Music Experience and Behaviour in Young People

Summer 2009

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UK MUSIC

University of Hertfordshire

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Methodology

Introduction and methodology

- A comprehensive survey profiling the music consumption habits of 14-24 year olds across the UK.
- The findings are based on a large-scale survey of 1808 UK respondents.
- The survey was commissioned by UK Music, conducted by the University of Hertfordshire.
- The sample included a representative mix of all ages within the target demographic and originated from all over the UK.
- The respondents for the survey were sourced via youth groups, secondary schools and universities across the UK as well as through media and social network and music partners such as the NME, Bebo, We7, Facebook and MySpace.
- 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.

About UK Music

UK Music represents the collective interest of the UK's commercial music industry: from artists, musicians, songwriters and composers, to record labels, music managers, music publishers, collecting societies and studio producers.

Our member organisations are: the Association of Independent Music (AIM), the British Academy of Songwriters, Composers & Authors (BASCA), BPI (British Recorded Music Industry) Limited, the Music Managers Forum (MMF), the Music Publishers Association Limited (MPA), the Musicians Union (MU), PPL (Phonographic Performance Limited) and *PRS for Music*.

About University of Herfordshire

These findings were generated by the University of Hertfordshire's Music and Entertainment Industries Research Group; the research arm of the University¹s 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.

In 2008, the University was voted the UK's top new university for research and short listed for university of the year by Times Higher Education. It is one of the region¹s largest employers with over 2,700 staff and a turnover of more than £205 million. With a student community of over 23,000, including more than 2,000 international students from over 85 countries, the University has a global network of over 160,000 alumni.

Foreword by Feargal Sharkey - CEO UK Music

In 2008, British Music Rights and the University of Hertfordshire published the UK's largest ever academic research into the music experience and behaviour of young people aged 14-24.

Its conclusion? *When it comes to music and young people, everything is different, and yet everything is still the same.*

Repeating this research as the industry's new collective body, UK Music, and drawing on responses from an even greater number of young people, it would be tempting to repeat quite similar claims.

Certainly, this new snapshot of how young people in the UK consume music makes fascinating, evocative and illuminating reading.

Above all else, it is clear that this tech-savvy demographic loves music more than ever and that it remains a vital and passionate part of their daily lives.

"I listen to music all the time, I love my music. I have some songs on my phone. I use that when I'm in class, because I use my MP3 player for my college work, and I use my MP3 player because I'm usually listening to music when I'm driving around. I tend to keep most of my music on my computer because I've got thousands and thousands of songs."

The size of the average digital collection has increased and now contains upwards of 8,000 tracks - that's roughly 17 whole days of non stop music.

Of that central music library they now carry an average of 1,800 tracks in their pocket, mainly on an MP3 player.

The computer has become the primary means of accessing music, and, while use of a wide range of licensed digital music services is increasing, 61% say that they still continue to share copyrighted music using file-sharing applications and torrent trackers, mostly on a weekly or daily basis and mainly because it's free and they are not going to get caught.

"It was my parents' computer, so if anyone was going to get in trouble, it wasn't going to be me. Excellent!"

A host of other devices and platforms facilitate the sharing and copying music, including Bluetooth, email, hard drives, hosting sites, USB sticks, CD-Rs and YouTube streams.

As highlighted by Music Ally's qualitative report, this already complicated scenario is becoming ever more complex.

In a nutshell: they simply want what they love - the music - and they want it now.

How the music industry can capitalise on such shifting and changing means of consumption - or even expect to capitalise on them - will remain an ongoing and at times difficult debate.

However, before pigeonholing an entire generation, we should place such behaviour in the context of wider and more familiar traits.

Most obviously, the underlying passion and excitement of "*owning*" music remains incredibly strong and consistent.

The touch and feel of CD or vinyl, of having a tangible product in the hand, the appreciation of *"seeing what effort has been put into the CD sleeve",* is still *"really interesting, it really grabs my attention"*, are all assets considered to have an inherent value much greater than that of an MPEG3 file.

As well as digital music, the size of respondents' CD collections also increased year on year - although that does include original and copied discs.

The majority of young music fans clearly understand such activities are not legitimate, but they continue to do what technology allows.

However, again, this must be seen in context. A sense of morality also comes into play here, with 56% of young people agreeing that device manufacturers should pay a fee to compensate artists when their work is copied.

"You feel like they're doing the service, the artists, the people in the recording studio and all the people involved should be getting paid for what they do."

Ownership of digital files is also important.

As revealed in last year's survey, this age group are interested in new services and - crucially - indicate they will pay for them. 85% of P2P downloaders said they would be interested in paying for an unlimited, all-you-can-eat MP3 subscription service.

Equally, while there is enthusiasm for streaming music online, it is not necessarily seen as a replacement for ownership.

Clearly, it is too early to assess the true impact of emerging and perpetually-evolving music streaming services. However, with respondents having grown up with the free-to-access model of MySpace and YouTube (and, before that, radio) there remain considerable challenges in expecting young people to pay for them.

Our relationship with music fans will determine these commercial matters in the months and years ahead, but the ultimate challenge for music and other IP-based industries, is to reconcile what the customer wants with what is economically and humanly possible.

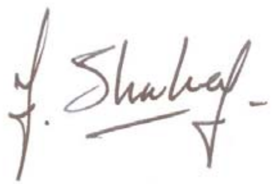
As predicted one year ago, the music industry is no longer alone in this space. Film, sport, newspapers and other forms of traditional media have all joined in the discussion.

Clearly, we will continue to need external support, and to continue working with ISPs and government to re-evaluate our education strategy and to strengthen our business-to-business relationships.

But above all, we will achieve nothing if we do not work with music fans, and young music fans in particular. We ignore engagement at our peril. That message is loud and clear.

The music industry continues to change at breakneck speed, and having been the first to wrestle with the impact and disruption of digital we have had to learn very quickly. While young people continue to display such a passion for music and the industry continues to forge ahead I remain positive that we can successfully rise to these challenges.

There are no silver bullet solutions, but I am convinced this research points us towards at least some of the answers.



Feargal Sharkey, CEO UK Music

Key Findings

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

The computer is now their main entertainment hub
68% listen to music on their computer every day. By comparison, only 15% use their CD player on a daily basis.

They have huge digital music collections
The average computer or hard drive contains over 8,000 tracks (approximately 17 days worth of music).

Ownership is important
This is 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.

Music remains their most popular form of entertainment
However, there remains a significant "value gap" between the popularity of music and the amount of money spent on it, especially compared to other entertainment types.

The popularity of filesharing remain unchanged from 2008
61% of respondents download music using P2P networks or torrent trackers. This is unchanged from last year. Of this group, 83% are doing so on a weekly or daily basis.

The main reason for filesharing is cost: it's free. However, respondents also use P2P to find music that is not commercially available (for instance, before a piece of music is released commercially) or to experiment and 'try-before-they-buy'.

They are prepared to pay for digital music
85% of P2P downloaders would be interested in paying for an unlimited, all-you-can-eat MP3 download service. 57% of these said such a service would stop them using unlicensed P2P services, and 77% that they would still continue to buy CDs.

But there are challenges for in the fast-developing market for streaming music online
There is obvious enthusiasm for streaming music online. However, 78% of respondents said they would not pay for such a service.

