

WINTEL WORLDWIDE INDEPENDENT MARKET REPORT 2018





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BIMA	BELGIUM
CIMA	CANADA
DUP	DENMARK
IMCJ	JAPAN
FONO	NORWAY
IMI CHILE	CHILE
IMPALA	EUROPE
IMNZ	NEW ZEALAND
INDIECO	FINLAND
INDIESUISSE	SWITZERLAND
LIAK	SOUTH KOREA
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PLATFORMA	CZECH REPUBLIC
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VUT	GERMANY

ABOUT WIN

HENRIETTE HEIMDAL [PROJECT MANAGER, WIN](#)

The Worldwide Independent Network (WIN) is the coordinating body for national independent trade associations representing the recorded music industry around the planet. Launched in 2006 in response to global business, creative, and market access issues faced by the independent sector, WIN collectively advocates, instigates, and facilitates for its membership.

IN ADDITION TO THE NETWORK OF ASSOCIATIONS, WIN HAS A NETWORK OF LOCAL REPRESENTATIVES FROM TERRITORIES WHERE THERE IS CURRENTLY NO TRADE ASSOCIATION, INCLUDING:

CARIBBEAN	NIGERIA
CHINA	POLAND
INDIA	ROMANIA
IRELAND	SOUTH AFRICA
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FOR MORE INFORMATION PLEASE VISIT:

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WIN GRATEFULLY ACKNOWLEDGES THE ASSISTANCE PROVIDED BY EVERYONE WHO HAS CONTRIBUTED TO WINTEL 2018

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MIDIA RESEARCH

MIDiA Research is a boutique media and technology analysis company.

Mark Mulligan is the Managing Director of MIDiA Research and a long term media and technology analyst and a leading thinker on the music industry's digital transition. Mark has 15 years of media business analysis and consulting experience, working with leading global media, technology and device companies. Mark heads up MIDiA's music research and oversees all of MIDiA's research output. Mark is the author of the industry leading blog Music Industry Blog. He is also author of 'Awakening: The Music Industry In The Digital Age' the definitive account of the rise of the digital music market.

Karol Severin is MIDiA's lead analyst for research on the mobile content economy. Karol's research covers all aspects of mobile content including the mobile app economy, freemium strategy, mobile consumer segmentation, payment tactics and mobile discovery. Prior to joining MIDiA Karol gained experience in a number of marketing and research roles and as a technology start up founder. Karol is based in their Berlin office.

MUSIC ALLY

Music Ally is a knowledge company. We have more than 15 years worth of information, experience and data on the global music business.

Our daily news and weekly insight briefings cover markets, technologies, trends and viewpoints that are shaping the modern industry. We are also the leading training provider on digital growth and development in the music industry, and work with artists, labels and managers at all levels on digital marketing strategy and campaign execution.

We also organise and run our own events, including the Sandbox Summit music-marketing conferences, and (in partnership with Music Biz) the NY:LON Connect conference in London and New York.

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INTRODUCTION

ALISON WENHAM **CEO, WINTEL**

As 2018 draws to a close, we are delighted to publish the third edition of WINTEL which maps the global market share of the independent recorded music sector using copyright ownership rather than distribution as the measurement criteria.

2017 established the highest market share for the sector since the early nineties when scores of independent companies were acquired and removed from the indie sector. Increasing from around 20% in 1998 to 39.9% in 2017, during the most turbulent period of the industry's history, is an astonishing achievement.

As always we make the case that measuring music industry market share by copyright ownership continues to be the most legitimate method as distribution is interchangeable and involves only a modicum of risk, whereas investing in the creation of a copyright in the first place is the biggest risk that any artist or music entrepreneur can take. Getting it to market is thereafter a question of choice for the artist.

Choice is now the most defining feature of the global music industry—artists have every imaginable route to their fans, from direct uploads to full service contracts, but what is clear from the report is that once an artist has signed to an independent label, they choose to stay.

An average of 76% of artists choose to renew their contracts with their independent record company. This is a sure sign of a successful and enduring creative partnership as well as a successful business alliance.

Also causing the global industry to sit up and take note in 2018 is the rapid rise of the so-called emerging markets with China enjoying a 36% rise in revenue growth, Asia & Australasia seeing a 5.4% spike in revenue and streaming growth of 38%, while Latin America powers ahead with overall growth of 17% and an almost 50% rise in streaming revenues.

The speed at which these markets are gaining influence both commercially and culturally has surprised everyone and independent companies have played and continue to play a major role in what is a hugely positive development for the global industry.

In conclusion it has been another challenging twelve months for our industry on a number of levels but we have emerged with powerful new legislation to protect our interests, fantastic growth in some unexpected territories and increasing support from music fans who have continued to enjoy and engage with the amazing music coming out of the worldwide independent community.

IN ORDER TO TAKE THE PULSE OF THE GLOBAL INDEPENDENT RECORD LABEL MARKET WIN COMMISSIONED MIDIA TO CONDUCT A MAJOR GLOBAL SURVEY OF INDEPENDENT LABELS ACROSS THE WORLD.

(MORE DETAILS ON THIS SURVEY CAN BE FOUND IN THE METHODOLOGY SECTION AT THE END OF THE REPORT).

