

Arbitron/Edison Media Research

Internet and Multimedia 12:

The Value of Internet Broadcast Advertising



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Overview

Welcome to the 12th Arbitron/Edison Media Research Study of consumer use of Internet broadcasting, the Internet and digital media. This study contains brand-new data from interviews conducted in January 2004. Arbitron and Edison Media Research have conducted these studies every six months since August of 1998. Over the past six years, this research series has become one of the most widely used sources of information of Internet broadcasting, Internet usage and consumer perceptions of media.

The audience for radio and video broadcasting over the Internet has grown substantially in a very brief period of time. The phenomenon is akin to the rise of FM radio in the 1970s and cable TV in the 1980s. In this study, we will focus on the characteristics and advertising value of this important audience.

Internet broadcast consumers (known as “Streamies”) are the true “ultra-core” of the Internet: They spend more, are more eager to try new products and services, and are a compelling advertising target. Monthly users of Internet broadcasts represent a quarter of those online, yet they account for 43% of all time spent online and 42% of estimated online expenditures.

This report outlines key findings detailed in a point-by-point manner and also includes recommendations. In addition, several appendices with detailed data comparisons are included to enhance the reader’s understanding of how American consumers use Internet broadcasting and new media.

How the Study Was Conducted

A total of 2,290 people were interviewed to investigate Americans’ use of the Internet, Internet broadcast and media. From January 14 to February 5, 2004, telephone interviews were conducted with respondents age 12 and older chosen at random from a national sample of Arbitron’s Fall 2003 survey diarykeepers.

Definition of Terms

Throughout this summary we will refer to the following terms:

Streamies: People who have ever listened to or watched Internet broadcasts

Monthly Streamies: People who have listened to or watched Internet broadcasts in the last month

Weekly Streamies: People who have listened to or watched Internet broadcasts in the last week

Internet radio: Over-the-air radio station programming rebroadcast on the Internet or audio programming available exclusively on the Internet



Significant Highlights

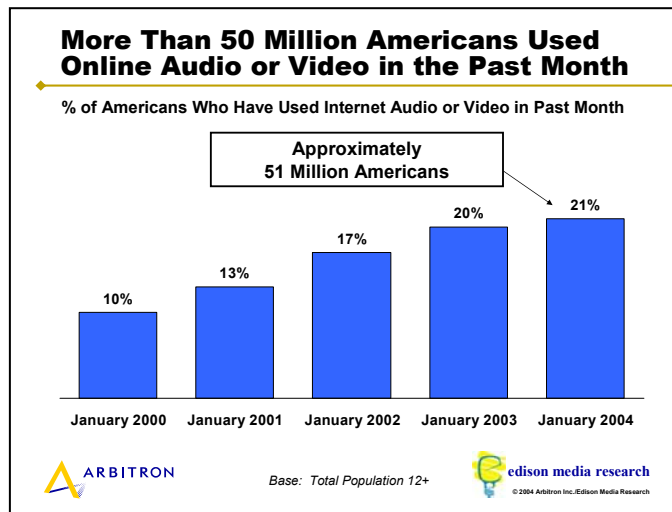
- **The estimated number of Americans who have used Internet broadcasts in the past month was 51 million people as of January 2004.** Twenty-one percent of Americans say they have watched Internet audio or video in the past month. Overall, 44% of Americans (108 million) age 12 and older say they have tried Internet broadcasting at least once.
- **The estimated weekly Internet broadcast audience is 30 million, or 13% of all Americans.** The Internet broadcast audience continues to grow, becoming more of a regular habit among online Americans.
- **Consumers are increasingly using spam-, pop-up- and banner-blocking programs on their home and work computers.** Forty-two percent of all Internet users have ad-blocking software on their home and work computers. Sixty-three percent of the weekly Internet radio and video audience use such technology.
- **Internet radio is the “soundtrack” for online shopping.** Forty-two percent of the Internet audio audience say they have listened to Internet radio while shopping or researching a product/service online.

Key Findings

A. Internet Broadcast Audience Trends

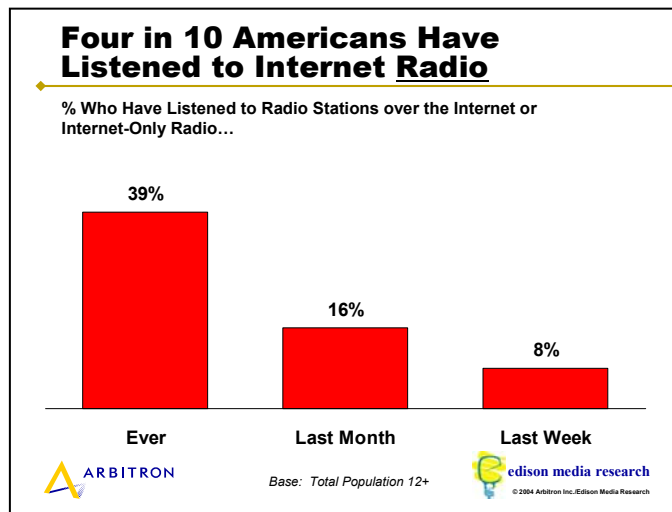
Internet Radio and Video

1. In four years, the monthly Internet audio and video audience has doubled from 10% to 21% of all Americans, representing 51 million consumers. In January 2000, 10% of all Americans had watched Internet video or listened to Internet radio/audio in the last month. As of January 2004, 21% of all Americans watch or listen to Internet broadcasting monthly.



Internet Radio

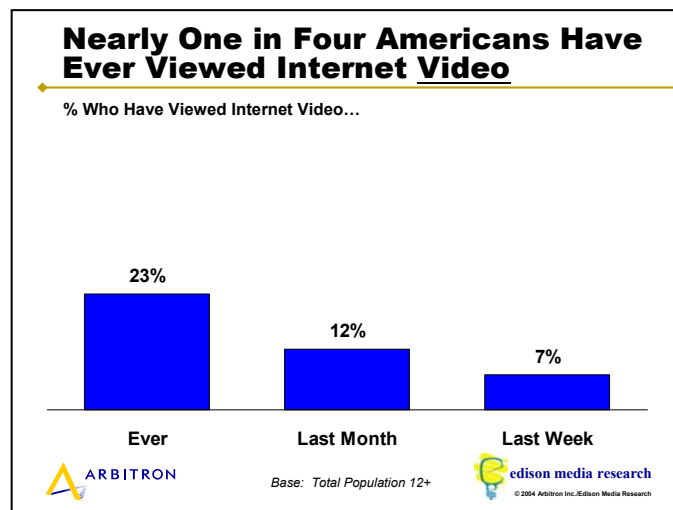
2. Four in 10 Americans have tried Internet radio. Thirty-nine percent of Americans have ever listened to online broadcasts of over-the-air radio stations or stations available only on the Internet.



