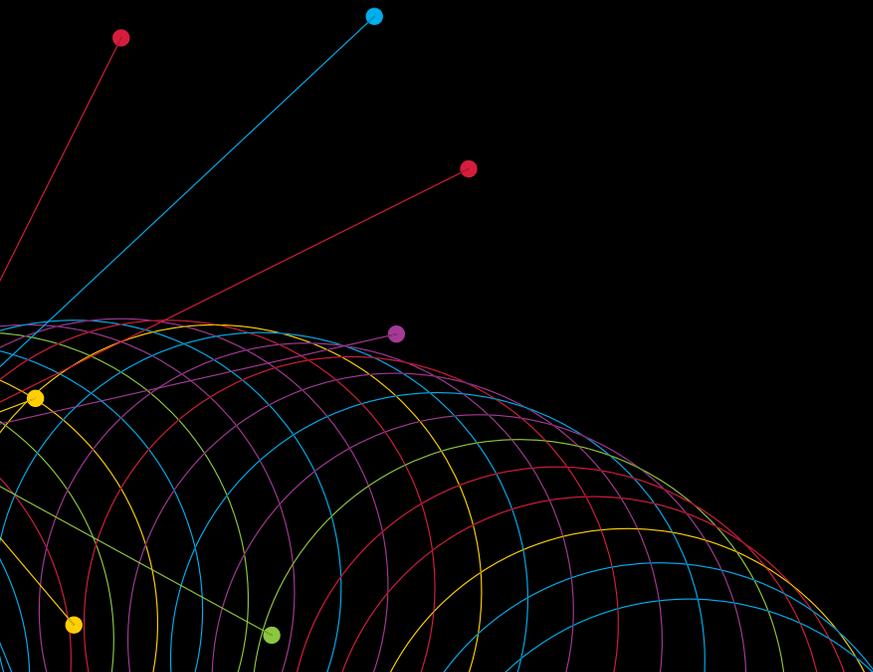




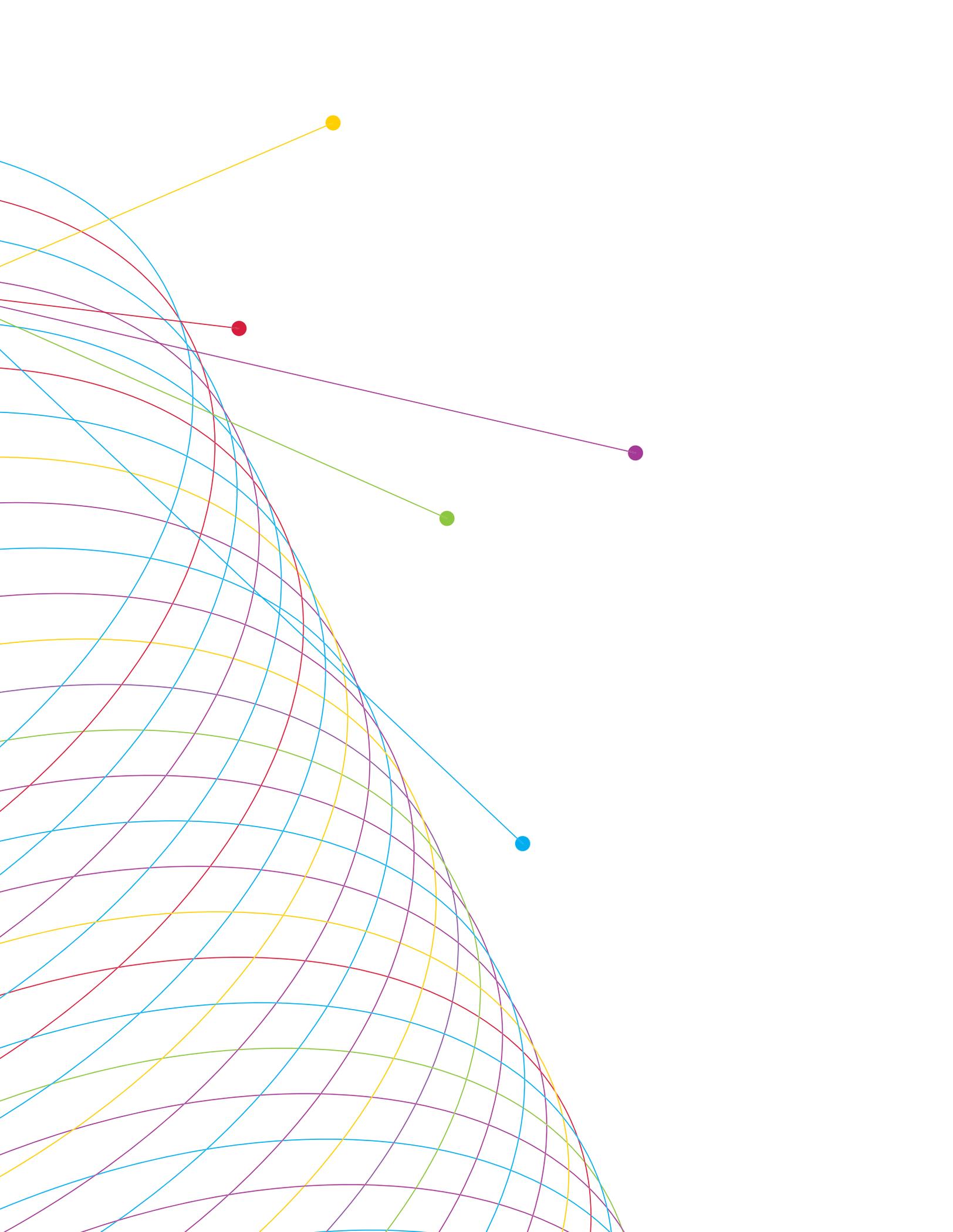
# LISTEN UP:

