nielsen

# THE BUYER AND THE BEATS

## THE MUSIC CONSUMER AND HOW TO REACH THEM

SXSW 2013

# SXSW 2013 PREMIERE

Co-presented by SXSW and Nielsen, this study was unveiled at the event to help companies understand the facts behind the music fan. You will learn more about technology, free content use, fan types, and the unmet needs that they have.

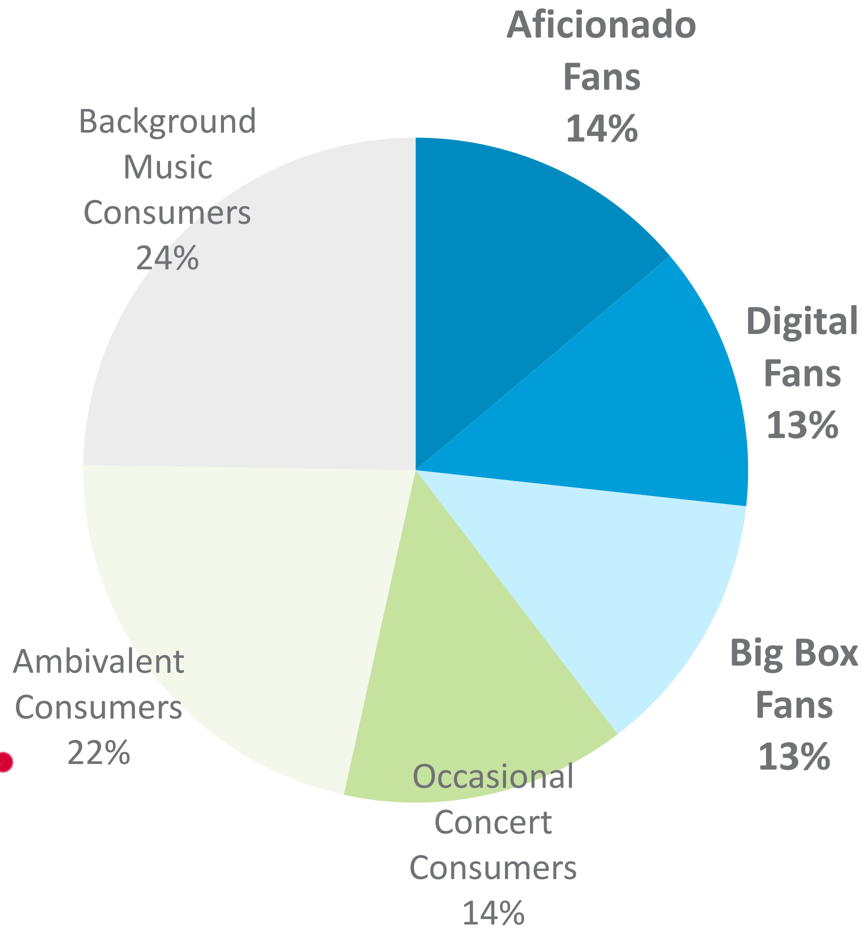
To view the presentation, please click on the links below:

VIEW IT ONLINE

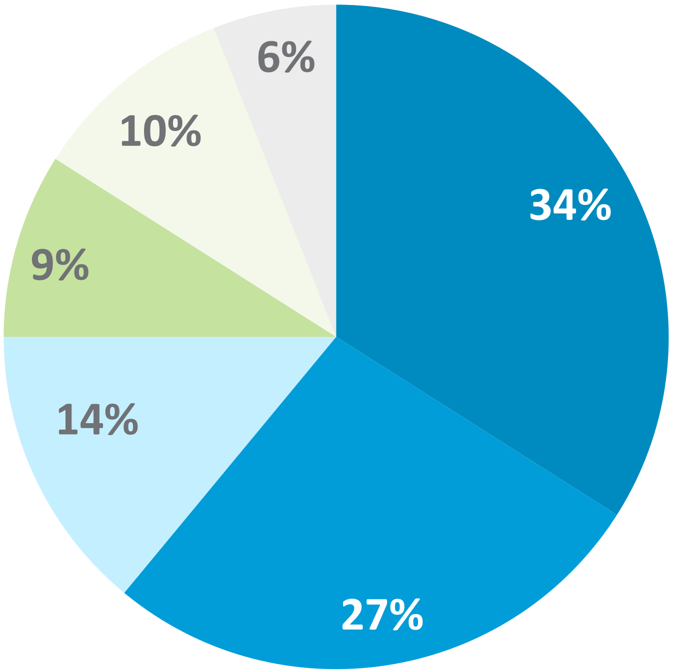
VIEW THE PDF

# MUSIC CONSUMER SEGMENTS

# THE 40% OF MUSIC CONSUMERS THAT ARE "FANS" ACCOUNT FOR 75% OF ALL MUSIC SPENDING




Size of Consumer Segment




Share of Music Spend

- # AFICIONADO FANS

Love music, very engaged, many genres, current as well as catalogue. Indie fans who understand the “workings” of the music industry. Always listening, always discovering. Spends on all formats, merchandise, concerts, and pays for online streaming. Very social - active with social networking and attends all types of live events. Is considered a music trendsetter. Most get social media updates from their favorite bands. Apple customer.

Brand endorsement (of music) can be turnoff to some.

Often buys from Amazon, local record stores.

Favorite music is most likely to be alternative rock, contemporary rock, or heavy metal; least likely to be Top 40, HipHop, or R&B. Also likely to listen to Pop, Oldies, R&B, Punk, Folk, World, Electronic/Techno…

Connects to friends via email/texts, likes to have updates from favorite musicians.

Uses many different services and devices to listen to music; interested in leveraging technology for music – in all possible new/innovative ways <u>except</u> discovery.

Only 17% are age 13-17.

- # DIGITAL FANS

Active with social networking, listen to music through FB, give music as gifts, share playlists, Considers themselves to be a music trendsetter, likes to engage with friends about music. Very engaged with music but not as aware of Indie bands and/or industry as the Aficionado Fans. Influenced by music recommendation engines (Genius), reviews, blogs, ratings.

Smartphones are becoming their entertainment hub.Technology has enabled them to discover more music, but also, to enjoy free access (free internet radio) and so they are buying less music now. Could afford to spend more on music.

Think well of brands that sponsor music.  Apple customer.

More likely to listen to music through YouTube (66%) than radio (57%); Discovers music on YouTube, Facebook, iTunes, TV shows, Twitter, blogs/chats…

32% are age 13-17; Highest HHI $71k; 21% Hispanic

- # BIG BOX FANS

Claims to have a very intense relationship with music (especially Pop and Country) and to very much like the music that they hear in movies, TV, video games, and commercials. A discount shopper that is heavily influenced by deals (for music as well as other categories). Think well of brands that sponsor music. Likely to use an MP3 player or CD player; most don't have a smartphone.

- # OCCASIONAL CONCERT CONSUMERS

Listen to music in the car/train and/or at work (but not much at home). Will go to concerts for a favorite band. Spends heavily on other forms of entertainment (ie TV packages and video games). Uses Pandora.

- ## AMBIVALENT MUSIC CONSUMERS

  Seeking more - not particularly engaged with the music but are using Pandora. Not connected to favorite bands via social media. Willing to pay for streaming concerts and willing to pay for special/unique content.  Favorite genres include Pop, Contemporary Christian, Adult Contemporary; also listen to HipHop/R&B, Classical. Average income, but spends less on entertainment overall than any other segment .

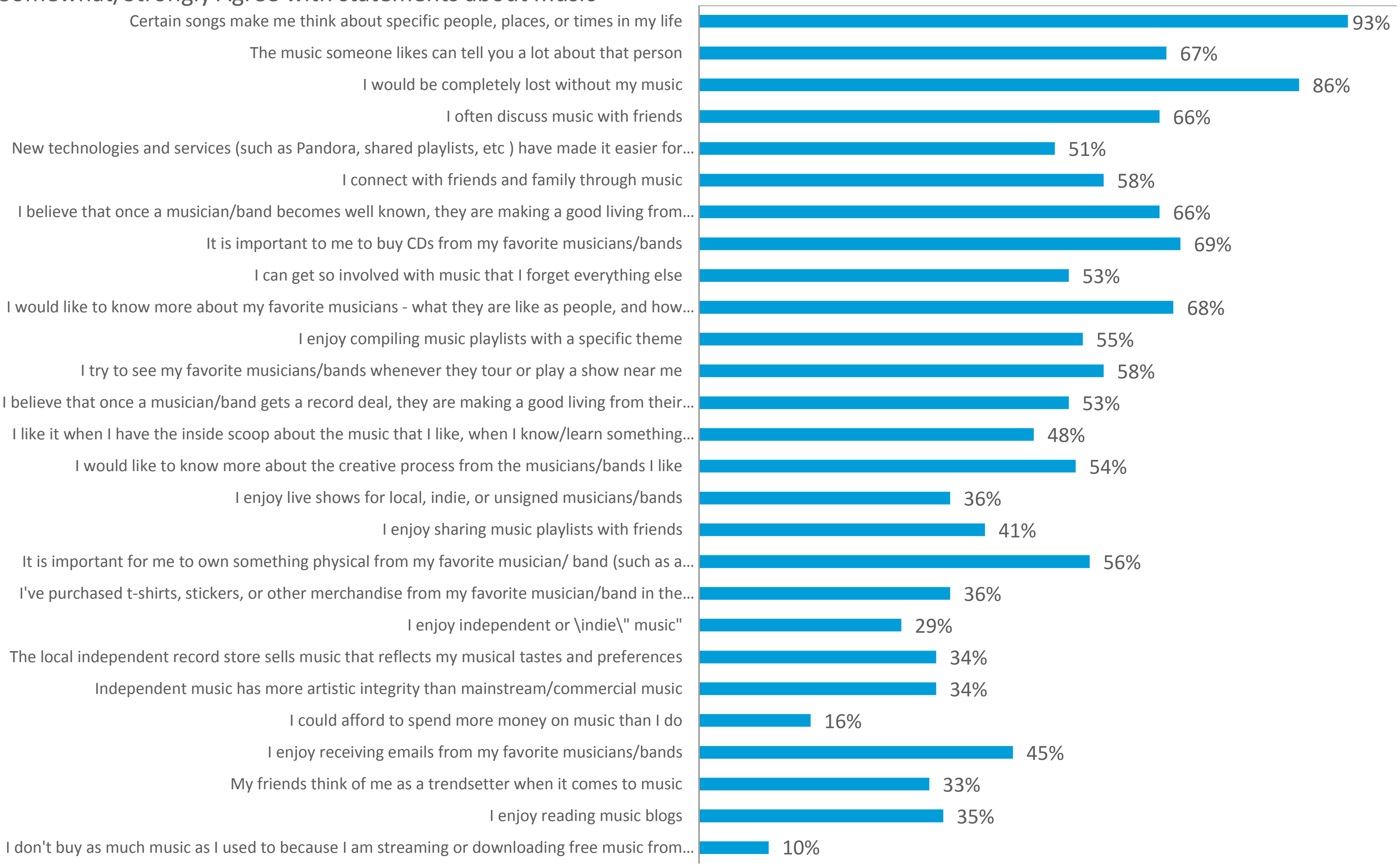
- ## BACKGROUND MUSIC CONSUMERS

  Spends some money on TV and movies, but spends only (free) time with music; not engaged with music.

