

Case Study – Music Industry

Digital technology has revolutionized the whole music industry, with the evolvement of audio cassette to CDs and even CDs have proved to be outdated with the declining sales statistics. With increasing number of cell phone users in the country, people now prefer digital formats of their favorite music that they can store easily on their cell phones, tablets or laptop easily. The desire of consumers for digital music copies has led to an increase in availability and higher ease of pirating the music. As consumers are refusing to go for CDs, they rather opt to download illegally. This leads to huge losses for the Indian music industry. A total loss of **\$431 million** was estimated in 2012. The largest percentage of that attribute to mobile device piracy, then physical piracy and internet piracy. *90% of the music downloaded online is pirated.*^[1] The music piracy rate remains extremely high in spite of many legitimate services including Saregama, Nokia Music, Gaana.com, Radio One, Saavn, Smashits etc.

Music sales in India have gone down by around 70% according to reports from USIBC. Music World which was INR 14K Crore business shut down all its 100 stores across the country by 1st July 2013 due to the effects of piracy. Flipkart's music website FlyteMP3 was shut down completely due to piracy and issues in micro-payment model though they provided music at affordable prices. There are more than 20,000 piracy cases in courts pending that were launched by IMI through raids and every year 3,500 fresh cases are being piled up for action. ^[2]

Though, Indian courts have started to act to support legitimate digital and creative industries. In 2012 February, the Calcutta High Court issued order to 11 ISPs to block access to the infringing website songs.pk. Though, it appeared with a new domain songspk.name after few days. A further judgment in March 2012 ordered 387 ISPs to block access to 104 infringing websites. IFPI estimates that with this single action, nearly 10 million internet users stopped accessing these sites. In February 2013, the courts ordered all these ISPs to block a further 162 websites.

As per a study undertaken by USIBC and Ernst & Young in 2008, 64% of the market estimated to be pirated and total loss was accounted to US\$ 325 mn.^[3] Optical disc piracy and internet piracy had the greatest share among that.

[1] <http://www.iipa.com/rbc/2013/2013SPEC301INDIA.PDF>

[2] <http://www.gerak.in/blog/war-against-music-piracy-in-india/>

[3] http://www.riaa.com/physicalpiracy.php?content_selector=piracy-online-scope-of-the-problem

Music	Loss (in US\$ mn)
Optical Disc Piracy	255
Cassette Piracy	12
Online Piracy	58
Total	325

Figure 1: Music piracy breakup in each category, 2008

Few facts about Global market:

- Music sales in U.S. have dropped 53% from \$14.6 billion in 1999 to \$7.0 billion in 2013.
- During 2004 to 2009, approximately 30 billion songs were illegally downloaded on file-sharing networks.
- As per NPD reports, only 37% of music acquired by U.S. consumers in 2009 was legitimate.

There are thousands of websites across the web that offers mp3 format of songs to its users for free. Even though legal action blocks some websites, many more new links occurs at a regular interval. Here is a list of 40 websites where Bollywood pirated songs are available for free download.

Websites for freely available Bollywood Songs			
beemp3.com	hippomp3.com	mp3khan.net	purevolume.com
bollywood.audio.pk	indiamp3.com	mp3music4all.com	seekasong.com
bollywoodjalwa.com	kohit.net	mp3raid.com	sideload.com
djmaza.info	latestsong.blogspot.com	mp3skull.com	songslover.com
djpunjab.com	mp3.com	mp3sound.in	songspk.info
downloadming.nu	mp3000.net	mp3viper.com	Songspk.name
downloadmp3hits.com	mp3free4me.com	musicdesi.com	songwap.in
emp3world.com	mp3fresh.net	musichunter.net	soundclick.com
freshmaza.net.in	mp3fusion.com	musicplanet.in	soundowl.com
funmaza.com	mp3hungama.in	mymp3song.com	yourmp3.net