

INTERNATIONAL MUSIC SUMMIT  
**IMS IBIZA**  
MAY 20-22, 2015  
HARD ROCK HOTEL IBIZA

# **IMS Business Report 2015**

## An annual study of the Electronic Music industry

by Kevin Watson

# The IMS Business Report 2015 covers five different aspects of the industry



## Music

Sales of tracks, albums and streaming by country



## DJs & Live Acts

Profiles of leading artists, including earnings and social media



## Clubs & Festivals

Popularity of festivals and clubs around the World



## Companies & Brands

Key players in industry, recent M&A activity and partnerships



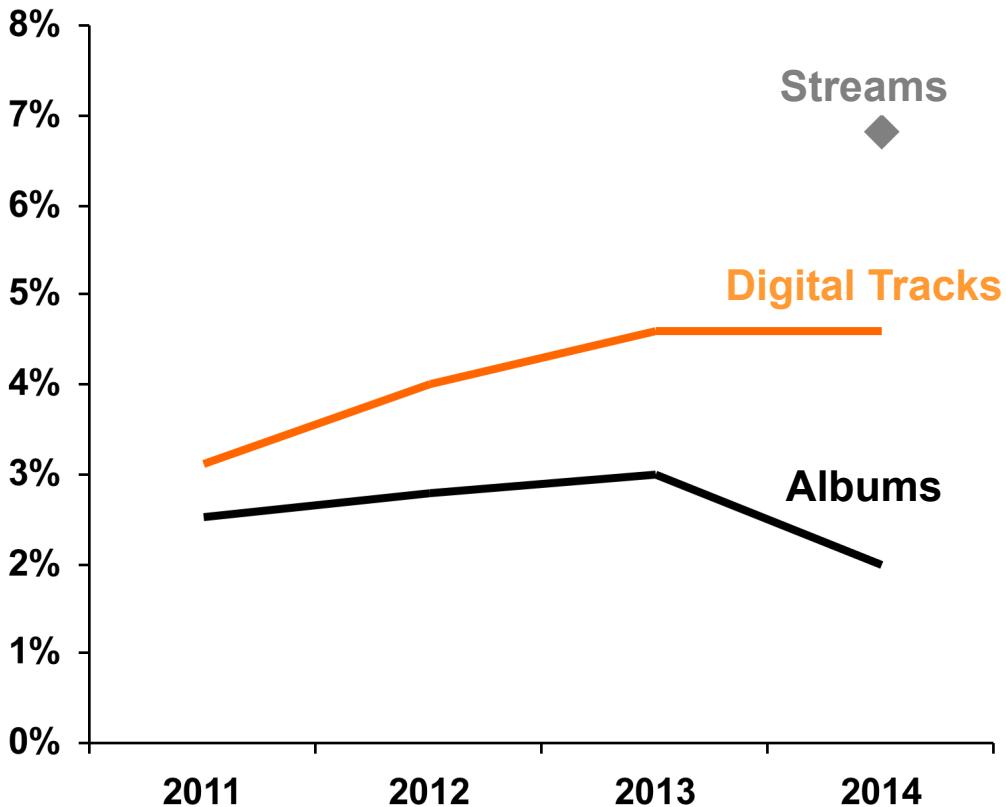
## Industry Overall

Updated estimate of value growth of Electronic Music globally

*Hint: follow the sections through the report by looking for the starred number at the top of each page*

# Dance share of US track sales in 2014 equalled all-time high, with even higher share of streams

Electronic / Dance Music Share of Sales by Format (USA)

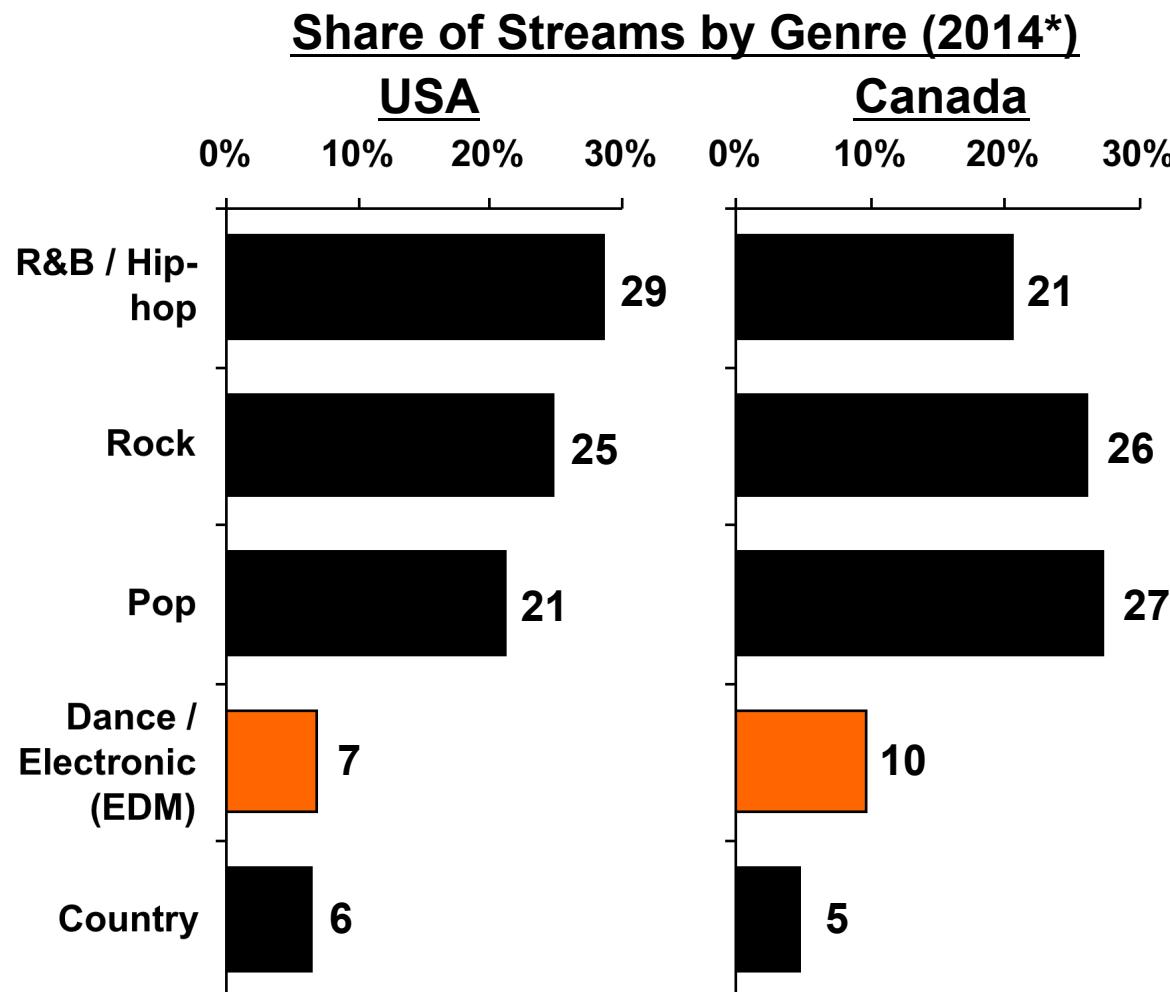


- Dance's share of digital track sales is now 1.5x the level it was in 2011, maintaining the 4.6% first achieved in 2013
- Album share slipped significantly in 2014, but this could well be a one-off
- In terms of streams, Dance significantly over-indexes, accounting for 6.8% in 2014

Source: Nielsen Music U.S. report

nielsen 3

# In both the USA & Canada, Dance is the 4<sup>th</sup> most popular genre for streams – higher than Country



- Dance accounted for 1 in every 10 streams in Canada in 2014
- In the USA, total streaming across all genres grew by 55% YoY, in comparison to album and track sales which both declined >11%
- Consumers listened to an estimated 12 billion Dance / Electronic streams in North America in 2014

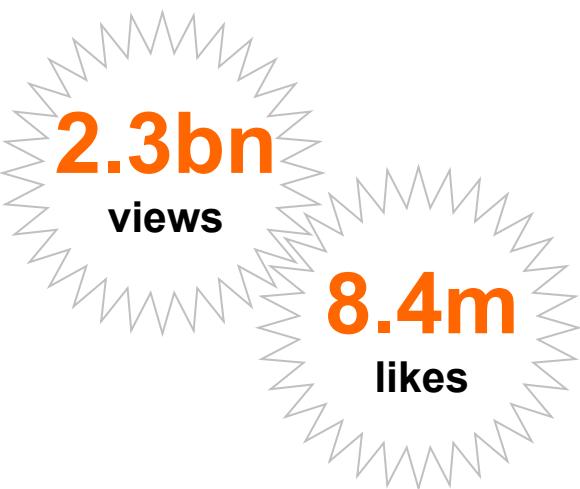
Note: \* For Canada, data from July-December 2014 only;

Source: Nielsen Music U.S. Report 2014; Nielsen Music Canada Report 2014; IMS Analysis

