



The Infinite Dial 2012

Navigating Digital Platforms
Presentation Companion

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Introduction

Every year since 1998, Arbitron and Edison Research have conducted a nationally representative survey focusing on trends in digital platforms. In this report, we continue to explore the expanding digital media and communications landscape with new 2012 data that trends usage levels among U.S. residents aged 12 and older.

This summary is intended as a companion piece to *The Infinite Dial 2012: Navigating Digital Platforms* slide show. Please download the full presentation (for free) at either www.arbitron.com or www.edisonresearch.com.

Survey Topics

- » Android™ Smartphones
- » Audio Podcasts
- » BlackBerry®
- » Broadband Internet
- » Cell Phones/Smartphones
- » Daily Deals (Groupon/LivingSocial)
- » Digital Video Recorders (DVR)
- » Ebook Readers
- » Facebook®
- » Google+
- » iPad®
- » iPhone®
- » iPod®
- » LinkedIn
- » Local AM/FM Radio
- » MP3 Players (Other Than iPod)
- » MySpace®
- » Online Radio
- » Online Video
- » Pandora®
- » Satellite Radio
- » Television
- » Twitter®

Description of Methodology

These findings come from a national telephone survey conducted in both English and Spanish, using landline and cell phone exchanges of 2,020 persons, aged 12 and older, from January 20 to February 19, 2012. The data are weighted to reflect national 12+ population figures. The 20th in a series of studies Arbitron and Edison Research have conducted since 1998, this report provides estimates of emerging digital platforms and their impact on the media landscape.

The complete study was presented in a webinar on April 10, 2012; replays can be viewed at www.arbitron.com and www.edisonresearch.com.

Headlines

Digital and Media Landscape

Media Then and Now

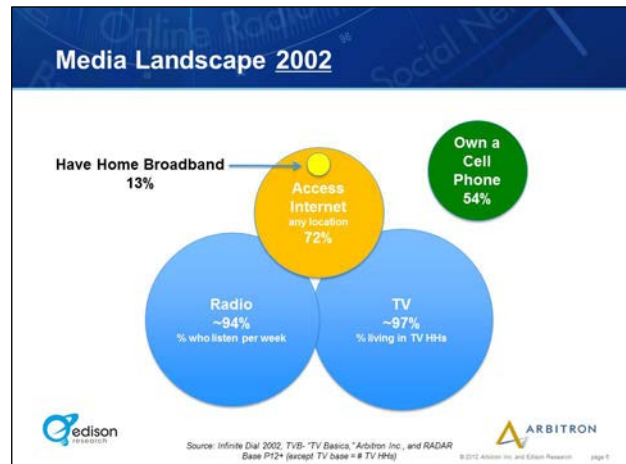
Before the digital world emerged in America, audio programming was delivered only by radio, while video was delivered exclusively via television; there was a wall in between and the programming delivered was exclusive to each platform. The Internet brought these two programming silos together and created a market for cross-platform content.

In the beginning of the digital era, the growth of Internet and mobile audio and video broadcasting was limited by connection speeds. Ten years ago, our 2002 survey showed that nearly three-quarters (72%) of U.S. residents aged 12 or older had Internet access at any location and over half (54%) owned a cell phone, but only 13% had high-speed broadband at home. Smartphones had yet to debut.

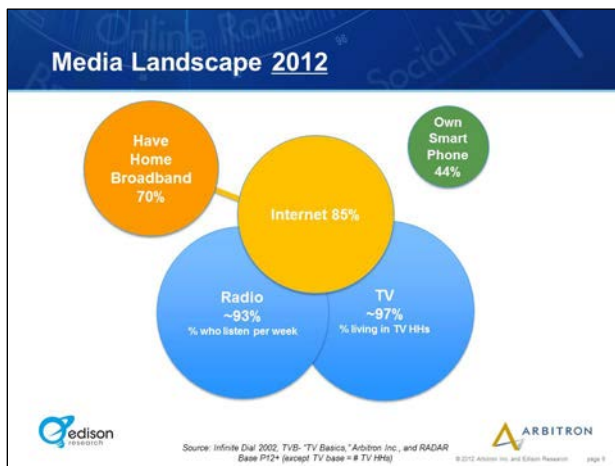
In 2012, 70% of Americans aged 12 or older now have a broadband connection in their homes and 44% have smartphones; and while radio and television reach remains steady, complementary behaviors have developed around these landmarks creating a new skyline in the media landscape.



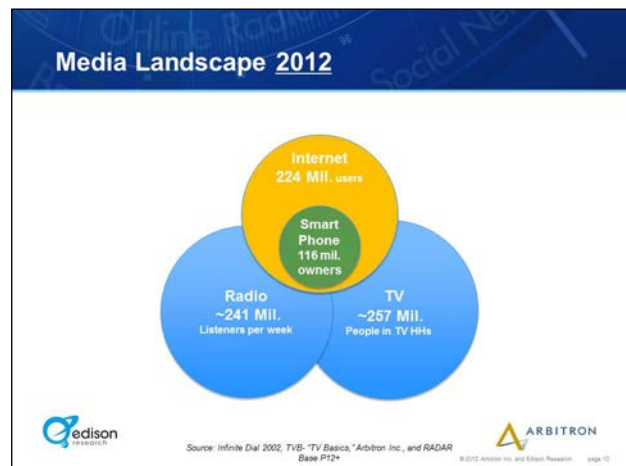
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2012 Device Landscape

Cell phones remain the most popular digital device among U.S. residents aged 12 or older; nearly nine in ten (88%) teens and adults have a personal mobile phone. Broadband Internet access ranks second with seven in ten Americans using a high-speed online connection at home.

The biggest increases year over year go to Apple's iPad, with ownership having tripled in the last year, and Ebook Readers (doubling since 2011).

Devices	2011	2012
Cell Phone	84%	88%
Broadband Internet	70%	70%
Digital Video Recorder	36%	45%
Smartphone	31%	44%
iPod	31%	31%
Android Smartphone	13%	22%
MP3 Player (Other Than iPod)	23%	21%
iPhone	9%	17%
Ebook Reader	7%	14%
iPad	4%	12%
Satellite Radio	12%	11%
BlackBerry	11%	8%

Source: Own a cell phone; Have broadband access at home; Own a DVR; Own smartphone; Own iPod®; Own Android™ smartphone; Own MP3 player (other than iPod); Own iPhone®; Own Ebook Reader; Own iPad®; Subscribe to satellite radio; Own BlackBerry®

2012 Platforms Landscape

Heritage media still reign supreme; television and radio remain the most ubiquitous platforms with nearly universal coverage among Americans aged 12 or older. Facebook rounds out the top three with over half (54%) of teens and adults having a profile on the social media giant.

The digital platforms with the highest year-over-year growth are the pure play online radio broadcaster Pandora (up 60% from last year) and the business professional social networking site LinkedIn (up 44% from last year).

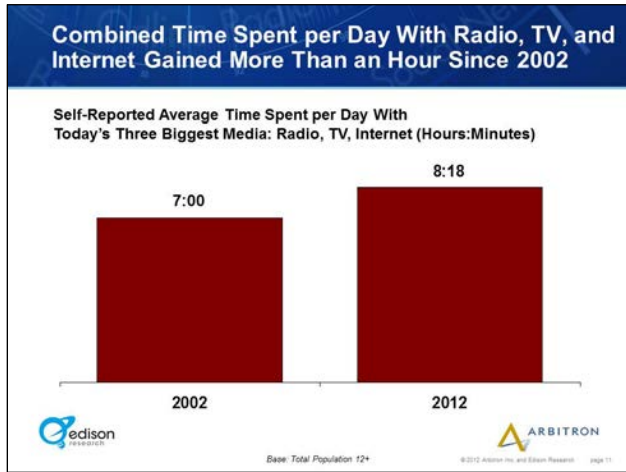
Platforms	2011	2012
Television	98%	98%
Local AM/FM Radio	93%	93%
Facebook	51%	54%
Online Video	38%	43%
YouTube	31%	37%
Online Radio	22%	29%
Pandora	10%	16%
Audio Podcasts	12%	14%
LinkedIn	9%	13%
MySpace	17%	12%
Video Podcasts	11%	12%
Twitter	8%	10%

Source: TV HHS; Weekly AM/FM Radio audience; Have a Facebook profile; Viewed online video in the last week; Used YouTube® in the last week; Used online radio in the last week; Used Pandora® in the last week; Listened to an audio podcast in the last month; Ever use LinkedIn; Ever use MySpace®; Viewed a video podcast in the last month; Ever use Twitter®

The Rising Times

The proliferation of media platforms has resulted in an increase in total combined time spent with the big three heritage media—radio, TV, and Internet. Instead of making a *this or that* choice, Americans are simply spending more time consuming media per day.

