

# The 2007 Digital Music Survey

In association with **OLSWANG**

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## About Entertainment Media Research

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- Entertainment Media Research is the foremost research consultancy for music & entertainment, founded in 1997 in anticipation of the digital entertainment revolution.
- The company is headquartered in London and serves the music, broadcast, entertainment and consumer goods industries in the UK, Western and Eastern Europe, USA and Asia.
- Its business is the provision of research intelligence that enables entertainment decision-makers to push their creative boundaries and launch new products / services / ideas while increasing their marketing effectiveness to achieve the greatest financial return.
- The company is independent and privately-owned.



## About Olswang

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- Olswang is a leading law firm renowned for its work in telecommunications, media and technology, real estate and biosciences. Founded in 1981, the firm has grown to a staff of more than 600 including 85 partners and has offices in London, the Thames Valley, Brussels and Berlin. Olswang has an alliance with US firm Greenberg Traurig LLP extending the firm's international capability and is acclaimed as a leading employer in The Sunday times Best 100 Companies to Work For 2007, for the third year running.
- The firm's music team has established itself as a leading adviser to the industry through its work with major record companies, trade bodies and music users such as film producers and website operators. The firm's client list features several of the biggest names in the business, including record companies, collection societies and industry figures. We offer these clients a broad-based service that takes in corporate and commercial advice, dispute resolution, intellectual property, competition and e-commerce.

([www.olswang.com](http://www.olswang.com))

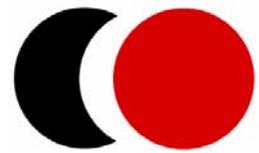
- **Main Themes**
- Methodology & Sample Profile
- Detailed Analysis
  - Usage & Impact of Social Networks
  - Live Music
  - Sources
  - Purchase Behaviour
  - Legal Downloading
  - Personal Digital Music Players
  - Unauthorised Downloading
  - Mobile Downloading
  - Familiarity & Attitudes Towards DRM



## Methodology & Sampling

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- Annual survey encompassing a broad investigation of all aspects of digital music in the UK today
- Robust online survey – more than 1,700 respondents interviewed
- Broad sampling across the UK
- Fieldwork conducted June 2007
- Sample drawn from Entertainment Media Research's UK panel of 300,000 music consumers
- Survey length – 20 minutes



# Executive Summary

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# Executive Summary

## *The Main Headlines*

- The 2007 Digital Music Survey reveals how social networks are changing the way music is discovered, purchased and consumed
- Legal downloading is increasing but at a slower rate than hitherto
- *Unauthorised* downloading is now at its highest level after last year's signs of decline – consumers are less concerned about prosecution
- Mobile music downloading creeps forward. Predictions are for further modest growth unless providers change current market conditions – ease, fair pricing & clarity
- Significant increase in listening to radio on mobile phones – good news for broadcasters and possibly an exciting revenue stream if / when DAB is rolled out
- UK live music scene is buzzing & demonstrably effective in boosting album sales
- Strong indications that live music webcasts are an attractive new revenue stream
- USB format is highly regarded and further trialling is recommended
- Continuing growth in personal digital player penetration with digital players on mobiles this year's highest gainers



# Executive Summary

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## *Massive Increase in Usage of Social Networks*

- Overall usage of social networks increased to 86% in 2007 Vs 74% in 2006
- 2007 results reveal massive increases in usage of such sites

MySpace usage incidence 2006 = 35%; 2007 = 55%

YouTube 2006 =17%; 2007= 53% (more than tripled)

Facebook 24% have used it Vs insignificant 12 months ago

- Usage among teenagers aged 13-17 is remarkably high

77% have used MySpace

69% have used YouTube

61% have used Bebo

22% have used Facebook



## Executive Summary

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### *How Social Networks Compare in Importance for Music*

- The survey reveals the massive importance of music in social networks (particularly MySpace and Bebo). It is used to reflect personality and it a short-cut to understanding the personality of people you meet on such sites
- People express themselves via music and they often make friends on the basis of shared music tastes
- For those under 35, MySpace is clearly the most important site for music but its importance is correlated with age eg over 35s are more likely to say YouTube is the most important site for music
- Bebo is relatively strong among 13-17 year olds (16% rate it most important for music)
- Facebook is relatively weak in its association with music (only 5% say it is the most important social network for music)



# Executive Summary

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## *Music Used in Social Network Profiles*

- 2 in 5 social networkers (39%) have embedded music into their profile
- For Bebo & MySpace, levels are even higher (65% and 63% respectively)
- Incidence of embedding music in a profile is directly correlated with age. 13-17 year olds most likely (65%) and 45+ year olds least likely (10%)
- Social networkers use music for public displays of their taste and to reflect their personality – a means of self-expression through music:

76% of those embedding music in their MySpace profile do so “To show others what music I’m into”

51% “To say something about my personality”

*Above is also true for Bebo users (70% to show off taste, 54% to reflect personality)*

Furthermore, 59% agree with the statement “I can tell a lot about someone by the music they have on their MySpace profile”



# Executive Summary

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## *The Impact of Social Networks on Music Discovery & Purchase*

- Social networks are impacting the way consumers discover, share and purchase music
  - 27% regularly discover music on the social network they love (33% MySpace users, 30% Bebo, 26% YouTube)
- Discovery is translating into purchase. 17% of social networkers state using such sites has had a “massive” or “big” impact on the way they purchase music
  - 10% have regularly purchased music discovered on these sites
    - 13% regularly for MySpace
    - 15% regularly for Bebo
    - 7% regularly for YouTube
- Users of Bebo claim that site has more of an impact on music purchasing than users of MySpace – 27% & 19% massive/big impact respectively (MySpace has the greatest overall impact due to its size)
- Whilst such networks clearly influence purchase behaviour, more needs to be done to make purchasing discovered music easier – 46% agreed with the statement “I wish it was easier to purchase music that I find on these sites”



# Executive Summary

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## *Attitudes Towards Social Networks*

- The rapid rise of Facebook illustrates how some networks can seemingly spring from nowhere whilst others fall out of favour just as quickly
- The fickleness of today's social networker is reflected in some of the prevalent attitudes:
  - 56% agree with "There are too many community websites now"
  - 41% agree with "Very popular community websites are full of idiots"
- Social network sites need to consider how they monetize their sites as 45% agree with the statement "Popular community sites have been ruined by advertising and big business"



# Executive Summary

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## *The Strength of the UK Live Music Scene & Its Impact on Album Sales*

- There is a great deal of buzz in the music industry over the strength of live music
- Clear evidence to demonstrate live music stimulates album sales:
  - 57% often buy an artist's album after seeing them live
  - 61% prefer to buy an artist's new album before seeing them live
- Compelling evidence to show the strength of live music in the UK currently:
  - 64% think music is much more enjoyable when heard live than on CD
  - 59% are more excited about seeing a band live than listening to their album
  - 43% are now much more interested in going to festivals
  - 36% go to a lot more concerts nowadays than a year ago



# Executive Summary

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## *Potential Revenue Stream for Live Music Webcasts*

- 10% are very interested & willing to pay to see webcasts of live performances as they happen
- A further 64% are interested in music webcasts but not prepared to pay
- Some willingness to pay for recorded live shows or classic live performances (4%), but less attractive than live performance as they happen
- 8% are very interested and willing to pay a subscription to a service which offers a menu/catalogue of live performance webcasts
- Levels of overall interest are very high indicating a potential mass market with at least two business models



# Executive Summary

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## *The Attractiveness of the USB Format – Potential for Expansion*

- The music industry has started to experiment with the USB stick format pre-loaded with music
- Solid indications that consumers are familiar with the format (only 8% claim to be unfamiliar)
- Encouragingly, significant consumer interest in the music format:
  - 25% “Love” the format
  - 33% “Like” the format
- The USB format has real potential if viable/profitable for the music industry
- USB format provides music in a way desired by some consumers and can potentially act to boost overall sales. It is well worth trialling further



# Executive Summary

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## *Sustained Massive Increases in Ownership of Personal Digital Players*

- Year-on-year, we track ownership of personal digital music players
- Continuing massive increases in penetration
  - 2005 = 37% own
  - 2006 = 57% own
  - 2007 = 77% own
- The growth of the personal digital player market hasn't yet reached saturation
- Penetration has increased across all demographics
- The biggest increases in brand share taken by mobile phone mp3 players
  - Nokia - up from 4% in 2006 to 15% in 2007
  - Samsung - up from 6% in 2006 to 14% in 2007



# Executive Summary

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## *PC Downloading Trends - Legal*

- The survey identifies a slowdown in the increase in the population of legal downloaders. 40% growth rate in users in 2006 reduced to some 15% in 2007
  - 2005 = 35% had at least once purchased a legal download
  - 2006 = 50% had at least once purchased a legal download (41% active, 9% stopped)
  - 2007 = 58% had at least once purchased a legal download (47% active, 11% stopped)
- While the main purchase driver continues to be to get hold of music immediately, the survey reveals a marked decline in the perceived price advantage of legal downloads over CDs following the widespread decline in the high street price of new releases
  - In 2006, 45% of legal downloaders cited price advantage of downloads as a reason for purchase but by 2007 this had fallen to 31%, providing evidence that pricing for the record industry is currently in a state of considerable flux
- One measure to combat this issue might be for digital retailers to consider introducing variable pricing models
  - 84% of consumers agreed that older digital downloads should be cheaper while
  - 48% claimed they would be prepared to pay more for newly released tracks.



# Executive Summary

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## *PC Downloading Trends - Unauthorised*

- Further explanation for the trend in legal downloading is a noticeable increase in piracy. After a decline in 2006, unauthorised downloading increased in 2007 to its highest level to date
  - 2005 = 40% incidence
  - 2006 = 36% incidence
  - 2007 = 43% incidence
- Survey reveals that piracy likely to increase further still
  - 2005 = 6% of unauthorised downloaders state they will download more often
  - 2006 = 8%
  - 2007 = 18%
- Teenagers most likely to download more often in the future but 18-34 yr olds show the greatest increase in propensity to download more in the future
  - 18-24s increased from 7% in 2006 to 19% in 2007
  - 25-34s increased from 5% in 2006 to 16% in 2007
- The explanation - consumers are now much less concerned about being prosecuted (42% gave this as a reason for downloading less in 2006 Vs only 33% in 2007)



# Executive Summary

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## *Mobile Downloading Trends*

- The market for purchasing downloads directly to mobile phones increased from 11% in 2006 to just 16% this year
- The market outlook for the next 12 months remains broadly unchanged. Only 5% indicate that they are very likely to start (4% in 2006) which means growth appears somewhat limited in the current environment unless providers can do more to tackle the dominance of the iPod, improve the perception of sound quality and utilise fair pricing models.

## *Radio on the Mobile Phone*

- There has been a significant increase in consumers listening to the radio on their mobile phone (from 15% in 2006 to 25% this year)
- This is clearly good news for the radio industry as it expands overall audience size and listening hours
- Should DAB on mobiles roll out (currently DAB is only on one Virgin handset), there are exciting opportunities to turn mobile radio listening into a potential revenue stream with “*Download this song*” functionality



# Executive Summary

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## *DRM*

- Digital Rights Management ("DRM") is an increasingly hot topic for consumers. 63% of those aware of DRM believed that it was useful for protecting music against file sharing but 68% of respondents who expressed an opinion agree downloads are "Only worth purchasing if free of DRM."
- Increased familiarity from 2006 (23% "know exactly" or have "good understanding" of what it means in 2007 compared to 12% in 2006)

Familiarity is heavily skewed towards males

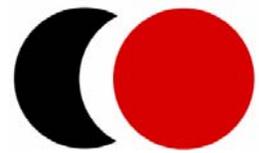
18-24 year olds most informed age group

- More people would prefer to pay a little extra for tracks free of DRM than would prefer to pay the standard price and have restrictions (supporting EMI model)

39% prefer to pay more for DRM free

18% prefer standard price, but with DRM

- However, most people don't know enough about DRM to have an opinion on this choice and more needs to be done to inform consumers about DRM



# Usage & Impact of Social Networks

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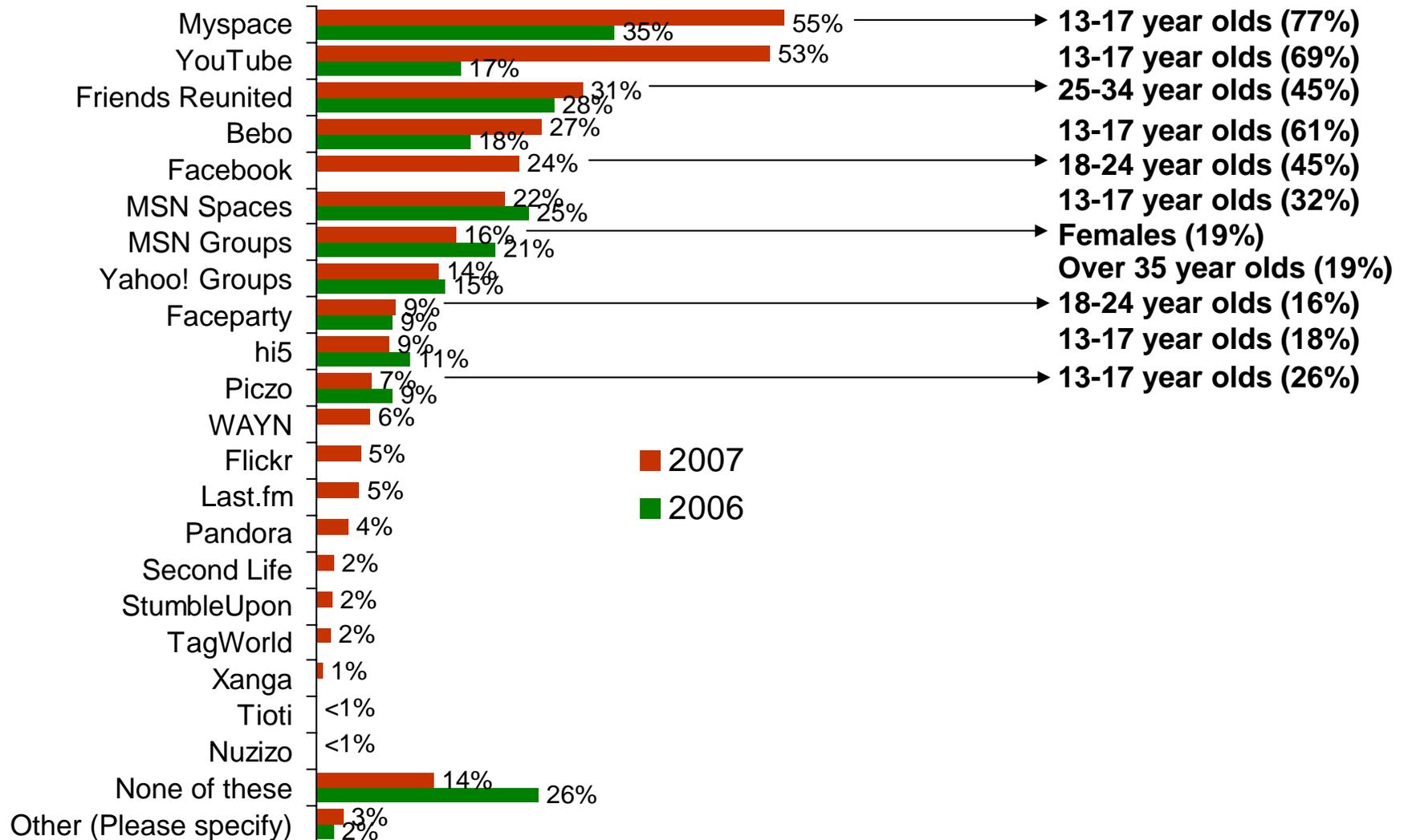
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# General Usage of Social Networks

**Do you ever use any of the following "community" websites? (Multi-code)**

**Highest For**

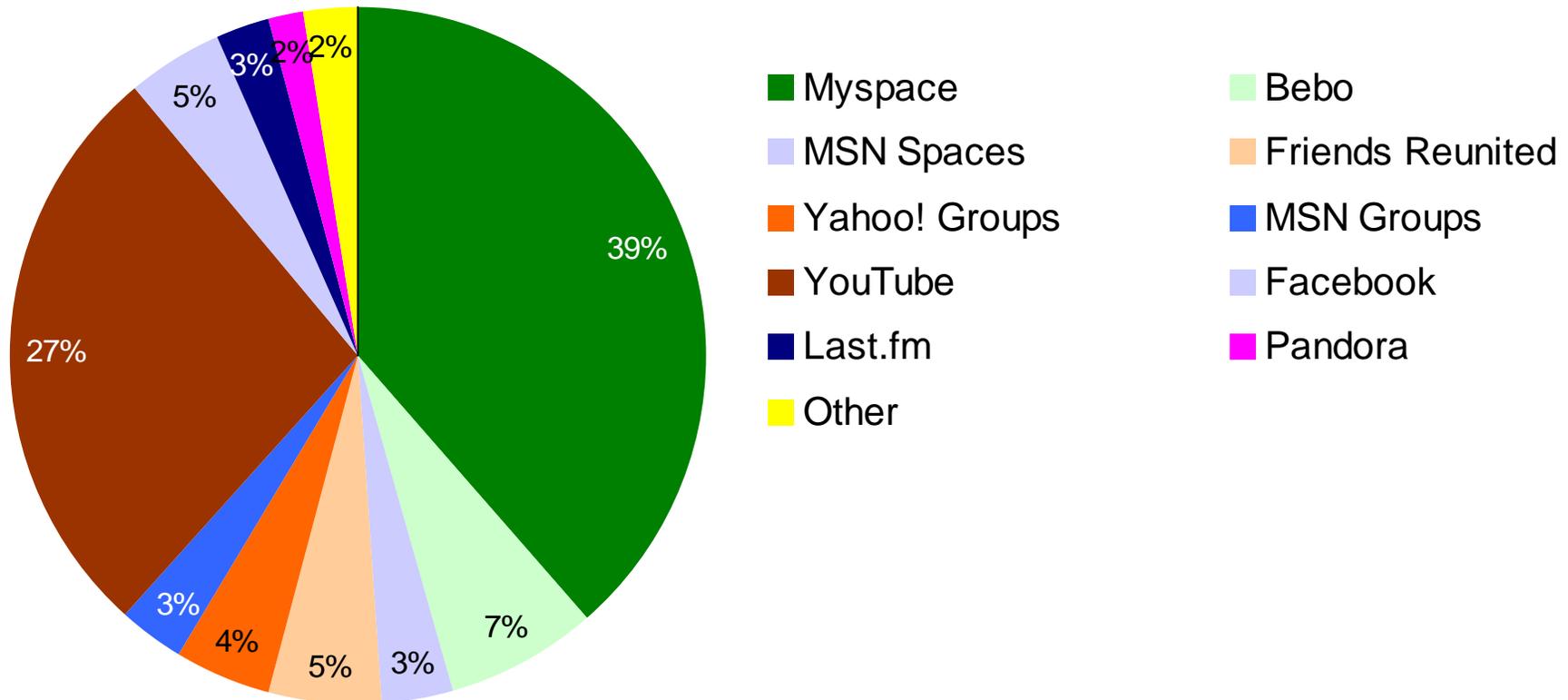


Base: Q7, All respondents (1,721)



# Most Important Social Network for Music

Which single community website is most important to you in terms of music?



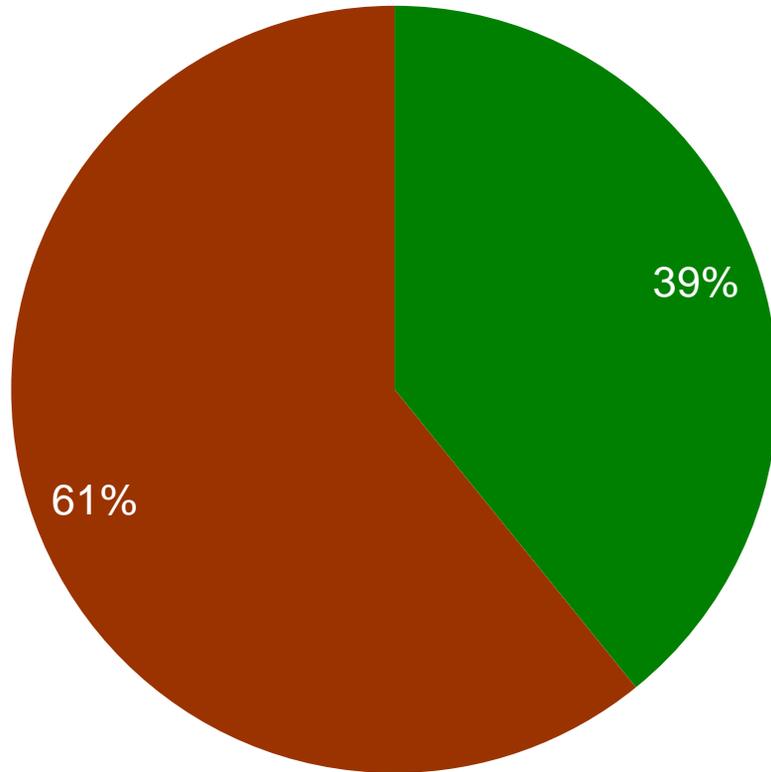
% Most Important	Total	Male	Female	13-17	18-24	25-34	35-44	45+
MySpace	39%	39%	38%	47%	44%	38%	28%	20%
YouTube	27%	27%	27%	24%	25%	26%	32%	35%
Bebo	7%	6%	8%	16%	7%	4%	5%	1%

Base: Q8, All using community websites (1,485)



# Embedding Music in Social Network Profile

*Have you ever embedded music into your profile on this website?*



- Yes
- No

	% Embedding music into profile
Bebo	65%
MySpace	63%
Facebook	29%

% Embedding	Male	Female	13-17	18-24	25-34	35-44	45+
Yes	40%	38%	65%	47%	32%	18%	10%



# Reasons for Embedding Music in Profile

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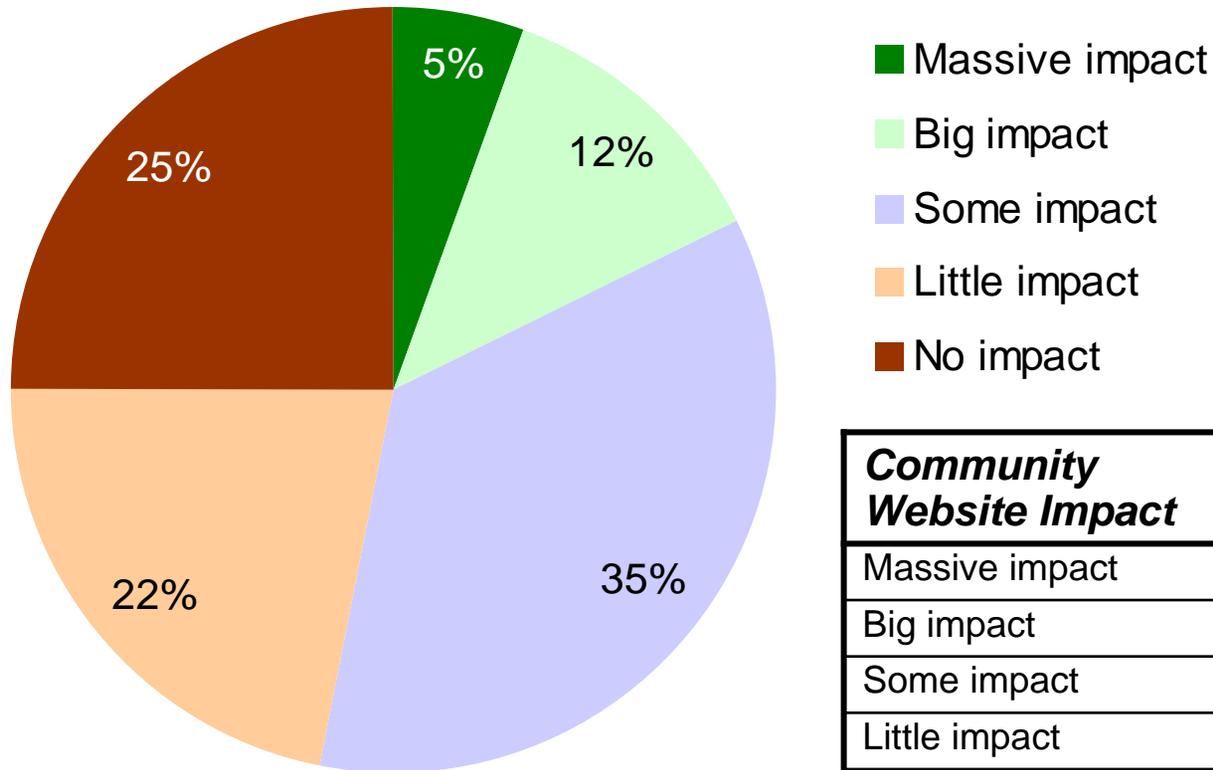
*What are the reasons you embedded music into your profile on this website? (Multi-code)*

	Total	MySpace	Bebo
To show to others what music I'm into	72%	76%	70%
To say something about my personality	45%	51%	42%
Quick & easy access to music I really love	41%	34%	54%
To promote a friend's band / music	19%	25%	6%
To play music that I or my band has made	15%	15%	18%
To impress people I know	6%	6%	6%
Other	2%	2%	2%



# Impact of Social Networks on Purchasing Music

*In your opinion, what impact has this website had on the way you purchase music?*