# The official videos of the Top 9 EDM tracks in 2014 generated over 2bn views on YouTube

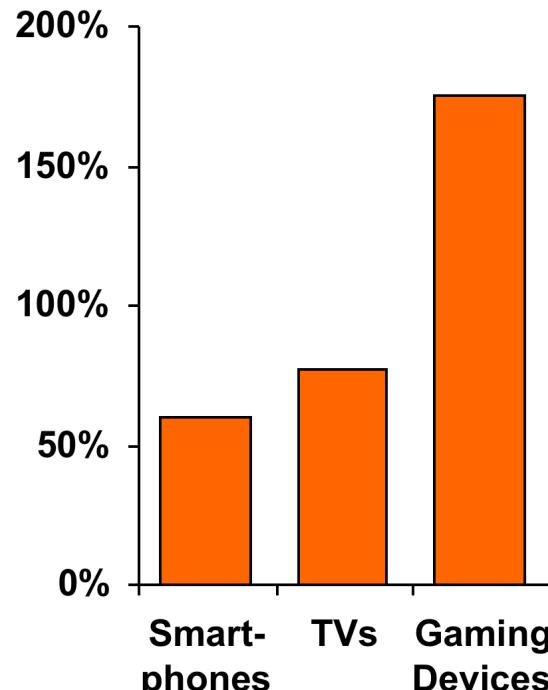
## Views & Likes

9 tracks on the Billboard Top 100 2014 were EDM – official videos of these tracks generated a huge number of views and likes on YouTube



## Subscriptions

Subscribers to EDM channels grew significantly in 2014



## Audiences

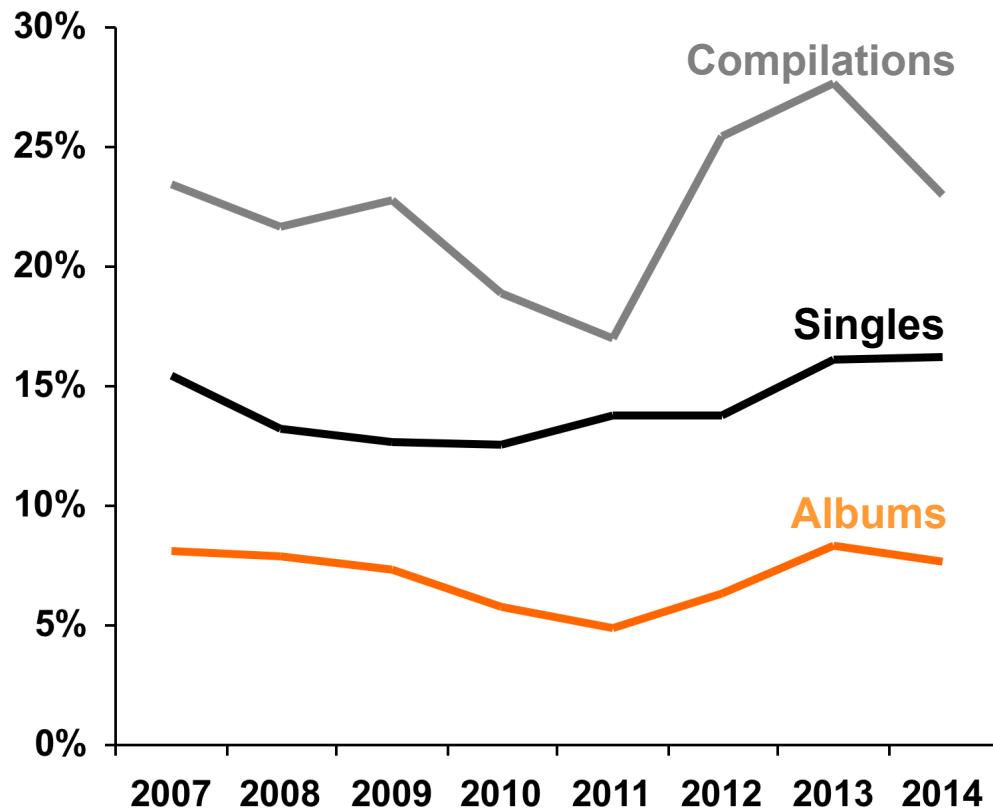
- EDM fans are more likely to be online
- Consumers less than 25 years old view most EDM content on YouTube
- Those between 25 and 34 years old were the EDM segment with highest growth in 2014
- Even interest in EDM on YouTube amongst 35 to 49 year olds grew 80% last year

Source: Think with Google – ‘Have You Heard of EDM?’ report

IMS Business Report 2015 by KevinWatson.net

# Dance's share of single sales in the UK reached an 8 year high in 2014

Dance Music Share of Sales by Format (UK)



Source: Official Charts Company / BPI, Spotify

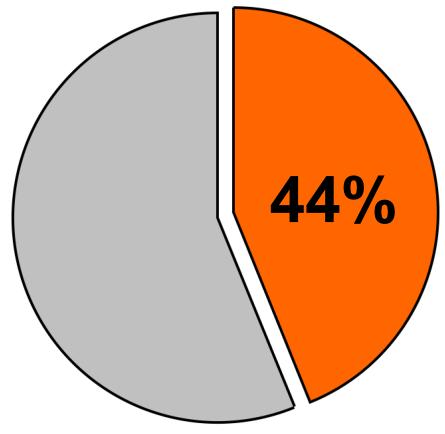
- Dance music share of singles grew slightly YoY in 2014, to the highest level since 2006
- 27 of the 100 top selling singles of the year were Dance, as were 1<sup>st</sup> and 3<sup>rd</sup> most streamed tracks on Spotify (Clean Bandit – Rather Be, Mr Probz – Waves)
- Share of Compilations and Albums dropped slightly, but the genre maintained position of 2<sup>nd</sup> and 3<sup>rd</sup> most popular, respectively

# Local DJs & Artists in South Africa dominated the domestic Airplay 100 chart in 2014

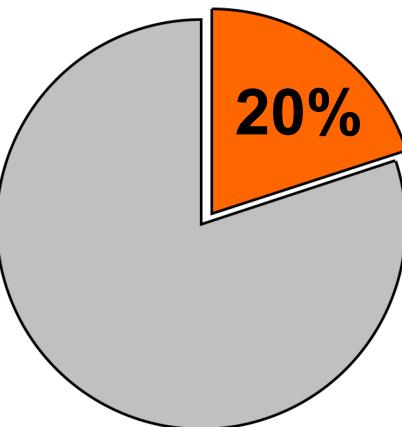
## South Africa Airplay Top 100 2014 by Genre

