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The Evolution of Music in Europe

The music sector has licensed an unprecedented number of digital services and has developed many new business models. Over the past few years, Europe's digital music market has boomed, with music joining the video games sector as a leading digital content provider, driving consumer take-up of legitimate online services and the take-up of new technologies, from broadband subscriptions to the purchase of smartphones and tablets. Music also fuels social media: 9 of the 10 most like people on Facebook, 9 of the top 10 YouTube videos and 7 of the 10 most followed people on Twitter are artists.

Today, EU consumers have access to over 37,000,000 tracks across over 230 legal digital services. These services offer unparalleled choice to consumers in the EU, with many different ways to consume music, including downloading, ad supported or subscription streaming, online radio and cloud storage.

37 million tracks

230 services

A changing music landscape in Europe

The industry-wide shift to digital and the continued heavy investment in new musical talent has been achieved in spite of a difficult climate, where rampant piracy has slowed digital growth potential and harmed sales. Last year for the first time in over a decade, the music market was stable. Europe's digital services played a key role in that milestone, and Europe's music market grew for the first time in 12 years.

Between 2003 and 2013 there was a tenfold increase in the number of services available in Europe, and a more than 100 fold growth in the size of the online music catalogue.

Digital is now 31% of EU market

Digital revenues now represent 31% of total revenue in the EU. Some countries have already passed the 50% threshold, such as Sweden (70%) and Denmark (55%). Other countries are growing fast with digital playing a key role in the market, such as in the UK (44%), the Netherlands (35%), Ireland (46%) and Greece (28%). Digital sales in Europe grew by 26% in 2011, 22% in 2012, and 13.2% in 2013. This EU growth is almost double the digital growth in the US over the same period (16%, 11% and 5%), and is almost triple the global average.

Advertising supported services, which include user generated videos ('UGC' - videos that incorporate copyrighted music in newly created content uploaded to services such as YouTube) grew by 40% in 2011, 25% in 2012, and 16% in 2013, and represent a substantial digital revenue stream for the industry and for creators.

230 services available in Europe, over 37 million tracks available to European consumers

iTunes: EU 28
Deezer: EU 28
Youtube: EU 28
7digital: EU 28
Spotify: EU 25
rara: EU 20
Rdio: EU 18
Napster: EU 15
Google Play: EU 15

A strong mix of European and local music, on all devices and fully portable across borders.
76% of consumers satisfied with legal services (Ipsos).

Music available everywhere

Music services are meeting fan demand by **constantly evolving models**, covering not only streaming (including ad supported), digital radio, downloads, but also borrowing, creating and posting UGC, off-line caching, cloud storage and playback and synching between physical and digital formats. Some of the biggest music services are also European success stories. This includes market leaders Spotify (Sweden), Deezer (France), 7digital and rara (UK) and Simfy (Germany), amongst many.

Each EU country already has multiple digital music services available, **offering consumers the world's catalogue**. The vast majority of the music catalogue is available in each EU country. Music services are also portable across borders, allowing streaming service subscribers to travel with full access to their service. Downloads remain fully portable and DRM free.

If you wanted to listen to every track already available online, and based on an average track time of 4 minutes, it would take you over 250 years of non-stop listening to go through the entire available catalogue. For more information and to see all the services in each country, please visit www.pro-music.org.

A growing market reflecting the diversity of European culture and amazing choice

The expansion of digital services has been achieved through **a variety of licensing schemes**. Depending on the needs of digital services, record companies grant national, EU-wide, and in some cases even worldwide licences. Experience shows that most digital services, even large companies, try to adapt to local conditions and consumers' needs and preferences in each country, and thus prefer gradual roll-outs based on their strategy and resources.

As digital growth continues, **streaming** is becoming increasingly popular in many countries. Streaming now accounts on average for 37% of digital revenue in Europe. Globally there are close to 28 million paid subscribers for streaming services, with an estimated 11 million in Europe alone. In Sweden, streaming services make up around 94% of the entire digital marketplace, while it stands at 70% in the Netherlands, 57% in Slovakia, 67% in Spain and 71% in Poland. The UK has seen a boom in streaming use, which now stands at 41% of the digital market. In contrast, markets such as Germany or Ireland have remained primarily download focused, reflecting different consumer preferences.

The importance of national repertoire

- EU countries have a **very strong proportion of national repertoire**, which shows that the growth is led by local artists. On the top 10 albums in 2013, 9 were domestic in Italy and Sweden; 8 in Denmark, France and Netherlands, 7 in Germany, and 6 in Spain.
- EU countries also have a very high percentage of the total market coming from local repertoire. For example, of their total markets, 70% in Finland, 64% in France, 50% in Germany, 58% in Slovakia, and 70% in Greece, were all from national repertoire.

In addition to the predominance of local repertoire, EU countries also listen to significant amounts of European but non-national repertoire, which makes up an important percentage of the market, contributing to Europe's healthy music market and cultural diversity.

The growth in services has also led to some EU markets experiencing overall growth for the first time in over a decade, most notably in Italy and France in 2013.