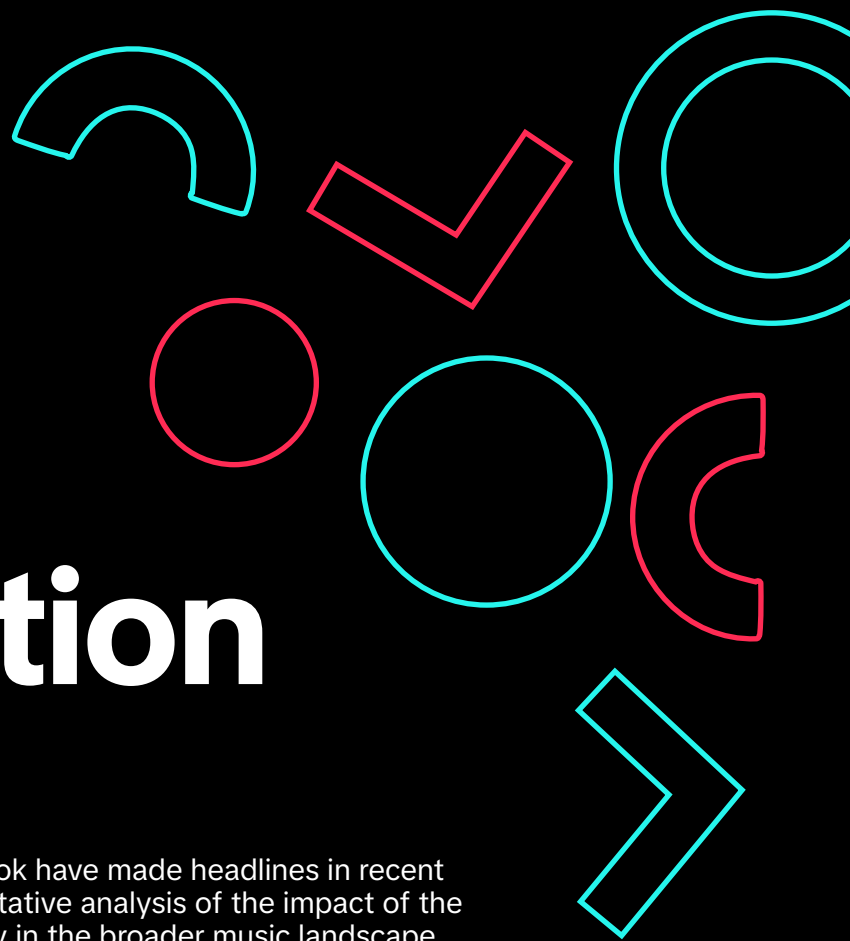


2023

Music Impact Report

Exploring TikTok's Impact on:

- Music Discovery
- Music Streaming
- Non-Digital Revenues
- Global Music Listening



Introduction

Short-form video drives culture, and TikTok is leading the pack.

While viral hits and catalogue revivals on TikTok have made headlines in recent years, there is a justifiable interest in a quantitative analysis of the impact of the app and the unique role that TikTok users play in the broader music landscape.

In order to conduct this analysis, Luminate leveraged the following data sources:

Consumption Data ^{1,3}	Audience Insights ²	TikTok Engagement Volumes ^{1,3}
Luminate Music Connect	Luminate Music 360 Study	Provided by TikTok

To gain a deeper understanding of TikTok and its users' contributions to the music industry on a global scale, this report will make references to both global data and country-level data in the US, UK, Indonesia, Brazil, and Germany.

This report will focus on how TikTok users' engagement with artists and their music is associated with higher streaming volumes, while also identifying distinctive consumer behaviors that make TikTok users uniquely valuable to the music industry.

¹ GLOBAL, UNITED STATES, UNITED KINGDOM, GERMANY, BRAZIL, AND INDONESIA

² INTERVIEWS WERE CONDUCTED IN THE UNITED STATES AND BRAZIL IN 2023, AND LATE 2022 FOR INDONESIA, GERMANY AND THE UNITED KINGDOM, GLOBAL DATA NOT INCLUDED (SEE METHODOLOGY SECTION FOR MORE DETAIL)

³ AT THE WEEK AND ARTIST LEVEL

Key Findings

TikTok Fuels Music Discovery

2x In the US, TikTok users are nearly twice as likely to discover music on SFV platforms than the average user of social or SFV platforms.

US

In the US, TikTok users are also nearly twice as likely to both discover AND share new music content on social or SFV platforms compared to the average user of social or SFV platforms.

Global

TikTok users are significantly more likely to discover AND share new music content on social or SFV platforms than the average user of social or SFV platforms, amplifying artists and their music across all key markets analyzed.

TikTok Users Generate Value via Streaming

62% In the US, 62% of TikTok users pay for a music streaming service, compared to 43% of consumers overall.

US & Global

Engagement with an artist's music on TikTok is strongly correlated with streaming volumes. In other words, when TikTok engagement is high, we can typically expect off-platform streaming volumes to be high as well.

Global

TikTok users are significantly more likely to use a paid music streaming service than the average consumer across each key market that was analyzed, suggesting that TikTok leads to value generation in the music streaming market.

TikTok Users Generate Value Off-Platform

+49% In the UK, TikTok users spend 49% more on music purchases.¹

Global

TikTok users spend significantly more money across music-related categories compared to the average music listener across all markets analyzed, establishing them as a highly valuable audience to the music industry.

US

In the US, 38% of TikTok users attended a live music event and 45% purchased artist merchandise in the past 12 months, compared to 33% and 35% of overall music listeners, respectively.

TikTok Connects Local Artists with Global Audiences

+77% In the UK, TikTok users are 77% more likely to want access to global music artists.¹

Global

TikTok's audience exhibits a unique preference for international music, far exceeding that of the average listener across all markets analyzed. This is most evident in their music streaming preferences.

US

In the US, nearly half (46%) of TikTok users listen to music that is not in English, which is 27% more likely than music listeners overall. This audience is also 33% more likely to consider having access to global music as extremely important.

