As an artist, I am privileged to perform before audiences around the world and see first-hand how essential music is for people from every walk of life. But even as music’s essence is enduring, much about music is changing. The IFPI Global Music Report tells the story of recorded music’s ongoing journey. Today, artists are reaching music fans in ways I never could have imagined when I began my own career. Music is global and increasingly digital. This transformation has been fundamental and rapid and offers great opportunities. But we can never forget that music does not just happen. It requires the hard work, commitment, investment and artistry of so many people. One of the crucial roles for record companies is to support and invest in artists and to help them develop for their greatest creative and commercial success, so that their music can be enjoyed by fans around the world. It is therefore essential that all music creators are fairly compensated for their work. I have met with policymakers in Europe and elsewhere to call on them to back legislation that would support this by addressing the value gap, thereby ensuring a fair and balanced digital marketplace for all. We are living in an incredibly exciting time for recorded music. We must persevere with our efforts to ensure its journey benefits the music creators and fans of today, and continues to do so for generations to come.

“...This is the most fast-paced and innovative chapter of the music business in decades. We continue to grow the number of opportunities for artists to reach their audience, whilst ensuring that the standard of the art is equally exciting and challenging.”

Rob Stringer, CEO, Sony Music Entertainment

“One of the crucial roles for record companies is to support and invest in artists and to help them develop for their greatest creative and commercial success, so that their music can be enjoyed by fans around the world.”

Sir Lucian Grainge, Chairman & Chief Executive Officer of Universal Music Group

“For some time now, we’ve been looking at artists as global from day one. Our role is to help turn creativity into careers and to convert fans’ access into attention. So, when our local expertise ignites momentum, a connected, agile team around the world is primed and ready to amplify instantly.”

Max Lousada, CEO, Recorded Music, Warner Music Group

Welcome
What a year for music! From Ed Sheeran’s incredible album ‘÷’, to the global smash hit Despacito and the broadening appeal of Latin music, to artists such as Camila Cabello reaching new audiences worldwide. Artists across genres, from hip-hop to classical, are creating incredible art and the soundtrack of fans’ lives.

Music is on an extraordinarily exciting, albeit complex and challenging, path — artistically, technologically and commercially. Undergoing its digital transition earlier than others, music initially struggled to find a way to connect artists and their music with fans. Record companies faced the challenge, working not only at the forefront of support for artistic creation, but digital and technological innovation as well. This year’s IFPI Global Music Report demonstrates that these efforts are yielding results. After 15 years of decline, global recorded music achieved its third consecutive year of growth last year, with more fans listening to more music around the globe in increasingly rich and immersive ways.

But much remains to be done. Record companies are dedicated to ensuring that full and fair value is being returned for music as it is consumed in its many different and changing forms. This is crucial to maintaining the virtuous cycle in which record companies continue to use the revenue from successful projects to invest in discovering and nurturing artists, thereby developing and delivering great music to fans around the world.

In pursuit of this mission, the industry has embraced technology. It is no accident that music is driving engagement with new products and services. Record companies are working with existing and start-up technology companies, licensing their music to create great experiences for fans. This is happening with traditional partners, such as audio streaming services, and new ones, such as social media platforms. They are taking on complex challenges, building systems and clearing rights to bring about exciting, yet easily accessible, music experiences.

In addition, record companies are working to develop new markets. The virtuous circle of investment is extending into new parts of the world, helping to develop local artists and enrich local music cultures. The music emerging from these markets is subsequently being lifted onto a global stage and connecting with fans around the world.

The music world continues to contend with the evolving challenge of copyright infringement, with stream ripping the latest and fastest growing form. We are coordinating global content protection to tackle this. We are making progress, but more must be done.

Ultimately, the music community’s goal of realising full and fair value for music is dependent on a fair digital marketplace. For that simple reason, it is united in its campaign to fix the value gap, the mismatch between the value created by some digital platforms and what they pay those creating and investing in it.

The music community is seeking a legislative solution to secure a level playing field for all music rights holders and digital services. This is not just essential for music to thrive in today’s global market, but to create the right environment for it to do so in the future.

The global music industry is in a constant state of change and record companies are driving it, with energy and purpose.
Global Charts

Most Popular Artists and Best Sellers of 2017

Top 10 Global Recording Artists

1. Ed Sheeran
2. Drake
3. Taylor Swift
4. Kendrick Lamar
5. Eminem
6. Bruno Mars
7. The Weeknd
8. Imagine Dragons
9. Linkin Park
10. The Chainsmokers

Source: IFPI. The compilation of the IFPI top artist chart has been independently verified through certain agreed procedures by BDO LLP. BDO LLP has verified that IFPI has compiled the chart correctly in line with the outlined procedures.

Global Top 10 Digital Singles of 2017

1. Shape of You – Ed Sheeran
2. Despacito – Luis Fonsi
3. Something Just Like This – The Chainsmokers and Coldplay
4. That’s What I Like – Bruno Mars
5. Closer – The Chainsmokers
6. HUMBLE. – Kendrick Lamar
7. Attention – Charlie Puth
8. I’m the One – DJ Khaled
10. Believer – Imagine Dragons

Source: IFPI. Units include single-track downloads and track-equivalent ad-supported audio and subscription audio streams. Video streams are excluded.

Global Top 10 Albums of 2017

1. Reputation – Taylor Swift
2. Beautiful Trauma – P!nk
3. Human – Rag’n’Bone Man
4. The Thrill Of It All – Sam Smith
5. Songs Of Experience – U2
6. DAMN. – Kendrick Lamar
7. Revival – Eminem
8. Harry Styles – Harry Styles
9. The Thrill Of It All – Sam Smith
10. 24K Magic – Bruno Mars

Source: IFPI. Physical and digital albums included. Streams excluded.
In 2017, the global recorded music market grew by 8.1%. This was the third consecutive year of global growth and one of the highest rates of growth since IFPI began tracking the market in 1997. Revenues increased in most markets and in eight of the global top 10 markets.

Driven by fans’ engagement with streaming – especially paid subscription audio streaming – digital revenues now account for more than half (54%) of the global recorded music market. Total streaming revenues increased by 41.1% and, for the first time, became the single largest revenue source. By the end of 2017, there were 176 million users of paid subscription accounts globally, with 64 million having been added during the year.

However, to put this recovery in context, total industry revenues for 2017 were still just 68.4% of the market’s peak in 1999. Against the backdrop of a global market that had endured 15 years of significant revenue decline, record companies are working to fuel the recent return to growth and ensure music creators receive fair value.

This renewed growth is a result of record companies’ ongoing investment, not only in artists, but also in digital innovation that is enriching fans’ experiences and harnessing technology such as voice-controlled home speakers and much more. Even beyond their constant efforts to break and nurture artists, music companies have worked to foster growth in developing music markets, in particular by creating engaging ways for fans to access music on multiple services and platforms.

However, copyright infringement remains a widespread and evolving problem, with stream ripping emerging as the latest issue facing the music community (see page 42). The industry remains united in its commitment to solve the value gap (see page 26), the most significant roadblock on the path to sustainable growth, where certain online user upload services exploit music without returning fair revenue to those that are creating and investing in it.
2017 Figures By Format

In 2017, global recorded music revenues totalled $17.3 billion. They rose 8.1% on 2016, one of the fastest growth rates the industry has seen since IFPI began tracking industry sales in 1997.