# ATTITUDES

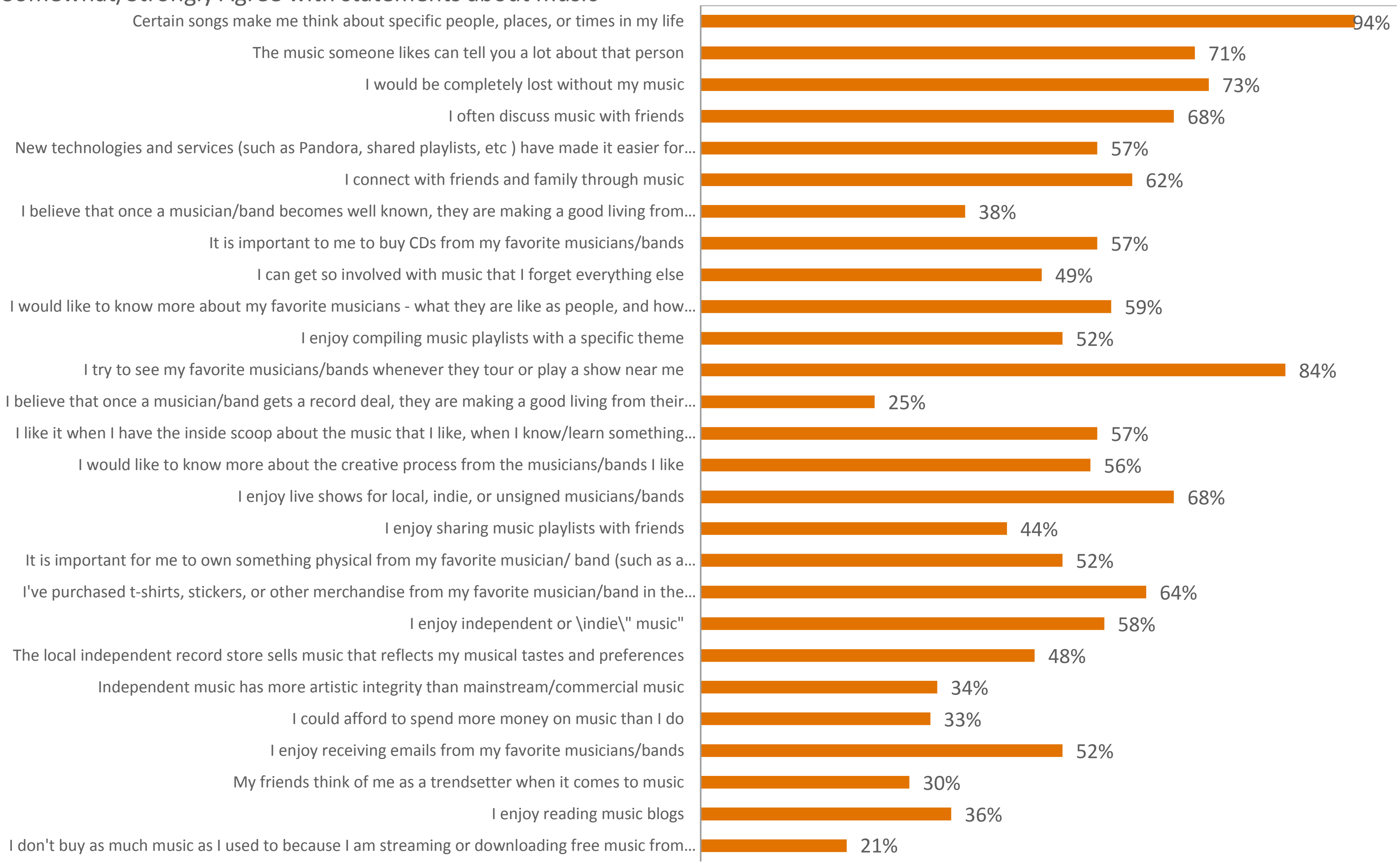
# OPINIONS ABOUT MUSIC – BIG BOX FANS

Somewhat/Strongly Agree with statements about music

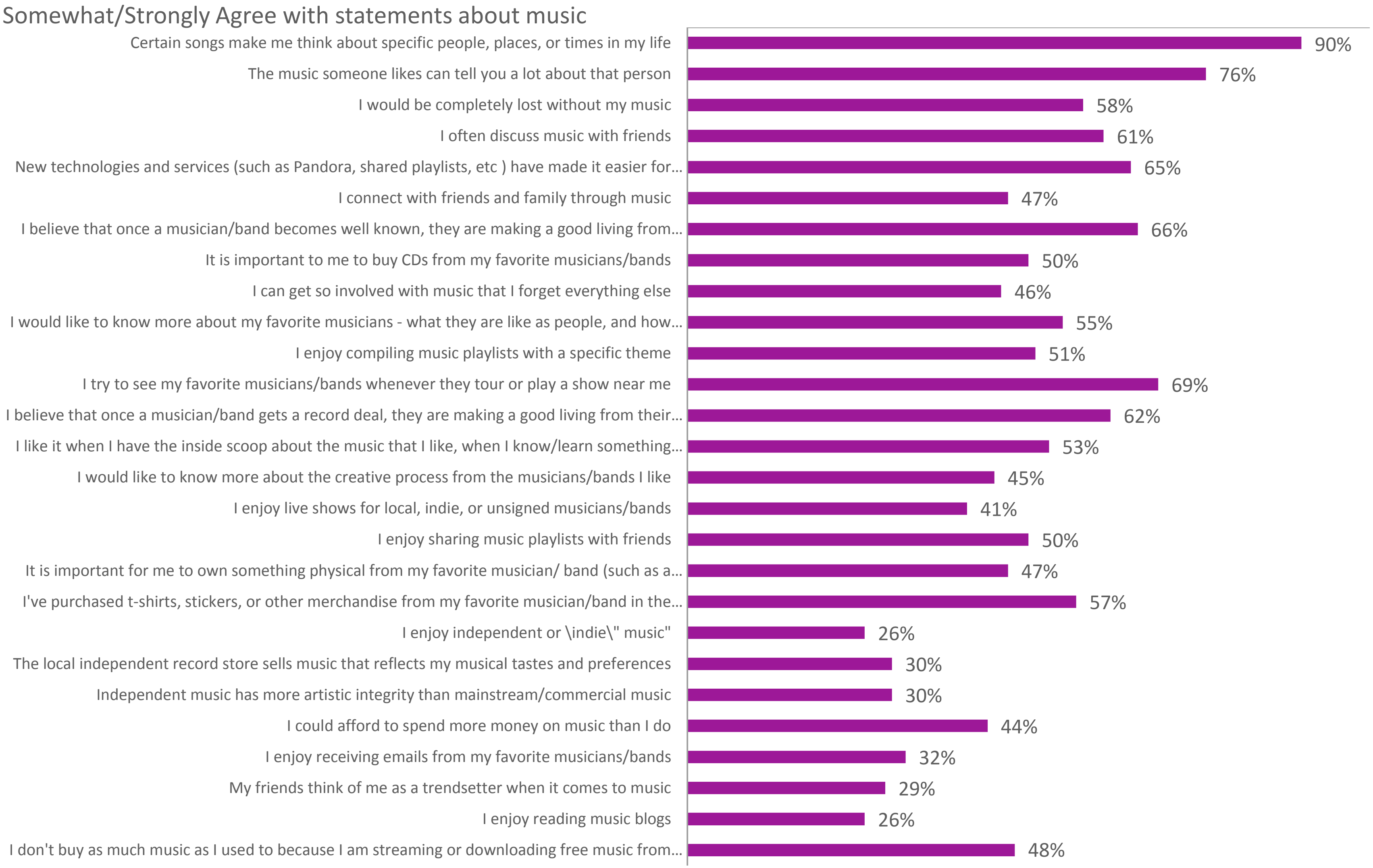


# OPINIONS ABOUT MUSIC – AFICIONADO FANS

Somewhat/Strongly Agree with statements about music

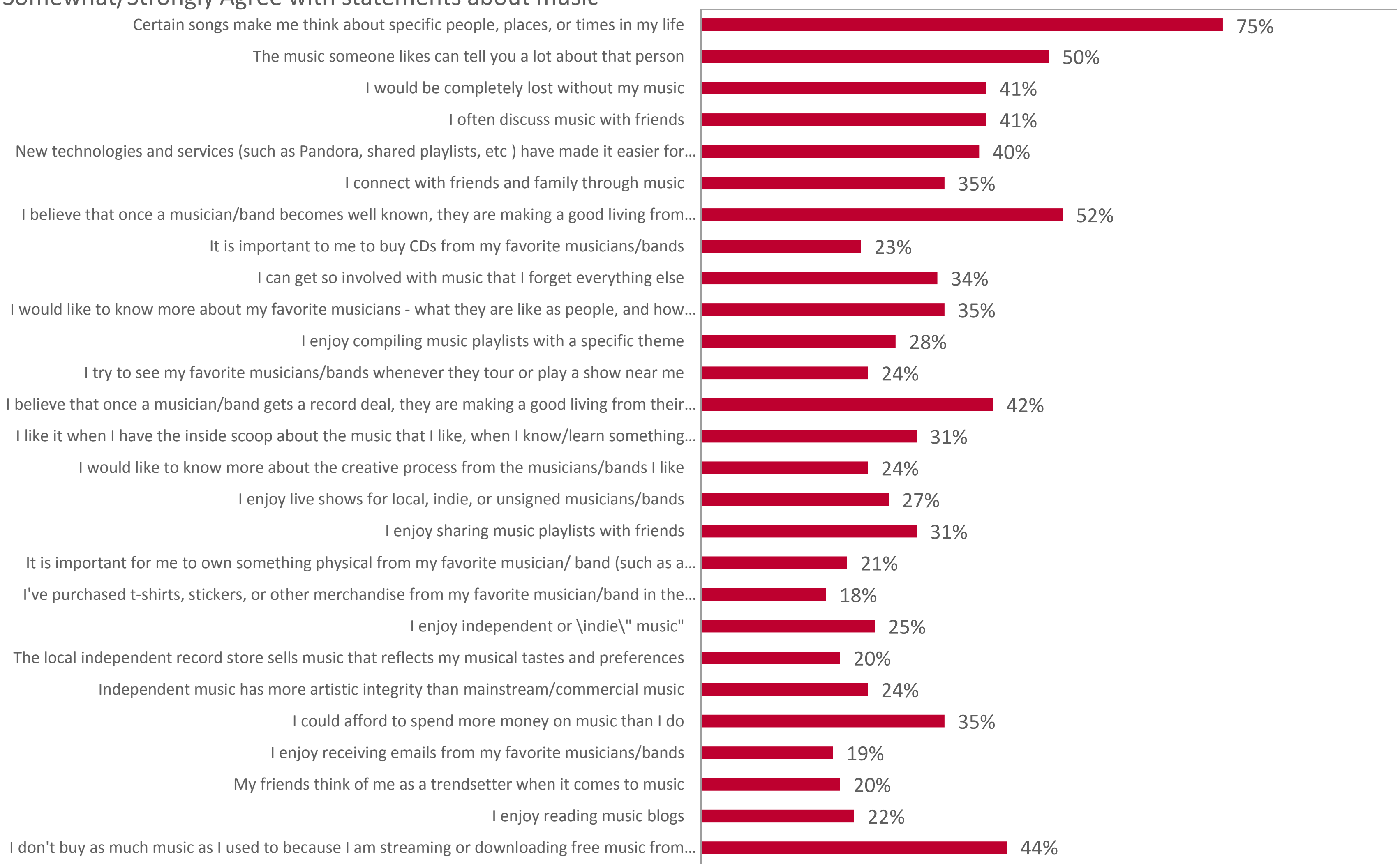


# OPINIONS ABOUT MUSIC – DIGITAL MUSIC FANS



# OPINIONS ABOUT MUSIC – BACKGROUND MUSIC CONSUMERS

Somewhat/Strongly Agree with statements about music



# OPINIONS ABOUT MUSIC – OCCASIONAL CONCERT CONSUMERS

Somewhat/Strongly Agree with statements about music

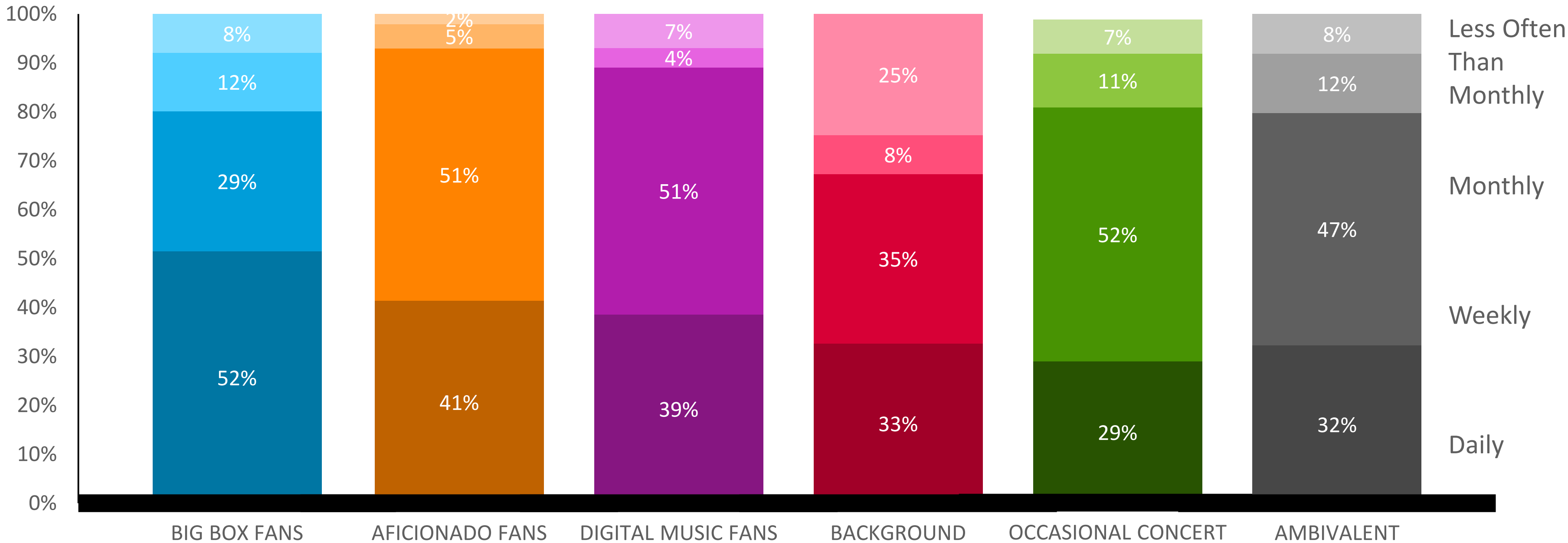
# OPINIONS ABOUT MUSIC – AMBIVALENT MUSIC CONSUMERS

Somewhat/Strongly Agree with statements about music

# FANATICISM

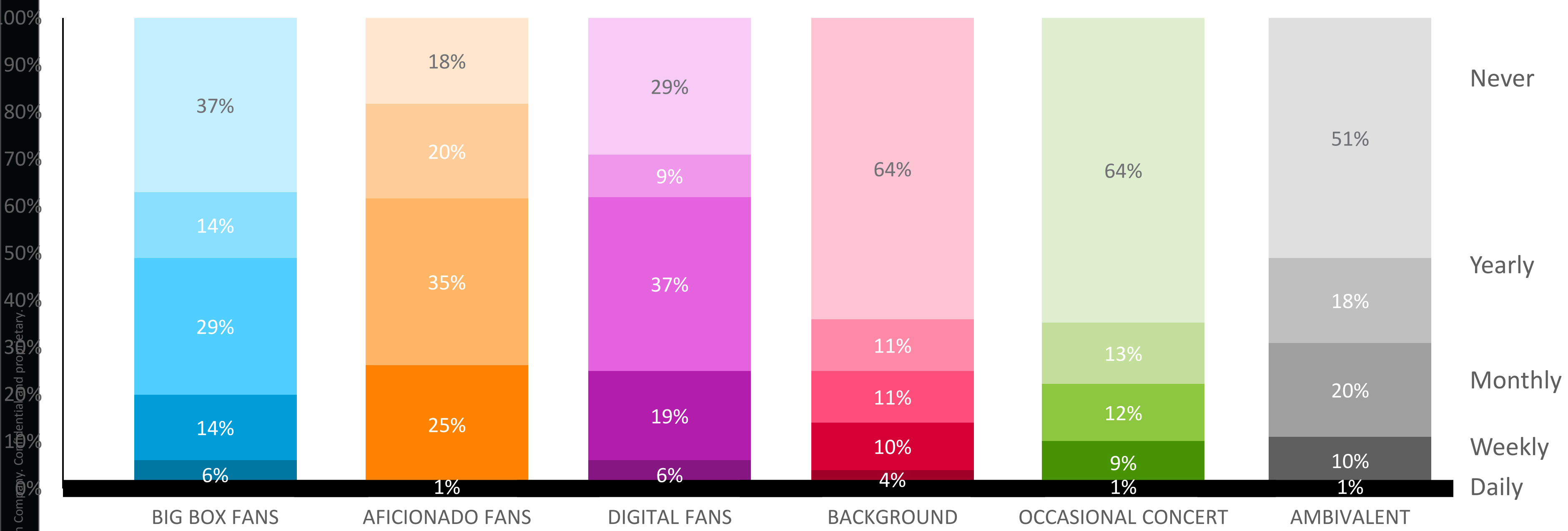
# FREQUENCY OF LISTENING TO FAVORITE BAND

BIG BOX FANS was significantly more likely to listen their favorite musicians or bands on a daily basis, AFICIONADO FANS and DIGITAL FANS listened most frequently overall.



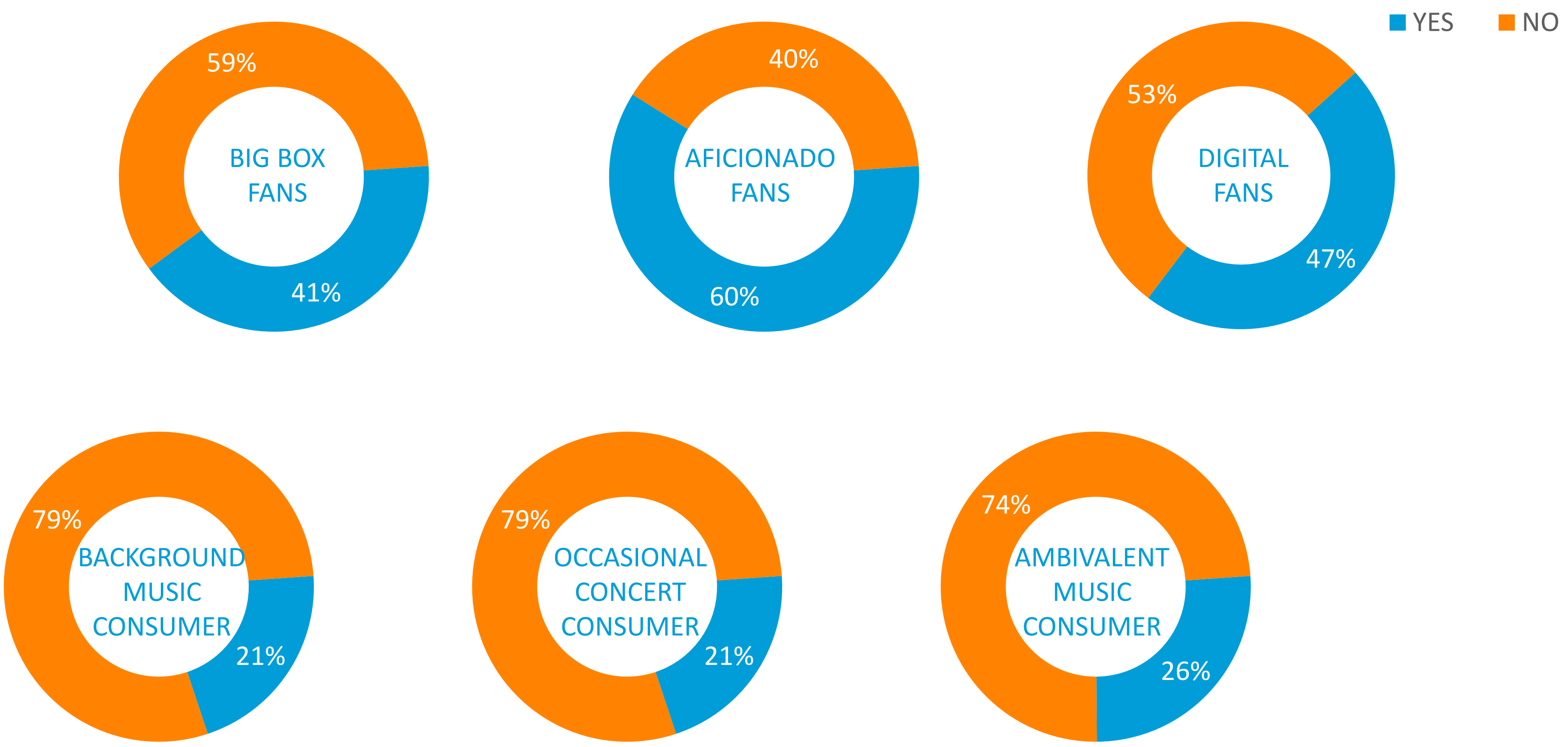
# FREQUENCY OF VISITING BAND WEBSITE

AFICIONADO FANS and DIGITAL FANS were most likely to visit their favorite musician or bands' websites with more 60% visiting at least monthly.