Digital music consumption is getting more complex...
86% of respondents have copied a CD for a friend; 75% have sent music by email, Bluetooth, Skype or MSN; 57% have copied a friend's entire music collection; 39% have downloaded music from an online storage site; and 38% have ripped a TV, radio or internet stream.

They have an inherent sense of what copyright is, but choose to ignore it
The vast majority of respondents knew that sharing copyrighted content (as above) is not legal - yet continue to do so anyway.

The Survey Results

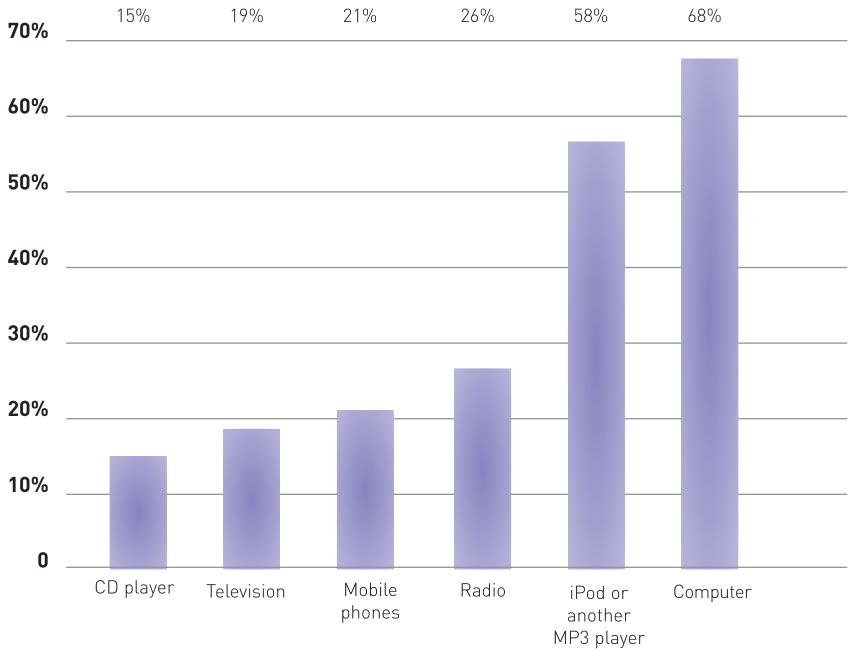
Computer is top device for music

"If I'm at home I listen to music either on the radio or on the internet from YouTube or iTunes. It depends where I am"

We asked respondents which devices they used everyday to listen to music. Their computer was overwhelmingly the most popular closely followed by iPod/MP3 player.

CD player at 15% was the least popular device for everyday listening.

On which of the following do you use to listen to music every day?

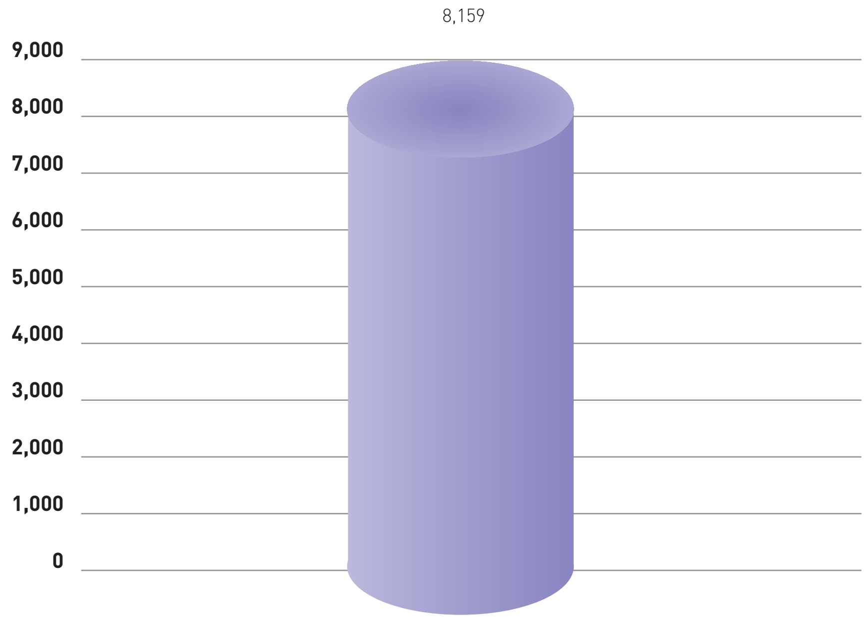


NB: question called for multiple answers

Digital music collections are huge

The average digital music collection - ie all the music on a respondent's computer or hard drive - was 8,159 tracks. (If we equate a single track as being 3 minutes in length, that's approximately 17 days' worth of continuous music.)

Approximately how many tracks do you have stored in your digital music collection (ie on your computer or hard drive)?

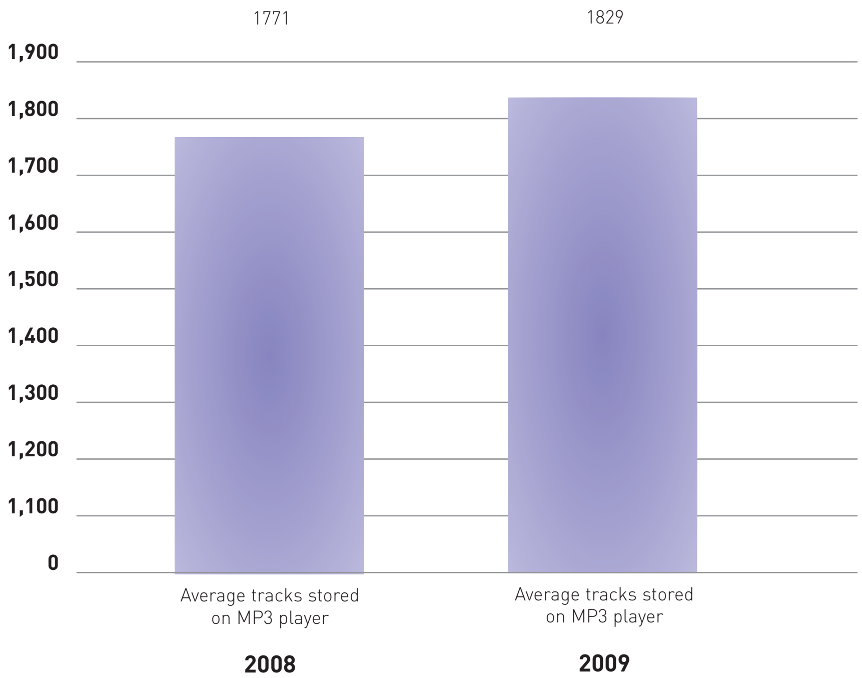


1,800 tracks on the average MP3 player

"I've got about five gb of music on my iPod"

Despite the significant size of digital music collections, the number of tracks young people carry with them on their MP3 player remains largely unchanged since last year.

