Music Consumption in the UK

A quantitative report about the music consumption patterns of UK households

Produced by BPI
November 2011

During June 2011, the BPI's Digital Music Innovation Panel conducted a survey into music consumption patterns in UK households. We sampled 1,000 adults with quotas on age, gender and household composition. We used a 25 minute online survey, with some metrics collected for individual respondents and some for entire households. For more details please contact the BPI.

BPI (British Recorded Music Industry)
Riverside Building
County Hall
Westminster Bridge Road
London
SE1 7JA

T: +44 (0)20 7803 1300
F: +44 (0)20 7803 1310
E: general@bpi.co.uk

www.bpi.co.uk

Designed and illustrated by Radford Wallis

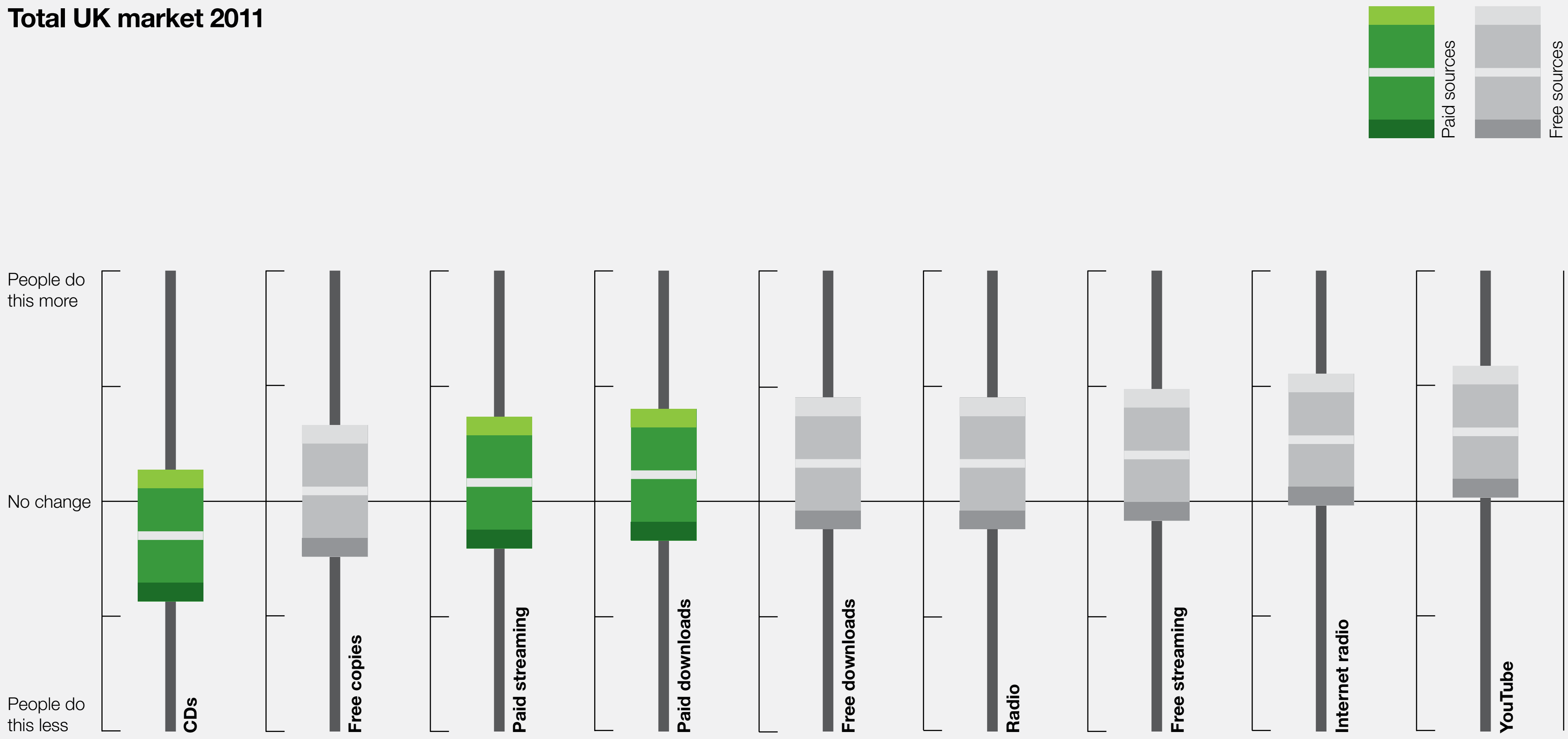
Research conducted by HPI Research on behalf of BPI
Methodology: 1000 online interviews nationally representative of UK households conducted during June 2011.

