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The Arbitron In-Flight Media Study

Exploring Frequent Flyers' Engagement with Airline Magazines and In-Flight TV

Presented by:

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Overview

Welcome to *The Arbitron In-Flight Media Study*. In this report, Arbitron examines the effectiveness of in-flight magazines and television as marketing tools to reach affluent travelers. The goal of the study is to measure the frequent flyer's level of engagement with these media and determine their performance as advertising vehicles.

In 2004, Arbitron released an industry study¹ profiling the size, characteristics and behavior of airline travelers and, most specifically, the cream of the airport crop—frequent flyers. They are the affluent and upscale Americans who take multiple trips per year and account for a majority of airport advertising impressions. For this new study, Arbitron focused exclusively on frequent flyers, the target for most in-flight media, and delved deeply into their relationship with airline magazines and video entertainment offerings.

Hitting a Moving Target

Frequent flyers are a very select group of Americans. They are successful professionals with sophisticated tastes and the income to pursue their interests. These qualities make them a desirable customer base for myriad of industries, including high-end personal goods and business-to-business services. But the same traits that make them attractive consumers also limit their exposure to traditional advertising platforms.

Frequent flyers are busy people with demanding schedules and less time to devote to traditional entertainment media¹. They also gravitate toward on-demand media habits² such as using a digital video recorder (e.g., TiVo[®]) to watch TV, subscribing to commercial-free music on satellite radio and reading their newspapers and magazines online—all of which limit their exposure to commercial messages.

Creating an Engaging Atmosphere

The findings in this study show that in-flight media such as airline magazines and television programming place traditional advertising in front of these elusive consumers at a time when they are not distracted by the Internet, cell phones or on-demand devices.

As a result, 80% of frequent flyers read the current month's issue of the airline magazine and told Arbitron that they believe they pay more attention to magazines they read in flight compared to ones they pick up at other times. Frequent flyers also say they trust the information contained in the airline magazines and act upon details they find in the magazines.

¹ *The Arbitron Airport Advertising Study* profiles airline travelers, frequent flyers and their media habits.

² The Arbitron/Edison Media Research study *Internet and Multimedia 2006: On-Demand Media Explodes* offers insight into on-demand consumer behaviors.

Both studies are available for free download at www.arbitron.com.

Frequent flyers are also highly enthusiastic about in-flight television programming. Over half of those surveyed who typically take flights that offer video entertainment usually watch; it and most viewers agreed in-flight television is a good way to pass the time during a flight, and they would really miss in-flight TV if it was no longer available.

Advertising Impact

This acute involvement with media consumed on the plane is reflected in strong advertiser recall levels. Three-quarters of frequent flyers who read the current month's airline magazine could recognize a specific ad from the issue, and half of those who watched the in-flight television programming could remember seeing the commercials tested.

Taken as a whole, the research makes a sound case for advertisers, looking to reach affluent business professionals, to include in-flight media in their regular media mix.

How the Study Was Conducted

Arbitron conducted a survey, on behalf of Pace Communications, with a total of 2,259 airline travelers in the United States from April 4 through 14, 2006. The goal of the study was to determine the engagement levels for airline magazines and in-flight video programming among frequent flyers. Members of the frequent flyer mileage programs for Delta SkyMiles[®], United Airlines Mileage Plus[®] and US Airways Dividend Miles were invited by e-mail to participate. Only members who had flown at least once since March 1, 2006, were permitted to take the survey, and each respondent was rewarded 500 miles for their participation. The survey was administered over the Internet, and respondents were shown images from the March 2006 issues of *Delta Sky*, *US Airways Magazine* and *United Hemispheres*. Video clips from Delta and United's in-flight programming were also used during the survey.

