

TRAPITAL

MUSIC. MEDIA. CULTURE.

20
22

THE CULTURE REPORT



PRESENTED BY

DICE

INTRODUCTION

We're excited to release Trapital's first-ever culture report. This is your breakdown on important annual trends in music, media, and culture. This report is a collection of data, insights, and interviews from industry experts on various trends.

I would personally like to thank to David Boyle and Simon Jacobs from **Audience Strategies**. They worked with Trapital to prepare the data and insights. The company helps artists, labels, clubs, festivals, and brands better understand their customers and trends to inform their goals.

I would also like to thank our presenting sponsor, DICE, for making this happen.

Let's get into it!



DAN RUNCIE
Founder of Trapital

A WORD FROM OUR PRESENTING PARTNER

We “stan” Trapital at DICE, it's an essential resource to understand the ever changing and growing hip-hop landscape. This report is so rad and is going to guide our business strategy and how we engage with artists, fans, and partners. Thanks for putting it together.

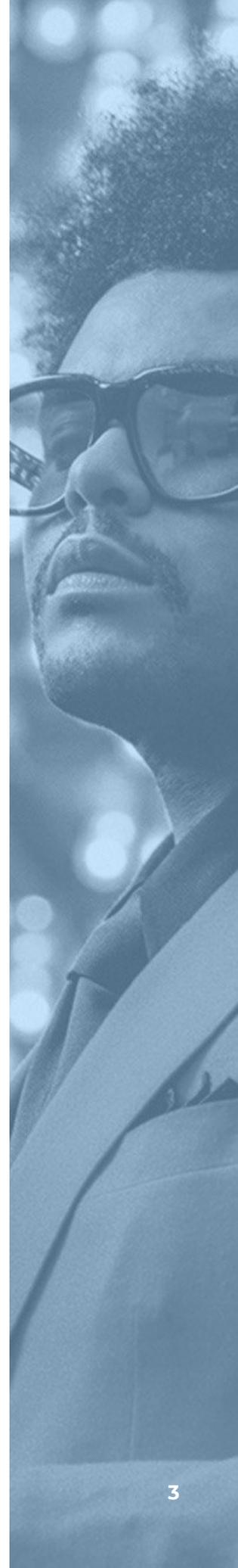
***DICE** is a ticketing company that helps fans experience more of the shows they love. DICE's mission is to get people out more by offering a fairer ticketing experience and personalized event recommendations to fans all over the world. Learn more at dice.fm*



RUSS TANNEN
President of DICE

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Where does hip-hop go next?

In the streaming era, hip-hop's growth has been on the rise. In 2018, it became the U.S. most popular genre of music. Hip-hop is still on top, and its revenues are still growing, but after nearly a decade of market share growth, **hip-hop's share of total revenue has declined.**

HIP-HOP + R&B RECORDED MUSIC REVENUE (US)

Total revenue

\$2.3B

\$2.7B

Share of total revenue

28.2%

27.7%

2020 2021

Sources: Market shares from Luminate. Total revenue calculated by Trapital after combining the market shares with IFPI Global Music Report 2021 data on the recorded music market size



While pop, rock, country, and dance have maintained their share, **Latin music has grown the most from hip-hop's share.**

LATIN RECORDED MUSIC REVENUE (US)

Total revenue

\$377M

\$531M

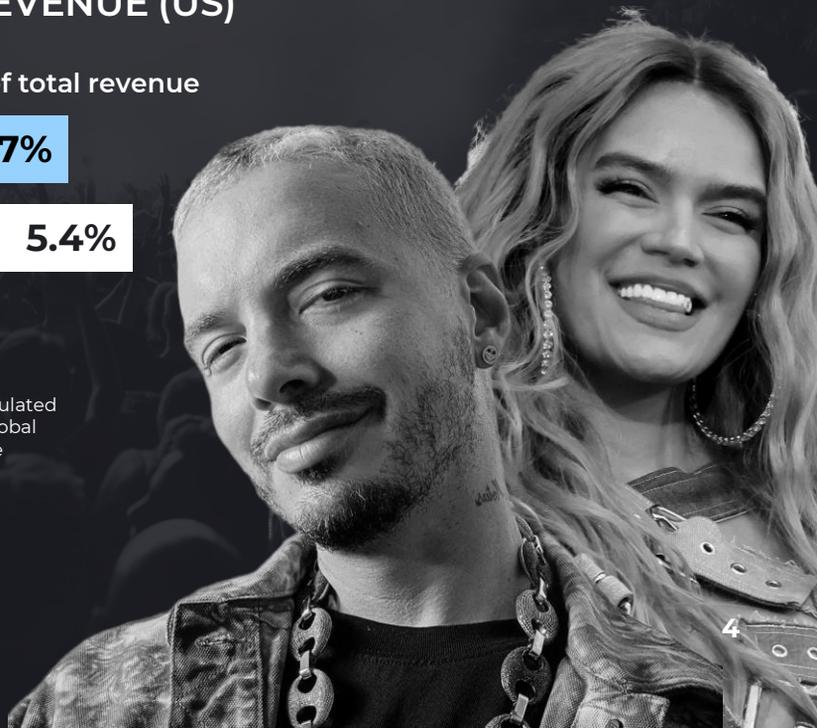
Share of total revenue

4.7%

5.4%

2020 2021

Sources: Market shares from Luminate. Total revenue calculated by Trapital after combining the market shares with IFPI Global Music Report 2021 data on the recorded music market size



The real reasons behind hip-hop's “decline”



Streaming's international growth

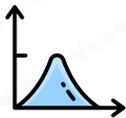
Music is no longer solely controlled by English-speaking artists and American-based record labels. The **fragmentation of music and fandom** has enabled artists like Bad Bunny to rise up.



This has also led to more **local language success stories**. These artists and fans can speak in their own languages, use their own slang, embrace their culture. There is less and less need to rely on Western music.

But international hip-hop should count as hip-hop!

Bad Bunny calls himself a rapper, but he's categorized as Latin. Meanwhile, a British artist like Adele is labeled as Pop, not “British.” Hip-hop is worldwide. The genre categories should reflect that.



Early-mover advantages don't last forever

American hip-hop artists and their fans are always early on new platforms. From MySpace Music to YouTube, from ringtones to streaming, the list goes on. Other genres followed hip-hop's lead on streaming, which ate into its share.

The end of album bundles

In streaming's rapid growth phase, artists bundled their albums with merch to place higher on the charts. The short-lived sales tactic ended July 2020 (which was the right call), but the rule change hurt hip-hop artists the most.



Hip-hop artists often have a much lower ratio of physical album revenue compared to streaming revenue. Bundles helped close that gap.

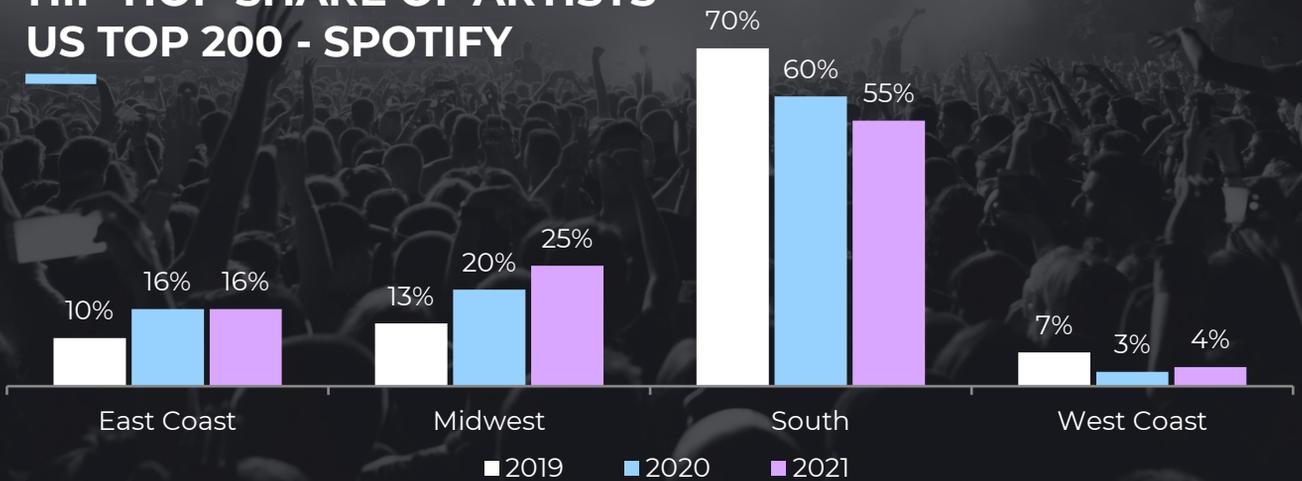
Vinyl's limited supply

Pop stars like **Harry Styles** and **Taylor Swift** had the biggest U.S. first-week album releases of 2022 thanks to massive vinyl sales. But supply chain issues have limited vinyl inventory. Hip-hop and R&B artists like Tyler, The Creator and Beyonce have waited several months after initial release for their vinyl releases, which is well after the initial buzz.