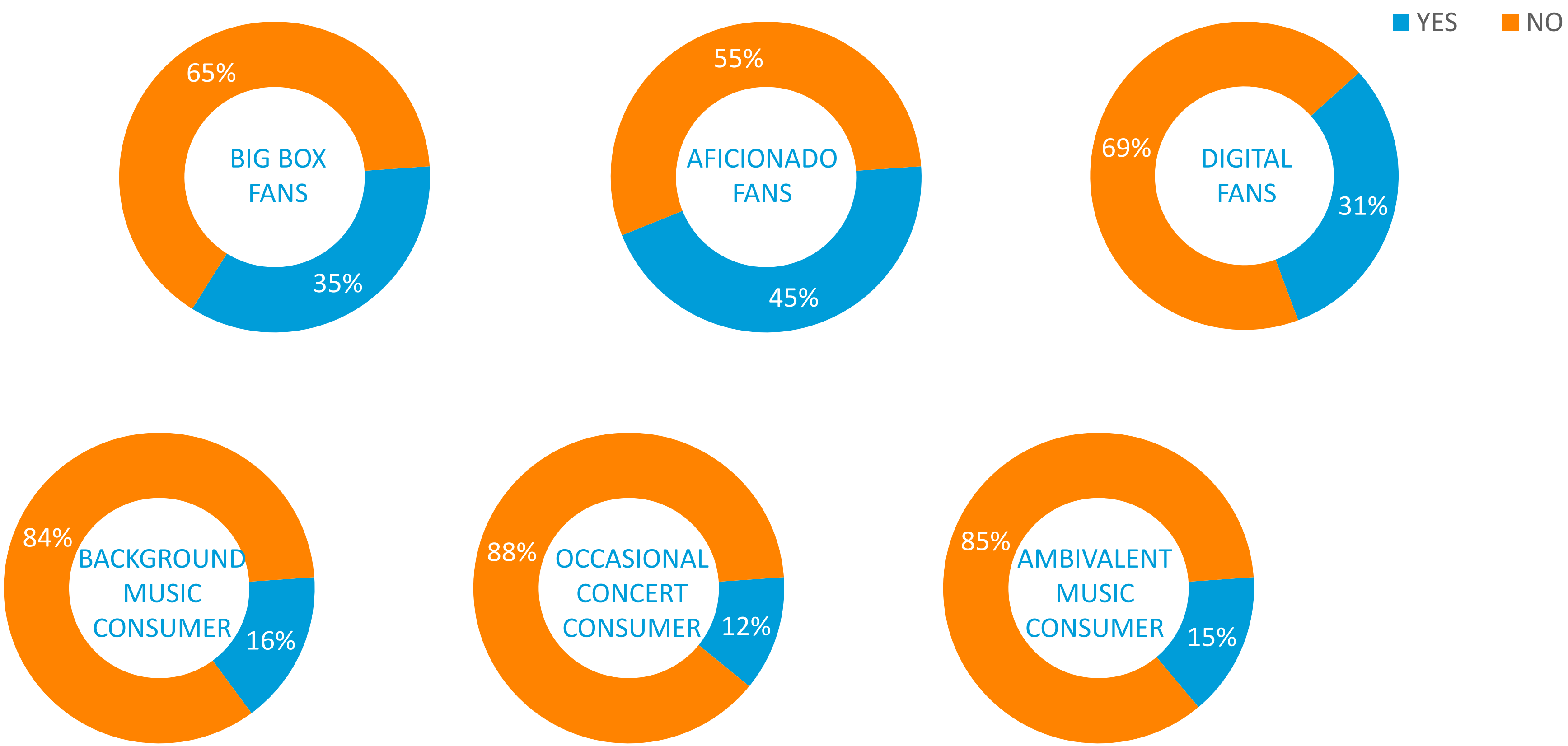
# SOCIAL ENGAGEMENT WITH FAVORITE BAND

AFICIONADO FANS are the most socially engaged with their favorite musicians or bands.



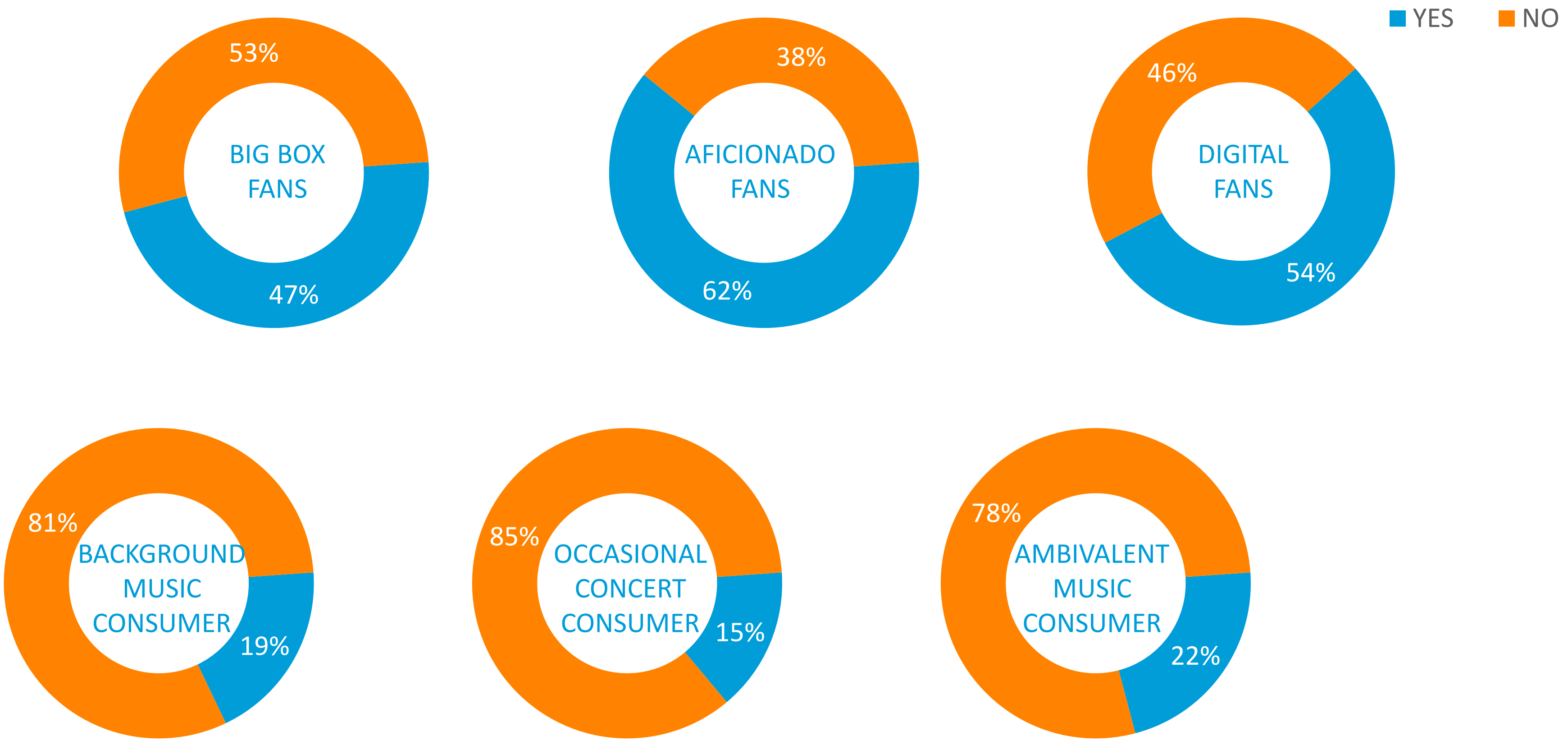
# EMAIL ENGAGEMENT WITH FAVORITE BAND

AFICIONADO FANS are most likely to subscribe to emails from their favorite musicians or bands, followed BIG BOX FANS and DIGITAL FANS.



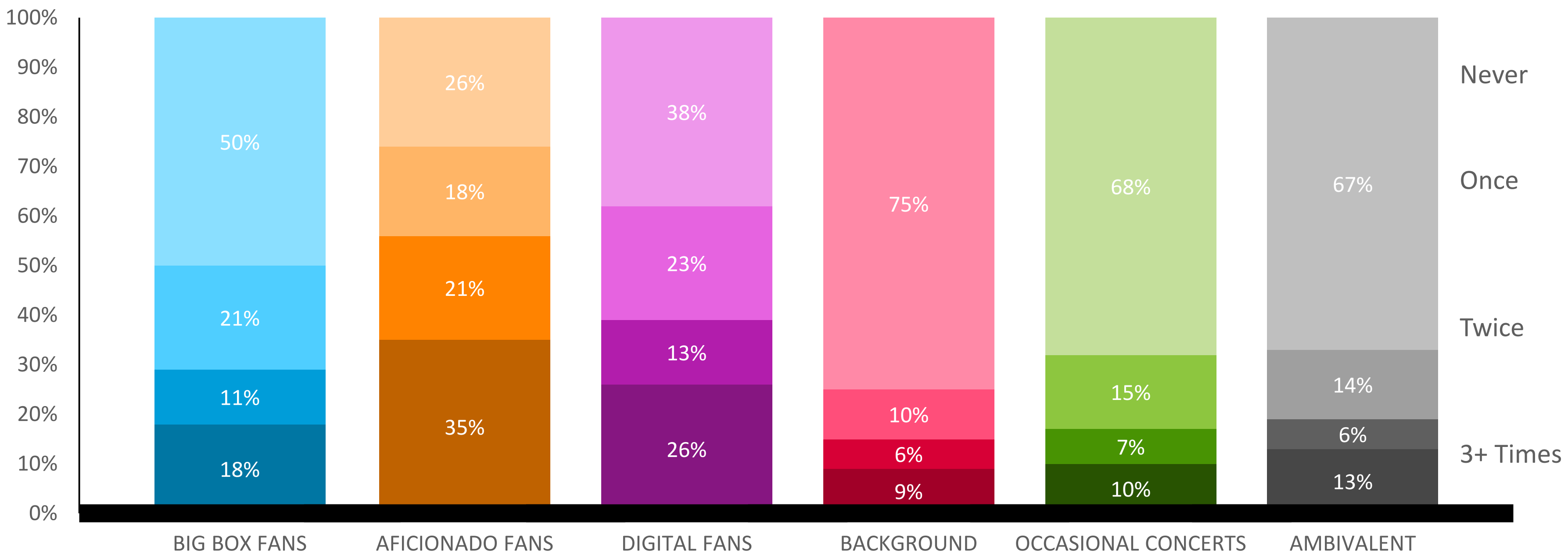
# MEMORABILIA OWNERSHIP FOR FAVORITE BAND

BIG BOX FANS, AFICIONADO FANS, and DIGITAL FANS were likely to own band memorabilia for their favorite musicians or bands, while other were significantly less likely to own band memorabilia.



# CONCERT ATTENDANCE FOR FAVORITE BAND

Over 60% of BACKGROUND MUSIC CONSUMERS, OCCASIONAL CONCERT CONSUMERS, and AMBIVALENT CONSUMERS have never seen their favorite musician or band live and in-person.

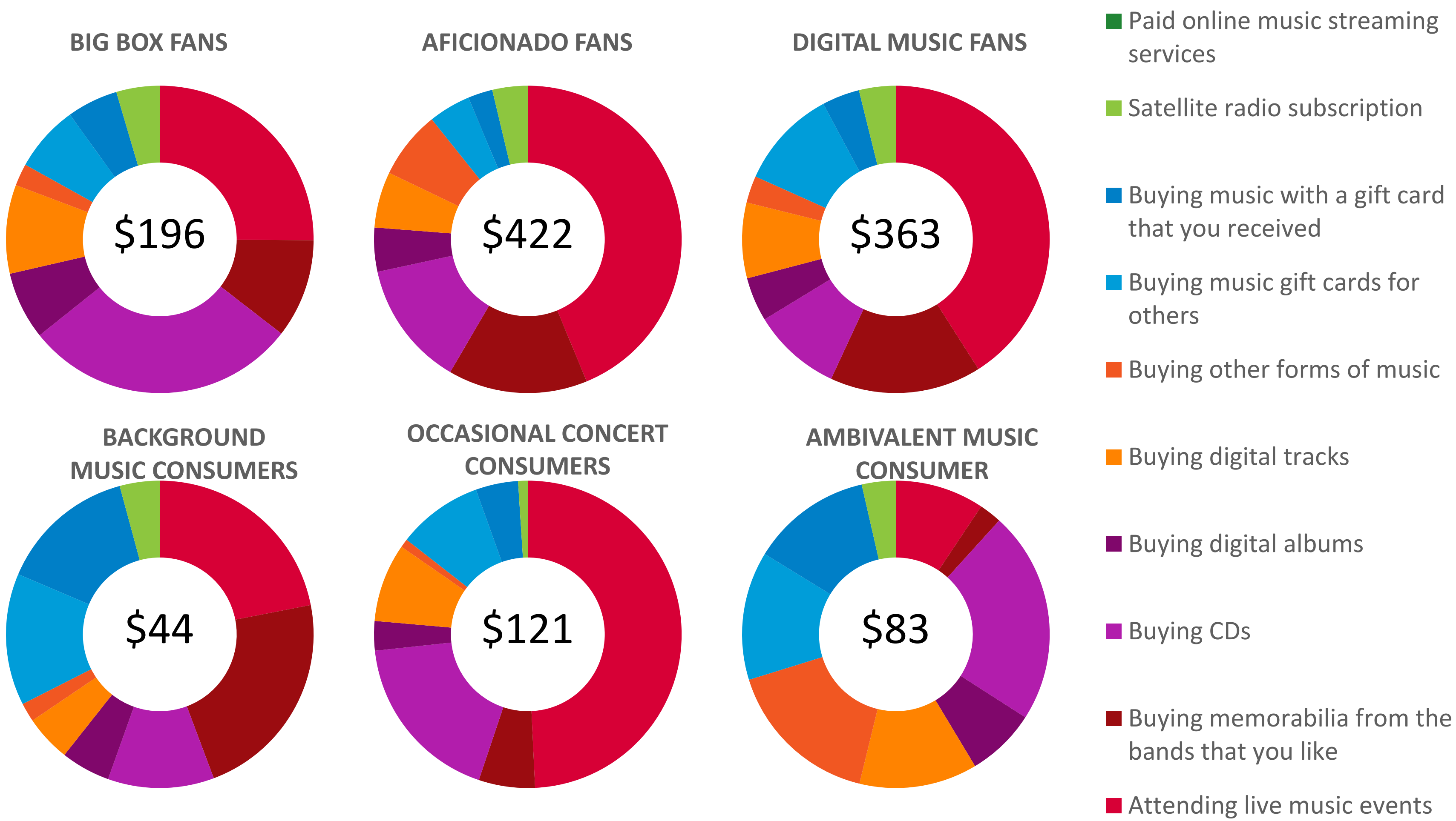


# FAVORITE BAND STATS

| | BIG BOX FANS | AFICIONADO FANS | DIGITAL FANS | BACKGROUND MUSIC CONSUMER | OCCASIONAL CONCERT CONSUMER | AMBIVALENT MUSIC CONSUMER |
|---|---|---|---|---|---|---|
| **Listens to Their Music…** | Daily (52%) | Weekly (51%) | Weekly (51%) | Weekly (35%) | Weekly (52%) | Weekly (47%) |
| **% Subscribed to Email List** | 35% | 45% | 31% | 16% | 12% | 15% |
| **Live Concerts Attended (most frequent answer)** | Never (50%) | 3+ times (35%) | Never (38%) | Never (75%) | Never (68%) | Never (67%) |
| **Avg. # CDs Owned** | 5 | 7 | 5 | 2 | 2 | 3 |
| **Avg. # Digital Albums** | 2 | 2 | 2 | 1 | 1 | 1 |
| **Avg. # Digital Tracks** | 4 | 10 | 8 | 3 | 5 | 5 |
| **Owns Memorabilia** | 47% | 62% | 54% | 19% | 15% | 22% |
| **Total # of Bands They Feel The Same Level of Passion For…** | **4** | **6** | **2** | **1** | **10** | **5** |

# MUSIC ACQUISITION

# ANNUAL SPENDING ON MUSIC ACTIVITIES




NOTE: includes "buying music with a gift card you received" which was not included in the spending totals reported in SXSW presentation

