

Successful Audio Streaming Strategies – Additional Findings

Written by

Sam Milkman, Vice President

© Copyright 2010, Coleman Insights

INTRODUCTION

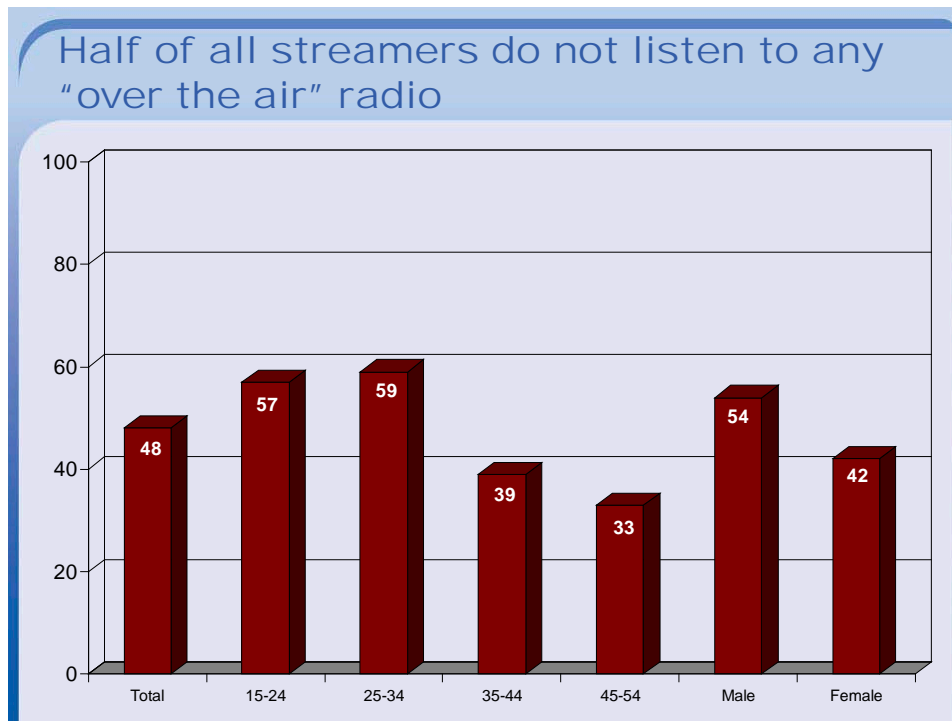
In our first report on Successful Audio Streaming Strategies, we explained that the streaming audio market is an underdeveloped brand category. Consumers are aware of just one or two brands on average, whereas they generally know of six or seven in a highly valued, mature category. Moreover, only one early leader has emerged in the category—Pandora—and although a contender, it is not as dominant a brand as we have seen in other categories. AM/FM streams are also clearly out of sync with the interests of streaming consumers.

In this report we will explore additional findings regarding the perceptions of the 17% of Americans who stream audio, specifically, the significant percentage of these consumers who do not listen to any “over the air” radio broadcasts.

KEY FINDING: ALMOST HALF OF STREAMERS DO NOT LISTEN TO ANY “OVER THE AIR” RADIO

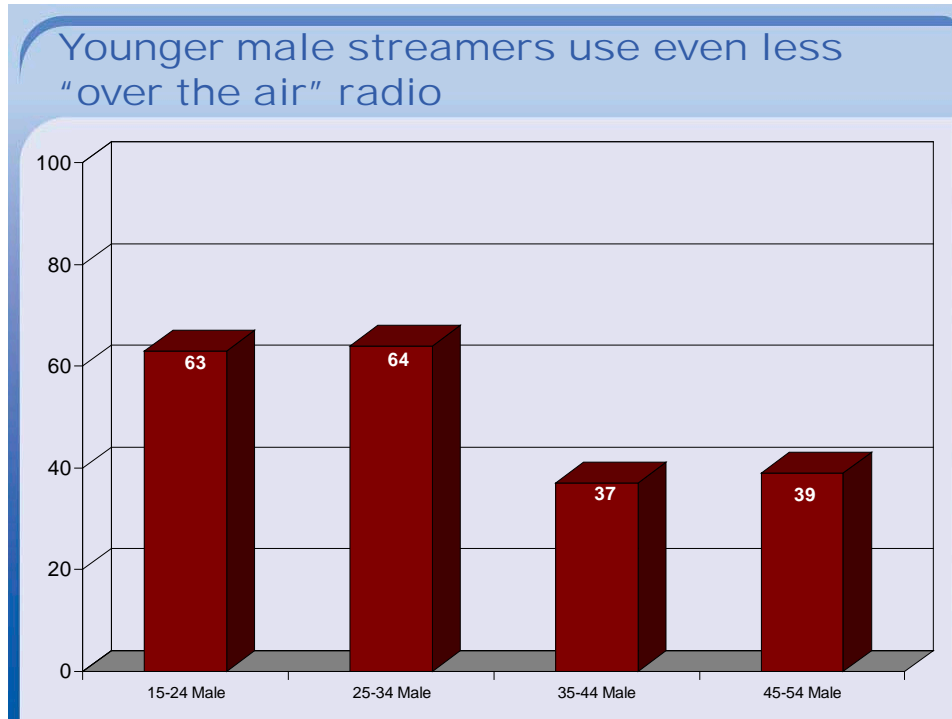
Forty-eight percent (48%) of the streaming population does not listen to any “over the air” radio broadcasts. While this finding is limited to the 17% of Americans who are regularly streaming, it paints a rather dark picture of the future of “over the air” broadcasts if the streaming segment continues to grow and the behavior of new streamers mirrors these early adopters.

