



tunecore.

What do the Artists think?

*TuneCore survey of attitudes, priorities
and visions of the music business' future
by the people who are driving it*

About the Survey

The following results are based on an online survey of TuneCore music distribution account holders.

The survey was conducted in English via Survey Monkey, from September 4 - 10, 2014.

A total of 1112 completed responses were received.

Disclaimer: This survey is not statistically representative of the population as a whole. Some inconsistencies may appear in the data: a sum of the component variables may not equal their reported whole due to slight discrepancies in the sets of firm data present in each calculation. The survey form may have truncated digits beyond the decimal point for data points in some responses.

Introduction

It is no secret that the business of music has been forever changed by the advent of the internet and subsequent growth of digital distribution technologies.

The media conversation around this ongoing evolution has, for the most part, revolved around the opinions of a highly vocal segment of industry voices. While only a small subset of the music businesses' stakeholders, the members of this group have wielded considerable power in the label-oriented industry hierarchy. For them, the democratization of the industry creates risks. Their investment is in maintaining the status quo.

A much larger group, whose voices are frequently muted by those "in charge," is comprised of the creators, without whom there would be no industry. And in line with TuneCore's mission to help independently-spirited artists' and songwriters' work be heard around the world, we wanted to broadcast their opinions on the changes in the industry and what the future may hold.

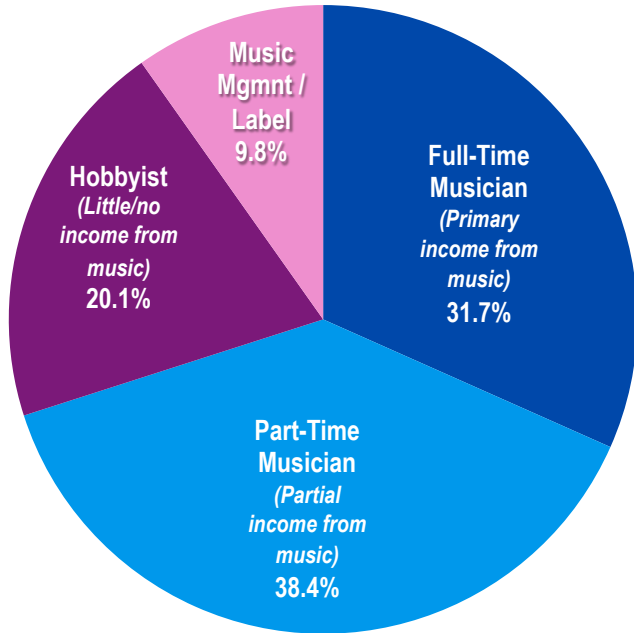
TuneCore serves artists who are at all points on their musical journeys, with any degree of aspiration or professional stature. In order to explore how opinions and preferences are influenced by artists' particular circumstances, we asked survey respondents to self-identify as part of one of the following four segments:

- Full-Time Musician: Primary income from music
- Part-Time Musician: Partial income from music
- Hobbyist: Little/no income from music
- Music Management/Label

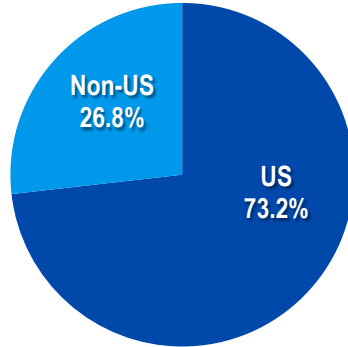
It's only by listening to those who are driving the future of music can we truly understand the tools and resources that are essential to the music business' healthy growth and how we can drive positive change in support of the new generation of musician-entrepreneurs.

