

**TargetCast tcm Consumer Trend Report:
Consumer Perspectives on How Media Usage Patterns
are Evolving in the Digital Era**

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TargetCast  tcm.
total communications management

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I. EXECUTIVE SUMMARY

From September 1-4, 2009, TargetCast tcm conducted a study of 895 American adults between the ages of 18-64. The goal was to gauge current and projected consumer attitudes, perceptions and usage of mass media (magazines, newspapers, radio, television and the Internet). Our findings confirm that the future of traditional media—particularly newspapers, magazines and radio—is challenged by the rapid migration of hard-to-reach consumer groups to digital alternatives. However, when it comes to purchase influence on consumers, traditional media remains more influential when compared to digital advertising.

Key findings:

- Men and women are consuming media differently
 - Men are more likely than women to indicate that printed news is a less relevant source of news and information
- Newspapers and magazines are not considered as relevant today and are easiest to eliminate from usage
- The biggest usage declines were found among men and young adults 18-34 in newspapers, magazines and radio
- TV and Internet, respectively, identified as most important media
 - Young adults 18-34 rank the internet as more important than TV
- Newspapers and magazines score well in terms of attentiveness and purchase influence

Consumers: Newspaper, Magazines and Radio need to change to stay relevant

Looking at major media categories, our findings show that consumers indicate that newspapers, magazines and, to a lesser degree, radio, will need to change the most in the coming years in order to stay relevant. Newspapers face the toughest hurdle, with nearly 60% of consumers surveyed identifying this medium as the one that will need to change the most – compared to 30% for magazines and nearly 20% for radio. Fewer than 10% feel that TV or the Internet needs to change to stay relevant.

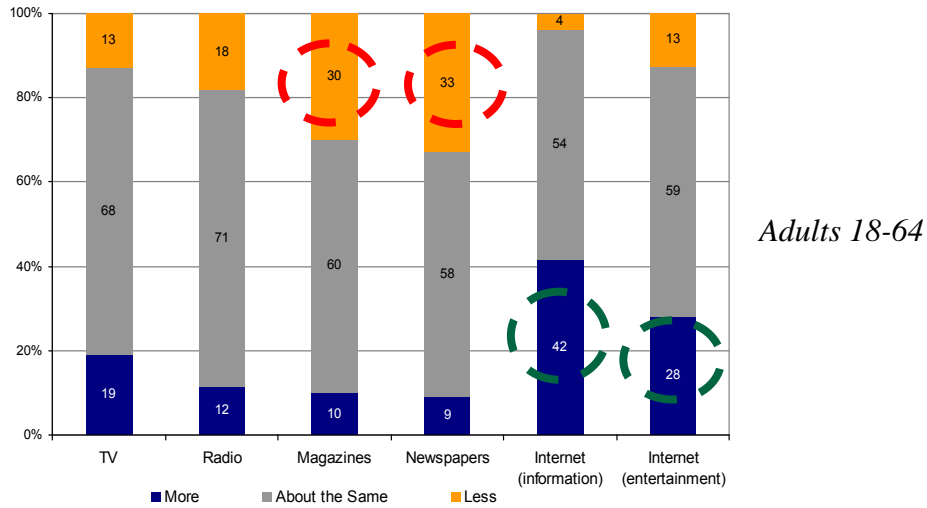
Our findings also reveal that most consumers are not abandoning the traditional media (primarily, newspapers, magazines and radio) they've known for years. However, the study also underscores the challenges faced by these media in today's highly competitive race for consumer attention.

TV and the Internet (as sources for information) top the rank of the most important media, followed by newspapers, radio, the Internet for entertainment, and magazines. Adults 18-34 place the Internet at the top of the rank.

Most using same amount of each medium, but newspaper and magazine drop-off is steepest

The majority of adults 18-64 report that they are still using the same amount of each medium today as they were a year ago, however nearly a third say they are using less printed media (newspapers and magazines). Conversely, a third or more also report that they are using the Internet more as both a source of information and entertainment.

Figure 1. Compared to a year ago would you say you are currently using the following media more, about the same or less?

