ifpi

MUSIC CONSUMER INSIGHT REPORT

2018

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METHODOLOGY

IFPI conducted global research in April-May 2018 which explored the way consumers engage and access music across licensed and unlicensed services.

The fieldwork was carried out by AudienceNet amongst a demographically representative sample of the online population aged 16-64 in the following territories: Argentina, Australia, Brazil, Canada, France, Germany, Italy, Japan, Mexico, Netherlands, Poland, Russia, South Africa, South Korea, Spain, Sweden, United Kingdom and United States. In addition, the study was also conducted in China and India but results from these two countries are not included in "global" figures. In each country, nationally representative quota samples of between 1,000-2,000 respondents were set in accordance with online population size and demographic structure, as determined by the latest respective census data in each territory. This ensured that a standard error of +/- 3% was achieved throughout the data, at a 95% confidence level.

These twenty territories accounted for 91.3% of global recorded music market revenues in 2017.

For more about IFPI visit www.ifpi.org

AUDIENCE NET

INTRODUCTION

MUSIC IS AN INTEGRAL PART OF OUR LIVES

The *Music Consumer Insight Report* tells the story of how recorded music is woven into the lives of people around the world.

We are passionate about music. It is personal to us. Increasingly accessible, music is embraced across genres and geographies, ages and formats - from radio to streaming and beyond.

This report looks at how music soundtracks the many parts of our day and how this love of music is also driving fans' growing adoption of technologies. From smartphones to smart speakers, music is a force ushering in these connected devices that are being taken up globally.

As ever, local repertoire continues to dominate countries' charts. There will always be something special about local music that speaks to us. In this interconnected world, country-specific genres, like K-Pop in Korea and música popular brasileira in Brazil, are not only embraced at home but are also beginning to find a broader global audience.

In this year's report, for the first time, we take a close look at the exciting, evolving music markets in China and India. In both countries, music fans are highly engaged with licensed music and local music is flourishing.

Across the globe, record companies are working to sustain and develop these rich and diverse ways in which music is being enjoyed. Driving digital innovation and increasing the availability of music, record companies have licensed over 45 million tracks to hundreds of digital services around the world.

However, for music to thrive in a digital world there must be a fair digital marketplace. This report also shows the challenges the music community continues to face – both in the form of the evolving threat of copyright infringement and in fair revenues not being returned by some user-upload services.

Music unites us globally and adds enormous value to people's lives. Record companies are essential to this as they continue to develop, support and invest in music, playing a crucial role in ensuring that it continues on its exciting journey around the world.

"RECORD COMPANIES CONTINUE TO DEVELOP, SUPPORT AND INVEST IN MUSIC, PLAYING A CRUCIAL ROLE IN ENSURING THAT IT CONTINUES ON ITS EXCITING JOURNEY AROUND THE WORLD."

FRANCES MOORE | CHIEF EXECUTIVE, IFPI

1 MUSIC CONSUMPTION IN 2018

Based on research conducted by IFPI in 2018, this report provides a snapshot of how consumers across 18 of the world's leading music markets are engaging with recorded music.

2.5 hrs a day

86% of consumers are listening to music through on-demand streaming

50% of 16-24s would choose audio streaming if there were only one way to listen to music

75% of consumers use smartphones to listen to music

38% of consumers obtain music through copyright infringement

Base: All participants (n=19,000) from the 18 countries surveyed (Argentina, Australia, Brazil, Canada, France, Germany, Italy, Japan, Mexico, Netherlands, Poland, Russia, South Africa, South Korea, Spain, Sweden, UK, US)

2 MUSIC IS AN INTEGRAL PART OF OUR DAILY LIVES

Consumers are embracing music at all points of the day, demonstrating the importance and value that it has in our lives.

