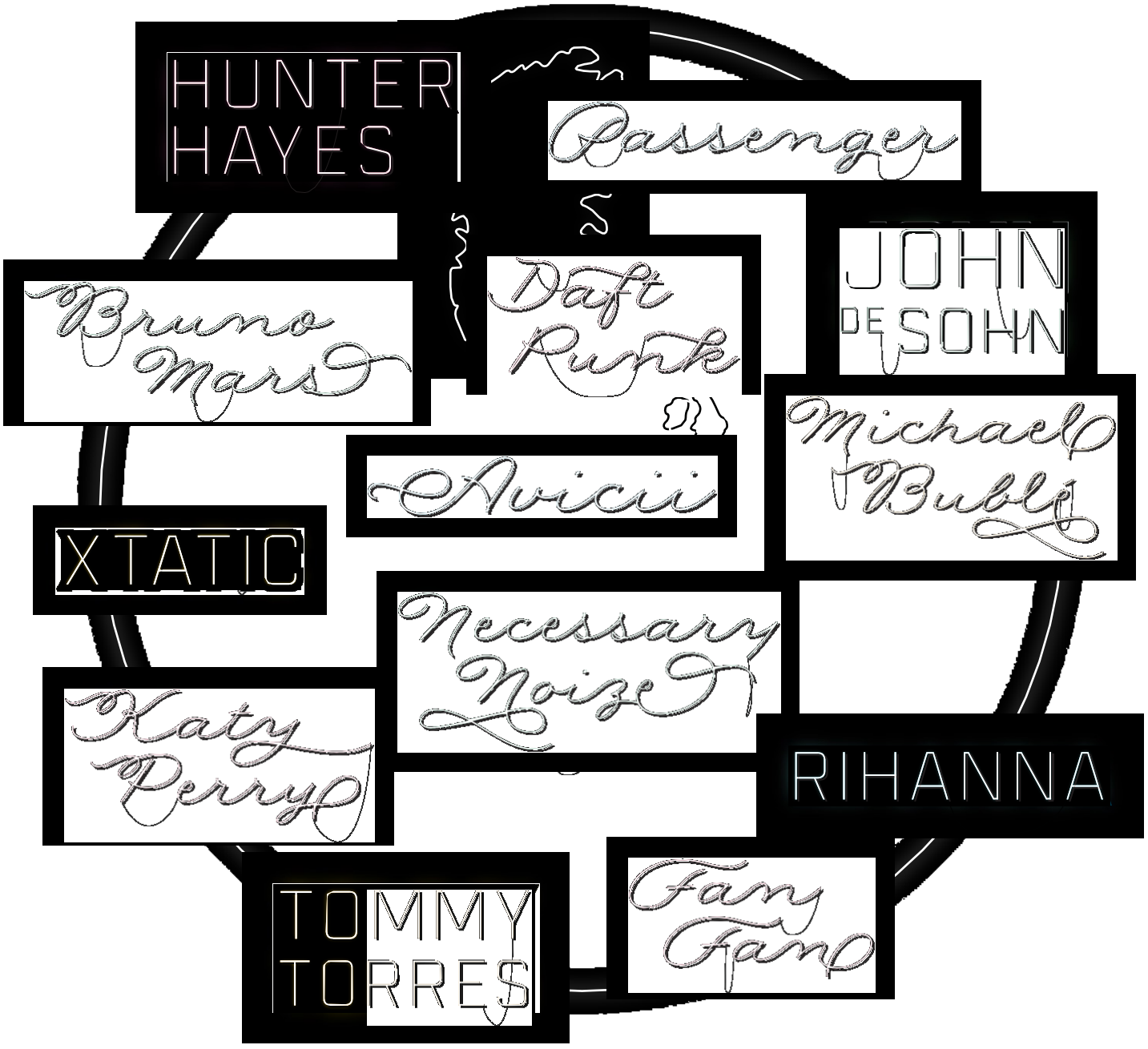


IFPI DIGITAL MUSIC REPORT 2014

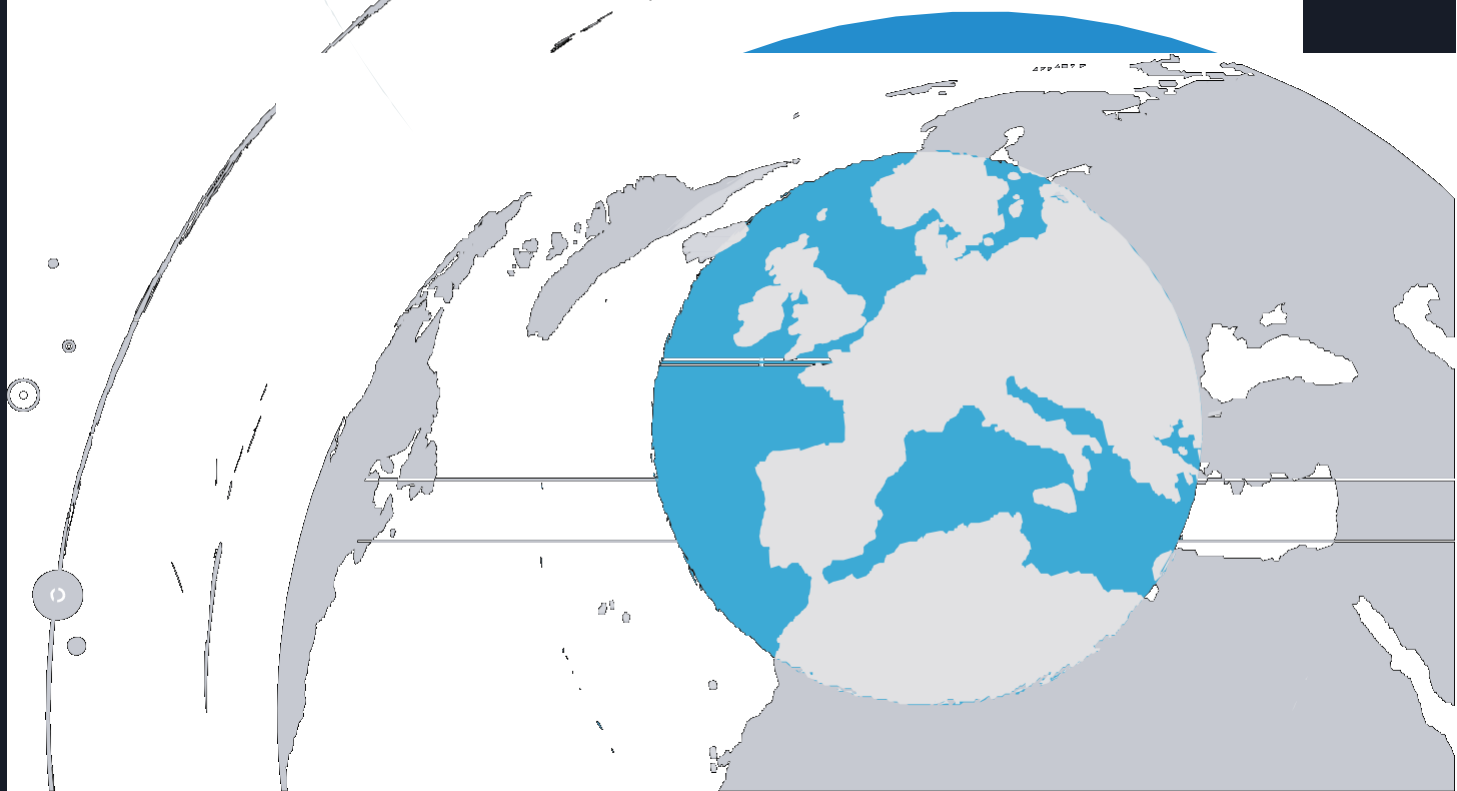
DEEZER

AVE LIFT-OFF!

nenal year for Deezer. We've recorded Sessions
ine tingling ared memorable live shows.
h the best devs to bring you apps to bop with
o the best gigs in town, or show your love for
nd. We've recommended more new music to
debate around
ress, on blogs, and on the street.

working with artists and labels we've helped
reimagine the future of music, giving fans everywhere a truly
personal listening experience.

WE SEE CLEAR SKIES AHEAD.



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Designed by design to communicate

This report includes new findings from a consumer study carried out by Ipsos MediaCT, commissioned by IFPI.

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Introduction

PlÁcido domingo
chalrman, IFPI

The technology changes: the music remains

I am very pleased to introduce IFPI's latest *Digital Music Report* which gives an excellent overview of how the music industry is investing and adapting in the digital world. I am now in my third year as chairman of IFPI and during this time I have been able to witness close up the amazing transformation of our music industry.

My career in music has spanned more than four decades. The first recordings of my work were available on vinyl LPs or cassettes that had to be listened to on a record or tape player. Today, my music is available on a huge range of digital services.

People can listen to an opera as they go about their everyday lives. They can constantly discover new music on recommendation services. They can engage with artists on social networks. We no longer rely on physical delivery of the music we love to hear.

"Copyright provides the basis of the modern digital music marketplace."

This new digital world has brought great new ways to access culture. At the same time, technological change has forced us to ask a fundamental question — what does this mean for copyright and the rights of creators?

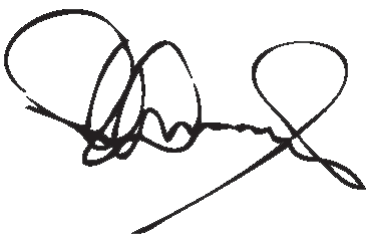
The answer is clear: while the formats have changed, the music remains. In a world of constant change, music is something of lasting value.

I want to see a digital world that provides young artists with the kind of opportunities I was fortunate enough to have early in my career. Artists still need to be able to benefit from investment by record companies to build a career. That can only happen if governments around the world play their part in making sure the laws that protected creators in the physical delivery age are updated for the digital delivery age.

This is the message I try to convey when I travel the world and talk to senior politicians.

Copyright provides the basis of the modern digital music marketplace. Confidence in copyright enables rights holders to license exciting new services that music fans love.

There are 37 million songs available today on these leading digital services. To listen to them all would take a lifetime. That is a source of cultural enrichment that we could not have dreamed of when I was a young artist beginning my career. We must build on this success to create a genuinely sustainable digital marketplace that will continue to fund investment in artists so that more great music can be created.



Frances moore
chleF executIve, IFPI

The digital music business is on the move and lighting up new markets

IFPI's Digital Music Report 2014 shows a fast-changing, dynamic and optimistic global music industry. Recorded music revenues in most major markets have returned to growth. Streaming and subscription services are thriving. And digital music is moving into a clearly identifiable new phase as record companies, having licensed services across the world, now start to tap the enormous potential of emerging markets.

There was a lot of good news in our industry in 2013 — albeit with some less good news as well. The US music market continued to stabilise, growing slightly in trade revenue terms, helped by rising consumer demand for music streaming services. Europe returned to growth after 12 years, its top five markets seeing revenues up. In Japan, however, the world's number two music market, falling revenues had a significant negative impact on what was otherwise a largely positive global picture.

New services with big global ambitions are launching, such as Beats and iTunes Radio — services that we hope will soon spread around the world. Meanwhile, the existing international services, such as Deezer, Google Play, iTunes, Spotify and YouTube are generating income in many new markets following their global expansion. The competition is intense and consumer choice is ever-widening — these are very positive dynamics in the development of the digital music landscape.

It is now clear that music streaming and subscription is a mainstream model for our business. In 2011, there were eight million paying subscribers to subscription services — today there are 28 million. Ad-supported and subscription streams are rising in most markets, helping grow overall digital revenues for record companies and artists.

The music industry has become a mixed economy of diverse consumer channels and revenue streams. This has been an amazing transformation, dramatically expanding the way artists reach their fans across the globe. Reflecting this shift, IFPI has launched its Global Recording Artists Chart, which highlights the success of artists across physical sales, downloads and streaming. The chart, launched in 2014, is a new metric of success reflecting the popularity of artists across the various ways consumers enjoy music. Congratulations to One Direction for being the first act to top this unique new chart.

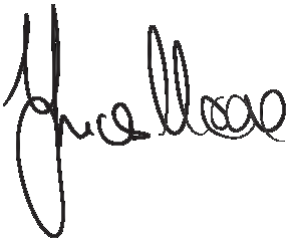
These are all positive developments which, to some degree, extend the industry's achievements of the last few years in our core markets. But this report goes further: it also shows how digital music, on a global scale, is going to the next level. Emerging markets have huge potential, and, through digital, the music business is moving to unlock it. Most of these territories are seeing internet and mobile music penetration soaring, with rising demand for handheld devices. The great news is that a wide variety of licensed music services are available to meet this demand. Emerging music markets also need new ways of thinking in the digital world, particularly in countries with undeveloped payment systems and low credit card usage.

It is early days, but in this report you can read about some of the early signs of progress. In China, we are licensing music services and bringing huge numbers of consumers into the digital marketplace. Record companies are stepping up their activity in Africa as technology offers the opportunity to reach many consumers for the first time. In Latin America, labels are licensing services in innovative ways such as pre-paid deals and special daily subscriptions packages, aimed to reach the widest possible audience.

"There is a pioneering spirit among record companies as they expand into these new territories."

None of these exciting developments changes the fact that there is still one overriding obstacle to market development in most emerging markets — and that is rampant digital piracy. This is a top priority for IFPI and our national groups around the world. Our focus on creating a fair playing field, supported by strong laws and effective enforcement, remains undiminished.

This report shows an industry on the move. Most of our major traditional markets have stabilised and the challenge now is to tap the huge potential of emerging markets and achieve sustainable year-on-year global growth. As the digital entertainment revolution moves from one phase to the next, the music business continues to lead the way for other creative industries.



Frances Moore Photo by Graham Flack

FACTS, FIGURES AND TRENDS

The music business continues to expand into new markets and create new business models, attracting more users to digital music services and bringing artists to a wider global audience.

The industry's digital revenues grew by 4.3 per cent in 2013 to US$5.9 billion. There was steep growth in both revenues and user numbers for subscription services, continued revenue growth from ad-supported services and stable income from download sales in most markets. Globally, digital now accounts for 39 per cent of total industry global revenues and in three of the world's top 10 markets, digital channels account for the majority of revenues.

Overall, recorded music revenues grew in Europe and Latin America and continued to stabilise in the US, growing 0.8 per cent in trade terms[1]. Music sales on a global scale, however, were sharply influenced by a steep 16.7 per cent fall in Japan, the world's second largest market. Outside Japan, global music revenues were down 0.1 per cent; including Japan, they fell 3.9 per cent to an estimated US$15 billion.

1. US recorded music sales are reported in retail terms in the US while IFPI's global figures are reported in terms of trade value. US revenues declined 0.5% in retail value

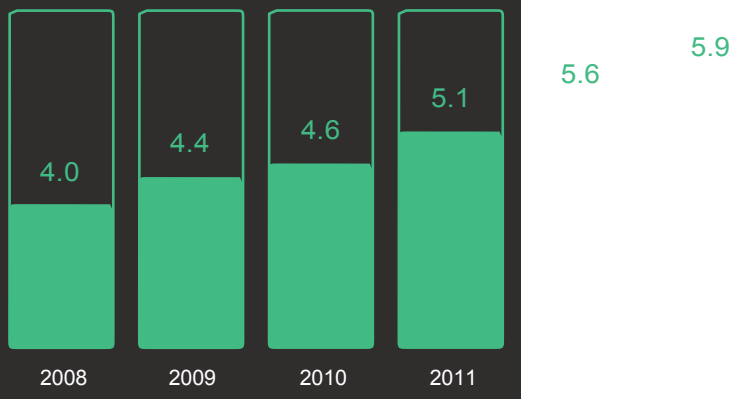
US$ 5.9Bn

the industry's digital revenues in 2013

39%

the ProPortion oF the industry's revenues From

Figure 1: Global digital revenues 2008–13 (US$ Bi



Source: IFPI

Pharrell Williams photo by Mimi Valdes

Streaming and subscriptions surge

Subscription services, part of an increasingly diverse mix of industry revenue streams, are going from strength to strength. Revenues from music subscription services — including free-to-consumer and paid-for tiers — grew by 51.3 per cent in 2013, exceeding US$1 billion for the first time and growing consistently across all major markets.

Global brands such as Deezer and Spotify are reaping the benefits of geographical expansion, while regional services such as Rdio, KKBOx and WiMP continue to attract new users. New entrants including Beats Music and YouTube launched, or announced plans to launch, subscription services in early 2014.

The subscription model is leading to more payment for music by consumers, many of whom appear to be shifting from pirate services to a licensed music environment that pays artists and rights holders. The number of paying subscribers to subscription services rose to 28 million in 2013, up 40 per cent on 2012 and up from only eight million in 2010.

"Music has always been at the forefront of the digital revolution, leading the way for other creative industries and defining the future of digital entertainment. Today music's digital revolution is moving to the next phase as consumers embrace streaming and subscription models in markets around the world."

— Edgar Berger, Chairman and CEO, International, Sony Music Entertainment

Revenues from advertising-supported streaming services, such as YouTube and Vevo, are also growing — up 17.6 per cent in 2013. Music video revenues in particular increased as the industry extended the monetisation of YouTube to more than 50 countries, adding 13 territories in 2013. Vevo has performed strongly, hitting 5.5 billion monthly views in December 2013, a 46 per cent year-on-year increase, and attracting 243 million unique viewers worldwide.

Record companies have adapted their business to a model increasingly based on access to music, and not only ownership of music. This reflects in the growing share of subscription and streaming revenues as a percentage of digital revenues globally. The industry now derives 27 per cent of its digital revenues from subscription and ad-supported streaming services, up from 14 per cent in 2011.

The digital download model remains a key revenue stream, however. Downloads still account for a substantial two-thirds of digital revenues (67 per cent) and are helping to propel digital growth in certain developing markets such as South Africa, Hong Kong, Philippines and Slovakia. Downloads have seen a slight decline in overall value globally, although digital album sales remain on an upward curve as consumers still show strong demand for owning the album format. Revenues from downloads globally fell slightly by 2.1 per cent in value, the decline being offset by increases in streaming and subscription revenue to generate overall digital revenue growth in the majority of markets.