- 3. The monthly Internet radio audience represents approximately 38 million Americans, and the weekly audience represents nearly 19 million Americans.** In August 1998, only 18% of the entire population were even aware of Internet radio. As of January 2004, 16% of Americans say they have listened to Internet radio in the last month and 8% have listened in the past week.
- 4. The average Internet radio consumer spends approximately five hours a week with the medium.** According to Arbitron's detailed analysis of Internet broadcast log files and listening behavior, the vast majority of Internet radio is consumed during the workday. Since 2000, the average weekly time spent listening to Internet radio has averaged between five and six hours a week.

Internet Video

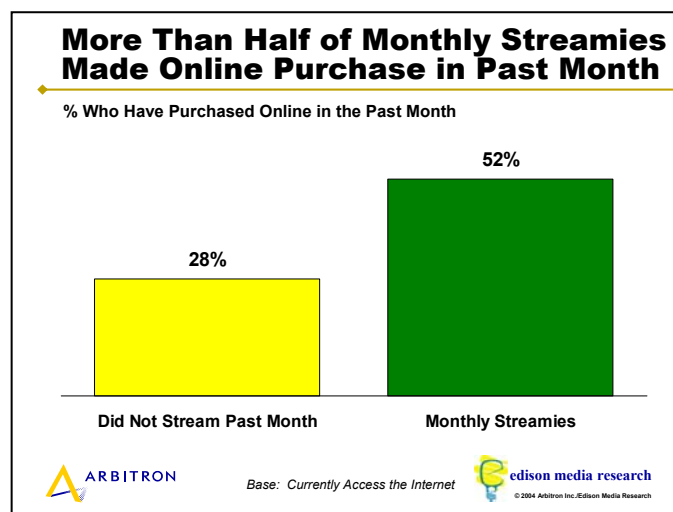
- 5. Nearly one in four (23%) of Americans say they have ever viewed video over the Internet.** Twelve percent of Americans have watched Internet video in the last month, and 7% have watched in the last week.



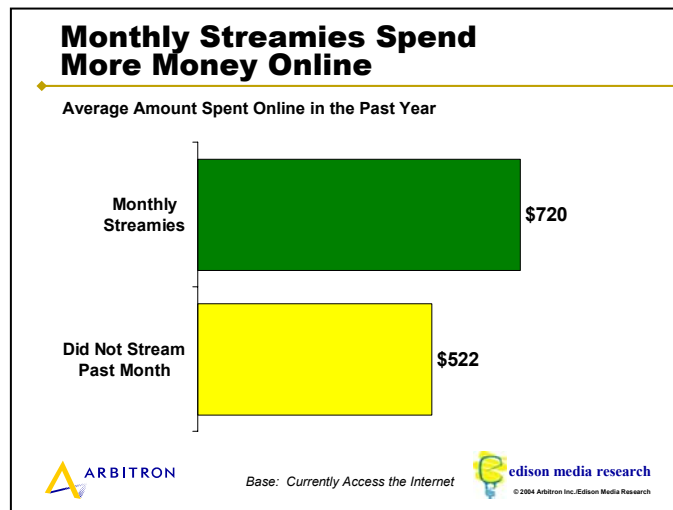
6. **From January 2000 to January 2004, the percentage of Americans who have viewed Internet video in the last month has increased from 7% to 12%.** Over the same period of time, the proportion of Americans who have watched video online in the last week grew from 2% to 7%.
7. **Nearly three-quarters of those who regularly watch Internet video have residential broadband Internet access.** Among those who have viewed Internet video in the last week, 72% have residential broadband. More than four in five weekly Internet video consumers (81%) have broadband either at home or in the office.

B. The Value of Internet Broadcast Advertising

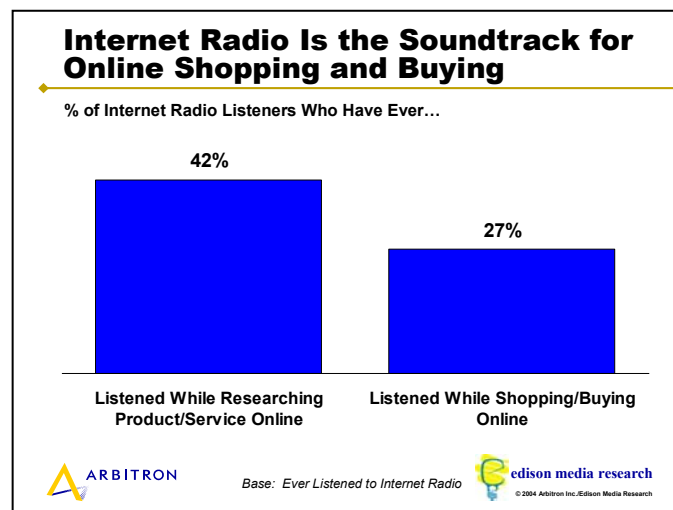
8. **The size of the Internet broadcast audience exceeds most observers' expectations.** The monthly Internet radio audience is eight times greater than that of the two satellite radio broadcasters combined. Currently, 2% of all Americans say they subscribe to either Sirius or XM, the nation's two satellite paid-subscription radio services. Sixteen percent of Americans say they have consumed Internet audio in the last month. Including those who have watched online video, the monthly audience for Internet broadcasting (radio and video combined) is 51 million, or 21% of Americans.
9. **The monthly Internet broadcast audience represents 26% of all Internet users but 43% of all time spent online.** Those who consume monthly Internet broadcasts say they spend an average of 12 hours 4 minutes online per week compared to 5 hours 45 minutes for those online who do not use Internet broadcasting.
10. **Fifty-two percent of monthly Internet broadcast consumers have purchased online in the last month versus only 28% for nonmonthly Internet broadcast consumers.** In addition, twice as many monthly Internet broadcast consumers have made a purchase online in the past week (22%) compared to those who do not regularly consume Internet broadcasts (11%).



