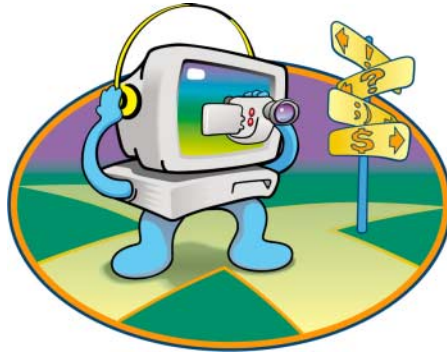


Webcasters “Speak Out!”



Arbitron's Industry Studies

◆ Arbitron/Edison Media Research Internet Studies

- Twice a year
- Internet VI: Streaming at a Crossroads

Arbitron/Coleman Research Broadband Studies

- Debuted in 2000
- Broadband II coming in June



Advertising Agencies Speak Out on Webcasting

◆ Arbitron spoke to key agency contacts last year

- 69% of those using webcast advertising expected to use more this year
- 56% of those not using webcast advertising likely to try it this year
- 49% had never been approached by webcasters trying to sell advertising
- 81% agreed that webcasting's share of ad spending will grow significantly in next 3 years



Webcasters Speak Out

◆ Time to speak with webcasters to gather their perceptions

- Sales
- Agency acceptance
- State of the industry



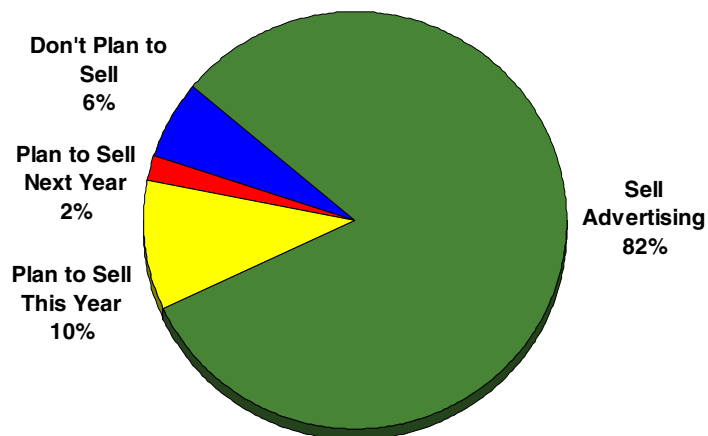
Webcasters Speak Out

Interviews with senior executives

- Conducted February-April 2001
- Types: Internet-only webcasters, rep firms, content delivery networks, technology companies, broadcasters that stream
- Positions: CEOs, presidents, SVPs, EVPs, VPs, sales managers, marketing directors



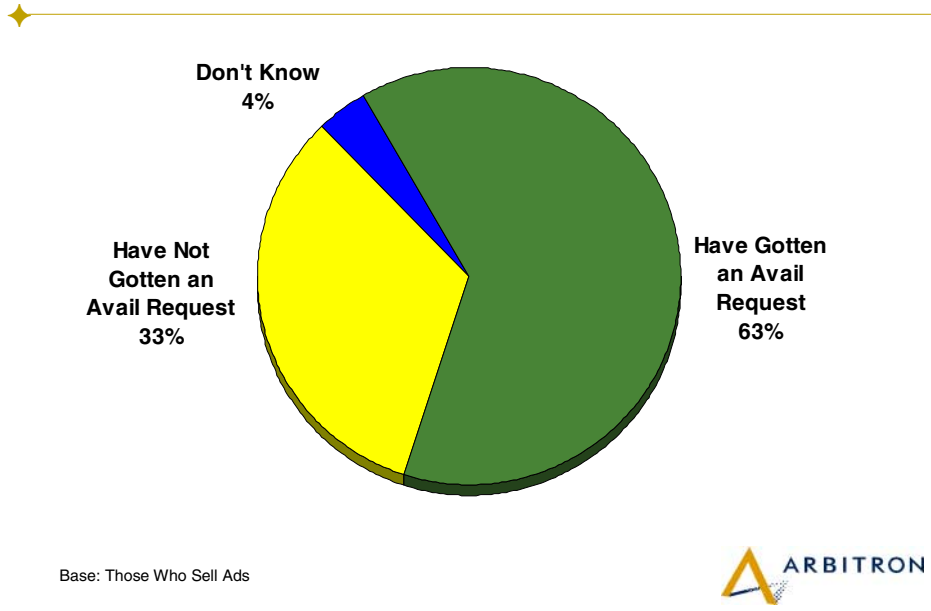
82% of Webcasters Selling Advertising Now



