

Contact:
BPI Communications Department
020 7803 1395

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Rise of digital helps album sales top 60 million in first half of 2007

- Innovative marketing and retail campaigns generate sales spikes for CDs in UK as digital begins to offset reduction in physical sales*
- Growth of digital sustains the single's revival as the Official UK Charts' Company (OCC) considers introducing greater flexibility for physical formats*
- Breaking UK artists combine with last year's debutants for homegrown chart success in UK and US*

New figures released today by UK record labels association the BPI show that the industry has remained ahead of the curve in digital, with 90% of all singles now sold through online and mobile platforms, while digital album sales are beginning to have a significant impact on the albums market.

With 60 million album sales in the first half of 2007, the UK market remains strong in a time of significant challenges for the global recorded music industry. The CD remains hugely popular with 96.5% of these albums sold as physical product.

BPI Chief Executive Geoff Taylor said:

"The UK recording industry has moved very quickly to expand beyond its traditional base of physical sales to generate additional revenues from multi-platform music licensing.

"CDs remain very attractive to consumers because of the flexibility and outstanding value for money they offer and for this reason they still represent the overwhelming majority of sales. Consumers vote with their pay packets and 58 million CD album sales in just six months is a very significant number indeed. Album units have dipped year on year, but we are still selling 32% more CDs than 10 years ago."

"The way in which fans enjoy recorded music has changed beyond recognition in just five short years. This time of transition has had a great impact on the way record labels function, but their core role remains the same - working in partnership with the nation's best musical talent to produce top quality recordings that customers want to buy in whatever format works best for them."

Innovative marketing and retail campaigns generate strong sales spikes for CDs as digital starts to offset reduction in physical sales

UK music fans love CDs, sales one-third bigger than in 1997

In the first half of 1997, 43.7m CD albums were sold, but sales of CD albums almost reached 58 million (57.9m) in the first half of 2007 - an increase of 32% in 10 years.

UK music fans are the biggest CD buyers per head in the world, and the market has now recorded annual sales of more than 150 million units for four years running.

These figures serve as a timely reminder of the scale of the UK CD albums market, which has fared better than other major music markets over the last few years, due to exceptionally strong British releases and a strong retail sector.

Digital album initiatives fuel sales growth - physical decline offset by 23%

The first half of the year saw digital album sales grow rapidly. Album bundles with extra tracks, videos and sleeve artwork offer excellent value-for-money for consumers, whilst iTunes' variable pricing on album bundles and the "complete my album" facility have all helped to drive album sales. The iTunes Live Music Festival throughout July looks set to give a further boost to the digital albums market. 7Digital launched a consumer-facing store in May with high-quality album bundles and a "downloads locker", a key part of its offering.

Sales soared to more than 2.1 million units during the first half and passed the 100,000 weekly sales mark for the first time in June. This has offset 23% of the drop in CD album sales - a sign that digital sales are starting to have a real impact on the albums market.

But despite the increasing choice available to consumers from digital, many consumers still prefer the convenience and value for money offered by compilation CDs, sales of which increased by 2.6% in the first six months of the year.

Compilation brands remain strong. Now 66 entered the chart at number 1, sold consistently throughout the second quarter and is the second best-selling album of the year. BRITs HITS, the show's 2007 compilation, was the first in the series to sell 100,000 copies, topped the compilations chart for two weeks, and remained in the Top 10 for six weeks after the show.

BRITs, Easter and gift buying attracts consumers into retail stores

The BRIT Awards is a huge sales driver with the overall market up 27% in the week after the show. Nominees, winners and performers saw sales uplifts with Amy Winehouse's BRIT win and performance helping her second album "Back to Black" become the best-selling album of the first half of 2007.

Key releases from Kings of Leon, Maximo Park and Now 66 coincided with the Easter weekend - traditionally a busy time for retail - boosting the market by 23%.

The UK CD gift-buying market is very important. New albums from Ray Quinn, Ben Mills, Simply Red and Russell Watson all joined Take That in the Mother's Day week's Top 5 to boost the overall market by 25%. Catalogue releases from Travelling Wilburys, Police and a new Bon Jovi album occupied the top three spots after Father's Day, when the market saw a 39% uplift.

Growth of digital sustains single's revival as labels seek to breathe new life into physical formats

Digital boom

The continued growth in digital helped the overall market for singles increase by 29% across all formats.

The 36.4 million downloads sold in the first half of 2007 represented a 49.9% increase on the first half of 2006, and by June digital formats were accounting for 90.1% of all singles sales in the UK.

The long tail effect is clearly visible in digital. Last week more than 198,000 different titles were sold digitally from the 4 million plus tracks available and the Top 40 accounted for just 12.6% of all single track download sold in the first half.

Together with growth in digital albums, these figures confirm that the UK recording industry remains ahead of the digital curve compared to other creative industries. Recently published IFPI figures forecast that the industry's global digital revenues will increase from \$2bn in 2006 to \$3bn in 2007. Accounting for 10% of the recording industry's global revenues in total, this represents a significantly greater digital share than the BBC (4%) and estimates for media companies such as Disney and News Corp (4% and 2% respectively).

Label support for physical singles

Sales of CD singles fell, but there was a further revival in seven inch vinyl; annual sales have increased from just over 200,000 units in 2000, to more than 1m units in 2006. 7" vinyl sales were up by 12.9% in the first half, with the White Stripes' Icky Thump the best seller.