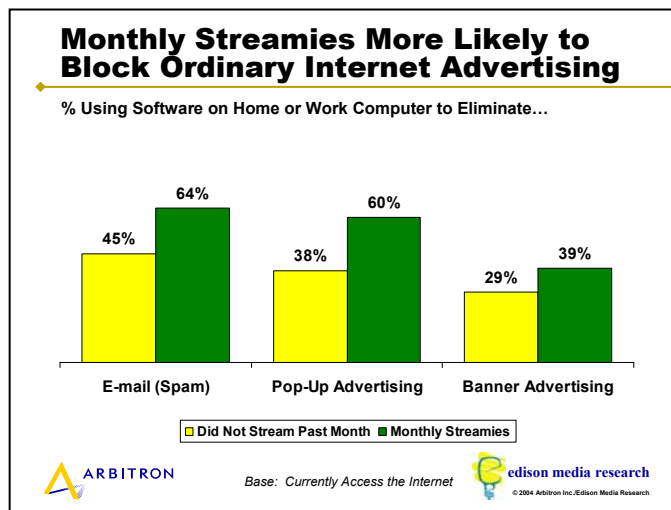
Those who listen or watch Internet broadcasts also spend more money online. The monthly Internet broadcast audience spent an average of \$720 in the last year compared to an average of \$522 spent online among those who don't watch or listen online.



11. Internet radio is the soundtrack and point-of-purchase advertising medium for online shopping and buying. Forty-two percent of Internet audio listeners say they have listened to Internet radio while researching a product or service online, while more than one-quarter of Internet audio listeners (27%) listen to Internet radio while shopping and purchasing online. Advertisers who follow the “Recency” theory of media planning (espoused by noted media researcher Erwin Ephron, www.ephrononmedia.com) recognize the importance of advertising that “gets the last word” before a consumer purchase. Internet radio offers advertisers “the last word before the sale” for those who research products and make purchases online.



- 12. The Internet broadcast audience is more likely to use software to block banner ads, spam and pop-up advertising.** Six in 10 monthly Internet broadcast consumers (60%) say they use pop-up–blocking software on their home or work computers, compared to only 36% and 39% of non-Internet broadcast users, respectively. Nearly two-thirds of the people who tune to Internet broadcasts use programs to block spam (64%), and 39% block Internet banner ads. Traditional broadcast commercials inserted directly into online programming are not affected by these technologies and may prove to be an effective way to reach this audience.



- 13. Running an Internet broadcast advertising schedule for at least one month can potentially double the reach of the campaign.** Fifty-one million Americans, or 21% of the U.S. population, used Internet radio or video in the last month while 30 million, or 12% of Americans, have done so in the last week. Thus, advertisers who run Internet broadcast advertising schedules for at least a month can help maximize the reach of their campaign.

C. The Profile of the Internet Broadcast Audience

Twenty-six percent of Internet users consume Internet audio and video on a monthly basis. Below we will contrast the profile of these 51 million Americans compared with the 144 million Internet users who do not access Internet broadcasts. The differences are striking.

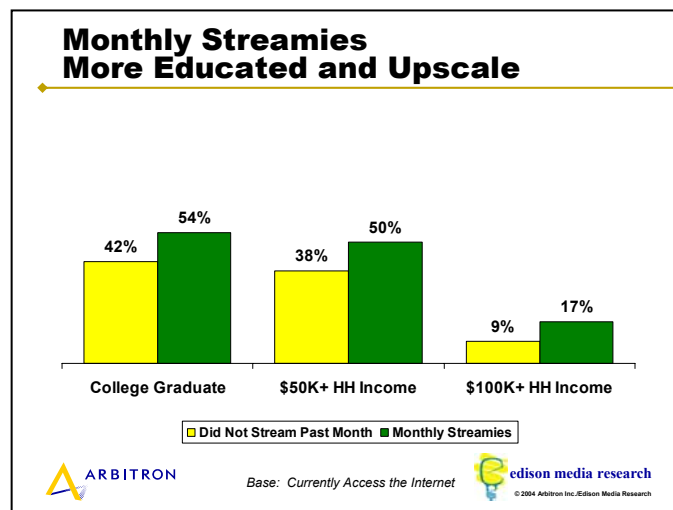
- 14. Monthly Internet broadcast consumers are more likely to be male (60%) while those Internet users who do not regularly stream are more likely to be female (56%).** Advertisers wishing to target men who are hard to reach with many traditional media should consider Internet broadcasts. One-third of all online American men regularly consume Internet audio and video.

15. Monthly Internet broadcast consumers are distributed nearly evenly from age 12 to 54, while those who do not stream tend to be older (25 to 64). The chart below depicts the audience composition of Americans who regularly consume Internet audio and video and those Internet users who do not use Internet broadcasts.

	Monthly Internet Broadcast Consumers (21% of U.S. Population)	Internet Audience Who Do Not Regularly Listen or Watch Internet Broadcasts (59% of U.S. Population)
12-17	16%	12%
18-24	16%	8%
25-34	21%	17%
35-44	19%	22%
45-54	17%	19%
55-64	7%	12%
65+	3%	9%

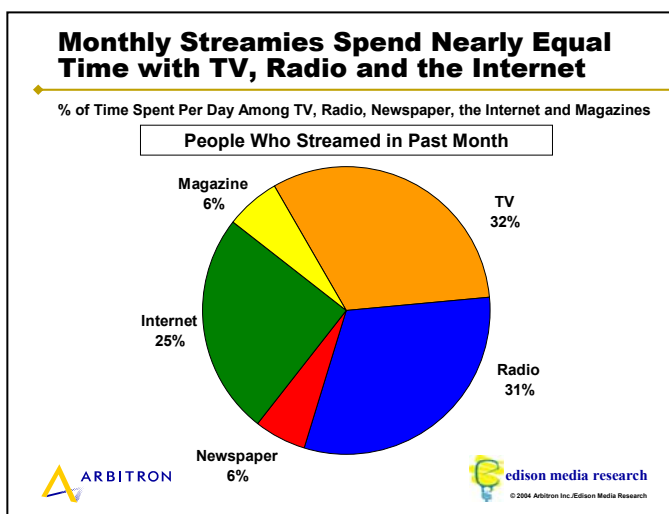
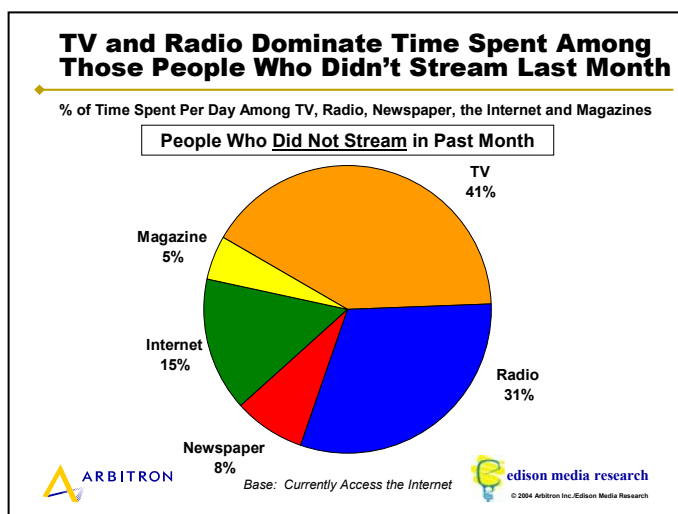
While the overall Internet broadcast segment is 26% of those online, it delivers a high concentration of persons in the 12- to 34-year-old demographic. Advertisers seeking to target these consumers should give Internet broadcast serious consideration.

