



JIM CLEAR
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CLEAR DIGITAL

DISCOGS: THE DIGITAL SUCCESS STORY OF THE VINYL REVIVAL



Discogs: the digital success story of the vinyl revival

Discogs is a digital brand with a difference – it’s thriving in the hugely competitive music sector, not by taking on streaming behemoths such as Spotify or Apple, but instead by catering to the niche but dedicated sector of music enthusiasts and record collectors that value the tactile and artistic value of the traditional LP or CD.

From its origins as a community based purely around electronic music, Discogs has steadily evolved to encompass all genres. As well as serving as an IMDB meets Wikipedia resource for music fans, Discogs’ increasingly popular Marketplace allows collectors to buy and sell online, with nearly 15m records traded in 2019, up 34% on the year before.

So far in 2020, [usage of Discogs has rocketed still further](#), as we have all needed to focus on home-based leisure activities plus the temporary closures of all record stores.

Having previously taken a detailed look at [the “vinyl revival” in late 2015](#) when I focused on the “record shop renaissance” and how these establishments were diversifying in order to survive and thrive, I thought I’d take another look at the music sector, but this time with the specific focus on a recently growing niche digital specialist, i.e. Discogs.

Therefore, this document reviews the current music market as a whole, before delving deeper into the second hand vinyl market, a much under-researched area. Discogs’ offering is then examined, reviewing how Discogs’ recent success has been achieved as well as a typical Discogs customer journey.



Part 1: The UK music market

- 2019 was a strong year for UK music consumption, with 153.5m Album Equivalent Sales (AES), +7.5% on the prior year, and the highest this decade.
- Streaming drove this increase, with 114.2m AES streams (+26% YOY), while 28m physical albums were sold (-23% YOY).
- Despite the physical albums decline, vinyl unit sales of 4.3m continued to grow YOY (+4% in 2019) albeit growth has slowed during the last 3 years.
- Overall music industry revenues grew in line with the increased consumption, up to £1.09bn, the highest such figure since 2006, with streaming's £629m accounting for 59% of record label revenue. Physical sales now account for just 20% of music industry sales: CDs £142m and vinyl £66m.
- However, the widely reported sales of 4.3m vinyl units in 2019 hugely understates how many records customers actually bought, as it doesn't include the increasingly popular second-hand market.
- With eBay and specialist music marketplace bolstering sales from traditional vintage record shops, a further 7.7m vinyl records were bought second hand in 2019, meaning that 12m vinyl records were sold, significantly above the 4.3m reported by the BPI.
- Used records generated an additional £94m sales in 2019 above the £208m reported by the BPI, with second-hand vinyl revenue of £90m far exceeding the £66m spent on new vinyl records.

Part 2: Reviewing Discogs' recent success

- A potent mixture of Wikipedia, IMDB, eBay and Pokemon for music fans, Discogs was originally established in 2000 by Kevin Lewandoski purely to catalogue dance records but now describes itself as *"the world's foremost Database, Marketplace, and Community for music"*.
- From an initial 2200 users in its first year, Discogs now has over 7m active users and a database of over 12.6m releases listed. 400m records have been added to users' record collections, and the COVID19 lockdown has seen this spiral further, with 11.6m records added in April 2020, 65% above the usual monthly average of 7m.
- Discogs Marketplace was launched in late 2005 after customer demand and has expanded since to become a key player in the used records market, selling 14.6m records in 2019, up 34% year on year.
- Launched in 2016, the Discogs App has helped to drive user uptake and increased price visibility within the second hand record market.
- Discogs' sense of community is crucial to its success, with 500K contributors producing and editing all content for its significant database. Discogs' sense of usefulness, fun and sustainable credentials have also helped fuel its growth in recent years as an ever growing number of users move from intrigued "lurkers" to more committed collectors, buyers and sellers.



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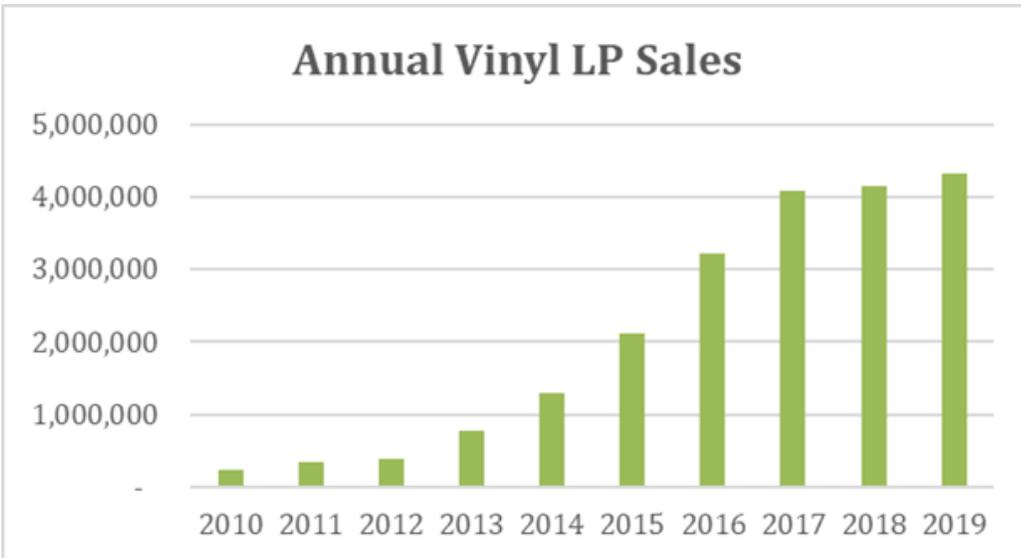
PART 1:

- The overall music/vinyl market
- The second hand/used records market

Music/vinyl market 1 - Vinyl sales continue to grow but streaming dominates, breaking the 100bn barrier in 2019

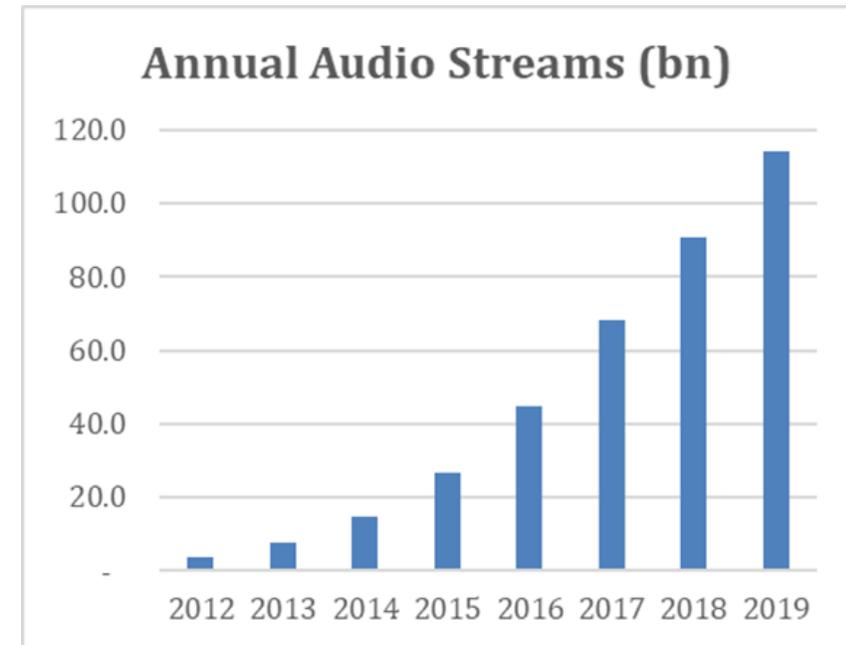


- When Clear Digital [last reviewed the music market](#), we quoted BPI figures that vinyl sales were up 56% in the first half of 2015 and on track to hit 2m records sold for the year, which would be the highest figure since the early 1990s; although still a small fraction of the 80m routinely sold during the late 1970s.
- Vinyl sales did indeed exceed 2m in 2015, with sales of 2.1m and have continued to rise since then, more than doubling in the subsequent 5 years to reach 4.3m in 2019; albeit growth has slowed considerably during the last 3 years as the graph below demonstrates:



