VMDO Music Consumer Insights

VMDO
VICTORIAN MUSIC DEVELOPMENT OFFICE

An initiative of
CREATIVE VICTORIA

Delivered by
MUSIC VICTORIA

Methodology

The results we are sharing here are from a survey of 2,025 Australians, with fieldwork completed in early June 2019. The sample was designed and monitored to ensure it reflects the make up of the population, including age, gender and socioeconomic factors. The survey was online only, capturing people from all states, comprising of 525 from VIC, 580 from NSW, 411 from QLD, 200 from WA and a further 309 from the rest of Australia.

Consumer surveys require slightly more interpretation than a few of the other data sources available to us. If we asked you which song you listened to most last week, you might remember, or you might not. Your streaming service could probably give us your top 50 without much trouble.

As such, when looking at this data it's important to think about what the consumer means when they answer the question. Someone saying they bought a CD one month ago, might have actually bought it two or three months ago. The important thing to take away is that they still consider themselves in the market to buy CDs.

So, if the data needs consideration, why do surveys at all? Well, firstly they help join the dots between consumer behaviours that happen on different platforms - such as understanding someone who streams on Spotify and buys gig tickets. That can be very helpful to understand. More than that, surveys allow us to ask about the attitude that underpins behaviour. Knowing what happened is one thing, knowing why it happened - and being able to make it happen again - can be much more powerful.

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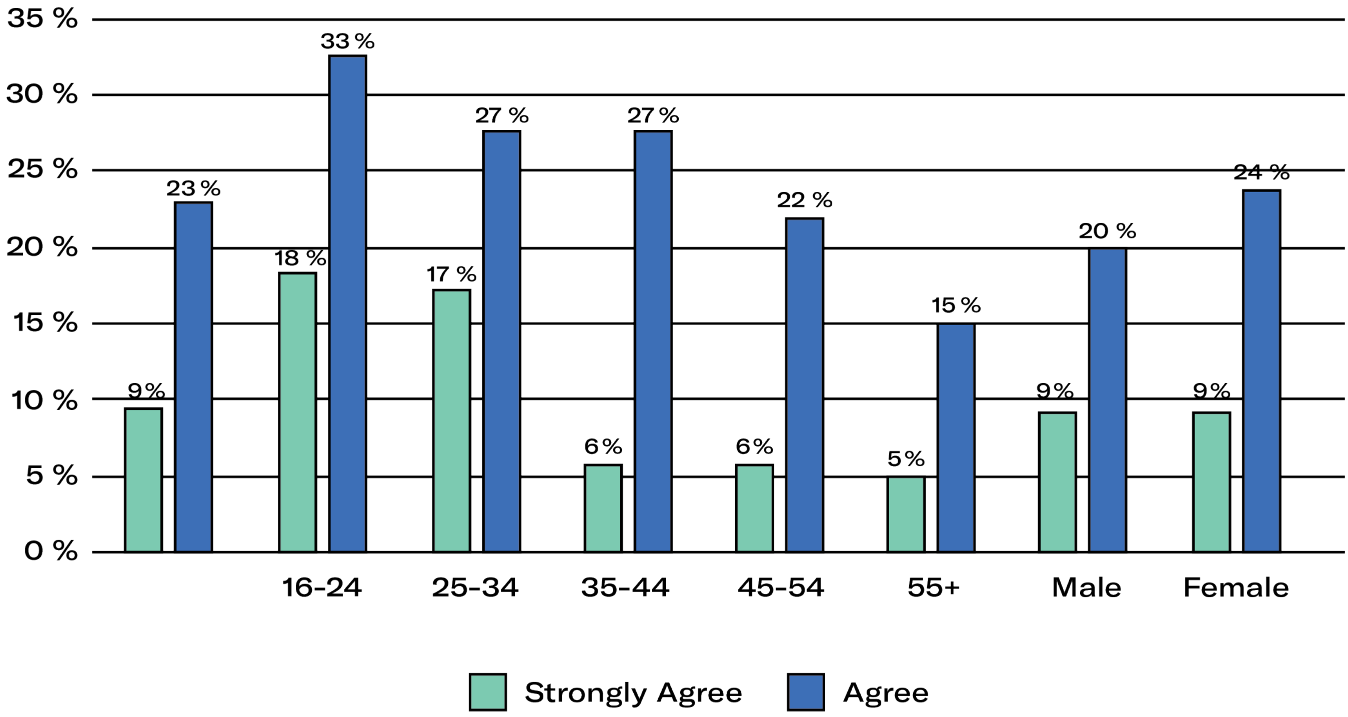
Music Matters To Australians

MUSIC IS MY LIFE, MY NUMBER ONE PASSION

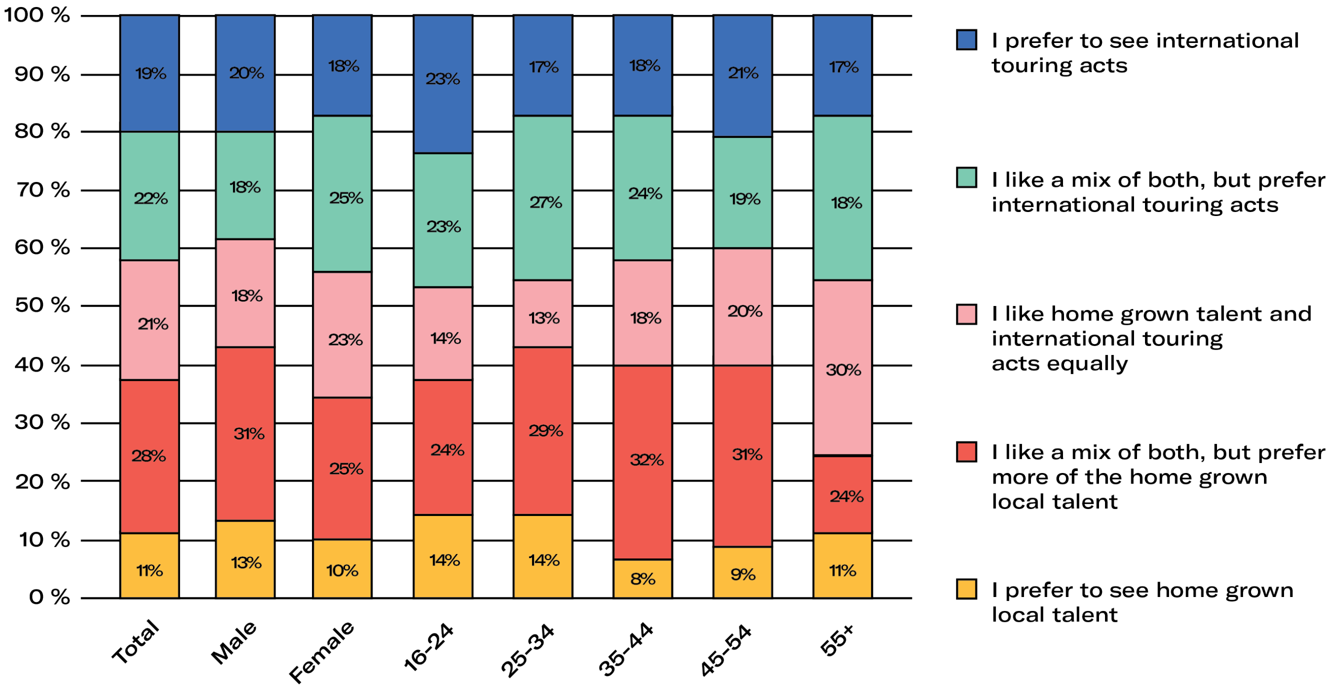


Australians are a passionate bunch. They love their sport, their sunshine and their music. When asked what they were most passionate about, 32% - that's 1 in 3 Aussies – said that music was their life, their number 1 passion.

If we look at those who agreed most strongly, 16 - 24 year olds (18%) are most passionate, closely followed by those slightly older, aged 25 - 34 (17%). We then see a significant drop as we move to the 35 - 44's, only 6% of whom say that music is their number one passion.