In 2002, the average U.S. consumer reported spending 7 hours per day with radio, television, and the Internet; by 2012 daily media time spent rose 18% to 8 hours 18 minutes per day.



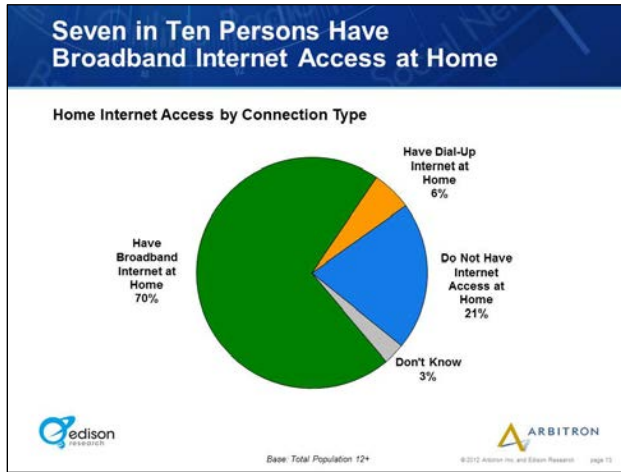
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Internet Access and Digital Household Trends

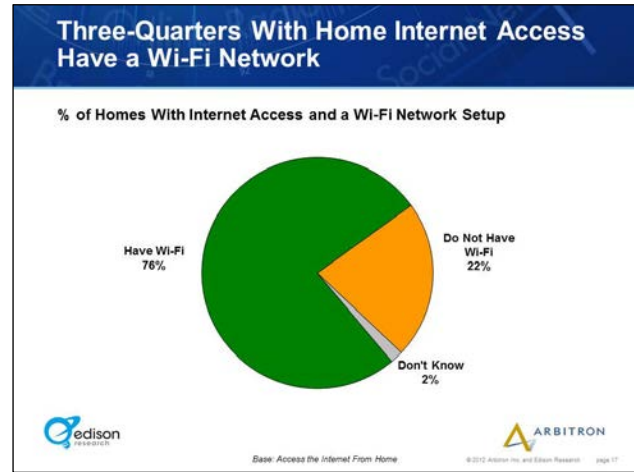
At Home With the Internet

Nearly eight in ten (79%) U.S. residents aged 12 or older have Internet access at home and the vast majority use a high-speed broadband connection. Only 6% of Americans report using a dial-up Internet connection at home.

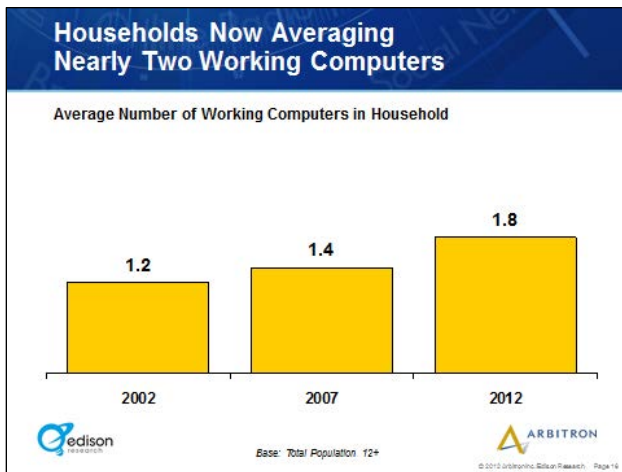
Among those with home Internet service, over three-quarters (76%) use a Wi-Fi (wireless) network to connect devices; and while tablets, gaming consoles, and other Internet-enabled gadgets are sharing these connections, they *do not* appear to be replacing traditional computers. In 2002, there were on average just over one working computers in the home (1.2 computers). In 2012, the average number of computers is closer to two (1.8) per household.



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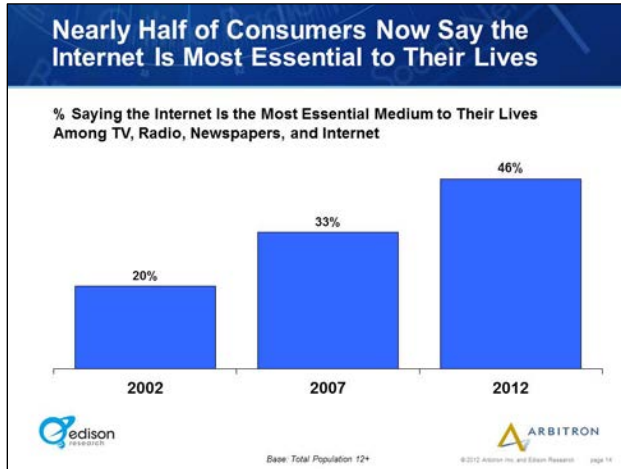


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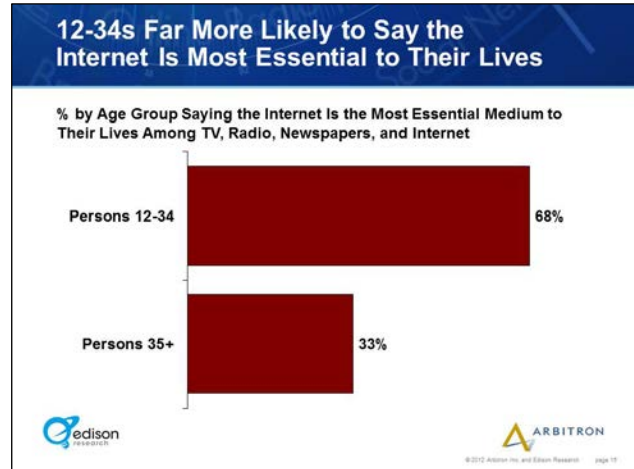
The Essential Role of the Internet in Our Lives

Over the past decade, the Internet has evolved from a side player in people’s lives to take center stage. In 2002, only one in five Americans considered the Internet the *most essential* medium in their life when ranked against newspapers, radio, and television; by 2012 nearly half (46%) say the Internet is their most essential media platform.

When we look at the 2012 responses among teens and young adults (aged 12 to 34), we discover over two-thirds (68%) consider the Internet the most essential medium in their lives. These Americans are moving through life with an entirely different set of learned behaviors about how to share and consume information.



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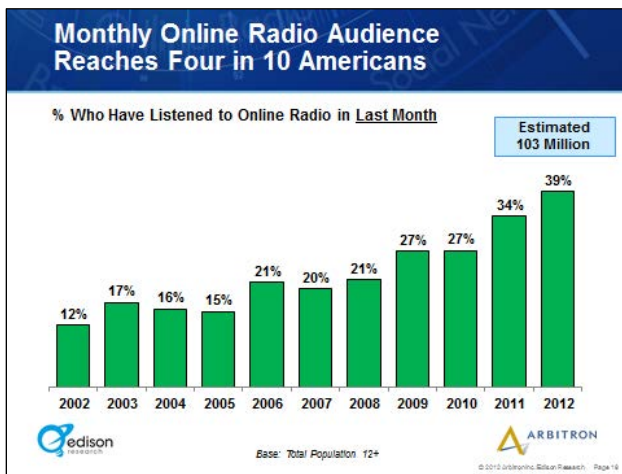
Online Radio

Online Radio Audience Exceeds 100 Million Listeners per Month

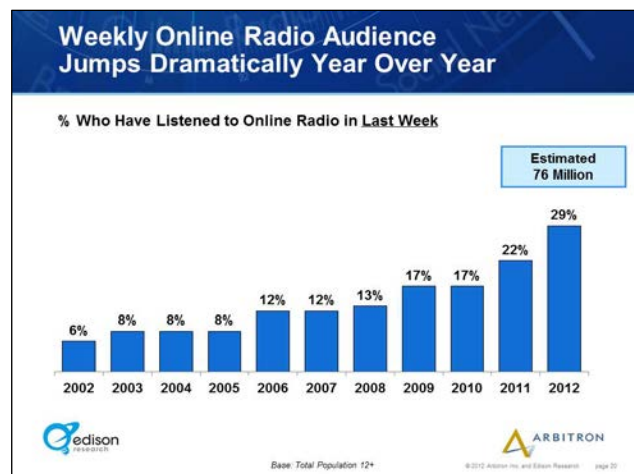
The consumption of online radio (AM/FM station streams and Internet pure-play programming) has grown over threefold in the past decade and now reaches an estimated 103 million Americans per month—or 39% of the entire U.S. population aged 12 or older. Weekly online radio reaches an estimated audience of 76 million in 2012; this 30% increase is the largest year over year spike in weekly usage we have seen since we began measuring the platform in 1998.