16. Monthly Internet broadcast consumers are more educated and upscale compared to the rest of the Internet population. Fifty-four percent of monthly Internet broadcast consumers have at least a college degree versus 42% for those who do not regularly consume streaming media. Fifty percent of monthly Internet broadcast consumers have an annual household income of \$50K+ compared to 38% for the rest of Internet users. Seventeen percent of Internet broadcast consumers have an annual household income of \$100K+ versus 9% for the remaining Internet audience.



17. Those who regularly consume Internet broadcasts spend more overall time with media compared to Internet users who don't. People who tuned to Internet broadcasts in the past month say they spent 8 hours 45 minutes per day with all media combined, compared to 7 hours 34 minutes for those who have not used Internet broadcasts in the past month.

18. People who listened or watched online in the last month spend nearly equal time with TV, radio and the Internet. The Internet broadcast audience divides their time nearly equally among television (32%), radio (31%) and Internet (25%). Internet users who do not access broadcasting online devote more of their media time spent to television (41%) compared to the Internet (15%). Thus, advertisers who spend the vast majority of their marketing budgets in TV may not be as successful in getting their message heard by the 21% of Americans who regularly consume Internet broadcasts.



19. Monthly Internet broadcast users are more likely than those who do not regularly use Internet broadcasts to have a TV and an Internet connection in the same room of their house. Fifty-five percent of regular users of Internet broadcasting say they have a TV and Internet in the same room of their house compared with 39% among Internet users who did not tune to Internet broadcasting in the past month. Twice as many Internet broadcast consumers (23%) say they “frequently” use both the Internet and watch TV at the same time in the same room, compared to the rest of those online (12%).

20. The Internet broadcast audience is more likely to have broadband Internet access at home and at work. Among Internet broadcast consumers, 52% have broadband at home compared to only 23% of Internet users who do not use Internet broadcasts. Eight in 10 Internet broadcast consumers have broadband at work compared to 58% of the rest of those online.

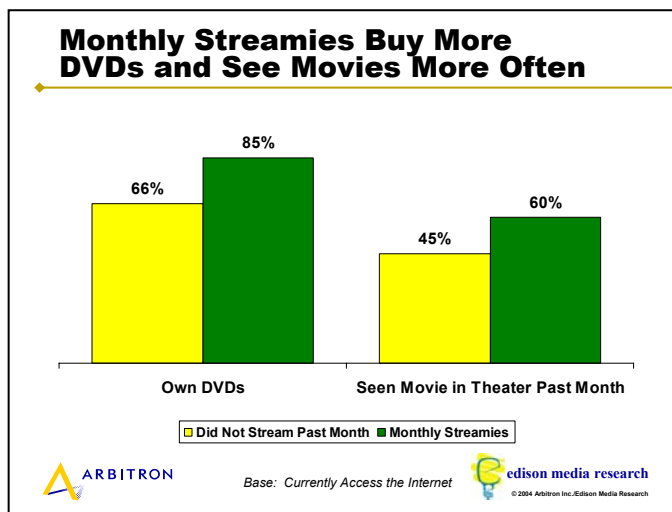
21. The Internet broadcast audience is far more likely to have multiple computers in their house. Nearly half of Internet broadcast consumers have two or more PCs in the house compared to only one-quarter (27%) of Internet users who do not listen or watch Internet broadcasts.

22. Internet broadcast users are more involved with today's communication and media technologies such as audio entertainment, DVD, cell phones, messaging and video games. The chart below shows that Internet broadcast consumers are very involved with today's media and communication technologies.

	Monthly Internet Broadcast Consumers <i>(21% of U.S. Population)</i>	Internet Users Who Did Not Tune to Internet Broadcasts in Past Month <i>(59% of U.S. Population)</i>
Played video games in past 24 hours	21%*	12%*
Talked on cell phone in past 24 hours	58%	46%
Watched DVDs/videos in past 24 hours	35%	26%
Listened to music other than radio in past 24 hours	58%	39%
Heard about HDTV/digital TV	84%	68%
Ever viewed HDTV/digital TV	50%	34%
Heard of TiVo	77%	56%
Own TiVo	4%	2%
Plan to buy TiVo	10%	3%
Interested in satellite radio	37%	23%
Heard of XM satellite radio	66%	40%
Heard of Sirius satellite radio	46%	28%
Frequently use Instant Messaging	31%	9%

***How to read:** Twenty-one percent (21%) of the monthly Internet broadcast users played video games in the past 24 hours vs. 12% among those who did not listen or watch online in the last month.

23. The Internet broadcast audience buys more DVDs and sees movies in the theater more often. Increasingly, music and movie advertisers have turned to the Internet to reach consumers. These findings suggest that advertising budgets for consumer entertainment should also include Internet broadcasts. Eighty-five percent of Internet broadcast consumers own DVDs compared to 66% of the rest of the Internet users. DVD collections of Internet broadcast users are also more extensive compared to nonusers (average of 39 DVDs owned vs. 28 DVDs). Internet broadcast consumers are also more likely to have seen a movie in a theater in the past month (60%) compared to Internet users (45%) who do not regularly use Internet broadcasts.



24. The Internet broadcast audience is more likely to buy and try new products and services. Advertisers promoting new products and services should consider Internet broadcasts. Twenty-eight percent of Internet broadcast consumers say they are first to try new products and services compared to only 17% of the rest of Internet users. Nearly half of Internet users who do not use Internet broadcast (49%) say they are the last to try new products and services.