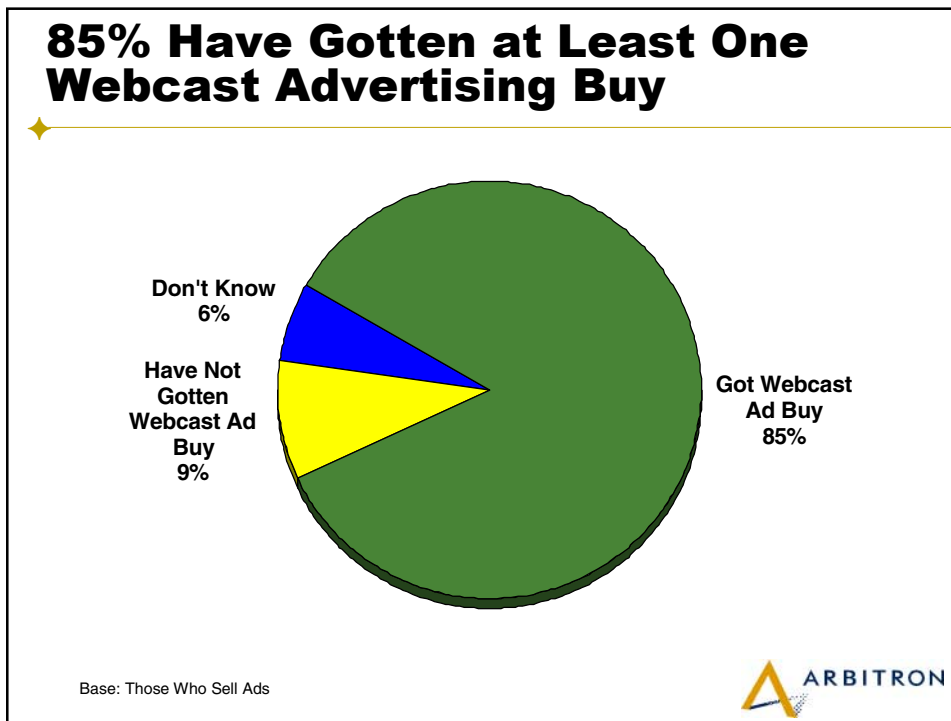
Base: Total Sample



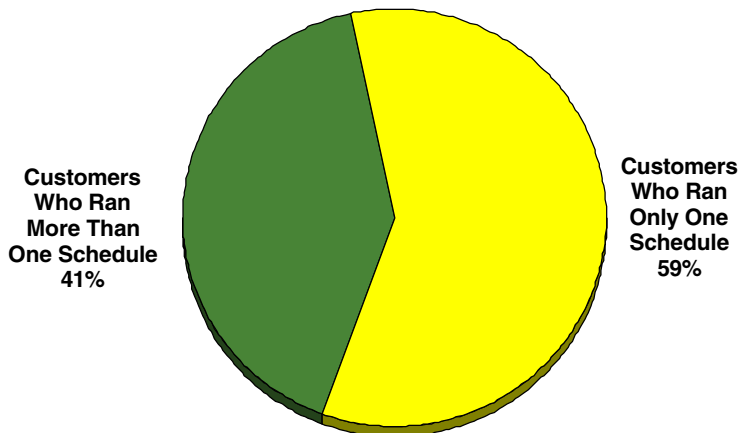
Nearly 2/3 Have Been Called by Agencies Placing Webcast Ads