Source: BPI

- The big news in the music industry over the last 5 years has of course been the rise of streaming services, spearheaded by Spotify with Apple Music, Amazon Music, Deezer et al. Streaming in the UK passed a significant milestone last year, with over 100bn tracks streamed for the first time, a total of 114bn, up 26% on 2018's 91bn.

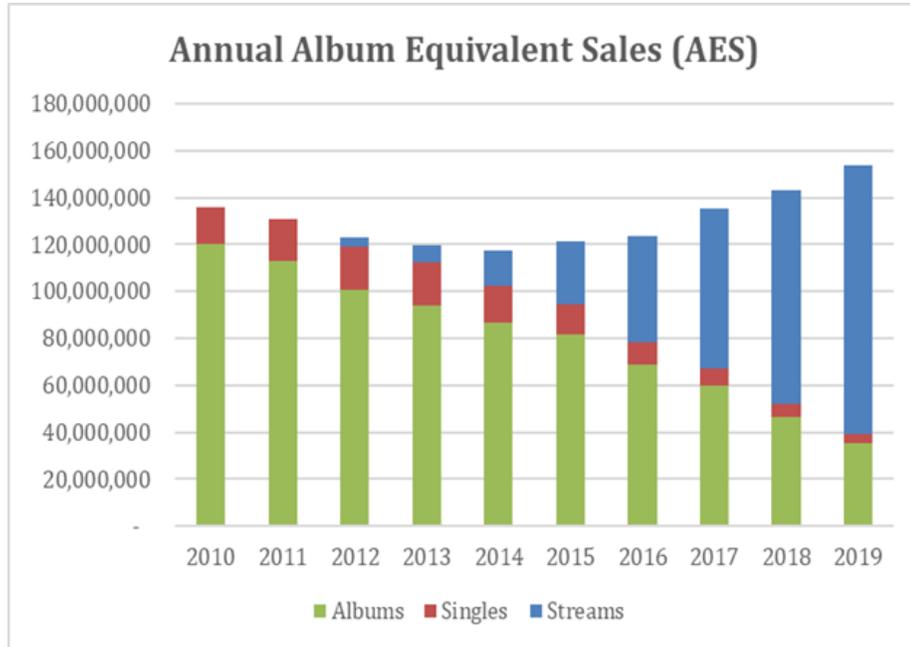


Source: BPI

Music/vinyl market 2 - 2019 was the best year for AES this last decade, with the equivalent of over 150m album sales (but only 28m physical albums)



The dominance of streaming this decade has seen the music industry create a new metric in order to compare distinct formats: the Album Equivalent Sale (AES). AES equates 100 streams as equivalent to purchasing one single “track” and 10 “tracks” as equivalent to an album, thus meaning that 1000 individual songs streamed is viewed as equivalent to one physical album purchased.

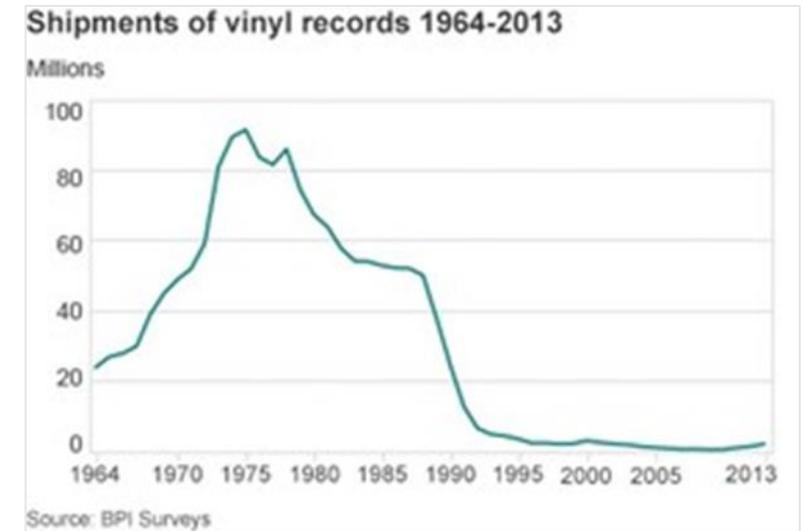


Album Equivalent Sales (AES) is a standard industry metric enabling sales & streaming to be measured on a comparable basis so that total music consumption can effectively be gauged. This analysis converts all streams & sales data to 'Album Equivalent Sales' (AES). Physical & digital album sales have been included as per the Official Charts database, but the cumulative total for individual track sales has been divided by 10 (to provide a 'Track Equivalent Album'(TEA) figure) while the audio streaming total has been divided by 1,000 (as 100 streams=one track sale and 10 track sales=one album) to provide a *Stream Equivalent Albums (SEA)* figure.

Source: BPI

- As the graph above shows, **2019 was a strong year for music consumption, with 153.5m annual AES, +7.5% YOY** and the highest of the decade. Streaming drove this increase, with 114.2m AES streams (+26% YOY), while 28m physical albums were sold (-23% YOY).
- These 28m include the 4.3m vinyl LPs (+4% YOY) mentioned earlier as well as 23.5m CDs, a format which continues to rapidly decline, with annual sales down 26.5% YOY.

Therefore, if we look back to the aforementioned golden age of vinyl, we can see that consumer selected music consumption (i.e. excluding radio etc) is actually at least in line with the golden age of vinyl in the 70s, before the rising influence of CDs from the mid 80s onwards.