**Digital Revenue**

↑ 19.1%

Digital revenues grew 19.1% to US$ 9.4 billion and, for the first time ever, accounted for over half (54%) of total recorded music industry revenues worldwide. The global surge in streaming was a key driver, up 41.1%, with paid subscription audio streams up 45.5%. Following a 20.5% decline in revenue, digital downloads accounted for 20% of global digital revenue overall. In 32 markets, digital revenues now account for more than half the recorded music market with six further countries crossing the threshold last year.

**Physical Revenue**

↓ 5.4%

Revenues from physical formats declined by 5.4%, a slightly higher rate than the previous year (4.4%). Consumption of physical formats declined in the majority of markets, but physical revenue still accounted for 30% of the global market and a higher percentage of market share in countries such as Japan (72%) and Germany (43%). Globally, revenues from vinyl sales grew by 22.3% and made up 3.7% of the total recorded music market in 2017.

**Performance Rights Revenue**

↑ 2.3%

Revenue from the use of recorded music by broadcasters and public venues increased 2.3% to US$2.4 billion. This accounts for 14% of total industry revenue overall, but the industry believes that this still does not represent fair value for rights holders and continues to campaign to address this.

**Synchronisation Revenue**

↑ 9.6%

The revenue from the use of music in advertising, film, games and television programmes increased by 9.6%. Synchronisation maintained its 2% share of global recorded music revenues in 2017.
2017 Figures By Region

WITHIN THE GLOBAL UPWARD TREND, EACH REGION RECORDED REVENUE GROWTH IN VARIOUS WAYS.

Asia and Australasia saw revenue grow by 5.4%, the third year of consecutive growth. Digital revenues were up 22.4%, despite a 7.5% decline in digital downloads. Streaming revenues grew by 38.2% and increased at a strong rate in most markets, including India (60.8%), South Korea (47.0%) and Philippines (24.3%). Revenues in the region’s largest market, Japan, declined by 3.0%, in part due to a slower rise in digital revenue (8.0%), which has not yet offset the declining physical market (-6.1%). China saw revenues grow by 35.3% driven by a 26.5% rise in streaming revenues (see case study on p.34).

Latin America continued its upward trajectory, with 17.7% growth in revenue, up on 2016’s increase of 8.5%. Overall, the region showed the highest level of growth globally, driven largely by a 48.9% increase in streaming revenues that helped offset a 41.5% decline in physical revenue. Growth was seen across the whole region (see case study on page 30), but most notably in Peru (21.7%), Chile (14.3%), Colombia (10.5%) and Mexico (7.9%). The region’s largest market, Brazil, has returned to impressive growth (17.9%) after a 3.0% decline in 2016.

Europe grew at a slower rate in 2017 (4.3% versus 9.1% in 2016), but digital revenue continued to perform strongly, growing 17.5% and accounting for 43% of the market. Total streaming was up 30.3%, with revenues from paid subscription audio streams accounting for 70% of total digital revenues. The region’s largest markets, Germany, UK and France, all saw growth in streaming revenues (46.2% 41.1% and 24.1% respectively). Physical revenues declined 7.4%, whilst revenue from digital downloads fell 21.0%

North America saw revenues up 12.8%, with the region now having posted growth for three consecutive years, at a faster rate than the previous year (2016 revenue growth was 8.0%). Digital revenues increased 17.4%, boosted by strong streaming growth (49.9%). Overall, physical revenue was down 0.7%. Once again, the US is the world’s largest music market, with digital representing three quarters (75%) of total revenue. Streaming in the US was up 49.8% and paid subscription audio streaming revenue grew 59.6%, accounting for almost half (47%) of all digital revenue.
The Evolving Market

STREAMING POWERS FURTHER GROWTH AS INDUSTRY EMBRACES CHANGE AND TECHNOLOGY.

Record companies have worked to shape music’s transition for the benefit of fans and music creators alike. The results are showing. Aligned with constant technological innovation – and backed by the efforts of record companies and their partners – music consistently reaches new fans in more territories year after year.

However, the fact remains that the market is still very much in recovery. Adam Granars, EVP Market Development, Universal Music, says: “We lost a significant amount of business over the past 15 or so years. That permeated all aspects of our business and required significant investment in our infrastructure on a global basis.

“So, whilst we’re very happy to see the growth, we feel we are only just starting to reap the benefits of our investment and there is still work to be done to put the industry on a sustainable path. We certainly are not resting on our laurels.”

At Warner Music, John Rees, VP, Head of Digital Strategy and Business Development, reiterates: “We hope this positive story can continue for the next five, 10 years and more, but it’s not straightforward and requires consistent effort to optimise and maintain growth.”

“We must collectively ensure that there is always recognition that, whilst music is art, it is also discovered, nurtured, created, refined, marketed and promoted.”

Ole Obermann, Chief Digital Officer, EVP, Business Development, Warner Music: “A continuing focus on ensuring that full and fair value is being returned for music as it is consumed around the world.

“We cannot be afraid of perpetual change, because that dynamism is driving growth.”

Jonathan Dworkin, Senior Vice President of Digital Strategy and Business Development, Universal Music

“We must collectively ensure that there is always recognition that, whilst music is art, it is also discovered, nurtured, created, refined, marketed and promoted.”

As the market continues its evolution, record companies remain focused on ensuring full and fair value being returned for music as it is consumed around the world.

Ole Obermann, Chief Digital Officer, EVP, Business Development, Warner Music, says: “As an industry, it is vital to continue to highlight the cultural and financial value of music, almost despite rather than because of its growing ubiquity. There continue to be sectors and circumstances where it is regarded as ‘free’, but we must collectively ensure that there is always recognition that, whilst music is art, it is also discovered, nurtured, created, refined, marketed and promoted.”

“Right now, it’s about embracing all of the new business opportunities and really being open-minded,” says Glen Barros, COO of Concord Music. “The more we continue to adapt, the better off we’ll be as an industry.”

“We must collectively ensure that there is always recognition that, whilst music is art, it is also discovered, nurtured, created, refined, marketed and promoted.”

Ole Obermann, Chief Digital Officer, EVP, Business Development, Warner Music

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“We cannot be afraid of perpetual change, because that dynamism is driving growth.”

Jonathan Dworkin, Senior Vice President of Digital Strategy and Business Development, Universal Music
There are tremendous creative and technological opportunities in the global market and we are seizing these advantages to develop hits around the world and drive artist development across territories.

Daniel Lieberberg, President, Continental Europe and Africa, Sony Music

The evolution of streaming has not just been embraced by the music industry, it has been proactively driven by it. Streaming’s growth is just one chapter in the story of a business that is focused on maximising the opportunities offered by advances in technology and has developed relationships with the biggest and most forward-thinking companies in the tech sector.

Warner Music’s Obermann sums it up succinctly: “We have become the disruptors, not the disrupted.”

Universal Music’s Dworkin has a similar take: “We cannot be afraid of perpetual change, because that dynamism is driving growth. There’s going to be so much disruption and so much new technology, we’re just going to have to fasten our seatbelts and show a high degree of sensitivity and willingness to listen. Whilst disruption is challenging, it’s also going to be very exciting and create a lot of value.”

Universal Music’s Dennis Kooker continues the theme: “We proactively engage with the technology industry, and we work in partnership with both leading tech companies and start-ups to figure out how to make the business better together.”

