



INTERNATIONAL MUSIC SUMMIT
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L.A. APRIL 15, 2015
W HOTEL, HOLLYWOOD

IMS Business Report 2015: North America Edition

A study of the regional Electronic Music industry

by Kevin Watson

The IMS Business Report 2015: NA Edition covers five different aspects of the industry

-  **Music**
Sales of tracks by country and analysis of most popular tune
-  **DJs & Live Acts**
Profiles of leading artists, including social media following
-  **Clubs & Festivals**
Popularity of festivals and focus on Indian market
-  **Industry Overall**
Updated estimate of value and growth of Dance Music globally

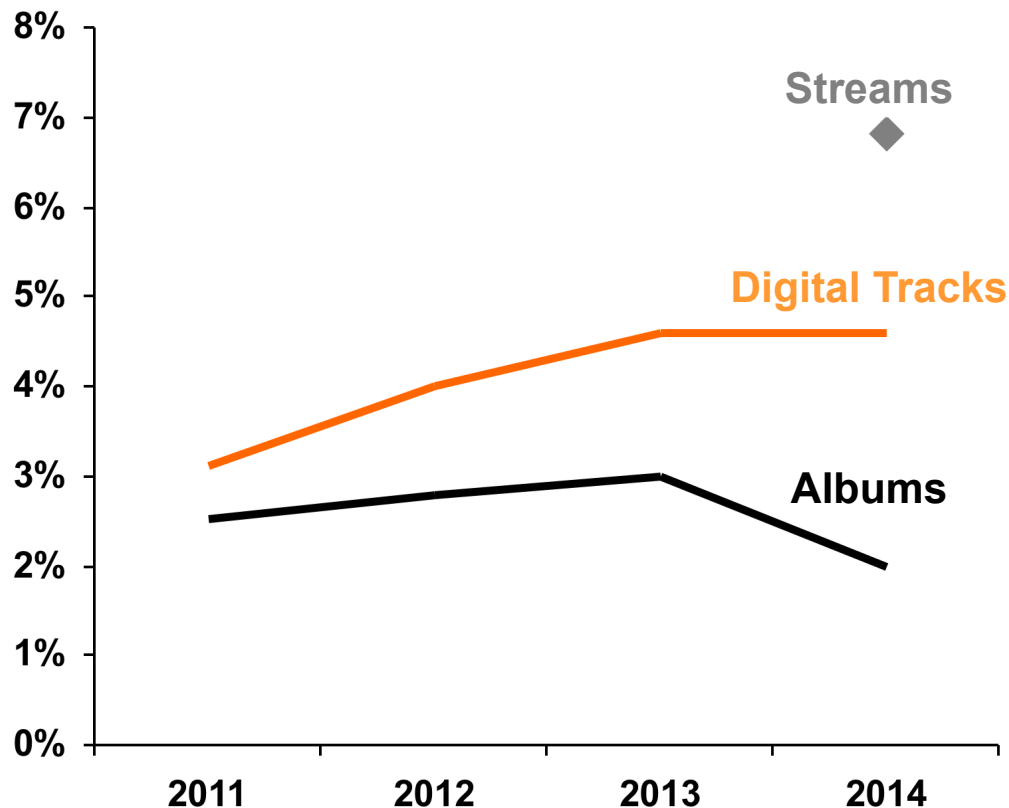


Hint: follow the sections through the report by looking for the starred number at the top of each page

1 Music

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)



