

A MIDiA Research White Paper
commissioned by IDAGIO



THE CLASSICAL MUSIC MARKET

STREAMING'S NEXT GENRE?

About MIDiA Research

MIDiA Research is a unique analysis and data service focused on the intersection of technology and content.

MIDiA Research leverages multi-country consumer data, market forecasts and other proprietary data tools to provide unrivalled insight into the rapidly changing global digital content markets. Our coverage includes music, online video, mobile content and paid content strategy.

For more details visit our website:

www.midiaresearch.com

Or email us at info@midiaresearch.com

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TILL JANCZUKOWICZ, FOUNDER AND CEO, IDAGIO

Classical music is young, big in size and is embracing streaming

For some time, the death of classical music was a popular story to tell. Evidence was often anecdotal and based on observations of white-haired concert goers in western concert venues. Numbers have proven such bias wrong.

Concerts and opera performances represent one way to experience this beautiful and rewarding art form, which is probably the world's most global music genre. When it comes to recorded music, technology mainly challenged distribution and packaging: vinyl, CD, download, stream – but never the content. Technology facilitates access, helps reduce costs and changes human behaviour. But how are audiences reacting to classical music streaming?

This research points to a fruitful and prosperous future for audiences, artists and for classical music as a genre, showing that 35 % of music consumers are classical music fans. Classical music is the fourth most popular music genre and has more fans than R&B or hip hop. Streaming plays a key role in shaping the future of classical music and in introducing the genre to new audiences across the globe, with 30% of listeners under 35 and 31% aged 25–34. Streaming can generate moments of serendipity: 42% of listeners state that they are discovering more music on streaming services than they would through other traditional formats.

Happy reading!

KEITH JOPLING, CONSULTING LEAD, MIDIA RESEARCH

Despite classical music's timeline beginning somewhere in medieval times it feels like its time is about to arrive again. While the classical music genre accounts for just five percent of the global recorded music market, listeners tend to be loyal aficionados and evangelists.

Classical music is opening up, with 'mood-based' playlists on streaming services reaching many millions more, often younger listeners, drawn-in by the music's ability to evoke mood, emotion or offer something truly different to the more popular genres of the day. We have termed this new audience Classical Enthusiasts, and they represent a real opportunity for classical artists from the Italian Baroque of Monteverdi to the modern minimalism of Philip Glass. However, classical music requires a whole new structure around it that is very different to hip hop, pop and Latin, which have come to dominate streaming platforms like Spotify and Apple Music.

These genres are easily sorted, searched or compiled by song, album, artist or playlist. Classical music is different. It consists of multiple orchestras (from

anywhere in the world performing the same pieces in very different ways. As classical discoverers literally dip into a totally different world, their behaviours require a different type of music service – one that can serve up just the right version at the right time, for the right mood.

When IDAGIO commissioned MIDiA to explore the classical music audience globally, we were excited to validate the hypothesis that a classical music resurgence was possible in today's on-demand music streaming world. We found that classical music fans are different to pop music fans, but overwhelmingly just more interested and more curious about music.

As music finds itself migrating from our smartphones and headphones back into living rooms and cars, with the onset of new streaming platforms such as voice, classical music has the opportunity to find bigger audiences, reaching both its loyal aficionado listeners and its much broader potential audience of enthusiasts around the world.

About this research

This study was put together by MIDiA Research from an online consumer survey of 8,000 adult music consumers across eight markets: the USA, UK, Germany, Austria, Denmark, Sweden, Mexico and South Korea. Additionally, MIDiA's 2018 market models were used to calculate market values and trends for the classical genre. This work was sponsored by IDAGIO, the leading dedicated classical music subscription service now available in 180 markets around the world.

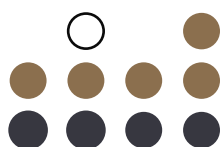
Classical Music enters the Streaming Era



Classical recorded music revenues were worth \$384 million globally in retail terms in 2018

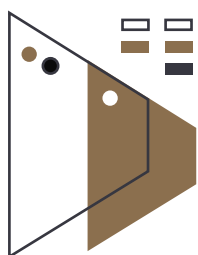
Classical streaming revenue was up 46% in 2018 to \$141 million (37% of total classical music market value)

North America was the largest classical music region in 2018, worth \$146 million, with streaming at \$89 million



Classical music listeners have an average age of 45.5, with 44% of listeners aged under 44 and 30% aged under 35

46% of classical music listeners say that streaming is a great way to listen to the genre



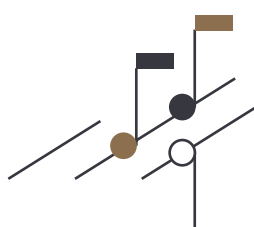
Radio and CDs are still the primary ways classical music fans listen to the genre, but video streaming is the third preferred format, with 29% of listeners regularly consuming classical music via YouTube/Vevo

52% of classical listeners prefer their music in the background while doing something else, while 45% prefer focused listening at home



In South Korea, the UK, Denmark and Germany, consumers appear more purist in the way they listen to classical, with around half (59% in Korea) stating a preference for sitting down at home to listen

In Sweden and Denmark, where algorithmic recommendations are most embedded via streaming, two in every five classical listeners say that they listen to classical as a change from their usual music



Classical music is the fourth most popular music genre across the globe and classical listeners represent 35% of the adult population

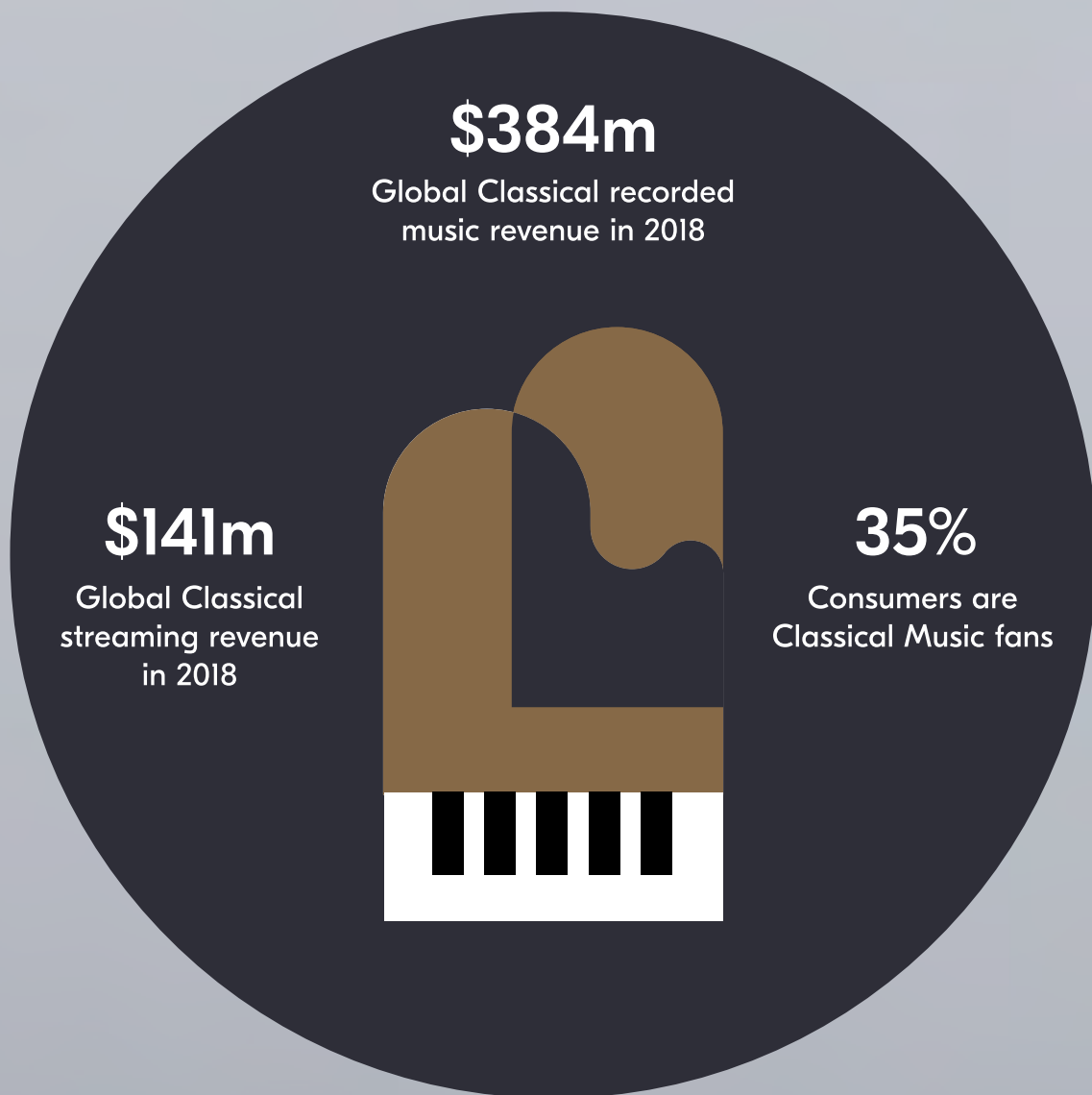
'Relaxing piano music' is the seventh most popular genre with one in five consumers listening to it, many of them not yet realising they have become classical music fans