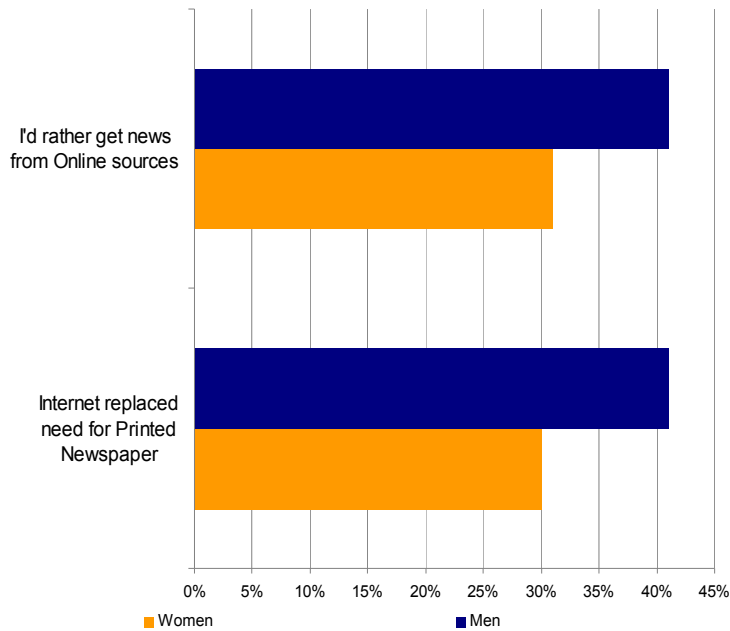


II. TRENDS BY GENDER

The data in our study reveals a split between men and women in terms of the way each gender engages with traditional media and embraces newer media. In general, men are more willing to adapt their usage habits to incorporate more digital and online platforms as replacements for traditional media. On the other hand, women are more likely to hold strong with the traditional media and are more hesitant to embrace newer media.

Newspaper Trends

Figure 2. Men more likely than women to replace printed newspaper with digital alternatives

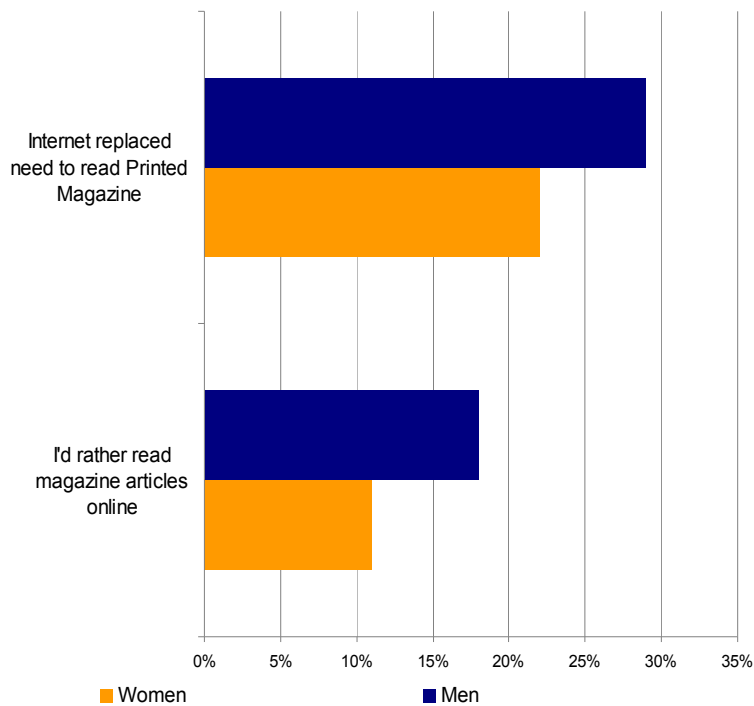


Men are more likely than women to agree with statements that indicate a desire to replace traditional printed newspapers with alternative digital sources:

- Men are more likely than women to indicate printed newspapers are not as relevant to them today given there are so many other sources for news and information
- Men are more likely than women to indicate the Internet has replaced their need to read a printed newspaper
- Men are more likely than women to indicate they would rather get news from online sources than from a printed newspaper
- Men are more likely than women to be willing to pay for online newspapers

Magazine Trends

Figure 3. Men more likely than women to replace printed magazines with digital alternatives

