



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.

Recorded Music Industry in 2018

US \$19.06 bn

Global trade revenues for the recorded music industry in 2018

↑9.7%

global recorded music market growth



Streaming revenue growth of 34.0%, driven by paid subscriptions



Growth in every region and in 46 of 53 reporting countries

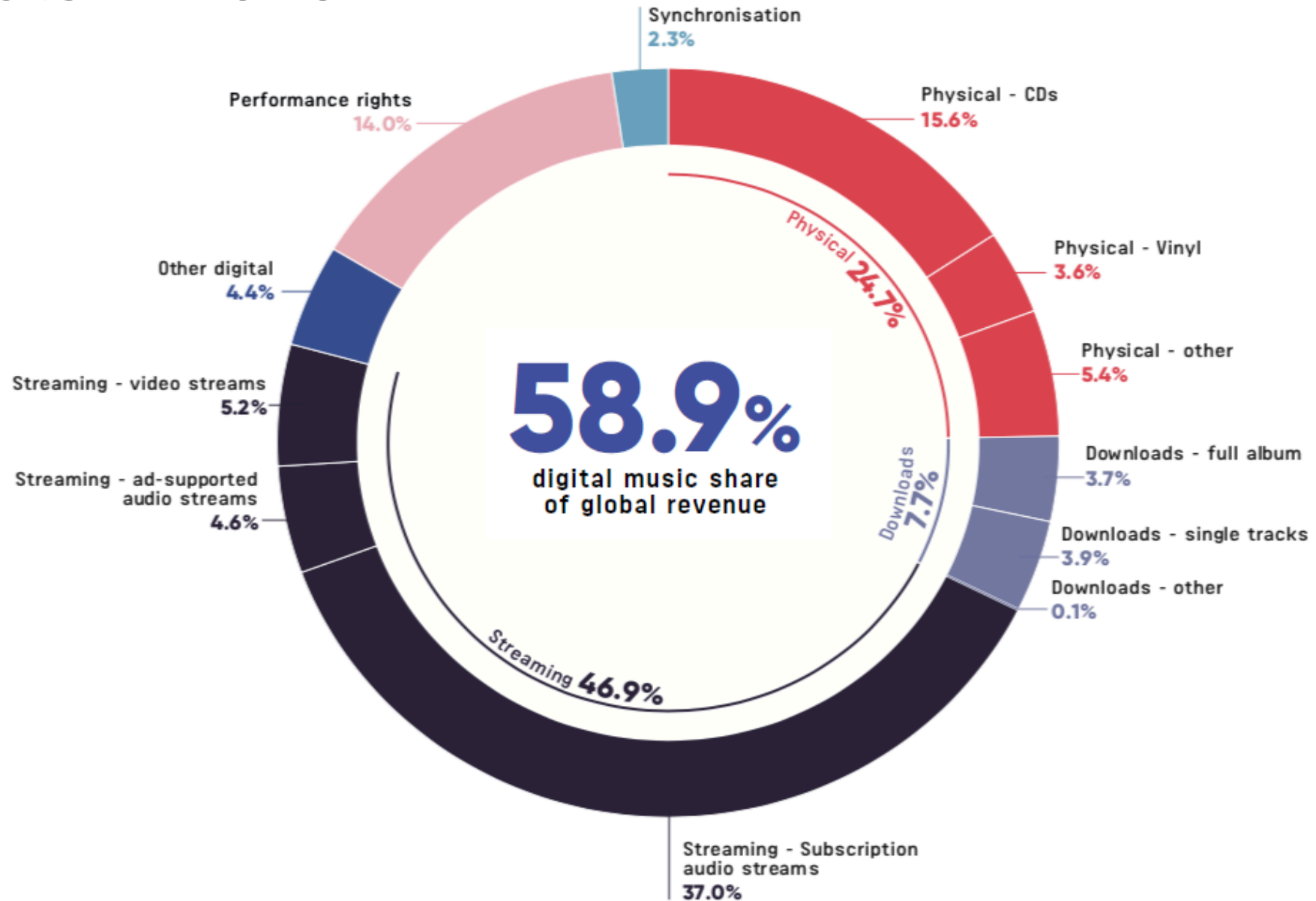