Revenue from performance rights — generated from broadcast, internet radio stations and venues — saw strong growth. Performance rights income was US$1.1 billion globally in 2013, increasing by an estimated 19 per cent in 2013, more than double the growth rate in 2012, and accounting for 7.4 per cent of total record industry revenue.

Income from synchronisation deals, in which music is placed in advertisements, films or television programmes, declined by 3.4 per cent in 2013, and now accounts for 2.1 per cent of total industry revenue.

Despite the overall transition to digital, physical music sales still account for a major proportion of industry revenues in many major markets. Gifting and deluxe box sets remain popular while vinyl continues to grow as a niche product. Physical formats account for more than half (51.4 per cent) of all global revenues, compared to 56.1 per cent in 2012. Although global physical sales value declined by 11.7 per cent in 2013, major markets including Germany, Italy, the UK and the US saw a slow-down in the rate of physical decline. France's physical sales increased by 0.8 per cent, helped by a local repertoire boom which saw French repertoire accounting for 17 of the French top 20 albums of 2013.

While vinyl sales account for only a small fraction of the overall industry revenues, they have seen an increase in recent years in some key markets. In the US, vinyl sales increased by 32 per cent in 2013 (Nielsen Soundscan), and in the UK, they increased by 101 per cent in 2013 (BPI).

51.3%

increase in subscription streaming revenues

28m

Paying users of subscription services

KKbox

MUSIC IS GETTING HOT AGAIN IN ASIA, AND THERE'S A GOOD REASON.

In the most challenging environment, KKBOX has become the premier online destination for millions of music lovers to unite in Asia.

Our passion is to help music artists become something greater than themselves, and that passion has driven KKBOX to become the most influential empowerment platform for artists and their music to reach out to untapped audience in Asia.

www.kkbox.com

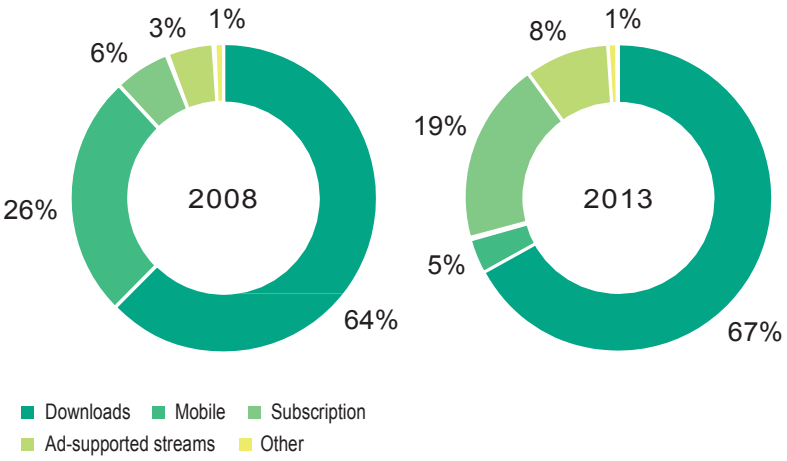
A diverse global market

Geographically, the world music market is highly diverse, with markets growing at different speeds and favouring different consumption models. This is borne out by consumer research conducted by Ipsos MediaCT for IFPI in November 2013 (see Figure 3). It shows contrasting preferences for service types in Germany, UK and US (where downloads are more popular) and in France, Italy and Sweden (where streaming is the favoured model).

A mixed economy of revenue streams

Amid the wide variations, there are three perceptible groups of markets: first, countries in northern Europe, where streaming and subscription services are dominating; second, the major markets of North America and Europe where streaming is growing fast but downloads continue to deliver the major revenue; and third, a swathe of other countries including emerging markets, such as Brazil and Mexico, where both downloads and ad-supported streaming are growing rapidly from a lower base.

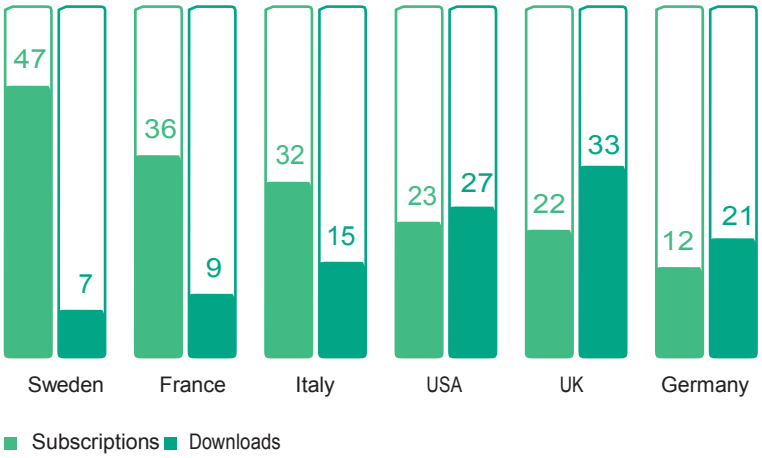
Figure 2: Digital revenue breakdown by format, 2008–2013



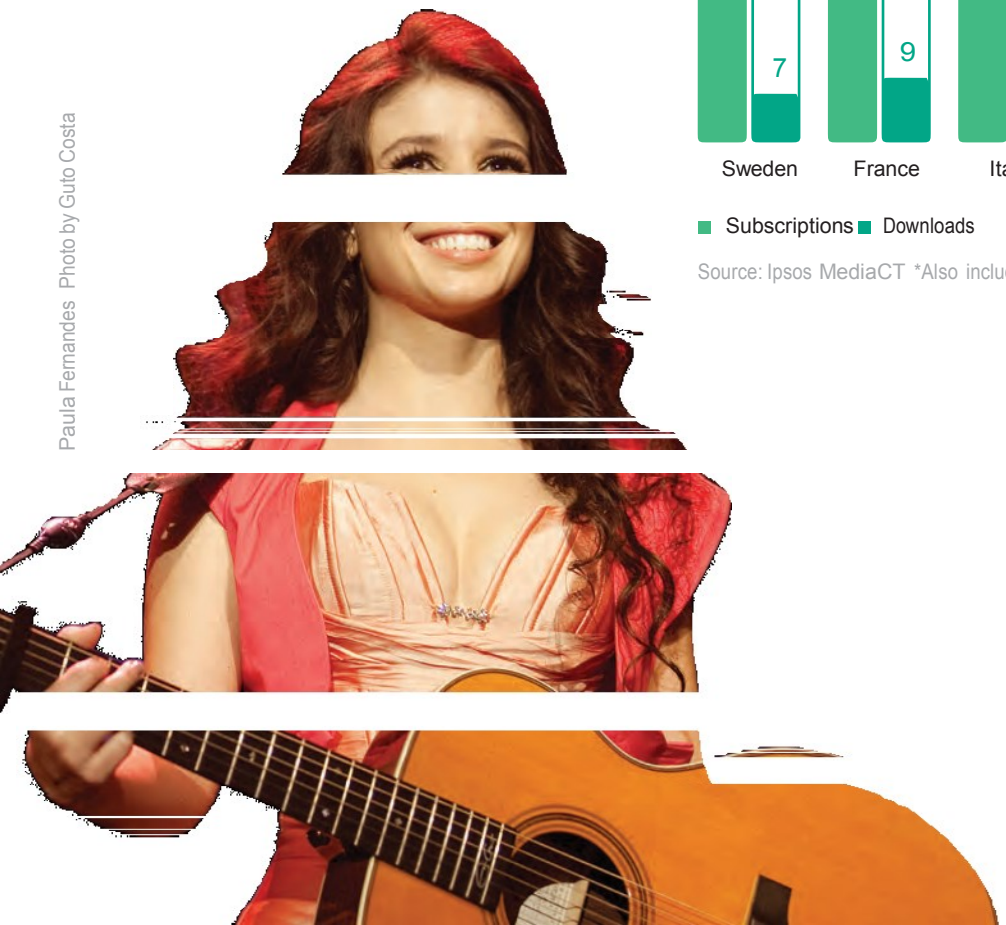
Source: IFPI

Subscription and ad-supported streaming services have grown from 9% to 27% of digital revenues in the last five years.

Figure 3: % Internet users using music subscriptions* / download services in past 6 months



Source: Ipsos MediaCT *Also includes free users of subscription services

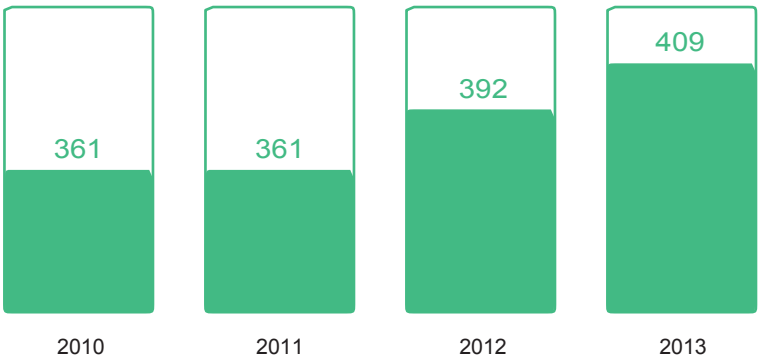


Paula Fernandes Photo by Guto Costa

Revival in Scandinavia

Scandinavian countries Denmark, Norway and Sweden are a showcase of music industry revival, demonstrating the regenerating potential of the streaming model. Sweden's market grew by 5.7 per cent in 2013, Denmark's grew by 4.7 per cent, and Norway's by 2.4 per cent (see Figure 4).

Figure 4: Music market 2008–13 (US$ Millions) in Sweden, Norway and Denmark



Source: IFPI

John de Sohn photo by Gustav Modér Wiking

US stabilises as Europe grows

Digital revenues in the US, the world's largest digital market, grew by 3.4 per cent in 2013, with digital now accounting for 60 per cent of the US market. This helped sustain the stabilisation of the US market over recent years. In 2013 overall US market revenues grew slightly by 0.8 per cent in trade terms, whilst declining 0.5 per cent in retail value.

Europe saw digital growth of 13.3 per cent, helping that region post its first overall market increase since 2001. Five of the region's largest markets, France, Italy, Germany, Netherlands and the UK, returned to overall growth.

Japan, the world's second largest national market which accounts for a fifth of global revenues, is in a challenging phase of transition to digital. In 2013, sharp declines in physical sales were coupled with declines in legacy mobile products such as ringtones. Given the relatively recent launch of smartphone-supported download stores, the potential of subscription radio, and the expected arrival of more subscription services in 2014, prospects appear better for the future of the Japanese digital sector. In 2013 there was sharp growth in subscription revenue (up 204 per cent) and download sales.

13.3%

digital growth in europe

"The recorded music business remains challenging — good news includes the growth of streaming/subscription, and the continuing explosion of mobile devices means we can reach millions of consumers in emerging markets for the first time. The world is transitioning at different speeds in different regions and 2013 was a set-back in the world's second biggest market — Japan. In time Japan will bounce back as more digital business partners enter this vibrant market."

— Max Hole, Chairman and CEO, Universal Music Group International

Lighting up developing markets

With the spread of digital services across the world in the last three years, record companies are intensely focused on the potential of developing markets. These are territories with a vast potential consumer base but with little previous retail infrastructure and traditionally high levels of piracy. Growth is also driven by increasing smartphone penetration, and increasing investment in local record companies and domestic repertoire.

Outside the global top 10 markets, 15 territories saw overall growth in 2013: Argentina, Central America, Chile, Colombia, Denmark, Greece, Iceland, Netherlands, Norway, Paraguay, Peru, Russia, Sweden, Taiwan and Venezuela. Some of the emerging economies in this list posted significant increases in digital revenue, including Argentina (+69 per cent), Colombia (+85 per cent), Indonesia (+112 per cent), Peru (+149 per cent), South Africa (+107 per cent) and Venezuela (+85 per cent). Overall, Latin America experienced 27.6 per cent digital growth in 2013.

Attracting consumers to licensed services

One of the key hallmarks of digital music today is the high level of consumer awareness and engagement in digital services. Record companies are licensing a diverse range of services, successfully meeting different consumer preferences. This is illustrated in research undertaken by Ipsos MediaCT across ten leading music markets for this report.

Now in its second year, the research shows 61 per cent of internet users aged 16–64 engaged in some legitimate digital music activity in the past six months. Among younger consumers (16–24) this figure is higher at 77 per cent.

The research also finds that consumer satisfaction with digital services remains high. Three-quarters of licensed services' customers (76 per cent) describe them as "excellent", "very good" or "fairly good" while even the majority of those using unlicensed services (56 per cent) recognise "there are good services available for legally accessing digital music."

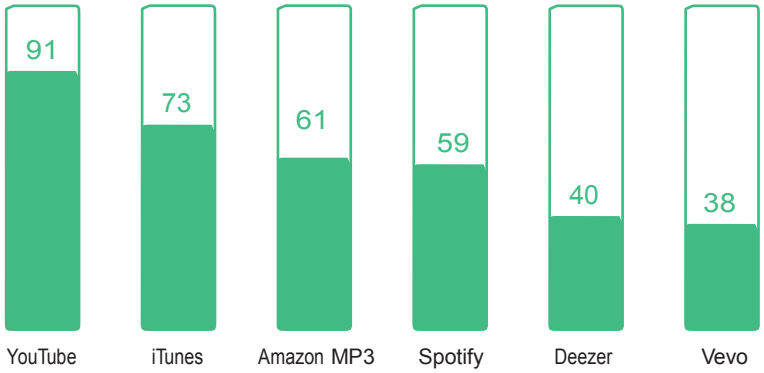
The findings also identify a range of reasons why consumers choose different services, and what qualities of those services they most value. People mainly choose subscription services to discover new music (41 per cent), with 39 per cent saying they offer a "legitimate environment." 37 per cent like the ability to listen, without having to buy each song.

The most common reason people use download services is the security/ease of payment (46 per cent), while 41 per cent value the guarantee of legality and 39 per cent cite "trust" in the company.

The ability to listen for free (69 per cent), music discovery (46 per cent), were the main drivers for video streaming services.

The study also shows that the vast majority of consumers are aware of the availability of licensed services and the range of choice available. The table below compares awareness levels in the 10 selected markets surveyed by Ipsos MediaCT (accounting for the fact that services are not launched in all those markets).

Figure 5: Consumer awareness of licensed services in 10 selected markets in 2013



Source: Ipsos MediaCT

Countries where awareness was asked on survey: iTunes – All except South Korea
Spotify – All except Brazil (launching in 2014), Japan and South Korea
Vevo – All except Japan and Mexico Deezer – All except Japan, South Korea, Sweden, US
Amazon MP3 – only Germany, UK, Italy, Japan and US (out of the countries surveyed)

61%

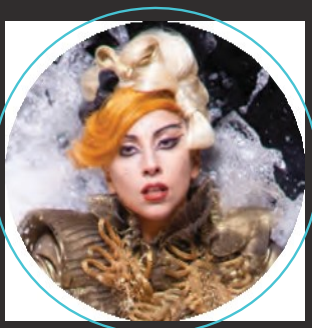
ProPortion oF internet users using licensed digital music services

"Emerging markets will remain a priority for the industry because of the sheer size of the opportunity. The potential of these markets is unlocked by the widespread adoption of technology and the creation of models that monetise music in ways that fit with local demand for — and attitudes towards — music."

— Stu Bergen, President, International, Warner Recorded Music

Imagine Dragons photo by Nick Walker

Most popular artists of 2013



Top selling global albums

One Direction topped the global albums chart, with *Midnight Memories* selling four million units. The album was the fastest selling of 2013 in the UK and sold more than a million copies in its first five weeks of release in the US. It topped the charts in dozens of countries worldwide, from Australia to Sweden.

Eminem's *The Marshall Mathers LP 2* took the runner-up spot on the global albums chart, selling 3.8 million units. The album debuted at number one in the Billboard Top 200 chart and Eminem became the first American artist to achieve seven consecutive number one albums in the UK. The album also topped the charts in countries from Austria to Canada.

Figure 6: Top ten best selling albums of 2013

Rank	Album & Artist	Total sales (m)
1	Midnight Memories One Direction	4.0
2	The Marshall Mathers Lp2 Eminem	3.8
3	The 20/20 Experience Justin Timberlake	3.6
4	Unorthodox Jukebox Bruno Mars	3.2
5	Random Access Memories Daft Punk	3.2
6	Prism Katy Perry	2.8
7	To Be Loved Michael Bublé	2.4
8	Night Visions Imagine Dragons	2.4
9	Artpop Lady Gaga	2.3
10	Beyoncé Beyoncé	2.3

Source: IFPI

Michael Bublé courtesy of Warner Music

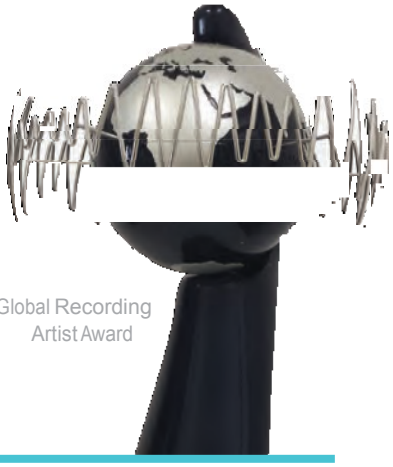
Eminem courtesy of UMG Bruno Mars photo by Kai Z Feng Lady Gaga photo by Meeno

iFPi Global Recording Artist Chart

In 2014, IFPI published its first ever global recording artists chart to accurately capture the popularity of artists across a wider range of channels, including digital downloads, physical format sales and streaming services. The chart gives a fuller picture of the popularity of artists across the many different formats and channels through which fans now listen to music.

The inaugural chart was topped by One Direction, the IFPI Global Recording Artists of 2013, on the back of the success of their third studio album *Midnight Memories*, which contained the hit singles *Best Song Ever* and *Story of My Life*. The album topped the US Billboard Top 200 chart, making One Direction the first group in the charts history to debut at No.1 with its first three albums. The video for *Best Song Ever* attracted almost 200 million views on YouTube and *Story of My Life* more than 100 million views. The band's music was also heavily streamed on services such as Deezer and Spotify.

