Music Experience and Behaviour in Young People
Spring 2008

MAIN FINDINGS AND CONCLUSIONS

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EVERYTHING HAS CHANGED -- AND EVERYTHING IS STILL THE SAME

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

Like generations before them, young people today are passionate about music. They invest huge emotional value in the CDs and memorabilia produced by their favourite acts. They go to gigs, they swap music with friends, recommend new music, search out, explore and experiment – the same as teenagers 10, 20 and 30 years ago.

What has changed entirely is how they go about doing this.

Previous generations swapped music by lending each other their records, tapes and then CDs. They recommended music by spending hours putting together compilation tapes, and discovered new music by listening to the radio or reading music magazines. Cassette-taped album copies, though potentially harmful to sales, fell some way short of replicating the original shop-bought product. Music was parochial and scarce.

For today's youth, access to music has been blown open. Technology has made the entire global music catalogue available for them to test, try out, and to own. They can copy thousands of music tracks and share them with others, around the world, with virtually no loss of quality, almost instantly, without parting with any of their own music. And they can do all this…for free. Music is now global and plentiful.

This astonishing availability of music has arguably stimulated the passions of even more young people more fervently than ever before. The question is: how do we take their desire to engage with music – monetise it fairly – and take everyone with us in the process?

Main conclusions

1. There is a terrific opportunity for the music industry to grasp right now. This survey shows just how much respondents love and value music, and highlights that a significant amount of that value is currently unmonetised.

2. There are two types of relationships that this all-important, technologically-savvy generation forms with music.

3. The first relationship is emotional. It forms when fans really connect to a piece of music or to an artist. They develop a bond and will be prepared to pay more for a specific item: the original CD, band paraphernalia, or concert tickets. The value to the music consumer in this case rests in the *item* itself or to the *individual* who produced it.

4. The second relationship is about experimentation. It is about trying-out, searching, exploring, investigating, giving something a go, rating, and recommending to others. The value to the music fan is in *access* to a large range of music for experimentation, and *participation* in a community of like-minded music lovers, rather than in any one track.

5. Technology makes it easier than ever before for people to copy and share music. According to our evidence, the majority download music using peer to peer file-sharing applications, half have copied the contents of their hard drive with friends, and a large minority allow their music to be shared by others online. Copying and sharing music amongst young people is culturally endemic.

6. As a result, the acts of copying, sharing and recommendation have acquired a much greater value in their own right – a value from which consumer

electronic and other digital businesses can derive significant revenues, but that music companies presently find difficult to monetise. To some extent, what in the offline world was considered “experimenting” or “testing” is, in an online environment, simply another form of consumption. The result is that the high emotional value invested in music does not translate into high amounts of spending on music.

7. This survey suggests that offering an access-based approach that enables people to trial, swap, and recommend, music for a [range of] tariff[s] would be successful. 80% of those who admit to illegally file-sharing are prepared to engage with a legal file-sharing service, and place a considerable monetary value on it.

8. Respondents seem to attach a hierarchy of value to different formats of music, with streaming on demand the least valuable (though still valued); ownership of digital files somewhere in the middle; and ownership of the original physical CD the most valuable. However, with respondents spending 60% of their total music budget on live music, it may be that “being there” is considered the ultimate music experience of all.

9. Survey responses suggest that respondents would continue to purchase CDs and go to gigs, even if they subscribed to a legitimate peer to peer file-sharing service. Fans want to support or pay tribute to their favourite artists and ownership of a digital music file does not necessarily do justice to their sense of devotion.

10. Less than half of all respondents had learned about copyright; and those who were aware of copyright were more likely to have picked up the information from informal sources (friends, newspapers, websites) than from formal lessons at school or university. Copyright education is important, particularly

because the next generation of creators need to know how to exploit their asset; and the next generation of entrepreneurs need to know how to get a return on their investment. Half the respondents play a musical instrument, and of those, one third had uploaded their own original music onto a social networking website. They had the highest awareness of copyright.

11. **For the music and technology sectors, the findings of this survey are likely to prove both challenging and a cause for optimism. However, there are clearly huge opportunities to realise the full potential of music in the digital market while satisfying the demands of both industry and fan alike. In this sense, music is not alone. Other creative content industries are likely to face similar challenges and opportunities - if not now, then certainly in the near future.**

The shape of things to come?

Based on the largest academic survey of young people's music experiences in the UK, these findings suggest that the typical music consumer would prefer to:

Pay a monthly tariff at a level sufficient to compensate rights owners through their broadband or mobile network provider which will enable them [legally] to:

- fill their MP3 players and mobile phones with a wide range of digital music;
- rate, recommend and share this music liberally with family, friends, and on social networking sites; and
- copy their most-listened to tracks on multi-formats to play at home, in car and on the go…

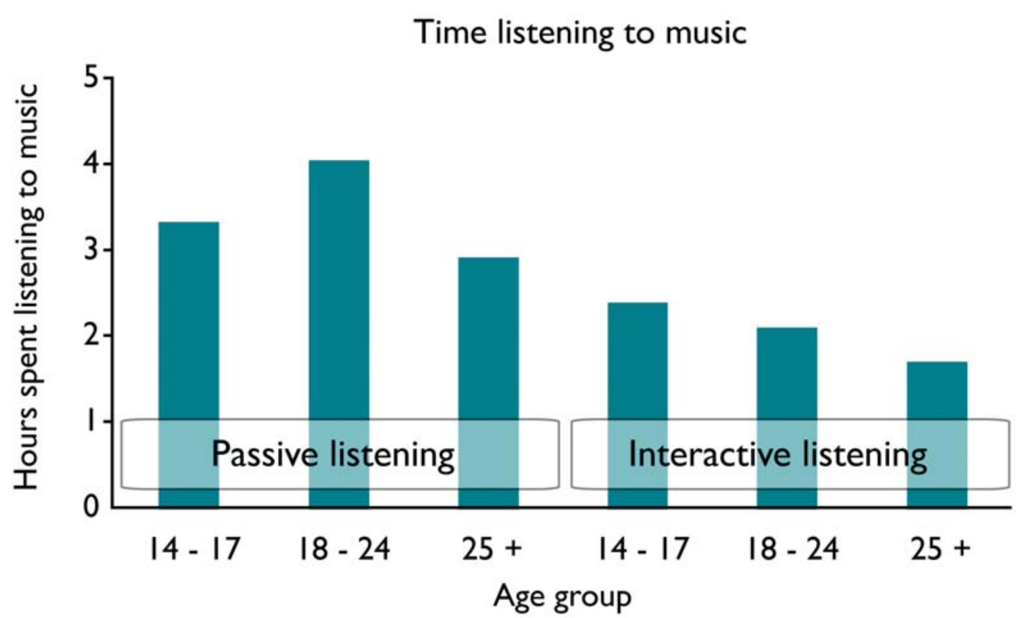
And continue to purchase 'original' CDs (or whatever the new format may be), music merchandise, memorabilia and concert tickets, but will limit this type of expenditure to their favourite artists with whom they feel a special affinity.

THE SURVEY RESULTS

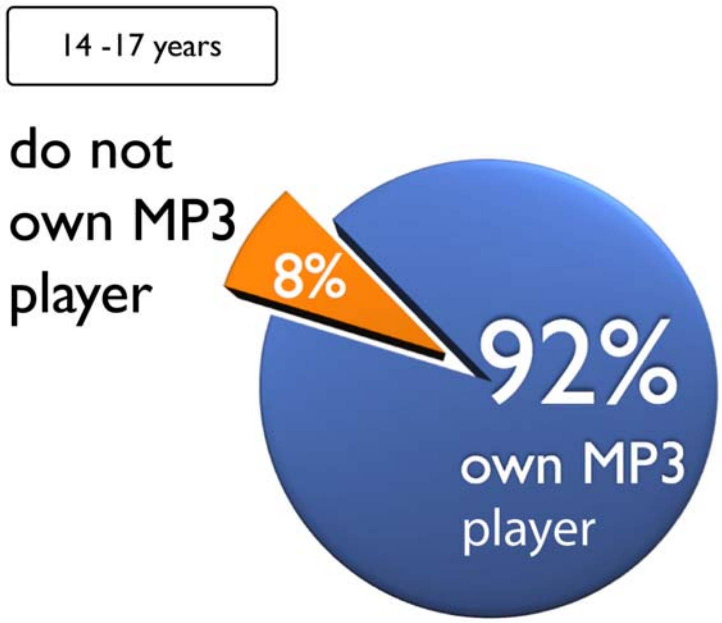
Music – the soundtrack to their lives:

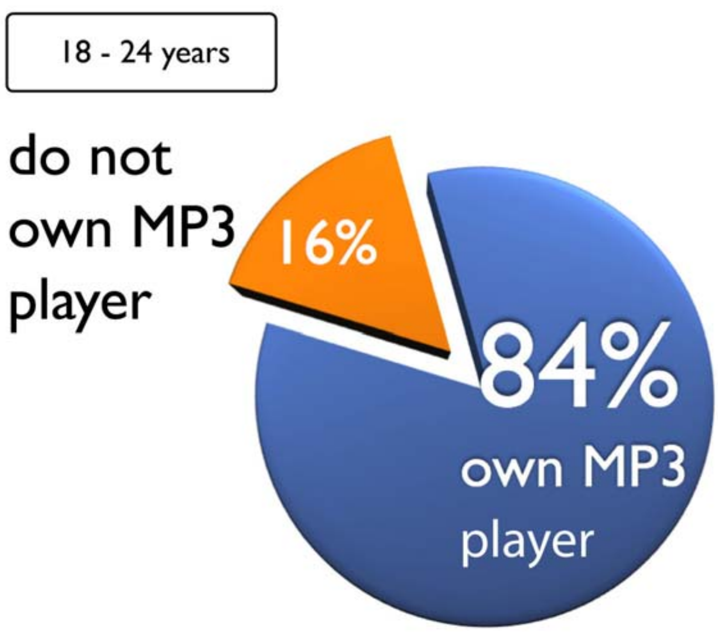
Music is an absolutely integral part of young people's lives.

Respondents listen to music over six hours a day – either in the background or as the main focus of their attention.