Overall, 31% of classical music listeners already stream classical music via audio streaming services or YouTube

40% of classical listeners believe that playlists are a great way to discover classical music

The Classical Music Consumer



63%

Classical fans listen to Classical Music to relax

46%

Classical streamers think streaming is a great way to listen to Classical Music

4th

Classical Music is the fourth most popular music genre

Top Classical Genres

1. Orchestral
2. Easy-listening Classical
3. Vocal

Classical Music Thrives in the Streaming Era

This report profiles classical music listeners across eight major music markets, revealing them to be among the most engaged music fans today. Classical music listeners thrive on variety, often participating in music and cultural activities way beyond the average music fan. The report explores this behaviour, and takes a deep dive into the attitudes of listeners around the world, dispelling a few myths about who classical music fans are.

Globally speaking, no less than 35% of the adult population listen to classical genres – the same proportion that listens country music, and more than listen to R&B or hip hop. Classical music is a key part of the global recorded music market, contributing \$384 million of retail recorded music revenues in 2018. However, its value goes much further than that.

**31% of
25–34 year
olds listen to
classical genres**

Classical music is finding its way to younger audiences around the world. While classical listeners overall have an average age of 45, 30% of them are under 35. Classical music listening is at its highest among the over 55 age group, yet some 31% of consumers aged 25–34 listen to classical, with streaming—further galvanising the evolution of the music market—playing a key role in reaching the ‘millennial’ music fan.

Streaming is also playing a crucial part in generating new audiences for classical music through ‘mood-based’ playlists, including in particular those featuring ‘relaxing piano music’ (cited in the present survey by one in five consumers as a genre they listened to). The reach of streaming, as well as its potential, are further highlighted by the fact that nearly half of adults that stream classical music consider it to be a great way to listen to the genre, dispelling the myth that classical fans are still stuck in the CD era.

As we explore these insights, what becomes clear is that the outlook for classical music is bright, but it will be a future in which the old rules are rewritten and in which streaming will take centre stage.

1

Classical Music in 2018

Market Snapshot

In this section we briefly cover the overall market value of classical music, the proportion of adults listening to classical today, and the demographic profile of listeners. We also take a brief look at how classical consumers choose to listen via the various major formats and how classical music compares against other genres.



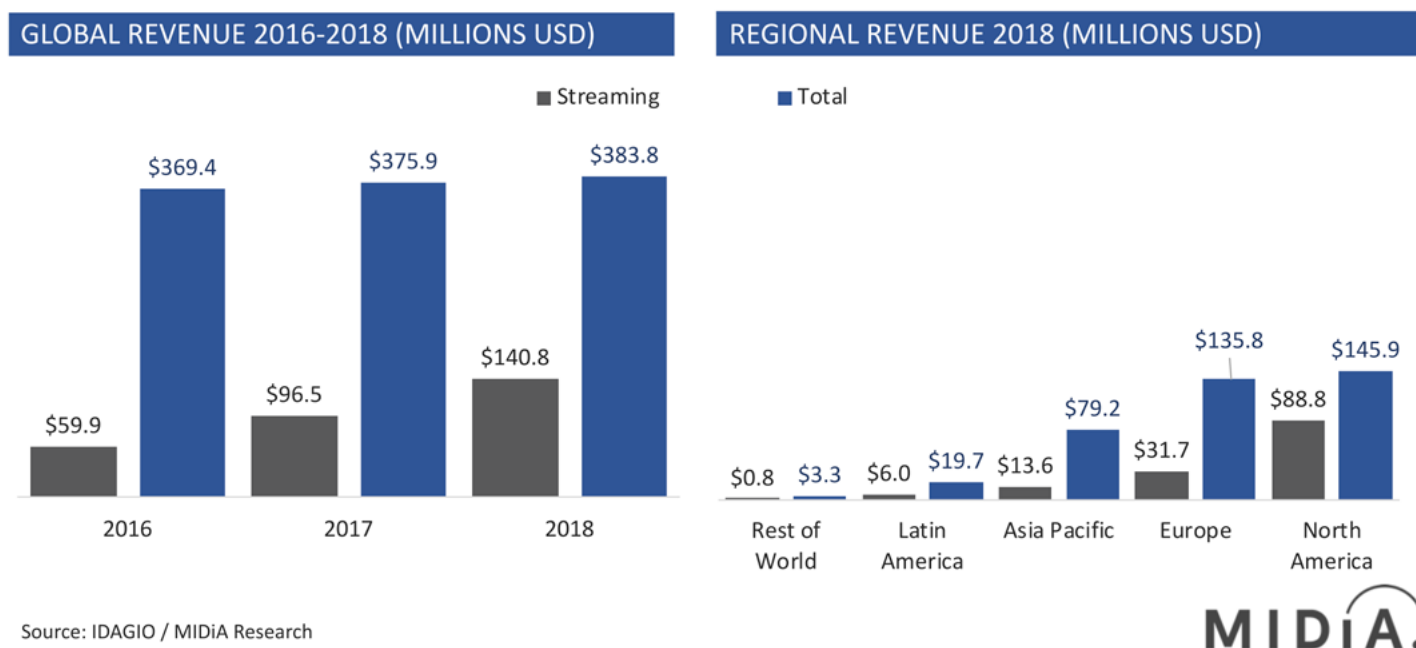
Classical Market Value

\$384 million
Global classical
recorded music
revenues in
2018

Global classical recorded music revenues were worth an impressive \$384 million in 2018 in retail terms. This represented a growth of 2.1%, significantly less than the 15% increase in the overall music market. The key reason for this disparity lies with the fact that the majority of classical revenues still came from CD and download album sales, both of which are declining formats (overall music values for both formats combined was down 16%). Despite this, streaming has kept classical music on a growth trajectory: streaming of the genre up 46% in retail terms in 2018 – a faster pace of growth than music streaming overall (34%). Classical music streaming is now worth \$141 million, just 1.5% of the global streaming market.