85% Have Gotten at Least One Webcast Advertising Buy



41% of Customers Ran More Than One Webcast Schedule



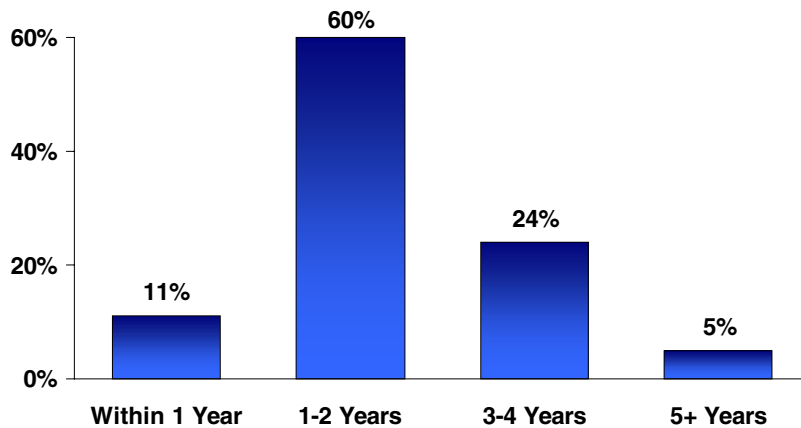
Base: Those Who Sell Ads



Most Expect Ad Revenue to Exceed Cost of Streaming in Two Years



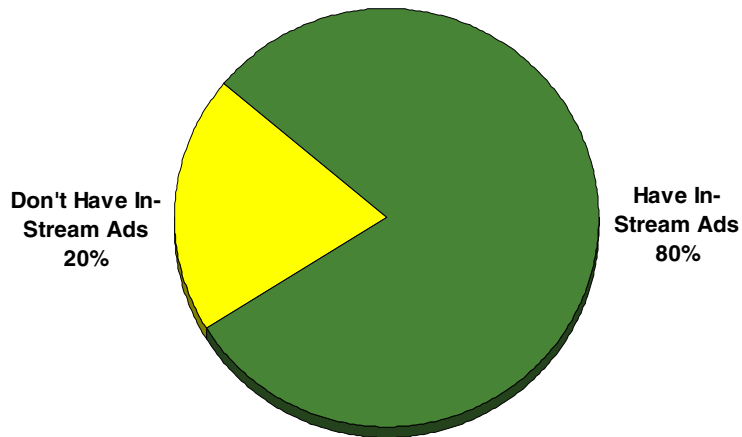
“For the industry in general, when do you think revenue from Webcast advertising will exceed the cost of streaming?”



Base: Total Sample



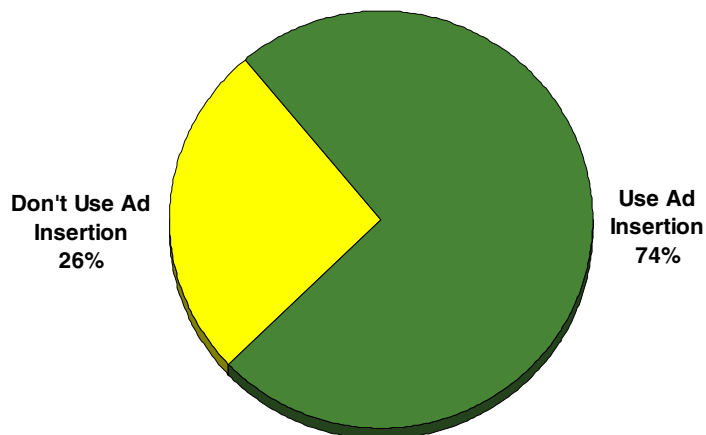
80% Have In-Stream Ads (Ads Within the Streamed Content)



Base: Those Who Sell Ads



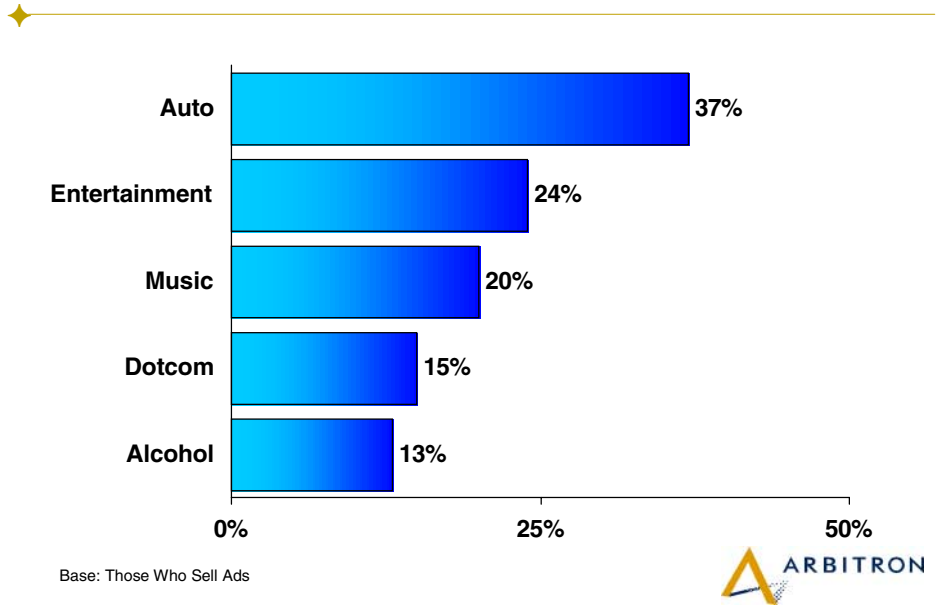
Nearly 3/4 Use Ad Insertion (Ad Replacement or Ad Targeting)