Change in listening behaviour

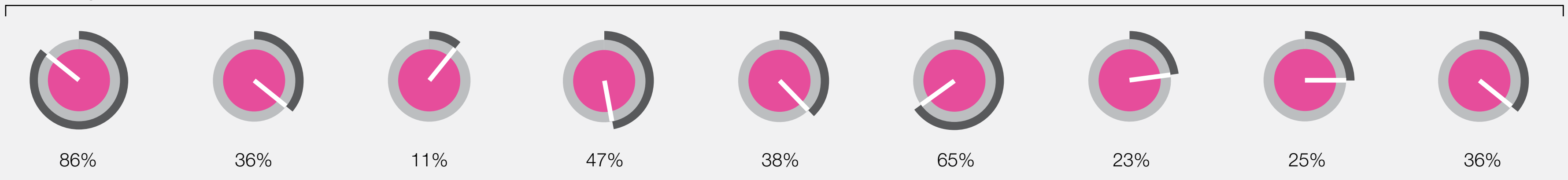
Claimed change in behaviour suggests that consumers increasingly use a range of free ways of listening to music, hence the competition for earspace intensifies and physical CDs continue to feel the pressure.

Although paid downloads and premium music subscriptions are on the increase, free music on the web is growing even faster – hence the industry is doing more to convert music fans to both paid downloads and subscription services like Spotify.

Total UK market 2011



Percentage of total that use at all



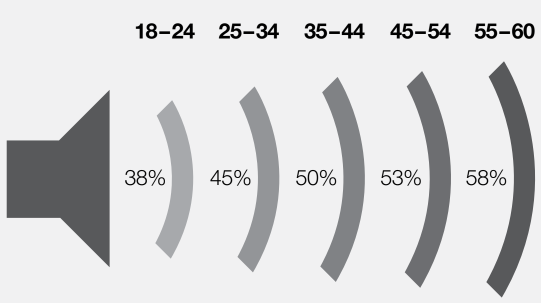
Share of earspace by age

We asked UK music consumers to estimate what proportion of their personal listening was from music accessed in various ways – as shown here for all UK music fans – and by age band. The proportion of listening that comes from paid-for music increases with age, with younger consumers more likely to spend more time listening to music from 'free to consumer' sources like ad-funded streaming, YouTube, free downloads and tracks copied from others.

Over time, the industry's challenge is to monetise the licensed free to consumer channels more effectively, and to move as many consumers as possible out of the unlicensed channels, or encourage younger consumers to pay via new alternatives to current options like CDs, downloads and subscriptions.

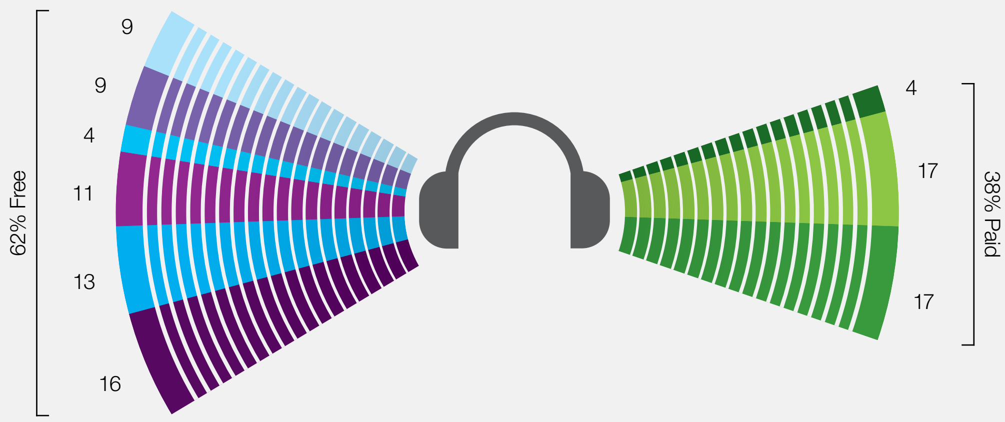
Total UK market 2011

Share of music per age group that is paid for



By age group

18 – 24 year olds



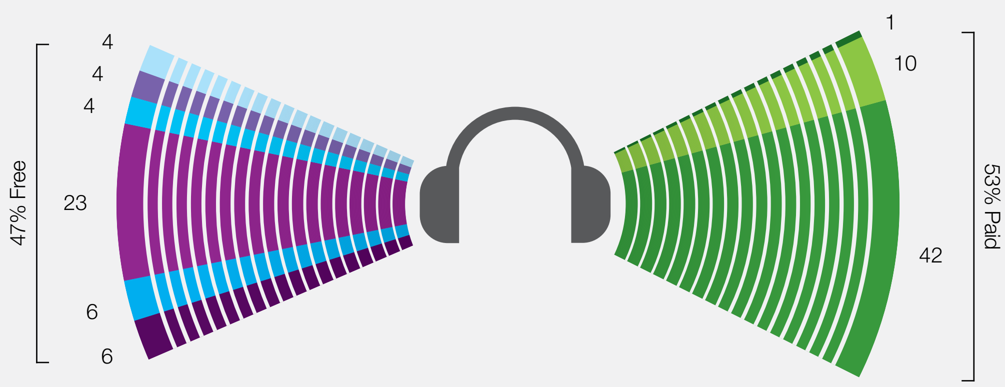
Among 18-24's free music sources are evenly spread and You Tube and free streaming now account for almost one-fifth of listening.

