

# theskyisrising

2024 EDITION



**A detailed look at the state of  
the entertainment industries**

January 2024

Michael Masnick, Leigh Beadon



**Research Center**  
Computer & Communications Industry Association



# theskyisrising

2024 EDITION

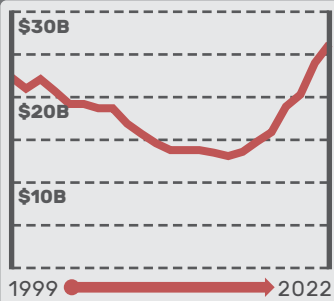
copia

ccia Research Center  
Computer & Communications Industry Association

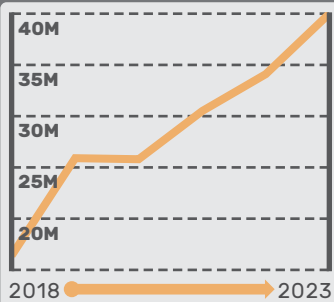
A detailed look at the state of the entertainment industries

## LISTENING

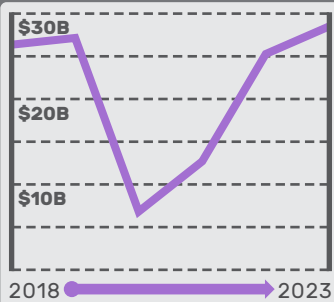
GLOBAL RECORDED MUSIC REVENUE



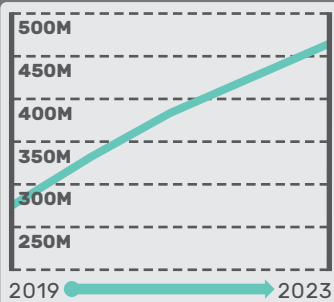
NUMBER OF TRACKS RELEASED



GLOBAL LIVE MUSIC REVENUE

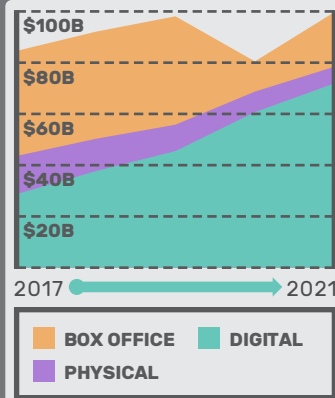


NUMBER OF PODCAST LISTENERS

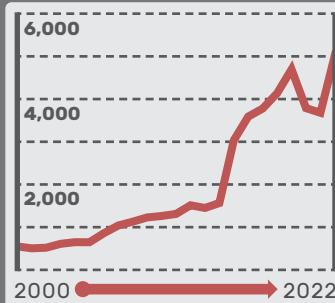


## WATCHING

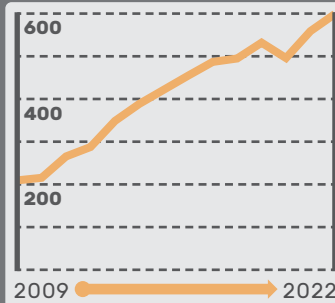
GLOBAL THEATRICAL & HOME VIDEO REVENUE (MINUS PAY-TV)



NUMBER OF MOVIES RELEASED



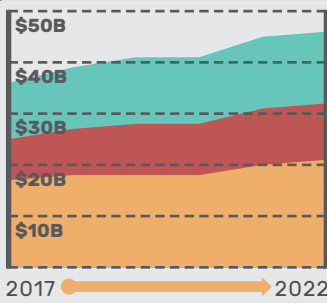
NUMBER OF U.S. SCRIPTED TV SERIES



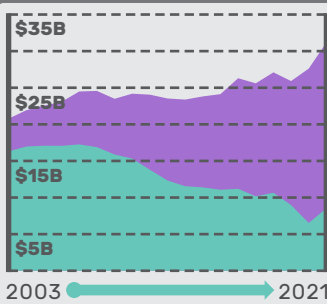
86% of internet users watched videos online in 2023

## READING

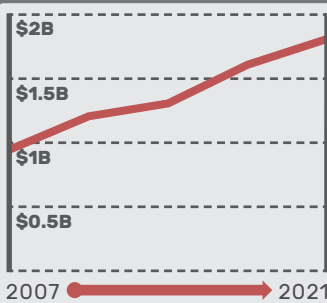
GLOBAL DIGITAL PUBLISHING MARKET



U.S. BOOK SALES BY CHANNEL

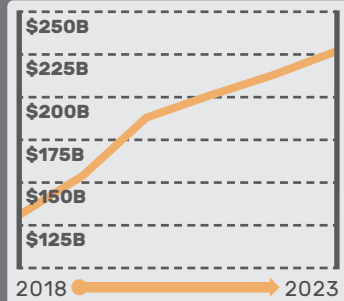


U.S. AUDIOBOOK REVENUE

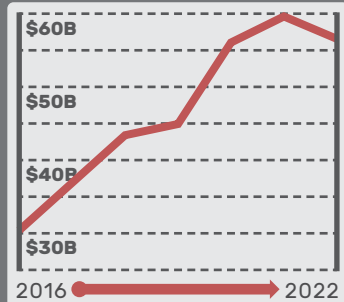


## PLAYING

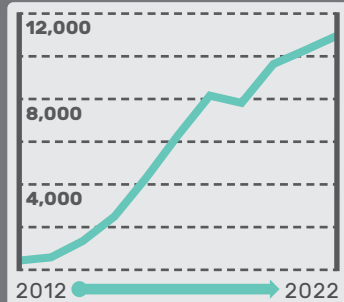
GLOBAL VIDEO GAME REVENUE



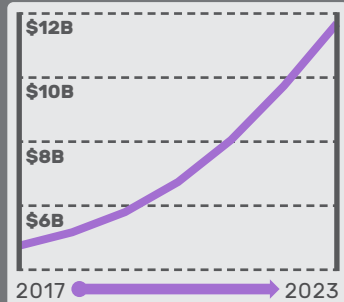
U.S. VIDEO GAME REVENUE



GAMES RELEASED ON STEAM



GLOBAL LIVESTREAMING REVENUE



SOURCES LISTENING (pg. 32): IFPI<sup>5</sup>, Luminate<sup>16</sup>, PwC<sup>13</sup>, Insider Intelligence<sup>41</sup> WATCHING (pg. 46): MPA<sup>7</sup>, The Numbers<sup>13</sup>, FX Research<sup>3</sup>, DataReportal<sup>5</sup>

READING (pg. 59): Statista Market Insights<sup>3</sup>, US Census Bureau<sup>13</sup>, Audio Publishers Association<sup>22</sup> PLAYING (pg. 71): NPD Group<sup>5</sup>, PwC<sup>6</sup>, Steam Spy<sup>22</sup>, Statista Market Insights<sup>31</sup>

# theskyisrising

2024 EDITION

*A detailed look at the state of  
the entertainment industries.*

---

Published January 2024 by the Copia Institute and CCIA Research Center.

Dedicated to the public domain.

---

1. Overview	4
2. Listening	14
3. Watching	34
4. Reading	47
5. Playing	60
6. Artificial Intelligence	73
7. Conclusion	80

# 1. Overview

**THE SKY IS RISING** for the entertainment industries, almost entirely because of the internet. More creative content is being produced than ever before. More people are able to create content than ever before, and more people are able to make money doing so. More people have access to a wider diversity of creative content than ever before. And almost all of this is thanks to the power of the internet, which is enabling more people to create, share, distribute, consume, and monetize creative works.

Despite concerns that the internet would kill creative industries like the music industry this report shows how the internet has driven the industry to new heights. The recording industry — which was the first industry that we were told would be killed by the internet — recorded \$26.2 billion in revenue in 2022, higher than any other year in the 2000s. The global movie industry recorded \$99.7 billion dollars in revenue in 2021, breaking revenue records, even while still dealing with global COVID lockdowns. In 2022 over 5,000 feature films were released around the globe, an increase of nearly 1000% over the 519 films released in 2002. The video game industry broke \$200 billion in global revenue in 2022, while the global digital publishing industry reached \$50 billion for the first time in 2022. Each of these industries continued to reach new heights thanks to the internet.

In 2012, we released the very first of our *Sky Is Rising* reports. At the time, the general narrative was that the internet was a threat to the creative and entertainment industries. There were concerns that the internet was “killing” various creative industries, from music to movies and more. The story we were being told was that these changes would lead to a world in which creative people had no outlets and no incentive to create. That story did not seem to match the world that many of us were experiencing, in which there appeared to be more creativity around us all the time.

That first *Sky Is Rising* report looked at the data on creativity and the entertainment industries, and found that, as the report asserted, “the sky is rising.” There was more content being created by more creators, more consumers accessing that content, and perhaps most controversial given the narrative, more money being made by people in those industries — it was just that

some of it was being earned in new and different ways.

In short, that report described an industry in transition thanks to the internet, but one that was still growing and shaping up to be even more successful than before, rather than an industry that was under threat or at risk of dying. It was true that a few select parts of those creative industries were struggling through the transition period, such that some of their earlier revenue highs were being pressured, but what the data definitively showed was that it was simply an industry undergoing change, in which consumers were showing shifted preferences in how they access, consume, and pay for content. The only “threat” was to those who refused to adapt to the changing market.

Over a decade later, what we found in that report has continued to prove true, and throughout this new report, many of the parts of the creative industries that were seen as struggling a decade ago are now thriving. Given the data in these pages, it would be impossible for anyone to conclude that the creative industries are under threat from the internet. Rather, the only possible conclusion is that the internet has been the single largest driver of success, not just for those industries but for creativity as a whole. The internet has opened up new avenues for creators who never could hope to be anything but hobbyists in decades past to pursue their art professionally.

Even more importantly, the internet truly supports the public’s access to all of this creativity and artwork, doing a tremendous amount to make sure that the situation is a win-win-win between creators, consumers, and the industries that enable them.

## A CHANGE IN PERSPECTIVE

This year’s *Sky Is Rising* includes a few changes from past versions of this report, the most recent of which was released in 2019,<sup>1</sup> prior to the global COVID pandemic that has certainly impacted the industries we study. One clear change is how we categorize the sections of the report. Historically, it has included four chapters, covering different areas of the entertainment market. Perhaps presciently,

from the original report onward, we included *Video* as a single section, merging what might have been separated into “TV” and “movies.” In part this was done to be practical, as the time people spent watching either of those other things was often shifting to online video on sites like YouTube and Vimeo. But also, in putting together the initial report, it wasn’t entirely clear where to draw the line between the areas of video.

That blurry line has only become much more blurry in the decade since with the rise of streaming video services, where TV and movies often appear next to each other, making it even more difficult to consider them separate categories.

For this year’s report, we took a step back to recategorize all of the sections along similar lines, thinking about the activity consumers engage in. Thus, what had been the *Video* chapter is now the *Watching* section, covering all kinds of video. This reformulation had an even bigger impact on other sections of the report. What had been *Music* is now *Listening*, and includes data on podcasts and digital radio. What was originally the *Books* chapter is now the *Reading* section, and has been expanded to include other digital text content, including online magazines and newspapers. Finally, the *Video Games* chapter has been redesignated as the *Playing* chapter.

Even with these changes, not everything fits neatly into specific buckets. Most obviously, audiobooks could easily be placed in either the *Listening* or the *Reading* chapters, and strong arguments could be made for either placement. In this version of the report, we chose to keep them in the *Reading* chapter, as it felt that in the minds of many consumers, listening to audiobooks is still seen primarily as a replacement for reading books.

The other change for this report is the inclusion of a subchapter about generative artificial intelligence. Obviously, over the last year, generative AI has taken the world by storm, and it has impacted creativity and the creative industries in myriad ways. Technology that had mostly been used in the background, for recommendation engines and

other more data-heavy functions, was suddenly at the forefront of many minds as a creative tool — a new and extremely powerful creative tool that it will take many years to figure out how to best utilize.

We’ve already seen that generative AI has been an issue that has raised concerns in the WGA writers strike, and there has been a small cluster of lawsuits filed by creatives regarding the use of their works in AI training, along with larger concerns about the potential impact of AI on creativity.

While it is way too early to determine the impact of generative AI on the creative markets, we felt it was important to create this initial subchapter to explore some of what’s already being seen in the market, and how there is actually some early evidence suggesting that generative AI (like other internet technologies) is beneficial to creativity, creators, consumers, and the industry all at the same time.

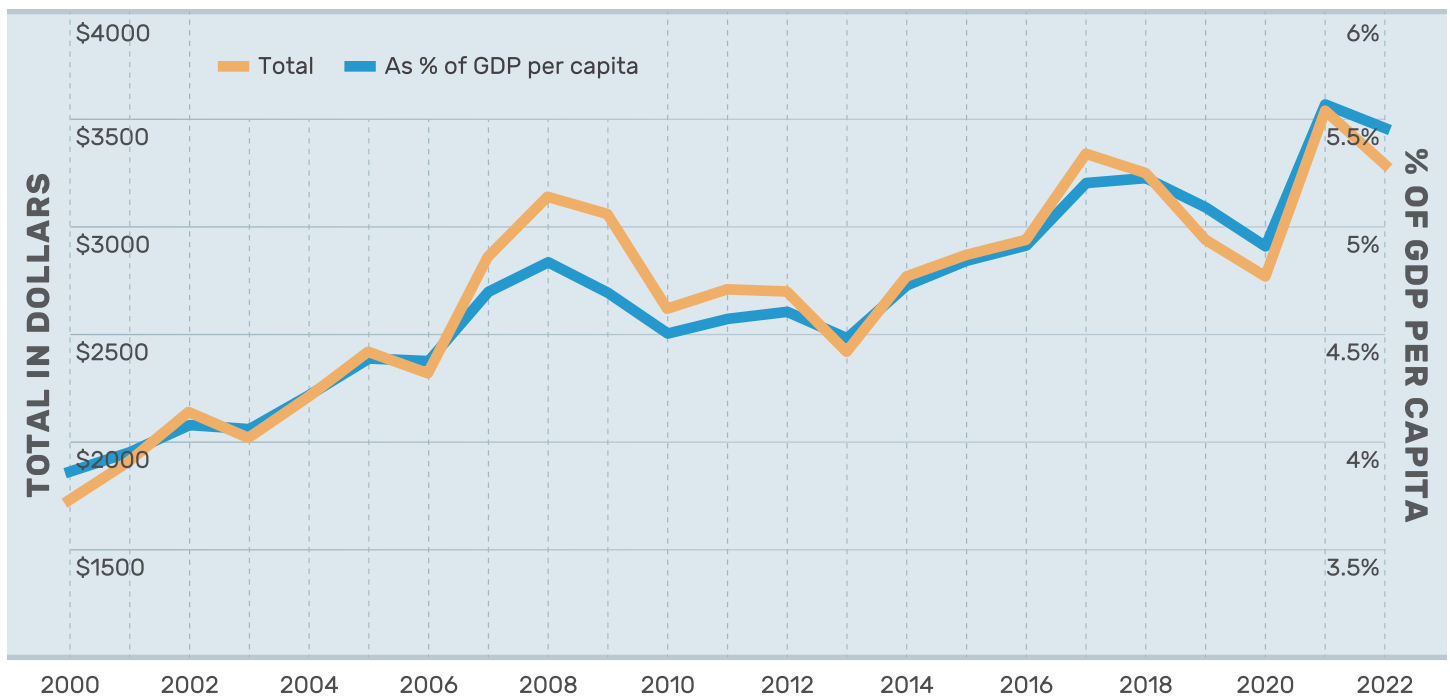
It seems likely that the role of generative AI is going to play a big part in future editions of the *Sky Is Rising*, touching on every chapter of the report, enabling all sorts of creativity in every area that this report covers. But in this report, our goal was simply to make note of it and highlight some early research, as well as some early examples of how generative AI is having a positive impact on creativity.

### THE LARGER MARKET

In this executive summary, we’ll share some of the highlights from the rest of the report, but we also want to include some data from across the entire market, especially consumer spending on entertainment in the U.S. as recorded by the Bureau of Labor Statistics.<sup>2</sup> (Fig. 1.1) From our very first report onwards, we’ve noted that if the internet were really destroying these industries, and enabling

## 1.1 Average Annual U.S. Consumer Expenditure on Entertainment in dollars and as per cent of GDP per capita

Source: U.S. Bureau of Labor Statistics<sup>2</sup>



users to shift their spending elsewhere, we wouldn't see a continued increase in spending on entertainment. And yet, it has consistently grown.

From that chart we can see that there was a sharp downturn during 2020 when there were worldwide COVID lockdowns, but that spending quickly returned to new highs in 2021 and 2022.

If we look at data from the U.S. Census Bureau<sup>3</sup> regarding employment in the “information” sector (NAICS Code 51) represented in this report, we also see a continuing upward trend, with the lone exception of 2021, likely as a result of the COVID lockdowns and limitations in 2020 bleeding over into 2021. (Fig. 1.2)

COVID lockdowns clearly impacted certain industries that rely on gathering people together — mainly movies and live concerts — but as this report shows (1) those industries appeared to bounce back strongly by 2022 and (2) even at the height of COVID lockdowns, these industries shifted to making use of the internet in unique ways that helped them weather the challenging pandemic era.

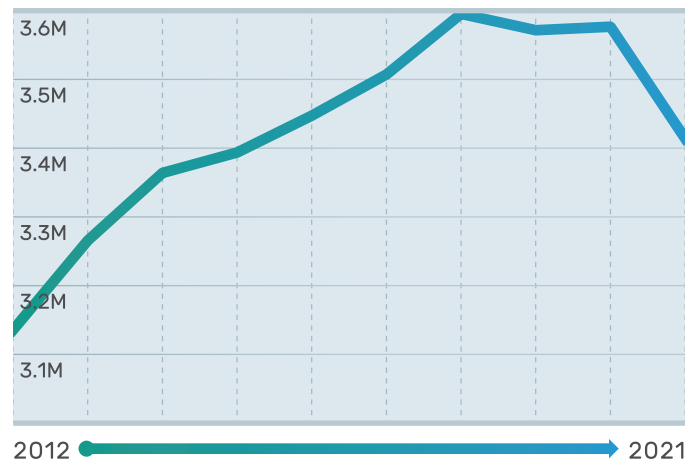
If we look simply at payroll in the sector, we see that it continued to rise, even through the COVID lockdowns. (Fig. 1.3)

NAICS 51 includes a few sectors that might not fit directly into the industries covered in this report, so excluding those specific subsegments (such as the telecommunications industry, data processing, directory and mailing lists, and even greeting cards), we're left with a clearer view into how employment across the segments represented in this report has changed over time. Overall employment is up, though some segments have grown while others have shrunk. (Fig. 1.4)

From this chart we can see some clear patterns. Employment has dropped in the newspaper and periodical industries, but grown in the internet publishing industry, such that it appears that internet publishing jobs more than replaced the jobs lost in newspapers and periodicals (the total employment of all three industries in 2012

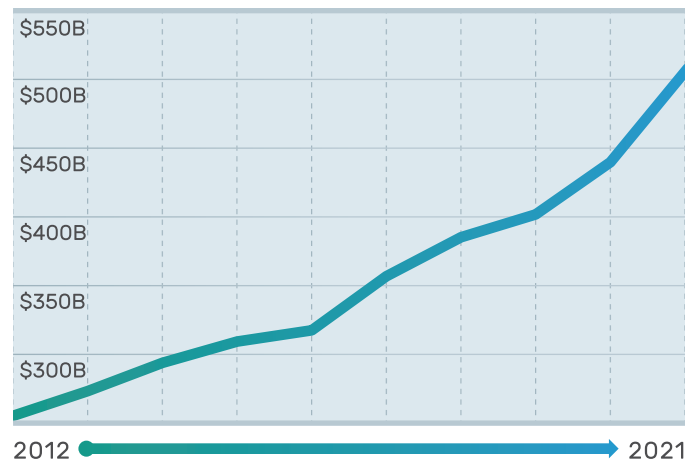
## 1.2 Number of Workers Employed in the “Information Sector” in millions

Source: U.S. Bureau of Labor Statistics<sup>3</sup>



## 1.3 Total Annual Payroll in the “Information Sector” in billions of dollars

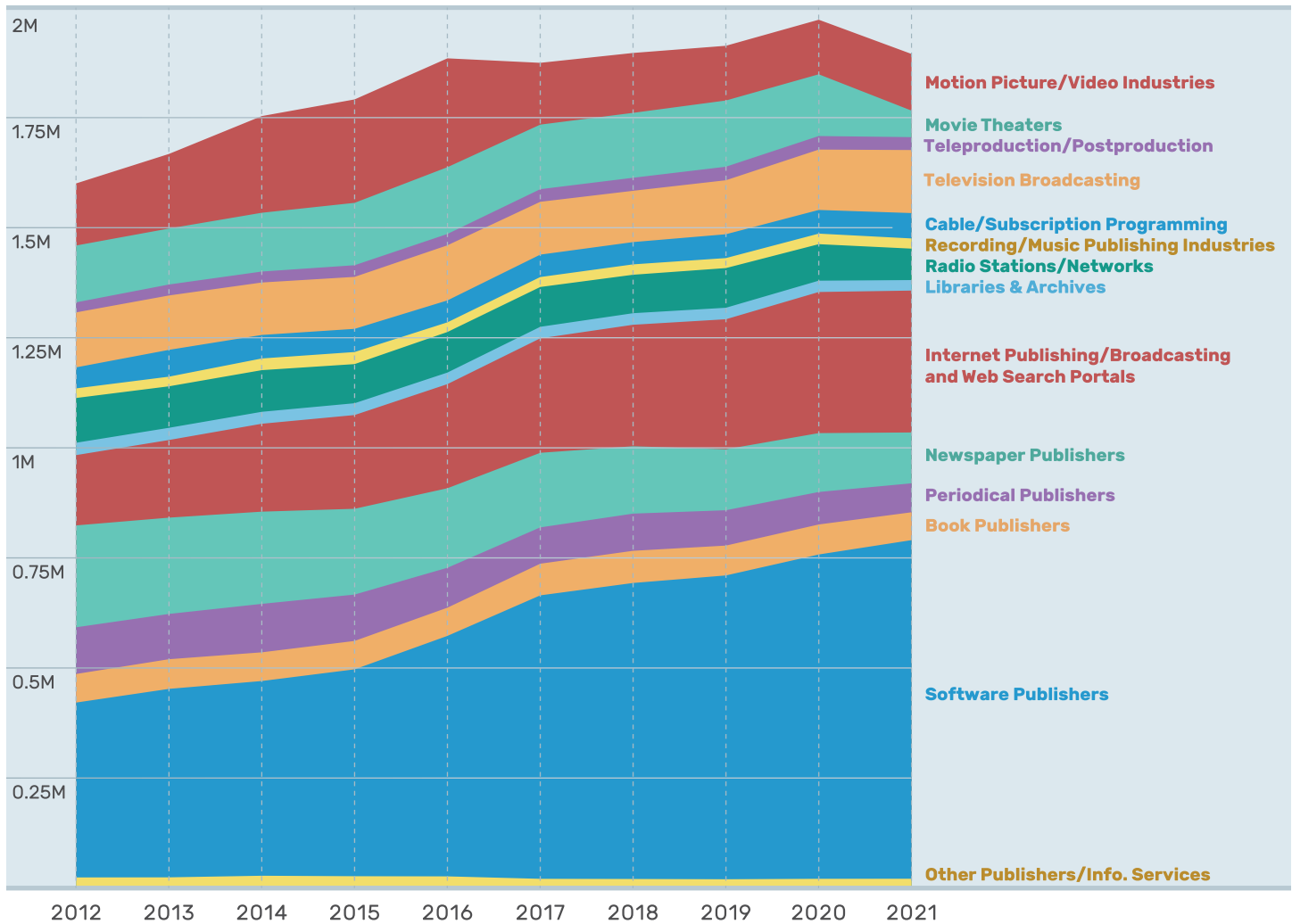
Source: U.S. Bureau of Labor Statistics<sup>3</sup>



was 497,090 as compared to 503,497 in 2021). It appears that many of the roles that were formerly found in newspapers have likely migrated over to the internet publishing industry. Notably, there are some limits to the breakdowns within this data, and the Bureau of Labor Statistics notes that “given the increasing prevalence of [the] internet” that this industry classification is in the process of “being updated to distinguish between different types of publishers.”<sup>4</sup>

## 1.4 Total U.S. Employment in select industries, in millions

Source: U.S. Bureau of Labor Statistics<sup>3</sup>



Software publishing has grown tremendously as well, which shouldn't be a surprise. Book publishing, music production, and the motion picture industry have mostly held steady with some fluctuations over the years (minus the theater industry, which lost many employees in 2020 and 2021). Television broadcasting, including cable and other subscription programming, has been growing steadily throughout the decade.

On the whole, employment in the entertainment industries has continued to grow, and as this report will detail, much of that is due to the rise of the internet.

### KEY FINDINGS

The latest data shows that we are in a true golden age of culture. There is more content being produced than ever before, more people creating content, more people consuming content in many different forms — and on the industry side, more money being spent than ever before. The sky is truly rising.

While the chapters go through a very detailed data-driven analysis of each sector, we'll include a few highlights here. We'll start with the *Listening* section and the music industry, which was often held up first as an industry at risk



of destruction by the internet, and yet it is reaching new heights because of the internet. (Fig. 1.5)

The *Listening* chapter covers how nearly all parts of the music industry are thriving and growing. It is true that the live music industry suffered during COVID lockdowns, but even then the internet came to the rescue, as artists experimented with various ways to perform online, discovering new channels to reach fans. And in 2022, with the end of many lockdown restrictions, the live music scene came roaring back.

Along with that we're seeing massive growth in new

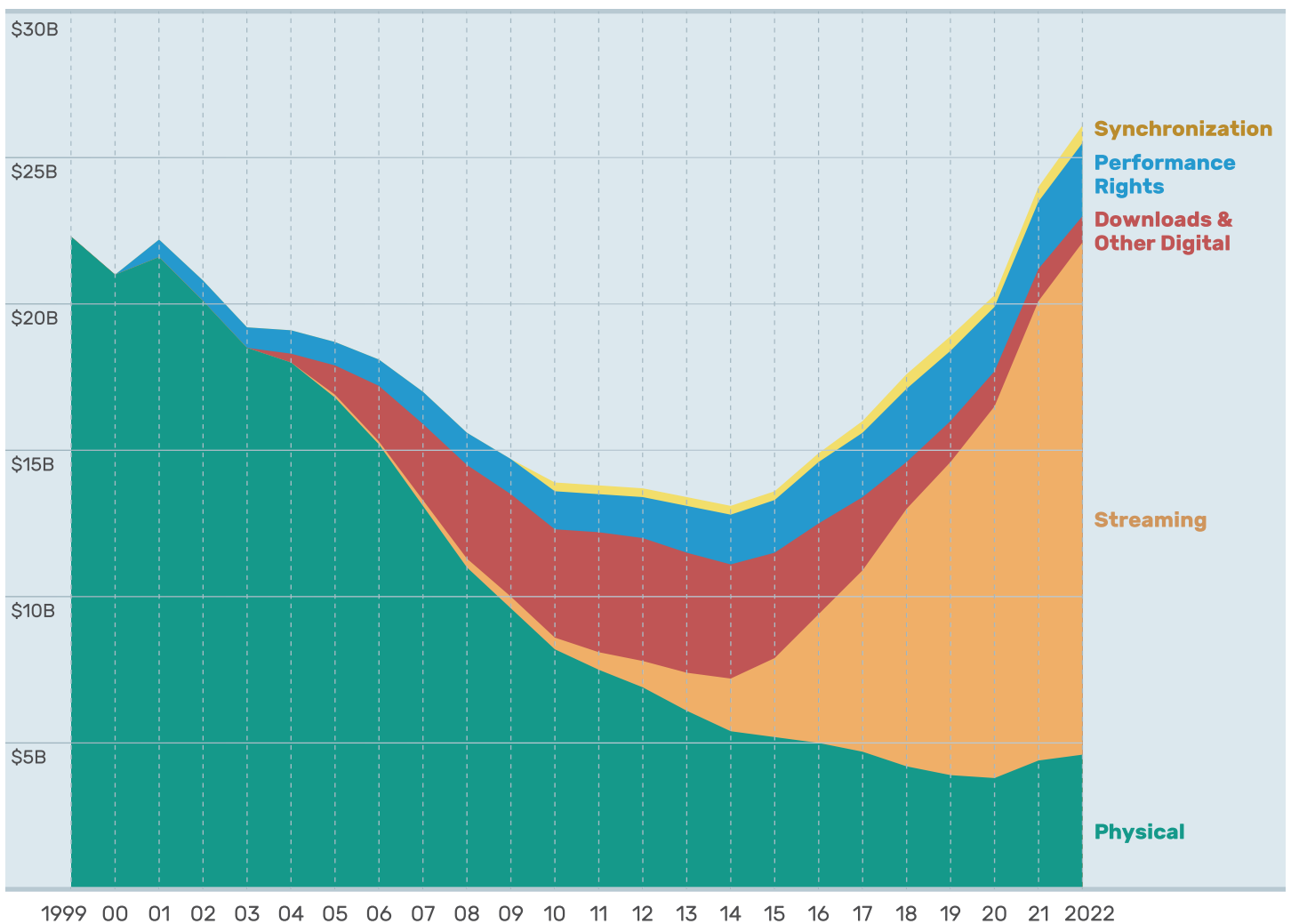
industries that barely even existed a decade ago, such as podcasting, which has seen tremendous success as more and more people are spending at least some of their listening time on podcasts. (Fig. 1.6)

In the *Watching* chapter, we again see continued growth, in large part due to online streaming services that have become quite popular over the past few years, leading to an explosion in new TV shows. (Fig. 1.7)

As was the case with live music, it's no surprise that the movie business suffered during the COVID lockdowns in 2020 and 2021 as the box office revenue fell off a cliff.

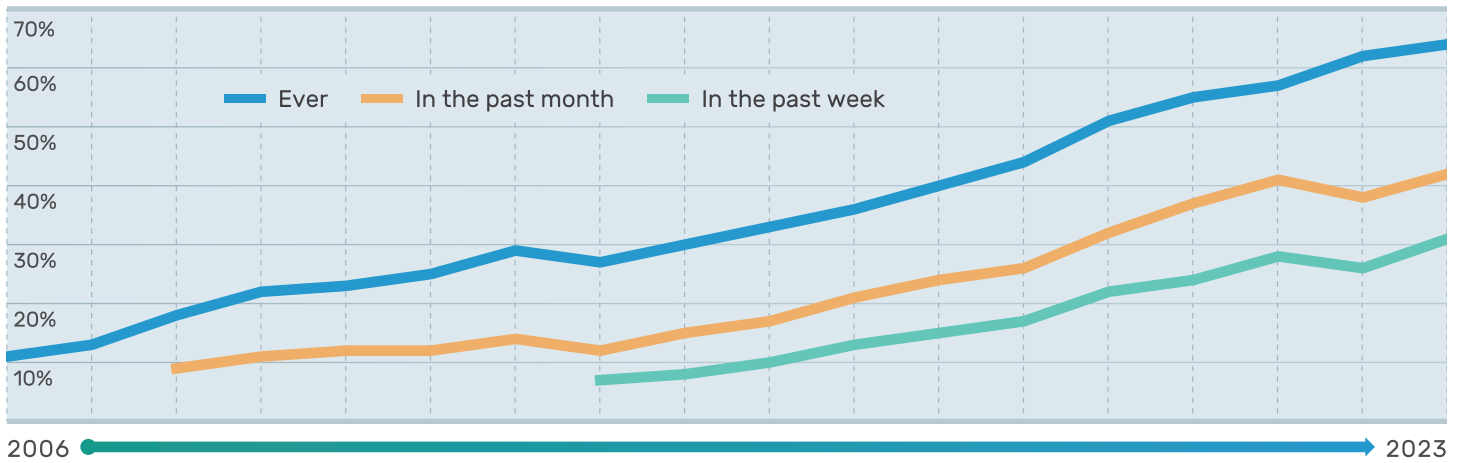
## 1.5 Global Recorded Music Revenues in billions of dollars

Source: IFPI<sup>5</sup>



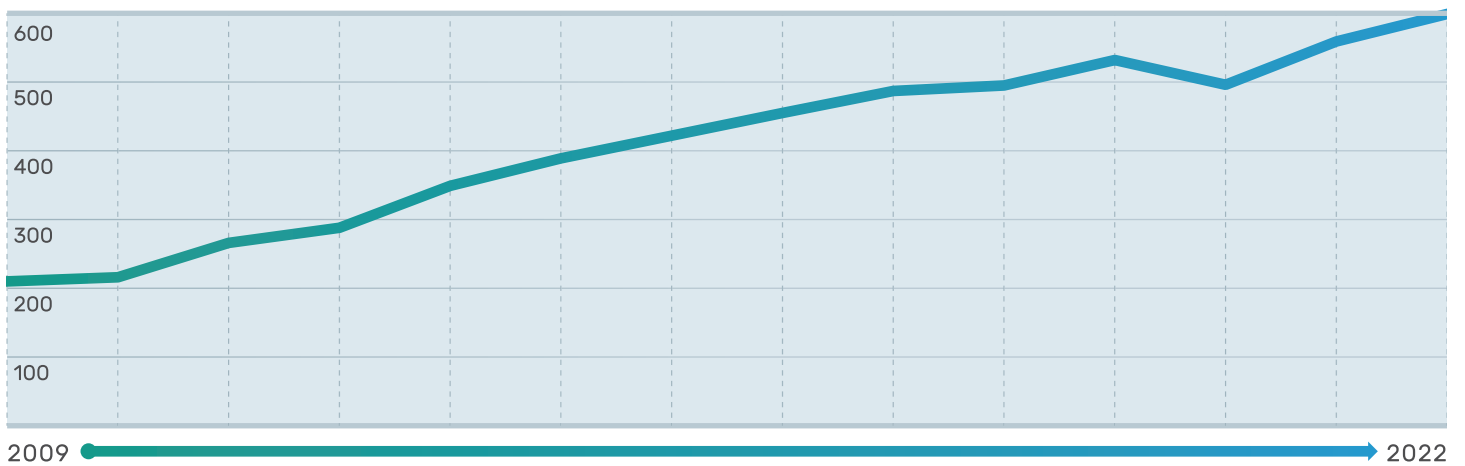
## 1.6 Podcast Listenership as per cent of U.S. adults

Source: Edison Research<sup>6</sup>



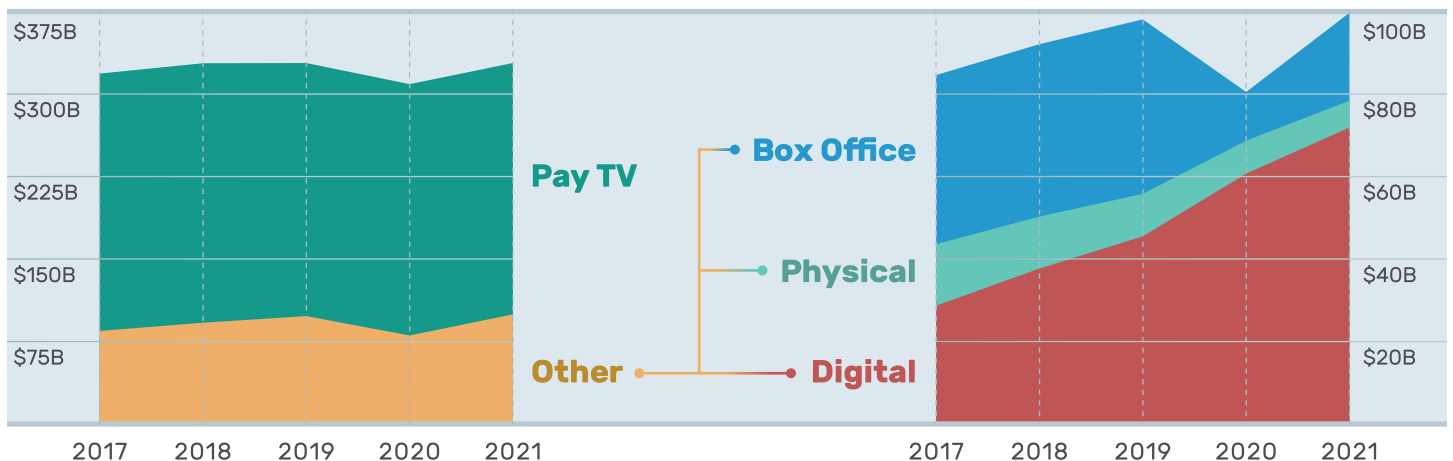
## 1.7 Number of Scripted TV Series in the U.S.

Source: FX Research<sup>7</sup>



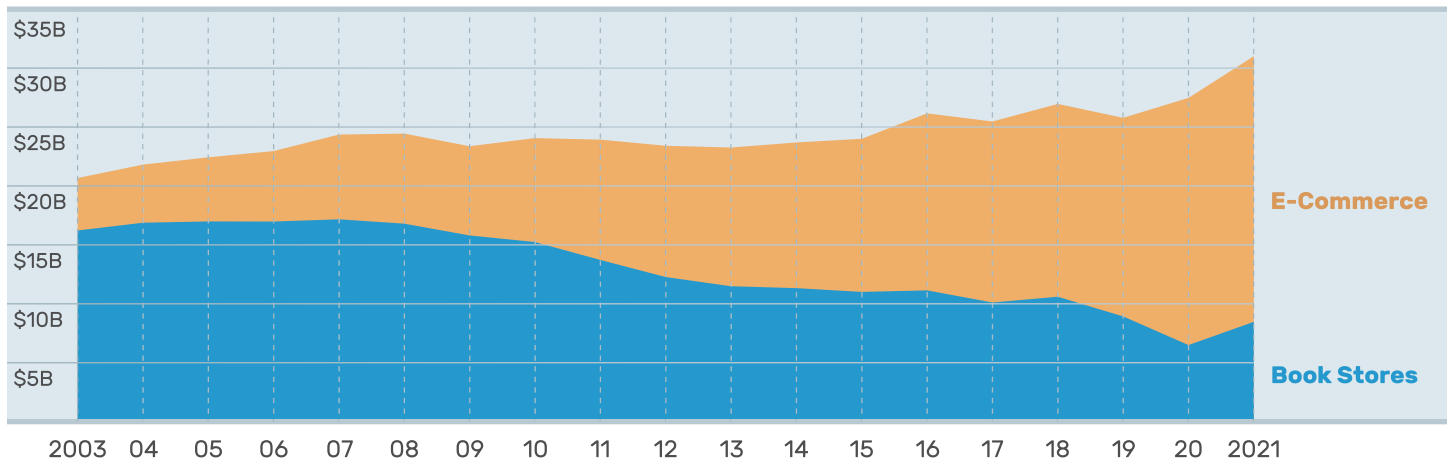
## 1.8 Global Entertainment Revenue with and without Pay TV, in billions of dollars

Source: Motion Picture Association<sup>8</sup>



## 1.9 U.S. Sales Channels for Books in billions of dollars

Source: U.S. Census Bureau<sup>9</sup>



Though, again, the internet and the ability to go direct to streaming helped, and the decline for the film industry was greatly limited thanks to that buffer. (Fig. 1.8)

In the *Reading* chapter, we see that many people still like to read books in many different formats. While print books still dominate the market, they have gradually declined over the past few years, but those declines have been more than replaced by digital alternatives: ebooks and audiobooks. (Fig. 1.10)

Even in the print book market, the internet has been incredibly important, as more and more people now purchase their physical books from the internet. (Fig. 1.9)

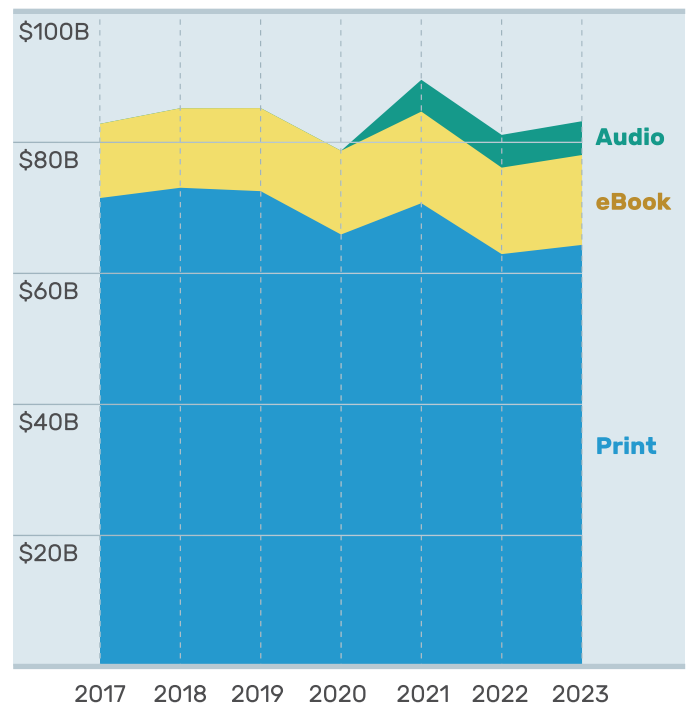
This hasn't meant the death of bookstores, though, as our report shows that independent bookstores are actually thriving.

Finally, in the *Playing* chapter we see that video games have gone from strength to strength over the last few years, growing steadily throughout the past decade. (Fig. 1.11, 1.12)

Not surprisingly, the video game market actually benefited from the COVID lockdown period, as people had more time to spend playing games. But an interesting finding of this report is that it appears that the increase in spending on video games remained in place as the lockdowns ended, perhaps stepping the industry up to a new baseline.

