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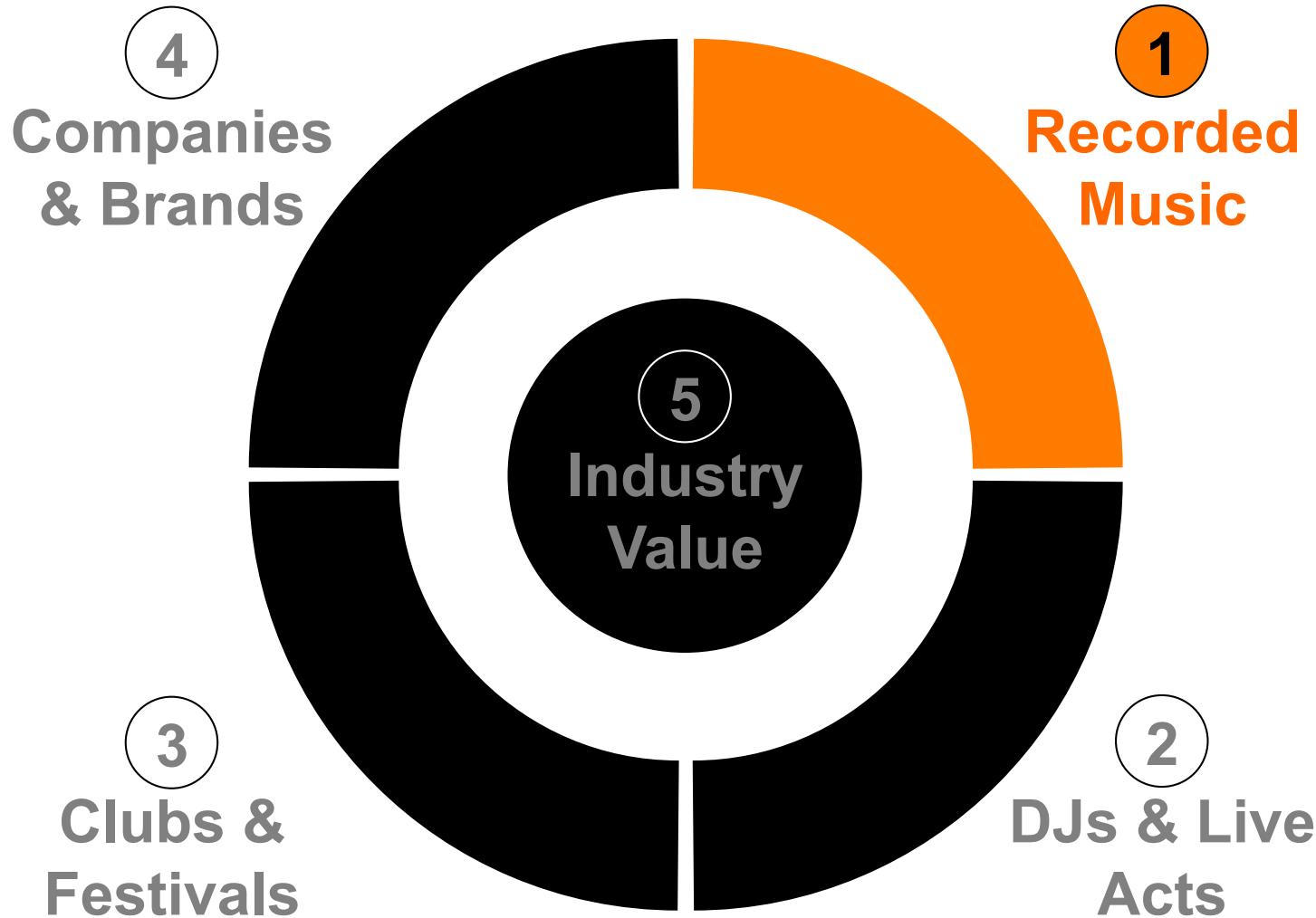
IMS BUSINESS REPORT 2019

AN ANNUAL STUDY OF THE ELECTRONIC MUSIC INDUSTRY

BY KEVIN WATSON

10TH ANNIVERSARY EDITION

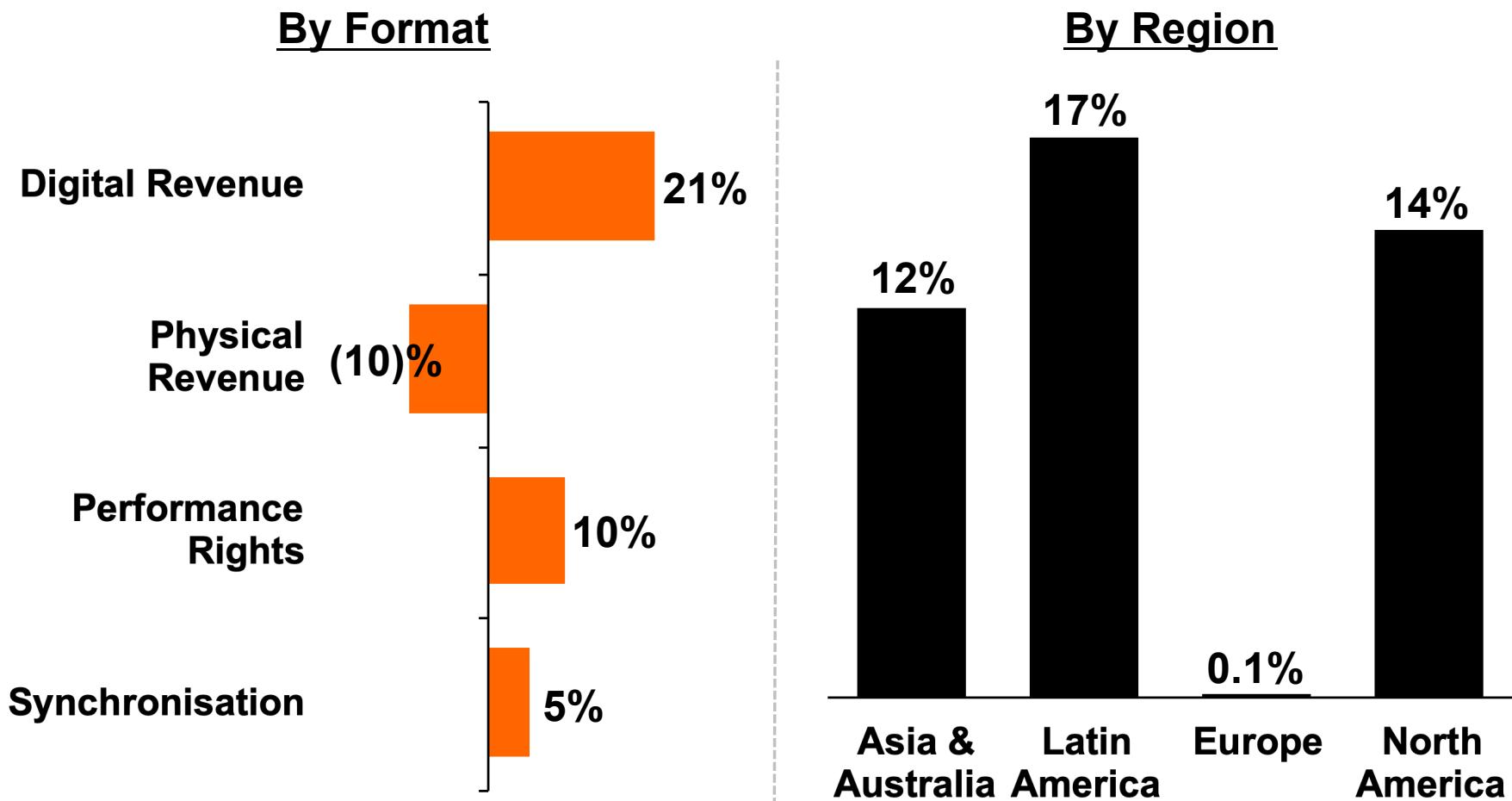
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All Genres

Global recorded music revenues grew by 9.7% in 2018, driven by streaming, and all geographies except Europe

YoY Growth in Global Recorded Music Revenues (2017-2018)

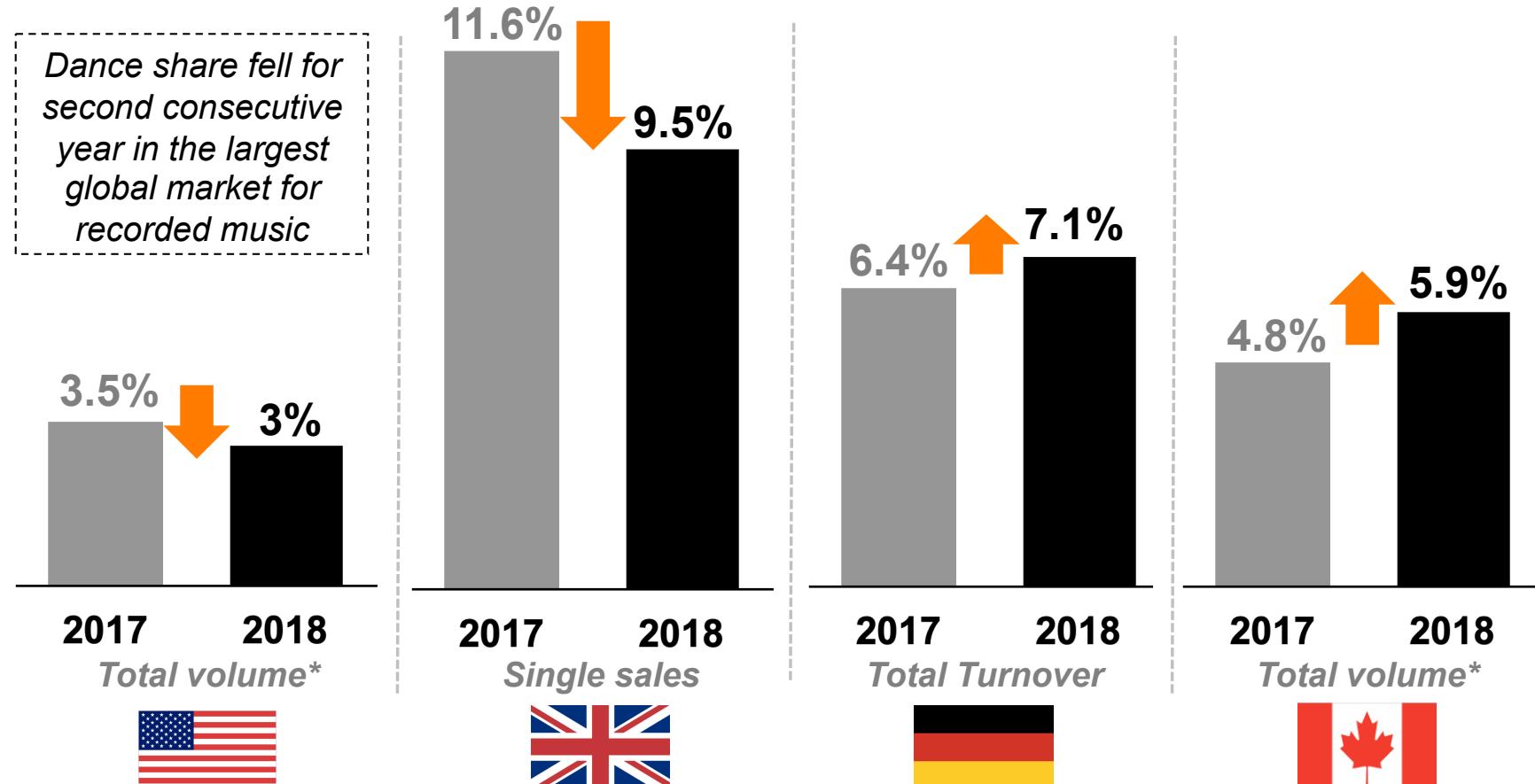


Source: IFPI Global Music Report 2019

Electronic Music

Dance share of recorded music fell significantly in the USA & UK in 2018, but rebounded in Germany & Canada