The amount of time these listeners are spending with online radio is also on the rise. In 2008, weekly online radio listeners self-reported 6 hours 13 minutes of weekly listening; in 2012 that figure, now among a vastly larger base of weekly users, has jumped to 9 hours 46 minutes. As such, the total hours being spent listening to radio via online sources has grown dramatically.

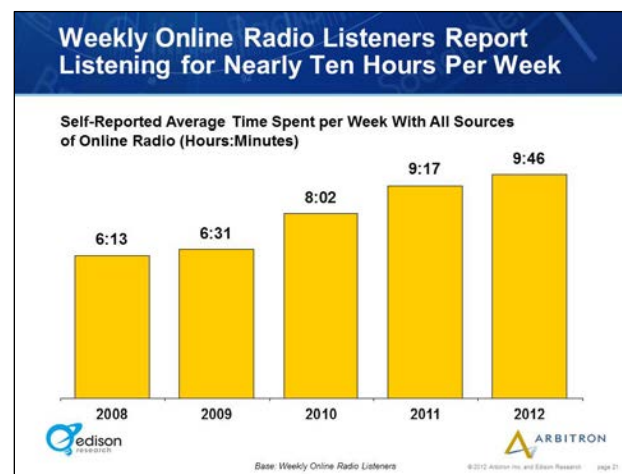
For the most part, online listening is a complement to AM/FM radio as opposed to a replacement; 87% of those who have listened to online radio in the last week *also* listened to traditional over-the-air radio stations in the last week.



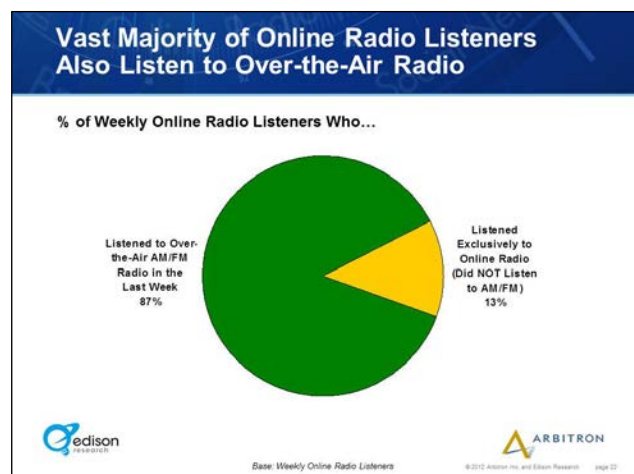
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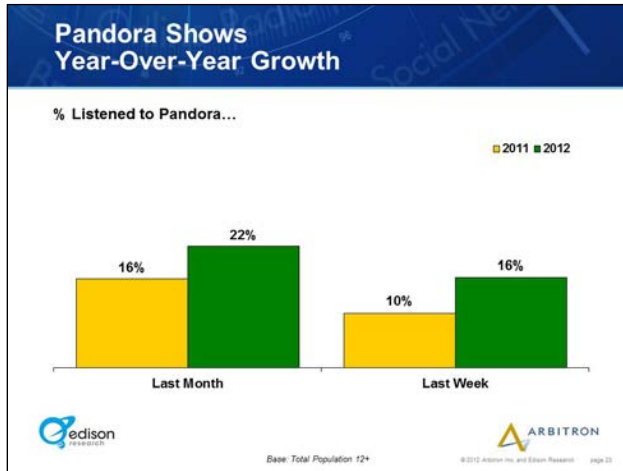
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Pandora's Box Opens

The pure-play online radio broadcaster Pandora experienced significant year-over-year growth. In 2011, 16% of U.S. residents aged 12 or older listened to Pandora in the past month and 10% in the past week; in 2012, Pandora's monthly audience has grown to 22%, while the weekly audience is now 16%.

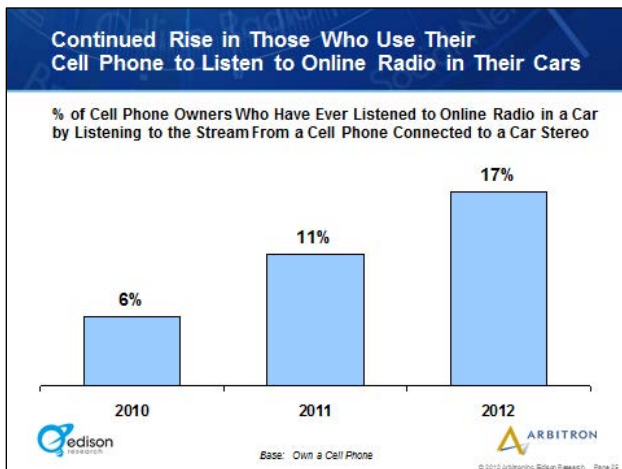


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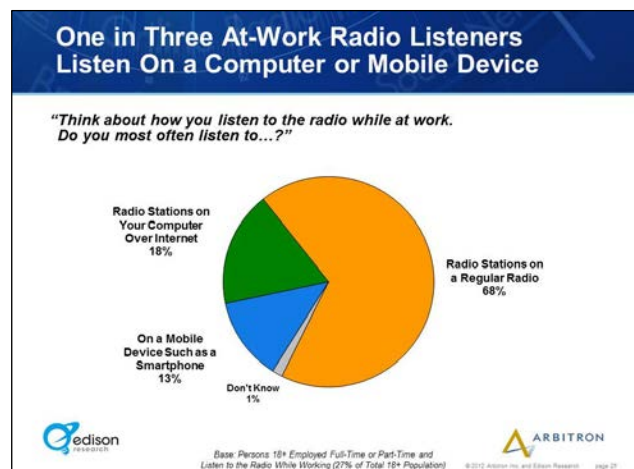
Online Radio on the Go

Some cell phone owners connect their devices to car stereo systems so they can listen to online radio on the go. In 2010, 6% of U.S. residents who own a cell phone had ever connected it to their vehicle speakers, but in 2012, nearly three times as many (17%) have listened in a car via this method.

When it comes to radio in the workplace, nearly one-third (31%) of people aged 18 or older employed full time or part time and listen to the radio while at work turn to web or mobile platforms *most often*; 18% of workers use their computers most often to access radio stations and 13% consider their mobile devices their go-to platforms for radio at work.