Classical Recorded Music Revenues, Global and by Region

Classical Recorded Music Revenues, Global and by Region



North America is the largest consumer of recorded classical music, worth \$145.9 million in 2018, with streaming making up just over two thirds of retail value. Europe was the second largest region with \$135.8 million, but in European markets classical music streaming is yet to make up even one quarter of overall value. Streaming of classical music is at an early stage in Europe and it represents a huge opportunity for future growth.

Classical Listening

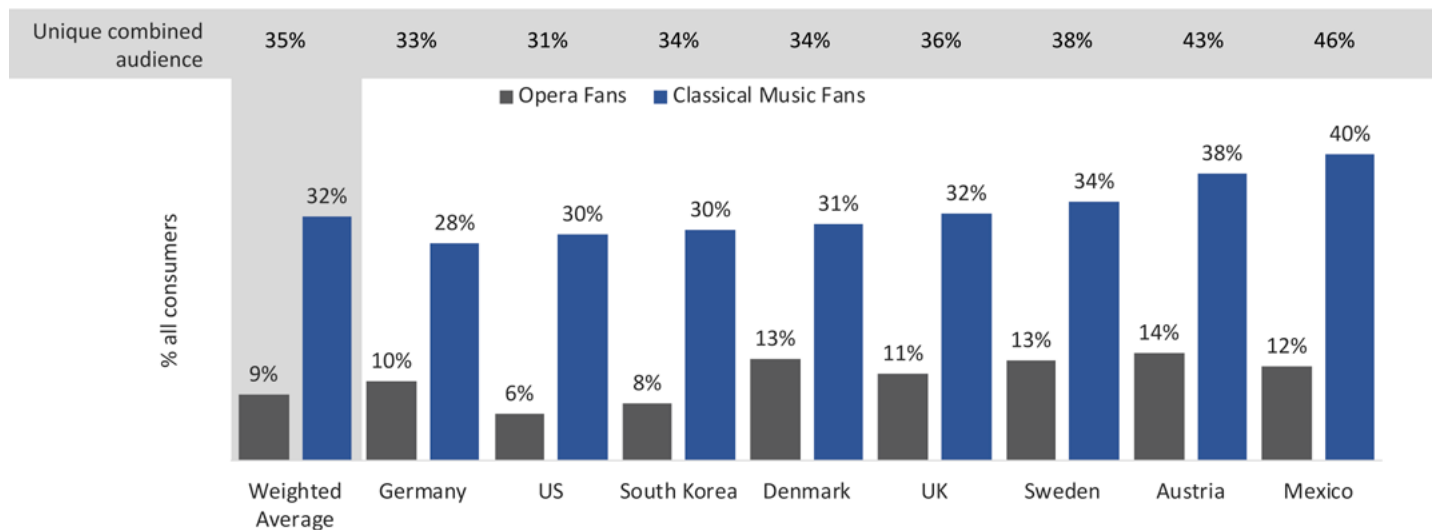
Market Overview

“Across the eight markets surveyed, 35% of adults listen to classical genres”

With classical music worth \$384 million in 2018, listeners of the genre are an important, sizeable and arguably underserved consumer group. Across the eight countries surveyed, some 35% of the population listened to classical music, opera or both. Penetration rates are broadly similar across markets, but peak in Mexico and Austria.

More Than a Third of Music Consumers are Classical or Opera Listeners – Broadly Similar Across All Eight Markets

Penetration of Classical Music Fans by Country, Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea



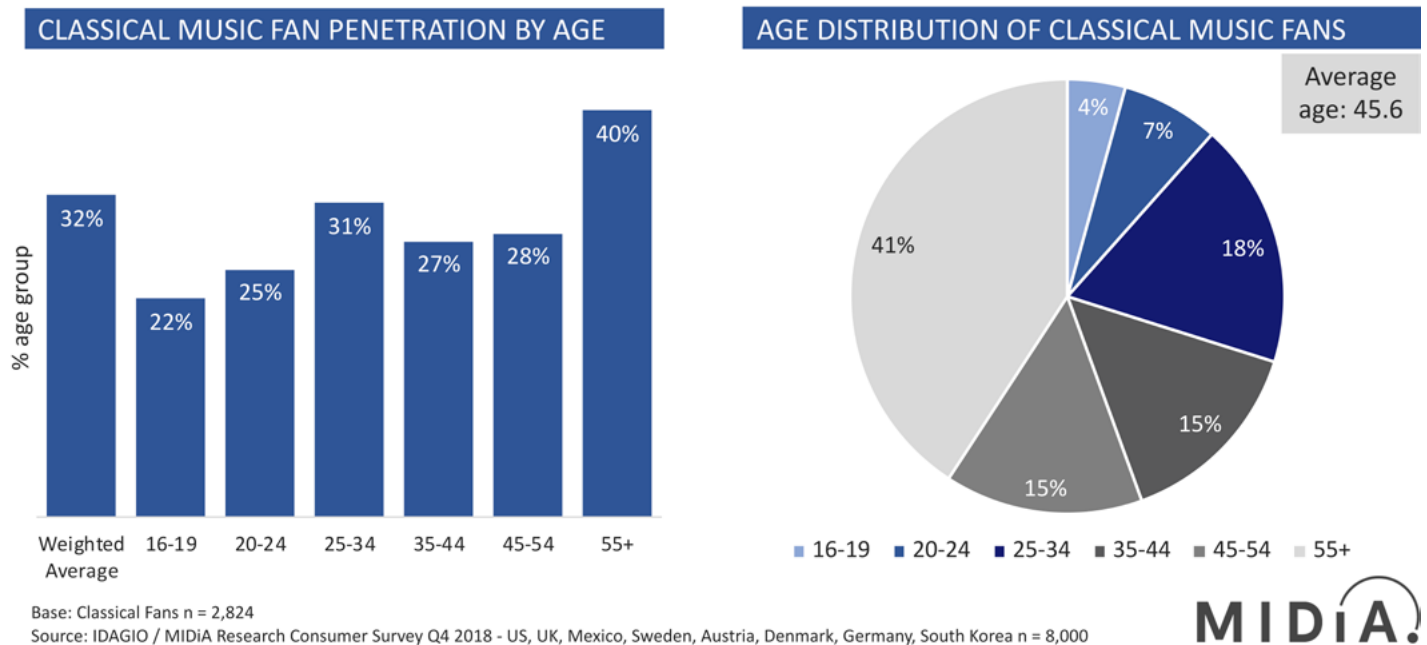
Unique audience refers to the unique, deduplicated audience of consumers that are fans of Classical music and / or Opera

Source: IDAGIO / MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000



Classical Music Fans are Old but the Genre is Reaching Younger Listeners Too

Demographics of Classical Music Fans, Q4 2018 (across eight countries)



Classical music fans have an average age of 45.5, with strong representation among consumers over 55—41% are aged 55 and over. However, Classical fans are not simply a group of older music fans; 44% are aged under 44 and 30% aged under 35. Classical music fan penetration peaks at 40% among consumers aged 55-plus, but the second highest penetration is among the 25 to 34 year olds at 31%. A new generation of Classical music listeners are older than music fans of other major genres with an average age of 45. Indeed, two in five classical listeners are over the age of 55. However, it is also true to say that classical music is finding its way to younger audiences around the world: 30% of classical listeners are under the age of 35.

