

Counting the Costs of Collective Rights Management of Music Copyright in Europe

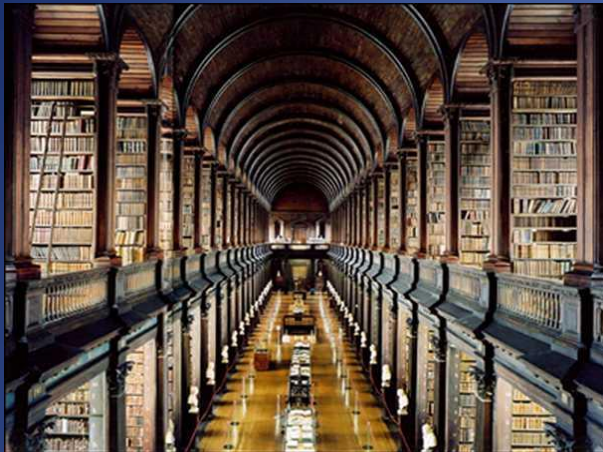
OXFIRST TM 
Ltd



UNIVERSITY OF OXFORD &
UNIVERSITY OF EDINBURGH

www.oxfirst.com Email: roya.ghafele@oxfirst.com

Transaction Costs!



As music consumption takes digital forms, Europe must modernize its collective rights management system in response to new challenges and opportunities.

A transaction cost analysis of the current collective rights management system in Europe suggests multiple transaction costs exist. The estimates of the value of the digital music market and the costs associated with licensing across borders suggest that growth in digital music is stifled to a significant extent by market inefficiencies.

Piracy, while an important factor, is by no means the sole cause of this lost market opportunity.

€ 5 billion – potential value of digital music in Europe

€ 400 million – potential value of digital music royalties in Europe

€ 212 million – potential value of digital music royalties in France, Germany and the UK

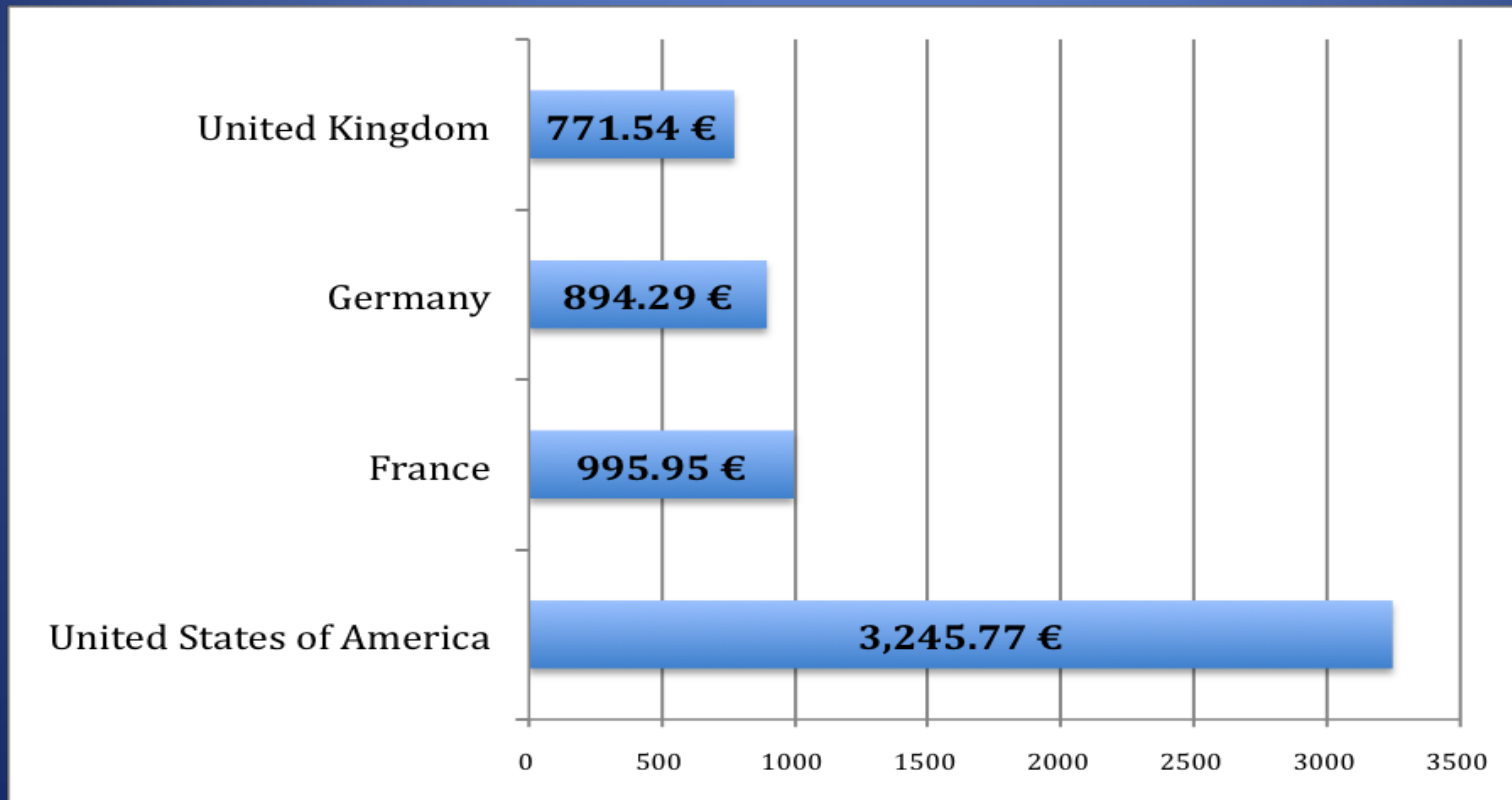
€ 49 million – total new media royalties collected by SACEM, GEMA, and PRS for Music in 2009

