IMS IBIZA presents

THE IMS BUSINESS REPORT 2024

An annual study of the electronic music industry

by Mark Mulligan and MiDIA Research for IMS IBIZA

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The 2024 Edition

The 2024 IMS Business Report builds on the success of previous editions, presenting the definitive view of the current state of the global electronic music industry.

Now in its tenth edition, the report is authored by MIDiA Research's Mark Mulligan for the second year running.

MIDiA Research is a leading provider of research, analysis, and data for the digital entertainment business, home to a team of analysts and consultants focused on everything related to where tech and entertainment intersect.

We hope you find the report interesting and, most importantly, useful!

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2. Fans and creators
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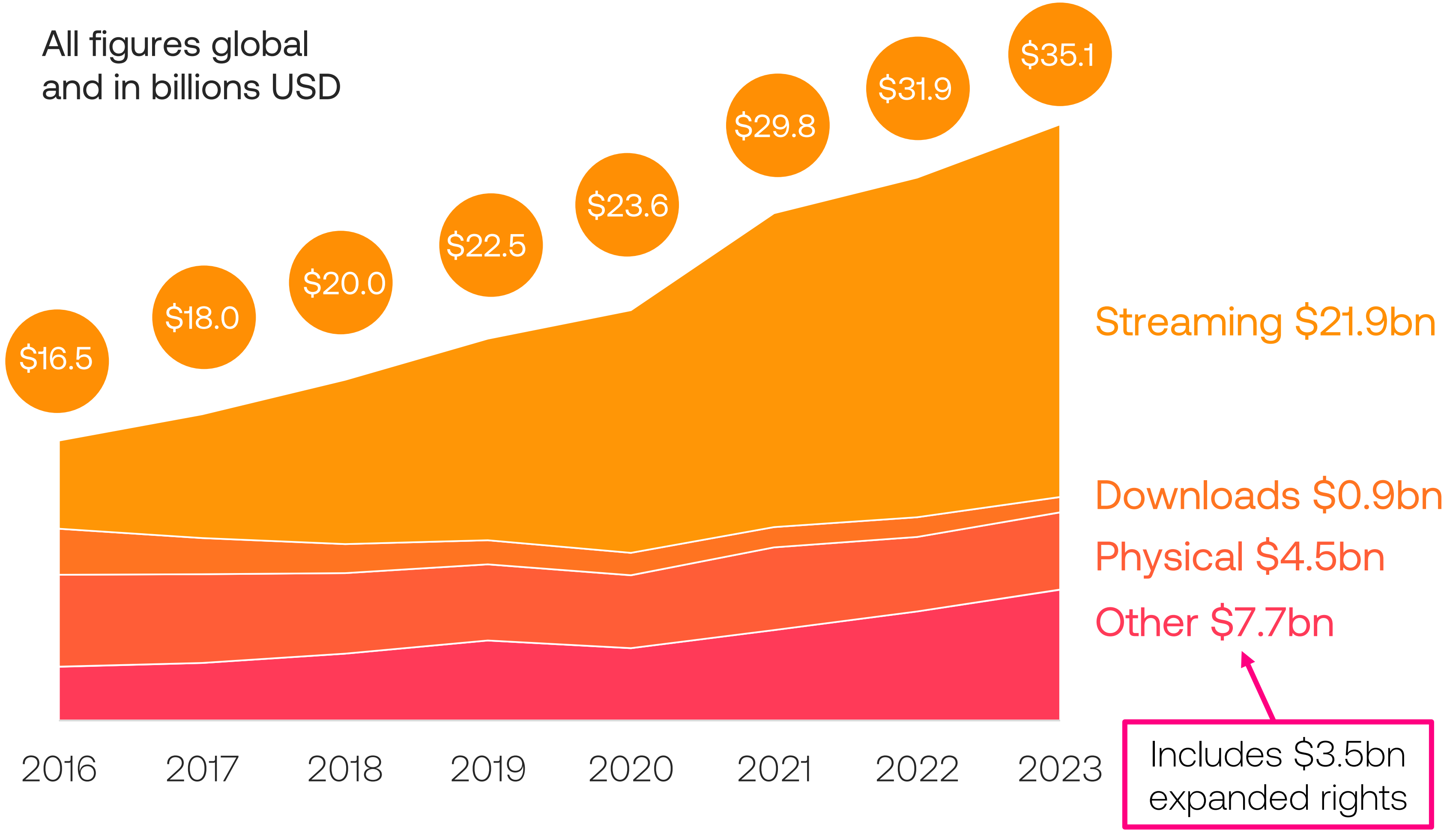
Back once again... | After a slower 2022, recorded music rebounded in 2023 with strong growth across most formats



After a slower 2022, the global recorded music market returned to strong growth in 2023, up 10%.

Streaming grew 10% but was outpaced by licensing and expanded rights. Coupled with a return to growth for physical, this points to a shift from monetising streams to monetising fans.

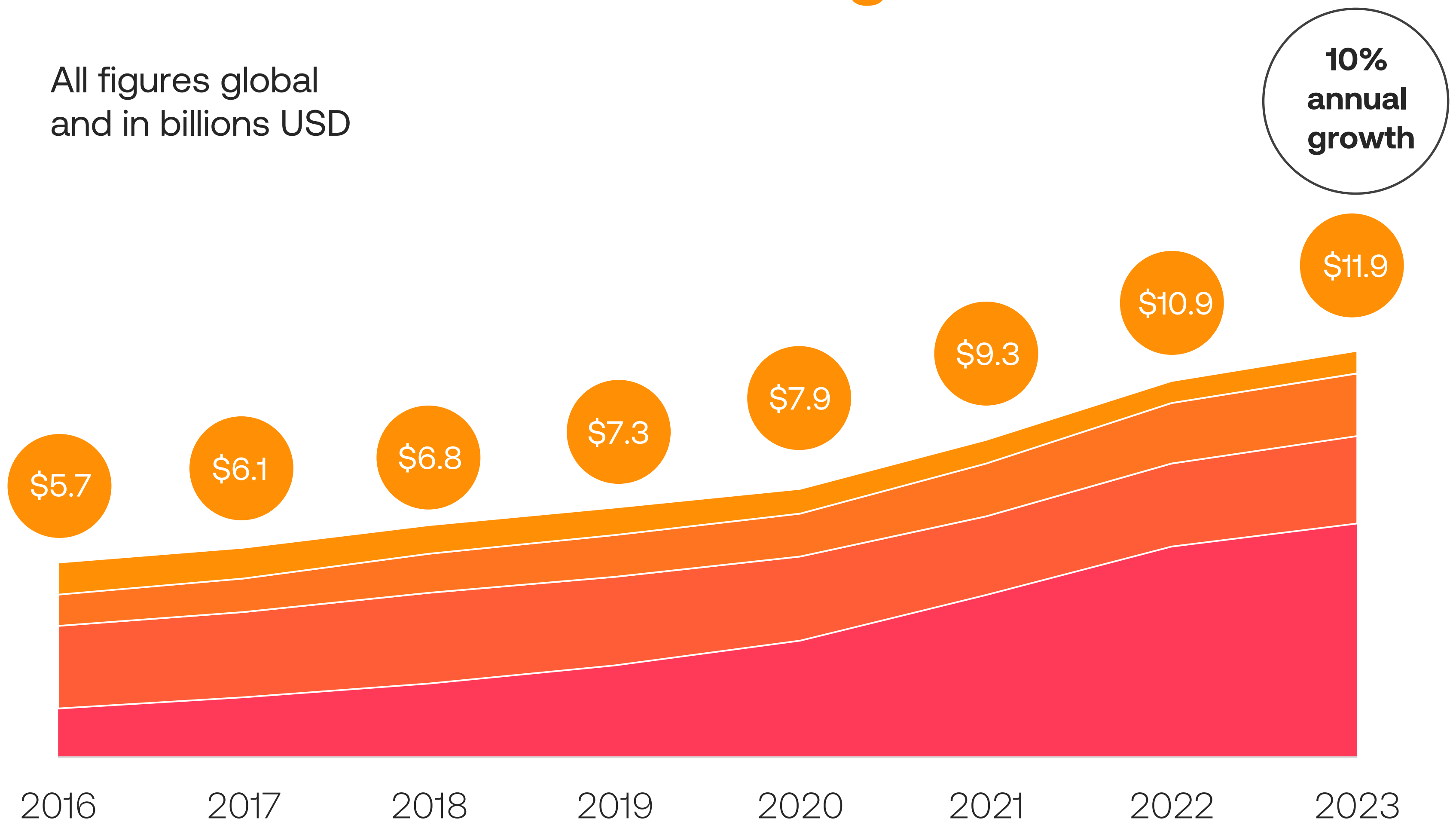
Non-major labels increased market share for the fourth consecutive quarter, reaching 31%. But self-releasing artists lost share, feeling the early impact of changes to streaming royalties, with plenty more changes still to come.