KEY FINDINGS

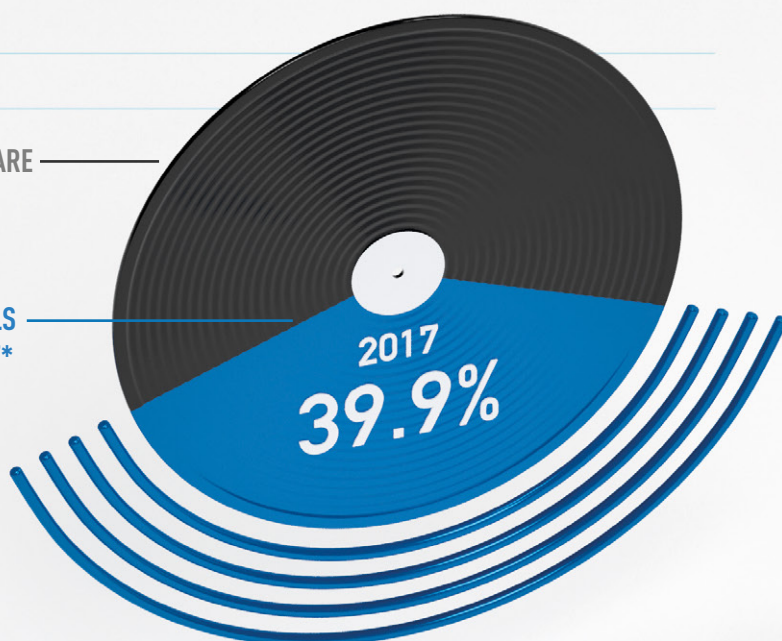
INDEPENDENT LABEL GROWTH



2017 MARKET SHARE

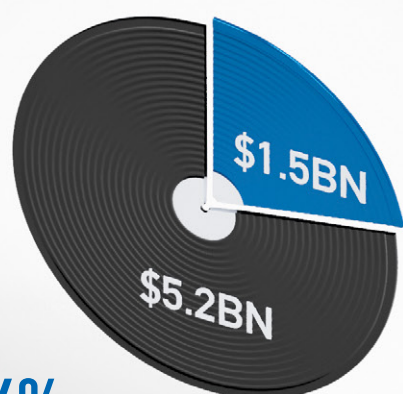
GLOBAL MARKET SHARE

INDEPENDENT LABELS MARKET SHARE 2017*



*AN INCREASE FROM **38.4%** IN 2016

DISTRIBUTION



22.4%

OF INDEPENDENT REVENUE DISTRIBUTED BY MAJORS

GROWTH IN STREAMING REVENUE



THE INDEPENDENTS SAW A **46%** INCREASE IN STREAMING REVENUES.

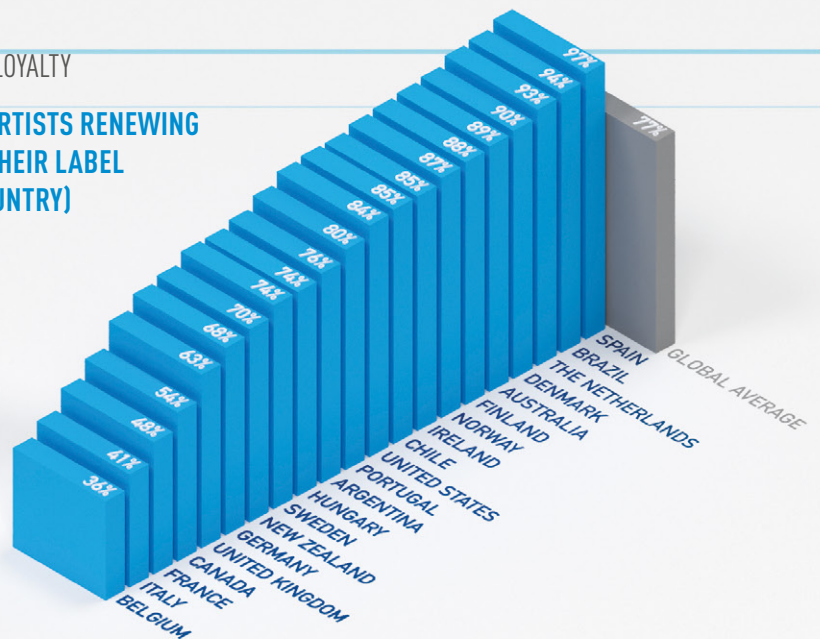
ARTIST LOYALTY

77%
OF ARTISTS
CHOOSE TO
RENEW THEIR
CONTRACTS WITH
INDEPENDENT
LABELS



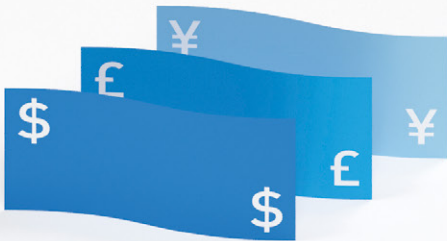
ARTIST LOYALTY

% OF ARTISTS RENEWING
WITH THEIR LABEL
(BY COUNTRY)



ARTIST DIRECT REVENUES

ARTISTS DIRECT
REPRESENT **\$101M**
IN 2017



UP FROM \$94M IN 2016

GLOBAL INDEPENDENT MARKET SHARE

INDEPENDENTS ARE
POWERHOUSES IN
JAPAN AND
SOUTH KOREA



OVERSEAS INDEPENDENT REVENUES

31%
OF INDEPENDENT
REVENUES COMES
FROM OVERSEAS



THIS YEAR'S WINTEL REPORT IS BASED ON THE MOST COMPREHENSIVE SURVEY YET OF THE ANNUAL MARKET SHARE OF THE GLOBAL INDEPENDENT SECTOR.

THIS PIECE IS AUTHORED BY STUART DREDGE, WITH DATA INSIGHT FROM MARK MULLIGAN OF MIDIA.

THE GLOBAL INDEPENDENT SECTOR IN NUMBERS

WRITTEN BY STUART DREDGE

Based on respondents from North America, Latin America, Europe and Asia who represent between them annual revenues of \$1.9bn, the survey includes companies whose revenues range individually from less than \$1k a year to more than \$300m.

The findings tell a clear and powerful story: independents are the fastest-growing sector of the global recorded music industry; they are benefiting from the industry's transition from sales to streaming, and the loyalty they see from consumers, employees and artists alike demonstrably shows the respect and moral authority they command, at a time when fairness and transparency has never been more important, nor more talked about.