¹ COMPARED TO AVERAGE MUSIC LISTENERS
SFV REFERS TO SHORT-FORM VIDEO

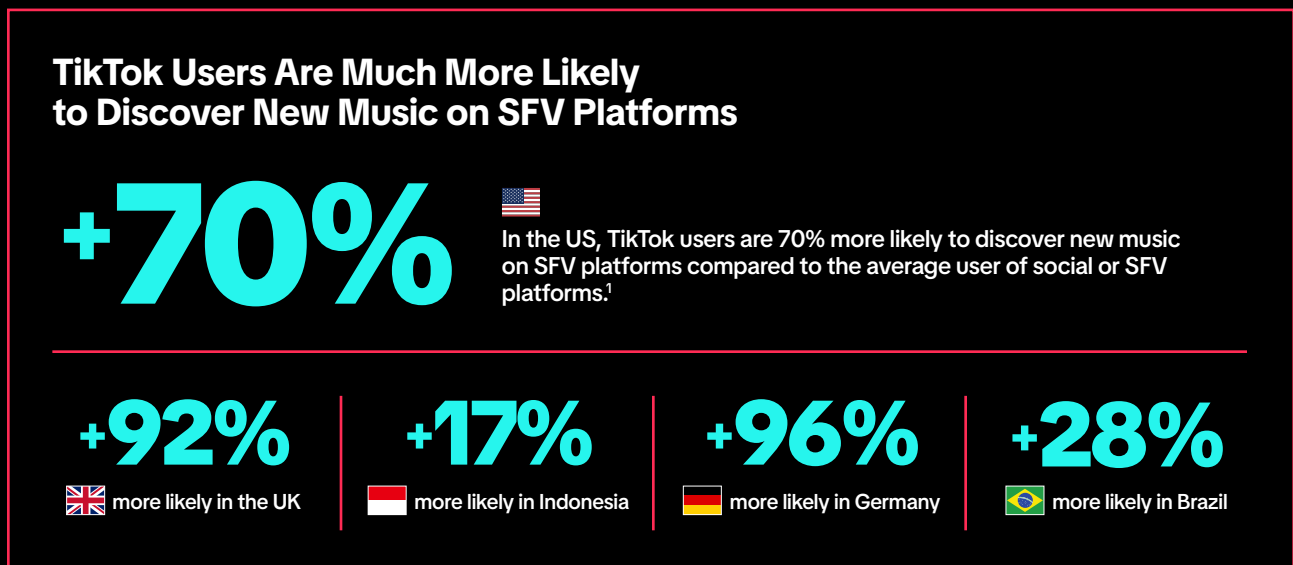
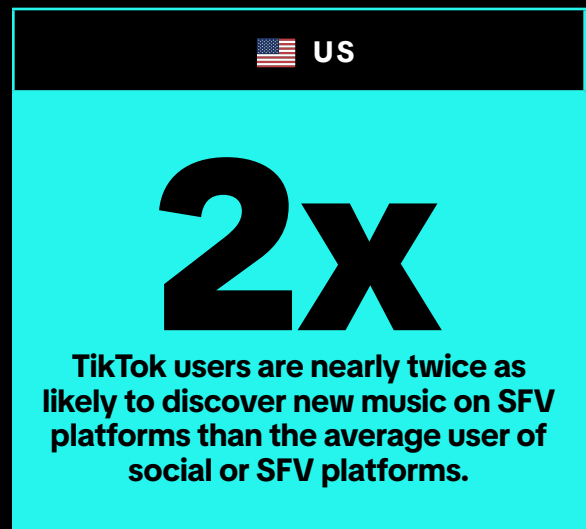
SECTION 1

TikTok Fuels Music Discovery

TikTok Users Are More Likely to Discover New Music Than the Average User of Social or Short-Form Video Platforms

TikTok provides an opportunity for artist creativity and user discovery in an interactive way, creating deeper connections between artists and both their existing fanbases and prospective audiences.

TikTok is an impactful accelerator for music discovery across the five key markets. When compared to the average user of social or short-form video (SFV) platforms, TikTok users are more likely to discover new music on those types of platforms. For example, in the UK, TikTok users are 92% more likely to discover music via SFV.



¹ QUESTION BP1: WHICH OF THE FOLLOWING SOURCES, IF ANY, DO YOU USE TO DISCOVER NEW MUSIC AND ARTISTS?

TikTok Users Are More Likely to Discover and Share Music Than Users of Comparable Platforms

In addition to higher music discovery rates, TikTok users also play a crucial role in amplifying artists and their music.

Across all key markets, TikTok users are significantly more likely to share music-related content with friends and followers across their social media or SFV accounts compared to the average user of social or SFV platforms. For example, TikTok users in the US are 71% more likely to discover AND share new music on social or SFV platforms than the average user of these platforms.

In doing so, TikTok users help both emerging and established artists to reach new audiences. For example, TikTok users in the US are 71% more likely to discover AND share new music on social or SFV platforms than the average user of these platforms.

UK

2x

TikTok users in the UK are over twice as likely to both discover AND share new music content on social or SFV platforms than the average user of these platforms.

Across SFV Platforms, TikTok Users Are More Likely to Discover AND Share New Music^{1,2}

+108%

In the UK, TikTok users are over 2x more likely to discover AND share new music on social or SFV platforms compared to the average user of those platforms.

+71%

more likely in the US

+31%

more likely in Indonesia

+100%

more likely in Germany

+41%

more likely in Brazil

¹ QUESTION BP1: WHICH OF THE FOLLOWING SOURCES, IF ANY, DO YOU USE TO DISCOVER NEW MUSIC AND ARTISTS?
² QUESTION SM2B: WHICH OF THE FOLLOWING MUSIC-RELATED ACTIVITIES, IF ANY, DO YOU DO ON SOCIAL MEDIA/SFV SITES?
 - BROADCAST YOUR MUSIC HABITS TO OTHERS (E.G., SHARE A SONG TO YOUR INSTAGRAM STORY, SHARE A MUSIC VIDEO, ETC.)

