

# TRAPITAL

MUSIC. MEDIA. CULTURE.

# 2023



# THE TRAPITAL REPORT

PRESENTED BY

# DICE



# INTRODUCTION

We're back!

The pandemic is behind us, and so are the zero interest rate phenomena that came with it. Fortunately, that has led to better opportunities, important trends, and we're excited to break them all down in this year's report.

I couldn't have done this without Simon Jacobs and David Boyle from Audience Strategies. They worked with Trapital to prepare the data and insights.

I also want to thank our presenting sponsor, DICE, our supporting sponsor, Downtown, and our data partners Luminate and Pollstar, for making this all possible.



**DAN RUNCIE**  
Founder of Trapital

Trapital is back with another can't-miss report and we're happy to have played a small part in making it happen. From insights on growing concert revenues to understanding superfans, this report is an indispensable resource. We share a commitment to pushing boundaries within the music industry for artists and fans, and if you're reading this, I expect you do too.

DICE is the world's largest independent music ticketing platform helping fans experience more of the shows they love. DICE is on a mission to get people out more by offering a fairer ticketing experience and personalized event recommendations. Learn more at [dice.fm](https://dice.fm)



**RUSS TANNEN**  
President of DICE

THANKS TO OUR SPONSORS WHO MADE THIS REPORT POSSIBLE!



THANKS TO OUR DATA PROVIDERS



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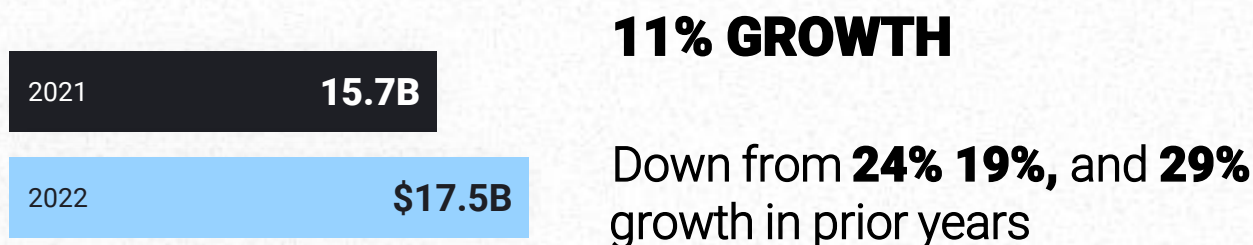
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# When the growth slows down

During streaming's rapid growth phase (2017 – 2021), it was easy to overlook the underlying tensions between record labels and streaming services. Everyone is happy when growth is "up and to the right." But now, growth has slowed down and the major record labels been more vocal about changes they want to see in streaming.

## MUSIC STREAMING REVENUE (global)



### SOURCES:

Trapital analysis of data from Luminate, MRC and Nielsen for genre share combined with IFPI Global Music Report 2022 on the recorded music market size.

## THE IMPACT ON RECORD LABELS AND DSPs

According to the Goldman Sachs Music In The Air report, revenue per hour streamed of music is **4x lower on Spotify than it is on Netflix!** Streaming saved the music industry but it's still underpriced. In the U.S., most digital streaming providers (DSPs) are currently priced at \$10.99 per month for individual plans.

But there are competing incentives that keep music streaming underpriced. Lower prices help streaming services maximize growth, but the rightsholders want their music to generate more revenue. This has left a lot of money on the table.

Streaming revenue accounts for 67% of global recorded music revenue. Yet the DSPs are incentivized to promote all other types of audio that's less expensive to license.

The record labels and DSPs have negotiated for years. They have debated on revenue shares, advances, and preferential treatment from the algorithmic and playlists placements. Growth was the one area where both sides were aligned.

## STREAMING SERVES THE LOWEST COMMON DENOMINATOR

Streaming is a great, convenient product for people with low willingness to pay to access music. It serves the lowest common denominator of music fan. But it hasn't captured value from fans willing to pay more. That value has been converted into non-streaming revenue, like live music and merch, but streaming should still find a way to capture some that.



# How best to grow the pie

## RECORD LABELS PROPOSED CHANGES TO EARN MORE FROM STREAMING

- ✓ Raise prices for individual and family plans
- ✓ Shift from pro rata to user-centric and artist-centric payout models
- ✓ Increase payouts to “professional artists” (min. 1,000 streams from 500 users)
- ✓ Increase payouts to artists you actively select to listen to (instead of algorithmic streams)
- ✓ Deprioritize non-music ambient noise, “whale sounds,” or non-artist music
- ✓ Reduce unauthorized uploads, fake accounts, fraudulent streams, and false payments

These tactics are all sensible. Deezer is working with Universal Music Group on several of there. But these tactics don't grow the pie or accelerate growth.

## SUPERFANS: \$4.2 BILLION OPPORTUNITY

The pie will grow the most by offering more value to the most passionate listeners.

Superfans are willing to spend 2x more on music than the average individual. Goldman Sachs predicts that 20% of listeners are superfans of at least one artist, which can lead to a \$4.2 billion opportunity for the industry.

## WHAT SUPERFANS WANT

Superfans want early access to tickets and music. They want community and merchandise. They want input and access. They buy products and services that offer them an identity.

Web3 and NFTs tried to address this opportunity, but some of its ideas were solutions in search of problems.

Whether it's on-chain or off-chain the superfan products and services need to focus on the benefit it offers the consumer

## THERE'S A FINE LINE

Consumers will pay up and travel around the world to see their favorite artists. But they aren't money pits. The challenge is to serve superfans **without treating them like ATMs.**



# Lean in to generative AI

## DERIVATIVE WORK GROWS DEMAND AND GROWS THE PIE

The music industry is like clockwork. When vinyl technology was introduced in the 1940s, many people in the industry were concerned that vinyl sales would eat into the live concert business. Instead, it increased demand.

Later on when cassettes were introduced, people feared that cassettes would hurt vinyl sales, but cassettes made even more money than vinyl did. The trend continued to CDs with CDs. From sampling to CDs to streaming, each new technology innovation increased the opportunities for derivative work. It helped grow the pie for the overall industry despite early skepticism.

Generative AI is the latest example. Ghostwriter's viral song with Drake and The Weeknd sparked much concern. But once we navigate the early unknown, this technology has tremendous potential to grow the pie.

## WHY AI HELPS THE INDUSTRY GROW



Major record labels and publishers own the underlying assets that most viral generative AI songs would be based on.



The issues around attribution for an artist's voice, lyrics, or likeness are temporary. Technology is being developed to detect all of this.



YouTube Music turned a similar issue into a multi-billion dollar business with its Content ID, which is now common across most social networks with music integrations.

The same is possible for AI.



Empowering superfans to make music that extends the reach, impact, and monetization of existing artists, like Grimes and others who will let their fans use her voice and likeness, and split revenue with them



Makes it easier for new artists to create new music, leading to a more diverse set of artists, sounds, and music lovers.



If an popular artist's voice is used on a viral AI song, it can boost demand for the artist's back catalog and the rest of their original songs available to stream.