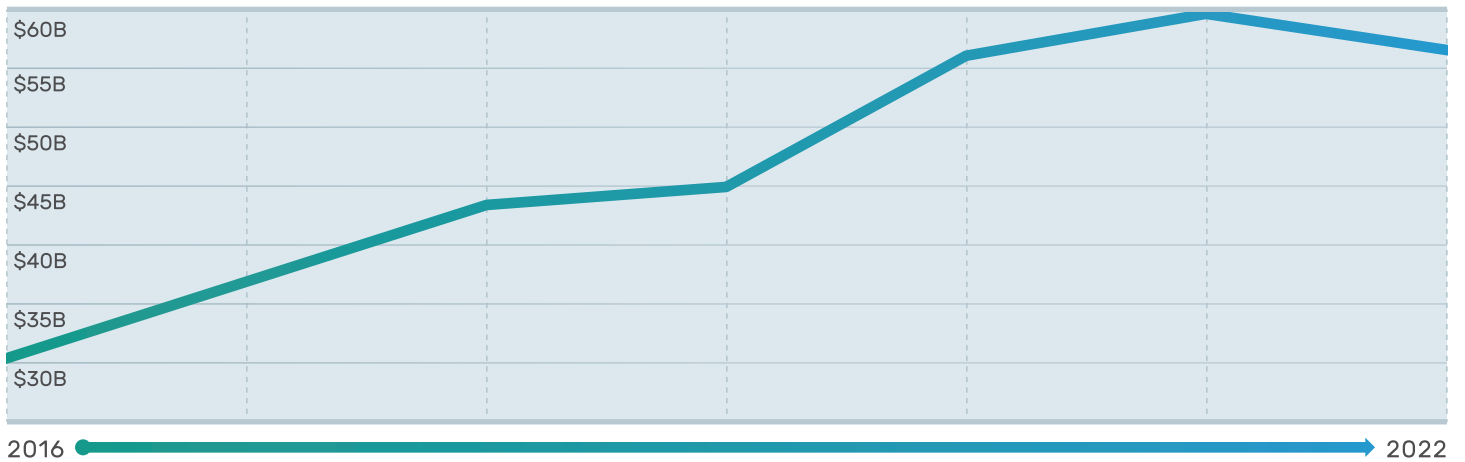
## 1.10 Global Book Revenue in billions of dollars

Source: WordsRated<sup>10</sup> (2023 total estimated)



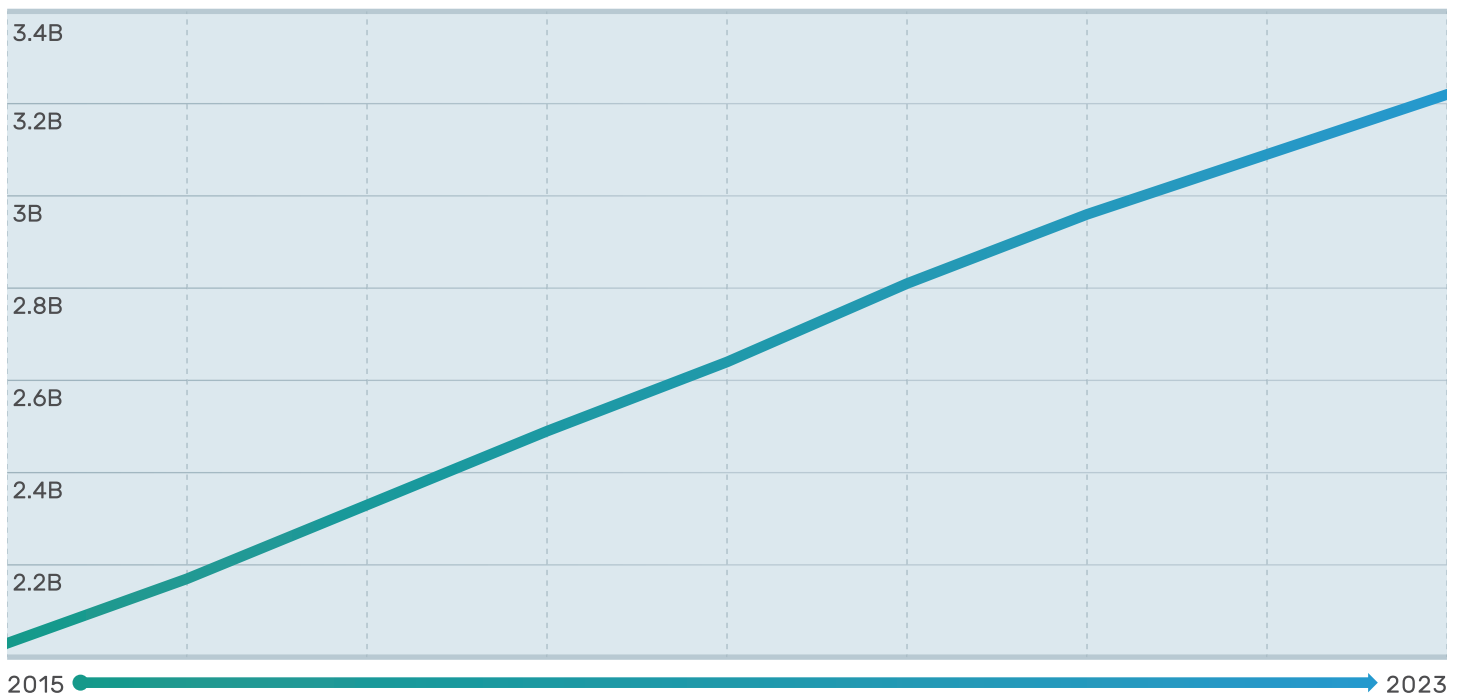
## 1.11 U.S. Video Game Industry Revenue in billions of dollars

Source: NPD Group<sup>11</sup>



## 1.12 Number of Video Gamers Worldwide in billions

Source: Newzoo & Marketer<sup>12</sup>



A decade ago, when we began producing these reports, the first edition showed an industry very much in transition because of the internet. It showed that there was more creativity happening, but some parts of the industry were struggling to adapt and keep up with where the public was going. Now, a decade later, it is undeniable

that the internet has been one of the best things ever to happen to the creative industries for everyone involved — from creators to consumers, and all those creating the tools and services to enable both to connect with one another.

***The sky continues to rise.***

# Overview Sources & Notes

- 1 The Copia Institute, *The Sky Is Rising* 2019. <https://copia.is/library/the-sky-is-rising-2019/>
- 2 U.S. Bureau of Labor Statistics, *Consumer Expenditure Survey*. <https://www.bls.gov/cex/>
- 3 U.S. Bureau of Labor Statistics, *NAICS 51 Industry Information*. <https://www.bls.gov/iag/tgs/iag51.htm>
- 4 U.S. Bureau of Labor Statistics, *Internet Publishing and Broadcasting and Web Search Portals*.  
<https://www.bls.gov/respondents/ars/internet-publishing-and-broadcasting-and-web-search-portals.htm>
- 5 IFPI, *Global Music Report 2023*. <https://globalmusicreport.ifpi.org/>
- 6 Edison Research, *The Infinite Dial 2023*. <https://www.pewresearch.org/journalism/fact-sheet/audio-and-podcasting/>
- 7 The Hollywood Reporter, *Peak TV Climbs Again in 2022, Nearly Reaches 600 Scripted Series*.  
<https://www.hollywoodreporter.com/tv/tv-news/peak-tv-2022-count-599-scripted-shows-1235298139/>
- 8 Motion Picture Association, *THEME Report 2021*. <https://www.motionpictures.org/wp-content/uploads/2022/03/MPA-2021-THEME-Report-FINAL.pdf>
- 9 U.S. Census Bureau, *Annual Retail Trade Survey*. <https://www2.census.gov/programs-surveys/arts/tables/2021/ecommerce4541.xlsx>
- 10 WordsRated, *Global Book Sales Statistics*. <https://wordsrated.com/global-book-sales-statistics/>
- 11 NPD Group, *Total and segment revenue of the video game industry in the United States*.  
<https://www.statista.com/statistics/249996/annual-revenue-of-the-us-video-game-industry-by-segment/>
- 12 Truelist, *33 Evolutionary Gaming Statistics of 2023*. <https://truelist.co/blog/gaming-statistics/>

# 2. Listening

**PEOPLE SPEND A TREMENDOUS AMOUNT OF TIME** each day listening to content, whether it's music, radio, podcasts or something else entirely. While there was a narrative that made the rounds in the early years of the internet that it was going to “destroy” the recording industry, our ongoing research continues to show that the internet has massively expanded the amount of content people have available to listen to, and with it, the amount of time they spend listening to such content.

In this year's version of the *Sky Is Rising* report, we're slightly changing what had been the *Music* section. It's now *Listening*, and has expanded beyond just music to also include podcasts (while audiobooks might also qualify, we chose to keep that in the *Reading* chapter of the report, as explained in that section). It is clear that, these days, people spend a large amount of time listening to content.

According to Statista Market Insights,<sup>1</sup> while there was a slight dip in the U.S. population listening during the pandemic, for the most part, around 250 million Americans listen to music, radio, or podcasts (*Fig. 2.1*).

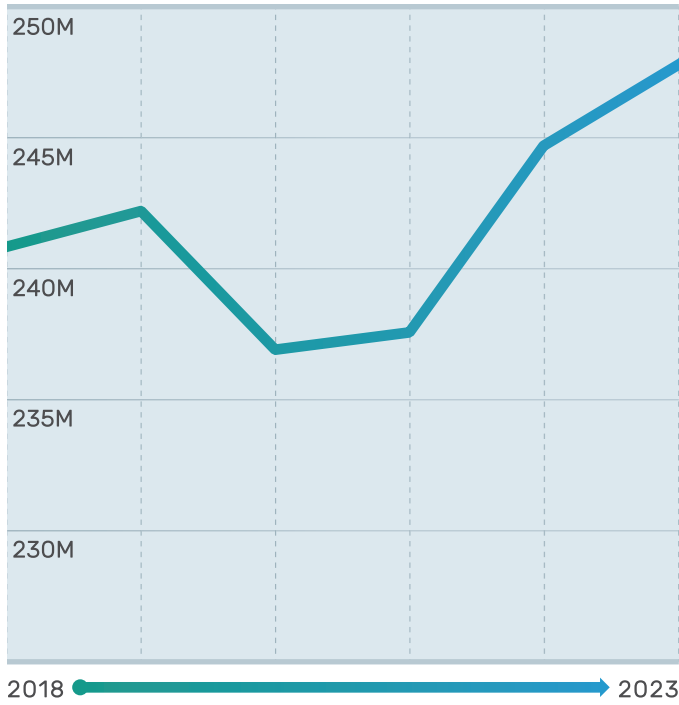
While that report doesn't break down the split, the same report does have survey data breaking down how much time people in the US listen to different kinds of content (*Fig. 2.2*), showing that listening to digital music takes up the most time, followed by radio, which is declining year over year.

And then podcasts is the smallest, but still shows many people spend a significant amount of time listening to podcasts (it also shows a 2020 COVID bump in podcast listening, which went back down in 2021). On a global level, DataReportal's 2023 Global Overview<sup>2</sup> showed that listening to online audio content is quite common (*Fig. 2.3*).

Ever since our first *Sky Is Rising* report in 2012, a key focus has always been on the music industry, since people have insisted that the internet was “killing” music when revenue from traditional recording industry revenue streams appeared to be in decline. As we noted in that report, and every subsequent report, the death of the music industry was highly exaggerated. While it was true that revenue from recorded music had declined, we noted two things that suggested this was not the “doom and

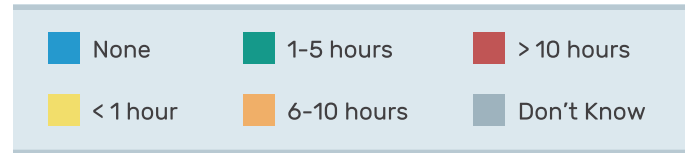
## 2.1 Users of Music, Radio & Podcasts in millions of listeners

Source: Statista Market Insights<sup>1</sup>

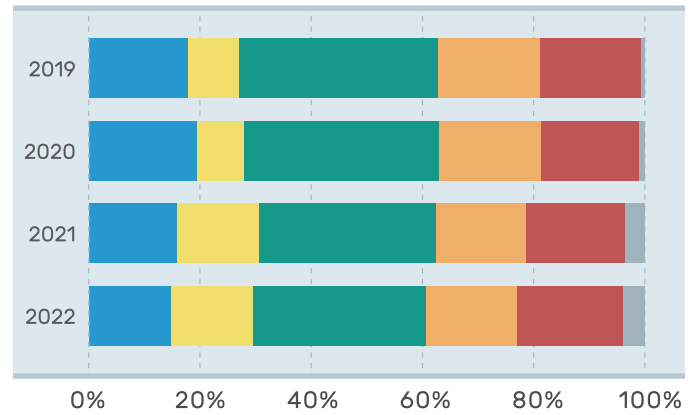


## 2.2 Time Spent on Audio Content

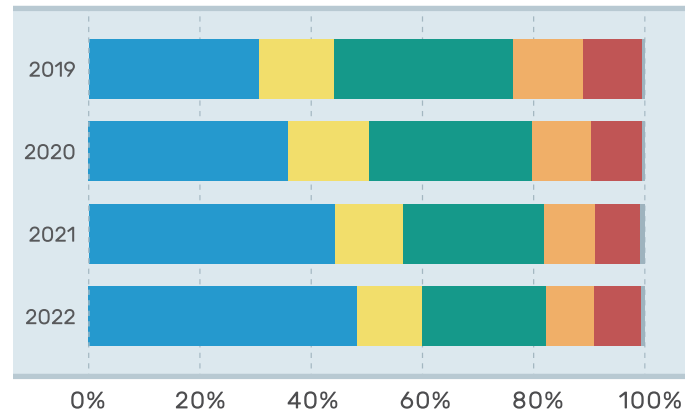
Source: Statista Market Insights<sup>1</sup>



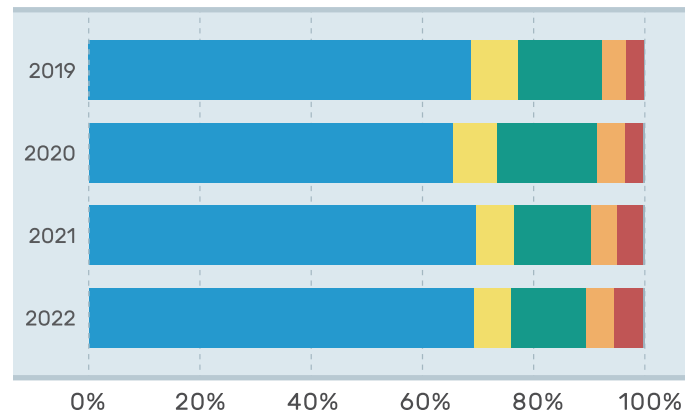
### Digital Music



### Radio

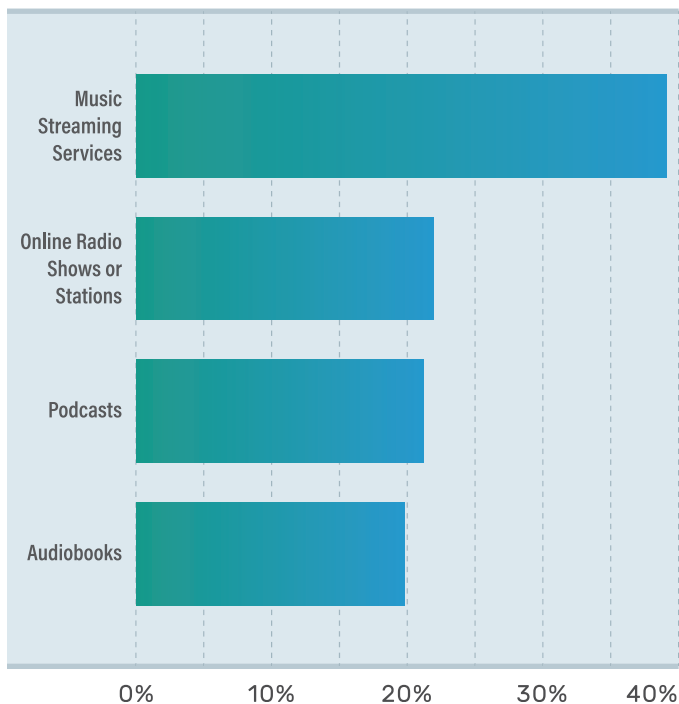


### Podcasts



## 2.3 Weekly Listeners of Audio Content as % of internet users age 16-64

Source: DataReportal<sup>2</sup>



gloom” scenario that many were worried about.

First, every other aspect of the music business appeared to be growing. Publishing, live music revenue, merchandise, and more were all growing. Similarly, contrary to the argument that the internet was killing music, we saw vastly higher numbers of songs being released and more people making money as musicians.

Second, there was strong evidence that the decline in recorded music revenue was a temporary thing, simply showing how the industry was going through a transformation that would eventually resume generating revenue for record labels and musicians alike.

It appears that both of these assumptions have since proved to be accurate. As we show throughout this section, the overall “music” business has continued to grow and succeed over the last few years, and although the live music market took a temporary hit due to COVID-19, it came roaring back in 2022. Furthermore, the supposed death of the recorded music industry at the hands of the inter-

net has not just been grossly overstated, the exact opposite has occurred thanks to the massive (and still growing) streaming music market.

Music industry economist Will Page released his “global value of music copyright” report in late 2022 (covering the year 2021) and found that across all different areas, the total value of music copyright had grown 18% to \$39.6 billion dollars in 2021.<sup>3</sup> The report shows pretty steady growth year to year across the entire music copyright industry.<sup>4</sup> (Fig. 2.4)

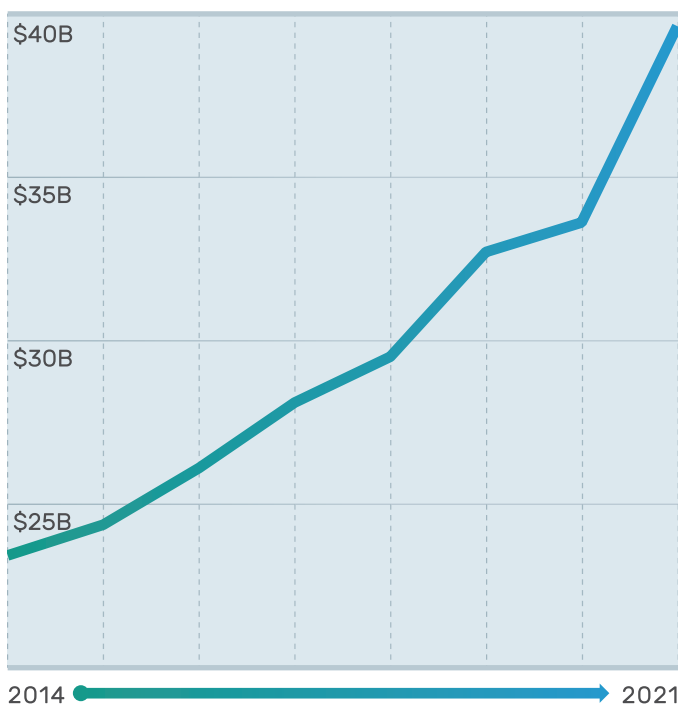
Page’s report is important in reminding people of the many different parts of the music business, and how the standard focus on just recorded music revenue has been misleading. In addition to recorded music, there is also publishing, performance licenses, live revenue and more.

As Page notes in his report, while the pie has continued to grow, that does not always mean that it is distributed evenly:

*Roll forward to 2021... and the pie has grown by 40% since 2001 to reach \$39.6bn. But something interesting has happened over that period: the publisher’s share has now fallen back to 34% – still up by half on 2001 but well down on the level of 2014. What caused that? The answer is the recovery in consumer spend on music, which traditionally favours labels over publishing. This has been accentuated by the pandemics adverse impact on business licensing, which traditionally favours publishers over labels.*

## 2.4 Total Value of Music Copyright in billions of dollars

Source: Will Page<sup>3</sup>



Now let’s dig into the components of the music industry. By every single measure, the sky has been rising, and continues to rise.

### RECORDED MUSIC

While our 2019 report showed that the recorded music industry was on the upswing, mostly due to the internet and streaming music offerings, it was still below the industry’s peaks. These days, however, the industry is reaching new



heights, almost entirely thanks to the internet. IFPI's numbers for global recording industry revenue are striking, and show that the turnaround began after hitting a low in 2014, when total revenue for recorded music was \$13.1 billion. In less than a decade, that number has doubled to \$26.2 billion.<sup>5</sup> (Fig. 2.5)

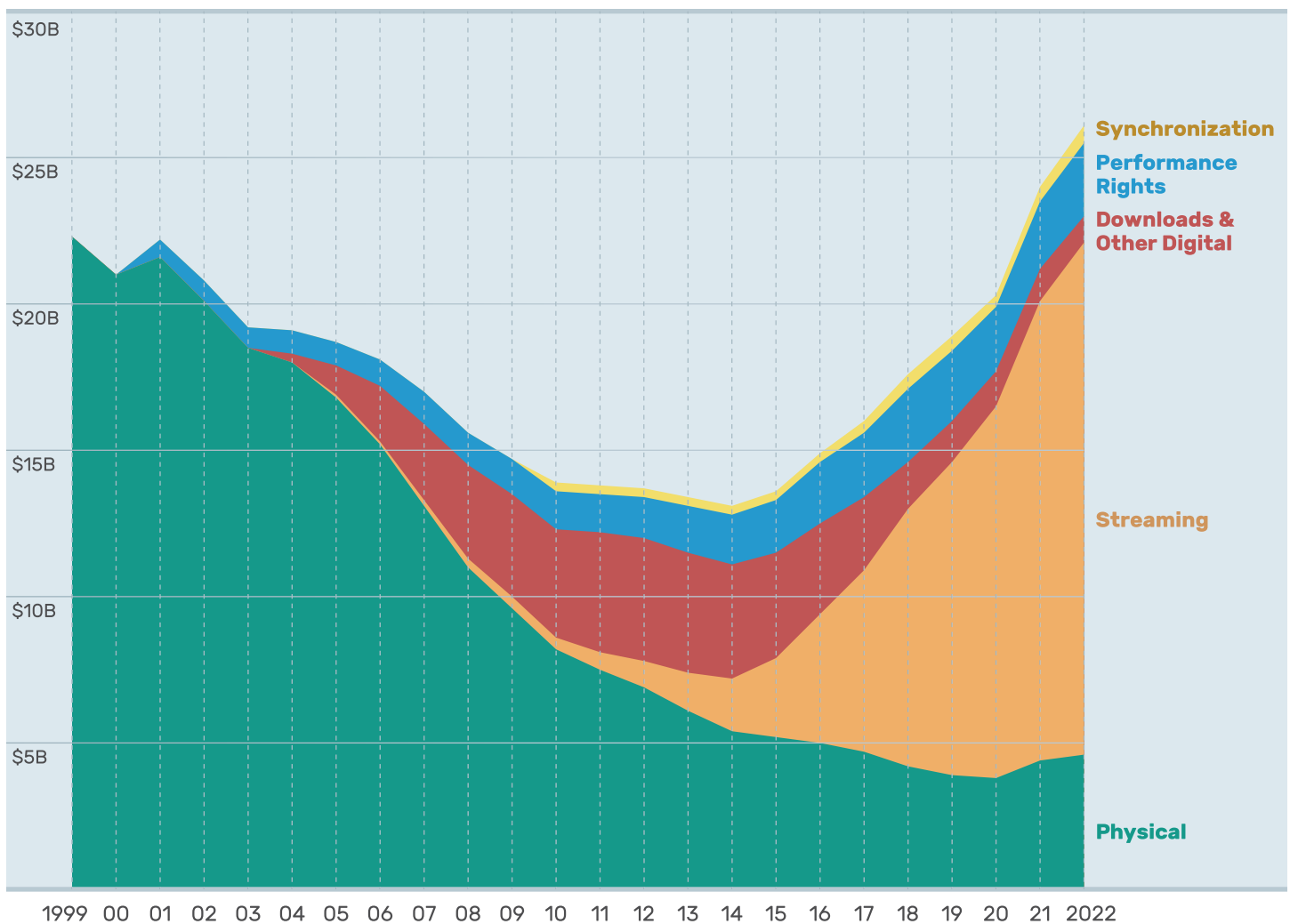
Beyond the very clear and very striking recovery, showing that the entire recording industry is now making more than it did back in the "heyday" of 1999, it's notable that the increase in streaming revenue is also accompanied by an increase in performance rights and sync rights, even as

physical sales and digital downloads may have declined. Performance rights (a separate license for "performing" a song, such as via online streaming revenue) grew by 8.6% on a year-to-year basis, with IFPI noting that these rights declined ever so slightly during the pandemic, but have now surpassed pre-pandemic highs.

Even within physical sales there are some interesting points, including that physical sales may have bottomed out in 2020, and showed new growth in 2021 and 2022. According to the IFPI, this growth came mostly from the sale of vinyl records, which has continued to remain strong.

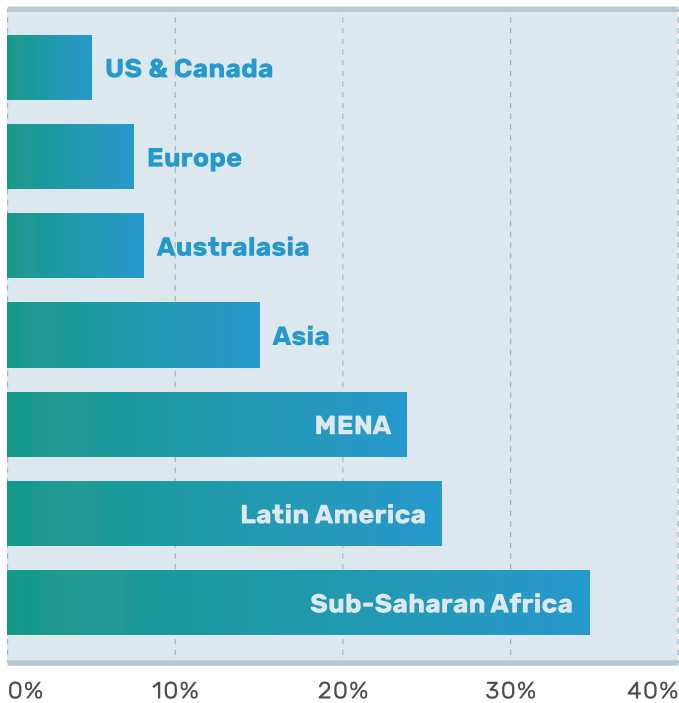
## 2.5 Global Recorded Music Revenues in billions of dollars

Source: IFPI<sup>5</sup>



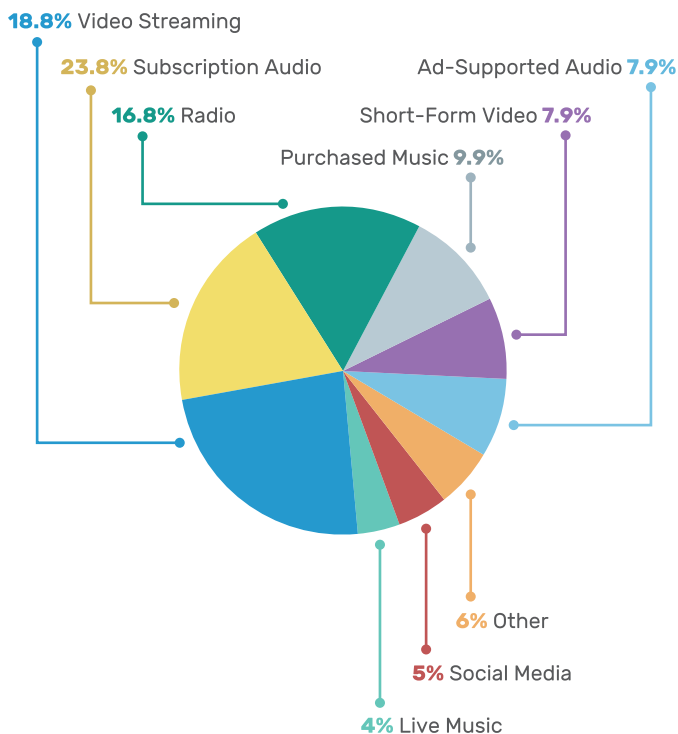
## 2.6 Regional Music Market Growth Rate from 2022-2023

Source: IFPI<sup>5</sup>



## 2.7 Methods of Listening to Music

Source: IFPI<sup>6</sup>



It seems clear that we can label the supposed “death of music” at the hands of the internet a myth that has been decisively rejected.

The details get even better no matter where you look. As the IFPI’s own report notes, beyond this being the eighth consecutive year of growth, the music world is evolving in all sorts of beneficial ways, almost entirely due to the internet.

The top five music markets globally are now the U.S., Japan, UK, Germany and China. As IFPI points out in its report, this is the first time that China has been in the top five. It also notes that Brazil has reentered the top 10 (at number 9) after falling out of the top 10 in the past. Both countries have historically been the subject of complaints from the recording industry regarding copyright infringement online, but the data suggests that by offering better business models, and properly utilizing the internet, the industry was able to change the story and build more resilient and beneficial markets for music.

Relatedly, the IFPI report found that the growth in recorded music was a global phenomena, with emerging markets growing even faster than more established markets (Fig. 2.6). This is notable, again, as the industry in the past was known for writing off emerging markets as more likely to get the majority of their music in ways that did not generate direct revenue. That now appears to be a thing of the past.

A separate report from the IFPI on how people engage with music also shows the incredible benefits the internet has brought to the recording industry.<sup>6</sup> That report showed that on average people use over 6 different methods to engage with music, many of which involve the internet. (Fig. 2.7)

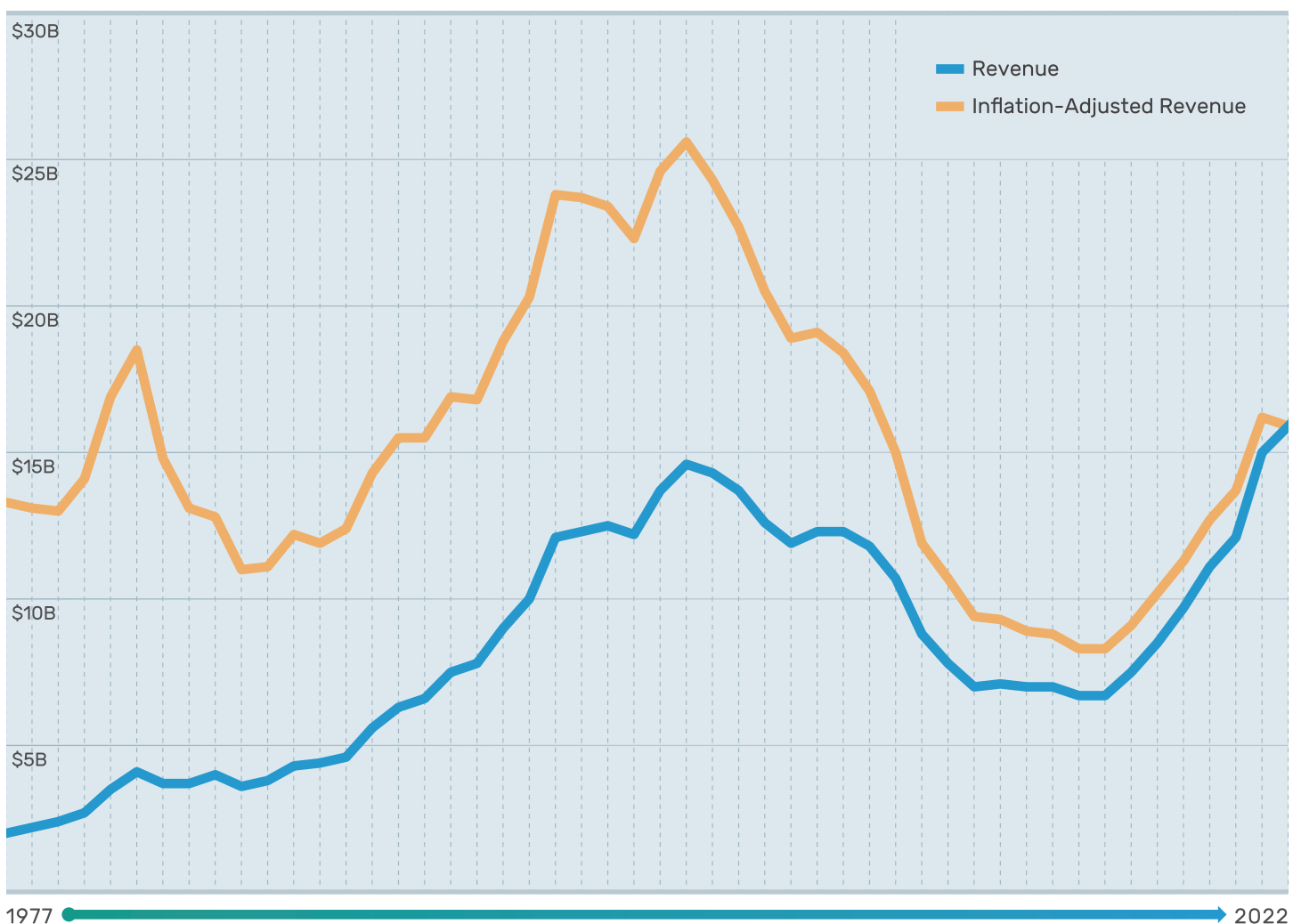
From the data, you can see that many of the ways that people now happily engage with music, generating revenue for the industry, involve internet systems that barely existed just recently, including short-form video apps like TikTok as well as social media and live streaming of concerts.

Even more importantly, we're seeing that all of this is enabling ever more new discovery of music. The IFPI's Engaging with Music report notes that 50% of those aged 16 to 24 say that they "discover a new music artist at least weekly." Similarly, that same report surveyed over 34,000 people regarding their music listening habits, and found that people named more than 500 different genres of music that they "typically" listen to, suggesting that the internet has also helped drive a massive variety in music, rather than funneling users into a few narrow genres of the most popular music.

MIDiA Research has its own analysis of the global recorded music market that mostly matches up with the IFPI report, but includes a few useful additional points as well.<sup>7</sup> MIDiA places the total recorded music revenue numbers slightly higher than IFPI, but in the same ballpark, at \$31.2 billion. MIDiA's report shows, however, some important trends in the modern recorded music industry, including that \$1.8 billion of that revenue is "artists' direct revenue" from artists not even using a record label, but offering their music directly to various platforms — something that was close to impossible prior to the internet. That represents

## 2.8 U.S. Recorded Music Revenues in billions of dollars

Source: RIAA<sup>8</sup>



nearly 6% of global recorded music revenue.

MiDiA further notes that between independent labels and artists' direct revenue, approximately one-third of all recorded music revenue is not running through the major record labels, which is a major shift in the structure of the recorded music market. Historically, the vast majority of recorded music revenue went through a small handful of major record labels. Again, much of this shift is due to the internet, which helped break down the gatekeeper status of the major record labels, offering alternative approaches for both artists and smaller labels. Indeed, MiDiA reports that independent labels and artists' direct-to-consumer offerings "strongly out-performed the wider streaming market, growing streaming revenues by 13.9% and 17.9% respectively."

If we look more narrowly at the U.S. market, we also see quite a story. The RIAA provides data going all the way back to 1973 which shows that, for all the reports of "doom and gloom," in 2021, recorded music revenue surpassed even the highest revenue peak from the 1990s.<sup>8</sup> Seeing this longer time period also shows how the recording industry music breakdown has changed over time. While, if you adjust for inflation, today's revenue numbers remain somewhat smaller than the 1990s peak, the trend is moving in that direction, and the adjusted numbers still are greater than in the 1980s. (Fig. 2.8)

Separately, the RIAA notes that paid subscription revenue accounted for 77% of streaming revenue (worth \$10.2 billion), with ad supported on-demand audio and video from YouTube, ad-supported Spotify and Facebook (\$1.8 billion) and digital & customized radio services such as SiriusXM (\$1.2 billion) making up the remainder of the streaming revenue.<sup>9</sup> Importantly, the number of subscribers to internet music subscription services has shot up to 92 million paid subscriptions in the U.S. in 2023, basically double the 47 million subscriptions from just five years ago in 2018.

Notably, the IFPI and RIAA data likely only includes the revenue of their member labels, meaning that it under-

counts the overall market, especially for more independent artists who have leveraged internet platforms like Kickstarter, Patreon, and Bandcamp to go direct to their fans.

All in all, it seems clear that rather than destroying the recorded music industry, the internet rode to its rescue.

Of course, as all of our *Sky Is Rising* reports have highlighted, while the size of the recorded music market often gets most of the attention, it is just one of many different revenue streams related to music. The rest of this section will look at other measures of how the sky is rising in the music business.

## MUSIC PUBLISHING

While often conflated with revenue from recorded music, publishing is a separate category altogether, focused on paying the songwriters/composers and the publishing companies. There is no clear full breakdown of the music publishing industry, which consists of a variety of players, including the publishing companies themselves (many of the biggest ones are owned by the record labels), collection societies/organizations (which help collect royalties to distribute to songwriters and to publishers) and the various other players in the space such as digital providers, grand rights providers, and more.

Generally speaking, the collection societies collect royalties from the various providers (digital, live venue, TV, radio, etc.) and then split the collected money 50/50 between the publishing companies themselves and the songwriters.

Still, no matter how we break down the numbers, they suggest that the internet has been quite good to the music publishing business.

On a global scale, CISAC (the International Confederation of Societies of Authors and Composers) is similar to the IFPI for collection societies, rather than record labels. It produces an annual report on global collections for its member societies. While it is not a complete listing, it is the most comprehensive report of global collections available.

Its latest report covers years through 2021.<sup>10</sup> And while it shows a slight dip in overall collections, it's quite clear that this is due to a drop in live music performance rights collections during the pandemic. (Fig. 2.9)

However, as we show later in this section, live music rebounded (tremendously) in 2022, so we fully expect that CISAC's 2022 report will show a similar rebound.

It is notable that CISAC's collections took only a slight dip despite that massive cut to live collections during the pandemic. Once again, it appears that the internet is to thank for keeping revenue so strong on the publishing side. In 2021 the digital (mostly streaming) collections made up 32.6% of all of CISAC's collections. In 2019, the last pre-pandemic year, such collections represented only 20.5% of CISAC's collections. The large increase in digital collections mostly filled in the missing amounts lost from the decline

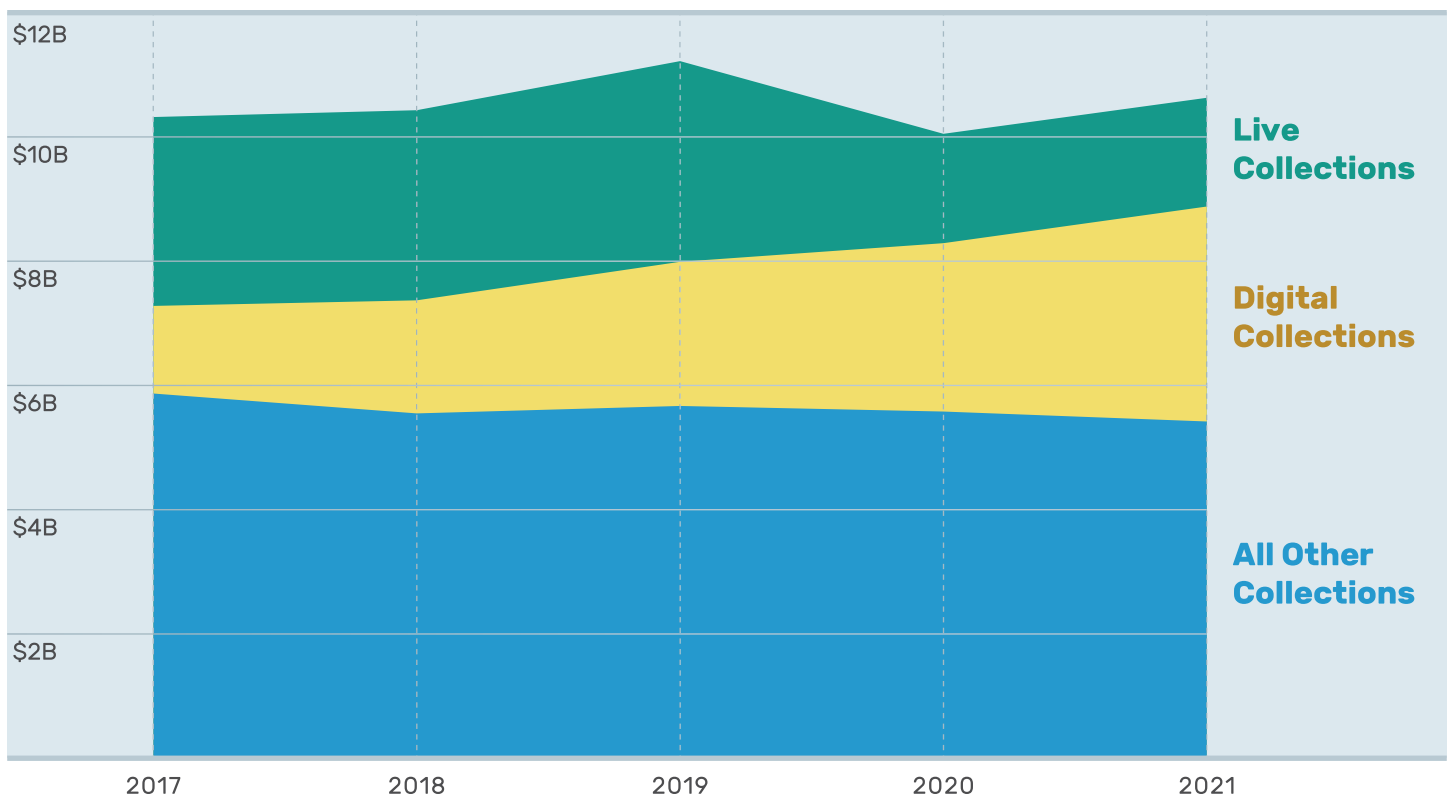
in live collections during COVID lockdowns.

As the full CISAC report makes clear, digital collections basically made up for the temporary decline in collections due to the pandemic. It is expected that the live collections will rebound, while the digital collections will continue to grow. The other components that make up the collections have remained relatively stable, with the largest other component being TV & radio collections, which have remained almost exactly the same during this five-year period, accounting for 38% of the collections revenue in 2021 (slightly larger than digital, though digital is likely to surpass TV & radio collections soon).

Other evidence also suggests that the publishing side of the business has continued to grow, and provide more money than ever to publishers, as well as songwriters and composers. The U.S. Census Bureau also tracks U.S. mu-

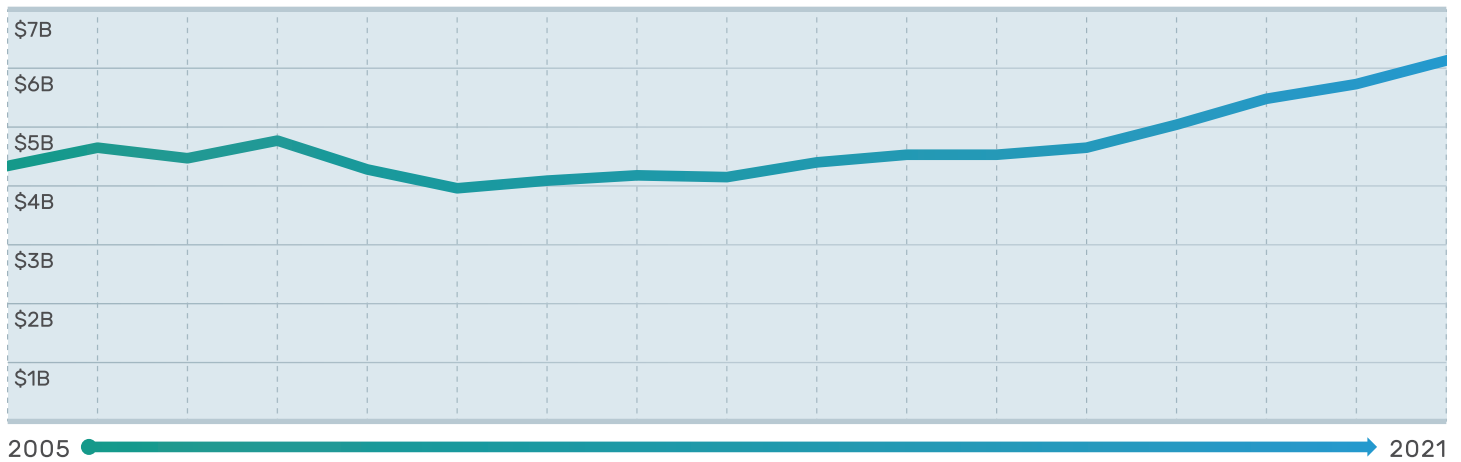
## 2.9 Global Royalty Collections in billions of dollars

Source: CISAC<sup>o</sup>



## 2.10 U.S. Music Publishing Revenue in billions of dollars

Source: U.S. Census Bureau<sup>11</sup>



music publishing revenue<sup>11</sup> and shows a dip around 2009 and 2010, but a similar growth trajectory to what we saw in the recorded music space since then. (Fig. 2.10)

Importantly, as with what we saw in the recording industry, the biggest publishers (often owned by the big record labels) control less of the market, as the internet has opened up many new opportunities for independent publishers. The Independent Music Publishers International Forum (IMPF)'s latest report<sup>12</sup> finds that independent music publishers now represent 27.1% of the publishing market:

*The music publishing market is dominated by the affiliates of major music companies — Sony Music Publishing, Universal Music Publishing Group and Warner Chappell Music — that accounted in 2021 for 59.9% of the global publishing market, according to estimates from Music & Copyright.*

*Of the remaining 40.1%, two companies — Kobalt and BMG — accounted for 6.8% and 6.2% respectively, which would put the independent music publishing sector (defined as companies with a global market share of 5% or below), taken collectively, at 27.1% of the total market.*

As the IMPF report shows, this breakdown varies greatly by country. For example, it finds that 54% of publishing revenue in India goes to independent publishers, whereas in Sweden that number is just 17%. The report says that in the U.S., independent publishers represent somewhere between 30 and 35% of the market.

