

Norway



Over the last five years, Norway, alongside its Scandinavian neighbour Sweden, has come to be seen as a model for the digital music industry, where accelerating levels of subscription streaming have turned income decline into a steadily growing market.

In many ways, this remains true of Norway today: in the first half of 2016, recorded music sales increased 7.8% year-on-year to NOK 333m (\$40.2m), with 83% of label revenues in the country now being derived from streaming. IFPI Norway said in March that 1.5m Norwegians were paying for music streaming services – not bad in a country of just 5.2m people – while the country has one of the largest per capita spends on music globally (at \$20.30).

And yet there remain a couple of potential troublesome issues at the heart of the country's digital music market. Firstly, after years of explosive growth, including a 78% leap in 2013, the uptick in income

from streaming services has started to slow somewhat. In the first half of 2016, for example, income from streaming revenues rose 12.1% to NOK 278m (\$33.5m). This may be a natural progression after a period of wild expansion, but it does make one wonder where further growth in streaming revenue will come from.

Within the Norwegian music industry there is generally a feeling that there is still room for streaming to expand. Marte Thorsby, CEO of IFPI Norway, said in August that continued revenue growth in streaming services showed that the market was not saturated “and we believe in continued increase in sales in the years

NORWAY



STATS



Population 5.2m



GDP per capita \$68,400



Internet users 4.9m



Broadband connections 2.3m



Mobile subscriptions 5.8m

Active smartphones 4.9m

Active tablets 1.0m

Sources: IFPI/CIA World Factbook



If you could get these older markets on board with streaming subscriptions in Norway they would add a lot of money...”

– Jørn Dalchow, daWork

and film streaming services, who have successfully appealed to older consumers.

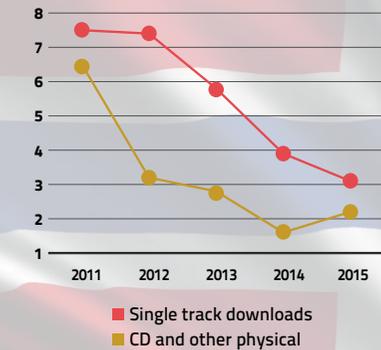
“Music streaming opened the floodgates for TV and film streaming services here,” he says. “TV and film services have been really aggressive in their marketing since. There’s an advert for [TV streaming service] Viaplay which has an older guy sitting in an armchair with his iPad explaining how TV streaming works.”

Another fly in the Norwegian ointment is YouTube. IFPI Norway figures recently revealed that income from video streaming services represented less than 2% of streaming income in Norway in the first half of 2016, with revenue from the site falling from NOK 4.9m (\$0.59m) in H1 2015 to NOK 4.7m (\$0.57m) in the first six months of 2016. This, clearly, is a very low figure for a site that is, according to Alexa, the third most popular website in Norway, behind just

Norway *continued...*

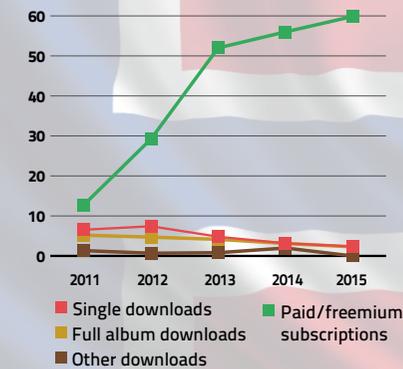
RECORDED MUSIC SALES

(Volume, million units)
(Source: IFPI)



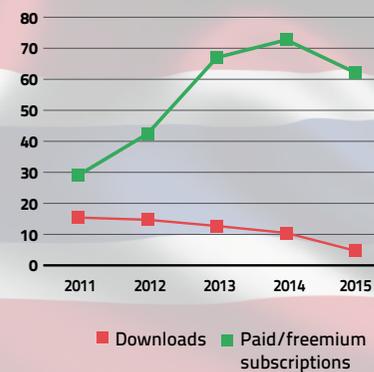
DIGITAL MUSIC REVENUE BY FORMAT, IFPI FIGURES

(In US\$ millions / Source: IFPI)



DIGITAL MUSIC REVENUE BY FORMAT; MUSIC ALLY DATAMAP FIGURES

(In US\$ millions / Source: IFPI.no, Music Ally)



data :) map



music:)ally launched the Data Map in early 2016 and will be developing it throughout the year. You'll see us include data from it in country profiles from time to time. The figures from it, included here for Norway, are sourced directly from local IFPI offices possible and converted to US\$ using historical exchange rates (that's to say, using the relative value of the currency at the time the figures were reported). Using historical exchange rates we aim to show how the market's relative dollar value has fluctuated over time, rather than how it sits compared to this year alone.

Data collected from the IFPI's local office and Music Norway, shown here, breaks the digital market into free/paid subscription streaming and download revenue streams only.

The key difference is that at the hands of exchange rate fluctuation, the relative dollar value of freemium/paid streaming actually declined in 2015.

It's worth noting that streaming data here also includes revenue from ad-supported video streaming such as YouTube, which accounted for a lowly 10m of the 500m NOK reported for streaming in 2015.

music:)ally subscribers can [visit the Data Map here](#).

google.no and Facebook.

Opinions on YouTube are divided. Erlend Buflaten from Music Norway says that it is not an important platform for music consumption in Norway, thanks to the success of professional streaming services like Spotify and Tidal (formerly Scandinavia's very own WiMP).

Dalchow, however, believes that music consumption on YouTube is "massive" in Norway, with payment lagging behind in a Nordic example of the dreaded "value gap", exacerbated by issues with YouTube's audio fingerprinting system. Norway's own musicians will, he says, later this year add their voices to the current campaign that has seen the likes of Paul McCartney and Lady Gaga ask European leaders to tighten the copyright rules for services like YouTube.

The other potential hiccup that Norway faces lies in the transition to digital radio. For geographical reasons, FM reception in Norway has traditionally been poor: and in 2017, it will become the first country in the

world to close down national FM transitions and switch to digital. The knock-on effect of this will be more stations playing music and more choice for consumers, which sounds positive for the general public, although there are worries that this might cannibalise the streaming market.

These are, of course, serious issues for the Norwegian music industry to address, as well as ones that could prove instructive for countries who have been slower in the transition to streaming. And yet it would be a mistake to see the Norwegian music industry in anything other than a positive light.

Buflaten says there is "a strong optimism in the Norwegian industry", pointing to a recent survey of the 40 most prominent music companies in Norway, in which 92% of respondents said they expected their business to grow in the coming years.

Such optimism has led to something of a virtuous circle in the Norwegian music industry, with companies investing in staff

and A&R, which in turn has led to an uptick in the domestic fortunes of Norwegian music: 26.3% of music sold and streamed in Norway was Norwegian last year, versus 22% in 2014.



"There is an optimism in the industry today," says Music Norway MD Kathrine Synnes Finnskog (pictured). "Instead of fighting it, we've adapted to new revenue models and see more and more great artists coming up every day. With it we see the industry as a whole growing, giving businesses the opportunity to continue to build a stronger industry and develop new acts and artists." :)