

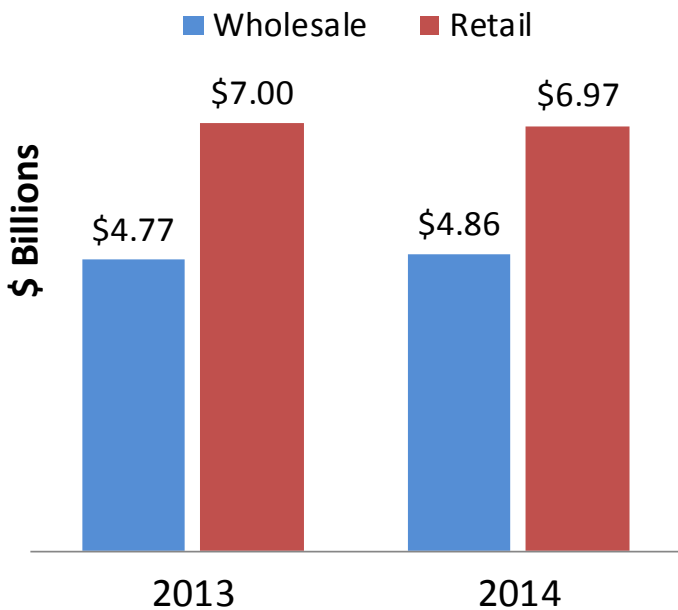
News and Notes on 2014 RIAA Music Industry Shipment and Revenue Statistics

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The U.S. recorded music industry continues to experience important changes in its revenue composition. Full year 2014 U.S. recorded music industry wholesale revenues were up 2.0% to \$4.86 billion, the fourth year in a row of growth at wholesale value. Stronger overall sales in the second half of 2014 largely erased the revenue declines that were seen at midyear. Revenues at estimated retail value were down slightly (-0.5%) to \$6.97 billion, marking the fifth straight year of relatively flat retail revenues.

Figure 1
2014 US Recorded Music Revenues

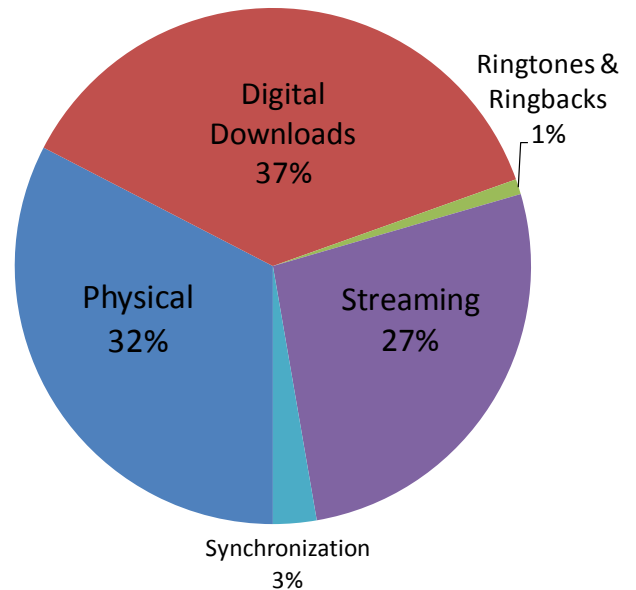
Source: RIAA



Broadly, industry revenue composition was more balanced between physical, digital download, and streaming sources in 2014 than ever before. Permanent downloads remained the largest component at 37% of the total market by value (down from 40% in 2013). Streaming revenues grew from 21% in 2013 to 27% in 2014. And physical shipment revenues shrank only from 35% to 32%.

