

INTERNATIONAL MUSIC SUMMIT  
**IMS IBIZA 10**  
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**MAY 24-26, 2017**  
**CONNECTING OUR CULTURE**

# **IMS Business Report 2017**

## **An annual study of the Electronic Music industry**

**by Kevin Watson**

# **IMS Business Report 2017**

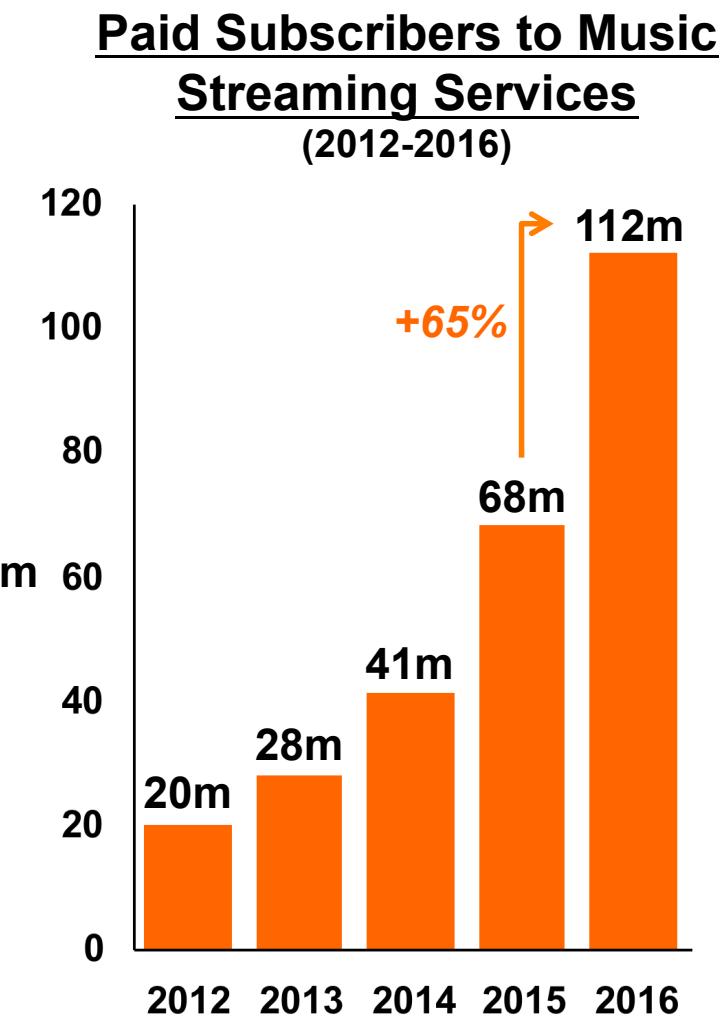
An in-depth review of the industry today, and a look back over the past decade in Electronic Music

- A. Music Sales & Genres**
- B. DJs & Live Acts**
- C. Clubs & Festivals**
- D. Companies & Brands**
- E. IMS Ibiza 10 – A Decade In The Industry**
- F. Industry Value**

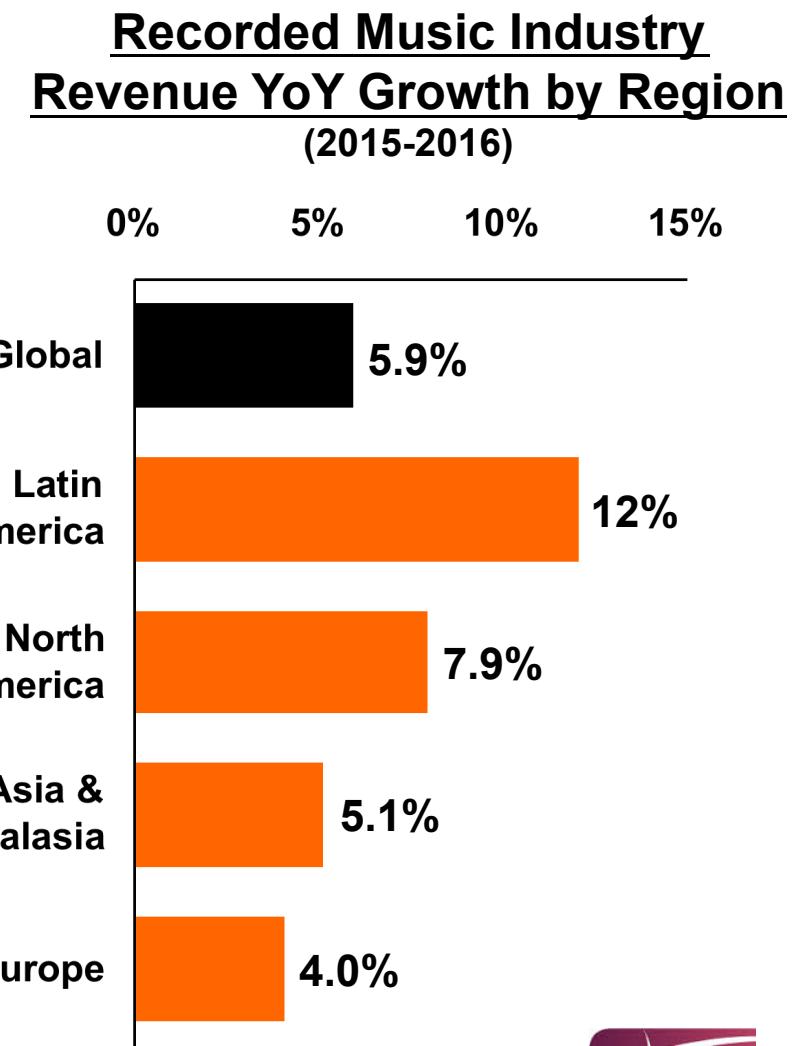
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# Streaming services and Latin American market continue to drive global music industry growth



