



Ipsos Connect



Music Consumer Insight Report 2016

Introduction

IFPI commissioned Ipsos Connect to carry out global research into the behaviour of today's music consumers.

This report is based on research that was conducted with internet users predominantly aged 16 – 64 in 13 of the world's leading music markets (United States, Canada, Great Britain, France, Germany, Spain, Italy, Sweden, Australia,

Japan, South Korea, Brazil and Mexico). These territories account for 84% of the global recorded music market [source: IFPI].

The research builds on similar work conducted by Ipsos Connect in previous years, allowing patterns of growth to be established and key trends identified.



Key Highlights

71% of internet users aged 16-64 access licensed music online. Paid audio streaming services are growing in popularity, especially among under 25s. One-third of 16-24 year olds now pay for an audio streaming service.

Smartphones are moving towards replacing computers as the most used device for music consumption, especially in developing countries. Users of paid audio streaming services are particularly likely to listen to music on a smartphone.

YouTube is the most used music service: 82% of all YouTube visitors use it for music. More people use YouTube to consume music they already know than to discover new content.

Young people are highly engaged with music, with 82% of 13-15 year-olds listening to licensed music and the majority willing to pay for music.

Copyright infringement remains a significant problem: more than one-third (35%) of internet users access unlicensed music content. Infringement is changing, with half (49%) of 16-24 year olds stream ripping from sites like YouTube.

Music Consumption in 2016

MUSIC ACCESS



Are accessing licensed music

AUDIO STREAMING



PAID STREAMING



significantly **more** people pay for music streaming

SMARTPHONE USAGE



smartphone overtakes desktop in music listening among paid streamers

STREAM RIPPING

Stream ripping is a rising trend in piracy



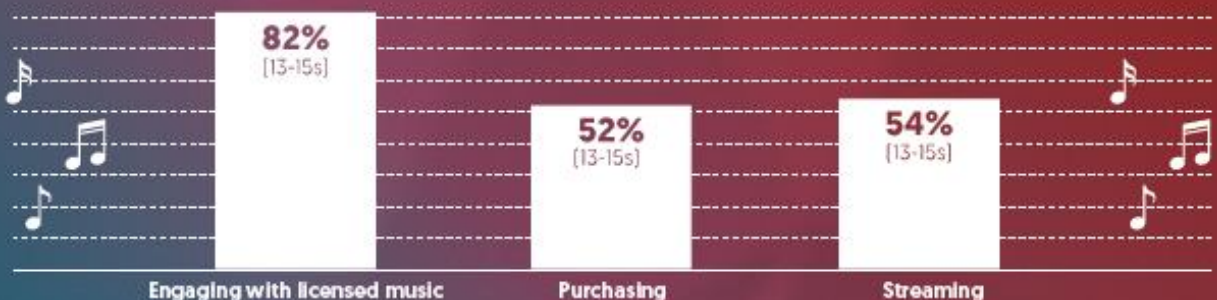
YOUTUBE

YouTube is the leading music service



YOUNG CONSUMERS

The young generation of consumers are actively engaged with licensed music





MUSIC CONSUMPTION

Licensed digital services have widened consumer choice, with increasing numbers of consumers paying for audio streaming services. 7 in 10 (71%) internet users consume licensed music, with many engaging with multiple access methods. Half (48%) of all internet users pay for music in some form.

71%

of internet users are active consumers of licensed music*

82%

of paid streamers also purchase music in another form in addition to streaming

48%

of internet users pay for music in some form



Purchasing (physical/download)



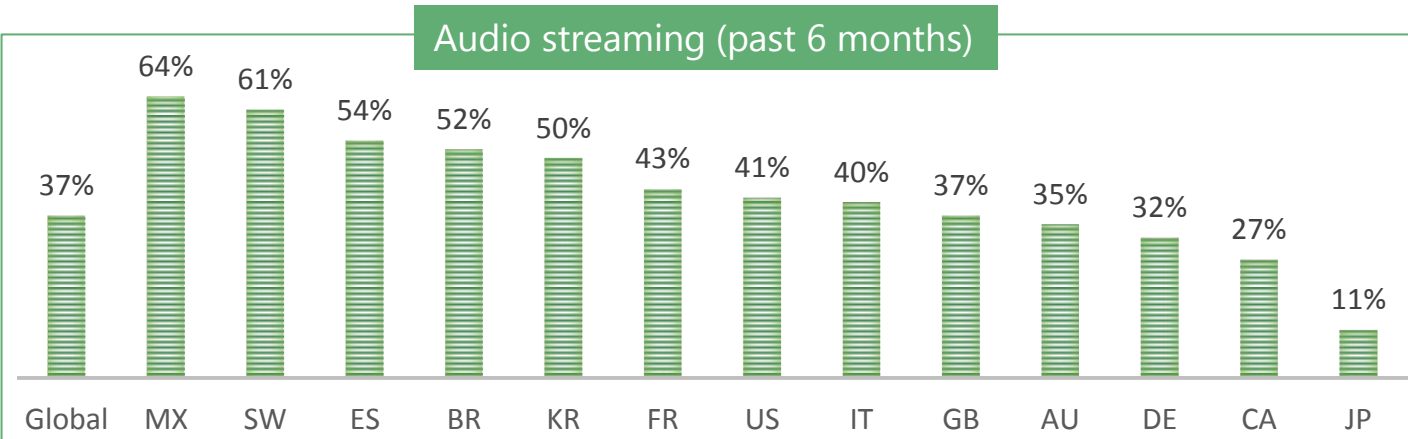
Paid audio streaming

*Consumption of licensed music excludes radio

Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

Audio streaming services are becoming more popular. Globally, nearly four in ten internet users (37%) use audio streaming services.

