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# ChoiceStream Personalization Survey

## Consumer Trends and Perceptions, 2005

The ChoiceStream Personalization Survey provides insight into consumers' interest in, and perceptions of, online personalization. This is the second in a series of annual surveys. The survey was first fielded in May, 2004. In May 2005, additional sections were added to the survey that focus on personalization and digital entertainment as well as consumer concerns about personalization.

## Survey Overview and Respondent Profile

The survey was completed by 923 respondents who were invited to participate via email by Zoomerang, an online survey services provider. Respondents were:

- Adult Internet users, 96% of whom have made at least one online purchase within the past 6 months
- U.S. residents
- Distributed across 4 age categories (18-24, 25-34, 35-49, 50+)
- 47% female; 53% male

The margin of error is +/- 5% with a 95% confidence level.

## Key Findings

Key findings of the 2005 survey are listed below.

### Interest in Personalization

- **Interest in personalization continues to be strong**, with 80% of consumers interested in receiving personalized content.
- The **types of content consumers want personalized are generally consistent** with the 2004 survey findings, with music and books being the most popular categories.
- **Interest levels in different types of content vary by age group.** The top three content areas for which younger respondents are most interested in receiving personalized recommendations are music (47%), followed by TV/Movies (27%) and books (24%). Among older respondents, particularly those in the 50+ category, personalized news is of the greatest interest (28%), followed by Web search (26%), and books (22%).
- **Consumers continue to be willing to spend time answering questions about themselves in exchange for personalized content**, with 60% of consumers indicating that they would spend at least 2 minutes

answering questions about themselves and their interests in order to receive personalized content, versus 56% in 2004.

### Music Purchasing

- **Interest in music personalization remains high overall**, but reflects an age bias, with younger consumers indicating a greater interest than older ones.
- A surprisingly **high percent of consumers (45%) are already buying at least some of their music online**, with an even higher number intending to buy online over the next six months.
- **Music retailers are leaving money on the table** by not making it easier for consumers to find music they would likely enjoy. This is reflected in the fact that 34% of respondents indicated that the last time they went shopping for music, they *would have bought more music* if they had been able to find more that they liked.

### Movie Buying and Renting

- **Movie retailers are leaving money on the table as well**, with 37% of consumers agreeing that they would have bought more DVDs/videos if they had found more that they liked.
- **Existing TV-based movie and TV recommendations lack appeal** as indicated by the high number of TiVo users (40%) who never, or almost never, watch a show or movie that TiVo chooses to record for them.
- **Renting DVDs/videos at a local store remains the most popular source for movies** outside of a movie theater.

### Concerns about Personalization

- As stories of identity theft abound, **consumers are becoming more and more concerned about the security of their personal data online** which is reflected in 63% of respondents indicating that they were concerned that their personal data might not be secure with personalization.
- Based on the growing fear of losing personal information, **fewer consumers are willing to provide personal preference and demographic information** in exchange for personalized content in 2005 vs. 2004. In 2005, 59 percent of respondents indicated a willingness to provide preference information, down six percent from 2004. Additionally, 46 percent of respondents are willing to provide demographic data in 2005, down 11 percent from 2004.

Detailed information concerning each of these findings is located in the following sections of this document.

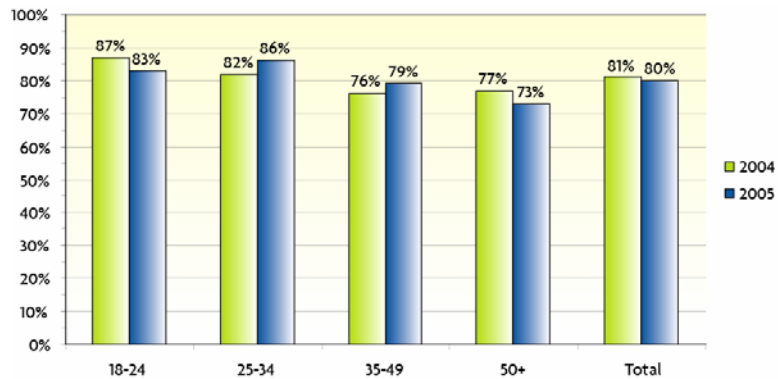
## Interest in Personalization

### Interest in personalization continues to be strong.

Overall, the survey found that 80% of consumers are interested in receiving personalized content, which is consistent with 2004's finding of 81%. The survey also shows that interest in personalization continues to vary based on the age of the respondent.