Respondent Demographics

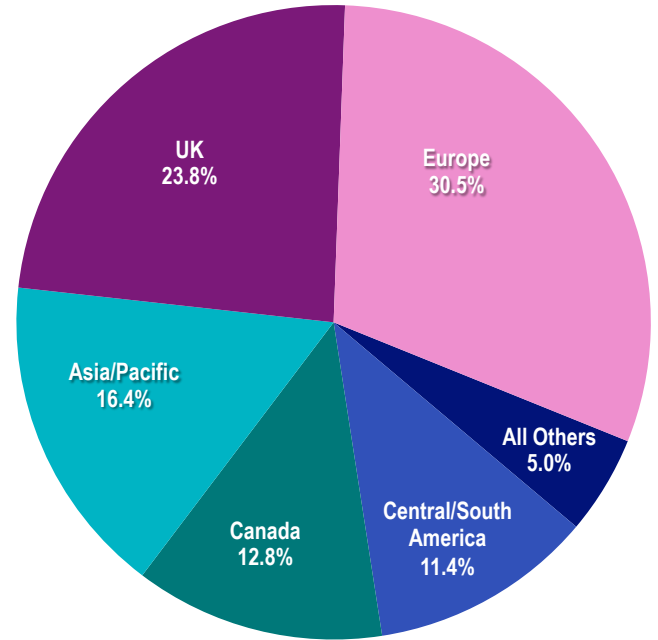
What type of Musician are You?



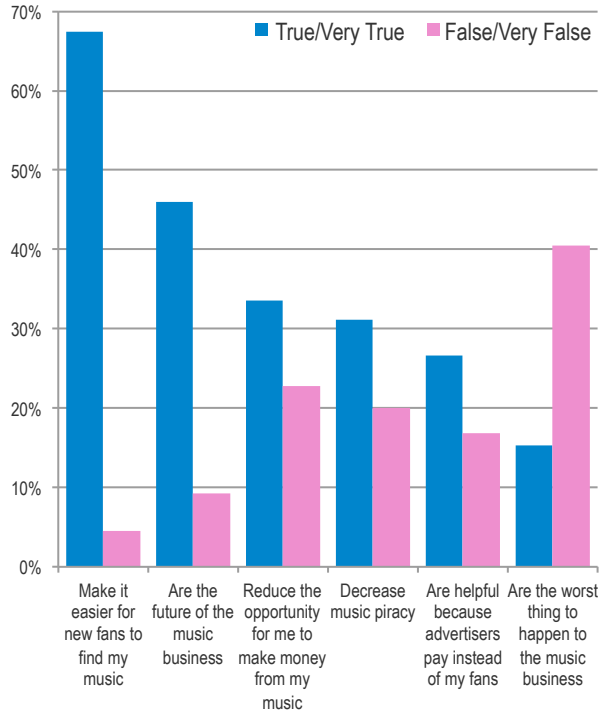
Where are you located?



Non-US Respondents by Region



Q1: I think music streaming services (e.g., Spotify, Deezer)...



Overall Order

1. Make it easier for new fans to find my music
2. Are the future of the music business
3. Reduce the opportunity for me to make money from my music
4. Are helpful because advertisers pay instead of my fans
5. Decrease music piracy
6. Are the worst thing to happen to the music business

Conclusions

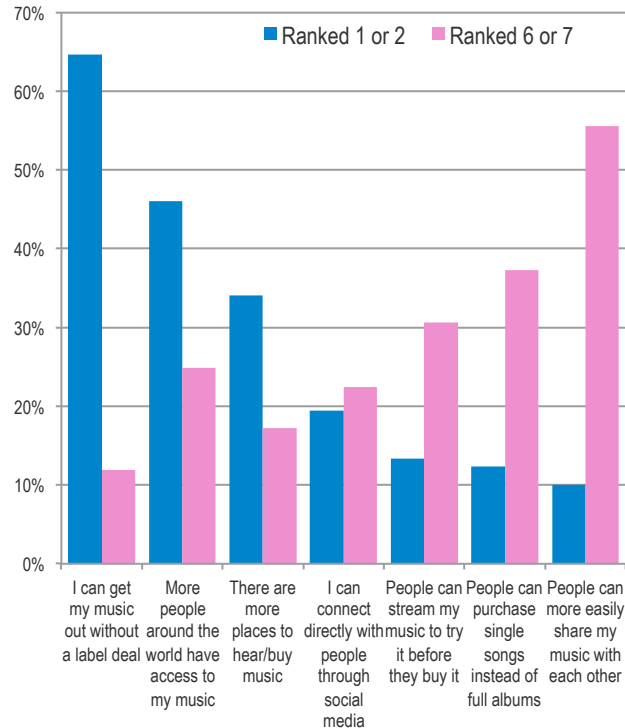
- Across the board, survey respondents agree that streaming services make it easier for new fans to find music (67.46% true/very true).
- To a lesser extent, yet still clear across all demographic categories, participants acknowledge that streaming services are the future of the music business (46% true/very true).
- Survey respondents also shared the belief that streaming services are NOT, in fact, “the worst thing to happen to the music business.” (15.34% true/very true vs. 40.48% false/very false)
- We did, however, note some apparent skepticism about the often-reported fact that streaming is helping to decrease music piracy. (31.17% true/very true vs. 20.07% false/very false)

