News and Notes on RIAA 2017 Latin Revenue Statistics

Joshua P. Friedlander, Senior Vice President, Strategic Data Analysis | **Matthew Bass**, Associate, Strategic Data Analysis

Revenues from Latin music in the United States grew 37% to $243 million in 2017. Streaming music accounted for 84% of Latin music revenues, and similar to the overall market, was the biggest driver of growth. Latin music comprised 2.8% of the overall U.S. music market by value, which totaled $8.7 billion in 2017.

Revenues from streaming Latin music in the United States grew 54% year-over-year to a record high level of $204 million. Paid subscription streams were both the largest and fastest growing portion of the Latin market by value, up 83% versus 2016, and accounting for 49% of total streaming revenues. On demand ad-supported streams, a category that includes services like YouTube, Vevo, and the free version of Spotify, grew 34% to $45 million. That accounts for 19% of the Latin music market by revenue, compared to the overall U.S. market where the category accounted for just 8% for the total share.

Although distributions from SoundExchange for Latin music in 2017 were down 13%, revenues for the category of digital and customized radio were up 34% to $59 million. Direct payments from these services, which only started in 2016 (categorized as other ad-supported streaming) made up the difference.

Digital downloads made up just 9% of the total U.S. Latin music market, but they bucked the overall trend of declining sales and increased 3% by value versus 2016. Driven by crossover hits like "Despacito" and "Mi Gente", digital single track sales increased 16% and comprised the majority of digital download sales. Digital albums, a smaller category, were down 20% by value. Revenues from physical shipments of Latin music products were down 43% to $12 million.

> **"2017 was the year that Latin music filled our playlists and dominated the airwaves like never before. More than any other genre, the growth in streaming is powering Latin music's resurgence. That's a welcome development for a community that has endured an especially challenging decade. Streaming is helping break down walls between countries and continents, all while record companies invest in the critical teams and resources to help support an artist's global ambition. It's no accident when a song tops a global playlist, it's the result of a dedicated team of professionals working to expand an artist's audience.**
>
> **The Latin music market still disproportionately skews toward free streams. For the market to sustain its growth and for record labels to invest in and support more artists, a level playing field is essential. That means addressing music's 'value gap,' a critical priority for the global music community."**
>
> **– Cary Sherman, Chairman & CEO, RIAA**

