

EXECUTIVE SUMMARY

**MUSIC AND OTHER AUDIO -
CDS, STREAMING,
DOWNLOADS & PODCASTS**
UK, MAY 2019





CHANGING MEDIA CONSUMPTION HABITS, EMERGING TECHNOLOGIES AND NEW LISTENING DEVICES ARE ALL SET TO INCREASE STREAMING'S DOMINANCE OF THE MUSIC AND AUDIO MARKET, BUT PHYSICAL AND DIGITAL FORMATS CAN STILL HAVE A POSITIVE FUTURE AS NICHE PRODUCTS FOR THE CONNOISSEUR.

David Walmsley, Senior Leisure Analyst



The market

Music earnings back on song

Music industry income continues to recover from the low point in value recorded in 2015, growing 3% to £839 million in 2018.

Streaming's rise shakes up music mix

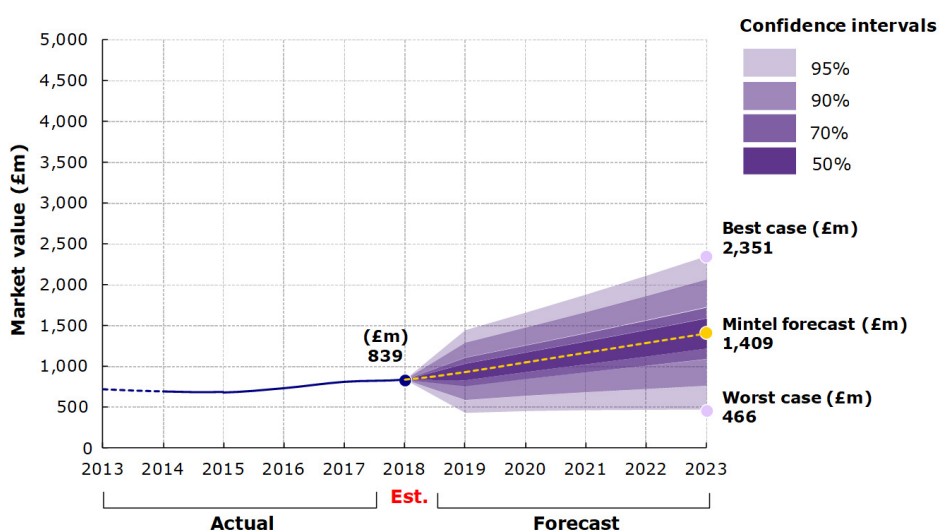
Streaming subscriptions accounted for 62% of music industry income in 2018, having grown almost five-fold since 2014, primarily at the expense of digital downloads, the value of which fell by two thirds over the same period.

Sales of physical formats are also in decline, but the vinyl renaissance of recent years has limited the damage inflicted by the shift in consumer preferences towards streaming overall.

Technology trends accelerate shift to streaming

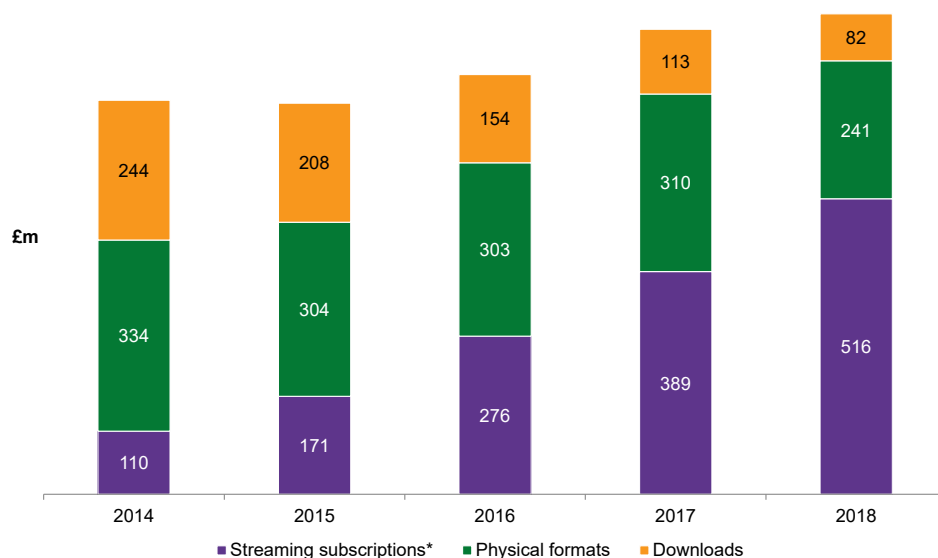
New devices such as smart speakers and technologies such as voice control and 5G mobile networks are all likely to give further impetus to music streaming by making services more accessible, responsive and personalised.