Interesting Differences

- Those in the Label/Manager group showed the strongest sentiment that streaming is NOT the “worst thing,” with 54.72% saying the statement is false/very false vs. only 14.15% saying it was true/very true.
- Label/managers also felt the idea that streaming “reduced ability to make money” was more false than did others (35.85% false/very false vs. other groups ranging from 20 – 25% false/very false).
- Label/managers are also the only group with more than half indicating strong belief that streaming is the future of the music business (54.13% true/very true). Hobbyists followed at 49.3%, then part-time musicians at 47.03% and full-time musicians at 40.06%.
- Both the hobbyists and full-time artist groups had an equal percentage of respondents at both ends of the scale for the issue of whether or not piracy has been reduced because of streaming. For hobbyists, 25% chose true/very true and 25% chose false/very false. For full-time musicians, 21.83% chose true/very true and 21.83% chose false/very false

Q2: Rank the digitally-driven changes to the music business in the list below by importance to you

(1= most important and 7= least important)



Overall Order

1. I can get my music out without a label deal
2. More people around the world have access to my music
3. There are more places to hear/buy music
4. I can connect directly with people through social media
5. People can stream my music to try it before they buy it
6. People can more easily share my music with each other
7. People can purchase single songs instead of full albums

Conclusions

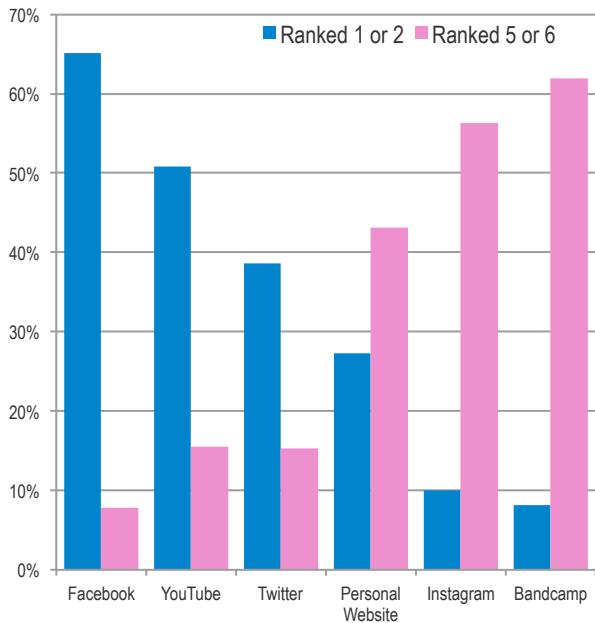
- Across all demographic categories, respondents consider the fact that they can get their music out without a label to be the most important digitally-driven change to the music industry (64.66% rating #1 or #2 vs. 11.87% rating #6 or #7).
- Consistently ranked as least important across all demographics were the abilities for people to share music and purchase single songs. Over 50% of all groups' participants placed purchasing single songs as #6 or #7 in importance to them.

Interesting differences

- The hobbyist group had more than half of respondents 1=51.79% considering the ability to get music out without a label as the single most important digitally driven change to them. It can be assumed that this is because their releasing music on a wide scale would have been nearly impossible under the label-driven model of the industry.
- All groups placed global access to music and the increase in places to hear or buy music in the #2 or #3 position. The order was reversed for part time musicians, however this was not because fewer rated it as #1 or #2, but because MORE rated it #6 or #7.
- Hobbyists also had the highest percentage ranking the ability to get music out to the world among the lowest in importance, with 29.02% rating this a #6 or #7 compared to 15 – 22% for the other groups.