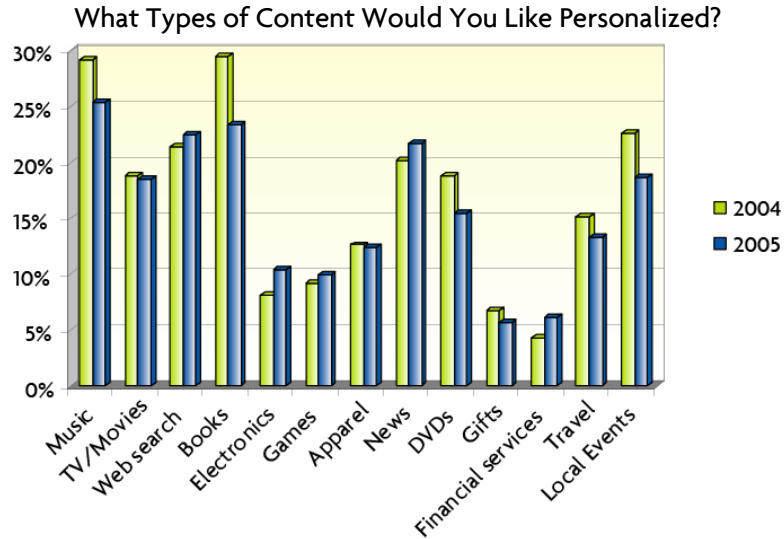
As was found in the 2004 survey, younger respondents tend to be more interested in personalization, with 83% of 18-24 year olds expressing an interest in some type of personalized content and a slightly lower 76% of 35-49 year olds indicating an interest.

Percent of Consumers Interested in Personalized Content by Age  
2005 vs. 2004



### The types of content consumers want personalized are generally consistent with the 2004 survey findings.

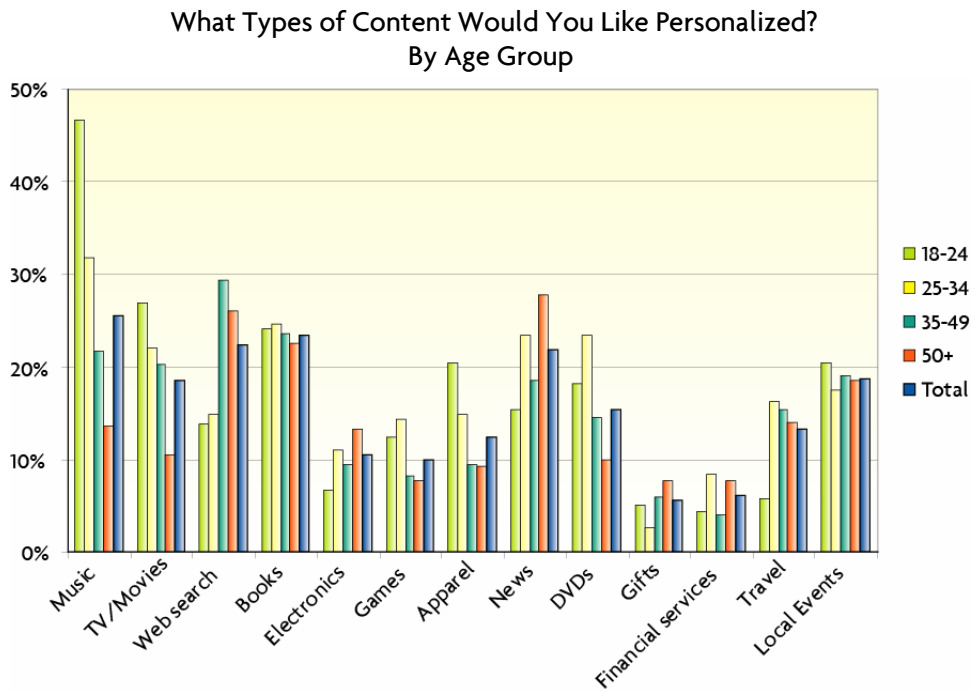
With a few exceptions, the types of content consumers want personalized are consistent with the results from the 2004 study. Content categories which for which interest declined slightly include books, which declined from 30% in 2004 to 23% in 2005, and music which declined from 29% in 2004 to 25% in 2005.



