



AUSTRALIA: THE MOST EXPENSIVE COUNTRY IN THE WORLD FOR DIGITAL MUSIC STREAMING? NO, FAR FROM IT

Australia is often stated to be one of the world’s most expensive countries when it comes to consumer prices in the tech and digital space. To test this theory in the evolving digital music space we have used Spotify’s recent launch in Argentina, Greece, Taiwan and Turkey to undertake a consumer price comparison of Spotify’s Premium service¹, now available in 35 markets globally. In all cases except the US², the advertised price for each country is inclusive of applicable local sales taxes.

IN STRAIGHT US\$ TERMS AUSTRALIA IS MIDDLE OF THE RANGE, SLIGHTLY BELOW AVERAGE

Based on current exchange rates³, the Australian price paid by consumers of US\$11.15 is middle of the global range, slightly below the global average price of US\$11.27. Overall, prices range from a low of less than US\$5 in Malaysia to a high of almost US\$18 in Denmark.

Although Australia’s price is around 12% higher than that in the US, it is below most developed European and Scandinavian countries. Other than the US, it is also the lowest price seen in the world’s top ten recorded music markets⁴, sitting 30% lower than the UK and 16% lower than Germany and France. Excluding Spotify’s 2013 launches, which have seen the company generally enter markets with lower prices in US\$ terms, Australia’s price sits near the bottom globally. When removing country-specific sales taxes from prices, although higher rates of European and Scandinavian countries – typically 20% to 25% compared to Australia’s 10% – tightens the range at the top end it does not alter the overall results. Excluding sales tax from Australia’s price sees it move to just 1.5% above the US price in straight US\$ terms.

IN DISPOSABLE INCOME TERMS, AUSTRALIA IS NEAR LOWEST GLOBALLY

But one US dollar in Australia doesn’t have the same purchasing power as that dollar in Oslo, New York, London or Mexico City. Beyond a straight exchange rate comparison, looking at prices in terms of disposable income within each country provides an indication of the relative affordability across countries. Comparing prices with the OECD’s most recent household income data⁵ it was found that only the US sat below Australia in the OECD group of countries where Spotify was available. Australia’s price of 0.43% of monthly household disposable income was significantly below the average of OECD countries of 0.59% (see chart on following page).

SPOTIFY PRICING DATA AS OF SEP 2013

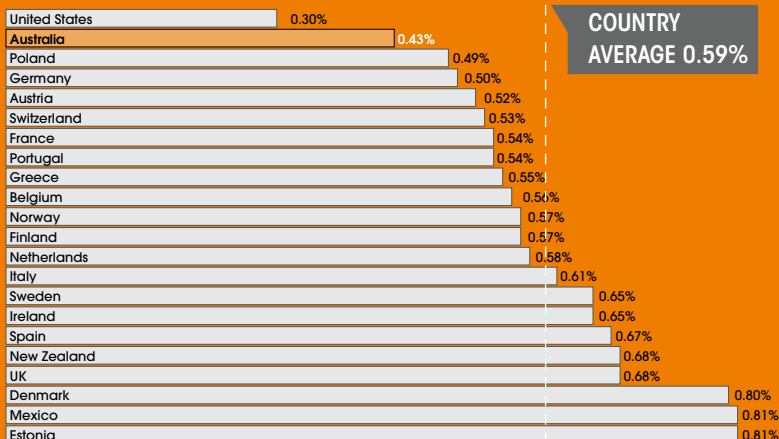
Country	Monthly Price in US\$*	Local currency of offering	Monthly price in local currency	Service launch date
Denmark	17.74	DKK	99.00	12/10/11
Norway	16.59	NOK	99.00	7/10/08
UK	15.87	GBP	9.99	7/10/08
Sweden	15.26	SEK	99.00	7/10/08
Leichtenstein	14.03	CHF	12.95	15/11/11
Switzerland	14.03	CHF	12.95	15/11/11
Andorra	13.35	EUR	9.99	7/10/08
Austria	13.35	EUR	9.99	15/11/11
Belgium	13.35	EUR	9.99	15/11/11
Finland	13.35	EUR	9.99	7/10/08
France	13.35	EUR	9.99	7/10/08
Germany	13.35	EUR	9.99	13/03/12
<i>Iceland</i>	<i>13.35</i>	<i>EUR</i>	<i>9.99</i>	<i>15/04/13</i>
Ireland	13.35	EUR	9.99	13/11/12
<i>Italy</i>	<i>13.35</i>	<i>EUR</i>	<i>9.99</i>	<i>11/02/13</i>
Luxembourg	13.35	EUR	9.99	7/10/08
Monaco	13.35	EUR	9.99	7/10/08
Netherlands	13.35	EUR	9.99	18/05/10
Spain	13.35	EUR	9.99	7/10/08
Australia	11.15	AUD	11.99	22/05/12
New Zealand	10.60	NZD	12.99	22/05/12
United States	9.99	USD	9.99	14/07/11
<i>Estonia</i>	<i>9.34</i>	<i>EUR</i>	<i>6.99</i>	<i>15/04/13</i>
<i>Latvia</i>	<i>9.34</i>	<i>EUR</i>	<i>6.99</i>	<i>15/04/13</i>
<i>Lithuania</i>	<i>9.34</i>	<i>EUR</i>	<i>6.99</i>	<i>15/04/13</i>
<i>Portugal</i>	<i>9.34</i>	<i>EUR</i>	<i>6.99</i>	<i>11/02/13</i>
<i>Greece</i>	<i>9.34</i>	<i>EUR</i>	<i>6.99</i>	<i>25/09/13</i>
<i>Singapore</i>	<i>7.84</i>	<i>SGD</i>	<i>9.90</i>	<i>15/04/13</i>
<i>Mexico</i>	<i>7.58</i>	<i>MXN</i>	<i>99</i>	<i>15/04/13</i>
<i>Poland</i>	<i>6.41</i>	<i>PLN</i>	<i>19.99</i>	<i>11/02/13</i>
<i>Argentina</i>	<i>6.24</i>	<i>ARS</i>	<i>36</i>	<i>25/09/13</i>
<i>Hong Kong</i>	<i>6.19</i>	<i>HKD</i>	<i>48</i>	<i>15/04/13</i>
<i>Taiwan</i>	<i>5.03</i>	<i>NTD</i>	<i>149</i>	<i>25/09/13</i>
<i>Turkey</i>	<i>4.97</i>	<i>TRL</i>	<i>9.99</i>	<i>25/09/13</i>
<i>Malaysia</i>	<i>4.59</i>	<i>MYR</i>	<i>9.99</i>	<i>15/04/13</i>

