

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



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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 conducted a consumer price comparison of Spotify's Premium service⁽¹⁾, now available in 58 markets globally. In all cases except the US⁽²⁾, the advertised price for each country is inclusive of applicable local sales taxes.

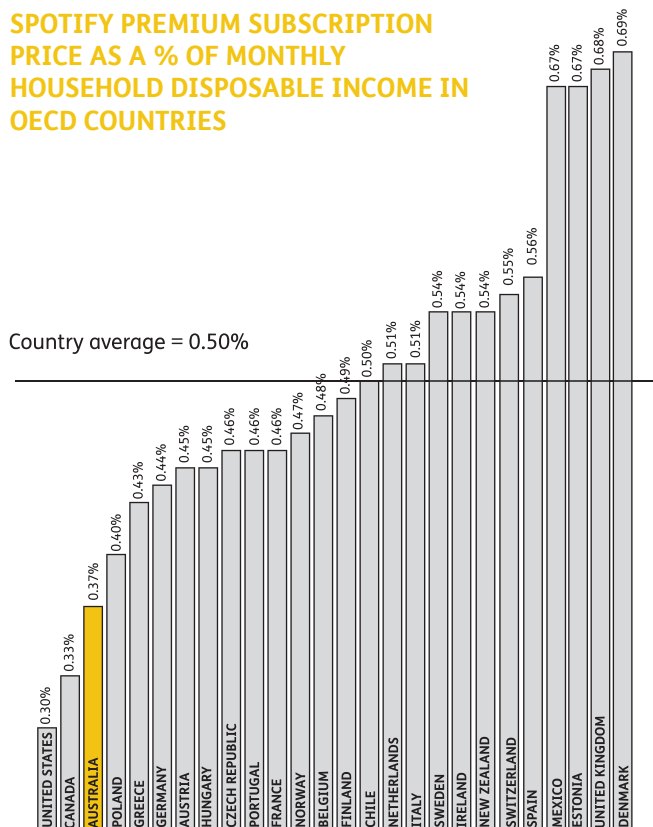
IN STRAIGHT US\$ TERMS AUSTRALIA IS CHEAPER THAN THE US, WESTERN EUROPE AND SCANDINAVIA

Based on current exchange rates⁽³⁾, the Australian price paid by consumers of US\$9.56 is lower than that in the US. When excluding tax, Australia is around 13% cheaper than the US. In addition, Australia's price is below developed European and Scandinavian countries, sitting 37% lower than the UK and 15% lower than Germany and France. Excluding Spotify's 2013 and 2014 launches, which have seen the company generally enter markets with lower prices in US\$ terms, Australia's price sits near the bottom globally.

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 OECD household income data⁽⁴⁾ it was found that only the US and Canada sat below Australia in the OECD group of countries where Spotify was available. Australia's price of 0.37% of monthly household disposable income was significantly below the average of OECD countries of 0.50% (see chart below).