FIGURE 1: FORECAST OF MUSIC INDUSTRY REVENUES, 2013-23



Source: British Phonographic Industry/Mintel

FIGURE 2: MUSIC INDUSTRY INCOME, BY SEGMENT, 2014-18



* includes revenue from ad-supported services and video streaming

Source: BPI/Mintel

The consumer

Streaming services lead listening growth

Three quarters of the online population listen to music and audio, with free streaming services the most popular means of doing so and having extended their reach by seven percentage points between 2018 and 2019.

Younger listeners tuning out of radio

Smartphones and radios are the devices most commonly used to listen to music and audio but reach very different audience segments, with the former skewed towards younger age groups and the latter towards older ones.

FIGURE 3: OWNERSHIP OF VOICE-CONTROLLED SMART SPEAKERS (EG AMAZON ECHO, GOOGLE HOME), BY AGE, JANUARY 2019

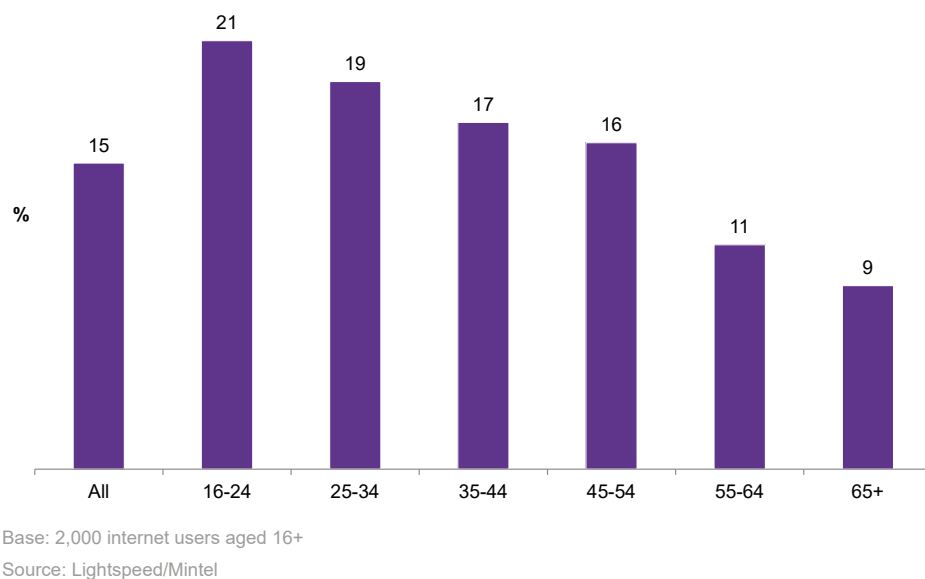
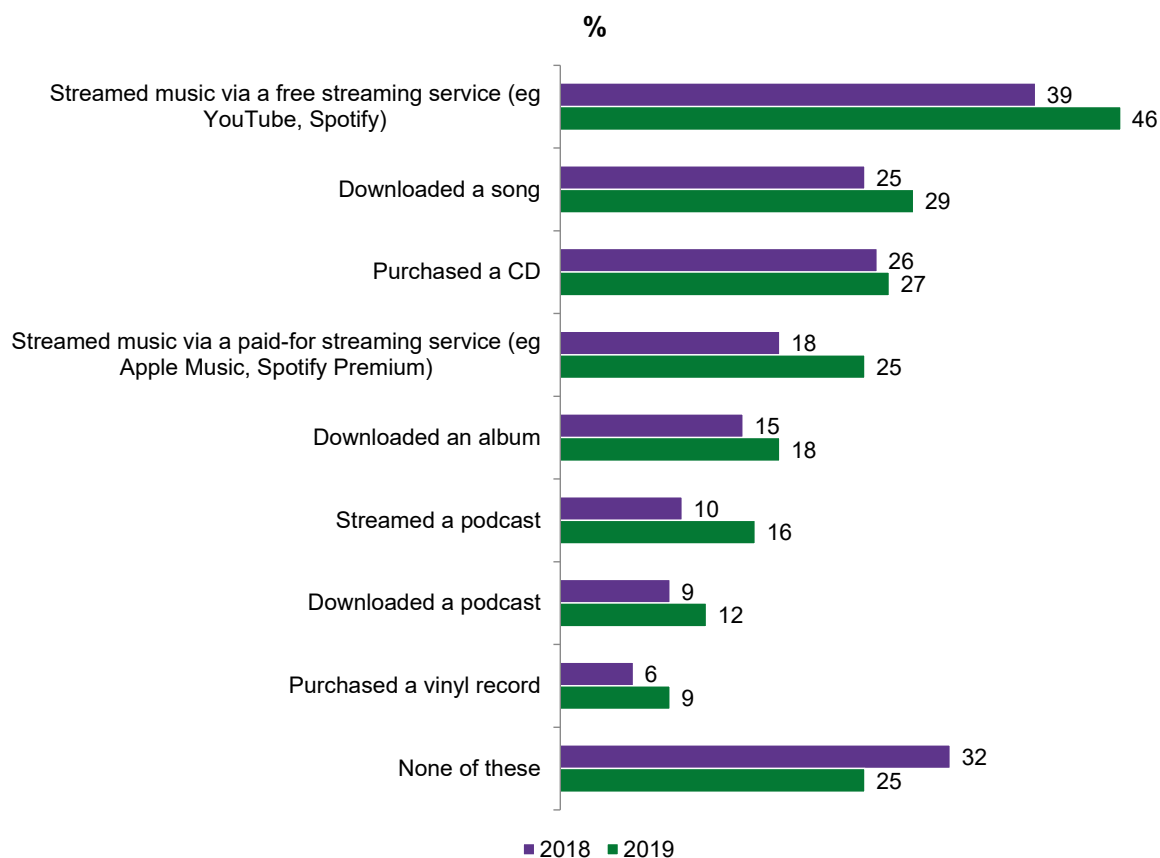