Source: MIDiA Research

Global music publishing

Song economy | After dramatic growth in 2022, publishing settled down to steadier growth in 2023

All figures global
and in billions USD



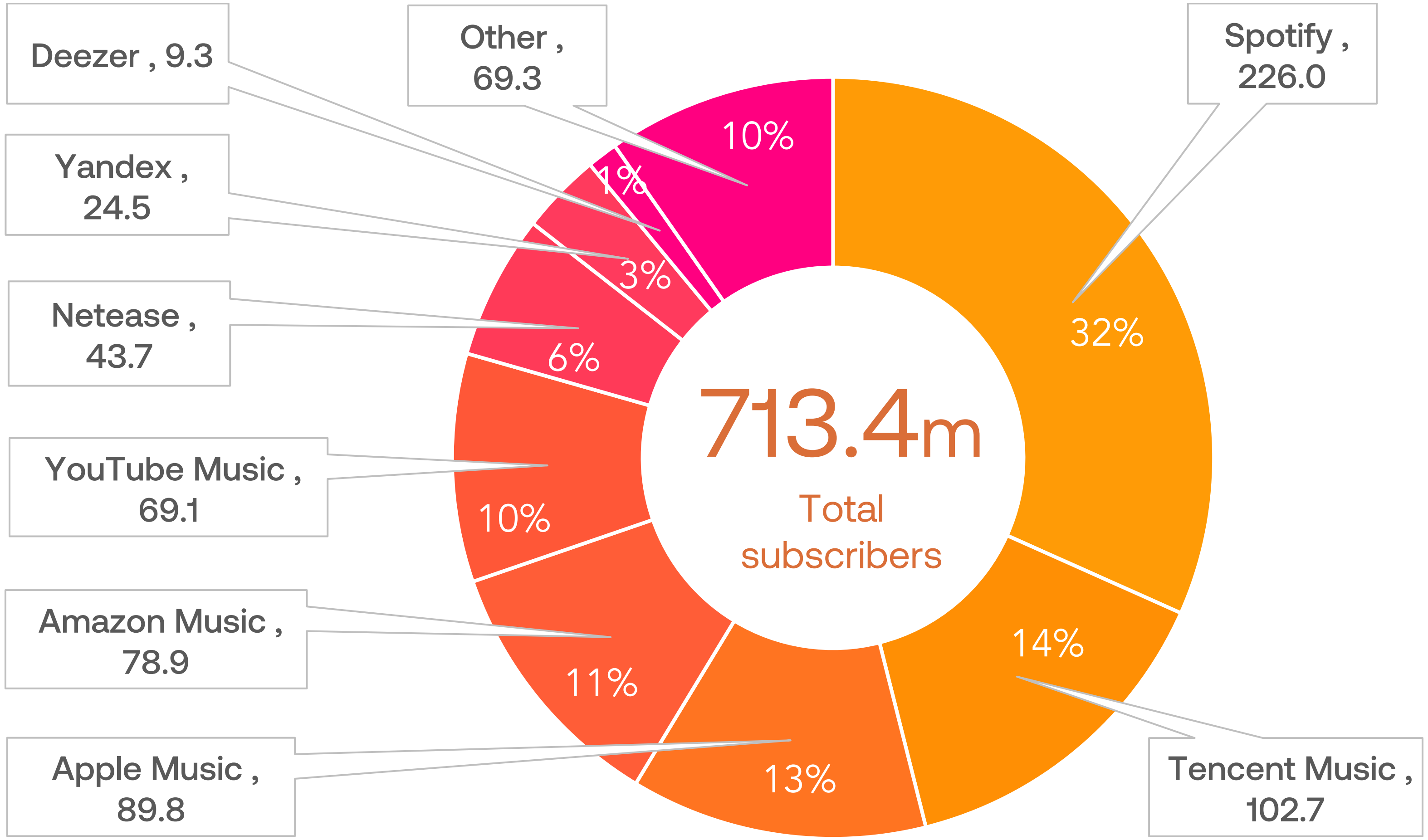
Despite a slowdown in catalogue acquisitions due to rising interest rates, music publishing continued to perform well in 2023, with revenues up 10%.

Revenues were up across all formats, including mechanicals, following the physical formats rebound in 2022.

Value is shifting across the streaming value chain, from labels to publishers. Majors grew streaming publishing revenue nearly twice as fast as streaming label revenue.

Streaming music subscribers

Still not a one-horse race | Spotify gained market share in 2023 but still totalled less than a third of a diverse global market



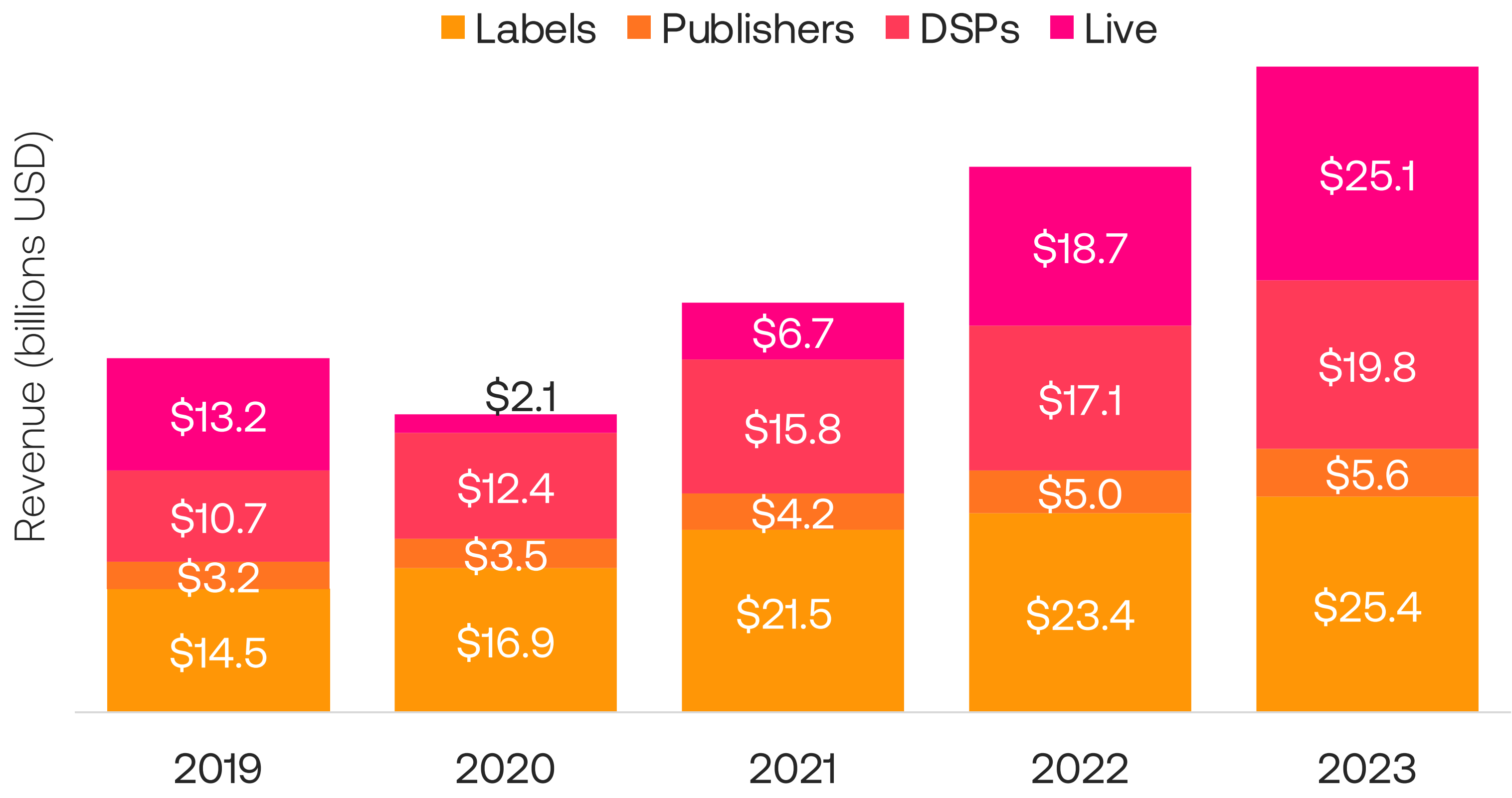
The global music subscriber base grew 14.4% in Q3 2022–Q3 2023, adding 90.0 million subscribers. This is 6.5 million more subscribers than was added over the same period one year earlier.

Spotify remained the largest DSP, increasing its global share to 32% in Q3 2023.

Tencent Music Entertainment remained 3rd largest, overtaking Amazon Music in Q3 2022. NetEase Cloud Music also grew strongly, contributing to strong growth for the entire Chinese streaming market.

Growth, everywhere | Revenues grew strongly across the industry, driven especially by live's post-Covid rebound

Total	$41.6	$35.0	$48.2	$64.2	$75.9



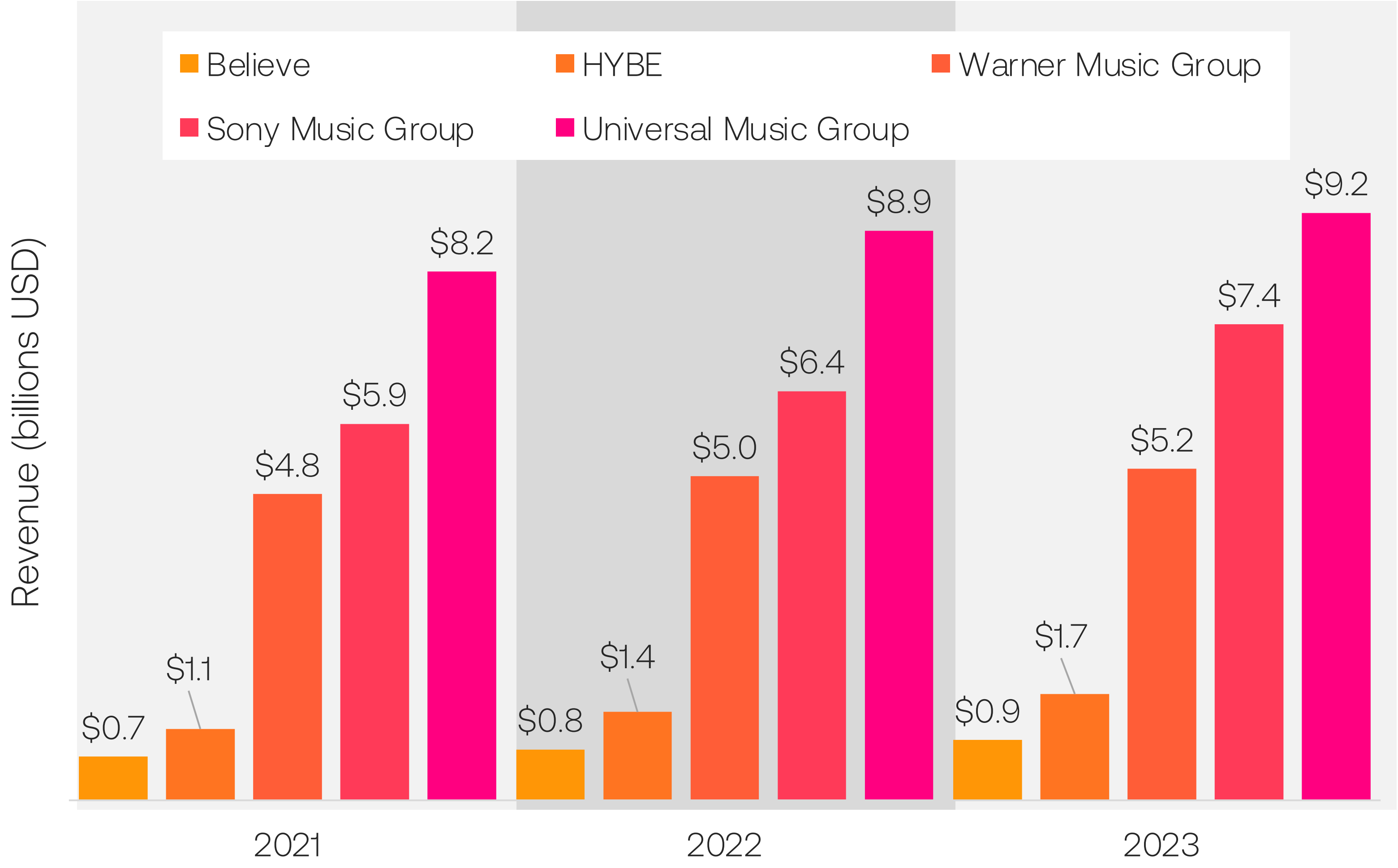
The revenues of 15 of the world's leading music companies – across labels, publishers, DSPs, and live – grew by 18% in 2023.
While less than the post-lockdown boom growth of 2022, this is still strong.