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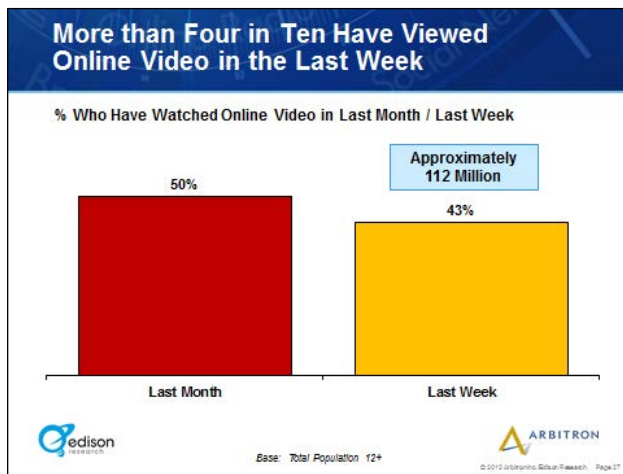
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Online Video

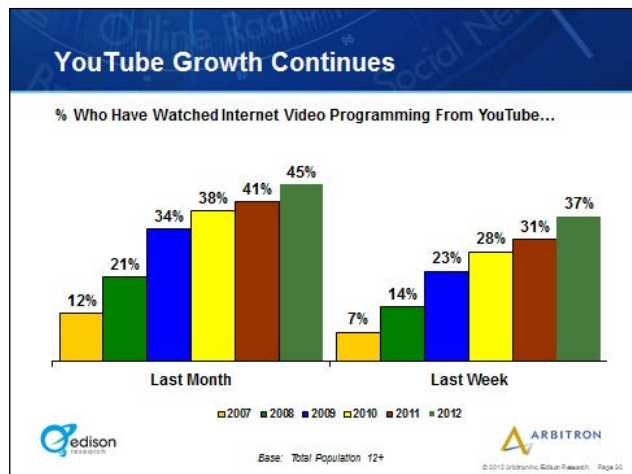
Online Video Audience Reaches Estimated 112 Million Viewers per Week

Half of U.S. residents aged 12 or older have watched video over the Internet in the last month and 43% (or an estimated 112 million people) have watched in the last week. The vast majority of this online viewing is driven by mega-Internet broadcaster YouTube with over one-third (37%) of teens and adults having watched content from that site *alone* in the last week.

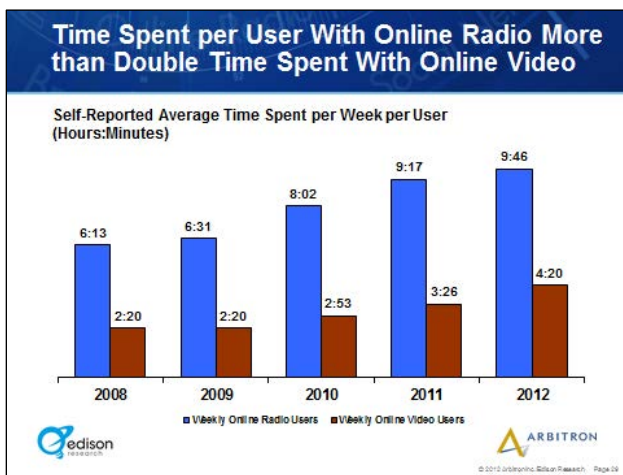
The consumption patterns for online radio and online video are very different. While online radio largely holds close to its AM/FM roots and broadcasts a continuous stream of content; online video is not nearly as analogous with traditional television’s half-hour and hour-long programs. Online video is mostly consumed in short-form clips, so while more Americans watch video over the Internet, their total self-reported time spent with the platform is 4 hours 20 minutes per week compared to online radio’s 9 hours 46 minutes.



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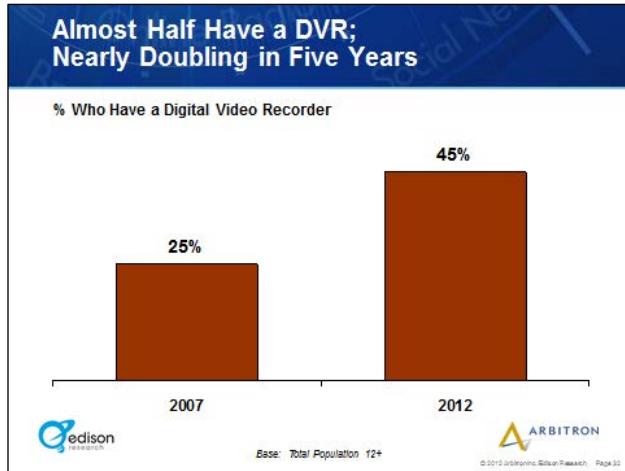
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Nontraditional Television Viewing

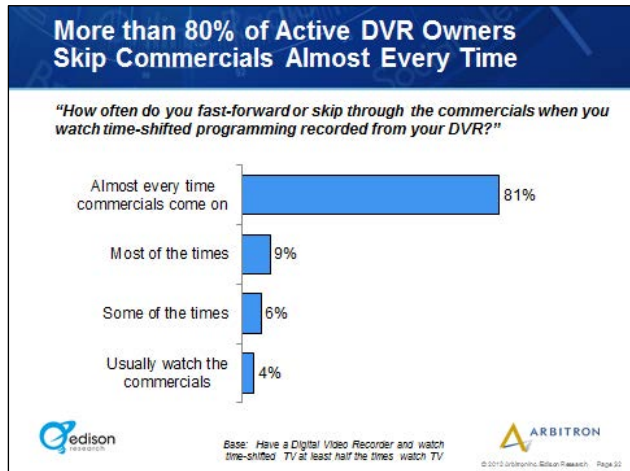
Commercial TV Without the Commercials

Digital video recorders (DVRs) give Americans unprecedented control over their TV viewing. The device, which allows users to browse broadcast and cable network schedules and record programs for future viewing, is now in nearly half (45%) of U.S. homes.

The traditional compact for advertiser-supported media is a barter system where viewers receive programming in exchange for watching commercials; yet 81% of active DVR users (those who spend over half of their total TV time watching recorded programming) report skipping commercials *almost every time*.



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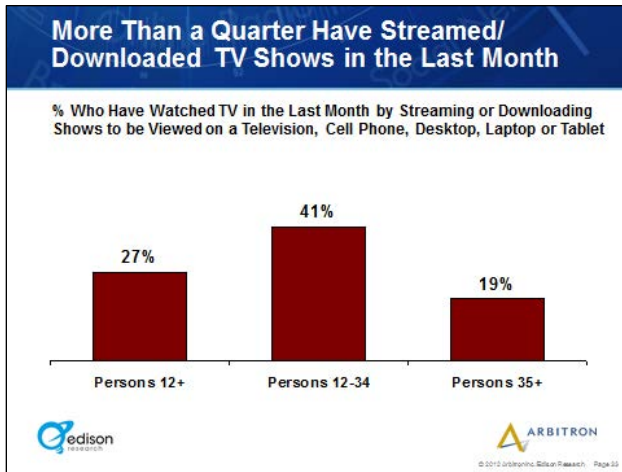
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Network TV Without the Network

Another behavior to monitor in relation to viewing traditional long-form (30-minute or one-hour) TV programs is the ability to bypass the original network broadcast altogether and view the stream online or via a digital download.

Over one-quarter of U.S. residents aged 12 or older have watched a TV show *in the past month* by streaming or downloading an episode through the Internet and watching it on a computer, mobile device, or connecting an Internet-enabled streaming receiver directly to their television sets.

Teens and young adults aged 12 to 34 who have grown up in an increasingly platform-agnostic world are embracing this means of viewing in ever greater numbers, with 41% having watched a TV show over the Internet in the last month.



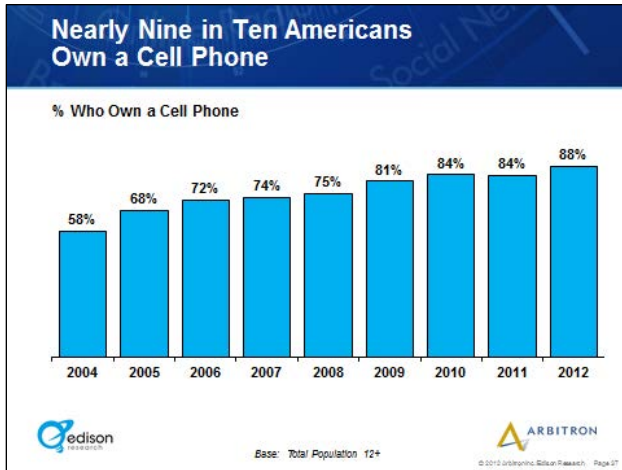
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Smartphones and Other Mobile Devices

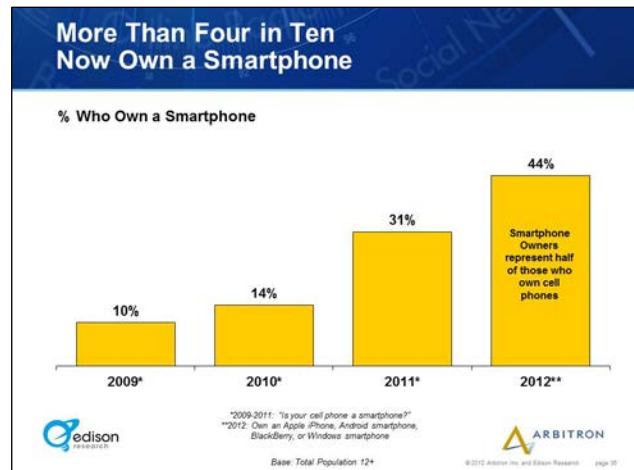
Phones Get Smarter

Cell phone ownership is nearly universal at 88% ownership in the U.S. This level of penetration has remained strong and steady for the better part of a decade. The real movement we are seeing in the mobile communication space is the growth of smartphones. Half of all Americans who own a cell phone now have a smartphone; equating to 44% of the total U.S. population aged 12 or older.