FIGURE 4: MUSIC AND AUDIO LISTENING, FEBRUARY 2018-FEBRUARY 2019

"Which of the following have you done in the last 3 months? Please select all that apply."



Base: 2,000 internet users aged 16+

Source: Lightspeed/Mintel

Commuters hooked on headphone habit

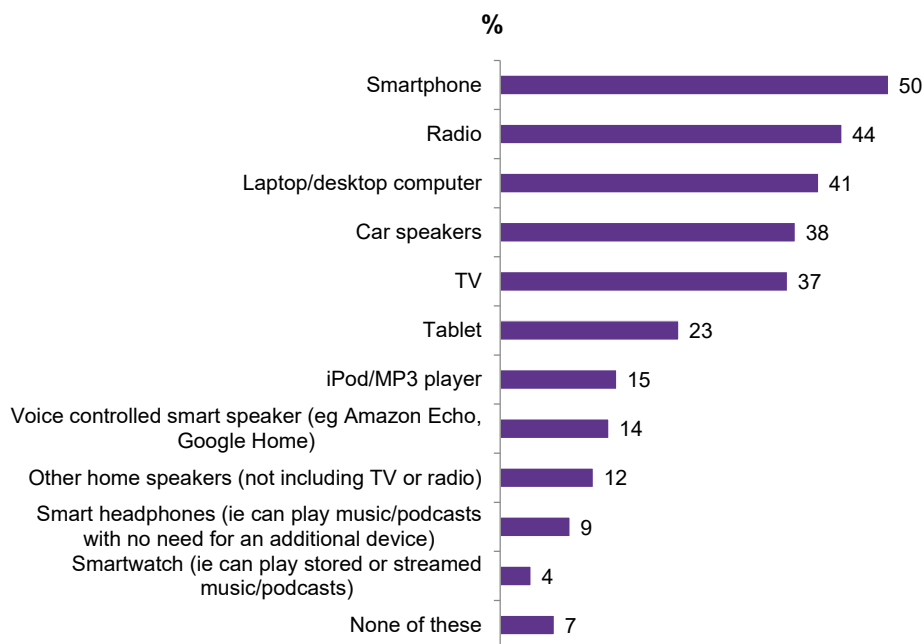
Britons are more likely to listen to music while relaxing at home than in any other setting, but they are most committed to doing so when travelling or commuting, with a majority listening either every or most times they are in transit.