Similarly to 2022, all types of companies grew, but it was live companies once again that saw the strongest growth (35%), followed by DSPs (16%).

Combined, these leading music companies have already increased revenues to almost double pre-pandemic levels.

Leading labels' revenue

Future focused labels | Major labels still dominate but lost share to the newer generation of future-focused labels



Record labels across the board experienced strong growth in 2023 but non-majors grew the fastest.

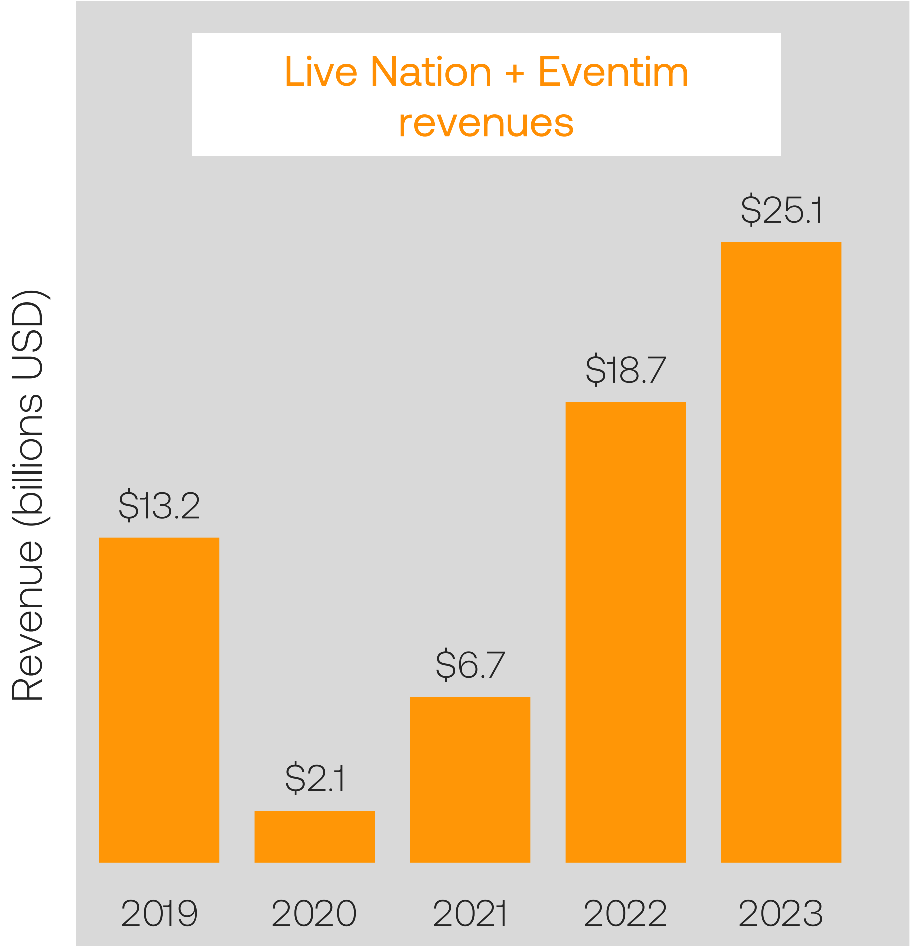
The majors grew by 7% overall in 2023 but the publicly traded non-majors grew by 17%.

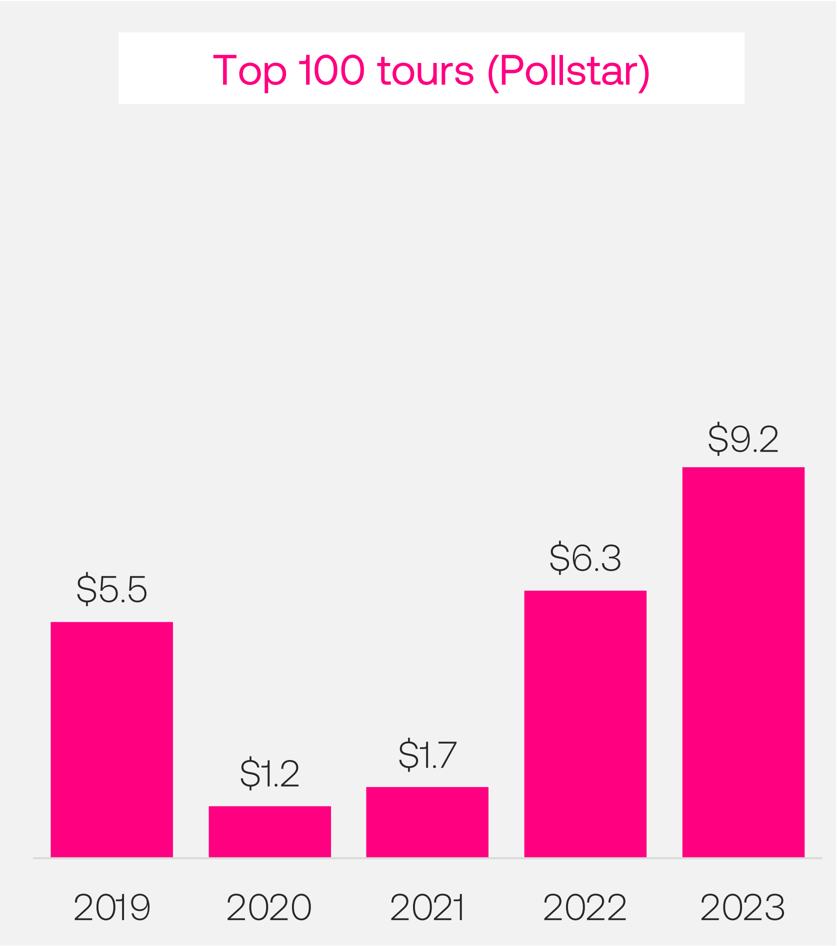
57% of HYBE's revenue was non-recorded, compared to 23% for WMG.

HYBE and Believe grew the fastest, representing the spearhead of a new generation of record labels that pursue revenue streams closely aligned with the dynamics of today's fan and creator centred music business.

Source: MIDiA Research from company reports

Don't fear the rebound | Following the Covid downturn, the global live music market is bigger and better than ever





The pandemic rocked the live music sector, but it ended up triggering what Pollstar called a 'new golden age' for live music.

Pent-up lockdown interest has translated into two years of increased demand, with tickets both more expensive and sold in larger quantities.

With streaming an increasingly commodified and convenient experience, the contrast with the vibrant, fan-fuelled live experience is becoming ever more pronounced.

Source: Pollstar and MIDiA Research from company reports

Key Implications

- 2023 was a strong year for the global music business, with recorded music revenue growth picking up again and live continuing its post-COVID renaissance

- Independent labels continued to grow market share, though artists' direct revenues were impacted by changes to streaming royalty systems. This trend will accentuate in 2024 and beyond

- Publishing revenue growth slowed marginally compared to 2022 but is still firmly in a long-term solid growth trajectory, with songwriters growing their share of streaming revenue

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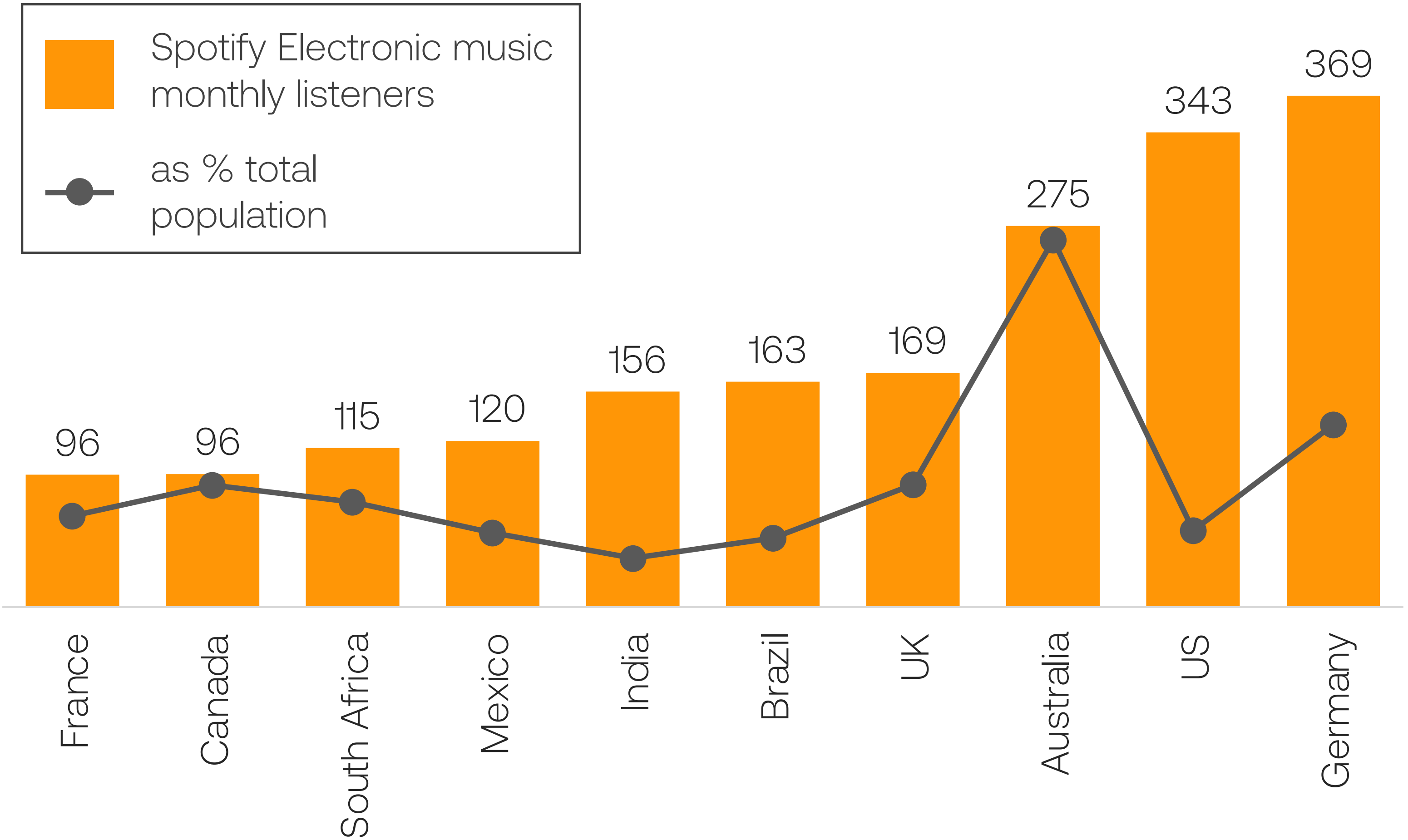
Spotify monthly listeners

