



IFPI DIGITAL MUSIC REPORT 2015

CHARTING THE PATH TO SUSTAINABLE GROWTH

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Designed by design to communicate

Cover

Taylor Swift photo by Sarah Barlow + Stephen Schofield
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One Direction photo by RJ Shaughnessy
Lucas Lucco photo by Guto Costa
Ed Sheeran photo by Ben Watts
Katy Perry photo by Cass Bird

This report includes new findings from a consumer study carried out by IPSOS in January 2015 across 13 of the world's leading music markets (Australia, Brazil, Canada, France, Germany, Great Britain, Italy, Japan, Mexico, South Korea, Spain, Sweden, United States), commissioned by IFPI.

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INTRODUCTION



PLÁCIDO DOMINGO
CHAIRMAN, IFPI

Respect for copyright, growth for artists

Welcome to the latest edition of IFPI's annual *Digital Music Report*. It sets out how the music industry has adapted in the digital age and the challenges and opportunities it faces today.

There is no doubt that technology is improving access to culture, connecting artists with amazing audiences. As someone who is passionate about ensuring access to culture, I welcome this digital revolution.

"We need a world where copyright is respected and music is valued."

Yet the rights of creators must be fairly protected and rewarded in the digital world. When I travel the world and meet policymakers, I urge them to promote and protect copyright, not to weaken it. I explain that if they do not respect the role of copyright, and ensure their laws protect it online, then they will see investment in culture threatened.

I passionately believe that artists should be fairly remunerated for their work. I want to see young talented performers from all backgrounds enjoy the same sort of opportunities I had in my early life to develop my career.

Yet this can only happen if copyright is respected by all those involved in the digital marketplace that is increasingly where music is distributed. Just because something is now distributed online, rather than through stores, does not mean that it is no longer valuable.

We need a world where copyright is respected and music is valued – where artists, songwriters and record producers are fairly compensated when their music is played. Where investment in new artists can increase once again, bringing greater choice to music fans everywhere. This is a future for music that I believe is worth fighting for. And it is one that is achievable if our politicians show leadership and vision when it comes to the world's cultural industries.

A handwritten signature in black ink, appearing to read 'Plácido Domingo'.



FRANCES MOORE
CHIEF EXECUTIVE, IFPI

Charting a path to sustainable growth

The recorded music business has always led the way for creative industries in the digital world. That leadership continues today as the music industry's digital revolution continues through new phases, driven by the consumer's desire for access to, rather than ownership of, music.

As this edition of IFPI's *Digital Music Report* shows, the state of the recording industry is in many ways cause for great optimism. Consumers are better served than ever before – and the consumer research shows it. They have instant access, at any time and in any place, to a vast record collection of more than 43 million tracks. Licensed music services, numbering more than 400 globally, are competing fiercely for consumers by offering ever improving choice and curation of music. Digital services have gone global, enabling the recording industry to reach markets that it could not monetise through physical retailing. Global digitisation has brought licensed services to some 200 countries.

Not everything has changed, however. Our industry's core business remains investing in artists. And, despite many years of declining industry revenues, record companies continue to be the primary investors in new talent: over the last five years more than us\$20 billion globally has been invested in artists.

By meeting the needs of the consumer, by embracing change and by being resilient investors in music, record companies are putting our business back on the road to recovery. Digital music revenues grew 6.9 per cent globally in 2014. They were powered by continued strong growth in subscription revenues, up 39.0 per cent.

So is it 'mission accomplished' for the international recording industry? The answer is no – far from it! The headline statistics of 2014 speak for themselves, with overall revenues still largely flat, down by 0.4 per cent. This reflects stabilisation – but not yet year-on-year sustainable growth. Over the last four years the number of paying subscribers globally has increased by more than five-fold to 41 million users. There is potential to attract many tens of millions more and for digital services to gain greater scale, whether via bundling partnerships with ISPs or more varied payment models tailored to specific consumer groups. The industry has already created a vast customer base for licensed services, but more needs to be done.

Another issue is the so-called 'value gap'. This is a fundamental flaw in our industry's landscape which sees digital platforms such as Daily Motion and YouTube taking advantage of exemptions from copyright laws that simply should not apply to them. Laws that were designed to exempt passive hosting companies from liability in the early days of the internet – so-called 'safe harbours' – should never be allowed to exempt active digital music services from having to fairly negotiate licences with rights holders. There should be clarification of the application of 'safe harbours' to make it explicit that services that distribute and monetise music should not benefit from them.

"Music companies are charting a path to sustainable year-on-year growth. That path was never going to be straight, but we are making great strides along it, embracing new models, licensing, investing and improving consumer choice."

Music companies are charting a path to sustainable year-on-year growth. That path was never going to be straight, but we are making great strides along it, embracing new models, licensing, investing and improving consumer choice. The next step is to achieve sustained growth and a fair reward for rights holders. This is the most important issue for our sector in 2015.

A handwritten signature in black ink, appearing to read 'Frances Moore'. The signature is fluid and cursive, with a large loop at the end.

MARKET OVERVIEW

The global recording industry is passing through a new transition in the fast-evolving digital market place. The key features of this evolution, driven by consumers, are the rapid growth of music streaming; a marked diversity of revenue streams and trends from one country to another; and a continued evolution from traditional models of music ownership to the new fast-growing model of music access.

In 2014, the industry's global digital revenues increased by 6.9 per cent to us\$6.85 billion. For the first time, the industry derived the same proportion of revenues from digital channels (46%) as physical format sales (46%).

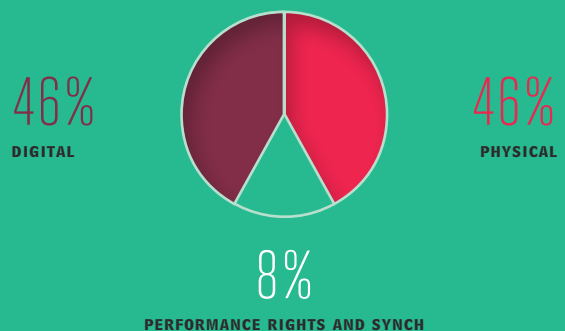
Music subscription services were a major driver of digital growth, sustaining a sharp upward trend of recent years. Revenues rose 39.0 per cent in 2014 to us\$1.57 billion. Revenues from music subscription revenues now make up 23 per cent of digital revenues globally, up from only 18 per cent in 2013.

Music subscription services have seen paying user numbers grow steadily in recent years. An estimated 41 million people worldwide now pay for a music subscription service – up from 28 million in 2013 and eight million when data was first compiled in 2010.

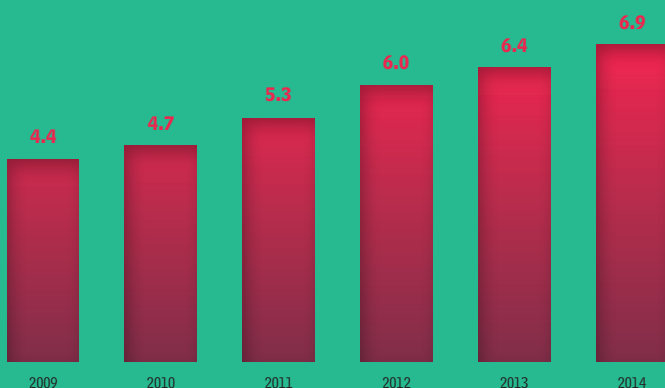
US\$6.85 bn

The industry's digital revenues in 2014

SHARE OF INDUSTRY REVENUES 2014



GLOBAL DIGITAL REVENUES 2009–14 (US\$ BILLION)



Source: IFPI



▶ John Legend
photo by Matthew Williams

However, the growth of subscription and streaming was not quite able to compensate the two other key elements of the industry's current transition: a global decline in both physical format sales (-8.1%) and download sales (-8.0%). As a consequence, overall recorded music revenues in 2014 fell slightly by 0.4 per cent to US\$14.97 billion.

"The music industry is managing the transitions from physical to digital, PC to mobile and download to streaming at the same time. In that context, I think the industry is performing remarkably well and with a paid subscription model, we are building a business that is here to stay."

EDGAR BERGER, CHAIRMAN & CEO, INTERNATIONAL, SONY MUSIC ENTERTAINMENT

Behind the global figures, a markedly mixed picture is apparent among the world's major music markets. The US saw overall revenues increase by 2.1 per cent in 2014, as increasing digital income offset the fall in physical format sales. Subscription rose sharply, while both download and physical format sales

fell. **Japan** saw digital growth for the first time in five years, with a sharp rise in subscription revenues helping digital revenues rise by 4.9 per cent. Overall, the Japanese market saw a decline of 5.5 per cent in 2014, considerably less sharp than the 16.7 per cent fall in 2013. **Germany** painted a more positive picture, with growth in revenues of 1.9 per cent. Physical sales remain more robust than elsewhere and subscription services are seeing strong advances. The top-10 market with the strongest overall growth was **South Korea** (+19.2%).

An evolving portfolio business

Music continues to be a portfolio business, with revenues generated from a diverse range of channels including music subscription services, CDs, vinyl LPs, downloads and performance rights licensing.

Within this portfolio, the key drivers of change in 2014 were the rise of streaming and the decline of physical and download revenues. Combined ad-supported and subscription streaming revenues now account for 32 per cent of global digital revenues, up from 25 per cent in 2013. This sector is fast catching up on downloads as the industry's main digital revenue source: in no fewer than 37 markets (including South Korea, Sweden and Mexico) streaming revenues have overtaken download income.

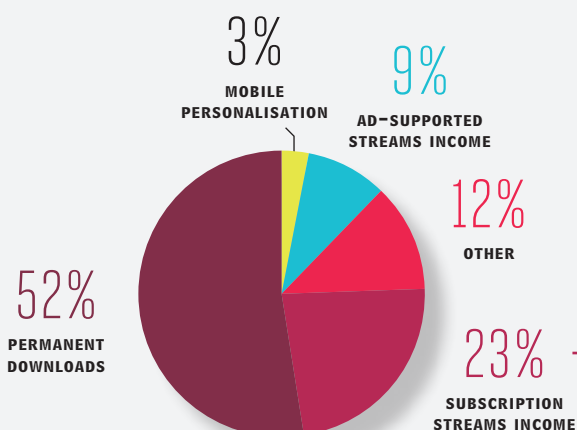
Revenues from streaming sub-divide into **subscription services** and **ad-supported streaming**. The latter revenues are seeing accelerating growth globally – up by 38.6 per cent in 2014, a significantly higher growth rate than the 16.6 per cent increase in 2013.

YouTube alone has more than one billion users and music related content makes up a very large proportion of its use. Consumer research published for this report by Ipsos, conducted across 13 of the world's leading music markets in 2015, shows that 57 per cent of internet users have accessed music or music videos on internet video sites such as YouTube in the last six months, compared to 38 per cent for music streaming sites such as Spotify and 26 per cent for download services like iTunes. The research finds more than a quarter of internet users (27%) listen to music on YouTube without watching the video.

"Music is one of the most potent forces shaping culture, entertainment and technology. We are committed to forging new business models, delivering maximum value for artists and building a bright future for our industry."

STU BERGEN, PRESIDENT, INTERNATIONAL, WARNER RECORDED MUSIC

GLOBAL DIGITAL REVENUES BY SECTOR (2014)



39.0%

subscription growth

41m

people using subscription services

▶ Michael Bublé
photo courtesy of WMG



Downloads still account for the bulk of global digital revenues (52%), but declined by 8.0 per cent in 2014. Single track downloads declined by 10.9 per cent in 2014, while digital albums also saw revenues down 4.2 per cent. Download sales declined in virtually all established markets, but continue to grow in some emerging markets. The global decline was driven by a variety of factors, including the sharp growth of Android smartphones and tablets orientated to streaming services rather than downloads. This has combined with a certain amount of substitution as consumers move from download to streaming services.

Global music industry revenues from **physical formats** accounted for less than half of total industry revenues (46%). Nonetheless there is a marked format diversity between different countries, with a robust physical market share still recorded in countries such as Austria (65%), France (57%), Germany (70%), Japan (78%), Poland (71%) and South Africa (62%). Vinyl remains a niche product, accounting for 2 per cent of global revenues, but the format continues to revive with sales increasing 54.7 per cent in 2014.

Performance rights revenue – income from the use of recorded music by broadcasters and public venues – increased by 8.3 per cent and now accounts for 6 per cent of total industry revenues or US\$948 million, including some one-off revenues as a result of litigation cases (see note on methodology).

Synchronisation revenues – income from the use of music in advertising, film, games and television programmes – increased by 8.4 per cent in 2014 with big gains in markets such as France (+46.6%), Germany (+30.4%) and Japan (+33.5%).

Note: IFPI has amended the methodology and scope of its coverage of performance rights revenues globally and in the US for 2014.

Globally, performance rights revenues now refer to distributions made to record companies (including non-recurring distributions) in the same year they reach record company accounts. Previously, IFPI reported performance revenues, excluding non-recurring distributions, one year in arrears.

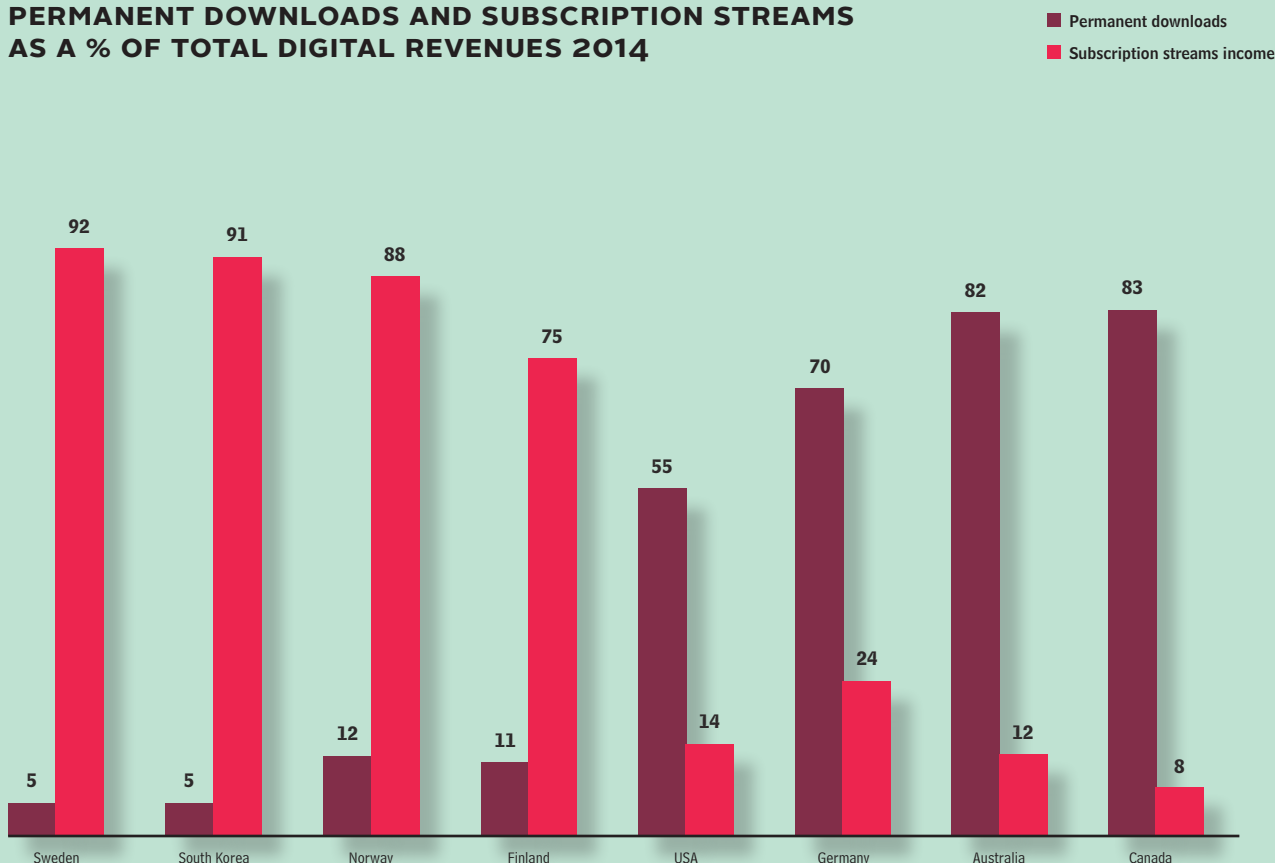
In the US IFPI has for the first time reported SoundExchange distributions under 'Other Digital' and included artists share in the reported revenue. The change aligns IFPI's worldwide reporting with the RIAA reporting practice for the US. It reflects the fact that a significant proportion of SoundExchange revenues comes from personalised streaming services (such as Pandora) that are elsewhere reported directly by the companies inclusive of artists share. In the light of this change, US performance rights now have a nil value.

