

Music Experience and Behaviour in Young People Winter 2012-2013

David Bahanovich and Dennis Collopy



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Methodology

Introduction and methodology

- ❑ A comprehensive survey profiling the music consumption habits of 14-24 year olds across the UK IN 2011.
- ❑ The findings are based on a large-scale survey of 1888 respondents.
- ❑ The survey was conducted by the University of Hertfordshire.
- ❑ The sample included a UK wide nationally representative mix of all ages within the target demographic. The mean age of respondents was 18.24 years of age and almost exactly 50% male and 50% female respondents
- ❑ The respondents for the survey were sourced through University groups, social media networks including Facebook and MySpace and through YouGov.
- ❑ Statistical analysis was conducted by Lindsey Kevan of the University of Hertfordshire's Statistical Services and Consultancy Unit.
- ❑ Conservative criterion applied to data analysis to retain power and minimise bias.
- ❑ Standard academic methodology applied to analysis. (see final page for further comments on methodology)
- ❑ The research findings were peer reviewed by Professor Peter Tschmuck at the Institute of Cultural Economics at the University of Music and Performing Arts in Vienna as well as by David Lewis at Audience Net London to whom we are very grateful



About University of Hertfordshire

These findings were generated by the University of Hertfordshire's **Music and Entertainment Industries Research Group**; the research arm of the University's Music and Entertainment Industry Management Programme. The Research Group was established to conduct industry facing and industry relevant research across a broad range of topical themes

The University of Hertfordshire is the UK's leading business-facing university and an exemplar in the sector. With a student community of over 27,700 including more than 2,900 international students from over eighty-five different countries, the University has a global network of over 170,000 alumni. The University was awarded '*Entrepreneurial University of the Year 2010*' by the Times Higher Education (THE) and ranks in the top 4% of all universities in the world according to the 2012 THE, World University Rankings. Research is at the core of the University's strategy to facilitate far-reaching engagement with business, community and national and international partners. The University's research is world-leading as recognised by the 2008 Research Assessment Exercise (RAE).

Foreword

In this the 3rd survey of its kind we aimed to build on the work started in 2008, when British Music Rights and the University of Hertfordshire (UH) published the UK's largest-ever academic research into the music experience and behaviour of young people aged 14-24.

The conclusion that year was that ***“when it comes to music and young people, everything is different, and yet everything is still the same”***

Repeating this research in 2009 with the industry's new collective body, UK Music, we were able to draw on responses from an even greater number of young people and we made quite similar claims.

In 2011 UH conducted a third annual snapshot of UK young people and whilst there are many evident similarities to prior years findings there are also a number of equally striking differences and insights.

- ❑ The key finding is that for this tech-literate demographic music remains an essential and integrated part of their daily lives.
- ❑ Even though the size of their average digital collection has declined it still typically contains upwards of 4,000 tracks.
- ❑ More significantly from that central music library they now carry a much larger average of 2800 tracks in their pocket, mainly on an mp3 player as well as increasingly on their mobile.
- ❑ Even though the mp3 player is the main device used to playback music the computer is still very much the essential means of accessing music and is used in different ways not just for downloading but for streaming and listening to internet radio,

- ❑ Although a much less striking figure than in previous years there are almost **40%** who say they still share copyrighted music using file-sharing applications and torrent trackers mainly because its free
- ❑ They also fileshare less frequently perhaps more to do with the threat of viruses than legal recourses against them than before.
- ❑ The key motivation of much of their behaviour is their need to get their music when and how they want it
- ❑ Even in 2011 despite all the myriad existing and emerging ways of accessing music there is still an underlying passion and excitement of *“owning”* music.
- ❑ However ownership is much less about the touch or feel of a tangible product and more about desire to get hold of the superior sound quality associated with physical products
- ❑ Despite the massive size of their digital music collections, the size of respondents' CD collections has not kept pace and there are an increasingly significant even if still minority who do not use CD's at all.
- ❑ The overwhelming (**92%**) majority of this 14-24 age group recognise that downloading and uploading music is illegal but they continue to share music in the ways technology allows them.
- ❑ Only 35% of them were opposed to so called graduated response actions and almost two thirds indicated such measures could change their online behaviour

- ❑ The previous sense of support and sympathy for the plight of recording artists evident in earlier surveys is much less in evidence this year with only 32% of the young people agreeing that device manufacturers should pay a fee to compensate artists when their work is copied.
- ❑ Only 49% of those surveyed did not fileshare because the artist was not paid (as opposed to the 92% who were concerned about viruses)
- ❑ Ownership of digital files is also important and the desire to own outright is a constant theme across all three surveys that highlights a significant gap between what the music industry is prepared to offer consumers by way of digital music services and what these future customers actually want.
- ❑ As revealed in 2009's survey, this age group are interested in new services and there is evidence they will pay for them. Indeed this year 74% of P2P downloaders said they would be interested in paying for an unlimited, all- you-can-eat MP3 subscription service.
- ❑ Despite industry support for streaming music services, streaming online is not yet seen as a replacement for ownership with 79% of those using streaming services still wanting to own their music..
- ❑ Indeed a key challenge for the music industry remains convincing young people to pay for the emerging new digital services , with so many having feasted on and grown accustomed to a diet of free music. The figures for Streaming services highlight the problems ahead with only 12% indicating they paid for a streaming service even though such services clearly help to reduce filesharing amongst this age group.

- ❑ In an era of unparalleled access to creative content the problem remains reconciling the needs of young music fans with what the music industry is able to economically support.
- ❑ It is just as clear from this survey that almost all of this age group are very much aware of the legal implications of much of their online behaviour and whilst overall levels of filesharing may be declining in absolute terms so called graduated response measures will only help deter some from such behaviours
- ❑ The music industry continues to change and adapt to the challenges brought by the disruptive impact of digital technologies. The continued passionate support for music amongst young people remains undiminished and provides grounds for optimism.
- ❑ However this support cannot be taken for granted and there is evidence of considerable antipathy to the music industry . It must embrace the new paradigm of consumer choice and the need to better meet the expectations of their future customers. There remain no simple answers to the issues facing the music industry but we hope our research can help shed light on some potential solutions.

David Bahanovich and Dennis Collopy
Winter 2012/2013

Key Findings

Key findings on the music consumption of 14-24 year-olds:

The computer is no longer their main entertainment hub in the past 2 years it has been superseded by the mp3 player.

65% listen to music on their mp3 player/iPod every day. By comparison, and only 18% use their CD player on a daily basis.

Digital music collections are still huge

Even if the average size of these has declined as respondents move to accessing music on streaming sites as well as storing more of their music on mp3 /iPods and increasingly on mobile phone

The average computer or hard drive contains almost **4,000** tracks but the average number of tracks on mp3 players rose sharply from 2009's 1829 to 2011's **2796**. Mobile phones are also increasingly used to store music with the average number now 527 from 2009's average of 32

Digital Music collections still contain "50%" free music

The average amount of a digital music collection that has not been paid for is above 50% with the average amount of 'free' content much higher for males, almost 60%

Ownership is still important

This is still true both online and offline. Young people are using the growing range of licensed digital music stores and they still want to own music on physical formats but this has more to do with their desire get superior sound quality associated with the physical artefact

Music is no longer most popular entertainment type.

It has now been superseded by Internet access

There remains a very clear "value gap".

There is large disconnect between the substantial popularity of music and the amount of money spent on it, especially when compared to other entertainment types.

The popularity of filesharing has changed significantly

Although close to **40%** of 2011's respondents still download music using P2P networks or torrent trackers this represents a very steep decline from 61% in 2009 (and 63% (2008). Now only **32%** of this group do so on a weekly or daily basis.

The main reason for filesharing is still one of cost: it's free but respondents also continue to use P2P to find music that is not commercially available or to experiment and 'try-before-they-buy'.

They are prepared to pay for digital music

A considerable but slightly smaller number of respondents (69% from 2009's 85%) who are P2P downloaders would be interested in paying for an unlimited, all-you-can-eat MP3 download service. 74% of these said such a service would stop them using unlicensed P2P services, and 59% that they would still continue to buy original albums

But there are still challenges for streaming music online

Despite enthusiasm for streaming music online the number of respondents paying for this is 12% reflecting continued consumer resistance to paying for what is still considered by many to be a 'free' service. 74% of those streaming services no longer use p2p

Digital music consumption is still complex...

Despite an overall reduction in such behaviour there are still 56% of respondents who have copied a CD for a friend; 54% have sent music by email, Bluetooth, Skype or MSN; 44% have copied a friend's entire music collection; 34% have downloaded music from an online storage site; and 29% have ripped a TV, radio or internet stream.

They have a clear understanding and grasp of what copyright law is,

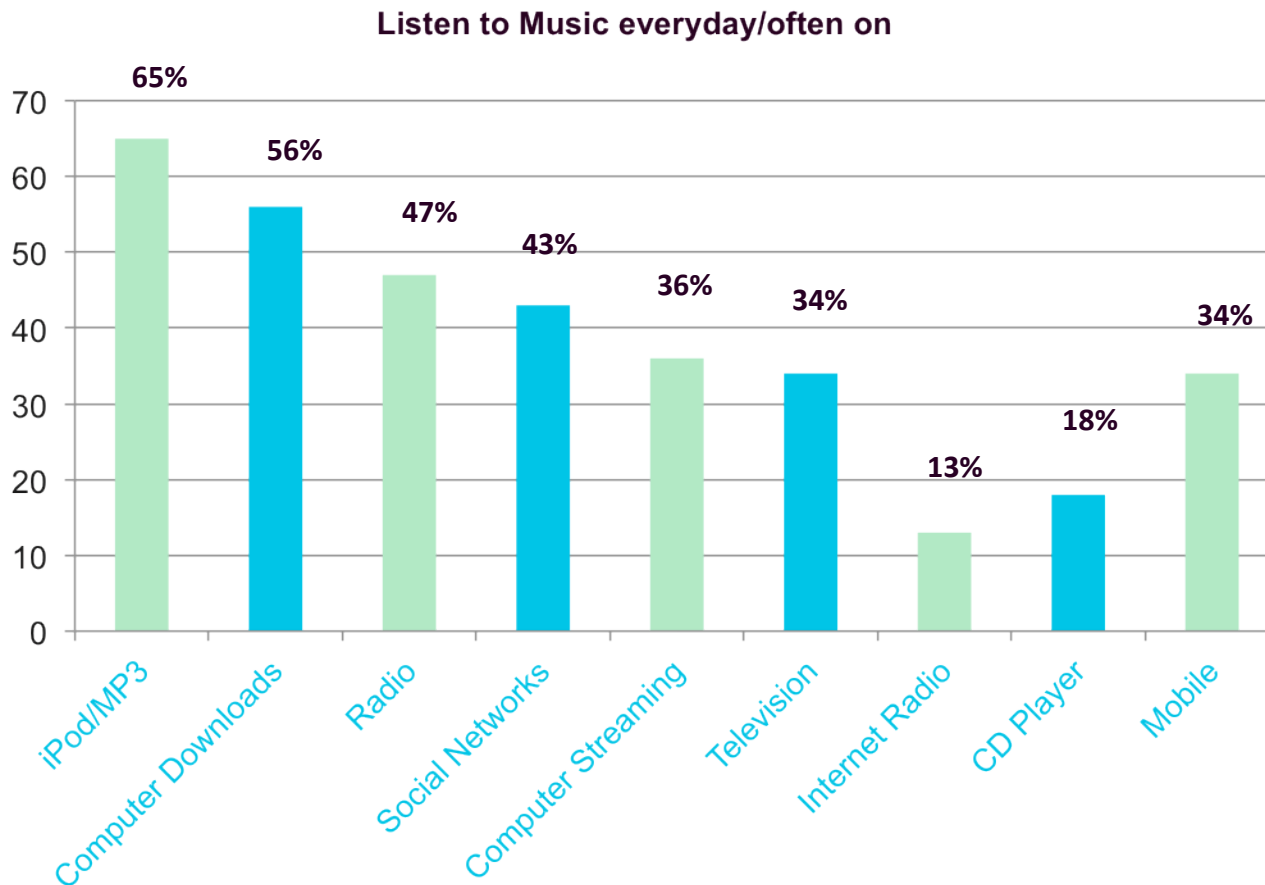
The vast majority (**92%**) of respondents knew that sharing copyrighted content (as above) is not legal There were some surprising levels of support (31%) for ISP's being allowed to disrupt internet connections of those who share copyright content without the owners consent. Even more significantly only 35% opposed such measures – a figure close to the number of those who still use p2p