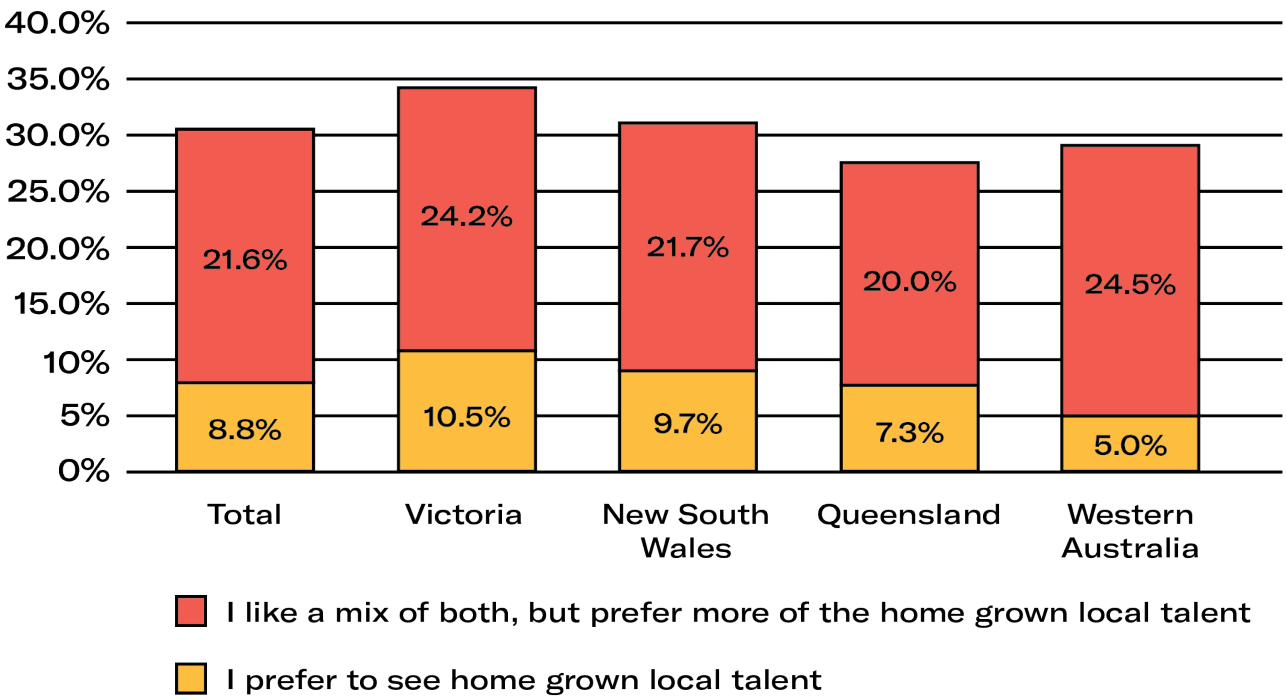
They Like Australian Music

More than liking music, importantly they like Australian music! Whilst the recorded music charts – and indeed radio – are often dominated by international acts, there is strong appetite for local music. When asked who they prefer to see live, the audience was split straight down the middle, with 39% of people preferring local Australian talent, compared to 41% who prefer international acts, with the remaining 20% of the population enjoying both equally. Of course, the deliberate action of buying a ticket to a live show is very different to listening to music in the background on a playlist or on a radio station, but the appetite is important to understand. Whilst radio traditionally relies on familiarity to drive its business model, with playlists mirroring this, maybe its time for a new normal, that tips the balance away from the dominance of international acts and back towards the middle ground.



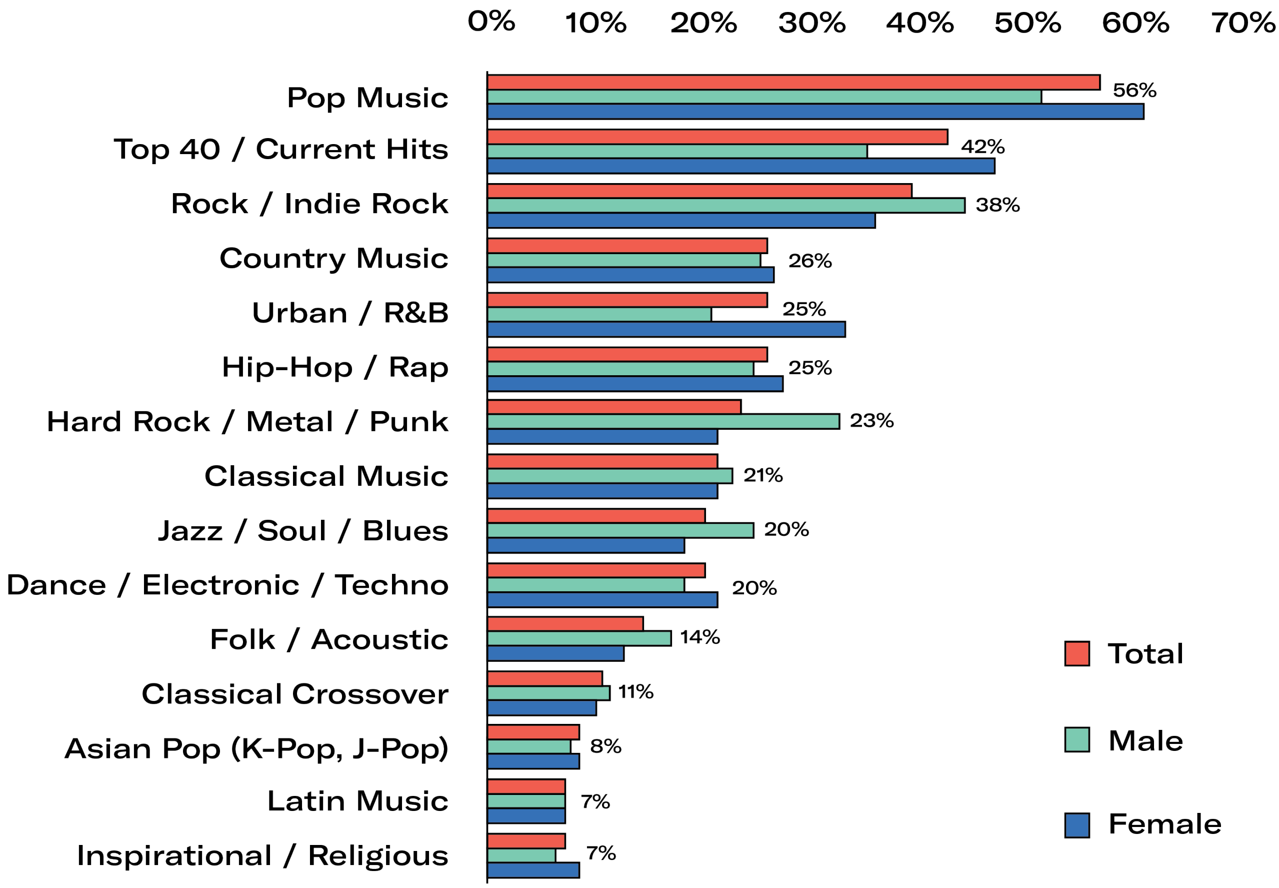
If we further dig in to these answers by state, Victoria were particularly keen to support local talent. And if you look at the local, Aussie first approach taken by radio stations like 3RRR and PBS it makes sense. This report explores radio in more detail later on, but there is clearly a much longer conversation to be had about the role of radio in driving Australian beyond a small, supportive local scene into the wider Australians consciousness.

STATE BY STATE, VICTORIA AND WA LEAD NSW AND QLD



Pop Is Popular

WHICH GENRES DO YOU LISTEN TO?



When it comes to popularity, it shouldn't surprise anyone that pop is, well, popular. Over half the population listen to pop music, with a consistent appeal across the ages and particularly popular with women. Rock and Indie come in second place, with over a 3rd of the population listening, this time with a slant towards men.

Country music is the 3rd placed genre, generating a lot of listening from the older demographic, especially 55+. Country attracts a more causal audience, as shown in its' drop from 3rd to when we asked people for their favoured genre.

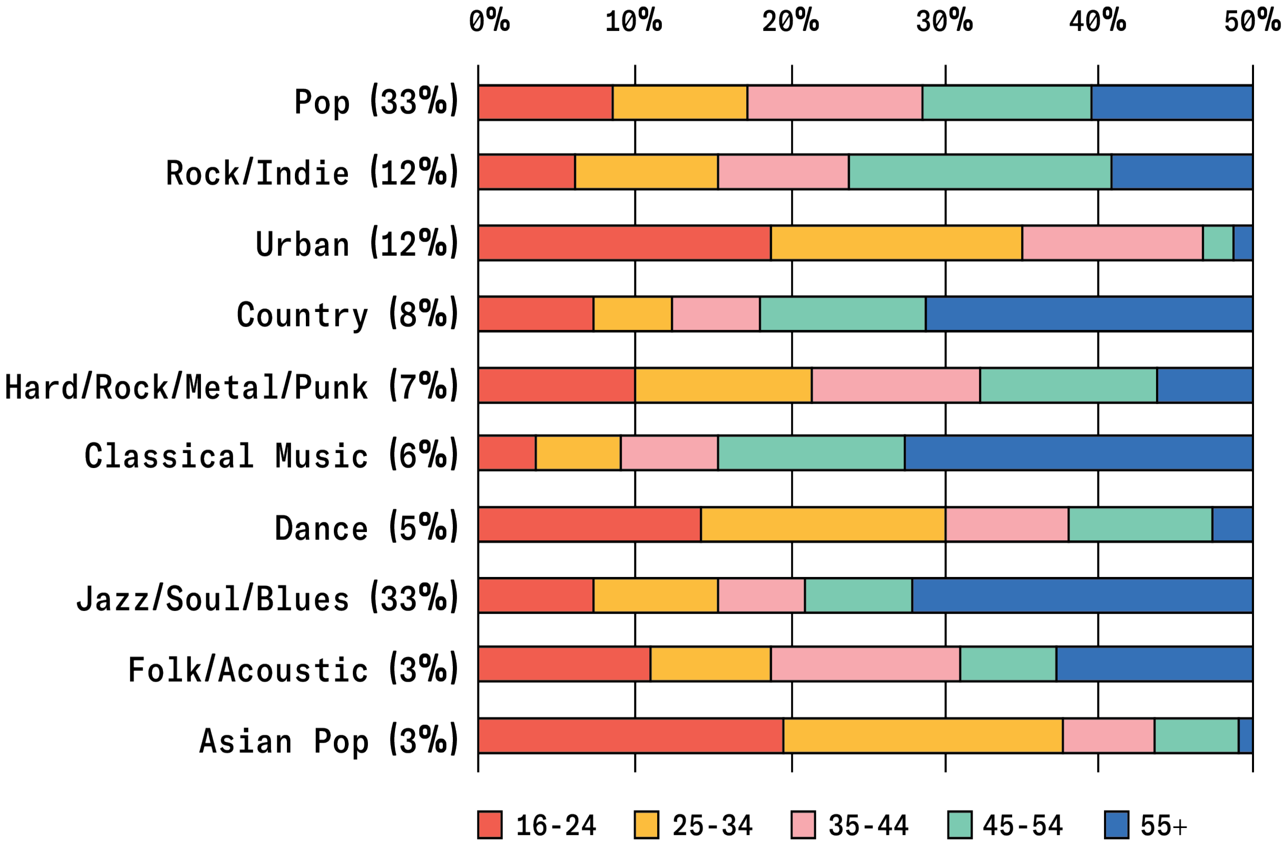
Urban music fares well, with 1 in 4 Australians engaging. Hip-hop and Rap (25%) appealing equally to both genders, whilst Urban and R&B (25%) skews in favour of women.

