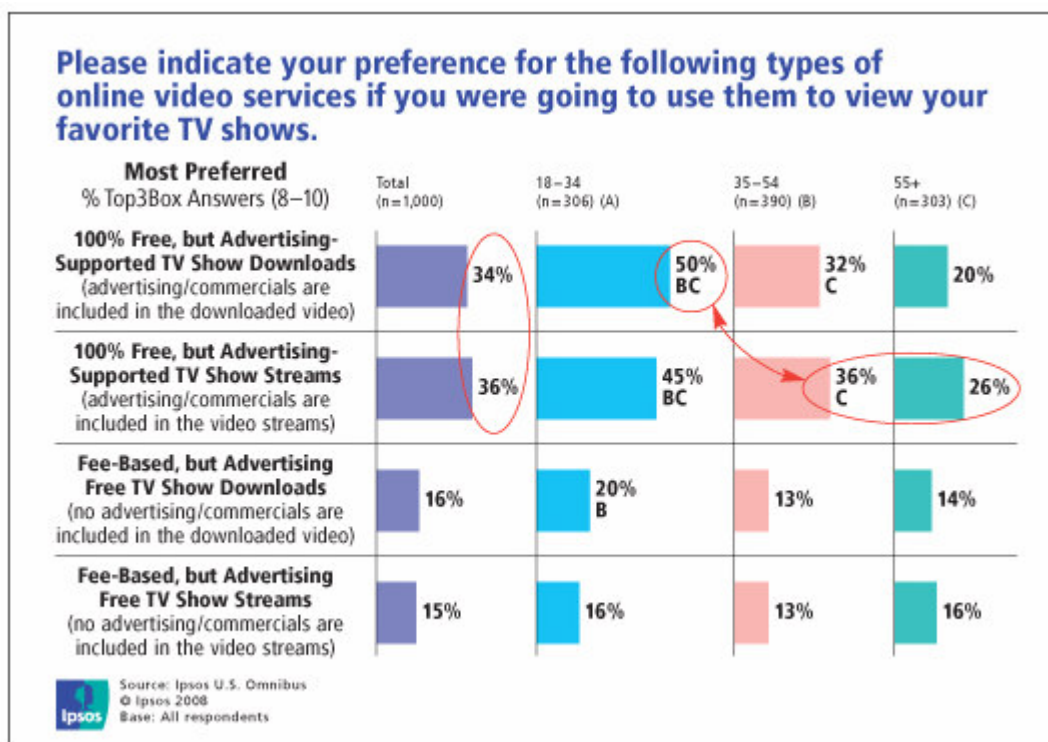




Young Adults Show Significant Interest In Free Ad-Supported TV Show Downloads

Younger Consumers Lean Toward Free Downloads, While Older Consumers Lean Toward Free Streams, According To Recent Research Conducted By Ipsos Insight

January 8, 2008, New York, NY — Recent research conducted by Ipsos Insight among U.S. online adults hints that future growth in online video services may be predicated more on downloading models than on streaming models – and potentially more on free ad-based content than on paid content – particularly as younger consumers spend an increasing amount of their disposable time online. As part of a wider survey of online adults on technology and media trends, consumers were asked to rate their overall preference for a variety of online video service models if they were going to use them to view their “favorite TV shows.” The service models tested included streaming-only and downloading-only versions of both fee-based video services and free, ad-subsidized versions. Two very interesting stories emerged. First, the results clearly illustrate the consumer appetite for free, ad-subsidized online video services, in this case specifically for television programming. In addition, the data also articulates a division in preference among younger and older consumers in general: younger consumers – those ages 18 to 34 – prefer downloading longer form television programming online, while consumers 35 and older have a greater affinity for streaming television programming content.



Please indicate your preference for the following types of online video services if you were going to use them to view your favorite TV shows. Letters indicate the value is significantly higher than the value in the corresponding column at the 95% confidence level

