

MP3 SUCCESS WAVE - NEARLY 750,000 INTENDING TO BUY

Heaviest listening and pod casting skewed to youth

> "MPs continue to hold the high ground as Australians owning a player exceeded 7.62 million in the 12 months to July 2008. Almost 44 per cent of the population, aged over 14 years own an MP3 and another 727,000 intend to buy in the next 12 months," says Simone Bryant, director, Nielsen Panorama.

"Online music retailers are embracing DRM-free music downloads and websites offering downloadable media are growing almost daily. MP3s are reaching well beyond the realms of digital music and watching digital video and prospective buyers have a myriad of options. Flash memory players are becoming smaller and cheaper, there are more games, interactivity, tricky graphics and display options than ever.

"The battle for market share continues in the MP3 sector with the introduction of Bluetooth, video playback, wide and touch screens. This is set to continue over the next 12 months. Competition for customers is sure to be intense throughout 2008. Penetration is high across the total population (43.5 per cent), while in the 14-17 years age group it soars to 78 per cent and almost 66 per cent for 18-24 year olds. The 14 to 24 group also represent the highest percentage uptake among new mp3 buyers over the next 12 months," Bryant said.

CHART 1: PENETRATION OF MP3 IN 12 MONTHS TO JULY 2008

AGE PROFILES OF MP3 PLAYER OWNERS

	Total owners	14-17	18-24	25-39	40-54	55+
Have an MP3 Player in '000s	7625	901	1380	2563	1823	958
% of demographic	43.5%	78	65.7	56.3	40.8	18.2

Nielsen Panorama - Survey 6 Aug 07-Jul 08

Although portable music technologies have transcended the early adopter market, it appears that MP3s are still attracting "novices." Over 361,000 are intending to purchase their first MP3 within the next 12 months (see chart 3).

CHART 2: 727,000 INTENDING MP3 BUYERS IN THE NEXT 12 MONTHS

AGE PROFILES OF INTENDING MP3 BUYERS IN NEXT 12 MONTHS

	Total intenders	14-17	18-24	25-39	40-54	55+
Intend buying an MP3 Player in '000s	727	85	123	243	174	101
% of demographic	-	7.3	5.9	5	3.8	2

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Apple iPods are driving the battle for market dominance through new models. Novices and more importantly, up-graders/replacers represent more than half of all intending new mps buyers in the next 12 months (366,000). Experienced MP3 users will have higher expectations when it comes to functionality, design, enhancements and accessory options when choosing their new portable music player.

CHART 3: THE REPLACEMENT/UPGRADE AND NOVICES MARKETS AMONG INTENDING MP3 BUYERS IN THE NEXT 12 MONTHS

UP-GRADERS AND NOVICES AMONG INTENDING MP3 BUYERS NEXT 12 MONTHS

	Total owners	Upgraders/replacers	First time buyers
Intend buying an MP3 Player in '000s	727	366	361
% of demographic	-	4.8	3.7

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Although MP3 technologies are evolving, there has been a sharp reduction in mainstream media advertising. Apple continued to dominate for iPod products, with an estimated \$4.55 million spend over the 12 months to July 2008. However, it recorded a 37 per cent decline year-on-year. Against this trend, Sony was more aggressive in the past 12 months, although representing less than 8 per cent of Apple campaign activity.

CHART 4: - REDUCED MAIN MEDIA ADVERTISING FOCUS FOR MP3 IN THE PAST 12 MONTHS TO JULY 2008

MP3 PLAYERS ADVERTISING

Est. main media ad spend in \$000's	July '07 to June '08	July '06 to June '07
Apple Computers (iPod)	4555	7225
Sony Australia (Walkman)	385	50
Creative Labs (Zen Stone)	125	15
SandDisk Corp (Sansa)	60	270
E2Go	20	85
Samsung Electronics Aust P/L	10	35

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When those intending to buy were asked to rank their major considerations, almost 69 per cent agree that price was the most important. Rankings tend to reflect age. Features rated next, important for the 14 to 24 years age group, while ranking third overall after reputable brand (41.2 per cent). Appearance and style rated only 16.9 per cent overall, but in the 14 to 24 age groups, it was much more important. As in previous surveys, the in-store salesperson ranked lowest, with only 9 per cent of all intending purchasers nominating it as an important factor.

CHART 5: KEY PURCHASE INFLUENCERS FOR MP3 INTENDING PURCHASERS IN NEXT 12 MONTHS

MP3 INTENDING BUYERS - WHAT FACTORS INFLUENCE THEIR PURCHASE DECISION?

	% MP3 intenders	14-17	18-24	25-39	40-54	55+
Price	68.5	70.1	71.6	72.7	71	61.3
Reputable Brand	41.2	41.5	44.5	42.8	40.8	38.7
Features	40.3	51.7	47.6	43	40.4	32.5
Appearance/Style	16.9	40.8	31.4	18.8	13.3	7.2
Instore Salesperson	9	13.4	10.8	8.9	7.2	8.8

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