25 – 34 year olds

Among under 34 year olds the CD represents under one quarter of music listening.

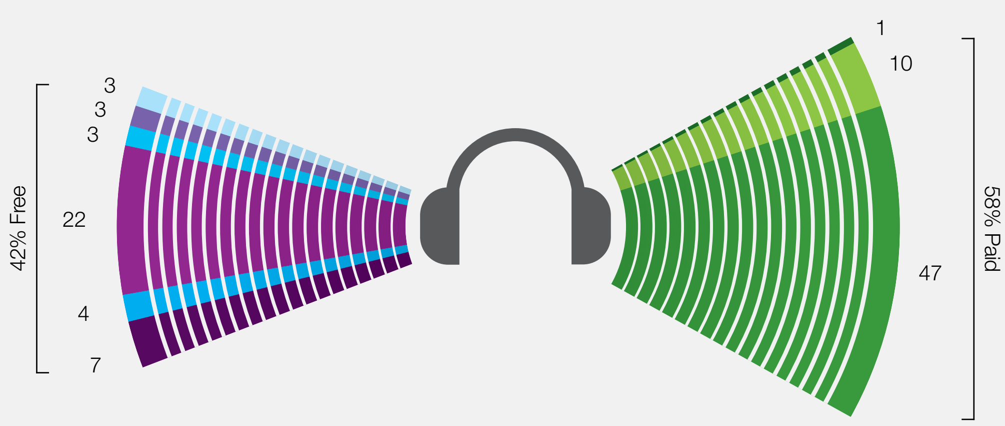
35 – 44 year olds

45 – 54 year olds



Amongst 45+ year olds CDs still represent nearly half of the music listened to. Conventional radio represents the largest part of free music.

55 – 60 year olds



UK household segments and vital stats

UK music is not a 'one-size-fits-all' market, but is increasingly fragmented as more & more music sources are created. Our Innovation Panel survey has analysed results to create eight distinct household segments of music consumers in the UK. Each segment is mapped here, according to their music spending – both in terms of quantity of spend and the proportion that is digital.

Four segments – 'Going Digital', 'Affluent Digital Converts', 'Music Obsessives' and 'Physical Fanatics' account for 90% of music spending in the UK. Although all segments have some element of 'music piracy' from file-sharing and copying, piracy is most prevalent in three segments: Music Obsessives, Budget Conscious and Generation Free. Most segments still spend more on CDs than digital music, with the exception of Affluent Digital Converts who are truly digital.

The digital music consumer segments

Affluent Digital Converts
These are high income households with a high engagement in music and technology. They will pay for the best and want a seamless music experience. They are very open to cloud services and music subscriptions.

Music Obsessives
These are music fanatics who love to discover and consume music from a range of sources. They like technology but like music even more. They may use a mix of licensed and unlicensed channels to find music.

Going Digital
These are mainstream middle class households who are in a slow and sometimes reluctant transition to digital media. They still value CDs for convenience and as a back-up file but they are increasingly interested in what digital has to offer them. They need digital music to be even simpler to enjoy than it is now.

Digital Dabblers
Like Going Digitals, the Dabblers are not tech savvy but are interested if things are made really easy to use. But music needs to be offered cheaply too as Dabblers are on lower incomes and music isn't the 'be all and end' all to them like it is to the Obsessives. They are open to generous a la carte downloads rather than committing to cloud based subscriptions.

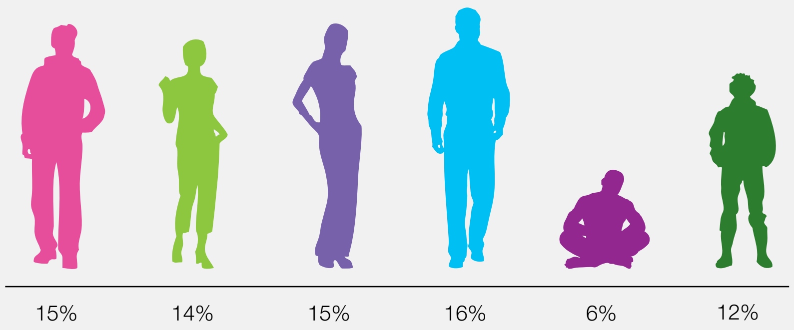
Budget Conscious
These are lower income households with mainstream tastes and medium engagement with music. They are open to low cost and easy to use music services like free streaming or generous download packages.