Continued decline in physical income – but vinyl kept growing



Increased collections from performance rights worldwide

Formats in 2018



Growth in all regions

NORTH AMERICA
+14.0% - \$7.09bn

EUROPE
+0.1% - \$6.02bn

**US \$19.06
bn**

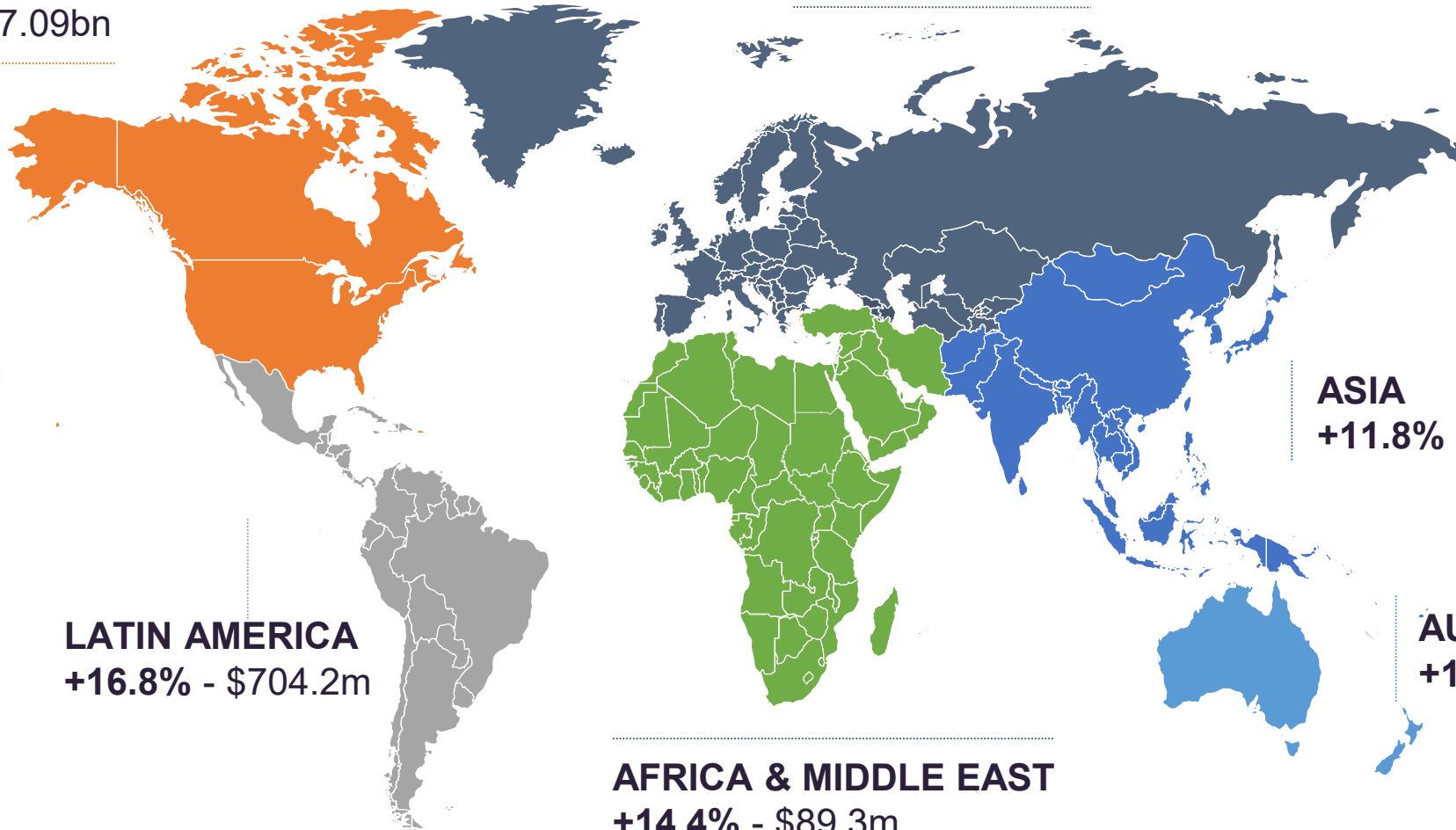
Global trade
revenues for the
recorded music
industry in 2018

