

The Brazilian Music Market

In 2003, music sales fell 17% in Brazil, in terms of values, and the accumulated retraction of the segment, since 1997, has already surpassed 50% in nominal value. The drop in sales is the effect of physical piracy, portraying the main problem for the industry in Brazil. As piracy accounts for approximately 52% of the market, together with economic slowdown and unauthorized music file-sharing through the Internet.

The Brazilian music market turnover was approximately R\$ 601 million in 2003, according to figures reported to the Brazilian Association of Record producers - ABPD by the major companies in Brazil. However, units sold dropped 25% when compared to 2002 figures, with 56 million units sold in 2003. The figures above include CD, DVD and VHS sales, in addition to "premium" products. The performance of the Brazilian music market during 2003 was similar to that of 1994, in terms of units, that is, it shows a serious backward step for the local market.

YEAR	Total Sales (R\$)	Total Units
1999	814 m	88 m
2000	890 m	94 m
2001	677 m	72 m
2002	726 m	74 m
2003	601 m	56 m
Variation (2002/2003)	(-17%)	(-25%)

Source: ABPD (According to data provided to the ABPD by the major companies established in the country)

This negative outcome for the Brazilian music market is the result of some factors, i.e.

- ▮ ongoing CD piracy
- ▮ lack of controls and surveillance vis-à-vis the underground market in Brazil
- ▮ the absence of a systematic public policy to stamp out piracy
- ▮ adverse economic conditions
- ▮ competition with other leisure means and changes in the consumption habits

All these factors, when combined, affect sales of performances by local acts, that represent 76% of total Brazilian sales, and hampering growth in the local music market.