

The Leading Question

Essential Music, Media & Technology Research

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Survey Finds ISPs Number One Choice Of Music Provider

10.15am - 17th January 2009, Midem, Cannes - An international survey of more than 1300 music fans has found that the music industry is offering them the wrong kind of new music services. In the research conducted by The Leading Question and Music Ally in the UK, US and France, music fans overwhelmingly backed Internet Service Providers as their favoured music supplier when asked to choose amongst a variety of possible providers.

46% of the survey chose ISPs as their number one music service provider, compared to 10% preferring cable/satellite TV providers, 5% opting for mobile operators while a meagre 3% considered handset manufacturers best placed to deliver music to them. ISPs were also rated top choice provider for 'unlimited' music services, this despite mobile operators and handset manufacturers currently offering more of these services.

*"The lesson from this survey is clear. We should listen to the consumer and give them what they want rather than throwing new services at them in the hope that they stick," says **The Leading Question's CEO Tim Walker**. "ISPs need to find new added value offerings as their core service of offering access to internet becomes increasingly commoditised. Music looks like a good bet both for keeping existing customers and getting new ones, particularly if you can bundle in a music service so that it 'feels' free or very cheap."*

The survey found that ISPs could also play a crucial role in helping to control unlicensed file sharing. 64% of fans claimed they would stop file sharing if they received a warning letter from their ISPs. This only rose to 76% when asked how they might react if threatened with the far more serious sanction of actually having their internet connections terminated. Other surveys have shown similar results.

Warning letters may not be enough to deter file sharers

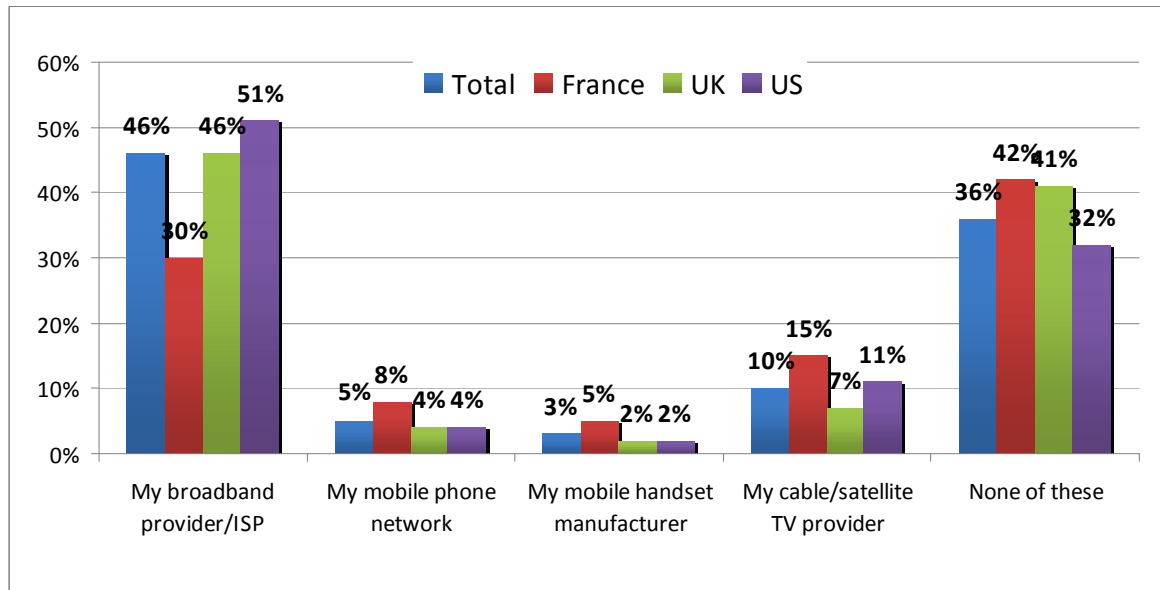
The threat of disconnection however would have a much bigger impact amongst those who actually admitted that they used file sharing services. While only **41%** of file sharers said they would stop if confronted by a warning letter this leapt to **63%** if threatened with disconnection.