Free alternatives slow streaming subscriber growth

The popularity of YouTube, which dominates the music market's free streaming segment, is arguably the principal barrier to growth in the subscriber base of paid-for category leader Spotify and its premium competitors, as the availability of free alternatives elsewhere is the most common reason for not signing up for these services.

FIGURE 5: DEVICES USED TO LISTEN TO MUSIC AND OTHER AUDIO, FEBRUARY 2019

"Which of the following devices have you used to listen to music or podcasts in the last 3 months? Please select all that apply."

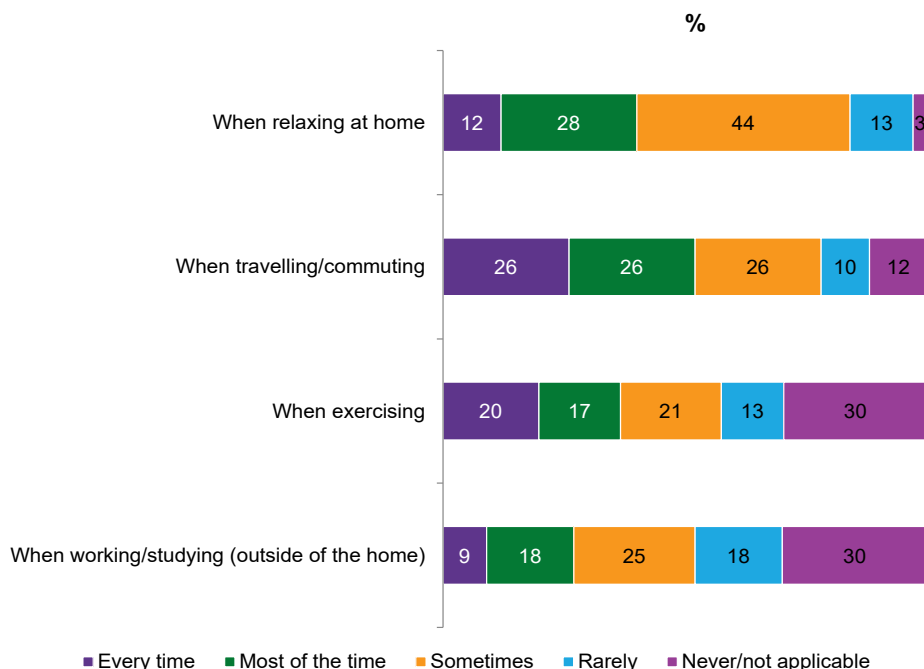


Base: 1,963 internet users aged 16+ who listen to music or podcasts

Source: Lightspeed/Mintel

FIGURE 6: MUSIC LISTENING HABITS, FEBRUARY 2019

"How often do you listen to music...?"

