



ACTIVATE CONSULTING TECHNOLOGY & MEDIA OUTLOOK 2025 AUDIO

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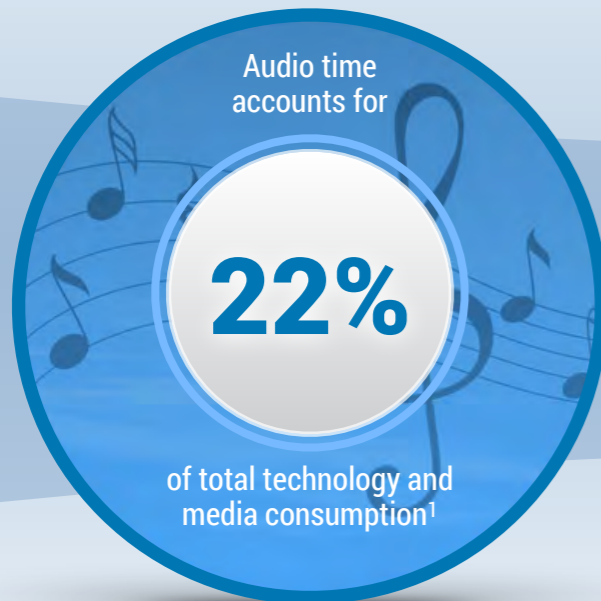
Audio will remain a critical part of consumers' daily technology and media attention

AUDIO CONSUMPTION BEHAVIORS FOR ADULTS AGED 18+, U.S., 2024E

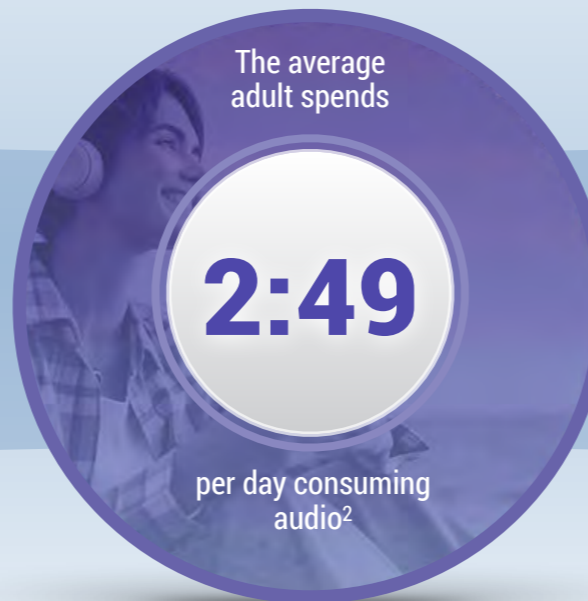


Audio consumption is...

Among the top technology and media activities



Among the technology and media activities with the highest consumer time spend



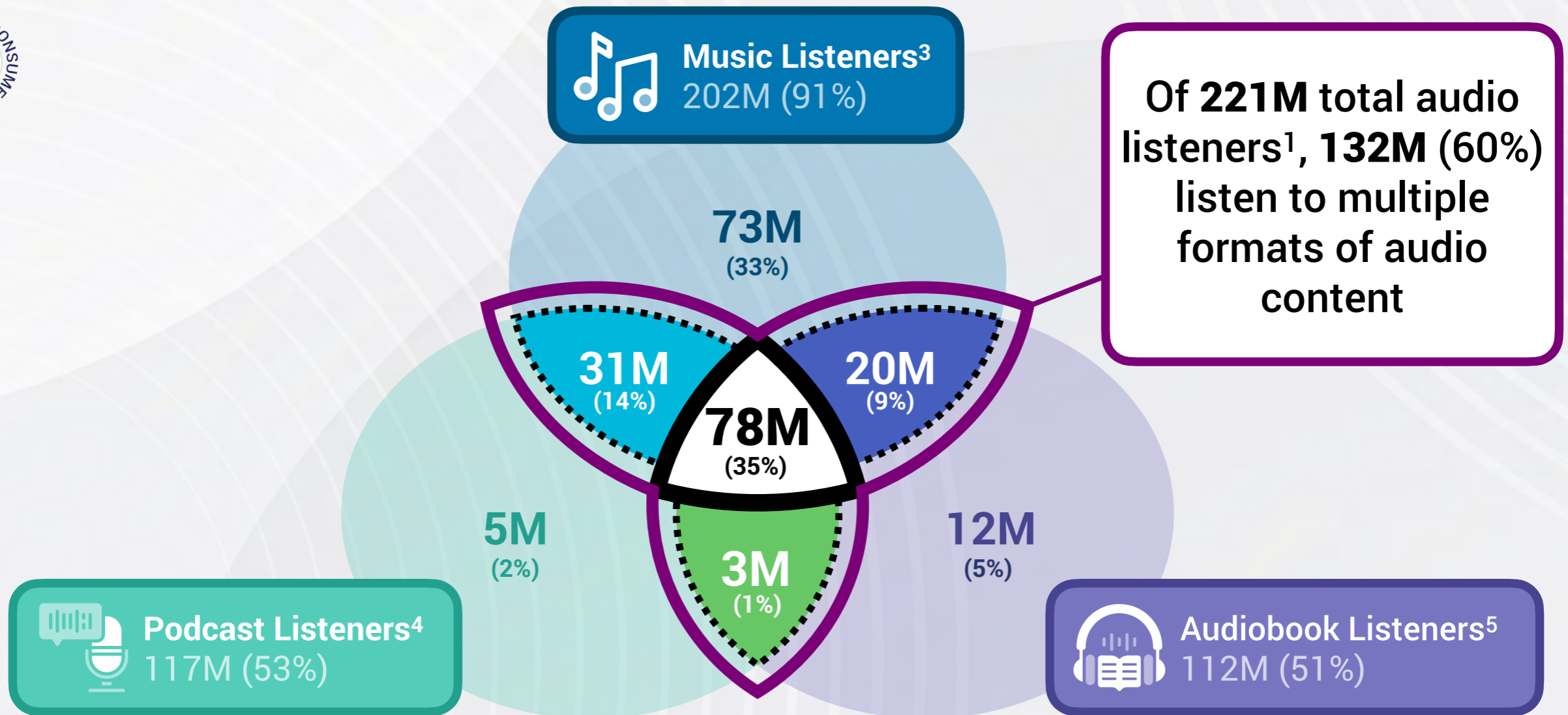
The most multi-tasked technology and media activity



1. "Total technology and media consumption" includes time spent watching video, listening to audio, gaming, using social media and message apps, and time spent with other media, such as browsing websites, reading, and attending live events. 2. Includes audio streamed via mobile and desktop/laptop, podcast streaming, audiobooks, and radio. Excludes audio streamed on social media platforms (e.g. Snapchat, TikTok) and digital radio. 3. Does not include audiobook listeners. 4. "Multi-tasking" is defined as simultaneously doing another activity, such as working, cleaning, cooking, or exercising. 5. Does not include time spent listening to audiobooks. Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), data.ai, eMarketer, GWI, Music Biz, Nielsen

Most people listen to multiple audio formats

AUDIO LISTENERS¹ BY AUDIO FORMAT², U.S., 2024, MILLIONS LISTENERS AGED 18+

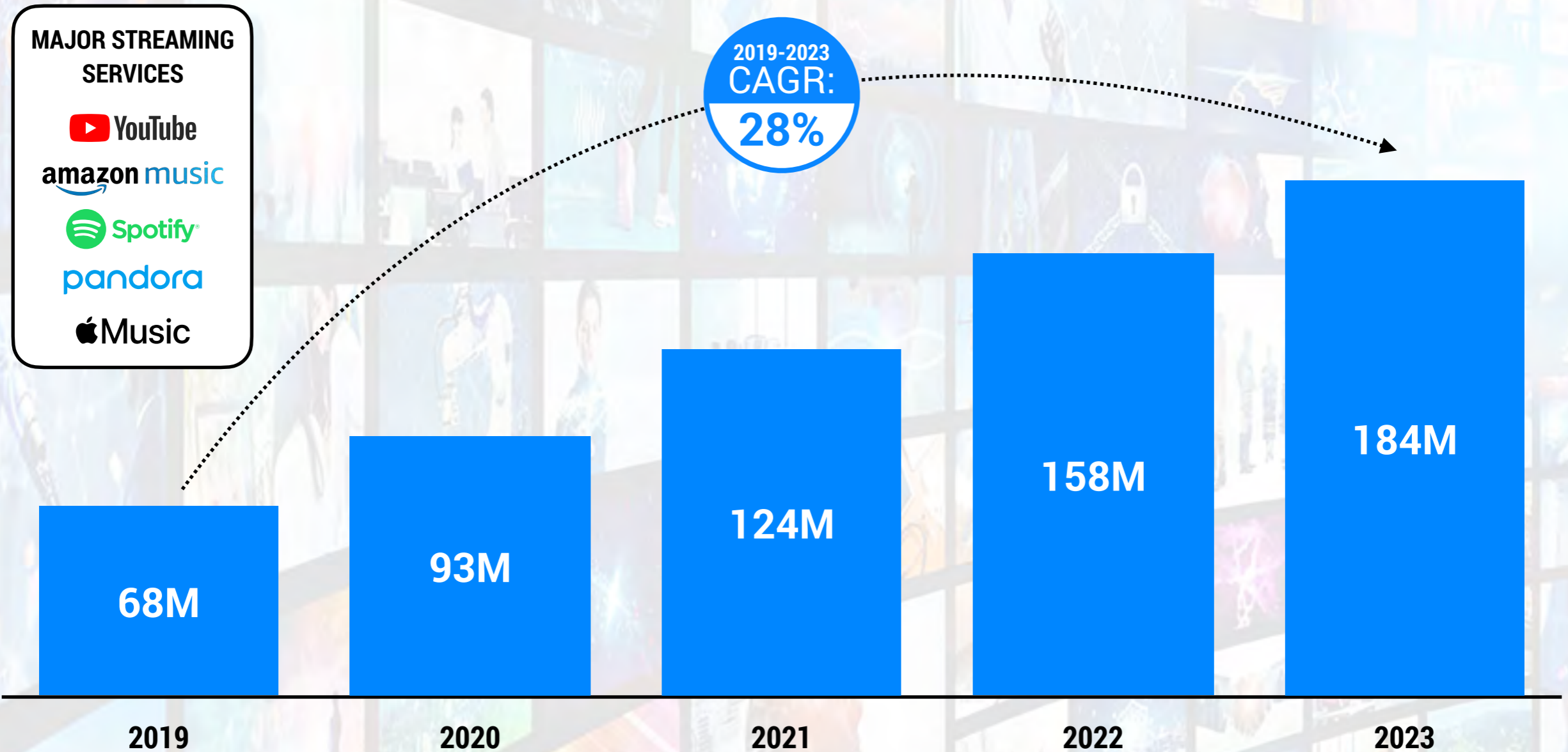


Of **221M** total audio listeners¹, **132M (60%)** listen to multiple formats of audio content

1. "Audio listeners" are defined as adults aged 18+ who currently listen to music, podcasts, or audiobooks.
 2. Figures do not sum due to rounding. 3. "Music listeners" are defined as adults aged 18+ who spend any time listening to music. Includes time spent listening to music through AM/FM radio, satellite radio (e.g. SiriusXM), music streaming services (e.g. Apple Music, Spotify), and owned music (e.g. through Apple iTunes Store, CDs). 4. "Podcast listeners" are defined as adults aged 18+ who spend any time listening to podcasts. 5. "Audiobook listeners" are defined as adults aged 18+ who currently listen to audiobooks.
 Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