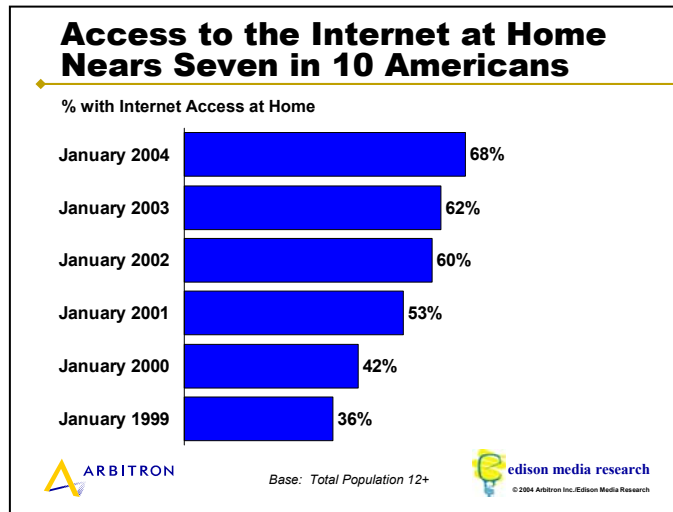
Consumer Adoption Scale

	Monthly Internet Broadcast Consumers (21% of U.S. Population)	Internet Users Who Did Not Tune to Internet Broadcasts in Past Month (59% of U.S. Population)
Buy and try new products and services <u>before</u> others/ <u>among the first</u> to buy and try	28%	17%
Buy and try products and services at the <u>same time</u> as others	36%	39%
Buy and try new products and services <u>after</u> others/ <u>usually the last</u>	32%	49%

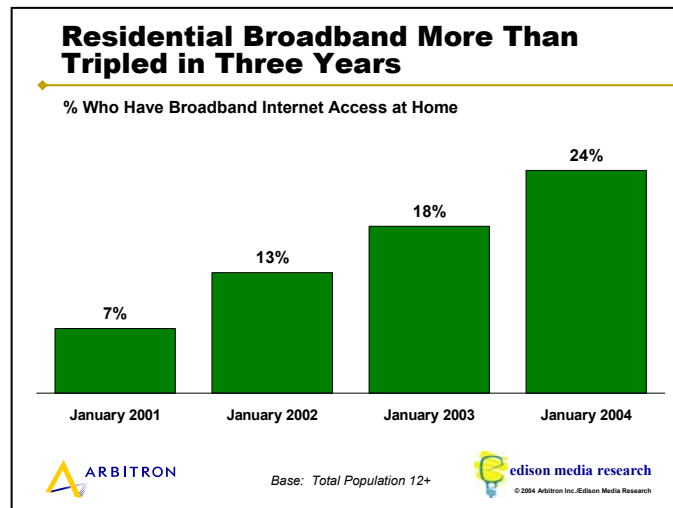
25. Internet broadcast consumers are Internet diehards. Consumers were asked a “devil’s alternative” question: “If you could only keep the Internet or TV, which would you keep?” This hypothetical choice is useful in gauging the degree of passion consumers have for a medium. Sixty-one percent of Internet broadcast consumers say they would eliminate TV and keep the Internet. Only 35% of Internet users who do not regularly consume Internet broadcast said they would eliminate TV and keep the Internet.

D. Internet Usage Trends

26. Internet access continues to increase both at home and at the workplace. In August 1998, 25% of Americans accessed the Internet at home and 12% accessed the Internet at work. As of January 2004, at-home Internet use is 68% and Internet use at work stands at 32%, while 73% of Americans access the Internet either at home or at work. When locations such as school, college or public library are included, the proportion of Americans with Internet access rises to 79%.



27. Residential adoption of broadband approaches nearly one in four Americans. In January 2001, 7% of Americans indicated they had broadband Internet access at home. That figure has risen steadily. In January 2004, 24% of Americans indicated they have residential broadband access.



28. Most Americans who have residential broadband use a cable modem. DSL use, however, has been increasing. Among those with broadband Internet access at home, 55% use cable modem service and 41% use DSL. Over the last year, the proportion of those with cable modem service decreased slightly (59% in January 2003 to 55% in January 2004), while those with DSL grew from 34% in January 2003 to 41% in January 2004.

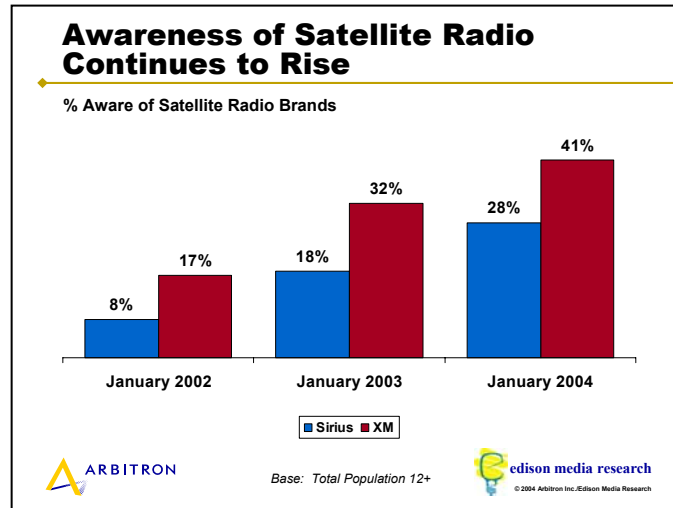
29. The Internet broadcast audience is more likely to access the Internet via broadband. As broadband penetration has grown over the last five years, so has consumption of Internet audio. People with broadband at home are far more likely to use Internet audio and video. Overall, among those with Internet access at home, 37% access the Internet via broadband. Among Internet broadcast consumers, residential broadband penetration rises to 57% and to 63% among weekly Internet broadcast users.

The presence of broadband in the workplace is more prevalent among those who are regular Internet broadcast consumers. Among weekly Internet audio and video users, 83% access Internet at work via broadband.

30. Overall, Internet use is becoming more habitual. Two-thirds of Americans say they have used the Internet in the past week. In July 2001, 52% of the 12+ population had used the Internet in the past week. In January 2004, two-thirds of Americans (66%) have used the Internet in the last week. Over the last several years, those who access the Internet estimate they spend approximately seven to eight hours per week online. Among those with broadband connections, estimated time spent online per week increases to over 10 hours.

E. Satellite Radio

- 31. Awareness of both satellite radio providers, XM and Sirius, has grown substantially since 2002.** XM and Sirius have been marketing aggressively to consumers during the past few years. From January 2002 to January 2004, aided awareness of XM has grown from 17% to 41%, and awareness of Sirius satellite radio has increased from 8% to 28%.

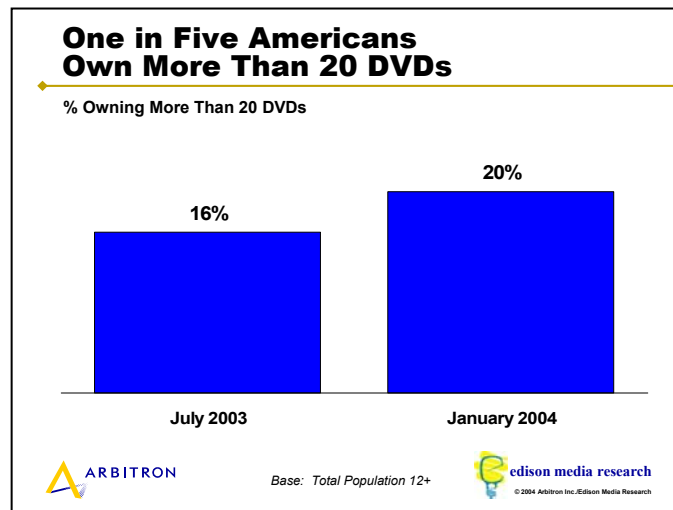


- 32. An estimated 5 million Americans say they are “very likely” to subscribe to either Sirius or XM satellite radio in the next 12 months.** Two percent of Americans indicate that they are “very likely” to subscribe to a satellite radio service in the next 12 months, and an additional 12% say they are “somewhat likely” to do so.

