

Internet and Multimedia 10: *The Emerging Digital Consumer*



How Internet and Multimedia 10 Was Conducted

**2,005 telephone interviews were
conducted in January 2003**

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

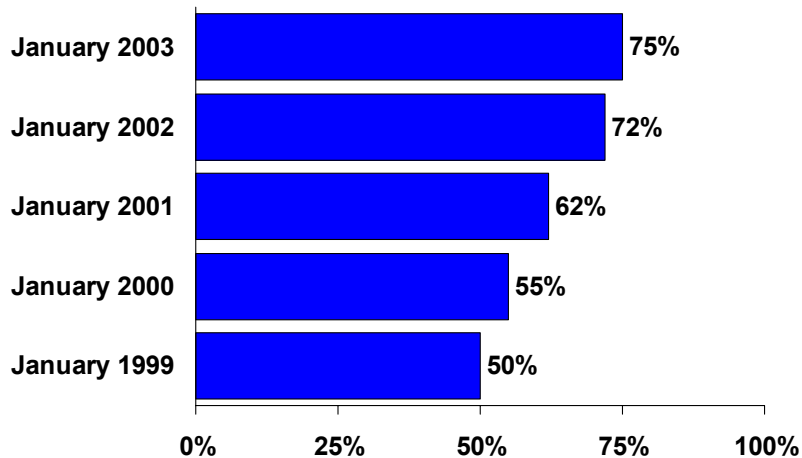


Internet Usage Trends



Three in Four Americans Now Have Access to the Internet

% with Internet Access at Any Location

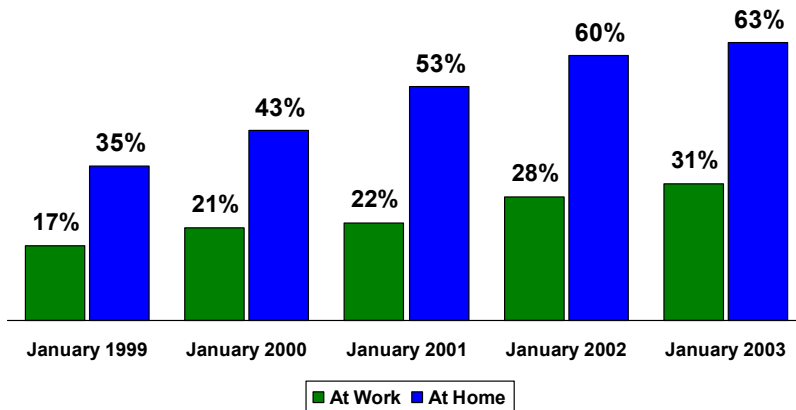


Base: Total Population 12+



Internet Access at Home and Work Has Nearly Doubled In Four Years

% with Internet Access at Any Location

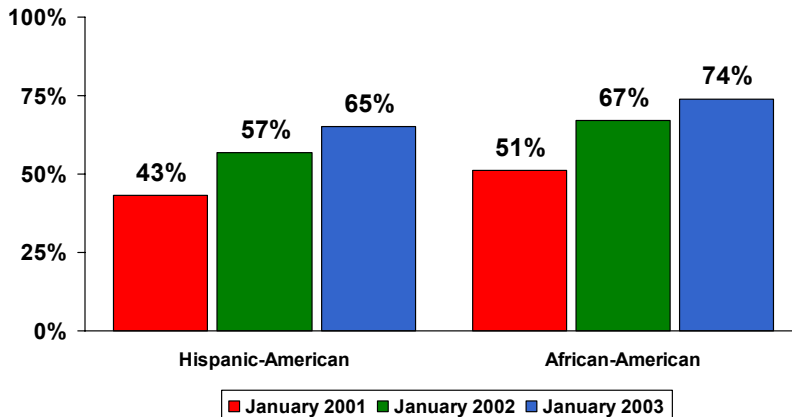


Base: Total Population 12+



Rapid Growth in Internet Access Among African-Americans and Hispanics...

% with Internet Access at Any Location

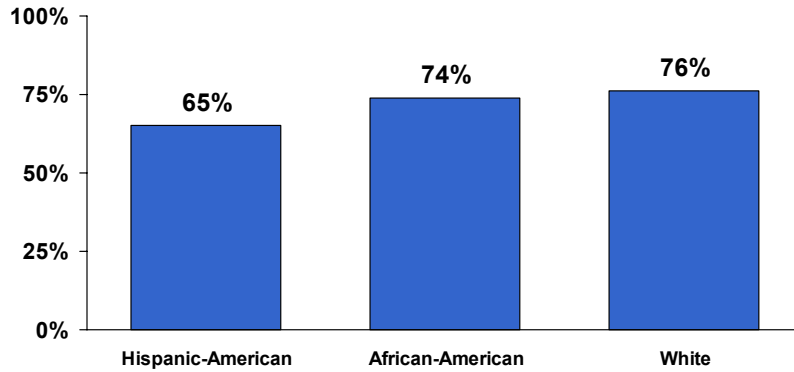


Base: Total Population 12+



...Helps Narrow the “Digital Divide”