The Survey Results

MP3 player now top device for music

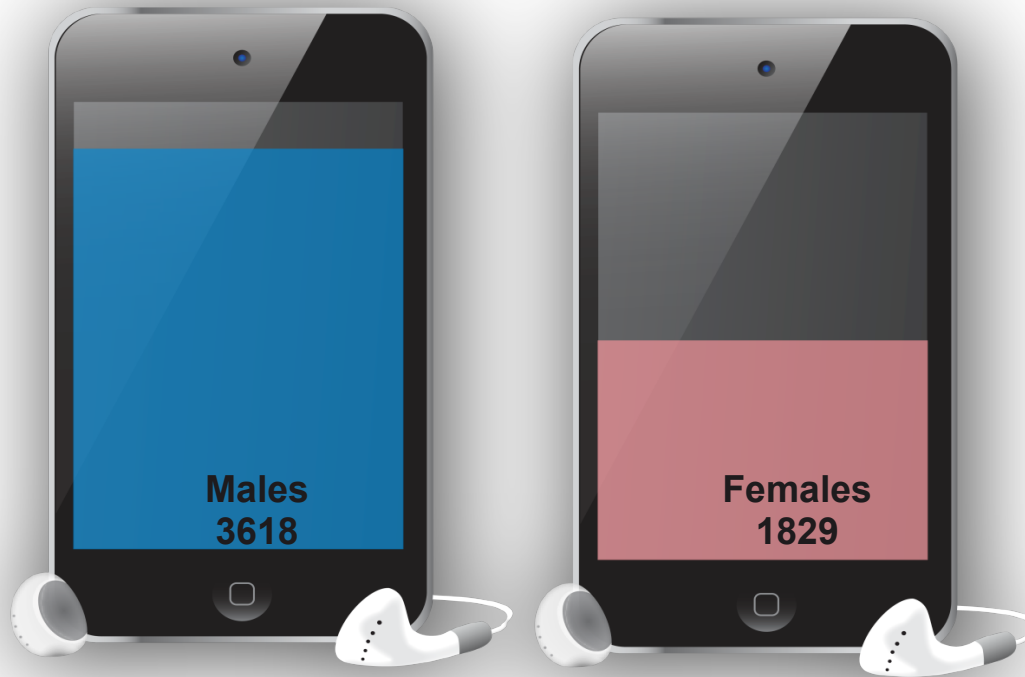
We asked respondents which devices they used everyday to listen to music. The iPod /MP3 Player appears to have superseded the computer as the most popular device yet the computer is still the central hub for downloads, streaming and internet radio use. Taken together this means the computer is still the top device.

CD player at **18%**
was the least popular
device for everyday listed



Digital music collections still huge

The mean size of digital music collections has fallen to around 3802.



Average Number of tracks in Digital Music Collections

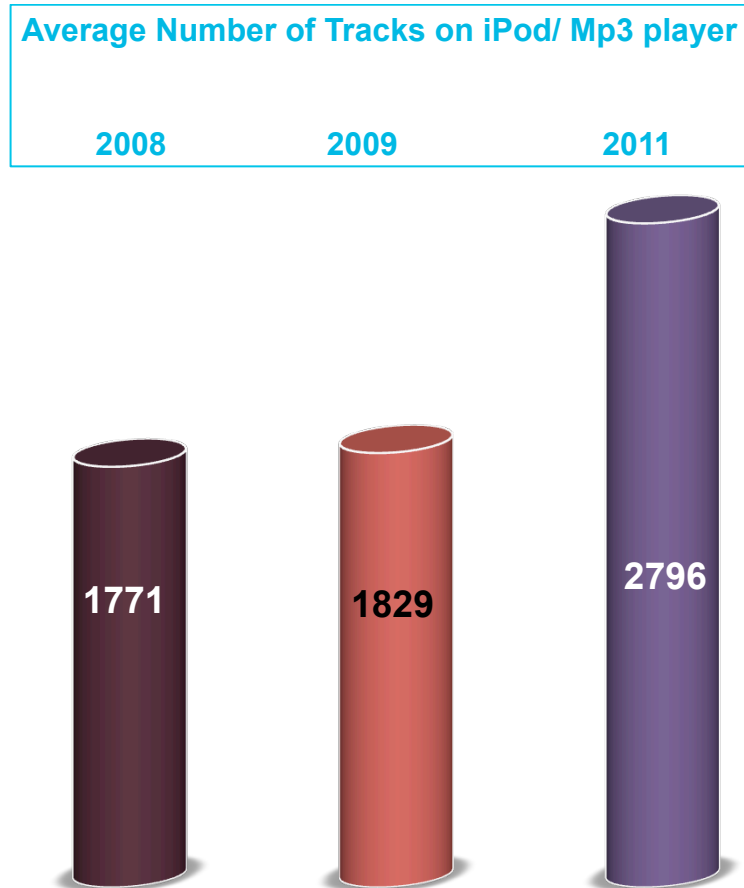
Evident that **Males** typically have much larger (**50%** bigger) digital music collections than female respondents.

The mean number within a typical digital music collection that has not been paid for is above 50% with the average amount of 'free' content much higher for males, almost 60%

2800 tracks on average mp3 player

A big change from our 2008 and 2009 findings is the reduced gulf in 2011 between the size of respondents total digital music collections and the amount they store on their mp3 players.

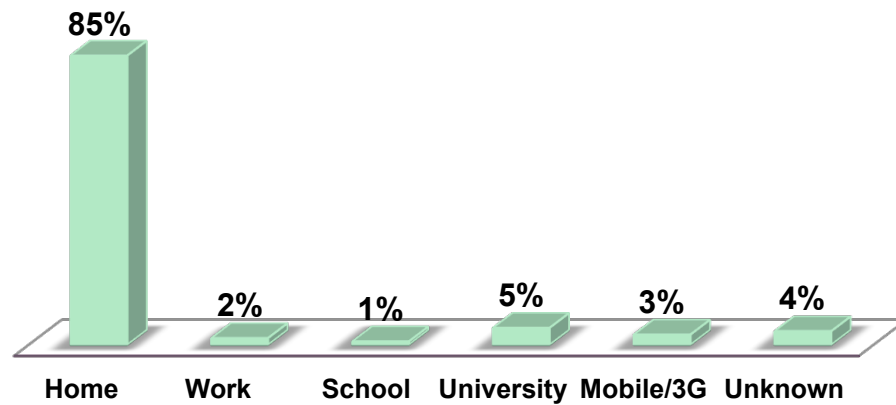
By 2011 just as the total size of digital music collection had declined the amount stored on average on mp3 players grew by more than a third.



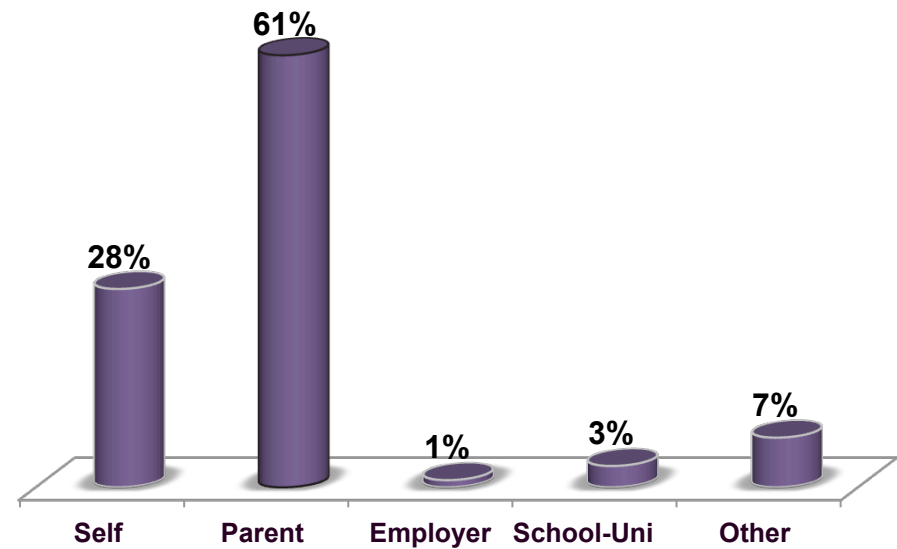
Mainly Free Internet access at home

Once again the vast majority (85%) of respondents access the Internet from Home and 61% rely on parents to pay for Internet access

Where do you access the internet?



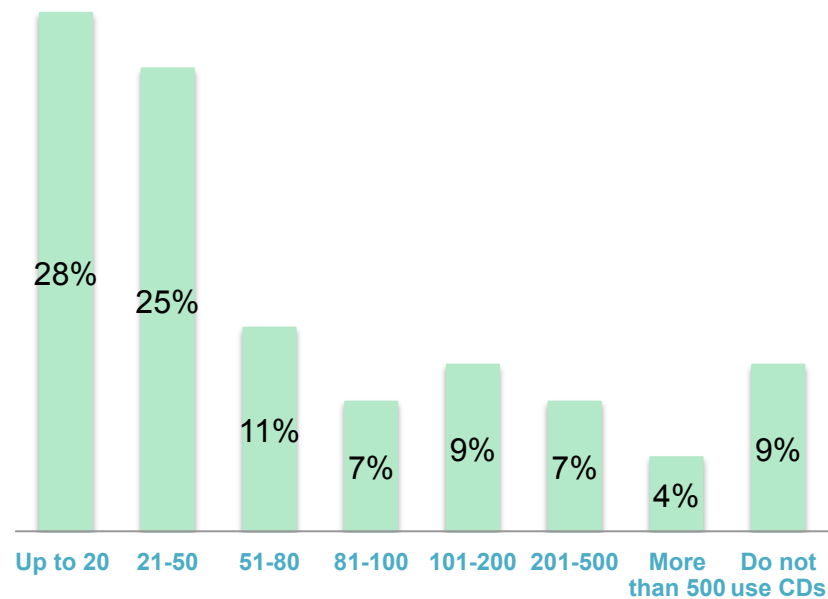
Who pays for monthly Internet Access?



The size of CD collections has not kept pace with digital collections

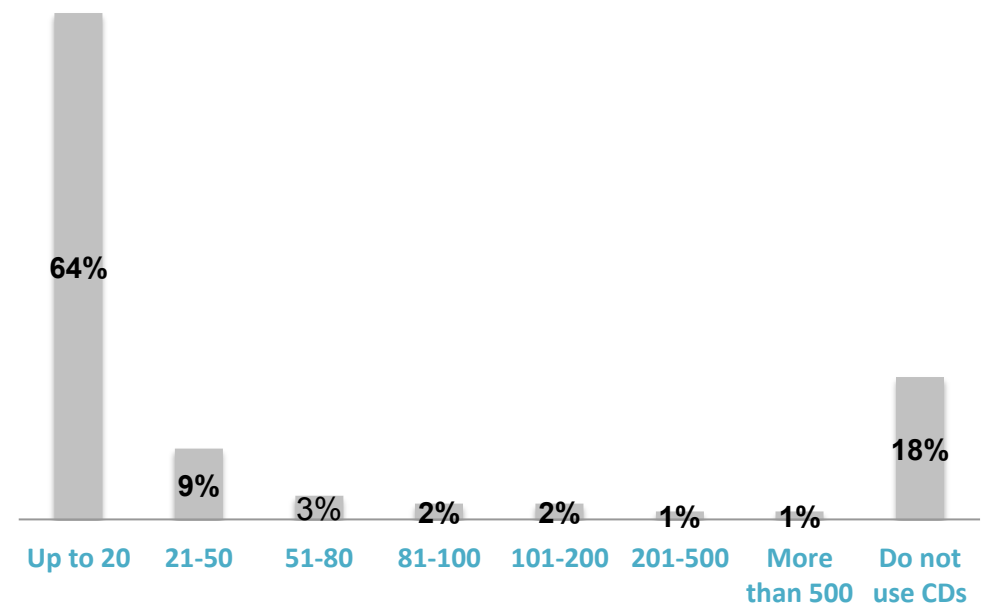
Although most respondents still exhibit a strong desire to "own" music and most still own a CD collection an increasingly significant number of respondents (18%) do not use CDs at all . 71% have fewer than 100 originals and 78% less than 100 copied CDs The average collection was 100 originals across all age groups

How many original CDs are in your music collection?



