

The Infinite Dial 2010: Digital Platforms and the Future of Radio



Methodology Overview

- » In February 2010, Arbitron and Edison Research conducted a national telephone survey (landline and cell phone) of 1,753 people aged 12 and older
- » This is the 18th study in our series dating to 1998
- » These studies have explored digital platforms and their impact on radio and other media

Headlines: Navigating Digital Platforms

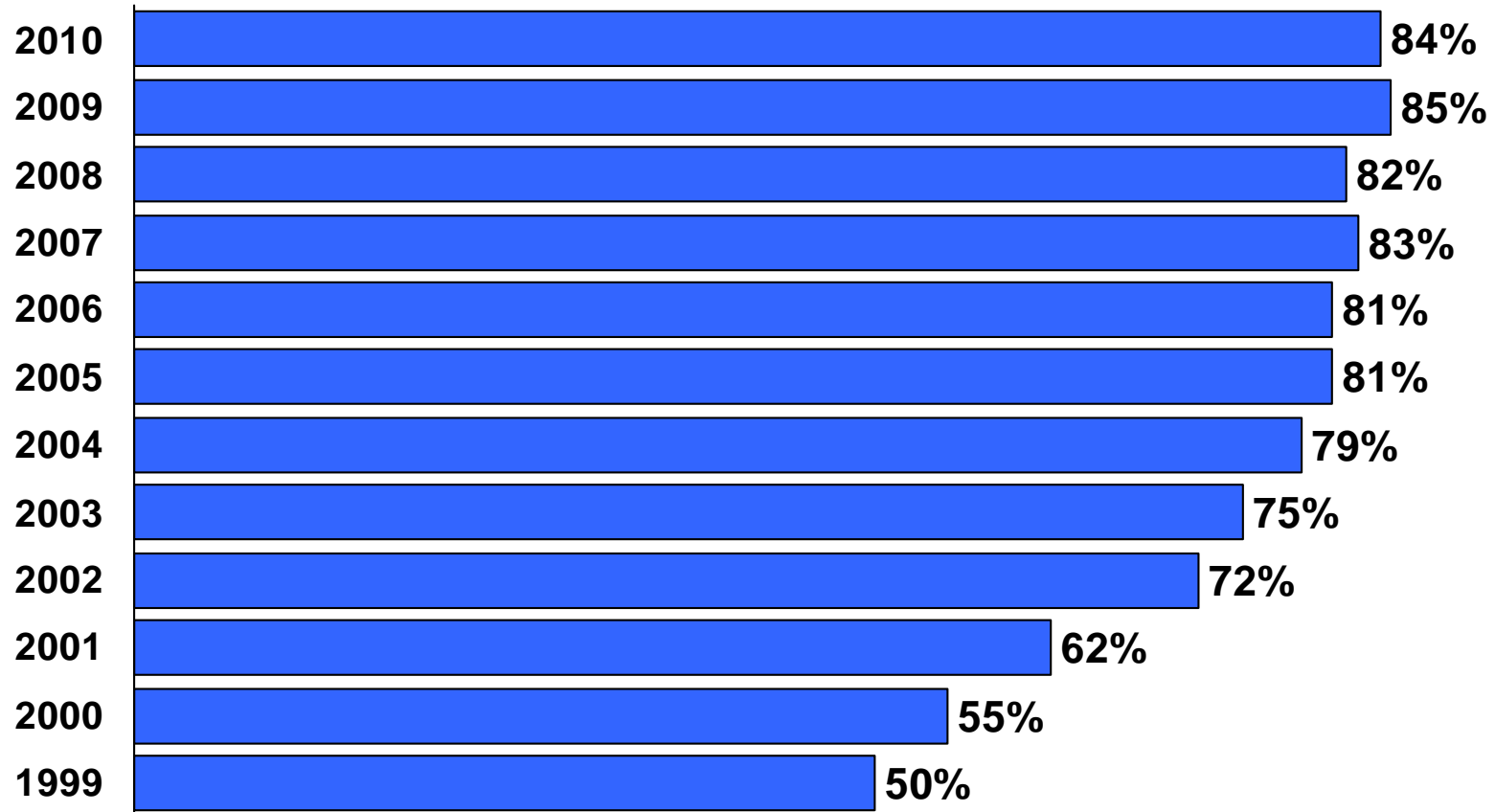
- » The relentless impact of the Internet:
 - Internet surpasses TV as most essential medium
 - Nearly half of Americans believe printed newspapers will cease to exist
 - Internet surpasses radio for how 12-34s learn about new music
- » Social media explodes into the mainstream
- » As broadband Internet access is nearly ubiquitous...organic growth pauses for weekly usage of online audio, online video and podcasts
- » The car, the pocket and the home: the next battlegrounds for digital and broadcast
 - Strong evidence of demand for Web audio (and more) in-car
 - Mobile devices and their impact on radio
 - Wi-Fi changing how media is consumed at home
- » Americans continue to hold radio in relatively high regard

Internet Access and Digital Household Trends



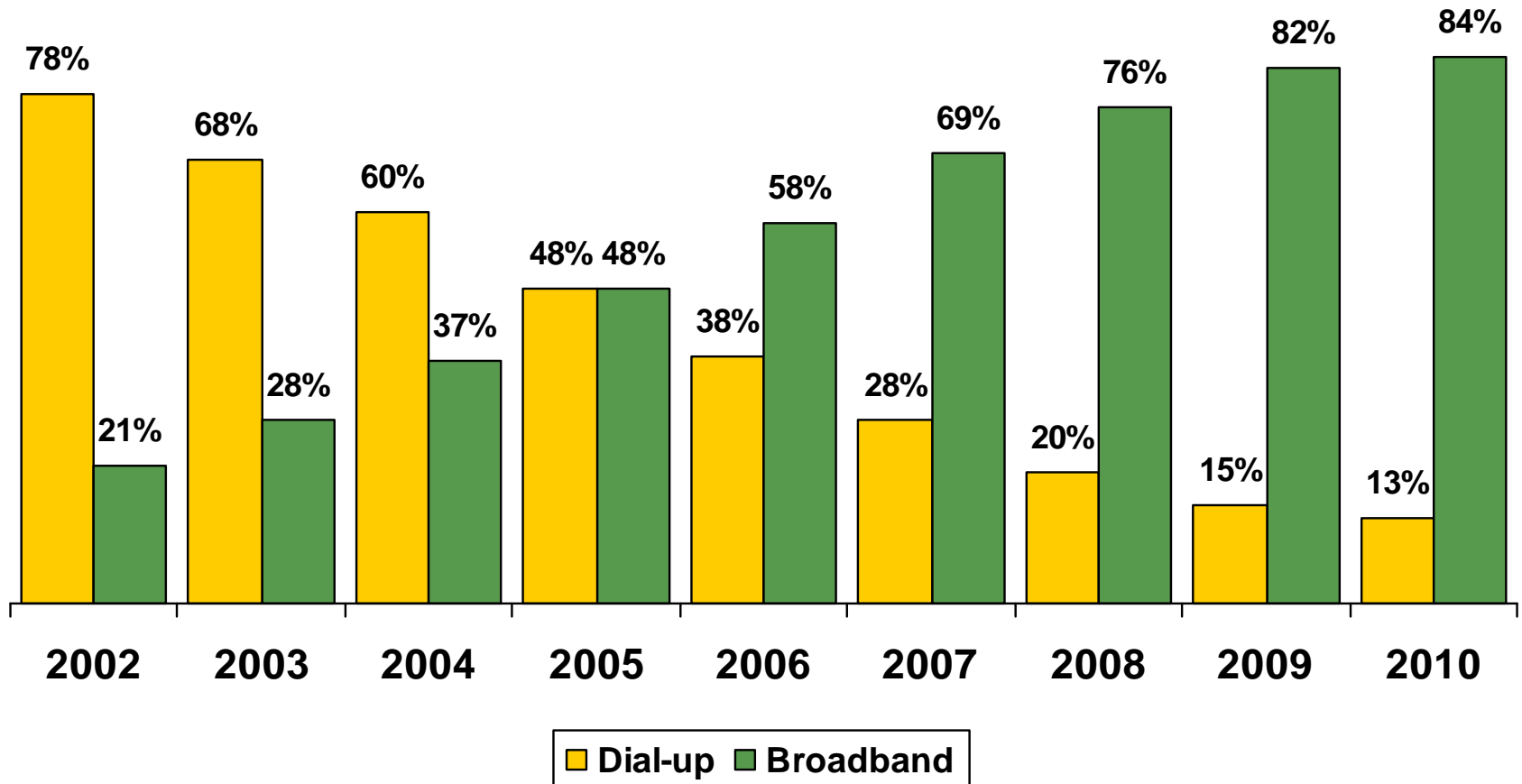
Internet Access Shows No Growth Year to Year

% with Internet Access From any Location



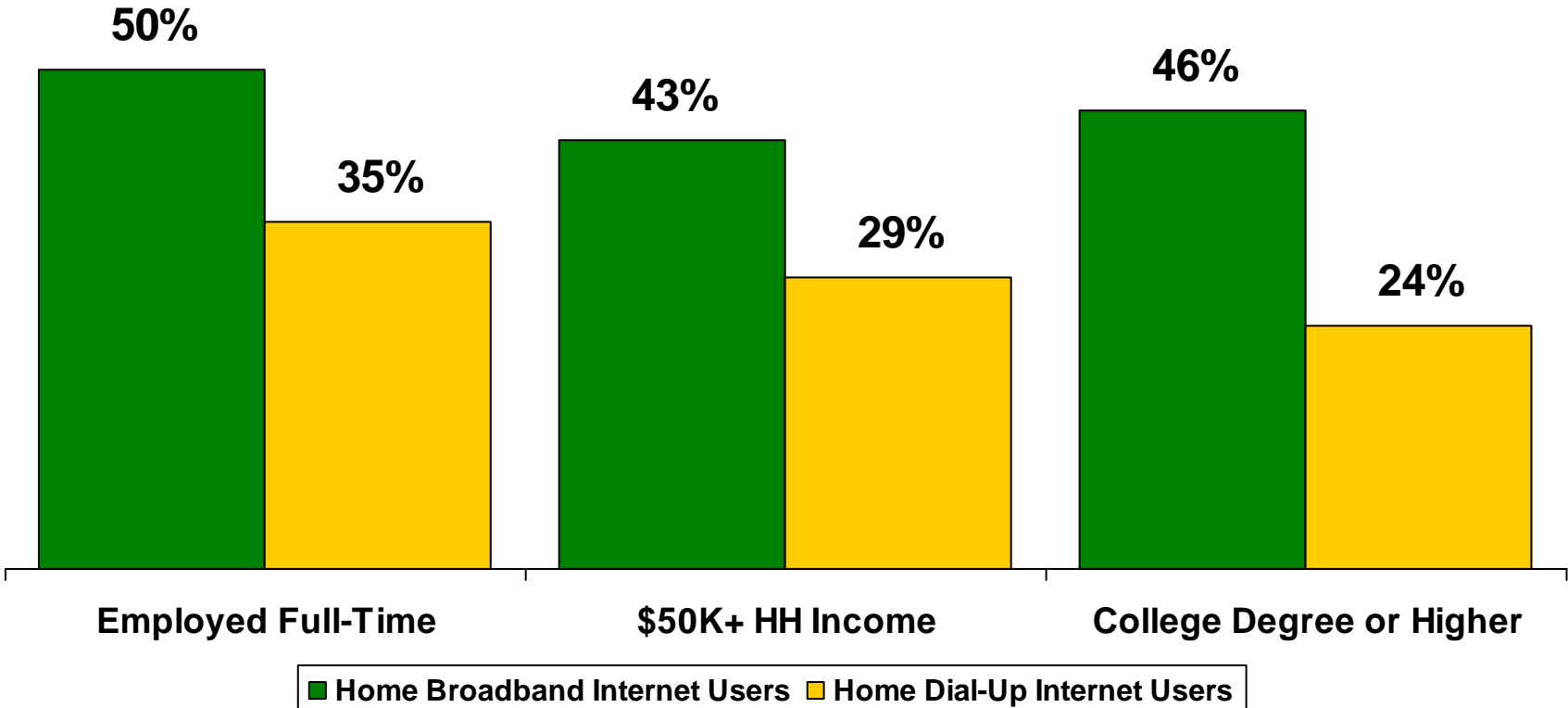
Residential Dial-Up Now Less Than One in Seven Homes With Internet Access

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



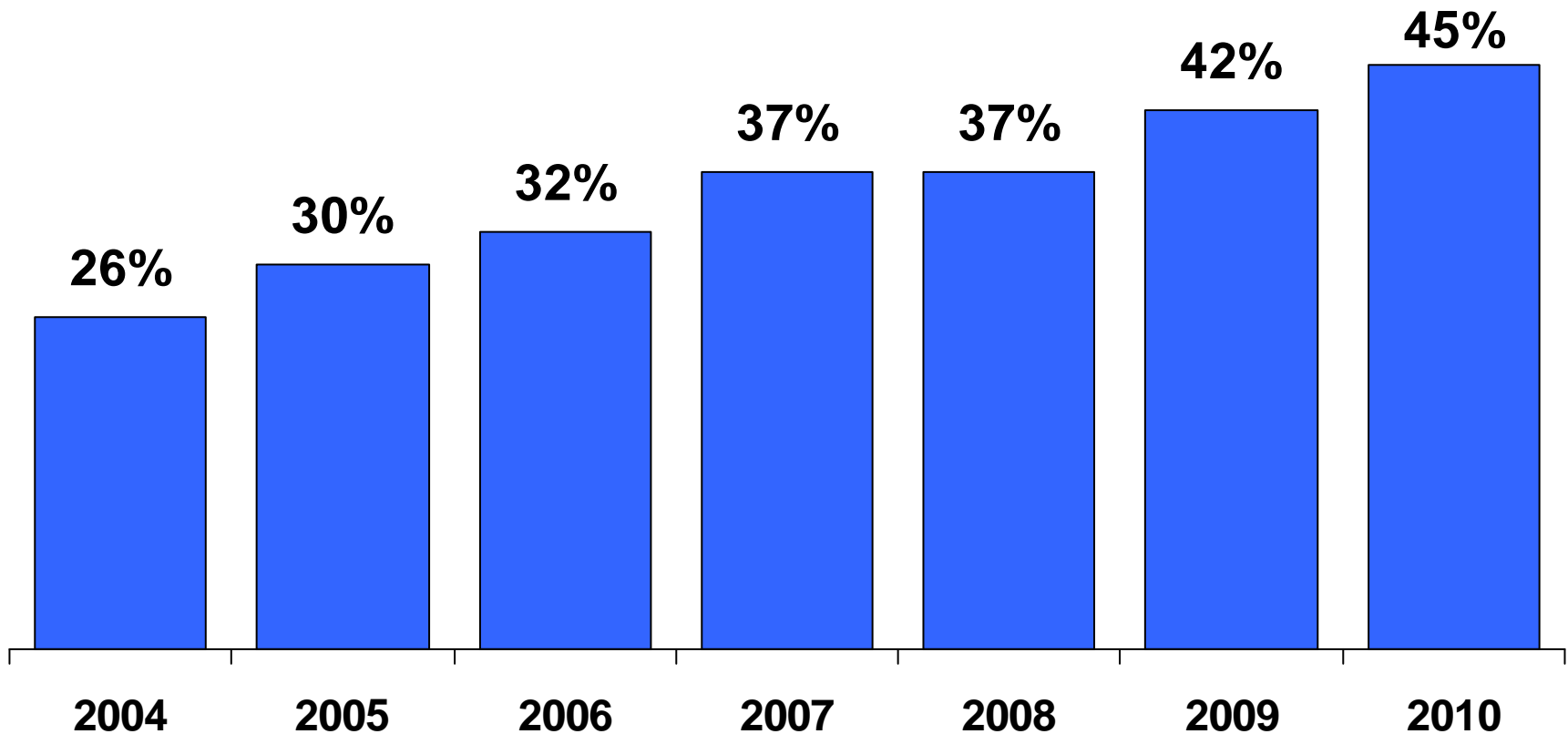
Households With Dial-Up Internet Are Lower in Education and Income

Composition of Home Broadband Internet Users vs. Home Dial-Up Internet Users



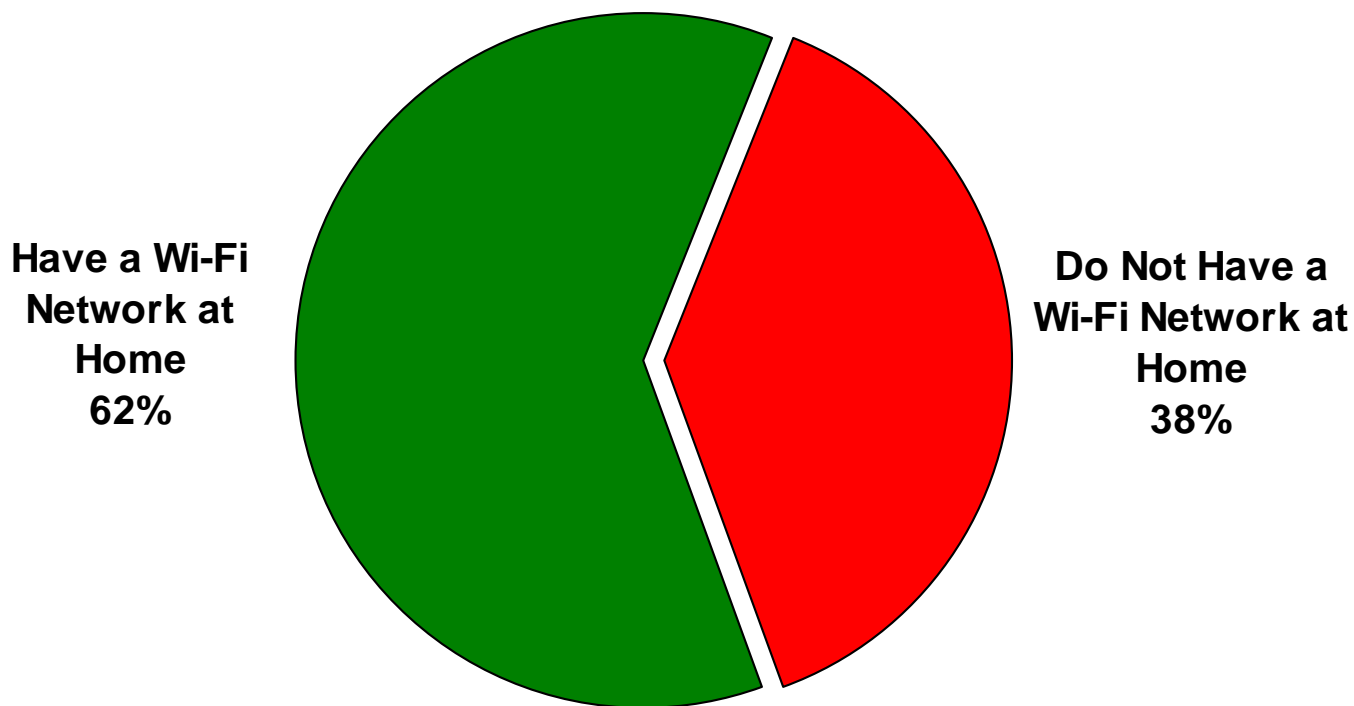
Nearly Half of Households Have Two or More Working Computers

% With Two or More Working Computers in Household



More Than Six in 10 Homes with Internet Access Have a Wi-Fi Network

“Do you have a wireless network setup in your home, also known as a Wi-Fi network?”

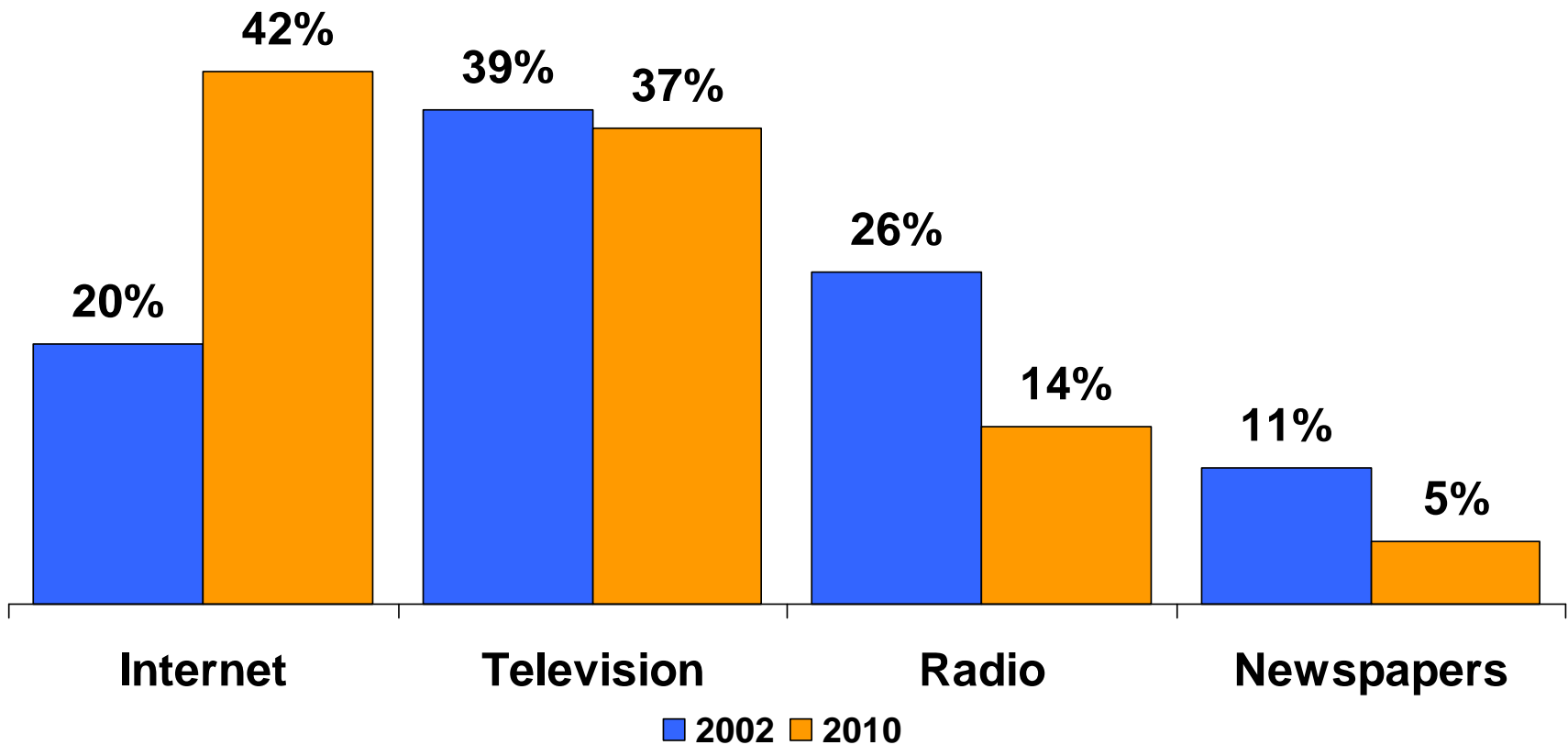


Attitudes Toward Media



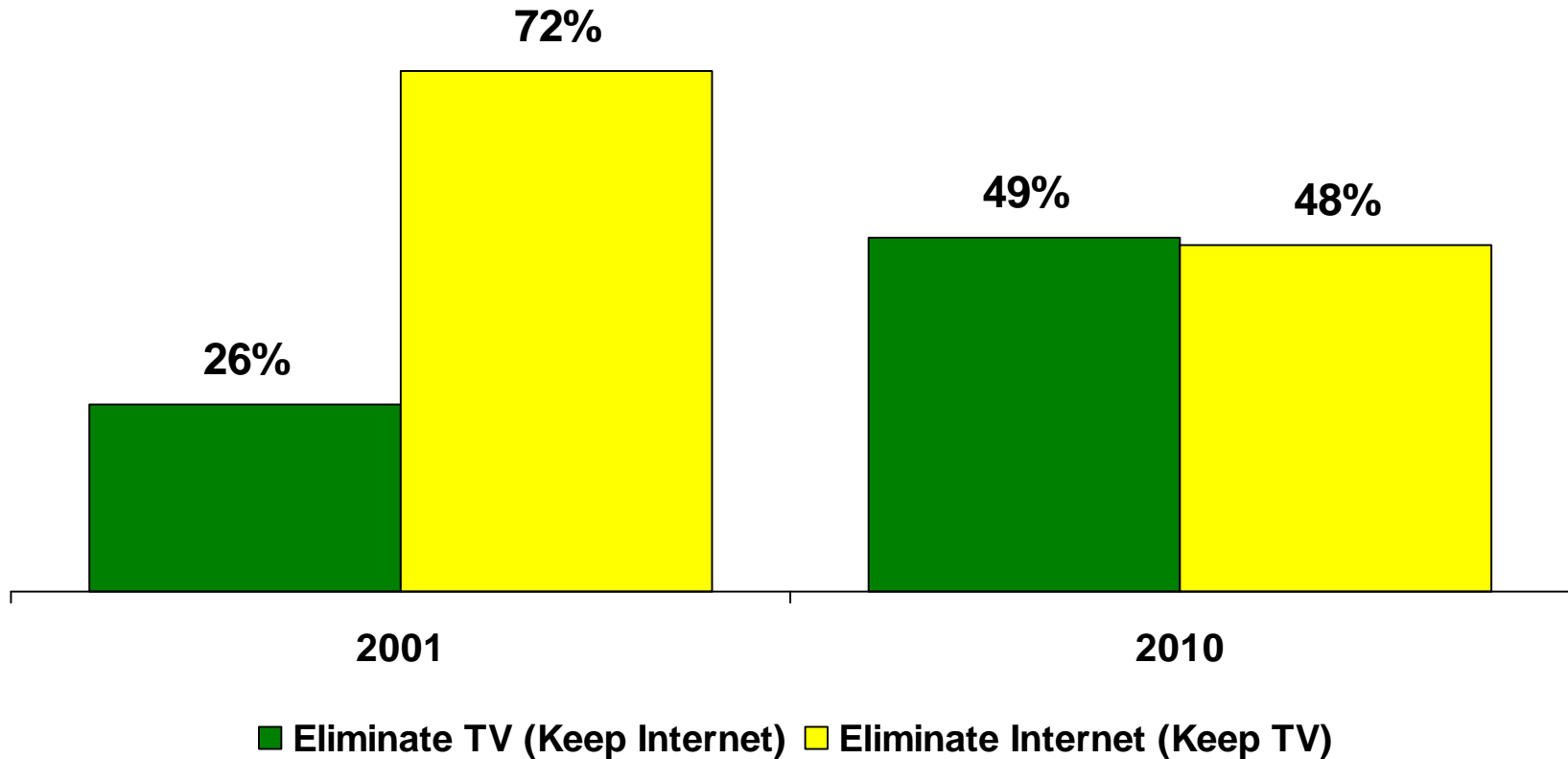
Internet Now Leads Television as 'Most Essential' Medium

“Among Internet, television, radio and newspapers, which one is most essential to your life?”