*"Our survey shows that music fans in the UK, US and France think that ISPs can help to influence how they use both licensed and unlicensed music," says **Music Ally CEO Paul Brindley**. "But while warning letters from ISPs may be enough to send out an important message to all music fans, they may not be enough to dissuade the real target group of file sharers from downloading music without paying."*

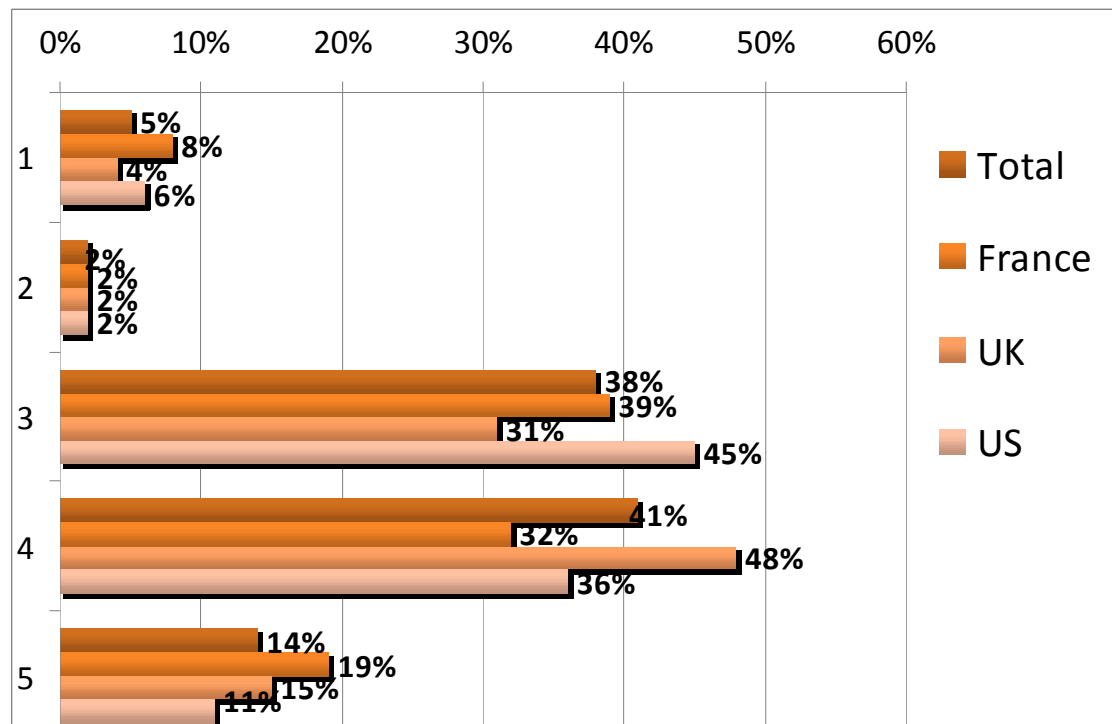
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Survey Responses

Which of the following would you prefer to get your music provided by?