% with Internet Access at Any Location

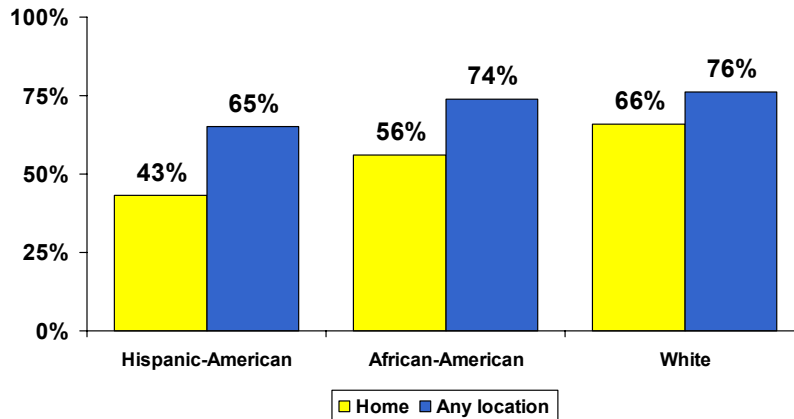


Base: Total Population 12+



The “Digital Divide” is Widest at Home

% with Access to the Internet at Home and at Any Location

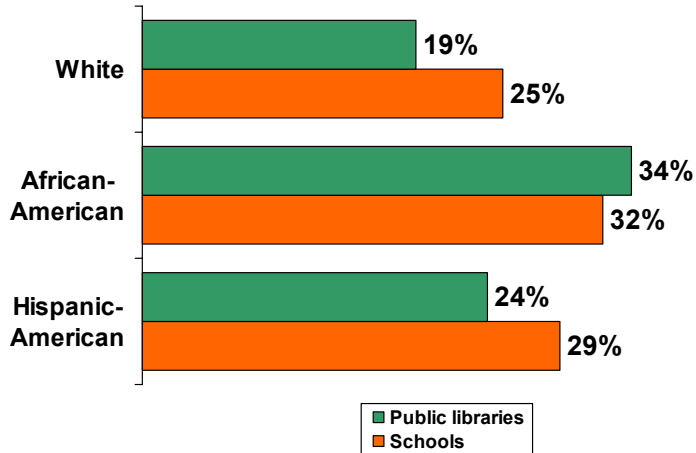


Base: Total Population 12+



Public Libraries and Schools Help Close the “Digital Divide”

