Berklee College of Music

Music Business Journal

Volume 13, Issue 1 www.thembj.org May 2017

Music's Quantitative Methods

By Alexander Stewart

Today, recommendation engines designed to curate the perfect individual playlist are redefining both the demand and supply side of the music industry, affecting how listeners judge music and how purveyors sell it. Consumer and song information needs processing, and suitable algorithms have to be found. The result is that there is much machine-intelligent number crunching going on to determine music plays, royalty payments, and marketing targets. The odd musical composition will occasionally default as well to a formulaic template.

This article will explore this new use of algorithms in the music business. This is not an easy task. Businesses don't reveal their secrets for fear of yielding a competitive advantage. The target, moreover, is elusive and methods to reduce big data for business operations are always evolving. Still, companies like Spotify and Pandora, and less so Apple Music, have been open about how they use algorithms to help artist discovery by their customers. We turn to this next.

Patterns

The Musical Genome Project developed by Pandora Media has been classifying music data manually and through automated algorithms since 1999. 450 data points are collected on every one of their one million songs, including the genre, instrumentation, tempo, and gender of the vocalist. Specially trained musicians study each track and feed the information to dedicated software. This may not be unlike Netflix employees scanning TV shows and music for content, but the data is processed statistically as well to determine usage patterns that are not obvious to the naked eye and can be counter-intuitive.

A good example is Soundscan. In the early 1990s, Soundscan collected bar code point-of-sale data for the record labels. Their premium package offered correlation analysis and could identify songs and artists whose sales were peaking together for no apparent reason. For instance, today, if the correlation coefficient of Sheryl Crowe, a country artist, and Andra Day, an urban artist, were strong after repeated releases, then label executives at Warner Music could tie the two together and think of a suitable marketing campaign, even pairing the two artists, not related by genre at all, in concert. The algorithm that generates the correlation coefficient is picking up an apparently random connection that on closer inspection turns out not to be so ---- perhaps because the cohort of listeners they are tracking gravitate to both artists: birds of the same feathers flock together, and these fans may share similar income level.

Spotify's data driven approach is

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Mission Statement

The Music Business Journal, published at Berklee College of Music, is a student publication that serves as a forum for intellectual discussion and research into the various aspects of the music business. The goal is to inform and educate aspiring music professionals, connect them with the industry, and raise the academic level and interest inside and outside the Berklee Community.

Inside This Issue

Editor's Note

Marketing talent well is key in the business, and digitization has affected all manners of business operations and music formats. Like in other facets of our lives, both have made algorithms pervasive. This is the subject of our lead article. In streaming services, algorithms are helping to provide tighter, more accurate, recommendations to bring music to listeners' ears. Elsewhere, algorithms serve other purposes, like assisting in the data reduction of big user data sets or even creating original music scores.

In the meantime, Silicon Valley's shadow continues to loom large over the music industry. Intermediaries have to adjust to an endgame where the technology companies wield more power than ever. Some of those intermediaries are becoming better organized. In particular, managers are speaking up nationally and internationally, seeking to keep their place at the negotiating table. In this issue we explore the role of a new interest group: the International Music Managers' Forum.

Brexit is upon us, and we follow up an earlier article with a discussion of the perils of the new juncture for the UK live music market. Staying abroad, we make the point that youth has to be engaged globally to refresh many a consumer brand: for Coca-Cola, as one garners from its *2020 Vision*, music is the tool of choice.

Video games are becoming sophisticated; the use of music is changing and leads the charge towards a more immersive emotional experience. This, of course, is good for the business. So are festivals that do well, and we trace the bounties of Desert Trip on Indio, California.

Finally, 2016 was a turnaround year by most accounts, and we put it in your rear mirror. The issue concludes with a heartfelt goodbye to Chuck Berry and his remarkable legacy to Rock n' Roll.

Thank you for reading.

Sincerely,
Michael Kostaras
Editor-In-Chief

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well known. The company has developed a workflow manager they call Luigi. Luigi is used to process Spotify's users' data and generates music recommendations and song picks on their online radio service. The data is also used in decision-making and provides forecasting information and business analytics. In 2013, Spotify used Luigi to predict the Grammy Awards winners. Four out of the six predictions made by Spotify turned out correctly.

Moreover, Spotify recently acquired music intelligence company (see "Spotify's Secret Weapon", *MBJ*, Oct. 2014). The Echo Nest is a platform for developers and media companies. The Echo Nest attempts a new taxonomy of hearing, both decoding audio and textual content in recorded music so that future playback devices can use its self-defined parameters to showcase music with attributes that are yet not self evident but could be in time. In this regard, it compares to Pandora's Music Genome Project when it launched. However, The Echo Nest is far more automated and human decision–making tends to stop at the programming level (good examples of The Echo Nest platform can be found at http://static.echonest.com/labs/). As well as using its own algorithms to analyze and classify music, The Echo Nest crawls the web to find artist and recording data, thus supplementing its base information.

Another player is Pandora's Next Big Sound. Pandora acquired the company in 2015, suggesting that spending on music intelligence analytics is infectious among the major online music players. Next Big Sound analyses the popularity of artists on social networks like Facebook, Twitter and Wikipedia, as well as streaming services and radio. It then sells its data to record companies and other outlets. Its reports on the consumption of music are becoming ever more important in the industry.

Pandora's Next Big Sound clients also include well known consumer brands like Pepsi and American Express. Their analytics are helping identify artists that are likely to gain significant growth in a desirable demographic. Sponsorship money, of course, is a welcome addition for talent and the record labels, and can supplement traditional revenues in live music and merchandising. Besides, it is also cheaper for a consumer brand to buy a license for a commercial six months before it becomes a hit in the charts.

Playlists

An important aspect of current data gathering is that services tend to offer curated plays to differentiate themselves competitively from one another. Playlists have always been the core currency of streaming, but now more than ever they are becoming the beating heart, the fuel that drives both discovery and consumption. In doing so they are helping drive hit singles into dominance and albums to the side.

Streaming services are "hyper personalizing" their user content. Spotify's playlist *Discover Weekly* has played a big role. Its algorithm cross-references data coming from one user with that of users with similar tastes

to recommend new songs and artists. More personalized playlists, like the *Release Radar* and *Daily Mix*, are intended to both net and please subscribers. Sometimes they don't. Users of *Discover Weekly* complain that it can be a hit or a miss. It often suggests the same artist and songs and fails to account for the random factor in users' preferences.

Algorithms may go so far in predicting human nature, but hope springs eternal. Artificial intelligence, i.e. intelligence programmed by humans, is much in vogue, and extra musical factors, as well as the crooked timber of humanity, are believed to be fair game for future predictions.

In effect, a listener's location, mood, and even the weather are now becoming contributing factors in some recommendation engines. Google Play, in particular, is working on such adaptive functions. Their algorithms will apparently be able to recognize a listener's guilty pleasures, see where the listener has been throughout the day, and understand how people listen to music overall. When combined with the sort of data provided by a smartphone, it could mean that music services could find the right track for one's daily circumstances.

The idea that an algorithm could help users choose music according to the minute drama of their daily lives is a novel one, and perhaps a good one. It is also fraught with problems, not least the trade-off that it would imply with privacy concerns. Moreover, if Joe Smith loves jazz guitarist Pat Metheny, how would he feel if that were the algorithm's track of choice when he is at the dentists? Would he like it or not? It is hard to imagine someone programming that answer correctly.

