Media Consumer 2014
The digital divide

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Foreword

We are in the midst of an exciting year for UK media. Exceptional performances and outstanding use of technology propelled UK talent to many awards at the Oscars, and numerous UK actors and actresses are leading lights on the silver screen. With the Rolling Stones back on tour and the football World Cup in Brazil in June there is a feast of entertainment for media consumers to enjoy.

This year also marks the eighth annual Deloitte Media Consumer survey and the landscape has changed significantly over that period. Eight years ago the majority of TVs were analogue, smartphones were rudimentary and tablets didn’t exist. Facebook had 12 million members; a far cry from today’s 1.3 billion.

Many of the subjects that we covered in 2006, such as the role of mobile phones in entertainment and the status of traditional media, are still relevant. Issues such as trust in the news and citizen journalism still feel fresh eight years later. But other trends have not developed as expected. The pay-TV cord, for example, remains firmly uncut and even appears to be thickening.

To reflect all the media consumption changes over the past eight years we have undertaken a refresh of the Media Consumer survey, replacing and restructuring over two thirds of the questions. These changes have enabled us to increase coverage of a wider range of sectors – radio and music in particular – and to investigate current emerging changes in the way UK residents consume media.

Thanks to these changes, this year’s report covers subjects as diverse as the potential for disruption to TV from over-supply, social inclusion in cinema, the role of social media as an entertainment medium and the risk to traditional news providers of declining trust. We hope you find it as fascinating to read as we did to produce.

Howard Davies
Sponsoring Partner, UK Media Consumer Partner, Consulting Deloitte MCS Limited

Matthew Guest
Author, UK Media Consumer Head of Digital Strategy, EMEA Deloitte Digital
The UK media consumer
The UK consumer is addicted to media

On average, we watch about four hours of TV a day, spread across nine channels. Radio remains important, with two thirds of respondents tuning in at least once a week. The car is the most popular place to listen to the radio.

Half of respondents still buy print newspapers and a further ten per cent read somebody else’s copy, while 31 per cent read stories online on newspapers’ websites daily. Some 83 per cent of people surveyed say staying in touch with current affairs is important to them, although three quarters of respondents find 24 hour news channels boring.

Three fifths of respondents are regular readers of magazines, while 40 per cent read magazine content online and 30 per cent do both.

Music is important to 70 per cent of adults, particularly among the young: 84 per cent of respondents under the age of 25 – those most likely to stream or download music from the Internet – considered it an important part of their life.

For the first time a narrow majority of UK respondents say they acquire more digital books than print ones. Based on Deloitte research, it is estimated that the average UK household spend on media in a given year is around £900, with one-off purchases of items like books, DVDs and newspapers still representing a slight majority (52 per cent) of the total, despite encroachment from digital subscription alternatives, which today represent around six per cent of media spend by value.

In summary, UK consumers continue to enjoy a rich and ever-widening selection of traditional and new media content. Together this contributes to a creative economy that employs 5.6 per cent of the working population and continues to grow strongly. In the following chapters we take a closer look at the key sectors in that economy and the themes that define them in 2014.
Geeks go mainstream
According to American academic Erik Brynjolfsson, we live in a new machine age, in which our lives are increasingly surrounded and empowered by digital technology.\(^5\)

Deloitte’s survey of UK consumers shows just how rapidly these types of technology have become essential parts of our everyday lives. Some 49 per cent of households surveyed own at least one smartphone, tablet or personal computer (see Figure 1), and these households are 12 times more likely to own six or more computing devices than ‘non-geek’ households.