Q3: Rank the following social platforms in order of most important for connecting with fans.

(1=most important, 6=least important)



Overall Order

1. Facebook
2. YouTube
3. Twitter
4. Personal Website
5. Instagram
6. Bandcamp

Conclusions

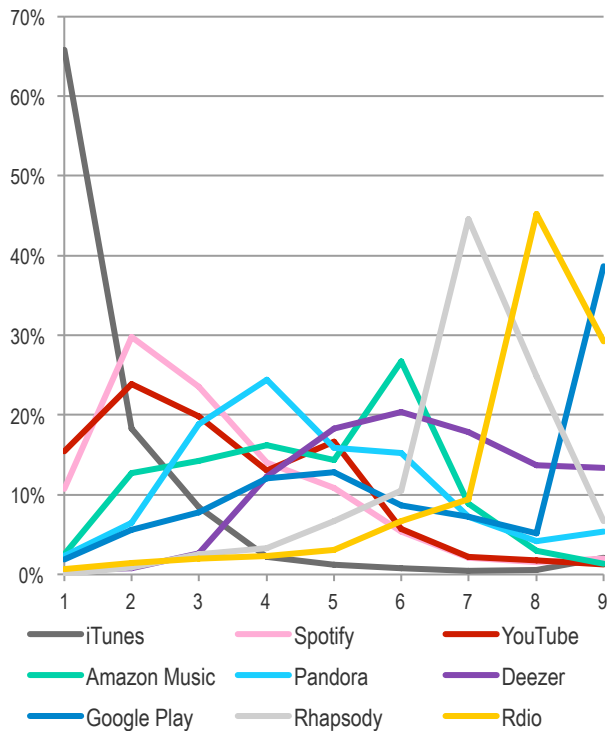
- Facebook was the clear leader when it comes to social networks important for connecting with fans, with 65.11% of survey respondents ranking it first or second.
- When segmented by professional level, all groups ranked the social platforms in the exact same order, with the only deviation being a tie between YouTube and Twitter in the label/manager group, where both received 46.79%, rating it #1 or #2.

Interesting differences

- For most questions in the survey, there was little difference between US and non-US participants, however for this question, we see a switch in the relative importance of Instagram and Bandcamp. While all groups place these platforms at #5 or #6, non-US-based respondents reversed the order, with Bandcamp at #5 (10.07% ranking it #1 or #2) vs. Instagram (3.69% ranking it #1 or #2).
- The importance of Bandcamp is even greater for Canadian respondents, with 13.16% ranking it a #1 or #2 compared to 5.26% for Instagram.
- Label/Managers ranked personal websites higher than did other groups, whereas Hobbyists ranked them lower (30.28% rating it #1 or #2 vs. 21.88% in the hobbyist group).

Q4: Please rank the following music distribution channels in order of importance to you.

(1=most important, 9=least important)



Overall Order

1. iTunes
2. Spotify
3. YouTube
4. Amazon Music
5. Pandora
6. Deezer
7. Google Play
8. Rhapsody
9. Rdio

