



New Strategies and Opportunities in Japan

3 June, 2009

Kei Ishizaka

Chairman & CEO

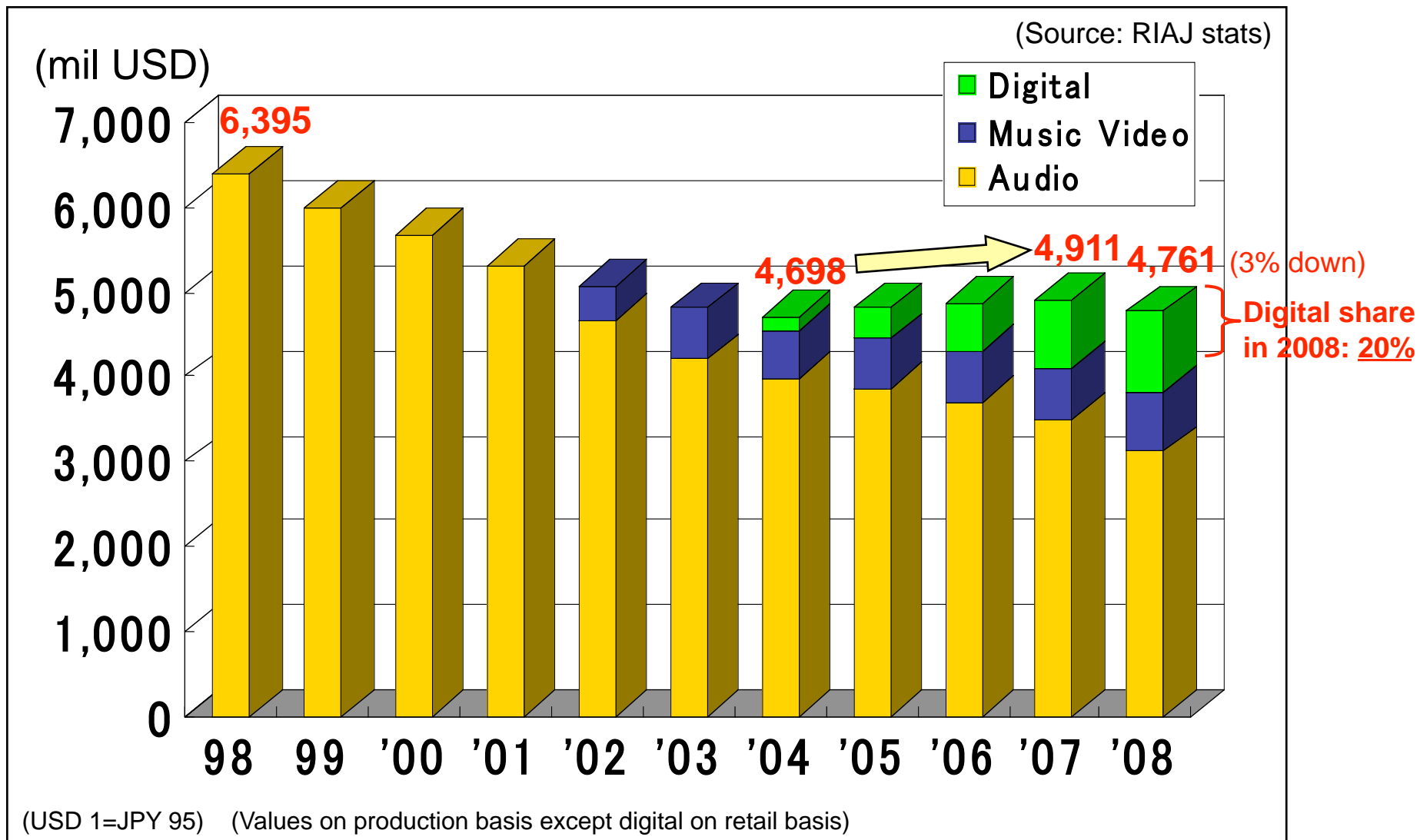
Recording Industry Association of Japan



Outline of RIAJ

- Established in 1942
- Industry trade organization representing 58 record companies (including 4 majors) in Japan
- Missions:
 - Lobbying bills to protect producers' rights
 - Anti-piracy
 - Industry PR
 - Activities to increase copyright awareness
 - Industry research and statistics
 - Promotion to stimulate market demands on music
 - Collecting business of broadcast remuneration (since 1971) and rental remuneration (since 1985) for producers