Universal Music EVP of Digital Strategy, Michael Nash, adds: “Technology will continue to change the marketplace at a dizzying rate and this is just the beginning of creating alignment between our business and the dynamics that are driving change in a larger digital media marketplace. We also know that the rate of change will continue to be relentless and the effects will be profound.”

So, whilst technology undoubtedly drives change (and growth), it no longer operates against or even adjacent to the music industry, it is part of the industry and, indeed, is being enhanced as well as harnessed by record companies.

Julie Swidler, EVP Business Affairs and General Counsel, Sony Music, points out: “The digital revolution means that the industry is able to understand better than ever before how fans are listening to and engaging with music. We are also able to feed this information back to enlighten and empower our artists and managers.”
In the past few years, voice control has moved rapidly up the industry agenda and into people’s homes, with the last quarter of 2017 widely seen as the point at which smart speakers went mainstream. Sony Music’s Kooker highlights the benefits this brings to fans: “It breaks down the barriers and makes it easier for people to use a music streaming service, in particular for people who may have been intimidated by the technology. The idea of just being able to speak and then hear what ultimately you want to listen to; it doesn’t get any easier than that.”

Warner Music’s Rees is equally enthused, but injects a note of caution: “Voice control will bring a major shift in consumer behaviour this year; we’re already seeing it and will bring a major shift in consumer behaviour.” Grove Music’s Granite sees it as part of an ongoing focus on “expanding the reach in the personalisation of artist content beyond just music distribution platforms” – and points to the potential of music in messaging. “There is a huge opportunity there, it dwarfs even social media. Music is so associated with our identities and our tastes that it’s a perfect fit with how we want to communicate and share.”

Alongside the technological revolution there is an ongoing evolution of record companies into more than music companies. Universal Music Group’s Seltzer says: “Present-day contracts tend to be far more bespoke to the individual remit of record companies is being reflected in new models of artist relationships (and, subsequently, contracts), with the emphasis on flexibility, partnership and creative opportunity.”

“VOICE GETTING LOUDER”

The task of improving data has been a mammoth undertaking, one that has been crucial in enabling voice recognition to be reliable and simple enough to become a mass market proposition. Barros at Concord says: “Voice is great and it should have a steadily increasing impact on the way people access music, but this can only be optimised if record companies make the very significant investments required to improve the complexity and quality of our metadata, so that people get what they want when they ask for it. It takes a great deal of work on the back end to create the best consumer experience on the front end, and that work is what will really drive voice recognition with respect to music.”

“RECORD COMPANIES REINVENTED”

Nowhere is technology moving faster or having more impact than in social media. Again, music is central to the proposition, helping to grow audiences and build businesses. This makes it imperative that artists and rights holders are properly rewarded within the sector.

Wener Music’s Obermann comments: “We will eventually see a whole new level of user generated content using licensed music and that can become the cornerstone of the business. Working with fully licensed players in the UMG space will mean that we can create better experiences for music fans and fairly pay rights holders.”

“UNLOCKING SOCIAL MEDIA FOR MUSIC”

Sony Music’s Dworkin, meanwhile, heralds a wholly encouraging transformation of the competitive (but connected) landscape. “We have hundreds of single-market services providing exceptionally highly localised experiences; we have massively scaled global pure plays and platforms driving product innovation; we have social media companies large and small competing around ad-funded UGC. We have the richest patchwork of partnerships that I can recall in my 20 years in the industry.”
837 years of music. Every day.

In over 180 countries around the world, millions of music fans stream 35 billion of their favorite tracks every year with us.

“We have made a lot of changes to the structure of our business to respond to this new landscape: ‘The challenge of combining a local approach with a global market and we are seizing the globalisation process has opened opportunities for artists by providing direct support at a country level: ‘The role of the record company is still irreplaceable. To develop a global career with an artist you need boots on the ground in 70 plus countries – that’s what a record company can bring.’”

Michele Anthony, Executive Vice President of Universal Music

At Warner Music, Martin Jessurun, President (Benelux), was part of that process with regard to Boef in particular and Dutch hip-hop in general. “We released Boef and he broke Ed Sheeran’s streaming and charts records here. In Benelux, which is a relatively small market, he achieved a relatively small market, he achieved a dedicated playlist on Spotify called ‘Woordenschat’, and it’s now the second most popular playlist in the Netherlands. Fast forward to 2017, and GfK data shows total streams up 53% overall in the Netherlands last year, whereas Dutch language hip-hop streams are up 141%. [Dutch rapper] Boef has over a million followers on Spotify and his video for “Habiba” has over 150 million streams in 2017. At one point, he was the most viewed video ever (50m views) from any Dutch artist. We are the amplifier for these artists; we are the machine behind them that can get things done. What we are seeing is that globalisation leads to localisation and vice versa.”

GLOBAL MUSIC REPORT 2018 – STATE OF THE INDUSTRY

THE EVOLVING MARKET

GLOBAL OPPORTUNITIES, LOCAL HEROES

Sony Music’s President, Continental Europe and Africa, Daniel Lieberberg argues: “There are tremendous creative and technological opportunities in the global market and we are seizing these advantages to help drive development across territories.”

Martin Mills at Beggars Group highlights how they have adapted their business to respond to this new landscape: “The challenge of combining a local approach with a global one is really interesting. We have made quite a lot of changes to the structure of our business to respond to this, as we wanted all of our staff to have a global remit and to have direct lines of communication to every market.”

Universal Music’s Anthony concurs, pointing to the role record companies play in unlocking global opportunities for artists by providing direct support at a country level: “The role of the record company is still irreplaceable. To develop a global career with an artist you need boots on the ground in 70 plus countries – that’s what a record company can bring.”

The globalisation process has opened up the worldwide market for a more diverse mix of artists and genres, but, at the same time, the democratisation and transparency of streaming has allowed culturally specific music to flourish on home turf rather than shrink in the shadow of US and UK superstars.

“The role of the record company is still irreplaceable. To develop a global career with an artist you need boots on the ground in 70 plus countries – that’s what a record company can bring.”

Universal Music’s CFO, Boyd Muir, says: “An artist now has the ability to reach a global audience like never before”, adding that “it doesn’t really matter where you’re from in the world when the world has become one marketplace.”

“Music fans stream 35 billion of their favorite tracks every year with us.”

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IN 2018 WE ARE LAUNCHING IN THE USA

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BUILDING MARKETS AND PARTNERSHIPS

Streaming continues to open and expand territories where there have previously been barriers to generating revenues through licensed music. Countries where there used to be vast discrepancies between population size and consumer spend on music are finally beginning to realise their potential.

Streaming, however, is not simply the answer in itself. Rather it is a technology that record companies and their partners have utilised to benefit artists and consumers through bespoke offerings and approaches in different territories. They have not waited for streaming to build markets, but have used the opportunity of streaming to lead the way, working with local services and global platforms alike to create and develop markets at an unprecedented rate.

Warner Music’s Rees says: “We’re starting to see encouraging growth in a number of markets which historically have been completely overwhelmed by piracy. Russia, Turkey and China in particular, are now becoming success stories driven by consumer adoption of legitimate paid streaming platforms.

“We work with [Russia’s leading social media network] VKontakte, which last year launched a licensed music service that’s helping unlock the Russian market alongside our other paid streaming partners such as Apple Music, Yandex and Zvoq. There’s huge potential in Russia, and, considering the population size, we’ve only recently begun to scratch the surface.”

Sony Music’s Kooker also highlights Russia: “It’s become an interesting market. The local services are meaningful now, and VKontakte has gone from being the number one most notorious copyright infringer to being a positive contributor.”