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



SPOTIFY PRICING DATA AS OF JAN 2015

Country	Monthly price in US\$*	Local currency of offering	Monthly price in local currency	Service launch date
United Kingdom	15.17	GBP	9.99	7/10/08
Denmark	15.09	DKK	99	12/10/11
Liechtenstein	14.34	CHF	12.95	13/11/12
Switzerland	14.34	CHF	12.95	16/11/11
Norway	12.77	NOK	99	7/10/08
Sweden	12.07	SEK	99	7/10/08
Andorra	11.29	EUR	9.99	13/11/12
Austria	11.29	EUR	9.99	15/11/11
Belgium	11.29	EUR	9.99	16/11/11
Finland	11.29	EUR	9.99	7/10/08
France	11.29	EUR	9.99	7/10/08
Germany	11.29	EUR	9.99	13/03/12
Iceland	11.29	EUR	9.99	15/04/13
Ireland	11.29	EUR	9.99	13/11/12
Italy	11.29	EUR	9.99	11/02/13
Luxembourg	11.29	EUR	9.99	7/10/08
Monaco	11.29	EUR	9.99	13/11/12
Netherlands	11.29	EUR	9.99	18/05/10
Spain	11.29	EUR	9.99	7/10/08
United States	9.99	USD	9.99	14/07/11
New Zealand	9.69	NZD	12.99	22/05/12
Australia	9.56	AUD	11.99	22/05/12
Canada	8.03	CAD	9.99	30/09/14
Cyprus	7.90	EUR	6.99	12/12/13
Estonia	7.90	EUR	6.99	15/04/13
Greece	7.90	EUR	6.99	24/09/13
Latvia	7.90	EUR	6.99	15/04/13
Lithuania	7.90	EUR	6.99	15/04/13
Malta	7.90	EUR	6.99	12/12/13
Portugal	7.90	EUR	6.99	11/02/13
Singapore	7.33	SGD	9.9	15/04/13
Czech Republic	6.77	EUR	5.99	12/12/13
Slovakia	6.77	EUR	5.99	12/12/13
Mexico	6.76	MXN	99	15/04/13
Hong Kong	6.19	HKD	48	15/04/13
Bolivia	5.99	USD	5.99	12/12/13
Costa Rica	5.99	USD	5.99	12/12/13
Dominican Republic	5.99	USD	5.99	12/12/13
Ecuador	5.99	USD	5.99	12/12/13
El Salvador	5.99	USD	5.99	12/12/13
Guatemala	5.99	USD	5.99	12/12/13
Honduras	5.99	USD	5.99	12/12/13
Nicaragua	5.99	USD	5.99	12/12/13
Panama	5.99	USD	5.99	12/12/13
Paraguay	5.99	USD	5.99	12/12/13
Uruguay	5.99	USD	5.99	12/12/13
Brazil	5.79	BRL	14.9	28/05/14
Peru	5.75	PEN	16.9	12/12/13
Bulgaria	5.64	EUR	4.99	12/12/13
Hungary	5.64	EUR	4.99	12/12/13
Poland	5.35	PLN	19.99	11/02/13
Chile	4.98	CLP	3099	12/12/13
Colombia	4.94	COP	11499	12/12/13
Taiwan	4.78	NTD	149	24/09/13
Turkey	4.22	TRY	9.99	24/09/13
Argentina	4.17	ARS	36	24/09/13
Malaysia	4.12	MYR	14.9	15/04/13
Philippines	2.93	PHP	129	8/04/13

* Includes sales tax for all markets except US

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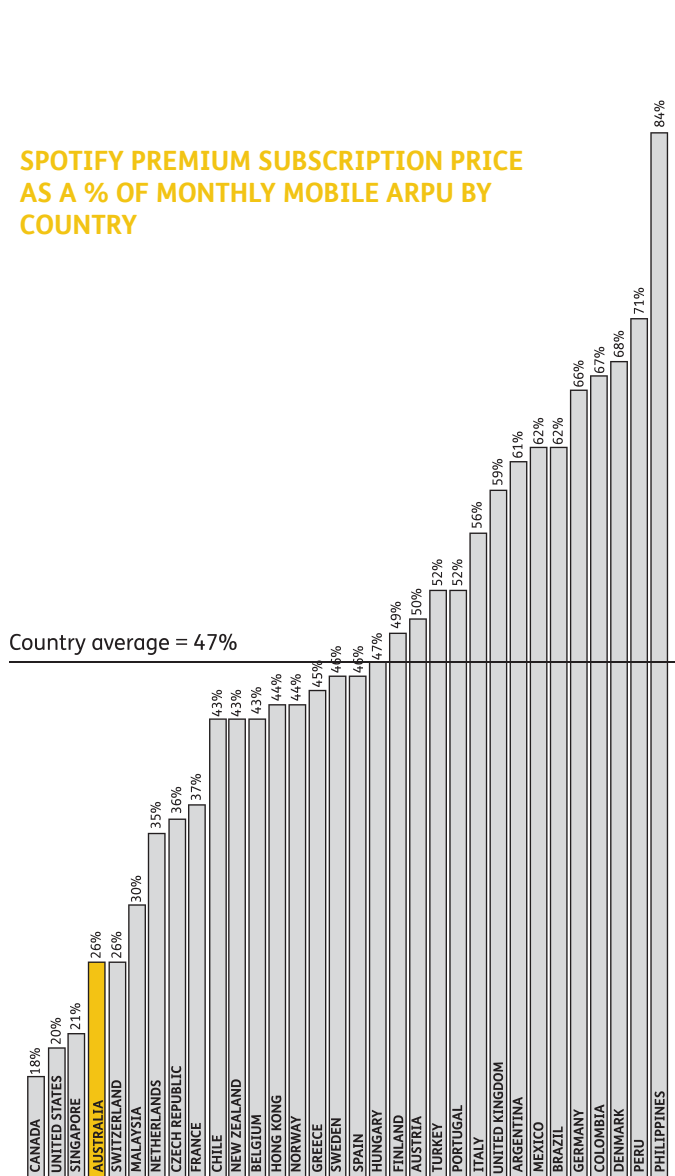