% Who Access the Internet at Public Libraries or Schools

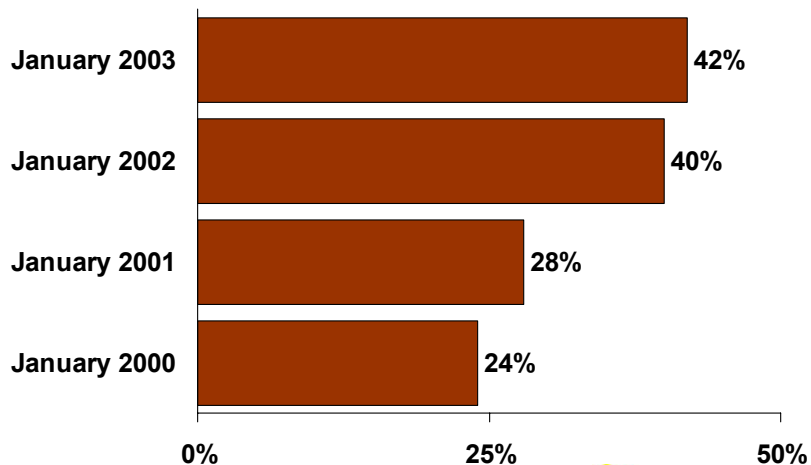


Base: Total Population 12+



More Than Four in Ten Americans Have Made a Purchase Online

% Who Have Ever Purchased Online

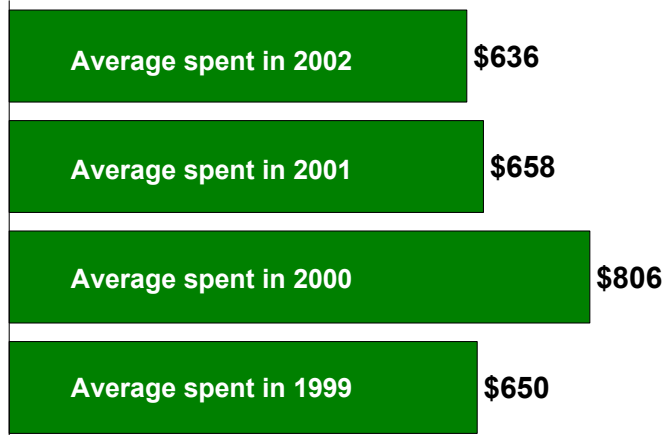


Base: Total Population 12+



On Average, Those Buying Online are Spending Slightly Less

Average Amount Spent Per Online Buyer in the Past 12 Months



Base: Made a purchase over the Internet

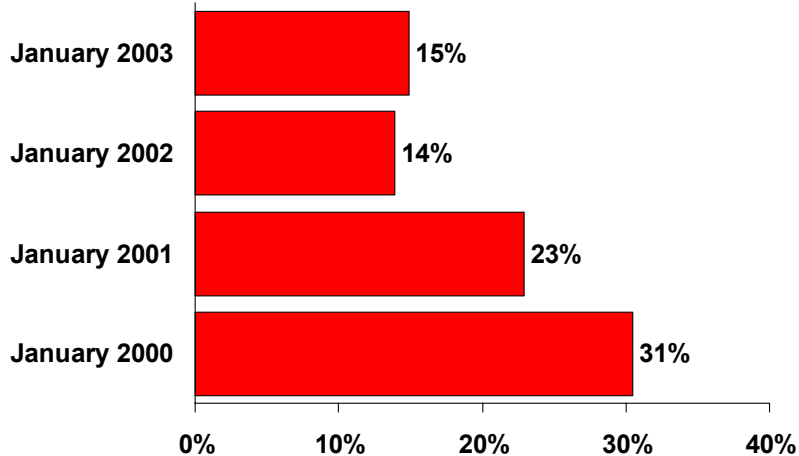


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Clicking On Banner Ads Remained Steady in Last Year

% Online Who Have Clicked On Banner Ads in Last Month



Base: Currently Access the Internet



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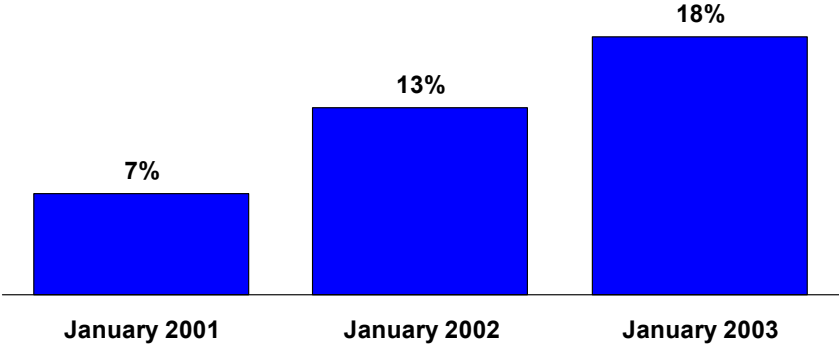
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Broadband



Residential Broadband Has More Than Doubled in the Past Two Years

% Who Have Broadband Internet Access at Home

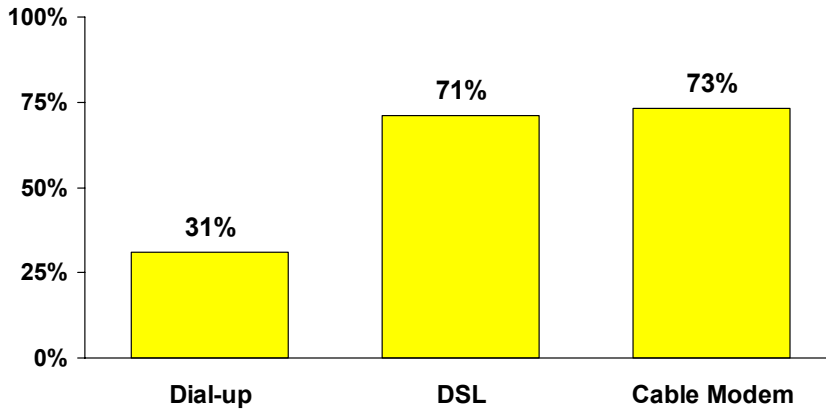


Base: Total Population 12+



Far More Broadband Users Are Satisfied with Their Internet Connection Than Dial-up Users