17.8 hrs

spent listening to music each week globally

CONSUMERS MOST TYPICALLY LISTEN TO MUSIC WHILE:

In the car

66% *(global)*

- South Africa 80%
- Germany 77%
- US 75%

Commuting to work or education

54% *(global)*

- Argentina 62%
- Mexico 62%
- Germany 60%

Working or studying

40% *(global)*

- Mexico 68%
- Argentina 58%
- South Africa 57%

Going to sleep

19% *(global)*

- Brazil 33%
- Poland 29%
- South Africa 25%

Relaxing at home

63% *(global)*

Cooking and cleaning

54% *(global)*

Exercising or at the gym

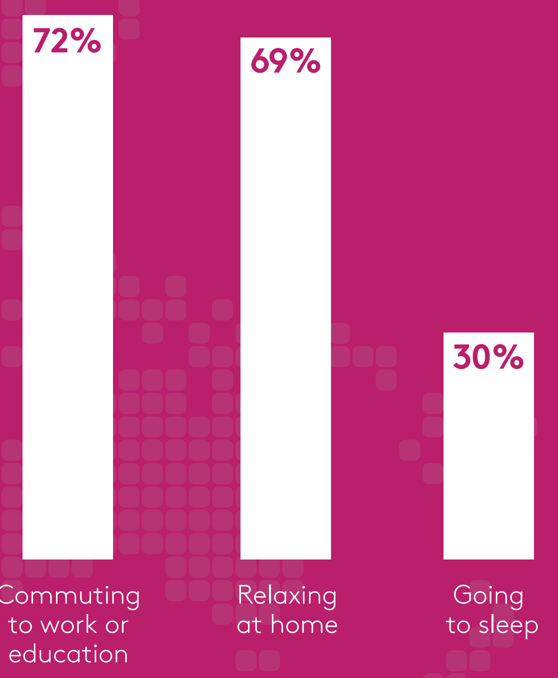
36% *(global)*

At concerts, gigs and festivals

36% *(global)*

YOUNGER CONSUMERS ARE LISTENING TO MORE MUSIC IN MORE WAYS

Younger consumers (16-24s) are more likely to listen to music during any activity and much more likely to listen to music on their way to work or education or while at work or education.



Base: All participants (n=19,000) from all 18 countries surveyed

3 THE WORLD'S FAVOURITE GENRES

WHAT MUSIC DO PEOPLE TYPICALLY LISTEN TO? HERE WE TAKE A LOOK AT THE TOP TEN GENRES

		%
01	Pop	64
02	Rock	57
03	Dance/Electronic/House	32
04	Soundtracks *(film or TV)*	30
05	Hip-Hop/Rap/Trap	26
06	Singer/Songwriter	24
07	Classical *(including Opera)*	24
08	R&B	23
09	Soul/Blues	22
10	Metal	19

Base: All participants (n=19,000) from all 18 countries surveyed.
Genre data is based on the participants' own definitions of genre.

LOCAL MUSIC IS EMBRACED BY CONSUMERS

Local culture influences consumers' listening habits, with many enjoying domestic genres.

JAPAN

66%

Two-thirds of consumers in Japan listen to J-Pop with 29% listening to music from anime

KOREA

62%

62% of consumers in Korea like K-Pop (and 22% listen to K-Trot)

FRANCE

69%

In France, 69% listen to Variété Française

POLAND

28%

In Poland, 28% listen to Disco Polo

LATIN AMERICAN CONSUMERS ARE ENGAGED WITH LOCAL GENRES

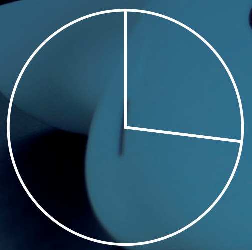
IN ARGENTINA	IN MEXICO	IN BRAZIL
43% Latin music	55% Latin music	55% Música popular brasileira
36% Reggaeton	42% Regional Mexican	39% Sertanejo Universitário; 34% Samba Pagode

4 MUSIC DRIVES TECHNOLOGY ENGAGEMENT

From smartphones to smart speakers, across the world connected devices are a growing part of the listening experience.

Record companies have licensed music across hundreds of digital music services allowing consumers to have easier access to the music they love, wherever they are.

USING SMARTPHONES TO LISTEN TO MUSIC



27% of total music listening time is on mobile devices

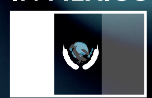
58% of 16-24 year olds would choose a smartphone when asked "if you only had one device to listen on…"

75% of consumers use smartphones to listen to music

94% of 16-24 year olds use smartphones for music

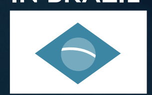
THE HIGHEST RATE OF SMARTPHONE USE FOR MUSIC IS IN LATIN AMERICA

IN MEXICO



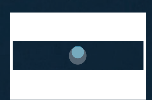
93%

IN BRAZIL



92%

IN ARGENTINA



89%

SMART SPEAKERS

Record companies have been working behind the scenes to help make it possible for consumers to access their favourite tracks using voice-activated smart speakers.

