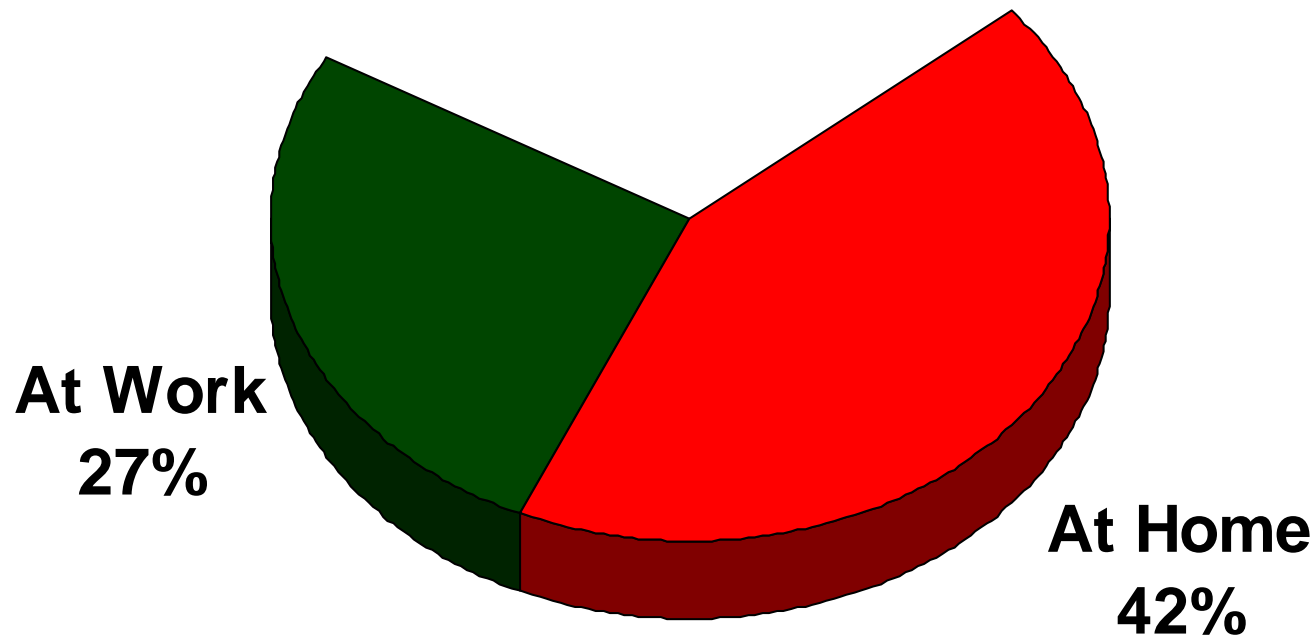


A group of people, including children, gathered around a table, possibly in a community meeting or a classroom setting. The image is slightly blurred and has a warm, reddish-brown tint. The text is overlaid in the center in a large, bold, black font.

**Broadcasters and
New Media are
Fighting for the
Listeners of
Tomorrow**

Has the online revolution has put more than 2/3 of radio listening at-risk?

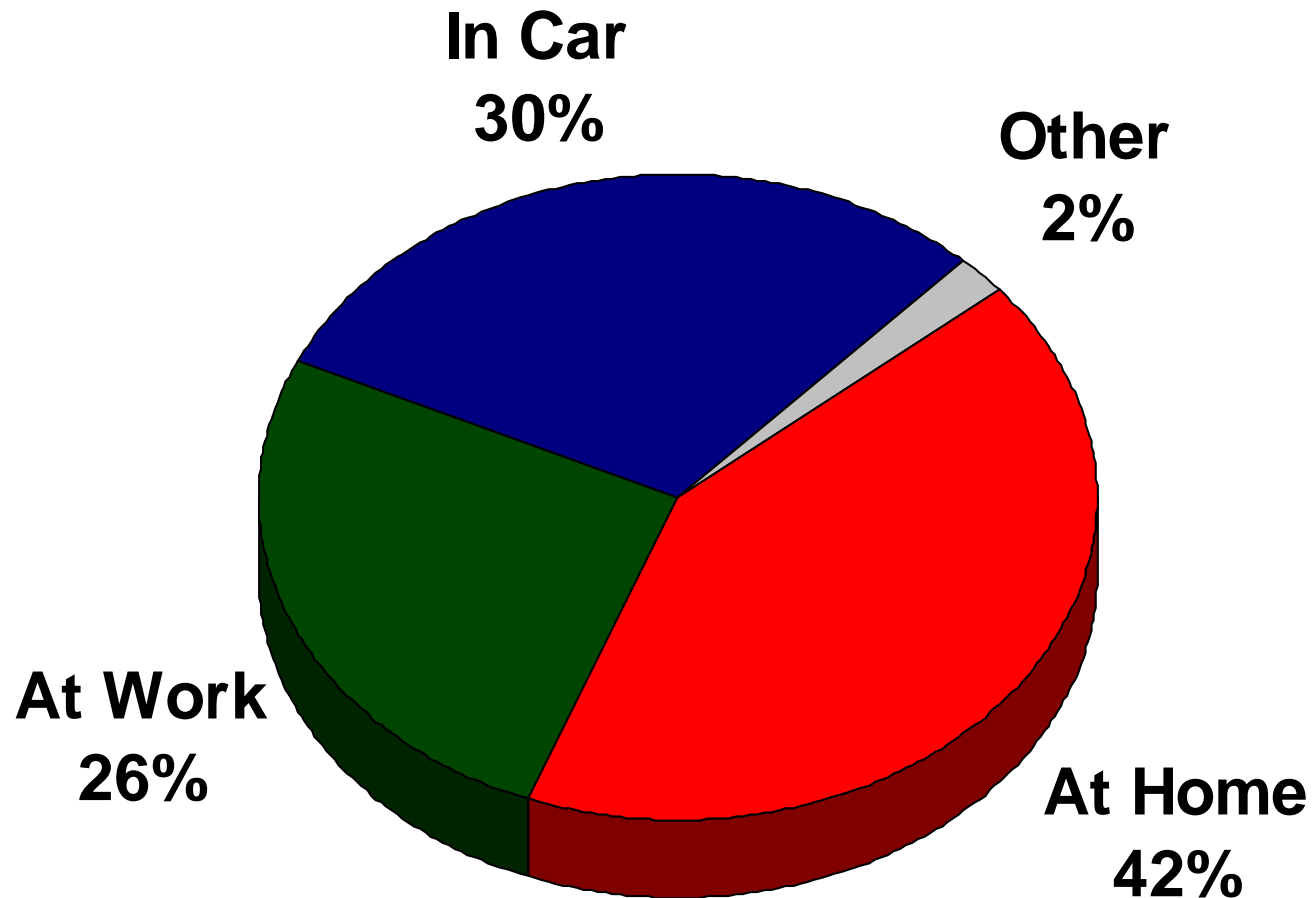
% of all quarter-hours by location



Source: Arbitron, Winter '99, 18+

Will the *technology* revolution put *all* of radio listening at-risk?

% of all quarter-hours by location



Source: Arbitron, Winter '99, 18+

**But radios don't need wires...
and the Internet does.**



The online future has no wires...



...and there will be a PC in every room



People will tune into Webcasts *more* in the wireless future

“If you had a portable webcast player, would you listen/watch..?”



16%
The Same



24%
A Little More



50%
A Lot More

Base: Online survey



**Internet/New Media
business models that
companies are pursuing
right now with the goal
of taking your listeners**

Most likely to succeed:

**We want “radio tuners” right on our
computer desktops**



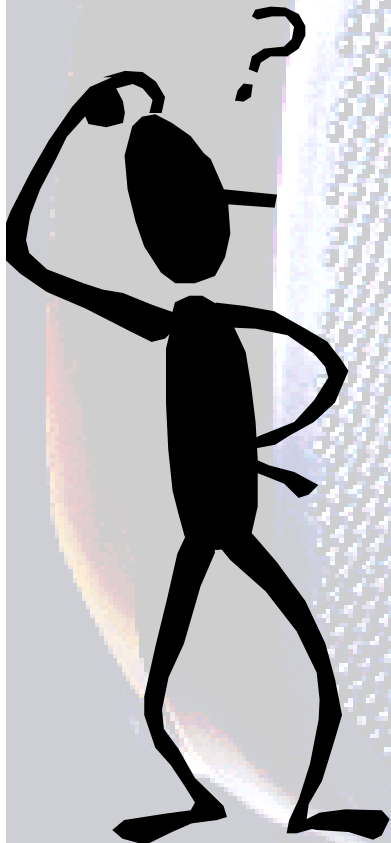
#2: Program my own station



#3 Find 100's of Stations in One Place



**Who will prevail
in the world of
eRadio?**



Primary Argument:

Broadcasters must understand the Internet and be prepared to leverage it to their best advantage, or watch the new media take our listeners and our business

Arbitron/Edison Internet Research

- **July 1998 - Internet I**
 - **“Radio in a New Media World”**
- **January 1999 - Internet II**
 - **“Radio & E-commerce”**
- **August 1999 - Internet III**
 - **“Broadcasters vs. Webcasters”**