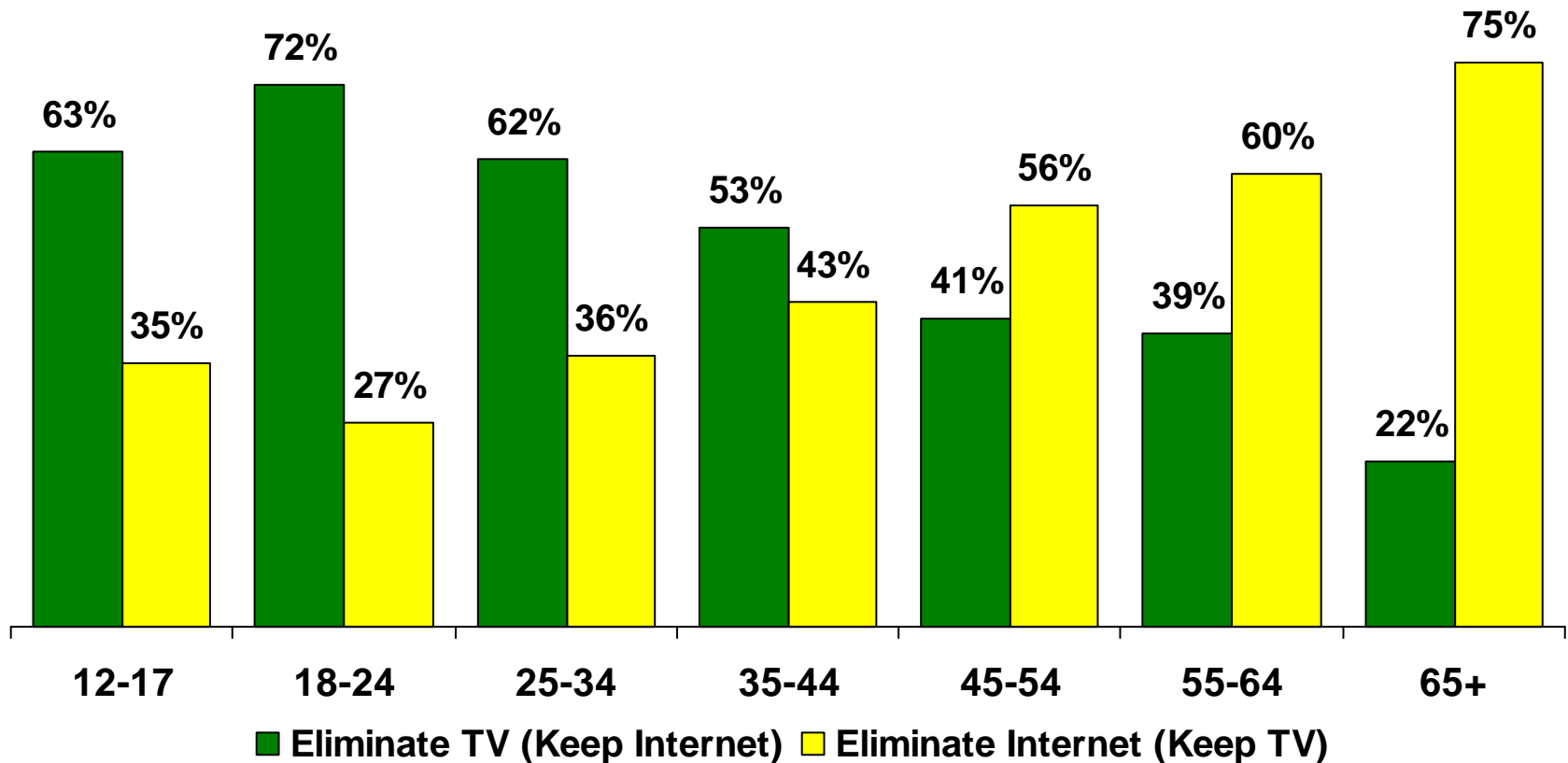
Internet Now as Important as TV in People's Lives

“Suppose 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?”



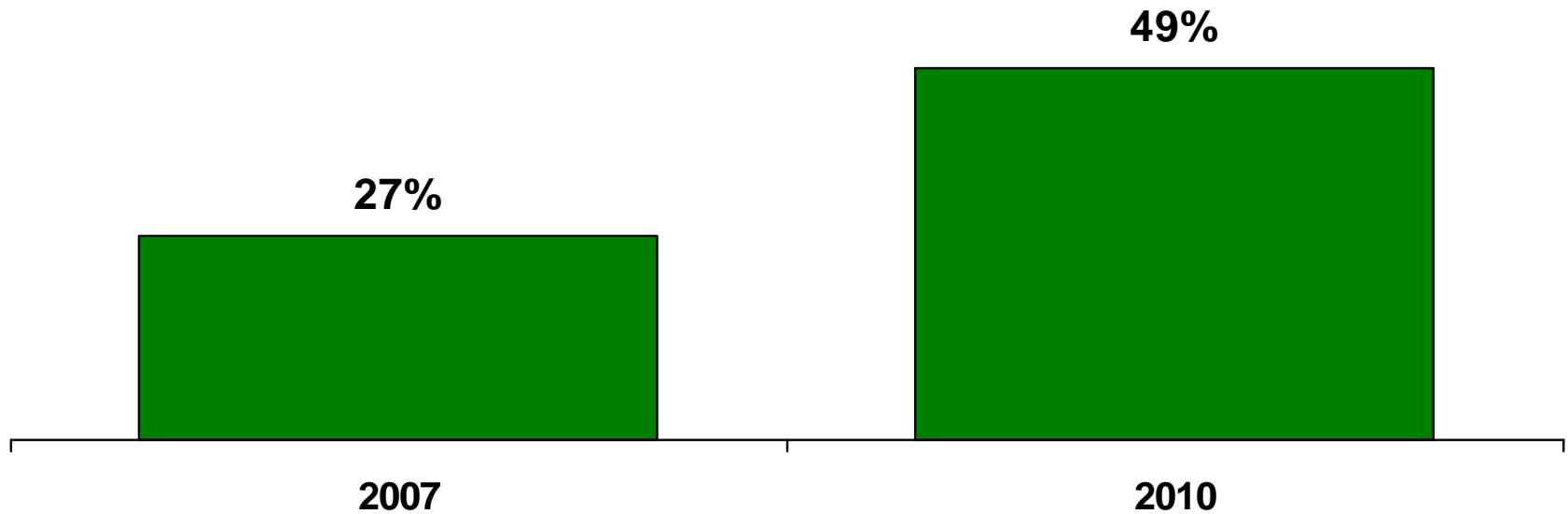
Internet More Important to 12-44s; Older Demos Would Choose TV

“Suppose 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?”



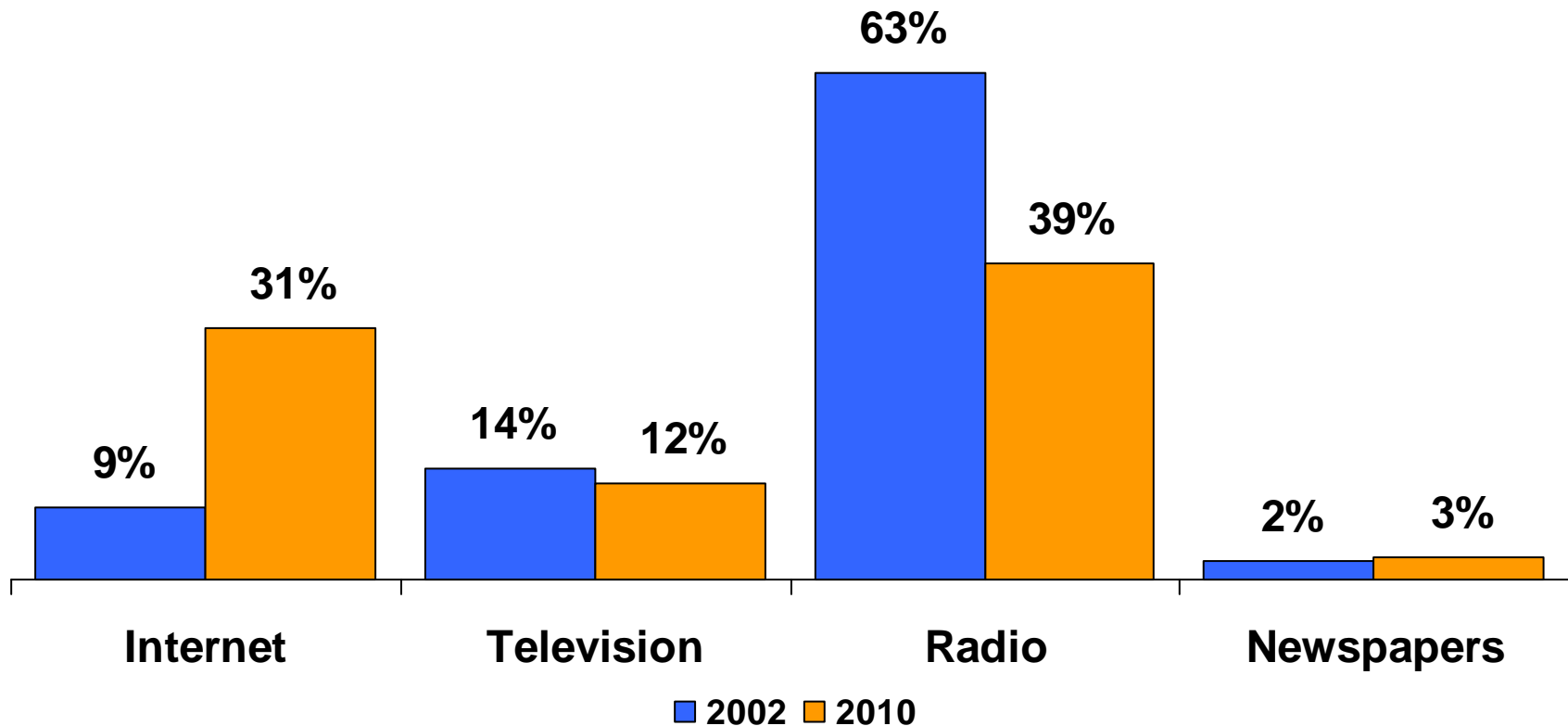
Nearly Half Expect Newspapers to Disappear in the Future Due to Internet

% Who Agree: *“In the future, there will be no more newspapers because everyone will be getting their news over the Internet.”*



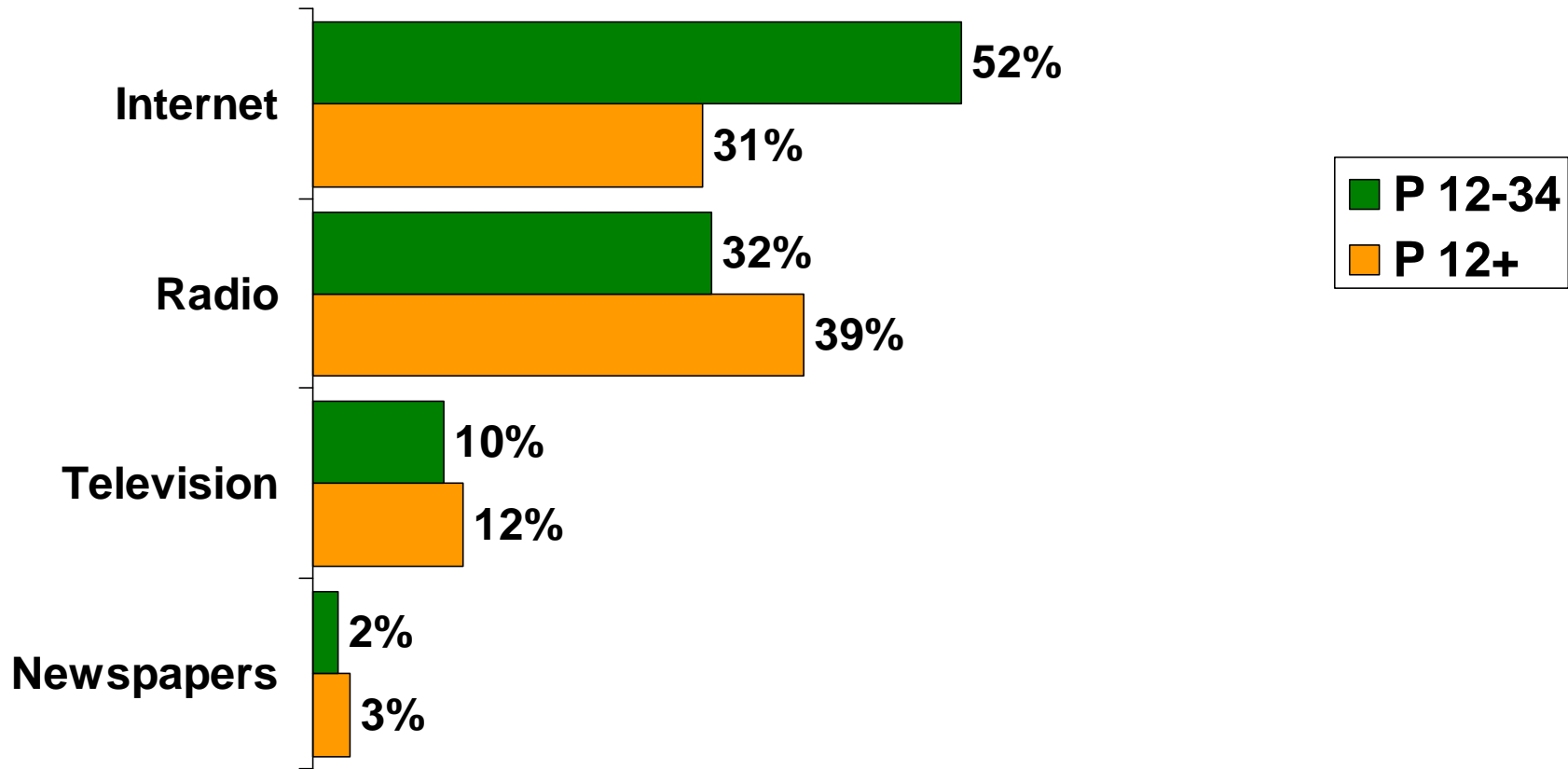
Internet Narrowing Gap With Radio as Leader for Learning About New Music

“Among Internet, television, radio and newspapers, which do you turn to first to learn about new music?”



Internet Dominates How Younger Consumers Discover Music

“Among Internet, television, radio and newspapers, which do you turn to first to learn about new music?”

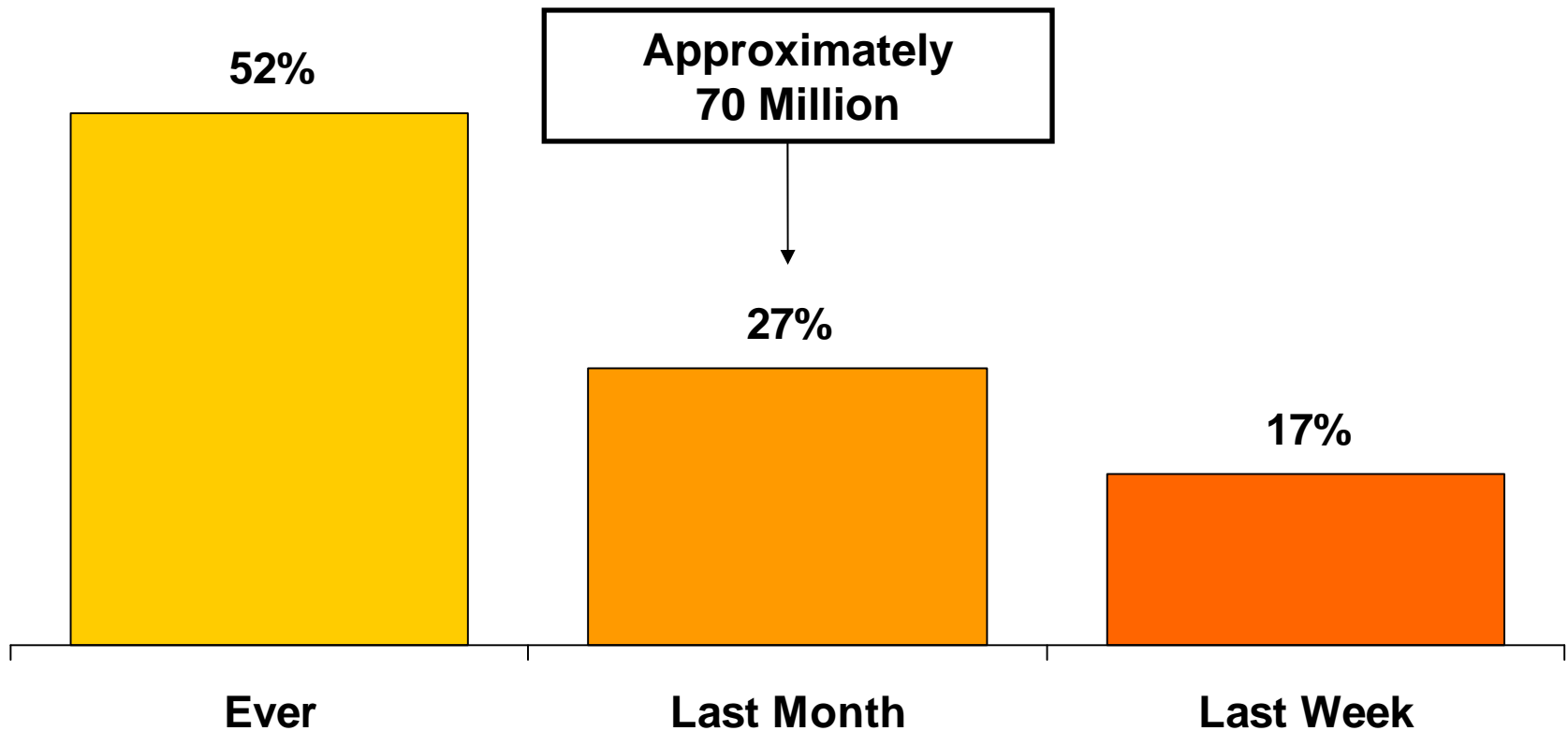


Online Radio



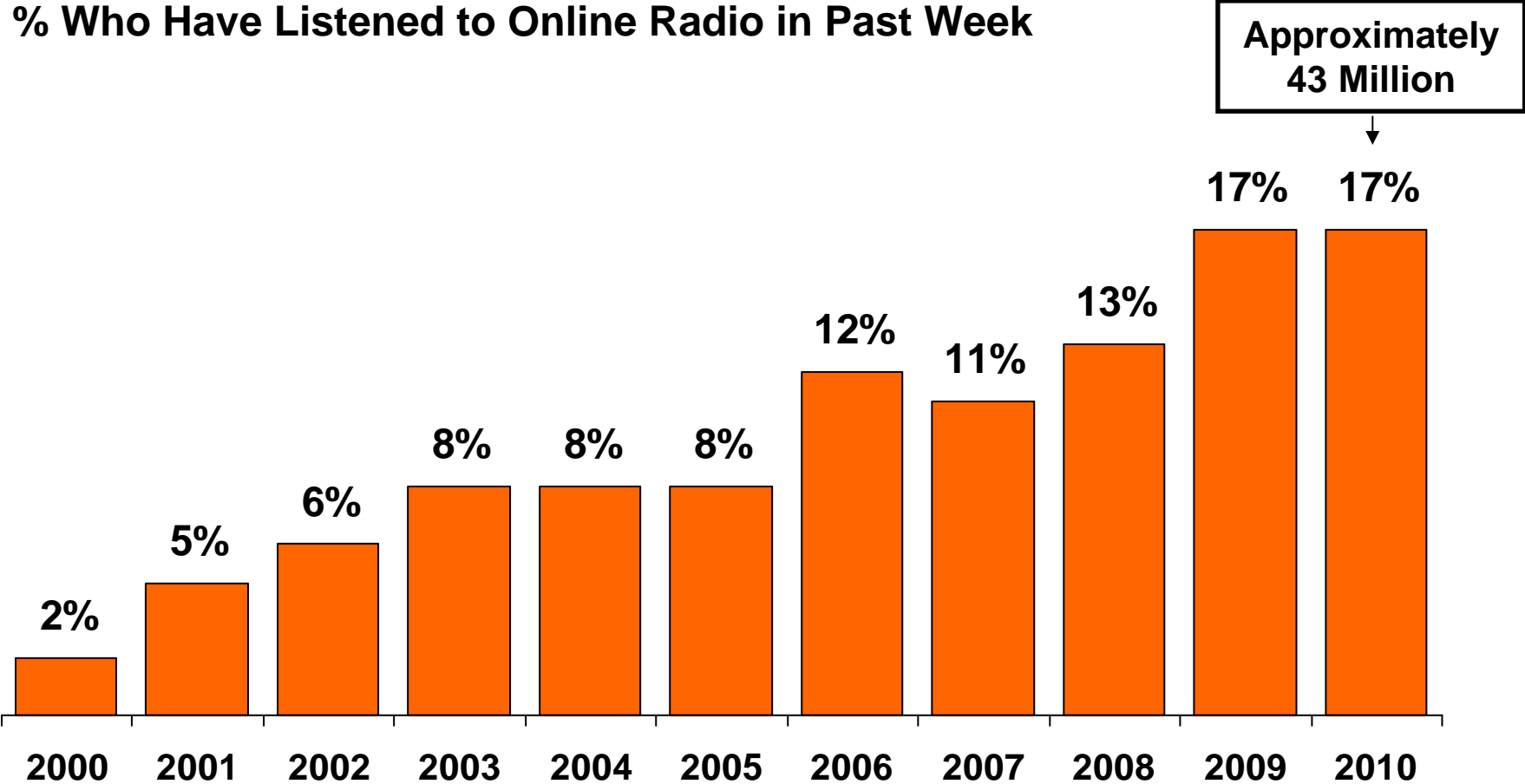
An Estimated 70 Million Americans Listened to Online Radio in the Past Month

% Who Have Listened to Online Radio...



Weekly Online Radio Audience Is Stable at 43 Million Year to Year

% Who Have Listened to Online Radio in Past Week

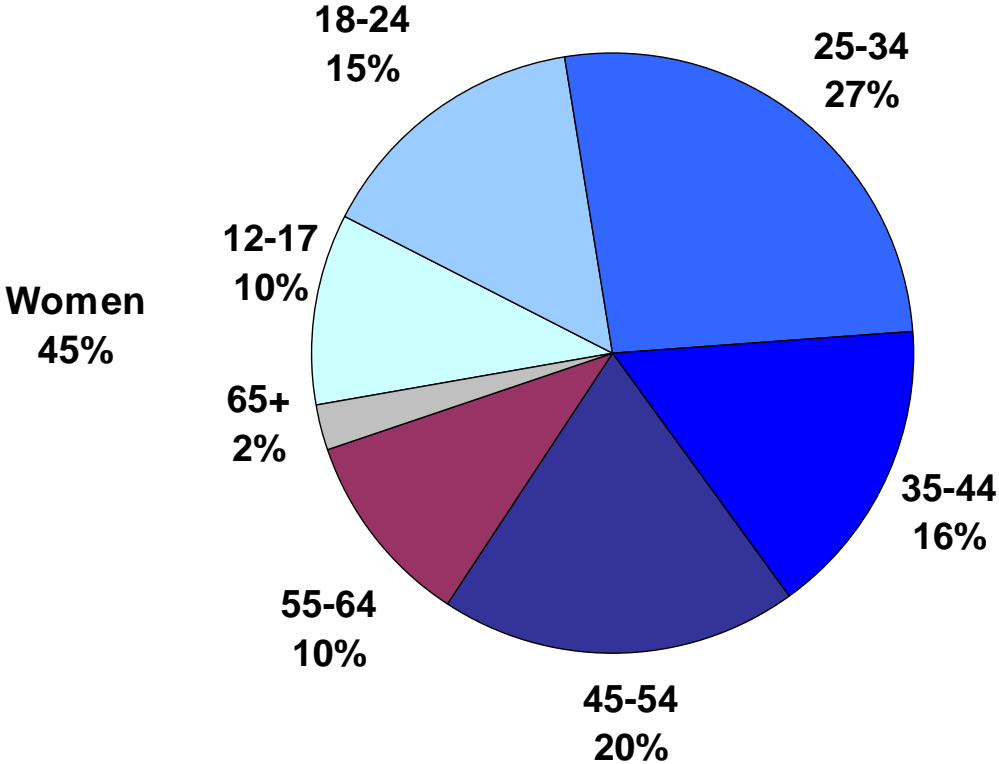
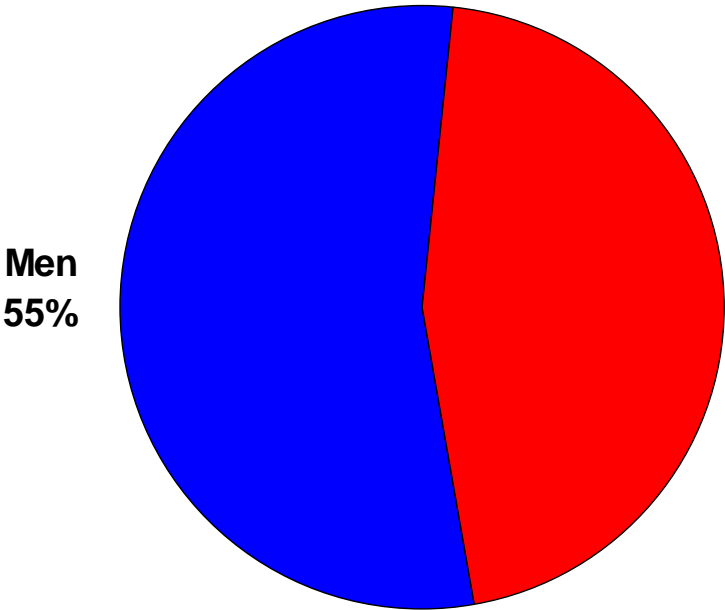


Base: Total Population 12+



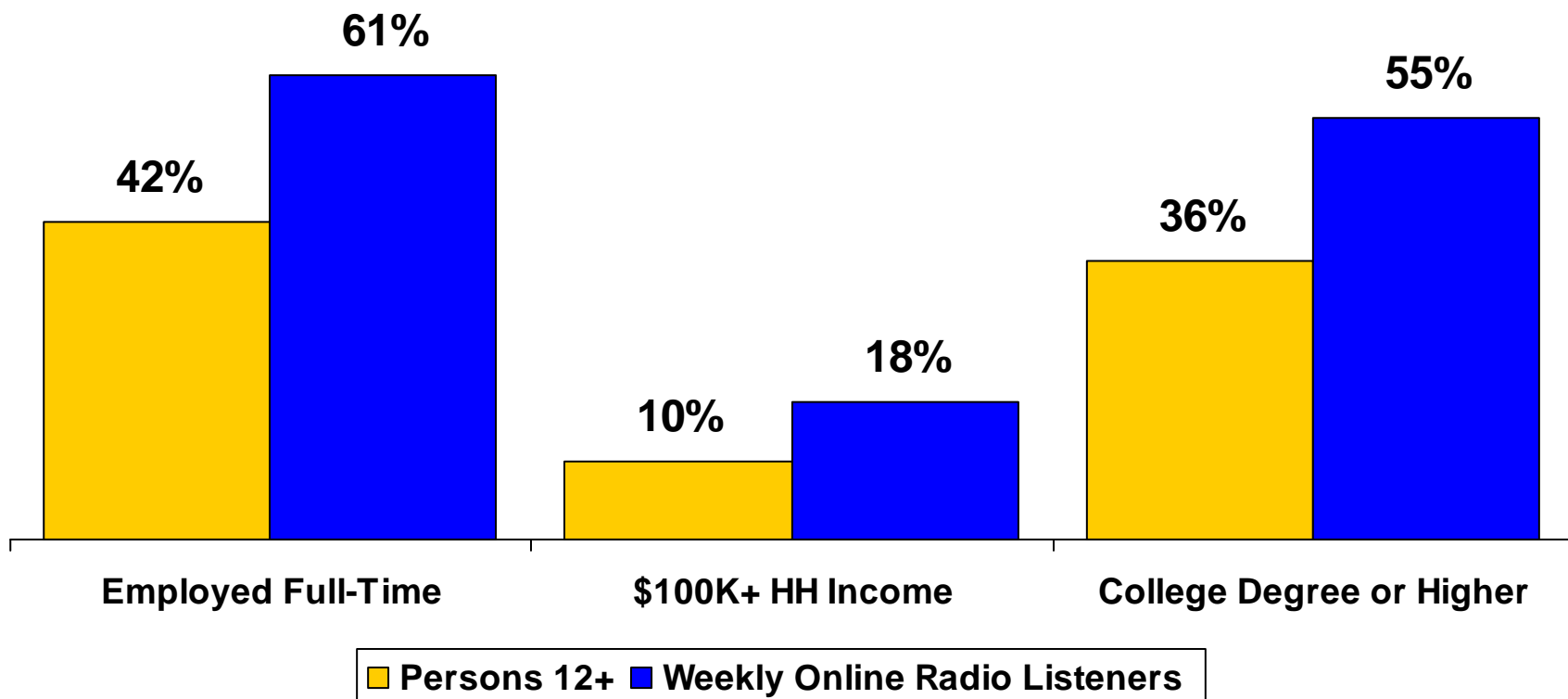
Weekly Online Radio Listening Skews Male; Nearly Two-Thirds Aged 25-54