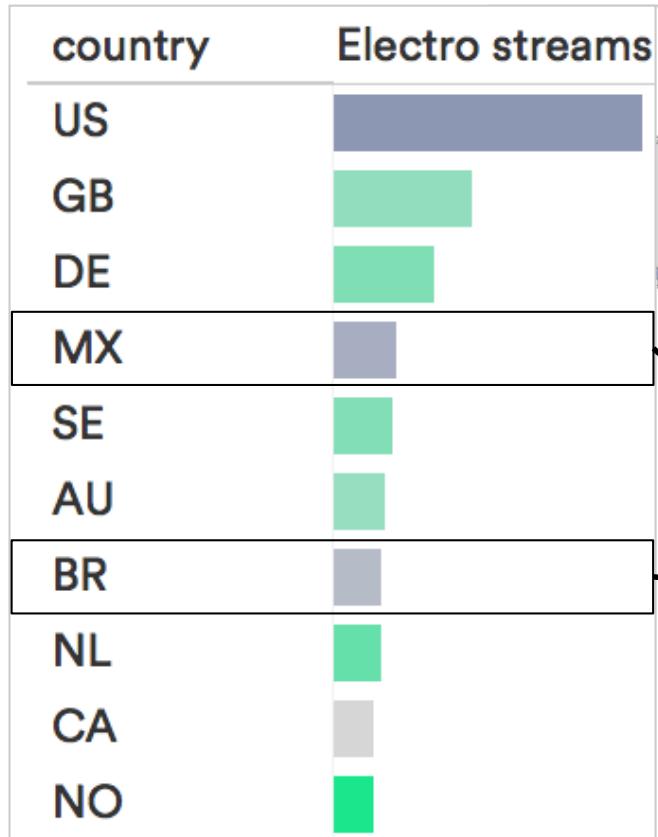
Source: IFPI



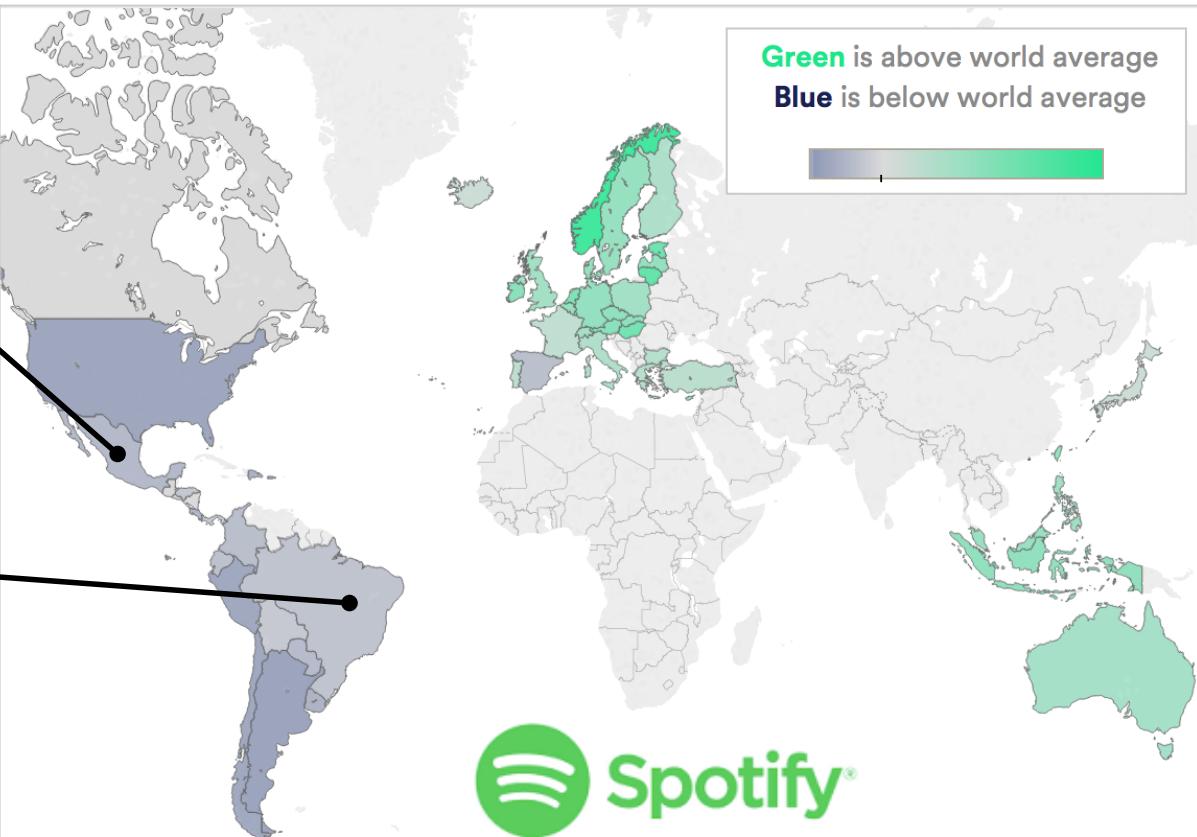
## A. Music Sales & Genres

**On Spotify Mexico & Brazil are in Top 10 for total electronic streams; Higher share in Europe & Asia**

**Total Electronic Streams**  
(2017)



**Share of Electronic Music Listening**  
(2017)



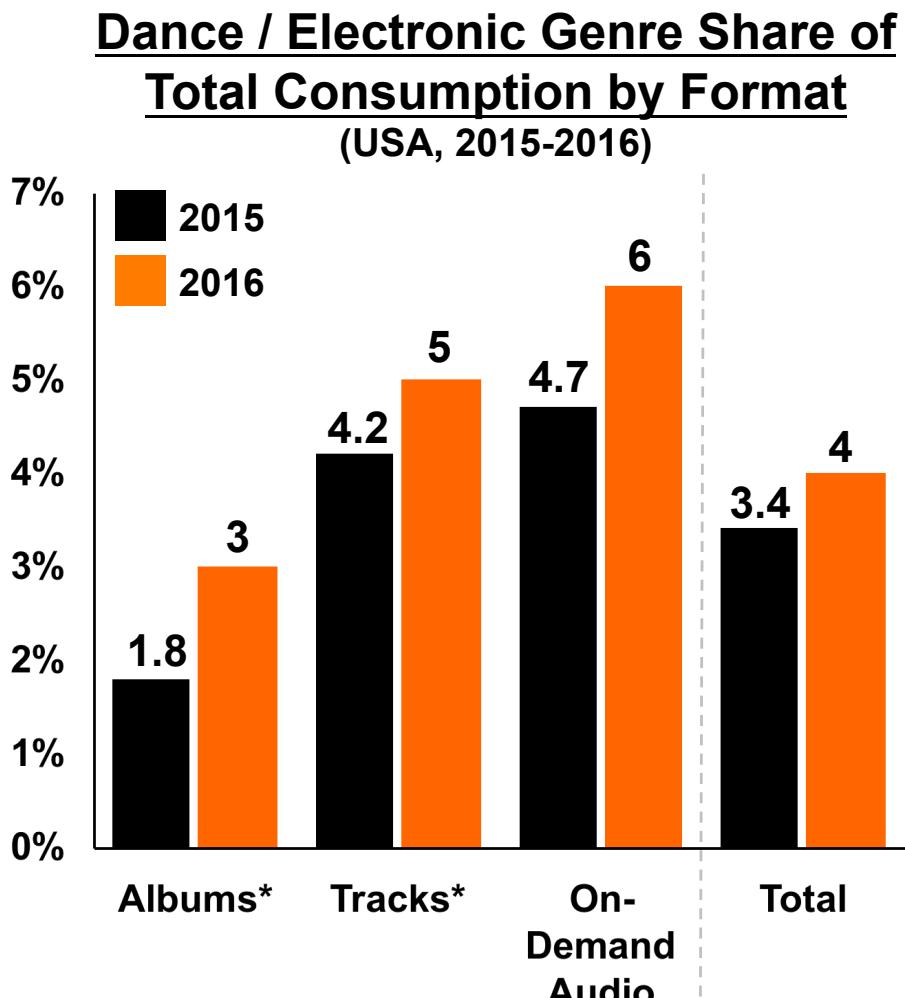
*Currently 12 billion Electronic music monthly streams on Spotify*

Source: Spotify

5



# Dance increased share of all formats in the USA in 2016, rising to be the 5<sup>th</sup> most popular genre



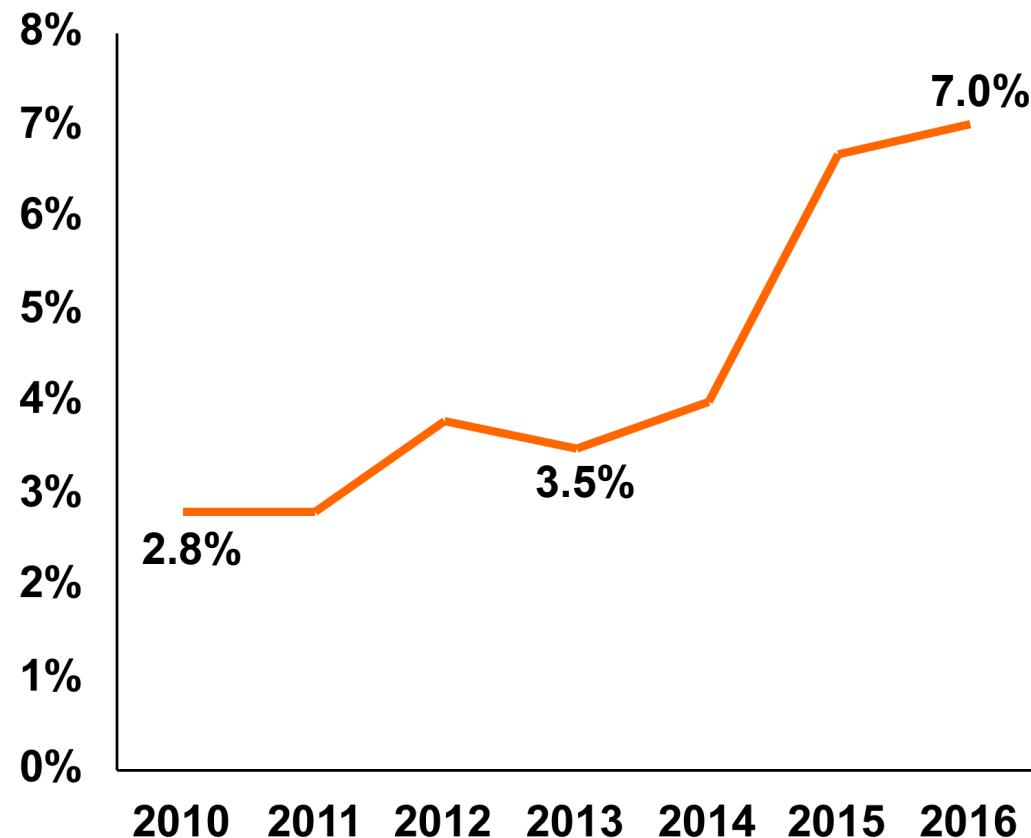
Note: \* Digital Albums & Digital Tracks used for 2016  
Source: Nielsen Music Year-End Report U.S. 2015 & 2016

- Dance share of total audio consumption increased to 4% in 2016 from 3.4% in 2015
- Genre moved above Latin to become 5<sup>th</sup> most popular overall, behind only Rock, R&B/Hip Hop, Pop and County
- For on-demand audio streaming, Dance is joint 4<sup>th</sup> most popular genre with a 6% share
- 57% of total Dance ‘sales’ are from streaming – the highest of any genre in the US



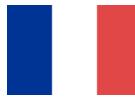
# In Germany, Dance share of sales reached an all-time high in 2016, double that of three years ago

## Dance Music Share of Turnover (Germany)



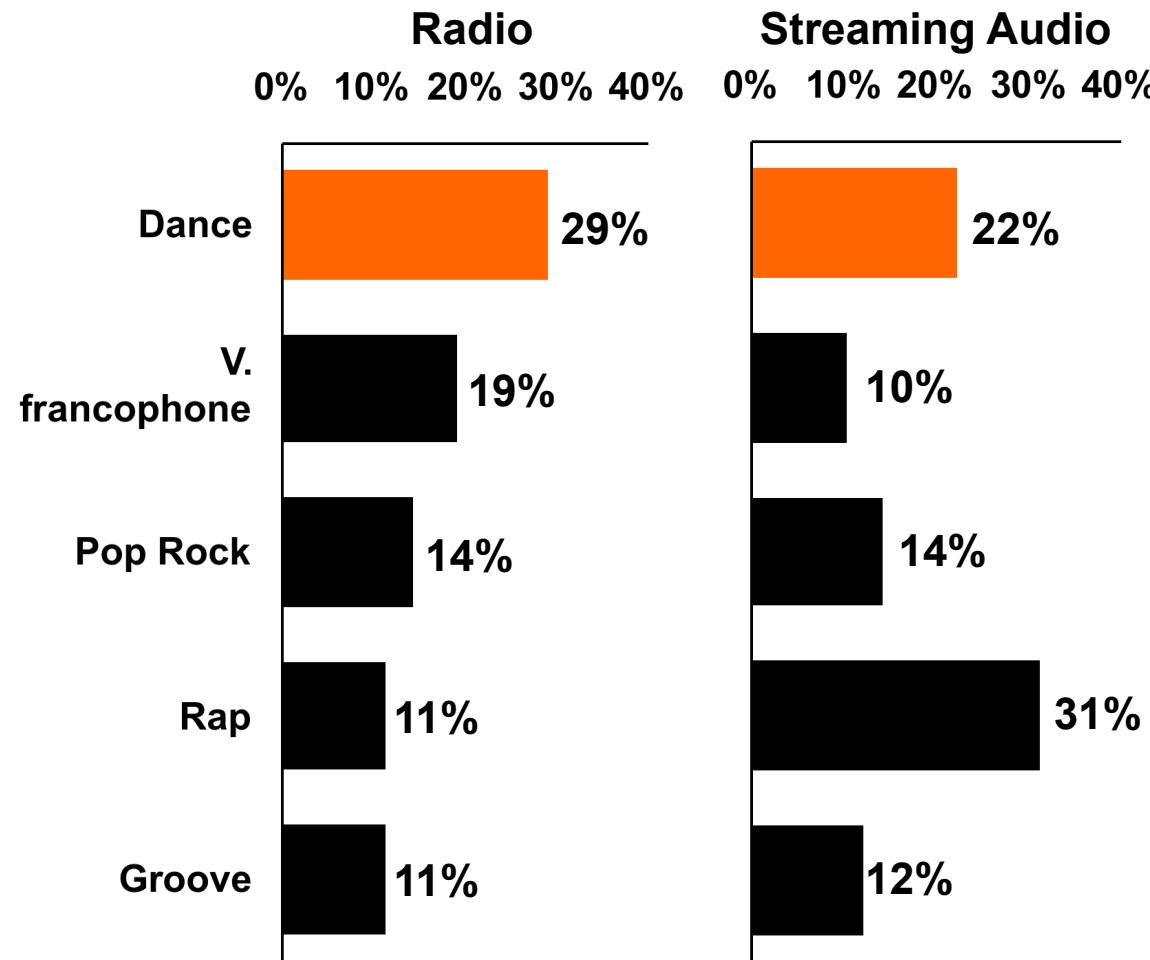
- Dance music share climbed to 7% in 2016, making it the fifth best-selling genre
- Share has grown in each of last three years, reaching double the level of 2013
- 58% of Dance music buyers less than 40 years old – highest proportion of any genre – next highest is Rock at 34%

Source: Bundesverband Musikindustrie (BVMI)



# Latest statistics from France show Dance was the most played genre on radio in 2015

Music Genre Share by Medium (France, 2015)