**INDICATIVE**

### Domestic



### International



Dance / Electronic



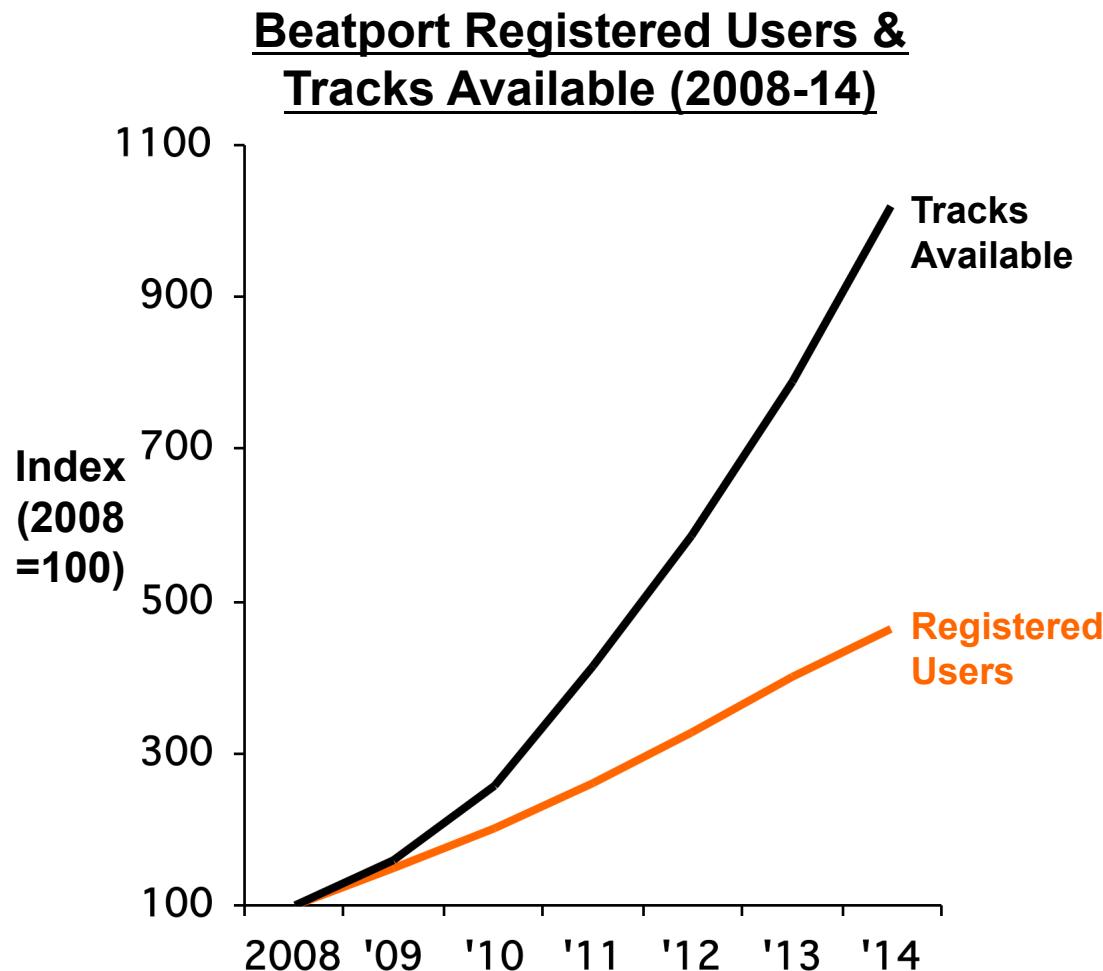
Other Genres



- Estimates suggest almost half of the Domestically produced records in the 2014 Airplay Top 100 were Dance / Electronic
- There are a number of successful South African DJs & Artists, including Spoek Mathambo, Das Kapital and DJ Kent
- Black Coffee in particular has built a sizeable global fanbase:
  - >1m Facebook fans
  - >700k Twitter followers
  - >25k Soundcloud followers
- For International tracks, one fifth were estimated to be Dance
- c.7% of best selling tracks were estimated to be from the genre

Source: Entertainment Monitoring Africa, Facebook, Twitter, Soundcloud, Industry Press, IMS Analysis

**There are now ten times more tracks available to download on Beatport as there were in 2008**

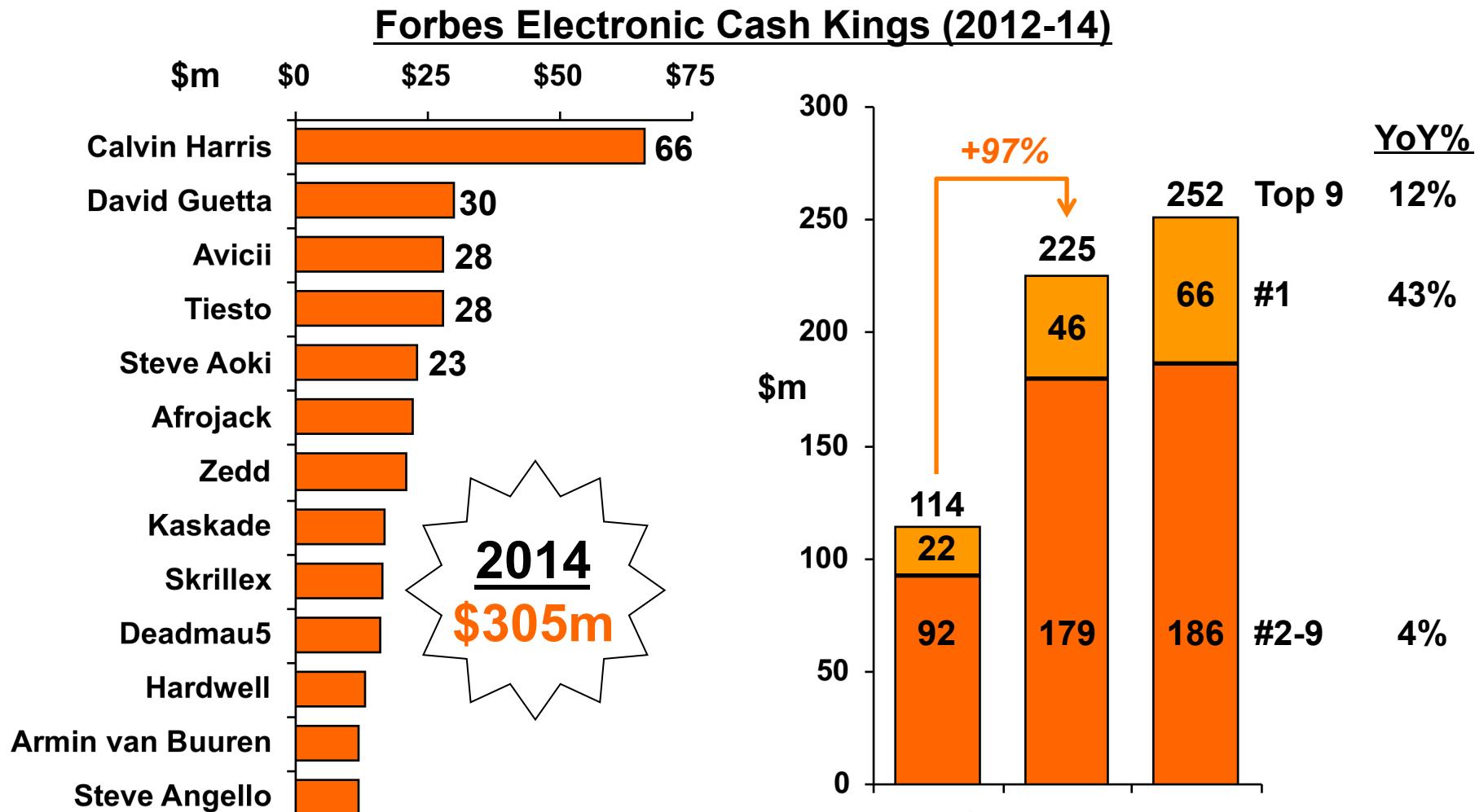


Source: Beatport



8

# Forbes data shows inflation in DJ Earnings slowed in 2014, except for #1 Calvin Harris (\$66m)



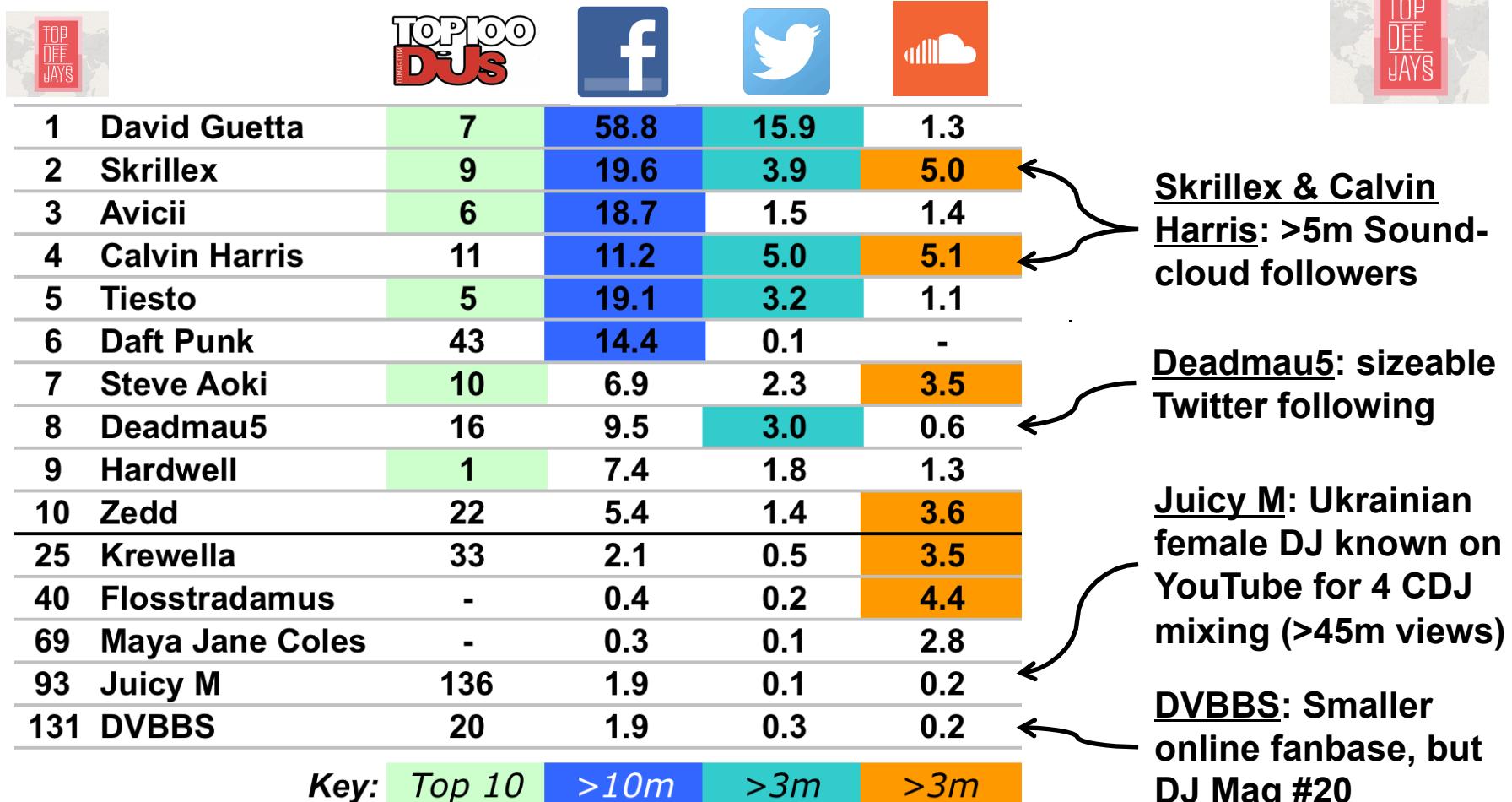
Note: \* Excludes DJ Pauly D  
Source: Forbes

