

DRM Enabled Online Content Services in Europe and the USA

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Wanadoo Netherlands (OD2)	Pay per download, pre-pay packages, subscriptions	400,000 tracks Major labels and Indies, 12,000 artists	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	€0.01 / stream; €0.99 download plus, €9.99 most albums. Larger pre-pay packages bring discounts e.g. €9.99 buys 1 album, 10 tracks or 999 streams but €59.99 buys 74.99 worth of tracks or streams, pricing a track at €0.79 Subscriptions at €19.99/m buys 24 downloads or 2,399 streams. €7.99 monthly subscription buys unlimited streams. €1.35 – €1.55/track	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.
Yeahronimo (SATXS Communications B.V., the satellite and media distribution company and Yeahronimo N.V.)	pay per download; also acts as B2B packager; has sports video content as well. Launching its own digital media player. Exclusive worldwide licence from Commodore.	No Information	WMA 9	Music can be played on the PC used for licence acquisition, burned to CD and copied to SDMI (Secure Digital Music Initiative) compliant players.		Licence backups can be made using Windows Media Player. Registration creates a personal page with an order history, allowing licences to be recovered in the event of a system crash

### 2.2.8 Spain

Considering its population size, there are not yet a large number of services in Spain. It has been one of the most prominent territories for illegal file sharing music usage. However Informa is predicting quite substantial growth in legal downloads, with the market size estimated to exceed that of the Netherlands by the end of 2005 having been smaller in 2004.

Sony Connect and iTunes are both present, along with 5 OD2-powered services, including MSN, MTV and ISPs Wanadoo and Tiscali. The big media group Prisa also has an OD2 site, Los40.com, built around its music radio station brand, which offers downloads alongside news, chat, ticket sales and channel schedules. Other players include the Spanish-Latin American ISP/portal Terra (which used to own Lycos). The ISPs provide the music via packages of credits, which bring levels of discount. All except Sony and iTunes use WMA.

Table 18: Online music market, Spain

Spain	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.8	3.8	8.3	16.2	23.8
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.1	0.5	1.6	3.4	6.5
Total (€ mil.)	0.0	0.0	0.0	0.1	1.0	4.4	9.9	19.5	30.3

Source: Informa Media, 2005

Table 19: Online music market, Spain

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
iTunes	Pay per download	1 m tracks Major labels and Indies	Apple Fairplay DRM/AAC	Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	€0.99/track; €9.99/album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
Los40.com (OD2) music portal of Grupo Prisa	Pay per download, streaming subscription	220,000 tracks	WMA 9	Permanent downloads can be transferred to music players and CDs – number of times varies by track; temporary ones cannot – they can be played on the PC they were downloaded to as long as the subscription to the service lasts.	Subscription €7.99/month unlimited streaming. €1.89 track for permanent ownership (1.89 credits) €0.01 for streaming; €0.10 for time-limited ownership. Music downloads free with loyalty points from Los40 credit card	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support. New-style OD2 implementation with visual display of rights by clicking on link next to track.
MSN Music Club Spain (OD2)	Pay per download/streaming or download subscription	450000 tracks+; 13,000 artists	WMA 9	May only be played on PC to which licence is downloaded: "in the majority of cases", the track may be burned to CD and/or transferred to a portable music player; may not be transferred to another PC. The precise rights are detailed on each track	€0.01/stream; €0.99/track download; €9.99/album. Also packages €29.99 buys €32.99 value of tracks/streams; €59.99 buys €74.99 value tracks/streams;	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support. One of the more attractive MSN sites in terms of design, but still dependent on the OD2 back end -- several server timeouts occurred

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
MTV Digital Downloads (OD2)	Pay per download	250,000 tracks	WMA 9	Transfer to compatible Windows Media Compatible portable players. CD Burning	€0.99/track, €9.99/album; packages	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.
Musica Premium (Terra Networks SA ISP/portals in Spain, Latin America and USA)	Pay per download; subscription for streaming plus discounted downloads	500,000 tracks	WMA (min Version 8 player) Won't even allow browsing if it detects a lower version	Users have an option on each track to download or record to CD (CD option implies a temporary download to the PC which is erased when the process of recording to CD is complete). Downloads can only be listened to as long as the user is a member of the Terra service.	Basic subscription for all streams 6/month; Premium subscription €9.95/month for music and video streams and 10% discount on downloads; Tracks download: €1.50 new; back catalogue \$0.99; Albums: new €11.95, back catalogue €8.95, promotions €6.95	Grants 3 licences to each track in case licences are lost.
Sony Connect Spain	Pay per download	650,000 tracks	ATRAC3Plus	Transfer to compatible ATRAC3Plus portable music players and Sony PSP Games console/ CD Burning.	€0.99/track; albums variable €9.99-€14.99	In the event music tracks are lost, they can be re-downloaded by the user for free. Email support.