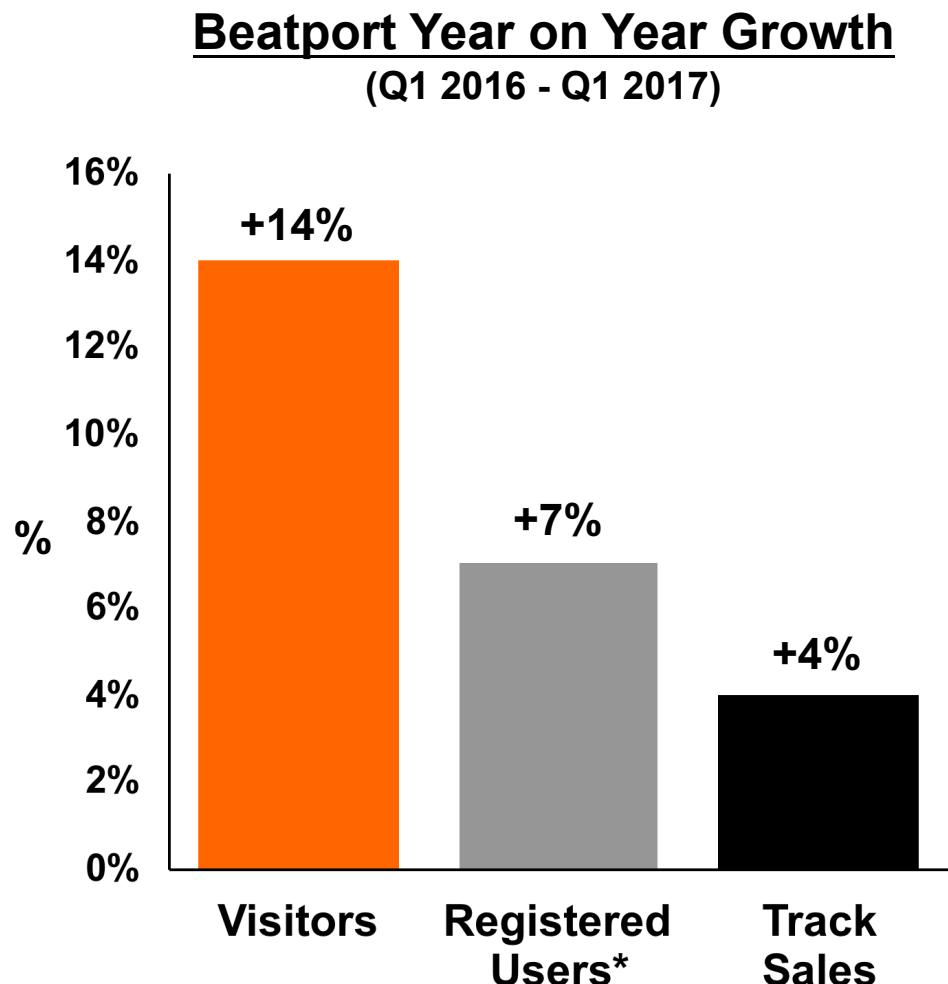


- On French radio in 2015, Dance was the most-played genre with a 29% share – 10% more than any other genre
- For streaming audio, Dance had the second highest share with 22%, only behind Rap
- Dance also secured a 13% share of streaming video, placing it third

Source: Economie de la Production Musicale – Edition 2016 – Syndicat National de l'Édition Phonographique (SNEP)



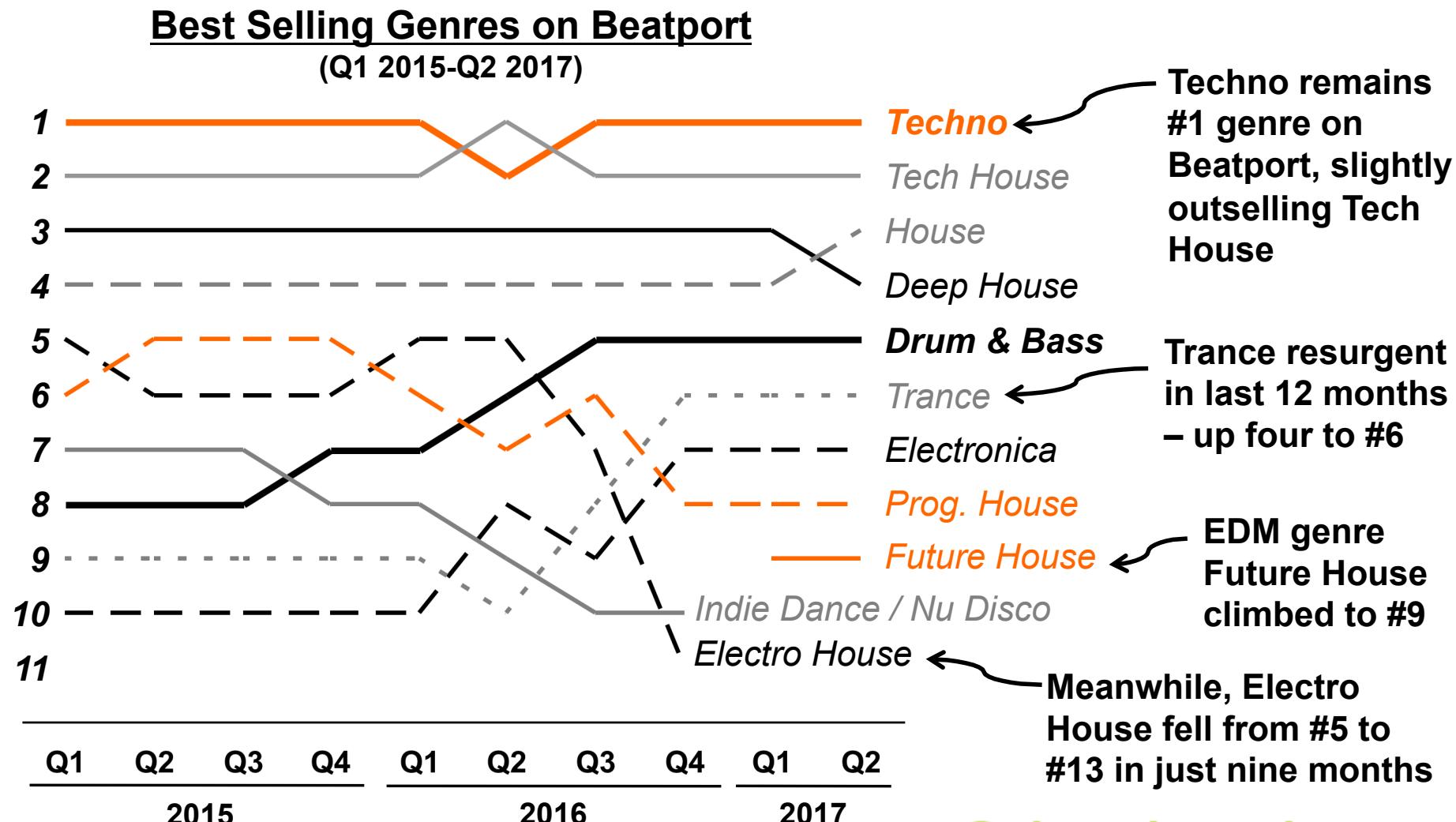
# Beatport has continued strong growth in 2017 and returned to profit as part of LiveStyle Inc.



- Beatport has delivered renewed growth and returned to being profitable in the first quarter of 2017
- Visitors, registered users and track sales have all increased compared to the same period in 2016
- Streaming service has been discontinued following restructure of parent SFX – now LiveStyle

Note: \* YoY growth is Q1 Jan 2016 compared to Q1 Jan 2017  
Source: Beatport, industry press

# Techno remains the best selling Beatport genre, with Trance and Drum & Bass highest climbers



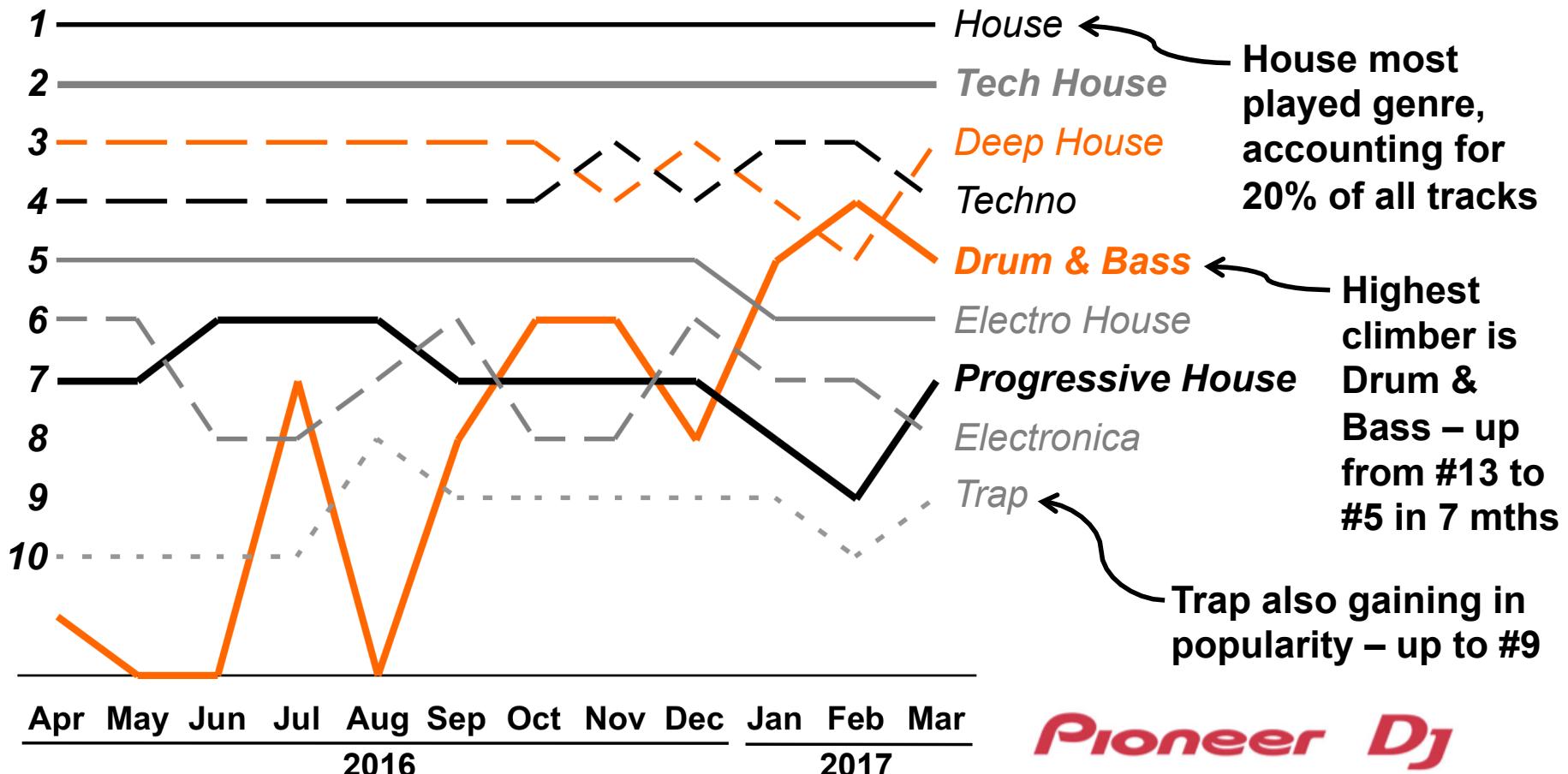
Source: Beatport; Note: Techno includes Minimal / Deep Tech

## A. Music Sales & Genres

**House is the most played genre on Pioneer DJ KUVO; Drum & Bass is highest climber in 2017**

### Most Played Dance Genres\* on Pioneer DJ KUVO

(Global, April 2016 – March 2017)