Historical performance rights revenues have now been restated to reflect these changes and to provide equivalent year-on-year comparisons.



Downloads still account for the bulk of global digital revenues (52%).

PERMANENT DOWNLOADS AND SUBSCRIPTION STREAMS AS A % OF TOTAL DIGITAL REVENUES 2014



Source: IFPI

Regional picture

Music markets are moving at different speeds with diverse trends in different countries. In **North America**, the US market increased in value by 2.1 per cent. Digital revenues topped us\$3.5 billion in 2014 and now account for nearly three-quarters of the recorded music market (71%). Revenues collected by SoundExchange, the music licensing company, from personalised streaming services such as Pandora are now reported as digital revenues rather than performance rights income (see note on page 8). The company reported the royalty payments it made increased in value by 31.0 per cent in 2014 to us\$773.4 million. Overall subscription income increased by 33.5 per cent and advertising-supported streaming income was up 21.4 per cent. There was a 7.2 per cent drop in the value of downloads, which account for 55 per cent of the digital market. In Canada, the overall market fell by 11.3 per cent, with physical (-20.8%) and digital (-3.9%) posting declines.

Latin America continued to grow strongly in 2014, with overall recorded music revenues up 7.3 per cent as sharply rising digital income offset a decline in physical format sales. Latin America has been the fastest-growing region for music sales for the last four years and now makes up 4 per cent of the world market compared to 3 per cent in 2013. Digital growth in the region over the last year ran at 32.1 per cent, compared to a global average of 6.9 per cent.

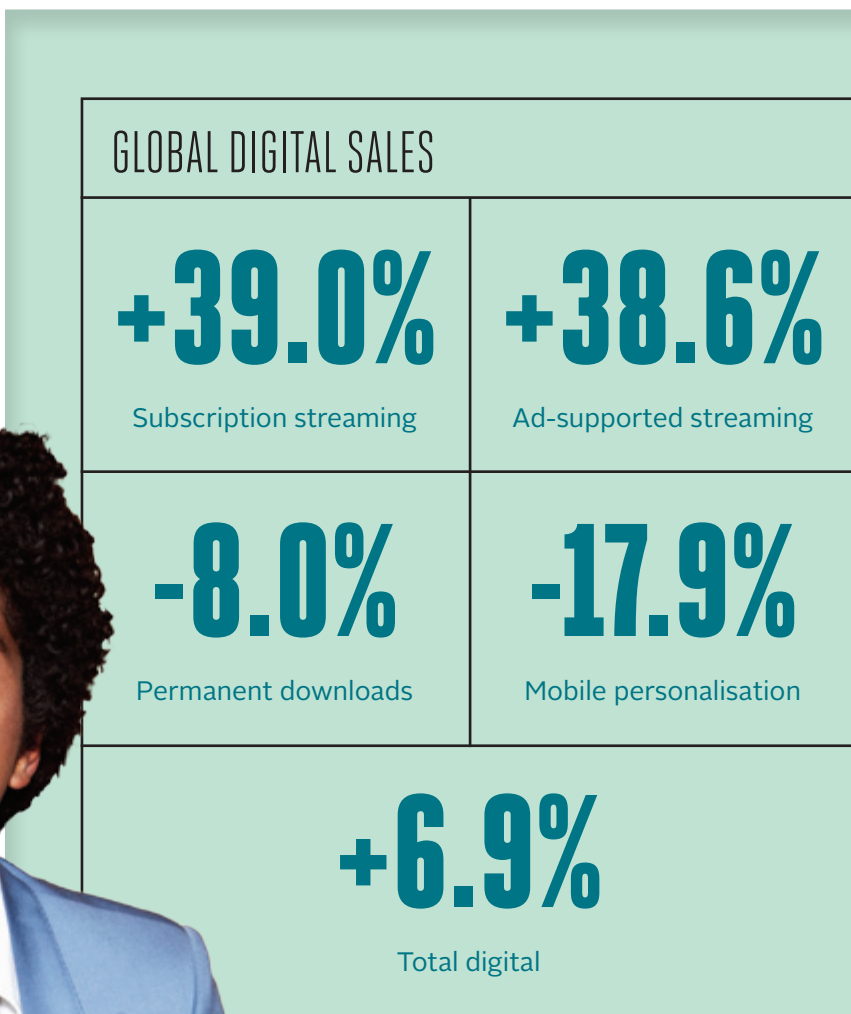
Asia saw revenues fall by 3.6 per cent. There was strong growth in South Korea (+19.2%) and some smaller markets such as China (+5.6%), Indonesia (+16.3%), and Singapore (+4.7%). Japan saw digital revenues increase by 4.9 per cent, driven by strong subscription revenues, but the market declined by 5.5 per cent overall. India continues to underperform, with a market decline of 10.1 per cent.

Europe saw a market decline of 0.2 per cent, but the picture across its various countries was highly diverse. The largest market Germany saw growth of 1.9 per cent, helped by streaming gains and a slower-than-average fall in physical sales. Other large markets, including France (-3.4%) and the UK (-2.8%) saw declines. There was growth in Spain (+15.2%) and a number of smaller European markets including Czech Republic (+4.6%), Denmark (+2.0%), Hungary (+7.8%), Iceland (+0.7%), Ireland (+8.5%) and Slovakia (+13.5%).

"The strength of the industry today is seen in the wide-ranging portfolio of diverse businesses operating in the market. The consumer is now being offered an incredible array of music experiences and artists have more opportunities to reach the widest possible audience."

FRANCIS KEELING, GLOBAL HEAD OF DIGITAL BUSINESS, UNIVERSAL MUSIC GROUP

▶
Bruno Mars
photo by Kai Z. Feng



MOST POPULAR ARTISTS & GLOBAL BESTSELLERS OF 2014

IFPI

has produced the Global Recording Artist Chart for the second year running alongside its annual global album and singles chart rundowns.

This chart is a unique multi-format ranking, which measures the success of artists across physical format sales, downloads and streaming. The chart, and the accompanying award for the top artist, was introduced in 2014 to present a true barometer of the year's most popular artists.

There was also a significant change in many countries' singles charts last year as streaming data was introduced to formulate final chart positions. Several markets are now discussing the introduction of streaming figures into their albums charts as well.

▼
Sam Smith

photo courtesy of Universal Music

◀
Ed Sheeran

photo by Ben Watts



TOP 10 GLOBAL RECORDING ARTISTS OF 2014

Rank	Artist	Rank	Artist
1	TAYLOR SWIFT	6	MICHAEL JACKSON
2	ONE DIRECTION	7	PINK FLOYD
3	ED SHEERAN	8	SAM SMITH
4	COLDPLAY	9	KATY PERRY
5	AC/DC	10	BEYONCÉ

Source: IFPI. The compilation of the IFPI top 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 review.

Soundtracks and albums comprising of songs from Various Artists have been excluded on instruction from IFPI.

IFPI Global Recording Artist of the Year 2014

Taylor Swift was named the IFPI Global Recording Artist of 2014, receiving the annual award honouring the most popular recording artist across music downloads, streaming and physical format sales worldwide.

The Global Recording Artist Chart takes into account the full catalogue of each artist. It includes albums, music DVDs, singles, free and paid-for audio streams and streams of official music videos on platforms such as YouTube and Vevo. The chart reflects “track and album equivalents” which incorporate each of the formats and channels. These are arrived at using conversion rates between track downloads and streams, reflecting estimated average levels of consumption of streams relative to downloads.

Taylor Swift released her fifth studio album, *1989*, in October 2014. It sold more than 1.2 million copies in its first week of release in the US alone, the highest debut sales week since Eminem's *The Eminem Show* in 2002.

1989 also sold well worldwide, becoming a top five hit in Germany, Japan and the UK, the next largest recorded music markets. The album's lead single, *Shake It Off*, was a top five hit in more than 20 countries, including Canada and Japan, and its accompanying video was viewed more than 350 million times on YouTube.

One Direction took second place on the chart. The UK/Irish band, who topped the inaugural IFPI Global Recording Artist Chart last year, released their fourth studio album *FOUR* in November 2014. Like its predecessors, this album also topped the Billboard 200 chart, which means One Direction is the first group to have all their first four studio albums debut at the top of the US charts. *FOUR*, which contained the hit singles *Steal My Girl* and *Night Changes*, also topped the charts internationally in markets from Argentina to the UK.

Third place spot on the Global Recording Artist rundown was claimed by singer-songwriter Ed Sheeran, who released his second studio album *x* in June 2014. This topped the chart in 12 countries and reached the top five in a further 11 markets. Spotify revealed that *x*, which featured the hit singles *Sing, Don't, Thinking Out Loud* and *Bloodstream*, was its most streamed album in the world in 2014.

One Direction and Katy Perry were the only two acts that featured across both the 2013 and the 2014 Global Chart.

▼ Taylor Swift with the IFPI Global Recording Artist of the Year award. Photo by Dave Hogan, GettyImages



TOP SELLING GLOBAL ALBUMS OF 2014

Rank	Album & Artist	Total sales (m)
1	<i>Frozen</i> Various Artists	10.0
2	<i>1989</i> Taylor Swift	6.0
3	<i>x</i> Ed Sheeran	4.4
4	<i>Ghost Stories</i> Coldplay	3.7
5	<i>In The Lonely Hour</i> Sam Smith	3.5
6	<i>FOUR</i> One Direction	3.2
7	<i>Rock or Bust</i> AC/DC	2.7
8	<i>Guardians of the Galaxy: Awesome Mix Vol. 1</i> Various Artists	2.5
9	<i>The Endless River</i> Pink Floyd	2.5
10	<i>Pure Heroine</i> Lorde	2.0

Source: IFPI. Physical and digital albums included. Streams excluded.

GLOBAL TOP DIGITAL SINGLES OF 2014

Rank	Title & Artist	Total sales (m)
1	<i>Happy</i> Pharrell Williams	13.9
2	<i>Dark Horse</i> Katy Perry feat. Juicy J	13.2
3	<i>All of Me</i> John Legend	12.3
4	<i>All About That Bass</i> Meghan Trainor	11.0
5	<i>Let It Go</i> Idina Menzel	10.9
6	<i>Timber</i> Pitbull feat. Ke\$ha	9.6
7	<i>Fancy</i> Iggy Azalea feat. Charli XCX	9.1
8	<i>Problem</i> Ariana Grande feat. Iggy Azalea	9.0
9	<i>Rude</i> MAGIC!	8.6
10	<i>Bailando</i> Enrique Iglesias feat. Sean Paul, Descemer Bruno, Gente De Zona	8.0

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

Top selling global albums & singles of 2014

The top selling album of 2014 was the motion picture soundtrack *Frozen* which sold 10 million copies and topped the charts worldwide. The album was released in November 2013 and went on to top the *Billboard* album chart for 16 non-consecutive weeks. It claimed the most weeks at number one in the US for a motion picture soundtrack since *Titanic* in 1998. It also topped the charts internationally in countries from Argentina to Japan.

Second in the albums chart was *1989* by Taylor Swift which sold six million copies worldwide and topped the charts in more than 10 countries. *1989* was Swift's fifth studio album and was released in October 2014. It debuted at number one on the *Billboard* 200 in the US achieving the highest sales of an album in its first week of release since Eminem's *The Eminem Show* in 2002. The album also debuted at number one in other markets, such as Canada and the UK, and charted in the top 10 in leading markets such as Brazil, France, Germany and Japan.

The third best-selling album of 2014 was Ed Sheeran's *x*. It was the British singer-songwriter's second studio album and topped the charts in a dozen countries worldwide.

IFPI's 2014 global singles chart was topped by Pharrell Williams' *Happy*. The song appeared on the *Despicable Me 2* soundtrack album and was also the lead single on *G I R L*, Williams' second studio album. It was first released in November 2013 and went on to top the charts in more than 20 countries, including Canada, the UK and US. It was the best-selling song of the year in the US, the world's largest market. It was partially promoted through a social media campaign centred around the 24hoursofhappy.com website, which featured the world's first 24-hour music video.

The second single was Katy Perry's *Dark Horse*. The song was first released in September 2013, as a promotional single from her fourth studio album *Prism*. It was then released as the third official single from the album in December 2013. The track, which also featured rapper Juicy J, was part of a competition run by Pepsi in which fans could vote on Twitter about whether they wanted it or *Walking on Air* to be the first promotional single from *Prism*. It went on to chart at number one in the US, Canada and the Netherlands, while reaching the top 10 in almost 20 countries worldwide.

The third best-selling single was John Legend's *All of Me*. It was taken from the American singer-songwriter's fourth studio album *Love In The Future*. It was his first number one in the US and also topped the charts more than half a dozen other countries.

For the second year the singles chart includes streaming – either through on-demand subscriptions (paid and ad-supported) or video streams of official music video content. The streams are measured by track equivalents, which involves aggregating multiple streams to represent one download single track.



◀
Pharrell Williams
photo by Mimi Valdes

How streaming is changing the charts

Record companies and chart compilers are increasingly adapting charts to reliably reflect the popularity of an artist's music in the streaming world. It has also become more common to use streaming data to calculate Gold and Platinum awards certifications around the world.

At the time of publication 16 countries – Australia, Austria, Denmark, Finland, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Poland, Spain, Sweden, Switzerland, UK and USA – have integrated audio streaming into their singles charts and another six countries – Denmark, Finland, Norway, Sweden, the UK and the US – use streaming data to formulate their albums charts. Most of these changes took place in 2014 and early 2015.

Many countries include on-demand audio streams in their charts from services such as Spotify, Deezer and Xbox and most, for the time being, exclude video streams from services such as YouTube and Vevo. This is to ensure consistency between the content included in different countries, and to avoid comparisons being skewed by user-generated content. A major exception to this is *Billboard* in the US, which includes YouTube video streams, as well as airplay, in its Hot100 Chart.

The most common methodology for converting streams to downloads is the model pioneered by Sweden and other Nordic countries. The calculation to arrive at the conversion rate is made by taking the average download revenue per track

divided by the average audio ad-supported and premium streaming revenue per track. This model, which is reviewed frequently to ensure it is up to date, is followed by the Nordics, Australia, Ireland, Italy, New Zealand, Spain and the UK.

The effect of incorporating streaming has been to slow the pace of track moves on charts because the consumption is measured over time, rather than through one-off purchases.

Ariana Grande made history in July last year when her song *Problem* became the first UK single to reach number one thanks to a combination of both streams and sales. In its first week, streaming contributed, on average, more than 20 per cent of its chart position within the Top 40. That is the equivalent of one in every five “sales” coming from streaming; a significant proportion.

