Pew Internet Tracking Report

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The music downloading deluge

37 million American adults and youths have retrieved music files on the Internet

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Key findings

Close to 30 million American adults have downloaded music files over the Internet and it has been one of the fastest growing Internet activities in the past half-year, especially among men. Surveys by the Pew Internet & American Life Project show that between July-August 2000 and February 2001, the number of American adults who have downloaded music online shot up more than 40%.

In all, 29% of adult Internet users say they have downloaded music, a proportion that has grown from the 22% of Internet users who told us they had downloaded music as of the summer of 2000. More than half (51%) of those between ages 18 and 29 who have Internet access have downloaded music files.

Moreover, 53% of youth between the ages of 12 and 17 have also downloaded music files – that is more than 7 million youth who have retrieved music files to their computers' hard drives. This online activity is especially popular with older teenage boys. Almost three quarters of boys ages 15-17 with Internet access have downloaded music files.

In the six months between August 2000 and February 2001, music downloading became an increasingly regular activity for Internet users. The number of adult American Internet users downloading music on any given day doubled to more than 6 million. That is twice the number of Internet users buying retail products online on any given day and equal to the number seeking health information on the Web or looking for travel information.

The striking growth of the music downloading population occurred across virtually every demographic group and level of online experience. It was pronounced among the very freshest newcomers to the Internet as well as the most experienced online veterans. The increase in the number of music downloaders also occurred among online men and women, the well-to-do and those in modest economic circumstances, and in different racial and ethnic groups, particularly among Hispanics.

Background

The appeal of downloading music has grown during the same period that legal controversies have swirled around the Napster file-sharing service. The Recording Industry Association of America has argued that the Napster service violates copyright protections by allowing millions of Internet users to swap copyright protected files without compensating the artists who created the music.

In March 2001, San Francisco District Court Judge Marilyn Hall Patel, following a February ruling by the 9th Circuit Court of Appeals, issued a modified version of an earlier injunction ordering that Napster filter all copyright-protected songs from its index. Patel's ruling required that record labels claiming copyright infringement provide Napster with a listing of copyrighted songs that should not be swapped through Napster. Upon receiving a song list, which must include each song's title, the artist, the file name containing the song, when possible, and proof of the label's copyright, Napster has three business days to remove all appropriately identified files. While Napster attorneys claim

the company is doing all it can to comply with the federal court's injunction, counsel for the recording industry continue to argue that the file sharing company's filtering technology is insufficient. In a recent hearing, Patel, dissatisfied with Napster's filtering efforts, appointed Dr. A.J. Nichols as technical expert for the court and as conciliator between Napster and the recording industry. Dr. Nichols will advise the court and help both sides of the case resolve how Napster's filtering technology should work.

Patel also announced that music publishers would likely be allowed to consolidate their cases into a single class-action suit. The judge said she expects to create a limited class of parties eligible to enter a class-action suit against Napster. A class-action suit would be devastating to Napster because each publisher could potentially collect hundreds of thousands of dollars per copyright infringement.

The court struggles have had an impact on the number of music files that appear to be available on the Napster service. In April 2000, regular spot checks by the Pew Internet Project showed that the average Napster user sharing files on the system had about 100 songs on his or her computer's hard drive. As the case filed by the recording industry against Napster came to a climax in late July 2000, Napster users began to increase the number of songs they were making available. Pew Internet Project spot checks suggested then that the average number of shared files grew to between 120 and 130. When the 9th Circuit Court of Appeals was hearing Napster's case in January 2001, the average number of shared files per user jumped to between 180 and 200. However, after the federal appeals court upheld the district court's ruling that Napster had to stop facilitating the sharing of copyrighted files and Napster began to block the sharing of some copyrighted songs from its index, the numbers fell sharply. Spot checks by the Pew Internet Project in March and April suggest that the number of shared files per user had fallen to the 70-80 range.

In an effort to comply with the U.S. District Court's ruling, Napster claims it has blocked more than 1.7 billion song files from its directory as of April 10, 2001. The figure represents fewer than the actual number of blocked songs, however, because users give multiple titles to individual songs, in some cases, in apparently deliberate attempts to ensure popular songs are not recognized by Napster's copyrighted-song sniffing system. For instance, one user sharing songs from Bruce Springsteen's new live album titled one track "Bawn in the USA," and another sharing Christina Aguilera songs called one "What a Girls Wants."