Note: \* Excludes genres such as Pop, Rock, Hip-Hop  
Source: Pioneer DJ

**Pioneer DJ**

**KUVO**

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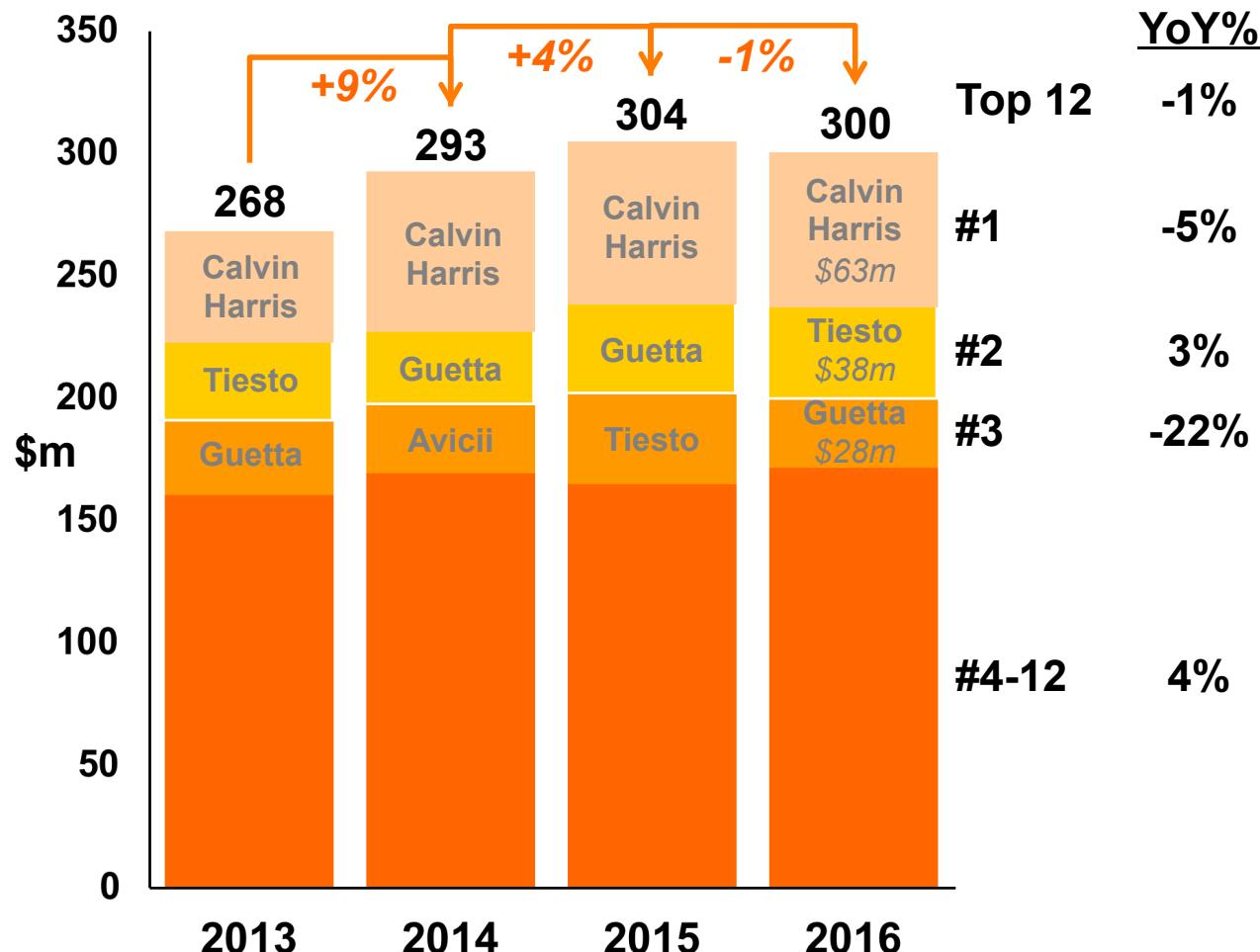
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# Forbes' estimates earnings of Top 12 DJs fell 1% in 2016 to \$300m – still 12% higher than 2013

**Forbes Electronic Cash Kings (2013-16)**



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- Forbes estimate Calvin Harris' earnings fell 5% YoY in 2016 to \$63m
- Places him #9 on overall highest-paid musicians list
- Tiesto up to #2 (earnings +6% YoY), David Guetta down to #3 (-24% YoY)
- DJs / Artists placed #4-12 in list earned 4% more than 2015

Source: Forbes

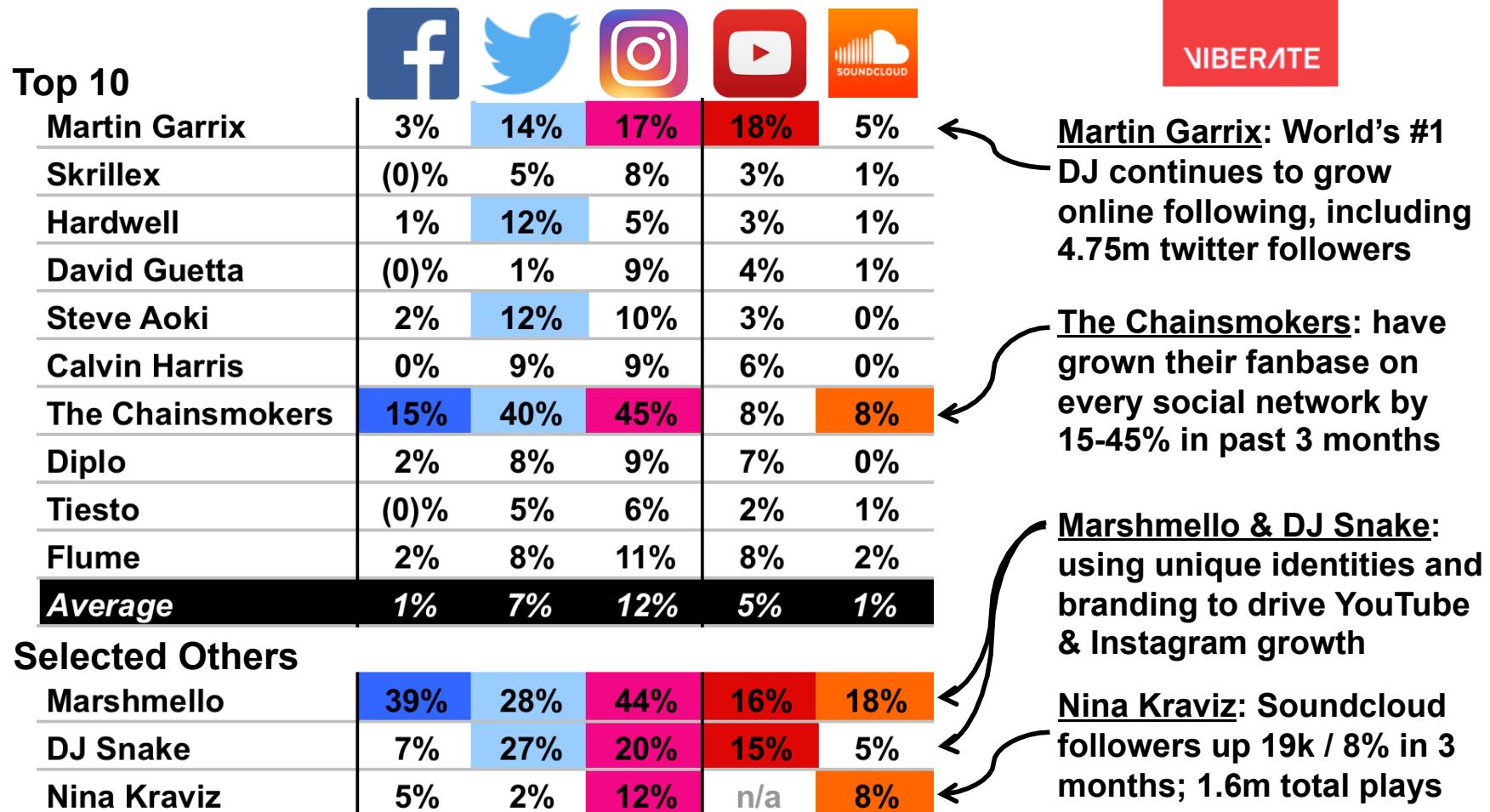
Forbes

13

# The most popular DJs are growing their followers 11x faster on Instagram than on Facebook

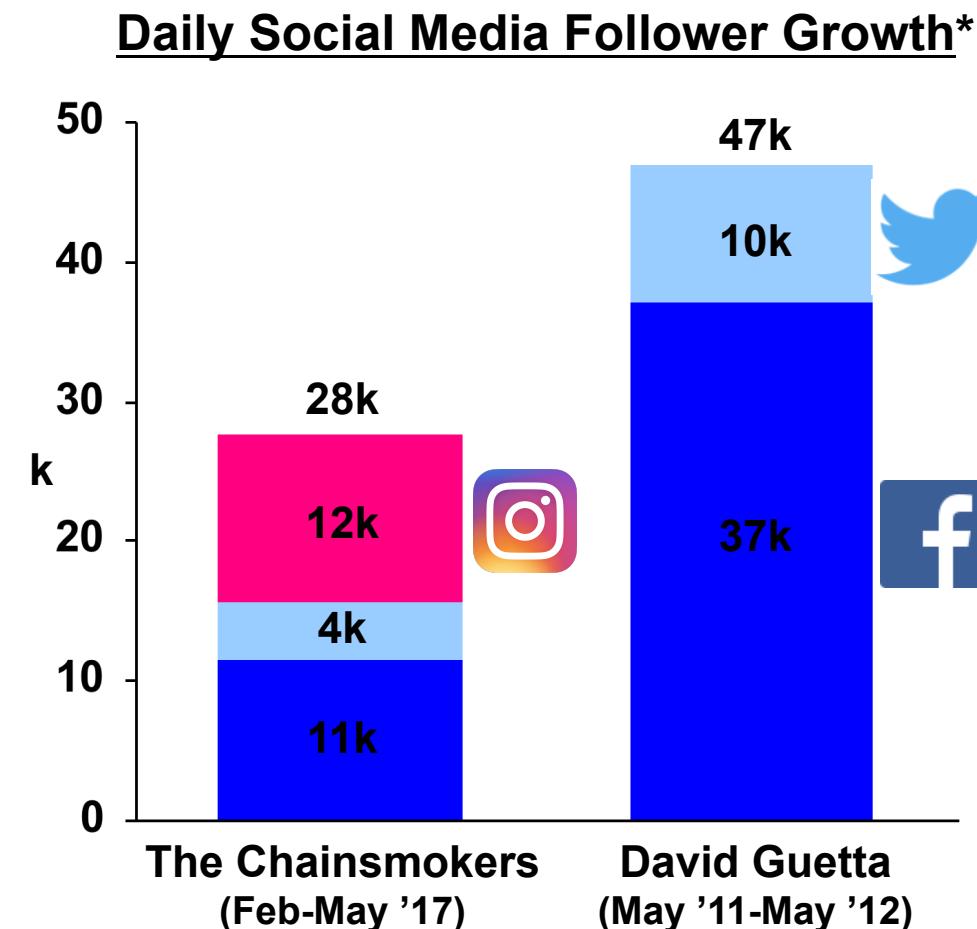
## Growth in Online Fanbases of Viberate Ranked DJs