When forced to pick a favourite, the headline picture stayed = quite similar. Pop music wins out, with Indie/ Rock staying in joint second place (12%) but fared poorly with 16 - 24 year old consumers (6%). Urban [including R&B, Hip-Hop and Rap] jumped in to join second (12%). Urban was incredibly popular with that youngest age group, with almost 1 in 3 of 16-24's (30%) claiming it as their favourite genre.

However, when you look at those outside the top 3, Country music (8%) fell significantly into 4th place, and only remained as high owing to its popularity with the oldest (55+) age group. It's a stark contrast to the 26% of people who listen regularly.

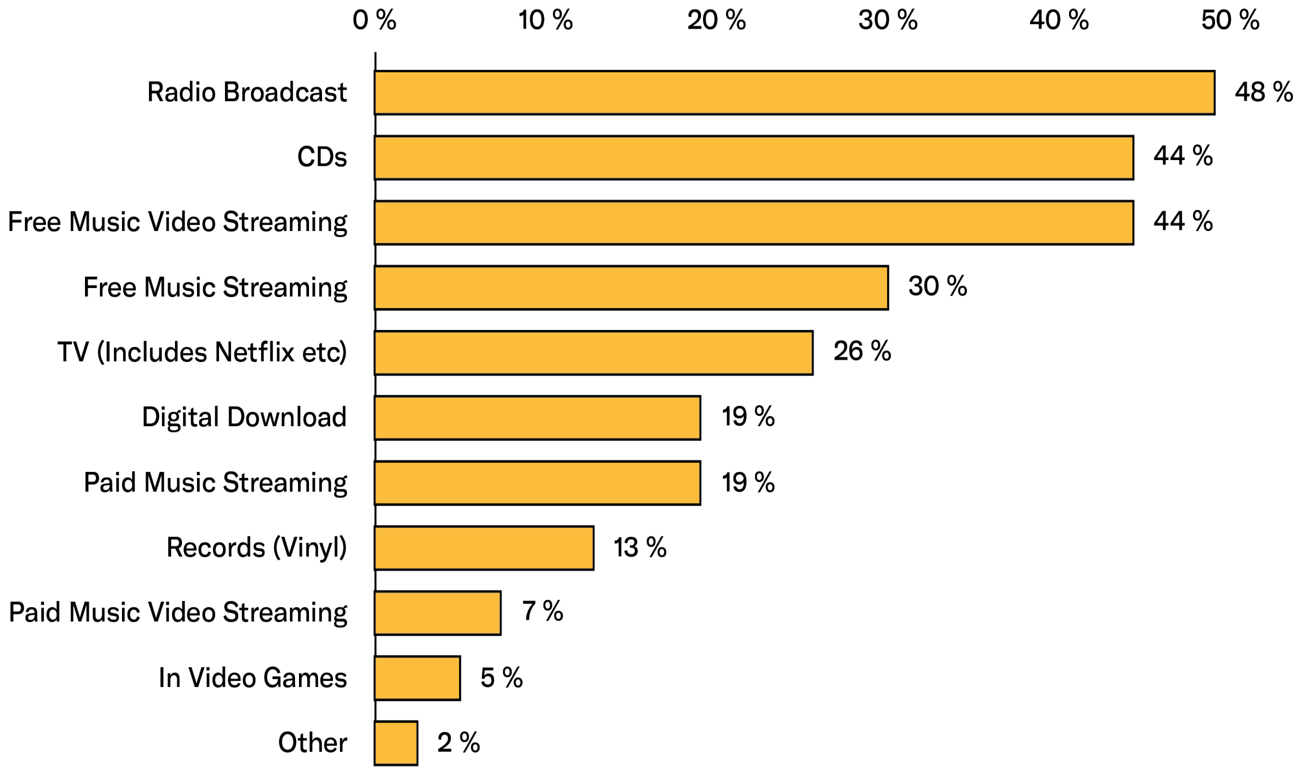
Heavy Rock/Metal/Punk (7%) has a small but passionate following. There's a strong bias towards men, and – as seen with Rock/Indie – a skew towards the older consumer. Classical Music (6%) completes the top 6, demonstrating a similar profile to Country, with over half of its key consumers over 55.

Interestingly, Asian Pop (including K-pop and J-pop) is underwhelming at a total population,with less than 3% of Australians engaging. However, when you look at 16-24's 6% of them pick out Asian Pop as their favourite genre,level with Rock/Indie. There's a lot of growth potential in that genre, and its definitely one to watch.



Music Listening Is A Lot Of Traditional Media, And A Lot Of Streaming

There are a great number of ways to consume music and knowing where to focus to serve your existing audience or to grow new fans can be a challenge. Broadly speaking, Australian consumers still enjoy traditional formats, including physical products (yep, some people still listen to CDs!)



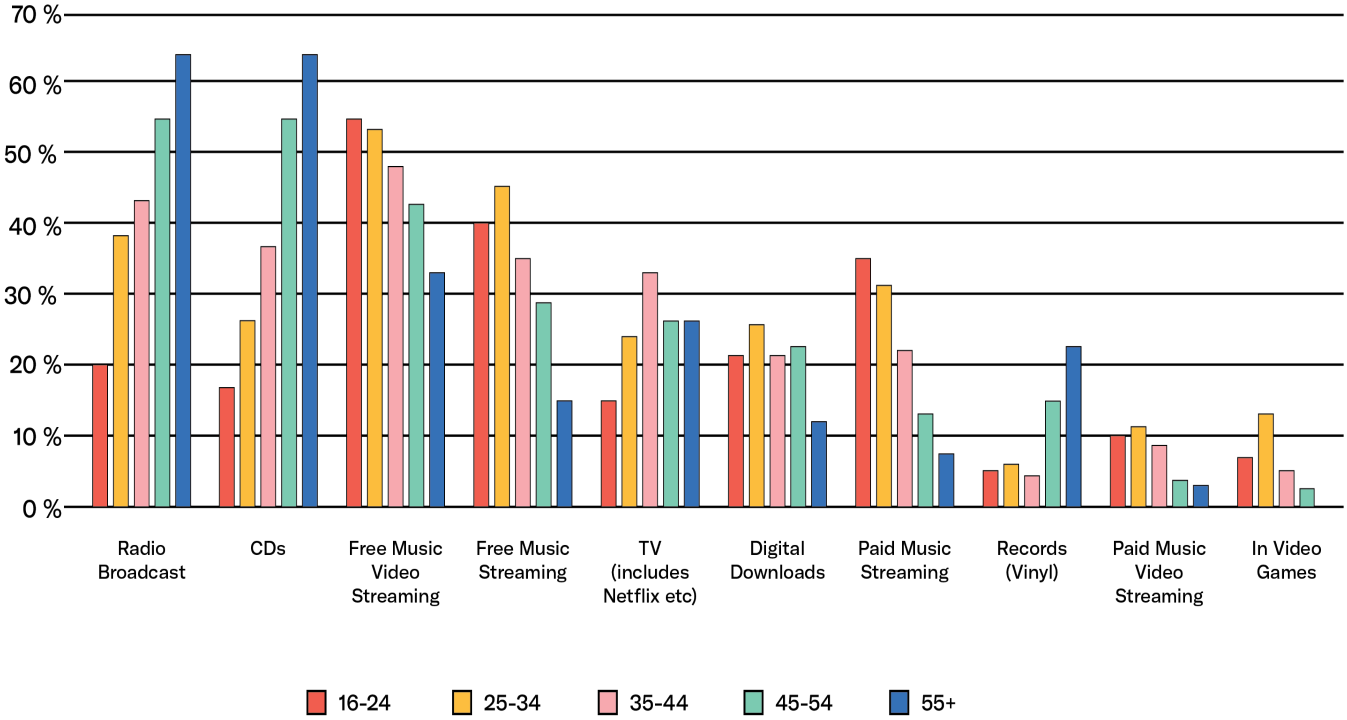
Radio is the biggest way the average Australian listens to music. With almost half (48%) of the population listening radio is still a key way for people to listen to music. Radio is the epitome of lean back consumption, choose a station and sit back for the day and it has particular appeal to the older generations. Its not completely rejected by the younger audience, with 20% of 16-24's still listening. 38% of 25-34's, 44% of 35-44's and 54% of 45-54's also listen.

CDs are still an important way of listening to music - yes, even in 2019! It might not be the most innovative, and won't the variety of radio or a streaming playlist would, but there is still consumer demand. Satisfying that demand is harder than a decade ago, with reducing retail opportunities, but for those bands who are smart about selling directly to consumers, don't be surprised if the humble CD still presents an opportunity.

Bringing us back to the 21st century, free video streaming services (YouTube) is the equal second most popular way of listening to music. Perhaps less surprising the distinct prominence of YouTube (44%) as a key listening mechanism for almost all demographics. Around half of 16-34 year olds engage with the platform, and whilst it does fall slightly with age, there are still a third of 55+ year olds is listening to music that way!