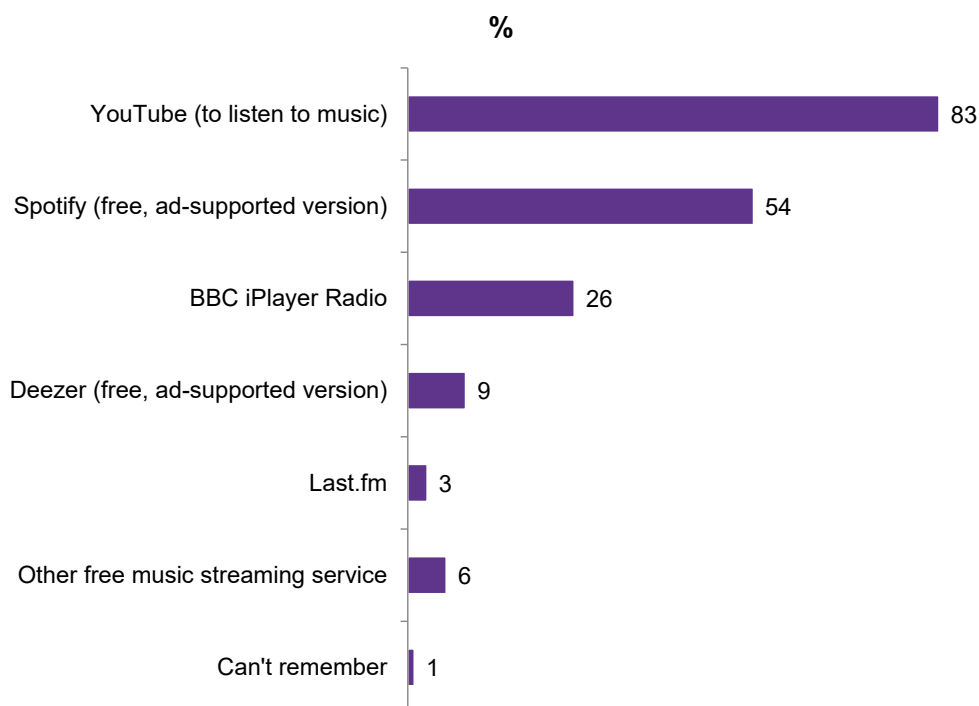


Base: 2,000 internet users aged 16+

Source: Lightspeed/Mintel

FIGURE 7: MOST POPULAR FREE MUSIC STREAMING PLATFORMS, FEBRUARY 2019

"Which free streaming services have you used to listen to music in the last 3 months? Please select all that apply."

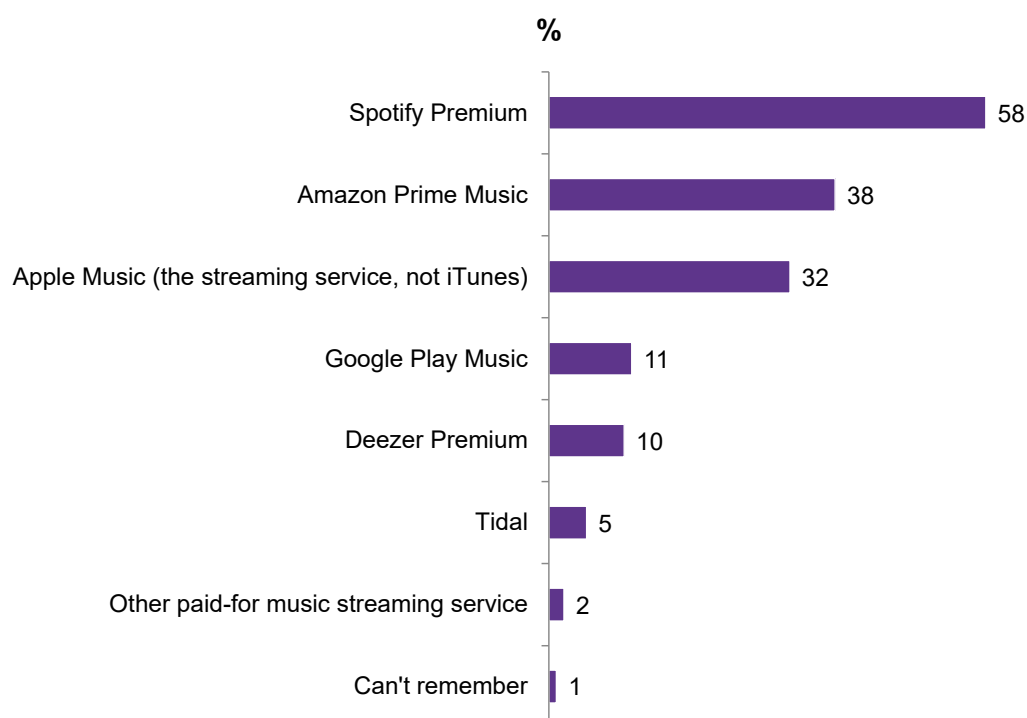


Base: 910 internet users aged 16+ who have streamed music via a free streaming service in the last 3 months

Source: Lightspeed/Mintel

FIGURE 8: MOST POPULAR PAID-FOR MUSIC AND AUDIO STREAMING SERVICES, FEBRUARY 2019

"Which paid-for streaming services have you used to listen to music in the last 3 months? Please select all that apply."



Base: 504 internet users aged 16+ who have streamed music via a paid-for streaming service in the last 3 months