The second spot was claimed by Eminem, driven by the success of his eighth studio album *The Marshall Mathers LP 2*, which featured the singles *Berzerk*, *Survival*, *Rap God* and *The Monster*. The album featured guest appearances from Skylar Grey, Kendrick Lamar, Rihanna and Nate Ruess. The album topped the charts in many major music markets including the US, UK, Germany and Australia.



The IFPI Global Recording Artist Award

Figure 7: IFPI Global Recording Artist Chart

1 One Direction
photo courtesy of Sony

6 P!nk
photo by Andrew Macpherson

2 Eminem
photo courtesy of UMG

7 macklemore & ryan Lewis
photo by John Keatley

3 Justin Timberlake
photo by Tom Munro

8 rihanna
photo courtesy of UMG

4 Bruno Mars
photo by Kai Z Feng

9 michael bublé
photo courtesy of Warner Music

5 katy perry
photo by Cass Bird

10 Daft Punk
photo by David Black

Source: IFPI

The compilation of the IFPI Global Recording Artist Chart has been independently verified through certain agreed procedures by BDO LLP. BDO LLP has verified that IFPI has compiled the chart correctly in line with the outlined procedures. The certain agreed upon procedures carried out by BDO did not constitute an audit or review.

One Direction photo by JM International

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Top global singles

The 2013 global singles chart was topped by Robin Thicke, the American-Canadian singer whose *Blurred Lines* topped the charts in 14 countries. The song was taken from his sixth studio album, also called *Blurred Lines*. The track, which featured T.I. and Pharrell Williams, was promoted with a video directed by Diane Martel that featured models Elle Evans, Jessi M'Bengue and Emily Ratajkowski and attracted more than one million views on Vevo in its first day of release. Thicke performed the song with Miley Cyrus at the mtv Video Awards, in the process setting the record for an event generating the most tweets per minute (360,000).

Blurred Lines attracted more than one million views on Vevo in its first day of release

Macklemore and Ryan Lewis' *Thrift Shop* was the second best performing single. It was the fifth single from the hip hop duo's debut studio album *The Heist*. The track went to number one in nine countries and the accompanying video attracted more than 485 million views on YouTube.

Figure 8: Top global singles

Rank	Single & Artist	Total units* (m)
1	blurred lines robin thicke feat. T.I. and pharrell	14.8
2	thrift shop macklemore & ryan lewis feat. Wanz	13.4
3	wake me up avicii	11.1
4	just give me a reason P!nk Feat. nate ruess	9.9
5	roar katy perry	9.9
6	get lucky daft punk ft. pharrell williams & nile rodgers	9.3
7	radioactive imagine dragons	8.6
8	when I was your man bruno mars	8.3
9	scream & shout will.i.am feat. britney spears	8.1
10	stay rihanna	7.9

Source: IFPI *Units include single-track downloads and track-equivalent streams.

The importance of local repertoire

Investment in local repertoire remains the lifeblood of the international music industry. Album charts in individual markets demonstrate the continuing strength of local repertoire as a share of overall music sales. In many markets, local artists account for the vast majority of the top selling albums of 2013. In France, for example, 17 of the top 20 selling albums of 2013 were local repertoire, up from 10 in 2011. In Germany, seven of the top 10 selling albums in 2013 were local repertoire, a trend reflected in 13 selected non-English language markets (see Figure 9). Record companies are also focused on promoting locally signed artists around the world. Warner Music points to its Japanese breakthrough artist Kyary Pamyu Pamyu undertaking her second world tour, while a new wave of Scandinavian artists aspire to follow the career trajectory of David Guetta, signed in France and now a global phenomenon.

Figure 9: Percentage of top ten albums in 2013 that were by locally signed artists

Country	%
South Korea	100%
Japan	100%
Brazil	90%
Italy	90%
Sweden	90%
France	80%
Denmark	80%
Netherlands	80%
Germany	70%
Norway	60%
Spain	60%
Portugal	50%
Malaysia	50%

Source: IFPI, National Groups

Lars Winnerbäck photo by Jonas Linell

LIGHTING UP NEW MARKETS AND MODELS

The music industry is continuing its transformation into a global digital business, expanding into new markets and extending new access models to more territories across all continents. Record companies are successfully delivering music through digital channels, broadening the world of licensed music, and innovating to bring artists to a global audience. Music still leads the way for other creative industries — including books, films and TV — in monetising its core product for the digital world.

The move to mobile

Underpinning these developments is the global shift of music consumption to smartphone-based mobile platforms. Digital music has moved rapidly from a fixed line desktop PC experience to on-the-go consumption on wireless smartphones and tablet devices. Record companies are now monetising the consumption of music in ways that were not possible a few years ago.

"The advent of the smartphone as a music listening device has been profound for the music business."

— Ole Obermann, Sony Music Entertainment

The smartphones boom is an unprecedented opportunity for the music business. At the end of 2012, just 12.9 per cent of mobile devices worldwide were classed as smartphones. With penetration forecast to reach 36.2 per cent by the end of 2016 (*Portio Mobile Factbook*), there is huge potential for mobile to increase the reach of music services. According to Ole Obermann, executive vice president, digital partner development at Sony Music Entertainment: "The advent of the smartphone as a music listening device has been profound for the music business. With 30 per cent plus of the world's population projected to own a smartphone by 2016 that equates to over two billion potential music service customers worldwide."

Record companies are harnessing the power of smartphones with a new generation of partnerships. For example, Warner Music has signed a deal with Shazam to boost its marketing and A&R activity. The record company recently launched Linkin Park's single *Guilty All The Same* exclusively on Shazam, with users who had previously Shazamed the band getting advance notification of the release and all those using the service on the day of the launch getting a link to the track.

Increased competition between the Android and Apple iOS platforms has opened the market and widened consumer choice. Streaming services, in particular, are thriving on Android devices. According to Stephen Bryan, executive vice president, digital strategy and business development, Warner Music Group: "Android has created a number of new opportunities for us to reach consumers with different suites of services. As consumers are moving to the Cloud, many of them are ending up in the Android eco-system where we have a lot of very high quality services waiting for them."

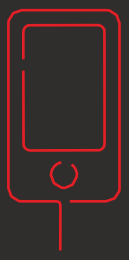
Access & ownership

Digital music is also moving from a model based largely on ownership to a more multifaceted model built around access. This is breaking down the traditional distinctions between the

"Android has created a number of new opportunities for us to reach consumers with different suites of services."

— Stephen Bryan, Warner Music Group

Kingson Jin photo by Zheming Zhang



GLOBAL SMARTPHONE PENETRATION

13%

2011 (770m)

— VS —

36%

2016 (3067m)

Source: Portio

"Each market is different . . . The transition is always going one way — it is just a question of how fast it's going to happen."

— Rob Wells, Universal Music Group

major services. Rob Wells, president of global digital business at Universal Music Group, says: "There's a blurring of the lines between the models. iTunes Radio is a stream. iTunes Match is a subscription, and on the back of it is a download service.

"Service definitions are getting more and more complicated, but this is to the benefit of the consumer, who is getting more and more choice. The greater the variety of consumer offerings there are in the marketplace, the more they will spend on music and the more engaging their experience will be."

In the last three years record companies have licensed services to operate in more than 150 countries. Those services are now growing in markedly different ways internationally. Rob Wells says: "Each market is different according to socio-economic factors, infrastructure, credit card penetration, the willingness of carriers to implement carrier billing, anti-piracy legislation. These are all in the mix. The transition is always going one way — it is just a question of how fast it's going to happen."

While the biggest growth area is music subscription (revenues up 51.3 per cent globally in 2013), downloads remain substantially the largest revenue segment of the digital music business (67 per cent). They are seeing strong growth, especially in certain developing markets where iTunes has relatively recently arrived — notably, South Africa, Taiwan and countries in South East Asia. The arrival of iTunes more than doubled the value of the South African digital music market within the space of one year.

The rise and rise of streaming and subscription

Record companies' revenue streams continue to diversify, with streaming and subscription accounting for a growing proportion of income. The industry has licensed the expansion of global services, such as Deezer and Spotify, and backed regional services such as Muve, Napster, Rdio & WiMP. Asian subscription service KKBOX is expanding to new markets while streaming is growing in Africa with THE KLEEK and Deezer.

The impact of streaming, alongside an improved enforcement environment, in helping revive markets in Scandinavia is well-documented *(see Sweden case study, page 34)*. Research also shows that streaming services are successfully helping to reduce piracy. GfK research in Sweden in 2013 showed nine in 10 paying users of Spotify download illegally less often. For consumers, streaming services' unlimited access and specialist playlists encourage discovery.

More discovery, more from mobile

A few years ago depth and volume of catalogue were key battlegrounds among digital services. Today, with major services offering up to 37 million tracks, competition has shifted to recommendation and discovery. Francis Keeling, global head of digital business, Universal Music Group, says: "To fully engage users, services need to provide a well-curated experience. Music fans love to discover new music, and digital services need to be experts at music recommendation." Streaming services are particularly focused on developing a mobile-first offer and increasing scale through ISP partnerships.

With smartphones now the primary point of internet access for many people, Spotify recently introduced a free mobile tier which aims to encourage more users to engage and ultimately subscribe to the full Premium service. A new 'Discover' feature offers enhanced recommendations as well as playlisting. Spotify also introduced the *Browse* editorial pages, which curate playlists by mood, genre or news item. Spotify entered 38 new markets in 2013, including Argentina, Hong Kong, Malaysia, Mexico, Singapore and Taiwan, as well as countries across Eastern Europe. The service is now live in 55 markets and has a paying subscriber base of more than six million.

Ken Parks, chief content officer at Spotify, believes music subscription has hit a tipping point. "This is the way people are consuming music, so the debate about whether it's a model to embrace has been put to rest over the last year. Unlike the distribution of physical product we can reach every person on the planet, at least every person with a smartphone. It opens up huge opportunities in the developing world, where countries have leapfrogged fixed line internet and gone straight to wireless."

"This is the way people are consuming music, so the debate about whether it's a model to embrace has been put to rest over the last year."

— Ken Parks, Spotify

Already present in more than 180 territories, Deezer has five million paying subscribers, 12 million active unique users and partnerships with mobile operators across 31 territories. CEO Axel Dauchez says good editorial is vital to bring through new acts and meet the long-term needs of the consumer — both of which are critical for the long-term future of the music business. He says Deezer's focus on editorial — with emphasis on curating new, domestic repertoire through a network of editors — is a compelling point of difference. "Being a jukebox solves the short-term need. But in the long run you have no differentiation versus your competitors or piracy. If you want to thrive it cannot be a market of what you already know, but helping people build their own musical identity by cracking the discovery process."

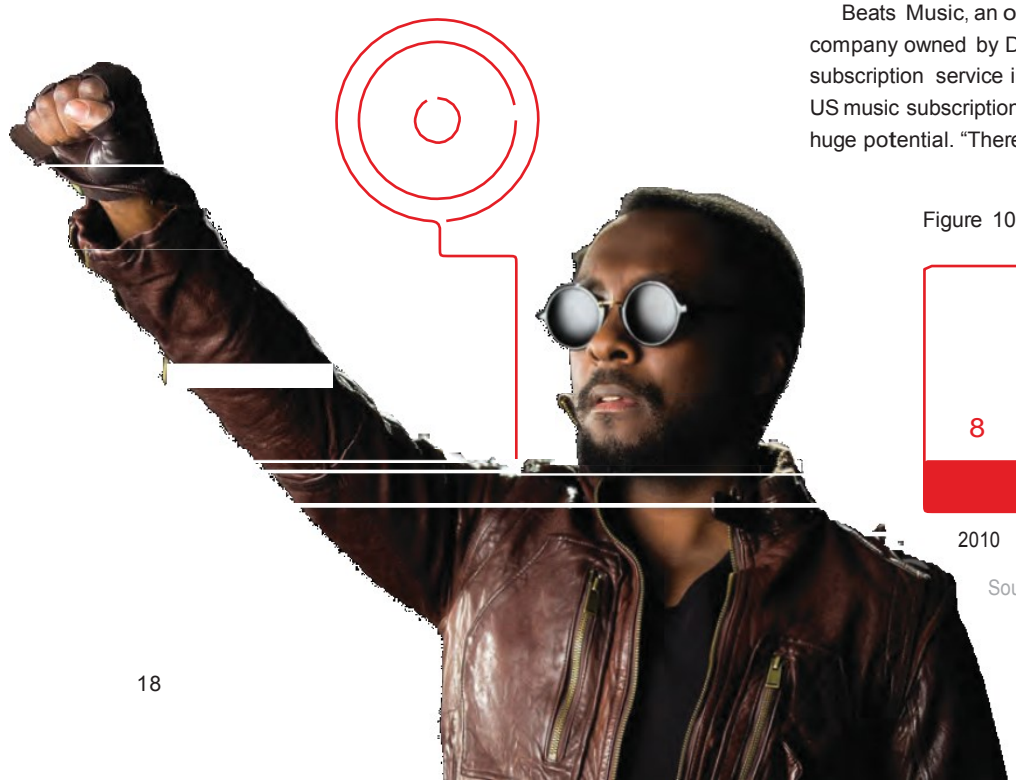
"If you want to thrive it cannot be a market of what you already know, but helping people build their own musical identity by cracking the discovery process."

— Axel Dauchez, Deezer

Google Play Music All Access was the fastest-growing subscription service in 2013. Having launched the subscription service in the US in 2013, Google Play Music now has three components — the Play Music Store (à-la-carte downloads), Scan and Match (locker) and now All Access (subscription) — live in 21 countries on four continents by early 2014.

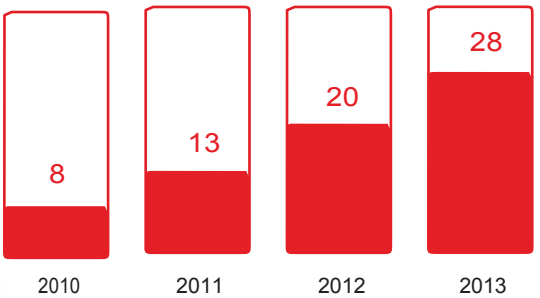
All Access is designed to work seamlessly alongside the existing Google Play free scan-and-match locker service that allows users to store their existing music library in the cloud and stream it remotely or access it offline from any Android or iOS device. Zahavah Levine, director of global music partnerships for Android, says the rapid take up of Google's smartphone operating system has driven the success of Google Play as it provides easy access to a massive global smartphone audience. "Subscribers are the best music customers we have. 120 dollars a year is substantially more than the average user spends on purchasing tracks. Relative to the industry's overall revenue, subscription revenue is still a small piece but it's growing fast."

Beats Music, an offshoot of the consumer electronics company owned by Dr Dre and Jimmy Iovine, launched its subscription service in 2014. CEO Ian Rogers believes the paid-for US music subscription business is achieving only a fraction of its huge potential. "There are 100 million people paying for cable



will.i.am photo by The Bridge

Figure 10: Total paying subscribers worldwide (m)



Source: IFPI estimates

and satellite TV subscriptions in the US, but only a few million music subscribers today. We see the US subscription market growing to 50 million and beyond." Unlike most subscription services, Beats Music will not offer a free tier. It believes its roots as an artist-oriented company focused on curation will provide a point of difference that encourages people to pay for a premium product.

"We're aggressively marketing a unique offer for the entire family to mainstream America."

— Ian Rogers, Beats Music

Rogers says partnership with AT&T will have a major impact and allow them to market the service to customers on family packages. "Until recently, major US operators have only dabbled with music services rather than using music as a marketing differentiation. With AT&T, we're aggressively marketing a unique offer for the entire family to mainstream America." The service intends to expand internationally.

Subscription services are also opening up new opportunities beyond mobile handsets and tablets. rara has recently launched Europe's first integrated in-car on demand music streaming service with BMW. Available in virtually all new BMW models across six European markets, rara with BMW Online Entertainment streams directly to the vehicle's embedded SIM with no need to plug in a smartphone. The service, which offers instant access to over 24 million tracks and more than 200 curated music channels, includes a cross-border unlimited data roaming package and costs €390 in the first year and €220 in subsequent years. It is believed that the market for integrated in-car audio streaming will grow exponentially in the next few years.

38

nEw maRkEts in 2013

Spotify

5m

Paying suBscRiBERs

DEEZER

21

cOuntRiEs

Google play

Streaming: "A sustainable income"

Artists in countries with high rates of streaming have recognised the benefits to them, both financial and creative.

Carl Vernersson is from the management company At Night Management who manage the international best-selling Swedish DJ Avicii. He points to three key benefits to artists of streaming services. First, financial: "From a financial perspective, streaming gives songs a longer life and sustainability, meaning that you receive income over a long time. It may not be as much as when you get something peaking on a download service in the first three or four weeks. But with streaming, it generates income for ten, fifteen or twenty years, and that is royalties, not just publishing income. Looking outside Sweden, I think that once services like Spotify are established for a couple of years it will show artists that streaming is a sustainable income, not a six-month-per-album income."

A second benefit Vernersson points to is creative: "With the streaming revenue model, it's even more important to deliver a solid album and not just a bundle or a single. That is something that I like about streaming from a creative perspective. People aren't forced to go for a bundle-only download to get a single. They can make their own playlist and explore music in a way that wasn't possible before — even though the concept of playlists has existed for a very long time."

Third, Vernersson says streaming services have helped revive a market formerly driven by piracy: "The big success for piracy was the accessibility it gave — people didn't have to go to the record store, they could download the single and have it. Now, streaming services have achieved the same accessibility as piracy and more — but the difference is that they are making money and are able to pay artists. And that is great in so many ways."

Avicii photo by Alex Wessely

Streaming has driven a revival Swedish market with increased investment in A&R

Monetising music video

Record companies are making big steps forward in music video, often helped by the resolution of publishing rights that until now have delayed the monetisation of music video in some key markets. YouTube, the most used music service in the world, is now licensed and monetised in virtually every country with twelve markets added in 2013, including Sweden, South Korea and Chile. YouTube is the biggest single access point to music for consumers internationally, with one billion users worldwide.

