

# Consumer Survey: Online Music Services and Content

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To get a better feel for the level of knowledge about online music services and related content and devices, In-Stat conducted an online US-based consumer survey about the topic.

In February of 2005, members of In-Stat Technology Adoption Panel (TAP) were sent an e-mail invitation to participate in a brief survey on the topic of online music services and content. This invitation contained a link to the on-line survey, so that members interested in participating could click on the link and be taken directly to the survey. The survey was accessible for one week, and it received 782 responses.

In-Stat's Technology Adoption Panel is a dynamic, online panel of more than 12,000 technology users and decision makers interested in contributing their opinions and insights about technology usage and technology issues in the workplace. The panel is comprised of a diverse group of people who represent a wide range of company sizes, industries, and areas of expertise. The diversity of the panel allows us to gather information on a variety of topics from many different perspectives.

## Key Findings of the Survey

Some of highlights of the survey results include:

### ❑ **Internet Access and Home networks:**

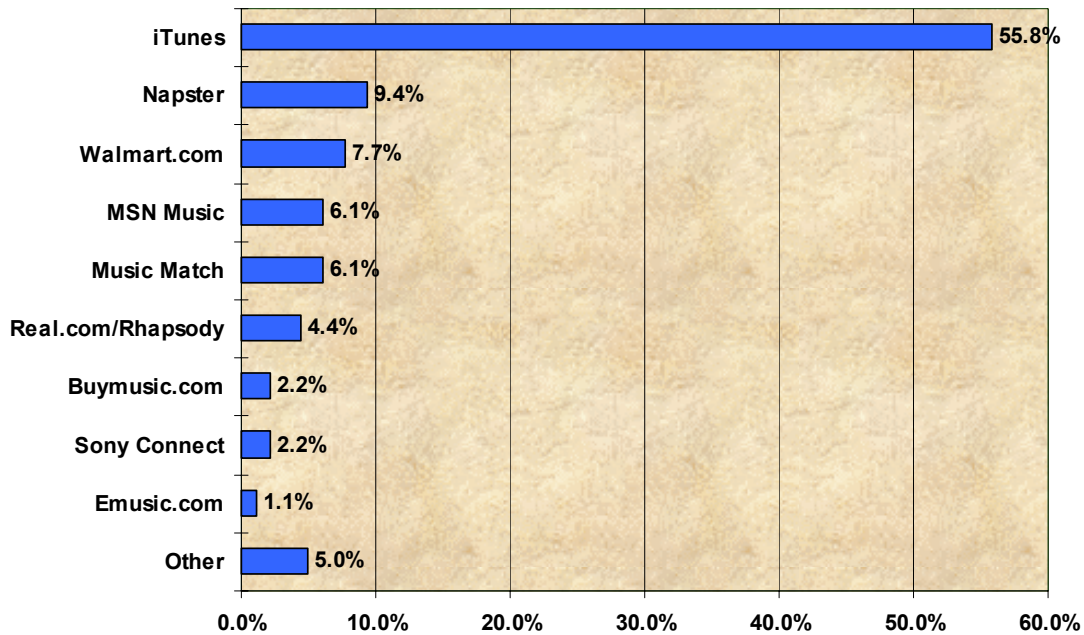
Interestingly, more than 70% of respondents had broadband Internet access. This high percentage shows how broadband is becoming more pervasive in US homes and that more consumers are gaining access to the advantages that broadband brings to online content services. In addition, more than half of respondents indicated that they have a home network.

### ❑ **Online services**

Just under half of the respondents indicated that they had downloaded music from the Internet. Interestingly, more than half (52%) of those indicating they had downloaded music indicated they had not paid for it, showing that free services are still being used.

The 181 respondents who indicated they have paid for downloaded music were asked to indicate which service they had most often used for their purchases. As the figure shows, iTunes was by far the most popular online music site.

**Question: What music service have you used most often to purchase music online in the past 12 months?**



Source: In-Stat, 2/05

N = 181

Overall, about 88% of the 181 respondents indicated setting up an account on the site they used was very easy or easy and nearly 80% indicated they would use the site again. Overwhelmingly respondents indicated buying single songs on the music sites, and the average amount spent over the past 12 months was \$25. Most respondents indicated knowing what they are looking for when they went to a site, but surprisingly, most of them also browse for other things before buying.

The respondents were asked to choose from a given list, the one thing they are most interested in for an online music store. Nearly 61% indicated their desire to “own” the music they buy and to buy it individually versus the subscription model.

**□ Ownership of Devices**

Ownership of some devices can indicate use of, or interest in, other devices, so it is interesting to see what devices our respondents currently own. More than 90% of respondents have a PC and about 86% have a mobile phone

About 35% indicated owning an MP3 player and the respondents were almost equally divided between flash players and hard drive players. 104 respondents indicated owning an iPod, representing 38% of those with MP3 players.

While the current generation of phones is beginning to stress multimedia capabilities, it appears that a designated device for MP3 playback is still preferred by consumers. However, 42 respondents, or 17%, did indicate interest in using both.