South Africa on the rise | The big traditional markets still dominate listening, but newer markets are making their way



The four markets with the most monthly Electronic music listeners on Spotify are, of course, strong electronic music markets. However, Australia stands out – it has 10 times more listeners than the entire country has people! Compare this to the US where the ratio is close to 1:1.

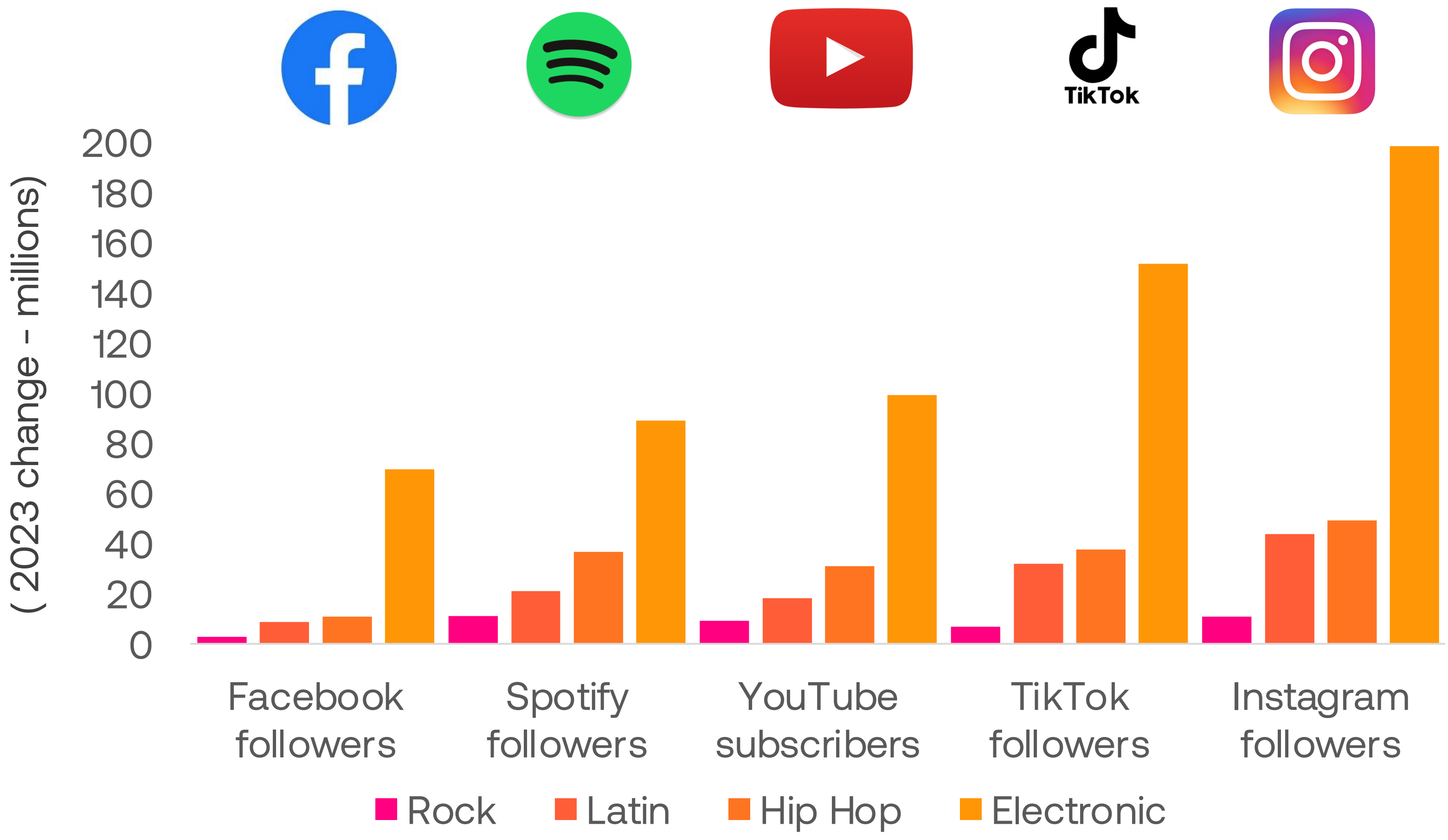
Mexico, India, and Brazil represent the newer wave of global electronic music markets, but listener numbers are smaller than total population, indicating electronic music culture is still securing a foothold. South Africa, however, has nearly twice as many Electronic listeners as people.

The listening figures reflect the degree to which South Africa has built its own electronic scenes and culture.

Source: Viberate and MIDiA Research

Note: Monthly listener figures are cumulative, so not a measure of individual people

Fan surge | Electronic music had an online fandom surge in 2023, far outperforming other genres



Fandom and consumption growth

Electronic music has the smallest fanbase of all four major genres but grew fastest across all key platforms in 2023. And it did so by some margin.

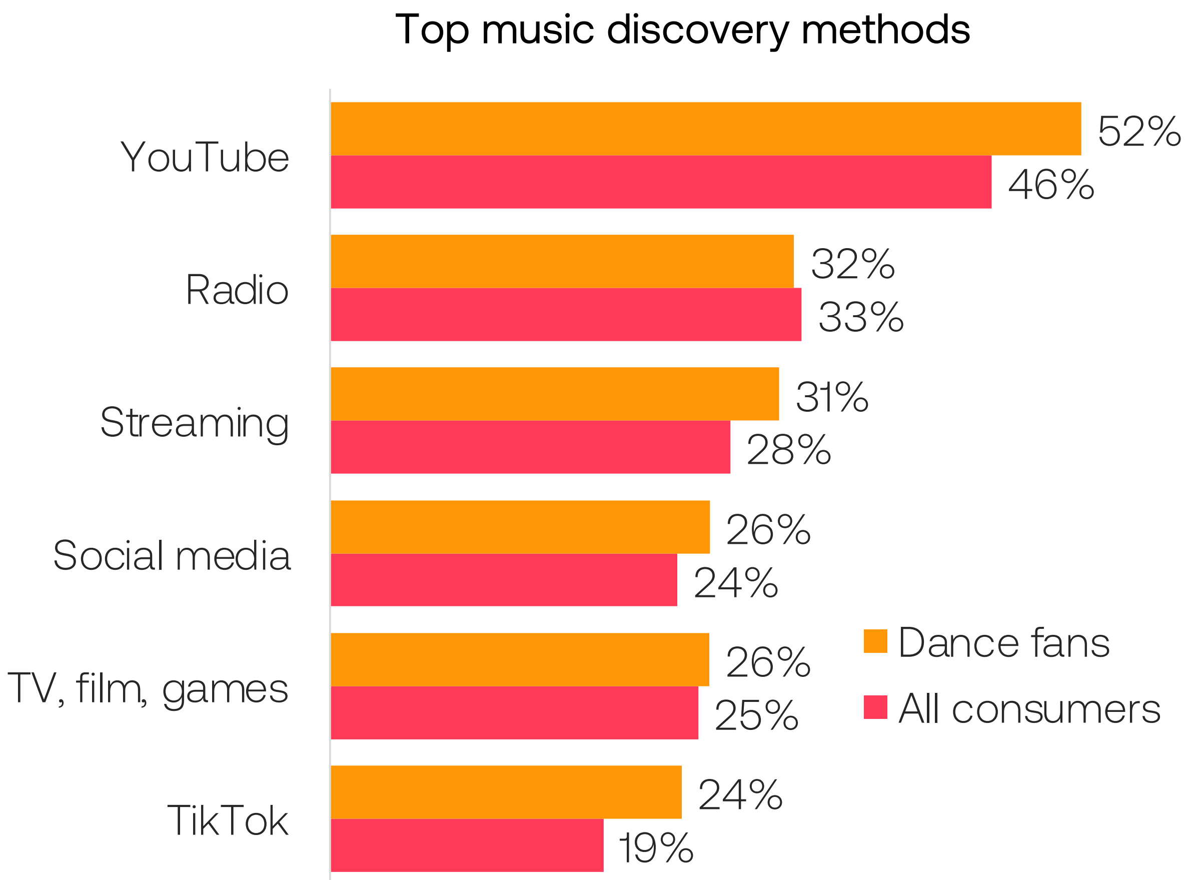
This strong growth has seen Electronic pass Rock on YouTube, Instagram, and TikTok.

