

Methodology and Sources

METHODOLOGY

- **Trade value:** also known as wholesale value, trade value refers to record companies' revenue from the sale/licensing of recorded music products and content to Digital Service Providers domestic retailers/intermediaries, net of discounts, returns, taxes and sales allowances. Premium sales (physical and digital) are included. Promotional goods, non-music/non-sound recording artist related income, deletions, cut-outs, distribution fees and income from legal settlements from anti-piracy cases are excluded. All analysis, growth and trends, are based on trade value unless otherwise stated. Figures are provided by record companies to IFPI for the respective markets. The IFPI National Groups in the respective markets apply a 'coverage factor' to the figures to account for non-reporting companies, therefore representing 100% of the market.
- **US \$ values:** local currency values are stated at independently sourced 2019 exchange rates. IFPI restates all historic local currency values on an annual basis. Market values can therefore vary retrospectively as a result of foreign currency movements.
- **Digital:** includes permanent downloads, subscription audio streams income, ad-supported audio streams income, video streams income, mobile personalisation and other digital. Excludes minimum guarantees (breakage) unless specifically stated on the relevant country page.

STREAMING:

- **Subscription audio streams revenues:** income from audio subscription services premium tier and from subscriptions bundled with other services (e.g. subscriptions to Apple Music, Spotify Premium, QQ Music VIP, or subscriptions bundled with a mobile phone contract). Includes the sale of tethered downloads if purchased as part of an audio streaming subscription, where the downloads are only available during the subscription period.
- **Ad-supported streams revenues:** income from the free tier of audio subscription services e.g. the free and advertising-supported tier of Spotify, Deezer, or Kugou. This category also includes global deals with social media DSPs and other non-categorised revenues such as semi-interactive digital radio service revenues (e.g. Pandora) and cloud income.
- **Video streams revenues:** income from video streams monetised by advertising or subscription models (e.g. YouTube official videos or VEVO).

Streaming category revision in 2016: IFPI revised streaming categories in the 2016 calendar year. In years prior to 2016, IFPI collected streaming revenue under two categories: paid subscriptions and freemium streams income (the revenue from digital streaming services); and ad-supported streams income (revenue from audio or video streams monetised solely by ad-supported models). For 2016 onwards, streaming income was split into the three categories defined above (subscription, ad-supported and video streams). Income from years prior to 2016 could not be restated into the three revised categories. The three streaming categories introduced in 2016 do not correspond exactly to either of the two categories used in 2015 and earlier years. As such, year-on-year comparisons should only be made between the total streaming sector rather than individual streaming categories.

- **Downloads:** may be referred to as 'permanent downloads'. A sale delivered online, via mobile network or kiosk, and sold under a pay-per-transaction (or use of pre-pay). Includes audio single tracks, audio full albums, and music videos and other downloads.
- **Mobile personalisation and other digital:** includes master ringtones, ringback tones, and other personalised mobile products such as greetings, dedications and voicetones.
- **Physical:** includes sales of all physical formats, including physical singles, CD, vinyl and other (e.g. cassette, mini disc, and pre-loaded physical devices). CD sales ordered via the internet (e.g. via Amazon) are reported as physical sales.
- **Performance rights revenues:** income collected by recording industry music licensing companies from third parties for the use of sound recordings and music videos in broadcasting (radio and TV), public performance (nightclubs, bars, restaurants, hotels) and certain internet uses, as well as private copying levy income.

Note: in 2015 and for all subsequent years, IFPI amended the methodology and scope of its coverage of performance rights revenues globally and for the US:

→ Globally, performance rights revenues now refer to collections by music licensing companies for the use of sound recordings and encompass performers' and record companies' shares for such collections. Performance revenues reported by IFPI refer to all revenue actually received on MLCs' accounts during the relevant year.

→ In the US, SoundExchange collections for internet uses are reported under "Mobile personalisation and other digital". Collections from digital satellite radio and other sources are reported under "performance rights". This reflects the fact that a significant proportion of SoundExchange revenues comes from personalised or semi-interactive digital radio services (such as Pandora) that are elsewhere reported directly by the companies under "digital" revenue. As such, US performance rights now exclude SoundExchange's collections from simulcasting, webcasting, and semi-interactive digital radio services such as Pandora.

- **Synchronisation revenues:** flat fees or royalties from the use of sound recordings in TV, films, games, and adverts. Figures under this category refer to gross income to the music company generated within the territory, irrespective of repertoire source.
- **Top songs and top albums:** the national top songs and top albums published on country pages are supplied depending on the basis of the chart available from the local IFPI National Group. For further details of what formats are included in each national chart please contact the local IFPI National Group.
- **Rounding:** figures are subject to rounding, which may affect overall totals and percentages.
- **Revisions and updates:** some figures presented in this publication may differ from previous years due to revisions and updates or due to better information becoming available.

SUBSCRIBER NUMBERS

IFPI agreed a methodology for the calculation of streaming subscription numbers with international representatives from each of its major members (Sony Music Entertainment, Universal Music Group and Warner Music Group), which is consistent with previous years. IFPI also works with streaming services to verify the accuracy of the figures.

SOURCES

- **IFPI Music Consumer Study 2019:** The MCS 2019 examined the music habits of 34,000 respondents across 21 countries in April-May 2019 and involved representative samples of internet users aged 16-64. The study was designed and analysed by IFPI with fieldwork conducted by AudienceNet. Further details and a report covering headline results from the study is available on the IFPI website.
- **GDP:** The World Bank: (<https://data.worldbank.org>) unless otherwise stated.
- **Population and language:** The CIA World Factbook (cia.gov/library/publications/the-world-factbook/) unless otherwise stated. The World Factbook is also used for the Taiwan GDP figure, which is not available in the World Bank dataset.
- **Smartphone Users:** BankMyCell (<https://www.bankmycell.com/blog/how-many-phones-are-in-the-world>).
- **Currency, exchange rates:** Oanda (oanda.com)
- **Information and technology indicators:** We Are Social (wearesocial.com)
- **National top songs and albums:** Local chart compilers and IFPI National Groups.
- **Top independent labels:** Lists are provided by IFPI National Groups based on market data available to them. Lists may include National Group members only or full market. Methodologies for compilation vary. Lists are alphabetic only and do not indicate market ranking. For further information about a specific national list, please contact the IFPI National Group direct.
- **Digital volumes:** IFPI National Groups, where available.
- **Global Recording Artist Chart, Global Top 20 Albums Chart and Global Top 20 Singles Chart:** Record companies.

IFPI figures may differ from the reports of local industry groups due to IFPI's required coverage adjustment or different basis of reporting.



FURTHER INFORMATION

The IFPI *Global Music Report 2020 - The Industry in 2019* was produced by IFPI's **Sales Reporting, Communications, and Insight and Analysis** teams. For further information visit www.ifpi.org or follow us on Twitter @IFPI_org

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