% "Very Satisfied" with Their Internet Connection

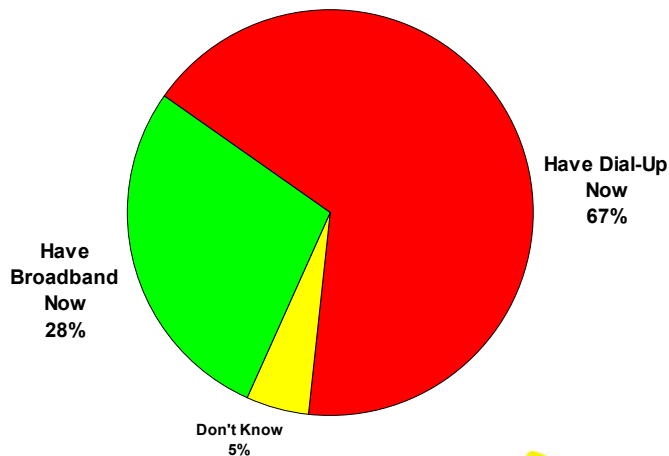


Base: Have that type of Internet connection at home



More than One-Quarter of Those Online Have Residential Broadband

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

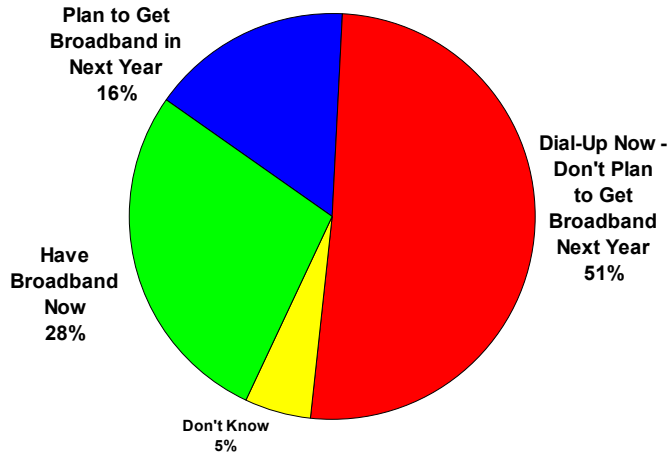


Base: Have Internet Access at Home



Residential Broadband Access Should Continue Its Rapid Rise

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



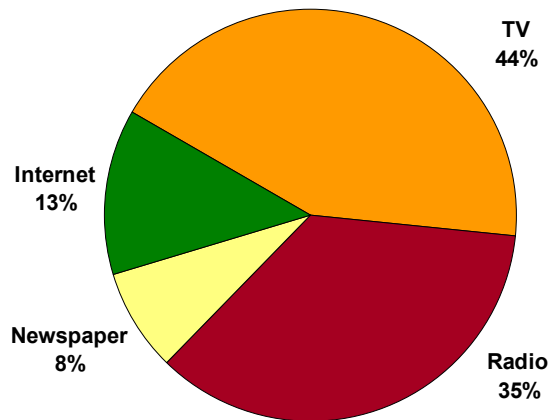
Base: Have Internet Access at Home



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TV and Radio Dominate Media Time Spent Overall...

% of Time Spent Per Day Among TV, Radio, Newspaper and the Internet



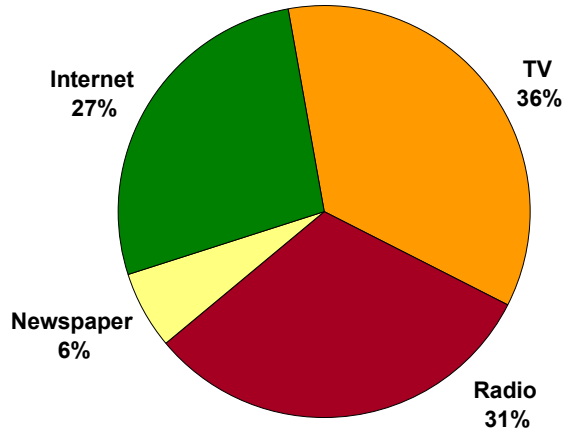
Base: Total Population 12+



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...Time Online Rivals TV and Radio Among People with Broadband at Home

% of Time Spent Per Day Among TV, Radio, Newspaper and the Internet



Base: Have Residential broadband



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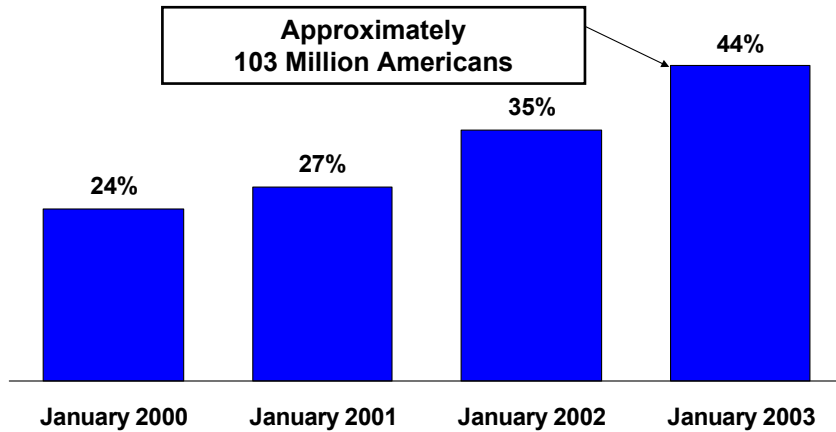
Internet Broadcasting



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More Than 100 Million Americans Have Ever Tried Online Audio or Video