# Hip-hop and Latin music popularity

Hip-hop artists and fans were early adopters to streaming (like they were to ringtones, mixtapes, and other digital music forms). This is how hip-hop became the most popular genre during streaming’s rapid growth phase.

Hip-hop and R&B is still in the top spot with growing revenue thanks to a growing market overall, but its share has declined for the second straight year.





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

TOTAL REVENUE		SHARE OF TOTAL REVENUE	
2021	\$2.72B	2021	27.7%
2022	\$2.78B 	2022	26.8% 

Pop, Rock, Country, and Dance have stayed consistent, but Latin music continues to increase its share of revenue.

## LATIN RECORDED MUSIC REVENUE (GLOBAL)

TOTAL REVENUE		SHARE OF TOTAL REVENUE	
2021	\$531M	2021	5.4%
2022	\$648M 	2022	6.3% 



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

## HIP-HOP IN 2023

Yet in 2023 to date, only three rap albums have topped the Billboard 200 charts: Lil Uzi Vert’s *Pink Tape*, Travis Scott’s *Utopia*, and Drake’s *For All The Dogs*. But hip-hop has still accounted for 33% of all albums that made the same chart, more than twice Pop and Rock combined (16% each). Despite the dip, hip-hop is still the top genre.

But we’ve said it before. If Puerto Rican rapper **Bad Bunny**—the most streamed artist in the world in 2022— was categorized as Hip-hop, then his 4 billion streams in 2022, and billions more in 2023, would move to hip-hop along with other Latin rappers.

# The top 1% of artists on streaming

## THE \$2 MILLION ARTISTS

According to Spotify, over 2,230 artist catalogs\* generated at least **\$500,000** on the platform in 2022. Since Spotify accounts for more than 20% of global recorded music revenue, these acts likely generated **\$2 million** from all sources.

There are ~200,000 “professional artists” on Spotify, so these 2,230 artists are in the top 1%.



## JUICY J IS THE THRESHOLD FOR THE TOP 1%

In September 2023, Juicy J was the **2227<sup>th</sup>** most listened to artist on Spotify based on monthly listeners list. He’s right around the cutoff mark for top 1% of professional artists on Spotify. But ironically, The Juice Man’s most-streamed song on Spotify isn’t “Bandz a Make Her Dance,” it’s “Shell Shocked” from the TMNT soundtrack. He’s also featured on Katy Perry’s “Dark Horse,” which is in Spotify’s Billions Club.

**4.7M**

Monthly Spotify listeners

**2227<sup>th</sup>**

Most listened to artist on Spotify



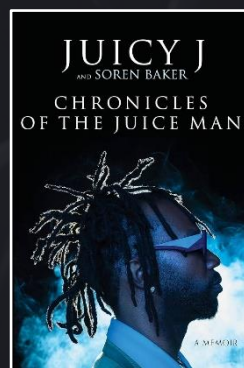
**“Shell Shocked”**

Most streamed song on Spotify

## MULTIPLE REVENUE STREAMS

**Juicy J** also opened for Logic on the College Park Tour. We estimate that the tour likely grossed over **\$4 million**.

He also released a memoir, **Chronicles of the Juice Man**. Music is just one of his many revenue streams.



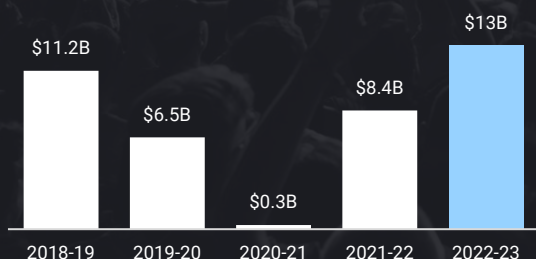
Sources: Trapital analysis of Spotify’s Loud & Clear, Spotify’s monthly listeners, Kworb.net



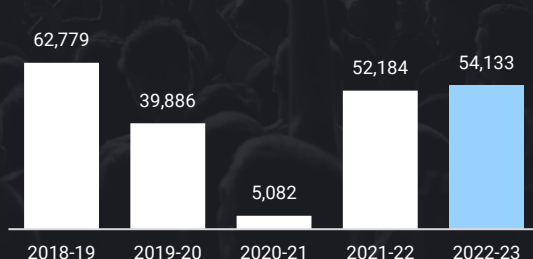
# The live music luxury

Concert revenue is up 15% since pre-pandemic (2018-19), but the number of concerts is down 14% in the same time period.

## CONCERT REVENUE (US)



## NUMBER OF CONCERTS (US)



Years run July-June with most recent being July 2022-June 2023

Source: Trapital analysis of Pollstar data, box office sales only, excludes festivals

## THE “PREMIUMISATION” OF LIVE ENTERTAINMENT

- 1 Touring is more expensive for artists than ever.** Production costs, travel, lodging, and more are all more expensive post-pandemic. Many artists find it hard to justify. It challenges the notion that “artists make money on the road”
- 2 The live music audience is aging and has more disposable income.** The most popular live acts have elevated their production value. The Sphere is a great example of this. Since it’s harder for new acts to break through, and younger music fans aren’t outside as often, the established acts who tour in stadiums and arenas benefit.
- 3 The secondary ticket market** likely took a bigger hit from the pandemic than the primary market did. This lowers the impact of downward trends, but it also limits the heights that the primary market ticket resellers can capture.

# From URL to IRL

Hip-hop and R&B are the most popular genres of music on streaming and social media, but pop and rock still have higher demand in live music.

## HIP-HOP and R&B

11%

of concert  
revenue in the US



Compared to 27% of streaming revenue

Sources: Trapital analysis of Pollstar box office revenue  
Luminate for recorded music revenue

## POP and ROCK

27%

of concert  
revenue in the US



Compared to 33% of streaming revenue

## WHY HIP-HOP and R&B DOMINATE STREAMING BUT NOT LIVE MUSIC

**Age:** Hip-hop and R&B are younger genres with younger fanbases. Rappers didn't consistently tour on a global arena level until the 2000s. The live audience skews much older than streaming. Live music also tracks more with U.S. demographics. Black people, who over-index on hip-hop and R&B, account for 12% of population.

**Historical and racial bias:** Concert promoters were hesitant to promote rap due to "safety concerns," even though rock concerts often had worse violence. These setbacks had compounding effects. It takes several tours to develop global fanbases.

**Development:** Due to Age and Historical bias, there was less time spent developing hip-hop and R&B artists to be strong touring acts. Many popular hip-hop and R&B acts still rely on festival runs and nightclub appearances.

**Price and willingness to pay:** Live music ticket prices and costs are rising. Streaming is a cheaper way to experience music. Hip-hop and R&B music festivals, like Lovers & Friends, Day N Vegas, and Rolling Loud are an economical way to see these acts, but there's a tradeoff for acts who solely rely on festivals instead of their own tours.