### LIVE MUSIC

From the earliest days of the *Sky Is Rising* report, we've talked about live music as a major driver of revenue for musicians, often ignored when people would discuss the belief that the internet was harming the music industry. Throughout it all, the live music industry continued to thrive.

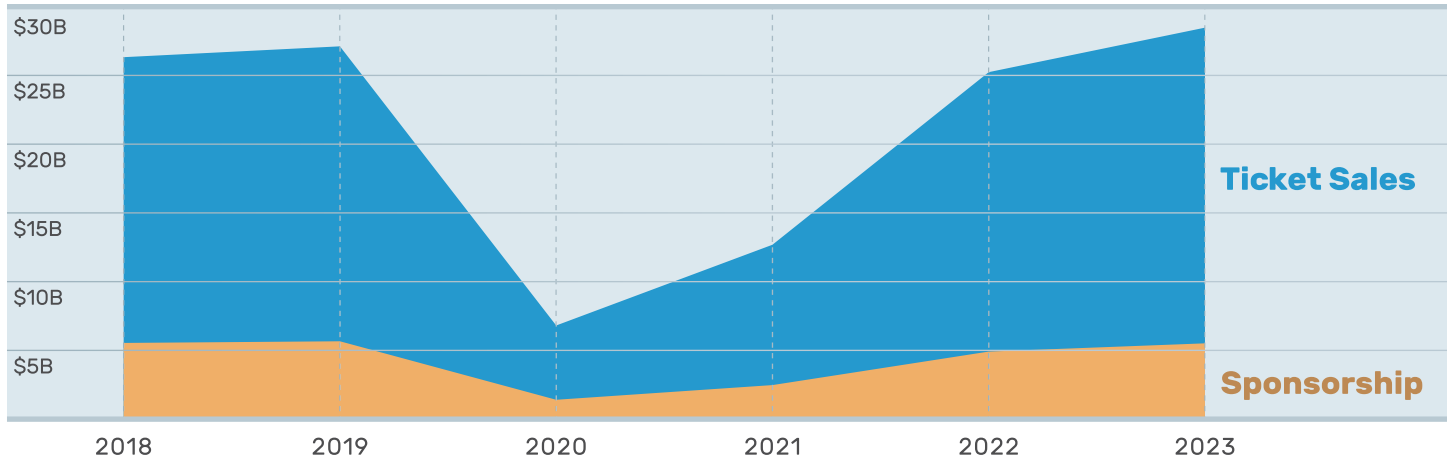
Indeed, what finally caused the live music world to falter was COVID-19 and the shutdown of many music tours for a period of one to two years. PwC's global media outlook<sup>13</sup> shows the massive drop during the pandemic, but also how the live music industry has clearly rebounded. (Fig. 2.11)

This chart is also valuable for a second reason, in demonstrating that live revenue is about more than just ticket sales: sponsorship also makes up a notable percentage of the revenue.

Looking just at LiveNation, the single largest promotor of live concerts, we see that while there was a COVID down-

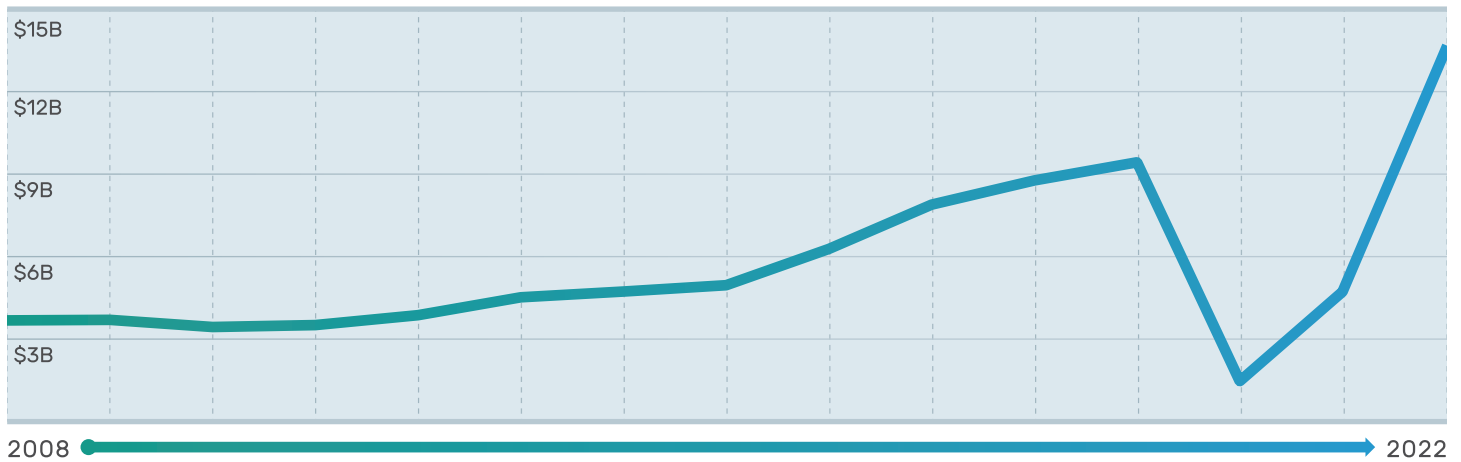
## 2.11 Global Live Music Revenue in billions of dollars

Source: PwC<sup>13</sup> (2023 totals estimated)



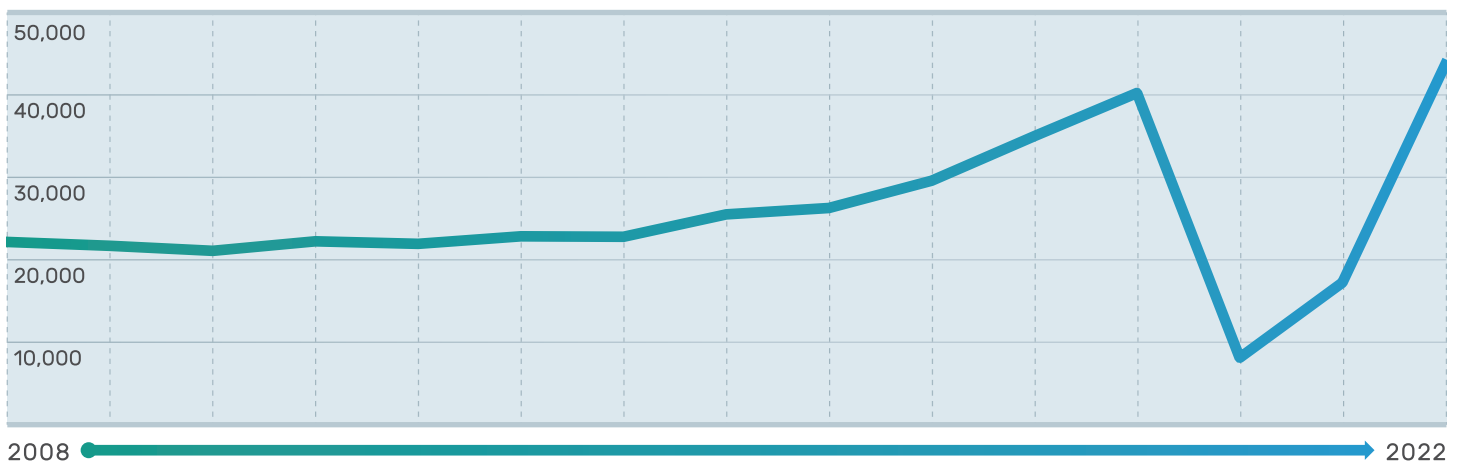
## 2.12 LiveNation Concert Revenue in billions of dollars

Source: LiveNation<sup>14</sup>



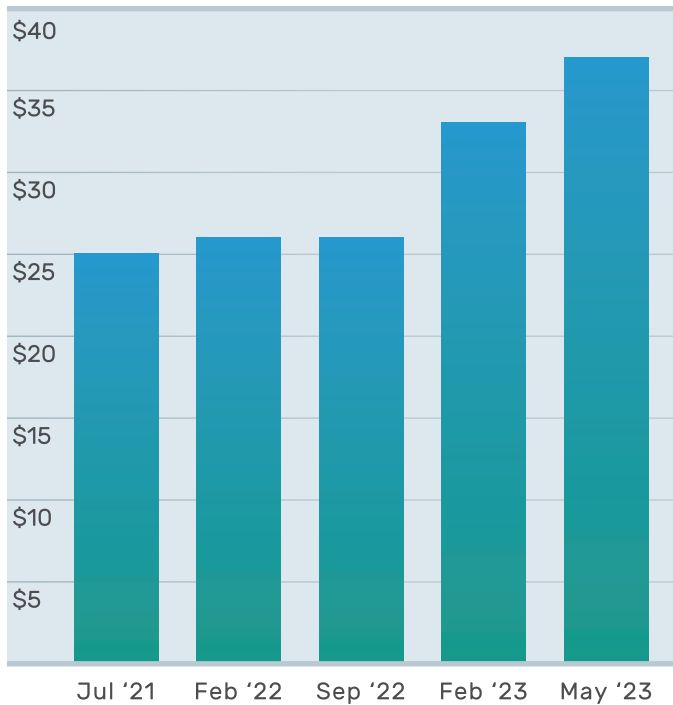
## 2.13 Number of LiveNation Concerts & Festivals

Source: LiveNation<sup>14</sup>



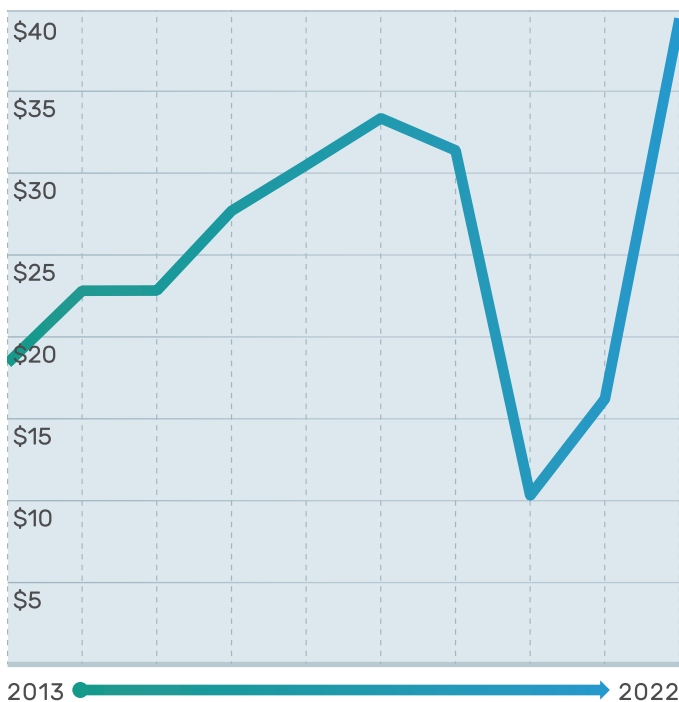
## 2.14 Average Monthly Expenditure on Concerts

Source: Luminate<sup>16</sup>



## 2.15 Average Quarterly Household Spending on Theater, Opera & Concerts

Source: Bureau of Labor Statistics<sup>17</sup>



turn, concert revenue in 2022 appeared to return to the levels expected if COVID had never happened.<sup>14</sup> (Fig. 2.12)

And while it's possible that this was due to a few large successful tours (which have a useful side benefit of boosting local economies),<sup>15</sup> LiveNation's data on the number of concerts and festivals promoted also shows an upward trend coming out of the pandemic. (Fig. 2.13)

Luminate's 2023 Midyear report<sup>16</sup> details how the amount fans are spending on concerts is also increasing as we come out of the worst of the pandemic. (Fig. 2.14)

While we don't have access to more historical data from Luminate regarding expenditure on concerts, the Bureau of Labor Statistics annual consumer expenditure survey does track average quarterly spending on plays, theater, opera, and concerts as a single category, and shows historical data suggesting that 2022 was a big leap up from pre-pandemic times.<sup>17</sup> (Fig. 2.15)

While the live music industry understandably collapsed during COVID restrictions, it did not go all the way to zero, and that was almost entirely due to the internet. Musicians began experimenting with livestreamed concerts over the internet. Some huge bands, like BTS, were able to attract over a million viewers to their livestreamed concerts.<sup>18</sup> The video game Fortnite, from Epic, had already been experimenting with live concerts within its games, but when the pandemic hit, it was immediately able to turn those into massive success stories. In the early days of the pandemic, it hosted concerts from Travis Scott (8 million attendees), Diplo (6 million attendees) and Steve Aoki (7.7 million attendees).

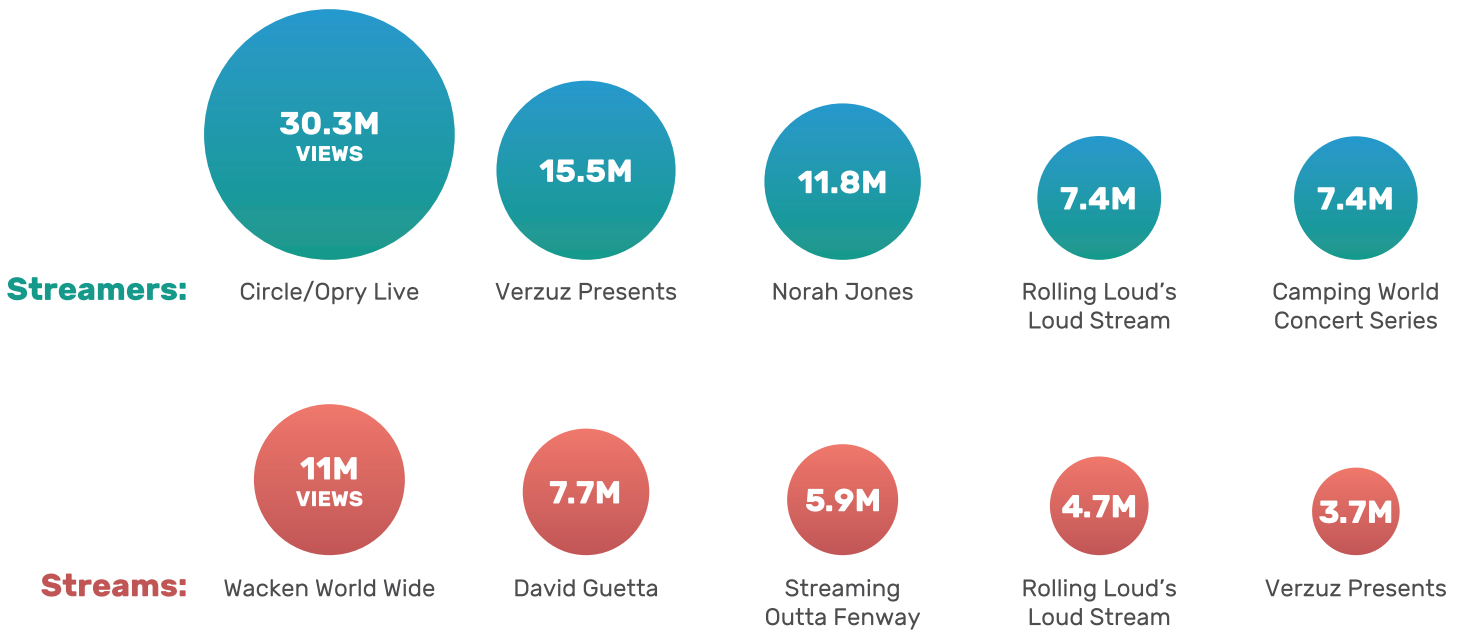
It even reached the point that Pollstar, which tracks the global concert industry, began publishing lists of the top 100 livestreams in 2020 and 2021<sup>19</sup> showing some massive audiences willing to view livestreamed concerts. (Fig. 2.16)

Indeed, research showed that many people, especially in younger generations, were excited to watch livestreamed concerts during the pandemic. Early on in the pandemic, Pew surveyed people to find out what percentage had watched an online concert, and found that among those



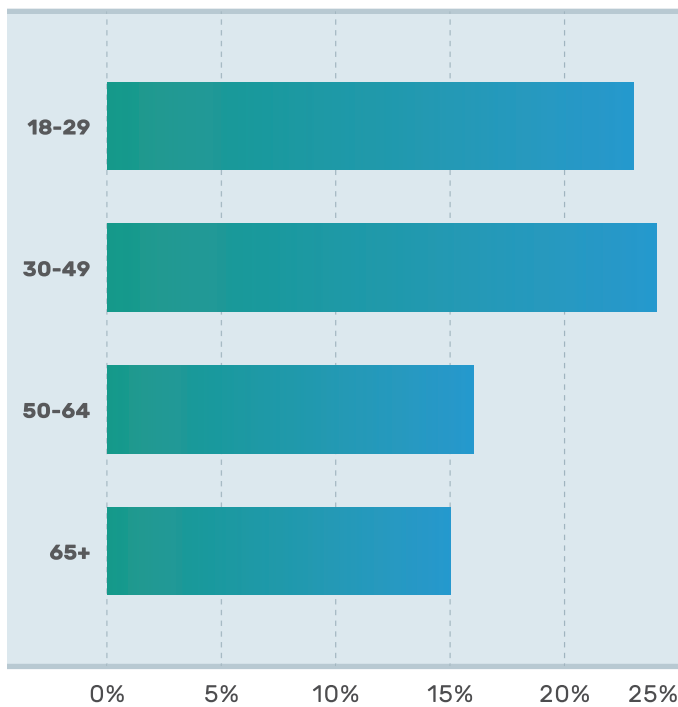
## 2.16 Top Livestreams & Livestreamers in 2020 & 2021

Source: Pollstar<sup>9</sup>



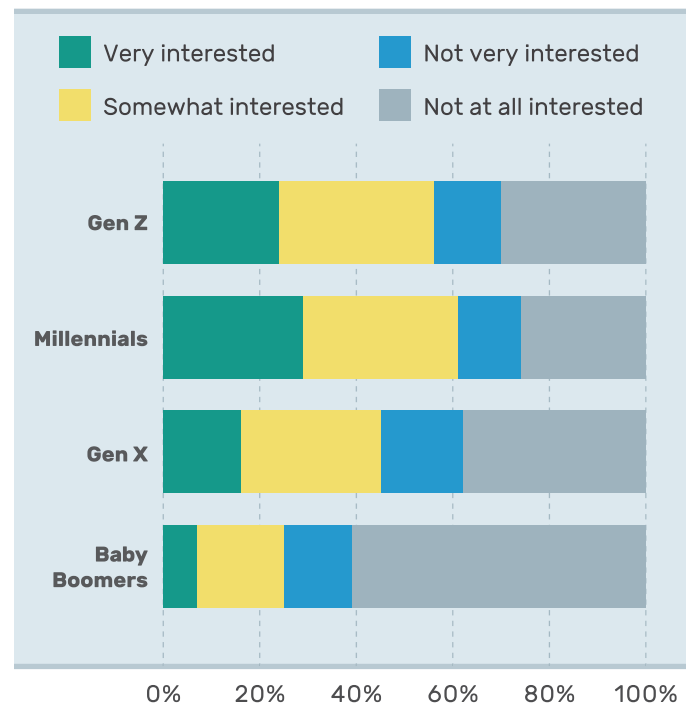
## 2.17 Portion of U.S. Adults Who Watched A Concert/Play Online Due To COVID-19 by age, in April 2020

Source: Pew Research<sup>20</sup>



## 2.18 Portion of U.S. Adults Who Would Attend an Online Music Event by generation, in March 2022

Source: Morning Consult<sup>21</sup>



between 18 to 49, it was almost a quarter of all users.<sup>20</sup> (Fig. 2.17)

Two years later, Morning Consult ran a similar survey<sup>21</sup> with a bit more granularity, and while it found that similar percentages were “very interested” in watching live music events online, it got even higher if you added in “somewhat interested.” (Fig. 2.18)

## MERCHANDISE

While there is less information available regarding music-related merchandise, it remains an important category for many musical acts, with some noting that it can be the difference between a profitable and unprofitable tour.<sup>22</sup> The Guardian 2022 article about the importance of music merchandise to musicians quotes singer-songwriter Liz Lawrence saying, “I’m pretty sure the only reason we don’t lose [money touring] is merch.” That same article notes that Travis Scott sold digital avatar merchandise for his virtual Fortnite concert that was mentioned earlier, in discussing virtual concerts. However, he also sold \$1 million worth of merchandise over two shows at London’s O2 arena, showing how important merchandise sales can be.

While there is less complete data on music merchandise, many are recognizing that it is an important and growing part of the market. Licensing International notes that it’s expanded beyond just t-shirts, hats, and hoodies, to things like fashion and fragrances, while noting that such opportunities are now opening up to regional acts, rather than just global superstars:<sup>23</sup>

*Brazilian pop star Larissa de Macedo Machado, known professionally as Anitta, recently switched recording labels to Universal Music Group’s Republic Records from Warner Music and launched a hair and body fragrance with licensee Sol de Janeiro. Nigerian pop star Damini Ebunoluwa Ogulu, known professionally as Burna Boy, recently signed a licensing deal for eyewear with fashion brand Jean Paul Gaultier.*

*And Mexican Latin pop group RBD—which first rose to fame in the early 2000s—is embarking on a tour this year with a licensing program that spans apparel, footwear, and other products that’s being headed by the agency Redibra.*

The rise of merchandising has become so important that the large record labels will sometimes call it out in their earnings report, such as Universal Music’s Q2 2023 earnings report, where they note that merchandising revenue grew 12% in the quarter (helped by Taylor Swift merchandise).<sup>24</sup>

AtVenu, a company that helps manage merchandise sales for musicians has been releasing reports for just the past few years, breaking down the state of the merchandising market.<sup>25</sup> The latest report, for 2022, notes that 20% of fans are now buying merchandise at concerts, which is up from 11% in 2019 when they started tracking this data. This near doubling of people buying merch means that, according to their data, gross merchandise sales are up by over 40% since 2019.

Furthermore, AtVenu notes that “small attendance” shows actually have a higher percentage of fans buying merchandise, at 22%. The atVenu report highlights that a mid-size show (less than 1,500 attendees) brings in an average of \$5,527 per show. It also highlights that there are some differences based on genre, with fans of K-Pop spending an average of \$27.25 per head at shows, whereas all other genres are between \$6 to \$12. All total, they say it averages out to \$8.16 per head at shows (averaged across over 130,000 shows where AtVenu has data), which is a slight drop from \$8.47 in 2021, but way up compared to the \$5.54 average per head in 2019.

AtVenu claims that 2021 is an anomaly and the slight drop in 2022 has more to do with changes due to more venues opening up as COVID restrictions went away.<sup>26</sup> Thus, the 2021 numbers were slightly inflated due to more limited venues for smaller acts, meaning that larger acts (which may make a lot more from merch) skewed the data

somewhat in 2021. That is, in 2021, atVenu only tracked 55,000 shows, as compared to 130,000 in 2022, and 37% of the shows in 2021 were for over 5,000 fans, whereas by 2022, with smaller venues more widely available, only 23% of the shows were that large.

While most of the data available regarding merchandise is focused on sales at venues, there is increasing data showing how important the internet has been as well. There are a growing number of companies helping artists sell merchandise online, with one of them, Bandzoogle, claiming sales of over \$75 million in 2021.<sup>27</sup> Other organizations, like Crooked Youth<sup>28</sup> are finding ways to help musicians better market their online merchandise stores. Meanwhile other intermediaries are increasingly playing a role as well, such as Spotify, which now allows bands to sell merchandise directly to fans of artists from directly in their music streaming app.<sup>29</sup>

Spotify has highlighted how merch sales seem to jump upwards when new music is released.<sup>30</sup> However, there are also other periods where merchandise sales may spike, such as at the end of the year when Spotify releases its “Wrapped” annual summary for users, often suggesting they purchase merchandise to support their favorite artists. In 2022, Spotify highlighted that after people received

their annual Wrapped report, merchandise sales soared to new highs.<sup>31</sup>

Either way, music merchandising remains a very big, and important area for artists to make money, and their ability to expand how they do so, such as expanding product lines, and offering more than just the traditional concert t-shirts suggests a part of the industry that is poised to continue growing even more.

## NEW MUSIC CREATION

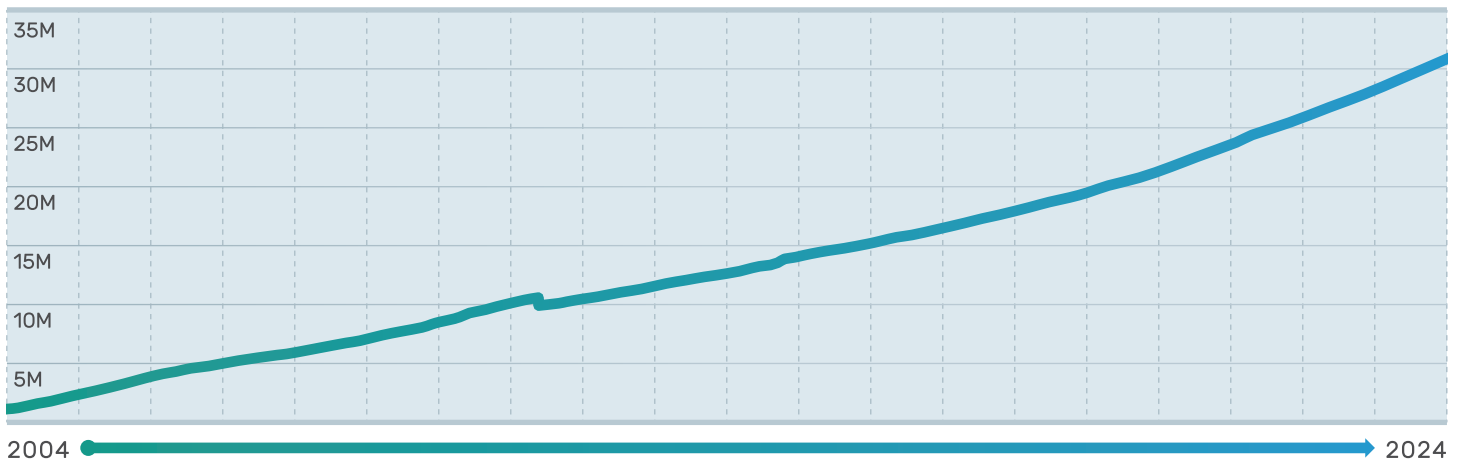
There is more to music than just how much money it makes, of course. Another area that we’ve tracked in our *Sky Is Rising* reports over the years is the creation of new music. If the internet were truly destroying the music market, you would expect to see less music, rather than more. Again, there is no indication that this is true, and every indication that the internet has caused more music to be made.

MusicBrainz, an open database tracking new music release data, has shown a steady upward trend over the years.<sup>32</sup> (Fig. 2.19)

Other indicators suggest similar results. Luminate’s (the combined music data tracking service formerly known as MRC Data and Nielsen Music) midyear 2023 report<sup>33</sup> shows the massive growth in new music. While media reports

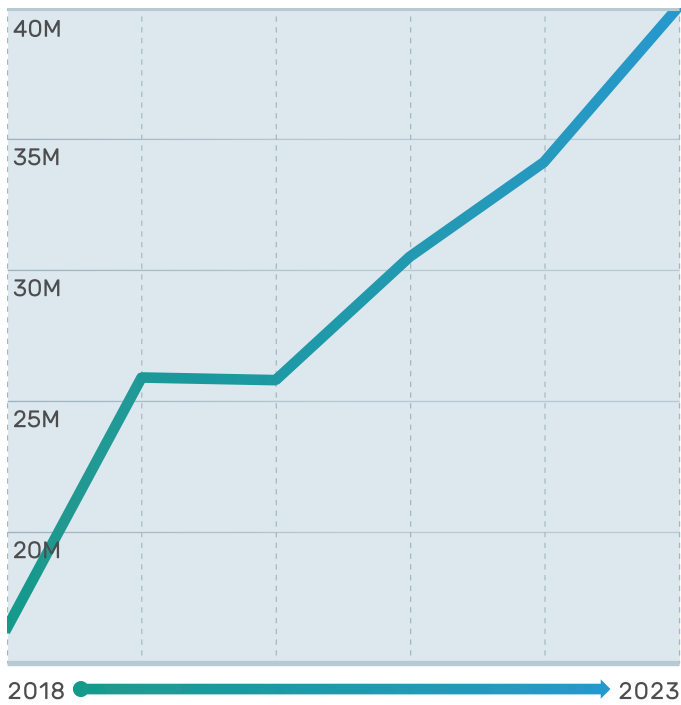
## 2.19 Number of Music Releases in millions

Source: MusicBrainz<sup>32</sup>



## 2.20 New Tracks Created Each Year in millions

Source: Luminate<sup>33</sup> (2023 total projected based on first 6 months)



have talked about around 100,000 new songs being uploaded every day,<sup>34</sup> Luminate says the average in the first half of 2023 is 112K songs uploaded each day, an increase over the 93.4K that were uploaded daily in 2022. And this number has continued to grow year by year. (Fig. 2.20)

Incredibly, this shows that in the first half of 2023 alone, more music has been created and uploaded than in the entirety of 2018.

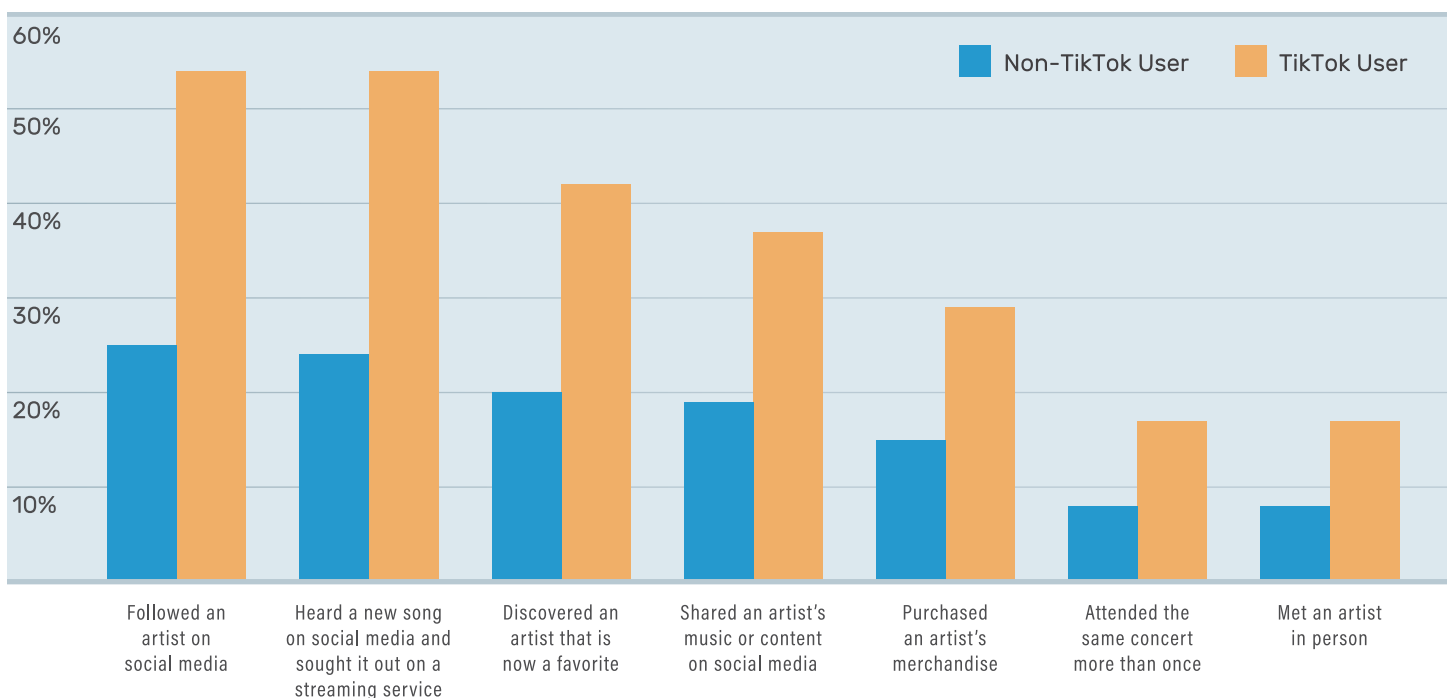
Apple,<sup>35</sup> Spotify,<sup>36</sup> and YouTube Music<sup>37</sup> each claim that they have over 100 million tracks on their services. SoundCloud, which is seen as a useful repository for independent artists, says it currently hosts over 250 million tracks.<sup>38</sup>

With the growth of generative AI in the last year or so, it seems likely that we'll see even more music being created and launched, as the ability to make music gets further distributed to a much larger group of people.

In addition, over the last few years we've seen that the way that people experience music has changed. The rise of TikTok, while officially a video service, has been a huge

## 2.21 Influence of TikTok on Music Activities in 2022

Source: PwC<sup>39</sup>



boost to music as well. According to PwC’s Entertainment & Media Outlook for 2023,<sup>39</sup> TikTok users are significantly more likely to engage with music and musicians, including making purchases. (Fig. 2.21)

Indeed, reports have highlighted how important TikTok has become to the music industry, in that users watching videos, which often include musical tracks, such that viral videos on TikTok often help push new music trends and boost music careers.<sup>40</sup>

*Songs that trend on TikTok often end up charting on the Billboard 100 or Spotify Viral 50. And 67% of the app’s users are more likely to seek out songs on music-streaming services after hearing them on TikTok, according to a November 2021 study conducted for TikTok by the music-analytics company MRC Data.*

*TikTok has become a hub for labels to promote both new releases and back catalog tracks. And a new cohort of social-media music marketers has sprung up to support promotional efforts on the app.*

Once again, it seems that by engaging with the internet, music is made even better.

## PODCASTS

Moving on to look at podcasts, we see an expanding and increasingly important market. According to Insider Intelligence, the podcasting market continues to grow, with forecasts predicting continued growth.<sup>41</sup> (Fig. 2.22) Edison Research’s “The Infinite Dial” survey of podcast listening in the US shows that it has continue to increase pretty steadily.<sup>42</sup> (Fig. 2.23)

There are a variety of services out there trying to track how many podcasts there are with PodcastIndex showing around 4.2 million podcasts as of September 2023<sup>43</sup> while ListenNotes says the number is closer to 3.2 million.<sup>44</sup> ListenNotes explains that the difference is that it weeds out podcasts whose feeds have been deleted, podcast feeds

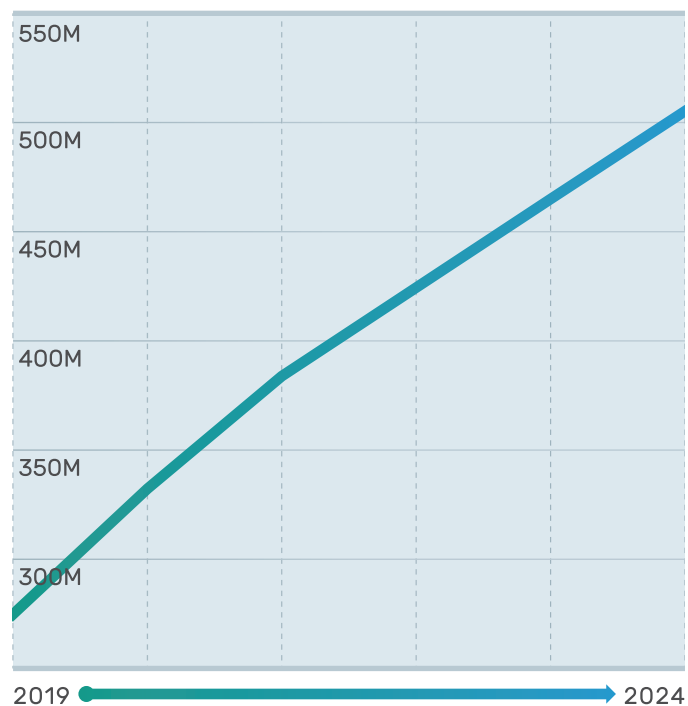
that were just for testing, or that have no actual audio feeds. This suggests that ListenNotes’ data is more of an accurate listing.

ListenNotes data suggests that, as of August 2023, there are 663,000 active ongoing podcasts (meaning podcasts that last published an episode in the year 2023). That does not mean that the other 2.6 million podcasts are “dead,” but many may have been series of podcasts that ended, but which people can still download and listen to. The data from ListenNotes suggests that there was a massive influx in brand new podcasts during the period of COVID lockdowns, and the number of brand new podcasts has dwindled in 2022 and 2023, though we are still seeing plenty of new episodes of existing podcasts. (Fig. 2.24)

The data on new podcast episodes per year shows that while there has been a decline since the highs of 2020 and 2021, it has not dropped off nearly as substantially as the number of new podcasts themselves — suggesting that

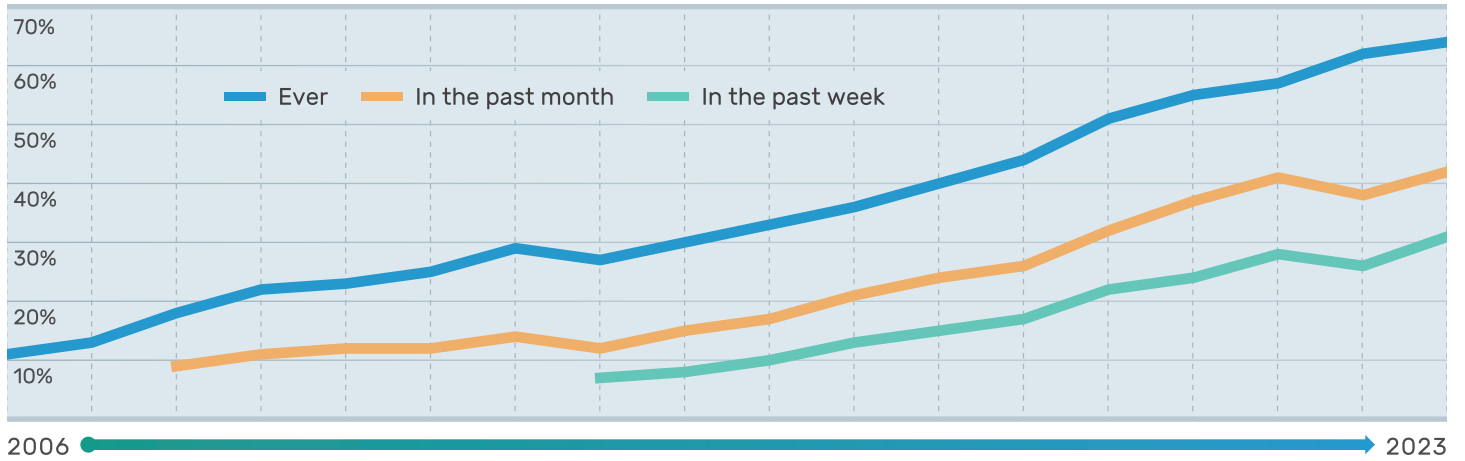
## 2.22 Global Podcast Listeners in millions

Source: Insider Intelligence<sup>41</sup>



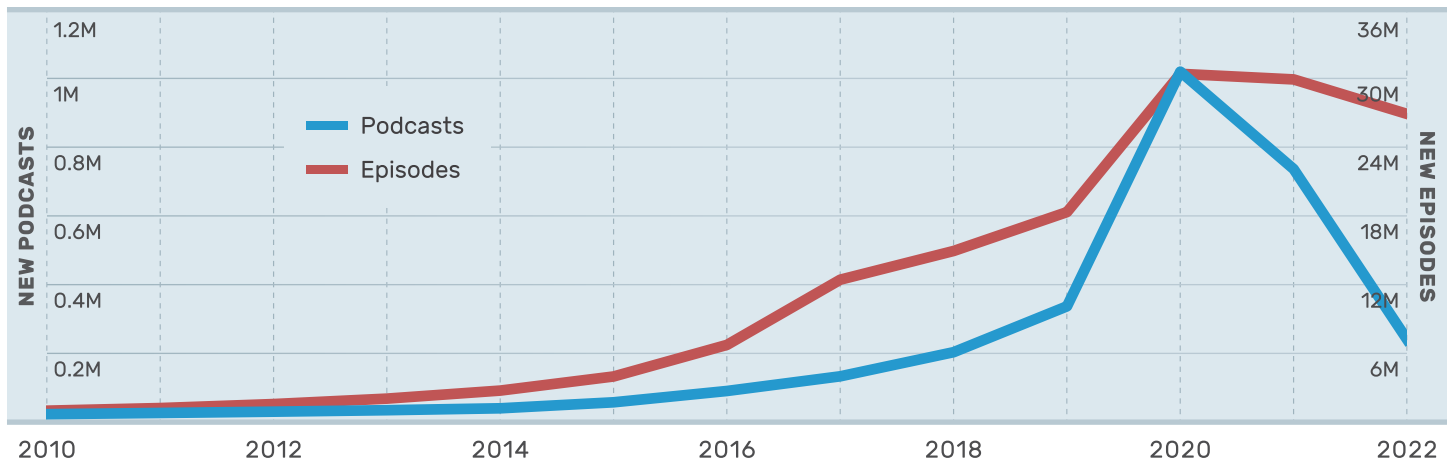
## 2.23 Podcast Listenership as per cent of U.S. adults

Source: Edison Research<sup>42</sup>



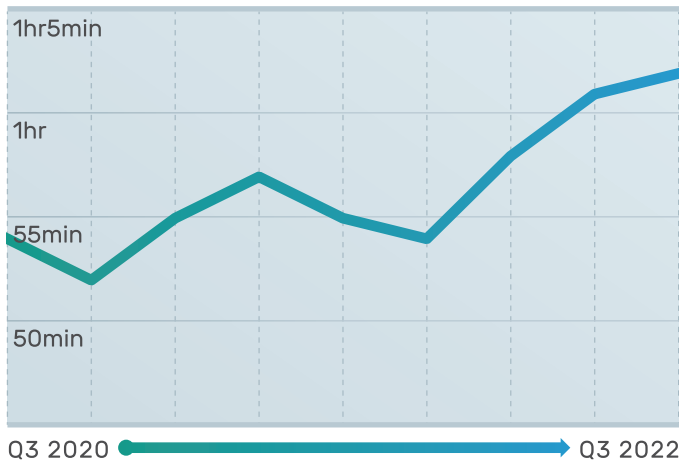
## 2.24 New Podcast Launches & New Episode Releases in millions

Source: ListenNotes<sup>44</sup>



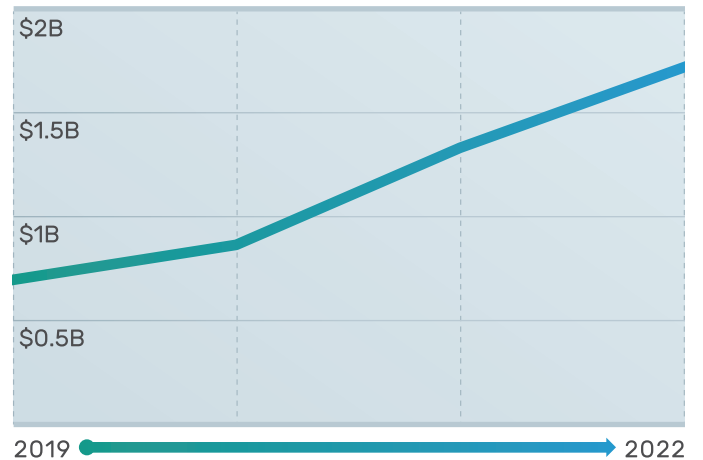
## 2.25 Time Spent Listening to Podcasts Daily

Source: DataReportal<sup>45</sup>



## 2.26 U.S. Podcast Ad Spending

Source: Insider Intelligence<sup>46</sup>



the market seemed to expand too fast during the lockdowns, but has settled in to a more sustainable level. (Fig. 2.24)

Already, as of September 2023, it looks like 2023 may shape up to have slightly more podcast episodes released than 2022.