Weekly Online Radio Audience Composition



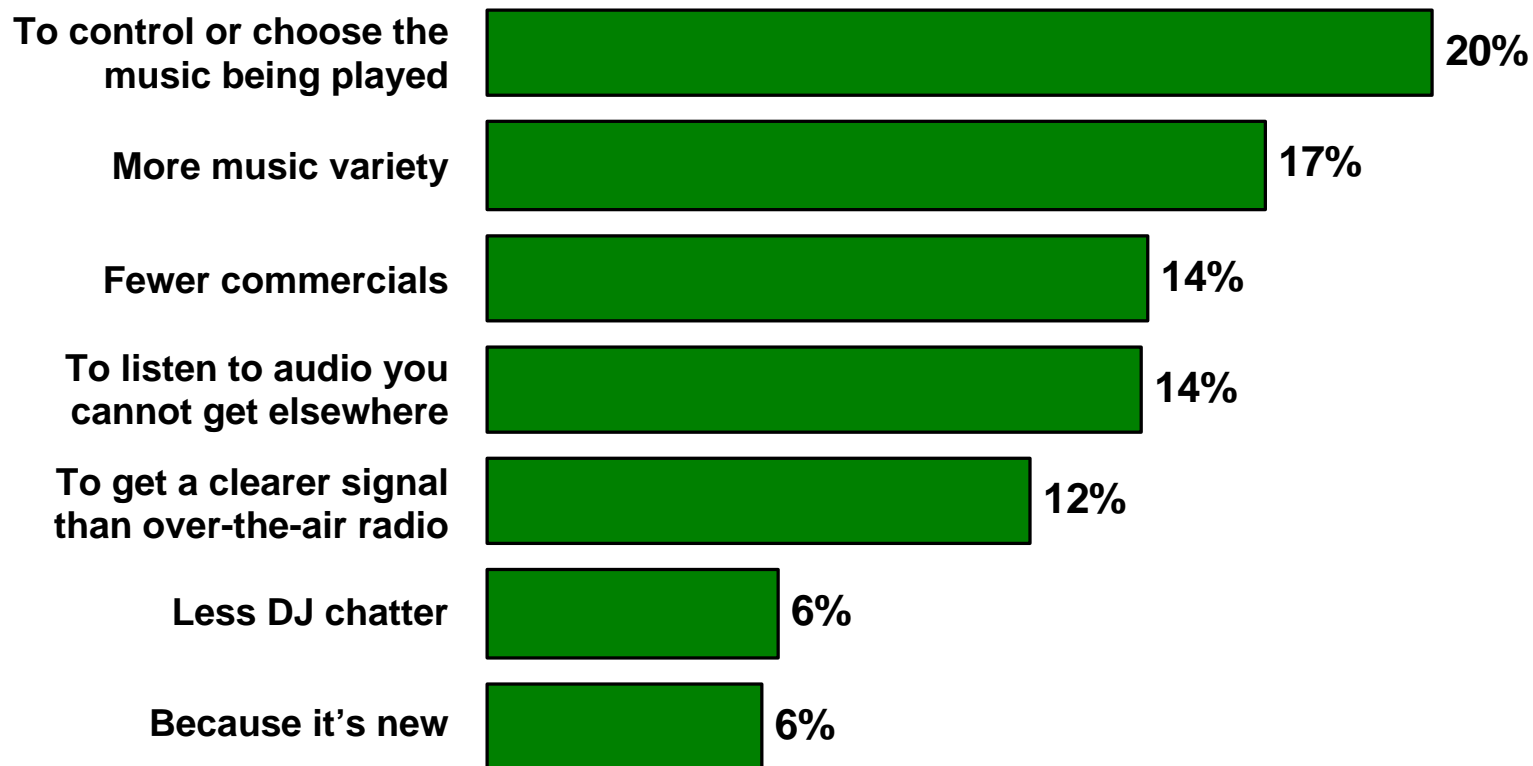
Online Radio Attracts an Upscale, Well-Educated and Employed Audience

Composition of Weekly Online Radio Listeners vs. Total Population 12+



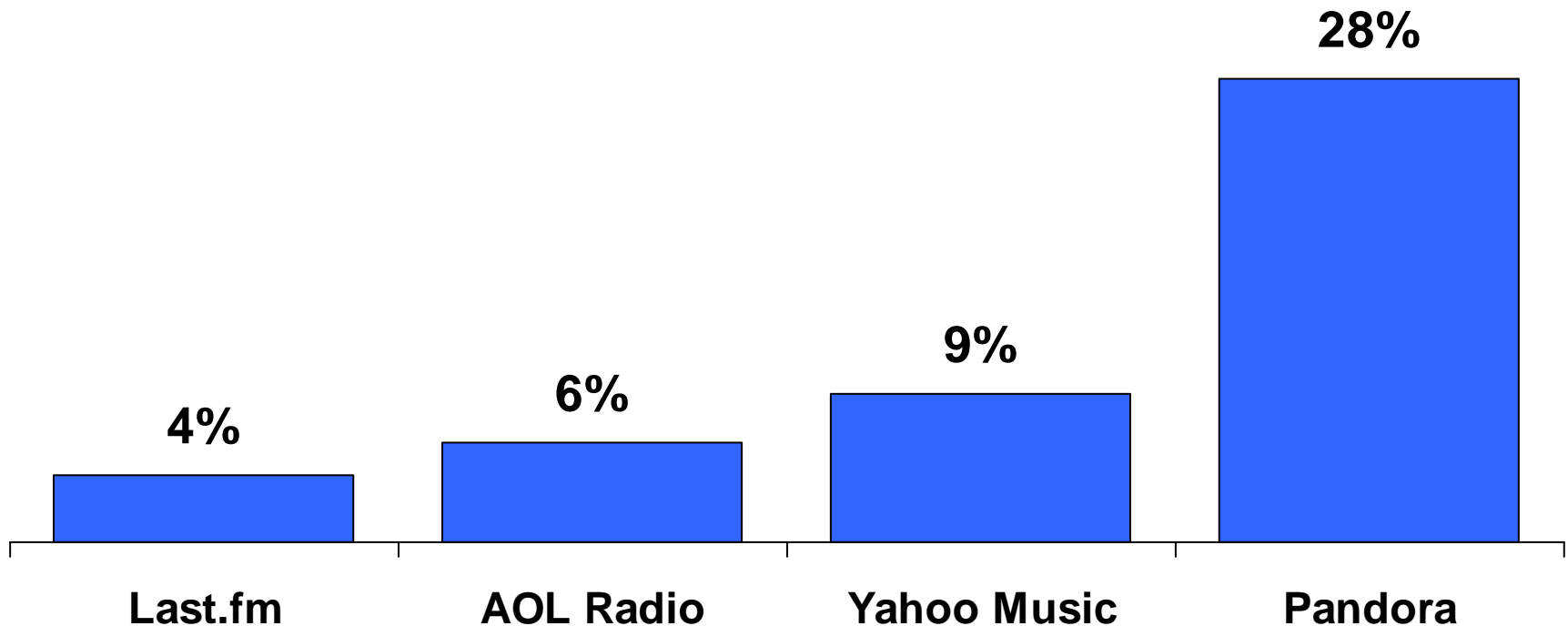
“Control” and “Variety” Are Top Reasons for Listening to Online Radio

“Of the following reasons you might listen to Internet radio, what is the one main reason you listen?”



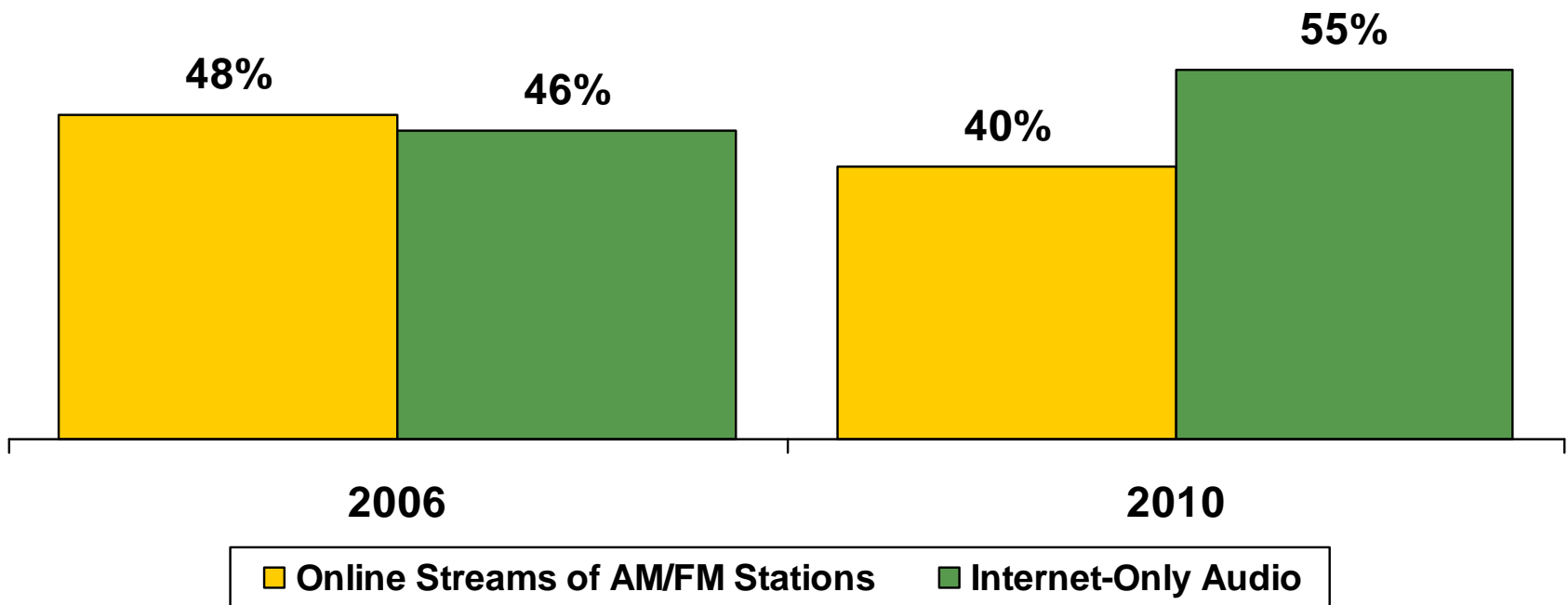
Pandora Is the Clear Leader in Top-of-Mind Awareness Among Internet-Only Audio Providers

% Naming Internet-Only Audio Provider on Unaided Basis



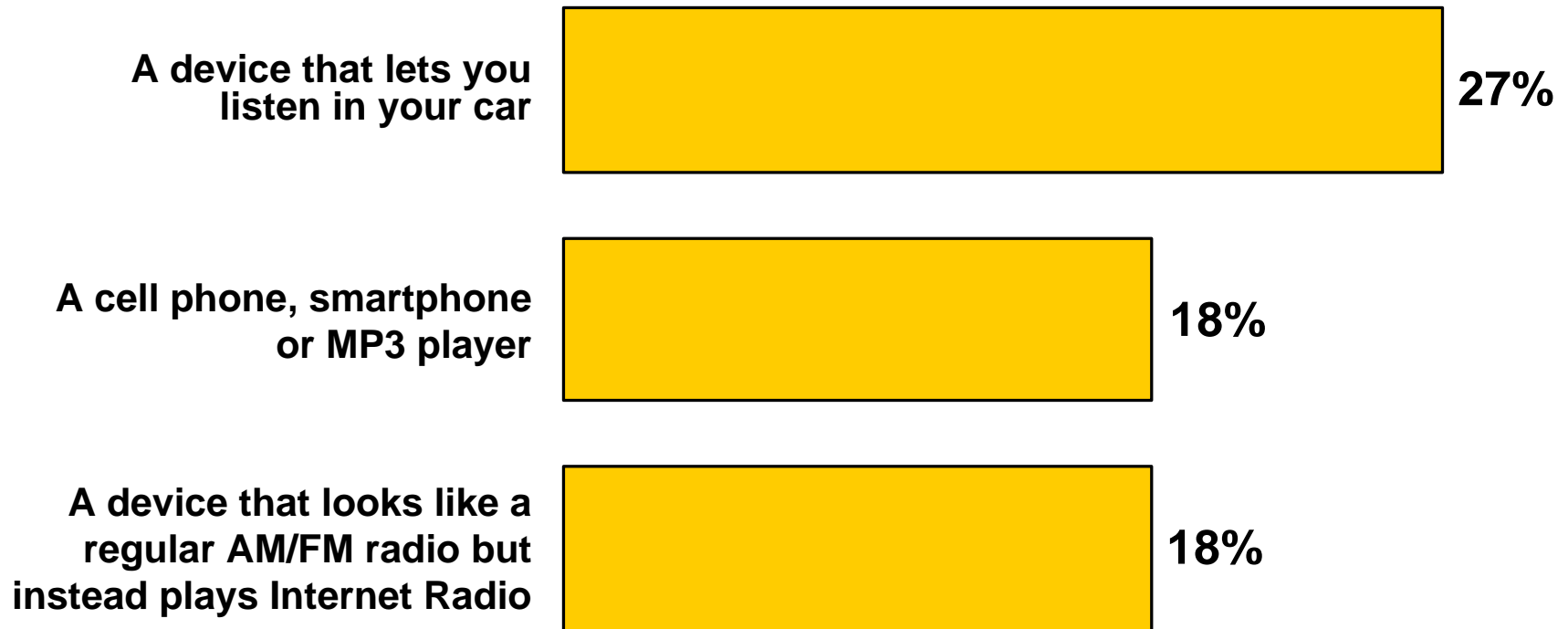
More Monthly Online Listeners Say They Listen Most to Internet-Only Audio

% of Monthly Online Radio Listeners Who Listen Most to...



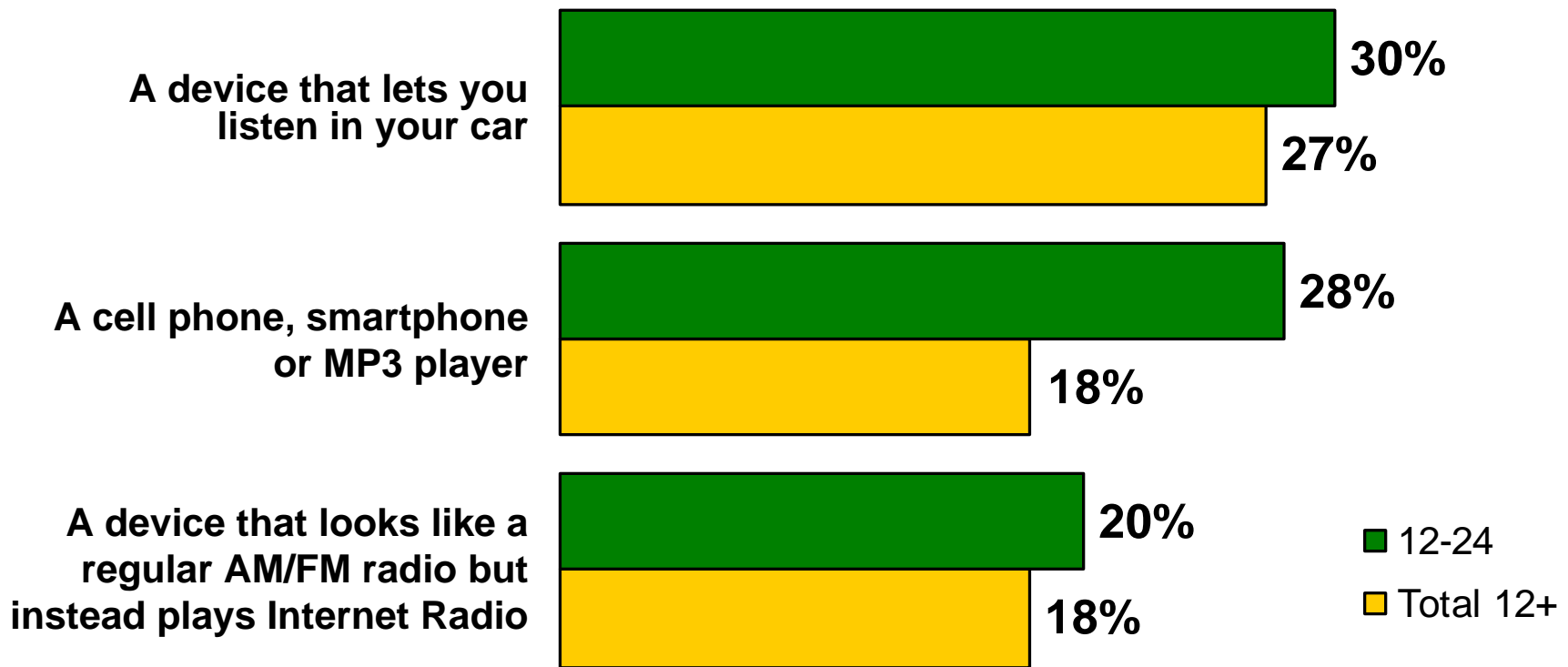
More Than One in Four Online Radio Listeners “Very Interested” in Listening on a Device in Their Cars

% “Very Interested” in Listening to Internet Radio Through...



Three in 10 12-24s “Very Interested” in Listening to Internet Radio in Their Cars or on Their Mobile Phones

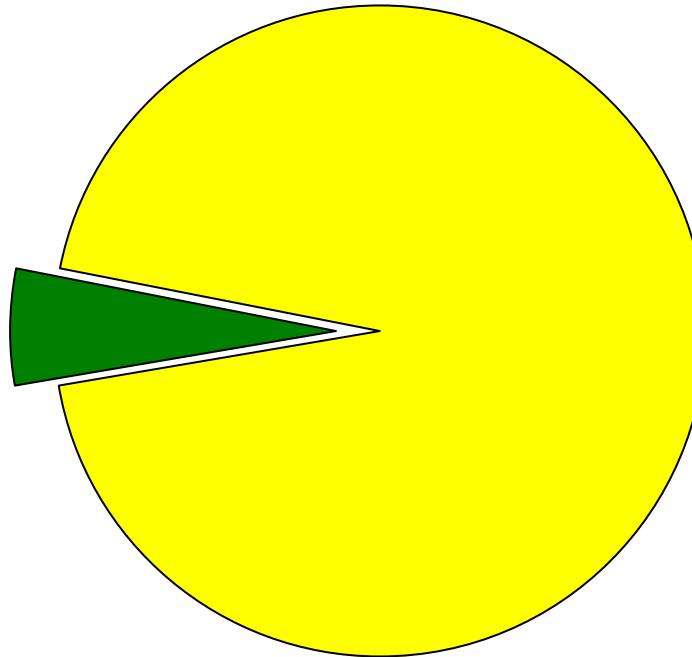
% “Very Interested” in Listening to Internet Radio Through...



Some Are Already Using the Cell Phone as a “Radio” in Their Cars

“Have you ever listened to Internet radio in a car by listening to the stream from a cell phone that you connected to a car stereo?”

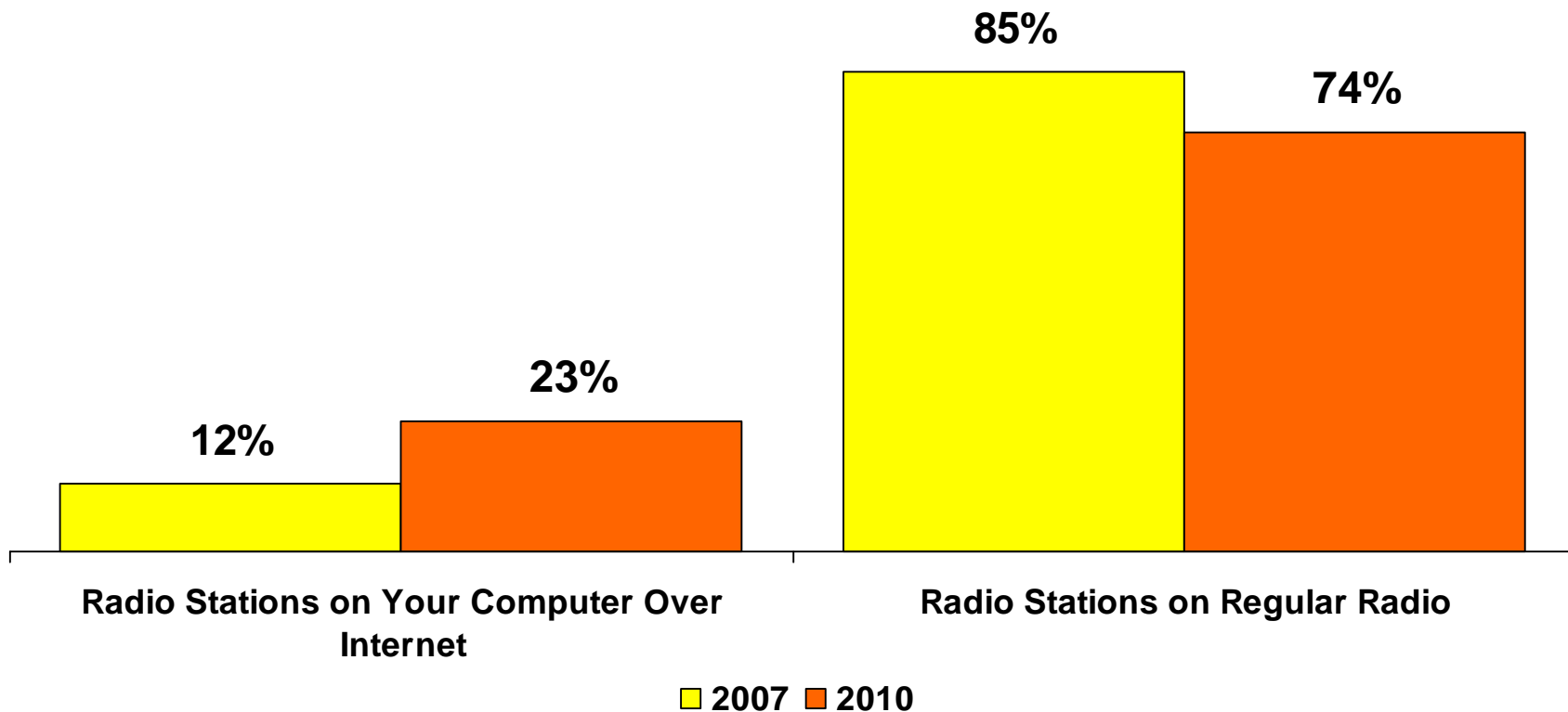
**Have Listened to
Internet Radio
on Cell Phone
Connected to
Car Stereo
6%**



**Have Not
Listened to
Internet Radio
on Cell Phone
Connected to
Car Stereo
94%**

Nearly One in Four Who Listen to Radio While Working Tune In Most Often on Their Computers

“Think about how you listen to the radio while at work, do you most often listen to...?”