Average number of tracks on MP3 player

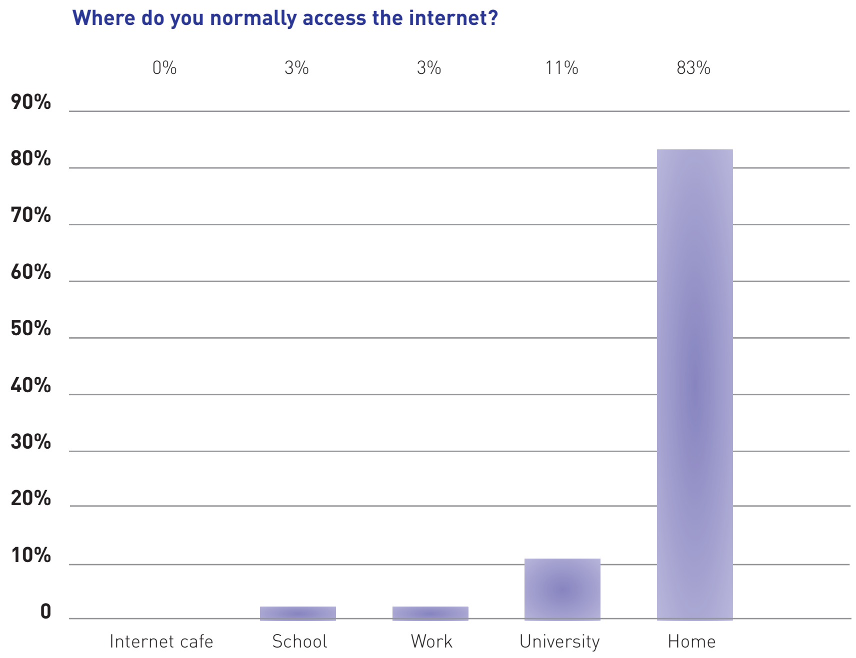


Compared to their MP3 players, the volume of music loaded onto respondents' mobile phones was comparatively modest, at an average of 32 tracks. Indeed, 55% of respondents had fewer than 50 tracks on their mobile handset. Only 3% claimed to have more than 1,000 tracks on their mobile.

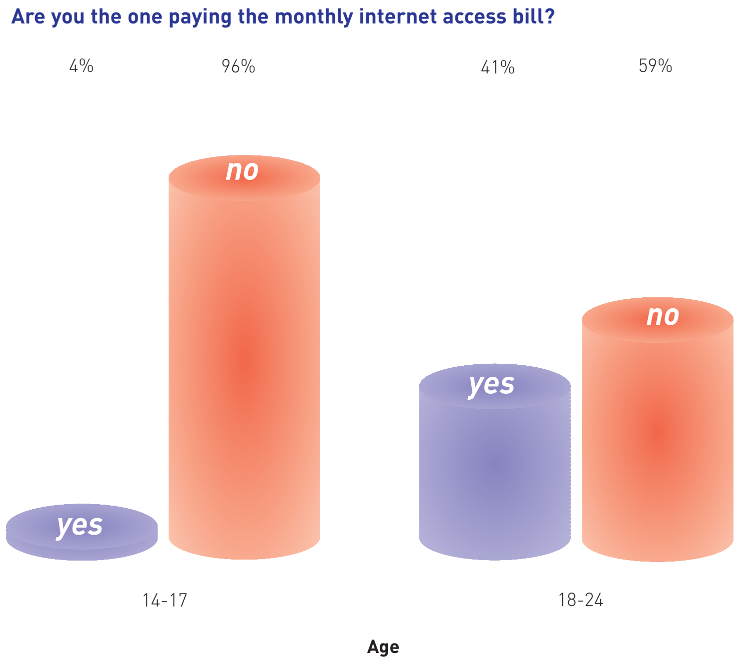
Most access the internet at home. Few pay the bill

"It was my parent's computer, so if anyone was going to get in trouble, it wasn't going to be me. Excellent!"

The vast majority of respondents (83%) access the internet at home.



Only 4% of 14-17's pay the monthly bill for their internet access. This rises to 41% for the 18-24 age group.



CD collections are growing

"I download a lot, to be honest, but if it's an artist that I really love, then I'm buying the CD."

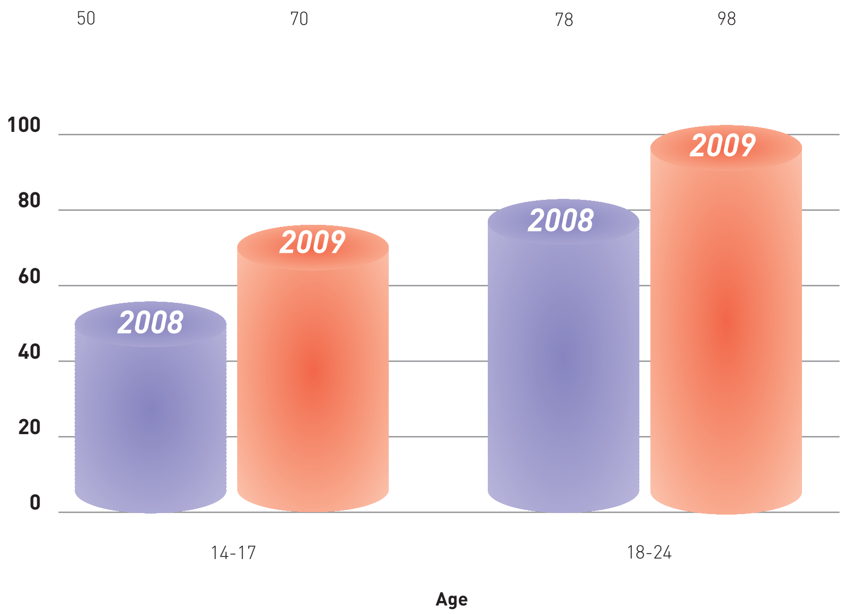
Respondents still exhibit a strong desire to "own" music and most still purchase CDs.

Only a small number of respondents (4%) do not use CDs at all and 51% have fewer than 100 CDs (both original and copied).

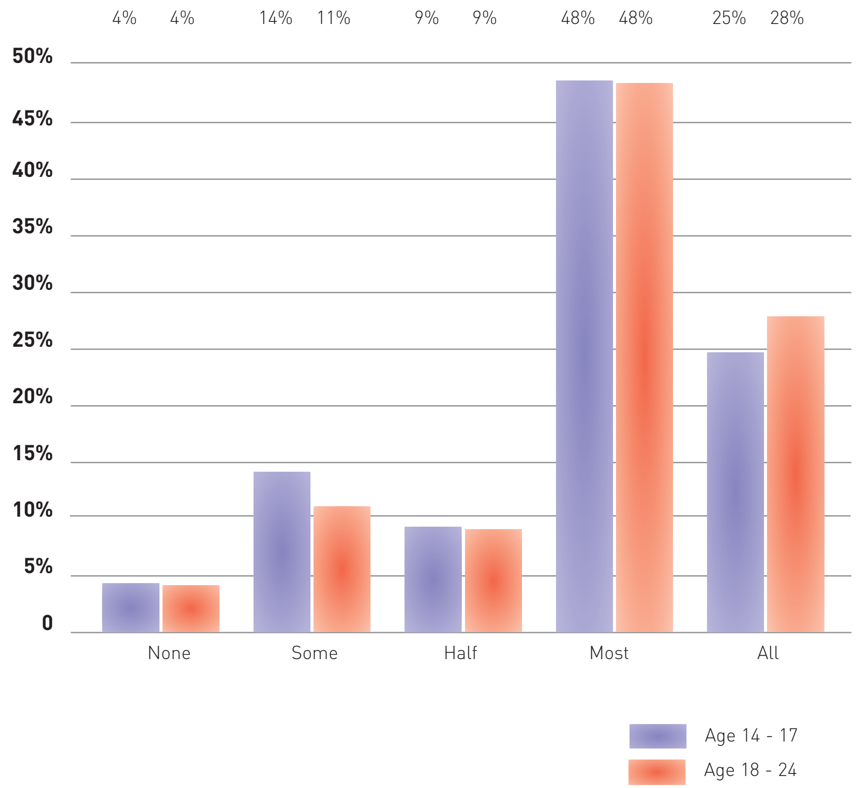
The average collection was 70 CDs for the 14-17's and 98 CDs for the18-24 age group - a significant increase on 2008's figures.