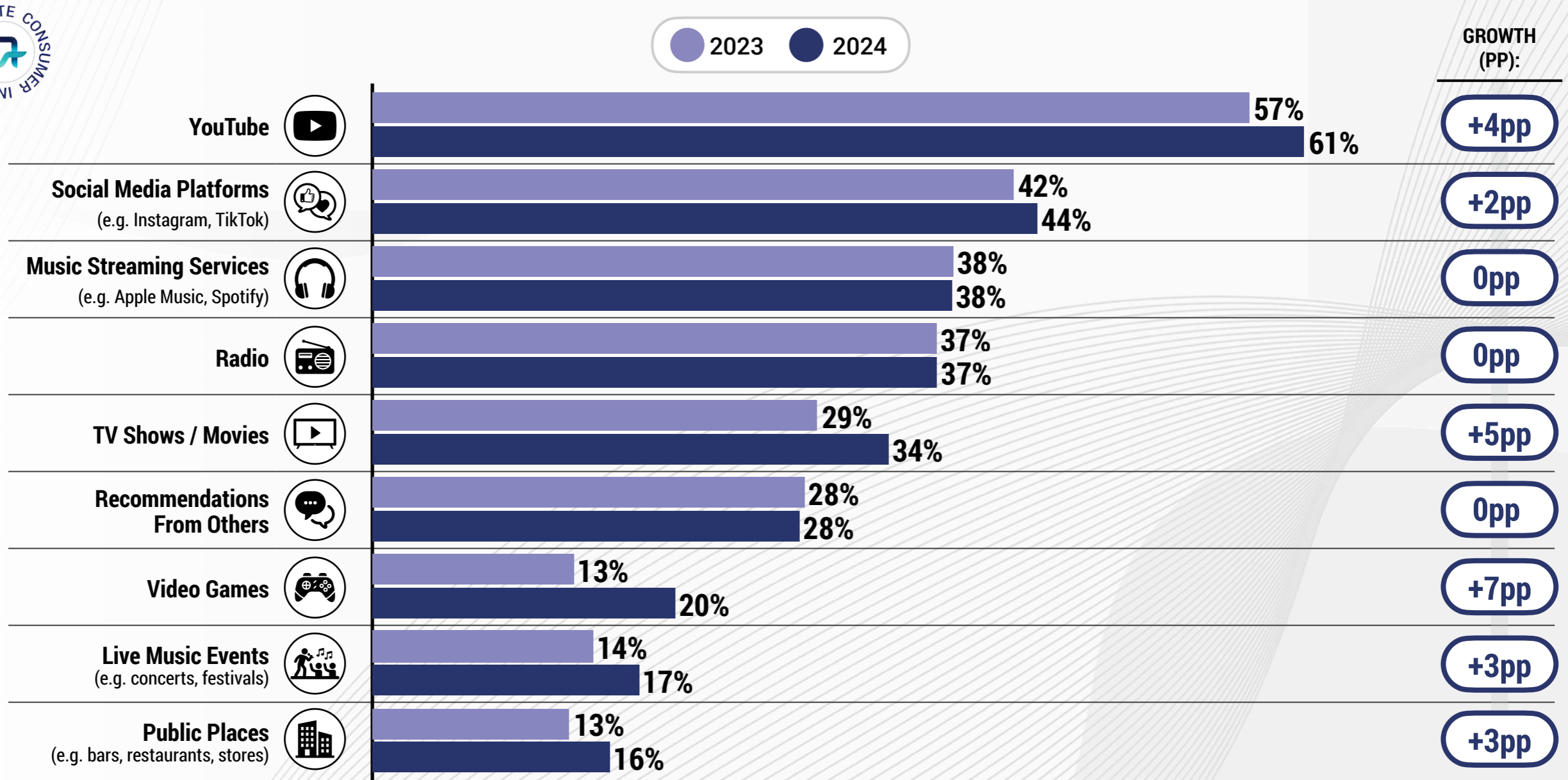
The number of tracks on streaming continues to grow

MUSIC TRACKS AVAILABLE ON STREAMING SERVICES¹, GLOBAL, 2019-2023, MILLIONS MUSIC TRACKS¹



Our research shows that consumers are increasingly discovering music across a broad set of channels

SOURCES OF MUSIC DISCOVERY¹ IN THE LAST 12 MONTHS, U.S., 2023 VS. 2024, % MUSIC LISTENERS²



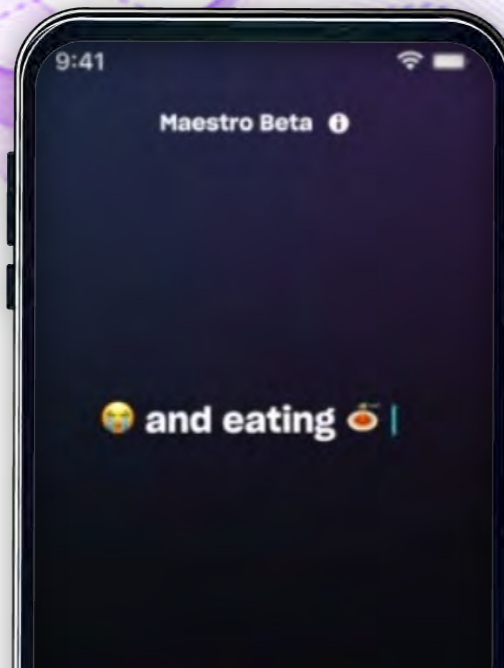
1. "Music discovery" is defined as discovering new music / music artists. 2. "Music listeners" are defined as adults aged 18+ who spend any time listening to music.
Sources: Activate analysis, Activate 2023 Consumer Technology & Media Research Study (n = 4,023), Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

AI is now a powerful tool for listeners to discover music and create playlists

SELECT MAJOR ARTIFICIAL INTELLIGENCE TOOLS THAT PERSONALIZE MUSIC CONSUMPTION

Amazon debuted their AI playlist generator, **Maestro**, allowing users to create custom track lists using **emojis, emotions, activities, sounds, or suggested prompts**

amazon music



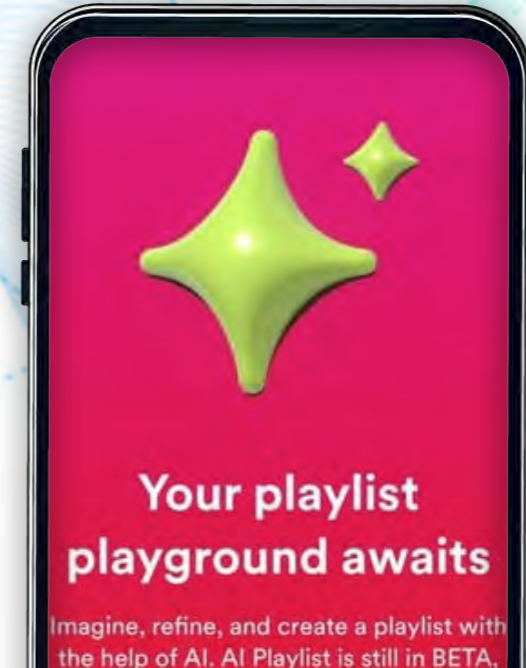
Apple Music overhauled their AI suite, **Apple Intelligence**, enabling users to **create personalized compilations** with their most-streamed songs

Apple Music



Spotify launched their AI playlist generator, enabling users to **create a custom catalog with limited functionality** (e.g. no functionality for current events or brands)

Spotify

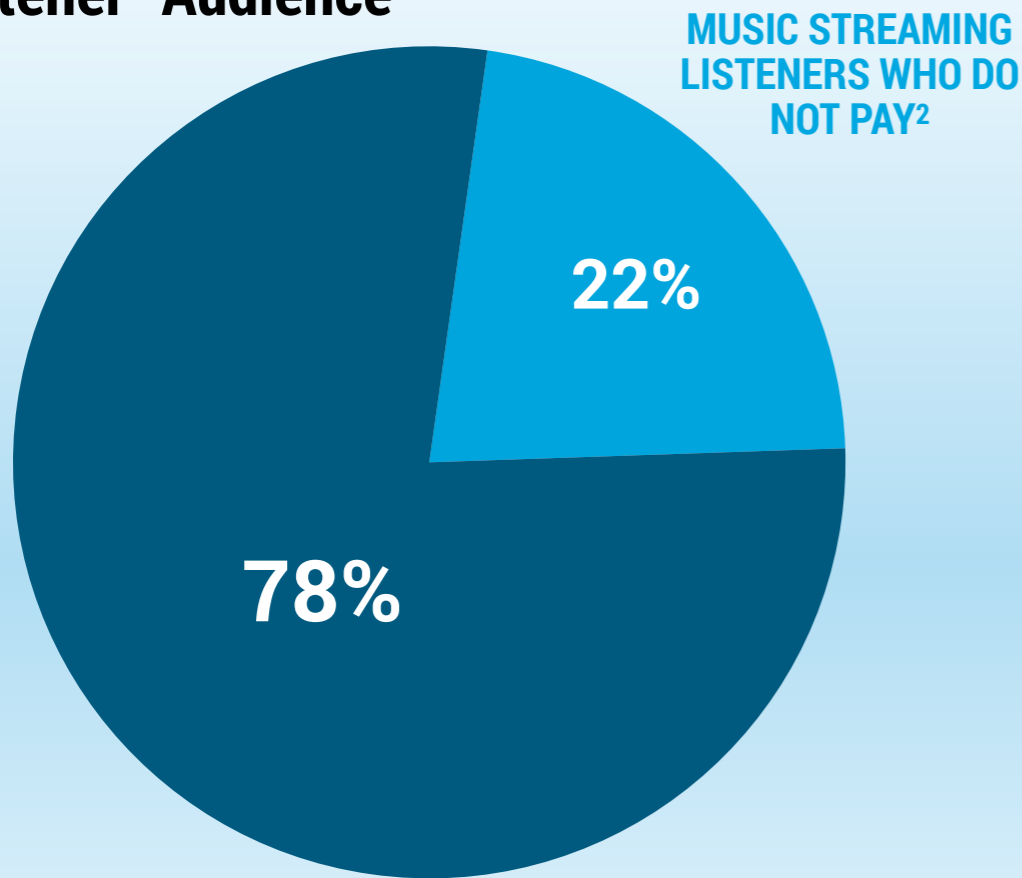


More sophisticated AI algorithms are increasingly able to tailor music recommendations to the tastes of individual consumers to create a personalized catalog of songs based on an idea or hyper-specific input (e.g. moving from passive playlist recommendations to more active and customizable user-prompted content)

The majority of people who stream music pay for it; younger users are willing to pay while older users listen to music via free streaming

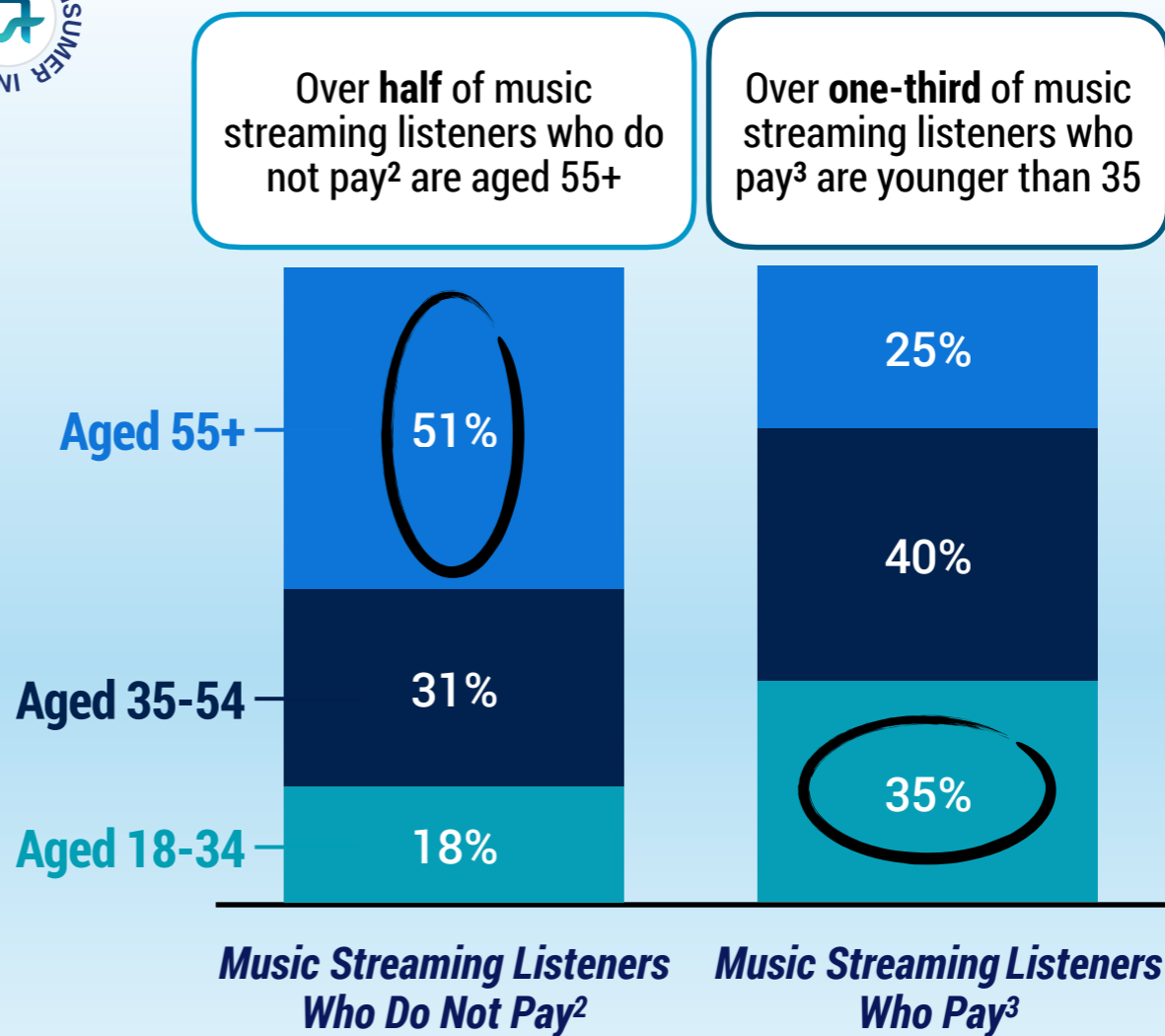
TYPES OF MUSIC STREAMING LISTENERS¹, U.S., 2024, % TOTAL MUSIC STREAMING LISTENERS¹