Conclusions

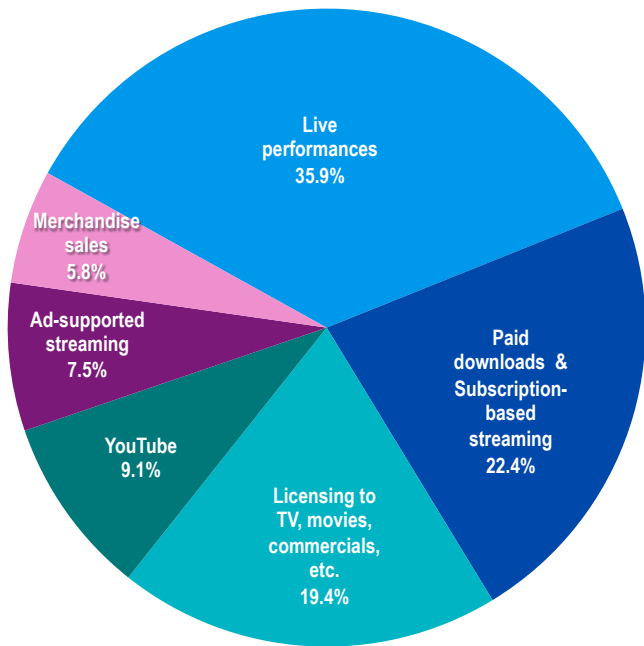
- The average placement of the channel selections remained relatively consistent between all professional level groups.
- iTunes was clearly the top pick, with 65.83% of all respondents placing it in the most important slot.
- Spotify and YouTube are vying for #2. While more respondents selected YouTube in #1 (15.47% vs. 10.79%), Spotify slightly edged it out of the overall #2 position through more frequent placement in the #2 spot (29.77% vs. 23.92% overall).

Interesting differences

- While iTunes' priority for musicians is unlikely to be shaken in the near term, the uneven dispersion of the rankings among the other platforms shows that there is plenty of room for contenders to grow their influence and gain market share.
- Each professional group had a very narrow margin of difference when rating YouTube or Spotify for the top spot. The exception is in Canada, in which there was a significantly wider margin (18.42% and 7.89%).
- Canada also shows the largest margin between the priority of iTunes vs. YouTube (71.05% vs. 18.42%).
- Note the sample size for Canada is relatively low, thus we cannot assess the statistical significance of this data.

Q5: In five years, what revenue source do you think will be most important for independent musicians?

(Please select one)



Overall Order

1. Live performances
2. Paid downloads & Subscription-based streaming
3. Licensing to TV, movies, commercials, etc.
4. YouTube
5. Ad-supported streaming
6. Merchandise sales

Conclusions

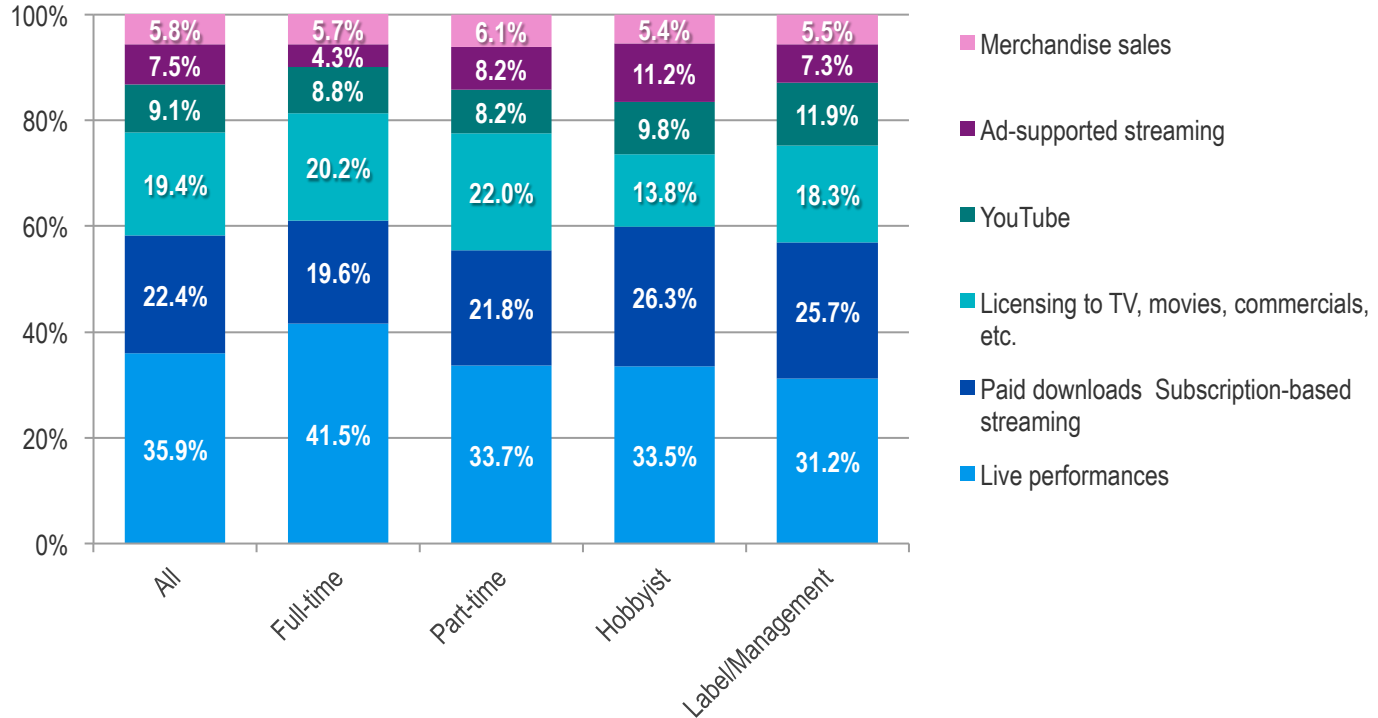
- While the value of streaming services and importance of YouTube were clearly expressed through responses to previous questions, this question showed that respondents do not necessarily expect this priority to translate to dollars in their pockets.
- Live performance was the top choice across all groups, with licensing and paid downloads coming in either second or third.