1 in 5

The proportion of UK ‘sales’ of *Problem* coming from streaming

16 countries have integrated audio streaming into their singles charts and another six countries use streaming data to formulate their albums charts



▶
Ariana Grande
photo by Tom Munro

KEY RECORDING INDUSTRY TRENDS IN 2014

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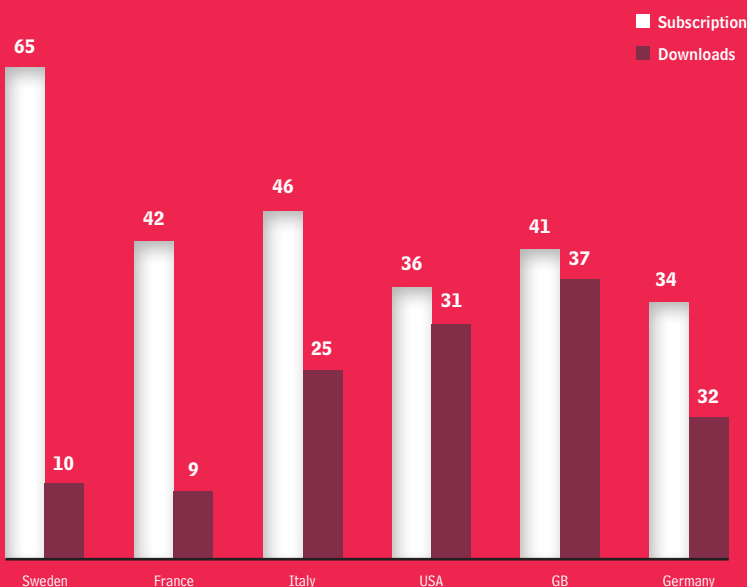
ore than a decade into a digital revolution in which music has led other creative industries, the music sector's own transition to the digital world is entering a new phase, driven by consumer demand, instant availability of music on mobile devices, diverse services offering widening choice and, most specifically, the rise of music streaming.

In 2014 digital music saw the continuation of the steady shift from music models based on ownership towards those based on access. At the same time consumer behaviour is moving towards instant, real-time, anytime-anywhere access, facilitated by the integration of services across different platforms and cloud storage. Smartphones, tablets and phablets are powerful portable computers with social media interfaces, allowing instant sharing and also payment and subscription. These features all combine to create a culture of immediacy and instant access on the move for consumers.



Miley Cyrus photo by Tyrone Lebon

% USING FREE OR PAID MUSIC STREAMING SERVICES/DOWNLOAD SERVICES IN THE PAST SIX MONTHS



Source: Ipsos

"Streaming is becoming a very important portion of revenue for the industry, but we have always looked at things from a consumer point of view. It is not in our interest, or the consumer's, to move away from any one format. If people want to buy physically, download or stream, that is great. We are just responding to consumer demand."

DENNIS KOOKER, PRESIDENT, GLOBAL DIGITAL BUSINESS & US SALES, SONY MUSIC ENTERTAINMENT

Subscription drives the music portfolio

The defining positive characteristic of the global music market in early 2015 is the continued surge in consumer uptake of streaming services. Much of this is driven by young consumers with little or no experience of owning music and, therefore, less geared to traditional ownership models.

The industry remains a multi-format business focused on the varied tastes of the consumer. Research across 13 countries by Ipsos in 2015 shows a diversity of demand across multiple formats. According to the data, more than a third of respondents have purchased CDs or vinyl (37%) in the last six months, while 26 per cent have paid for downloads. It also shows a marked variance between the popularity of streaming and downloads in different countries.

Subscription is the recorded music industry's fastest growing revenue stream, increasing by 39.0 per cent in 2014, including the subscription and 'freemium' tiers of services such as Deezer and Spotify. Over the five year period to 2014, subscription revenues have grown more than six-fold to US\$1.6 billion. The model now accounts for 23 per cent of digital revenues.

The number of paying subscribers worldwide increased by 46.4 per cent in 2014 and now stands at an estimated 41 million, five times their level of just eight million in 2010. Subscription services now account

for the majority of digital revenue in 10 territories (Croatia, Denmark, Finland, Hong Kong, Iceland, Netherlands, Norway, South Korea, Sweden and Taiwan).

Streaming services cite a cocktail of factors that are driving take-up. Thorsten Schliesche, senior vice president and general manager Europe, Napster says: "Our fastest growing countries included France and Germany. There are several factors coming together. Better technology infrastructure, higher smartphone penetration, cheaper prices for devices, more storage space to store tracks for offline users and improved car integration. Streaming can now be with you all day in the car, in your home, in the gym. That was really true for the first time in 2014, it's why we had a massive tipping point."

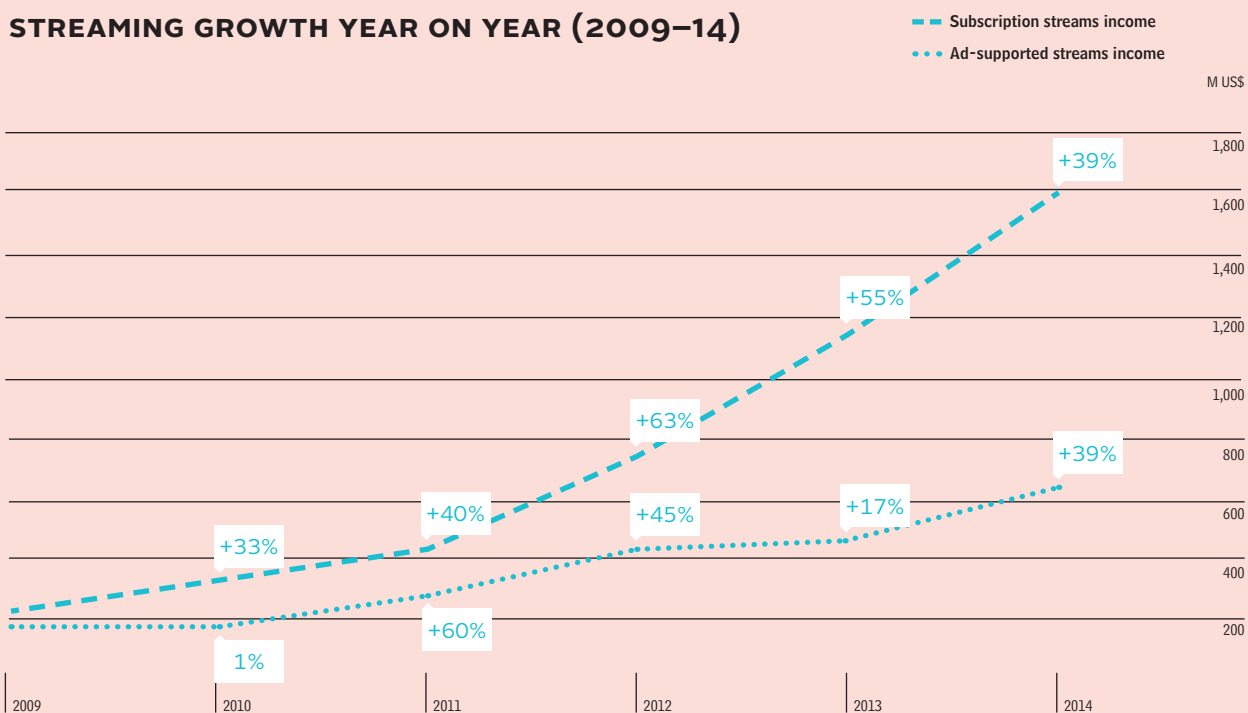
Martin Mills, founder and chairman of Beggars Group, believes streaming is key to the future of the music business for both majors and independents. "There has been a substantial shift towards streaming. We find our 'sales' revenue streams – downloading, physical and streaming – now split into three roughly equal parts. Income from streaming is very significant and covers an enormously broad range of repertoire, including a lot that was previously not earning much at all. I see this as a positive development."

Streaming services have also, along with copyright enforcement strategies, helped migrate consumers to licensed services by offering a convenient alternative to piracy.

"As we move to a more mobile ecosystem, there is a natural transition towards services that provide subscription access rather than à la carte ownership. That changes people's listening habits, they are more likely to experiment and discover new music. We need to ensure that our music is on the services that consumers are embracing and that we and our artists are paid fairly."

ROB WIESENTHAL, COO/CORPORATE, WARNER MUSIC GROUP

STREAMING GROWTH YEAR ON YEAR (2009–14)



Source: IFPI

TIDAL - High Fidelity Music Streaming is a lossless music streaming service with HD music videos and Curated Editorial, the ideal music service for those who care about quality and are happy to pay for the music they love.

TIDAL invites its subscribers to enjoy its extensive library of 25 million-plus tracks, 75,000 music videos, and curated editorial that promotes discovery through articles, features and interviews written by experts.

TIDAL has distribution agreements with all of the major labels and many independents, offering a comprehensive catalogue that includes a wide range of genres to suit all musical tastes.

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New global services, more reach

After several years of rapid expansion, the streaming market has now entered a new phase of growth. There remains intense competition between services internationally, but with a few bigger players entering new markets or consolidating their position in existing ones. The most anticipated and watched new players in subscription in early 2015 are those backed by the biggest global players.

YouTube launched in beta mode its subscription service, **Music Key**, in November 2014 in Finland, Ireland, Italy, Portugal, Spain, the UK and US. The service offers ad-free listening, the ability to play music offline and in the background of a user's phone even when locked. The service costs US\$10 per month and includes an account with Google's Play Music All Access service.

Apple entered the streaming market with a US\$3 billion acquisition of **Beats** and is widely expected to launch a new streaming service in mid-2015. Apple is expected to bundle Beats Music into its iOS operating system this year and roll out its new service globally to millions of iPhone users. The key selling point of the subscription service is the exceptional reach of Apple's existing consumer base, with access to some 800 million credit card accounts.

These major international services are seen as influential players in the evolution of streaming and reaching a global audience. John Rees, vice president, digital strategy & business development, Warner Music International, says: "The challenge is to reach the mass market and that requires significant investment in marketing and promotion of subscription services."

Other major international services continue to move into key markets. **Amazon** launched **Prime Music** in the US, **Deezer** launched in the US, **TIDAL** launched in several markets, **Spotify** launched in Canada, Music Qubed's **MTV Trax** launched in the UK, while **Guvera** and **Rdio** entered India.



Lana Del Rey photo by Neil Krug

Smartphones and partnerships drive growth

Two key factors have helped drive the growth of streaming and subscription – the spread of smartphones and bundling partnerships. Global smartphone penetration was projected to have increased by 25.1 per cent in 2014 according to research from eMarketer.com, hitting 1.76 billion users or 24.5 per cent of the global population. The researchers predict this number will hit 2.73 billion users or around 40 per cent of the global population by 2018, indicating there is still further room for growth.

One of the key events of 2014 was **Spotify's** launch of a mobile free tier where users can shuffle play or create playlists, while **Deezer** launched Flow, a personalised and unlimited ad-supported smart radio for free on mobile, while other music apps such as Pandora and Shazam are widely available across operating systems and driving an integrated experience.

"The challenge is to reach the mass market and that requires significant investment in marketing and promotion of subscription services."

JOHN REES, VICE PRESIDENT,
DIGITAL STRATEGY & BUSINESS DEVELOPMENT,
WARNER MUSIC INTERNATIONAL

The increase in mobile offerings has had a positive effect. Latest statistics show that more than half of Spotify's users are now streaming music on mobile devices, with 42 per cent of activity taking place on smartphones and 10 per cent on tablets (Source: *strategydigitalmedia.com January 2015*).

"Income from streaming is very significant and covers an enormously broad range of repertoire."

MARTIN MILLS, FOUNDER & CHAIRMAN,
BEGGARS GROUP

A second driver has been the increased marketing of such services in some countries by leading telcos that offer them bundled with user tariffs. Bundling deals are a key strategy to provide streaming services to the mass market and are expected to increase as consumers prefer integration of their payments for music into their broadband and phone subscription, and even cable bills.

Napster partnered worldwide with Telefonica leading to bundled offerings with subsidiaries such as Vivo in Brazil and Movistar in the rest of Latin America. **Deezer** struck deals with TIM in Brazil, Vodacom in South Africa, Smart Telecom in the Philippines and Tigo in Ghana and Tanzania. Such partnerships now span the globe, from **Deezer-Tigo** in Colombia and **Deezer-DTAC** in Thailand, through **Napster-Terra/Vivo** in Brazil to **Spotify-Sprint** in the US. Deals are also being struck in emerging markets, which have scarcely been monetised by the industry. One such deal is the partnership between Telenor and WiMP in Pakistan.

The logo for KKBOX, featuring the letters 'kkbox' in a white, lowercase, sans-serif font on a blue rectangular background.

www.kkbox.com

A large-scale photograph of a concert stage for the 10th KKBOX Music Awards. The stage is illuminated with vibrant blue and purple lights, and a large, curved archway frames the central area. The text 'the 10th KKBOX MUSIC AWARDS' is prominently displayed on the arch. A large audience is visible in the foreground, many holding up glowing red light sticks.

the 10th
KKBOX
MUSIC
AWARDS

We started streaming music before it was cool. *What's next?*

More than 10,000 fans attended the recent 10th annual KKBOX music awards at the Taipei Arena and millions more watched online. We created a one-stop platform that integrates digital content creation and distribution with live concerts and ticketing so that throughout Asia artists are closer to their fans than ever before. We are more than just music streaming - we bring music to life.

Let's music !



Getting subscription to the mass market

Within the music streaming sector, there is substantial untapped potential for growth within the paid-for category. The Ipsos 2015 research shows that 35 per cent of respondents across the 13 selected markets have accessed free music streaming services in the last six months, compared to 16 per cent using paid-for music streaming subscription services. While consumer use of free and paid-for services varies markedly between countries, there are showcase markets proving that consumers will pay in large numbers for premium music subscription.

Ipsos found South Korea (42%) and Sweden (40%) are leading the countries with the highest pay-to-stream incidences. In Germany 16 per cent of respondents used paid for services; 15 per cent both in the US and Great Britain; and just 6 per cent in Japan.

GROWING MARKETS

Mark Piibe, executive vice president, global business development and digital strategy, Sony Music Entertainment, says: "We need to get subscription streaming to an inflection point at which it becomes mass-market in major territories, rather than merely being a niche product. Once we see subscription services in countries like the US, UK and Germany reach the level of population penetration that we saw in Sweden in the first couple of years after Spotify launched there, then the market will really have begun to surge."

There are several ways to move subscription streaming further into the mass market. They include increasing bundling partnerships and integrating more music subscriptions into phone billing; better consumer education to improve awareness of the value of the paid subscription service; more varied payment options to supplant the basic payment model of free versus premium; and addressing the underlying problem of the 'value gap' (see page 22).

Streaming revenue models

A key objective and ongoing challenge in the digital music market is meeting consumer demand while generating fair and sufficient revenues for artists and labels. The streaming revenue model currently breaks down into two key segments: paid-for subscriptions providing a higher value offering, including full access on mobile devices and absence of adverts; and advertising-supported streams, providing limited functionality and adverts.

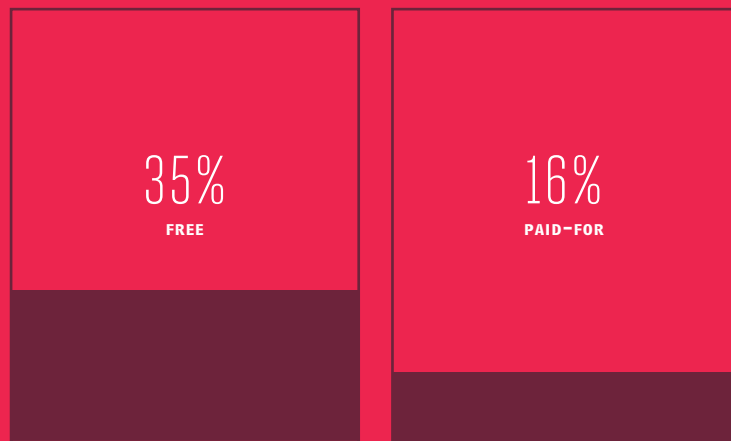
Major and independent record companies have licensed their repertoire to the advertising-supported tiers of streaming services, viewing them as an important way of persuading users to upgrade to premium subscription accounts on services such as Deezer and Spotify.

