News and Notes on 2015 Mid-Year RIAA Shipment and Revenue Statistics

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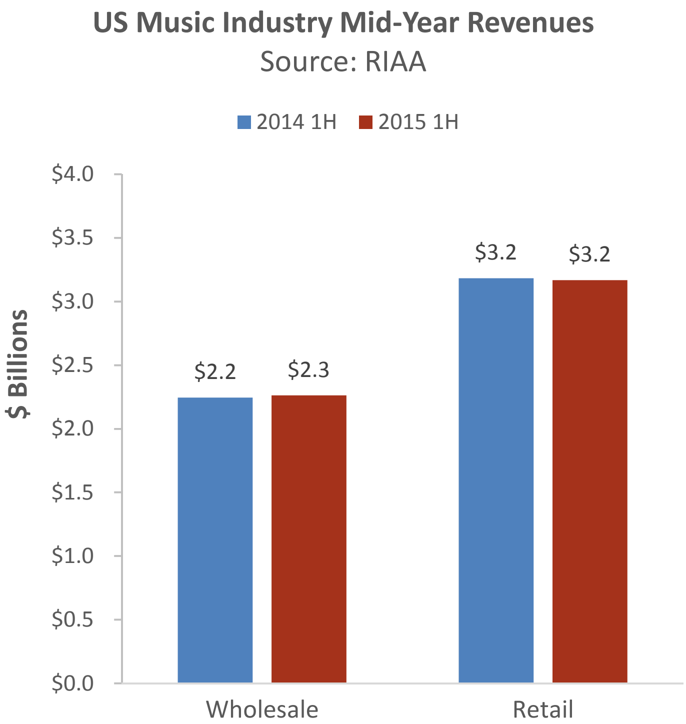
For the first half of 2015, strong growth in revenues from streaming services offset declines in digital downloads and overall wholesale revenues increased 0.8% to $2.3 billion on a year-over-year basis. At retail, the overall value decreased 0.5% to $3.2 billion.

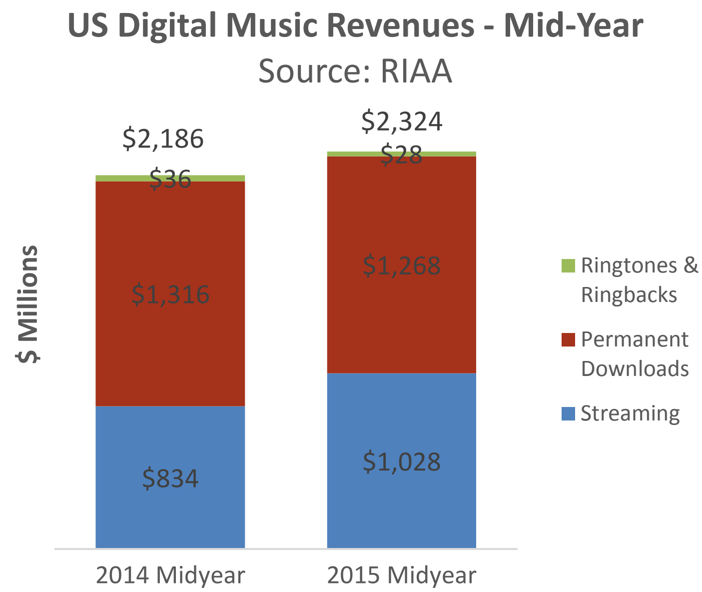
Figure 1



First half (1H) revenues from music streaming services surpassed $1 billion for the first time, growing 23% in 2015 to $1.03 billion – up from $834 million for 1H 2014. This category includes revenues from subscription services (such as Rhapsody and paid versions of Spotify, among others), streaming radio service revenues that are distributed by SoundExchange (like Pandora, SiriusXM, and other Internet radio), and other non-subscription on-demand streaming services (such as YouTube, Vevo, and ad-supported Spotify).

Music streaming services contributed 33% of total industry revenues in 1H 2015, compared with 26% for 1H 2014. The growth in revenues from streaming services more than offset the decline in revenues from permanent downloads for the first half of the year.