Yet, even as Napster's legal hardships rose, less centralized file sharing systems came into being. They will be perhaps impossible to regulate because they don't function as Napster does through a central mediating server that searches through the "addresses" of MP3 files stored on Napster users' computers. For instance, one of the new technologies, Gnutella, creates a network of users over the Internet, and transmits a search request from one user to other users' individual computers, until the file is found. Gnutella has no company behind it, and no central servers, so it is virtually impossible to shut off or regulate. Several Web sites such as BearShare and LimeWire interface with the Gnutella network in easy-to-use, Napsteresque fashion. Unlike Napster, which was established

specifically for audio files, Gnutella and other peer-to-peer networking systems such as FreeNet facilitate the transfer of a variety of multimedia file formats and software.

Most major record companies are trying to find ways to exploit this burgeoning interest in online music transmission. AOL Time Warner Inc. (Warner Music), EMI Group PLC (EMI) and Bertelsmann AG (BMG Entertainment) recently agreed to join together with software and Internet-audio-and-video distribution company RealNetworks to form an online subscription based music network called MusicNet. And Napster itself has said it plans to move to a subscription-based service in the next few months.

The downloading audience

As of February 2001, 29% of American Internet users say they have downloaded music while online. That is a notable increase from the 22% of Internet users who said in July-August 2000 they had ever downloaded music. Moreover, the probability of finding an Internet user downloading music on any given day increased nearly 100% in the six months between August 2000 and February 2001. Downloading of music increased in virtually every demographic category.

Internet experience. One of the major attractions of the Internet to newcomers is the fact they can download music so conveniently and, in most instances, at no extra cost. While they are hesitant to do some of the more sophisticated activities online such as buying products or getting job information from online sources, Internet newcomers are almost as eager to download music as those who have been online for longer periods of time. Not only did downloading music from the Internet become more generally common among all experience levels of Internet user, but the frequency with which these people downloaded music increased as well. Most dramatic of all was the increase in downloading music among those with substantial Internet experience.

More music downloaders

The percentage of Internet users who download music:

	July – August 2000	*February 2001*
All adults	22%	29%
Men	24%	36%
Women	20%	23%
Whites	21%	26%
Blacks	29%	30%
Hispanics	35%	46%
Age cohorts		
18-29	37%	51%
30-49	19%	23%
50 +	9%	15%
Household income		
Under $30,000	28%	36%
$30,000-$50,000	24%	31%
$50,000-$75,000	20%	29%
$75,000+	15%	24%
Educational attainment		
Less than high school	38%	55%
High school graduate	25%	31%
Some college	25%	32%
College degree or more	15%	21%
Internet user experience		
Less than 6 months	20%	27%
6 months to 1 year	20%	25%
2 to 3 years	24%	28%
3 or more years	22%	33%

Source: Pew Internet & American Life Project Surveys, July–August 2000 and February 2001. Margin of error is ±3%.

Gender. The act of downloading music is still more a province of online men than online women. Thirty-six percent of male Internet users have downloaded music, a sharp increase from the 24% of online men who reported they had downloaded music when we did our summer 2000 survey. Some 23% of female Internet users have downloaded music files, up from the 20% who said they had done so as of six months ago.

Age. Young Internet users are very enthusiastic about this online activity. Half (51%) of Internet users between the ages of 18 and 29 have downloaded music and 13% of those with online access are downloading music on a typical day. The probability of finding someone from this age segment downloading music on any given day increased nearly 83% during the interval between polls while the chances of finding an Internet user between the ages of 30 and 49 downloading music doubled.

Household income levels. The Pew Internet Project polls indicate that the less money a person makes the more likely it is he or she downloads music from the Internet. This might result from the fact that downloading music is a particularly appealing activity to young Americans and, as a rule, they live in households with less income than those who are middle-aged or older.

Some 36% of Internet users who live in households making less than $30,000 annually download music while online -- this is up from 28% in July-August 2000. In comparison, the percentage of Internet users from households earning $75,000 or more who download music increased from 15% in July-August 2000 to 24% in February 2001. The likelihood of finding an Internet user from the most wealthy households surveyed (more than $75,000 annual income) downloading music while online increased nearly 75%, while the likelihood of finding a music-downloading Internet user from the least wealthy households surveyed (less than $30,000 annual income) increased nearly 117%.

Young music downloaders

The Pew Internet Project conducted a special survey of 754 children between ages 12 and 17 between November 2 and December 15, 2000. That survey sample is slightly more upscale and more composed of white children than our general surveys, but the differences were not greatly at variance with our other surveys. The youth survey showed that more than half the children (53%) in that age bracket have downloaded music. It was particularly popular with online boys, some 60% of whom said they downloaded music, compared to 47% of girls. Some 73% of older boys (ages 15-17) had downloaded music. There was some evidence that the prevalence of downloading increased with age. For instance, 44% of the kids between ages 12-14 had downloaded music and fully 61% of those 15-17 had done so. [1]

What music lovers download

In a study issued last year,[2] the Pew Internet Project found that more than three-quarters of adult Internet users (79%) who download music get the files off the Internet for free. Some 15% said in a July-August survey they pay for it at the time they access the files.