**Figure 1. Percentage of households that have at least one of these devices**

These ‘mass-geeks’ are representative of our increasing obsession with technology. Their existence is very significant for all sectors. For instance, Deloitte’s research has shown that mobile is a huge influence on purchasing behaviour on the high street; around £15 billion of sales in 2012 were influenced by information sourced on a smartphone. Tablets can be as influential in the home.\(^6\)

Mass-geek households are relatively better off. Whereas almost three-quarters (72 per cent) of the mass-geek category were ABC1, only 28 per cent were C2DE and owned the full gamut of technology products, demonstrating the current scale of the digital divide in the population.
Smartphones, however, are increasingly ubiquitous, found in three-quarters of households, up ten percentage points year on year. Moreover, the smartphone is at the core of an ecosystem of technology products. For example, a third of smartphone owners under 35 also own a premium pair of headphones; and two-fifths of households have one or more speaker docks that play music from a smartphone or tablet.

At the opposite end of the spectrum are the relatively unconnected: typically older, less well-off consumers whose device inventory is limited to a basic mobile phone, a TV and a radio. Some 17 per cent of the adult population falls into this category; not an insignificant number and certainly not to be ignored.

The gap in technology ownership in the UK is more likely to widen than narrow in the short term, suggesting the divergence in the UK public’s media experiences is likely to grow.
Late nights and early viewings
It’s late, we’ve already watched two episodes of our current favourite show and it’s time for bed. But that next episode is already starting. Just one more episode can’t hurt, can it?

The survey shows that bingeing on TV content is already common in the UK. Nearly a quarter (24 per cent) of the people surveyed prefer to watch several episodes of their favourite show in succession rather than wait for the weekly broadcast. Almost a fifth (17 per cent) of those surveyed admit to getting to bed later than planned to squeeze in just one more episode, this was slightly higher for women (19 per cent) than men (15 per cent). Seemingly counter-intuitively, single-person households binge less than those in shared households (30 per cent that co-habit against 19 per cent single). Bingeing, as with most TV consumption, seems to be more enjoyable when shared.

Figure 2. Percentage of age group who prefer to binge view

Bingeing predominates among younger viewers (see Figure 2). A third of 25 to 34 year olds binge, reflecting the ongoing shift in TV consumption behaviour. Having a subscription to a streaming service makes people more likely to binge on TV. Some 4.5 per cent have Netflix and watch several episodes of their favourite show in one sitting, but only 0.3 per cent of those who have a video on demand service on a TV set would do the same.
The survey results show that the wealthier you are the more likely you are to binge. Those who earn £55,000 or more are almost twice as likely to prefer back-to-back watching as those who earn less than £20,000 a year. Bingers are curiously exclusive in their media habits, buying the same number of books as non-bingers, and only playing slightly more console games. They do, however, spend more time playing on their phones.

Bingeing is particularly interesting as it is the antithesis of the traditional TV model. Episodic content is supposed to be exactly that: a familiar show broadcast at a familiar point in the week to act as a hook for other viewing. Episodic content brings people back again. It is notable that people who grew up with this paradigm are still much more likely to prefer it. Half as many 25-34 year olds as over 65 year olds we surveyed said that they preferred to watch their favourite shows when they were broadcast as it gave them something to look forward to.

What you lose if you replace episodic viewing with bingeing is the sense of shared experience and the social inclusion of having experienced something exciting together. In a way, bingeing takes away those things and replaces them with mass consumption in which each morsel can barely be digested.

To gain social inclusion it is important to have seen the latest episodes of *Sherlock*, *Breaking Bad* or *Game of Thrones*. But in a world of economic recovery and ever-faster pace, there’s so little time to watch it. Which may be why we binge.
The fattening cord
For several decades it has been fashionable to forecast the demise of TV. The traditional broadcast model, it is said, increasingly over-serves the audience.

Logically this is entirely correct. Some 72 per cent of people surveyed say they regularly watched ten or fewer channels, yet all TV households have access to at least 50, with homes subscribing to Sky, Virgin, BT Vision or Youview able to view substantially more.8

And yet the difference between multichannel homes and those that pay only the compulsory BBC licence fee is only an average of around three extra channels watched. This may suggest that pay-TV’s relevance is diminishing in a world in which a vast array of additional content is available through relatively cheap or free-to-view streaming services.