Figure 2
US Music Industry Revenues 2014

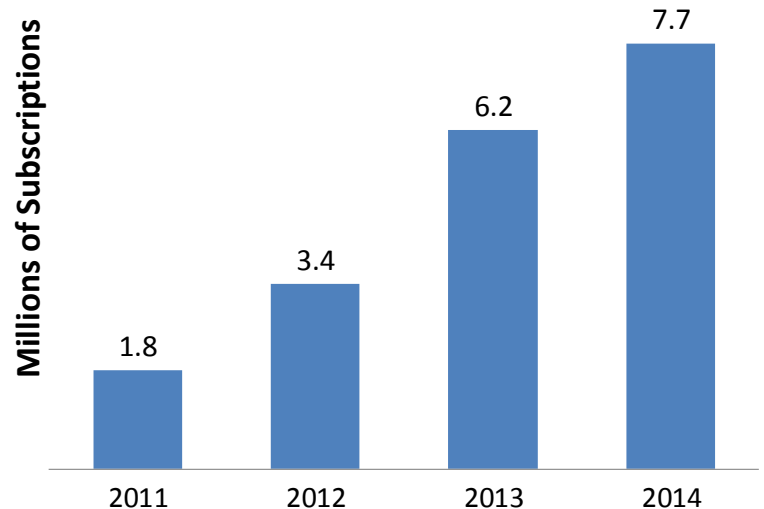
Source: RIAA



The number of paid subscriptions to on-demand music services in the United States more than tripled since 2011. In 2014, paid subscriptions grew 26% year-over-year to 7.7 million.

Figure 3
US Paid Subscriptions

Source: RIAA

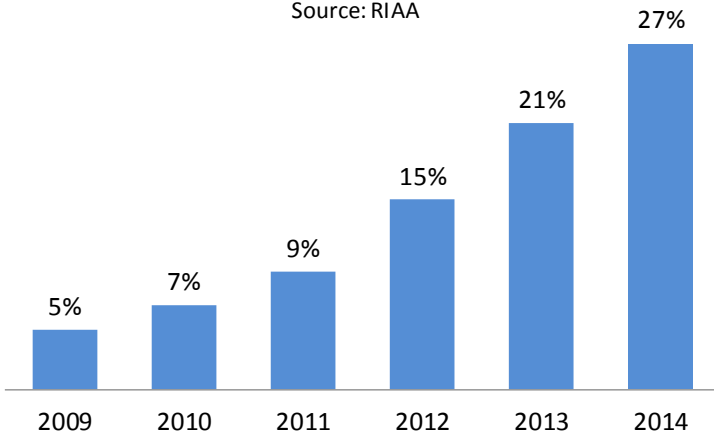


Revenues from streaming music services grew 29% to \$1.87 billion in 2014, and accounted for 27% of total industry revenues. This category includes subscription services (such as Rhapsody, paid versions of Spotify, [and others](#)), streaming radio service revenues that are distributed by SoundExchange (like Pandora, SiriusXM, and other Internet radio), and other non-subscription on-demand streaming services (such as YouTube, Vevo, free versions of Spotify, and others).