Source: Lightspeed/Mintel

Downloading not dead – just different

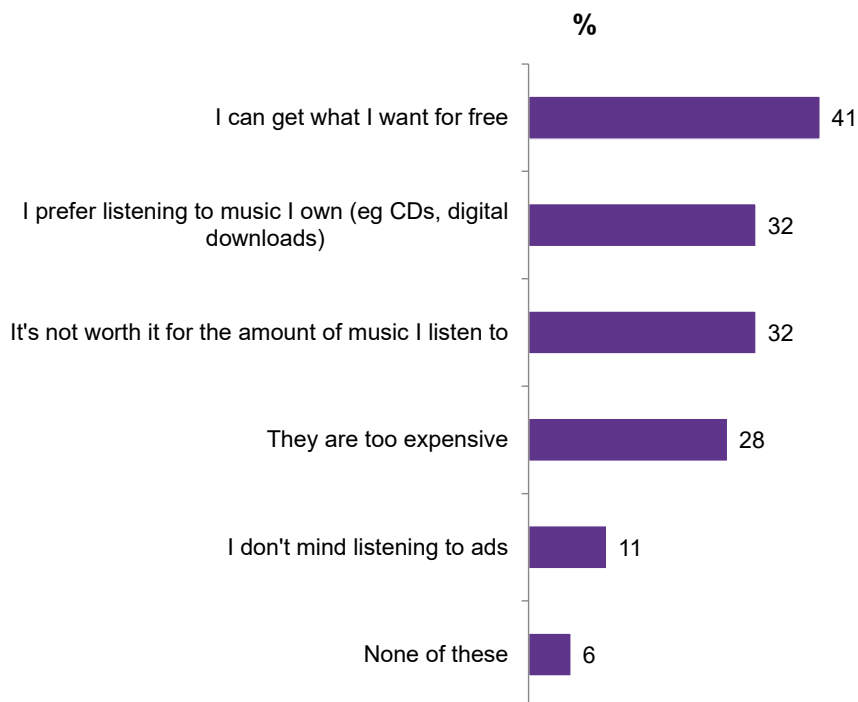
While music listeners no longer want to download music on a pay-as-you-go basis, they are still keen to do so in a different way, with a majority of streaming service users exporting tracks for offline listening, particularly within key demographics of the young, better-off and more tech-savvy.

Music and comedy top podcast charts

Music and comedy are the UK's most popular podcast genres, with the former more popular among women than men (whose own preference is for sport), and the latter holding strongest appeal for under-25s – males within this demographic especially.

FIGURE 9: BARRIERS TO PAYING FOR MUSIC STREAMING SERVICES, FEBRUARY 2019

"Why don't you pay for a music streaming service? Please select all that apply."

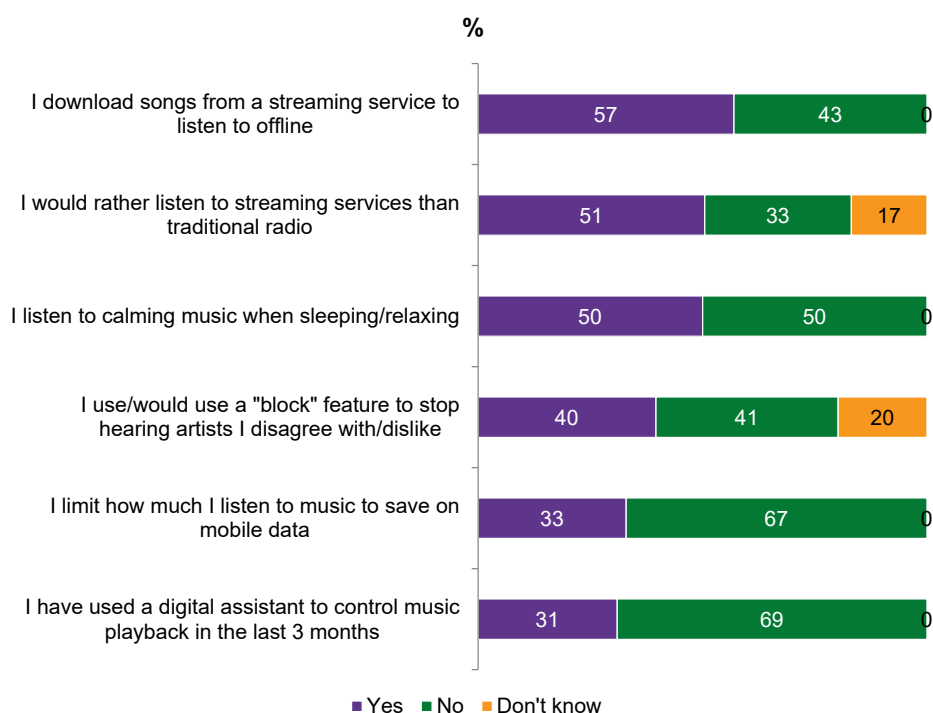


Base: 1,457 internet users aged 16+ who listen to music but have not done so on a paid-for streaming service during the last three months

Source: Lightspeed/Mintel

FIGURE 10: MUSIC STREAMING BEHAVIOURS, FEBRUARY 2019

"Do the following statements apply to you?"



