

Digital music sales rise but piracy is sour note

January 21 2010, By CHELSEA ARNOLD , Associated Press Writer

(AP) -- Strong growth in digital music sales in 2009 led by Lady Gaga failed to stop the continuing slump in the international recorded music industry, and pirates remain a major problem, an industry body said Thursday.

Downloads of singles increased by 10 percent to 1.5 billion units in 2009, with Lady Gaga's "Poker Face" leading the field with 9.8 million units, the International Federation of the Phonographic Industry said.

Digital album sales were up by 20 percent, and combined digital revenues rose to \$4.2 billion.

However, total revenue including CDs fell 12 percent in the first half of 2009, continuing a decline which has depressed sales by 30 percent since 2004, the IFPI's annual [digital music](#) report said.

The federation blamed piracy for much of the slump, estimating that illegal downloads now account for about 95 percent of all music downloaded despite the number of licensed music services increasing from 50 in 2003 to 400 in 2009. Licensed providers usually charge a fee for [music downloads](#) and ensure the artists receive a profit from the sale of a song.

"Mass piracy is continuing to hurt the industry," IFPI Chief Executive John Kennedy said, warning that it also acted as a "disincentive for people to invest in the market."

He called for more countries to adopt graduated response legislation - first warning people who are downloading illegally and then suspending their Internet connection if they fail to stop.

Such legislation was passed last year in France, [South Korea](#) and Taiwan.

"We are doing all we can to cater for an increasing want to consume music legitimately," Senior Vice President, Digital, for Universal Music Group International Rob Wells said.

Wells said Orange Monkey - a pay-as-you-go program from Orange, [Universal Music Group](#) and 4Music - has taken on 110,000 subscribers since launching six months ago in Britain. Orange Monkey users get benefits including free texts and free music for topping up.

Stephen Garrett, head of Kudos film production company, said Kudos had used a trial program to block illegal downloads of an episode of Spooks. Data showed 340,000 attempted illegal downloads of the episode were blocked, but about 50,000 were successful.

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