Half or more of internet users use audio streaming in Mexico, Sweden, Spain, Brazil and South Korea.

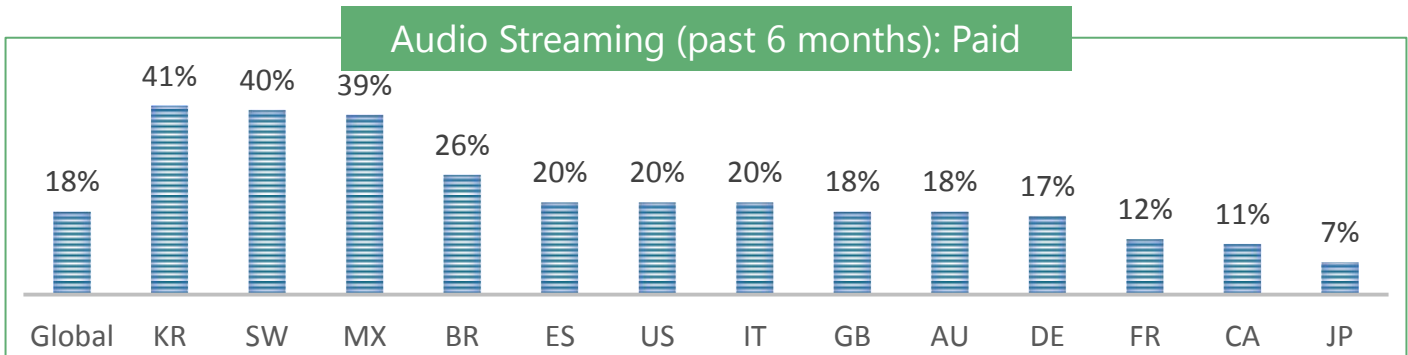


Paid audio streaming is growing, particularly among young people, with a third (32%) of 16-24 year olds paying for the advantages of a premium audio streaming service.

In 2016 **18%** of internet users pay for streaming services, up from **15%** in 2015.

Paid streaming is most popular in South Korea, Sweden and Mexico: around **4 in 10** internet users in these countries use paid audio streaming services.

Globally, one-third (**32%**) of 16-24 year-olds use paid audio streaming services. The number of 16-24 year-olds paying for audio streaming has increased 39% from a year ago.



Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

Audio streaming is valued for its ease of use and the vast range of content available. Consumers also value trust and security, wanting to ensure they are accessing official, licensed music services.

Audio streaming services have attracted a growing number of users for many reasons.

The most common reason cited is ease of use, followed by the value found in having a wide variety of music available and the ability to discover new music.

Playlists are another attraction – both creating new playlists and using tailored and recommended playlists.

Security reasons are also important to many choosing streaming. Users mention trust in the service, a safe environment, and security around the payment process.

The ability to listen offline (for instance, on mobiles) and without advertising are key attractions for paid streaming services.

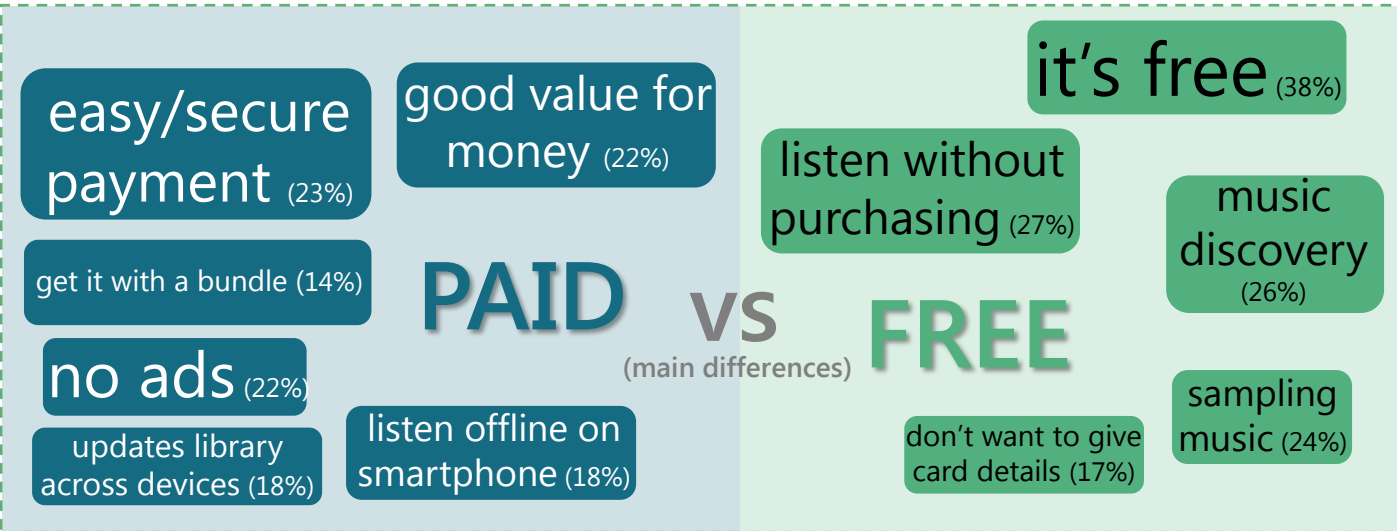
Free streaming is popular precisely because it's free, offering access to a wealth of music at no cost.



