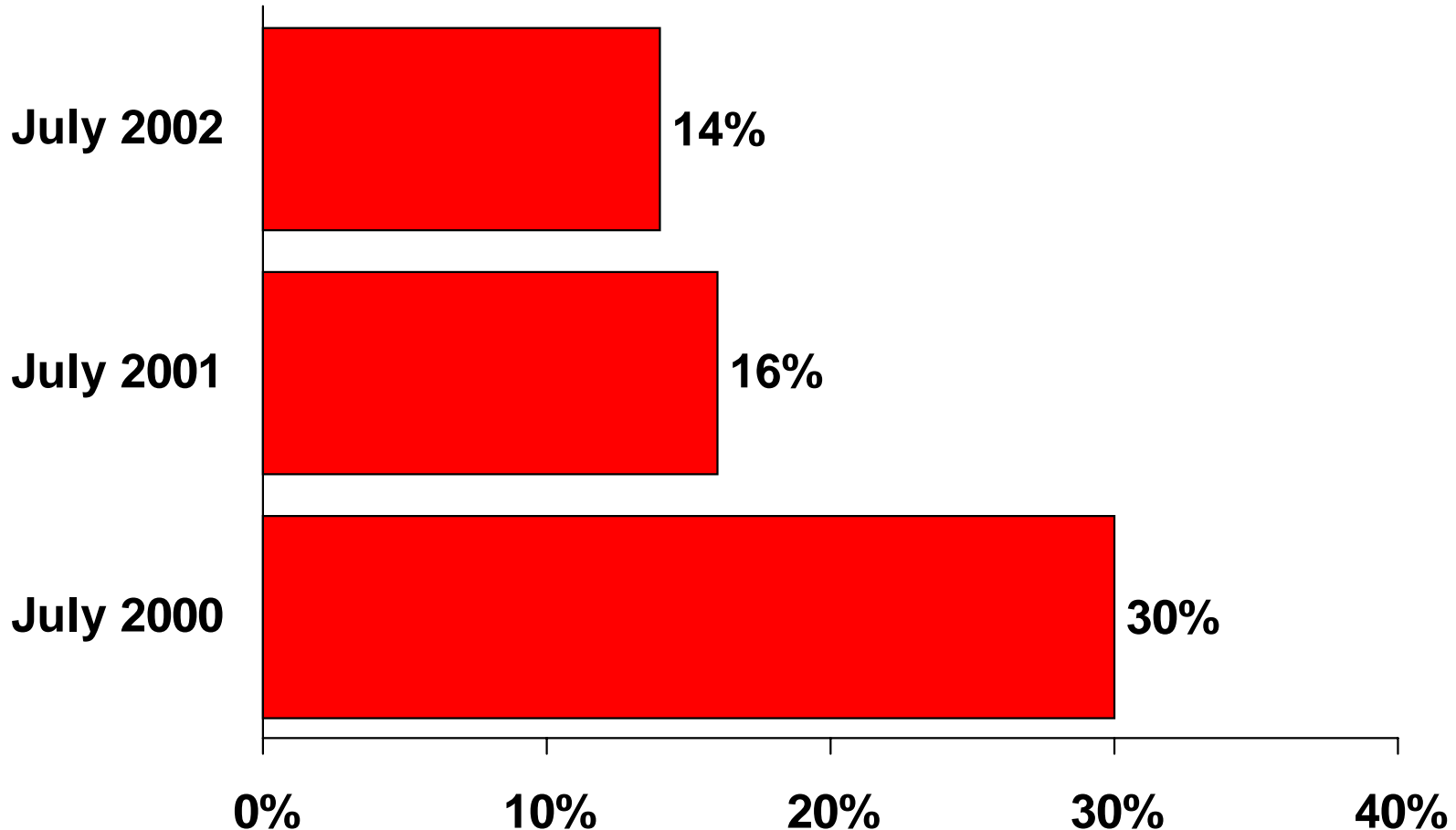


# *Subscription and Advertising*



# The Decline in Those Clicking on Banner Ads Continues

% Online Who Have Clicked on Banner Ads in Last Month



Base: Currently Access the Internet



edison media research

© 2002 Arbitron Inc./Edison Media Research

# 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%**



Base: Audio Streamies