Music Software Market of Japan



Note: Stats on music video started from 2002, digital from 2005 (digital sales in 2004 was estimate)

***COEXISTENCE* Marketing Strategy**

- Digital and physical can coexist (live together)

***SEGMENTED* Marketing Strategy**

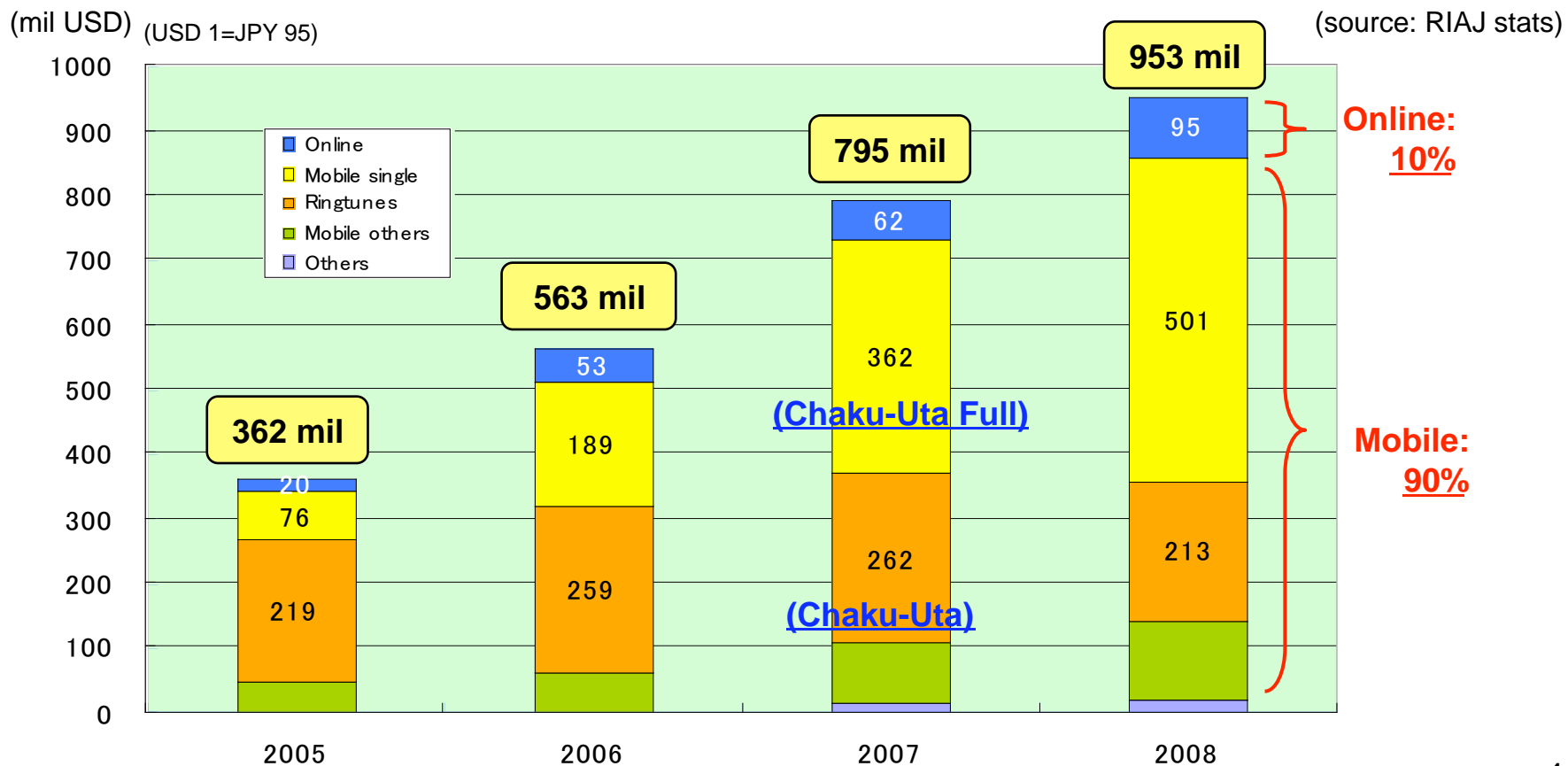
- **Digital** focus young people to create a hit single track and to promote a new artist
- **Physical** focus mature age people (over 40) to provide good music on CD albums