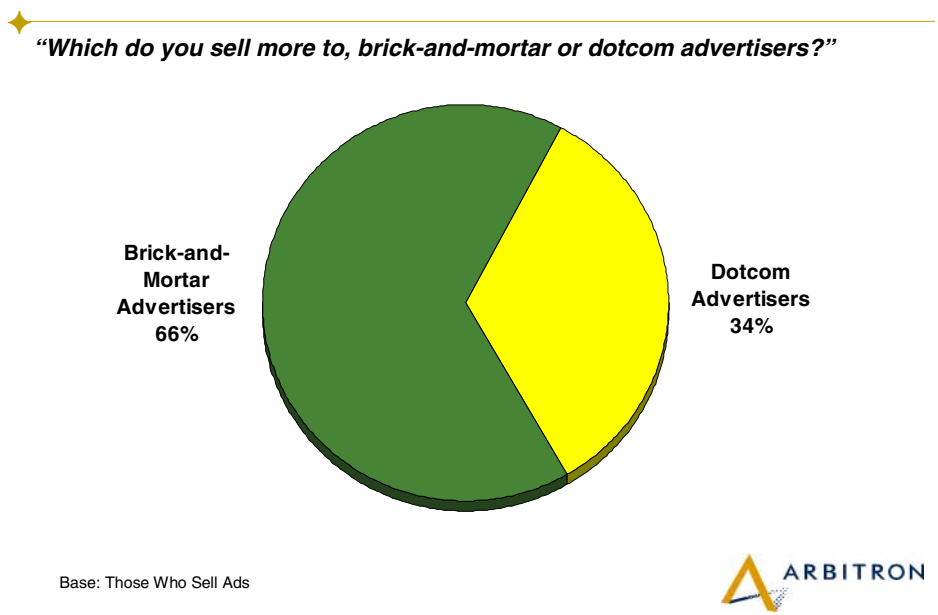
Base: Those Who Sell Ads



Top Advertising Categories Targeted by Webcast Sales

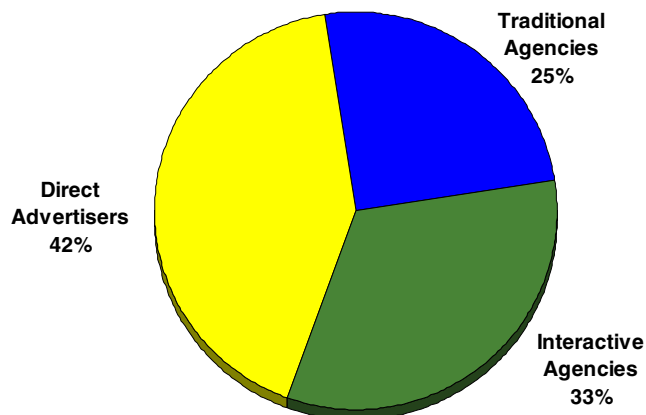


More Sell to “Brick-and-Mortar” Than “Dotcom” Advertisers



A High Percentage of Ad Dollars Comes from Direct Advertisers

◆ *“What % of ad dollars comes from direct advertisers versus traditional and “interactive” agencies?”*

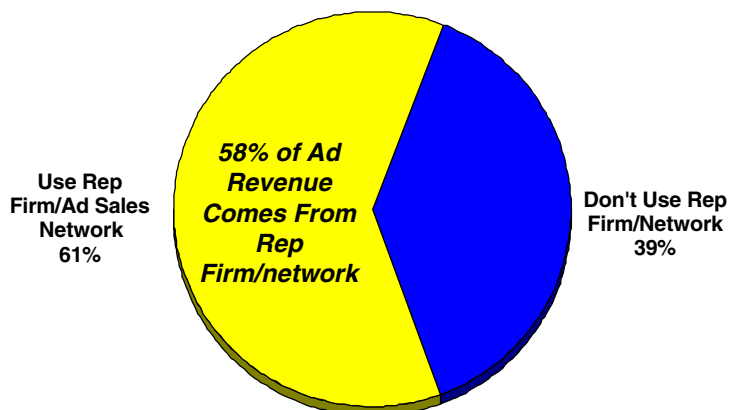


Base: Those Who Sell Ads



Most Use a Sales Rep Firm or Ad Sales Network

◆ *“Are you currently using a sales rep firm or ad sales network in addition to your in-house sales staff for ad sales?”*

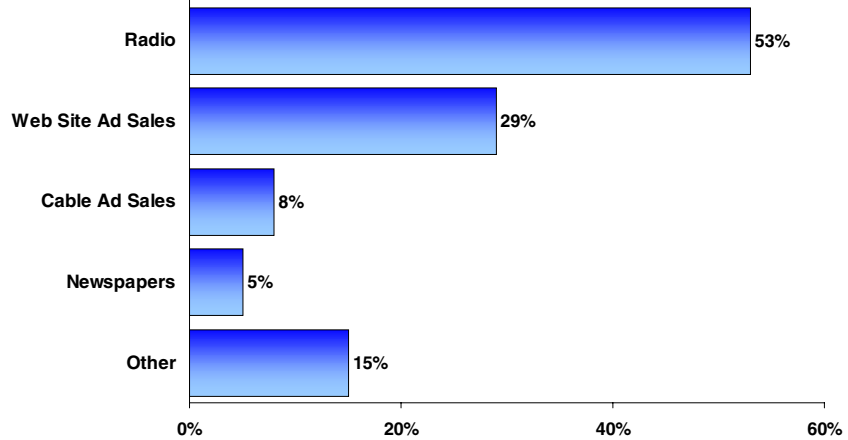


Base: Those Who Sell Ads



Radio Is the Primary Source of Salespeople for Webcasters

“From which of the following industries did most of your salespeople come prior to joining your company?”