Still, collecting all sorts of data for its later reduction and monetization has much currency. The rise of smart assistants such as Apple's Siri and Amazon's Alexa in the home also points the use of devices that become "musical concierges" of sorts in the living room or car. And IBM's Watson engine, the all time chess champion of the world, is now engaged by London startup Quantico to improve music recommendations by adding music reviews, blogs, and Twitter comments .

Pity, if you will, the folks at Apple Music. They still depend on human curators to compile their playlists. Or so they say.

Machine Credits

Algorithmic music making may be on the horizon as well.

Tech companies do not usually work in a vacuum and Jukedeck, part of London's TechHub, a global community of entrepreneurs and startups, has machine-written half a million pieces of original music already. Jukedeck says that the technology it employs has been around for half a century, but that it is one of the first companies to tap into it commercially. Jukedeck is programmed to write music note by note rather than using loops; currently, users can choose from (i) seven genres -- including pop, ambient, and rock, (ii) two moods, (iii) two instruments, and (iv) various tem-

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Coca-Cola and Music: A Case Study

By Ashley Cook

Editor's Note: In our Dec. 2016 issue we noted the growing involvement of mass consumer brands with music; see Karin Harvey's "Sponsorship Lift Off". Ashley Cook's article focuses on Coca- Cola's global music platform.

Coca-Cola is taking giant steps in developing countries to harness the loyalty of teenagers to its brand. The company, which has a long history of integrating popular music into its product lifestyle, is now making music the tool of choice (sic) "to refresh the world" and "inspire moments of optimism and happiness". These two statements, which define Coke's *2020 Vision*, could of course equally apply to music making.[1] Indeed, if Coke is to double its revenue, as it hopes, it will have to focus more squarely on consumers and become a more transparent and emotionally relatable brand with younger generations. Music can do the trick.

In 2015, Coca-Cola spent approximately $6.8 billion marketing dollars, about 15% of its annual revenue worldwide.[2] This number, coincidentally, approximates the annual value of recorded music sales in the United States, so the sum is of the first order. Although the particular proportion paid to musicians is unknown, if only one in every twenty dollars were disbursed on that count, a conservative estimate, the tally would be close to four hundred million dollars worldwide. Artist endorsements are thus not neutral to the business, and are profitable for those lucky enough to get them. And this is true even if wearing some *de rigeur* red is a must and any blue is expressly forbidden -- for the latter would remind consumers of its rival, Pepsi.

The Value of Music

Understanding lifestyle choices is key to Coke sales and music is the canary in the coalmine. The average American listens to more than four hours of music each day.[3] With consumption ranging from terrestrial radio to online streaming, and anything in between, advertising opportunities are endless. Consumer brands like Coca-Cola also need a more direct approach to the masses, and that is where multi million dollar deals with artists come in handy. An artist's bond with a fan base can both be exploited to make a stronger imprint on clients and yield clues about future behavioral trends, keeping the company current with the attitudes and habits of modern consumers.

This marketing strategy is not new. Coca-Cola's use of music in the United States dates back to its launch in the late XIXth century, when iconic and popular music hall singer and actress Hilda Clark helped establish the brand through printed ads. Ray Charles, Aretha Franklin, Elvis Presley, Taylor Swift, and Maroon 5, among others, have since taken on the baton for Coke, who is still outspends other soda brands.

Because the population pyramid looks so different in emerging economies than it does in matures ones -- where the bulge is typically among age groups of thirty and above instead of children and teens -- for Coke to survive, especially in the periphery, it has to refresh its image with a younger audience.

According to Coca-Cola's own *2020 Vision*, India, Indonesia, Nigeria, Pakistan, China, and the U.S. will contain half of the teen population by the new decade. That is where the company is focused in its quest to double its receipts,[4] i.e. among the approximately 1.8 billion people between the ages of 10-24 that account for the largest youth population in history. A self-proclaimed global lifestyle brand, Coke must tap music to reach its goal.

A new strategy was devised in the United States in July 2011, when the company launched a partnership with music licensing agency Music Dealers.

Music Dealers, founded in 2008, built catalogs of indie talent for companies to use in marketing campaigns and thrived on seeking artists who owned the rights to their own music. They also allowed artists to license their material beyond the Music Dealer catalog and split placement fees and publishing royalties equally. The relationship benefitted both the musician and Music Dealer's client companies. As far as Music Dealers was concerned, they landed mega brand customers like Coke and about $5 million in financing in the next three years.[5] If Coca-Cola was not going to develop talent itself, this was the next best thing.

The relationship, though, was volatile. Finding the right crossover international talent for Coke was never going to be easy, despite some early successes with a couple of unknown Swedish bands that were signed by Music Dealers in America. Coca Cola dissolved the affiliation in 2015, and Music Dealers, which had invested in global offices following Coke's early interest, went into bankruptcy.

In the meantime, Coca-Cola found a cheaper way to influence consumer culture and help emerging talent in countries with developing markets.

Coke still has a strong music influence globally through its prospering Coke Studio, a television series commenced in Brazil in 2007 that broadcast live recording sessions of up and coming local artists. Coke Studio was brought to Pakistan in 2008 and became an instant hit there, engaging nine out of ten TV-owning Pakistanis.[6]

The campaign worked so well in Pakistan that it became the exemplar for Coke's international marketing. Coke Studios were started in Africa, airing in Uganda, Tanzania, Kenya, Nigeria and Mozambique. Asia followed, in India and the Middle East.[7] Naturally, as Coke Studio expands, it promotes music in lesser-known cultures, which in turn creates special bonds of affection with local Coke drinkers. It also offers a great opportunity for artists to gain exposure as well as work with sponsored producers and a world-class production team.

The Value of Coca-Cola

The mission of Coke Studio in Pakistan and elsewhere has always been to cultivate a younger generation through the

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Coca-Cola (cont.)

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empowerment and transparency afforded by musical expressions of any sort. The goal is to transcend the boundaries of race, language, and religion and unite people through the "universal language of music". This is the roadmap with which the Coke brand builds loyalty over time.

Compared to foreign megastar endorsements, tapping the support of numerous local artists diversifies the intended consumer base and makes the product more authentic. Because of this, Coke Studio continues to expand in developing countries. In the current juncture, this is good for talent. Moreover, if record labels begin to come into their own again and start to appraise the risk of signing artists more leniently, the work that Coke Studios is doing, especially in developing nations, will help artists of all sort make a livelihood in music. This is because the object of Coca-Cola can hardly be the long-term production of talent. As an incubator, though, it may play an important role.

There are other noteworthy ventures with music. Recently, live streaming has gained momentum, and Coke, ignited by Cody Simpson's spontaneous live show at Copacabana Beach during Rio's 2016 Summer Olympics, has taken to sponsor live stream events for smaller artists around the globe.[8] The company also launched a music campaign in Canada during the summer, again directed towards youth. Its motto was "Play a Coke". It personalized logos on more than 60 million bottles with "shareable" moments such as "First Kiss," and "Class of 2016", and in each instance it produced a playlist consumers could access by scanning their bottle with the free "Play a Coke" app. Success is expected to breed more success, and Coke will repeat the offering in Canada this summer.[9]

Most significantly, Coca-Cola has bought an equity stake in Spotify in Nov. 2012. It has since made the streaming service an official global partner. This, of course, is all because the brand needs rejuvenation periodically among teenagers and young adults. For the first time ever, a mass consumer brand is playing the music market at the recording and distribution end. Only the major labels are in that category, for they are also invested in Spotify stock.