Total Music Streaming Listener¹ Audience



MUSIC STREAMING LISTENERS WHO PAY³

SHARE OF MUSIC STREAMING LISTENERS¹ BY AGE GROUP, U.S., 2024, % TOTAL MUSIC STREAMING LISTENERS¹ BY TYPE

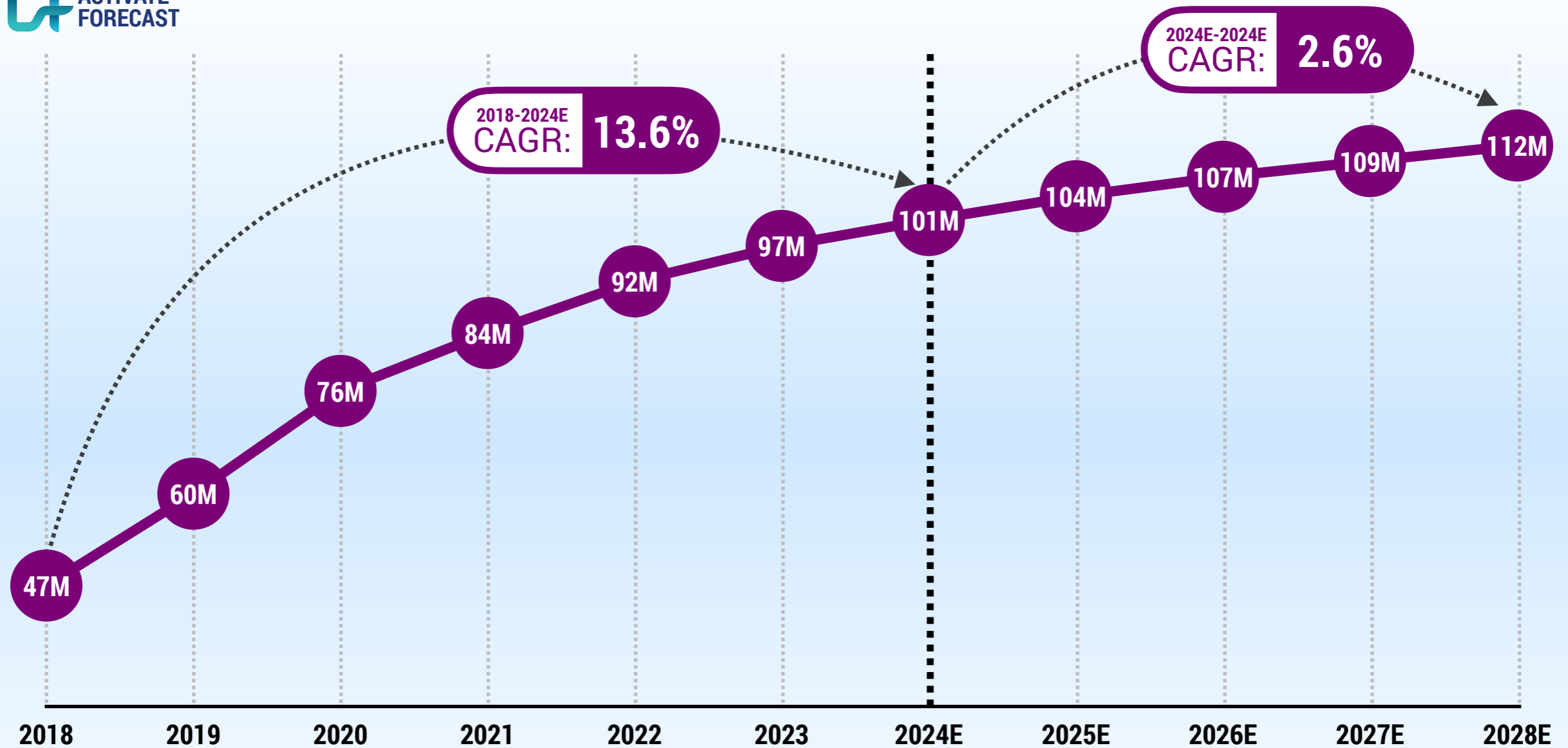


1. "Music streaming listeners" are defined as adults aged 18+ who listen to music at least once a month on a streaming service. 2. "Music streaming listeners who do not pay" are defined as music streaming listeners whose household does not pay for a music streaming subscription. 3. "Music streaming listeners who pay" are defined as music streaming listeners whose household pays for a music streaming subscription.

Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

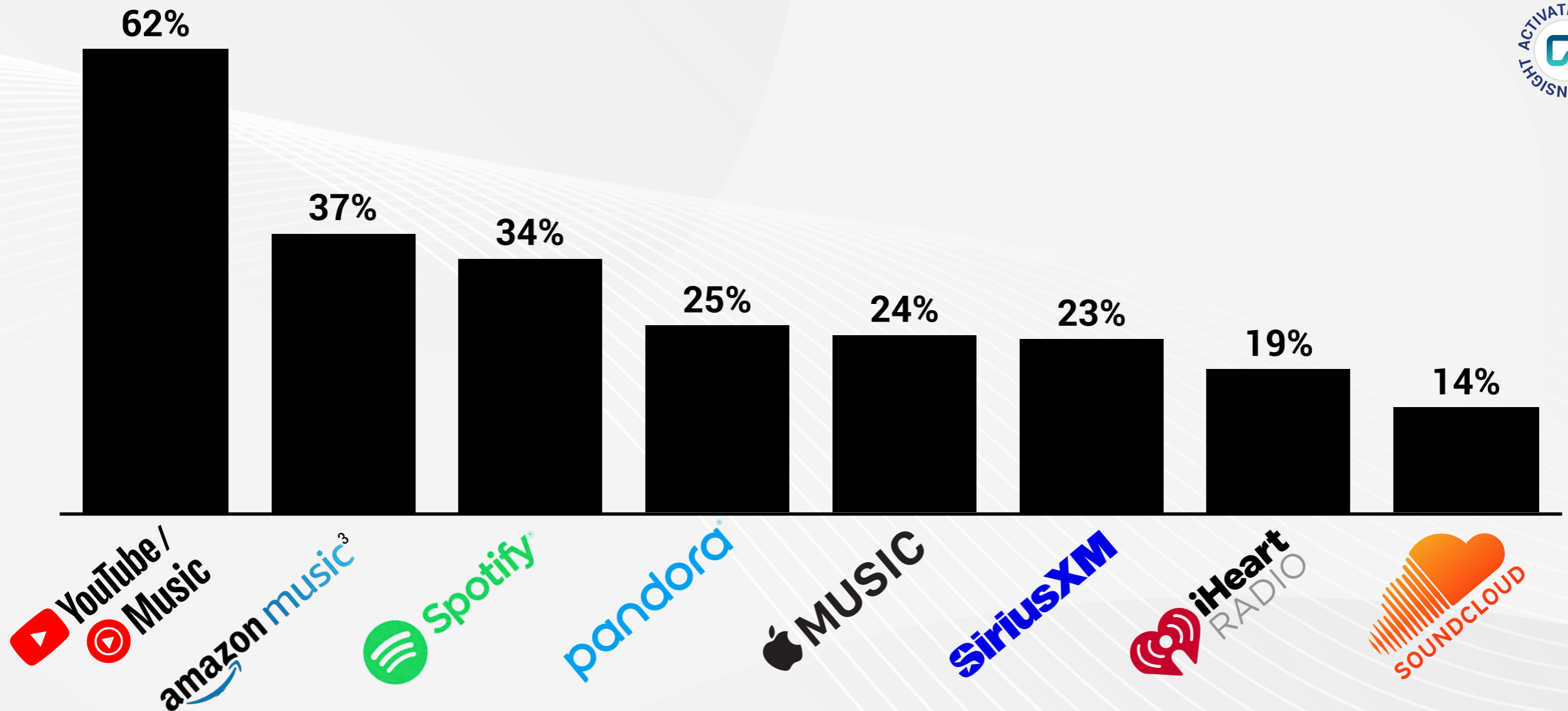
Paid subscriptions to music streaming services will continue to increase, albeit at a slower pace than before

TOTAL MUSIC STREAMING SUBSCRIPTIONS¹, U.S., 2018-2028E, MILLIONS MUSIC STREAMING SUBSCRIPTIONS¹



YouTube is the most used music service among music listeners, followed by Amazon and Spotify