# Who can sell out a tour at each level

This is not an exhaustive list, but includes some familiar faces at each venue level

  
**STADIUM**  
**30k+**  
capacity



Beyonce



Taylor Swift



Ed Sheeran



The Weeknd



Lady Gaga

  
**ARENA**  
**10k+**  
capacity



SZA



Lizzo



Travis Scott



Kendrick Lamar



Miley Cyrus

  
**AMPHITHEATRE**  
**5k+**  
capacity



Lil Uzi Vert



Janelle Monae



Wiz Khalifa

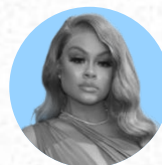


Lil Baby



A Boogie Wit Da Hoodie

  
**BALLROOM**  
**2k+**  
capacity



Latto



Chloe Bailey



Yeat



Denzel Curry



Glorilla

  
**CLUB**  
**<2K**  
capacity



Sexxy Red



Victoria Monet



Coco Jones



Paris Texas

Sources: conversations with several booking agents to confirm

# How I run this: VÉRITÉ



**Some artists say there’s no money in streaming unless you’re a superstar. What’s your take?**

Streaming is a really good and consistent income stream once you hit a critical mass and own your masters, though it is harder to play that game independently today than it was earlier in my career.

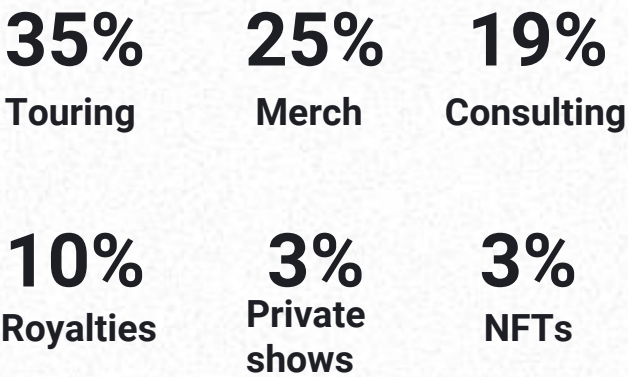
**Has AI helped any of your work yet?**

I’m exploring everything and holding it all very loosely. Web3 has some tools that can be beneficial to artists, I want to experiment with them. AI makes creating visuals and graphics more accessible and exciting. The idea of generative audio and immersive audio/visual experiences are of interest.

**If you could change anything about the industry, what would it be?**

User centric streaming payouts, no algorithmic blocking of content to people who subscribed/intentionally followed you, undo the mass consolidation of power and influence recently re-established by major labels in distribution and streaming, no merch cuts at venues, no ticketing fees.

## REVENUE BREAKDOWN



DISTRIBUTOR	Venice Music
PUBLISHING	Kobalt / AWAL
TALENT AGENCY	UTA

**423k**  
Monthly Spotify Listeners

as of October 30, 2023



# How I run this: LaRussell



**Some artists say there’s no money in streaming unless you’re a superstar. What’s your take?**

There’s plenty of money in streaming as an indie artist. Just takes a lot more work to get to the point where it funds the operation.

**How do you define success?**

Being able to do what I love for a living.

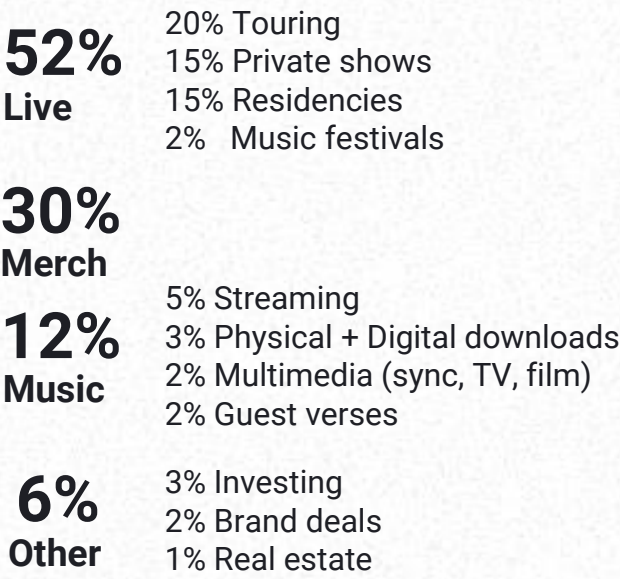
**How’s touring been in 2023?**

Demand for touring has only increased for us.

**If you could wave a magic wand and change anything about the industry, what would it be?**

The record deals!

## REVENUE BREAKDOWN



RECORD LABEL	None
PUBLISHING	Kobalt
TALENT AGENCY	none
MANAGEMENT	Good Compenny
MERCH	Good Compenny

**334k**  
Monthly Spotify Listeners

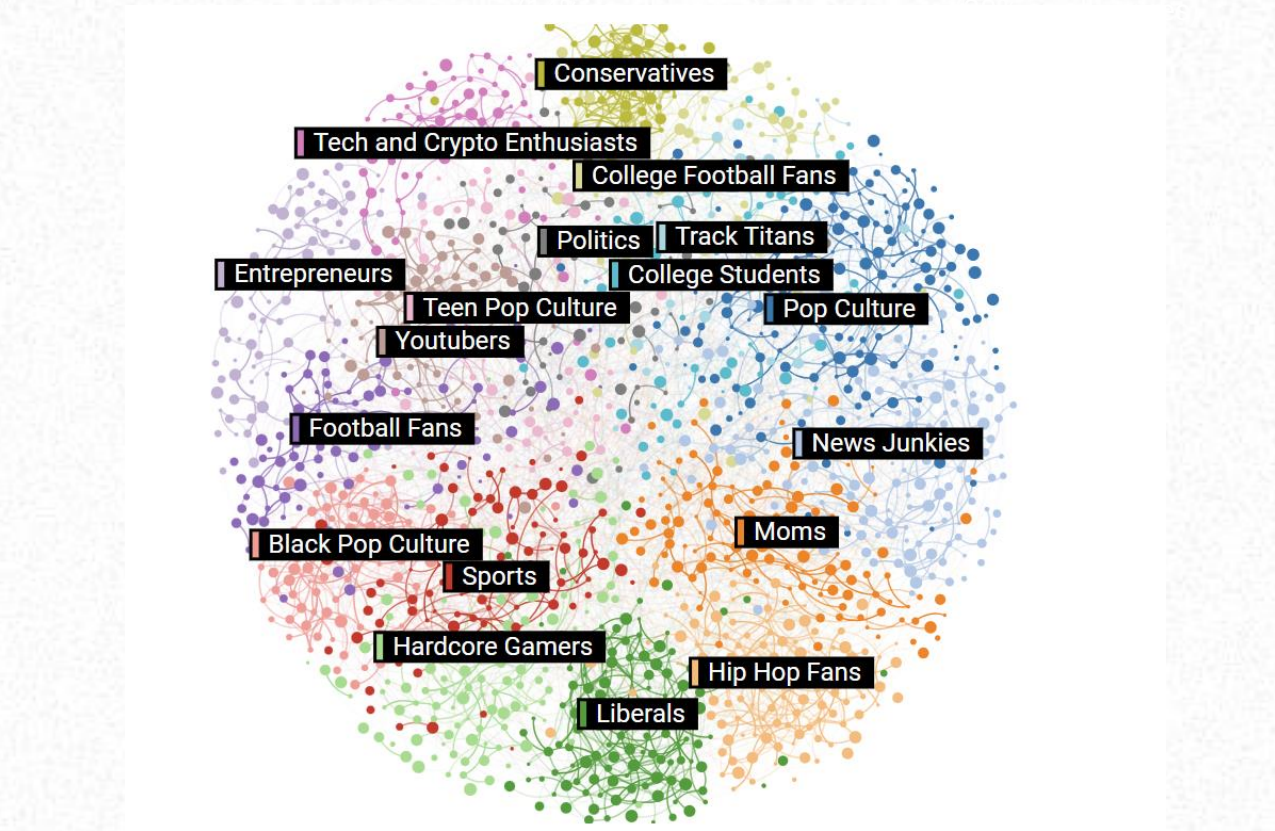
as of October 30, 2023

# Exploring the audience

Music fans are some of the most valuable consumers in the world. Segmenting audiences based on their X (Twitter) interests offers a goldmine of insights for companies, brands, agencies, and more.