Although, this 'funnel' of free-to-consumer music is important, there are also publicly-voiced concerns that free to consumer advertising-supported models are not generating a fair share of revenues

for artists. Glen Barros, president and CEO of Concord Music Group believes the balance between free and premium tiers of some services may change in future. "As streaming will clearly play a dominant role in the future of our business, it needs to be embraced. We now need to respect the value of music and direct our efforts toward building an environment where creators are fairly compensated."

Streaming services themselves take different views of the need for a 'freemium' model. Ethan Rudin of Rhapsody says that free tier services undermine the value of music. "We don't offer a free tier, we believe people should be educated to pay for music. Rights holders need to look to the long-term and not let people give away their music for too little in return." Hans-Holger Albrecht, Deezer's chief executive officer, says: "Freemium needs to be attractive enough for users to get a good experience of the added value of the streaming service and remain differentiated enough to drive conversion. As long as it drives conversion, we will remain strong supporters of the freemium model."

CONSUMER USE OF MUSIC STREAMING SERVICES WITHIN THE PAST SIX MONTHS ACROSS THE 13 SELECTED MARKETS



Source: Ipsos

"As streaming will clearly play a dominant role in the future of our business, it needs to be embraced."

GLEN BARROS, PRESIDENT & CEO, CONCORD MUSIC GROUP

New IFPI data shows artists payments as share of revenues are up

Streaming services present a new payment model for artists based on consumption of music over a continuous period and invoicing accumulated multiple per-stream payments. Successful artists will be assured of a steady income over time, and as streaming services grow their consumer base, the overall revenues increase. Glen Barros, president and CEO of Concord Music in the US, says more clarity is needed in explaining the revenue benefits of streaming. "I believe that one of our problems is that we're trying to evaluate a new business model through an old world mentality. Rather than worry about how many streams it takes to earn a dollar, we should be focused on converting music buyers into music subscribers. If we could get even half of the people that buy music every year to pay for a subscription, it's simple math to see that it will be a healthy business."

The rise of streaming services has also prompted wider discussion around the issue of artists' royalty payments in the digital environment. In order to better inform this discussion, IFPI conducted research in 2014 to obtain an accurate picture of how royalty payments have changed as the market has shifted from physical sales to digital channels. Industry data compiled by IFPI from the three major companies, covering local sales for locally signed artists in 18 major markets outside Japan and the US in the five year period to 2014 shows that while sales revenue fell 17 per cent, total artist payments – in the form of royalties and unrecouped advances – declined much less in real terms (down 6 per cent) and increased significantly as a share of sales revenue, by 13 per cent. Over the five year period, the data shows that total payments by record companies to local artists totalled more than \$1.5 billion across the 18 markets.

Significantly, the market with the most positive trend in artist remuneration has been Sweden, where paid streaming predominates, accounting for 68 percent of total industry revenues. In Sweden, payments to artists over the five year period rose 111 per cent against a 47 per cent increase of corresponding sales revenue. Furthermore, the IFPI data shows that in the majority of markets where subscription services account for more than 30 per cent of revenues, artists have benefited from the growing sales and are receiving more money and a larger share of the revenues.

Overall the results of the IFPI data collection process suggests that, across a substantial sample of markets, remuneration to local artists as a share of sales revenues have seen a significantly more positive evolution than the trend in overall sales income. It also suggests that in particular paid streaming services have had a positive impact on overall payments to artists.

ARTIST PAYMENTS 2009–2014

+13%

Artists' share of sales revenue

-17%

Record company sales revenue

Streaming services compete on curation

In the early years of streaming services, unlimited repertoire was the universal selling point. Now the focus has shifted as these services compete to offer better curation and recommendations to consumers.

Curation has become more sophisticated and tailored to different consumer groups. Hans-Holger Albrecht, Deezer's chief executive officer notes that surfacing songs and editor recommendations that are tailored to the listener's taste is key to customer retention. He says: "When people move beyond search to experience the full benefit of tailored curation, they are hooked to the service."

INTELLIGENT RECOMMENDATION

Other streaming services have invested in more intelligent music recommendation. In March 2014, Spotify founder and CEO Daniel Ek described his company's acquisition of music data group The Echo Nest as a bid to build the "best music intelligence platform on the planet" mixing human skill with social curation and algorithms. Beats Music has attempted to differentiate itself from competitors by hiring music experts and offering the human touch in compiling and curating its playlists. Google's purchase of Songza, which promises to deliver human curated playlists based on a mix of taste, mood and data. Apple also acquired Semetric at the start of this year. Founded in 2008, one of its best known brands is Musicmetric, providing record companies and other media companies with analysis and data on music downloads, streaming and social media.

Record companies have also heavily invested in this area with Sony Music purchasing Filtr, Universal Music launching Digster.fm and Warner Music buying Playlists.net which aggregates and recommends playlists created on Spotify. Beth Appleton, senior vice president, global marketing, at Warner Music International says: "At record companies, we are increasingly curators and editors, we don't just simply manage the recording process. It is our job to make sure fans hear our artists' amazing music and to help them know what they are listening to."

Payment options diversify

For consumers, pricing options are already becoming more diversified as streaming services widen the parameters of the basic free versus premium model and offer new packages. For example, Deezer Elite and TIDAL offer users access to high quality audio streams for €19.99 with a range of promotional offers for subscribers committing to a year's subscription. Other players are starting to offer family plans, with Spotify enabling a family of four to enjoy its full premium service, including separate recommendations and playlists, for US\$25, instead of four individual charges of US\$10.

Some digital services believe there is a market for a lower cost product that does not offer access to the full repertoire of more than 40 million licensed tracks. Music Qubed's MTV Trax in the UK charges £1 a week and offers music fans up to 100 tracks on eight curated playlists. In emerging markets, digital services are experimenting with pricing to reach the mass market. In Brazil, Napster has signed a deal with telecom company Vivo that sees it offer prepaid customers, who represent 70 per cent of the market, its service for three reais (US\$1) a week.

"The main services all offer more than 30 million tracks and have a similar quality and approach. The value comes in what is being placed over the top. It's all about curation, recommendation and influence."

FRANCIS KEELING, GLOBAL HEAD OF DIGITAL BUSINESS, UNIVERSAL MUSIC

Downloads decline

Download sales remain the principal source of digital revenue for record companies, but their value fell by 8.0 per cent in 2014, an acceleration on the 2.0 per cent drop in 2013. The global decline is being primarily driven by the maturing of downloads in developed economies, with double digit declines in most major markets. Download sales continue to grow in some emerging markets, particularly in Asia.

A combination of factors underlies the decline in download sales in most developed markets. These include the changing structure of the technology market, competition from other entertainment products and a switch by some consumers to streaming services. The largest download store iTunes is not available on the Android platform, which is increasingly dominant in the smartphone and tablet market. When consumers are drawn to Android and Amazon products they leave the iTunes ecosystem.

Another factor is the competition offered from other entertainment products within the iTunes store with consumer spending spread across a greater range of products including apps, films, games and TV shows. Executives report recent gift card spending in the store has shifted towards apps.

The rise in streaming is also clearly having an impact on consumer demand for music downloads. Unlike the industry's previous format shifts, including moves to cassettes, CDs and downloads, the transition from downloads to streaming is faster because fans do not need to buy new hardware.

There is evidence that streaming is not the only factor in this decline, however. In Canada, download sales in 2014 declined by 7.7 per cent, broadly in line with the US (-7.2%) despite the absence of streaming services until late 2014 with the arrival of Spotify. Internationally, Google Play has enjoyed robust growth in download sales, suggesting that the decline in downloads is not happening across all stores.

Video streaming surges

Video streaming continues to grow in popularity worldwide. Advertising-supported revenues, which are largely from video streaming services, increased by 38.6 per cent in 2014. Growth was particularly strong in Latin America (+96.9%), but more measured in the mature markets of North America (+23.2%).

"At record companies, we are increasingly curators and editors, we don't just simply manage the recording process. It is our job to make sure fans hear our artists' amazing music and to help them know what they are listening to."

BETH APPLETON, SENIOR VICE PRESIDENT, GLOBAL MARKETING, WARNER MUSIC INTERNATIONAL

▼ Avicii photo courtesy Universal Music



FIXING THE 'VALUE GAP' IN DIGITAL MUSIC

The recorded music business has successfully transformed itself for the digital age. Consumers have access to the music they want anywhere, any time, on any device. Record companies have licensed up to 43 million tracks and more than 400 digital music services worldwide, creating a US\$6.9 billion digital business. No other creative industry offers this kind of choice and diversity in the digital marketplace.

Investing in artists is still the music industry's core business. Investment has largely held steady in recent years as a proportion of overall industry revenues. It is estimated that record companies invested more than US\$20 billion over the last five years in A&R and marketing alone. At the same time, against this falling market background, artists have seen their payments increase as a share of overall record company revenues.

Music is also driving the wider economy. Music and other creative industries help power economic growth, create jobs and generate tax revenues. Technology platforms such as Twitter and Facebook benefit from the presence of artists who attract huge numbers of users, generate significant activity and help drive their business. Music also plays a key role for some digital platforms looking to build a vast global audience of users.

The music industry, in short, has made the changes needed for it to continue leading the creative industries in the digital world. Yet further steps are needed to secure the industry's long-term success. Above all, there is a 'value gap' which arises from the very significant mismatch between the value that certain digital platforms extract from music and the value returned to rights owners. This is the most pressing issue affecting the business environment for record companies today. It is the primary reason why, despite offering consumers better choice, access and value than ever before, the recorded music industry has not achieved sustainable

A successful digital music industry that invests in and rewards artists needs a fair digital marketplace

43million

tracks licensed worldwide

US\$6.9bn

value of digital music business

400+

digital music services worldwide

year-on-year revenue growth.

The value gap: a distortion in the market

At the heart of the 'value gap' is a market distortion caused by the way in which digital services circumvent the normal rules of music licensing. This allows them to gen-

The music industry has made the changes needed to continue leading the creative industries in the digital world.

erate a substantial share of global music consumption in a way that diminishes the revenues that should rightfully be returned to creators and rights owners.

An illustration of this can be seen in comparing the share of revenue derived by rights owners from services such as Spotify and Deezer and those derived from certain content platforms like YouTube and Daily Motion. IFPI estimates music subscription services have 41 million paying global subscribers, plus more than 100 million active users in their 'freemium' tiers. This sector generated revenues to record companies of more than us\$1.6 billion in 2014. By contrast, YouTube alone claims more than one billion monthly unique users and is thought to be the world's most popular access route to music. Yet total global revenues to record companies generated by exclusively free-to-consumer advertising-supported services (predominantly video online platforms) amounted to just us\$641 million in 2014, less than half the total amount paid by subscription services to the industry. This is the essential discrepancy that is de-

Creating a fair licensing environment

The key to addressing the 'value gap' is to create a fair licensing environment. Currently, this does not exist. This is because certain content platforms (that is services such as YouTube and DailyMotion) claim that they are merely neutral hosting services entitled to benefit from exemptions to copyright law (akin to internet service providers), rather than digital distribution services akin to Deezer or Spotify, which do not benefit from such exemptions. This significantly distorts rights owners' negotiations with the content platforms.

EXEMPTIONS

The liability exemptions – known as "safe harbours" – were introduced with the objective of protecting genuinely passive and neutral online service providers from liability. They cannot apply to services that play an active role in distributing, promoting and monetising content. On this basis, for a content platform such as DailyMotion or YouTube to claim the status of a neutral hosting service is not justified, undermines the negotiating position of right holders and creates unfair competition between individual services.

To be defined as a neutral content host allows a service to effectively refuse to negotiate for a licence. Instead of becoming fully licensed itself, the service can claim it needs a licence only on behalf of its customers, or alternatively remove unlicensed content only when a right holder issues it with a takedown notice. That procedure is, in most cases, not sufficiently effective to seriously disrupt the unlicensed making available of music. Right holders are, in effect, left with a choice of two bad options: agree to the terms and derive some revenue from the content; or commence costly and protracted legal proceedings against all of these services.

This situation has created a fundamental distortion in the negotiating relationship between the right holder and certain digital platforms. This, in turn, is creating unfair competition for rival digital music services trying to build and expand subscription offerings.

Addressing the value gap – next steps

To turn the digital transformation of the music industry into sustainable long-term growth, the 'value gap' must be addressed. A successful music industry that invests in music and rewards artists needs a balanced digital marketplace in which to negotiate terms for the use of its music.

Policy makers have a clear role to play in this area, in creating a level playing field between online operators and the creative sectors. They need to make sure that the law is clarified and applied correctly. Specifically, it needs to be made clear that any liability exemptions can only apply to genuinely neutral and passive online service providers, and not to services that play an active role in distributing, promoting and monetising content.

The 'value gap' needs to be addressed in order to reflect the true behaviour of individual digital platforms, allow fair competition between services and generate a fair return to music right holders.

The key to addressing the 'value gap' is to create a fair licensing environment.

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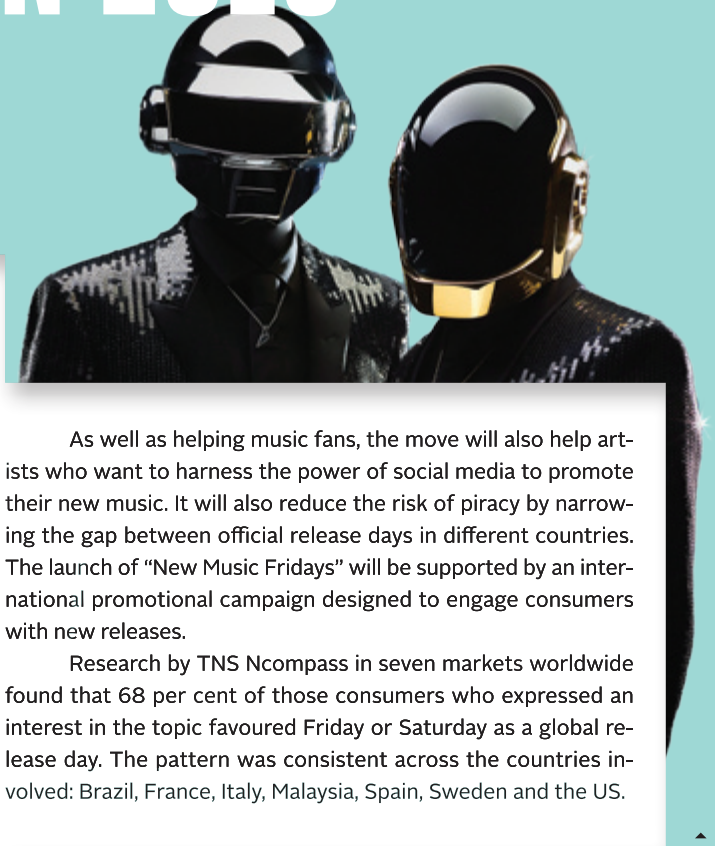
2,000 curated channels
and playlists

113 countries

114M subscribers

Stingray.com

MOVING TO GLOBAL RELEASE DAY IN 2015



▲ Daft Punk photo by David Black

From the summer of 2015, major and independent record labels worldwide will typically release new music on Fridays at 00:01 at the local time in each market. The move was announced in February 2015 following months of consultations with players across the music supply chain in more than 40 countries.

The move is being made to benefit music fans and will ensure that consumers worldwide are able to access new releases on the same day. Release days currently vary from one country to another, causing frustration for consumers in a globalised market when music fans in some parts of the world can listen to and buy new releases before others.