% of Americans Who Have Ever Watched or Listened to Internet Broadcasts

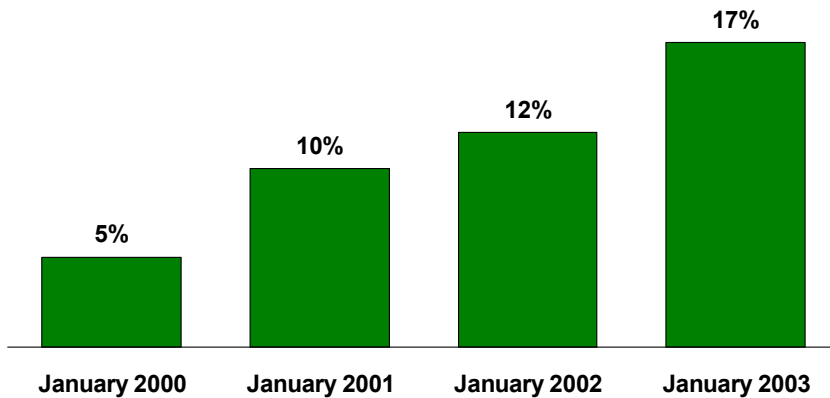


Base: Total Population 12+



Monthly Usage of Internet Audio Has Tripled in Three Years

% of Americans Who Have Listened to Internet Audio in Past Month

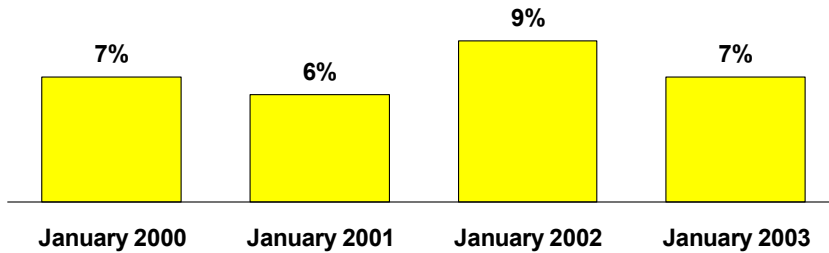


Base: Total Population 12+



Monthly Usage of Internet **Video** Has Not Grown in Three Years

% of Americans Who Have Watched Internet **Video** in Past Month

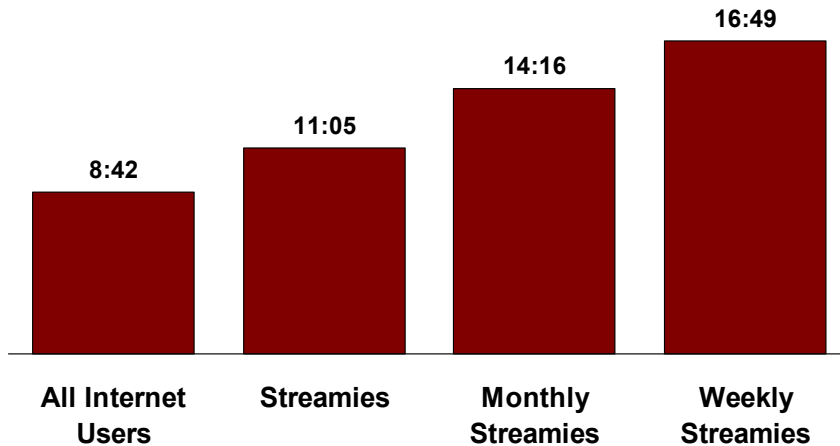


Base: Total Population 12+

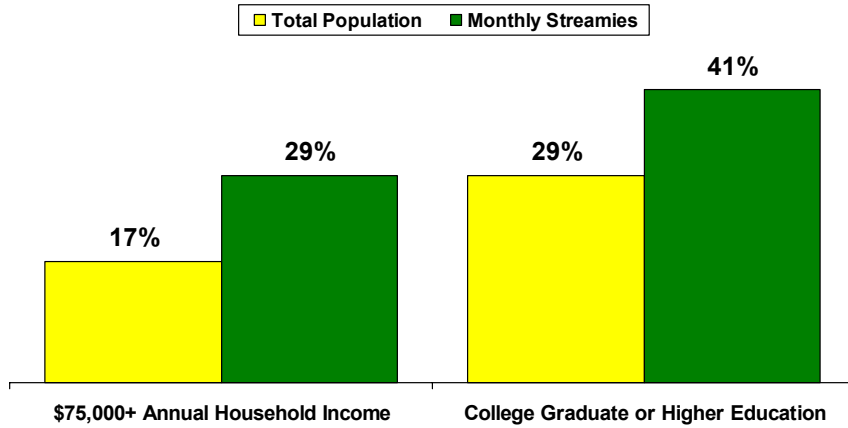


Active Users of Internet Broadcasts Spend More Time Online

Time Spent Online Per Week (Hours:Minutes)

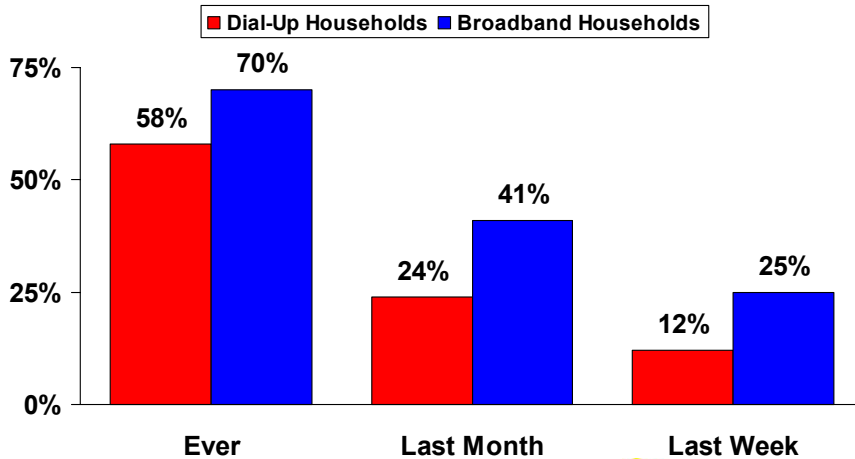


Monthly Streamies Are More Upscale Than the Total Population



Broadband Users Are More Habitual Consumers of Internet Broadcasting

% of Those Online Who Have Watched or Listened to Internet Broadcasts...