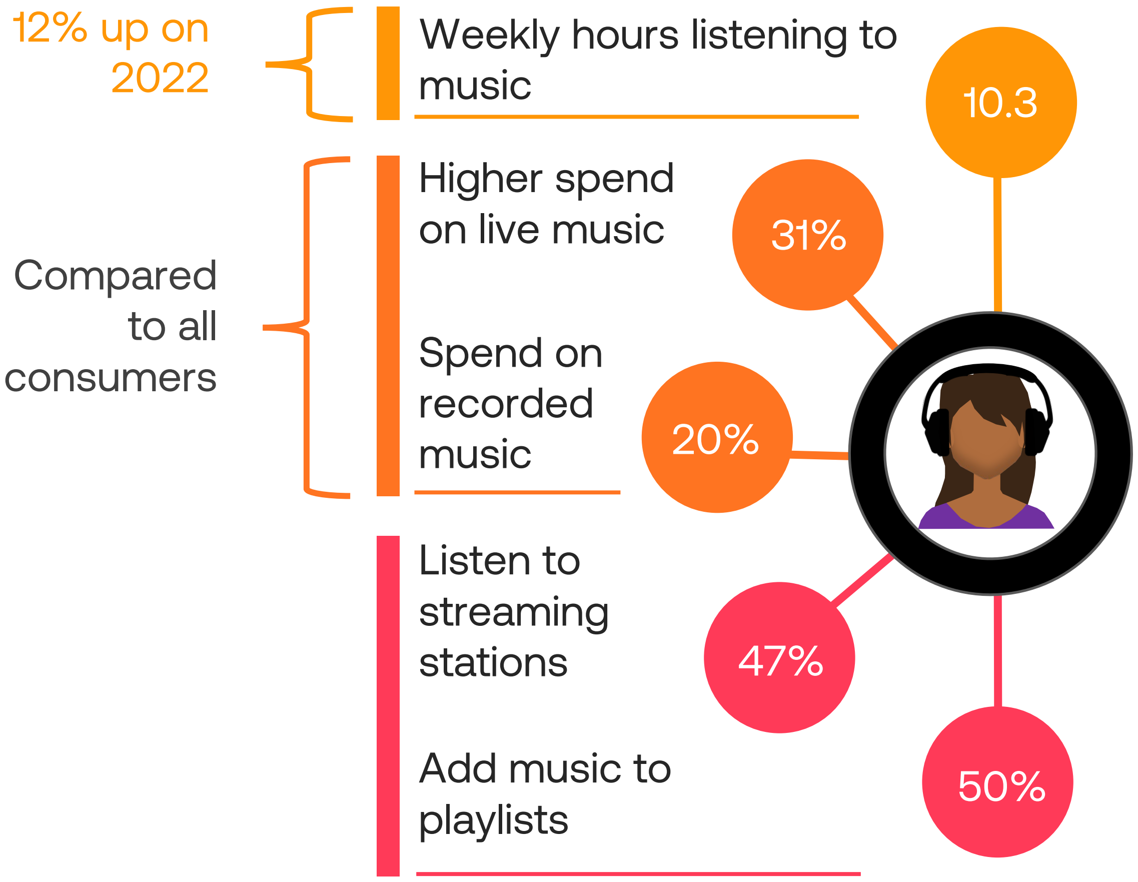
Hip Hop still dominates in streams, but Electronic is beginning to get close to the stream counts of Latin and Rock.

Electronic music fandom and consumption is thriving and growing its share of global culture.

Source: Viberate and MIDiA Research

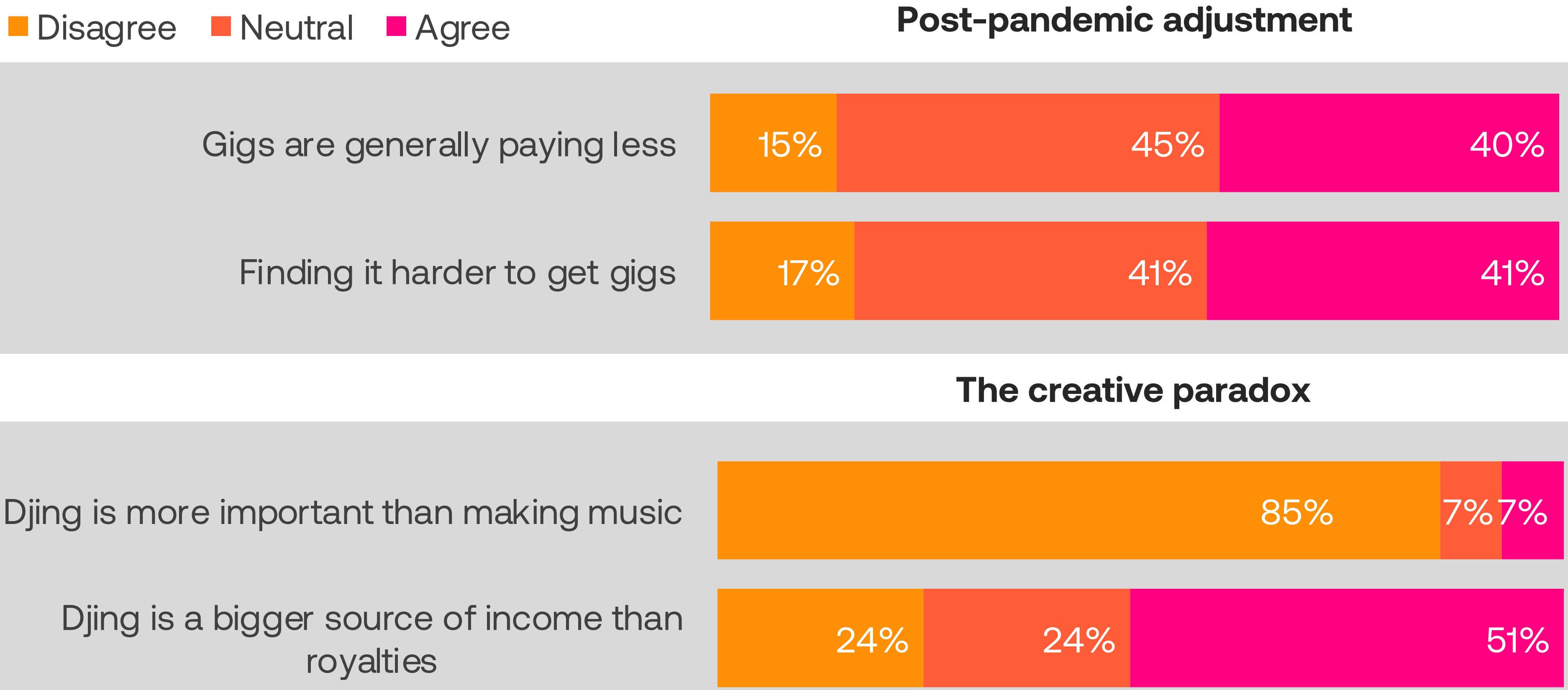
Savvy streamers | Electronic music fans are superfans, over-indexing for all music activities, but with far wider interests





Source: MIDiA Research Consumer Survey Q4 2023 (US, UK, Australia, Canada, Germany, France, Sweden, South Korea, Brazil)

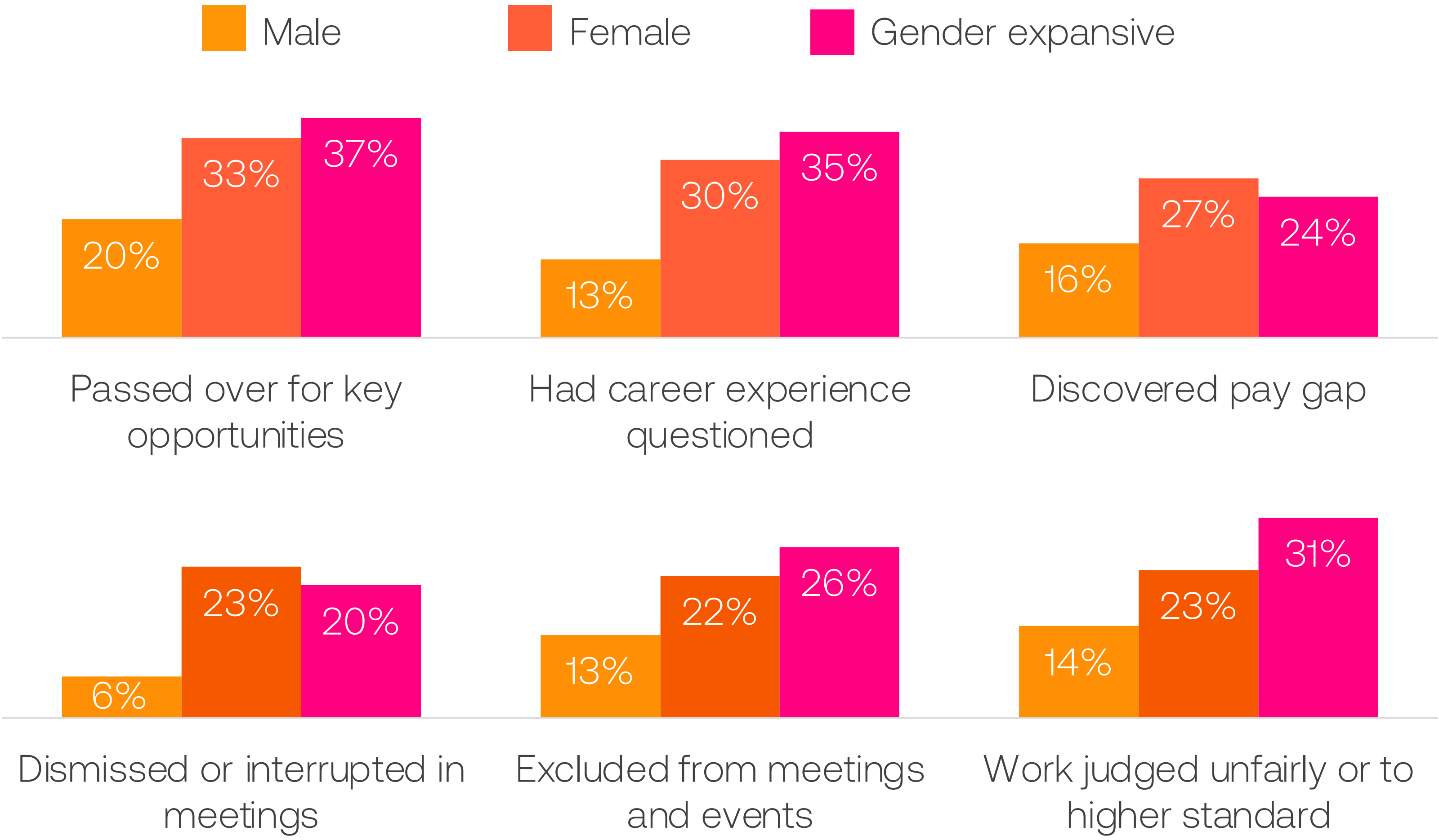
Spinning plates | DJs are getting the gigs again, but those gigs are getting in the way of making music



Though live has returned in force, a sizeable minority of DJs are still finding things harder than before the pandemic

Performing is where DJs make their money, but making music matters most to them

Hurdles | Gender-based discrimination holds women and gender expansive creators back from success



Women and gender expansive creators are more likely than men to be interrupted, excluded, questioned, and judged unfairly.