(Past 3 months, May 2017)



Source: Viberate, Facebook, Twitter, Instagram, Soundcloud, YouTube, IMS Analysis

# The Chainsmokers are adding 28k social media followers a day, well below David Guetta's peak

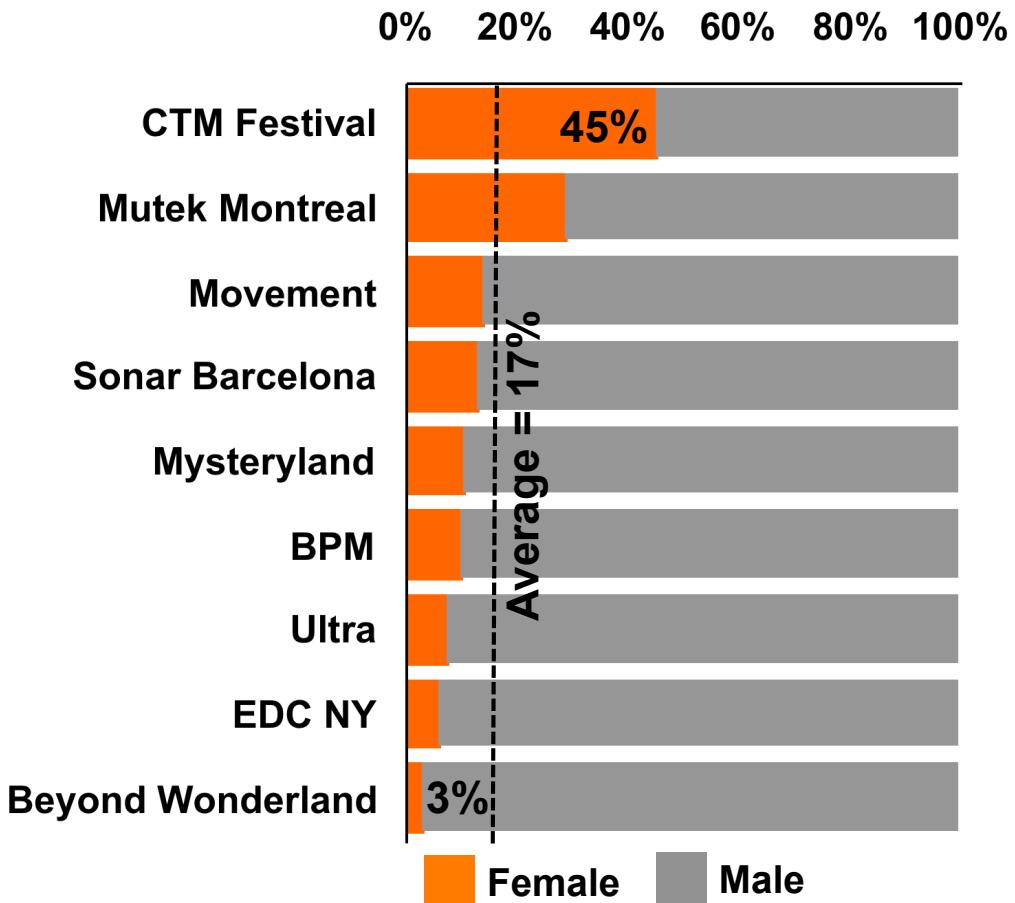


- David Guetta was adding 47k fans a day on Facebook and Twitter in 2011/12
- The Chainsmokers are currently gaining 28k per day, including Instagram
- Most viewed YouTube video for Chainsmokers ('Closer') has 1.5bn views, 44% more than Guetta's most-viewed video 'Hey Mama' (1.1bn)
- Debut album from The Chainsmokers sold 166k copies in US in first week

Source: Facebook, Twitter, Instagram, Viberate, YouTube, Billboard, industry press, IMS Analysis

# Gender diversity remains a key issue – study of 24 festivals found only 17% of artists were female

% of Festival Artists by Gender (2016)



- Thump study of 24 festivals in 2016 found on average only 17% of artists were women
- Some Dance festivals had a much lower % - Beyond Wonderland had only 2 female artists out of 61 (3.2%)
- Smirnoff campaign aimed at doubling number of female headliners at major music festivals in the next three years



Source: Thump, Vice, Broadly, Smirnoff

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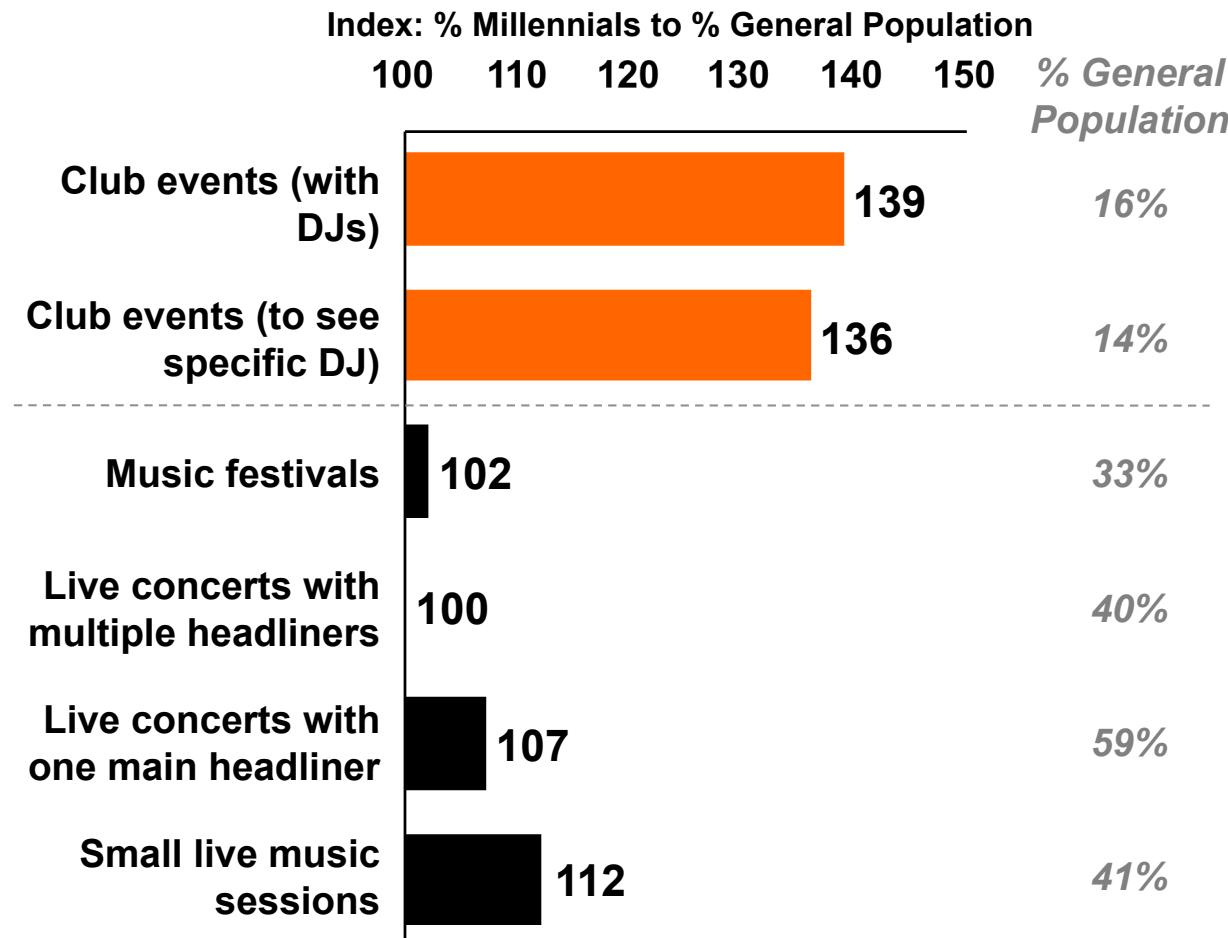
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# Millennials are 40% more likely to attend a club event in the USA, and total 2 billion globally

## US Live Music Attendance by Type in 2016\*



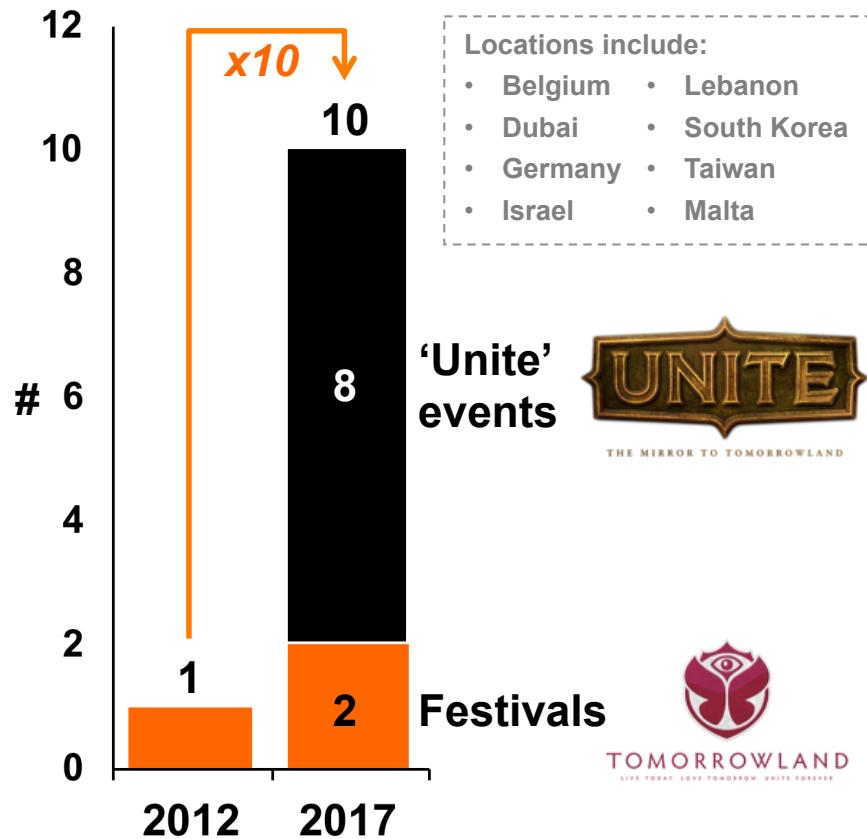
- Overall 16% of people in the USA attended a club event with DJs in 2016, 14% for a specific DJ
- Millennials attendance at these events was 39% higher than average
- Estimated 75m Millennials in the USA, 2 billion globally = 27% of population
- Hispanics also over-index on club events, spending 17% of their music wallet on them

Note: \*Question: Which of the following have you attended in the last 12 months?