Dance / Electronic Share of Recorded Music by Country (2017-2018)



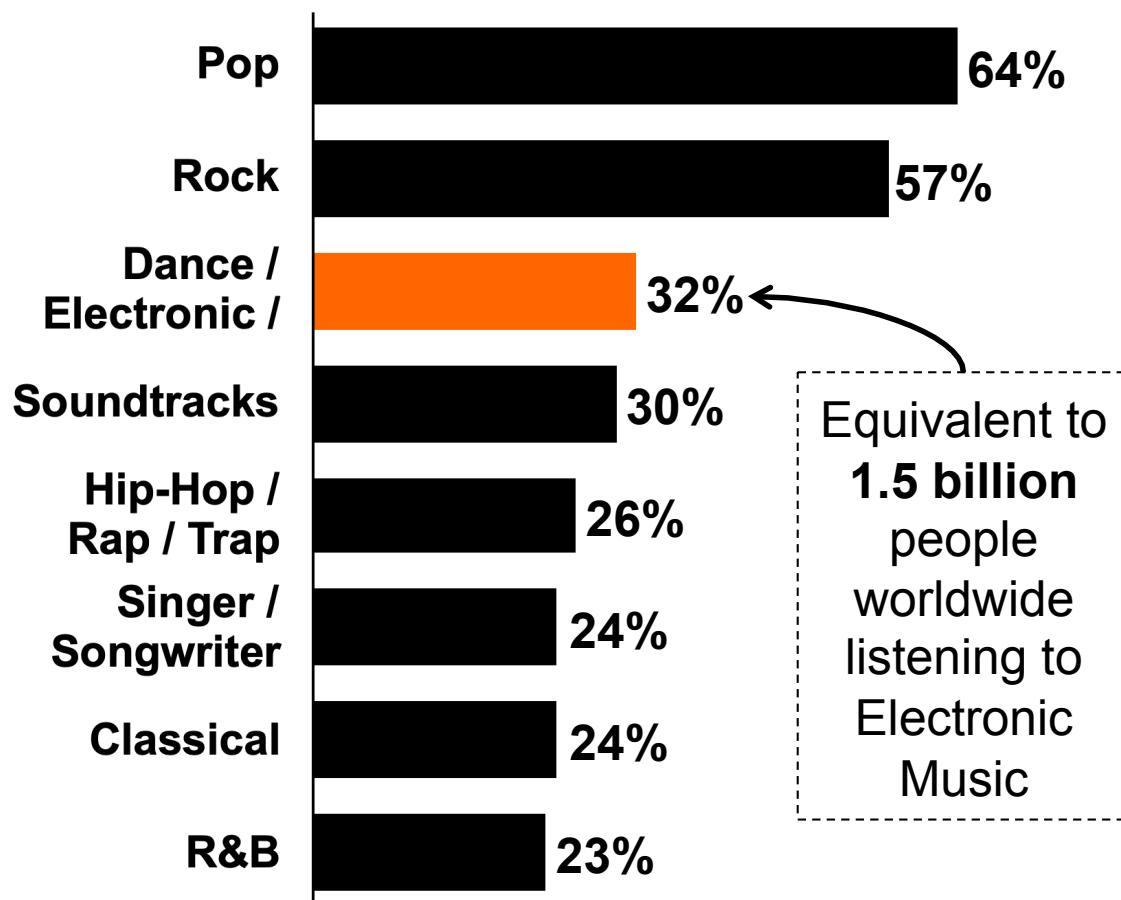
Note: * Total volume = Albums + TEA + On-Demand Audio SEA

Source: Nielsen Year-End Music Reports for USA & Canada, Bundesverband Musikindustrie (BVMI),
BPI, IFPI Global Music Report 2019

Global Share

IFPI survey ranks Dance as the World's 3rd most popular genre; an estimated 1.5 billion people typically listen to it

Music People Typically Listen To (2018)



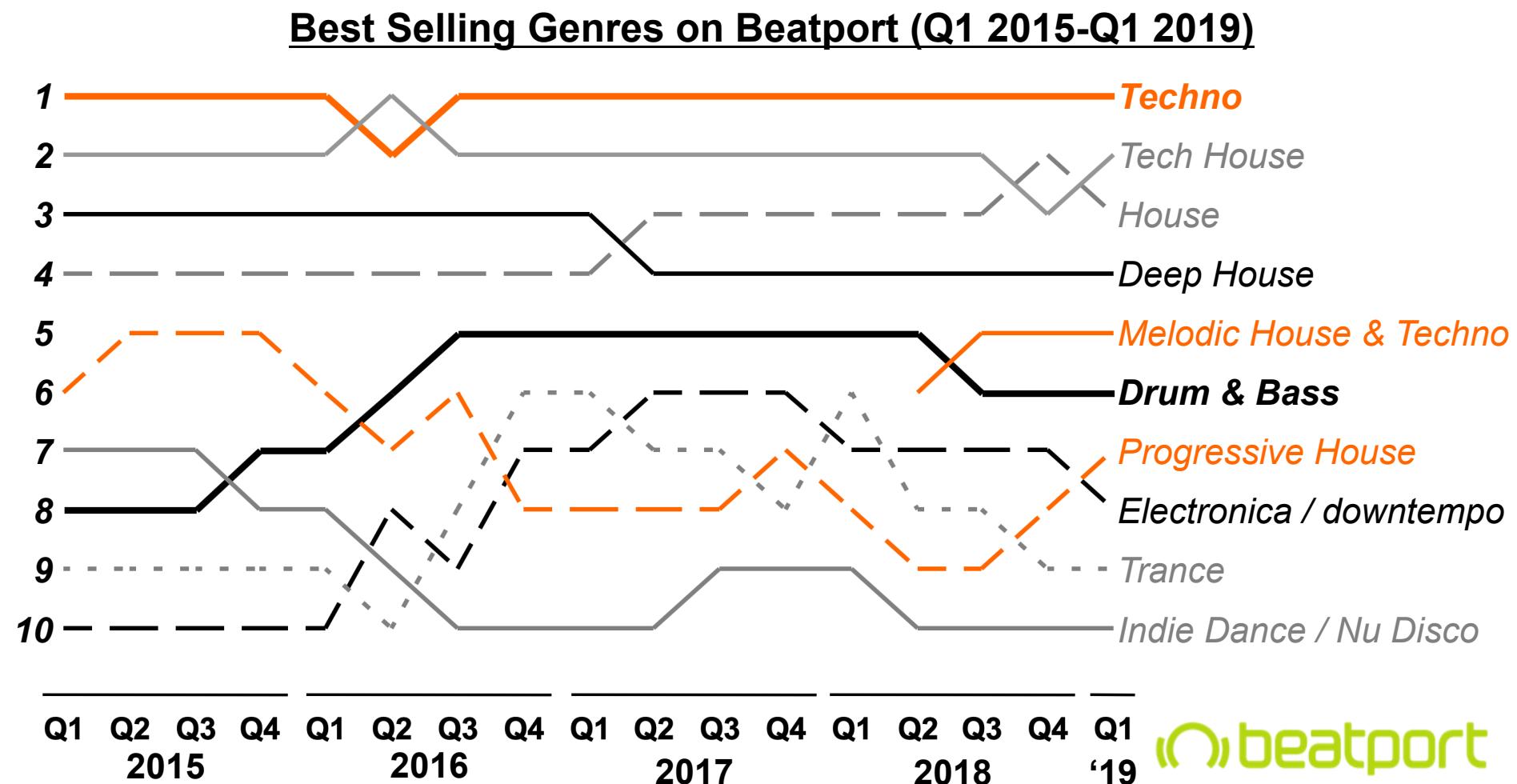
Equivalent to
1.5 billion
people
worldwide
listening to
Electronic
Music

- A recent IFPI study asked 19,000 people aged 16-64 in 18 countries which genres they typically listen to
- 32% of respondents answered Dance / Electronic / House, ranking it 3rd, ahead of genres such as Hip-Hop / Rap and R&B
- Applying this to the global 16-64 population would mean over 1.5bn people typically listen to Electronic Music

Note: survey of 19,000 consumers aged 16-64 in 18 countries; genre based on participants own definition
Source: IFPI Music Consumer Insight Report 2018 (survey April-May 2018), Worldometers, IMS Analysis

Beatport Genres

Techno is consistently the best-selling genre; Melodic House & Techno up to #5 just a year after launching

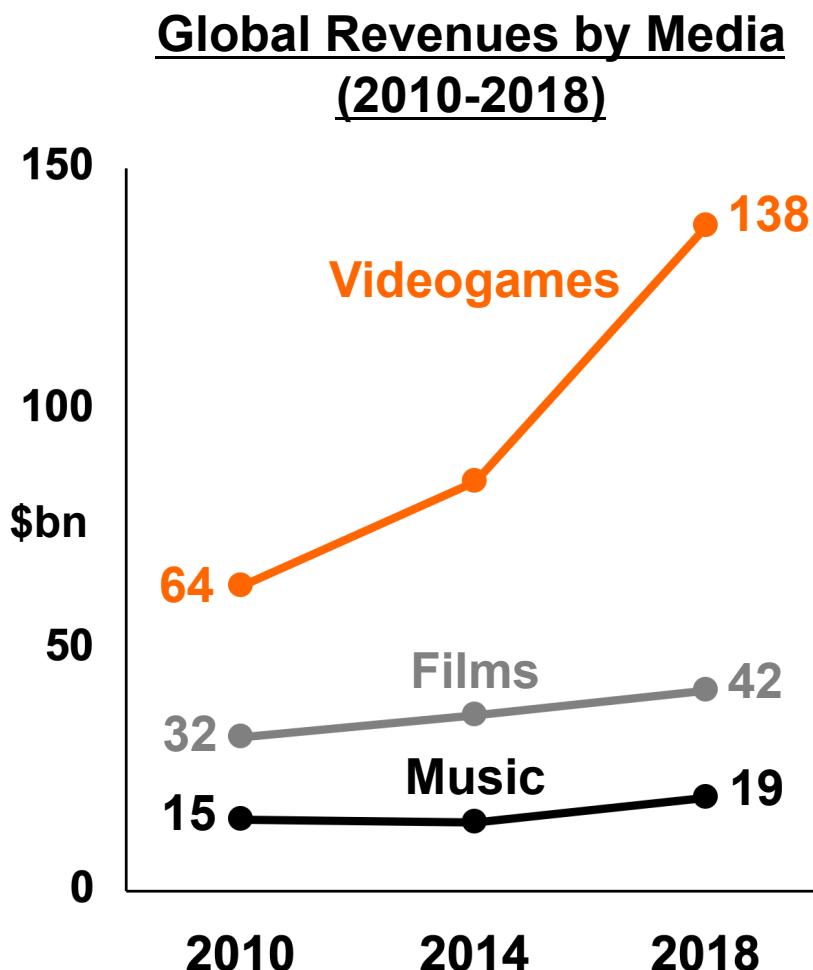


Source: Beatport

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Gaming

Videogames industry is worth 7x more than music, and represents a huge opportunity for Electronic DJs & artists



GTA: After Hours

Dixon & others feature as resident DJs at nightclub in online GTA extension



Fortnite

Marshmello played a live virtual concert to 10m players, and has a skin, glider & emote

