Digitisation of the Music Industry
UNCTAD e-Commerce Week, 4 April 2019
Geneva
Record labels provide artists with unique, unmatched support

**Music Licensing**
Record labels use their commercial skills and leverage to maximise the value of music licensing deals.

**Marketing & Digital**
Marketing & digital teams facilitate multimedia campaigns that grow the artist’s presence online and offline.

**Sync & Partnership**
Sync and partnership teams work with the artist to agree partnerships with like-minded brands that reflect their image and connect with fans.

**Global Distribution**
Global distribution teams deliver, manage and track the distribution of the artist’s music both to physical and digital.

**A&R**
A&R signs an artist to a record label, which provides creative and commercial expertise, as well as financial support, to support the artist’s music creation.

**Creative Teams**
Creative teams help the artist develop their visual identity and collaborate on things like album artwork and music videos.

**Press & Publicity**
Press and publicity teams secure media coverage, radio and TV appearances and playlist spots for the artist.

**Global Reach**
International teams help accelerate the artist’s profile by bringing the artist’s music to new territories, growing their global fanbase.

@IFPI_org
Recorded Music Industry in 2018

US $19.06 bn
Global trade revenues for the recorded music industry in 2018

Streaming revenue growth of 34.0%, driven by paid subscriptions

Growth in every region and in 46 of 53 reporting countries

Continued decline in physical income — but vinyl kept growing

Increased collections from performance rights worldwide
Formats in 2018

58.9% digital music share of global revenue

Streaming - Subscription audio streams: 37.0%
Streaming - video streams: 5.2%
Streaming - ad-supported audio streams: 4.6%
Other digital: 4.4%
Performance rights: 14.0%
Synchronisation: 2.3%
Physical - CDs: 15.6%
Physical - Vinyl: 3.6%
Physical - other: 5.4%
Downloads - full album: 3.7%
Downloads - single tracks: 3.9%
Downloads - other: 0.1%
Growth in all regions

Global trade revenues for the recorded music industry in 2018

**US $19.06 bn**

NORTH AMERICA
+14.0% - $7.09bn

EUROPE
+0.1% - $6.02bn

LATIN AMERICA
+16.8% - $704.2m

ASIA
+11.8% - $4.45bn

AFRICA & MIDDLE EAST
+14.4% - $89.3m

AUSTRALASIA
+10.6% - $521.7m
Top ten markets

1. USA +15.0% - $6.64bn
2. JAPAN +3.4% - $2.87bn
3. UK +3.1% - $1.40bn
4. GERMANY -9.9% - $1.31bn
5. FRANCE +1.4% - $991.9m
6. SOUTH KOREA +17.9% - $599.9m
7. CHINA $531.3m *
8. AUSTRALIA +11.0% - $446.6m
9. CANADA +0.5% - $441.2m
10. BRAZIL +15.4% - $298.8m

* IFPI transitioned to transactional reporting in China in 2018 and comparisons with previous years would not be a true reflection on growth in the market.
Growth after a long decline

**PERFORMANCE RIGHTS & SYNCH**
Music used in broadcast and public performance + synch and royalties from tv, film, and games

**STREAMING**
Audio and video streaming revenues, paid subscriptions and ad-supported

**OTHER DIGITAL**
Permanent downloads, mobile revenues (excludes streaming)

**PHYSICAL**
Sales of all physical formats, including CD and vinyl.
Streaming half of sales in almost every major market in 2018

In the fifteen largest markets for recorded music in 2018, streaming was responsible for more than half of sales revenues (all digital and physical formats combined) in all but two.

Germany was the third largest physical market in 2018 and was in the process of transitioning to a streaming-focused landscape. Japan’s market remained dominated by physical formats, though streaming revenues did rise in the country.
Streaming revenue distribution in 2018

US 41.4%
Total streaming revenues rose by 33.5% to $3,700.3m in 2018. The main part of this total was from subscription audio streams. Revenue from this type of streaming alone in the US was larger than any other total country’s recorded music market.

Australia 3.1%
Total streaming revenues increased by 40.9%. Streaming contributed more than twice as much to total revenues in Australia in 2018 than it did in 2016.

Japan 4.0%
Despite physical formats being the bulk of the market in Japan, streaming revenues rose by 32.6% to $356.5m.

China 5.4%
More than half of all streaming revenues in China were from ad-supported streams, in contrast to any other major market.

UK 7.7%

Rest of World 20.0%

Streaming Subscribers
Based on global data collected by IFPI from member record companies and DSPs, there were 255 million users of paid subscription audio services worldwide at the end of 2018. This represented an increase of 44.9% compared to 176 million at the end of 2017.
Subscriptions were the driver of growth

GROWTH IN STREAMING REVENUES
BY FORMAT, 2016-2018 (US $m)

Subscription audio streams alone were 37.0% of total industry revenues in 2018

STREAMING REVENUES BY FORMAT 2018

Asia had the largest proportion of revenues from ad-supported audio streaming due to widespread use of licensed audio streaming clients in China
Key policy principles for success

1. Music’s value – both cultural and economic – must be recognised

2. Copyright frameworks must be clear and provide for legal certainty

3. Right holders must be free to license, i.e. decide who can use their music and how, both online and offline

4. Adequate legal remedies must be available to prevent music from being made available illegally
WIPO Internet Treaties (WPPT/WCT) benchmark, ratified by 100 countries worldwide

- Internationally agreed minimum (not maximum) of protection
- Making available right as the foundation of the online music business
- National Treatment for all rights, including online and performance rights
- Technical protection measures, key to protecting licensed music offer
About IFPI

IFPI is the voice of the recording industry worldwide. We represent the interests of 1,300 record companies across the globe.

IFPI is a not-for-profit international organisation registered in Switzerland. We have offices in London, Brussels, Hong Kong, South Korea, and Miami plus a representative office in Beijing.

57 Countries with IFPI affiliated national groups or music licensing companies
59 Markets where our member companies operate
What We Do

- Legal policy & litigation
- Sales reporting & industry data
- Charts & certifications governance
- Insight & analysis
- Performance rights
- Content protection
- International trade
- Technology
- Communications

PROMOTING THE VALUE OF RECORDED MUSIC
Its economic value in creating growth, jobs and investment and its cultural value to society and in people’s lives.

CAMPAIGNING FOR THE RIGHTS OF RECORD PRODUCERS
We work to make sure that the rights of our members, who create, produce and invest in music, are properly protected and enforced.

EXPANDING THE COMMERCIAL USES OF RECORDED MUSIC
Working to help our members license and generate commercial value for music through every available channel across the world.
Thank you