Pay-TV has been a vital growth engine for the industry over the past decade. Subscriptions generated £5.4 billion of the £17.5 billion of revenues in the UK TV industry in 2012 (the most recent year for which statistics are available), up from £4.1 billion in 2007. By contrast, most other sources of revenues were little changed; for example TV advertising revenues were £3.7 billion in 2007 and £3.9 billion in 2012.9

Our analysis tells us that pay-TV contributes more than half of the revenues of the UK TV’s creative economy. In an environment where the Premier League will enjoy a 71 per cent increase in the value of its domestic live rights from 2013/14, a fall in subscription revenues would either have to be accommodated in industry operating margins or cuts in other expenditure.10

However, the survey data tells a different story. Pay TV subscribers are 50 per cent more likely than free-to-air-only homes to subscribe to an additional TV streaming service. Far from thinning or cutting the cord, demand for new content suppliers is thickening it.

And inertia means that people are maintaining their subscriptions: half of subscribers to the UK’s most popular paid service say their reason for continuing is that they always did so. The next most popular reason given is that it is part of a bundle. Access to specific content does not feature highly in the selection criteria.
Only 14 per cent highlight premium TV content as a reason to subscribe, while ten per cent say they subscribe for sports and fewer than ten per cent are swung by access to shows on multiple devices (see Figure 3).

Figure 3. Household reasons for paying for the three most popular TV subscriptions

<table>
<thead>
<tr>
<th>Reason</th>
<th>Sky Sports</th>
<th>Virgin Media</th>
<th>Sky</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always buy this subscription</td>
<td>52%</td>
<td>57%</td>
<td>54%</td>
</tr>
<tr>
<td>Cheaper than others</td>
<td>20%</td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>Part of a bundle</td>
<td>18%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>To access premium TV and movie content</td>
<td>15%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>To access premium sports content</td>
<td>14%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Can access what we want, where and when and how we want it</td>
<td>13%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Like current provider</td>
<td>9%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Tied to a contract</td>
<td>7%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>We didn’t choose this subscription</td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Too much hassle to change</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
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This habitual purchase of pay-TV is a sure sign that the industry has a great deal of resilience. Being tied to a contract is a factor for two per cent of subscribers, suggesting they could leave if they wished but are happy to continue paying. Although it is likely that predicting its death will remain fashionable, pay-TV in the UK seems set to remain with us for the foreseeable future.
The trust gap narrows in UK news
With the exception of ‘the i’, national newspapers in the UK ended 2013 with reduced circulation. The Pulitzer winning *Guardian* remained comparatively robust, but many newspapers experienced a more than ten per cent decrease in circulation.

Some 80 per cent of respondents to the survey say they read a newspaper online or in print, although only 51 per cent pay for it themselves. Some ten per cent only read free newspapers and a further ten per cent’s newspaper or online news access is paid for by someone else.

Data prepared by Deloitte for the Association of Online Publishers shows that the industry’s digital advertising revenues grew 18 per cent in 2013, providing some offset to print’s decline. Mobile and tablet revenues increased by more than 80 per cent in the same period, reflecting rapid uptake of those devices by UK households.

While circulations may be decreasing, print newspapers remain more trusted than online sources, but the gap is narrow: 34 per cent trust the news in print to be accurate, versus 29 per cent who say the same about online sources.

The under-35s are most likely to trust what they read in any format. Some 39 per cent of respondents under 35 are convinced by the accuracy of stories in newspapers, and 35 per cent believe in the accuracy of the stories they read online. Over-65s are the most sceptical respondents. Only 31 per cent believe what they read in print and 18 per cent believe what they read online. People who trust one source tend to also trust the other (see Figure 4).
In general people are less trusting of formal news sources than they were last year. Some 43 per cent of respondents who read a newspaper say this is true of them, versus only 16 per cent who disagree. Whether this is short-term fallout from the Levenson Inquiry into press practices, which reported in November 2012, or a sign of a structural weakening in the role of the press is of crucial importance to an industry that continues to suffer from the decline of its print legacy, which is proceeding ahead of growth in online revenues.