"If I like a band I will see them live and buy their album in cd format."

How many copied CDs are in your music collection



"CDs are overpriced and I can't afford to pay £10+ for every new album I only "might" like."

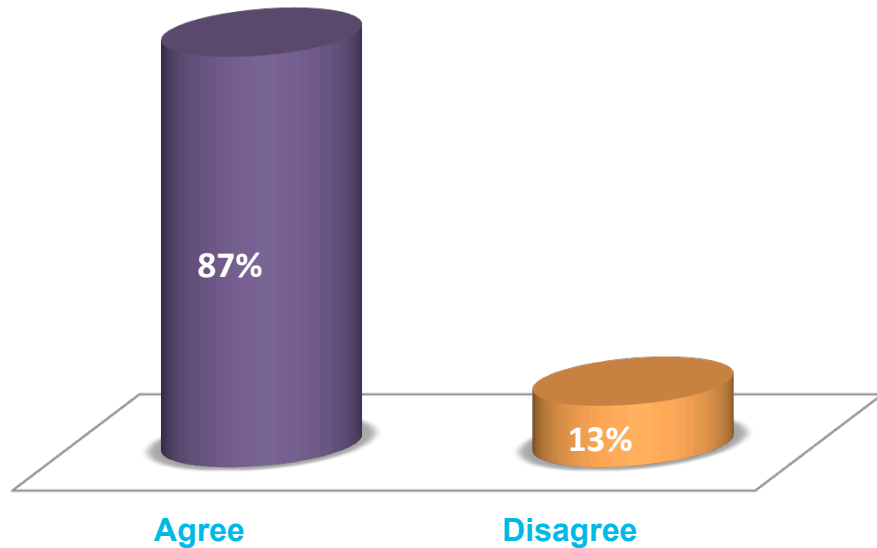
Copying music between devices is important

Almost all respondents still want to copy music. In 2009 **87%** agreed that being able to copy music onto different devices (e.g. MP3 player, mobile phone) was very important to them. In 2011 of those expressing an opinion this figure was still just as high

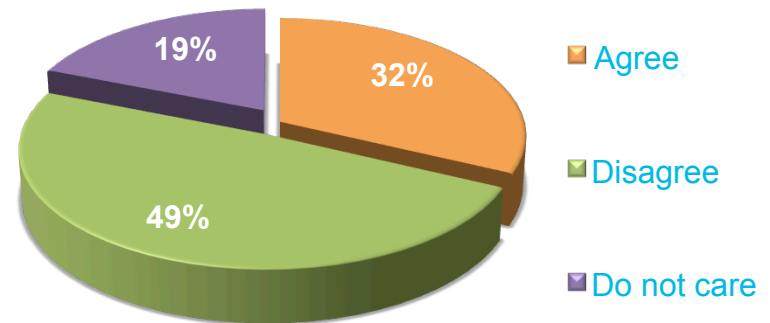
However there was a very clear drop (from 55% to 32%) in respondents support for a levy or fee to compensate artists whose music is copied for free. This calls into question previous claims this generation takes a high moral stand on music copying

“I believe, once I have paid for the rights to own that music, I should be able to use that music however I want “

Being able to copy music onto different devices (mp3 player, mobile phone etc.) is very important to me



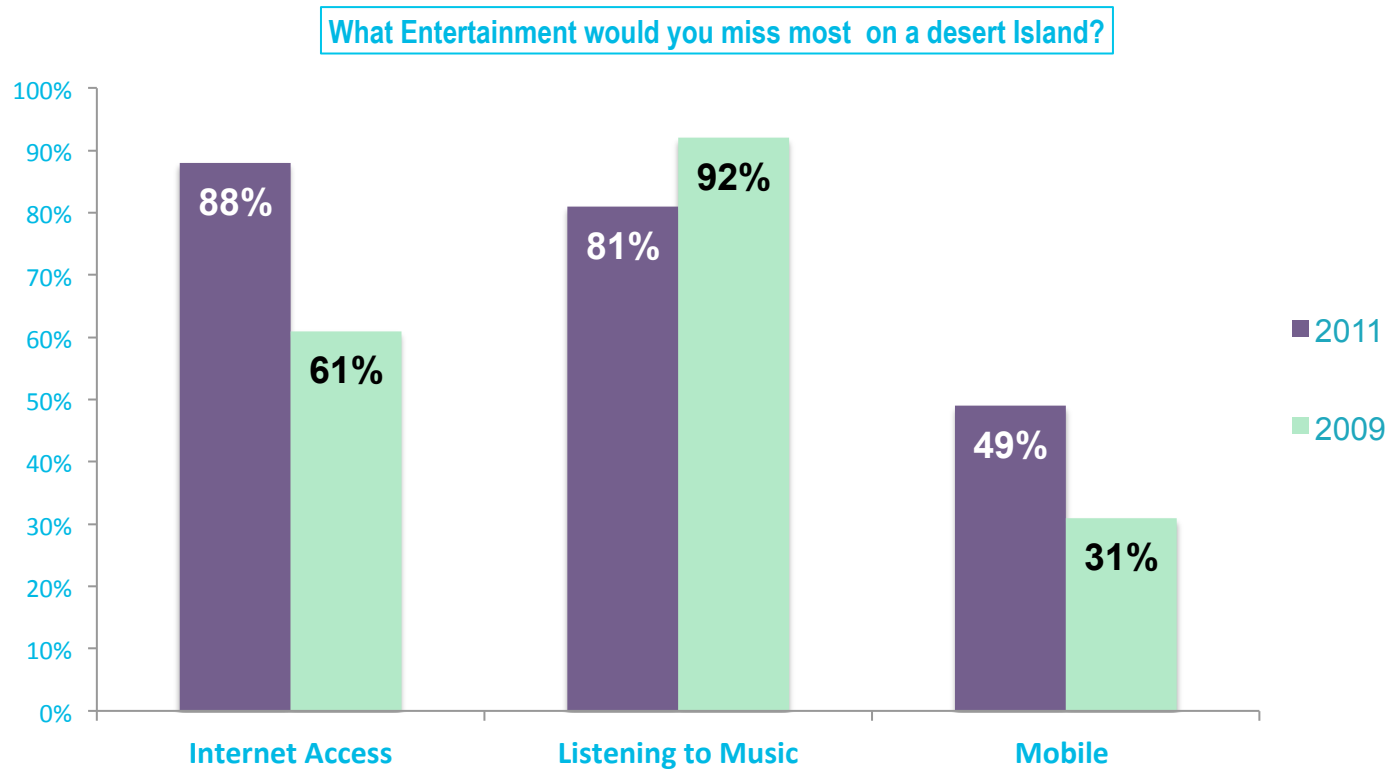
Manufacturers should pay a fee to the artist whose music is copied for free via their device



Music no longer the most valued form of entertainment

Desert Island and Entertainment Spending: what they would miss most?

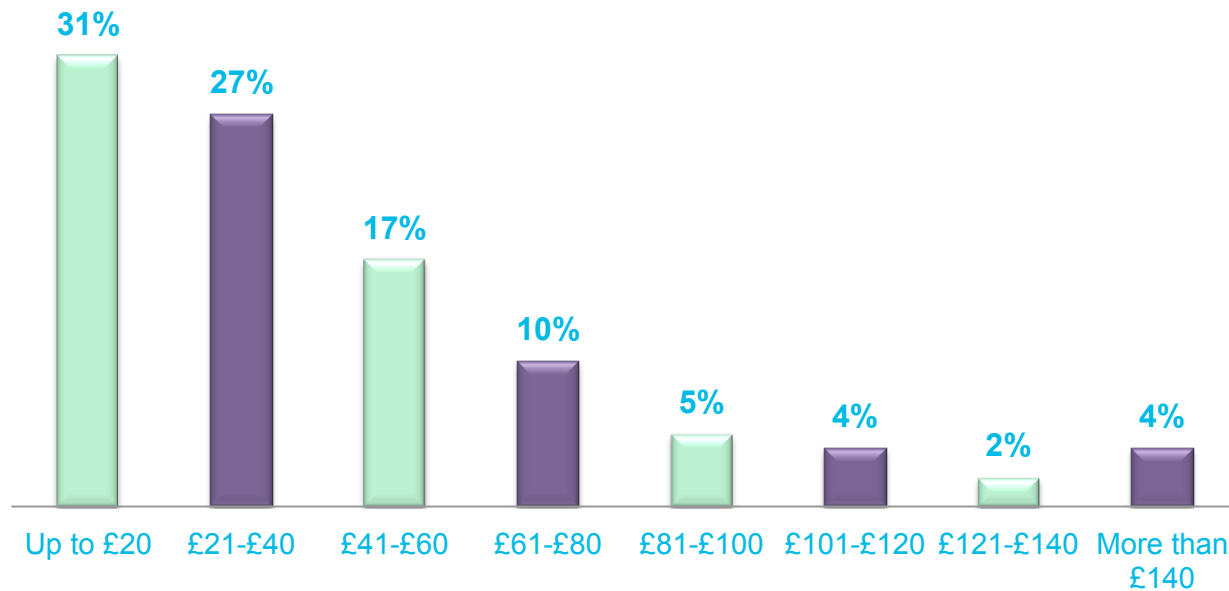
Music's importance for this age group remains very high and its value follows the trend established in 2008 and 2009. However when 2011 respondents were asked which type of entertainment they would miss most if stuck on a desert island, "internet access" scored above "listening to music" and "mobile phone".



Monthly Entertainment spending

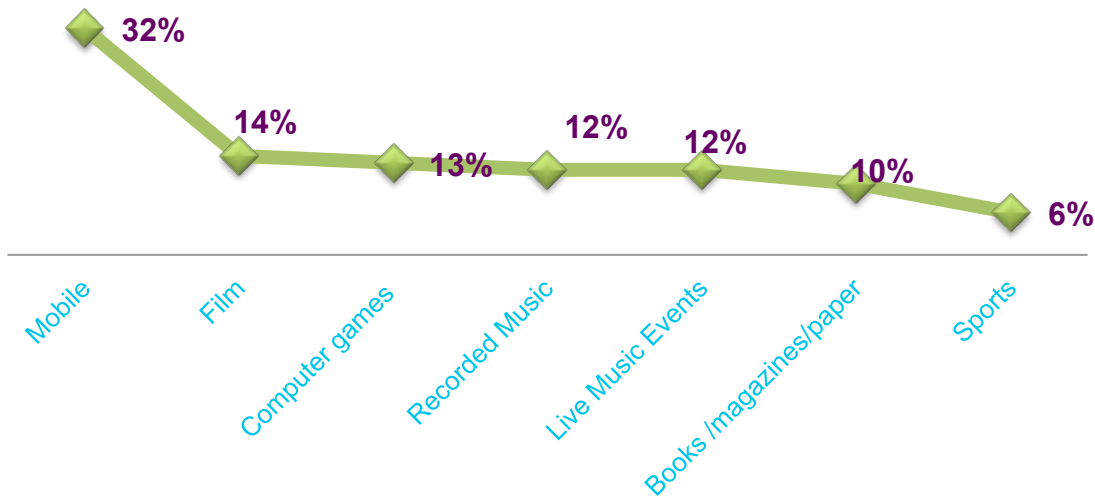
Just as in 2008 and 2009 there was considerable range in how much was spent on entertainment with 58% in 2011 spending £40 or less a month, 75% £60 or less a month and 90% £100 or less a month.