Significant Highlights

- **The majority of frequent flyers read the airline's in-flight magazine.** Ninety-one percent of frequent flyer program members have read or looked through their airline's in-flight magazine in the past six months, and 80% have read it in the past month. Forty-six percent of frequent flyers have looked through the airline magazine on at least three out of their past four flights.
- **Readers spend an average of 30 to 40 minutes reading or looking through the airline's in-flight magazine.** On a general flight, airline magazine readers estimate they spend an average of 31 minutes with the publication. Those who had read the current month's magazine estimate they spend more than 39 minutes reading or looking through that issue.
- **Most readers feel they pay closer attention to the in-flight magazine because they are on a plane.** Seventy-one percent of airline magazine readers agree (strongly or somewhat) that because they are on a plane, they read the in-flight magazine more closely than magazines they pick up at other locations.
- **Close to seven out of 10 in-flight magazine readers have acted upon information they read in the airline's periodical.** Sixty-eight percent of readers have acted upon information they saw in the in-flight magazine, 64% have written down information or ripped out a page to keep, and half (50%) have taken the magazine with them upon exiting the plane.
- **Three-quarters of those who read or looked through the current month's issue could recall the advertisement for Bose®.** Fifty-three percent of those who read the current issue of the in-flight magazine remembered seeing an advertisement for Bose without being aided by a visual. Recall of the advertisement rose to 74% when copy from the ad was displayed.
- **Nearly 60% of frequent flyers usually watch the in-flight television programming when it is available.** Fifty-eight percent of airline program members who typically take flights that offer television programming usually watch it; 44% have watched in-flight TV programs in the past month. Thirty-six percent of those who take flights that offer video entertainment have watched it on at least three out of their past four flights.
- **Half of those who recently watched in-flight video entertainment could recall specific ads shown.** Forty-nine percent of those who had watched in-flight television programming in the past month could recall seeing a commercial for either Panasonic Toughbook or InterContinental Hotels Group.

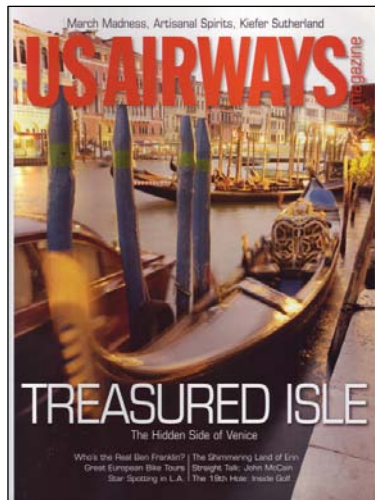
Key Findings

A. Airline Magazines

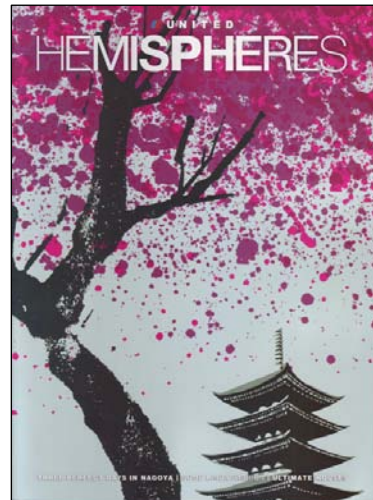
Frequent flyer program members from Delta Air Lines, United Airlines and US Airways were invited to share their thoughts on the airline magazine provided in the seatbacks on each flight. Each participant had to have flown at least once on their respective airline within the past 30 days to qualify for the survey. The magazines referenced in the survey included the March 2006 issues of Delta Sky, United Hemispheres and US Airways Magazine. A full-page advertisement for Bose audio systems appeared in each magazine.