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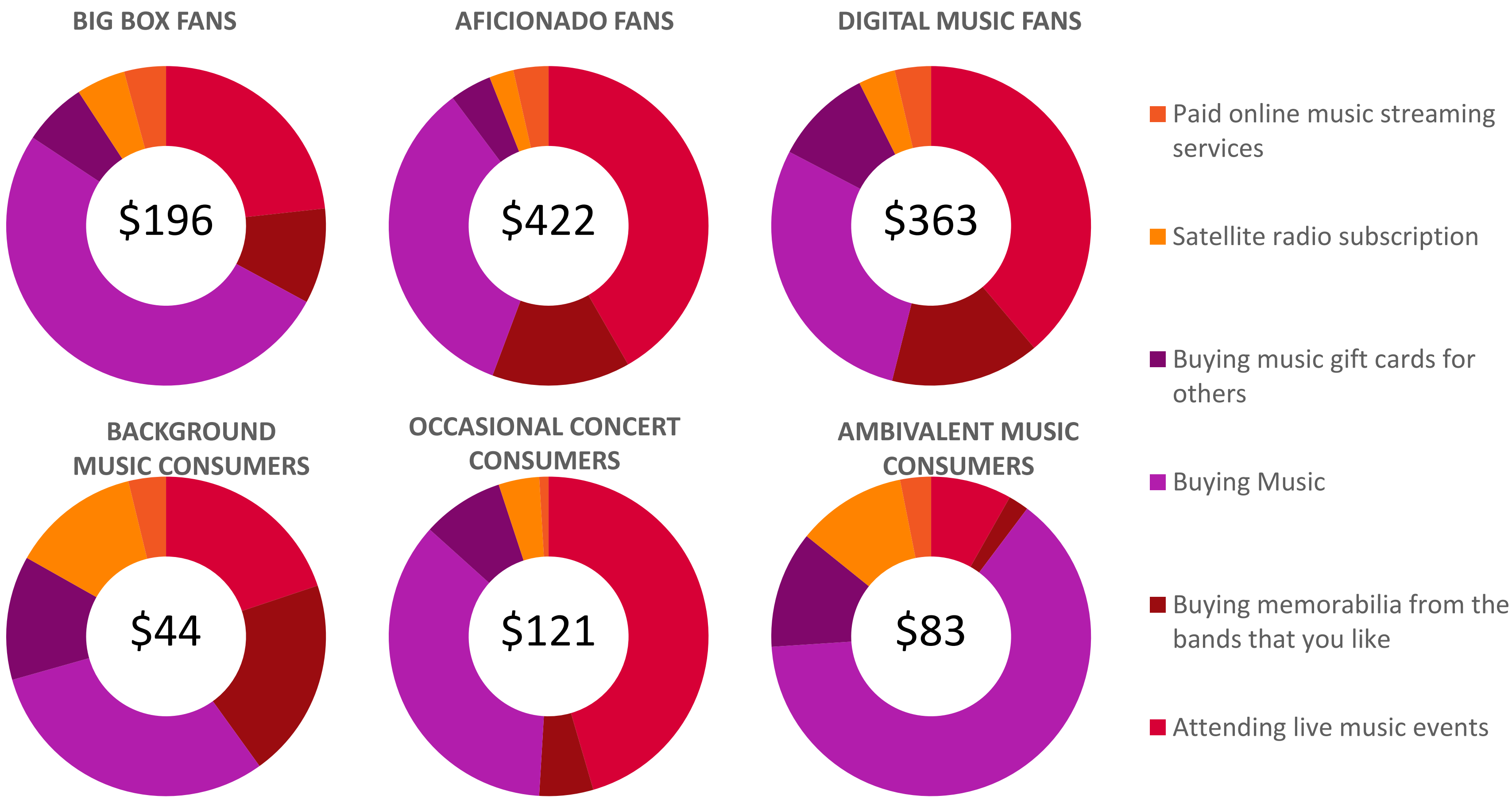


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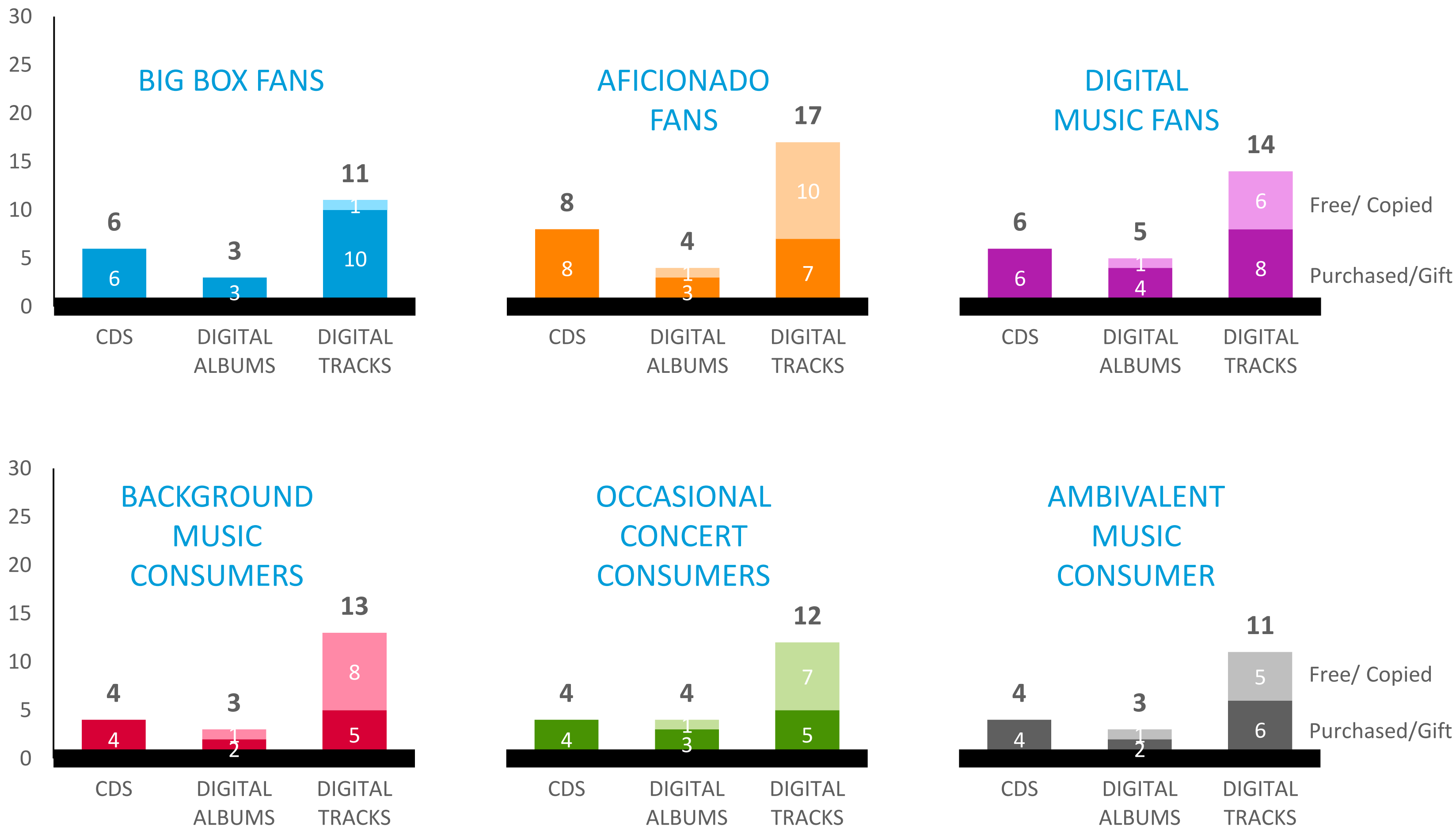
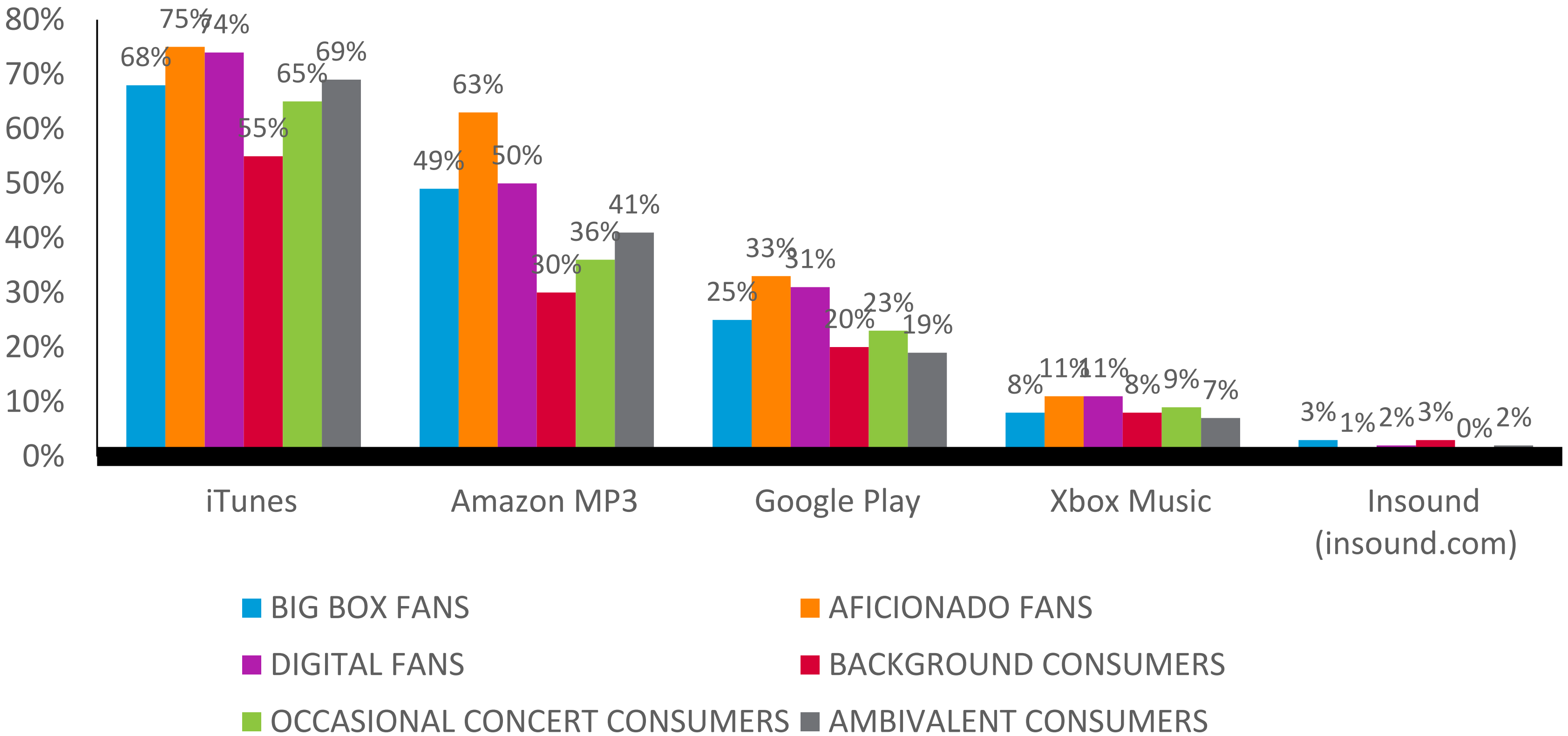
# MUSIC ACQUISITION FOR FAVORITE BAND

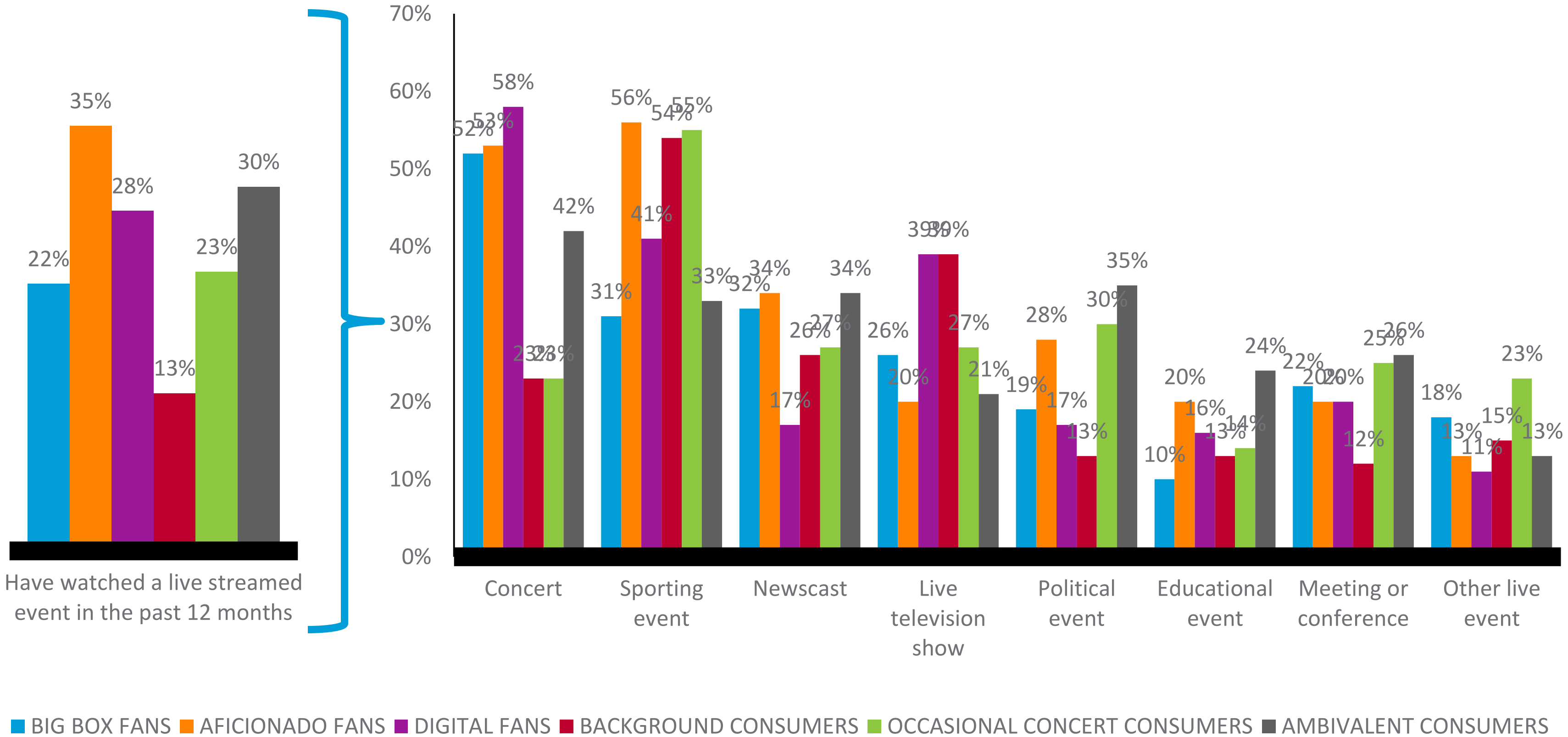


# DIGITAL DOWNLOAD STORE/ PERMANENT DOWNLOAD RETAILERS

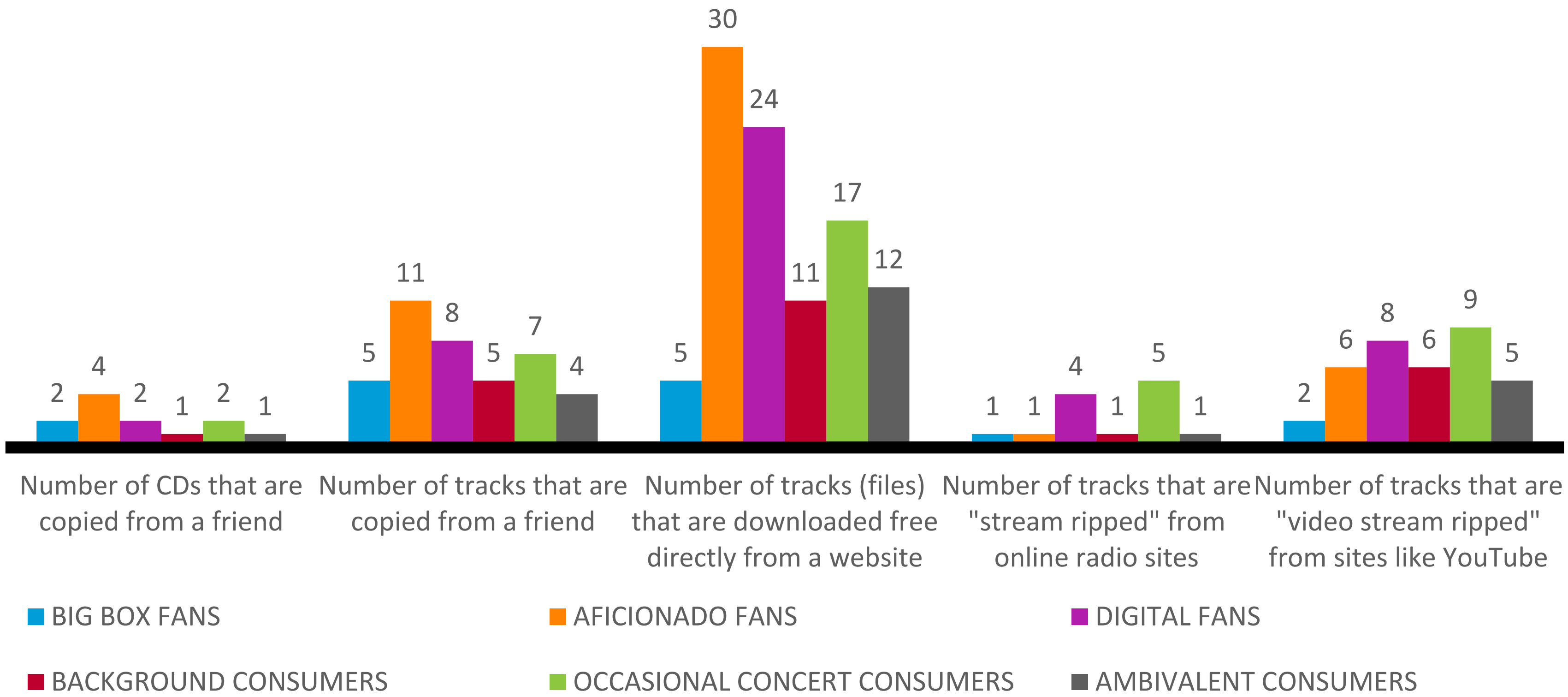
Consumers that have used or use frequently