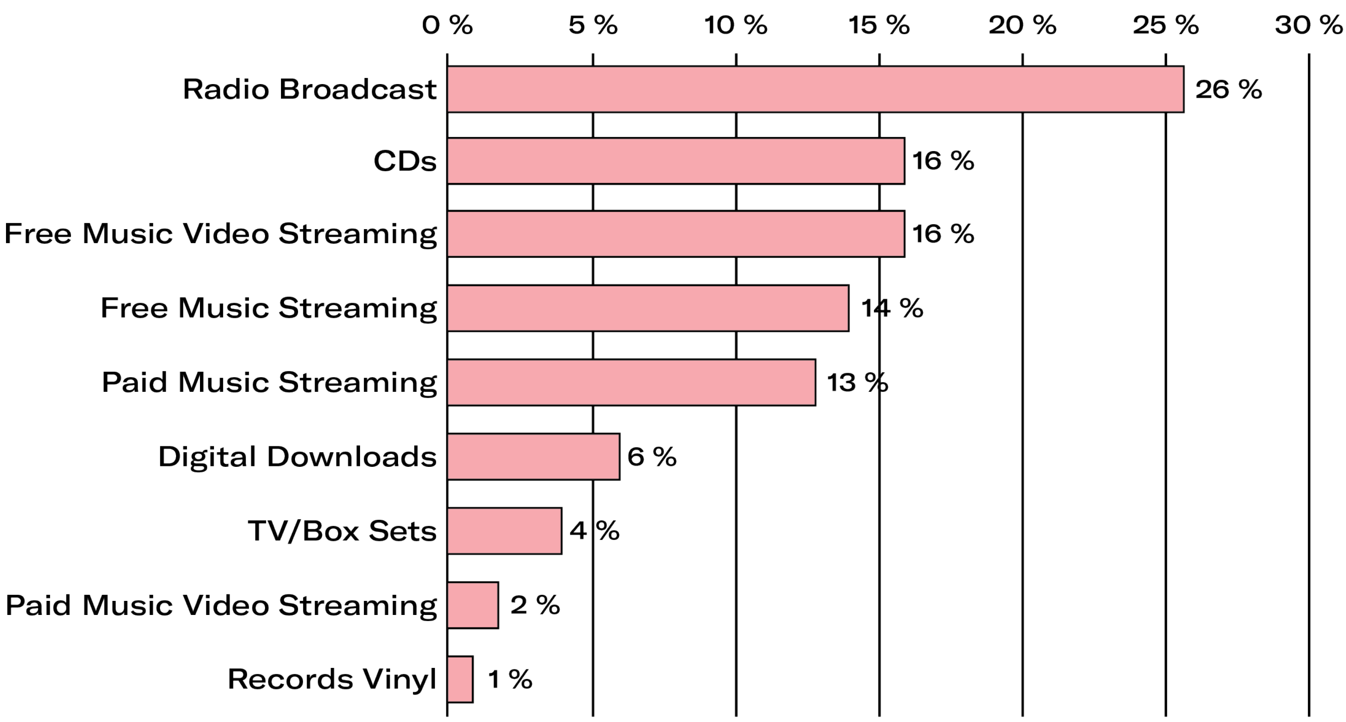
There are questions asked about the average payment per stream from YouTube, and those questions become even more nuanced when YouTube is both a consumption mechanism as well as a discovery tool. Looking at this data, it would be reasonable to conclude that YouTube is the biggest music streaming player in Australia.

By contrast, free audio streaming through specialist services like Soundcloud, Spotify and Deezer have been used by 1 in 3 of the Australian population. Most interestingly, these streaming services appeal most to 25-34 year olds (45%), closely followed by 25-34's (40%). Then it comes to paying for streaming, the greatest appeal is to the youngest age group, 1 in 3 of whom have paid to access specialist services. As people age they are less likely to currently be paying for streaming, highlighting a potential opportunity for growth – particularly amongst 25-34 year olds – if the marketing is right.

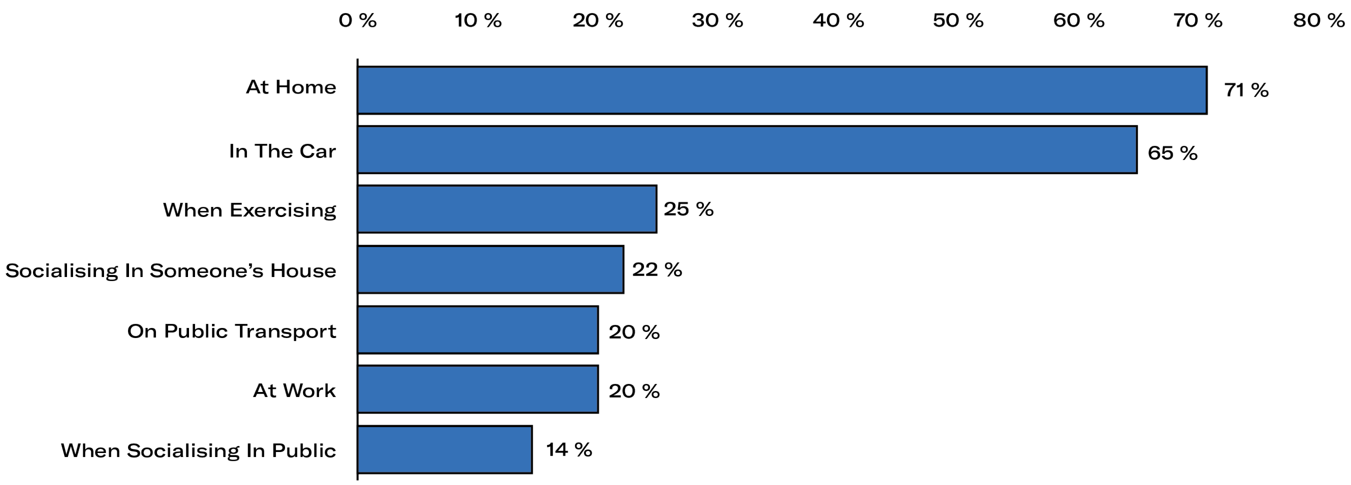


When pressed for their favourite way of consuming music, the picture clears a little, with radio serving older, lean back consumer (25%), CDs remain at number 2 with 16% of the population enjoying them as their favourite, bolstered by the older age groups. A further 16% use YouTube as their main way of listening to music. Perhaps not surprisingly Vinyl finished dead last, with only 1% of respondents considering it their most frequent way to listen, likely due to devoted music fans using a more convenient format more often.

Streaming is extremely influential in the 16-24 age group, accounting for 76% of that age groups favourite ways to listen split between paid streaming (27%), free audio (26%) and free video (23%).

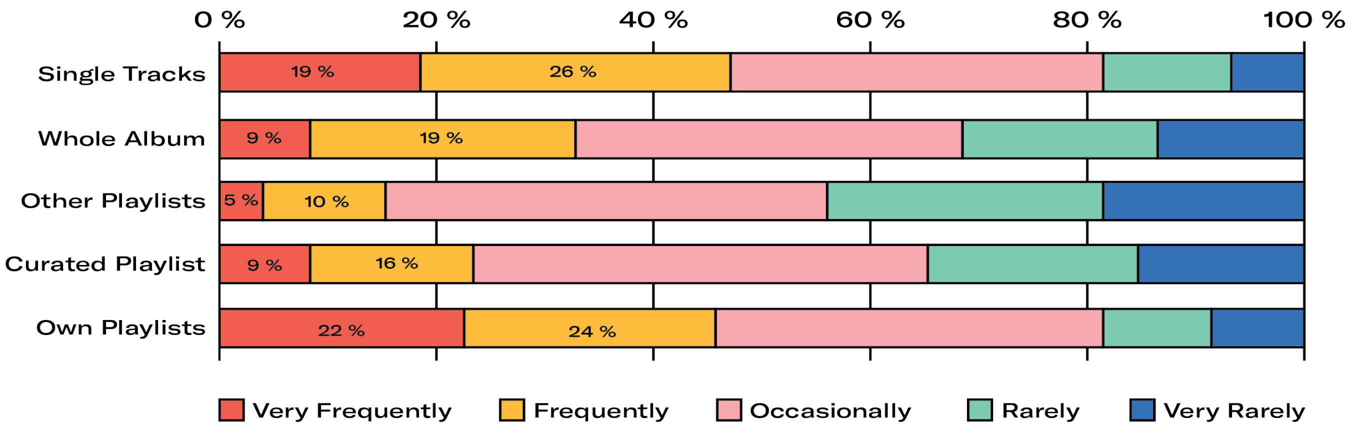


WHERE DO YOU LISTEN TO MUSIC?

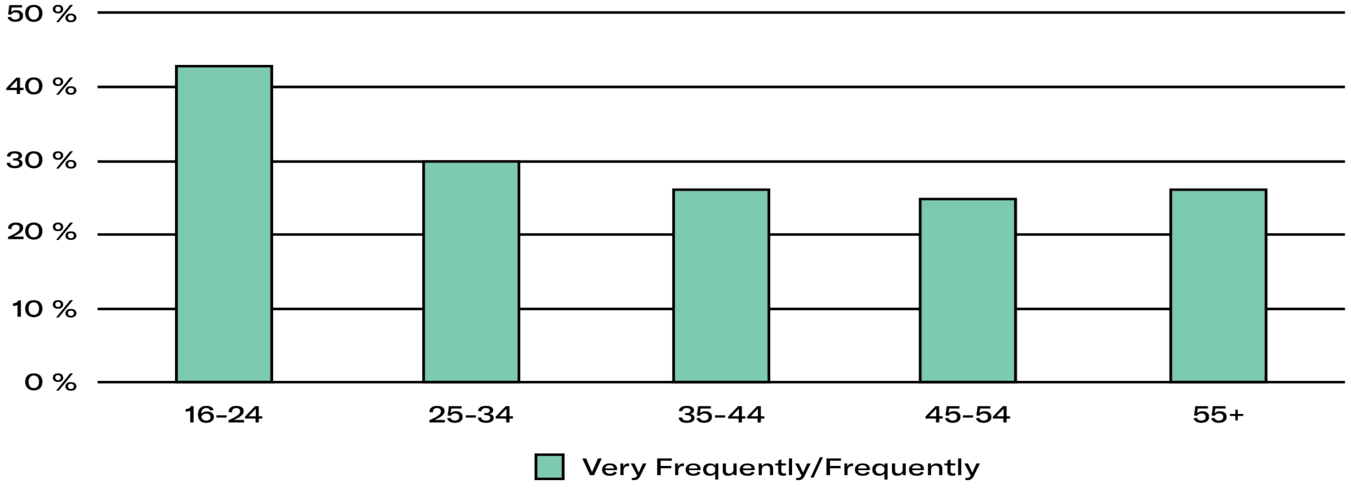


Its easy to talk about albums as a thing of the past. Looking at the balance of listening, single tracks are extremely popular, but albums hold up surprisingly well.