Courtesy of Pace Communications

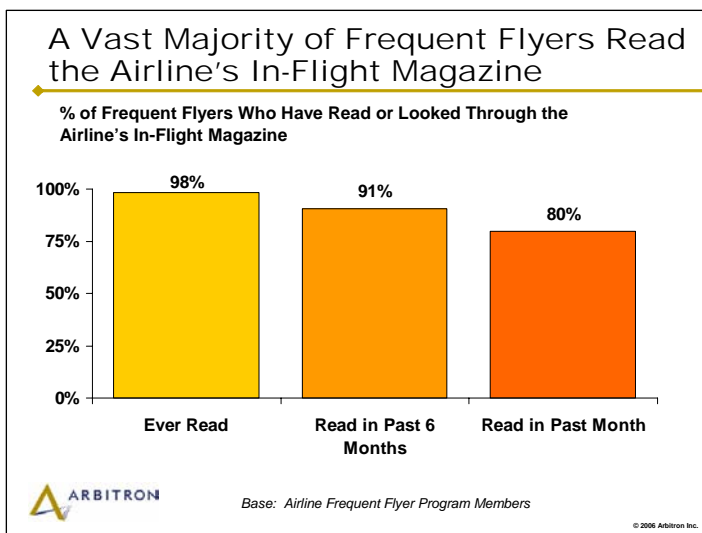


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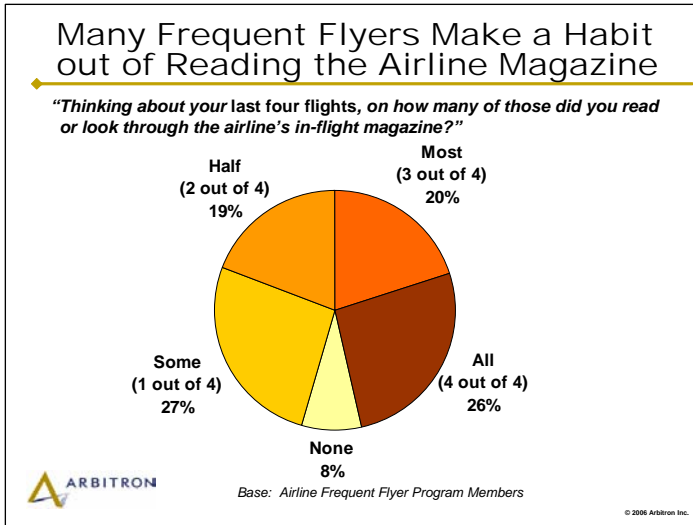
Courtesy of Pace Communications

- 1. The majority of frequent flyers read the airline's in-flight magazine.** Ninety-one percent of frequent flyer program members have read or looked through their airline's in-flight magazine in the past six months, and 80% have read it in the past month (March 2006 issue).



Total Reach
Nearly all (98%) of airline frequent flyer program members have ever read or looked through the in-flight magazine.

2. **Close to half of all frequent flyers look through the airline magazine on nearly each flight they take.** Forty-six percent of frequent flyers have looked through the airline magazine on at least three out of their past four flights.

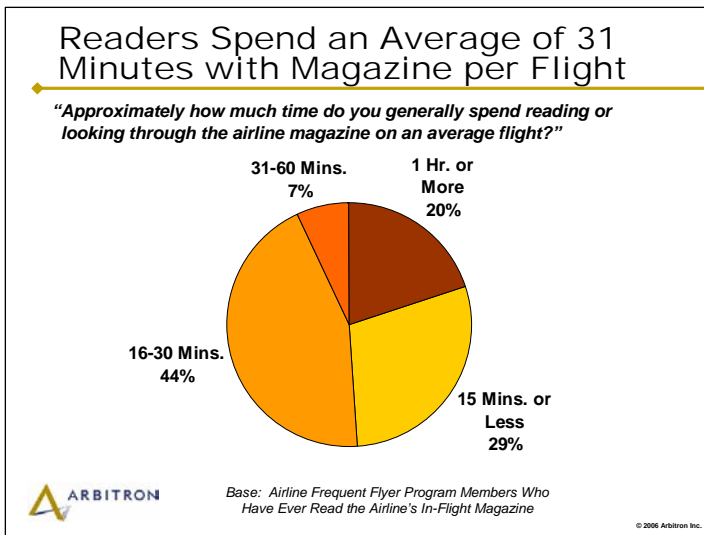


New Issues

Ninety-two percent of frequent flyers are aware that a new issue of the airline magazine is available each month.