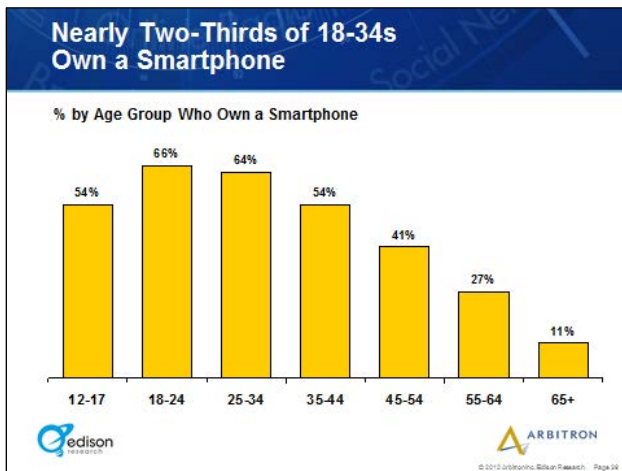
Among people aged 18 to 34, smartphone penetration is at nearly two-thirds; that means most young adults can access any kind of information, any kind of media, anywhere they are.



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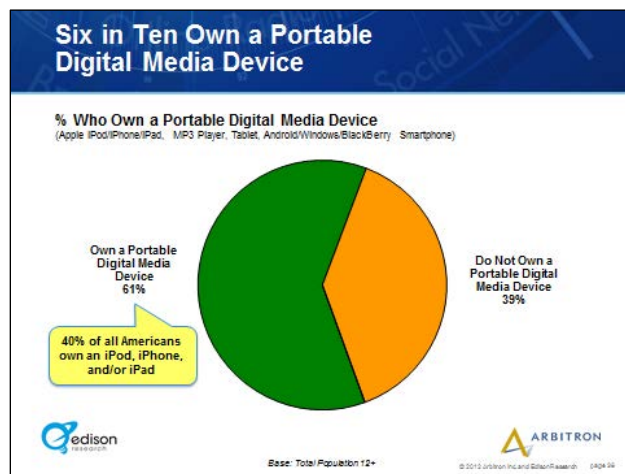
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Mobile Merges Communication and Entertainment

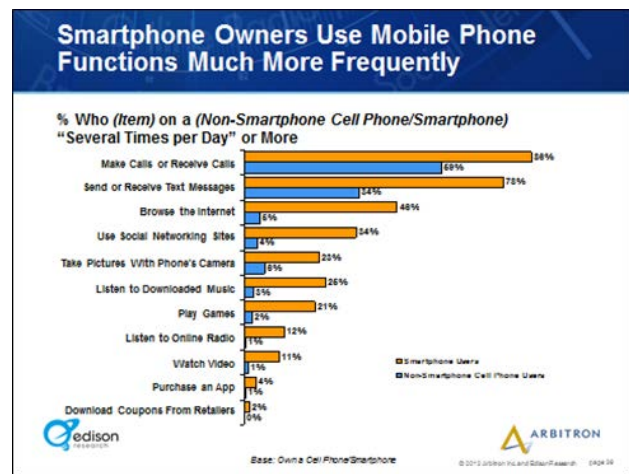
Over six in ten (61%) Americans aged 12 or older own a portable media device including a smartphone, tablet, or MP3 player; 40% own an Apple iPod, iPhone, and/or iPad *alone*.

To understand how the new generation of mobile technology is affecting people's behaviors, we can compare smartphone owners to people who use traditional cell phones. Smartphone users are more likely to make calls several times per day (86%, compared to 59% of regular cell phone users) and they are more than twice as likely to frequently use text messaging (78%, compared to 34% of regular cell phone users); when it comes to Internet-based usage, there is no comparison.

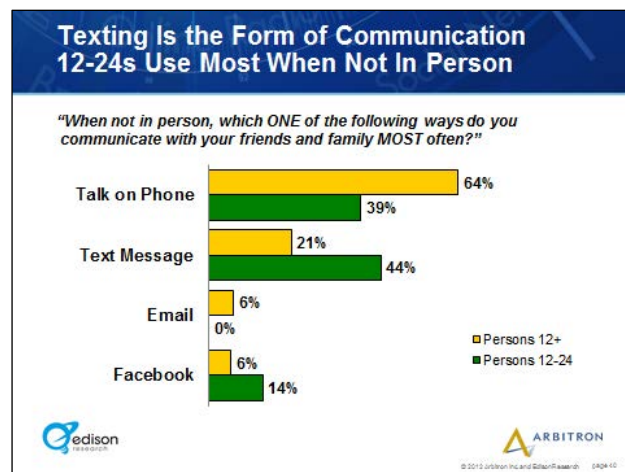
Mobile technology is having a profound effect on how young people communicate. Among all Americans aged 12 or older, the phone is the main way they communicate with family and friends most often when not in person (64%), but teens and young adults aged 12 to 24 consider texting as their preferred mode of communication.



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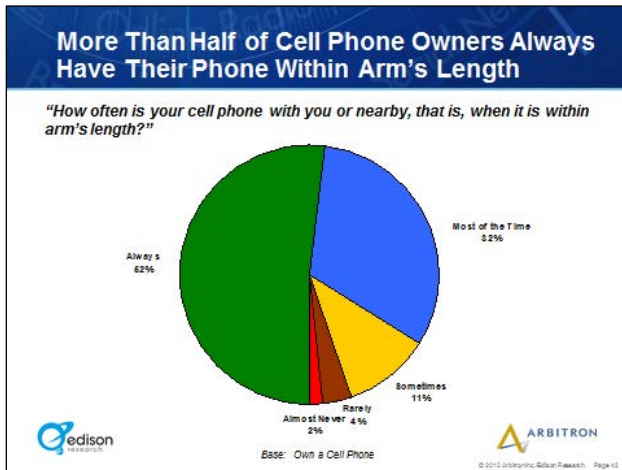


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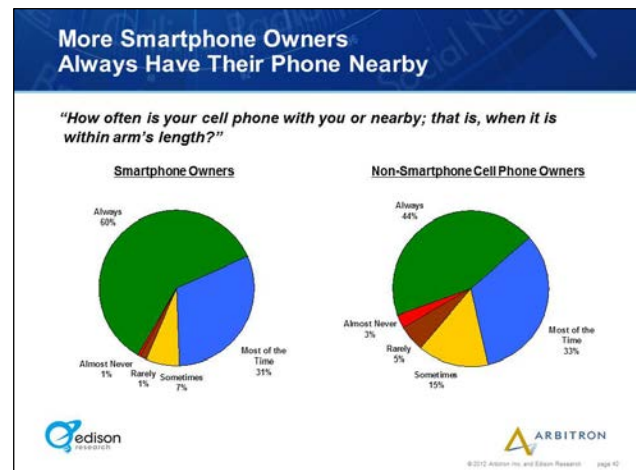
Never Out of Touch

Mobile devices are sometimes referred to as the “third screen,” but for millions of Americans, particularly young people, mobile is in reality the “first screen.” Fifty-two percent of all cell phone owners say their phone is “always” at arm’s length.

The dependence is greater for smartphone users: 60% say they keep their device “always” nearby versus 44% of non-smartphone cell phone owners.