48% of respondents claim that "most" of their CD collection consists of original discs. 25% of 14-17 year-olds claim that "all" their CD collection consists of original discs.

Average size of CD collection - originals and copies



How many of these CDs are originals (not copied)

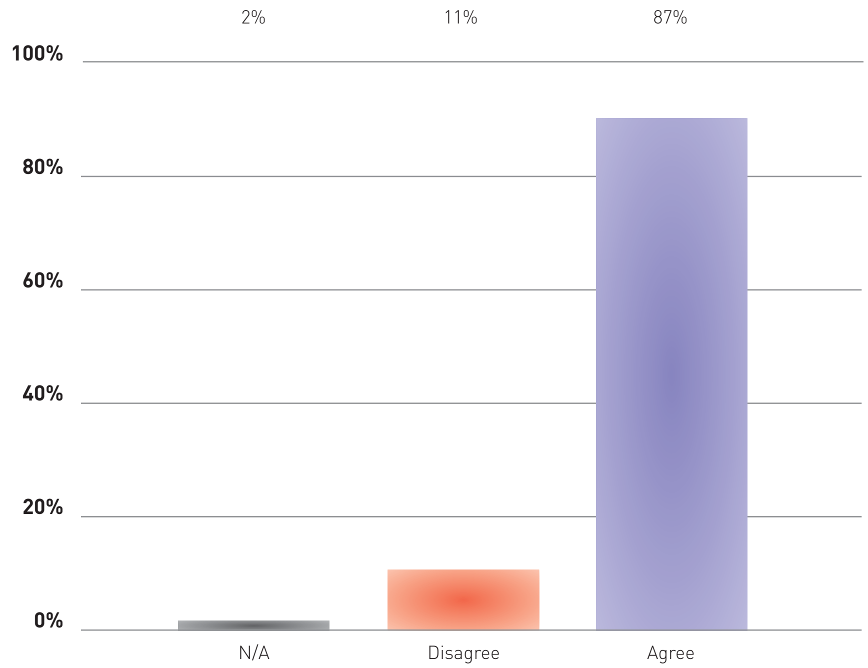


Copying music between devices is important

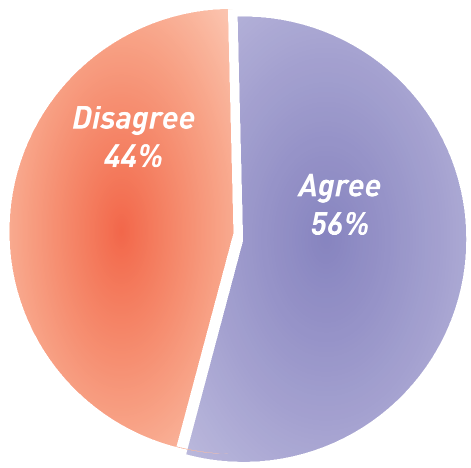
Almost all respondents want to copy music. 87% agreed that being able to copy music onto different devices (eg MP3 player, mobile phone) is very important to them.

56% of respondents believed that manufacturers of MP3 players, mobile phones and other recordable devices should pay a fee to artists whose music they enable to be copied.

Being able to copy music onto different devices is important to me



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



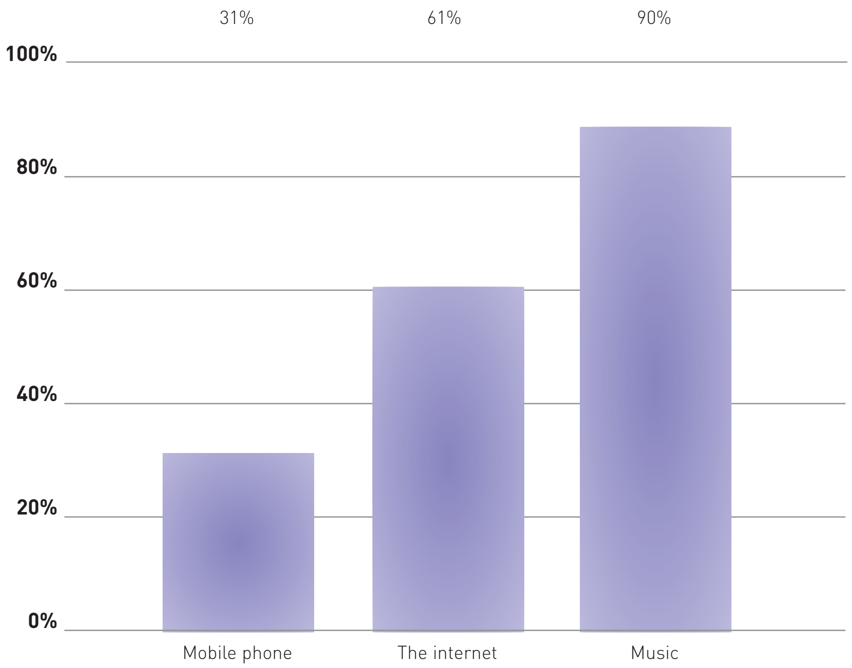
"You feel like they're doing the service, the artists, the people in the recording studio and all the people involved should be getting paid for what they do."

Music is the most “valued” form of entertainment

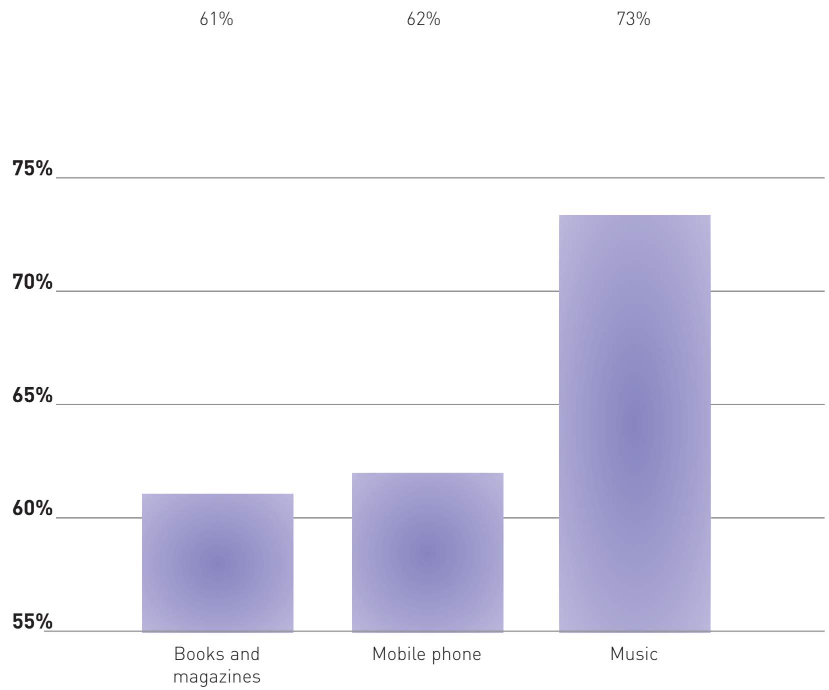
Desert Island and Entertainment Spending: what they would miss most?