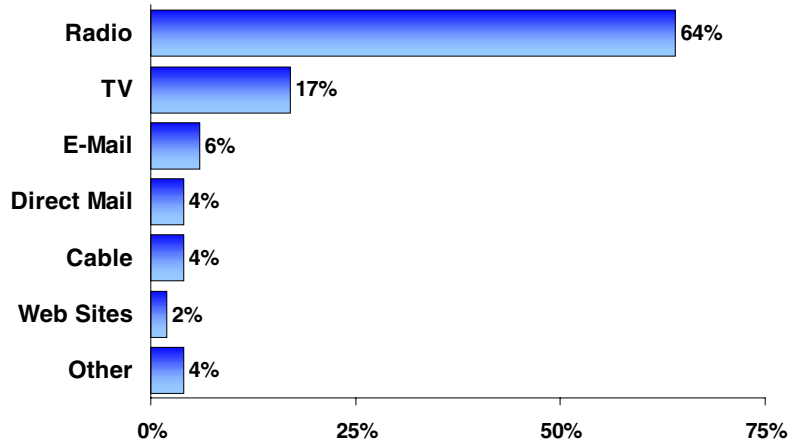


Base: Those Who Sell Ads



Majority Would Recommend Radio to Use Together with Webcast

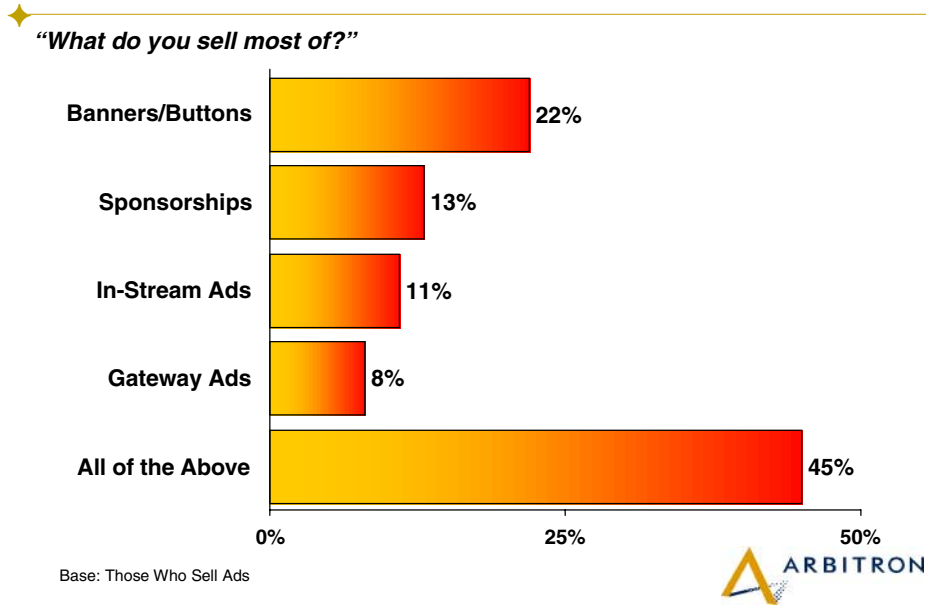
“If an advertiser asked you to recommend another medium to use with webcasting, which one would you recommend?”