[1] This survey had a margin of error of plus or minus 4 points for the results based on all children.
[2] See http://www.pewinternet.org/reports/toc.asp?Report=23

Still, music downloaders aren't all refusing to pay artists – most (69%) say that at least on occasion they end up purchasing music they have downloaded. At the same time, the vast majority of music downloaders also say they do not frequently purchase the music they got for free on the Internet.

In that survey, music downloaders indicated that the availability of MP3 files is less a boon to new artists than to more familiar, established artists. Eighty-six percent of music downloaders captured music they had heard before, by artists they were already familiar with. And 69% of music downloaders had searched for new music by artists with whom they were already familiar.

At the same time, there were encouraging signs that online posting and marketing of music can work for new artists. Thirty-one percent of music downloaders had loaded songs onto their computers by an artist they had never heard before.

Twenty-eight percent of music downloaders say captured music that they already owned in another form (CD or tape) and 63% downloaded new music.

That survey also found 61% of those who downloaded music said they did not care much about the copyright status of the music they retrieved online, while 31% said they did care if the music they downloaded was copyrighted.

Online music listeners

The Pew Internet Project surveys of adults in July-August 2000 and February 2001 also show a marked increase in the number of people who have listened to music online. Overall, 40% of Internet users say they have listened to music via online radio stations or other webcasts. That represents more than 40 million American adults and is a jump from the 35% of Internet users who had listened to music online in the summer of 2000. On any given day, 6% of Internet users are listening to music from online sources.

This finding came before a bulletin was issued to radio stations on March 5 by the Joint Policy Committee on Broadcast Talent Union Relations (JPC) of the Association of National Advertisers and the American Association of Advertising Agencies reminding them they owe hefty fees to those who are featured in advertisements that are streamed onto the Internet with the rest of a radio station's content. This prompted many major radio stations to halt their streaming. There were early indications this had reduced the number of online music listeners.

Methodology

This report is based on the findings of a daily tracking survey on Americans' use of the Internet. The results in this report are based on data from telephone interviews conducted at two points by Princeton Survey Research Associates. One was conducted from July 24 to August 20, 2000 and included 2,109 adults 18 and over, some 1,101 of whom are Internet users. For results based on the total sample of that survey, one can say with 95% confidence that the error attributable to sampling and other random effects is plus or

minus 2 percentage points. For results based on Internet users, the margin of sampling error is plus or minus 3 percentage points. The portion of the survey that focused on music downloaders involved 238 Internet users and the margin of error is plus or minus 7 percentage points.

The second survey was conducted between February 1, 2001 and March 1, 2001, among a sample of 2,096 adults, 18 and older. It included 1,198 Internet users. For results based on the total sample, one can say with 95% confidence that the error attributable to sampling and other random effects is plus or minus 2 percentage points. For results based on Internet users, the margin of sampling error is plus or minus 3 percentage points. In addition to sampling error, question wording and practical difficulties in conducting telephone surveys may introduce some error or bias into the findings of opinion polls.

The sample for these surveys is a random digit sample of telephone numbers selected from telephone exchanges in the continental United States. The random digit aspect of the sample is used to avoid "listing" bias and provides representation of both listed and unlisted numbers (including not-yet-listed numbers). The design of the sample achieves this representation by random generation of the last two digits of telephone numbers selected on the basis of their area code, telephone exchange, and bank number.

New sample was released daily and was kept in the field for at least five days. This ensures that complete call procedures were followed for the entire sample. Additionally, the sample was released in replicates to make sure that the telephone numbers called are distributed appropriately across regions of the country. At least 10 attempts were made to complete an interview at every household in the sample. The calls were staggered over times of day and days of the week to maximize the chances of making contact with a potential respondent. Interview refusals were recontacted at least once in order to try again to complete an interview. All interviews completed on any given day were considered to be the final sample for that day.

Non-response in telephone interviews produces some known biases in survey-derived estimates because participation tends to vary for different subgroups of the population, and these subgroups are likely to vary also on questions of substantive interest. In order to compensate for these known biases, the sample data are weighted in analysis. The demographic weighting parameters are derived from a special analysis of the most recently available Census Bureau's Current Population Survey (March 2000). This analysis produces population parameters for the demographic characteristics of adults age 18 or older, living in households that contain a telephone. These parameters are then compared with the sample characteristics to construct sample weights. The weights are derived using an iterative technique that simultaneously balances the distribution of all weighting parameters.

The Pew Internet & American Life Project

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