

Music

Key insights at a glance



1

The growth rates of recorded and live music continue to diverge. Falls in global total recorded music revenue will continue to 2019, albeit at a slowing pace. By comparison, global total live music revenue will rise at a rate that will just about compensate for recorded music losses, boosting total music revenue to a 0.8% CAGR over the forecast period.

2

Digital recorded music revenue will overtake physical in 2015. Over the forecast period, the sharp decline in global physical recorded music revenue will not be offset by total digital recorded music revenue's growth. However, consumer spending on digital formats and services will overtake physical in 2015.

3

The number of countries reaching the digital tipping point will almost double. At the end of 2014, the number of countries in which total digital recorded music exceeded physical recorded music revenue stood at 22. By the end of 2019, that figure will have risen to 40. Nine countries will have a digital share above 90% in 2019, with Singapore the highest, just ahead of China. Venezuela will have the lowest digital share.

4

Pressure is growing on music subscription leaders to limit free access to music. Global digital music streaming revenue grew by an impressive 31.2% in 2014, from US\$2.15bn to US\$2.82bn. But despite protestations from music subscription service leaders that free tiers are essential to both pull in new users and show off what subscription services offer, major record companies have started to question whether the level of music available on advertising-supported tiers is too high.

5

Access services need to introduce more paid-for tiers to drive consumer spending on subscriptions. Despite the increasing number of consumers taking up music subscription services, the range of paid-for tier options is limited at the moment. In a number of Northern European countries, streaming is already accounting for the vast majority of spending on recorded music. Subscriber growth is inevitably slowing and so the introduction of a range of access tiers is essential in order to boost ARPU and consumer spending.

6

Technology will play a major role in the growth of live music revenue. Although live music revenue is set to rise in the next five years, income from ticket sales is forecast to grow faster than sponsorship revenue. Live music ticket sales revenue will generate US\$23.69bn in 2019, compared with US\$20.51bn in 2014, equivalent to a CAGR of 2.9%, aided by technological innovations. Smart wristbands made a major breakthrough in 2014 as they were rolled out at a number of live music events, particularly festivals. Fans have quickly taken to these new wearables that offer easy access to events as well as cashless on-site payments.