Generation Free
They are younger and on lower incomes. They believe the internet is about freedom and getting as much stuff for free as possible. They are P2P file-sharers who can save money getting free music and spend the cash on other stuff. They are guilt-free about file-sharing music but might be open to low cost or ad-funded alternatives like free streaming services.

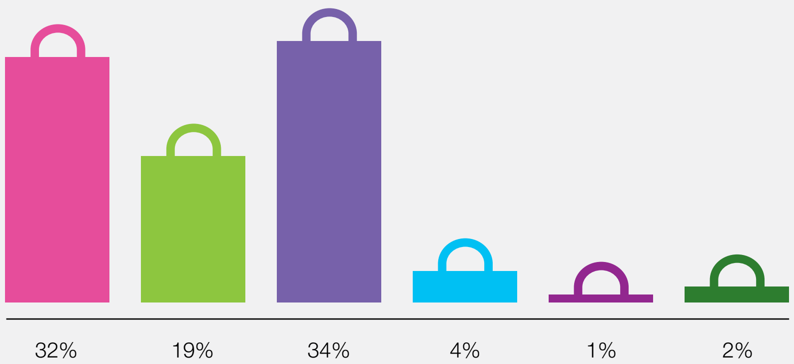
UK household segments 2009 ‣ 2011

Segment vital stats

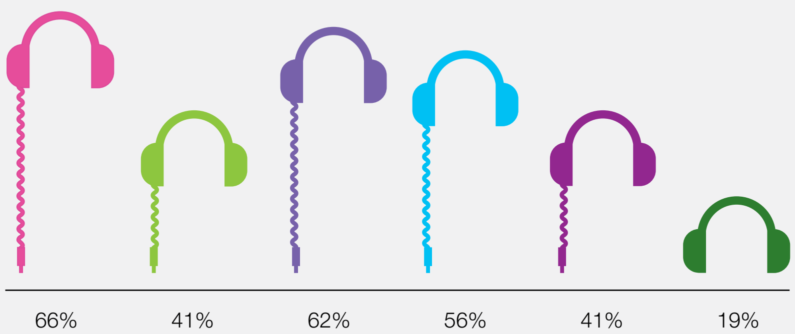
% UK population



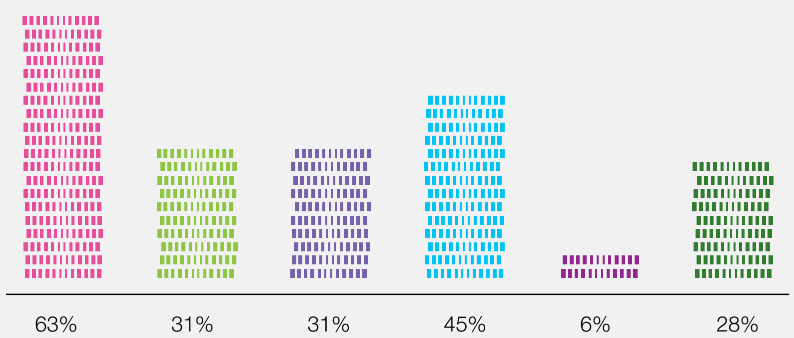
% Share of music spending



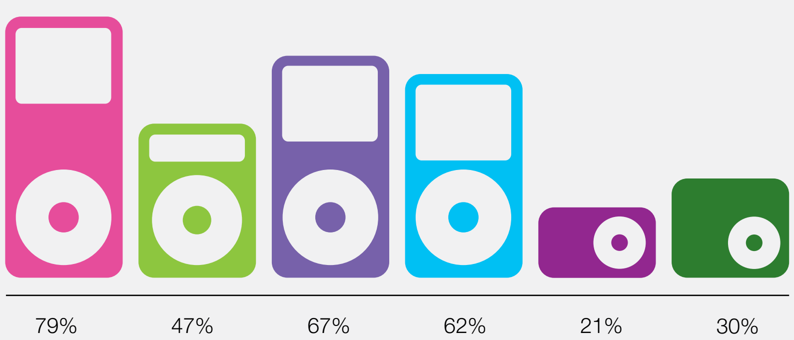
% of music listening to that is from paid sources



% Music spend on digital (vs CDs)