Coke is in the end demonstrating that today's music's patrons are no longer found from the ranks of players determined by sales of recorded product, concert ticket grosses, or music royalties. Today, the slogan 'Coca-Cola refreshes you best' should be playing well with musicians of all creeds. MBJ

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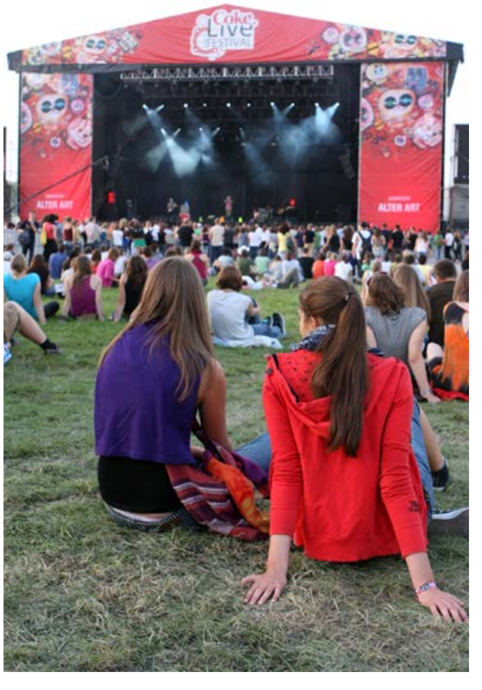

Quants (cont.)

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pos. Google and the Natural History Museum in London have used Jukedeck's compositions for advertising and promotional jingles. A machine-written composition pays no royalties, so the creators of Jukedeck believe they may have a new business model to exploit, saving retail on the intellectual property costs of Muzak plays.

Finally, it is worthwhile noting that Google's *Deepmind* has been used to create classical piano music, and its Magenta project seeks to use machine learning to create (sic) "compelling art and music". Thus, the future of algorithmic compositions, and the challenge for musicians therein, cannot be discarded off hand.

Conclusion

Across the board, both in music business and music production, there is a growing schism between the individual decisions made by musicians and their intermediaries and the more impersonal approach of technology companies. The market is devolving power to centralized tech-savvy operators for whom music is only of peripheral value. For Google and Apple propping up the music market is rarely the end of what they do. Music, rather, is used as a foil to accomplish other goals, like selling hardware or reaching users.

Pandora and Spotify work more in tandem with the music business. However, Pandora is financed through ads, not direct music sales. As for Spotify, it has relied for its growth on fresh money coming in from late investors like Coca-Cola and Goldman Sachs. As paid music subscription are yet insufficient to cover costs, and the current market value of the service exceeds revenues by a factor of four, it seems that Spotify's investors are more interested in things other than music. For them, music might well be the Trojan horse that can open up the big data treasure trove on a new generation of music listeners.

Thus, it must be admitted that if music's big data future is abetting the market it is also compromising its integrity. The intrinsic value of a piece of music is not as clear today as it once was, and in the age of automated purchases, this cheap product of mass consumption is worth more for what it tells us about the user. As the self-sufficiency of music making in the closed echo system of old is no longer an option, music stakeholders have to play the game differently if they are to survive. MBJ

Business Articles

Desert Trip's Multiplier Effects

By Ashley Cook

The Desert Trip music festival at the Empire Polo Club in Coachella Valley, Indio, California, has focused attention in the industry. This October offering was run out of season. It attracted a cross-country audience, much of it middle aged, of about 150,000 over two weekends. The lure was an A list of legacy acts, including Paul McCartney, The Rolling Stones, and Bob Dylan.

Planning started in May, and media coverage was relentless. The gathering of greats, put together by Paul Tollett of Goldenvoice, a subsidiary of top concert promoting company AEG Live, was expanded to two weekends when tickets for the show sold out within the first five hours. Approximately 400,000 people attempted to buy admission, exceeding the show's maximum capacity of 75,000 per day.[1] General one-day admission started at $199, three-day admission at $399, and reserved-seating three-day weekend passes sold for $1,599.

In the event Desert Trip became the most lucrative festival ever for Goldenvoice and probably made the all time record for music festival profits. Gross returns reached upwards of $160 million, not including expected proceeds from post-festival merchandise such as CDs, DVDs, and streaming. Revenue overcame production costs of nearly $100 million for a festival talent budget of $35 million. Each was reportedly paid upward of $5 million.[2]

Goldenvoice and AEG also run Coachella and Stagecoach in April and May, respectively, and neither festival seems to compare. The 2015 Coachella Valley Music and Arts Festival, one of the most memorable in history, grossed $84.3 million; Stagecoach, instead, fetched $21.9 million, so profits in both cases were much smaller.[3] The irony is that it took years of effort, smarts, and constant promotion to establish Coachella, since 1999, and Stagecoach, since 2007. Obviously, the power of stellar headliners together in one place like never before trumps even the best long-term marketing plans.

The Multiplier in Action

Goldenvoice operates all these festivals in Indio, a deliberate strategy. Coachella and Stagecoach are known to boost audiences in tandem. Since 2012 visitor spending has increased 60% at Indio on account just of Coachella and Stagecoach. The economic impact of both festivals is in fact larger, and the total spending multiplier has been put a total of $254 million in 2012 and $403 million in 2016. Desert Trip's instant success is estimated to have doubled that stimulus to $805 million.[4]

The affluence of Desert Trip's baby-boomers, the target audience of the festival, cannot be in doubt. The average ticket buyer was 51 years old, for an incredible performer mean age of 72. With almost half of all national festival attendees under the age of forty, Desert Trip was the first mega music festival to specifically cater to middle aged/senior audiences. A single stage setup helped, as did smooth evening sets, and a less electric atmosphere overall. It could be said that the object of Desert Trip was to create as little agitation or commotion as possible while building on the cross-generational, and more universal, appeal of its megastar acts.

Baby boomers, born post-WWII in 1945 to 1964, are currently the second largest generation -- the runner up to the millennial generation.[5] At 73 million, there is one boomer for every five Americans.[6] Moreover, they are the wealthiest generation.[7] Festival producers, of course, priced tickets, food, lodging, and reserved seating at a significantly higher rate than Coachella or Stagecoach in the knowledge that demand would be firm.

No doubt there was an experiential component that drove boomers too. They were willing to travel in search of their own cultural identity, embodied in the iconic Woodstock festival of their youth, where, in 1967, fresh lifestyle approaches were celebrated with music that, in so many ways, was the agent of change. Paul McCartney, the Rolling Stones, and Dylan were heroes they could embrace again.

The Value of Live Music

As shown above, Desert Trip demonstrates that the value of live music far outstrips concert ticket grosses. In Indo, CA, there were many multiplier effects from festival ticket sales. This is obvious, but needs to be spelt out better to make the case for the larger and positive indirect economic effects that music making has on the economy. For instance, when a property's rent is pushed up from $2K to $3K to accommodate the influx of festivalgoers at Coachella, the whole local community benefits, not just concert promoters.

Festivals are here to stay, so the case for live music as a driver of the entire music market will remain strong. According to Nielson Music, 52% of all music money spent in 2015 went to live performance, between live concerts, festivals, live DJ events, and small live music sessions.[8] As revenue from digital and physical music sales continues to decline, the industry will continue building its case that live performances is its own unique experience.