Forbes

9

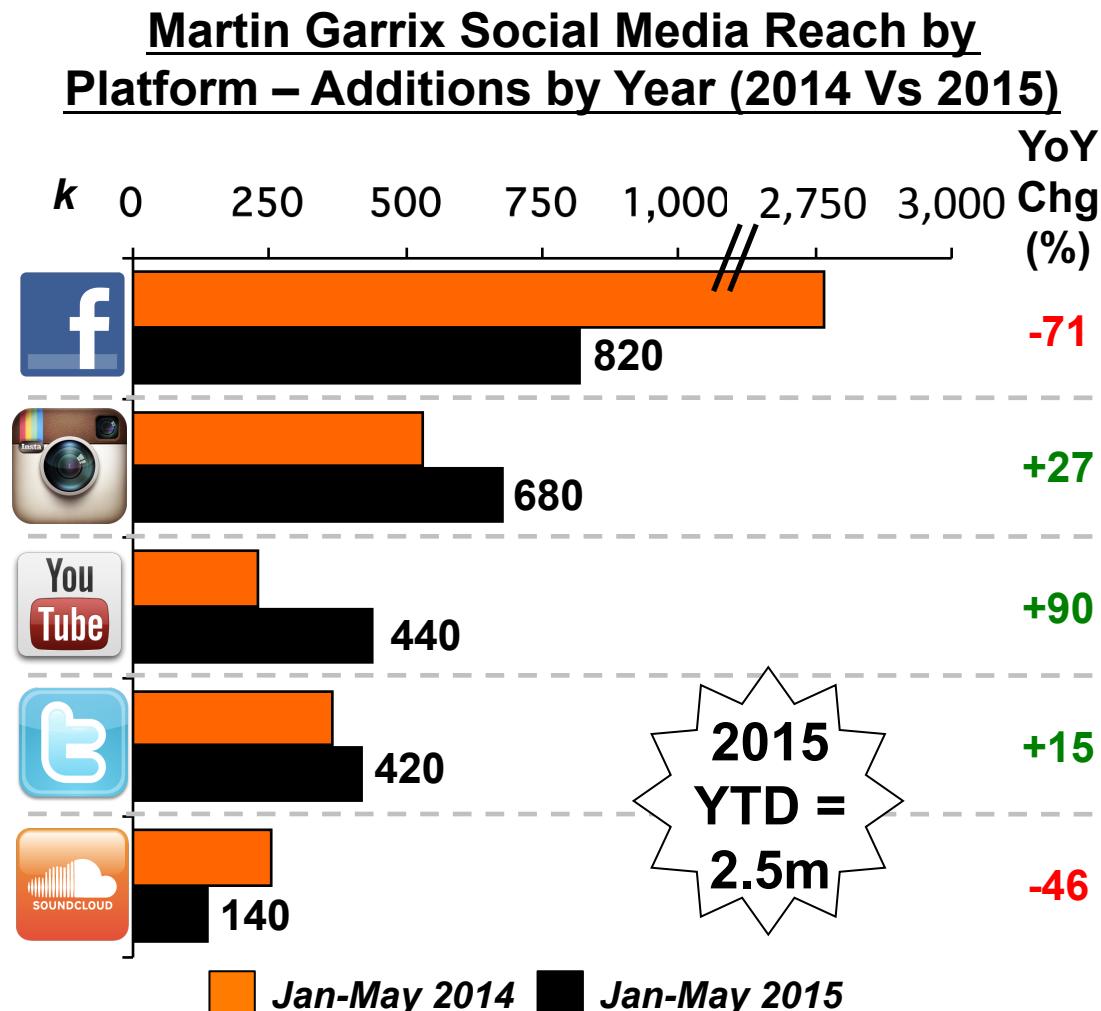
DJs are using different social media platforms, such as Soundcloud, to drive their popularity

### Topdeejays.com Highest Ranked DJs (May 2015)



Source: Topdeejays.com, DJ Mag Top 100, Facebook, Twitter, Soundcloud

# Martin Garrix continues to grow his online fanbase by c.22k a day, reaching over 17m users



Source: Next Big Sound, 5<sup>th</sup> May 2015

- Garrix has added almost twice as many YouTube subscribers in 2015 as 2014 (c.150k a month)
- His 2014 Ultra Music Festival performance received 1.3m views a year later in April 2015
- He has also grown Twitter and Instagram followers by a greater amount in 2015
- 54% of his fanbase is female
- In April 2015, he received most Twitter mentions from USA, Argentina, Spain, Philippines and Mexico

# The success achieved by Nervo could be helping other female DJs in Asia to gain popularity

## Celeste Siam

Country: 

Rank\*: 1

Facebook fans: 136k



## Nakadia

Country: 

Rank\*: 2

Facebook fans: 57k



## Lisa Bluestar

Country: 

Rank\*: 3

Facebook fans: 44k



## Nervo

Country: 

Rank\*: 1

Facebook fans: 3.2m



## Nicole Chen

Country: 

Rank\*: 2

Facebook fans: 199k



## Gayle San

Country: 

Rank\*: 3

Facebook fans: 68k



## Eva T

Country: 

Rank\*: 1

Facebook fans: 43k



Note: \* Topdeejays.com Facebook rank for country of origin, November 2014; \*\* Excluding Krewella

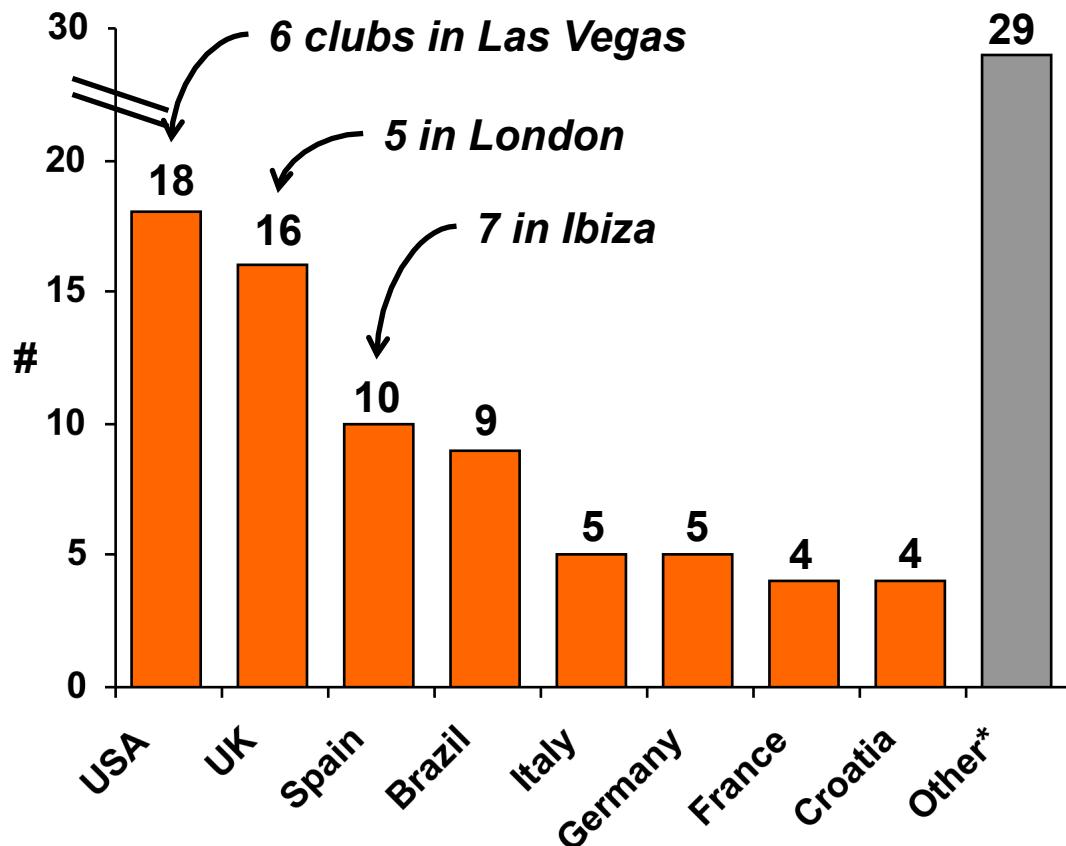
Source: Topdeejays.com, Facebook, Soundcloud, Twitter, YouTube, DJ Mag;