Improvements in the handling of user generated content (UGC) are helping rights holders grow income from YouTube and other licensed platforms. Google's ContentID system (and other systems used by other platforms) has made it easier for rights holders to differentiate between video types, allowing the streaming of non-official user-generated content such as mashups to be licensed and monetised, rather than removed for infringing copyright. YouTube's TrueView tool for advertising is also having a positive impact in monetising music videos. According to YouTube, revenues generated from UGC on its platform have now overtaken those generated by official videos.

Improvements in the handling of user generated content are also helping rights holders generate income from use of their works on licensed platforms

One such mashup saw footage from the original 1960s series of *Star Trek* spliced with Miley Cyrus' performance at the 2013 MTV Video Music Awards — presenting an astonished reaction by Captain Kirk and his crew to Cyrus' performance. Another film, by Steve Kardynal, features the bearded comedian dressed in drag and lip synching Carly Rae Jepsen's *Call Me Maybe* to the alternating delight and horror of the users of webcam-chat service Chatroulette. Since both videos featured original sound recordings, their many millions of views triggered payments to rights holders.

YouTube, until now an exclusively advertising-supported service, is planning what many see as a highly significant move into paid-for subscription. Plans for a premium service, which will offer a higher value experience to YouTube's users, were announced in mid-2013 with launch expected in 2014.

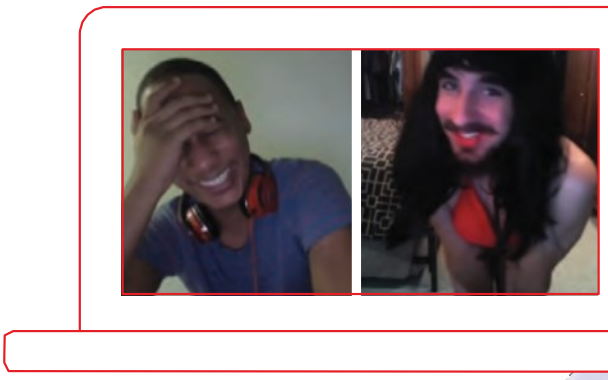
Vevo also made significant developments to its service in 2013, launching in Germany, the Netherlands and Poland. The service is now available in 13 countries. Vevo also launched a 24-hour MTV-style digital channel with video premieres, live concerts and music-themed original shows. Initially live in the US and Canada, Vevo TV is expected to roll out to more territories in 2014.

Internet radio — looking globally

Record companies are licensing internet radio services, which are tailored to the 'lean back' consumer, specialise in music discovery and create playlists based on a specific artist or genre.

In September 2013, iTunes developed its service with iTunes Radio, seen by many as an opportunity to globalise an internet radio model which has been predominantly restricted to the US. A key feature of the iTunes Radio service is the 'buy' button that directs listeners to the iTunes store. Stephen Bryan of Warner Music says: "We've always thought that digital radio is a category that has great potential around the world. And the fact that Apple is getting into that business is

Steve Kardynal's *Call Me Maybe* Chatroulette video has been viewed more than 14m times



Carly Rae Jepsen photo by Reid Rolls

vevo

5 cOuntRiEs in 2010

13 cOuntRiEs in 2014

a sign that the global digital radio business is going to start to heat up. There are a great number of consumers who listen to radio and are casual buyers of CDs and downloads, and digital radio will provide a huge opportunity for us to better target and reach these fans."

"We've always thought that digital radio is a category that has great potential around the world."

Stephen Bryan, Warner Music

US internet radio service Pandora, also available in Australia and New Zealand is the best-known standalone internet radio service with more than 70 million users. Subscription services such as Rdio, Rhapsody and Spotify also provide free ad-supported, radio-based services to attract new users.

Engaging in emerging markets

With underdeveloped payment systems, high piracy rates and little tradition of paying for music, many large global markets are yet to reach their vast potential. The growth of smartphones and licensed music services, however, is starting to change that and emerging markets are a key focus for international record companies in 2014.

Dennis Kooker, president, global digital business & US sales at Sony Music Entertainment, says: "We see growth in emerging markets significantly outpacing the rest of the world with the friction around distribution and reaching the consumer removed because of mobile technology and properly licensed music services. Tackling piracy and making the shift to licensed consumption remains very challenging in some of the markets with the highest potential. Expansion of services focused on pre-paid billing mechanisms is also critical as the vast majority of consumers are accustomed to paying bills by pre-paid methods versus using credit cards."

isPs leverage the value of music: kPn-Spotify

Music services looking for access to the mass audience can partner with ISPs to offer a music service bundled with phone and data packages. These are commonplace in Europe and North America, offering streaming services access to a vast audience, an established and convenient payment system and adding value to ISP services. Spotify's partnership with KPN in the Netherlands is often held up as a textbook example of a successful ISP agreement.

For ISPs, a successful partnership in music streaming brings considerable rewards. One of the most talked-about successes of 2013 has been Spotify's cooperation with ISP KPN. Marnix Laurs, head of content and partnerships at KPN, says the cooperation between the ISP's "Triple Play" service, which bundles Spotify's premium tier for free in the top two propositions, has exceeded expectations.

The partnership is one of the measures KPN has taken to increase customer acquisition, and advance customer loyalty. With that, it helps KPN to compete with its two larger competitors, Ziggo and Liberty Global. Customer acquisition and stimulating loyalty are the key metrics of success for any ISP. "There is fierce competition among ISPs, not just in the Netherlands but everywhere. We partnered with Spotify because we were looking for a way to distinguish ourselves from the others. We looked at how we could engage music subscriptions to boost customer acquisition and grow customer lifetime value. We wanted something that was innovative, that covered the whole Dutch market and that showed off the strength of our network. Putting all that together, we saw music streaming as the answer."

The Netherlands is one of the fastest-growing markets for music streaming services, with overall digital revenues up 56.1 per cent in 2013, with much of the credit going to success of the KPN-Spotify partnership.

"KPN definitely believes that the Spotify service, and streaming services in general, can be appealing to all customer target groups", Laurs says. "For the over-45 age group we are convinced we can establish a high level of penetration. This will grow as customers use, and start to love, the service. Younger target groups are growing up in a world in which the opportunities they are being offered now will be ones they use for the rest of their lives — that is why KPN thinks there is a huge potential for streaming services."

Rapid digital growth in Latin America

Markets in Latin America are already confirming this potential, with digital revenues growing 124 per cent over the last three years, compared to a global average of 28 per cent. To build on this growth and unlock value across the mass market is requiring new ways of thinking. Key strategies include collaboration with mobile operators and ISPs, bundled music packages and pre-paid music subscription on devices. In Latin America a number of new partnerships were launched or extended in 2013 as digital revenues grew by 28.1 per cent.

Figure 11: Digital growth in Latin America, 2013, Selected Countries

Country	% growth
Peru	+149%
colombia	+85%
venezuela	+85%

Source: IFPI

Spotify announced a partnership in Mexico with Telefonica which bundles their music service with phone and data services. Deezer partnered with ISP Tigo to cover Central America and the Andean region and Napster partnered with ISP Terra to bring the Rhapsody-owned service to Latin America for the first time. US service Muve offers daily or weekly pre-paid mobile music subscriptions starting from 50 cents a day and launched in Brazil in cooperation with TIM, the country's second largest ISP. Alejandro Duque, vice president, business development and digital, Latin America at Universal Music Group, says: "It's important to remember that credit card penetration is still not very high in this region so when a service only allows credit card billing they're catering for a small percentage of the population. That is why doing deals with carriers, or with any company that is going to enable mass billing, is absolutely the key to success."

Piracy remains a huge problem in the region. Luis San Martin, director general of Multimusic, Mexico's leading music content broker for independent artists, says: "We're fighting piracy on the streets, our robots are searching the internet and we're campaigning to get the government to deal with the issue. Before, when we didn't take action, people thought that it was OK to break the law. Now we're an industry that is taking responsibility for its content."

124% — vs — **28%**

digital growth in latin america 2010–2013

average global digital growth 2010–2013

Local services thrive in Asia

Record companies are engaging actively in markets across Asia. In the last two years, the region's larger markets outside Japan have seen the rollout of all the major download, subscription and streaming services, combined with increased competition from local services such as Taiwan-based KKBOX. Services such as Deezer, iTunes and Spotify are seeing healthy growth in sales among a largely higher income, credit card-owning demographic, complementing ad-supported services that are free-to-consumer.

In China, licensing agreements are in place with eight major digital platforms, part of a push towards a paid-for online model *(see China case study, page 36)*. In India, already Asia's second largest music market after Japan, local streaming services Gaana and Saavn, which target domestic and international higher-income Indian customers, are growing fast.

Sandy Monteiro, president, South-East Asia for Universal Music Group, sees enormous growth potential in Asia markets. "Last year was a milestone year,

Anitta photo by Washington Possato Armin Van Buuren photo by Chris Davison

because in 2013 we saw the arrival of major global services in Asia. So for the first time we are seeing the kind of digital services available that already exist in America and Europe. The global services have been very diligent in ensuring they have a huge domestic repertoire base before they launch in Asia markets, but KKBOX has taken the fight to them by expanding around the region."

In a region with historically rampant levels of piracy, record companies and legal services in Asia have been working to open up the mass market. As in Latin America, they are partnering with ISPs. Deezer's partnership with Thailand's second largest telecom company Dtac has been hailed as a major success. For Universal, Monteiro says more telco partnerships will follow when operators see the competitive advantage in linking with music services: "Somewhere along the lines the telcos will come around and understand how to better monetise their platforms."

Russia shows potential

Russia remains an underdeveloped market, but one of huge opportunity. Music revenue rose by 12 per cent to US$69 million in Russia in 2013 after the arrival of iTunes, illustrating the potential in that country. Record companies have licensed more than a dozen digital music services, including local services such as Yandex, Trava and several mobile operators. While the industry is trying to find licensing solutions, these services are struggling to fulfil their potential because of high rates of digital piracy. Russia's largest online social network, vKontakte, operates a heavily used unlicensed music service, which has been the subject of legal action by rights holders. While such services continue to operate in disregard of music copyrights, it is difficult to establish a sustainable licensed digital music market in Russia.

kkBOX: Asia's local service fights its corner

Although international services have made more headlines in 2013, Asia is home to one of the world's first music subscription services, KKBOX, which is now competing against the global players with its own locally-branded freemium service. The service, along with iTunes, helped fuel strong digital sales growth in its native Taiwan in 2013, with revenues up 46 per cent.

Founded in 2004, KKBOX is one of Asia's leading digital music services. It provides limited free streams for its 10 million-plus free users, and an unlimited, fully-portable, integrated mobile, tablet and desktop service for its 1.5 million-plus paying subscribers. The service is now available across Asia in Hong Kong, Japan, Macau, Malaysia, Singapore, Taiwan and Thailand.

Like other digital services, KKBOX is competing on music discovery and curation as it is on distribution. Chris Lin, founder and CEO of KKBOX set out from the start to create a superior experience for consumers used to free unlicensed services. It has built a differentiated music brand with quality magazine-style editorial, a move that has seen the company extend its brand into printed magazines and TV programming. The service became a hit in Taiwan and quickly launched in Hong Kong and other Asian markets. In 2013, it launched another innovation, 'Listen With', which allows users of the service to listen live with others with "70–80 per cent" of domestic artists using KKBOX. "We're trying to build our service into a premium brand. You can get free music from YouTube, from piracy, but there's something that you cannot get which is a closer feeling, closer distance with artists . . . interaction. That's what we're trying to build — a VIP-club type of feeling."

All players in the legitimate digital music market across Asia agree that piracy remains a huge problem for the sector. Chris Lin says he is competing with 15 or 20 illegal services from China that are active. "People call us the leading platform in Asia, but I in fact would say the leading platform is still piracy."

Long live the record label

Daft Punk: A physical campaign in the digital world

Daft Punk's *Random Access Memories* was one of the most significant global releases of 2013. The band delivered a sophisticated contemporary record that its record label backed with an innovative marketing campaign.

John Fleckenstein, EVP, International at Sony Music Entertainment, says that it was the trusted partnership between the band and record company that enabled them to create a campaign as exciting as the album itself. "In the summer of 2012, around ten of us convened in a Paris studio to meet Daft Punk, listen to the album and understand their vision for how they wanted it released to the world. It was immediately apparent that the music was truly exceptional and we needed a campaign that matched the scale of their vision."

Having over six months between the first meeting and the album's release meant Sony Music had time to put together a sophisticated global campaign. "Fundamental to our success was our ability to communicate internally within Sony the vision behind the project and the power of music. We visited every key market — usually with the group themselves and their manager. We played them the full album and evangelized the concepts behind our launch."

Certain elements made the campaign unique. First, the artists are two Robots. They do not have a 'public' voice — they do not do interviews or have Twitter accounts. Second, they had a globally charged fan base rabid for more music and information. And, third, Sony needed to be creative knowing it did not have unlimited funds.

In answer to this, first Sony music employed scale and timing — everything global, everything simultaneous. Second, in tune with the group's vision, Sony Music employed an interesting approach: every action was to be carried out in the physical world, but get reflected into to the digital/social media world.

This came out of the group's inspiration from some of the film and album premieres of the '70s and '80s whose launch campaigns were 'larger than life.' Campaigns that left fans wondering and wanting more — driven by a compelling sense of mystery that made the debuts immensely exciting.

> "We needed a campaign that matched the scale of their vision."
>
> *— John Fleckenstein, Sony Music*

"Our campaign started with tightly coordinated outdoor advertising placed in known worldwide locations and a short mysterious TV teaser using a riff from *Get Lucky*. Fans saw these things, recorded them and shared them like crazy. Billboards were placed in highly recognisable locations around the globe — in London, in Los Angeles, in Tokyo — fuelling this 'it's happening everywhere' excitement amongst fans. For the teaser, Columbia Records in the US premiered the piece during SNL. Sony UK bought 'road blocks' across TV at a specific time. In response, fans immediately began generating their own content and conversing — one of them even created a popular 10-minute audio loop of the riff in the teaser video. This larger than life approach was also taken all the way through to the album launch. "For instance, in Australia, our local company decided to debut the album at the Wee Waa county fair — which because of global time zones, technically became our first play. They first announced the event in the local printed newspaper, which then sent the internet into a frenzy of speculation as people asked: why would Daft Punk launch their album in a town in the middle of the Australian outback? The intrigue generated global headlines and ultimately media even travelled to the small town for the event."

The album was released across all formats simultaneously. *Random Access Memories* was the biggest ever pre-ordered album on iTunes at that point. It hit number 1 in 97 iTunes stores — while simultaneously breaking the record for the most streamed album of all time on Spotify.

The *Random Access Memories* campaign highlights how artists and labels can work together to generate a phenomenal level of global interest in an album launch. It also showcases how activity in the physical world can be used to motivate fans to be in the vanguard of an artist's digital campaign.

Daft Punk photo courtesy of Sony Music

Avicii photo by Jocob Schulman

Avicii: From club DJ to global superstar

Avicii has gone almost overnight from being a club DJ in Sweden to a global artist who plays in the world's biggest arenas. He worked with his management and record company on a world conquering campaign fuelled by innovative electronic dance music (EDM) and harnessing online social networks.

Per Sundin, senior vice president, Nordic region, Universal Music Group International, first discovered Avicii on YouTube, where he had posted a song, *Bromance*, the instrumental version of what later became *Seek Bromance*, under the pseudonym Tim Berg. Sundin was searching for EDM acts after witnessing the popularity of a new generation of artists at the Pacha nightclub in Ibiza.

Sundin was impressed by the song and the harmonies and, of course, the amount of views the unreleased song had gained and approached Avicii's manager, Arash Pournouri, signing a deal to release it across the Nordic region. It was a successful hit and they followed up with the single *Fade Into Darkness*. Sundin was encouraged by the reaction to these two tracks to energise Universal Music's global network to promote Avicii's single *Levels*, which became his first global hit selling more than five million copies.

In January 2013, Avicii launched a campaign in partnership with Ericsson, to create the world's first 'crowd sourced' hit song. Fans sent basslines, effects, melodies, rhythms and vocals to Avicii for him to edit and release as a finished track. He also released the track *Three Million* to mark the acquisition of his three millionth Facebook fan.

Avicii and his record label then prepared to promote his debut album *True* and its lead single *Wake Me Up*. The album was unveiled at the Ultra music festival in Miami in a live performance featuring a range of artists who had collaborated on the album, including Aloe Blacc, the vocalist on *Wake Me Up*. EDM fans at the festival disliked the album that featured elements of other genres, including country music, and there was strong hostility across online social networks over the next 24 hours.

> "Avicii has built his loyal global fan base through online social media."
>
> *— Per Sundin, Universal*

Sundin says: "This is where we had to hold our nerve. We knew we had a great album. We knew this was a shock to hardcore EDM fans, but we were convinced this album would take Avicii to a whole new level."

This judgment proved correct as *Wake Me Up* topped the charts in more than 20 countries and has now sold more than 8.5 million copies worldwide. The single also proved a huge success on Spotify, becoming the most streamed track in the service's history with more than 190 million streams to date. Avicii's single *Hey Brother* also proved another global hit on Spotify and in download sales.

Per Sundin says: "The campaign has been a game changer for the whole music industry. Avicii has built his loyal global fan base through online social media. We've focused our marketing resources on targeting the under 30s in the world they live in. That means focusing much more on social media, rather than traditional newspapers and linear television."

Sundin also points to the success of Avicii's brand partnership deals with the likes of Ericsson and Ralph Lauren. "Business understands that music is the frontrunner of change in society and they want to harness its emotional power. Artists know that working with brands helps them reach a broader audience. EDM is built around the collaboration of DJs, songwriters and artists and this is an extension of that. Collaboration is the new creation."

The campaign to take Avicii from Swedish club DJ to global superstar underlines how online social media, properly harnessed, can help artists and record companies speed up the process of building a global fan base. It also highlights daring to be innovative can help take an artist to a whole new audience.