In the meantime, artists will oblige with the supply of talent for there is hardly a way out. Recordings are no longer the cash cow of the business, and projections of revenue from just live music ticket sales, based on data from *Pollstar* and *Billboard's Boxscore*, are growing overall, beating handsomely the growth rate of the US economy well into 2020.

In addition, live music has become the main source of income not just for starting artists but for marquis acts as well. In 2015, approximately 94 % of the Rolling Stone's $40 million dollar net income was derived from touring while streaming represented just 0.96%. In the same year, The Grateful Dead made $24 millions, 94% on live shows and only 0.48% in streaming.[9]

The economics of the business, in short, point towards more live music events and, from society's point of view, the typical transaction should not just be measured by a single purchase of a recording or a festival or concert ticket. There is much more to music than meets the eye. MBJ

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Business Articles

Managers of The World - Unite!

By Karin Harvey

Managers across the world are coming together to form communities where they can network and stay informed about current issues. Getting their artists to sign a record label contract is no longer the end game. Tech companies are taking on the distribution of music and business has to be drummed up there. The upshot is that alliances between music managers are becoming more prevalent. Music managers rightly perceive that negotiating collectively with powerful players, both on behalf of their artists and for themselves, is more effective. So a new type of interest group is slowly emerging from their ranks, both at the domestic and global level. These so-called Music Managers Forums, or MMFs, effectively argue their position as a key cog in the music supply chain.

MMFs and the IMFF

Today, there are at least nearly thirty countries with MMFs, and each one is managed as an independent entity. MMFs exist in Australia, Belgium, Luxembourg, Canada, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Portugal, Sweden, United Kingdom, USA, Italy, Spain and Estonia. They exist in Africa and in Latin America. Some MMF's are more organized than others and are active lobbyists in their own right, like those in the United Kingdom, Canada, and New Zealand. Others, like the Latin American and Scandinavian MMFs tend to meet only to discuss the course of general business affairs. They all belong and associate as members of a larger umbrella organization: the International Music Managers Forum or IMMF. The IMMF is the trade association that represents managers around the world, with membership currently well over 1,000. The IMMFs' base is in Luxembourg, chaired by Volker May, an independent record producer, publisher, and manager.

IMMFs advocacy can take many forms. In a statement released on September 2014, the IMMF shows concern that new deals between the rights' holding labels and publishers, on the one side, and digital service providers, on the other, are leaving them out. For the IMMF, "artists [are not shown] the deals that are being negotiated between the services and the rights holders who represent [their] music". The organization demands "an obligation for absolute transparency when rights are assigned in order to prove fair remuneration", for otherwise there can be no assurance that the resulting revenue will be fully shared with artists. Of course, if artists were given a seat at the table, managers would take a cut.

In May 2015 the IMMF addressed the release of the leaked contract between Spotify and Sony Music in 2011. Clause #4 of the well-known leaked document showed an advance of 40 million dollars by Spotify to Sony in payment of the 'establishment' of Sony's catalog – a payment that did not trickle down to Sony artists. Moreover, clause #14 noted that Sony Music would earn free and discounted advertising in exchange for the licensing their music to the service, again without the consent of artists. Sony Music, Warner Music, Universal Music, and EMI, and the independent record label network Merlin, all own a total estimated 20 percent equity share in Spotify, and this produces a serious conflict of interest while leaving the artist out. As the letter concludes, "a lot of the issues in the music industry arise from the failure to fully seize the digital opportunity to restructure business practices, and deal terms to reflect the changed environment." The reference here is to the lack of access to usage data and ad-revenue, as well as the subscription totals of the DSPs.

The UK's Example

If managers are left out of the digital loop between the labels and the DSPs, they are learning to cope. The IMMF has delivered training sessions in four different continents to ensure that managers around the world are properly equipped to take on new business opportunities and challenges. The IMMF also holds conferences around the world, taking advantage of important music industry events such as SXSW, Midem, and the World Creators Summit. Wherever emerging artists are showcased, there is case for the IMMF. A bi-annual General Assembly is held at Midem in Cannes, France, and the Reeperbahn Festival in Hamburg, Germany.

The Music Managers Forum in the United Kingdom stands out in its international reach and the scale of its projects. In a white paper, *Dissecting the Digital Dollar*, the UK MMF explores anomalies in the industry and summarizes managers' global viewpoints over 150 written pages. In an effort to delve deeper into the subject, this correspondent reached out to Jon Webster, its new President (and CEO from 2007 to 2016). Under Webster's leadership, the MMF UK has become the largest in the world, and pioneered the creation of the IMMF in Luxembourg.

Funding is essential to run an MMF. Webster's organization searched for funding from the government, but was denied due to the state's preference to support artists and not their representatives. Finally, Google ended up providing monetary support to the UK's MMF. Webster seems pleased with the compromise, for he has since been able to get artist data from Spotify that he would not otherwise have had. In fact, UK artists can observe a global dashboard of their plays and seem better served by the existence of the UK MMF than before.

There is a contradiction here, naturally, for financial support coming from the tech sector would seem to undermine the power of managers to set an independent course that better served their interest. Webster seems to have judged the outcome was still beneficial for his peers, and indeed it is hard to argue that being in the payroll of Google is definitive. Any funding might be better than none early on, and the UK MMF can now tackle other tech giants, such as Apple and Spotify. That it already extracted some benefit from the latter online service may be a sign that the compromise worked.

Labels, moreover, will still be around, so crafting agreements with them goes hand in hand with the right fight on behalf of managers and their artists. Says Webster: "As a manager, you understand that you might be fighting with a label about digital royalties one day and you have to ask for money for the video the next".

Conclusion

Overall, it seems that talent is being well served by the new work MMFs worldwide. The resilience of managers in the new digital juncture, and their sense that there is strength in numbers, surely benefits artists. Artists are not negotiating collectively and are more vulnerable without the MMFs than with them. Moreover, there is a movement within the management community that is refocusing its effort not on live music, where artists make most of their income, but on recordings. For talent, fighting by organized proxy for a better cut in the trade of master recordings, is a welcome development at a time when streaming revenue is taking over the industry and the promise of recorded music is better than it has been for a long time. MBJ

Business Articles

Live Music and Brexit's Cliffhanger

By Patrycja Rozbicka and Michael Conroy

Thinking about Brexit's fallout on the music industry has never been more urgent. Coverage in trade portals like the *Billboard* and *Pitchfork* is rising to a fever pitch. The general media, measured by publications like *The Guardian* and *Politico.eu*, is picking up the story on an almost daily basis, with analysts tending to draw a distinction between the immediate-short term effect of the referendum's "leave" result, and the long-term consequences of evoking article 50 for UK-European relations.[1]

This article focuses on possible short-term outcomes resulting from upcoming Brexit negotiations in a specific sub-sector of the UK's music economy, live music. A quantitative basis is given to assess the value and importance of this trade. Later, and for good reason, allusions are made to developments in Norway and Switzerland, and the US and Canada with a view to propose some possible scenarios that could point a way forward for the industry. Still, the conclusions are rather grim overall: Brexit will have negative repercussions for most live music stakeholders in the UK.