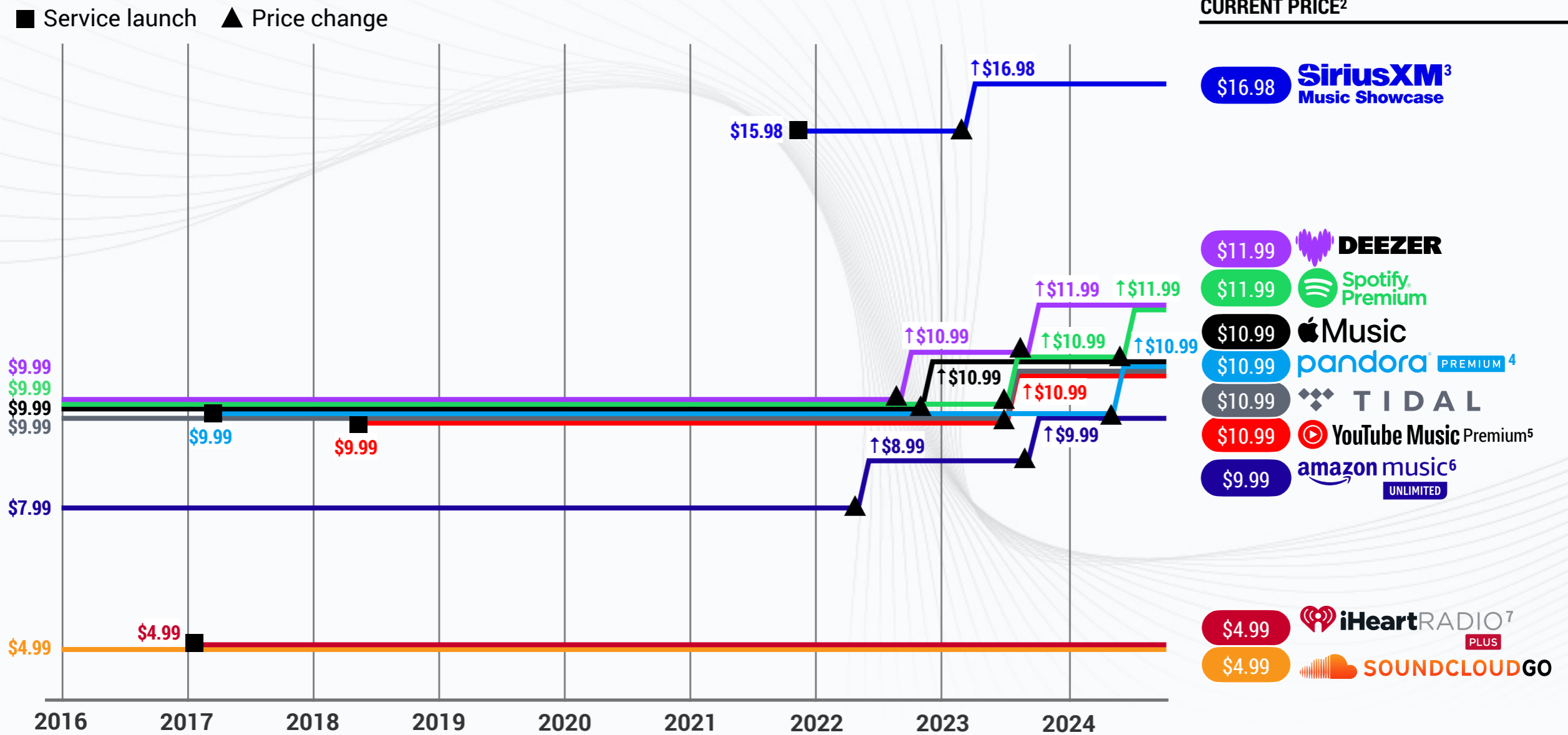
MUSIC SERVICES¹ USED AT LEAST ONCE PER MONTH, U.S., 2024, % MUSIC LISTENERS²



1. "Music services" include free and paid services used for listening to music through any format, excluding terrestrial radio. 2. "Music listeners" are defined as adults aged 18+ who spend any time listening to music. 3. Includes consumers who use Amazon Music through an Amazon Prime subscription and consumers who use the standalone Amazon Music service.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

After a long period of price stability, streaming services recently began raising prices

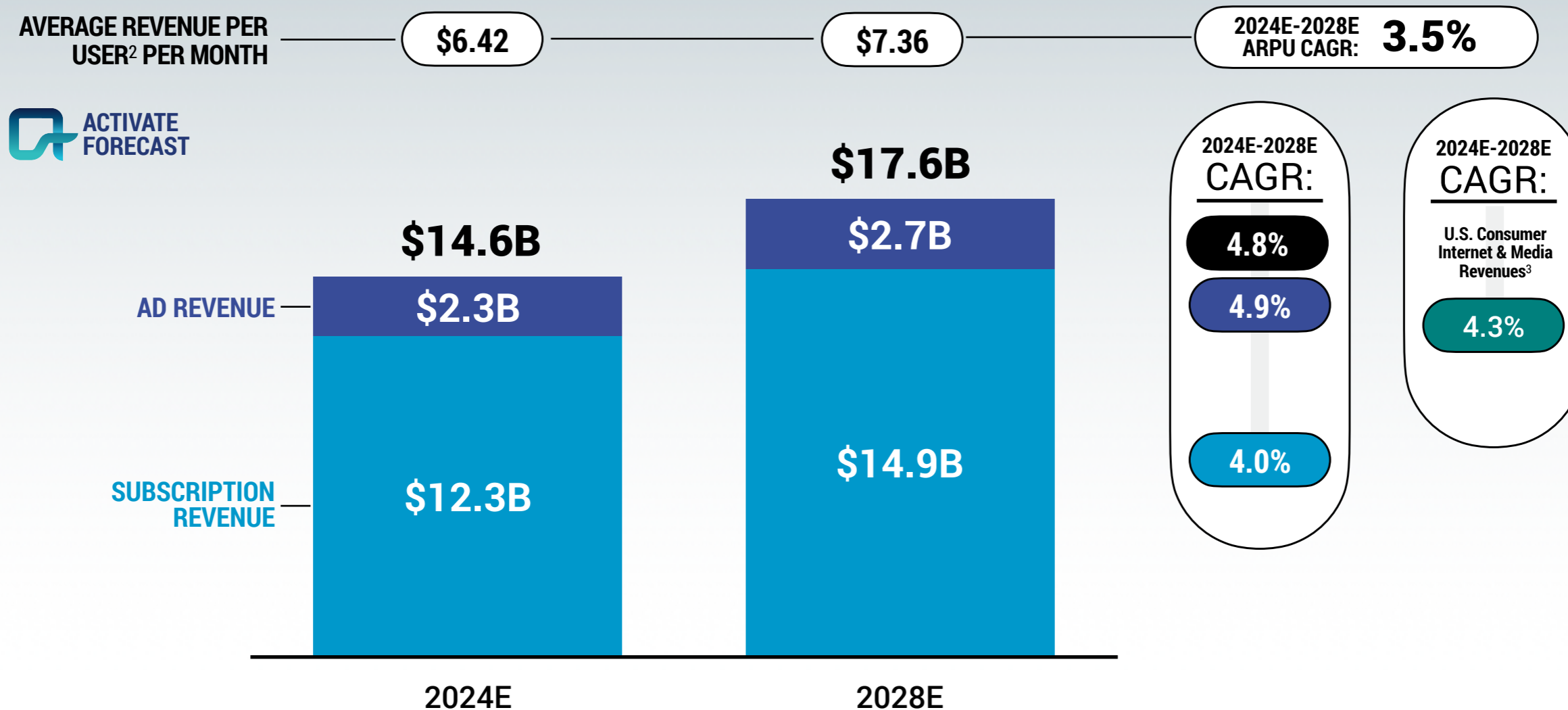
MONTHLY STANDARD SUBSCRIPTION PRICES OF SELECT PAID MUSIC STREAMING SERVICES¹, U.S., JAN. 2016-OCT. 2024², USD



1. Subscription tiers were chosen to be comparable between streaming services. 2. As of Oct. 7, 2024. 3. Service launched Nov. 2021. 4. Service launched Mar. 2017. 5. Service launched May 2018. 6. Reflects price of Amazon Music Unlimited with an Amazon Prime subscription. 7. Service launched Jan. 2017. Sources: Activate analysis, Company press releases, Company sites

Going forward, digital music streaming revenues will be driven by ARPU expansion









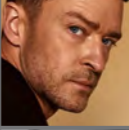
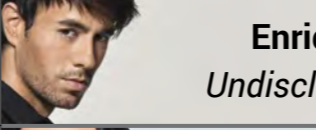


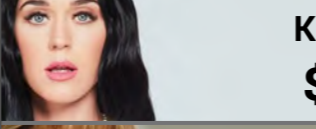
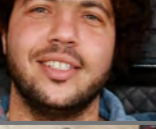







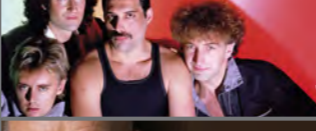






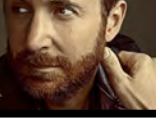

TOTAL DIGITAL MUSIC STREAMING REVENUE¹, U.S., 2024E VS. 2028E, BILLIONS USD



1. "Digital music streaming revenue" includes paid subscriptions, digital & customized radio services, and ad-supported music streaming. Figures do not sum due to rounding. 2. "Average revenue per user" includes revenue from all music streaming listeners. 3. "Consumer internet and media revenues" include revenues from book publishing, magazine publishing, newspaper publishing, video games, filmed entertainment, TV subscription and licensing fees, internet access, digital advertising, and traditional advertising on these platforms. Excludes radio subscription and licensing fees and recorded music.

Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Alliance for Audited Media, Dentsu International, eMarketer, GroupM, IBISWorld, Newzoo, Omdia, Pew Research Center, PricewaterhouseCoopers, Recording Industry Association of America, Zenith Media

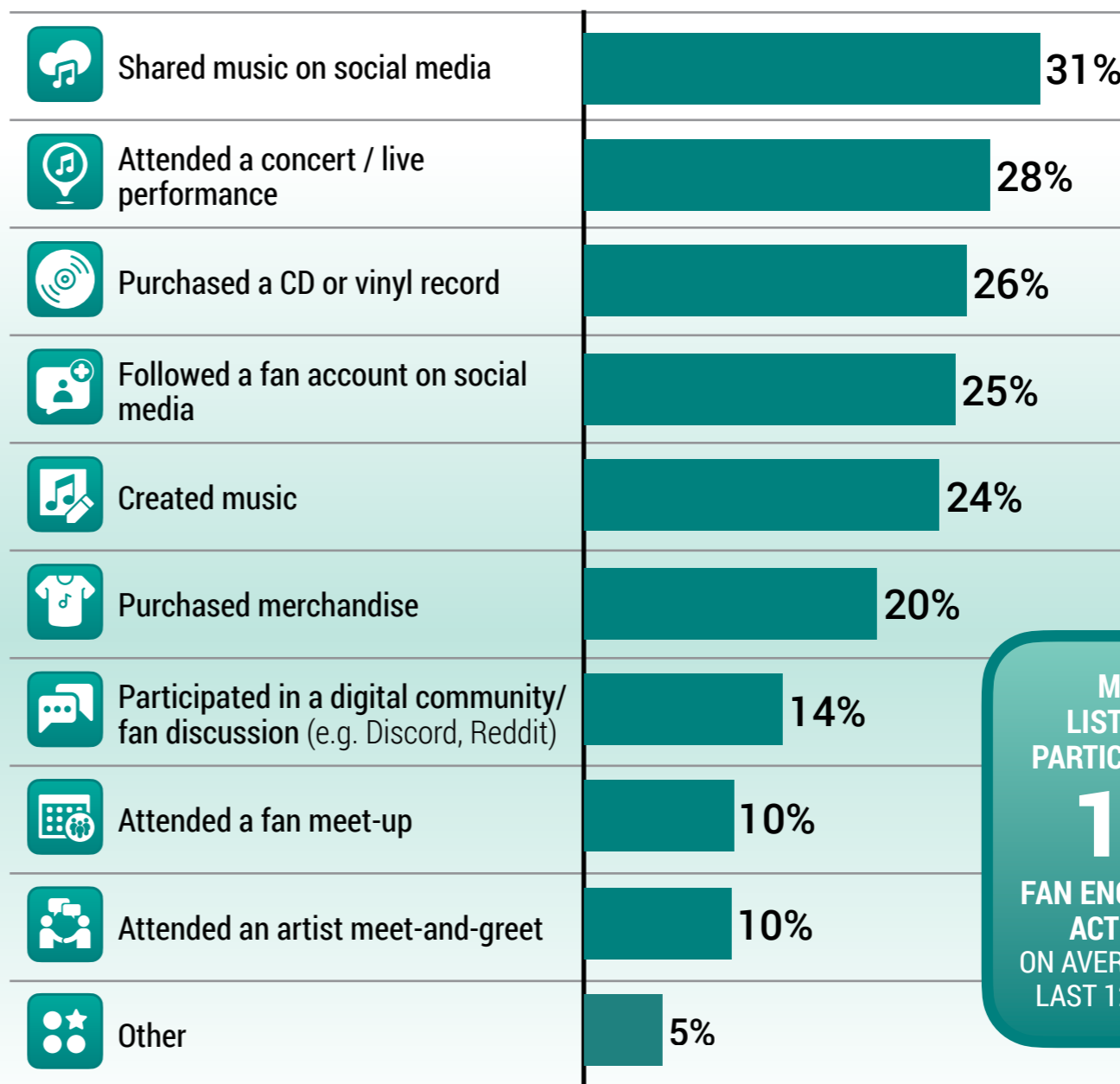
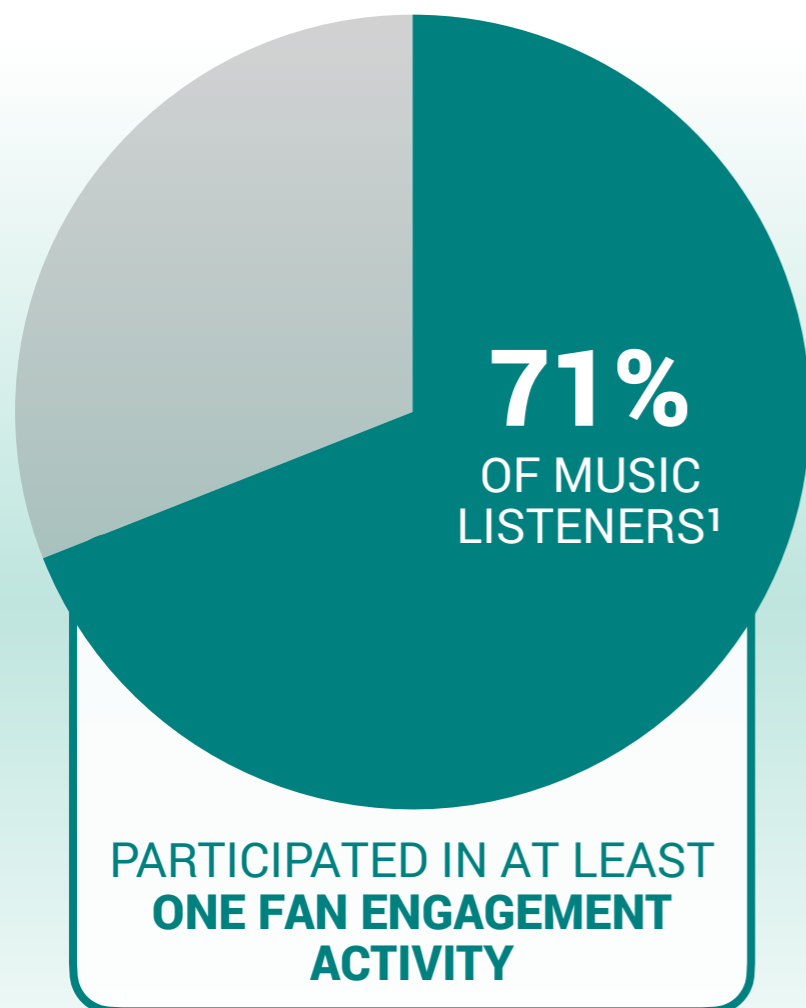
Major institutional investors are investing heavily in music