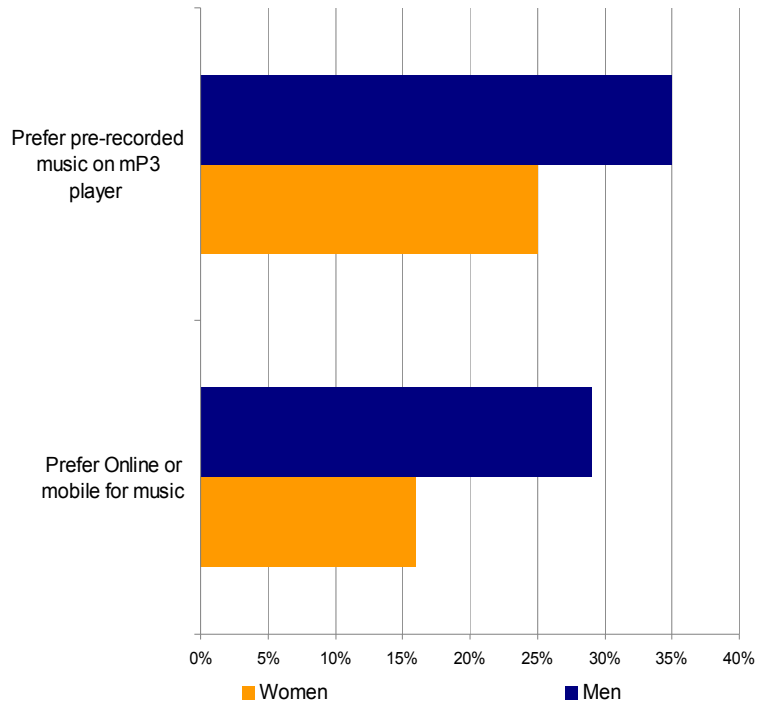


Similarly, men are more likely than women to agree with statements that indicate a desire to replace traditional printed magazines with alternative digital sources:

- Men are more likely than women to indicate the Internet has replaced their need to read printed magazines
- Men are more likely than women to indicate they would rather read magazine articles online than in a printed magazine

Radio Trends

Figure 4. Men more likely than women to replace radio with digital alternatives

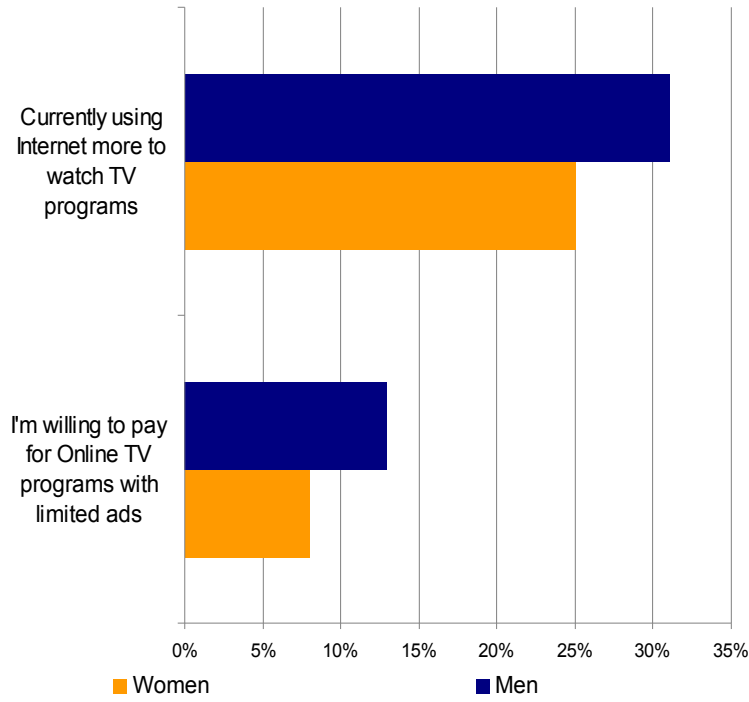


Men are more likely than women to agree with statements that suggest a shift away from traditional radio and toward alternative digital sources for information and entertainment:

- Men are more likely than women to indicate that radio is not as relevant to them today given there are so many other sources for music and information
- Men are more likely than women to indicate they would rather listen to music online or through a mobile device than an over the air radio
- Men are more likely than women to indicate they would rather listen to pre-recorded music on my mP3 player than the radio