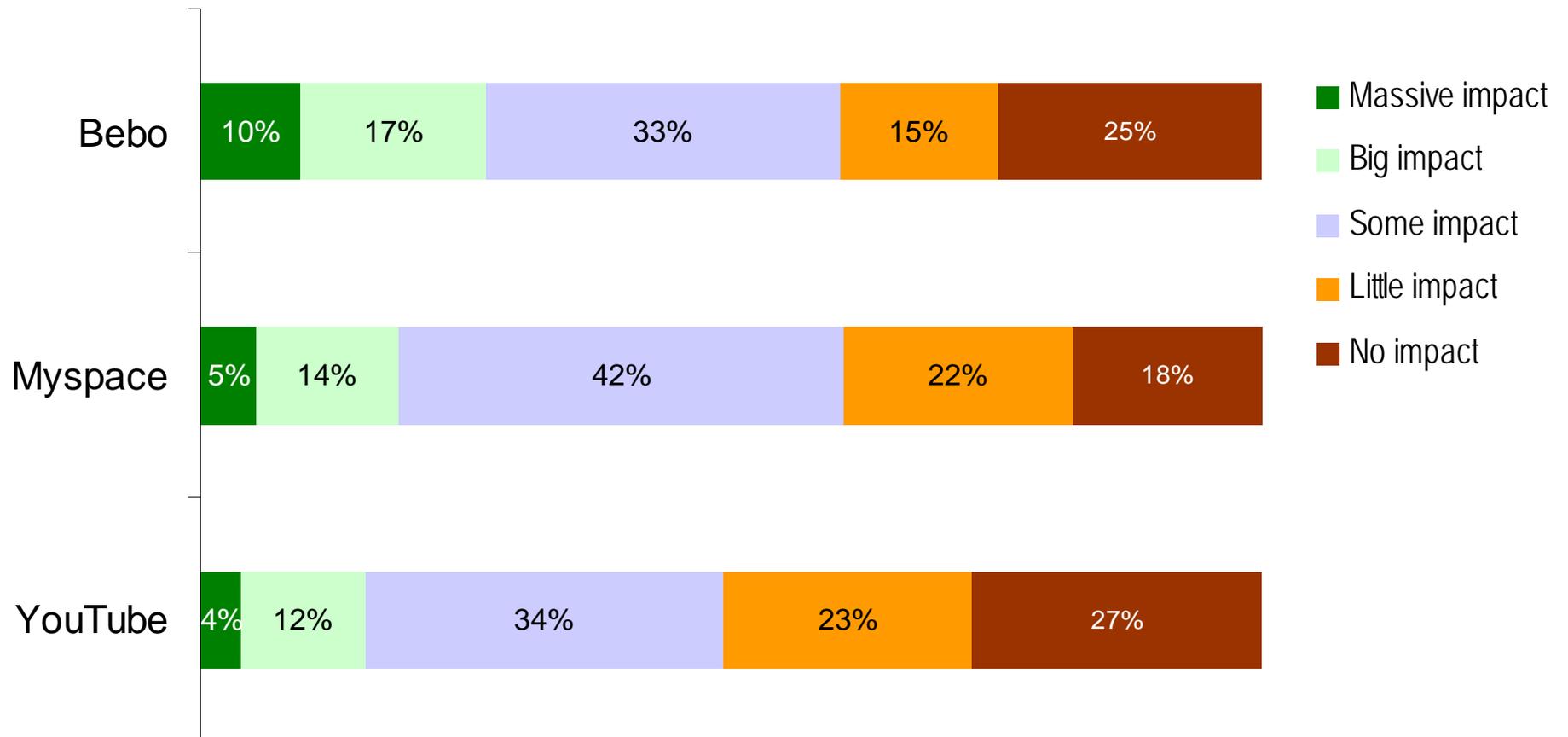
<b>Community Website Impact</b>	<b>2006</b>	<b>2007</b>
Massive impact	6%	5%
Big impact	17%	12%
Some impact	34%	35%
Little impact	21%	22%
No impact	22%	25%

***Community websites have had the biggest impact on the way that 13-17 year olds purchase music – 28% say they have had a massive/big impact***



# Impact of Social Networks on Purchasing Music

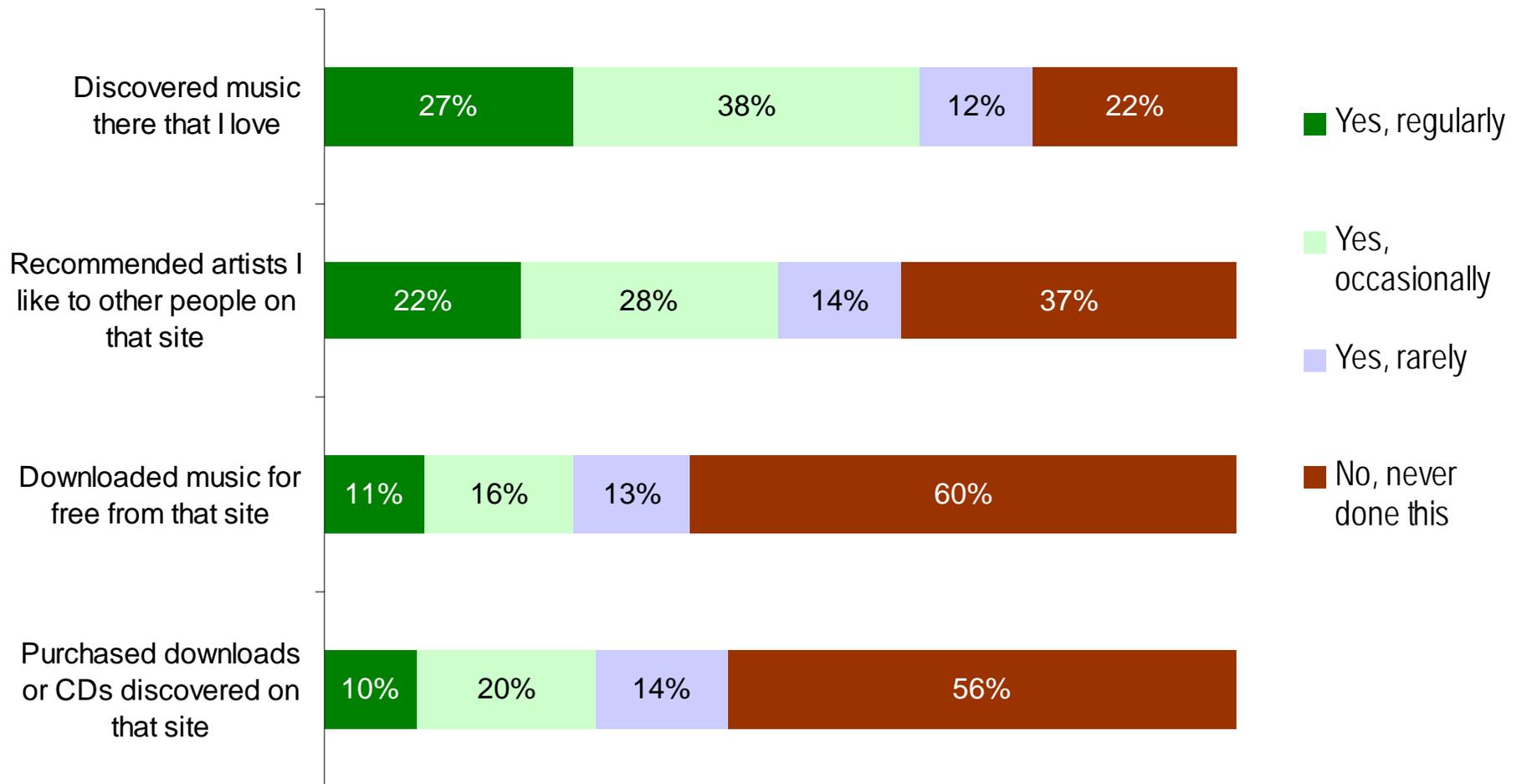
*In your opinion, what impact has this website had on the way you purchase music?*





# Music & Social Networks

*Think about music you have heard on this website, please tell us whether any of the following apply to you*

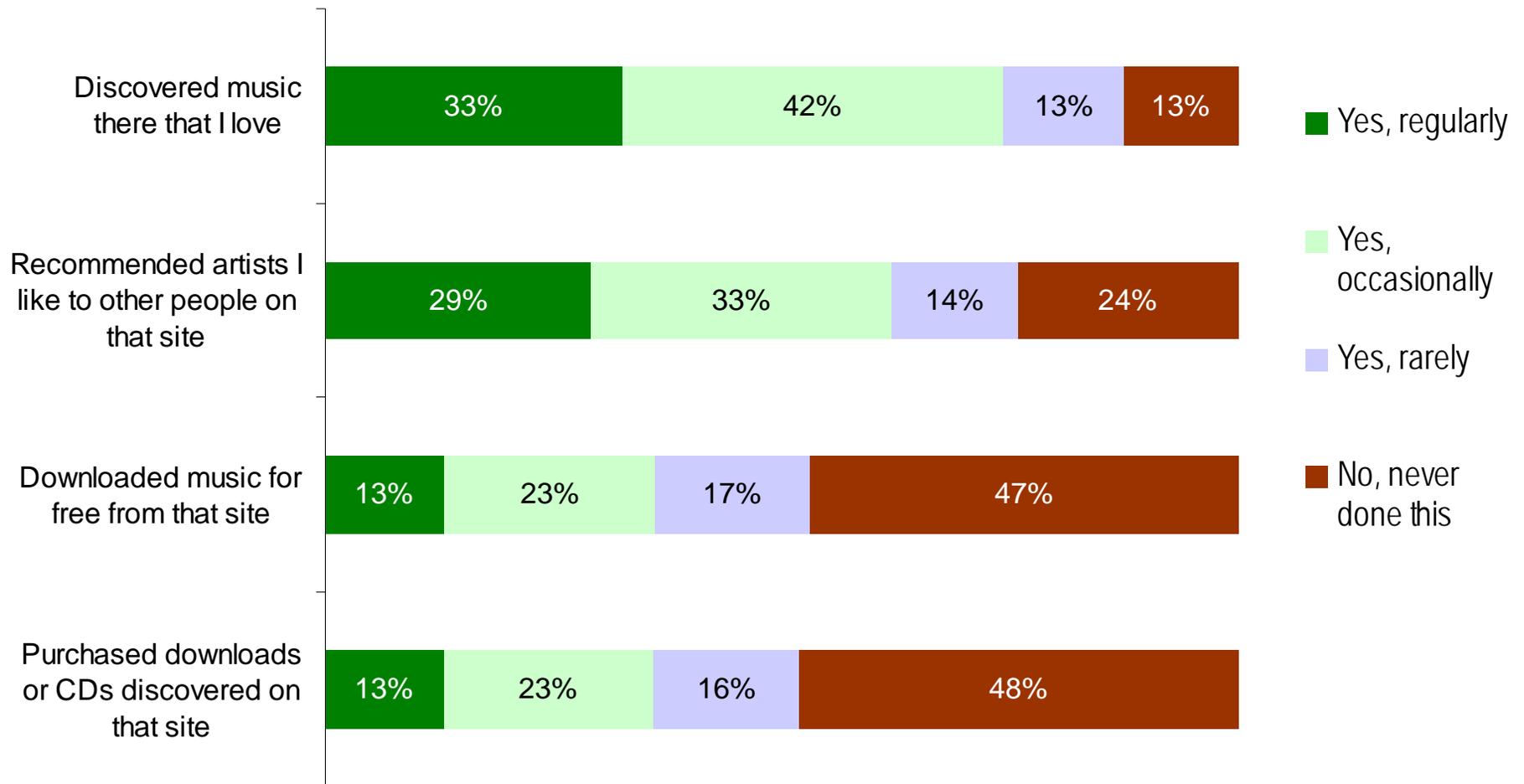




# Music & Social Networks

## MySpace

*Think about music you have heard on **MySpace**, please tell us whether any of the following apply to you*

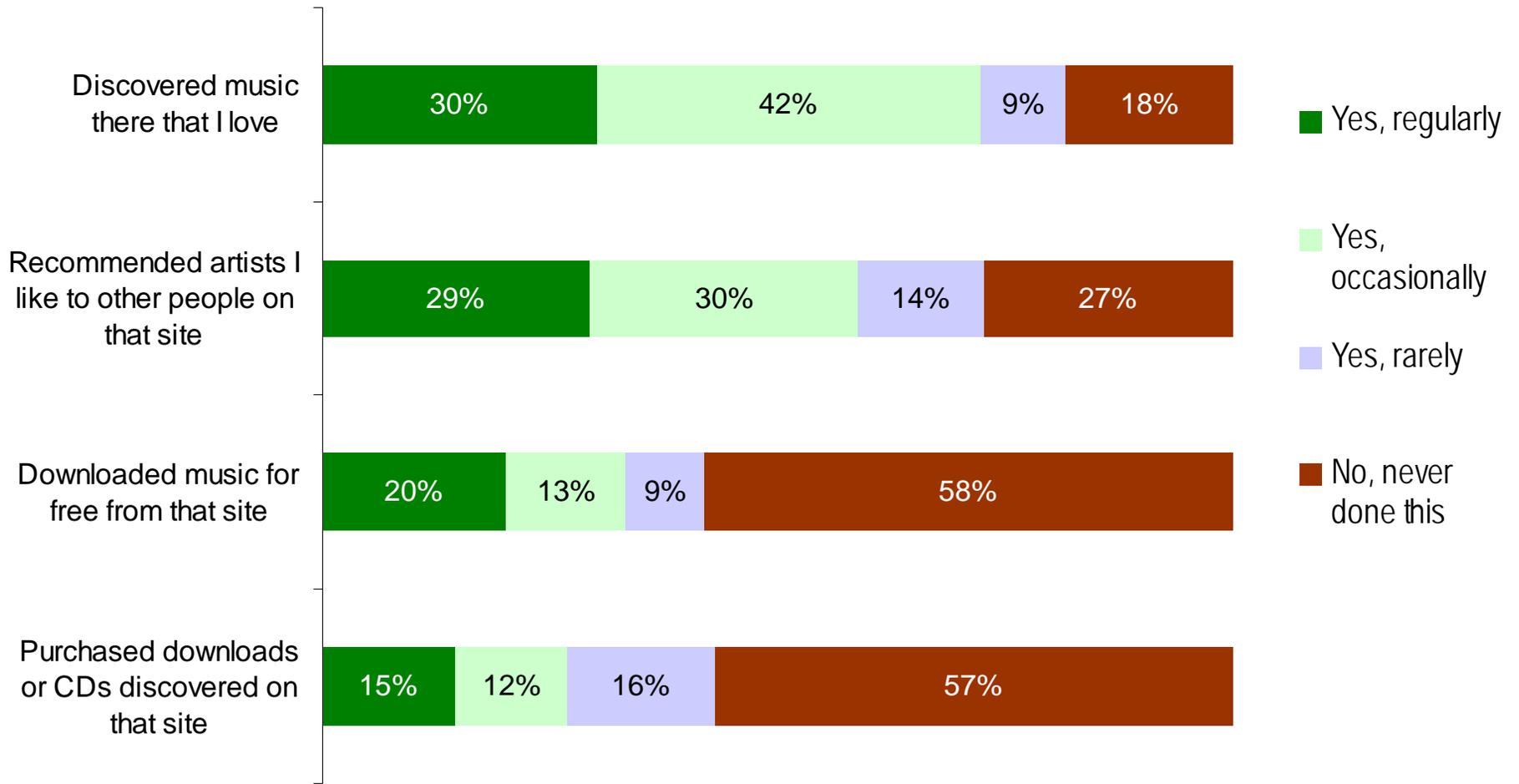




# Music & Social Networks

## Bebo

*Think about music you have heard on **Bebo**, please tell us whether any of the following apply to you*

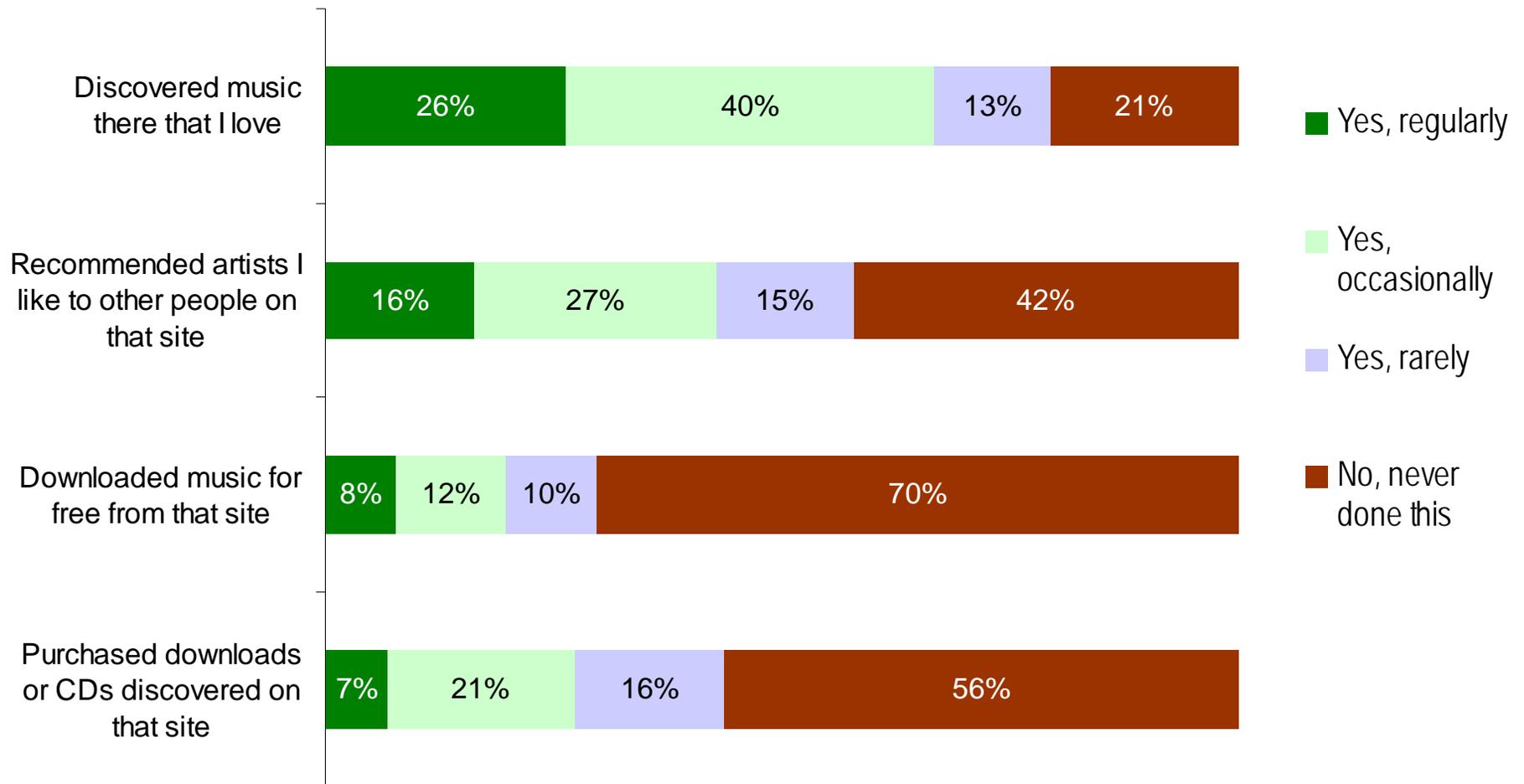




# Music & Social Networks

## YouTube

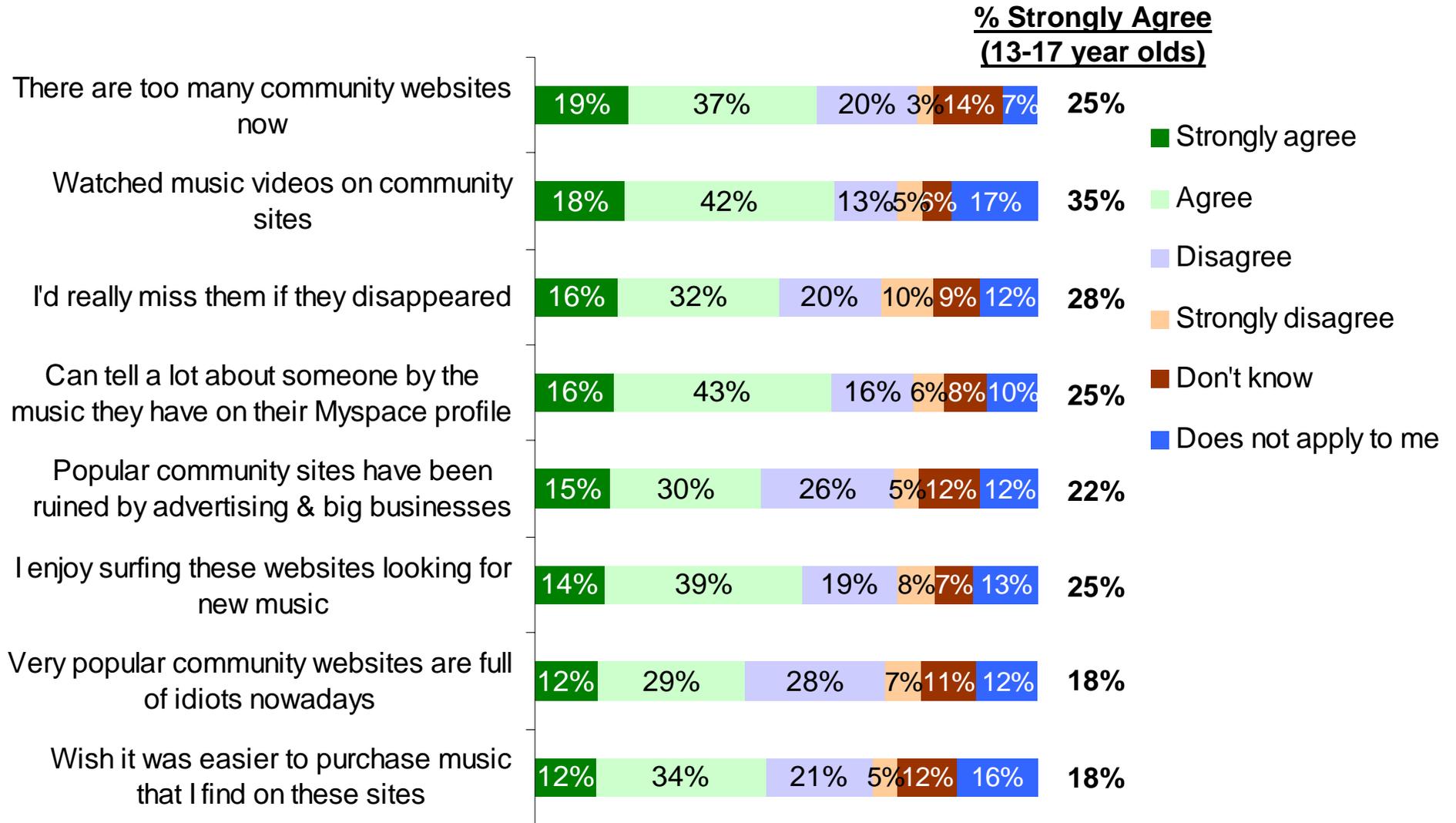
*Think about music you have heard on **YouTube**, please tell us whether any of the following apply to you*





# Attitudes Towards Social Networks (1 of 2)

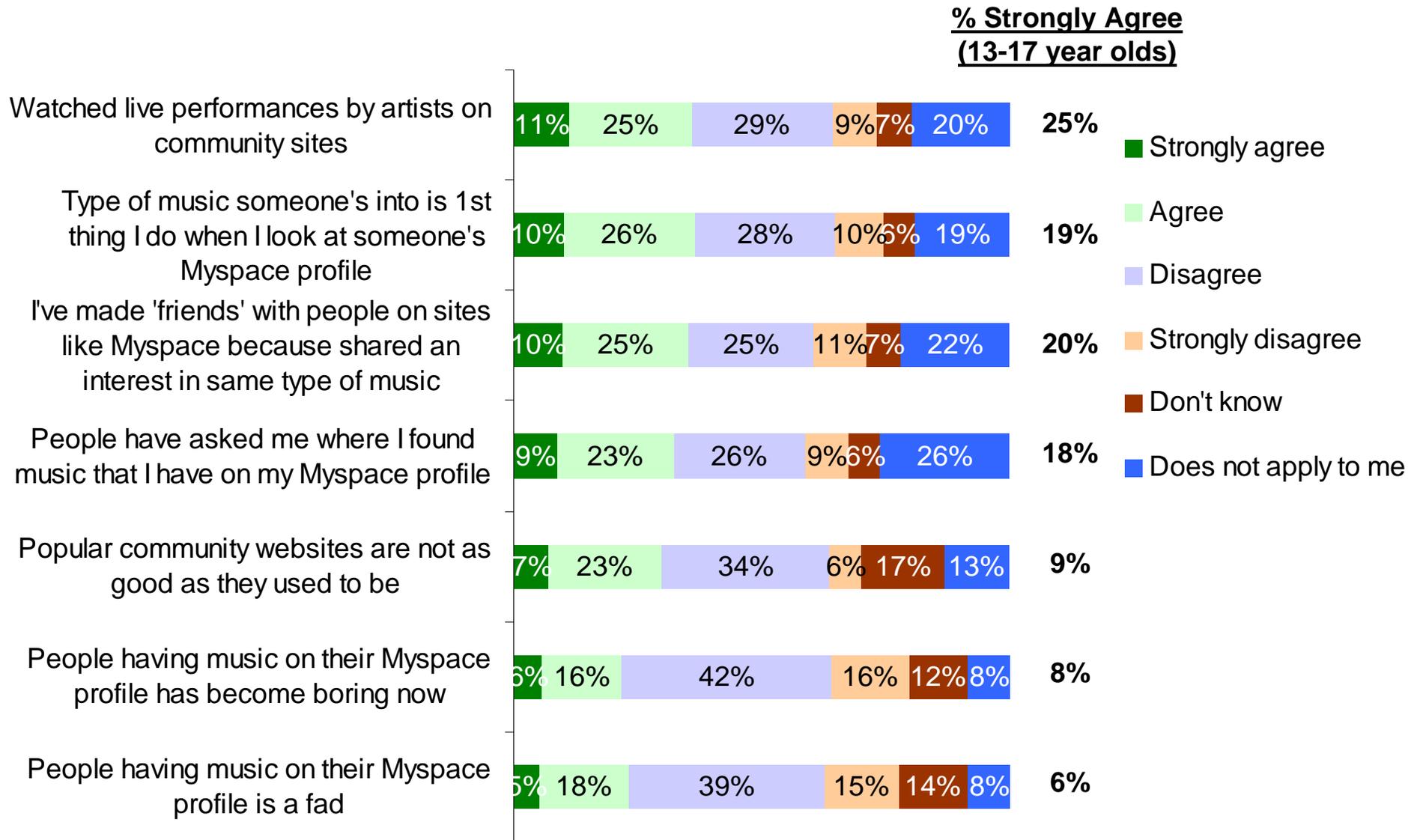
**What is your opinion of community websites (like MySpace, Facebook etc)?  
Please tell us if you agree or disagree with the following...**