Rap's Capital spreads the wealth

The Southern states have ran hip-hop for years. Atlanta has yet to give up its crown, but it's starting to spread the wealth. Its share of artists on the Spotify charts has declined.

HIP-HOP SHARE OF ARTISTS US TOP 200 - SPOTIFY



Source: Trapital analysis of Spotify data and genre classifications from "Know What's Loved."

Stars can come from anywhere

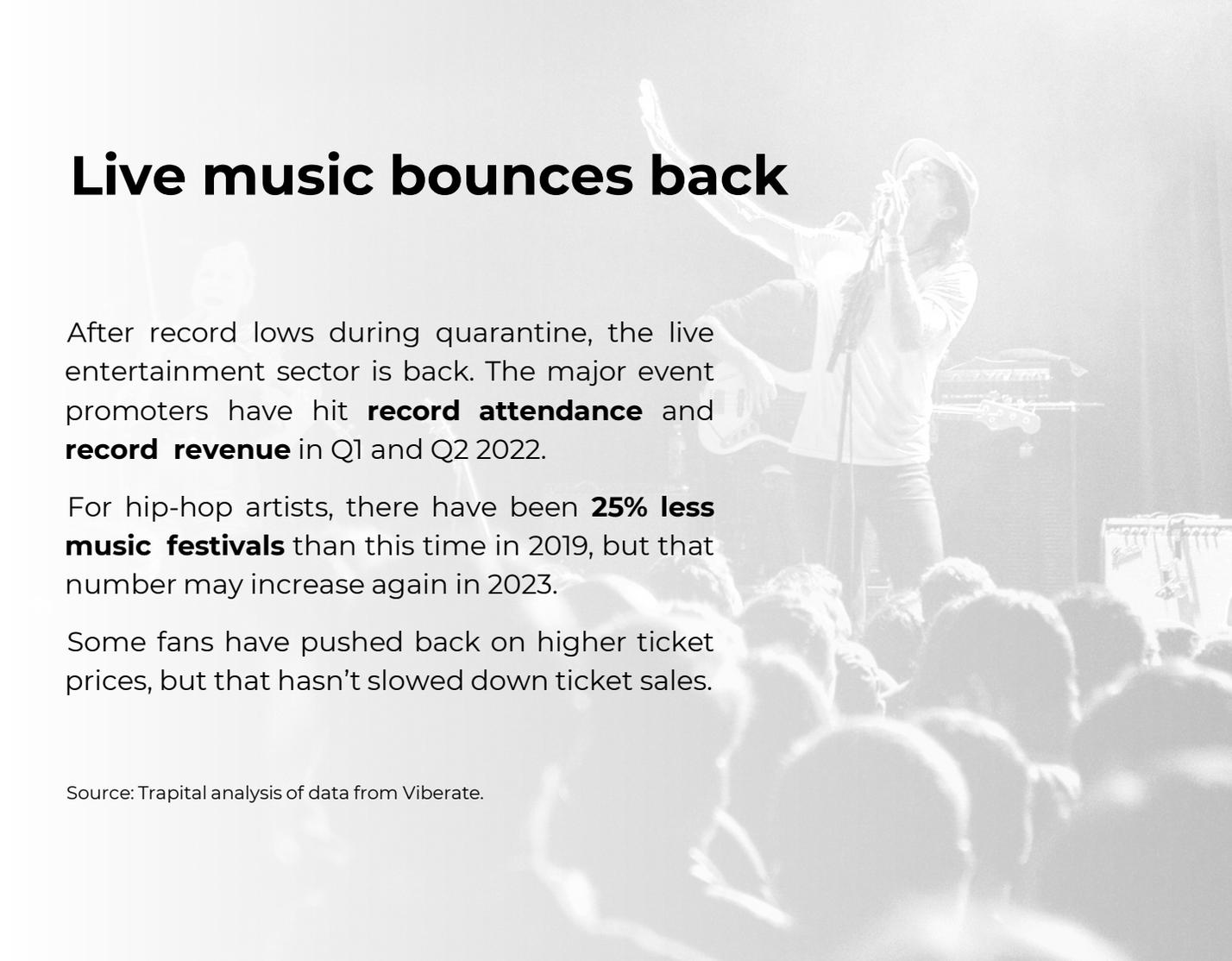
The Midwest gained most of The South's share, with releases from **Ye**, **Juice WRLD**, and **Lil Durk**. Drill music has also been huge, especially in Chicago and New York.

But relationships still matter

Atlanta-based **Quality Control Music** has helped Lil Baby and **City Girls** rise up. Other artists like **Gunna**, **NBA YoungBoy**, and **Summer Walker** have stayed strong.



Live music bounces back



After record lows during quarantine, the live entertainment sector is back. The major event promoters have hit **record attendance** and **record revenue** in Q1 and Q2 2022.

For hip-hop artists, there have been **25% less music festivals** than this time in 2019, but that number may increase again in 2023.

Some fans have pushed back on higher ticket prices, but that hasn't slowed down ticket sales.

Source: Trapital analysis of data from Viberate.

THE WEEKND'S POSTPONED TOUR PAYS OFF

His tour After Hours til Dawn was supposed to start July 2020, but it postponed several times due to the COVID-19 pandemic. But in that span, The Weeknd leveraged his 2021 Super Bowl performance to **upgrade from arenas to stadiums.**

\$7.6M **48,000**

Revenue per show

Tickets sold per show

Source: Trapital analysis of data from Touring Data

The power laws of music

2,400+

Hip-hop artists whose music generated **\$200,000+** in recorded music revenue in 2021



But after record labels, publishing companies, collaborators, producers, and others and other take their cut, these artists **take-home earnings were likely less than \$70,000.**



20+

Hip-hop artists whose music generated **\$20 million** in recorded music revenue in 2021

These artists **take-home earnings were likely \$6.5 million**, but at this level, many superstar artists have negotiated for better terms.

Pluto cashed out, let's talk about it

Future is one of the most prolific artists of the streaming era. Since 2010, he's released more than **16 mixtapes, 9 studio albums, 5 collaborative mixtapes, and a movie soundtrack.**

In 2017, nearly half of his **\$23 million** income came from streaming, which is a higher percentage than most artists. He's continued to reap the rewards in 2022 with *I Never Liked You*, one of the few albums that generated over **280 million streams in its first week.**

In September 2022, it was announced that Future sold his catalog for his music from 2004 to 2020 to Influence Media Partners for **mid eight-figures**, according to sources.



What's next for music catalog sales?