With labels testing new formats such as USB sticks, the OCC is considering relaxing chart rules to allow more innovative physical product to be eligible for the chart.

Breaking homegrown artists and last year's debuts score chart success in UK and US

With 2006 such a strong year for new UK talent, many of the acts breaking through continued to sell well throughout 2007, and a number of UK-signed acts debuting in 2007 feature in the first-half best sellers list. UK acts continue to dominate the UK

album and singles charts, claiming 59 of top 100 selling albums, and seven of the Top 10 in the first half.

A number of UK acts achieved strong US chart positions. BPI figures released in the first half showed that UK artists claimed one in 12 of all artist albums sold in the US and UK acts are continuing to register significant charts success. Twelve UK acts featured in the Top 50 of the Billboard 200 in the first half.

- ENDS -

For further information contact the BPI communications department on 020 7803 1395.

- EDITORS NOTES -

The BPI represents the UK recorded music industry.

Figures are given in millions of units. Percentage increases, unless otherwise stated, are year on year and are sales registered "over the counter", through retail outlets in the UK, recorded by The Official UK Charts Company. They differ from the BPI's official Trade Delivery figures, which are calculated slightly differently and record the UK record industry's sales to retail.

<http://www.bpi.co.uk/about>

The UK CD album Market, Top Line

2.7 - The average number of CDs bought annually per head of the UK population.

2.84 billion - the number of CDs sold in the UK since 1983

10% - the UK's share of global CD sales

Total Album Market Volume

First Half, 2006 = 65.2

First Half, 2007 = 60.2

Change; 2006/7 = - 7.7%

Best-Selling Albums, Jan-Jun 2007

- 1, Back To Black, Amy Winehouse, (Universal Island)
- 2, Now That's What I Call Music 66, Various Artists, (EMI TV/ UMTV)
- 3, Beautiful World, Take That, (Polydor)
- 4, Life In Cartoon Motion, Mika, (Universal Island)
- 5, Yours Truly Angry Mob, Kaiser Chiefs, (B Unique/Polydor)
- 6, Favourite Worst Nightmare, Arctic Monkeys, (Domino Recordings)
- 7, Eyes Open, Snow Patrol, (Polydor)
- 8, Loose, Nelly Furtado, (Polydor)
- 9, Everytime We Touch - The Album, Cascada, (UMTV)

10, Undiscovered, James Morrison, (Polydor)

Source: The Official UK Charts Company

Total Singles Market Volume

First Half, 2006 = 31.5m

First Half, 2007 = 40.7m

Change; 2005/6 = +29.4%

Best-Selling Singles, Jan-Jun 2007

- 1, Grace Kelly, Mika, (Universal Island)
- 2, (I'm Gonna Be) 500 Miles, Proclaimers/ B Potter/ A Pipkin, (EMI/Parlophone)
- 3, Umbrella, Rihanna Ft Jay-Z, (Mercury)
- 4, Ruby, Kaiser Chiefs, (B Unique/Polydor)
- 5, How To Save A Life, The Fray, (RCA Label Group)
- 6, The Sweet Escape, Gwen Stefani Ft Akon, (Polydor)
- 7, Beautiful Liar, Beyonce & Shakira, (RCA Label Group)
- 8, Girlfriend, Avril Lavigne, (Columbia Label Group)
- 9, Shine, Take That, (Polydor)
- 10, Starz In Their Eyes, Just Jack, (Mercury)

Source: The Official UK Charts Company

Best-Selling 7" Vinyl Singles, Jan-Jun 2007

- 1, Icky Thump, White Stripes, (XL Recordings)
- 2, Our Velocity, Maximo Park, (Warp)
- 3, The Prayer, Bloc Party, (Wichita Recordings)
- 4, Away From Here, Enemy, (Warner Bros)
- 5, Saturday Superhouse, Biffy Clyro, (1967)
- 6, Famous Last Words, My Chemical Romance, (Warner Bros)
- 7, I Don't Love You, My Chemical Romance, (Warner Bros)
- 8, Kingdom Of Doom, Good the Bad & The Queen, (Parlophone)
- 9, This Ain't A Scene, It's An Arms Race, Fall Out Boy, (Mercury)
- 10, Standing In The Way Of Control, Gossip, (Back Yard Recordings)

Source: The Official UK Charts Company

Top 10 New Artists, Jan-Jun 2007

1. Mika, Life in Cartoon Motion, released 05/02 (half year chart position, 3)
2. The View, Hats Off to the Buskers, released 22/01(12)
3. Ray Quinn, Ray Quinn, released 12/03 (19)
4. The Klaxons, Myths of the Near Future, released 29/01 (26)
5. Jamie T, Panic Prevention, Released 29/01 (40)
6. Ben Mills, Picture of You (56)
7. The Good, The Bad & The Queen, The Good, The Bad & The Queen (69)
8. The Twang, Love it When I Feel Like This (74)
9. Enter Shikari, Take To The Skies (86)

10. Pigeon Detectives, Wait For Me (118)

Top US Chart positions by UK artists in 2007

Joss Stone (2)
Corinne Bailey Rae (4)
Ozzy Osbourne (3)
Paul McCartney (3)
Arctic Monkeys (7)
Amy Winehouse (8)
Bloc Party (12)
Lily Allen (20)
James Morrison (24)
Paolo Nutini (48)
The Fratellis (48)
The Good, The Band & The Queen (49)

Source: Billboard