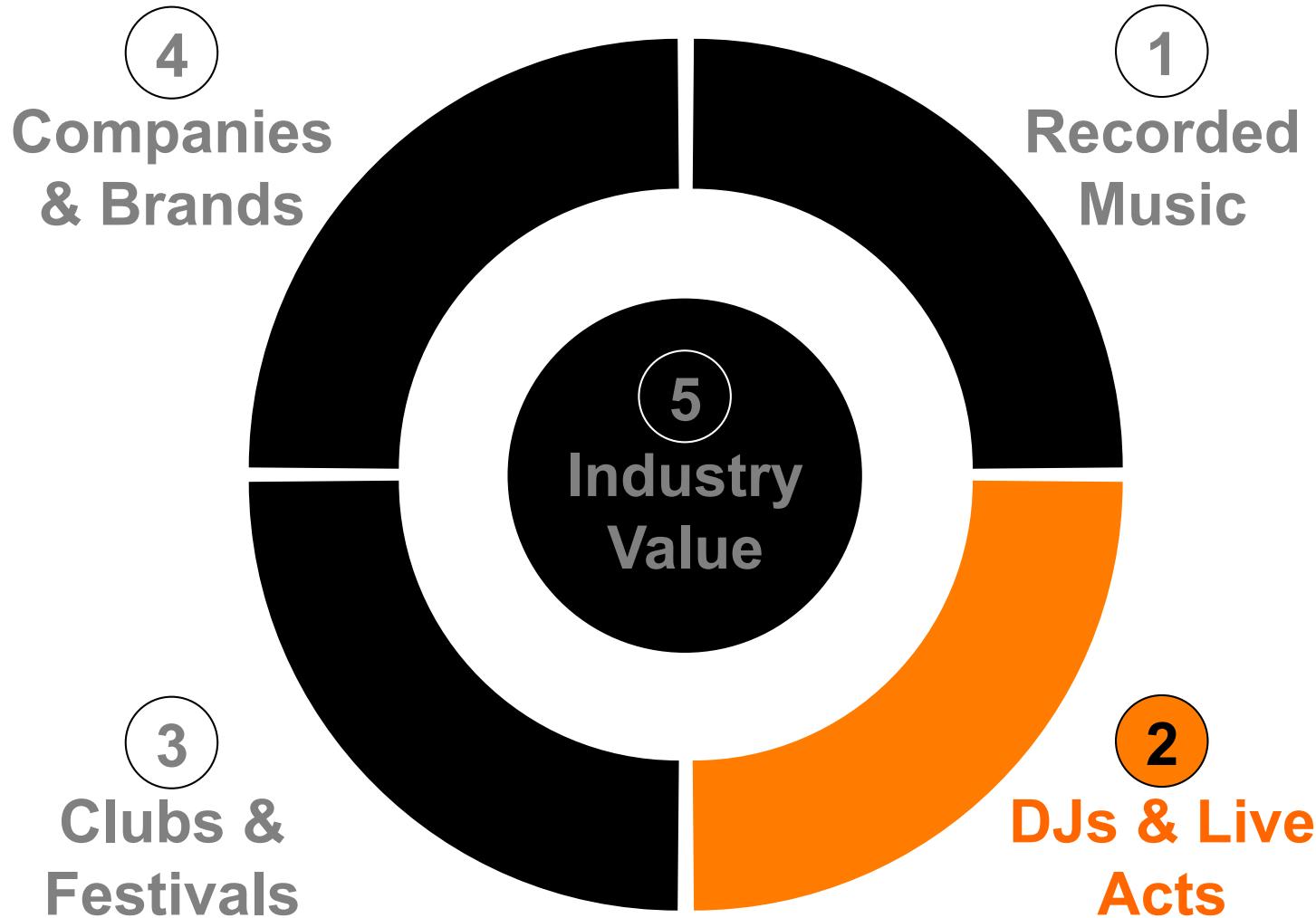


Secret Lab

Deadmau5 created branded gaming chairs, and used one at Ultra in Mar 2019

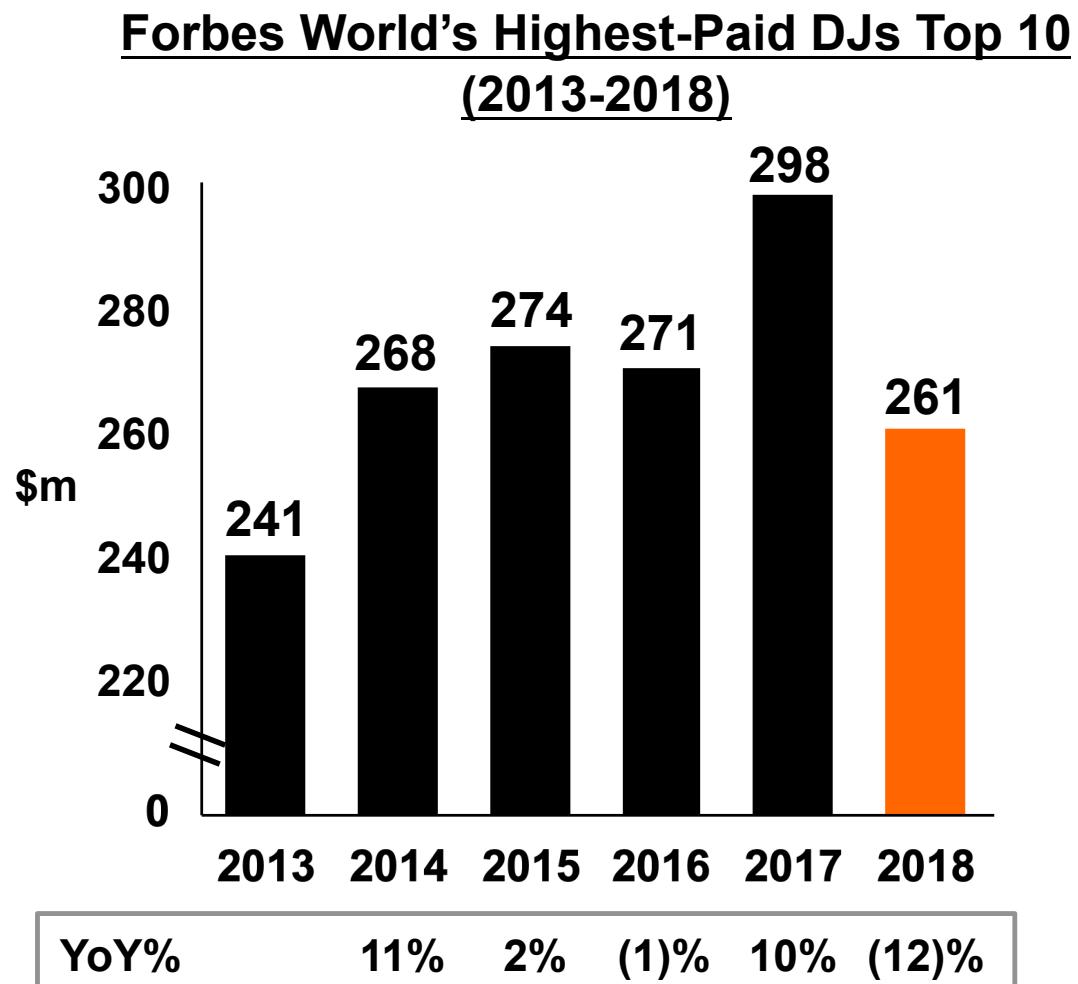
Source: League of Professional esports, industry press

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Earnings

Estimated earnings of highest-paid DJs fell significantly in 2018; Top 10 total of \$261m was lowest since 2013



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- Ten highest-paid DJs estimated to have earned \$261m in 12 months to 1st June 2018, down 12% YoY
- Calvin Harris remained top with \$48m, close to the \$48.5m he earned in 2017
- The Chainsmokers had the biggest YoY increase in earnings, up 20% to \$45.5m, putting them 2nd on the list
- Most DJs played more than 100 shows in the year, with Steve Aoki managing 200

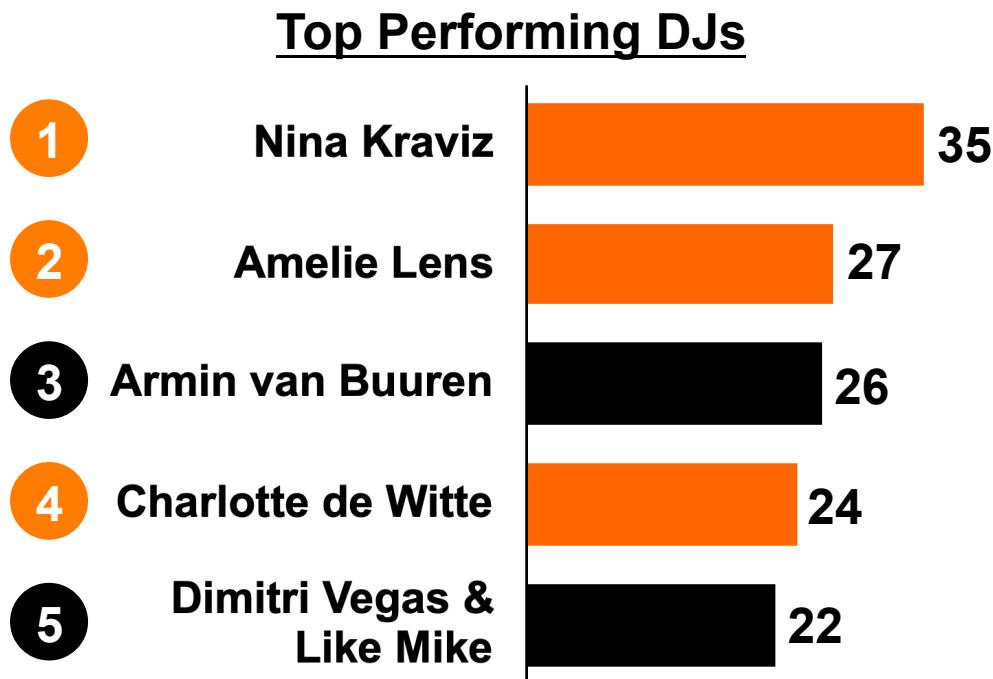
Source: Forbes

Forbes

Festivals

Female Techno DJs dominated the festival circuit in 2018; Nina Kraviz played 2x as many as the leading band

Number of Festivals Played (2018)



- Nina Kraviz played 35 different festivals in 2018 according to Festicket
- This made her the top performing DJ, and meant she played nearly twice as many festivals as the top performing band The Killers
- Amelie Lens ranked 2nd with 27 festivals played – a huge rise from just 4 in 2017
- Charlotte de Witte also made the top 5 at #4 with 24 festivals played in 2018

Top Performing Band



Source: Festicket 'Festival Heroes'

Online Fanbases

Nina, Amelie & Charlotte have grown their Instagram, YouTube & Spotify fanbases faster than the Top 5 DJs

Increase in Followers – Year vs Last Quarter*

(Selected DJs & Artists on Viberate, as at 28th April 2019)



Nina Kraviz	33%	9%	30%
Amelie Lens	63%	51%	62%
Charlotte de Witte	79%	68%	70%
Average	58%	43%	54%
1 Marshmello	67%	60%	76%
2 David Guetta	-1%	15%	27%
3 Alan Walker	44%	45%	71%
4 Calvin Harris	4%	n/a	34%
5 Skrillex	6%	7%	15%
Average (Top 5)	24%	32%	45%

Note: * change in followers in last year / change in followers over last quarter
Source: Viberate, Instagram, YouTube, Spotify

- Viberate shows that over the past year these three female Techno DJs have on average grown their Instagram, YouTube & Spotify fanbases faster than the Top 5 ranked DJs
- Charlotte de Witte has achieved the highest growth on all platforms
- Her Instagram & YouTube growth was higher than #1 ranked DJ Marshmello