3. **Readers spend an average of 30 to 40 minutes reading or looking through the airline's in-flight magazine.** On a general flight, airline magazine readers estimate they spend an average of 31 minutes with the publication. Those who had read the current month's magazine estimate they spend over 39 minutes reading or looking through that issue.

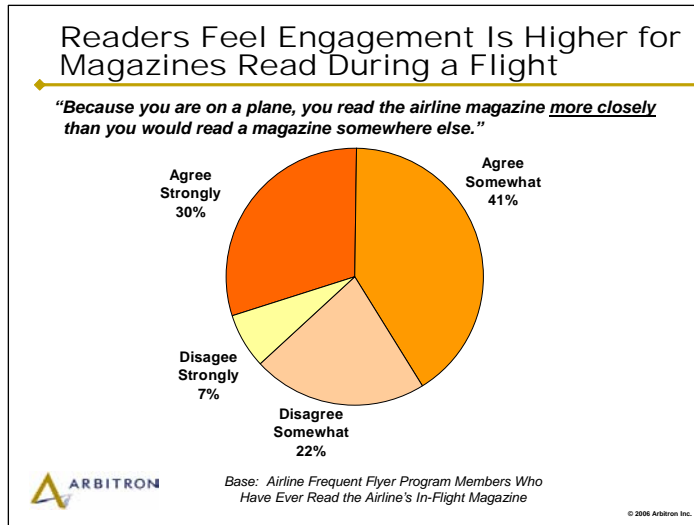
4.



Average Time Spent

The average amount of time spent reading or looking through the airline magazine is 31 minutes per flight.

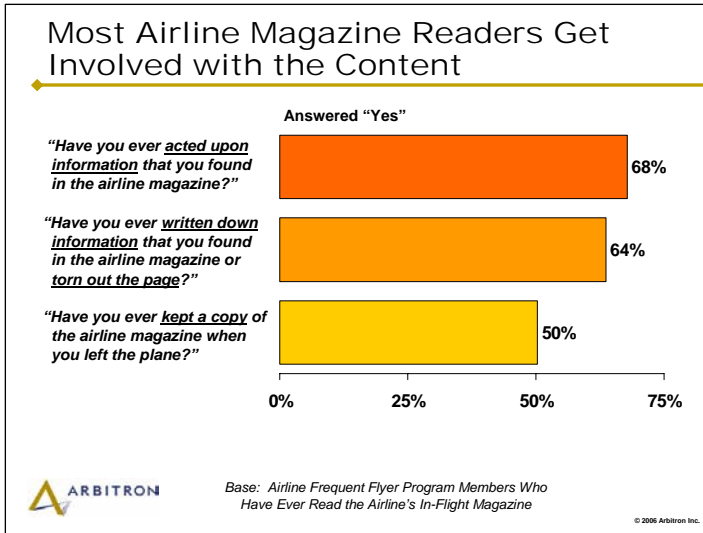
Most readers feel they are more engaged with the in-flight magazine because they are on a plane. Seventy-one percent of airline magazine readers agree (strongly or somewhat) that because they are on a plane, they read the in-flight magazine more closely than magazines they pick up at other locations.



- The most frequently read sections of the in-flight magazine are the feature articles, TV programming guide and flight map.** Seventy percent of airline magazine readers frequently read the feature article in each issue, 45% scan the in-flight television and movie guide, and 41% frequently look at the flight route map.
- The words that best describe the in-flight magazine are “informative,” “useful” and “high quality.”** When asked to rate how well certain adjectives describe the in-flight magazine, readers gave “informative” (64%), “useful” (58%) and “high quality” (57%) the highest marks (4 or 5 out of a possible 5 scale). More than half of all readers also gave high marks to “knowledge,” “entertaining” and “reliable.” The words readers felt most strongly *did not* describe the in-flight magazine were “boring” and “obsolete.”

Trusted Source
Ninety percent of airline magazine readers say they trust the information they read in the in-flight publication.