## Clubs & Festivals

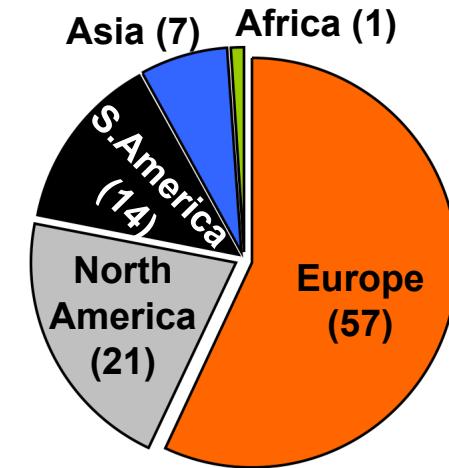
In the DJ Mag Top 100 Clubs 2015, European venues dominate, but 18 are in the USA, 6 in LV

DJ Mag Top 100 Clubs by Country & Continent (2015)



### INDICATIVE

- 18 clubs in 2015 Top 100 are in USA, including six Las Vegas venues, four in Miami, three in NY
- UK is next most represented country, followed by Spain – mainly thanks to seven venues in Ibiza being in the list

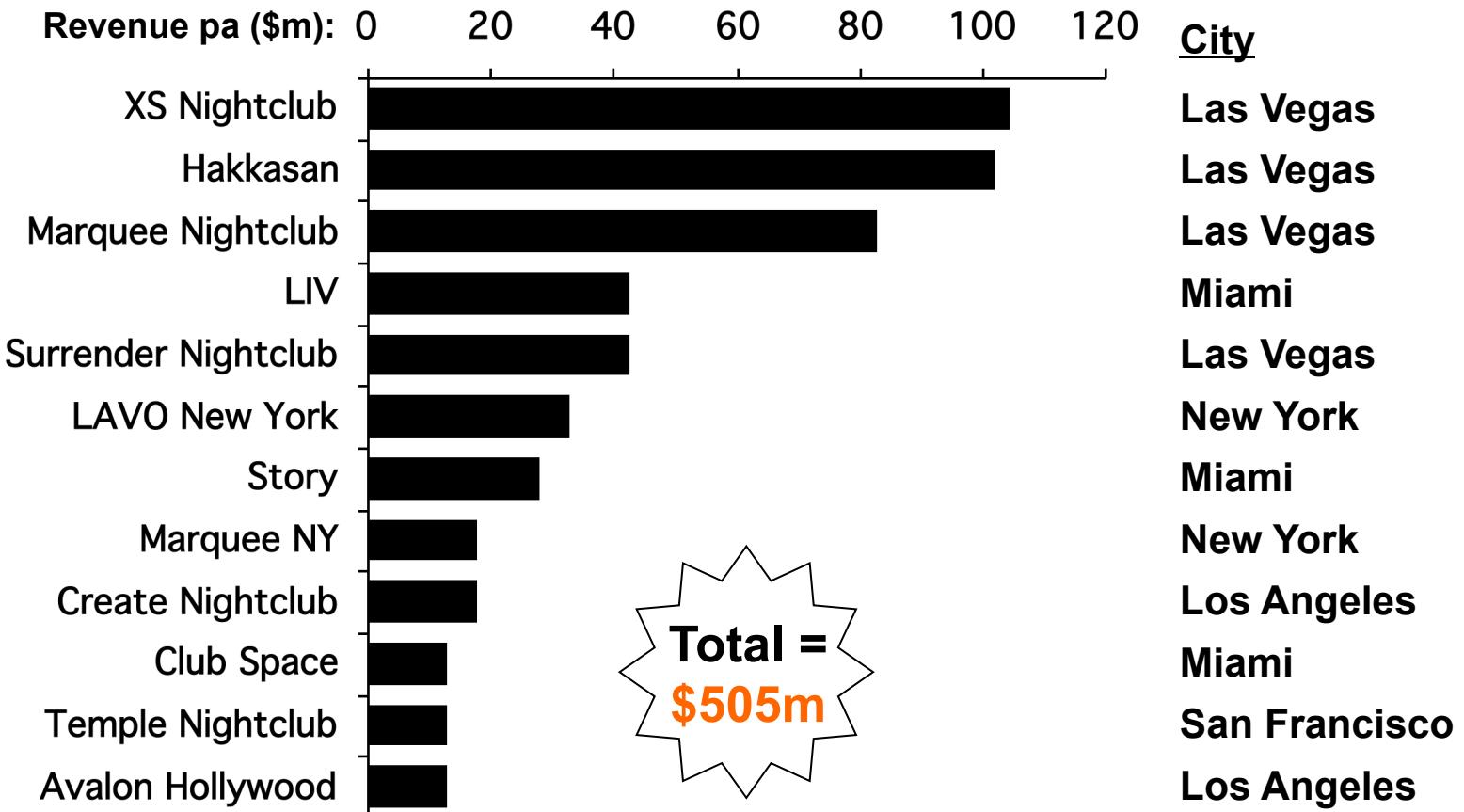


Note: \* includes Canada, Netherlands, Belgium, Cyprus, Bulgaria, Greece, Columbia, China, Japan, Malaysia, Egypt, Panama, Paraguay, Peru, Philippines, Portugal, Russia, Singapore, South Korea, India and Ecuador  
Source: DJ Mag Top 100 Clubs 2015

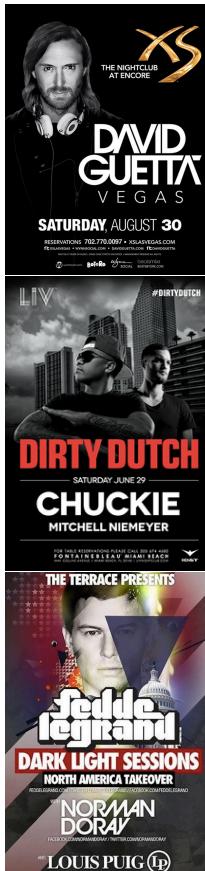
In 2014, the 12 largest Electronic Music clubs in the US generated half a billion dollars in revenue

**INDICATIVE**

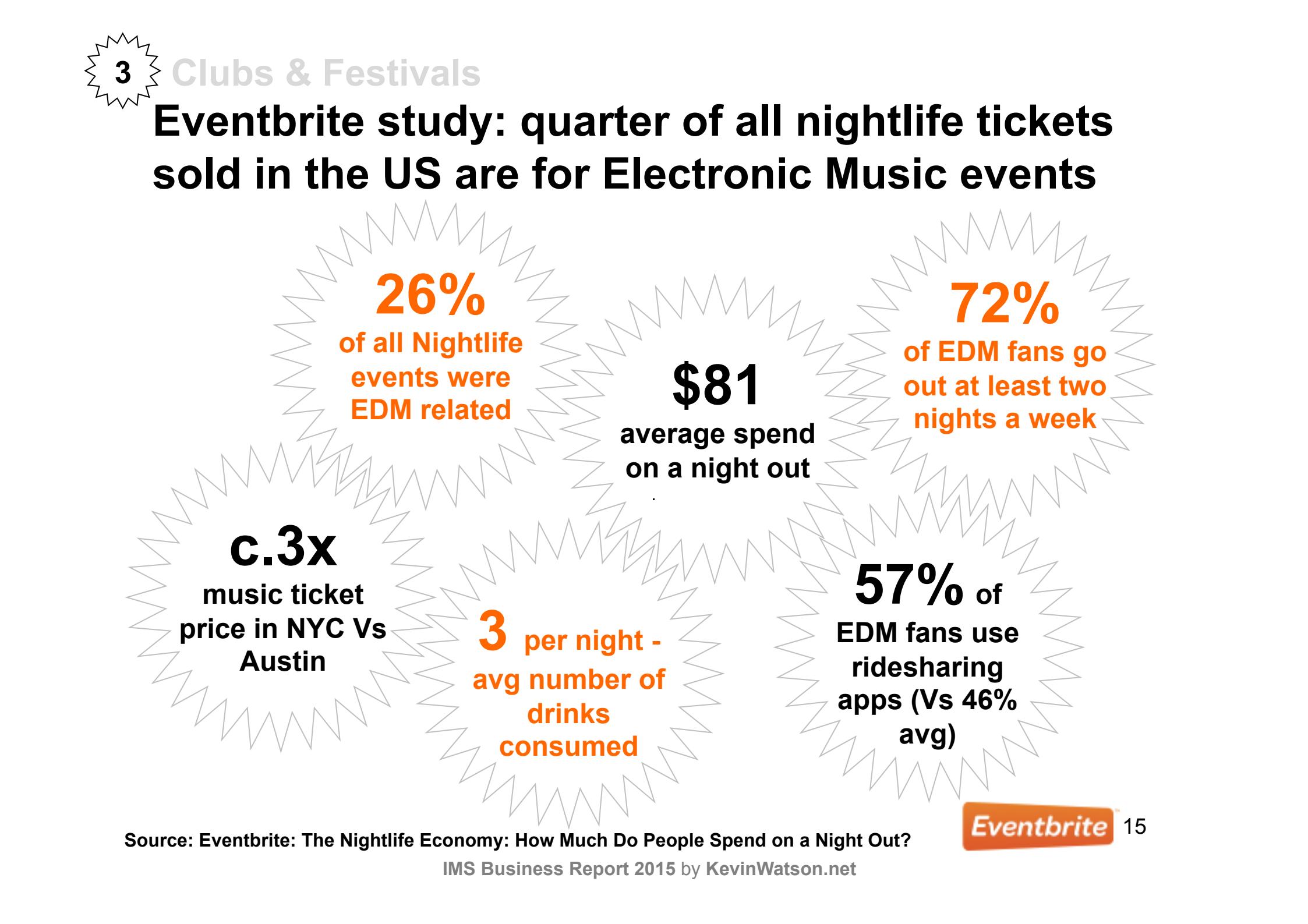
**Electronic Music Clubs in USA by Revenue (2014)**