Source: BBC

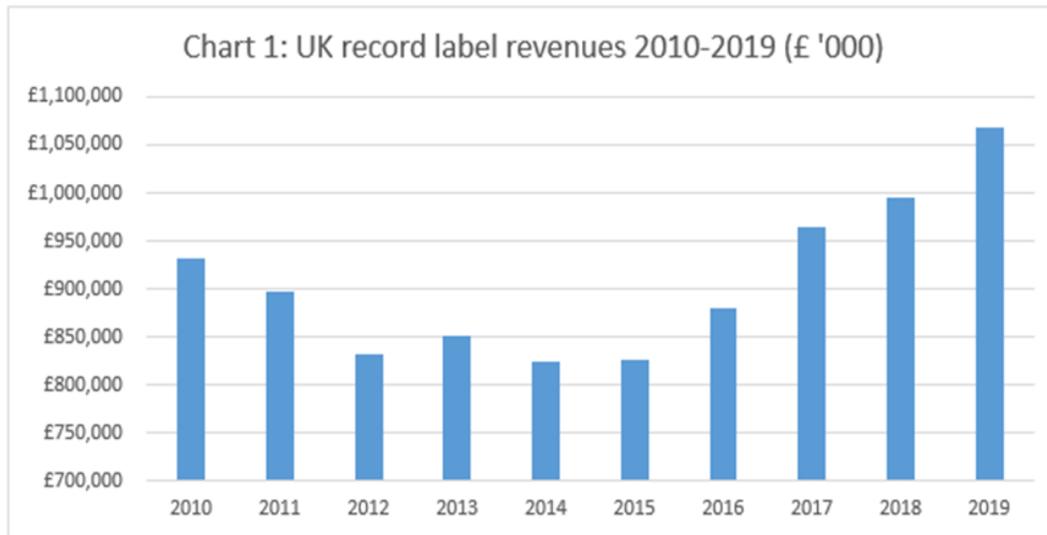
Music/vinyl market 3 - Music business revenues rose again in 2019, driven by streaming (now 59% of revenue), physical is just 20%



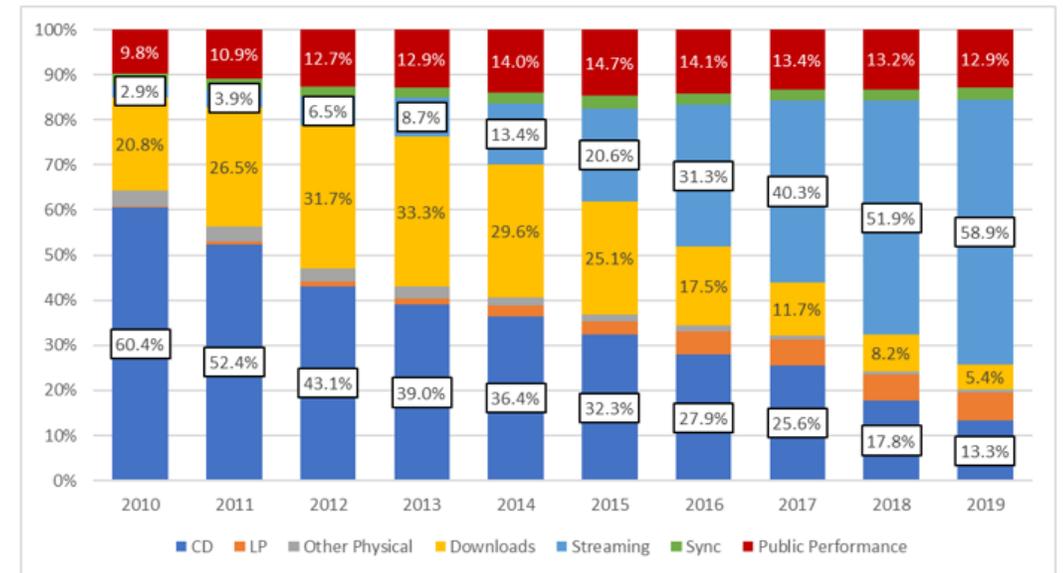
- And having found a way to generate revenue from streaming services, **record label revenues have also increased steeply in recent years, from a low of £825m in 2014 to £1.07bn in 2019**, the highest such figure since £1.17bn was recorded in 2006.

- Streaming income of £629m accounted for 59% of total record label revenue in 2019** – with subscription revenue by far the most significant chunk generating £568m, with ad-supported streaming revenue contributing £25m and video streaming providing £35m.

Chart 2: Market share breakdown by revenue stream 2010 – 2019



Sources: BPI

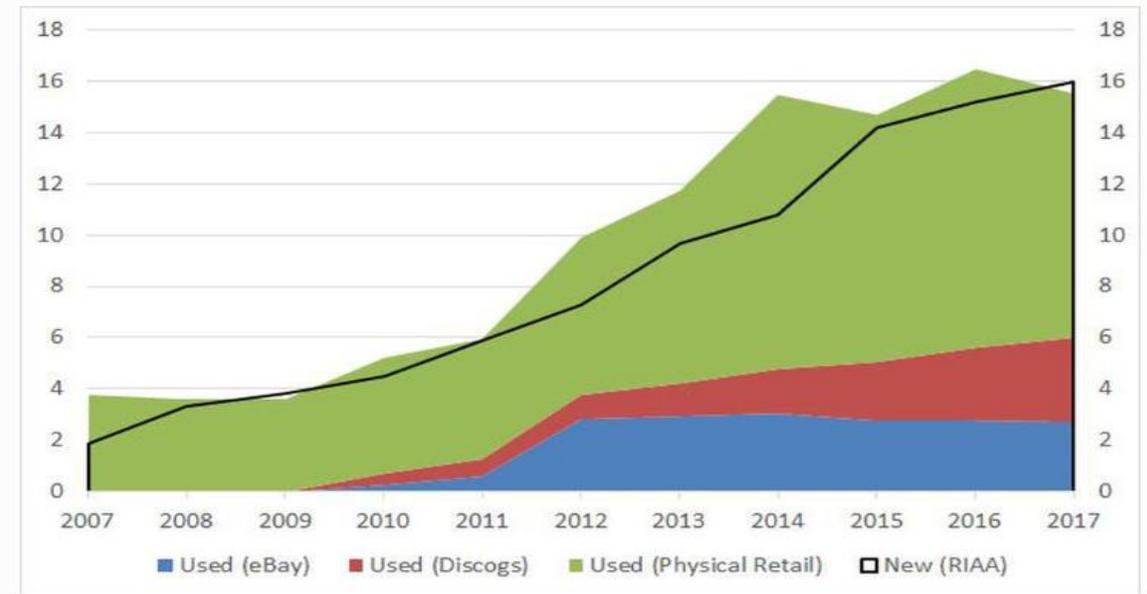


- Physical sales of £216m made up just 20% of industry revenue, with CD sales of £142m down 20% YOY. However, **vinyl revenue of £66m grew by 16% YOY**, despite unit sales of 4.3m growing by just 4% YOY. CD revenue of £142m declined by 20%, meaning that while still the dominant traditional format, vinyl is taking an ever larger proportion of the amount spent on physical music.
- However, the total amount that consumers actually spend on physical records (and especially LPs) is grossly under-reported by industry bodies and most media as Bill Rosenblatt states in an excellent Forbes article: “[Vinyl is bigger than we thought. Much bigger](#)”.**

Second hand market 1 - According to Forbes, the second-hand records sector doubles the size of the vinyl market