FUND	SELECT INVESTORS	SELECT RECENT MUSIC CATALOG ACQUISITIONS ¹		
concord	MICHIGAN OFFICE OF RETIREMENT SERVICES APOLLO	 Round Hill Music Royalty Fund ² \$470M	 Phil Collins/Genesis \$300M	 Corey Crowder <i>Undisclosed</i>
HARBOURVIEW	KKR	 Luis Fonsi \$100M	 Nelly \$50M	 Wiz Khalifa <i>Undisclosed</i>
HIPGNOSIS	Blackstone	 Justin Bieber \$200M	 Red Hot Chili Peppers \$140M	 Justin Timberlake \$100M
INFLUENCE MEDIA PARTNERS	BlackRock WARNER MUSIC GROUP	 Enrique Iglesias <i>Undisclosed (9 figures)</i>	 Future <i>Undisclosed</i>	 Logic <i>Undisclosed</i>
litMUS music	CARLYLE	 Katy Perry \$225M	 Benny Blanco <i>Undisclosed</i>	 Keith Urban <i>Undisclosed</i>
PRIMARY WAVE MUSIC	OAKTREE Brookfield CAA	 Stevie Nicks \$100M	 Huey Lewis and the News \$20M	 Sarah McLachlan <i>Undisclosed</i>
SHAMROCK CAPITAL (Content Fund III)	N/A	 Dr. Dre ³ \$250M	 Calvin Harris \$100M	 Metro Boomin \$70M
SONY MUSIC	N/A	 Queen \$1.2B	 Michael Jackson \$600M	 Bruce Springsteen \$550M
UNIVERSAL MUSIC GROUP	N/A	 Sting \$300M	 RS MUSIC \$45M	 Neil Diamond <i>Undisclosed</i>
WARNER MUSIC GROUP	N/A	 David Bowie \$250M	 David Guetta \$100M	 YES <i>Undisclosed</i>

1. Includes partial or full catalog acquisitions. 2. Concord acquired Round Hill Music Royalty Fund for \$470M, which includes over 150,000 songs and 51 catalogs. The collection features works by Alice in Chains, Billie Holiday, Elvis Presley, and James Brown. 3. Dr. Dre's collection was sold for \$250M to Shamrock Capital and Universal Music Group in two separate transactions. Sources: Activate analysis, Billboard, Music Business Worldwide, PitchBook, Variety

Music fans are connecting with their favorite artists through a broad set of channels

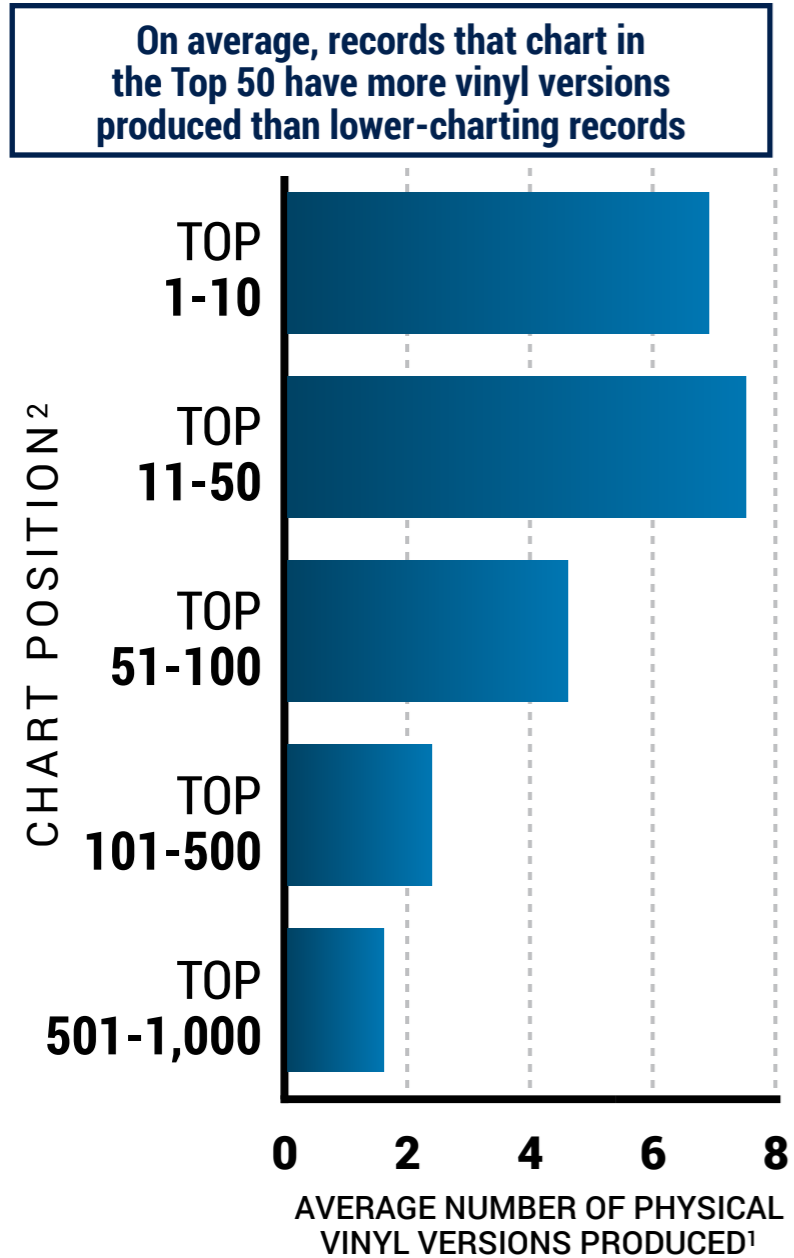
FAN ENGAGEMENT WITH ARTISTS AND MUSIC, U.S., 2024, % MUSIC LISTENERS¹



MUSIC LISTENERS¹ PARTICIPATED IN **1.9** FAN ENGAGEMENT ACTIVITIES ON AVERAGE IN THE LAST 12 MONTHS


People buy vinyl records for the listening experience and collection value

AVERAGE NUMBER OF PHYSICAL VINYL VERSIONS PRODUCED¹ PER ALBUM BY CHART POSITION², U.S., H1 2024



SELECT ARTIST VINYL VERSIONS

TAYLOR SWIFT




THE TORTURED POETS DEPARTMENT

- Ghosted White** - Limited Edition Covers with Colored Vinyls and Bonus Tracks
- Black Ink**
- Parchment Beige**
- Smoke Grey**
- Phantom Clear**

TARGET EXCLUSIVE


BEYONCÉ



COWBOY CARTER

- Limited Edition Covers with Colored Vinyls and Alternate Back Covers
- Red**
- Blue**
- Black**
- White**

PEARL JAM



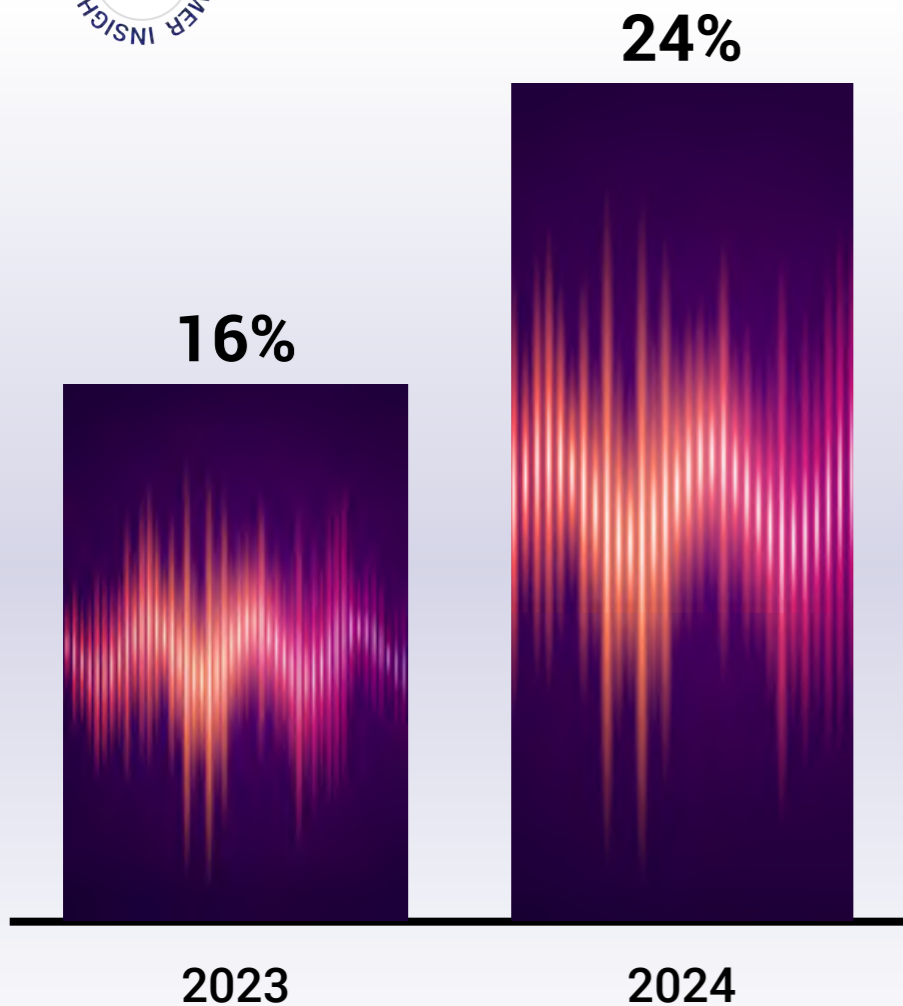
DARK MATTER

- Limited Edition Colored Vinyls
- Gold/Silver**
- Orange/Black/White Marble**
- Green/Gold**
- Black/Silver Galaxy**
- Red / Sky Blue**
- Red/Blue Galaxy**
- Purple/Yellow Galaxy**
- Orange/Blue Splatter**

1. Reflects the number of physical UPCs (unique product codes) per album release, averaged among chart position categories. 2. Reflects Billboard chart position based on cumulative album-equivalent unit sales over H1 2024.
Sources: Activate analysis, Billboard, Company sites, Luminate

