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Digital Music Promotion Poll Results

Industry Wide Survey Sets Bar for Digital Media Usage

New York, January 8th 2008 –A recent industry survey on digital music and promotions reveals brand industry executives' outlook on the rise of Digital Music. The 2007 Digital Music Promotion Poll was recently commissioned to take an in-depth look at the state of digital music and how it impacts promotions, incentives and loyalty programs for brands and advertisers. This nationwide survey commissioned over 300 senior brand marketers and agencies to contribute thoughts & opinions on new digital opportunities for brands to attract customers. The survey also focused on tackling market issues such as fierce competition within the brand space, fighting for market share, digital media scrutiny and consumer loyalty.

Promo Magazine and Hip Digital Media conducted the online poll, which was supported by The Orchard and GMR, a global entertainment marketing agency and division of Omnicom. Results revealed a majority of brand marketers are already using or considering digital media to attract new customers and retain existing market share. In today's market of over-saturated incentives & promotions, brands and agencies are turning to digital media as a non-traditional way to reach their consumers.

The results of the survey showed that 57% of respondents feel they are not leveraging "new" digital media effectively when promoting their brand. In addition, 52 % reported, they were not sure how mobile campaigns can be effective when driving loyalty, incentive and promotion programs. With digital downloads playing an important part in brand marketing, 49% of brand marketers polled are stating that they are unsure how music or ring tones could help promote their products,. In addition, 21% stated they don't offer digital music because they don't have access to licensing & clearance rights to music. These staggering results question whether or not the digital and mobile industries fully understand what it takes to reach consumers.

Key findings of the Digital Music Distribution poll revealed that:

- 57% of Brand marketers don't feel they are leveraging digital media as effectively as they should be.
- A surprising 56% of brand executives already offer some type of loyalty or incentive programs to consumers.
- Almost 44% offer music downloads to customers as part of their brand campaigns.
- 51% of respondents offer Pin-code redemption to redeem incentives. 38% of those surveyed offered the ability to download online music and only 19% gave access to incentives via mobile phones.
- When participants were asked if they have ever leveraged digital music downloads and/or ring-tones in any sort of campaign, 40% responded yes.

- Of those who participated in the Survey, almost 50% said that they are unsure of how music or ring tones could help promote their products, 17% don't have the technology to implement a program of this type. 31% don't have access to music, licensing & clearances to offer music as an incentive.
- When asked to rank the effectiveness of online redemption of digital services, 27% said they would be interested in pursuing more options of this nature with 28% stating they had a good experience with it and will pursue it again. 21% were interested in possibly pursuing more mobile campaigns while only 9% stated they would pursue again.
- Almost 50 % are looking for easier integration with their existing programs to pursue digital media. Whilst, 38% are actively looking for a digital media partner and 45% are looking for more digital media choices to offer customers.
- Among incentive/loyalty programs, 60.9%, said they're considering, mobile campaigns (SMS, store front, text to win) compared with 53.2% willing to try online pin code redemption for downloads.
- A little more than a third said they don't have the budget for implementing digital downloads.

Without question, consumer demand for digital media is tremendous. The ease of consumption is the most important element to a successful campaign with little or no barriers on redemption. There are numerous tools in the market today to distribute digital media and more brands are realizing they now have access to these tools.

| Due to lack of education, access to content partners and distribution rights, there are a large number of brands closely following the digital content revolution, but still struggling with the right method of distribution. Digital media and mobile agencies need to do a better job of educating brands on how to utilize digital media and to bring awareness to the multitude of options in the market today.

As the digital market evolves, so will new opportunities for integrating digital media into brand campaigns. When it comes to reaching consumers, content is still king.

For more information on the results of the survey or to receive the entire report, please contact Axis Marketing & Public Relations at (310) 276.2220 or email surveys@axismarketingpr.com.