Source: Nielsen Music 360 – 2016 Highlights, Pew Research Center

# Tomorrowland and Ultra have both used partner events to expand their festival brands worldwide

## Tomorrowland Festivals & Events (2012-2017)



## Ultra Music Festivals & Events (2012-2017)



Source: Tomorrowland, Ultra, industry press, IMS Analysis

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19

# Latin America has many high-profile Dance clubs & festivals, and huge growth in total music sales



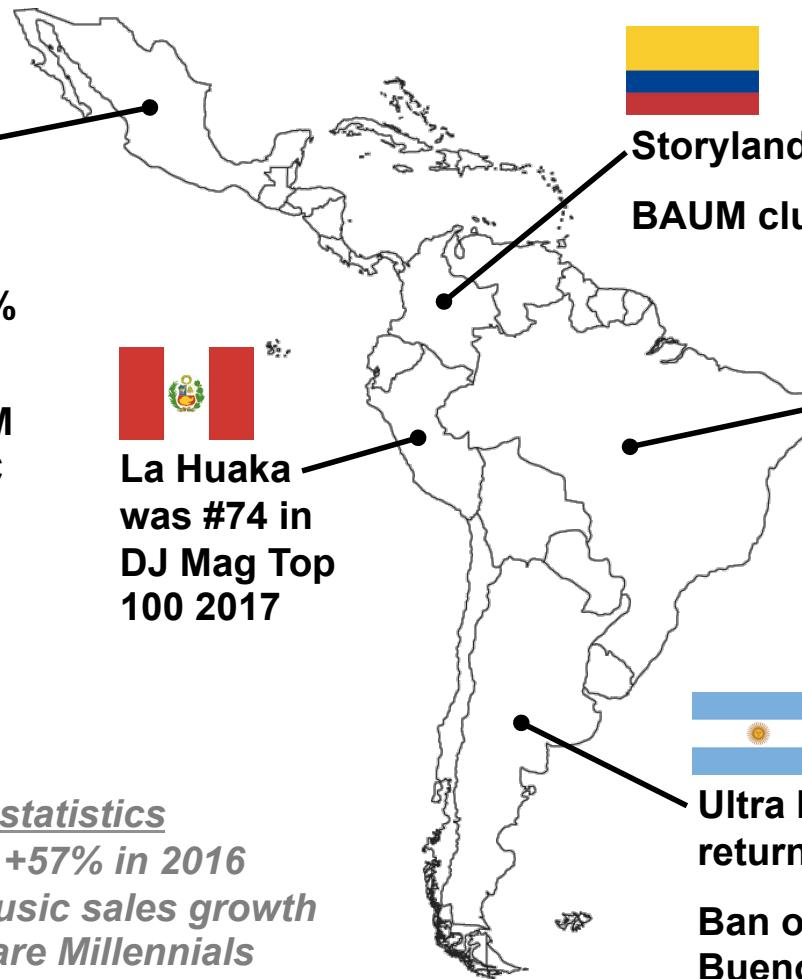
2<sup>nd</sup> highest Spotify penetration in the world at 25%\*

Music revenue up 24% YoY in 2016

Four of largest LATAM festivals in 2017: EDC Mexico (110k), BPM (70k+), Beyond Wonderland (50k), WiSH Outdoor (35k)



La Huaka was #74 in DJ Mag Top 100 2017



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Storyland festival (2 days, 35k capacity)  
BAUM club & festivals in Bogota



7 Clubs in DJ Mag Top 100: Green Valley (8k), Sirena (5k), Matahari (5k), Anzu (3k), Warung (2.5k)  
Also Ultra Brasil festival (60k) in October 2017



Ultra Buenos Aires festival (70k) returning in 2017 after 2 years  
Ban on electronic music events in Buenos Aires recently lifted

## Latin America region statistics

- Streaming revenue +57% in 2016
- Highest regional music sales growth
- 30% of population are Millennials

Note: \* As estimated by GlobalWebIndex in 2015

Source: IFPI, GlobalWebIndex, DJ Mag, Datanalisis 'Conecta tu marca con los millennials', industry press

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## Two major industry players have been acquired since August 2016, and more deals could follow

### Ministry of Sound Recordings



- Acquired by Sony Music UK in August 2016 for estimated £67m
- Deal includes artists, back catalogue and compilations business
- Label was launched in 1993 and has cumulative album sales of 70m+, including 40 UK #1s

### Pacha Group



TRILANTIC | CAPITAL PARTNERS

- Sold to Trilantic Capital Partners for €350m in February 2017
- Group operates ten nightclubs around the world, including Ibiza venues Pacha, Destino and Lio
- First venue was opened by founder Ricardo Urgell in Sitges, Spain in 1967

Source: Music Business Worldwide, Industry Press

# Global Entertainment are expanding into festivals, including investments in three Dance events



**South West Four**  
*London, UK*  
October 2016

- Acquired from Impresario alongside other events including Field Day
- Leading London-based electronic music festival established in 2001
- Held in August with two day capacity of 40k



**Snowbombing**  
*Austria & Canada*  
October 2016

- Global increased investment in Broadwick Live which promotes Snowbombing
- In 2017 the first edition will be held in Canada, alongside event in Austria



**Hideout**  
*Croatia*  
March 2017

- Acquired majority stake in March
- Festival now in seventh year of being held at Zrce beach in Croatia
- Global is also linked to promotion of Electric Elephant festival in Croatia

Source: Global, Industry Press

# Elrow received investment in February 2017 and is now set for it's biggest Summer of events ever

## Elrow Ibiza

*Residency at Amnesia,  
June-September 2017*



**Elrow Town London**  
*Biggest ever UK event,  
August 2017*



Source: Elrow, Industry Press

## Elrow Friends & Family

*New one-day festival in  
Barcelona, July 2017*



**Elrow Barcelona**  
*Regular events continue,  
May & June 2017*



# Dance is at the forefront of global technology trends, including VR, AI and live streaming

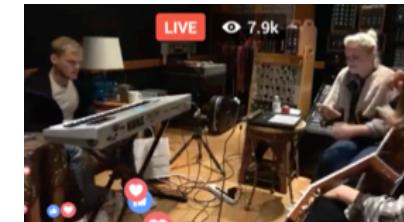
## Virtual Reality

- Boiler Room & Google created first ever VR dancefloor experience ‘Techno in Berlin’
- The Chainsmokers & Sony created a VR music festival ‘Lost In Music’



## Live Streaming

- Facebook Live recently used by Avicii (studio) and EDC (line-up announcement)
- Hardwell’s 2017 Ultra Music Festival set was live-streamed in 360 degrees on YouTube



## OTT Video

- Two DJ-themed Netflix originals launched in August 2016 – Steve Aoki documentary ‘I’ll Sleep When I’m Dead’, and film ‘XOXO’
- Now over 100m Netflix members worldwide



## Chat-bots & AI

- Hardwell launched a fan-focused Facebook Messenger bot in 2016 – has had 500k users
- Pacemaker DJ app uses AI to turn a Spotify or Apple Music playlist into a mix