Digital Music Market of Japan

*Chaku-Uta: Master ringtone (DEC 2002-) [over 900 million DLs]

*Chaku-Uta Full: Mobile full track download (NOV 2004-) [over 340 million DLs]

(as of 2008 year end)



DIGITAL MUSIC

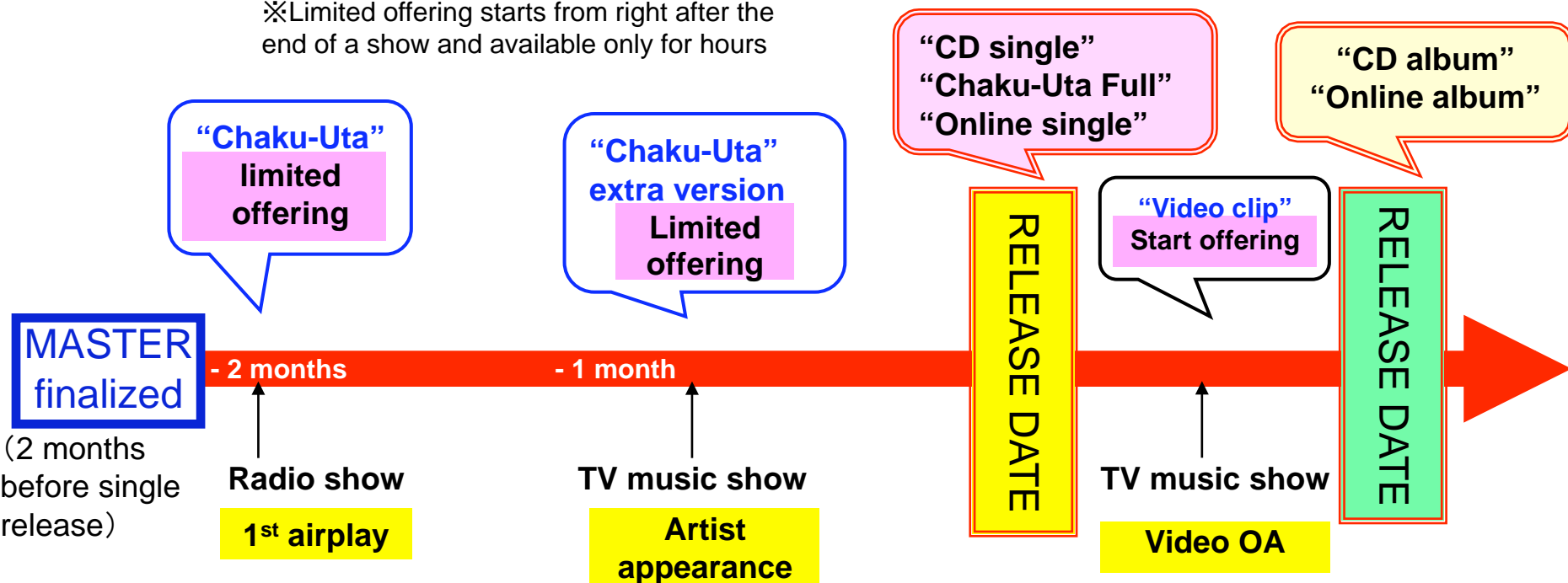
- Mobile is dominant (90%) in the digital music market (strong sales of “**Chaku-Uta**” “**Chaku-Uta Full**”)
- Both WIN business models jointly developed by record companies and mobile operators
- Labels’ business arm ‘**Label Mobile (Reco-Choku)**’ dominate the mobile digital music market
- Labels have been taking business initiatives and seeking *SYNERGY EFFECTS* with physical.

New Promotion Model Using 'Chaku-Uta'

【New promo model using "Chaku-Uta" in connection to conservative media promotion】

⇒ **Hit Song**

※Limited offering starts from right after the end of a show and available only for hours

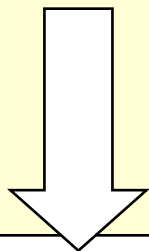


Record-Breaking Artists

GReeeeN



'Kiseki'



'Haruka'

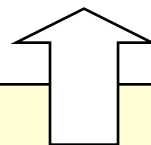


'Ai-Uta'

- 3.5m Chaku-Uta
- 2.3m Chaku-Uta Full
- downloads!!