In terms of penetration in the various age categories surveyed, almost one in three consumers aged 25–34 listen to classical, with streaming playing a key role in reaching the millennial music fan. Even among 20–24 year olds, a quarter of them listen to the genre. Classical music is likely to see significant changes in its audience as more young, streaming-first consumers discover the genre.

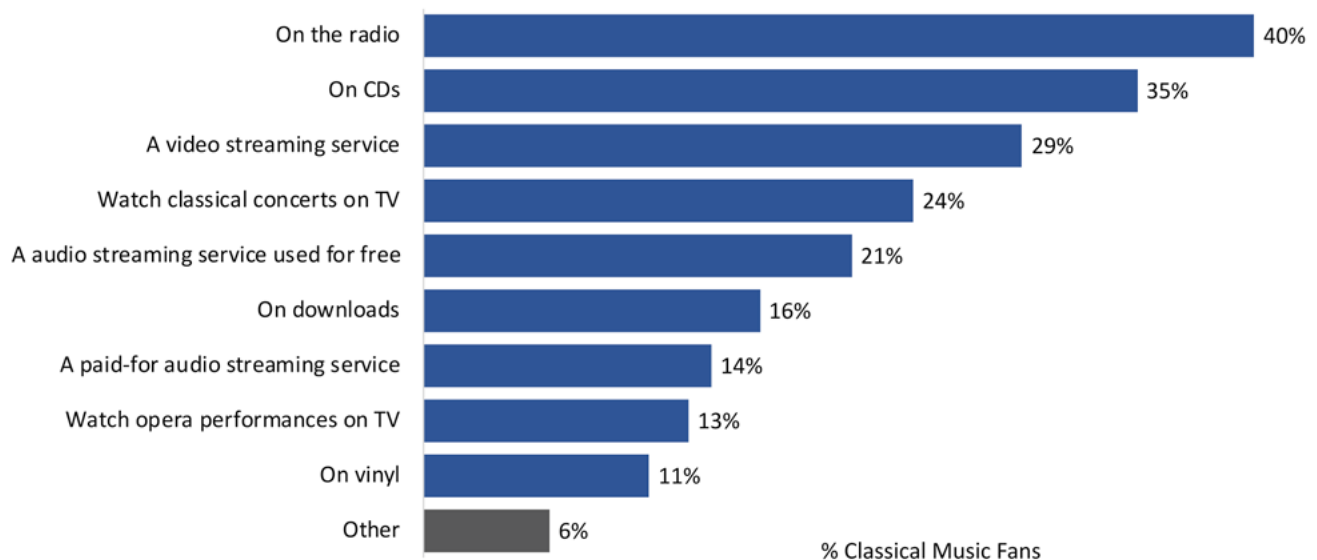
Classical Listening

Formats

Compared with general listeners, classical listeners tend towards more traditional formats, with the majority primarily using the radio or CD. In terms of overall consumption time on various listening formats, the CD accounts for the majority in many countries, while classical radio is also performing well. Indeed, the UK will see the launch of Scala Radio in March 2019, with Bauer Media claiming that a resurgence of interest in classical music is behind the new channel.

Radio, CD and YouTube are the main ways consumers listen to Classical

Formats Used to Listen to Classical Music, Q4 2018



Base: Classical Fans n = 2,824

Source: IDAGIO/ MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000



“Listening format trends indicate an opportunity for audio streaming in the classical space”

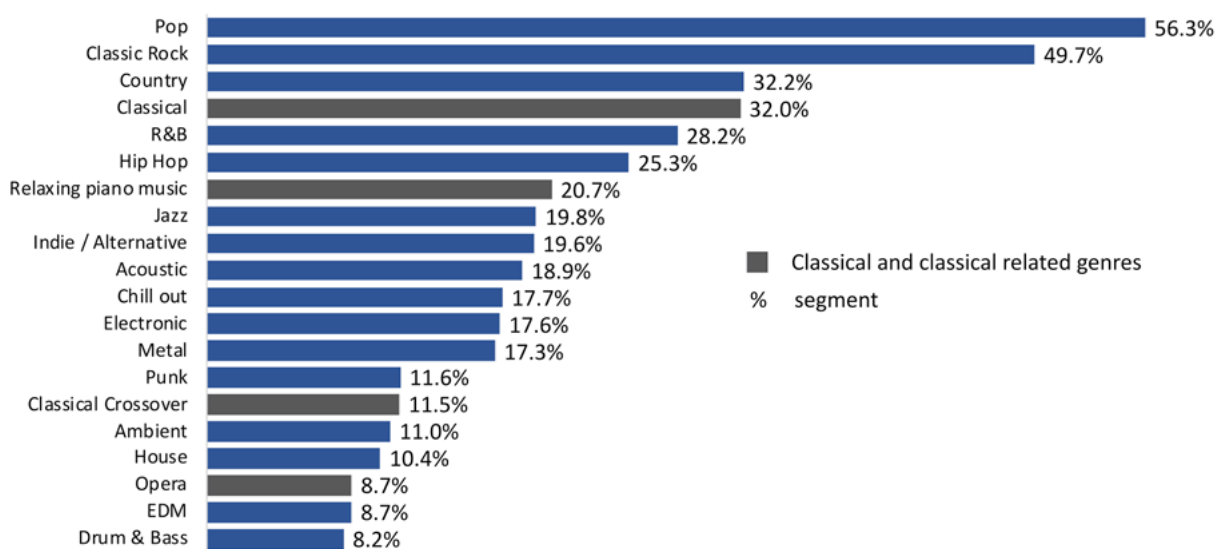
It is very common for classical listeners to discover and listen to classical via video formats, whether that be television or streaming via YouTube. Indeed, YouTube/video streaming and TV are the third and fourth most common consumption methods. Overall listening format trends indicate an opportunity for audio streaming in the classical space: 14% of fans say they use a paid streaming service, putting the sector a few years behind the overall music market. One potential reason for this, is that multi-genre streaming services have yet to prioritise classical music in music menus and playlists.

Classical Listening

Genre

Classical is the fourth most popular music genre overall, and Classical related genres account for four of the Top 20 music types Listened to

Music Consumers' Preferred Genres, Q4 2018 (all countries)



Source: IDAGIO/ MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000



Genre (Continued)



Of the genres included in the survey, classical music is the fourth most popular overall with 32% penetration—ahead of R&B and hip hop. Other classical music and related genres occupy a further three positions in the 20 most popular genres. To be clear, these figures reflect the preferred genre of consumers, and are not a measure of active listening time. Although country music owes much of its ranking to the magnitude of its popularity in the US, like many other genres, country is finding a wider international audience than it once had, possibly due to the global nature of music distribution. This also represents an opportunity for classical music.

A further insight here is the presence of ‘relaxing piano music’, in seventh place with one in five consumers listening to it. Relaxing piano music was not even considered as a genre until the rapid rise of piano-focused mood playlists on streaming services. While not constituting a conventional genre, relaxing piano music has become popular due to its extensive demographic reach. Whilst it would be pure conjecture to suggest that the rising popularity of genres like relaxing piano music will translate into broader consumption of classical music, the opportunity for classical is nonetheless significant; younger audiences are becoming classical music fans even though they might not yet realise it.