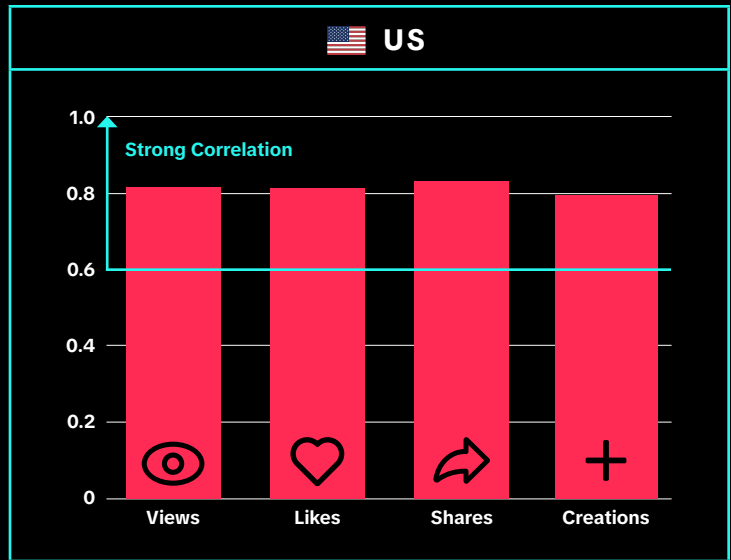
SECTION 2

TikTok Users Generate Value via Streaming

Engagement on TikTok Is Strongly Correlated to Streaming

To quantify the relationship between artists' TikTok engagement and their on-demand streaming volumes, the correlations between various TikTok engagement metrics with streaming volumes were calculated at an annual level.¹

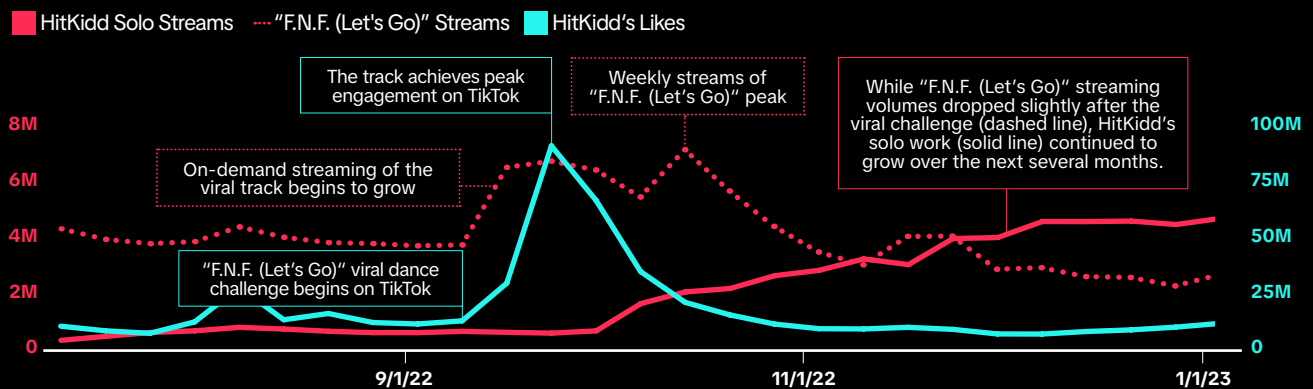
In the global and US markets, TikTok user engagement metrics are strongly associated with streaming volumes. In other words, higher TikTok engagement — whether that's likes, views or shares — corresponds with elevated streaming volumes.



Along with TikTok users' proclivity to discover new music on social or SFV sites, the strong relationship between TikTok engagement with off-platform consumption can be leveraged to launch new artists and form the backbone of promotional campaigns for established artists.

US CASE STUDY

HitKidd and GloRilla's "F.N.F. (Let's Go)" emerged as a viral challenge on TikTok several months after release. Even as the viral trend began to wane, HitKidd's solo work continued to enjoy growth months after the viral success.