If you ask consumers how often they listen to an album, the results might surprise you. Exploring the album phenomena further, hard rock, folk and jazz/soul/blues fans were most likely to listen to whole albums, whereas Pop, and surprisingly Country, listeners tend to avoid albums in favour of single tracks.

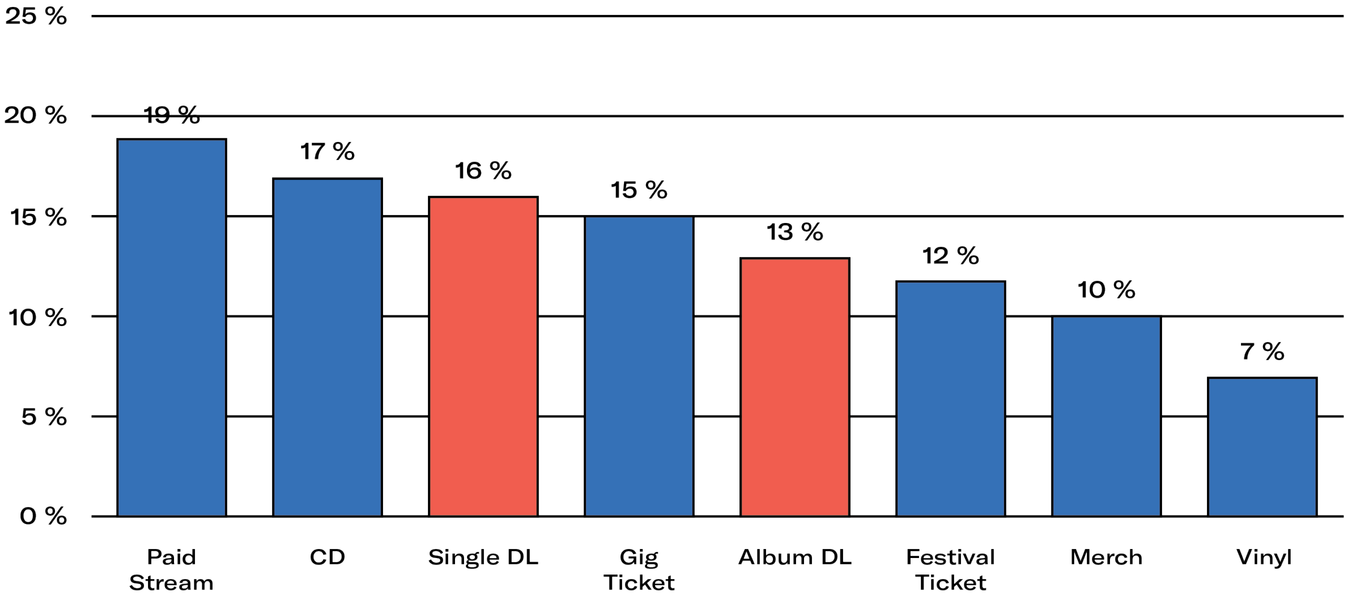


HOW OFTEN DO YOU LISTEN TO A FULL ALBUM?



Spending Money: Streaming, CDs And Gigs

HOW OFTEN DO YOU LISTEN TO A FULL ALBUM?



When it comes to spending money on music, the subscription dynamic is changing music consumption. The streaming boom has brought growth back to the recorded music market after almost 15 years of managing decline.

Importantly its also changing how artists think about making money. If we look 5-10 years ahead, it might be reasonable to assume that streaming revenues have reached a natural ceiling.

At the point when this happens, then nature of competition changes, as market players shift towards competing for a fixed market, rather than a growing one - and we will see a much larger emphasis on trying to make money from outside streaming (since that money is trusted to come in anyway) and in favour of additional consumer spend on merchandise, vinyl and gig tickets - which are not capped in nature.

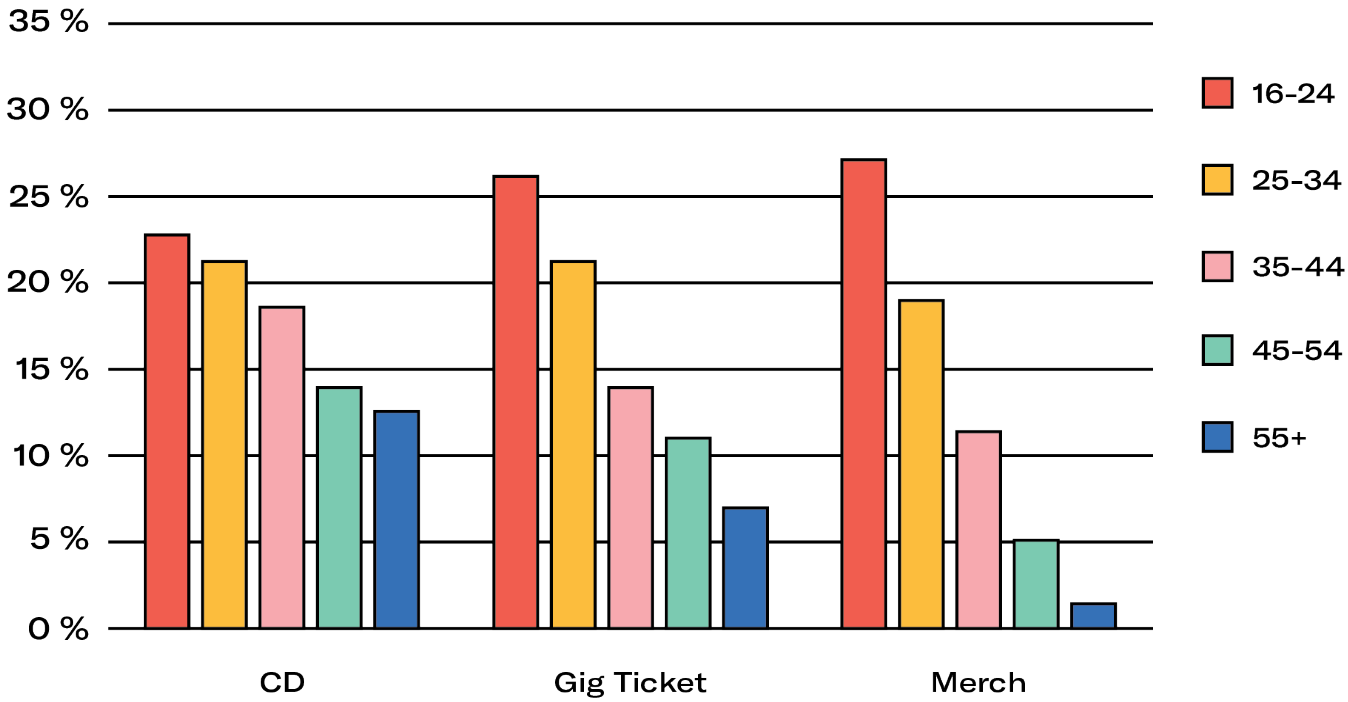
Looking at current behaviour, the most frequent way of spending money is paid streaming (19%). That is great news for the market and brings in steady, reliable income. Free streaming is still much more prominent, with 44% of the population engaging with free, whether that's YouTube or the free offerings from the audio streaming players.

CDs continue to be a revenue opportunity. Whilst sales statistics would disagree that 17% of the Aussie population purchased in this time period, the thing to take away from this data point is that they have not rejected the format and still see themselves as prospective buyers.

Staying with recorded music, Vinyl is the least purchased item on average, remaining very much a super fan product rather than a mainstream activity. That's not to say there is not money to be made, but it needs the right kind of fan to engage. Looking ahead to a world where direct to fan sales become increasingly important, vinyl will have a large role to play. Similarly, merchandise performs strongly, with 1 in 10 people interested in spending, and with strong appeal to the younger demographics, and dropping significantly as the population gets older.