As engagement continues to grow around the world, we look at the profile of a typical smart speaker user.

15% of consumers globally are likely to buy a smart speaker in the next 12 months

Compared to all consumers, smart speaker users are:

- Most likely 25-34
- Most likely to listen to Hip-Hop & Rap/ Dance Music/Jazz/Reggae
- Twice as likely to use paid audio streaming
- Much more likely to attend gigs/concerts
- Much more likely to use a turntable

SOCIAL MEDIA

Consumers are taking to social media and messenger apps to share and discuss their favourite music. As record companies continue to work with technology partners to license tracks for consumers, music will continue to drive online conversations.

75% of users in Latin America listen to music posted on social networks

30% of consumers follow artists on social media

GLOBALLY, CONSUMERS ARE USING SOCIAL NETWORKS TO DISCUSS MUSIC

35% of WhatsApp users share links to music using the app

23% of Instagram users talk about music on the service

30% of Facebook users share links to music using the app

Base: All participants (n=19,000) from all 18 countries surveyed.

5 ON-DEMAND STREAMING LEADS MUSIC CONSUMPTION GLOBALLY

Licensed on-demand streaming is popular with consumers the world over.

86% of consumers are listening to music through on-demand streaming (audio and video)

57% of 16-24 year olds use a paid audio streaming service

AUDIO STREAMING USE

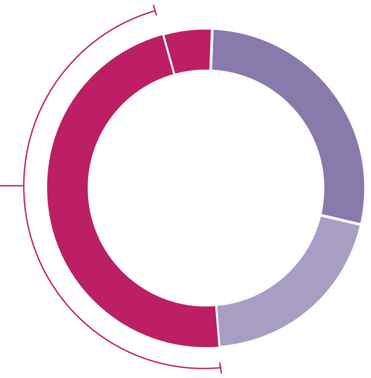
GLOBAL: 61%

Russia **87%**
Mexico **81%**
Brazil **77%**
Sweden **74%**
Argentina **70%**
USA **68%**
Spain **63%**
Canada **56%**
South Africa **56%**
UK **56%**
South Korea **55%**
Australia **53%**
Italy **53%**
Poland **53%**
France **52%**
Germany **50%**
Netherlands **49%**
Japan **23%**

Base: All participants (n=19,000) from all 18 countries surveyed

VIDEO STREAMING MAKES UP MORE THAN HALF OF ON-DEMAND MUSIC STREAMING TIME

47% of time spent listening to on-demand music is on **YouTube**



52% is on video streaming

28% is on paid audio streaming

20% is on free audio streaming

HOWEVER, USER UPLOAD SERVICES ARE NOT RETURNING FAIR VALUE TO THE MUSIC COMMUNITY

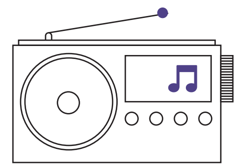
Estimated Annual Revenue Per User

Spotify **US$20**

YouTube <US$1

35% SAY A MAIN REASON FOR NOT USING A PAID AUDIO SUBSCRIPTION IS THAT ANYTHING THEY WANT TO LISTEN TO IS ON YOUTUBE.