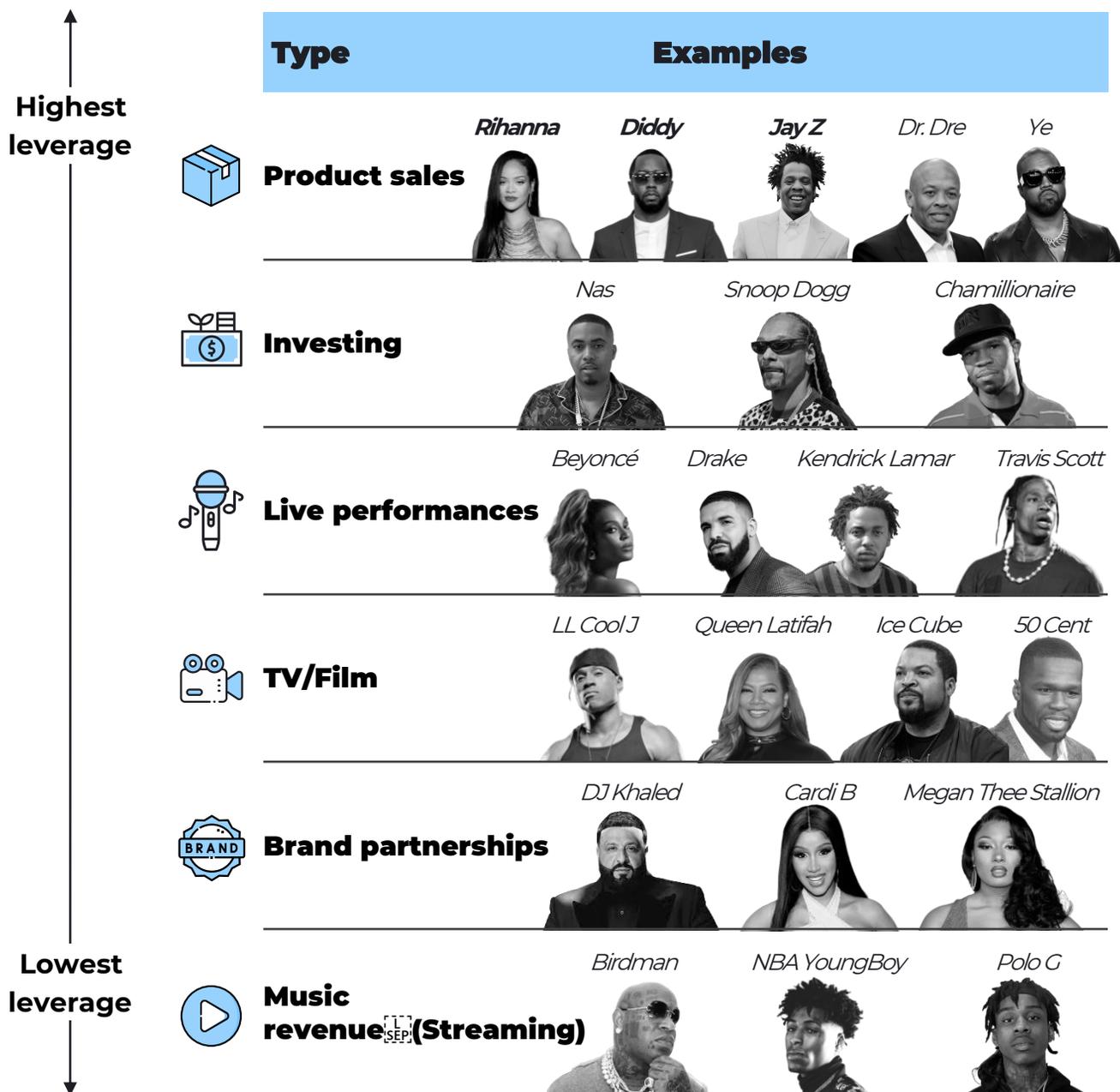
Interest rates have crept back up, the stock market surge is over, and the music catalog shopping spree has slowed down. Some investors who acquired catalogs are disappointed that the revenues generated so far aren't as high as expected.

But many of those catalog were from legacy rock acts. They don't stream as well as newer acts. Rock music lost most of its market share to hip-hop. In Spotify and YouTube's Billions Clubs, **over 90% of the songs in both playlists were released in the past 20 years.** And in 2021, Drake was streamed more than all music released pre-1980.

Millennials stream more music than any other generation. The music that they grew up with may be the better bet for investors.

Millionaires selling music. Billionaires selling products.

The culture's wealthiest artists used their music influence to build companies that sell products that consumers want to buy, time and time again.



Bold = net worth over \$1 billion

TikTok is the new MTV

It's the music discovery platform where fans pay attention, artists have adapted to match its format, and record labels have shifted their budgets towards. And just like MTV in the early 90s, artists who once resisted have eventually leaned in.

Hip-hop is TikTok's most popular genre of music.

Attention, influence, and revenue

25

hours per user
per month

(more than Instagram
and Facebook combined)

\$800M

global consumer
spend

\$12B

ByteDance revenue
from TikTok

Source: Data.ai, The Information

Growth for artists at all stages

Success pre-TikTok

Megan Thee Stallion

Doja Cat

Lizzo

Billie Eilish

Jason Derulo

Success post-TikTok

24kGoldn

The Kid LAROI

Saucy Santana

Coi Leray

Tai Verdes



TikTok's quest to do it all

TikTok is on a mission to do it all: music distribution, streaming, NFTs, search engine, ecommerce, ticketing, and more. It likely won't succeed at all these things. Big social networks rarely win at everything. But much like a venture capital firm, if one of its bets takes off, it can make up for the other attempts.



Organic works best

Artist-generated and **user-generated content** are the most effective ways to go viral. Better than ads or influencers.

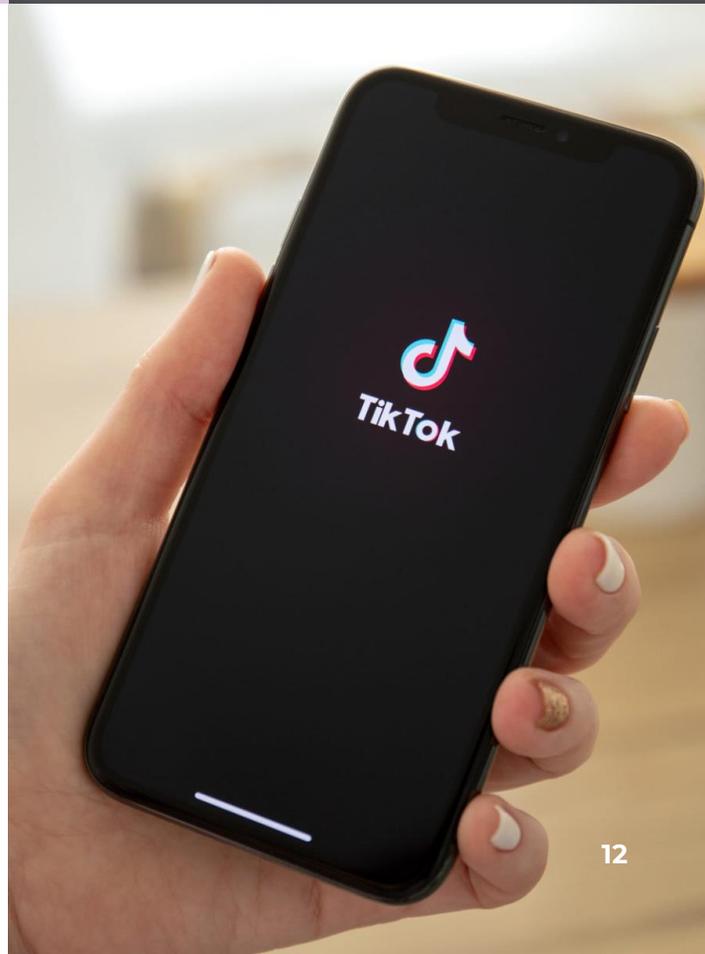
But success isn't overnight. It takes time and consistency. Half of the artists who have gone viral via artist-generated content had been actively posting for at least 18 months straight.

Source: Contraband Global TikTok Report

Easiest to gain, hardest to maintain

For newer artists, TikTok is the easiest to gain a following, but the hardest to maintain and turn those followers into true fans, which is what most artists want in the long run.

This distinction will be even more important, as TikTok expands into other parts of the music ecosystem.



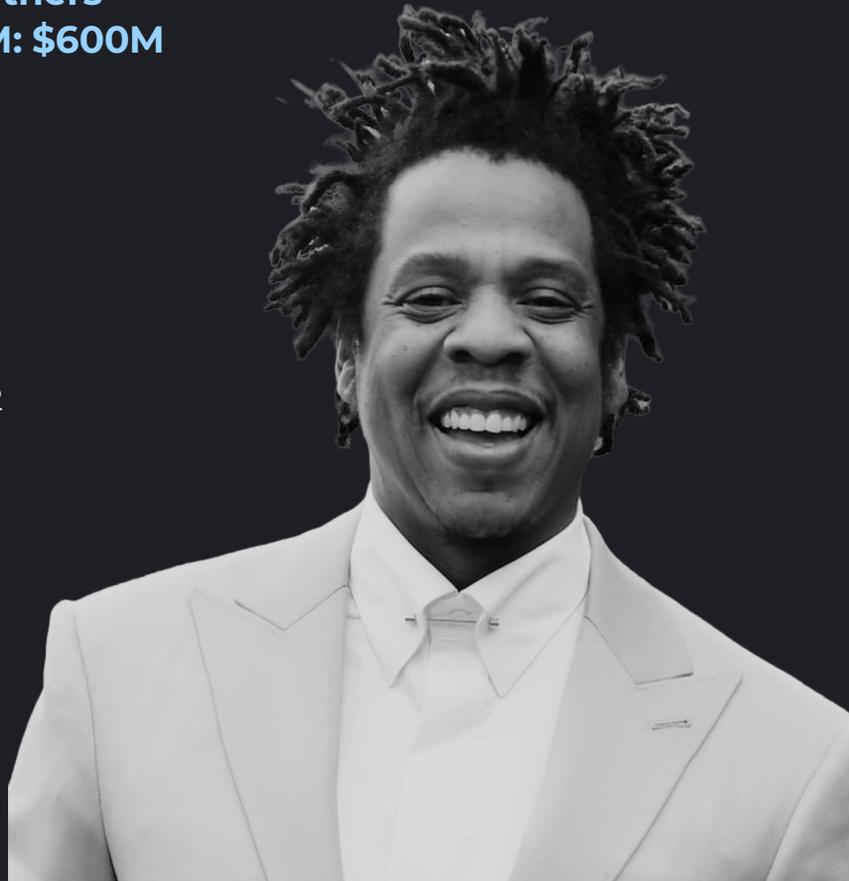
Pay me in equity

Global venture funding is still down from its 2021 peak, especially in late-stage investing. But some artists have still found seed-stage deals and led rounds.