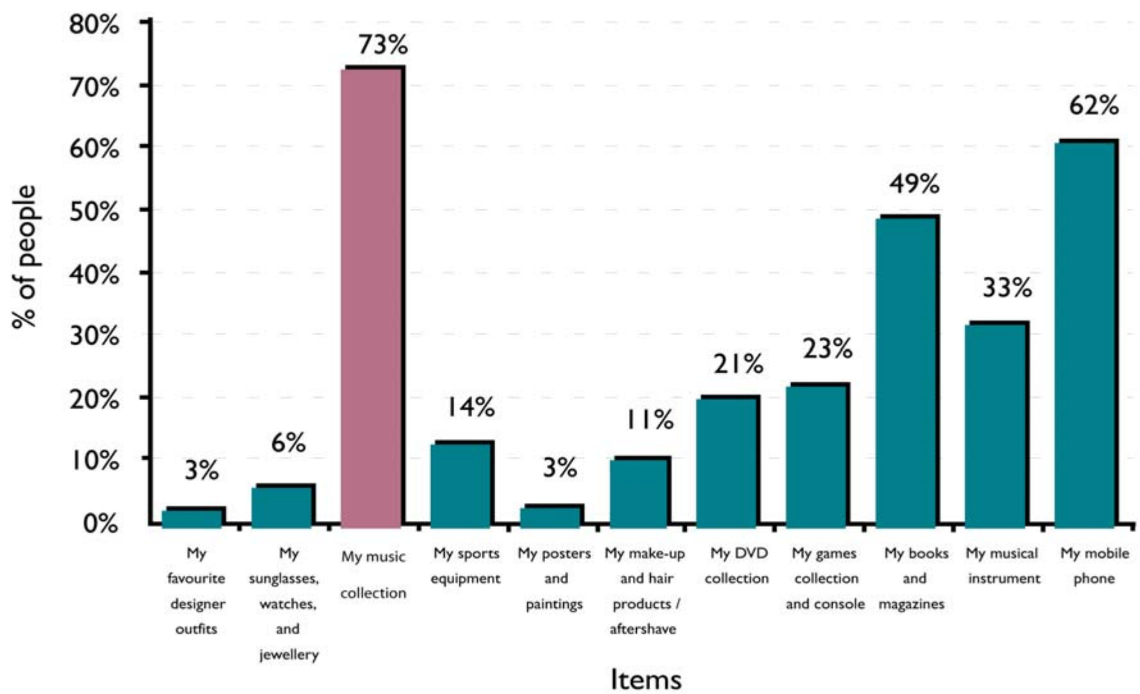


For the 14-17 age group, owning an MP3 player is almost *de rigueur*.

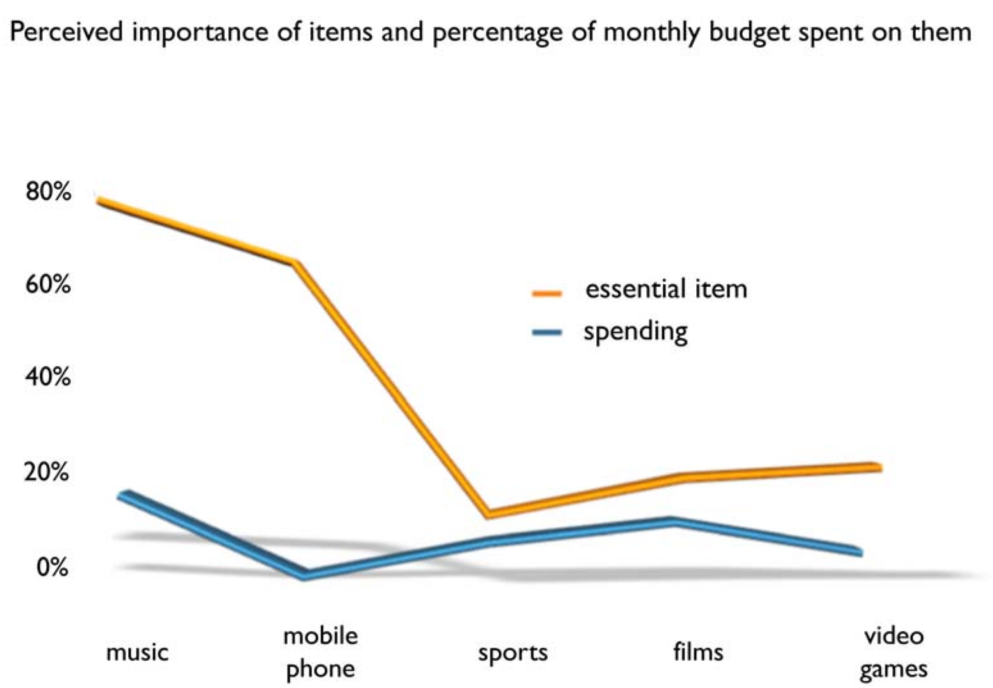




Respondents value the music in their possession enormously. When asked what three items they would take with them to a desert island, music was selected most often by all age groups. It is their most treasured possession.



Despite the huge amount of time that respondents commit to listening to music, and the very high emotional attachment they place on their music collection, there is a gaping disconnect between the monetary value that respondents place on music, and the proportion of their income that they spend on music.

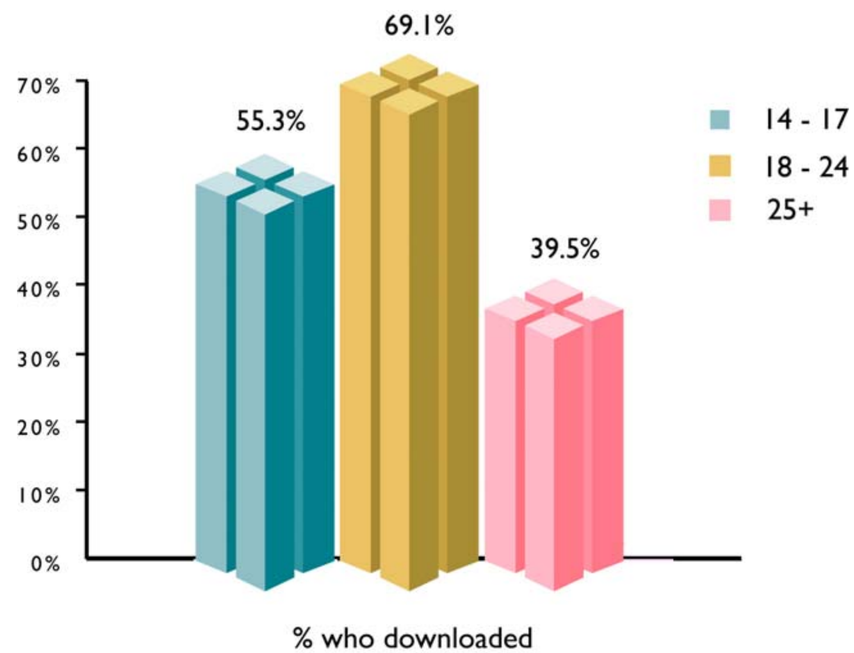


The low down on downloading:

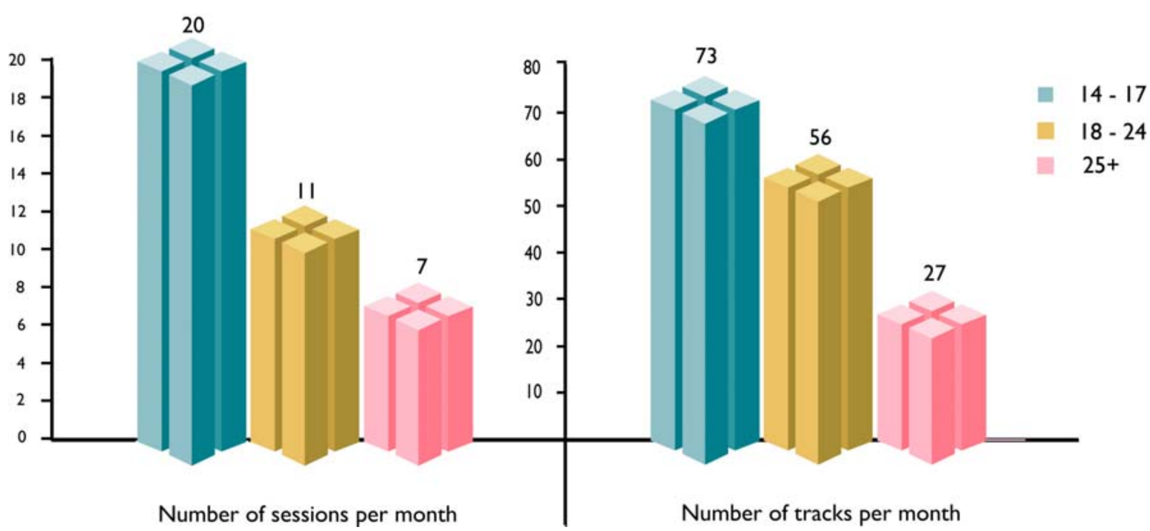
Nearly two-thirds of respondents download music using unlicensed peer-to-peer file-sharing networks.

The average monthly download across all age groups is 53 tracks. Some respondents admit to copying up to 5,000 tracks a month.

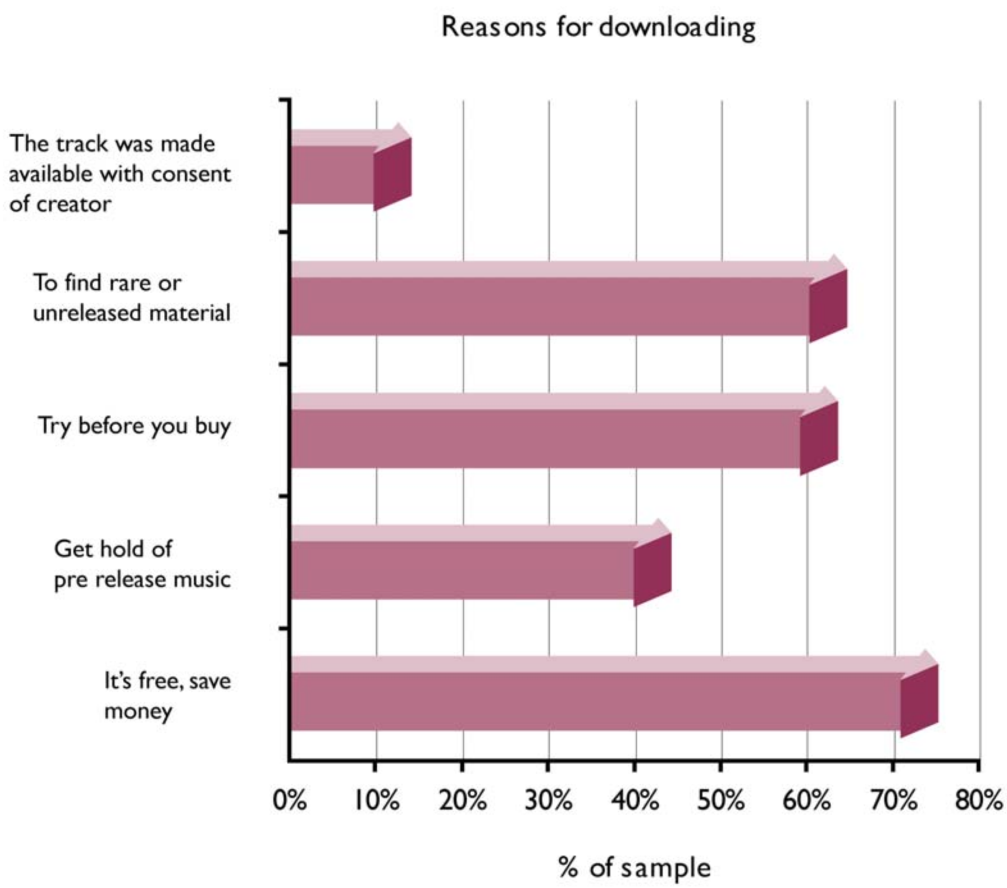
Age is a factor in whether respondents download illegally or not. Those aged18-24 are the biggest file-sharers; almost 70% do so.



Age is also a factor in the amount of downloading. Younger teens age 14-17 download more tracks.