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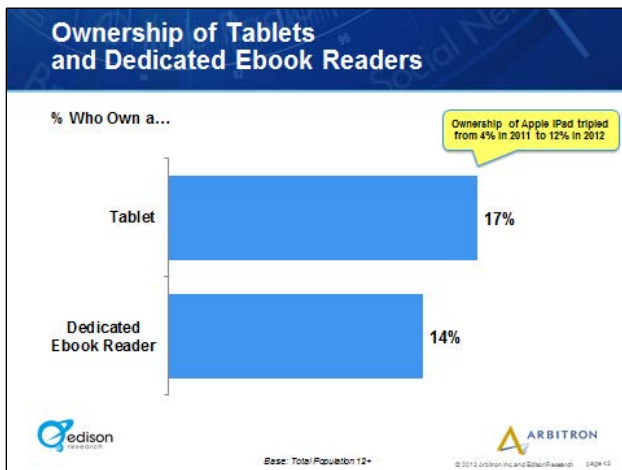


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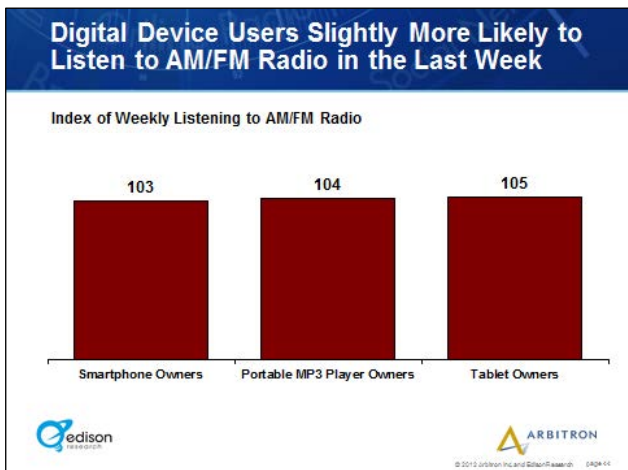
Mobile Expands Without Detracting

Mobile has expanded beyond smartphones to include fuller screen devices such as tablets and Ebook readers. Seventeen percent of U.S. residents aged 12 or older now own a tablet. Apple’s iPad ownership tripled in the past year from 4% in 2011 to 12% in 2012. Dedicated Ebook readers such as the Kindle or Nook families of devices are now in the hands of 14% of Americans.

As opposed to cannibalizing time from heritage media, these new digital platforms are creating new opportunities for content consumption. For example, smartphone owners index at 103 for weekly AM/FM radio listenership—that is, they are more likely than average to listen on a weekly basis than the general population. Similar scenarios play out for MP3 player owners and tablet owners.



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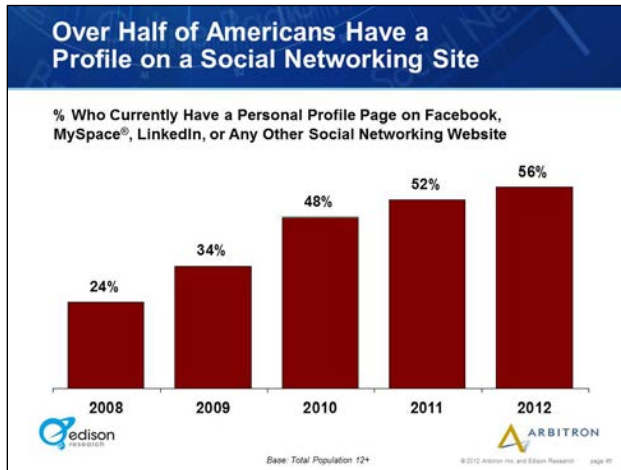
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Social Networking

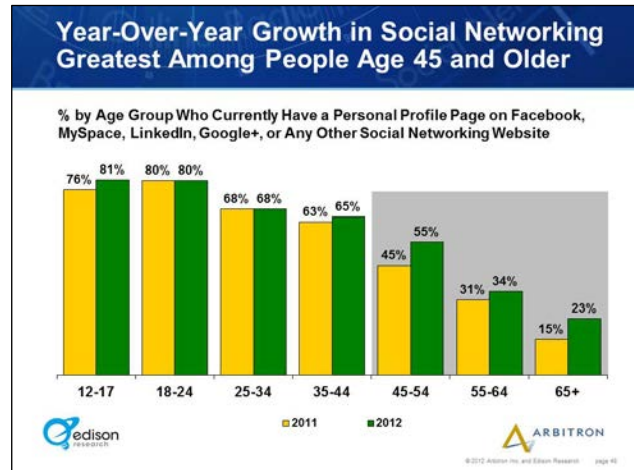
Social Media Mainstreams

Over half (56%) of all U.S. residents aged 12 or older have a profile on at least one social networking website. These online communities have become the default human operating system on the web for young Americans with 80% penetration among 12 to 24-year-olds and even claiming roughly two-thirds of all adults 25 to 44. But this is not news; social networks have enjoyed a long reach into these demo groups for several years now. The real growth is happening among older adults, especially seniors, with nearly one-quarter (23%) of persons aged 65 or older joining the wave as of 2012.

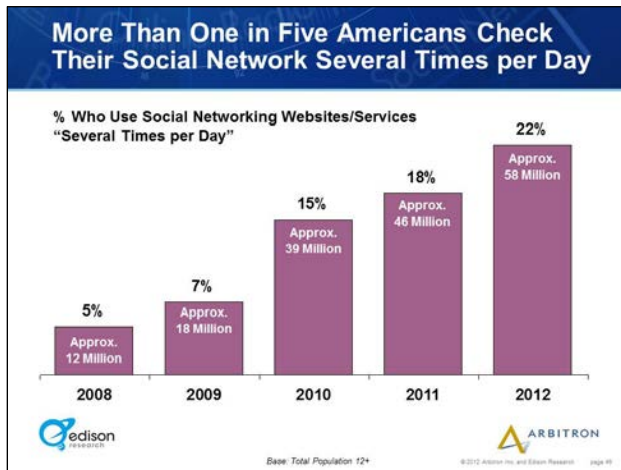
Heavy social media usage is also on the rise; as of 2012, those who say they participate in their online community *several times a day* equals approximately 58 million teens and adults or 22% of all U.S. residents aged 12 or older.



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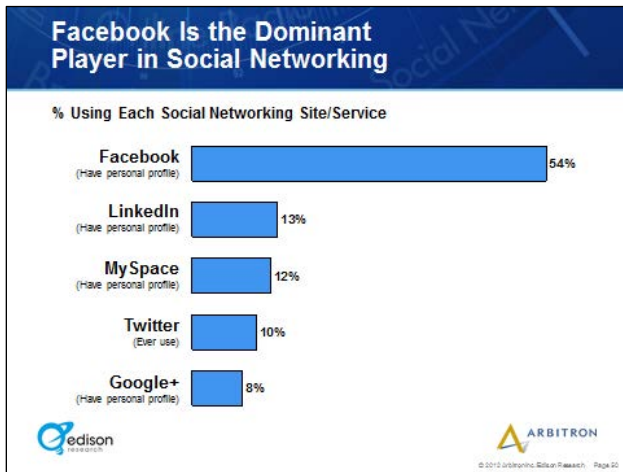


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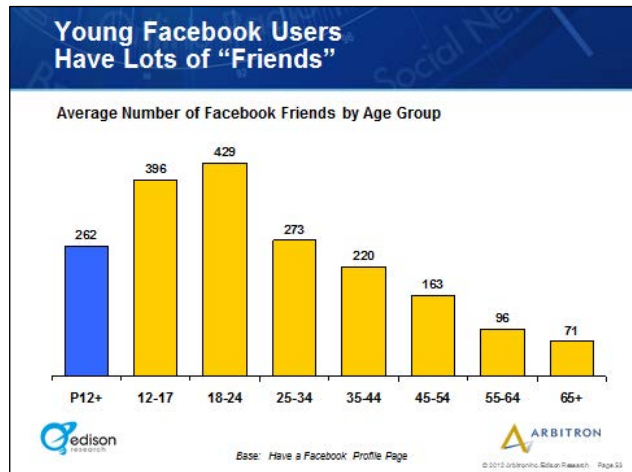
Collecting Friends and Followers

Over half (54%) of all U.S. residents aged 12 or older have an account on Facebook. Teens (aged 12 to 17) and young adults (aged 18 to 24) average approximately 400 “friends” *per Facebook user*.