Usage of terrestrial radio falls still farther when we look at younger streaming audio consumers: 57% of 15- to 24-year-olds and 59% of 25- to 34-year-olds do not listen to any “over the air” radio. Conversely, 35- to 44-year-olds (39%) and 45- to 54-year-olds (33%) are less apt to report no listening to “over the air” broadcasts.

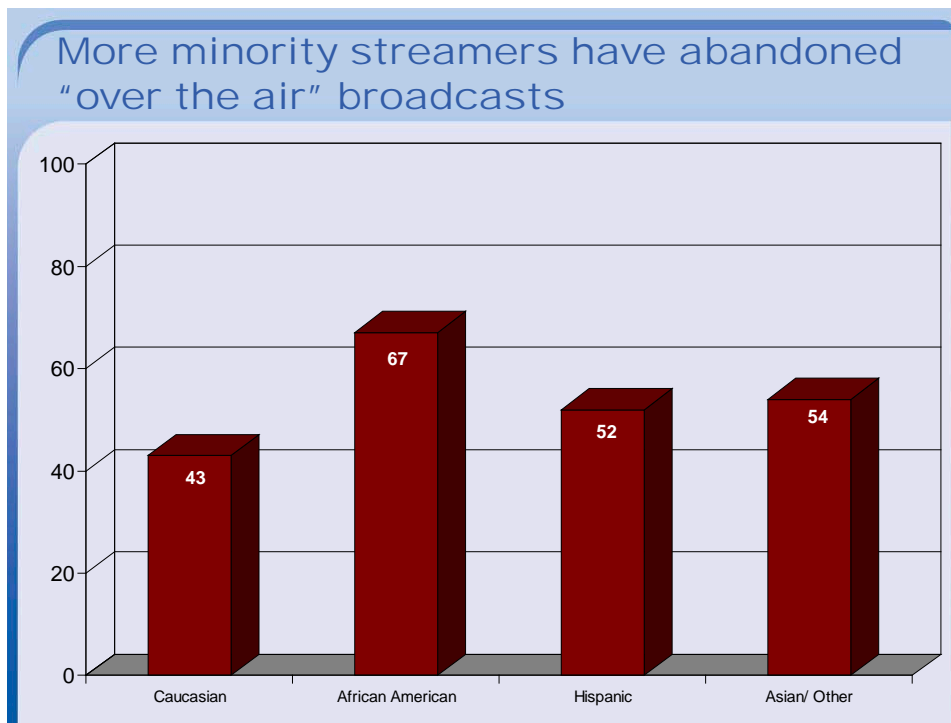


This low usage of broadcast signals is more pronounced among male streamers than females: 54% of male streamers use no over the air radio while 42% of female streamers report no usage of broadcast signals.