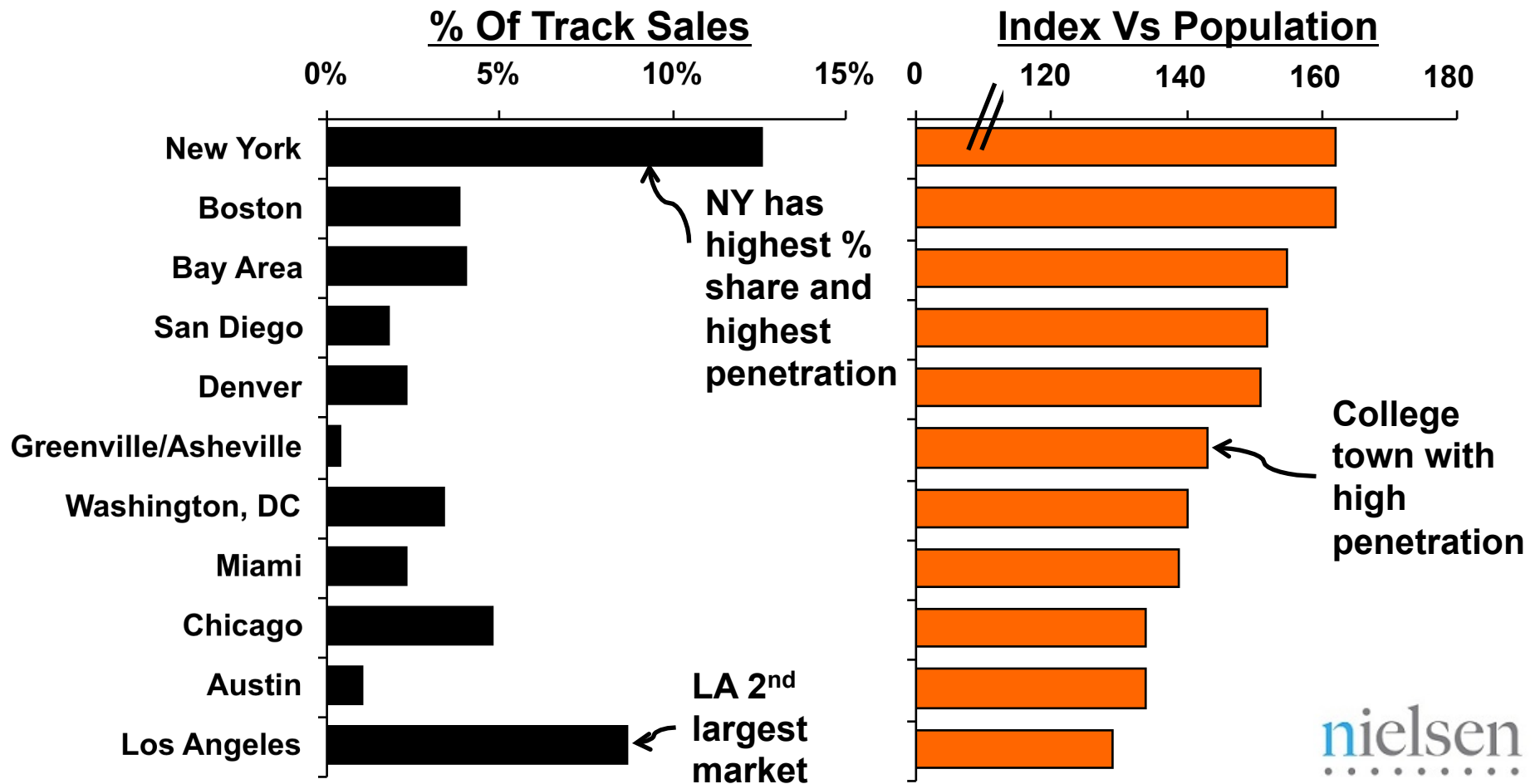
- Dance's share of digital track sales is now 1.5x the level it was in 2011, maintaining the 4.6% first achieved in 2013
- Album share slipped significantly in 2014, but this could well be a one-off
- In terms of streams, Dance significantly over-indexes, accounting for 6.8% in 2014

Source: Nielsen Music U.S. report

1 Music

Largest US cities account for highest track sales, but penetration also high in other areas

US Electronic Music Sales by Region (2014 Q1)