F. New Digital Devices and New Media Technologies

33. The 2003 holiday season saw a strong gain in the percentage of Americans who own DVDs.

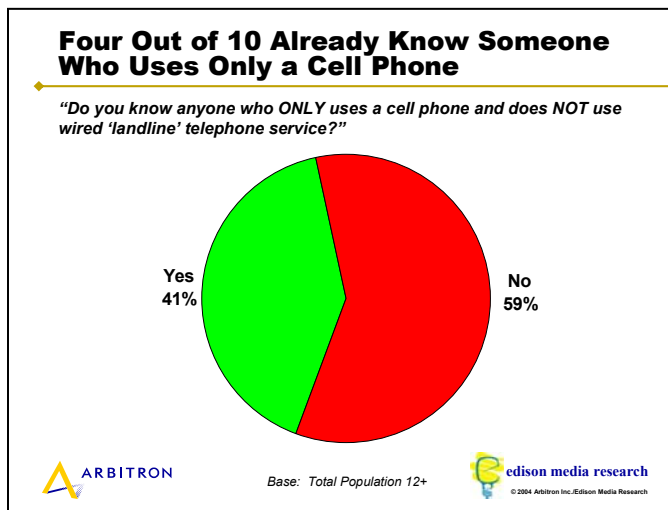
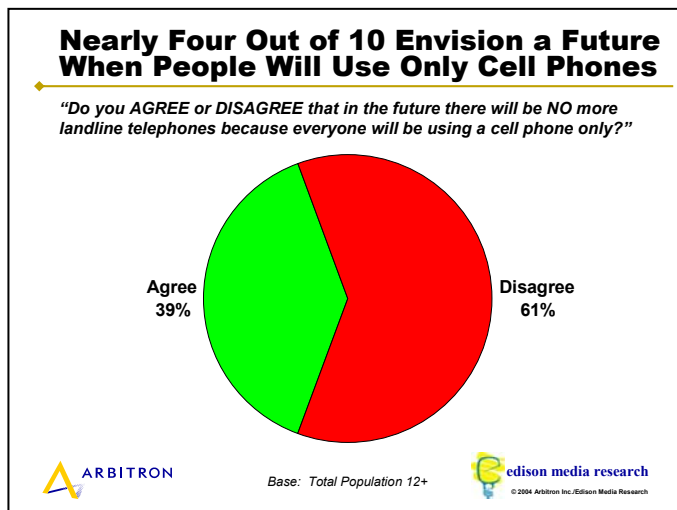
In July 2003, 56% of Americans said they personally owned DVDs. As of January 2004, 64% now own DVDs. The average number of DVDs owned has grown from 16 in July 2003 to 19 in January 2004. The average number of DVDs purchased in the last 12 months is six. In addition, one in five Americans own more than 20 DVDs



34. Consumer awareness and exposure to HDTV or digital television has increased. Today, there are a lot of “digital” concepts being introduced in the consumer video marketplace. In addition to digital cable, there are digital TV sets, over-the-air digital broadcasts, etc. The proportion of Americans who have seen or heard about “HDTV or over-the-air digital television” has grown from 55% in January 2003 to 67% in January 2004. The number of Americans who have viewed an HDTV or digital television set has increased from 30% one year ago to 33% today.

35. More than half (55%) of all Americans are aware of TiVo. Two percent of Americans indicate they own a TiVo, and 4% say they intend to purchase a TiVo in the next 12 months.

36. Nearly four in 10 Americans envision a day when most telephone communication will occur solely via cell phone. Thirty-nine percent of Americans agree that “in the future there will be no more landline telephones because everyone will be using a cell phone only.” Forty-one percent of Americans know someone who only uses a cell phone and does not use wired landline telephone service.



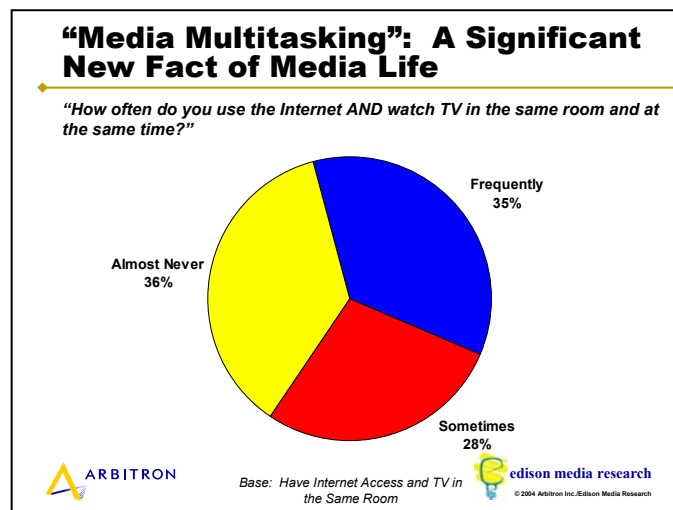
37. Twelve percent of all Americans say they are “very interested” in listening to Internet radio via a small portable device. Among regular consumers of Internet broadcast audio, one in five say they would be “very interested” in listening to Internet radio on a form of CD Walkman® or cell phone. It is clear that as new generations of wireless broadband arrive on the scene, consumers who have been “chained” to the PC for Internet broadcasts will move to portable forms.