7. Close to seven out of 10 in-flight magazine readers have acted upon information they read in the airline's periodical. Sixty-eight percent of readers have acted upon information they saw in the in-flight magazine, 64% have written down information or ripped out a page to keep, and half (50%) have taken the magazine with them upon exiting the plane.



Take One
Eighty-six percent of airline magazine readers know they are permitted to take a copy with them upon exiting.

8. Three-quarters of those who read or looked through the current month's issue could recall the advertisement for Bose. Fifty-three percent of those who read the current issue of the in-flight magazine remembered seeing an advertisement for Bose without being aided by a visual. Recall of the advertisement rose to 74% when copy from the ad was displayed.

The Bose QuietComfort 2 Acoustic Noise Cancelling Headphones.

Think of them as a capsule from the world around you. Whether it's the engine roar inside an airplane cabin, the hum of the city or the distraction in the office, Bose QuietComfort 2 headphones help these fade with you into the background with the flick of a switch. You can wear them for hours, and they're so comfortable, you'll forget they're on your head. They also feature a built-in microphone, so you can take calls and enjoy music and podcasts, simply turn them on. To add fine quality sound, each side includes individual soft-foam ear cushions for a better seal, better comfort, portable CD/MP3 player or in-flight audio system. They also offer improved battery life and a fold-flat design for easy storage in the clean airplane cabin.

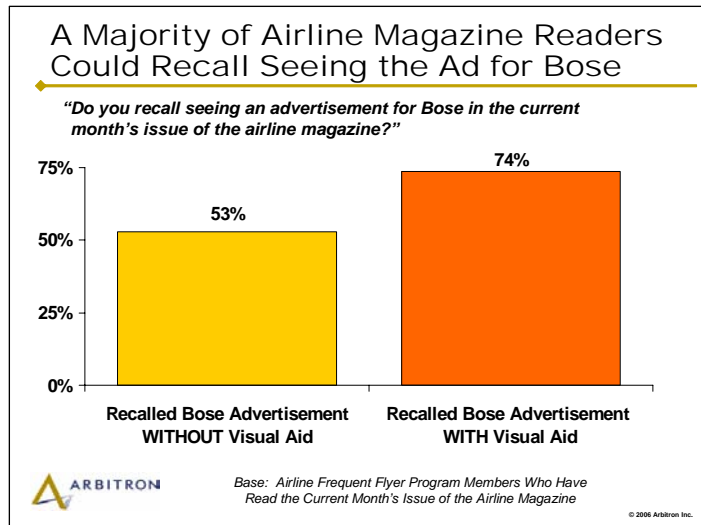
Use them as a concert hall - or a sanctuary.

Now With Enhanced Audio Performance And Styling.

Call 1-800-429-2673, ext. 69375 today. These headphones are available directly from Bose - the best supported name in sound. So call and discover the difference between Bose QuietComfort 2 Acoustic Noise Cancelling Headphones.

FREE EXPRESS SHIPPING when you order by April 30, 2006.

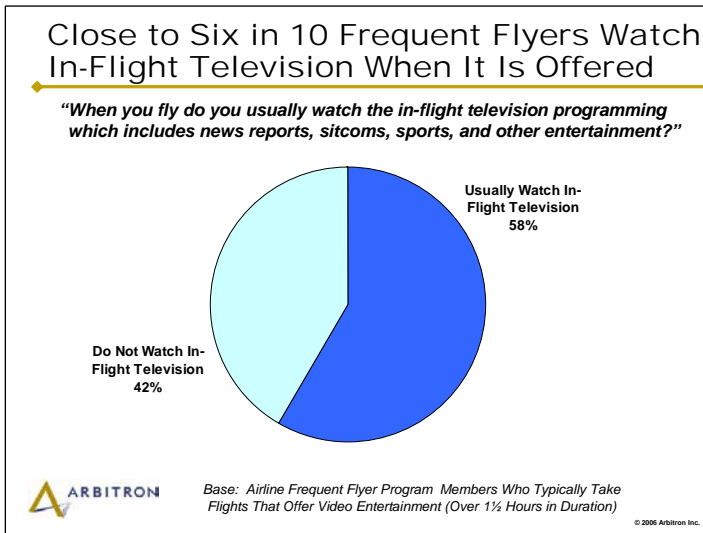
To order for this ad campaign, call 1-800-429-2673, ext. 64575. www.bose.com/qc2