Source: Nightclub & Bar Top 100 2015 (Low End of Range Shown)



## Eventbrite study: quarter of all nightlife tickets sold in the US are for Electronic Music events



**26%**  
of all Nightlife  
events were  
EDM related

**\$81**  
average spend  
on a night out

**72%**  
of EDM fans go  
out at least two  
nights a week

**c.3x**  
music ticket  
price in NYC Vs  
Austin

**3** per night -  
avg number of  
drinks  
consumed

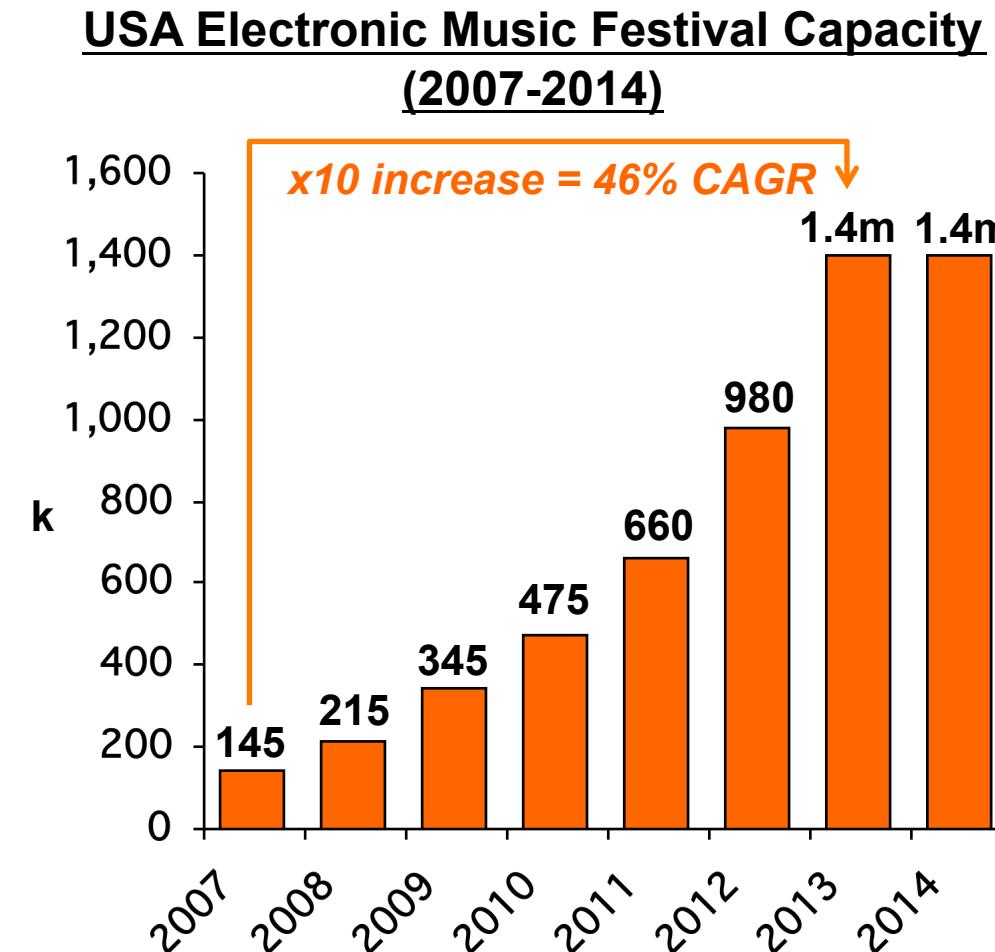
**57%** of  
EDM fans use  
ridesharing  
apps (Vs 46%  
avg)

Source: Eventbrite: The Nightlife Economy: How Much Do People Spend on a Night Out?

Eventbrite

15

# USA Festival growth has been huge since 2007, but levelled off in 2014, due to one weekend UMF



## INDICATIVE

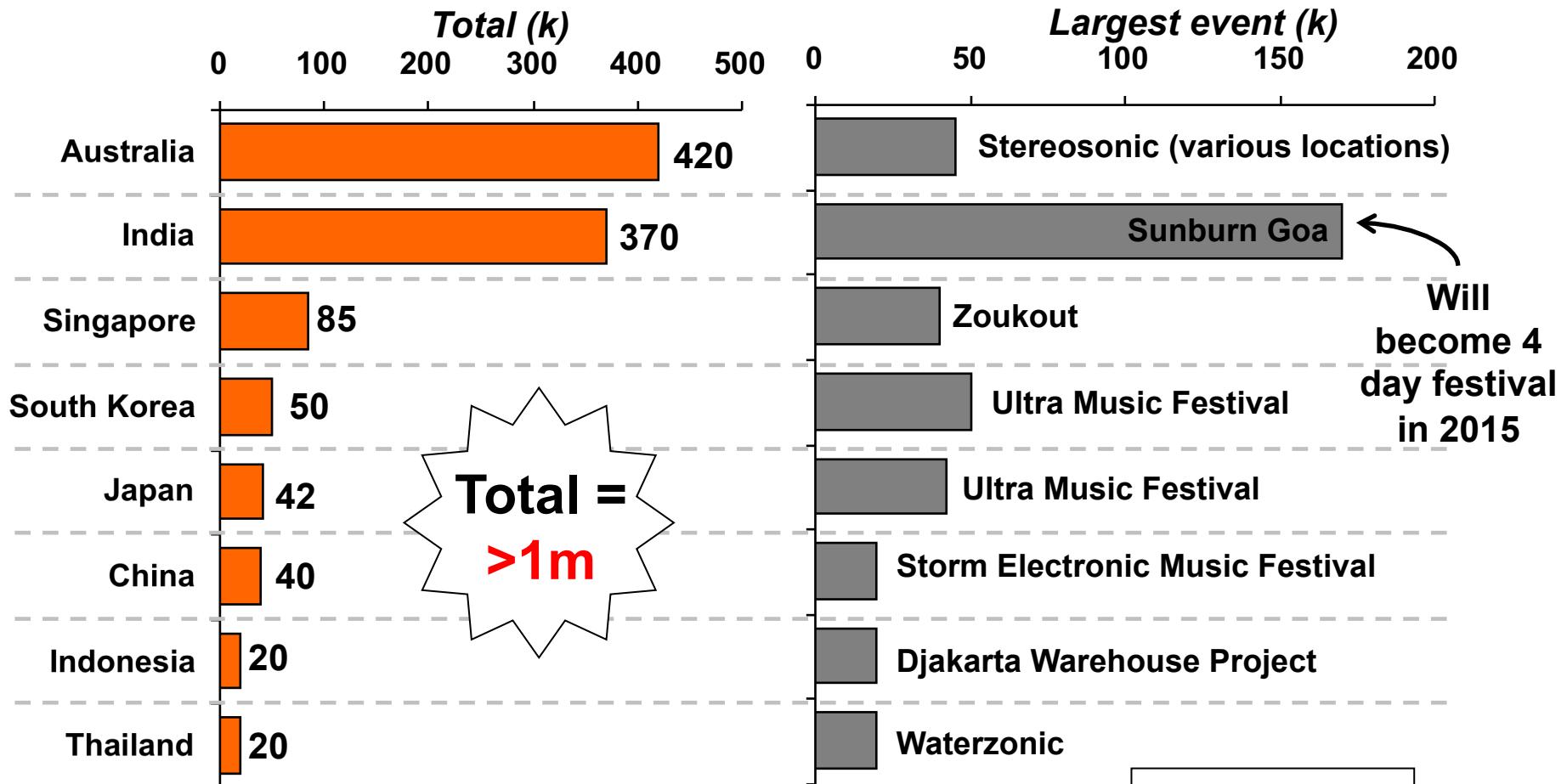
- Research suggests Electronic Music fans in the US are 13% more likely than average to attend a festival
- Many new festivals have entered the USA, including Tomorrowworld, Beyond Wonderland and Mysteryland
- However, attendance in 2014 remained flat YoY as UMF switched back to one weekend
- Despite being sold out in 2015, the price of early bird tickets for Ultra Festival 2016 have been lowered significantly to \$250 Vs \$450 full price, potential driven by feedback from fans

Source: event websites, Wikipedia, Resident Advisor, Billboard, Nielsen, industry press, IMS Analysis

IMS Business Report 2015 by KevinWatson.net

This year Asian festivals, including one of the biggest in the world, will host >1 million fans

Asia-Pacific Electronic Music Festival Attendance by Country (2014/15)