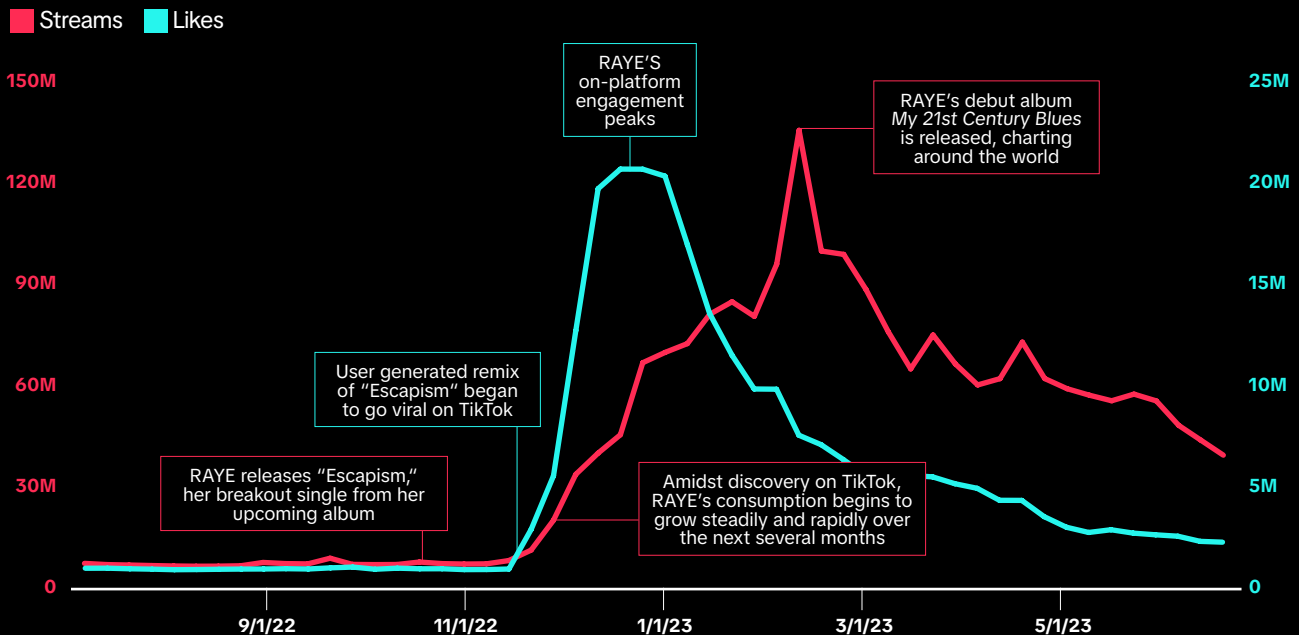


¹ SHOWING PEARSON'S CORRELATION COEFFICIENT

TikTok Engagement Impact Case Study

GLOBAL CASE STUDY

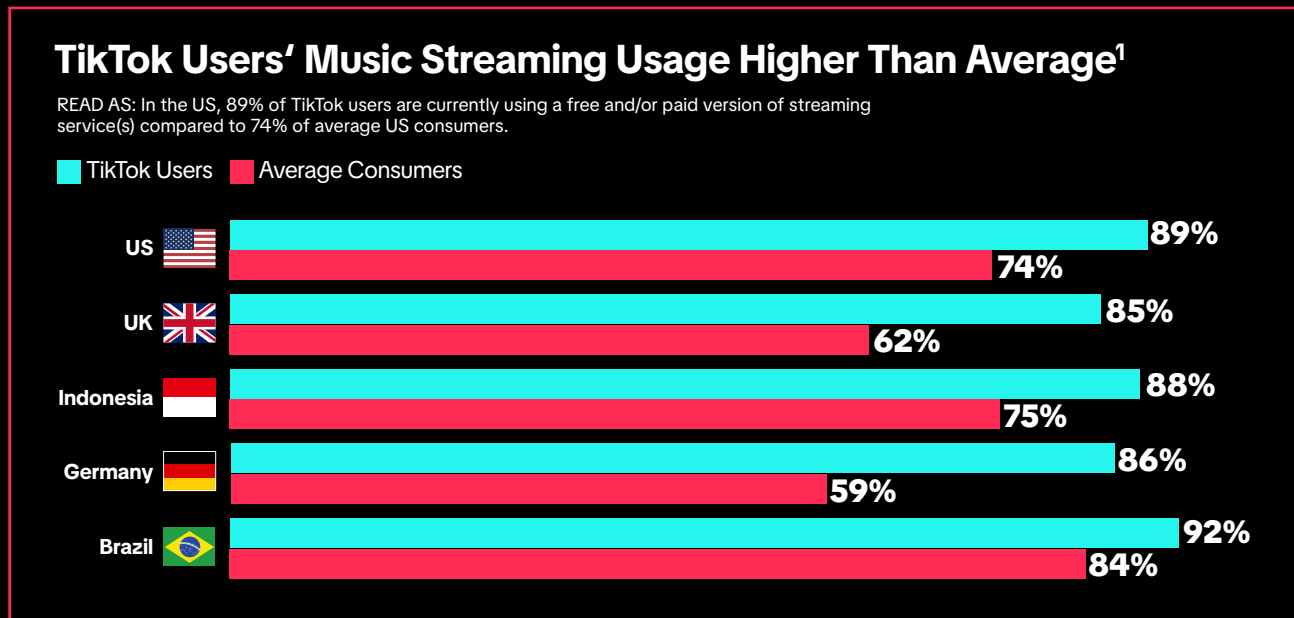
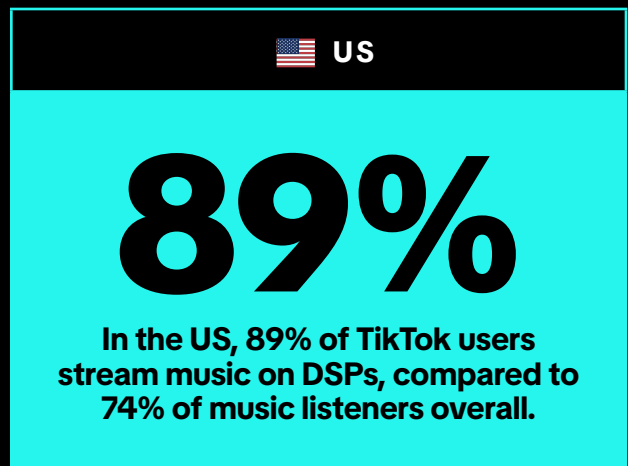
After **RAYE** released her breakout single "Escapism," a user-generated, sped-up remix uploaded to TikTok caused the single to skyrocket globally. The remix, which was endorsed by RAYE, started to gain traction and was released as an official version, resulting in on- and off-platform uptick for both the original and sped-up versions. This steady base of listeners culminated in a successful release of RAYE's debut album, *My 21st Century Blues*, in February 2023. In addition to the album charting in the UK and US, RAYE's "Escapism" landed at #8 on Billboard's Global 200 during the week of its release.



Nearly All TikTok Users Also Use Music Streaming Services

In order to understand why TikTok engagement is so clearly linked to streaming for music artists, it's important to examine TikTok users' off-platform music listening behaviors.

Compared to average consumers, TikTok users are significantly more likely to be music streamers. In fact, roughly 9 out of 10 TikTok users in each of the markets included in this study use at least one music streaming service.