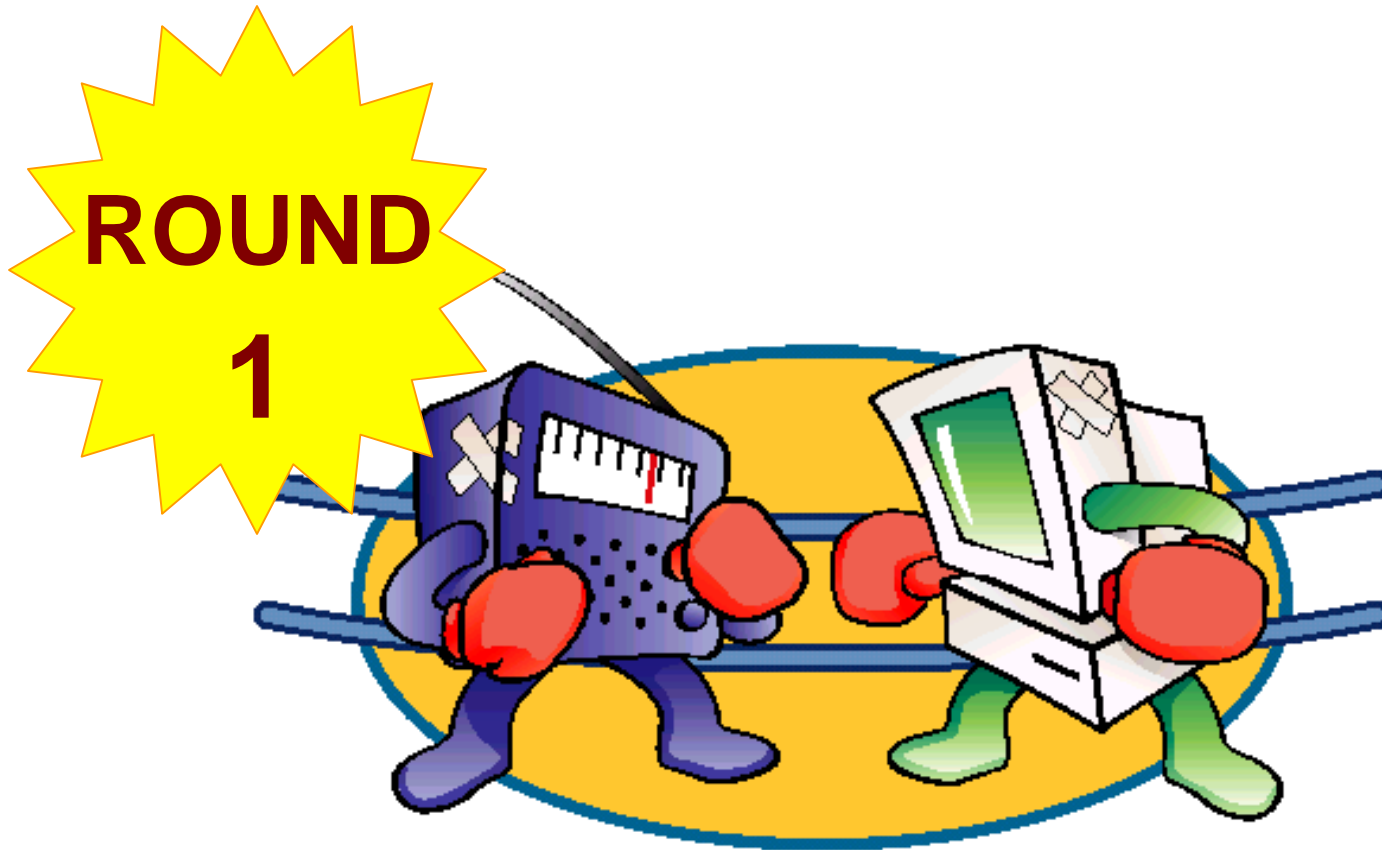
www.edisonresearch.com

Continental Research

Colin Shaddick
Director

What We Will Cover This Morning

- **The State of the Internet**
- **Online Radio Listening**
- **Radio Station Web Sites**
- **E-commerce and making money from the Internet**
- **7 Recommendations**



The State of the Internet

Background

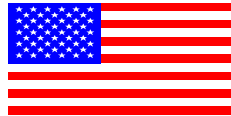
Data Sources

- ◆ Third Internet/Webcaster Survey carried out by Arbitron and Edison Media (USA)
- ◆ Second annual Continental Research Internet Report (UK)
- ◆ Details can be found at each company's Websites

www.ContinentalResearch.com

Method

USA



1,505 telephone interviews with a national representative sample of Arbitron Diary keepers aged 12+ (fieldwork July 1999).

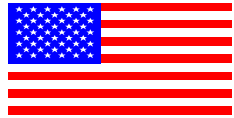
UK



2,067 face to face interviews with national representative sample of adults aged 15+ (fieldwork July 1999).

205 telephone interviews with representative sample of current users (i.e. use Internet at least once a month) - fieldwork September 1999.

% of total Population with access to the Internet at Home



July '99



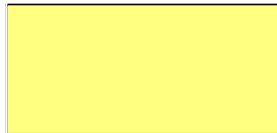
37%

Jan '99



35%

Aug '98



25%

Base: All US adults (approx 1,500 per wave)

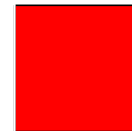


July '99



22%

Dec '98



11%

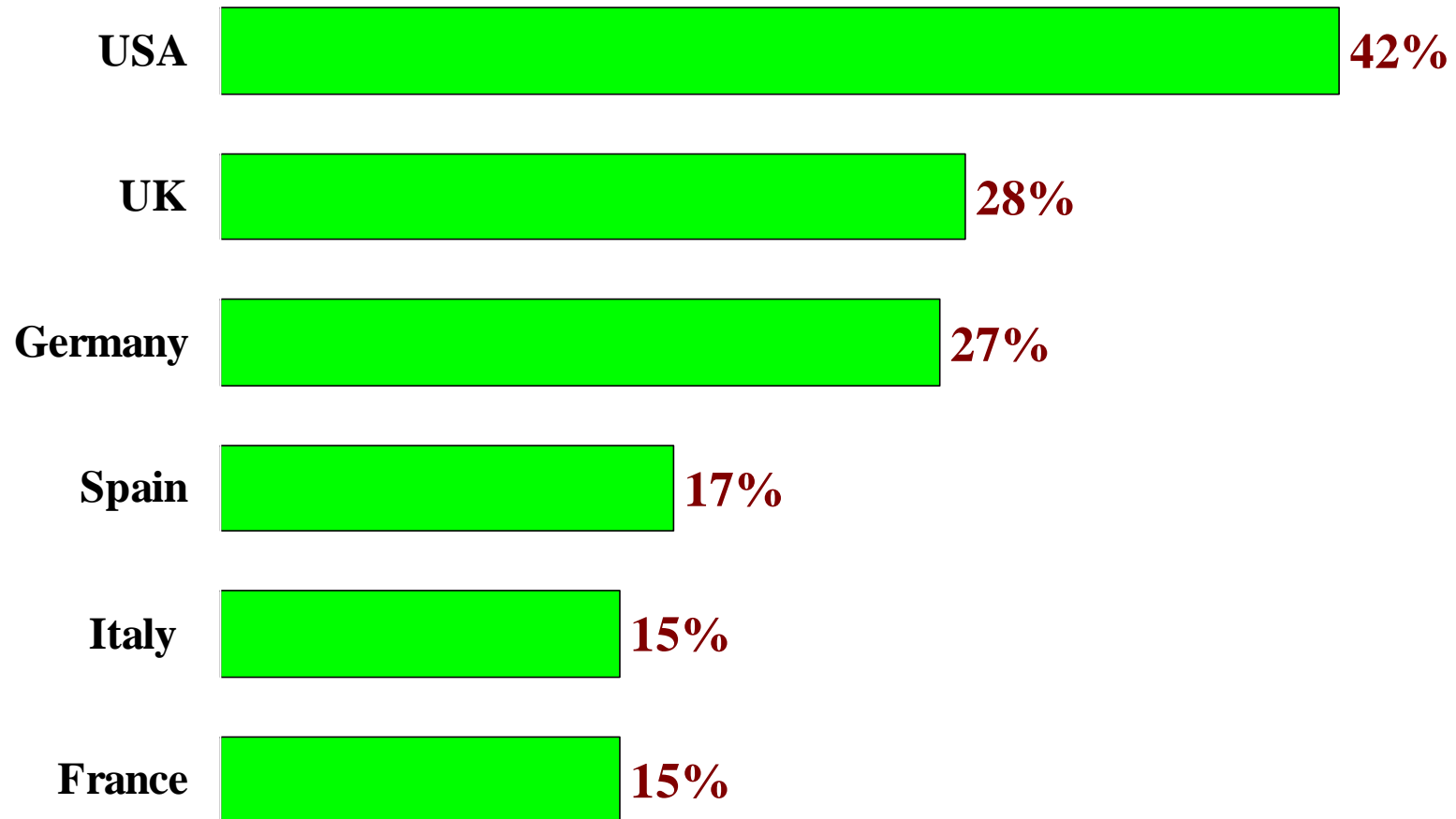
Dec '97



5%

Base: All UK adults (approx 2,000 per wave)

% of 10 to 40 year olds with access to Internet at home



Source: Sega Dreamcast Survey

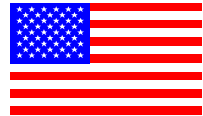
Profile

Current Users and Internet Usage Behavior

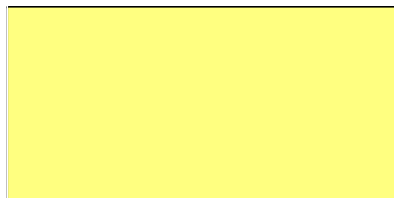
*Current user = someone who uses Internet
at least once a month*

Current Internet User Profile

Sex profile of users

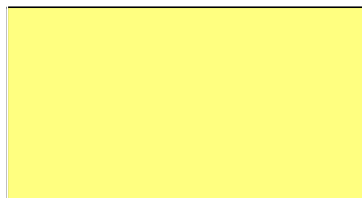


Male



52%

Female

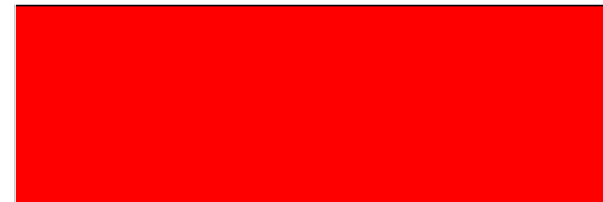


48%

Base: All US users 552

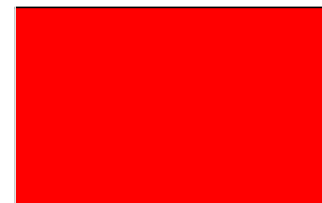


Male



65%

Female

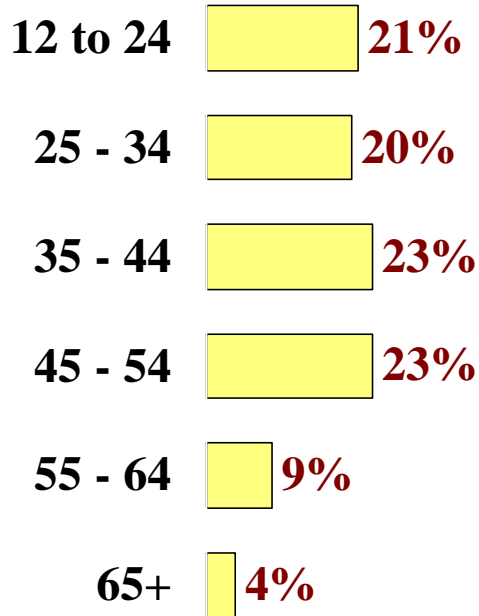
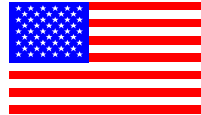


35%

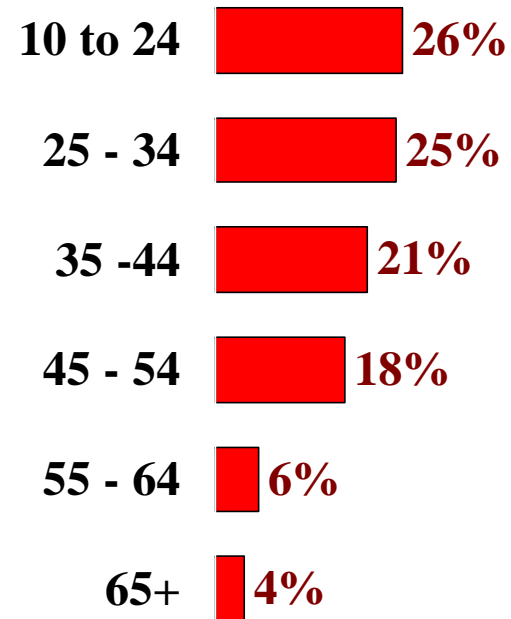
Base: All UK users 205

Current Internet User Profile

Age profile of users

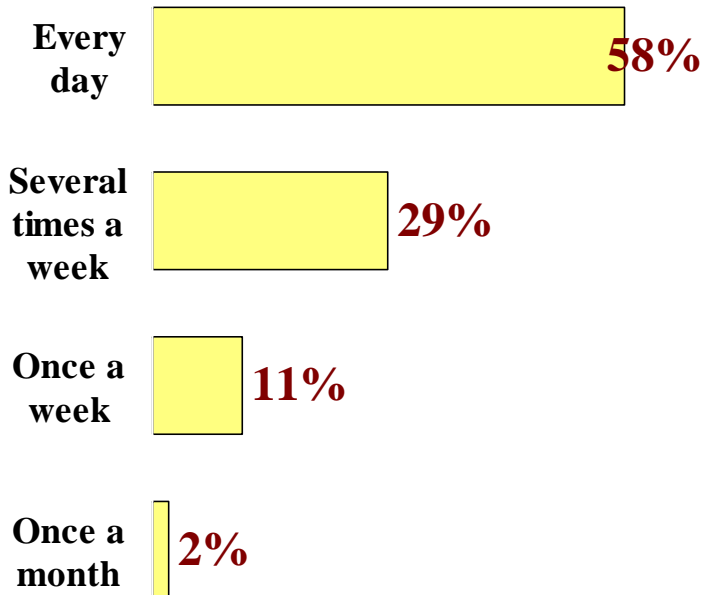
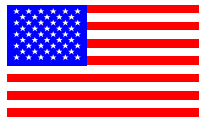