Figure 4

Proportion of Total US Music Industry Revenues From Streaming

Source: RIAA

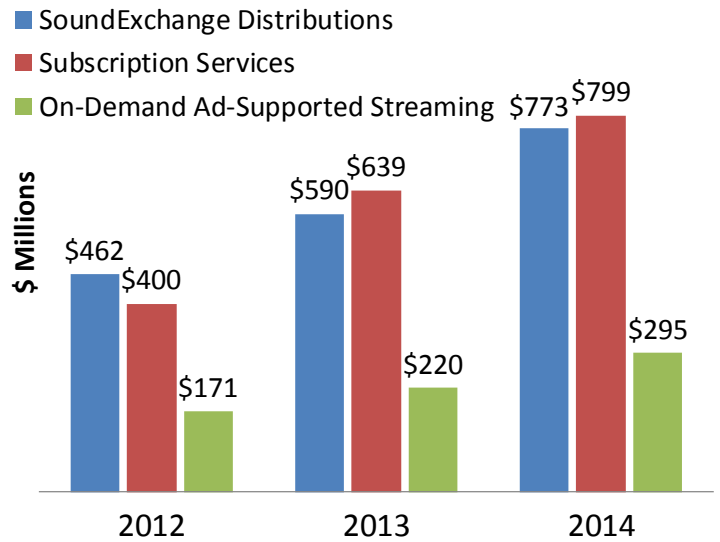


Streaming revenue growth was driven by relatively consistent increases from each of its components. Paid subscription services grew 25% year-over-year to \$799 million. Revenues from ad-supported on-demand services grew 34% to \$295 million, and SoundExchange distributions grew 31% to \$773 million. Note, in 2014, the RIAA revised the retail price markup estimate for paid subscriptions. If those revised estimates were applied retroactively, the year-over-year value growth for paid subscriptions would have been greater.

Figure 5

US Streaming Music Revenues

Source: RIAA

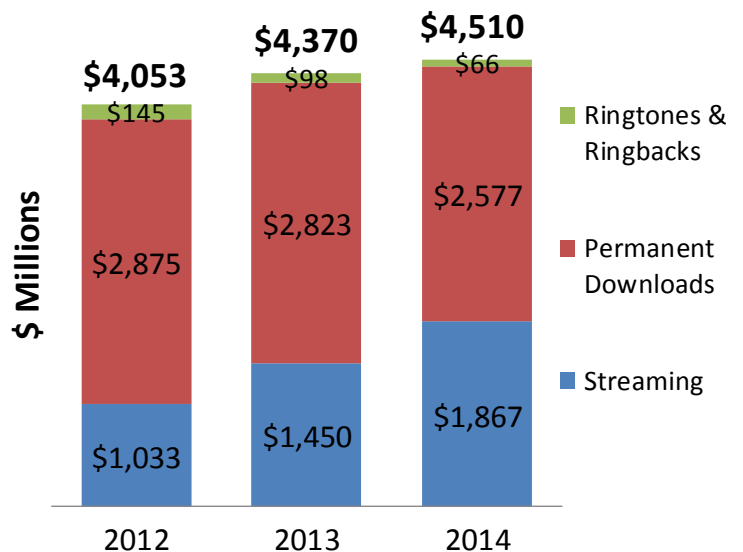


Although revenues from permanent digital downloads fell 8.7% to \$2.58 billion in 2014, the growth from streaming services more than offset that decline. Total digitally distributed formats grew 3.2% to \$4.51 billion, a new all-time high, and accounted for 66% of the market at retail by value (note Synchronization excluded from this figure). Sales of digital albums declined at a slower pace than individual digital tracks, down 6.6% and 10.1% respectively (at retail value) in 2014. Digital albums accounted for 45% of the total market value of permanent downloads.

Figure 6

US Digital Music Revenues

Source: RIAA

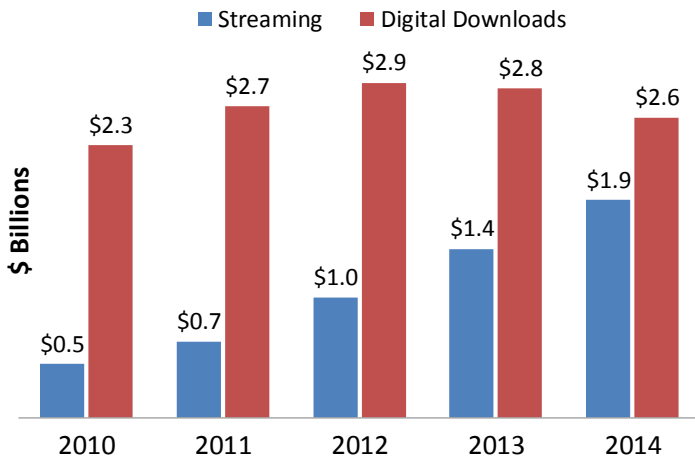


The difference between revenues from permanent digital downloads and streaming has narrowed considerably. As streaming has grown to approach \$2 billion annually, the balance between these digital markets has evened out.