Similar to 2008's findings, music remains the most important entertainment type for this age group.
When respondents were asked which type of entertainment they would miss most if stuck on a desert island, music outscored both "the internet" and "mobile phone".

What entertainment would you miss most on a desert island? 2009



What entertainment would you miss most on a desert island? 2008



The disconnection between music's value and actual spending

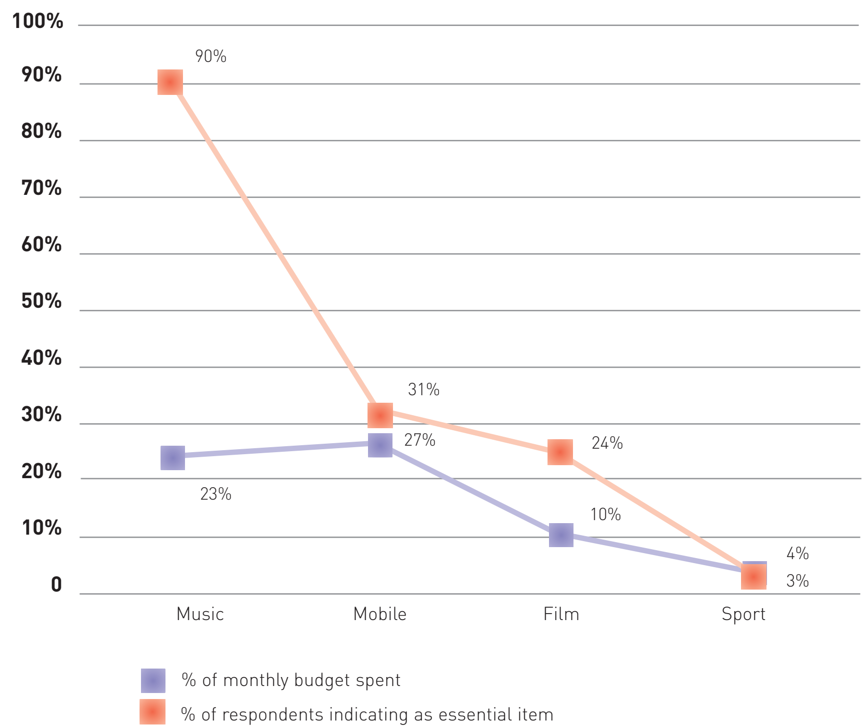
There is a considerable range in how much money respondents spend on entertainment each month. 58% of 14-17's spend less than £40, while 52% of 18-24's spend less than £60. 22% of 18-24's claim to spend more than £100.

"Music that is readily available for free begs the question 'why should I pay for something that I can get free without any consequence?'"

As highlighted in 2008's findings, there remains a clear disconnection between the importance and "value" placed on music by respondents and the proportion of money they spend on it, especially compared to other entertainment types.

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

Importance of items v spending



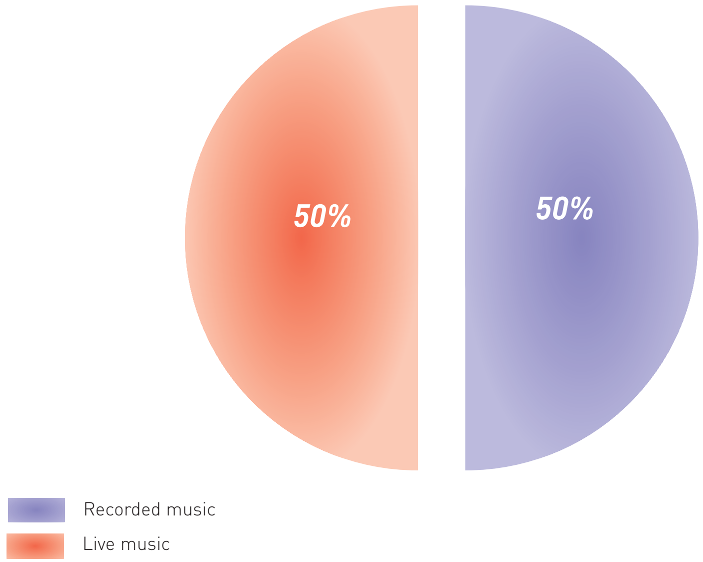
Note: Entertainment spend was defined as entertainment excluding food, drink and clothes.

Spend on live vs recorded music is 50:50

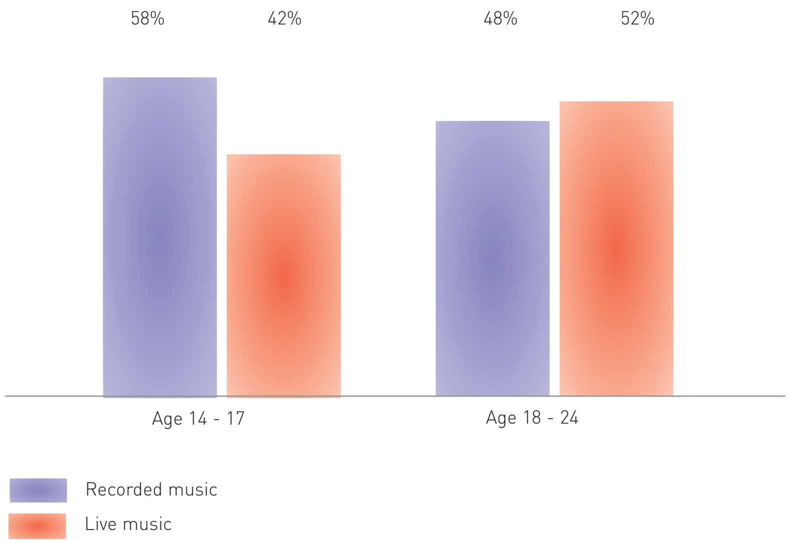
*"I go to things like underage gigs because I'm not old enough to get in to them. [18+ events]
So, I go to things focused at 14 to 16 year olds. There is something every month called Sonic Boom"*

Across all respondents, spend on live and recorded music is split 50:50. Our focus groups suggest that the relatively strong spend of 14-17 year-olds on live music can be attributed to a thriving underage gig scene and festivals.

