



## **iCing On The iPod Cake – Sample**

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## *SUMMARY*

A sleek look and cool brand will not ensure success. For the time being, it is clear that the video feature is not the “killer app” for the video iPod. Instead, the success of the video iPod will be driven by the strong consumer affinity for the iPod’s music and audio functions and by a content delivery system — both video and audio — with which consumers are satisfied. But, like other entertainment platforms, the video functionality of the video iPod will need to be fueled by compelling content to have any real impact on the overall video marketplace.

It is clear from our research that while there will be a strong core of video iPod users, the video functionality will not have the widespread impact on video viewing that the digital music functionality had on music listening. In fact, video capabilities will likely be the icing in the iPod cake; that is, a nice to have feature, but not an absolute must for most.

Overall, 23 percent of iPod owners plan to buy a video iPod in the next year, indicating moderate interest. However, when presented with the option of downloading a TV program of choice for free in exchange for watching a 30-second advertisement, interest in a video iPod increased dramatically, indicating the importance of relevant and affordable (free) content. In terms of content, respondents are most interested in downloading movies, TV shows, and music videos. Considering that approximately 8% to 12% of the U.S. population owns an iPod, 23% of that number is still large enough to make somewhat of an impact on the marketplace.

For those respondents who do not plan to purchase a video iPod, the top three reasons are as follows:

- They already own an iPod and don’t want to have to buy another one
- Price
- Lack of interest in downloading video to an iPod

As older iPods begin to show their age, it is likely that the first barrier will become less and less of an issue. While many say they have a lack of interest in downloading video to an iPod, many of those same people will likely purchase a video iPod in the future because the video iPod is the iPod with the largest song capacity. Whether or not they will download video remains to be seen.

The computer will serve as the primary viewing site for video downloaded from iTunes until more video iPods are sold. Even then, the computer may continue to be a dominant viewing device because of its larger screen and portability (laptop). Results from this study show that three-quarters of those who downloaded a video from iTunes watched it on a computer. Note that more watch on computers than on the video iPod or a traditional television.

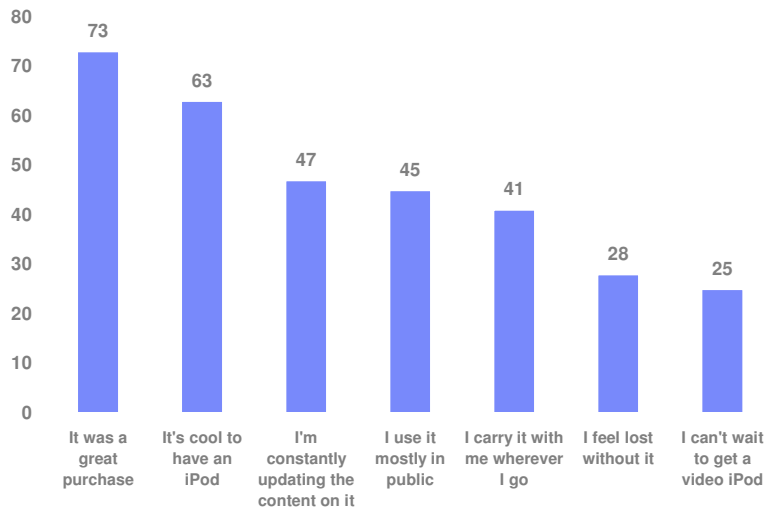
Millennials (ages 12 through 28) over-index in all aspects of video and musical iPod interests. For example, more than one-third say they feel lost without their iPod. As such, Millennials are the primary market. Interestingly, overall affinity toward iPods does not trail off with age. Baby Boomers (ages 41 through 54) are slightly more enthusiastic and involved with their iPods than the younger Generation X (ages 29 through 40). Despite being more passionate about iPods than Generation X, Boomers are still behind Millennials in their overall enthusiasm over iPods.

This research study focuses on iPod owners, those who currently own at least one iPod. This document will provide further details on the findings mentioned above, as well as an in-depth analysis of the iPod and video iPod.

*SAMPLE - ATTITUDES TOWARDS IPODS*

iPod owners are very attached to their iPods and see them as an integral part of their daily life. Most are very happy with their purchase, and 73 percent agree that their iPod was a great purchase. In fact, only 10 percent feel their iPod was not a great purchase. iPods definitely score high on the “cool” factor, with 63 percent indicating that having an iPod is “cool.” Usage of iPods is heavy in public areas while doing other activities (e.g., walking, at the gym) with 45 percent indicating that they mostly use their iPod in a public place. Almost half of iPod users (47%) frequently update the content on their iPod. iPods are an integral part of many owners’ lives, with 41 percent indicating that they carry their iPod wherever they go. Twenty eight percent are considered iPod diehards who feel lost without their iPod. These strong attitudes provide further evidence of the loyalty owners have to their iPods.

The chart below shows the percent of respondents who feel each of the statements describes them (“4” or a “5” on a 5-point scale where a “5” means “Describes very well”).



*METHODOLOGY*

This study was conducted between November 3 and November 11, 2005, by Frank N. Magid Associates' online research division, Surveysonline.com™. A total of 798 iPod owners between the ages of 12 and 55 took part in this national online survey. Data were not weighted. Quotas were established for age and gender as detailed in the table below.

	<b>Quotas</b>
Males 12-17	9%
Males 18-24	9%
Males 25-34	11%
Males 35-44	11%
Males 45-54	9%
Females 12-17	9%
Females 18-24	9%
Females 25-34	11%
Females 35-44	12%
Females 45-54	9%