This is less like data analytics, and more like behavioral cartography. We can better understand how to engage them, add value to their community, and boost brand loyalty.

## SOCIAL MAP OF AUDIENCE SEGMENTS ON X



Source: Trapital analysis of segmentation of Twitter users in the US - produced using Affinio

## WHAT EACH CLUSTER MEANS

This social map clusters all of the 540 million monthly active users on X. They represent each corner of the app: Black Twitter, Tech Twitter, Politics Twitter, News Junkies, the list goes on.

On the next few pages we share insights on valuable audiences based on genre interest.



# Reaching the pop consumer

Pop's core audience on X is driven by these three communities:

## 1. YOUTUBERS

This community is always online to watch their faves. Nearly 27% of the audience is 18 – 24, and 65% are 25 – 34. Both numbers are higher than the U.S. overall. The group is 82% female.

They love "heartthrob" male singers like Harry Styles, Shawn Mendes, and Justin Bieber. They also follow personalities like the Dolan Twins and Cameron Dallas.

Effective campaigns will connect on vibrancy and immediacy of their youthful interests. The messaging for YouTubers need to be contemporary and relevant.

## 2. TEEN POP CULTURE

This group cares about their talented idols, beauty icons, and lifestyle maestros. Nearly 39% of the audience is 18 – 24, while 63% are 25 – 34. The group is 82% female.

They love artists who are often on the "most influential people in the world" lists. Billie Eilish, Kylie Jenner, Taylor Swift, and Rihanna. On social media, they follow personalities like Dolan Twins, Cameron Dallas, and Connor Franta.

Brands need modern and versatile campaigns to reach this group. Each campaign should tap in with the latest trends, or they risk coming off as irrelevant.

## 3. MOMS

The oldest community of the segment still needs a touch of recency. Moms appreciate the blend of tunes from their childhood and what's in today. They often long for the nostalgia from the days of MTV's TRL and BET's 106 & Park, but want to know what their kids listen to as well.

But this group also connects with reality TV stars from the Real Housewives, Love & Hip-Hop, and the various podcasts that cover those shows like a SportsCenter recap.

The brands that reach them can hit the balance between nostalgic allure from their pasts and the contemporary appeal of their kids.

Source: Trapiatal analysis of segmentation of Twitter users in the US - produced using Affinio

# Reaching the hip-hop consumer

Hip-hop's core audience on X is driven by these three communities:

## 1. HIP-HOP FANS

This is “hip-hop Twitter” at its core. They discuss, debate, and dissect it all. Almost 21% of the audience is 18 – 24, and 59% are 25 – 34. Both numbers are slightly higher than the U.S. overall.

This group loves older millennial and younger Gen X rappers, like T.I., Lil' Wayne, and J. Cole. They miss the classic albums of their coming-of-age years, and don't think that streaming era has maintained the same quality.

Brands that reach this group need a deep respect for the culture and genre. Tradition and strong affiliations with the community can move the needle.

## 2. BLACK POP CULTURE

Black Twitter is still going strong, even on X. These are the trend setters who are two steps ahead of the mainstream. They're a bit younger, but that gives them time to stay up with the latest. Over 29% of the audience is 18 – 24, while 62% are 25 – 34. The group is 57% female.

They love the younger hip-hop artists who the Hip-Hop Fans community may dismiss, like Moneybagg Yo, Lil Durk, and Cardi B.

This group wants brands that have their finger on the pulse, but they also don't want brands to overstep their welcome. It's cringe to see random brands tweet about “Pushin P” or try to “sound Black” on Twitter when it doesn't match the brand.

## 3. SPORTS

The platform is often at its peak engagement during big sports moments. The sports community is 77% male, with an age demographic that tracks the overall app. They're active on ‘NBA Twitter,’ where stars LeBron James and Kevin Durant are always discussed. They also love rappers who have partnered with the NBA in some capacity, like Kendrick Lamar, J. Cole, and Drake.

The brands who target this group need to convey the determination of an athlete mixed with the raw emotion that hip-hop artists often bring to the table.

Source: Trapiatal analysis of segmentation of Twitter users in the US - produced using Affinio



# The most valuable songs



When an artist’s catalog is purchased, the sale price is driven by their massive hits. Music is a power law game. On Spotify, as of October 2023, there are nine songs with:

1+ BILLION  
streams

1+ MILLION  
daily streams

more than  
20 YEARS OLD

Other factors matter too, like derivative versions, trajectory, scarcity, sync opportunities, and how active the artist is in building awareness, but it’s still a numbers game.

A-ha	▶ “Take on Me”	1985
Coldplay	▶ “Yellow”	2000
Creedence Clearwater Revival	▶ “Have You Ever Seen The Rain”	1971
Eminem	▶ “Without Me”	2002
Fleetwood Mac	▶ “Dreams”	1977
Linkin Park	▶ “In The End”	2000
The Police	▶ “Every Breath You Take”	1983
Radiohead	▶ “Creep”	1992
Tears For Fears	▶ “Everybody Wants to Rule The World”	1985

Source: Spotify data from kworb.net. As of October 2023

There are many, many more songs with 1+ billion streams and 1+ million daily streams that are less than 20 years old, but songs with steeper decay curves have less value. Longevity matters.

The list above is still fascinating, albeit very male and very white. Several of these songs are often played in supermarkets and department stores.

But catalog acquirers don’t just buy and hold songs. Many try to maximize the asset through sync, multimedia, and experiences.

Will Hollywood greenlight a Tears For Fears biopic? I doubt it. But a legendary group like Fleetwood Mac? That’s much more likely.

# The most valuable songs

YouTube

On YouTube, it's slightly different. As of October 2023, There are nine music videos with:

1+ BILLION

Views

700,000

Daily Streams

More than

20 YEARS OLD

4 Non Blondes		"What's Up"	1993
50 Cent		"In Da Club"	2003
A-ha		"Take On Me"	1985
Coolio		"Gangsta's Paradise"	1995
Eminem		"Without Me"	2002
Hariharan		"Sankatmochan Hanuman Ashtak"	1992
Linkin Park		"In The End"	2000
Linkin Park		"Numb"	2003
Michael Jackson		"Billie Jean"	1982

Source: YouTube data from [kworb.net](#). \*As of October 2023

The YouTube list is relatively more diverse. More corners of the world are represented, plus there are more Black artists. We also have a few repeats on both lists. Linkin Park is one of the most commercially successful acts on both Spotify and YouTube.