Markets in italics denote 2013 launch * Includes sales tax for all markets except US

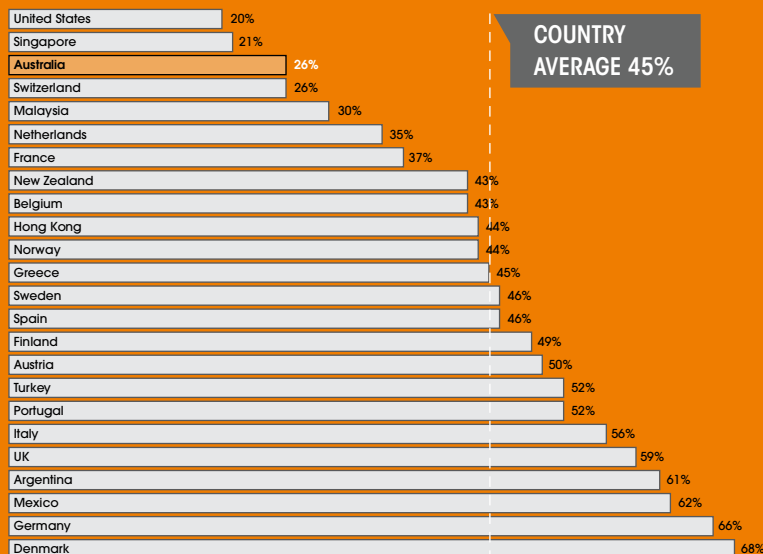
AUSTRALIA ALSO HAS ONE OF THE WORLD'S LOWEST PRICES COMPARED TO MOBILE ARPU

With the majority of subscribers accessing Spotify Premium via smartphone it is instructive to compare the price of the service to what users spend each month on mobile. When looking at Spotify's monthly price as a percentage of the mobile average revenue per user (ARPU)⁶ in each country, Australia is again at the bottom of the list. Australia's Spotify Premium price of 26% of mobile ARPU sits considerably below the average of 45%, with only Singapore and the US being lower at 21% and 20% respectively.

SPOTIFY PREMIUM SUBSCRIPTION PRICE AS A % OF MONTHLY HOUSEHOLD DISPOSABLE INCOME IN OECD COUNTRIES



SPOTIFY PREMIUM SUBSCRIPTION PRICE AS A % OF MONTHLY MOBILE ARPU BY COUNTRY



AUSTRALIA'S PRICE MAY BE ABOVE THE US, BUT GLOBALLY IT IS NEAR THE BOTTOM OF THE RANGE

Looking beyond the US market in isolation, Australia's prices are not high compared to other international markets for digital music streaming. This is the case in straight US\$ terms, as a share of household disposable income and as a share of monthly mobile spend.

When it comes to Spotify Premium, it appears that Australian consumers have one of the most affordable offerings of the service in the world.

For more information, contact the APRA AMCOS Policy Department at policy@apra.com.au or visit www.apra-amcos.com.au

¹ Spotify Premium delivers unlimited music streaming to mobiles, tablets, computers and smart TVs for a flat monthly subscription fee in all markets
² Spotify's advertised US price is exclusive of sales tax, which varies by State
³ Source: September 2013 US Federal Reserve average rates except Poland, Argentina and Turkey which are current rates as published in the 28 September 2013 edition of The Economist
⁴ Source: IFPI Recorded Industry in Numbers 2013
⁵ Source: OECD National Accounts at a Glance, January 2013
⁶ Source: Bank of America Merrill Lynch Global Wireless Matrix 1Q12