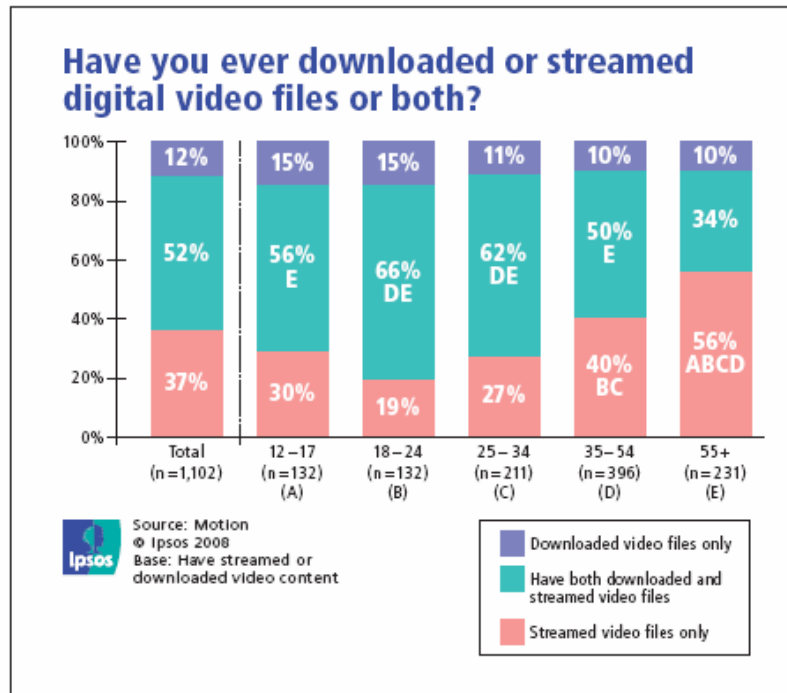


While today there are very few options offering legitimate free downloads of original television programming on the Internet, the data here suggest there is significant latent demand for these types of services explains Adam Wright, Director with Ipsos Insight: “Directionally, it’s clear the younger generation of consumers have a stronger preference for downloadable options when it comes to accessing television programming on the internet. Many of these consumers have grown up downloading music online, and simply want similar flexibility in how they access television programming online. The challenge for many in the space will be to crack the code on how free downloadable television programming could co-exist with the other traditional video delivery models for delivering an advertising audience.”

Younger Consumers Flocking to Online Video Streams & Downloads

Whether downloads or streams, it is clear that online video services are quickly building an audience with Americans – particularly younger consumers. Today, online adults age 18-34 spend more time surfing the Internet (13.1 hours per week) than they do consuming any other entertainment media, including watching TV (12.3 hours per week). This is quite different from their older counterparts age 35-54 and 55+, who still consume more TV (watch 15.2 and 16.3 hours per week, respectively) than any other entertainment medium. In terms of online behaviors, roughly two-thirds of online adults age 18-34 have streamed a video off of the Internet in the past 30 days, and nearly three in four teenagers have done so in the past 30 days. Far fewer online adults are downloading videos off the Internet today – just over one in four (28%) have downloaded a video file online in the past 30 days, which represents only a modest gain compared to the close of 2006 (23%).

Yet despite the fact the video downloading market today remains relatively niche, the reality is that video streamers and video downloaders are typically the same people. Taking a closer look at the relationship between downloading and streaming reveals an overwhelming majority of online video consumers have accessed video content using both acquisition methods. For example, two in three adults age 18-24 have downloaded and streamed video content off of the Internet. The data here also underscore a similar trend that was noted earlier: the older the market segment, the greater the reliance on streaming vs. downloading as the primary way to access video content online. A number of factors are likely influencing these trends, including a far greater number of free, ad-subsidized video streaming options online in comparison to free video downloads. Other behavioral-driven factors are also likely contributing to this trend, as Wright explains: “Perhaps what’s most striking about the data here is how this illustrates older consumers’ preference for the broadcast model for watching video.”



*Specifically, have you ever downloaded or streamed digital video files or both?
Letters indicate the value is significantly higher than the value in the corresponding column at the 95% confidence level*

Given what we know – that younger consumers love online video, and are the most likely to prefer downloadable video content online – the question now is just when will video downloading begin to take off in the U.S., and what impact might this have on traditional video delivery models. Wright concludes, “Clearly younger consumers are growing an affinity and expectation for downloadable video content, but they are also spending an increasing amount of their disposable time surfing the Internet, so we may be witnessing the gradual shift in how the next generation will consume video content. As opposed to broadcast models, these consumers want to possess video content so they can view it when and where they want, whether in the living room or ‘on-the-go’ from a portable device. The digital medium is really about empowerment, and video sites that enable younger consumers to access the television content they want in the format they prefer will be in position to quickly build an audience with this highly sought after market.”

Methodology

Data for this study were collected through an Internet-based sampling and data collection methodology using the Ipsos U.S. Internet Panel, and accurately reflects the online population (18 years and older). A total of N=1,033 respondents completed the online questionnaire between October 19 and October 25, 2007. With a total sample size of n= 1,033 respondents, one can say with 95% certainty that the results are accurate to within +/- 3.05 percentage points

Additional data was sourced from Ipsos Insight’s **MOTION** Summer Wave study, which was conducted via telephone interviews among a representative U.S. sample of consumers aged 12 years and older in July 2007. To learn more about **MOTION**, Ipsos quarterly syndicated tracking programming researching the U.S. online video market, please visit: <http://www.ipsosinsight.com/knowledge/techcomm/products/motion.aspx>



For information about this press release, please contact:

Adam Wright
Director
Ipsos Insight
adam.wright@ipsos-na.com
612.573.8536

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