

By Alain Strowel, 27 September 2010

"Party's over for US music downloads": what could cheer up the music industry?



Today (27 Sept. 2010), the Financial Times, under the title "Party's over for US music downloads", reports that the online sale of music during the first half of 2010 is flat compared to the same period last year (in 2009, downloads were increasing at 13% a year, and in 2008, at 28% a year). The new figures provided by Nielsen, the research group, thus suggest that the market has reached a saturation point. Probably much earlier than expected (hoped) by the music industry. There might be many reasons for this. Is it because people have now migrated their music collections on their iPods or on other MP3 devices (and only new releases can be of interest to them)? Or is it because of the impact of music piracy (under this unfortunate term, there is a reality that only a few students ignore...)? The new data raises questions about the future of the music industry: what could cheer up the music groups? Will they have to further look to concerts, licensing or merchandise for compensating the decline in CD sales now that they apparently cannot rely on the rise of online sales?

This new data should as well be reconciled with other studies such as the PricewaterhouseCoopers annual ***Global Entertainment and Media Outlook: 2010-2014*** ([here](#)). Commenting on this PwC Outlook (which is not freely available), the Financial Times (15 June 2010) put forward more cheerful information for the music industry: apparently, the music industry "saw Asian rebound by 9 per cent last year". As for other industrial sectors, Asia shows the path to a bright future. Now the FT was also providing a reason for this Asian rebound: "thanks in part to South Korea's threat to cut off internet access for copyright infringers". South Korea has indeed implemented a system of ISP cooperation or "graduated response" comparable to the one that is just getting in place in France (the HADOPI system/law). Could there be a link between a more efficient enforcement system and a rebound of sales? Too early to judge, at least in France.

This will be one of the questions discussed at a Brussels conference scheduled for December 14, 2010. More to come on that event. In the meantime, we are left with numbers to think about.