Base: 1,103 internet users aged 16+ who have listened to music on streaming services during the last three months

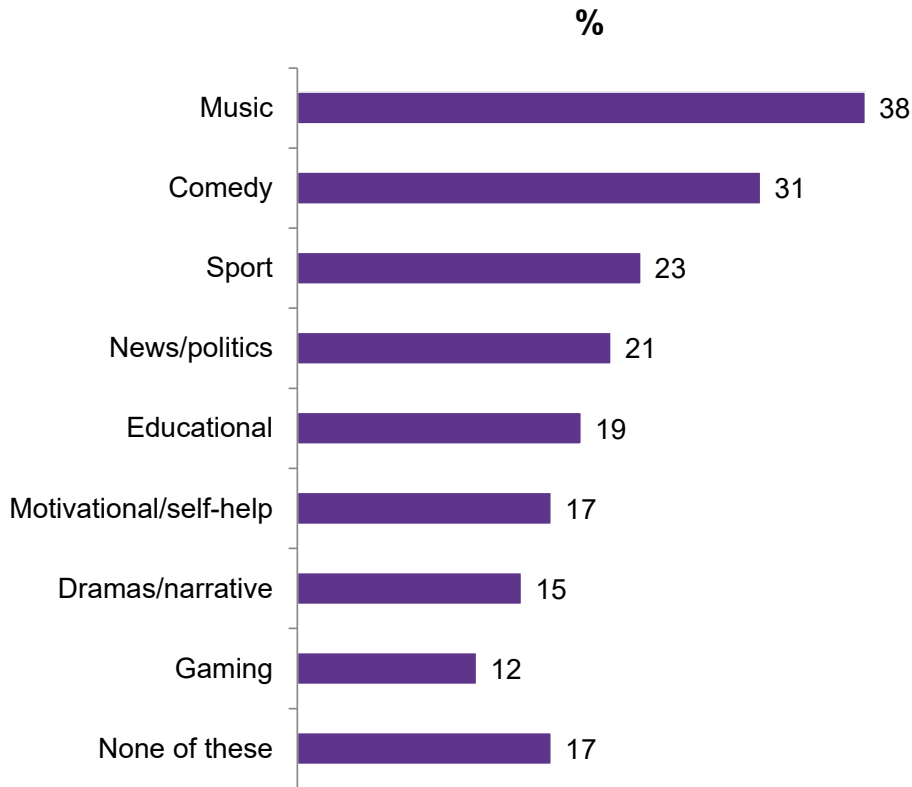
Source: Lightspeed/Mintel

Music and machines, podcasts and people

Music and podcast listeners take very different approaches to accessing and discovering material, with the former preferring the recommendations of algorithms to those of their peers, and the latter much more open to picking up on shows through traditional word of mouth.

FIGURE 11: MOST POPULAR PODCAST GENRES, FEBRUARY 2019

"Which of the following types of podcast have you listened to in the last 3 months? Please select all that apply."