Simon Robson, President, Asia, Warner Music, says: “Most of the countries in our region are seeing strong growth, which is especially encouraging after a long period of decline. I think in five years’ time Asia will be producing music and artists with genuine international appeal, not as novelties but as part of a process that will see it becoming increasingly influential and prominent on the global stage.”

WORKING FOR FURTHER GROWTH, WELCOMING NEW CHALLENGES

The real story of today’s music industry is behind the numbers. It is one of record companies driving change; shaping it and utilising it to deliver a better experience for music fans and a better deal for artists.

The lessons learned during years of decline are not specific or simple. They are to do with attitude and culture. They have resulted in a new and very different industry; one which is already maximising the opportunities that are part of a new generation of digital music and will be at the forefront of the revolutions still to come.
Fixing The Value Gap

BREAKING DOWN THE VALUE GAP

WHAT IS THE VALUE GAP?

The value gap describes the growing mismatch between the value that some digital platforms, in particular online user upload services, such as YouTube, extract from music and the revenue returned to the music community – those who are creating and investing in music.

WHY IS IT A PROBLEM?

Artists and all music creators must be fairly compensated for their work. The music ecosystem is dependent on record companies investing in music and in artists. Music must be valued fairly and those that create and invest in it must be properly remunerated. If digital platforms which do not recognise the true value of music are allowed to attract users from other, fairly licensed, digital platforms which do not recognise the true value of the ecosystem, then it becomes unsustainable. The situation also creates unfair competition. Services such as Spotify, Amazon Music Unlimited, Deezer and Apple Music are forced to compete with music platforms that do not play by the same rules and that claim they are not liable for the music they distribute on their site.

HOW HAS IT COME ABOUT?

Inconsistent applications of online liability laws have embezzled certain digital platforms to claim that they are not liable for the music they make available to the public. Today, services such as YouTube, which have developed into sophisticated on-demand music platforms, use this as a shield to avoid licensing music like other digital services do, claiming they are not legally responsible for the music they distribute.

HOW CAN IT BE FIXED?

Legislative action is needed to ensure that laws on copyright liability are applied correctly and consistently, so that online user upload content services making music available must negotiate licences to do so, instead of free riding on the back of so called ‘safe harbour’ liability privileges. The music community is united in calling for policymakers to take action.  

“For music to thrive in a rapidly evolving digital world, there must be a fair digital marketplace. To achieve this, we must fix the value gap.”

Frances Moore, Chief Executive, IFPI

WORKING TOWARDS A FAIR DIGITAL MARKETPLACE

The music industry has transformed itself into a predominantly digital, growing industry. To achieve this, record companies have worked tirelessly to adapt, innovate and invest, to drive a new digital age for music. However, for this positive development to be sustainable, there must be a fair digital marketplace where all the participants play by the same fair rules.

The sustainable and balanced growth of the digital content market continues to be undermined by a fundamental flaw in legislation underpinning the market that has created a ‘value gap’, a mismatch between the value that online user upload services, such as YouTube, extract from music and the revenue returned to the music community.

It is currently the biggest policy challenge facing the music industry. For music to thrive in a digital world, those that are creating and investing in music must be able to negotiate fair commercial terms for its use. Furthermore, digital music services that are licensing music on freely negotiated terms, must be allowed to compete on a level playing field – something they currently do not have.

The global music community is united in its call to fix the value gap and is campaigning around the world for a legislative solution.
The Value Gap: A Solution For Europe

The European institutions have recognized the value gap as a market distortion that needs a legislative fix and, this year, are negotiating provisions that could bring about a positive step forward.

The industry is calling for the legislation to clarify that online user upload services that provide public access to copyright protected works uploaded by their users without the rights holders’ involvement, are liable for that content and need a licence. Furthermore, user upload services providing access to large amounts of copyright protected works should also have to prevent the upload of unauthorised works to their services, reinforcing the role of fair licensing when a service wants to provide access to music.

"We’ve an amazing opportunity to reach more people worldwide than ever before with our artists’ music. Barriers are tumbling and the next global hit could just as easily come from São Paulo as Suffolk. But artists still need support to break through to big audiences and that requires heavy investment. That’s why it’s vital that artists and those who invest in them benefit fairly when third parties use music to build their own businesses.”

Stu Bergen, CEO, International and Global Commercial Services, Warner Music Group

The Creative Sector Speaking Out

The value gap impacts a wide range of creative industries. In Europe, 28 organisations have united in their call for a solution.

"Europe needs to act to allow composers, songwriters, artists and their creative and business partners to better reap the benefits of the digital world.”

Stu Bergen, CEO, International and Global Commercial Services, Warner Music Group

"The value gap proposals in Europe are the most important reforms in decades.”

"We must make the digital age fit for copyright and ensure creators get paid properly.”

"Copyright is the cornerstone of our creative investment.”

"Solving the value gap issue is crucial for the entire music sector.”

"Visual authors’ works are increasingly used by social media and very little of the economic value created is reaching the visual authors.”

"The EU has a once-in-a-generation opportunity to ensure rights holders have the tools to effectively license and protect their content. This would have a significant long-term benefit for all stakeholder groups.”

"The creative community globally is watching and hoping Europe will set an example to the world.”

"Greater legal certainty will allow for more services, more content and more access.”

"Addressing the asymmetric relationship between rightholders and commercial players who profit from displaying press publishers’ content is vital.”

"The Copyright Directive is a once in a generation opportunity to ensure songwriters, composers and lyricists are properly remunerated when their works are exploited by user-upload content platforms.”

"Today the value of cultural and creative works is completely retained by certain UUC platforms instead of going to the creators.”

"This is an opportunity to set in EU law the Court of Justice’s rulings on the fight against illegal content online.”

FOR THE FULL LIST OF ORGANISATIONS AND MORE INFORMATION ABOUT HOW THE VALUE GAP IS AFFECTING THE CREATIVE INDUSTRIES IN EUROPE PLEASE SEE WWW.IFPI.ORG
LATIN AMERICA

A domestic success story becomes a global phenomenon.

Latin America’s positive growth story is no secret. In 2017, it was the region that saw the largest revenue growth in the world. Total revenues were up by 17.7%, with especially strong showings from Brazil (up 17.9%), Peru (up 23.7%) and Chile (up 14.3%).

However, 2017 also saw the continent’s artists and repertoire impact the global mainstream like never before. This double-whammy success story is driven by the growth of streaming, in harness with record companies. They are not only playing a key part in building out the market infrastructure, but also nurturing artists, giving them a global stage and working on the ground, with local partners, whilst constantly finding new ways to engage with fans. Afo Verde, Sony Music Chairman & CEO Latin America, Spain and Portugal, says: “After almost 17 years of continuous decline, the last few years have seen steady growth in Latin America, with the prospect of an even greater outlook, along the way. The continuing trend for increased consumption of Latin American music around the world.” He highlights Chile and Peru as two countries where growth has been “quite extraordinary.”

PAYMENT SOLUTIONS

For the Latin American market to continue to develop, challenges tied to both smartphone ownership and financial inclusion must be overcome. Ínigo Zabala, President, Warner Music Latin America, explains: “We are reaching the point where people with credit cards and smartphones are already in the system, so now we have to find a way to reach people who are consuming music for free, and find a payment model that will be attractive to them, not only in terms of pricing, but in terms of the method of payment.”