Source: Deloitte Media Consumer, UK, February 2014. Base: All respondents who read at least one newspaper (1,444)
To start a new section, hold down the apple+shift keys and click to release this object and type the section title in the box below.
More than half of respondents regard Facebook as a source of entertainment, while 36 per cent see social media as a means of discovering new content. This is an important finding as hitherto social networks have been more like enhanced communication networks than genuine substitutes for traditional entertainment sources.

Social networks’ role as media curators is likely to become increasingly important as the major media content producers seek to find new sources of growth in a market that is increasingly saturated.

Some 73 per cent of UK respondents to the survey have an account with at least one social network and 66 per cent are active users. Facebook is the country’s most popular social networking service, with 67 per cent of respondents having a profile, of which just over half are active – down from 68 per cent in 2013. About a third have a Twitter account, although only two-thirds of those people use the service on a regular basis. Business-focused social network, LinkedIn is the country’s third most popular service, used by 26 per cent of respondents.

Younger people remain active on Facebook, with 16-24 year olds least likely to have stopped using Facebook; 25-34 year olds are the most likely (8 per cent of respondents) to say that they no longer use Twitter.

In general, young people are accumulating social network accounts rather than consolidating them. The average 16-24 year old has three accounts, versus 2.5 for ages 25-34 and 1.7 for the average UK respondent. The widest variance in an age group was in the 25-34 year olds, a group that spans the emergence of social media and therefore did not grow up with social media usage as social currency (see Figure 5).
A comparison of the 16-24 year old age group with its US peer shows that the UK has kept pace in terms of social media usage – an important finding for anyone attempting to market to this group. Compared to the US, the UK’s young people are more likely to participate on well-established services such as Facebook and Twitter, but significantly less likely to use emerging leaders in the category, particularly Instagram\(^\text{13}\) (see Figure 6).

\textbf{Figure 5. Distribution of number of social media accounts of all UK respondents, segmented by age group}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure5}
\caption{Distribution of number of social media accounts of all UK respondents, segmented by age group.}
\end{figure}

Source: Deloitte Media Consumer, UK, February 2014. Base: All respondents (2,000)
In summary, use of social media in the UK continues to grow and the country remains at the forefront of the sector in terms of the variety of services being used and the variety of uses networks are put to. For the media industry this presents an opportunity and a dilemma.

Since the UK population has embraced social media nearly as rapidly as the much larger US market it is hard for UK media organisations to look across the Atlantic for inspiration on how to tap into that new audience. Leaders in the industry therefore have a choice – to risk falling behind by failing to innovate or to risk investing in true innovation in an unproven market. It seems that after 15 years of disruption from digital the innovator’s dilemma persists.14

Figure 6. Social media platform usage for under 24s

Source: Deloitte Media Consumer, UK, February 2014; Edison Research, USA, February 2014.
Base: All respondents in UK aged 16-24 (284); respondents in USA aged 12-24
The unequal box office
In a year in which British films and talent were recognised at many award ceremonies, 27 out of 73 constituencies in London had no cinema. This finding has led to suggestions that poorer people are less well served by the cinema industry in the UK.\textsuperscript{15}

The survey supports this claim. Overall, over half (53 per cent) of people go to the cinema at least once every six months and 22 per cent go to the cinema once a month or more. Although 57 per cent of people in social grade ABC1 visit the cinema at least biannually, only 47 per cent of those in C2DE do the same (see Figure 7).