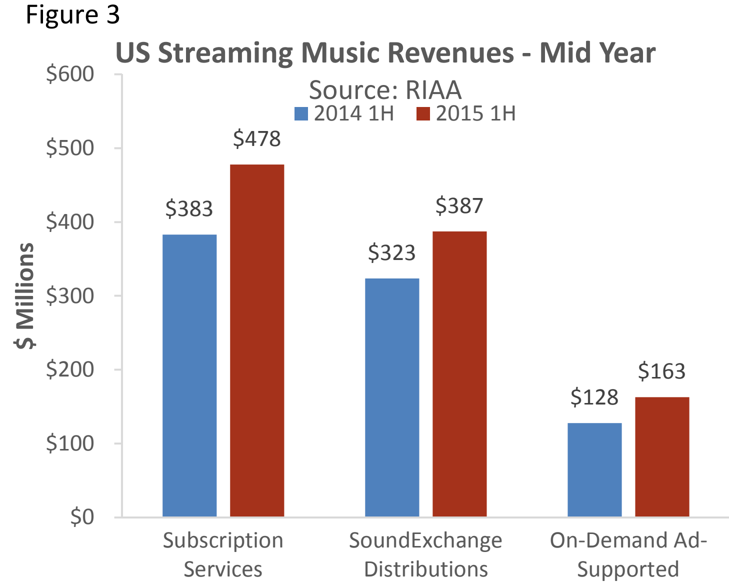
Figure 2



The total value of digitally distributed formats was $2.3 billion – up 6% compared to the 1H of 2014. Digital accounted for 76% of the overall market by value, compared with 71% for 1H 2014 (note Synchronization excluded from this figure).

All three formats of streaming music had revenue growth in the first half of 2015. SoundExchange distributions grew 20% to $387 million, an all-time high for the first half of the year. On-demand ad-supported streaming grew 27% y-o-y to $163 million for the period, also an all-time high for the first half of the year.

Figure 3



The value of paid subscriptions to on-demand services grew to $478 million, up 25% y-o-y on a value basis. The number of paid subscriptions increased from 7.9 to 8.1 million, but is up 49% versus the number of paid subscriptions in 2013. Note that the launch of AppleMusic only occurred on the last day of the period.

Figure 5

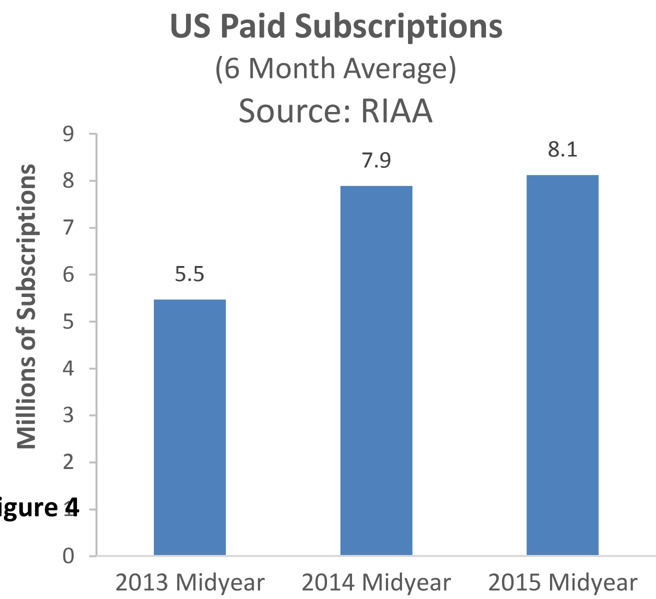
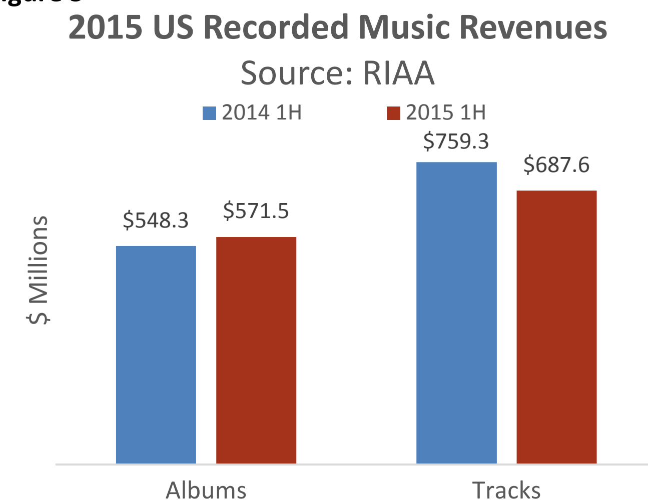


Figure 4

Revenues from permanent digital downloads (including albums, single tracks, videos, and kiosk sales) declined 4% to $1.3 billion for the first half of 2015. Digital albums continued the trend of outperforming individual tracks. Total value of digital albums was $572 million, up 4% versus the same period the prior year, and digital album units were up 5% to 57.5 million. Digital track sales declined by value 9% to $688 million, with sales volume down 12% to 570 million units.