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

9 CANADA
+0.5% - \$441.2m

5 FRANCE
+1.4% - \$991.9m

3 UK
+3.1% - \$1.40bn

4 GERMANY
-9.9% - \$1.31bn

7 CHINA
\$531.3m *

2 JAPAN
+3.4% - \$2.87bn

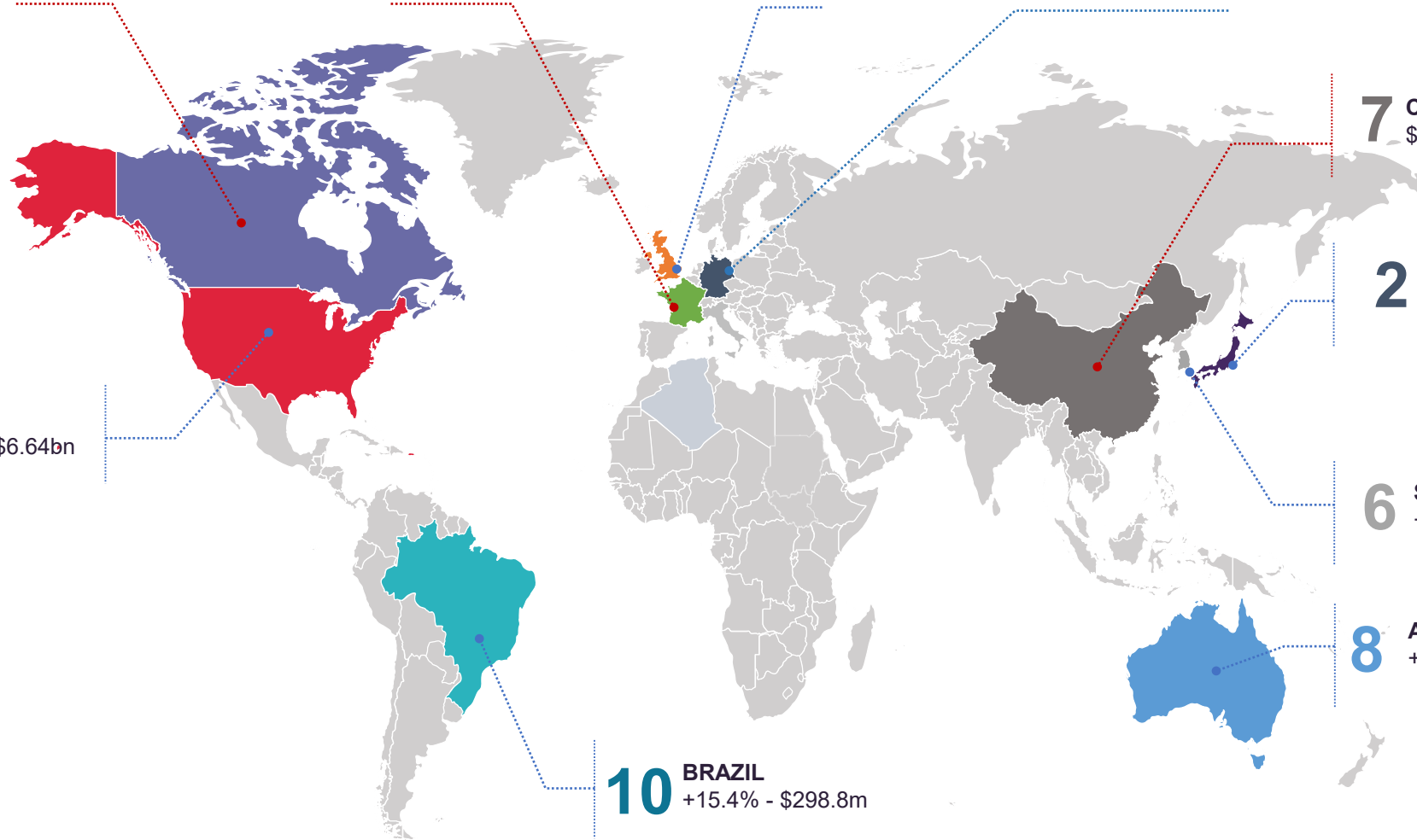