B. In-Flight Television (Video) Programming

Frequent flyer program members from Delta Air Lines and United Airlines were invited to share their thoughts on in-flight video entertainment. Each participant had to have flown at least once on their respective airline within the past 30 days to qualify for the survey. Only flights over one and a half hours in duration typically offer television content. A 30-second commercial for Panasonic Toughbook aired during the in-flight television programming provided by Delta Air Lines and a 30-second spot for InterContinental Hotels Group played during programming provided by United Airlines.

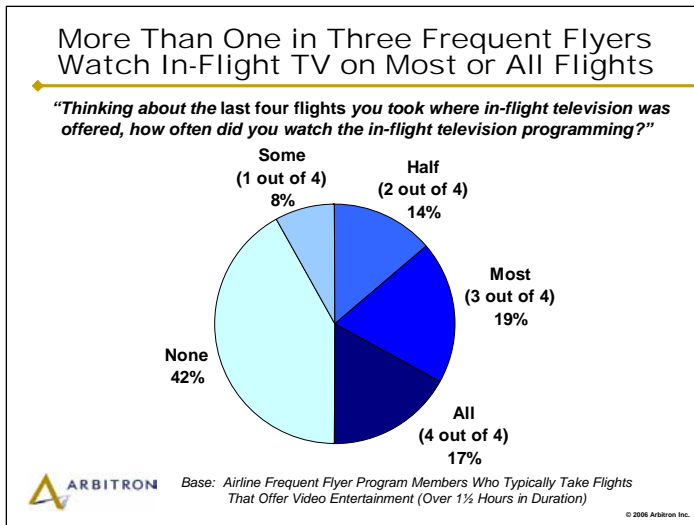
9. **Nearly 60% of frequent flyers usually watch the in-flight television programming when it is available.** Fifty-eight percent of airline program members who take flights that offer television programming usually watch it; 44% have watched in-flight TV programs in the past month.



Sound Check

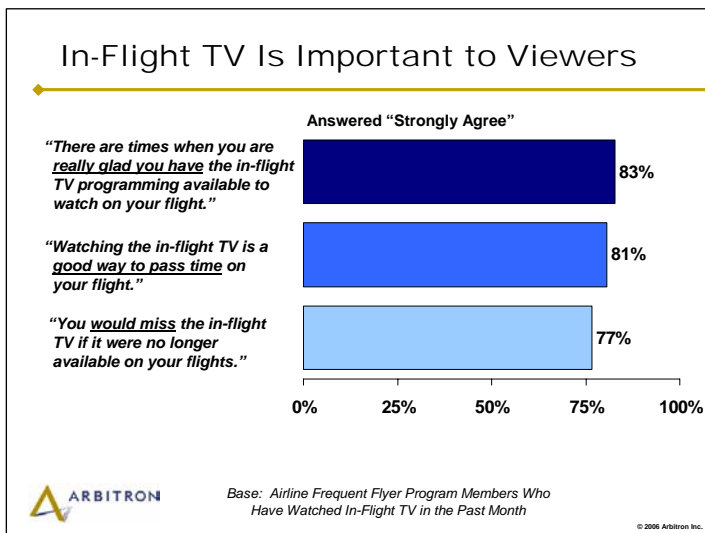
Fifty-two percent of frequent flyers who take flights that offer video entertainment have watched *without* using headphones.

10. More than one-third of frequent flyers watch in-flight TV on most of their flights when it is offered. Thirty-six percent of those who take flights that offer video entertainment have watched it on at least three out of their past four flights.