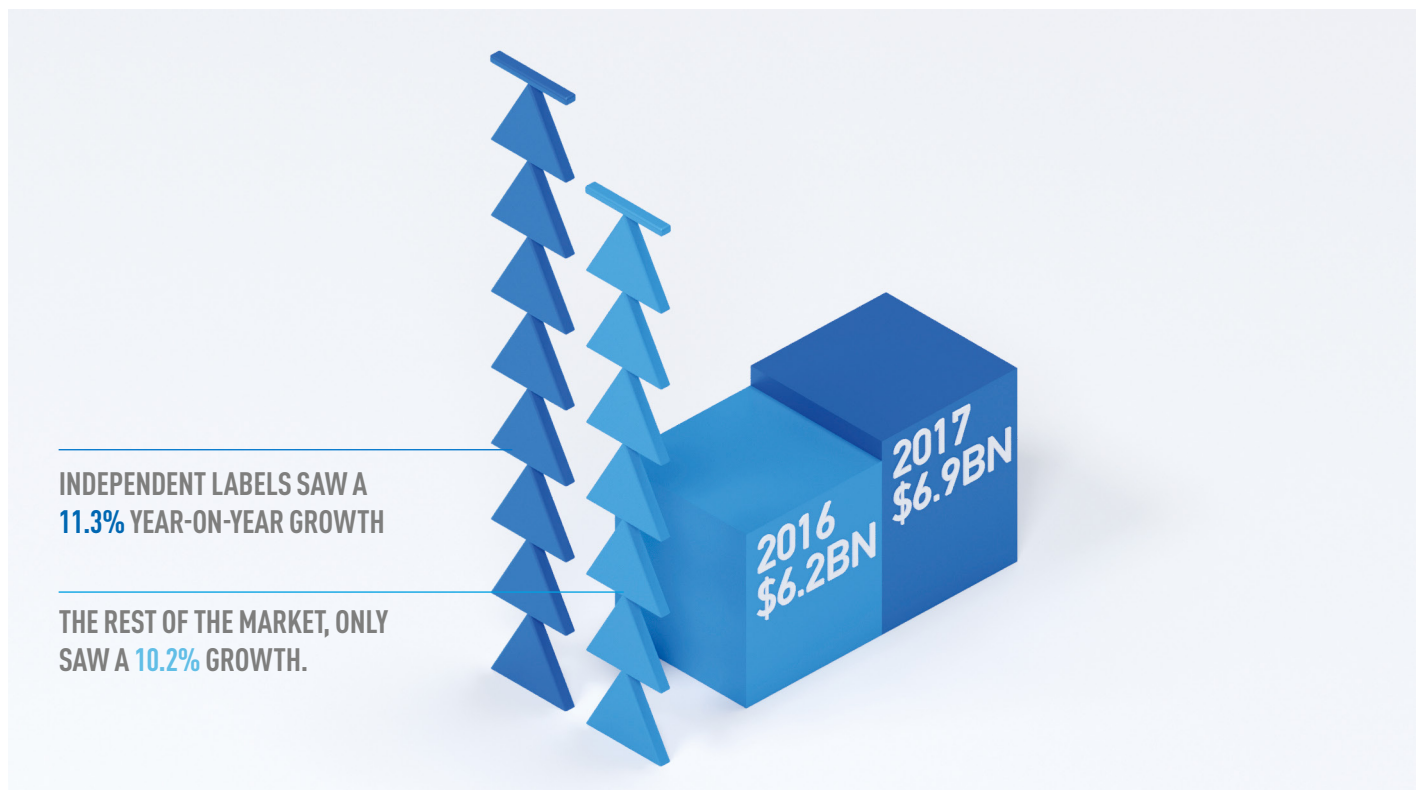


Stuart Dredge



Mark Mulligan

INDEPENDENT LABELS OUTPERFORMED THE MARKET IN 2017



WINTEL /MIDIA Research Independent Market Share Model (07/17)

THE FINDINGS TELL A CLEAR AND POWERFUL STORY: INDEPENDENTS ARE THE FASTEST-GROWING SECTOR OF THE GLOBAL RECORDED MUSIC INDUSTRY

Independent labels grew from \$6.2bn in 2016 to \$6.9bn in 2017, which was growth of 11.3% year-on-year. What's important about that figure is that indies outperformed the overall music market, which grew by 10.2% last year.

Independents also increased their total market share to 39.9% in 2017 with their growth outpacing that of the major labels, whose revenues grew by 9.7% that year.

MEASUREMENT OF THE MARKET BY OWNERSHIP NOT DISTRIBUTION



22.4%

OF INDEPENDENT REVENUE
DISTRIBUTED BY MAJORS

WINTEL / MIDiA Research Independent Market Share Model (07/17)

Nearly \$1.5bn of independent label revenues came from labels and artists whose music was distributed by the major labels—through their in-house distributor and label-services divisions (Caroline for Universal, The Orchard for Sony Music and ADA for Warner Music).

Some industry metrics count these revenues within the major labels' market shares, but WIN believes that it is vital to measure the market not by who distributes music, but by who owns it: when independent labels shoulder the risk of signing artists and investing in their music, it should count towards their market share.

Major-distributed independent music accounts for 8.6% of the total market, and 22.2% of the independents' market share: it's a significant sum that should be assigned accurately.

MAJOR-DISTRIBUTED INDEPENDENT MUSIC ACCOUNTS FOR 8.6% OF THE TOTAL MARKET, AND 22.2% OF THE INDEPENDENTS' MARKET SHARE

STREAMING REVENUES ARE GROWING STRONGLY



THE INDEPENDENTS SAW A **46%** INCREASE IN STREAMING REVENUES.

WINTEL /MIDiA Research Independent Market Share Model (07/17)

By the end of 2017, 176 million people were using music-streaming subscription services globally, according to the IFPI, which was up by 64 million on 2016. This growth in streaming—and in paid streaming—is great news for independent labels.

Independent streaming revenues grew by 46% in 2017 to \$3.1bn, and now account for just under 44% of the sector's overall income, compared to 33% in 2016. We're approaching a tipping point—perhaps even this year—when streaming will represent more than 50% of revenues.