Source: Audience Insights: Electronic Music – An Uncommon Perspective of the Electronic Music Listener
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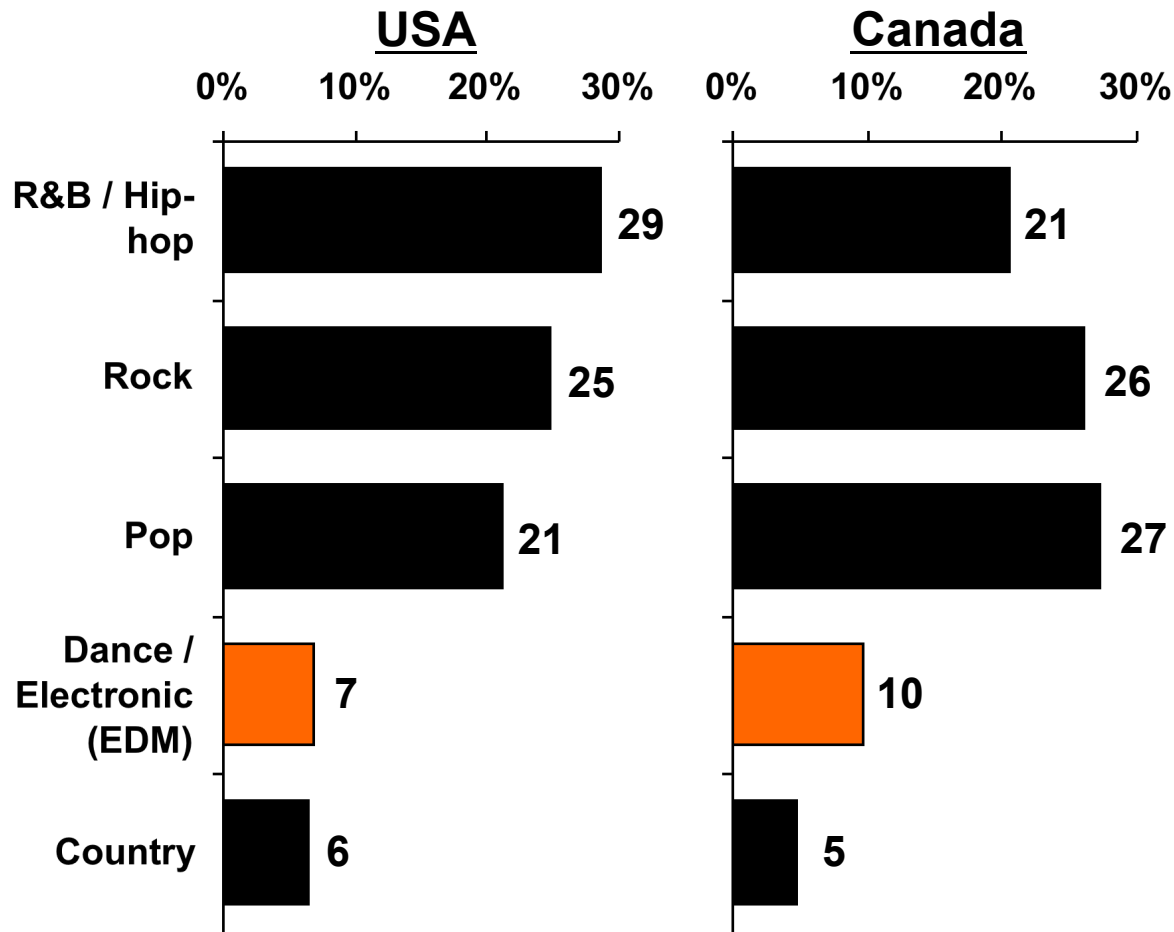




Music

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

Share of Streams by Genre (2014*)



- 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 over 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

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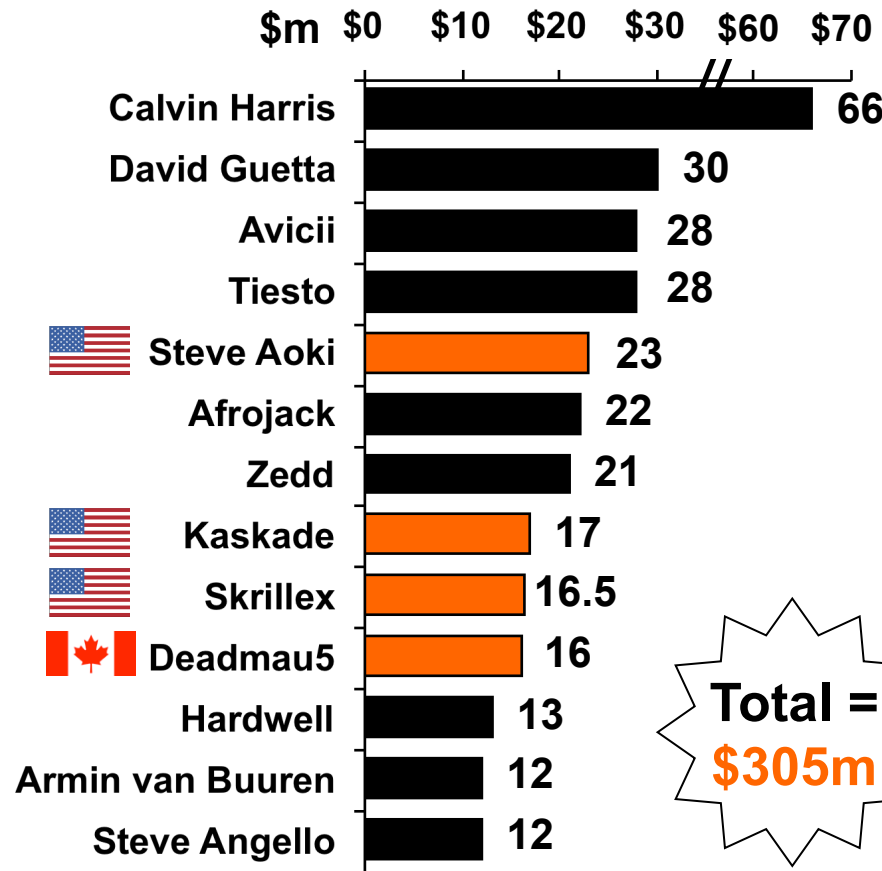