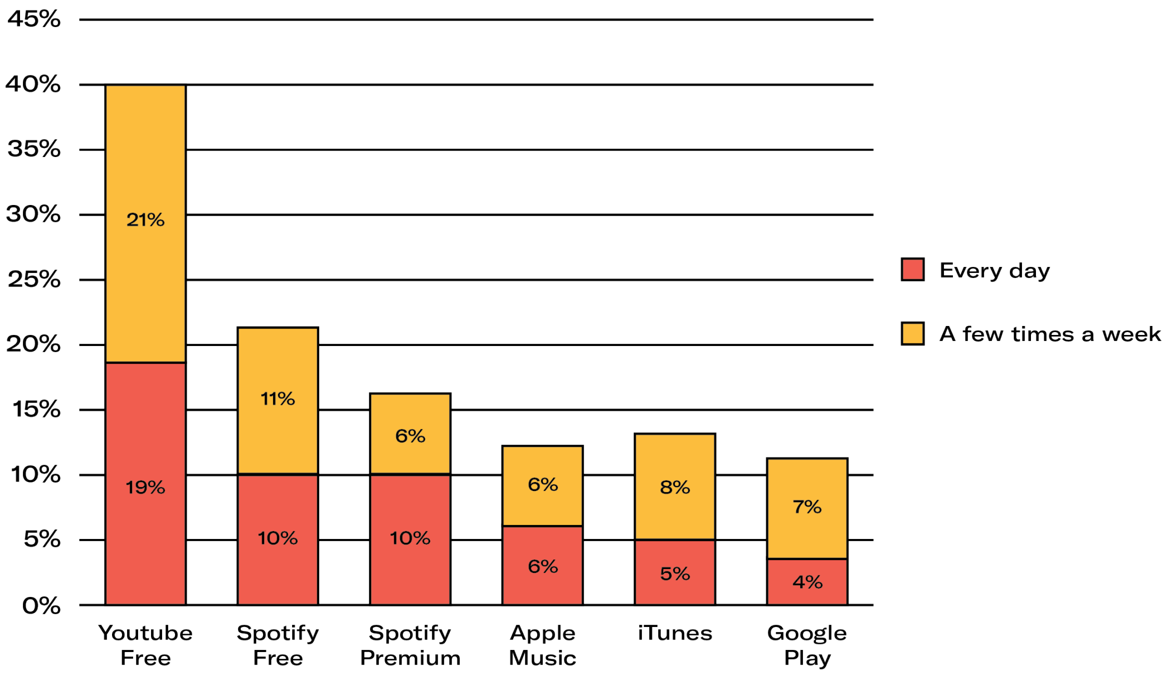
To complete the picture, gig tickets (15%) and festival tickets (12%) are key areas of consumer spend, which are covered in more depth later in this report.

SPEND BY AGE GROUP



Streaming Is Key, And Youtube Is Top Of The Charts

HOW REGULARLY ARE THEY ENGAGING WITH STREAMING APPS?



YouTube isn't always flavour of the month with the music industry, but music fans feel differently. Their consumers are convinced and committed. 1 in 5 Aussies uses YouTube every day for music, with a further 1 in 5 listening a few times a week. Of course, some of these are causal music consumers included, but many serious music fans are included too. With 29% of heavy record buyers and 31% of heavy live buyers using YouTube daily! It's a platform that cannot be ignored.

Spotify is of a similar size, when you combine the paid and free offerings. Their users are slightly more reliant, with a higher proportion listening daily. Importantly it also has a large number of high spending customers engaging daily, with 1 in 4 heavy records buyers and 1 in 5 heavy live ticket buyers on Spotify every day.

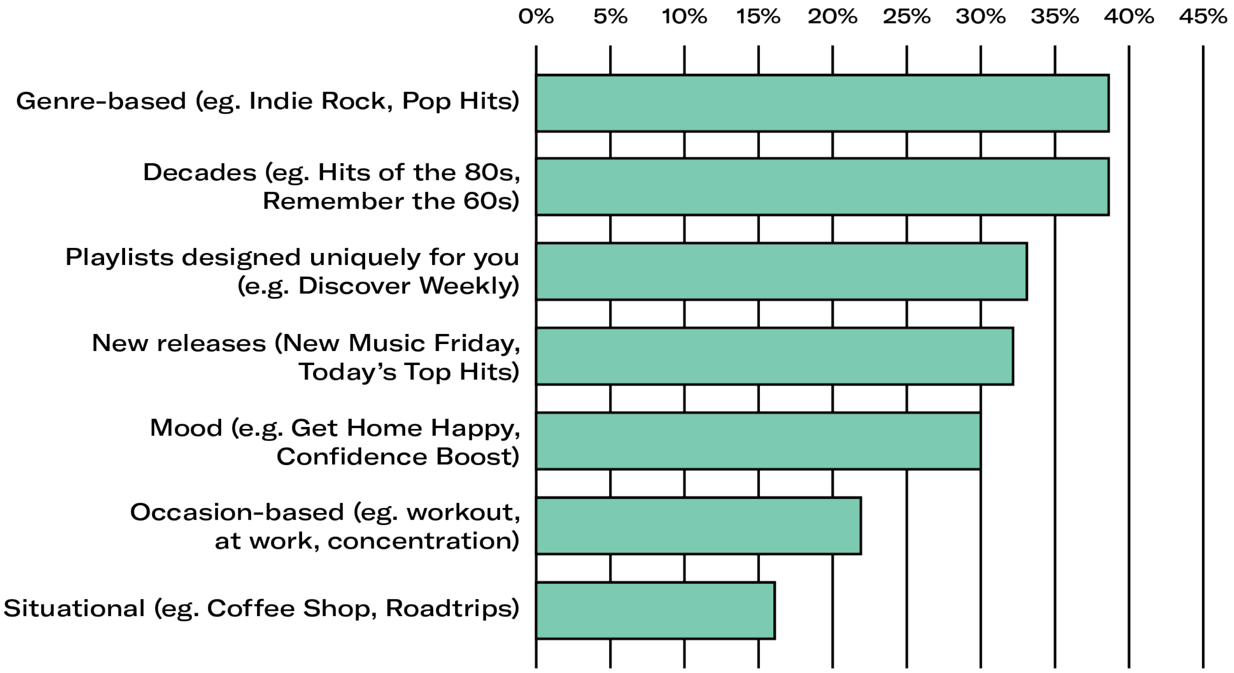
Apple Music is the third placed service, with its premium only offering coming in behind YouTube, Spotify Premium and Spotify free. Amazon Music and Soundcloud attract a smaller share of everyday activity.

Importantly his top line analysis does not consider the volume of listening by platform, it simply counts the number of people using the platforms at all – meaning that many people appear in the data more than once. By way of illustration; your author is an avid, daily Spotify user, for hours at a time, but will almost certainly pop on to YouTube on a daily basis for 2 or 3 songs too. He's also an above average live and recorded music consumer. As such, he'd be in all these stats. What you can't know from these alone is which service he uses most (Spotify).

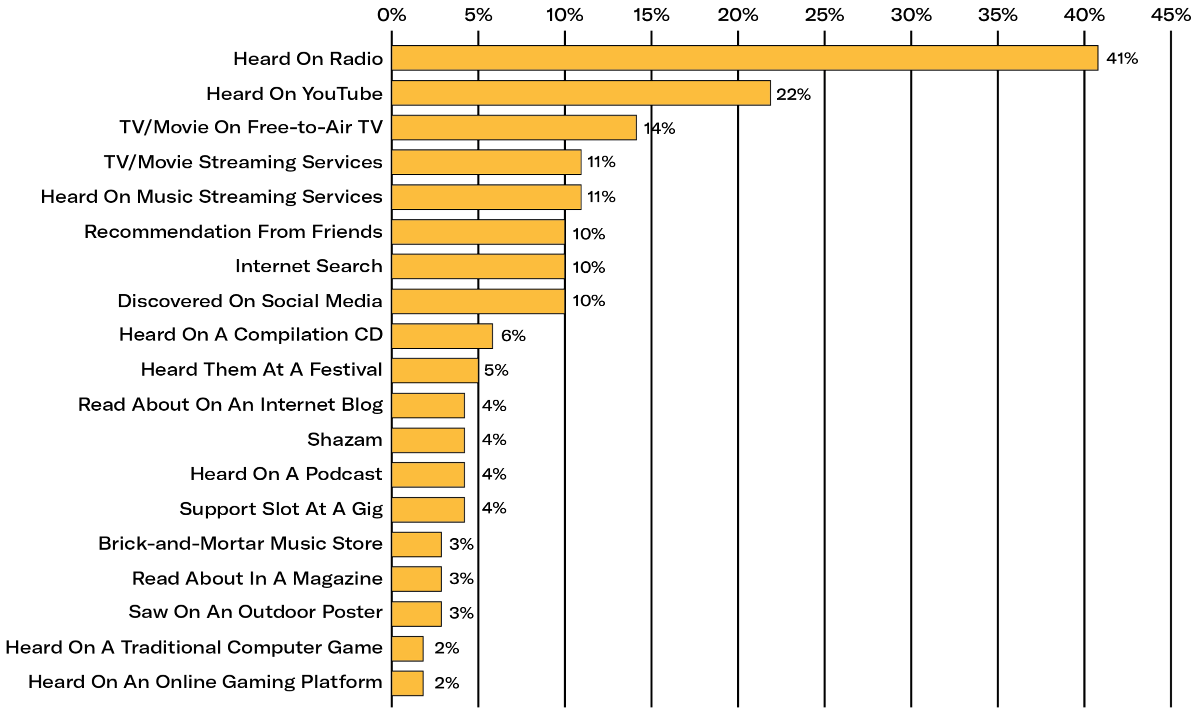
What is unmistakable: YouTube is far too influential to ignore.

Playlists Drive Streams; Genres And Decades Are Popular

WHICH TYPES OF PLAYLISTS DO YOU LISTEN TO?



HOW DO YOU DISCOVER NEW MUSIC?



Music discovery remains the holy grail in the music industry. We talk a lot about music discovery on playlists, but we rarely talk about the quality or depth of discovery. There is healthy debate over whether playlists drive people to engage deeply, or whether people are fans of a playlist and when an artist is forgotten once their music is removed from the list.

However you feel about playlists, when you look at how people are initially finding new music, traditional media still plays a very large role in putting new music in front of people. These traditional sources are important not to neglect.

Interestingly, YouTube is prominent again driving more people to discover music than the specialist music services, such as Apple and Spotify, owing – at least in part – to its large user base and free access.