More than

8 in 10

paid audio streamers are also purchasers, either of physical or paid downloads (**82%**)



Based on all free streamers - ever (n=6,016) and all paid streamers - ever (n=3,849) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).



MOBILE MUSIC

Smartphones are moving towards becoming the most common devices for music consumption, especially in developing markets. Smartphones are already the most commonly used device amongst paid streamers.

55%

**10% more
users from 2015
(up from 50%)**

...of internet users listen
to music via a
smartphone



Fastest growing countries
in terms of music listening
on smartphone:



USA

29% more users



Japan

26% more users



France

12% more users

More than

2 in 3

internet users use their
smartphone for music
in some countries



Mexico



South
Korea



Brazil

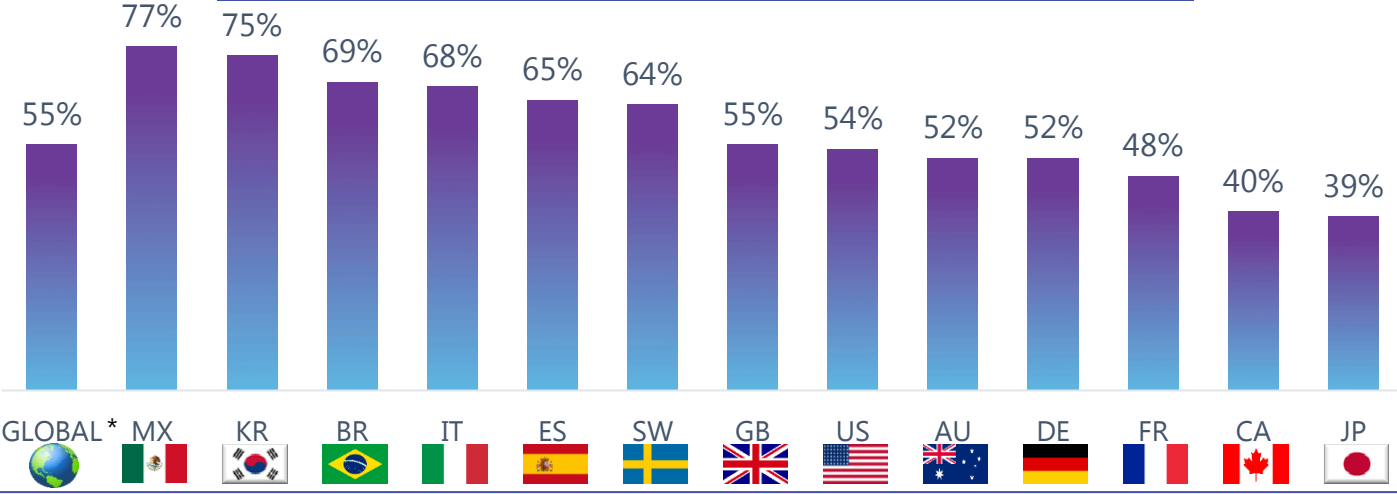


Italy

Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

Smartphones are increasingly becoming the device of choice for accessing licensed music services, particularly paid for services.

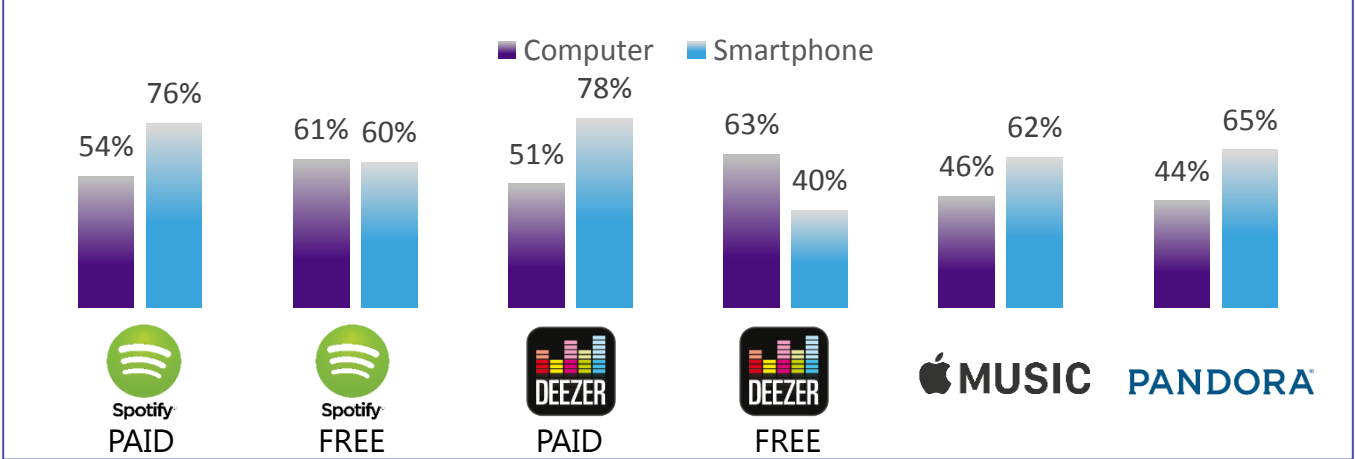
Smartphone usage for music by country (past 6 months)



Compared to 2015, significantly fewer internet users turn to computers for music listening (66% in 2016 vs. 69% in 2015) while significantly more listen to music on a smartphone. **55%** have listened to music on smartphones in the past 6 months (vs. 50% in 2015).