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Tiscali Spain (OD2)	Pay per download	205,000 repertoire	WMA 9	You can only play a track on the PC on which it was downloaded. In most cases you can copy to a CD and/or a portable music player but not to another PC. Rights do vary as imposed by the record company and the restrictions on a track can be seen in the product detail	Must buy packages of credits from €4.99-€69.99 giving discounts of up to 25% per track for the largest package. Track costs vary from €0.75 to €0.99	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.
Wanadoo Spain/ Ritmic (OD2)	Pay per download/stream; also monthly subscriptions.	400,000 tracks Major labels and Indies, 12,000 artists	WMA 9	Rights information is displayed in every track window, showing how many copies may be made to portable players, PCs and CDs. This is extremely varied - from 1 to 25 for example for copying to music players. Downloads are permanent - it's not necessary to subscribe.	€0.99/download; €0.01/stream. Packages giving varying discounts and subscriptions, up to 25% (€0.75/download). Subscriptions at €19.99/month give 2399 streams or 24 downloads, €7.99 for unlimited streams (from 350,000 tracks) but no downloads.	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.

### 2.2.9 Italy

The Italian market is similar to the Spanish market in terms of the players, although it is larger and predicted to remain so.

Sony Connect and iTunes are both present, along with OD2 powered sites: MTV, MSN and Tiscali. The site of the leading electronics/media retailer Media World, is also OD2 and contrary to the general trend is user friendly with the music service accessible from the home page instead of being accessible several layers down. There are some other less common participants such as the public broadcaster RAI and Libero, which is the Internet services arm of the mobile operator Wind. Given the popularity of mobile in Italy these players are beginning to position themselves to capitalise on this market potential. WMA DRM is the leading technology in terms of number of sites.

Table 20: Online music market, Italy

Italy	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.1	1.1	4.2	8.2	15.2	28.9
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.2	0.7	2.1	4.2	8.0
Total (€ mil.)	0.0	0.0	0.0	0.1	1.3	5.0	10.3	19.4	37.0

Source: Informa Media, 2005

Table 21: Online Music Services Matrix, Italy

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
iTunes Italy	Pay per download	700,000 – 1 m. Some significant gaps in the Italian repertoire according to reports	Apple Fairplay DRM/AAC	Transfer to unlimited Apple iPods / CD burning / Up to five computers can be authorised to play purchased music	€0.99/track; €9.99/album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
Libero iMusic (Libero is the internet services brand of Wind)	Pay per download	Major labels and Indies	WMA 9	Play on up to 3 PCs, burn each track 7 times onto CD, listen on up to 5 portable players	€0.99/track; €9.99/album	Tutorial and FAQ links only from actual download page. Very small print.
Messagerie Musicali (Grupo Sugar Music spA)	Pay per download	Unknown	WMA 9	All files can be transferred to portable players or burned to CD – unspecified numbers, but specifies no copying to another pc.	€1.20/track; €12/album	Panel on the home download page links to system test, visual tutorial and says all files can be copied to CD and portable players.
MSN Music Club (OD2)	Pay per stream/download	More than 400,000 tracks	WMA 9	Downloaded tracks can be burned to CD or transferred to a portable player but not to another PC. The exact permitted uses are determined by the record labels. The majority of tracks can be burned to CD. Exact usage rights are displayed when a link is clicked from each	€0.01 /stream; €0.99/download track; €9.99/album	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
MTV Music (OD2)	Pay per stream/download: monthly subscription	300,000 tracks, 12,000 artists	WMA 9	track at the point of purchase.	<p>€0.01 /stream; €0.99/track</p> <p>€9.99/album; packages €12.50, €30, €50 – max discount for €50 package equals €0.83/track; monthly sub of €20 buys 2500 streams or 25 downloads. FAQ says tracks may cost 0.99, 1.49 or 1.99</p>	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Net Music Media World (OD2)	Pay per stream/download.	400,000 tracks	WMA 9	Most music can be burned to CD and transferred to portable music players but not to another PC. Exact usage rights are displayed when a link is clicked from each track at the point of purchase	€0.01 /stream; €0.99/track €9.99/album; packages €3, €10, €23 (worth €25), €40 (worth €50), €75 (worth €100)	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support. Everything on the home page – pricing, catalogue, packages. Good site
RAI (broadcaster) (Buongiorno Vitaminic)	Pay per download	Unknown	WMA 9	Majority of music can be burned to CD and/or transferred to portable music players. Rights in each case are governed by record labels. But FAQ also says that tracks may be burned a maximum of 3 times and copied to mobile players a maximum of 3 times.	€0.99/track. Appears to sell only tracks	Clear but limited site. No specific rights information connected to tracks.
RossoAlice (Telecom Italia) (Buongiorno Vitaminic)	Pay per download	Unknown	WMA 9	Tracks may be burned to CD (3 times) and to portable music devices (3 times)	€0.99/track €9.90/album	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Sony Connect Italy	Pay per download	650000 tracks Major labels and some Indies	ATRAC3Plus	Transfer to compatible ATRAC3Plus portable music players and Sony PSP Games console/CD Burning.	2004 download \$1m, sub \$0.2m; 2005 download \$4.8m sub \$0.7m; 2010 download \$36.9m, sub \$15.5m	In the event music tracks are lost; they can be re-downloaded by the user for free
Tiscali Italy (OD2) portal/ISP	Pay per download/stream	400,000 tracks	WMA 9	Most music can be burned to CD and transferred to portable music players but not to another PC. Exact usage rights are displayed when a link is clicked from each track at the point of purchase	€0.01/stream; €0.99/track €9.99/album; packages €30 (worth €33), €60 (worth €75), €0.79/track cheapest	Purchased tracks can be recovered if lost. There are three licences allowed per account. Email support.