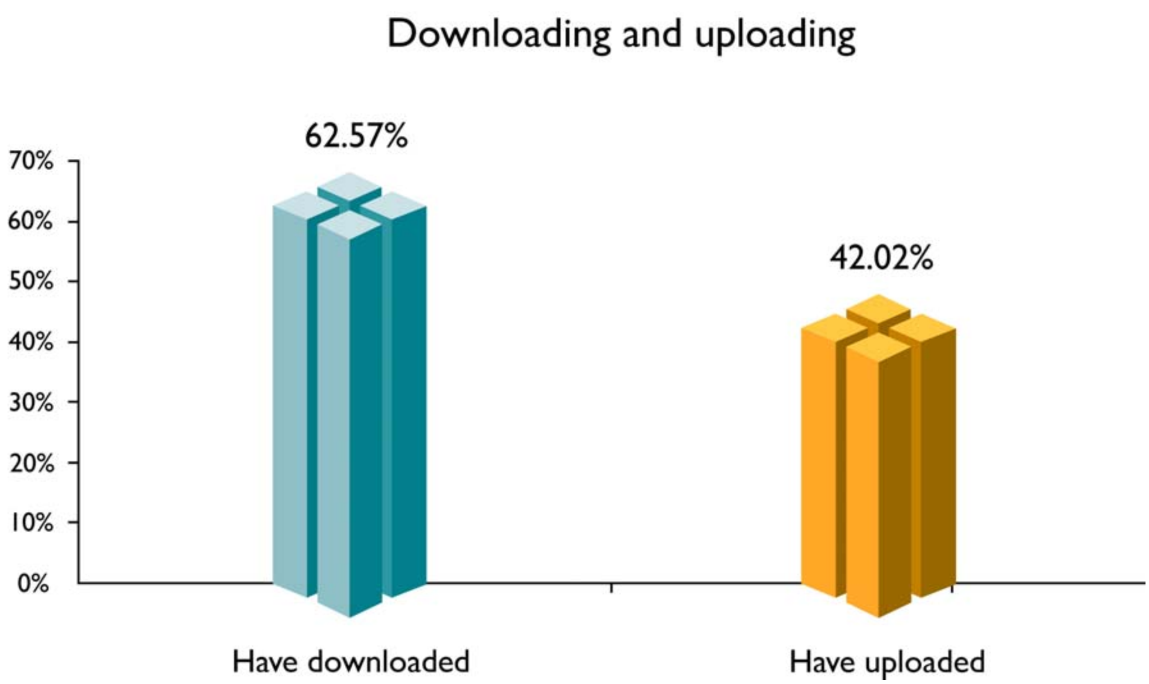


Downloaders give pragmatic reasons for downloading – the most cited reason was to get music for free; however, they also download to try before they buy, for pre-released music and to search for rare or commercially unavailable music, such as bootlegs.



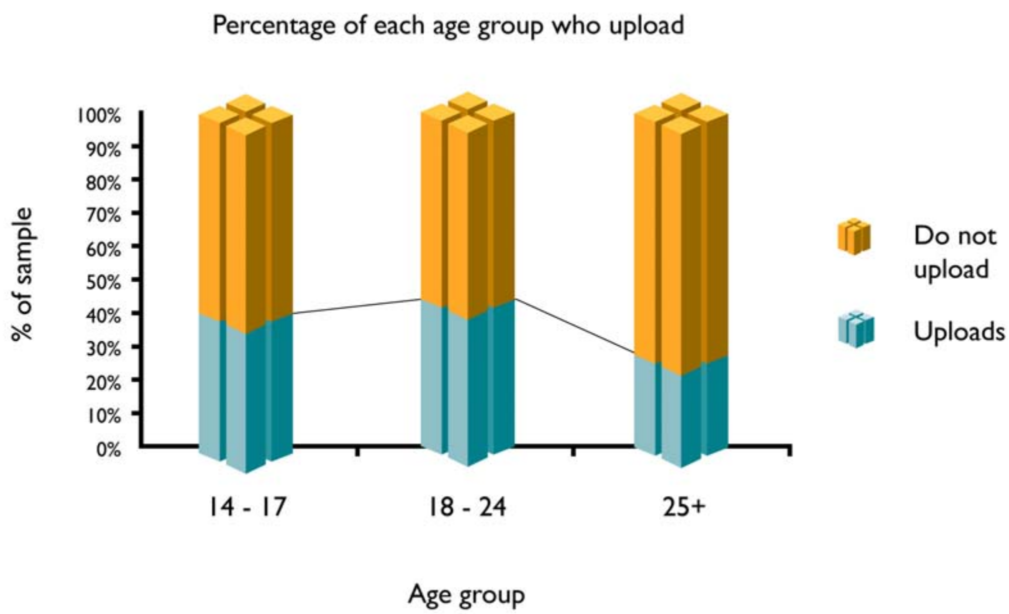
The upshot of uploading:

While the majority of respondents have downloaded music using a peer-to-peer file-sharing network, fewer than half have allowed music from their own hard drive to be shared by others on those same networks. Respondents were more likely to take than to give.

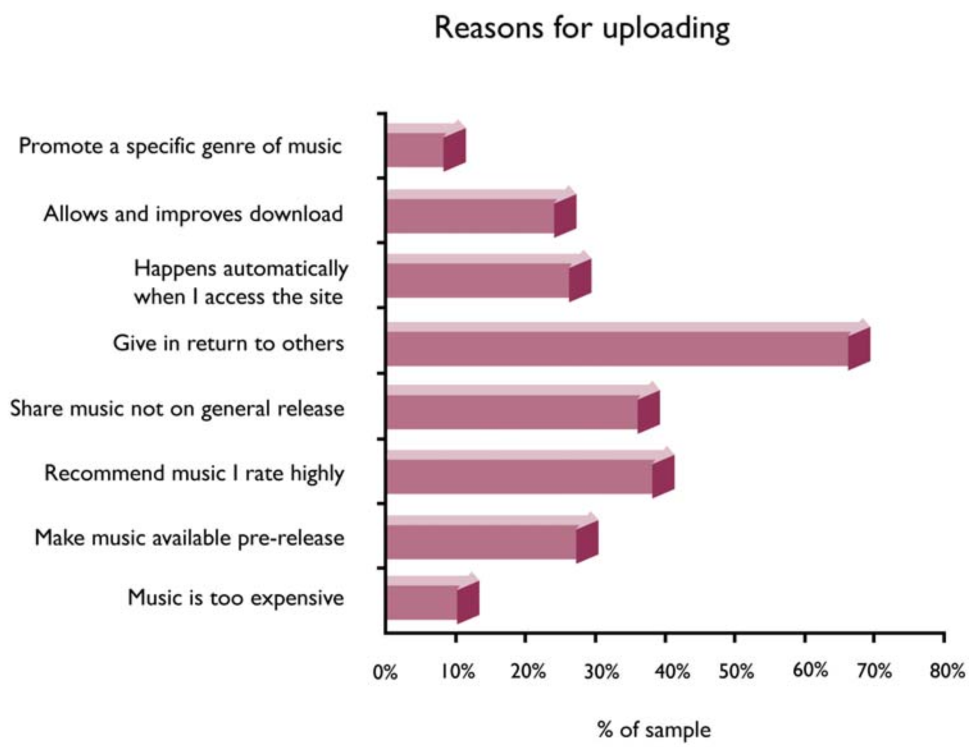


However, 42% is a significant minority and suggests that the “making available” of music is not limited to a few “serial” uploaders; but is a common activity for many respondents.

Those under 25 more likely to upload than those over 25.

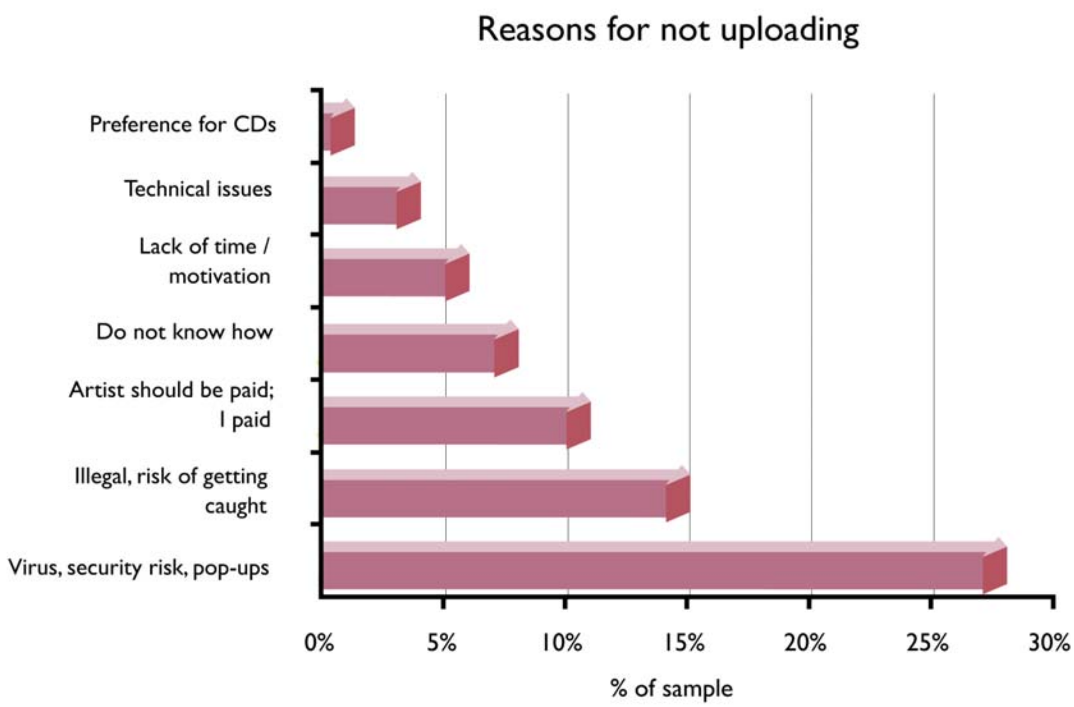


Those who do upload do so for mostly altruistic reasons – by far, the most cited reason was to give in return to others; or to recommend music.



This suggests that respondents recognise the value in the 'share-ability' of music and are motivated by a sense of fairness and the principle of reciprocity – something for something. They are operating within a moral code, even though they are acting illegally.

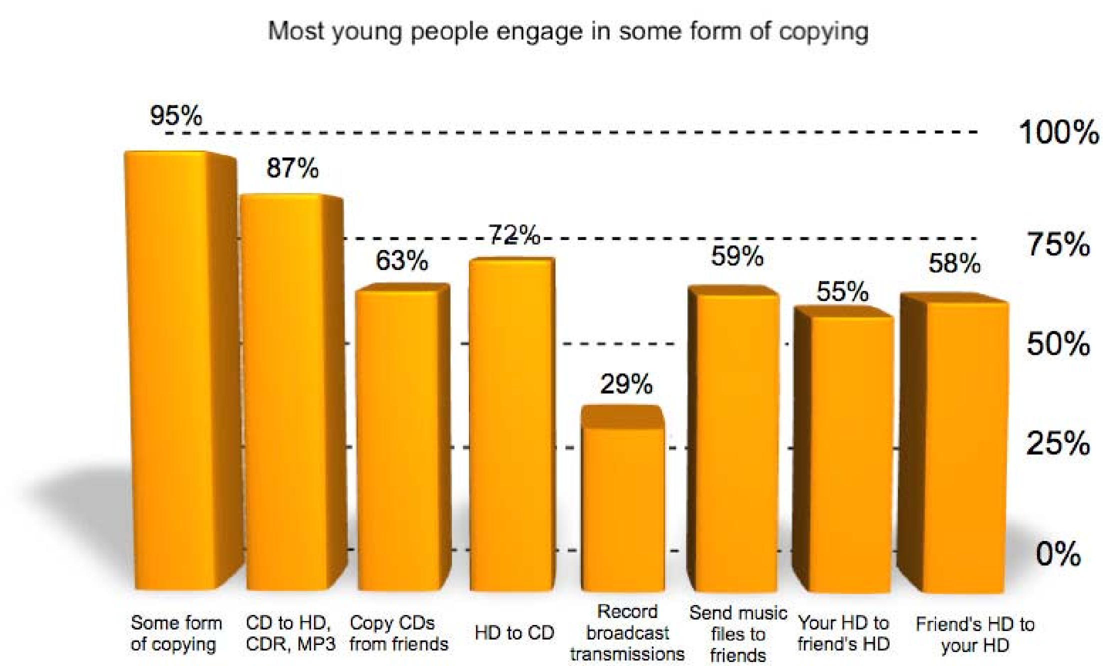
Those who do not allow their music to be uploaded were asked why. Almost twice as many people cited worries about viruses as they did the next biggest fear – getting caught.