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Hunter Hayes photo by Guzman for StocklandMartel.com

Hunter Hayes: The YouTube orchestra

Warner Music Nashville/Atlantic Records recording artist Hunter Hayes released a new version of his song *Everybody's Got Somebody But Me* featuring label-mate Jason Mraz as part of the *Encore* edition of his eponymous debut album. Atlantic and Warner Music Nashville wanted to use YouTube to help attract new audiences to Hunter's music. They felt there was an opportunity to reach Generation C, create a compelling piece for Hunter's fans, and extend the reach to new audiences.

YouTube's own creative space, the YouTube Hangar. This enabled the label to pull together a range of the 'YouTube Stars' who post their own versions of hit songs onto the platform together and invite them to perform with Hayes and Mraz.

Content creators ranging from Tyler Ward to Kina Granis submitted their own versions of Hayes' song and Warner Music Nashville along with Hunter created a mash-up of the results. It then brought together Hayes, Mraz and all the 'YouTube Stars' to create a one-shot music video featuring all of them, dubbed the 'YouTube Orchestra', for the mash-up track. Holley said: "Hunter and Jason had a blast. They even partially recreated the video when they played the track at the Country Music Awards."

> "There is a misconception that Country music fans are not digitally savvy, but that's just not true."
>
> *— Jeremy Holley, Warner Music*

Jeremy Holley, senior vice president, consumer and interactive marketing, Warner Music Nashville, says that digital channels such as YouTube are central to the label's promotion of Country artists. "There is a misconception that Country music fans are not digitally savvy, but that's just not true. Hunter and his audience are highly engaged in the space and we thought it would be a great way to give them a campaign that was engaging." The label contacted YouTube and sounded the platform out about an interesting campaign.

Rather than film in Nashville, Warner arranged to shoot in Los Angeles at

This unique approach to filming YouTube material for a song meant that Warner Music Nashville could run a lengthy campaign that engaged significant numbers of music fans. The individual 'YouTube Stars' released their own versions of the track and then the 'YouTube Orchestra' video was released ahead of the official music video. Holley says: "This enabled us to build excitement and expectations around the multiple video releases. It allowed us to extend the typical runway of a music video by one month. We received a significant spike in views, engagement, and built more familiarity around the track than we would normally have."

The whole approach was built around the Nashville mantra, "It all starts with a song." Holley says: "It's really cool to hear such different variations of the track from acoustic to a capella. A powerful song transcends all formats and demographics."

Holley says the campaign saw digital teams from across Warner Music Group (Warner Music Nashville, Atlantic Records and Warner Bros. Records) work together to make it a success. He believes that major labels and publishers are still at the heart of the music industry. "There is a reason YouTube Stars — who are hugely talented — cover our songs. Living in Nashville and seeing how much work goes into the creative process is inspiring. We have writers and artists in town that cross collaborate and extending this to other musicians in the YouTube ecosystem only adds more value."

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Working in partnership: Passenger and the Embassy of Music

British singer-songwriter Mike Rosenberg, better known as Passenger, first came to the attention of German independent label Embassy of Music in early 2012. Once the frontman of the UK-based band of the same name, Rosenberg had moved to Australia in 2010 as a solo artist, before signing to leading independent label Inertia Records. Wanting to build on Rosenberg's Australian success, Inertia worked with Embassy of Music to launch his career in continental Europe.

Embassy of Music MD Konrad von Löhneysen says Passenger had already built up a strong following on Facebook, but a combination of social media with traditional marketing helped take him from a little-known singer-songwriter with a small but loyal following to top-ten success across Europe and Australasia. Before breaking the artist in their native Germany, the label used its network leverage a successful campaign in the smaller Dutch market working in partnership with Sony Music Netherlands.

"German radio is really fragmented. Even though we knew we had a potential hit in *Let Her Go* it's hard to create an impact with an unknown artist from a standing start. The radio market is far smaller in the Netherlands. Working closely with a top Dutch radio plugger, we helped get the record to number one in November 2012. That was the turning point."

This success gave the label a platform to reach the German market, with a promotional campaign, again focused on radio, followed in the New Year.

Von Löhneysen said while Facebook was also a critical channel in the campaign, the label didn't view it solely as a sales channel. Embassy of Music used Facebook's geo-IP technology to filter updates by territory, enabling them to work with the artist to provide fans with useful updates on tour dates and new releases, without compromising his artistic integrity. "Passenger had built a relationship with fans, we didn't want to take over the page and compromise that — it's all him."

Passenger's Facebook following in Germany grew to 140,000 through 2013, as the label capitalised on its success in the Netherlands to launch him in Germany and across Europe. Having topped the German singles chart in February 2013, *Let Her Go* went to number 1 in Austria, Belgium, Sweden, Switzerland, Australia and New Zealand, as well as number 2 in the UK. Album *All the Little Lights* entered the top ten in a dozen global markets, going Platinum in Germany and Australia, as well as Gold in the UK.

"Any artist can upload a YouTube video, put out an album, talk to their fans. And it's best when it all comes from them." adds von Löhneysen. "But traditional media is also important to take them to the next level. Not every artist can be like Radiohead, who had years of label support helping them build their fanbase. A record label's experience in marketing, plugging, and breaking artists is still a vital complement to what the artist can do on social media, not an alternative."

> "A record label's experience in marketing, plugging, and breaking artists is still a vital complement to what the artist can do on social media, not an alternative."
>
> *— Konrad von Löhneysen, Embassy of Music*

"We can do things that were unthinkable": Engaging fans in social networks in Brazil

Record companies are increasingly partnering with brands and, in some cases, becoming valuable brands themselves. One example has been the strategy of Sony Music in Brazil. The company says it has built up its digital presence, becoming the number one record label in the world on Facebook, with more than 7.8 million fans (consolidating Sony Music Brazil and Sony Music Gospel pages) and more than 63 million fans on the co-managed Brazilian cast Facebook pages. It is also the leader on Google+, with more than 1.1 million followers, as well as Instagram and Foursquare. This gave Sony Music Brazil a platform that was attractive to both brands and artists.

Alexandre Schiavo, president, Sony Music Brazil, says: "We decided in 2005 to become fully focused on digital channels. My own background was in digital and I realised that the new generation of social media would be revolutionary for us. We knew it would give us direct contact with music fans on a scale that was unimaginable before."

"We ran competitions for brands and helped them connect with music fans on a huge scale. Our partnership with Sony Electronics Brazil saw the company go from 180,000 to two million Facebook fans in just seven months. We replicated music content on their Facebook page and generated exclusive content for them. We effectively became their digital advertising agency focused on music and entertainment."

The record label paid artists for the work they delivered for brands, but because it had a long-term relationship with the performers, it could often deliver more for the brand than a regular agency could. The partnerships also benefited artists. "If the artist wanted to do a third or fourth music video that wasn't in the original plan, we could generate money from the brand partnerships to make that deliverable."

One example of such a partnership was the campaign for local rock band Capital Inicial involving Sony Electronics. The band shot a music video in the desert in Chile using a 360° camera, with Sony Electronics paying for the shoot. The band also ran a competition on Sony Electronics' Facebook page that saw the winner go on a trip to São Paulo with the band to go shopping for musical products.

> "Music fans are starting to see record companies in a completely different way — they never had this level of engagement in the past."
>
> *— Alexandre Schiavo, Sony Music Brazil*

This approach is also being taken to a global audience. Sony is one of the sponsors of the 2014 World Cup, with Sony Music producing the official soundtrack album. The record company worked with Sony Corp on a competition featuring Ricky Martin which invited fans worldwide to write a song for him to sing. The winner of the "SuperSong" competition is to have their work recorded by Ricky Martin and be included in the official soundtrack, before travelling to the World Cup final.

Schiavo says: "Our work is about engaging people and having fun. Offering them something that money can't buy and exciting them about artists and brands. We're now taking this work from Brazil to a global market."

Sony Music Brazil has also run social media campaigns for brands including Coca Cola, Nestlé, Skol Beer, Gol Airlines, Puig Fragrances and Telecom Italia. The company has developed a presence across a range of additional digital and social networks including Vine, Flickr, Tumblr, Twitter, YouTube and Vevo.

Schiavo says: "We're projecting further huge growth in this area over the next few years. Brands are looking for music content and artists can benefit from the right strategic partnerships. We can do things that were unthinkable a few years ago. We can fill up a stadium with fans of a band without placing a single advertisement — only using digital activations. Music fans are starting to see record companies in a completely different way — they never had this level of engagement in the past."

Capital Inicial photo by Marcelo Rossi Ricky Martin photo by Omar Cruz

Katy Perry: A global phenomenon

Katy Perry is a global phenomenon — her latest album topped the charts in 100 countries and she is the most followed personality in the world on Twitter.

PRISM, her third studio album, was released in 2013 and featured a number of tracks that had promotional campaigns built around them. Bob Semanovich, SVP, marketing at Capitol Music Group says: "Our plan for Katy is not built around a traditional album release cycle, where we concentrate our promotional effort around one date. There are lots of singles on *PRISM* and there will be lots of Katy campaigns for the next 18 months and beyond."

The lead promotional single *Roar* was released in August. Katy released four short teaser videos heralding the new stage in Perry's creative development. A lyric video was released in which, unusually for a star of her stature, Katy appeared. She spelled out the lyrics to *Roar* in emoticons, and the video generated almost 70 million views. The official video was promoted using a classic 1930s-style Hollywood movie poster and a series of online teasers. The video went on to be viewed around 360 million times on YouTube alone, while *Roar* topped the charts in 97 countries.

Perry works tireless to promote her music and the domestic and international teams at Capitol Music Group help harness her social media platforms to promote her wide range of appearances.

Katy Perry photo by Cass Bird

She performed *Roar* at the close of the MTV Video Music Awards in the US, in addition to embarking on four major international promotional trips in the span of just a few months, including Australia, Canada, France, Germany, Italy and Japan.

Meredith Gardner, VP, digital marketing, Capitol Music Group, says: "Katy's really authentic and that's what makes her Twitter so powerful. She tweets in her own voice about what she's seeing and doing. She's also good at surprising her fans, jumping on Twitter for an impromptu Q&A or sharing Twitpics of what she's up to."

> "Our plan for Katy is not built around a traditional album release cycle, where we concentrate our promotional effort around one date."
>
> *— Bob Semanovich, Capitol Music*

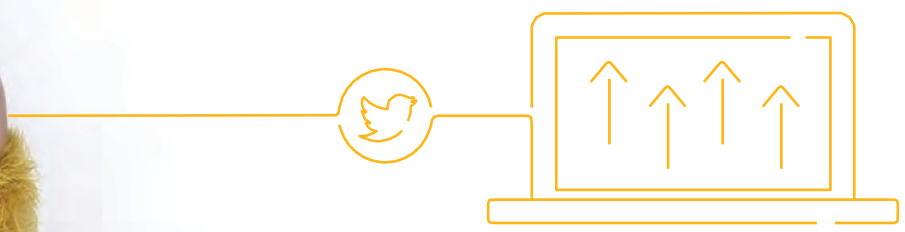
The team helps identify great opportunities to showcase her music and uses social media to highlight her appearances. Kieran Thurgood, director, international, Capitol Music Group, adds: "Katy is a global superstar, but it's incredibly important for us to execute marketing and promotional strategy on a local level so fans around the world can truly connect with her and her music in a very natural way. We work hard to ensure Katy has the most impactful global media platforms to do what she does. Examples of this include Katy's stunning performance on the *X-Factor* finale in the UK, performing alongside local contestants on Germany's *The Voice*, a special *Sunrise* performance in front of Sydney Harbour Bridge in Australia, a major TV promotion with MSN & Visa in Canada, a landmark visit to China with the prestigious China National Orchestra and a phenomenal performance at the MTV European Music Awards in Amsterdam."

Katy Perry also announced her new album via a giant gold-plated truck with 'KATY PERRY — PRISM — 10.22.13' inscribed across the sides. The campaign was replicated in Mexico and also in the UK, where Perry-branded gold-plated taxis chauffeured artists and celebrities to the 2013 iTunes Festival in London.

Hot on the heels of *Roar*, a brand partnership deal with MTV, who in turn partnered with Pepsi resulted in a major promotion of *PRISM*. Fans were given the opportunity to unlock song titles, lyrics and snippets from the album by tweeting #KATYNOW. They could also listen to previews of the tracks *Dark Horse* and *Walking on Air* and vote on which they wanted to have early release on iTunes.

The second single from *PRISM* was *Unconditionally*. This was backed by the promotional campaign #KatyUnconditionally that invited fans to share an Instagram of what unconditional love meant to them and upload it with their story and location to appear in an online *PRISM* map of the world.

Capitol Music Group's campaigns to support Katy Perry highlight how music companies have transformed their marketing and promotional strategies. The success of the *PRISM* campaigns also highlights how important multiple hit singles are to continuously drive ongoing interest in an artist and keep them in the spotlight.



Tommy Torres courtesy of Warner Music

Tommy Torres: Harnessing the power of Twitter

Tommy Torres is a Puerto Rican born singer-songwriter who, until recently, was highly respected by his peers but had not yet become established in the mainstream music market. Warner Music Group (WMG) helped him break through to a broader audience of music fans through the creation of an innovative Twitter campaign.

Gaby Martinez, vice president, marketing, Warner Music Latin America & General Manager, Warner Music Latina explains that Torres was able to harness Twitter to create a debate around one of his songs, giving his fans a sense of ownership of it. "His song *Querido Tommy* was inspired by a fan who wrote to him and said that he loved his girlfriend but could not put this feeling into words and asked for the artist's help to express himself. He launched a campaign on Twitter to ask his fans if he should help this man express his feelings to his girlfriend."

Torres generated more than 3,000 interactions in this online debate and then posted his song on Twitter before it was released to radio stations for airplay. WMG promoted the campaign across its online properties, generating extra attention from music fans. Other stars, such as Ricky Martin and Alejandro Sanz, retweeted his messages.

Martinez says: "It was an example of how an artist can use social media to take the pulse of their fans. People felt they were part of Tommy's story and had ownership over the song."

Torres released his next two singles on Twitter ahead of their first radio airplay and found that on each occasion he generated more interactions. He now has a total Twitter follower base of more than 500,000 people.

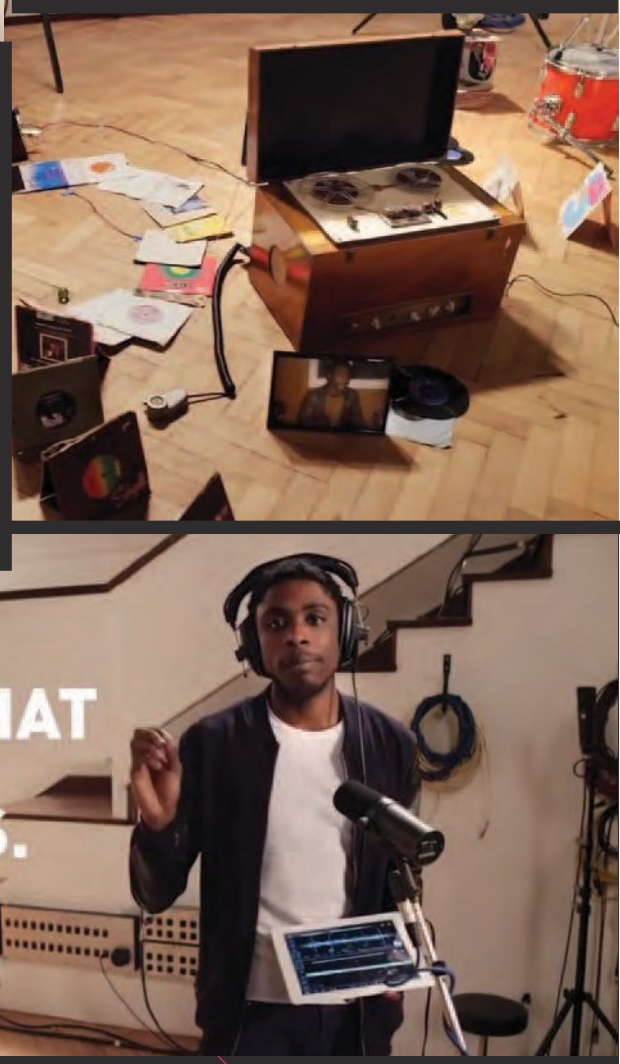
The whole campaign helped Torres break through into the mainstream music scene. His album *12 Historias* debuted at number one the Nielsen Soundscan Latin chart in the US.

Gaby Martinez says it is not unusual to see Latin artists use digital channels to promote themselves and that whole market for Latin music is increasingly evolving in terms of revenue generation. "In the US, we see younger urban Latin artists generating more interest through digital channels, while traditional Latin Country artists tend to have more of a bias towards physical sales. In Mexico, the market is split almost 50:50, as iTunes has proved extremely successful in a country where it can price its music in local currency. Other markets, including Torres' native Puerto Rico, are still more dominated by physical sales."

Martinez says that digital platforms are now central to all the artist campaigns WMG runs for its Latin artists. "With channels such as YouTube you can really see which songs music fans are engaging with. Radio stations may choose to heavily play certain tracks, but unless people are searching for them on YouTube, you are not really connecting."

> "People felt they were part of Tommy's story and had ownership over the song."
>
> *— Gaby Martinez, Warner Music, Latin America*

Despite this, Martinez believes that digital channels tend to follow market trends, not lead them. "Yes we're signing more urban Latin artists these days, and they perform well on digital channels, but the trend towards such performers was happening anyway. Digital is reflecting the market. While we see new platforms come into the market and more diversified revenues are starting to come in, our key job is still to scour the market for talent and sign the best artists we can."



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sweden

A market transformed

A return to growth

The Swedish music industry has a seen an encouraging revival in just three years, from a low of US$144.8 million in 2008, revenues grew to US$194.2 million in 2013. During the same period, digital's share of total revenues increased from 8 per cent to 70 per cent, with subscription services accounting for 94 per cent of the digital market.

The turnaround dates back to 2009 when the combined effect of The Pirate Bay trial and a new anti-piracy law persuaded many consumers to try the new Spotify service. Many preferred streaming to illegally downloading music. Streaming and subscription has helped migrate music consumption from piracy to the licensed environment. Consumer research published by GfK in September 2013 showed that nine out of 10 paying subscribers to Spotify say they download illegally "less often"; seven of 10 of the service's free users say the same.