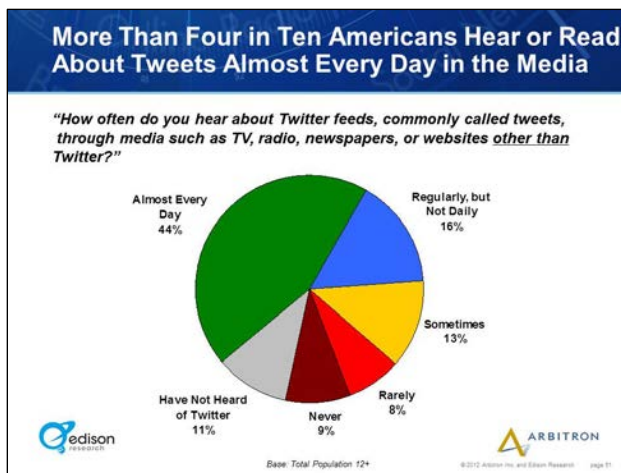
Twitter on the other hand, has a significantly different profile. While only one in ten U.S. residents aged 12 or older have *ever* personally used Twitter, six in ten Americans regularly hear about Twitter content (“tweets”) through other media sources such as websites or TV shows. While tweets are generated by a small portion of the U.S. population, through a symbiotic relationship with traditional media, this content actually reaches a much wider audience.



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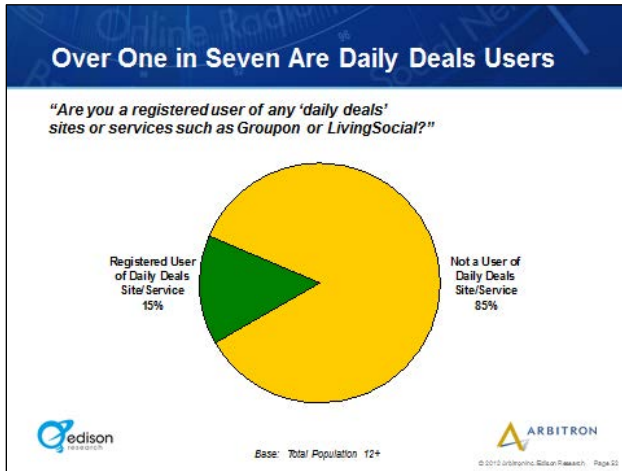


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Social Commerce

More than one in seven Americans aged 12 or older are registered users of at least one daily deals service. These sites such as Groupon and LivingSocial afford users the opportunity to band together and enjoy deep discounts in many retail environments.

These services are not necessarily having the desired effect in the business community. The reason retailers participate in these programs is to grow their customer base, but 30% of daily deal users have not provided repeat business, and 28% were already customers and simply used the sites to get a discount.



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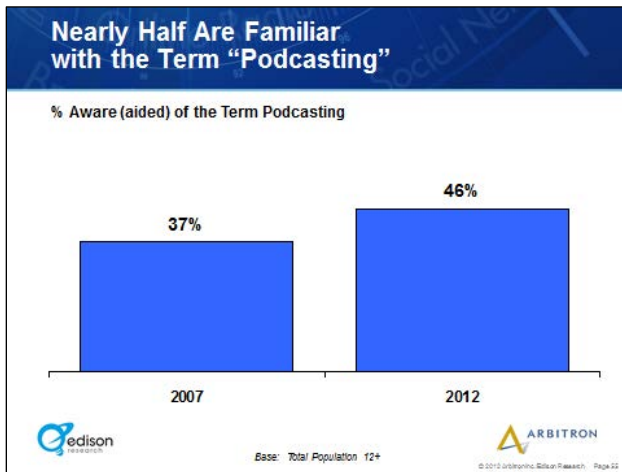
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Podcasting

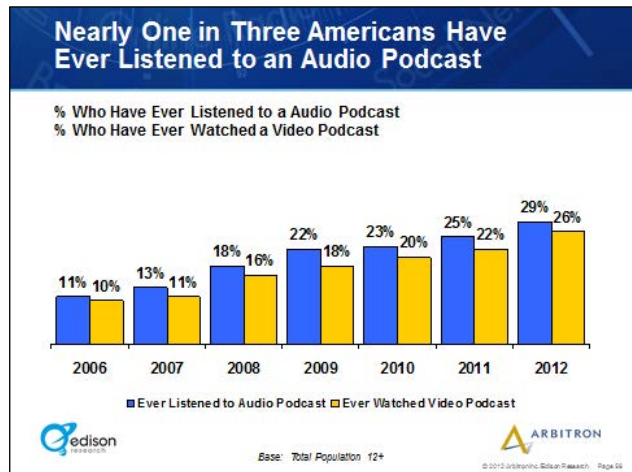
Podcasting Raises Its Profile

Nearly half (46%) of U.S. residents aged 12 or older are now familiar with the term podcasting. As of 2012, nearly three in ten (29%) have ever listened to an audio podcast, while 26% have watched a video podcast.

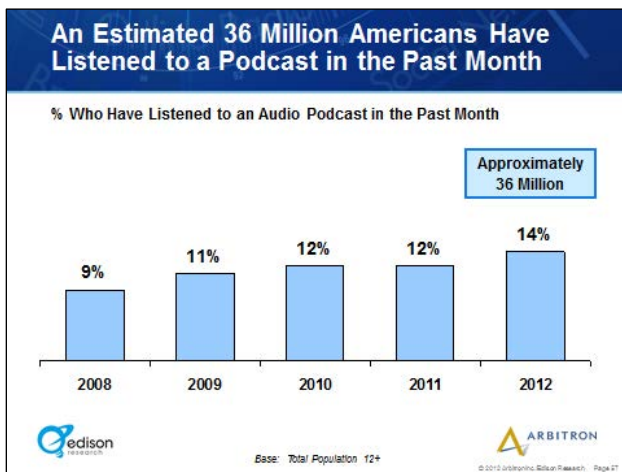
Approximately 36 million American teens and adults (14%) have listened to an audio podcast in the past month, up slightly from 12% in 2011.



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Heavy Users of Radio, TV, and Internet

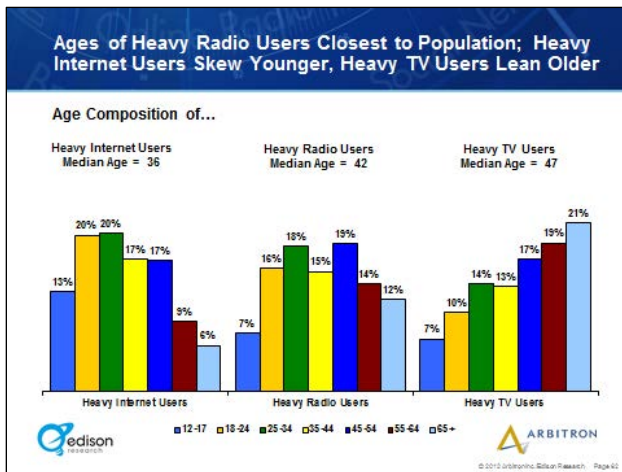
Getting Down to the Core

Most of this study focuses on general usage of traditional and digital media, but the heavy users of each platform account for the majority of time spent usage (and ad impressions delivered), so understanding these substantial media users holds special value.

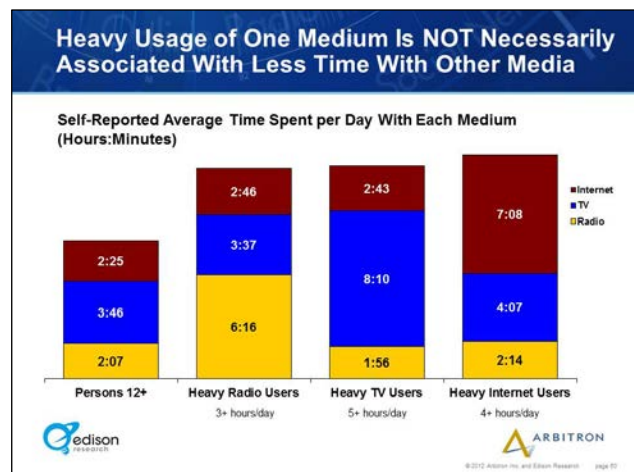
When it comes to age composition, heavy Internet users skew youngest with an average age of 36 years old. The mean age for the U.S. population overall is roughly 41 years old and radio's heavy users are similar with an average age of 42. Heavy television viewers skew a little older (47 years old).