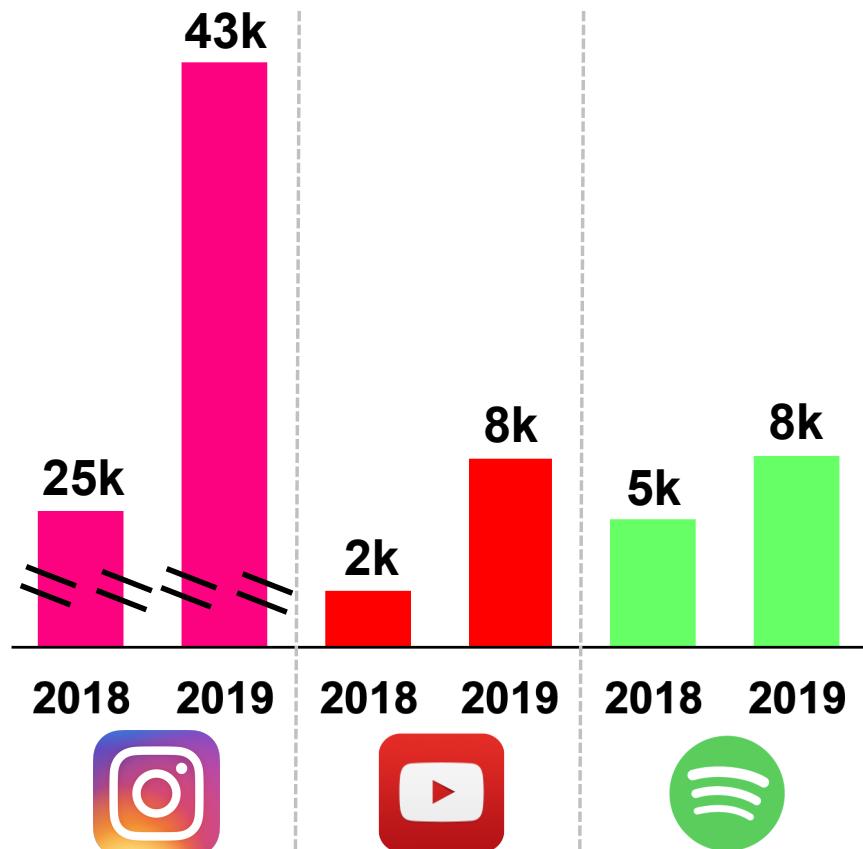
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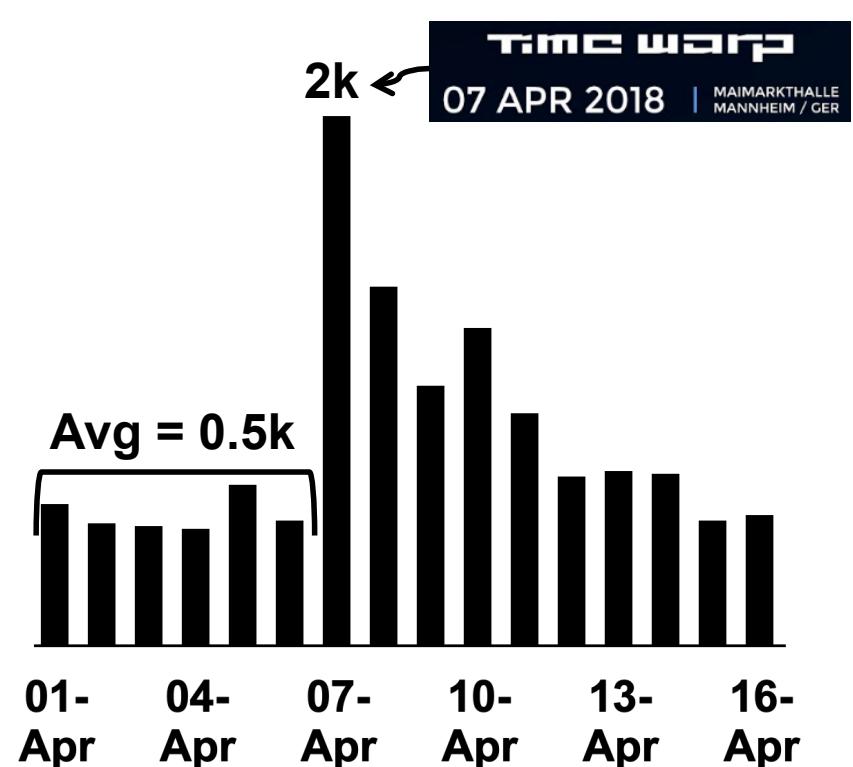
Amelie Lens

Now adding twice as many social media fans as a year ago; Daily growth quadrupled after Time Warp 25 festival

Amelie Lens Monthly Growth in Social Media Followers (2018-2019*)



Amelie Lens Daily Growth in Facebook Followers (April 2019)



Note: New Followers added in past month using Viberate.com in April/May 2018 and 2019
Source: Viberate, Social Bakers, Instagram, YouTube, Spotify, Facebook, Resident Advisor

TV Advertising

Leading global brands are signing up female Electronic Music Artists to lead their TV advertising campaigns

Peggy Gou



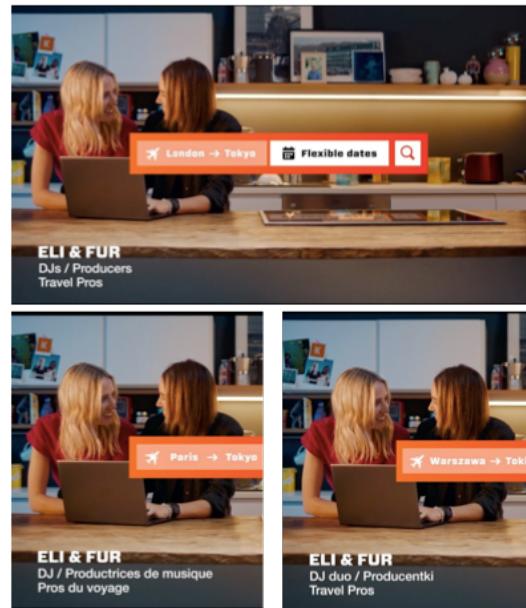
Appeared in adverts to launch new Macan, alongside Bakermat



Eli & Fur

K A Y A K

Featured in TV adverts in UK, Spain, France, Poland, Brazil, Mexico



Alison Wonderland

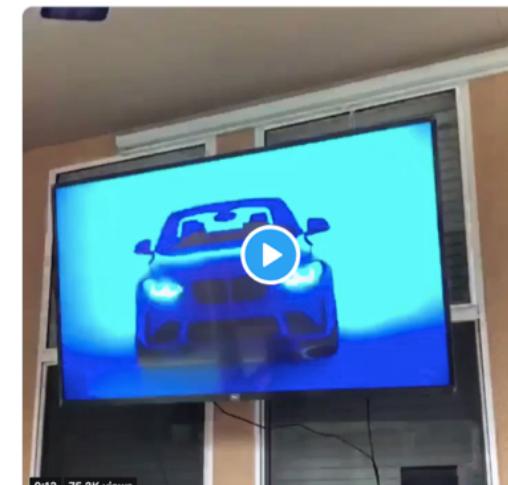
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'Here 4 U' used as the music for 2019 Superbowl advert

ALISON WONDERLAND @awonderland

Follow

HERE 4 U IS ON A GODDAMN SUPER BOWL AD



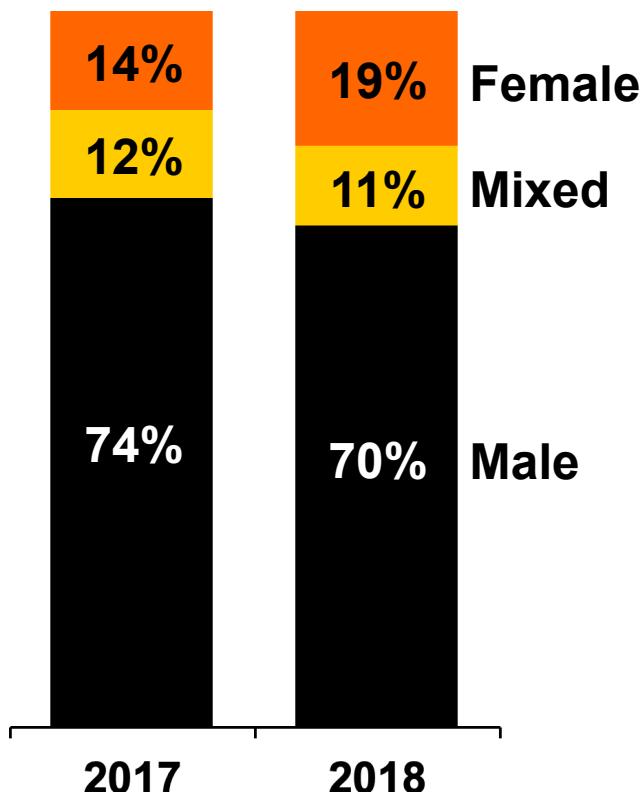
Source: industry press, social media

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Festival Gender Diversity

Pitchfork analysis showed only 19% of festival artists were female in 2018; 150+ events aiming for 50% by 2022

Gender of Festival Artists* (2017-2018)



- Pitchfork analysed the line-ups of 20 leading multi-genre festivals in 2018
- Female artists made up 19% of those on the line-ups, up from 14% in 2017, with only three festivals achieving a 50:50 gender balance
- There are a number of organisations focussed on improving this imbalance, including:



Keychange – challenging festivals to achieve a 50:50 gender balance by 2022 – so far 150+ have signed up



#bookmorewomen – visualising extent of imbalance using line-up posters



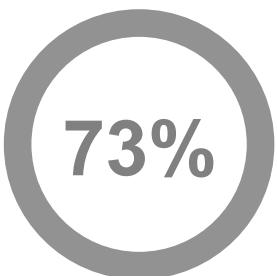
shesaid.so – harnessing the power of a 13,000 strong network of female-identifying music professionals

Note: *Survey of 20 biggest multi-genre festivals, primarily focussing on America

Source: Pitchfork, Keychange, #bookmorewomen, shesaid.so

Mental Health

73% of independent musicians have experienced negative emotions, driven by fear of failure and many other factors

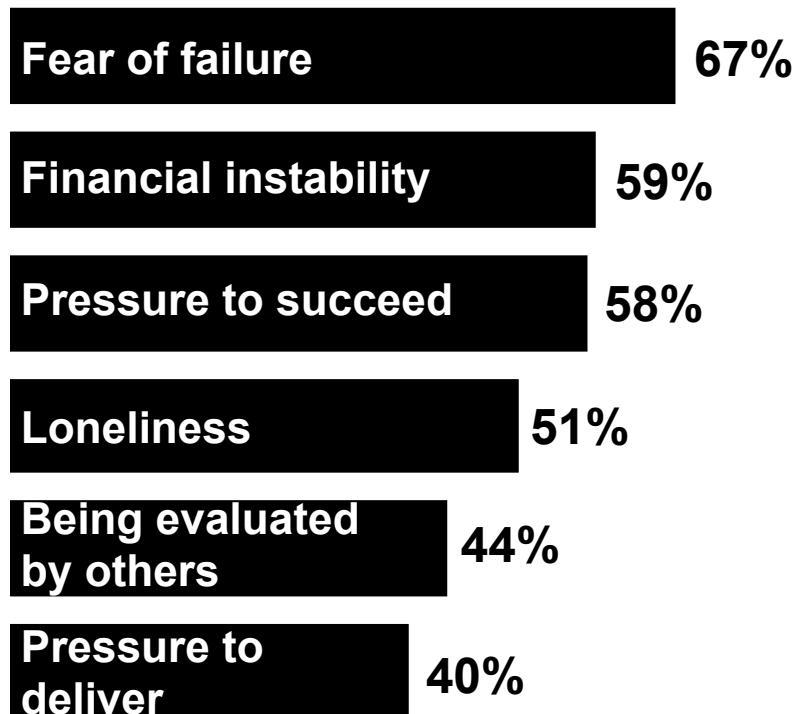


Of independent music makers have experienced negative emotions such as **stress, anxiety and / or depression** in relation to their music creation*



