



## **Can Apple's iPhone transform the mobile music market as iTunes did the online music market?**

**London 30<sup>th</sup> April 2007** With the launch of Apple's iPhone less than two months away, media analyst Screen Digest has published detailed research on the global market for over-the-air (OTA) music downloads, which deliver music direct to the mobile phone.

At the end of 2006, the global market for OTA mobile music was worth €166m, with the lion's share of revenue generated by single track á la carte downloads in the US. In comparison, the global online music download market was almost six times bigger at €932m.

Screen Digest digital music specialist Dan Cryan says: "This is a really exciting time for mobile music and industry players are jostling to enter a rapidly growing market with the right products and business models. On the one hand we have Apple's iPhone, the first generation of which doesn't lend itself to over-the-air music downloads.

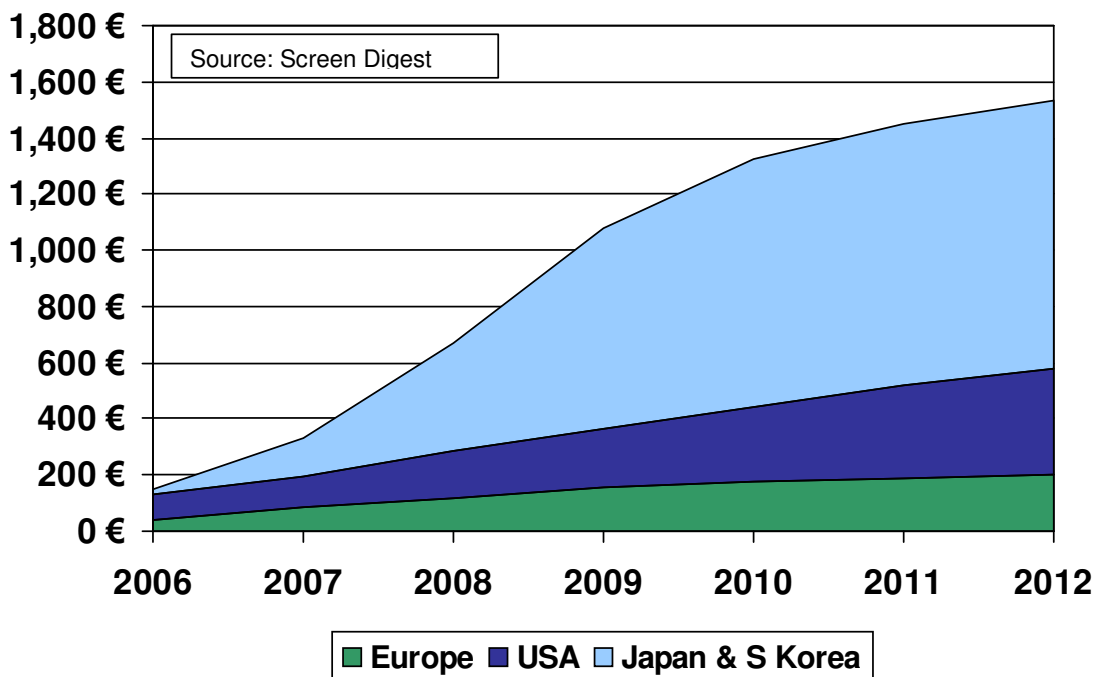
On the other we have a raft of services – subscription and á la carte – being launched by mobile phone operators and digital music providers. These represent very different approaches to buying music for your mobile, with Apple encouraging side-loading from the PC to the phone and the mobile operators encouraging over-the-air downloads."

Screen Digest forecasts that the global OTA music download market will grow explosively over the next five years, reaching €1.6bn by 2012 - a ten fold

increase from 2006. Japan will be the biggest market by far at €950 or almost 60% of the total global market. In comparison, the online music market will be worth more than double, at €3.9bn 2012.

The Japanese prefer to download music tracks over-the-air directly to their mobile phones, taking advantage of well established high speed mobile networks which give them the capability to download content quickly. In comparison, European and American consumers choose to download music tracks online and then side-load them to their phones.