Base: Q13, All respondents (1,721)



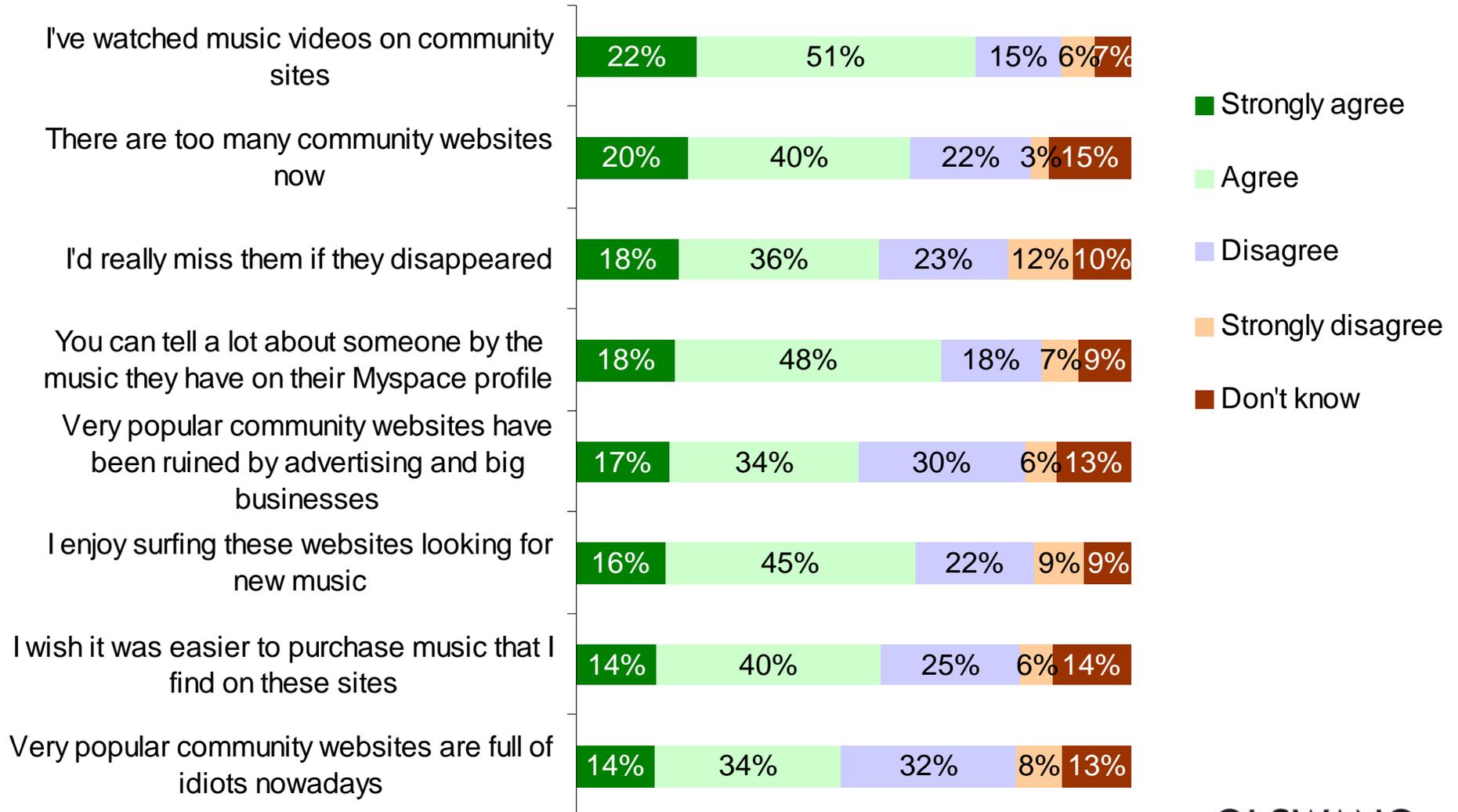
# Attitudes Towards Social Networks (2 of 2)





## Attitudes Towards Social Networks (1 of 2) Excluding “Does not apply to me”

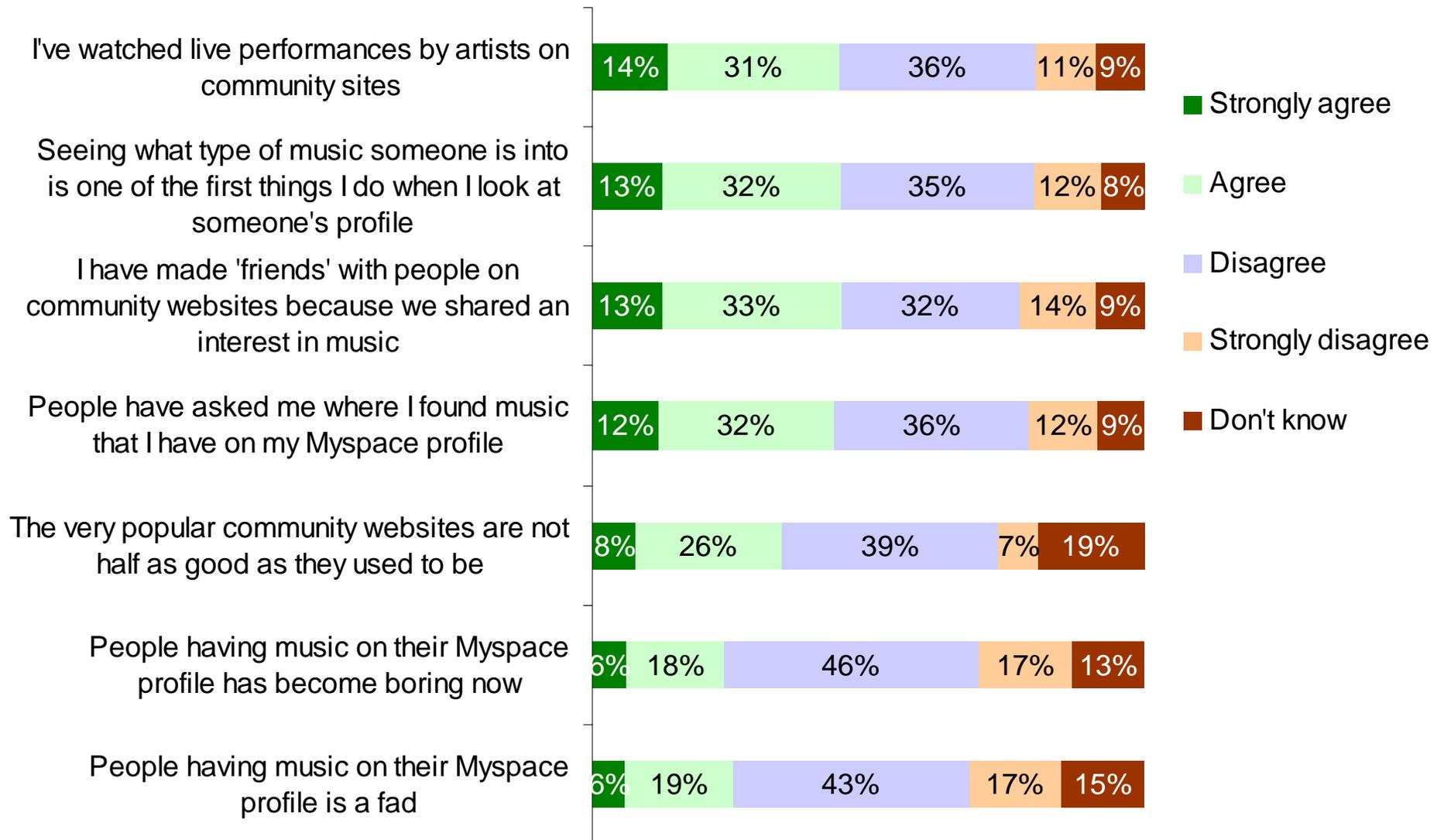
*What is your opinion of community websites (like MySpace, Facebook etc)?  
Please tell us if you agree or disagree with the following...*



Base: Q13, All respondents excluding “Does not apply to me”



## Attitudes Towards Social Networks (2 of 2) Excluding “Does not apply to me”

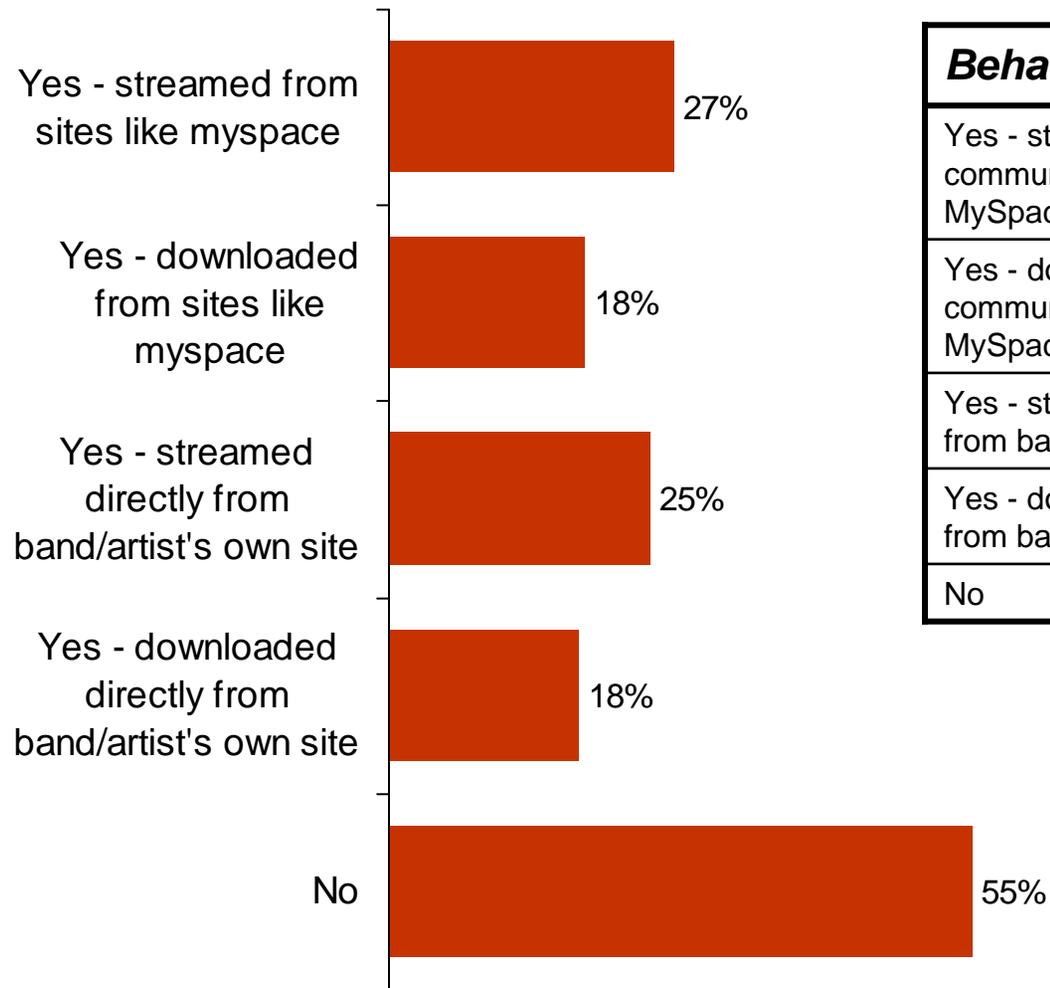


Base: Q13, All respondents excluding “Does not apply to me”



## Usage of Artists' Websites

***Have you ever downloaded or streamed music from a band's or artist's website?  
Please tick any that apply.***



<b><i>Behaviour</i></b>	<b>2006</b>	<b>2007</b>
Yes - streamed from community sites like MySpace etc	17%	27%
Yes - downloaded from community sites like MySpace etc	13%	18%
Yes - streamed directly from band/artist's own site	30%	25%
Yes - downloaded directly from band/artist's own site	19%	18%
No	57%	55%



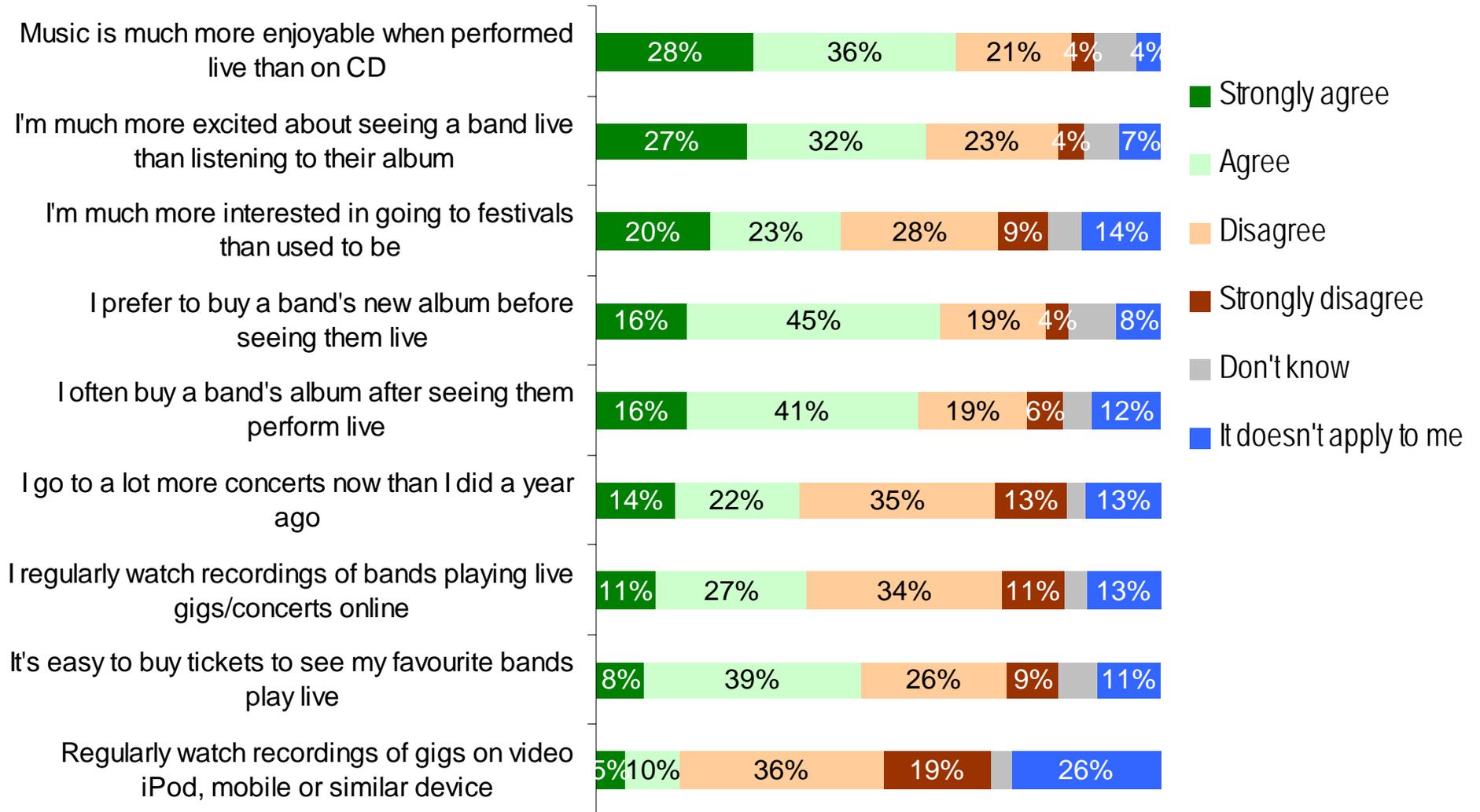
**Live Music**

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# Attitudes Towards Live Music

*Please tell us if you agree or disagree with the following statements about live music*

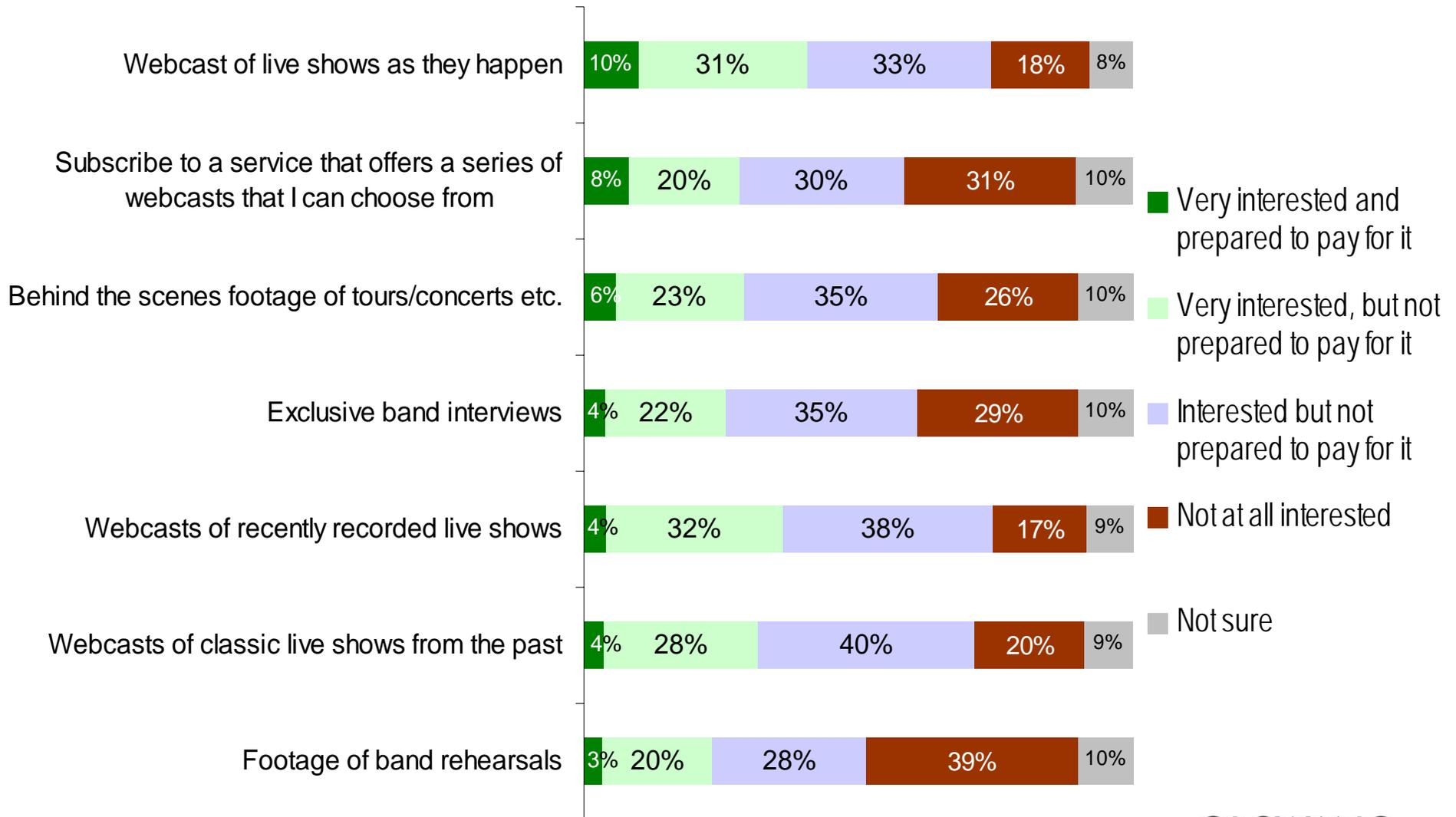


Base: Q5, All respondents (1,721)



# Interest in Webcasts

**How interested, if at all, are you in watching the following webcasts?  
By webcasts we mean artist/band performances that you can watch online**



Base: Q6, All respondents (1,721)



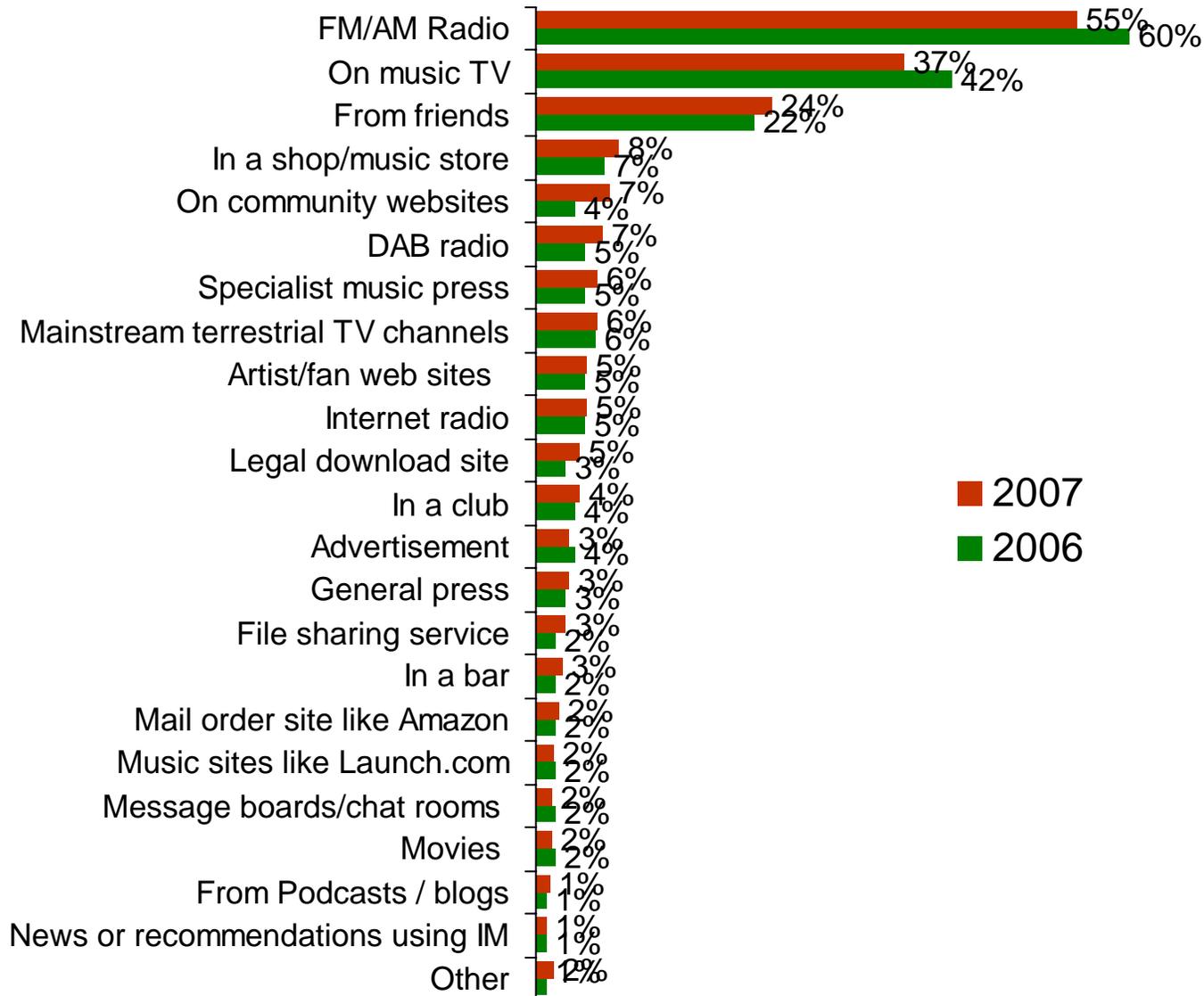
## Sources

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# Sources of New Music

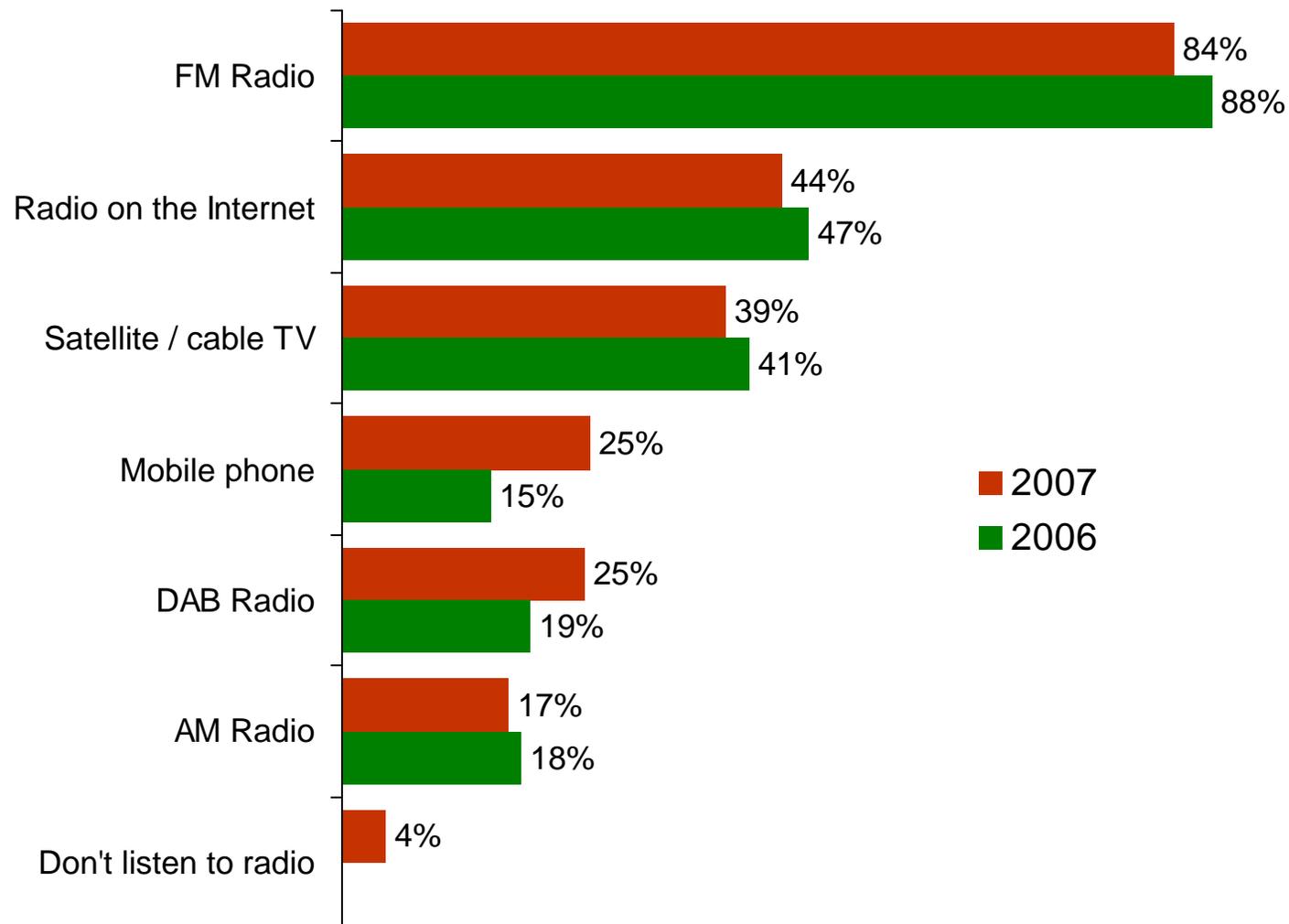


Base: Q4, All respondents (1,721)