### 2.2.10 Portugal

There seems to be only one uniquely Portuguese service, provided by SAPO, the telco/ISP. It is an OD2 site. According to press reports, another OD2 site owned by the 'virtual' record label, X-Tazee Records, is launching this year.

Table 22: Online music market, Portugal

Portugal	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.2	1.0	2.1	4.0	5.9
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.8	1.4
Total (€ mil.)	0.0	0.0	0.0	0.0	0.2	1.1	2.5	4.9	7.3

Source: Informa Media, 2005

Table 23: Online Music Services Matrix, Portugal

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
SAPO (ISP) OD2	Pay per download/stream	350,000 tracks 12,000 artists	WMA Windows Media Player 9 or later	Most music can be burned to CD and transferred to portable music players but not to another PC. Exact usage rights are determined by record labels. Usage permissions displayed when a link is clicked from each track at the point of purchase	€0.01 / track; €0.99 – €1.29/download; €9.99/album (from €5.99)	In the event music tracks are lost, they can be re-downloaded by the user for free. Email support.

### 2.2.11 Denmark

There are 9 sites offering DRM protected download services in Denmark. This is a large number for a small population and market size. With the exception of iTunes, which has only just launched in the market, the players are more likely to be music or general retailers rather than ISPs/telcos. TDC runs two download services, one launched in partnership with public broadcaster Danmarks Radio, designed to sell tracks played on the radio.

Phonofile Denmark in alliance with 24/7 Music Shop (a leading digital service provider for the music industry based in Germany) and Cable and Wireless hosting, are behind a number of the services. Significantly Phonofile Denmark was set up in 2002 by Danish content and rights owners to create an infrastructure to enable the music industry to optimise its content packaging and its sales and distribution processes.

In Denmark and much of Scandinavia, MSN has partnered with CDON.com, part of the Modern Times Group media company, a major media company in the Nordic region (newspapers, TV etc), instead of with OD2 as in most of the rest of Europe. Pricing is rather more varied than in many markets.

Table 24: Online music market, Denmark

Denmark	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.2	1.1	2.5	3.9	5.5
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.9	1.7
Total (€ mil.)	0.0	0.0	0.0	0.0	0.3	1.3	2.9	4.8	7.2