G. New Views on Traditional Media

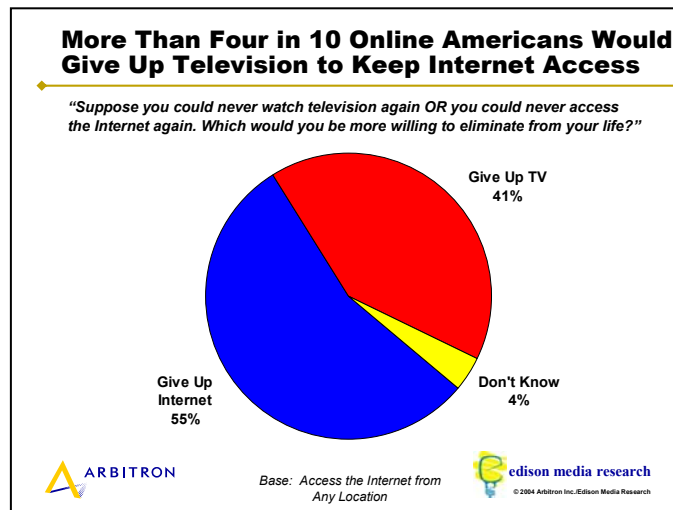
38. Watching television outside the home adds an estimated 14% to U.S. television time spent viewing. On average, Americans say they personally consumed 3 hours 26 minutes of television at home in the past 24 hours. When probed for their viewing outside the home in the past 24 hours, the average American says they spent approximately one half-hour viewing TV outside their home. This is a 14% increase in their overall time spent viewing TV. The location where the most out-of-home viewing occurs is “at someone else’s home.” In the past 24 hours, the average 12- to 24-year-old reported having watched nearly one hour of television outside the home. Reporting only in-home (and not out-of-home) TV viewing among 12- to 24-year-olds underestimates total time spent viewing TV in the past 24 hours by approximately 35%.

The ability to capture viewing behavior outside the home is one of many reasons Arbitron is using Portable People Meter (PPM) technology to measure electronic media. The PPM is a cell-phone-sized device that clips to a belt or fits in a purse and captures the electronic media consumers are exposed to both inside *and* outside the home. Companies in countries around the world have tested the device, which has shown an increase in overall television viewing levels compared to the traditional at-home push-button set-top people meter.

- 39. Twelve percent of all Americans say they “frequently” use the Internet and watch TV in the same room at the same time.** The “media multitasking” phenomenon is becoming an increasing fact of life. Among those with Internet access at home, one in two say they have both an Internet connection and a TV in the same room. Among those consumers, 35% say they “frequently” use the Internet and watch TV in the same room at the same time. Expressed as a percentage of Americans, 12%, or approximately 29 million, say they frequently go online and watch TV simultaneously. Among younger, 12- to 24-year-old consumers, this media multitasking is even more pronounced, with 36% frequently surfing the Internet and watching TV at the same time.



40. If given the choice, 41% of online Americans would eliminate television from their lives to keep Internet access. We asked online Americans what they would do if given the choice of only keeping the Internet or television. While this question is purely hypothetical, it indicates the passion and importance many Americans place on the Internet as the source of community, information and communication. More than four in 10 (41%) online Americans say they would keep the Internet and eliminate television. Many 12- to 24-year-olds are now satisfying their media habits through the Internet. Therefore, it is not surprising to find that a larger proportion of online 12- to 24-year-olds (54%) say they would keep the Internet and eliminate television.



41. Three in 10 cell phone owners say they are likely to take advantage of “number portability” to switch cellular service providers within the next 12 months. Slightly more than one in 10 (11%) indicate they are “very likely” and 19% say they are “somewhat likely” to keep their current cell number while switching service providers within the next 12 months. Cellular service providers have an opportunity to use Internet broadcasting to target consumers who are more likely to use a cell phone and switch cellular providers. Seventy percent of monthly Internet broadcast consumers have a cell phone, compared to only 62% of those who do not regularly use Internet broadcasts. In addition, 16% of monthly Internet broadcast consumers who own cell phones say they are “very likely” to switch cell phone companies in the coming year.

Recommendations

- 1. Advertisers should run audio and video advertising to get the attention of people who are shopping or researching products online.** The Internet broadcast audience is a very special, highly focused group of consumers. Commercials inserted into online programming will get their attention just as the purchase decision is forming.
- 2. Use Internet broadcasting to reach the hard-to-reach young male audience.** In a world of TiVo, pop-up/banner blockers, video games and DVDs, Internet broadcasting is a highly effective way to reach, or increase frequency with, the hard-to-reach males 18 to 34 years old.
- 3. Internet broadcasters need to generate publicity for their industry and promote the quality of their audience.** Internet broadcast advertising delivers significant value, and leading broadcasters need to let advertisers and agencies know about it. The major Internet broadcast brands such as AOL and Yahoo! Launch have organized their broadcast sales efforts and are ready to accept advertising campaigns. With the formation of the first industry Internet broadcast sales representation firms of Adsertion (www.adsertion.com) and Ronning/Lipset Radio (www.rlradio.com), the industry is poised to become a viable new advertising opportunity.
- 4. Movie studios in particular should promote their new movies using Internet broadcasting.** Online movie trailers are an exceptionally compelling advertising vehicle, because the people who have watched online trailers see far more movies and buy more DVDs than the average consumer. Also, people who saw five or more movies in the past few months turn first to the Internet for information about the movies. Therefore, the movie studios should adjust their media plans to place more emphasis on the Internet.
- 5. Cellular service providers have a timely opportunity to target consumers who plan to take advantage of “number portability” in the coming year.** Of those online who own cell phones and are “very likely” to take advantage of “number portability” in the next 12 months by switching cell phone providers, 40% are monthly Internet broadcast users. Advertising on Internet broadcasts is an efficient and timely strategy to reach those currently considering switching cell phone providers.
- 6. Advertisers should use Internet broadcasting to reach those most likely to be first to buy and try new products and services.** As we have shown in our past reports, there is a strong correlation between Internet broadcast consumption and the tendency to be on the cutting edge of trying and buying new products and services. These “early adopters” are a valuable target audience because they are opinion leaders who often influence others. If an advertiser makes a positive impression on this leading-edge consumer segment, these early adopters might help spread the word.
- 7. Advertisers should use Internet broadcasting to reach the increasing number of consumers who try to block online advertising.** Internet broadcast ads are the antidote to software that works to eliminate pop-ups, banners and spam from the online experience. Commercials inserted directly into online programming are not affected by ad-blocking programs, nor can the user fast-forward through the commercial. Internet broadcasting may prove to be the most reliable way to reach these tech-savvy consumers.