How much do you spend on entertainment in any given month?



Music losing out to other entertainment types

Top Monthly Expenditure

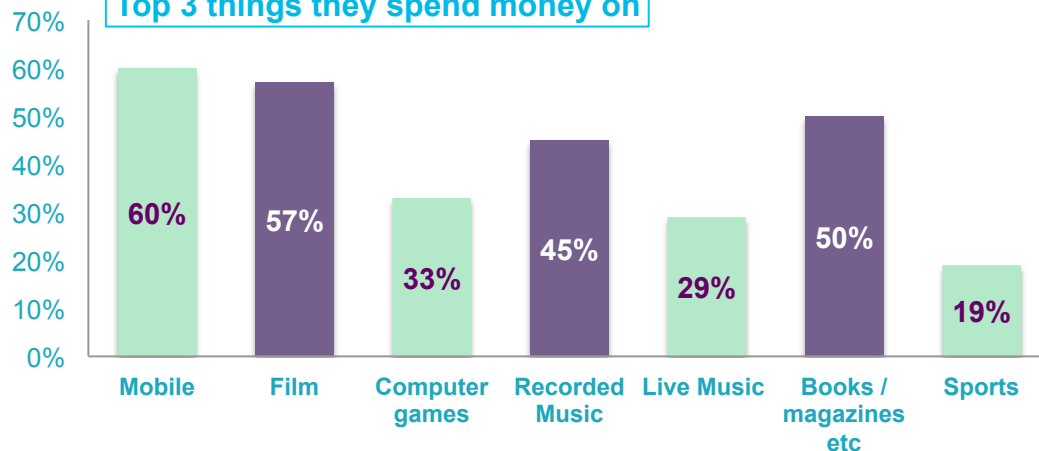


The first Graph here identifies the # 1 priority of each item as part of the respondents' monthly expenditure. Graph 2 identifies the items as one of their top 3 expenditures.

Mobile is the # 1 outlay for 32% of respondents and is one of the top three items for 60% of the respondents.

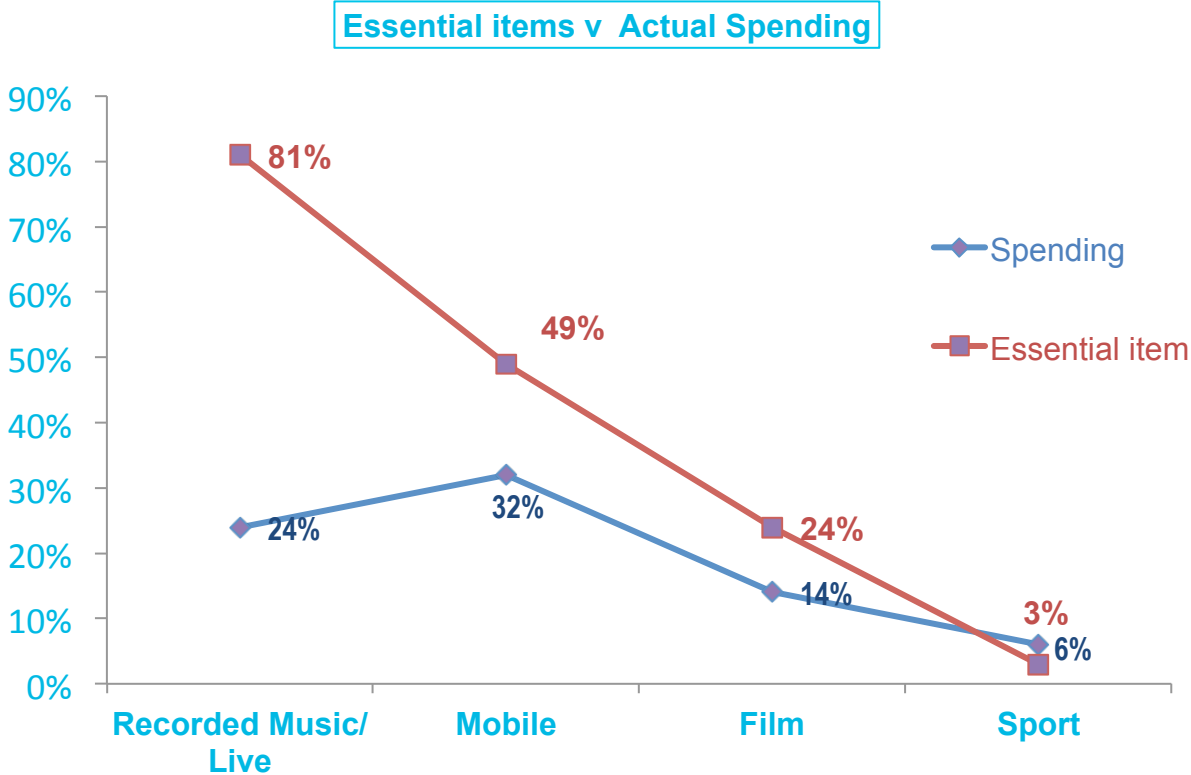
Recorded and live music together is the # 1 item for 24% of the respondents and as combined is amongst the top 3 items for 74% of the respondents.

Top 3 things they spend money on



On-going disconnection between music's value and actual spending

When compared to other entertainment types there was as much evidence in 2011 as in 2008 and 2009 of the disconnection between the high value placed on music and the actual amount of money spent on it



“Money from music sales goes to record labels first, artists second. I do not want to pay money into an obsolete/unfair industry “

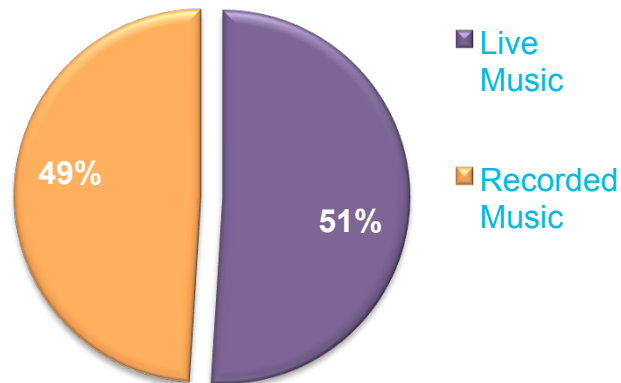
Spend on Live vs. Recorded music still 50:50

As was the case in 2009 across all respondents, spend on live and recorded music is split almost 50:50
This is most evident amongst those who spend the most on music

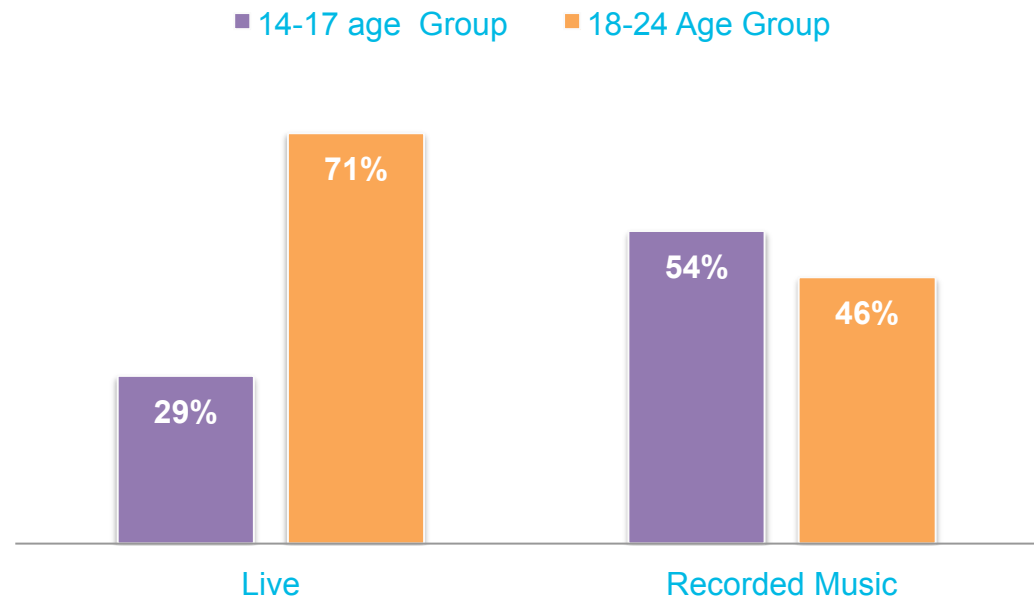
But there are very clear differences between the two Age groups with the younger group spending more on recorded music and the older group prioritising live music

“If I like a band I will see them live and buy their album in cd format”

Percentage of Music Budget Live v Recorded



Priorities differ between age groups on Live and Recorded Music

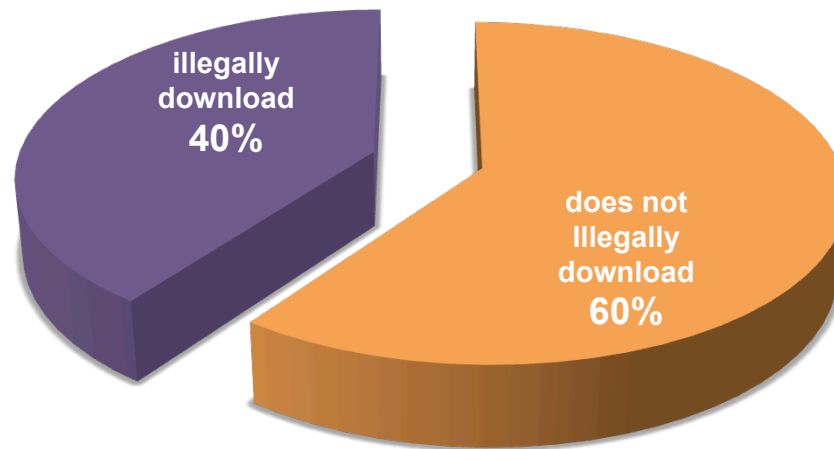


P2P use in decline

By 2011 the extent and frequency of p2p use amongst this age group changed dramatically from the levels seen in 2008 and 2009 when 61% (63% in 2008) of respondents acknowledged illegally downloading.

By 2011 the amount who confirmed they used p2p sites was 40% of the total with 60% of respondents never downloading

Do You Download Illegally?