Jay Z's Marcy Venture Partners Second Fund: \$325M. AUM: \$600M

- Babylist: November 2021
- Gemini: November 2021
- Maker Wine: November 2021
- Andie: December 2021
- Savage X Fenty: January 2022
- Unblocked: January 2022
- Madison Reed: April 2022
- MoonPay: April 2022
- Altro: May 2022
- Stellar Pizza: October 2022

Source: Crunchbase



But early-stage investors still rely on growth-stage and private equity firms to invest in future rounds and bring these companies closer to exits.

In the future, more artists will want to be the late-stage investors themselves who can cut 8 and 9-figure checks. **This culture can build its own Sequoias, Benchmarks, BlackRocks, and Carlyles.**

Investing in music startups

Several music startups and funds have still raised solid rounds. Despite the downturn, it's still a great time for founders and investors building the future.

New funds

MUSIC: \$200M

AVEX: \$25M

Coop Records: \$10M

Big rounds

Utopia: €300M

Fever: \$227M

Genies: \$150M

Source: Water & Music

“We invest in companies, not products. Companies [that MUSIC invests in] need to own their tech stack, operate in a large addressable market, and have a defensible business that can't be easily replicated by Google or Apple.”

- Matt Pincus, CEO of MUSIC (via Trapital Podcast)



The state of the creator economy

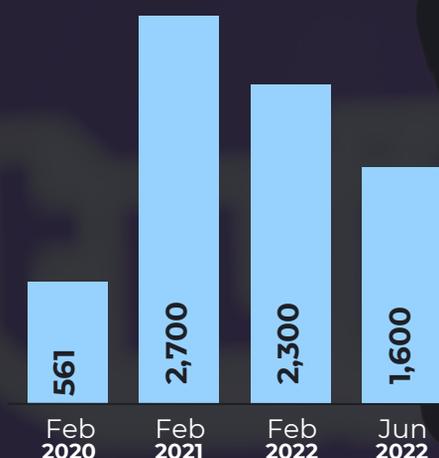
It's a tough time for many creator economy startups, including ones in the music. Several of these startups (and their investors) believed that giving creators the tools to publish and share their creations was enough to upend their industries and let anyone reach new heights.

Those tools did help many creators succeed. Their stories are worth celebrating. But the likelihood of success on most platforms was still subject to the power laws. In most cases, a few top users were the success stories who generated the most value. The same is true for most areas of success like, sports, entertainment, and media. As long as the expectations for these companies and their users are realistic, then there shouldn't be an issue.

Twitch's influence stays strong

Several livestream platforms came and went with the COVID-19 lockdowns. Twitch has had some seasonality, but has maintained well beyond its pre-pandemic levels.

Peak music livestreams per month



Sources: Trapital analysis of data from twitchtracker.com and streamcharts.com

Most followed hip-hop artists

Artist	Followers
T-Pain	868K
Tee Grizzley	872K
Snoop Dogg	795K
Logic	552K
Kenny Beats	325K

An additive revenue stream

“Money made on Twitch is often without opportunity cost. Artists are often making money doing what they need to do anyway: writing and rehearsing songs.”

Twitch is additive, no cannibalistic—increased engagement Twitch correlates with more engagement elsewhere.”

- Will Page, Twitch's Rockonomics

But change is coming soon

Twitch's top streamers used to get a favorable 70 / 30 split for their streaming subscription revenue, but starting June 2023, those earners will only receive a 50 / 50 split after their first \$100,000 in revenue.

The change has been met with much disappointment from the platforms top users. Time will tell how artists adapt after this.

NFTs are best for established acts

The transaction volume for NFTs sales has declined, but most of that was just hype. NFTs are still a considerable source of revenue and can help artists better connect with their fanbase.

Hip-hop artist have issued

57%

of all music NFTs issues

\$60M

In revenue, mostly from
Snoop Dogg.



Hip-hop artists who have sold the most

\$51M
Snoop Dogg

\$2.3M
The Weeknd

\$1.8M
Eminem

\$1.1M
Tory Lanez

\$1.1M
Nameeewee

Sources: Trapital analysis of data from waterandmusic.com, who have attempted to build a database of all music NFT sales

While younger hip-hop artists tend to dominate on streams, it's **the established acts who do well with NFTs**. Their fans have more disposable income, and are more likely to cash in on the longevity of the artist's work. The consumer behavior for NFTs is closer to a concert ticket or high-end collectible.

Metaverse is still emerging

The future of music in the metaverse won't be more events like Travis Scott - Fortnite. It's more likely to be smaller scale, do-it-yourself projects in existing worlds.

Snoopverse in The Sandbox

Snoop Dogg offers fans the opportunity to receive unique benefits and help develop Snoop's own digital world.



Rick Ross and Wingstop

Wingstop has filed a trademark that suggests that the fast food chain will be sell chicken wings in the Metaverse.

Is time for a Rozay "Lemon Pepper Metaverse Freestyle"?

Biggie in the metaverse

The Notorious B.I.G.'s estate announced that the beloved late rapper will have his own experience soon.



Investing in women in hip-hop

In 2022, only three women were in the Top 50 most popular hip-hop artists:

Cardi B

Megan Thee Stallion

Latto



Nicki Minaj has been a mainstay in previous years, but this list often fluctuates based on release cycles, features, and collaborations.



Sources: Trapital analysis of Google Search data for top 50 Hip Hop artists based on Apple Music who are identifiable in Google Search data.

Invest in women hip-hop artists

But women make up **53% of the fans who listen to hip-hop!** That's a huge discrepancy. It's a great opportunity for the music industry to invest in women hip-hop artists. Not just endorsements and influencer deals, but true artist development.

Shoutout to **City Girls, Rico Nasty, Glorilla, Ice Spice, Kash Doll, Saweetie,** and many more.

The people who listen to hip-hop

RACE / ETHNICITY

65%

White
(74% on all genres)

21%

Black
(13% on all genres)

21%

Hispanic*
(19% on all genres)

*Hispanic ethnicity includes both White and Black Hispanics

AGE

Younger generations grew up with hip-hop, but older generations still listen too. This should likely continue, which is good news for the owners of music rights and publishing catalogs.

43%

Millennials

28%

Generation X

22%

Generation Z

7%

Baby Boomers

GENDER

53%

Female

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Sources: Trapital analysis of Luminate's Music 360, USA, 2022



The road ahead

The landscape is more fragmented than ever. The standard metrics of success have become less relevant. That means more opportunities, but there are more decisions than ever before for today's artists and their teams.

The best-positioned artists will be able to sift through the noise, reach their real fans, and grow their fanbase in the ways that matter. Hopefully, the insights in this report can guide them in the right direction.

Special thanks to **Luminate, Viberate, Water & Music, Spotify, Know What's Loved, Chartmetric, Data.ai, Crunchbase, Apple Music, Google, IFPI, Nielsen, Billboard, Instagram, The Contraband Agency, Zack O'Malley Greenburg, twitchtracker.com,** and **streamcharts.com** for the data that made this report possible.

Thank you to **Will Page, Tatiana Cirisano,** and **Cherie Hu** for your feedback on earlier drafts of this report.