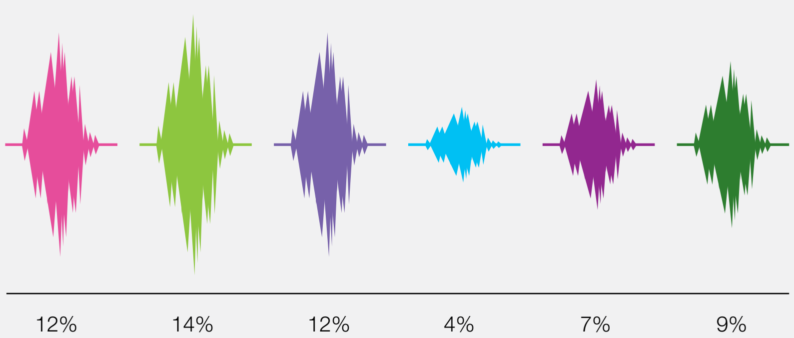


iTunes use
(% of segment who use iTunes to purchase music)



Though all segments use iTunes and Spotify – usage varies widely by segment. Every segment suggests there are opportunities for different services to encourage greater digital music use.

Spotify use
(% of segment based who use Spotify to listen to music)

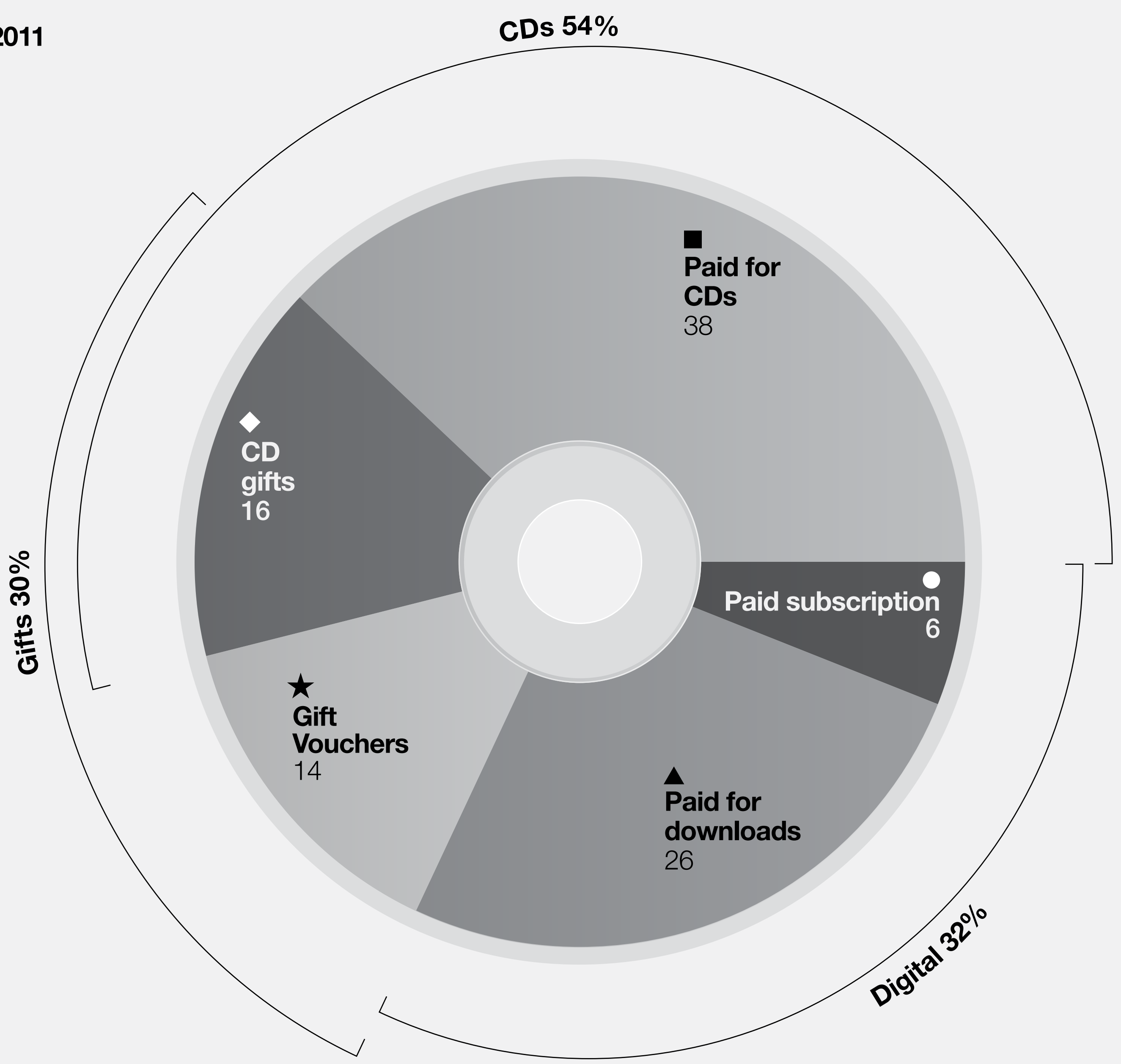


Share of spend by segment

CDs still make up the majority of music spending but digital downloads and subscriptions are clearly taking up a greater share – especially in four segments: Affluent Digital Converts, Music Obsessives, Going Digital and Digital Dabblers.