Unprompted, more than 10% of respondents indicated that they did not allow others to download from their hard drive because they felt artists should get paid, and that free music devalues music.

Copycats:

Nearly 95 per cent of respondents have copied music in some form.



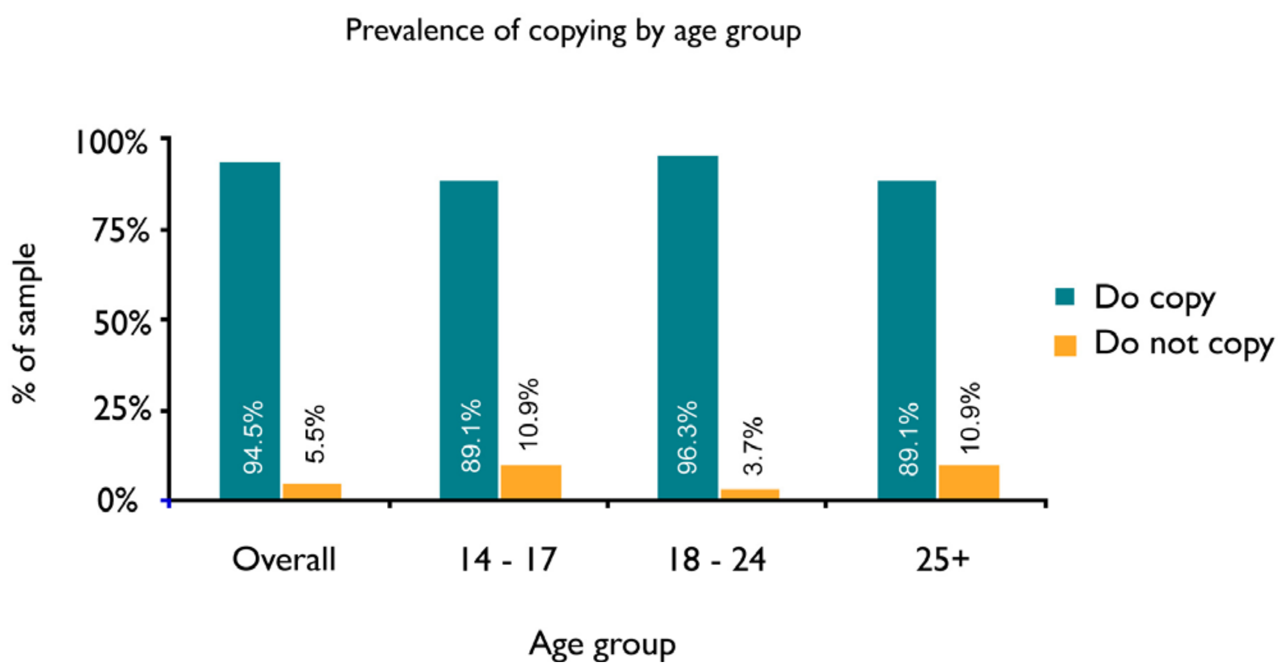
Just under two-thirds of respondents have copied CDs from friends.

More than half of respondents have copied a friend's hard drive onto their own hard drive.

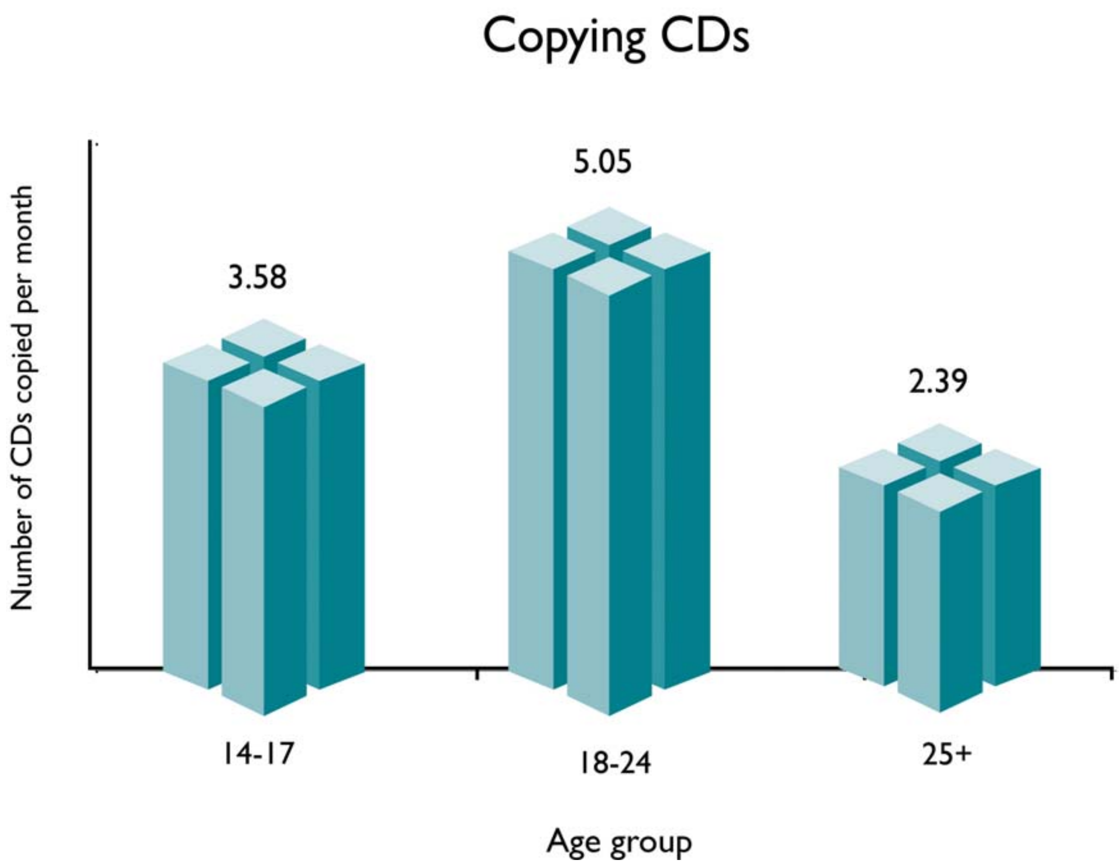
More than half of respondents have allowed their own hard drive to be copied onto a friend's hard drive.

For previous generations, the most common form of copying music was recording radio broadcasts onto cassette tapes. Today, that is currently the least common form of copying music, although nearly 30 per cent of respondents still 'rip' from the radio.

Copying is prevalent across all age groups, with the 18-24 age group the biggest copiers.



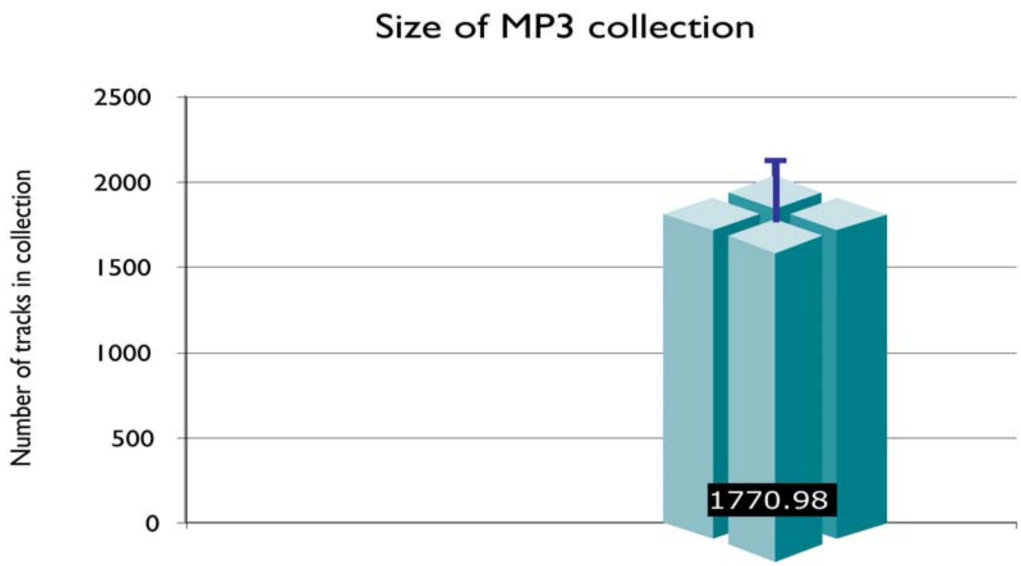
The following graph shows how many times a month on average the different age groups copy CDs from friends.



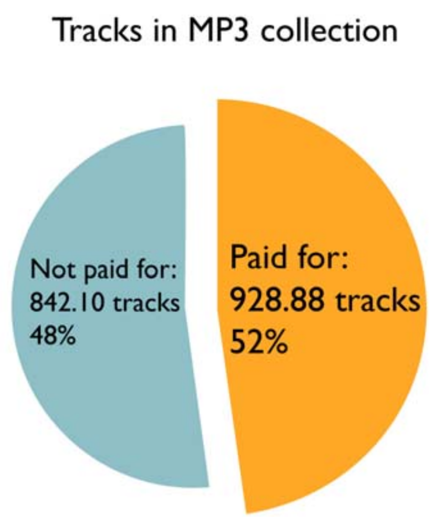
A lot of music, not a lot paid for:

MP3 Players

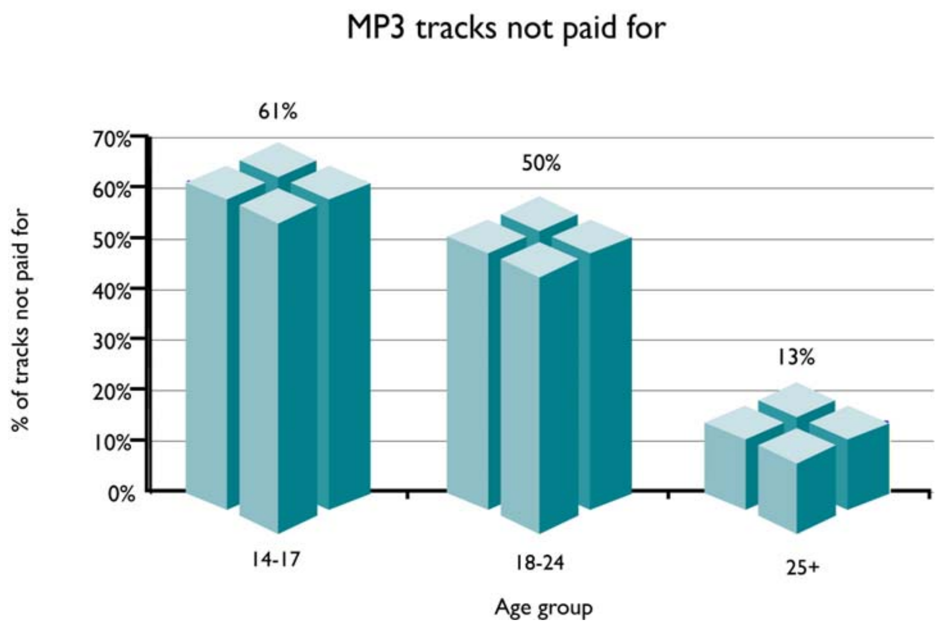
The average MP3 collection contains 1,770 tracks; but some contained as many as 75,000.