The plan is strongly supported by artist groups. Crispin Hunt, former CEO of the Featured Artist Coalition, says: "A global release day is a great opportunity to re-engage the public with new music and re-ignite excitement around new releases. We are in a time when the general public's involvement with music has become more fleeting and somehow less social – a global release day could help change that."

The view is supported by Paul McGowan, CEO of Hilco, owner of the UK's largest music retailer HMV. "A global release day is a totally logical move in today's global music market and Friday is overwhelmingly the right choice for the day. Quite simply, new music should hit the high street when people hit the high street."

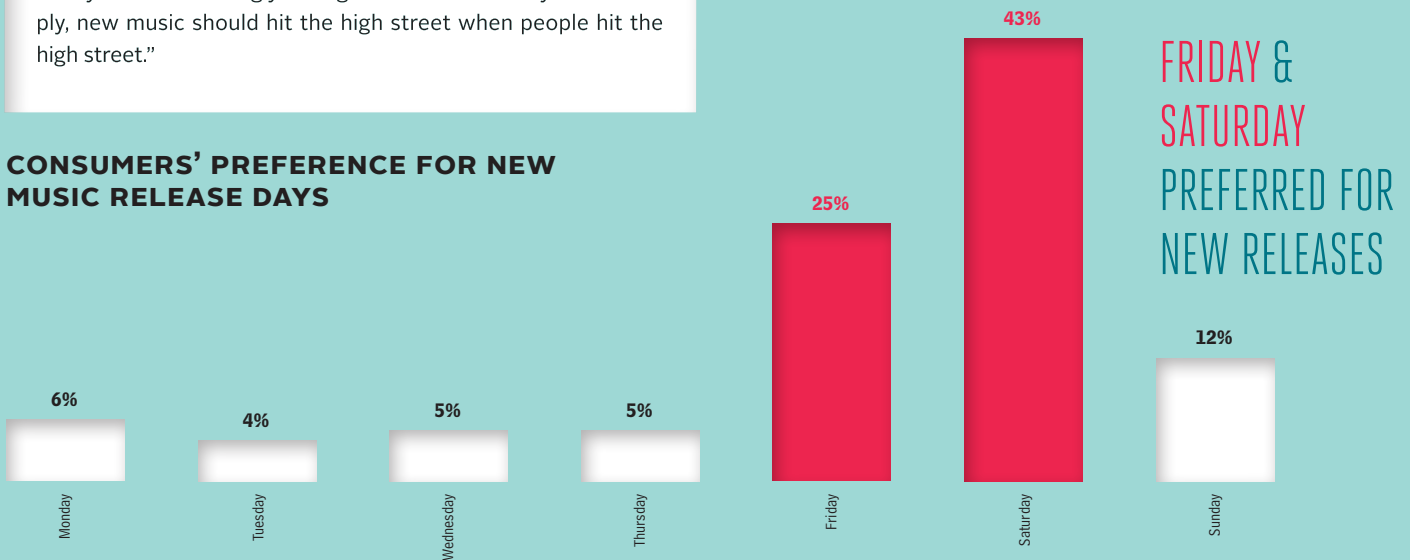
As well as helping music fans, the move will also help artists who want to harness the power of social media to promote their new music. It will also reduce the risk of piracy by narrowing the gap between official release days in different countries. The launch of "New Music Fridays" will be supported by an international promotional campaign designed to engage consumers with new releases.

Research by TNS Ncompass in seven markets worldwide found that 68 per cent of those consumers who expressed an interest in the topic favoured Friday or Saturday as a global release day. The pattern was consistent across the countries involved: Brazil, France, Italy, Malaysia, Spain, Sweden and the US.

"New music should hit the high street when people hit the high street."

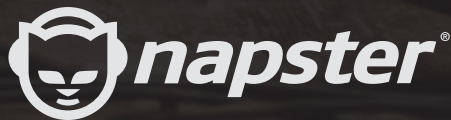
PAUL MCGOWAN, CEO, HILCO CAPITAL

CONSUMERS' PREFERENCE FOR NEW MUSIC RELEASE DAYS



Source: TNS Ncompass. Participants across seven countries: Brazil, France, Italy, Malaysia, Spain, Sweden and USA.

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HAD AN
AMAZING
YEAR!**



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STREAMING WITH RHAPSODY & NAPSTER**

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ANYTIME IN 32 COUNTRIES**

THANKS FROM ALL OF US

BRAZIL

A TOP PERFORMING MARKET



Brazil continues to be one of the top performing global markets for recorded music. The industry works with a wide range of revenue streams including physical sales, mobile personalisation products, subscription services, video streaming and download sales. The market increased in value overall by 2.0 per cent in 2014 to US\$246 million, with digital growth of 30.4 per cent more than offsetting the continuing decline in physical format sales (-15.5%). This meant that Brazil was the ninth largest market for recorded music worldwide.

Subscription services revenue rose 22.1 per cent. In January 2015, research from Opinion Box on behalf of the Committee of Digital Music Development estimated some 28.2 per cent of Brazilians were accessing music on such services. Partnerships with telcos are a key strategy to get subscription services to a mass audience. Deezer and Napster, two of the large international services, have signed deals with leading telcos TIM and Vivo. Rdio has partnered with media conglomerate Grupo Bandeirantes. Napster's partnership will see pre-paid customers, who represent 70 per cent of the market, pay three reais (US\$1) a week for Napster's service. Universal Music Group has partnered with Bradesco, a leading bank, to launch Bradesco Music, a streaming service that will cost 4.90 reais (US\$1.55) and offers access to half a million tracks and 50,000 video clips from the record company.

REPERTOIRE

Marcelo Soares, president of independent record company Som Livre, says that streaming services are growing strongly, delivering his label more revenue than downloads in 2014. "Subscription is helping drive the whole market up. All of the big players are here and are marketing their services. Before streaming the only options for digital consumption for most people were YouTube or pirate services."

Alfonso Perez Soto, senior vice president, business development emerging markets & Latam, Warner Music Group, adds: "Since the launch of Deezer, Napster and Spotify in Brazil we've seen an impressive level of uptake in subscription. This has helped to boost streaming revenue and is important growth for the market. For that to continue, I think we will see a mix of bundled deals and standalone subscription offerings over the next few years."

The repertoire played on subscription services has tended to skew towards international repertoire, a reverse of the trend seen in physical

"Subscription services are investing in producing playlists of local repertoire as they move from addressing early adopters to the mass market. We think there is still a lot of potential for expansion over the next few years."

ALEXANDRE SCHIAVO, PRESIDENT, SONY MUSIC ENTERTAINMENT BRAZIL

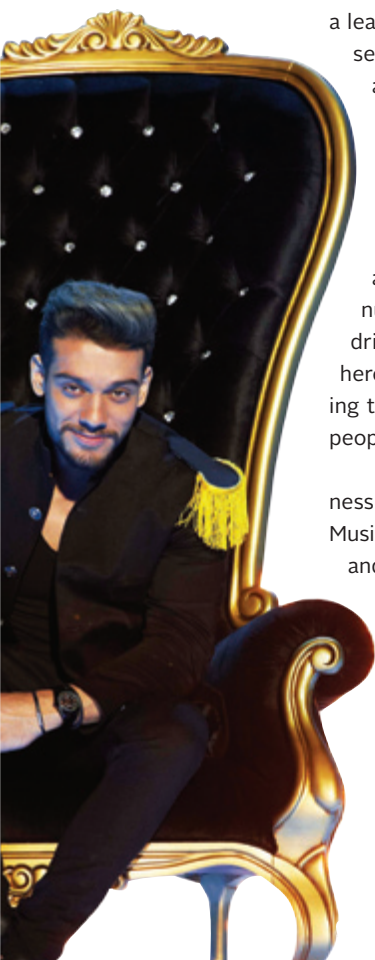
sales, but the services are improving their range and curation of local repertoire.

Download sales increased by 11.7 per cent in 2014, but only account for 28 per cent of the digital market. Download sales have never reached their full potential in Brazil because the main player in the market, iTunes, has only been available in US currency, and with no gift card option available.

Mobile personalisation products have remained strong in Brazil, unlike in many other markets, increasing by 11.8 per cent in 2014 and accounting for 19 per cent of the digital market. The price point of ringback tones at around three reais per month remains particularly attractive to lower income consumers and they are available through operating services so are not affected by the shift from feature phones to smartphones. Video streaming is popular, with ad-supported services growing their revenues by 77.7 per cent in 2014. Around a third of music consumption on YouTube takes place on mobile devices and the platform is looking to improve its monetisation of mobile consumption.

Brands are also looking to cash in on the success of Brazilian repertoire. Alejandro Duque, vice president business development and digital, Universal Music Group, says: "There are lots of innovative models, with brands interested in the streaming market and working with record companies to develop playlisting strategies to help them reach young, affluent early adopter consumers."

Lucas Lucco
photo by Guto Costa



TENCENT DIGITAL MUSIC ECOLOGICAL SYSTEM

TENCENT SOCIAL NETWORK & ENTERTAINMENT ECOLOGY INDUSTRY CHAIN



THE LINKAGE OF INTELLIGENT TERMINAL PRODUCTS



CHINA

MOVING TOWARDS PAID SERVICES



China remains a music market of enormous untapped potential, with an online user base of 650 million people and a growing number of licensed digital services. However, an undeveloped culture of paying for music and a history of piracy makes progress slow. The market increased in value by 5.6 per cent in 2014, helped by an increase in streaming revenues. The hope is for further growth in the years ahead as labels and services roll out initiatives to establish a paid model for music.

The cause for optimism dates back to 2011, when the major recording companies, through subsidiary One-Stop-China, licensed the music service operated by

Baidu, the country's largest online search engine. Before this the only significant source of licensed digital income for rights holders was ringtones, with the digital market dominated by unlicensed players. Andrew Chan, SVP, digital & strategic planning, Universal Music China, says: "The Baidu deal was the milestone that changed the whole ecosystem. Since then the government has said that it is stepping up its commitment to protecting intellectual property rights and that the development of the music industry is a major priority."

MARKET GROWTH

In 2014, after a period of intense activity by several services to try and introduce paid offerings, there was major consolidation in China's digital music market.

Three major internet companies, Alibaba, CMC and Tencent, have made several acquisitions to dominate digital music distribution. Alibaba operates the Xiami and TTPod internet portals, and CMC acquired the Kuwo and Kugou music services. These major internet companies have also started to move to secure licensing deals with major recording companies. Sony and Warner and a number of leading Taiwanese independent labels signed an agreement with Tencent in 2014.

Stu Bergen, president of International Warner Recorded Music says: "Our partnership with Tencent is aimed at harnessing the incredible demand for music in one of the world's most rapidly changing territories. Together we can help create a sustainable legitimate music ecosystem that encourages artistry and entrepreneurial investment."

These players have continued to operate a number of paid music services, but these have been held back by the ubiquity of free licensed alternatives. The most popular paid-for tier, charging RMB10 (US\$1.60) per month, is Green Diamond, owned by Tencent, with an estimated three million subscribers. However, overall subscriber numbers remain low due largely to a combination of free licensed offerings and online piracy.

Ed Peto of the China-based music industry consultancy Outdustry Group says: "Just the simple fact that there is a paid model in China now is an incredibly positive development, but it was always going to need time to develop. The difficulty at the moment is that consumers can still get everything they want for free."

There is optimism also around China's progress towards joining the 147 other countries that currently have full performance rights. A proposal in its final draft of the amendment of the law by the National Copyright Administration of China (NCAC) remains under consideration by the Legislative Affairs Office of the State Council and it is hoped it will be enacted in 2016. A glimpse of the potential offered can be seen in China's karaoke market, with performers and producers currently earning an estimated 140 RMB (US\$20 million), from the 10 per cent or so of karaoke bars that are currently licensed.

International record companies have gained a firm foothold in China and are looking to step up their ownership and investment in local music. This was illustrated in 2014 by Warner Music's purchase of Gold Typhoon, one of the best known and largest independent record labels for the Greater China Region. There is no reliable data available on the breakdown between local and international repertoire in China. Informal industry estimates suggest Chinese-language music accounts for around 80 per cent of the market and K-Pop and J-Pop for 10 per cent, with the remaining 10 per cent going to international repertoire.

"Just the simple fact that there is a paid model in China now is an incredibly positive development, but it was always going to need time to develop. The difficulty at the moment is that consumers can still get everything they want for free."

ED PETO, OUTDUSTRY GROUP

FOR A DIRECTORY OF LICENSED DIGITAL
MUSIC SERVICES WORLDWIDE VISIT
WWW.PRO-MUSIC.ORG

PRO MUSIC

The Pro-Music site offers:

- A one-stop guide to getting music online with a comprehensive global list of digital music services
- Links to 400 legal music services in over 150 countries – listed by country and model
- Educational resources – copyright FAQs; a guide for parents and teachers; resources for schools; information about the global music industry

Pro-Music is supported by:



IMPA

GERMANY

STREAMS GROW, CDS RESILIENT



Germany is the third largest recorded music market in the world. It combines an enduring and robust physical sector with a fast-growing and intensely competitive streaming market. Overall, the market increased in value by 1.9 per cent in 2014 to US\$1.40 billion.

Physical format sales account for 70 per cent of the market and their value dropped by just 1.5 per cent in 2014, significantly below the 8.1 per cent global fall in physical sales. Holger Christoph, vice president, digital sales, Universal Music Germany, believes that physical sales and streaming can co-exist in Germany.

"The physical market, including an increasing vinyl share, remains important not only for collectors, for fans who want to have something to put on their shelves, it is also a popular format for domestic repertoire and with older consumers who enjoy buying and listening to full albums. At the same time, we're seeing streaming growing strongly with younger consumers, who tend to listen to more international track driven repertoire, while à la carte downloads remain popular across the board."

The physical retail infrastructure in Germany is robust, with Media Markt, Saturn and Muller operating around 700 outlets between them. The average age of a music buyer is 46, higher than in most other countries, which is reflected in the popularity of traditional repertoire such as Schlager, Alpine Volksmusik and Classical, which account for 16 per cent of the market and are predominantly sold in physical formats. German singer Helene Fischer topped the 2014 singles chart with her track *Atemlos Durch Die Nacht* and held on to the top spot in the 2014 German albums chart with her release *Farbenspiel*, which was also the top seller in 2013.

Germany has seen a comparatively slow transition to digital. Digital revenues accounted for 22 per cent of the market in 2014, growing strongly by 12.2 per cent, which is markedly above the global digital increase of 6.9 per cent. This was largely achieved thanks to an 86.8 per cent increase in subscription income and a 43.0 per cent increase in revenue from ad-supported streams helping to offset a 3.7 per cent decline in download sales.

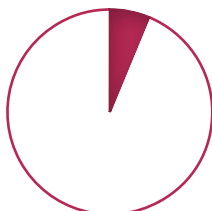
The surging subscription market is driven by intense competition with 14 players currently operating in the streaming space. The biggest players include Spotify, which has a partnership with Deutsche Telekom; Napster, which runs through O2 and E-Plus; and Deezer, which has a partnership with Vodafone.

Partnerships with telcos are a key driver of the growth of streaming. They also mean telcos do not have to build a music service from scratch. Prior to linking with Spotify in 2012, Deutsche Telekom ran its own download store Musicload. Peter Kerckhoff, vice president, content, Deutsche Telekom, says the telco partner benefits from the subscription partnership with Spotify because a streaming service package can "give greater consumer value, increase loyalty, improve customer satisfaction, help the brand's image and make us stand out from our competition."

Stefan Goebel, SVP International, Sony Music Entertainment, says: "Partnerships with telcos are helping the streaming services reach sizeable audiences without spending lots of money themselves on marketing. We think it's important to have a healthy market with lots of players and are supporting them all in their efforts to gain customers."