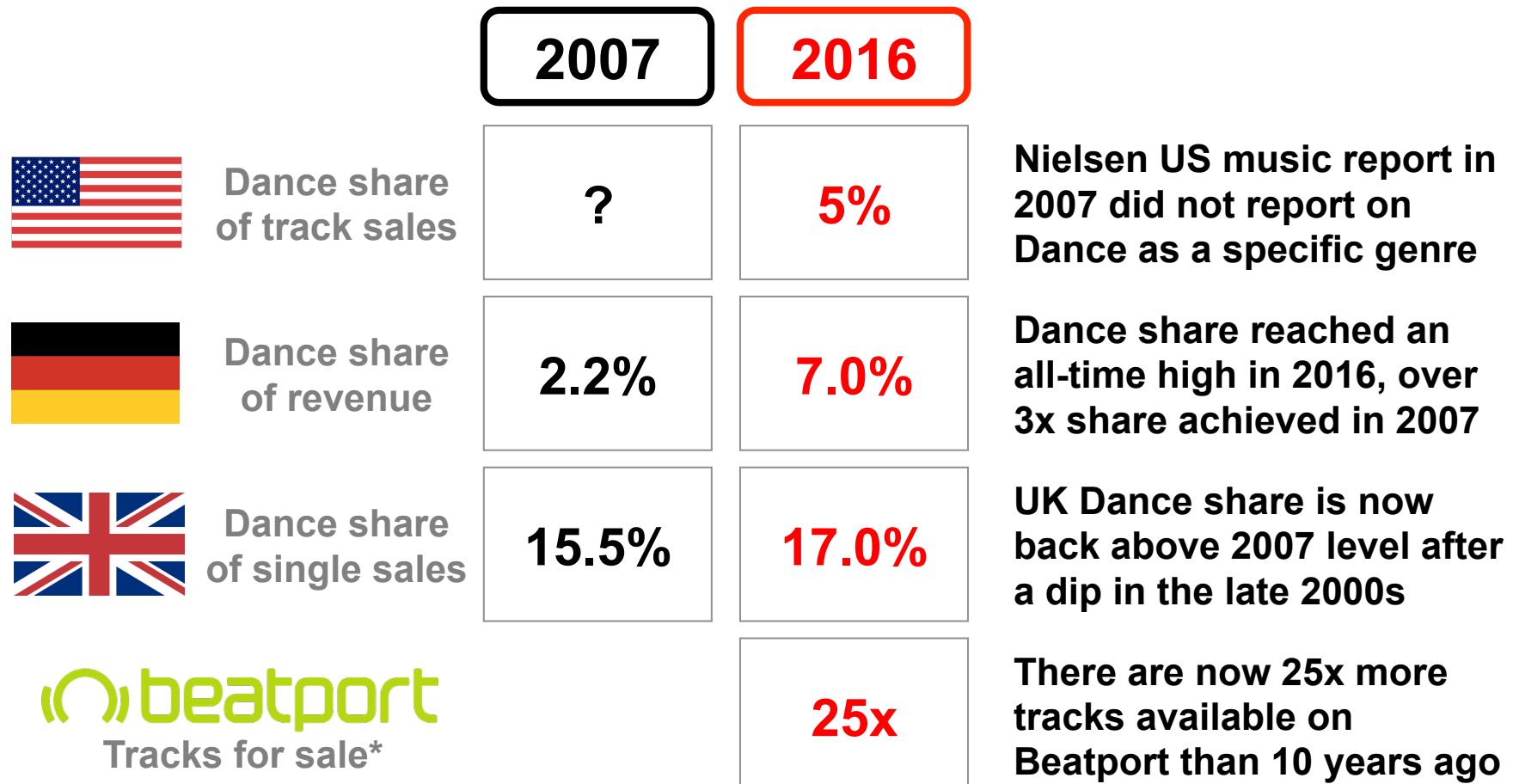


Source: Industry Press

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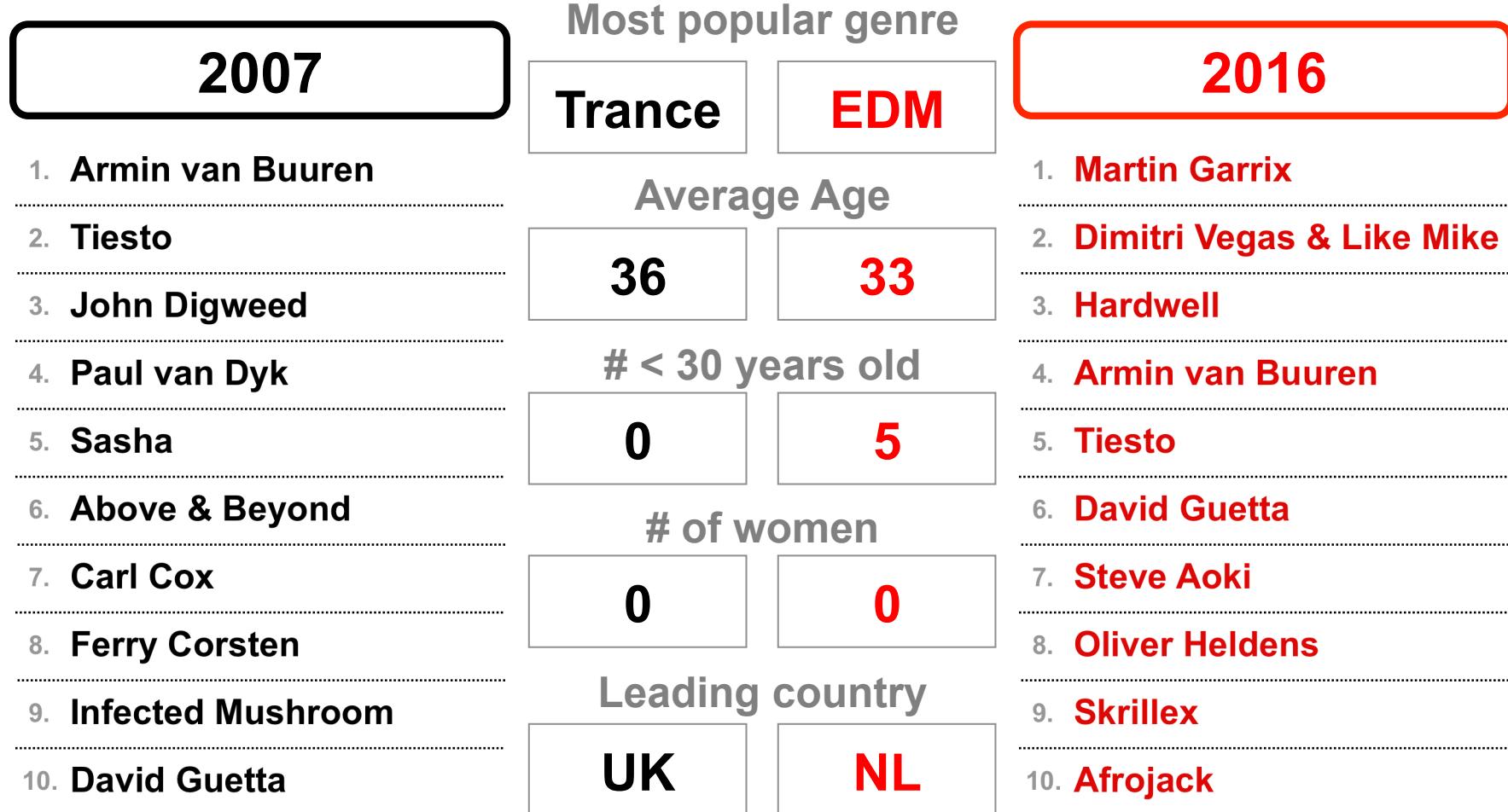
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# Record sales: USA Dance share now reported, Germany share 3x higher than 2007, UK +1.5%



Note: \* increase in Beatport tracks shown as Jan 2017 compared to Jan 2008  
 Source: Nielsen / RIAA, BVMI, Official Charts Company / BPI, Beatport

# DJs: average age of DJ Mag Top 10 is lower by 3 years than in 2007 with half now younger than 30



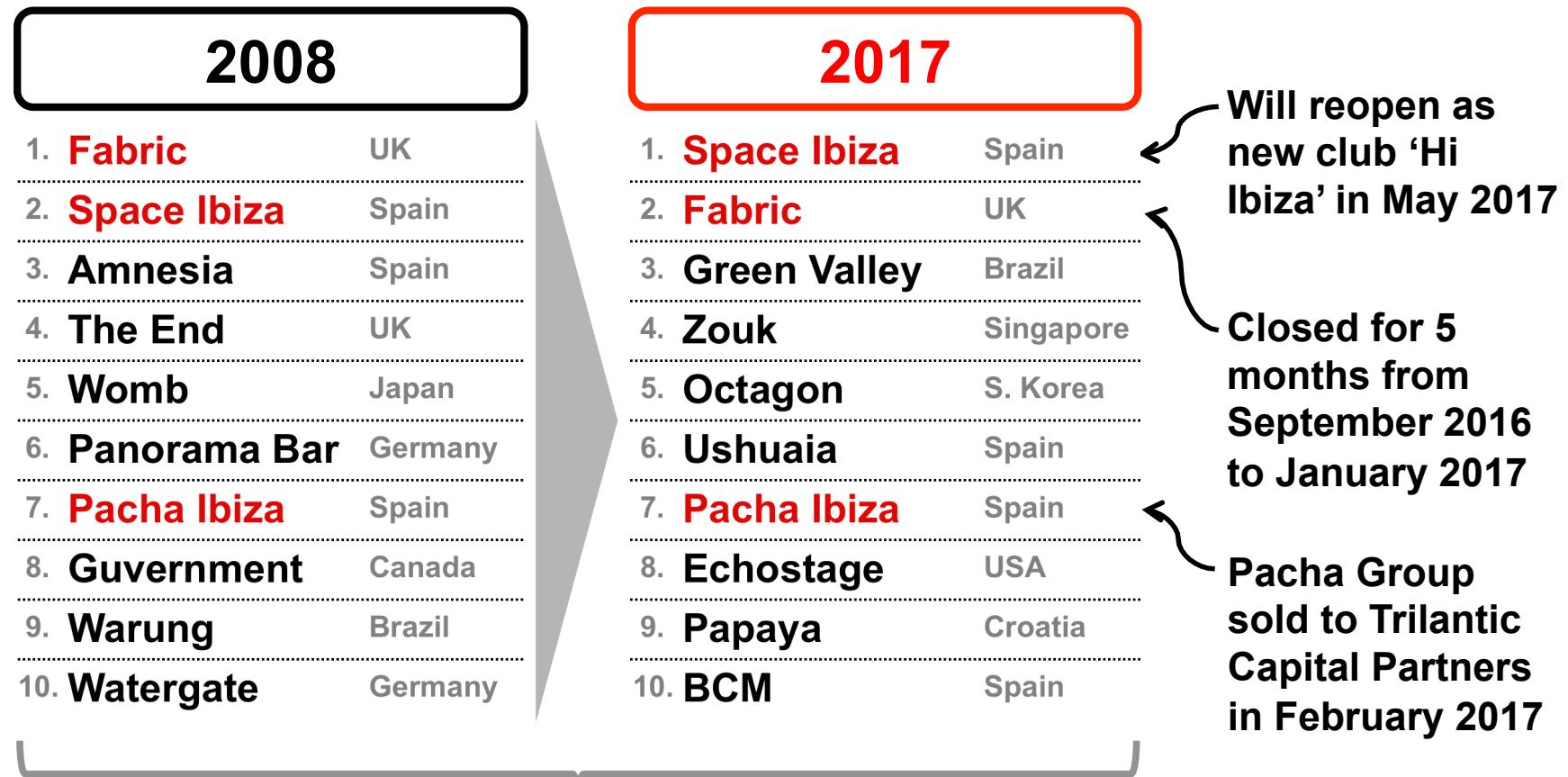
Source: DJ Mag Top 100 DJs

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28

## Clubs: three venues are still in DJ Mag Top 10, but all have undergone significant change in 2017

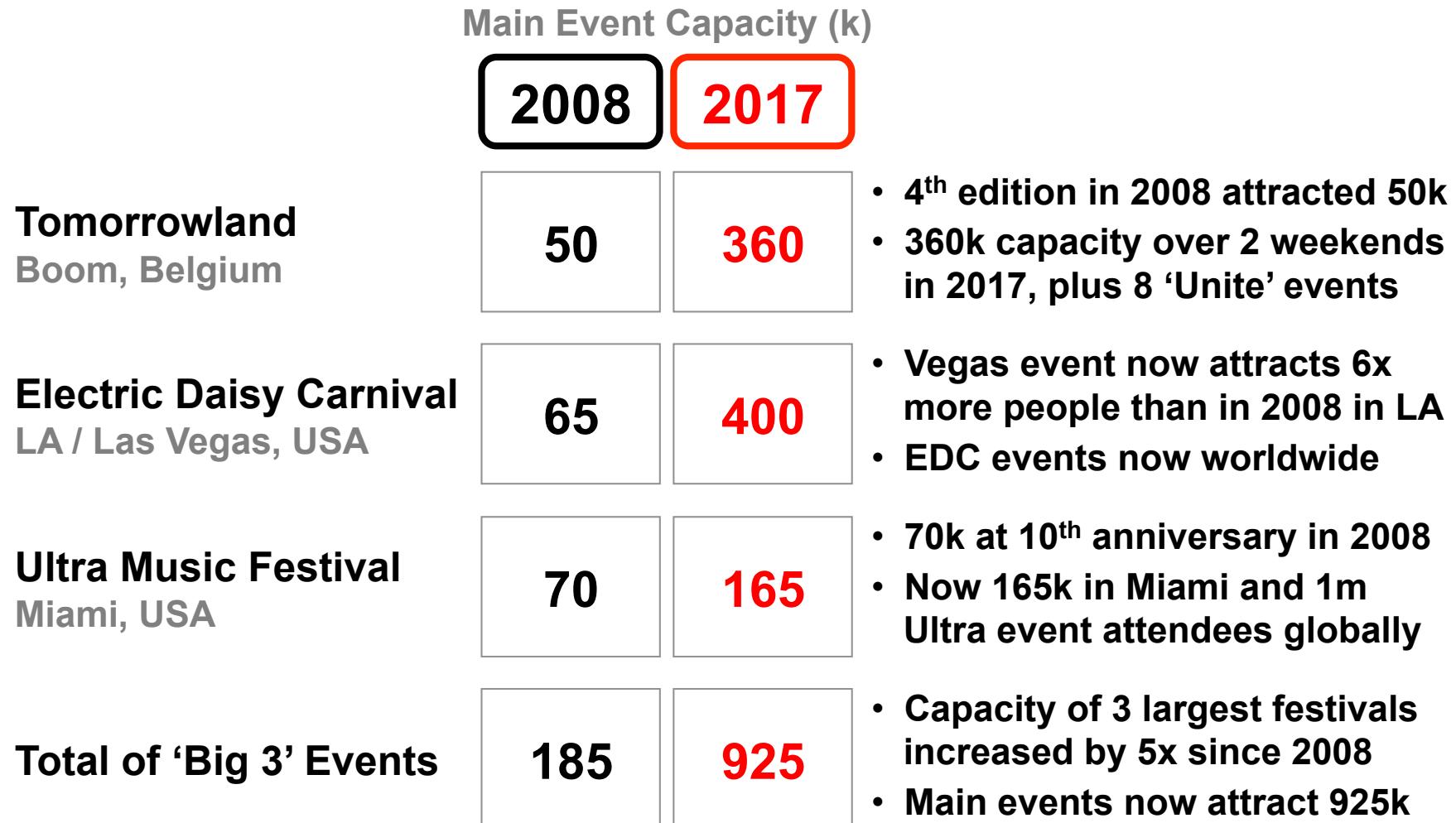


*Geographic make-up of Top 10 has remained largely unchanged: Spain leads the way (3 in 2008, 4 in 2017), followed by UK (2, now 1), 1 in Brazil, 1 in North America, remainder in Asia and Europe*