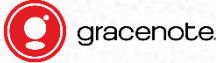




We also looked beyond the above threshold to see the next videos up for YouTube. There were more women represented, like Whitney Houston. We also saw a few memes, like Nelly and Kelly Rowland "Dilemma" music video, which has the unforgettable scene of Kelly texting someone back on Microsoft Excel!

Each streaming service has a slightly different demographic. Part of that is based on whether the platform is audio vs video, or ad-supported vs paid subscription. But it's also dependent on the global reach of each service. A similar analysis of Apple Music or Amazon Prime Music may also lead to strong Western artist representation like Spotify given the user base of those services.



# Music's largest exits have been DSPs









Music tech startups often get a lot of interest. Music is undermonetized, and new companies help capture that value. In the past decade, the biggest exits are DSPs.

	COMPANY	VALUE AT EXIT	EXIT TYPE	CATEGORY
#1	 Spotify	\$29.5B	IPO	DSP
#2	 TENCENT MUSIC ENTERTAINMENT	\$21.3B	IPO	DSP
#3	 beatsMUSIC.	\$3B	M&A	DSP (+ headphones)
#4	 believe.	\$2.3B	IPO	Music distributor
#5	 deezer	\$1.1B	IPO	DSP
#6	 gracenote.	\$560M	M&A	Data Provider
#7	 akazoo	\$469M	IPO	DSP
#8	 SHAZAM®	\$400M	M&A	Music discovery
#9	 TIDAL HIGH FIDELITY MUSIC STREAMING	\$302M	M&A	DSP
#10	 Reverb	\$275M	M&A	Marketplace

Source: Crnuchbase and Pitchbook data

# The most valuable private companies

These are the private companies in music, media, and entertainment with the highest valuations. But some of those companies were last valued at the height of the pandemic and the zero interest rate phenomena that came with it. Many professional investors have discounted valuations up to 40% from that time.

	COMPANY	VALUATION LAST RAISE	DATE: LAST RAISE	CATEGORY
#1	 ByteDance	\$220B*	March 2023	Social network
#2	 Epidemic Sound	\$1.4B	March 2021	Royalty-free music
#3	<b>DISTROKID</b>	\$1.3B	August 2021	Music distributor
#4	<b>SEATGEEK</b>	\$1.2B	August 2022	Ticketing (secondary)
#5	 genie	\$1B	April 2022	Web3 (NFTs)
#6	 Simply	\$1B	June 2021	Education (music instruction)
#7	<b>Liquid Death</b>	\$700M	October 2022	CPG (beverage)
#8	 United Masters	\$550M	November 2021	Music distributor
#9	 gaana	\$540M	September 2020	DSP
#10	 splice	\$500M	February 2021	Royalty-free music
#11	 BandLab	\$425M	May 2023	Digital Audio Workstation
#12	<b>DICE</b>	\$400M+	August 2023	Ticketing (primary)

\*'TikTok Global' was valued at \$50B in 2020

Source: Crunchbase

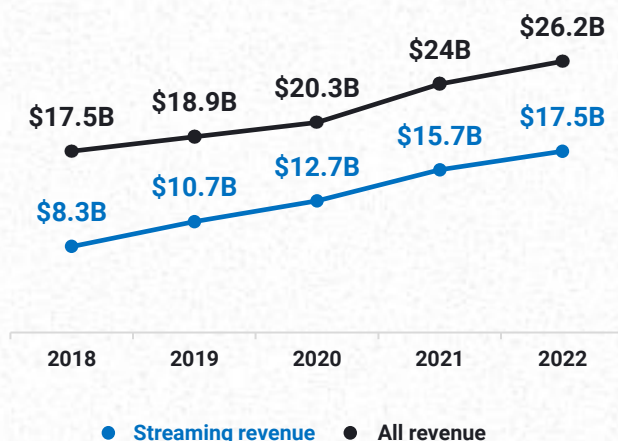


# Make music more engaging

## BEHIND THE NUMBERS

Streaming revenue has more than doubled since 2018, from \$8.3 billion to \$17.5 billion. The pandemic accelerated growth for recorded music revenue, but the pandemic is over. As the industry looks to grow the pie, it needs to identify revenue streams with the potential for double-digit percentage growth, year-over-year.

## GLOBAL RECORDED MUSIC REVENUE



## MAKE MUSIC MORE ENGAGING

From MySpace to Guitar Hero, from MTV to Sam Goody merchandise, music hits the cultural zeitgeist when fans use it as a form of self-expression.

Music has often looked aspirationally at games like Fortnite and Roblox and their freemium business models. Fans would love to buy music-oriented products in those environments too. Discz Music is a platform that is building a music community for this.

There's a lot to learn from a company like Letterboxd, the social network for film lovers, which was recently acquired by Tiny. Letterboxd brings movie buffs together to review, track, and share lists of their favorite movies. The service is beloved.

But Letterboxd is also a great case study because the company likely left too much money on the table. Its premium tier cost less than \$5 per month.

The "right balance" is for the superfan platform to charge enough to justify a higher take rate, and monetize through add-ons and special features, like Fortnite and Roblox.

## WHO BENEFITS?

Those revenue streams may be farther away from recorded music or publishing. So the rights holders may not benefit, but the artists and other partners may earn a bigger share as a result.

# Recorded music revenue trends

## HIP-HOP AND R&B SLOW DOWN

In 2023, overall hip-hop and R&B recorded music revenue may decline or flatline based on its current trajectory. But it's still too early to tell, since music streaming revenue growth has been slowing down.

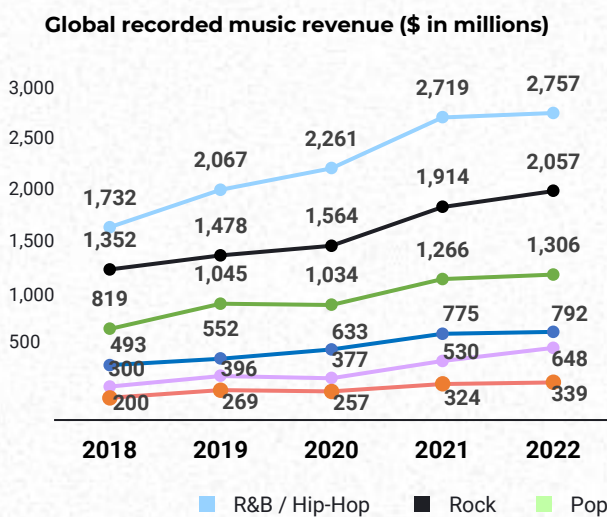
## HOW EMERGING PLATFORMS IMPACT FUTURE GENRE TRENDS

Despite the hip-hop and R&B trendline, it's important to note that the genre generates over \$1 billion more in recorded music revenue than it did in 2018. No other genre comes close. Even at the current trajectory, it would take several years for another genre to eclipse it.