Combining the podcast episode data with the “new podcasts launched” data suggests that there is still a large and growing appetite for podcasts, but that during the period of the COVID lockdowns, an over supply of new podcasts launched. This was likely a combination of extra free time that people had during lockdowns (with limited other options) as well as growing interest in the podcast space. However, as the lockdowns eased, podcast listening continued to grow, even as the rate at which brand new podcasts were being launched appears to have declined to a more reasonable level.

The amount of time spent listening to podcasts continues to move up as well. The DataReportal Global Internet overview finds that among internet users between the ages of 16 and 64, listening has increased.<sup>45</sup> (Fig. 2.25)

As that user growth continues, Insider Intelligence expects the ad market for podcasts to continue to grow significantly as well.<sup>46</sup> While the listener numbers are for the global market, the advertising market discussed here covers just the U.S. (Fig. 2.26)

Insider Intelligence similarly predicts that the share of “U.S. digital audio” ad spending will increasingly move away

from more traditional sources, like radio, to podcasts.<sup>47</sup> It says that approximately 27% of digital audio advertising went to podcasts in 2022, up from just 15.6% of such ad spending in 2019.

Podcast revenue isn't only from ads. A YouGov survey in 2020 found that 17% of all podcast listeners had paid or donated money to access or listen to a podcast.<sup>48</sup> That same survey found that 37% of those surveyed listened to podcasts at least once a month, with 27% saying at least once a week.

As the public is increasingly using digital devices to listen to things, it's no surprise that podcasts are a rapidly growing market.

All in all the sky is clearly rising for listening to audio. Back in 2012 we saw evidence that this was true in all areas outside of recorded music directly, though a decade later, it's clear that it's true across the entire industry including (especially) the recorded music market which has reached new highs. At the same time, other aspects of the music business, including live music, publishing, sponsorship and more continue to grow. Live music experienced a dip during the COVID-19 pandemic, but returned in 2022 at extremely strong levels. Combining the surging music industry with the still young but rapidly expanding podcasting industry, we see that audio is a growing, not dying, market.

By any measure, the sky continues to rise for audio content.

# Listening Sources & Notes

- 1 Statista Market Insights, *Music, Radio & Podcasts - United States*. <https://www.statista.com/outlook/amo/media/music-radio-podcasts/united-states>
- 2 DataReportal, *Digital 2023: Global Overview Report*. <https://datareportal.com/reports/digital-2023-global-overview-report>
- 3 Will Page, *Global Value of Music Copyright, 2021*. <https://pivotaledgeconomics.com/undercurrents/music-copyright-2021>
- 4 These numbers are taken from previous Global Value of Music Copyright reports. Page usually updates the previous year's numbers when releasing the following years, so this chart covers the most up-to-date numbers (i.e., the latest published numbers) and may not match some of the originally published numbers.
- 5 IFPI, *Global Music Report 2023*. <https://globalmusicreport.ifpi.org/>
- 6 IFPI, *Engaging With Music 2022*. [https://www.ifpi.org/wp-content/uploads/2022/11/Engaging-with-Music-2022\\_full-report-1.pdf](https://www.ifpi.org/wp-content/uploads/2022/11/Engaging-with-Music-2022_full-report-1.pdf)
- 7 MIDIA Research, *Recorded Music Market 2022*. <https://midiaresearch.com/blog/recorded-music-market-2022-reality-bites>
- 8 RIAA, *U.S. Music Revenue Database*. <https://www.riaa.com/u-s-sales-database/>
- 9 RIAA, *Year-End 2022 Revenue Statistics*. <https://www.riaa.com/wp-content/uploads/2023/03/2022-Year-End-Music-Industry-Revenue-Report.pdf>
- 10 CISAC, *Global Collections Report 2022*. <https://www.cisac.org/Newsroom/news-releases/global-creators-collections-58-2021-still-below-pre-covid-levels>
- 11 U.S. Census Bureau, *Estimated Music Revenue of U.S. Music Publishers*.  
<https://www2.census.gov/programs-surveys/sas/tables/time-series/sas-latest/Table2.xlsx>
- 12 IPMF, *Global Market View Independent Music Publishing, Third Edition*.  
<https://www.impforum.org/wp-content/uploads/2023/04/Third-Edition-IPMF-Independent-Music-Publishing-Global-Market-View.pdf>
- 13 PwC, *Global Entertainment & Media Outlook 2023-2027*. <https://www.pwc.com/gx/en/industries/tmt/media/outlook/insights-and-perspectives.html>
- 14 Live Nation Entertainment Inc. 10-K report for 2022.  
<https://investors.livenationentertainment.com/sec-filings/all-sec-filings/content/0001335258-23-000014/0001335258-23-000014.pdf>
- 15 Federal Reserve Bank of Philadelphia, *The Beige Book - June 2023*.  
<https://www.philadelphiafed.org/-/media/frbp/assets/surveys-and-data/beige-book/2023/230712-bb.pdf>
- 16 Luminate, *2023 Midyear Report*. <https://luminatedata.com/reports/midyear-music-industry-report/>
- 17 U.S. Bureau of Labor Statistics *Consumer Expenditure Survey*. <https://www.bls.gov/cex/tables/calendar-year/mean/cu-all-detail-2022.pdf>
- 18 Statista Research Department, *Viewers of selected BTS pay-per-view live stream concerts*.  
<https://www.statista.com/statistics/1300548/bts-virtual-livestream-concert-viewers/>
- 19 Pollstar, *Top 100 Livestreamers and Top 100 Livestreams*.  
[https://data.pollstar.com/chart/2021/01/011121\\_top.100.livestreamers%20\(1\)%20Revised\\_916.pdf](https://data.pollstar.com/chart/2021/01/011121_top.100.livestreamers%20(1)%20Revised_916.pdf)  
[https://data.pollstar.com/chart/2020/12/YEtop100livestreams\\_915.pdf](https://data.pollstar.com/chart/2020/12/YEtop100livestreams_915.pdf)
- 20 Pew Research, *What Americans are doing online during COVID-19*.  
<https://www.pewresearch.org/short-reads/2020/04/30/from-virtual-parties-to-ordering-food-how-americans-are-using-the-internet-during-covid-19/>
- 21 Morning Consult, *In the Metaverse, Live Concerts Hold More Appeal Than Live Sports and Shopping*.  
<https://pro.morningconsult.com/trend-setters/metaverse-activities-generations-survey>
- 22 The Guardian, *I'm with the brand! How merch saved the music industry*.  
<https://www.theguardian.com/music/2022/oct/21/im-with-the-brand-how-merch-saved-the-music-industry>
- 23 Licensing International, *Key Markets Make Noise for Music Brand Licensing*.  
<https://licensinginternational.org/news/key-markets-make-noise-for-music-brand-licensing/>
- 24 Universal Music Group N.V. Q2 2023 Earnings Call.  
<https://seekingalpha.com/article/4621491-universal-music-group-n-v-umgnf-q2-2023-earnings-call-transcript>
- 25 atVenu, *A Year In Review 2022: The Merch Edition*. <https://www.atvenu.com/features/year-in-review-2022>
- 26 atVenu, *The New Normal For Fan Interest In Concert Merchandise*. <https://www.atvenu.com/post/the-new-normal-for-concert-merchandise>
- 27 Music Business Worldwide, *Sales of music, merch and tickets through artist website hosting platform Bandzoogle surpass \$75m*.  
<https://www.musicbusinessworldwide.com/sales-of-music-merch-and-tickets-through-artist-website-hosting-provider-bandzoogle-surpass-75m/>



- 28 Forbes, *How Music Artists Are Optimizing Centralized Merch Stores Amidst Delayed Shows*.  
<https://www.forbes.com/sites/andreaszarczynski/2022/01/31/how-music-artists-are-optimizing-centralized-merch-stores-amidst-delayed-shows/?sh=35e6560b1294>
- 29 Spotify Commerce Tools. <https://artists.spotify.com/en/merch>
- 30 Spotify, *Fan Study, Merch Edition: Your Music and Merch Are Better Together, and We Have the Data to Prove It*.  
<https://artists.spotify.com/en/blog/fan-study-merch-edition-music-data-infographic>
- 31 Spotify, *Fans Wanting To Wear Merch From Their Top Wrapped Artists Leads to the Biggest Week of Artist Merch Sales in Spotify History*.  
<https://newsroom.spotify.com/2022-12-08/fans-wanting-to-wear-merch-from-their-top-wrapped-artists-leads-to-the-biggest-week-of-artist-merch-sales-in-spotify-history/>
- 32 MusicBrainz Timeline. <https://musicbrainz.org/statistics/timeline/main>
- 33 Luminate, *2023 Midyear Report*. <https://luminatedata.com/reports/midyear-music-industry-report/>
- 34 Variety, *Music Streaming Hits Major Milestone as 100,000 Songs are Uploaded Daily to Spotify and Other DSPs*.  
<https://variety.com/2022/music/news/new-songs-100000-being-released-every-day-dsps-1235395788/>
- 35 Apple, *Celebrating 100 million songs*. <https://www.apple.com/newsroom/2022/10/celebrating-100-million-songs/>
- 36 Spotify Company Info. <https://newsroom.spotify.com/company-info/>
- 37 Hypebot, *YouTube Music joins Apple Music in hosting 100 million songs*.  
<https://www.hypebot.com/hypebot/2022/10/youtube-music-joins-apple-music-in-hosting-100-million-songs.html>
- 38 Soundcloud Help Center. <https://help.soundcloud.com/hc/en-us/articles/115003570488-What-is-SoundCloud>
- 39 PwC, *Global Entertainment & Media Outlook 2023-2027*. <https://www.pwc.com/gx/en/industries/tmt/media/outlook/insights-and-perspectives.html>
- 40 Business Insider, *How TikTok is changing the music industry and the way we discover new, popular songs*.  
<https://www.businessinsider.com/how-tiktok-is-changing-music-industry>
- 41 Insider Intelligence, *Global Podcast Listener Forecast 2021–2025*. <https://www.insiderintelligence.com/content/global-podcast-listener-forecast-2021-2025>
- 42 Edison Research, *The Infinite Dial 2023*. <https://www.pewresearch.org/journalism/fact-sheet/audio-and-podcasting/>
- 43 Podcast Index. <https://podcastindex.org/stats>
- 44 Listen Notes Podcast Statistics. <https://www.listennotes.com/podcast-stats/>
- 45 DataReportal, *Digital 2023: Global Overview Report*. <https://datareportal.com/reports/digital-2023-global-overview-report>
- 46 Insider Intelligence, *Podcasts will account for more than one-fourth of digital audio ad spending*.  
<https://www.insiderintelligence.com/content/podcasts-digital-audio-ad-spending>
- 47 Insider Intelligence, *Podcasts to Soon Account for One-Third of US Digital Audio Ad Spending*.  
<https://www.marketingcharts.com/advertising-trends/spending-and-spenders-225742>
- 48 YouGov RealTime Podcast Survey. <https://docs.cdn.yougov.com/1ms43wfwpm/paying%20for%20podcats2.pdf>

# 3. Watching

**THE SKY CONTINUES TO RISE** in video content, again, thanks mainly to the power of the internet, which was made even clearer during the COVID pandemic and lockdowns, where movie theater attendance dropped significantly, but overall consumption of videos via the internet continued to rise. As we've come out of pandemic-era lockdowns, and movie theater attendance has rebounded, we're seeing yet again how important the internet has been to the wider video watching industry.

In our initial 2012 *Sky Is Rising* Report, we made the decision to combine movie and television content into a single *Video* section, which turned out to be somewhat prescient, given how the video market has evolved over the years. With the massive growth of online video streaming, in which movies and TV shows are often listed side-by-side, it's increasingly difficult to separate them. Indeed, while various streaming services are often lumped together, the makeup of each one may differ greatly.

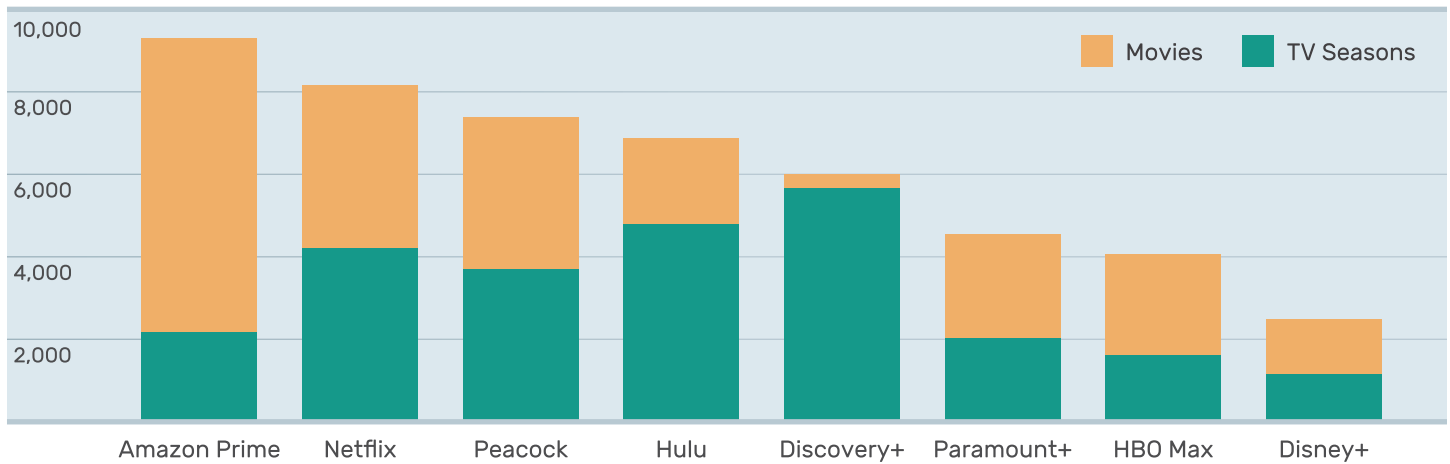
Just as this report was almost finished, Netflix presented (for the first time) its global "engagement" data covering hours watched by title during the first half of 2023.<sup>1</sup> The data set shows 93.5 billion hours watched across Netflix's approximately 238 million subscribers globally. The data, though, also highlights how much of a long tail streaming enables. The data lists 18,214 separate titles (movies count as a single title, while for episodic programs, each season is counted as a separate title), each of which has received significant viewing hours.

While there are certainly some "superstar" shows that obtain significantly higher watch hours, the distribution matches a typical long tail power law distribution. To reach the halfway point in that 93.5 billion hours watched, you need to include the top 700 titles. And, even at the far tail of the distribution, there are significant hours watched. Tallying up the hours watched of the bottom 5,000 titles, still shows nearly 619 million hours watched.

Ampere Analysis tracks the number of movies and TV shows on various streaming platforms in the U.S., and shows that there are a wide variety of movie titles now available on streaming<sup>2</sup> (it counts each season of a TV show as a separate "title" and shows how, even as all of the big platforms have both TV and movies, the breakdown of each can differ drastically, from

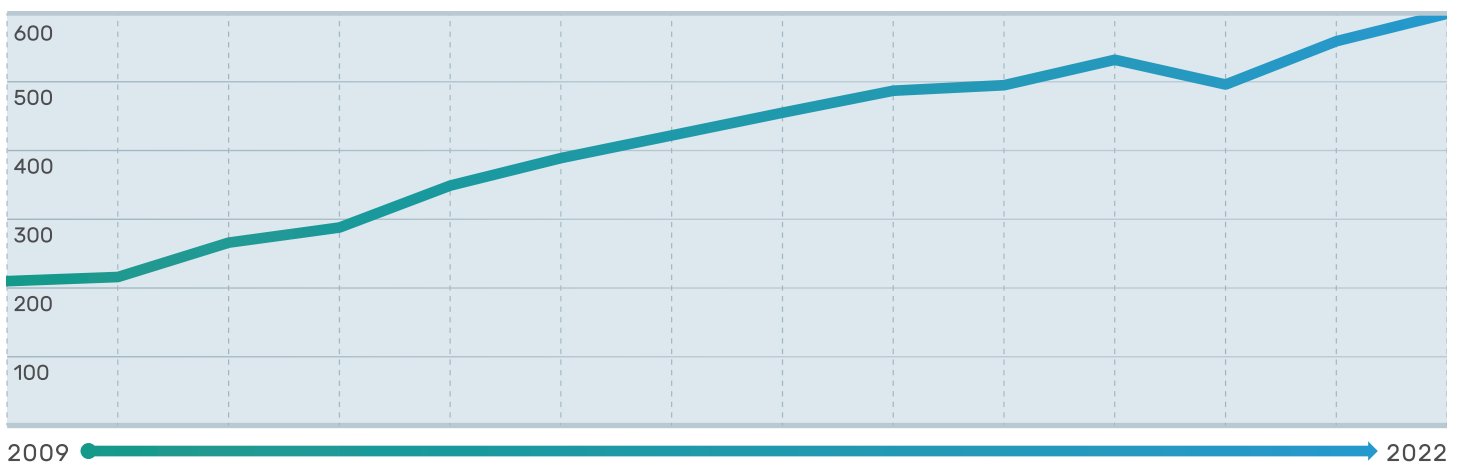
### 3.1 Titles Available to Stream in the U.S. as of August 2023

Source: Ampere Analysis<sup>2</sup>



### 3.2 Number of Scripted TV Series in the U.S.

Source: FX Research<sup>3</sup>



Amazon being mostly movies to Discovery+ being mostly TV shows, and Netflix and Peacock being more evenly balanced between the two). The Netflix numbers here are somewhat lower than the larger totals mentioned above, because the numbers in Ampere’s chart only cover content available in the U.S. The data here is from its latest breakdown in August of 2023. (Fig. 3.1)

Over the last decade, that increase in TV shows on streaming platforms has created a real golden age in television, enabling many more TV series to be created and

aired, including many shows that have reached critical acclaim. FX Research tracks how many original scripted TV shows there are at any one time, and noted that in 2022 we were still reaching new highs in such shows, after a slight downturn during the first year of the COVID pandemic.<sup>3</sup> (Fig. 3.2)

Most people consider Netflix’s “House of Cards” to be the first professional “streaming only” TV show, which was released in 2013 (some would argue that earlier shows created for YouTube and other user-generated platforms

could qualify for that title). The success of that and other early shows on Netflix really launched us into this golden age of television, with all of the big television companies launching their own streaming platforms, resulting in the near-tripling of original scripted TV shows seen in that chart.

Gracenote, a Nielsen company, explored this data in a different manner, looking at “distinct video titles” that were available across five of the largest countries for video content (the U.S., U.K., Canada, Mexico, and Germany, finding over 2.7 million individual titles, which covers each episode of shows separately, and includes historical data. Just looking at the US, it highlights that it passed over 1 million distinct titles available in 2023, a number that was closer to 700k just two years earlier.<sup>4</sup>

This number combines both traditional linear TV and streaming, showing that both have actually grown significantly over the past few years. While it may surprise some to find that traditional linear TV is still releasing ever more shows, it’s likely that it needs to do so to better compete with streaming platforms, where interest remains strong.

DataReportal’s 2023 global overview found that 92.8% of internet users between the age of 16 and 64 watch some kind of video at least once a week.<sup>5</sup>

Perhaps the biggest change to cover in this year’s report is the stalling out of some of the online streaming providers. Over the last year, a few of the largest providers seem to have hit a ceiling in user growth, likely due to a combination of market saturation, increasing costs, and more widespread competition, with so many streaming companies trying to build a subscriber base.

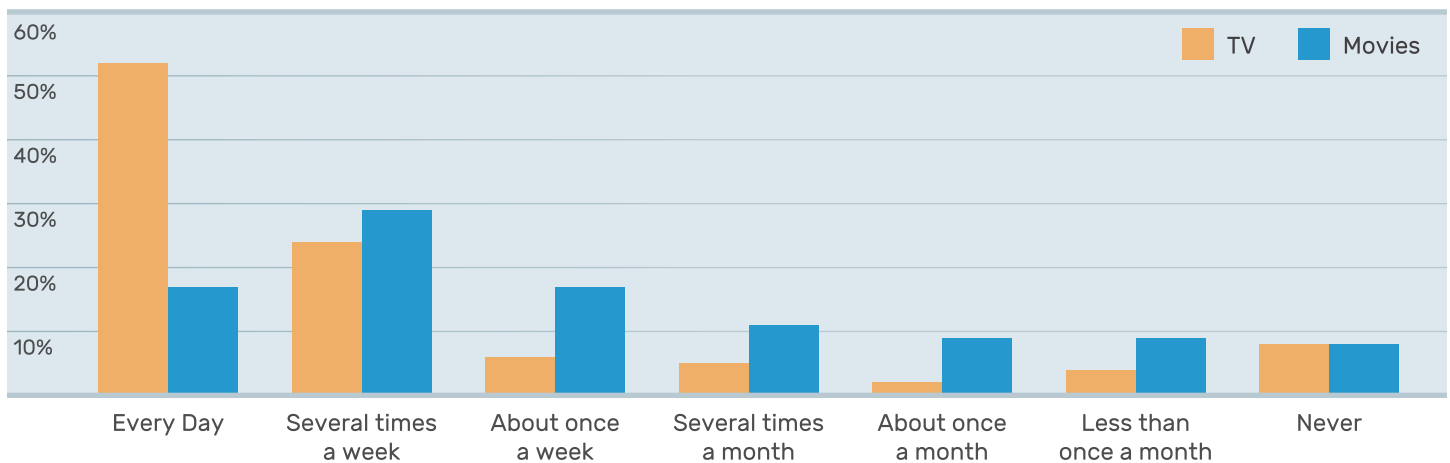
None of that, however, has meant any sort of slowdown in the amount of video content available to consumers, who remain living in a true golden age of video content. A Morning Consult/Hollywood Reporter poll asked how often people watched or streamed TV and movies found that it’s a frequent activity for most.<sup>6</sup> (Fig. 3.3)

The Motion Picture Association releases an annual Total Theatrical & Home/Mobile Entertainment report (THEME), with the latest version being the 2021 report.<sup>7</sup> It was also the first version that included pay TV in the full analysis, showing that the overall industry (on a global basis) brought in \$328.2 billion in 2021. (Fig. 3.4)

There’s a lot of detail hidden in that chart. A huge portion of it is just the pay TV market, which appears to be starting to shrink, mainly as traditional pay TV offerings from cable and satellite providers are on the decline. This appears to mainly be a result of cord cutting, as more

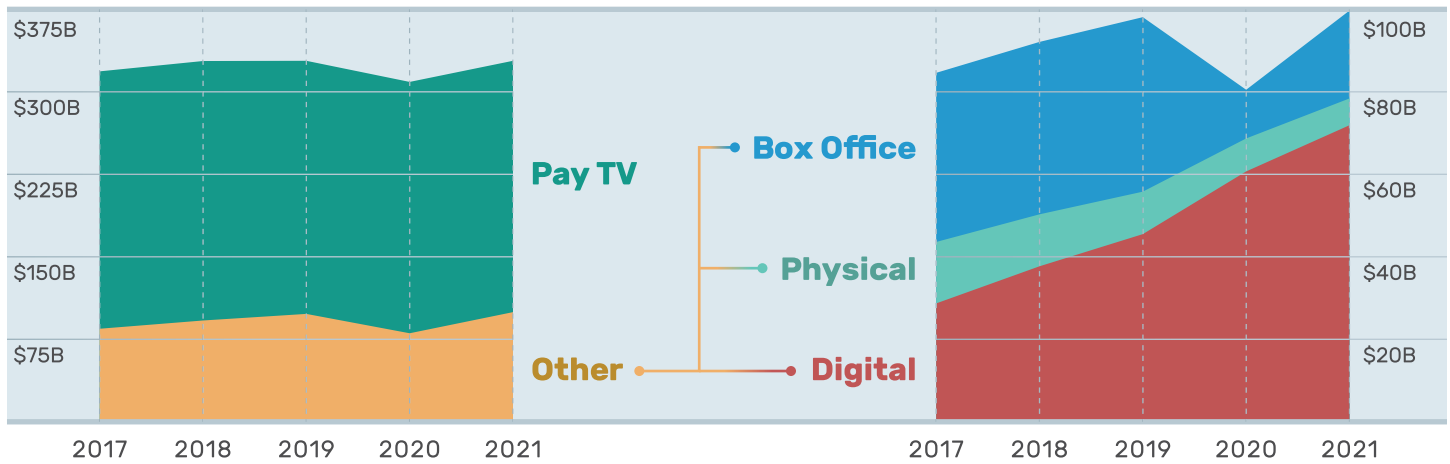
### 3.3 How Often People Watch or Stream TV & Movies in the U.S.

Source: Morning Consult/Hollywood Reporter<sup>6</sup>



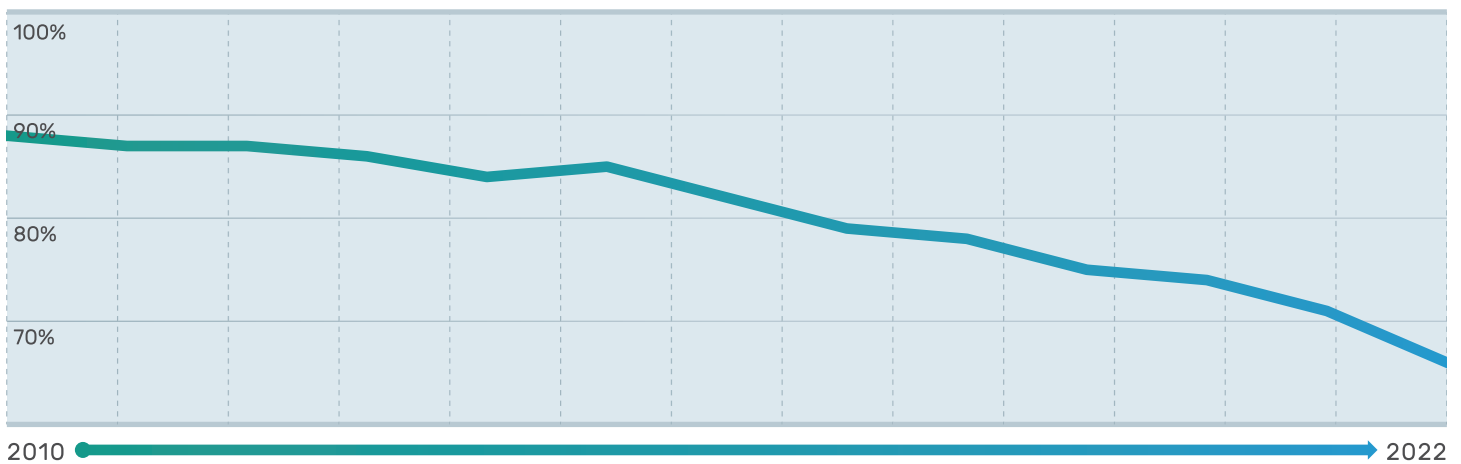
### 3.4 Global Entertainment Revenue with and without Pay TV, in billions of dollars

Source: Motion Picture Association<sup>7</sup>



### 3.5 Pay TV Penetration Rate in U.S. households

Source: Leichtman Research Group<sup>8</sup>



and more households are choosing to end traditional pay TV subscriptions in favor of internet streaming services. A report from Leichtman Research Group shows how cord cutting is really increasing rapidly in the U.S.<sup>8</sup> (Fig. 3.5)

If we remove Pay TV from the THEME report, we can see other aspects of the video market more clearly. (Fig. 3.4)

From there, it becomes clear that the internet (digital) is growing rapidly and making up for the declines in pay TV, physical and box office entertainment.

#### MOVIES

Not surprisingly, there was a big dip in theatrical revenue during the first years of the pandemic, but by 2021 it started to bounce back, and 2022 and 2023 had the box office bouncing back even further. The Numbers, which is the go-to source for tracking domestic U.S. box office data, shows that 2022's box office, while way off its highs, reflected people returning to the theater to see films, and 2023's box office continued to move up significantly as well. At the time of writing (early December), 2023's estimated box office

numbers<sup>9</sup> had already surpassed all of 2022’s box office numbers and appeared to be approaching more customary levels (though still a bit below the highs reached in the 2010s). (Fig. 3.6)

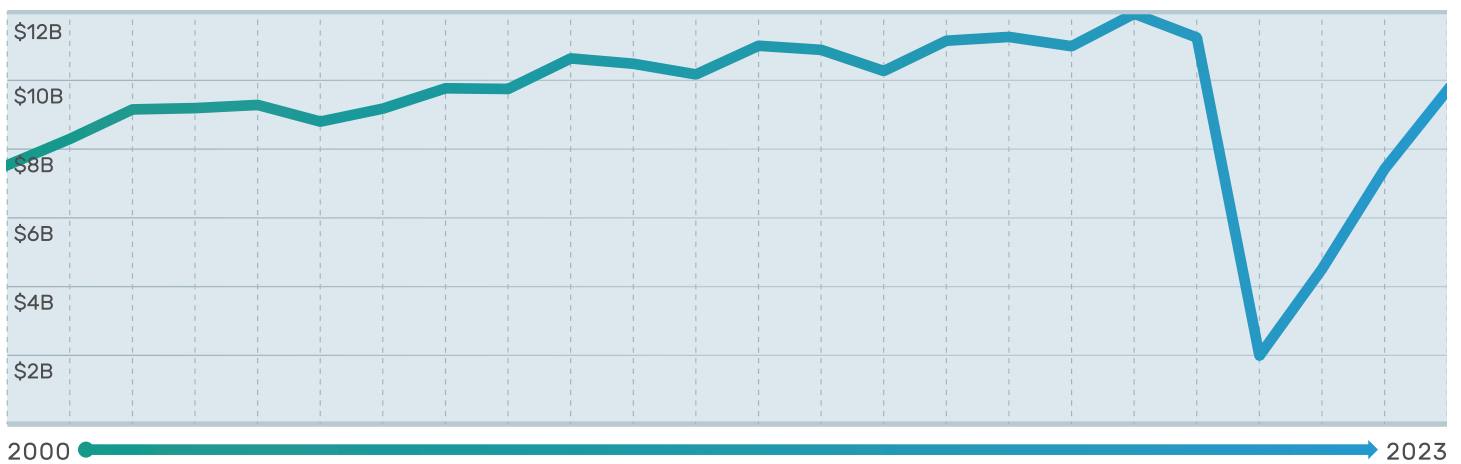
While that only covers the U.S. market, it’s expected that a similar bounceback is happening elsewhere, as can be seen by the MPA’s THEME report for 2021, which shows that the theatrical release market recovered from COVID lockdowns at an equivalent rate in each region. (Fig. 3.7)

What this chart also shows is the growing importance of the Asian market, which first surpassed the U.S./Canada and Europe/MENA around 2013 and has been growing rapidly since then, while the other regions have remained effectively stable.

Overall, you can see that while the global box office hit the bottom of a slide in 2007, it had consistently continued to grow every year since then — until the COVID pandemic hit. As seen in tickets sales for 2023, it appears that the

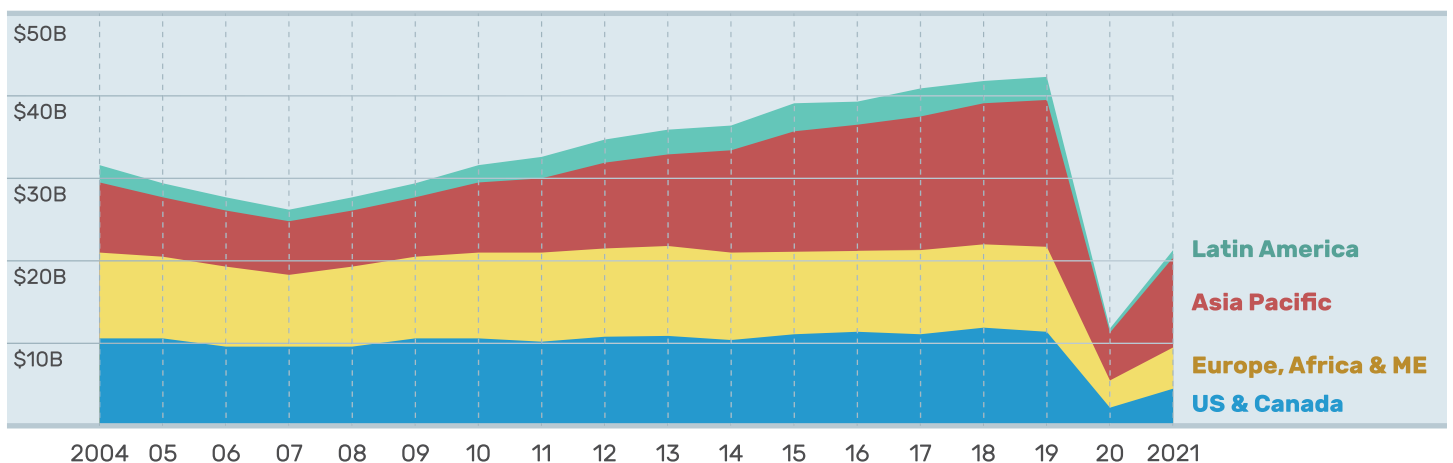
### 3.6 U.S. Box Office Revenue in billions of dollars

Source: *The Numbers*<sup>9</sup>



### 3.7 Global Box Office Revenue in billions of dollars

Source: *Motion Picture Association*<sup>7</sup>



box office is close to back on track, and both PwC's Media Outlook report<sup>10</sup> and Statista Market Insights<sup>11</sup> predict that 2023's box office sales will be larger than 2019's pre-pandemic market.

Indeed, other data supports the idea that people are happy to spend money on movie tickets again. The Numbers also tracks average theater ticket price (using a slightly different methodology than the MPA, which averages across a five-year sweep), and finds that ticket prices have

continued to go up year over year. (Fig. 3.8)

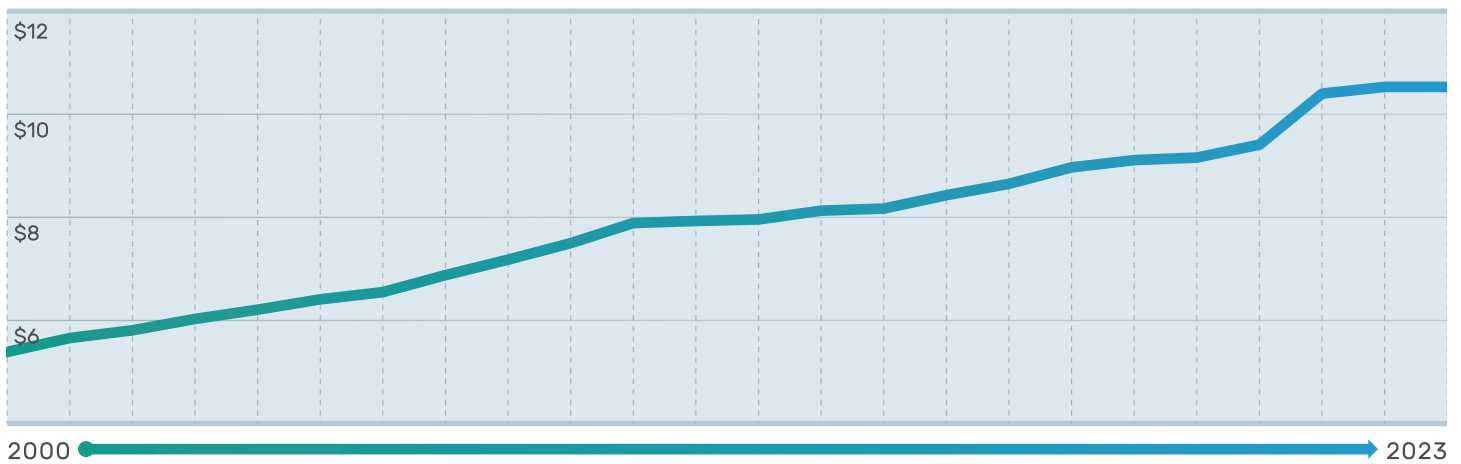
On top of that, looking at the numbers from Box Office Mojo, the average amount spent per movie released in the U.S. is currently hitting highs not seen since 2001.<sup>12</sup> (Fig. 3.9)

This is somewhat dependent on the number of theatrical releases there are per year, and that definitely declined during the course of the pandemic as studios shelved certain projects and delayed the release of others.

One of the key stories of the last few years is how much

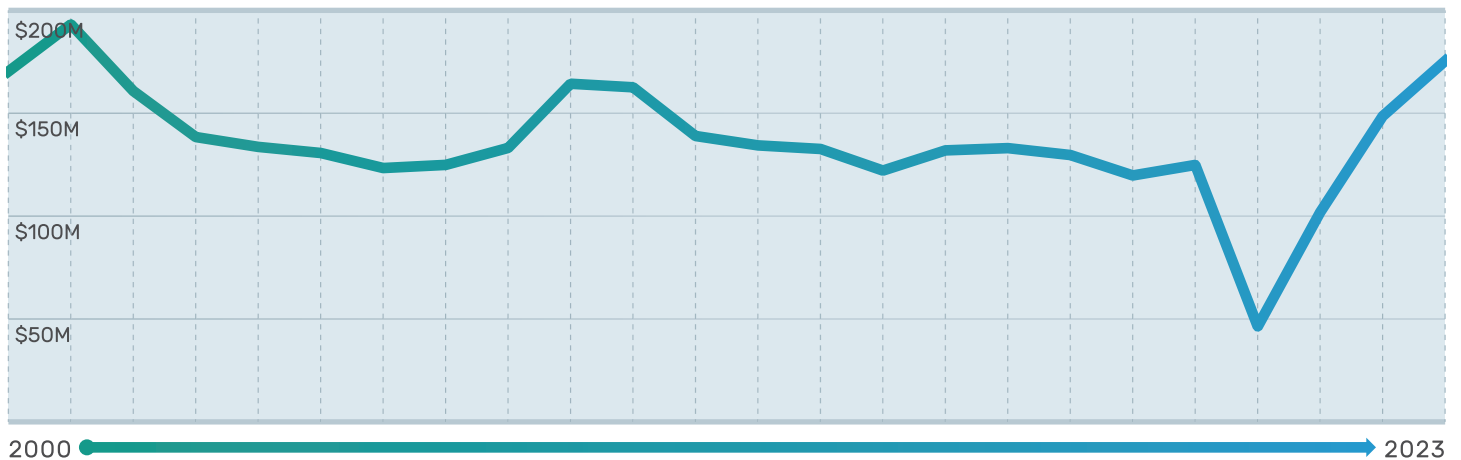
### 3.8 U.S. Average Movie Ticket Price

Source: *The Numbers*<sup>9</sup>



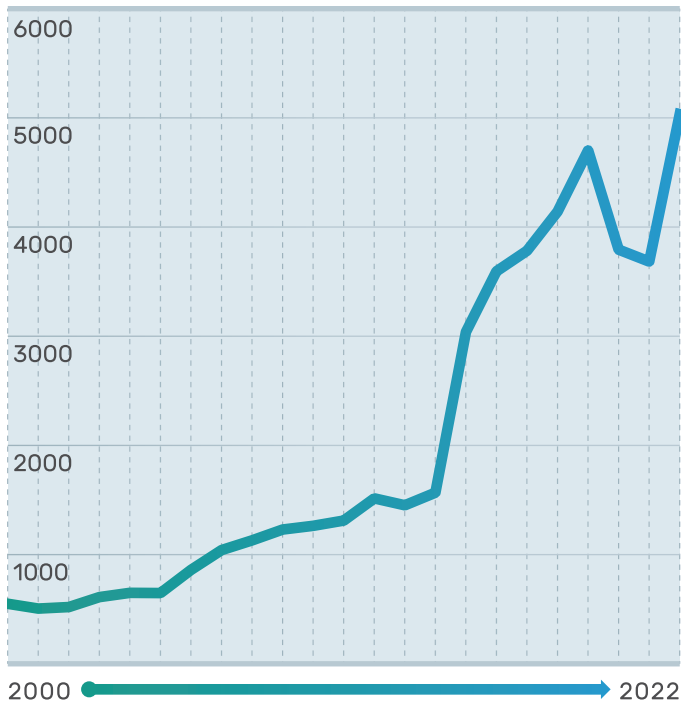
### 3.9 U.S. Box Office Revenue Per Released Movie in millions of dollars

Source: *Box Office Mojo*<sup>12</sup>



### 3.10 Number of Movies Released Globally in all regions

Source: The Numbers<sup>13</sup>



of the movie industry is now international. While most people think of the movie industry as being focused on the U.S., over the last few years it has massively grown internationally as well. The Numbers shows a huge boost in international movies starting in 2015, and while there was a COVID-related dip in 2020 and 2021, by 2022 it was back to setting new records.<sup>13</sup> (Fig. 3.10)

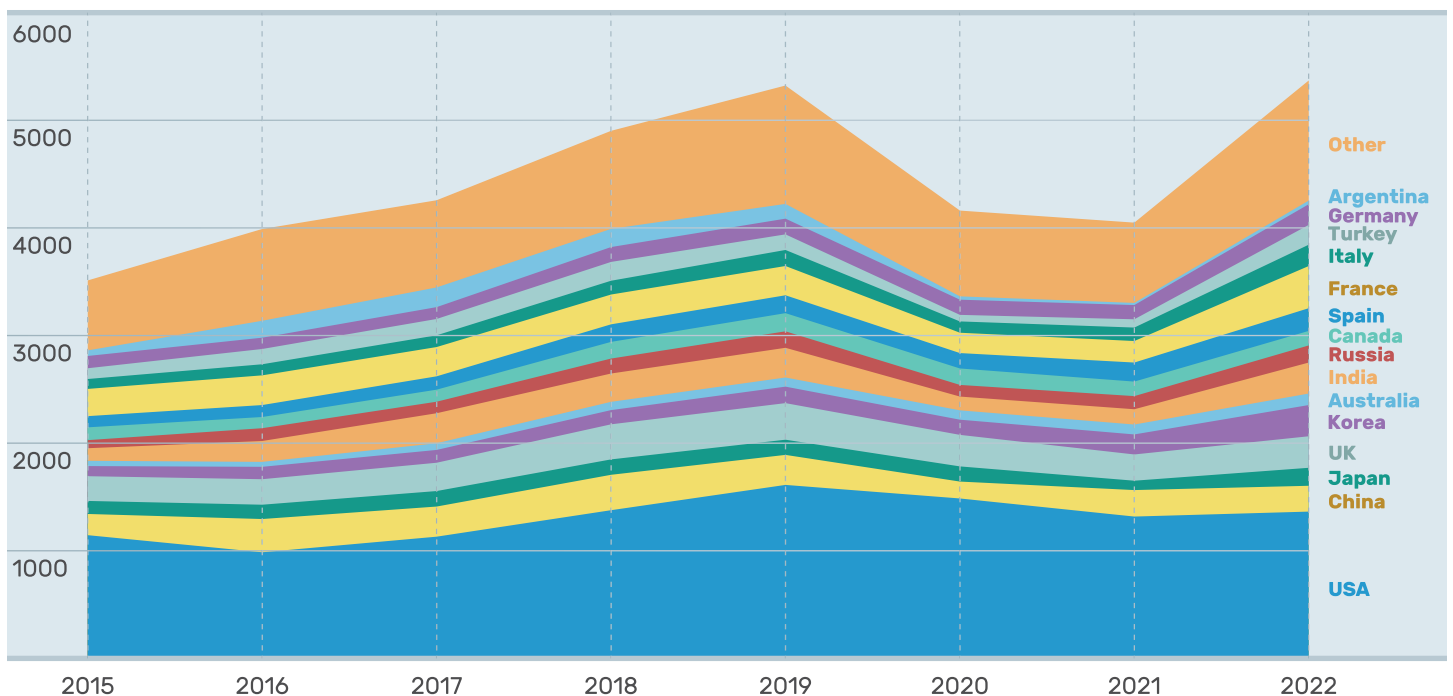
More specifically, looking at the global breakdown of where films are produced shows that the U.S. remains the leader, by a lot, but many other countries have significant film industries, often releasing over 100 domestic films per year. (Fig. 3.11)

In the U.S. and Canada specifically, the MPA’s own numbers (again from its THEME report) show that both MPA member studios and independent movies had a significant decline in the number of releases by year during 2020 and 2021 during COVID lockdowns. (Fig. 3.12)

Box Office Mojo has a slightly different system for counting releases, so its numbers differ slightly from the MPA’s

### 3.11 Number of Movies Released by region

Source: The Numbers<sup>13</sup>





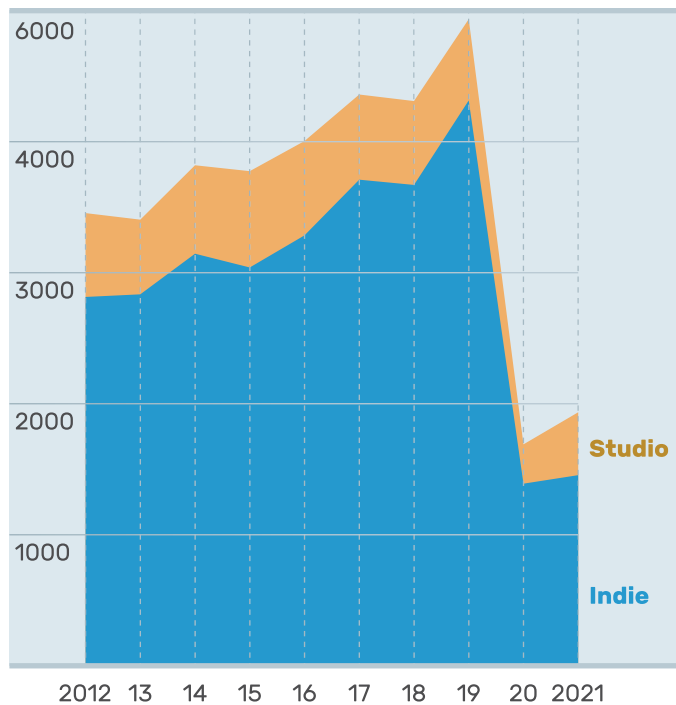
own numbers (with Box Office Mojo’s numbers usually, but not always, slightly higher). And its data for 2022 and 2023 suggest that while movie releases are increasing, the number of films released theatrically still remains significantly below pre-pandemic years. While it does appear that studio movies are getting closer to pre-pandemic numbers, independent movies are lagging behind.