MUSIC AND THE MULTICULTURAL CONSUMER



nielsen  
.....

AN UNCOMMON SENSE  
OF THE CONSUMER™



# FOREWORD

This report, “Listen Up: Music and The Multicultural Consumer,” is the most recent in a series of detailed analyses on the behavior of African-American, Asian-American and Hispanic consumers.

With an intimate knowledge of diverse consumer behavior across media and retail, our goal is to develop innovative and breakthrough multicultural strategies for our clients and stakeholders. Given the important role that music plays in the lives of Multicultural consumers, we have received requests for additional perspective on this unique market segment. This report includes behavioral research across multiple Nielsen solutions and offers an important perspective about ways that Multicultural consumers are driving change in the music industry. It contains insight on music-related spending patterns, analyses on the ways Multicultural consumers access music, details of their musical preferences, and findings on using music for branding purposes.

As you will read, Multicultural consumers are at the forefront of major music trends, both in terms of taste and behavior. To get an appreciation for where the music industry is headed, there are clear benefits to examining the Multicultural consumer in greater detail. We hope this report is a useful introduction to the behavior of this important audience.



A handwritten signature in blue ink, appearing to read 'Mónica Gil'.

**Mónica Gil**

Senior Vice President and General Manager  
Multicultural Growth and Strategy

# EXECUTIVE SUMMARY

African-American, Asian-American, and Hispanic consumers – the “Multicultural” audience – are at the vanguard of musical trends in the U.S., not only driving the development of musical taste, but also more readily adopting new ways of consuming music. For marketers, musicians and content creators looking to understand how Americans will consume music in the future, taking a closer look at the behavior of this growing consumer demographic is an important piece of the process.

- Roughly a third of the U.S. population currently identifies itself as Multicultural. Diverse consumers are younger than the population as a whole, with more than half under the age of 35.
- Multicultural consumers are early adopters when it comes to using technology to discover and experience music – more likely to download music, watch music videos online, stream music and share it with friends via social media.
- Live music has become more important to Multicultural consumers and the largest component of music spending is on concerts and other live events.
- Multicultural consumers are well-connected, using multiple devices to stay in touch and more likely to listen to music through their mobile technology including Android smartphones, iPhones and PC laptops.
- Social networks are another important way Multicultural listeners connect with music. These audiences are more likely to share music through Facebook, Twitter and email; more apt to ‘like’ and comment on Facebook posts from musical artists or bands, and more likely to retweet messages from their favorite artists.
- The popularity of using streaming services to access music is driven in part by Multicultural consumers, who are more likely to pay for these services. Among diverse consumers who pay to stream, popular services include Pandora One, Spotify Premium, and Google Play Music.

Unless otherwise noted, all the data in this report are from the 2013 Nielsen 360 Music Report. This report is a comprehensive in-depth survey of consumer interaction with music in the U.S. Data was collected online from survey respondents age 13+ and based on self-reported recall on past actions, spending, and current feelings.

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# IN TUNE

Music knows no boundaries in America. It is the great equalizer among consumers of different ages, languages, races, incomes, genders and geographies. People find that music is a mirror of and a bridge to an increasingly diverse society. When “Don’t Stop the Party,” “Gangnam Style,” “Why this Kolaveri Di,” “The Harlem Shuffle,” or “Call Me Maybe” enter deep into the national consciousness, consumers don’t think about the Hispanic, Asian, Black or White origins of these songs; they just think about how the music makes them feel. Madonna was right when she sang that “music makes the people come together,” but that sonic and human convergence is increasingly multicultural in a way that makes music fans of all races and ethnicities in the U.S. and abroad feel welcome at the party.

Consumers across nearly all demographic groups are passionate about music because it gives them a form of individual expression, and brings them together around shared experiences. As a uniquely engaging medium, music gives brands a remarkable tool for building consumer affinity, changing perceptions, increasing recall and promoting awareness of their products and services.

Technology has become a critical factor in helping consumers across cultures seamlessly transcend musical genres. Not too long ago, individuals largely experienced music in three ways: over the radio, on record players or at live events. The introduction of cassette tapes, the Walkman, boom boxes and music television made music more portable and visual. The advent of digital technology led first to CDs and MP3 players, and then to online videos, satellite radio, digital downloads and Internet streaming on PCs and mobile devices. Today’s consumers share music on platforms such as Facebook, Twitter, Vine and others; watch videos on their smartphones and tablets, and create personal music libraries with more songs in their collections than even the most devoted music lover could have accumulated just a few years ago.