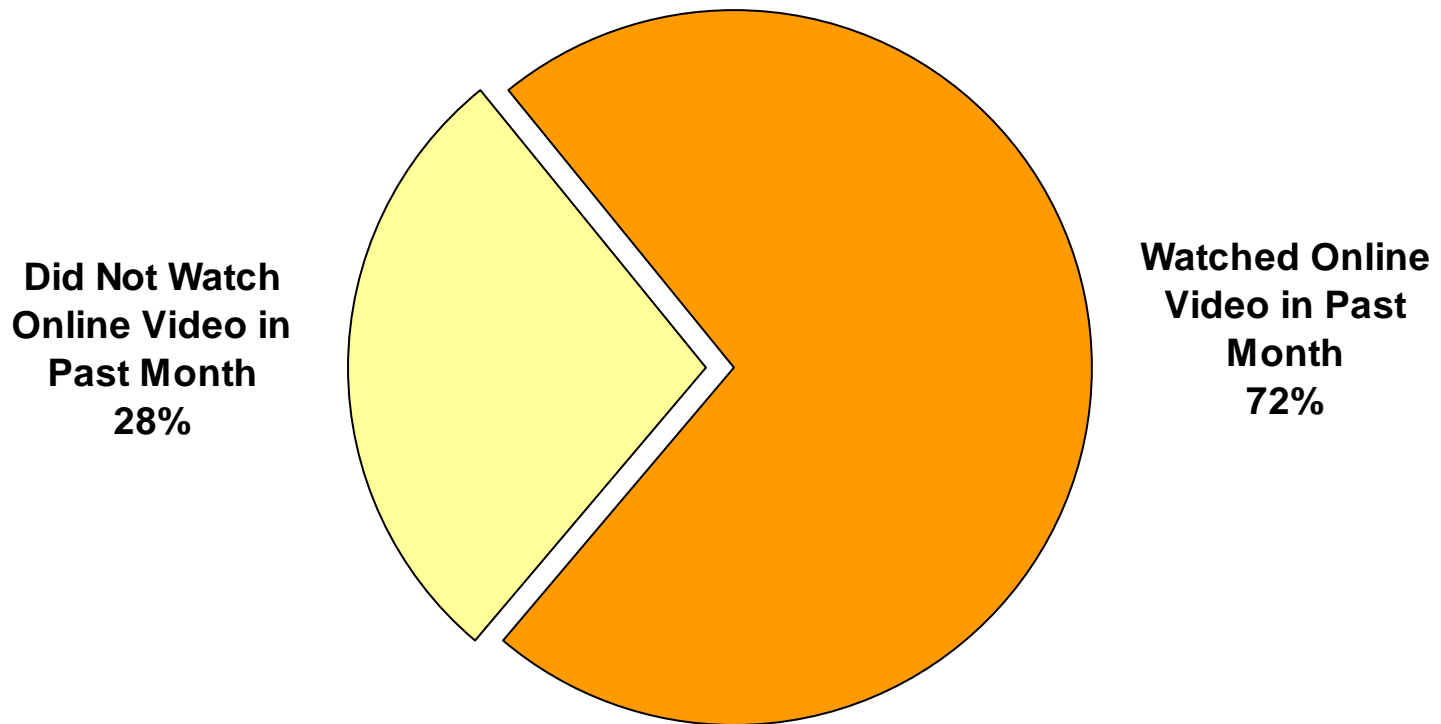


Base: Employed Full-Time or Part-Time and Listen to the Radio While Working (23% of Total 12+ Population)



Nearly Three-Quarters of Monthly Online Radio Listeners Watched Online Video in Past Month

% of Monthly Online Radio Listeners Who Have Watched Online Video in Past Month

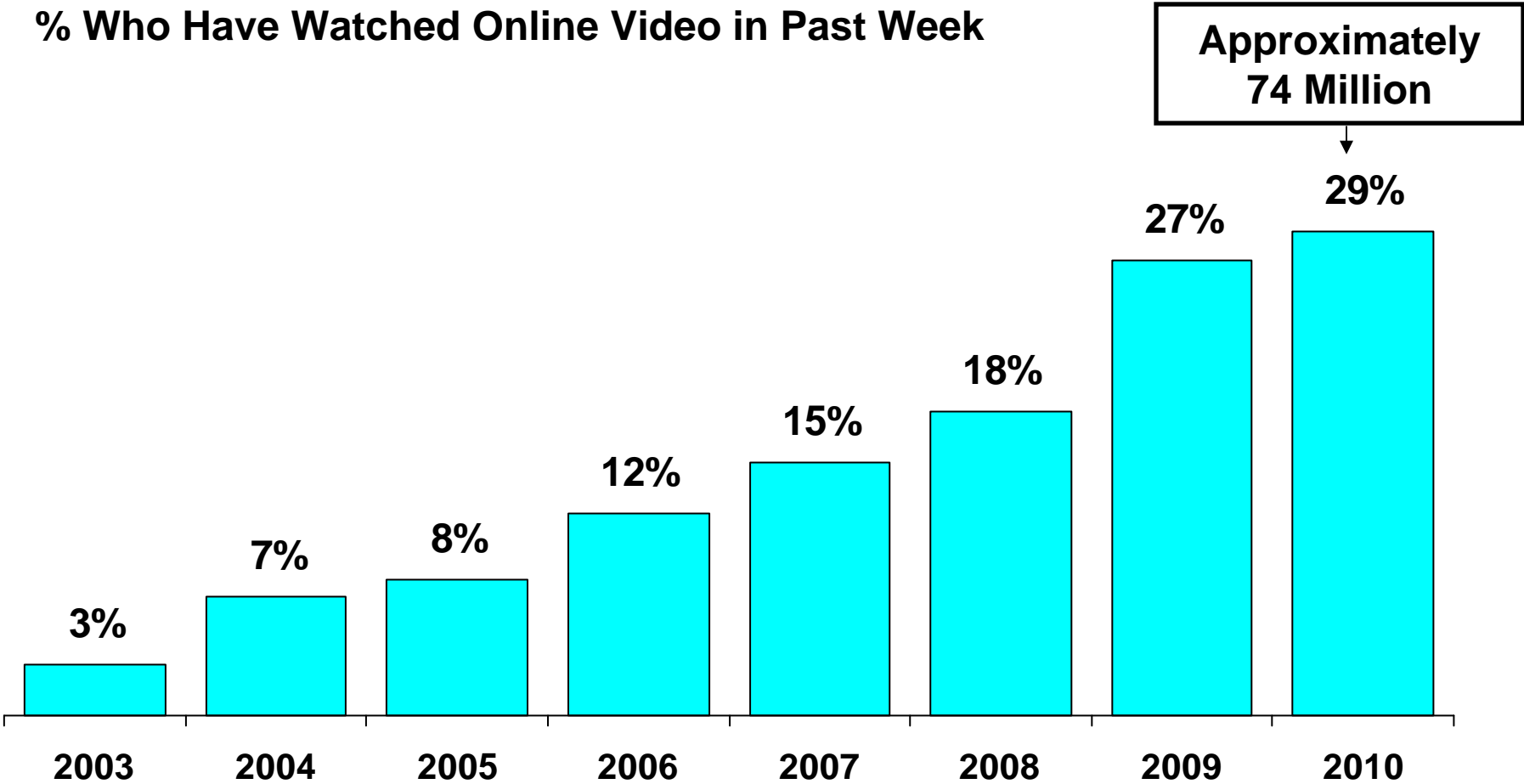


Online Video



Nearly Three in 10 Now Watching Online Video Weekly

% Who Have Watched Online Video in Past Week

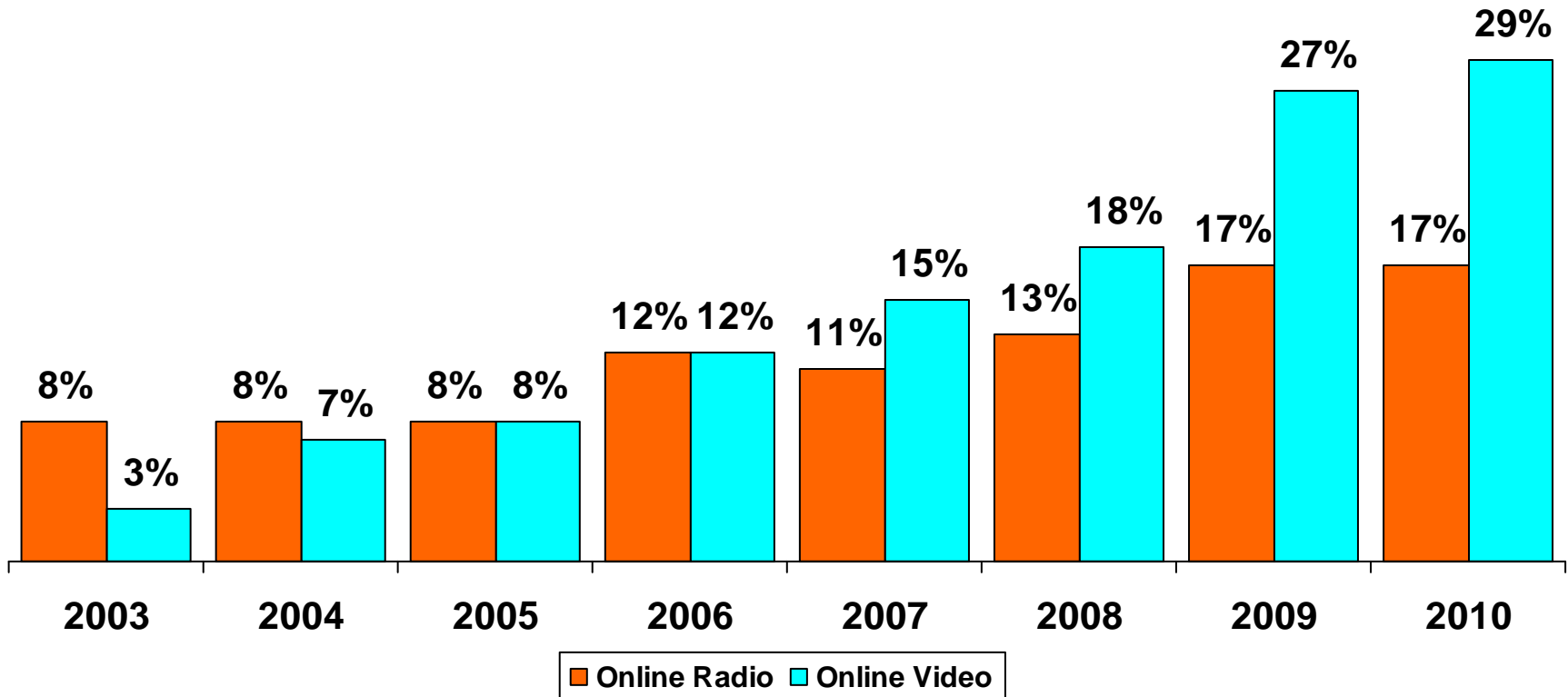


Base: Total Population 12+



Weekly Audience for Online Video Substantially Bigger Than Online Radio

% Who Have Listened to Online Radio/Watched Online Video in Past Week

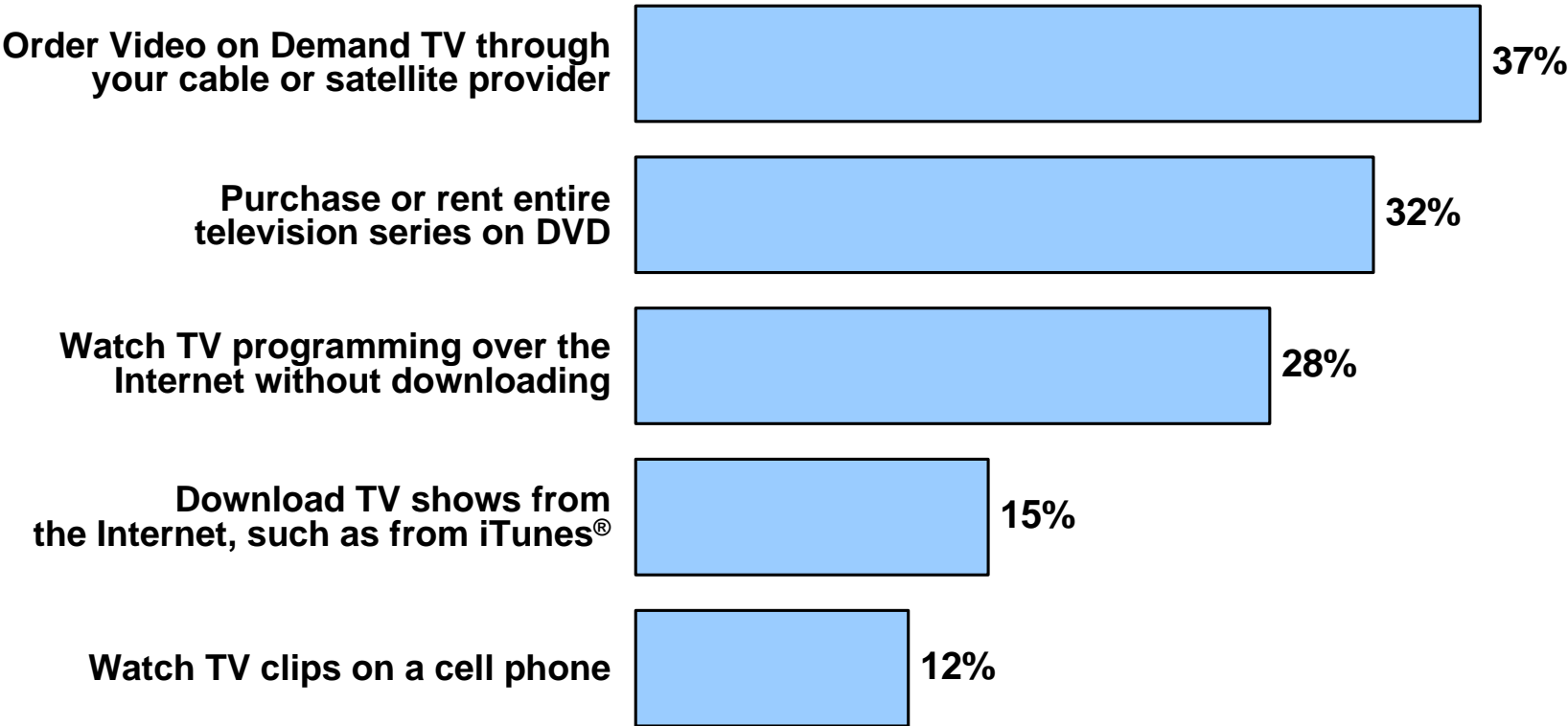


Base: Total Population 12+



Non-Traditional TV Viewing Is Now a Mainstream Activity

“Have you ever watched TV programming in this manner?”

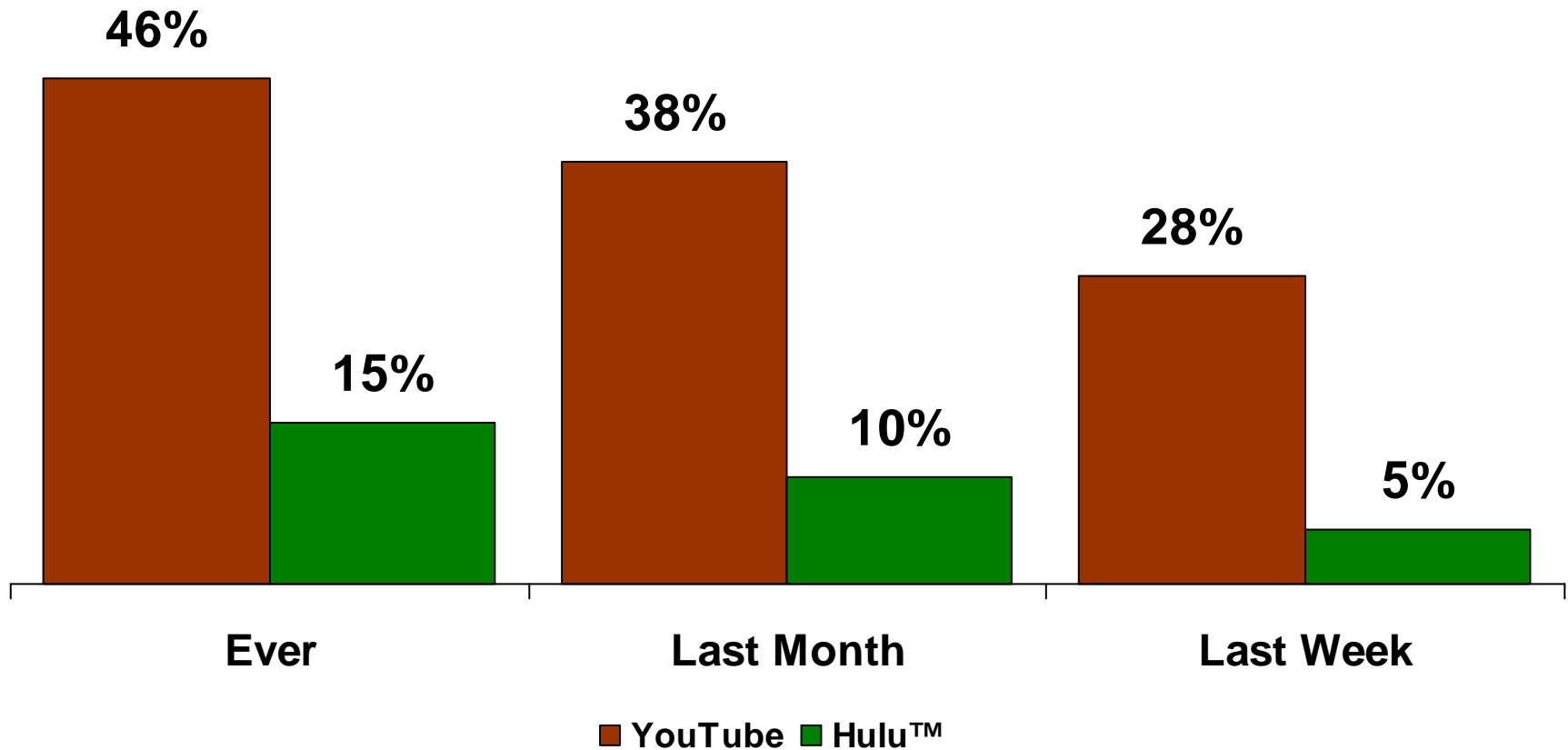


Base: Total Population 12+



Nearly Half of Americans Have Ever Watched Internet Video From YouTube

% Who Have Watched Internet Video Programming From...



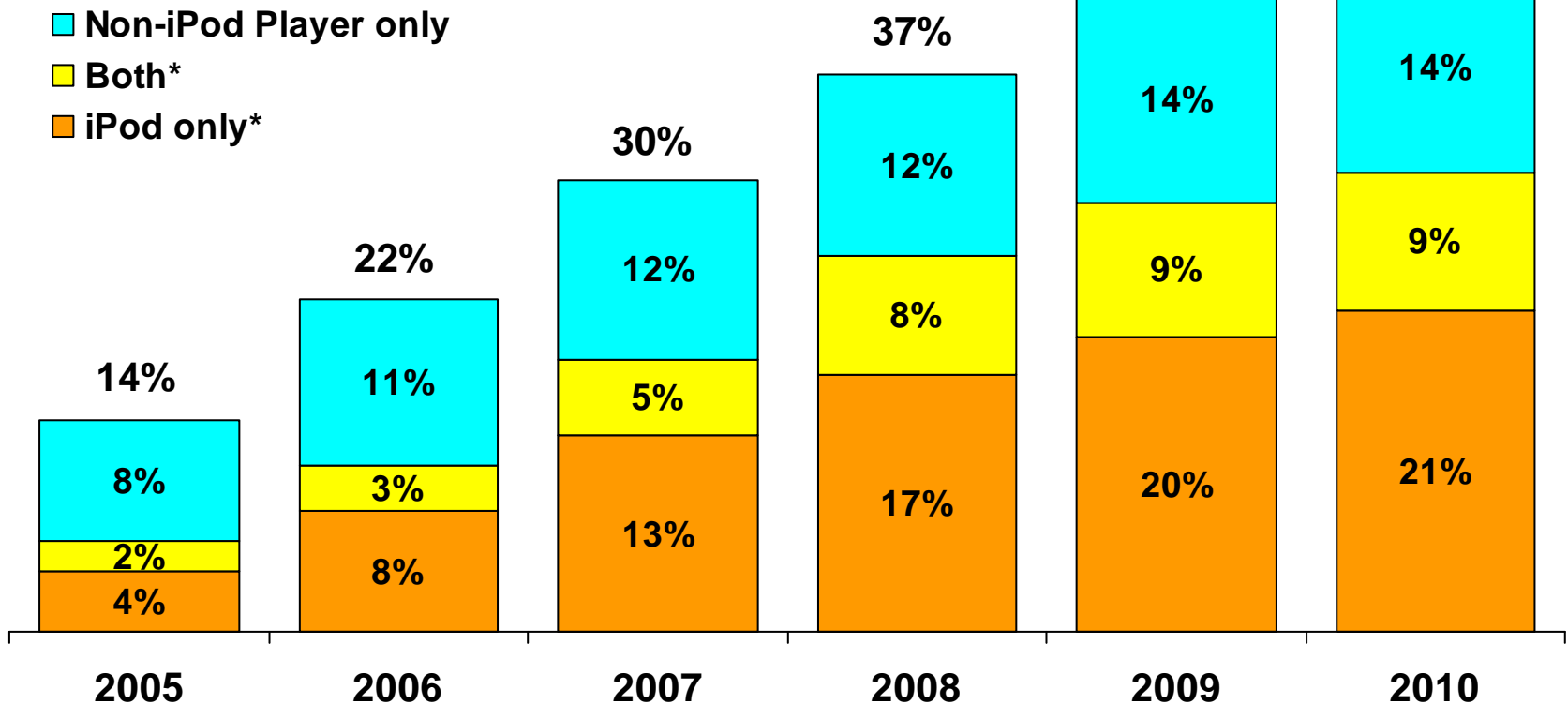
Digital Audio Players and Mobile/Smartphones



More Than Four in 10 Now Own an iPod®/Portable MP3 Player

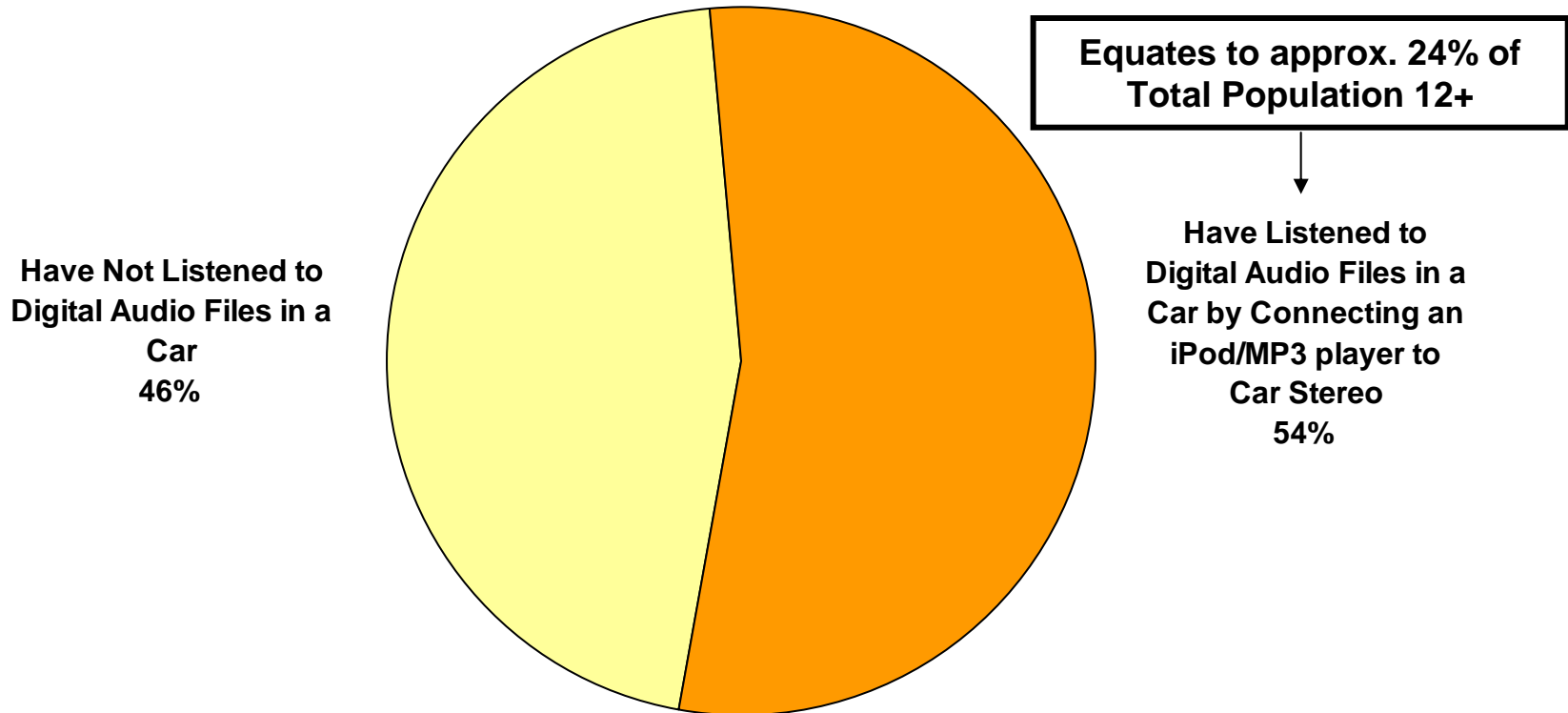
% Who Own...

Total Ownership
44%



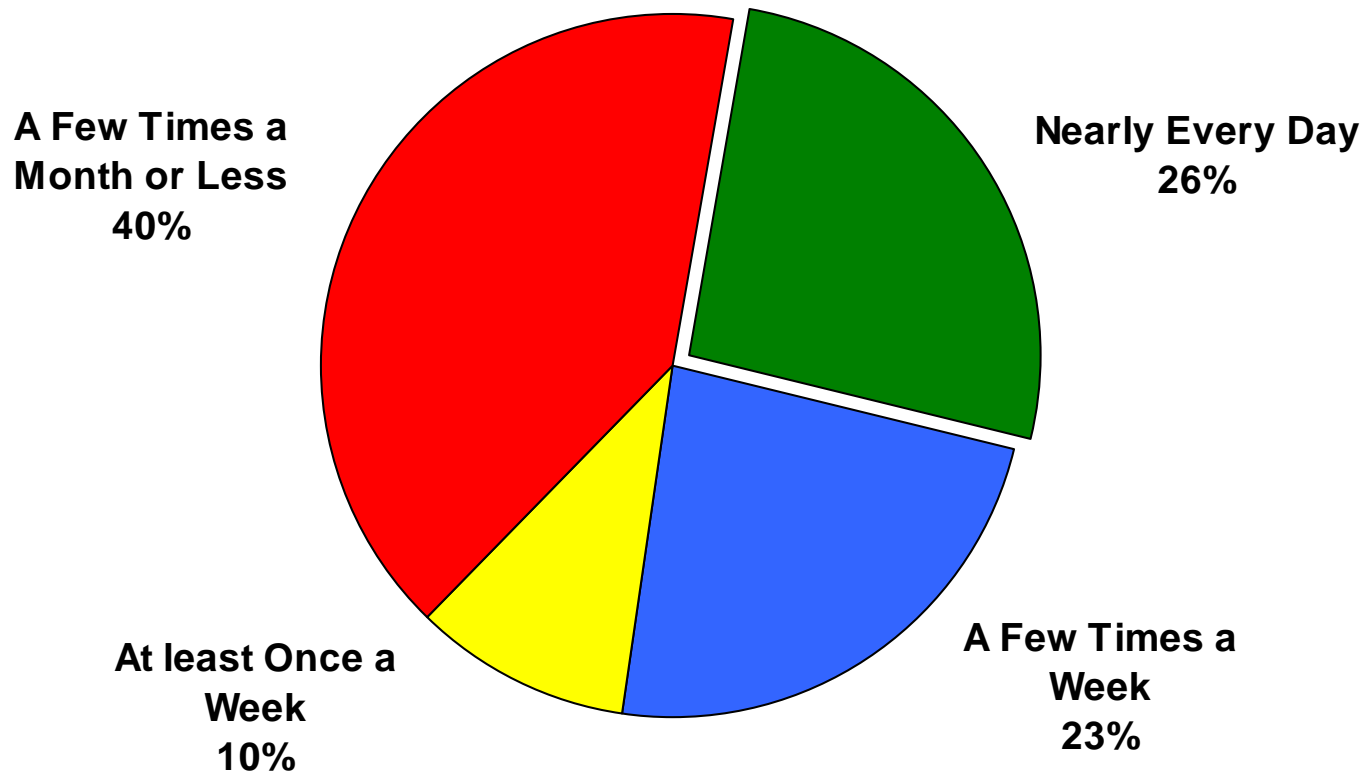
More Than Half of iPod/MP3 Player Owners Have Listened to Digital Audio Files in a Car

“Have you ever listened to digital audio files in a car by connecting an iPod or other MP3 player to a car stereo?”