Percentage of music budget spent on live vs recorded music



Percentage of music budget spent on live vs recorded music by age



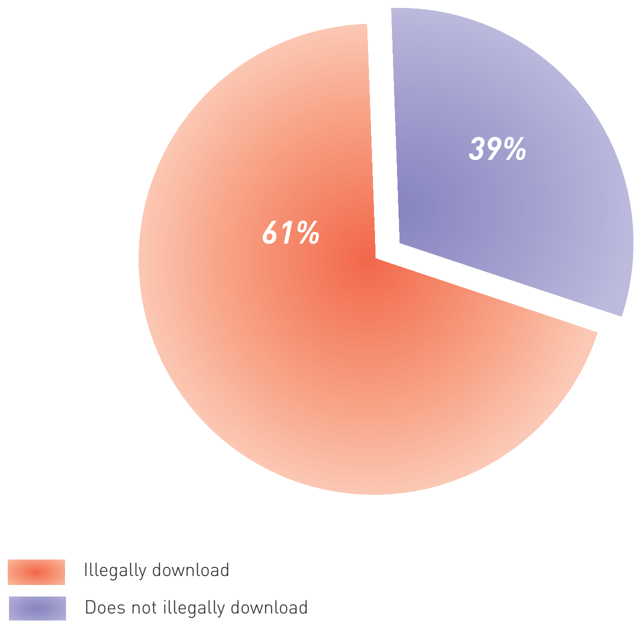
P2P use remains constant

"I download everything from torrents, put it onto my iPod and then I either play that through headphones or speakers."

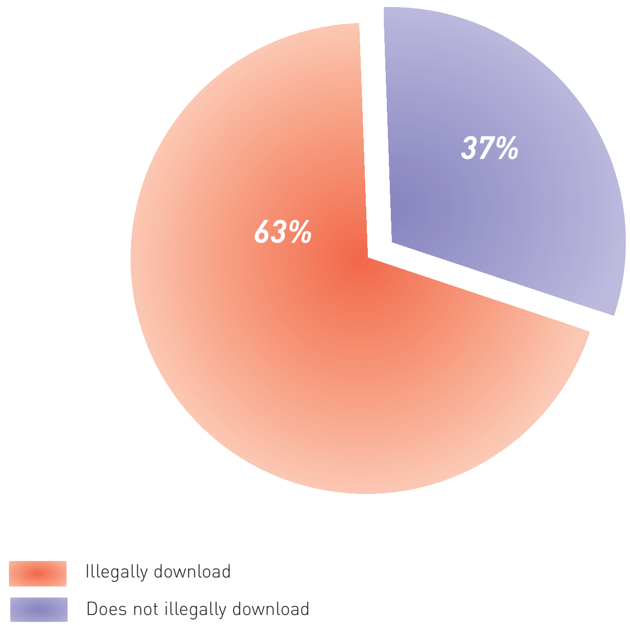
The extent and frequency of p2p use in 2009 was broadly unchanged in comparison to that revealed in 2008. This year 61% of respondents acknowledged illegally downloading (63% in 2008) with a slightly higher number (39% against 37%) indicating they do not illegally download.

However, this year's data highlighted that 83% of those filesharing are doing so on at least a weekly basis.

Do you download illegally? 2009



Do you download illegally? 2008

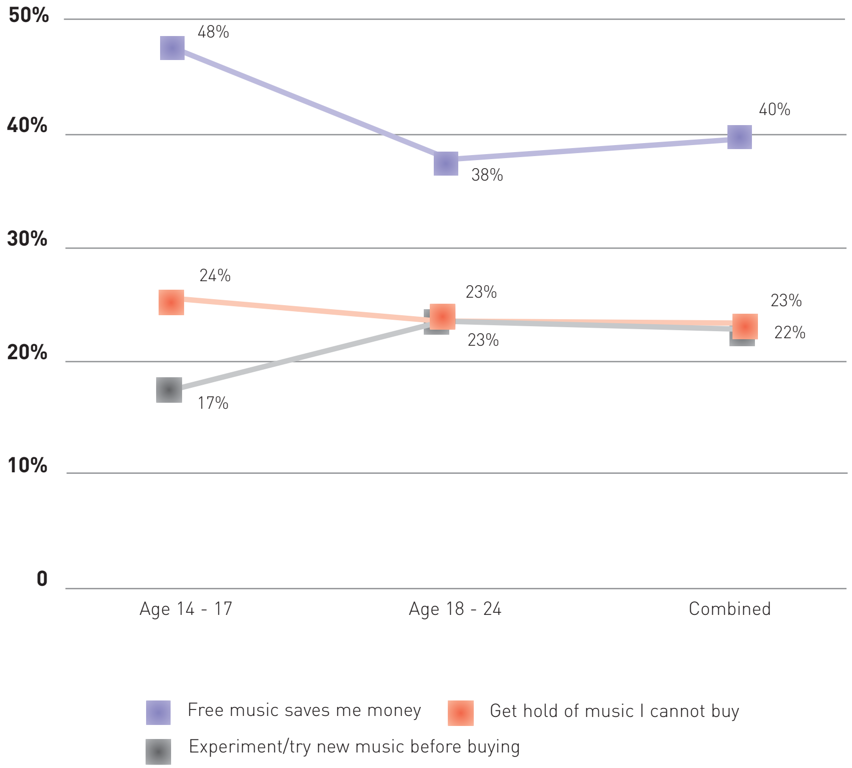


Young people fileshare primarily because it is free but do have a conscience regarding the artist

"I fileshare because it saves money."

40% said their main reason for filesharing is to save money or because it's free. 23% said they did so to get hold of music they could not buy (for instance, pre-releases, DJ mixes) and 22% to experiment and try-before-they-buy.

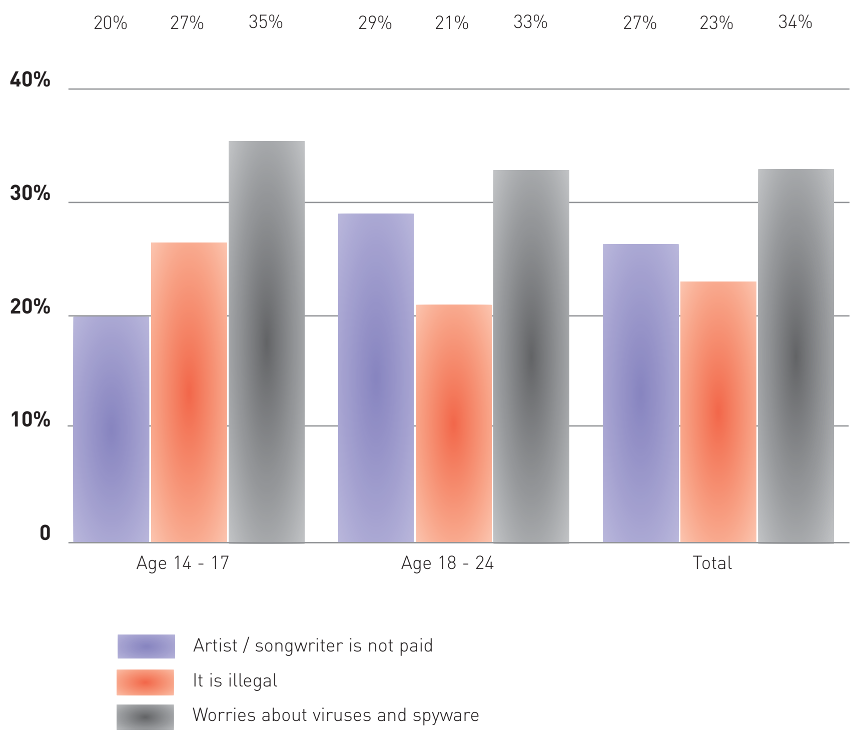
Top reasons for filesharing



"Even if it didn't mash up my computer, I'd guess I'd probably still feel guilty. It would be on my conscience that I should probably be paying something."