**Interest levels in different types of content vary by age group for many of the content areas.**

The top three content areas for which younger respondents (18-24 year olds) are most interested in receiving personalized recommendations are music (47%), followed by TV/Movies (27%) and books (24%).

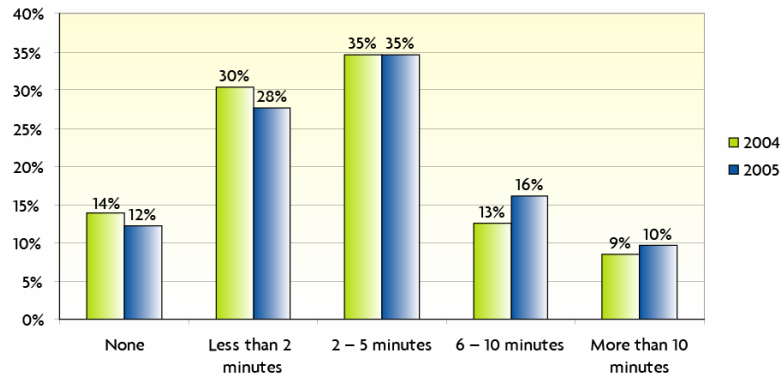
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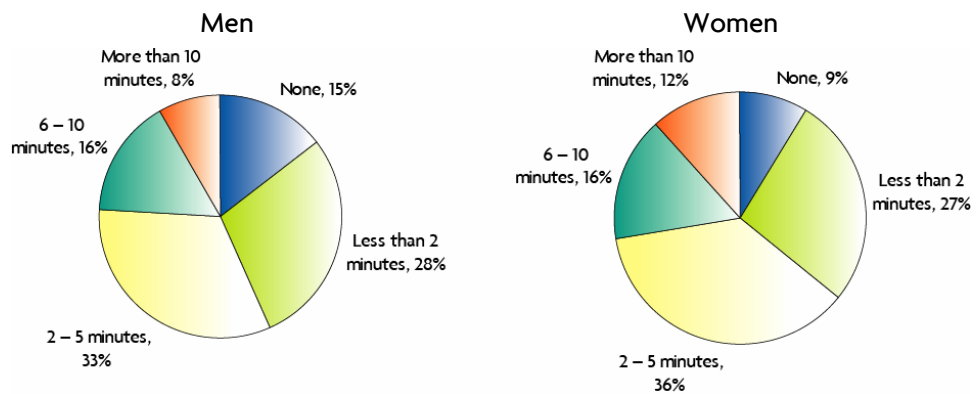
**Consumers continue to be willing to spend time answering questions about themselves in exchange for personalized content.**

The survey found that 60% of consumers would spend at least 2 minutes answering questions about themselves and their interests in order to receive personalized content, versus 56% in 2004. 26% agreed that they would spend at least 6 minutes answering such questions, versus 21% in 2004.

How Much Time Are You Willing To Spend Answering Questions About Your Tastes and Interests in Exchange for Personalized Content?



As was the case in 2004, the responses to this question are divided along gender lines. In general, women are more likely to spend time answering questions about their tastes and interests than men.