DJs & Live Acts

Forbes' highest earning DJs make their money in NA, even if they do not originate from there

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Forbes Electronic Cash Kings (2014)



Las Vegas Residency

- Hakkasan
- XS & Encore, Wynn
- XS Nightclub
- Hakkasan
- Wet Republic & Hakkasan
- Omnia
- XS & Encore, Wynn
- XS & Encore, Wynn
- XS & Encore, Wynn
- None
- Wet Republic & Hakkasan
- Omnia
- LiFE





Source: Forbes; Industry Press; IMS Analysis



DJs & Live Acts

NA DJs are some of the most popular Worldwide, partly driven by large fanbases on Soundcloud

Topdeejays.com Highest Ranked DJs (March 2015)

					
USA					
1	Skrillex	9	19.6	3.9	5.0
2	Steve Aoki	10	6.9	2.3	3.5
3	Diplo	32	1.4	1.3	5.1
4	Moby	-	2.5	1.3	0.1
5	DJ Bl3nd	78	4.6	0.2	0.3
6	Krewella	33	2.1	0.5	3.5
10	Flosstradamus	-	0.4	0.2	4.4
Canada					
1	Deadmau5	16	9.5	3.0	0.6
2	Crystal Castles	-	1.5	0.1	2.2
3	A-Trak	-	0.4	0.4	4.4
4	Zeds Dead	-	1.0	0.2	4.4
5	Datsik	-	1.3	0.3	3.2
7	Richie Hawtin	90	1.2	0.6	0.2
10	DVBBS	20	1.9	0.3	0.2

Skrillex: huge social media following

Moby: remains relevant via Facebook & twitter

A-trak & Zeds Dead: both using Soundcloud effectively

DVBBS: Smaller online fanbase, but DJ Mag #20

Key: Top 20 >3m >2m >4m

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

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Clubs & Festivals

In the DJ Mag Top 100 Clubs 2015, over 20% of venues are in NA, with Vegas leading the way

NA Clubs by DJ Mag Top 100 Clubs Ranking (2013-2015) [Top 60 only]

Club	City	2014	2015
Hakkasan	 Las Vegas	10	3
Echostage	 Washington DC	19	18
Life	 Las Vegas	-	21
Drai's	 Las Vegas	-	25
Marquee	 Las Vegas	15	27
Surrender / Encore	 Las Vegas	37	32
Exchange	 Los Angeles	59	40
Avalon Hollywood	 Los Angeles	40	45
Club Space	 Miami	50	46
New City Gas	 Montreal	53	52
Light	 Las Vegas	60	55

Reached Top 3 two years after opening

Highest New Entry in 2015

Highest ranked club in Canada

- 21 NA clubs in 2015 Top 100 – 18 from USA, 3 from Canada
- Six Las Vegas venues, four in Miami, three in New York
- Nine clubs climbed YoY, eight fell, and four were New Entries