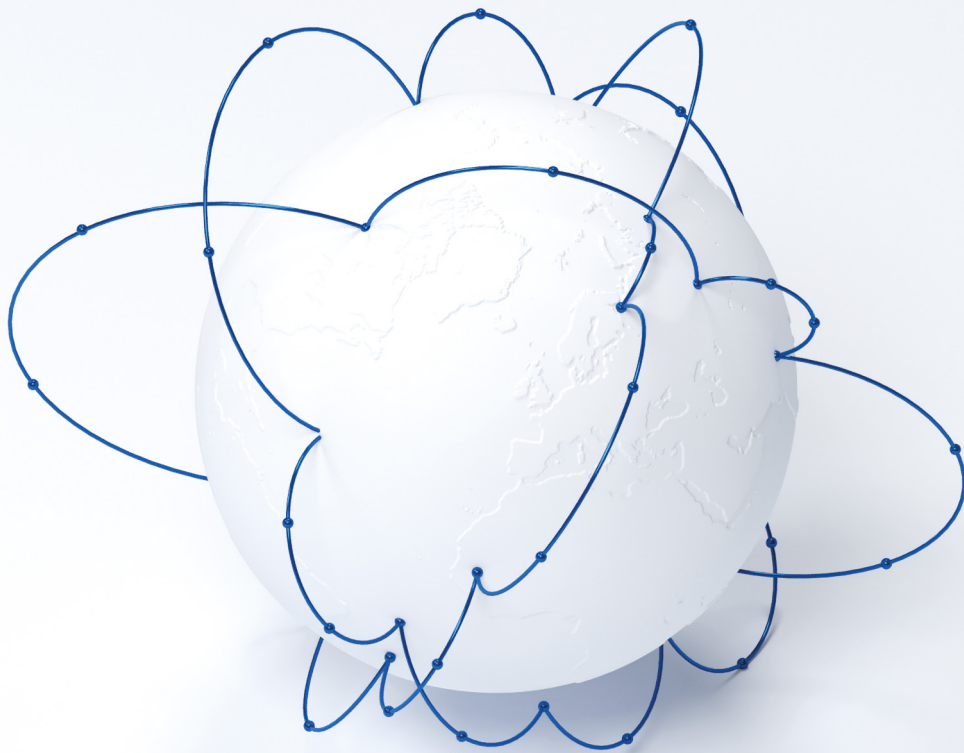
This growth is no accident: independent labels have been quick to adjust their businesses to streaming. 47% say that streaming makes their cash flow easier, but that rises to 73% for labels where streaming is already more than 30% of their revenues.

These figures also hint at another encouraging trend for independent labels: that their investment in artists' long-term development, and in the album format, is an advantage rather than a risk in the streaming era. While major labels expend considerable marketing resources to break individual tracks, indies are investing for the long term: and are developing sustainable businesses as a result.

INDIES' INTERNATIONAL HORIZONS ARE EXPANDING

31%

OF INDEPENDENT
REVENUES COMES
FROM OVERSEAS



WINTEL /MIDiA Research Independent Market Share Model (07/17)

**THE AVERAGE INDEPENDENT LABEL
NOW GETS 31% OF ITS REVENUES
FROM OVERSEAS, COMPARED TO
69% FROM THEIR HOME MARKET.**

The big, global music-streaming services are providing independent music with easier access to listeners around the world, and that's showing in their day-to-day businesses.

The average independent label now gets 31% of its revenues from overseas, compared to 69% from their home market. Note, this can vary according to the size of the label: some of the larger independent companies now get well over half of their revenues from international markets.

INDEPENDENTS ARE POWERHOUSES IN JAPAN AND SOUTH KOREA



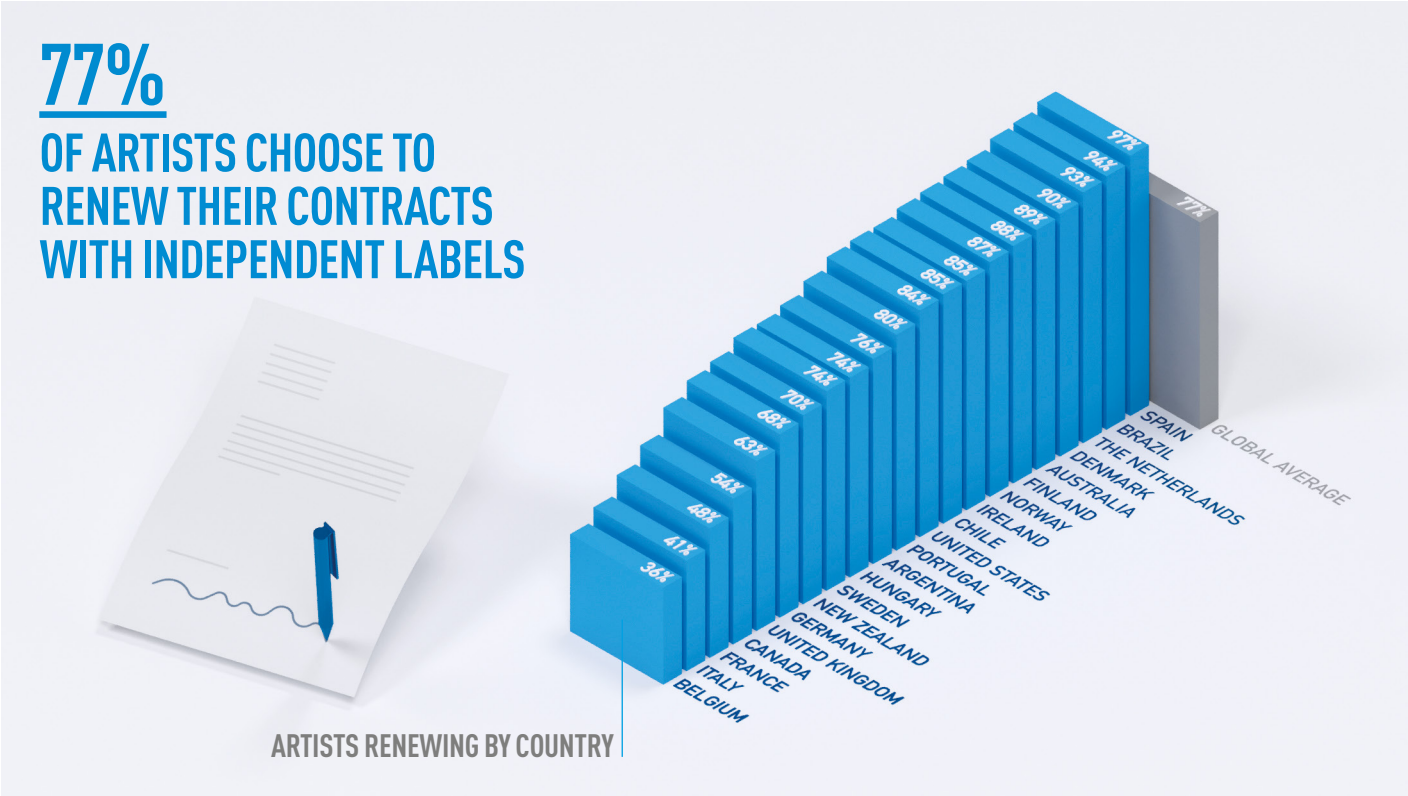
WİNTEL /MIDIA Research Independent Market Share Model (07/17)