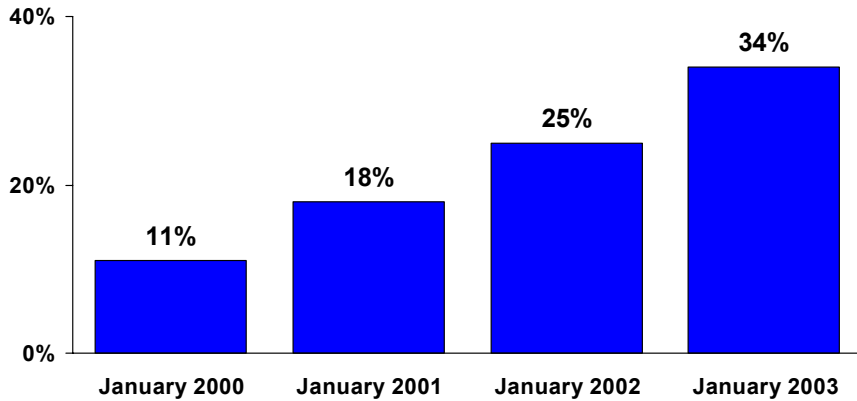


Base: Currently Access the Internet at Home



One in Three Americans Have Listened to Radio Stations Online

% of Americans Who Have Listened to a Radio Station Over the Internet

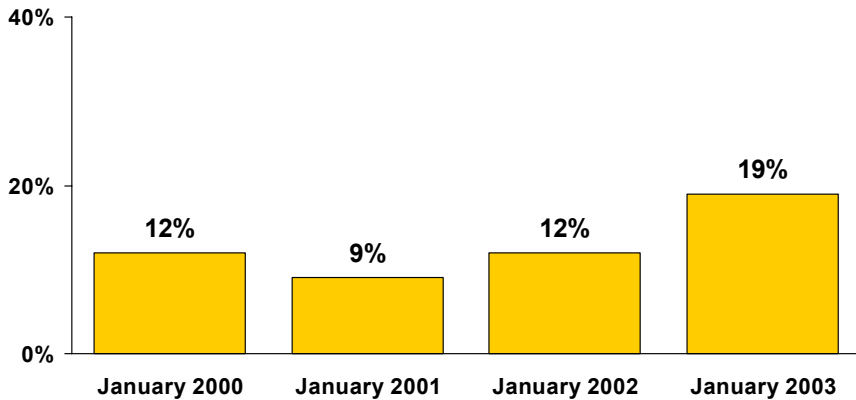


Base: Total Population 12+



Listening to Internet-Only Audio Broadcasts Has Rebounded

% of Americans Who Have Listened to Internet-Only Sources of Audio Online

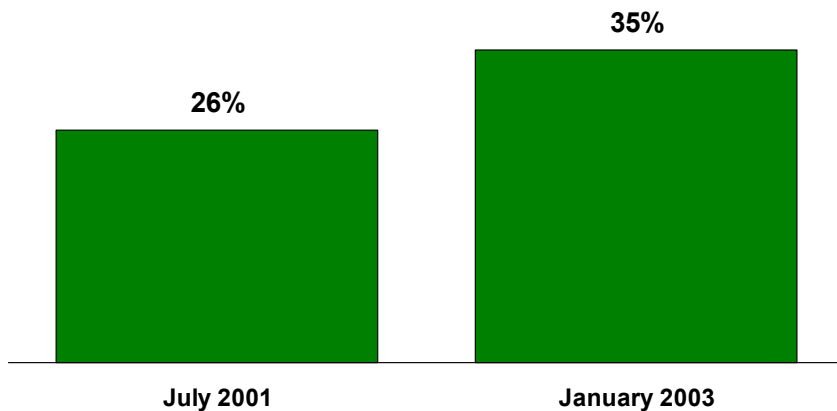


Base: Total Population 12+



Consumer Satisfaction with Internet Audio is On the Rise

% Who "love" or "like" Internet Audio

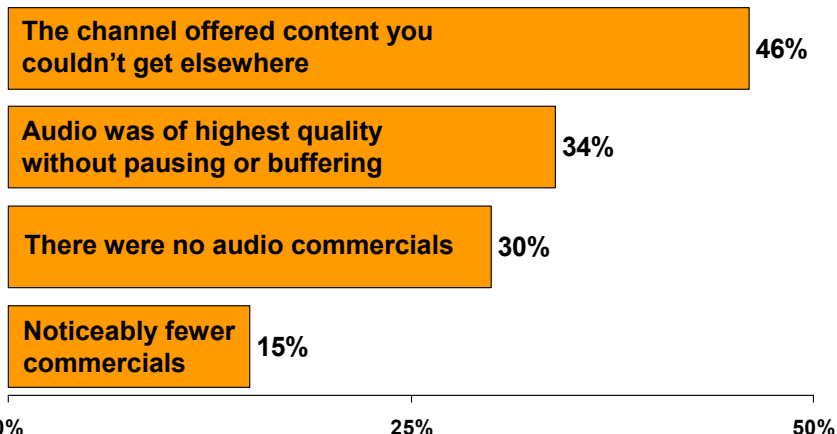


Base: Audio Streamies



Streamies Are Most Willing to Pay For Unique Content

% of Audio Streamies Who Would Be Willing to Pay a Small Fee for Audio on the Internet if...



