

## **Internet Radio 2012 – Prospects, Challenges and Implications**

### **Part A: Radio apps – Overhyped or the future of radio?**

### **Part B: Online and Mobile Music Streaming Services**

### **Part C: Internet Radio Markets: Europe and the United States**

**Bangor, Wales, UK, 1<sup>st</sup> March 2012** – The explosion in the availability of Internet-connected devices has created listening opportunities almost everywhere, vastly expanding the ways people find and listen to audio services. Mobile phones, tablets, PCs/laptops, home stereos and even in-car entertainment systems and TVs can now all connect to the Internet, enabling people to discover and listen to a greatly increased range of radio and music services.

The increase in the availability of Internet-connected devices has been accompanied by an equally impressive growth in companies offering music streaming services, which range from the smallest of start-ups to well-established multi-billion dollar consumer electronics and media companies.

Standing head and shoulders above all others is Pandora Media which boasts over 125 million<sup>1</sup> registered users and accounts for more than 70 per cent<sup>2</sup> of online radio listening in the United States. In Europe, the digital music streaming business is dominated by the likes of Deezer, Spotify and Last.fm. However, the penetration of these services – and Internet radio in general – is significantly less than in the United States. Most these services are now racing each other to achieve scale by expanding internationally, partnering with services providers (mobile operators, telcos, ISPs and cable operators), car manufacturers and device manufacturers (mobile phones, audio equipment, TVs, etc.).

Despite a seemingly unending stream of players entering the market, music streaming services face considerable challenges. In particular, they lack financial scalability and must contend with increasingly higher music royalty costs. But perhaps the most intractable problem of all is acquiring music licenses on an international or pan-regional basis. The Internet may be global, but copyright law and negotiations are still carried out on a country by country basis. None of these services are profitable on a continuous basis (although one or two are arguably close) and most are tinkering endlessly with their business models in an attempt to differentiate themselves from their competitors and to improve their prospects of profitability.

All these services, however, are waiting with some trepidation to see how their businesses will be affected by the so-called cloud music services, from the likes of Apple and Google with their newly-launched iTunes Match and Google Music services respectively.

Streaming music services have shown without a doubt that there is a market for personalized radio and music subscription services. Regardless of whether this is or is not radio in the true sense, it appears that traditional terrestrial broadcasters are finally taking companies such as Pandora and Spotify very seriously and are responding by developing similar products to compete against them.

Once the dominant way of discovering music, radio broadcasters have suffered in recent years, losing their younger audiences to services such as Pandora and Spotify. In the past two years however, broadcasters have increasingly embraced digital audio streaming, particularly on mobile platforms.

<sup>1</sup> Pandora Media (January 2012) <sup>2</sup> Triton Digital (December 2012)

Radio is becoming an interactive medium as more and more broadcasters are developing ever more innovative radio apps. These apps are making radio personal and provide a 24/7 marketing channel for broadcasters as well as an opportunity to generate new revenue streams via advertising. Broadcasters are increasingly integrating their apps with social media sites such as Facebook and Twitter and are finding that this is an excellent way to reach new audiences, particularly the all important younger generations.

Clear Channel has revamped its digital radio player – iHeartRadio – which lets users create their own customized radio stations with access to a library vastly superior to Pandora. Listeners can also create playlists, skip songs, etc. CBS is doing similar things on its radio.com platform in association with its Last.fm subsidiary. A number of broadcasters in Europe are preparing to offer similar services.

Other apps are offering even more user control. User-generated or crowd-sourced radio services allow listeners to select all music tracks played on FM and online in real-time via their mobile phones or via the web. Broadcasters are also offering non-music special-interest apps which provide, for example, detailed sports results and other related information of interest to sports fans.

#### **About the Study:**

**“Internet Radio 2012 – Prospects, Challenges and Implications”** is a 215 page, non-commissioned, independent report which provides an objective analysis of the status and development of Internet radio and music streaming services in Europe and the United States.

A major focus of the report is the role of mobile listening via phones, tablets and other devices and how terrestrial broadcasters are embracing listening via mobile devices by developing a range of increasingly innovative radio apps.

As well as detailed profiles and back-to-back comparisons of the dominant personalised radio and on-demand streaming music service providers, the report provides a detailed analysis of other established players and promising new entrants in key European countries and the United States. The report also provides the latest detailed information on so-called cloud music providers such as Apple’s iTunes Match and Google Music and analysis the possible impact that these services could have on the streaming music market.

Finally, there is detailed information and key statistics on the penetration of Internet radio services in various European countries and the United States. This data shows how listening to radio via the Internet is steadily increasing in most countries and also provides an insight to the growth in listening via mobile devices.

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Further information about this study can be obtained by visiting <http://www.eureca-research.com>, by e-mail at [sales@eureca-research.com](mailto:sales@eureca-research.com) or by phone on +44 1248 364 281 or +44 784 165 2086

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