Source: Informa Media, 2005

Table 25: Online Music Services Matrix, Denmark

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
A-Z/Bilka (Phonofile/ 24/7 MusicShop)	Pay per download	400,000 tracks 16,000 artists	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	DKK 7.75/track; 2,3,4 track 'albums' pro-rata; full albums DKK:79.75	Offers test file; advice on WMA and iPod; offers redownloads (up to 3); 24 hour email support; user manual pdf
Box (InProdicon)	Pay per download	100,000 tracks	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	DKK 8/track; 2,3,4 track 'albums' pro rata' full albums DKK 84.95	Offers test file; advice offers redownloads (up to 3); 24 hour email support; user manual pdf
Fotex (Phonofile - uses 24/7 MusicShop)	Pay per download	400,000 tracks	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	DKK 8/track; 2,3,4 track 'albums' pro rata' full albums DKK 84.95	Offers test file; advice offers redownloads (up to 3); 24 hour email support; user manual pdf
iTunes Denmark	pay per download and iPods	1 m tracks Major labels and Indies	Apple Fairplay DRM/AAC	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	DKK 12.95/track; 2,3,4, 'albums' pro rata; DKK 99.95 - 119.95 / album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
Jubii (Phonofile 24/7 MusicShop)	Pay per download	400,000 tracks	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	DKK 8.90/track; DKK 89/album	Offers test file; advice offers redownloads (up to 3); 24 hour email support; user manual pdf
MSN Music/CDON	Pay per download	400000 tracks	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	DKK 12.95/track; 2,3,4, 'albums' pro rata; DKK 99.95 - 119.95 / album	Offers test file; advice offers redownloads (up to 3); 24 hour email support; user manual pdf

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
NetMusik (Phonofile / 24/7 MusicShop)	Library loan, funded by Min of Culture	35,000 tracks, mainly Danish popular music	WMA 9	One PC only for periods of 24 hours or one week; Quotas set by public libraries for their users	Free	Offers test file; advice on WMA and iPod; offers redownloads (up to 3); 24 hour email support; user manual pdf
Payload (Phonofile - uses 24/7 MusicShop)	Pay per download	400,000 tracks, 16,000 artists emphasises Danish music	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses	DKK 5.95- 7.75/track; max DKK 79.75 /album	Offers test file; advice on WMA and iPod; offers redownloads (up to 3); 24 hour email support; user manual pdf
TDC Musik (Phonofile / 247 musicshop)	Pay per download	400,000 tracks	WMA 9	Specifies that tracks may be burned to CD and transferred to portable players for various personal uses	DKK 8/track; 2,3,4 track 'albums' pro rata' full albums DKK 88-89.95	Offers test file; advice offers redownloads (up to 3); 24 hour email support; user manual pdf

### 2.2.12 Sweden

In spite of a larger population (9m against 5m), Sweden has only one more download service than Denmark.

As in Denmark, many of the sites which would be white label 'OD2' sites in the rest of Europe, are supplied by other players, notably CDON.com (part of Modern Times Group) and InProdicon. The MSN site again has CDON.com behind it rather than OD2.

Other significant players in the market include another major Nordic media company, Bonnier (newspapers, books, magazines, mail order), whose Home Entertainment division is behind Homedownloads.se (driven by OD2). A feature of Scandinavia is the importance of newspapers as portal sites, so it is not surprising to see Aftonbladet and Goteborgs-Posten offering digital downloads, supplied by InProdicon. This white label is also behind the sites owned by retailers Ahlens and Bengans. Most sites are using WMA. iTunes has recently launched.

Pricing in Sweden appears very uniform.

Table 26: Online music market, Sweden

Sweden	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.4	2.5	5.2	8.0	11.2
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.1	0.4	1.2	2.1	3.3
Total (€ mil.)	0.0	0.0	0.0	0.1	0.5	2.9	6.3	10.1	14.6

Source: Informa Media, 2005

Table 27: Online Music Services Matrix, Sweden

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Ahlens (retailer) (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files
Aftonbladet/Poplife (newspaper) (Iprodicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files
Bengans (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files
Cdon.com Sweden	pay per download	300,000	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	SKr 9.90/track; SKr 99.00/album	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again
Goteborgs-Posten (newspaper) (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Homedownloads.se (OD2) owned by Bonnier's Home Entertainment	pay per download, streaming tracks, paid 'radio'	330,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	Skr9.90/track; SKr 105.00/album; SKr0.10/stream 1 track. Pay 'n Play Packages available: e.g. Skr 200 buys 22 downloads (unit cost Kr 9.09) or 220 streams; Skr500 for 60 tracks (unit cost Skr8.33) or 5 albums or 6000 streamed tracks. A 'radio' service offers genre playlists (top current pop, rock, 80s, 60s, etc. for Skr2 for 20 tracks)	Site could not be reached 18/5 but was functioning the next day. Help file more extensive and readable than many others.
iTunes Sweden	pay per download of tracks and ipods	400,000	FairPlay	Transfer to unlimited Apple iPods / CD burning / Up to five computers can be authorised to play purchased music	Skr 9/track; SKr 90.00/album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
MSN Music Club Sweden (CDON.com)	pay per download	300,000	Windows Media Player version 9 or later	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	SKr 9.90/track; SKr 99.00/album	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again

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Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
MusicBrigade (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files
Skivhugget music retailer (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album; other track combinations pro rata	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files

### 2.2.13 Norway

There are only a few services in Norway. One is provided by CDON, on behalf of the Modern Times Group. One is iTunes, which has just launched. The third is a site selling Norwegian music, which provides a shop window for the Music Information Centre and is run in association with Phonofile Norway. This is separate from Phonofile Denmark, although they do collaborate.