TV Trends

Figure 5. Men more likely than women to embrace TV content online



Men are also more likely than women to agree with statements that indicate they embrace TV and video content online as a replacement for traditional TV:

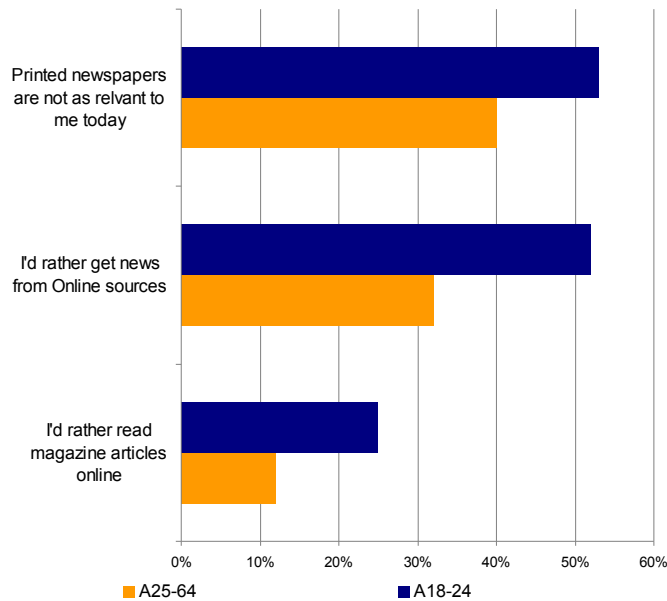
- Men are more willing than women to pay for an online subscription that allows them to watch TV programs on the Internet with limited advertising
- Men are currently using the Internet more than women to watch TV shows/videos and play games

III. TRENDS BY GENERATION

Not unexpectedly, the data in the study reveals a general split between adults 18-34 and adults 35+ in terms of the way each group engages with traditional media and embraces newer media. In general, those aged 18-34 are more willing to adapt their usage habits to incorporate more digital and online platforms as replacements for traditional media. On the other hand, those aged 35+ are more likely to hold strong with the traditional media they have known for a lifetime.

Print Trends

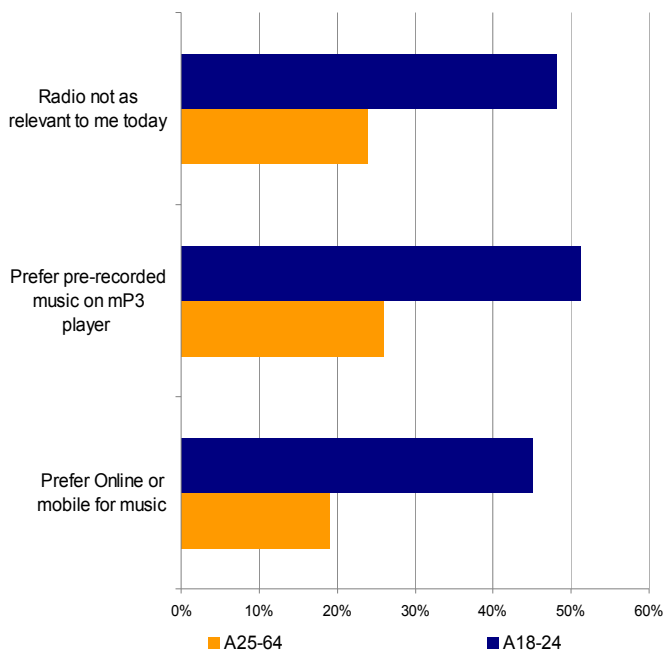
Figure 6. Ages 18-24: Internet is ubiquitous, though more likely to replace newspapers and magazines with Internet content



- Those aged 18-34 are most likely to consider replacing traditional media like newspapers and magazines with the Internet.
- Of those who believe magazines and newspapers are valuable sources of information and entertainment, they are more likely to be adults older than 25.