Spotify's success was also boosted by a partnership with telcoms firm Telia, whose bundled deal offered customers three months' free access to the service. The majority continued to pay afterwards. Having benefited from reduced churn, Telia later rolled out the deal across Scandinavia.

"For recorded music, streaming is by far the biggest revenue source for me."

— DJ John de Sohn

A continuous revenue stream

The subscription revolution has changed the way rights holders are paid, with artists whose music is continuously listened to on Spotify benefiting from a constant revenue stream. Jacob Key, vice president, digital strategy and business development, Europe, Warner Music, says: "Repertoire can now make more money over a longer period of time. The consumption model enables a much longer product life cycle, and generates more revenues over time for most artists."

"If you look at business models over 20 years, you have the potential to get much more revenue with streaming."

— Jacob Key, Warner Music

Per Sundin cites Lars Winnerbäck, one of the top-selling Swedish artists over many years. "He has remained in the Spotify top ten for years without releasing a new album. His management thinks that Spotify is fantastic."

Another Swedish artist, DJ John de Sohn, has had four hit singles, the latest being *Taking It Back*, and is considered a 'Spotify phenomenon'. He says: "Streaming services have been a key part of reaching a new audience with my music. My last three singles have accumulated over 30 million streams in Sweden, and Spotify has been an instrumental part of building my artist brand and live business. For recorded music, streaming is by far the biggest revenue source for me."

"Ten years ago, the vast majority of our revenue came from a smaller number of artists."

— Jacob Herbst, Sony Music Entertainment

Subscription services have also removed a barrier to music discovery. Jacob Herbst, head of digital sales and business development (Sweden), Sony Music Entertainment, says: "The barrier to listen to a new artist is lower than it was when you had to buy their album. We now pay out royalties to more artists now than ever before. Ten years ago, the vast majority of our revenue came from a smaller number of artists."

Growing diversity

New artists have benefited from the younger audience that streaming attracts. Label executive say streaming users are younger and that is having an effect on A&R. Urban music and electronic dance music consistently 'over index' on streaming services, which means that record companies are striving to sign more artists performing in these genres. Per Sundin says: "Streaming is the most democratic tool we have ever been part of. The range of artists being listened to is wider. Swedish hip-hop artists are making money again. We've been able to invest in them because of Spotify."

John de Sohn photo by Gustav Modér Wiking

89%

of spotify subscribers download illegally less often

34%

overall market growth 2008–2013

Dance music, too, leans towards digital. Jonas Sjöström is CEO of Playground Music Scandinavia AB, an independent record company which owns the digital-only dance label Uniform Beat, home to artists such as Adam Rickfors. He says: "The entire dance market is 98 per cent digital. It means we can sell music globally without licensing deals and no manufacturing costs, but we still have to promote it everywhere and pay for the local expertise to do that."

"Streaming is the most democratic tool we have ever been part of"

— Per Sundin, Universal

Subscription services have paved the way for the rise of the playlist. Jacob Herbst of Sony says: "We built a strategy around playlists that evolved into the Filtr brand. It's all about building up the label as a trustworthy source of music. Labels now run large above-the-line advertising campaigns promoting playlist brands."

IFPI Sweden has changed its charts to include streaming, also bringing it into its Gold and Platinum award certifications, which traditionally went to artists who crossed a certain sales threshold. Jacob Herbst says: "As an industry, we're now increasing the number of units required for Gold and Platinum awards after more than 10 years of bringing them down. And even with that, we are giving away more Gold and Platinum awards than for many years."

What next in Sweden?

Few in the industry think the evolution of the Swedish market is over. The focus now is on how streaming is benefiting A&R and marketing. Per Sundin of Universal says: "We have seen the consumption revolution, but now we're seeing radical changes in A&R and marketing as record companies adapt to a changed environment." Jacob Key cites singer Robyn, who launched three mini-albums with several singles, promoting them over 18 months before releasing her album. "Marketing strategies are changing. You need to keep investing for two, three or four years to get people to keep listening to an album."

Digital services themselves continue to evolve. WiMP has become the first streaming service to launch a super premium service with higher audio quality and others are talking about new deals such as family packages. Meanwhile, a landmark was reached in October 2013 when YouTube became monetised for the first time in Sweden.

Avicii photo by Alex Wessely

New hopes for a licensed music market

China is a market of enormous potential, long stifled by piracy. Ranked just 21st in the world, 2013 revenues were estimated at US$82.6 million.

Yet the landscape for the music industry in China is changing. Over the last two years, major record companies and some independents have licensed eight of China's major online music services, most of them previously copyright infringing. The deals trace back to a landmark agreement struck in 2011 between three international record companies and internet giant Baidu, that involved the settlement of anti-piracy litigation and a commitment by Baidu to close its infringing 'deep links' service. The opportunity for the music industry lies in China's vast internet population, with 618 million users in 2013, with 81 per cent connected to mobile.

Sunny Chang, president, Greater China, Universal Music Group International, says: "The Baidu deal was a trigger that led to other internet companies changing their approach and becoming licensed. We believe that in three to five years the market will be open and China could be one of the top markets in the world."

Moving to the paid model

The government is providing more vocal support for the paid model. Vice Minister Yan Xiaohong of the National Copyright Administration of China (NCAC) says: "The time for paying for music in China has already come — this is not just a principle, but also a necessary practice. But what is also important is that, whichever we choose, whether it be the paid or advertising-supported model, we must make sure that rights holders are rewarded." Independent record companies agree. Mike Songke, vice president of the CMIC, the organisation representing local Chinese labels, says a paid model will encourage investment in local artists and help develop a thriving Chinese music business.

> "The time for paying for music in China has already come — this is not just a principle, but also a necessary practice."
>
> *— Vice Minister Yan Xiaohong, NCAC*

There are challenges ahead, however. Along with competition from hundreds of unlicensed services, CMIC sees the low share of revenues going of music rights holders in China as a key barrier to development of the sector. A study published by CMIC in 2012 estimated the total value of the digital music sector in China at RMB30 billion (US$4.9 billion), but the study estimated that a very small share of that revenue (less than 3 per cent) was being shared with copyright holders. Songke makes comparison with China's booming film industry where box office returns are being ploughed back for re-investment into local film productions. "Nowadays it isn't just piracy that is our problem — we have to get a fairer distribution system that motivates our industry, just like in the film industry."

> "We have to get a fairer distribution system that motivates our industry, just like in the film industry."
>
> *— Mike Songke, CMIC*

China's licensed digital services are fast-evolving, with some expectations of consolidation in the sector at the time of this report's publication. One of the leading services that run a paid offering

21

world ranking
music market

618M

active internet users in 2013

500M

mobile web users

Fan Fan courtesy of Linfair Records

alongside its free streaming service is Kuwo. CEO Lei Ming, says: "In China the majority of people now use legal music — that's a very good environment to be in, but the big question is how can we transfer consumers from free to paid, and how to do that without pushing users to illegal sites?" Another leading service is Tencent, which has amassed three million paying subscribers for its subscription service Green Diamond. Pursuing a different strategy is Baidu, China's largest search engine. Baidu offers a free music streaming service and, in addition, a paid-for tier offering expanded cloud storage space and high quality larger files. As with Kuwo, the vast majority of Baidu's users choose the free-to-consumer option. Kaiser Kuo, director of international communications, says: "Baidu has an ad-funded model and our core strategy is based on online advertising and dominating at consumers' main points of entry to the internet."

The largest digital service is China Mobile, with 700 million users in total and 50 million active paying ringback tone customers. In addition, there are 20 million paying subscribers to the operator's subscription and limited-download music service, Migu Music. Liu Yu Xing, assistant of the general manager of China Mobile Music Base, says: "It is not just recording companies and musicians in China who want to get to this paid-for model — it is the objective of the operators too."

Record companies also want to step up artist development in mainland China. In the short term this is a challenging task due both to undeveloped production facilities and to regulations limiting non-Chinese investment both in production and in distribution of music.

In the absence of a developed market for sales of recordings or performance rights, labels working in China rely heavily on management and live performance income. Most big-selling artists are developed out of Taiwan, dubbed the 'Hollywood' of the region. One of the leading indies active in China is Taiwan-based Linfair Records. The label's top artists include Fan Fan, a judge on China's growing and influential TV talent shows, and Yu Chen Ching (Harlem), a Taiwanese singer who is the label's top male artist.

Linfair Records chairman Denver Chang says that CD sales and management income cannot be the long term future for record companies in China: "The paid model is the foundation to run a record company. The good news is that we know that the platforms want to have paid services, and the government recognises that too. The interests of the music industry and the internet companies are aligned."

Tackling piracy

Record companies and digital services agree on the critical continued role of copyright enforcement in turning around the Chinese market. Following the licensing deals that some repertoire owners have struck with the major digital platforms, the government now has a vital part to play in tackling the thousands of remaining small and medium sized infringing sites.

NCAC Vice Minister Yan Xiaohong says the government has stepped up actions both in enforcement and promoting consumer awareness of intellectual property rights. "Nine years ago when I started in this role, we were talking about copyright theoretically but since then dramatic changes have happened. Criminal penalties for copyright infringement have been strengthened and enforcement against illegal sites intensified."

africa

Emerging opportunity

Despite its huge influence on music repertoire across the globe, most countries in Africa have not historically been significant markets for the international music industry. Today, that is beginning to change. Digital technology is enabling the recording industry to effectively reach mass numbers of consumers across Africa for the first time. Across the continent, international record companies are working to establish innovative services and invest in A&R.

Africa's economies are growing rapidly and smartphone penetration, though small, is soaring. The International Telecoms Union reported in March 2013 that mobile broadband penetration in Sub-Saharan Africa increased from 2 per cent in 2010 to 11 per cent in 2013. Sean Watson, managing director of Sony Music Entertainment Africa, says: "The forecasts for smartphone growth in Africa over the next few years are staggering."

> "The forecasts for smartphone growth in Africa over the next few years are staggering."
>
> *— Sean Watson, Sony Music Entertainment Africa*

Digital services are being established

International services are opening for business, domestic platforms are growing stronger and new services are being developed. Ulrik Cahn, VP digital business emerging markets, Universal Music Group, says: "You can really feel that something impressive is happening with digital music in Africa now. Two years ago, the digital business was almost all ringtones, today products and services are taking off and interest from our global partners in the continent is greater than it has ever been."

> "You can really feel that something impressive is happening with digital music in Africa now."
>
> *— Ulrik Cahn, Universal Music Group*

Africa already had a domestic digital music business, partnered with leading regional and national telco operators. These include MTN Nigeria, with 17 million subscribers, and Safaricom, with 10 million subscribers, have helped build a sizeable ringback tone market. International record companies are establishing strong local direct relationships with local partners — telcos, aggregators, local services, publishing societies and independent labels. Digital revenues to international companies in Africa are currently small but fast-growing: South Africa, the region's largest market has seen digital music revenues take off in 2013 following the arrival of iTunes and several music streaming services, such as Deezer, rara and Simfy. Digital revenues doubled in the year, accounting for 14 per cent of a total market worth US$63 million.

International services such as Deezer, iTunes, Simfy and YouTube are now also operating across the continent, and while they are still small compared to the telcos, insiders estimate iTunes now accounts for 40 to 50 per cent of digital revenues in South Africa. Other established local services include Spinlet and iRoking in Nigeria and Mdundo in Kenya.

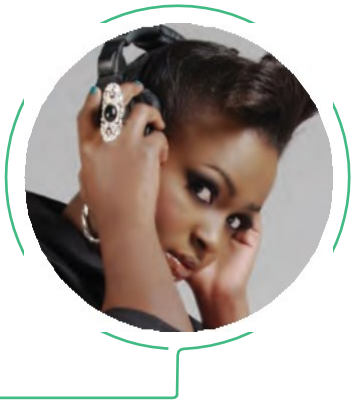
THE KLEEK, a pan-African mobile music streaming service, backed by Universal Music and electronics giant Samsung, and licensed by Sony Music, launched in March 2013. THE KLEEK offers an interactive voice response service as well as an app featuring a huge range of playlists. The app is preloaded on Samsung smartphones whose owners can use it free of charge. Randall Abrahams, managing director, Universal Music South and sub-Saharan Africa, says: "Music fans in Africa have never had access to such a rich and engaging licensed service before, THE KLEEK marks a sea change in the development of the digital market in the region."

Guillaume Quelet, VP, digital business development, Sony Music Entertainment, who looks after three Francophone markets in North Africa, says partnerships with mobile carriers are key. "It's about creating services that appeal to consumers in pre-paid markets who often have limited disposable incomes. I think there will soon be exciting new deals that will also include unusual features such as live tours."

mobile broadband penetration in sub saharan africa

2% vs **11%**

2010 2013



Xtatic photo by Erik Foster

Expanding A&R activity

Record companies are increasing their A&R activity across the region. Sean Watson says: "Sony Music Entertainment has already made a significant investment in the development of the phenomenal talent in Sub-Saharan Africa and we are committed to continuing to partner with African artists to endeavour to bring their music not only to the world, but to African music lovers across their own continent." Recent signings by Sony Music include Nigerian artist D'Banj and Rose Muhando, a Tanzanian gospel artist. Exciting, new young artists include Ugandan style icon Keko; and Kenyan rapper and singer-songwriter Xtatic.

Randall Abrahams of Universal says: "We're engaging with artists across sub-Saharan Africa and in particular with independent labels and entrepreneurs as they are at the cutting edge of artist development in the region. We have a significant long-term commitment to investing in African artists and taking them beyond the continent to an international audience. Universal's labels have long invested in African music and are home to artists such as South African superstar Zahara, Joey B and Shatta Wale from Ghana, MadTraxx and Necessary Noize from Kenya and Mozambican artist Lizha James with tracks produced by rising South African star Uhuru.

Guillaume Quelet says he is also investing in local artists. "Many French urban artists have roots in North Africa and are hugely popular, but we are also looking to develop more local talent."

107%

digital music growth in south africa (2013)

Keko photo by Bicepts Photography

Improving the environment for digital music

The music industry is a business whose success depends on certainty in the legal environment and on copyright law. This is a constant and ever-changing challenge — the music market internationally continues to be distorted by unfair competition from unlicensed services.

IFPI estimates, based on comScore/Nielsen data, that 26 per cent of internet users worldwide regularly access unlicensed services. This estimate applies only to desktop-based devices: it does not include the emerging, but as yet unquantified, threat of smartphone and tablet-based mobile piracy as consumers migrate to those devices.

Digital piracy is the biggest single threat to the development of the licensed music sector and to investment in artists. It undermines the licensed music business across many forms and channels — unlicensed streaming websites, peer-to-peer (P2P) file-sharing networks, cyberlockers and aggregators, unlicensed streaming and stream ripping and mobile applications.

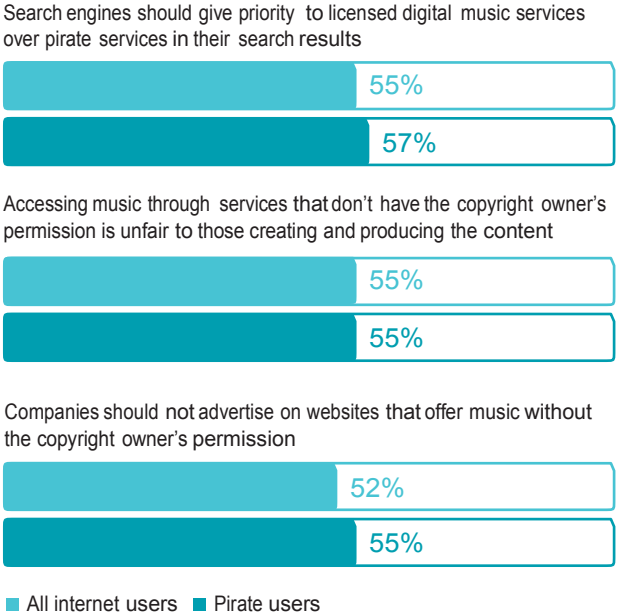
The industry is responding not with a single strategy, but with a comprehensive, multi-pronged approach. It includes: consumer education on copyright and the value of music; working with law enforcement agencies to tackle online piracy; litigation against online pirate services; and engaging with policymakers and legislators worldwide to create an environment in which the music sector can grow. The industry is also working with online stores to remove infringing apps and to ensure that apps cannot access illegal websites.

The industry believes all parties in the digital economy have a responsibility to support legitimate digital commerce and help tackle piracy in all its forms. Record companies are working with advertisers, domain registrars, internet service providers (ISPs), payment providers and search engines to achieve this goal. Courts around the world are finding that the law also requires greater cooperation from online intermediaries.

Consumer attitudes to piracy

It is not just music rights holders who believe that intermediaries have responsibilities to tackle piracy. Consumers believe this too. According to research from Ipsos MediaCT across ten countries, more than half of all internet users think search engines should prioritise licensed services in search results, a proportion that increases to 57 per cent among those who use unlicensed services. A similar proportion of internet users (52 per cent) think that companies should not advertise on unlicensed services, a figure that increases to 55 per cent of those who use unlicensed sites.

Figure 12: Consumers agree that intermediaries should …



Source: Ipsos MediaCT

Website blocking proves effective

Actions by ISPs have become a widely-accepted and effective way of curbing piracy online. Increasingly common is the blocking of websites that make available infringing content. In recent years, courts in 10 EU countries have ordered ISPs to block users' access to specific services that structurally infringe copyright law. Courts and authorities in other countries including India, Indonesia, Malaysia, Mexico, Norway, South Korea and Turkey have made similar orders. On the legislative front, in 2013, Norway adopted new website blocking legislation and Italy became the first country in Europe where an administrative body — the Italian communications authority AGCOM — is empowered to authorise website blocking.

bit torrent use

-11%

in eu countries with website blocking

— vs —

+15%

in eu countries without blocks

Despite misrepresentation by some anti-copyright campaigners, courts have consistently found that the blocking of sites providing illegal content achieves an appropriate balance of fundamental rights. In November 2013, the Advocate General at the Court of Justice of the European Union said that website blocking is available under EU law.