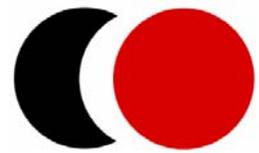


# Devices Used to Listen to Radio

*Which of the following do you use to listen to the radio? (Multi-code)*



Base: Q3, All respondents (1,721)



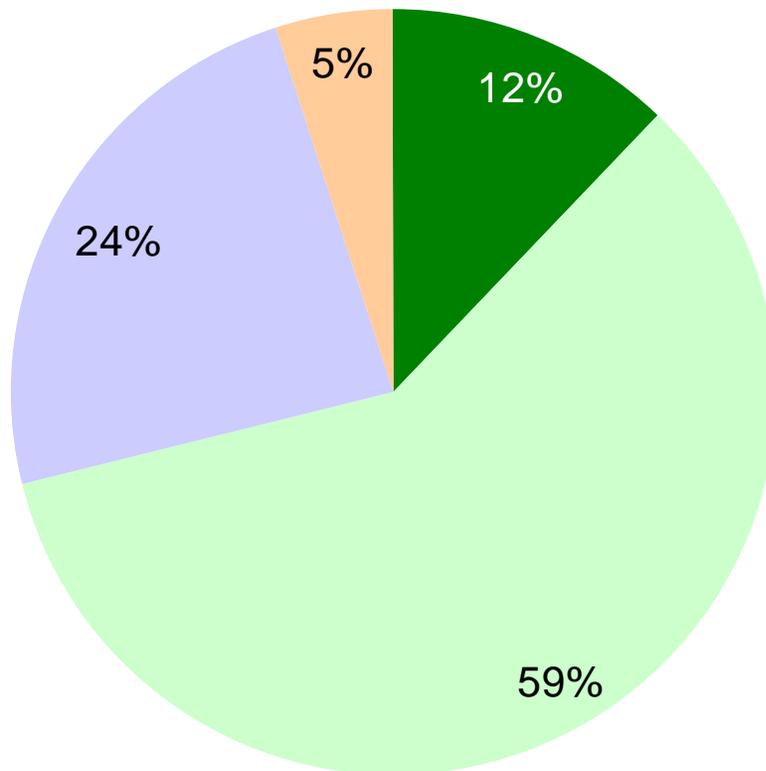
# Purchase Behaviour

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# Future CD Purchase

*Will you continue to buy CDs in the future?*

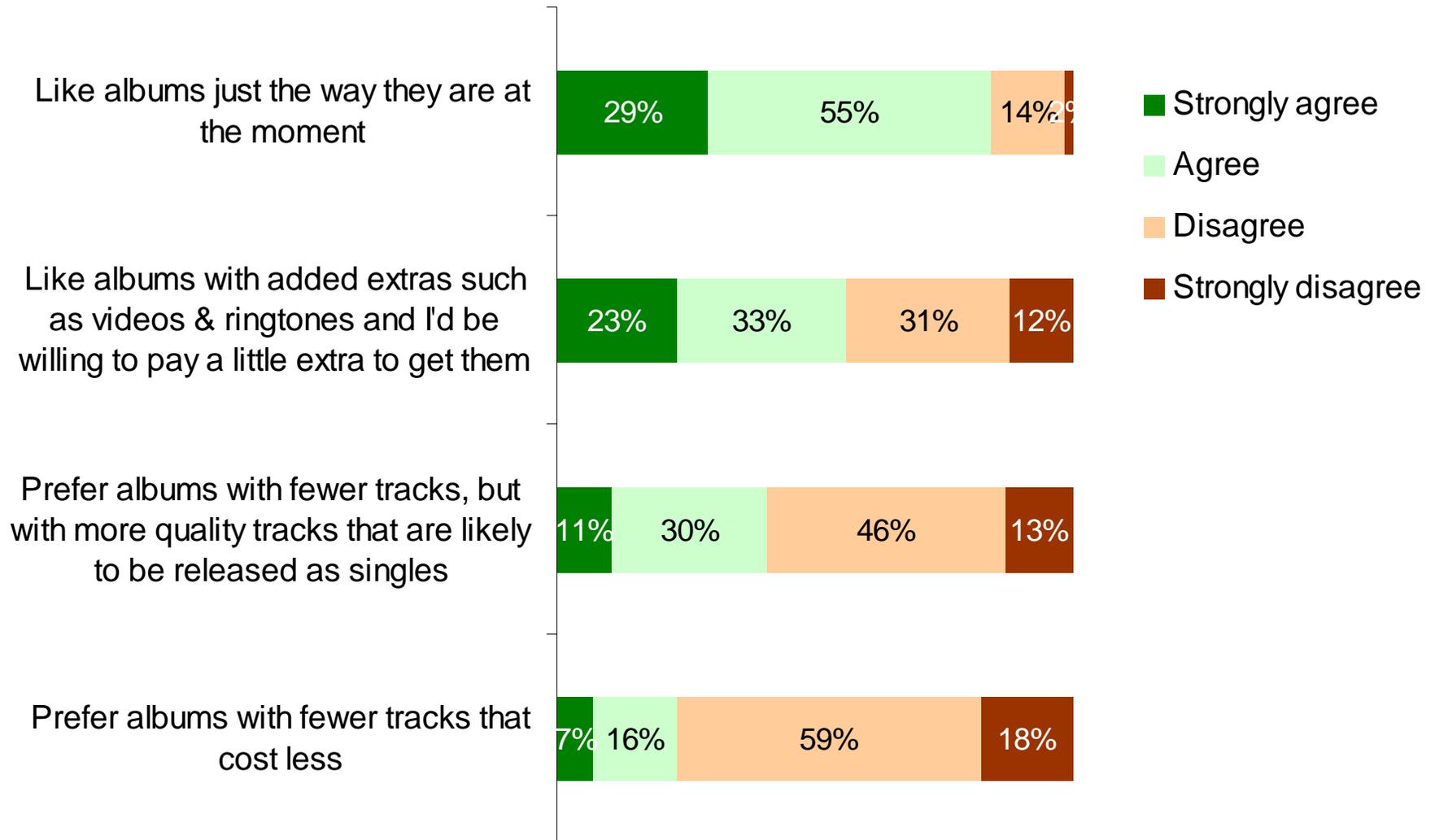


- Yes, more than I used to
- Yes, at the same rate as before
- Yes, but fewer than before
- No

<b>Behaviour</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Yes, more than I used to	9%	10%	12%
Yes, at the same rate as before	57%	64%	59%
Yes, but fewer than before	30%	21%	24%
No	4%	6%	5%



# Preferences & Attitudes Towards CD Albums

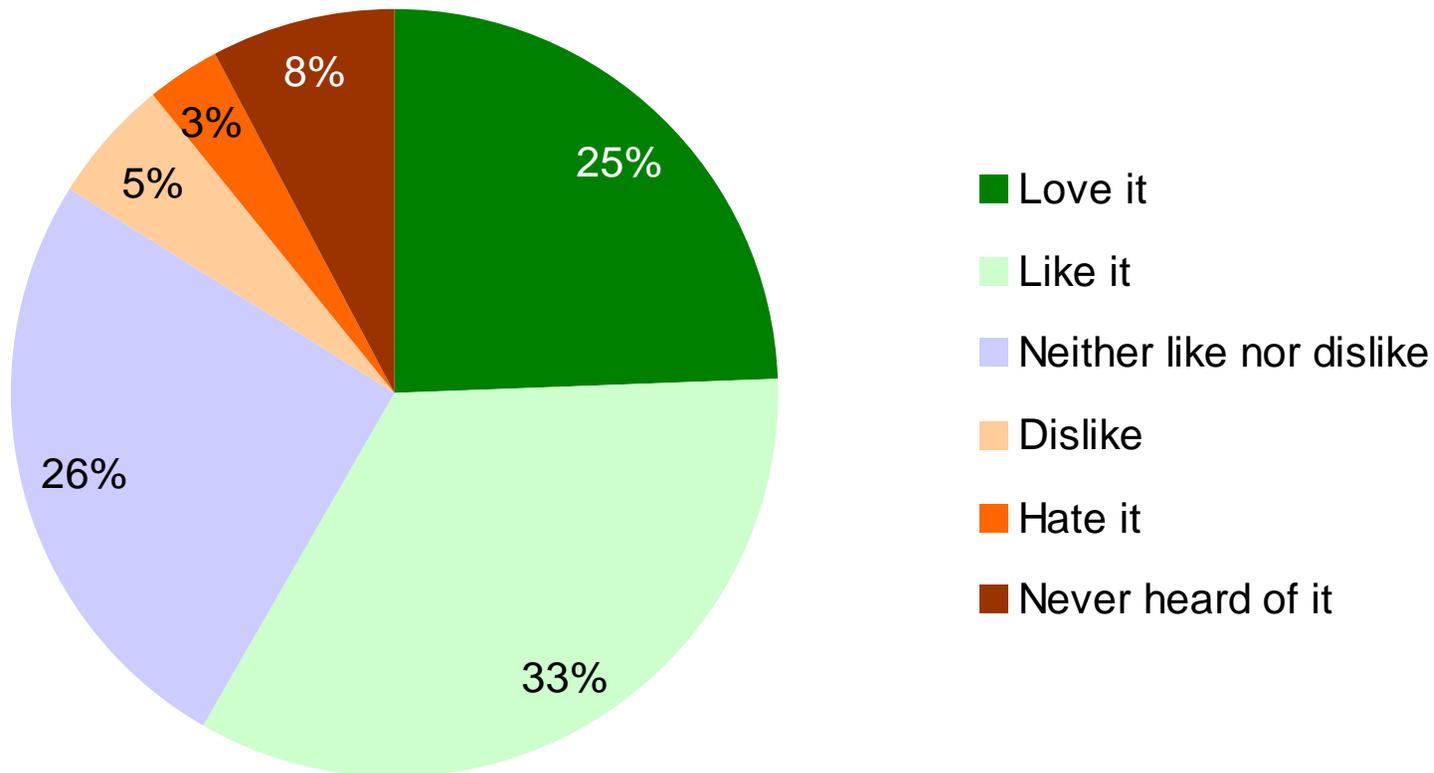


Base: Q29, All respondents (1,721)



## Releasing Music on USB stick

***What do you think of the concept of USB stick as a format for releasing music? It's a USB memory stick that contains MP3 files of the songs.***





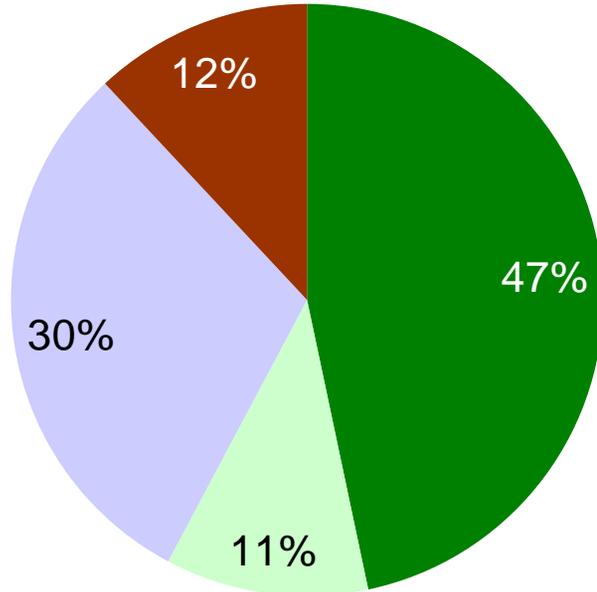
# Legal Downloading

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# Incidence of Legal Downloading

*Have you ever purchased a legal music download?*



- Yes
- Yes but I have stopped
- No and I have no intention of doing so
- No but I intend to soon

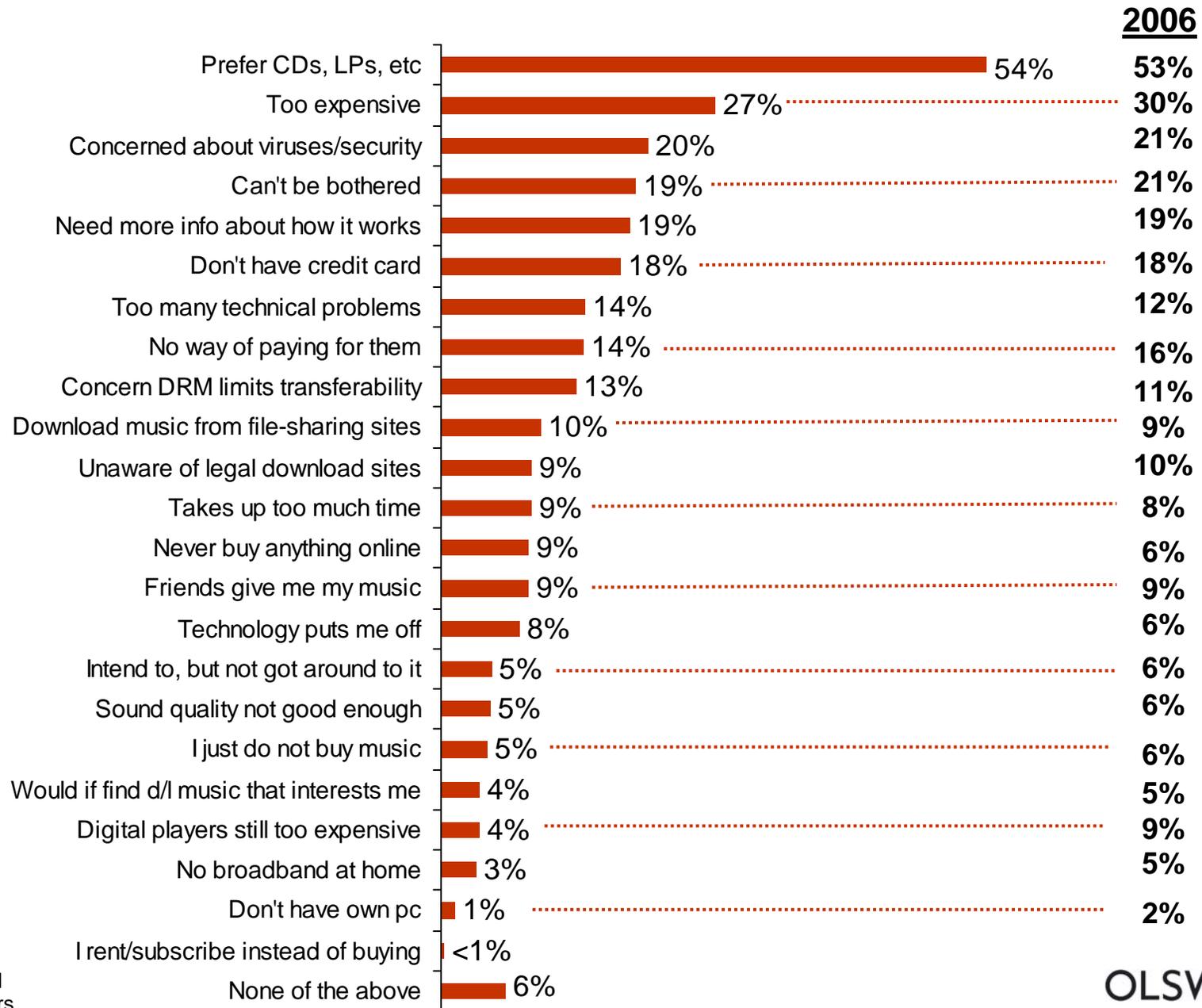
<i>Legal music download</i>	2005*	2006	2007
Yes	35%	41%	47%
Yes, but have stopped		9%	11%
No & no intention	65%	37%	30%
No, but intend to		14%	12%

*\* NB: Question was re-worded slightly from 2006*

Authorised Download	Male	Female	13-17	18-24	25-34	35-44	45+
% Yes	51% (43% in '06)	42% (39% in '06)	53% (43% in '06)	53% (46% in '06)	50% (42% in '06)	36% (36% in '06)	28% (25% in '06)



# Reasons Not to Purchase Legal Downloads

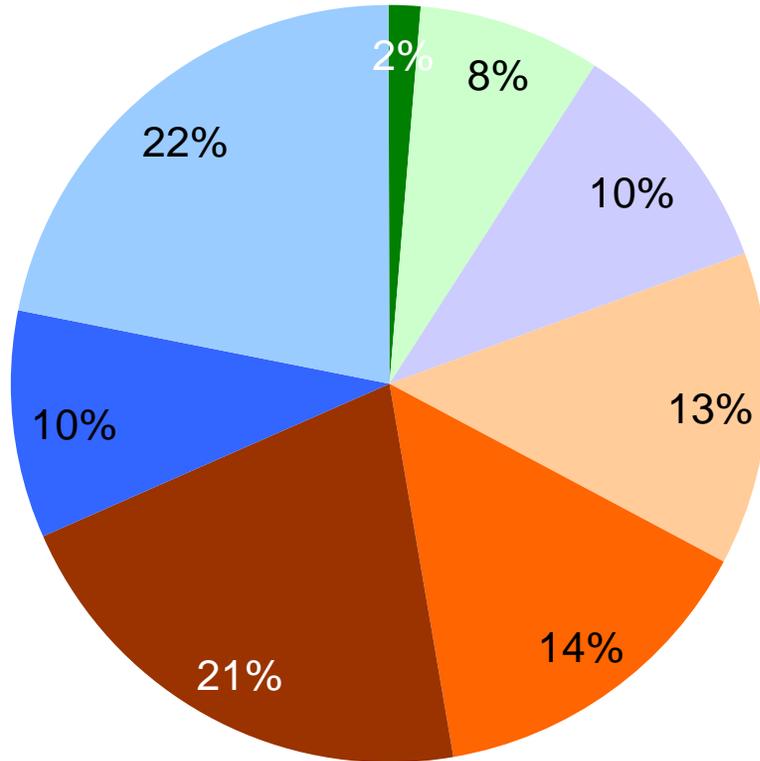


Base: Q49, All non-purchasers



# Frequency of Purchasing Digital Downloads

*How frequently do you purchase digital downloads?*



■ Every day

■ Once a week

■ Once a month

■ I only ever did it once

■ Several times each week

■ Once every two weeks

■ Once every few months

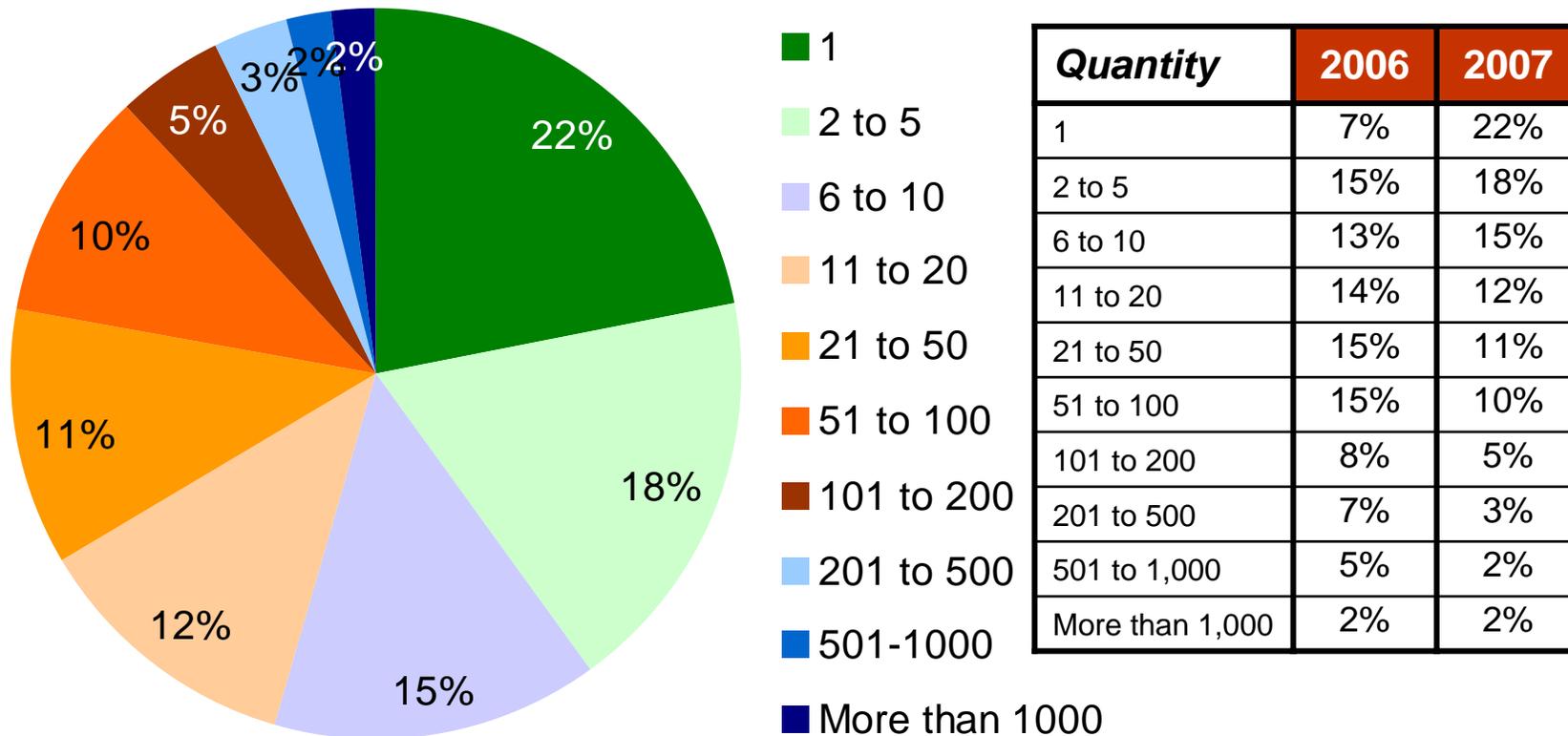
■ I have not done it for at least 6 months

<b>Frequency</b>	<b>2006</b>	<b>2007</b>
Every day	2%	2%
Several times each week	10%	8%
Once a week	10%	10%
Once every two weeks	11%	13%
Once a month	15%	14%
Once every few months	28%	21%
I only ever did it once	12%	10%
I have not done it for at least 6 months	12%	22%