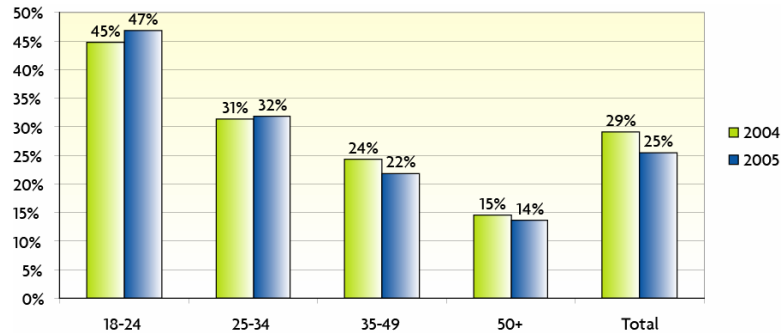


It is interesting to note, however, that men experienced the greatest increase year-over-year—50%—in the number willing to spend 6 minutes or more personalizing content. While just 16% were willing to spend at least 6 minutes on it in 2004, 24% would spend that much time in 2005.

## Music Purchasing

**Interest in music personalization remains high overall, but reflects an age bias, with younger consumers indicating a greater interest than older consumers.**

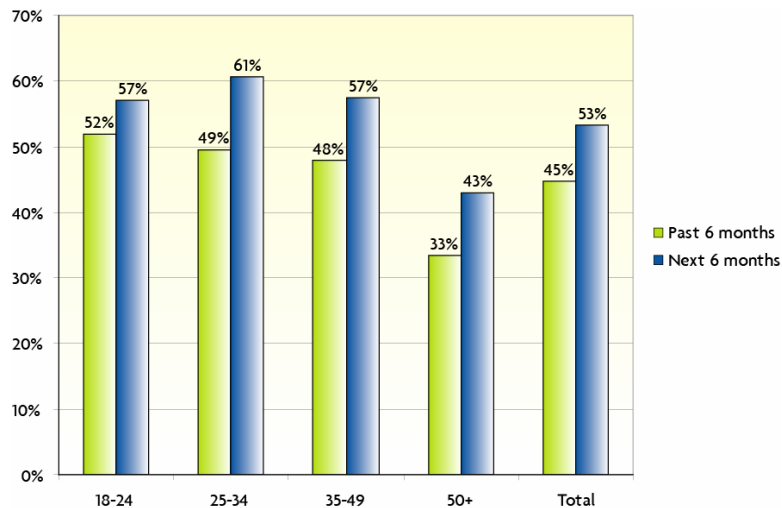
Percent of Consumers Interested in Music Personalization by Age  
2005 vs. 2004



**A surprisingly high percent of consumers are already buying at least some of their music online, with an even higher number intending to buy online over the next six months.**

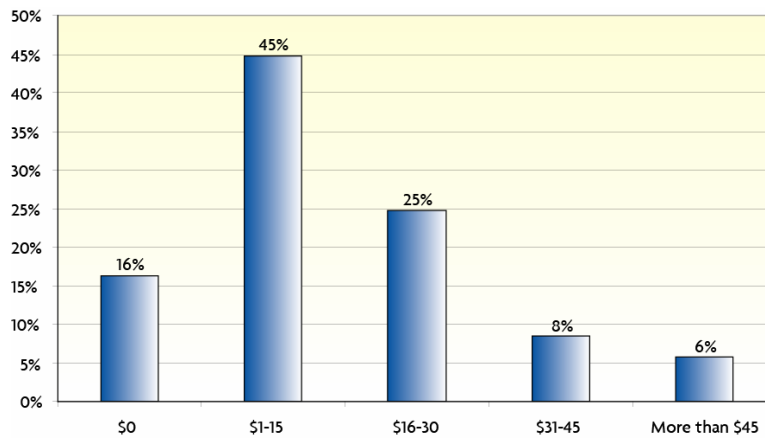
45% of respondents indicated that they had purchased at least some of their music online over the past six months. Among younger respondents, the number was even higher at 52%. And, for all respondents, regardless of age, significantly more intend to buy at least some of their music online over the next six months.

Percent of Consumers Buying Music Online



Respondents are also comfortable spending online, with almost 40% spending at least \$16 per month online on music.