**Figure 7. Frequency of cinema visits by social grade**

![Figure 7](image)

Source: Deloitte Media Consumer, UK, February 2014. Base: All respondents (2,000)

The location of cinemas is just one factor in this debate. Since 2007, the average price of a cinema ticket has risen 4.4 per cent a year, more than inflation, which averaged 3.1 per cent in the same period, and more significantly in direct opposition to median non-retired household income, which fell by 6.4 per cent between 2007/8 and 2011/12.\textsuperscript{16}
A combination of price rises and falling incomes makes the cinema relatively less accessible, a trend reflected in the survey data, which shows that higher income groups are significantly more likely to visit the cinema than low-income groups. Some 28 per cent of those earning more than £55,000 per annum visited the cinema at least monthly, compared with 18 per cent of those who earn less than £20,000 per annum. Only 39 per cent of those in the lowest income bracket visit the cinema at least twice a year, compared with 70 per cent of those in the highest income bracket.

Not only has the number of cinemagoers been in gradual decline since 2009, the industry also faces challenging economics to build and maintain screens. A relatively small, two screen, 400-seat cinema costs around £3 million to build, and the industry has had to absorb the capital costs of digitisation over the past decade, reducing the capital available to build new infrastructure.17

It is therefore little surprise that large cinemas are being placed close to the richer audiences that guarantee returns.

Although it is possible that reduced prices would result in increased yield for multiplex operators, it is more likely that underserved markets will be supplied by smaller providers subsidised by grants from governmental and charitable organisations. This is borne out by the increasing proportion of cinema sites in the UK that are traditional (as opposed to multiplex). Some 37 per cent of screens were multiplex in 2012, down from 39 per cent in 2009.

The number of ‘specialised’ cinemas, such as art-house, has grown in the past few years. While this is a bright spot in the UK cinema industry, the number of screens represented just seven per cent of the UK total in 2012, and as such is unlikely to significantly increase cinema access across the country.18

In the short term, the creative side of the cinema industry in the UK is unlikely to be affected by relative lack of supply. The majority of funding for UK titles comes from overseas and the UK is a significant net exporter in film.

It would, however, be remiss not to ensure that the current creative vibrancy of the UK’s film production industry does not translate into a legacy of inspired younger people who wish to follow in the footsteps of great directors working in the UK, as well as world-leading on-screen talent and production crews.
Goodbye to Gaming Guilt
Ask a person to describe a gamer and you may get the stereotypical image of a geeky teenage boy, hunched in front of a games console. The survey challenges this perception. While the average console gamer is a 16-24 year old male, the average casual gamer (playing on tablets, smartphones and social networks) is a 25-34 year old woman. The reach of casual games spreads across all age groups, with ten per cent of over-55s playing.

Our survey reflects gaming’s shift into mainstream culture. Just five per cent of gaming respondents dislike admitting to how much time or money they spend on videogames, and half of those surveyed believe that games can be used as an educational tool. With a third of smartphone owners playing games on their phones, games are accessible anytime and anywhere.

To serve this proud base of social gamers, app store positioning is key for games developers, with the majority of gamers actively seeking out new games through browsing (52 per cent). Verbal recommendations from friends and social network ‘likes’ are also important influencers for a third of consumers (see Figure 8). Casual games are generally free or low cost to purchase. The tendency to select games by browsing indicates that these games are perceived as more disposable in nature than those for games consoles.
Figure 8. Ways in which consumers seek out new social games

<table>
<thead>
<tr>
<th>Category</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Browsing the app stores for my device/social media site</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Through conversations in person, face to face with my friends</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Recommendations, likes or shares from my friends over social media</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Invites to play from my friends via social media</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Advertising (online banners or in-app adverts)</td>
<td>10%</td>
<td>90%</td>
</tr>
<tr>
<td>Blogs</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>Online magazine website</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Gaming magazines</td>
<td>1%</td>
<td>99%</td>
</tr>
</tbody>
</table>

Source: Deloitte Media Consumer, UK, February 2014.
Base: All respondents who play games on smartphone, tablet or online (915)
A strong preference is shown for free-to-play games supported by advertisements. The freemium pricing model (i.e. a free game, with small charges for additional features) is enjoyed by less than a fifth of gamers, with middle aged consumers half as likely to enjoy freemium games compared to under-45s or over-65s. Younger consumers are more likely to make in-game purchases, and gamers under the age of 34 are nearly four times more likely to make in-game purchases than over-55s. For the majority of gamers who dislike freemium games what’s not clear is whether freemium is unpopular due to an aversion to price structure or a lack of compelling content.