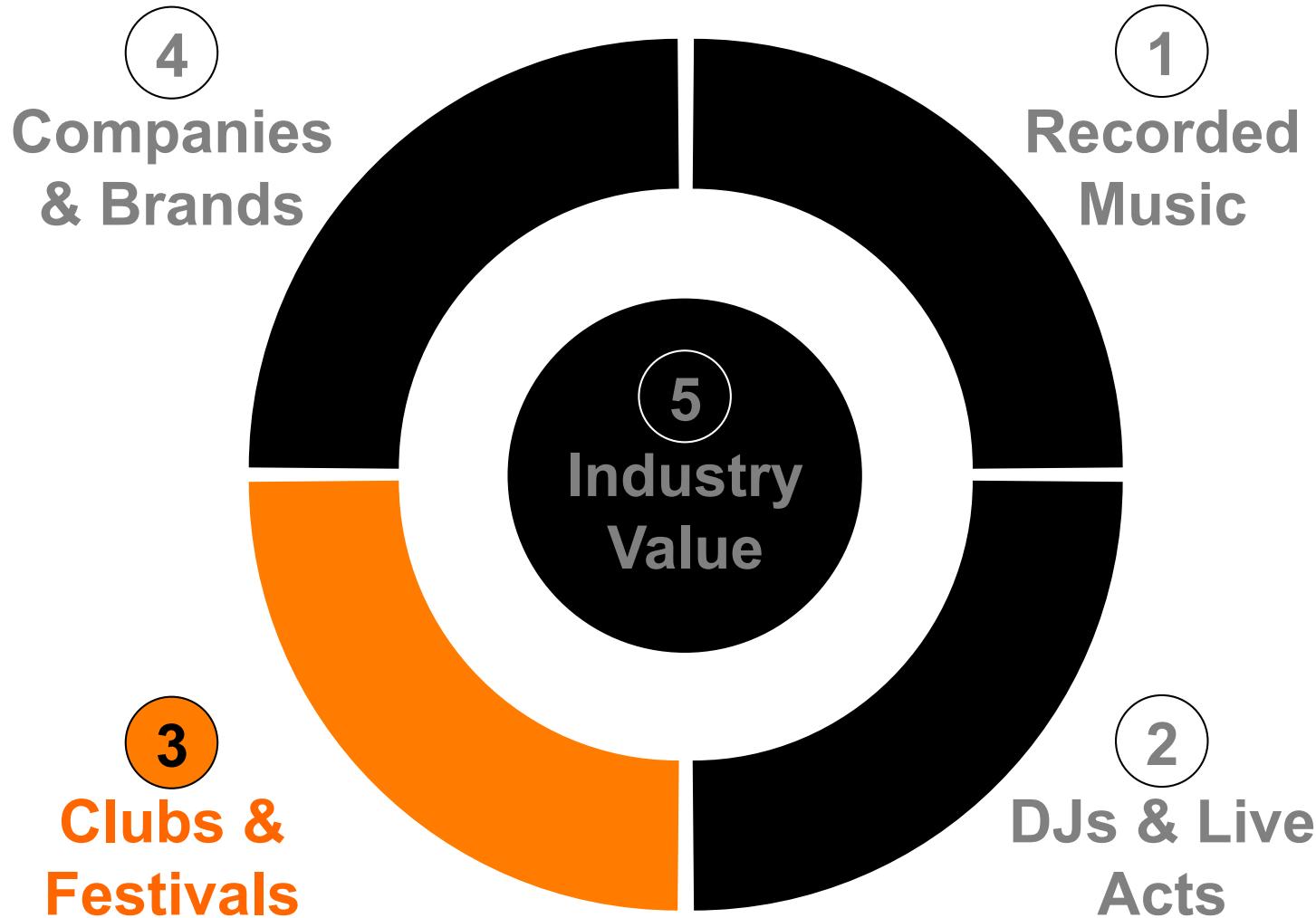
Of those have had **Panic Attacks** as a symptom, while many reported symptoms such as negative pressure and stress, anxiety & depression

And the main reasons given for experiencing those symptoms were:**



Source: Record Union 'The 73 Percent Report' (March-April 2019, 1,489 Independent Music Makers)

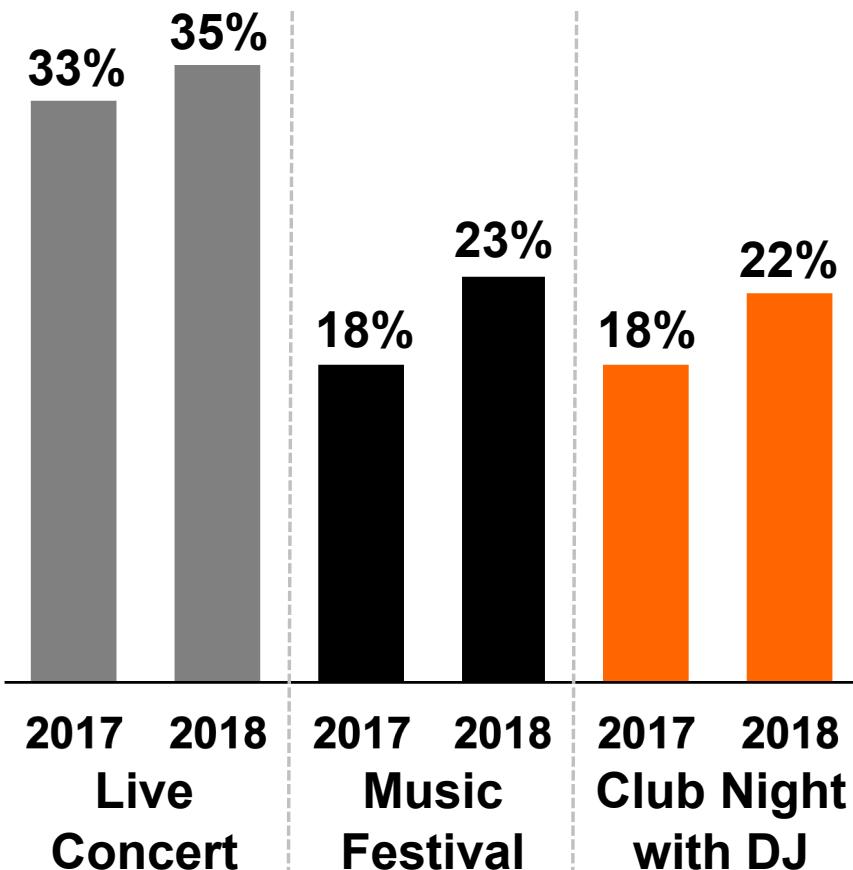
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USA

More people than ever are attending live music events, with festivals showing the highest YoY increase in 2018

U.S. General Population Attendance of Live Events by Type (2017-2018)

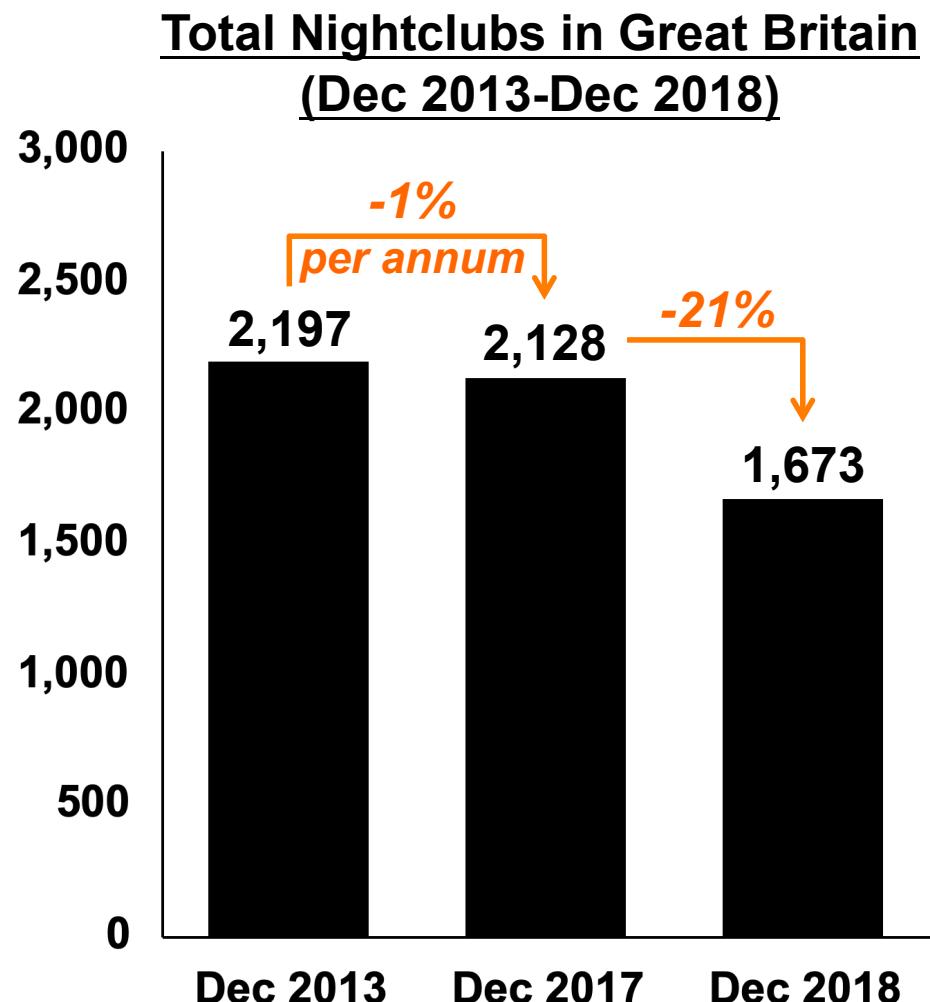


- 52% of the USA population said they attended a live music event in 2018 according to Nielsen
- Festivals saw the biggest annual increase from 18% in 2017 to 23% in 2018
- Club Nights with a live DJ also increased from 18% to 22%
- These numbers are based on attendance of at least one event, and do not reflect any change in frequency of attendance
- Fans of Electronic Music have a higher propensity to attend live music events (74%) than those of any other genre

Source: Nielsen U.S. Music 360 reports, Billboard, industry press

Clubs

However, the decline in nightclub venues is accelerating, with a number of high-profile closures around the world



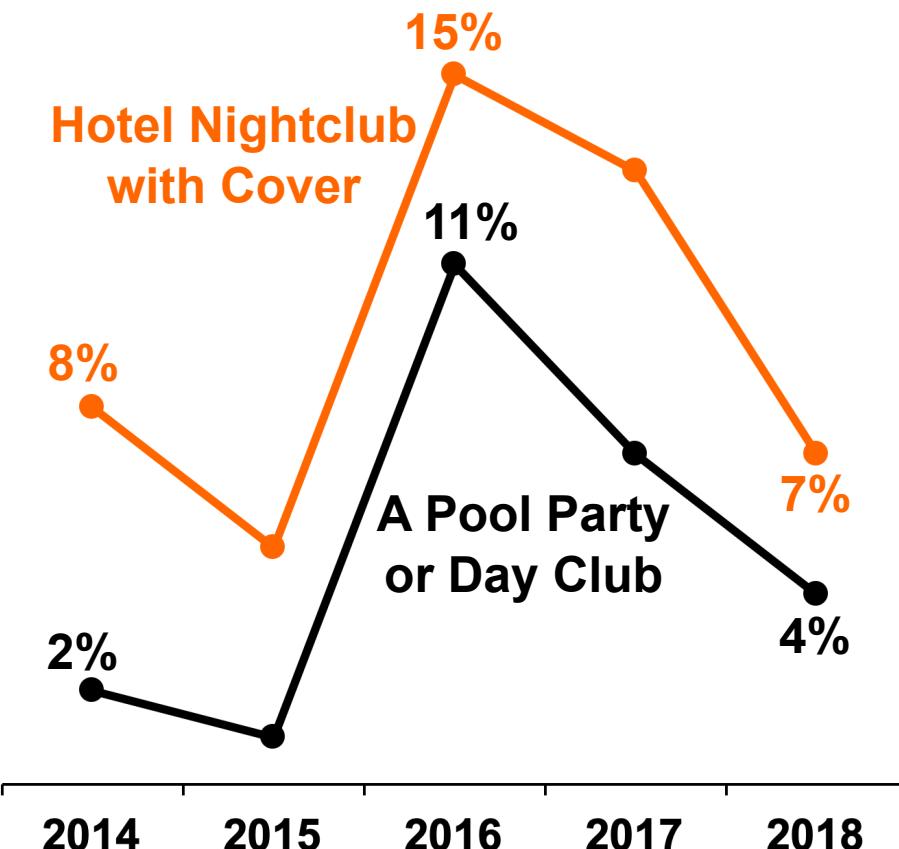
- The number of nightclubs in Great Britain fell by 21% in the 12 months to December 2018, compared to a 1% decline per year between 2013 and 2017
- Several high-profile Electronic Music clubs have closed, including Output in New York
- Drivers of the decline include:
 - Attendance of fewer, bigger events, such as festivals
 - Gentrification, property prices
 - Health and wellbeing trends
 - Social media and online dating