# LIVE STREAMING EVENTS

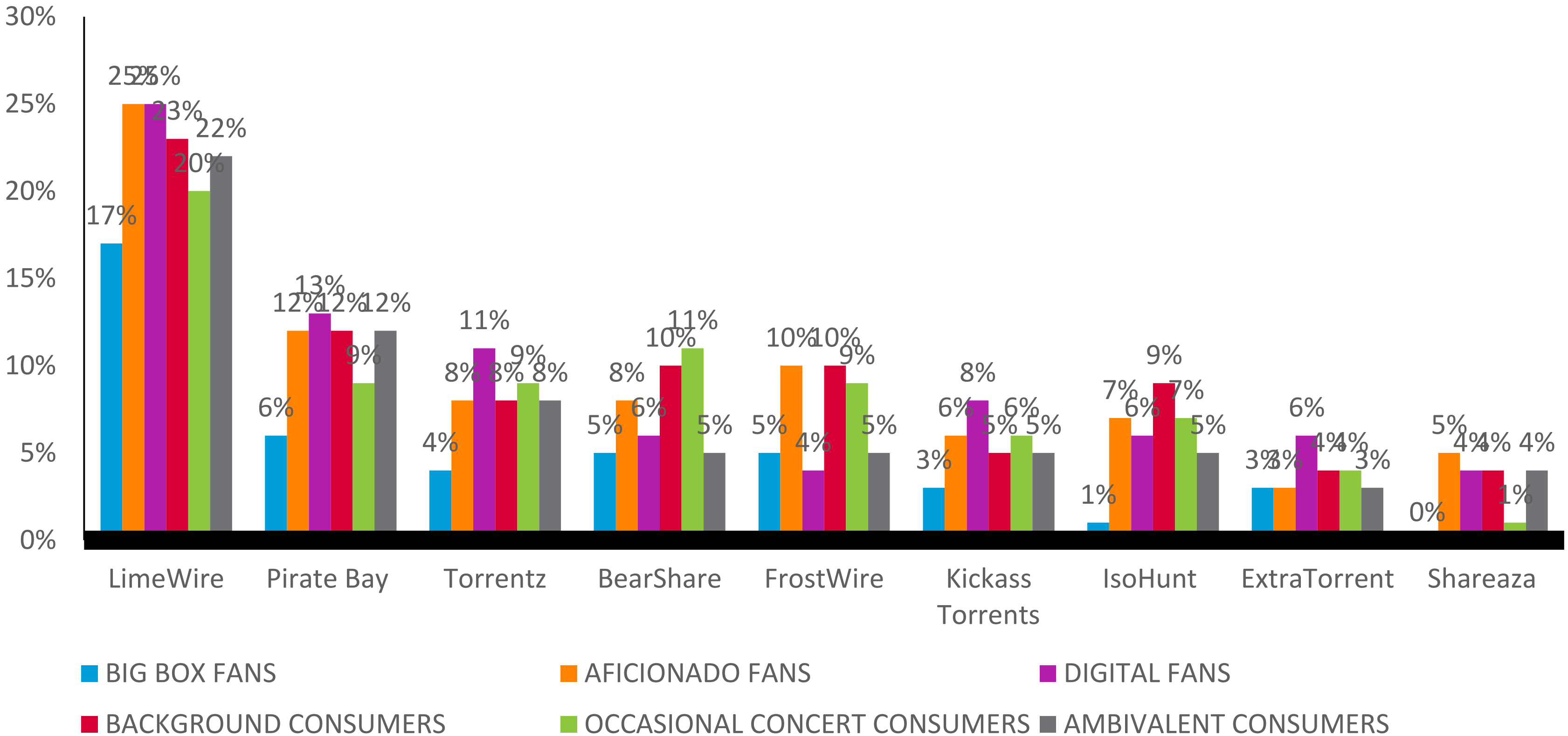


# “FREE” MUSIC ACQUISITION



# MUSIC SHARING SITES

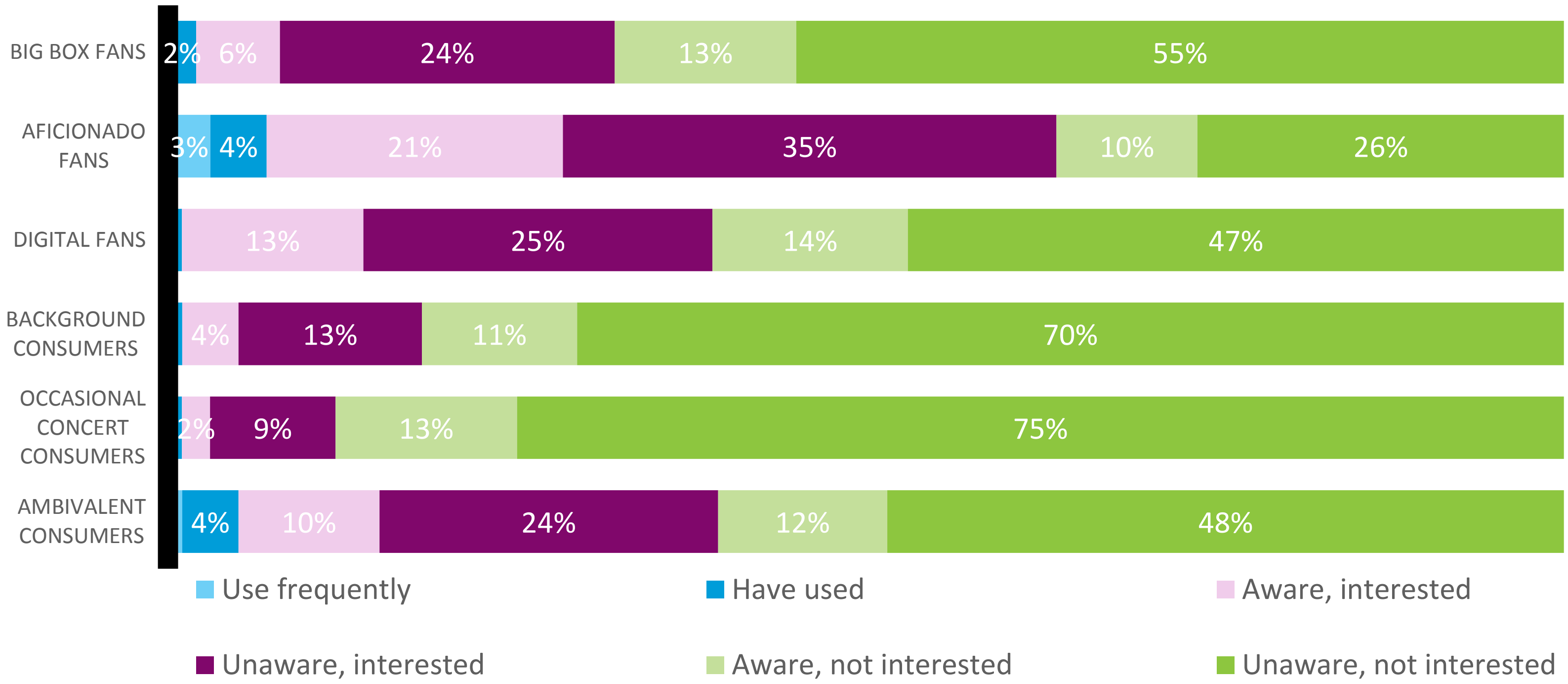
Consumers that have used or use frequently



# FUNDING THE BAND

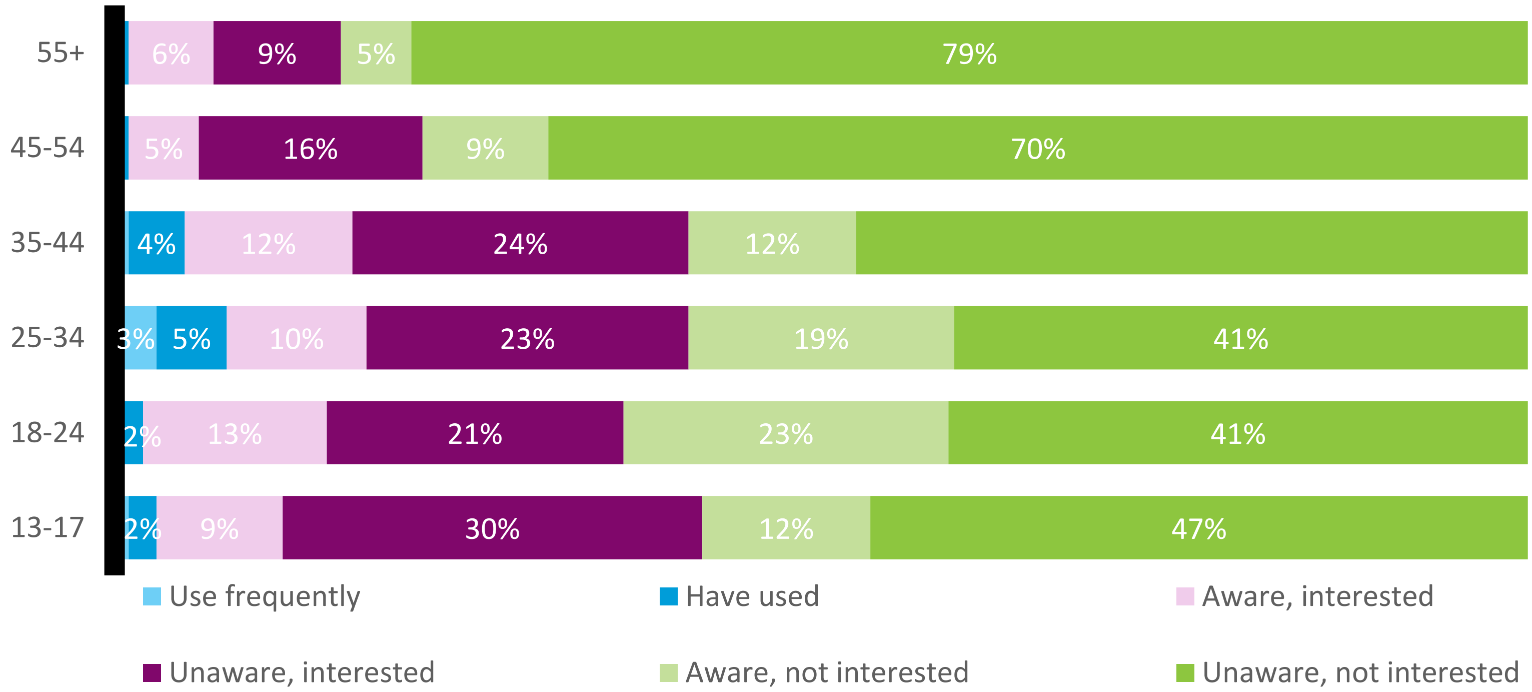
# INTEREST IN DIRECT-TO-FAN/CROWDFUNDING

AFICIONADO FANS, DIGITAL FANS, and AMBIVALENT CONSUMERS expressed the most interest in participating in a direct-to-fan/crowdfunding campaign.  AFICIONADO FANS significantly higher likelihood to have used direct-to-fan/crowdfunding in the past or to have used it frequently.



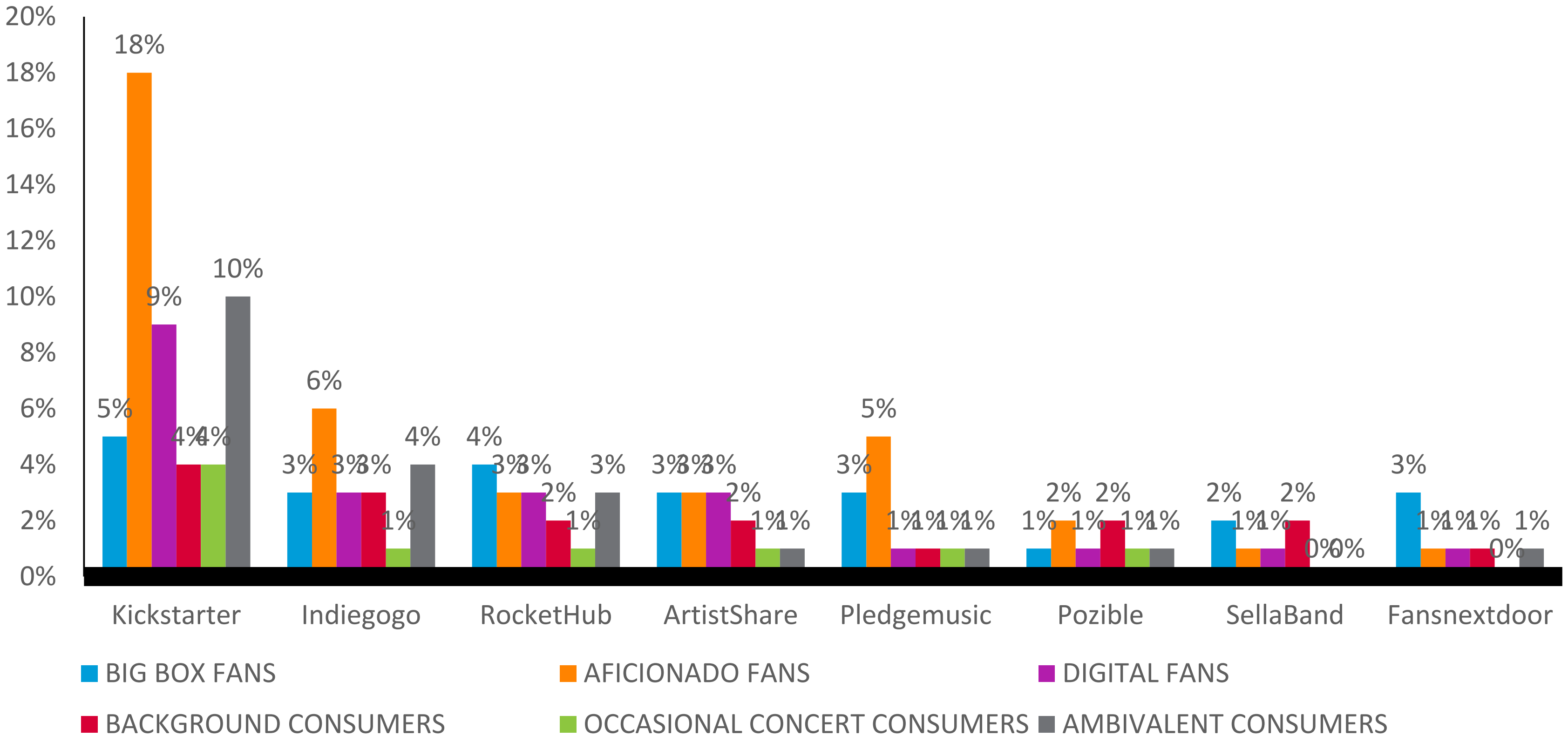
# INTEREST IN DIRECT-TO-FAN/CROWDFUNDING - BY AGE

Interest in direct-to-fan/crowdfunding among those 44 and younger was consistent across age groups, though those 25-34 were more likely to report having participated in a direct-to-fan/crowdfunding campaign. Disinterest in direct-to-fan/crowdfunding was high and prior awareness was low among those 45+.