48% of these tracks had **not** been paid for, which equates to an average of around 842 tracks per person. "Not paid-for" means the track was not downloaded from an online music store or sideloaded from a CD that had been purchased by the respondent, but had been acquired for free from another source.

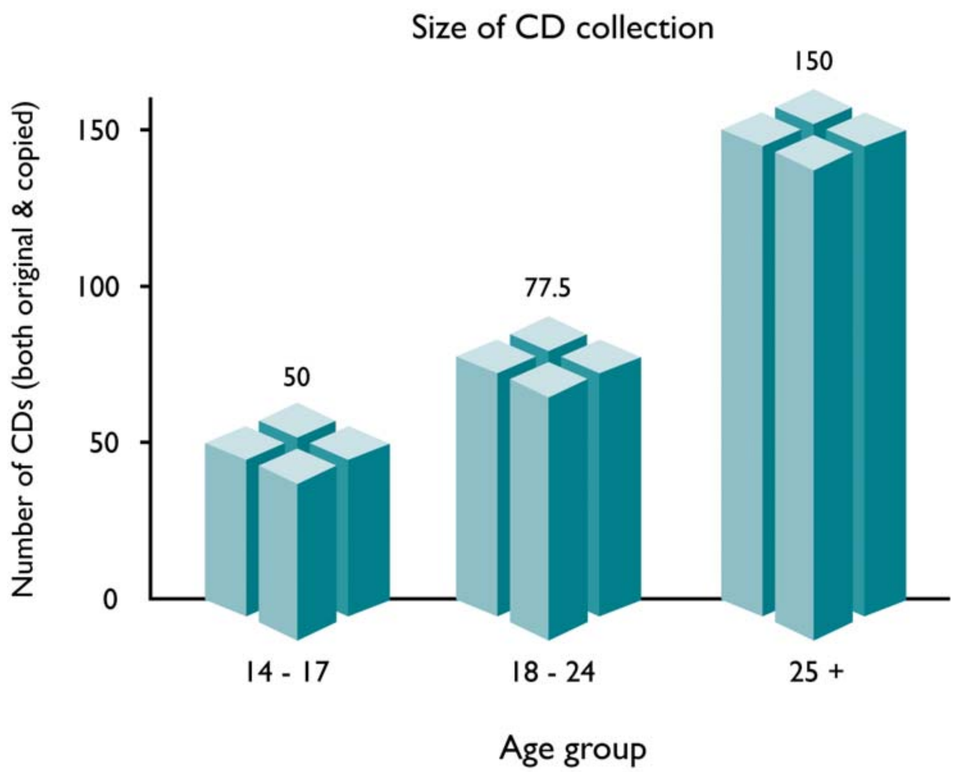


Although the size of MP3 collections did not differ across age groups, the proportion of tracks **not** paid for in the collection did depend on age. Young people 14-17 have not paid for the *majority* of music in their collection.

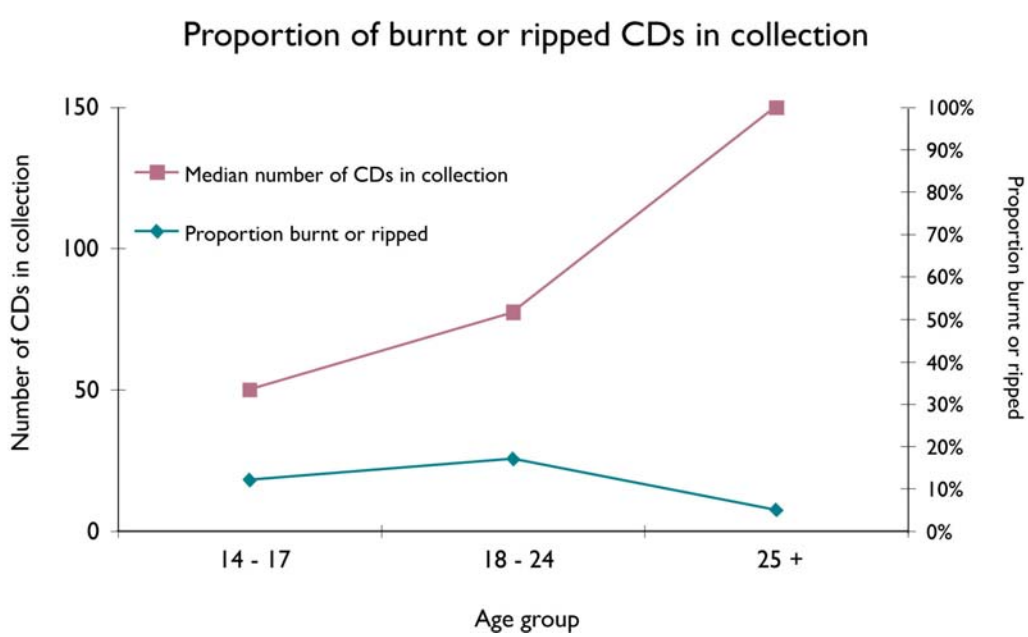


CD Collection:

Nearly everyone surveyed has a CD collection – only 3% of respondents say they do not own any CDs. Collections typically contained around 100 CDs although this varied with age group.

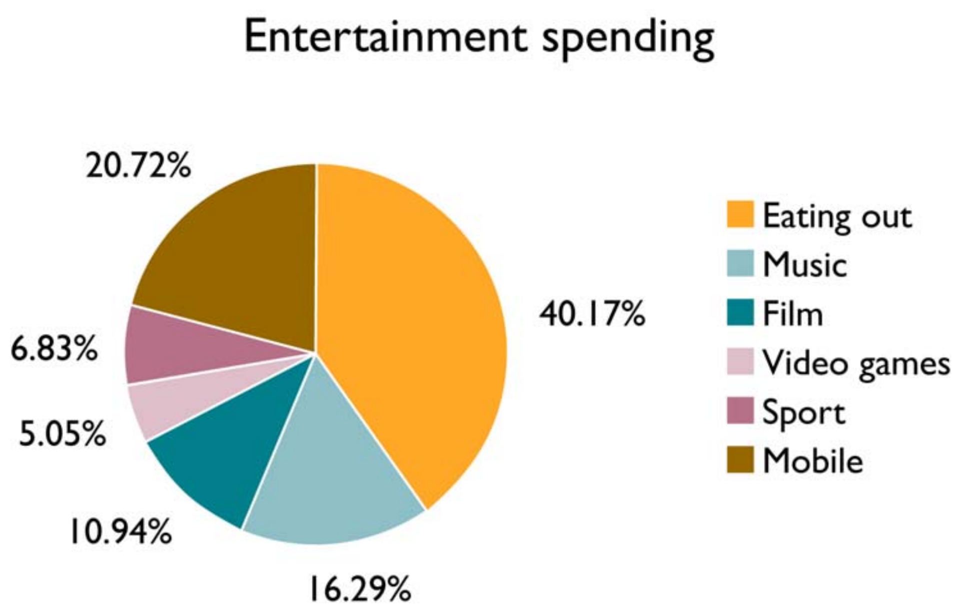


Around 14% of the average CD collection has been ripped or burnt, i.e. *not paid for.*

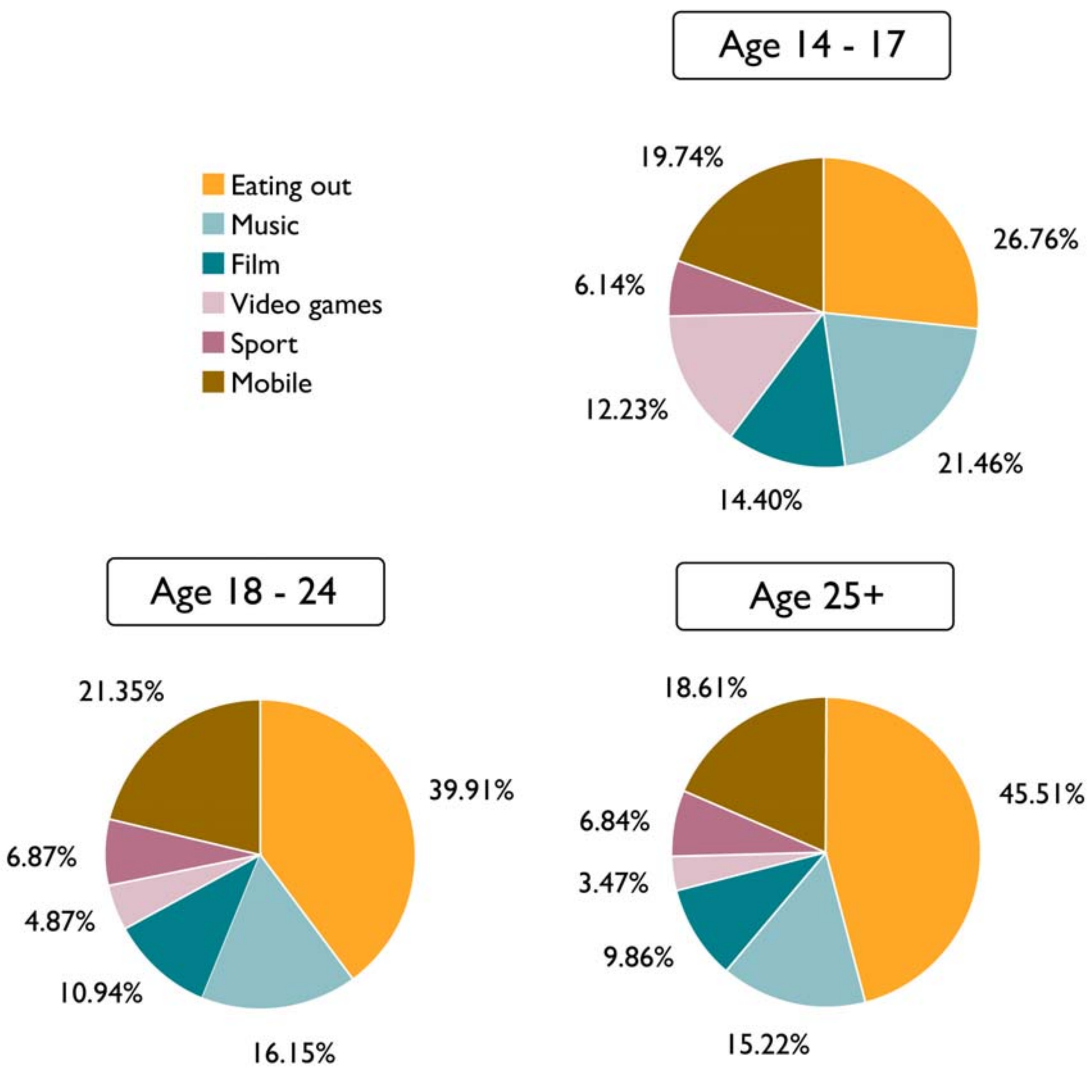


The wallet and the purse:

Respondents spend just over 15% of their monthly entertainment budget on music, with the majority going on eating/drinking out, and mobile phone bill, and the remainder going on film, sport and video games.