9.5m downloads!! ⇒ **Guinness record!!**

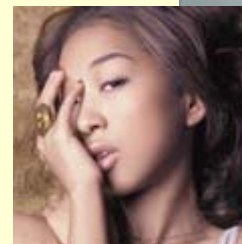
- 3.8m Chaku-Uta
- 2.35m Chaku-Uta Full
- 3.35m online



Thelma Aoyama



'Soba Ni Iru Ne'
Thelma Aoyama feat.
SoulJa



“Chaku-uta full” RIAJ Weekly Chart

レコード協会調べ
 2009年05月20日～2009年05月26日
 <略称:レコ協チャート(「着うたフル(R)」)>

▼ 1位～50位

→ [51位～100位](#)

*Launched in April 2009

順位	前回 順位	作品名	アーティスト名
1	-	運か	GReeeeN
2	2	Love Forever	加藤シヤ×清水翔太
3	1	明日がくるなら	JUJU with JAYED
4	-	化身	福山雅治
5	-	君に会いたくなるから	西野カナ
6	6	Garden feat.DJ KAORI, Diggy-MO', クレンヂ&フリスカ	May J.
7	-	JAP	abingdon boys school
8	3	My Best Of My Life	Superfly
9	4	Over Load	中島美嘉
10	-	道標	福山雅治
11	-	ふわふわ時間	桜高軽音部 [平沢唯・秋山澪・田井中律・琴吹紘(CV:豊崎愛生、日笠陽子、佐藤聡美、寿美菜子)]
12	-	KISS KISS xxx	MiChi
13	11	Share The World	東方神起
14	7	ありあまる富	椎名林檎
15	8	嘘	ソド
16	21	最愛	KOH+
17	-	雫	スキマスイッチ
18	20	キセキ	GReeeeN
19	12	I LOVE YOU	尾崎豊
20	-	NIGHT FLIGHT(CM ver.)	Perfume

(Rank) (Last week)

(Track title)

(Artist name)

Physical

Age Free Music

Mature age people (over 40) ← good music with quality sound in physical format

- Physical sales: relatively small drop
- Benefit of '**Resale Price Maintenance (RPM)**' system

Good-Selling Artists Over 40

[CD cover photos]