Meanwhile, artists are generating more revenue than ever before from live concerts, music festivals, cross-platform events and sponsored promotions. These are emerging opportunities for brands to collaborate with artists who have a sizeable and growing following.

The availability of music across so many platforms has led to widespread exposure, intersection, and sharing across cultures. In 2014 we see artists collaborating cross-culturally and using words and phrases from different languages in their works. We see diverse artists including Pitbull and LL Cool J hosting popular music shows such as the New Year's Eve Ring-In and the Grammys, and pop-sensation Bruno Mars blowing the audience away during the Super Bowl half-time show.

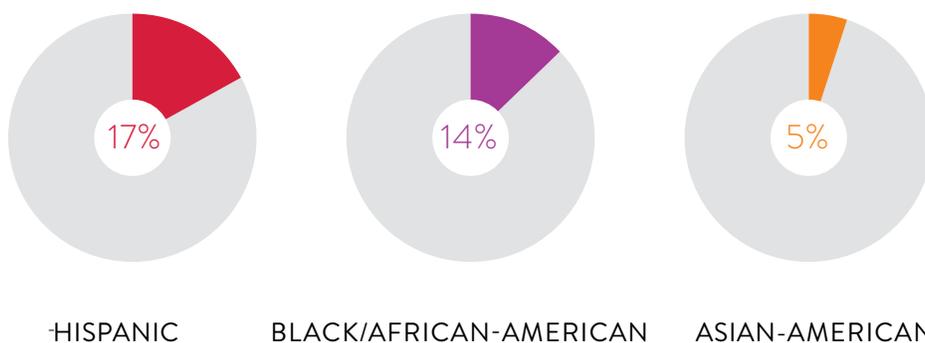
Technologies blur genres and a fan can move from rap to K-Pop to rock to reggaeton with a simple click of a finger. Revolt TV, the multi-platform music network launched last year by Comcast cable and hip-hop mogul Sean (Diddy) Combs, offers fans a post-modern mélange of musical styles that ranges from J-Lo and Drake to the electronic music festival Mysteryland USA and the indie rock band Interpol. The hit song "Hangover," a pan-cultural collaboration between Korean dance-pop superstar Psy and hip hop icon Snoop Dog, tapped a global audience with more than 7 million views on YouTube.

The Multicultural consumer, which for the purpose of this report encompasses African-Americans, Asian-Americans, and Hispanics, is largely driving the transformation of how music is consumed. As the American population has become more diverse, so too has the customer base for music.



# WHO IS THE MULTICULTURAL CONSUMER?

The “Multicultural consumer” is increasingly the “American consumer.” Since 1990, the share of the U.S. population that identifies itself as African-American, Asian-American, and Hispanic has grown from 24 to 37 percent.<sup>1</sup>



According to current U.S. Census projections, these three groups are expected to become the majority of the U.S. population by 2043, but for those under 18, the minority-majority tipping point will arrive in just four years.<sup>2</sup>

Importantly for the music industry, Multicultural consumers are younger than the population as a whole. Fifty-three percent of the Multicultural population is under the age of 35 compared to 45 percent of the total population. Within the critical Millennial Generation (consumers age 18-34), 40 percent of Millennials are Multicultural.<sup>3</sup>

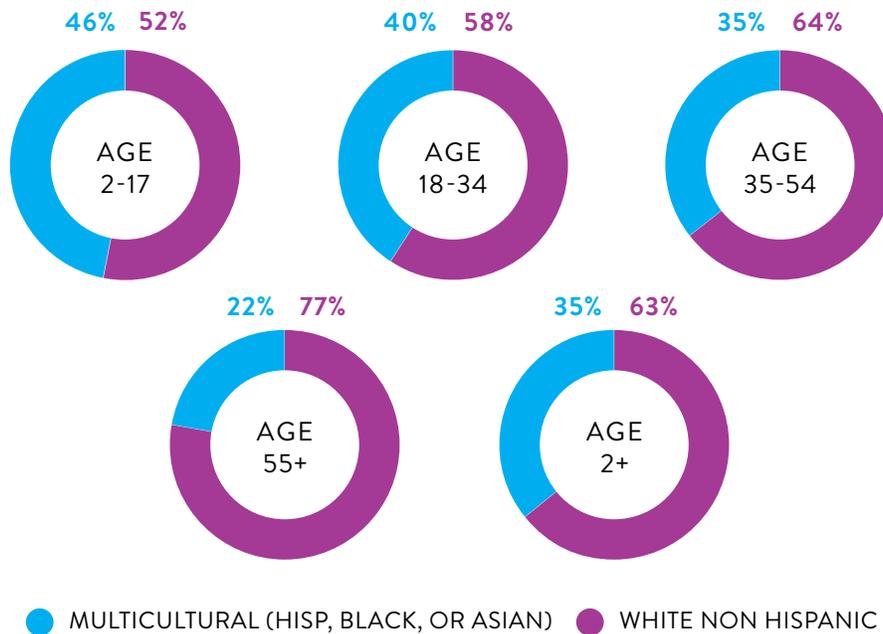
<sup>1</sup>Source: U.S. Census Bureau: State and County QuickFacts.  
Data derived from Population Estimates, American Community Survey

