



Portable MP3 Player Ownership Reaches New High One in Five Americans Aged 12 and Older Owns a Portable MP3 Player: Ipsos research

Interest in additional multimedia content for portable MP3 players fueled by teens and young adults, reveals quarterly digital music study, *TEMPO: Keeping Pace with Digital Music Behavior*

June 29, 2006, New York, NY — A new study by global market research firm Ipsos indicates that as many as one in five Americans over the age of 12 now own portable MP3 Players and one in 20 own more than one. And interest in viewing music videos, photos, TV shows and even full-length movies from these devices is especially strong among younger consumers who have experience downloading music.

New findings released today from TEMPO, the company's quarterly study of digital music behaviors, show that 20% of Americans aged 12 and older now own a portable MP3 player. This marks a significant increase over ownership levels found one year ago (15%), and nearly double the proportion of owners found in April 2003 (11%). And in a sign that not only new buyers are driving this trend, 6% of Americans own more than one portable MP3 player.

Total headphone-MP3 sales reached \$4.23 billion in 2005, according to the Consumer Electronics Association. These popular devices accounted for 85 percent of all factory-level portable audio sales last year, CEA statistics showed.

Recent TEMPO research also revealed some interesting demographic and diagnostic trends surrounding the use of Portable MP3 Players:

- Younger Americans are driving recent growth, with over half of teens now owning a Portable MP3 Player (54%), and one third of 18-34 year olds (30%). Older Americans are less likely to own these devices overall, but still represent a sizable and consistent presence in the market (13% of 35 – 54 year olds report owning a Portable MP3 Player).
- Males continue to lead females in Portable MP3 Player ownership, with nearly one quarter (24%) of U.S. males aged 12 and older owning a device, compared to 16% of females.
- Nearly half of music downloaders own a portable MP3 player (48%), and these owners use their devices an average of 12 hours per week. Younger downloaders use their MP3 Players more often (average of over 16 hours per week among teens), but have less digital content stored on their devices. Overall, there is an average of 700 songs or files stored on a U.S. music downloader's MP3 player.
- Existing CD collections continue to be the primary source of MP3 Player content among music downloaders. Nearly half (44%) of the content stored on MP3 players is ripped from the owner's personal CD collection, and another 6% is ripped from others' CD collections. Fee-based downloads (25%) and files obtained from file sharing services (19%) are also common sources of content.

"Over the past year, the portable MP3 market has really matured, and we are now seeing not just new buyers entering this market, but also growing levels of multiple device ownership indicative of overall category satisfaction and habitualized behavior," said Matt Kleinschmit, a Vice President with Ipsos Insight and author of the TEMPO study. "What is perhaps most interesting about this is that experienced portable device owners are now buying new players with a level of usage and storage capacity knowledge unseen just a few years ago. Understanding how these unique buyers are adapting specific players to different usage activities and locations will provide manufacturers and content providers alike with a compelling perspective on where the increasingly important portable media category may be heading."



Desire for Access to Broader Multimedia Content Fueled by Young Downloaders

The recent TEMPO research also found nearly one-quarter of Portable MP3 Player owners believe their devices have the ability to play video, and interest in viewing music videos, photos, TV shows and even full-length movies is especially strong among younger consumers who have experience downloading music. Over one-third of music downloaders between the ages of 12 and 24 say they are extremely or very interested in viewing video content on their portable devices (39% - music videos; 33% - TV shows; 32% - full length motion pictures), compared to fewer than one-fifth among downloaders aged 25 – 54 (15%, 18% and 17%, respectively).

Even more than video content, however, radio listening is one of the most desired additional uses for portable MP3 players. Nearly half (46%) of teens and college-aged downloaders are interested in portable FM radio and 39% express interest being able to access satellite radio on their portable device. Older American downloaders are also interested in using their MP3 players to listen to radio broadcasts, with roughly one-third of 25 to 54 year old downloaders interested in FM and Satellite Radio capabilities (37% and 32%, respectively).

"These recent findings showing the desire for broader multimedia content on a portable device could suggest we are reaching a turning point in which consumers are truly recognizing the value of anytime, anywhere multimedia content on-the-go," continued Kleinschmit. "While this phenomenon may have initially centered on music, younger MP3 player owners are clearly interested in a wide variety of broader content options for their devices. Given this demographic group's strong levels of device ownership and heightened frequency of usage, it would be safe to assume that this appetite will continue to develop and prosper as continued usage and subsequent reliance on portably-accessed, on-demand digital content grows."

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 examining the ongoing influence and effects of digital music around the world.

Data for general population statistics included with this release were collected between April 24 and May 2, 2006, via a nationally representative US sample of 1,112 respondents aged 12 and over. With a total sample size of 1,112, one can say with 95% certainty that the results are accurate to within +/- 2.94%.

Additional in-depth data on music downloaders were collected between January 13 and 24, 2006, via a representative sample of 1,517 US Downloaders aged 12 and over. With a total sample size of 1,517, one can say with 95% certainty that the results are accurate to within +/- 2.52%. To learn more about the methodology of TEMPO, please visit www.ipsos-insight.com/tempo.cfm

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