Radio Trends

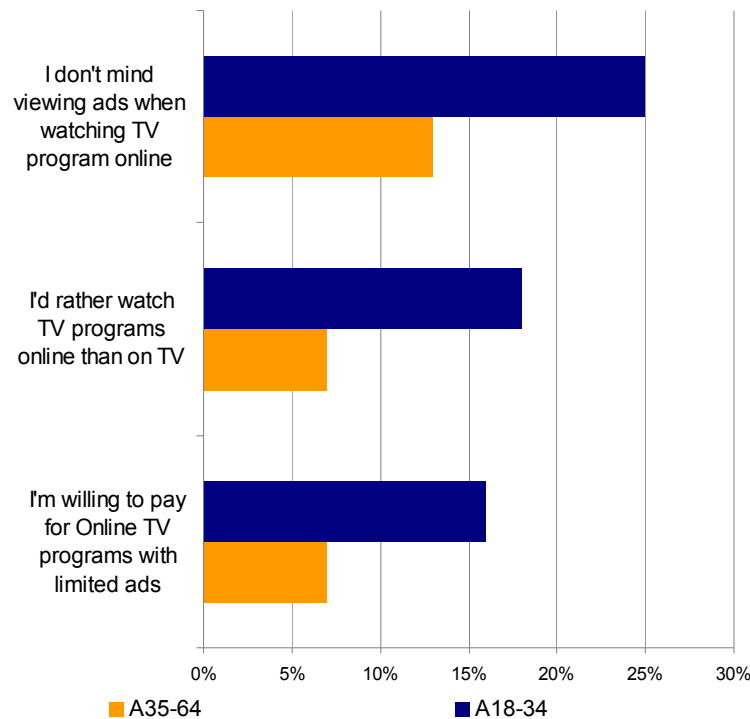
Figure 7. Ages 18-24: digital music sources more likely to replace radio listening



- 18-24 year olds are more likely to indicate that radio is not as relevant to them today given so many other music and information sources
- Following suit, those aged 18-24 are the most likely groups to prefer alternative ways to listen to music (e.g. mp3, Internet, mobile).

TV Trends

Figure 8. Ages 18-34: TV viewing migrates online



- Younger Adults aged 18-34 are more likely to say they prefer the experience of viewing TV programs/video content online. They are also more likely to indicate they don't mind watching ads when viewing those programs online

III. TRENDS BY MEDIUM

Newspaper and magazine drop-off reported to continue moving forward

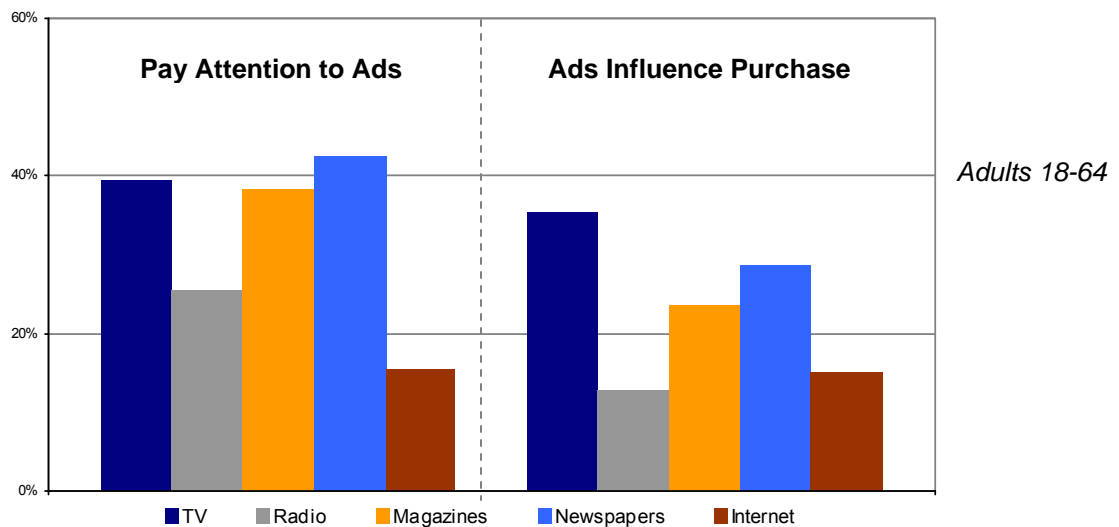
Looking a year ahead, the downward slide continues for newspaper and magazines with about a quarter of those surveyed expecting to use less. The majority of respondents report that they expect to be using the same amount of each medium a year from now as they are today and 20-30% even anticipate using the Internet more.