Source: DJ Mag Top 100 Clubs



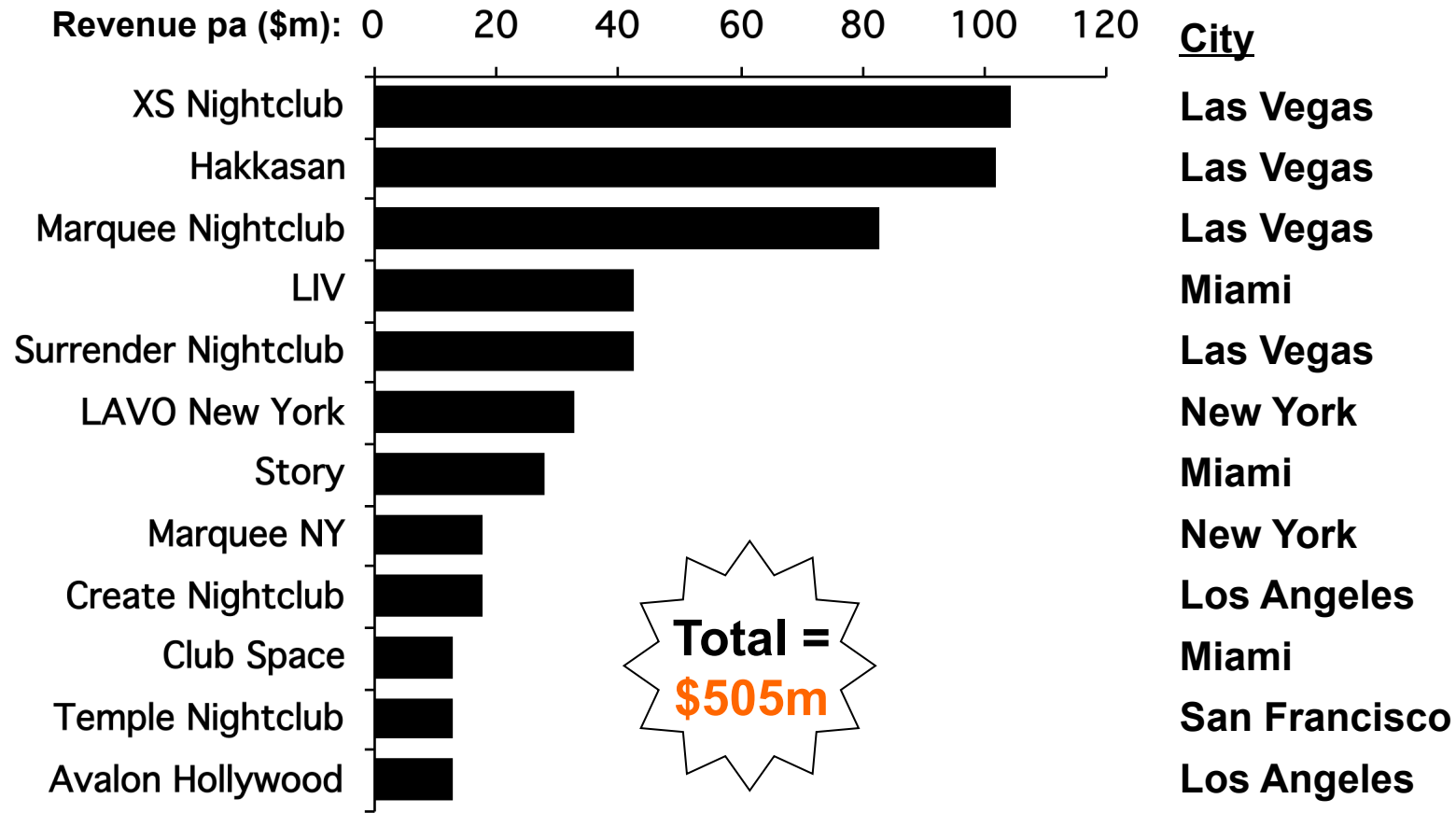
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Clubs & Festivals

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

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Electronic Music Clubs in USA by Revenue (2014)



Source: Nightclub & Bar Top 100 2015





Clubs & Festivals

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

2
nights a wk –
how often
people go out

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?