Gift buying is a key driver for UK music spending – making up 30% of total music spend. Affluent Digital Converts and Going Digital are the keenest ‘gifters’ and elsewhere in the survey indicate they would spend more on digital music if gifting was made easier.

Total UK market 2011



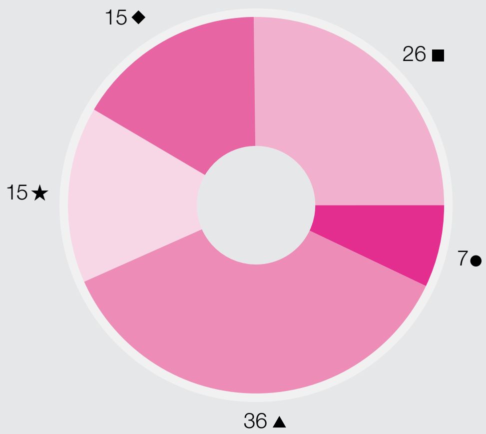
By Segment

Affluent Digital Converts and Digital Dabblers have the highest proportional spend on digital vs CDs.

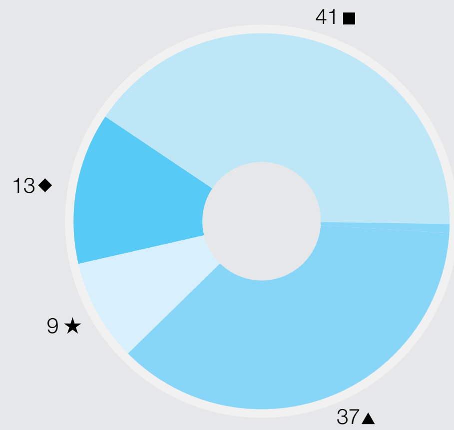
Most other segments spend more on CDs than digital. However, the speed of shift is accelerating, especially for Music Obsessives.

Affluent Digital Converts are true digital music consumers – 63% of their music spending is on digital.

Affluent Digital Converts

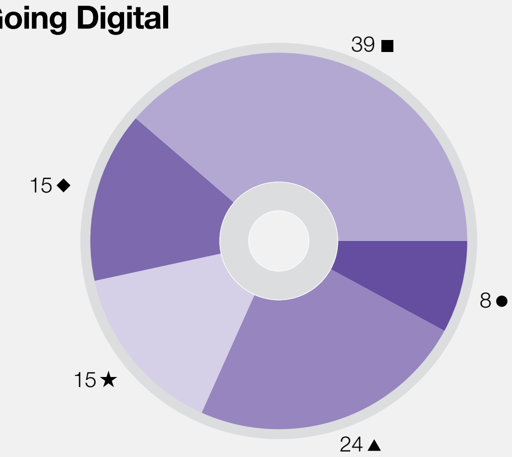


Digital Dabblers

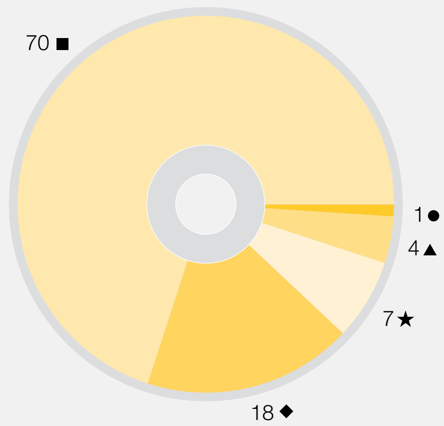


Digital Dabblers will spend more on digital than CDs over the next 12 – 18 months.