Base: All US users 552

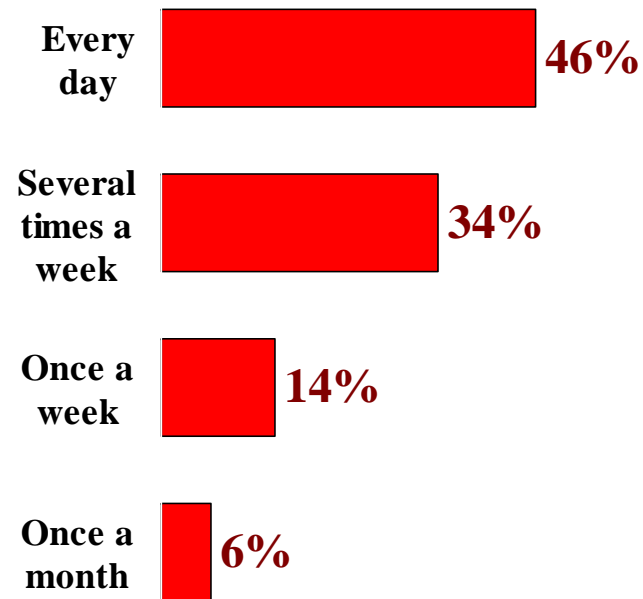


Base: All UK users 205

Frequency of using the Internet

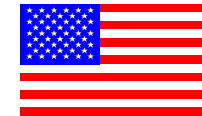
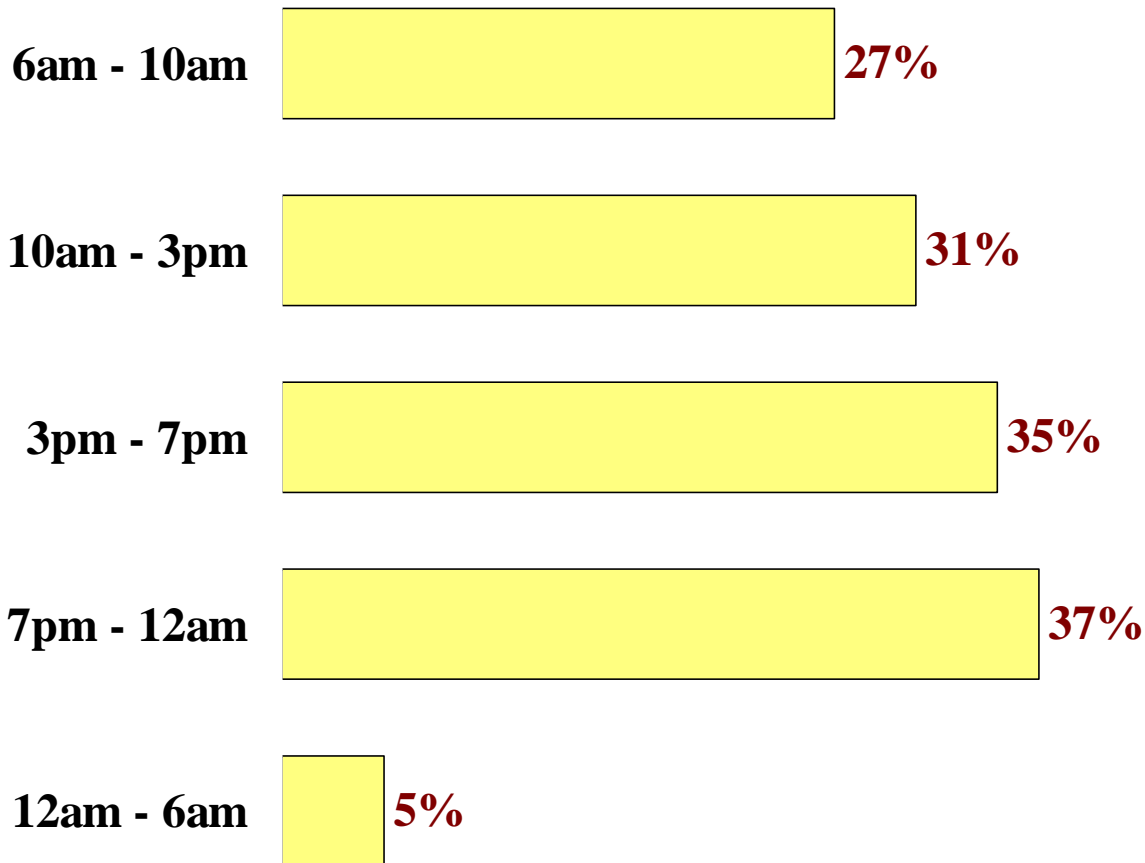


Base: All US users 552

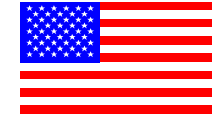


Base: All UK users 205

Times of Day use the Internet Frequently

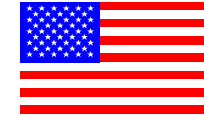


Activities spending less time doing because of time spent on-line (1)



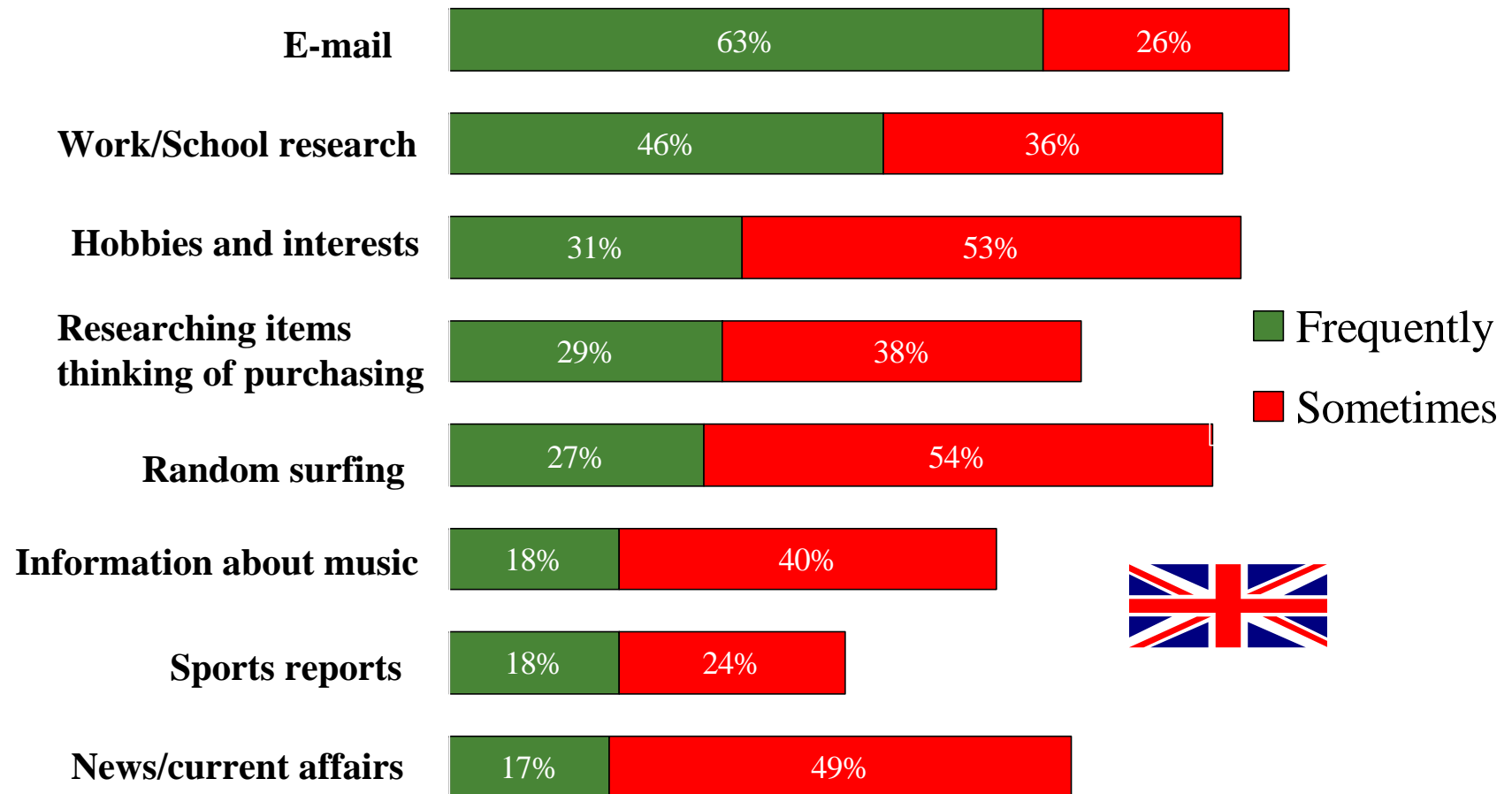
◆ Making phone calls	49%	na
◆ Using computer for non internet activities	36%	na
◆ Watching TV	33%	38%
◆ Playing computer games	27%	na
◆ Reading newspapers	27%	17%
◆ Watching videos	20%	na

Activities spending less time doing because of time spent on-line (2)