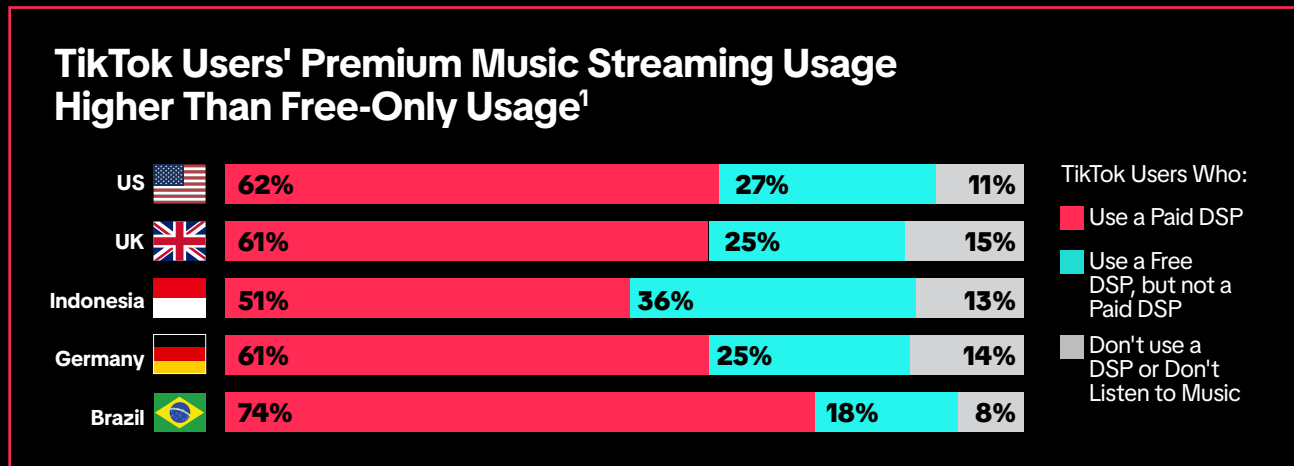
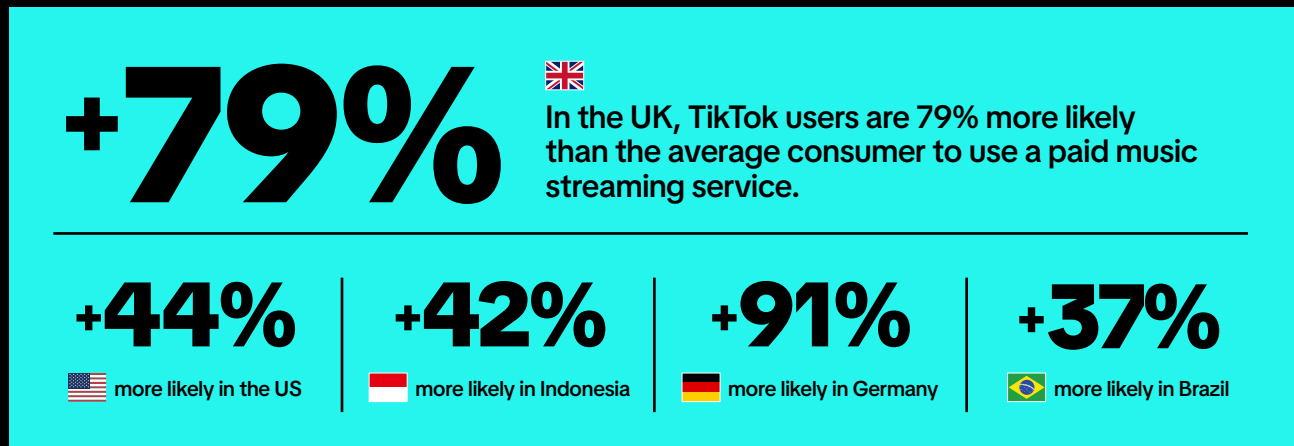


¹ QUESTION MS2. DO YOU CURRENTLY USE ANY OF THE FOLLOWING ONLINE MUSIC STREAMING SERVICES? TOTAL NET - CURRENTLY USING THE FREE VERSION OF THIS STREAMING SERVICE - CURRENTLY USING THE PAID / PREMIUM VERSION OF THIS STREAMING SERVICE

TikTok Users Are More Likely to Use Paid-for Music Streaming

TikTok users are significantly more likely to subscribe to a paid music service compared to the average consumer. For example, in the US, 62% of TikTok users are paid streamers, compared to 43% of average music listeners.

In each of the key markets included in this analysis, the majority of TikTok users who use streaming services, use paid-for services.



¹ QUESTION MS2. DO YOU CURRENTLY USE ANY OF THE FOLLOWING ONLINE MUSIC STREAMING SERVICES? - CURRENTLY USING THE FREE VERSION OF THIS STREAMING SERVICE - CURRENTLY USING THE PAID / PREMIUM VERSION OF THIS STREAMING SERVICE

SECTION 3

TikTok Users Generate Value Off-Platform

TikTok Users' Value Goes Beyond Digital Consumption

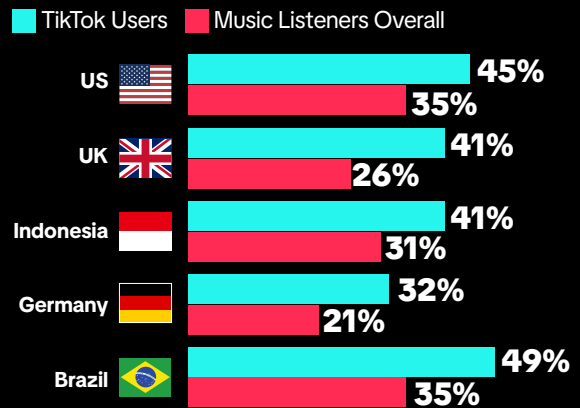
Digitally, TikTok users are a highly engaged, high value audience. This value is also observed for non-digital actions, with TikTok users being more likely to support artists through attending live music events and purchasing merchandise.

Globally, over a third of TikTok users in each market have attended a live music event in the past 12 months and over a third of TikTok users in each market have purchased merchandise over the same period.

In both cases, this is significantly higher than the average music listener. For example, in the US 38% of TikTok users attended a live music event and 45% purchased artist merchandise in the past 12 months, compared to 33% and 35% of overall music listeners, respectively.

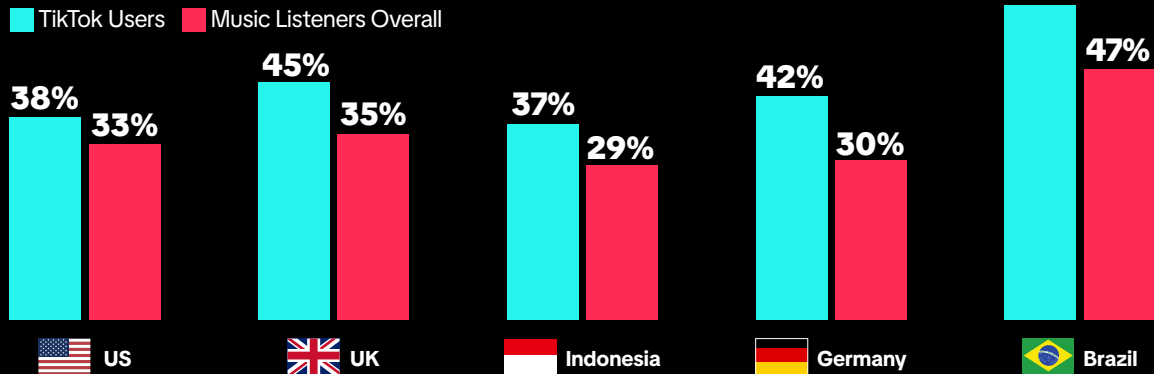
TikTok Users Have Higher Artist Merchandise Purchase Rates than the Average Music Listener

READ AS: In the US, 45% of TikTok users have bought merch¹ in the past 12 months, compared to 35% of all music listeners in the US.