Newspaper Trends

Printed newspaper reading experience still preferred, but online news is trusted

The good news for the printed newspapers industry is that over 40% of Adults 18-64 say that they prefer the experience of reading printed newspapers over online news sources. Additionally, newspapers score well both in terms of ad attentiveness and purchase influence.

Figure 9. Ad Attentiveness and Purchase Influence Strongest for Newspapers and TV



The bad news is that when asked if they'd rather get news from online sources than from printed newspapers, the percentage of those who agreed vs. disagreed was about the same. Also, people are more likely to disagree with the statement that printed newspapers are more trustworthy than online sources. This indicates that people are comfortable obtaining news from online sources (that are not necessarily online newspapers).

Consumer expectation: Online news content should be free

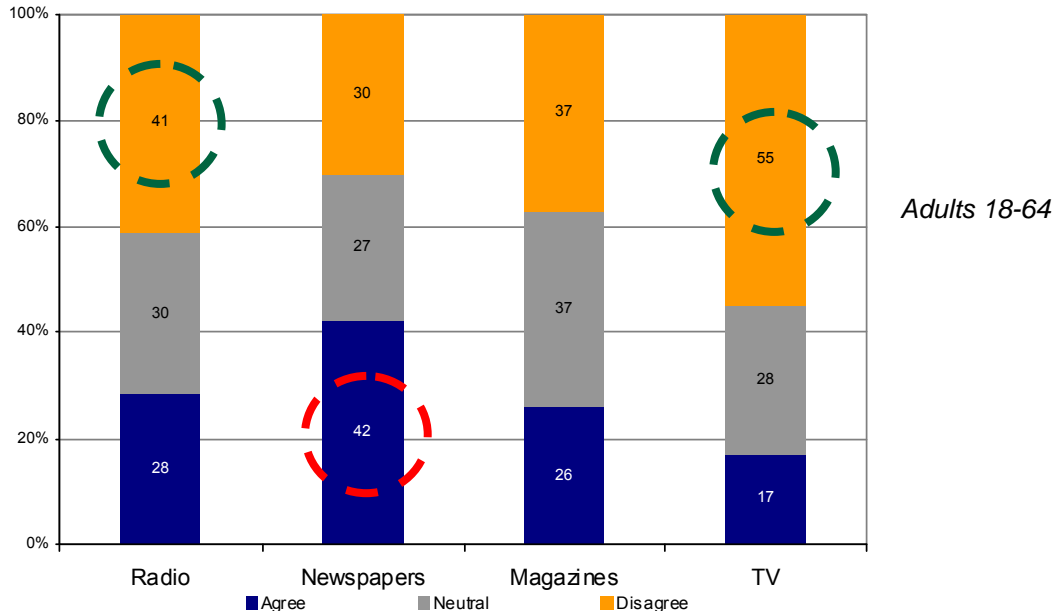
A resounding 72% say that they are not willing to pay for an online newspaper subscription to replace their printed newspapers subscription, implying that people expect the news online to be free.

TV Trends

Traditional TV still preferred, but online viewing gains strength with young adults

55% of respondents report that TV is relevant in today's media environment, making it the most relevant of the traditional media examined. Overall, people prefer to watch TV the traditional way vs. watching TV online and most adults are not willing to pay for TV programs online with limited ads.

Figure 10. Which medium is not as relevant today?