An increasing number of people are becoming music creators, using AI-supported creation and distribution tools

PARTICIPATION IN MUSIC CREATION, U.S., 2023 VS. 2024, % MUSIC LISTENERS¹



LANDSCAPE OF SELECT AI-SUPPORTED DIGITAL MUSIC CREATOR TOOLS²

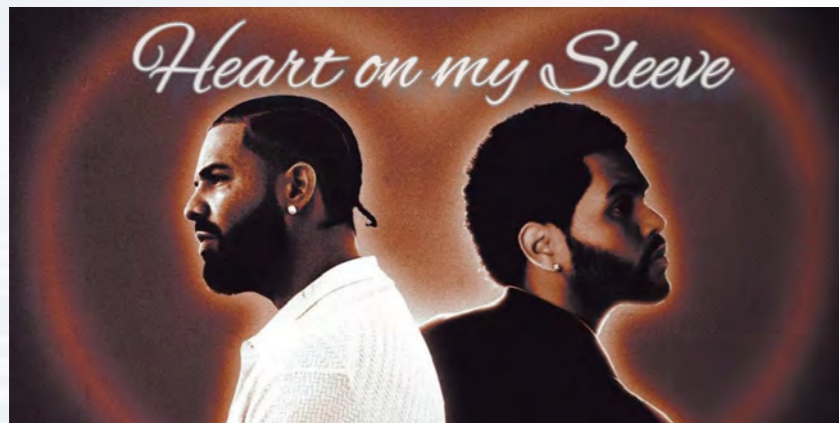
SELECT EXAMPLE TOOLS			
DIGITAL AUDIO WORKSTATIONS (DAWS)	Ableton Live	FL STUDIO	
SAMPLE MARKETPLACES	splice Sounds	Loopmasters	LANDR Samples
PLUG-INS	xfer SERUM	Ozone 11 STANDARD NATIVE INSTRUMENTS	Pro-Q 3 splice
DISTRIBUTION PLATFORMS	tunecore	db.	LANDR
OTHER SPECIALTY TOOLS	ripple	serato	(-) Soundtrap WAVES

1. "Music listeners" are defined as adults aged 18+ who spend any time listening to music. 2. "AI-supported digital music creator tools" are defined as tools which can utilize AI to edit, enhance, manipulate, or record music, or that host AI-based samples within the platform.

Sources: Activate analysis, Activate 2023 Consumer Technology & Media Research Study (n = 4,023), Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Company sites

AI may have made music creation too easy, enabling song clones, a new form of piracy

EXAMPLES OF SONG CLONES



AI-generated song "Heart On My Sleeve" based on vocals from Drake and The Weeknd received **over 15M views on TikTok** in less than a week before being removed from all streaming platforms



A Rolling Stone song generated from the prompt "Mississippi Delta blues song about a sad AI" using ChatGPT gained more than **36,000 plays in four days**



AI-generated song "Where That Came From" featuring Randy Travis' voice has garnered **3.5M views on YouTube**



Drake's Kendrick Lamar "Taylor Made Freestyle" used AI-generated Tupac Shakur voice, prompting Tupac's estate to **send a cease and desist letter**



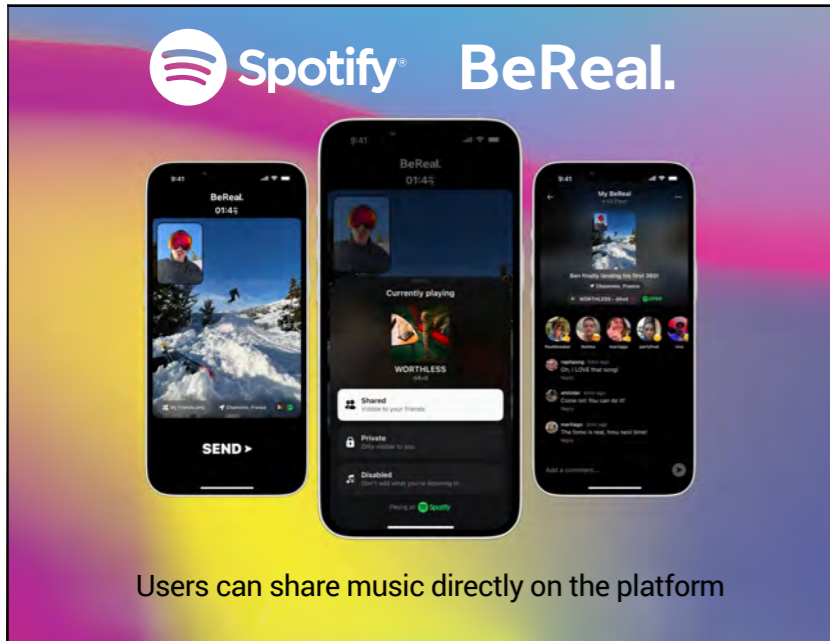
Scam artist sold **AI-generated Frank Ocean songs for thousands of dollars**



"Leaked" version of Taylor Swift's "Fortnight" featuring Post Malone is **determined to be AI generated**

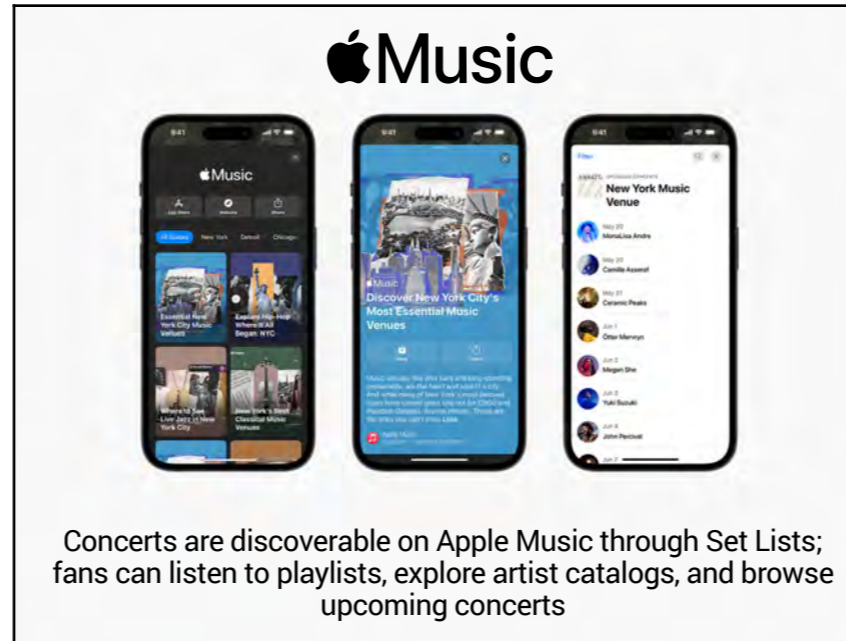
Audio streaming services will add partnerships and collaborations to capture value from artist engagement

SOCIAL MUSIC INTEGRATION



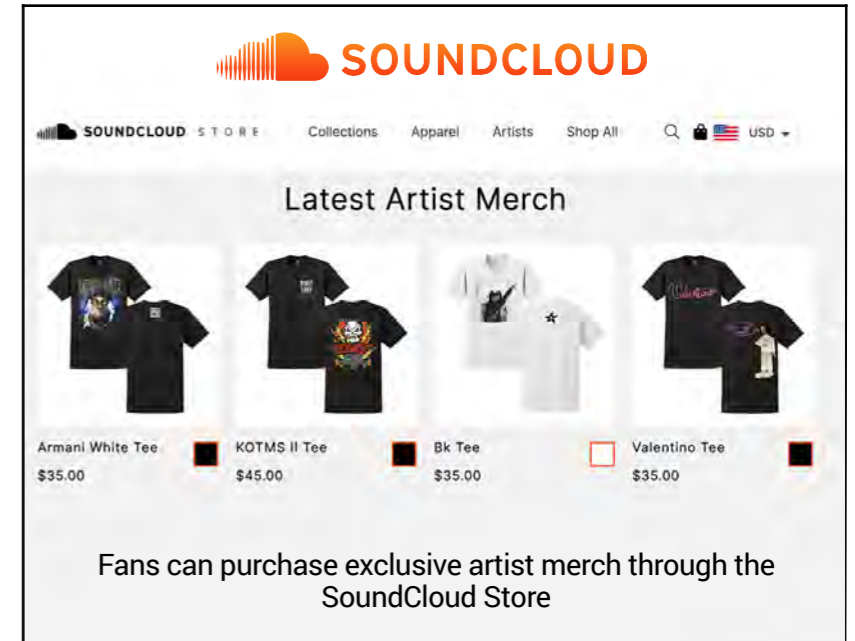
Users can share music directly on the platform

CONCERT TICKETS



Concerts are discoverable on Apple Music through Set Lists; fans can listen to playlists, explore artist catalogs, and browse upcoming concerts

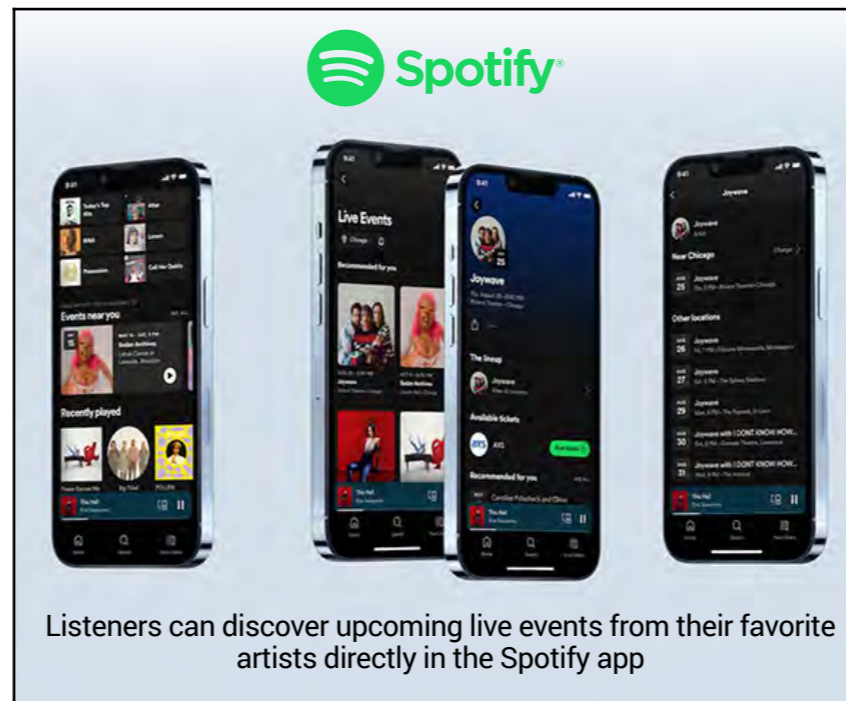
MERCHANDISE



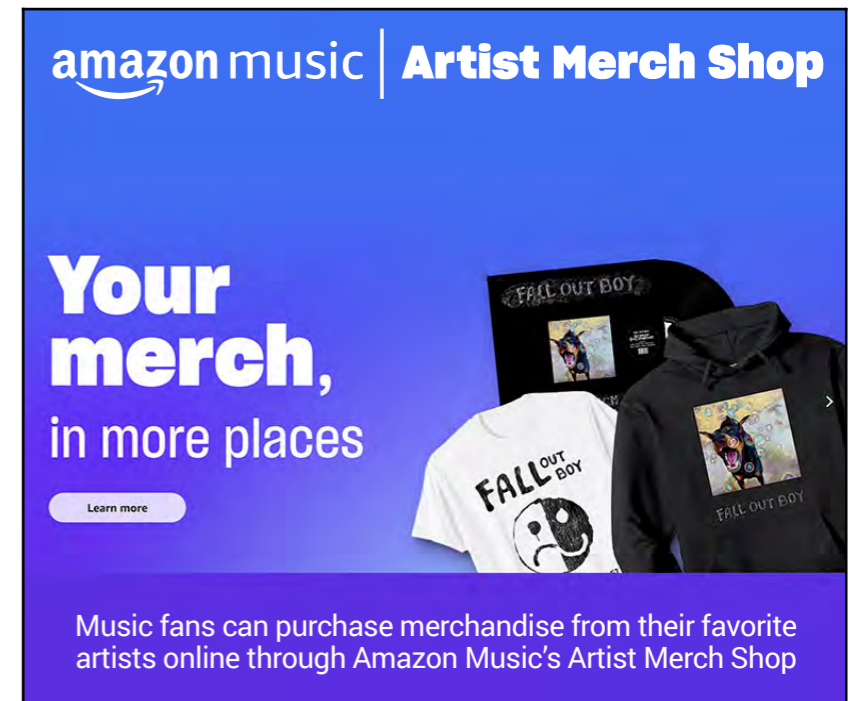
Fans can purchase exclusive artist merch through the SoundCloud Store