Great Britain and Europe

Europe, and in particular countries within the EU, matter greatly to the UK music industry. In 2014 the industry generated £4.1 billion with confirmed growth of 5%, outperforming the general UK economic growth of 2.6%. Music exports contributed £2.1 billion in 2014 to the UK economy, built up on 17% growth from 2013. The majority of these exports go to US and European markets, and almost in equal proportions. As much as 70% of the UK music publishing market is export oriented.

The corner stone of the UK music sector is live music. Data from *Music UK 2015a* and *Music UK 2015b* indicates that this particular sub-sector generated £924 million and employed 25K full-time employees in 2014: festival organizers, promoters, agents, production services for live music, ticketing agents, and staff at concert venues and arenas. Growth was impressive and, relative to 2013, a remarkable 16%. When performing musicians are added into the mix, the figure rises to almost 69K full-time equivalent employees. Taken in total, more than 17% of income within the live music sector is generated while performing in the European Union (the rapid growth in this sector is credited too for the search for alternatives to increase streaming and downloading).

Furthermore, 28 million people attended live music events in the UK in 2015. 38% of those were 'music tourists', i.e. overseas music audiences, and these generated a total of £3.7 billion in direct and indirect spending while visiting the country. Given the UK border entry visa requirements, and the costs of traveling from the areas further than Europe, it is safe to assume that the majority of those visitors were from European Union member states.

The value of Europe to the British music industry is thus well established. In the event, two-thirds of the live music business supported the Remain vote. Among them were individual artists like Bob Geldof and Paloma Faith, but also large corporate groups like Universal Music UK, the Beggars Group, and interest groups like the Music Managers Forum.

It is clear that both performing musicians and music intermediaries at live shows are the two parties that need attention in any renegotiation of terms that follows Brexit. Two scenarios that could model the current negotiations are, respectively, current arrangements with Switzerland and Norway on the one hand and the US and Canada on the other. Both examples are covered below.

Switzerland and Norway

Neither Switzerland nor Norway form part of the European Union, and Brexit would put Great Britain in the same boat. Like Britain, Norway and Switzerland are located in close proximity to the EU, and special arrangements have governed trade between those countries and the EU.

The Swiss solution is based on a series of bilateral treaties in which Switzerland adopted various provisions of the EU *Acquis*, i.e. the accumulated legislation, legal acts, and court decisions which make up EU law, in order to have privileged access to the Union's single market. Consequently, most of the EU conditions involving the free movement of people, goods, services and capital have applied in Switzerland. The arrangement is, however, not etched in stone and prone to dispute. For instance, a referendum on quotas for migrants in Switzerland in 2014 violated the EU and Switzerland agreement on the free movement of people and risked the termination of all bilateral agreements. In the event, Switzerland resolved the issue by accepting EU terms last December.

Norway is associated with the EU through its membership of the European Economic Area (EEA) and the European Free Trade Association. The EEA agreement grants Norway access to the EU's internal market through Norway's large "membership" fees to the EU. The arrangement facilitates free movement of goods, capital, services and people, but with exceptions. For example, the free movement of people specify only freedom of movement for workers and the freedom of movements of goods excludes food and beverages.

Switzerland and Norway's largest trading partner is the EU, and any deals those countries have made with Europe involve a *quid pro quo*. The Brexit vote will push Britain to make its own compromise. But although many legal loopholes are woven into these alternative arrangements, it is difficult to see that maintaining the *status quo* for touring artists will be a priority in closing any such new deal.

The Swiss example is in particular disillusioning for British touring musicians. Performing in Switzerland includes a Swiss motorway vignette, at a cost of around CHF 40 (US $40).[2] But, it is the ATA Carnet that cuts deep into tour returns. The Carnet is a temporary export document for professional equipment and goods being tentatively exported for display at trade fairs or exhibitions. It eliminates the need for customs declaration at border points and the deposit of a guarantee, bond, or cash deposit in the country of temporary importation. While it takes only 24 hours to obtain the document, or 1 hour in case of an express option, the price of the yearly ATA Carnet is £195.36 (US $160) and can cause severe delays at borders. At the moment, the ATA Carnet is required to even just transfer the equipment through Switzerland increasing the costs of tours. Although the movement of UK goods are, for the moment, exempt from the requirement inside the EU, this might change depending on UK-EU negotiations.

Additionally, this solution also presents performing musicians with further problems related to the nature of tours: on top of the transport of the equipment, which is included in the ATA fee, bands often travel

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with saleable merchandise. Bands are required to pay VAT on their merchandise upfront according to the total profit that would result from merchandise sales in Switzerland before entry is allowed. A refund for unsold items is to be received upon exit. This expense could run into tens of thousands paid upfront per country that require the ATA carnet.

Another element of the Swiss solution is a requirement of symmetric freedom of movement of workers and the self-employed between the EU and Switzerland. Any suspension of the free movement of the EU workers and self-employed EU citizens in Switzerland -- or for that matter Great Britain -- will meet with immediate response from the other side, putting Switzerland's -- and Great Britain's -- access to the single market under the threat. As much as one in five people in the UK live music sector are self-employed, so this will be far from being neutral to the business. British bands whose crews have British citizenship will maintain their freedom of movement until the UK formally leaves the EU. Assuming that reciprocity and freedom of movement for the EU citizens in the UK is maintained nothing need change. But full reciprocity is not taken for granted in the most recent Brexit White paper from HM's Government, and as reported by *The Guardian* newspaper early in February.

The Norwegian solution mirrors the considerations above, with one caveat: the exchange rate problem. The high rate of the Norwegian Krone already discourages Norwegian bands from performing abroad: according to *Music Norway 2013*, only 5% of the national music industry revenue was generated from live performances by Norwegian artists abroad. Given the recent 15% devaluation of sterling after the Brexit vote, many other European countries, including Switzerland, might follow the Norwegian example and tour less in Great Britain. Of course, a cheaper currency might encourage music tourism too, so British performers might stand to benefit, offsetting some of the negative consequences of the Remain vote on the live music industry.

The US and Canada

At the moment, EU membership gives the UK-based artist a right to work anywhere in the EU without a special work permit (*Treaty on the Functioning of the European Union*, article 45). Now, America's relationship with the EU also affords an alternative backdrop for a reset of the UK's live music industry with Europe. As will be shown below, the gist of it is that extra red tape will likely hit smaller touring units, and add more obstacles for labels to fund tours.

The relationship between North American countries, i.e. the US and Canada, and the EU is based on bilateral agreements. One of the most recent and debated examples is the Transatlantic Trade and Investment Partnership (TTIP), aimed at promoting trade and multilateral economic growth. However, it is still under negotiation more than a decade since its inception in 2006. Its main focus was market access and regulation, and the promotion of intra-trade cooperation by sector. But except for references to the use of intellectual property, which is relevant to songwriters and producers, the TTIP agreement is silent about the broader music industry and touring artists and personnel.

In particular, the matter of easier visa entry requirements for talent is not addressed. In the light of the noise generated by Brexit, there is no guarantee there will be forward movement on the topic any time soon -- which leaves US and Canadian touring acts with only the existing visa regulations in place. And a visa application is a big obstacle for North American artists hoping to tour Europe. Spain, France, Italy, Austria, Hungary, and Czech Republic, for instance, do not allow paid activity during a visa free stay and require instead a temporary work permit. Presently, performing musicians with US and Canadian citizenship can tour visa free in Belgium, the Netherlands, Germany, Lithuania, Poland, and Slovenia.

