



Ringtone Downloading Jumps Fourfold In Past Year

An estimated 30 million Americans have downloaded ringtones, with broader mobile content options poised for growth, according to the quarterly digital music study, *TEMPO: Keeping Pace with Digital Music Behavior*.

August 9, 2005, New York, NY — Amid growing consumer interest in PC-based music downloading and the expanding availability of mobile entertainment options, new research from global marketing research firm Ipsos-Insight shows that an increasing proportion of Americans are using their mobile phones to download ringtones and are beginning to sample other mobile entertainment content.

One quarter of mobile phone owners have downloaded ringtones—fourfold increase in the past 12 months

Findings from the latest edition of *TEMPO*, Ipsos Insight's quarterly study of digital music behaviors since 2002, reveal that nearly one-quarter (23%) of American mobile phone owners have downloaded ringtones to their mobile phones. This translates into approximately 30 million Americans within the current U.S. population, and marks a dramatic increase over the past 12 months, when only 5% of mobile phone owners had downloaded ringtones.

Young Americans are not surprisingly the most prolific ringtone downloaders, with half of 12- to 24-year-old mobile phone owners reporting they have done so (52%, 12–17 and 49%, 18–24). The research reveals that older Americans are also experimenting with ringtones; 30% of 25–34 year olds, 17% of 35–54 year olds, and 5% of Americans aged 55 and older having downloaded ringtones to their mobile phone.

"In the past 12 months, we have witnessed an incredible surge in many digital music behaviors, including paid PC-based music downloads and sizable growth in portable MP3 player ownership. What we're now witnessing in the mobile arena is similar to what has already occurred in many places outside the U.S., and represents yet another opportunity for industries looking to monetize U.S.-based digital music distribution. Through a combination of increased ringtone availability and the desire to personalize one's mobile phone with their favorite or the most popular rings, the growth in this already burgeoning industry will likely continue unabated," said Matt Kleinschmit, a vice president with Ipsos Insight, and author of the *TEMPO* study.

Ringtone Purchases Widespread

In contrast to PC-based music downloading, where file-sharing has siphoned potential users from fee-based services, mobile phone owners are much more likely to have paid for the ringtones they download, despite higher fees relative to buying a full song through a service such as Apple's iTunes. In the Spring 2005 wave of *TEMPO*, 78% of mobile phone owners had paid to download a ringtone, while 50% of PC-based downloaders report having paid.

"This is an intriguing phenomenon," continued Kleinschmit, "as ringtones often cost twice as much or more than a high quality, PC-based full digital music track. Given the lack of non-paid alternatives, as well as consumers' apparent willingness to pay more for the immediate gratification involved in a mobile-delivered download, there appears to be significant opportunity for continued expansion in the paid ringtone arena."

Full Song Downloads and other mobile entertainment content niche offering – for now

The *TEMPO* study results also reveal that, while not yet widely available to the market, 6% of mobile phone owners report having downloaded full songs to their mobile phone, with smaller portions of the mobile population experimenting with downloading ring backs (6%), short video clips (3%) and music videos (2%).

"In many cases, these broader download offerings have just entered the market, yet we are already seeing leading-edge mobile users beginning to experiment with them," said Kleinschmit. "This suggests that users may be increasingly seeking mobile entertainment content options beyond just music-related offerings, and points to the potential for broader multimedia-related services that could be offered from a variety of distribution partners."



Kleinschmit continued, "An important component in this emerging content space is the presence of an existing billing relationship with the consumer, thus providing a significant advantage over PC-based content delivery methods, where cumbersome registration and payment processes can discourage impulse purchases. We will continue to track these developments in *TEMPO* as we look to understand how emerging digital content delivery methods impact overall consumer music and entertainment content acquisition behaviors."

Methodology

Data on music downloading behaviors was gathered from TEMPO: Keeping Pace with Digital Music Behavior, a quarterly shared-cost research study by Ipsos-Insight that has examined the ongoing influence and effects of digital music since 2002.

Data for this release were collected between April 26 and May 1, 2005, via a nationally representative U.S. sample of 1,117 Americans aged 12 and over. With a total sample size of n=1,117 one can say with 95 percent certainty that the results are accurate to within +/- 2.93 percent. To learn more about the methodology of TEMPO, please visit www.ipsosinsight.com/tempo.cfm

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