As gaming shame becomes a thing of the past and social games become a feature of mainstream culture, the industry has become intensely competitive. With some larger casual developers seeing a decline in daily active users, casual game developers face the question that has plagued console games developers for years – how to retain consumers who are already playing their games. As younger gamers are less loyal in their gaming habits, with middle aged consumers five times more likely to play the same game for 4-6 months than a 16-25 year old, the answer may be a targeted focus by the industry on their key demographics.
A deciding year for the console
This year is important for the games console industry, with next generation consoles such as Sony’s Playstation 4 and Microsoft’s Xbox One launched in late 2013. The survey shows that six per cent of gaming households have a next generation console, heavily weighted towards people who see themselves as early adopters. In addition, around ten per cent of respondents are considering buying a next generation console in 2014.

The fortunes of the console hardware and console software industries are inherently linked. Previously ‘recession-proof’, the industry has suffered during the downturn, and despite recent consumer spending increases software development studios continue to fold or be consolidated. With roughly 40 per cent of console gamers buying only one cinematic (otherwise known as AAA) game such as Call of Duty a year, it is clear why smaller studios are struggling to compete with major games franchises. Additionally, buying patterns between consumer groups are diverse. Cautious buyers tend to buy only one AAA game per year, whilst early adopters purchase more than five.

These purchasing habits demonstrate the difficulty console manufacturers and games developers face in encouraging their products to be played. Compare this to casual games developers, who are able to utilise the high penetration of hardware such as smartphones (76 per cent of the public own smartphones).

In an attempt to move consoles further into the mainstream, manufacturers have put great effort into highlighting their console’s potential as multimedia hubs. This positioning works well for the large audience of existing gamers that live in shared households (52 per cent of console gamers live with a partner and 30 per cent live with housemates, see Figure 9). In addition to this, half of gamers believe games are a good substitute for TV and film. The strongest opinions on this matter are held by those under the age of 45 and those who live with siblings or housemates.
This is an area of intense competition however, which includes television sets that incorporate connected features and the newly announced Kindle Fire TV. Consoles may have greater processing power than these alternatives, and therefore more potential, but in order to be competitive their offering must be compelling to the general public. In particular the Kindle Fire TV may pose a genuine threat to consoles both as an entertainment hub and gaming platform. The threat to consoles will become apparent over the next few months as the technical limits of the Fire hardware are tested, as will be the willingness of those considering a console purchase to trade a high-end gaming experience for a more purse-friendly compromise.

For the AAA industry, hardware is king and adoption rates will dictate success in 2014. The first showing of major software franchises like *Metal Gear Solid*, *Halo* and *Final Fantasy* on next generation platforms will be vital in persuading consumers to spend on that new hardware. Only with consoles in a sufficient number of homes can the future of the console, and therefore the AAA games industry as a whole, be determined.
Streaming versus radio
At the time of writing it is still illegal to ‘rip’ CDs to MP3 for personal use. The law should change from June 2014 and, while it would come into force over a decade after the advent of digital music, it would stand as a milestone for an industry coming to terms with digital transition. Perhaps a more significant industry milestone was that digital revenues accounted for half of the annual UK record industry total last year.

Music remains extremely popular: some 70 per cent of respondents state music is an important part of their daily life and they spent more than £30 on average buying physical and digital music in the past 12 months. In our hunt to access music we are increasingly turning to streaming. Income from streaming grew by 41 per cent last year and forthcoming new entrants like Beats Music continue to increase the number of streaming channels available.

So who is signing up to Deezer and upgrading their Spotify accounts to Premium? The survey shows that 11 per cent of under-35’s and eight per cent of 35-44 year olds pay to stream music online and take-up across all ages has doubled since the previous year (see Figure 10).