TikTok Users Have Higher Live Music Event Attendance Rates than the Average Music Listener

READ AS: 45% of TikTok users in the UK attended a live music event in the past year, compared to 35% attendance among overall music listeners in the UK.

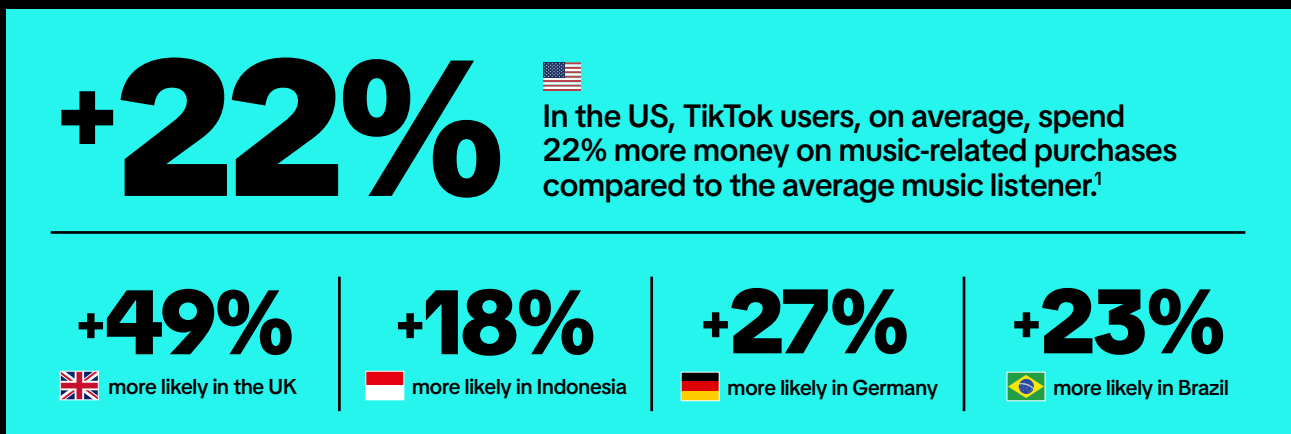


¹ AVERAGE MUSIC LISTENER IS SOMEONE WHO HAS LISTENED TO MUSIC IN THE PAST 12 MONTHS
 QUESTION AT1_13: HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS? - I'VE PURCHASED T-SHIRTS, STICKERS, OR OTHER MERCHANDISE FROM MUSICIANS OR ARTISTS IN THE PAST YEAR.
 QUESTION LM1: WHICH OF THE FOLLOWING TYPES OF LIVE MUSIC EVENTS, IF ANY, HAVE YOU ATTENDED IN THE PAST 12 MONTHS?

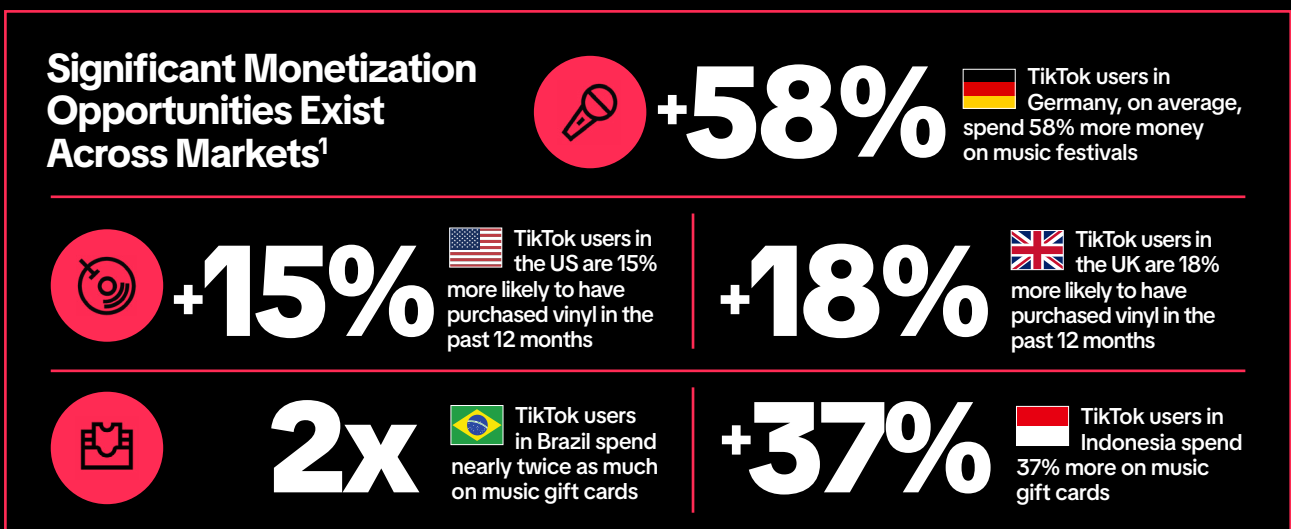
TikTok Users are High Spenders Over a Variety of Music Purchases

TikTok users' high purchasing power goes beyond concert tickets and artist merchandise.

Compared to the average music listener, TikTok users spend significantly more money per month on music-related purchases, including physical music formats, music gift cards and premium music subscriptions.



Whether it's music gift cards in Brazil or music festivals in Germany, unique purchasing behaviors emerge and vary based on country. This presents artists with an opportunity to maximize their earning potential beyond streaming with their TikTok audience.



¹RELATIVE TO THE AVERAGE MUSIC LISTENER, SOMEONE WHO HAS LISTENED TO MUSIC IN THE PAST 12 MONTHS
QUESTION BP3: WHICH OF THE FOLLOWING FORMS OF MUSIC, IF ANY, HAVE YOU PURCHASED IN THE PAST 12 MONTHS? (US & UK)
QUESTION TM4: HOW MUCH MONEY, IF ANY, DID YOU SPEND ON THE FOLLOWING ACTIVITIES IN A TYPICAL MONTH?