Without that breakthrough, the risk is that the growth in music consumption will not be matched by a rise in revenues. Zabala continues: “In Latin America you are seeing the explosion of usage, but, because so much of that usage is free, we are seeing the effects of the value gap here perhaps more than anywhere. Everywhere in the world has this problem, but in Latin America it is multiplied.”

Verde concurs: “One of our main challenges is still to drive consumers to paid subscription streaming, something which has become more difficult by the absence of more offers in local currency and pre-paid options in a region where there are a huge number of consumers who do not have credit cards.”

There is no denying, though, that the overriding mood is one of confidence. Nir Seroussi, President, Sony Music Latin, says: “This is still just the beginning for Latin America. If you think about it, we’re talking about 15-16 million paid accounts in a continent of 650 million people. If you look at that alongside the sharp increase in smartphone ownership that is predicted for the next three years, the potential is huge.”

BUILDING ON BREAKOUT HITS

Latin America’s leading breakout hit of 2017 was, of course, Despacito by Luis Fonsi, a Universal Music artist (see case study on page 33). The company’s Chairman/CEO of Universal Music Latin America and Iberian Peninsula, Jesús López, says: “The challenge for the industry is to continue building on the success of 2017 and surpass the very high bar set by Despacito.”

“At Universal, the entire company is aligned on a global scale to break Latin artists, including a focus on finding strategic collaborations between Latin and non-Latin artists. What we know for sure is that Despacito is not a one hit wonder, it is the highest profile signifier of a major trend and that trend is supported by data from all over the world.”

“I am sure Asia Pacific, Africa and other territories will develop fast and gain more and more global traction, but going from 2017 into 2018, nothing can match what is happening with Latin music.”

He has especially high hopes for Brazil when it comes to continuing Latin America’s hot streak of providing breakthrough international artists: “I think Brazil has been a sleeping giant for years and I think the next big hit worldwide from the Latin sector will come from Brazil.”

Adriana Restrepo, President of Codiscos and Chair of IFPI’s Latin America & Caribbean Regional Board, concludes: “We are witnessing Latin American music’s biggest moment. There is a real dynamism in the market that is bringing it to prominence and driving fan engagement with the music.

“We are seeing increasing numbers of artists releasing more and more tracks each year. They are topping the charts, not just in Latin America, but around the world.”

INVESTMENT IN ARTISTS

Verde is confident that growth at home will continue to be matched by global success for home grown artists: “If you have been surprised by recent and current trends, then believe me, the future looks even brighter. I strongly believe it is down to heavy investment in talent over many years. When talent and catalogue meet streaming services, the opportunity for rapid worldwide expansion became a reality.”

Warner Music’s Zabala also highlights the fact that Warner Music, as a global company, is prioritising Latin repertoire like never before. “We’ve been increasing our A&R resources and signing more artists than we’ve signed for years, whilst at the same time working closely with our colleagues in Europe to give the music we make every opportunity to succeed outside of our territory.

“The industry always used to see one Latin international breakout hit a year, the song of the summer. But now, because of streaming, the barriers it breaks down and the opportunities it creates, the industry is seeing more than 10 songs a year break outside the region. Streaming democratises taste, it allows the people to decide and, from that, record companies are committing more and more to Latin music, because it is fun, it is popular, it is danceable, it cuts through and cuts across continents.”

As examples of recent success stories, he highlights Venezuelan artist Aníbal Ocampo, who broke the record for the longest running entry in the Spotify Global Top 50 with his song Me Rehuso. He says: “There are more artists being discovered and nurtured by record companies, there is more investment by record companies and there is also far more co-operation within the different territories of record companies, with all sides and all types of artists benefiting.”
Despacito by Luis Fonsi was the song of 2017. Sometimes these things are subjective. In this instance, there can be no argument.

By April 2018, the original and the Justin Bieber-featuring remix had been streamed 7.5 billion times between them, including 1.9 billion times on Spotify and 5.6 billion views on YouTube. A Spanish language urban-pop track from a Puerto Rican artist who was relatively unknown outside Spain and Latin America topped the charts in 47 countries worldwide.

Universal’s involvement with Fonsi, however, is not a story of overnight success. The company has worked with the artist for over 15 years and has played an important role in building a career that has delivered several number one albums in Latin American territories and on Billboard’s Latin chart in the US.

Jesús López, Chairman/CEO of Universal Music Latin America and Iberian Peninsula, says: “We worked on Despacito for a year before it was released: we chose the producer, we knocked on Daddy Yankee’s door, we shot the video and we made sure that it was the first Latin single released in 2017.

“We played a key role in the entire A&R process and execution of the marketing campaign. After release, we were able to help bring about Justin Bieber’s involvement, which pushed it to another level globally.” López adds that being reactive enough to rapidly incorporate the Bieber-featuring remix into the ongoing campaign was crucial: “Justin jumped on the record in a key moment during the campaign. The Justin Bieber remix was recorded on a Tuesday and released that Sunday.

“The democratisation of consumption and the instantaneous transparency that streaming provides allowed us to detect and track the performance of the song and to position Despacito in each market according to its needs and timings.”

López sees the amazing success as a true team effort: “All of Universal Music worked to make this happen and our partnership with Republic Records was strategically key to this release.”

Fonsi followed Despacito with Echame La Culpa, a duet with Demi Lovato. It went to number one in 14 markets. He has just finished an 81-date world tour and has a number of global sponsorship deals.

One big hit makes a very big difference. That has always been true, of course, but now, more than ever before, that hit can come from anywhere and go everywhere.

“Despacito was the perfect choice. It could have been any song, it was just the right time.” López

Jesús López, Chairman/CEO of Universal Music Latin America and Iberian Peninsula
China’s music market continues to be one of growth, challenges and innovation. It also remains, fundamentally, a market of potential, gradually but determinately being realised by record companies working together with local and global partners.

It is undeniably a vastly different landscape compared to 10 or even five years ago, having undergone a significant cultural shift in regard to the value and protection of copyright – a process driven by government regulation alongside the efforts of record companies and other rights holders.

Significant challenges to the continued development of the market remain. For example, China is still lacking the performance and broadcast rights which, if given, will significantly contribute towards greater investment in the development of the Chinese music market.

One of the companies at the forefront of the revolution is Chinese digital giant, Tencent, home to three of the territory’s leading streaming services: QQ Music, Kugou and Kuwo. It recently signed a deal with another Chinese digital giant, NetEase, to share 99% of all content to users.

The firm’s Music Entertainment Group Vice President, Andy Ng, says: “The entire music industry in China is developing rapidly and soundly. The copyright protection environment is greatly improved, users’ awareness of the value of music is also greatly strengthened and high-quality music is emerging from Chinese artists. We believe that 2018 will see another significant turning point for Chinese music and it will play an increasingly important role on the world stage.”

Universal’s EVP market Development, Adam Granite, adds: “There is considerable focus now on the evolution of the Chinese music market. It’s impossible not to be excited at the opportunity – although it will take time and concerted effort to move a significant part of the population onto paid services.”

Sony Music’s CEO of China and Taiwan, Samuel Chou, also puts up the importance of switching to paid audio subscriptions: “The demand for music here has always been huge, but what we are seeing now, and what needs to continue, is digital music platforms encouraging people towards payment models. The key to that process is providing reasons and incentives to switch, possibly through exclusive new content, more choice and higher quality of audio and service.”