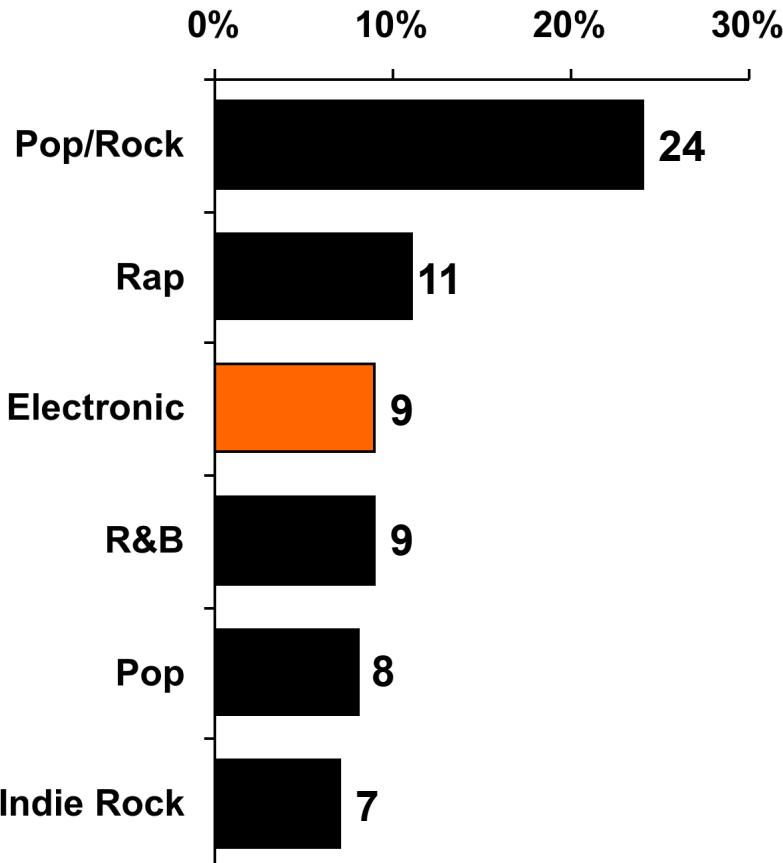


Note: October 2014 – October 2015 schedule used to calculate totals

Source: Electronic-festivals.com, event websites, Wikipedia, industry press, IMS Analysis

# Next Big Sound Annual Review shows Electronic is the 3<sup>rd</sup> most popular genre on social media

## Average Distribution Across All Social Media Platforms\* by Genre (2014)



- Electronic Music ranks 3<sup>rd</sup> in terms of distribution across all channels – behind only mainstream genres Pop / Rock and Rap
- Separate study by My Love Affair and Linkfluence found Twitter and Instagram were the two most active platforms
- Analysis from early 2015 showed the brands with the most mentions amongst EDM fans were:
  - Nike (15k)
  - Burn (10k)
  - Corona (15k)
  - Adidas (7k)
  - Samsung (14k)



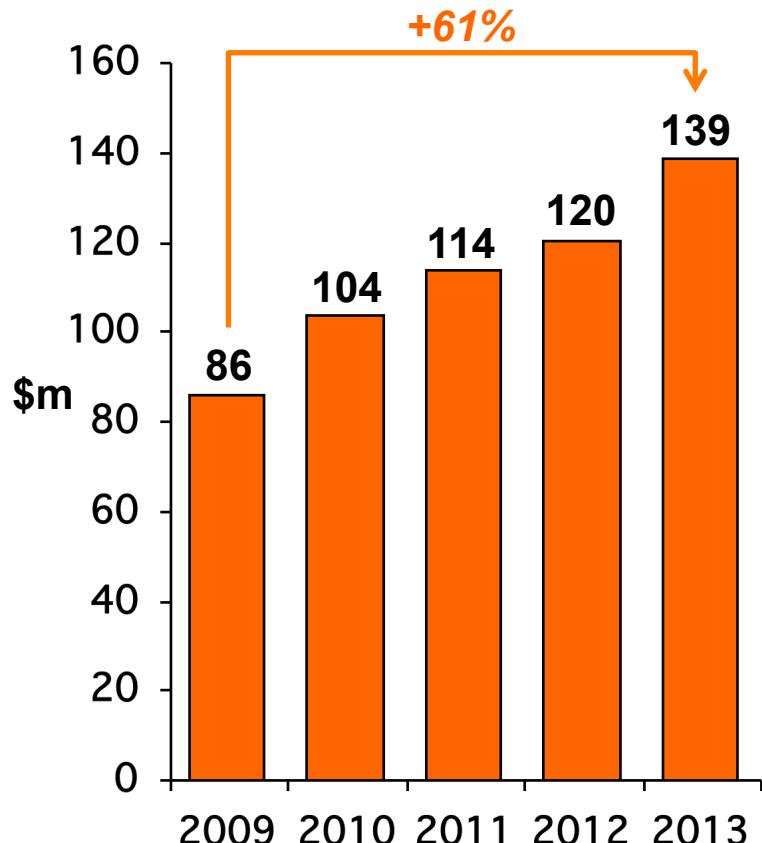
Note: \* Includes Spotify, YouTube, Vevo, Facebook, Twitter, Wikipedia, SoundCloud & Instagram

Source: Next Big Sound – 2014 Annual Review; My Love Affair & Linkfluence study, USA, from January 2015

## Companies & Brands

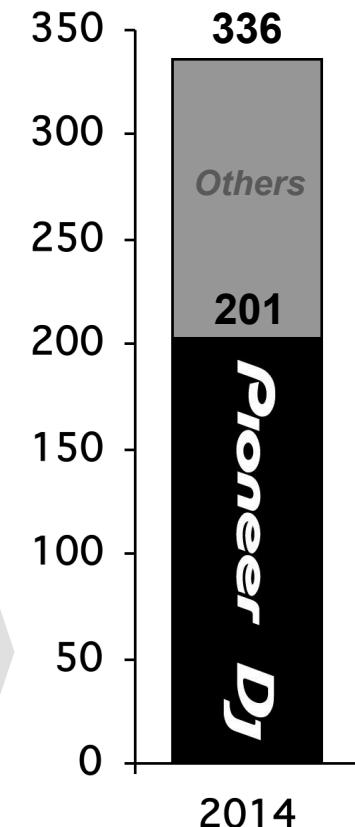
**Global DJ Product market is now worth nearly \$350m & US market has grown >60% since 2009**

**DJ Product Sales Value: USA**



**Worldwide**

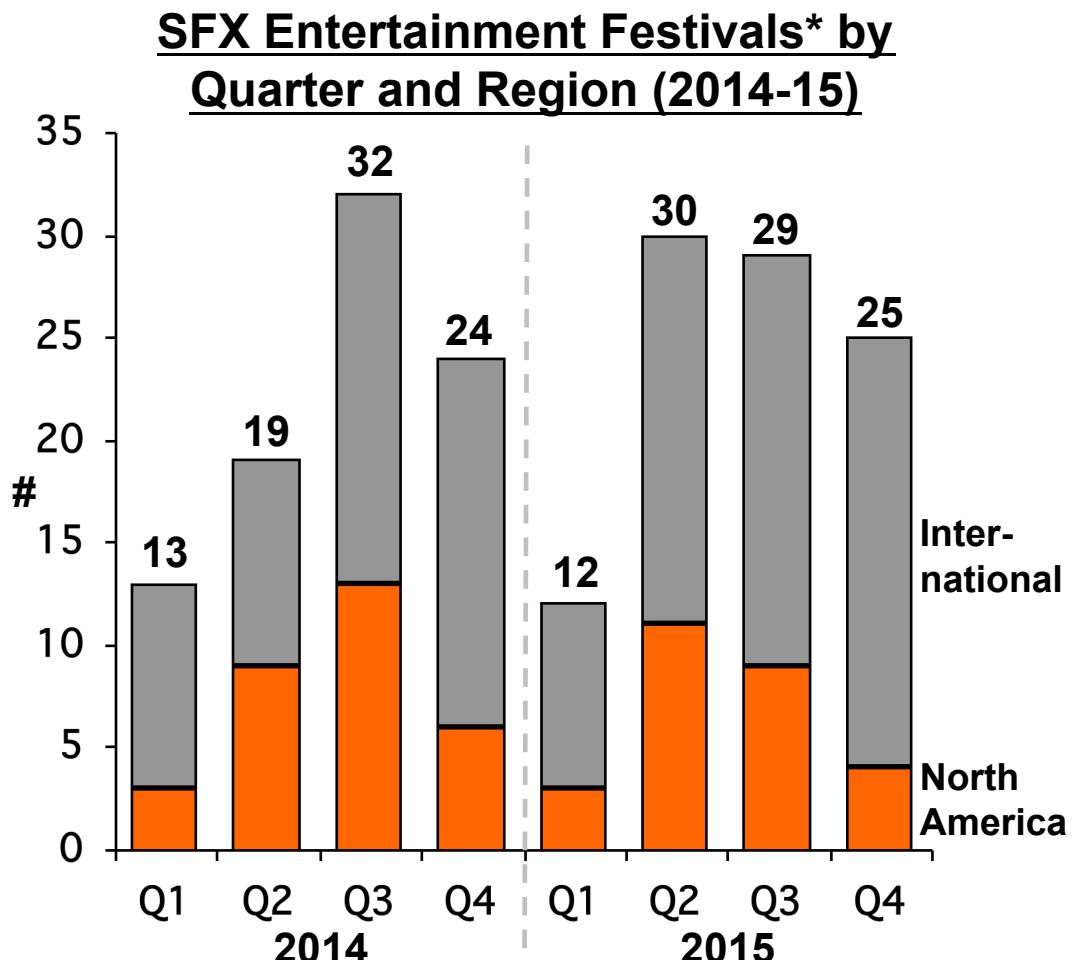
- US market grew 61% from 2009 to 2013 = c.13% pa
- Highest YoY growth in '13 was in Digital DJ Controllers (+38%)
- In addition, Computer Music Products segment worth \$360m in US in 2013 (across all genres)
- Overall, global market is estimated at \$336m
- Pioneer DJ purchase by KKR valued firm at \$550m
- Annual sales in 2014 of \$201m, gave Pioneer DJ a market share of c.60%



