

SPOT 2015 - STREAMING+ - REFERAT

Keynote:

Daniel Nordgård, [Universitet i Agder](#), Norge

Is streaming the Digital future for music?

The existing research was performed by people in the technology sector, but the musicians and the labels needed some independent research. The technology sector claims that there is only block in the road for streaming is legal rights and revenue division.

The musicians have a lot of expenses that needs to be covered – especially marketing. They thus wanted to get further insight into how the streaming affects their business.

Findings:

Overall music sale rose 7% in 2012-13 which is due to streaming.

In 2014 it has evened out (streaming has risen but physical sale has dropped and thus evened out the overall sale) Streaming is 80% of Norwegian sales.

Daniel believes that Norwegian music is losing out on the digitalization.

Physiological Research shows that the more options you have to choose from, humans tend to go for the familiar or not to shop at all. In connection to streaming, this is why marketing is important. Streaming services also confirm that the work with artists /[labels](#) that have marketing budgets/plans.

A rising tide lifts all boats - however when wages increases, the gap between high- and low earners also increases. We therefore have to figure out how we can redistribute income before the sale. Curation is significant for the future of streaming.

The Norwegian government should give out a portion of money to marketing in order to test the effects of curation in streaming. We need to have an anti-black-and-white approach to Streaming and the discussion about streaming.

Mythbusting:

Rasmus Rex, Phd RUC/RMC

Is the music industry in crisis? IFPI show decreasing turnover but from KODA it show that there has been an increase and so does the live-scene. There has thus been a growth on an industry level.

Is streaming a super star economy? Research shows that 2% of the artists played on WiMP in Denmark in August 2013 represent 40% of all streams, so the streaming IS a Blockbuster economy but we also need to take into account how much is available on the streaming services. Streaming has much more to offer their users and you thus compare the small-niche artist with the commercial artist. It is very hard to make comparisons because the offers are so much wider – you can argue that streaming is a Blockbuster industry but it also distributes niche artists and give them exposure that the traditional physical record stores don't.

Is streaming only profitable for young mainstream artists? You need to differentiate between the user-interactivity. We need to critique them separately. Also people who buy at record stores want to listen to different kinds of music than those who stream. There is a need for more research in the area of revenue division and a better understanding of streaming. You can however say that when a huge star has a high number of fans, who stream his/her music extensively – they are creating revenue for other niche artists. Age is also a determining factor because the younger audiences are much more active than the older generations. So if you are an artist aimed at an older audience, you are likely to make less of streaming.

Where is the development going? More and more people pay for streaming services but it is questionable whether streaming alone can get the recording industry back to the same level as it was in 2000.

Challenges:

- Telco bundles devalue the streaming services because it feels free for the customers. And they push revenue per user down.
- Freemium. You could stop it – but then what about piracy? If you demanded payment it could drive people back to piracy

Labels perspective:

Lasse Lindholm, Head of Communications, IFPI

They see themselves as the Lion and did not see that anyone else could take over his territory. BUT streaming/digitalization came and changed the territory division.

How did the Danish industry react: We don't have a problem – the consumer do! They threatened the end-consumer. Most people then saw them as a dinosaur because they didn't handle the change in the industry.

They industry then had a change in strategy: Legality vs. legitimacy. The consumers had a completely different take on the industry that the industry had themselves, so they changed their belief to: The consumers have a problem – WE have a problem. We need to make sure that the music is available in the format that the consumers want.

The market situation today: Denmark doesn't have a streaming player with global ambition, so there is much more competition in the Danish streaming market. Piracy has diminished and this shows that the industry has to cater to the needs of the end-consumer in order to be successful.

Downloads could never compensate for the drop in physical sales, but streaming has been able to do so!

There is more cultural diversity on streaming than on physical sales (top artists/albums are what sell) but the sales has to be divided which is the issue at hand today.

The debate in Denmark – we can't rest on the laurels. Things are going good, but they can be better.

Labels perspective: Mapping of royalties

Helene Rohde, Senior Consultant, Rambøll Management

Decline in revenues since 2000 – mostly in the international repertoire – the Danish music repertoire is doing well compared the other markets.

The study was based on the data from four IFPI members. These four IFPI members had an increase in royalties (Paid out royalties to artists on ALL media) during the time frame of the analysis. In the years of transition royalties have increased more than revenue. The artist seems to be getting better in negotiating their deals. It is however also because of technology allowing artist to be more active in connecting with their fans via social media.

Labels perspective

Morten Hjort, Universal Music

Before you were doing marketing for a purchasable products: Buy once – use always.

Morten believes that downloading never worked – streaming however does, because it is user friendly. Streaming has indeed increased – but the percentage of people who pay for a streaming service is relatively low seen on a global scale.

Morten believes that we will not see a new music format. Technology is already so embedded in the consumers' daily lives and they might shift between the existing formats but streaming is the end-product.

The income of the stream will take longer time to come so marketing is crucial. You change from a selling position to focusing on user-attention.

The positives of streaming:

- We don't sell – we recommend.
- It is easier to get into a global market
- We no longer have to talk about demographics and markets – we can now market to a single user.
- High value for users
- Easy access better eco-systems

The negatives of streaming:

- There are so many different services and deals which makes it really hard to fully understand the industry
- Revenues takes longer time to come in
- The percentage that artists get paid – how do we divide the pie between the artists?
- Benefits the major labels most – not so much the small labels that have less resources to process data, do promotion etc.

Best practice:

- Identify the users
- Think global from the get go
- Marketing is the 'new' black!
- Create free content
- Be careful about the numbers-game. Don't get too focused on numbers.

Songwriters, musicians & managers perspective:

Helienne Lindvall, The Guardian

Crispin Hunt, FAC

Jake Beaumont-Nesbitt, IMMF

FILMET

KODA – YouTube

Niels Mosungaard

FILMET

Streaming & Big Data

Christian Taagehøj, Value proposition: insight into customer behavior

Streaming, social media & big data is the same for Christian – they all go hand in hand and affect each other.

Big data: made possible by digitalization – and increased storage capacity.

How much data is big: ALL data – we need to use all data.

What is big – what is small: If you measure how much you run through Nike's device, the data you record will be little data. BUT when it is then passed on to Nike for them to use, it is big data.

When you use data in marketing you can't guess! When you use it in streaming you base it on the users own interaction with the media.

Big data in streaming: recommendation algorithms, when you discover new artists through recommendations made by the streaming device.

Relevant data sources:

- FACEBOOK ANALYTICS
- STREAMING DATA
- SOUNDCLOUD
- TICKET SELLERS
- GOOGLE ANALYTICS
- WIKIPEDIA (PAGEVIEWS)
- SALES NUMBERS
- LABEL DATA
- INSTAGRAM (MEASURE COMMENTS, LIKES ETC. MAKE IT INTO DATA)
- LIVE DATA
- ETC.

Big Data is important for artists/managers because the fan market today is so fragmented. How do you make use of fans and their knowledge when they are located in different countries all over the

world? You gather data from relevant sources and analyze it – get to know your audience and your potential audience! From these findings you can work on new strategies etc.