

## For Radiohead Fans, Does 'Free' + 'Download' = 'Freeload'?

### 2 out of 5 Downloaders Willing to Pay an Average of \$6 for 'In Rainbows' Album U.S. Downloaders Willing to Pay More than International Counterparts

RESTON, Va., Nov 05, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- comScore, Inc. (Nasdaq: SCOR), a leader in measuring the digital world, today released a study of online sales of "In Rainbows," a new record album from the band Radiohead. The album's release has challenged the music industry's traditional distribution and sales model by allowing consumers to determine the price they are willing to pay for the album, which consumers are able to download at the band's official site for the album (<http://www.inrainbows.com>). Consumers could also choose to purchase the Discbox, which includes a vinyl album, bonus CD, and assortment of other trinkets, at the site for a set price of approximately \$80 U.S. The results of the study are based on data obtained from comScore's worldwide database of 2 million people who have provided comScore with explicit permission to monitor their online behavior.

#### Approximately 2 out of 5 Downloaders Willing to Pay

During the first 29 days of October, 1.2 million people worldwide visited the "In Rainbows" site, with a significant percentage of visitors ultimately downloading the album. The study showed that 38 percent of global downloaders of the album willingly paid to do so, with the remaining 62 percent choosing to pay nothing. The percent downloading for free in the U.S. (60 percent) is only marginally lower than in the rest of the world (64 percent).

#### Radiohead "In Rainbows" Online Album Downloads

October 1-29, 2007

Total Worldwide - Home/Work Locations

Source: comScore, Inc.

	Worldwide	U.S.	Non-U.S.
Percent Who Paid for Download	38%	40%	36%
Percent Who Downloaded for Free	62%	60%	64%
Total Downloaders	100%	100%	100%

"I am surprised by the number of freeloaders," said Fred Wilson, managing partner of Union Square Ventures and well-known music aficionado. "The stories to date about the In Rainbows 'pick your price' download offer have been much more optimistic. I paid \$5 U.S. and had no reluctance whatsoever to take out my card and pay. It's a fantastic record, the best thing they've done in years. But, this shows pretty conclusively that the majority of music consumers feel that digital recorded music should be free and is not worth paying for. That's a large group that can't be ignored and its time to come up with new business models to serve the freeloader market."

#### U.S. Consumers Willing to Pay More When Nobody's Looking

While freeloaders appear to be as prevalent in the U.S. as in the rest of the world, the U.S. paying customer is willing to pay far more (\$8.05 per download) than his international counterpart (\$4.64). The difference could be attributed to the fact that U.S. consumers generally have more disposable income, but possibly also to the greater popularity of free file-sharing in other countries.

#### Radiohead "In Rainbows" Online Album Downloads

October 1-29, 2007

Total Worldwide - Home/Work Locations

Source: comScore, Inc.

	Worldwide	U.S.	Non-U.S.
Average Dollars Spent per Paid Download	\$6.00	\$8.05	\$4.64
Average Dollars Spent			

per All Downloads \$2.26 \$3.23 \$1.68  
\* Dollar figures exclude credit card transaction fees

Of those who were willing to pay, the largest percentage (17 percent) paid less than \$4. However, a significant percentage (12 percent) were willing to pay between \$8-\$12, or approximately the cost to download a typical album via iTunes, and these consumers accounted for more than half (52 percent) of all sales in dollars.

Distribution of Price Paid Among Downloaders  
October 1-29, 2007  
Total Worldwide - Home/Work Locations  
Source: comScore, Inc.

Dollars Paid	Share of Downloaders	Share of Dollars
\$0.00	62%	0%
\$0.01 - \$4.00	17%	8%
\$4.01 - \$8.00	6%	12%
\$8.01 - \$12.00	12%	52%
\$12.01 - \$20.00	4%	27%

#### Additional Perspective

"While the band, its fans and artists alike are celebrating what looks like a success for Radiohead's bold move in releasing their new album using the 'pay what you'd like' model, I think everybody has overlooked one very important aspect of this, and it doesn't bode well for the future of the music industry," says Michael Laskow, CEO of TAXI, the world's leading independent A&R (Artist and Repertoire) company. "Radiohead has been bankrolled by their former label for the last 15 years. They've built a fan base in the millions with their label, and now they're able to cash in on that fan base with none of the income or profit going to the label this time around. That's great for the band and for fans who paid less than they would under the old school model. But at some point in the not too distant future, the music industry will run out of artists who have had major label support in helping them build a huge fan base. The question is: how will new artists be able to use this model in the future if they haven't built a fan base in the millions in the years leading up to the release of their album under the pay what you'd like model?"

"The high percentage of users actually paying more than a few dollars for this download is actually pretty impressive," said Jim Larrison, general manager of corporate development at Adify, a provider of online ad network services. "I expected the vast majority of users to download the album for free or at most a few dollars. With 40 percent of consumers willing to pony up real money, this is a true win for the music industry as it shows there is still perceived value in the digital form of entertainment. Of course it does suggest that the marketplace is continuing to migrate and the music industry needs to shift with consumer behavior. There are numerous methods to monetize the music, via shows and concerts, merchandising and box sets, commercial licensing, and even advertising; which is where the industry needs to progress towards, as the 40 percent paying for music might not be sustainable."

"It is important to note that Radiohead has single-handedly accomplished a milestone that the recording industry has failed to achieve -- they've eliminated much of the profit attrition related to piracy or illegal copying," said Edward Hunter, comScore analyst and part-time songwriter. "Moreover, they have garnered good faith with the music consumer at a time when it's all the rage to bash the industry and the artists who ally themselves with it. And then you have the reduction in cost of sale, cost of promotion and production. I'd call this a resounding success for Radiohead and music fans everywhere -- and a fantastic artistic effort as well."

For additional data and insight on this topic, please visit our blog, "comScore Voices," at <http://www.comscore.com/blog>

#### About comScore

comScore, Inc. (Nasdaq: SCOR) is a global leader in measuring the digital world. This capability is based on a massive, global cross-section of more than 2 million consumers who have given comScore permission to confidentially capture their browsing and transaction behavior, including online and offline purchasing. comScore panelists also participate in survey research that captures and integrates their attitudes and intentions. Through its proprietary technology, comScore measures what matters across a broad spectrum of behavior and attitudes. comScore analysts apply this deep knowledge of customers and

competitors to help clients design powerful marketing strategies and tactics that deliver superior ROI. comScore services are used by more than 800 clients, including global leaders such as AOL, Microsoft, Yahoo!, BBC, Carat, Cyworld, Deutsche Bank, France Telecom, Best Buy, The Newspaper Association of America, Financial Times, ESPN, Fox Sports, Nestle, Starcom, Universal McCann, the United States Postal Service, Verizon, ViaMichelin, Merck and Expedia. For more information, please visit <http://www.comscore.com>.

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