

FOR IMMEDIATE RELEASE

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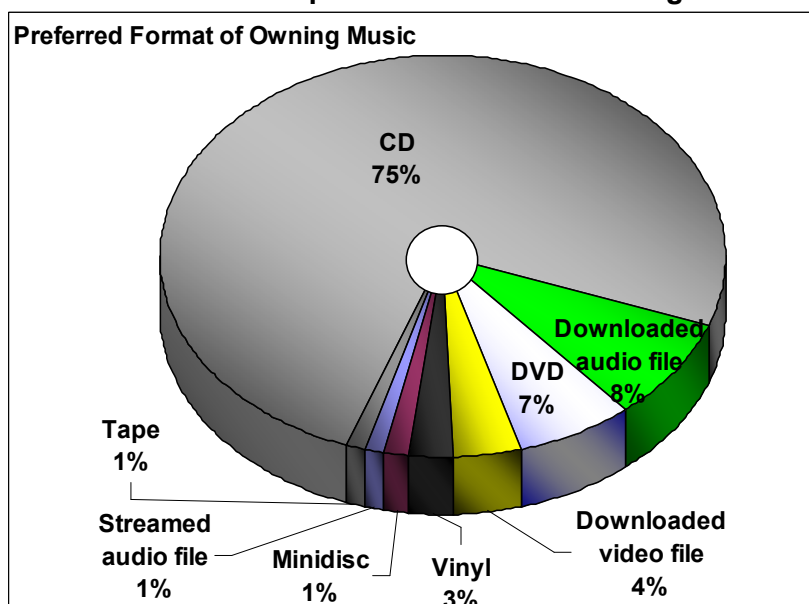
## IS ONLINE REALLY R.I.P FOR THE CD?

Nielsen//NetRatings, the leading provider of Internet research, today reveals the first results of its largest ever music survey looking at UK consumer purchasing habits in relation to online music and how this has affected traditional forms of music consumption. Many have predicted that online music spells the end of the CD and high-street music shops but is this really the case?

### CD's STILL REIGN SUPREME!

- CD remains the most popular format of owning music (75%) for Internet users – 9 times more popular than digital format (8%)
- 75% of music site visitors still buy most or all of their music in physical format. Only 1 in 20 (5%) buy all their music in digital format
- Over two-thirds (69%) of music site visitors place an importance on owning music in a physical format

### UK Internet users preferred format of owning music



Source: Nielsen//NetRatings UK MegaPanel, March 2006

Alex Burmaster, European Internet Analyst at Nielsen//NetRatings says "It seems that prophecies of the demise of the CD are greatly exaggerated. Whilst there is no doubt about the popularity of digital music, the need to own music in a physical format - whether it's to play in other music systems, to minimise the chances of losing it or just because they like to have a physical collection – remains very strong amongst Internet users."

### LEGAL VS. ILLEGAL

- 1 in 4 Internet users admitted they have downloaded free music using a p2p or file-sharing website
- Internet users are twice as likely to have paid for music from an online store as they are to have downloaded it for free using a p2p / file-sharing website
- 1 in 4 people who visit music sites say one of the best things about the Internet for music is getting it for free
- However, only 1 in 14 music site visitors actually get all their music for free - women are 50% more likely to do this than men; those aged 16-24 are 3.6 times more likely to do this than those aged 55+