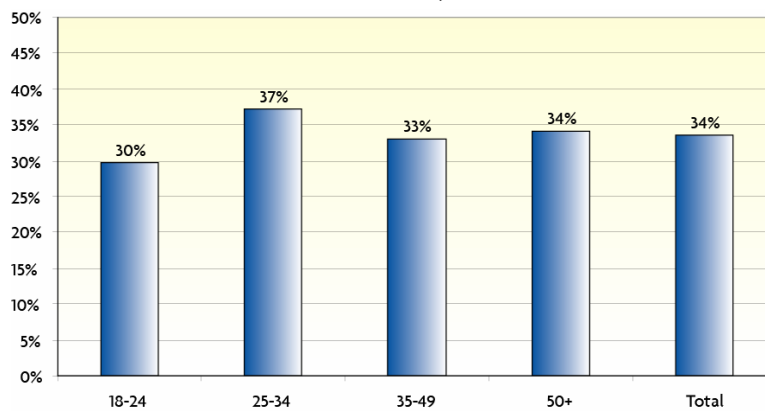
Amount Spent Buying Music Online in a Typical Month



**Music retailers are leaving money on the table by not helping consumers find music they would enjoy.**

When asked to consider their most recent music purchase, more than 1/3 of respondents, 34%, claimed that they *would have bought more music* if they had been able to find more that they liked. Just 30% indicated that they were satisfied with their purchase and would not have purchased more even if they had found more.

Percent of Consumers Who Would Have Bought More Music if They Had Found More that They Liked

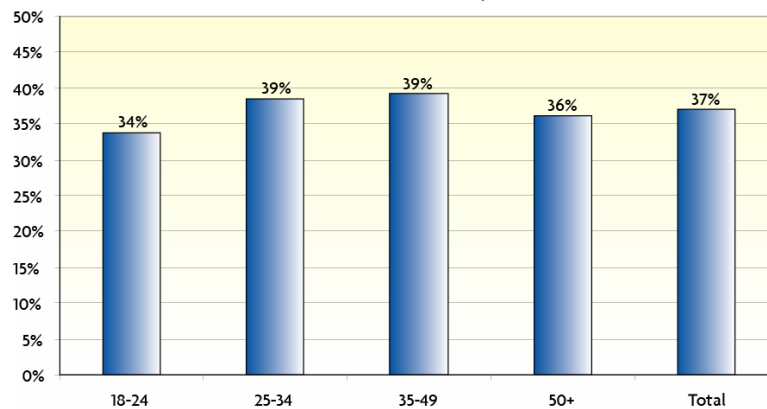


## Movie Buying and Renting

**Movie retailers are leaving money on the table as well, with 37% of consumers agreeing that the last time they went movie shopping they would have bought more DVDs/videos if they had found more that they liked.**

Asked to consider their most recent DVD/video purchase, 37% of respondents indicated that they would have bought more if they had found more that they thought they would like. Among 25-49 year olds, the number was 39%.

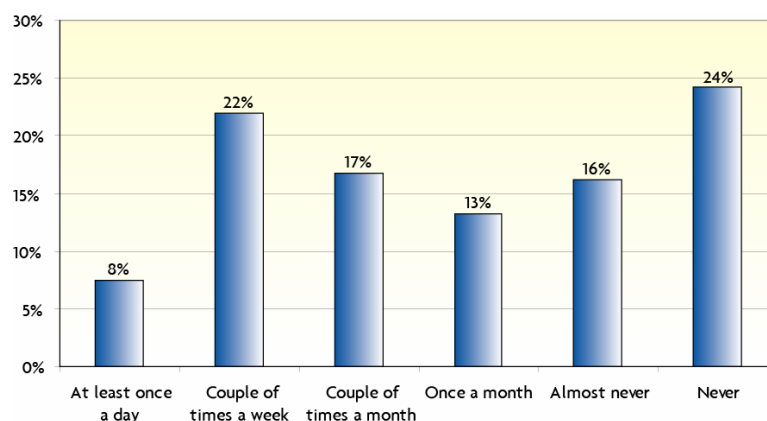
Percent of Consumers Who Would Have Bought More Movies if They Had Found More that They Liked



**Existing TV-based movie and TV show recommendations do not have widespread appeal.**

Of the respondents who use TiVo, 40% indicated that they never, or almost never, watch the shows or movies that TiVo chooses to record for them. (Note: this does not include the shows or movies that respondents instructed TiVo to record through a Season's Pass or other recording option.)