Furthermore, when looking at usage of devices for different music services, those who listen to music via paid streaming services are more likely to be doing so via a smartphone. The offline usage functionality of paid audio streaming services is potentially an important factor here.

Smartphone usage for music by service

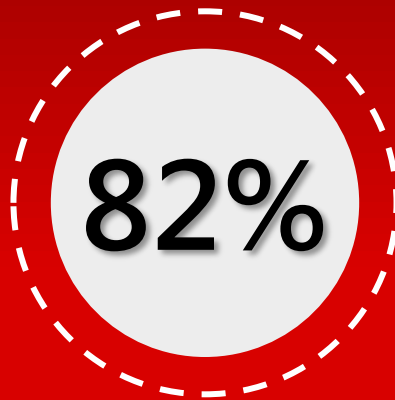


*Global based on all 13 countries surveyed.
 Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).
 Base sizes vary with service.



VIDEO STREAMING SERVICES

With over 1 billion users*, YouTube is the most used service for online music consumption in the world. 82% of YouTube users use it for music, rising to 93% amongst 16-24 year olds.



of YouTube users use
it for music

...of which



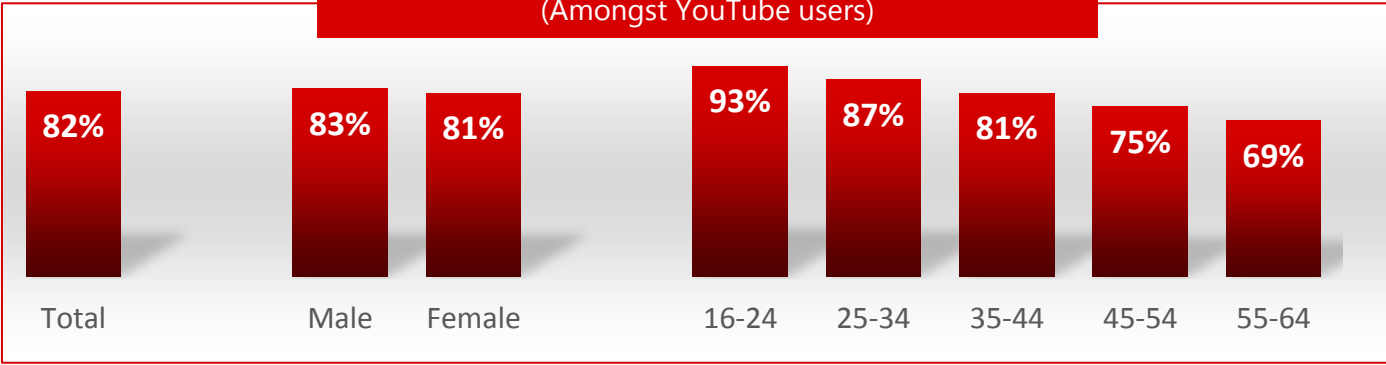
listen to music
already known

*Source: YouTube statistics <https://www.youtube.com/yt/press/en-GB/statistics.html>

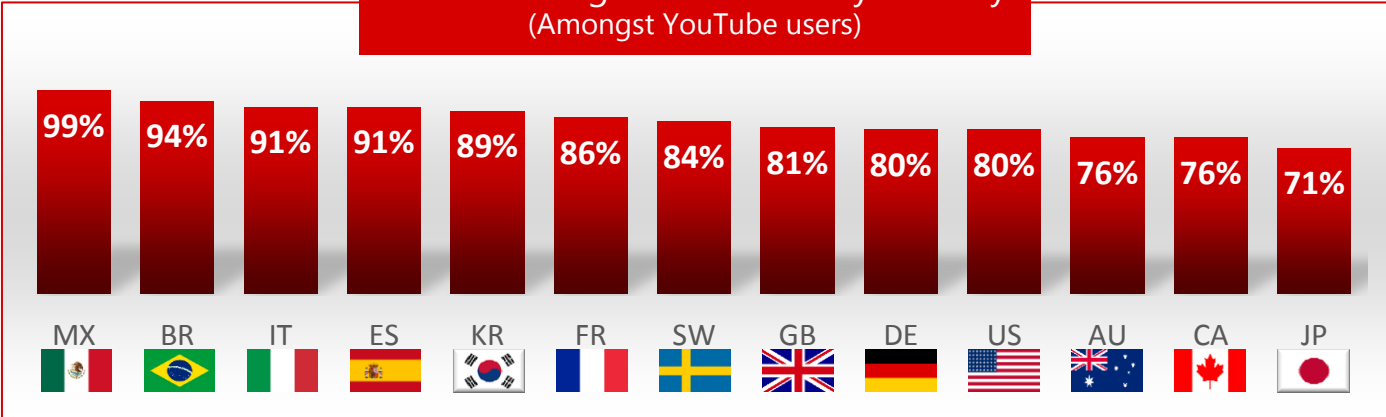
Based on all past 6 months YouTube users (n=10,552), all who listened/watched music on YouTube in the past 6 months (n=8,409) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

YouTube's importance as a music service is clear: over nine in ten (93%) YouTube users aged 16-24 use YouTube for music globally.