If you have any questions, please reach out to us at report@trapital.co



THE EXTENDED REPORT

Recorded music 22

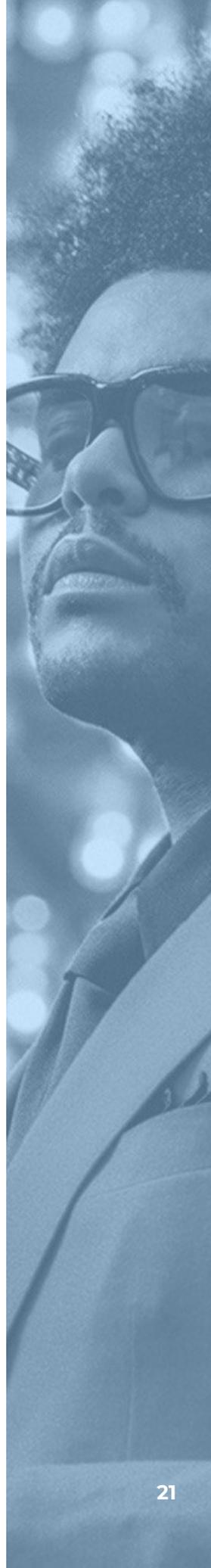
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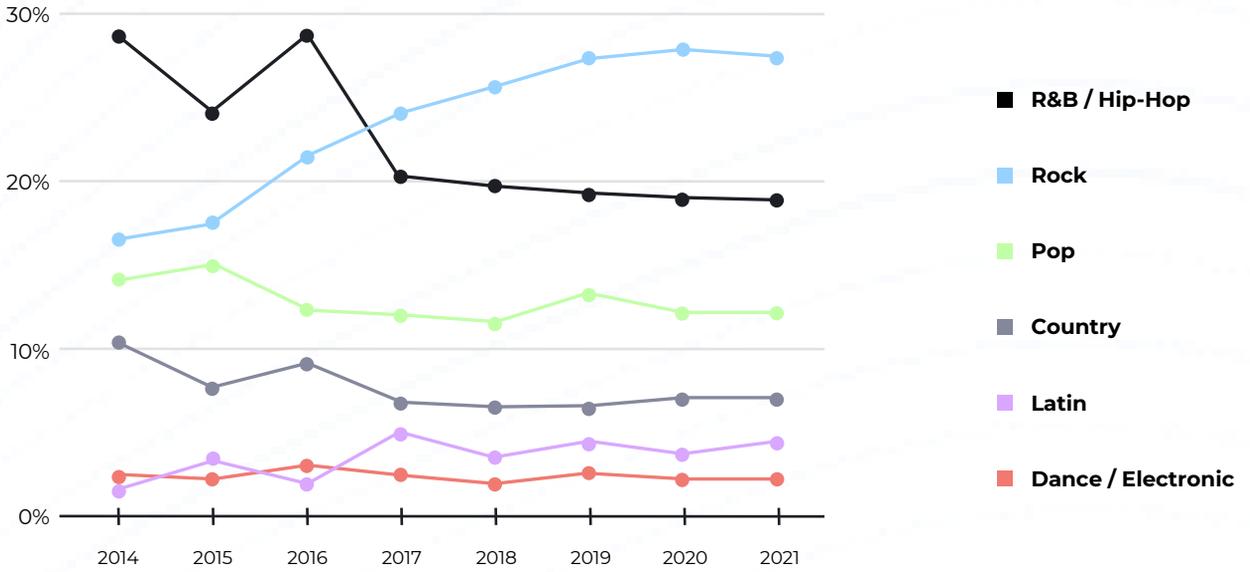
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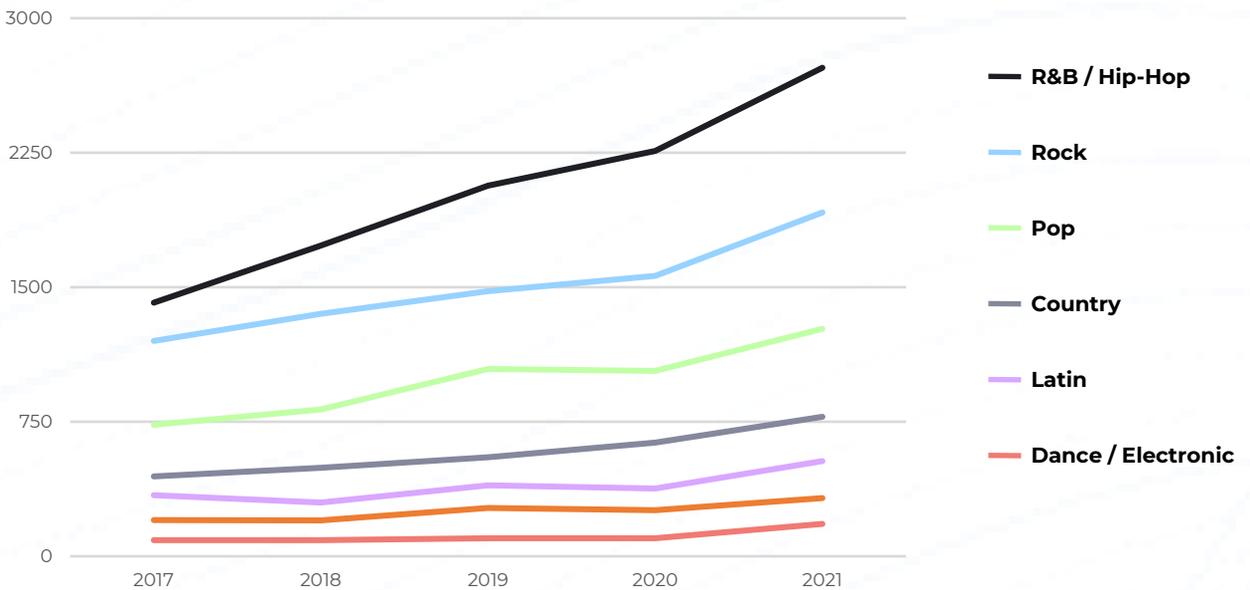
Recorded Music - Digging Deeper

✓ US R&B / Hip-Hop took market share from Rock.

✓ Hip-hop still grew, but Latin has taken from its share



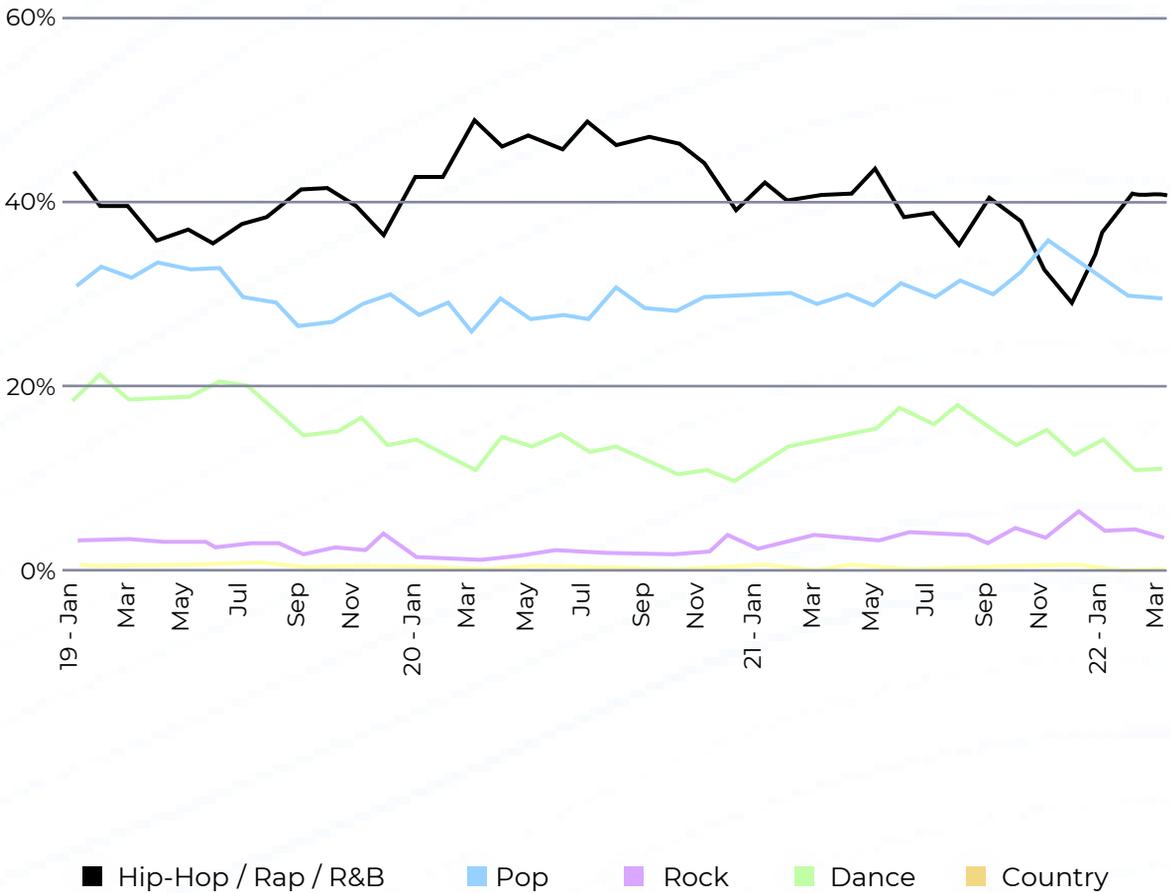
Source : Trapital analysis of Luminate, MRC, Nielsen and Billboard Reports