How Often Consumers Watch Shows/Movies TiVo Chooses to Record

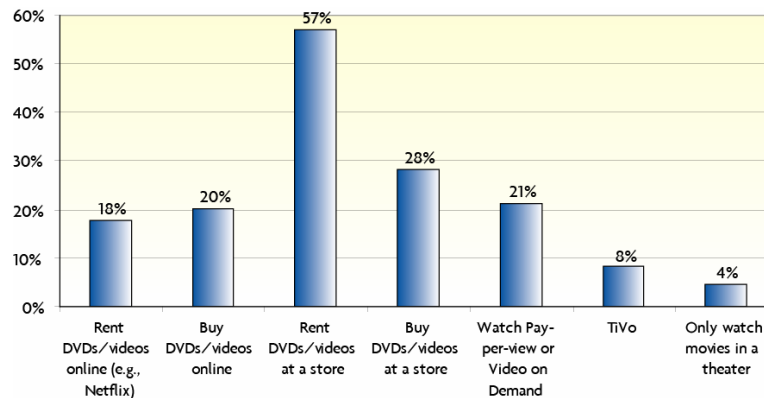


**Renting DVDs/videos at a local store remains the most popular source for movies for consumers outside of a movie theater.**

When asked ‘Where do you go to get movies to watch outside of a movie theater?’, 57% responded that they rent movies at a local store, while only 21% turn to their TV set-top box and fewer than 10% use TiVo.

When it comes to *buying* DVDs/videos, almost as many respondents buy online (20%) as offline (28%).

Where Consumers Get Movies to Watch Outside of a Movie Theater

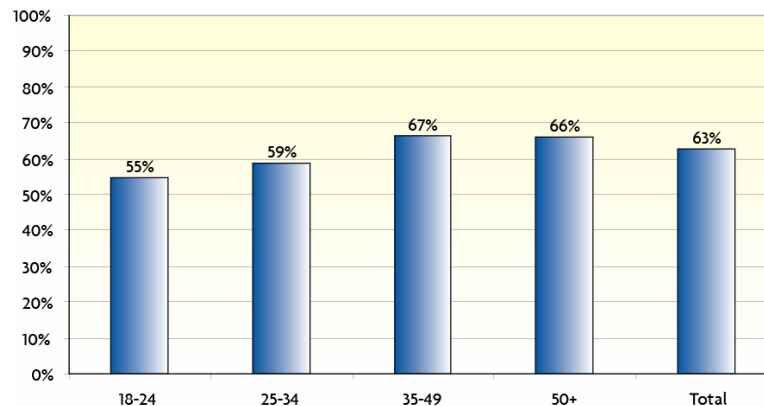


**Concerns about Personalization**

**As stories of identity theft abound, consumers are becoming more and more concerned about the security of their personal data online.**

63% of respondents overall indicated that they were concerned that their personal data might not be secure with personalization. Older respondents tended to be more concerned than younger ones, with 66% of the 35+ age group indicating a concern and only 57% of 18-34 year olds.

Percent of Consumers Concerned that Personal Data Might Not Be Secure



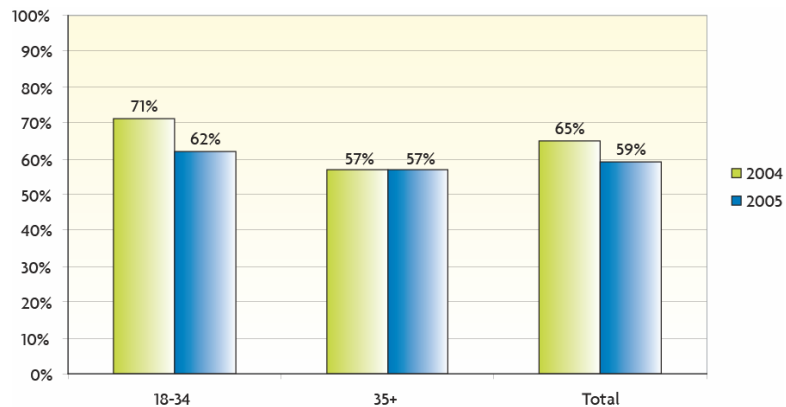
The breakdown by gender shows remarkable consistency, with 62% of men and 63% of women expressing concern about data security.