19% - average capture of digital royalty market in Europe

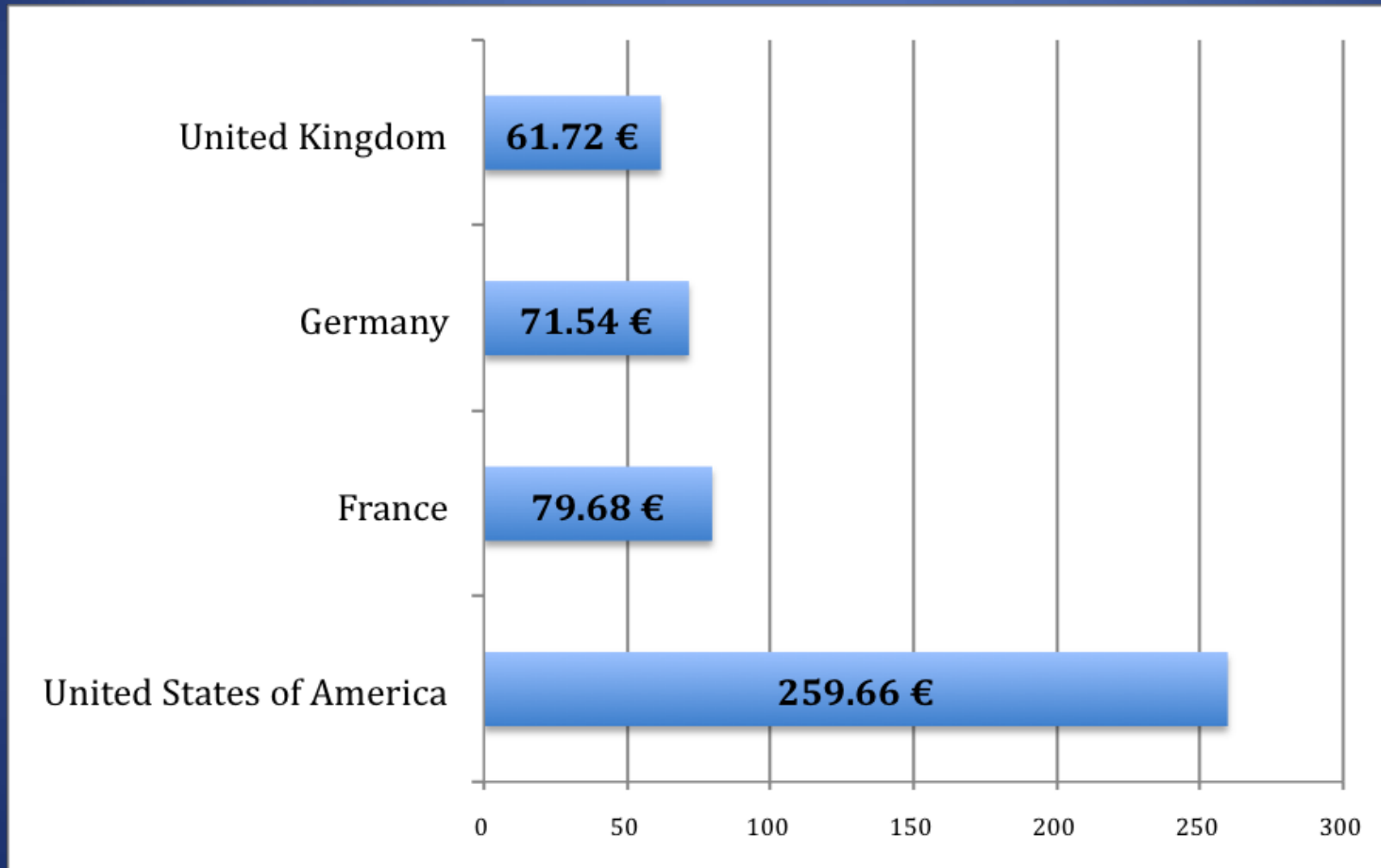
23% - average capture of digital royalty market in USA

