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Business

August 30, 2004

Death of high street CD is overplayed, research claims

By Nic Hopkins

FEARS that internet piracy is harming the music industry are overplayed, according to new research which claims that illegally downloaded songs will take years to eclipse the market for CDs.

The survey by Entertainment Media Research (EMR), a market analyst, reveals that internet music pirates buy more CDs from the high street than most other internet-savvy consumers.

The study found that the most prolific online pirates bought 21 per cent more CDs than the average among such consumers. Some 86 per cent of music pirates say they still prefer their songs bundled as albums. The most avid users of legal internet music stores, such as MyCokeMusic and Apple's iTunes, bought 26 per cent more CDs than the average.

Patrick Johnston, a director of EMR, said that music pirates were also often "the music lovers".

"Piracy is illegal and it's clearly something that people shouldn't do but in most cases it's something that will help to put a track out into the marketplace," he said.

Music pirates most commonly use internet platforms such as Limewire, Grokster and Kazaa to exchange songs for free. Record companies blame them in part for a multibillion-pound drop in the industry's annual turnover in recent years and have launched more than 4,700 lawsuits against alleged pirates in the past year, mostly in the US. However, some music fans have countered that bad music was as much to blame for the decline in CD sales as internet file-swapping. This argument may be backed by EMR's study, which found that the internet is used most often to find obscure tracks EMR's data, collected from 1,400 people selected as representative of the UK online population, show that 80 per cent of the sample had not purchased music from the internet.

More than two million songs have been sold over the internet in Britain. Sales have risen to more than 500,000 songs every month following the recent UK launch of iTunes and Napster but that still represents less than 1 per cent of total music sales.

Of the respondents who had downloaded music, 80 per cent said they would continue to buy CDs.

However, Peter Rupert, president of EMR, said: "Early signs suggest that legal downloading represents a major incremental business opportunity for the record labels."

Keith Jopling, director of research at IFPI, the record industry's global trade organisation, said: "We've been saying for a long time that the CD market is here to stay and isn't going to disappear quickly."

A spokeswoman for IFPI, which plans to release its own report on the music download market early next year, said the new data did not weaken the group's main argument. "Music piracy is theft, and it should be stopped," she said.



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