

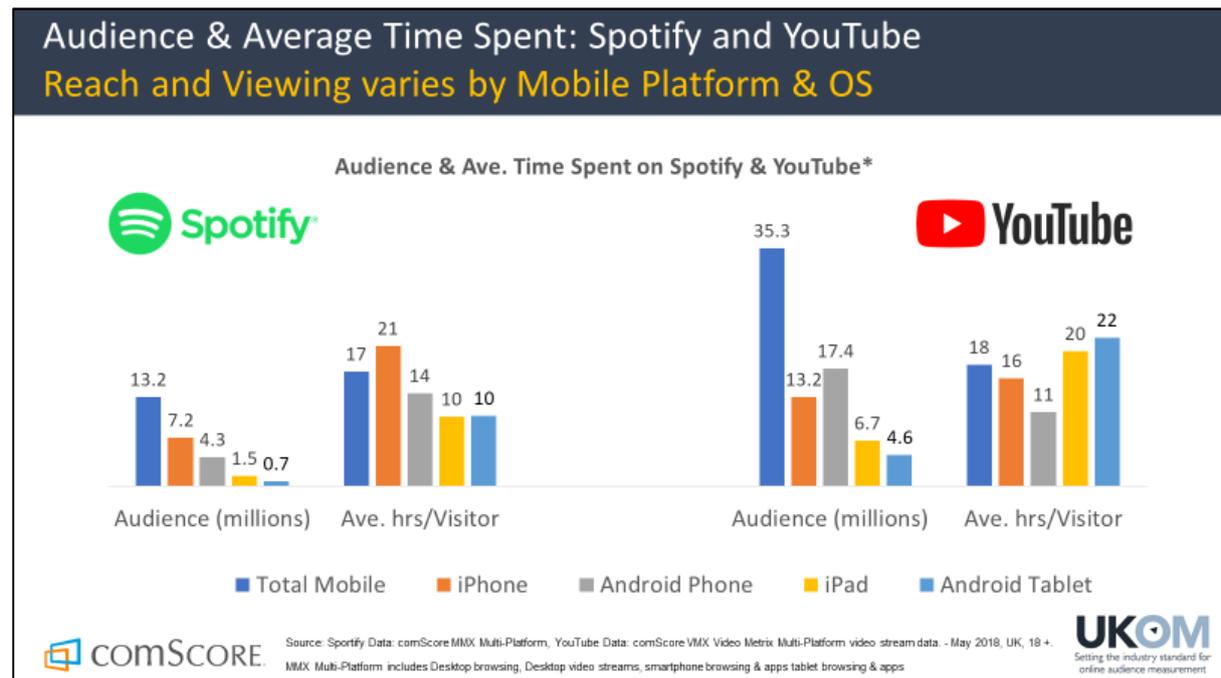
# UKOM Insights

## YouTube's Challenge to Spotify

Last month Google launched its all new YouTube Music service in the UK, a revamped mobile app to rival music streaming services Spotify and Apple Music. YouTube Music offers both an ad funded tier which allows users to browse and stream videos and a premium tier enabling ad-free and background/audio-only streaming and downloading songs for offline playback. The offering is similar to Spotify, but Google plans to use the wealth of data it holds on customers to create a new type of personalised music service to give it a competitive advantage. So how big is Spotify and how does reach and platform usage compare to YouTube's current video viewing audience?

Spotify has established itself as the UK's biggest music subscription service and latest UKOM approved comScore data showed it had 16.6 million adult visitors in May 2018 – that's almost 40% of the online adult population. The large majority of them, 79%, stream music via a mobile device with 71% using ONLY a smartphone or tablet. Smartphones are clearly the most dominant platform – they account for 90% of all time spent on the service. Spotify mobile users stream the service for an average of 18 hours per month on smartphones compared to only 10 hours on tablets.

For tagged entities in comScore, Mobile Metrix enables UKOM to look at the differences by mobile operating system. Overall, more Spotify users access via iPhones and iPads compared to Android devices. However, the data shows us that while there is little difference in terms of average time spent among Android tablet and iPad users of Spotify, there are much bigger differences for smartphone operating systems. Those accessing Spotify on an iPhone spend on average 21 hours per month streaming music compared to only 14 hours for Android smartphone users.



Spotify may have an online audience reach of over 16.6m but it is dwarfed by Google's video streaming service, YouTube. According to comScore's multi-platform video metrix data, which measures video viewing, 39.6 million adults stream videos on YouTube each month, with 89% viewing on a mobile device.

Given its ownership of the Android OS one might think it would be easier for Google to attract Android users to its new YouTube music app, but the data suggests that OS ownership doesn't automatically equate to higher usage for Google's leading video service.

Unlike Spotify, and as might be expected, YouTube has a bigger reach among Android smartphone owners compared to iPhone users (17.4m v 13.2m), However, for average time spent per visitor, the trend is reversed. iPhone users spend more time per month viewing YouTube videos on their smartphones (16 hrs) than those who own an Android phone (11 hrs). Although a smaller audience and perhaps unsurprisingly, given the size of screen and nature of the service, tablet viewers to YouTube spend longer consuming video content than those viewing on a smartphone.

It may be some time before YouTube Music challenges Spotify in terms of audience size but given its higher reach and the fact that almost 95% of Spotify users also view YouTube, it could pose a real threat. The data above suggests that the iPhone is important battle ground for audience as users spend more time on both services. However, with 53% of iPhone users listening to Spotify each month and Apple having its own music streaming app - already used by 23% of iPhone users (according to latest UKOM approved comScore data) – it is a highly competitive marketplace.

#### **Notes on Data:**

All data is based on UKOM industry standard and development level approved comScore MMX Multi-Platform data and VMX Multi-Platform data for video. comScore MMX Multi-Platform includes desktop browsing, desktop video streams, smartphone browsing & apps, tablet browsing & apps. Data is based on adults 18+ in May 2018.

Spotify data is based on comScore's MMX Multi-Platform data (MMX MP).

YouTube Video viewing data is based on comScore's Video Metrix Multi-platform data (VMX MMP) which measures video viewing. Data is based on adults 18+ in May 2018