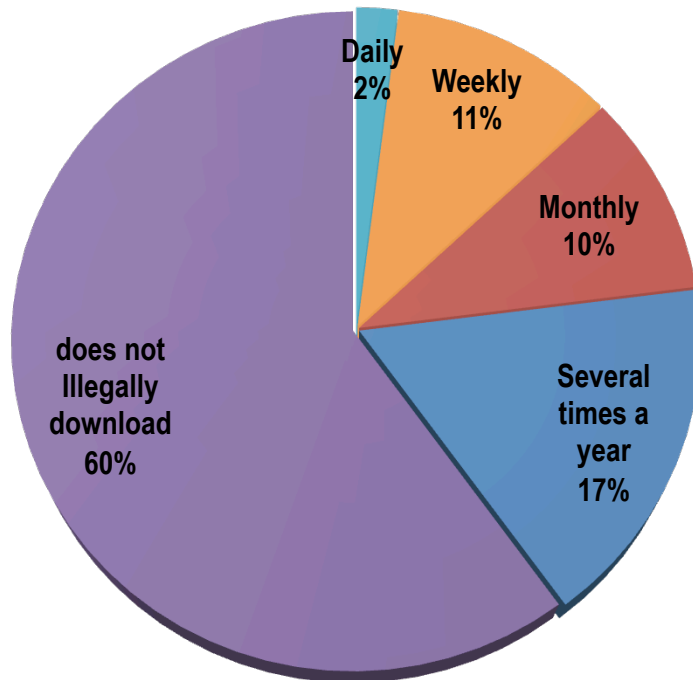


Frequency of P2P use changing

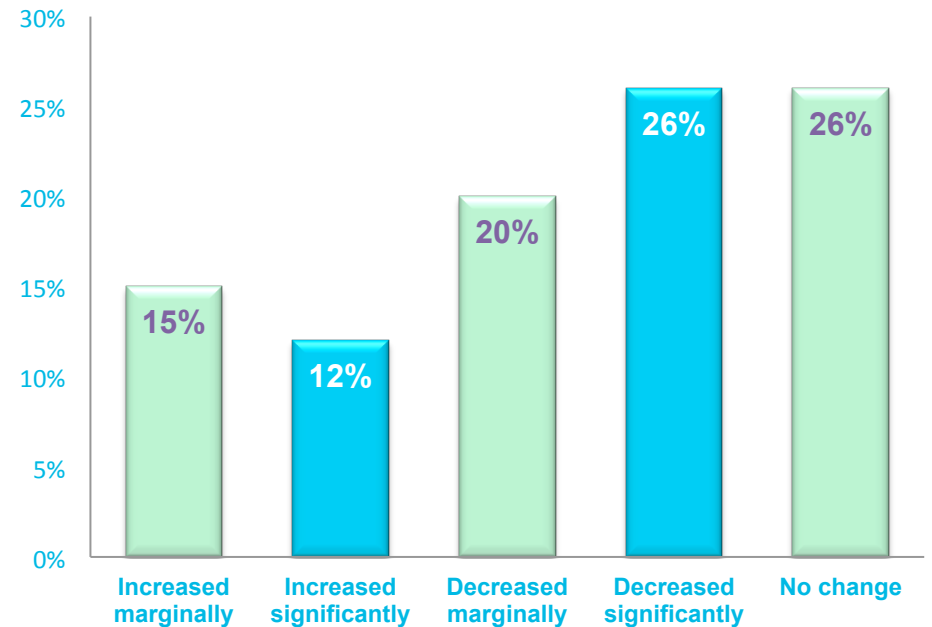
This downward trend in overall p2p use is also reflected in the way respondents download with far fewer (13% of total or 32% of those who do fileshare) now doing so on a daily / weekly basis

Amongst p2p users there was clear sign their use of p2p has peaked

How often do you download music using a file-sharing (P2P) services ?

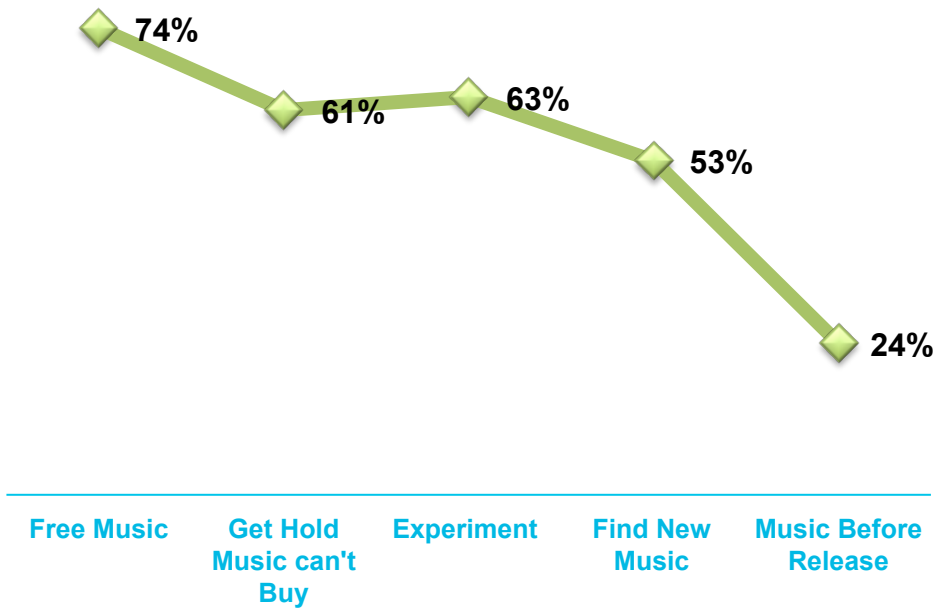


P2p Users : In the past year has the amount you have illegally downloaded increased or decreased?



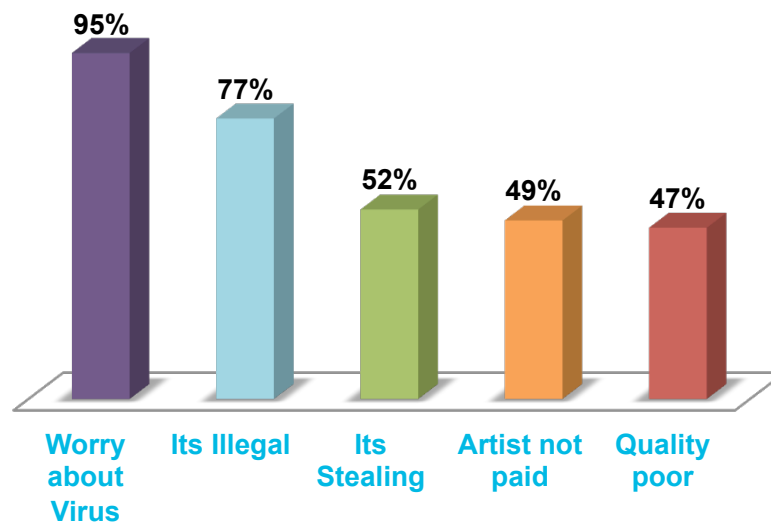
They fileshare mainly because it is free But there is less concern for the artist

Main Reasons for Filesharing



The overriding reason given for not filesharing is worries about viruses and illegality with much less concern shown for the artist not being paid

Main reasons for not filesharing



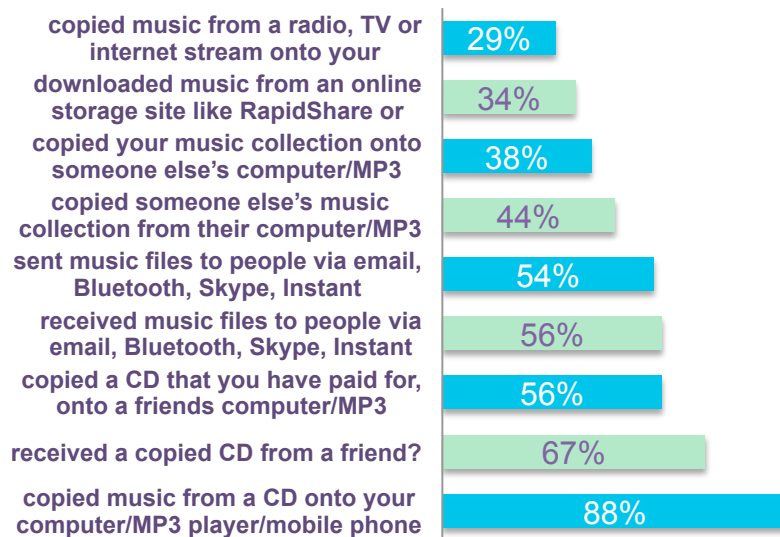
“There is too much terrible commercial music being pumped out these days and not enough focus on making music good. If music is good then I will buy it, but I’m not wasting my money before I know what it sounds like”

Copying and sharing music

As in 2008 and 2009, this age group still place huge importance on being able to copy.

2011's findings highlight the many different ways that they are copying and sharing music, both offline and online

Copying music: Have You ever...

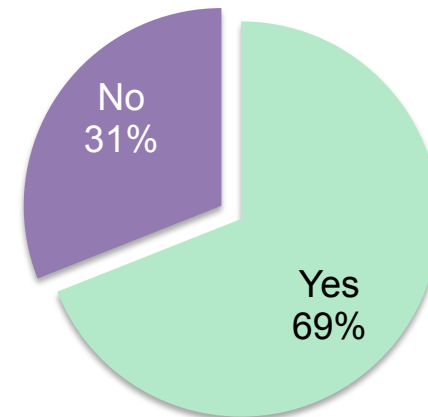


“Everyone else does, sharing is caring”.

Real Interest in paying for digital music

Whilst there is very strong support at 69% for an unlimited paid download service it is still less than 2009's 85%

Interest in unlimited download service to keep and transfer to any device

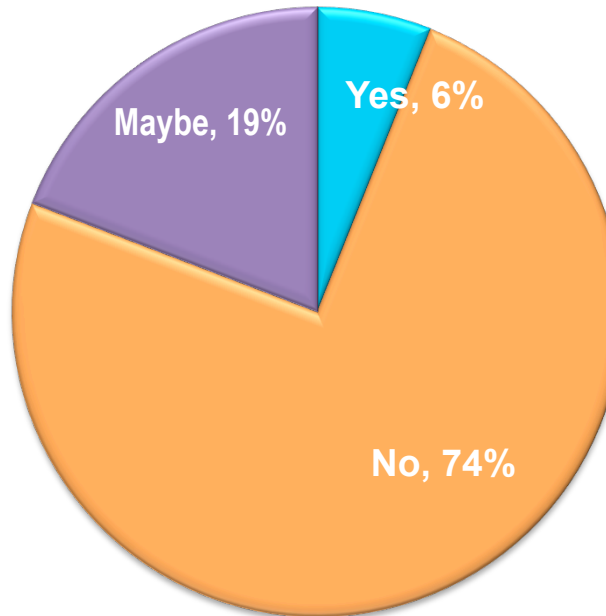


“It's not illegal to lend people books etc. why should it be illegal to lend people music?”

The potential of new music services

There is even clearer evidence for the belief that that unlimited download services would replace use of p2p with **74%** of 2011 (versus **57%** in 2009) respondents indicating they would not use p2p if they had such a service

If you had an unlimited download service would you still use a file sharing (P2P) sites?

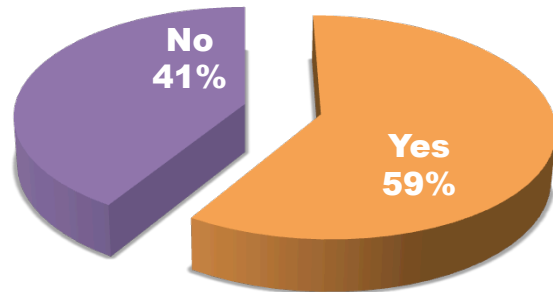


Desire for physical product remains

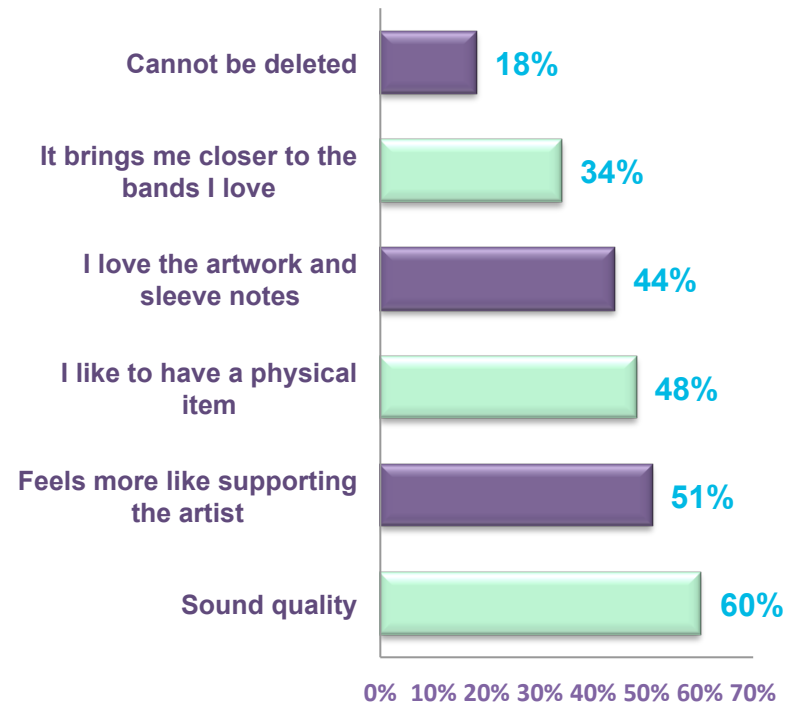
“A computer file...can't ever mean as much as the real deal; an album on a computer is essentially a reduction of a real album as it doesn't have art work or sleeve notes.”