<sup>2</sup>Source: U.S. Census Bureau 2012 National Projections

<sup>3</sup>Source: NPOWER Universe Estimate March 2014

## MULTICULTURAL CONSUMERS BY AGE

### MULTICULTURAL AND WHITE NON-HISPANIC COMPARISON BY AGE



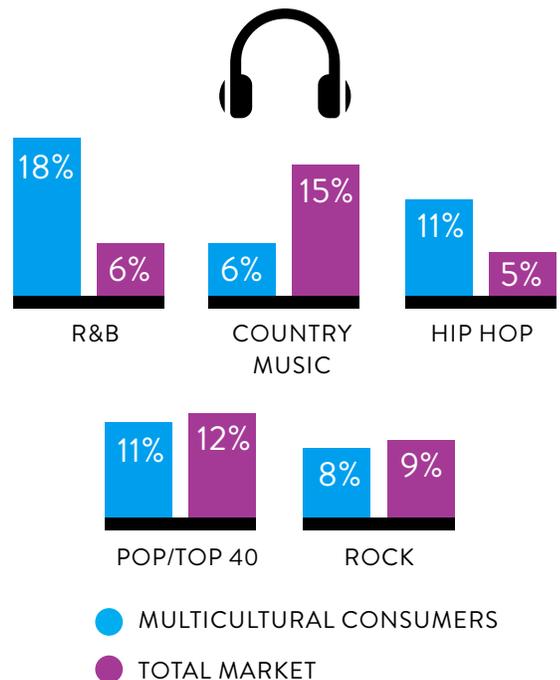
Source: NPM: NPOWER Universe Estimate Report – March 2014

Multicultural Millennials are important to the music industry because they drive trends – including everything from smartphone use to online streaming to social media sharing. Digitally connected and technologically savvy, Multicultural Millennials are young enough to consider music an essential component of their lives, and old enough to have money to spend on it.

Many ethnic consumers move willingly, competently, and seamlessly across multiple cultures. These Ambicultural<sup>4</sup> consumers who are driving the trends in the new mainstream are also bending and redrawing the boundaries that define the mainstream music industry today.

Among Multicultural listeners, there is certainly diversity in preferred music genres. Although traditional genres like R&B, Hip-Hop, and Top 40 Pop are listed as favorites, emerging genre preferences for Multicultural listeners are rooted in the desire to stay connected to their country of origin, particularly with Asian and Latino listeners. Cultural genres popular among millennials include K-Pop, J-Pop, Regional Mexican, Bollywood, and Spanish Contemporary.

### TOP MUSICAL GENRES



Source: Nielsen Music 360

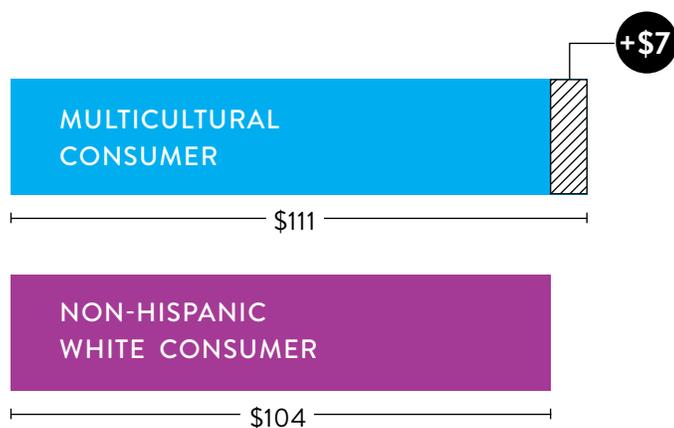
<sup>4</sup>Source: Ambicultural connotes a willingness and ability to function competently in two or more cultures. Ambicultural is a registered service mark of EthniFacts, LLC and is used with their permission

# DOLLARS AND SENSE

Multicultural music consumers put their money where their ears are, spending more on music than the average listener.

Technology has disrupted and changed spending patterns in recent years. Where music lovers may have once purchased a record album, brought it home and played it on a HiFi, they are now more likely to download a single song via a digital music store, watch it on YouTube, share it with friends on social platforms and go see the artist in concert. These technological developments have enabled consumers to find new ways to discover music and shift spending from recorded to live events. In these and other trends, Multicultural consumers are at the forefront of defining the future of music consumption.

**ON AVERAGE, MULTICULTURAL CONSUMERS SPEND \$7 MORE ON MUSIC THAN THE TOTAL MARKET**



MULTICULTURAL CONSUMERS ACCOUNT FOR 31% OF THE TOTAL SPEND ON MUSIC.

