

Subscriptions woo fans back from pirated music

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A woman as she uses the iPhone application of Swedish music streaming service Spotify on March 7, 2013 in Stockholm, Sweden

Fans are increasingly willing to pay for digital music through subscription streaming services rather than downloading it illegally for free, according to an upbeat report published on Tuesday.

Revenues from services such as Spotify or Deezer rose 51 percent in

2013, breaking through the symbolic \$1 billion barrier for the first time, according to [music industry](#) group IFPI's annual [digital music](#) report.

More than 28 million people worldwide now pay a regular fee to access a library of online music, up from just eight million in 2010, "many of whom appear to be shifting from pirate services to a licensed music environment", the report said.

Research in Sweden showed nine out of 10 subscription-paying users of Spotify downloaded illegally less often, according to IFPI.

"The big success for piracy was the accessibility it gave — people didn't have to go to the record store, they could download the single and have it," said Carl Vernersson, from the Swedish artist rep company At Night Management.

"Now, streaming services have achieved the same accessibility as piracy and more — but the difference is that they are making money and are able to pay artists."

Subscription and advertising-supported music streaming now account for 27 percent of digital revenues, up from 14 percent in 2011, although downloads remain the most popular way of obtaining music through the Internet.

So-called physical format sales account for 51.4 percent of all [industry revenues](#) but this is falling, down from 56 percent in 2012, according to the IFPI report.

The switch to digital has been made easier by the increasing use of smartphones and ever faster wireless Internet speeds, which allow fans to listen to music on the go.

The report noted soaring digital revenues in emerging markets—an increase of 149 percent in Peru and 107 percent in South Africa last year—where buying physical music has often been difficult.

"The advent of the smartphone as a music listening device has been profound for the music business," said Ole Obermann, executive vice president at Sony Music Entertainment.

"With 30 percent plus of the world's population projected to own a smartphone by 2016, that equates to over two billion potential music service customers worldwide."

Overall, the IFPI was upbeat about the industry's prospects, noting growth in the European market for the first time in 12 years, and a stabilisation in the US market.

The exception is Japan, where physical format sales are only now belatedly starting to decline and streaming services are not yet established. Overall [music](#) trade revenues fell by 16.7 percent.

Globally, revenues fell by 3.9 percent to \$15 billion in 2013, although the report noted that if Japan was excluded from the figures, the market would have been broadly flat, falling by 0.1 percent.

"Even accounting for the difficult situation in Japan, the global recording industry is in a positive phase of its development," said Frances Moore, chief executive of IFPI.

Between them, Spotify and Deezer have 11 million paying subscribers, although Google Play Music All Access was the fastest growing subscription service last year.

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