- Bill Rosenblatt mentions the vinyl revival of the last decade, [but also highlights](#) that “*vinyl sales are actually much larger than what industry figures report, because they don't count used vinyl sales and they under-count new vinyl sales. Now, thanks to some new data, we know that the true size of the vinyl market is more than double those industry figures*”.
- As revenue from second-hand records does not go to record labels or artists, the industry does not count them, prompting Ron Rich, SVP of Discogs Marketplace to say “*Given the size of the overall market, I am always shocked that these numbers are ignored when reporting sales*”. It is indeed challenging to obtain data on second-hand sales, but Forbes managed to secure sales figures from the two leading online players, namely eBay and Discogs, as well as work with a chain of independent record stores to calculate overall store sales.
- As the graph on the right demonstrates, **second-hand unit sales in 2017 matched the 16m vinyl records reported by the RIAA**, the US equivalent of the BPI. And this figure would increase further had Amazon (the third biggest player in online second-hand records) provided data for the used records comparison.
- It is interesting to note that when it comes to online sales of vinyl, the average price of a second-hand record is very similar to new; reported at \$23 for used, \$25 for new by eBay. Higher priced rare and collectible items on eBay compensate in the mix for cheaper, everyday used purchases to net out at a similar level to the standard \$25/£20 price for a new album.
- *NB: It is worth stating that although all these figures refer to the USA, the dynamics of the UK second-hand music market are very similar, with eBay, Discogs, Amazon and physical stores again the key retail channels, but with sales approximately 20% of the US market due to the respective population differences.*



Used vinyl sales vs. new vinyl sales reported by the RIAA, millions of units. Sources: eBay, Discogs, Zia Records, RIAA. [-] GIANTSTEPS MEDIA TECHNOLOGY STRATEGIES

Source: Forbes

Second hand market 2 - 7.7m second-hand vinyl records were sold in the UK last year, far exceeding the widely reported figure of 4.3m new records



- Discogs' recently published ["State Of Discogs 2019" report](#) states that Discogs sold 14.6m items globally in 2019, 34% on the prior year.
- Vinyl accounts for an ever growing lion's share of Discogs' sales, with vinyl sales of 11.6m units, +41% YOY.
- Applying the \$23 (£18.40) average selling price shared by eBay (likely to be higher on Discogs with its greater focus on selling higher priced collectibles) would see a total of \$267m (£213m) spent on vinyl globally via Discogs last year. Discogs charge a flat fee 8% commission on sales so will have earned an estimated \$21m (£17m) last year from its global marketplace.
- Breaking this down into the UK, we can estimate that **Discogs sold 2.3m vinyl records in the UK last year**, a total spend of £42.7m (with £3.4m commission for Discogs).
- BPI quoted revenue for new vinyl records in 2019 was £66.3m in 2019, so **Discogs UK vinyl sales of £42.7m is nearly two thirds of the revenue generated from all UK new vinyl sold.**
- In total, it is estimated that some **7.7m vinyl records were sold second-hand last year, 80% higher than the volume of new records** quoted by BPI (4.3m). Further validation on volume is provided by [eBay stating that they sold 4 vinyl records per minute in 2017](#), equating to 2.1m units in total and a 34% market share that year.
- These 7.7m records generated an estimated used revenue of £90.5m, well above the £66.3m spent on new vinyl. This leads to **total vinyl sales revenue of £157m, of which only 42% is generated by the new music industry** and directly reported on. This split reflects the US market as previously outlined by Bill Rosenblatt at Forbes: *"thanks to some new data, we know that the true size of the vinyl market is more than double those industry figures"*.
- This also helps to explain why the 425 independent record stores (many of which have significant used records sections) trading in 2019 was [a ten year high](#) albeit one that will sadly likely be much reduced by the impact of 2020.

TABLE 1: TOTAL UK MARKET VINYL SALES (Sales figures in millions)

	2017	2018	2019	2019 YOY	3 year growth
UK Market (New): BPI figures					
Vinyl units sold	4.1	4.2	4.3	2%	5%
Vinyl revenue	55.08	57.103	66.274	16%	20%
Vinyl average price	£13.43	£13.60	£15.41	£1.82	£1.98
Discogs UK Sales					
Vinyl unit sales*	1.54	1.64	2.32	41%	51%
Vinyl revenue	28.34	30.18	42.69	41%	51%
Vinyl average price**	£18.40	£18.40	£18.40	£0.00	£0.00
UK Used Market Estimate					
Discogs share estimate***	25%	25%	30%	5%	5%
Vinyl unit sales	6.16	6.56	7.73	18%	26%
Vinyl revenue	72.07	76.75	90.48	18%	26%
Vinyl average price****	£11.70	£11.70	£11.70	£0.00	£0.00
Total UK Market (New and Used) Estimate					
Vinyl unit sales	10.26	10.76	12.03	12%	17%
Vinyl revenue	127.15	133.86	156.75	17%	23%
Vinyl average price	£12.39	£12.44	£13.03	£0.59	£0.63

*UK estimated as 20% of total Discogs global sales, e.g. 20% of 11.6m vinyl sales in 2019

**Assumes same price as eBay, based on Forbes US insight

***Assumed Discogs share of UK second hand market, based on Forbes US insight and recent Discogs sales history

****Based on lower ARP of £5 for record shops, £18.40 for Discogs/eBay, assumed constant 50% sales split between shops/marketplaces

Second hand market 3 - Physical records generated a total of £302m in 2019, nearly £100m above the BPI quoted figure for just new records



- Of course, although the growth area within the physical format market, vinyl sales do remain behind the humble CD, even if this gap narrows every year. Therefore, to get the full picture, I have also calculated the total physical size of the market.
- The used CD market is very insignificant revenue wise – estimated at £3.3m in 2019, compared to the BPI figures of £141.7m for new CDs.
- Total physical new and used records (i.e. CDs plus vinyl) together generated sales of £302m in 2019, an extra £94m above the combined BPI new figure of £208m, with £91m of these accounted for by second-hand vinyl.
- **In 2019, 64% of vinyl records purchased were second-hand (7.7m, 58% of total spend) meaning that [the widely reported figure of 4.3m vinyl LPs](#) sold last year is severely under-stated; the true figure is more in the region of 12m.**

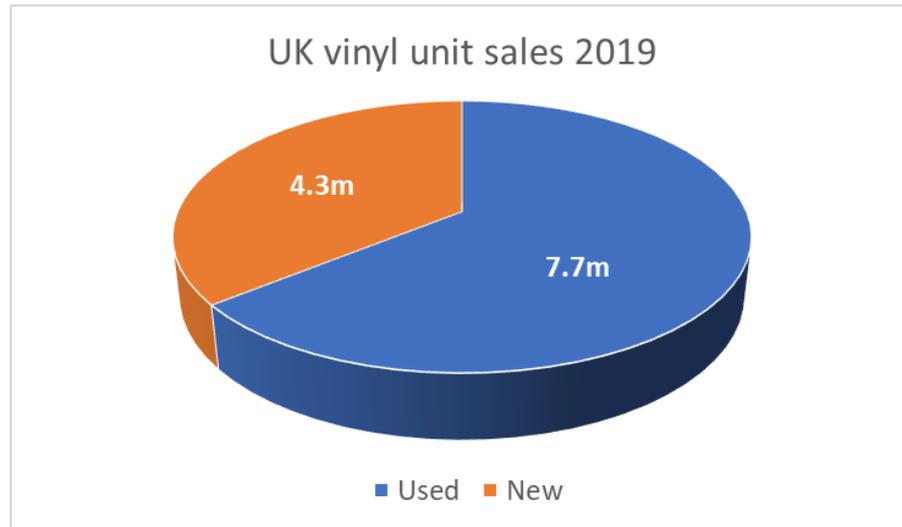


TABLE 2: UK MARKET - NEW AND USED VINYL PLUS CD SALES (Sales figures in millions)