Source: Nielsen Music 360



## LIVE MUSIC

**MULTICULTURAL CONSUMERS** SINGLE BIGGEST EXPENDITURE IS ON LIVE MUSIC



ALTOGETHER THE AVERAGE **MULTICULTURAL CONSUMER** ATTENDS MORE THAN **FIVE MUSIC EVENTS** PER YEAR.

ON AVERAGE, THE **MULTICULTURAL CONSUMER** ANNUALLY SPENDS \$50 ON LIVE MUSIC VS. \$48 SPENT ON AVERAGE BY NON-HISPANIC WHITES

**\$50**

▶ **\$32** LIVE MUSIC CONCERTS

**\$11** MUSIC FESTIVALS

**\$7** SMALL MUSIC SESSIONS



## CDs



41% OF **MULTICULTURAL CONSUMERS** PURCHASE AT LEAST **ONE CD** PER YEAR (COMPARED TO 43% OF TOTAL CONSUMERS)



**\$13**

THE AVERAGE **MULTICULTURAL CONSUMER** SPENDS **\$13 A YEAR ON CDs**, THE SAME AS THE AVERAGE NON-HISPANIC WHITE CONSUMER



## DIGITAL ALBUMS

**MULTICULTURAL CONSUMER** ▶



VS

**21%**  
AVERAGE CONSUMER

BUY DIGITAL ALBUMS



VS

**32%**  
AVERAGE CONSUMER

BUY INDIVIDUAL DIGITAL SONGS

**\$10** VS **\$6**

IN TERMS OF BUYING POWER, THIS TRANSLATES INTO THE AVERAGE **MULTICULTURAL CONSUMER** SPENDING **\$10** PER YEAR ON DIGITAL ALBUMS (VERSUS **\$6** PER YEAR BY THE AVERAGE NON-HISPANIC WHITE CONSUMER)



## SATELLITE RADIO

THE ONE SECTOR WHERE THE NON-HISPANIC WHITE POPULATION OUTSPENDS **MULTICULTURAL CONSUMERS** IS IN SATELLITE RADIO SUBSCRIPTIONS

**\$8** COMPARED TO **\$14**

THE **MULTICULTURAL CONSUMER** SPENDS **\$8** PER YEAR, ON SATELLITE RADIO SUBSCRIPTIONS COMPARED TO **\$14** PER YEAR FOR THE AVERAGE NON-HISPANIC WHITE CONSUMER.

**MARKET OPPORTUNITY FOR SATELLITE RADIO PROVIDERS: MARKET TO MULTICULTURAL PREFERENCES AND CREATE CUSTOM PRODUCTS AND SERVICES TO ENGAGE THIS CONNECTED SEGMENT.**

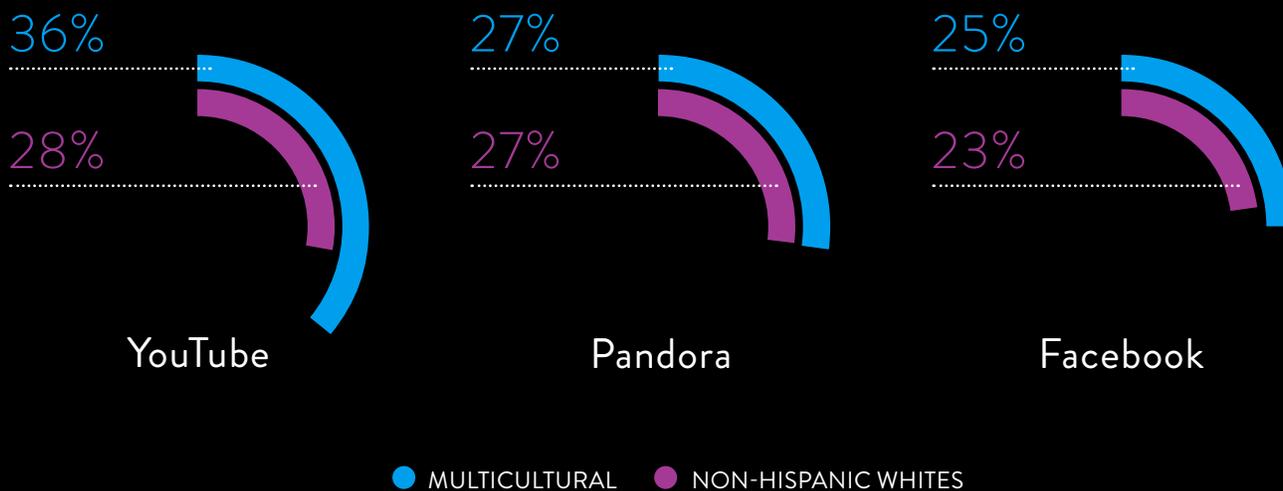
# COOL AND CONNECTED

In a world of smartphones, online communities and streaming radio stations, Multicultural consumers are finding more ways to discover and listen to music. Discovery of music is not limited to school grounds or the workplace, but now also happens on numerous social platforms. As a result, artists that once might have been discovered on the radio are now unearthed on YouTube.

Collectively, Multicultural consumers report listening to 19 hours of music per week (about the same amount of time as the total population), but music discovery and experiences differ significantly. This is not surprising since Multicultural audiences are more connected digitally and early adopters of new technologies.