6 SOUTH KOREA
+17.9% - \$599.9m

8 AUSTRALIA
+11.0% - \$446.6m

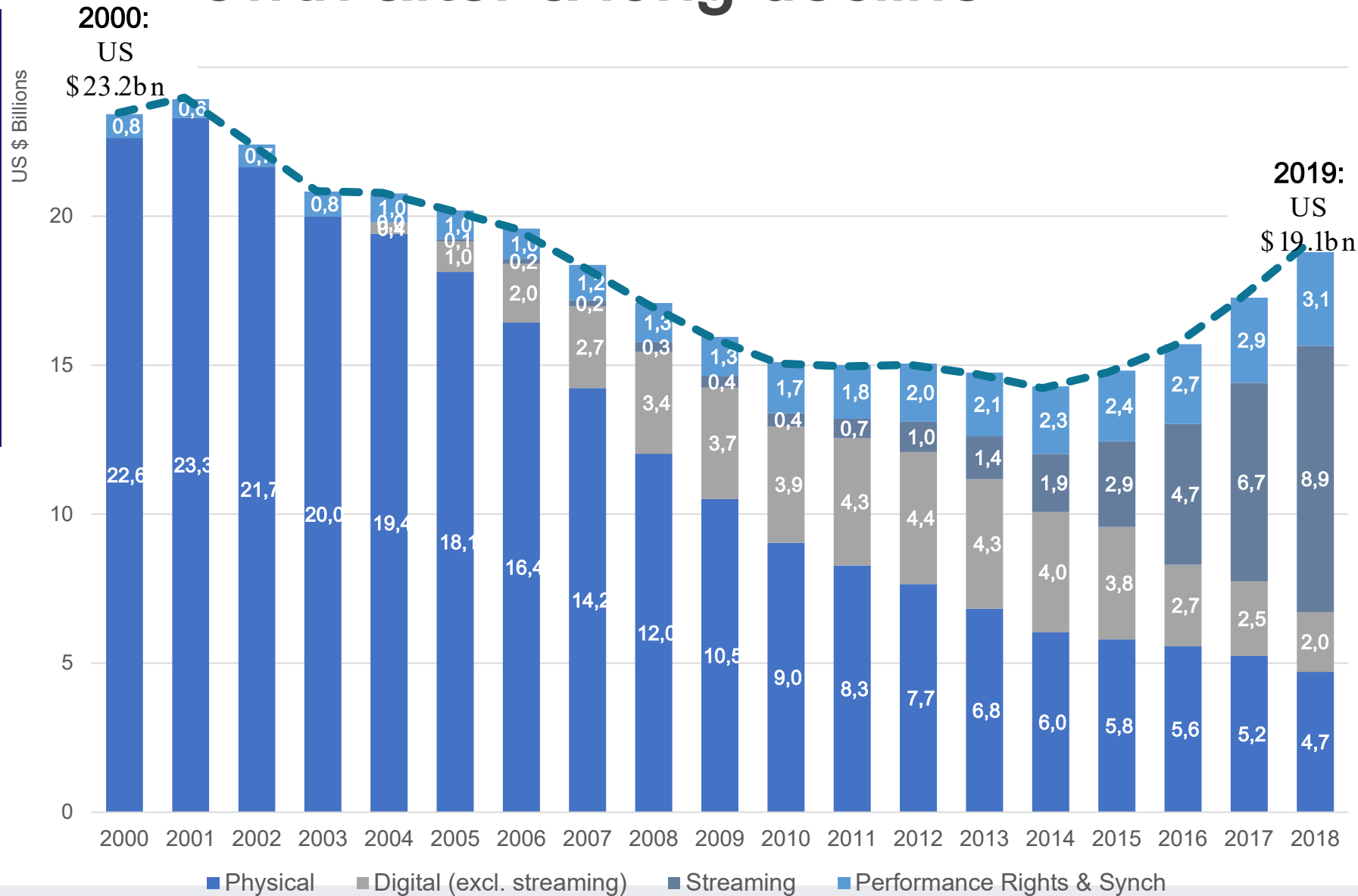
1 USA
+15.0% - \$6.64bn

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

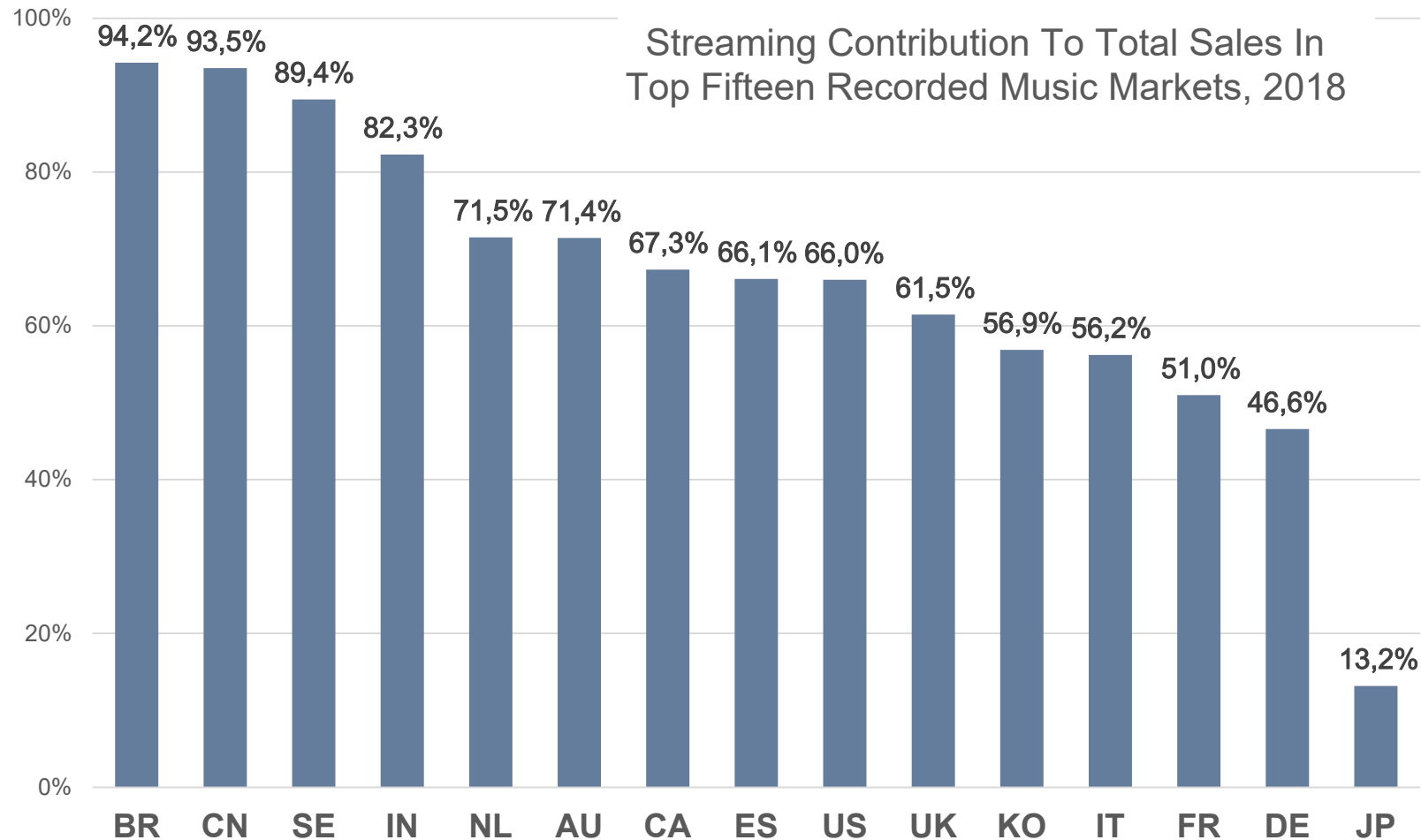