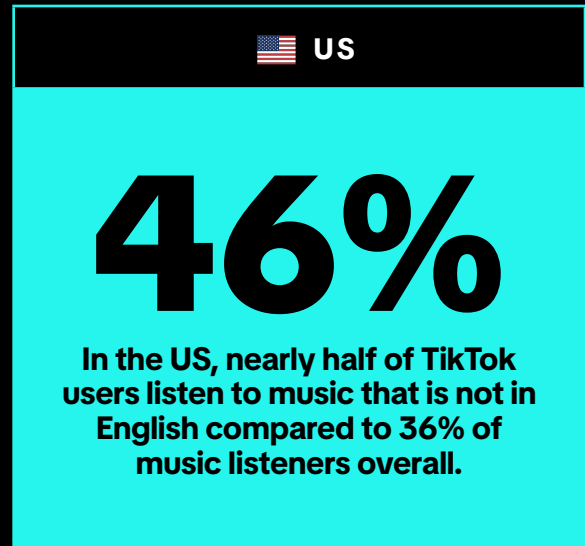
SECTION 4

TikTok Connects Artists with Global Audiences

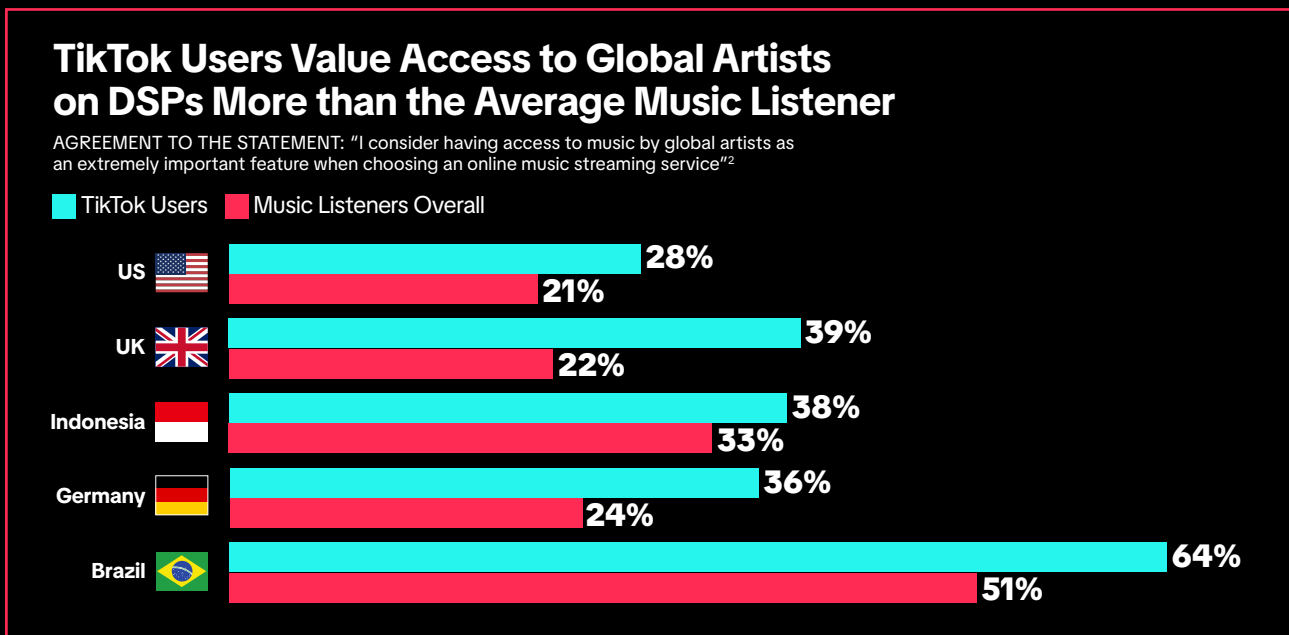
TikTok Users are Highly Engaged with Global Content

TikTok users have a stronger preference for international music than the average music listener.¹ This preference, combined with the high volume of music discovery and sharing activity on TikTok, can be harnessed to grow a fanbase without borders and has helped to launch global artists from genres such as Reggaeton, Afrobeats and K-Pop.

TikTok users' interest in international music is evident in their music streaming preferences. Compared to the average music listener across each market, this audience is more likely to indicate that "access to music by global artists" is an extremely important factor when selecting a music streaming service.



When selecting a DSP, TikTok users across each market included in this analysis prioritize access to global artists more highly than overall music listeners.



¹RELATIVE TO THE AVERAGE MUSIC LISTENER, SOMEONE WHO HAS LISTENED TO MUSIC IN THE PAST 12 MONTHS
 QUESTION TM3B: I LISTEN TO MUSIC IN THIS LANGUAGE - "ANY NOT ENGLISH" - US
 QUESTION MS12_14: HOW IMPORTANT ARE EACH OF THE FOLLOWING FEATURES TO YOU WHEN CHOOSING AN ONLINE MUSIC STREAMING SERVICE TO USE? - HAVING ACCESS TO MUSIC BY GLOBAL ARTISTS.

