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DIGITAL MUSIC BEHAVIOR CONTINUES TO EVOLVE

ALMOST ONE-FOURTH OF AMERICANS—ABOUT 50 MILLION PEOPLE— REPORT HAVING DOWNLOADED DIGITAL MUSIC AND LISTENED TO INTERNET RADIO

For some, PC's becoming central to music listening experience –
Ipsos-Reid study

Minneapolis, February 1, 2002— Amid legal decisions restricting peer-to-peer song swapping, concerns over copy-protected compact discs and illegal CD burning, and the recent roll-out of a few legitimate fee-based online music subscription services, U.S. music enthusiasts of all ages are continuing to indulge in Internet-based music activities.

New findings from international research firm Ipsos-Reid show that almost one-quarter (23%) of the American population aged 12 and over have downloaded a music or MP3 file off of the Internet. This translates into over 50 million downloaders within the current U.S. population (accordingly to 2000 U.S. Census figures). By comparison, Napster claimed to have more than 40 million users in its heyday.



Similar proportions of Americans report having listened to Internet radio (27%) and streamed audio (21%), and over one-third (37%) indicate they have listened to a pre-recorded music CD that was playing in the CD-ROM drive of their PC, Ipsos-Reid found in its latest wave of the study, *Tempo: Keeping Pace with Online Music Distribution*.

Young Americans continue to lead this Internet music phenomenon, as approximately two-fifths of 12–24-year-olds have downloaded music or MP3 files off of the Internet (44% of 12–17 year-olds, and 42% in the 18–24 age group). Among adults aged 25–34, one-third (35%) have also downloaded music, demonstrating that older age groups are beginning to dabble in the new digital music arena as well.

Not only are these individuals trying out music downloading capabilities, they are returning for more. Three-fifths of (59%) of Americans who have downloaded a music or MP3 file in the past indicated that they are somewhat, very, or extremely likely to download again in the next 30 days.

“For many, music is becoming more and more of a PC-centric activity”, said Matt Kleinschmit, senior research manager for Ipsos-Reid in Minneapolis and the study's author. “While various issues continue to limit widespread legitimate online music distribution, we can see that Americans are downloading music, listening to Internet radio and streamed song clips, and playing pre-recorded CDs all from the same appliance. In a way, the PC has become a personal jukebox for many downloaders, an almost unlimited and constantly changing source of music, new and old. If legal developments allow more Americans to appreciate the ease and convenience of digital music, this trend will likely accelerate, possibly in ways not yet foreseen.”



In addition, the research shows that females are rapidly increasing their presence in the online music community and have narrowed the long-standing Internet gender gap. This is especially evident among teenage females, aged 12–17, as nearly half (48%) report that they have downloaded music online.

“This suggests an imminent turning point in the demographic makeup of music downloaders,” Kleinschmit noted, “from early-adopting tech-savvy males to a more diverse, broad-based consumer group. In the long run, this trend could prove to be beneficial to major record labels and their recently-launched, fee-based on-line music services.”

Methodology

Data on music downloading behaviors was gathered from *TEMPO: Keeping Pace with Online Music Distribution*, an Ipsos-Reid syndicated research study examining the influence and effects of online music distribution around the world.

A two-stage research approach was used to collect the data for this wave of TEMPO last November and December. For the first stage, a nationally representative U.S. sample of 1,112 respondents aged 12 and over was used to gather prevalence data on Music Downloaders. With a total sample size of 1112, one can say with 95% certainty that the results are accurate to within +/- 2.94%. It is from this data that this release was written.

The second, more in-depth survey stage targeted a sample of 834 Music Downloaders ages 12 and over across the U.S. via the Ipsos-Reid I-Say U.S. Internet Panel. With a total sample size of 834, one can say with 95% certainty that the results are accurate to within +/- 3.39%.

A thorough post-survey weighting process assured that the data for Downloaders was firmly grounded within the larger context of the general U.S. population surveyed in the representative prevalence stage of the research.

About Ipsos–Reid

Ipsos-Reid has been tracking public opinion and consumer behavior around the world for more than 20 years and has become a leading provider of global public opinion and market research to private, public, and not-for-profit organizations in over 50 countries. With more than 1,300 staff in 11 cities, Ipsos-Reid offers clients a full line of custom, syndicated, omnibus, and online research products and services. It is best known for its line of *Express* opinion polls, the *World Monitor* civic and consumer trends journal, and *The Face of the Web*, the most comprehensive study of global Internet usage and trends. It is a member of Paris-based Ipsos Group, ranked among the top ten research groups in the world.



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