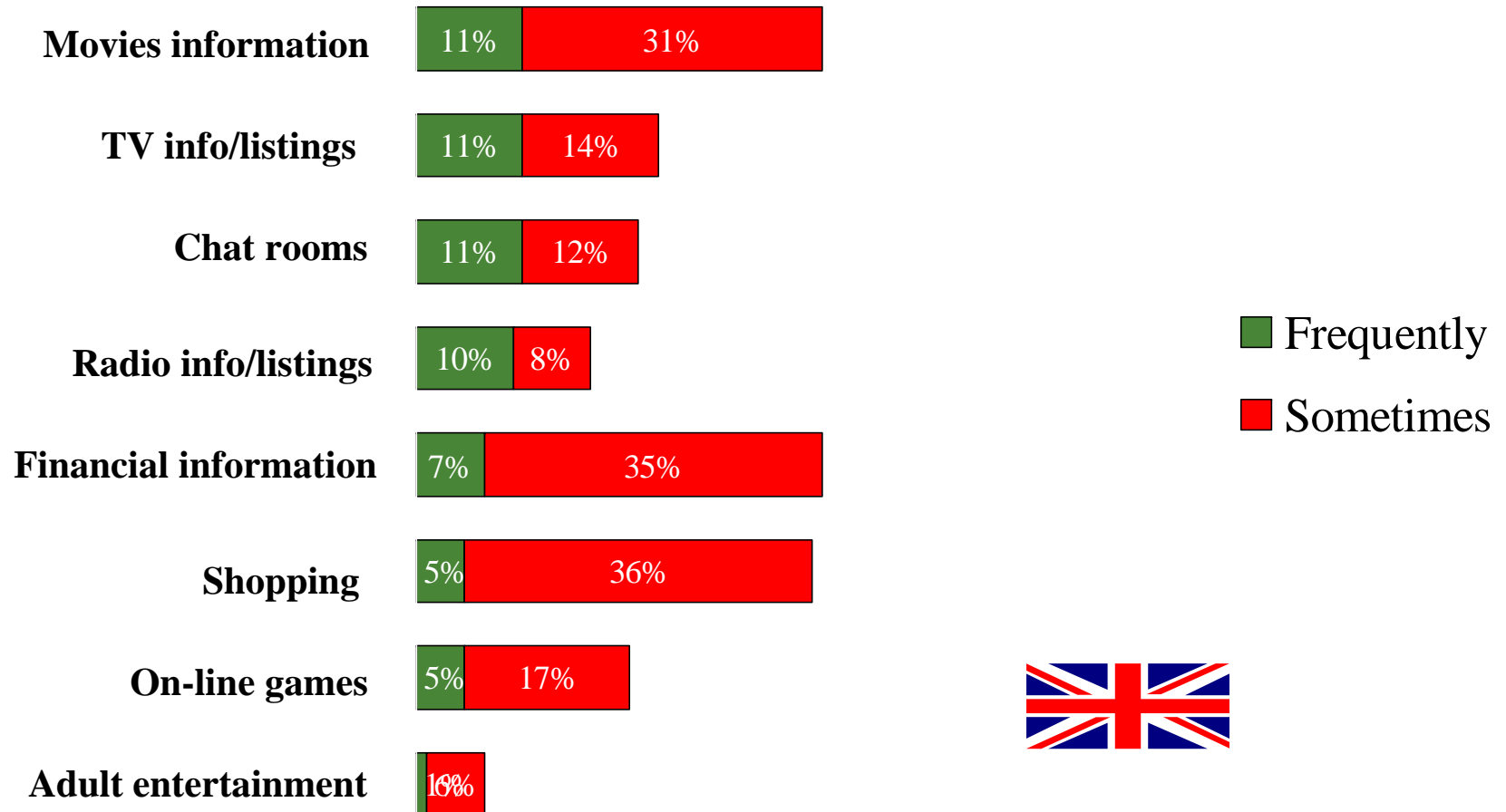
◆ Reading magazines	19%	18%
◆ Listening to the radio	13%	14%
◆ Shopping	13%	16%
◆ Spending time with family	11%	12%
◆ Sleeping	11%	12%
◆ Going out	10%	10%
◆ Socialising with friends	5%	10%

Reasons for using the Internet (1)



Base: all current UK users 205

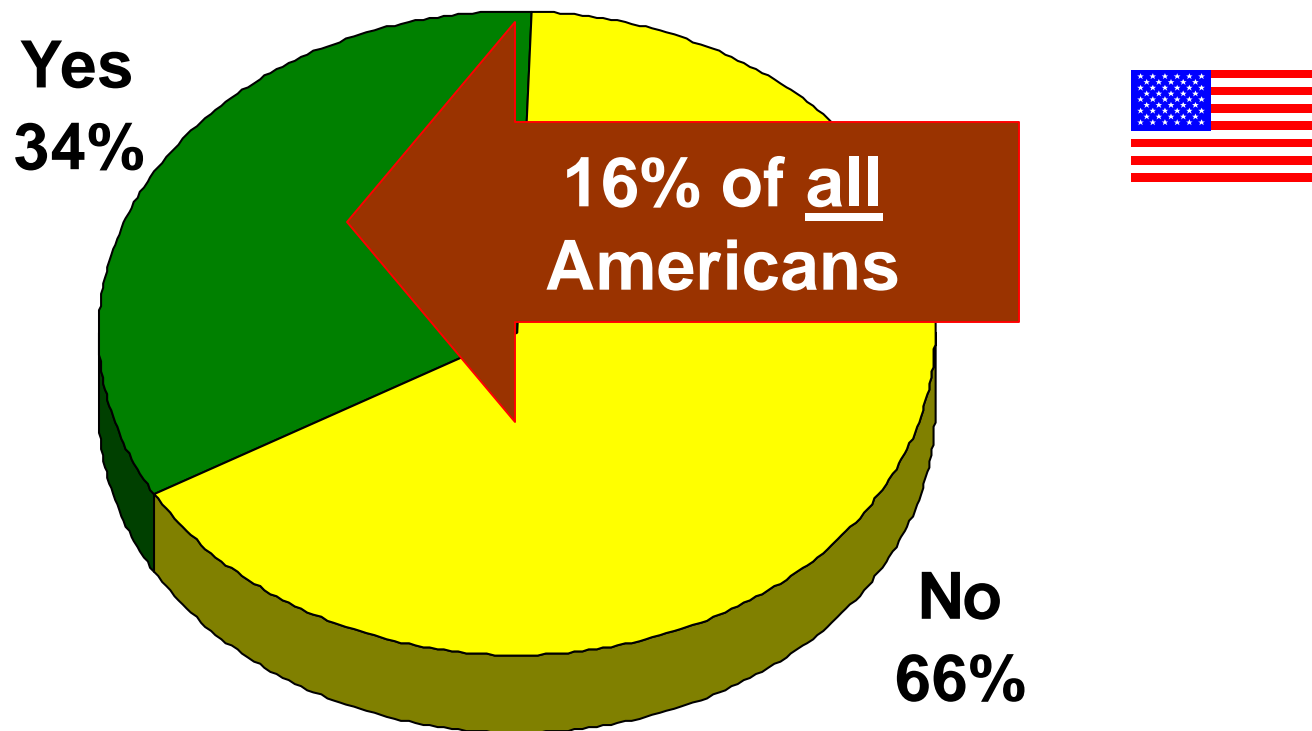
Reasons for using the Internet (2)



Base: all current UK users 205

34% of US online have made a purchase online from the Internet

“Ever made a purchase from an Internet Web site?”



Base: Currently access the Internet

Source: Arbitron/Edison Telephone Survey

Items purchased on-line in last 12 months

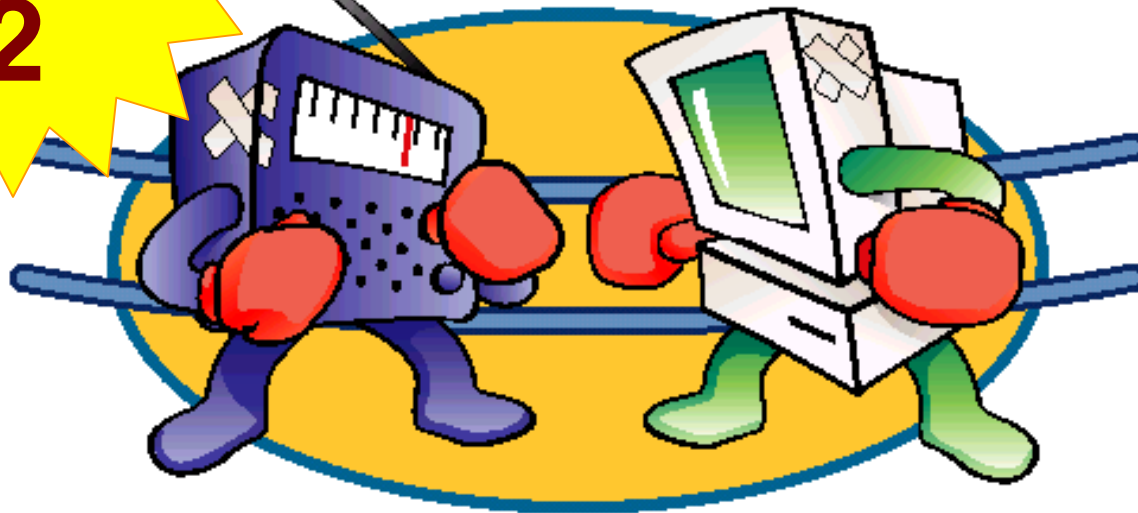


£9.5 billion forecast to be spent
on-line in 2000 in UK *

	<u>1999</u>	<u>1998</u>
◆ Books	56%	17%
◆ Travel tickets	35%	20%
◆ Software	31%	34%
◆ Records/CDs	27%	29%
◆ Entertainment tickets	22%	18%
◆ Financial products/services	13%	4%
◆ Magazines	8%	9%

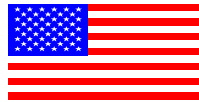
* source *Sunday Times Business*

**ROUND
2**

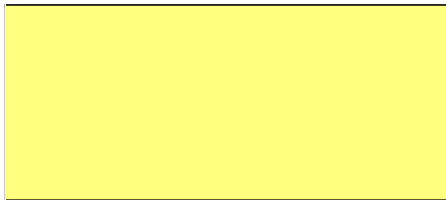


Online Radio Listening

Aware you can listen to radio over the Internet?

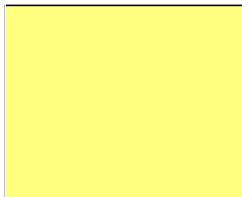


Yes



65%

No

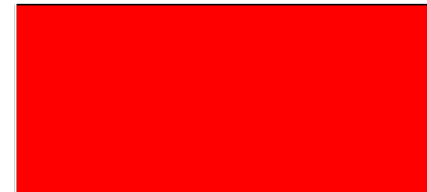


35%

Base: All US users 552

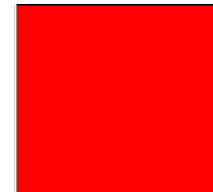


Yes



67%

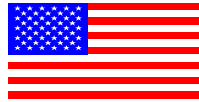
No



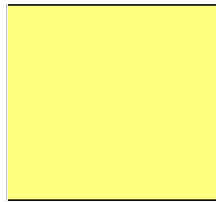
33%

Base: All UK users 205

Ever listened to radio over the Internet?

