

MUSIC BUSINESS WORLDWIDE

Music Streaming Revenues to Grow by Over \$1BN in the US in 2020, Despite Everything

By Murray Stassen

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There's a trend emerging in the global record industry in 2020: streaming-fuelled growth in some of the world's biggest music markets, in spite of the pandemic.

This is positive news, of course, especially in light of some of the [dire full-year forecasts](#) for certain markets when Covid-19 lockdowns began back in March.

Earlier this week we learned that Spain's record industry saw a wholesale [revenue increase of 4%](#) in the first half of this year.

That positive announcement followed last month's news that [Germany's recorded music industry](#) was up 4.8% in the first six months of 2020 on a retail basis.

Today (September 10) brings similar good news from the United States.

US recorded music body RIAA has revealed [in a new report](#) that total recorded music retail revenues in the US for the first six months of this year increased 5.6% to \$5.65bn.

On a wholesale basis (i.e. the money working its way back to record labels and artists) H1 revenues grew 5.1% to \$3.7bn.

That 5.6% climb in retail revenues represented a rise of **\$302.2m** versus the same six month-period of 2019.

Meanwhile, total streaming revenues (including both subscription, ad-supported, on-demand and 'lean back') grew 12% to \$4.80bn in the first half of 2020 – up by **\$512.3m** on H1 2019.

If streaming in the US can keep up that pace in the second half of 2020, it will see the format comfortably generate over a **billion dollars** more than it did in 2019 across the course of the year.

In the middle of an unprecedented global pandemic, that's some stat.

Paid subscription revenues (including limited tier subscriptions) grew 14% (+\$470.4m) in H1 2020 to \$3.79bn, says the RIAA, accounting for 67% of the industry's total revenues in the period.

The number of paid subscriptions to music streaming services in the US also continued to increase rapidly in the first half of 2020.

The average number of subscriptions was 72.1m, up 24% compared to the first half 2019 (58.2m).

That figure reflects the addition of more than 1 million net subscriptions per month on average.

Ad-supported music streaming revenues (from services like YouTube, Vevo, and the free version of Spotify) grew 3% year-over-year to \$421 million in H1 2020.

One area that didn't fare so well – directly linked to Covid-19 quarantine and the related closure of retailers – was physical sales.

Combined revenue generated by vinyl albums and CD fell 22.6% in the first six months of 2020, down to \$375.5m.

The RIAA said: "There was a significant impact from music retail and venue shutdown measures around Covid-19, as Q1 2020 declines were significantly less than Q2 compared with their respective periods the year prior."

Vinyl album revenues of \$232 million were 62% of total physical revenues, marking the first time vinyl exceeded CDs for such a period since the 1980s, though it still only accounted for 4% of total music recorded music revenues.

RIAA Chairman and CEO Mitch Glazier said: "These are historically difficult times: the live music sector is shut down; studio recording is limited; and millions of Americans are out of work across the broader economy.

"While we're pleased that the years of hard work and resources we've invested in streaming are driving growth in paid subscriptions, today's report demonstrates just how much work remains to achieve a sustainably healthy music ecosystem for both music creators and fans.

"We must continue working to help sustain live music and venues, support gig workers and session musicians, and ensure fair pay for music on all digital platforms.

"Despite all the challenges from the pandemic, one thing clearly hasn't changed – fans still love music."