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The Media, Content and Technology Research Specialists

Digital Video Consumers Say Advertising Is A Reasonable Expectation For Accessing Free Online Video Content

Consumers Show Willingness For Ad-Supported, Free Online Video Content

While The Majority Of Digital Video Consumers Say Advertising Is A Reasonable Expectation, Their Willingness Is Driven By Content Format

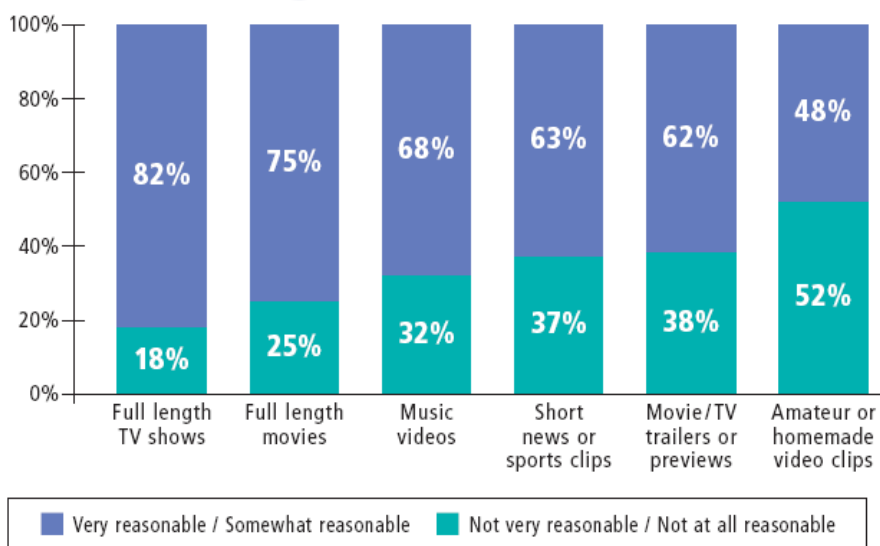
New York, NY, July 24, 2008 — As more American consumers go online to stream or download video content, the number of advertising-subsidized online video services is also growing. With all these new models hitting the market, the question on marketers' minds remains: How will consumers react to the growing proliferation of advertising supported video services? Recent research conducted by Ipsos MediaCT suggests that the majority of digital video consumers will find the inclusion of advertising a "reasonable" expectation for accessing free online video content.

Results from *MOTION*, Ipsos MediaCT's ongoing digital video tracking study, show that at least three in four digital video consumers say they would find it "reasonable" for advertising to be included in the free digital distribution of full-length TV shows and movies, while around two-thirds say the inclusion of advertising would be reasonable with free access to music videos, short news or sports clips. However, consumer reaction to this concept does vary by type of digital video content. Adam Wright, Director at Ipsos MediaCT, explains: "As might be expected, digital video consumers generally find it more acceptable to have advertising included within longer, professionally produced video offerings such as full-length movies or TV shows, should this content be available for free online. Fewer are ready to accept this 'price of admission' for shorter-form content or less-professional polished content. Still, for most video content types, the majority of these consumers find the trade-off between free video content *with* advertising to be a fair value proposition."

The one content type that may be the exception is amateur video content. Just over half (52%) of consumers age 12+ who have downloaded or streamed a video online say they would find it "not reasonable" to have advertising embedded within free amateur or homemade video offerings online. This finding is particularly interesting because some video sharing websites, such as YouTube, are beginning to diversify their content offerings to include longer, more professionally produced material that may be supported by advertising. "Ad-subsidized service models will have to be carefully considered by these video sharing websites, since their current audience has grown accustomed to free streams without any advertising," adds Wright. "As advertising starts to appear within their offerings, it has the potential to alter attitudes, perceptions and usage of these sites." Indeed, given its substantial usage levels among today's digital video consumers, YouTube would appear to have a lot at stake as it begins to experiment with ad-subsidized content.



How reasonable is it to have advertising in the following free video content?



Source: Ipsos MediaCT

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Base: Have streamed or downloaded video content (n=1,102)

Methodology

Data were sourced from Ipsos MediaCT's **MOTION** study, which was conducted online among a representative U.S. sample of Internet users aged 12 years and older in February 2008. To learn more about **MOTION**, a quarterly syndicated tracking study on the U.S. online video market, please visit:

<http://www.ipsosinsight.com/knowledge/techcomm/products/motion.aspx>

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