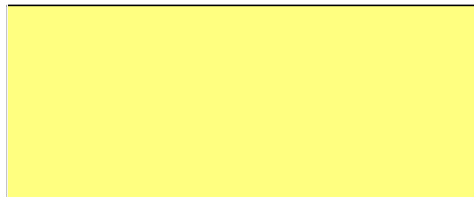


Yes



31%

No



69%

Base: All US users 552

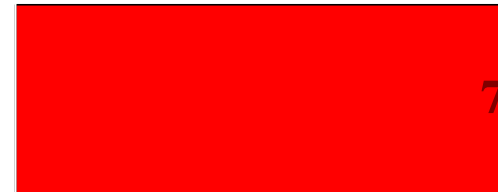


Yes



22%

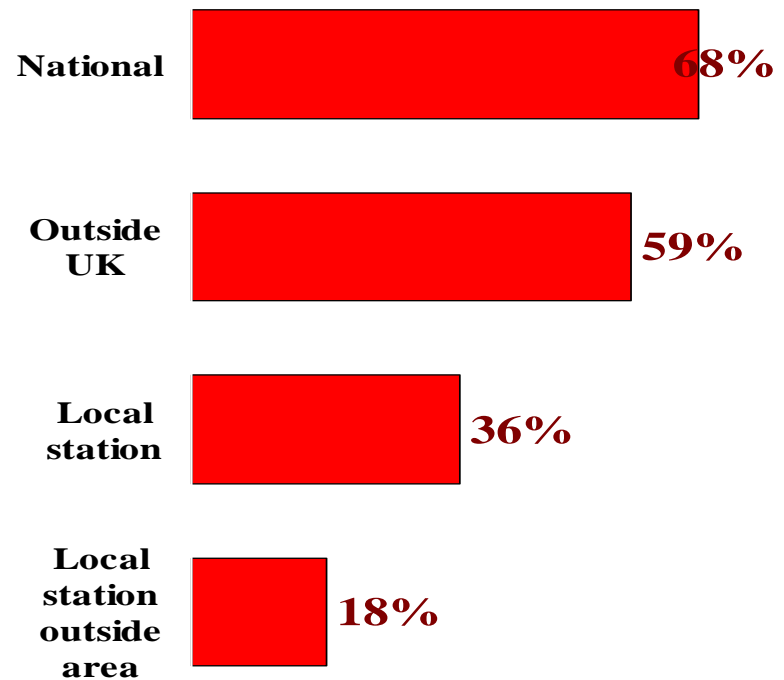
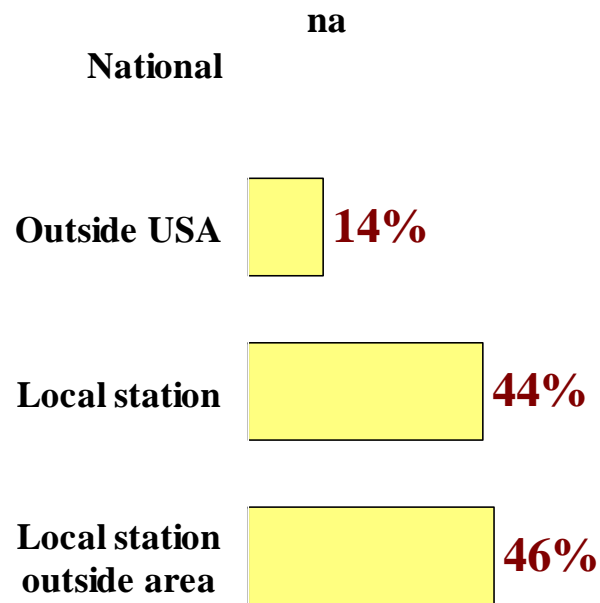
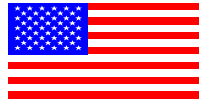
No



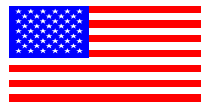
78%

Base: All UK users 205

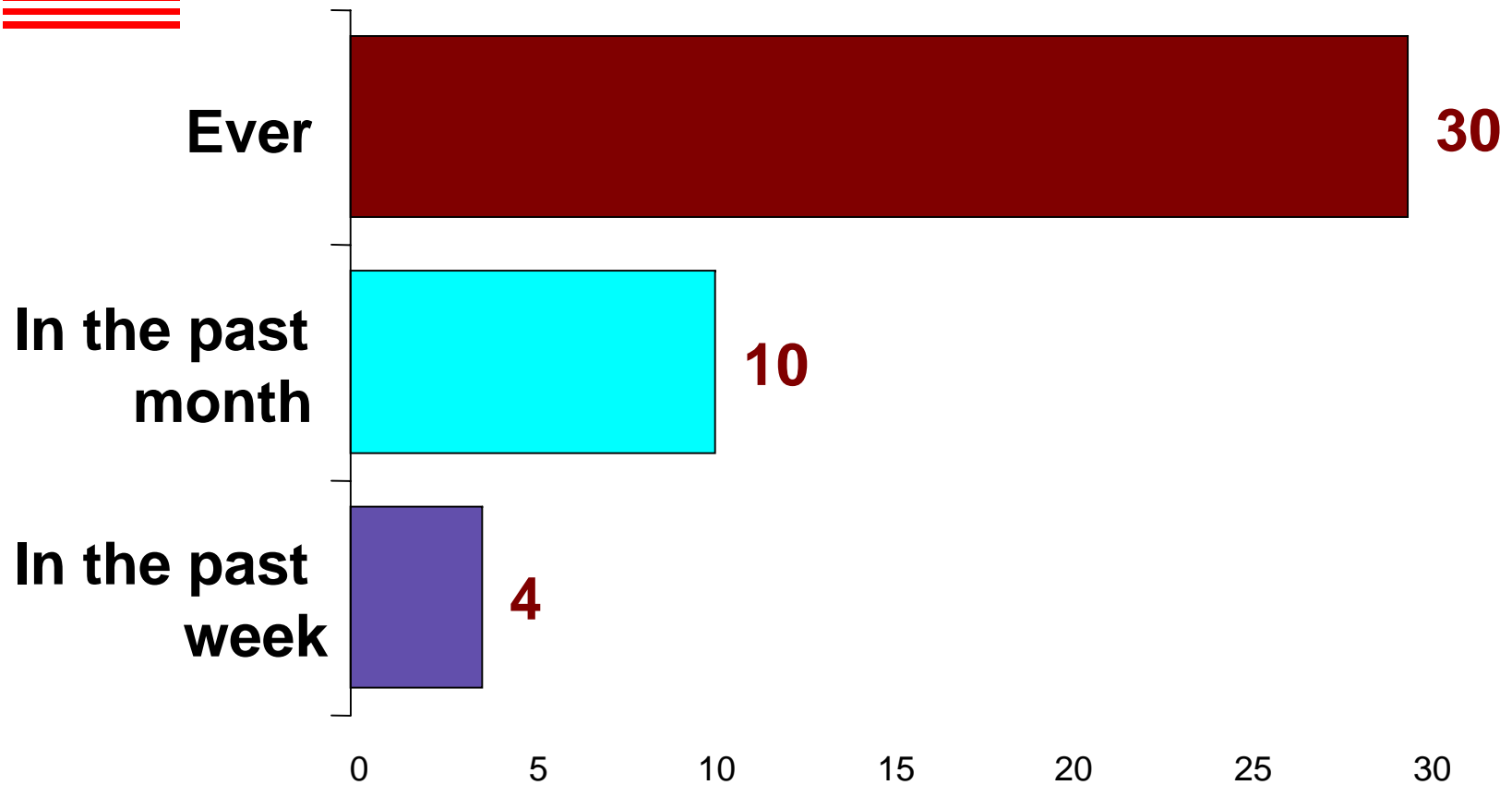
Type of station listened to over the Internet



Have you listened to a radio station over the Internet...