YouTube usage for music – by demographics
(Amongst YouTube users)



YouTube usage for music – by country
(Amongst YouTube users)



Overall, **82%** of those using YouTube do so for music related activities.

This is highest amongst 16-24 year-old YouTube users, where **93%** have used it for music in the past six months. Amongst 25-34 year-old YouTube users, **87%** have done so.

YouTube's music use is particularly high in Mexico, Brazil, Italy and Spain, where over **90%** of all YouTube users have used it for this.



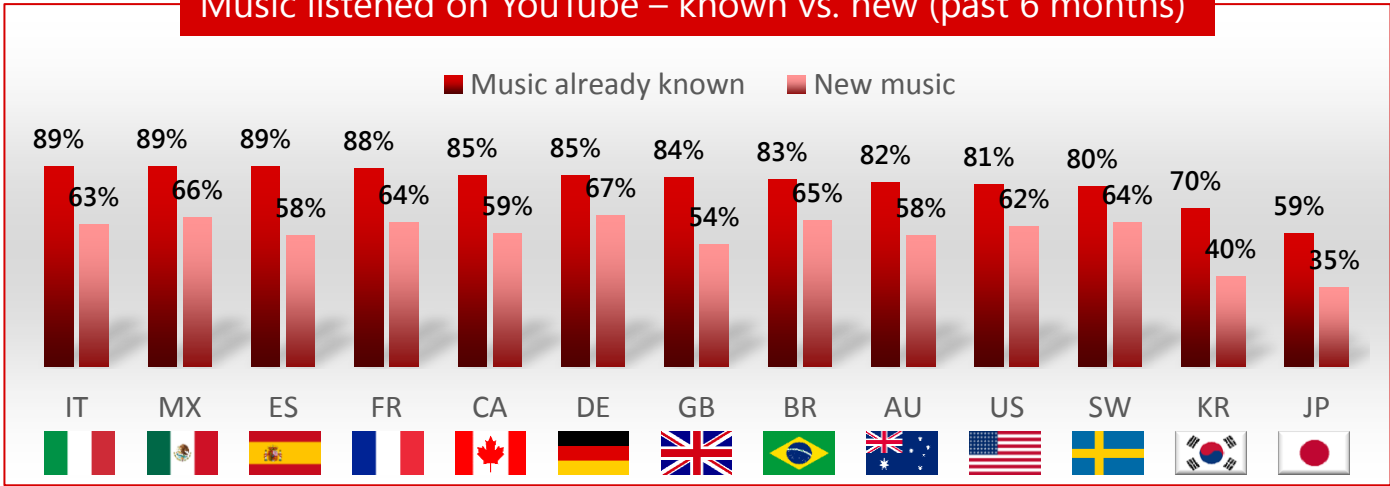
Based on all past 6 months YouTube users (n=10,552) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

YouTube is used more for on-demand music consumption than as a source of discovery: 81% of YouTube music users listen to music they already know, compared to 58% using YouTube to discover new music.



...of YouTube music users listen to music they already know

Music listened on YouTube – known vs. new (past 6 months)



YouTube is most commonly being used to listen to music that users already know.

In 11 of the 13 countries (all except Japan and Korea), at least **eight in ten** YouTube music users listen to tracks already familiar to them.

Given the high volume of users listening to music known to them, it is reasonable to assume that a large proportion of the **58%** discovering new music on the platform will continue to listen to it on YouTube.



Based on all who listened/watched music on YouTube in the past 6 months (n=8,409) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

Free video streaming is mainly used as an alternative to paying for music. Half (49%) of video music streamers do so mainly "because it's free" whilst only a quarter (27%) do so "to sample before buying".



Those using free video streaming services, such as YouTube, are most likely to do so as an alternative to paying for music. **49%** of those listening to music on free video streaming services do so because "it's free". Just **27%** of users say they are sampling music before buying it.