2

Classical Music in 2018

Trends & Insights in Listening

In this study we looked at listening habits, motivations for listening and what other music and cultural interests are shared by classical music listeners. The results were not always what we expected, dispelling certain myths about classical listening and attitudes in the sector, while offering interesting insights into how classical music is listened to in different parts of the world.



Classical Listening

Consumer Habits

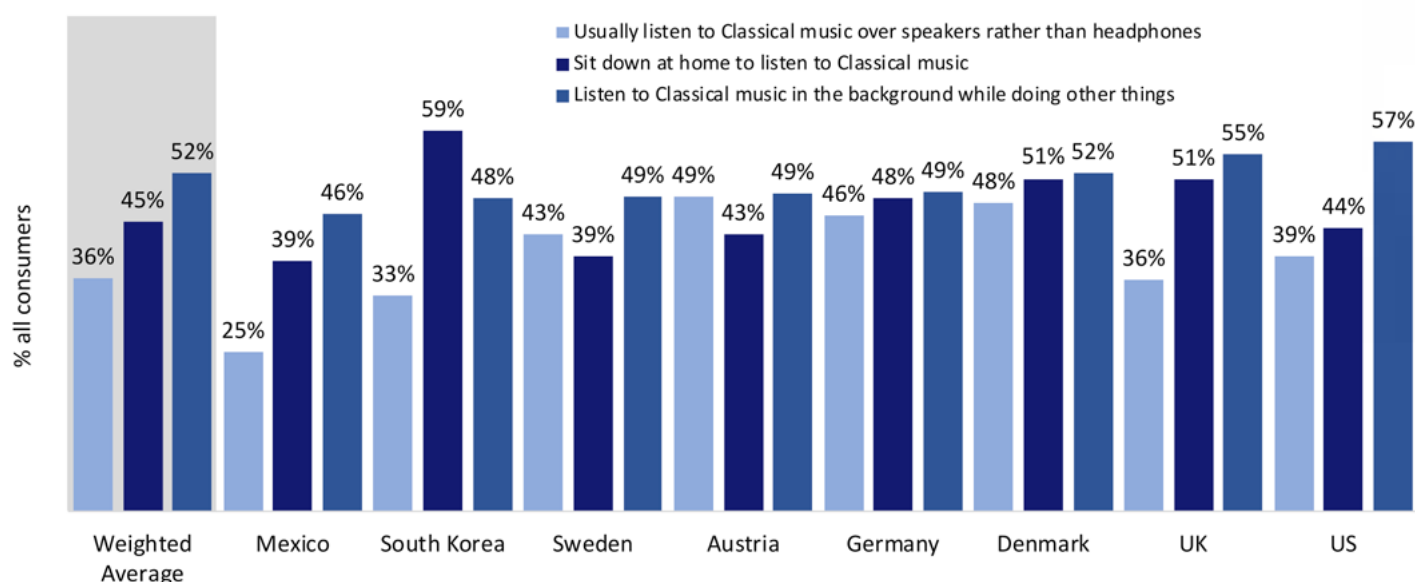
59% of South Koreans prefer to sit down at home to listen to classical music

Classical music listening is by no means standardised across different markets, with behaviour of consumers varying considerably in the different countries examined. In Austria, Germany and Denmark, for example, consumers prefer to listen out loud, with nearly half preferring to listen on speakers rather than headphones – much higher than in the other markets.

In South Korea, the UK, Denmark and Germany, consumers appear to have a more “purist” attitude to listening, with around half (59% in South Korea) stating a preference for sitting down at home to listen to classical music. In the USA on the other hand, there is a preference for listening to classical music in the background while doing other things.

South Koreans most likely to have specific Classical listening sessions while speaker-based listening key in nordics and continental Europe

How Classical Music Fans Listen to Classical Music by Country, Q4 2018, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea



Base: Classical Fans n = 2,824

Source: IDAGIO / MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000

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Classical Listening

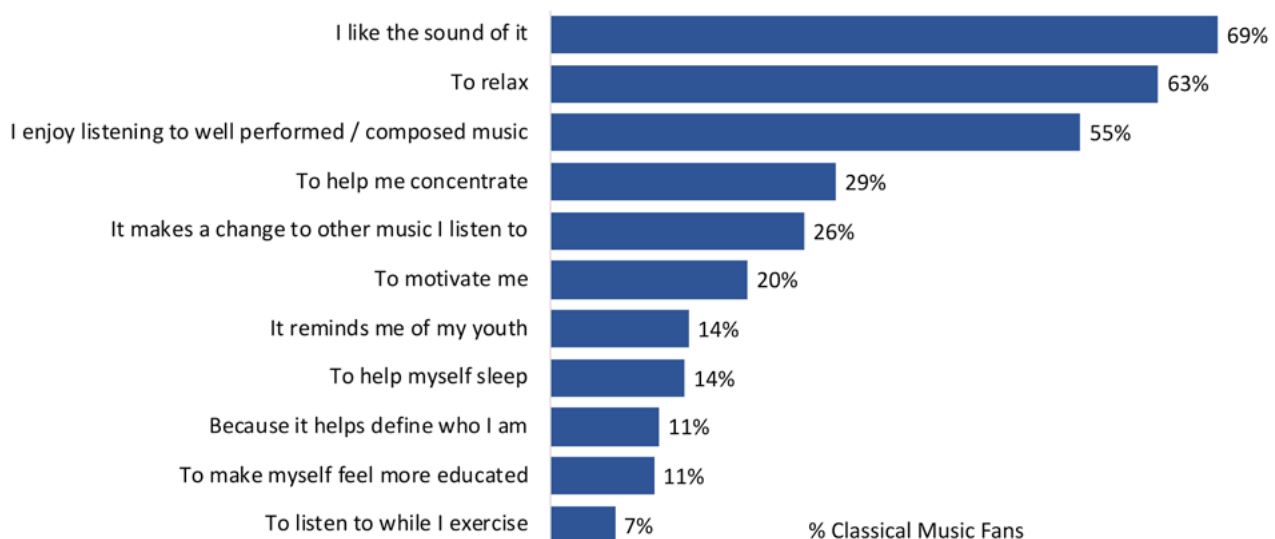
Consumer Motivations

Classical music is about the combination of feeling and appreciation. Although consumers like listening to classical for many of the same reasons they enjoy listening to other genres, the most popular reason, cited by 69% of respondents, was ‘I like the sound of it’.

This is closely followed by using the music to relax (63%). However, it is notable that composition and performance aspects are also highly favoured by 55% of respondents, suggesting that the craft of classical music is something that sets the genre and its fans apart.