Among those who don't fileshare, the main reason was concern about downloading a virus or spyware (34%). 27% said their main reason was because the artist/ songwriter doesn't get paid, while 23% said they don't because it's illegal.

Main reasons for not filesharing



Copying and sharing of music: it's complex

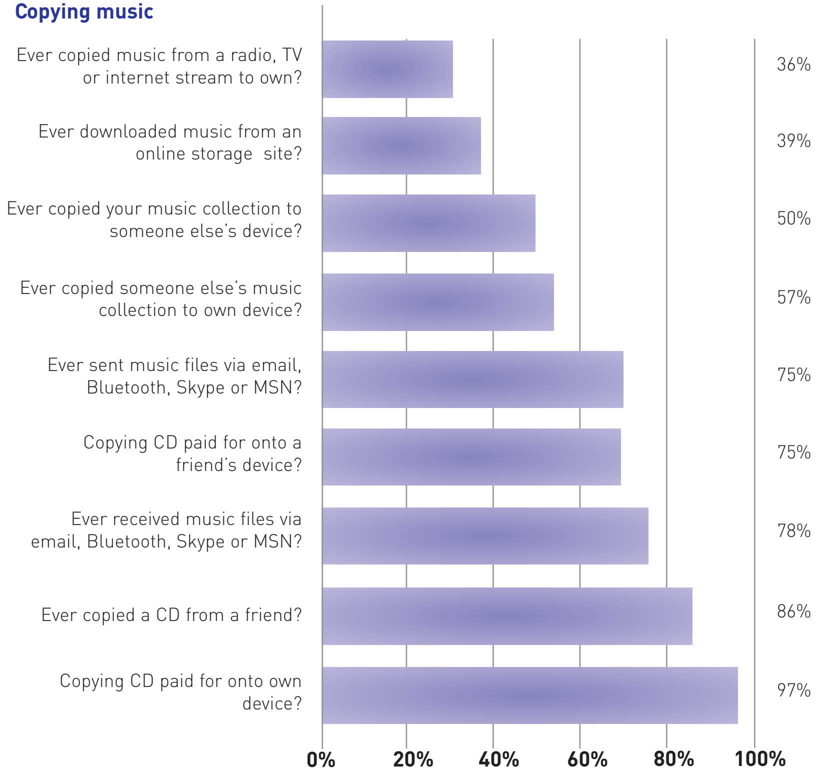
"The last piece of music I got, my friend sent it on my phone through Bluetooth. She actually sent a load."

As previously stated, respondents place huge importance on being able to copy.

This year's findings highlight the myriad different ways that they are copying and sharing music, both offline and online.

Sending or receiving music via email, Bluetooth, Skype or MSN is particularly prevalent, as is the sharing of hard drives. 57% of respondents say they have copied someone else's entire music collection.

Copying music

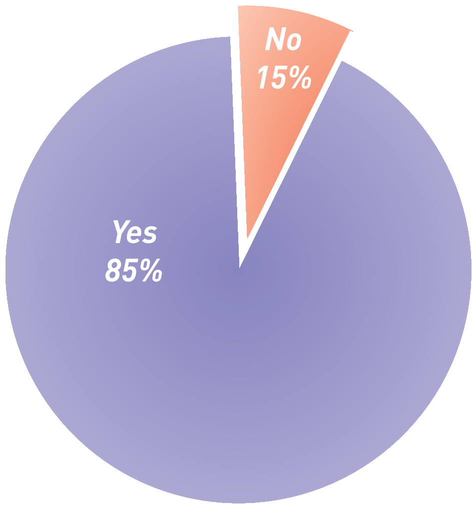


There is interest in paying for digital music

"If you could keep the music, if the fee wasn't enormous, then yeah, I would be interested in that."

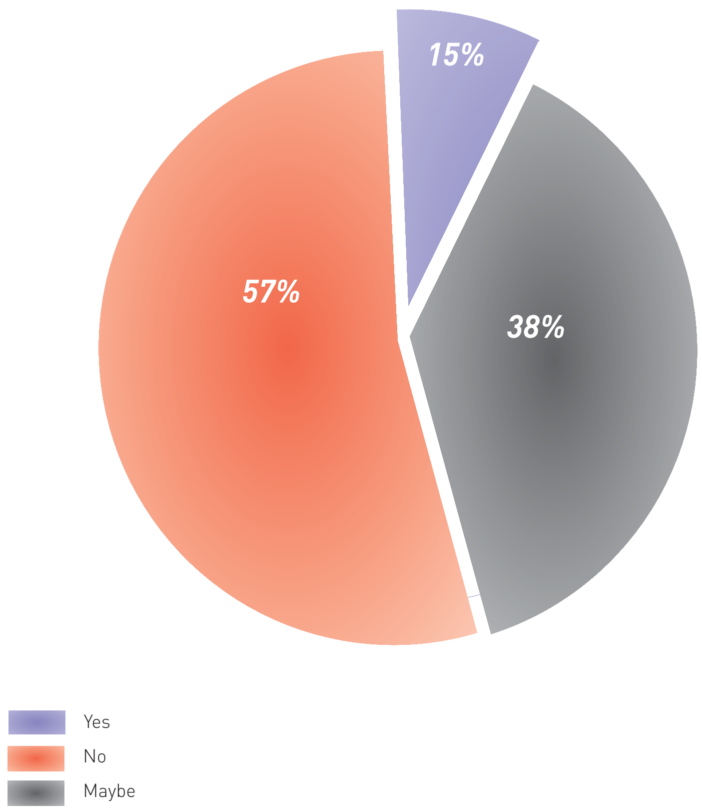
85% of illegal downloaders say they would be interested in paying for an unlimited, all-you-can-eat download service.

Would you be interested in an all you can eat, paid download service?



The potential of new music services

If you pay for unlimited downloads, would you still use file sharing (p2p) sites to download music?



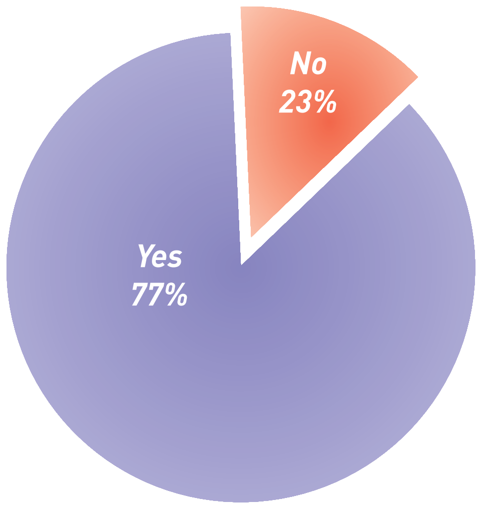
Desire for physical product remains

"I really like being able to hold the CD in my hand. I like seeing what effort has been put into the CD sleeve. I find it really interesting and it really grabs my attention if a CD cover has got a nice graphic to it, so I just love buying a CD. That makes me excited."