	2017	2018	2019	2019 YOY	3 year growth
Vinyl UK Market (New and Used) Estimate (from Table 1 above)					
Vinyl unit sales	10.26	10.76	12.03	12%	17%
Vinyl revenue	127.15	133.86	156.75	17%	23%
Vinyl average price	£12.39	£12.44	£13.03	£0.59	£0.63
CD Market (New): BPI figures					
CD unit sales	41.6	32	23.5	-27%	-44%
CD revenue	246.89	176.78	141.74	-20%	-43%
CD average price	£5.93	£5.52	£6.03	£0.51	£0.10
CD Market (Used): Estimate					
CD unit sales*	1.23	1.44	1.08	-25%	-12%
CD revenue	3.66	3.99	3.26	-18%	-11%
CD average price**	£2.97	£2.76	£3.02	£0.25	£0.05
Total UK Market (New and Used) Estimate					
Vinyl + CD unit sales	53.09	44.20	36.62	-17%	-31%
Vinyl + CD revenue	377.69	314.62	301.75	-4%	-20%
Vinyl = CD average price	£7.11	£7.12	£8.24	£1.12	£1.13
Total UK Market (New): BPI figures					
Vinyl + CD unit sales	45.70	36.20	27.80	-23%	-39%
Vinyl + CD revenue	301.97	233.88	208.01	-11%	-31%
Vinyl = CD average price	£6.61	£6.46	£7.48	£1.02	£0.87
Used % of New and Used Market Sales					
Vinyl unit sales	60%	61%	64%	3%	4%
Vinyl revenue	57%	57%	58%	0%	1%
Vinyl + CD unit sales combined	14%	18%	24%	6%	10%
Vinyl + CD revenue combined	20%	26%	31%	5%	11%

*CD unit sales = % of overall second-hand vinyl market based on Discogs sales splits: 14% 2019, 22% 2018, 20% 2017

** CD average price half new products, based on anecdotal evidence/research. Note that CD used market accounts for approx 1% of total revenue

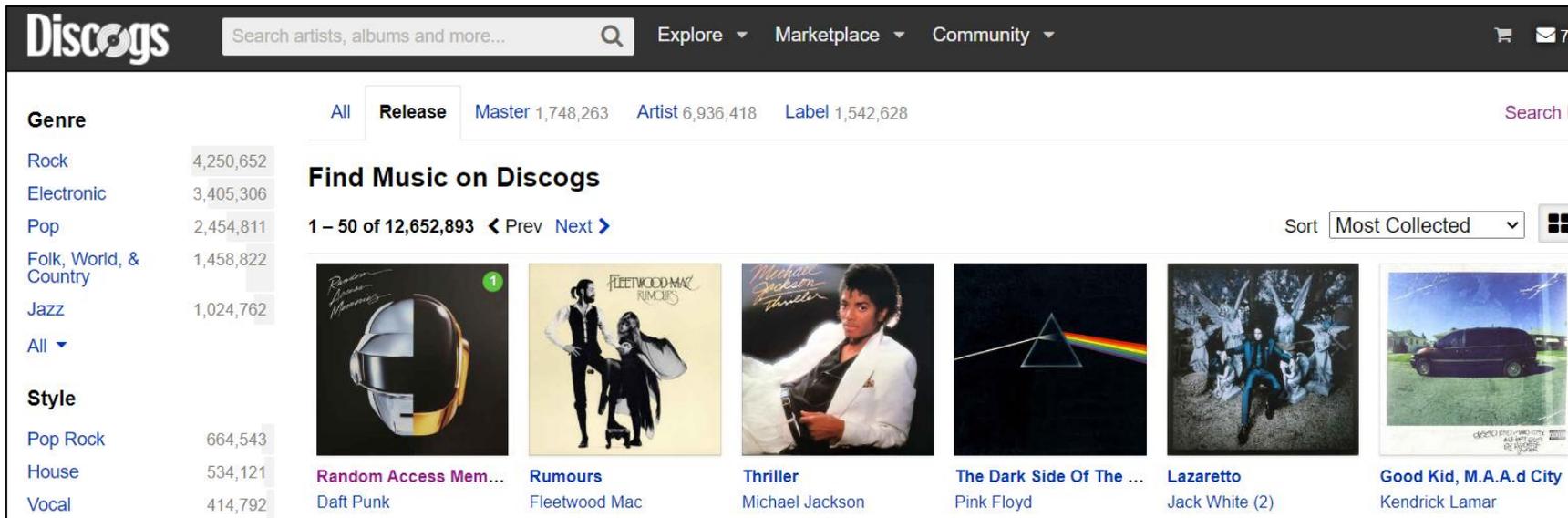


PART 2: Reviewing Discogs' recent success

Discogs has over 7m active users and a database of over 12m releases

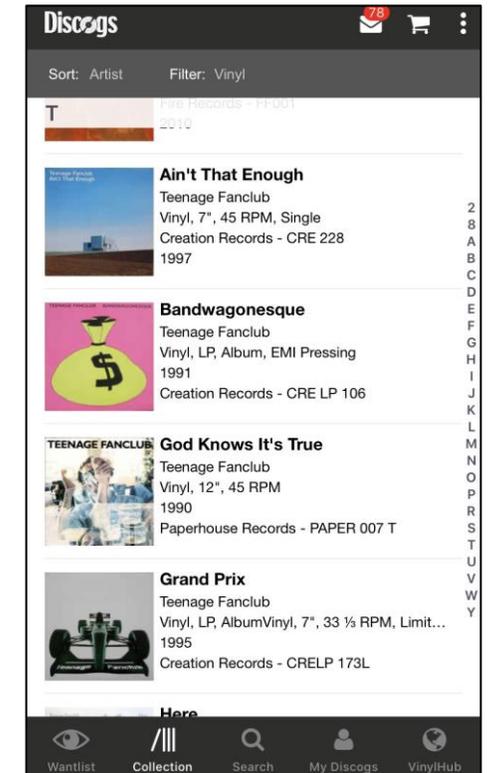


- A potent mixture of Wikipedia, IMDB, eBay and Pokemon for music fans, Discogs was originally established in 2000 by Kevin Lewandoski purely to catalogue dance records but now describes itself as **“the world's foremost Database, Marketplace, and Community for music”**.
- From an initial 2200 users in its first year, Discogs now has [over 7m active users](#) and a database of over 12.6m releases listed. Originally focused purely on electronic records, Discogs gradually increased its remit, with rock releases becoming the dominant genre in 2016. Adding to the collection can be therapeutic and also addictive, but it was the launch of the Discogs marketplace in late 2005 that really planted the seed for Discogs' future success.