Source : Trapital analysis of Luminate, MRC, Nielsen and Billboard Reports

Recorded Music - Spotify

✓ Hip-hop still accounts for the largest share of genres on Spotify's Top 50, but Pop is catching up



Sources: Trapital analysis of Spotify data and genre classifications from Know What's Loved

Recorded music - Spotify

Hip Hop's share of genres in the Spotify top 200 artists fell in 22 of the 28 countries, including in the US

2020 Share	2021 Share
US 60%	↓ US 57%
Italy 52%	↓ France 49%
UAE 39%	↑ Egypt 46%
France 51%	↓ Canada 46%
Denmark 39%	↓ Italy 44%
Canada 50%	↓ Germany 42%
UK 39%	↑ Saudi Arabia 40%
Germany 49%	↓ UAE 39%
Sweden 39%	↓ South Africa 38%
Portugal 45%	↓ Portugal 35%
Austria 44%	↓ Austria 36%
Egypt 38%	↓ Sweden 34%
New Zealand 38%	↓ Denmark 33%
Global 38%	↓ Global 33%
South Africa 38%	↑ Spain 33%
Netherlands 36%	↓ UK 32%
Australia 34%	↓ New Zealand 32%
Saudi Arabia 34%	↓ Australia 31%
Belgium 33%	↓ Netherlands 30%
Ireland 30%	↓ Belgium 30%
Finland 30%	↓ Finland 27%
Spain 29%	↓ Mexico 23%
Norway 26%	↓ Ireland 23%
Mexico 23%	↓ Norway 22%
Hong Kong 19%	↓ Brazil 16%
Taiwan 19%	↓ Taiwan 15%
Brazil 19%	↓ India 14%
India 19%	↓ Hong Kong 13%
Japan 8%	↑ Japan 10%

Sources: Trapital analysis of Spotify data and genre classifications from Know What's Loved

Who's earning what?

Spotify numbers for artists of all genres

Year	\$10k	\$50k	\$100k+	\$500k+	\$1m+	\$2m+	\$5m+
2017	23,400	7,400	4,300	960	460	210	50
2018	29,300	9,400	5,600	1,220	590	260	70
2019	34,800	11,400	6,700	1,530	720	330	90
2020	42,500	13,400	7,800	1,800	860	360	100
2021	52,600	16,500	9,500	2,170	1,040	450	130

Methodology

Spotify earnings	\$10,000	\$50,000	\$100,000	\$500,000	\$1,000,000	\$2,000,000	\$5,000,000
Spotify share of market	25%						
All services	\$40,000	\$200,000	\$400,000	\$2,000,000	\$4,000,000	\$8,000,000	\$20,000,000
Artist share of payments	33%						
Artist share	\$13,200	\$66,000	\$132,000	\$660,000	\$1,320,000	\$2,640,000	\$6,600,000
Hip-Hop share of artists	15%						
2017	3,510	1,110	645	144	69	32	8
2018	4,395	1,410	840	183	89	39	11
2019	5,220	1,710	1,005	230	108	50	14
2020	6,375	2,010	1,170	270	129	54	15
2021	7,890	2,475	1,425	326	156	68	20

Sources: Trapital analysis of Spotify payment data, Hip-Hop shares of artists at each tier, Spotify market share, publishing payments and artist shares, and Chartmetric

Hip-hop's Top 5 Net Worth: 2022

Product sales drive net worth for the wealthiest rappers

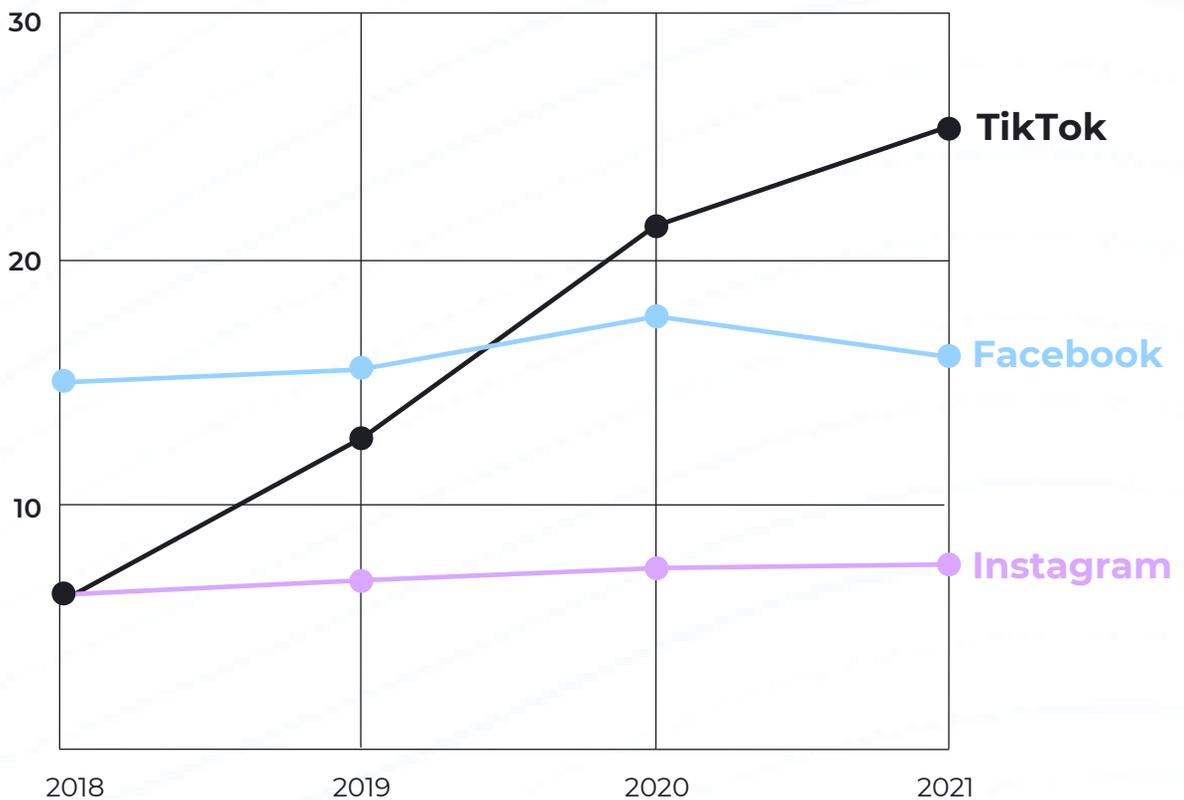
1. Jay Z \$1.5 billion (Armand de Brignac)
2. Diddy \$1 billion (Ciroc)
3. Ye \$500 million (Yeezy)
4. Berner \$410 million (Cookies - cannabis brand)
5. Dr. Dre \$400 million (Beats by Dre acquisition)

Source: Zack O'Malley Greenburg's hip-hop net worth list 2022



TikTok trends

Hours spent per month on TikTok in the USA have easily surpassed Facebook and Instagram. This trend shows no sign of slowing down.



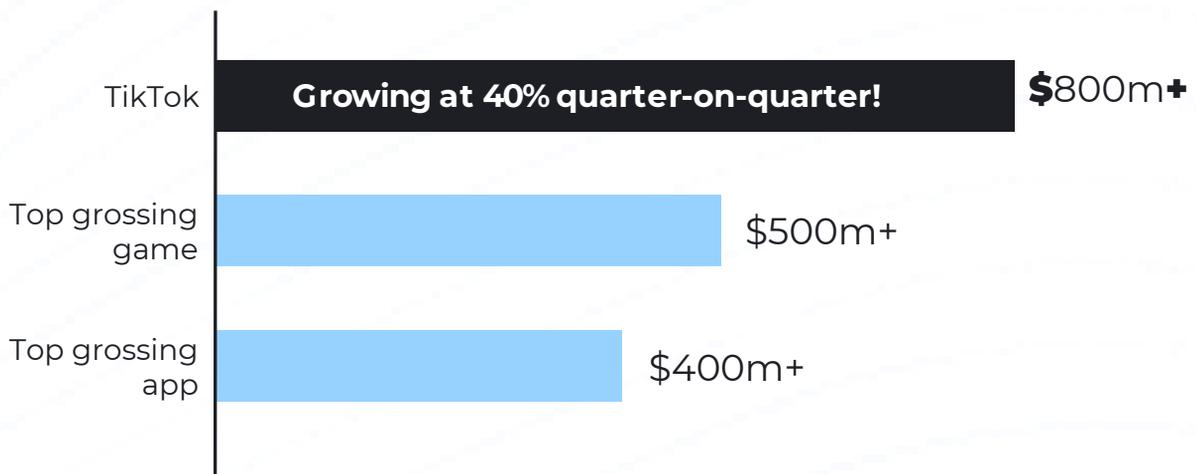
Note: Android phones; Excluding business-management apps; Worldwide excluding China <https://www.data.ai/en/go/state-of-mobile-2022>

Sources: data.ai Intelligence

TikTok trends

Serious about monetization: TikTok registered the highest global consumer spend ever for any app or game in a given quarter.