## UK audience growth amongst selected leading music and web brands

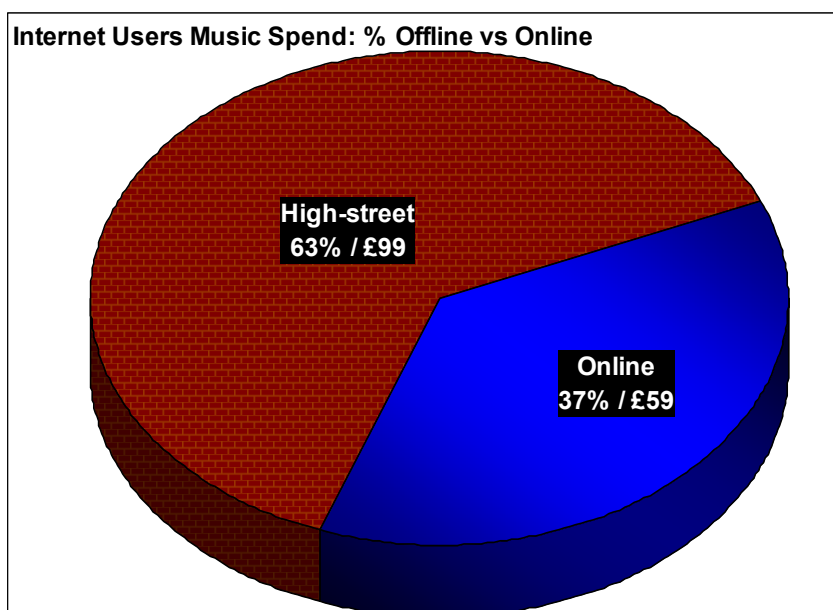
Area	Brand / Channel	Unique Audience (000's) Mar 06	UA growth since Mar 05
<b>All Internet</b>		26,990	6%
Digital music	<b>iTunes</b>	3,713	136%
File-sharing software	<b>LimeWire</b>	2,793	395%
CD's / DVD's	<b>Play.com</b>	2,329	38%
Streaming music	<b>Napster</b>	404	91%

E.g. 3.7 million people visited iTunes in Mar 06, a 136% increase on Mar 05  
 Source: Nielsen//NetRatings UK NetView, including Internet applications

Burmester continues, "Whilst Internet users are twice as likely to have bought music online than downloaded it for free using file-sharing websites in the past, the fact that the leading file-sharing software brands are now bigger and growing faster than the leading CD retailers is bound to be a cause of concern for the music industry. It would suggest that the figure of 7% of music site visitors who currently get all their music free could grow."

### ONLINE VS. OFFLINE SPEND

- Internet users who pay for music spend an average of £158 on music per year
- Men (£174) average more per year than women (£134). Average spend decreases with age; 16-24 year olds average £233 whereas 55+ average £112
- The majority of this spend, 63% (£99), is done through the high-street compared to 37% (£59) spent online
- Despite most music spend amongst Internet users being accounted for offline they are more likely to have actually purchased music from an online store (46%) than a high-street store (40%)
- Only 1 in 8 Internet users who pay for music now purchase it all online



Source: Nielsen//NetRatings UK MegaPanel, March 2006

Burmester comments "Despite the fact that Internet users are more likely to have purchased music online than from the high-street they are actually spending almost twice as much on music in the high-street than they are on the web. Again, this indicates that the high-street doom-mongers are perhaps slightly premature – brick-spend still outperforms click-spend for the music surfer."



## EDITOR'S NOTES

**Please source all information to Nielsen//NetRatings.**

**Please note that ACNielsen and Nielsen are both separate, unrelated companies and should NOT be quoted when sourcing the attached data. If an abbreviated name is required then please use NetRatings**

The release contains a selection of top-line results of the survey but there are other statistics available to editors relating to many other aspects of online music consumption covered in the survey.

### Fieldwork Information:

Fieldwork dates: 22<sup>nd</sup> February – 2<sup>nd</sup> March 2006  
Methodology: The Nielsen//NetRatings UK Online MegaPanel®  
Survey Respondents: 1,165 (Internet users, 16+)

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### About Nielsen//NetRatings

Nielsen//NetRatings is a global leader in Internet media and market research, providing companies with valuable insight into their businesses. Nielsen//NetRatings offers the industry's premier source of actionable Internet data and digital media research on Website usage, online advertising, consumer attitudes and competitive analysis.

For more information, please visit [www.nielsen-netratings.com](http://www.nielsen-netratings.com)