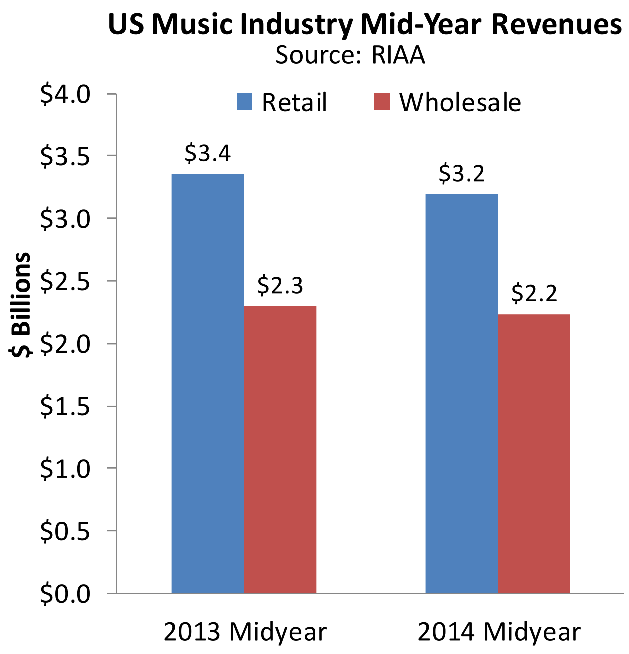
News and Notes on 2014 Mid-Year RIAA Shipment and Revenue Statistics

Joshua P. Friedlander
Vice President, Strategic Data Analysis, RIAA

For the first half of 2014, strong growth in revenues from streaming services offset declines in digital downloads, but overall revenues were down 2.5%, to $2.2 billion at wholesale value on a year-over-year basis. At retail, the decrease in value was 4.9% to $3.2 billion.

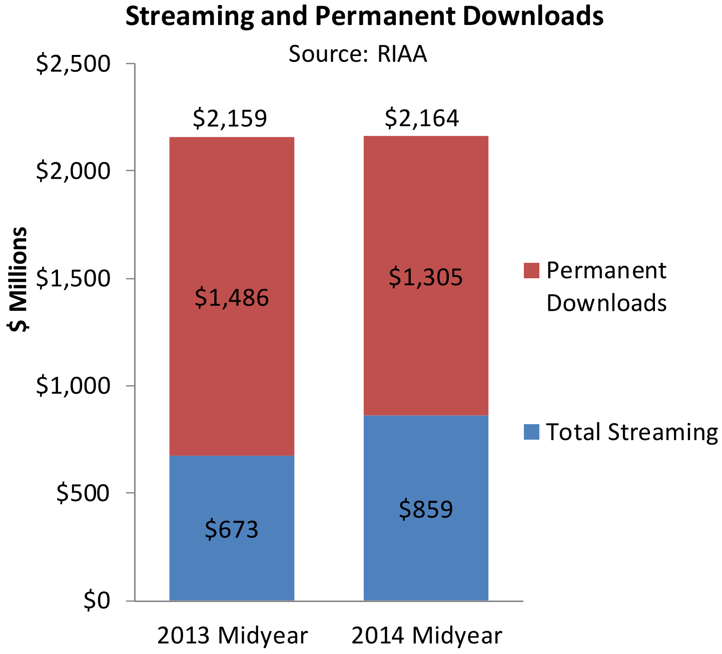
Figure 1



Streaming music services grew 28% in the first half of 2014 to $859 million, versus $673 million for 1H 2013. 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).

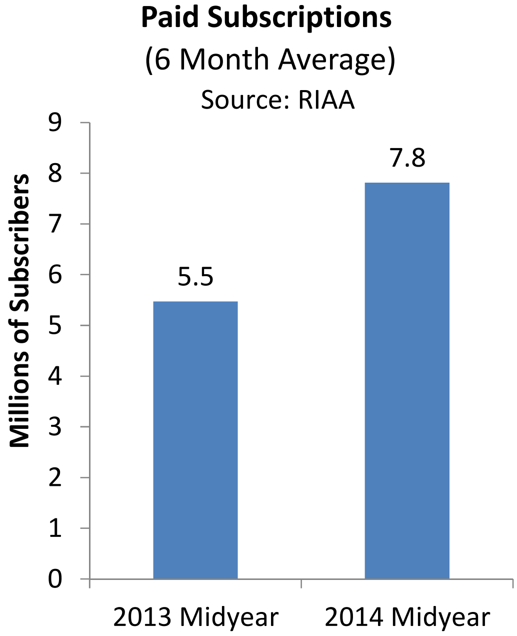
These streaming services contributed 27% of total industry revenues in 1H 2014, compared with 20% for 1H 2013. The growth in revenues from streaming services offset the entire decline in revenues from permanent downloads for the first half of 2014.

Figure 2



Paid subscriptions grew to $371 million, up 23% y-o-y on a value basis, but grew at an even more rapid pace of 43% by number of subscriptions. This difference is partially due to an update in RIAA's retail price markup estimate.