Listening to Classical Music is all about the listening experience

Why Consumers Like Listening to Classical, Q4 2018



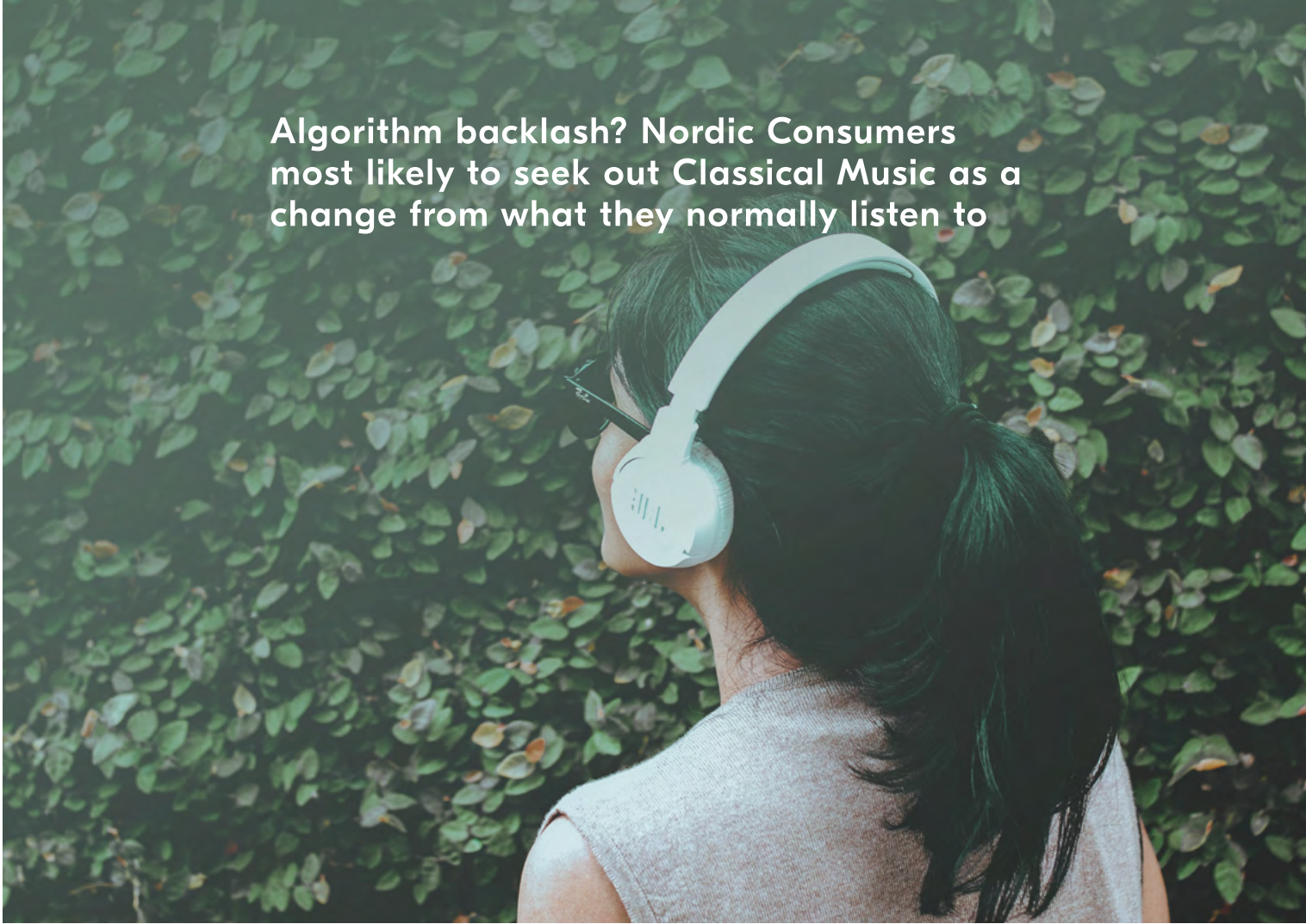
Base: Classical Fans n = 2,824

Source: IDAGIO / MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000

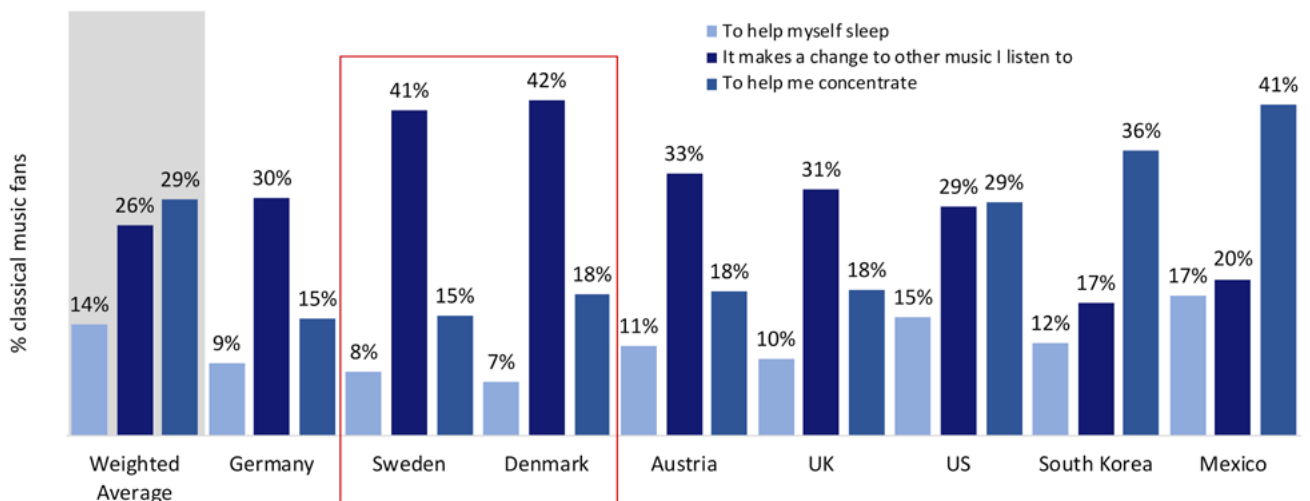


The survey results reveal additional interesting insights, too. While people across all countries listen to classical music to help them concentrate (more so in South Korea and Mexico), there is a much wider variation when it comes to listening to classical music “for a change”. In Sweden and Denmark, where streaming penetration is much higher in general, many more classical listeners are actively seeking an alternative to the music they usually listen to: two in every five classical listeners in these regions cite this as a reason. Could it be that in these markets with heavy streaming adoption, where algorithmic recommendations are most common, that some consumers are seeking an antidote to the music most served up by streaming platforms? Perhaps classical music is seen by some consumers as offering an alternative to more mainstream music recommendations.

Algorithm backlash? Nordic Consumers most likely to seek out Classical Music as a change from what they normally listen to