Where a work permit is needed it has to be supported by (i) proof of a beneficial economic impact for the country of destination, (ii) confirmation of employment -- an invite issued by a Europe-based promoter is needed, and (iii) an assurance that the operation can be fully financed by the band's own resources. The procedures are time consuming and costly and, in particular, affect smaller bands and self-employed individuals and the extra work might not justify the sponsorship of the European promoter. For new artists trying to break into EU markets this can make a big difference.

Overview

The above scenarios have assumed the possibility of a degree of special access to Europe by British bands. However, utterances by EU officials, and even the British Government, are discouraging. A "hard" Brexit, naturally, would affect the live music industry worst. In that case the 'four freedoms' of the European Union, i.e. the free movement of goods, people, services, and capital over borders, would be lost, and, apart from anything else, the transactional cost of doing business in the Continent would have become much more expensive and time consuming. More red tape is inevitable, and there will be more uncertainty attached to touring from stringent financials.

The drama is that music may not be a top priority in Britain's reset with the EU: leisure and entertainment may take a backseat to financial services, manufacturing, and agriculture. John Whittingdale MP, the UK's Secretary of State for Culture, Media and Sport, will have to make a strong case indeed for the economic significance of music in the UK to stand out before negotiations over Article 50, the starting point of Great Britain's departure from the EU, start in earnest. But this is a pity. The export of recorded and live music has served the country well in the past and Britain's newfound nationalism is likely to stand in the way of the industry's future accomplishments in the Continent.

However, history has its own rejoinder. The Beatles toured Hamburg, and honed their craft there, well before the UK finally joined the European Common Market in January of 1973. In fact, the 'British Invasion' that would later conquer pop had little to do with Great Britain's membership of Europe. The sobering thought is that talent usually finds a way. MBJ

Endnotes

1. www.billboard.com/articles/business

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Cinematic Games and Music Licensing

By Gabriela Barnes

Thought-through, grand, dramatic, and extensive compositions created from scratch to accompany the action of a video game seem to be the norm. Many of the most successful games, including *Final Fantasy, The Elder Scrolls, Grand Theft Auto,* and *Silent Hill*, have launched iconic soundtracks in their own right.[1] Two examples make the point. Full orchestras are currently touring and playing music worldwide from the fifteen game series of *Final Fantasy*,[2] while the main theme of *The Elder Scrolls*, 'Dragonborn', composed by Jeremy Soule, sold over 50,000 soundtracks since its release in 2012.[3] As many millions more buy the games, the music gets a lot of additional attention: *Skyrim*, the fifth iteration of *Elder Scrolls*, sold 30 million games worldwide since its release late in 2011.[4]

Now, more cinematic video games may be changing the dynamics of the industry. These games emphasize character development, storytelling, and extensive cut scenes rather than a typical 'point-and-shoot' mechanic. So, more and more, video game players are called to make decisions when the action stalls or loops, which demands more programmable outcomes from game developers.[5] The latter, naturally, are beginning to reconsider how sound will best work with their creations, and are nudging the video game market towards a more proactive purchase of existing music. This is good news for record companies and music publishers.

Cinematic Games

A good example is Dontnod Entertainment's *Life is Strange*. *Life is Strange* is a "five part episodic game that sets out to revolutionize story-based choice and consequence games by allowing the player to rewind time and affect the past, present and future".[6] Indie artists like Amanda Palmer, Mogwai, and Bright Eyes punctuate the action with their songs, and generate much licensing revenue of their own. Ultimately, of course, this is because the game creators considered soundtracks from these artists as pivotal to the narrative. The game has its own official Spotify Playlist, containing all of the music, with over 126,000 followers and the soundtrack itself accompanied all physical purchases of the limited edition version of the game.[7] It is estimated that the fan base of *Life is Strange* reached a million players before its final episode.[8]

An example of a cinematic video game from a larger franchise is *Tales from the Borderlands*. Created by Telltale Games, the game was licensed for use by the developers of the original Borderlands series.[9] *Tales from the Borderlands* was far more user interactive, and also licensed more songs than its parent predecessors, which mostly used original music. In addition to winning the Video Game Award for Best Game of 2015, *Tales from the Borderlands* won the award for Best Licensed Soundtracks that year. Yet there was no official Spotify playlist. Fans, numbered in millions, made their own. Neither was a soundtrack released for sale. This suggests that taking advantage of music marketing opportunities in video games is not always clear-cut, especially where the music is licensed and not contracted on a work for hire basis. The costs and permissions needed to play existing music was perhaps high, and if not the makers of *Tales from the Borderlands* still had to contend with the originators of the *Borderland* series. Either way, the music was not monetized independently.

Both *Life is Strange* and *Tales from the Borderlands* had strong character portraits and the choice was made to license music that engaged the character with the audience. But planning to break a video game soundtrack may not be easy at all. First, the game has to do well, and second, there can be no anchor like an A actor in a Hollywood movie, minimizing the risk of the investment (even then, there are no guarantees the movie will do well). Procuring top music talent is expensive, and needs the permission and comfort of the artist. Short of that, when the plots of video games become more cinematic, licensing indie music is much cheaper and can add variety to the user experience over a hired all-in-one composer.

Targeting Audiences

Video game audiences, moreover, are not easy targets. They may be harder to determine than a music audience, so planning for success and taking on higher upfront music costs is foolhardy. BuzzAngle, a new standard in the US for the daily tracking of all form of recorded music -- from single song sales, to album sales, and streams – cannot not do as well in the video game space because there are multiple platforms. Steam, a PC digital downloader, uses SteamSpy to record sales, user numbers, and play hours, but gaming giants like Microsoft (Xbox) and Sony (Playstation) are less transparent with their data. Because of this, it is difficult to get reliable quants, especially if the game happens to exist on all three platforms. And this, naturally, is historical information: useful but not dependable.

Another problem is the tendency for gamers to acquire games secondhand. This is because a new game can cost anywhere from $25 for smaller games to $60 for RPGs (role playing games) or MMOs (massively multiplayer online games). Some secondhand options include (i) borrowing or purchasing a game from someone who already purchased it, typically a sibling or friend; (ii) buying the game used from resalers such as GameStop; or (iii) renting the game from RedBox or GameFly. Finally, video games can be pirated too, although, unlike music, technology and the sheer size of the files involved act as a natural barrier.[10]

Conclusion

All of the above suggests that the growth in music licensing for video games is bounded by the risk inherent in the medium, its unpredictable and untrustworthy analytics, and the costs of buying the music, including the transactions necessary to clear it and monetize it beyond the video impression when the game is successful. On the face of it, this argues for a continued work for hire approach to acquiring music. Entertainment businesses, including video game creators, wish to minimize their overheads before release. Moreover, for video game makers, licensing top rate music is not a sufficient guarantee; the game must work for the player well and music is but a part.

Yet there are two forces working in the opposite direction. The first is the sophistication of story lines, and a more cinematic

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approach to action that is the necessary corollary of the early video games. This seems to demand more licensed music, and popular mid level artists may engage video audiences well enough and better than thought-through music by hired composers.