Figure 3



On-demand ad-supported streaming services grew 57% y-o-y to $165 million for the first half of 2014, and SoundExchange distributions grew 21% to $323 million. Combined, those two categories accounted for 57% of total streaming revenues for 1H 2014.

The total value of digitally distributed formats was $2.2 billion - virtually flat compared to the 1H of 2013. Digital accounted for 71% of the overall market by value, compared with 68% for 1H 2013 (note Synchronization excluded from this figure). Historically, this percentage has decreased in the second half of the year due to seasonality.

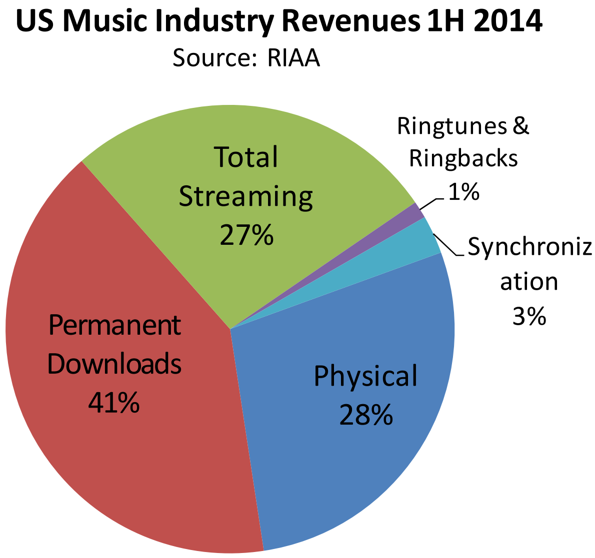
Revenues from permanent digital downloads (including albums, single tracks, videos, and kiosk sales) declined 12% to $1.3 billion for the first half of 2014. There were 54.3 million digital albums sold, down 11% versus 61.3 million in 1H 2013. Total value of digital albums was $544 million, down 14% versus the same period the prior year. Digital track sales volume was down 9% to 644 million, and the total sales value of tracks was down 11% to $753 million.

Total sales in physical formats were $898 million, down 14% versus 1H 2013. CDs made up 80% of total physical shipments, and vinyl – which was up 43% by value for the first half of the year – accounted for 16% of the total by value.

Revenues from Synchronization royalties were $88 million for the first half of the year, down 10% versus 1H 2013.

The data for the first half of 2014 shows streaming music services continuing to grow in importance, with 27% of total revenues coming from access models – nearly equal to the 28% accounted for by physical products.

Figure 4



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).

For news media inquiries, please contact: Jonathan Lamy
Cara Duckworth Weiblinger
Liz Kennedy
202/775-0101

2014 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 2013	1H 2014	% CHANGE 2012-2013
(Units Shipped)	Download Single	707.0	643.6	-9.0%
(Dollar Value)		$842.4	$752.9	-10.6%
	Download Album	61.3	54.3	-11.4%
		$630.5	$543.7	-13.8%
	Kiosk[1]	2.5	0.8	-66.7%
		$4.0	$1.3	-66.3%
	Music Video	4.6	3.3	-28.9%
		$9.2	$6.6	-28.9%
	Ringtones & Ringbacks[2]	22.1	15.9	-28.1%
		$55.0	$39.5	-28.1%

Digital Subscription & Streaming

	1H 2013	1H 2014	% CHANGE 2012-2013
SoundExchange Distributions[3]	$266.5	$323.4	21.4%
Paid Subscription[4]	5.5	7.8	42.8%
	$301.4	$371.4	23.2%
On-Demand Streaming (Ad-Supported)[5]	$105.2	$164.7	56.5%
TOTAL DIGITAL VALUE	**$2,214.3**	**$2,203.5**	**-0.5%**
Synchronization Royalties[6]	$98.5	$88.2	-10.5%

Physical

		1H 2013	1H 2014	% CHANGE 2012-2013
(Units Shipped)	CD	73.7	56.3	-23.7%
(Dollar Value)		$884.1	$715.6	-19.1%
	CD Single	0.3	0.7	151.5%
		$1.2	$3.4	184.7%
	LP/EP	4.6	6.5	40.9%
		$102.0	$145.7	42.8%
	Vinyl Single	0.2	0.3	21.5%
		$2.4	$3.5	43.4%
	Music Video	2.4	1.4	-39.4%
		$50.4	$29.0	-42.6%
	DVD Audio	-0.1	0.0	-125.9%
		-$1.1	$0.4	-140.7%
	SACD	0.0	0.0	-23.5%
		$0.5	$0.4	-8.3%
	Total Physical Units	**81.2**	**65.2**	**-19.7%**
	Total Physical Value	**$1,039.6**	**$898.0**	**-13.6%**
	Total Retail Units	**68.6**	**57.4**	**-16.3%**
	Total Retail Value	**$954.3**	**$838.9**	**-12.1%**

TOTAL DIGITAL AND PHYSICAL

	1H 2013	1H 2014	% CHANGE 2012-2013
Total Units[7]	**878.7**	**783.1**	**-10.9%**
Total Value	**$3,352.4**	**$3,189.7**	**-4.9%**

% of Shipments[8]	2012	2013
Physical	32%	29%
Digital	68%	71%

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

[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 annual 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