Whereas in 2009 the main reasons for still buying albums was they liked the Physical item and wanted to get artwork and sleeve notes. The # 1 reason for 2011 was because of the sound quality

If you had an unlimited download service would you still buy original albums (CDs, vinyl, download)?



Reasons for buying albums if paying for unlimited downloads



Enthusiasm for streaming, little willingness to pay

In 2008 and 2009 we asked respondents if they would pay for an online streaming service. Despite some support in 2008 by 2009 **78%** indicated they would not pay for such a service

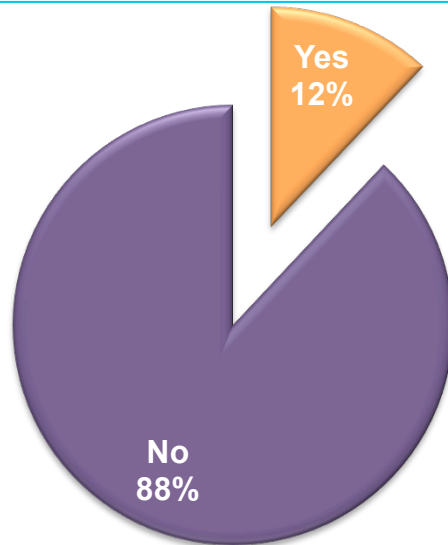
By 2011 we could ask them whether they had ever paid for such a service – an overwhelming **88%** said they had not.

Of the 12% who have paid for streaming the overwhelming majority used Spotify

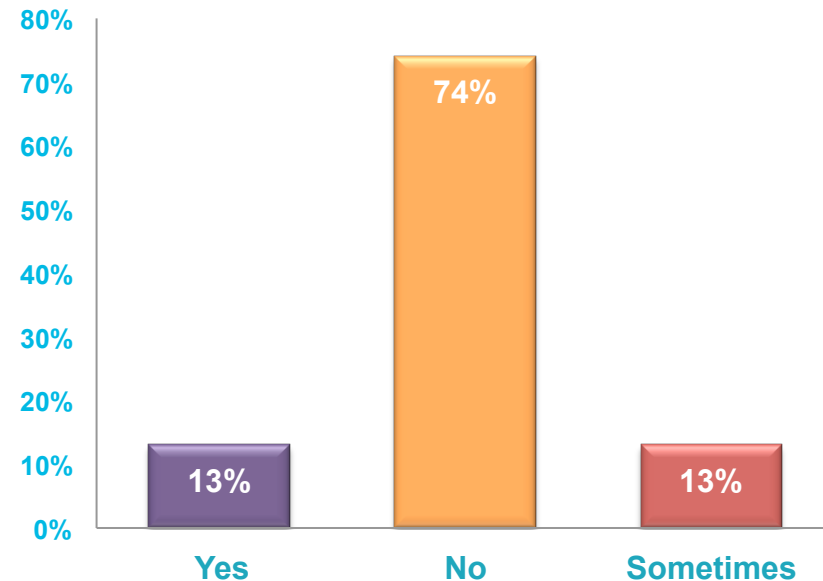
In 2011 74% of respondents indicated they no longer used p2p sites if they used a streaming service. In 2009 34% of those who would pay for a streaming service said they would no longer use p2p

“Spotify is a Godsend to the music industry...I used to torrent a lot of music but hardly any now”

Have you ever paid for a streaming service, e.g. Spotify?



If you use a streaming service, do you still use filesharing (P2P) sites?

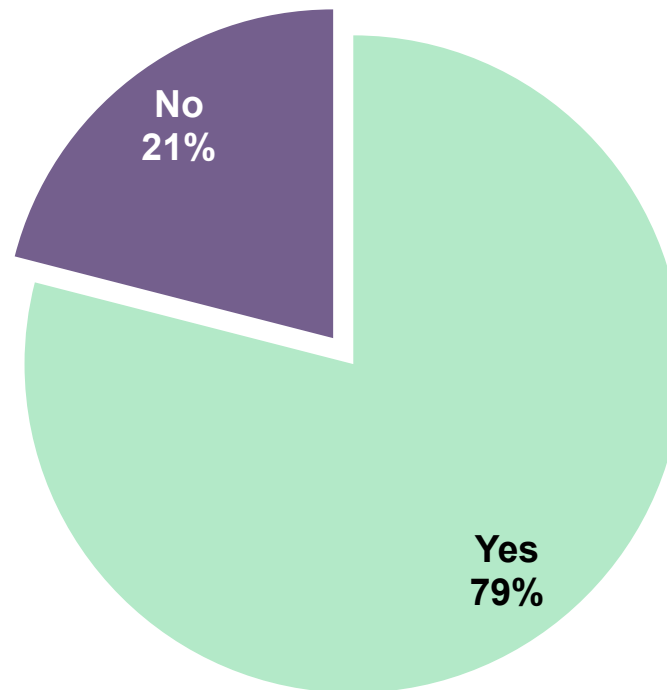


Digital ownership is important

Again even with the diverse range of services available to respondents 79% still wanted to 'own' their music

“It seems people want to just own a lot of music for the sake of getting attention rather than actually enjoying it”

With access to so many streaming services , are you still interested in "owning" music



What's new ?

There were many new questions this year focusing on 4 different areas :

- **Access to Music**

Which service providers respondents use for internet access at home or on mobile and does online music use play a role in their choices including whether they would change service provider for better access to music

- **Music as Part of their Lives**

What is their favourite genre of music and how do they discover new music

- **Downloading & Uploading**

Given the often repeated claims that Copyright law is too complex to be understood by young people we posed a number of questions relating both to their knowledge of what was legal or illegal and also asked whether they felt ISP's disrupting their internet connection might change their online behaviour

- **New Music Services**

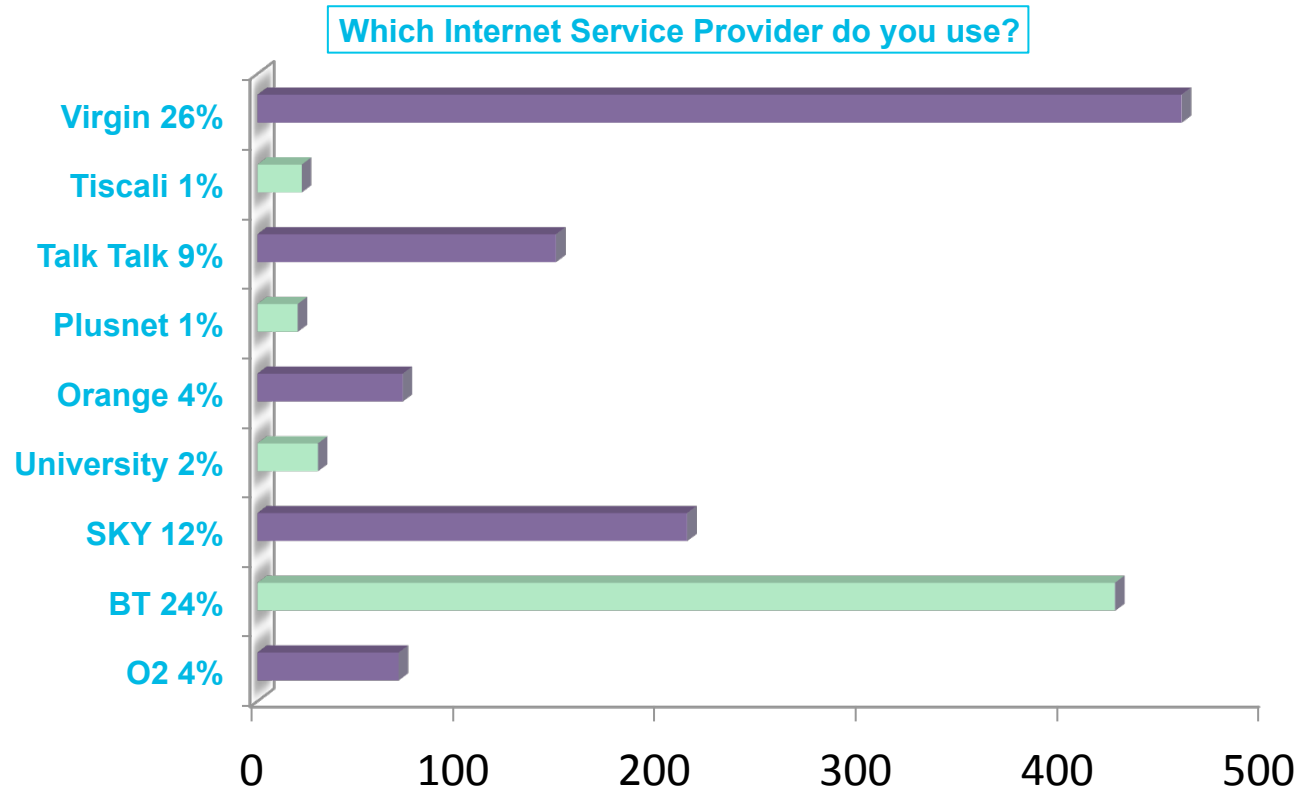
As well as researching the kind of mobile phones they use (predominantly smart and internet enabled) we asked whether they would be interested in switching to another supplier if music service was included in the monthly charge

We also asked our respondents whether they were at all interested in cloud based services to enable them to access their stored music at any time from any device

Access to Music - Broadband

Apart from the enormous range (more than 60) of different broadband service providers available it was striking how the top 2 Virgin and BT came in with 50% of the total and the top 8 providers accounted for 83% of the total.

Crucially the choice of ISP is rarely influenced by access to online music – with almost 80% refuting this as a factor

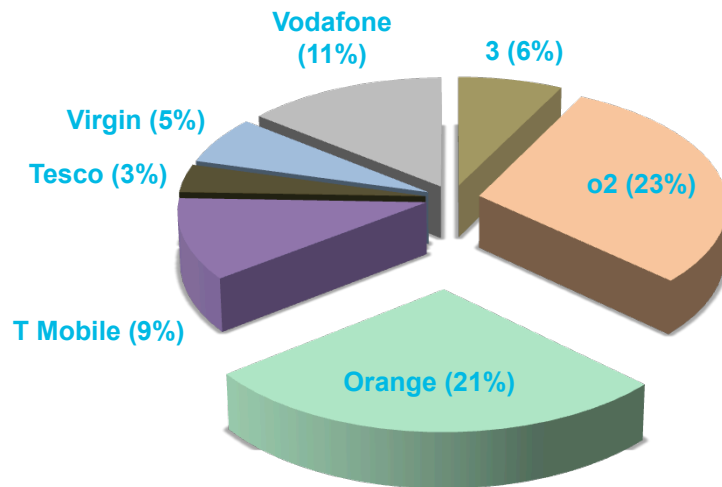


Access to Music- Mobiles

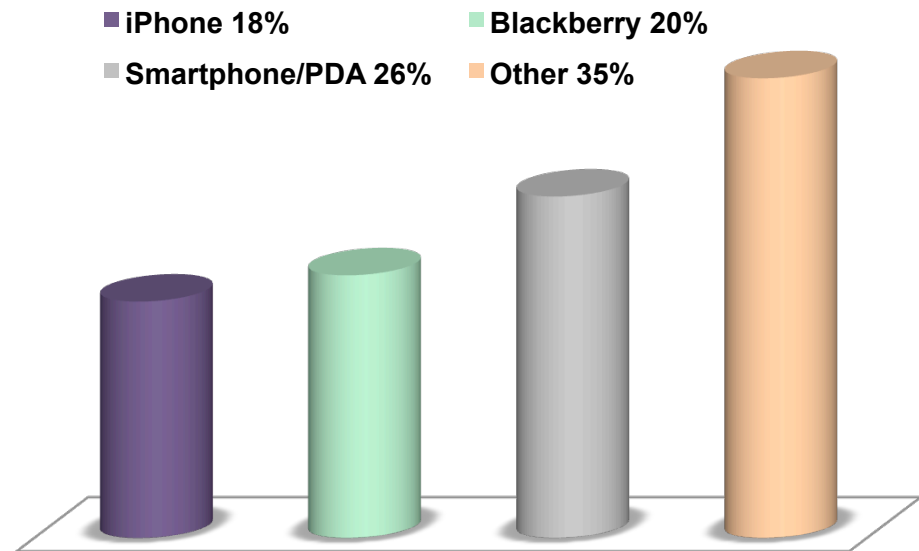
Similarly on mobile there were a very wide range of MSP's available but 2 main service providers o2 and Orange dominate accounting for 44% of the total with the top 7 firms accounting for 78% of the total.