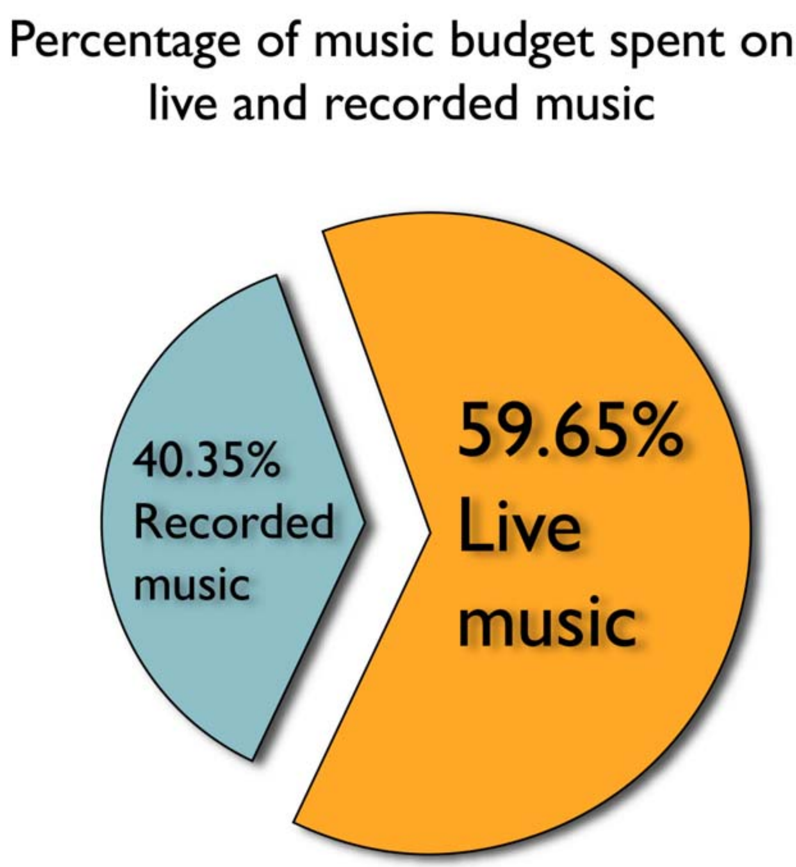


Younger respondents spend the most of their entertainment budget on music – 21%; older respondents spend the least at only 15%.



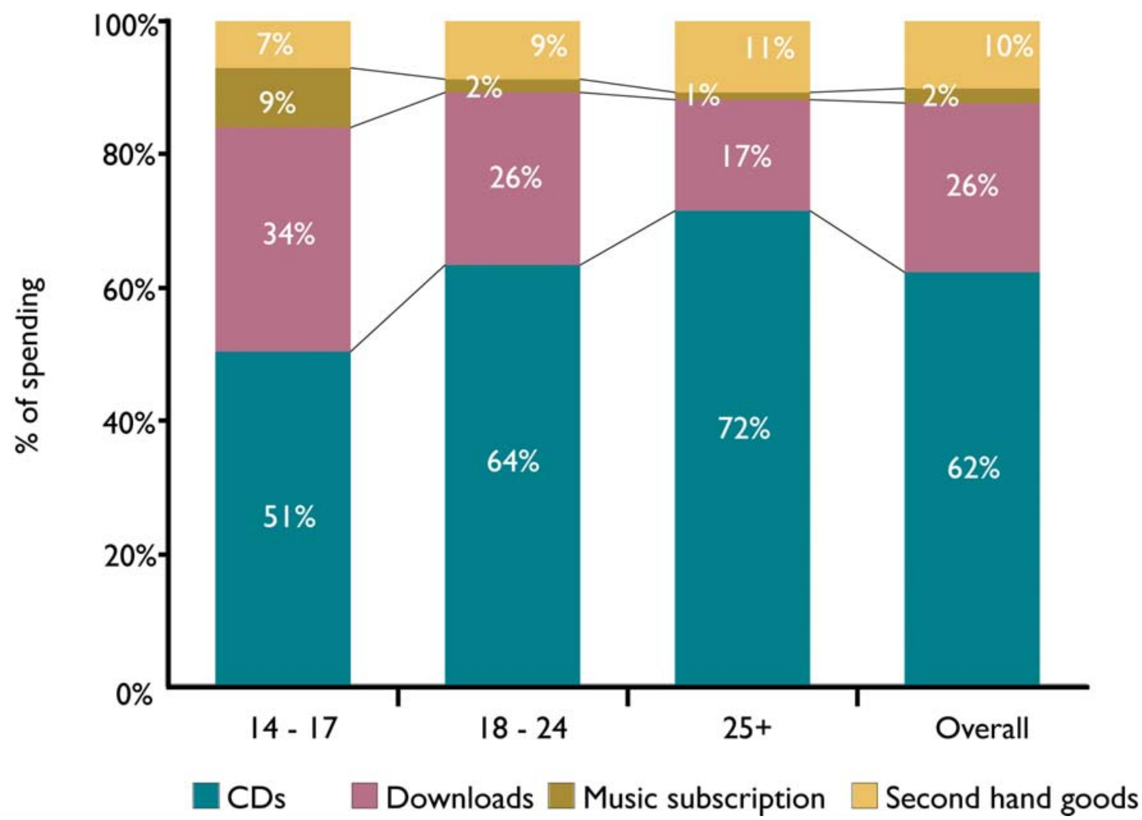
Average proportion of estimated monthly entertainment outlay spent on different categories of entertainment.

Of the money spent on music, the majority is spent on attending live music events – which includes ticket price and concert memorabilia – as opposed to buying recorded music.



In looking solely at expenditure on recorded music, respondents spend in general more than twice as much on CDs than on any other type of recorded music. However, a quarter of respondents' recorded music budget is now spent on digital downloads.

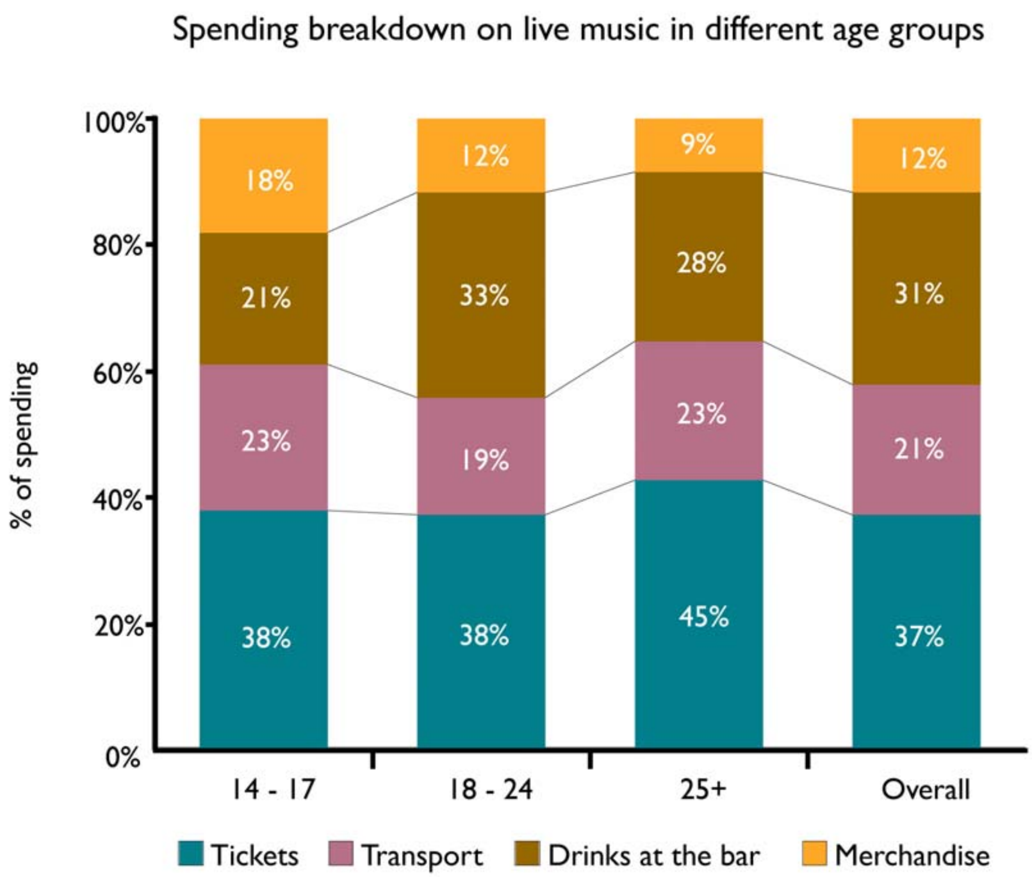
Spending on recorded music in different age groups and overall



Age is a significant factor. The youngest age group spend nearly as much on downloads and digital music subscriptions combined as they do on CDs, while those over 25 spend four times more on CDs than on digital downloads.

When it comes to live music, respondents were also asked how much they spend on bar and travel and these were compared to expenditure on ticket price and merchandise.

Respondents spend as much on bar and transport combined as they do on ticket and merchandise combined.

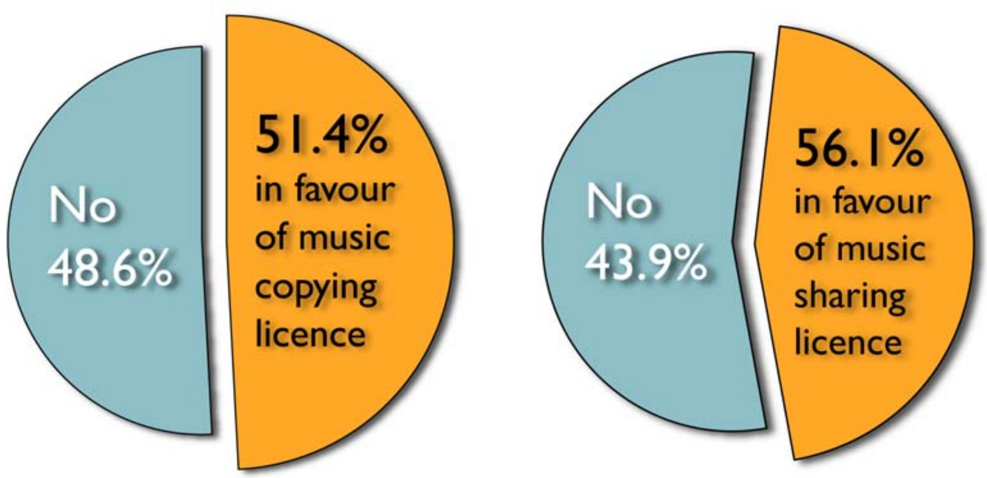


Taking Licence

More than half of respondents believe that companies who profit by enabling customers to **share** music should pay a music licence.