The market, about the same size as Denmark's but with many fewer services, is predicted to remain at about 50% of the size of Sweden's.

Table 28: Online Music Services, Norway

Norway	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.2	1.2	2.4	3.8	5.7
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.1	0.4	1.1	2.0
Total (€ mil.)	0.0	0.0	0.0	0.0	0.3	1.3	2.8	5.0	7.7

Source: Informa Media, 2005

Table 29: Online Music Services Matrix, Norway

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
CDON.com	pay per download	300,000 tracks	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	NOK 9.90/track; NOK 99/album; selected tracks at NOK 6.90	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again
iTunes	pay per download and iPod sales driver	1m tracks Major labels and Indies	Apple Fairplay DRM/AAC	Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	NOK 8/track; NOK 80/album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
MSN Music Club (CDON)	pay per download	300,000 tracks	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	NOK 9.90/track; NOK 99/album; selected tracks at NOK 6.90	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again
MusicBrigade (InProdicon – Swedish site serving Norway)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC).	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files
Musiconline.no (owned and operated by Phonofile AS Norway)	pay per download	50,000 tracks Norwegian music	WMA 9	Cannot transfer to second computer. Can transfer to compatible portable audio player. Can burn up to six CDs per track.	Typically NOK 7.50/track, variable discounts for albums	Help guide is well signposted and points out common problems including failing to back up licences as well as the audio files; also has a diagnostic PC test
QXL auction site (InProdicon)	pay per download	100,000	WMA 9	Can burn to CD but only 3 times per track, and copy 3 times to a portable player (and a security backup copy to PC). You can only copy from a computer in	SKr 9.90/track; SKr 99.00/album	diagnostic PC test; visual guide to Windows Media Player functions; warns to backup licences as well as files

Sweden.

### 2.2.14 Finland

The Finnish market has a fairly small number of operators, including MSN (partnered again with CDON instead of OD2) and iTunes. Most of the excitement in the market seems to be around mobile, which is not surprising given the influence of Nokia in the country: for instance, there is a Sony mobile service but not a Sony Connect online service.

Pricing is somewhat varied.

Table 30: Online music market, Finland

<b>Finland</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Downloads</b>									
(€ mil.)	0.0	0.0	0.0	0.0	0.2	0.8	1.6	3.1	4.8
<b>Subscription</b>									
(€ mil.)	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.8	1.7
<b>Total (€ mil.)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.8</b>	<b>2.0</b>	<b>3.9</b>	<b>6.5</b>

Source: Informa Media, 2005

Table 31: Online Music Services Matrix, Finland

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
iTunes Finland	Pay per download	1m tracks Major labels and Indies	Apple Fairplay DRM/AAC	Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	€0.99/track; €9.99/album	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
Laturi (Securycast)	Pay per download	300,000 tracks Major labels	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	€1.39/track; €14.00/album	Has own-branded application to install to run the download process. Help guide contains section explaining DRM rules.
(Pepsi) Max Music (Securycast)	Pay per download	300,000 tracks Major labels	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	€1.19/track; €12.95/album	Has own-branded application to install to run the download process. Help guide contains section explaining DRM rules.
MSN Music Club/CDON	Pay per download	600,000 tracks Major labels	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	€0.99/track; €9.99/album	Three licences per track – users can download again if lost or damaged up to 3 times before needing to purchase again
NetAnttila (retailer) (Securycast)	Pay per download	300,000 tracks Major labels	WMA 9	Burning to CD, limit of 3 times per track, for personal use. 3 times per track to portable players.	€1.19/track; €12.95/album	Has own-branded application to install to run the download process. Help guide contains section explaining DRM rules.

### 2.2.15 Luxembourg

There seem to be no sites specifically serving Luxembourg. The iTunes link on the IFPI website goes to the French iTunes site, and the Free Record Shop link goes to the Dutch Free Record Shop site.