85% - increase in cost of licensing on-demand digital music streaming from USA to France, Germany and the UK

Total Addressable Digital Music Market (in Euro millions)

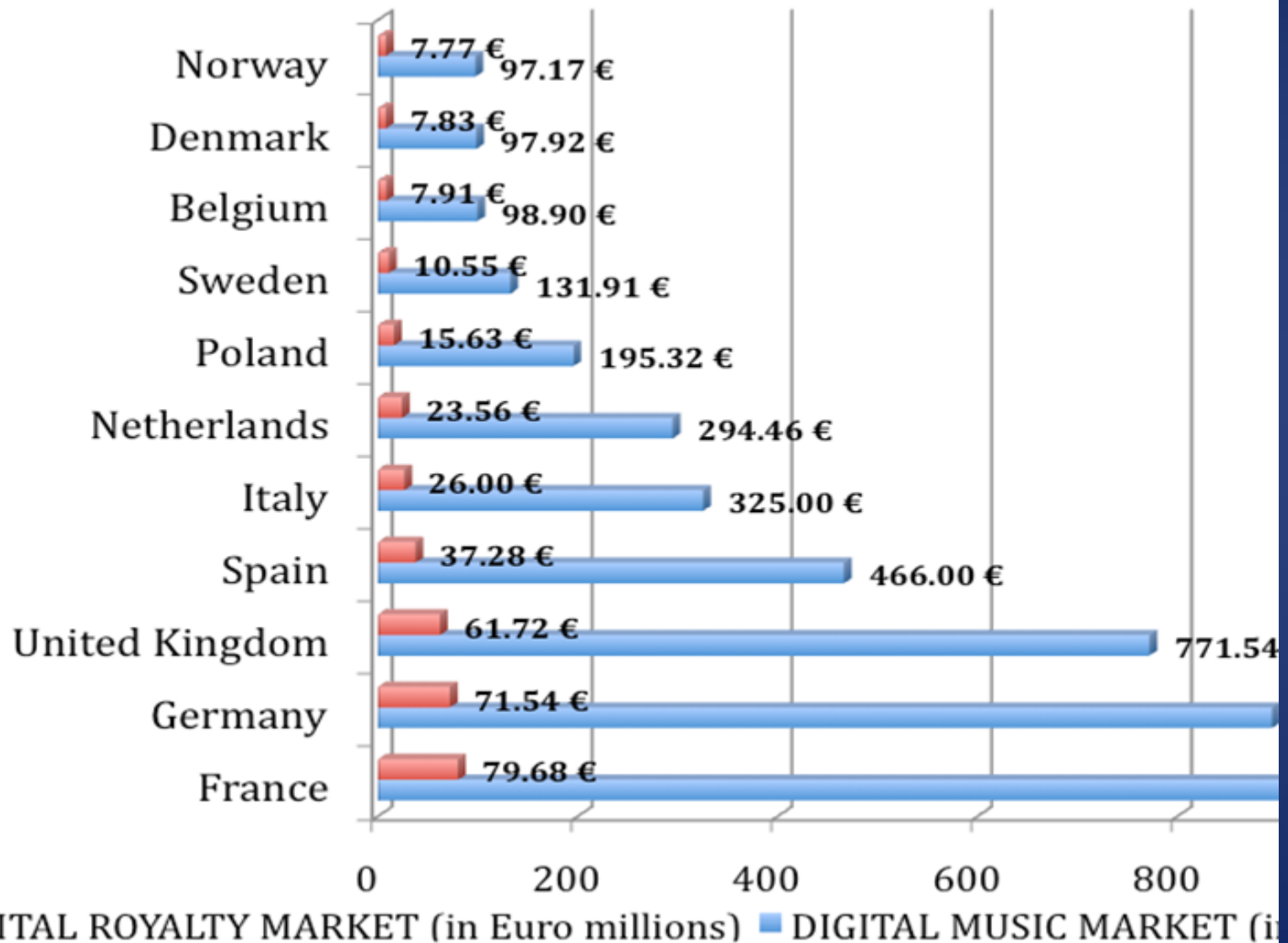


Digital Royalty Market (in Euro millions)