Interesting differences

- Merchandise sales were in the last position for all groups except full-time musicians, for whom ad-supported streaming was ranked last. It is likely this group is the one that experiences the revenue effect of merchandise sales most directly.
- Full time musicians also had the largest margin between their first (performance) and second (licensing) selection.

Q5: In five years, what revenue source do you think will be most important for independent musicians?

(Break-down by professional group)



Conclusion

Following the rapid rise of the internet and digital media technologies, many of the music industry's loudest voices projected messages of a business in decline. Through this survey, TuneCore has showcased the opinions and attitudes of those who may not be heard as frequently, but without whom there would be no music business – the creators.

The results of the survey demonstrate the optimism artists have regarding the future of the music business and the positivity they maintain about the changes the digital revolution has catalyzed.

- Artists strongly believe that streaming makes it easier for new fans to find their music and they see it as a driver of the business' future.
- Artists recognize the ability to get their music out without a label – something that was nearly impossible before – is the most important digitally-driven change to the music business.
- Artists understand the ability get their music out to fans anywhere in the world.
- Artists value platforms like iTunes, Spotify and YouTube for distribution and social networks like Facebook and Twitter for connection with those fans around the world.
- Artists project that performance will be the largest income driver in five years, with revenues from distribution via streaming and downloads expected to come in second, yet they also see licensing as a growing income driver in the years to come.

It's clear that the business of music has changed fundamentally and dramatically, but through these artists' opinions, we can see that these changes are perceived as builders of opportunity.

For the growing generation of musician-entrepreneurs, the evolution of the music industry is a positive one, where they can take control of their own careers and retain the proceeds from their craft.

About TuneCore

TuneCore brings more music to more people, while helping musicians and songwriters increase money-earning opportunities and take charge of their own careers. The company has one of the highest artist revenue-generating music catalogs in the world, earning TuneCore Artists \$471.5 million on 10.6 billion streams and downloads since inception. TuneCore Music Distribution services help artists, labels and managers sell their music worldwide through iTunes, Amazon Music, Spotify, Google Play, and other major download and streaming sites while retaining 100% of their sales revenue and rights for a low annual flat fee. TuneCore Music Publishing Administration assists songwriters by administering their compositions through licensing, registration and worldwide royalty collection. Additionally, the Artist Services portal offers a suite of tools and services that enable artists to promote their craft, connect with fans and get their music heard around the world. TuneCore is headquartered in Brooklyn, NY with offices in Burbank, CA and Nashville, TN, and is backed by Opus Capital and Guitar Center. For more information, visit www.tunecore.com.

Media Contact

Alisa Finkelstein
MWW for TuneCore
afinkelstein@mww.com
212-327-3753