

## Executive Summary: Online Music and Video

In order to gauge consumer interest and familiarity in online music and video services, content distribution, and related devices, In-Stat conducted a survey of its Technology Adoption Panel (TAP). The survey was fielded in January of 2007 and yielded 918 responses. This survey was a follow up to a similar survey conducted in December 2005.

### Have You Downloaded Music From the Internet?

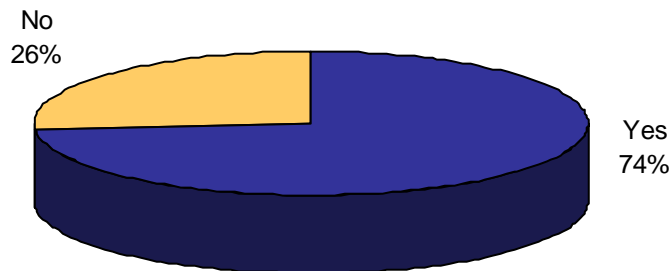
Over the last two years, the Internet has established itself as a viable distribution channel for digital music. The percentage of respondents who have downloaded music from the Internet reached almost 74% this year. This is up substantially from In-Stat's December 2005 figure of 48% of respondents (n = 1,457).

**Table 1. Have You Downloaded Music from the Internet?**

Downloaded Music in Last 12 Months?	# of respondents	% of respondents
Yes	676	73.6%
No	242	26.4%
<b>Total</b>	<b>918</b>	<b>100.0%</b>

Source: In-Stat, 2/07

**Figure 1. Have You Downloaded Music from the Internet?**



Source: In-Stat, 2/07

n = 918

The major factors driving this growth in online music distribution remain the same as we have seen over the last two years: The number of legitimate online music sites is increasing, consumer awareness and familiarity with these sites is still growing, the installed base of the ever-popular iPod and other portable media players is expanding, and, finally, the size of the legitimate catalogue of online music is widening with each year.

## Amount Paid for Online Music

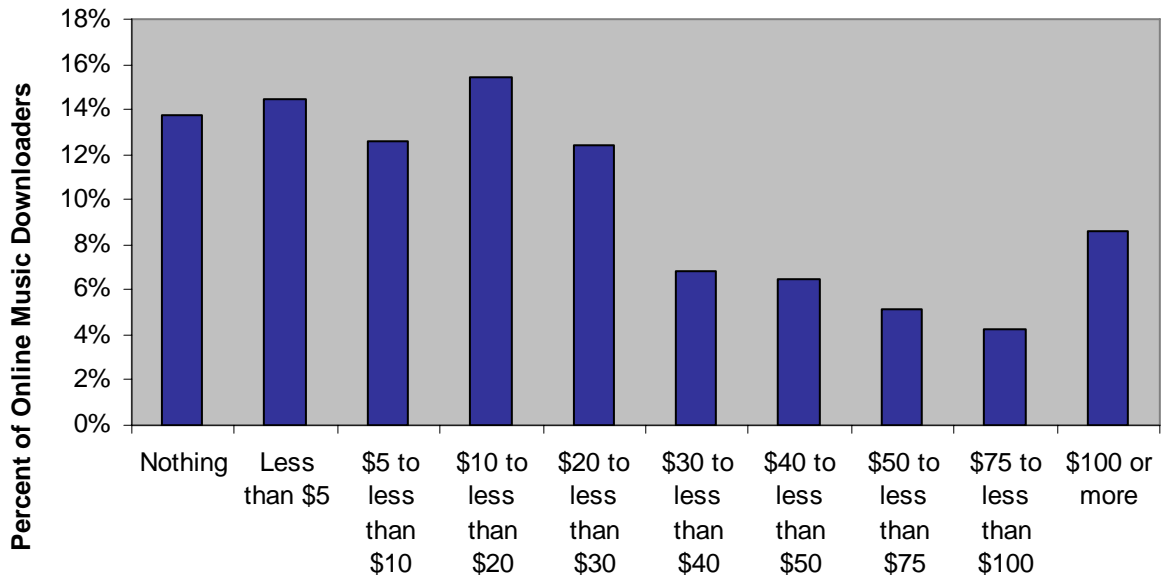
Still, piracy remains an issue. It is still important to get a sense of who is paying for music versus those who are not. Of the 676 respondents who downloaded music from the Internet in the last 12 months, 14% did not pay for the music. The remaining 86% of respondents were asked to indicate, from a given list of price segments, how much they had spent on online music in the past 12 months. The highest percentage indicated that they spent between \$10 and \$20. The average amount of money spent by online music purchasers was \$32.

**Table 2. Amount Paid for Online Music**

Amount Paid for Online Music	# of respondents	% of respondents
Nothing	93	13.8%
Less than \$5	98	14.5%
\$5 to less than \$10	85	12.6%
\$10 to less than \$20	104	15.4%
\$20 to less than \$30	84	12.4%
\$30 to less than \$40	46	6.8%
\$40 to less than \$50	44	6.5%
\$50 to less than \$75	35	5.2%
\$75 to less than \$100	29	4.3%
\$100 or more	58	8.6%
<b>Total</b>	<b>676</b>	<b>100.0%</b>

Source: In-Stat, 2/07

**Figure 2. Amount Paid for Online Music (US\$)**



Source: In-Stat, 2/07

n = 676