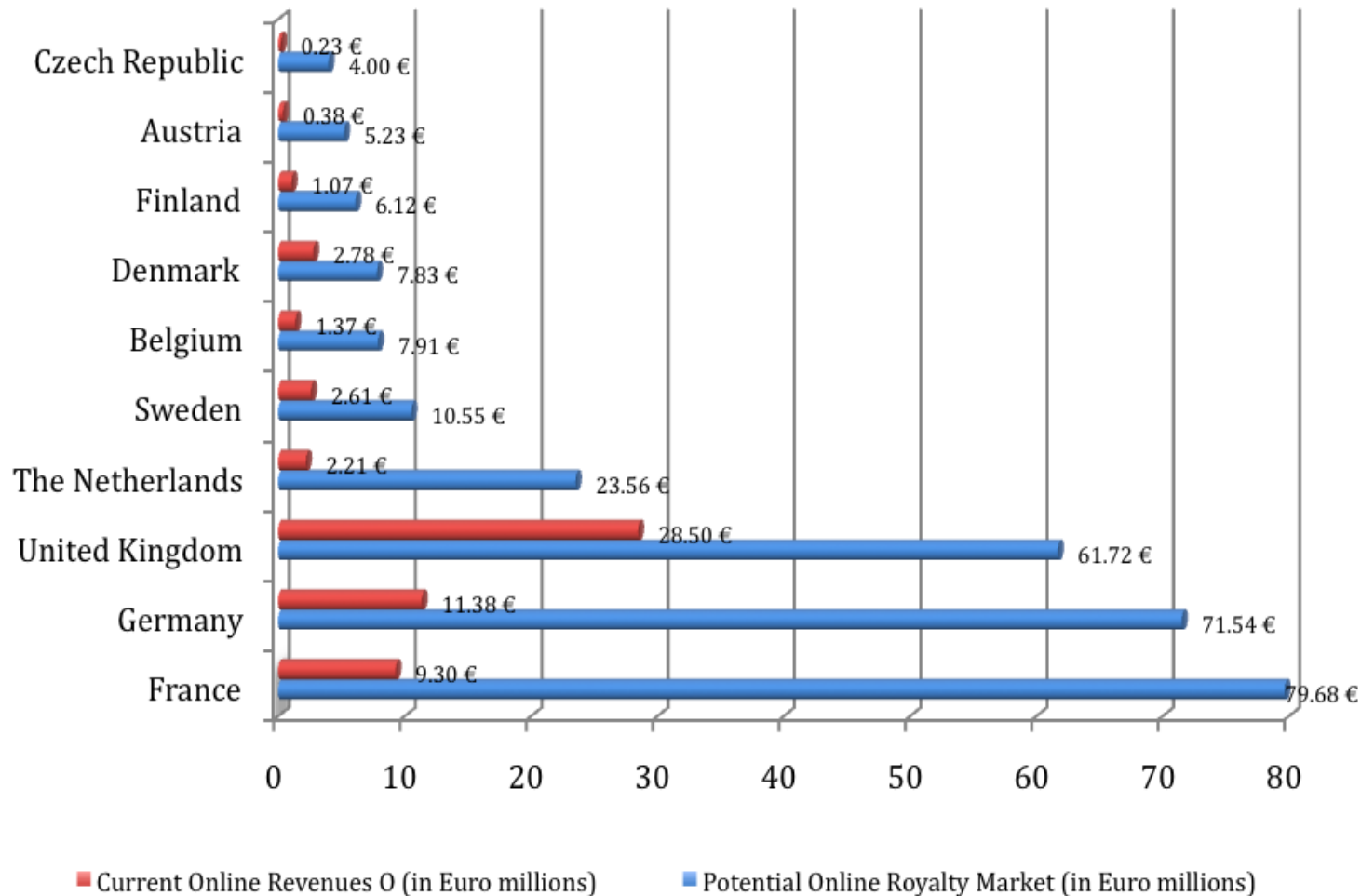


Digital Royalty Market

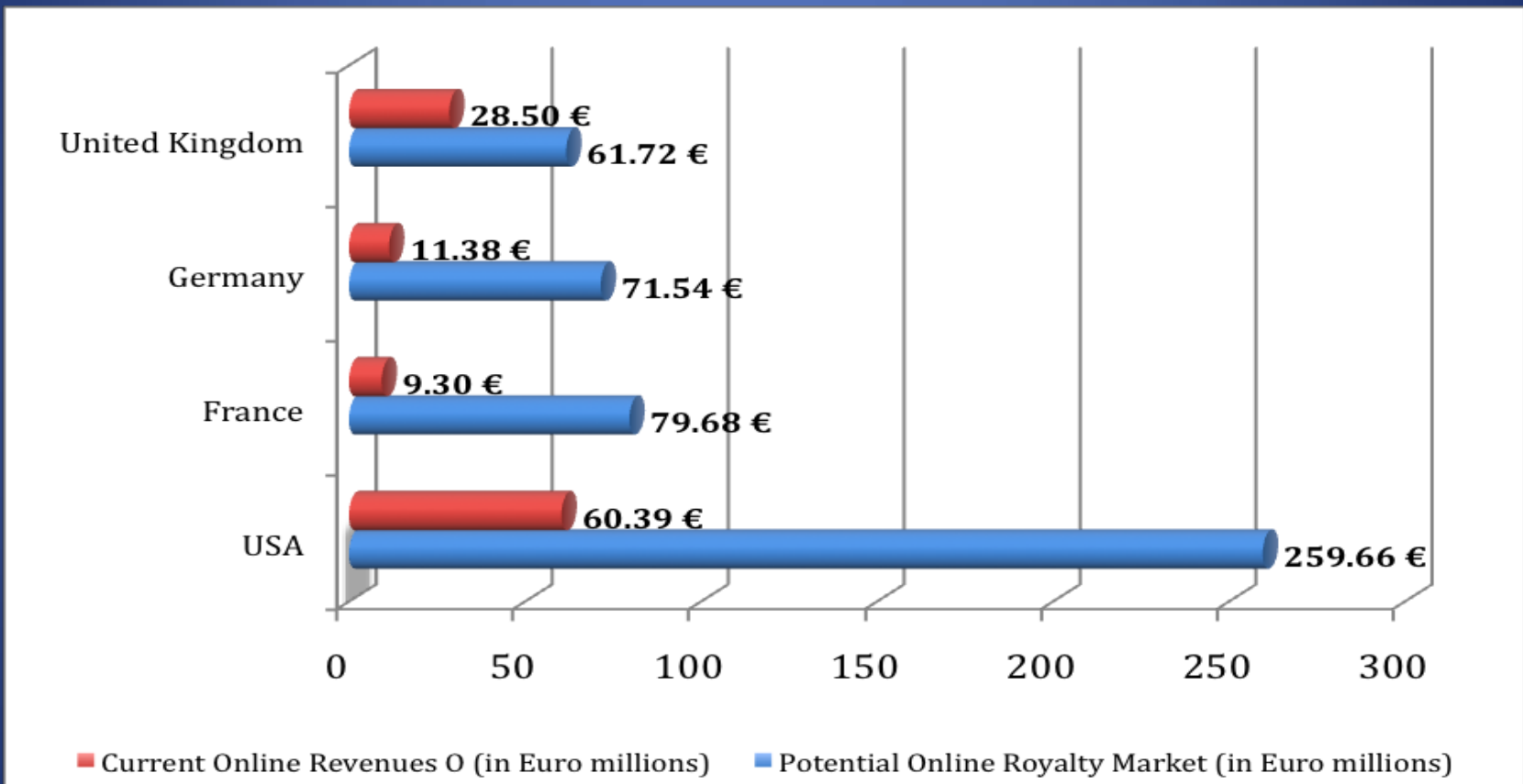
(France 995.95)



Potential and Actual CRMO Digital Royalty Revenue (in Euro millions)



Digital Music Royalty Revenue



Royalty Market Capture (percentage)