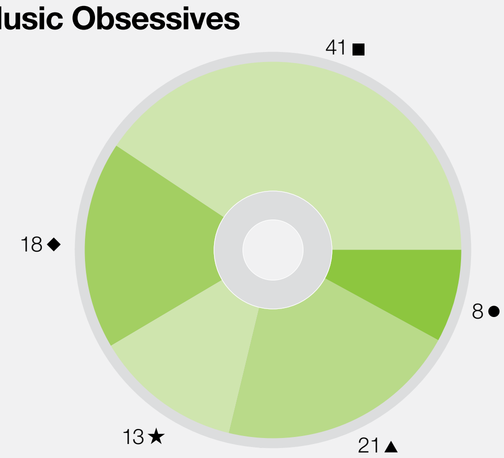
Going Digital



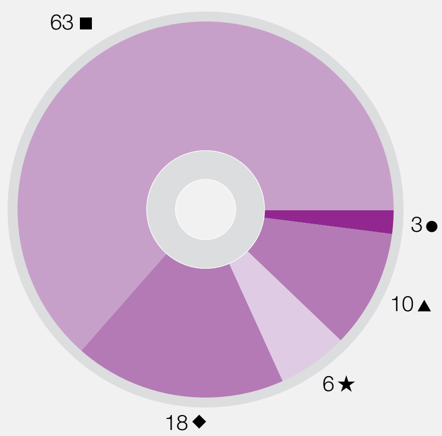
Traditional Physical



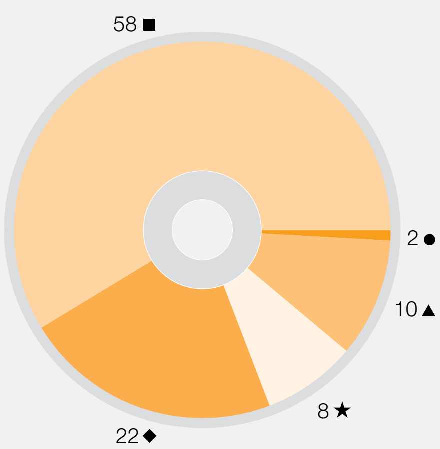
Music Obsessives



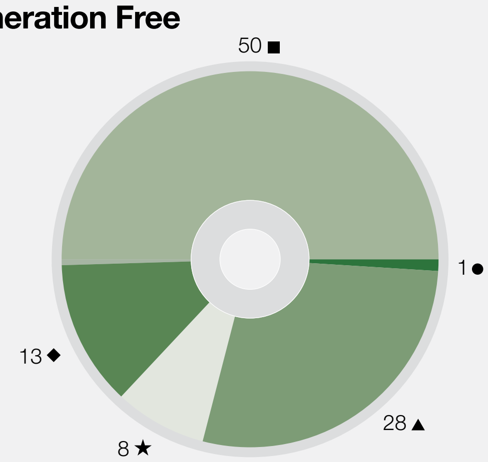
Budget Conscious



Physical Fanatics



Generation Free



Highest spending 4 segments behind 90% of overall spend

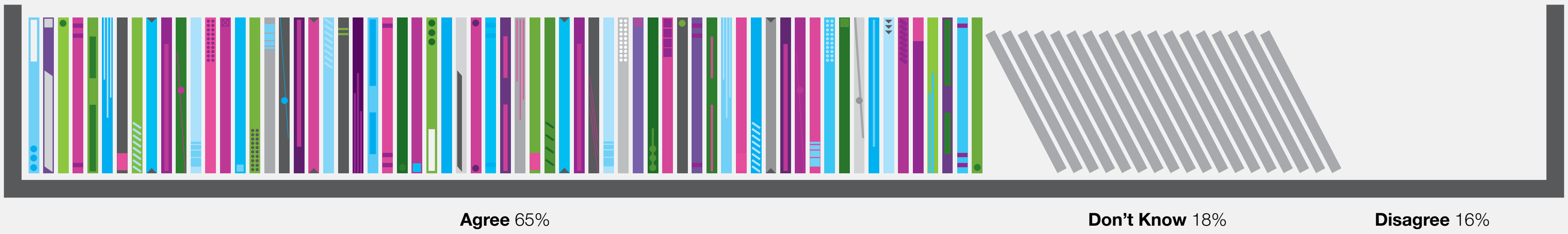
Lowest spending 4 segments behind only 10% of overall spend

Owning versus streaming

Owning music and keeping a music collection remain important, despite the growth of subscriptions and cloud services. Some 65% of UK music consumers still want to own their music and 56% stress that they like having a music collection to keep. The desire for ownership has even increased slightly since the last survey in 2009. Music streaming is growing including subscriptions but the appeal is still niche.

While the industry has made strides forward to promote music subscriptions and more cloud music services are launching, there is still plenty of opportunity to encourage both downloading and music collecting.