There are 3 main aspects to Discogs, as shown in its top menu bar:

- **Explore** – 12.6m releases listed, with over 400m records in users' collections
- **Marketplace** – 14.6m records were sold last year in total (+34% YOY), with over 50m currently for sale
- **Community** – Discogs has 7.3m active users, including 500K contributors – and also promotes 10K record shops



The Discogs app: your physical record collection in your pocket

Central to Discogs' success is its Collection, with users having added 400m records to their respective collections



- The cornerstone of Discogs is its **Collection** feature that allows users to easily create their own online record collection, from the 12.6m existing releases in the Discogs database.
- Users can opt to search via the Discogs website or app, which has a built-in barcode scanner, making this a much simpler process to locate your particular record (for those that have barcodes anyway!).
- Similar to Wikipedia, Discogs is reliant on its users to add new releases, as well as providing further information (e.g. extra pictures, song videos etc).
- Discogs passed the milestone of a **total of 400M records added to users' collections in early May 2020**, having passed 300M records only the year before, in January 2019.
- **11.6M records were added to their collection in April 2020 by 306K users**, well up on the more recent annual average of 7M per month due to lockdown. By way of comparison, the [average submission in 2014 was just 2M per month](#).
- This collection spurt is also helped by the addictive/gamified nature of adding records, as you are able to get an updated total of how much your collection is worth based on recent sales in the Discogs Marketplace. Discogs will look at the most recent 10 sales of the relevant release and show its lowest, median and highest selling price. This then feeds up to your personal collection homepage with a min/med/max estimated value, thus encouraging the user to add as many records as possible to see this figure increase and increase...

Collection Value:* Min £9,363.67 Med £16,232.15 Max £28,134.75

Oasis (2) - Definitely Maybe

Released - 30/01/1994 UK
Format - Vinyl, Album, LP, Damont Pressing
Label - Creation Records

Genre - Rock
Style - Alternative Rock, Brit Pop, Indie Rock

2.8K | / 2.9K

★★★★★ 91.0% (361 ratings)

Sales History
£75.00 — £139.69 — £170.00

My Copies 1 >

For Sale 16 >

Videos

Wantlist Collection Search My Discogs VinylHub

500K users have contributed content to Discogs' Collection database

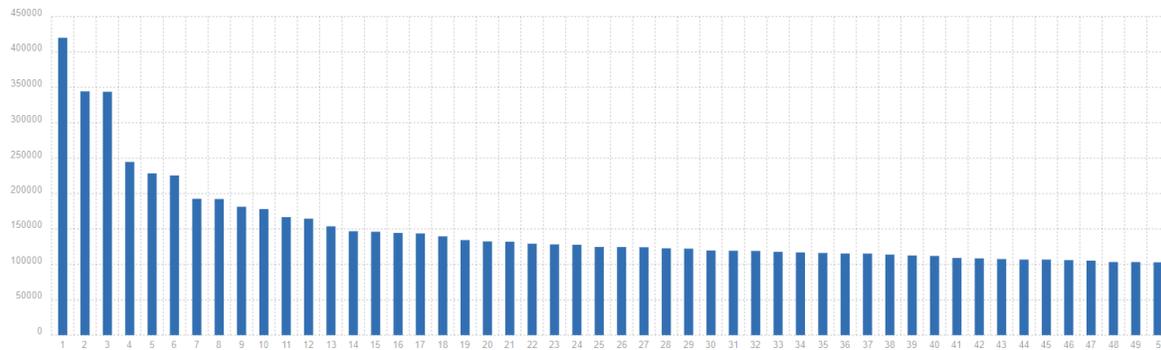


- Discogs has **7.3m active users**, of whom just over **500K** have provided a submission of some type. The majority of contributors have [provided details on less than 10 releases](#), with a hardcore [10% of “super-contributors” typically providing 80% of all submissions](#).
- Further Discogs gamification is provided by monthly and [all-time leaderboards showing top contributors](#); 420K points for the top contributor is equivalent to adding 100K records and providing extra details/amends for a further 120K!

- Usage of the site is significantly higher however. As Discogs CEO Kevin Lewandoski [told Vice in a rare interview in early 2017](#) “The majority of our traffic is just people lurking. There's 10 million people visiting the site every month, and we have 3 million users”. In May, Discogs recorded 50m visits from 15m unique visitors (source: SimilarWeb data).

It's a rabbit hole. Someone might come in to see what Dark Side of the Moon's all about, and next thing you know, they're looking at anything else that [David] Gilmour's touched. So, in terms of that barrier for entry, it's sort of a choose-your-own-adventure at that point, right?”

Ron Rich, Discogs Head Of Marketing



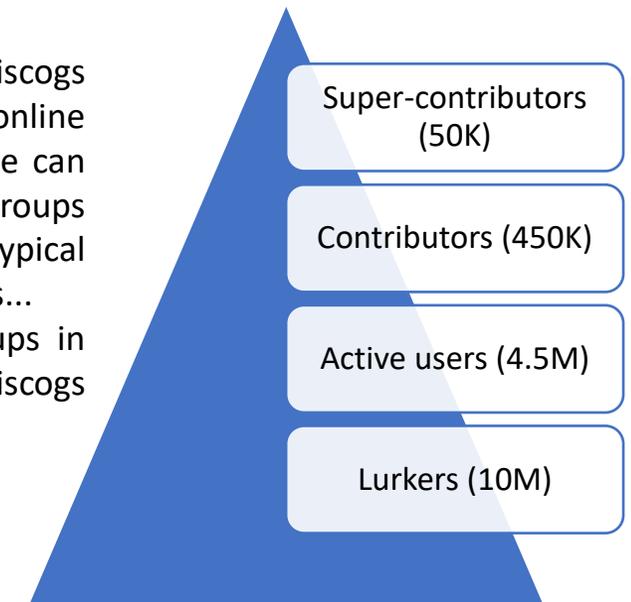
Discogs Contributors

Rank	Username	Points
1	Diognes_The_Fox	420,040
2	degm	344,394

How do I get more points?

Three points for a full submission.
One point for every edit or image.

- With these user dynamics, Discogs follows a fairly typical online engagement model, which we can break down into the 4 groups shown on the right, with typical splits for 15m monthly visitors...
- Page 20 explores these groups in more detail as part of a Discogs customer journey review.



Discogs' Marketplace is its primary revenue generator, selling 11.6m vinyl records and generating an estimated £17m in commission fees in 2019



- The Discogs Marketplace was launched in late 2005, due to user demand – as [CEO Kevin Lewandoski has stated](#): “The users asked for it. There was already a “collection” and “want list” feature, and a lot of people asked for a “sell” list, just to have a list of things that they were selling...Amazon and eBay were around, but they weren't really what they are today.”
- There are **over 50M records available** globally on the Marketplace, with **9M from sellers in the UK**. Sellers vary from individuals selling off unwanted/spare items from their collection to sole traders to established second-hand record shops.
- As outlined in the music industry section, the Discogs Marketplace has become an increasingly prominent player in the second-hand market, **selling 14.5m records in 2019**. **Of these, 11.6m were vinyl, which increased sales by 41% on 2018**.
- It's estimated that this would see a total of \$267m (£213m) spent on vinyl globally via Discogs last year. Discogs charge a flat fee 8% commission on sales so will have earned an estimated \$21m (£17m) last year from its global marketplace on vinyl. Therefore, the Discogs Marketplace has proved invaluable in providing a viable revenue stream for Discogs to flourish and thrive from its base in Portland, Oregon.
- In common with eBay and most marketplaces, **reviews (of both buyers and sellers) are strongly encouraged** and help to ensure the marketplace functions efficiently. As a fairly experienced buyer, I've generally had overwhelmingly positive experiences, all helped by the fact that all sellers feel a passion and kinship to the product too, very different to some Amazon/eBay marketplace sellers of more functional items.
- Discogs also provides one of the more helpful/addictive wishlists I've encountered. For each release, as well as being able to “add to your collection” there is the option to “**add to your wantlist**” so you can gather and keep an eye on the next records you'd like to secure. Discogs will also notify you when new copies are added for sale.