Table 32: Online music market, Luxembourg

Luxembourg	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Total (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.4

Source: Informa Media, 2005

### 2.2.16 New Member States

The market in the New Member States is expected to take off from next year, though the total market in 2008 will still be smaller than Italy's. The only market that is really operating at the moment is Poland, though there are services in the Czech Republic and Slovenia, where the Mobitel mobile operator has launched a store in association with OD2. In Poland, Onet, an Internet portal, also has a service in association with OD2, which offers 200,000 tracks from international artists, supplemented by Polish ones. Using WMA, the service sells tracks for €1.00 and albums for €10.00. Two other portals, Interia and Wirtualna Polska, are launching services selling Polish music. Interia's Melo.pl site uses DRM which allows playback on 2 PCs, with tracks from €0.34 and albums from €2.30. Wirtualna Polska uses WMA and sells a track for €0.23. It also offers free MP3s from local artists.

Table 33: Online Music Market, New Member States

New Member States	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.6	1.8	8.2	17.1	31.9
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.9	3.8
Total (€ mil.)	0.0	0.0	0.0	0.0	0.6	1.8	8.4	19.0	35.8

Source: Informa Media, 2005

Table 34: Online Music Market, Poland

Poland	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.0	0.0	0.0	0.0	0.4	1.1	4.8	9.6	18.0
Subscription (€ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	2.2
Total (€ mil.)	0.0	0.0	0.0	0.0	0.4	1.1	4.8	10.8	20.1

Source: Informa Media, 2005

### 2.2.17 U.S.

The U.S. is currently the largest online music market in terms of revenues. U.S. users have access to larger online music catalogues than any other countries (Apple Computer iTunes provides a selection of more than 1.5m tracks). While the number of actual download services is about the same as in the UK, the choice of online music services is much greater because most of the services are independent and not based on the same white label technology and catalogue.

Until now most online music retailers had developed their own infrastructure. However, the trend is changing: WalMart's discount online music service was developed by Liquid Digital Media (the successor to Liquid Audio), whilst several recent services such as Yahoo Unlimited and Virgin Downloads are powered by MusicNet's technology.

The pricing of content is very homogeneous between services. Apart from a few exceptions such as Walmart, which offers €0.70 (\$0.88) music downloads, most services offer downloads for €0.79 (\$0.99) each.

The DRM technologies are dominated by Windows Media DRM (9 and 10) and Apple's AAC format with Fairplay DRM, on the basis that iTunes is the clear market leader in all territories where it operates. There is also a strong presence of other DRM's such as Sony's ATRAC3Plus and RealNetworks DRM.

The fact that most online music services were launched in the U.S. some time before launching in Western Europe partially explains why the size of the market is so much greater. It is also believed by some that the various legal actions against illegal file sharers in the U.S. has motivated users to turn to legal music services alternatives.

Table 35: Online Music Market; U.S.

U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008
Downloads (€ mil.)	0.2	0.4	0.8	28.8	155.9	374.1	518.5	663.2	787.8
Subscription (€ mil.)	0.3	0.7	1.7	15.0	51.1	124.2	229.8	349.2	478.2

DRM Enabled Online Content Services in Europe and the USA

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Total (€ mil.)      0.4      1.1      2.5      43.8      207.0      498.3      748.3      1,012.4      1,266.0

Source: Informa Media, 2005

Table 36: Online Music Services Matrix, USA

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
BuyMusic	Pay per download	More than 620,000 tracks Major labels and Indies	WMA 9	For most tracks: transfer to four computers. Burn 7 times. Transfer to SDMI compliant device. Use on 5 computers/Use on portable devices/Burn 10 copies to CD	From \$0.50 per tracks. Most tracks are \$0.79 each	In the event music tracks are lost: they can be re-downloaded by the user for free. Email support.
Ebay (PassAlongNetworks)	Pay per download	More than 350,000 tracks Major labels and Indies	WMA 9	Use on 5 computers/Use on portable devices/Burn 10 copies to CD	Most tracks are \$0.99 each.	Downloads history. Email support.
Fox Music (Navio)	Pay per download	Soundtracks from Fox movies	WMA 9	copies to CD	Most tracks are \$0.99 each	Downloads history. Email support.
FYE Download Zone (MusicNet)	Pay per download/Subscription	More than 1m tracks Majors and Indies	WMA 10	Paid for downloads can be burnt to CD and transferred to portable devices/Subscription downloads can be transferred to compatible Windows Media 10 portable devices.	Most tracks are \$0.99 each. Subscription price varies.	Downloads history. Email support.
iTunes	Pay per download	More than 1.5m tracks Majors and Indies	Apple Fairplay DRM/AAC	Transfer to unlimited Apple iPods/ CD burning/ Up to five computers can be authorised to play purchased music	\$0.99 per track	Customer is responsible for backing up purchased music. Apple requires users to purchase the music again if the data is lost. Email Support.
mMode Music Store (Loudeye)	Pay per download	Majors and Indies.	WMA 9	Transfer to compatible music player. Burn tracks to CDs.	\$0.99 per track	If data is lost users will not be able to re-download content for free. Email support.