It is the first app to ever beat a game in consumer spend!



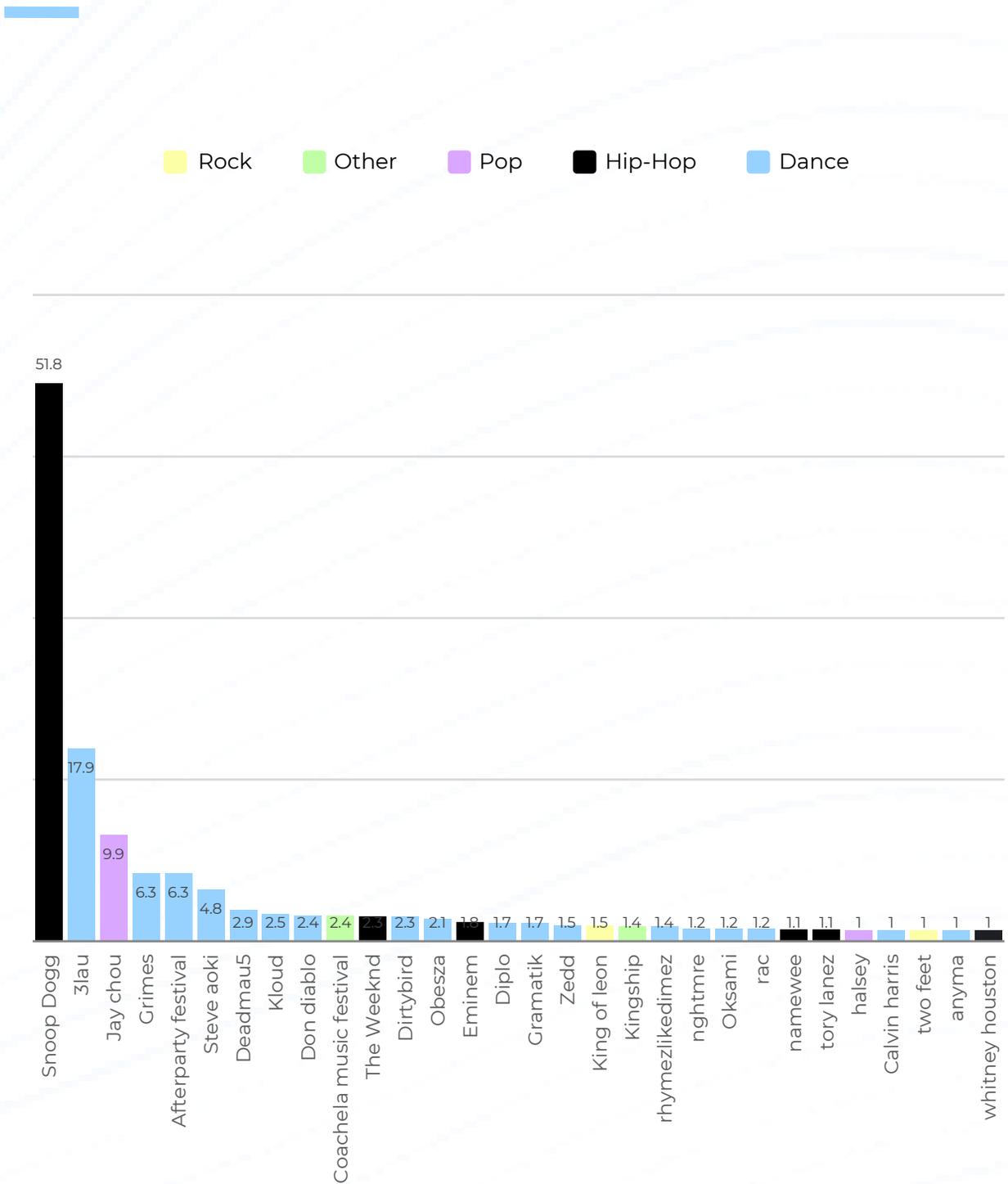
Source: data.ai Intelligence Note: Global consumer spend on iOS and Google Play combined; China is iOS only.

Based on #1 app or game by revenue in any given quarter (2010 - 2022). *Top Grossing App (outside of TikTok):

data reflects next highest non-game application by global spend in any given quarter.

NFTs and the metaverse

Top 30 artists (\$m)



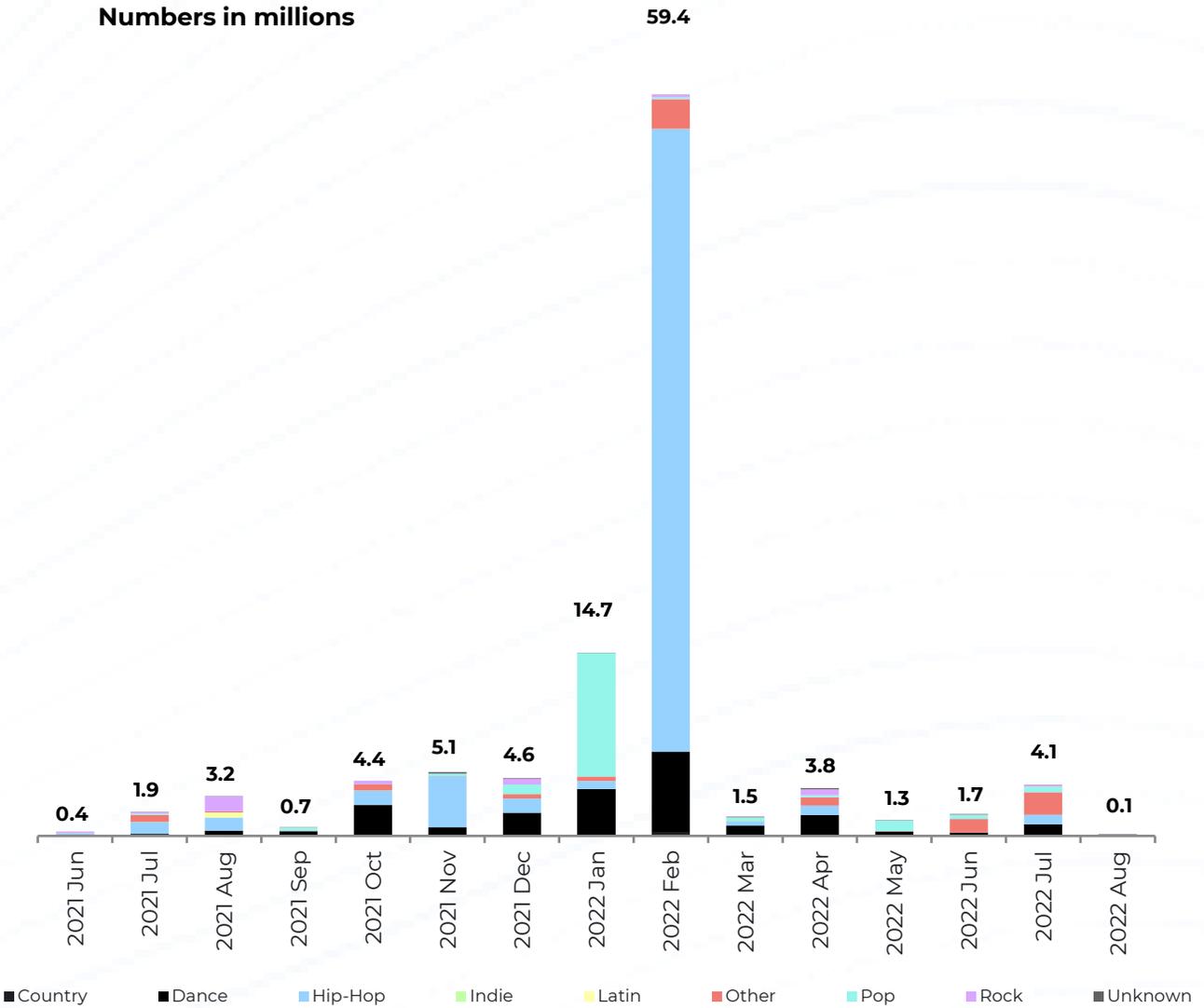
Source: Trapital analysis of data from Water and Music, whose community has worked to identify as many music-related NFTs as possible <https://www.waterandmusic.com/data/music-web3-dashboard/>