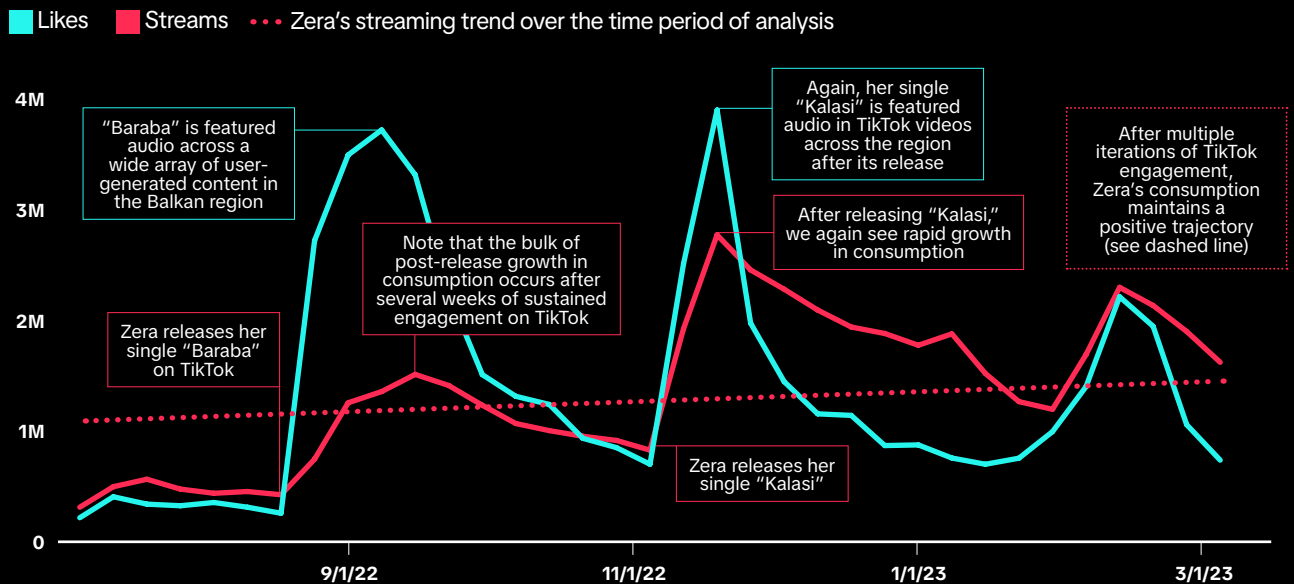
TikTok Can Elevate Local Artists to a Global Stage

On TikTok, local trends tend to move closely with their global counterparts. This means that while TikTok users are more likely to engage with globalized content, they're also more likely to help 'export' local artists to global audiences.

GLOBAL CASE STUDY

An example of the above is found with the emerging artist **Zera**, an Austrian Serb who first started singing and rapping songs in English. Yet her first breakout hit — which occurred on TikTok in 2021 — was sung mostly in Serbian, with a German chorus. In addition to the multilingual lyrics, the production of her music heavily incorporates elements of Latin Trap and Reggaeton, but with influences from Middle Eastern and (Western) Pop/Dance genres evident as well.

Since her breakout, TikTok has been instrumental in growing her audience, with huge flashes of engagement typically preceding, or inline with, subsequent growth in consumption, both globally and in Germany.



Methodology

Consumption and Engagement Methodology

Methodology

A random sample of n=250 unique artists were selected among the top 2,500 artists, by total on-demand streams, in 6 geographies:

-  Global
-  United States of America
-  United Kingdom
-  Indonesia
-  Germany
-  Brazil

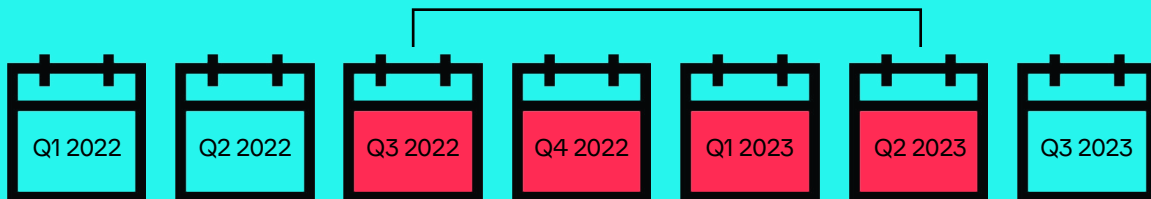
As much as possible, artists who are deceased or are associated with ambient/noise/functional listening were excluded from the sampling pool.

On-demand audio + video streams and TikTok engagement metrics were evaluated at the week level, starting the first week of July in 2022 and ending in the last week of June 2023 (this includes Q3 '22, Q4 '22, Q1 '23 and Q2 '23).

Correlations

In order to analyze and observe the relationship between consumption and engagement, the correlations between annual metrics were calculated using Pearson's correlation coefficient.

Sample artists' streaming and engagement data were drawn weekly in this timeframe



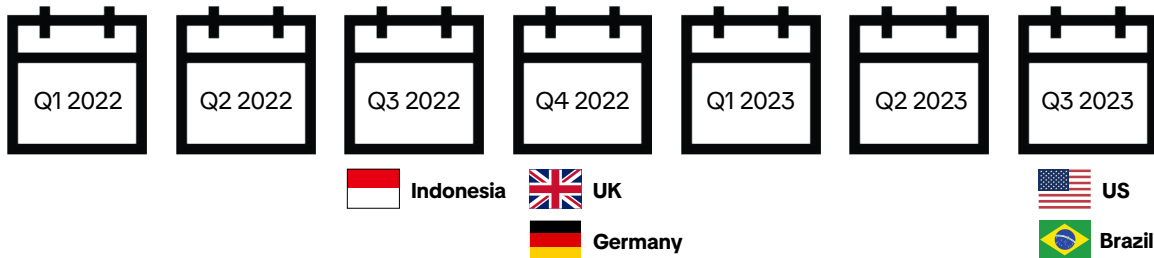
Music 360 Methodology

Data Collection

Online surveys using third-party panels were used to collect responses and each study was available in the official language of each respective country. Interviews were conducted among internet-using consumers (ages 13+), and data are representative across the population's age, gender, and geography. The base size for the general population (consumers overall) and TikTok users in each market are listed below.

	Overall Base Size	TikTok User Base Size
US	n=4,013	n=1,121
UK	n=1,984	n=434
Indonesia	n=755	n=320
Germany	n=2,000	n=413
Brazil	n=1,504	n=572

Fieldwork Periods



Audience Definitions

Average Consumers: General population ages 13+

Music Listeners: Consumers who have listened to music as an entertainment activity in the past 12 months

Short-Form Video or Social Media Users:

Consumers who have either used a short-form video or a social media platform in the past 12 months

TikTok Users: Consumers who use TikTok as a social media/short-form video platform in a typical month

Indexing: Throughout the report, there are references to indices — often noted by “+X%” figures. These indices reference a key comparison group, such as overall consumers or music listeners. Indices are calculated as % of the sample group / % of comparison group. As an example, an index of +20% means that this group is 20% more likely than overall consumers to behave in a certain way.