The screenshot shows the Discogs Marketplace interface. The top navigation bar includes 'Marketplace', 'All Items', 'Items I Want', 'Purchases', 'Cart', and 'Buyer Settings'. A search bar is present with the text 'Search artists, albums and more...'. Below the navigation, there's a section for 'Shop Vinyl Records, CDs, and More' with a pagination indicator '1 - 250 of 54,990,032'. A list of items is shown, with the first item being 'The Taft Projects - Soavé (12")' by Bumble Beats Records, priced at £2.19. The item details include a rating of 4.38, 48 'have' items, and 36 'want' items. A mobile app interface is shown on the right, displaying a 'Wantlist' example for 'Tigerbomb' and 'Nobody But Me / Sueno'.

“Wantlist” example from the Discogs app

Launched in 2016, the Discogs App provides key functions very conveniently, especially the ability to price search and compare when record shopping



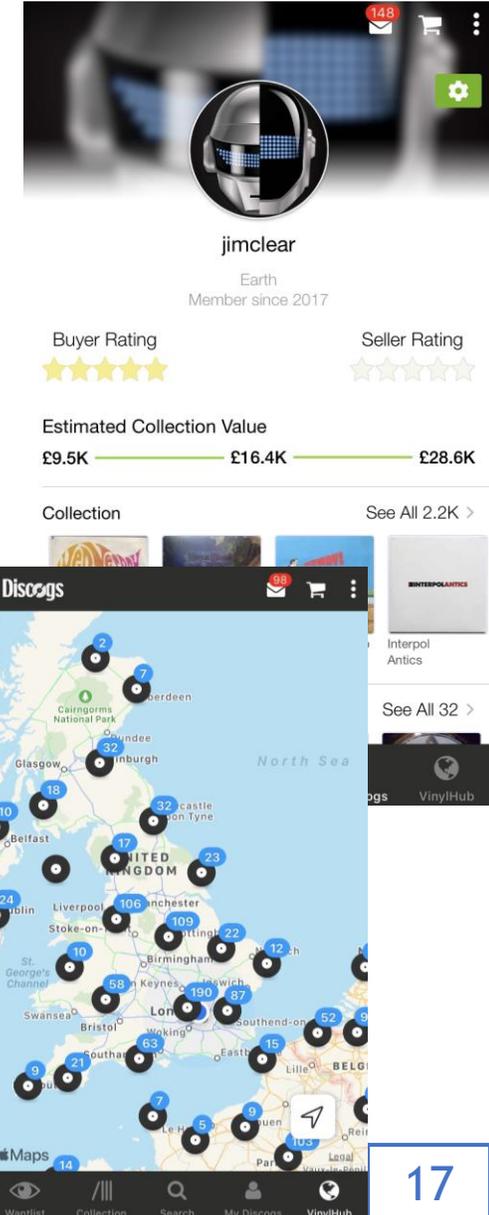
- Another example of functionality driven by user requests, the **Discogs App was launched in 2016**. Originally allowing customers to view and manage their collection and wantlists in app, **full Marketplace integration followed in 2017**. This allowed buyers to directly purchase in app, perfect to drive those spur of the moment purchases.
- Although Discogs' website is perfectly optimised on mobile, the Discogs app is a great example of taking advantage of the additional functionality that a well designed app can offer.
- As a site that customers will likely want to visit frequently, it is worth the extra development and ongoing management to deliver the increasingly personalised and instant experience. For example, music fans greatly enjoy reviewing the prices of various records and their overall collection, frequently worth more (and less) than one would expect.
- The app is also a great example of developing and focusing on just a few key, important features and leaving the "heavy lifting" to the website. So it is ideal for simply reviewing and adding to your collection, but hasn't focused as strongly on more complex operations better suited to a PC, such as submitting new content.
- However, **it is the ability to search instantly – and with a barcode if it exists – that has fundamentally changed the used records industry**. This means if customers are out and about, they can instantly review an in-store price against market average prices on Discogs to see if the price is in line. Generally, they will be these days as Discogs has become the de facto price guide across the board – which has democratised pricing and made it less likely that you'll be ripped off by an unscrupulous trader, but also that you'll be less likely to come across a record for sale that is significantly under-priced.

- Recognising the wider importance of record collecting, **Discogs do actively encourage and cultivate their users to shop physically as well via their Marketplace** in 2 notable ways:

1. Their "[Vinyl Hub](#)" is prominent on the app, a global database of 10K record shops to encourage browsing and shopping wherever you may be in the world.
2. Discogs owns and promotes the "[Crate Diggers](#)" brand of international music festivals dedicated to promoting vinyl, collectability and physical music, which puts on multiple events each year.

"Furthermore, record stores go online and start pricing directly from Discogs. Has somebody gone in a record store with the [Discogs] app and been like, "I can buy it on Discogs for this, so what am I doing here?" Sure."

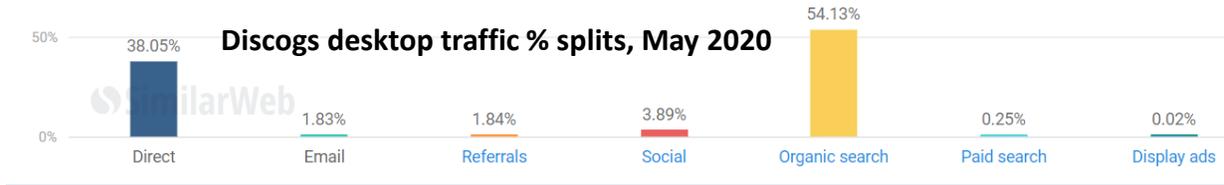
Chad Dahlstrom, Discogs COO



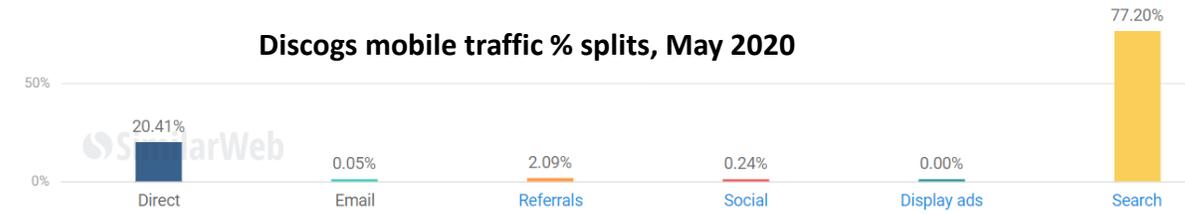
Organic search is by far Discogs' main traffic driver, with 67% of search visits relating to non-branded terms



- Discogs receives the vast majority of its traffic from organic search results or direct traffic.



