

## Digital music sales to dominate Indian markets in 2007

Popular music is going to go digital with a vengeance as the download music market grows and the music industry finds 'new levels' to adjust to the realities of the current techno-century.

'This year, India will be the second largest market in the world to see digital (both online and mobile) music sale outpace physical sales,' Mandar Thakur, general manager of the country's online music company Soundbuzz India, told IANS.

At present, South Korea is the world's largest market for music. The global online and mobile download music market is expected to be more than \$28 billion by 2010.

Mobile music downloads in India will constitute 60 percent of all digital music sales in the world for the coming two years, Thakur said.

The physical (CD, tapes etc) sale of music has seen a dramatic downswing in India. The market, which was Rs.10 billion in 2005, is expected to slump to Rs.5 billion in 2009.

By 2009, India's cellular revenue will touch \$24 billion, analysts say, growing at 28.3 percent compound annual growth rate with mobile ownership set to cross 200 million this year.

'India's entire mobile music market - encompassing monophonic and polyphonic ring tones, true tones, ring back tones and full track mobile downloads - will be worth \$800 million by 2009,' Thakur said.

'This is a 12 percent increase on mobile tune sales in 2005, which was then worth \$100 million,' he added.

Soundbuzz is supported in its forecast by analysis from Jupiter Research, a global music market analyst.

'The music industry has had its high-water mark. It's not going to go back to where it was at the end of the 1990s,' Jupiter analyst Mark Mulligan had said in January.

'This is all about the music industry finding its new level (and) realigning itself to the realities of the 21st century,' he said, predicting that 'CD sales are going to continue to decline by about 5 percent a year indefinitely'.

Soundbuzz provides content and delivery platforms for Indiatimes, Tata-VSNL, Bharati Broadband and Sify. The company operates both, online and mobile music stores and supplies content for mobile carriers and others like Airtel, Hutchison, Tata, Plus Indiatimes, 8888 and MTV, operating online and wireless platforms.

The company was set up in 1999, by a group that included Sudhanshu Sarronwals, its CEO at present. It is headquartered in Singapore with offices in Mumbai, Australia and Hong Kong.

Soundbuzz's own analysis indicates that digital music in Asia is driven by the mobile sector. More than one-third of all digital music sales globally will be generated out of Asia by 2009, Soundbuzz

predicts.

Ringtones are the dominant digital format and will continue through 2009. Mobile music growth will, however, be fuelled by additional formats, including ring-back tones, caller ID tones, and full track audio and video downloads.

These forms of mobile music will grow dramatically to achieve \$3.9 billion in sales in Asia by 2009. Online sales will remain relatively static in the coming three years.

'Consumption of musical genres differ slightly, depending on whether the music is downloaded online or wirelessly,' Thakur said. Mobile subscribers are heavy consumers of the latest Bollywood hits, regional language music and devotional music.

In contrast, online consumption comprises Bollywood catalogue along with the regional catalogue, devotional music and international singles and videos.

Both digital formats have deep content in terms of language and musical genres. 'Interestingly, a recent analysis of our online sales showed that only 15 percent of the downloads are of the latest hits,' Thakur said.

'The majority (about 85 percent) of the downloads are from our catalogue, or what is known as the long tail of content. This means, niche musical genres like Carnatic classical, Hindustani classical, ghazals etc are all available on Soundbuzz database and sell frequently,' he explained, adding, that in India music sales vary every month as do music charts.

There is also a good deal of variation from region to region. Tamil film sound tracks are the most popular genre in Chennai.

Like Napster, Soundbuzz complies with the copyright requirements of major international music labels to sell music downloads legally by utilizing the digital rights management software but, is also eager to sell without the RDM wherever possible.

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