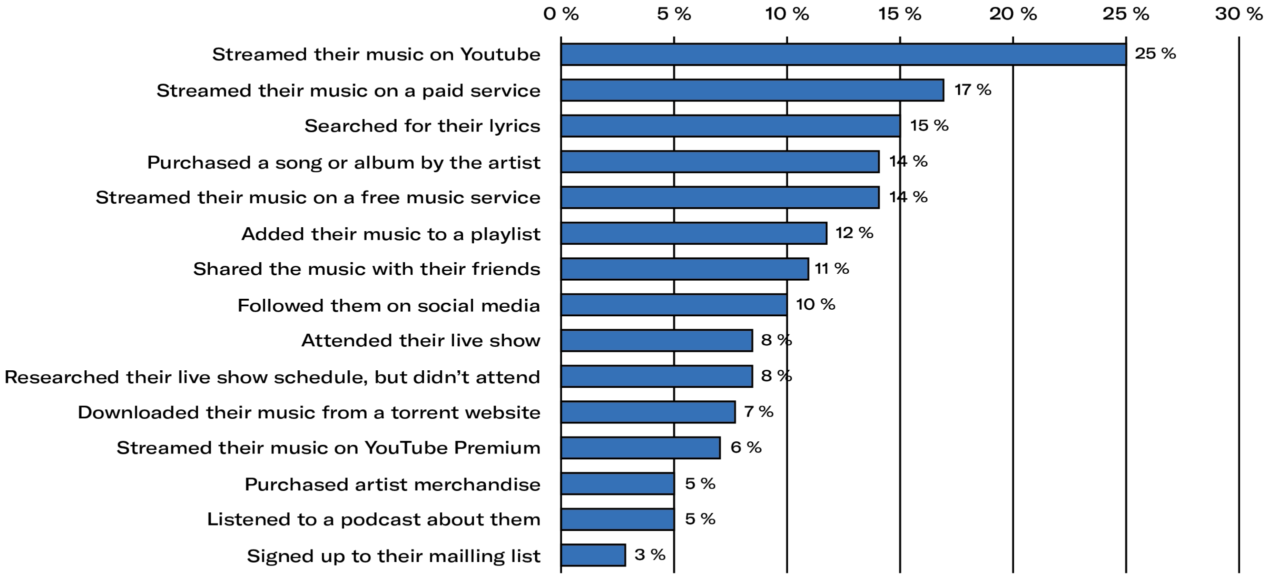
Streaming services and you even YouTube are not driving initial discovery of new music in the way you might imagine. However, when you ask what people do in response to discovery, the picture changes. Suddenly YouTube (25%) and paid streaming (Spotify/Apple etc) (17%) are the most prominent. Lyric searches are popular too.

Spending money is not everyone's next move, but there are a handful of profitable actions people can take, with buying the music (14%) and buying gig tickets (8%) the most popular.

The following graph on pg 15 illustrated what consumers do after they hear your music. Since these are their actions, it's incredibly important that we are ready for them when they arrive at their chosen destination and that we can keep them hooked once they get there. So much work can go in to getting synched, but if the follow up steps are not in place it may not convert as many people to being fans.

YouTube is arguably the biggest opportunity here, since the largest number of people discovering music go there – and once they arrive there are more ways to engage the consumer and greater opportunities to link off platform.

WHAT DO LISTENERS DO AFTER HEARING NEW MUSIC?

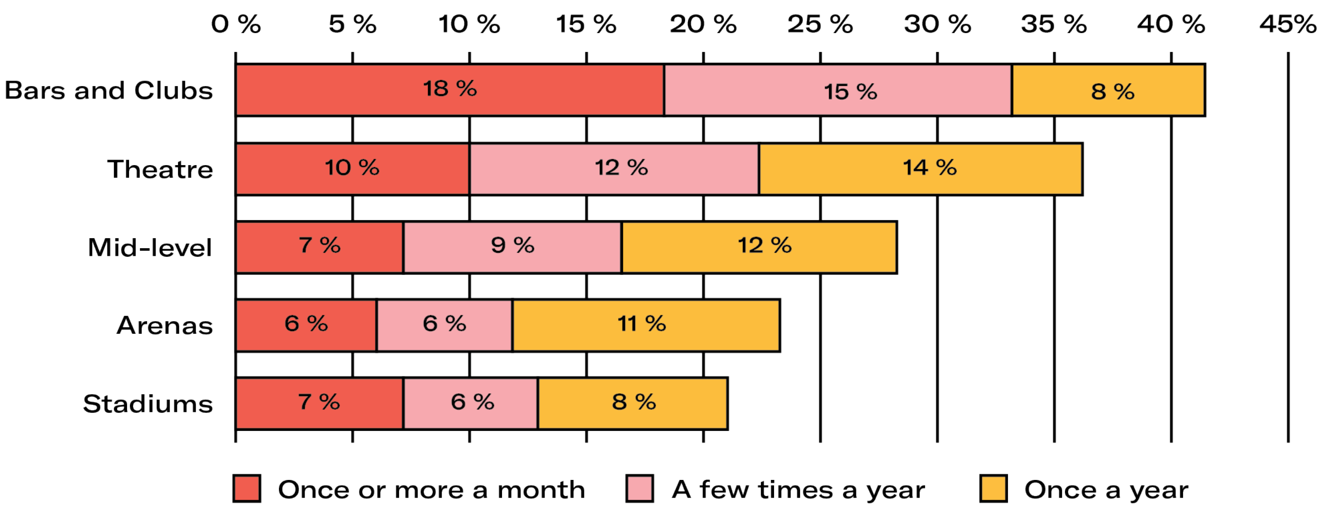


What About Live?

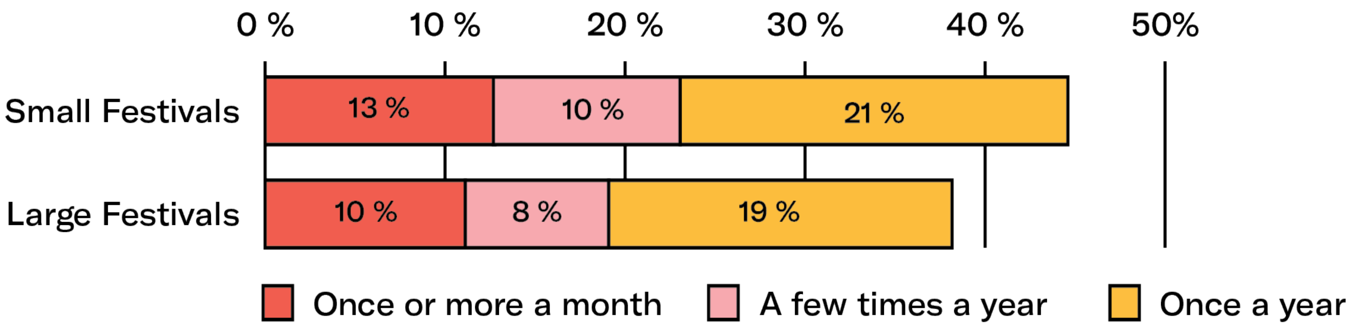
Finally, we move on to live music. So much debate has raged about live music in Australia in the last 18 months. The data below covers the engagement from the Australian public with live music ranging from the grass roots right through to giant stadium gigs and large festivals.

Looking at the data, we can see that live music is very popular in Australia. Over 2 in 5 people in Australia (42%) are going to at least one bar/club show a year. Now, that could be incidental, stumbling into a bar that happens to have music. They could be dragged by a friend for their birthday. However that one takes place, this is a massive potential audience to reach out to for supporting local talent. 18% of the population are going to bars and clubs at least every month. It would be interesting to further explore to what extent the regular attendance at these local gigs is in order to see specific bands, because they like a particular venue, or whether its just a nice ambiance and the music isn't the core reason to go.

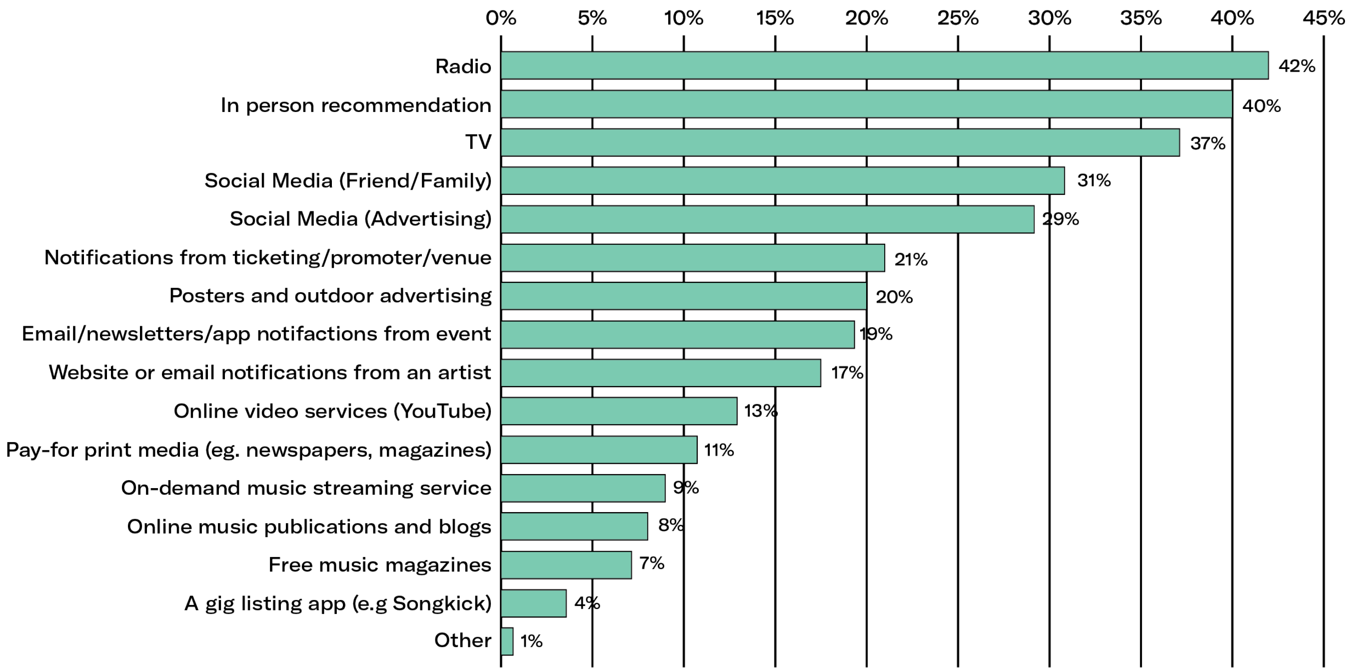
Looking at arenas and stadiums, the frequency of attendance drops slightly, likely owing to the ticket prices being higher and favourite bands (who command those higher prices) playing larger venues less frequently. There are a hardcore few who attend very frequently, but significantly fewer people than are going to the smaller shows.



The audience for festivals is smaller. The cost, the time commitment and often the travel make festivals a much bigger commitment than popping in to a gig. However, the opportunity to explore more than music or to get away with friends opens the appeal up to an audience who might not go to gigs.



HOW DO YOU DISCOVER GIGS TO ATTEND?

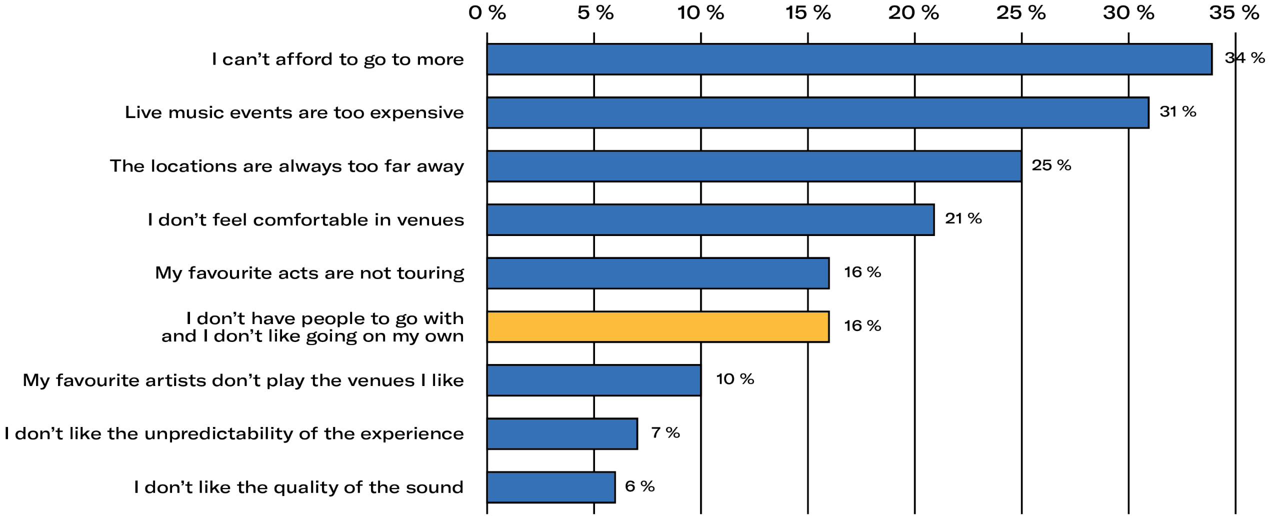


As is becoming a theme of this report, radio is important again. It is the most common way that the population at large discover gigs to attend. When you look at the demographics this particularly reflects the habits of older consumers, but nonetheless radio remains a powerful tool.

When asked about how they hear about gigs, in person recommendation really stands out. Given the social nature of gigs and a natural reluctance to go alone, it makes a lot of sense that word of mouth plays a large role, especially as people ask people to go with them. In the same vein, personal recommendations on social media (31%) are slightly more prominent than social media advertising (29%) when it comes to discovering gigs.

Posters and outdoor advertising is much more effective for gigs than it is for recorded music discovery, with 1 in 5 people having discovered a gig that way. Direct contact is important too, with contact from the ticketing company or venue (21%) event organisers (19%) and direct from artists yielding significant returns. Gig listing apps, such as Songkick, are not commonly used, but they appeal to heavy gig goers and drive significant discovery in spite of their small user base.

WHAT STOPS YOU FROM ATTENDING MORE GIGS?



When it comes to barriers to attending live music, there are a few stand out factors. It isn't a surprise that many people would be more interested if the tickets were cheaper, and that is a very common response to a survey asking about barriers. And this singular data point is very different to saying that gig tickets are too expensive in Australia, rather than more people think they would come if they were cheaper. There's a big difference between having everyone who might attend in the room, and maximising revenue.

Interestingly, there is very little 'fixable' with the reasons people don't go to more shows. If we assume that ticket prices are about right, and that locations are fixed, then there isn't a lot of action to be taken on the back of this. However, there is a really interesting social dynamic with gigs, that people don't always have someone to go with, and don't like to go alone. That's holding back 16% of live music fans from going to live shows! That's an opportunity that the industry could explore, helping various people who wouldn't want to go alone to join together and meet up at the event, taking the fear away and enhancing their experience.

Diving into the demographics, it's a bigger problem for the youngest age group, with 22% of 16-24s relating to it. Social media groups aimed at people attending shows solo could potentially break down this barrier quite quickly, helping people enjoy the music more and get to more shows.

However, there's a really interesting opportunity in the oldest age group too. 17% of live music attending 55+ year olds would go to more shows if there was a crowd they could attend with. For genres that reach that group, there could be a meaningful opportunity for helping older music fans to meet each other and go to shows together.

Getting In Touch

In the modern attention economy, staying top of mind is key for artists. There is a lot of speculation around social media particularly around the death of Facebook, but we didn't see that reflected in the research. When asked which platforms they have used in the last 7 days, Australians are still very much Facebook addicts, with no indication that the platform only appeals to older consumers.

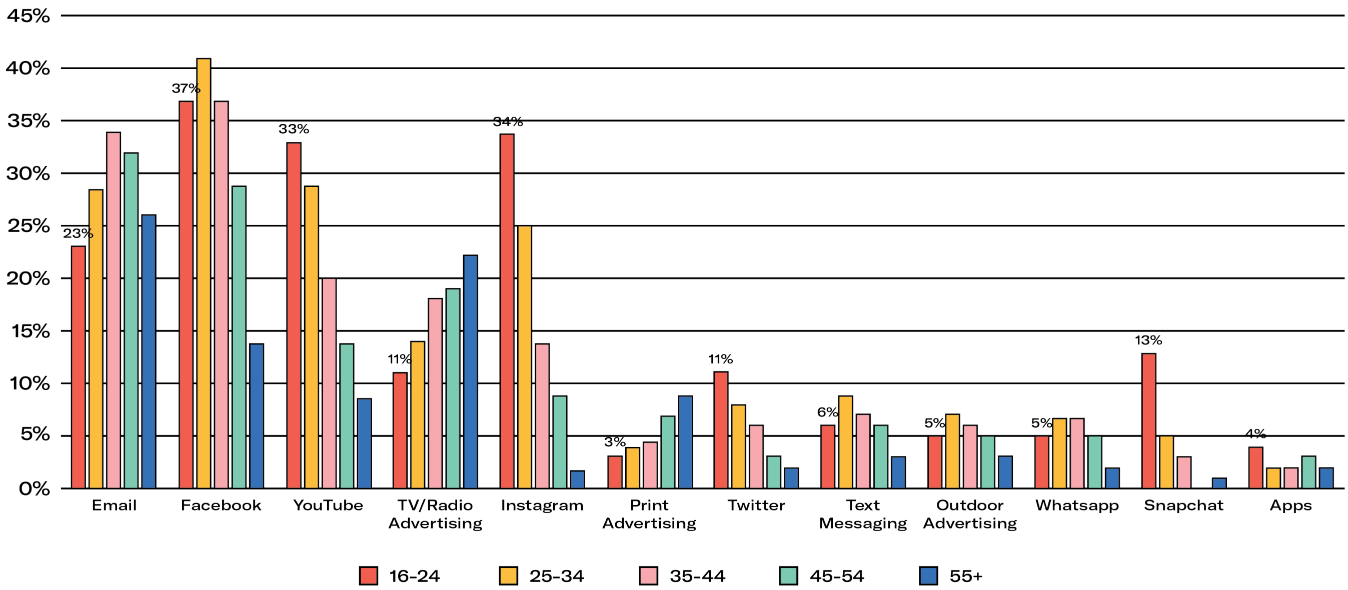
More than that, when asked which social media services were being used more/less this year than last year, the answers were pretty encouraging for all platforms, with users engaging more on balance, rather than less.

That settles one myth, but what about the implications for music. Asked how they would like to be kept up to date with new music and new live shows, email is still the key medium for reaching fans. Within the demographic groups it is least popular in the 16-24 bracket, but still almost 1 in 4 (23%) of people of that age would like to hear from artists by email. Email is not just for old people, its your key route to reaching those fans who have opted in to hearing from you.

Facebook and YouTube also performed strongly, with YouTube appealing most to the younger age groups. TV and Radio advertising was 4th most important overall, but this is buoyed by popularity with the older age groups. As a mass market mechanism, it compares favourably to print advertising. However, when compared to direct access mechanisms like Instagram or the media already listed, it's effectiveness is called in to question.

Text messaging doesn't make the top 5, but can be a really powerful mechanism for the most committed fans. Interestingly Snapchat is a key communication channel for 10% of 16-24's and cannot be overlooked when reaching out to that age group.

HOW DO FANS WANT TO HEAR FROM YOU?



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