Users and their friends can share their own listening party through voice calls or texts



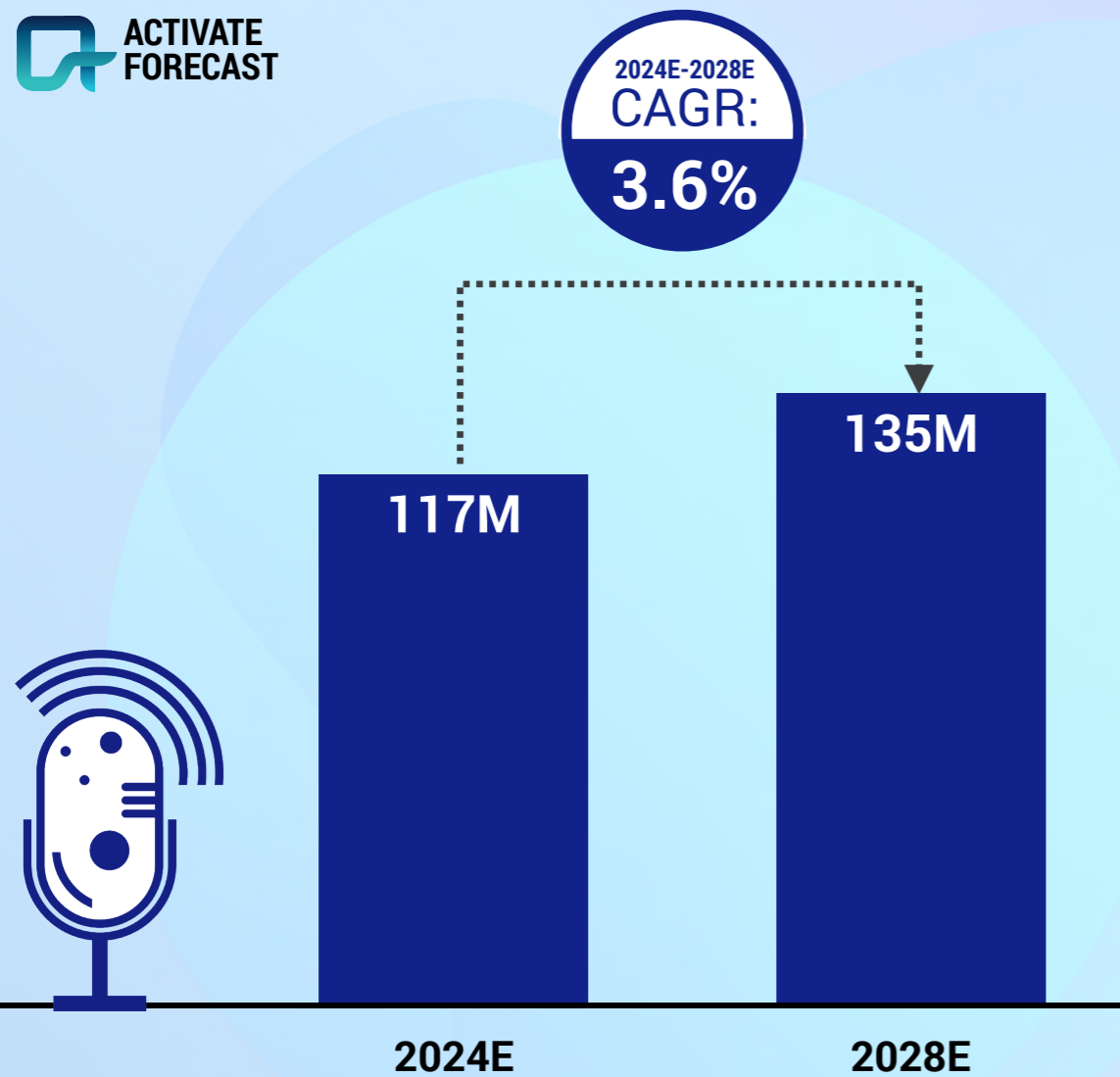
Listeners can discover upcoming live events from their favorite artists directly in the Spotify app



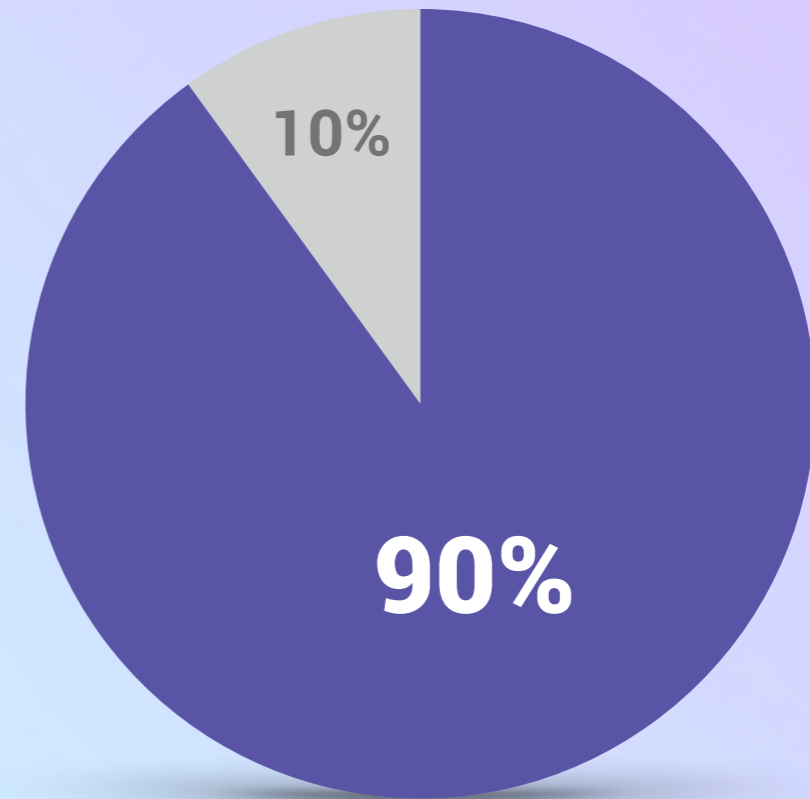
Music fans can purchase merchandise from their favorite artists online through Amazon Music's Artist Merch Shop

Almost half of American adults are listening to podcasts; not surprisingly, podcasts are an important way for streaming services to engage listeners

PODCAST LISTENERS¹, U.S., 2024E VS. 2028E, MILLIONS PODCAST LISTENERS¹



MUSIC & PODCAST LISTENERSHIP OVERLAP WITHIN THE SAME SERVICE, U.S., 2024, % MUSIC & PODCAST LISTENERS²

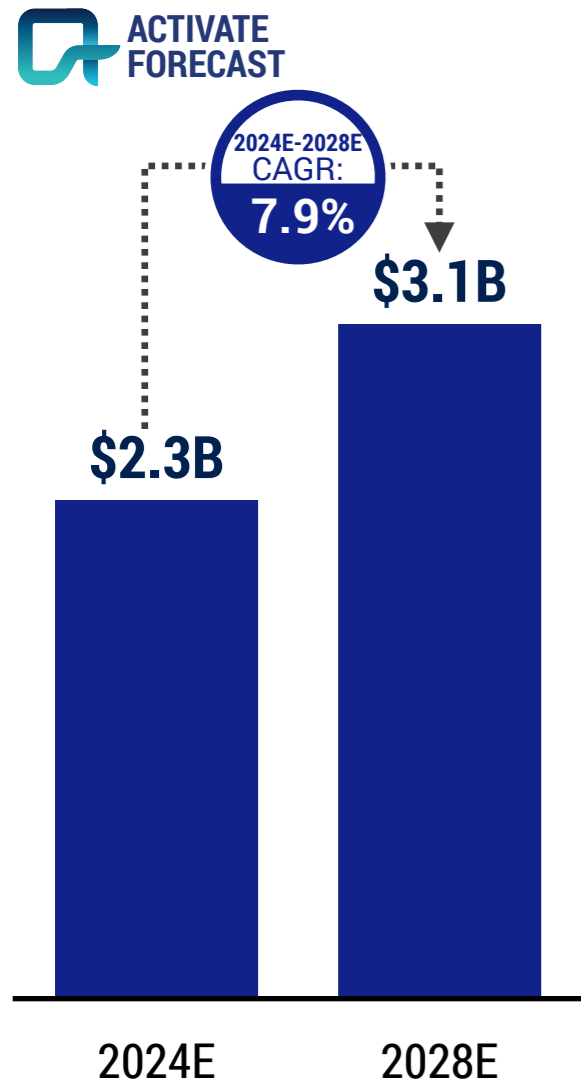


of music & podcast listeners² use the same service to listen to both music and podcasts

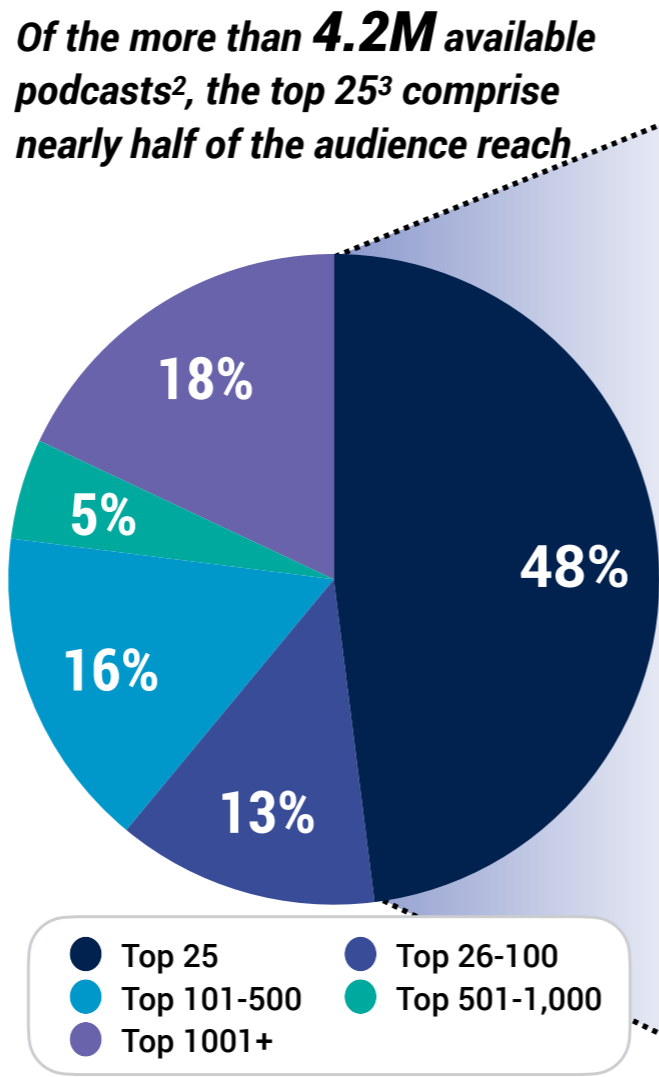
1. "Podcast listeners" are defined as adults aged 18+ who spend any time listening to podcasts. 2. "Music & podcast listeners" are defined as adults aged 18+ who spend any time listening to both music and podcasts. Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), eMarketer

We forecast increases in podcast advertising revenue; these revenues will primarily go to the top podcast creators