Figure 1

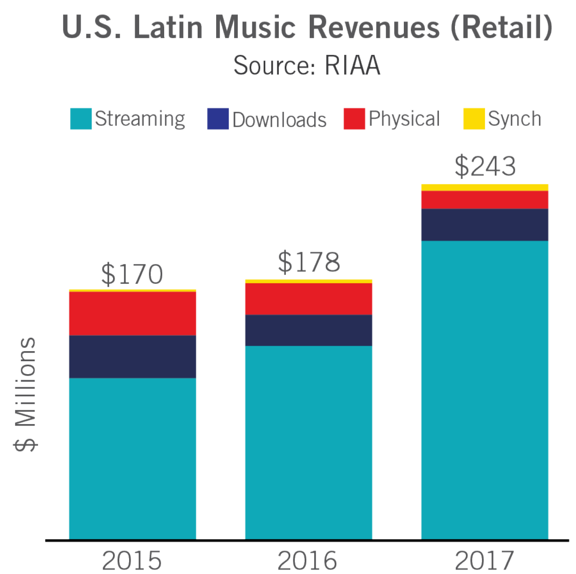


Figure 2

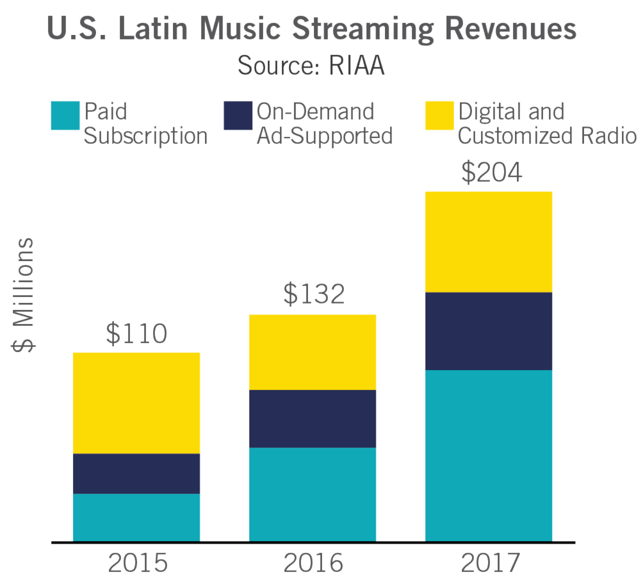


Figure 3

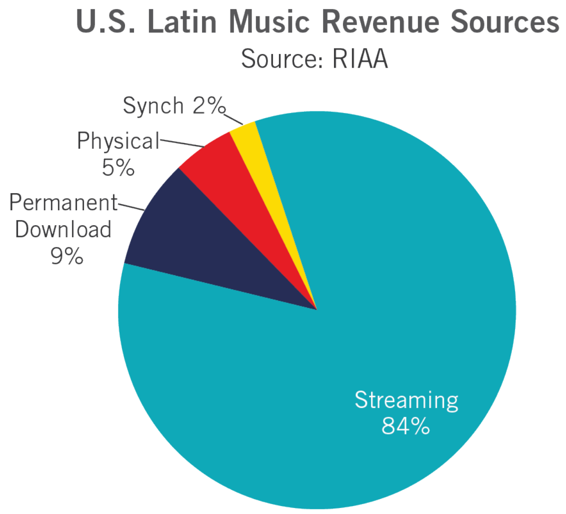
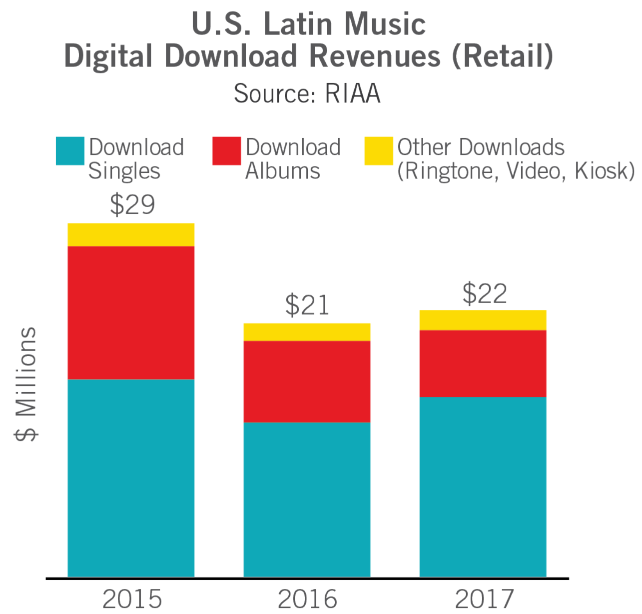


Figure 4



Note – Historical data updated for 2015 and 2016, including updated revenue accounting standards starting in 2016.

Formats with no retail value equivalent included at wholesale value.

For news media inquiries, please contact:
Jonathan Lamy
Cara Duckworth Weiblinger
Liz Kennedy
202-775-0101

2017 Latin Year End Industry Revenue Statistics

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For a list of authorized services see www.whymusicmatters.com

United States Unit Shipments and Estimated Retail Dollar Value (In Millions, net after returns)

DIGITAL STREAMING

		2016	2017	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**Paid Subscription**	$54.5	$99.9	83.1%
	On-Demand Streaming (Ad-Supported)[1]	$33.8	$45.3	34.1%
	SoundExchange Distributions[2]	$41.5	$36.2	-12.8%
	Other Ad-Supported Streaming[3]	$2.4	$22.6	841.1%
	Total Streaming Revenues	**$132.2**	**$203.9**	**54.3%**

PERMANENT DOWNLOAD

		2016	2017	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**Download Singles**	10.4 $12.9	12.1 $15.0	16.5% 16.5%
	Download Albums	0.7 $6.7	0.6 $5.4	-20.3% -20.3%
	Other Downloads[4]	0.2 $0.3	0.1 $0.2	-16.0% -12.6%
	Ringtones & Ringbacks[5]	0.6 $1.4	0.6 $1.4	1.0% 1.0%
	Total Permanent Download Units **Total Permanent Download Value**	**11.8** **$21.3**	**13.4** **$22.0**	**13.1%** **3.4%**

TOTAL DIGITAL VALUE

		2016	2017	% CHANGE 2016-2017
	TOTAL DIGITAL VALUE	$153.5	$226.0	47.2%
	Synchronization Royalties[6]	$2.7	$4.6	72.7%

PHYSICAL

		2016	2017	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**CD**	2.3 $21.3	1.3 $12.1	-43.7% -43.0%
	Music Video[7]	0.0 $0.2	0.0 $0.1	-74.4% -73.4%
	Total Physical Units **Total Physical Value**	**2.3** **$21.5**	**1.3** **$12.2**	**-43.9%** **-43.3%**

TOTAL DIGITAL AND PHYSICAL

	2016	2017	% CHANGE 2016-2017
Total Units **Total Value**	**14.1** **$177.7**	**14.7** **$242.8**	**3.8%** **36.7%**
% of Revenues[8]	**2016**	**2017**	
Physical	12%	5%	
Digital	88%	95%	

Note: Historical data updated for 2016
Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value

Note: Historical data updated for 2016, including updated revenue accounting standards
[1] Ad-supported audio and music video services not operating under statutory licenses
[2] Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses
[3] Revenues from services paid directly that are not distributed by SoundExchange and not included in other streaming categories
[4] Includes Kiosk singles and albums, and Digital Music Videos
[5] Includes Master Ringtones, Ringbacks, and Other Mobile
[6] Includes fees and royalties from synchronization of sound recordings with other media
[7] Includes DVD music video
[8] Synchronization royalties excluded from calculation