Source: CGA Market Growth Monitor February 2019, IMS Analysis, industry press

Las Vegas

After a peak in 2016, the proportion of visitors going to hotel clubs and pool parties has dropped significantly

Proportion of Las Vegas Visitors That Have Been To Different Venues (2014-2018)



- In 2016 15% of visitors to Las Vegas said they had been to a hotel nightclub, and 11% a pool party or day club
- These proportions fell to 7% and 4% respectively in 2018, potentially impacted by the lack of new club openings
- New venue KAOS may help boost visitors in 2019 with a number of high-profile Electronic DJs as residents
- Art of the Wild event shows new genres of Electronic Music are finally gaining traction in Las Vegas

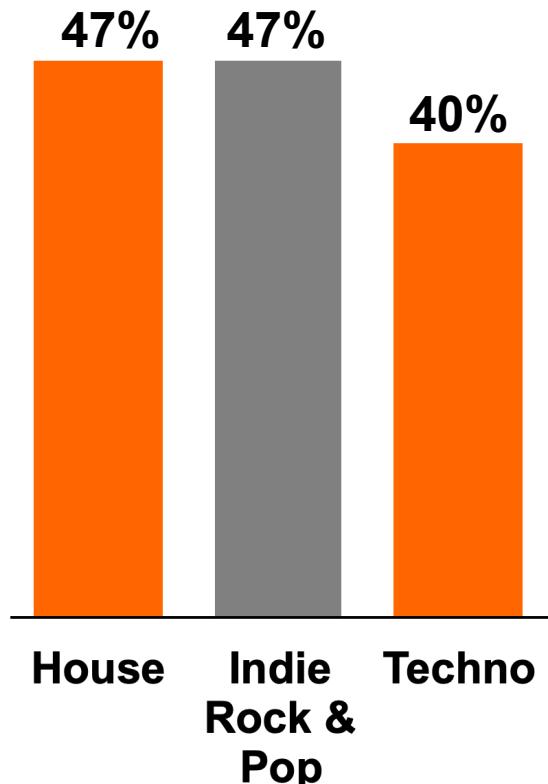
Source: Las Vegas Convention and Visitors Authority: 2018 Las Vegas Visitor Profile

Berlin

A recent study found 40% of Berlin's 280 clubs play Techno, with clubbers spending on average €200 per day

Berlin Club Commission Study (2018)

Genres Played by Clubs



Other Findings



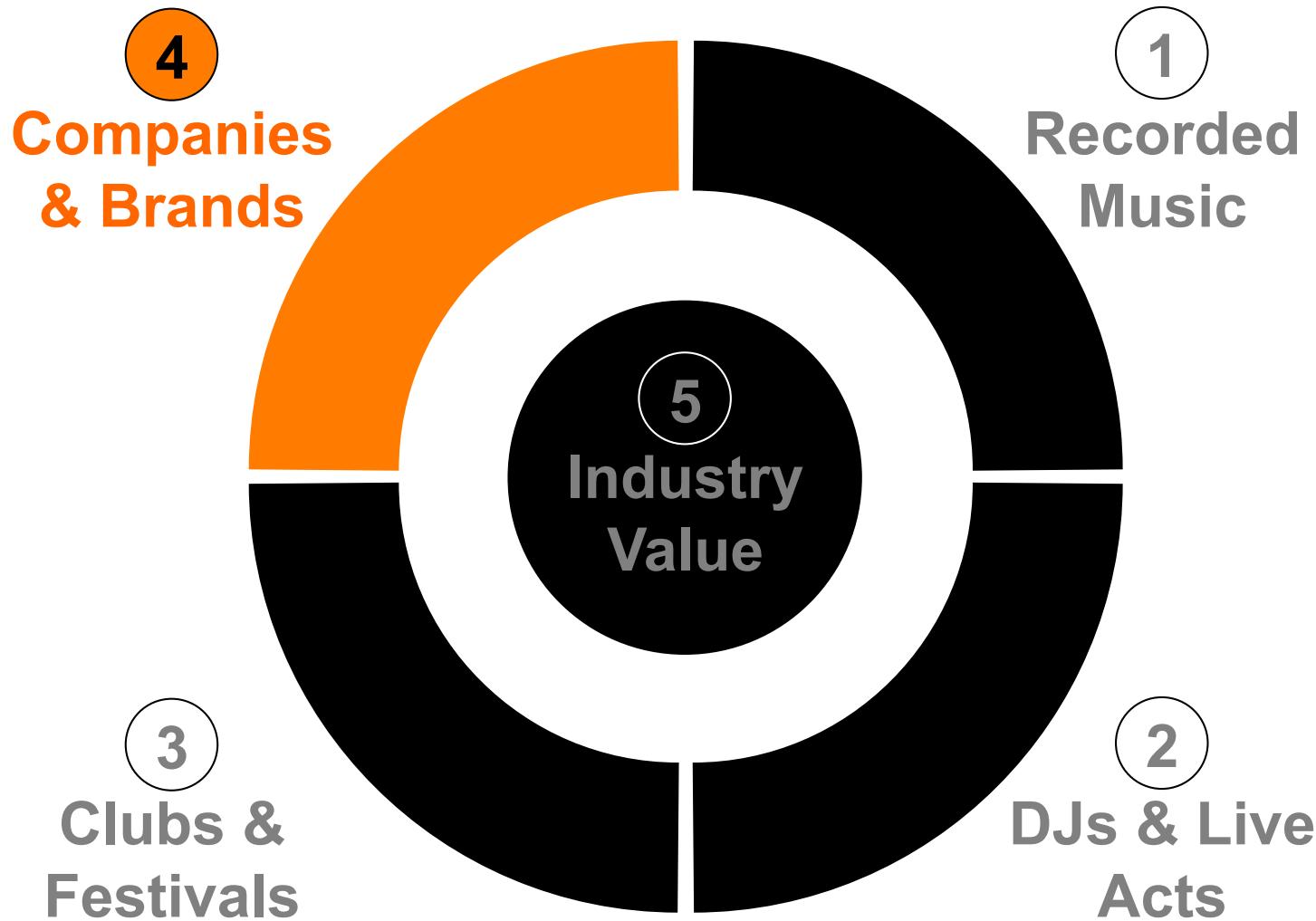
- Club Commission study highlights importance of club scene to Berlin
- 280 venues made €168m last year and employed over 9,000 people
- Most popular music genres are House and Indie, followed by Techno
- Visitors to these clubs end up spending a total of €200 per day, in clubs, bars, restaurants & hotels

Source: Berlin Club Commission, The Local

THE LOCAL de
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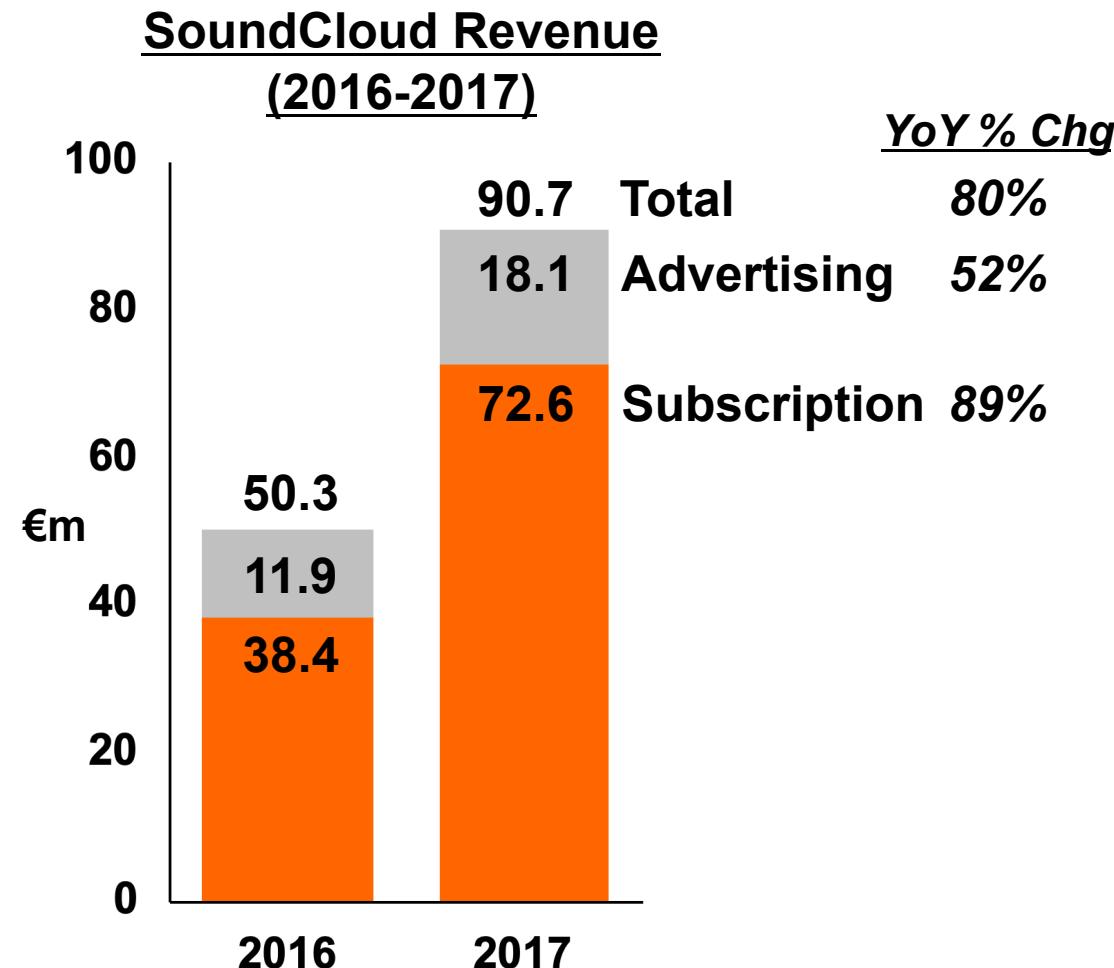
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SoundCloud

**Subscription service helped revenue reach \$100m in 2017;
Tracks can now be distributed directly to Spotify, Apple**



- Most recent financial accounts show revenue reached €90m (\$100m) in 2017, up 80% from 2016
- Subscription grew 89%, driven by the launch of SoundCloud Go in Mar 2016
- As of Feb 2019 users can now distribute their music directly to all major streaming platforms, including Spotify, Apple Music, Amazon Music Unlimited & YouTube Music