Heavy media users consume more media overall, so their intense relationship with one platform does not necessarily lead to less time spent with other media. For example, the mean self-reported time spent with radio among U.S. residents aged 12 or older is 2 hours 7 minutes per day and the listening levels remain consistent among heavy TV users and heavy Internet users as well.

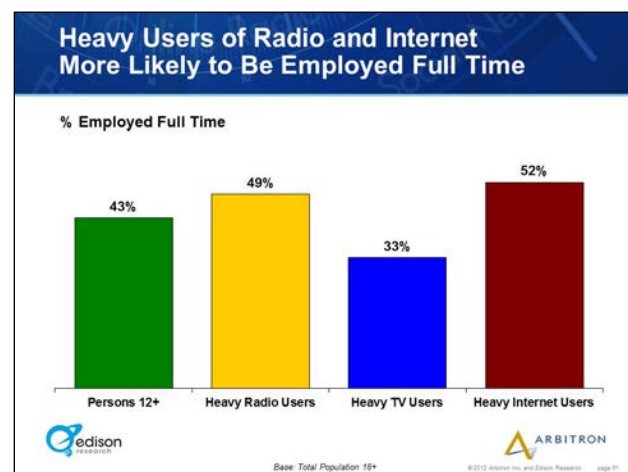
About half of heavy radio users and heavy Internet users aged 18 or older are employed full time, which is higher than the average and significantly higher than full-time employment of heavy TV viewers (31%).



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slide 60



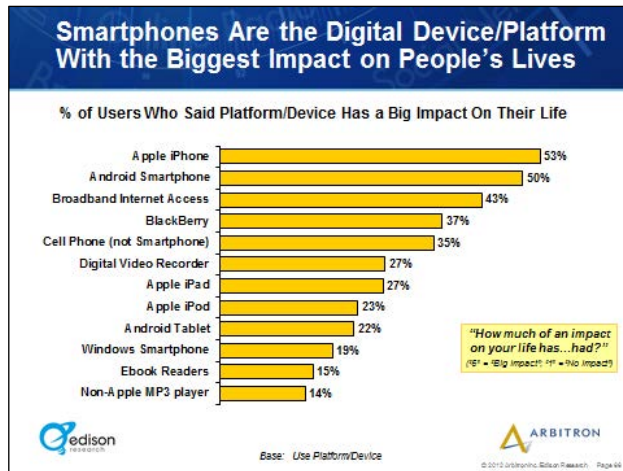
slide 61

Impact of Digital Platforms/Devices

Life-Changing Experiences

Smartphones, and particularly the Apple iPhone, have the biggest impact on the lives of their owners. When users of the various digital devices and platforms profiled in this report were asked to rate the impact these items has on their lives, 53% of iPhone owners said it has a “big impact on their lives” (gave the devices the top rating of 5 out of a possible 5); this was closely followed by half of Android smartphone owners rating their devices as a 5 on the impact scale.

Broadband Internet access, which makes many of these digital platforms accessible, follows suit with more than four in ten (43%) users saying high-speed Internet has a “big impact” on their lives.



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Observations

- 1. Digital platforms have made cross-platform strategies crucial to satisfy today's connected consumer.** The 2012 Infinite Dial study is further evidence of how American consumers are rapidly adopting digital platforms to consume media in new ways, locations, and times. The increasing adoption and changing consumer expectations make it paramount for heritage media such as radio and TV to continue to develop strategies to make their content available across a wide variety of digital platforms. We no longer live in a world where audio and video stand apart; for that reason making content available on the spectrum of digital platforms makes media brands more ubiquitous and relevant.
- 2. Digital platforms enable all forms of media to be consumed at any place at any time.** People can now consume media anywhere, anytime, anyplace; enabling them to spend more time with the big three media compared to what they did ten years ago. Some in the digital world claim that consumption of digital media is a substitute for traditional media; we have not found this to be the case. Our research shows that being heavy users of one medium does not always mean that people spend less time with another medium. While at some point there will surely be limits, to date media has not been a zero sum game.
- 3. Smartphones are having a profound impact on media and entertainment.** We've been able to take our own digital media with us for about ten years but now we can access any kind of programming on the go, which removes the friction involved in loading an iPod or some other media device. And that has really driven the hunger for better and more content; on demand, curated, automated—any kind of content. People who may have not have bothered filling an iPod can now, for instance, watch the NCAA basketball tournament on the bus, and that creates new opportunities for content producers of all stripes.
- 4. Social media is now used by the majority of Americans, changing how people and brands interact.** Social networks have changed the definition of “content producer” for millions of mainstream Americans. Our friends are also a network, not only in the standard networking sense but now in the entertainment sense. We are consulting these networks and feeding them on the go, particularly with smartphones, in ever-increasing numbers.
- 5. Facebook in particular has changed the way Americans filter information.** A staggering number of Americans, especially young people, frequent Facebook multiple times per day. Enormous numbers of people are learning about news, information, and entertainment from their friends first; irrevocably changing how we digest news and information in this country. Facebook's algorithm is designed to prioritize messages; what you see in your newsfeed are the people you interact with the most and for most Facebook users, these are their friends not brands. If you look at the number of friends 12 to 34 year olds have, you can see how hard it is for a brand to even be seen on Facebook.
- 6. Daily Deals sites are about trial usage, not loyalty.** There is an opportunity here for local media producers, especially those with local sales forces like broadcast radio or television. Our research shows the daily deals space fosters trial but not necessarily enduring relationships or repeat business. A point of differentiation for local media outlets could be to solve the loyalty problem in addition to the trial problem. Radio in particular has always been good at driving people to retail outlets, showrooms, and local events, so adding value in that space by working on loyalty solutions is a potential strength for a medium that has been very strong in local relationships.

7. **Online radio continues its upward trajectory.** We saw the largest year-over-year increase we have seen in weekly online radio listening (streams of AM/FM broadcasts and Internet-only audio sources, sometimes called pure plays). In addition to increased reach, self-reported time spent listening indicates a continuing wide demand for audio content.
8. **Radio remains at the core of consumers' media consumption and digital continues to be an expansion opportunity for radio.** Radio has an immense user base of 241 million people who listen to radio each week and no Internet-only platform can match its scale. Wide broadband access combined with rising mobile adoption has expanded the opportunity for consumers to tune in to their favorite audio brands. Radio offers a wide variety of digital options for consumers including mobile, social, streaming, podcasting, and websites, all of which enable advertisers to reach users of audio information and entertainment and to reach consumers however and wherever they choose to use it. Heavy users of radio provide advertisers with the ability to reach a large number of consumers who reflect the age profile of the U.S. population, as well as full-time employed people who have money to spend.

About Arbitron Inc.

Arbitron Inc. (NYSE: ARB) is a media and marketing research firm serving the media—radio, television, cable, online radio, and out-of-home—as well as advertisers and advertising agencies. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media, and product patterns of local market consumers; and providing application software used for analyzing media, audience and marketing information data. The company has developed the Portable People Meter™ and PPM 360™, new technologies for media and marketing research.

About Edison Research

Edison Research conducts survey research and provides strategic information to radio stations, television stations, newspapers, cable networks, record labels, Internet companies, and other media organizations. Edison Research is also the sole provider of election exit poll data for six major news organizations: ABC, CBS, CNN, Fox, NBC, and the Associated Press. Edison Research works with many of the largest American radio ownership groups, including Entercom, Clear Channel, CBS Radio, Bonneville and Dial Global and also conducts strategic and opinion research for a broad array of companies including Time Warner, Google, Yahoo!, Sony Music, the Voice of America, and Zenithmedia. Edison Research has a 17-year history of thought leadership in media research, and has provided services to successful media properties in South America, Africa, Asia, Canada, and Europe.

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