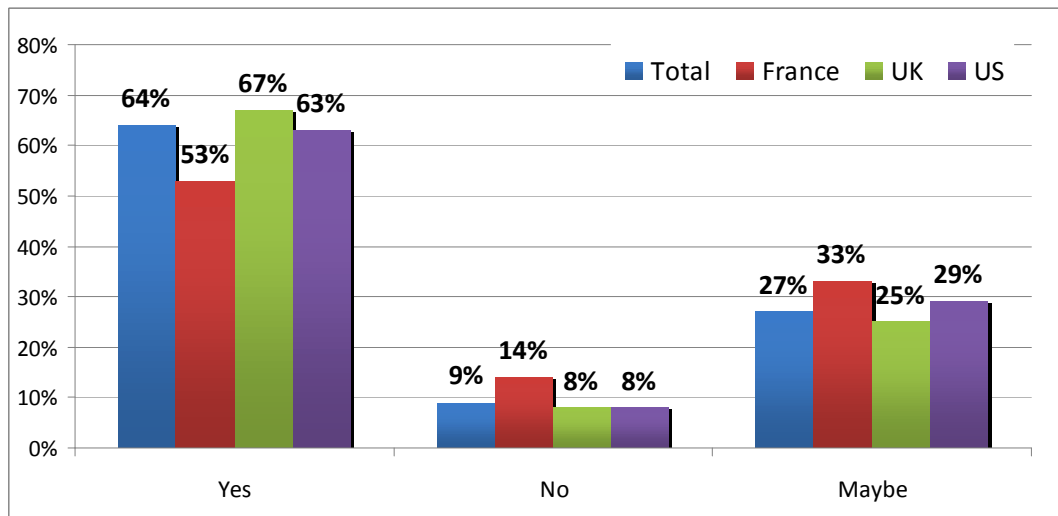


Preferred 'unlimited music download service'

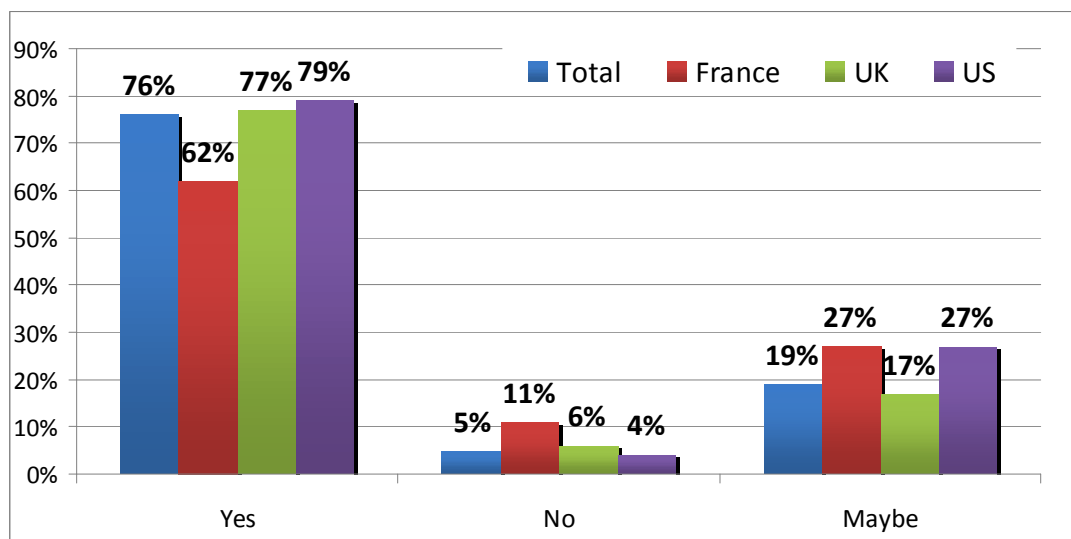


1. Phone/PC based service from mobile network
2. Phone/PC based service from mobile handset manufacturer eg Nokia Comes With Music
3. Annual up-front PC based subscription eg Datz music lounge
4. Free from ISP/mobile network but tied to that provider eg TDC Denmark
5. Rental-based subscription eg MusicStation, Napster

If you received a letter from your ISP warning you about file-sharing would you stop?