However, from the data, it seems likely that much of this is due to independent films no longer focusing on theatrical release, and going straight to video-on-demand and streaming platforms instead. Popflick<sup>14</sup> notes that over 90% of all independent films do not get any theatrical release, and with the ability to reach viewers via the internet, the theater appears to be of less importance to many filmmakers.

Though, in the last couple of years, streaming platforms have been experimenting with financing films for streaming then putting them into theaters. As a recent Associated Press story noted, rather than streaming eating away at the

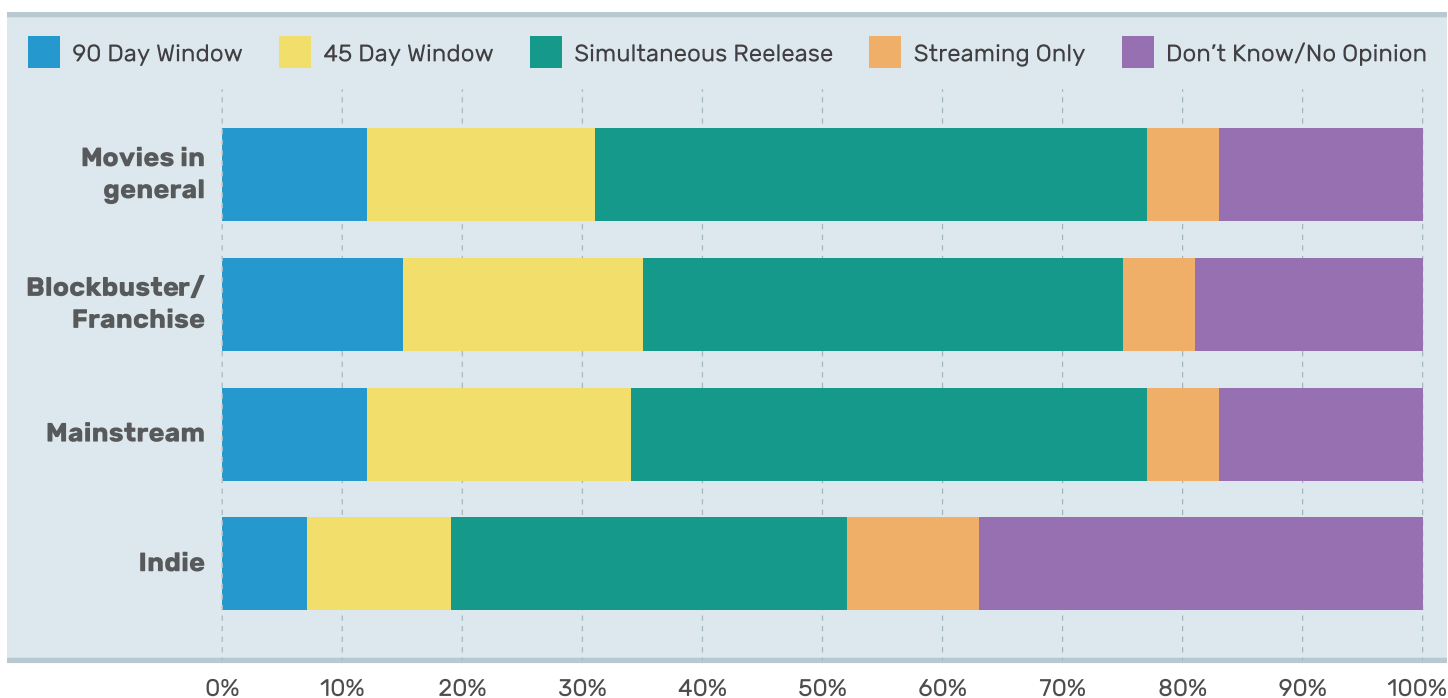
### 3.12 Movie Releases in U.S. & Canada by major and independent studios

Source: Motion Picture Association<sup>7</sup>



### 3.13 U.S. Consumer Preferences on Release Windows

Source: Morning Consult<sup>17</sup>



theatrical market, it appears the markets may be complementary.<sup>15</sup> At the same time, theaters are increasingly pressuring streaming companies to adopt this model, asking them to put more streaming films into theaters first.<sup>16</sup>

Consumer preference is pretty clearly in favor of getting movies to streaming sooner rather than later, with a plurality of those surveyed in 2022 by Morning Consult saying they prefer a so-called “Day and Date” release strategy for movies, in which they are released simultaneously in theaters and streaming at the same time. This was true across different types of film.<sup>17</sup> (Fig. 3.13)

Supply chain issues that have also impacted filmmaking. In particular, the inability to film new movies during the pandemic is still being dealt with, leading to fewer theatrical releases.<sup>18</sup> It is possible that the film and television writer’s strike (combined with the actors’ strike) in mid-2023, which has halted production on many movies, will create a similar supply chain issue for at least 2024, and possibly into 2025.

### TV & STREAMING

While there has been some blurring between TV and movies with both being available next to each other in streaming apps, the boundary between TV and streaming is even

blurrier. For many people these days, “television” means “streaming apps.” Relatedly, “television” or streaming can be watched on connected TVs, or on computers or mobile devices.

If we’re just looking at television itself, the number of households in the U.S. with a television has continued to increase, according to Nielsen’s data.<sup>19</sup> (Fig. 3.14)

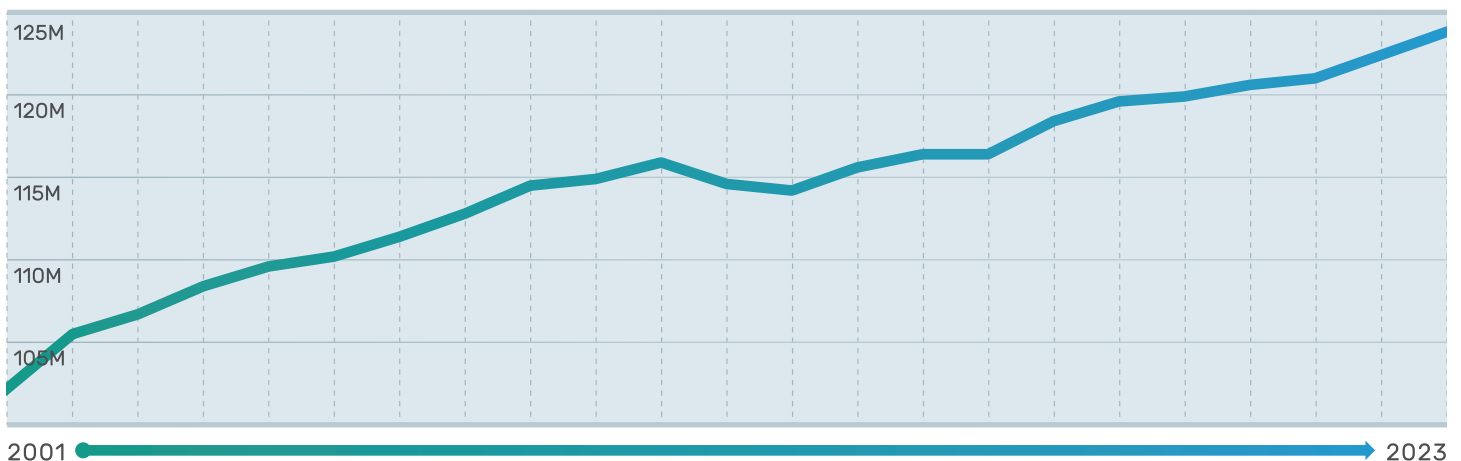
74% of households with a TV have one that can connect to the internet, and 55% of all TVs in the U.S. are smart TVs, according to data from Leichtman Research.<sup>20</sup> That research also showed that if you include both connected smart TVs and TVs that have an internet-connected device attached to them (such as a Roku, Amazon Fire stick, Chromecast, or Apple TV), the number goes up to 88% of households. That number has grown rapidly over time. (Fig. 3.15)

Thus, it’s not at all surprising that Insider Intelligence says 2023 is the year that, in the U.S., daily time spent with digital video has surpassed time spent watching television.<sup>21</sup> (Fig. 3.16)

Notably, while the “TV” part of the chart here includes DVR and other pre-recorded videos, “digital video” covers watching digital video via any device, and includes user-generated content on YouTube or social media.

## 3.14 Total TV Households In The U.S. in millions

Source: Nielsen<sup>19</sup>



And many people seem willing to pay for TV subscription services. Even as cord cutting has diminished traditional cable and satellite TV, more and more households are adopting internet streaming services as a replacement. The Audience Project's data on what it refers to as "Linear TV" (as compared to digital streaming) shows how television watching is very much moving to the internet.<sup>22</sup> While the report found higher rates of traditional TV watching in the European countries it studied, in the U.S., watching traditional TV has dropped quite a bit in just the past few years, though there was a slight bounceback from 2020 to 2021. (Fig. 3.17)

That same study, perhaps not surprisingly, found that fewer and fewer people are seeing TV commercials, and many are fed up with how many TV commercials they see. The survey found that, in the U.S., 92% of those surveyed said there are too many commercials on traditional TV and only 46% said that the TV commercials they saw were relevant to their interests. The numbers may be getting worse going forward, as only 44% of Americans said they expected to still be watching traditional TV within 5 years.

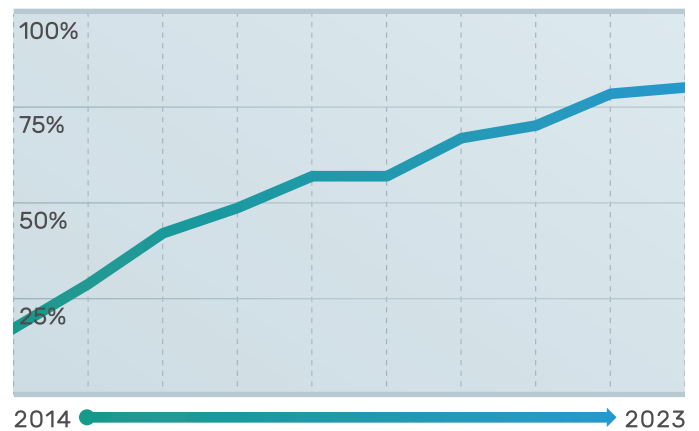
However, this viewing time is being replaced by watching video online, both with paid streaming services and other internet video offerings. 48% of those surveyed in the U.S. said they are watching more internet TV this year (2023 when the survey was taken) than last, while 34% said they were watching less traditional TV. Furthermore, a full 30% of those surveyed in the U.S. said that they only watch TV via streaming/download services, and no longer watch traditional TV. (Fig. 3.18)

The data also suggests that many people use multiple streaming services to watch video these days. (Fig. 3.19)

From that we can see that Netflix remains the most popular subscription streaming service, but it has recently lost some subscribers. Amazon Prime comes in second, relatively close behind Netflix. YouTube, Hulu, and Disney+ all have quite a bit of market penetration as well. Peacock and Apple TV+, both newer entrants, have already achieved notable marketshare too.

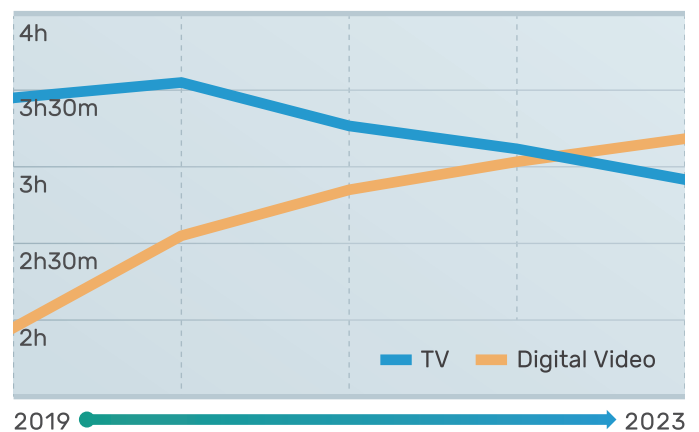
### 3.15 U.S. Connected TV Penetration

Source: Leichtman Research<sup>20</sup>



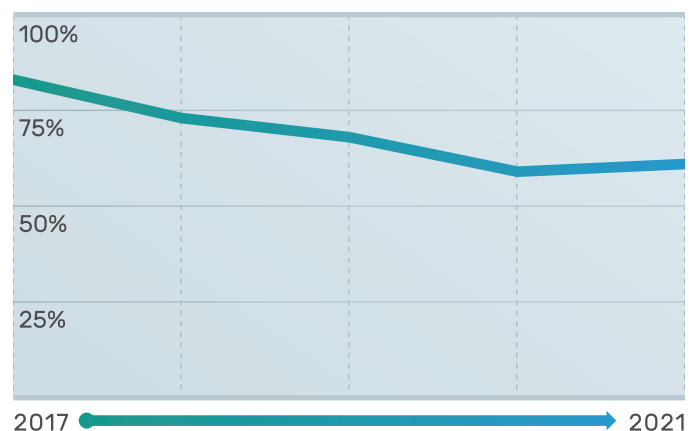
### 3.16 Daily Time Spent With Video by type

Source: Insider Intelligence<sup>21</sup>



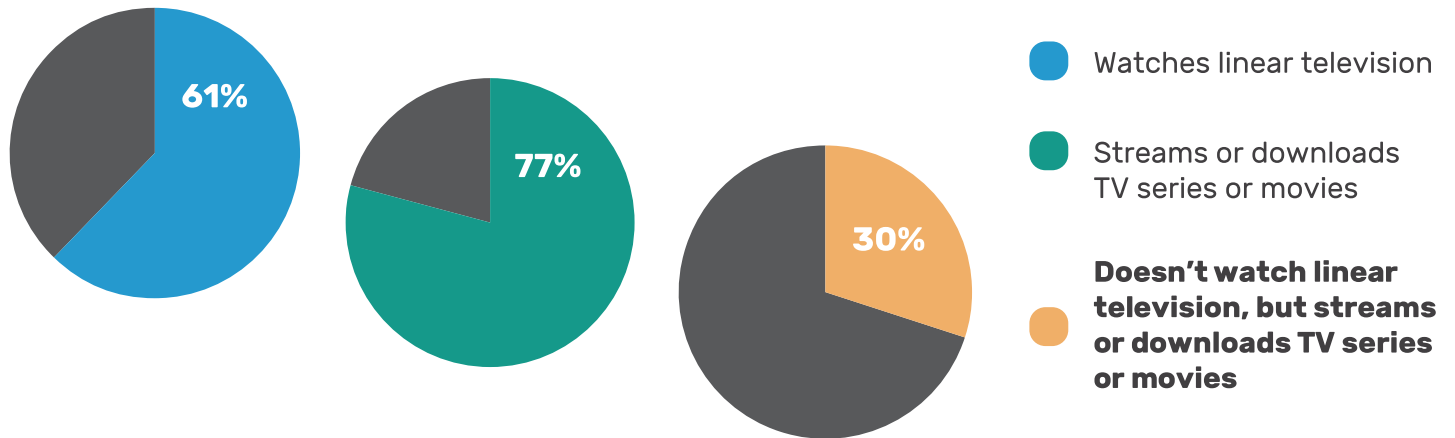
### 3.17 Portion of U.S. Households Watching Traditional TV on a weekly basis

Source: The Audience Project<sup>22</sup>



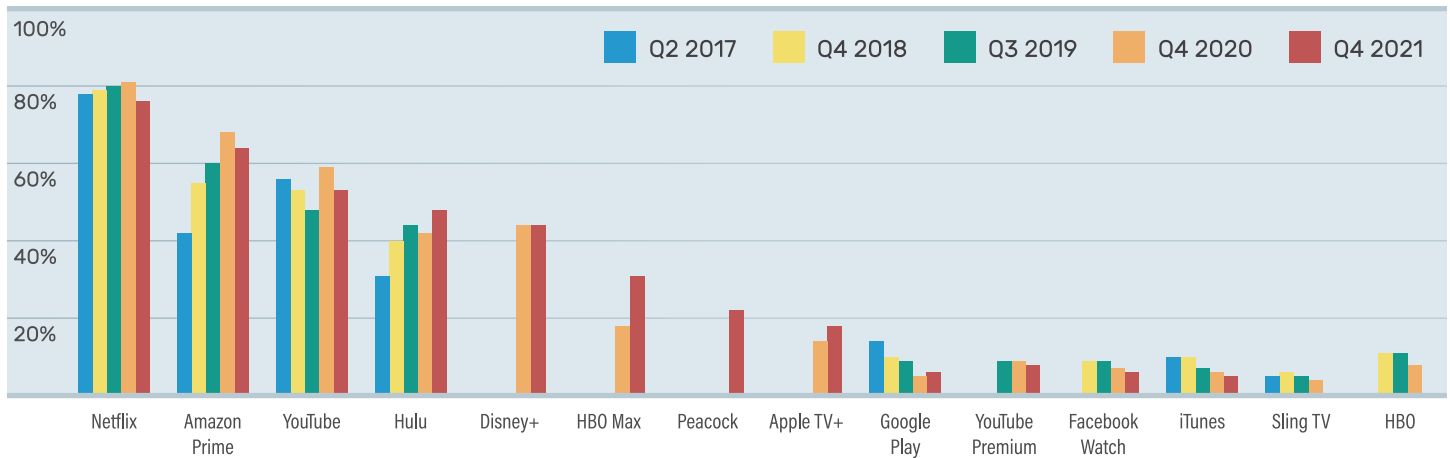
### 3.18 Watching Habits by method of viewing, as per cent of U.S. adults

Source: The Audience Project<sup>22</sup>



### 3.19 U.S. Streaming Service Penetration

Source: The Audience Project<sup>22</sup>



The same report notes that Disney+ is even more popular in the European countries surveyed, with it reaching a 33% share in Germany and 35% in the UK.

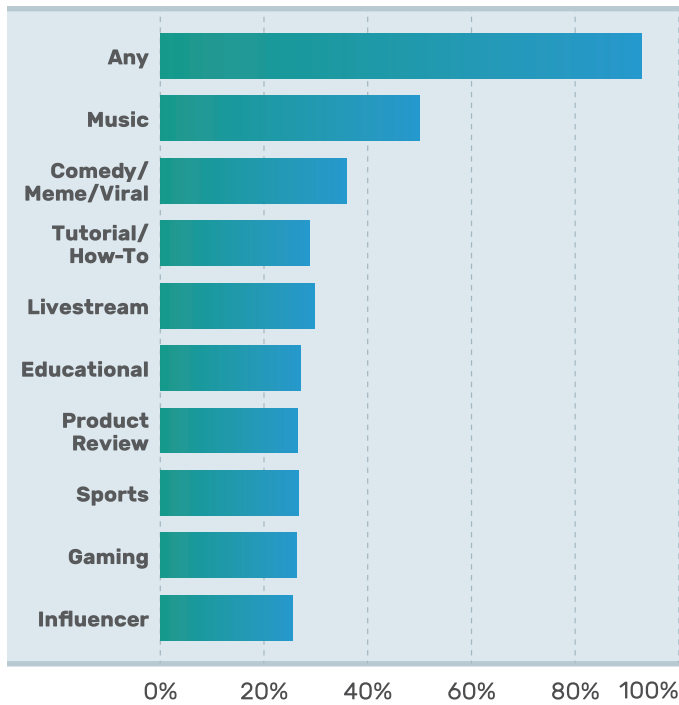
Looking at YouTube in particular, the data highlights just how much the line has blurred between “TV” and “streaming.” The Audience Project survey found that 42% of those surveyed in the U.S. considered watching content on YouTube the same thing as “watching TV.” That number was a bit lower elsewhere, coming in between 20% and 25% in most of the European countries surveyed.

YouTube (and other sites like Twitch and TikTok) also highlight that not all online video watching is professionally produced content, but a tremendous amount of amateur content as well. DataReportal’s 2023 Global Overview Report<sup>23</sup> details the many different types of videos that internet users watch in an average week. (Fig. 3.20)

That same report notes that users spend more time on YouTube and TikTok than any other social media apps, again showing how important and central video has become for many users. (Fig. 3.21)

### 3.20 Internet Videos Watched in 2023 by type, among internet users age 16-64

Source: DataReportal<sup>23</sup>

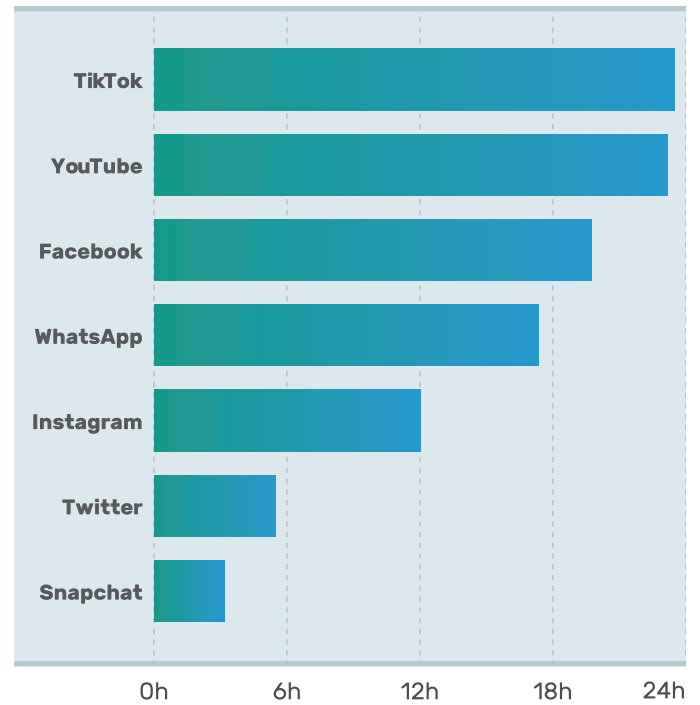


That data here is only for the use of those apps on Android phones, though it's likely that iPhone usage would be similar in terms of time. However, given that of the social media apps in that list, YouTube is the most likely to be used both on a phone and on a desktop screen, the amount of time is likely even higher for YouTube.

Looking at all of this, we see that watching videos is an extremely popular pastime for people around the globe,

### 3.21 Time Spent on Social Media in 2023 per month, by social media app

Source: DataReportal<sup>23</sup>



and that video can come in all different forms. Films, television, user-generated content and more all blend together online. While traditional cinema took a hit during the early years of the pandemic, it has since bounced back, and online video watching appeared to fill in many of the gaps during those years.

It's quite clear that the video market shows that the sky is rising for entertainment content once again, with the internet leading the way.

# Watching Sources & Notes

- 1 Netflix, *What We Watched: A Netflix Engagement Report*. <https://about.netflix.com/en/news/what-we-watched-a-netflix-engagement-report>
- 2 Ampere Analysis SVoD Analytics. <https://www.ampereanalysis.com/products/about/analytics-svod>
- 3 The Hollywood Reporter, *Peak TV Climbs Again in 2022, Nearly Reaches 600 Scripted Series*.  
<https://www.hollywoodreporter.com/tv/tv-news/peak-tv-2022-count-599-scripted-shows-1235298139/>
- 4 Nielsen/Gracenote, *2023 State of Play*. <https://www.nielsen.com/insights/2023/data-driven-personalization-2023-state-of-play-report/>
- 5 DataReportal, *Digital 2023: Global Overview Report*. <https://datareportal.com/reports/digital-2023-global-overview-report>
- 6 Morning Consult National Tracking Poll.  
[https://morningconsult.com/wp-content/uploads/2020/01/200157\\_crosstabs\\_HOLLYWOOD\\_Adults\\_v1\\_AUTO.pdf](https://morningconsult.com/wp-content/uploads/2020/01/200157_crosstabs_HOLLYWOOD_Adults_v1_AUTO.pdf)
- 7 Motion Picture Association, *THEME Report 2021*. <https://www.motionpictures.org/wp-content/uploads/2022/03/MPA-2021-THEME-Report-FINAL.pdf>
- 8 Leichtman Research Group, *66% of TV Households Have a Live Pay-TV Service*.  
<https://leichtmanresearch.com/66-of-tv-households-have-a-live-pay-tv-service/>
- 9 The Numbers, *Domestic Movie Theatrical Market Summary 1995 to 2024*. <https://www.the-numbers.com/market/>
- 10 PwC, *Global Entertainment & Media Outlook 2023-2027*.  
<https://www.pwcn.com/en/industries/telecommunications-media-and-technology/publications/entertainment-and-media-outlook-2023-2027.html>
- 11 Statista Market Insights, *Cinema Tickets - Worldwide*. <https://www.statista.com/outlook/dmo/eservices/event-tickets/cinema-tickets/worldwide>
- 12 Box Office Mojo. <https://www.boxofficemojo.com/year/>
- 13 The Numbers, *Movie Production Countries*. <https://www.the-numbers.com/movies/production-countries/#tab=year>
- 14 Popflick, *Film Industry Statistics*. <https://www.popflick.com/film-industry-statistics>
- 15 Associated Press, *Movie theaters and streamers may end up friends, after all*.  
<https://apnews.com/article/movies-streaming-theaters-affleck-scorsese-a39d060d7b8e23bf27524f09e57d73d5>
- 16 CNBC, *Movie theaters want more from Netflix, but the streaming giant isn't ready to budge on its release model*.  
<https://www.cnbc.com/2022/10/20/netflix-knives-out-sequel-glass-onion-limited-release.html>
- 17 Morning Consult, *As Movie Theaters Declare Simultaneous Streaming Releases 'Dead,' Consumers Say It's Still Their Favorite Option*.  
<https://pro.morningconsult.com/instant-intel/movie-release-models>
- 18 CNN Business, *Why movie theaters show so few films now*. <https://www.cnn.com/2022/07/29/media/movie-box-office-year/index.html>
- 19 Nielsen Universe Estimates. <http://www.ratingsryan.com/p/universe-estimates.html>
- 20 Digital TV News, *49% of U.S. adults watch video via a CTV device daily*. <https://www.digitaltvnews.net/?p=40012>
- 21 Insider Intelligence, *Digital video will surpass TV in US viewing time this year*.  
<https://www.insiderintelligence.com/content/digital-video-will-surpass-tv-us-viewing-time-this-year>
- 22 Audience Project, *Linear TV and streaming*. <https://www.audienceproject.com/resources/insight-studies/linear-tv-and-streaming/>
- 23 DataReportal, *Digital 2023: Global Overview Report*. <https://datareportal.com/reports/digital-2023-global-overview-report>

# 4. Reading

**AS NOTED IN THE EXECUTIVE SUMMARY** of this report, for this year's *Sky Is Rising* report, we've reimaged some of the sections. What was previously *Books* is now *Reading*. We made this choice after realizing that reading today takes many forms, not all of which fit neatly into "books." Indeed, there have been many discussions about how time spent reading content on the internet may be a substitute for time people previously spent reading books.<sup>1</sup>

Of course, there is no perfect categorization here, as there are always some issues that are on the margins. For example, we have chosen to include audiobooks in this section, rather than in the new *Listening* section, as we feel that audiobooks more closely match the market for "reading" than for "listening", which now covers music and podcasts. That said, it's likely that for some people audiobooks would more clearly fit into the *Listening* section.

On the whole, we still find that the internet has become a key part of the reading experience, even as many people still prefer reading physical books to digital books. However, even in cases where people are reading physical books, the internet plays an important component in learning about books, purchasing books, and discussing books. As just one example, TikTok has become such an important driver of sales for fiction books, that publishers are now very focused on harnessing what's known as #BookTok as part of any marketing strategy:<sup>2</sup>

*Now one of the commanding forces in adult fiction, BookTok has helped authors sell 20 million printed books in 2021, according to BookScan. So far this year, those sales are up another 50 percent. NPD Books said that no other form of social media has ever had this kind of impact on sales.*

## ONLINE DIGITAL READING

In looking at the wider market for reading, if we focus on digital reading alone, Statista's ePublishing outlook<sup>3</sup> shows how the online reading market continues to grow. (Fig. 4.1)

This data quite clearly undercounts the actual numbers, as the magazine and newspaper data only refers to direct digital editions of those publications, and not the website versions of both, which is an even larger number.

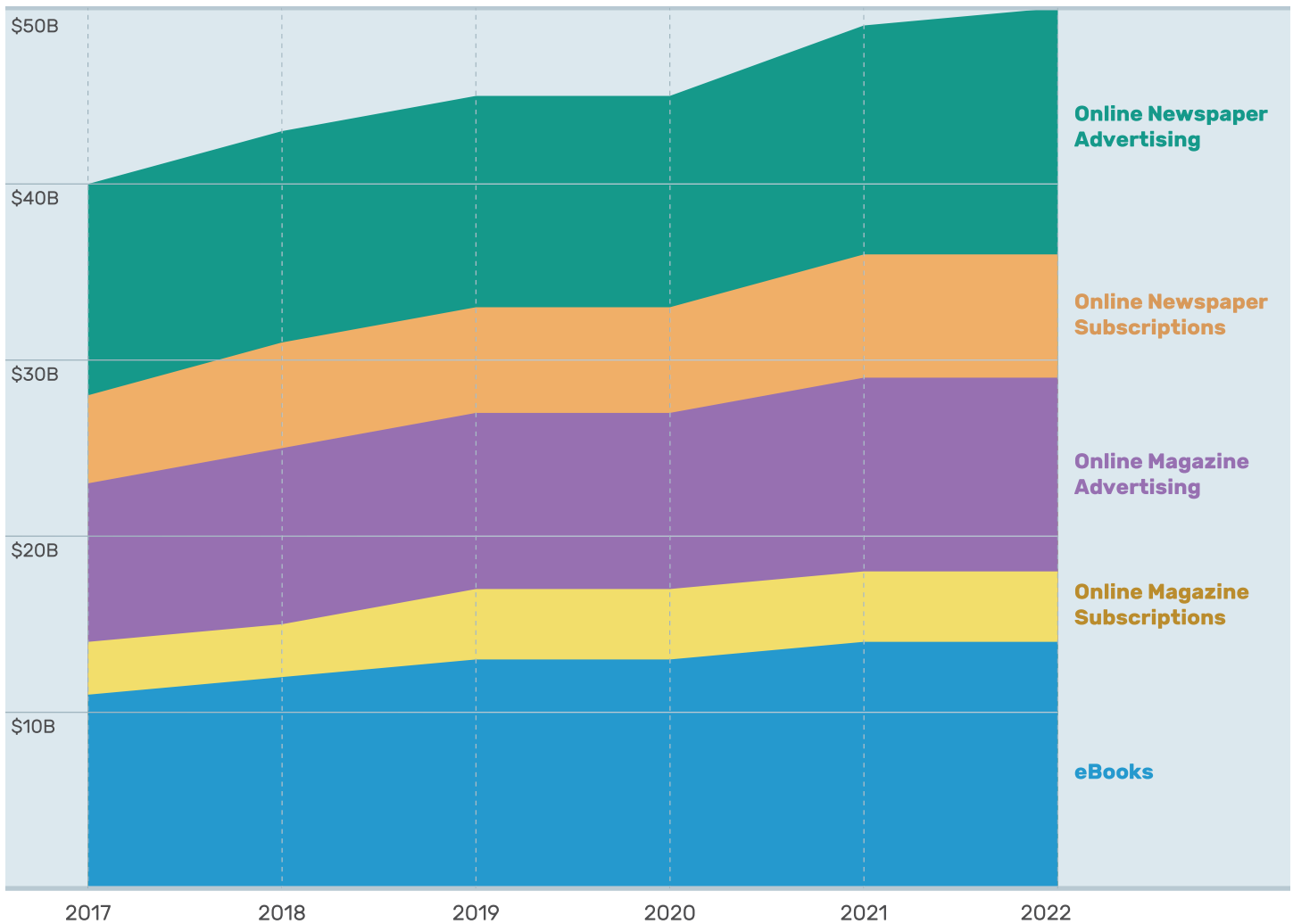
The Bureau of Labor Statistics regularly surveys Amer-

icans on how they spend their leisure time, including how much time per day they spend reading.<sup>4</sup> That data shows a brief increase during the pandemic, though it has since declined. (Fig. 4.2)

The survey data suggests (perhaps not surprisingly) that those over the age of 65 spend more time reading than younger Americans, but noticeably the lowest amount of time spent reading is for adults in the 25 to 55 age range, with younger Americans (those below 25) reading more than adults under 55.

### 4.1 Global Digital Publishing Market in billions of dollars

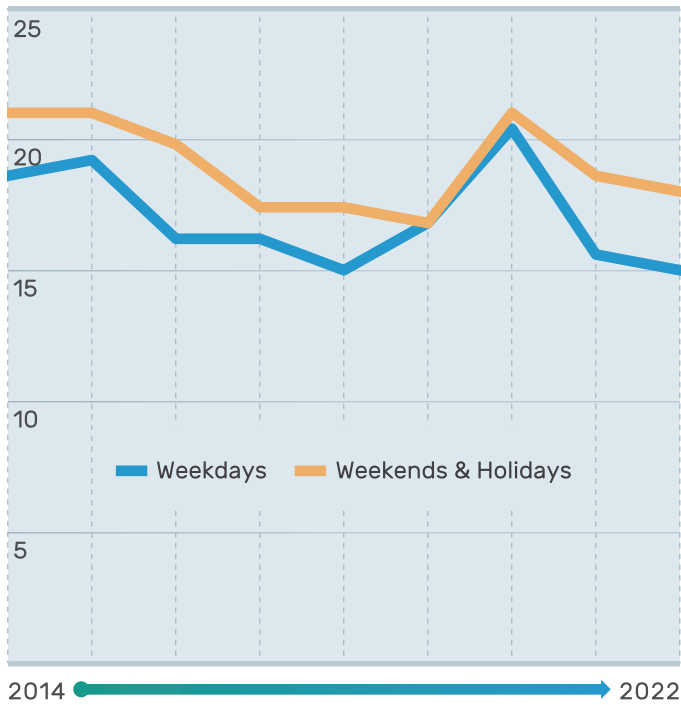
Source: Statista Market Insights<sup>3</sup>





## 4.2 Time Spent Reading Each Day in the U.S., in minutes

Source: U.S. Bureau of Labor Statistics<sup>4</sup>



## BOOKS

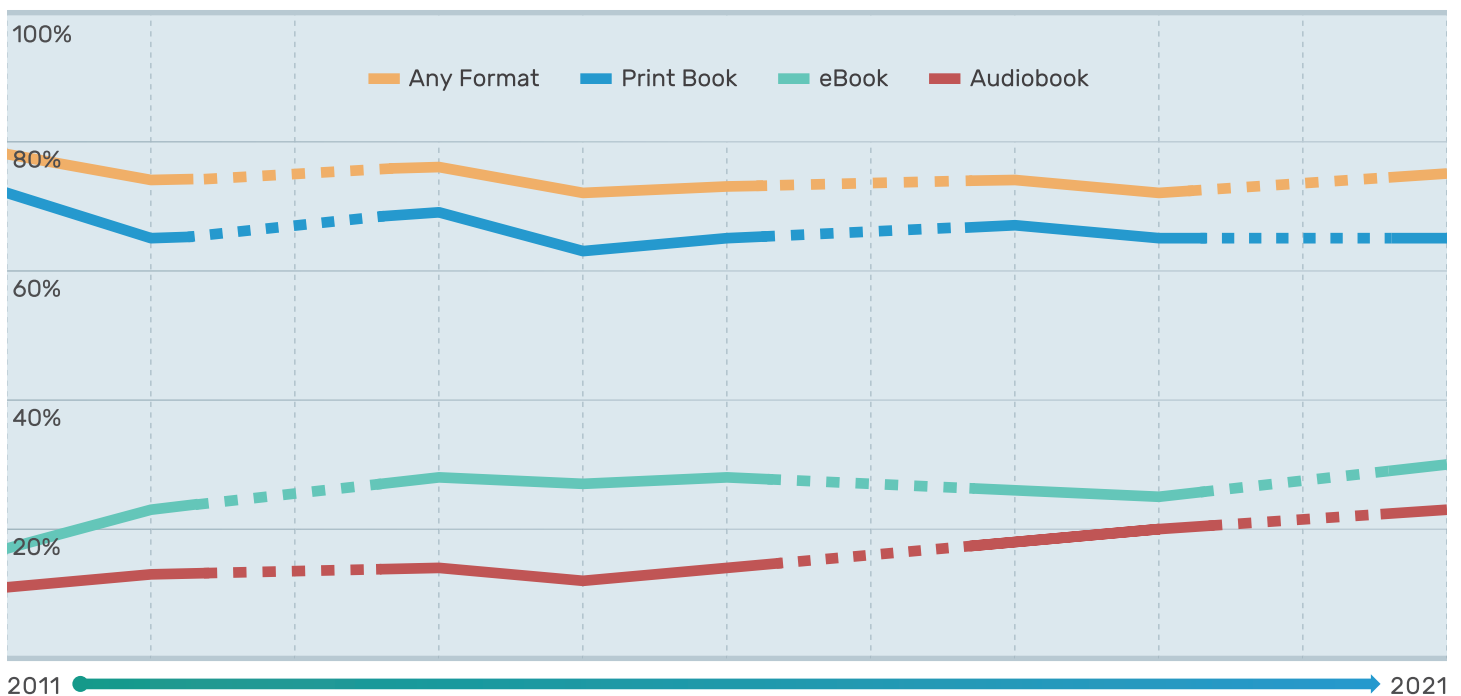
Looking at the more traditional book market, we see that there is a lot happening. It's not always obvious from the topline numbers, but requires a look beneath the hood to see how the market is changing, with many of the biggest changes all due to the internet's impact on how we both write and read.

In some ways the market for books is a challenge for this report. The data is not as readily available as it is for the other sections, or in as clean and consistent a format. There is a tremendous amount of data on the recording industry, the movie & TV industries, and the video game industry. The book industry has comparatively less data, and some of that data appears to be in conflict, or at least does not seem to hold up to that much direct scrutiny.

What the available data does show, though, is that the book industry has continued to hold strong in the face of vastly more competitive entertainment options from ev-

## 4.3 Portion of U.S. Adults Who Have Read a Book in the Last Year by format

Source: Pew Research Center<sup>5</sup> (no data for 2013, 2017, 2020)



everything else in this report and more. While there are some dips and bumps in the numbers, on the whole books still remain incredibly popular around the globe, and it seems clear that the market for them has remained effectively steady despite the competition.

Research shows that book reading remains quite popular. In the U.S., a Pew Research Center Study found that 75% of adults say they've read a book within the last year, with a growing number of them reading an ebook or listening to an audiobook.<sup>5</sup> (Fig. 4.3)

That same report showed both that younger adults were more likely to read books than older adults, and that the percentage of young adults reading books in 2021 had increased from the same study in 2019 (perhaps a result of the pandemic giving people more time to read). (Fig. 4.4)

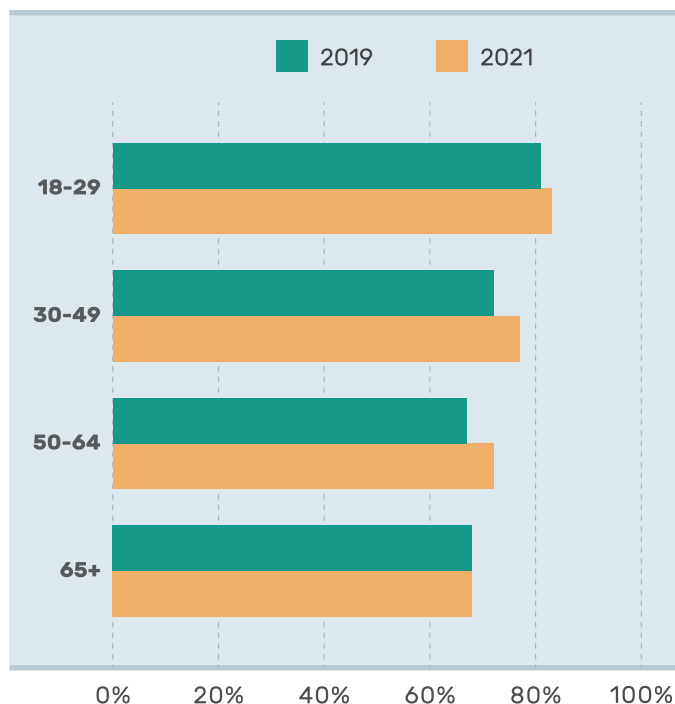
Unlike most global industry associations, which release data directly, years ago the International Publishers Association struck a deal to have the World Intellectual Property Organization, a part of the United Nations, provide the research. Its reports come out on a slower basis than most other industries. For example, its 2021 report was released in March of 2023,<sup>6</sup> around the same time that the recording industry (for example) was releasing 2022 results.

The releases have also been somewhat haphazard, with some years missing entirely (possibly as a result of COVID). The data itself is similarly haphazard, often combining multiple sources, including its own database and NPD BookScan. For example, its most recent report, covering 2021,<sup>7</sup> in some cases shows 2020 data for countries where it could not get updated data. It also has some interesting data on country breakdowns, though not in a particularly consistent manner. For example, it shows total revenue in various countries, including the United States, but leaves the U.S. out of its list of how many new book titles were published.