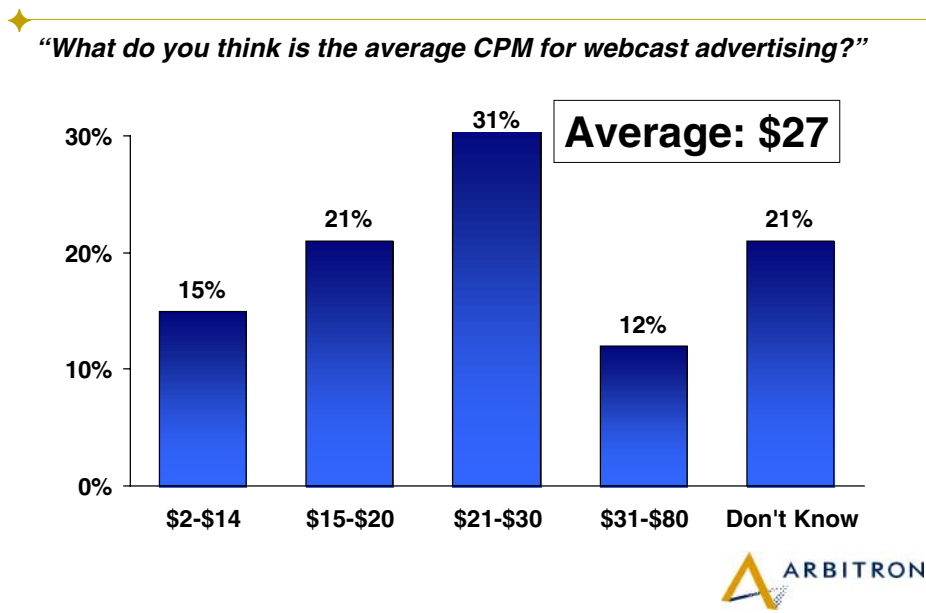
Base: Those Who Sell Ads



Most Sell Combination of Webcast Ads, Sponsorships, Banners & Buttons

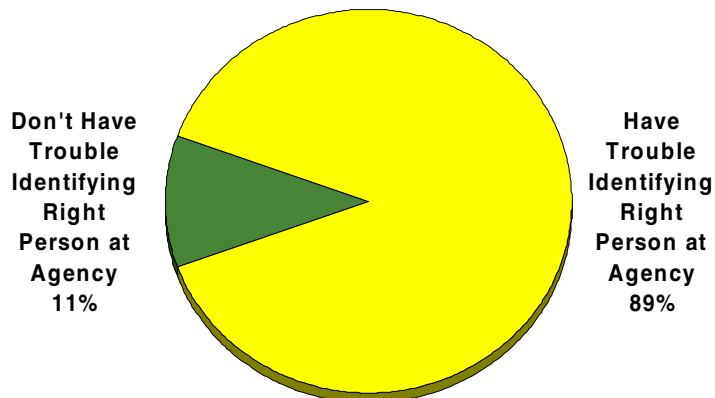


Webcasters Say Average Cost Per Thousand Is \$27



Most Can't Identify Right Person to Work With at Advertising Agency

“Do you agree that webcast ad salespeople have trouble identifying the right person to work with at advertising agencies?”



Base: Those Who Sell Ads

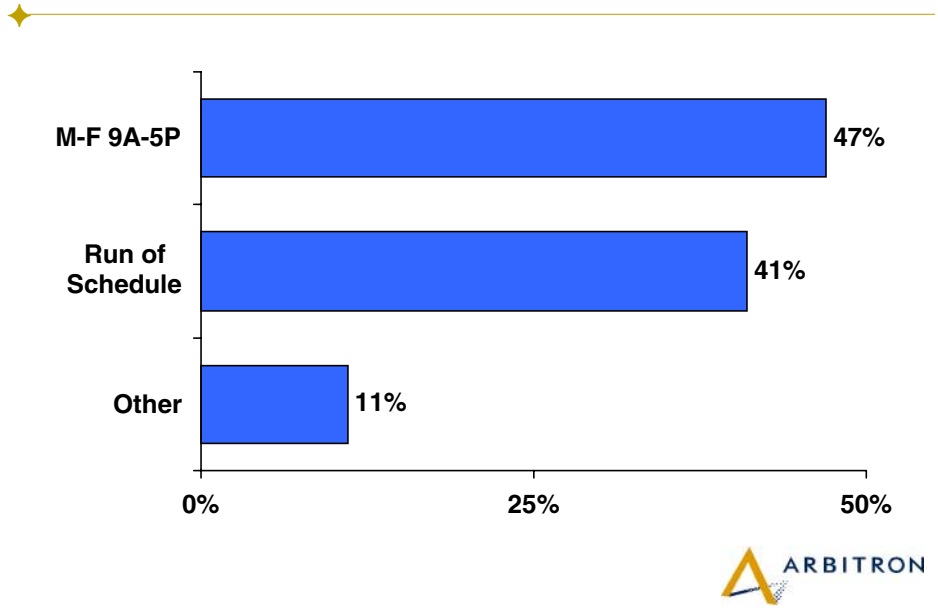


Let's say I am an advertiser and I have \$50,000 to spend on webcast advertising. How many impressions would that deliver?

