

European and United States Market Analysis and Strategic Outlook

Internet Radio 2012 Prospects, Challenges and Implications

A comprehensive report on Internet radio developments providing the latest information on the prospects and challenges of online radio and mobile music services and the implications of these services on traditional terrestrial broadcasters

Includes:

- Analysis of radio listening on mobile phones via FM receivers and mobile apps. Includes detailed features and capabilities of radio apps, including new advertising capabilities (display ads, audio ads, video ads and targeted advertising)
- Profiles of twelve of the most innovative radio apps in Europe and the United States launched by traditional terrestrial broadcasters including special-interest non-audio apps and apps featuring personalized radio services and crowd-sourced radio
- Detailed 45-page profiles analysis and back-to-back comparisons of the nine of the most prominent radio and music streaming players in Europe and the United States, including heavyweights Pandora and Spotify, detailing user growth, financial performance and profitability prospects
- Analysis, latest information and prospects of the new cloud-music services such as iTunes Match, Google Music, Amazon Cloud Drive, Sony Music Unlimited
- Short profiles and analysis of prospects of competitors to key players (both established and new entrants) in Europe and the United States offering similar or different types of services (personalized radio services, user-generated or crowd radio players, on-demand subscription services, Internet radio aggregators)
- Analysis of key business issues and other challenges facing radio and music online services plus impact of these new services on terrestrial broadcasting in Europe and the United States
- Overview of Internet radio markets in Europe and the United States, detailing key players and the penetration and growth of online listening (simulcast FM and Internet-only services) via desktop and mobile devices during the past five years

The explosion of Internet-connected devices has created listening opportunities almost everywhere, vastly expanding the ways people find and listen to audio services. Mobile phones, tablets, computers, home stereos, in-car entertainment systems and TVs can now all connect to the Internet, greatly increasing the ways people find and listen to radio and music services.

Much of the industry buzz surrounds Pandora in the United States and Spotify in Europe. With its 125 million user base, Pandora is the face of Internet radio in the US and allows users to create personalized stations around a favourite artist or song or composer. Spotify

offers on-demand streaming from a catalogue of 15 million songs and is the dominant music service in Europe.

Then there are the behemoths: Apple with its new launched iTunes Match service and Google Music, both of whom will probably have a profound impact on the online music industry. In particular, Apple is usurping the cloud concept to extend the value of its iTunes store and its ecosystem of devices.

Terrestrial radio broadcasters are also moving into the space of the pure-plays. Once the dominant way of discovering music, radio broadcasters have suffered in recent years, losing their younger audiences to ser-

vices such as Pandora and Spotify. In the past two years however, broadcasters have increasingly embraced digital audio streaming, particularly on mobile platforms.

Radio is becoming an interactive medium as broadcasters develop ever more innovative radio apps. Clear Channel has revamped its mobile app—iHeartRadio—which now lets users create their own customized radio stations with access to a library of songs vastly superior to that of Pandora. Listeners can also create playlists, skip songs, etc. CBS is doing the same with its Last.fm subsidiary. In Europe, terrestrial broadcasters in various countries are preparing to offer similar services.

“Internet Radio 2012—Prospects, Challenges and Implications is a 200 page independent report providing an objective analysis of the personalized radio and streaming music market, its players and future prospects

Some of the Key Business Issues addressed in this report include:

- What are the main benefits of radio apps for broadcasters?
- Who are the dominant personalized radio and streaming music providers in Europe?
- What are the key regulatory and licensing issues facing online and mobile music services?
- Are FM tuners in mobile phones now redundant?
- Are Pandora and Spotify’s market dominance unassailable?
- How can mobile radio and music services best be monetized?
- Will HTML5 replace all radio apps?
- How long do users listen to radio via mobile phones?
- What impact will iTunes Match and Google Music have on the streaming music market?
- Can broadcasters overcome the challenge of Pandora, Spotify et al?
- Does online listening complement or reduce broadcast listening?
- How are radio apps being monetized?
- How important is offering visual content on radio apps?
- Which are the most successful streaming music business models and how are these evolving to meet changing market conditions?
- Will radio ultimately be delivered by IP only?
- Are tablets the killer platform for mobile radio listening, rather than phones?
- Is there really a role for RadioDNS in the broadcast/IP delivery debate?
- Is crowd-sourced radio a threat to traditional radio music formats?
- Which type of online streaming is growing the fastest?
- Which ads—display, audio or video—are the most lucrative for broadcasters?
- Is consolidation in the Internet market inevitable and overdue?
- Are streaming music services set to dominate the in-car radio market?
- What impact are aggregators having on the Internet radio market?
- Are broadcasters making money from mobile apps? How many streaming music providers are profitable?

