

Internet radio becoming more mainstream, survey says

September 25 2013, by Ryan Faughnder

Internet radio's drumbeat is getting louder. More than half of Americans who go online listen to Internet radio services, and consumers who use them are using them more often, indicating the industry has become increasingly mainstream, according to a new study by Edison Research.

For the study, streaming services Pandora Media Inc., Spotify and TuneIn turned to Edison, based in Somerville, N.J., to survey more than 3,000 people age 12 and up about their online music consumption.

The study found that, for the first time, a majority of Web users - 53 percent, to be precise-listen to Internet [radio](#) outlets, including personalized streaming, live online audio and music on-demand.

"This study confirms what we've believed for some time: Audio streaming has arrived," said John Donham, chief executive of TuneIn, a Palo Alto, Calif., company that aggregates online [radio stations](#) and streams to more than 40 million active listeners. "It's not just that people are listening differently; more audio streaming means more overall listening."

Slightly more than two-thirds of those surveyed said they listen to more online radio than they did a year ago as they access content on more Internet connected devices.

More than 80 percent of smartphone owners said they listen to some kind of Internet radio on their [mobile gadgets](#).

"The advent of mobile listening and the [proliferation](#) of choices for the types of Internet audio have transformed the medium from niche activity to major media channel in under ten years," Larry Rosin, Edison's president, said in a statement Tuesday.

There's still plenty of room for the industry to grow, especially in the automobile market. Almost 9 of 10 people listen to radio in their cars, but only 17 percent use Internet radio. (The survey did not include statistics on [satellite services](#) such as SiriusXM.)

The growth of Web streaming doesn't mean traditional AM and FM radio is losing out. The survey said 90 percent of participants listen to terrestrial stations.

This comes as entrenched streaming Internet services are facing more competition.

On Monday, Apple said its new iTunes Radio service has brought in 11 million users, and that news sent Pandora's shares down 10 percent. Shares recovered slightly Tuesday, rising 21 cents, less than 1 percentage point, to \$24.47.

Stifel Nicolas analyst Jordan Rohan said the introduction of iTunes radio is not an "existential threat" to Oakland, Calif.,-based Pandora, which counts 72 million users, but that Apple may take 10 percent to 15 percent of total listening hours from Pandora in the next few months.

"Investors had ignored the threat of intensifying competition from Apple," Rohan wrote in a note to clients Monday.

Pandora's share price has more than doubled this year.

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