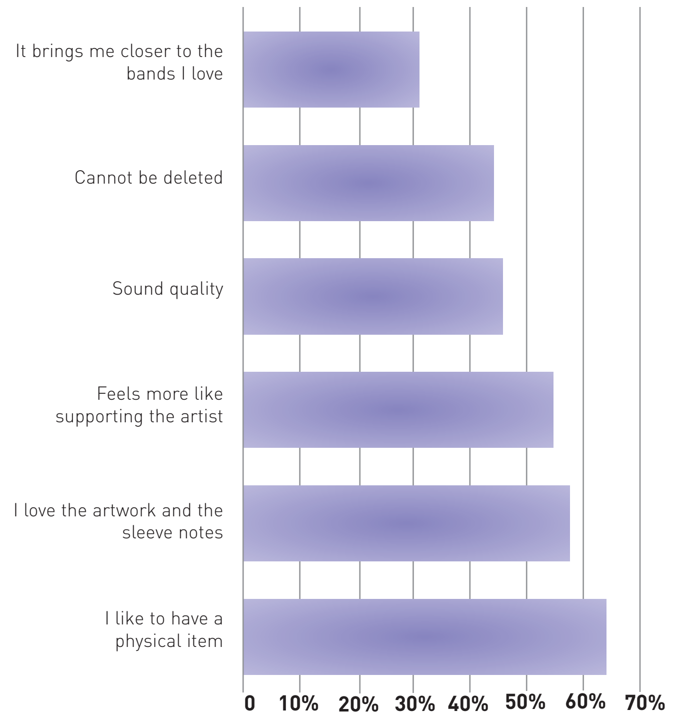
There are a variety of reasons for this, but clearly, and as previously stated, the desire of respondents to actually "own" a physical product remains strong - whether for tangible reasons such as artwork or sleeve notes, because they feel they are supporting the artist, or simply because the sound quality is better.

Even if they were subscribing to an unlimited download service, 77% of respondents said they would continue to buy original albums.

'If you were paying for such a service would you still buy original albums (CDs etc)?'



Reasons for still buying albums if paying for unlimited illegal downloads

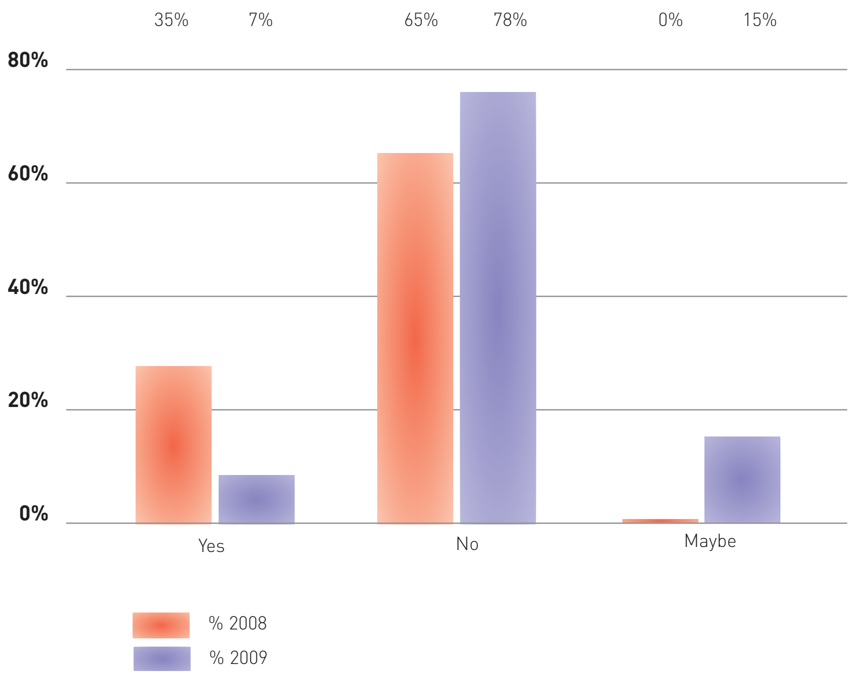


Enthusiasm for streaming, little willingness to pay

"I like to have stuff on iTunes so it's easily accessible if I don't have Internet connection, I can listen to it, and have it on my iPod as well."

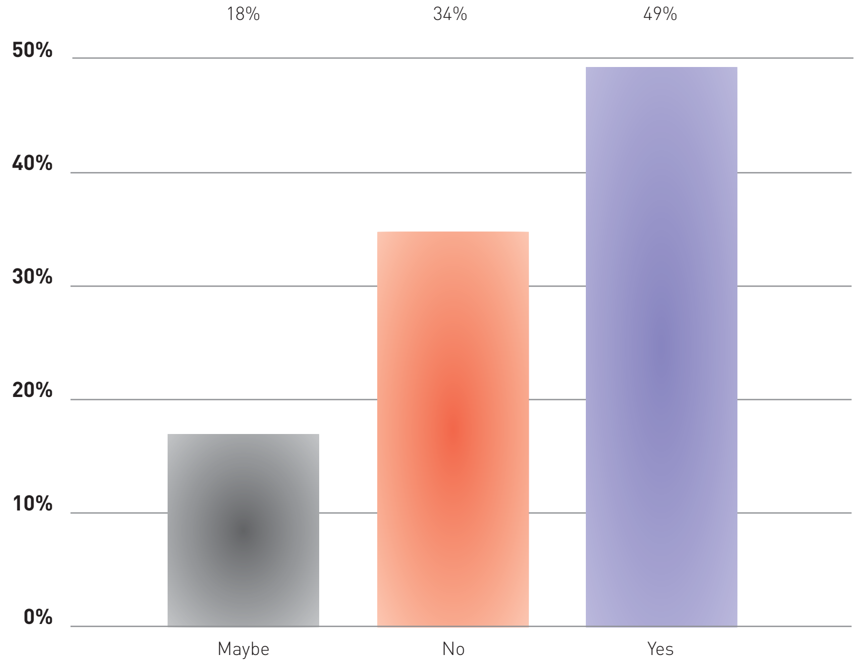
78% of respondents state that they would not pay for an online music streaming service.

Would you pay for an online streaming service?



Even if they paid for an online music streaming service, 49% of respondents said they would would still download music over p2p.

If you paid to choose and stream (play not keep) would you still use file-sharing sites to download music?

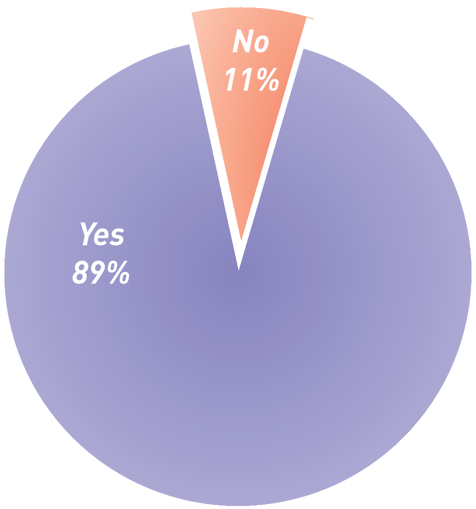


Digital ownership is important

"Streaming is never as good as actually having the tracks I want so I can share them the way I want to"

Despite already having access to a variety of streaming services, 89% of all respondents stated that they still wanted to "own" music.

With access to so many streaming services are you still interested in 'owning' music?



Technology outpaces the law

"Sometimes it bothers me, but more the moral part of it, not really the legal part."

Young people do have a strong awareness of which music sharing and copying activities are illegal, but do what technology allows them to.

Copyright - is it illegal to: