

*STREAMING
FORWARD*



FAN ENGAGEMENT 2023 REPORT



INTRODUCTION

Streaming services have revitalized the music industry to the benefit of fans, rightsholders, artists, and songwriters. U.S. recorded music revenues have more than doubled over the past decade, to more than \$15 billion in 2021. Streaming has driven that growth, now contributing 83% of recorded music revenues. This industry success story didn't just happen. Streaming platforms have delivered fans new ways to legally access the world's music anytime, anywhere, and have also provided songwriters and artists with new ways to connect with fans. Streaming services have invested in tools that help fans discover (and rediscover) their favorite music and encourage personalization and customization, and as a result, people are listening to more music than ever before.

The fact that music fans love streaming is broadly acknowledged. But what drives music fans to streaming and why do they love to stream? What does fans' continued embrace of streaming mean for the broader music industry? To answer these questions, Digital Media Association (DiMA) commissioned FTI Consulting to conduct an online quantitative survey among 3,000 U.S. music listeners (2,000 "streamers" and 1,000 "non-streamers").¹

Our key takeaways on why streaming has proven so popular and grown so rapidly: fans value the near unlimited access to music, tools that help them find their favorite music, and the ability to customize and personalize their experience. Streaming empowers fans to discover and rediscover new and old music, which supports more listening and active engagement. That unprecedented fan empowerment and engagement, in turn, benefits the industry and fans alike.

**UNPARALLELED
PERSONALIZATION +
UNLIMITED SHELF SPACE =
PERSISTENT ENGAGEMENT +
RELENTLESS
(RE)DISCOVERY**

¹ FTI Consulting conducted the survey online between July 28th and August 16th, 2022.



WHY MUSIC FANS LOVE STREAMING: UNPARALLELED CUSTOMIZATION & UNLIMITED SHELF SPACE

Streaming allows for a personalized listening experience like never before. In the past, a music fan may have had a binder full of CDs or a stack of vinyl records purchased from a record store. They may have had mixtapes created by their friends. They may have listened to the radio while driving or at home. But those were all limited listening experiences, with little ability to discover beyond what was directly in front of them. Fans clearly love the ability to access the world's music at their fingertips, with the ability to curate and personalize what, when, and where they are listening.

Survey respondents were asked to rank a wide range of music listening formats based on an array of features. **Five of the top six features in which streaming services outrank every other music format either relate to customization/ personalization or the impact of unlimited shelf space.** The margin of preferences isn't remotely close across these attributes, with no other format garnering more than 13% as the top choice.

Top 6 areas on which streaming services surpass other music listening platforms according to streamers

- 61%** Ability to customize based on preferences
- 58%** Device compability
- 58%** Ability to decide what to listen to and when
- 57%** Catalog/library size
- 57%** Ability to discover new music
- 56%** Access to different genres

91%
of streamers
value flexibility
and

89%
value
customization
when choosing a
music platform

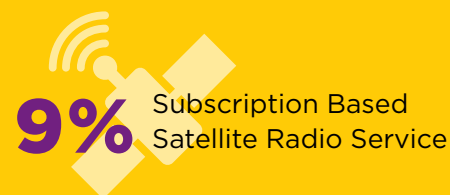
Through streaming, music fans can now listen to any genre, any artist, or any song at any time – whether that be while relaxing, cooking, or commuting. Streaming facilitates this agency and allows streamers the ability to customize their listening habits to their mood. **Nearly all surveyed streamers consider the ability to decide what to listen to and when (91%) and to customize music based on their preferences (89%) important when choosing how to listen to music.**

Streamers clearly value the tools and features unique to streaming services—particularly those that leverage the combination of customization and catalog size. For example, customized playlists created either by music fans/friends (45%) or the streaming service (43%) are the most common ways that streamers listen to music.

When asked why fans use streaming as their primary mode of listening, the top three answers are convenient and easy access to music (42%), the vast selection of music to choose from (32%), and the ability to customize and create individual playlists (31%).

By a significant margin, streamers say streaming services (61%) best deliver on the ability to customize based on their preferences compared to other formats such as social media platforms (7%), content downloaded from a virtual music store (6%), and traditional AM/FM radio (5%).

MUSIC PLATFORMS DELIVERING BEST ON CUSTOMIZATION ACCORDING TO STREAMERS



CUSTOMIZATION AND PERSONALIZATION

WHY MUSIC FANS LOVE STREAMING



A RUN-AWAY WINNER:

Streamers agree streaming is best for customization

61% Streaming Services

- 9% Subscription Satellite Radio
- 8% Social Media Platforms
- 6% Downloaded Content
- 5% AM/FM Radio

89%

of streamers agree the ability to customize their music experience is important



91%

of streamers feel it's important to have the ability to decide what to listen to and when



72%

of streamers say they plan to continue listening to artists and songs streaming services recommend

7-in-10

streamers listen to customized playlists created either by the streaming service or themselves/their friends

86%

of streamers

find the recommendations from streaming services for artists and songs useful

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Customization leverages both the unsurpassed access to different genres and artists, as well as the services' investment in — and refinement of — sophisticated recommendations. **The vast majority of streamers (86%) find recommendations for new artists and songs from streaming services useful**, including more than a third (37%) who find them 'very' useful.

Moreover, almost three-quarters of streamers (72%) are more likely to continue listening to the new artists and songs recommended to them by streaming services, while another two-thirds (64%) credit streaming services for making them more of a fan of their current favorite artist or genre. **62% of streamers say they are more of a fan of a new or different artist or genre due to streaming.**

86% *of streamers
find content recommendations
from streaming services useful*

HOW STREAMING EMPOWERS FANS & BENEFITS THE MUSIC INDUSTRY: PERSISTENT ENGAGEMENT & RELENTLESS (RE)DISCOVERY



*Music streamers
on average spend
1.5x more
time and money
on music*

By offering new capabilities and unlimited shelf space housing a global music catalog, music streaming has empowered fans and allowed them to expand their music listening habits. There is a strong correlation between streaming and increased engagement with the music economy. Once a music fan decides to start streaming, they are more likely to be engaged—financially and non-financially—with the music and artists they love. This behavior, in turn, also brings more attention to previously lesser-known genres, making music more accessible and diverse, and increasing spending on music.

INCREASING FAN ENGAGEMENT

Streamers say they are more likely to spend money on, listen to, and explore music (discovery and rediscovery) than non-streamers. They also report a greater likelihood of following their favored artists on social media and attending live events. Streaming facilitates a deeper connection between music fans and the old and new music they love.

Streamers report that they, on average, spend 1.5x more annually on the music economy than spending reported by non-streamers. Across subscriptions, music downloads, physical records, concert tickets, and attendance to streamed events, **streamers say they spend an average of \$387 each year compared to \$242 spent by non-streamers.**

Streaming also has a major impact on how music fans interact with and invest personally in music. For instance, streamers on average spend 1.5x more time listening to music than non-streamers. Streamers are also more likely to listen to music daily (72%). By contrast, just under half of non-streamers report listening to music on a daily basis on all formats (49%). **Streamers spend more time both listening to music on all formats (an average of 1,283 hours/year) and listening to music via streaming services (an average of 930 hours/year).** Non-streamers spend an average of 792 hours a year listening to music on all formats.



Moreover, streaming facilitates interactions between fans and artists beyond the services themselves.

Streamers (83%) are more likely to engage with music in various ways (listening to recommendations from artists, following them on social media, listening to interviews, attending concerts, etc.) than non-streamers (70%). Three-quarters of streamers (75%) say they tend to research or look up the songwriters of the songs they listen to compared to less than two-thirds of non-streamers (62%). A majority of streamers (63%) also say they read the album liner notes or song credits when available.

Streaming allows fans to be more engaged with their favorite artists in real life. **Streamers (74%) are more likely than non-streamers (62%) to be aware of their favorite artist's touring schedule.** And streamers (31%) are more likely than non-streamers (18%) to say they have followed a social media page of an artist in the past 12 months.

(RE)DISCOVERY

Streaming is the most powerful music discovery and rediscovery engine ever invented. The ability to listen to old favorites, as well as access new artists and genres, are both within the top five reasons that fans primarily use streaming services for their music listening.

The impact of this discovery engine, particularly with respect to introducing fans to previously unfamiliar genres, is remarkable.

Two-thirds (66%) of streamers say they are more likely to explore or engage with new genres of music when streaming as opposed to their time listening through other formats and channels. **Streaming services are the most common way streamers discover new artists or songs**, outranking friends' recommendations, hearing the artist on traditional AM/FM radio, and hearing the artist on social media. Nearly half of streamers (49%) add newly discovered artists and songs to their own playlists.

66%
*of streamers
say they explore
or engage with
new genres more
while streaming
than when using
other formats*

TOP 3 MOST COMMON WAYS OF DISCOVERING NEW MUSIC ACCORDING TO STREAMERS

1st Through streaming services

2nd A friend's recommendation

3rd Through traditional AM/FM radio station



But streaming doesn't just enable exposure to new genres of music. The unlimited shelf space also allows fans to easily rediscover their old favorites.

In fact, nearly one-third of streamers mention access to "old" music (30%) as one of the five main reasons they use streaming services as their primary listening mode. Overall, more than three-quarters of streamers (78%) use streaming services to reconnect with old favorites, while two-thirds (65%) also use them to discover new artists or songs.

The survey findings suggest there is increased interest in a wide range of genres among streamers since they first started streaming music, namely with Afro-Pop/Afro-Beats, Americana, Christian/Gospel, K-Pop, Latin music, and EDM. **In fact, most streamers report that they were**

first introduced to Americana (74%), Afro-Pop/Afro-Beats (73%), K-Pop (68%), and Latin music (55%) through streaming services. Overall, about one-third of streamers (32%) say that streaming has expanded the number of genres they listen to.

Many of these genres were not broadly and easily accessible on traditional formats, and historically, many of the genres that people have discovered and enjoy on streaming services were constrained by geographic and/or cultural boundaries. Streaming changed that, breaking down barriers and providing more access to music from different genres and places, regardless of where the listening is taking place. In our survey, streamers reported notable increases in listening frequency for certain genres that have risen in popularity in parallel with the rise of streaming.

TOP 6 MUSIC GENRES WITH THE BIGGEST INCREASE IN LISTENING AMONG STREAMERS



66% Afro-Pop / Afro-Beats



59% K-Pop



60% Americana



58% Latin Music



60% Christian / Gospel



56% EDM

INCREASING FAN ENGAGEMENT AND (RE)DISCOVERY

Bigger fans

 **64%**

of streamers credit streaming services for making them bigger fans of their favorite artists and genres

More time listening

 **1.5x**

Streamers on average spend 1.5x more time listening to music than non-streamers

Increased spending on the music economy

 **\$387**

Average spend by streamers each year compared to \$242 spent by non-streamers

Streaming is the #1 source for music discovery

Most streamers of the following genres report that they were first introduced to these music styles through streaming services:

74% Americana

73% Afro-Pop/Afro-Beats

68% K-Pop

55% Latin Music



66%

of streamers say they are more likely to explore or engage with new genres of music when streaming

(as opposed to their time listening through other formats and channels)



78%

of streamers say reconnecting with old favorites is a big reason they stream

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INDUSTRY BENEFITS

93%
of streamers and
83%
of non-streamers
believe streaming
benefits the
music economy


Streaming benefits the music industry at both the macro and micro level. Streaming has increased fan engagement, which in turn leads to fan investment in the music economy. Streamers indicate higher rates of following artist tour schedules and social media accounts than non-streamers. According to a 2022 Musonomics report,² streaming contributed 61% to the value of music transactions in 2021. Streaming is also democratizing opportunity at the micro-level by preserving earning potential for older favorites and generating popularity of a broader array of genres. For example, according to the same Musonomics report, streaming has prolonged the expected time period over which music can generate meaningful royalties. It has also introduced fans

to new genres. All these benefits arise from streaming's ability to make music more accessible by obliterating historic barriers – and music fans are aware of these benefits. **Both streamers (93%) and non-streamers (83%) are in agreement that streaming has had a positive impact on the music industry.** Among the many benefits, making music more accessible to everyone anywhere on the planet is perceived to be the biggest benefit of streaming by streamers (49%) and non-streamers (34%) alike. Additionally, about one-third or more of streamers (42%) and non-streamers (31%) believe streaming provides up-and-coming artists with a better opportunity of being discovered compared to traditional formats (i.e., being heard on the radio or having an album found in a store).

² How Streaming Has Impacted the Value of Music by Larry Miller: <https://musonomics.org/how-streaming-has-impacted-the-value-of-music/>



STREAMING: UNLOCKING A NEW ERA OF MUSIC ENGAGEMENT



Streaming has not only revitalized the music industry, but it has also allowed fans new ways to legally access music, customize and personalize their listening, and develop greater connections with the music they love. Music streaming fans told us how much they appreciate these attributes and how significant these innovated capabilities are in winning listener loyalty over other music formats. Streaming has eliminated the physical space constraints and limited listening experiences of other formats. Streamers are now empowered to choose exactly which songs and artists they want to listen to and when. The survey responses make it clear that fans love streaming and the opportunities for relentless engagement that it provides.

This survey provides vital insight into why more than 600 million people worldwide now subscribe to music streaming services. Why the recorded music industry has been experiencing year after year of double-digit revenue growth, with streaming making up 84% of the total \$7.7 billion in revenue for the first six months of 2022. Why decades-old publishing and recording catalogs are selling for hundreds of millions of dollars. Why many of the biggest artists and hottest rising stars in the world can be found in genres that had previously been relegated to marginalized corners of the industry. At bottom, all of these phenomena are driven by the unmatched ways that streaming can amplify music fans' love of music through unlimited shelf space and personalization leading to previously unimaginable engagement and opportunities.



SURVEY METHODOLOGY

Utilizing a novel strategy, FTI Consulting surveyed 3,000 music listeners nationwide, including 2,000 respondents who typically listen to recorded music via audio streaming services (i.e., “the streamers”) and 1,000 respondents who do not currently stream (i.e., “the non-streamers”), but may listen to music on other platforms such as radio, social media, or CDs.

The survey was conducted online between July 28th and August 16th, 2022, and the survey data were weighted to reflect the demographic breakdown of both populations. This approach allowed us to concentrate on specific attitudes of music streamers and to compare their views and attitudes with those of non-streamers.

The streamers tend to skew younger, with two-thirds of respondents (62%) identifying between the ages of 18 and 44, whereas non-streamers generally skew older with more than half of respondents (55%) falling within the 45+ age range. Naturally, the streamers tend to be more tech savvy and own more electronic devices, including smartphones (92% vs. 79%), laptops/desktop computers (68% vs. 62%), and smart speakers (45% vs. 21%).

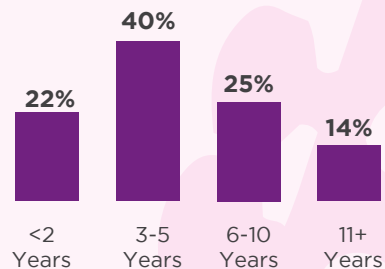
A plurality (40%) of streamers have been streaming music between three and five years. Additionally, 60% of non-streamers claim they have streamed in the past, and 70% say they are likely to stream music in the future.

SURVEY METHODOLOGY

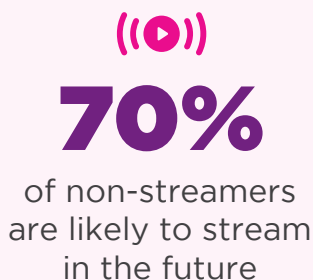
Respondent Type



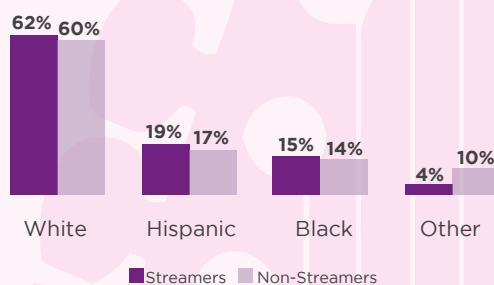
Years Streaming Music



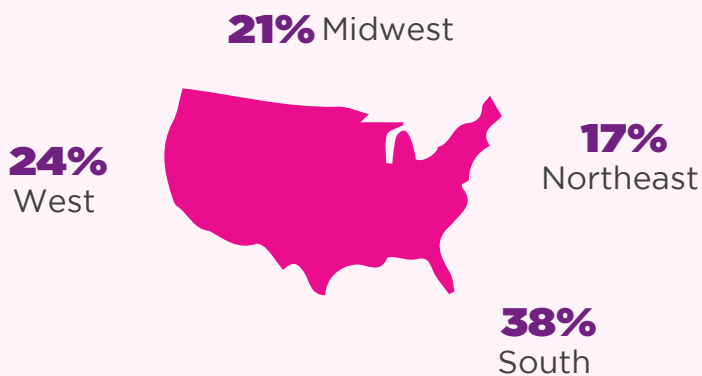
Non-Streamer Likelihood to Stream



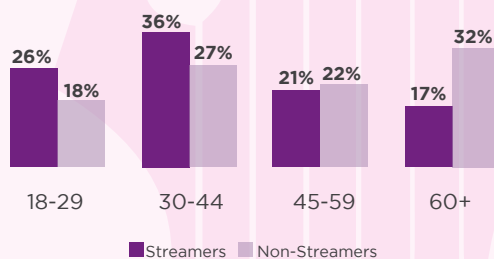
Race and Ethnicity



Region



Age



Top 6 Types of Devices Owned