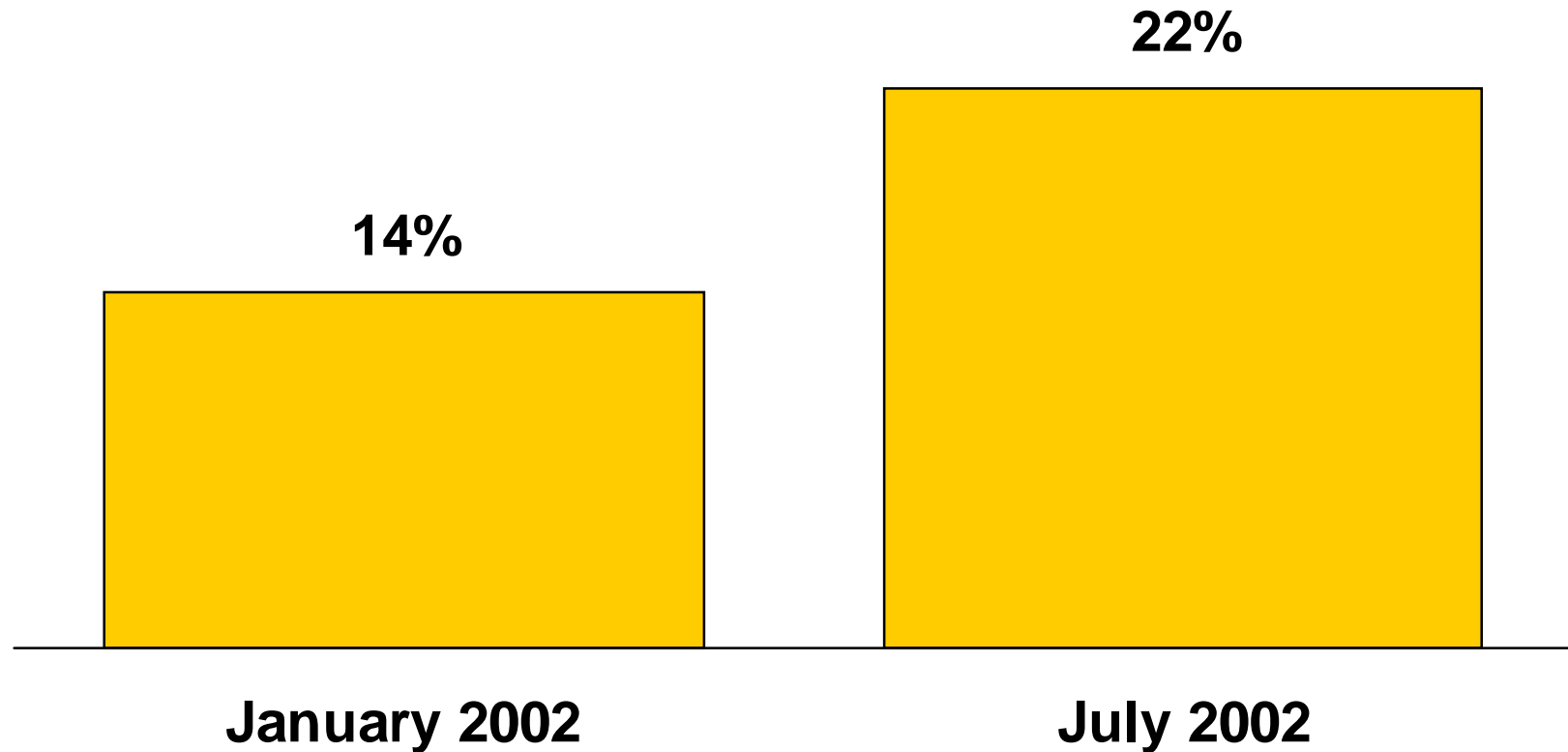


**edison media research**

© 2002 Arbitron Inc./Edison Media Research

# 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**



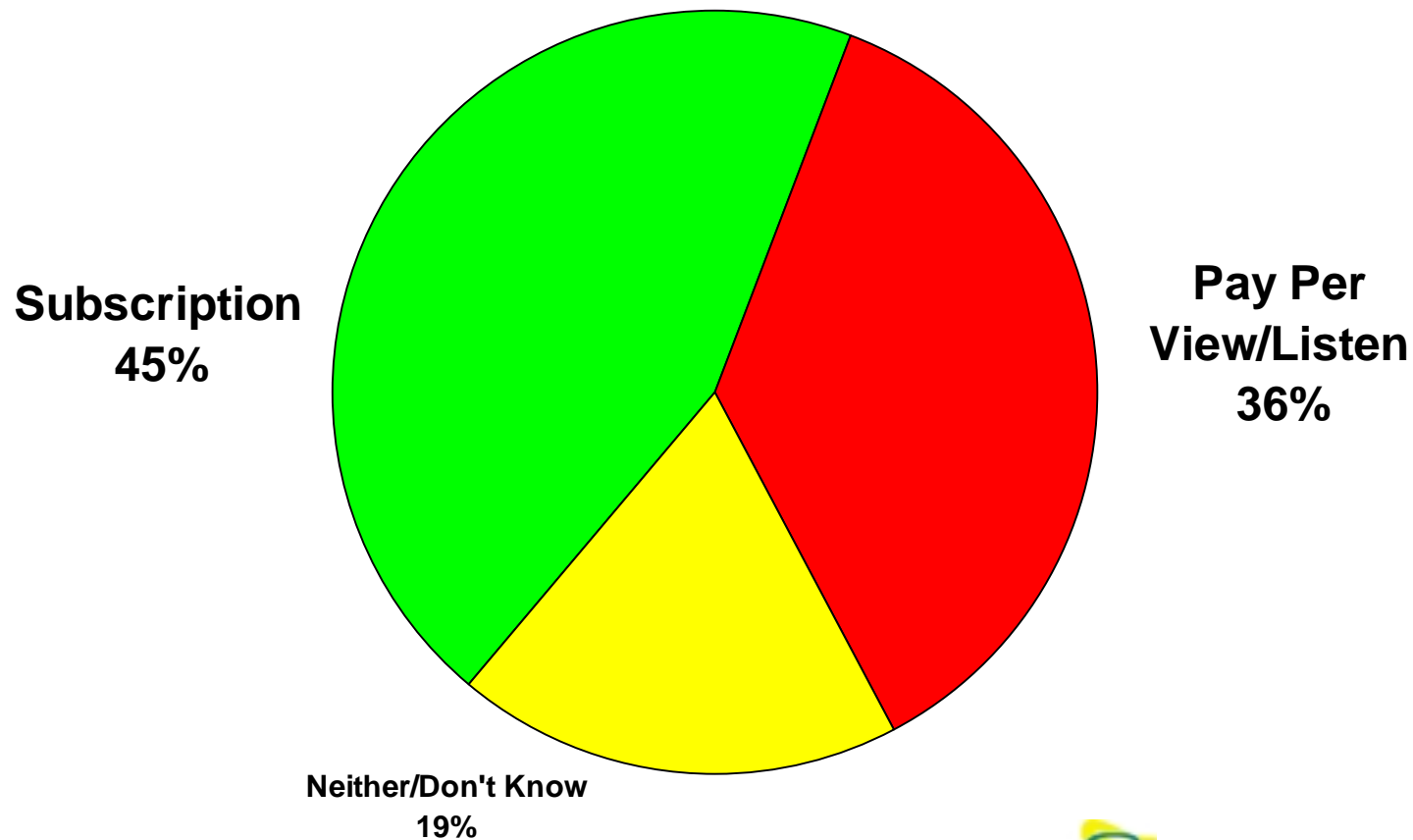
Base: Audio Streamies



© 2002 Arbitron Inc./Edison Media Research

# 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?”**



# *Satellite Radio*



edison media research

© 2002 Arbitron Inc./Edison Media Research

# *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.**

*Free Copies of All Arbitron/  
Edison Media Research Studies*

---

**[www.edisonresearch.com](http://www.edisonresearch.com)**

**[www.arbitron.com](http://www.arbitron.com)**



# *Internet 9:*

## **The Media and Entertainment World of Online Consumers**



**edison media research**

© 2002 Arbitron Inc./Edison Media Research