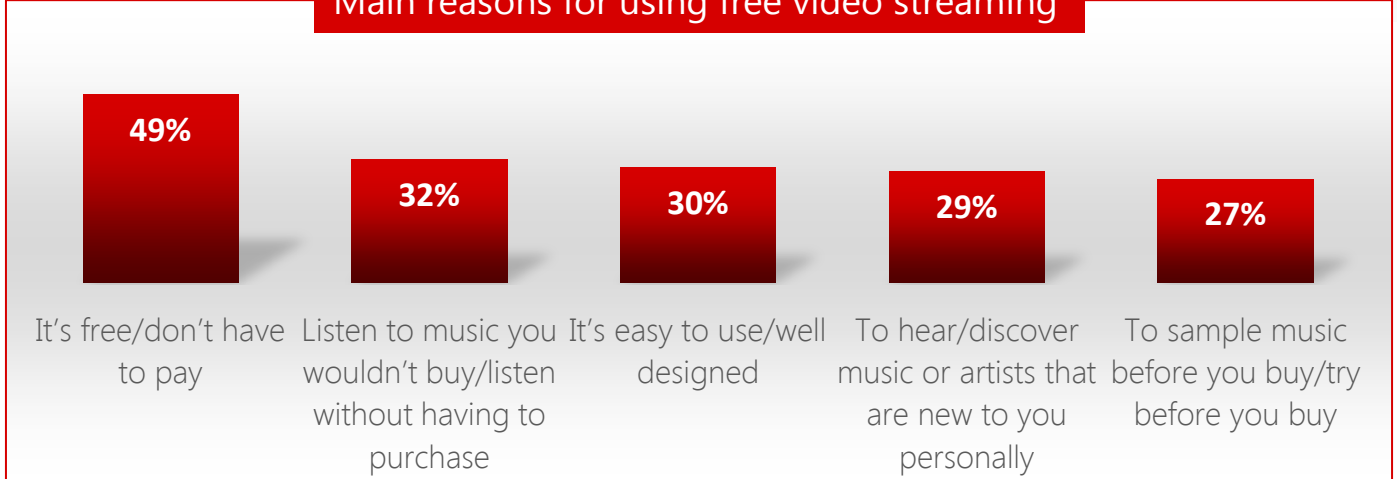
but say that they **would** pay for music if YouTube started charging. These users would either pay YouTube or use another means of paying.

Given YouTube has over 1 billion users, this would represent a significant number of additional people willing to pay for music.

If YouTube charged for music access, new 'payers' for music would be brought into the market. Currently, **13%** of YouTube's music users **only** access music via free means



Main reasons for using free video streaming



Based on all who ever used a free video site (n=8,212) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).



UNLICENSED MUSIC

Copyright infringement is still a major problem. Over one-third (35%) of all internet users access infringing music. The nature of infringing behaviour is changing, with stream ripping overtaking other forms of downloading.

35%

of internet users access
unlicensed services

30%

of internet users
use stream
ripping services

...rising to...

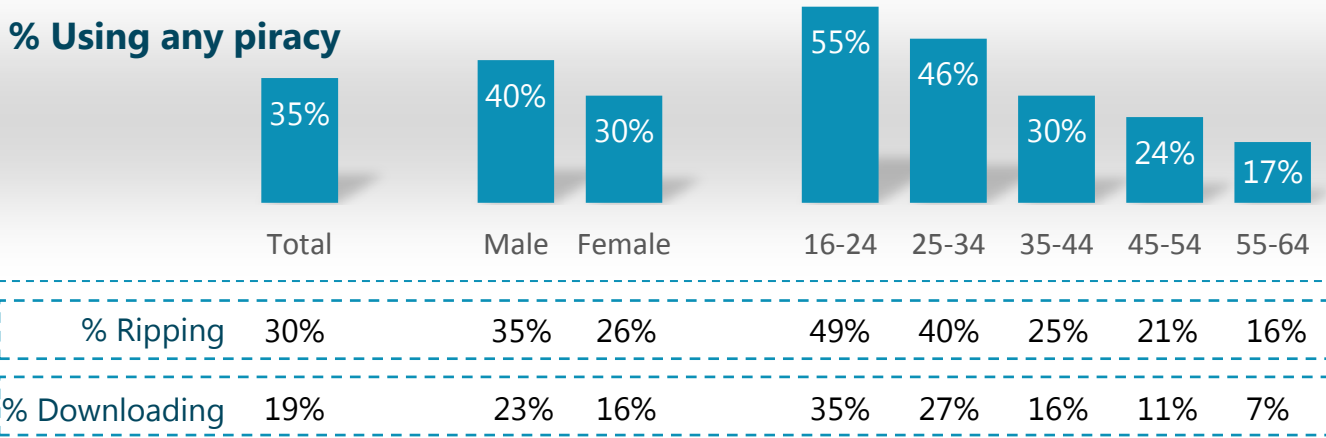
49%

among 16-24s

Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

Over one third (35%) of internet users access music through infringement. The changing methods of music consumption have impacted infringing behaviour, with stream ripping now a more popular method than other forms of downloading.

Reach of copyright infringement by demographics (past 6 months)



35% of internet users have accessed copyright infringing music in the past 6 months. Infringement is more common among younger internet users.

With the rise of streaming services,

infringing behaviour has shifted away from the “traditional” method of downloading towards stream ripping, which is now the most common form of copyright infringement.

The role of search engines in piracy

66%

of internet users searching for free music on Google are looking for unlicensed music content

Search engines are still directing large numbers of users to unlicensed music sites. A quarter (**23%**) of internet users use Google to get “free” music, of which two-thirds (**66%**) explicitly search for pirated content.

This rate is particularly high in Mexico, Brazil and the US, where almost three-quarters of those who search for free music on Google are searching for infringing websites.