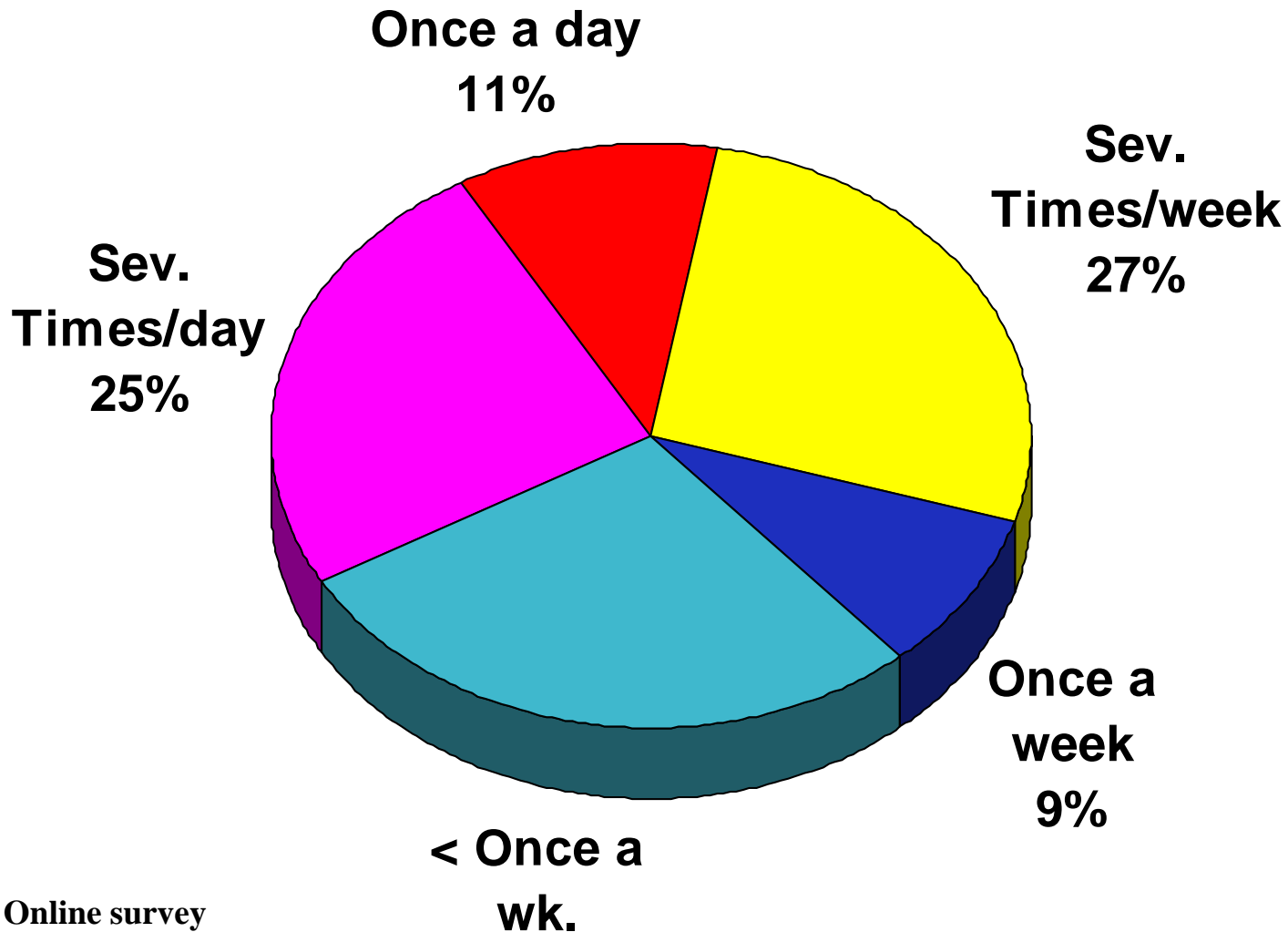


Among those who access the Internet



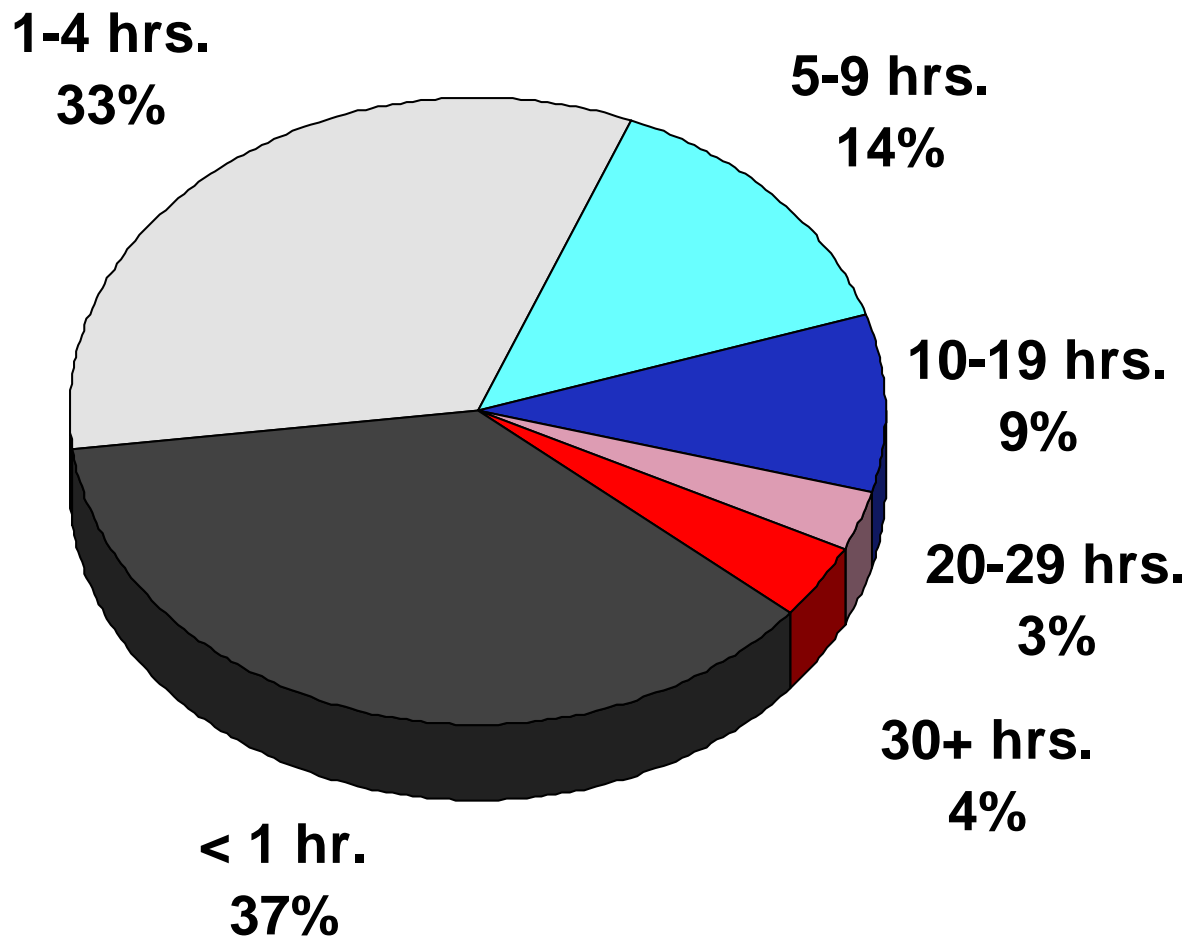
Source: Arbitron/Edison Telephone Survey

Online listening frequency: Nearly three-quarters listen at least once a week



Base: Online survey

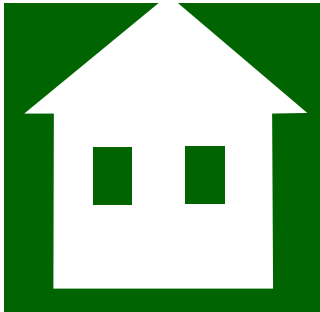
Most listeners spend less than five hours per week tuned into audiocasts



Base: Online survey

Internet tuning by location

- More consumers tune from home than from all other locations combined
- Work tuning is also significant



63%
Home



47%
Work



6%
School/
Library

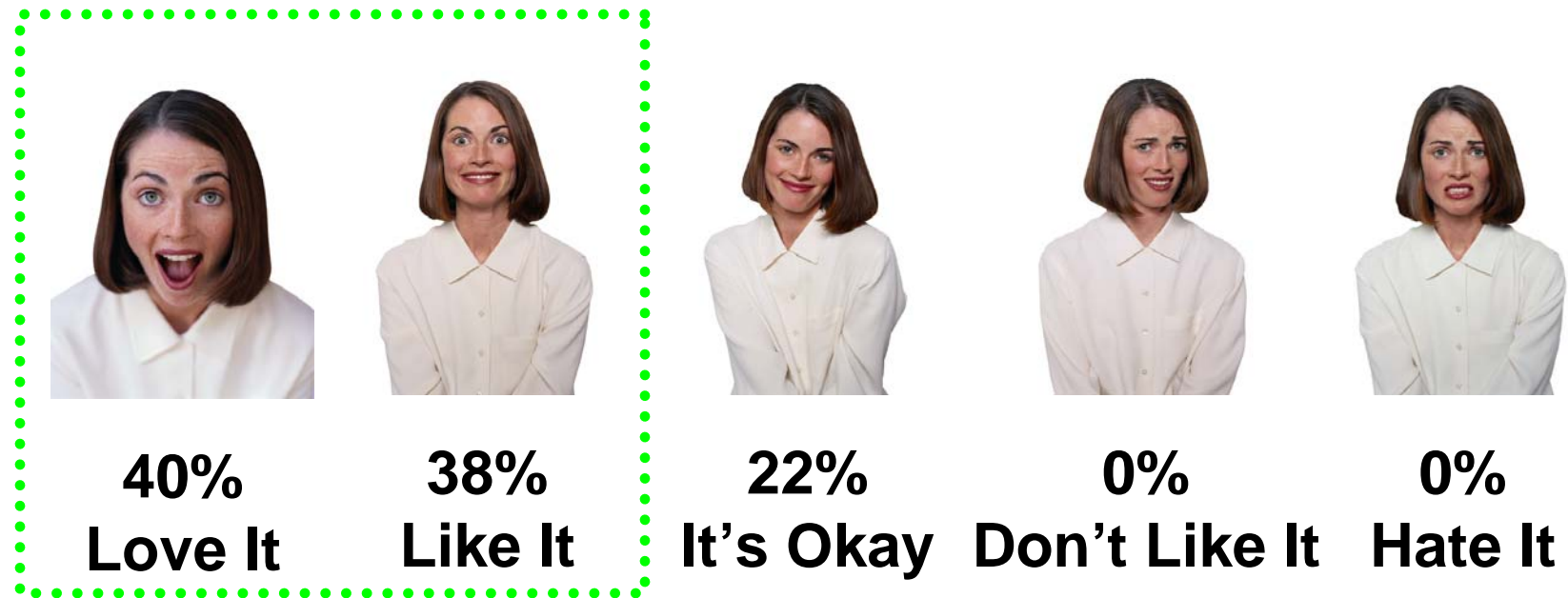


2%
Someplace
Else

Base: Online survey

Internet listener satisfaction

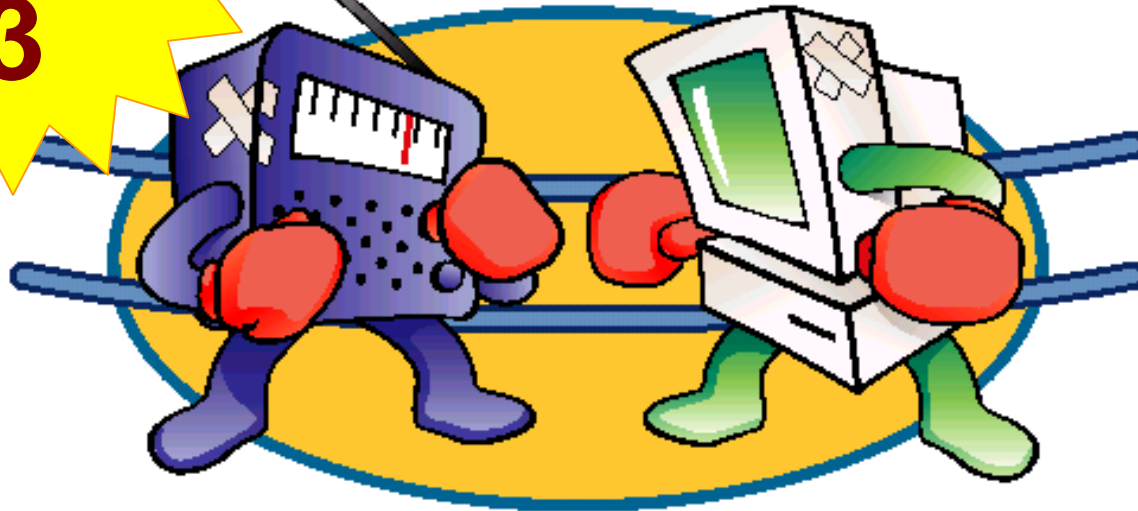
- Nearly 80% “love” or “like” Internet audio



Base: Online survey

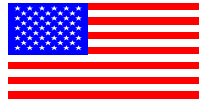
ROUND

3

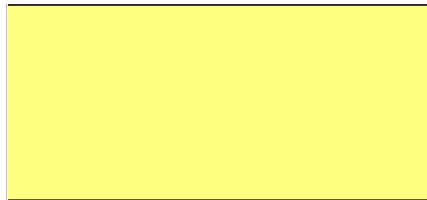


Station Web Sites

Ever heard a radio station talk about its Web site on air?

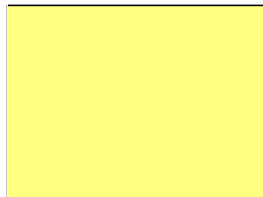


Yes



62%

No

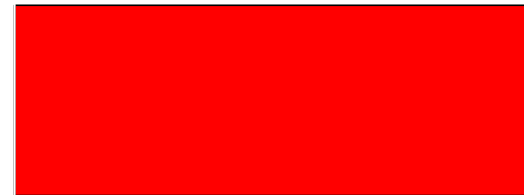


38%

Base: All US users 552

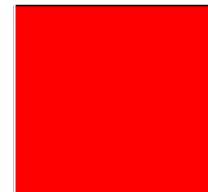


Yes



71%

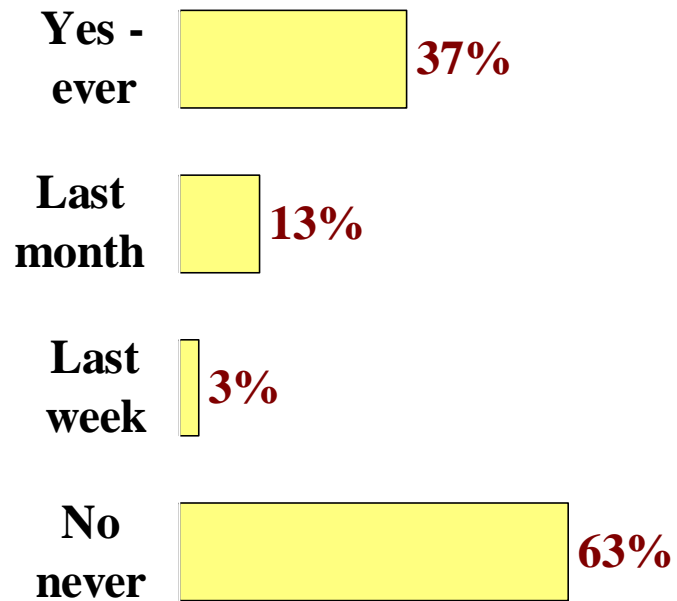
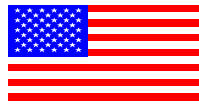
No