Base: Audio Streamies

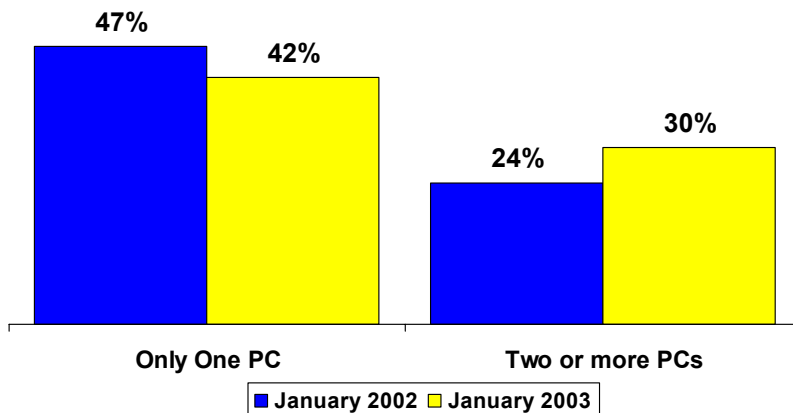


Digital Devices



More People Live in Multi-PC Homes

Number of Working Computers in the Home

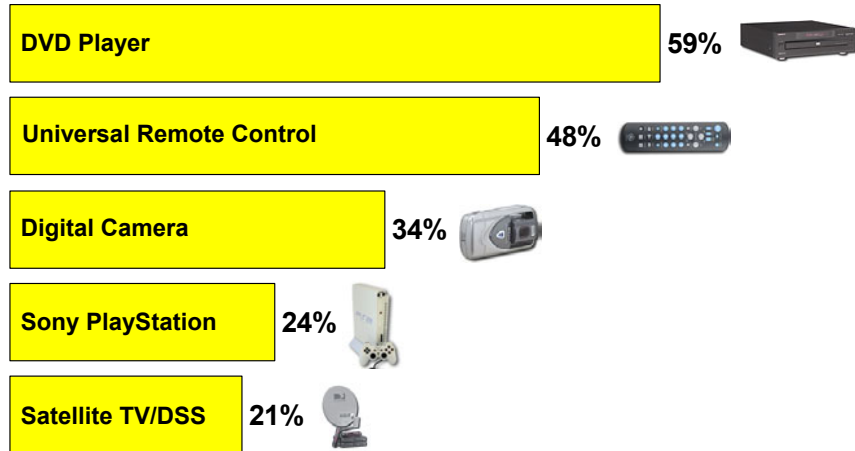


Base: Total Population 12+



DVD Players Top Ownership Chart Among 26 Digital Devices Tested

% Who Own Device (Top 5 of 26 Devices)

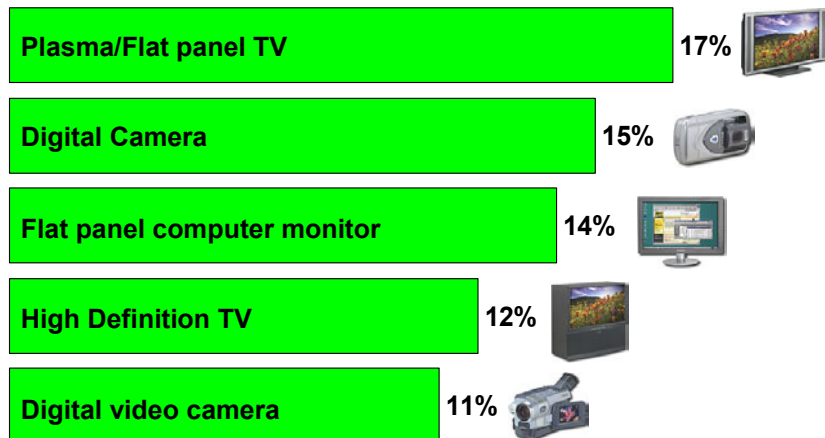


Base: Total Population 12+



High Interest in Flat Panel TV/Computer Monitors, HDTV And Digital Cameras

% "Very Interested" in Owning Device



Base: Total Population 12+



Active Streamies are Far More Likely to Show Interest in Consumer Electronics

% "Very Interested" in Owning Digital Device

	Total Population	Monthly Streamies
Plasma television or flat panel TV	17%	29%
Flat panel computer monitor	14%	24%
High definition television or HDTV	12%	22%
Digital camera	15%	19%
Digital video camcorder	11%	18%