Based on all respondents (n=12,610), all who search for free music on Google (n=3,262) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

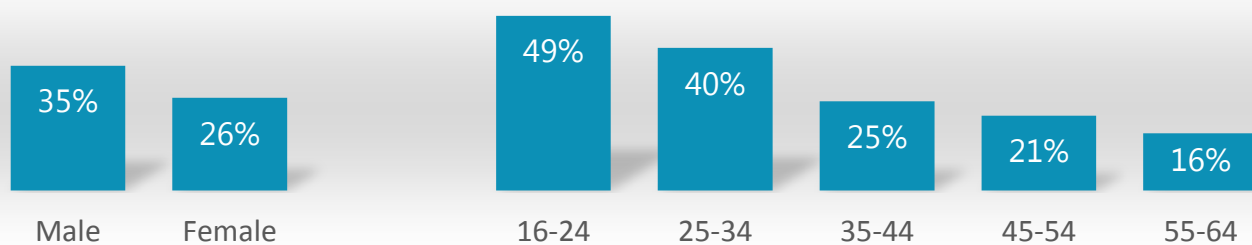
Stream ripping is the fastest-growing form of infringement, overtaking other forms of downloading. 3 in 10 (30%) internet users engage in stream ripping, rising to almost half (49%) among 16-24 year-olds.

30%
engage in
stream ripping

...rising to...

49%
among 16-24s

Reach of stream ripping by demographics (past 6 months)



30% of internet users have stream ripped music in the past six months (**27%** on computer, **19%** on mobile).

This is a significant increase compared to **27%** in 2015. Stream ripping is particularly popular among 16-24s (**49%**, up from **41%** in 2015).





YOUNG MUSIC CONSUMERS

13-15 year-olds have grown up in a world where licensed music is widely available on-demand and are showing high levels of engagement with music. 82% are accessing licensed music and the majority are willing to pay for music.

13-15s show similar levels of engagement to that of 16-24s - the group that is currently consuming the most licensed music. This suggests the 'next generation' of music consumer is showing positive signs of music engagement.



13-15s

69%

Free video streaming

52%

Purchasing (physical or download)

54%

Licensed audio streaming

free
50%

paid
26%



16-24s

75%

55%

62%

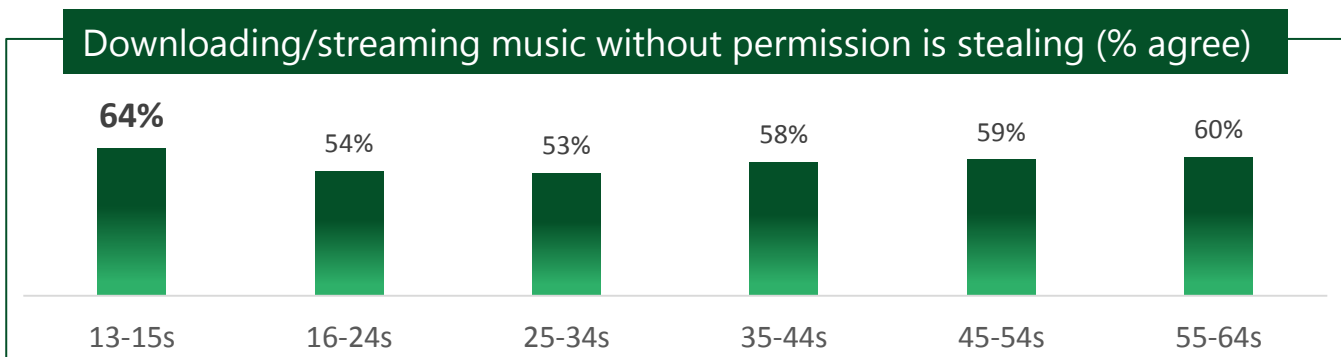
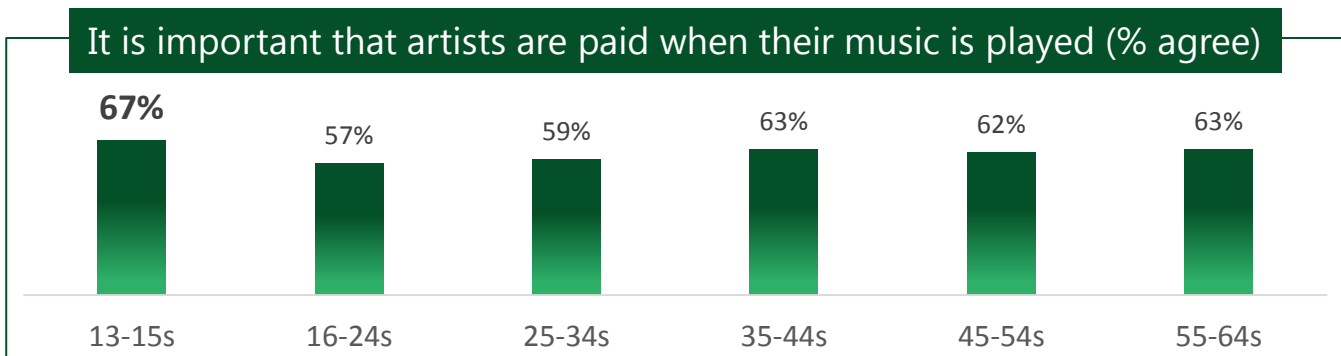
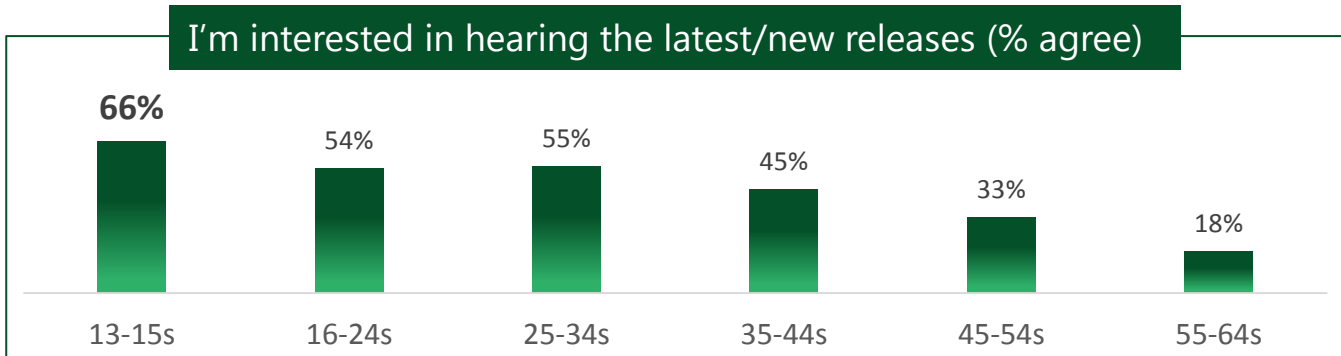
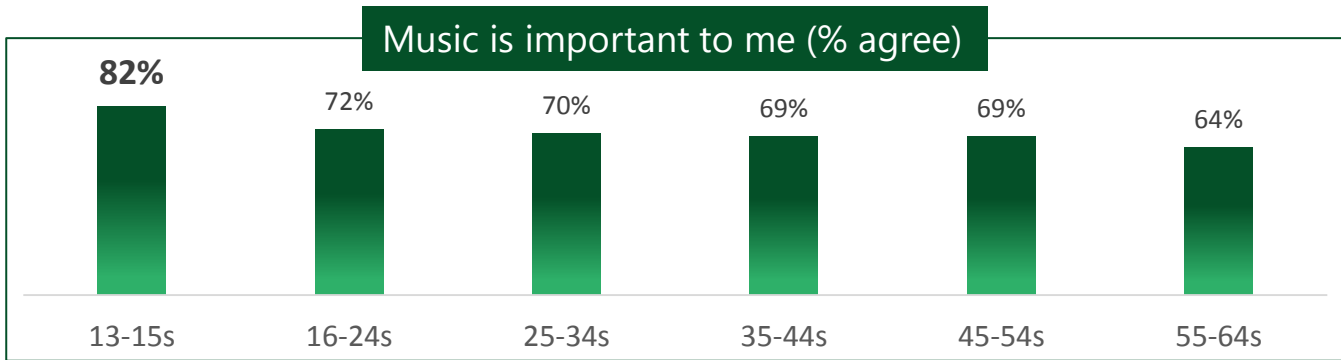
free
55%