OTHER DIGITAL

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



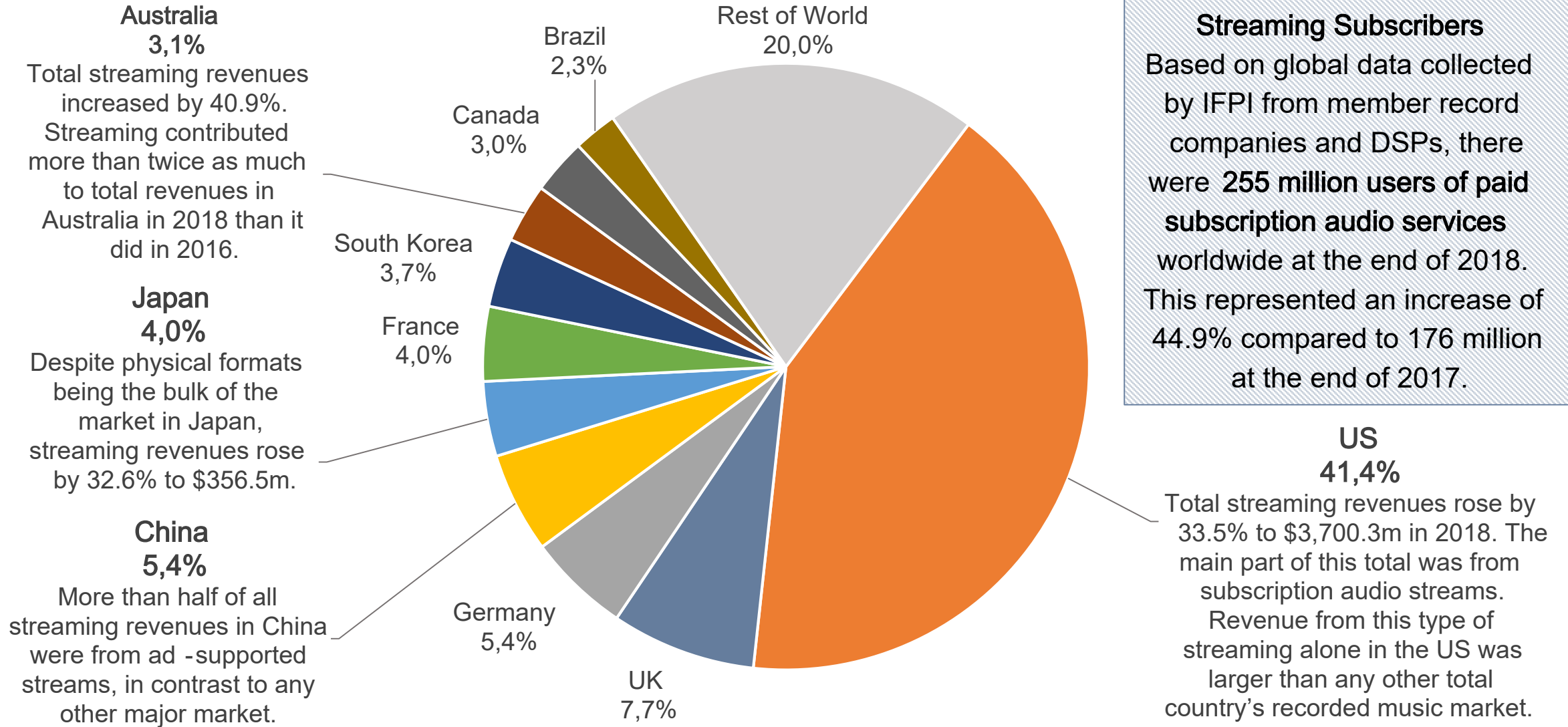
In the fifteen largest markets for recorded music in 2018, **streaming** was responsible for **more than half