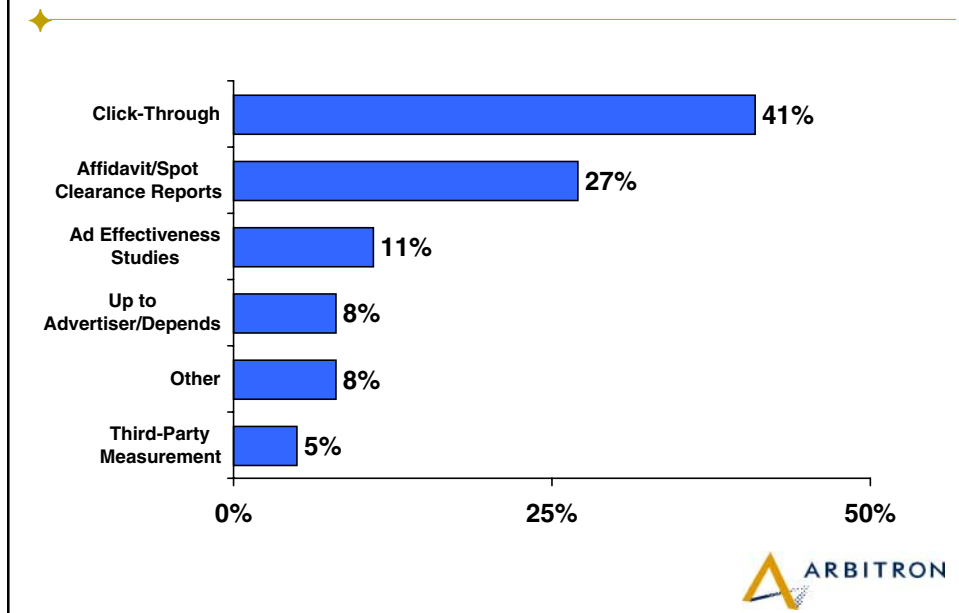
1,600,000
impressions/ads served



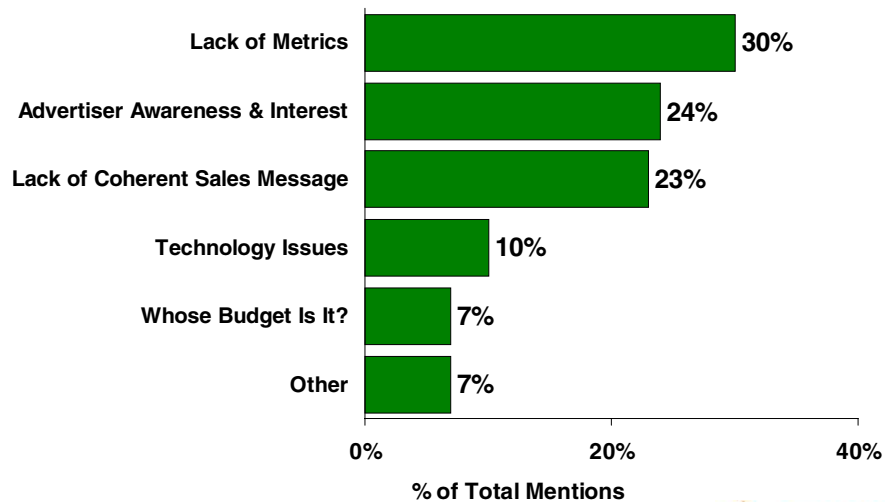
“With \$50,000 to Spend, When Should the Spots Run?”



“With \$50,000 to Spend, How Would You Demonstrate ROI?”



Obstacles to Webcast Advertising (for the Industry in General)



Base: Total Sample



Obstacles to Webcast Advertising (for the Industry in General)

“Agency awareness and understanding of medium.”

—President, Internet-only webcaster

“Lack of uniform measurement followed closely by a lack of critical mass.”

—Senior sales exec, rep firm

“Ad agencies/whole industry don't know where to slot streaming media (traditional, interactive, etc).”

—Owner/president, Internet-only webcaster

“Need to learn how to sell on sponsorship like sports sale vs. CPM basis. Think outside-of-the-box and around CPM sale.”

—Senior manager, Internet-only webcaster



Obstacles to Webcast Advertising (for the Industry in General)

“Education of the advertisers: They don’t recognize that they have a captive, LOYAL audience.”

—CEO, Internet-only webcaster

“Standardization of buys, standardization of technology.”

—COO, Internet-only webcaster

“It is not a mature industry. There are few standards and little historical data.”

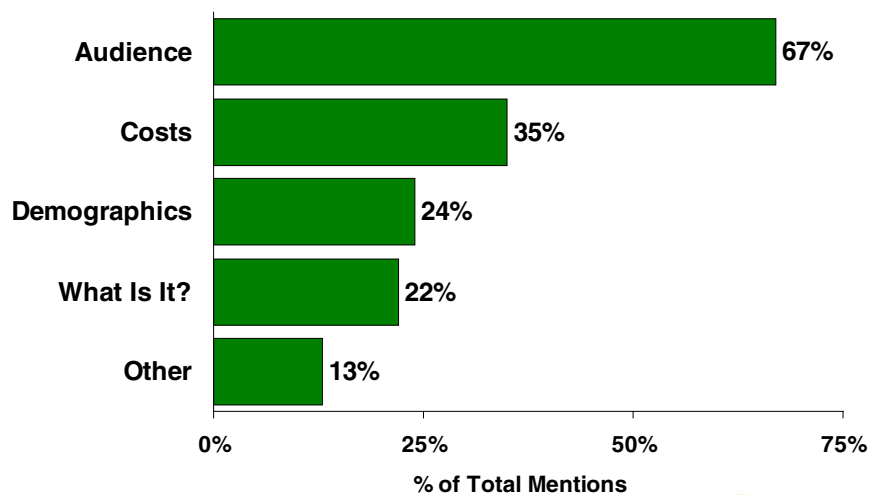
—Director of operations, terrestrial broadcaster

“Marketplace education. Agencies got burned by the banner ad model.”

—President, Internet-only webcaster



Most Frequently Asked Questions When Selling Webcast Advertising



Base: Total Sample



Most Frequently Asked Questions When Selling Webcast Advertising



“How does the cost compare to other webcasters (who are offering lower rates)?”

—VP, Internet-only webcaster

“How are you measured and what are your audience demographics?”