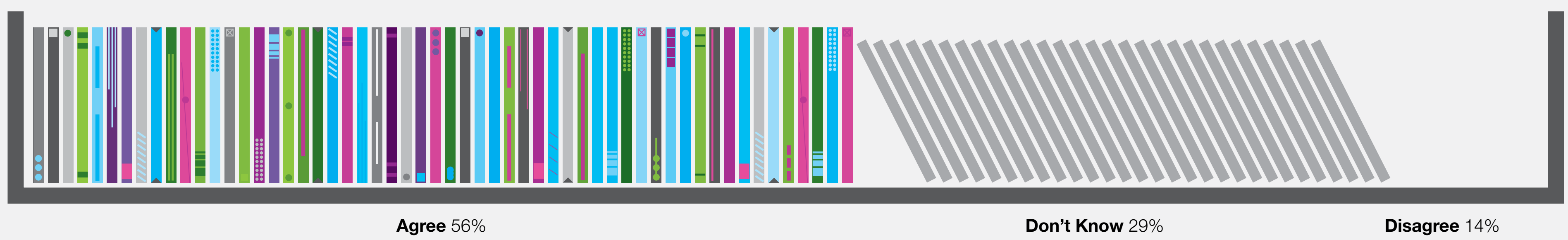
Total UK market 2011
It's really important to me that I own music rather than rent or stream (% agree or disagree)



Total UK market 2009
It's really important to me that I own music rather than rent or stream (% agree or disagree)

By Segment
It's really important to me that I own music rather than rent or stream

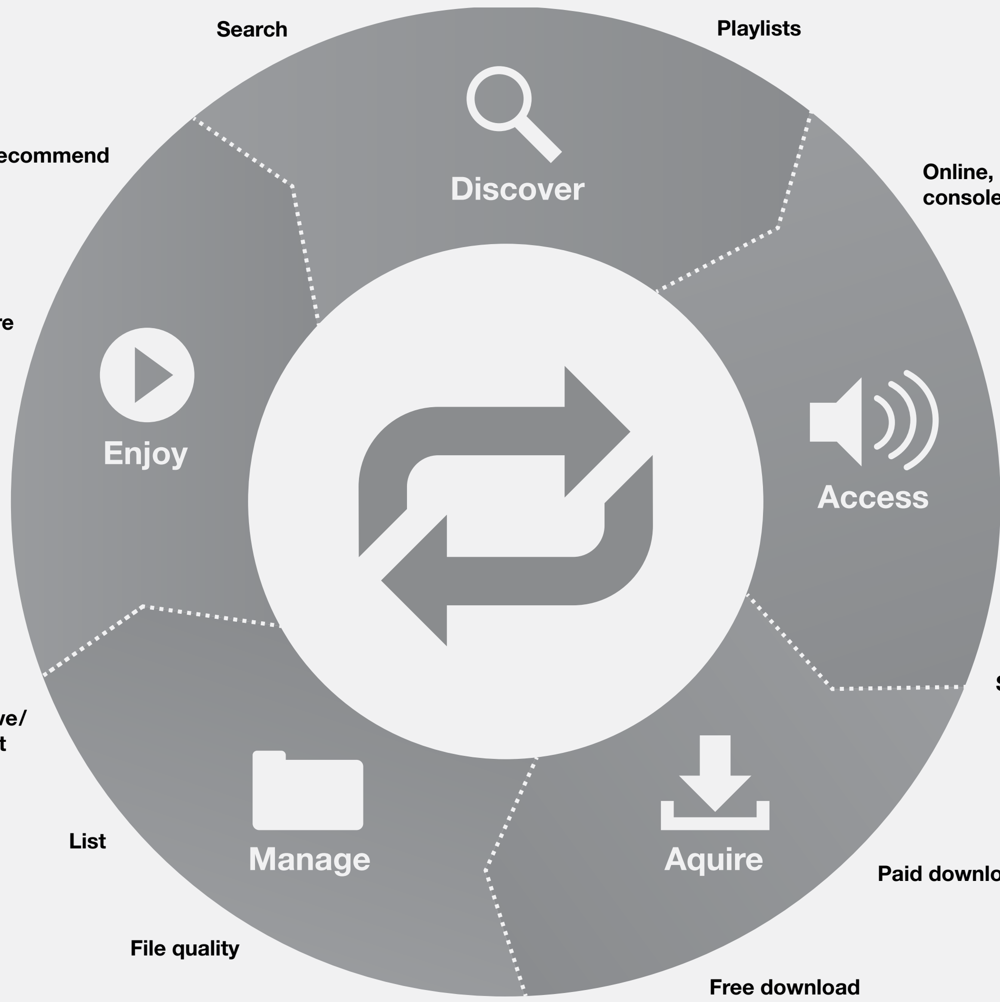
Total UK market 2011
I like having my own collection which is mine to keep (% agree or disagree)



Consumers' digital music journey

Digital music is a journey with five key stages: Discover, Access, Acquire, Manage and Enjoy. The BPI Digital Music Innovation Panel Survey identified some key gaps in this journey in terms of digital music fans' current behaviours and future needs.

Below we show some examples for the higher value digital segments of areas in which we could offer more services or a better user experience. Overall, the survey identified a considerable number of opportunities both by segment and for the UK market as a whole.



Opportunities across the consumer digital journey for high value digital segments

Affluent Digital Converts

Music Obsessives

Going Digital