of sales revenues** (all digital and physical formats combined) in all but two.

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.

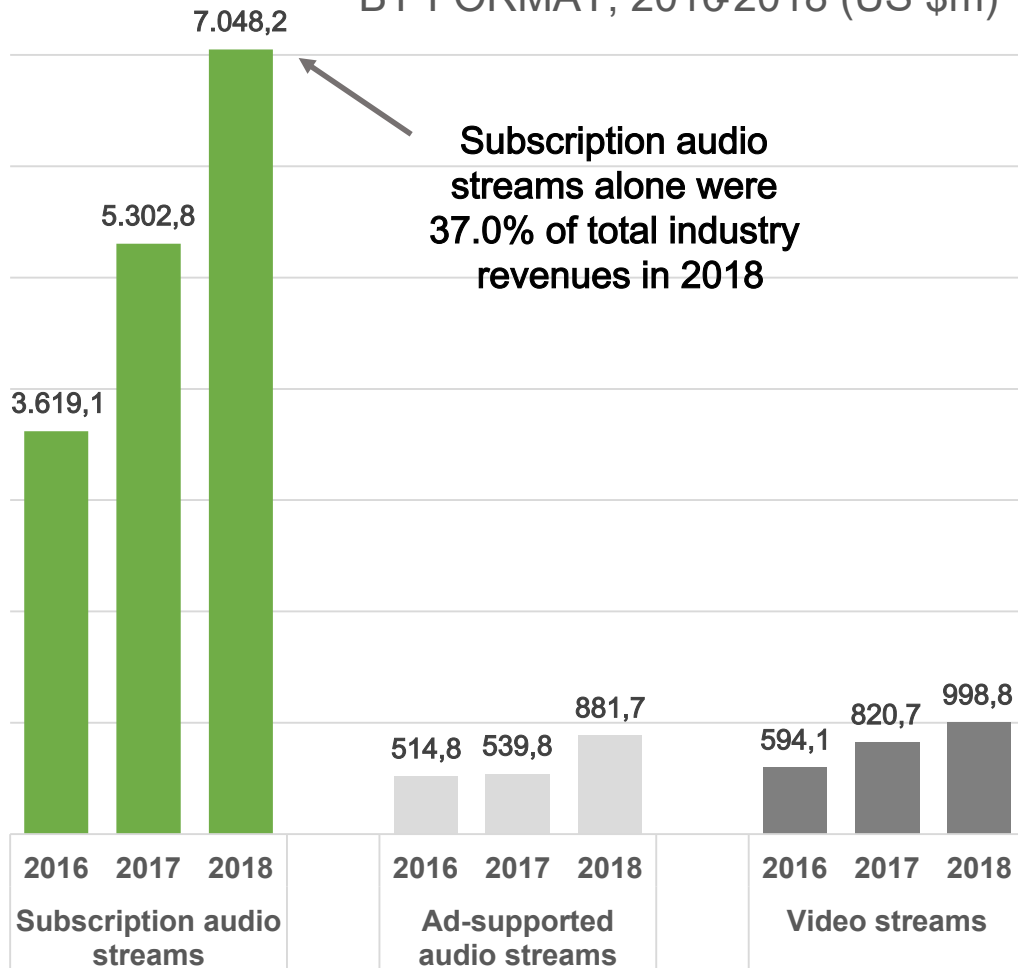
Streaming revenues increased in every country shown