The second factor is that we may be living in the golden age of TV, and competition for the emotional strings of audiences is rife in series and mini-series. For video games to pull their weight, they might have to become more realistic and less puerile. If this were the way forward, there would be a bigger role for licensed music in video games than there currently is. MBJ

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Business Articles

2016 in Review

By Michael Kostaras

New developments marked the US music business in 2016,

There was welcome growth in recorded music sales driven by more streams and streaming services. Still, payments continued to be lost to Google's YouTube, much to the chagrin of artists and the labels. In a first, there were more incentives than ever for top artists to reconsider their existing recording contracts as well known online services vied to sign them up for exclusive releases at their sites. Here was another instance of a conflict between the old business guard and the tech companies.

Then there was live music. There was much more of it, and especially festivals. Places like Indio, California, host of Desert Trip, Coachella, and Stagecoach, even measured the total economic return of music to the local economy. At a remarkable two billion dollars, it approached this year's gross concert ticket sales.

Finally, the State seemed to encroach on civil society, when the Department of Justice seemingly redefined the practice of songwriting. It provoked a backlash by talent, music publishers, and PROs' ASCAP and BMI that is ongoing.

Below, we turn to these and events, and more.

Recorded Music and Streaming

The global industry has seen its second calendar year of growth, with an increase of 3%[1] in the first half of 2016 - mostly due to a significant increase in streaming. After nearly 2 decades of struggles with digitization, piracy, and slumping physical sales, digital revenue has continued its upward ascent , overtaking physical revenue for the first time ever and off-setting its losses. Of that digital revenue, 43% came from streaming. This, plus the fact that both physical and download revenues decreased, indicates that streaming is quickly solidifying its position as the preferred format of music consumption.[2,3]

The streaming model has become more strongly established over the past year as the number of paid subscriptions has grown to now encompass 37% of all Internet users.[4] However, many questions still remain in regards to obstacles like copyright infringement. In the quest for profitability and a set of standard business practices, new competition continues to arise and industry players experiment heavily with how to better position themselves against one another. 2016 saw continued dominance of the market by Spotify and Apple Music, which together have created more than 20 million new subscribers in the last year.[5]

Spotify, which has continued to negotiate successfully with the major labels, is the pre-eminent streaming service. They maintain a strong brand, and with the news of streaming's dominance over physical and digital sales, they enter 2017 with newfound clout. Spotify boasts an interface that offers social media functionalities and usability, and is laser-focused on converting their free-tier, ad-based revenue users into paying subscribers. The company's future will rest on their planned IPO, possibly at some point this year.[6]

Apple Music on the other hand has

the benefit of a large parent company with deep pockets, which can absorb marketing and development costs while the service creates its own foothold in the marketplace. With Apple's pre-constructed brand image, Apple Music poses a threat in that it has potential to be easily and deeply integrated, given more time.

Both of these services have a new competitor. Amazon has entered the fold with its Amazon Music Unlimited Service. Much like Apple, Amazon's aim is to mobilize and incentivize their already established customer base. They have announced multiple cheaper price points for their streaming service, reserved for subscribing Prime users and customers who purchased their new line of portable IoT speaker, Alexa.

One of the most visited sources for music streaming is of course YouTube. Though not explicitly a music streaming service, IFPI found that as of 2016, 82% of YouTube's 1 billion users are in fact using the service for music consumption,[7] dwarfing their competition's user rate. Traditionally considered to be a free video streaming service, YouTube's ability to contribute and/or detract value to and from the music industry is up for debate. Key to YouTube's open access, ad-based model is their protection within the "safe harbor" provisions of the Digital Millennium Copyright Act. In this way, YouTube is legally able to generate revenue without being required to compensate artists in the same way as other services. By June, more than 180 artists, together with the PRO's and major labels, had endorsed a petition to revise the DMCA, and blamed YouTube for lack of compensation.[8] At the moment, the U.S. Copyright Office and the EU Commission are conducting research into the effectiveness of current Fair Use provisions.

Other streaming services, such as SoundCloud and Pandora, find themselves fighting for every inch they can get in the effort to acquire more funding. SoundCloud, which like many streaming services has never turned a profit, was in talks over a potential buyout from Spotify. However, Spotify dropped out of the discussion in December, fearing that such a venture may jeopardize their planned IPO.[9] Pandora is in a similar position, where their operating losses have outpaced their increase in revenue. The size of Pandora's user rates and song libraries pale in comparison to those of Spotify and Apple, and it is increasingly difficult to see how the company will maintain its ground without a buyout in its future, with Sirius XM suggested as a potential buyer.[10] Pandora's hope lies in their plans to release an on-demand paid subscription service, Pandora Premium within the first half of 2017. Their projections say the service will increase their paid subscribers from 4.39 million, to 6 or even 9 million, within its first year.[11] To bolster the new service, Pandora will be looking to further integrate its acquisition of Ticketfly promoting live shows directly to its user-base, based on their listening patterns.[12]

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Piracy and copyright infringement continue to be problems for the streaming industry, but their prevalence has diminished if only slightly. MUSO, a company that specializes in anti-piracy market analytics, claims that music piracy has decreased by 5% over the last year.[13] Notably, the nature in which consumers pirate their music is changing: music pirates are opting to use YouTube ripping websites over P2P services, with audio ripping sites enjoying 25% more usage.[14] Through the decrease in piracy and the overall increase in paid subscribers, streaming seems to be moving towards the right direction, and is proving not only that music has not been permanently devalued in the eyes of consumers, but that it may be profitable once again.

By year's end, one of the hottest topics was that of exclusivity deals within the streaming realm. As competition has heated up, streaming services have resorted to signing artists exclusively, for varying periods of time, in order to rope in their fan bases. Even the newcomer Amazon managed to sign an exclusive deal with Garth Brooks. For streaming services, this practice is effective: In the first week after Beyoncé's *Lemonade* was exclusively released on Tidal, more than one million accounts were created.[15] However, others within the industry criticize the use of exclusivity deals on the basis that it has potential to alienate customers, encourage piracy, and that it diminishes overall consumption of the artist's songs. In August, Lucian Grainge, CEO of Universal Music Group, released a memo asking that the practice be "outlawed". The reason given for this decision is that Universal, which does the majority of its business outside the U.S., gets hurt when its artists are exclusive to streaming services comprised of mostly U.S. users, such as Apple Music.[16]

Though apparently not a factor in Universal's decision, Frank Ocean undeniably created frustration for the label with his bait-and-switch release tactics. First, in order to fulfill his final contractual option to Def Jam (a UMG label), Ocean released the visual album *Endless*. However, shortly after being let go he issued the "real" album independently exclusively through Apple Music -- the critically acclaimed and top selling *Blonde*.[17] In future, much to the chagrin of the labels, some artists may begin to opt, like Frank Ocean did, for direct deals and upfront payments from streaming services.

Songwriting and Publishing

The Department of Justice shockingly reinterpreted its consent decrees with BMI and ASCAP, a decision that will have far-reaching effects on how business as usual is carried out. DOJ ruled that BMI and ASCAP must adhere to a 100% licensing requirement, thereby doing away with the previous norm of "fractional" licensing. The result is that a copyrighted work can no longer be collected by multiple PRO's at once, and instead must be assigned to only one. This makes collaboration on a song unnecessarily complicated for artists by creating an environment where songwriters would be forced into working exclusively with other songwriters within their own PRO.