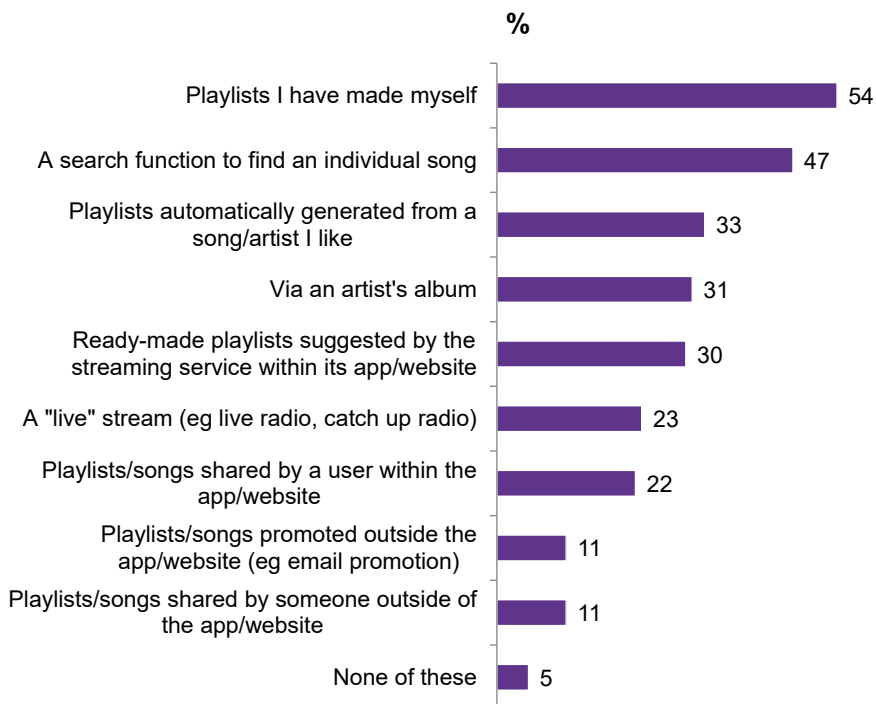


Base: 1,054 internet users aged 16+ who ever listen to podcasts

Source: Lightspeed/Mintel

FIGURE 12: ACCESSING MUSIC ON STREAMING SERVICES, FEBRUARY 2019

"How have you accessed the music that you listened to on streaming services in the last 3 months? Please select all that apply."



Base: 1,103 internet users aged 16+ who have listened to music on streaming services during the last three months

Source: Lightspeed/Mintel

What we think

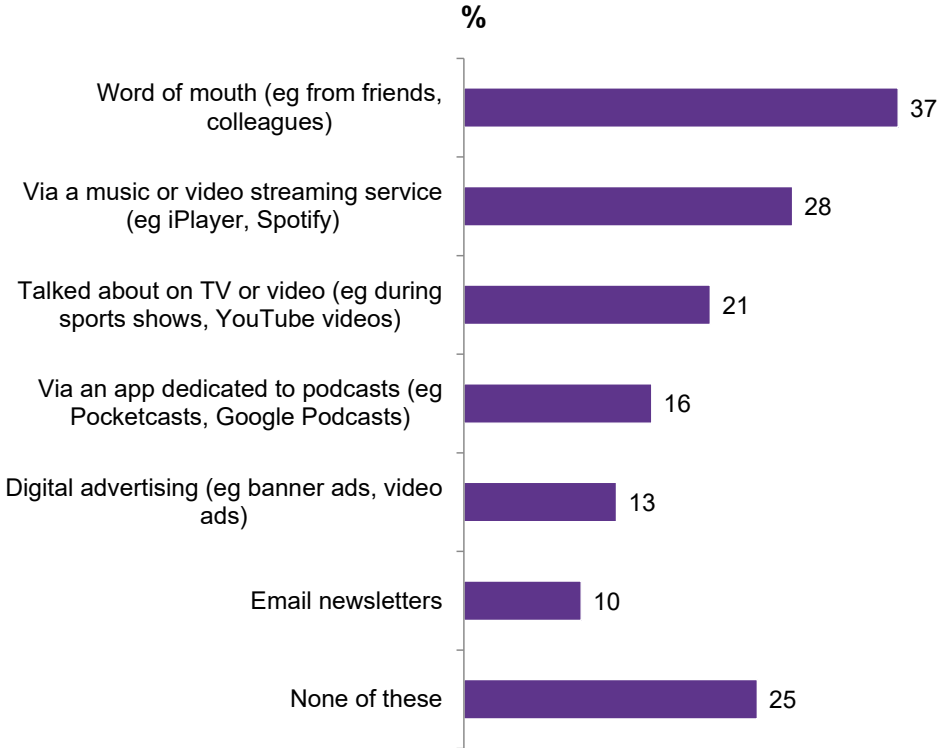
Streaming is now established as the music and audio market’s principal engine of listening and revenue growth, and is only likely to extend its primacy over both the short and medium term.

The shift being seen in younger people’s wider consumption habits towards paying for access rather than ownership will continue to favour streaming models, while the growing range of devices and settings in which streaming services are becoming accessible will also further promote their value and use.

However, these trends do not mean that the decline of physical music formats and digital downloads is inevitably terminal: CDs, vinyl and single-purchase downloads will not return to the mainstream but can be differentiated into niche segments sustained by (and profiting from) a smaller but comparatively higher-spending base of committed audiophiles.

FIGURE 13: PODCAST DISCOVERY, FEBRUARY 2019

“How did you find the podcasts that you listened to in the last 3 months? Please select all that apply.”



Base: 1,054 internet users aged 16+ who ever listen to podcasts
Source: Lightspeed/Mintel

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