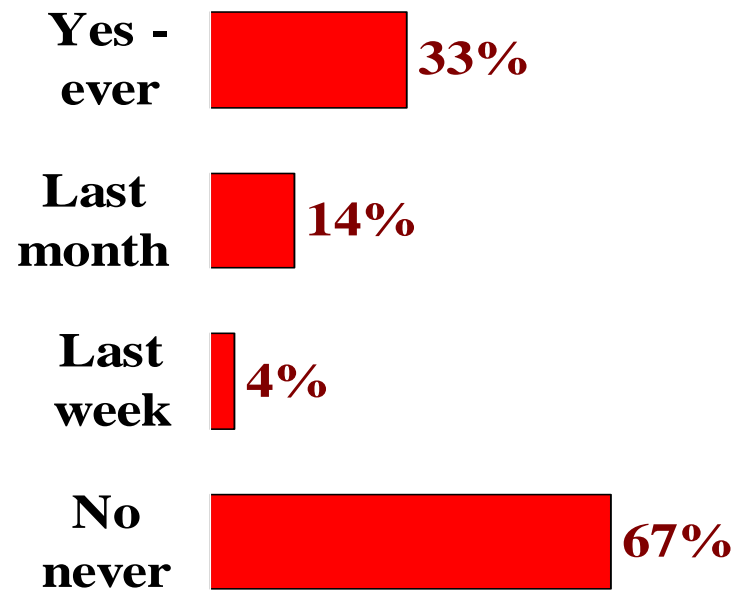
28%

Base: All UK users 205

Ever Visited a Radio station's Web site?

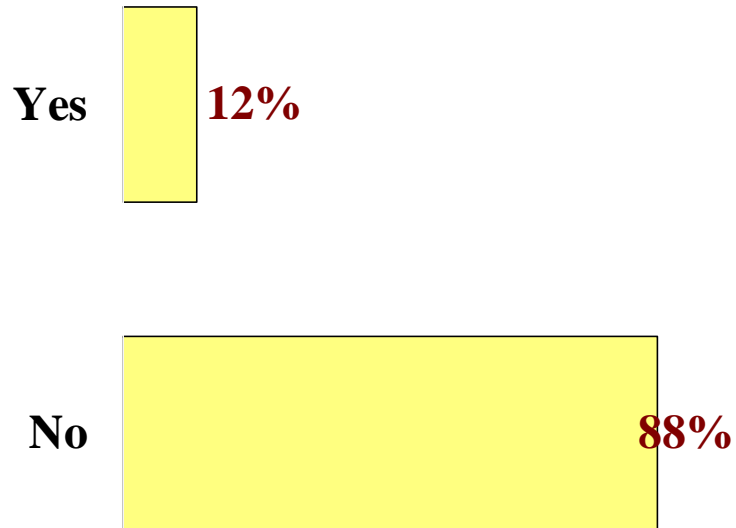
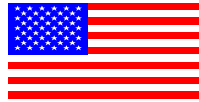


Base: All US users 552

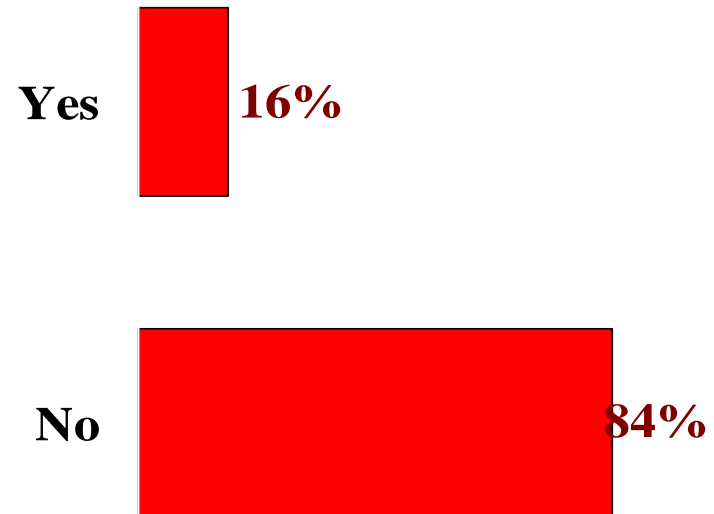


Base: All UK users 205

Ever Bookmarked a radio station's Web site?

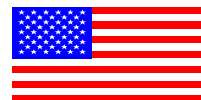


Base: All US users 552



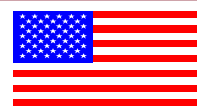
Base: All UK users 205

% very or somewhat interested in visiting a radio station's Web site for...



<i>Obtain information about community events</i>	66%	39%
<i>Obtain concert information</i>	64%	48%
<i>Find titles and artists of songs</i>	58%	50%
<i>Listen to stations outside of your area</i>	54%	40%
<i>Find out radio programme schedule</i>	50%	37%
<i>To enter contests</i>	50%	41%
<i>To vote on songs</i>	47%	29%

% very or somewhat interested in visiting a radio station's Web site for...



<i>Print out advertiser's coupons</i>	41%	23%
<i>Contact the DJ/personality on air</i>	40%	21%
<i>To see an advertiser's products</i>	38%	33%
<i>Obtain information and pictures of DJs</i>	36%	11%
<i>To buy a product or service</i>	36%	31%
<i>To link quickly to an advertiser's products</i>	34%	31%
<i>Participate in On-line auctions</i>	33%	19%
<i>Take part in chat rooms re: music</i>	31%	18%
<i>To buy radio station clothing</i>	25%	8%

Radio station site content analysis

- **We reviewed 351 radio station Web sites**

How well does *actual* radio Web site content match up with the content consumers would be most interested in seeing at a station site?

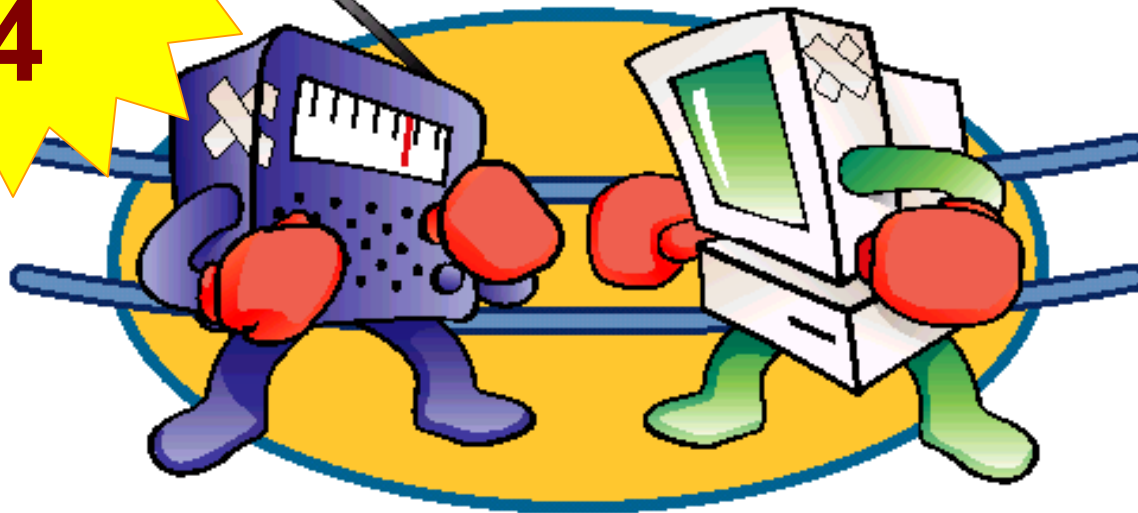
What percent of radio sites have the 5 features consumers want *most*?

<i>Interest Rank</i>	<i>Content/Feature</i>	<i>% of Sites with Feature</i>
1	Info about community events	60%
2	Concert information	50%
3	Title/Artist of each song	32%
4	To listen to the station	48%
5	To enter contents	58%

Based on 351 radio station site visits, made in 6/99

Source: Arbitron/Edison Content Analysis

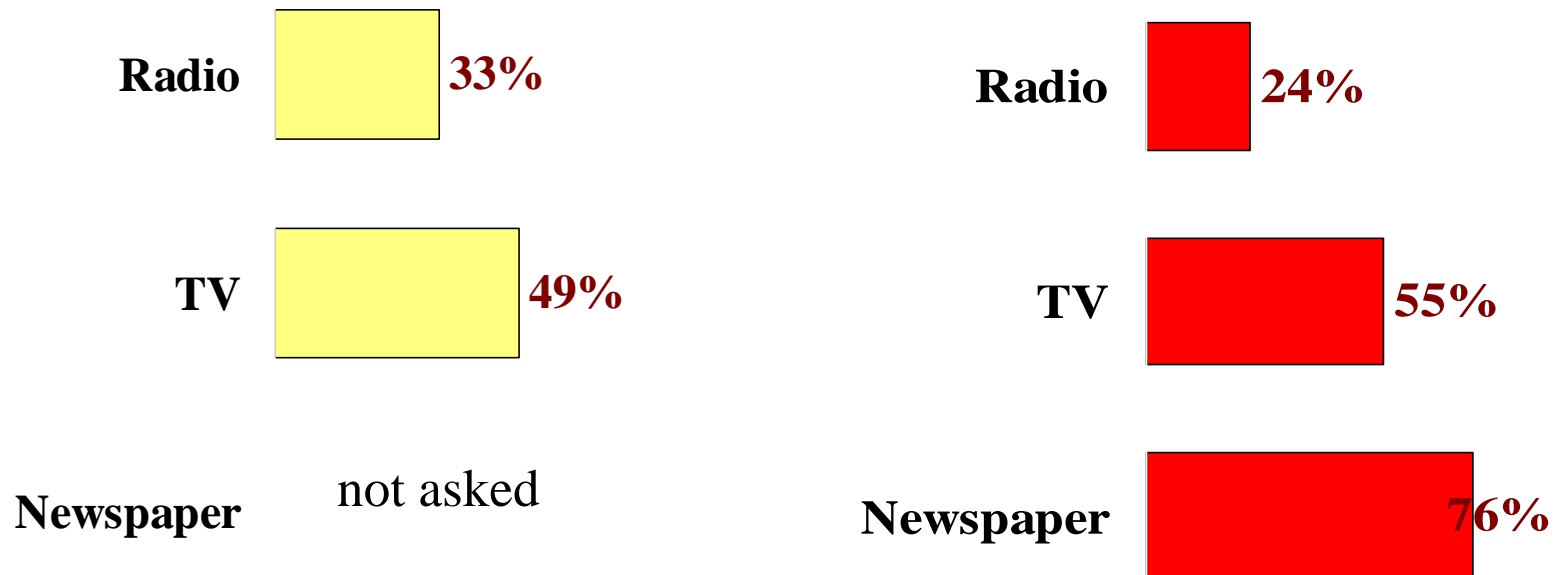
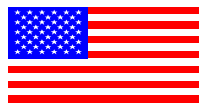
**ROUND
4**