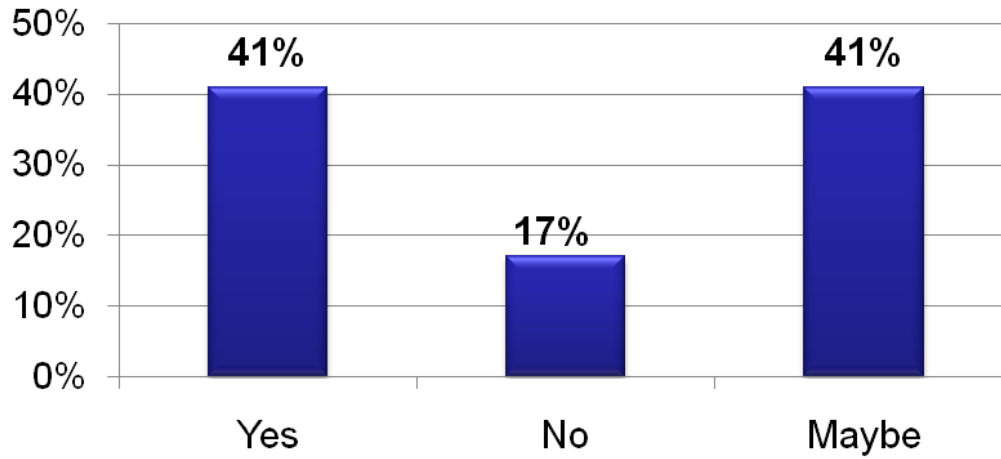


If you were threatened with your broadband/ ISP being shut off would you stop file-sharing?



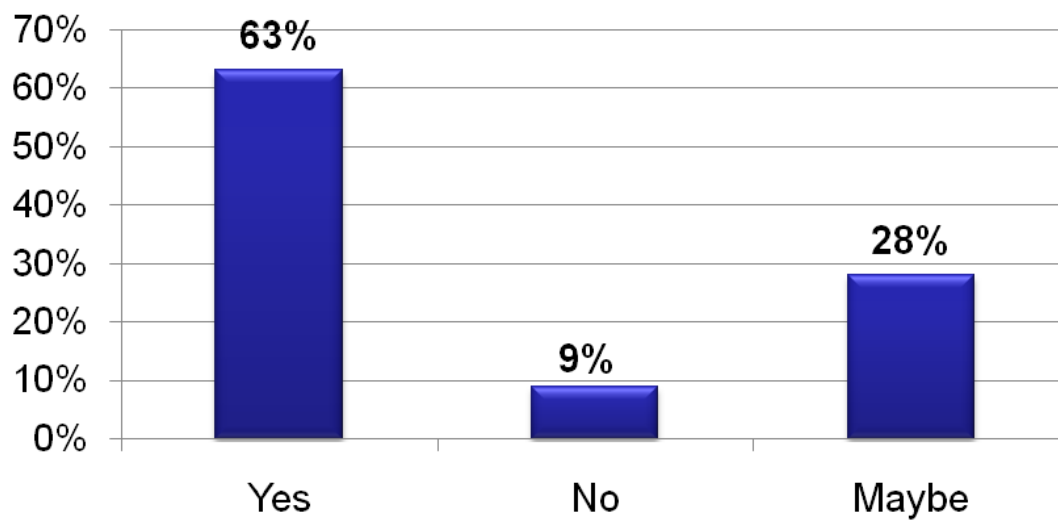
(FILE SHARERS ONLY)

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The online poll of over 1300 music fans was carried out in November 2008 by The Leading Question and Music Ally in the UK, US and France.

About The Leading Question

The Leading Question is a specialist consumer research agency which provides clients with unique insights into winning business models for today and the long term.

Clients of The Leading Question include major record labels, national and international broadcasters, mobile networks & handset manufacturers, ISPs and leading retailers.

About Music Ally

The leading digital music business information and strategy company, Music Ally, has been providing publications, consulting, research, events and training to the music and technology industries since 2001.

Music Ally's executives come from a genuine music business background, from the sharp end of the major label recording and publishing worlds through to digital business strategy, licensing and retail.

This means Music Ally understands the relationships and the politics that drive the real-world activity within the music industry; backed up with a full complement of market data, consumer research, forecasting and trend insight.

Music Ally's publishing division provides a daily news feed compiled each morning in the UK; and a regular insight report publishing the latest analysis and insider information every two weeks. It is led by analysts and journalists with a wealth of experience, contacts and understanding of all aspects of the changing music business.

It's why Music Ally has been quoted by every news source from the BBC to the Sydney Morning Herald, CNN and the Financial Times. It's why the Music Ally client list covers every important player in the digital music scene from AOL to Yahoo. It's why brands such as Tesco, Orange, and the BBC rely on Music Ally for digital music consumer research. It's why key organisations such as the Guardian, British Music Rights and Deloitte have sponsored must-attend networking events; and it's why Universal Music and EMI look to Music Ally for internal training.

And, in short, why no-one knows digital music like Music Ally.

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