

For Immediate Release

FREE DOWNLOADS REBOUND AFTER A SHORT-LIVED DECLINE

PAID DOWNLOAD SERVICES RECEIVE TRAFFIC BY BROWSERS, NOT BUYERS.

TORONTO (June 24, 2004) – After a short-lived decline, free download activity in Canada has rebounded according to a comprehensive study of 1,605 Canadians 12 years of age and older conducted by **Solutions Research Group**, a Toronto-based market research firm.

The study found that one-in-two Canadian teens 12-19 (51%) downloaded music files in Spring 2004 on a “past month” basis. This is lower than the peak of 60% in Spring of 2003, but significantly higher than the post-RIAA-action level of 40% in Winter 2003. Among young adults 20-29, 28% downloaded music files in Spring 2004, down only marginally from a peak of 31% in early 2003.

“At the end of 2003, following the much-publicized RIAA action in the U.S., the reported use of peer-to-peer services by young Canadians dropped sharply. Our research now indicates that free download activity has bounced back significantly. Free downloads are too hard to resist, despite greater awareness of intellectual property issues surrounding music,” said Kaan Yigit, the Study Director.

Among the findings:

- ▶ RIAA action in the U.S. and similar efforts in Canada had some impact on attitudes toward “unauthorized use of copyrighted material,” especially among younger Canadians: among teens and young adults 12-29, 42% agreed that “downloading songs off the Internet” is theft, up 7-points from 35% in 2003. The level of disagreement dropped from 53% to 36% as the proportion of *fence-sitters* (“neither agree nor disagree”) increased from 11% to 21%.
- ▶ Only 8% of Canadians have ever visited a paid download website. Four-in-five visits were simply to browse as opposed to buy and download.

“Many Canadians want to do the right thing but the value for money proposition for paid downloads at \$0.99 per song is not perceived as attractive and for this reason, there are very few buyers. The market for ‘legal’ downloads appears very limited, except perhaps as a promotional tool to build traffic, as both McDonald’s and Future Shop have recently done,” added Kaan Yigit.

The information for this release comes from comprehensive telephone interviews with 1,605 Canadians in May 2004 (tracking earlier surveys of 1,500 Canadians in Spring 2003 and 1,100 interviews in Fall 2003), conducted as part of **Fast Forward™**, Solutions Research Group's syndicated consumer trend research series. **Fast Forward** insights are based on ongoing surveys complemented by qualitative research. To maintain an unbiased perspective, Solutions Research Group funds its own syndicated research. The sample for the most recent survey statistically reflects the regional and age/sex composition of the Canadian population. The results of the survey are accurate to ± 2.4 points for the population as a whole, 19 times out of 20.

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