Source: NAMM, MI Salestrak, Reuters

IMS Business Report 2015 by KevinWatson.net

# SFX reported strong revenue growth for Q1 and continues to expand festival footprint



Note: \* Defined as having attendance capacity of 10,000 or greater

Source: SFX, Financial press, Industry Press

- SFX has continued to grow its festival footprint, including One Tribe in California and Bestival in Toronto
- 251 festivals and events took place in Q1 2015, attracting 751k attendees
- Like for like festival attendance and revenue were both up 1.2%
- Q1 2015 Live Revenue totalled \$40.2m, 77% of total SFX revenue, which overall grew 56.6%
- For the whole of 2015, planned festivals and events are expected to have an attendance capacity of c.6m



# In March 2015 alone, both Live Nation and AEG made further moves into the EDM festival market



- Acquired a majority stake in Swedish EDM promoter Stureplansgruppen (SPG) Live
  - Gives LN access to many events in region, including the 100,000 capacity Summerburst Festival
- Signed a 26 festival partnership with Smirnoff
  - Includes major EDM franchises Electric Daisy, HARD and Wonderland
- HARD Events continued their expansion by announcing the goHARD tour covering 5 US Cities



- Entered the EDM Festival scene with the launch of the CRSSD festival in San Diego
  - Estimated 15,000 attendees over two days
  - Partners included 'All Gone Pete Tong' and 'LED Presents'



Source: Industry Press



## Companies & Brands

# DJs are now endorsing high-end brands, competing with other well-known celebrities

**Nervo** are Ambassadors for the 'Don't Crack Under Pressure' campaign, alongside Maria Sharapova and Cara Delevingne



**David Guetta** teamed up with Mumm champagne for the Formula One-themed music video to his single 'Dangerous'



**Calvin Harris** became the face of Emporio Armani Underwear, eyewear and watches for their Spring/Summer 2015 campaign



**Avicii** recently teamed up with Volvo to launch a joint song and music video for their 'A New Beginning' campaign

Source: Industry Press, Company Websites

22

# It appears that Electronic Music has begun to truly penetrate mainstream culture in 2015

A TV Show...

**'The Ultimate DJ'**  
was officially  
launched by  
Yahoo, Syco &  
Ultra Music in  
April 2015



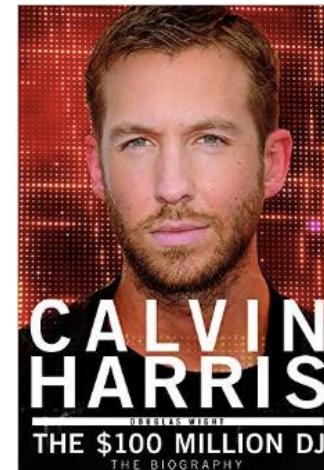
A movie...

**'We Are Your Friends'** starring  
Zac Efron is  
scheduled for  
release in August  
2015



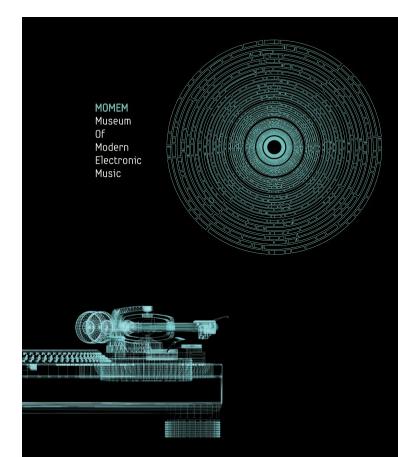
A biography...

**Calvin Harris:**  
The \$100 Million  
DJ by Douglas  
Wight has just  
been released in  
ebook format



A museum...

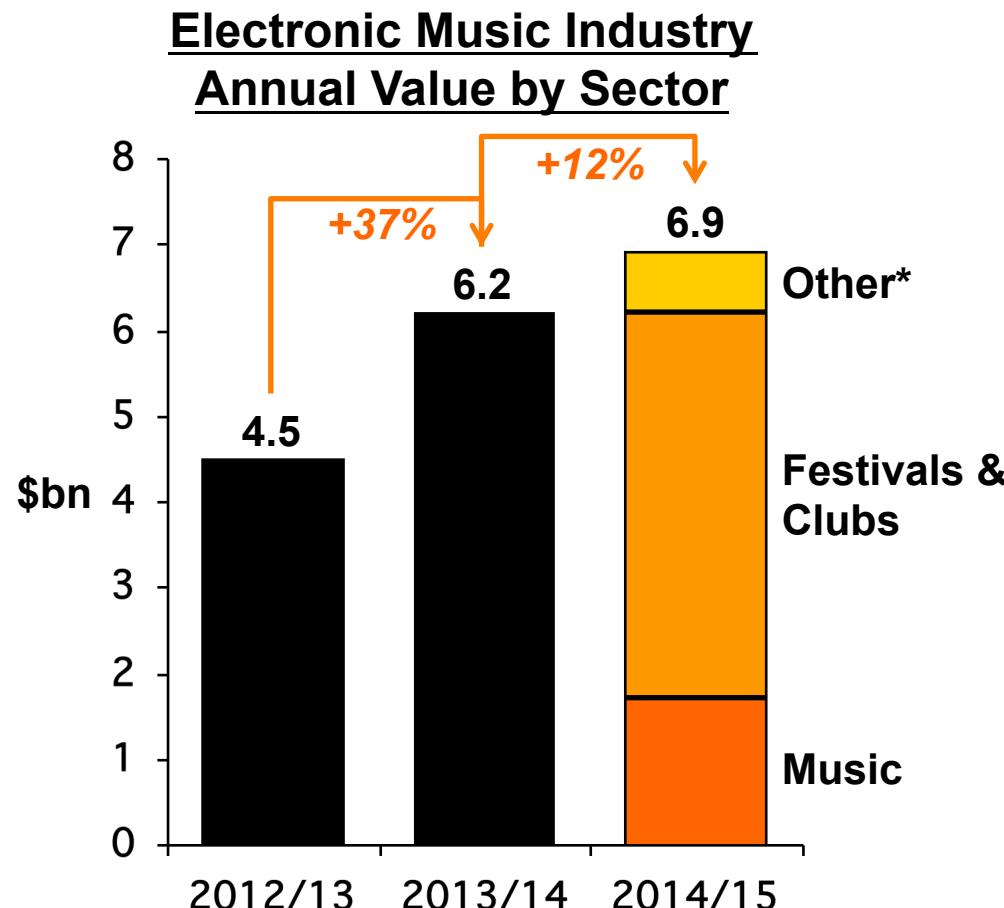
Plans announced  
for 'MOMEM –  
Museum of  
Modern  
Electronic Music'  
in Frankfurt



Source: Industry Press

## Industry Overall

We estimate the global **Electronic Music industry** has grown 12% YoY to \$6.9 billion



**INDICATIVE**

- By combining bottom-up and top-down approaches, the value of the industry has been estimated in each of the past three years
- Growth slowed in 2014 Vs 2013, with the industry reaching a value of \$6.9 billion per annum
- We estimate North America accounts for c.\$2 billion of the industry, and Asia-Pacific c.\$1 billion annually

Note: \* includes DJ Product and Software sales and DJ earnings from other sources

Source: Wikipedia, RIAJ, BPI, The Nielsen Company & Billboard's Music Industry Report, Google Research, Forbes, Economist, Official Charts Company / BPI, PWC, EVAR Advisory Services, UK Music, FT, Pioneer, SFX, CIA World Factbook, electronic-festivals.com, NAMM, MI Salestrak, Reuters, industry press, IMS Analysis

**Want to find out more? Contact us using the info below**



**Find out more about  
International Music Summits  
across the World, including IMS  
Ibiza, IMS Asia-Pacific and IMS  
Engage**

**Search 'International Music  
Summit' online**

**@IMSIbiza on twitter**

**dance<sup>·</sup>onomics**

**KWdotnet**

**Contact the author, download  
sources used in the report,  
browse other Electronic Music  
Industry insight, and join the  
community**

**Visit [www.danceconomics.com](http://www.danceconomics.com)  
online**

**@KWdotnet on twitter**