Hideaki Tokunaga



Vocalist series

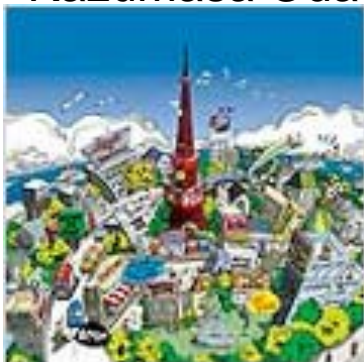
Dreams Come True



B'z



Kazumasa Oda



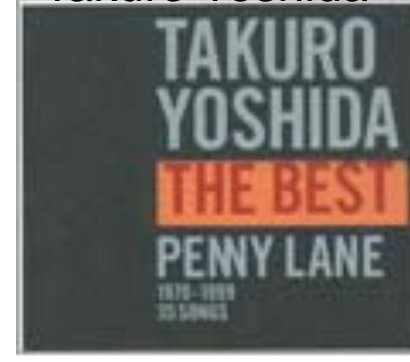
Elephant Kashimashi



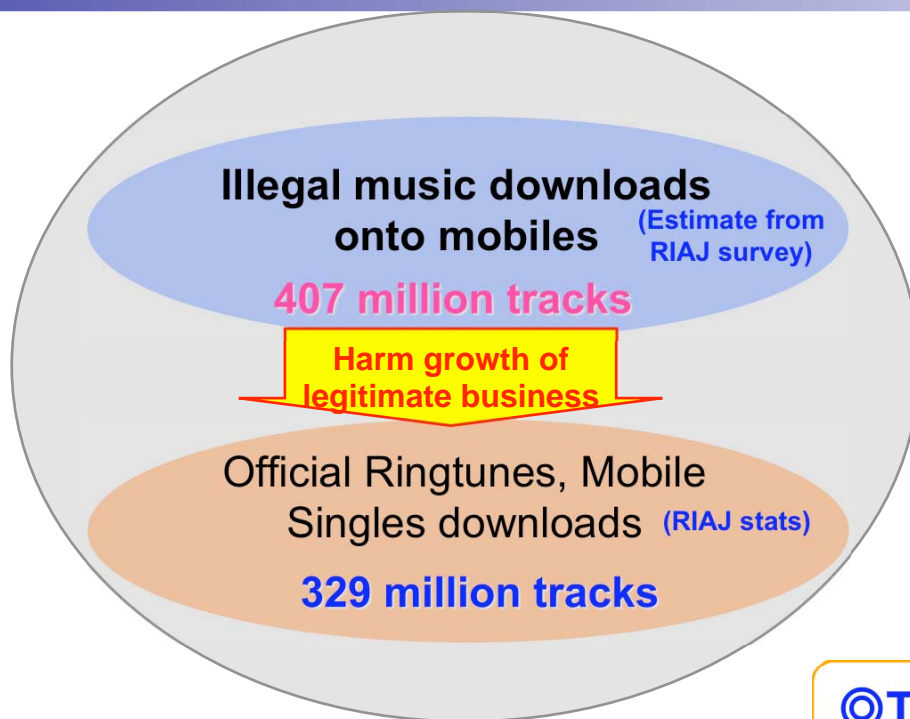
Junko Akimoto



Takuro Yoshida



Digital Music Piracy



©L MARK®

- Symbol of licensed digital music sites
- Adopted by 181 content providers on 1,154 sites (as of 28 May 2009)



©Legislation

- Illegalizing downloading from illegal digital music

©Technologies (mobile)

- Filtering
- Removing illegal site info from search engines

©Enforcement (mobile)

- Takedown notices
 ⇒ Over 220,000 illegal files (from 2006)
- Legal Action
 ⇒ Criminal charges on mobile BBS site operators

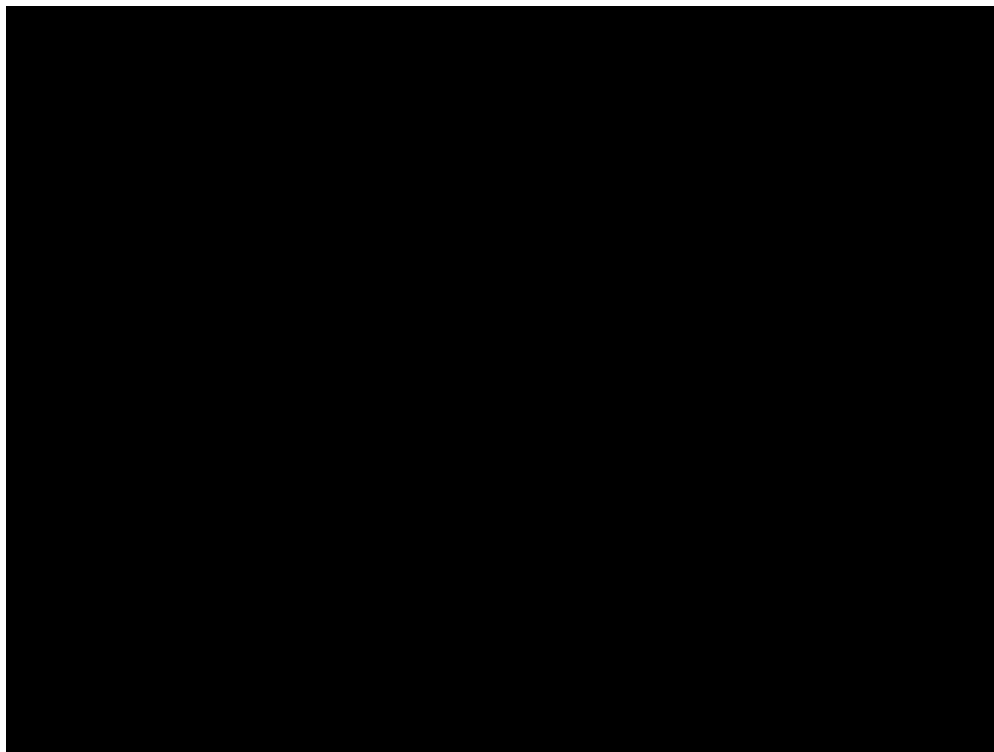
©Campaign, education

- "Wish You Protect Mobile Music" (TV spot campaign)
- Education programs to teach children NOT to do 'bad thing'

TV Spot Campaign to Deter Mobile Piracy

- "Wish You Protect Mobile Music"

Nationwide TV spot (22 March – 6 April 2008)



- Supported by: Ministry of Internal Affairs and Communications / National Police Agency / Ministry of Economy, Trade and Industry / the Agency for Cultural Affairs / mobile operators / major content providers / music organizations