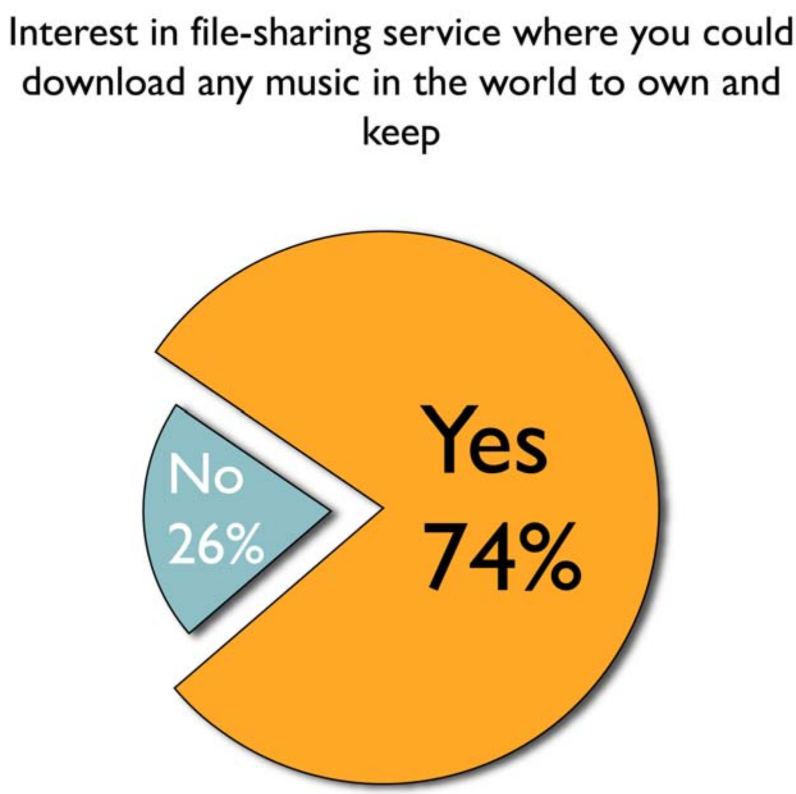
Around half of respondents believe that companies who profit by their enabling their customers to **copy** music should pay a music licence.

Of those who supported the idea of a music licence, 90% believed that composers, songwriters, musicians and performers should be the beneficiaries.

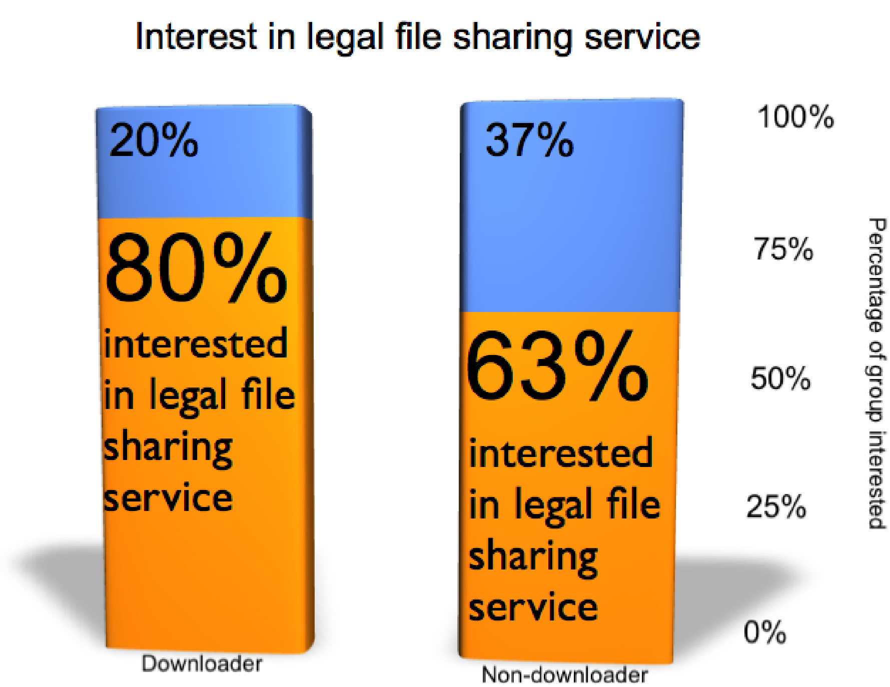


What the kids want:

Nearly 3 in 4 respondents are interested in a ‘legal’ file-sharing service.

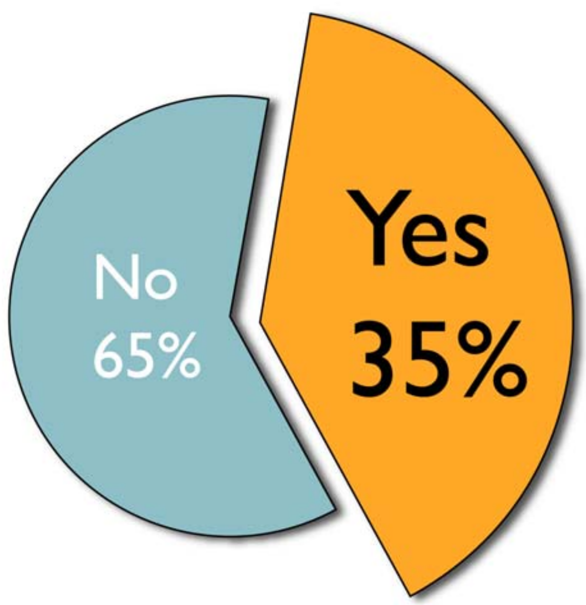


Interest in a ‘legal’ file-sharing service was even *higher* amongst those who admit to file-sharing illegally.

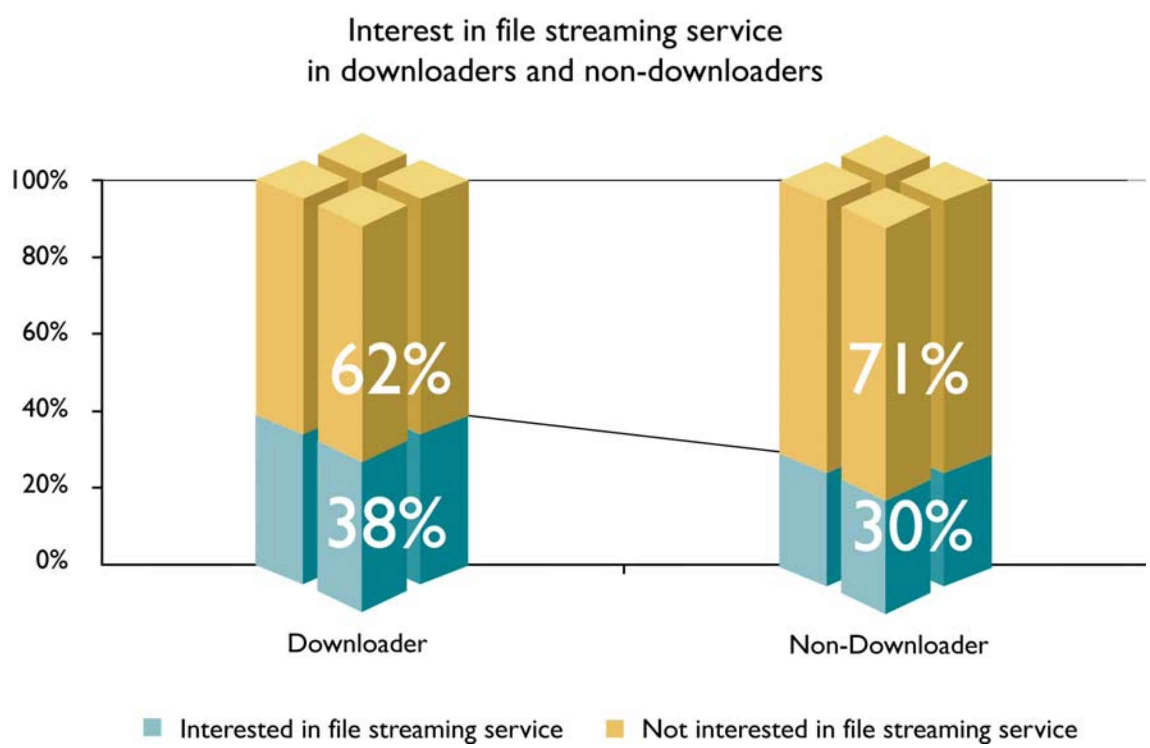


Far fewer respondents were interested in a stream-on-demand service – where they could access any music they wanted, at any time, on any device, but would not be permitted to own a permanent copy of it.

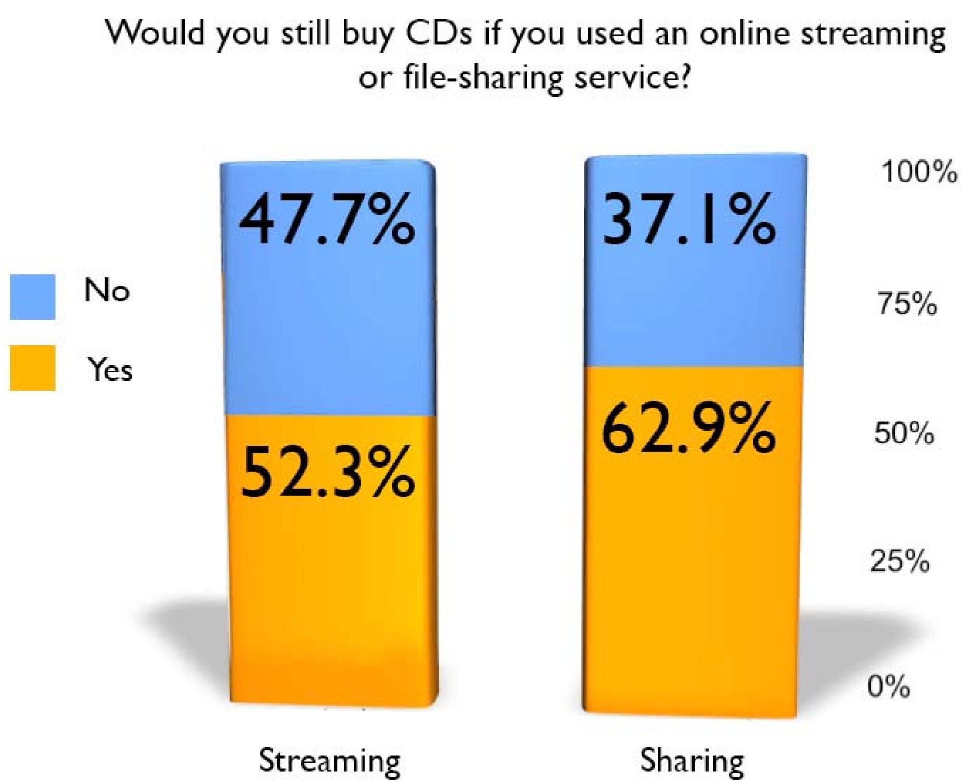
Interest in a file-streaming service that would *not* let you own a permanent copy