Website blocking measures implemented by ISPs have been effective. Between January 2012 and July 2013, European countries where blocking orders are in place saw BitTorrent use decline by 11 per cent, while European countries without such orders saw BitTorrent use increase by 15 per cent (comScore/Nielsen). The effect was especially pronounced in two countries, Italy and the UK, where the highest number of illegal services have been blocked. In Italy, BitTorrent traffic declined by 13 per cent in 2013 and in the UK BitTorrent traffic declined by 20 per cent over the same period. The industry believes that website blocking is an effective tool to help tackle digital piracy and should be available in more countries worldwide. It also needs to be extended to cover mobile networks.

Additionally, rights holders work with ISPs on notification programmes aimed at educating users about the value of copyright. Such schemes exist in Chile, France, Ireland, New Zealand, South Korea and the US. Account holders are notified that their account is being used unlawfully, with the possibility of deterrent consequences such as fines if warnings are repeatedly ignored. These programmes have proven effective where

vKontakte: Stifling a licensed business in Russia

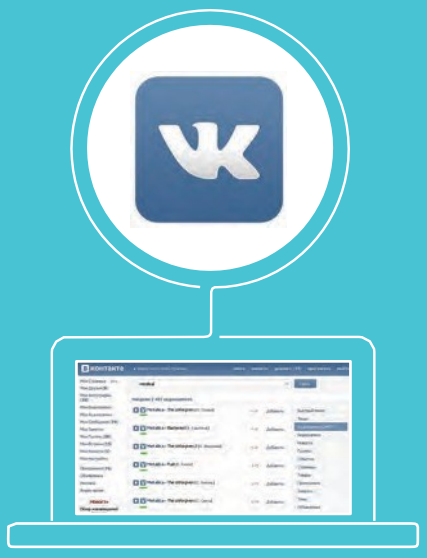
Russia is a vast potential market stifled by rampant copyright infringement. At the centre of the Russian music scene is vKontakte, the country's dominant online social network and its largest distributor of music. vKontatke operates an unlicensed music service allows users to upload and store music and video files, which then become available for all other users of the service to search and stream.

vKontakte is providing access to tens of thousands of the most popular songs by local and interntional artists. This is damaging the licensed business and preventing investment in Russia's music sector. Searches for the Top 20 Billboard singles, the Top 20 UK singles and the Top 20 Russian singles generates thousands of results for most tracks.

In February 2014, the scale and harmful impact of vKontakte's music service was illuminated by the US Trade Representative (USTR) in its "Notorious Markets list", a respected barometer of respect for copyright in countries around the world. For the fourth year in a row, the Russian internet giant was included for its record on copyright infringement. The US government report says: vKontakte's business model "appears to include enabling the unauthorized reproduction and distribution, including streaming, of music and other content through the site and associated software applications."

55M

average daily users of vkontakte



implemented, with use of unlicensed P2P networks declining by 27 per cent since September 2010 in France (Nielsen) and by 19 per cent since August 2011 in New Zealand (comScore).

Stopping payments to pirate services

The music industry's anti-piracy work with payment providers, leading to the withdrawal of payment services to infringing sites, has been a positive example of successful cooperation. Since 2011, leading international providers such as American Express, MasterCard, PayPal and Visa have been responding to action by rights holders and the City of London Police to ensure their services are not abused by illegal businesses wherever they operate (*see box opposite*).

Cutting off advertising revenue

Advertising is a major source of income for many online pirate services worldwide. In February 2014, the Digital Citizens Alliance published research conducted by MediaLink which showed 596 infringing sites generated US$227 million in advertising revenues in 2013, with adverts appearing from blue chip brands including AT&T, Lego and Toyota.

Rights holders are working on the issue with the advertising industry and intermediaries in all possible ways available to them. Advertisers recognise that the appearance of their branding on pirate sites can be damaging for their reputation. However, many brands do not know or cannot control where their advertising is being placed, and there can be several intermediaries between the brand and the websites on which their advert appears.

227m

(us$) pirate sites' estimated ad revenues in 2013

The advertising industry is engaged on this issue in a number of countries. In Australia, Music Rights Australia (MRA) is working with the Audited Media Association of Australia (AMAA) to raise awareness of the damage ad-supported pirate sites have on the creative industries and develop a code to stop the placement of advertising on known sites associated with piracy. "We recognise this is an issue that needs to be tackled. Brands don't want to appear on inappropriate sites and that is why we are working closely with rights holders to ensure we have a strategic solution for all," says Paul Dovas, CEO of AMAA. Discussions are also at various stages in other countries including Italy and Mexico.

In the UK, rights holders and advertising bodies are working with the City of London Police (PIPCU) to reduce adverts on pirate sites. In 2013, a successful pilot study was carried out by technology company White Bullet on behalf of the police. The project led to a fall in the number of mainstream ads appearing on such sites. This success has led to the police launching a permanent programme in 2014.

"This is an issue that needs to be tackled. Brands don't want to appear on inappropriate sites"

— Paul Dovas, AMAA

Search engines still have more to do

Search engines have pledged to do more to tackle online piracy, but there is still a long way to go. In August 2012, Google announced that it was altering its algorithm to take account of notices received from rights holders to place infringing sites lower down in search results.

74%

consumers introduced to pirate services through search

Unfortunately, this seems to have had little impact. A search for the name of any leading artist followed by the term 'mp3' in the leading search engines still returns a vast proportion of illegal links on the first page of results.

Search engines continue to be a major gateway to pirate content. In September 2013, a MillwardBrown Digital study for the Motion Picture Association of America revealed that between 2010 and 2012, almost three-quarters of consumers (74 per cent) said they used search engines as a discovery or navigational tool when first using unlicensed services.

Although rights holders are able to submit requests to remove

Infringing links dominate search results

infringing content to Google and other search engines, the number of requests accepted is capped and so rights holders are only able to report a fraction of the infringing links available.

For instance, by January 2014, the global recording industry had sent more than 100 million requests to Google to remove links to infringing content, an amount that would have been

Figure 13: Infringing links on the first page of search results by artist name and 'mp3'

Artist	Google	Yahoo!	Bing
Pharrell Williams	80%	90%	80%
Katy Perry	100%	80%	80%
Jason Derulo	80%	90%	90%
John Legend	100%	70%	80%
Beyoncé	90%	90%	90%

Source: IFPI Top five artists in the Billboard Top 100, 8th March 2014

considerably higher were it not for the cap on the number of requests that Google imposes on individual rights holder groups.

While Google has taken some steps to develop licensed services and improve its reaction to anti-piracy notices from rights holders, the music industry believes it has the technological expertise to do more. In January 2014, IFPI issued a statement calling on search engines to take a number of measures: including fulfilling the promise to demote sites receiving extensive numbers of piracy notices and ensuring that the "take down" of a song is effective and does not mean temporary removal — to be replaced two seconds later.

Courts are finding that the law requires search engines to do more to curb piracy. In 2012 the French Supreme Court required Google to eliminate terms associated with piracy from its Autocomplete function. In November 2013, the Paris High Court ordered a number of search engines, including Google, to ensure that links to 16 unlicensed streaming sites do not appear in search results regardless of whether a user specifically searched for these websites.

100M+

requests to remove infringing links to google in 2014

Legal action against piracy

In some circumstances, the recording industry has to taken legal actions against large scale online piracy services.

The industry has been engaged in litigation against the operator of the BitTorrent service isoHunt, one of the largest unauthorised BitTorrent sites in the world, with millions of users and a vast catalogue of music and films. Action taken by the film companies in the US found the site liable for copyright infringement. In October 2013 the site reached a separate legal settlement with the US movie industry. Action by the record industry is continuing.

Action also continues to be taken against cyberlockers that are providing a platform for music piracy. In January 2012, action by the FBI led to the closure of Megaupload. In Germany, the authors' collecting society GEMA was successful in a case brought against Rapidshare, where the Federal Court of Justice ordered the service to prevent further infringements of over 4,800 titles of GEMA's repertoire. In the US, the movie industry was successful in a case against cyberlocker Hotfile where a court found the service liable for copyright infringements. After agreeing to pay US$80 million damages to the film studios, the site shut down. The industry will continue to pursue enforcement action against the operators of other similar services. Streaming service Grooveshark has been blocked by ISPs in Denmark and South Korea as a result of music industry action.

UK's City of London Police: Tackling crime online

In the UK, the City of London Police has played a key role in tackling international organised crime because of its location in one of the world's leading financial centres. It has recently established the Police Intellectual Property Crime Unit (PIPCU) to focus specifically on IP crime. The unit is funded by the Intellectual Property Office, which is part of the Department of Business, Innovation and Skills, until June 2015.

Britain's strict anti-money laundering legislation enables the police to seek and confiscate revenues generated by criminals through illegal activity. PIPCU has worked with rights holders and payment providers on an evidence-based approach that encourages payment providers to proactively remove services from illegal websites.

Following this success with payment providers, the unit also began to look at the placement of adverts on illegal websites. DCI Andrew Fyfe, the head of PIPCU, says: "Advertisers didn't realise they were funding criminal enterprises, that every time an ad appeared revenue went to the criminal organisations behind these sites.

"The aim was to educate the industry about the problem. Some people argued that piracy is not a serious crime and we shouldn't spend time tackling it, but you don't tackle one type of crime on the internet and exclude another. This is about corporate responsibility and setting the social parameters of what is acceptable online."

PIPCU is also expanding its activities to work with domain registrars, ISPs and search engines to tackle digital piracy. The borderless nature of internet crime means that the City of London Police is working with law enforcement agencies around the world on its various cases. The unit also works with rights holders across all creative industries, as well as brand owners, to tackle a wide range of intellectual property crime.

Digital Music Services Worldwide

The featured list of licensed digital music services appears on the Pro-Music information resource (www.pro-music.org) at the time of the report's publication and it is the most comprehensive directory of the world's legal digital music services. The list numbers over 450* licensed services in over 100 territories.

A Afghanistan: Deezer Albania: Deezer Algeria: Deezer Andorra: Deezer, Spotify Angola: Deezer, THE KLEEK Anguilla: iTunes Antigua & Barbuda: Deezer, iTunes Argentina: BajáMúsica, Batanga, Cien Radios, Daily Motion, Deezer, Faro Latino, Ideas Musik, iTunes, Larala, Movistar, MTV, Personal, Rdio, Spotify, Ubbi Música, Xbox Music, YouTube Armenia: Deezer, iTunes Aruba: Deezer Australia: 7digital, Bandit.fm, Beatport, BigPond Music, Blackberry World, Deezer, Getmusic.com.au, Google Play, Guvera, iHeart Radio, iTunes, JB Hi Fi NOW, MOG, Music Unlimited, Nokia Mix Radio, Optus, Pandora, rara.com, Rdio, Samsung Music Hub, Songl, Spotify, The InSong, Vevo, VidZone, Xbox Music, YouTube Austria: 3Music, 7digital, A1 Music, AmazonMP3, Ampya, Artistxite, Classical.com, Deezer, DG Webshop, eMusic, Finetunes, Google Play, iTunes, Jamba, JUKE, Ladezone, Last.fm, Mediamarkt, Musicload, MySpace, MyVideo, Napster, Naxos, Nokia Mix Radio, Preiser, Qobuz, rara.com, Rdio, Saturn, Schlager.tv, Simfy, SMS.at, Soulseduction, Spotify, Telering, T-Mobile, VidZone, Weltbild, Xbox Music, YouTube, Zed Azerbaijan: Deezer, iTunes

B Bahamas: Deezer, iTunes Bahrain: Deezer, iTunes Bangladesh: Deezer Barbados: Deezer, iTunes Belarus: Deezer, iTunes, Yandex Music Belgium: 7digital, Beatport, Bleep, Bloom FM, Deezer, DJTUNES, Downloadmusic, eMusic, Fnac, Google Play, iTunes, Jamba, Jamster, Juke, Junodownload, Legal Download, Music Unlimited, Muziekweb, MUZU.TV, Napster, Qobuz, rara.com, Rdio, Simfy, Skynet, Spotify, Traxsource, VidZone, Xbox Music, YouTube Belize: Binbit, Deezer, Digicel, iTunes, Movistar, YouTube Benin: Deezer Bermuda: Deezer, iTunes Bhutan: Deezer Bolivia: Batanga, Deezer, iTunes, Rdio, Spotify, YouTube Bosnia and Herzegovina: Deezer Botswana: Deezer, iTunes Brazil: Deezer, Digital Virgo, Ideas Musik, iMusica, iTunes, Kboing, Mercado da Musica, Mundo Oi, Music Unlimited, Nokia Mix Radio, Power Music Club (GVT), rara.com, Rdio, Samsung Music Hub, Terra Musica Powered by Napster, TIM Music Store, Toing, UOL Megastore, Vevo, Vivo Musica by Napster, Xbox Music, Yahoo! Musica, YouTube British Virgin Islands: Deezer, iTunes Brunei: Deezer, iTunes Bulgaria: 4fun, 7digital, Akazoo, Deezer, eMusic, iTunes, M.Dir.bg, Mobiltel, Spotify Burkina Faso: Deezer, iTunes Burundi: Deezer

C Cambodia: Deezer, iTunes Cameroon: Deezer Canada: 7digital, Archambault, ArtistXite, AstralRadio, Bell Mobility, Blackberry Music Store, CBC Music, Classical Archives, Daily Motion, Deezer, eMusic, Galaxie Mobile, HMV Digital, iTunes, Mediazoic, Motime, MTV, Music Unlimited, Naxos, Nokia Mix Radio, Qello, rara.com, Rdio, Siren Music, Slacker, Songza, Vevo, Xbox Music, YouTube, Zik Cape Verde: Deezer, iTunes Cayman Islands: Deezer, iTunes Central African Republic: Deezer Chad: Deezer Chile: Batanga, Bazuca, Claro, Deezer, Entel-Napster, iTunes, Movistar, Portaldisc, Rdio, Spotify, YouTube China: 1ting, Baidu, China Mobile, China Telecom, Douban, Duomi, Kugou, Kuwo, Netease, Nokia Mix Radio, Tencent, Xiami Chinese Taipei: Emome, Far Eastone, Hami+ Music, HiNet Funplay, iNDIEVOX, iTunes, KKBOX, MTV, muziU, myMusic, Omusic, Spotify, Taiwan Mobile, VIBO, Vimeo, YouTube Colombia: Batanga, Binbit, Codiscos, Deezer, ETB Musica, Ideas Musik, iTunes, Movistar, Prodiscos – Entertainment Store, Rdio, Spotify, Tigo, YouTube Comoros: Deezer Costa Rica: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Croatia: Cedeterija, Dallas Music Shop, Deezer Cyprus: 7digital, Deezer, eMusic, iTunes, Spotify Czech Republic: 7digital, Bontonline, Clickmusic, Deezer, eMusic, Google Play, iTunes, Koule, Mix_r.cz, MusicJet, O2, rara.com, Rdio, Spotify, Supraphonline, T-Music, Vodafone, YouTube

D Democratic Republic of Congo: Deezer Denmark: BibZoom.dk, CDON, Deezer, eMusic, iTunes, M1, Music Unlimited, Napster, rara.com, Rdio, Shop2download, Spotify, TDC Play, VidZone, WiMP, Xbox Music, YouSeeMusik (JUKE), YouTube Djibouti: Deezer Dominica: Deezer, iTunes Dominican Republic: Deezer, iTunes, Rdio, Spotify

E East Timor: Deezer Ecuador: Batanga, Binbit, Deezer, Ideas Musik, iTunes, Movistar, Rdio, Spotify, YouTube Egypt: Alamelphan, Anghamy, Deezer, iTunes, Mazzika Box, Yala Music, YouTube El Salvador: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Equatorial Guinea: Deezer Eritrea: Deezer Estonia: 7digital, Deezer, eMusic, iTunes, muusika24.ee, rara.com, Rdio, Spotify Ethiopia: Deezer

*450 – although services are listed in every country they appear, they are only counted once in the overall figure e.g. iTunes is counted once in the figure of 450 etc.