# Quantity of Digital Downloads Purchased

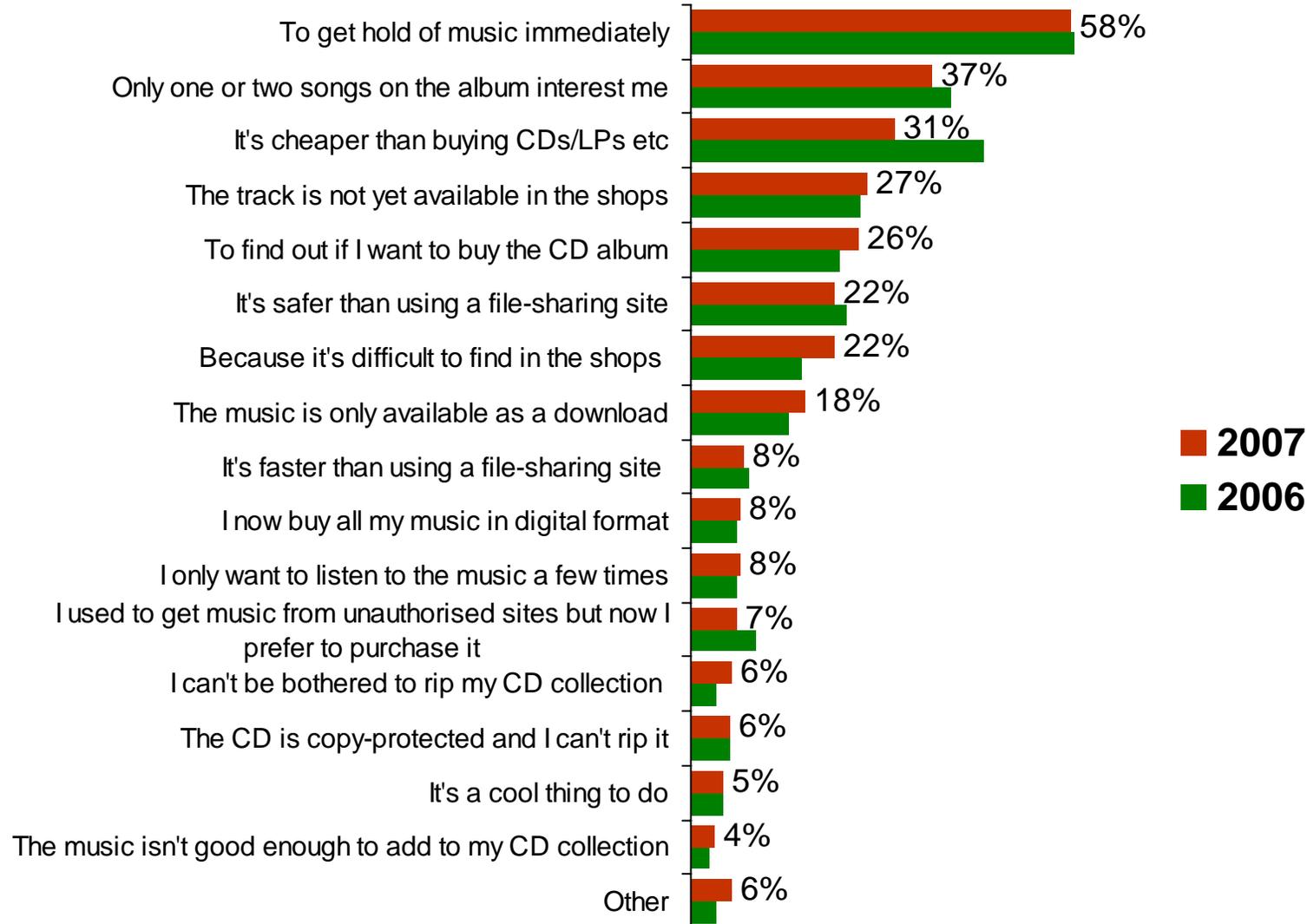
*How many tracks have you legally purchased so far through a digital download store?*





# Reason for Purchasing Downloads

*Please select from the list below the main reasons WHY you purchase legal downloads. Please select all that apply.*

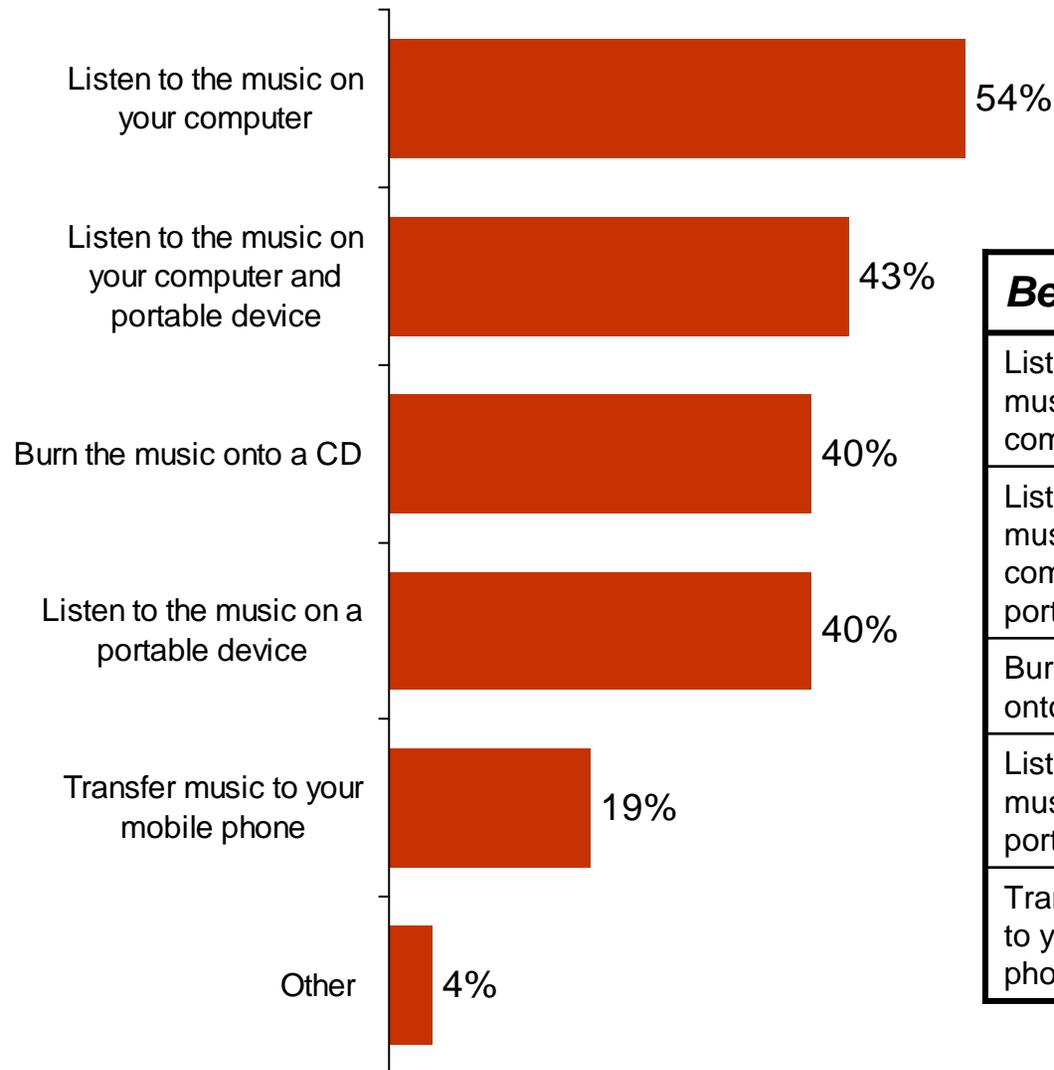


Base: Q53, All who purchase legal downloads (990)



# Behaviour After Downloading

*When you legally download music do you then usually...?*



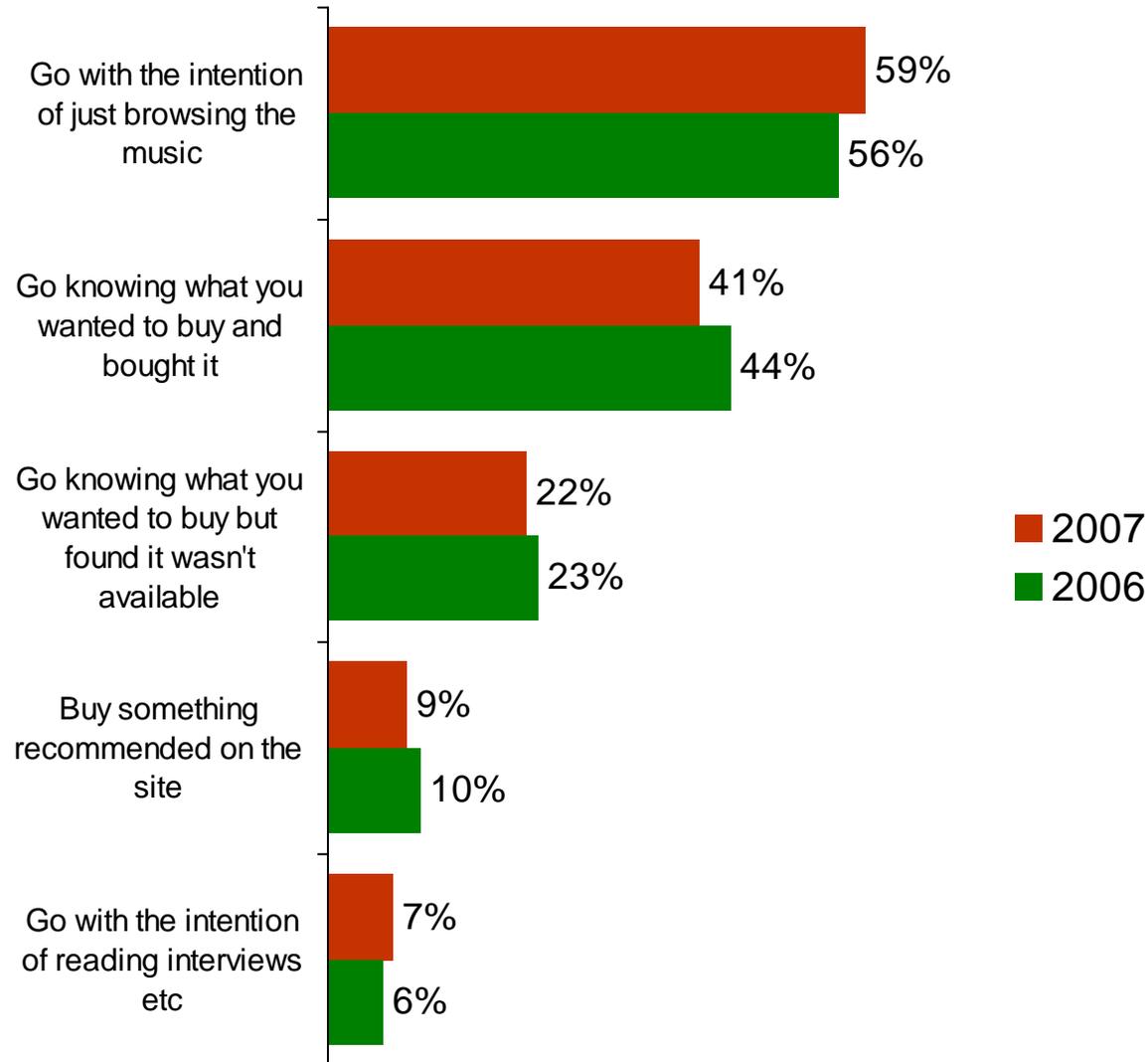
<b>Behaviour</b>	<b>2006</b>	<b>2007</b>
Listen to the music on your computer	44%	54%
Listen to the music on your computer and portable device	38%	43%
Burn the music onto a CD	39%	40%
Listen to the music on a portable device	27%	40%
Transfer music to your mobile phone	10%	19%

Base: Q54, All who purchase legal downloads (990)



# Intentions When Visiting Legal Download Sites

*Thinking of the last 3 visits you made to a legal download site, did you...? Please select all that apply.*

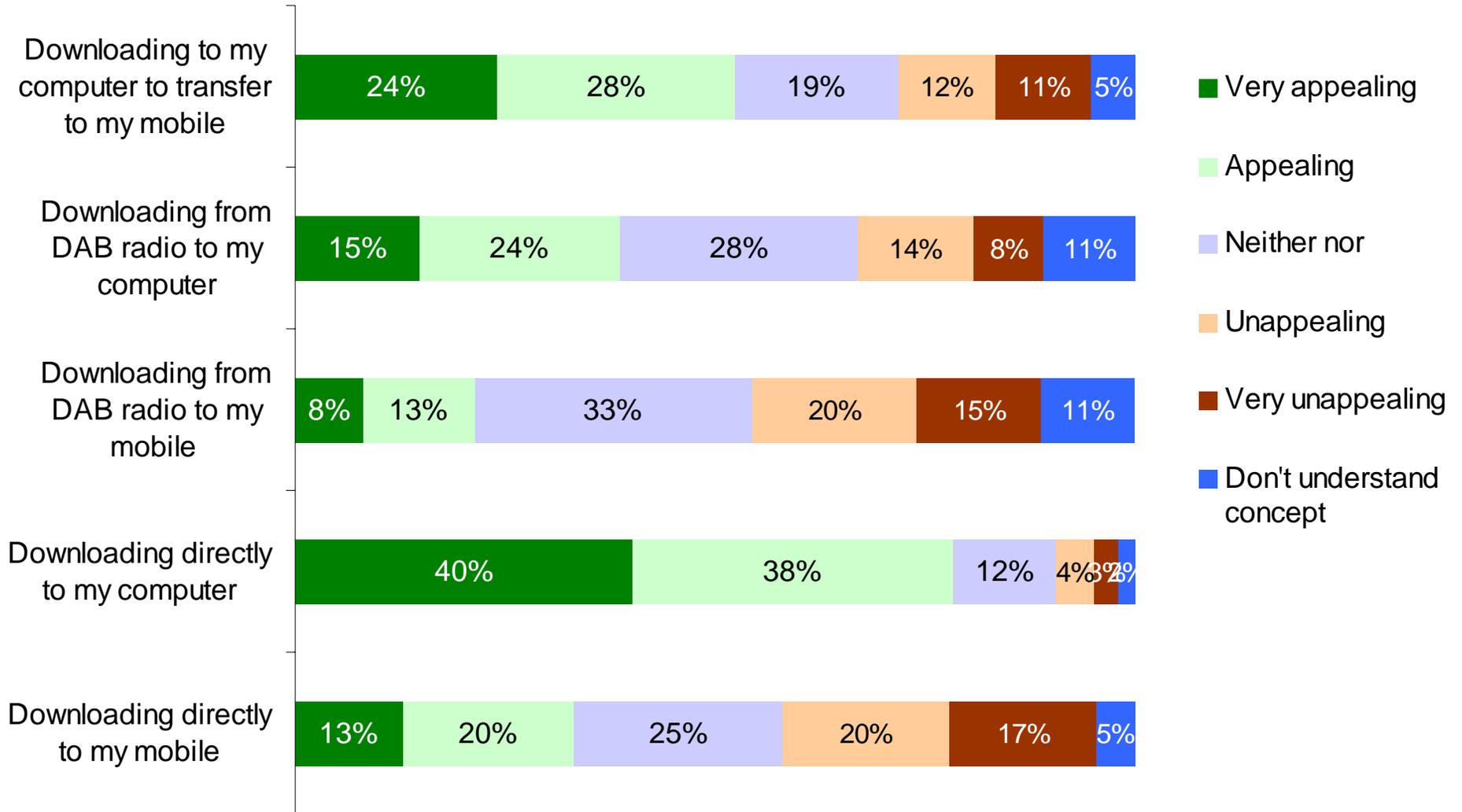


Base: Q55, All who purchase legal downloads (990)



# Appeal of Different Methods of Downloading Purchased Music

*How appealing, if at all, is purchasing music through the following devices?*

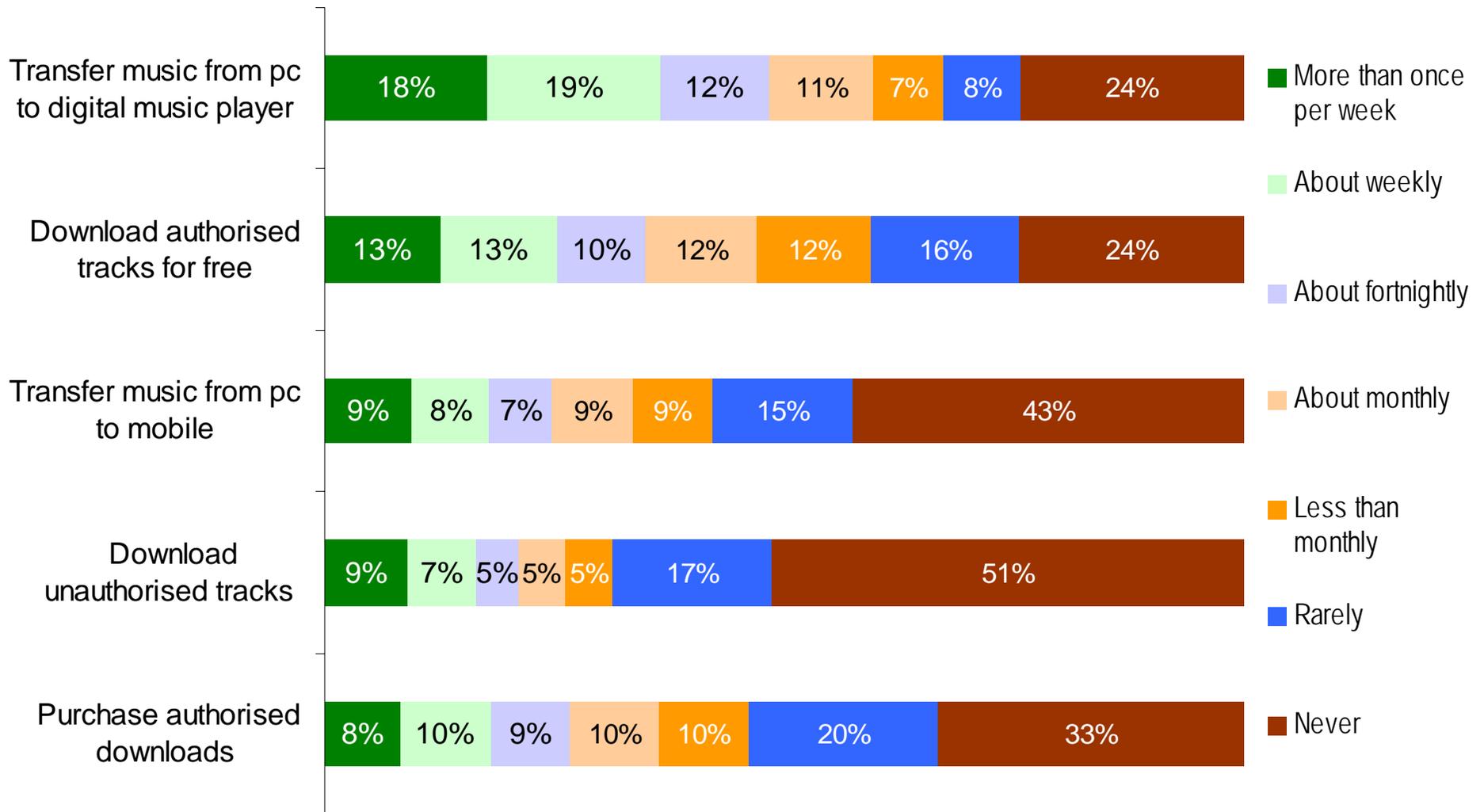


Base: Q22, All respondents (1,721)



# Downloading Behaviour

## How often do you download music?





# Tracking Download Behaviour

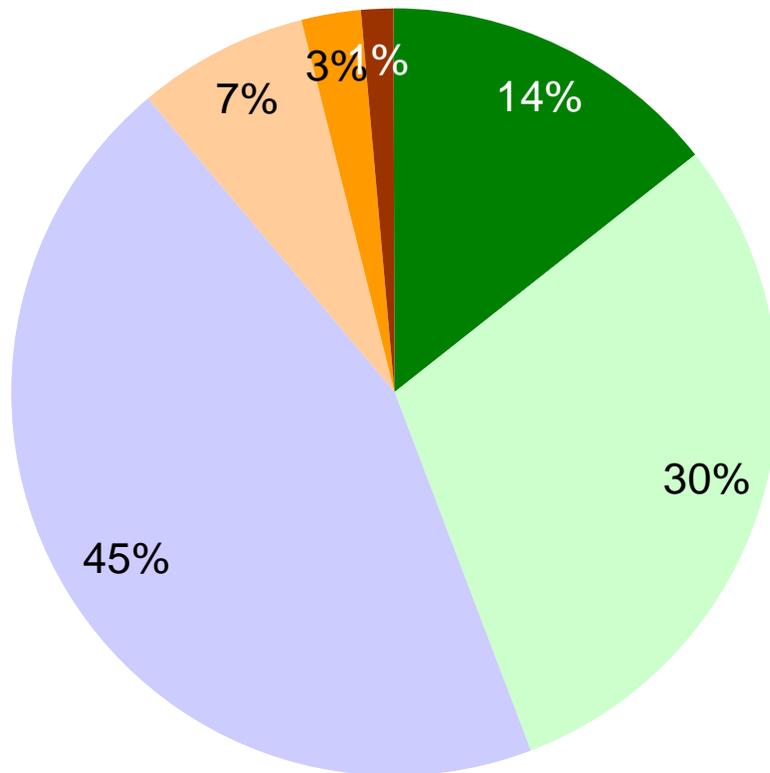
<b>Download Behaviour</b>	<b>Transfer PC to digital player</b>		<b>Download authorised for free</b>		<b>Transfer from PC to mobile</b>	
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>
More than once a week	19%	18%	12%	13%	8%	9%
About weekly	15%	19%	10%	13%	6%	8%
About monthly	11%	11%	11%	12%	6%	9%
Less than monthly	7%	7%	11%	12%	7%	9%
Rarely	8%	8%	18%	16%	10%	15%
Never	29%	24%	30%	24%	58%	43%

<b>Download Behaviour</b>	<b>Download unauthorised tracks</b>		<b>Purchase authorised downloads</b>	
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>
More than once a week	7%	9%	6%	8%
About weekly	5%	7%	7%	10%
About fortnightly	3%	5%	7%	9%
About monthly	4%	5%	9%	10%
Less than monthly	5%	5%	10%	10%
Rarely	15%	17%	18%	20%
Never	60%	51%	43%	33%



# Impact of Downloading on CD Purchasing

*Which one of the following best describes the effect, if any, of downloading on the number of CDs you purchase?*



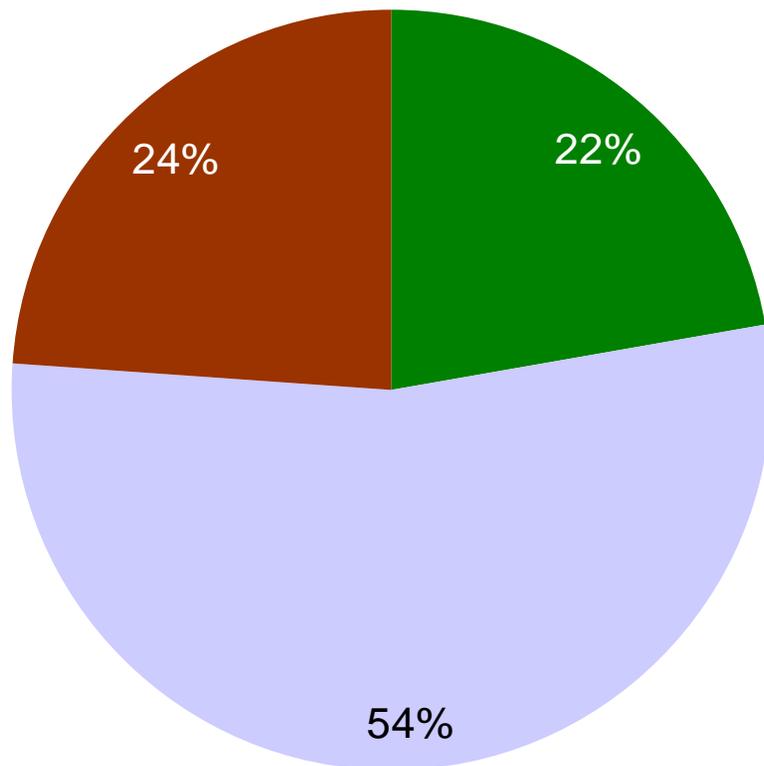
- Stopped/almost stopped buying CDs as a result
- Buy fewer CDs as a result
- Has not affected number of CDs I buy
- Buy more CDs as a result
- Buy many more CDs as a result
- Never bought CDs before started d/l-ing

<i>Impact</i>	<b>2006</b>	<b>2007</b>
Stopped/almost stopped	13%	14%
Buy fewer	30%	30%
Not affected	43%	45%
Buy more	9%	7%
Buy many more	4%	3%
Never bought CDs	1%	1%



## Impact of Downloading on Overall Music Spend

*Now think of all the downloading you have done (including both authorised & unauthorised tracks and music shared with your friends) and tell us which one of the following best applies to you*