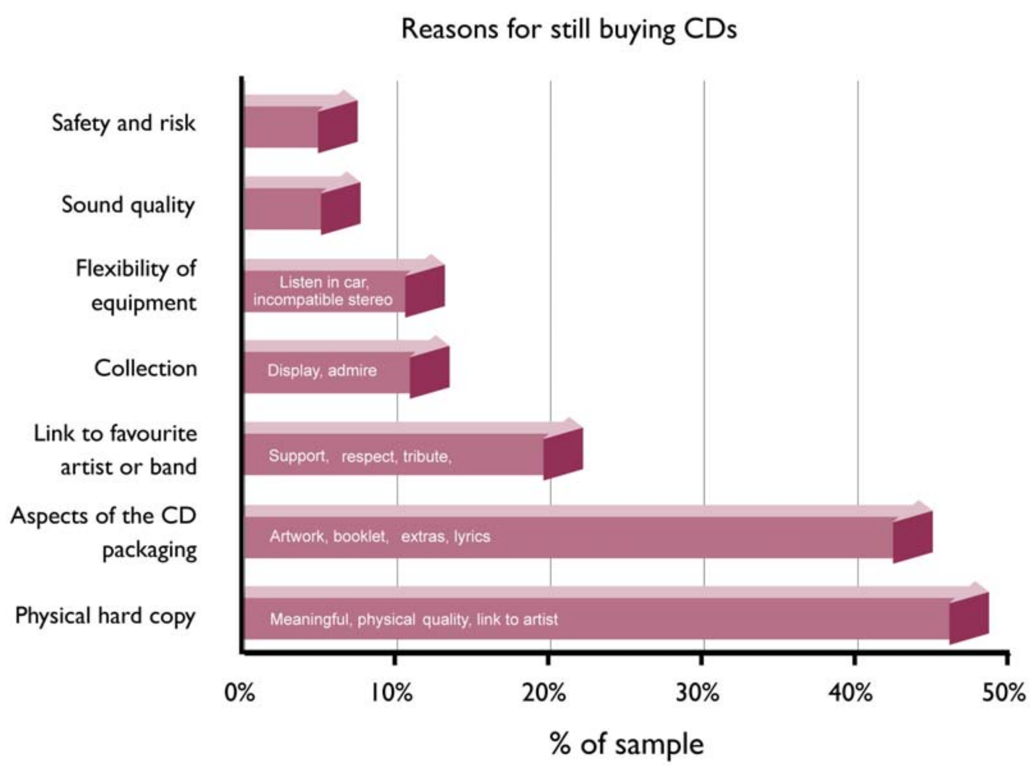
However, interest in a music streaming service is *higher* amongst those who admit to file-sharing illegally.



The majority of respondents would continue to buy CDs, even if they used a legal file-sharing or streaming service. (Figures below refer to legal file-sharing or streaming service.)



Overwhelmingly, the reasons given for buying CDs, even if they used a legal file-sharing or streaming service, related to the value they put on the tangible product, and the significance of relationship it signifies between themselves and the music or artists they admire.



Musical Hierarchy

Respondents do put a monetary value on “access only”, but in the hierarchy of music, it sits at the bottom.

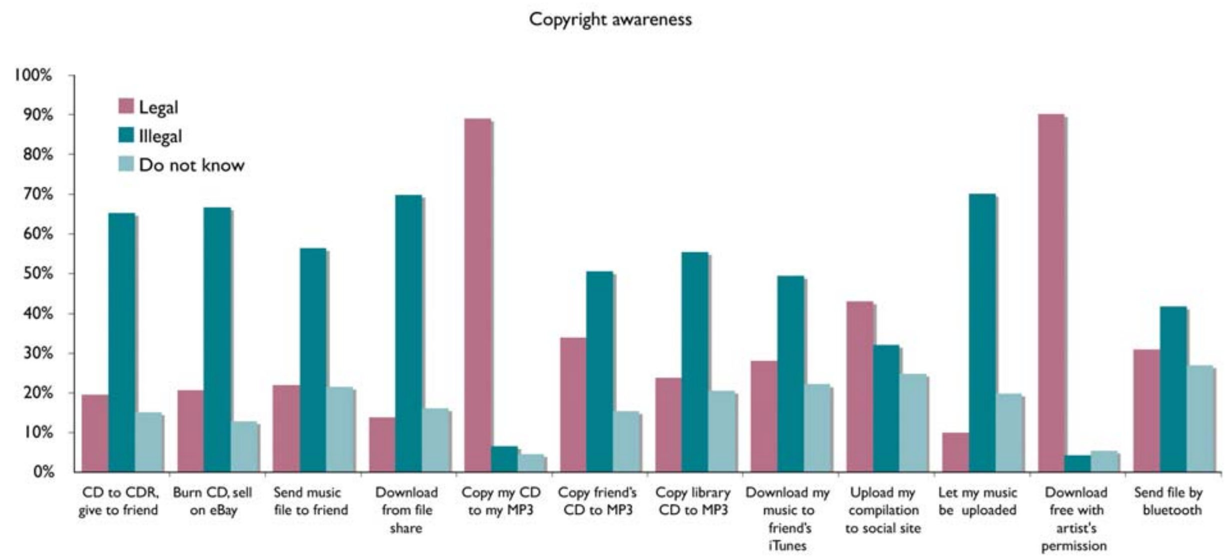
Respondents value “access plus ownership” much more highly and it has much wider appeal than “access only”.

A very significant majority who are interested in an “access plus ownership” service would continue to buy CDs even if they used such a service. This suggests that when it comes to most loved music, ownership of an original physical product – with the artwork, sleeve cover, and the close connection it signifies to the artists who created it – is valued higher still.

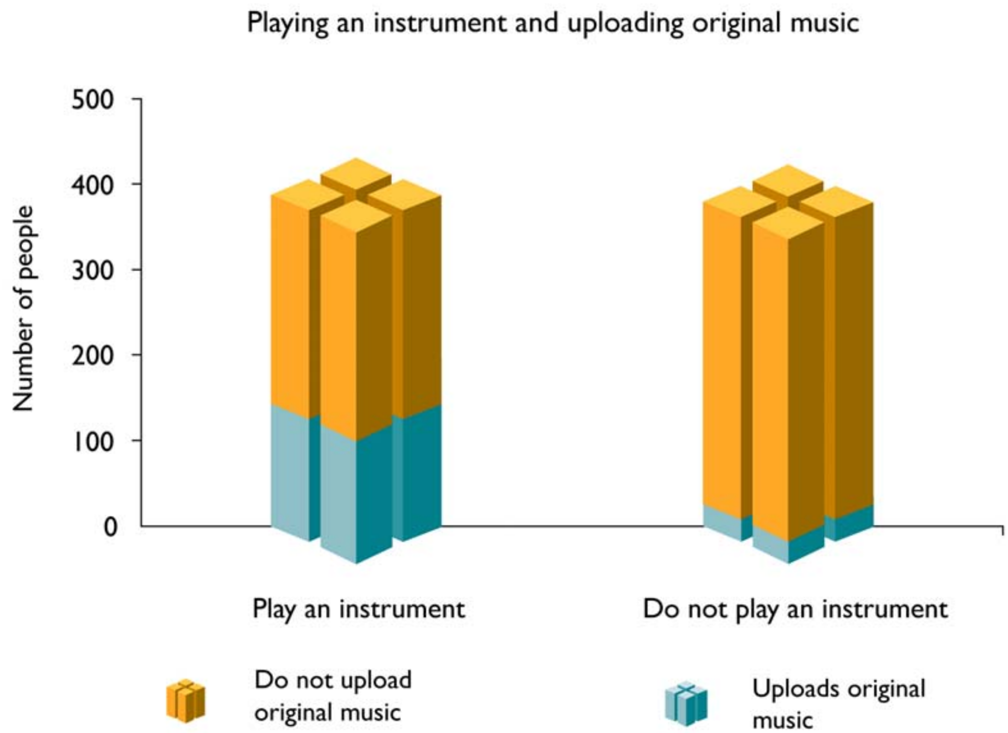
60% of all expenditure on music is spent on the live music scene, so it may be that “being there” is considered the ultimate musical experience of all.

Copyright and the law:

There is a great deal of variation in respondents' knowledge of what is and is not legal when it comes to copying and sharing music.

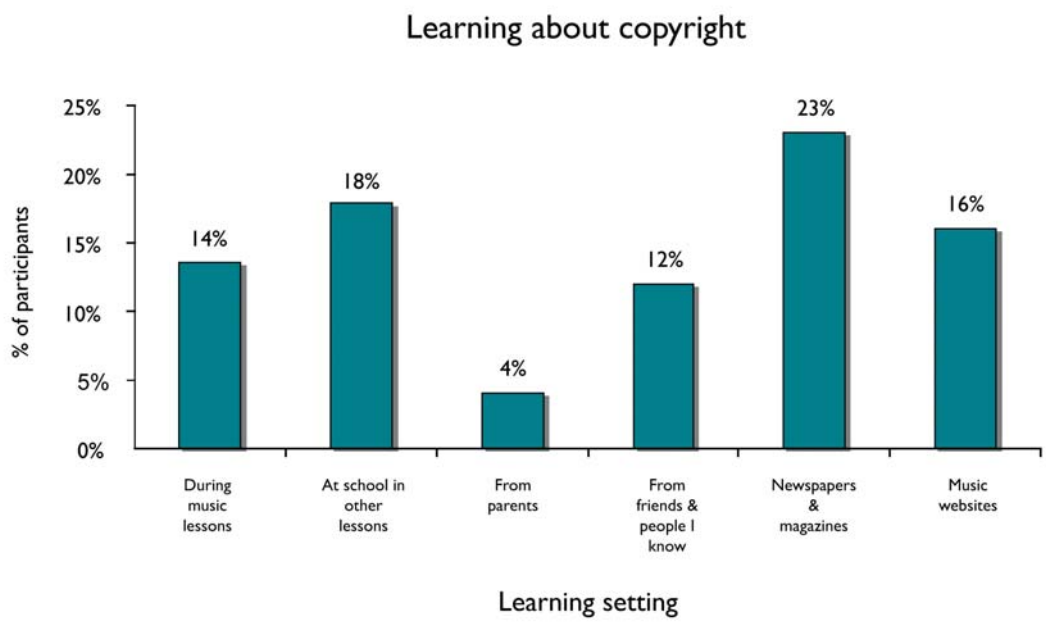


Half the people who took part in this survey played a musical instrument.   More than a third of them have uploaded their own original music to a social networking site.



Those who had uploaded their own music had a higher awareness of copyright issues than those who had not.

Close to half of those questioned had learned about copyright, but respondents were as likely to pick up information on copyright informally, in newspapers, on music websites or from friends, as they were to learn about copyright formally in an educational setting.



Notes on the survey:

- 1,158 respondents entered the survey, of which 773 met the criteria and completed the survey
- The sample size was adequate for all tests reported
- Respondents were aged 14 or over and had not previously responded to this survey
- The sample included a mix of ages, roughly equal gender distribution, and originated from all over the UK
- Respondents were drawn from people with an association to a university or feeder school
- Conservative criterion applied to data analysis to retain power and minimise risk of bias
- Standard academic methodology applied to analysis
- Survey to be expanded and repeated annually to assess emerging trends