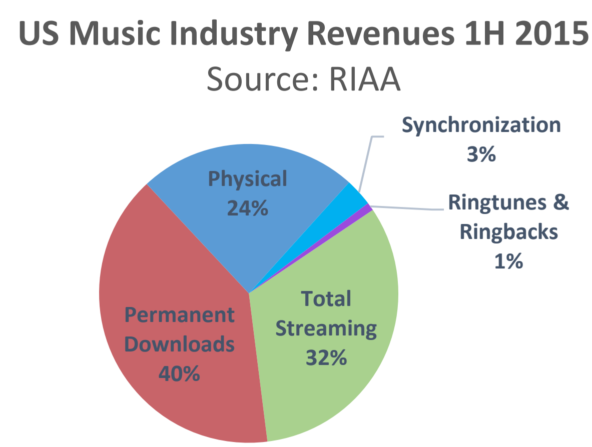
Figure 5



Total value of shipments in physical formats was $748 million, down 17% versus 1H 2014. CDs made up 66% of total physical shipments by value. Vinyl was up 52% by value for the first half of the year, and accounted for 30% of physical shipments by value. Synchronization royalties were $95 million for the first half of the year, up 4% versus 1H 2014.

The data for the first half of 2015 shows a continued healthy diversification of overall revenues, with physical products, digital downloads and streaming each comprising between 24 and 40% of overall revenues.

Figure 6



Note – 2014 data has been updated.
Please note that the RIAA presents the most up-to-date information available in its industry revenue reports and subscription-only online statistics database.
(http://www.riaa.com/keystatistics.php?content_selector=riaa-shipment-database-log-in).

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202/775-0101

2015 Mid-Year Industry Shipment and Revenue Statistics

202-775-0101

United States Unit Shipments and Estimated Retail Dollar Value
(In Millions, net after returns)

Digital Permanent Download

		1H 2014	1H 2015	% CHANGE 2014-2015
(Units Shipped)	Download Single	648.8	569.7	-12.2%
(Dollar Value)		$759.3	$687.6	-9.4%
	Download Album	54.7	57.5	5.0%
		$548.3	$571.5	4.2%
	Kiosk[1]	0.8	0.8	-2.2%
		$1.3	$1.4	3.0%
	Music Video	3.5	3.7	5.7%
		$6.9	$7.3	5.7%
	Ringtones & Ringbacks[2]	14.4	11.2	-22.0%
		$35.8	$28.0	-22.0%

Digital Subscription & Streaming

		1H 2014	1H 2015	% CHANGE 2014-2015
	SoundExchange Distributions[3]	$323.4	$387.2	19.7%
	Paid Subscription[4]	7.9	8.1	2.9%
		$382.7	$477.9	24.9%
	On-Demand Streaming (Ad-Supported)[5]	$128.0	$162.7	27.1%
TOTAL DIGITAL VALUE		**$2,185.7**	**$2,323.6**	**6.3%**
	Synchronization Royalties[6]	$91.0	$94.5	3.9%

Physical

		1H 2014	1H 2015	% CHANGE 2014-2015
(Units Shipped)	CD	56.8	41.1	-27.6%
(Dollar Value)		$722.0	$494.8	-31.5%
	CD Single	0.7	0.3	-63.0%
		$3.4	$0.6	-81.1%
	LP/EP	6.5	9.2	42.8%
		$145.8	$221.8	52.1%
	Vinyl Single	0.3	0.4	29.9%
		$3.5	$4.2	21.8%
	Music Video	1.5	1.2	-19.2%
		$29.4	$23.7	-19.4%
	DVD Audio	0.0	0.1	403.7%
		$0.4	$2.4	453.5%
	SACD	0.0	0.0	-3.1%
		$0.4	$0.4	-11.9%
	Total Physical Units	**65.8**	**52.3**	**-20.6%**
	Total Physical Value	**$904.9**	**$748.0**	**-17.3%**
	Total Retail Units	**58.0**	**44.8**	**-22.9%**
	Total Retail Value	**$845.8**	**$691.5**	**-18.2%**

TOTAL DIGITAL AND PHYSICAL

		1H 2014	1H 2015	% CHANGE 2014-2015
	Total Units[7]	**788.0**	**695.1**	**-11.8%**
	Total Value	**$3,181.7**	**$3,166.1**	**-0.5%**

% of Shipments[8]	**2014**	**2015**
Physical	29%	24%
Digital	71%	76%

Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value.
Historical data updated for 2014

[1] Includes Singles and Albums
[2] Includes Master Ringtunes, Ringbacks
[3] Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses
[4] Streaming, tethered, and other paid subscription services not operating under statutory licenses.
Volume is average number of subscriptions for subscription services.
[5] Ad-supported audio and music video services not operating under statutory licenses.
[6] Includes fees and royalties from synchronization of sound recordings with other media
[7] Units total includes both albums and singles, and does not include subscriptions or royalties
[8] Synchronization Royalties excluded from calculation

For a list of authorized services see www.whymusicmatters.com