It's also difficult to believe the accuracy of some of the data WIPO has released. While it has an interesting breakdown of "brick and mortar" book sales vs. online book sales

#### 4.4 Portion of U.S. Adults Who Read Books by age group

Source: Pew Research Center<sup>5</sup>



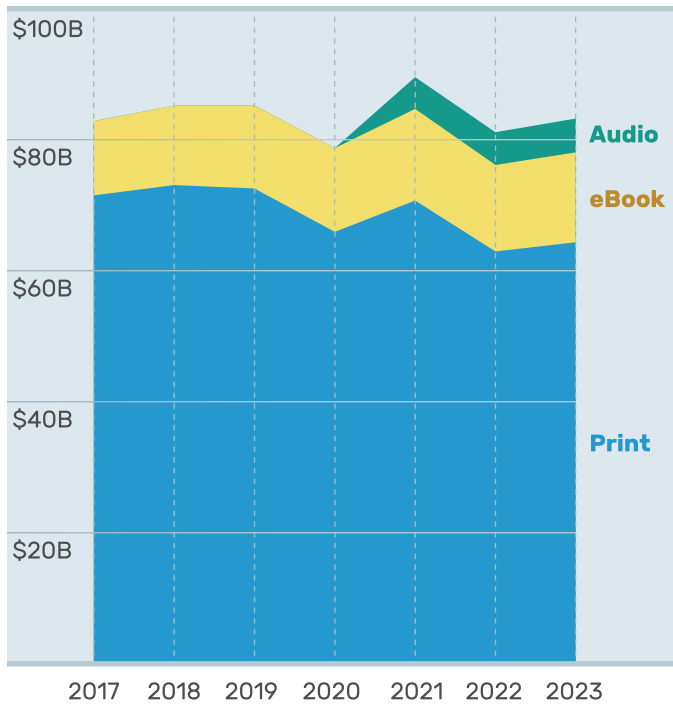
vs. "other" in a select list of 16 countries, the "other" category is often so large, without explanation, that it seems likely it's mostly brick-and-mortar or online sales that have not been recorded properly. Just by way of example, the U.S. is listed as 28.4% "other" while Sweden is listed as 43% "other."

Instead, it seems best to rely on analysts and researchers whose work appears more consistent and credible. Therefore, while it might seem that data from WIPO and the International Publishers Association would be expected to be the most reliable, we have chosen to rely on other sources of data, only using the WIPO releases to spot-check the validity of these other sources.

WordsRated, a research firm focused on the book market, whose data appears consistent with other researchers in the space, notes that 2.2 billion books are sold each year. It releases a report detailing its estimates of the global book market, broken out by print books, ebooks, and audiobooks (though it only added audiobooks as a separate

## 4.5 Global Book Revenue in billions of dollars

Source: WordsRated<sup>8</sup> (2023 total estimated)



category in 2021).<sup>8</sup> (Fig. 4.5)

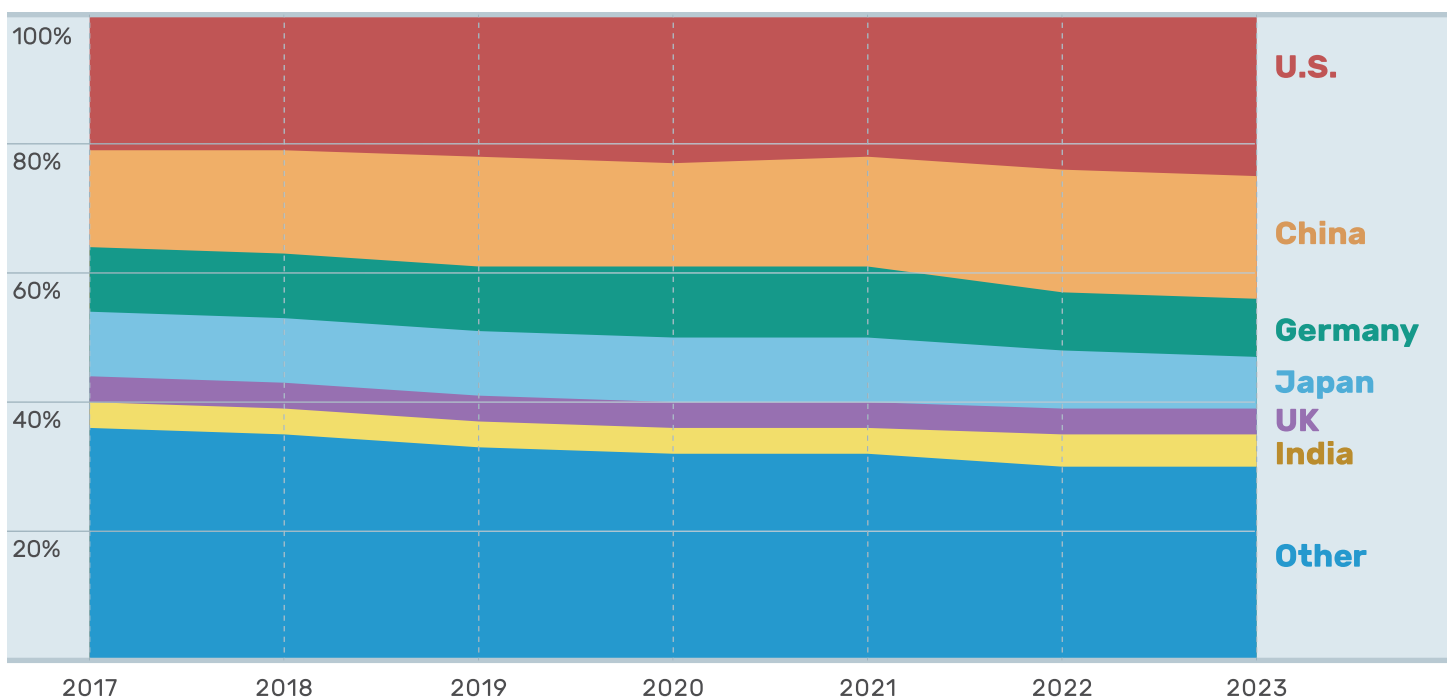
From that we can see that the global market for books has remained relatively constant, with a slight dip during the COVID-19 pandemic. The market for print books has shrunk slightly over the last few years, but it appears to have been made up by the growth of the ebook and audio-book markets. Still, the print book market is roughly 79% of the market, with ebooks representing 15%, and audio-books filling in the remaining 6%.

Since WordsRated is just one research firm, rather than an industry association, we spot-checked its numbers against other research firms. This turned up effectively similar numbers, giving support for WordsRated's methodology. Both Statista Market Insights<sup>9</sup> and Research and Markets<sup>10</sup> have reports with roughly equivalent numbers.

The market for books is also not evenly distributed globally. The three largest markets for books — the U.S., China, and Germany — together represent nearly 50% of the total. (Fig. 4.6)

## 4.6 Share of Global Book Market by country

Source: WordsRated<sup>8</sup>



If we narrow things down to just the U.S. market, there is somewhat more data to work with. The Association of American Publishers (AAP) releases annual data on publishing revenue, showing that, similar to global revenue (for which the U.S. represents about one-fourth), book publishing revenue has remained relatively stable with a bit of up and down over the years, but generally staying in the same range. In fact, 2021 and 2022 actually represented a slight but notable bump up, over \$28 billion,

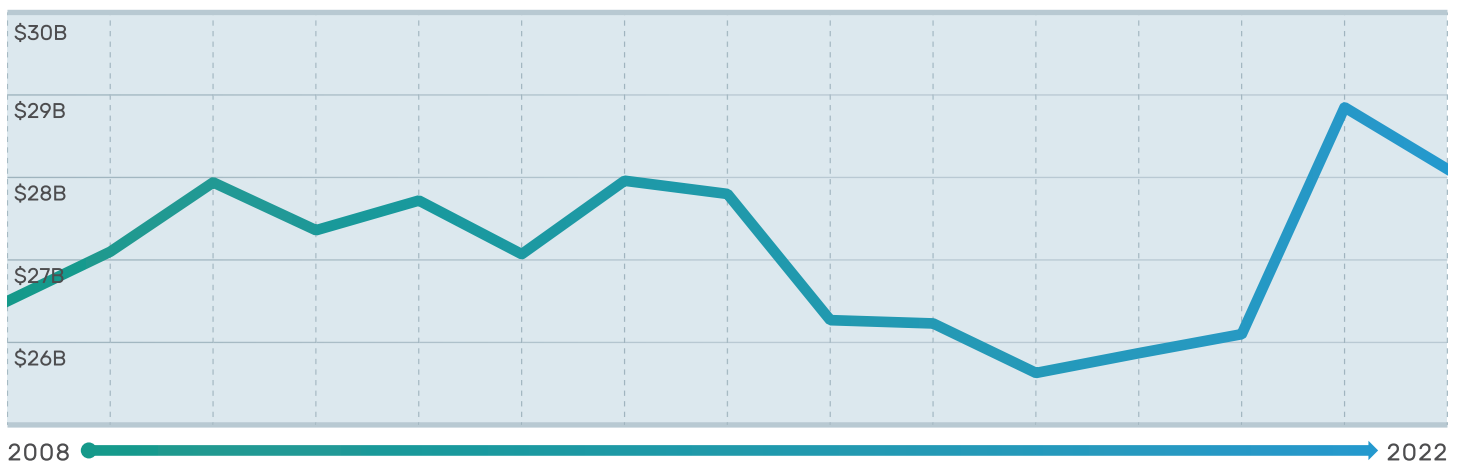
from previous years that ranged from \$25.5 billion to \$27.9 billion.<sup>11</sup> (Fig. 4.7)

The industry’s release of these numbers celebrated that the last two years have been “well above pre-pandemic levels.”

Data from the St. Louis Federal Reserve on personal consumption expenditures for recreational books in the U.S. also shows a decline from 2012 to 2020, but a jump in the past two years.<sup>12</sup> (Fig. 4.8)

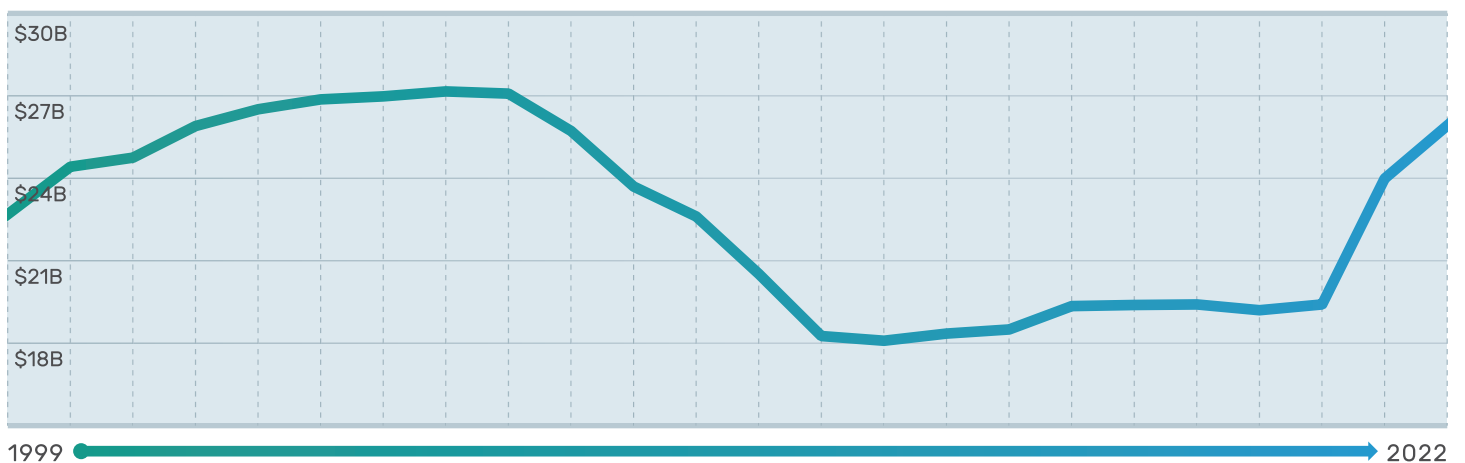
### 4.7 U.S. Book Publishing Revenue in billions of dollars

Source: Association of American Publishers<sup>11</sup>



### 4.8 U.S. Consumer Expenditure on Recreational Books in billions of dollars

Source: St. Louis Federal Reserve<sup>12</sup>



The AAP report also highlighted the importance of the internet as the main retail channel for books, noting that physical retail was \$5.22 billion in 2022 (a drop of 5.8%) while the online retail (for physical, ebooks, and audio-books) was \$8.19 billion.

Indeed, over time, the amount of books sold in physical book stores has, perhaps unsurprisingly, dropped significantly since a peak in 2007, when physical bookstores were responsible for over \$17 billion in book sales. That rate

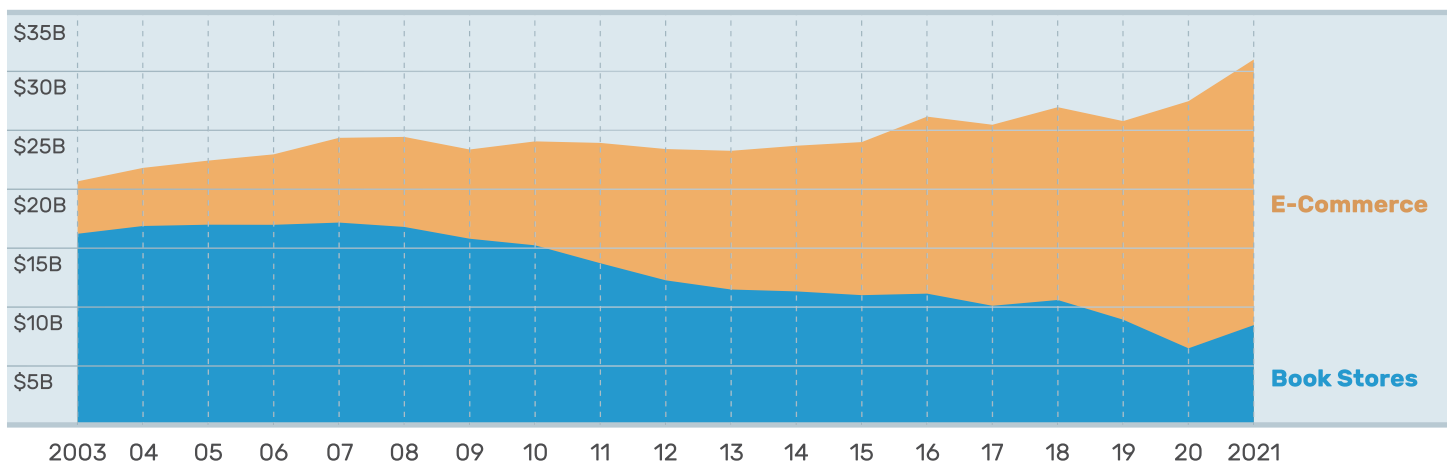
continued to drop every year since, with a big drop during the worst of the pandemic, followed by a rebound upwards in 2021 and 2022, according to data from the U.S. Census Bureau.

Additional data from the Census Bureau show that online sales of books more than offset the decline in physical book store sales.<sup>13</sup> (Fig. 4.9)

Even so, the American Booksellers Association data shows that independent bookstores appear to be growing

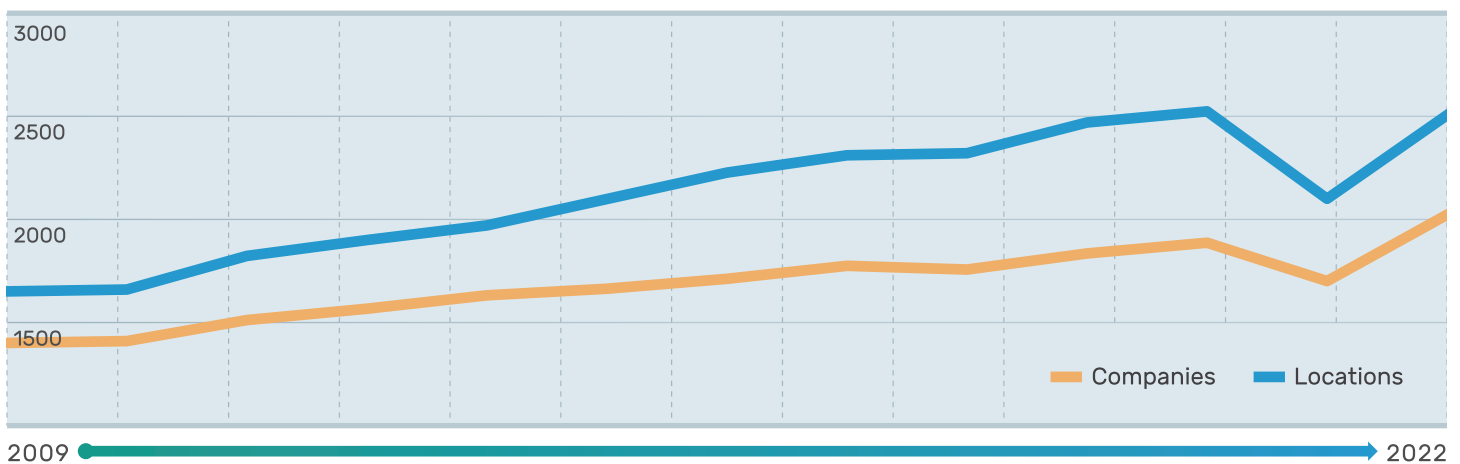
### 4.9 U.S. Sales Channels for Books in billions of dollars

Source: U.S. Census Bureau<sup>13</sup>



### 4.10 Number of U.S. Independent Book Stores

Source: American Booksellers Association<sup>14</sup>



in the U.S.<sup>14</sup> While there is a clear drop during the pandemic, it appears that things are back to pre-pandemic levels for independent bookstores. (Fig. 4.10)

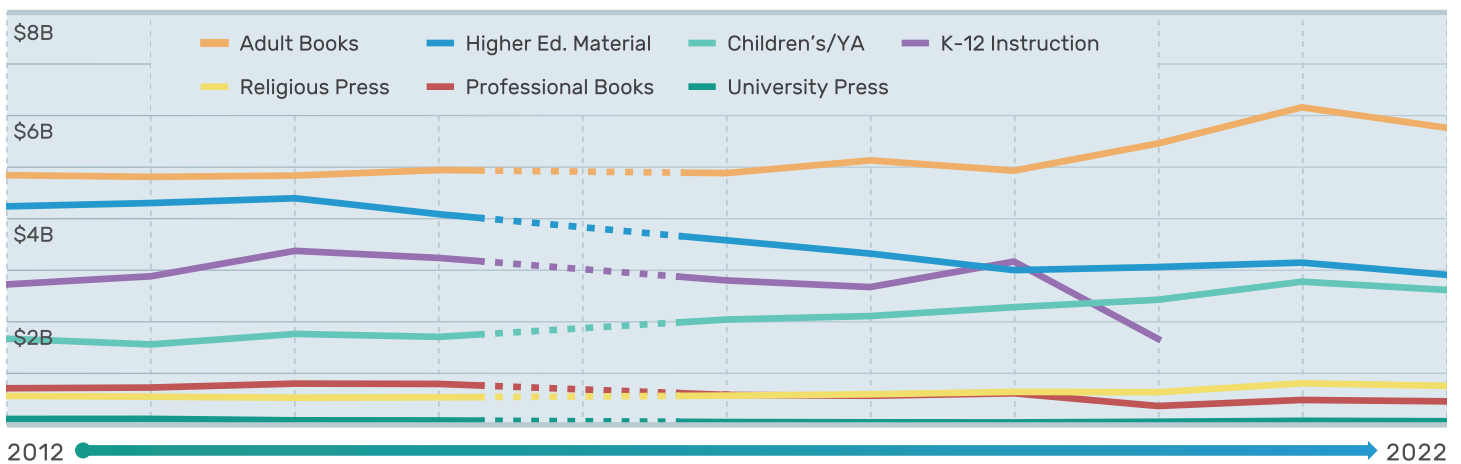
Of course, even within the books market, there are a variety of different types of books, with some types doing better than others. Data from the Association of American Publishers' StatShot program shows that the three areas of growth in book publishing have been adult books, children's & young adult books and religious press books, while

education books seem to be declining, potentially due to the internet enabling more access to educational information.<sup>15</sup> (Fig. 4.11)

NPD BookScan broke out the details looking at printed book sales over that same time period, and the breakdown of fiction vs. non-fiction, and found that the growth in adult book sales appears mostly focused on non-fiction, while the growth in children's and young adult appeared to be across both fiction and non-fiction.<sup>16</sup> (Fig. 4.12)

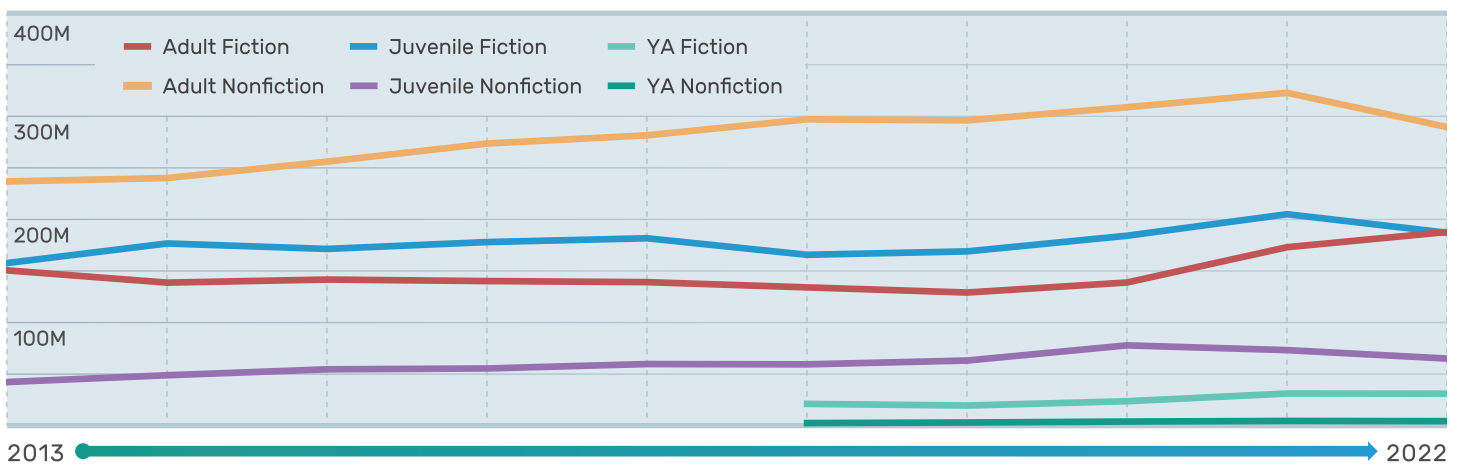
### 4.11 U.S. Book Publisher Revenue in billions of dollars, by category

Source: Association of American Publishers<sup>15</sup> (no data for 2016)



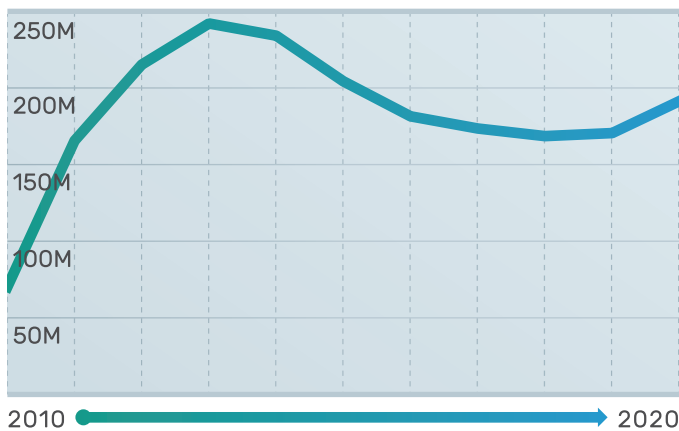
### 4.12 U.S. Book Sales in millions of units, by category

Source: NPD BookScan<sup>16</sup>



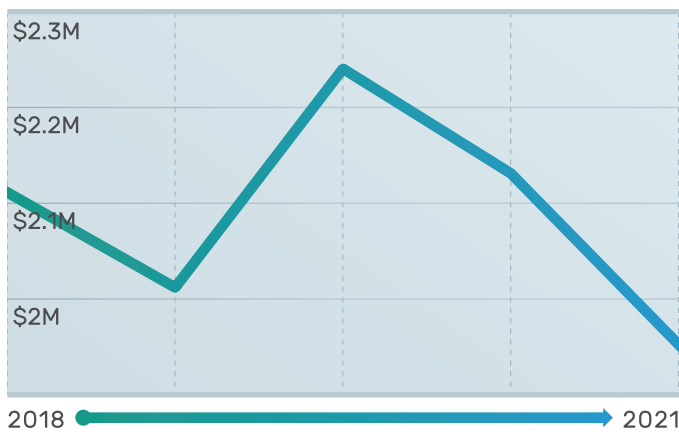
### 4.13 U.S. eBook Sales in millions of units

Source: NPD BookScan<sup>17</sup>



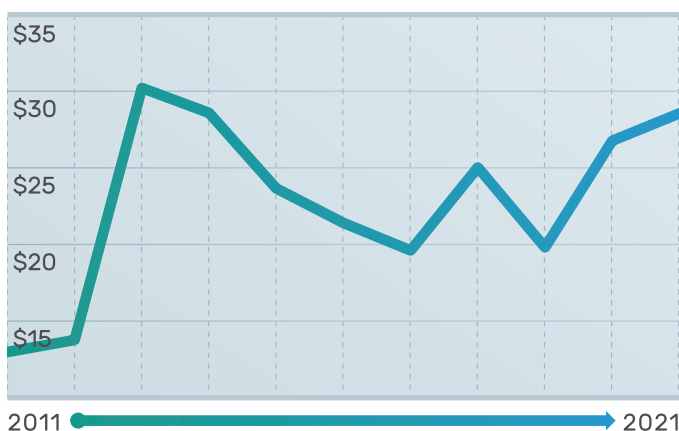
### 4.14 U.S. eBook Revenue in millions of dollars

Source: Association of American Publishers<sup>18</sup>



### 4.15 U.S. Mean Annual Expenditure on eBook Readers

Source: U.S. Bureau of Labor Statistics<sup>20</sup>



## EBOOKS

Perhaps surprisingly, it appears that ebooks have declined a bit in popularity within the U.S. (even as it held steady globally). Data from NPD BookScan,<sup>17</sup> which has released data on total ebooks sold per year in the U.S. through 2020, shows gradually declining ebook numbers from a high in 2013 through 2018/19, but with a boost in 2020 during the pandemic. (Fig. 4.13) That said, according to data from the Association of American Publishers<sup>18</sup> on total ebook revenue, it appears to have declined again after the 2020 bump shown by NPD. (Fig. 4.14)

Bookstat, an alternative system tracking the self-publishing ebook market, claims that other published data such as the AAP's reports on books only covers about 60% of books published online, and that 37% of ebook sales are not covered by major data trackers. This suggests that the number of ebook sales is underestimated, specifically in the self-publishing market, where publishers are less likely to have access to such data. Bookstat tracks data directly from Amazon, Apple, and Barnes & Noble, rather than relying on reporting from the publishers as AAP's report does.

According to Bookstat, ebook sales are actually rising.<sup>19</sup> Its report for 2022 notes that ebook retail revenue was actually \$2.43 billion in 2021 and \$2.57 billion in 2022, putting it about 30% higher than the AAP's numbers.

Beyond the discrepancy between AAP's numbers and Bookstat's, there is other evidence that people are making use of ebooks. The U.S. Bureau of Labor Statistics shows that the average annual spend on ebook readers continues to remain high.<sup>20</sup> (Fig. 4.15)

## AUDIOBOOKS

Even if ebooks have declined, it appears that much of the difference is made up with sales of audiobooks, which have become more popular. The Audio Publishers Association has reported steady growth in the number of audiobooks published each year,<sup>21</sup> (Fig. 4.16) and provides data showing the sales over the past five years.<sup>22</sup> (Fig. 4.17)

That same report from the Audio Publishers Association

notes that the majority of audiobook listeners are young, with 57% being between the ages of 18 and 44.

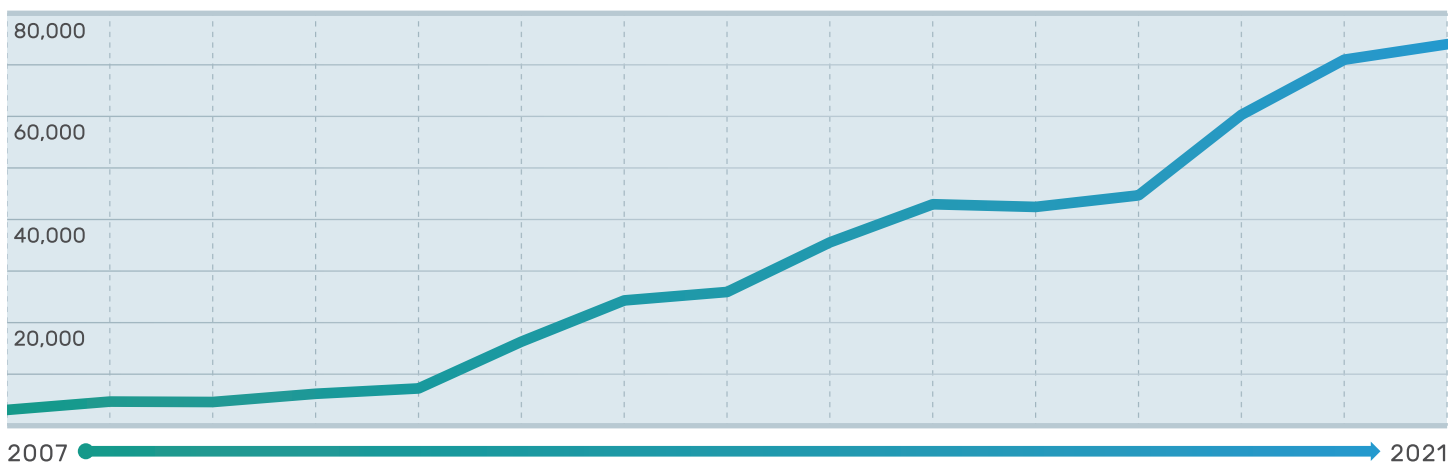
Bookstat, again, suggests the numbers are even higher, saying that 2022 audiobook sales were at \$3.04 billion as compared to \$2.43 billion in 2021.

Going back to the Audio Publishers Association, they commissioned a survey from Edison Research in 2023 that also found a growing number of people in the US had listened to an audiobook recently. (Fig. 4.18)

While the overall book market has stayed relatively steady over the last few years, it's still quite clear that the internet has been an important part of the book market. As discussed above, as a sales channel, the internet has become incredibly important, as the majority of books are now ordered online. And while print books are still holding strong, the rise of audiobooks especially, and ebooks to a lesser degree, show how the internet is changing the way some people read books.

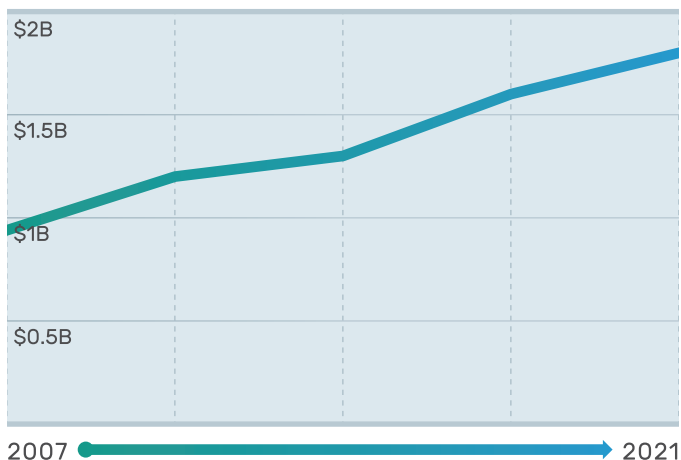
### 4.16 Number of Audiobooks Published in the U.S.

Source: Audio Publishers Association<sup>21</sup>



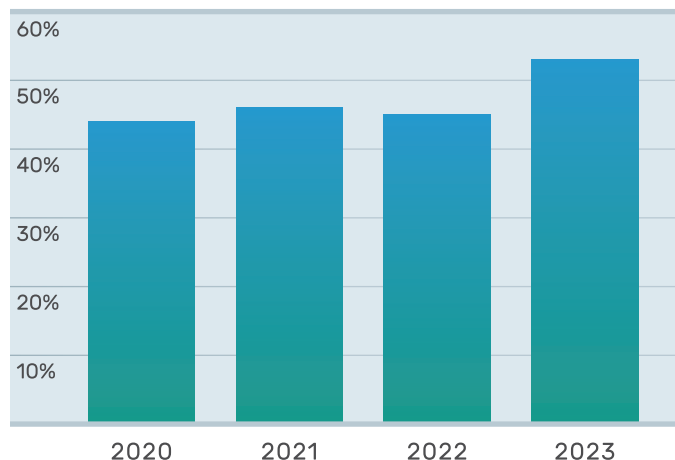
### 4.17 U.S. Audiobook Revenue in billions of dollars

Source: Audio Publishers Association<sup>22</sup>



### 4.18 Audiobook Listeners as a share of U.S. adults

Source: Audio Publishers Association<sup>22</sup>





## SELF-PUBLISHING

It's also changing how people write and sell books. The Association of American Publishers noted in its annual StatShot report that an increasing number of book sales are "direct" sales, rather than via a bookstore (online or off). In 2022, AAP says that direct sales grew by 12% to represent \$7 billion.

We've also seen massive growth in self-publishing. The most comprehensive tracking of self-publishing for books in the U.S. comes from Bowker<sup>23</sup> (the company that sells ISBN numbers in the U.S.), which publishes an annual report on self-publishing, and its latest data shows how the self-publishing market has exploded in the last few years, though the numbers require some explanation. (Fig. 4.19)

First off, the data from Bowker is only based on registered ISBN numbers for books, which does not cover all self-published books, since not all of them obtain an ISBN. Indeed, many self-published ebooks do not contain ISBN numbers. Many self-published ebooks are published on Amazon, which today will provide authors with an ISBN, but it appears that early on Amazon used its own numbering system, ASIN (Amazon Standard Identification Number) in place of the ISBN (nowadays, it appears that the ISBN often

is in place of the ASIN on Amazon self-published books).

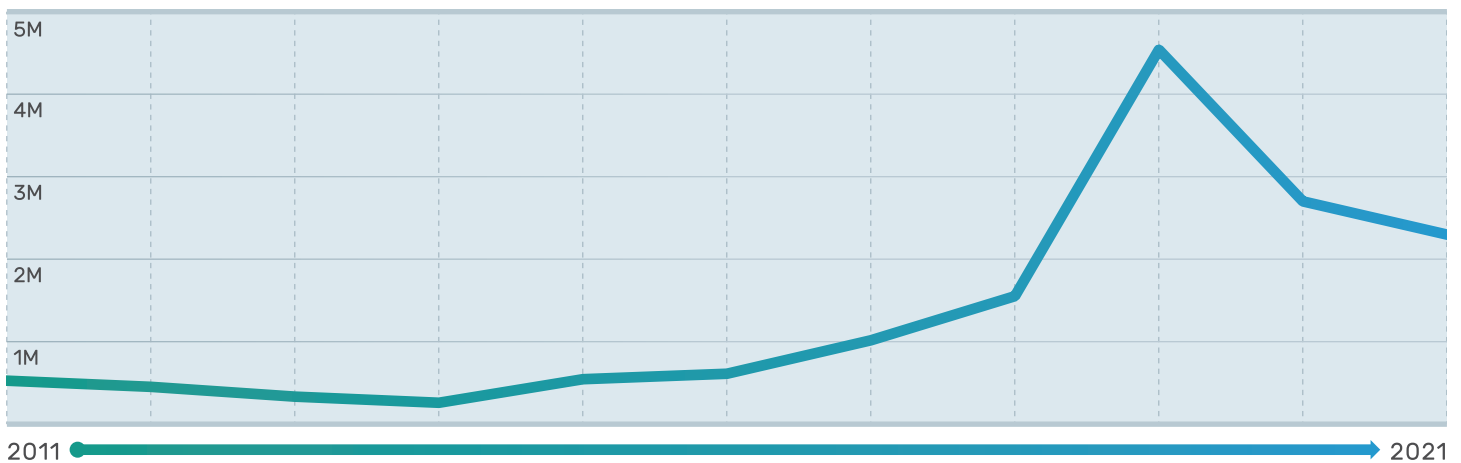
Separately, the 2019 data on ISBN numbers in Bowker's report stand out for the massive increase, though Bowker has explained that 2019's data is distorted by "a major self-publishing platform" putting in "a large order" for ISBN numbers.<sup>24</sup> It seems likely that this was Amazon purchasing a large number of bulk ISBN numbers to offer to publishers on its Kindle Direct platform, and possibly to offer ISBN numbers to authors who had self-published earlier books without one. Amazon has been offering free ISBNs to those who publish through its Kindle Direct program.

It further seems likely that some of the ISBN purchases from Bowker in 2020 and 2021 were also bulk purchases to stock up on inventory for self-publishers after the initial large purchase in 2019. Indeed, in 2020, IngramSpark, a large print-on-demand competitor to Amazon's Kindle Direct program, started offering free ISBNs to better compete with Amazon, and as such likely made a bulk purchase as well.

If we compare self-published ISBN numbers to total ISBN numbers, we see that well over 50% of ISBNs went to self-published works. In 2020 that number was 68.6% and in 2021 it was even higher, with 79.6% of ISBNs going

### 4.19 Number of Self-Published Books based on ISBNs, in millions

Source: Bowker<sup>23</sup>



to self-published works.

Bookstat has more data on self-publishing, noting that independent and self-published ebooks now represent 51% of the ebook market (while only representing 34% of ebook retail) in 2022. This is up from 2021 when it was 49% and 31% respectively.<sup>25</sup> While the revenue percentage is lower, that's generally a function of self-published ebooks often selling for lower prices than books published by traditional book publishers.

Either way, the data suggests that the internet has really broken down the barrier to entry for self-published authors, both through the ease of publishing, selling and distributing ebooks, as well as the rise of print on demand books. WordsRated notes that Amazon alone paid out more than \$520 million to self-published authors in 2022 via its Kindle Direct Publishing offerings.<sup>26</sup>

A recent survey of over 2000 self-published authors by the Alliance of Independent Authors<sup>27</sup> found that over 20% of surveyed authors had published more than 30 books that way with over 50% saying they had published more than 10. Notably, the survey focused only on authors who spend over 50% of their working time on writing and publishing works, meaning that it was mostly looking at authors who could be considered professional self-publishers, rather than hobbyists.

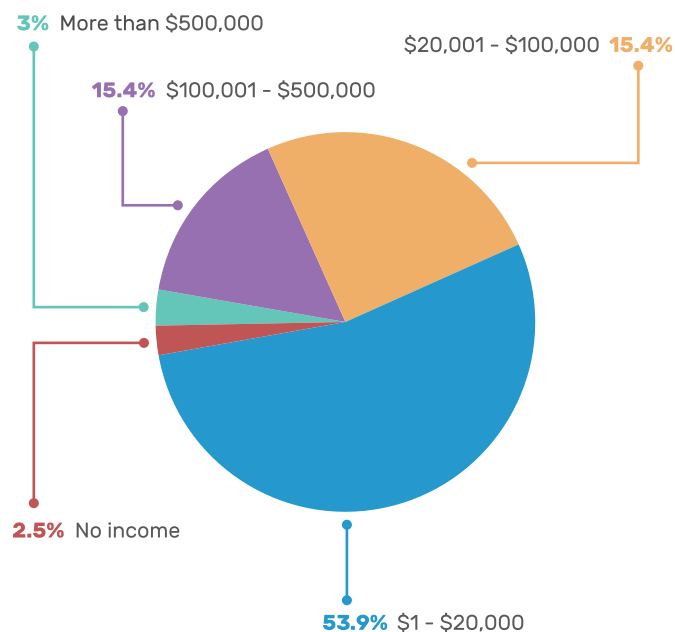
That survey found a median income of those authors from their writing of \$12,749, which they note was an increase over 2021. However, the distribution was more complex, showing that 18% of authors responding to the survey had incomes from writing over \$100,000 (and about 3% over \$500,000). (Fig. 4.20)

It also showed that 60% of self-published authors claimed their year-over-year revenue was increasing, with only 17% saying it was decreasing (the rest said it stayed about the same or that they didn't know).

That same survey found that self-published authors

## 4.20 Self-Published Author Income among authors who spend 50% or more of their time on writing

Source: Alliance of Independent Authors<sup>27</sup>



relied on a variety of internet tools to make money, with 95% of them making money from ebooks, 88% from print on demand, and 46% from audiobooks. 4.5% also made money from online crowdfunding, while 8.32% said they made money from online membership/subscription offerings, either on their own sites or via sites like Patreon and Substack.

All combined, you can see how much of a positive impact the internet has had on the market for books and authors. Even at a time when some fear that the market for books might be declining, the evidence shows that it's actually held quite steady, with the rise of internet-based systems, from ebooks and audiobooks to self-publishing via print-on-demand, has helped open up the market to many new authors, and kept the large majority of the population who reads books with plenty to read.