- Search is even more dominant when looking at mobile web traffic (39% of visits)



- 67% of Discogs search traffic is for non-branded/non-Discogs terms** (mainly individual records/bands etc), with its rich and credible data consistently scoring it strong ranking positions on Google's first page, even though it is competing for space with online behemoths such as Wikipedia, Amazon and YouTube.
- A true "community brand" that has risen to a strong position mainly through word of mouth (both online and through personal recommendations), Discogs can seem complex to the casual browser, so it is understandable that paid media plays a small part in its mix. However it is surprising that both social media and email send such a relatively small amount of users to the site, so these channels offer the most scope to increase visit frequency.

The screenshot shows a Google search for "teenage fanclub grand prix". The results include:

- Wikipedia: Grand Prix (album) - Wikipedia
- Amazon.co.uk: Grand Prix: Amazon.co.uk: Music
- BBC: Music - Review of Teenage Fanclub - Grand Prix - BBC
- YouTube: Teenage Fanclub - Grand Prix - YouTube
- Discogs: Teenage Fanclub - Grand Prix | Releases | Discogs** (highlighted with a red box)
- Soundblab: Teenage Fanclub - Grand Prix - Albums - Reviews - Soundblab

The Discogs result is highlighted with a red box, indicating its high ranking in the search results.

Traffic data source: SimilarWeb

Discogs' recent success is underpinned by its passionate user community, appealing usefulness and ethical credentials



- Discogs has **recently experienced strong growth**, both commercially (with Marketplace sales +34% in 2019) and general usage, with 11.6m records added to users' collections in the first month of lockdown, 65% above the usual monthly average of 7m.
- And despite the marketplace sector being dominated by Amazon and eBay, with 90% share between them (as the **complementary** "[The UK Marketplace Sector – And The Role Of Community](#)" **Clear Digital research** explores), Discogs managed to grow sales faster than either in 2019.
- 3 key dynamics helping Discogs' success are outlined below, before we examine a typical Discogs customer journey on the next page...

Community/passion

Music does produce passionate (and obsessive!) fans and Discogs has brilliantly harnessed this passion to produce something truly valued by its community. In turn, the community is truly vital to Discogs' success, initially from its crowdsourced database to its creation of the Marketplace to the later development of the Discogs App.

I think our users are still really invested in the notion of Discogs, of cataloguing all this music that everyone loves, and sharing that."

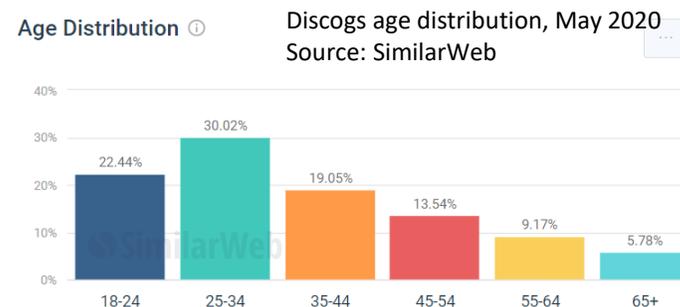
Nik Kinloch, Discogs
Director of Product

Usefulness/fun

- A helpful adage for any digital service is to "be useful" and as we've seen, Discogs provides a variety of uses for its core collectors, buyers and sellers.
- Additionally, record labels now use Discogs to help decide which old records from their catalogue to reissue.
- Discogs can become addictive for users in cataloguing their collection and then entering the Marketplace to either add to it or sell unwanted records. On the next page, we'll further investigate the Discogs customer journey as users progress from being "lurkers" to buyers and sellers, where Discogs can actually profit from them.

Vintage/ethics/sustainability

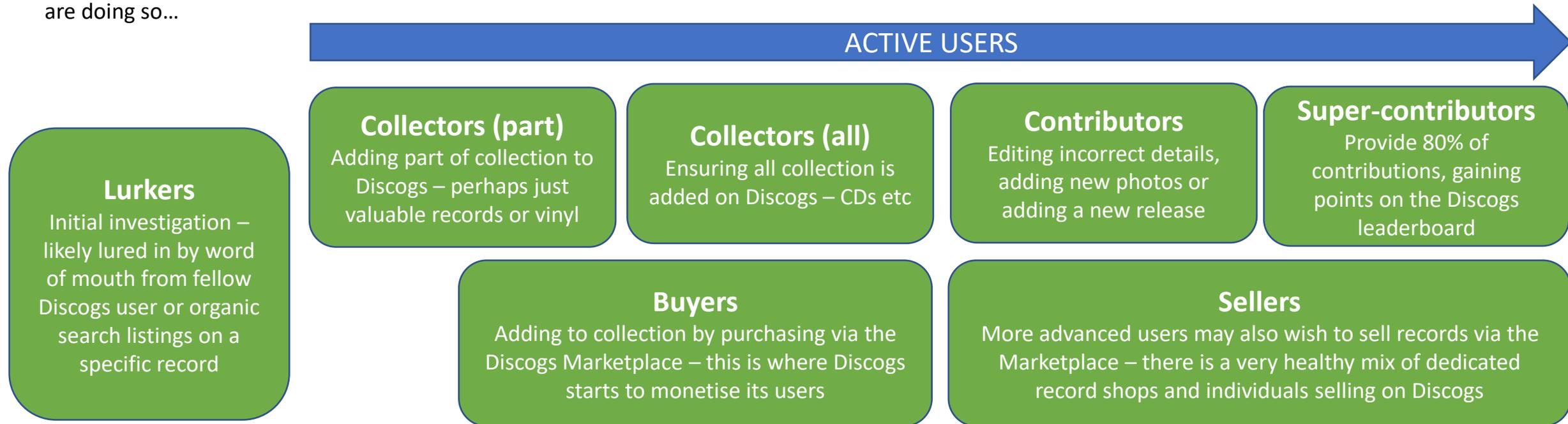
The trend for ethical trading and purchasing sustainable products continues to be a growing concern, especially for younger consumers. And despite the traditional image of record shops being full of middle aged blokes, Discogs' user base is fairly young, with over 50% being under 35. Therefore, being able to purchase used/vintage products from small independents or fellow collectors will also be an important factor for many Discogs customers.



The Discogs customer journey shows how customers can move from “lurkers” to “buyers” (and for some “sellers”)



- A typical Discogs customer journey can be reviewed using the model below.
- From initially finding, researching and playing around as a “lurker”, a user will start becoming active by setting up an account and adding records to their Discogs collection. To start with, this will likely be a subset of their collection, before potentially later adding all on, as the process becomes increasingly addictive, as their collection value increases.
- It’s at this stage that many Discogs users will start to use the Marketplace to make a purchase or two as “buyers”, and potentially later on become a “seller” too, although many won’t.
- More dedicated users will also move on to help with the beating heart of Discogs by contributing, although this applies to less than 10% of the overall community.
- By looking at this model, we can see that “being useful” is key to Discogs’ success, and it can take a while for a user to become increasingly active and develop as commercially important by entering the Marketplace. However, with 34% sales growth in 2019, it is apparent that an ever greater number of Discogs users are doing so...



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Visit: cleardigitaluk.com

Email: jim@cleardigitaluk.com



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