**Figure 10. Proportion that subscribe to streaming services by age group**

Source: Deloitte Media Consumer, UK, February 2014 and December 2012.
Base: All respondents in given year (2013: 2,085; 2014: 2,000)
Various factors are encouraging the shift to digital, and more specifically streaming. Mobile phones are the preferred device to listen to music for 16-24 year olds, with the rise of unlimited data plans allowing consumers to listen to what they want on the go. Google takedown notices banning illegal download links have grown exponentially and proactive industry targeting of piracy, alongside the rise of high performing, low cost legal streaming services, is seemingly helping to shift listeners towards alternative sources.\textsuperscript{27}

Overall, streaming’s increasing significance means it will be included alongside downloads in the Top 40 chart from later this year.\textsuperscript{28} Could we see our first stream-only number one in the near future?

Despite all this change radio retains its appeal. Two-thirds of consumers listen to radio at least daily and it is still a more popular method to find out about new bands and music than Spotify and iTunes combined.

When respondents listen to radio it is more likely to be analogue instead of digital with the usage difference not shrinking with the younger generation. The slow transition to DAB has been recognised by government, with the digital switchover now being delayed past 2018.\textsuperscript{29}

The music industry is now in its second decade of challenging times, with no signs of letting up. Consumers maintain their love for music, seek to access it through the easiest and most accessible channel – which looks increasingly like streaming services – and purchase devices on which to listen to their music, but remain reluctant to spend on content.
About the research

This is the eighth annual edition of research commissioned by Deloitte’s Media & Entertainment practice.

Focusing on four generations of respondents, the survey provides a ‘reality check’ on how consumers between the ages of 16 and 75 are interacting with media, entertainment, and information, and what their preferences might be in the future.

The survey was carried out by an independent research firm (IPSOS Mori) during January – February 2014, using an online methodology with 2,000 consumers in the UK.

We regard changes of five per cent or more as statistically relevant and where possible have referred to time series data from previous surveys.

Several companies have helped us design the survey and discussed the initial results with us. We also referred to the results of other Deloitte research programmes in the media, telecoms, technology and retail markets.

For further information about this research please contact: 
UKTMTIndGrp@deloitte.co.uk
Relevant Deloitte thought leadership

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Contacts

Researched and written by

Matthew Guest
Author, UK Media Consumer
Head of Digital Strategy, EMEA
+44 20 7007 8073
mguest@deloitte.co.uk
Deloitte Digital

Sam King
Senior Consultant, Digital
Strategy Consulting
+44 20 7007 1325
saking@deloitte.co.uk
Deloitte MCS Limited

Contributions by

Michael Baines
Analyst, Strategy Consulting
+44 20 7303 4249
mibaines@deloitte.co.uk
Deloitte MCS Limited

Claire Woodcock
Analyst, Strategy Consulting
+44 20 7007 5195
cwoodcock@deloitte.co.uk
Deloitte MCS Limited
Media Partners

Howard Davies  
Sponsoring Partner, UK  
Media Consumer  
Partner, Consulting  
+44 20 7007 8068  
howarddavies@deloitte.co.uk  
Deloitte MCS Limited

Ed Shedd  
Managing Partner, Global  
Media & Entertainment Practice  
+44 20 7007 3684  
eshedd@deloitte.co.uk  
Deloitte MCS Limited

Neil Allcock  
Partner, UK Head of Media & Entertainment Practice  
+44 20 7007 8127  
nallcock@deloitte.co.uk  
Deloitte MCS Limited

Marketing contacts

Selina Abbiss  
Marketing Lead, Technology,  
Media & Telecommunications  
+44 20 7303 7601  
sabbiss@deloitte.co.uk  
Deloitte LLP

Christina Underwood  
Marketing Assistant Manager, Technology, Media &  
Telecommunications  
+44 20 7007 3517  
cunderwood@deloitte.co.uk  
Deloitte LLP
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Notes