**While interest in personalization remains high at 80%, concerns over identity theft and data security are impacting consumers' willingness to provide information in exchange for personalized content.**

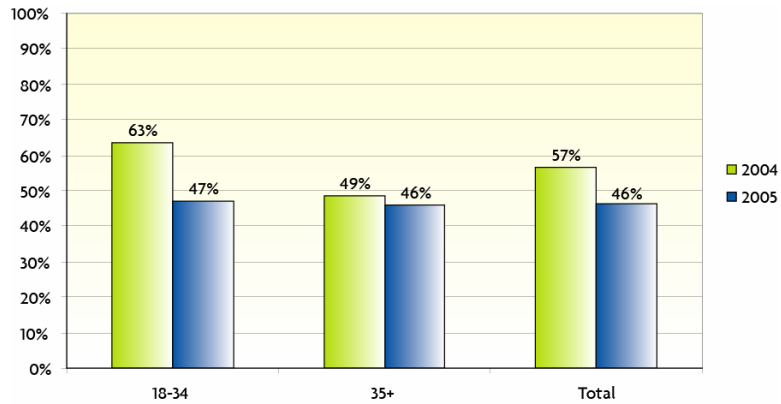
The number of consumers interested in personalization remains at a remarkably high 80%; however, recent occurrences of identity thefts and online security breaches are causing consumers to be more wary than ever before about sharing their private information—even with established, trusted brands. The result, as evidenced by the survey, is that consumers are somewhat less willing to provide sites and services with their preference and/or demographic information in exchange for personalized content.

It is interesting to note that there is more of a decline in consumers' willingness to provide demographic data than there is in their willingness to provide preference information. We believe that this is due to consumer's concerns about data security and reflects the fact that consumers are more likely to be concerned about the security of their demographic data than their preference information.

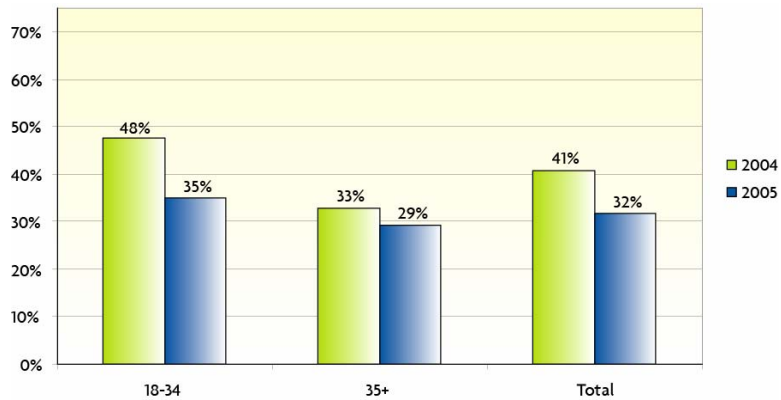
Percent of Consumers Willing to Provide Preference Information in Exchange for Personalized Content



Percent of Consumers Willing to Provide Demographic Data in Exchange for Personalized Content



Percent of Consumers Willing to Allow Web Sites to Track Clicks and Purchases in Exchange for Personalized Content



## About ChoiceStream

ChoiceStream delivers personalization solutions for online consumer services, mobile, cable and satellite operators. Relied on by the world's largest online service providers including AOL and Yahoo!, ChoiceStream's award-winning personalization and expert client services help companies build brand, increase retention and drive profitability by automatically delivering the most relevant content, commerce and community to truly engage every consumer. For more information, please visit our Web site at [www.choicestream.com](http://www.choicestream.com).