Reasons to Listen to Classical Music by Country, Q4 2018



Base: Classical Fans n = 2,824

Source: IDAGIO / MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000

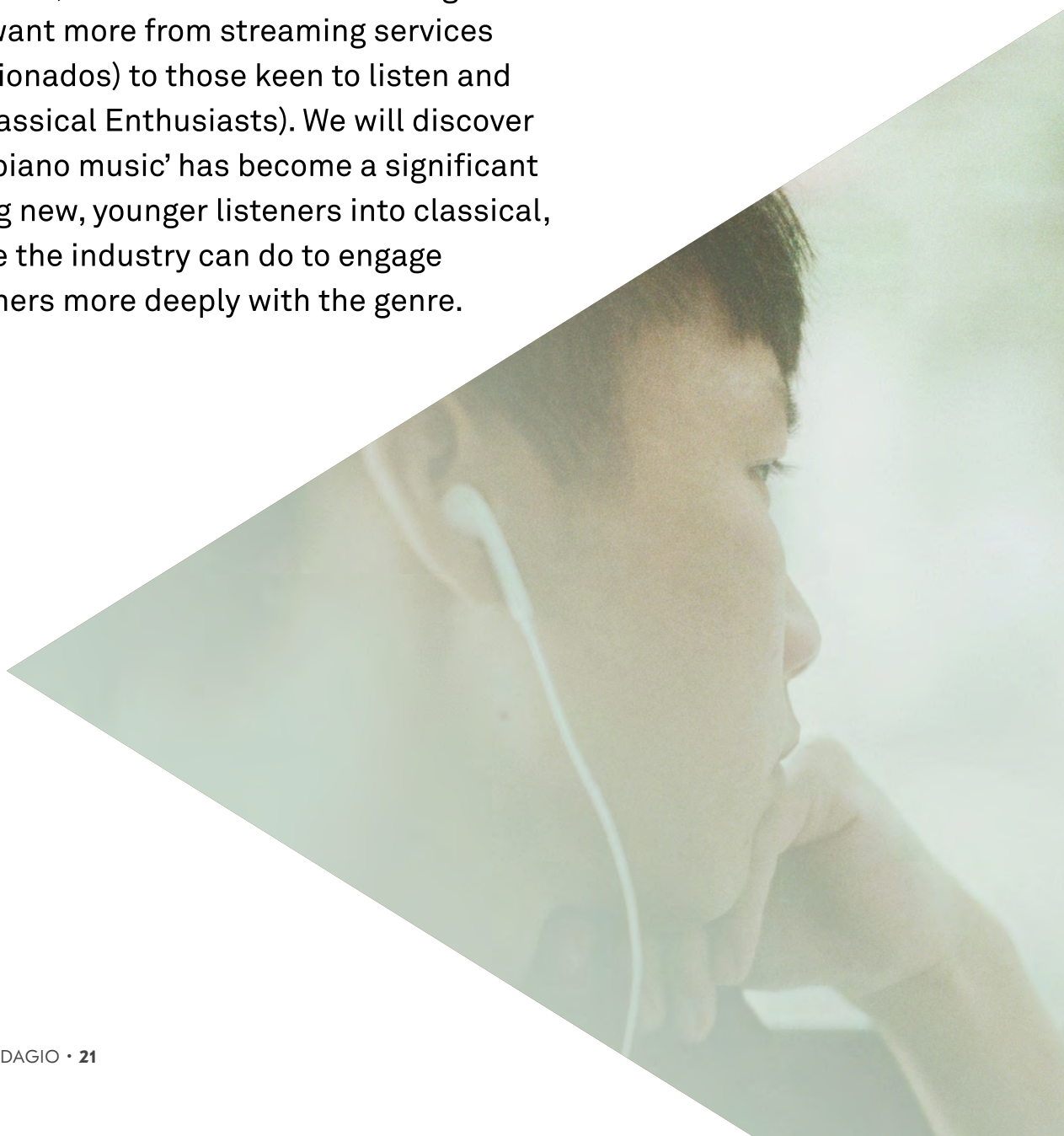
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3

Who are Classical listeners?

A deeper dive into the behaviours and attitudes

In this section, we introduce you to different types of classical listeners, from those who know the genre very well but want more from streaming services (Classical Aficionados) to those keen to listen and learn more (Classical Enthusiasts). We will discover how 'relaxing piano music' has become a significant way of bringing new, younger listeners into classical, and what more the industry can do to engage classical listeners more deeply with the genre.



Introducing Classical aficionados and Classical enthusiasts

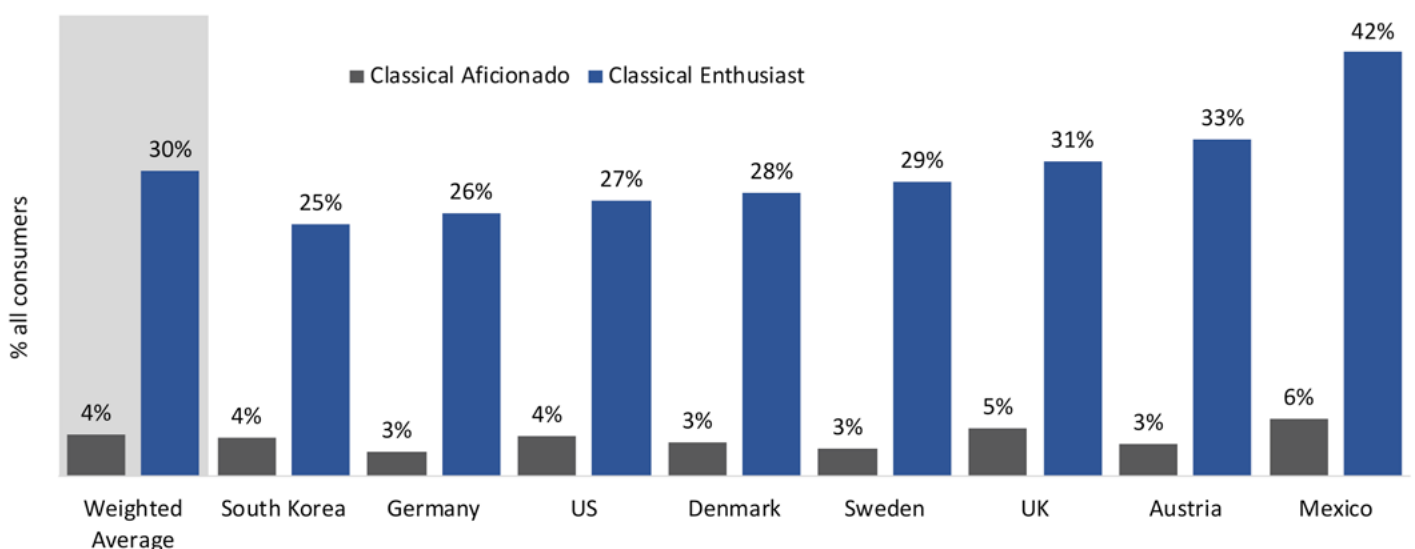
Within the wider representation of classical listeners the two most significant groups are Classical Aficionados and Classical Enthusiasts.

Classical Aficionados are consumers that strongly believe that the genre is important to them, and who like classical music more than any other genre. They are passionate classical fans: classical music – whether experienced through streaming platforms or regular live concerts – plays a central role in their lives,. Aficionados are a small but highly-valuable segment. They represent 4% of consumers across the eight countries surveyed, but are slightly more prevalent in the UK and Mexico.

Classical Enthusiasts are consumers who enjoy listening to classical music. As one would expect, they are a much larger group than the Aficionados, and although they are less actively and exclusively engaged with the genre, they see classical music as inspiring exploration and discovery. Classical Enthusiasts represent 30% of all consumers and penetration rates vary more widely than for Aficionados, from just 25% in South Korea up to 42% in Mexico.

Classical enthusiasts are a large addressable base of consumers while Classical aficionados are smaller in number but highly valuable