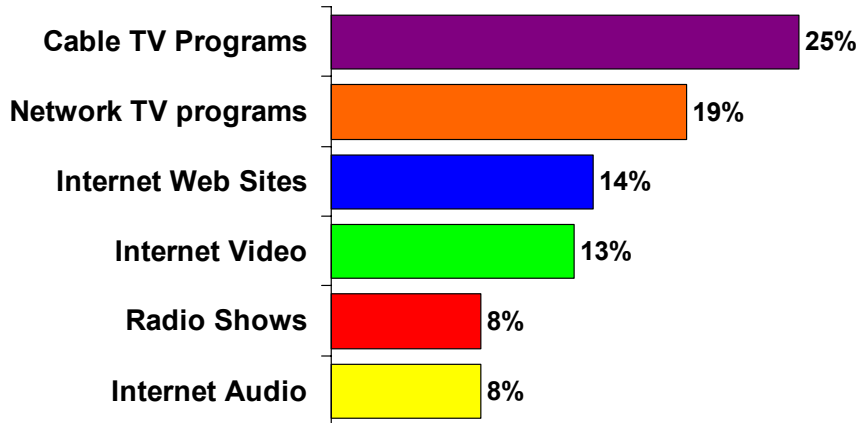


Perceptions of Media Content



Americans See TV and Cable as Crossing the Line More Frequently Than Radio

% Who Say Medium is Frequently "Too Dirty And Explicit" For Their Tastes

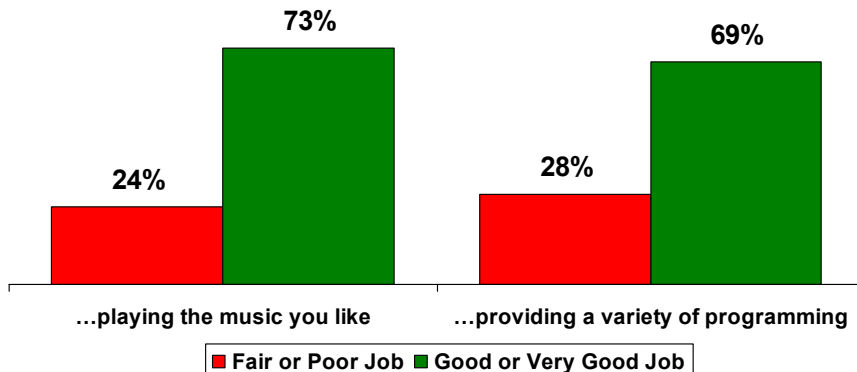


Base: Total Population 12+



Most Give Local Radio High Marks for Playing the Music They Like and Variety

"How good a job do local radio stations do of ..."



Base: Total Population 12+

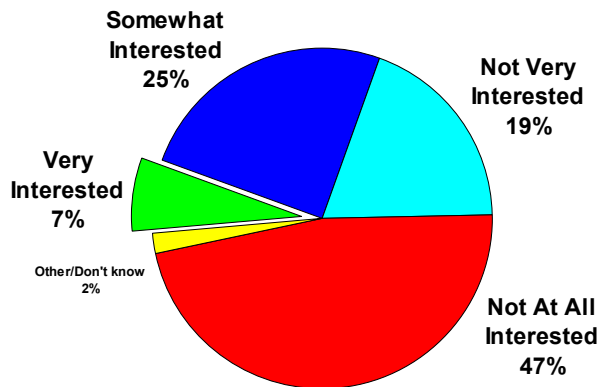


Satellite Radio



Approximately 17 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?”

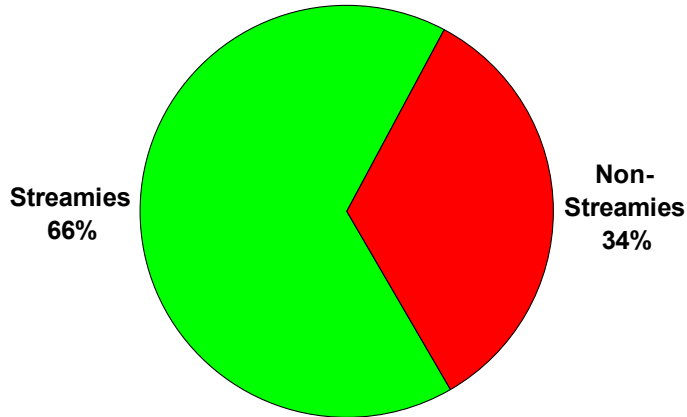


Base: Total Population 12+



Two in Three of Those Who Are “Very Interested” in Satellite Radio are Streamies

% of Those Who are “Very Interested” in Satellite Radio that Have Ever Listened or Watched Online



Base: “Very Interested” in Satellite Radio



Recommendations



Recommendations

- 1. The online audio audience is growing rapidly and Internet broadcasters should get serious about ad sales.**

Internet broadcasters should consider selling in networks and promote the industry to the ad community.



Recommendations

- 2. Companies pursuing subscription models should emphasize their content as their primary value.**

Consumers have greater interest in subscribing to unique and compelling content vs. fewer commercials or better audio quality.



Recommendations

3. Try a mix of subscription and advertising.

Subscription and advertising models do not need to be mutually exclusive.

While there is huge demand for “subscription worthy” programming, few Internet broadcasters are likely to succeed on subscription revenue alone.



Recommendations

4. Don't build business plans based on large numbers of dissatisfied radio listeners.

Most Americans give radio high marks for playing the kinds of music they like and for providing a variety of programming.



Recommendations

- 5. Satellite radio and Internet broadcasters should find ways to partner with each other.**

Many Americans are willing to pay for unique and compelling audio programming, regardless of whether it is delivered over the Internet or via satellite.



Recommendations

- 6. Internet broadcasting needs hit programming to spur even greater audience growth.**

Internet broadcasting needs a hit of its own that creates a buzz and gets people talking.



Recommendations

◆ **7. Manufacturers and distributors of digital devices should advertise on Internet broadcasts.**

Consumers of Internet broadcasting are more likely to be aware of, show interest in, and own new digital devices.



Recommendations

◆ **8. Technology and new media companies should develop marketing plans for minority consumers.**

The “digital divide” is narrowing. Build brand loyalty while these consumers are making their computer, Internet and broadband purchasing decisions.



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