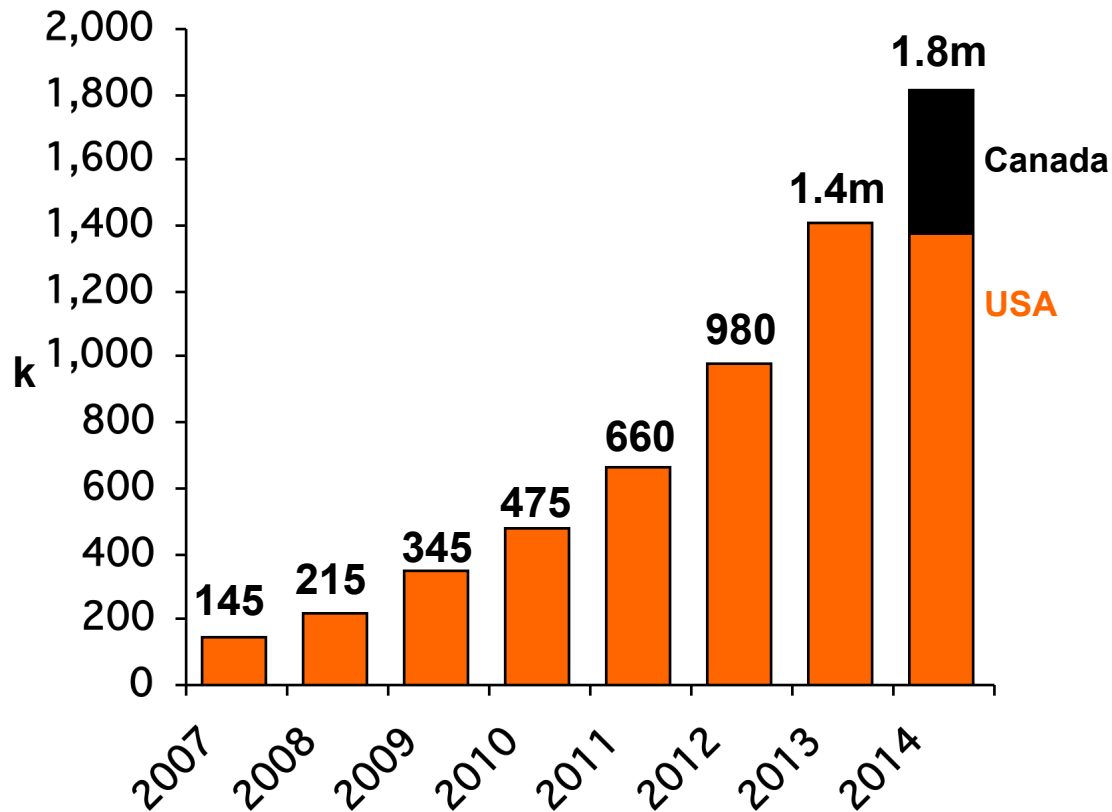


Clubs & Festivals

USA Festival growth has been huge, with Canada also hosting many new festivals

**NA Electronic Music Festival Capacity by Country
(2007-2014)**

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- Total capacity in the US grew at c. 50% pa from 2007 until 2013
- 2014 remained flat as UMF switched back to one weekend
- Many new festivals have entered both the USA & Canada, including Tomorrowworld, Beyond Wonderland, Mysteryland & Bestival
- NA now hosts some of the biggest festivals in the world such as EDC (300k), UMF (165k) and Villa Paradizo (100k)
- Research suggests Electronic Music fans in US 13% more likely than average to attend a festival

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

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4 Industry Overall

Overall, we estimate the Electronic Music industry in NA is worth almost \$2 billion p.a.

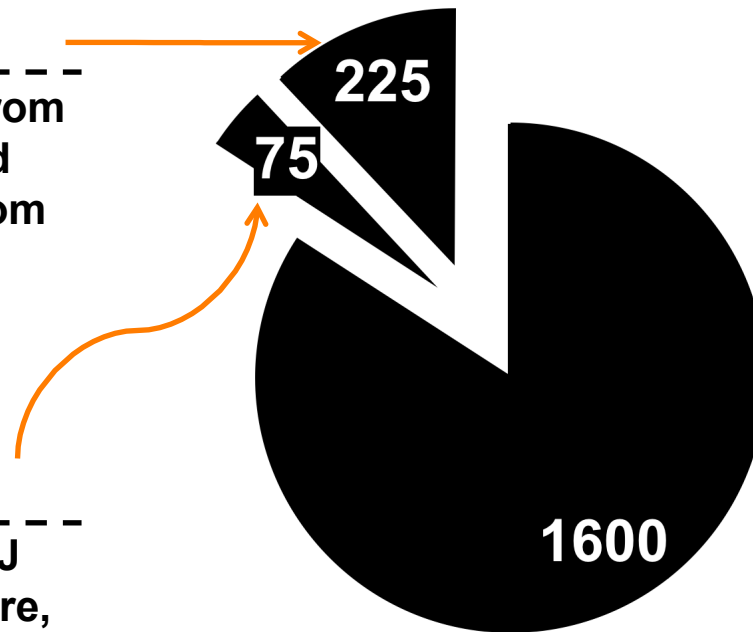
North America Electronic Music Industry Revenue by Sector (2014, \$m)

Music

Includes revenue from traditional recorded music sales and from streaming & video services such as Spotify

Other

Includes sales of DJ Software & Hardware, DJ earnings from additional sources and value of other platforms such as Soundcloud



=\$1.9 billion
This represents approx. 30% of global industry value (\$6.2 billion)

Festivals & Clubs

Income from top festivals, clubs in Las Vegas and other clubs across the region

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Source: Wikipedia, RIAJ, BPI, The Nielsen Company & Billboard's 2014 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, industry press, IMS Analysis

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