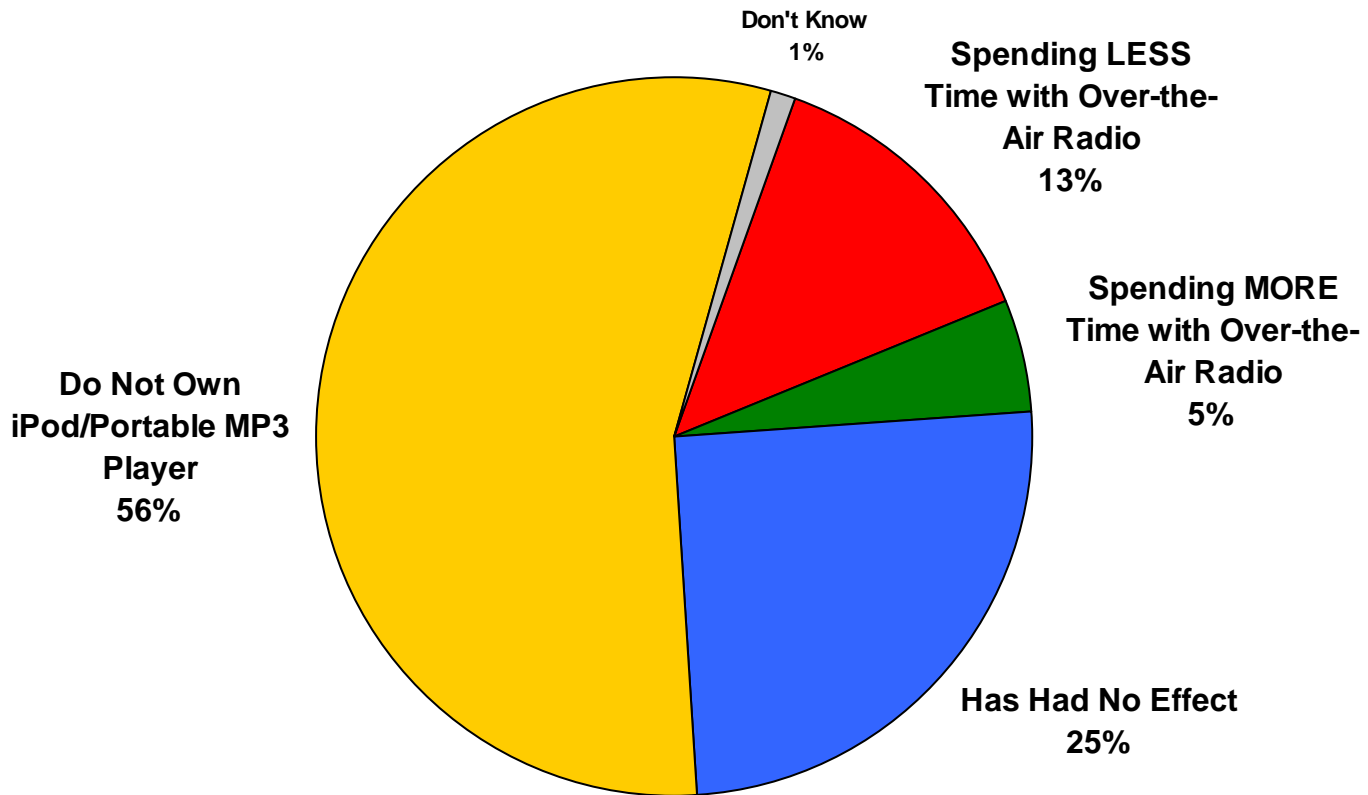
One in Four Who Listen to Digital Audio Files in Their Cars Do So Nearly Every Day

“How often do you listen to digital audio files in a car by connecting an iPod or other MP3 player to a car stereo?”



iPod/MP3 Player Has No Impact on Radio Time Spent for Eight in 10 Consumers

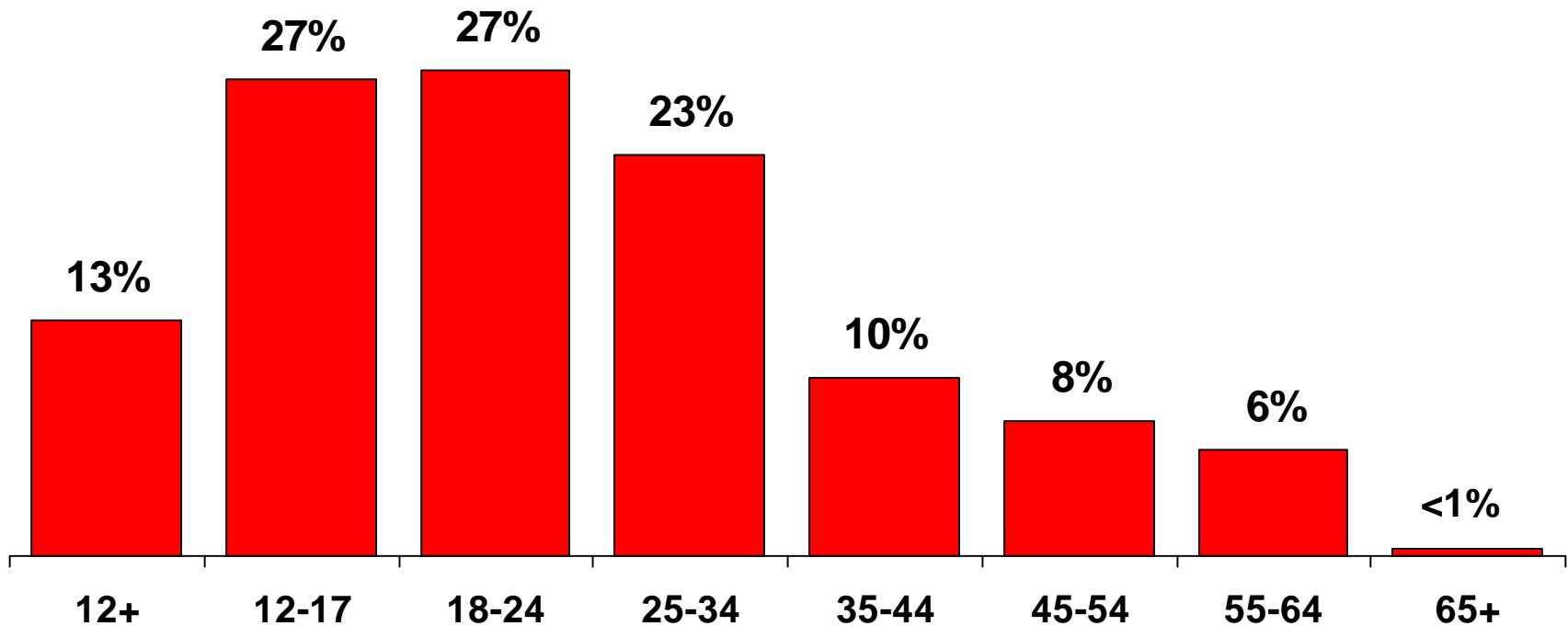
“How has the time you spend with your iPod or other MP3 player specifically impacted the time you spend listening to over-the-air radio?”



Base: Total Population 12+

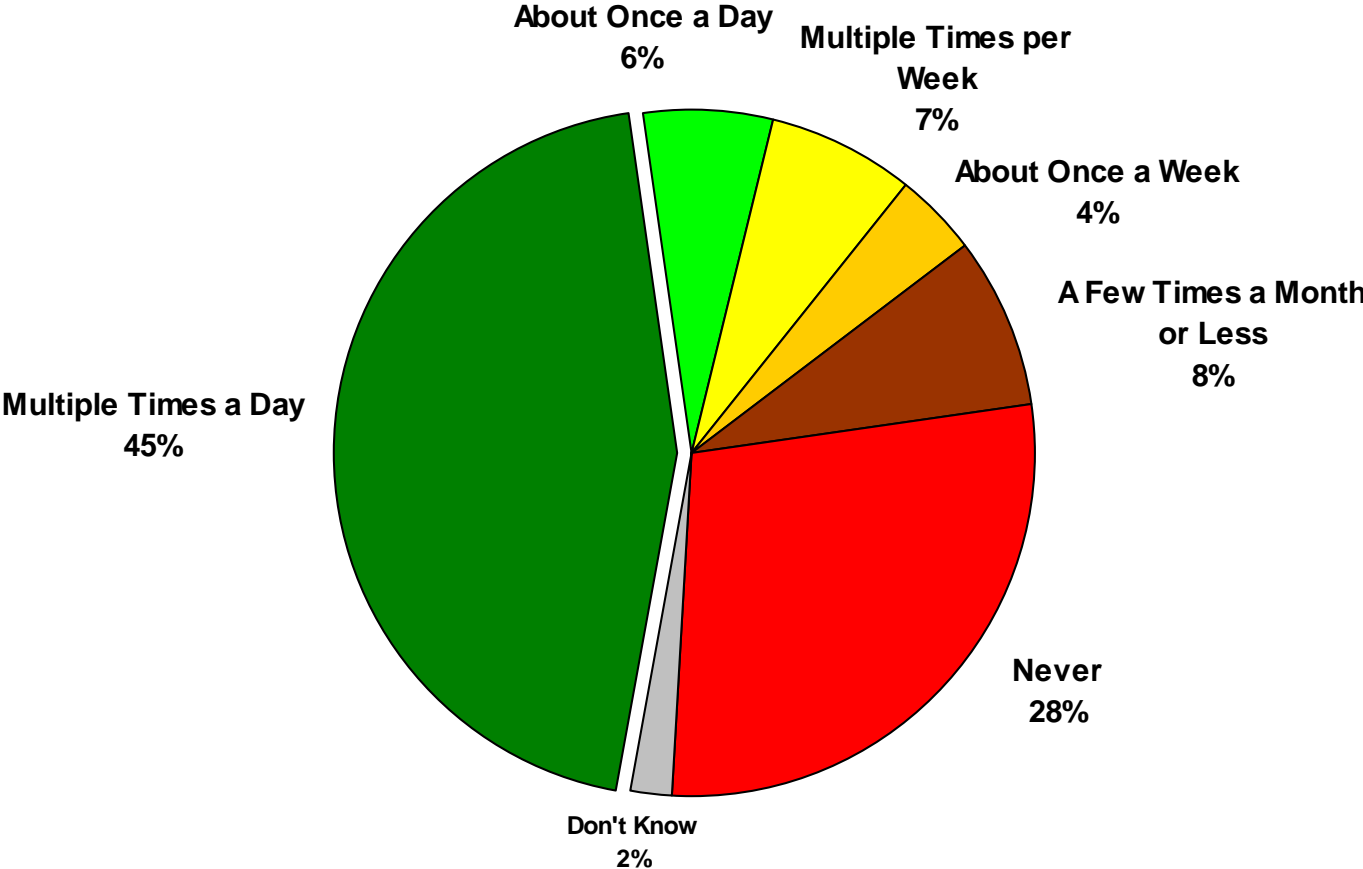
iPod/MP3 Player Has Greater Impact On Radio Among 12- to 34-Year-Olds

% by Age Group Who Are Spending Less Time With Over-the-Air Radio Specifically Due to Time Spent with iPod/Other Portable MP3 Player



Nearly Half of Cell Phone Owners Text Multiple Times Daily

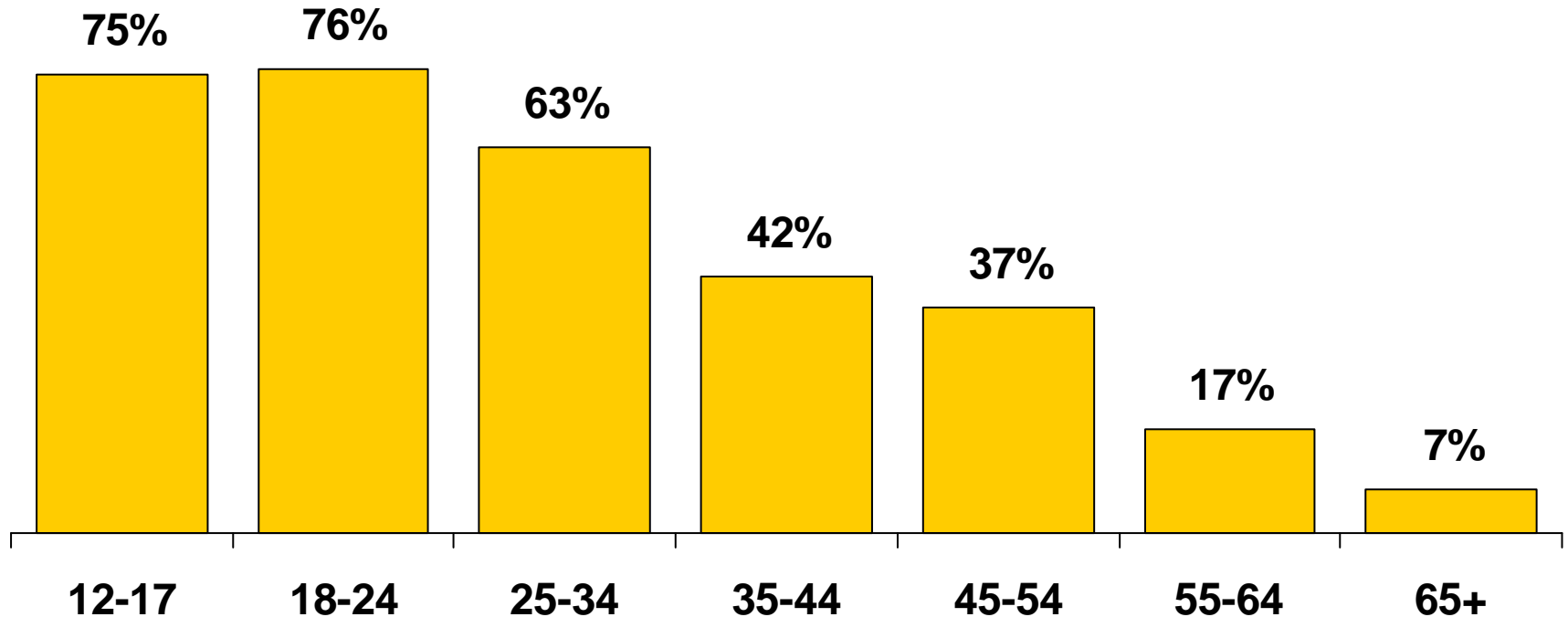
“How often do you send or receive text messages on your cell phone?”



Base: Own a Cell Phone (84% of Total Population 12+)

The Majority of 12-34s Text Multiple Times Daily

% Who Send or Receive Text Messages Multiple Times per Day



Podcasting



Understanding Podcasting

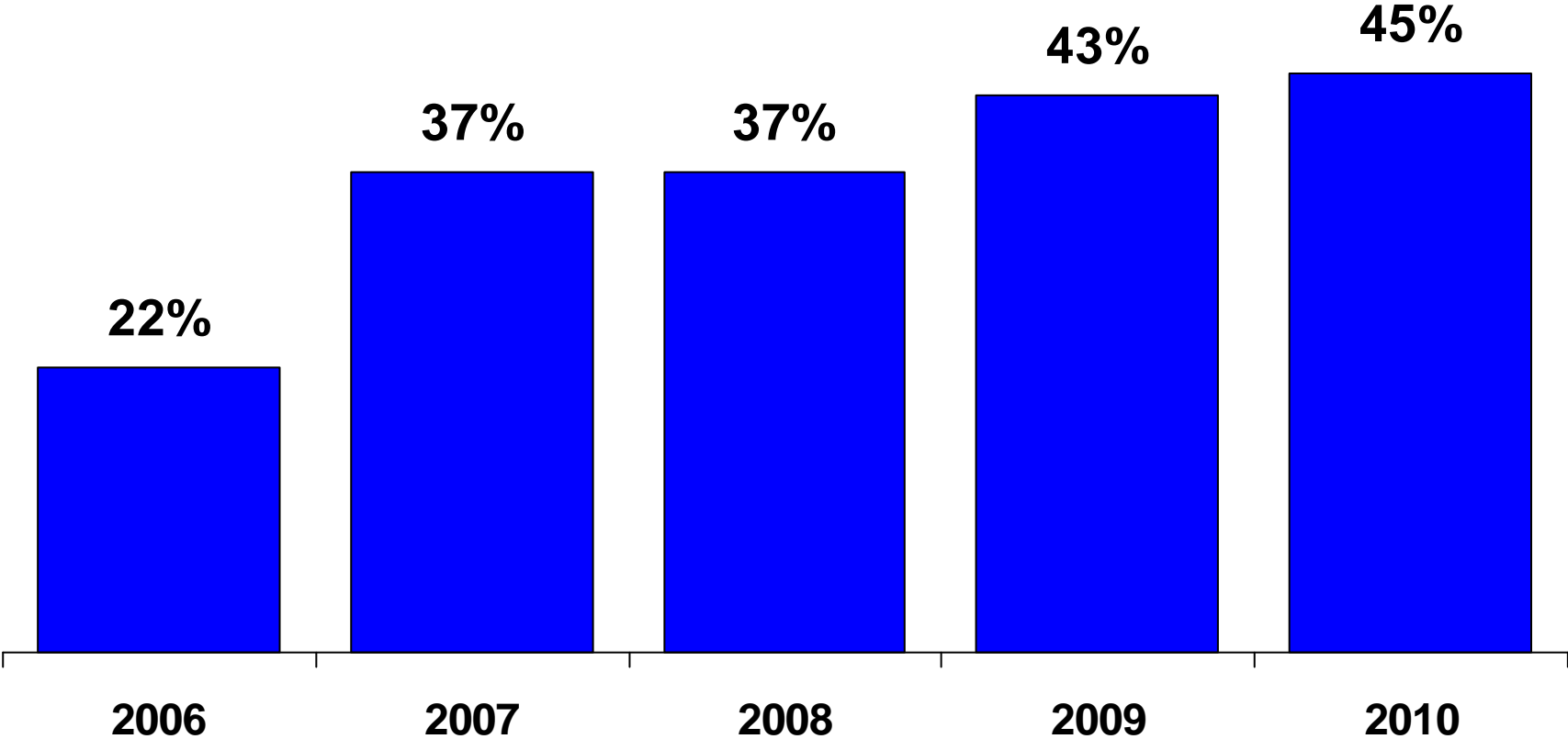
“Podcasting is the concept of downloading various types of longer-form online audio and video programs, in the form of digital files you can listen to or view at any time you choose.

Podcasting does NOT refer to the downloading of individual MP3s or songs or television programs.

Podcasting does refer to the download of program-oriented online audio and video (such as a talk show or a hosted music program), usually as an automatic download that can be listened to or viewed at the user’s convenience.”

Slight Growth in Awareness of Audio Podcasting

% Aware of Audio Podcasts

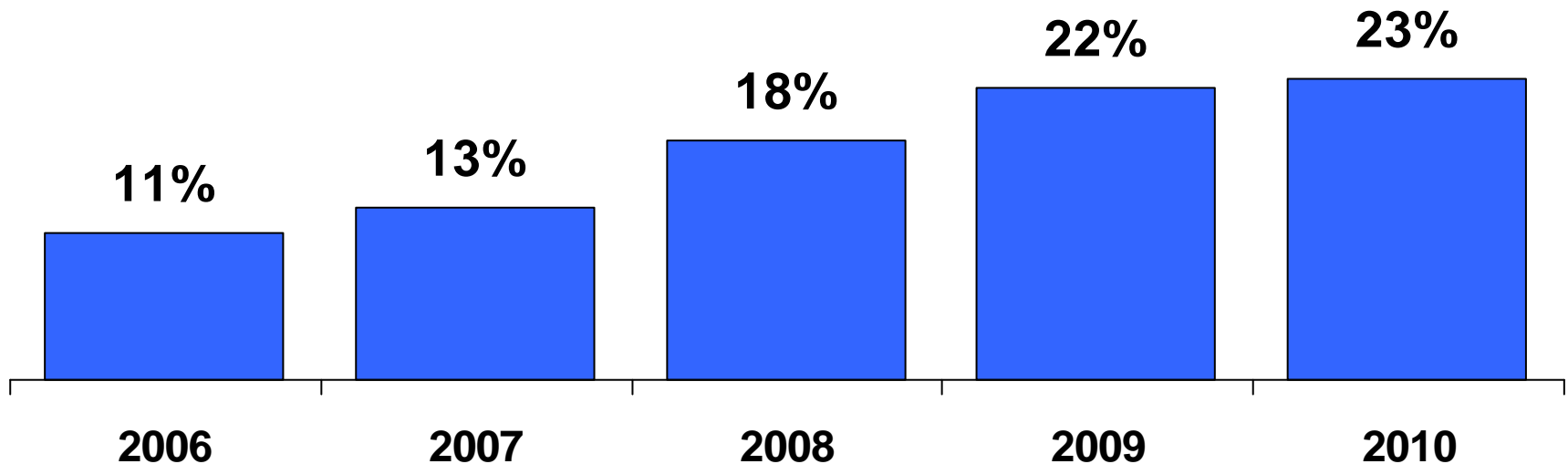


Base: Total Population 12+



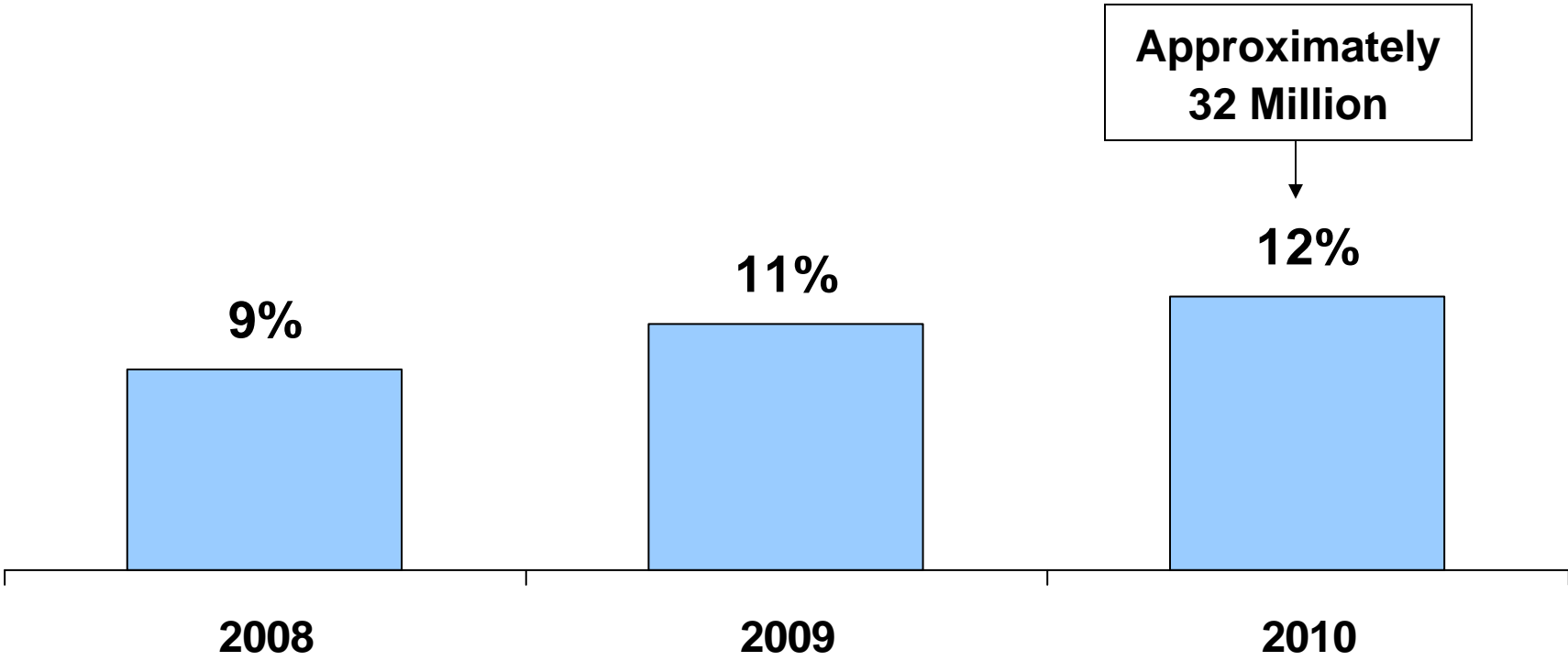
Nearly One in Four Americans Have Ever Listened to an Audio Podcast

% Who Have Ever Listened to an Audio Podcast



An Estimated 32 Million Americans Have Listened to a Podcast in the Past Month

% Who Have Listened to an Audio Podcast in the Past Month



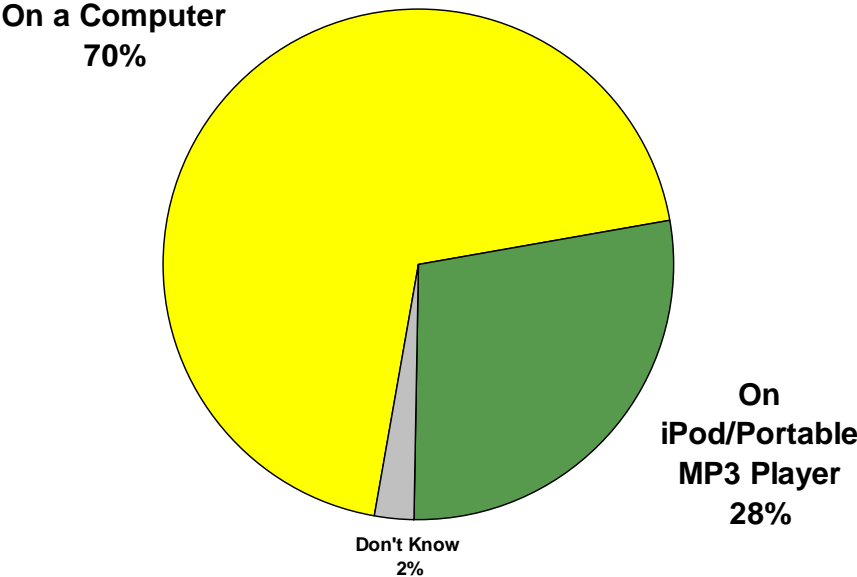
Base: Total Population 12+



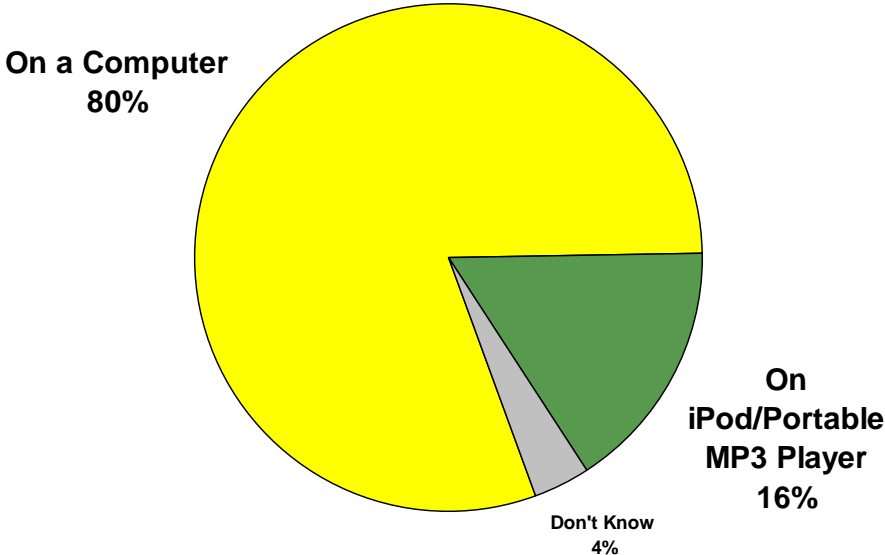
Majority of Podcast Consumption Tethered to the Computer

% of Podcast Users Who Most Often Listen to/Watch a Podcast...