Report Contents

Part A: Radio Apps

Executive Summary

1. *Radio listening on mobile devices (The rise of the mobile app; listening via FM tuners)*
2. *Radio apps: Features and capabilities (Basic features; advanced features; radio apps tailored for tablet devices; mobile Advertising (display ads, audio ads, video ads); targeted advertising; operating systems)*
3. *Innovative radio apps (Absolute Radio; Big.FM.de; FFH Digital; RTL 102.5; iHeartRadio; Jelli; NPR Infinity; CBS Radio/Radio.com; HotMixradui; TuneIn; Absolute Radio Live Scores; 90Elf-Fussball)*
4. *Benefits of radio apps (Making radio interactive and personal; A 24/7 marketing channel; revenue generation via mobile advertising; discovery and shareability; integrating radio with social media; interaction with online radio/music Services)*
5. *Key issues facing mobile radio streaming (App development costs and HTML5; measuring mobile streaming; music royalties and streaming costs; monetizing mobile radio apps; maintaining screen presence; providing visual content)*

Part B: Online and Mobile Music Streaming Services

Executive Summary

1. *Types of online music services*
2. *Key players in Europe and the United States: (Pandora, Slacker, Last.fm, Grooveshark, We7, Deezer, Spotify, Rhapsody International, Shazam)*
3. *Cloud Music Services: (iTunes Match, Google Music, Amazon Cloud Drive, Sony Music Unlimited, MSpot)*
4. *Established streaming services and new entrants: Personalised radio-type services (Aupeo, Goom Radio, Simfy, Sonic Seeds);*

- user-generated (crowd-sourced) radio services (Jelli, Laut.fm, Radionomy); subscription music services (Aspiro, MOG, Nokia Music and MixRadio, Pure Music, Rdio, mflow, Songcloud); aggregators (TuneIn Radio, Phonostar, Radio.de, Radio Player)*
5. *Key players and services compared (Similarities and differences; user features; listening and subscription plans; subscribers and revenues; music catalogues and geographical availability)*
6. *Key issues facing streaming music providers (Lack of financial scalability; high music royalty costs and licensing issues; business model issues; fragmented market; no Internet radio measurement standards)*
7. *Making streaming music pay (Scale the business rapidly; leverage advertising opportunities; convert free users into paying subscribers; monetising mobile; provide ubiquitous access and portability)*
8. *Implications for the radio industry (Impact of mobile broadband; responding to the online threat; monetising streaming activities; convergence and RadioDNS; broadcast and Internet radio—looking ahead)*

Part C: Internet Radio Markets

Executive Summary

1. *United States: (Overview of market; key players and size of market; online listening statistics; mobile listening statistics)*
2. *United Kingdom: (Overview of market; key players and size of market; online listening statistics; mobile listening statistics)*
3. *Germany: (Overview of market; key players and size of market; online listening statistics; mobile listening statistics)*
4. *France: (Overview of market; key players and size of market; online listening statistics; mobile listening statistics)*
5. *Sweden: (Overview of market; key players, online listening statistics; mobile listening statistics)*

Companies and organizations discussed in this report include:

Absolute Radio, Amazon, Apple, Aspiro, Aupeo, BBC, BigFM.de, Boinc, CBS Radio, Clear Channel, Deezer, FFH Digital, Google, Grooveshark, HotMixRadio, Jelli, Last.fm, Laut.fm, MOG, MP3Tunes, MSpot, Napster, Nokia, NPR, NRJ, Pandora, Pure (Imagination Technologies), Phonostar, Radio.com, Radio.de, Radionomy, Rautemusik, Rdio, Rhapsody Internetaional, RTL, Simfy, Slacker, Sonic Seeds, Sony Music, Spodtronic, Spotify, TuneIn, Virgin Media, We7, 90Elf-Fussball

Who should buy this report?

Radio broadcasters; radio and streaming music service providers, chipset developers; receiver manufacturers; mobile operators; mobile phone manufacturers; music labels, software and content providers; policy developers; regulators; advertising agencies; trade organisations, etc. who want:

- A detailed and up-to-date review of the capabilities of radio apps offered by terrestrial broadcasters, plus profiles of twelve of the most innovative radio apps in the marketplace
- Comprehensive analysis and back-to-back comparison of the ten dominant online music services in Europe and the United States, including listening and subscription plans, subscribers and revenues
- To understand the disruptive threat posed by new cloud music services offered by behemoths such as Apple (iTunes Match, Amazon Cloud Drive and Google Music)
- To know who the established players are as well as the promising new entrants in various European countries
- To understand the future prospects of Internet radio and how it can be positioned as a complement to terrestrial broadcasting rather than a threat.
- To understand how terrestrial broadcasters are leveraging their resources to respond to the threat of online radio and streaming music services
- To understand the extent of online and mobile listening penetration and growth in the United

About Eureka Research

Eureka Research is an international market research and consulting organization specializing in digital radio and mobile multimedia broadcasting technologies and services.

Set-up by a number of ex-Gartner analysts, it has a presence in Europe and in the US.

Since its formation in late 2003, Eureka has published a number of comprehensive reports and carried out numerous consulting assignments on Internet radio and music streaming technologies and services; digital radio via DAB, DRM, HD Radio and satellite radio; and mobile TV

About the author

Gareth Owen is a Research Director at Eureka Research. Prior to setting-up Eureka in 2003 he was an analyst at the Gartner Group for 6 years and specialized in mobile data and broadcasting technologies and services. He has also worked for many years as an R&D engineer on research contracts for the European Space Agency which culminated in a Research Fellowship at ESA's research and technology centre in Holland.

He has a combined B.Sc. (Hons) in Engineering and German, a Ph.D in Control Engineering and an MBA in Innovation, Strategy and Information Technology.

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