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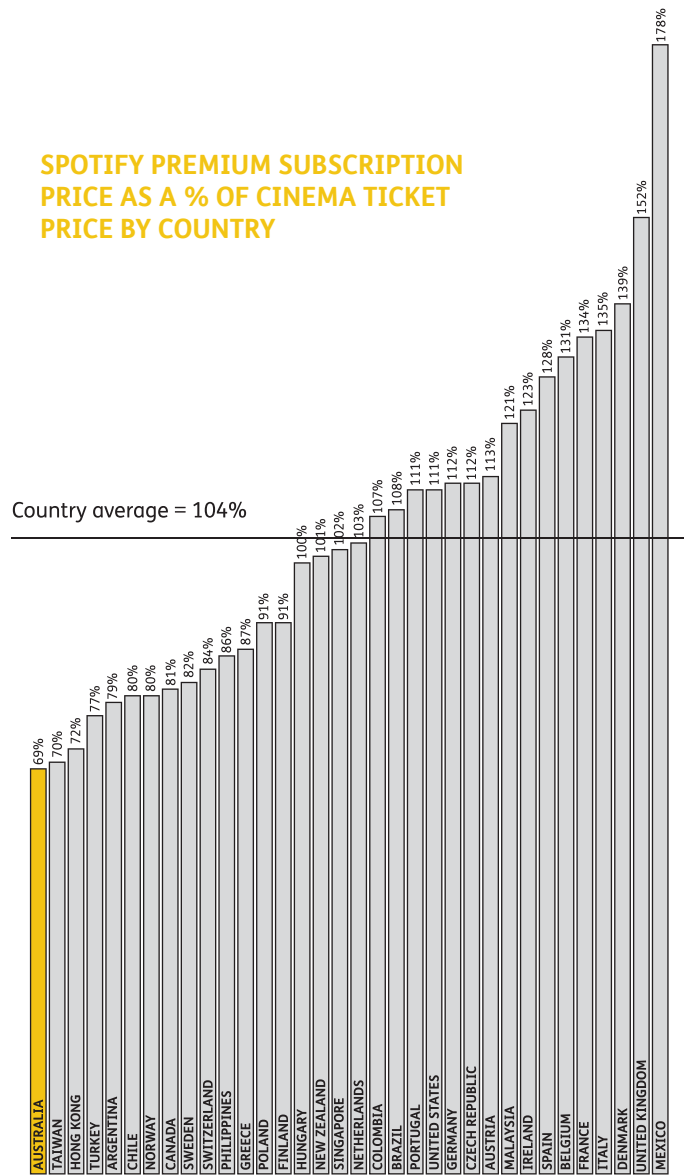
AUSTRALIA ALSO HAS ONE OF THE WORLD'S LOWEST PRICES COMPARED TO MOBILE ARPU AND CINEMA TICKET PRICES

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)⁽⁵⁾ 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 47%, with only Canada, the US and Singapore being lower at 18%, 20% and 21% respectively. When looking at the price of a cinema ticket⁽⁶⁾ relative to Spotify, Australia has the lowest relative price across Spotify's global markets at around 69% the price of a cinema ticket.

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



SPOTIFY PREMIUM SUBSCRIPTION PRICE AS A % OF CINEMA TICKET PRICE BY COUNTRY



AUSTRALIA'S PRICE IS BELOW THE US AND NEAR THE BOTTOM OF THE RANGE GLOBALLY

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, as a share of monthly mobile spend and compared to the price of a cinema ticket.

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

REFERENCES

- 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: Oanda currency exchange spot rates, 29 January 2015
- 4 Source: OECD National Accounts at a Glance, April 2014
- 5 Source: Bank of America Merrill Lynch Global Wireless Matrix 1Q12
- 6 Source: PwC Global Media Outlook 2014