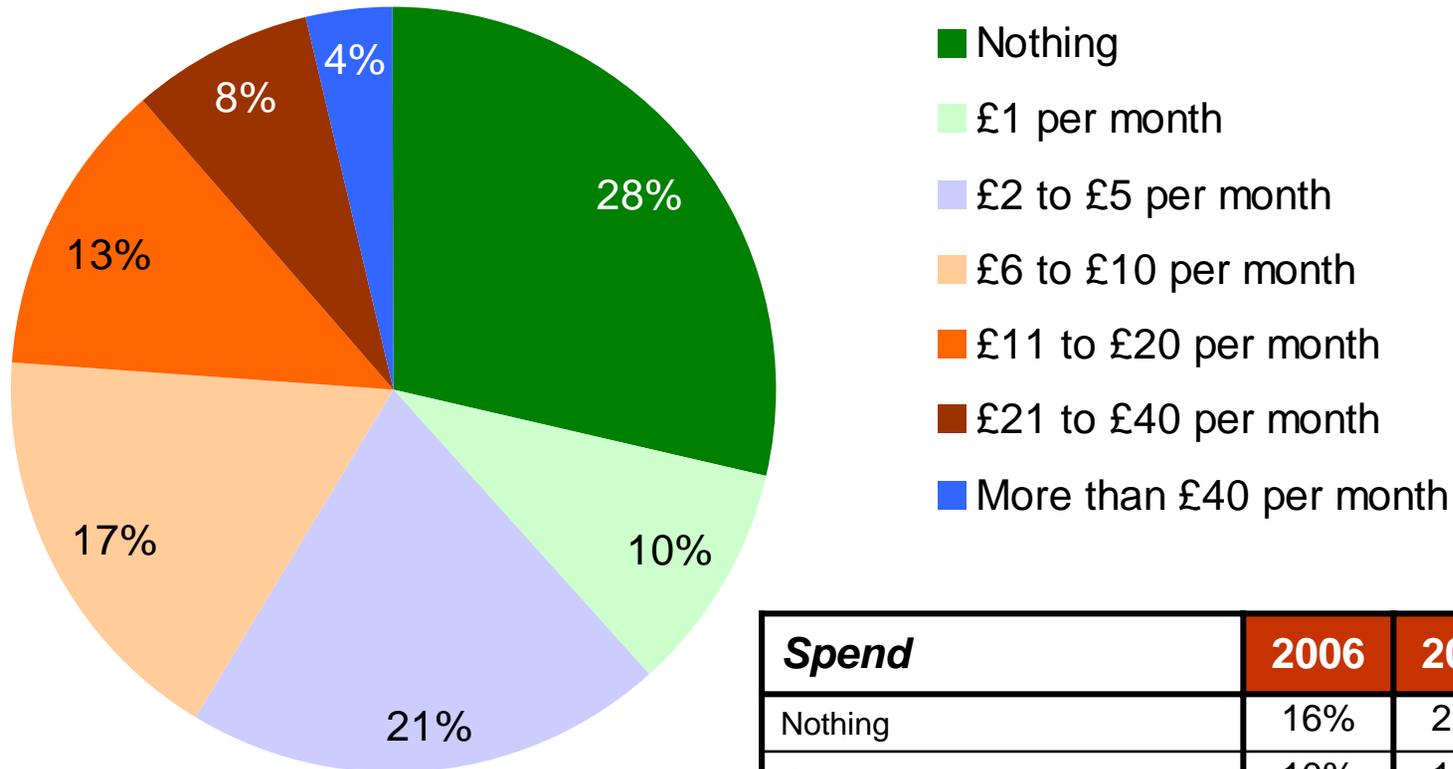
- Downloading has increased the total amount of money I spend on music
- Downloading has had no effect on the total amount of money I spend on music
- Downloading has decreased the total amount of money I spend on music

<b><i>Music Spend Impact</i></b>	<b>2006</b>	<b>2007</b>
Increased	24%	22%
No effect	53%	54%
Decreased	23%	24%



## Purchase Downloads – Current Spend

*How much have you spent on buying legal downloads in the past 6 months?*



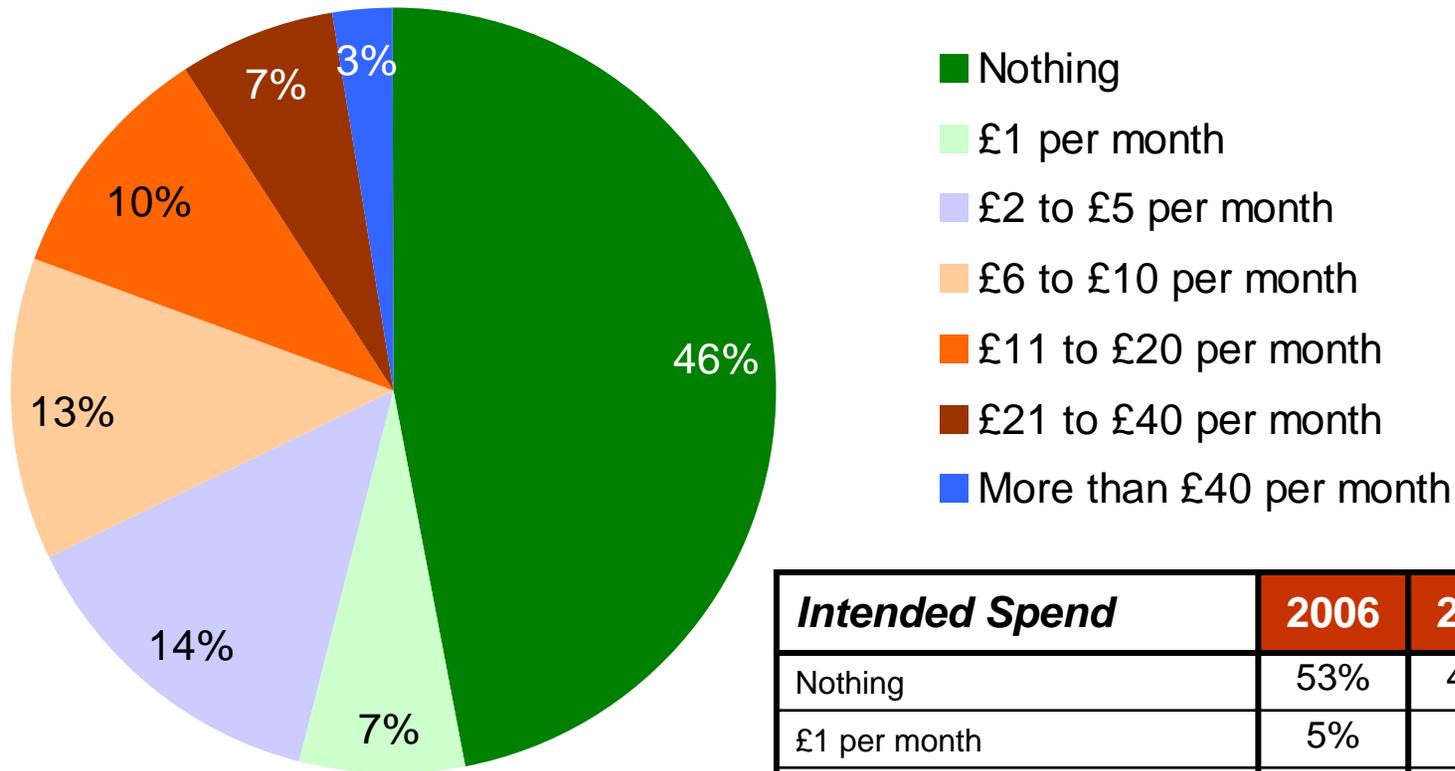
<b>Spend</b>	<b>2006</b>	<b>2007</b>
Nothing	16%	28%
£1 per month	10%	10%
£2 to £5 per month	23%	21%
£6 to £10 per month	17%	17%
£11 to £20 per month	16%	13%
£21 to £40 per month	11%	8%
More than £40 per month	5%	4%

Base: Q56, All who purchase legal downloads (990)



# Future Legal Download Spend

*How much are you likely to spend on buying legal downloads in the NEXT 6 months?*

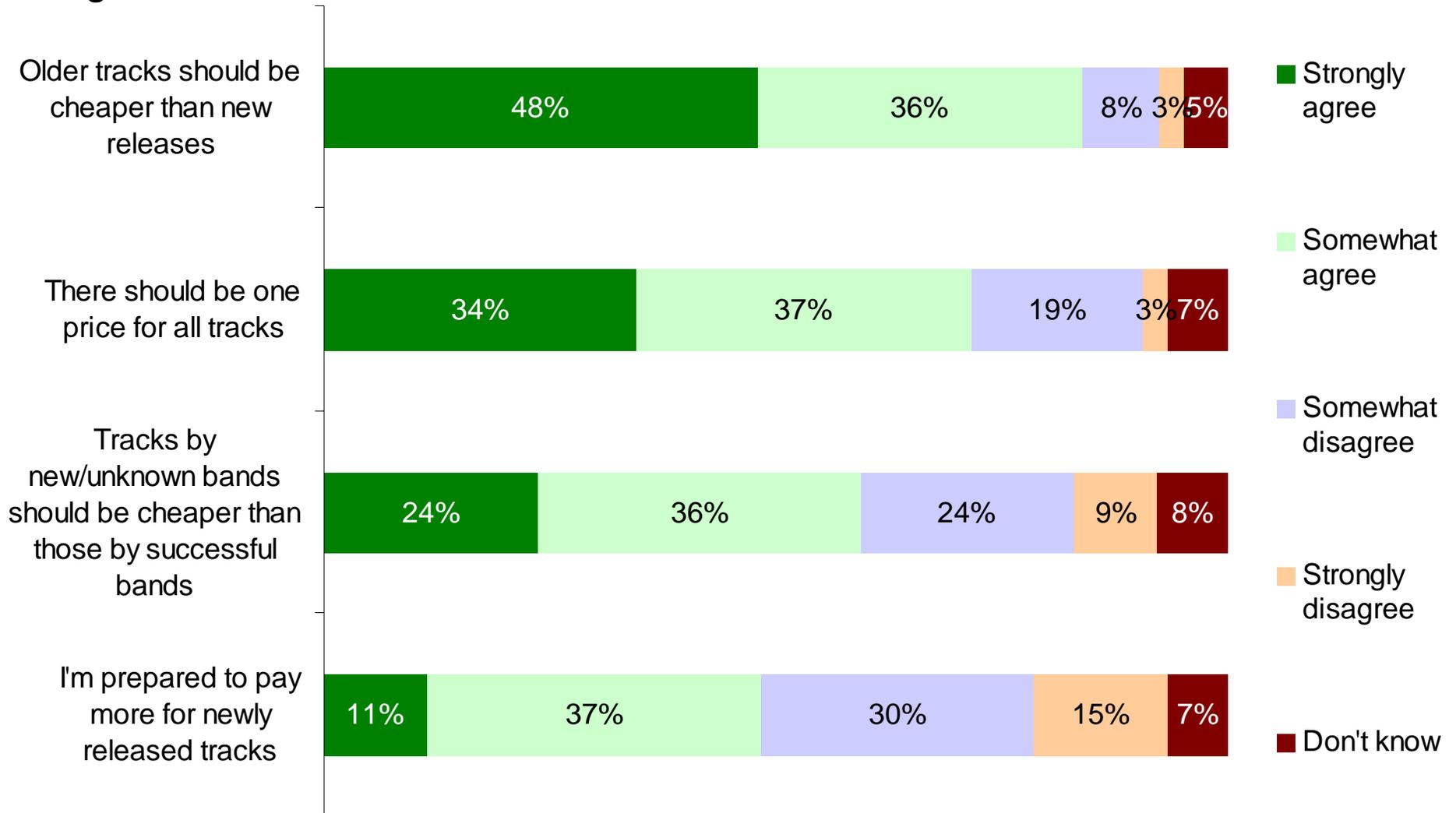


<b><i>Intended Spend</i></b>	<b>2006</b>	<b>2007</b>
Nothing	53%	46%
£1 per month	5%	7%
£2 to £5 per month	14%	14%
£6 to £10 per month	9%	13%
£11 to £20 per month	9%	10%
£21 to £40 per month	6%	7%
More than £40 per month	3%	3%



# Digital Download Pricing Attitudes

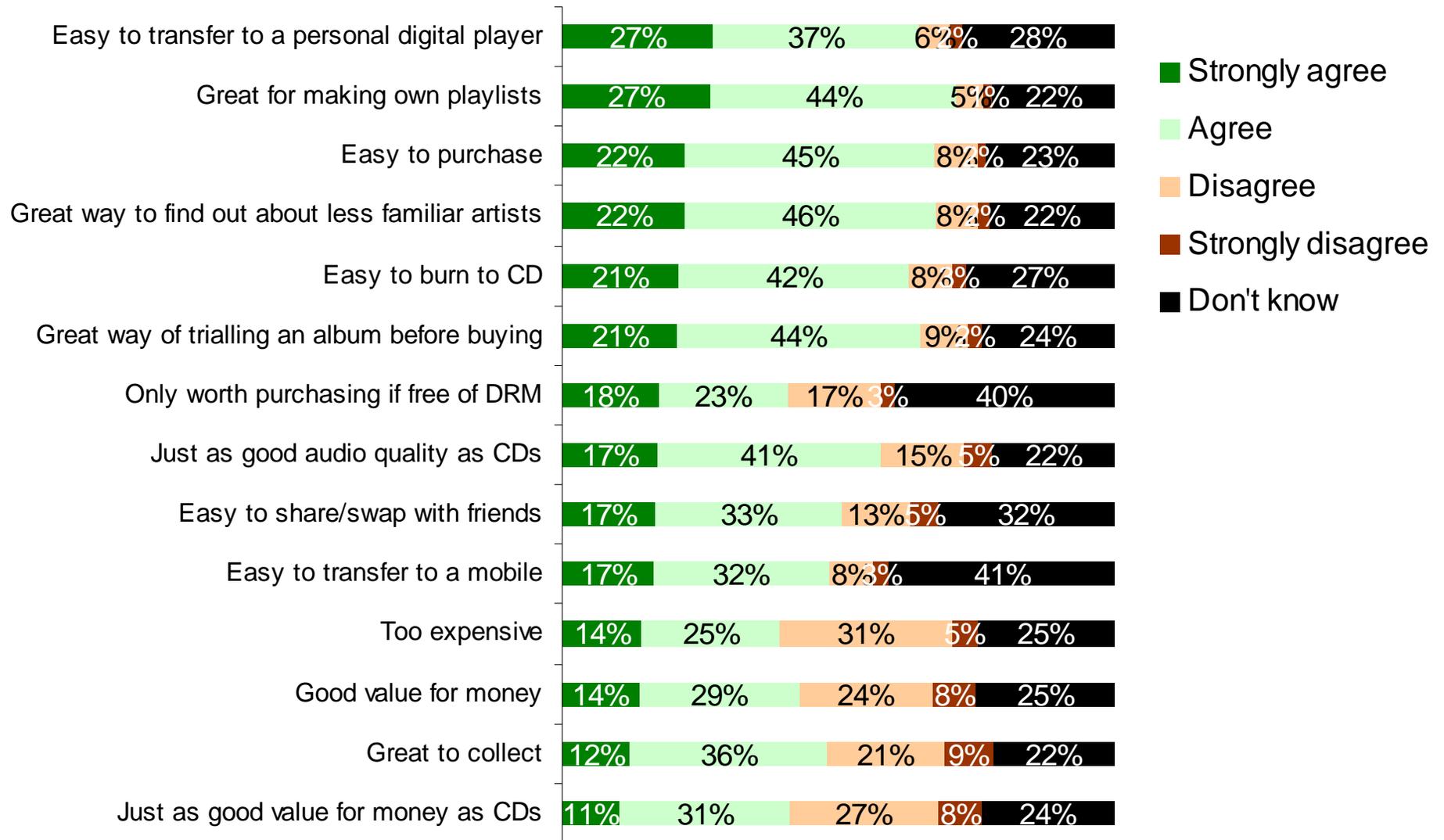
*How much do you agree with each of the following statements about purchasing digital downloads?*



Base: Q50, All who purchase legal downloads (990)



# Attitudes Towards Single Track Downloads

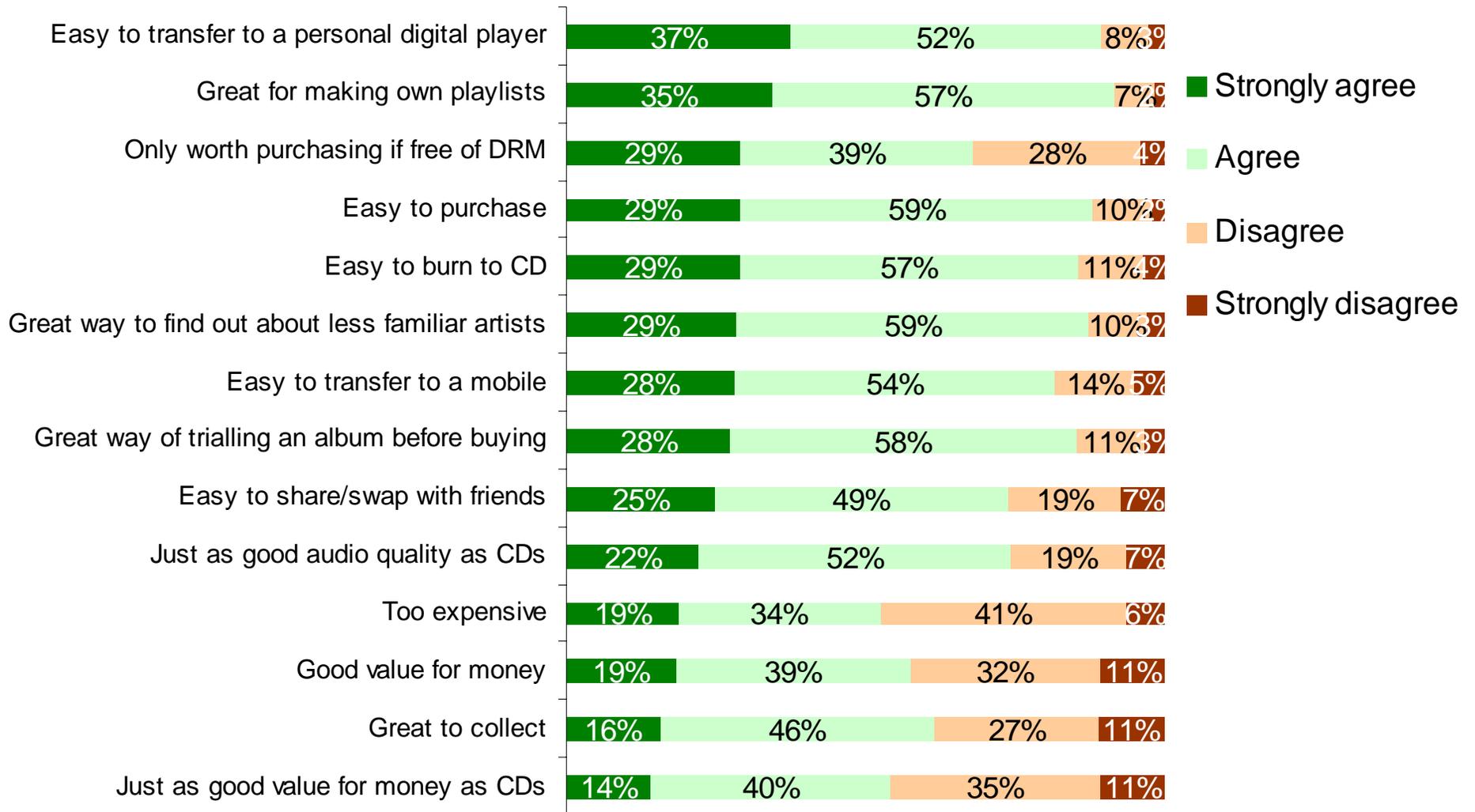


Base: Q28, All respondents (1,721)



# Attitudes Towards Single Track Downloads

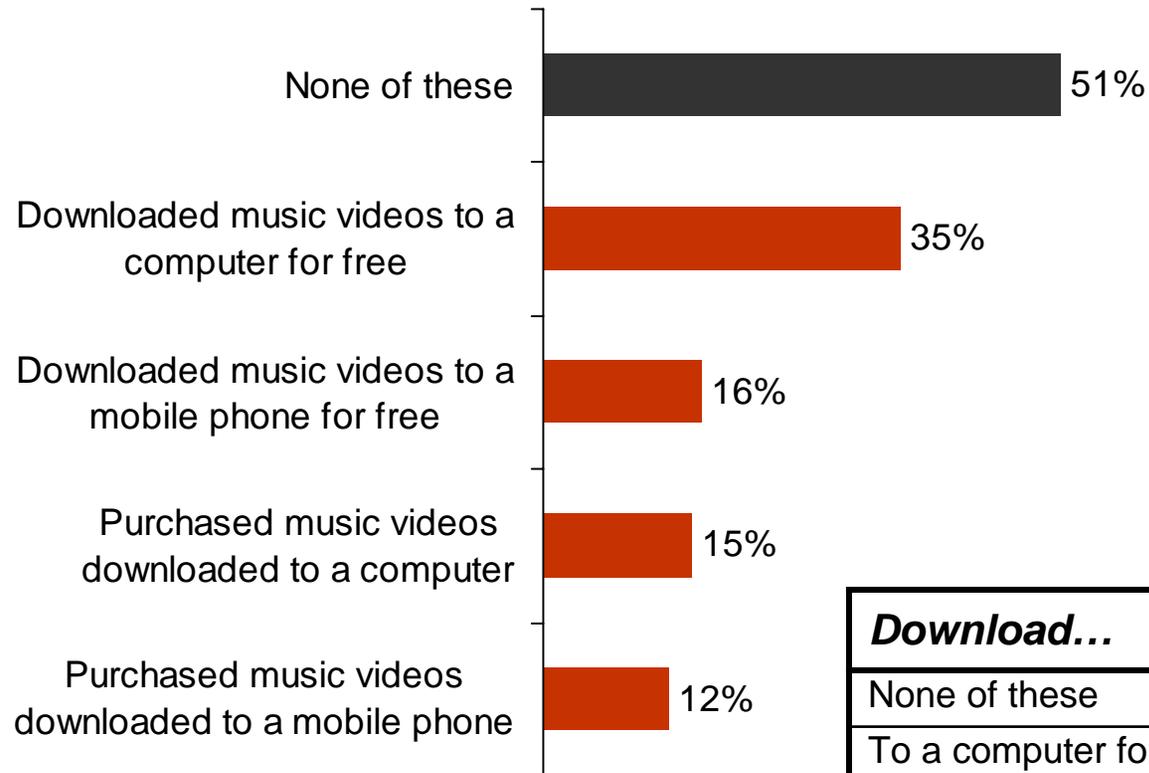
*Excluding "Don't Knows"*



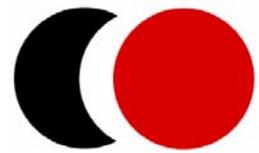


# Downloading Music Videos

*Thinking about downloading music videos, have you ever done any of the following? (Multi-code)*



<i>Download...</i>	<b>2006</b>	<b>2007</b>
None of these	59%	51%
To a computer for free	30%	35%
To a mobile for free	9%	16%
Purchased to PC	10%	15%
Purchased to mobile	9%	12%



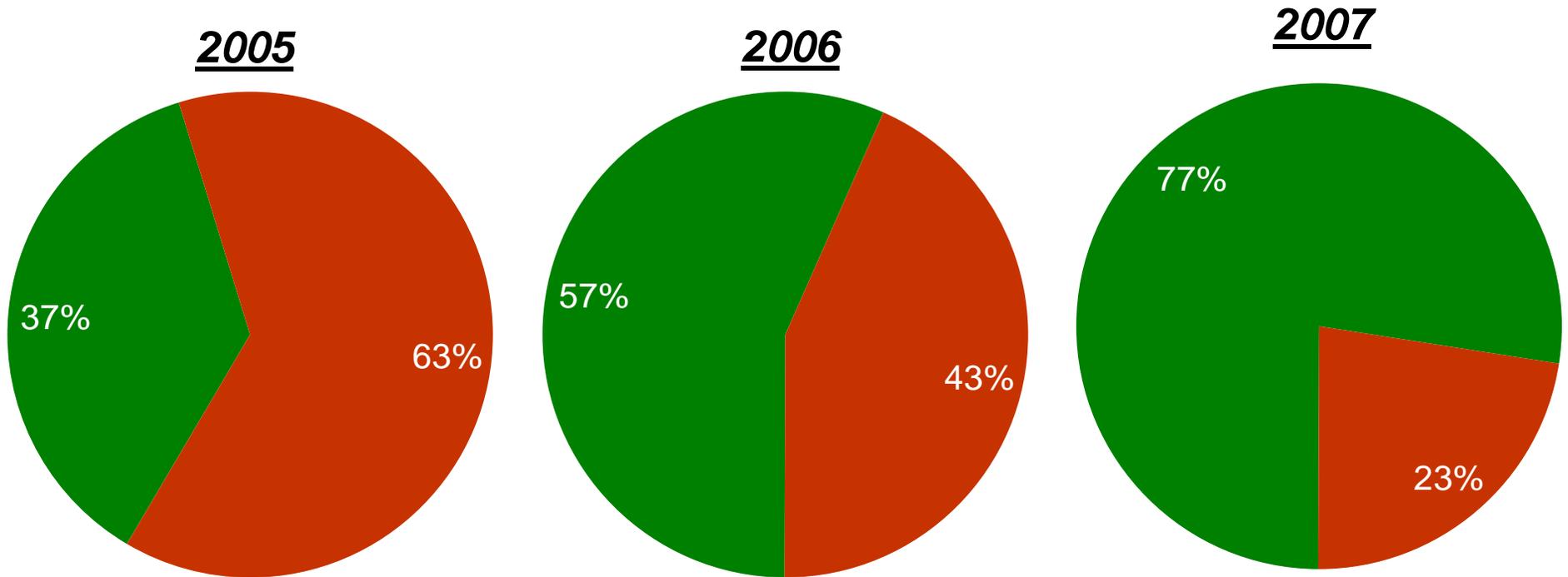
# Personal Digital Music Players

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# Ownership of Personal Digital Music Players

■ Yes ■ No



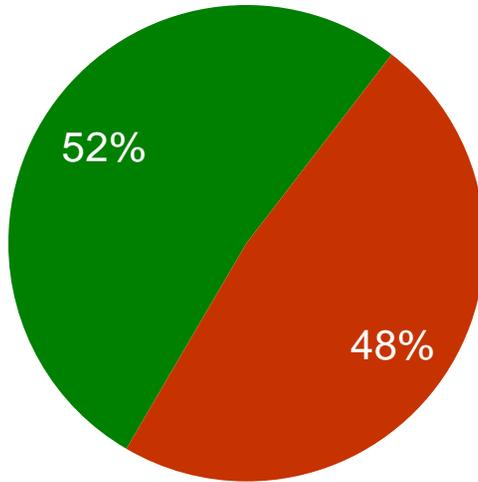
Base: Q33, All respondents (1,721)