**Chart 1: Forecast mobile music market by value (€m) by region**

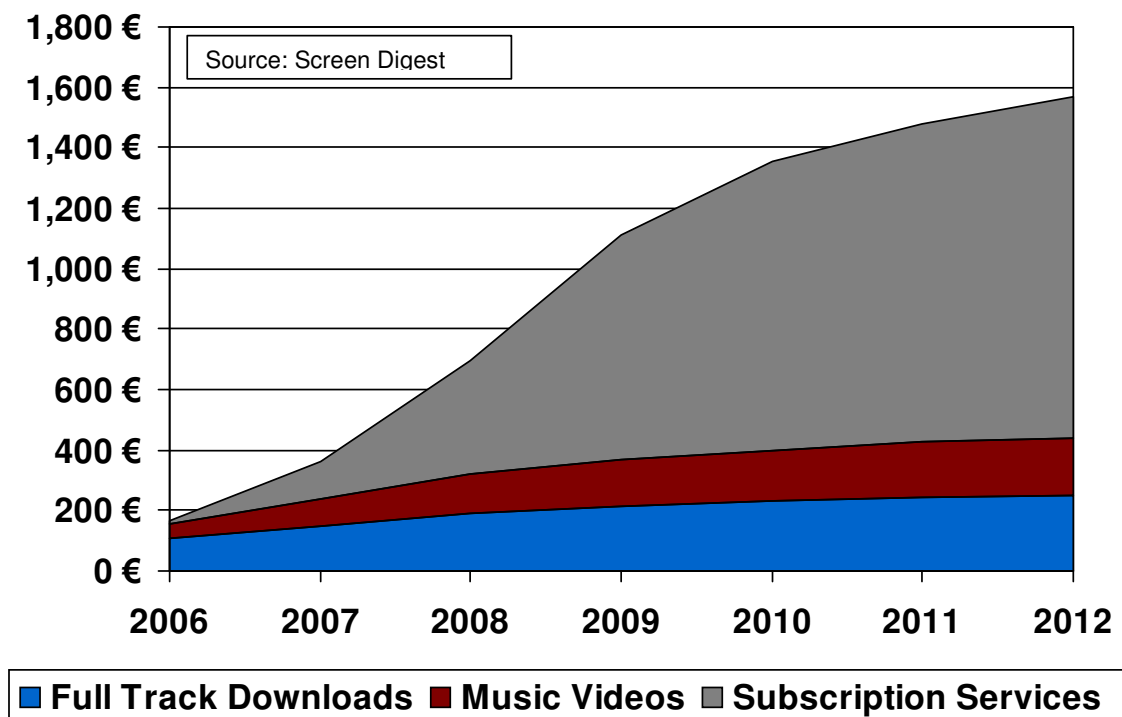


### **Subscription-based services will emerge over the next three years**

A key development in the mobile music market will be the emergence of subscription-based business models over the next three years; by 2012 Screen Digest believe they will account for two thirds of total mobile music revenues worldwide. The rest of the market will be split between á la carte single track and music video downloads.

Subscription services come in two flavours - 'book club' and rental. With a 'book club' subscription, users download a certain number of tracks each month and keep them, even when the subscription expires. With rental users have access to a very large music library and can listen to everything for as long as they pay the subscription. In Japan, which will make up the majority of mobile music subscriptions worldwide, the book club model will dominate. Screen Digest believes that on the strength of this model Japan will become the number one market worldwide for any form of digital music subscription.

**Chart 2: Mobile music business models by value (€m)**



Dan Cryan says “The global market for over-the-air music downloads will grow rapidly over the next five years, and will begin to close the gap with online music. This growth will be fuelled by mobile subscription services in Japan, whereas in Europe and the US, consumers will favour downloading tracks online and side-loading them onto their mobile phones.”

Ends

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**About this research**

The data in this press release is taken from Screen Digest's newest online service – Mobile Media Intelligence. The service continuously tracks and forecasts the market for all areas of mobile content in more than 30 markets globally.

Screen Digest will be launching its new mobile service with a Breakfast Seminar in London on May 8<sup>th</sup>. If you are interested in attending the three presentations and discussion, and meeting some of the Screen Digest analysts, please contact Dan Stevenson or Fay Hamilton at Screen Digest on 020 7424 2820 for more information.

**About Screen Digest - Global media intelligence**

Screen Digest is the pre-eminent firm of industry analysts covering the global media markets. We employ a team of 30 specialist analysts covering television, broadband, mobile, home entertainment, cinema and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on.

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