11. The most frequently watched types of in-flight TV programs include sitcoms, documentaries and human-interest news. Seventy-three percent of those who typically watch in-flight television watch the sitcoms most frequently, 60% the watch history programs most often and 59% gravitate most strongly toward human-interest news. Eighty-eight percent of in-flight TV viewers frequently watch the feature movie as well.

12. In-flight TV viewers would really miss the programming if it were no longer available. In-flight video is very important to the frequent flyers who watch it. Eighty-three percent of those who watched in-flight TV in the past month *strongly* agree they are "really glad" it is offered, 77% would really miss watching TV if it was no longer offered on flights and 81% *strongly* agree it is a "good way to pass the time" during a trip.



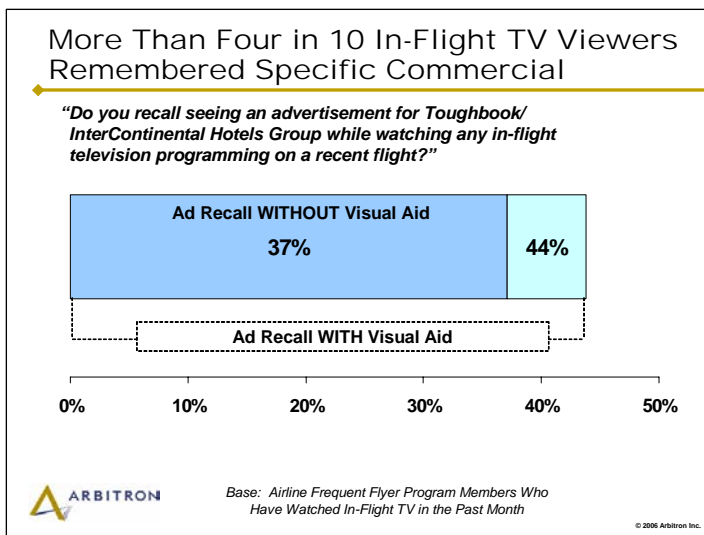
13. Half of those who recently watched in-flight video entertainment could recall specific ads shown. Forty-nine percent of those who had watched in-flight television programming in the past month could recall seeing a commercial for either Panasonic Toughbook or InterContinental Hotels Group.



Courtesy of Pace Communications



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Appendix: Audience Composition

	Total	Read Airline Magazine		Watch In-Flight TV	
		Past 6 Months	Past Month	Usually Watch	Past Month
Gender					
Men	70%	69%	70%	70%	72%
Women	31%	31%	30%	30%	28%
Age Group					
21-24	2%	2%	2%	3%	3%
25-34	17%	17%	16%	18%	17%
35-44	25%	25%	24%	29%	30%
45-54	32%	32%	33%	33%	32%
55-64	19%	19%	20%	15%	15%
65+	4%	4%	5%	3%	3%
Annual Household Income					
\$75K+	86%	87%	88%	86%	87%
\$100K+	72%	72%	73%	70%	71%
\$200K+	27%	27%	27%	26%	27%
Frequency – Number of Round-Trip Flights Taken in Past Year					
1-5	17%	16%	17%	18%	17%
6-11	23%	23%	22%	23%	22%
12+	61%	61%	62%	59%	62%
Reason for Most Recent Airline Trip					
Business	65%	66%	65%	63%	61%
Pleasure	23%	23%	23%	25%	25%
Both	12%	12%	11%	12%	14%

About Arbitron

Arbitron Inc. (NYSE: ARB) is an international media and marketing research firm serving radio broadcasters, cable companies, advertisers, advertising agencies and outdoor advertising companies in the United States, Mexico and Europe. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media and product patterns of local market consumers; and providing application software used for analyzing media audience and marketing information data. The Company has also developed the Portable People Meter (PPMSM), a new technology for media and marketing research.

Arbitron's marketing and business units are supported by its research and technology organization, located in Columbia, Maryland. Arbitron has approximately 1,700 employees; its executive offices are located in New York City.

Through its Scarborough Research joint venture with VNU, Inc., Arbitron also provides media and marketing research services to the broadcast television, magazine, newspaper and online industries.

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