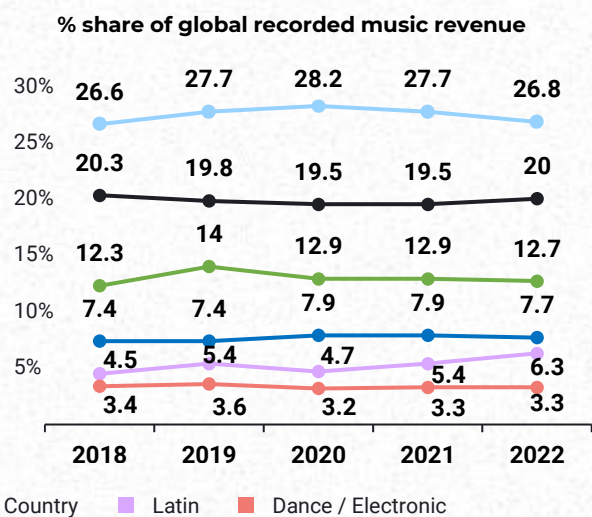
Based on recent technology adoption trends, if another emerging technology platform becomes a revenue generation powerhouse for recorded music, hip-hop artists and fans will likely be the first to adopt. From mixtapes to ringtones, to streaming to NFTs, it was hip-hop artists who leaned in first.

Revenue from social media platforms, like TikTok, YouTube Shorts, and Instagram Reels, continues to grow around 40% annually based on IFPI reports. Once the generative AI music opportunities expand, the revenue from emerging platforms will likely continue to grow.

HIP-HOP + R&B REVENUE GROWTH ONCE EXCEEDED TO MARKET, BUT HAS SLOWED DOWN



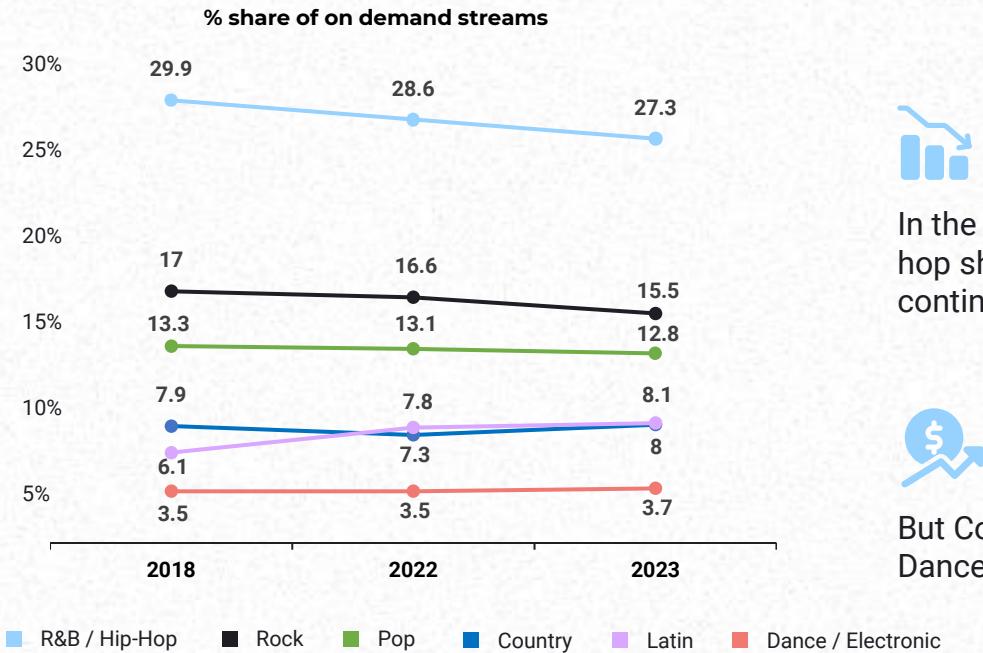
HIP-HOP + R&B SHARE OF REVENUE CONTINUES TO DECLINE





# Country music's actual growth

## TOTAL ON DEMAND STREAMS BY GENRE



In the first half of 2023, hip-hop share of streams continued to decline



But Country, Latin, and Dance, all had an uptick.

Source: Trapital analysis of MRC/ Nielson Billboard Half-Year Reports

## A SLIGHT UPTICK BUT NOTHING CRAZY

Over the past few years, there have been numerous articles about country music's "comeback" and the massive popularity of the genre. Big names like Morgan Wallen and Luke Combs have had big moments. Morgan Wallen's "Last Night" is the closest thing we had to a "Song of the Summer" in 2023.

Despite the streaming popularity of Morgan Wallen's *One Thing at a Time*, country music's 2023 (H1) share of on-demand streams is at 7.9%. That 7.9% is the same number it was in 2021. We'll revisit this again when the full year 2023 numbers are in.

Country music has clearly seen a bump, but the press about it may exceed the reality.

## THE POWER OF NARRATIVES

"Rap is declining" and "country is booming" aren't untrue statements necessarily, but fewer people are willing to dig and read between the lines. But these headlines and news articles can lead to sweeping decisions on budgets, marketing spend, and label prioritization, which do have huge implications on an artist's career.

# The legacy act multiplier

The more options people have, the more they want the hits. That benefits the artists who built their fanbase years ago, especially before social media. They are the music industry's version of IP-driven content. There are three groups of artists:

## LEGACY TITANS

Artists who reached prominence pre-streaming when monoculture was stronger

U2, Beyonce, Madonna



## STREAMING SUPERSTARS

Artists who became popular right before streaming took off, and reached greater heights in its growth phase

Drake, Ed Sheeran, Taylor Swift



## NEW MAVERICKS

Artists whose entire music careers launched in the streaming era

Olivia Rodrigo, Ice Spice, Billie Eilish



**Legacy Titans** may no longer break sales records in today's era, but they still do well on tour and can perform in stadiums and other large venues. The most exciting new large music venue in sports, The Sphere, launched with U2—a legacy rock band whose lead singer is in his 60s. That's where we are in music.

**Streaming Superstars** can succeed on all platforms—streaming, social media, and live entertainment. They became household names right before streaming took off and have been the most-streamed artists of all time. They also sell out the biggest venues. They are destined for continued success.

**New Mavericks** can stream well, but not yet as well as Streaming Superstars. Some are doing arena tour runs, but it may take time to get to stadiums. They rose to power when competing for attention from TikTok, YouTube, Reels, and Fortnite. But artists outside the US and UK, like Bad Bunny, are an exception. They have also risen up in the age of analytics, and it may take longer than before to break through noise to get noticed.



# The challenge for newer artists

The omnipresence of the Streaming Superstar makes it very difficult for New Mavericks to succeed. We've yet to see a New Maverick rapper become bigger than Drake. We've yet to see a New Maverick pop singer become bigger than Taylor Swift. It may happen eventually, but no time soon.

Limited artist development may make it tougher for new artists to break out, but there are developed artists who release great music and still struggle to have their music stick.

## THE PHYSICAL MEDIA ERA INCENTIVIZED NEW RELEASES

In the CD era, the music industry relied on albums sales through physical retailers to make their money. Inventory at each store was limited, so record labels were incentivized to keep inventory fresh and push new releases.