# Reading Sources & Notes

- 1 American Psychological Association, *Teens Today Spend More Time on Digital Media, Less Time Reading*.  
<https://www.apa.org/news/press/releases/2018/08/teenagers-read-book>
- 2 New York Times, *How TikTok Became a Best-Seller Machine*. <https://www.nytimes.com/2022/07/01/books/tiktok-books-booktok.html>
- 3 Statista Market Insights, *ePublishing - Worldwide*. <https://www.statista.com/outlook/dmo/digital-media/epublishing/worldwide>
- 4 U.S. Bureau of Labor Statistics, *Time spent in leisure and sports activities for the civilian population*. <https://www.bls.gov/news.release/atus.t11B.htm>
- 5 Pew Research, *Three-in-ten Americans now read e-books*.  
<https://www.pewresearch.org/short-reads/2022/01/06/three-in-ten-americans-now-read-e-books/>
- 6 International Publishers Association, *New WIPO report: Global Publishing Industry in 2021*.  
<https://internationalpublishers.org/new-wipo-report-global-publishing-industry-in-2021/>
- 7 World Intellectual Property Organization, *The Global Publishing Industry in 2021*. <https://www.wipo.int/publications/en/details.jsp?id=4652>
- 8 WordsRated, *Global Book Sales Statistics*. <https://wordsrated.com/global-book-sales-statistics/>
- 9 Statista Market Insights, *Books - Worldwide*. <https://www.statista.com/outlook/amo/media/books/worldwide>
- 10 Research And Markets, *Book Publishers Global Market Report 2023*. <https://www.researchandmarkets.com/report/book-publisher>
- 11 Association of American Publishers, *AAP StatShot Annual Report*.  
<https://publishers.org/news/aap-statshot-annual-report-publishing-revenues-totaled-28-10-billion-for-2022/>
- 12 St. Louis Federal Reserve, *Personal consumption expenditures: Durable goods: Recreational books*. <https://fred.stlouisfed.org/series/DRBKRC1A027NBEA>
- 13 U.S. Census Bureau, *Annual Retail Trade Survey*. <https://www2.census.gov/programs-surveys/arts/tables/2021/ecommerce4541.xlsx>
- 14 Publishers Weekly, *Publishers on the Future of the Regionals*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/publisher-news/article/90189-publishers-on-the-future-of-the-regionals.html>
- 15 Publishers Weekly, *Publishing Sales Dropped 6.4% in 2022, AAP Report Finds*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/91510-publishing-sales-dropped-6-4-in-2022-aap-report-finds.html>
- 16 Publishers Weekly, *Print Book Sales Fell 6.5% in 2022*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/91245-print-book-sales-fell-6-5-in-2022.html>
- 17 Publishers Weekly, *A Year for the (Record) Books in Publishing*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/85453-a-year-for-the-record-books.html>
- 18 Association of American Publishers, *AAP StatShot Annual Report*.  
<https://publishers.org/news/aap-statshot-annual-report-publishing-revenues-totaled-28-10-billion-for-2022/>
- 19 Bookstat, *2022 Year-in-Review*. <https://podiumaudio.com/bookstat-releases-2022-publishing-industry-year-in-review-highlights/>
- 20 U.S. Bureau of Labor Statistics, *Consumer Expenditure Survey*. <https://www.bls.gov/cex/tables/calendar-year/mean/cu-all-detail-2021.xlsx>
- 21 Publishers Weekly, *Audiobook Growth Continues*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/audio-books/article/89547-audiobook-growth-continues.html>
- 22 Audio Publishers Association Sales & Consumer Data. <https://www.audiopub.org/surveys>
- 23 Bowker Book Data. <https://bowkerbookdata.proquest.com/data>
- 24 Publishers Weekly, *Self-Publishing Is Thriving, According to Bowker Report*.  
<https://www.publishersweekly.com/pw/by-topic/industry-news/publisher-news/article/91574-self-publishing-is-thriving-according-to-bowker-report.html>
- 25 Bookstat, *2022 Year-in-Review*. <https://podiumaudio.com/bookstat-releases-2022-publishing-industry-year-in-review-highlights/>
- 26 WordsRated, *Amazon Publishing Statistics*. <https://wordsrated.com/amazon-publishing-statistics/>
- 27 Alliance of Independent Authors, *The Independent Author Income Survey*.  
<https://selfpublishingadvice.org/wp-content/uploads/2023/04/The-Independent-Author-Income-Survey-updated-FINAL-17-04-23.pdf>

# 5. Playing

**IT COMES AS NO SURPRISE** that the onset of the COVID-19 pandemic, and resulting lockdown and social distancing measures, spurred growth in the video game industry. Not only do video games provide a form of solitary entertainment, multiplayer gaming provides a highly social activity that does not require sharing a physical space. In March of 2020, game makers were supported by the World Health Organization in launching the #PlayApartTogether marketing initiative, which encouraged gaming as an ideal activity during lockdowns and periods of social distancing.<sup>1</sup> This natural shift towards video gaming also coincided with the release of several new and popular titles such as Activision's *Call Of Duty: Warzone* and Nintendo's *Animal Crossing: New Horizons*.<sup>2</sup>

The result was an explosion in video game usage, with player counts during peak hours up by as much as 75% in the early weeks of lockdowns, setting new records on some platforms. This translated into an industry-wide revenue spike in 2020, with U.S. industry revenues exceeding \$56 billion for the year according to NPD Group,<sup>5</sup> compared to less than \$45 billion in 2019 and just over \$43 billion in 2018. (Fig. 5.1)

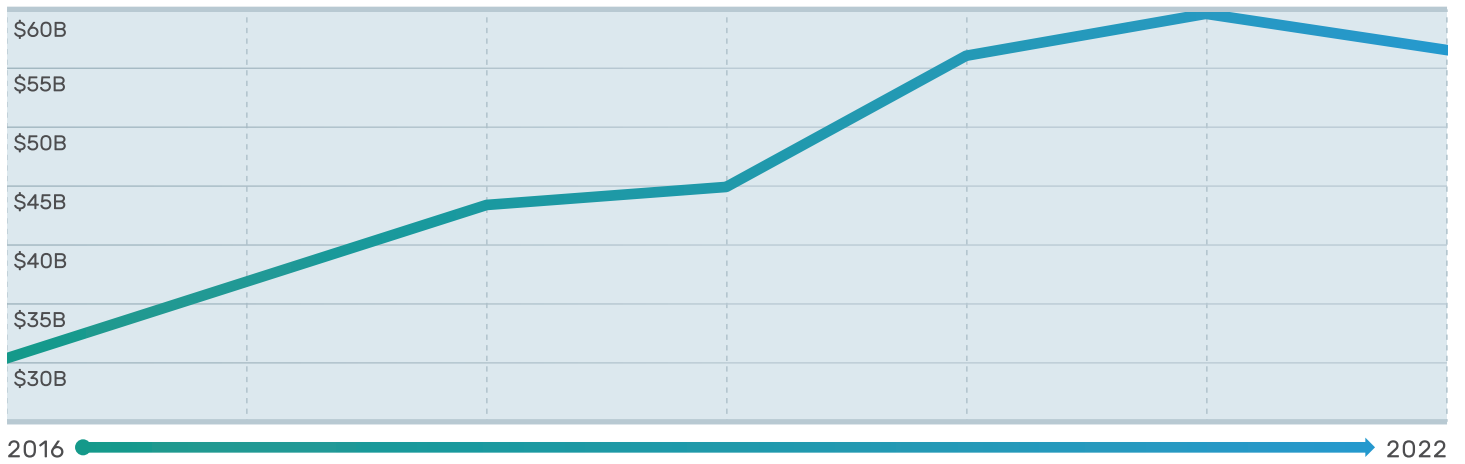
Perhaps more surprising, however, is that this jump in revenues doesn't appear to be abating, even as lockdowns and other restrictions have been relaxed or lifted. Industry revenues in 2021 and 2022 reached similar peaks, at \$59.6 billion and \$56.6 billion respectively, with 2023 on track to show similar totals. This can be compared to global data from PwC,<sup>6</sup> in which the pandemic spike is less pronounced but the gaming industry has continued to grow, from \$188 billion in 2020 to \$227 billion in 2023. (Fig. 5.2)

One especially noteworthy aspect of that growth, which we will discuss in more detail later in this chapter, is the rise of advertising as a revenue source for the video game industry, as more game makers offer in-game advertising opportunities that have proven attractive to advertisers. In 2023, global revenues from in-game advertising are expected to reach \$80 billion.

Mobile gaming continues to be the biggest driver of video game revenue. Newzoo's Global Games Market Report<sup>7</sup> offers

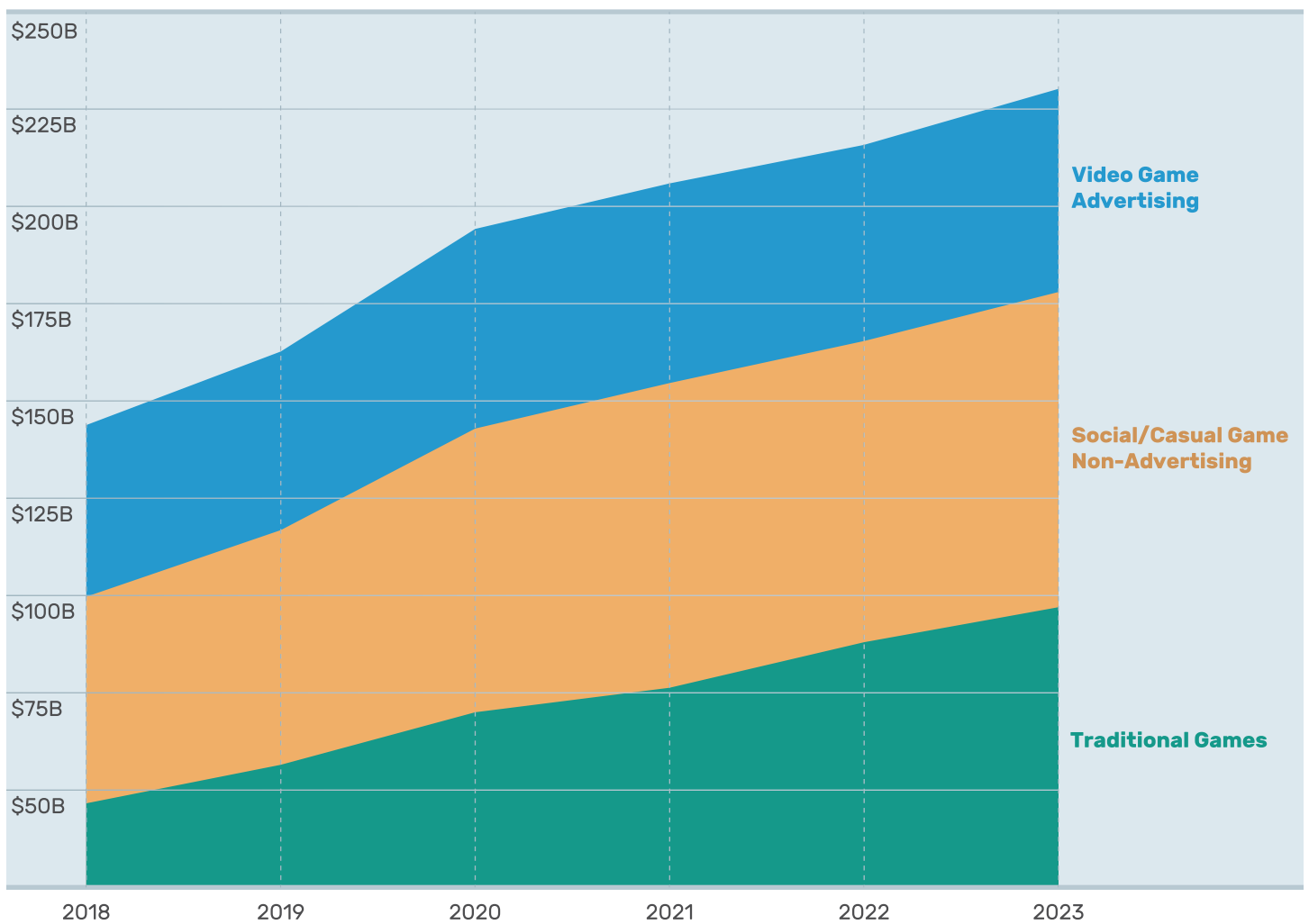
## 5.1 U.S. Video Game Industry Revenue in billions of dollars

Source: NPD Group<sup>5</sup>



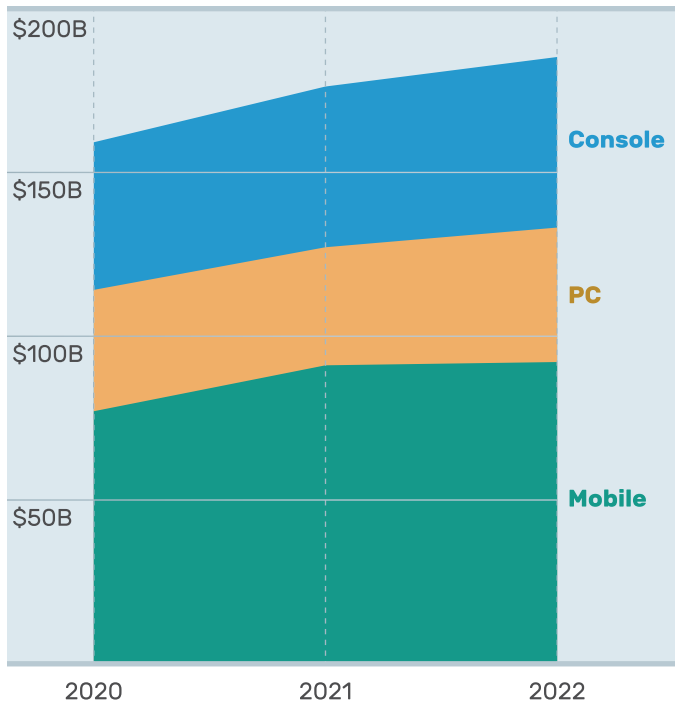
## 5.2 Global Video Game Industry Revenue in billions of dollars

Source: PwC<sup>6</sup>



### 5.3 Global Video Game Revenue by segment

Source: Newzoo<sup>7</sup>



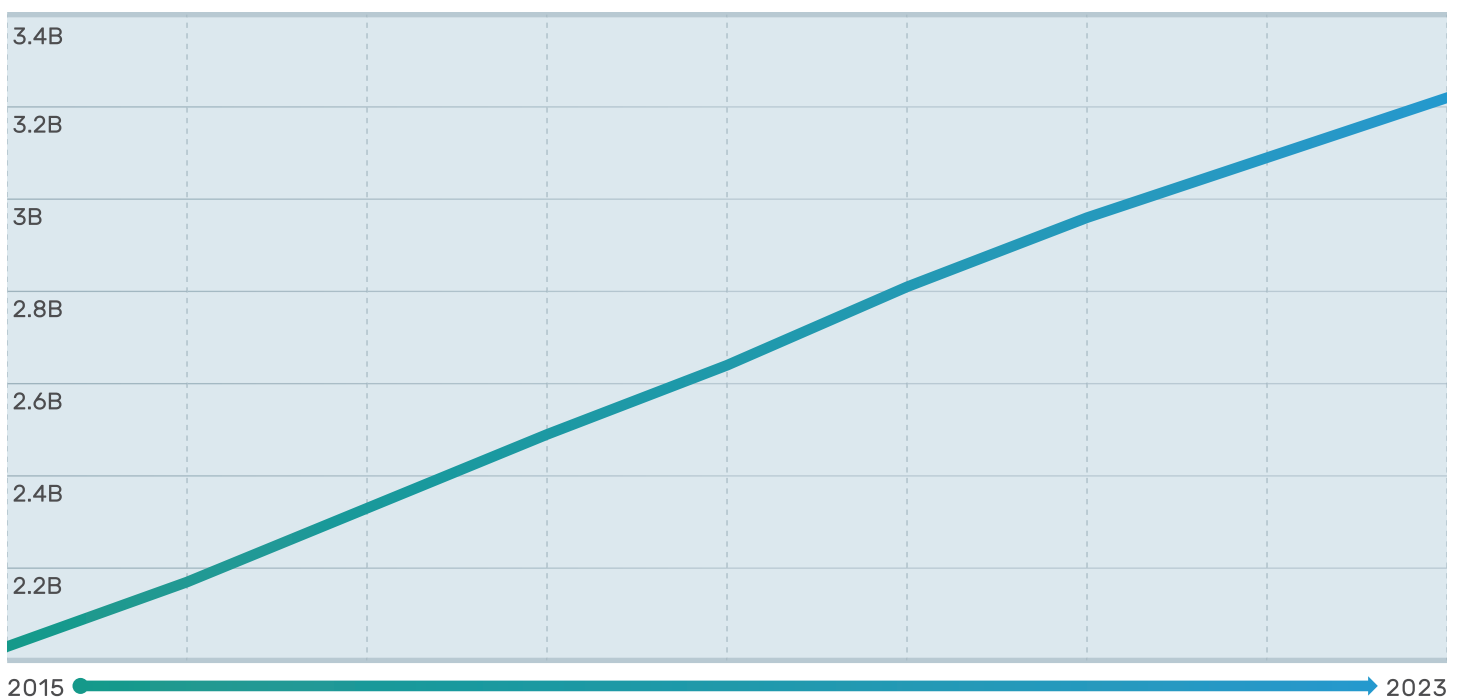
its own estimate of global game revenues in 2022 at \$185 billion with mobile games contributing the largest share by far at \$92 billion, followed by console games at \$52 billion and PC games at less than \$41 billion, though mobile's growth in 2022 was less significant than that of the other sectors. (Fig. 5.3) The proliferation of connected mobile devices has continued to provide a powerful channel for expanding the gaming market and reaching a wider variety of consumers.

We can also see the industry's growth reflected in the number of people playing games, which Newzoo & Marketer estimate will reach 3.22 billion in 2023, up from just over 2 billion in 2015.<sup>8</sup>

Though most of the industry growth has been driven by increased sales of game content (including games, downloadable content, and in-game purchases), hardware sales were also impacted in Q2 2020: the hardware market saw a 63% overall year-over-year bump, and Nintendo's Switch console set a sales record with double the units sold com-

### 5.4 Number of Video Gamers Worldwide in billions

Source: Newzoo & Marketer<sup>8</sup>



pared to March 2019.<sup>9</sup> The latest generations of Sony's PlayStation and Microsoft's Xbox, which launched in November 2020, have seen their sales continue to grow while Nintendo Switch sales taper off.<sup>10</sup> However, it can be difficult to draw clear conclusions from console sales figures, as the industry has been heavily shaped by supply chain challenges for several years.<sup>11</sup> (Fig. 5.5)

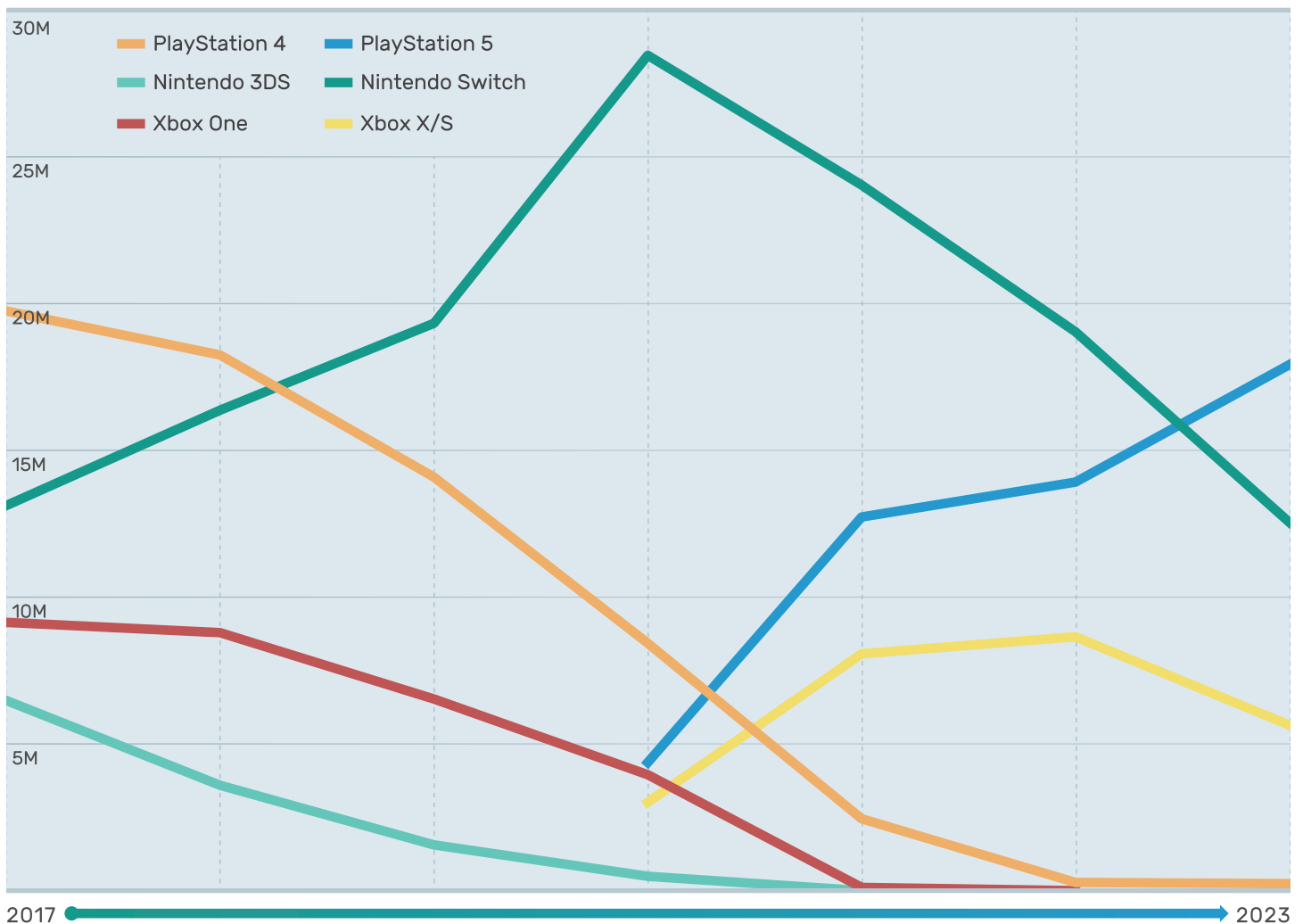
But growth in the popularity of console gaming can also be seen in the number of subscribers to each platform's online gaming subscription service. Nintendo Switch Online saw subscriptions increase from 15 million in Janu-

ary 2020 to 26 million in September 2020, and they have continued to grow in the years since, reaching 36 million in September 2022.<sup>12</sup> The number of Xbox Game Pass subscribers has increased rapidly, from 10 million in April 2020 to 25 million at the beginning of 2022.<sup>13</sup> And subscriptions to PlayStation Plus saw a small but notable jump at the onset of the pandemic, and have remained relatively steady between 45 million and 48 million ever since.<sup>14</sup> (Fig. 5.6)

The success of digital subscription services is just one aspect of the internet's role in gaming revenues. Digital distribution has continued to be the primary sales channel

## 5.5 Video Game Console Sales in millions of units

Source: VGChartz<sup>10</sup>



for games and gaming content, and its dominance has only increased. In 2018, 75.6% of new video game titles were exclusively available as digital downloads. By 2021, this number had grown to 89.1%, with only 10.9% of games (just 226 titles) available in physical form.<sup>15</sup> Looking at the most recent fiscal year (as of May 2023) for a selection of major video game publishers, we see that the proportion of their revenue coming from digital distribution ranges from 84% to over 95%, with an average of 88.7%.<sup>16</sup> (Fig. 5.7)

But the real story of the internet as a revenue driver for games is found in how connectivity allows games to continue generating revenue beyond their original purchase — if indeed they are purchased at all, as “free to play” coupled with In-App Purchases (IAP) continues to be the most lucrative revenue model in gaming (though analysts predict there will also be an increase in hybrid models, with both an up-front cost and ongoing purchase opportunities).<sup>17</sup>

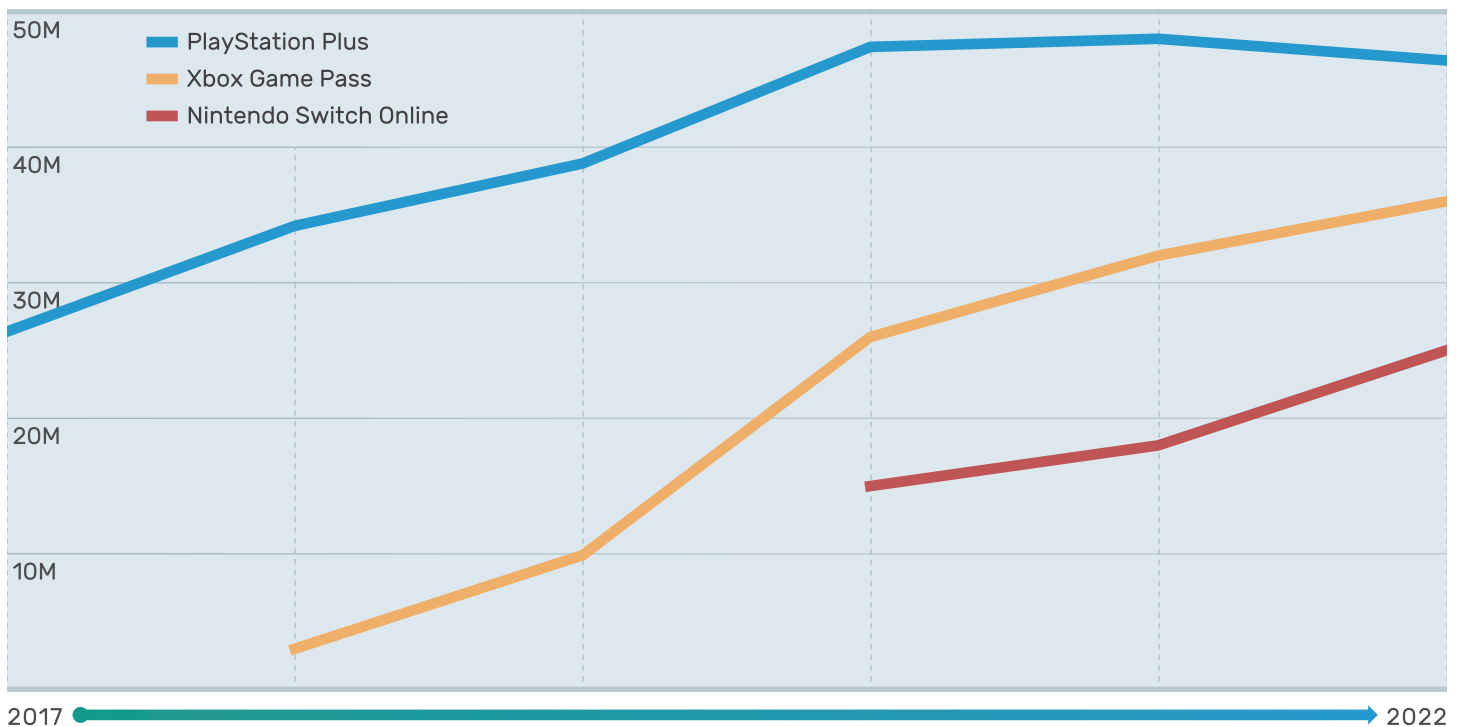
However, as noted earlier, in-game advertising is grow-

ing as an alternative approach to the ongoing monetization of games. As with IAP, advertising is most often (but not exclusively) found in mobile games, and data from Insider Intelligence zooms in on its growth in the U.S. market.<sup>18</sup> (Fig. 5.8)

We can also get a closer look at ongoing revenues from games by using data from Unity, one of the most popular game engines in the world, which is widely used by both large and small developers to create games for all platforms. The latest Unity Gaming Report<sup>19</sup> breaks down the revenue growth in 2021 for different genres of games, showing that nearly all genres saw growth in IAP revenue, advertising revenue, and total revenue. Notably, the growth in IAP revenue was highly driven by “hypercasual” games — typified by simple, minimalist gameplay — while growth in advertising revenue was strongest in card games and puzzle games. This likely reflects the ongoing expansion of the gaming market to new player demographics that want

## 5.6 Number of Console Gaming Online Subscribers in millions

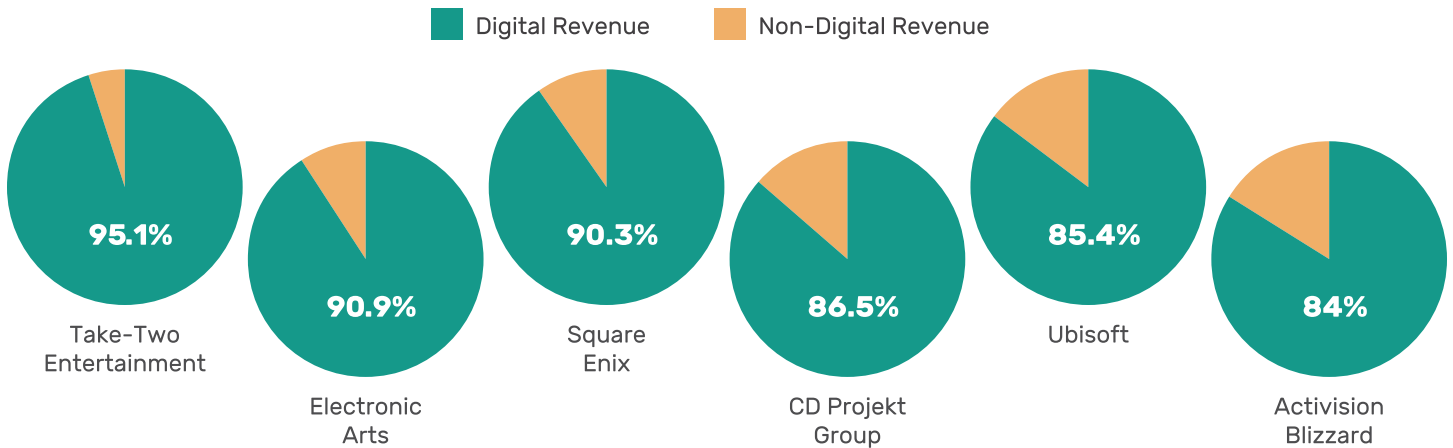
Source: Nintendo<sup>12</sup>, Microsoft<sup>13</sup>, Sony<sup>14</sup>





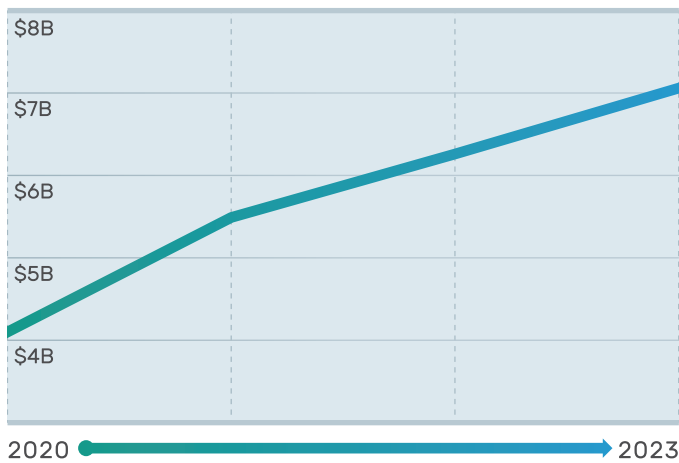
## 5.7 Share of Digital Revenue in most recent fiscal year as of May 2023

Source: Statista<sup>16</sup>



## 5.8 U.S. Mobile Game Advertising Revenues in billions of dollars

Source: Insider Intelligence<sup>18</sup>

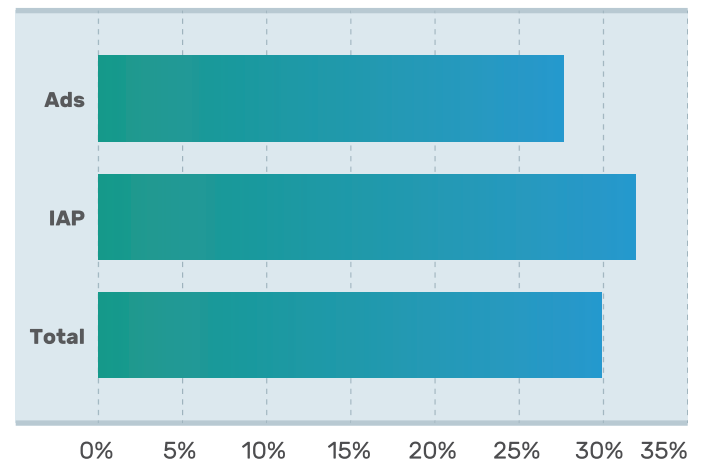


more accessible experiences compared to more traditional and “hardcore” games. Combining all genres examined in the Unity report, total revenue growth was 29.9%, IAP revenue growth was nearly 31.9%, and advertising growth was 27.7%. (Fig. 5.9, Fig. 5.10)

The data from Unity is also helpful in considering the other side of the equation when it comes to gaming and the internet: game creation. Standardized, easy-to-use engines like Unity and fully free, open-source alternatives like Godot,<sup>20</sup> as well as the proliferation of online stores

## 5.9 Video Game Ad & IAP Revenue Growth year-over-year from 2020 to 2021

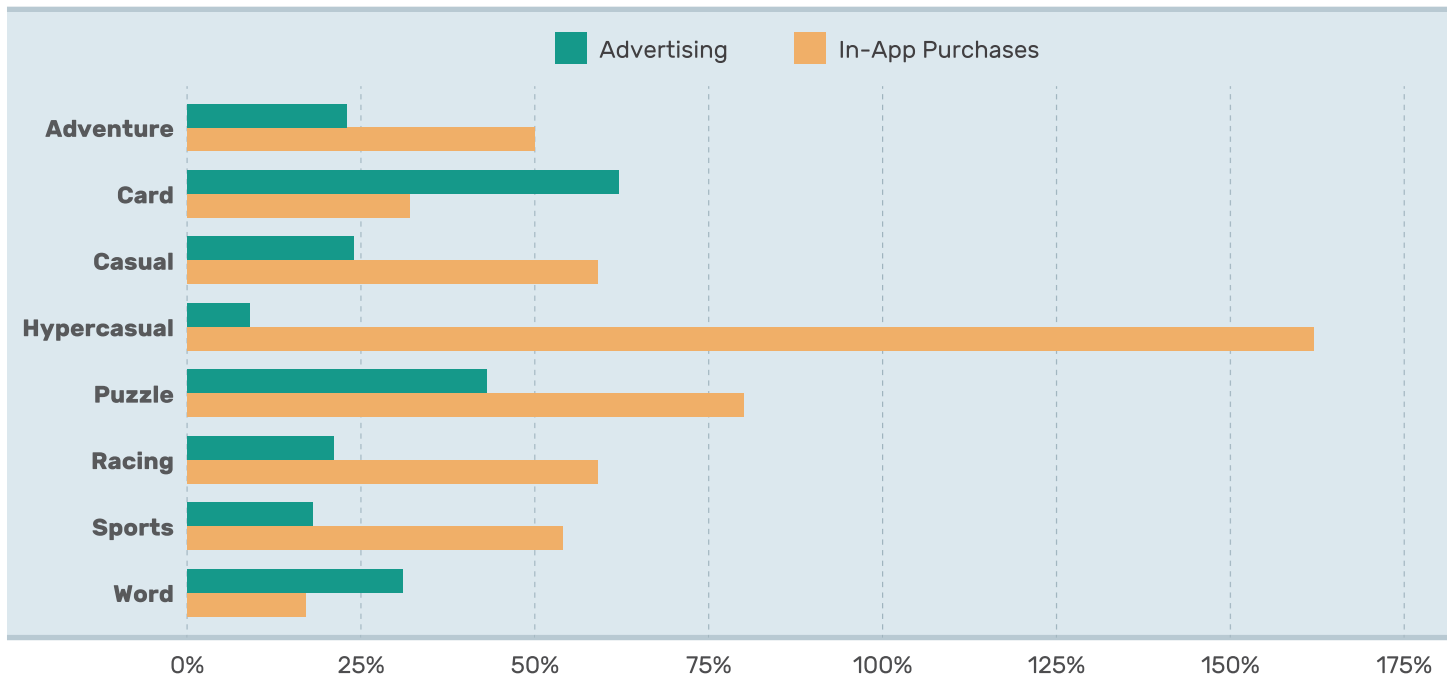
Source: Unity<sup>19</sup>



for game assets (graphics, animations, sound, music, and other important elements) have made the process of game development easier than ever. The number of games made using Unity in 2021 nearly doubled compared to 2020, with a 93% increase, while the number of creators making those games increased by 31%. Though large development studios created the majority (73%) of Unity games currently in live operation, games from smaller independent studios have also been thriving, and are generally considered to be at the forefront of innovation in game design. The next

## 5.10 Video Game Ad & IAP Revenue Growth YOY from 2020 to 2021, select genres

Source: Unity<sup>19</sup>



year of data may show significant changes in Unity usage, however, as in September 2023 the company created controversy in the industry when it introduced and then partly rescinded a new pricing plan that many game developers deemed untenable and unfair, leading several to announce that they were moving away from the engine.<sup>21</sup>

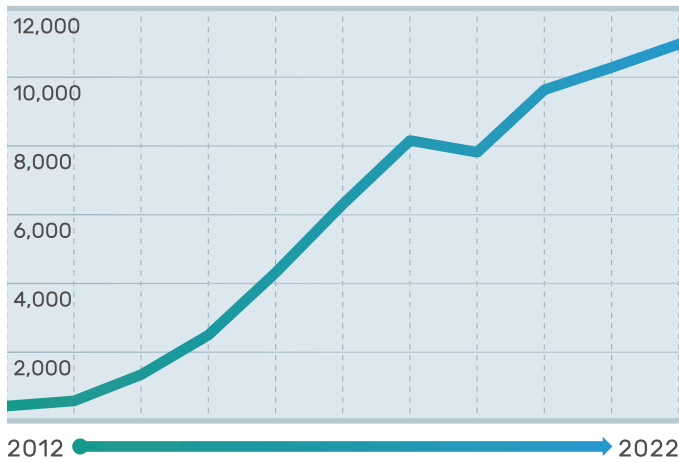
Things look especially healthy for independent developers when we zoom in on PC gaming (the easiest platform for smaller operations to publish on) and, especially, Valve's popular Steam store for digital PC game sales. As we noted in our last *Sky Is Rising* report, Steam opened the floodgates to a huge increase in game releases in 2017 when it transitioned to a new system for reviewing and accepting games to its storefront. Since then, data from Steam Spy<sup>22</sup> shows that the number of games released each year on Steam has continued to grow, with a resurgence in 2020 following a slight dip in 2019. (Fig. 5.11) Similar data from the Video Game Insights 2021 Market Report<sup>23</sup> shows that the proportion of these games coming from small independent

studios has been growing, reaching an astonishing 98% of all Steam releases in 2021. A similar pattern is true when looking at self-published games (those that are released directly by the developer rather than through a third-party publishing company), which reached 76% of all Steam releases in 2021. (Fig. 5.12)

Steam is also not the only PC game marketplace that favors independent games. Online game store Itch.io is squarely targeted at indie developers, and is a popular platform for small and experimental games, as well as those made by students and hobbyists. Though the company does not appear to release annual statistics on the number of games on its platform, at time of writing there are just over 800,000 games available on Itch.io,<sup>24</sup> while various sources tell us there were only 200,000 in 2019,<sup>25</sup> and just 15,000 in 2015<sup>26</sup> — a clear pattern of accelerating growth. (Fig. 5.13) Moreover, Itch.io is not solely a storefront or a distribution tool: it also serves as a community hub for game developers, especially by providing the

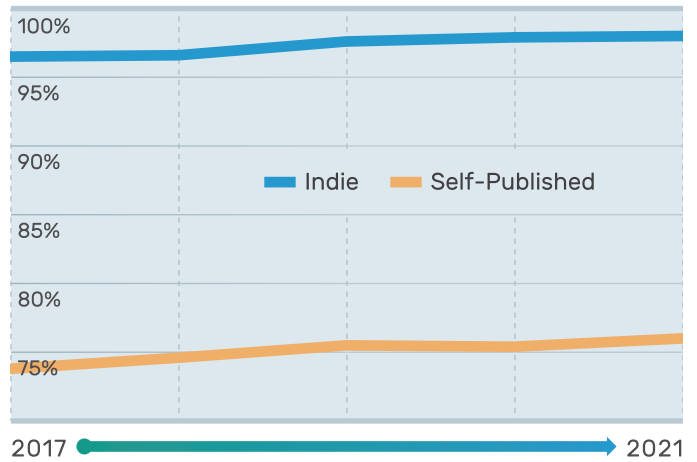
### 5.11 Number of Games Released on Steam Worldwide

Source: Steam Spy<sup>22</sup>



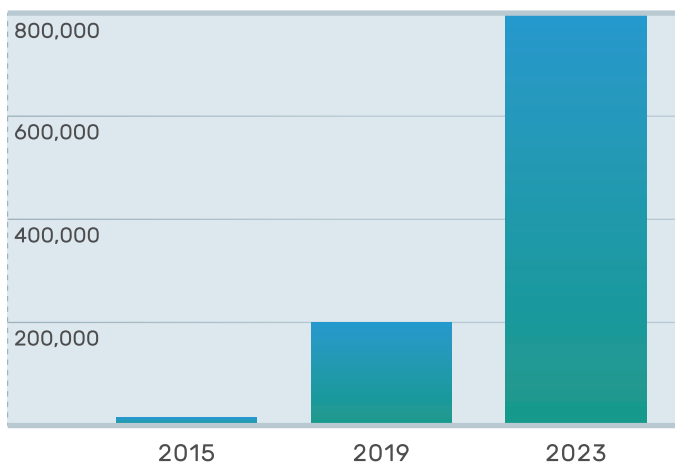
### 5.12 Share of Indie & Self-Published Games on Steam

Source: Video Game Insights<sup>23</sup>



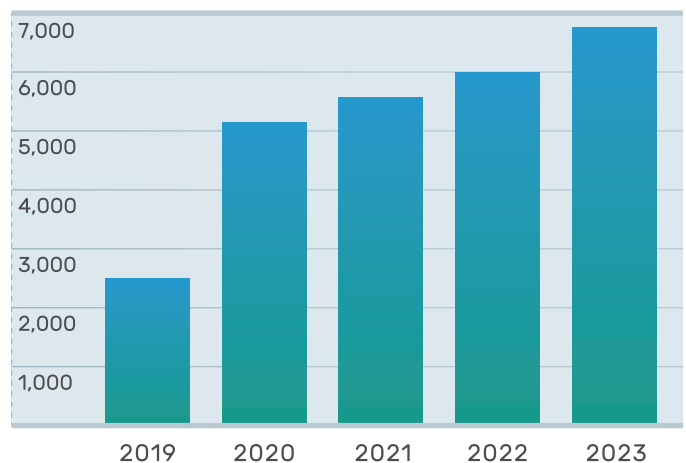
### 5.13 Number of Games on Itch.io (Approximated)

Source: Itch, Various Sources<sup>24, 25, 26, 27</sup>



### 5.14 Number of Games Entered in Itch's Largest Game Jam

Source: Itch<sup>28</sup>



ability to host “game jams” in which developers compete to create and submit games on a short time frame within various constraints, thematic or otherwise. At time of writing, nearly 300,000 game jams have been hosted on Itch.io.<sup>27</sup> Since 2019, the most popular of these have been the “GMTK Game Jams”, a series of annual jams hosted by popular game development YouTube creator Mark Brown. The platform-record-breaking number of entries in these jams has grown each year, from 2,508 in the 2019 jam to 6,792 in

the 2023 jam held in July.<sup>28</sup> (Fig. 5.14)

But to complete the picture of the relationship between games and the internet, we must also go beyond the games themselves.

### VIDEO GAME STREAMING & E-SPORTS

Our 2019 *Sky Is Rising* report was the first in which we examined the rapid growth of live streaming and e-sports events as a vital component of the video game industry.

Though this content could reasonably be moved to the new *Watching* section in this report, it remains so closely tied to the gaming industry as a whole that we plan to continue covering it here in the *Playing* chapter. And, much like for the gaming industry as a whole, things are looking very good.

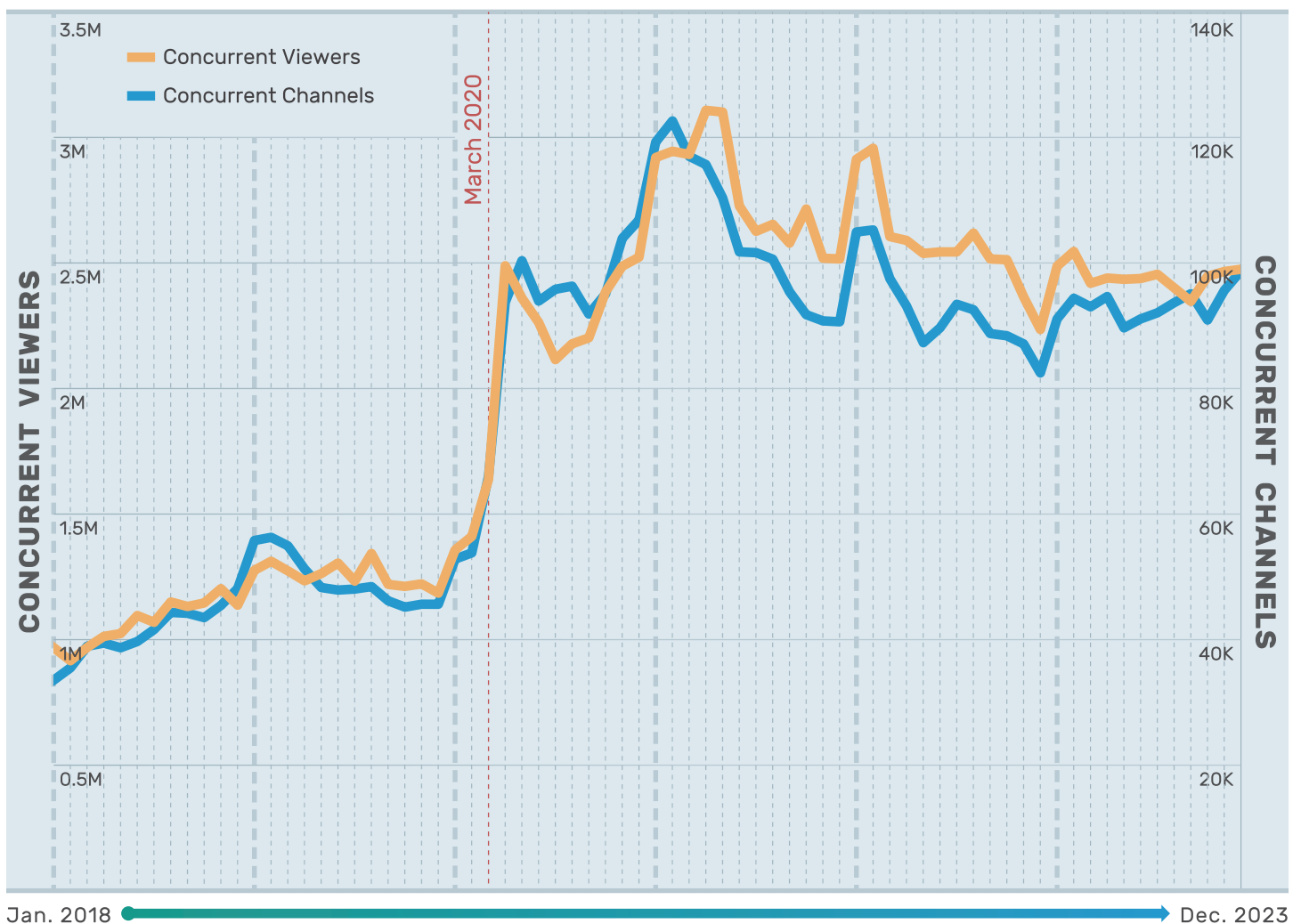
Above all, video game live streaming has become an even more popular form of entertainment since 2019, and experienced its own significant boost as an apparent result of the COVID-19 pandemic. According to data from Twitch Tracker,<sup>29</sup> the monthly average number of concurrent

viewers on the streaming platform Twitch jumped from 1.6 million in March 2020 to nearly 2.5 million in April 2020. A year later in April 2021 it peaked at 3.1 million, and has since leveled back out at around 2.5 million again this year in what appears to be the “new normal” for the platform. (Fig. 5.15) As a medium with a very low barrier to entry for content creators, there has also been consistent close correlation between the number of viewers and the number of streamers themselves.