46

The average age of a German music buyer



Schlager, Alpine Volksmusik and Classical account for 16 per cent of the market



Helene Fischer photo by Sandra Ludewig

MUSIC AND THE WIDER ECONOMY

Recorded music is a driver of economic activity, both in the broader music industry and in the wider digital economy. Music is at the heart of social media and digital platforms, helping drive interest in sites such as Facebook, Instagram, Twitter and MySpace. It also helps generate billions of dollars of revenues in consumer hardware sales, technology and tourism.

The broader effect of investment in artists

Within the music sector, the investment by record companies is a seed from which grows a variety of revenue streams. Data collected from IFPI's member record companies in 2013 showed the recording industry invested us\$4.3 billion globally in 2013. That equates to more than 15 per cent of industry revenues, significantly more than sectors such as leisure (6.3%) and automobiles (4.2%).

Taking into account similar research published by IFPI in 2010 and 2012, investment in A&R and marketing over the five years to 2013 was estimated to total more than us\$20 billion. Max Lousada, chairman and CEO, of Warner Music UK, sees this investment by labels as a catalyst for a wide range of economic activity. "As an industry we make financial investments in our arts that have a ripple effect on the wider economy, whether that is driving new and innovative businesses or creating work for all the specialists that work to develop and sustain artists' careers from producers, graphic designers and stylists to lawyers and accountants."

A UK study from October 2014 estimated that music accounted for an additional £11 billion in sales of technology products between 2008 and 2012 – nearly three times the value of the recorded music market during the same period (BPI). The study, *Relationship Between Music Content and Technological Markets*, attributed these extra sales to the music multiplier effect acting on products with clear music-related functionality, such as MP3 players and integrated audio systems. It also included £8.4 billion sales of smartphones and £2.5 billion sales of tablets.

1.17
million

people across the EU work in the music industry

9 out of 10

of the most watched YouTube videos are music related

STUDY HIGHLIGHTS HOW MUSIC GENERATES JOBS IN EUROPE

In December 2014, consultancy EY produced a report *Creating Growth – Measuring Cultural and Creative Markets in the EU* – which highlighted the role the music industry plays in generating jobs in Europe. The report revealed that 1.17 million people across the EU worked in the wider music industry, with 44,660 employed in sound recording and music publishing and 650,000 earning a living as musicians and songwriters. The report also highlighted that the wider music industry generated €25.3 billion in economic activity.

Music helps drive social media

Use of social media platforms is partly driven by music, with users regularly swapping recommendations about bands or posting videos. Twitter says that 50 per cent of its users follow at least one musician. Clear evidence of social media's reliance on music and musicians comes in Twitter's most followed people chart, topped by Katy Perry with more than 63 million followers. Another six artists – Justin Bieber, Taylor Swift, Lady Gaga, Britney Spears, Justin Timberlake and Rihanna – are placed within the site's top ten. The platform had a market capitalisation of almost us\$30 billion in February 2014.

Music similarly dominates other social media channels: nine of the top ten most watched videos of all time on YouTube are music related. The most watched video is Psy's *Gangnam Style* with more than two billion views to date. On Facebook, David Guetta has nearly 60 million likes on his page. Music also drives substantial revenues from branding partnerships through which artists promote brands from consumer goods, drinks and clothes.

Music and economic growth

The role of music in driving tourism – a global market valued at over us\$3 trillion – is increasingly recognised by governments and tourist boards. A study by UK Music/VisitBritain, *Wish You Were Here*, published in 2013 estimated that music tourism generated £2.2bn (us\$3.6bn) for the UK economy from a total of 6.5 million music tourists in 2012.

In the US, Austin has successfully branded itself the Live Music Capital of the World, partly on the back of its annual South by Southwest (SXSW) music and film festival. The Texan capital earns us\$1.6 billion in annual revenues from music tourists and other visitors.

Other cities around the world are following this trend. A 2012 report, *Accelerating Toronto's Music Industry Growth*, was commissioned to leverage best practices learned from Austin. One of its key recommendations was to link the Canadian city's music industry with tourism marketing, a move it suggested would increase earnings from music from the current CDN\$700 million to CDN\$5 billion.

Tomorrow's World

Record companies work with a range of business partners to harness the latest technology developments to bring music to consumers. They also look ahead to see how innovations can shape the marketing promotion and distribution of music.

Rob Wiesenthal, coo/Corporate, Warner Music Group, says nurturing digital innovations is a crucial element of record companies' strategies. "We're spending a lot of time growing a digital nursery of relationships with music start-ups, which are potentially influential and leading music services. We must proactively nurture these services rather than just passively wait for them to emerge and approach us."

In 2014, Warner partnered with Interlude Music, a company that creates interactive video content, partnered with Shazam to gain access to its content and became a founding partner of short video windowing platform Vessel.

One growing area of technology development is immersive virtual reality technology. A leader in this field is Oculus VR, which was acquired by Facebook in 2014 for us\$2 billion.

Universal Music has worked with Oculus and handset manufacturer Samsung to produce virtual reality experiences involving its artists. In one such experience, users of the Oculus Rift headset can virtually enter a fairground themed around The Who, go into different rooms, meet the band, hear their music being played and see various iconic images relating to the band.

Deborah Hyacinth, vice president, international digital marketing, Universal Music Group, says: "Immersive virtual reality is at least as transformative for video as when MTV or YouTube launched, potentially even more so. While the platforms for watching video have changed, the format itself has remained basically the same for decades. But now virtual reality allows us to take video in completely new directions, with levels of visual interaction and participation that until recently only existed in science fiction. It's very exciting to be at the beginnings of something that will be so powerful for artists and fans."

Another area record companies are looking at is wearable technology. As people start to use items such as smart watches, companies and their partners are experimenting with audio recognition and working out how they can service devices with less memory than phones that are often used for other specific purposes such as health and fitness.

£2.2bn

The value of music tourism in the UK

63m

people follow Katy Perry on Twitter

Katy Perry
photo by Cass Bird





"We issued the track *Bad* as a pre-release for the album primarily for his core fans, and thanks to streaming services we were able to get millions of streams with something that is not a traditional radio-friendly hit."

photo courtesy of Warner Music

DAVID GUETTA: USING DATA INTELLIGENTLY

David Guetta has been recording and DJing for more than 20 years and remains one of the most popular dance artists in the world. He has achieved massive success on music streaming platforms and built a significant global fan base.

Bart Cools, executive vice president, global A&R and marketing, dance music, Warner Recorded Music, says: "David is a phenomenal artist, we are working at the moment on what is set to be his nineteenth consecutive hit. He is very hands-on in deciding which tracks he wants to promote and works closely with us on his promotional campaigns."

The process of deciding when and where to mount campaigns is becoming more scientific as increasing amounts of data are available to record companies. Cools says that the record company monitors data from streaming services and Shazam to see where tracks are having an impact and are worth marketing further.

"We looked at data coming in from Germany ahead of Christmas 2014 which suggested that if we invested in additional marketing in the country, which had traditionally been slower for David than some other territories, we could really make a mark. So we did and his album *Listen* became a top five Christmas hit," says Cools.

The growth of streaming platforms has had a big impact in the way that campaigns for dance artists are run. Cools adds: "We issued the track *Bad* as a pre-release for the album primarily for his core fans, and thanks to streaming services we were able to get millions of streams with something that is not a traditional radio-friendly hit."

Guetta is currently seeing his tracks streamed more than 20 million times a week, with the cumulative total increasing each time he has a new hit. Because of the different pace it takes to generate a hit in different territories, Guetta's record company runs parallel campaigns in Europe and America.

"When David is active we tend to promote four or five tracks a year in Europe and Australia, whereas in the US we'll probably go for fewer, maybe two or three, because it can take five to nine months to work a track to become a top 40 radio hit," explains Cools.

Guetta's next single release (at time of publication), which will be promoted in Europe and the US, is *Hey Mama*, featuring Nicki Minaj and Afrojack. "It makes sense globally because we can market it to David and Nicki's fans worldwide," Cools says. "Some markets are cautious, such as Germany where mainstream radio might be hesitant to play it, but you have to plan on a global basis."

LUCAS LUCCO: ARTIST AND DIGITAL NATIVE



"Lucas was a bright young talent, with a strong view of how he wanted to present himself and his music. He came to prominence through online videos and he continues to be highly engaged with this medium, writing all the storylines for his videos himself."

ALEXANDRE SCHIAVO, PRESIDENT, SONY MUSIC ENTERTAINMENT BRAZIL

Lucas Lucco is a singer-songwriter from Brazil who has enjoyed enormous success over the last couple of years. A true digital native, Lucco was discovered when he posted his own performance videos on YouTube where they caught the eye of the A&R team at Sony Music Entertainment Brazil. He has gone on to become the label's artist with the most accumulated views on YouTube.

Lucco is from the small Brazilian town of Patrocínio. He learnt to sing and play the guitar from an early age and wrote his first song, *50 per cent*, aged just 11. He went on to work as a sales assistant and a model, while continuing to write music and play with a band called Skypiras.

In 2011 he uploaded a song called *Amor Bipolar* to YouTube. Then he posted two other songs, *Princesinha* and *Pra Te Fazer Lembrar*, on YouTube in 2013 attracting more than 50 million views between them.

The videos caught the interest of Alexandre Schiavo, president of Sony Music Entertainment Brazil, who called his manager and signed him in the second half of 2013. Schiavo says: "Lucas was a bright young talent, with a strong view of how he wanted to present himself and his music. He came to prominence through online videos and he continues to be highly engaged with this medium, writing all the storylines for his videos himself."

In December 2013, the label launched the single *Mozão* with a full push across broadcast, digital and social media, which attracted more than 55 million views. The album *Tá Diferente* followed in March 2014 with Colombian reggae superstar Maluma featuring on Lucco's debut music DVD, recorded in April 2014 in his hometown of Patrocínio. Follow-up singles in 2014 included *Vidas* in June, in honour of father's day; *Destino* in September and *Vai Vendo* in December.

Lucas Lucco has performed extremely strongly in the digital space. *Mozão* was the most watched video from Brazil on YouTube in 2014. It was also the best-selling ringback tone in Brazil in 2014. The label also partners with Lucco on his live performances and he currently performs around 20 shows a month around the country.

SAM SMITH: INNOVATIVE PROMOTION

British singer-songwriter Sam Smith has swept the international music scene over the last two years, picking up four Grammy Awards in 2015, including best new artist and record of the year, and two BRIT Awards.

Capitol Records president Nick Raphael and Jo Charrington (EVP of A&R Capitol Records) offered the singer/songwriter a record deal on the spot after watching him perform in 2012. Raphael says: "We'd decided there was no intrinsic rush, we'd let Sam find his feet musically and in time produce a classic album."

Producer Naughty Boy asked Smith to lay vocals over one of his tracks and the result was *La La La*. "The track came out on Sam's 21st birthday and became an enormous hit," adds Raphael. That was followed by the *Nirvana* EP that was licensed for release through independent label PMR.

Raphael and Charrington worked in the studio with Smith on his debut album *In the Lonely Hour*, which was completed in December 2013 with the label taking lead single *Money on My Mind* to radio. At the same time Smith was awarded the BRITS 2014 Critics' Choice award, an honour that had previously been won by Adele, Emeli Sandé and Tom Odell.

In a move to introduce Smith to a wider audience, the label marketing team, Murray Rose and Tom Paul, devised a novel promotional concept – the UK's first live TV advert.

Brian Rose, managing director, commercial division, Universal Music UK & Ireland, said: "We were aware of the heat building around Sam Smith. We wanted to work with business partners to think of new and innovative ways to amplify the campaign."

In tandem with digital music service Google Play and broadcaster Channel 4 the ad aired in May 2014 and featured Smith performing his second single *Stay With Me* live from the Camden Roundhouse.

The partnership between the record label and Google Play was repeated with a major campaign to support the release of Take That's seventh studio album *III*. *Stay With Me* went on to sell more than two million copies and the album *In the Lonely Hour* has sold more than one million copies.

Andrew Kronfeld, president of global marketing, Universal Music Group, says: "The current campaign will go to the end of 2015 as well. Sam is an artist who has magic moments in markets, when he performs live and does TV shows. The songs are great and the success so far is just the tip of the iceberg, we'll see plenty more in 2015."

photo courtesy of Universal Music



"We were aware of the heat building around Sam Smith. We wanted to work with business partners to think of new and innovative ways to amplify the campaign."

BRIAN ROSE, MANAGING DIRECTOR,
COMMERCIAL DIVISION: UNIVERSAL MUSIC,
UK AND IRELAND



photo courtesy of Rock Group

WAKIN CHAU: INTERACTIVE DIGITAL PROMOTION

Wakin Chau is a singer-songwriter based in Taiwan whose music is popular across the region. He has been signed to leading Taiwanese indie label Rock Records for more than 20 years enjoying a string of successful albums and hit singles, as well as undertaking several international concert tours.

In the autumn of 2014 he performed his *What Do We Sing Today?* concert in Taipei, which was partly shaped by fans responding to a Facebook and Spotify digital promotional campaign that created a set list of songs from his 40-plus albums.

The campaign was extremely successful at engaging Facebook users, with huge numbers entering the competition to shape Chau's performance. Fans who suggested tracks chosen for the concert's set list won various prizes including exclusive signed merchandise. This online campaign was backed by more promotional work with Rock Records' one million subscriber YouTube channel.

Danny Tuan, head of Rock Records' new media affairs says the label has invested heavily in expanding its digital presence over the last few years. Its YouTube channel is one of the most successful in Taiwan, one of only three with more than a million subscribers. While YouTube has become a more important channel for labels in Taiwan, Tuan says that the primary market for music videos in the territory remains the karaoke audience.

Using international social networks such as Facebook is now standard for the artists that Rock Records work with across the region, with performers also signed up to WeChat, Sina Weibo, and Xiami to connect with fans in mainland China. China is an important market for the label, with recent licensing deals opening up new opportunities to promote Rock Records' artists through licensed channels.

Tuan says the growth of international digital platforms makes it easier to promote artists across the region. "Consumers across Asia can engage with our artists instantly on platforms such as Facebook, YouTube, iTunes, Spotify, and KKBOX. There's no time lag any more as new music goes out across the region on these platforms at the same time."

Rock Records continues to work with Wakin Chau promoting his current album, *Jiang Hu*, a collaboration with Taiwanese writer Chang Ta Chun, in Taiwan and across the region. The label plans to carry on connecting Chau with existing and new fans through both digital and traditional media over the years ahead as they continue their long-term relationship.

TACKLING DIGITAL PIRACY

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iracy remains a massive problem for the music industry, acting as a brake on sustainable growth. Rights holders continue to push for copyright laws to be fit for the digital age. They also call for cooperation from internet intermediaries such as advertising, payment providers and mobile app platforms to take responsible action to help tackle the problem.

Based on data from comScore and Nielsen, IFPI estimates that 20 per cent of fixed-line internet users worldwide regularly access services offering copyright infringing music. Digital piracy is constantly evolving and takes many forms including distribution of unauthorised music through platforms such as Tumblr and Twitter, unlicensed cyberlockers, BitTorrent file-sharing and stream ripping. IFPI estimates that in 2014 there were four billion music downloads via BitTorrent alone, the vast majority of which are infringing, and this does not take into account other channels such as cyberlockers, linking sites and social networks.

Consumer attitudes towards piracy

Most consumers recognise that digital piracy is harmful should be tackled by governments and internet intermediaries. Even many of those using unlicensed services accept that action needs to be taken.