ASCAP and BMI, who originally wanted to do away with the consent decrees completely, both insist that fractional licensing is the most efficient and desirable practice. The two PRO's have promised to fight the DOJ, claiming that this decision will result in more administrative costs, less bargaining power to negotiate royalty rates, and a stifling of songwriters' ability to collaborate and create with each other.[18,19]

Live Music

Throughout 2016, as with the past 15 years, live music has remained a reliable revenue stream for the industry in the presence of declining sales. *Pollstar* year-end numbers calculated worldwide concert grosses to reach about $9 billion in 2016.[20] Goldenvoice, a subsidiary of promoter AEG, contributed a large part of that sum: their annual festival Coachella is reported to have created $704 million in total economic activity.[21] Then Desert Trip, also put up by Goldenvoice, became the marquis live music event of the year, and improved Coachella, generating a total activity value for the local economy of of $805 million. Indio, California, did well. The festival grossed an estimated $160 million in ticket sales, making it the highest-grossing concert in history.[22] Dubbed by the Internet as "Oldchella", the selective line-up consisted of only the most commercially successful legacy acts of the rock n' roll generation, featuring artists Paul McCartney, Bob Dylan, Roger Waters, Neil Young, the Who, and the Rolling Stones. Expectedly, the main demographic of the show were baby-boomers, and with the overwhelming success of the festival it's possible that the industry may find ways of further targeting that demo in the future.

Last but not least, the three highest grossing tours of the year were by Bruce Springsteen and the E Street Band ($268 million), Beyoncé ($256 million), and Coldplay ($241 million).[23]

Talent

Artists themselves made headlines in a variety of ways over the course of 2016.

Newcomers The Chainsmokers' hit single "Closer" spent 12 weeks atop the *Billboard* Hot 100 chart.[24] Beyoncé, Drake, Chance the Rapper, Frank Ocean, and David Bowie, and Adele all released albums that garnered widespread recognition and critical praise, through high chart rankings, award wins and nominations, and an nual "Best of" lists.[25,26,27]

At the Grammy's Adele came away the biggest winner, with five awards, including Best Song, Best Record, and Best Album of the year. David Bowie also won five Grammys posthumously for his album *Blackstar*, and Beyoncé's *Lemonade* won Best Urban Contemporary Album. Chance the Rapper won two for Best Rap Album, and Best New Artist, and in doing so made history as the first independent, "streaming-only" artist to win a Grammy.[28]

Bob Dylan was the first musician in history to be awarded The Nobel Prize for Literature, sparking a hot debate between both supporters and detractors from the global music and literature communities. In the end, he respectfully accepted the award, but lamented that he would not be able to attend the ceremony, due to prior obligations.[29]

And whether by accident or not, controversy was not far from the surface in a politicized environment where the November election loomed large in everyone's mind. Kanye West, for example, made headlines when he stopped a concert short and went on a political rant.

In 2016 we also said our goodbyes to such legends as David Bowie, who reshaped popular music with his progressive-minded persona-driven brand of glam rock n' roll; to Prince, a genius, in so many ways; to pop icon George Michael, always suave and captivating; and to Leonard Cohen, the minstrel of candor. MBJ

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Music and Society

A Farewell to Chuck Berry

By Michael Kostaras

John Lennon once said, “If you tried to give rock and roll another name, you might call it Chuck Berry.” The Beatle knew. So did Keith Richards, of the Rolling Stones. Richards introduced himself to Mick Jagger at a train station in 1960 only after he noticed Jagger was carrying under his arm, on his way to school, Berry’s album *Rockin’* at the Hops.

It was a sign of Chuck Berry’s universal appeal that he directly influenced the playing and songwriting of the two most iconic acts in rock history, both British. Chuck Berry’s guitar riffs, were sublime; the joy that he, a black man, conveyed in his lyrics was infectious. Leonard Cohen, a careful wordsmith, would say that, after Chuck Berry, all rock lyrics were mere footnotes to his talent. Indeed, his humor, unusual for the times, and applied to all manner of topics, including car trysts and civil right issues, arguably took the genre out of the closet. He engaged teenagers, although he was older, and surely made rock more acceptable with their parents.

Musically, Berry singlehandedly recreated electric guitar playing and established it as the central instrument in rock and roll. With the help of pianist/songwriter Johnny Johnson, he scored countless top hits for his Chess Records label, and created some of the best known songs in rock, including ‘Maybellene’, ‘Johnny B. Goode’, ‘Roll Over Beethoven’, and ‘Sweet Little Sixteen’ (on which the Beach Boys modeled ‘Surfin ‘USA’, for which they were sued).

Here was an artist that could be emulated on stage with a small combo – even without his famous duck walk. It should be remembered that before Chuck Berry, rock and roll was only a sub genre of R&B, bearing the influences of jump blues, boogie-woogie, and swing. Berry’s explosive 1955 hit single ‘Maybellene’ changed all that and instantly made guitar-driven rock the norm. That was the starting point that would lead to the Beatles, The Stones, and the Beach Boys, and many other later groups formed as quartets of lead guitar, rhythm guitar, bass guitar, and drums.

‘Maybellene’ was unusual for the times, a hybrid that also seemed to mesh racial divides. The song is a reworking of ‘Ida Red’ by the western white swing group *Bob Willis and his Texas Playboys*. It displays a distinctly country feel, with a vocal delivery that could be described as a cross between Hank Williams and Nat King Cole. The song’s most distinct mark may be Berry’s distorted electric guitar tone, and his use of T-Bone Walker-inspired, though highly personalized, guitar licks.

The crossover appeal of Berry’s music was not an accident. It can be explained by his musical influences, but that may be only a part of it. Berry was intent on reaching a growing audience of teenagers born after World War II that listened to radio to find their music and began to take to the highways more. Chuck Berry ‘s lyrical content strove endlessly to capture this, a golden age of American capital, and he painted a mosaic of teenage school hallway antics and jukebox plays at the local diner, town hall dances and lover’s lanes, while reifying, at the same time, cars like the Cadillac Coupe de Ville or the Ford V8. Other artists, notably The Beach Boys, would later do the same. But Berry was there first and constructed a visual edifice behind his lyrics that would continue to define rock and roll for generations to come.

So it would be in character for Chuck Berry to claim that he foresaw the mass appeal of his art well ahead of the curve. He dismissed his critics, who saw his cheekiness as inane. It was teenagers that related, and that was all that mattered, for they would be the standard bearers of a new America. He was right, of course, and put rock on a pedestal for the world.

In America, whether a listener was black or white, urban, or suburban, a teenager at the middle school ball, or an assembly line worker at the auto factory, Chuck Berry’s music always seemed right. Behavioral issues -- he eloped with an under age teenager -- hampered him during the British pop invasion of the early 1960s, when he spent two years in jail. The audiences were whiter than ever by then, but still related. Yet Berry would never be able to shake his image as a heritage artist going forward.

Early after the British invasion, he felt forlorn and sidelined by the Beatles and the Stones. Money became an issue and he set to remedy the paucity of royalty money coming in from his recordings. To the end of his days he toured as a front man, dropping in on bands across the country that knew his tunes, thus saving costs.

Keith Richards would later take him under his wings, and paid him for a TV special. By then Chuck Berry’s finances had recovered. If, admittedly, he paid little attention to business early on, he did not do badly. When he died he was worth nearly $ 50 million. Given the financial prowess of rock stars today, this might still fail to impress. But surely, Chuck Berry’s real happiness was both that every baby boomer owed him an immense debt of gratitude for his music and that the most famous rockers of all time explicitly trace their lineage back to him. MBJ

Berklee College of Music

Music Business Journal

Volume 13, Issue 1 www.thembj.org May 2017

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