Younger than the population as a whole, Multicultural consumers are more likely to use social media communities and technology to discover new music compared to the general population. About 54 percent of Multicultural listeners rely on over-the-air radio to discover new music (compared to 64% of non-Hispanic Whites) and 42 percent rely upon friends and relatives (compared to 43% of non-Hispanic Whites).

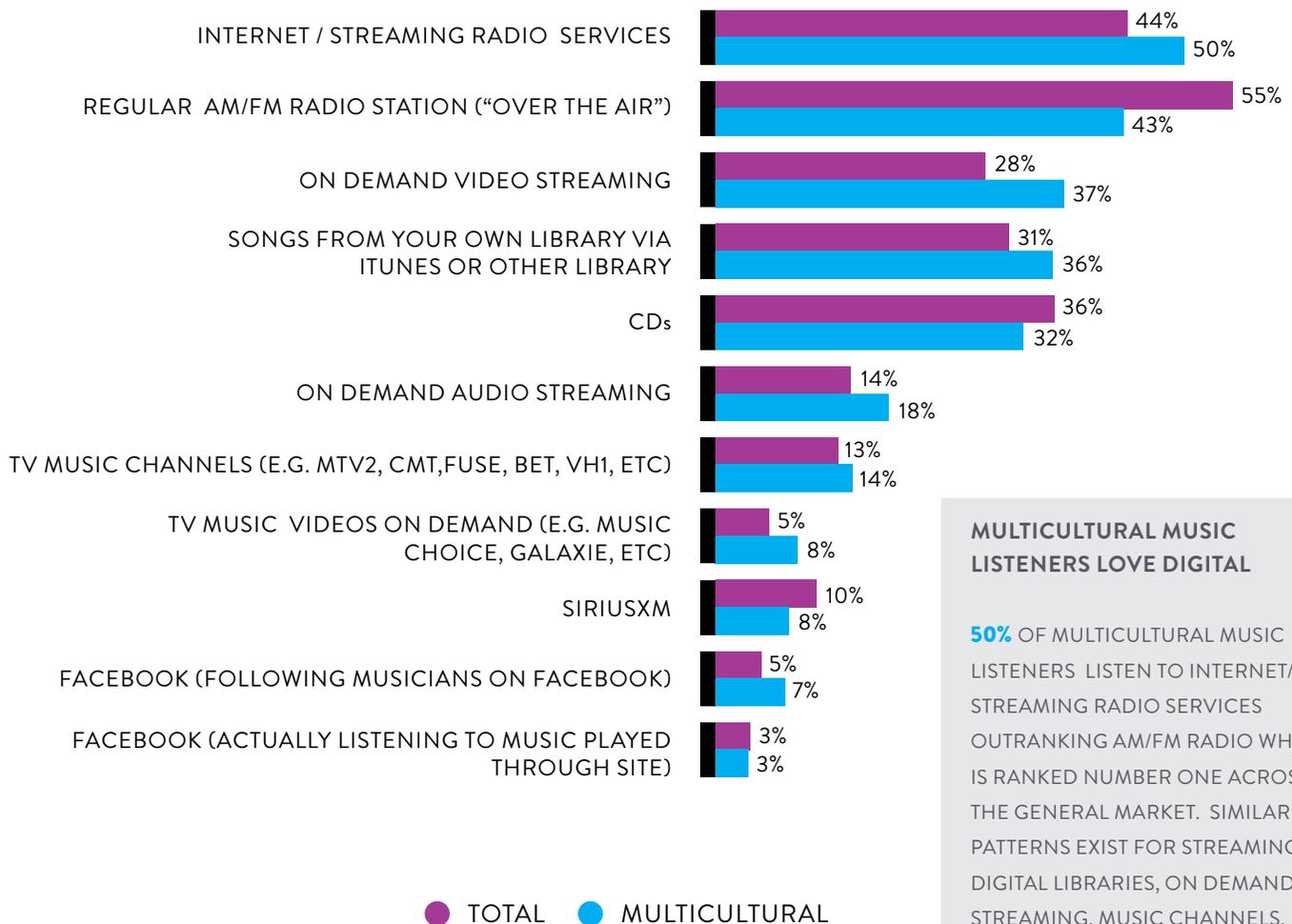
## DIGITAL MUSIC DISCOVERY



Source: Nielsen Music 360

Multicultural consumers are extremely connected, reflected by the use of multiple devices. For example, this segment is less likely than the total population to listen to music on devices such as radios and home stereo systems. Smartphones play an important role in bridging the digital divide and providing an Internet connection in many homes that have bypassed home-based Internet services. While the overall reach of radio is larger, Multicultural consumers are more likely to listen to music on mobile devices such as Android smartphones, iPhones, and PC laptops.