DRM Enabled Online Content Services in Europe and the USA

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
MSN Music	Pay per download	More than 1m tracks Majors and Indies	WMA 9	Transfer to compatible music player. Burn tracks to CDs.	\$0.99 per track	Downloads history. Email support.
MusicMatch	Pay per download/ Subscription (streaming)	More than 800,000 tracks Majors and Indies	WMA 9	Transfer to compatible music player. Burn tracks to CDs.	\$0.99 per track. Subscription price varies.	Downloads history. Email support.
MusicNet@AOL	Pay per download/ Subscription	More than 1m tracks Majors and Indies	WMA 9	Transfer to compatible music player. Burn tracks to CDs.	\$0.99 per track. Subscription price varies.	Downloads history. Email support.
MusicNOW	Pay per download/Streaming	More than 1m tracks Majors and Indies	WMA 9	Transfer to compatible music players. Burn tracks to CD. Streaming.	\$9.95 a month for unlimited streaming. \$0.99 per song.	Email support
Napster	Pay per download/Subscription	1m tracks Majors and Indies	WMA 10	Transfer to compatible music players. Burn tracks to CDs. Transfer to portable devices only for Napster2Go subscribers.	\$0.99 per track. Napster2Go service is \$14.95 a month.	Email support
Pass Along.com	Pay per download	Approximately 500,000 tracks Majors and Indies	WMA 9	Use on 5 computers/Use on portable devices/Burn 10 copies to CD	\$0.99 per track.	Email support
RCN Music (MusicNet)	Pay per download/Subscription	More than 1m tracks Major and Indies	WMA 9	Paid for downloads can be burnt to CD and transferred to portable devices/Subscription downloads cannot be transferred or	Most tracks are \$0.99 each. Digital Music Club subscription is \$7.95 a month.	Downloads history. Email support.

DRM Enabled Online Content Services in Europe and the USA

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Rhapsody (RealNetworks)	Pay per download/Subscription	1m tracks Majors and Indies	RealAudio10 with AAC	Transfer to a maximum of five PCs. Transfer to portable music players. CD burning. Transfer to compatible ATRAC3Plus portable music players and Sony PSP Games console/CD Burning.	Most tracks are \$0.99 each. Monthly subscription is \$9.99. Most tracks are \$0.99 each.	Email support.
Sony Connect	Pay per download	Major labels and some Indies	ATRAC3Plus			In the event music tracks are lost; they can be re-downloaded by the user for free. Email support.
Virgin Digital (MusicNet)	Pay per download/Subscription	More than 1m tracks Majors and Indies	WMA 9	Paid for downloads can be burnt to CD and transferred to portable devices./Subscription downloads cannot be transferred or burnt to CD. Users can backup purchased tracks on two other computers. 10 CD burns allowed. Unlimited transfer to portable devices.	Most tracks are \$0.99 each. Digital Music Club subscription is \$7.99 a month. All tracks are \$0.88 each	Downloads history. Email support.
Waj-Mart (Liquid Media)	Pay per download	500,000 tracks Majors and Indies	WMA 9			Downloads history. Email support.

DRM Enabled Online Content Services in Europe and the USA

Service name	Business model	Available repertoire	DRM used	Usage rules	Pricing	Service support
Yahoo! Music	Pay per download/Subscription	1m tracks Majors and Indies	WMA 9	Yahoo Music Unlimited: transfer to portable devices, CD burning for an extra fee. Yahoo Music Engine: transfer to compatible portable music players and CD burning allowed.	Yahoo Unlimited subscription service: \$6.99 a month for unlimited downloads and transfers to compatible portable devices. \$0.79 per track for CD burns. Yahoo Music Engine: \$0.99 per download.	Downloads history. Email support.

### 3 *Ringtones Marketplace Overview*

This section gives a brief overview of the ringtones market in terms of size, trends and types of tones, with a profile of some of the sites selling ringtones in the particular country markets, showing pricing details and the type of tones sold.

The general pattern is for the revenues to follow closely the development of the mobile markets in terms of the life cycle of handsets which are capable of playing the different types of tones. Because of the relatively slow development of the U.S. mobile marketplace, it is real tones revenues that account for almost all the revenues, a very different picture from Western Europe, which shows the clear pattern of the rise and decline of each type of tone revenues. Even the New Member States resemble Western Europe more than the U.S. in this respect.