Globally, the independent market share was 39.9% in 2017, but unsurprisingly this varies between individual countries, from 15.6% in Spain to 37.8% in Brazil. But two countries stand out: Japan and South Korea.

In Japan, independent music companies accounted for 63.7% of the market in 2017, while in South Korea they took an even larger share: 89.2%.

IN JAPAN, INDEPENDENT MUSIC COMPANIES ACCOUNTED FOR 63.7% OF THE MARKET IN 2017, WHILE IN SOUTH KOREA THEY TOOK AN EVEN LARGER SHARE: 89.2%.

ARTISTS ARE LOYAL TO THEIR INDEPENDENT LABELS



WINTEL / MIDiA Research Independent Market Share Model [07/17]

One of the most heartening statistics from this year’s WINTEL survey concerns the 76% of artists who choose to renew their contracts with independent labels when they expire. That’s a reflection of the hard work that those labels have put in to help those artists develop their talent and reach their audience.

It’s also a reflection of stability within the teams at these labels who are working with artists. Based on this year’s survey, 42% of staff at independent companies have been there since the launch of the label – and bear in mind that the average label is 14.9 years old.

The survey also offers a snapshot of the modern independent label: the average is 13.6 full-time staff, 3.2 part-time staff and 97.6 artists in their catalogue. This latter statistic is relevant to the positive impact that streaming is having on independent businesses: a strong catalogue can build sustainable revenues.

ARTIST DIRECT REVENUES ARE INCREASING STEADILY

ARTISTS DIRECT REPRESENT
\$101M* IN 2017



***UP FROM \$94M IN 2016**

WINTEL /MIDiA Research Independent Market Share Model (07/17)

WIN CAN REVEAL, BASED ON THE LATEST CALCULATIONS BY MIDIA RESEARCH, THAT ARTIST DIRECT REVENUES GREW FROM \$94M IN 2016 TO \$101M IN 2017.

The definition of what we consider to be 'independent' is evolving in the modern music industry: besides labels, it also now encompasses artists who are self-releasing their music through distributors. The creative and commercial explosion of the grime genre, for example, has been underpinned by this model.

WIN can reveal, based on the latest calculations by MIDiA Research, that Artist Direct revenues grew from \$94m in 2016 to \$101m in 2017. As these artists build teams around them to fulfil various label-like functions, this section of our community looks set to continue its growth.

In conclusion, another year of solid and impressive growth augurs well for the future of a sector that is expanding globally in every way.

INDEPENDENT LICENSING AGENCY
MERLIN CELEBRATED ITS 10TH BIRTHDAY
EARLIER THIS YEAR, ANNOUNCING THAT
IT HAD DISTRIBUTED MORE THAN \$1.5BN
TO ITS MEMBERS SINCE LAUNCHING IN
2008—WITH \$500M OF THAT COMING IN
ITS LAST YEAR ALONE.



MERLIN TURNS 10 AND LOOKS AHEAD

WRITTEN BY STUART DREDGE

Merlin now represents the rights of tens of thousands of independent labels from 53 countries in licensing deals with global companies including Spotify, YouTube, Deezer, Pandora and Facebook, as well as regional streaming services in countries including Russia, China, India and Japan.

The not-for-profit agency was created by the independent sector for the independent sector, and its market share can now be comfortably compared to the major labels, which positions Merlin's independent membership front and centre on digital music services alongside the majors.

Merlin also prides itself on ensuring that all its members have the opportunity to maximise the value of the deals in which they participate, with equal access to Merlin benefits regardless of a member's size.

After the anniversary celebrations, CEO Charles Caldas' thoughts have turned to the next decade for Merlin and its members, with the global nature of its business looming large.

"We're now truly operating in a much more global marketplace than we ever have before. All of a sudden we've gone from a market where as an independent label you were running at best a regional business," he says.

"In fact, most people were running independent labels in their own town and their own country, and getting their music into other markets needed people on the ground. It's fundamentally different now."

In September, Caldas visited India for the All About Music conference, and his meetings with local independent labels—"from Indian hip-hop to electronic music and prog-rock inspired instrumental music!"—has made him realise how the streaming era's instant, global availability of music is changing a market like India.

"It's not one-way traffic. This isn't a 'new colonialism' where western pop culture is colonising the minds and ears of kids around the world," stresses Caldas, citing the example of The Leaf Label in the UK, which recently signed an Indian artist from Mumbai.

"I don't think that the history of independent labels is littered with examples of UK-based labels using India as an A&R source!" says Caldas, noting that another independent label, Domino, has put out music from Indian-folk-jazz fusion band Yorkston/Thorne/Khan.

"It's a by-product of technology: a by-product of the fact that we now have these streaming services that are clearly resonating with consumers, and are becoming significant commercial players within their respective markets," he says.

"If you look at India with streaming services like Gaana and Saavn, you might think it's just about Bollywood music.

Yet I'm meeting young label heads who grew up in Birmingham and have moved back to Delhi, because they think the hip-hop scene there is going to create some incredible music."

"It's not only the fact that the emergence of the instant availability of music globally has created a truly global audience. It's about what's happening there commercially in terms of how independent labels are operating."