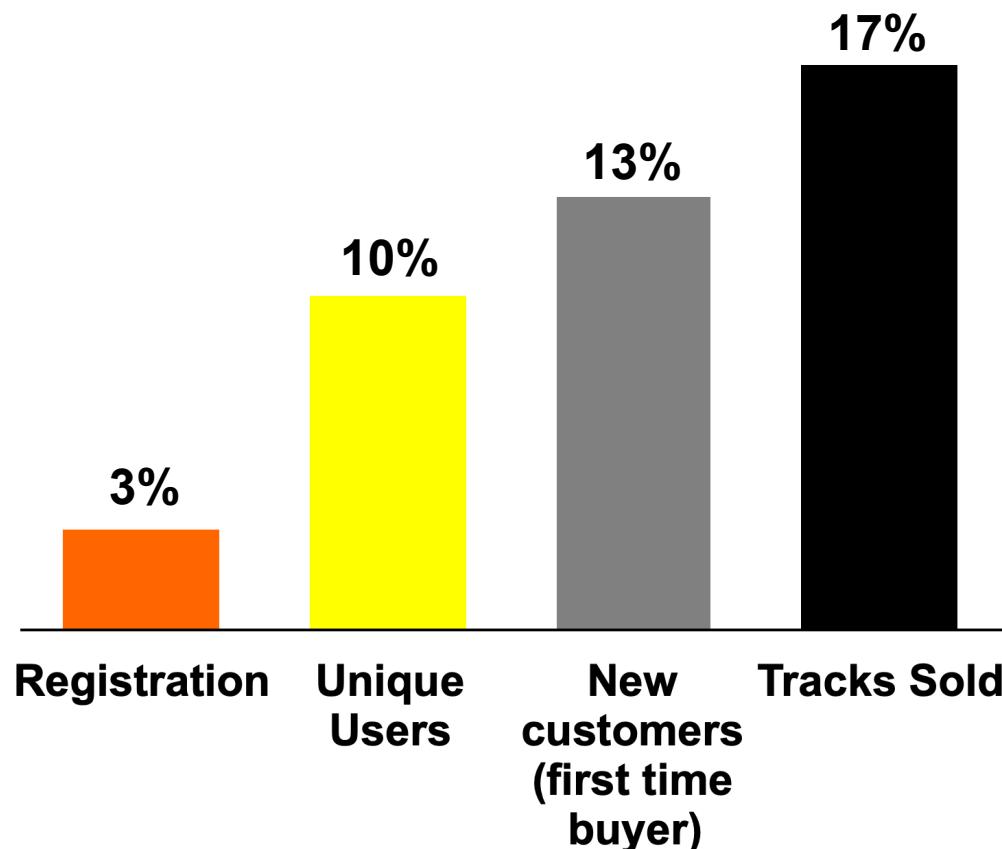
Source: SoundCloud, UK Companies House, industry press

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Beatport

Strong growth continued in 2018/19 with a 10% increase in unique users and a 17% rise in the number of tracks sold

Beatport YoY Growth (Q1 2018-Q1 2019)



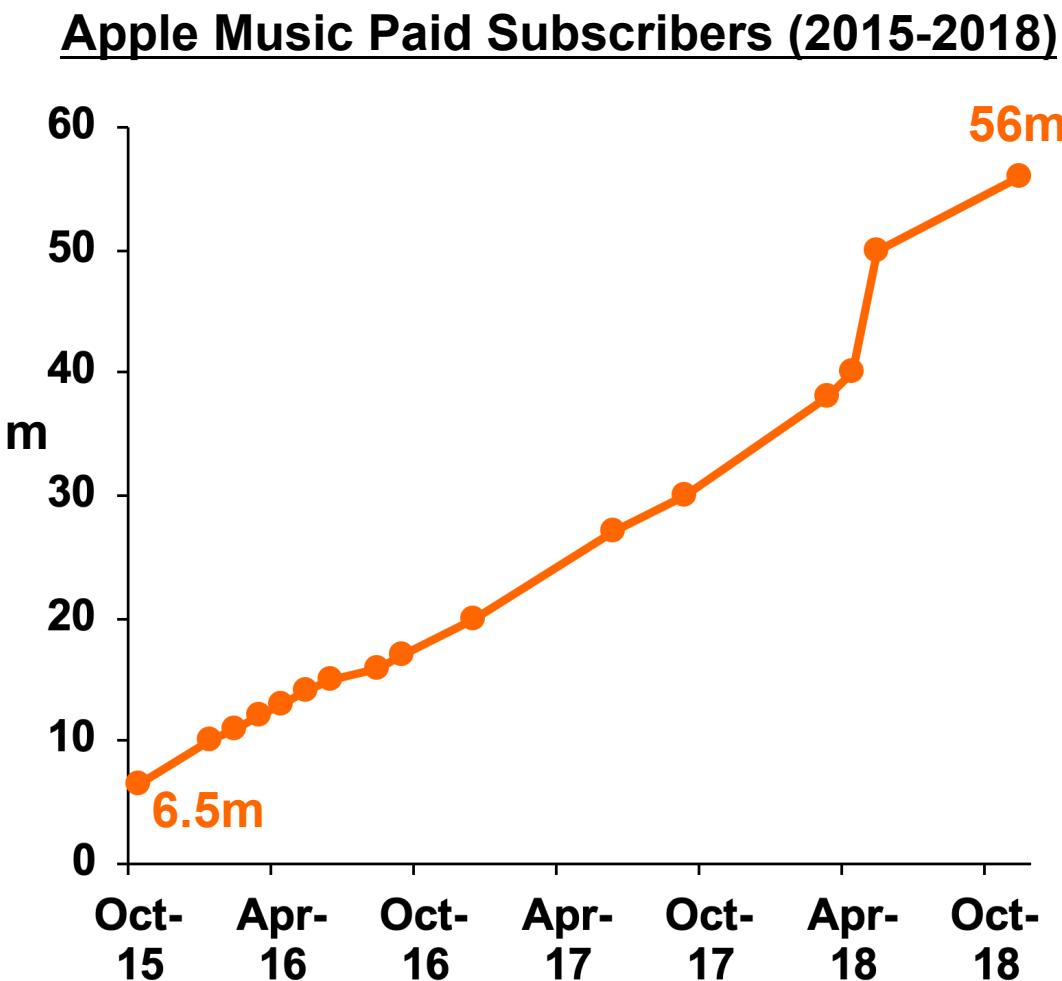
Source: Beatport

- Track sales grew 17% in the 12 months to Q1 2019, the third straight year of growth
- Beatport will launch two new services in 2019
- Beatport LINK streaming service aimed at DJs will be integrated into leading DJ software applications
- Joint venture with DJ City in the USA will enable the launch of Beatsource – a platform dedicated to open-format DJs



Apple Music

Worldwide paid subscribers have reached 56m just 3.5 years since launch; USA subs. now higher than Spotify



Source: The Wall Street Journal, ft.com, Statista, industry press

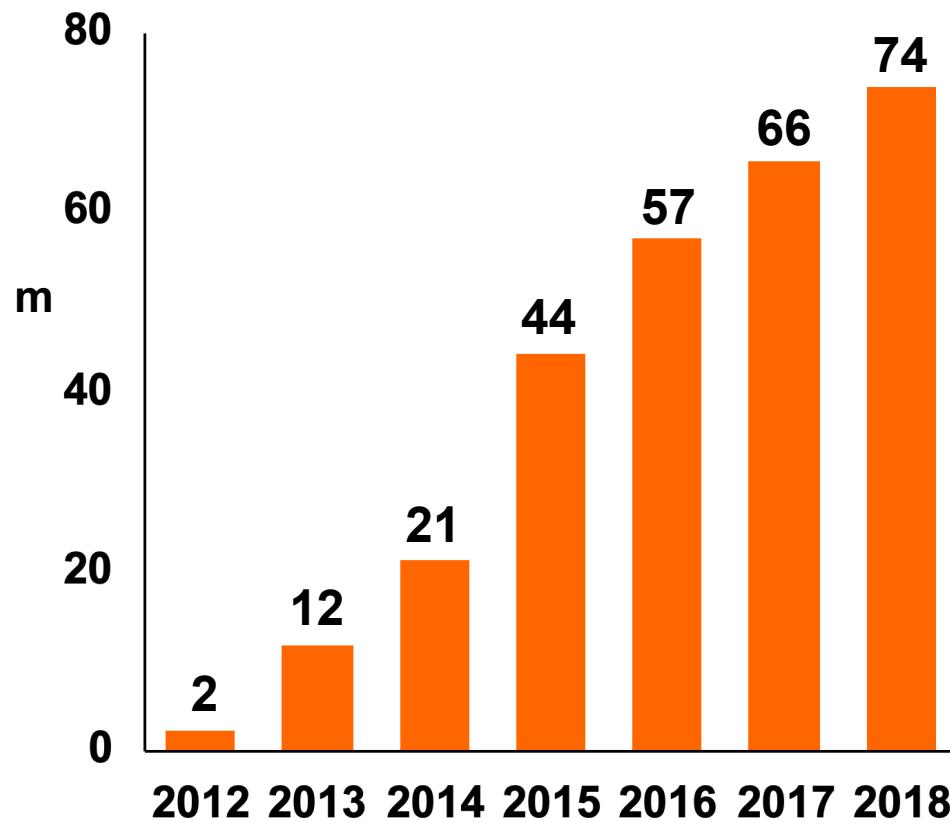
- Apple Music has amassed 56m paying subscribers since launching in June 2015
- In February 2019 paid subscribers in the USA overtook Spotify for the first time (28m versus 26m)
- Apple has recently increased the focus on Electronic Music with the introduction of the 'DJ Mixes' section in partnership with Dubset, and exclusive playlists curated by Printworks in London



Mixmag

Official YouTube channel generated 74m views in 2018, up 67% in 3 years; print magazine now just 10% of business

Mixmag YouTube Views (2012-2018)



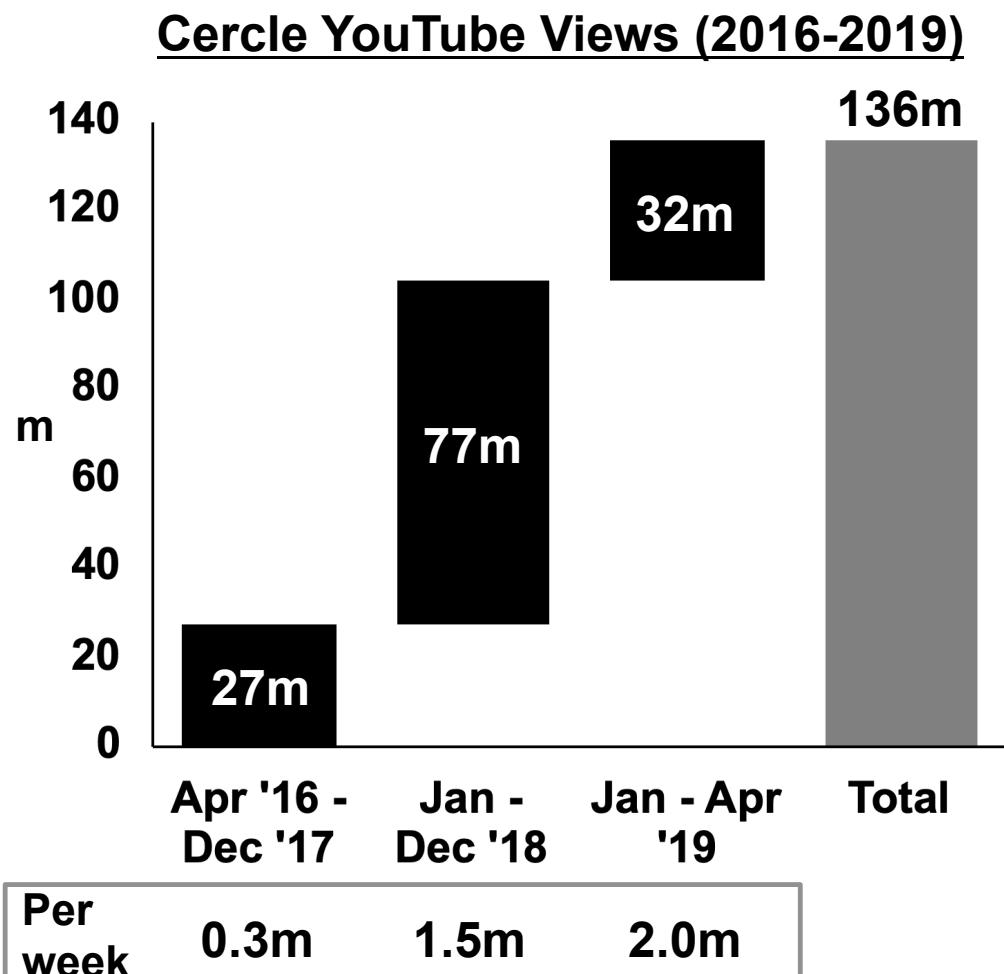
Source: Mixmag

- Since 2008 Mixmag has accumulated over 280 million views on YouTube
- Annual views have risen from 2m in 2012 when 'The Lab' launched to 74m last year, with an average watch time of 14 minutes
- Mixmag now reaches almost 100 million people a month through all channels and has 16 offices around the world

mixmag

Cercle

More than 135m YouTube views achieved since launch in April 2016, and averaging 2m a week so far in 2019