# DIRECT-TO-FAN/CROWDFUNDING/PLEDGE WEBSITES

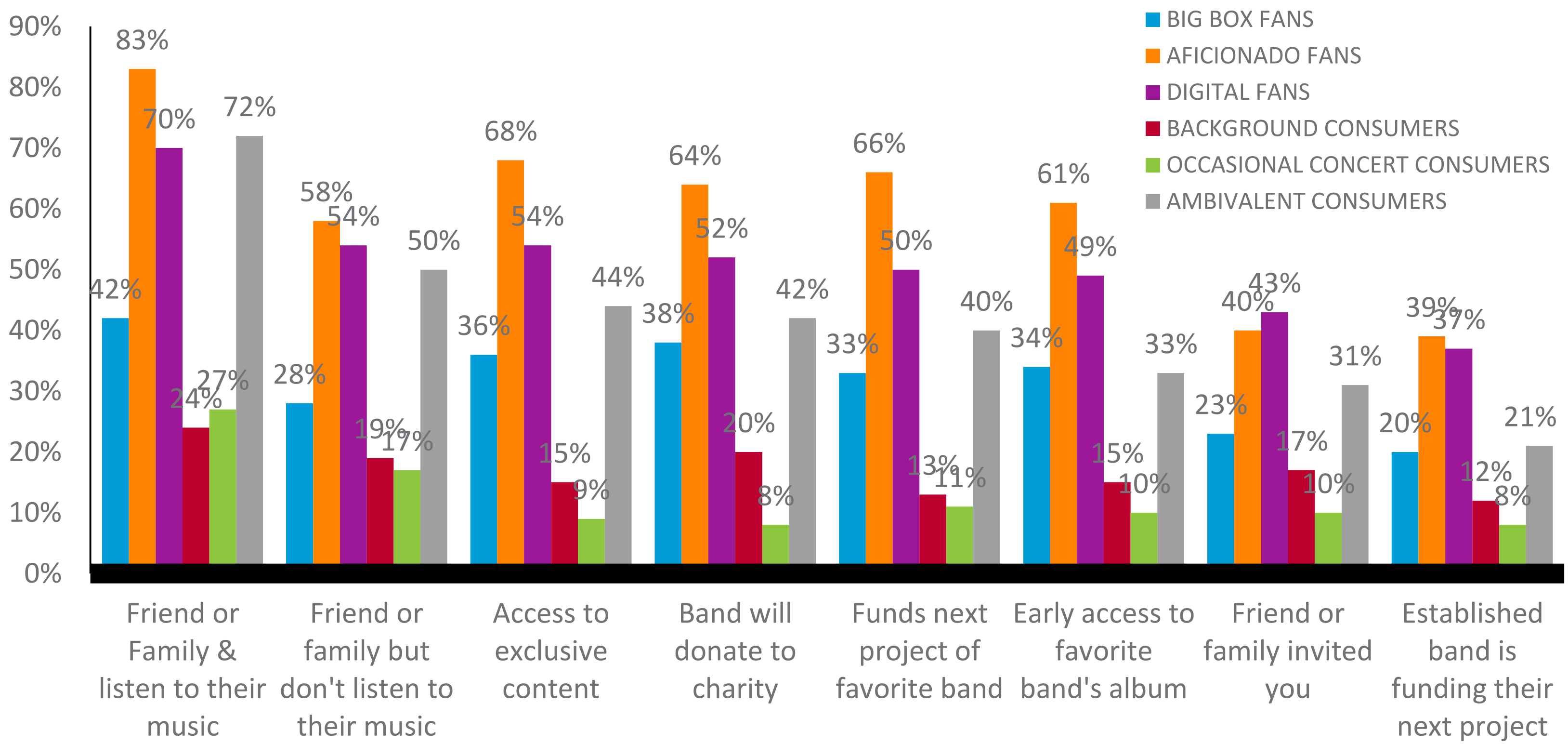
Consumers that have used or use frequently



# LIKELINESS TO FUND GIVEN CIRCUMSTANCES

AFICIONADO FANS was significantly more likely to contribute to a direct-to-fan/crowdfunding campaign in most circumstances, with the exception of if a friend or family member was a fan and invited them, or if the band was established.

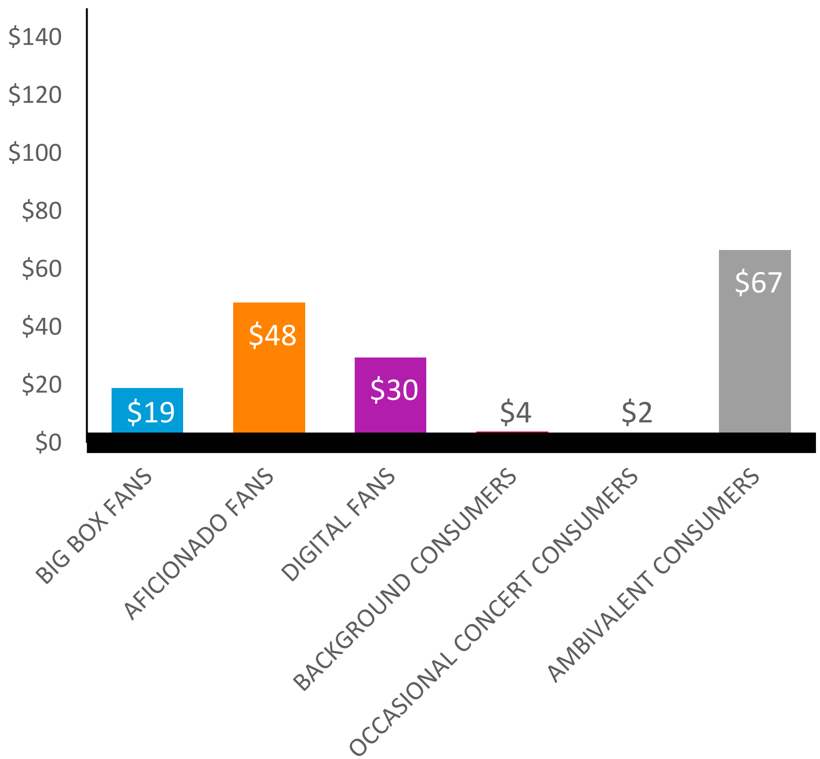
Scenarios in Which One is Likely to Fund



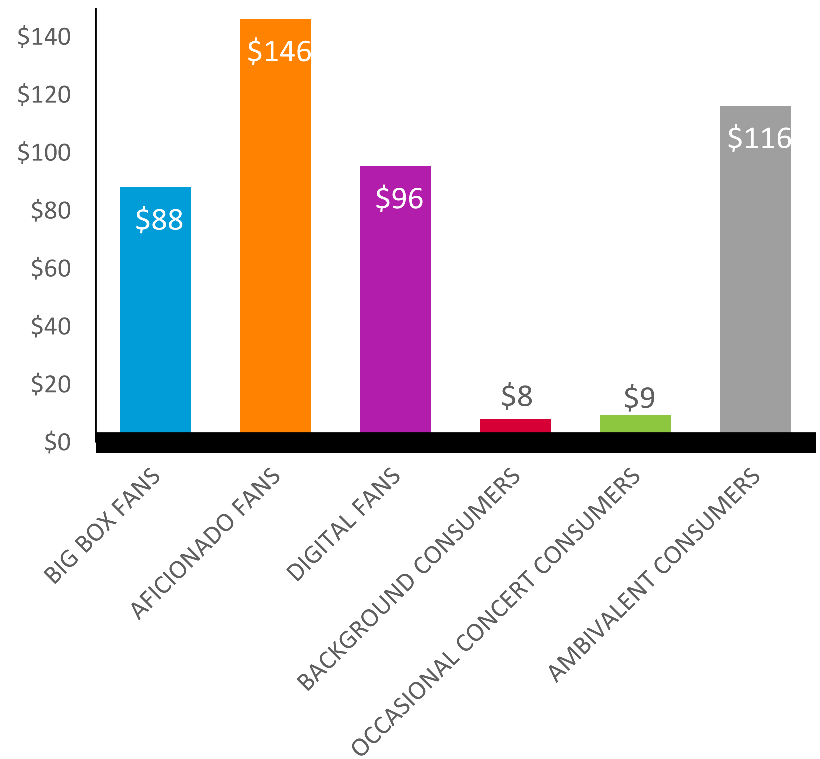
# PLEDGE AMOUNTS

AMBIVALENT MUSIC CONSUMERS are willing to spend money on direct-to-fan/crowdfunding campaigns, with an average maximum pledge of $67, and an annual maximum of $116. While AFICIONADO FANS said they were likely to spend less per campaign, they said they'd likely pledge more money per year, indicating a potential to contribute to more campaigns.

Maximum pledge to a campaign with appealing content



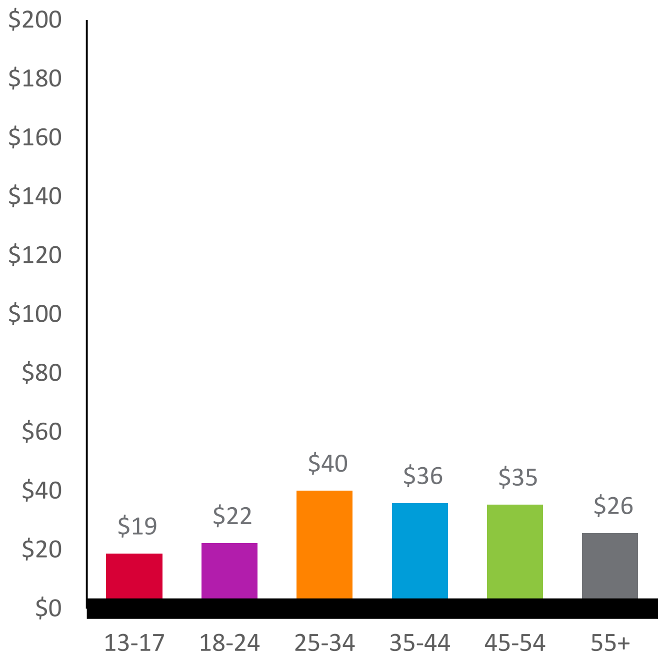

Maximum amount pledged in a year



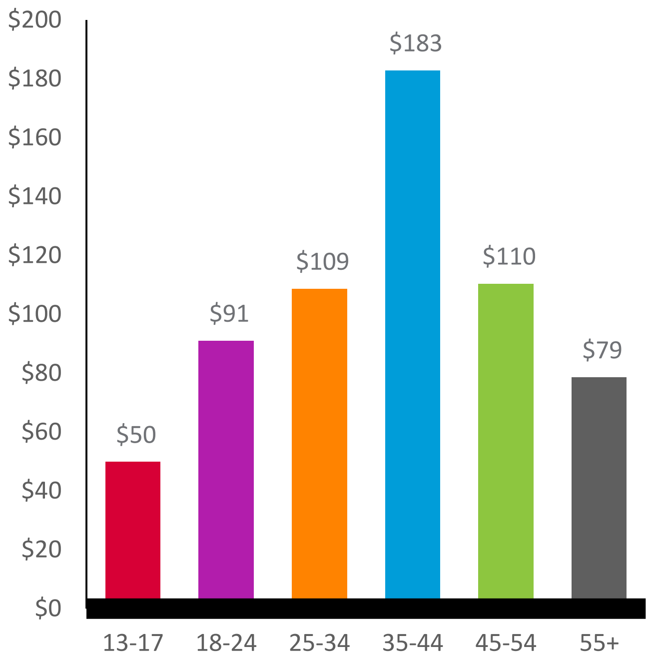
# PLEDGE AMOUNTS- BY AGE

While average pledges for those 25+ were similar,  those 35-44 reported an annual maximum 66% higher than the second highest annual maximum, indicating interest in perhaps pledging more often to campaigns.

Maximum pledge to a campaign with appealing content

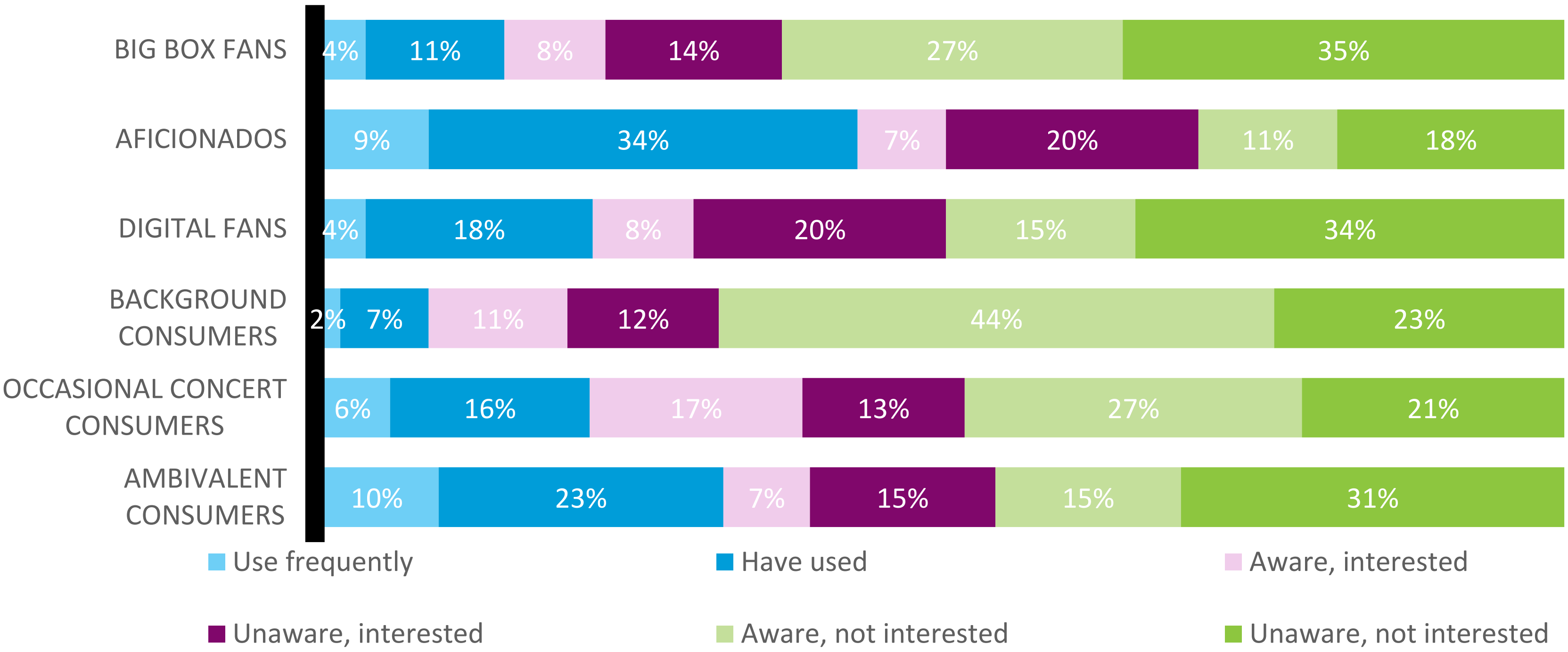



Maximum amount pledged in a year



# TECHNOLOGY AND MUSIC

# INTEREST IN MUSIC RECOMMENDATION ENGINES



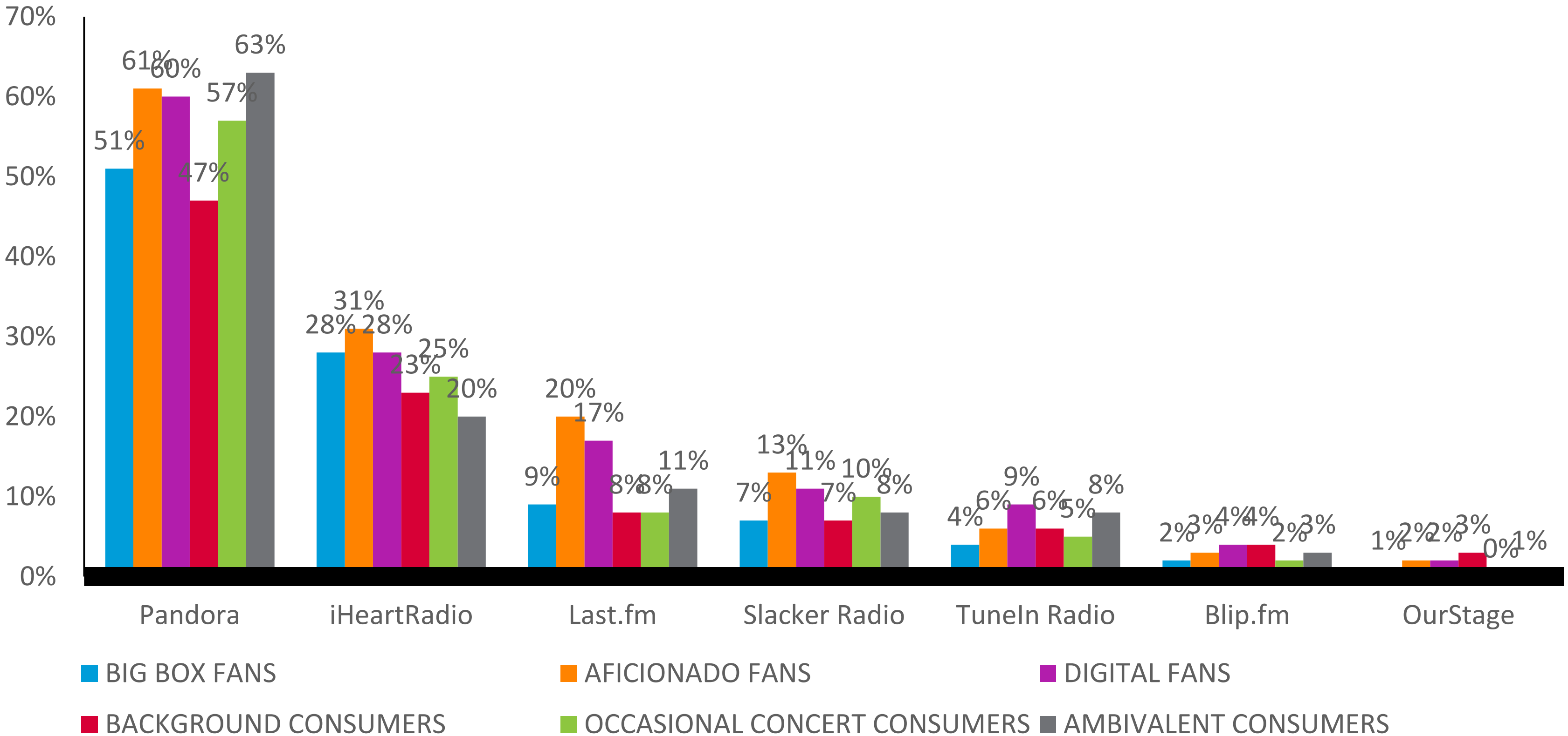
# RANKING OF SMARTPHONE FEATURES

Consumers who own a smartphone rank smartphone features by how hard they would be to live without