—Director of sales, Internet-only webcaster

“How do you measure results? How is this an effective medium?”

—VP Internet sales, terrestrial broadcast group

“What is webcasting/webcast advertising?”

—COO, Internet-only webcaster



Most Frequently Asked Questions When Selling Webcast Advertising



“Should you be talking to me or someone else?”

—President, Internet-only webcaster

“Has it worked for somebody?”

—CTO, ad insertion company

“Do you have Internet rights to the talent?”

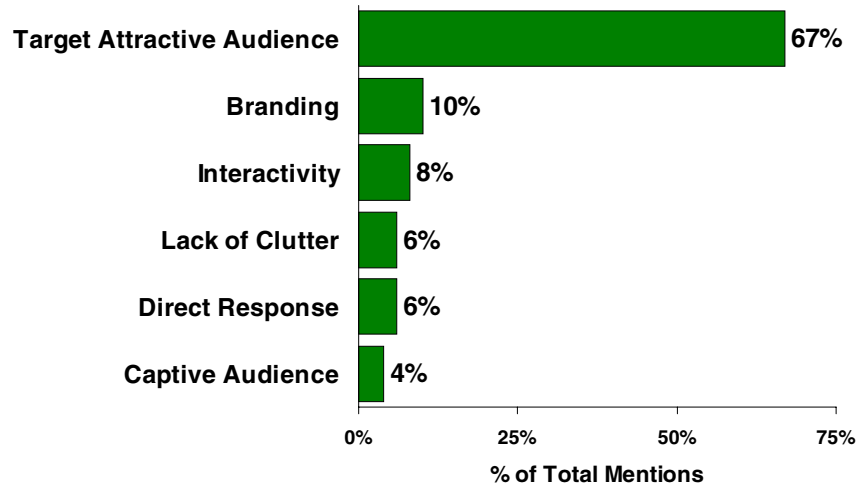
—COO, Internet-only webcaster

“Will you do it on a cost-per-acquisition basis?”

—Director of advertising, Internet-only webcaster



Top Reason Why Advertisers Should Run Ads on Your Webcast



Base: Total Sample



Top Reason Why Advertisers Should Run Ads on Your Webcast

“High in-office usage, lack of clutter, highly qualified audience.”

—Senior sales exec, rep firm

“Audience we're providing is INTERACTIVE and more likely to involve themselves in your advertising.”

—Director of sales, Internet-only webcaster

“People with money, power and brains listen to ‘xyz.com.’ Decision-making ability within workplace.”

—VP Internet sales, terrestrial broadcast group



Top Reason Why Advertisers Should Run Ads on Your Webcast

“The ability to get to a demographic segment that you can’t get through broadcast.”

—Marketing manager, Internet-only webcaster

“The audience for webcasting is educated, affluent, sophisticated and adventurous. They spend more than any other audience.”

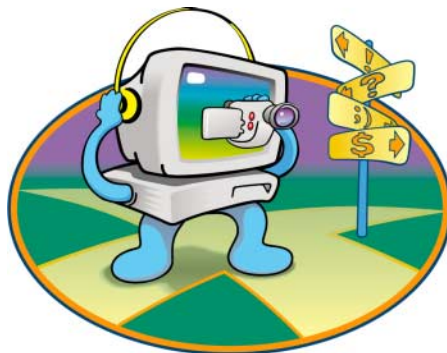
—VP Internet sales, terrestrial group owner

“Blends emotional appeal of traditional media with one-to-one capabilities of the Internet.”

—Director of business development, Internet-only webcaster



Recommendations



Recommendations for Webcasters

Webcasters must present a consistent sales message

- Sell buying power of streamies versus click-through and audience size
- Emphasize qualitative value of audience
- Avoid using click-through as measure of ROI
- Advertising effectiveness studies to validate webcasting's branding capabilities
- Need to build success stories for webcast advertising



Recommendations for Webcasters

Standardization is crucial

- Sales and buying process needs to be defined
- Confusion over technology (insertion)
- Audience metrics
 - ✓ What's different from broadcast?
 - ✓ What's comparable to broadcast?



Recommendations for Webcasters

Hiring and organizing your sales staff

- Traditional media skills are crucial
- Must understand technology and the Internet
- Sellers need to be able to sell banners, buttons and sponsorships in addition to webcast commercials
- Sellers will need to work hard to find the right contact at the agency



Recommendations for Webcasters

Education on the value of webcast advertising

- Other recent events:
 - ✓ Real Road Show
 - ✓ IBEAM's "The State of Streaming Advertising"
- What we are doing:
 - ✓ Presenting "Webcasting 101" to several hundred agencies
 - ✓ Former Radio Advertising Bureau, marketing guru Judy Carlough promoting webcast advertising to major advertisers



“The Last Word”

***“This is where the market is going.
How are leading advertisers reaching
consumers where they are getting
content today? The Internet is not a
new thing anymore. Catch it while it’s
in its infancy.”***

—CTO ad insertion company



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