Internet enabled mobiles –iPhones, Blackberry and smart phones now account for 65% of total used by respondents . Of the “other” types of mobile these were dominated by Nokia, Samsung and Sony Erickson in that order.

Which Mobile Service Provider do you use for Mobile internet use ?



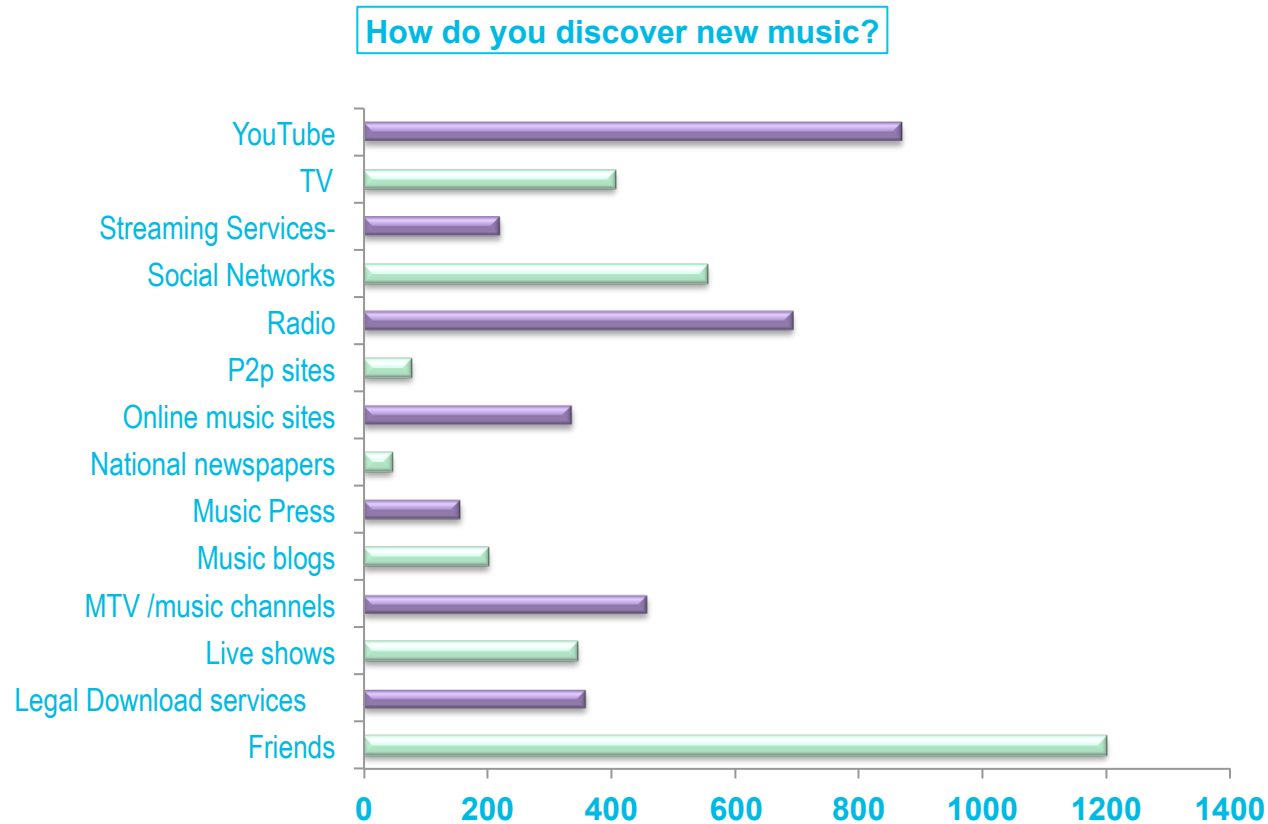
What type of mobile phone do you use?



Music as Part of their Lives

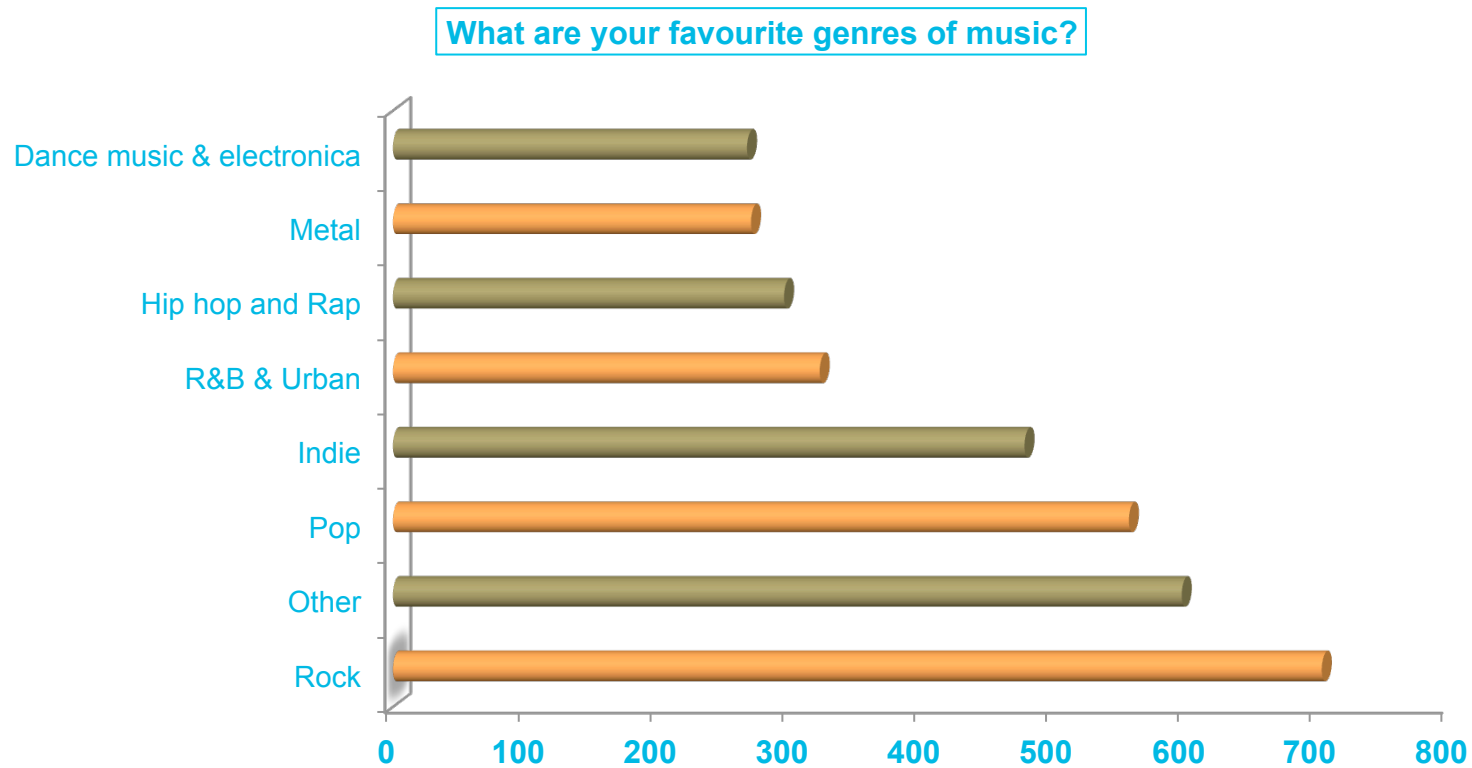
That YouTube would be important as part of the discovery of new music was no surprise but it is striking that friends and the sharing culture that is embedded in this generation's use of music that is still the dominant factor linked to the discovery of new music.

Also surprising was the extremely low relevance of p2p sites along with the national press and music press (beaten by music blogs and online music sites) for discovery of new music. Radio is still shown to be a force in the music discovery process



Music as Part of their Lives

Of the 20 main genres listed the top 8 highlighted the popularity of rock , pop and indie amongst this age group.

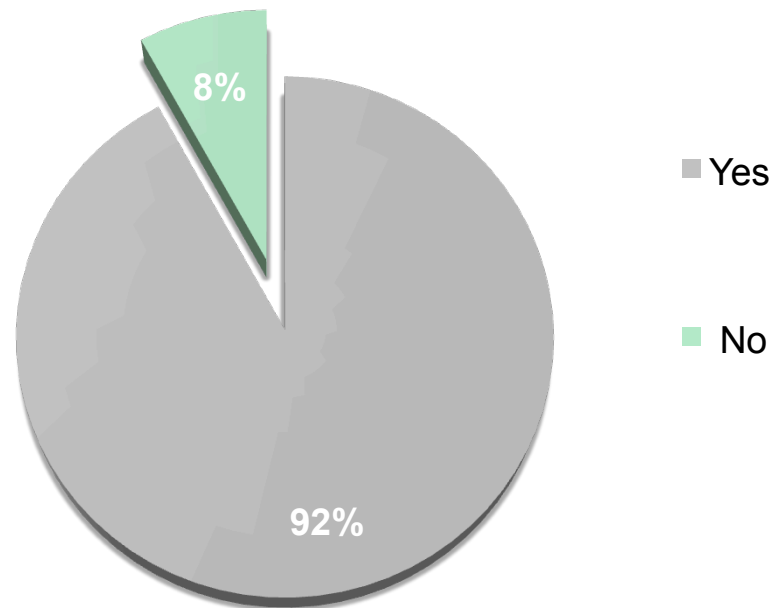


Downloading & Uploading 1

In 2009 to demonstrate their awareness of copyright law we asked respondents to confirm which types of copying were legal or illegal

In 2011 we decided however to ask them directly whether they knew downloading or uploading as well as other types of sharing was illegal and 92% indicated they did know

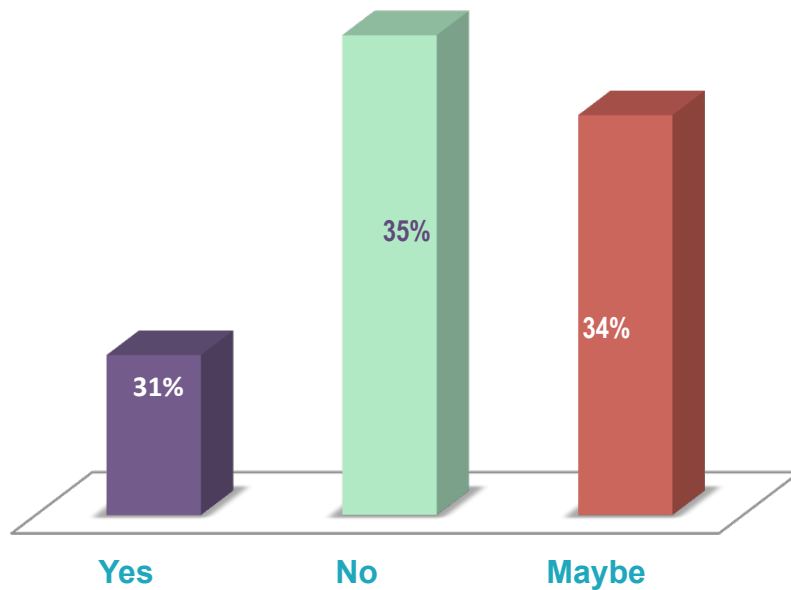
Do You Know downloading/uploading and other forms of sharing music without the Owner's consent is illegal under UK Law?



