



## **New digital music business models are poised to halt industry slump.**

Data published last week by the International Federation of the Phonographic Industry has found that global music sales fell by 2% last year – as rapidly growing digital sales failed to make up for declining sales of physical media. The total value of worldwide music sales has fallen by \$6.7bn since 2000.

However, according to new research by media consultancy Screen Digest, the global market for digital music has only just begun to take off – music downloaded to the PC will be worth more than \$585m a year by 2010 in the UK and \$1.3bn across Europe as a whole. While in the US the market will be worth \$2.2bn per year.

IFPI said that the global market for digitally distributed music was worth \$1.1bn in 2005 up from \$340m in 2004. Music downloaded to the PC now accounts for roughly \$660m while the remaining \$440m comes from music delivered to the mobile phone.

Screen Digest Analyst, Dan Cryan, states: “There are real differences in the way people are consuming digital music around the world. In Europe and USA people generally download music to their PC’s and iPods while in countries like Japan and Korea they download to the mobile phone. This is largely down to the products available in each territory. In Europe and the USA, mobile downloads are relatively new and still expensive while Japan only got its version of Apple’s market-developing iTunes Music Store in August 2005.”

The UK registered over 8 per cent of global PC music sales in 2005, as the market grew from \$14m in 2004 to over \$54.5m. In comparison the US market accounted for over \$496m of PC music sales, roughly 75 per cent of the global total.

“With the collapse of the conventional singles market and the decreased revenues from CD albums the music industry has its work cut out to try and bolster revenues.

Nevertheless digital music does provide a number of opportunities above and beyond traditional music purchases. It has become clear that Apple is selling a lot of music videos through iTunes and we’ve barely scratched the surface of mobile music in the UK -- ring tones are just the beginning.”

### **Editors’ Notes**

The data, forecasts and analysis contained in this press release are taken from recent research produced by Screen Digest.

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