Research by Ipsos across 13 countries highlighted consumer attitudes towards piracy and revealed that 52 per cent of respondents agreed (either strongly or a little) that downloading or streaming without the copyright owners permission was theft. Furthermore, 53 per cent of those surveyed agreed that licensed services should appear above pirate sites in search engine results. A similar proportion (52%) agreed that companies should not advertise on pirate sites and another 43 per cent believe ISPs should take more responsibility to prevent the illegal distribution of music online.

20%

of fixed-line internet users
worldwide regularly access services
offering copyright infringing music

4 billion

music downloads via
BitTorrent alone

Website blocking

Action by ISPs to block users' access to copyright infringing websites has become an increasingly accepted way of effectively helping to tackle digital piracy. ISPs in 19 countries have been ordered to block access to more than 480 copyright infringing websites.

In March 2014, the Court of Justice of the European Union ruled that the blocking of copyright infringing sites is compatible with EU law, including the EU Charter of Fundamental Rights, as copyright itself is a fundamental right requiring protection. Courts and authorities in 11 EU countries have ordered ISPs to block users' access to infringing websites. Outside the EU, website blocking of copyright infringing sites has been authorised in countries including Argentina, India, Indonesia, Malaysia, Mexico, South Korea and Turkey. In December 2014, Singapore effected an amendment to its Copyright Act to enable rights holders to obtain website blocking orders, and in March 2015 the Australian government introduced draft legislation that would enable rights holders to seek website blocking injunctions.

53 per cent of those surveyed believe that licensed services should appear above pirate sites in search engine results.

ISPs in 19 countries have been ordered to block access to more than 480 copyright infringing websites.

Website blocking has proved effective where applied. While blocking an individual site does not have a significant impact on overall traffic to unlicensed services, once a number of leading sites are blocked then there is a major impact. In the three years since The Pirate Bay and numerous other sites were blocked in the UK there has been a 45 per cent decline (from 20.4m in April 2012 to 11.2m in April 2014) in visitors from the UK to all BitTorrent sites, whether blocked by ISPs or not. In Italy, where courts have ordered the blocking of 24 BitTorrent sites, there has been a decline of 25.6 per cent in the number of overall BitTorrent downloads in the country in the two years from January 2013.

The recording industry continues to call for website blocking legislation where it does not already exist. In countries where there is already a legal basis for blocking, procedures can be slow and burdensome. For example, within the EU, blocking The Pirate Bay has meant taking multiple legal actions in different member states and rights holders are calling for injunctions to have cross-border effect.

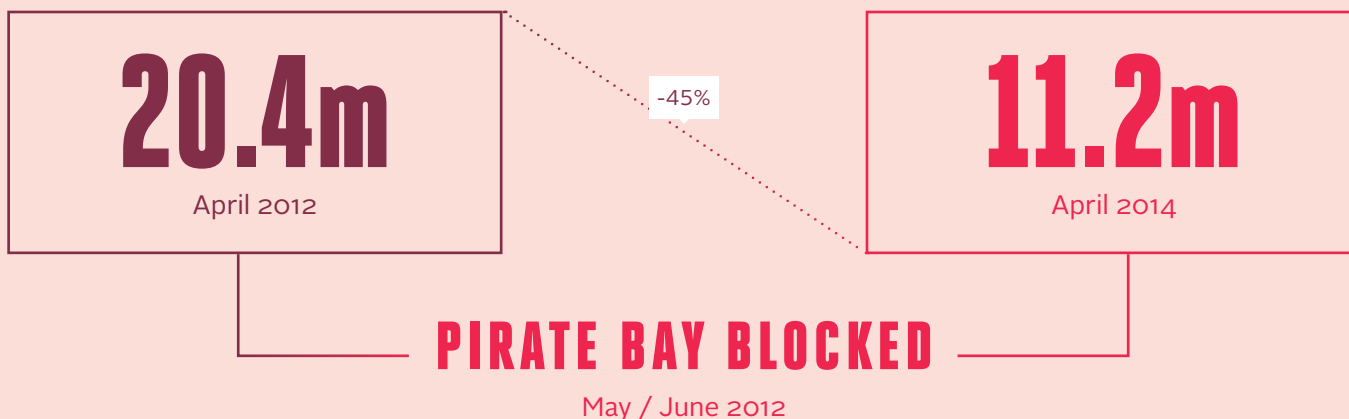
Search engines

Search engines are a significant driver of traffic to unlicensed websites, and play a major role in influencing the decisions of internet users about where and how to obtain content.

A study entitled *Do Search Engines Influence Media Piracy?* published in 2014 by Carnegie Mellon University in the US revealed that 94 per cent of internet users presented with search results that mostly linked to licensed services purchased a film, while only 57 per cent did so when presented with results that mostly linked to infringing services. The researchers concluded: "our results suggest that reducing the prominence of pirated links can be a viable policy option in the fight against intellectual property theft".

In October 2014, Google announced that it would be taking action to demote sites for which Google received a large number of valid take down notices from rights holders. While the changes made in 2014 initially had a positive effect on pirate sites that were subject to a high number of notices to Google, forcing them down the search rankings. However, licensed sites did not benefit much from the change, with other pirate sites replacing those that were previously ranked highly. IFPI believes more therefore should be done to ensure that consumers are directed to licensed services and not to pirate sites.

VISITS FROM THE UK TO ALL BITTORRENT SITES



Advertising and payment providers

Many pirate websites are funded by advertisers from well-known brands. Despite initiatives either underway or being discussed in a number of countries including the US, UK, Spain, France and others, the advertising industry is yet to take effective action. Research for the Digital Citizens Alliance, published in February 2014, and conducted by MediaLink, for example, found that 596 infringing sites generated us\$227 million a year in advertising revenue, with adverts appearing from blue chip firms.

Major brands are continuing to advertise on pirate sites. In the month leading up to publication of this report, IFPI identified egregious pirate sites including Atrilli.net, Albumjams.com, 4Shared.com, Sharebeast.com and SUMOTorrent.sx featuring advertising for AirAsia, Barclays Bank, British Airways, eBay, Expedia, Lloyds Banking Group, Microsoft, PayPal, Royal Bank of Canada, Royal Caribbean, Samsung, Santander, Telefónica UK Limited, Unilever, Vodafone and Western Union Holding Inc. The adverts were viewed from various countries including Australia, Canada, Brazil, United Kingdom and the United States – in each case appearing next to copyright infringing music or download pages. Driven by the demand for music, this advertising generates exposure for the brand, and revenues for the pirate site and the advertising industry companies involved in placing the advertising, yet the

"If there is a way to advertise on sites hosting illegal activity . . . then the system, and law, needs to be updated."

MIKE WEATHERLEY, INTELLECTUAL PROPERTY ADVISER TO THE UK PRIME MINISTER

songwriters, artists and labels whose music is involved receive nothing.

The availability of reputable payment facilities on pirate sites also remains a damaging problem. A report from the Digital Citizens Alliance and NetNames, published in September 2014, revealed that 30 unlicensed download and streaming cyberlockers are making almost us\$100 million annually in revenues while facilitating the distribution of unlicensed content. The cost to the cyberlockers for using payment processors estimated at over \$130,000 per month. US Senator Patrick Leahy, chairman of the Senate Judiciary Committee, wrote to MasterCard and Visa calling on them to review the complaints against the cyberlockers and ensure that payment services offered to those sites, or any others dedicated to infringing activity, cease, saying that no amount of money derived from unlawful activity should make its way onto the card companies' balance sheets.

In June 2014, Mike Weatherley, intellectual property adviser to the UK prime minister, issued a report recommending

considering additional legislation to require pre-emptive action by advertisers and payment providers. He concluded: "If there is a way to advertise on sites hosting illegal activity, or take money via a payment provider, without legal implications, then the system, and law, needs to be updated."

In July 2014, the European Commission announced that its EU action plan on the enforcement of intellectual property rights would include consultation with all stakeholders on applying due diligence throughout supply chains as a means to prevent commercial scale IP infringements, and facilitation of Memoranda of Understanding to reduce the profits of commercial scale IP infringements in the online environment, involving advertising service providers and payment services.

Piracy and apps

As consumption of content via mobile devices grows, consumption of pirated product can be expected to follow. Research published last year by NPD in the US suggests that 27 million people used mobile apps to get at least one unlicensed song. Mobile applications can act as piracy enablers, facilitating user access to infringing content through downloading, streaming, stream ripping, and search. Apps are most often downloaded from the biggest app stores, operated by Google and Apple. Following requests by rights holders, both companies have taken some steps to remove apps that facilitate piracy, but many such apps remain available or reappear, and more effective action is needed.

IFPI's content protection work

The digital piracy landscape has fragmented over the last few years, resulting in IFPI's Anti-Piracy Unit (APU) pursuing a more broad range of content protection activity than ever. The team's workload has also expanded over the years from prioritising the top releases at any given time to working on a broader list of new releases, as well as the rest of IFPI members' catalogues.

A major priority for the APU is the protection of pre-release content. The team prepares a dedicated content protection plan for each release focused on the varying distribution channels for unlicensed content. Access to much infringing pop repertoire, for example, is facilitated through the distribution of infringing links on social networks. Illegal links to much infringing rock repertoire, by contrast, are found on dedicated internet forums.

The team responds rapidly to the appearance of infringing links on social media, such as Twitter because a single link to infringing repertoire can be retweeted more than 27,000 times on Twitter in just 30 minutes. The team works quickly to remove the link included in the original tweet before it is distributed so widely.

Taylor Swift's 1989 album is an example of a title where the team had to act quickly to remove infringing links from online social networks.

To enable the removal of infringing content, the APU runs a high volume notice and takedown programme. This approach reduces internet traffic, and therefore revenues, for infringing sites, as well as creating "dead" links that make it more difficult to access infringing content. IFPI constantly works to drive down the per link cost of notice and takedown. In 2014, IFPI and its national groups identified in excess of 40 million infringing files for removal.

IFPI and its national groups have worked on a major search engine delisting programme, which saw almost 80 million links removed from Google's search engine results. It also investigates unlicensed sites that distribute copyright infringing music. In November 2014, the operators of one such site, Dancing Jesus, were jailed in the UK for their role in running the service which made available 250,000 copyright infringing files, including pre-release titles, and attracted 70 million visits.

DIGITAL MUSIC SERVICES WORLDWIDE

The featured list of licensed 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 400* licensed services in over 150 territories.

*400 – 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 400, etc.

A **Afghanistan** Deezer **Albania** Deezer **Algeria** Deezer, YouTube **Andorra** Spotify **Angola** Deezer, The Kleek **Anguilla** Deezer, iTunes **Antigua & Barbuda** Deezer, iTunes **Argentina** CIENRADIO, Claro Música, Daily Motion, Deezer, Faro Latino, iTunes, Larala, Movistar, MTV, MUZU, Napster, Personal, Rdio, Spotify, Xbox Music, YouTube **Armenia** Deezer, iTunes **Australia** 7digital, Bandit fm, Beatport, Deezer, Getmusic.com.au, Google Play, Guvera, iHeart Radio, iTunes, JB Hi Fi NOW, Milk, MixRadio, MOG, Optus, Pandora, Rdio, Spotify, The InSong, VEVO, VidZone, Virgin, Vodafone, Xbox Music, YouTube **Austria** 7digital, AmazonMP3, Ampya, Artistxite, Classical.com, Deezer, DG Webshop, eMusic, Finetunes, Google Play, iTunes, JUKE, Ladezone, Mediamarkt, MixRadio, MUZU, MyCokeMusic, MySpace, MyVideo, Napster, Naxos, Planet3, Preiser, Qobuz, Rdio, Schlager.tv, Simfy, SMS.at, Souleduction, Spotify, Telering, TIDAL, T-Mobile, VidZone, Weltbild, Xbox Music, YouTube, Zed **Azerbaijan** Deezer, iTunes

B **Bahamas** iTunes **Bahrain** Deezer, iTunes, YouTube **Bangladesh** Deezer **Barbados** Deezer, iTunes **Belarus** Deezer, Google Play, iTunes, Yandex Music **Belgium** 7digital, Beatport, Bleep, Deezer, DJTUNES, Downloadmusic, eMusic, Fnac, Google Play, iTunes, Juke, Junodownload, Legal Download, Muziekweb, MUZU, Napster, Qobuz, Rdio, Simfy, Spotify, TIDAL, Traxsource, VidZone, Xbox Music, YouTube **Belize** iTunes **Benin** Deezer **Bermuda** iTunes **Bhutan** Deezer **Bolivia** Spotify, Batanga, Deezer, Google Play, iTunes, Rdio, Viva **Bosnia-Herzegovina** Deezer, Google Play, YouTube **Botswana** Deezer, iTunes **Brazil** Claro Música, Deezer, Google Play, GVT Music, iMusica, iTunes, Kboing, Mercado da Musica powered by iMusica, MixRadio, Mundo Oi, MUZU, Rdio, Spotify, Terra Musica Powered by Napster, TIM Music Store, UOL Megastore, VEVO, Vivo Musica by Napster, Xbox Music, YouTube **British Virgin Islands** Deezer, iTunes, Spotify **Brunei** Deezer, iTunes **Bulgaria** Deezer, eMusic, Google Play, iTunes, Muzikata, Spotify, Telenor, Vivacom, YouTube **Burkina Faso** Deezer, iTunes **Burundi** Deezer

C **Cambodia** Deezer, iTunes **Cameroon** Deezer **Canada** 7digital, Archambault, ArtistXite, Bell Mobility, CBC Music, Classical Archives, Daily Motion, Deezer, eMusic, Google Play, HMV Digital, iTunes, Mediazoic, MixRadio, Motime, MTV, Naxos, Qello, Rdio, Rithm, Slacker, Songza, Spotify, Stingray Music, TIDAL, VEVO, Xbox Music, YouTube, Zik **Cape Verde** Deezer, iTunes **Cayman Islands** Deezer, iTunes, Spotify **Central African Republic** Deezer **Chad** Deezer **Chile** Deezer, Entel-Napster, Google Play, iTunes, MIMIX, Movistar, Portaldisc, Rdio, YouTube **China** China Mobile, China Telecom, IQIYI, Tencent **Chinese Taipei** Emome, Far Eastone, Hami+ Music, HiNet Funplay, iNDIEVOX, iTunes, KKBOX, MTV, muziU, myMusic, Omusic, Spotify, T STAR, Taiwan Mobile, YouTube **Colombia** Spotify, Batanga, Claro Música, Codiscos, Deezer, Google Play, iTunes, MUZU, Napster, Prodiscos - Entertainment Store, Rdio, Tigo, YouTube **Comoros** Deezer **Costa Rica** Spotify, Batanga, Claro Música, Deezer, Digicel, Google Play, iTunes, Movistar, Rdio, Xbox Music **Croatia** Cedeterija, Dallas Music Shop, Deezer, Google Play, Rdio, YouTube **Cyprus** Spotify, Deezer, eMusic, Google Play, iTunes, Rdio, TIDAL **Czech Republic** Spotify, Alza Media, Bontonline, Clickmusic, Deezer, eMusic, Google Play, iTunes, Koule, Mixér.cz, MusicJet, O2, Rdio, Supraphonline, TIDAL, T-Music, Vodafone, Youradio, YouTube

D **Democratic Republic of Congo** Deezer **Denmark** BibZoom.dk, Deezer, eMusic, Google Play, iTunes, MUZU, Napster, Rdio, Shop2download, Spotify, SubCell, TDC Play, Telmore Musik, TIDAL, VidZone, Xbox Music, Yousee Play (JUKE), YouTube **Djibouti** Deezer **Dominica** Deezer, iTunes **Dominican Republic** Spotify, Claro Música, Google Play, iTunes, Rdio, Xbox Music