This tendency to undervalue their contributions is reflected in the pay gap: women creators are nearly twice as likely as men to discover they are being paid less than their peers in the same or similar roles.

When these creators are held back from progression at every stage, how can we expect the industry to be diverse? If we want to see more diversity in headliners, the work begins with treating — and paying — all creators fairly from the start.

Key Implications

- Fandom in 2023 belonged to Electronic music, far outgrowing other major genres, and South Africa emerged as a hotspot for electronic music fans
- DJs are finding the post-COVID world to be one in which gigs are harder to find and they are getting paid less for them (but they would rather be in the studio making music anyway – if they could afford to!)
- Women and gender expansive creators are still treated differently to their male peers in the music business, which often holds them back from fulfilling their potential

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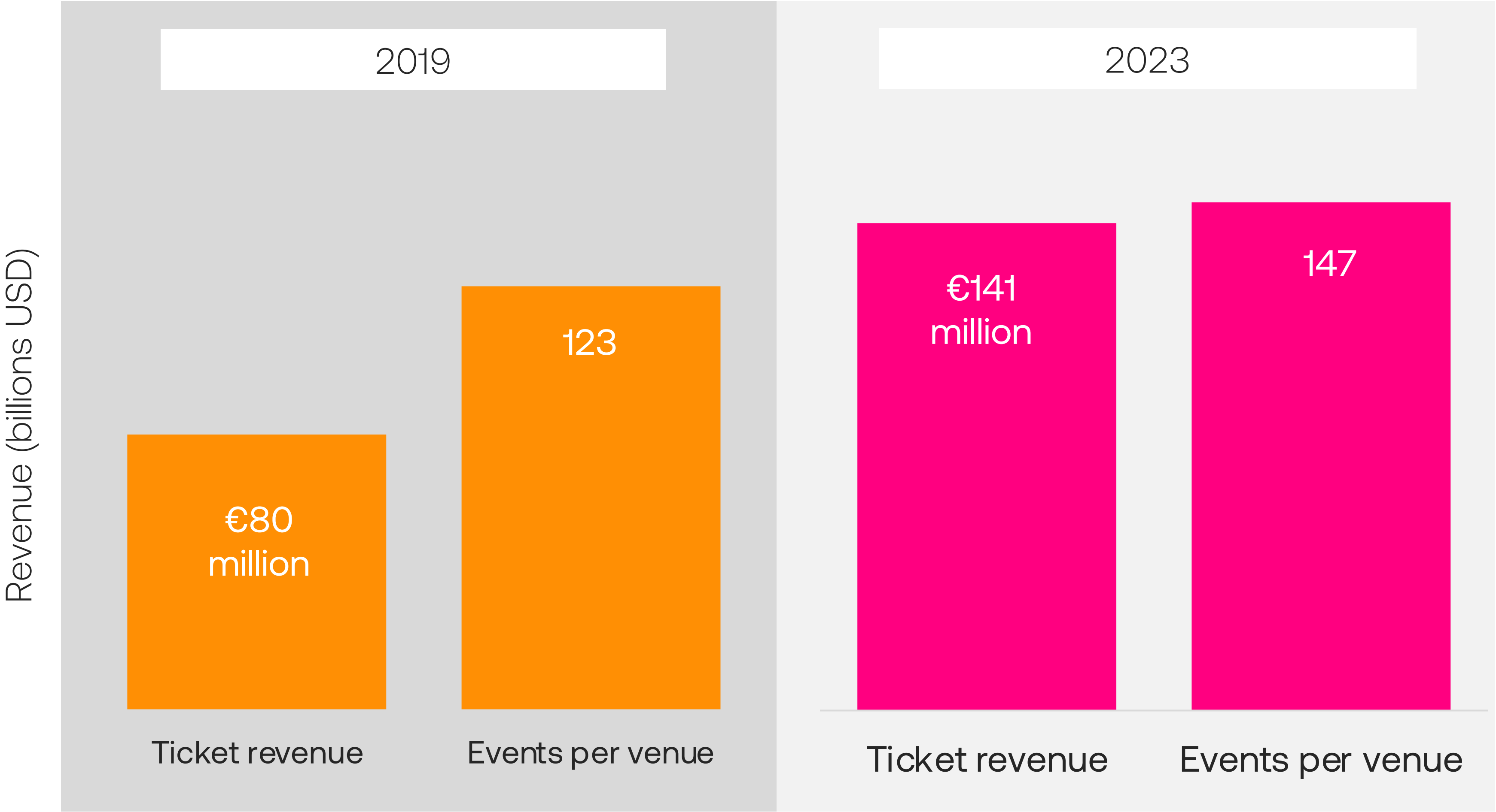
Still on the up | Ibiza's clubs sustained their post-pandemic rebound, with revenues growing once again in 2023



Ibiza club ticketing revenue reached €141 million in 2023, up 14% from 2022 and 76% from 2019.

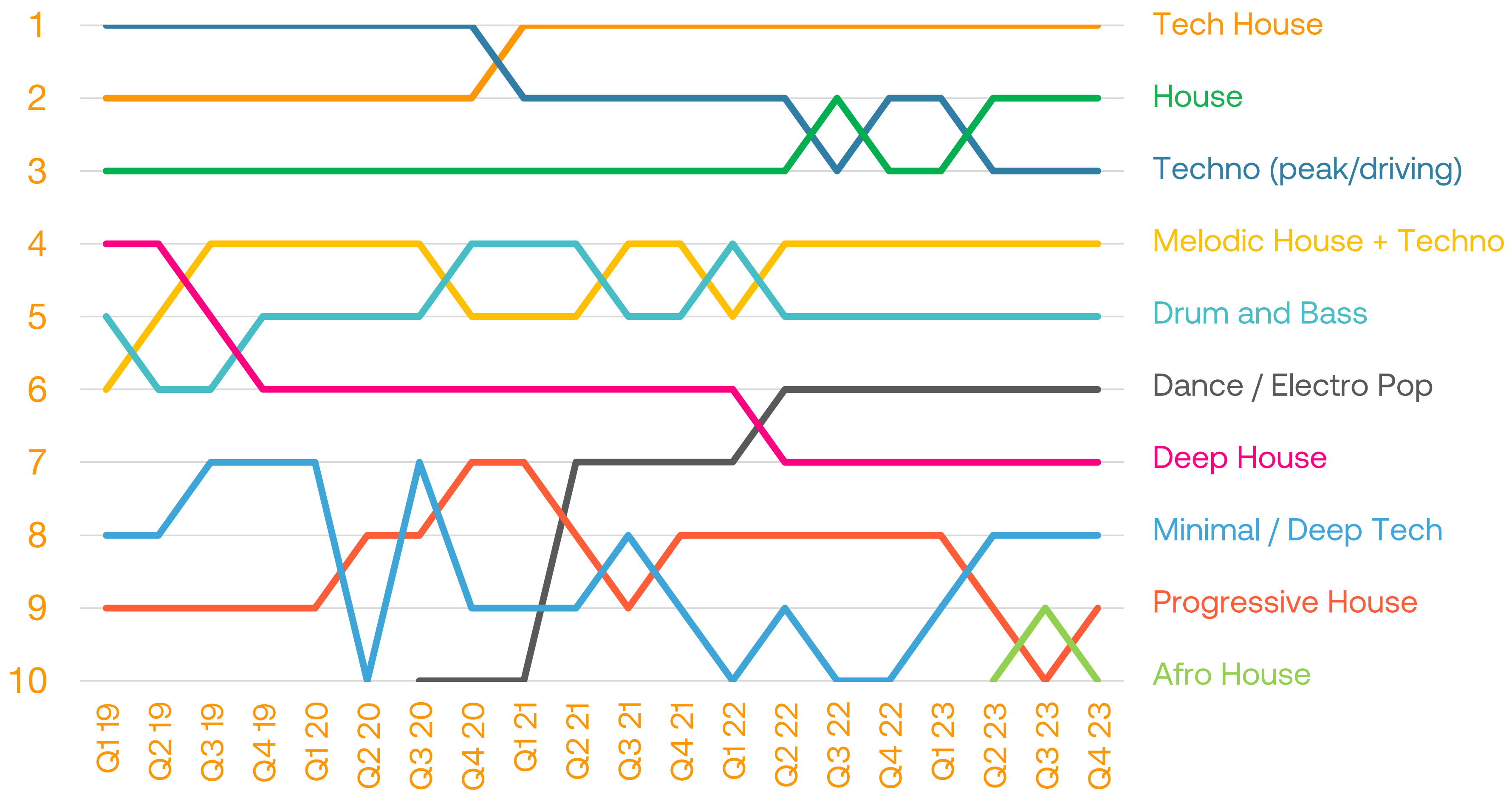
The strength of demand was illustrated by the fact that average ticket prices increased from €44 in 2022 to €51 in 2023.

The pandemic is now firmly in the rear-view mirror. Ibiza clubs are back and booming.

Source: Ibiza websites

Top Beatport genres Beatport

The rise of Afro House | Tech House still leads the pack, but Indie Dance has made way for Afro House



Techno and House genres still dominate Beatport sales, but Afro House shot up from 18th in Q1 2022 to a high of 9th in Q3 2023. This, coupled with the rise of South Africa as a leading Spotify market for Electronic music, further points to the rising importance of sub-Saharan Africa in electronic music culture.

35% of all Beatport sales come from genres outside the top 10 (up from 33% in 2022)

Most searched for Loopmaster genres Loopcloud

Africa again | Afro House comes from nowhere to become the 23rd most searched-for genre

In for 2023	Out for 2023
ACID HOUSE	SOUTH AMERICAN
AFRO HOUSE	LO-FI HOUSE
DUB TECHNO	FUTURE POP
HARD	
HARDCORE	
PROGRESSIVE HOUSE	

Music creators continue to demonstrate demand for a very long tail of genres and styles, though Tech House's rising popularity aligns with Beatport genre popularity.