NFTs and the metaverse

Value of artist NFT issues



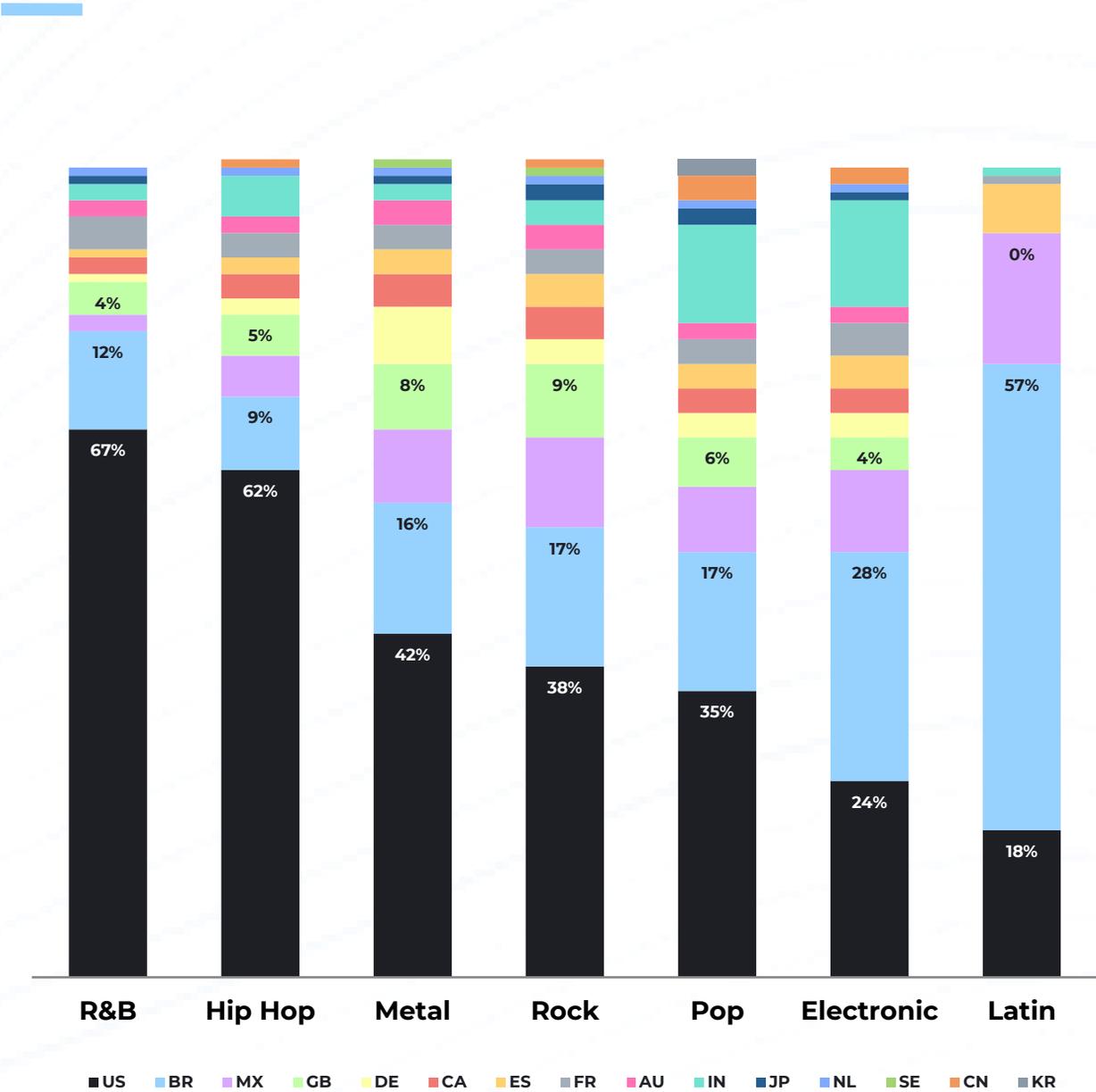
Numbers in millions



Source: Trapital analysis of data from Water and Music, whose community has worked to identify as many music-related NFTs as possible
<https://www.waterandmusic.com/data/music-web3-dashboard/>

Representation

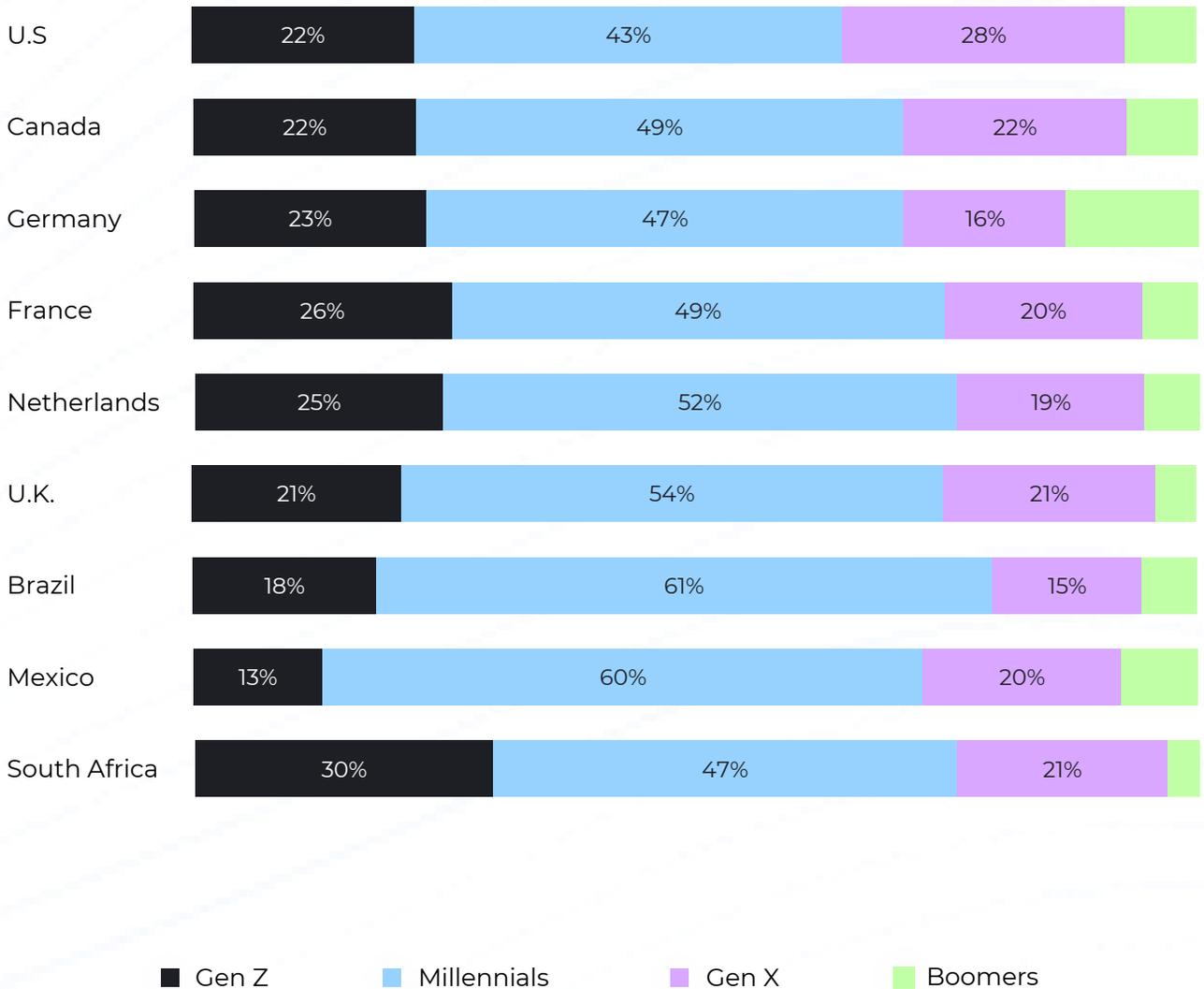
Percent of Instagram follower in selected countries for the top 100 Spotify artists in each genre



Source : Trapital analysis of Viberate and Instagram data

Representation

Share of hip-hop listeners by generation



Source: Trapital analysis of data from Luminate

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Trapital is the leading research group with insights and analysis on the business of music, media, and culture. Each week, we assess the most important companies, partnerships, companies, and artists in the industry.

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Read our weekly newsletter at trapital.co/newsletter