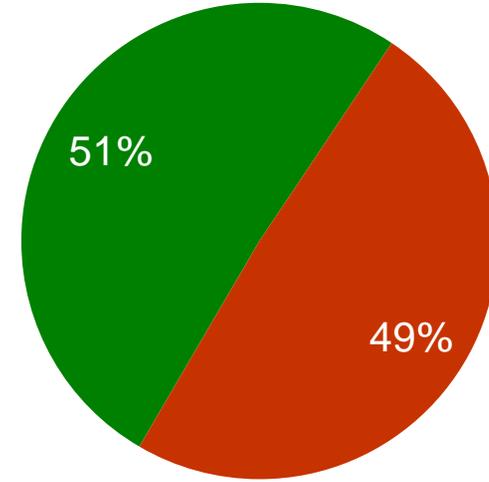
# Demographics of Personal Digital Music Player Owners

2006

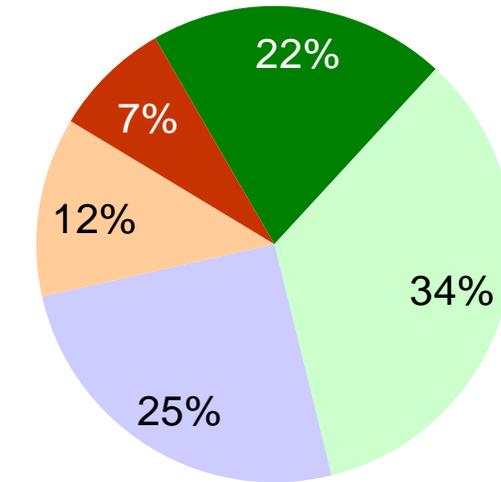
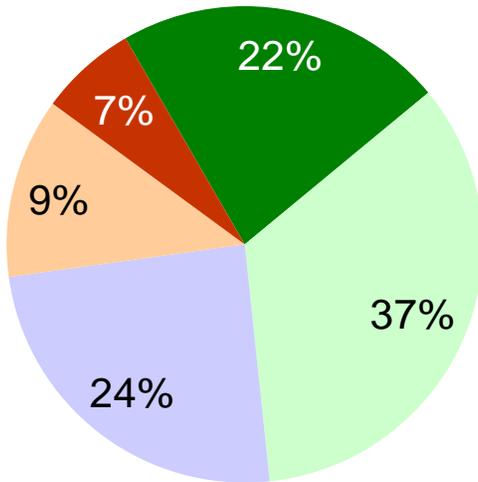
- Male
- Female



2007



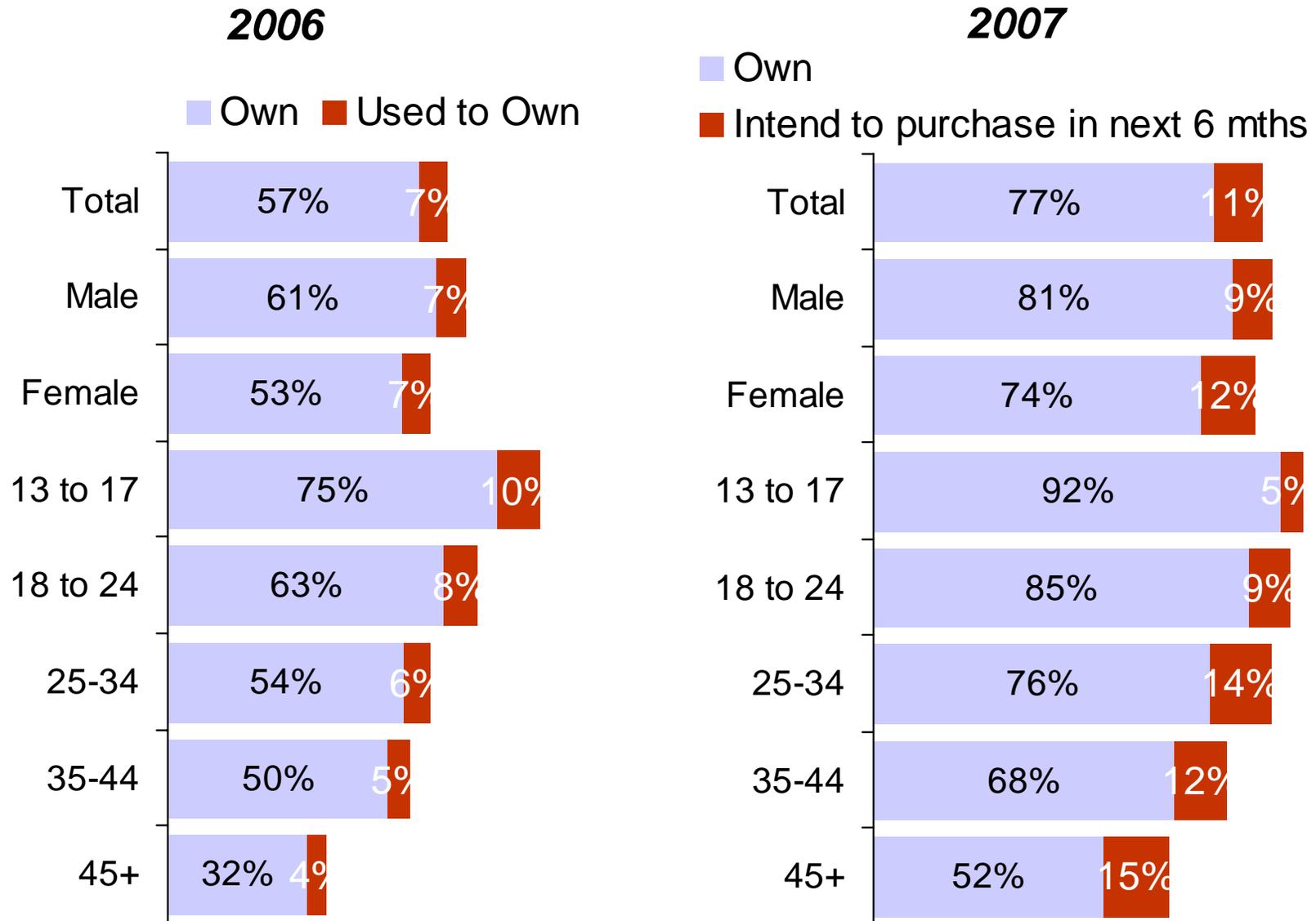
- 13 to 17
- 18 to 24
- 25 to 34
- 35 to 44
- 45+



Base: All respondents



# Personal Digital Music Players – Market Penetration

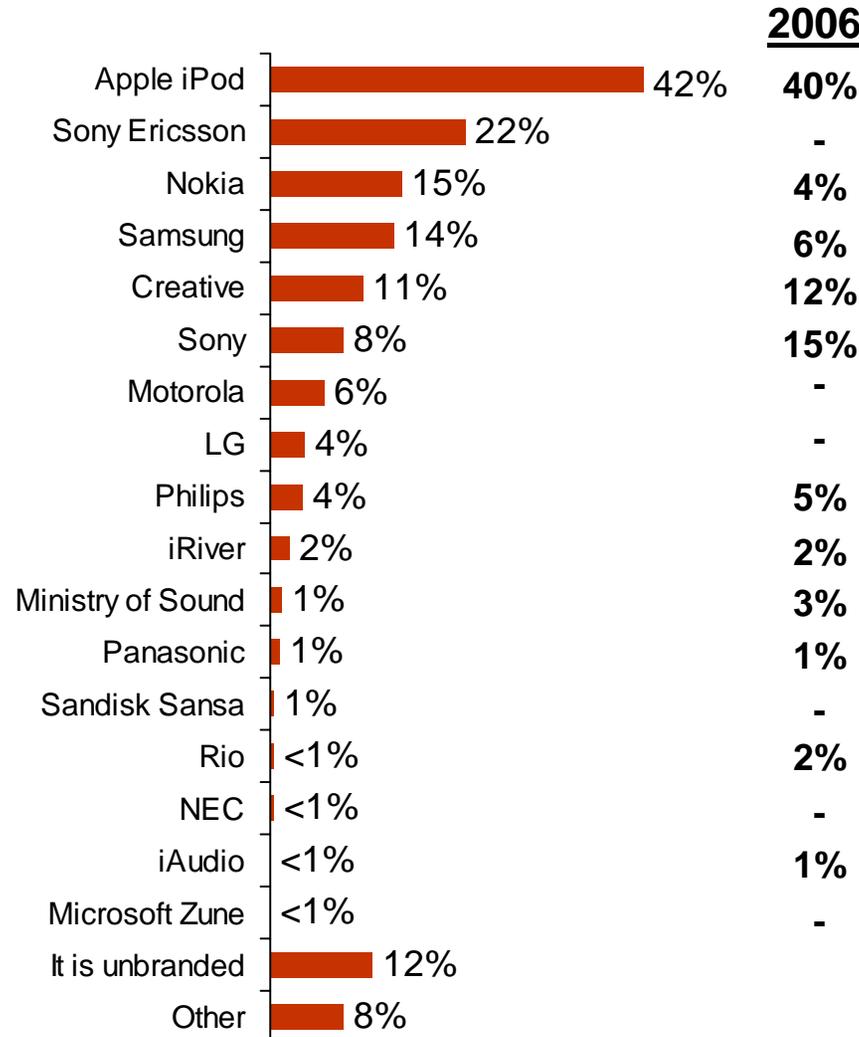


Base: All respondents



# Brands of Personal Digital Music Players

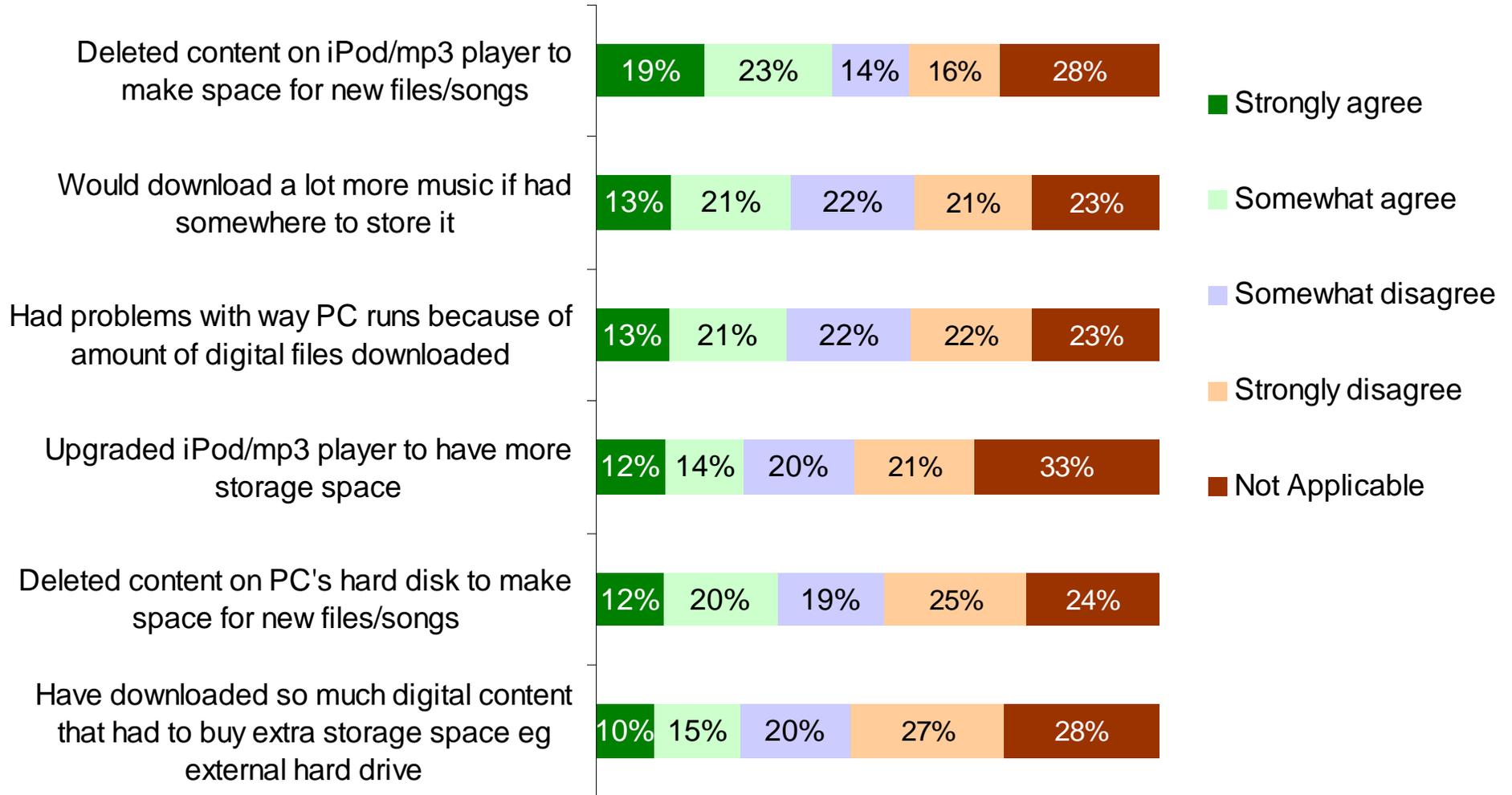
*Which brand(s) of personal digital music player do you own? If your mobile has a built-in music player then include this as well. (Multi-code)*

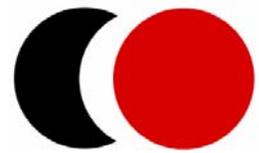


Base: Q34, All owners of digital music players

# Storage Space Issues

*How much do you agree or disagree with the following statements?*





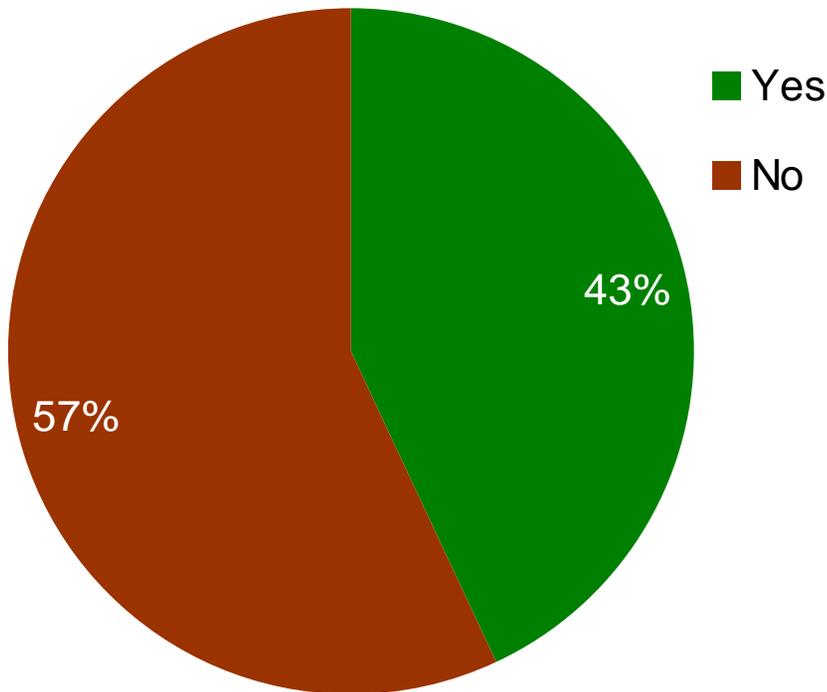
# Unauthorised Downloading

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# Unauthorised Music Downloading – Incidence

*Have you ever downloaded unauthorized music from file-sharing sites such as BitTorrent, Limewire, etc.?*



<i>Unauthorised music downloading</i>	2005	2006	2007
Yes	40%	36%	43%
No	60%	64%	57%

Unauthorised Download	Male	Female	13-17	18-24	25-34	35-44	45+
% Yes	47% (43% in '06)	40% (29% in '06)	57% (41% in '06)	53% (44% in '06)	38% (36% in '06)	30% (25% in '06)	24% (19% in '06)

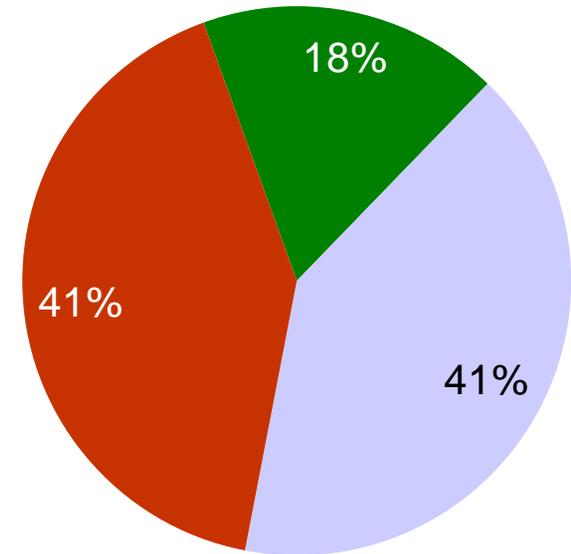
Base: Q44, All respondents (1,721)



# Unauthorised Downloading – Future Intentions

*Thinking of unauthorised file-sharing sites, do you think over the next 12 months you will...?*

- Download tracks more often
- Download tracks less often
- Download at the same rate



<b>Unauthorised music downloading</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
More often	6%	8%	18%
Less often	65%	56%	41%
Same rate	29%	41%	41%

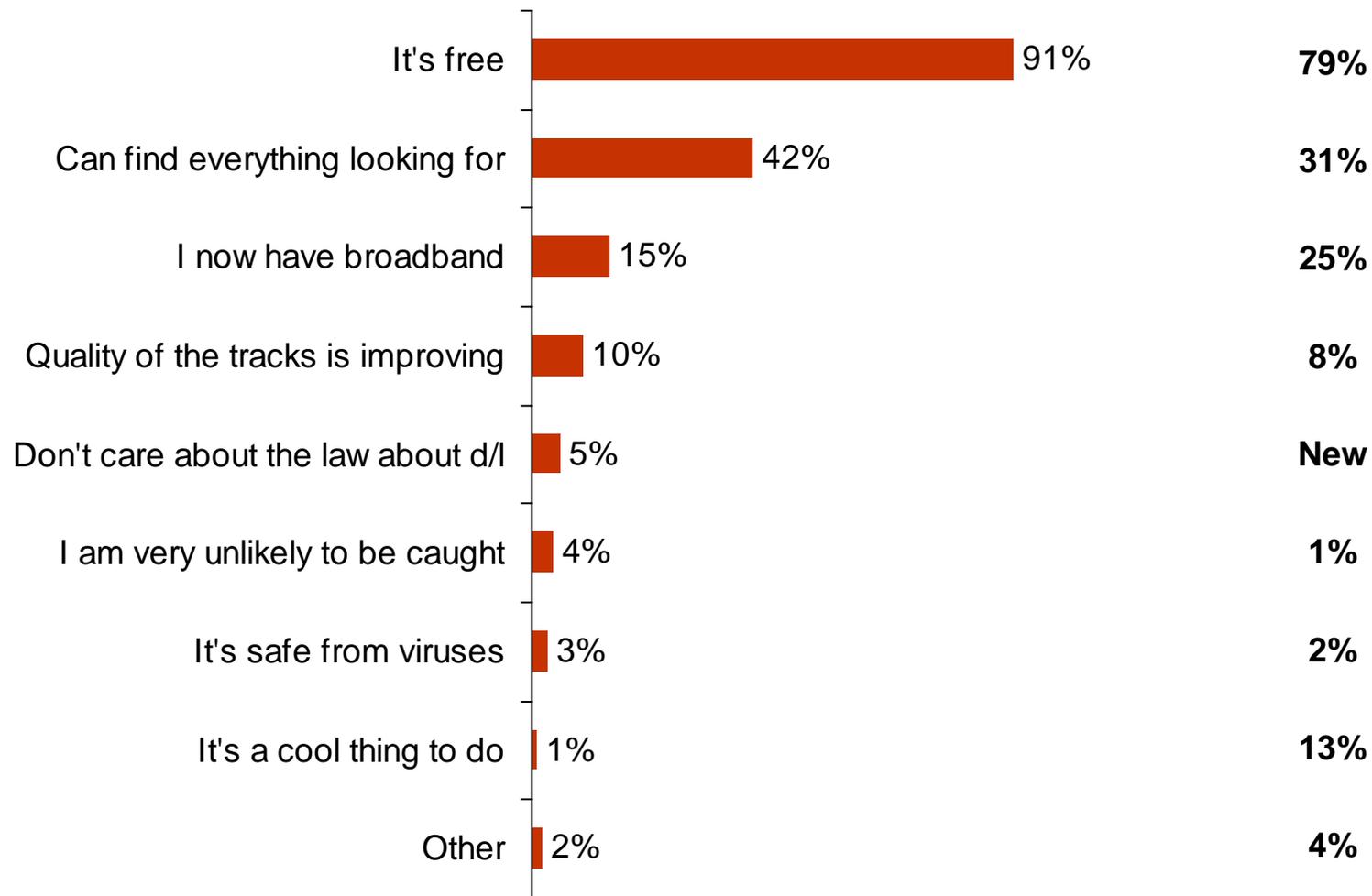
<b>Unauthorised downloading</b>	<b>Male</b>	<b>Female</b>	<b>13-17</b>	<b>18-24</b>	<b>25-34</b>	<b>35-44</b>	<b>45+</b>
<b>% More Often</b>	16% (7% in '06)	19% (10% in '06)	23% (16% in '06)	19% (7% in '06)	16% (5% in '06)	13% (7% in '06)	10% (7% in '06)
<b>% Less Often</b>	42% (57% in '06)	40% (55% in '06)	37% (50% in '06)	41% (59% in '06)	43% (56% in '06)	40% (59% in '06)	45% (55% in '06)
<b>% Same Rate</b>	42% (36% in '06)	41% (35% in '06)	40% (33% in '06)	40% (35% in '06)	41% (39% in '06)	47% (34% in '06)	45% (38% in '06)



## Reasons to Download Unauthorised More Often

*Why are you likely to download tracks more often from unauthorised file-sharing sites?*

2006



Base: Q46, All downloading more unauthorised



# Reasons to Download Unauthorised More Often

## Profiled

*Why are you likely to download tracks more often from unauthorised file-sharing sites?*

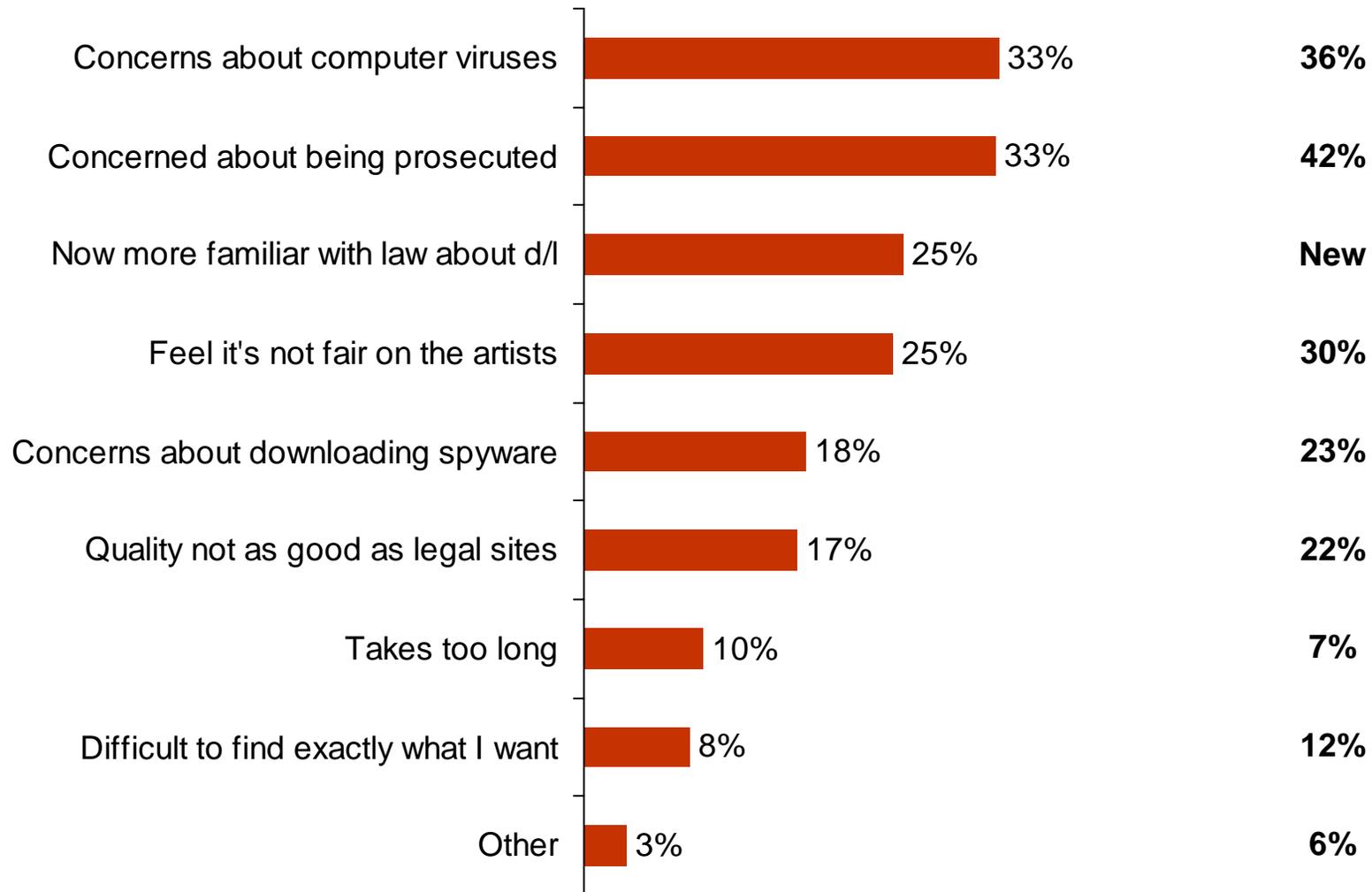
Downloading more unauthorised	Male (Base: 137)	Female (Base: 172)	13-17 (Base: 66)	18-24 (Base: 101)	25-34 (Base: 71)	35-44 (Base: 30)	45+ (Base: 21*)
It's free	91%	91%	88%	94%	87%	93%	100%
Can find everything looking for	28%	55%	48%	49%	20%	45%	33%
I now have broadband	16%	14%	8%	14%	26%	21%	0%
Quality of the tracks is improving	7%	12%	8%	11%	8%	16%	0%
Don't care about the law about d/l	8%	3%	10%	0%	8%	8%	0%
I am very unlikely to be caught	6%	2%	4%	6%	0%	0%	17%
It's safe from viruses	5%	2%	7%	3%	0%	0%	0%
It's a cool thing to do	2%	0%	4%	0%	0%	0%	0%
Other	4%	0%	4%	0%	4%	0%	0%