Sony Music’s EVP market Development, Adam Granite, Universal Music

“The opportunity to bring Chinese repertoire to the world is definitely ramping up. That sort of global impact is a clear goal for our Chinese artists over the next few years.”

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WHAT’S NEXT IN MUSIC IS FIRST ON SOUNDCLoud
#SCFIRST

- OVER 177 MILLION TRACKS AVAILABLE
- OVER 10 MILLION CREATORS HEARD
- 1 GLOBAL COMMUNITY

EXPANDING GENRES

Billy Koh, founder of Chinese-based music company Amusic Rights Management, says: “China is now very open to Western artists, particularly younger music fans, and they are not restricted by genre. Last year the two most popular songs across all platforms by Western artists were Shape of You by Ed Sheeran and Faded by Alan Walker, one pop, one electronic dance music. In China, if you have a really good song with a strong hook, fans don’t care about the genre.”

Tencent’s Ng agrees: “The styles of music enjoyed in China are now very diverse. There is a market here for hip-hop, punk, country and much more. Fans have a higher than ever demand for more elaborate works and different genres.”

Denis Handlin AO, Chairman & CEO, Australia & New Zealand and President, Asia, Sony Music Entertainment, adds: “There is no doubt Chinese music fans are incredibly enthusiastic and are very much driving the diversity of the artists and the genres the industry is signing and promoting. We have had a long history of developing local artists in Greater China and now there are even more opportunities to export them regionally and globally.”

Sony’s Chou talks of record companies “investing more than ever before locally, developing our own artists”. He believes the time is right for Chinese artists to come more to the fore, starting domestically and then globally. “For 30 or 40 years, Hong Kong or Taiwanese artists have been successful in China, because the copyright laws were stronger there and it was worthwhile recording original material. Now, Chinese artists have an opportunity, their work and their copyrights will be protected, their music will be part of a properly monetised ecosystem and through this we will generate homegrown success and, eventually, a Chinese superstar artist.”

Jiang Tao, President at ChiaTai Music, also links the shift in attitude towards copyright and the emergence of a new generation of Chinese artists: “The rights situation surrounding music has improved considerably. Previously, songwriters and record producers weren’t interested in creating new songs because the laws weren’t perfect enough to protect them, but that is improving and we will see more and more new music over the next five to 10 years.”

Tencent’s Ng declares: “The Chinese music industry is ushering in an unprecedented era of creativity with more and more outstanding musicians and musical works emerging from within China.”

Universal’s Granite is optimistic that this groundswell will parlay into international success: “China is opening up and the opportunity to bring Chinese repertoire to the world is definitely ramping up. That sort of global impact is a clear goal for our Chinese artists over the next few years.”

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Andy Ng, Vice President, Tencent Music Entertainment Group
Working In Partnership With Artists

Record companies are home to some of the most talented and passionate people in the music industry. They work in collaboration with artists, helping them develop their music, their full artistic careers, expand their reach to fans everywhere and break through even in an environment featuring more music than ever before. IFPI spoke to a number of these individuals to find out more about their work and what drives them.

**ARTIST**

The marketing team really does get involved in every single aspect of the artist’s career.

– Jaqueline Eyewe, Atlantic Records, UK

**GLOBAL DISTRIBUTION**

Creating the systems to deliver, manage and track the distribution of music on a global scale

**DATA AND ANALYTICS**

Capturing and analysing fan engagement with music and communicating it to artists

“When we talk about data, what we’re really talking about is information about how fans are reacting to the music. We can interpret these signals and help inform how labels respond to them.”

– Mitchell Shymansky, Universal Music Group

**MARKETING**

Breaking through to a global audience in innovative, exciting, diverse and cutting edge ways

“I’m the middle person between a lot of teams. The marketing team really does get involved in every single aspect of the artist’s career.”

– Jaqueline Eyewe, Atlantic Records, UK

**A&R**

Discovering, supporting and developing artists, connecting them to songwriters, producers and other creative partners

“It’s my job to inspire our acts to create the best music they possibly can, while aligning with their teams and utilising the label’s resources to translate and magnify the artist’s vision in the most creative, organic and truthful way.”

– Tunji Balogun, Sony Music

Could you please describe your role?

I drive strategic and operational initiatives to support our worldwide digital business. Lately, I spend most of my time building tools that help labels make smarter decisions using data and analytics.

Which attributes and skills are most needed to perform your job well?

I’d say creative problem solving is very important, so is having curiosity and drive. I interact with lots of other teams, so being able to listen well and learn from others helps.

What’s your favourite part of the job?

Feeling like you’ve participated in breaking an artist is extremely valuable. That’s what you live for.

What benefits are you and your team able to bring to a collaboration with an artist?

We work on digital campaigns all day, every day, and try a million different versions of our ideas based on the outcome. We always try to develop ideas and plans that are specifically crafted for that artist or track – but within that, it’s all about knowing what works and what doesn’t.

What’s your biggest challenge?

In music will be. Things change so fast, we don’t know what the next big thing will come. We always try to develop ideas and even in terms of how we want to portray an artist, or what type of content we want to release. But the most exciting part is probably the fact that we don’t know what the next big thing in music will be. Things change so fast, which forces us to always be on top of our game, trying new things and making educated decisions based on the outcome – that’s really something I love.

What are you most excited about for the future?

The huge amount of data that we have access to now is really, really interesting. It allows us to make smarter choices when it comes to marketing and even in terms of how we want to portray an artist, or what type of content we want to release. But the most exciting part is probably the fact that we don’t know what the next big thing in music will be. Things change so fast, which forces us to always be on top of our game, trying new things and making educated decisions based on the outcome – that’s really something I love.
Which attributes and skills are most needed to succeed in A&R?

JOE KENTISH
A&R Director, Warner Bros. Records UK

You’ve got to love music and you’ve got to love people. You’re going to be listening to a lot of music and you have to be excited about it every day. And you’ve got to love people because your day is non-stop interaction. If you love it, it’s invigorating.

What’s your favourite part of the job?

Listening to new music. It’s still the bit that can totally derail your plans for the day. If someone sends me something that I love, I’ll just play it over and over and again I just want to go straight down to the studio. New records still fill me with excitement. It doesn’t matter how long I’ve been doing it, I can feel this childhood expectation that the next thing I hear is going to be great.

How do you approach collaborating with artists?

You’ve got to always be really respectful of their age and the fact that this is possibly the biggest thing that’s ever happened in their lives and that there may be massive disappointment along the way. A big part of my job is to be encouraging of them because the creative process is really difficult. It takes something out of you physically and mentally to be that creative and to come up with ideas non-stop, but it’s my role to keep them encouraged.

What achievement are you most proud of?

I’ve had a small part in that is great. Seeing them do really well and knowing that I get a huge sense of accomplishment from seeing my team succeed. Witnessing them do really well and knowing that I’ve had a small part in that is great.

Could you please describe your role?

In simplest sense, my job is to collect, organize and make sense of the vast mountains of data that come into the company and to take raw data to actionable insight in the shortest time possible.

Which attributes and skills are most needed to perform your job well?

You need to be very well versed in every genre of music. You also need to care, to be creative and, as a leader, it’s important to give your team the opportunity to shine.

What’s your biggest challenge?

Making sure that everyone communicates with their respective teammates. Your job as a leader and a marketing person is to see yourself as the quarterback of the team and if you’re not including everyone, you’re not going to win.

How do you approach collaborating with an artist?