- Texting/ email/ messaging
- Talking (voice calling)
- Browsing internet/ websites
- Taking photos and videos with built-in camera
- Playing games
- Posting and reading updates on social applications
- Listening to music that you stream through your phone
- Watching non-music videos on YouTube or Vevo or elsewhere
- Listening to your own music that you downloaded to your phone
- Watching music videos on YouTube or Vevo or elsewhere
- Maps and GPS Navigation

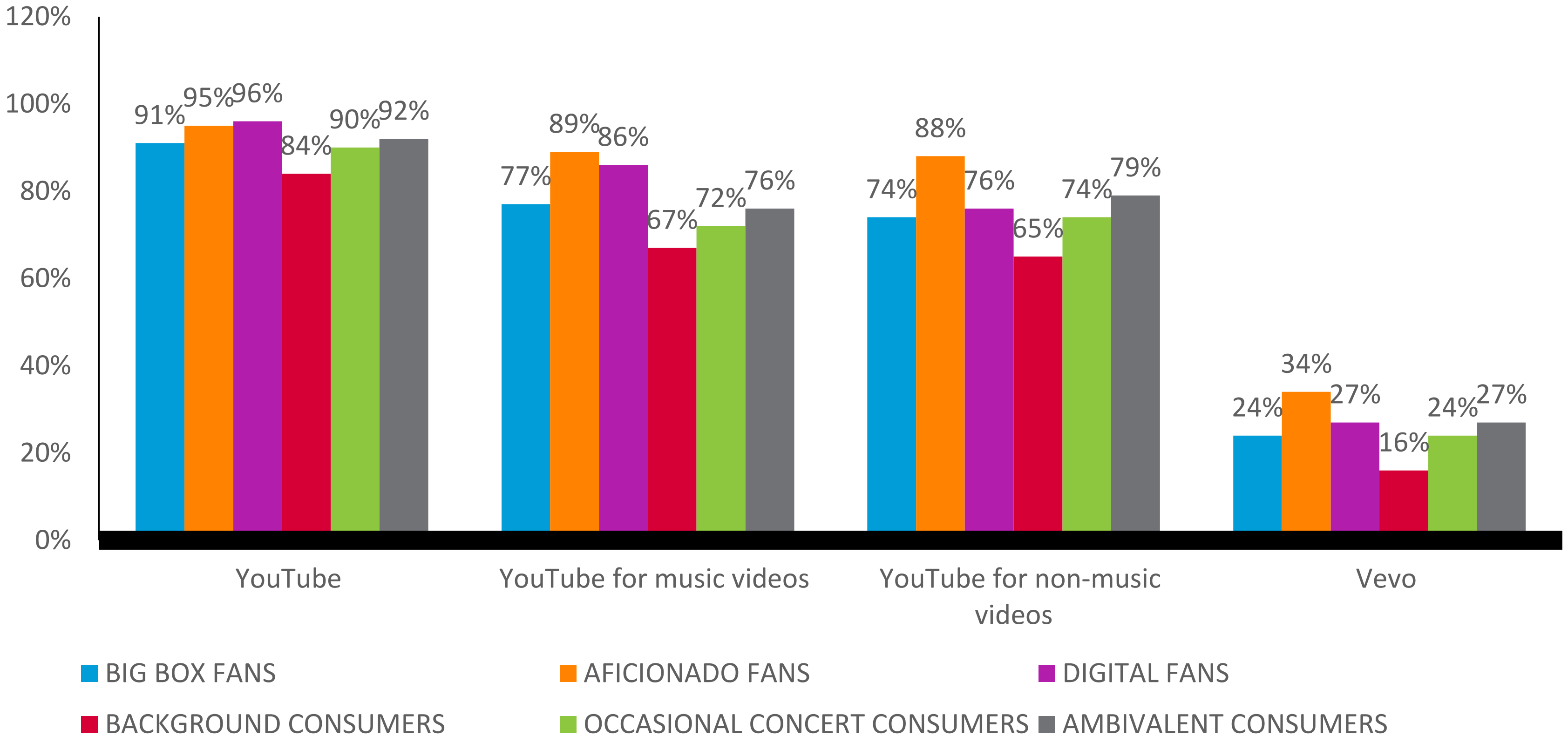
# CURATED STREAMING/ STREAMING RADIO

Consumers that have used or use frequently



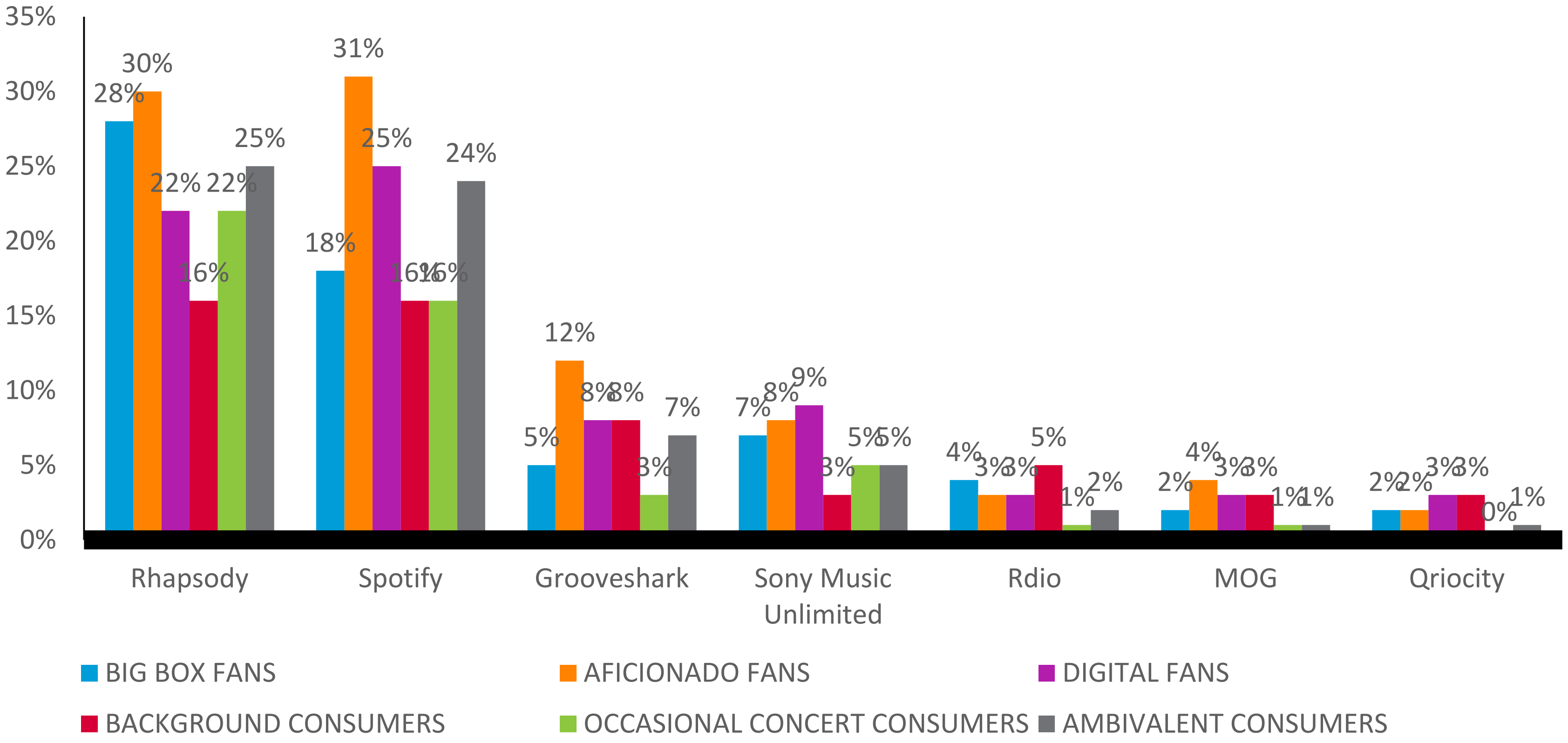
# VIDEO WEBSITES

Consumers that have used or use frequently

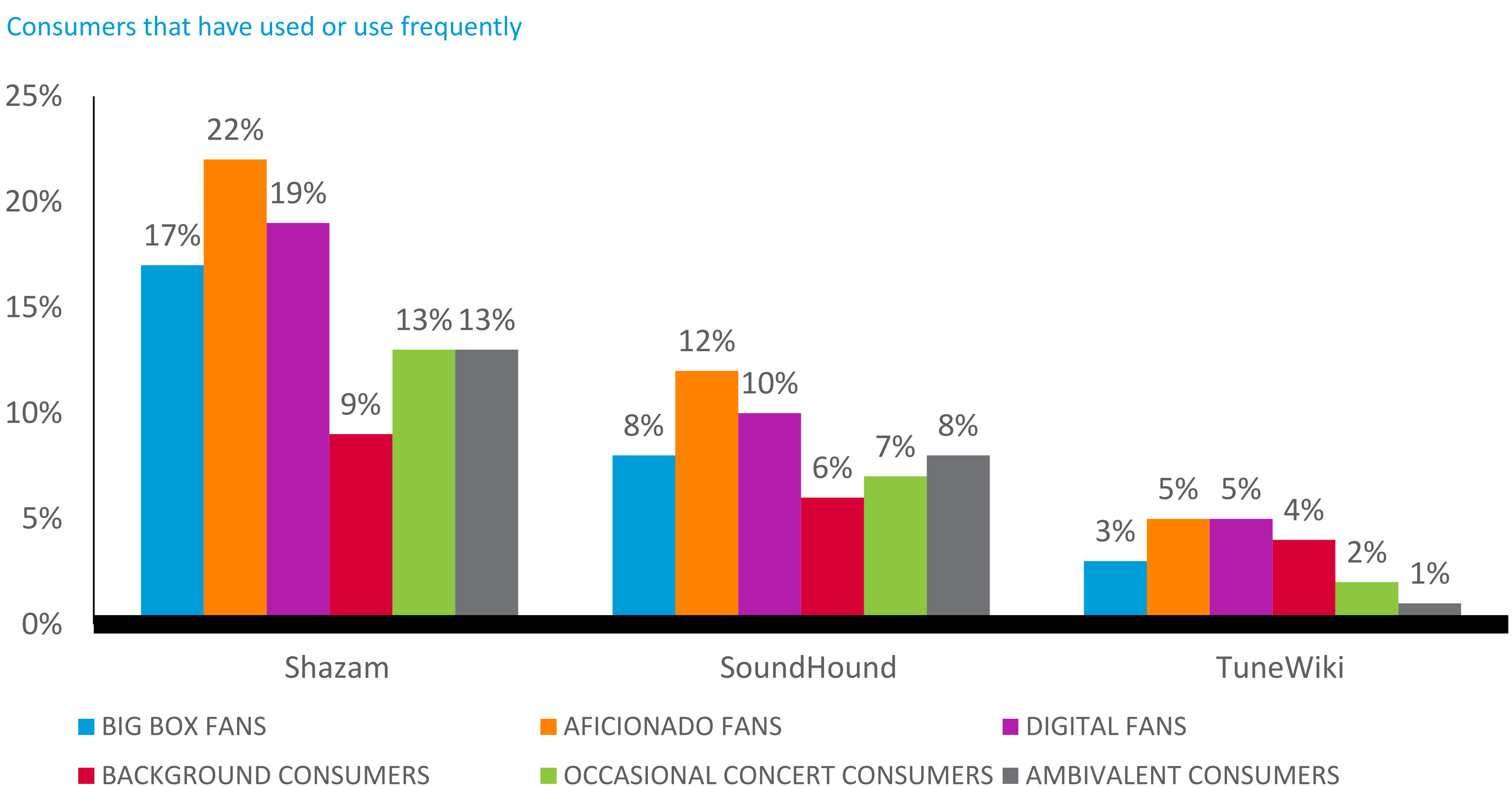


# ON DEMAND STREAMING SERVICES

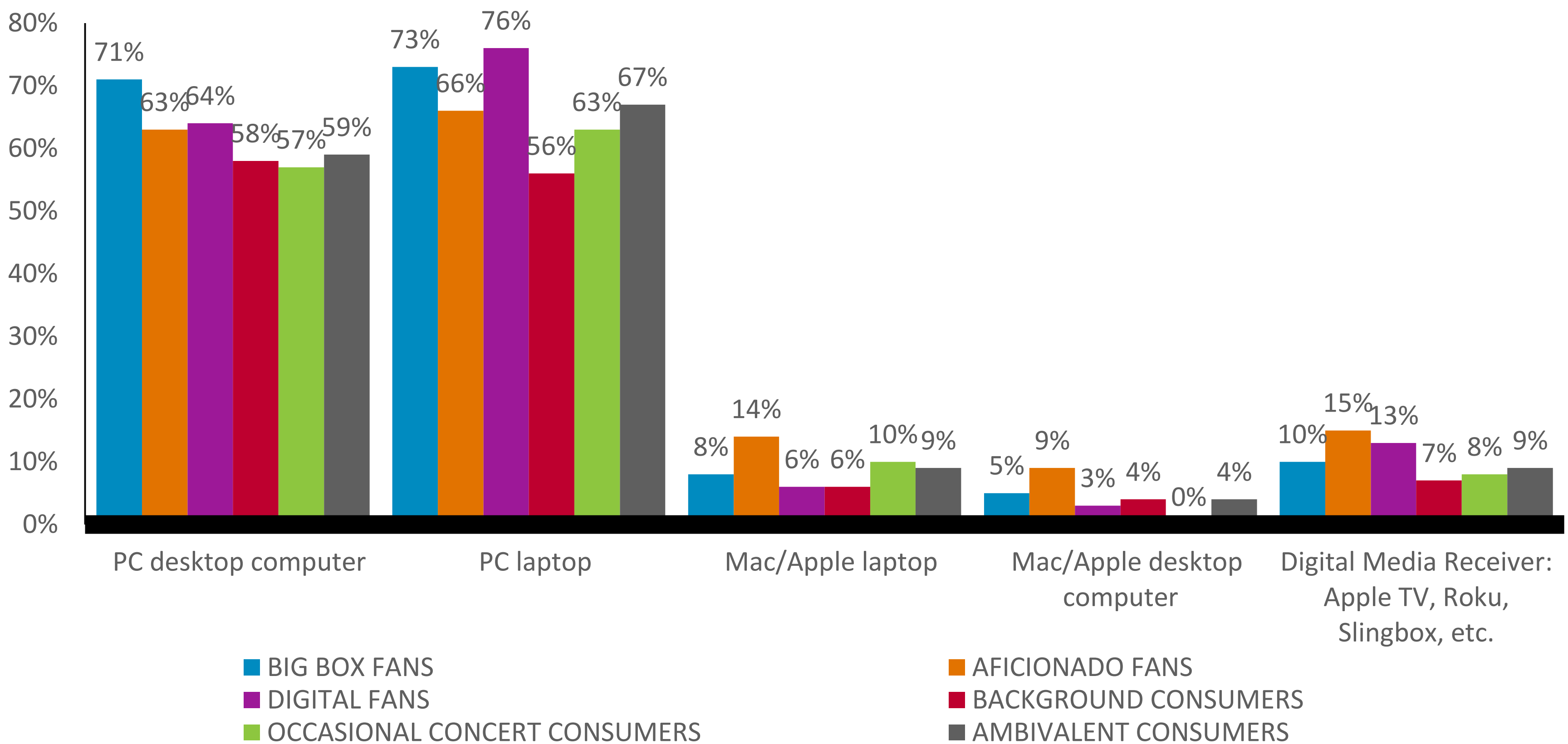
Consumers that have used or use frequently