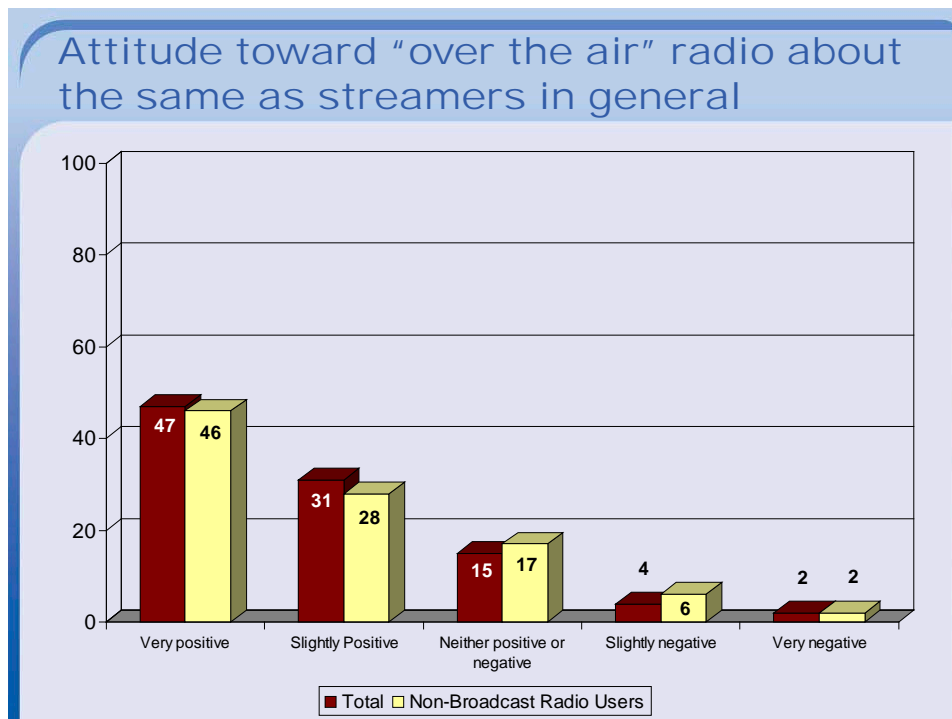
The lack of broadcast signal usage is most significant among young male streamers: 63% of 15- to 24-year-old male streamers and 64% of 25- to 34-year-old males listen to no “over the air” radio.



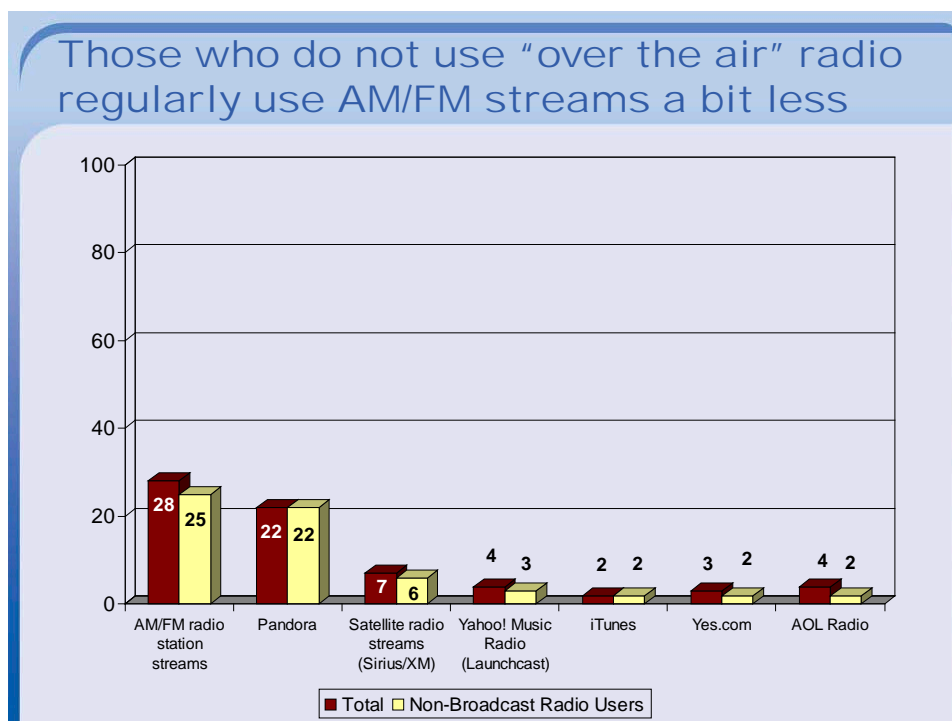
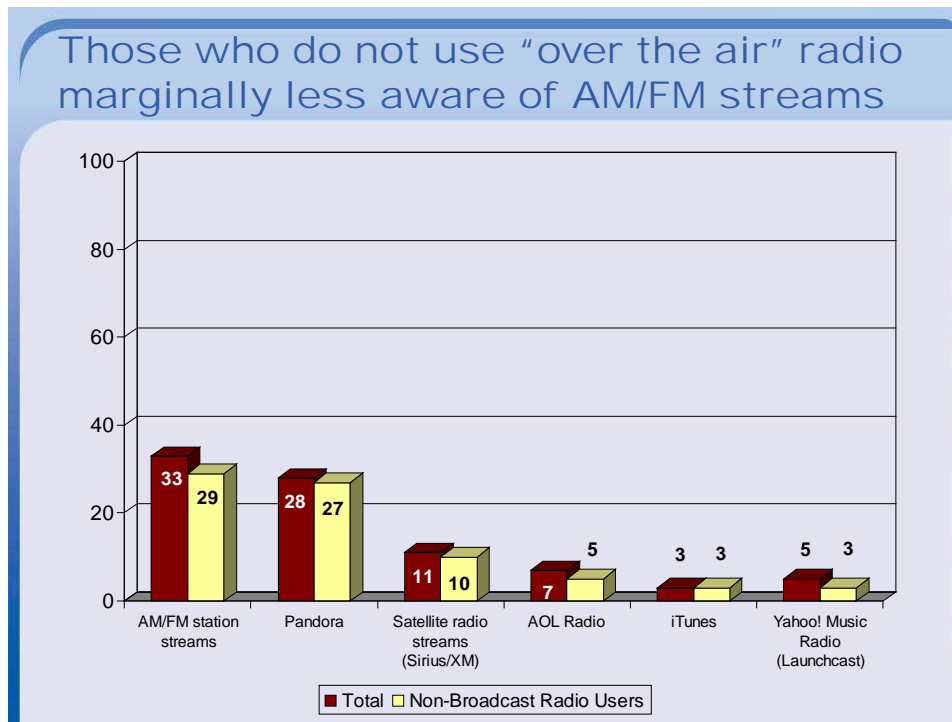
Minority streamers—particularly African Americans—are less likely to listen to “over the air” radio. Sixty-seven (67%) of African American streamers listen to no “over the air” radio broadcasts.