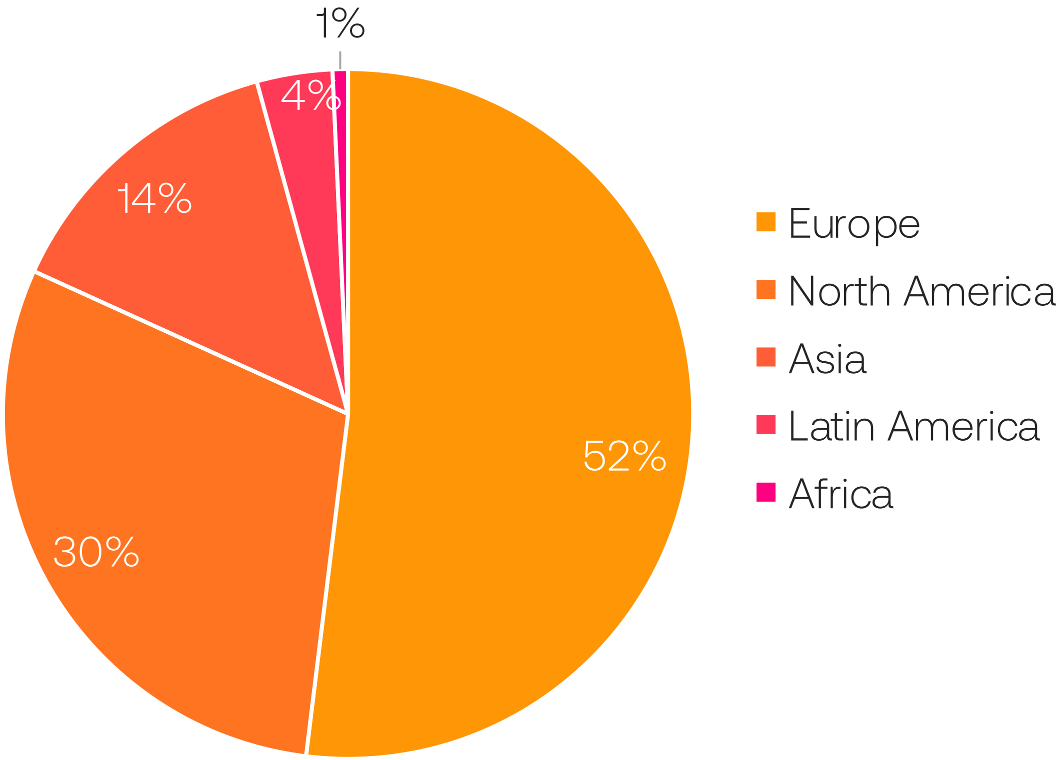
The arrival of Afro House – on par with EDM – further illustrates the growing influence of African electronic music culture. This is a leading indicator of the music that will shape 2024.

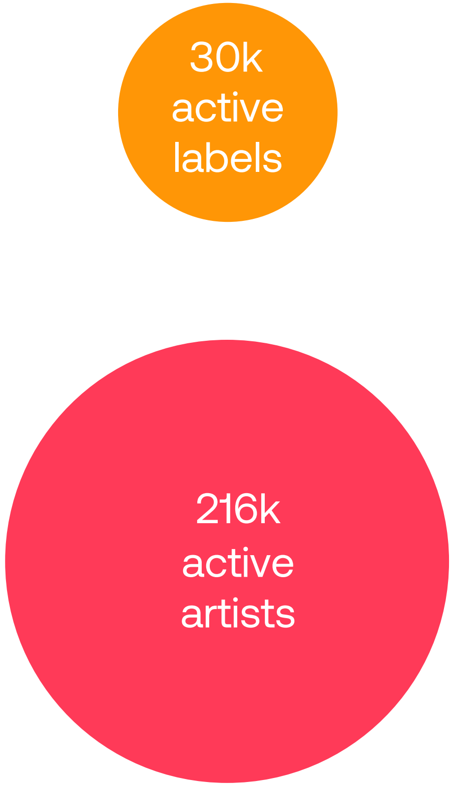
Source: Beatport

Beatport Beatport

Two-sided marketplace | Beatport serves both supply (artists) + demand (labels) sides of Electronic music's creator economy

Beatport revenue by region





Once again, Beatport bucked the global trend for declining download sales by growing store revenues in 2023. This continues its streak of increasing sales by 5-10% every year since 2017.

Source: Beatport

Electronic music culture on the rise | #ElectronicMusic more than doubled engagement in 2023 while #Amapiano also saw strong growth

#ElectronicMusic hashtag performance on TikTok

10.5 billion global views
+109% on 2022

1.1 billion UK views
+106% on 2022

71% Growth in #ElectronicMusic creations

9.8bn #Amapiano views (up 166%)

Electronic music is rapidly growing reach and engagement on TikTok, with global views for the #ElectronicMusic hashtag more than doubling in 2023.

Tomorrowland's TikTok LIVE reached 16 million unique viewers across both of the festival's weekends, resulting in Tomorrowland becoming the biggest festival account on TikTok with 5.7 million followers.

Yet again, we see evidence of the rise of African electronic music culture, with Amapiano up to nearly 10 billion views and Tyla – the 'queen of popiano' – generating 9.9 million creations and 21.7bn global views.

Electronic music hub | SoundCloud saw its key role in electronic music culture and fan communities grow even further in 2023

24% Global growth in Electronic genres

52% US growth in Electronic genres

82% UK growth in Electronic genres

1 in 3 Tracks uploaded are Electronic

Electronic music is growing fast on SoundCloud. In 2023, Electronic music genres grew by 24% on SoundCloud, the second successive year this has happened. It is already looking like there will be at least another 10% growth.

SoundCloud is both consolidating and expanding its long-term position as one of the global homes of electronic music fan communities.

Ahead of the curve | SoundCloud's music fan communities are helping set the taste agenda for music culture

Top 10 global Dance / Electronic genres by plays

1. Electronic
2. Vinahouse
3. UK & Ireland Dance
4. Hardstyle
5. Hard / Industrial Techno
6. UK Trance
7. Drum & Bass
8. Organic House / Techno
9. Techno
10. Minimal / Deep Tech

SoundCloud's monthly accelerator program "Ascending" has had notable success in helping emerging artists break through the noise.

4 out of 5 nominees for "Breakthrough Artist" at the BBC Radio 1 Dance Awards were SoundCloud Ascending artists (i.e., Kenya Grace, Jazzy, Sammy Virji, Hannah Laing), with Laing winning the final award.

Kenya Grace grew from 800 to 100,000+ daily listeners during her campaign as SoundCloud's first Ascending Artist in March 2023. She released the viral sensation 'Strangers' in September 2023 and SoundCloud picked up on early momentum. It went on to spend 3 weeks at #1 on the UK + IE OCC and set the stage for Grace's 2024 Brit Award nomination.

20% of SoundCloud users exclusively stream music on the platform. SoundCloud's communities are becoming early tastemakers.

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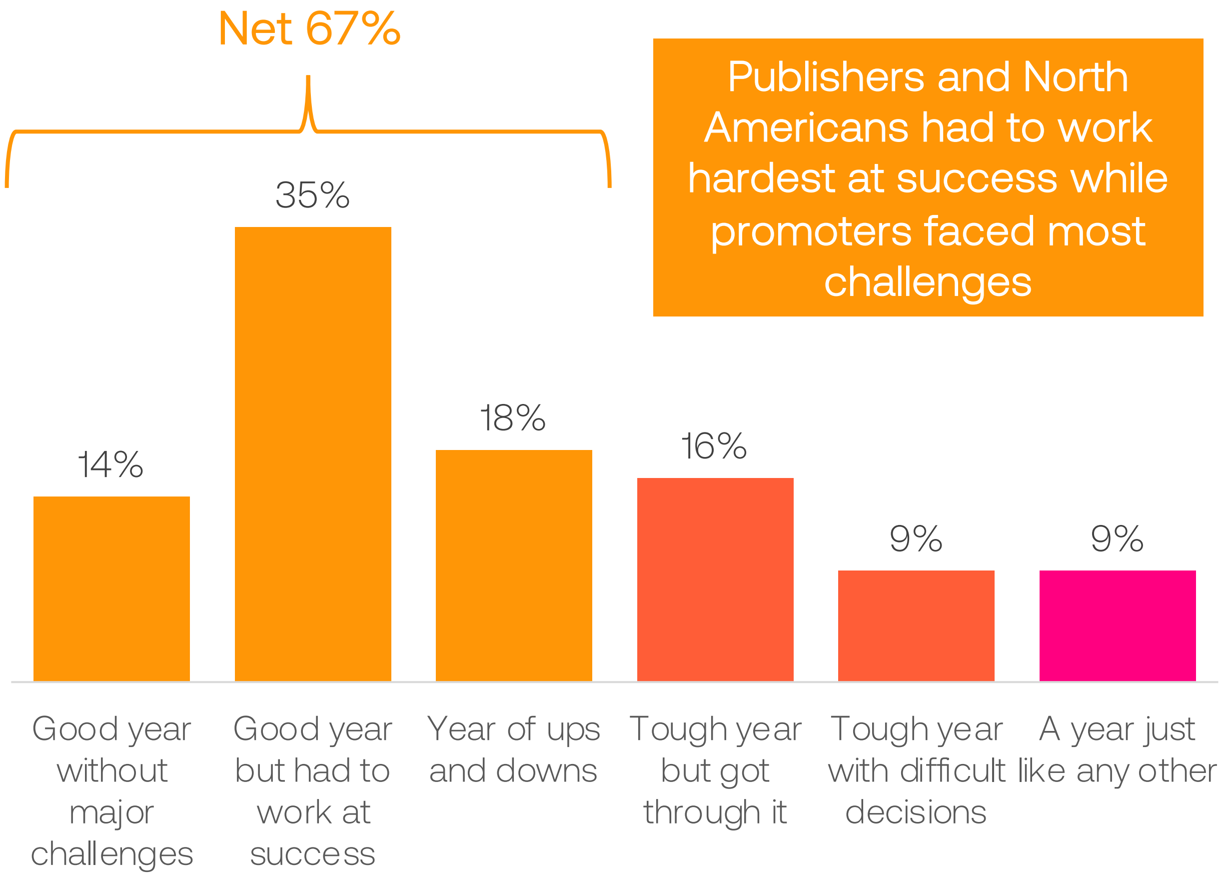
IMS/AFEM survey – fielded exclusively for the IMS Business Report