Audio Podcasts



Video Podcasts

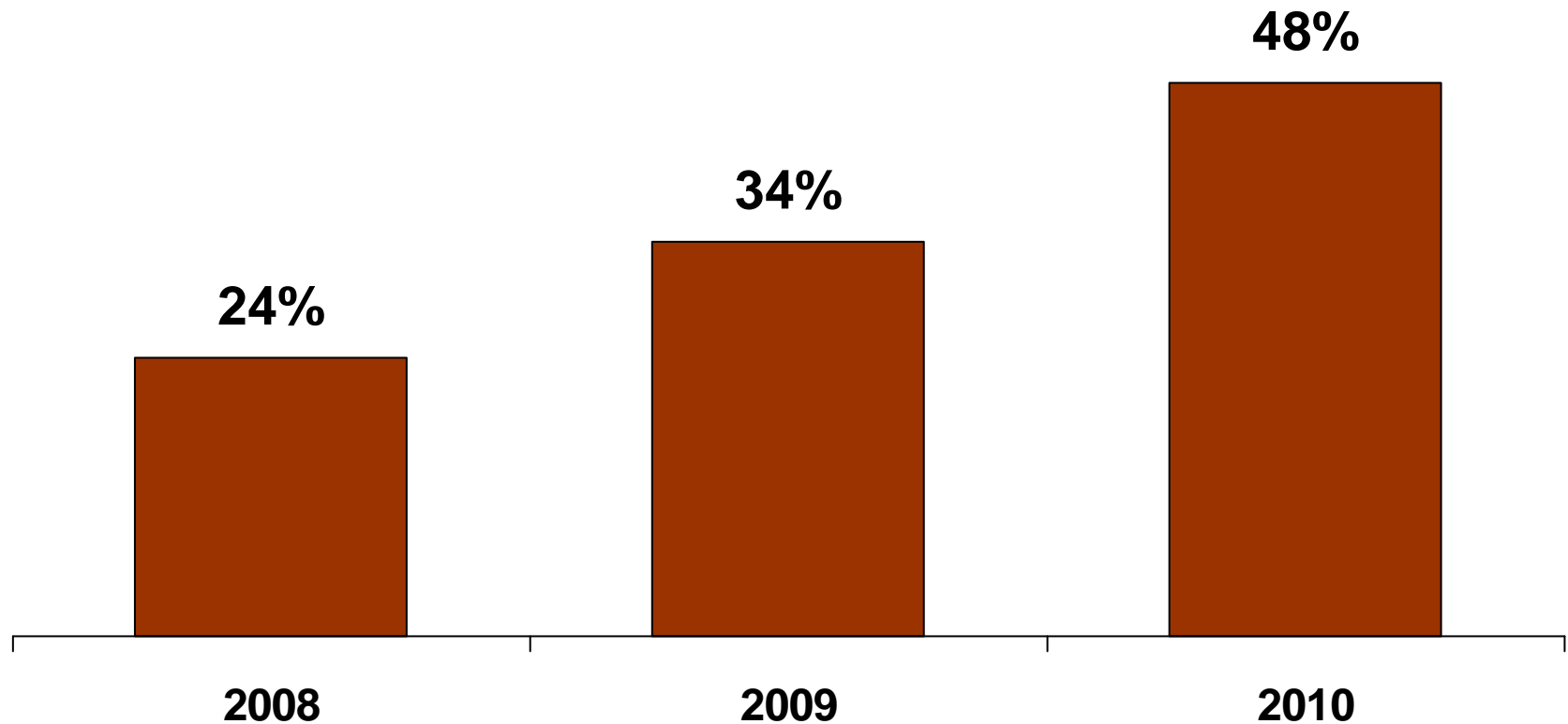


Social Networking



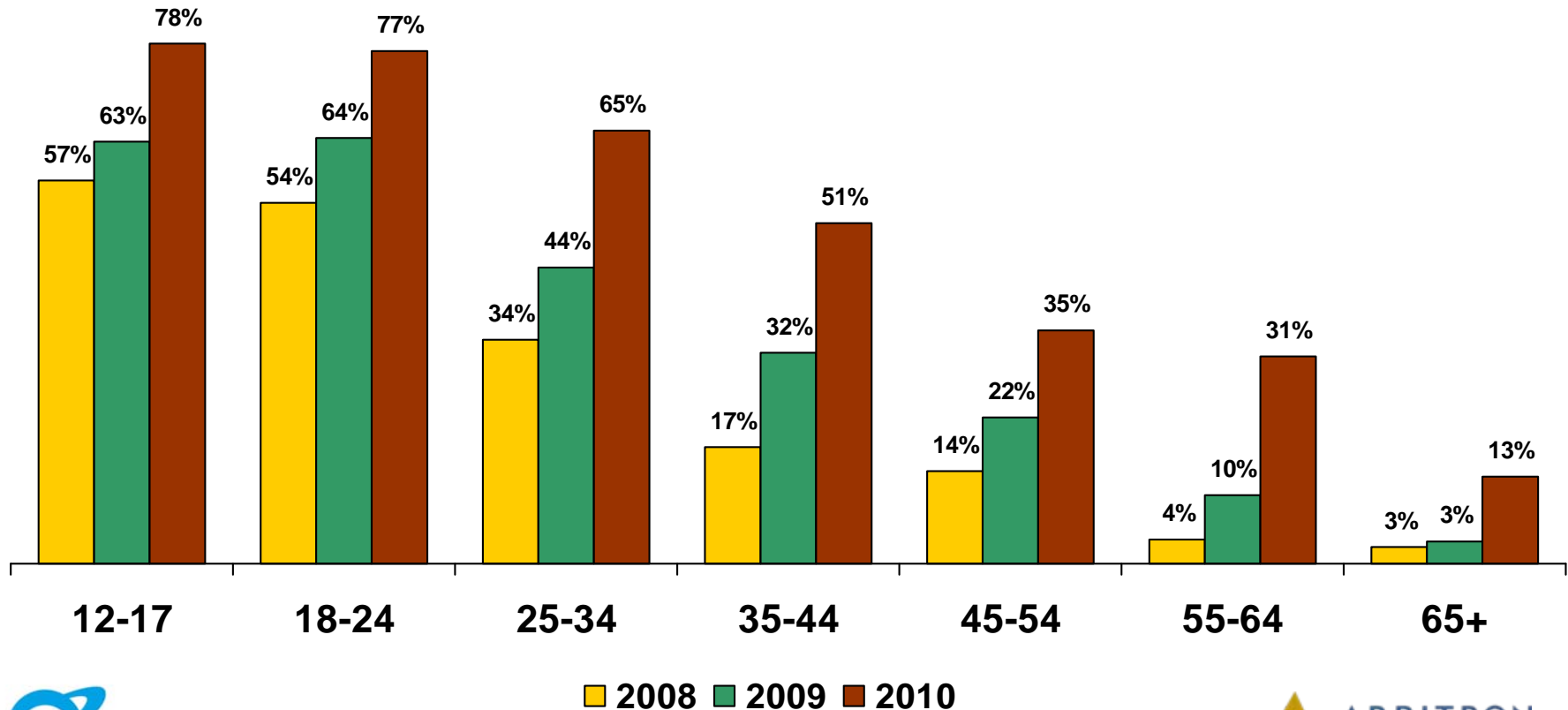
Social Networking Sees Explosive Year-Over-Year Growth

% Who Currently Have a Personal Profile Page on Facebook, MySpace, LinkedIn or Any Other Social Networking Web Site



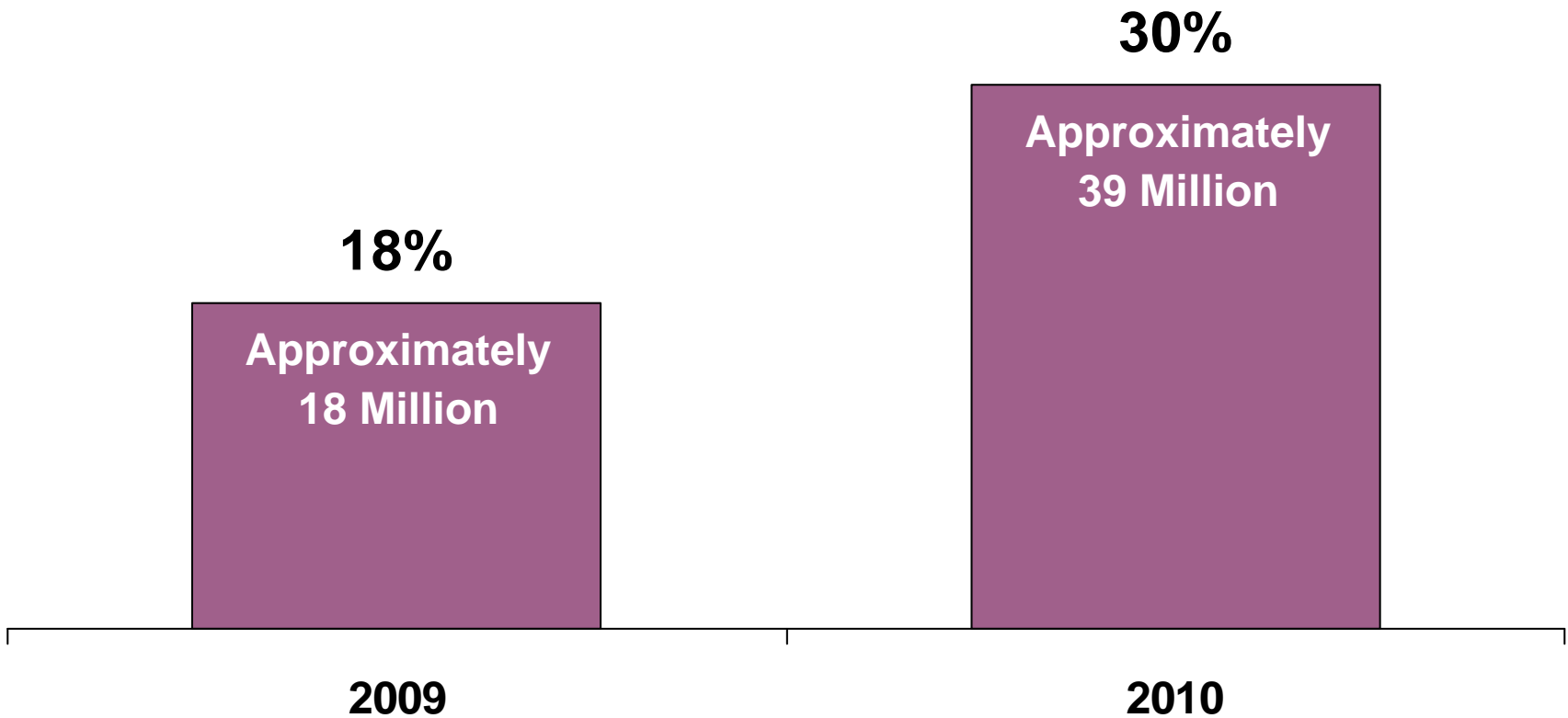
Social Networking Surges in Every Age Group

% by Age Group Who Currently Have a Personal Profile Page on Facebook, MySpace, LinkedIn or Any Other Social Networking Web Site



Number Using Social Networking Sites “Several Times per Day” More Than Doubles in Past Year

**% Who Use Social Networking Web Sites/Services
“Several Times per Day”**

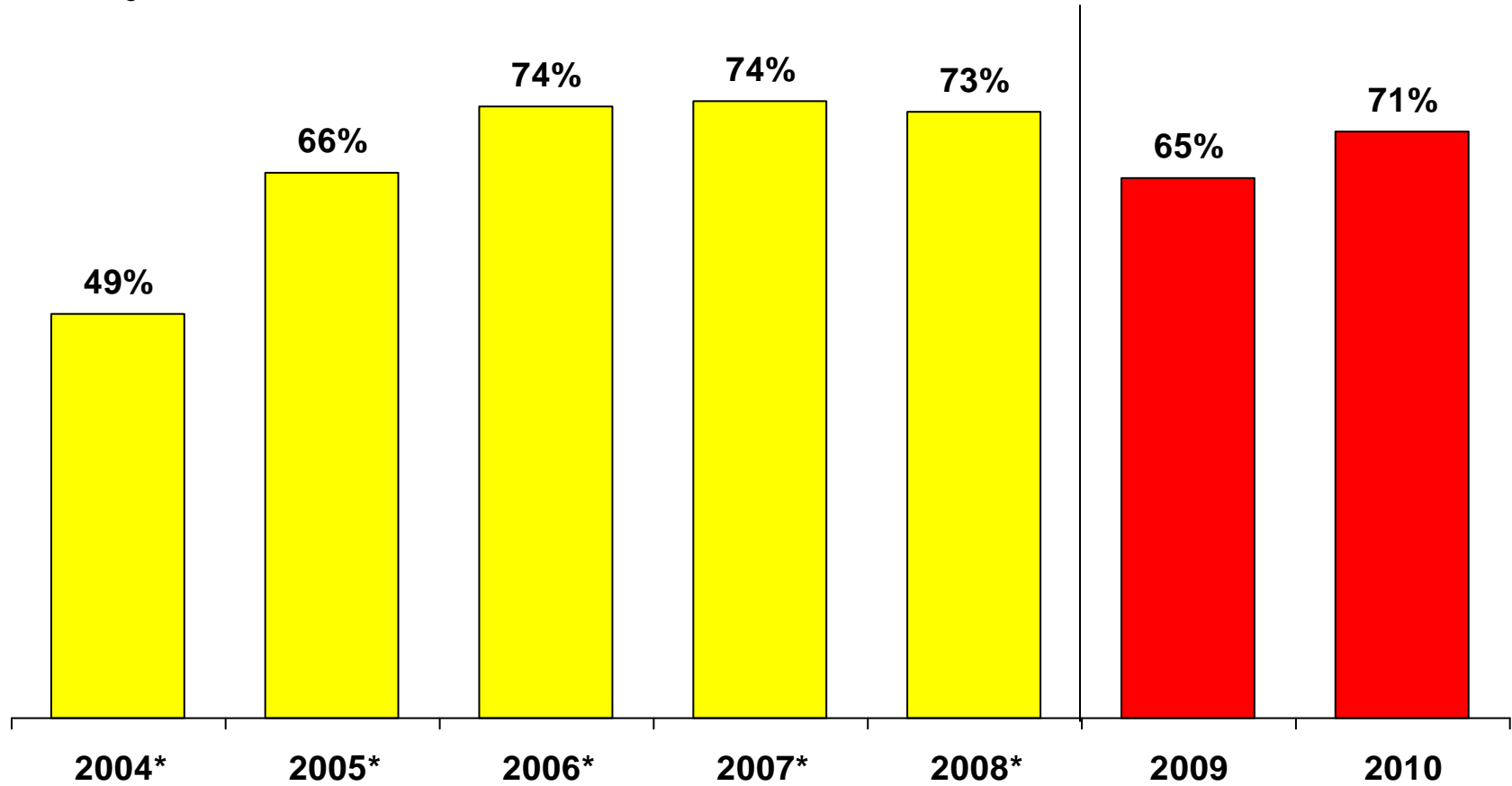


Satellite and HD Radio®



Awareness of Merged SIRIUS® XM Approaching Combined Awareness of Both Previous Brands

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



*Aware of either “SIRIUS” or “XM”

Understanding HD Radio

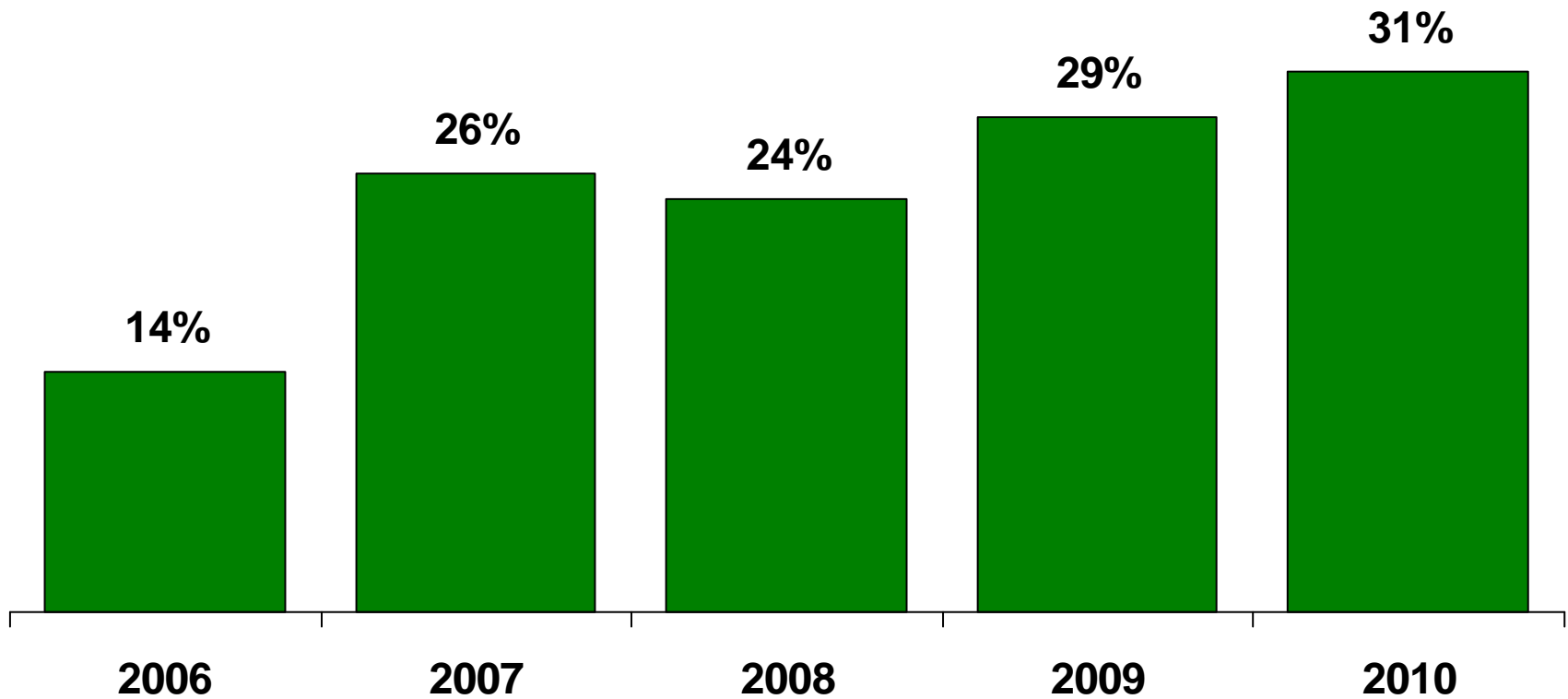
“HD Digital Radio is a new technology that enables AM and FM radio stations to broadcast their signals digitally, providing listeners with vastly improved audio quality.

In addition, HD Radio features new radio formats that may not be currently available on regular AM/FM radio in your area.

HD Radio also allows for a digital display with song information, weather reports and traffic alerts.”

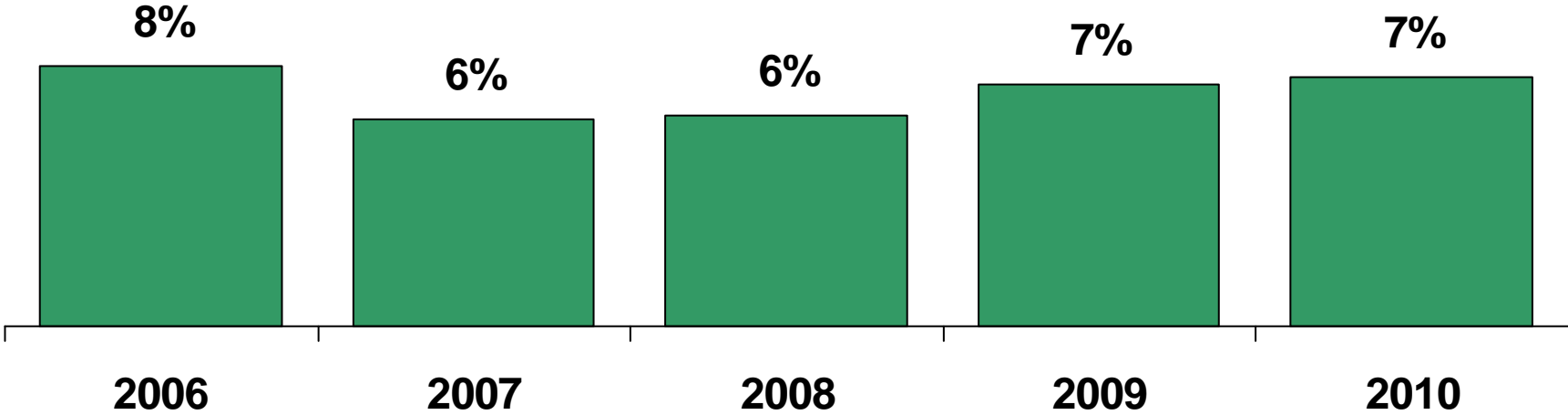
Little Change in Awareness of HD Radio

% Who Have Heard/Read Anything Recently About HD Radio



Interest in HD Radio Unchanged Since 2006

% “Very Interested” in HD Radio Based on Description



Base: Total Population 12+

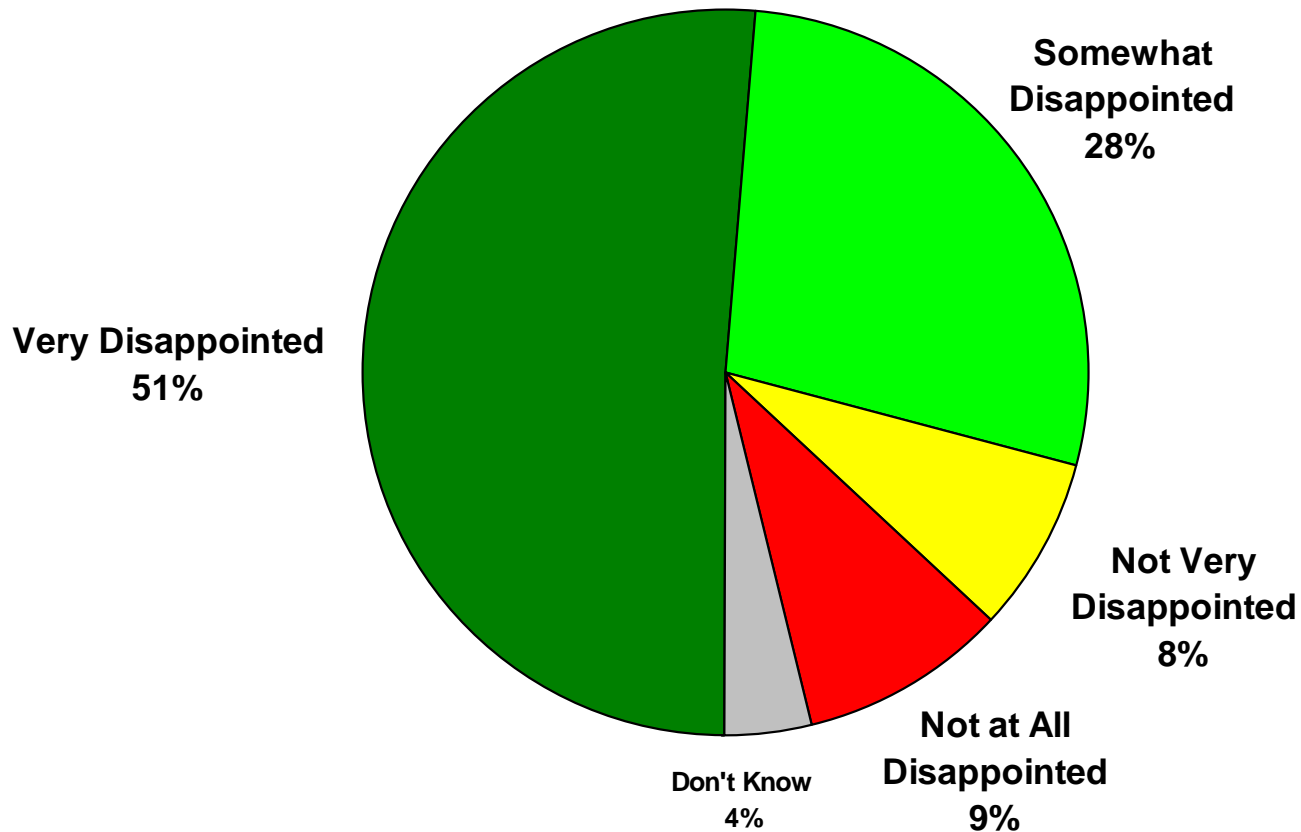


AM/FM Radio



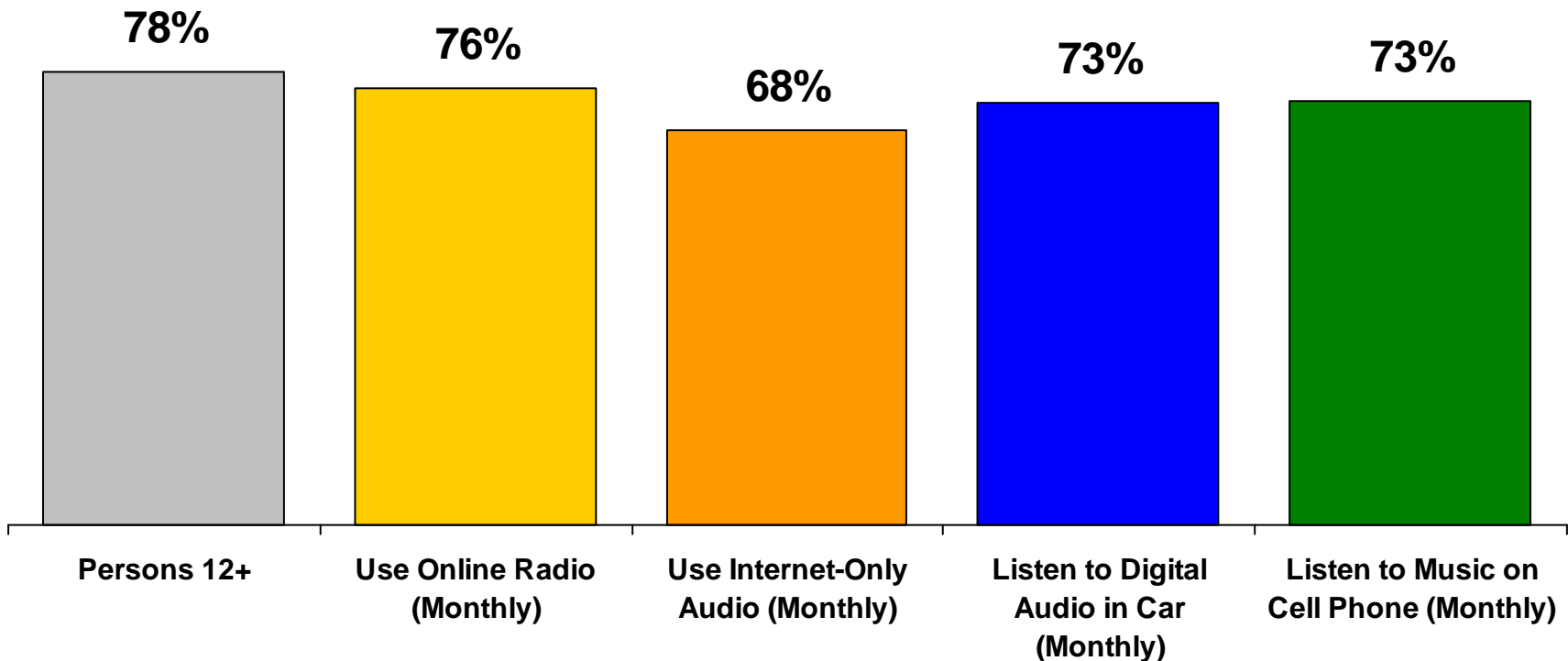
Four in Five Would be Disappointed if Their Favorite Station Was No Longer On-Air

“If the AM or FM radio station you listen to most was no longer on the air, do you think you would be...”