## HOW MULTICULTURALS LISTEN TO MUSIC DURING A TYPICAL WEEK



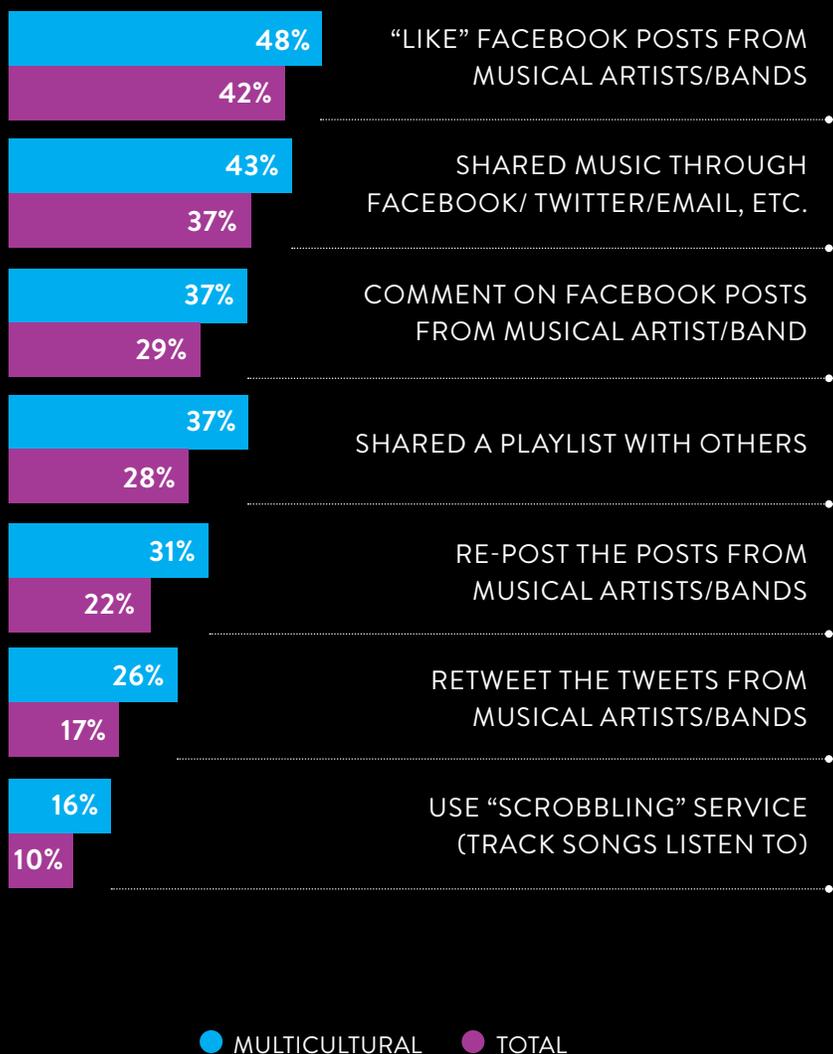
**MULTICULTURAL MUSIC LISTENERS LOVE DIGITAL**

**50%** OF MULTICULTURAL MUSIC LISTENERS LISTEN TO INTERNET/STREAMING RADIO SERVICES OUTRANKING AM/FM RADIO WHICH IS RANKED NUMBER ONE ACROSS THE GENERAL MARKET. SIMILAR PATTERNS EXIST FOR STREAMING, DIGITAL LIBRARIES, ON DEMAND STREAMING, MUSIC CHANNELS, ON DEMAND MUSIC CHANNELS, AND FACEBOOK

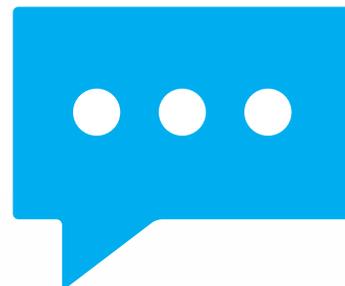
Source: Nielsen Music 360

Multicultural consumers are heavier users of social networks than the total market. In fact, across the board, diverse music listeners are more likely to be active in social media circles.

## SOCIALLY ENGAGED



Source: Nielsen Music 360



## PAID STREAMING BY ETHNICITY

# 34%

OF PAID  
STREAMING  
SERVICE  
SUBSCRIBERS  
ARE DIVERSE  
CONSUMERS



4.9%  
TOTAL



5.8%  
MULTICULTURAL



4.4%  
NON-HISPANIC  
WHITE



5.9%  
AFRICAN-  
AMERICAN



4.9%  
ASIAN-  
AMERICAN



5.9%  
HISPANIC

Source: Nielsen Music 360.

## ETHNIC LISTENERS ARE MORE LIKELY TO USE SPOTIFY PREMIUM, GOOGLE PLAY MUSIC, RDIO, AND GROOVESHARK

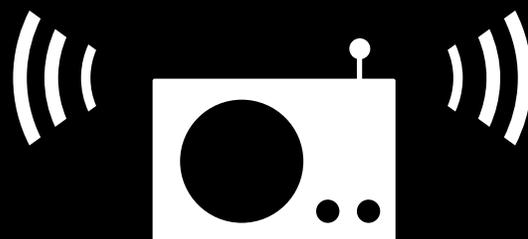
TOP ONLINE PAID-SUBSCRIPTION MUSIC SERVICES	TOTAL	MULTICULTURAL
PANDORA ONE	49%	47%
SPOTIFY PREMIUM	30%	35%
GOOGLE PLAY MUSIC	17%	28%
OTHER	13%	9%
RDIO	4%	7%
GROOVESHARK	3%	5%

# 47%

OF **MULTICULTURAL CONSUMERS** WHO PAY FOR STREAMING SERVICES SUBSCRIBE TO **PANDORA ONE**

Source: Nielsen Music 360.

