



## **Bumpy Road From Free To Fee: Paid Online Content Revenues To Reach Only \$5.8 Billion By 2006, Reports Jupiter Media Metrix**

Seventy percent of online adults polled revealed they can't understand why anyone would pay for content

More than 45 broadcast, newspaper, magazine and interactive media execs to address 350-plus media professionals in New York City today and tomorrow at Jupiter's Media Forum, produced in association with Mediaweek Magazine

**NEW YORK, March 18, 2002** - Jupiter Media Metrix (NASDAQ: JMXI), the global leader in Internet and new technology analysis and measurement, today reports that revenues from paid online content will grow to only \$5.8 billion by 2006 - up from \$1.4 billion in 2002. According to Jupiter's new market forecast for paid content presented today at the ninth annual Jupiter Media Forum, revenues for general content will reach \$2.3 billion in 2006 (up from \$700 million in 2001), while revenues from online games and digital music will equate to \$1.8 billion and \$1.7 billion by 2006, respectively (up from \$260 million and \$30 million, respectively, in 2001). Jupiter also unveiled findings of a March 2002 Consumer Survey, revealing that almost three quarters of online adults (70 percent) cannot understand why anyone would pay for content online.

"While there is money to be made in the online content business, Jupiter's latest survey and market forecast numbers indicate that the mass market still largely shuns anything that smells like a subscription online," said David Card, Jupiter vice president and senior analyst, at today's Jupiter Media Forum in New York City. "However, in the near term, media companies will create subscription services via packaging, exclusivity and added interactive features. Over time, the companies must use the gradual US broadband transition to reset industry ground rules and recondition consumers' expectations."

### **Consumers Resigned to Paying in Future**

According to the March 2002 Jupiter Consumer Survey, 42 percent of online adults expect over time that people will have to pay for content on the Internet. Consumers' attitudes toward paying for content have, if anything, worsened since August 2000, when 45 percent of respondents answered the question in the same way. Despite consumers' reluctance, Jupiter analysts believe that major media properties are in a better position than they were four or five years ago because they no longer face well-financed start-ups giving away quality programming in an effort to lure new users.

"The online future is beginning to look a lot like cable TV. Established portals will emerge as networks that aggregate premium content and services in packages - both those that portals determine and those that users customize. This will pave the way for content providers to resell premium content through

numerous partners," Card said.

### **General Content Opportunity Fragmented**

Although Jupiter forecasts that general content revenues will hit \$2.3 billion by 2006, the market will stay relatively fragmented. Within the general content category, the highest revenue generating genres in 2006 will be audio/video entertainment (\$600 million), adult entertainment (\$400 million) and financial and business news content (\$350 million). Genres expected to generate the least revenue in 2006 include: consumer/shopping aids (\$85 million), content for kids (\$95 million) and sports content (\$95 million). According to the recent survey, fewer than six percent of online consumers would be willing to pay for content for kids, sports, video or shopping aids.

### **ISPs Could See Early Returns**

The survey indicates that, among those online users who would pay for content, nearly one third (29 percent) said they would likely pay their ISP. Digging deeper into survey responses, however, shows a good sign for mainstream media companies. Jupiter analysts have found that experienced online users - those who have an online tenure of five years or more - are more likely to pay publishers than they are to pay ISPs or portals. Time and again, Jupiter has seen online tenure to be the surest predictor of online behavior. Jupiter analysts contend that online cross-genre, cross-brand packages will lead the way to a tiered-services future much like that of cable TV.

Companies interested in purchasing the forthcoming Jupiter Research Report on paid online content can call toll-free 1-877-464-6627 or visit <http://www.jmm.com/>.

### **Jupiter Media Forum - "The Death of Free Content"**

Now in its ninth year, the Jupiter Media Forum - taking place today and tomorrow at the Hilton New York - remains the industry's premier event for executives from broadcast, newspaper, magazine and interactive media to identify strategies for exploiting the assets from their traditional business online. More than 350 professionals representing the most notable media companies in the world are registered to attend. Keynote speakers include: Donald E. Graham, chairman and CEO, The Washington Post Company; Martin Nisenholtz, CEO, New York Times Digital; and, Peter Winter, president, Cox Interactive Media. For a full list of speakers and tomorrow's agenda, visit [www.jmm.com/mediaforum](http://www.jmm.com/mediaforum). If you are a member of the news media and wish to attend, please send an e-mail to [press@jmm.com](mailto:press@jmm.com).

### **Jupiter Content Revenue Forecast Methodology**

Jupiter utilizes a wide set of data-gathering tools to conduct research, including systematic polling of leading industry executives, extensive consumer surveys, extensive executive surveys, Media Metrix audience measurement data, AdRelevance online advertising metrics and a rigorous approach to building market-forecasting models. Jupiter analyses and forecasts are based on a number of methodologies, including close examination of analogous markets (either previous growth of new technologies or relevant off-line market case studies), consumer self-stated intentions culled from proprietary Jupiter

surveying, complex market segmentation analysis, and analysis of historical trends. Additionally, all forecast assumptions are rigorously debated in a process designed to capture the collective judgment of analysts with relevant experience and perspectives on each given market. For a fuller explanation of the methodology, please visit <http://www.jmm.com/>.

**March 2002 Jupiter Consumer Survey** - In March 2002, Jupiter designed and fielded a survey to online consumers selected randomly from NPD consumer panels. A total of 2,097 individuals responded to the survey. Respondents received an e-mail invitation to participate in the survey with an attached URL linked to the Web-based survey form. The samples were carefully balanced by a series of demographic and behavioral characteristics to ensure that they were representative of the online population. Demographic weighting variables included age, gender, household income, household education, household type, region, and market size. Additionally, Jupiter took the unconventional step of weighting the data by AOL usage, online tenure and connection speed (broadband versus dial-up), which are three key determinants of online behavior.

In this survey effort, Jupiter worked with its research partner, The NPD Group, Inc. on the technical tasks of survey fielding, sample building, balancing, and data processing. The NPD Group, Inc. founded in 1953, is one of the largest market research companies in the US and maintains a general research panel of 400,000 households. The NPD Group, Inc. has also developed a panel of online individuals (750,000 Internet users), which offers Jupiter an easy way to target and survey current online users. Panel-based market research enables researchers to have baseline knowledge of each survey respondent, to increase survey participation rates, and to permit careful rationing of survey fielding to reduce survey burnout.