BUT RADIO REMAINS RESILIENT

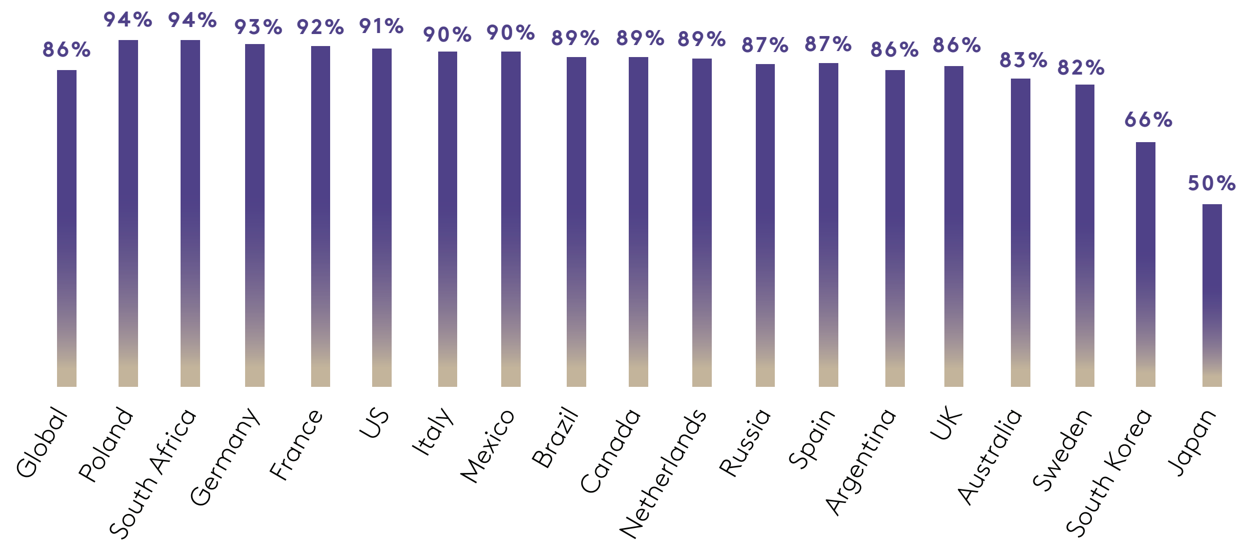


86% | of consumers listen to music on the radio

25% | of overall listening time is on radio

4.4 | hours spent listening to radio each week globally

% OF CONSUMERS LISTENING TO MUSIC ON THE RADIO



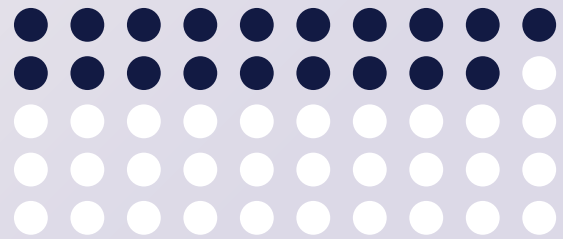
6 UNLICENSED MUSIC

Record companies are taking action globally against stream ripping sites that undermine legitimate services and pay no money to those investing in and creating the music. Despite some successes, the problem persists.

Base: All participants (n=19,000) from all 18 countries surveyed

GLOBALLY

38%



CONSUME MUSIC THROUGH COPYRIGHT INFRINGEMENT

STREAM RIPPING IS THE MOST-USED FORM OF COPYRIGHT INFRINGEMENT

32%

of all consumers download music through stream ripping

23%

of all consumers download music through cyberlockers or P2P

17%

of all consumers use search engines to locate infringing content

STREAM RIPPING USERS ARE MORE LIKELY TO SAY THAT THEY RIP MUSIC SO THEY HAVE MUSIC TO LISTEN TO OFFLINE. THIS MEANS THEY CAN AVOID PAYING FOR A PREMIUM STREAMING SUBSCRIPTION.

7 COUNTRY FOCUS:

CHINA

Chinese consumers are highly engaged with licensed music.

96%
of consumers in China listen to licensed music

89%
of music consumers in China listen to licensed audio streaming

15.4hrs
listening to music each week

TOP LISTENING ACTIVITIES

Relaxing at home
74%

In the car
50%

Going to sleep
49%

Exercising or at the gym
49%

Commuting to work or education
42%

CHINA'S FAVOURITE GENRES

01 C-Pop

02 Pop

03 Folk

04 Country

05 Soundtracks *(film or TV)*

CONSUMERS USE MESSENGER APPS TO SHARE THEIR FAVOURITE MUSIC

WeChat
65%

QQ
64%

Weibo
62%

Base: All participants surveyed in China (n=2,000)

8

COUNTRY FOCUS:

INDIA

Indian consumers favour local genres.

SMARTPHONES ARE THE DEVICE OF CHOICE

96%
of consumers are listening to music on smartphones – the highest rate in the world

99%
of 16-24 year olds listen to music on a smartphone

96%
of consumers in India listen to licensed music

95%
listen to music through on-demand streaming

TOP LISTENING ACTIVITIES

While relaxing at home
79%

While cooking or cleaning
48%

In the car
59%

On commute to work or education
43%

While going to sleep
54%

INDIA'S FAVOURITE GENRES

01 Bollywood new

02 Bollywood old

03 Indian classical music

04 Pop

05 Rock

Base: All participants surveyed in India (n=2,000)

INSIGHT AND ANALYSIS
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