## Reasons to Download Unauthorised Less Often

*Why are you likely to download tracks less often from unauthorised file-sharing sites?*

**2006**



Base: Q47, All downloading less unauthorised



# Reasons to Download Unauthorised Less Often

## Profiled

*Why are you likely to download tracks less often from unauthorised file-sharing sites?*

Downloading less unauthorised	Male (Base: 350)	Female (Base: 351)	13-17 (Base: 108)	18-24 (Base: 222)	25-34 (Base: 192)	35-44 (Base: 93)	45+ (Base: 95)
Concerns about computer viruses	28%	38%	34%	36%	28%	31%	32%
Concerned about being prosecuted	29%	37%	34%	37%	32%	26%	16%
Now more familiar with law about d/l	25%	26%	25%	25%	24%	31%	32%
Feel it's not fair on the artists	30%	19%	25%	24%	21%	29%	39%
Concerns about downloading spyware	18%	17%	14%	17%	19%	21%	22%
Quality not as good as legal sites	17%	17%	17%	15%	23%	17%	6%
Takes too long	12%	7%	12%	8%	9%	7%	13%
Difficult to find exactly what I want	11%	6%	6%	8%	10%	10%	9%
Other	4%	3%	2%	5%	4%	2%	3%



# Mobile Downloading

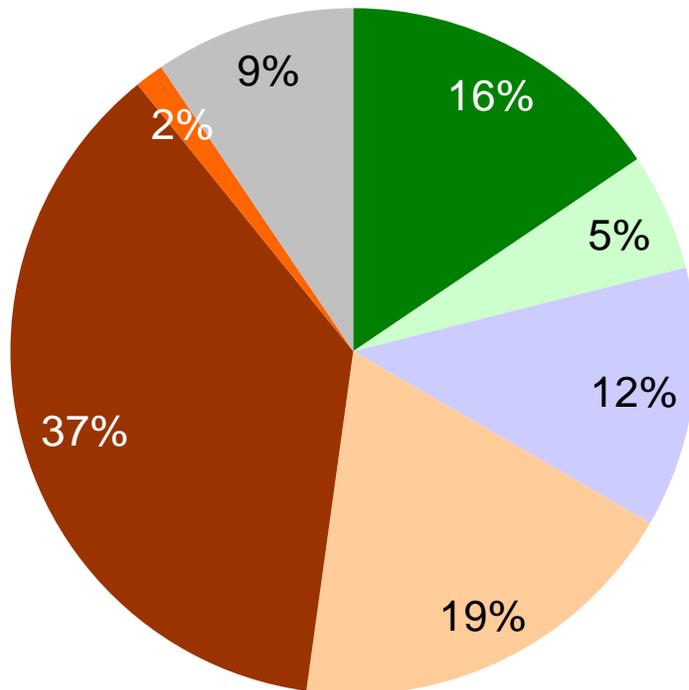
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# Downloading Music to Mobile

*How likely, if at all, are you to purchase & download music to your mobile phone in the next 6 months?*



- Already purchase & download to mobile
- Very likely to start
- Likely to start
- Unlikely to start
- Very unlikely to start
- Do not have a mobile phone
- Don't really understand how to do it

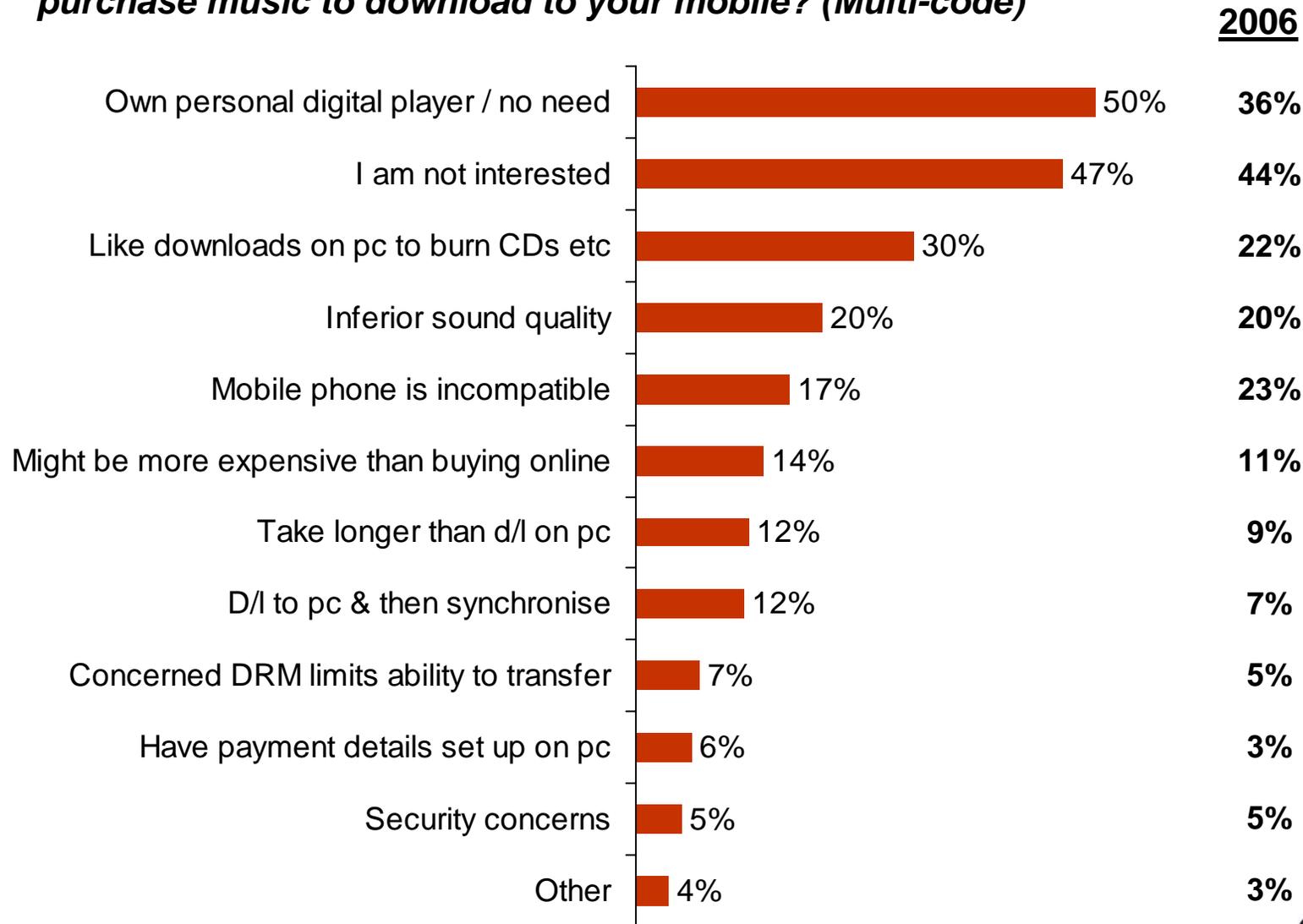
*Already purchase and download to mobile:  
 Highest amongst 25 – 34 year olds (20%)  
 Slight skew towards females (18% vs. 13%)*

<i>Download to mobile</i>	2006	2007
Already purchase & download	11%	16%
Very likely to start	4%	5%
Likely to start	10%	12%
Unlikely	15%	19%
Very unlikely	44%	37%
Don't own mobile	3%	2%
Don't understand how to do it	13%	9%



# Reasons Not to Download Music to Mobile

*What are the key reasons why you would be unlikely to purchase music to download to your mobile? (Multi-code)*

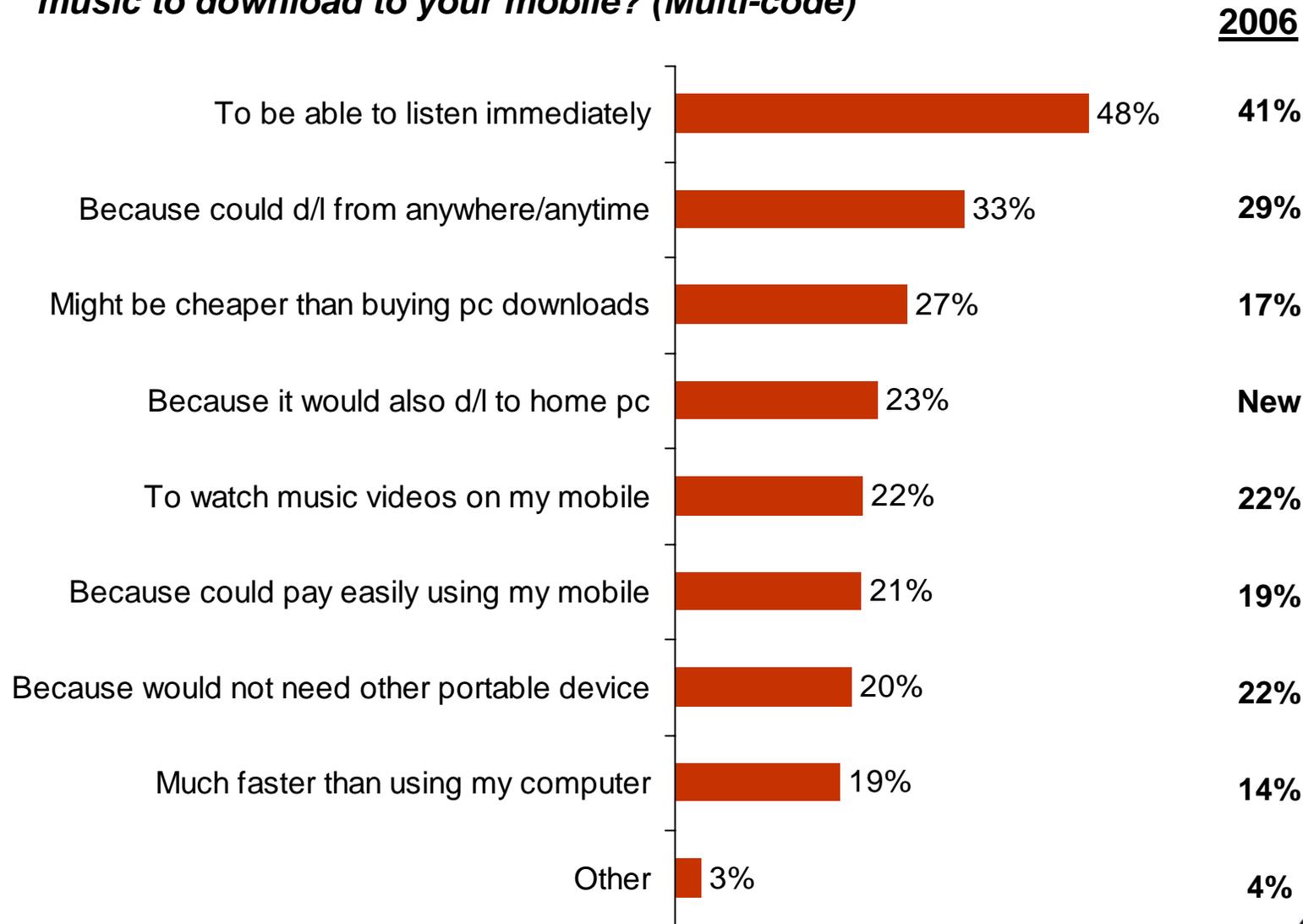


Base: Q43, All not considering



# Reasons to Download Music to Mobile

*What are the key reasons why you would purchase music to download to your mobile? (Multi-code)*

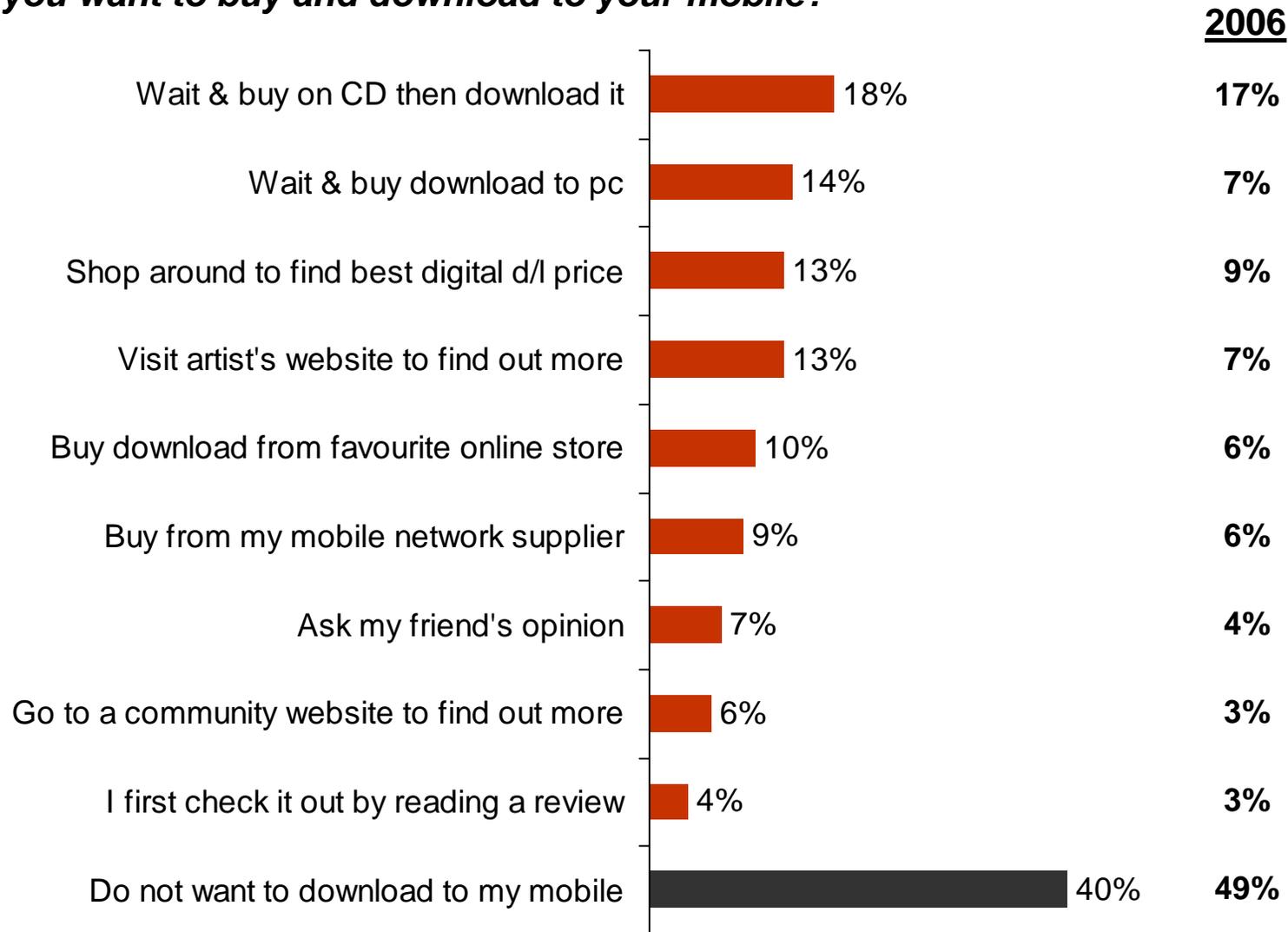


Base: Q42, All downloading or considering

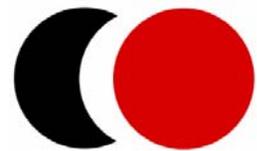


# Downloading to Mobile Preferences

*What do you do next when you hear a track that you want to buy and download to your mobile?*



Base: Q34, All respondents (1,721)



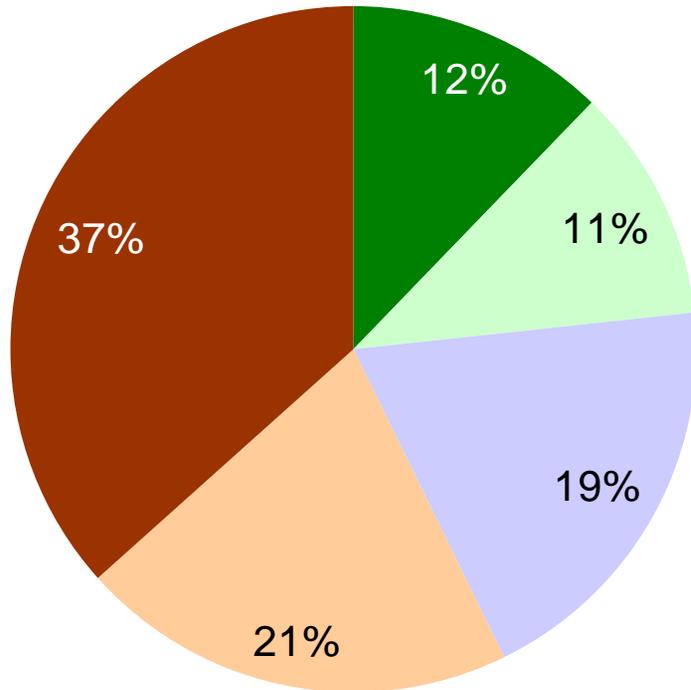
# **Familiarity & Attitudes Towards DRM**

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# Familiarity With DRM

*How familiar, if at all, would you say you are with "Digital Rights Management" (DRM)?*



- Know exactly what it means
- Good understanding of what it means
- Know something about it
- Heard of it, but I do not know what it is
- Never heard of it

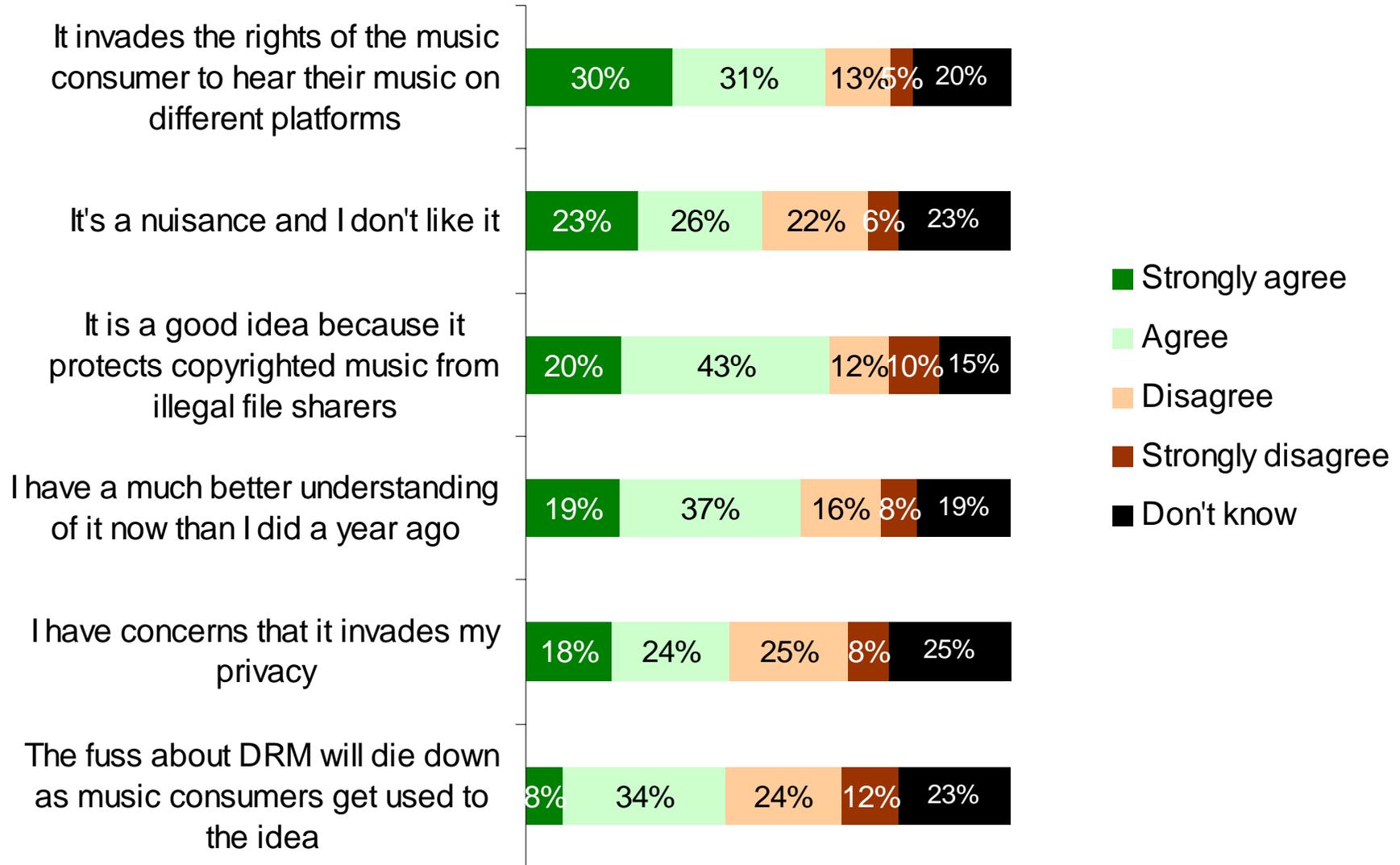
<b>Familiarity</b>	<b>2006</b>	<b>2007</b>
Know exactly	5%	12%
Good understanding	7%	11%
Know something	15%	19%
Only heard of it	19%	20%
Never heard of it	53%	37%

<b>Familiarity</b>	<b>Male</b>	<b>Female</b>	<b>13-17</b>	<b>18-24</b>	<b>25-34</b>	<b>35-44</b>	<b>45+</b>	<b>Authorised Downloaders</b>	<b>Unauthorised Downloaders</b>
% Know exactly	21%	4%	12%	16%	10%	10%	8%	14%	16%
% Never heard	26%	47%	39%	32%	36%	42%	42%	27%	28%

Base: Q31, All respondents (1,721)



# Attitudes Towards DRM

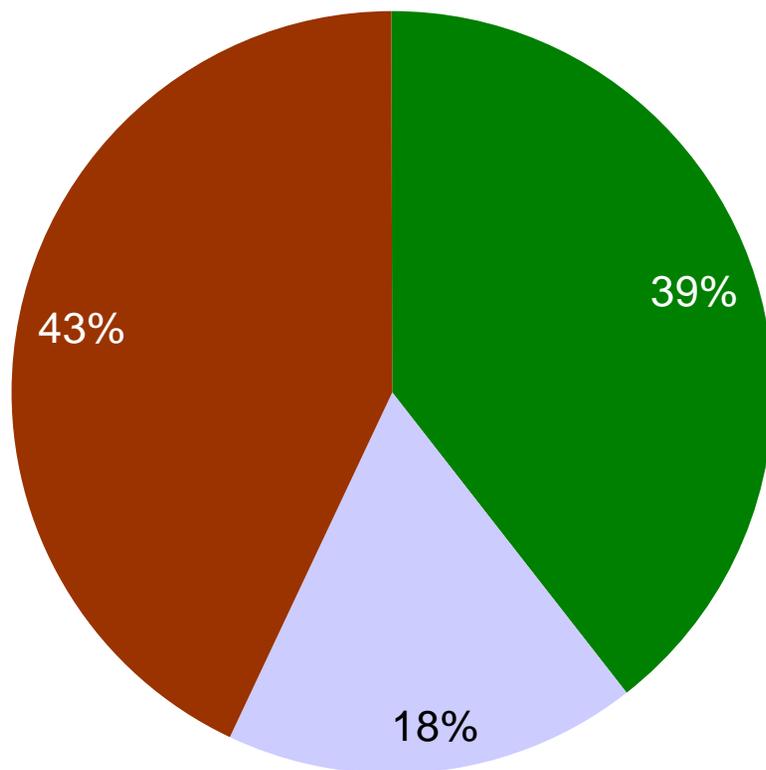


Base: Q32, All aware of DRM (excludes respondents who have never heard of it) 1088



## Attitude Towards Paying for DRM-Free Tracks

*Which one of the following statements best applies to you?*



- Would much prefer paying a little extra for a digital download track that has no DRM restrictions
- I would much prefer paying a standard price, but have DRM restrictions on the track
- Don't know

	Legal Downloaders	Unauthorised Downloaders
Prefer paying extra + no DRM restrictions	27%	28%
Prefer standard price with DRM	15%	14%
Don't know	58%	59%

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