Another example: Caldas notes that an Australian label released an album by a local folk-rock band, saw a track get picked up by one of Spotify's playlist editors in Mexico, and a few months on that country was the band's third biggest market, complete with offers to tour there.

"Your audience can come from unexpected places now, and I think this phase from here on in is working out how you connect the availability of that music with the data that's readily coming out of those platforms, which shows you what's happening to your music" says Caldas.

"It sparks questions about what the shape of a label looks like; how you harness those opportunities; how you use data without being overwhelmed by it. These all have their own challenges, but overall it's incredibly exciting. We're in a much more fluid, dynamic global marketplace."

It's a noisy marketplace too: around 20,000 new tracks get added to a streaming service like Spotify every day.



Charles Caldas CEO of Merlin

“IT’S WHAT INDEPENDENT LABELS HAVE BEEN GREAT AT THROUGH THE HISTORY OF RECORDED MUSIC: FINDING A GENRE, A SCENE OR A PARTICULAR STRAIN OF MUSIC, AND DEFINING IT BY MAKING SURE IT CAME TO MARKET FOR PEOPLE TO DISCOVER.”

Cutting through that noise can seem daunting for an independent label, but Caldas thinks some traditional principles will serve them well.

He looks back to the heyday of labels like Chess, Blue Note and Motown—or more recently 4AD, Ninja Tune and Erased Tapes—when fans knew what sounds and scenes labels represented (and in many cases defined).

“You knew if you bought a Motown record, you weren’t going to be getting Perry Como or Dean Martin! It was a brand, or a cultural touchpoint, that defined a whole genre. And that’s what labels like Ninja Tune and Erased Tapes are doing now,” says Caldas.

“It’s what independent labels have been great at through the history of recorded music: finding a genre, a scene or a particular strain of music, and defining it by making sure it came to market for people to discover.”

“In this playlist-driven world, you see major labels chasing those high-volume RapCaviar or Today’s Top Hits tracks that really spike. But independents haven’t really moved from their strategies of building long-term careers for artists over several releases, and allowing those artists to develop in an environment where they’re comfortable. I really do believe we’re entering an era where that kind of long-term commitment to your artists is going to pay dividends.”

One reason for that, Caldas believes, is that the shape of the music market is different from the days when physical retailers would make 80% of their money from a narrow range of releases that were in the chart, out that week or on special offer.

In the streaming era, there are no ‘chart walls’ or ‘front racking’—terms that younger artists and label founders may not even understand—and the 80% of revenue generated by streaming services comes from a much deeper repertoire of music.

“The hits are always hits, and the streaming volumes for Drake and other big artists are incredible. But there’s a lot of activity happening further down the food chain, which is driving an enormous amount of value,” says Caldas.

He also thinks that the nature of streaming—particularly the algorithmically-personalised playlists such as Discover Weekly, Release Radar and Daily Mix on Spotify, or My New Music Mix, Chill Mix and Friends Mix on Apple Music—is levelling the playing field for independent artists.

“Your experience opening up that app is now totally defined by whatever you’ve been listening to in your history. If you’re an electronic-music fan, you won’t be seeing the new Katy Perry record. It’s driving discovery deeper down the food chain,” says Caldas.

“Consumers seem to be digging deeper down into the crate, as it were, helped by these playlists. And that is playing into the favour of the independents: it’s creating opportunities for them that weren’t really available before. And that’s creating more value. It’s now easier to have a path to listeners that totally bypasses the major-label system than it’s ever been before.”

As he looks ahead to the next decade of Merlin, Caldas does see challenges as well as opportunities. The fact that the music-streaming market is dominated by large technology companies, for example.

Universal Music Group has been valued at between \$22bn and \$40bn in recent times, depending whose prediction you believe.

That’s not so different from Spotify’s market cap of more than \$30bn, but considerably smaller than the current market caps of Apple (more than \$1tn), Google’s parent company Alphabet (\$818bn), Amazon (\$943bn) and Facebook \$478bn).

That’s a big change from the days when the biggest record companies were always bigger (in value) than the biggest retailers distributing their music.

“Now our key retailers are tech companies that could in some cases inhale the entire music industry into their business without burping!” says Caldas.

“On the positive side, it’s great that those companies recognise the value of music within their offerings, and are making real investment to create attractive music propositions for consumers, which in turn drive value to us.”

“But when the market starts to peak, and they can’t just run on subscriber-growth any more—when you’re getting closer to a more mature marketplace—that dynamic could become challenging when you’re a small industry in the hands of a much bigger entity, and where those massive tech companies are going to start competing with each other for consumers on price and content.”

Caldas thinks that the independent music community should be thinking about this now, even if such a scenario is still several years away. He points to what happened with physical-music retailers in the past: when the market matured, their relationships with labels “became fairly attritional around margin, and quite adversarial”.

Could the same happen with the big technology companies in the music-streaming space? Caldas hopes that such a prospect can be fended off by building healthy relationships with them now, to keep them as “good partners” in the longer term.

“IT’S NOW EASIER TO HAVE A PATH TO LISTENERS THAT TOTALLY BYPASSES THE MAJOR LABEL SYSTEM THAN IT’S EVER BEEN BEFORE.”

CHARLES CALDAS
CEO OF MERLIN

"They're going to have the pressure to start bundling different types of repertoire into single subscriptions, as we're starting to see Amazon doing. You'll see music competing against television and film and games in multi-content subscriptions. So how do you preserve value?" says Caldas.

"That's the sort of question we need to be thinking about, as well as what does voice-activated music within the car mean for consumption, and for the access to market for the independent sector? And how well equipped are we to use all of the data coming out of these services to our advantage, and not be overwhelmed or distracted or sidelined by it?"

That's one area where Merlin is already at work, exploring the potential to build technology for its members to use, and ensure they don't fall behind what the major labels can do with data to gain an advantage in the market. The agency is also positioned as a long-term partner for independent labels, since (unlike digital distributors, who are currently hot acquisition targets for major labels) it will never be sold.

He comes back to the inherent innovation within the independent community as a reason for optimism about the future, however.

"In the long term, I hope that the ambition and creativity and entrepreneurship really wins out. And independent labels are particularly good at that," he says.