When an artist comes to you, it’s usually about creative ideas. They aren’t necessarily thinking of the number one thing for me, which is the strategy. The most important part of our job is to let the artist know about the strategy and that cool, creative ideas also need a plan to support and execute them.

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Do you have an achievement that you’re most proud of?

I get a huge sense of accomplishment from seeing my team succeed. Witnessing them do really well and knowing that I’ve had a small part in that is great.

Could you please describe your role?

I would say patience, certainly. Also, being immersed in the culture of music so that you are aware of everything that’s going on.

What are some of the biggest changes you’ve seen in relation to A&R in recent years?

I think one is definitely the more public nature of artist development, something that is probably enhanced by the proliferation and importance of social media. Previously, artists would stay behind the curtain for however long they took and come out fully formed. Now, artists are developing in real time, in front of fans, in front of the audience.

What else is key to your role?

A huge part of the process is about getting to know the artist as a human being, getting to know what their ambitions are, what their fears are and what drives and motivates them. Throughout that process you build up mutual trust and confidence. From there you move on to the music, the career, the other stuff. It starts as a relationship. You also have to remember how important it is for the artist. This is their life, and I encourage my A&R people to look at it that way as well. It’s not your name on the line, but you should treat it as if it is. This is not just a day job, and if you treat it as such, you’re not going to get full value out of it.

Could you please describe your role?

Identifying great artists as early as possible and working closely with management and RCA to help these artists tell their unique stories. It’s my job to inspire our acts to create the best music they possibly can, while aligning with their teams and utilizing the label’s resources to translate and magnify the artist’s vision in the most creative, organic and truthful way.

How does the support and expertise available at your label help you perform your role?

There are so many passionate people at RCA and they’re all specialists in their respective fields. We’re at our best when we rally round an artist and collectively develop unique plans that complement and contribute to the world the artist is trying to build. We read the culture around an act so that we can deploy our different teams – A&R, production, digital, marketing, publicity, video, touring and promotion, in the smartest and most innovative ways.

What benefits are you and your team able to bring to a collaboration with an artist?

We pay attention to our artists’ sensibilities and instincts, and do our best to surround them with people and resources that push them forward and inspire them creatively.

What are you most excited about for the future?

I would be thrilled to see more women of colour emerging both as successful breakout artists and as powerful creative executives within the industry.
Defending Creativity

PREVENTING MUSIC FROM BEING DISTRIBUTED ILLEGALLY, WITH NO REVENUE FLOWING BACK TO ARTISTS OR PRODUCERS, REMAINS A KEY PRIORITY FOR THE RECORD INDUSTRY.

WHAT IS STREAM RIPPING?

Stream ripping sites create an audio file from an audio-visual work that is only licensed for streaming (such as a music video) and provide users with a permanent download. These sites exploit high levels of traffic to generate revenues from advertising whilst paying nothing to the creators or record companies.

PROTECTING MUSIC IN THE RUN UP TO ITS RELEASE

Protecting all elements of an artist’s creative work from being leaked online in the run-up to its release is a key focus for record companies. Criminal organisations seeking to profit from illegally obtaining and distributing music – sometimes even before it is fully ready for release – can jeopardise the work of artists and that of the many teams of people that support them.

“The process can begin around 30 months in advance of the release date,” says Graeme Grant, Head of Anti-Piracy Operations, IFPI. “We collaborate with a record company to ensure everyone involved in the project has an awareness of the risks around leaked content and we work together to mitigate them.”

A first step involves working with artists and their teams to educate them as to how they can protect their content whilst they are developing it and sharing it with collaborators. Once completed, processes are put in place so that the music can be shared securely and tracked, ensuring only the agreed recipients are accessing it. Grant explains that even album listening parties can present a risk: “We’ll often work with record companies to assess the location for an album listening party, ensuring it’s soundproof so there isn’t a possibility that someone would be able to somehow make an illegal recording.”

IFPI and record companies will also assess aspects of the physical supply chain, reviewing the production, storage and delivery of a record. Grant notes: “In some cases, we work with the record company to inspect plants where the product is being manufactured to ensure they have the right security. We’ll look at where it is being stored and even the security that bricks-and-mortar retailers put in place ahead of a record going on the shelves.”

Despite this extensive work, leaked music can still emerge online in many different forms. Systems are in place to monitor all heavily used copyright infringing sites and social networks for any links to infringing music 24 hours a day. The anticipation of a new release can also trigger the illegal sharing of other work by the same artist, so it is necessary to step up monitoring activity across the board. If infringing content is identified, the host provider is immediately notified and called on to remove the content. In 2017, 11 million URLs were identified as hosting infringing content and actioned for removal by IFPI and national group programmes.

Grant cites a recent collaboration with Warner Music Group and Atlantic Records on Ed Sheeran’s record breaking album, +, as an example of how the key elements of the process can successfully come together: “We were able to prevent pre-release leaks of the album until 20 minutes before it was officially made available. It’s a really rewarding experience when we achieve something like that, when everyone in the chain is working towards ensuring the music arrives with the fans that are legitimately accessing it in the way it’s intended by the artist.” Grant concludes: “It’s not just important to the artist but also for the hundreds of people involved in supporting the process.”

TAKING ACTION ON STREAM RIPPING

As the market continues to evolve around the world, so too do the challenges record companies face in tackling illegal services that seek to exploit the work of artists and profit through large scale copyright infringement.

Stream ripping is the fastest growing form of music copyright infringement globally. Sites operating ripping services threaten the music ecosystem by undermining legitimate music services that license rights and pay artists and rights holders. Stream rippers profit by diverting fans away from legitimate services, while paying nothing to the creators or producers of that music.

The recording industry is coordinating a diverse global strategy to tackle this issue around the world. IFPI’s Director of Litigation, Elena Blobel, comments: “Our approach is wide in scope and the focus is on direct action against the largest ripping sites in a variety of countries, whilst also looking at other ways we can disrupt them.”

Last year, the industry achieved a significant victory when legal action from record companies in the US and UK was successful in closing down YouTube-mp3.org, formerly the world’s largest site dedicated to offering illegally stream ripped music. The Germany-based site, which had 60 million visitors per month from around the world, shut down globally and its operator agreed not to infringe the rights of artists and record companies in the future.

The closure had a strong overall impact on stream ripping activity causing a 25.5% drop in global stream ripping piracy activity in the three months immediately following the shutdown. The problem remains significant, however, with an estimated 416 million visits to stream ripping sites in January 2018. Momentum behind the industry’s campaign continues to build and recently German record companies have filed a court application against Convert2mp3, one of the largest stream ripping services.

Commenting on the issue, IFPI Chief Executive, Frances Moore, says: “The actions taken by the industry are having a positive impact and reducing stream ripping across major music markets. However, the problem is far from solved and we will continue to take on these illegal sites wherever they are operating around the world.”

GLOBAL MUSIC REPORT 2018 – STATE OF THE INDUSTRY
Camila Cabello, Cuban-American singer songwriter, achieved enormous success as a member of pop group Fifth Harmony before relaunching her career as a solo artist in 2016. She worked with her label, Epic Records, to take on the challenge of establishing herself as an artist in her own right.

In collaboration with Camila, a comprehensive, global marketing campaign was devised, tying together multiple strands of live TV performances, radio, the creation of unique online content and brand partnerships. Together, these elements would create opportunities for fans to engage with Camila across multiple platforms and discover her new music in a variety of exciting and different ways.