Figure 7

US Streaming and Permanent Download Revenues

Source: RIAA



While revenues from digitally distributed sources increased in 2014, physical formats, including CDs, continued to decline in both total shipment volume and value. Shipments of physical products decreased 7.1% at estimated retail value in 2014. Still by far the largest format at 82% of the physical market, CDs decreased 12.7% to \$1.85 billion at retail value. In 2014, CDs comprised 27% of the overall market at estimated retail value.

Full length vinyl LPs continued their resurgence in 2014, growing 49% to \$315 million. This marks the first year since 1987 that vinyl LPs were a double-digit percentage of the physical market. Vinyl LPs were 14% of the physical market, and 4.5% of the total market at estimated retail value.

The results for 2014 show that when the U.S. recorded music market is analyzed beyond the headline numbers, major changes are driving market development beneath the surface. The industry continues to rapidly grow the share of revenues coming outside of traditional unit-based sales. Unit sales accounted for more than 90% of revenues as recently as 2010, but streaming and synch revenues combined to account for 30% of total revenues in 2014.

Note that data from 2013 and midyear 2014 has been slightly revised to reflect updated industry reports.

Please note that the RIAA presents the most up-to-date information available in its annual 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



2014 Year-End 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

	2013	2014	% CHANGE 2013-2014
(Units Shipped)			
Download Single	1,327.9	1,200.4	-9.6%
(Dollar Value)	\$1,567.6	\$1,409.6	-10.1%
Download Album	118.0	117.6	-0.3%
	\$1,232.1	\$1,150.8	-6.6%
Kiosk¹	3.7	1.6	-57.5%
	\$6.2	\$2.6	-58.3%
Music Video	8.4	6.8	-18.9%
	\$16.7	\$13.6	-18.9%
Ringtones & Ringbacks²	39.4	26.7	-32.2%
	\$98.0	\$66.5	-32.2%

Digital Subscription & Streaming

SoundExchange Distributions³	\$590.4	\$773.4	31.0%
Paid Subscription⁴	6.2	7.7	25.6%
	\$639.2	\$799.1	25.0%
On-Demand Streaming (Ad-Supported)⁵	\$220.0	\$294.8	34.0%

TOTAL DIGITAL VALUE

	\$4,370.3	\$4,510.3	3.2%
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Synchronization Royalties⁶

	\$189.7	\$189.7	0.0%
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Physical

(Units Shipped)			
CD	172.2	144.1	-16.3%
(Dollar Value)	\$2,123.5	\$1,854.1	-12.7%
CD Single	0.6	1.0	60.1%
	\$2.4	\$3.8	57.3%
LP/EP	9.4	13.2	41.0%
	\$210.7	\$314.9	49.4%
Vinyl Single	0.3	0.5	61.4%
	\$3.0	\$5.9	99.2%
Music Video	4.7	4.1	-13.4%
	\$104.7	\$90.5	-13.6%
DVD Audio	-0.1	0.1	-221.8%
	-\$0.5	\$2.1	-531.5%
SACD	0.0	0.0	-33.3%
	\$1.0	\$0.8	-22.0%
Total Physical Units	187.2	163.0	-13.0%
Total Physical Value	\$2,444.8	\$2,272.2	-7.1%

Total Retail Units	159.1	142.6	-10.4%
Total Retail Value	\$2,267.8	\$2,132.9	-5.9%

TOTAL DIGITAL AND PHYSICAL

Total Units⁷	1,684.6	1,516.1	-10.0%
Total Value	\$7,004.8	\$6,972.2	-0.5%

% of Shipments⁸	2013	2014
Physical	36%	34%
Digital	64%	66%

Retail Value is the value of shipments at recommended or estimated list price

Formats with no retail value equivalent included at wholesale value

Note: Historical data updated for 2013

¹ Includes Singles and Albums

² Includes Master Ringtones, Ringbacks, and prior to 2013 Music Videos, Full Length Downloads, and Other Mobile

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 subscribers 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

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