F

Fiji: Deezer, iTunes Finland: 7digital, CDON, City Market CM Store, Deezer, Digianttila, eMusic, Google Play, iTunes, Musa24.fi, Music Unlimited, Napster, Nokia Mix Radio, NRJ Kauppa Mobile, rara.com, Rdio, Spotify, VidZone, Xbox Music, YouTube France: 121 MusicStore, 7digital, Altermusique, AmazonMP3, Beatport, cd1d, Daily Motion, Deezer, Echopolite, eMusic, Ezic, FNAC Jukebox, Google Play, iTunes, Jamendo, Jazz en ligne, Last.fm, Music Unlimited, musicMe, Musicovery, MyClubbingStore, MySurround, Napster, Nokia Mix Radio, Qobuz, rara.com, Rdio, Samsung Music Hub, SFR Music, Spotify, Starzik, Vevo, VidZone, Virgin Mega, Xbox Music, YouTube, Zaoza

G

Gabon: Deezer Gambia: Deezer, iTunes Georgia: Deezer Germany: 7digital, AmazonMP3, Ampya, Artistxite, Beatport, boomkat, Classics Online, Clipfish, Col-legno, Deezer, digital-tunes, DJ Shop, DJTUNES, elixic.de, eMusic, e-Plus unlimited, Eventim Music, Finetunes, Google Play, Highresaudio, iTunes, Jamba, Juke, Junodownload, Last.fm, Linn Records, Make Music TV, Maxdome, Mediamarkt, Medionmusic, MTV, Music Unlimited, Musicload, MUZU.TV, MyVideo, Napster, Naxos Music Jazz Library, Nokia Mix Radio, O2, Putpat, Qobuz, rara.com, Rdio, Samsung Music Hub, Saturn , Schlager.tv, shop2download, Simfy, Spotify, tape.tv, T-Mobile, Tonspion.de, trackitdown, traxsource, Vevo, VidZone, Vodafone, Weltbild, whatpeopleplay.com, WiMP, Xbox Music, zwo3.net Ghana: Deezer, iTunes, THE KLEEK Greece: 7digital, Akazoo, Cosmote, Daily Motion, Deezer, eMusic, HOL Music Club, iTunes, Juno Download, mpGreek, MTV, MySpace, Napster, Naxos, Spotify, Vimeo, Wind, YouTube Greenland: Deezer Grenada: Deezer, iTunes Guatemala: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Guinea: Deezer Guinea-Bissau: Deezer, iTunes Guyana: Deezer

H

Haiti: Deezer Honduras: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Hong Kong: 1010, 3Music, CMHK Soliton, Eolasia.com, hifitrack, iTunes, KKBOX, Moov, Musicholic, MusicOne, Newsic Daily, OleGoK, Qlala, rara.com, Rdio, SmarTone iN, Soliton, Spotify, YouTube Hungary: Dalok, Deezer, Google Play, Hungaroton, iTunes, Muzzia, rara.com, Rdio, Songo, Spotify, YouTube, Zene! 24/7

I

Iceland: 7digital, Bedroom Community, Deezer, Gogoyoko, Rdio, Spotify, Tonlist.is India: 7digital, Artist Aloud, Gaana, In, IndiaONE, iTunes, Meridhun, My Band, Nokia Mix Radio, Raaga, Saavn, Saregama, Smash Hits, TeluguOne Indonesia: Arena Musik, Deezer, Guvera, iTunes, Langit Musik, Melon Indonesia, Musikkamu, Ohdio, YouTube Iraq: De ezer Ireland: 7digital, ArtistXite, Bleep, Blinkbox, Deezer, eMusic, Golden Discs, Google Play, iTunes, Last.fm, Music Unlimited, MUZU.TV, MySpace, Napster, Nokia Mix Radio, Qobuz, rara.com, Rdio, Spotify, Vevo, VidZone, Xbox Music, YouTube Israel: iTunes, Rdio, YouTube Italy: 7digital, AmazonMP3, Azzurra Music, Beatport, CUBOMUSICA, Deezer, eMusic, Google Play, IBS, InnDigital, iTunes, Jamba, Juke, Last.fm, MP3.it, Music Unlimited, Napster, Net Music Media World, Nokia Mix Radio, Playme, rara.com, Rdio, Samsung Music Hub, Spotify, Vevo, Xbox Music, YouTube Ivory Coast: Deezer

J

Jamaica: Deezer, REGGAEinc Japan: Beatport, BeeTV, Best Hit J-Pop, clubDAM, Dwango, FaRao, GyaO!, ICJ, iTunes, KKBOX, Konami, Lismo, Listen Japan, Listen Radio, mora, mu-mo, Music Airport, Music Chef, Music Unlimited, Music.jp stream, Musing, MySound, Naxos, NOTTV, NTT DoCoMo Music Store, Oricon ME, Reco-Choku, Tsutaya Musico, Utapass, UULA, Xbox Music, YouTube Jordan: Deezer, iTunes

K

Kazakhstan: Deezer, iTunes, Yandex Music Kenya: Deezer, iTunes, Mdundo, THE KLEEK Kiribati: Deezer Kuwait: Deezer Kyrgyzstan: Deezer, iTunes

L

Laos: Deezer, iTunes Latvia: 7digital, Deezer, eMusic, iTunes, rara.com, Rdio, Spotify Lebanon: Deezer, iTunes Lesotho: Deezer Liberia: Deezer Libya: Deezer Liechtenstein: 7digital, Deezer, Google Play, Rdio, Spotify Lithuania: 7digital, Deezer, eMusic, iTunes, rara.com, Rdio, Spotify Luxembourg: 7digital, Deezer, eMusic, Google Play, iTunes, Napster, Qobuz, rara.com, Rdio, Spotify, VidZone

M

Macau: iTunes, KKBOX Macedonia: Deezer Madagascar: Deezer Malawi: Deezer Malaysia: Akazoo, Deezer, DigiMusic, Infogo, iTunes, KKBOX, Maxis Music Unlimited, rara.com, Rdio, Spotify, The Cube, Wowloud, YouTube Maldives: Deezer Mali: Deezer Malta: 7digital, Deezer, eMusic, iTunes, Spotify Marshall Islands: Deezer Mauritiana: Deezer Mauritius: Deezer, iTunes Mexico: Batanga, Corona Music, Deezer, Entretonos Movistar, EsMas Movil, Flycell, Google Play, Ideas Musik, Ideas Telcel, iTodo, iTunes, Mientras Contesto de lusacell, Mixup Digital, Movistar, Music Unlimited, Nextel , Nokia Mix Radio, rara.com, Rdio, Spotify, Terra Live Music, Terra TV, Xbox Music, YouTube Micronesia: Deezer, iTunes Moldova: Deezer, iTunes Monaco: Deezer, Rdio, Spotify Mongolia: Deezer, iTunes Montenegro: Deezer Morocco: Deezer Mozambique: Deezer, iTunes

N

Namibia: Deezer, iTunes Nauru: Deezer Nepal: Deezer, iTunes Netherlands: 7digital, Countdownload, Deezer, Downloadmusic, eMusic, GlandigoMusic, Google Play, iTunes, Jamba, Juke, Last.fm, legal download, Mikkimusic, MSN, MTV, Music Unlimited, Muziekweb, Napster, Nokia Mix Radio, Qobuz, Radio 538, rara.com, Rdio, Spotify, Talpadownloads, TuneTribe, Vevo, VidZone, Xbox Music, You Make Music, YouTube, zazell.nl, Ziggo Muziek New Zealand: 7digital, Amplifier, Bandit.fm, Deezer, Fishpond, Google Play, iHeart Radio, iTunes, Music Unlimited, MySpace, Pandora, rara.com, Rdio, Spotify, The InSong, theaudience, Vevo, Vodafone New Zealand, Xbox Music, YouTube Nicaragua: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Niger: Deezer, iTunes Nigeria: Deezer, iRoking, iTunes, Spinlet, THE KLEEK Norway: 7digital, CDON, Deezer, iTunes, Jamba, Music Unlimited, Musicnodes, Musikk Online, Musikkverket & Playcom, Napster, Nokia Mix Radio, Platekompaniet, rara.com, Rdio, Spotify, VidZone, WiMP, Xbox Music

O

Oman: Deezer, iTunes

P

Pakistan: Deezer Palau: Deezer Panama: Batanga, Binbit, Deezer, Digicel, iTunes, Movistar, Rdio, Spotify, YouTube Papua New Guinea: Deezer, iTunes Paraguay: Batanga, Bluecaps, Claro, Deezer, Ideas Musik, iTunes, Movistar, Personal, Rdio, Spotify, Tigo, YouTube Peru: Batanga, Binbit, Deezer, Ideas Musik, iTunes, Movistar, Rdio, Spotify, YouTube Philippines: Deezer, Globe, iTunes, OPM2Go, Smart, Spinnr, Sun, YouTube Poland: 7digital, Daily Motion, Deezer, Empik.com, eMusic, Gaude.pl, interia muzyka, iplay.pl, iTunes, Last.fm, Mood, MTV, Muzo, Muzodajnia, MySpace, Nokia Mix Radio, NuPlays, Onet Muzyka, Orange, Play The Music, Plus – Muzyka, rara.com, Rdio, Soho.pl, Spotify, T-Mobile, Tuba.pl, Vevo WiMP, wp.pl muzyka, YouTube Portugal: 7digital, Beatport, Deezer, eMusic, Google Play, iTunes, Jamba, Myway, Napster, Nokia Mix Radio, Optimus, Qmúsika, rara.com, Rdio, Spotify, VidZone, Vodafone, Xbox Music, YouTube

Q

Qatar: Deezer, iTunes

R

Republic of the Congo: Deezer Romania: 7digital, Cosmote, Deezer, Get Music, iTunes, Orange, Rimba, Trilulilu.ro, Triplu, Vodafone, YouTube, Zonga Russia: Beeline, ClipYou.ru, Deezer, Google Play, iTunes, iviMusic, Megafon (Trava), Muz.ru, Nokia Mix Radio, Svoy, Tele2, Yandex Music, YouTube, Zvooq Rwanda: Deezer

S

Saint Kitts and Nevis: Deezer, iTunes Saint Lucia: Deezer Saint Vincent and the Grenadines: Deezer Samoa: Deezer San Marino: Deezer Sao Tome and Principe: Deezer Saudi Arabia: Deezer, iTunes, Nokia Mix Radio Senegal: Deezer Serbia: Deezer Seychelles: Deezer Sierra Leone: Deezer Singapore: 7digital, Deezer, iTunes, KKBOX, M1 Music Store, MeRadio, Nokia Mix Radio, rara.com, Singtel AMPed, Singtel Ideas, Spotify, Starhub Music Anywhere, YouTube Slovakia: 7digital, Deezer, eMusic, iTunes, MusicJet, Orange, Spotify, Telekom, YouTube Slovenia: 7digital, Deezer, eMusic, iTunes Solomon Islands: Deezer Somalia: Deezer South Africa: Deezer, iTunes, Lookandlisten.co.za, MTN Play, MySpace, Nokia Mix Radio, rara.com, Rdio, Simfy, THE KLEEK, Vimeo, YouTube South Korea: Bugs, Cyworld BGM, Daum Music, Deezer, Genie, Groovers.kr, Helume, Hyundai Card Music, MelOn, Mnet, Monkey3, MPION, MUV, Naver Music, Ollehmusic, Soribada, YouTube Spain: 7digital, AmazonMP3, Beatport, Blinko (Buongiorno), DaDa, Deezer, eMusic, Google Play, iTunes, Last.fm, Mediamarkt, Movistar, MTV, Music Unlimited, MUZU.TV, Napster, Naxos, Nokia Mix Radio, rara.com, Rdio, Samsung Music Hub, Spotify, Tuenti, Vevo, VidZone, Vodafone, Xbox Music, YouTube Sri Lanka: Deezer, iTunes Suriname: Deezer Swaziland: Deezer, iTunes Sweden: 7digital, CDON, Deezer, eClassical, eMusic, iTunes, Klicktrack, Music Unlimited, MySpace, Napster, Nokia Mix Radio, rara.com, Rdio, Sound Pollution, Spotify, Vimeo, WiMP, Xbox Music, YouTube Switzerland: 7digital, Akazoo, AmazonMP3, ArtistXite, Cede.ch, Deezer, Ex Libris, Finetunes, Google Play, Hitparade.ch, iTunes, Jamster, Juke, Musicload, Napster, Nokia Mix Radio, Qobuz, rara.com, Rdio, Simfy, Spotify, Sunrise Joylife, VidZone, Weltbild, Xbox Music

T

Tajikistan: Deezer, iTunes Thailand: 8 tracks, AIS, BEC-Tero Music, Daily Motion, Deezer, DTAC, H Music, i-humm, iTunes, KKBOX, MTV, Music Combo, Music One, MySpace, Qikplay, ThinkSmart, True Digital, True MP3 Combo, Vimeo, W Club, YouTube Togo: Deezer Tonga: Deezer Trinidad and Tobago: Deezer, iTunes Tunisia: Deezer Turkey: Avea, Deezer, Fizy.com, iTunes, MusicClub, Spotify, TTnetmuzik, Turkcell, YouTube Turkmenistan: Deezer, iTunes Tuvalu: Deezer

U

UAE: Deezer, iTunes, Nokia Mix Radio Uganda: Deezer, iTunes UK: 7digital, Amazing Tunes, AmazonMP3, ArtistXite, Beatport, Bleep, Blinkbox, Bloom.fm, Boomkat, Classical Archives, Classical.com, Classics Online, Daily Motion, Deezer, Drum & Bass Arena, eMusic, Fairsharemusic, Google Play, Highresaudio, Historic Recordings, HMV Digital, Imodownload, iTunes, Jamster, Jango, Junodownload, last.fm, Linn Records, MixRadio (Nokia), Mobile Chilli, MSN, MTV, Music Unlimited, Musicovery, MUZU.TV, My Music Anywhere, MySpace, Napster, Naxos, Nectar Music Store, O2 , Orange, Play.com, Pure Music, Psonar, Qobuz, rara.com, Rdio, Running Trax, Sainsburys, Samsung Music Hub, Spotify, Textatrack UK, The Classical Shop, trackitdown, Traxsource, TuneTribe, Vevo, Vidzone, Virgin, Xbox Music, Yahoo! Music, YouTube Ukraine: Deezer, iTunes, Last.fm, MusicClub, MUZon, Yandex Music, YouTube United Republic of Tanzania: Deezer Uruguay: Antel Musica, Batanga, Butia, Claro, Deezer, Ideas Musik, Movistar, Rdio, Spotify, Tmuy, YouTube USA: 7digital, Acoustic Sounds, Alltel Wireless, AmazonMP3, AOL Radio Plus, Arkiv Music, ArtistXite, AT&T Wireless, Beatport, Beats Music, Blackberry World, CD Universe, ChristianBook.com, Classical Archives, Cricket, Daily Motion, eMusic, Free All Music, Freegal Music, Google Play, Guvera, Hastings, Hdtracks, Hulu, Insound, iOldies, iTunes, iTunes Radio, Liquid Spins, MetroPCS, MTV, Music Choice, Music Unlimited, MusicGivz, Muve Music, MySpace, Myxer, Nokia Mix Radio, Nokia+, Pro Studio Masters, Qello, rara.com, Rdio, Rhapsody, Samsung Music Hub, Slacker, Spotify, Sprint, TheOverflow, T-Mobile, Verizon Wireless, Vevo, Virgin, Xbox Music, Yahoo! Music, YouTube, ZUUS Uzbekistan: Deezer, iTunes

V

Vanuatu: Deezer Venezuela: Batanga, Binbit, Deezer, Digicel, Ichamo, iTunes, Movistar, Rdio, YouTube Vietnam: Deezer, iTunes

Y

Yemen: Deezer

Z

Zambia: Deezer Zimbabwe: Deezer, iTunes

This is a list of digital music services from around the world that appears on the Pro-Music website (www.pro-music.org). Pro-Music is endorsed by an alliance of organisations representing international record companies (majors and independents), publishers, performing artists and musicians' unions.

The list is compiled by IFPI based on information from its national groups at time of publication. It does not purport to be exhaustive and IFPI cannot guarantee its 100 per cent accuracy. Readers should consult www.pro-music.org for the most up to date information.

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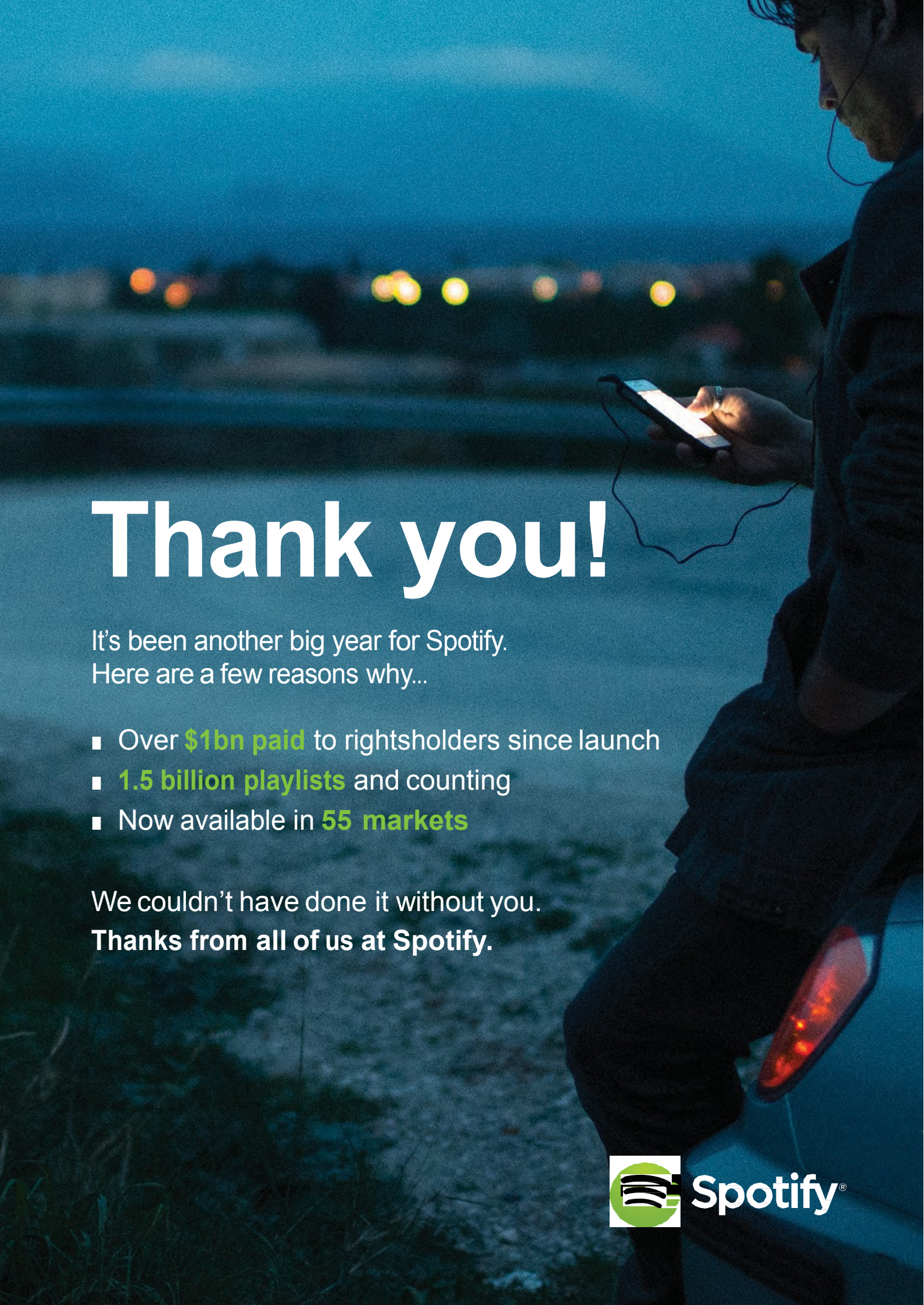
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