Penetration of Aficionados and Enthusiasts by Country, Q4 2018

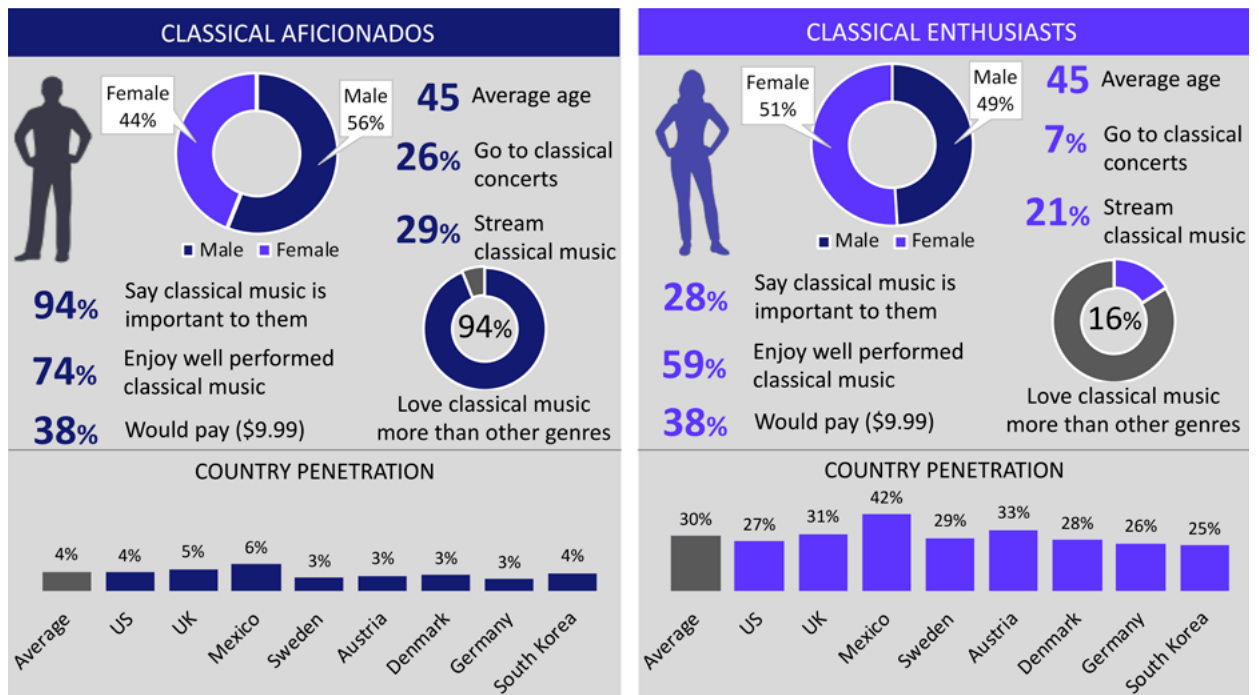


Aficionados = consumers that strongly identify with 'Classical music is important to me' and 'I listen to classical music a lot'
Enthusiasts = consumers that enjoy listening to classical music

Source: IDAGIO/ MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000

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Classical aficionados and Classical enthusiasts - Global Profiles



Classical aficionados

Classical Aficionados have a stronger male skew (56%) and identify most with classical music, with 94% saying classical music is important to them. Nearly three quarters of these fans pay attention to performance when listening to recordings. These consumers are ‘purist’ fans, with strongly held feelings about classical. More than one quarter of them attend classical concerts a few times a year, much more than Enthusiasts. Although more traditional in their outlook, many of them are also digitally inclined, with 29% of them streaming classical music. Aficionados are the group most inclined to pay for a classical music service (priced at \$9.99). They are the most addressable base for a classical streaming service, though they represent 4% of music consumers overall.

Classical enthusiasts

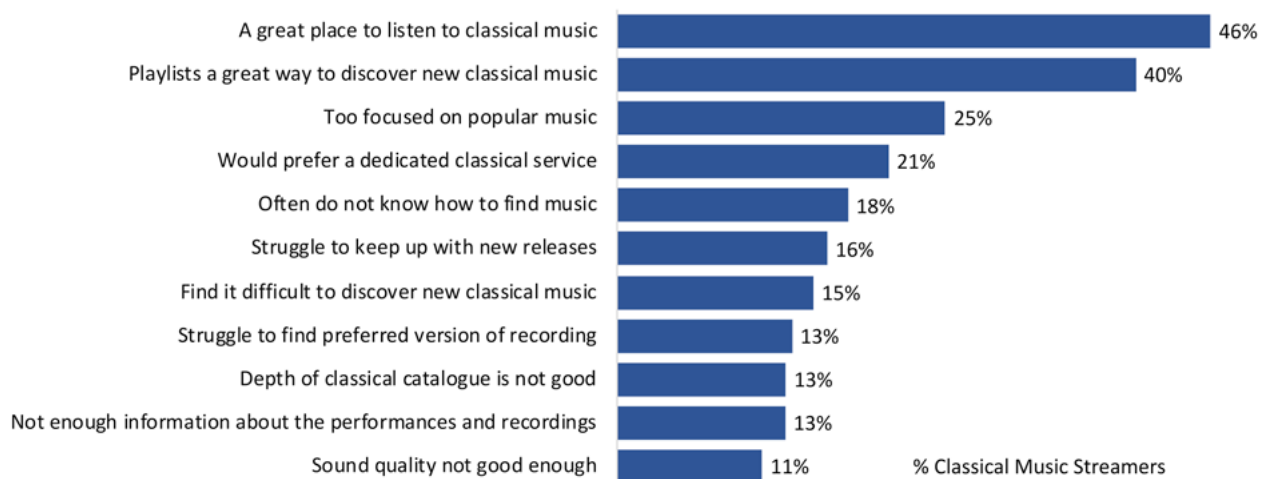
A far larger group at 30% of music consumers, Classical Enthusiasts represent a true mass-scale opportunity for the classical sector. An evenly balanced group gender wise, although with a slightly larger addressable female audience base at 51%. While they engage less with classical music than Aficionados (just 7% attend classical concerts and 28% say that classical music is important to them), they still represent a large base of highly active classical fans. More than one fifth stream classical music and 28% say they would pay for a \$9.99 classical streaming service.

Classical Music streaming

While the major streaming brands such as Spotify, Apple Music and Amazon Music have room for improvement in how well they represent classical music, the overall benefits of streaming are coming across clearly to classical listeners. Already, 49.3% of them stream classical music via audio streaming services or YouTube. Nearly half of these classical music streamers state that streaming is a great way to listen to the genre, and 42% are discovering more music on streaming services that they would on other traditional formats. Again, two in five believe that playlists are a great way to discover classical. In addition, while classical music fans say sound quality is important, most are satisfied with the current sound quality offered by streaming services.

The positives of streaming outweigh the negatives for classical streamers

Attitudes to classical streaming of classical music streamers, Q4 2018 (all countries)



BASE = Classical Music Streamers n = 880

Source: IDAGIO/ MIDiA Research Consumer Survey Q4 2018 - US, UK, Mexico, Sweden, Austria, Denmark, Germany, South Korea n = 8,000



However, without a doubt classical as a genre is still under-represented on the major streaming services and plays 'second fiddle' to pop, hip hop, rock, country and other mainstream genres. Most streaming services have yet to present their vast catalogues of classical works in a compelling way, and do not yet return search results in a way that users can easily understand. Classical consumers can want to search music by title, and/or composer, performer and sometimes period, or even instrument. Arranging all of the metadata around the works is a serious effort and investment by both labels, music publishers and their streaming partners. One way to solve these issues are dedicated classical music streaming apps such and this study finds that one in five classical music listeners would indeed prefer a dedicated classical service.

Conclusions

Classical music fans are a crucial music consumer segment, too often overlooked in the mainstream of the music industry, and especially within the streaming market. However, the clear picture emerging from this study and highlighted through this report is that fans of this genre constitute a large and diverse group that is already highly engaged with new formats like streaming. The cliché image of classical music fans being older, traditionally minded and closed to other forms of music does not tell an accurate story. Instead, we see “traditional” classical fans being joined by a large number of youthful and digitally savvy consumers, who listen to classical as part of their wide music and cultural tastes.

Conventional streaming services risk becoming locked in a race to the musical middle-ground in order to build the biggest audiences possible, with record labels and producers rushing to fill this space with increasingly formulaic playlist-optimised songs. For some consumers however, this situation will lead to an unsatisfying music experience. Classical music provides an alternative, and to some extent even an antidote to this. We are starting to see the signs of a new generation of classical music fans searching for something different.



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