Making Money from the Internet

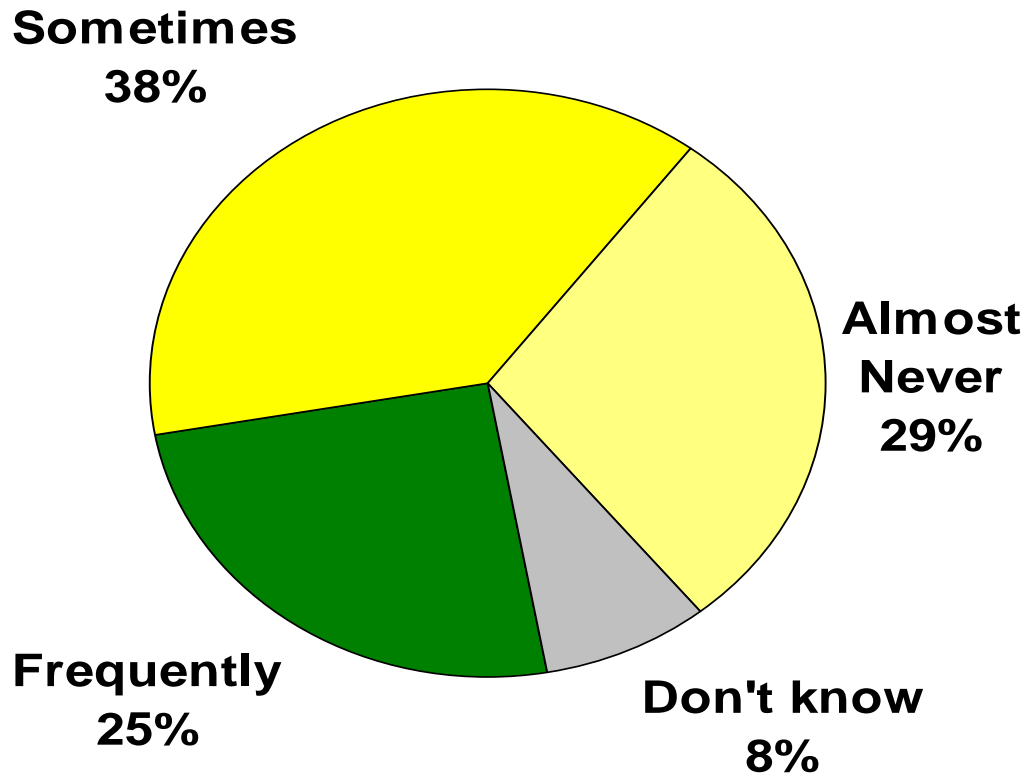
“dot.com” Advertising business

“Ever looked at Website as a result of hearing/seeing Ad on....



The Internet gives your advertising a visual element

“How often is it hard to remember info. on products/services heard on radio?”

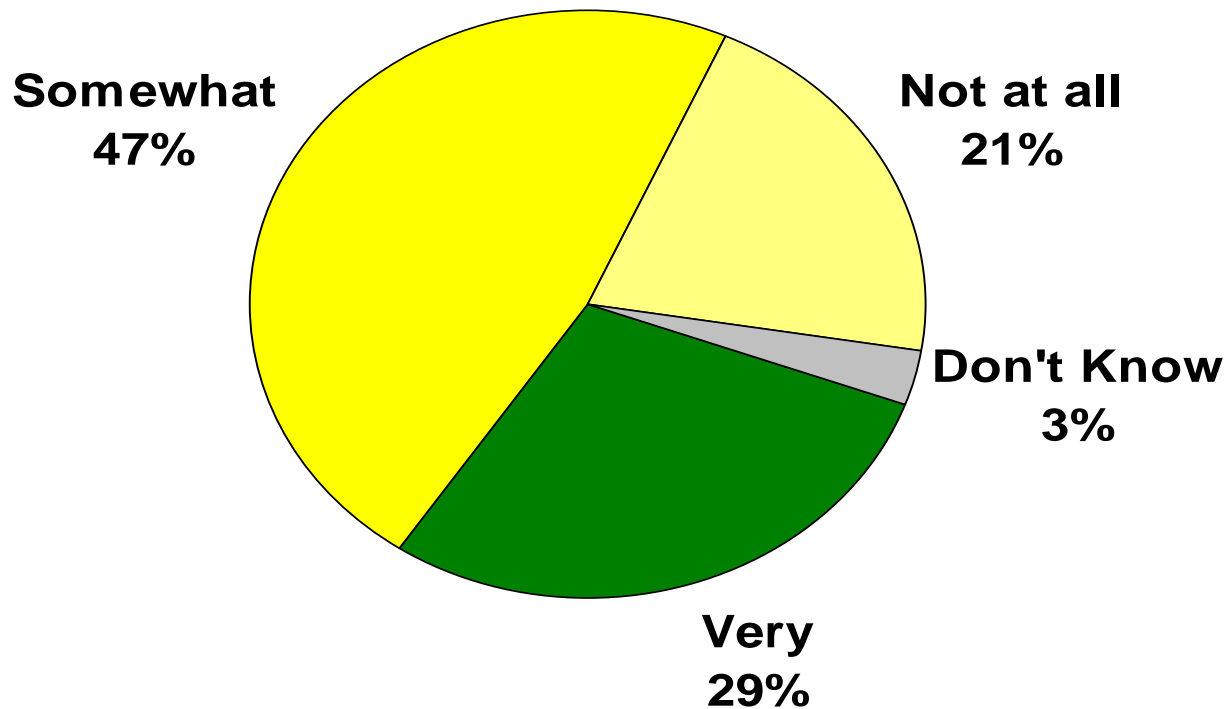


Base: Currently access the Internet

Source: Arbitron/Edison Telephone Survey

People will visit your web site for more info. on advertisers

“How likely are you to go to a radio station web site for more information on advertisers’ products/services?”

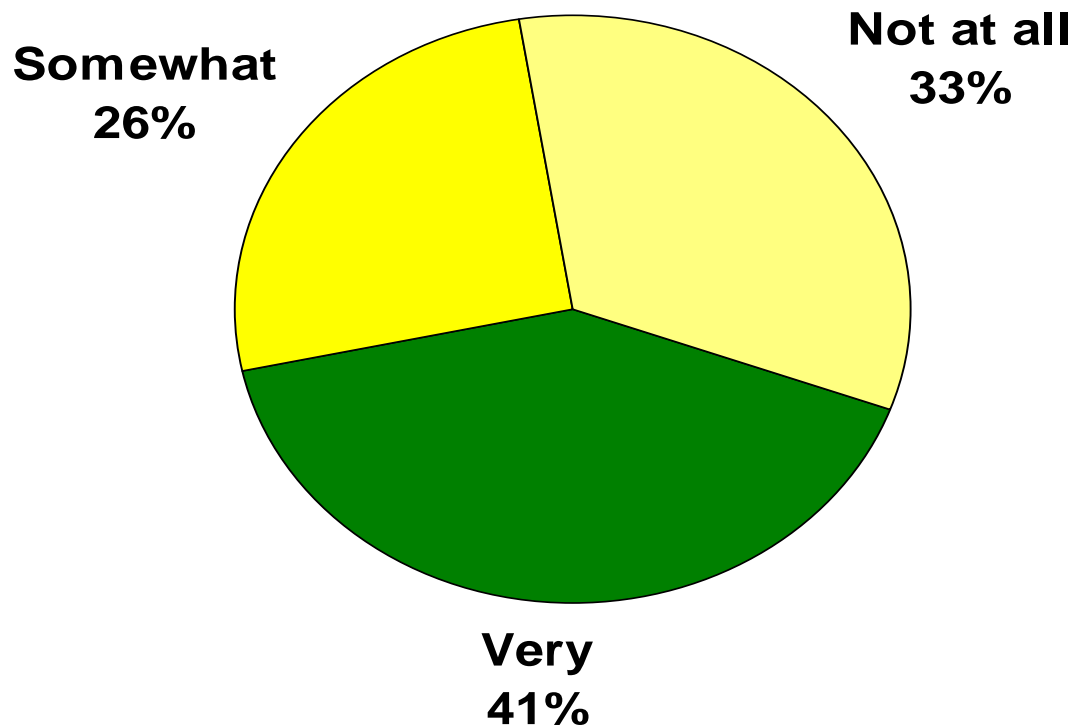


Base: Currently access the Internet

Source: Arbitron/Edison Telephone Survey

“Coupon Clippers” will go to your web site

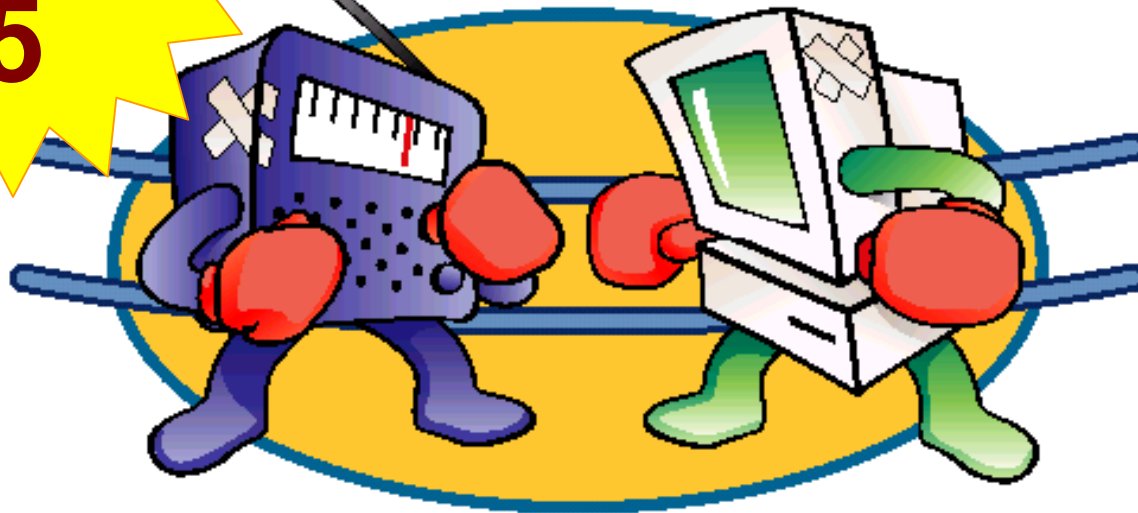
“How interested are you in visiting a radio station web site to print out coupons from advertisers?”



Base: Currently access the Internet

Source: Arbitron/Edison Telephone Survey

**ROUND
5**



Recommendations



#1

**Make your Web site a
compelling place to visit
every day**



#2

**Program your Web site
to listener needs, just as
you do your station**

A group of people in a meeting, with a man in a white shirt pointing at a screen. The image is semi-transparent, serving as a background for the text.

#3

**Create synergies between
your on-air and your site,
using your marketing
power to drive come to
your site**

A group of people in a meeting, with a woman in the foreground looking at a laptop screen.

#4

Explore different e-commerce models. Put someone specifically in charge of developing e-commerce business



#5

**Begin streaming your audio
over the Internet and
promote the site as an
“anywhere/anytime”
alternative**



#6

**Think about developing
secondary, Internet-only
versions of your station**

A photograph of a group of people in a meeting. A man in a white shirt is speaking into a microphone. The image is semi-transparent, allowing the text to be overlaid.

#7

Develop and distribute the on-screen interface that creates buttons for listening to Internet audio



Any Questions?