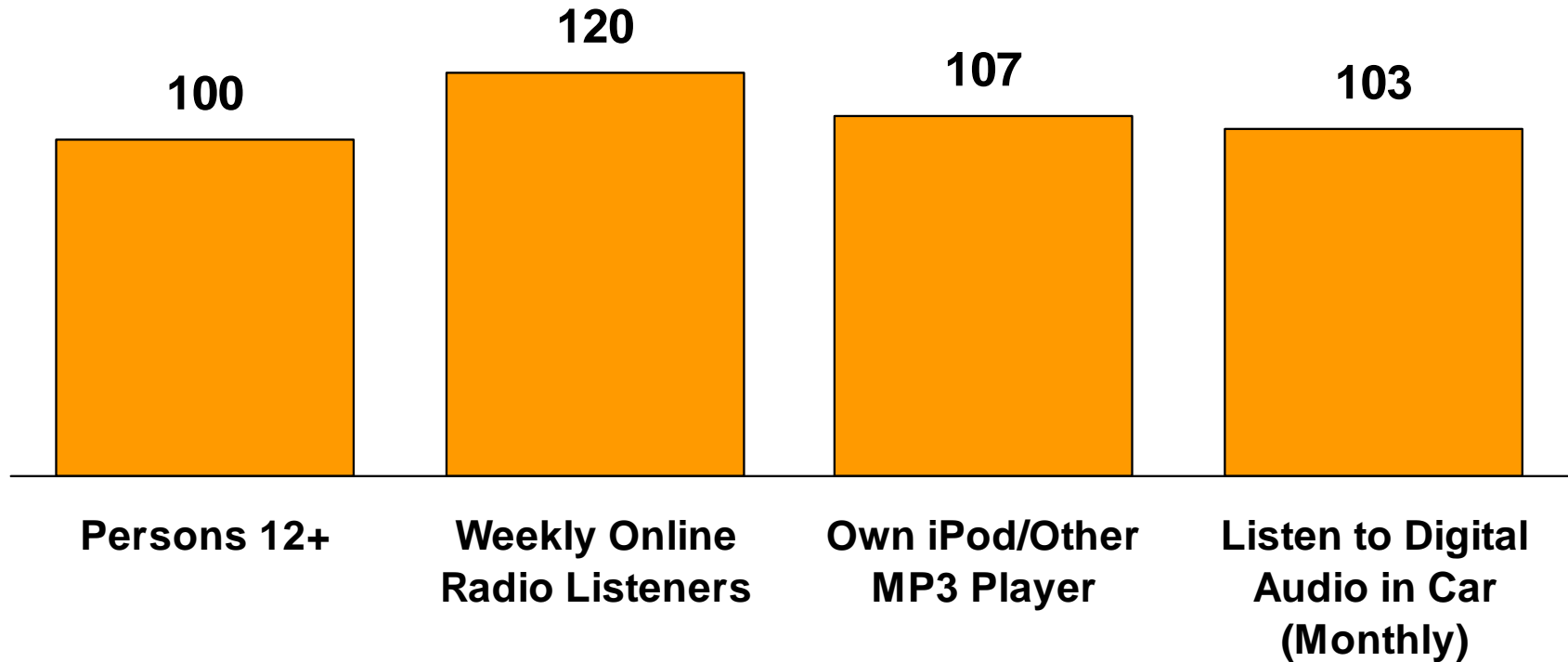
Most Say They Will Listen to as Much AM/FM Radio in the Future Despite Advancements in Technology

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



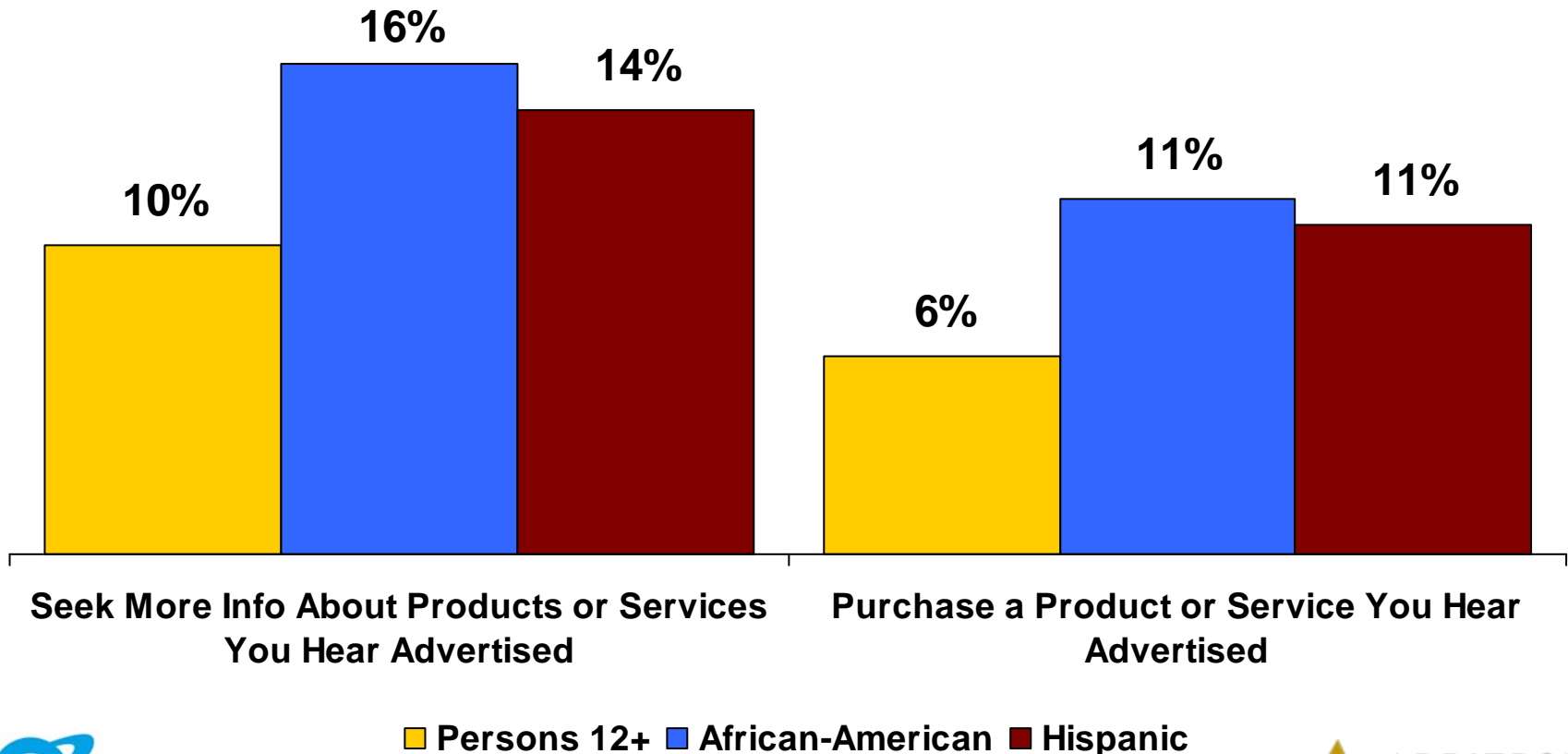
Digital Audio Users Spend More Total Time With Radio

Index of Time Spent Listening to Radio per Day



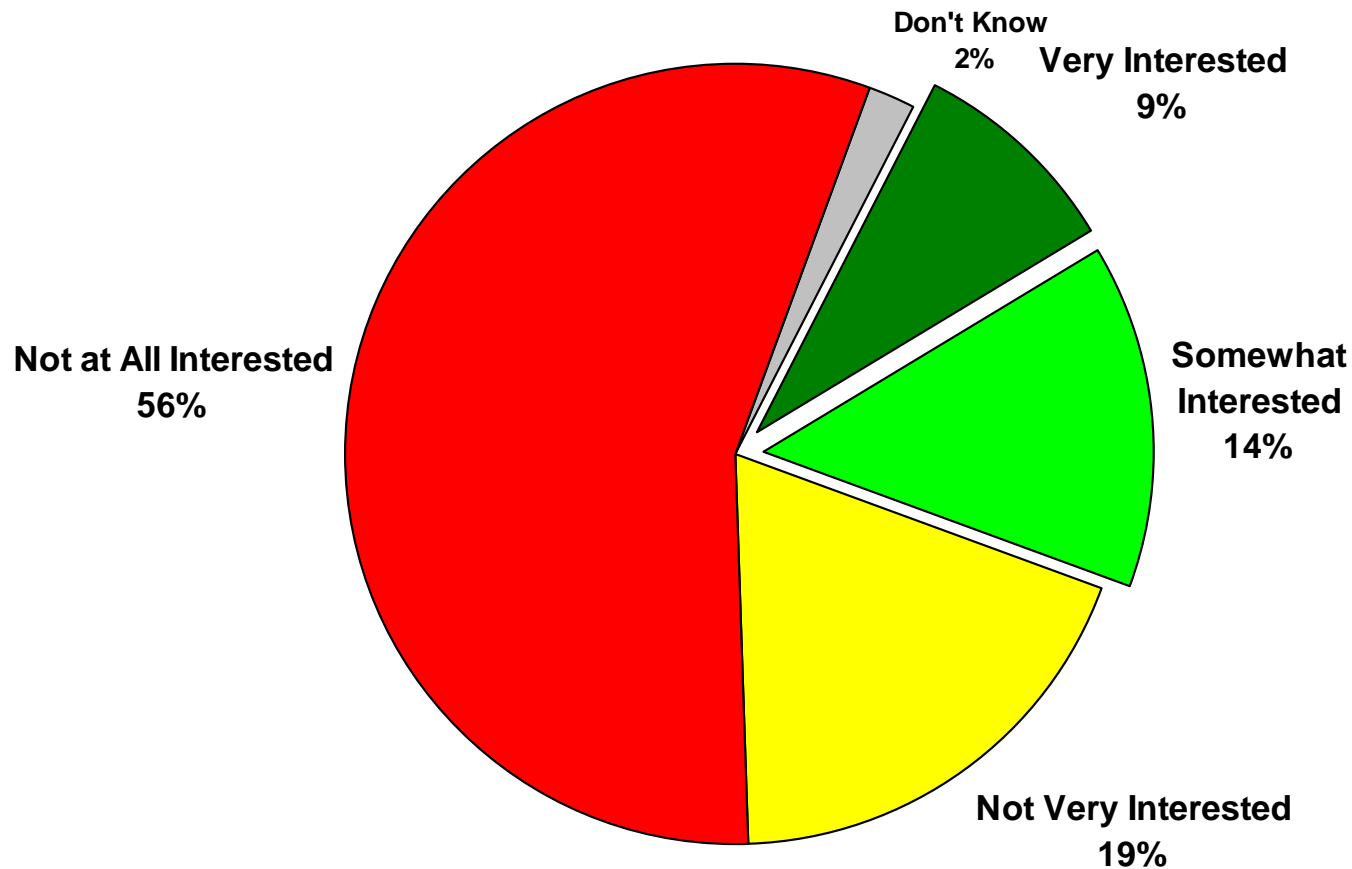
Radio Spots More Likely to Influence Black and Hispanic Consumers Than the Total Population

“How often do commercials you hear on AM/FM Radio lead you to...?”



Nearly One-Quarter of Cell Phone Owners Interested in AM/FM Radio Through Their Phones

“How interested are you in listening to AM/FM radio on your cell phone?”



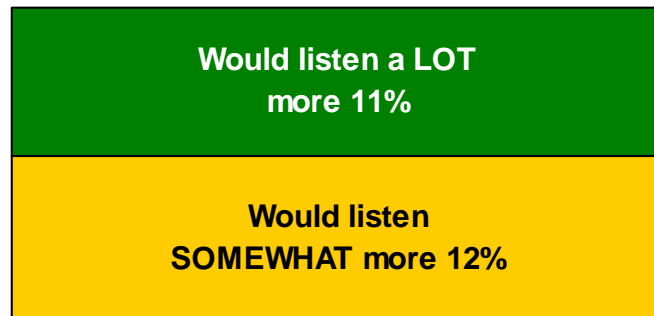
Base: Own a Cell Phone

Four in 10 12-24s Would Listen More to FM Radio if Their Cell Phones Had an FM Tuner

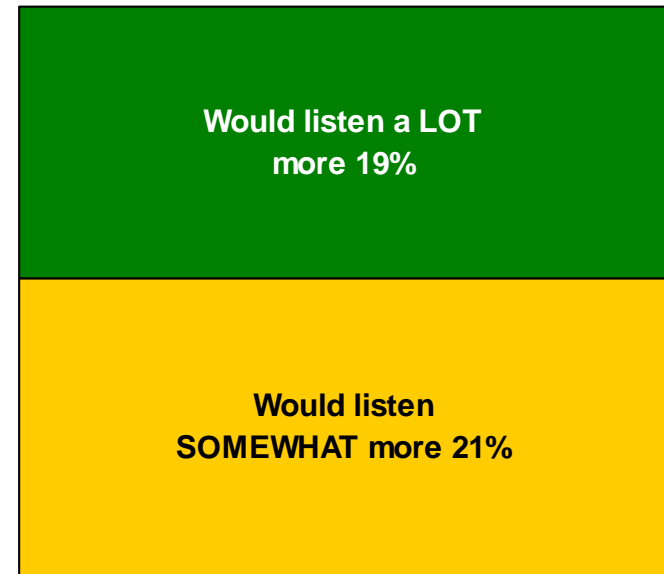
“If your cell phone had an FM Radio tuner, would it lead you listen to FM Radio a lot more than you do now, a little more or would it have no effect?”

40% would listen a lot or somewhat more to FM Radio

23% would listen a lot or somewhat more to FM Radio



P12+



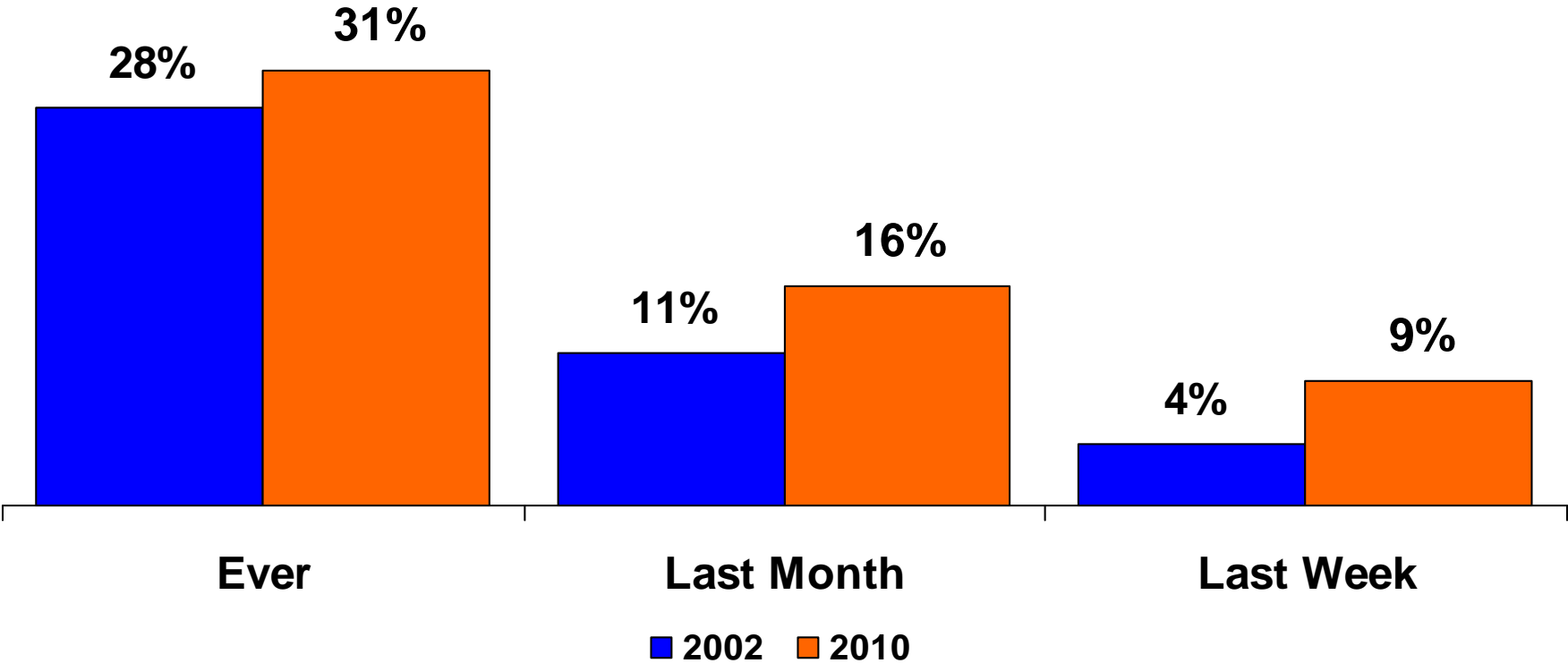
P 12-24

Radio Station Web Sites



Growth in Monthly and Weekly Usage of Radio Station Web Sites Since 2002

% Who Have Visited a Local Radio Station Web Site...

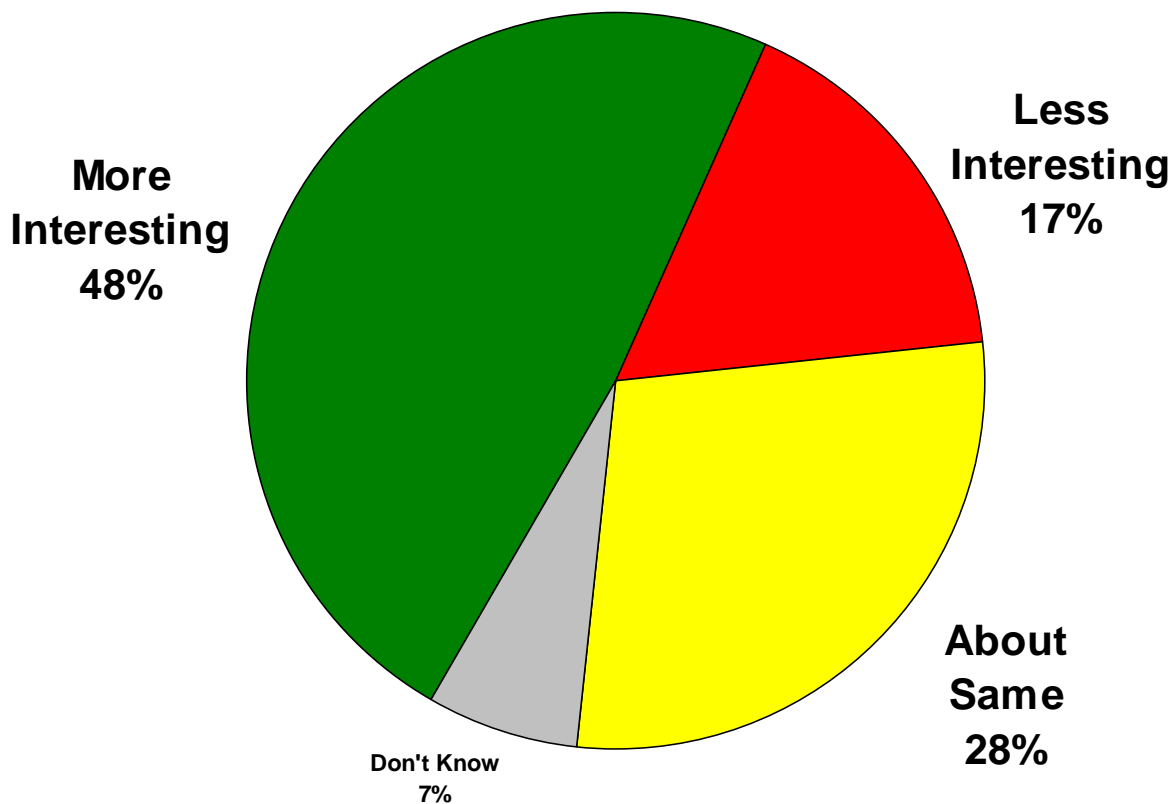


Base: Total Population 12+



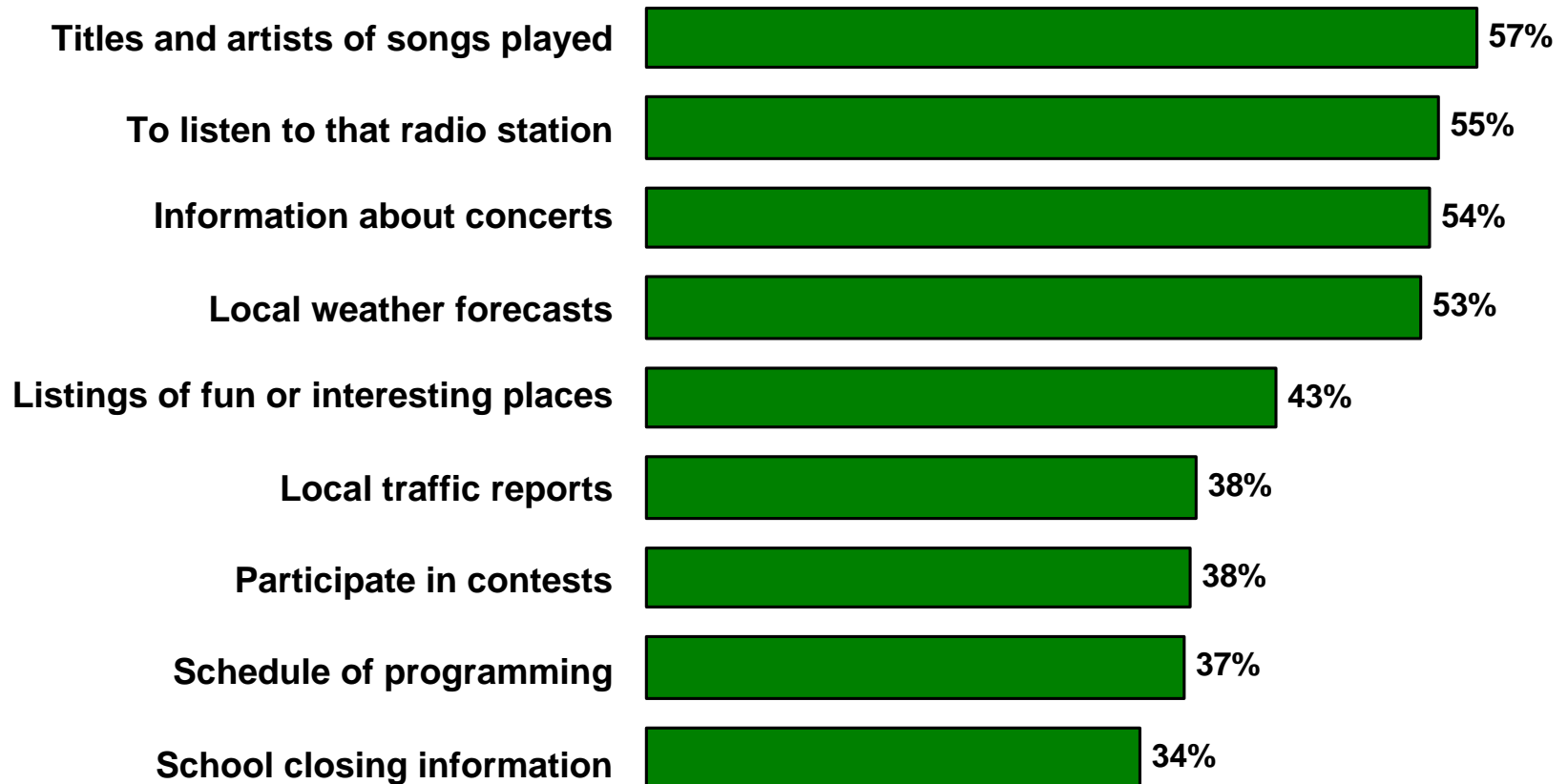
Nearly Half Say Radio Station Web Sites Are More Interesting Compared to a Few Years Ago

“Compared to a few years ago, in general, would you say that the local radio station Web sites you visit are getting...?”



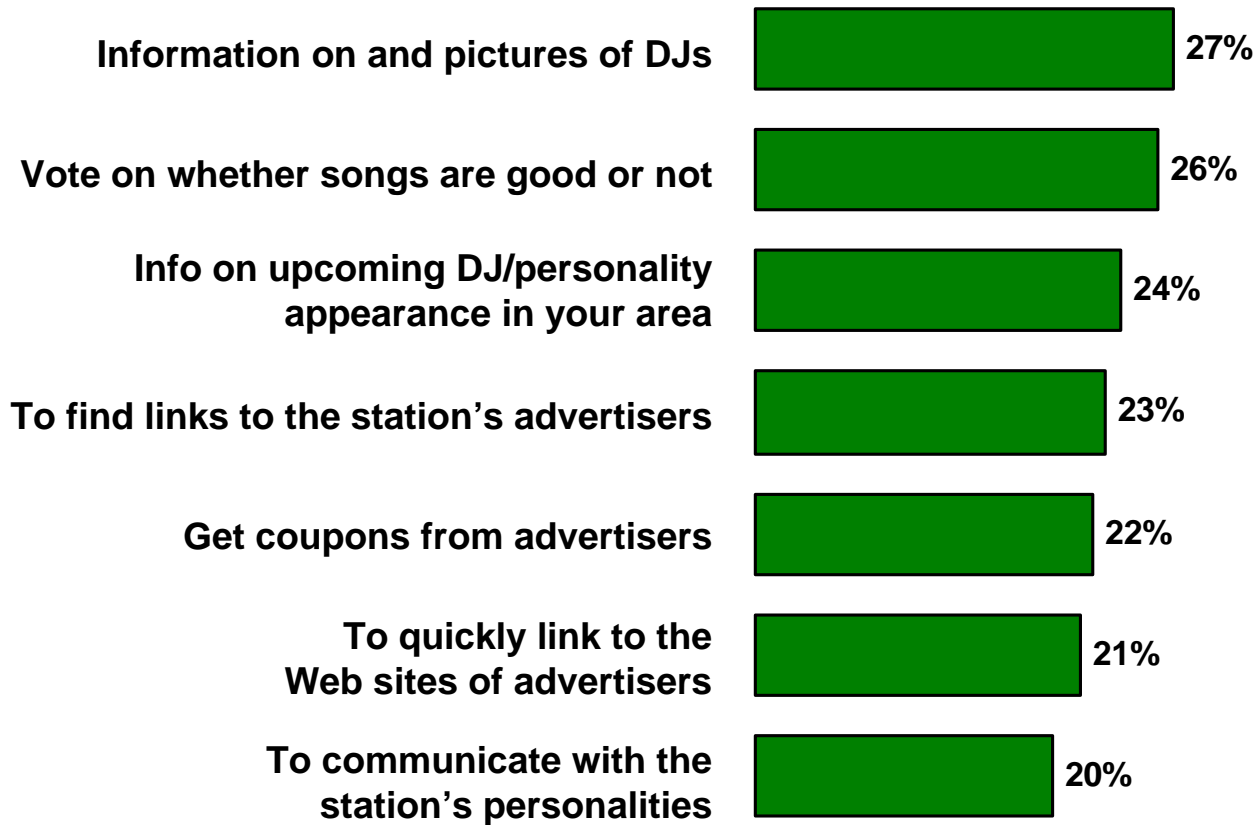
“Title/Artist of Songs” and “To Listen Online” Top Reasons for Visiting Local Radio Station Web Sites

% Visiting Local Radio Station Web Sites for Feature



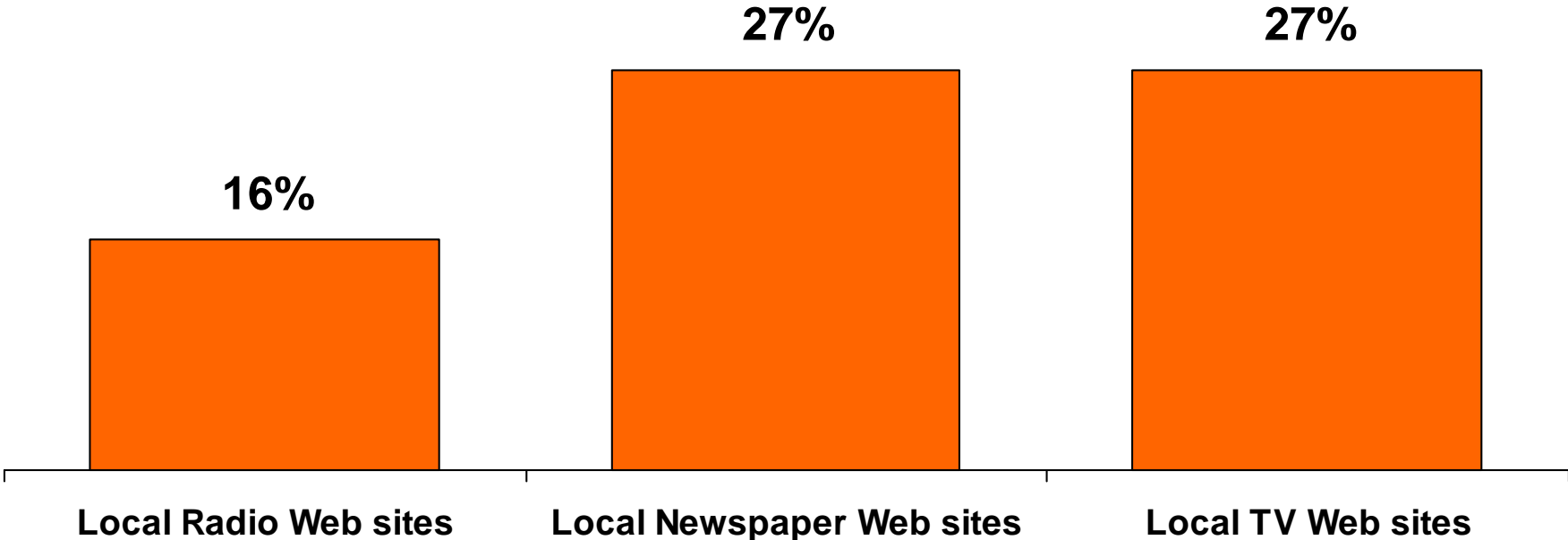
Little Interest in Communicating With Station Personalities Via Station Web Site

% Visiting Local Radio Station Web Sites for Feature (cont.)