The ringtone market in Europe and the U.S. combined generated almost €1.2bn in 2004 and is expected to grow to about €2.5bn in 2008. The share of the European market is currently much larger than its U.S. counterpart; however the two regions are expected to even out by 2008. In most markets, mobile operators rely on third party aggregators to provide ringtone content and, in some cases, the underlying technical infrastructure.

Table 37: Ringtone revenues, U.S.

U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008
Monophonic revs (€ mil.)	0.2	2.2	6.3	10.0	9.2	0.0	0.0	0.0	0.0
Polyphonic revs (€ mil.)	7.7	29.0	57.0	98.1	46.2	38.5	34.9	0.0	0.0
Real tone revs (€ mil.)	0.0	0.0	0.0	3.3	129.4	346.5	663.5	974.3	1,165.6
Total (€ mil.)	8.0	31.2	63.3	111.5	184.9	385.0	698.4	974.3	1,165.6

Source: Informa Media, 2005

Table 38: Ringtone revenues, Western Europe

Western Europe	2000	2001	2002	2003	2004	2005	2006	2007	2008
Monophonic revs (€ mil.)	250.0	343.7	411.2	402.9	299.6	110.1	49.4	0.0	0.0
Polyphonic revs (€ mil.)	5.3	38.4	168.1	393.0	550.0	670.5	459.7	315.8	113.5

DRM Enabled Online Content Services in Europe and the USA

Real tone revs (€ mil.)	0.0	0.0	0.0	9.8	50.6	193.1	516.8	800.0	1,025.4
Total (€ mil.)	255.3	382.1	579.3	805.7	900.3	973.6	1,025.9	1,115.8	1,138.9

Source: Informa Media, 2005

Table 39: Ringtone revenues, New Member States

<b>New Member States</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Monophonic revs (€ mil.)	14.6	27.2	42.1	46.2	39.9	16.3	8.1	0.0	0.0
Polyphonic revs (€ mil.)	0.3	2.9	14.8	40.1	65.3	89.5	72.6	54.6	25.9
Real tone revs (€ mil.)	0.0	0.0	0.0	0.6	4.2	21.0	58.7	102.1	138.0
Total (€ mil.)	14.8	30.0	56.9	86.9	109.4	126.8	139.4	156.7	163.9

Source: Informa Media, 2005

## **4 *Annexes – Methodology and User Data***

### **Annex A – Data Acquisition Methodology**

Unless otherwise stated, all historical and forecast financial data were provided by Informa Media.

Figures up to and including 2004 are predominately actual data. In markets where no published data were available, Informa Media spoke with local contacts in each market to produce what it believes to be accurate estimates.

The forecast models were produced with a variety of variables. The online music sector is weighted according to broadband growth and activity in the traditional music sector. Similarly, ringtones are impacted by handset growth.

Both areas are affected by anticipated new technologies in their respective fields – and also by Informa Media’s forecasts for economic variables, such as overall economic growth and inflation within the area covered by the survey.

The online music and ringtones services matrices were created especially for this report from data gathered from the relevant Internet sites. While this information is current it is clearly subject to change. Where no information was provided on a site, “No Information” appears in the appropriate cell in the tables.

**Annex B – User Data**

Independent data on the number of users for online music services is rarely available because the services themselves rarely release such data for commercial reasons. Nevertheless, the figures below, published in press releases, newspaper articles and other media, represent an estimate of the growing numbers of users of such services in Europe.

Europe – OD2	3m users for all OD2 sites (November 2004)
France – Fnac	1m titles downloaded since the launch of the new site on Sep 18th 2004. (May 2005)
Germany – MusicLoad	1m users (2005); 4m downloads in 2004. Users download about 1m songs a month.
Netherlands – Yeahronimo	380,000 registered music download customers; 420,000 event streaming customers; 115,000 soccer customers (58,000 paying); 6,600 B2B customers
UK – Tesco	10% share of internet music sales in the UK
UK – Wippit	20,000 customers (2005)
USA – MusicMatch	6% of the U.S. market (July 2004, Source NPD Group)
USA – MusicNet@AOL	250,000 subscribers (November 2004). Source:InformaMedia
USA – Napster	11% of the U.S. market (July 2004, Source NPD Group)
USA – Rhapsody	6% of the U.S. market (July 2004, Source NPD Group)
USA – Walmart	6% of the U.S. market (July 2004, Source NPD Group)

<b>Worldwide - iTunes</b>	400m tracks sold worldwide (2005). 70% of the U.S. market (July 2004, Source NPD Group)
<b>Worldwide - Napster</b>	410,000 subscribers worldwide (2005)