PODCAST AD REVENUE, U.S., 2024E VS. 2028E, BILLIONS USD



TOP PODCASTS BY AUDIENCE SIZE, U.S., Q2 2024, % TOTAL WEEKLY PODCAST LISTENERS¹










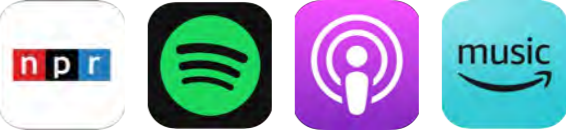
TOP PODCAST PARTNERSHIPS⁴, U.S., JAN. 2024-OCT. 2024, MILLIONS USD

PODCAST	ACQUIRER / LICENSOR	DEAL VALUE	DETAILS
		\$250M	<ul style="list-style-type: none"> Renewal of 3-year deal previously signed Podcast will now be available on all platforms; no longer a Spotify exclusive
		\$100M - \$125M	<ul style="list-style-type: none"> 3-year deal beginning in 2025 Exclusive advertising and distribution rights; podcast will still be available on all platforms
		\$100M+	<ul style="list-style-type: none"> One week early access to new episodes for SiriusXM subscribers Exclusive advertising and sales rights
		\$100M	<ul style="list-style-type: none"> One week early access for new episodes to Wondery+ subscribers Includes exclusive rights to all past episodes, merch, and future content

1. "Weekly podcast listeners" are defined as anyone aged 13+ in the US who listened to a podcast at least once per week in Q2 2024. 2. Available podcasts published across all digital streaming platforms. 3. Rankings were compiled by measuring the total unduplicated reach of all shows represented by a given network. 4. Partnerships by dollar value among the top 25 podcasts by audience size.
Sources: Activate analysis, Company press releases, Edison Research, eMarketer, Interactive Advertising Bureau, Podcast Industry Insights, SiriusXM, Spotify, Wondery

Media companies will begin to charge for top podcasts

EXAMPLES OF MEDIA PUBLISHERS WITH PAID SUBSCRIPTION OFFERINGS

	 The Economist	The New York Times	
PRICING	\$4.90/month¹ or \$49/year²	\$6/month¹ or \$50/year²	NPR+: \$8/month³ Single-show purchases: \$2.99/month¹ or \$29.99/year²
EXAMPLE SHOWS REQUIRING A SUBSCRIPTION FOR FULL ACCESS⁴			
AVAILABILITY ON O&O AND SELECT STREAMING SERVICES⁵			
SUBSCRIPTION ACCESS DETAILS	Listeners must subscribe to Economist Podcasts+ to access The Economist's entire collection of podcasts	Beginning October 2024, listeners must subscribe to access archived content for select hit shows	Listeners must subscribe to NPR+ or single-show purchases to access ad-free and bonus episodes for select podcast shows

Note: As of Oct. 7, 2024. 1. Billed monthly. 2. Billed annually. 3. NPR+ offers all NPR podcast shows through one holistic bundle. NPR listeners must donate \$8/month minimum to gain access to NPR+. 4. "Full access" is defined as users having the ability to listen to / download all content episodes (including archived and bonus content). 5. Select streaming services include Amazon Music, Apple Podcasts, and Spotify. Sources: Activate analysis, Axios, Company sites, Digiday

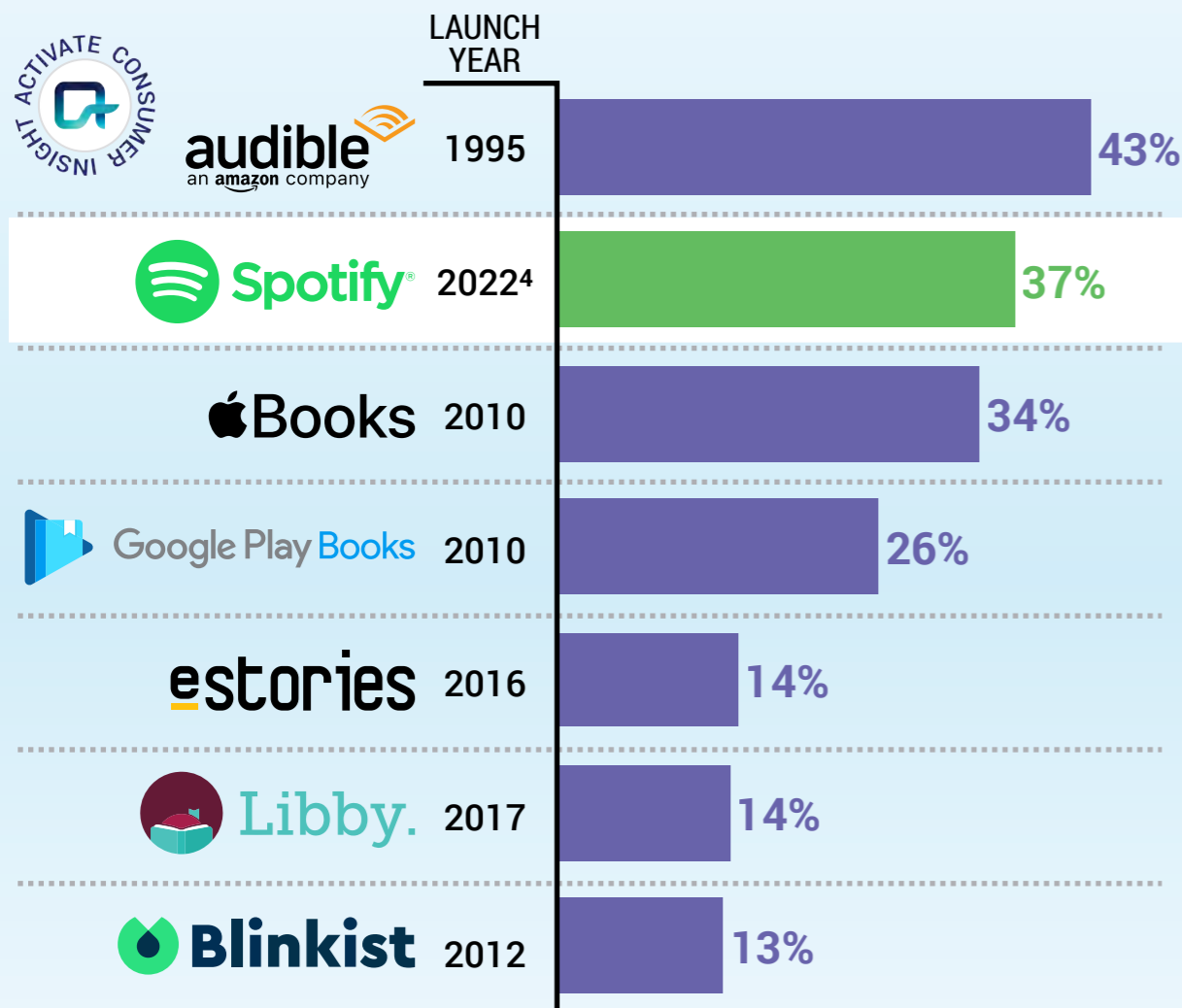
Over 110M U.S. adults are listening to audiobooks; the great majority are also listening to either music or podcasts

AUDIOBOOK LISTENERS¹ BY AUDIO CONSUMPTION TYPE, U.S., 2024, % AUDIOBOOK LISTENERS¹

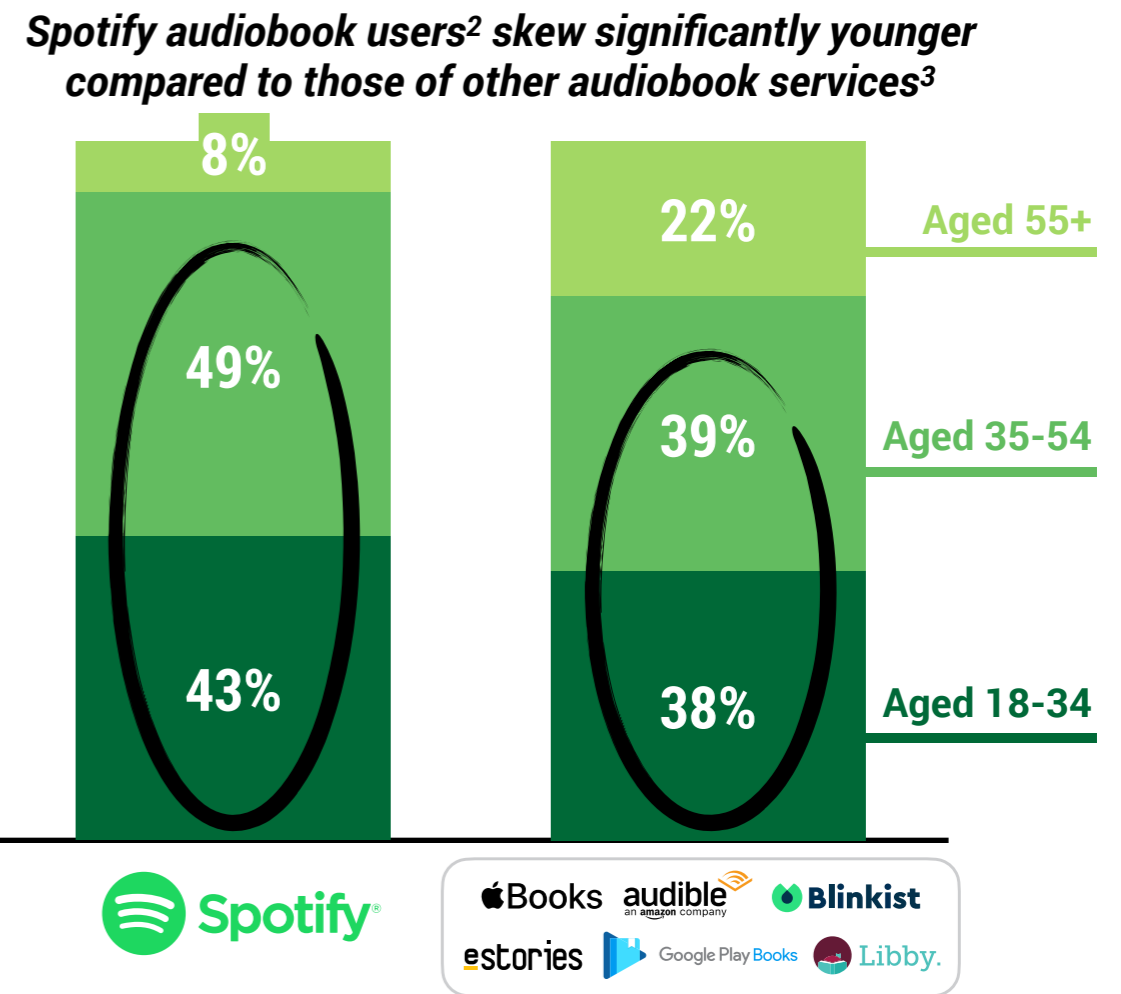


Audible, Spotify, and Apple are the industry leaders in audiobooks; Spotify is leading the way by creating an integrated experience

USAGE OF AUDIOBOOK SERVICES, U.S., 2024, % AUDIOBOOK LISTENERS¹



SPOTIFY AUDIOBOOK USERS² VS. OTHER AUDIOBOOK SERVICE USERS³ BY AGE GROUP, U.S., 2024, % AUDIOBOOK LISTENERS BY PLATFORM



1. "Audiobook listeners" are defined as adults aged 18+ who currently listen to audiobooks. 2. "Spotify audiobook users" are defined as adults aged 18+ who currently use Spotify to listen to audiobooks. 3. "Other audiobook services users" are defined as adults aged 18+ who listen to audiobooks on platforms other than Spotify, including Apple Books, Audible, Blinkist, Downpour, eStories, Google Play Books, Hoopla, Kobo, Libby, LibriVox, Loyal, Scribd, Serial Box, and others. Logos in graph are not exhaustive. 4. Spotify introduced audiobooks in 2022. Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Company press releases

○ ACTIVATE 2025 DATA PARTNERS ○

◀▶ Nielsen

Luminate

▶ tubular

Activate growth. Own the future.

Technology. Internet. Media. Entertainment. eCommerce. These are the industries we've shaped, but the future is where we live.

Activate Consulting helps technology and media companies drive revenue growth, identify new strategic opportunities, and position their businesses for the future.

As the leading management consulting firm for these industries, we know what success looks like because we've helped our clients achieve it in the key areas that will impact their top and bottom lines.

Together, we can help you grow faster than the market and smarter than the competition.

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Thank you!

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