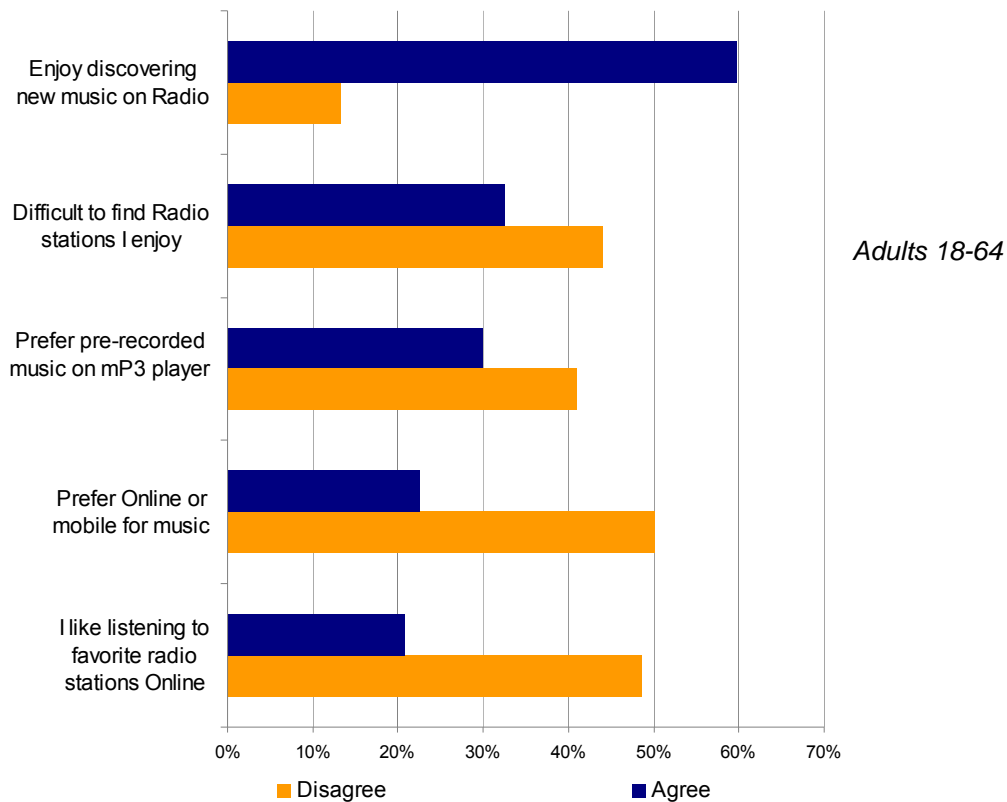
Magazine Trends

Printed magazine reading experience still preferred

A solid 57% say they prefer the experience of reading a printed magazine over reading a magazine on the Internet. An even stronger 71% would not be willing to pay for an online magazine subscription to replace their printed magazine subscription. Also, only 15% of respondents overall agree that they'd rather read magazines online. Additionally, printed magazines score well in terms of ad attentiveness and purchase influence.

Radio Trends

Figure 11. Radio still provides a venue to discover new music



- 41% of those surveyed indicate that radio is still relevant in today's media environment (Figure 10). According to respondents, radio provides a great venue to discover new music that cannot be experienced elsewhere. Maybe somewhat surprising, respondents overall prefer to listen to music through the radio station vs. Internet stations or on their mp3 player. In general, radio listening still has a role in people's lives as it appears to be the preferred way to listen to music (Figure 11).

V. CONCLUSION:

Monitoring the pulse of consumer sentiment is a critical component of working toward a better understanding of the future of all media. As advertisers and marketers develop strategies for navigating through the evolving media landscape, understanding the changing nature of how people now consume media may allow the media industry to reclaim the intimate relationship between the reader and their brands.

- Newspapers have a legacy of breaking news and uncovering stories of historic proportion, yet they are losing ground to a generation of consumers embracing digital and mobile alternatives.

- Established magazines, often iconic brands, have begun to lose advertiser support after years of consistent readership and inspiring content.
- Over the past 100 years radio has been a ubiquitous part of our daily lives, however, after surviving the challenges of broadcast TV, the emergence of cable and the launch of the Internet, radio is slowly being tuned out by a generation addicted to personal, programmable MP3 players, iPods, iPhones and other multi-media devices.

While many will continue to use traditional and new media as much as they have in the past, it is important to understand the shifting relationship between how men and women and different generations will consume media in the future so the industry can evolve these media in a way that is relevant and impactful to consumers.

The TargetCast tcm team

Steve Farella
President, CEO

Audrey Siegel
EVP, Director of Client Services

Peter Sedlarcik
SVP, Director of Insights and Analytics

John Garment
VP, Director of Marketing

Contact Us
800 Third Avenue
7th Floor
New York, NY 10022
Tel: (212) 500-6900
Fax: (212) 500-6880