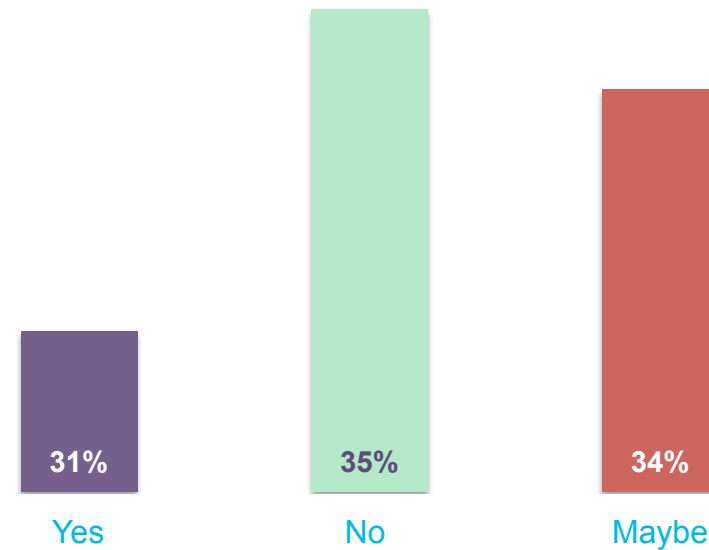
Downloading & Uploading 2

In 2011 reactions to legal measures proposed to deal with online sharing music without the owners approval were less clear

If you share music without the owners approval and as a result your Internet account holder is made aware their connection could be disrupted would this change your current sharing of music behaviour ?

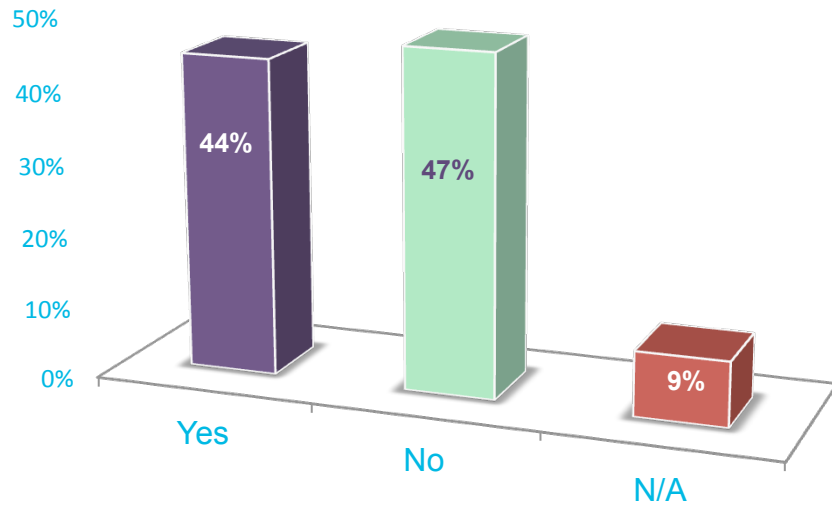


Current UK law allows for Internet Service providers (ISPs) to possibly disrupt the internet connection of those who persist in sharing music and other copyright content without the owners approval. Is this the right approach?

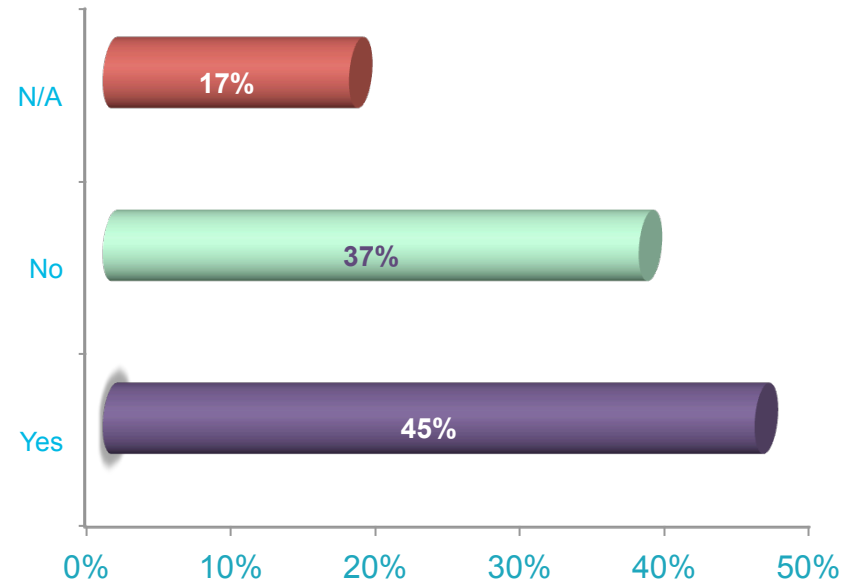


New Music Services

Would you consider switching your mobile phone operator or broadband supplier to another if it offered a music service as part of its monthly charge?



Are you interested in 'cloud based' music services where your music is stored on remote servers so you can access it using an enabled device at any time from any location?

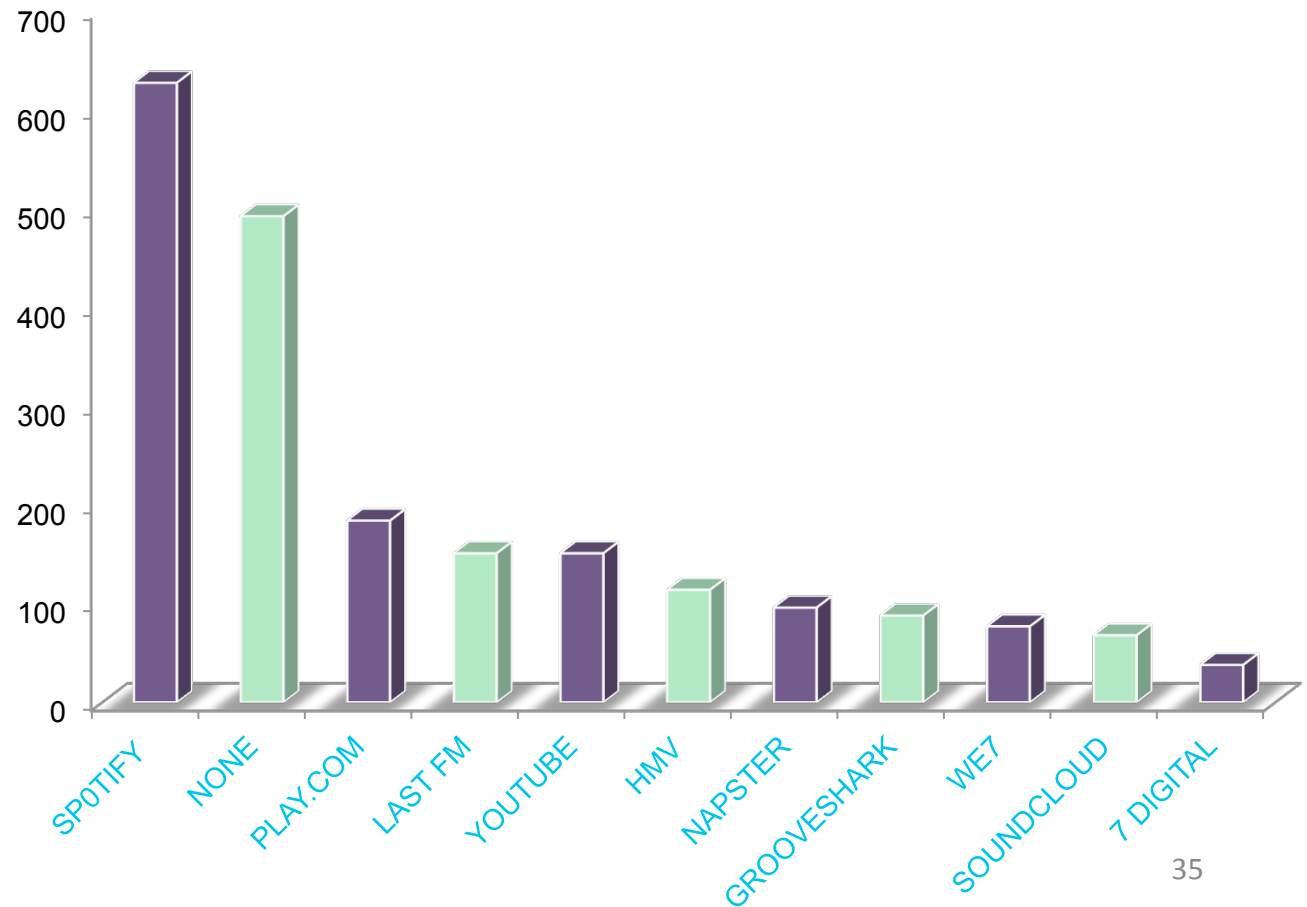


Awareness of New Music Services

We also asked respondents about their awareness of online services in addition to iTunes and Amazon.

Despite the lengthy list of services listed by respondents it was readily apparent Spotify was easily the most popular followed some way back by Play.com, HMV and Last FM

Top Online Music Services in addition to iTunes and Amazon



Researchers Comments on Methodology

- The UH research team conducted three consumer survey reports between 2008 and 2012. The statistical analysis involved with all three national surveys has been underpinned by the University's Business School Statistics Team
 - A significant outcome from this process has been the recognition of the limits of our methodology. Indeed this recognition has now led us to work with other research partners to build a more rigorous and robust research methodology capable of being applied to a wide range of projects in this field.
 - It is our belief we can improve on what we consider were innovative research methods (our 2008 survey was one of the first to employ social media to engage with prospective respondents) . At the same time, our readiness to acknowledge the limitations of our research methods means we want to flag certain concerns we have to prevent misinterpretation of our findings and our methodologies
- I. The methodology employed in each of the 3 surveys has evolved as we tried to develop a sample increasingly representative of the national picture.
 - ① Each survey started with the use of focus groups (usually around 100 students) to prepare, refine and develop appropriate questions.
 - ② The second step in each survey was an online self selecting questionnaire which is the quantitative basis of the findings in each survey. The 3rd survey had a panel of 1000 respondents from YouGov and 888 undertook the survey using our website www.ukmusicsurvey.com.
 - ③ the third step in each case was collating qualitative findings, arguably the richest data for shedding light on young people's attitudes and behaviours
 - II. The variation in methodology between each survey however restricts our ability to make too much of the different results in each year and we consider each annual survey should be considered as a snapshot of the behaviours and attitudes in the survey periods rather than suitably robust longitudinal study. They can however point to trends and changes within the surveyed group
 - III. This 3rd survey was not commissioned by any 3rd party organisation. The research team felt following release of the 2008 and 2009 surveys that the appearance of bias because of potential influence from those commissioning research of this nature is often sufficient for the work to be discredited
 - IV. Some have recently recognised, and we share this belief, that an online sample cannot be considered representative in isolation, and that a single methodological approach to projects of this kind are almost certainly insufficient.
 - V. Indeed we recognise (as have several others in the commercial research field) that more complex and sophisticated methodologies may be required to examine many of the issues notably those relating to how young people access and use music within the current legal framework.