This lack of broadcast signal usage does not appear to be a complete rejection of the content of AM/FM radio broadcasts. Those who do not listen to radio do not hate it; in fact they have moderately positive attitudes toward the over the air medium. Furthermore, their attitude toward over the air radio is similar among those who do not use the medium and those that do use it. Forty-seven (47%) of all streamers are “very positive” regarding “over the air” radio and 46% of non-broadcast users have the same positive attitude. Is it possible that the “non use” is not an attitudinal rejection, but rather a behavioral one? This research does not answer this question, but it certainly suggests more investigation is needed.



Supporting this notion is the fact that streamers who do not use terrestrial broadcast stations continue to listen to the streams of AM/FM signals almost as much as other streamers. Their awareness and usage levels of AM/FM streams are only 10% lower than streamers in general. This indicates that AM/FM broadcasters are losing some listeners in the migration to streaming distribution, but not an overwhelming number.



TAKE AWAY POINTS

While half of streamers no longer listen to terrestrial signals, they have not given up on radio brands.

Without looking beneath the surface, these findings could be a bit startling to traditional broadcasters who might jump to the conclusion that nearly half of the 17% of Americans who are streaming have abandoned their brands. These findings do not, however, support that conclusion. Rather, a change in delivery method may be what is happening here, as many of these streamers who no longer use broadcast signals continue to listen to AM/FM content via streaming.

Streamers who no longer listen to “over the air” broadcasts do not hate radio. They share the same moderately positive attitude toward the medium as other streamers. They simply have gravitated toward a different delivery method.

Early adopters may or may not represent the future profile of streaming consumers.

As audio streaming becomes more prevalent, the industry should continue to monitor the percentage of streamers who no longer use terrestrial radio signals. Will the next wave of streaming adopters share the same proclivity toward streaming, or will they continue to listen to “over the air” signals at a higher rate? It may well be that those consumers who like the style of terrestrial radio will not mimic the early adopters and may end up listening to terrestrial radio signals or streams at a higher rate than the early streaming adopters.

As more Americans stream, it will be important to understand whether these new streamers migrate to AM/FM streams at the same rate as the first wave of adopters, or at a higher or lower rate. It will also be important to examine the similarities and differences in the needs of broadcast users and non-users going forward, to determine whether broadcasters and streamers should modify their programming offerings to serve these different audiences.

Coleman Insights will continue to study successful streaming audio strategies and present additional insights on this evolving market segment in future reports.

METHODOLOGY

We began this investigation with a series of 30-minute individual interviews with consumers between the ages of 15 and 54 who engaged in at least five minutes of audio streaming in the past week. These interviews revealed in broad strokes potential motivations for using streaming audio, brand awareness and the strengths and weakness of particular brands.

Those interviews informed the design of two national surveys, both conducted among 15- to 54-year-olds who had listened to audio streams for at least five minutes in the past week. During the second and third quarters of 2010, more than 1,300 users of streaming audio completed these quantitative surveys online.