- Cercle began live streaming Electronic Music events in April 2016, and now streams one show every 2 weeks
- Official YouTube videos have been viewed more than 135m times, accumulating 2.2 billion watched minutes
- Scope has broadened from unique venues in France, to other locations across the world, a Cercle festival, and a new channel for Urban artists called 'Drop'



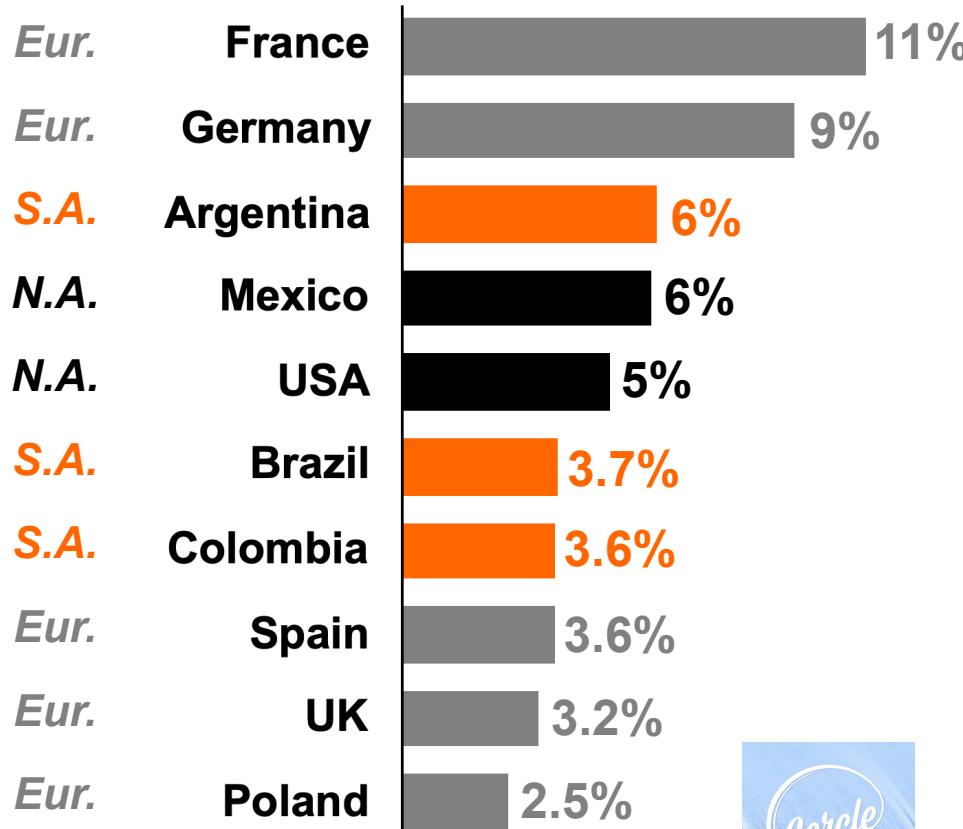
Source: Cercle, IMS Analysis

Cercle

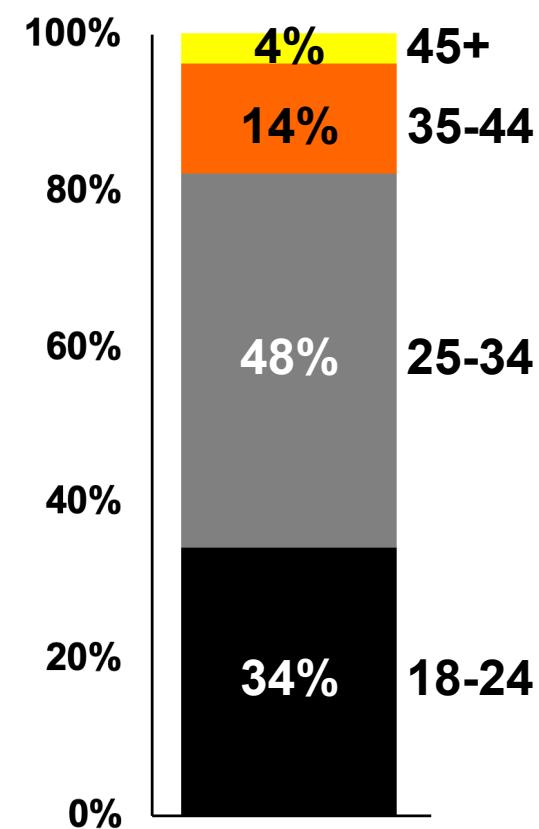
Videos are attracting a young global audience: 5 out of 10 countries with the highest watch time are outside Europe

YouTube Watch Time by Geography (2019)

<u>Continent</u>	<u>Country</u>	<u>Share of Total Minutes</u>
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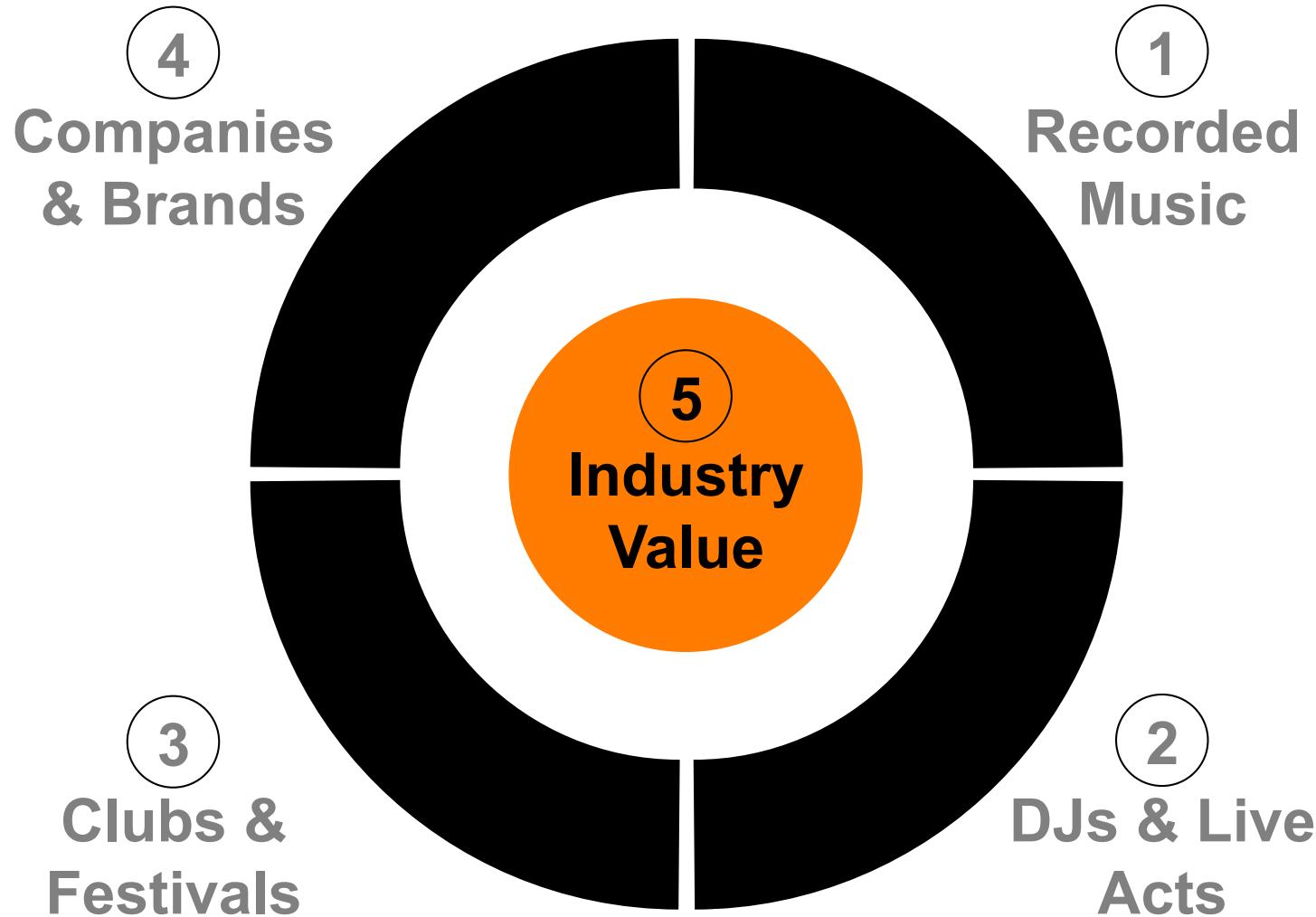
Instagram Audience by Age Range (2019)



Source: Cercle



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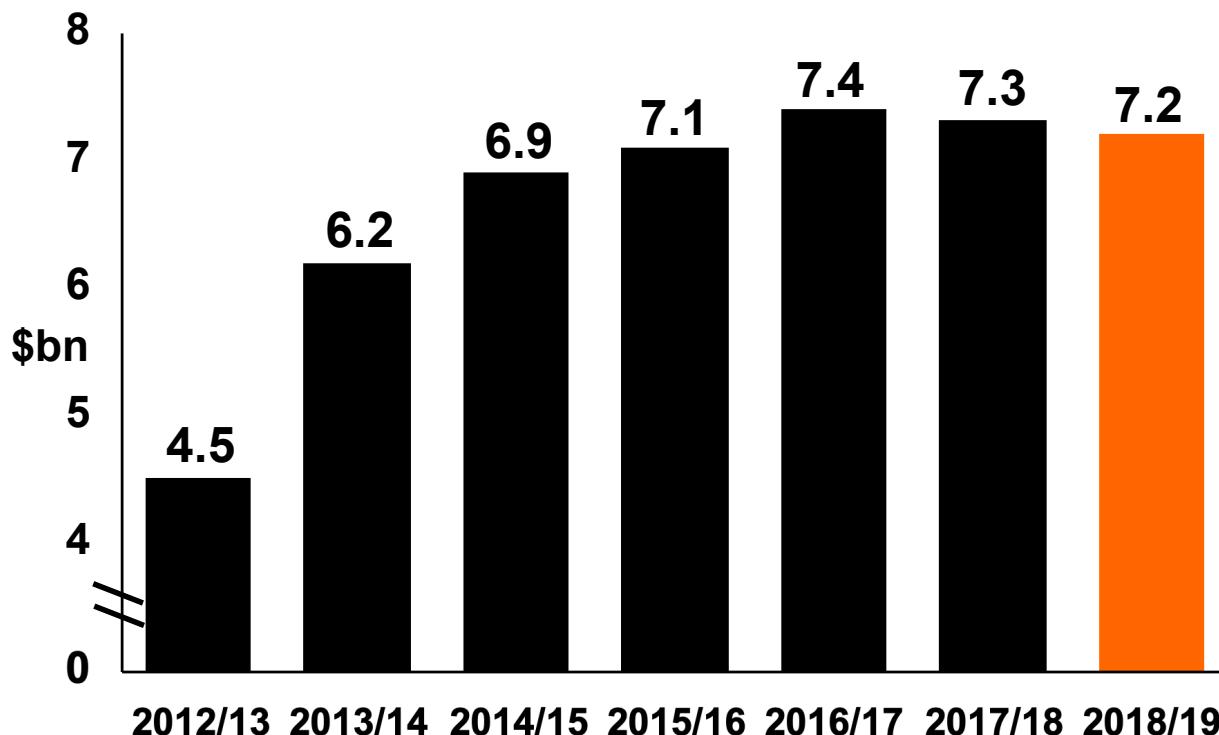


Industry Value

Overall Electronic Music industry value dipped 1% in 2018/19 to \$7.2bn as period of stabilisation continued

Estimated Value of Global Electronic Music Industry

(2012/13-2018/19)



YoY%

37%

12%

3%

3%

(2)%

(1)%

INDICATIVE

Source: 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, Ultra Worldwide, iiMedia Research, Music Trades, IBISWorld, industry press, IMS Analysis

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