Source: DJ Mag Top 100 Clubs



# Festivals: three largest Dance Music events have quintupled their capacity since 2008

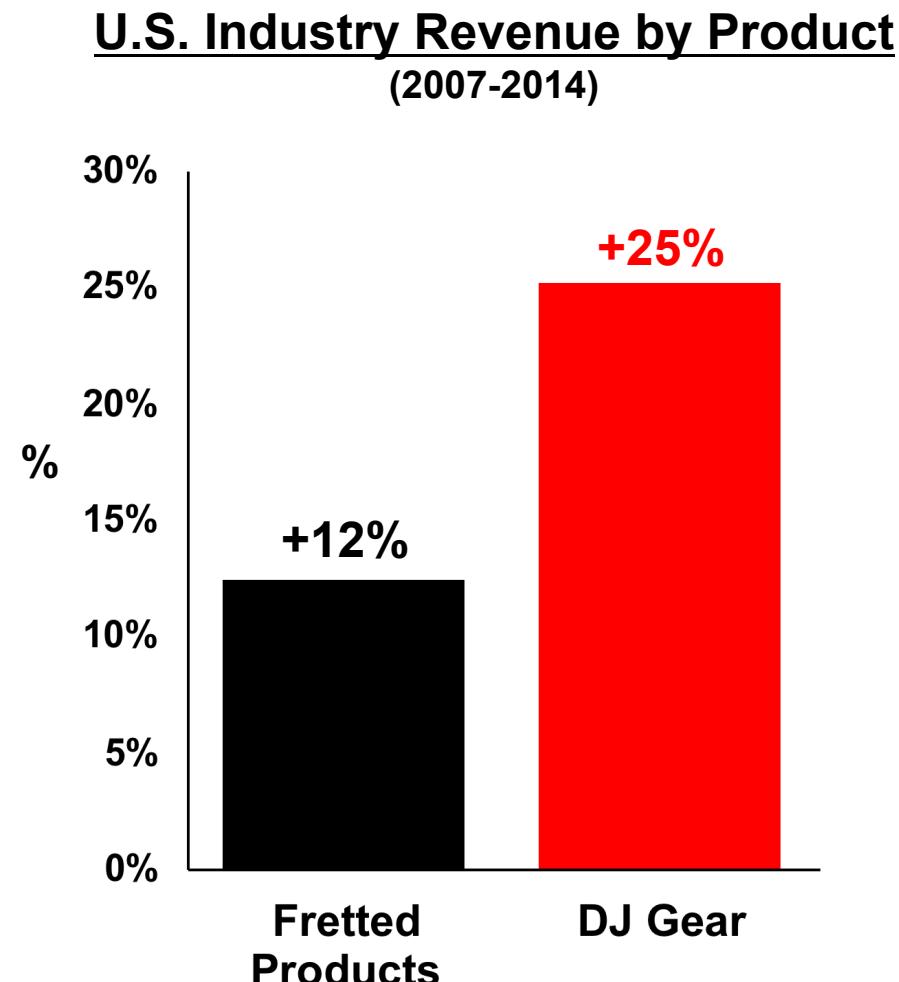


Source: Tomorrowland, EDC, Ultra Music Festival, industry press, IMS Analysis

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30

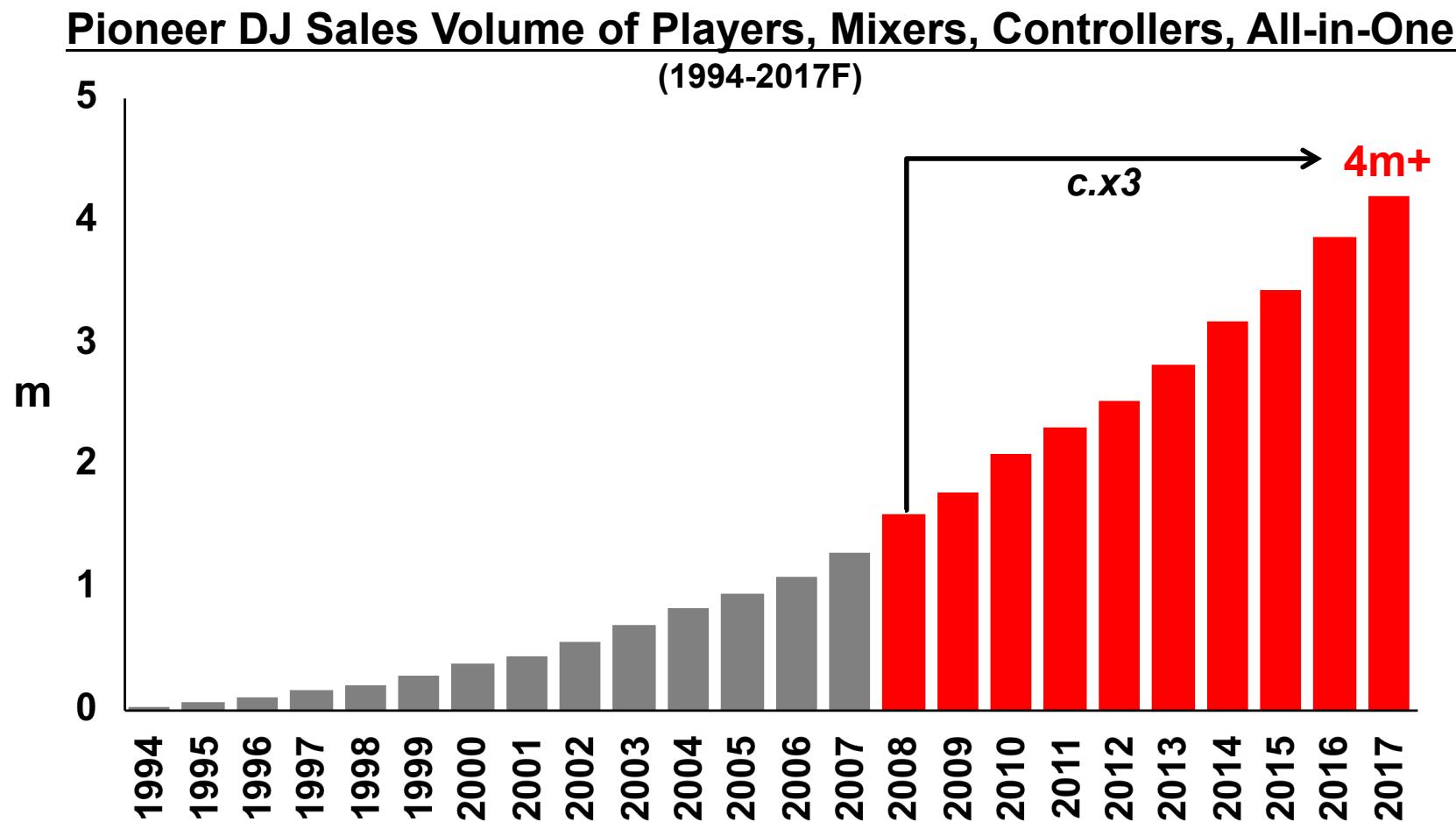
## Equipment: since 2007 DJ Gear sales have grown at twice the rate of guitar sales in the USA



- DJ Gear sales increased by 25% from 2007 to 2014 (latest available data)
- During this time, sales of ‘fretted products’ (electric & acoustic guitars and accessories) grew by 12%
- Within DJ Gear, Digital DJ controllers account for a third of sales, followed by DJ Mixers and CD Players

Source: NAMM Global Report

## Equipment: Pioneer DJ expect to sell 4 million+ units in 2017, c.3x more than in 2008



Source: Pioneer DJ

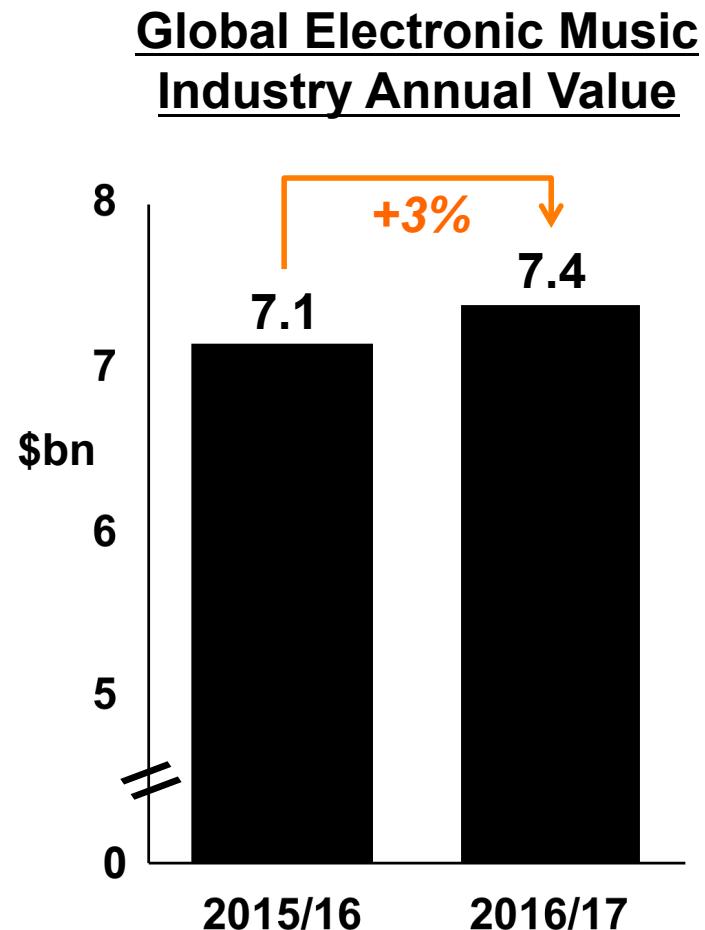
**Pioneer DJ**

32

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# Global Electronic Music industry value up 3% YoY to \$7.4 billion as positive trends continue



## INDICATIVE

- Tracking industry growth over past year, driven by positive trends in all key segments
- **Music** revenue and Dance share growing
  - ✓ Streaming subs +60%; Dance over-indexes
  - ✓ Mexico & Brazil in Spotify Electronic Top 10
  - ✓ Dance share increasing in USA & Germany
- **Festival & Clubs** expanding internationally
  - ✓ Ultra & Tomorrowland partner events
  - ✓ Millennials 40% more likely to attend clubs
- **DJ & Artists** growing earnings and fanbases
  - ✓ Forbes #4 to #12 earned 4% more YoY
  - ✓ Double-digit Instagram growth for Top 10

Sources: BPI, Nielsen, Billboard, IFPI, Google, Forbes, Economist, BPI, BVMI, SNEP, PWC, EVAR Advisory, UK Music, FT, Pioneer, CIA World Factbook, electronic-festivals.com, NAMM, Reuters, DDMCA, Ticketmaster, Mixmag, DJ Mag, Viberate, Beatport, YouTube, Soundcloud, Statista, industry press, IMS Analysis

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