

Digital music sales 'to nearly equal CDs next year'

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Customers at a cafe download music onto their iPods. Compact discs accounted for 65 percent of US music sales in the first half of 2009 but digital downloads are expected to nearly equal CD sales by the end of next year, market research firm NPD Group said Tuesday.

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"Many people are surprised that the CD is still the dominant [music](#) delivery format, given the attention to [digital music](#) and the shrinking retail footprint for physical products," said Russ Crupnick, NPD vice president of entertainment industry analysis.

"But with digital music sales growing at 15 to 20 percent, and CDs falling by an equal proportion, digital music sales will nearly equal CD

sales by the end of 2010."

Paid digital music downloads accounted for 35 percent of all music sales in the first six months of the year, up from 20 percent in 2007 and 30 percent last year.

According to NPD, Apple's iTunes accounts for 25 percent of all music units sold, up from 14 percent in 2007 and 21 percent in 2008.

Walmart, the world's largest retailer, was next accounting for 14 percent of music volume sold, followed by [Best Buy](#).

"The growth of legal digital music downloads, and Apple's success in holding that market, has increased iTunes's overall strength in the retail music category," said Crupnick. "But the importance of the big box retailers shouldn't be dismissed, as long as the majority of music consumers continue to buy CDs."

Consumer downloads from iTunes comprised 69 percent of the digital music market in the first half of the year, NPD said, followed by AmazonMP3 at eight percent.

Walmart was the top-seller of CDs with a 20 percent share of the physical music market, followed by Best Buy at 16 percent and Target and Amazon at 10 percent each.

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