"In the last 12 months, Merlin has had our biggest influx of new members since the year we started operating, which I think is a strong illustration of that desire from labels to forge their own destiny. If you're a serious independent that has ambition and enough scale to be self-determining, it's easier than it has ever been to play in that global marketplace."

INDEPENDENT BUT NOT ALONE.

At the SoundExchange Companies, we focus on innovation so the independent music community can focus on music.



The SoundExchange Companies

CMRRA



CASE STUDY: CIGARETTES AFTER SEX

CIGARETTES AFTER SEX

WRITTEN BY STUART DREDGE



Greg Gonzalez Lead Singer

US BAND CIGARETTES AFTER SEX HAVE BEEN AN INDEPENDENT SUCCESS STORY OF RECENT YEARS, BUILDING A FERVENT FANBASE ACROSS THE WORLD.

It started in 2015 when their tracks 'Affection' and 'Nothing's Gonna Hurt You Baby'—the former uploaded by a fan and the latter on their own channel—caught an algorithmic wave on YouTube which developed into a long-term surge.

The band and their manager Ed Harris (of Blue Raincoat) decided to go with this flow, which saw fans feeling like they were discovering Cigarettes After Sex's music rather than having it pushed at them.

"We decided to let this happen: not to force things, but to just support what was already happening out there, and then to bring out new songs. We didn't sponsor posts and in the early days we didn't even do ads on YouTube," says Harris.

"We didn't want to be coming in with some sort of pitch or advertising—something that was going to get in the way of that experience. It wasn't just happening from word of mouth: it was happening from the algorithms."

For the first year, it was the band and Harris making these calls, before signing with label Partisan Records – which was fully behind the strategy of organic growth. Zena White, from Partisan Records, agrees that there was a strategy of working with the algorithmic buzz.

"None of us really wanted to mess with that by using any overly clever marketing techniques, but rather stick to what's worked and amplify with traditional media, a strong touring strategy, building the fanbase, feeding them new music. It's kind of old school in that sense," says White.

"It was really just always focused on the music with a very minimal aesthetic, albeit in a very deliberate and considered way, and in that sense 'discovery' has continued to be a really big driver in the trajectory, with us really focusing our marketing plans on that and fans then feeling a lot of ownership over the band which is important."



Ed Harris Band Manager



Zena White Managing Director of Partisan Records

From YouTube, the band put their music on Spotify and other streaming services, and saw all boats rise as a result. They now have nearly 1.9 million monthly listeners on Spotify and more than 423,000 subscribers to their YouTube channel.

"It's a very broad audience: it's not just one category of person or subculture. And it's all over the world: it happened globally very quickly: just people connecting to this music and this aesthetic. It's nice that something can still take off in that way," says Harris.

The international success of Cigarettes After Sex hasn't just been about streaming: it's also been about touring, from a tour of 150-200 capacity venues in Europe in early 2016 that was driven by promoters contacting Harris wanting to book the band, based on the online buzz.

"Six months later it was 500-ticket shows, and by the end of 2016 we'd done 1,000 people at one or two shows," he says. "And it all happened very organically, with promoters reaching out to us."

Touring also went against some of the traditional expectations of how a band can scale. European promoters were keenest to book the band in those early days, but interest from Asia led to Cigarettes After Sex touring there in 2017.

Interest has built to the point where they are now playing a 5,000-capacity gig in Seoul, on only their second visit to South Korea.

India is another country where Cigarettes After Sex picked up a following. In December 2017, the band played the Bacardi NH7 Weekender festival in Pune, after fielding plenty of requests from fans there who'd discovered their music on YouTube.

"The festival organisers couldn't believe how many fans came out for the band, but if you look at our YouTube stats, in user-generated content India is number one. And on Facebook, the biggest pie-wedge after the United States is India: of the 529,000 fans, more than 50,000 are from India. There's a huge fanbase there," says Harris.

White praises the band's willingness to work hard on the road, and not just in traditional markets like London and Paris, but in cities like Prague and Lisbon. She also links the band's willingness to get out on stages across the world to some of their success selling music.

"It was the physical numbers that really surprised us on the rollout—we always knew that France would be a top market for us, everything about it is what the French love so it's no wonder that Francois Hardy has been a huge champion—but there is a really high proportion of international sales from secondary and tertiary markets such as Poland and Thailand where we've sold over 10k and 1k units respectively," she says.

"There are all these individual stories of countries," adds Harris. "I really do think Cigarettes is just an amazing test-case for what happens when a band breaks on the internet worldwide. Although not everyone trusts it: one label we talked to said their digital analytics team thought our numbers were fake, because so many were from India. I said if that were the case, we wouldn't be selling shows out all over the world!"

IT'S IMPORTANT TO STRESS THAT THE SUCCESS OF CIGARETTES AFTER SEX IS NOT ABOUT 'VIRALITY'— IT'S ABOUT THE MUSIC ITSELF.

It's important to stress that the success of Cigarettes After Sex is not about 'virality'—it's about the music itself. "It's the type of beautiful music that cultivates both an obsessive fan base and a huge amount of passive listeners, so it's the perfect storm really," says White.

"We had theories about the name initially being clickbait, but honestly the engagement in the actual music is too high for that to be the case. There are a lot of repeat listens and we've been running analysis on search terms to find that hardly anyone searching 'cigarettes' or 'sex' stays on a play for longer than a few seconds. 43% of 1.9million monthly Spotify listeners are from user library saves and the highest YouTube driver is search."

Harris sees the band's growth as proof that remaining independent is a viable road to a global fanbase, contrary to some traditional assumptions that this would require the kind of marketing clout only a major label could provide.

"Some of this is untried territory: there isn't a model for this! In a lot of ways, there isn't a model for anybody any more: once there's an initial spark and you're up and running, it's up to you to build it," he says. "And yes, you can have an amazing, international success in the indie sphere, and not need to move to a major. Of course, you can decide to make that move if you think it's right for the artist, but a band like Cigarettes show it's not a necessity."

This even extends to some traditional areas like radio. Cigarettes After Sex might not seem like a stereotypical 'radio-friendly' band, but Harris says he has been surprised at how stations around the world have backed the band.