Newzoo, in its 2022 Global Esports & Live Streaming Market Report,<sup>30</sup> estimates the global audience for video

### 5.15 Monthly Average Concurrent Twitch Viewers & Live Channels

Source: Twitch Tracker<sup>29</sup>



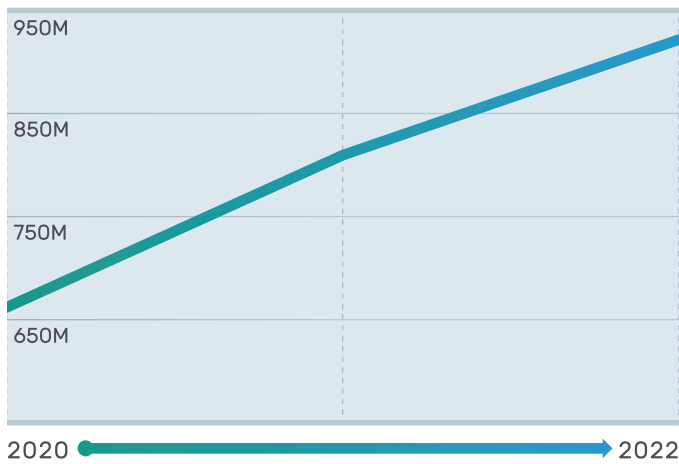
game live streaming in 2022 to be 921.2 million people, up from 662.6 million in 2020. (Fig. 5.16) According to data from Statista Market Insights, this translated to \$9.74 billion in worldwide revenues from game streaming, up from \$4.75 billion in 2017, and projected to reach \$11.69 billion in 2023.<sup>31</sup> (Fig. 5.17)

Though a smaller market than live-streaming, the world of e-sports is also worthy of attention. The e-sports indus-

try's largest and most profitable events have always been held live and in person, but unlike traditional sports and other competitive events, most video game competitions can easily be held online as well, and online-only tournaments were already a large part of the e-sports circuit. Thus, though some live e-sports events were canceled in 2020, many simply moved online<sup>32</sup> and continued as normal. The result, according to Newzoo, was that the industry

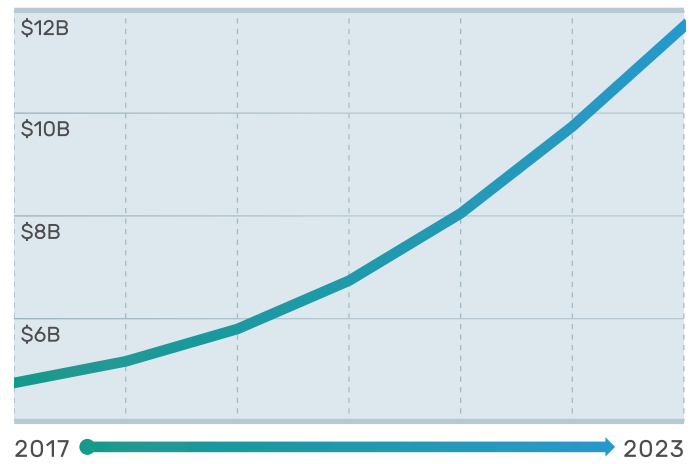
### 5.16 Global Game Live Streaming Audience in millions of viewers

Source: Newzoo<sup>30</sup>



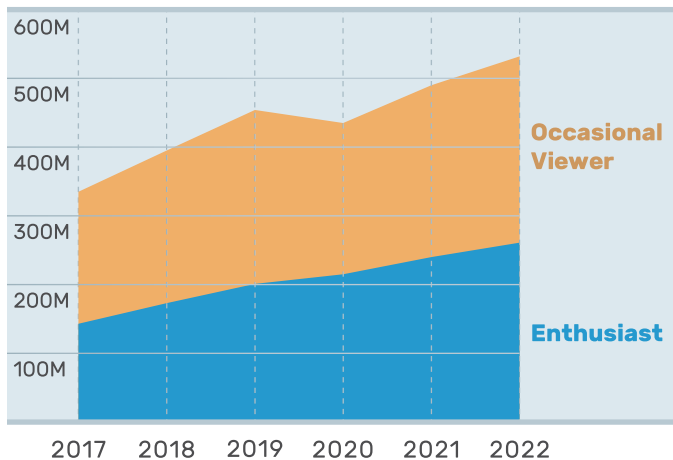
### 5.17 Global Game Live Streaming Revenue in billions of dollars

Source: Statista Market Insights<sup>31</sup>



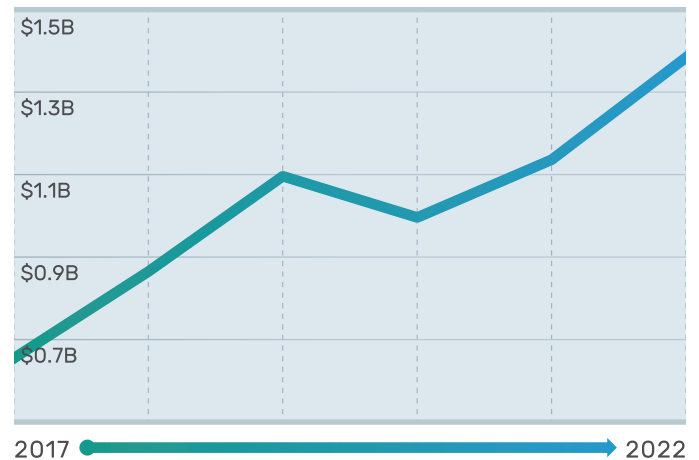
### 5.18 Global eSports Audience in millions of viewers

Source: Newzoo<sup>30</sup>



### 5.19 Global eSports Revenue in billions of dollars

Source: Newzoo<sup>30</sup>



only suffered a small revenue decrease in 2020, down to \$996 million from just over \$1 billion the year before, and has since resumed its growth, reaching \$1.38 billion in 2022. (Fig. 5.19) The audience size showed a similar pattern, with an even smaller dip in 2020 followed by resumed growth towards an estimated size of 532 million people in 2022. (Fig. 5.18)

As we noted in the previous *Sky Is Rising* report, video games have always been unique among the segments covered in this report. As a medium, video games do not have a long pre-internet history like the others do, and though the video game industry has historically played a part in pushing anti-internet legislation and embracing hostile technology, there has been little dispute that the internet is, on the whole, “good for gaming.” There are still examples of tension, however. For example, in our last report, we wrote about Nintendo as a “notable holdout” that had finally stopped trying to control the streaming of its games

via copyright, but in the years since the company has proven that it was not able to entirely give up these efforts, having targeted game streamers and e-sports events with its legal muscle.

Nevertheless, the story of video games and the internet continues to be one of synergy and mutual benefit. Of all the segments in this report, the industry seems to have been best poised to survive and thrive through the pandemic, especially in the U.S. where it appears to have rapidly “leveled up” to become an even larger juggernaut that shows no signs of decline. With increasing revenues and the emergence of new monetization tools like in-game advertising, a player base that gets bigger every year, the proliferation of tools and resources for making games and platforms to distribute and sell them, and the continued growth of secondary industries like live streaming and e-sports, it’s clear the power of the internet deserves plenty of credit for the video game industry’s rising skies.

# Playing Sources & Notes

- 1 USA Today, *Video games can be a healthy social pastime during coronavirus pandemic.*  
<https://www.usatoday.com/story/tech/gaming/2020/03/28/video-games-whos-prescription-solace-during-coronavirus-pandemic/2932976001/>
- 2 Yahoo! Finance, *The world is turning to video games amid coronavirus outbreak.*  
<https://finance.yahoo.com/news/coronavirus-world-turning-to-video-games-150704969.html>
- 3 Entertainment Weekly, *Game (still) on: How coronavirus is impacting the gaming industry.*  
<https://ew.com/gaming/coronavirus-videogames-industry-impact/>
- 4 SteamDB on Twitter/X. <https://twitter.com/SteamDB/status/1239180882826715136>
- 5 NPD Group, *Total and segment revenue of the video game industry in the United States.*  
<https://www.statista.com/statistics/249996/annual-revenue-of-the-us-video-game-industry-by-segment/>
- 6 PwC, *Global Entertainment & Media Outlook 2023-2027.* <https://www.pwc.com/gx/en/industries/tmt/media/outlook/insights-and-perspectives.html>
- 7 Newzoo, *Global Games Market Reports.* <https://newzoo.com/games-market-reports-forecasts>
- 8 Truelist, *33 Evolutionary Gaming Statistics of 2023.* <https://truelist.co/blog/gaming-statistics/>
- 9 Reuters, *U.S. videogame sales surge in March as lockdown keeps people indoor.* <https://www.reuters.com/article/idUSKCN22409E/>
- 10 VGChartz, *Yearly Hardware Comparisons - Global.* [https://www.vgchartz.com/tools/hw\\_date.php?reg=Global&ending=Yearly](https://www.vgchartz.com/tools/hw_date.php?reg=Global&ending=Yearly)
- 11 Business Insider, *No one is 'winning' the console war: Nintendo, Sony, and Microsoft face persistent supply chain issues and limited inventory, experts say.*  
<https://www.businessinsider.com/console-war-nintendo-sony-microsoft-face-supply-chain-crisis-2022-2>
- 12 Nintendo Subscription data. <https://www.statista.com/statistics/1276229/nintendo-switch-online-subscriber-count-global/>
- 13 Microsoft Subscription data. <https://www.statista.com/statistics/1276183/xbox-game-pass-subscriber-count-global/>
- 14 Sony Subscription data. <https://www.statista.com/statistics/532431/playstation-plus-subscribers-global/>
- 15 Ars Technica, *Physical console games are quickly becoming a relatively niche market.*  
<https://arstechnica.com/gaming/2022/02/fewer-and-fewer-console-games-are-seeing-a-physical-release/>
- 16 Various financial filings. <https://www.statista.com/statistics/234664/digital-vs-non-digital-revenue-of-global-major-video-game-publishers/>
- 17 Dentons, *Legal state of play in the video games industry.* <https://insights.dentons.com/328/28526/download-gate/blank-form.asp>
- 18 Insider Intelligence, *Sony's mobile game acquisition is an opportunity for in-game ads.*  
<https://www.insiderintelligence.com/content/sony-s-mobile-game-acquisition-opportunity-in-game-ads>
- 19 Unity, *2023 Unity Gaming Report.* <https://create.unity.com/gaming-report>
- 20 Godot Game Engine. <https://godotengine.org/>
- 21 The Verge, *Unity announces its revamped pricing model.* <https://www.theverge.com/2023/9/22/23882768/unity-new-pricing-model-update>
- 22 Steam Spy data. <https://www.statista.com/statistics/552623/number-games-released-steam/>
- 23 Video Game Insights, *2021 Market Report.* <https://vginsights.com/insights/article/video-game-insights-2021-market-report>
- 24 Itch.io game library. <https://itch.io/games>
- 25 Itch.io, *There are 200,000 games on itch.io. Here's how to find your new favorite.*  
<https://itch.io/blog/108659/there-are-200000-games-on-itchio-heres-how-to-find-your-new-favorite>
- 26 Motherboard, *Itch.io Is the Littlest Next Big Thing in Gaming.* <https://www.vice.com/en/article/vvbkb8/itchio-is-the-littlest-next-big-thing-in-gaming>
- 27 Itch.io game jam library. <https://itch.io/jams>
- 28 Itch.io biggest game jams. <https://itch.io/jams/past/sort-submissions>
- 29 Twitch Tracker data. <https://twitchtracker.com/statistics>
- 30 Newzoo, *2022 Global Esports & Live Streaming Market Report.*  
<https://newzoo.com/resources/trend-reports/newzoo-global-esports-live-streaming-market-report-2022-free-version>
- 31 Statista Market Insights, *Games Live Streaming - Worldwide.* <https://www.statista.com/outlook/amo/media/games/games-live-streaming/worldwide>

- 32 ESPN, *How coronavirus is affecting esports and gaming events.* [https://www.espn.com/esports/story/\\_/id/28852881/how-coronavirus-affecting-esports-gaming-events](https://www.espn.com/esports/story/_/id/28852881/how-coronavirus-affecting-esports-gaming-events)
- 33 Game Developer, *ESA voices support for SOPA legislation.* <https://www.gamedeveloper.com/business/esa-voices-support-for-sopa-legislation>
- 34 Wikipedia, *Denuvo.* <https://en.wikipedia.org/wiki/Denuvo>
- 35 Wired, *Nintendo's Copyright Strikes Push Away Its Biggest Fans.* <https://www.wired.co.uk/article/nintendo>
- 35 Ars Technica, *Nintendo tells Smash World Tour it can no longer operate unlicensed tournaments.* <https://arstechnica.com/gaming/2022/11/nintendo-abruptly-shuts-down-popular-super-smash-bros-tournament-series/>



# 6. Artificial Intelligence

**THE CONCEPT OF ARTIFICIAL INTELLIGENCE (AI)** has been discussed as a potential breakthrough technology for decades, but with little of the science-fiction type advances becoming reality until recently. Instead, it remained mostly thought of as a technology that would potentially have an impact at some unspecified future date. That changed, somewhat drastically, at the end of November 2022 when OpenAI released ChatGPT, its AI-powered chatbot, to the public. This came just a few months after OpenAI also released its DALL-E 2 image-generating AI in April of 2022.

Suddenly, the public discovered these kinds of “generative artificial intelligence” systems, in which you could simply describe what you wanted (images or text) in plain language and have the system produce responsive content in seconds, were no longer the realm of science fiction, and were widely available to the public. ChatGPT set a record for being the fastest growing consumer application in history, reaching 100 million users in just two months.

OpenAI was hardly the only generative artificial intelligence application to hit the market. Over the last year or so, many have been released, some from prominent companies like Microsoft and Google, and many from smaller operations like Midjourney, Stability AI, Pi, Anthropic and more.

As discussed in the executive summary, it is undeniable that the rise of these generative AI tools will have a major impact on creativity. What’s less certain is exactly what form that impact will take. It seems quite clear that it will absolutely change all four of the main sections of this report, but in these rapidly evolving early days, it seemed too early to incorporate the direct impact of AI-generated content into the existing sections.

That said, it’s worth including some early data and details on the role of AI in content creation. The public narrative around these tools seems to vary widely: from those who are excited about their novelty and possibilities, to those who fear how they will be used to replace human creators or to “cheapen” creativity and lessen the amount of quality content on the market. However, the early data seems to show that, as a tool, generative AI is helping individual creators by performing some of

the more mundane, less creative, tasks, or helping them to brainstorm through problems.

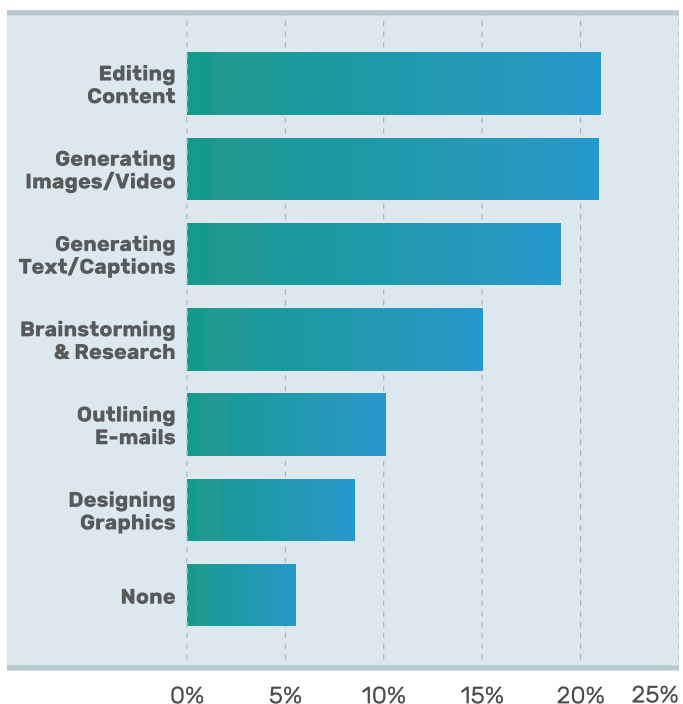
And while there are plenty of examples of AI-generated works that are generally agreed to be of low quality, there is little evidence that this is impacting the market in any serious way, as the consumers of content do not appear to be very interested in such works. Instead, we're seeing that these AI tools are helping to inspire people to be creative in new ways, enabling them to create more and better works.

It's already quite clear that all sorts of professions are adopting AI. Even just a few months after ChatGPT was introduced, 27% of working professionals said they had already used it to "assist with work related tasks."<sup>1</sup>

Looking just at online content creators, the Influencer Marketing Factory surveyed its social media influencer creators, and found that 21% were already using AI for editing content, and 20.9% were using it to generate images and videos.<sup>2</sup> (Fig. 6.1)

## 6.1 Usage of Artificial Intelligence among social media influencer creators

Source: Influencer Marketing Factory<sup>2</sup>



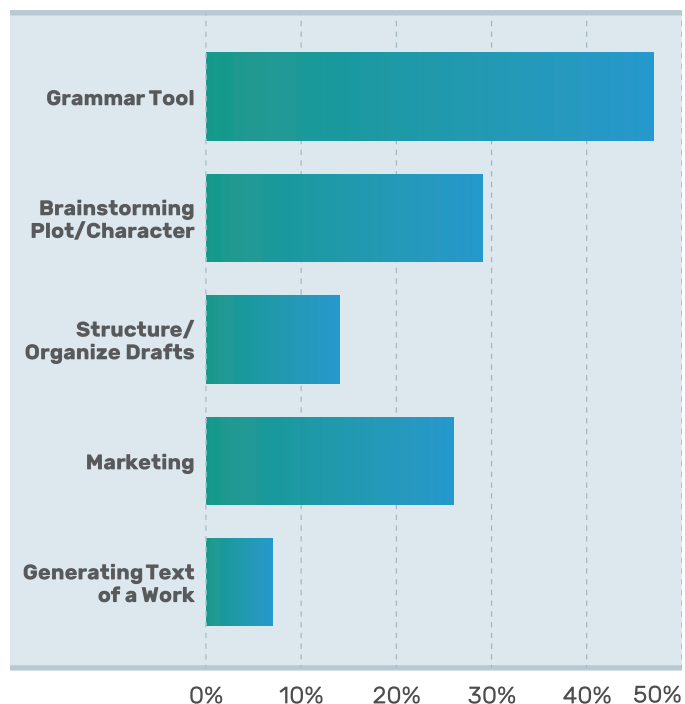
While many of the headlines talk about AI as a replacement for creative people, and the fears of entertainment workers about being replaced,<sup>3</sup> initial research seems to almost universally show that AI tools are a productivity booster, allowing already creative people to be even more creative. A survey by the Author's Guild<sup>4</sup> found that very few authors (around 7%) were using AI tools to actually generate the text of a work, but many more were using it to assist in other activities that are perhaps less interesting, such as to help with grammar, to organize drafts, or to craft a marketing message. (Fig. 6.2)

While much of that seems to be dealing with the more tedious work associated with being an author, not all of it is. The same survey hints at more creative uses of generative AI, such as for brainstorming plot ideas and characters, enabling authors to perhaps expand their ideas and worlds in beneficial ways.

Variety surveyed entertainment workers<sup>3</sup> about what

## 6.2 Usage of Artificial Intelligence among book authors

Source: Authors Guild<sup>4</sup>



industry tasks they expected generative AI to be able to handle, and again, most of them appear to be assisting creative work, rather than replacing it. The top items on the list included things around sound effects, writing better code, making storyboarding easier, etc. Coming in at the bottom of the list were the more creative options of writing dialogue, writing song lyrics, creating artificial actors, and writing film & TV scripts. (Fig. 6.3)

For all the fears expressed regarding the potential replacement of creative people with AI, it appears that very few people are interested in AI-created work, as most people still do prefer works with a human touch. A survey in April 2023 by Morning Consult<sup>5</sup> regarding how interested people were in watching or reading AI-created content, suggests that it's just not that appealing to the majority of those surveyed. (Fig. 6.4)

Early research into the impact of AI seems to support

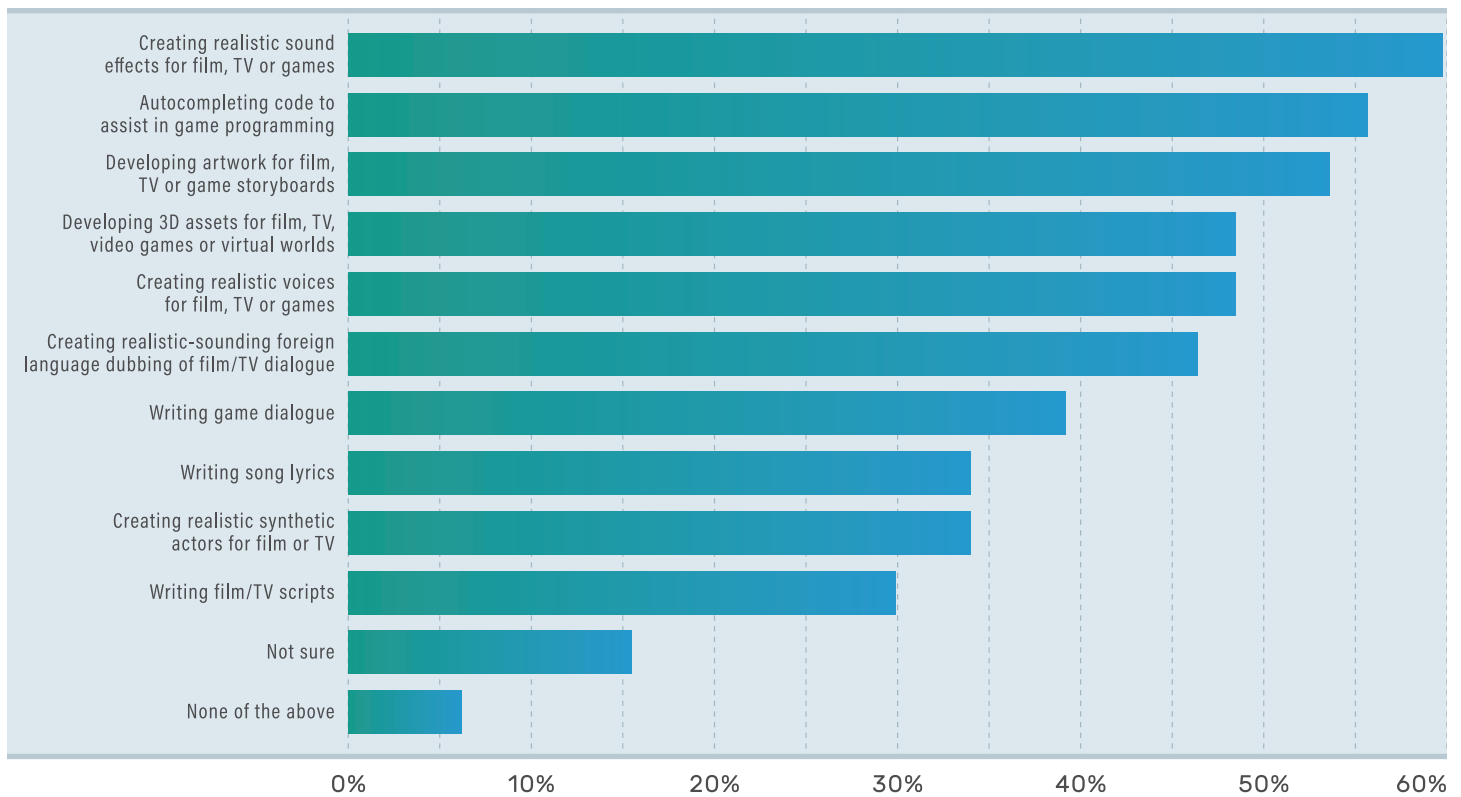
this idea of it being complementary, rather than a substitute for productivity and creativity. Research by Erik Brynjolfsson, Lindsey Raymond and Danielle Li<sup>6</sup> as well as Shakked Noy and Whitney Zhang<sup>7</sup> studied the impact of generative AI, and found that it tended to make workers more productive in ways that would likely increase the ability of lower-skilled workers to become high-skilled workers, rather than simply replacing workers.

The Brynjolfsson et. al. paper looked at the introduction of generative AI tools in a customer service environment, examining how the tools were used and the impact on both low-skilled agents and high-skilled agents, and finding that the AI helped to “level up” the lower-skilled workers, making them act more like high-skilled workers:

*Consistent with this, we see that AI assistance leads to substantial improvements in problem resolu-*

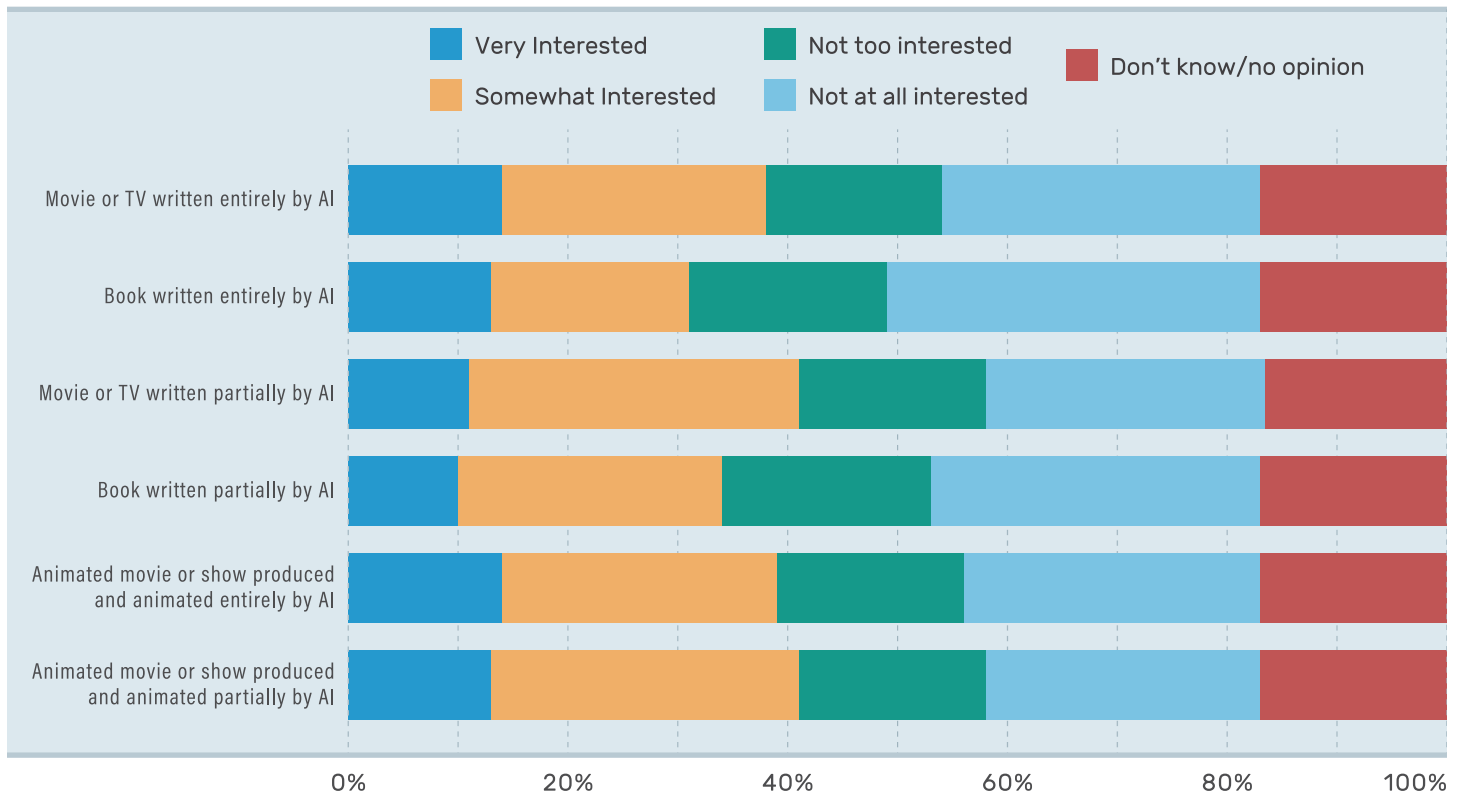
### 6.3 Tasks Performed Well by AI according to entertainment industry workers

Source: Variety<sup>3</sup>



## 6.4 Interest in Works Created by AI among U.S. adults

Source: Morning Consult<sup>5</sup>



tion and customer satisfaction for newer- and less-skilled workers, but does not help the highest-skilled or most-experienced workers on these measures. Analyzing the text of agent conversations, we find suggestive evidence that AI recommendations lead low-skill workers to communicate more like high-skill workers.

The Noy paper involved testing hundreds of professionals on writing tasks, and then introducing one group of them to ChatGPT, allowing them to do a second set of tasks with the tool (if they chose to do so), and seeing the overall impact. Similar to the first paper, the Noy paper finds that the AI appears to “level up” the low-skilled workers. It also notes that the high-skilled workers keep their quality levels the same, but are able to perform tasks at a much faster rate:

*College-educated professionals performing mid-level professional writing tasks experience substantial increases in productivity when given access to ChatGPT. The generative writing tool increases the output quality of low-ability workers while reducing their time spent, and it allows high-ability workers to maintain their quality standards while becoming significantly faster. At the aggregate level, ChatGPT substantially compresses the productivity distribution, reducing inequality.*

Within the creative arts, we’re already seeing one way in which this is playing out. In April of 2023, a song was released online titled “Heart on My Sleeve,” which was revealed as having been created using AI tools to sound like a collaboration between music stars Drake and The Weeknd. It got many headlines, including those saying that it “rat-

tled” the music industry.<sup>8</sup> However, while no one knows the identity of the song’s creator, who goes by the name “Ghostwriter,” it’s recognized that Ghostwriter, a human being, wrote the lyrics and music, while the AI’s purpose was replicating the voices of Drake and The Weeknd. Indeed, the song has been declared eligible for a Grammy in the songwriting category, since the song was written by a human, and not AI.<sup>9</sup>

The same month that Ghostwriter released “Heart on My Sleeve,” another musician, Grimes, announced that she was releasing an AI model of her own voice for anyone to use in songs, just as long as they split any royalties with her.<sup>10</sup> Unlike the song created by Ghostwriter, where it appears neither Drake nor The Weeknd had any role in “Heart on My Sleeve,” Grimes opening up her own voice model and encouraging people to make songs with that voice enabled her to proactively support similar creativity, and to profit from it if any song was successful.

Within a month, 300 songs with Grimes’ AI voice had been released publicly.<sup>11</sup> One of those songs, by the artist Kito, has been considered a hit,<sup>12</sup> and Grimes announced plans to record her own version of Kito’s song as well:<sup>11</sup>

*I could probably be convinced that I worked on it — that would not shock me at all. Especially when the techno comes in. It was immediately very euphoric and very Grimes-y in a really pop way. I would change a lot about the verses, and I’m probably going to do my own version. But I like that she feels really strongly about her artistic vision and wants to stick to it. That’s why we’re doing Kito’s Version and Grimes’s Version, using the Taylor Swiftian nomenclature.*

While Bloomberg highlighted that, outside of the Kito song, none of the other Grimes AI songs could really be deemed a hit,<sup>13</sup> that only further supports the argument that AI doesn’t easily replace humans. It does allow for much wider experimentation, which can lead to more output, enabling new opportunities to create great content.

The film industry is also exploring ways in which generative AI tools could be useful, again not to replace creators, but to enhance what they’re able to do. While it’s still early, and the complexity of films means that the big breakthroughs with generative AI may take a little longer, they are certainly coming soon. The Motion Picture Association’s Associate General Counsel Ben Sheffner, speaking at a US Patent & Trademark Office listening session on AI, recently highlighted ways in which the industry was exploring the use of generative AI to enhance both filmmaking and ways in which consumers could interact with and enjoy movies:

*AI tools can actually free creators from some of the tedious and repetitive tasks that they have had to perform in the past and free them up to concentrate on the most creative aspects of their work, and AI will also help creators realize their vision to further enhance the viewer experience, making visual effects more dramatic, more realistic, and more enjoyable for the audience. It will even enable experiences that haven’t previously been possible. Imagine, for example, a feature where a fan can interact and even have a real-time conversation with a favorite fictional character. That’s the kind of thing that AI may make possible...*

Some tools are already reaching the market to enable this first part, including the tool PlotDot.ai from Thinkable and AI Crafters, which is designed to help a screenwriter put together a movie script faster. The tool takes care of much of the drudgery parts of the process, while allowing the writer to focus on the actual writing and creativity.

For actually creating films it remains in the earliest stages, but there are still impressive small scale examples, such as someone taking Harry Potter characters and using AI to create a fake commercial for luxury fashion brand Balenciaga.<sup>14</sup> It is clear from the video that this is still artificially generated, but given the early state of the technology, it should soon improve greatly.

As the MPA's Sheffner notes, the opportunity here is unlikely to be in fully generative AI-created works, but rather in improved special effects, and the ability to improve post production:

*AI can greatly improve processes that used to be done manually. For example, for many decades, animators and visual effects artists use a process called rotoscoping, which involves manually altering each individual frame in a film. It's incredibly detail oriented, time-consuming work. But modern visual effects artists, again, still humans, now have sophisticated tools at their disposal to automate this type of work, some of which incorporate AI technology.*

In the book publishing world, there has been concern raised about a "flood" of ChatGPT-generated books being offered for sale,<sup>15</sup> sometimes copying the titles<sup>16</sup> or authors<sup>17</sup> of other books. However, there is little evidence that these books are having any real impact. While there were reports of some finding their way to best seller lists (likely through dubious means), it appears that they fall away from that list very quickly, as there is little real interest in them.<sup>15</sup> In fact, it is nothing new to see people using dubious means to try to boost their books on best seller lists. This happened quite frequently in a pre-AI world as well.<sup>18</sup>

There have been other concerns as well regarding an oversupply of AI-generated written content in other areas, such as the situation in which the popular science fiction journal *ClarksWorld* announced that it was so overwhelmed with AI-generated submissions that it was closing off new submissions.<sup>19</sup> While this raises some interesting challenges, it seems like they are ones that the industry is likely to adapt to, for example, potentially using those very same AI tools to review initial submissions for further human review.

Perhaps more interesting is how people are experimenting with creating real books using these tools. As of September of 2023, there are over 1,000 books listed on

Amazon that publicly list ChatGPT as an author (often alongside someone else's name). Unlike those trying to fake their way onto a bestseller list, many people are transparently using AI tools to help them write a book.

In February 2023, Reuters covered one such author, Brett Schickler, who said he had dreamed about authoring books, but never thought he could actually do it. However, using AI software for both words and imagery, he created a 30-page illustrated children's book called "The Wise Little Squirrel," designed to teach children about saving and investing.<sup>20</sup> While Schickler notes that he didn't sell too many copies, he says the experience inspired him to think about what other books he might write using these tools.<sup>21</sup>

While some may complain about some of the lower quality books, those seem unlikely to matter much in the long run. The purely AI-generated works that are rushed to market don't seem to be finding an audience. Instead, we're seeing how AI technology, combined with more thoughtful planning, creating, and editing by humans, is likely to enhance the ability of people to make quality books.

Obviously the era of generative AI is just beginning, and it's likely that we'll see not just many new tools and services utilizing AI for content creation, but also entirely new ways to use generative AI to create. And while there is concern about the technology and how it's used, the existing data and studies strongly suggest that rather than that being a problem, AI tools will help make creative people more creative.

It appears to help creators with more mundane tasks, or to solve problems through the tools' ability to help brainstorm. As the various studies suggest, these AI tools are more likely to take content creators' works to a new level, enabling them to become more skilled at creating content than they might otherwise be.

We expect that by the time the next *Sky Is Rising* is written, we'll have a lot more data on how AI is impacting the creative markets, but at least initially, it appears to be yet another technological tool to help raise the sky even higher.

# Artificial Intelligence Sources & Footnotes

- 1 Fishbowl, *ChatGPT Sees Strong Early Adoption In The Workplace*.  
<https://www.fishbowlapp.com/insights/chatgpt-sees-strong-early-adoption-in-the-workplace/>
- 2 The Influencer Marketing Factory, *The Creator Economy 2023*. <https://theinfluencermarketingfactory.com/creator-economy/>
- 3 Variety, *Entertainment Industry Has High Anxiety About Generative AI: Survey*.  
<https://variety.com/vip/generative-ai-survey-entertainment-industry-anxiety-jobs-1235662009/>
- 4 The Authors Guild, *Survey Reveals 90 Percent of Writers Believe Authors Should Be Compensated for the Use of Their Books in Training Generative AI*.  
<https://authorsguild.org/news/ai-survey-90-percent-of-writers-believe-authors-should-be-compensated-for-ai-training-use/>
- 5 Morning Consult National Tracking Poll.  
[https://assets.morningconsult.com/wp-uploads/2023/04/12115011/2304029\\_crosstabs\\_MC\\_ENTERTAINMENT\\_AI\\_IN\\_HOLLYWOOD\\_Adults.pdf](https://assets.morningconsult.com/wp-uploads/2023/04/12115011/2304029_crosstabs_MC_ENTERTAINMENT_AI_IN_HOLLYWOOD_Adults.pdf)
- 6 Erik Brynjolfsson, Danielle Li, Lindsey R. Raymond, *Generative AI At Work*. [https://www.nber.org/system/files/working\\_papers/w31161/w31161.pdf](https://www.nber.org/system/files/working_papers/w31161/w31161.pdf)
- 7 Shakked Noy, Whitney Zhang, *Experimental Evidence on the Productivity Effects of Generative Artificial Intelligence*.  
[https://economics.mit.edu/sites/default/files/inline-files/Noy\\_Zhang\\_1\\_o.pdf](https://economics.mit.edu/sites/default/files/inline-files/Noy_Zhang_1_o.pdf)
- 8 New York Times, *An A.I. Hit of Fake 'Drake' and 'The Weeknd' Rattles the Music World*.  
<https://www.nytimes.com/2023/04/19/arts/music/ai-drake-the-weeknd-fake.html>
- 9 Billboard, *A.I.-Generated Song That Mimics Drake & The Weeknd Submitted for Grammy Consideration*.  
<https://www.billboard.com/music/awards/ai-generated-drake-weeknd-song-grammy-submitted-1235407148/>
- 10 NPR, *Grimes invites fans to make songs with an AI-generated version of her voice*. <https://www.npr.org/2023/04/24/1171738670/grimes-ai-songs-voice>
- 11 New York Times, *Grimes Invited Anyone to Make A.I. Grimes Songs. Here Are Her Reviews*.  
<https://www.nytimes.com/2023/05/24/arts/music/grimes-ai-songs.html>
- 12 NME, *I used Grimes' AI vocals to make a hit – here's how I did it*.  
<https://www.nme.com/features/music-features/grimes-kito-cold-touch-artificial-intelligence-3446311>
- 13 Bloomberg, *Anyone Can Make an AI-Generated Grimes Song, But That Doesn't Mean It'll Be a Hit*.  
<https://www.bloomberg.com/news/newsletters/2023-08-03/ai-generated-grimes-songs-struggle-to-climb-the-music-industry-charts>
- 14 The Byte, *Perplexing AI Video Turns "Harry Potter" Into Balenciaga Ad*. <https://futurism.com/the-byte/ai-harry-potter-balenciaga>
- 15 Vice, *AI-Generated Books of Nonsense Are All Over Amazon's Bestseller Lists*.  
<https://www.vice.com/en/article/v7b774/ai-generated-books-of-nonsense-are-all-over-amazons-bestseller-lists>
- 16 Washington Post, *He wrote a book on a rare subject. Then a ChatGPT replica appeared on Amazon*.  
<https://www.washingtonpost.com/technology/2023/05/05/ai-spam-websites-books-chatgpt/>
- 17 Jane Friedman, *I Would Rather See My Books Get Pirated Than This*. <https://janefriedman.com/i-would-rather-see-my-books-pirated/>
- 18 Consumer Reports, *New York Times Removes Book From Bestseller List Amid Accusations It Gamed System*.  
<https://www.consumerreports.org/consumerist/new-york-times-removes-book-from-bestseller-list-amid-accusations-it-gamed-system/>
- 19 NPR, *A sci-fi magazine has cut off submissions after a flood of AI-generated stories*.  
<https://www.npr.org/2023/02/24/1159286436/ai-chatbot-chatgpt-magazine-clarkesworld-artificial-intelligence>
- 20 Reuters, *Focus: ChatGPT launches boom in AI-written e-books on Amazon*.  
<https://www.reuters.com/technology/chatgpt-launches-boom-ai-written-e-books-amazon-2023-02-21/>
- 21 At the time of this paper being published, Schickler does not appear to have written any more books, and *The Wise Little Squirrel* has been pulled from Amazon, after the Reuters article appears to have resulted in a number of angry negative reviews on Amazon.

# 7. Conclusion

WE FIRST RELEASED THE *SKY IS RISING* REPORT a dozen years ago, to highlight how the rhetoric about the internet “killing” various creative output and creative industries didn’t seem to be supported by the data. Everywhere we looked we saw new content and new content creators, and all of the evidence showed that the public was still more than willing to spend money to support the creative arts. That report did show that certain sectors of the industries covered were in transition, but that there was plenty of opportunity to grow.

Now it is undeniable that the internet has been a huge boost to the creative fields and creative industries. The trends we saw a decade ago have continued to show how creativity has thrived, often helped along massively by the power of the internet. The internet has been a useful tool for creation, collaboration, distribution, connection, sharing, and monetization.

This latest edition shows this clearly. It highlights new industries that couldn’t have even existed at scale without the internet such as ebooks, audiobooks, and podcasts. It highlights how industries that were seen by some as most “at risk” due to the internet have learned how to embrace and use the internet to their advantage to grow even more. And, following the COVID-19 pandemic lockdowns, we see how the internet was crucial to helping industries that previously relied more on in-person gatherings, such as live concerts and films.

As we are seeing the rise of new innovations, like generative artificial intelligence, we’re hearing repeats of earlier claims about the internet itself. There are fears, like there were about the internet, that this new technology will harm or destroy creativity and creative industries. As we’ve shown in this report, there is little evidence to support such fears. As with the internet before it, generative artificial intelligence looks to be another enabling tool for greater creativity.

**These technologies are not at odds with creativity. They are great enablers of creativity and creative industries. This report adds that much more evidence to the simple statement that, when it comes to creativity and the internet, the Sky Is Rising.**