AMONG NON-PAID  
SUBSCRIPTION SERVICES,  
THE NUMBER ONE MUSIC  
SERVICE FOR LISTENING  
TO MUSIC AMONG  
**MULTICULTURAL MUSIC  
LISTENERS** IS PANDORA.



PANDORA

36%

29%

YOUTUBE

34%

22%

IHEARTRADIO

13%

10%

● MULTICULTURAL ● NON-HISPANIC WHITES

Source: Nielsen Music 360

# GET ENGAGED

Over the years, brands have discovered that music is one of the most effective ways to engage consumers. This is especially true with ethnic consumers. Across the board, Multicultural consumers react more positively to music engagement in brand marketing than the total market.

Artists often capture the Ambicultural experience in ways that other media have not yet achieved. Multiculturals feel that music provides a connection to their unique identity and cultural journey. Some musicians are seen as role models who personify their personal experience often giving a voice to youth and the community.

## EFFECTIVE WAYS TO ENGAGE A MULTICULTURAL CONSUMER WITH A BRAND

61%

RESPOND FAVORABLY TO BRANDS OFFERING A FREE DOWNLOAD OF A NEWLY RELEASED SINGLE

55%

RESPOND FAVORABLY TO FEATURING MUSIC THEY LIKE IN BRAND ADVERTISEMENT

51%

RESPOND FAVORABLY TO BRANDS HOLDING A SWEEPSTAKES FEATURING PRIZES SUCH AS CDS, MERCHANDISE, AND CONCERTS WITH A FAVORITE BAND

48%

RESPOND FAVORABLY TO A BRAND SPONSORING A TOUR OF A FAVORITE ARTIST

47%

RESPOND FAVORABLY TO BRAND SPONSORSHIP OF CONCERTS AND HANDING OUT PROMOTIONAL ITEMS

45%

RESPOND FAVORABLY TO BRANDS ALLOWING MUSIC DOWNLOADS THROUGH PROOF OF PURCHASE REDEMPTION

Source: Nielsen Music 360

# CONCLUSION

The present and the future are being driven by a new mainstream – Multicultural consumers. If the music business wants to know where the industry is headed, it should keep its eye on these engaged and influential consumers. Multicultural audiences are more likely to be early adopters of new technologies and devices than the population as a whole. This connected segment is more apt to use mobile devices, use streaming services and buy digital albums and songs. For these consumers, the power of music to transcend language and ethnicity makes it not only entertainment, but also an expression of an increasingly multidimensional and pan-ethnic identity. Multicultural consumers spend more on music and are more likely to react positively when brands attempt to engage them with music-oriented promotions.

Multicultural music fans expect to be able to access music on any platform, anywhere and anytime. The ability to sample and access a wide spectrum of styles and embrace creative fusions of genres, languages, and culture strongly influences the music this engaged segment prefers. Multicultural music fans are trend setters and trailblazers, and they know it. Modern music is being shaped by an increasing cultural confidence and global interconnectedness, and marketing opportunities for music-driven cross-platform promotions of goods and services—both domestic and international—will continue to expand today and long into the future.

There are important cultural differences between the overall music audience and Multicultural consumers that are exemplified by their different responses to musical genres. Multicultural consumers will continue to drive growth in the music business and new digital listening platforms even as this growing demographic redefines the definition and sound of mainstream music itself.

For more information on Nielsen Music products and solutions, please contact [Know@nielsen.com](mailto:Know@nielsen.com).

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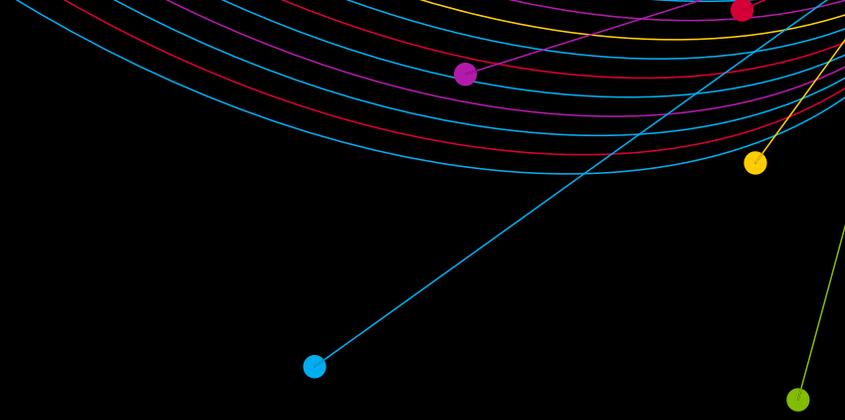
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## ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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