Streaming revenue distribution in 2018

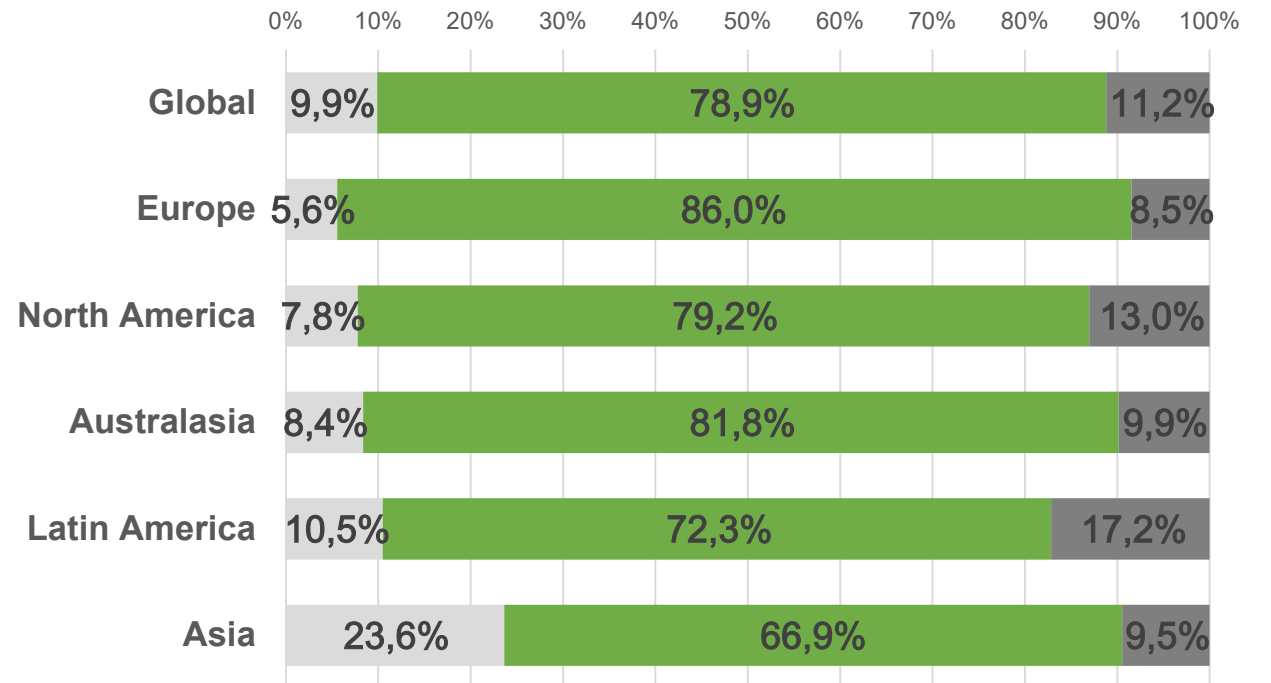


Subscriptions were the driver of growth

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



STREAMING REVENUES BY FORMAT 2018



■ Ad-supported audio streams
 ■ Paid subscription audio streams
 ■ Video streams