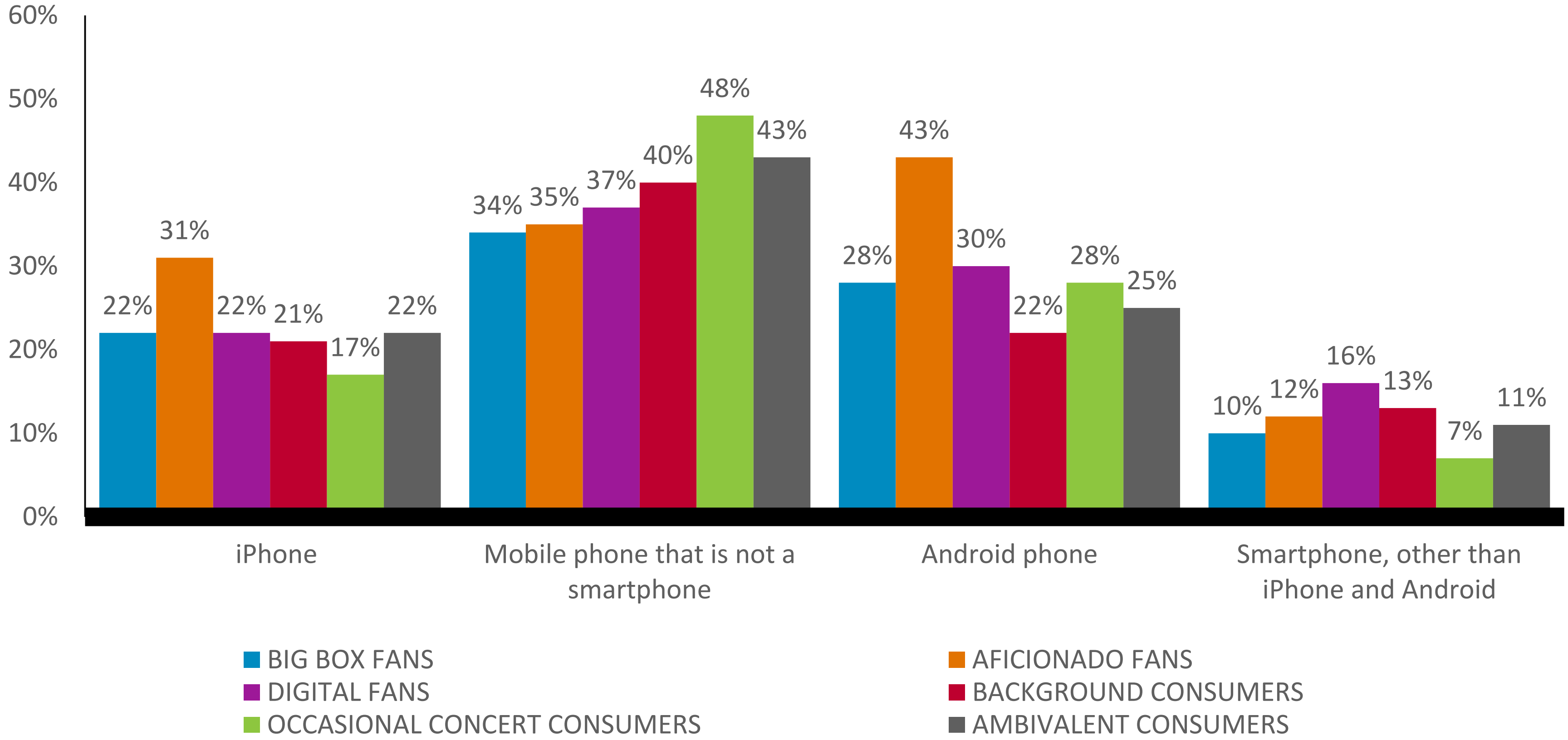
# MUSIC DISCOVERY APP



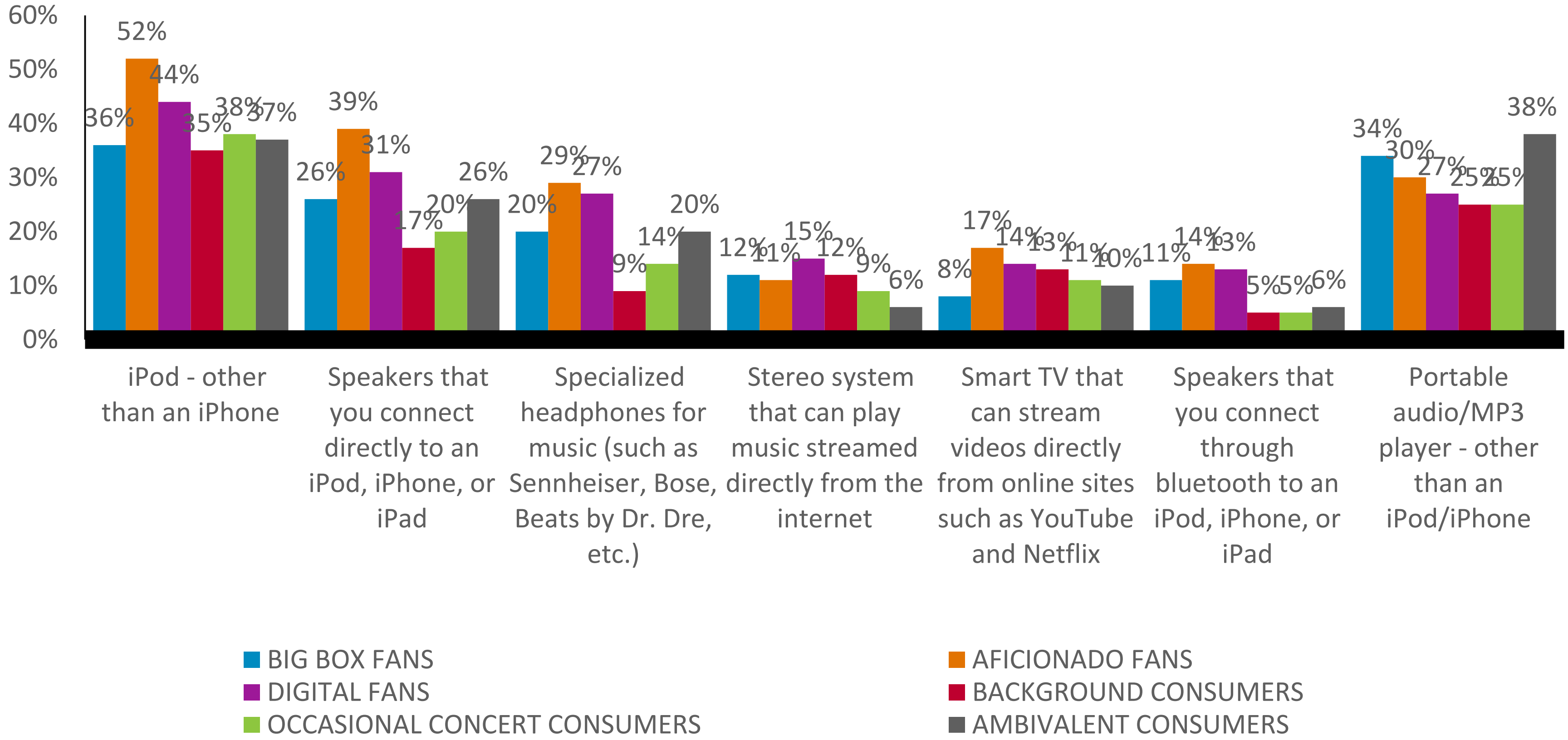
# COMPUTER OWNERSHIP



# MOBILE PHONE OWNERSHIP

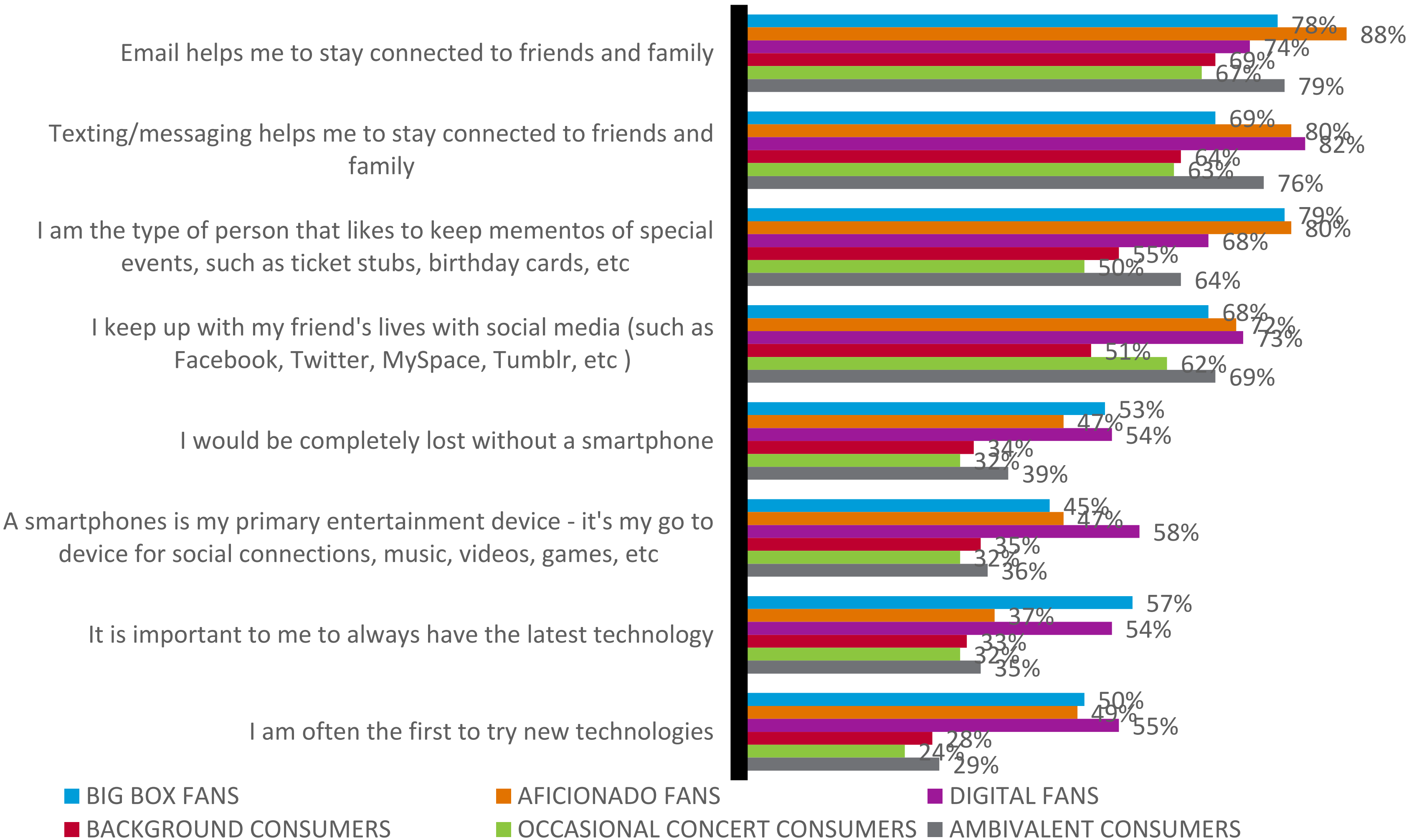


# MUSIC TECHNOLOGY OWNERSHIP



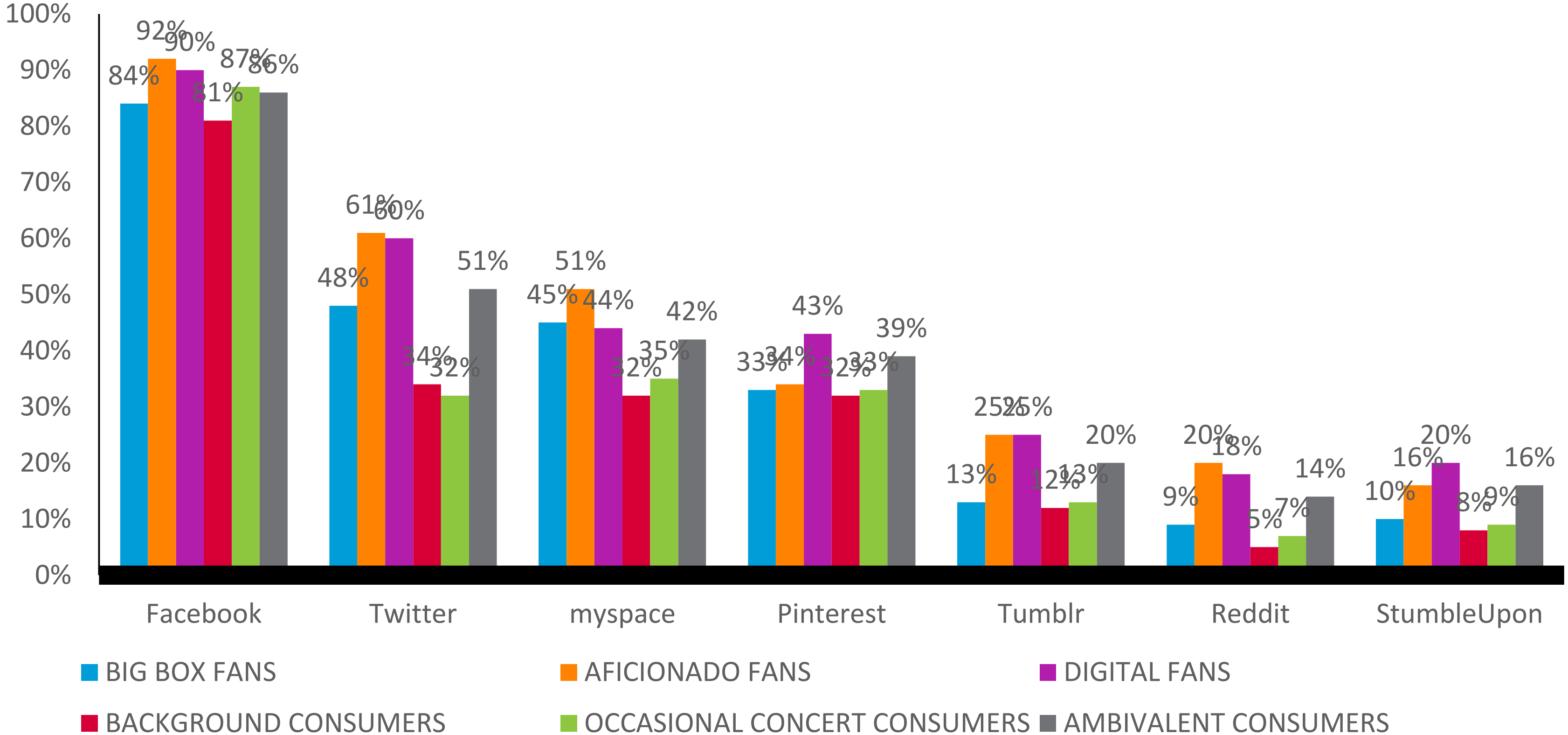
# OPINIONS ABOUT TECHNOLOGY

Somewhat/Strongly Agree with statements about technology



# SOCIAL NETWORKING WEBSITES

Consumers that have used or use frequently



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AN UNCOMMON SENSE
OF THE CONSUMER™