But streaming eliminated the limited inventory challenge. Since people often prefer to listen to music they grew up with, the algorithm is personalized and tailored to serve them. **This helps Legacy Titans and Streaming Superstars** maintain their strength.

## THE PARADOX OF CHOICE

The transition from physical to streaming also created music's version of "The Jeans Dilemma." If you want to buy jeans and walk into a store with endless jeans options, you'll soon feel overwhelmed by the abundance of options. The weight of making "the perfect choice" is now too strong, so you stick to what you know.

The same exists now in music streaming. Our phones have access to tens of thousands of new songs uploaded per day. It's more convenient than ever to re-listen to a Legacy Titans and Streaming Superstars you are already familiar with.

## FROM INSTITUTIONS TO INDIVIDUALS... BACK TO INSTITUTIONS

The social media and creator economy has often been celebrated as the triumph for individuals, but there's nuance. Artists like Taylor Swift and Beyonce have leveraged their influence to build powerful empires to run their businesses.

But New Mavericks are often subject to platforms and their algorithms, which make it a point for the platform to be the destination. Short-form video platforms are endless scrolls of entertainment. The creator's name is often so small on these feeds, it's easy to consume their content without associating the content with any particular user. The platform, not the creator, becomes the focus.

# Middle-class musician: then vs now

## WHAT IT TOOK TO BE A MIDDLE-CLASS MUSICIAN

For U.S. based artists, we define a middle-class musician as an artist who reliably takes home \$50,000 – \$150,000 per year.

In the CD era, a solo artist was technically “middle-class” if they sold 20,000 copies of a \$20 album annually. If a four-member rock band or pop group sold 80,000 copies, the math would be the same.

If those acts took home roughly \$4 (on average) from every copy sold, that’s \$80,000. The reality is likely more complex, since most record labels wouldn’t want to sign artists who could only sell 20,000 albums per year, and artists need to recoup advances before they take home their split, but the math still worked out for many artists.

Plus, these artists earned income from other sources, but album sales were usually the majority.

## WHAT IT NOW TAKES TO BE A MIDDLE-CLASS MUSICIAN

But comparing that \$80,000 number solely to Spotify streams is a tempting but incomplete comparison. Spotify only accounts for 20-25% of recorded music revenue, and today’s artists have a broader mix of revenue streams.

Streaming is often a game of scale for artists signed to record labels, but independent artists can do quite well for themselves with fewer streams, especially if they own their music. Artists like LaRussell and Verite, who both have under 500,000 monthly listeners on Spotify as of October 2023, have proved this to be true with the examples they shared in this report. They have exceeded “middle class” status and continued to have sustained success.

Today’s artists often have more opportunities to sell fans additional products, from vinyl to apparel, to cosmetics and merchandise.

Music streaming may have shifted the business model to a game of access, but most artists—from the superstars to the DIY indie artists—can succeed at both streaming and individual product sales with the right strategy and focus.

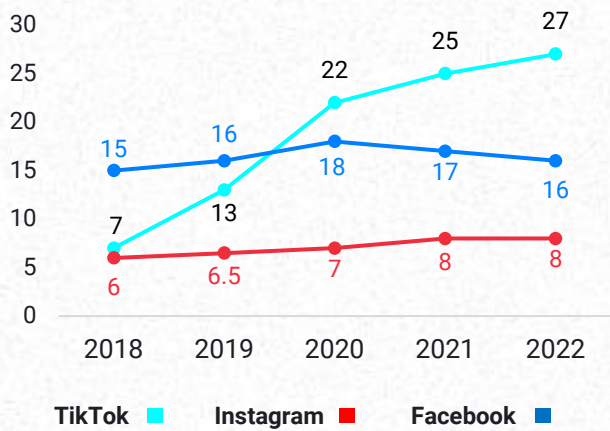
When fans buy products, they rarely buy the product itself. They buy the feeling behind the product.



# TikTok's role and influence

The platform is still the biggest source of artist discovery, and hip-hop is its biggest genre. It's on track for \$13.2 billion in expected revenue in 2023. It has an estimated 1.8 billion monthly active users, who spend an average of 26 hours per month on the platform. That's more than Instagram and Facebook combined.

## HOURS SPENT PER MONTH ON PLATFORM



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## TOP PLACE FOR CONSUMER SPEND

TikTok also registers the highest global consumer spend over any other app. In 2023, it registered \$2.1 billion per quarter, which is more than the top gaming app, Honor of Kings, which has \$1.6 billion in the same period. The next closest app, YouTube, had \$1.1 billion in that same period.

## THE PLACE FOR SUPERFAN SPEND?

A lot of the superfan opportunity in music has focused on adding features to DSPs or new apps for fans to engage with. But TikTok is already the leading source for consumer spend, hours spent on the platform, and the go-to place for music discovery. How can the industry work with TikTok to create more superfan opportunities for commerce.

Creators like Pinkydoll have made millions of dollars through their non-playable characters (NPC) on TikTok, where users buy virtual tasks for the creators to perform. There's a parallel to music-related and music-adjacent add-ons and products. For instance, a TikTok user could pay to use certain sounds, virtual items, or features in the videos they create. Or NPCs can charge for artist-oriented products and services.

# The short-form video wars



We often see viral TikToks on other social media platforms, but rarely the opposite. TikTok has a culture that other platforms don't.

TikTok considers itself an “entertainment platform.” It's an endless scroll to keep you occupied.



But for YouTube, Shorts benefits from its broader ecosystem. YouTube itself is a strong community-building platform for artists. Plus, Shorts often lead to YouTube music videos. There's a natural customer journey.



Reels are one of several products under the Meta umbrella, but that umbrella is better than anyone at monetizing. Sometimes those Instagram ads are a bit aggressive, but it's why Facebook's social products often have an advance.





TikTok is likely the most valuable platform for artists and creators given its scale, reach, and cultural cache. YouTube Shorts is likely the most valuable to the music industry since there's pride from YouTube Music leadership to drive value to the music industry. And Reels may likely drives the more value (on a per user basis) to its parent company.



# The billions clubs

**Spotify’s Billions Club** and YouTube’s Billion Views Club tell us a lot about streaming, but also how these companies—the two largest sources of recorded music revenue—differ.

 <b>Spotify Billions Club</b>	 <b>YouTube Billions Views Club</b>
More English-speaking music	More global
More passive listening	More active watching
More iconic songs without memorable videos	More memorable music videos
More older songs (pre-MTV)	Newer songs (post-MTV launch)
Monetize scale	Monetize niche
	More memes

## THE POWER OF THE STREAM

YouTube’s music has a bigger global reach, but it also has a much higher percentage of free users. Around 80 million of the more than 2 billion monthly active music listeners on YouTube currently pay for the service. That’s up to 4% of the YouTube audience which pays, compared to nearly 40% for Spotify, where 220 million of the 551 million active users pay for the service.

Spotify accumulates fewer overall streams than YouTube does, but each Spotify streams leads to more revenue generated for the artist’s catalog. YouTube has made ad-supported revenue work due to its massive scale, but several other DSPs have pivoted away from it. Deezer, Ganaa, and Resso have all stopped their free, ad-supported tiers.

