



Connect the Dots and Make the Right
Moves with Research & Analytics

Audio on Demand

The Gamechanger in the M&E Industry

Music has been around for centuries. Over time, music listening preferences and habits have evolved from live music to recordings to online streaming.

This transition to a streaming model was fuelled by the developments in cloud technology, increasing smartphone penetration and affordability of mobile data.



TOP TRENDS DRIVING THE MUSIC STREAMING INDUSTRY

Access to a large catalogue of content



9 out of **10**

respondents prefer listening to music via on-demand streaming platforms. This is mainly due to access to a large catalogue and preferred content. 64% of these respondents listen to music for an average of 19.5 hours per week.

Listen to music via VoD



74%

of the respondents are using YouTube to stream music. Although the popularity of music streaming has been increasing, consumers are spending nearly 3.75 hours daily listening to music through video streaming apps.

Anytime, anywhere access to music



Two-thirds

of 16–24 years old chose smartphones as their preferred device to stream music. This trend is largely driven by the increasing penetration of a wide range of consumer devices supporting on-demand streaming, and affordability of mobile data. The on-demand music streaming services offer high level of convenience and anytime, anywhere access to music.

Free of cost service



65%

of the respondents preferred to use music streaming services as it is offered for free. Unlike buying a physical record or paying to download a track, music streaming service providers started offering services under the freemium model along with access to unlimited content. The ability to listen to the track of choice for free increased the adoption of music streaming services.



SGA conducted a global survey of

8,250

music listeners between the age groups of

16 and **64**

across the US, Western Europe and APAC regions in 2019. The objective of the survey was to understand the consumers' preference for music, platforms and accessibility.

MUSIC STREAMING PLATFORMS AND CHANGING STRATEGIES

1

AI and ML to offer personalised playlist

Aiming to offer better customer experience, music streaming providers are deploying AI and analytics capabilities to engage with their customers. This is being done by offering a tailored, curated playlist, better search options and recommendations to customers. The recommendation engine is powered by analysing customer data through AI and ML platforms including song preferences, playlist data, regional preferences, range of devices, etc.

2

Blockchain for fair distribution of revenue to musicians and labels

The music streaming industry is facing issues in tracking the count of plays pertaining to artists as billions of tracks are being played every day. Moreover, due to lack of proper metadata and missing information on song writer, artists, right holders, etc., a large chunk of royalty revenue is not accounted for and the content creators are paying the price. The music streaming companies have started using Blockchain to fix the issue. Blockchain is used to plug the leak and streamline the process of accurately tracking the count of songs played. This data is mapped with the content generators to accurately calculate the royalty and initiate the payment to thousands of content owners accordingly.

3

Podcasts, a new revenue opportunity

The popularity of podcasts is increasing very rapidly with 0.8m active podcasts and 54m podcasts available globally. This is mainly driven by the number of choices that podcast listeners have today and the lucrative ad-revenue generated from podcasts. Such an ad revenue is expected to reach USD 1bn by 2021. In a bid to leverage this opportunity, many media companies are entering the segment, and streaming service providers are not behind.

4

Transition from freemium model to a paid model

For streaming providers, the opportunity to convert subscribers from free to paid subscription is very huge as paid subscribers contribute to less than 1% of the total subscriber base. Paid music streaming users grew by 50% in 2018 and are expected to grow at a CAGR of 25% in the next five years. The music streaming companies are striving to tap this opportunity by increasing the number of paid subscribers. This increase is driven by offering premium features including high-quality music, download music option to listen in an offline mode, no commercial interruptions and a seamless, personalised experience.

5

Original content creation is also a buzz

Online streaming has changed the way media is being consumed by the masses. The video streaming market witnessed a great potential in generating original content for instance, Netflix Originals, YouTube Originals, Amazon Prime, etc. The music streaming providers are no different, and are expecting a similar transformation in the music streaming sector as well.

CONCLUSION

Music streaming providers are formulating organic or inorganic strategies including paid revenue models, and new and innovative features like podcasts which are a trending storytelling medium. Irrespective of their different approaches, the underlying objective is the same – to accelerate the growth of the organisation.

Most of the leading Media & Entertainment companies are deploying cutting edge technologies such as AI, ML, Big Data and Blockchain not only to offer innovative features to its subscribers, but also to curb the leakage in royalty of musicians and record labels. Apart from technical innovations, streaming companies are concentrating on generating their own content in the form of podcasts through JV, partnerships and acquisitions.

In order to achieve their goal and stand out amongst the competition, the streaming companies are partnering or acquiring smaller tech companies and content producers to facilitate their growth.



New York | Seattle | London | Zürich | Pune | Hyderabad

About SG Analytics

For over a decade, SG Analytics is one of the leading global research & analytics firms with offices in USA, UK, Switzerland, and India, servicing scores of customers across the globe. We are the partner of choice for Fortune 500 companies across several sectors. We have been recognized as the Best Employer by the World HRD Congress in 2018.

Sharing Insights

Watch and enjoy our corporate video
**'THE CEO SPEAK – Success Mantra Of A
Research & Analytics Firm'**

Click on the titles to watch the video



www.sganalytics.com



[sg-analytics](https://www.linkedin.com/company/sg-analytics)



[@sganalytics](https://twitter.com/sganalytics)