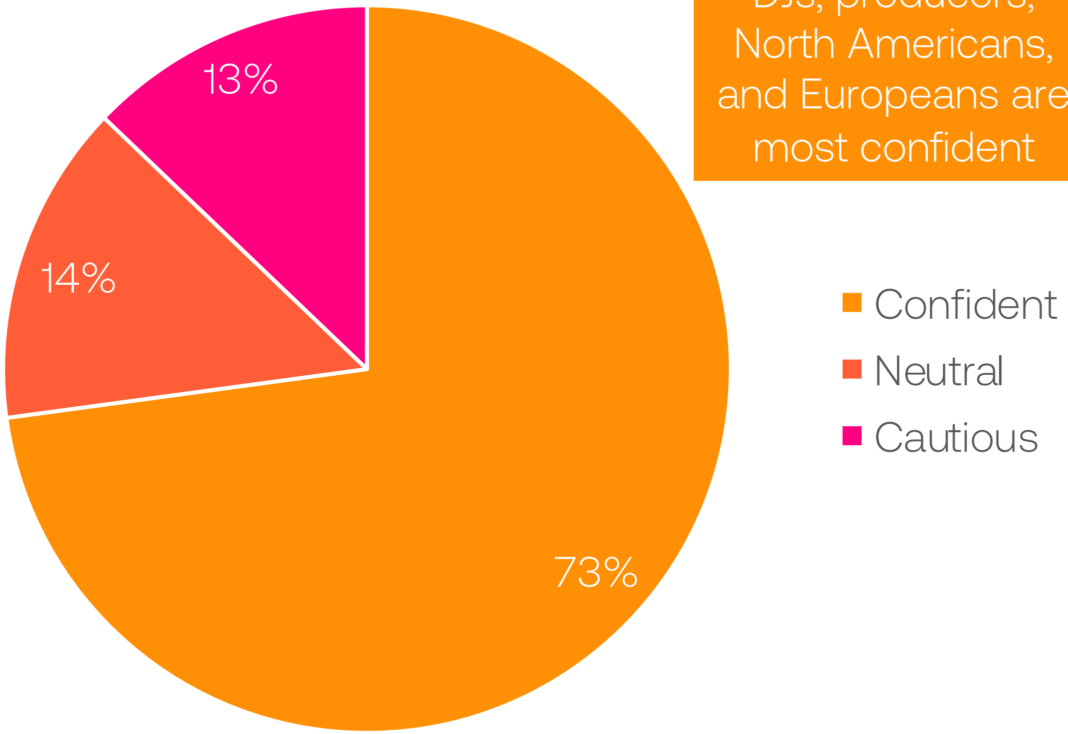
Confidence factor | 2023 was a good year for most and confidence is even higher for 2024

How 2023 went



Publishers and North Americans had to work hardest at success while promoters faced most challenges

How 2024 looks



DJs, producers, North Americans, and Europeans are most confident

Keeping up the pace | Artist development and cut through concerns are widespread in an ever-more competitive market

		Highest	Lowest
85%	Economic trends will hit fans' spending	Publishers	Agencies
74%	It is more difficult for acts to cut through	North America	Promoters
70%	Artist development falling through cracks	DJs	Rest of world
60%	Live recovered well with more growth in 2024	North America	Publishers
59%	Spending more on marketing than 2 years ago	Publishers	North America
57%	Worried about generative AI	Promoters	Publishers
50%	Struggling to support artist well being	Promoters	Producers

The industry is most concerned with what it cannot influence i.e., the wider economy and how it might impact fans.

The initial FUD (fear, uncertainty, doubt) factor around AI seems to have eased a little as people are both exploring opportunities and taking a wait-and-see approach.

The fact that artist cut through and development concerns take the other two podium spots highlights the increasingly competitive nature of the music business as ever-more artists are chasing the same audience.

Live in the groove and gender improvements | A busy-again live sector and broadly positive views on the industry's gender efforts

2023 compared to 2022

66%	Saw number of events and bookings increase
65%	Saw booking fees increase
53%	Saw catalogue revenue share increase
63%	Saw average attendances increase
12%	Found securing bookings easier

Share of respondents that think the industry is doing well on gender issues

82%	Diversity of line ups and employees
66%	Support and educational programmes
61%	Ensuring safe performing environments
59%	Robust reporting measures for inappropriate behaviour
56%	Ensuring safe collaboration spaces

Survey respondents from the live sector saw their industry continuing its return to growth in 2023, with all metrics improving except securing bookings.

On the DJ side, this means more DJs competing for slots. On the events side, it means more competition for the best DJs.

Respondents are broadly positive about the electronic music industry's approach to supporting non-male artists and staff.

But with many women still facing challenges, there may be a perception gap between how positive things look versus how they actually are.

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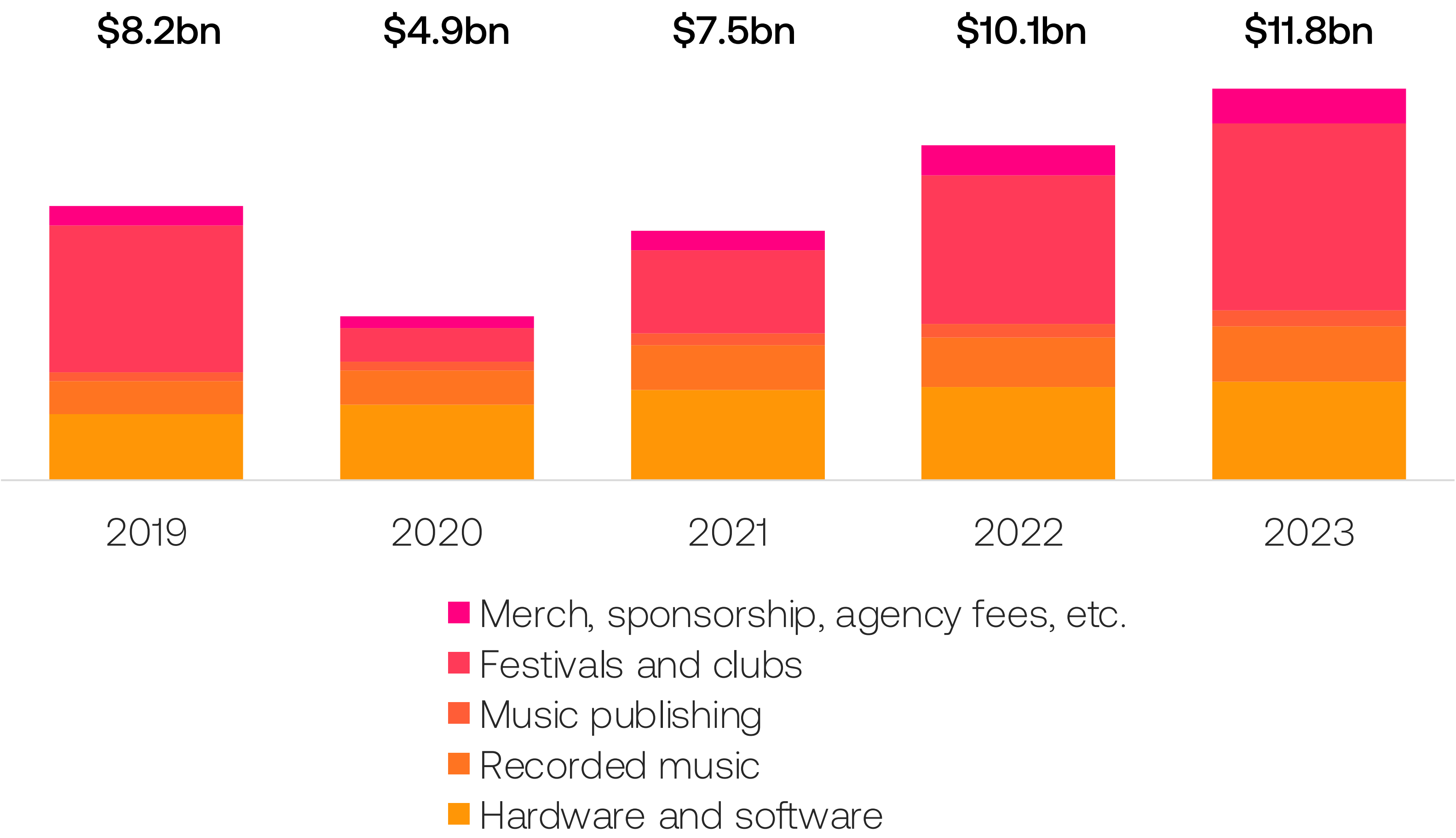
Sustained growth | The global electronic music industry grew by 17% in 2023 to reach $11.8 billion



The global electronic music industry grew strongly again in 2023. There was notable growth particularly in festivals / clubs, recordings, and publishing.

Festivals and clubs continue to dominate revenues (nearly half of the industry total). While growth was strong again in 2023, it was not as strong as in the 2022 'rebound' year.

Music hardware and software was the next biggest segment (around a quarter of total), but growth was relatively slow in 2023.

The global Dance music business is now firmly in its post-pandemic growth phase.

Key Implications

- The impressive growth the electronic music industry experienced in 2022 was skewed by the live sector enjoying its post-pandemic rebound. There was a risk that 2023 growth would struggle to maintain the pace

- Instead, 2023 was another strong year of growth – not quite at 2022 levels but solid nonetheless

- All sectors did well in 2023, with the exception of music creator tools. However, there are good signs that this sector is picking up once again in 2024, and AI will likely play a major role

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The future: Bifurcation

The fault lines of today's rightsholder-centric music business are laying the foundations for a new industry centred around fans and creators. The music business is going to bifurcate:

LISTEN

- Streaming is becoming ever-more 'lean back', doing what radio used to do, only with a lot more revenue
- Streaming is throwing up a 'you're not welcome' sign to the long tail
- It will become more focused on bigger, more mainstream music and 'lean back' listening

PLAY

- Social platforms are a culture trap for music – the place where fandom happens and often stays
- Future music creators will focus efforts here, especially as few will earn from streaming
- Consumers will lean in, using AI powered creation tools to take part in music, not just listen to it

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