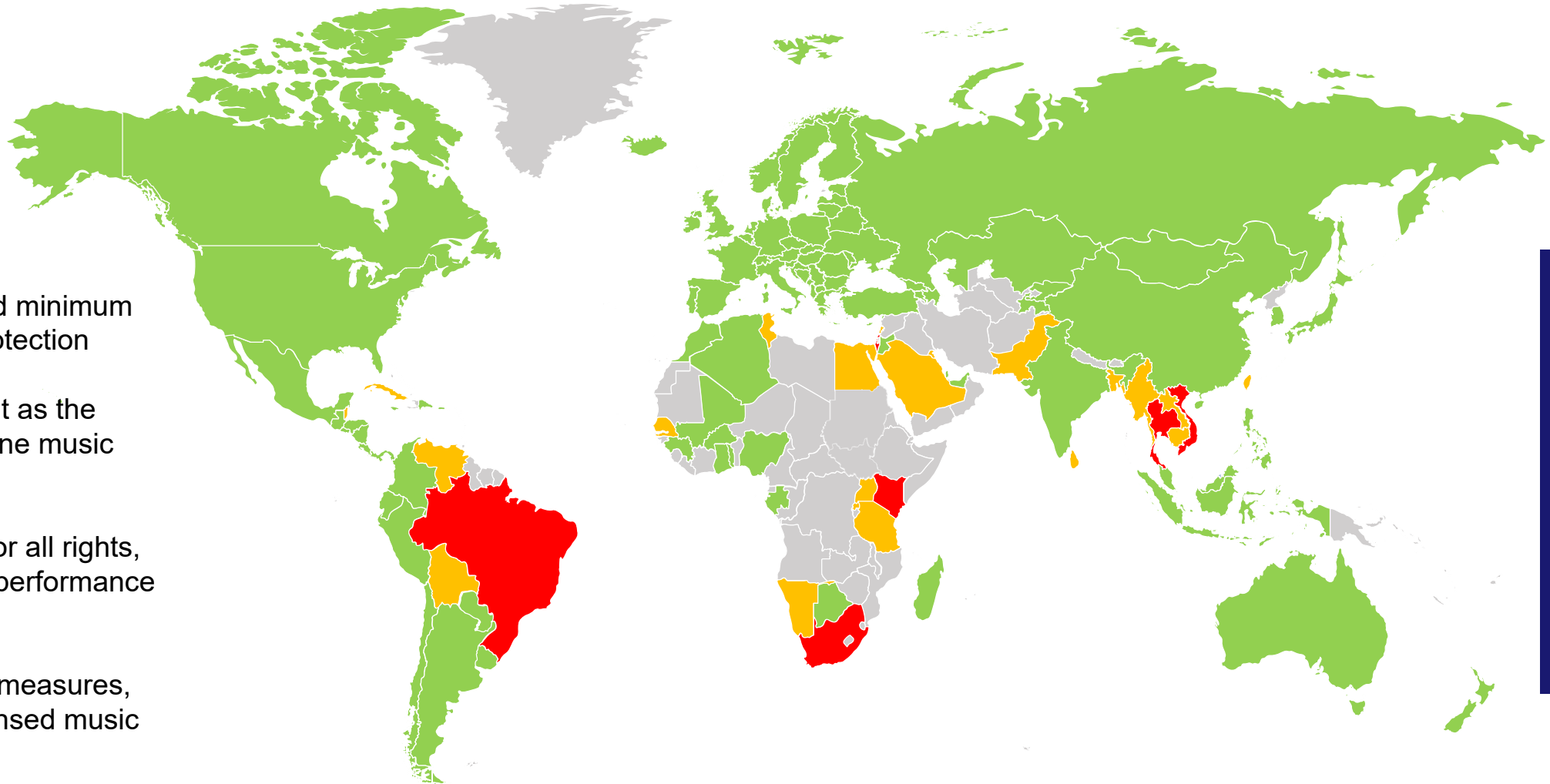
Asia had the largest proportion of revenues from ad-supported audio streaming due to widespread use of licensed audio streaming clients in China

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

- 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.

ifpi **What We Do**

Thank you

