

Belgium



Keen fans of cultural clichés and national stereotypes can imagine that the beer and chocolates were wheeled out for the Belgian music industry in February 2016. This was because local trade body the Belgian Entertainment Association (BEA) revealed that the country had seen its first growth in retail spending on music in 15 years...

In its annual figures, the BEA said that total consumer spending grew 4.8% in 2015 to €107.97m, tallying with IFPI figures for recorded music trade revenue for Belgium, which showed a 7.5% rise in 2015 to €104.5m.

The reason for this rise was, according to the BEA, a familiar one – the growth in streaming, which was up 44.1% year-on-year at €21.90m. (IFPI figures show streaming revenue increasing from \$12.32m in 2014 to \$15.3m last year.)

What's more, BEA general manager Olivier Maeterlinck believes there is considerable room for further growth in the market, with income from streaming

making up less than 20% of total consumer spending on music. "We still haven't reached the peak," he said at the release of the BEA figures. "In comparison with countries like the Netherlands or Sweden, there is still great potential for growth."

It's hard to argue with this. In Sweden, a country with 9.8m inhabitants compared to Belgium's 11.3m, streaming brought in revenue of \$121m last year – more than eight times that of Belgium. In the Netherlands, a country of 16.9m people, streaming revenue was \$67.45m.

In fact, figures show Belgium to be a rather slow-moving digital market. Download sales – globally in decline thanks

BELGIUM



STATS



Population 11.3m



GDP per capita \$43,600



Internet users 9.5m



Broadband connections 3.9m



Mobile subscriptions 12.7m

Active smartphones 9.0m

Active tablets 2.2m

Sources: IFPI/CIA World Factbook

represents 57% of spending on music in Belgium according to the BEA: that's versus 20% on streaming.

Rather than Sweden or the Netherlands, then, a better point of comparison for Belgium's digital present might be Switzerland: both countries are a similar size in terms of population and recorded music revenue (\$114.3m in Switzerland last year, according to the IFPI, versus \$116.1m in Belgium); both have important physical music markets and both have strong digital infrastructure.

More importantly, both countries have faced similar issues in the transition to streaming, with many digital music services seeing the countries as add-ons to neighbouring markets. Michel Van Buyten, co-managing director of Sony Music Benelux, says there has been "not much focus on the Belgian territory by streaming services themselves: limited marketing investments or other initiatives".

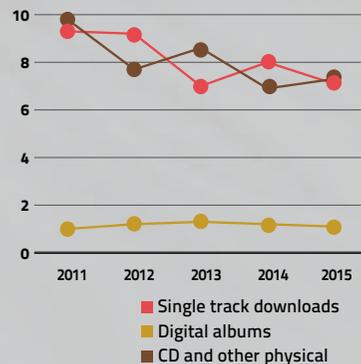
"For example Spotify and Apple Music do not have a team in Belgium – Belgium is serviced by their teams in Holland," he adds. "Spotify also does not have a local Belgian Browse page, which makes it a lot more difficult to promote local repertoire or to undertake impactful local initiatives on the platform, to promote local playlists, that could attract the Belgian music consumer to the platform."

Van Buyten says there has also been a historic lack of "successful bundle deals between streaming services and internet/mobile service providers" in Belgium. "There have been such bundle initiatives, but they have not been successful so far for different reasons," he explains. "The main issue is

Belgium *continued...*

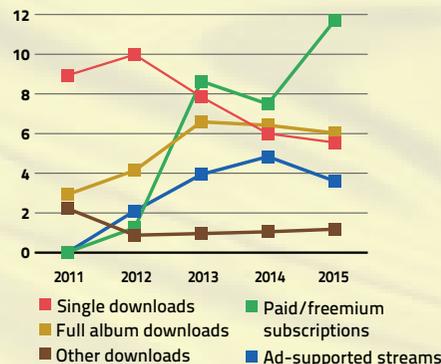
RECORDED MUSIC SALES

(Volume, million units)
(Source: IFPI)



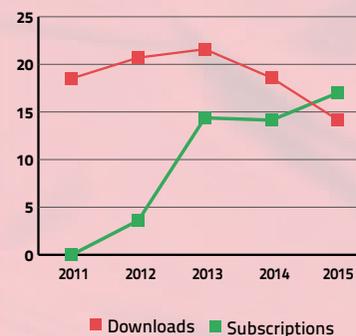
DIGITAL MUSIC REVENUE BY FORMAT, IFPI FIGURES

(In US\$ millions / Source: IFPI)



DIGITAL MUSIC REVENUE BY FORMAT; MUSIC ALLY DATAMAP FIGURES

(In US\$ millions / Source: BEA, 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 in the chart on the left, are sourced directly from local IFPI offices where 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 value has fluctuated over time, rather than how it sits compared to this year alone. We provide data map figures and charts to add context to the IFPI figures and our country profiles.

The Belgian Entertainment Association (BEA) presents its digital market data broken into subscription streaming and downloads only (whereas the IFPI has presented mobile personalisation, ad-supported streaming and other revenue streams). Spotify alone launched in Belgium in 2011, so the territory is not short of freemium music consumption, but these are the two main avenues for digital music with subscriptions overtaking downloads last year.

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

that they have not been accompanied by the right marketing campaigns for the bundled offering and streaming services in general."

The immediate future of the Belgian digital music industry will be intriguing to observe.

The limited nature of streaming consumption in Belgium means the sector has considerable room for growth. If this is accompanied by a rise in music sales, as happened in 2015, then the Belgium music industry will have cause for celebration.

And yet there is little evidence globally that streaming leads to increased sales. In Sweden, for example, CD and download sales have continued to fall as consumers shift to streaming. If this pattern repeats in Belgium, then the market may contract in the short-term.

Van Buyten says that the evidence he has seen suggests the physical market in Belgium has gone into decline again in 2016. "But the decline of physical sales

and downloads are still reasonably limited, so this in combination with the streaming business that is starting to grow steadily but not yet exponentially: I think the Belgian market could possibly maintain a moderate growth in 2016," he adds. "I do feel that streaming will have to rise exponentially at some point to maintain market growth in a longer term, as physical and downloads will probably start declining faster at some point and for that a successful bundle deal combined with considerable local marketing efforts would certainly help."

Parallel to this are the country's new and highly ambitious plans for its digital economy, which could have a significant effect on its digital music business. Deputy Prime Minister Alexander De Croo recently unveiled the Digital Belgium strategy which, along with tackling piracy, is intended to achieve economic growth through digital innovation.

Overall, Van Buyten says he is positive about the future for the Belgian digital

music industry. "I feel optimistic as streaming is starting to become more accepted and understood by the industry, artists and consumers in both parts of the country," he argues. "There is already an organic growth of the streaming business and as soon as the streaming services themselves start focussing on the Belgian market, which they haven't really done so far, this growth can only become bigger and faster."

Warner Music Benelux president Martin Jessurun says his company is "hugely optimistic about the digital music business in Belgium".

He concludes, "This year we see streaming services gaining ground, growing their footprint and launching new partnerships. Streaming revenues are overtaking download sales, making Belgium well placed for the sort of transition we have seen in other European countries such as Sweden." :)