The first stage of the campaign centred on a ‘two-track single’ approach, beginning with the simultaneous release of both ‘Crying in the Club’ and ‘Havana’.

From the moment her music was launched, the team around Camila continued to create ‘moments’ to encourage fans’ constant engagement with her music, like original and tailored content for radio, TV and social media channels.

“When you have a new solo artist, I think it’s all about the continuous flow of content,” explains Mallory. “It’s been a really important part of solidifying her solo career and giving her a voice that sets her apart and that allows fans to relate to her.”

Partnerships with major brands were also an important layer in Camila’s campaign, helping to amplify her profile globally throughout her solo breakthrough.

Camila starred in an advert for L’Oréal Paris Elvive, to promote a new haircare product, with the strapline: “Everyone loves a comeback.”

Mallory is keen to note that, despite the global nature of the campaign, a one-size-fits-all approach to every market does not work. “We put tremendous effort into making these campaigns feel local and it’s important to do that. Fans in every country want to feel like they discovered her themselves.” This was achieved by engaging with local ‘influencers’, prominent bloggers or personality in specific countries, as well as tailored campaigns for radio and streaming services.

Ultimately, Mallory believes that it was a number of moving parts coming together harmoniously that helped Camila to become the successful solo artist she is now. “I think it’s never just one thing, right? It’s always a perfect storm of many things,” she says. However, at its core, Camila’s talent and ability to connect with her fans was the epicentre of her solo debut. “The music is great and if the music is great we can do our job and roll it out around the world, but it absolutely starts with the music.”

“The music is great and if the music is great we can do our job and roll it out around the world, but it absolutely starts with the music.”

Jenifer Mallory, EVP, International, Sony Music Entertainment

Morgan Evans is not your typical Nashville music star. For a start, he was born in Newcastle, Australia. For another, his music style, harnessing the power of a loop pedal, has drawn more comparisons to Ed Sheeran than Kenny Rogers.

None of this has stopped Evans from becoming a fast-rising star of the Nashville music scene. He signed to Warner Music Nashville in 2017 and released his single, Kiss Somebody, later that year. It has generated more than 21 million on demand streams in the US alone and Evans was named by Amazon Music, Billboard, Google Play and Pandora among others on their 2018 ‘Artists to Watch’ lists.

John Esposito, Chairman and CEO of Warner Music Nashville, says: “I knew Morgan was a special talent from the first time I heard him play. He was signed to our Australian company, but harboured the ambition to come and build his career in the US. We were only too delighted to take him on and support him as he builds his career here.”

Evans began his music career in high school, playing in a local rock band. In 2007, he won a competition called the Road to Tamworth and, for his prize, flew to Nashville and recorded a single. Subsequently signed to Sony BMG in Australia, he released his debut EP, Big Skies, which received airplay on Australian country music stations.

By 2012, Evans had signed a deal with Warner Music Australasia. He released his eponymous debut album, which became a Top 20 hit in the mainstream Australian album chart. He also became a huge celebrity on the Australian country music scene, opening tours for the likes of Taylor Swift.

The next logical step for Evans was to relocate full-time to Nashville, which he did in 2017. He also moved labels from Warner Music Australasia to Warner Music Nashville.

Evans says: “Moving to Nashville was a big deal. It felt daunting at times, but I’ve always loved Nashville music and I want ed to dive right in. You’re surrounded by the best songwriters and musicians in the world and you pretty soon need to make a choice to be intimidated or inspired.”

“I think that Nashville music can travel around the world and has a home wherever fans value great storytelling and amazing tunes.”

Morgan Evans

Evans is one of a new generation of Warner Music Nashville international priority acts. Streaming is gaining traction among traditional Nashville music fans, which is helping propel artists into the global charts and introducing their music to a wider international audience.

Esposito explains: “In the same way that the adoption of streaming in Latin America helped propel Latin music into the global charts, the transition to streaming by Nashville music fans offers us an unprecedented opportunity. In the past we’ve only occasionally seen tradition al country stars crossover to the mainstream, but now Nashville music is much more a part of the mainstream in the US and overseas.”

Evans recently spearheaded his international campaign with performances at the UK’s Country2Country (C2C) music festival in London and Glasgow. Now in its sixth year, C2C has become a major global platform for Nashville acts.

Esposito says: “It’s amazing. The audience is going to every word of our artists’ sets. This is music that isn’t getting played on British radio yet. People are discovering it elsewhere and streaming is obviously a massive door opener for us. Our UK labels are putting their hands up to work with Nashville artists because they sense there’s a real opportunity here.”

Evans concludes: “I was stoked to be asked to play London and Glasgow for C2C. I think that Nashville music can travel around the world and has a home wherever fans value great storytelling and amazing tunes.”
THE REVIVALISTS

The story of New Orleans seven-piece rock outfit The Revivalists is one of endurance rewarded and of how the backing of a record company can take a track from live fan favourite to mainstream radio hit.

The band formed in 2007 and, through the acquisition of Wind-Up Records, became part of Concord Music in 2015, soon after releasing their second album, Men Against Mountains.

Concord’s SVP – Promotion Marketing, Jill Weindorf, takes up the story: “I’d seen them live a few times over the years and I always thought they were special, but what we didn’t know was whether or not they could get traction in my medium, which is radio.”

At the time the band was struggling to make any significant impact with the album’s first single, Keep Going. Ironically, it was the next release that would deliver the perfect lesson in perseverance.

“In the end it took 44 weeks to go to number one on Billboard Triple-A (adult alternative), but then it hung around for almost the same amount of time and still, to this day, is getting a tremendous amount of airplay there.

“From there, it took us 22 weeks to get it to number one on the Billboard Alternative Songs chart – but, again, when it did, it set a record for the most single week spins in the history of the format and went on to become the number two most played Alternative song of the year.”

Wish I Knew You went on to hit the Top 20 in the Adult chart, Top 5 in the Rock chart and even broke into the Billboard Hot 100 at 84.

“Weindorf is keen to stress that the breakthrough and subsequent sustained success was very much the product of collaboration: “The band ran alongside us every step of the way. They felt the same level of connection with us as a label that we did with them as artists. They said: ‘We’re in’, and they showed up, every time. Nine in the morning to play live on radio; past midnight shaking every hand; they showed up.”

She also points out the difference that one track, and one incredibly dogged campaign, can make to a career. “The success of Wish I Knew You is measured in sales, in consumption, in ticket sales and in the fact that people now know who The Revivalists are.

“But the greatest success, I think, is what it enables us and them to do next. They’re in the studio now working on a new album, and from what I’ve heard already I know that there are at least three more big singles there. Ultimately, though, they will become album artists, they will become career artists, because that’s what we create at Concord.”

“The campaign’s greatest success is what it will allow us, and them, to do next.”

Jill Weindorf, SVP – Promotion Marketing, Concord Music.

The Revivalists photo by Brantley Gutierrez

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46 CASE STUDY

TAKING CHINA TO THE WORLD

The Tencent Musicians Plan

QQ Music

Kuwo Music

Kugou Music

Music Streaming Services

Live Streaming of Entertainment Services

Music Community Services

Service Provider of Digital Music for Smart Devices

Ultimate Music

Kuwo Star

Tencent Music Entertainment Group

The Revivalists photo by Brantley Gutierrez
Thank you.

It’s been a huge year for Spotify. Here are a few reasons why:

€8bn paid to rightsholders since launch

157m active users
71m paying subscribers

We couldn’t have done it without you. Thank you for your support.