paid
33%

13-15 year olds' engagement with the major digital music providers is high. Awareness and usage levels are at almost the same level as 16-24 year olds.

Based on all 13-15 year-olds (n=1,287), all 16-24 year-olds (n=2,431) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

The 13-15 age group does not only feel the strongest about music - particularly new music - but also strongly believes that artists should be rewarded for their creativity – and that stealing is wrong.



Based on all respondents (n=12,610) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).



APPENDIX

Methodology

These findings are based on an a survey of around 900 internet users aged 16-64 (16-50 in Mexico) per country in 13 of the world's leading music markets (US n=906, Canada n=900, GB n=900, France n=900, Germany n=900, Spain n=900, Italy n=902, Sweden n=900, Australia n=902, Japan n=902, South Korea n=901, Brazil n=900, Mexico n=897).

The study was conducted in March-April 2016, aiming to explore in detail consumers' usage of, and attitudes towards, licensed and pirate music services. Internet users aged 13-15 were also surveyed, although the main results are based on internet users aged 16+.

Global figures refer to results from all 13 countries and are weighted to the population of internet users aged 16-64 (16-50 in Mexico).

Notes on the survey

The internet penetration across the countries surveyed averages around 80% of the national population with the exceptions of Italy (where it is around 60%) and Brazil and Mexico (where it is around 50%). In countries with a lower internet penetration, it is generally considered that online surveys are less typical of the wider internet user population – survey participants are thought more likely to be early adopters of digital services. This is reflected in this study where these countries show high levels of usage for various digital music services compared to other markets. In addition, the younger age profile of survey participants in Mexico (aged 16-50) compared to other countries (aged 16-64) will increase service usage levels in Mexico as younger people are more likely to be users. In addition, the surveys in Mexico and Brazil only represent urban internet users, which is also likely to increase usage levels.



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This work was carried out in accordance with the requirements of the international quality standard for market research; ISO 20252:2006 and with the Ipsos MORI Terms and Conditions which can be found here: <https://www.ipsos-mori.com/Assets/Docs/Legal/ipsos-mori-terms-and-conditions.pdf>

Ipsos

Paul Maskell

Paul.Maskell@ipsos.com

+44 (0)20 8515 3467

IFPI

Insight and Analysis

insight@ifpi.org

+44 (0)20 7878 7900