Appendix A

The Current State of Internet Broadcasting (Streaming)

January 2004

Those who have ever listened or watched online

- 108 million Americans
 - 44% of U.S. population 12+
 - 55% of those online
 - 45% have broadband Internet access at home
 - 1 hour 52 minutes per day of total time spent online
-

Those who have listened or watched online in the last month

- 51 million Americans
 - 21% of U.S. population 12+
 - 26% of those online
 - 56% have broadband Internet access at home
 - 2 hours 26 minutes per day of total time spent online
-

Those who have listened or watched online in the last week

- 30 million Americans
 - 12% of U.S. population 12+
 - 15% of those online
 - 62% have broadband Internet access at home
 - 2 hours 38 minutes per day of total time spent online
-

Appendix B

Profile of the U.S. Population, Internet Users and Streamies

	U.S. Population	Internet Users <i>(79% of U.S. Population)</i>	Total Streamies <i>(44% of U.S. Population)</i>	Last-Month Streamies <i>(21% of U.S. Population)</i>	Last- Week Streamies <i>(12% of U.S. Population)</i>
Demographics					
Men	47%*	48%	54%	60%	67%*
Women	53%	52%	46%	40%	33%
12–17	11%	13%	14%	16%	14%
18–24	10%	10%	14%	16%	18%
25–34	16%	18%	22%	21%	23%
35–44	20%	21%	21%	19%	18%
45–54	18%	19%	17%	17%	16%
55–64	12%	11%	8%	7%	8%
65+	14%	8%	4%	3%	2%
Employed part/full time	59%	64%	66%	64%	64%
Retired	17%	11%	7%	6%	5%
Student	14%	16%	19%	22%	23%
Homemaker	6%	5%	4%	4%	4%
Unemployed	4%	3%	4%	4%	4%
\$50K+ HH income	34%	41%	46%	51%	51%
White	72%	73%	71%	74%	74%
African-American	11%	10%	11%	11%	9%
Hispanic/Latino	11%	9%	10%	9%	10%
At-home Internet connection					
Broadband	-	36%	38%	48%	54%
Dial-up	-	59%	59%	48%	42%
Plan to get broadband at home in next 12 months	-	22%	29%	35%	32%

***How to read:** Forty-seven percent (47%) of the U.S. population age 12 and older are male vs. 67% of those who have streamed in the past week.

Appendix C

Media Usage of the U.S. Population, Internet Users and Streamies

	U.S. Population	Internet Users <i>(79% of U.S. Population)</i>	Total Streamies <i>(44% of U.S. Population)</i>	Last- Month Streamies <i>(21% of U.S. Population)</i>	Last- Week Streamies <i>(12% of U.S. Population)</i>
Internet usage					
Used Internet in the last week	-	83%	91%	95%	100%
Share of daily media time spent					
TV	44%	41%	38%	34%	31%
Radio	33%	33%	33%	33%	33%
Newspaper	7%	7%	6%	6%	6%
Internet	15%	19%	23%	27%	30%
Media time spent per day					
TV	3:19	3:02	3:00	2:50	2:46
Radio	2:28	2:28	2:37	2:45	2:56
Newspaper	0:34	0:32	0:31	0:29	0:31
Internet	1:09	1:25	1:52	2:16	2:38
Total media time spent	7:29	7:27	7:59	8:20	8:52
Time spent with other activities per day					
Reading magazines	0:26	0:26	0:28	0:31	0:35
Playing video games	0:16	0:18	0:22	0:28	0:31
Talking on a cell phone	0:26	0:29	0:35	0:38	0:41
Talking on a traditional phone at your home or workplace	1:01	1:02	1:06	1:10	1:10
Watching DVDs or videos	0:36	0:37	0:43	0:46	0:47
Listening to music, other than on the radio, either through a CD player or on a computer	0:48	0:53	1:07	1:20	1:29
Visited a movie theater in the last month					
	27%	31%	34%	39%	40%

Appendix D

Shopping Profile of the U.S. Population, Internet Users and Streamies

	U.S. Population	Internet Users <i>(79% of U.S. Population)</i>	Total Streamies <i>(44% of U.S. Population)</i>	Last-Month Streamies <i>(21% of U.S. Population)</i>	Last-Week Streamies <i>(12% of U.S. Population)</i>
Online buying habits					
Ever purchased online	-	60%	73%	79%	81%
Purchased online last month	-	34%	45%	52%	53%
Purchased online last week	-	14%	18%	22%	23%
Average amount spent online in last 12 months	-	\$593	\$651	\$720	\$846
Do you own any DVDs?	64%	71%	80%	85%	86%
How many DVDs do you own?	30	32	36	39	42

Appendix E

Consumer Habits of the U.S. Population and Monthly Streamies

Source: Scarborough USA+ – Release 1, 2003

Category	Buying Power Index*
Participated in computer hardware/software purchasing decisions in company during the past year	206
Participated in computer telephone and communication service purchasing decisions in company during the past year	160
Household plans to buy a new luxury vehicle (any size) next year	152
Household plans to buy/lease a new compact car next year	178
Bought CDs, tapes or other music on the Internet in the past year	281
Shopped for CDs, tapes or other music on the Internet in the past year	295
Bought airline tickets on the Internet in the past year	222
Shopped for airline tickets on the Internet in the past year	221
Visited Starbucks in the past week	186
Purchased items at Best Buy in the past month	183
Shopped for items at Best Buy in the past month	180
Purchased items at Gap in the past 3 months	154
Shopped for items at Gap in the past 3 months	156

***Scarborough Buying Power Index:** The index compares buying and shopping patterns of Internet broadcast consumers to the country overall. An index of 100 indicates that the Internet broadcast consumer shows virtually the identical buying and shopping pattern as the country overall. An index of over 100 indicates the Internet broadcast consumer is more likely than the norm to buy the product or service. As an example, the monthly Internet broadcast consumer has an index of 186 for visiting Starbucks in the past week. This indicates that those consuming Internet audio and video in a typical month are 86% more likely to have frequented a Starbucks in the past week than the typical consumer.

About Arbitron Internet Broadcast Services

Arbitron's Internet Broadcast Service provides the sales training, audience measurement services and publicity that Internet broadcasters need to fuel their ad sales efforts. Credible third-party measurement helps advertisers justify their investment in the medium. The company's 50 years of audience measurement experience helps sellers focus on selling the value of their advertising rather than justifying the credibility of their measurement. All of Arbitron's studies can be found on the company's Web site at www.arbitron.com and can be downloaded free of charge.

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Edison Media Research conducts survey research and provides strategic information to radio stations, television stations, newspapers, cable networks, record labels, Internet companies and other media organizations. Edison Media Research works with many of the largest American radio ownership groups, including Entercom, ABC Radio, Infinity, Bonneville and Westwood One, and also conducts strategic and perceptual research for a broad array of companies, including AOL/Time Warner, Yahoo!, Sony Music, Princeton University, Northwestern University, Universal Music Group, Time-Life Music and the Voice of America. Edison Media Research also conducts research for successful radio stations in South America, Africa, Asia, Canada and Europe. Edison Media Research designed and operated the CNN RealVote election projection system in 2002, and currently conducts all exit polls and election projections for the six major news organizations—ABC, CBS, CNN, Fox, NBC and the Associated Press. All of Edison Media Research's industry studies can be found on the company's Web site at www.edisonresearch.com and can be downloaded free of charge.

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