Ironically though, YouTube’s massive scale is the reason why it’s relatively easier to monetize niche. There’s a true long tail, where creators of all types can find their people and build an audience.

Meanwhile, Spotify’s most valuable audience is relatively more homogenous than YouTube. Their billions playlists have several similarities given the mainstream popularity for a song to hit that milestones, but YouTube’s differences are clear.

# The shelf life of a song

## THE MICROWAVE ERA

On Spotify, there are several songs from the 2010s with over 2 billion streams that now get fewer daily streams than 15+ year old songs with 500,000 streams. This is not uncommon.

Today's new music is incentivized to maximize streams on its initial release, but the songs often fall off quickly. Their streaming numbers are a measure of awareness and marketing, not true fandom. It's like a movie with a record-breaking opening weekend at the box office, but has a 70% drop in ticket revenue its second week.

## RECENT ALBUMS WITH STAYING POWER

SZA's *SOS*, Morgan Wallen's *One Thing at a Time*, and Taylor Swift's *Midnights* are the three most-listened to albums in 2023. They were popular when they debuted and have maintained an impressive baseline. Last week, SZA's *SOS* had more streams than Travis Scott's *Utopia*, which came out nearly seven month later. It's also impressive since SZA and Morgan Wallen are "Group 3" artists. SZA's 2017 album *CTRL* has also been strong ever since its debut.

Other albums, like J. Cole's *2014 Forest Hills Drive* (thanks to "No Role Modelz") and Kendrick Lamar's *good kid m.A.A.d city* have stayed on the charts since they were released. These are strong Streaming Superstar artists—two of the most popular hip-hop artists on the 2010s. Their latest albums—*The Off-Season* (2021) and *Mr. Morale & The Big Steppers* (2022)—have dropped from the charts more quickly, but their releases provided a healthy boost to their most popular work.



SZA  
CTRL  
(2017)



J. COLE  
2014 FOREST HILLS DRIVE  
(2014)



KENDRICK LAMAR  
GOOD KID M.A.A.D CITY  
(2012)



# Gen Z and millennial preferences

## TRENDS OF OUR YOUTH

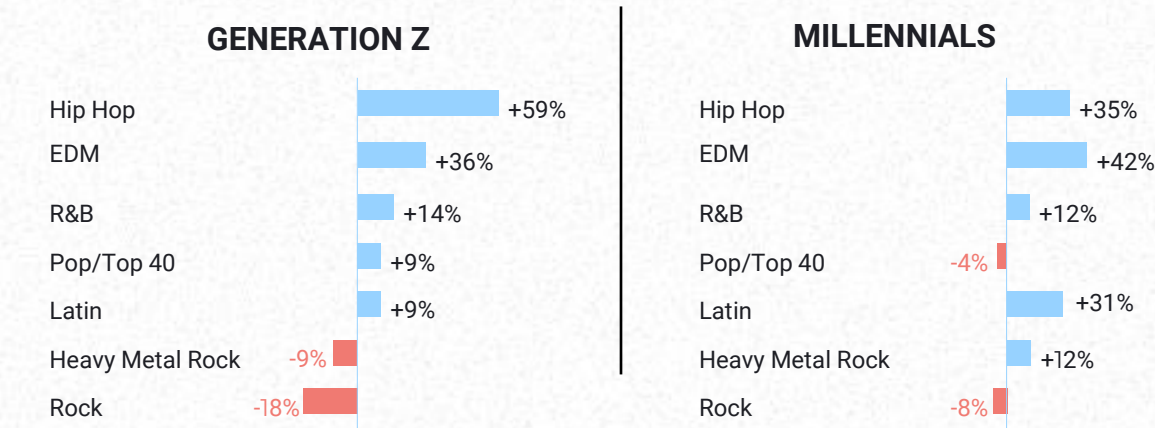
Hip-hop and EDM are the genres that Generation Z and Millennials flock to the most. That’s likely because these genres attract counter cultural movements. They were symbols of rebellion before eventually becoming more mainstream. Both genres also have lower barriers to entry.

Pop music requires a talent voice with strong vocal ability. Rock music often requires a band or multiple people to play various instruments. Rap and EDM are much more aligned with the DIY music creation process that has become our norm. Rapping takes tremendous skill, but the fact that it’s less reliant on signing ability increases the market of potential singers. The same is true for EDM. It’s easy to watch DJs like Kungs or Kygo do their thing and believe that it’s relatable.

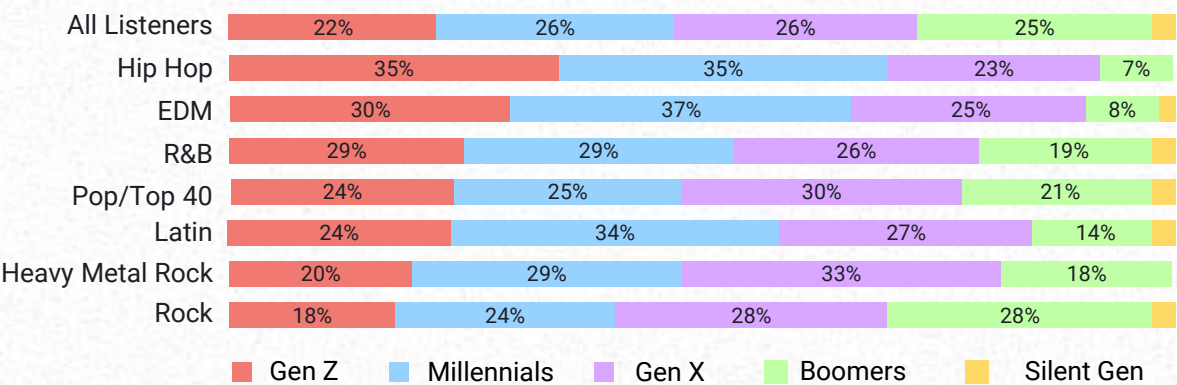
But Gen Z and Millennials are also different in some ways. Gen Z leans more into pop, while millennials have not as much. But both generations had shown promising results in Latin music.

## SHARE OF GENRE AUDIENCE vs. GENERAL MUSIC LISTENERS

(e.g., Hip Hop listeners are +59% more likely to be in Gen Z and +35% more likely to be Millennials)



## GENERATIONAL BREAKDOWN AMONG GENRE LISTENERS



Source: Trapital analysis of data from Luminate

# The road ahead

## THE LANDSCAPE IS MORE CROWDED 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 be part of the broader push to help everyone grow the pie, better serve their fans, and reap the rewards that come with it.

## SPECIAL THANKS

Again, thanks to Audience Strategies for your support in analyzing and aggregating all of the data used in this report. I would also like to thank Michael Jones for editing, Akin Aliu, and several others who shared their feedback leading up to the version of the report that you're reading today.

If you have questions, please email us at [report@trapital.co](mailto:report@trapital.co).

## THANKS AGAIN TO OUR SPONSORS WHO MADE THIS REPORT POSSIBLE!

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