E **East Timor** Deezer **Ecuador** Spotify, Batanga, Claro Música, Deezer, Google Play, iTunes, Rdio **Egypt** Alamelphan, Anghamy, Deezer, iTunes, Mazzika Box, Yala Music, YouTube **El Salvador** Spotify, Claro Música, Deezer, Digicel, Google Play, iTunes, Rdio, Tigo, Xbox Music **Equatorial Guinea** Deezer **Eritrea** Deezer **Estonia** Deezer, eMusic, Google Play, iTunes, muusika24.ee, Rdio, Spotify, TIDAL, YouTube **Ethiopia** Deezer

F **Fiji** Deezer, iTunes **Finland** 7digital, City Market CM Store, Deezer, Digianttila, eMusic, Google Play, iTunes, MixRadio, Musa24.fi, MUZU, Napster, NRJ Kauppa Mobile, Rdio, Spotify, TIDAL, 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, MixRadio, musicMe, Musicoverly, MySurround, Napster, Qobuz, Radionomy, Rdio, SFR Music, Spotify, Starzik, TIDAL, Urban Music, VEVO, VidZone, 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, HD Tracks, Highresaudio, iTunes, Jamba, Juke, Junodownload, Linn Records, Make Music TV, Mediamarkt, Medionmusic, MixRadio, MTV, Musicload (Dixero), MUZU, MyVideo, Napster, Naxos , O2, Onkyo, Putpat, Qobuz, Rdio, Saturn , Schlager.tv, Simfy, Spotify, tape.tv, T-Mobile, Tonspion.de, trackitdown, traxsource, Vevo, VidZone, Vodafone, Weltbild, whatpeopleplay.com, Xbox Music, zwo3.net **Ghana** Deezer, iTunes, The Kleek, YouTube **Greece** Akazoo, Cosmote, Daily Motion, Deezer, eMusic, Google Play, HOL Music Club, iTunes, Junodownload, mpGreek, MTV, MySpace, Napster, Naxos, Rdio, Spotify, TIDAL, Wind, YouTube **Grenada** Deezer, iTunes **Guatemala** Spotify, Claro Música, Deezer, Digicel, Google Play, iTunes, Movistar, Rdio, Xbox Music **Guinea** Deezer, **Guinea-Bissau** Deezer, iTunes

H **Honduras** Spotify, Batanga, Claro Música, Deezer, Digicel, Google Play, iTunes, Rdio, Tigo, Xbox Music **Hong Kong** 1010, 3Music, Classics Online, CMHK Soliton, Eolasia.com, Guvera, hifitrack, iTunes, JOOX, KKBOX, Moov, Musiccholic, MusicOne, Naxos, Newsic Daily, OleGoK, Qlala, Rdio, SmarTone iN, Soliton, Spotify, YouTube **Hungary** Spotify, Dalok, Deezer, Google Play, Hungaroton, iTunes, Rdio, Songo, TIDAL, YouTube, Zene! 24/7

I **Iceland** Bedroom Community, Deezer, Gogoyoko, Google Play, Rdio, Spotify, Tonlist.is **India** ArtistAloud, Biscoot, Gaana, Guvera, Hungama, In, IndiaONE, iTunes, Meridhun, MixRadio, My Band, Raaga, Rdio, Saavn, Saregama, Smash Hits, TeluguOne, YouTube **Indonesia** Arena Musik, Deezer, Guvera, iTunes, Langit Musik, Melon , MixRadio, Musikkamu, Rdio, YouTube **Iraq** Deezer **Ireland** 7digital, ArtistXite, Bleep, Blinkbox, Deezer, eMusic, Golden Discs, Google Play, iTunes, MixRadio, MUZU, MySpace, Napster, Qobuz, Rdio, Spotify, TIDAL, VEVO, VidZone, Xbox Music, YouTube **Israel** Celcom Music, iTunes, Musix, Orange, Rdio, YouTube **Italy** 7digital, AmazonMP3, Azzurra Music, Beatport, Deezer, eMusic, Google Play, IBS, InnDigital, iTunes, Jamba, Juke, MixRadio, MP3.it, MUZU, Napster, Net Music Media World, Playme, Rdio, Spotify, TIDAL, TIMmusic, VEVO, VidZone, Xbox Music, YouTube **Ivory Coast** Deezer

J **Jamaica** Deezer, REGGAEinc **Japan** AmazonMP3, Beatport, BeeTV, Best Hit J-Pop, clubDAM, dwango, Farao, GyaO!, ICJ, iTunes, KKBOX, KONAMI, LISMO, mora, mu-mo, MusicAirport, Music.jp, Musing, MySound, NAXOS MUSIC LIBRARY, NOTTV, D Music, Oricon ME, Reco Choku, TSUTAYA MUSICO, Utapass, UULA, Xbox Music, YouTube **Jordan** Deezer, iTunes, YouTube

K [Kazakhstan](#) Deezer, iTunes, Yandex Music [Kenya](#) Deezer, iTunes, Mdundo, The Kleek, YouTube [Kiribati](#) Deezer [Kuwait](#) Deezer, YouTube [Kyrgyzstan](#) Deezer, iTunes

L [Laos](#) Deezer, iTunes [Latvia](#) Deezer, eMusic, Google Play, iTunes, Rdio, Spotify, TIDAL, YouTube [Lebanon](#) Deezer, iTunes, YouTube [Lesotho](#) Deezer [Liberia](#) Deezer [Libya](#) Deezer, YouTube [Liechtenstein](#) Spotify, Google Play, Rdio [Lithuania](#) Deezer, eMusic, Google Play, iTunes, Rdio, Spotify, TIDAL, YouTube [Luxembourg](#) 7digital, Deezer, eMusic, Google Play, iTunes, Napster, Qobuz, Rdio, Spotify, TIDAL, VidZone

M [Macau](#) iTunes, KKBOX [Macedonia](#) Deezer, Google Play, YouTube [Madagascar](#) Deezer [Malawi](#) Deezer [Malaysia](#) Akazoo, Deezer, DigiMusic, Guvera, Infogo, iTunes, KKBOX, Maxis Music Unlimited, MixRadio, RAKU, Rdio, Spotify, The Cube, YouTube [Maldives](#) Deezer [Mali](#) Deezer [Malta](#) Deezer, eMusic, Google Play, iTunes, Spotify, TIDAL [Marshall Islands](#) Deezer [Mauritania](#) Deezer [Mauritius](#) Deezer, iTunes [Mexico](#) Claro Música, Corona Music, Deezer, Flycell, Google Play, Guvera, Ideas Telcel, iTunes, Mientras Contesto de Iusacell, MixRadio, Mixup Digital, Movistar, MUZU, Napster, Nextel, Rdio, Spotify, Terra Live Music, Terra TV, VEVO, Xbox Music, YouTube [Micronesia](#) Deezer, iTunes [Moldova](#) Deezer, iTunes [Monaco](#) Spotify, Rdio [Mongolia](#) Deezer, iTunes [Montenegro](#) Deezer, YouTube [Morocco](#) Deezer, YouTube [Mozambique](#) Deezer, iTunes

N [Namibia](#) Deezer, iTunes [Nauru](#) Deezer [Nepal](#) Deezer, iTunes [Netherlands](#) 7digital, Beatport, Countdown, Deezer, Downloadmusic, eMusic, GlandigoMusic, Google Play, iTunes, Jamba, Juke, Mega Media, MixRadio, MTV, Muziekweb, MUZU, Napster, Nederland FM, Qobuz, Radio 538, Rdio, Spotify, Talpadownloads, TIDAL, Trackitdown, TuneTribe, VEVO, VidZone, Wildhitz, Xbox Music, You Make Music, YouTube, zazell.nl [New Zealand](#) 7digital, Amplifier, Bandit.fm, Beatport, Deezer, Fishpond, Google Play, iHeart Radio, iTunes, MySpace, Pandora, Rdio, Spotify, The InSong, theaudience, VEVO, Vodafone, Xbox Music, YouTube [Nicaragua](#) Spotify, Batanga, Claro Música, Deezer, Digicel, Google Play, iTunes, Movistar, Napster, Rdio [Niger](#) Deezer, iTunes [Nigeria](#) Deezer, iTunes, The Kleek, YouTube [Norway](#) 7digital, CDON, Deezer, Google Play, iTunes, Jamba, MixRadio, Musicnodes, Musikkverket & Playcom, Napster, Platekompaniet, Rdio, Spotify, VidZone, YouTube

O [Oman](#) Deezer, iTunes, YouTube

P [Palau](#) Deezer [Panama](#) Spotify, Batanga, Claro Música, Deezer, Digicel, Google Play, iTunes, Movistar, Rdio, Xbox Music [Papua New Guinea](#) Deezer, iTunes [Paraguay](#) Spotify, Bluecaps, Claro Música, Deezer, Google Play, iTunes, Personal, Rdio, Tigo, Xbox Music [Peru](#) Spotify, Batanga, Claro Música, Deezer, Entel, Google Play, iTunes, Movistar, Rdio, YouTube [Philippines](#) Deezer, Globe, iTunes, MyMusicStore, OPM2Go, Rdio, Smart, Spinnr, Spotify, Sun, YouTube [Poland](#) Daily Motion, Deezer, Empik.com, eMusic, Gaude.pl, Go On, Google Play, interia muzyka, iTunes, MixRadio, MTV, Muzo, Muzodajnia, Muzyka Tu I Tam, MySpace, NuPlays, Onet Muzyka, Orange, Play The Music, Plus – Muzyka, Rdio, Soho.pl, Spotify, TIDAL, T-Mobile, Tuba.pl, VEVO, YouTube [Portugal](#) 7digital, Beatport, Deezer, eMusic, Google Play, iTunes, Jamba, MEO Music, MixRadio, Myway, Napster, Optimus, Qmúsika, Rdio, Spotify, TIDAL, VidZone, Vodafone, Xbox Music, YouTube [Puerto Rico](#) YouTube

Q [Qatar](#) Deezer, iTunes, YouTube

R [Republic of the Congo](#) Deezer [Romania](#) Cosmote, Deezer, Get Music, Google Play, iTunes, Music Non Stop, Orange, Rimba, TIDAL, Trilulilu.ro, Triplu, Vodafone, YouTube, Zonga [Russia](#) Beeline, ClipYou.ru, Deezer, Google Play, iTunes, iviMusic, Megafon (Trava), MixRadio, Muz.ru, Svoyn, 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 [Sao Tome and Principe](#) Deezer [Saudi Arabia](#) Deezer, iTunes, MixRadio, YouTube [Senegal](#) Deezer, YouTube [Serbia](#) Deezer, YouTube [Seychelles](#) Deezer [Sierra Leone](#) Deezer [Singapore](#) 7digital, Deezer, Guvera, iTunes, KKBOX, MixRadio, Rdio, Singtel AMPed, Singtel Ideas, Spotify, Starhub Music Anywhere, TIDAL, Xbox Music, YouTube [Slovak Republic](#) Deezer, eMusic, Google Play, iTunes, MusicJet, Orange, Rdio, Spotify, TIDAL, Youradio, YouTube [Slovenia](#) Deezer, eMusic, Google Play, iTunes, Rdio, TIDAL, YouTube [Solomon Islands](#) Deezer [Somalia](#) Deezer [South Africa](#) Deezer, iTunes, Lookandlisten.co.za, MixRadio, MTN Play, MySpace, Rdio, Simfy, The Kleek, TIDAL, YouTube [South Korea](#) Bugs, Cyworld BGM, Daum Music, Deezer, Genie, Groovers.kr, MeOn, Mnet, Monkey3, MPION, Naver Music, Naver TV Cast, Ollehmusic, Samsung Music, Soribada, YouTube [Spain](#) 7digital, AmazonMP3, Beatport, Blinko (Buongiorno), DaDa, Deezer, eMusic, Google Play, iTunes, Mediamarkt, MixRadio, Movistar, MTV, MUZU, Napster, Naxos, Orange, Rdio, Spotify, TIDAL, VEVO, VidZone, Vodafone, Xbox Music, Yes.fm, YouTube [Sri Lanka](#) Deezer, iTunes [Swaziland](#) Deezer, iTunes [Sweden](#) 7digital, CDON, Deezer, eClassical, eMusic, Google Play, iTunes, Klicktrack, MixRadio, MUZU, MySpace, Napster, Rdio, Sound Pollution, Spotify, TIDAL, Xbox Music, YouTube [Switzerland](#) 7digital, Akazoo, AmazonMP3, ArtistXite, Beatport, Cede.ch, Deezer, Ex Libris, Finetunes, Google Play, Highresaudio, Hitparade.ch, iTunes, Jamster, Juke, Linn Records, MixRadio, MTV, MUZU, MyVideo, Napster, Presto Classical, Qobuz, Rdio, Simfy, Spotify, tape.tv, TIDAL, VidZone, Weltbild, Xbox Music, YouTube

T [Tajikistan](#) Deezer, iTunes [Tanzania](#) Deezer [Thailand](#) AIS, Deezer, DTAC, H Music, iTunes, KKBOX, Mobifan, Qikplay, Rdio, True Music, W Club, You2Play, YouTube [Togo](#) Deezer [Tonga](#) Deezer [Trinidad and Tobago](#) iTunes [Tunisia](#) Deezer, YouTube [Turkey](#) Avea, Deezer, Fizy.com, iTunes, Izlesene, MixRadio, MusicClub, Spotify, TNetmuzik, Turkcell, YouTube [Turkmenistan](#) Deezer, iTunes [Tuvalu](#) Deezer

U [UAE](#) Deezer, iTunes, MixRadio, YouTube [Uganda](#) Deezer, iTunes, YouTube [UK](#) 7digital, Amazing Tunes, AmazonMP3, ArtistXite, Beatport, Bleep, Blinkbox, Boomkat, Classical Archives, Classics Online, Deezer, eMusic, Google Play, HD Tracks, Highresaudio, HMV Digital, Imodownload, iTunes, Jamster, Jango, Junodownload, Linn Records, MixRadio, Mobile Chilli, MTV, MTV Trax, Musicoverly, MUZU, MySpace, Napster, Naxos, Nectar Music Store, O2 Tracks, Onkyo, Orange, Presto Classical, Psonar, Pure Music, Qobuz, Rdio, Sainsburys, Spotify, Technics Tracks, The Classical Shop, TIDAL, trackitdown, Traxsource, TuneTribe, VEVO, Vidzone, Virgin, Xbox Music, Yahoo! Music, YouTube [Ukraine](#) Deezer, Google Play, iTunes, MUSIC CLUB, MUZon, Yandex Music, YouTube [Uruguay](#) Spotify, Antel Musica, Batanga, Butia, Claro Música, Deezer, Google Play, Napster, Rdio, TMUY [USA](#) 7digital, Acoustic Sounds, AmazonMP3, AOL Radio Plus, Arkiv Music, ArtistXite, Beatport, Beats Music, BOOMiO, CD Universe, ChristianBook.com, Classical Archives, Daily Motion, Deezer, Free All Music, Freegal Music, GhostTunes, Google Play, Guvera, Hastings, HD Tracks, Hoopla, Hulu, iOldies, iTunes, iTunes Radio, Listen, MetroPCS, MixRadio, MTV, Music Choice, MusicGivz, Onkyo, Platinum League, Pono, Pro Studio Masters, Project Carmen, PulseLocker, Qello, Rdio, Rhapsody, Rokmobile, Shuv, Slacker, Spotify, Sprint, TheOverflow, TIDAL, T-Mobile, Verizon Wireless, Vessel, VEVO, VidZone, Virgin, Xbox Music, Yahoo! Music, YouTube, ZUUS [Uzbekistan](#) Deezer, iTunes

V [Vanuatu](#) Deezer [Venezuela](#) Batanga, Deezer, Digicel, Google Play, Ichamo, iTunes, Movistar, Rdio [Vietnam](#) Deezer, Guvera, iTunes, MixRadio, NCT, Vega, Viettel, YouTube

Y [Yemen](#) Deezer, YouTube

Z [Zambia](#) Deezer [Zimbabwe](#) Deezer, iTunes

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