Monthly Visitation to Radio Station Web Sites Trails TV and Newspaper Sites

“Have you visited the Web site of local a (medium) in the past month?”



Base: Total Population 12+

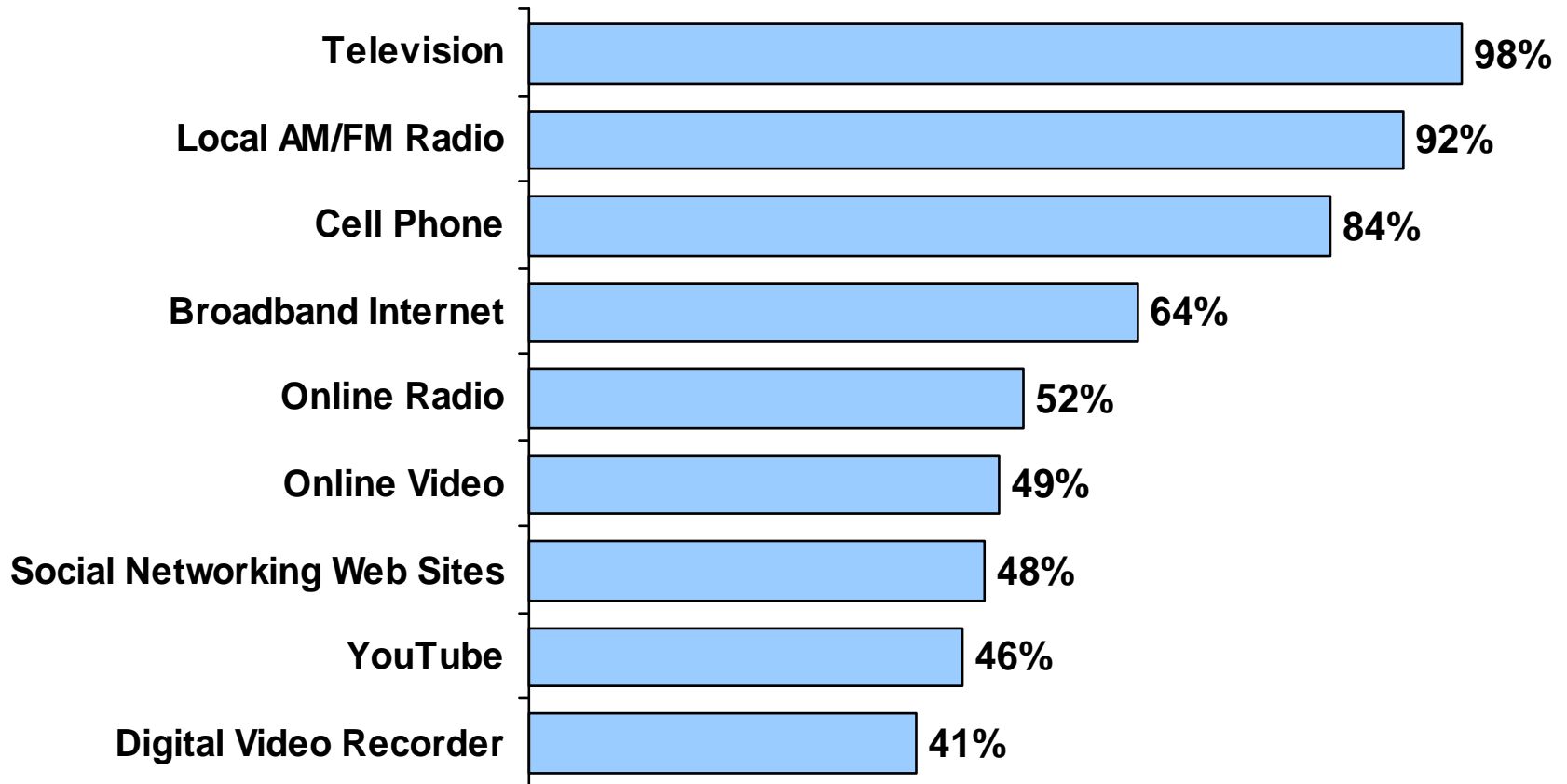


Audio Device/Platform



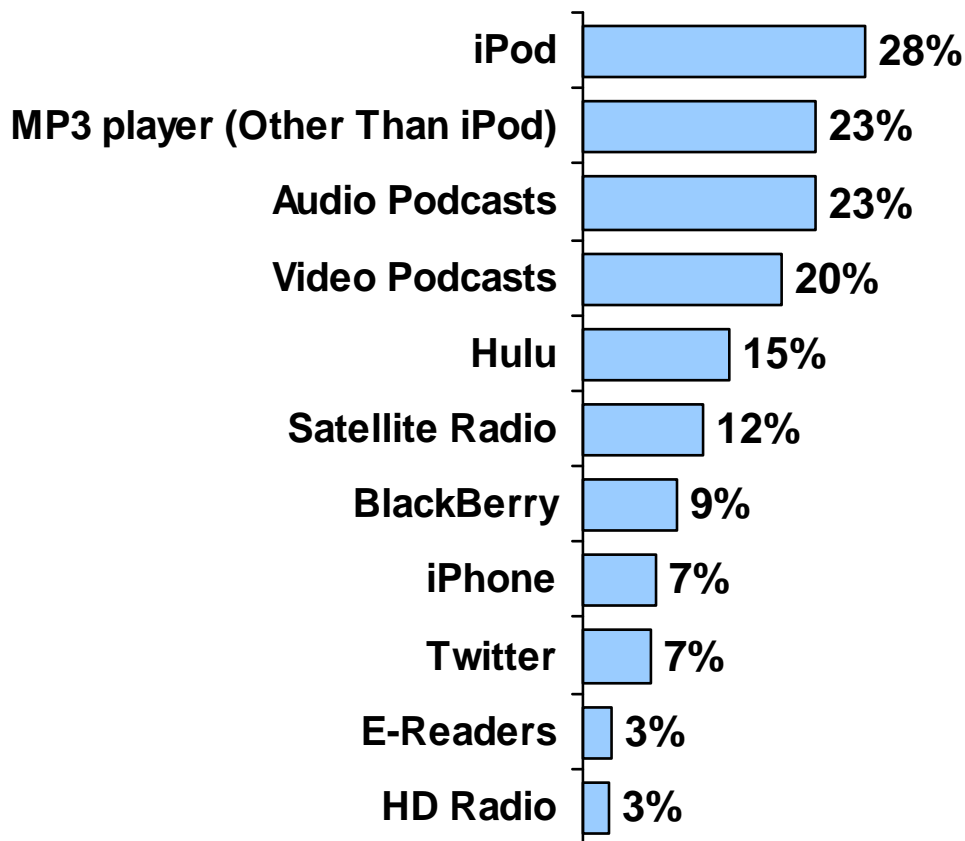
Television, AM/FM Radio and Cell Phones Have Most Widespread Usage

% of Americans Aged 12 and Older Who Use/Own Platform/Device



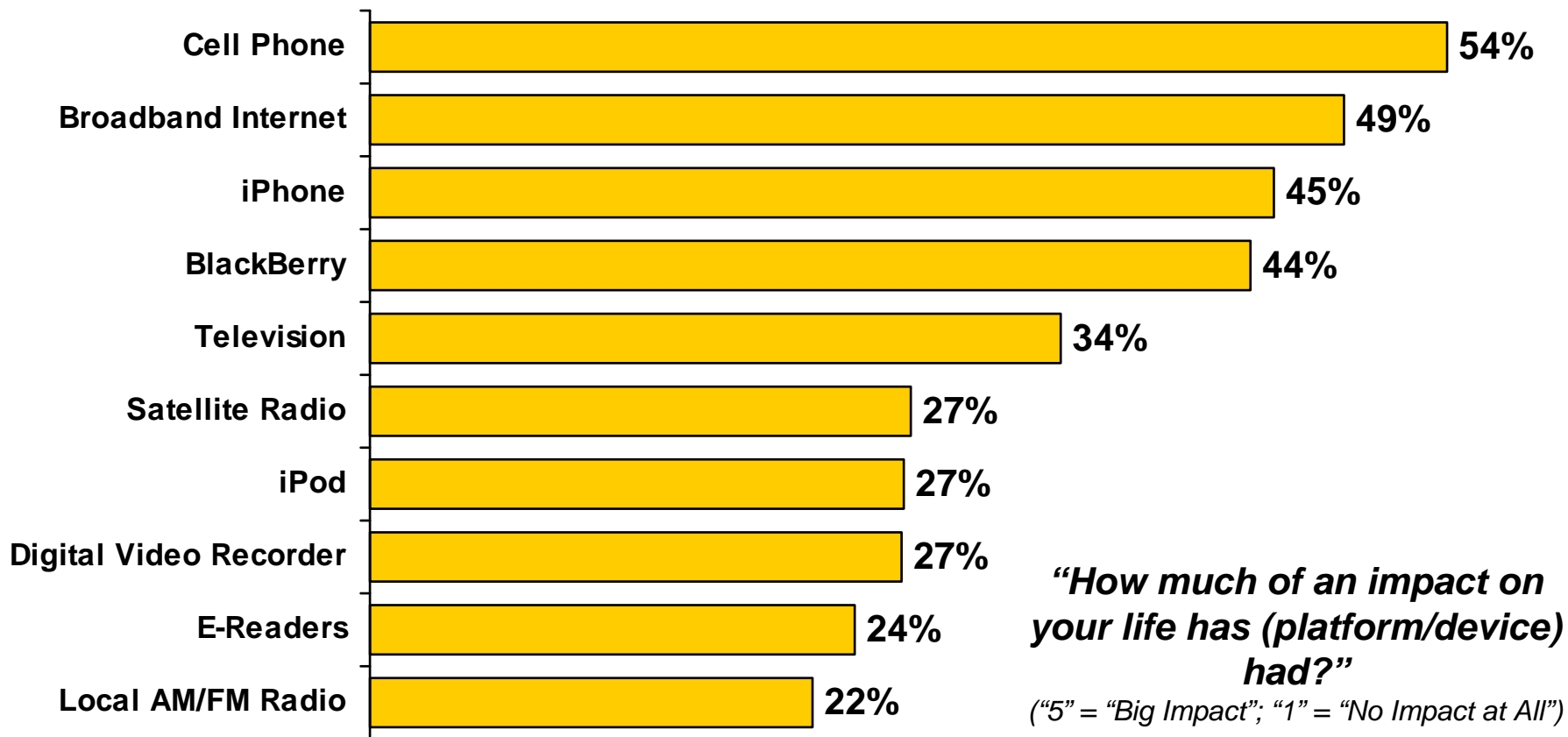
BlackBerry®, iPhone® and Twitter™ Approaching Double-Digit Usage

% of Americans Aged 12 and Older Who Use/Own Platform/Device (cont.)



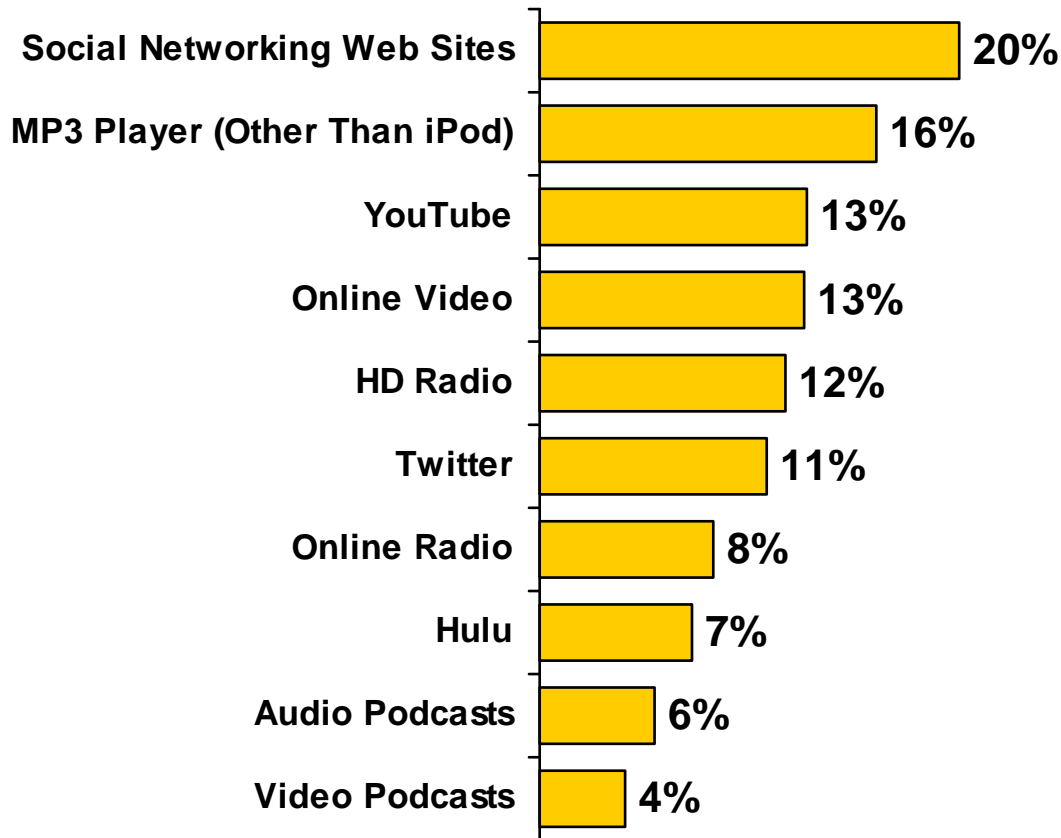
Cell Phones and Broadband Internet Have the Most Impact on the Lives of Their Users

% Who Say Platform/Device Has a “Big Impact” on Their Lives



Few Users Report Audio/Video Podcasts Having a Big Impact on Their Lives

% Who Say Platform/Device Has a “Big Impact” on Their Lives (cont.)

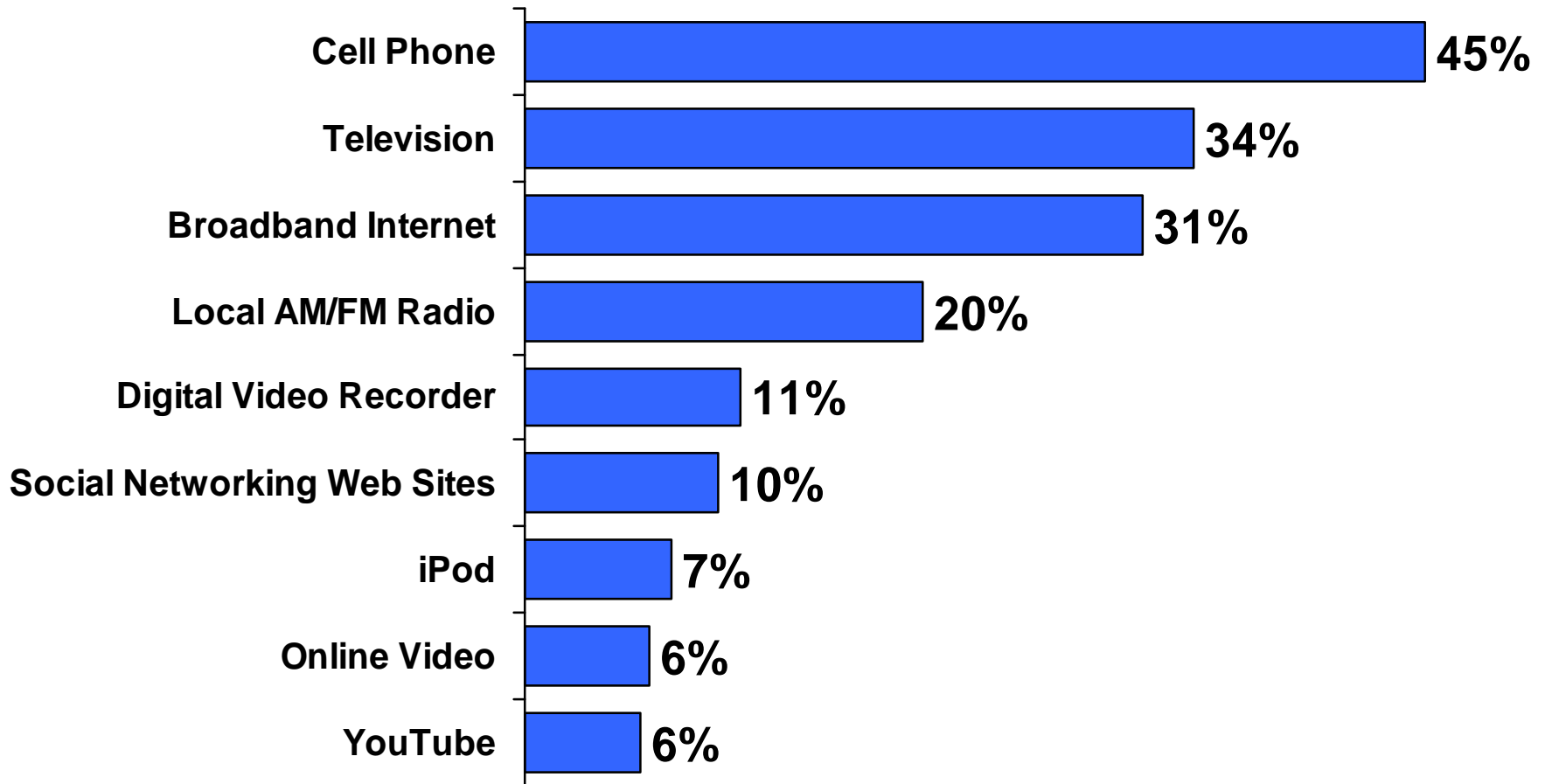


“How much of an impact on your life has (platform/device) had?”

(“5” = “Big Impact”; “1” = “No Impact at All”)

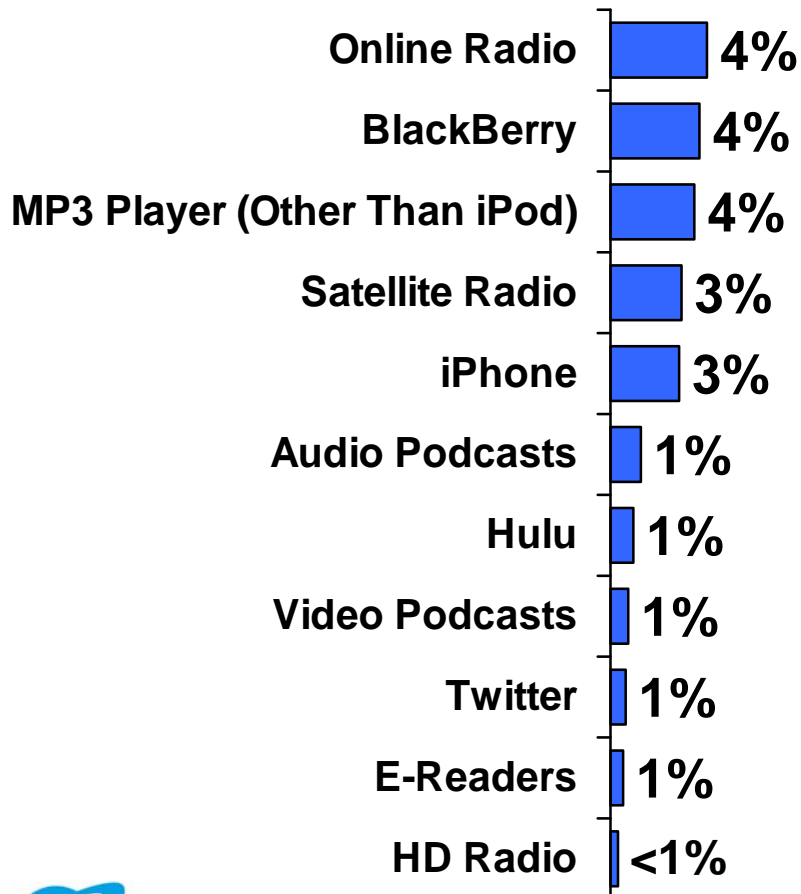
Cell Phones, Television and Broadband Internet Have Greatest Total Impact on Americans' Lives

Total Impact = (% Big Impact on Life) X (% Who Use/Own)



Several Emerging Devices/Media Have Not Yet Broken Through in Terms of Total Impact

Total Impact = (% Big Impact on Life) X (% Who Use/Own) (cont.)



Implications



Social Networking Is Now a Mainstream Behavior and Facebook Is an Essential Platform

- » With the majority of online Americans having social networking profiles, radio stations must incorporate social networking content to remain relevant
 - Facebook is already the "start page" for many Americans under age 45
 - Older age groups experienced triple digit growth in social network adoption, and are sharing video—and audio—content with younger users
 - Radio stations should create unique and “share-worthy” content to facilitate trial and discovery
 - People connect with people—not “stations”

Broadband Access Has Leveled and Growth Has Stabilized for Some Digital Platforms

- » Home Internet access has been relatively stable for the past few years and residential broadband access has also leveled off
- » The rapid rise of many digital platforms was accompanied by the rise of residential broadband
- » Little year-to-year growth for digital platforms (e.g., audio and video streaming, podcasts, etc.)
- » Expanded use of mobile devices and in-car Internet may spark the next wave of growth
- » With the "supply" of broadband remaining relatively static, online audio platforms need to focus on content-driven demand to earn continued growth

Significant Signs of Demand For Listening to Online Radio In-Car

- » Although consumers often have to deal with myriad adapters and other barriers to in-car listening, 54% of iPod/MP3 player owners have listened to their device in their cars—and many make this a daily habit
- » Six percent of mobile phone owners have already streamed audio through their phones and played it through their car speakers
- » The current adoption of online radio listening in-car is remarkable considering how hard consumers have to work at it today
- » These data suggest that ultimate demand is likely to be higher once the process is simplified

New At-Home Opportunities for Radio's Digital Future

- » With 45% of Americans owning two or more computers, more households have easy access to digital audio streams in multiple rooms
- » A staggering 62% of home Internet users maintain Wi-Fi networks; most Americans have the ability to stream digital audio in any room in their homes as more and more devices and phones feature built-in Wi-Fi
- » As the ability for seamless in-home Internet audio consumption becomes mainstream, content providers should be mindful of the tremendous at-home opportunity for all forms of audio and consider alternate programming built around the context of at-home activities

Younger Consumers Are Eager to Take Radio With Them In-Car and on Mobile Devices

- » Young consumers take their music and entertainment with them and radio should find ways to go with them
 - 59% of mobile phone-owning 12-24s already listen to music on their phones
 - 41% of 12-24s who own mobile phones say they would listen more to FM radio if a tuner were built into those phones
 - 28% of 12-24s are very interested in listening to online audio on their mobile devices
 - 30% of 12-24s are very interested in listening to online audio in-car

Internet Audio Platforms Must Offer More Than "Convenience" to Grow

- » For online radio, audio podcasts and other digital audio platforms the “impact on people’s lives” lags usage
- » Today’s digital consumers have a wide range of choices to listen to music and therefore online audio providers must do more than simply repurpose content to avoid commoditization and build relevance

The Vast Majority of Podcast Listening Continues to Be Tethered to the Desktop

- » Audio podcast producers should market the ability to consume podcasts in cars and on-the-go
- » Because audio podcasts can be listened to in environments where video consumption is either impossible or undesirable, emphasizing the portable nature of podcasts may push growth as consumers become increasingly trained to take podcasts with them on digital audio players and mobile phones

Consumers Say Radio Web Sites Are Improved but TV And Print Sites Are Leading the Local Battle

- » When asked which local media Web sites they used in the past month, 16% indicated visiting a local radio station Web site, compared to 27% for both local TV and Newspaper sites
- » However, 48% say that radio station Web sites have gotten more interesting, compared to 17% believing them to be worse or less interesting
- » Radio station Web sites need to innovate continuously to seize the local Internet opportunity

The Internet Is Catching Up to Radio for How Americans Discover Music

- » Overall, four in 10 Americans say radio is how they hear about new music compared with two-thirds in 2002
- » However, the Internet has surpassed radio for how young Americans discover new music by nearly a two-to-one margin

Americans Continue to Hold Radio in Relatively High Regard

- » Three-quarters of Americans expect they will listen to as much AM/FM radio in the future despite advancements in technology
- » Radio continues to be perceived as central to people's lives, especially when contrasted with the precipitous decline by other traditional media
- » Radio can leverage the goodwill it has with the consumer to stay relevant as technology changes

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