

IFPI DIGITAL MUSIC REPORT 2009:

KEY STATISTICS

The growth of the digital business

- In 2008 the digital music business internationally grew by around 25 per cent to US\$3.7 billion. Digital platforms now account for around 20 per cent of recorded music sales, up from 15 per cent in 2007.
- The recorded music industry generates a greater proportion of its revenues through digital sales than the film, magazine and newspaper industries combined.

Industry	Digital share of revenues
Games	35%
Recorded music	20%
Newspapers	4%
Films	4%
Magazines	1%

Source: PWC Global Entertainment and Media Report (2008), IFPI

- Consumer demand for music is higher than ever. NPD research found that total music consumption in the US rose by one third between 2003 and 2007. Nielsen Soundscan reported overall sales at an all-time high in the US in 2008.
- Single track downloads, up 24 per cent in 2008 to 1.4 billion units globally, continue to drive the online market, but digital albums are also growing steadily (up 37%). The top selling single of 2008 was Lil Wayne's *Lollipop*.

Key markets

- The US is the world leader in digital music sales, accounting for some 50 per cent of the global digital music market value. Single track downloads crossed the one billion mark for the first time in 2008, totalling 1.1 billion, up 27 per cent on 2007. Digital album sales totalled 66 million, an increase of 32 per cent (Nielsen SoundScan).
- In Japan, a predominantly mobile music market, digital sales helped overall trade revenues to growth in the first half of 2008. 140 million mobile singles were sold in 2008, an increase of 26 per cent on the prior year (RIAJ).
- The UK saw the biggest increase in digital sales in the first half of 2008 among the top markets, with sales up by 45 per cent. 110 million single tracks were downloaded in 2008, up 42 per cent on 2007. Digital album sales also rose sharply, by 65 per cent to 10.3 million now accounting for 7.7 per cent of the albums market (OCC/BPI).

- France saw digital music sales grow 49 per cent in 2008. 14.5 million online single tracks were downloaded in 2008, up 20 per cent on 2007, while 1.4 million digital albums were sold, up 27 per cent (SNEP).
- In Germany, online single track downloads totalled 37.4 million in 2008, a 22 per cent growth on 2007. Digital album sales increased by 57 per cent, totalling 4.4 million (Media Control GfK International).

The challenge of unauthorised free music – key figures

- Collating separate studies in 16 countries over a three-year period, IFPI estimates more than 40 billion files were illegally file-shared in 2008, giving a piracy rate of around 95 per cent.
- Overall 16 per cent of internet users in Europe regularly swapped infringing music on file-sharing services in 2008 according to Jupiter Research.
- Online piracy is hitting local repertoire. The number of new albums released in France fell by eight per cent in the first half of 2008, new artist releases tumbled by 30 per cent and the French share of newly-released albums fell from 15 to 10 per cent 2005-08. In Spain, a sole new local artist featured in the Top 50 album chart to November 2008, down from 10 in 2003.
- In the UK, Jupiter valued the lost to online piracy at £180 million annually, with a cumulative loss of £1.1 billion by 2012 if nothing is done to address the problem.
- Online infringement is becoming a big issue for the film industry. A total of 13.7 million films were distributed on P2P networks in France in May 2008, compared to 12.2 million cinema tickets sold (Equancy and Co and Tera Consultants).

The case for ISP cooperation

- Unlawful file-sharing is driven more by the availability of unauthorised free music than better choice. In the UK, EMR finds that 71 per cent of those file-sharing giving “free music” as their main reason for doing so.
- Research suggests the “graduated response” approach would be effective without large numbers of disconnections. According to EMR, 72 per cent of consumers would stop illegally file-sharing if told to do so by their ISP.
- P2P file-sharing, the vast majority which is unauthorised copyrighted music and film, accounts for up to 80 per cent of traffic on ISP networks (ipoque).

Addressing pre-release piracy

- IFPI’s internet anti-piracy team has increased the number of links to infringing music that it removed from 550,000 in 2007 to nearly three million in 2008. The team focuses on pre-release piracy that hits albums at the most damaging time of their release cycle.