"I've been surprised at how well we've done at radio, from the BBC stations in the UK to KROQ in the US. But having the groundswell of the algorithms and fan support was definitely a powerful way. Satellite radio didn't pick up on the song until the record had been out a year, but once they picked it up, it became a bona fide hit. And a lot of the US commercial stations look at that now, so we had people reaching out to us about pushing 'Apocalypse' to commercial radio. That wasn't even in my mind to try to go after for this band!"

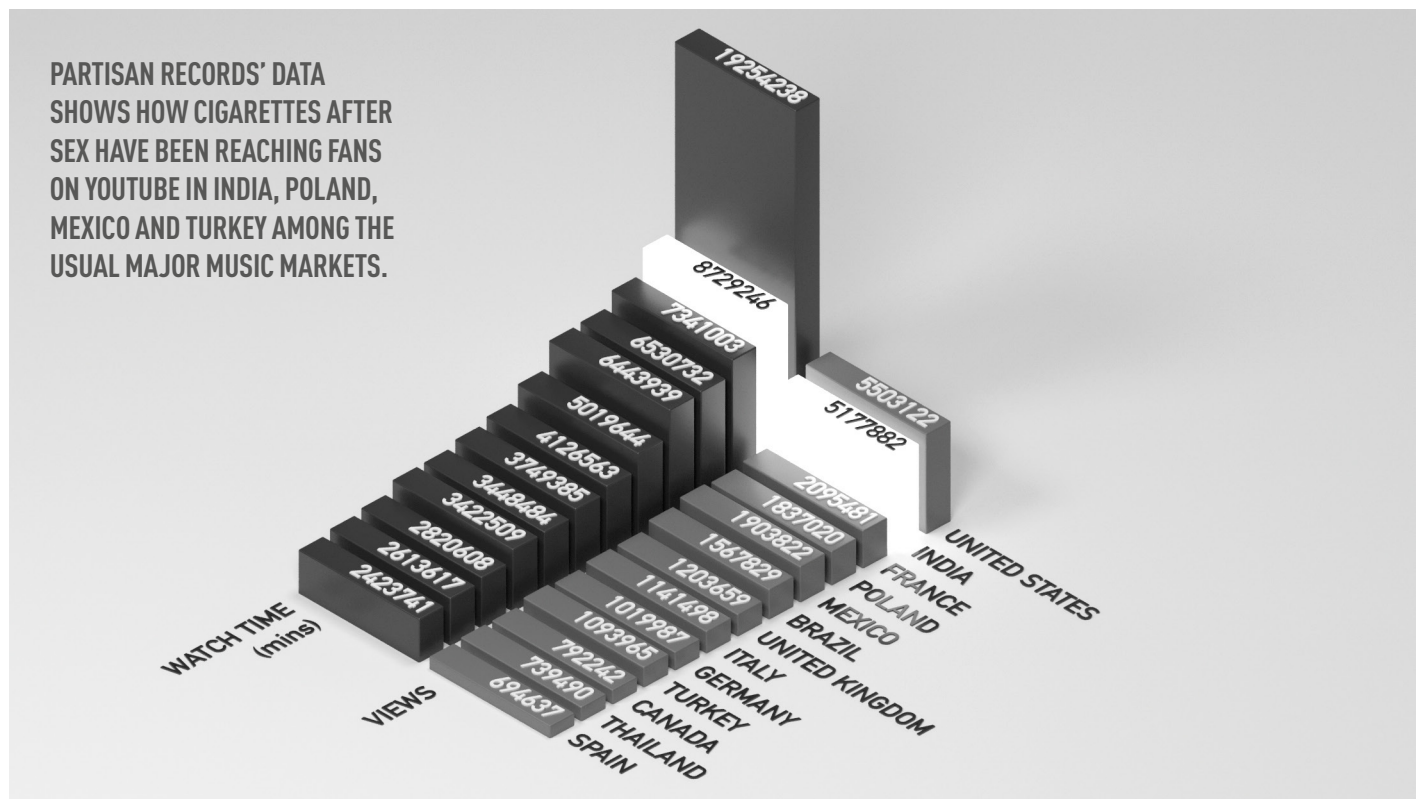
Playlists on streaming services have also played a role, with Cigarettes After Sex's music suiting some of the most popular mood-focused playlists, as well as making its way onto the big new-music playlists on services like Spotify and Apple Music.

White, however, says that this is not a 'playlist-driven' success story. "I can tell you that of their 1.9 million Spotify monthly listeners, 43% of plays are coming from own playlists and libraries, 20% from the band's profile and only 14% from Spotify's editorial," she says.

"I've seen other examples where a band has a lot of plays but it's mostly Spotify editorial. Which means it's mostly passive listening from the platform's own playlists and algorithms—which means it's a struggle to build an audience."

Much of the band's success has been organic, but that doesn't mean there hasn't been a lot of thought behind the process from both label and management.

ACROSS LAST YEAR (OCT 2017—OCT 2018) INDIA HAS BEEN SECOND SOURCE OF VIEWS FOR OFFICIAL MUSIC VIDEOS IN THE CHANNEL



Data supplied in October 2018.

"We've spent more time analysing and hypothesising on this campaign than we have spent on some of our most active campaign setups! That's really the key... you end up having to sit on your hands and think intelligently about what is working rather than rolling out the same spending budgets which is actually really fun and makes for some fantastic conversations," says White.

"We have a great relationship with Ed and Blue Raincoat which really feels like we're all invested, and they are cool to try new stuff, but none of us want to spend on things that don't have any impact."

Harris stresses that for all the viral fame that came Cigarettes After Sex's way, it's the quality of the band's music (and their performance of it live) that matters in the long run. "It always comes back to live. It's amazing what YouTube and playlists and the internet has done for the band, but once that's all up and running, live is the best way to connect with your fans."

White says that the relationship with fans has also been key. "Across our roster, not just with Cigs but also with IDLES, we're learning that it's just as important to nurture and embrace communities of fans than it is to go after the traditional methods of getting a 'hit'. Social media has replaced traditional editorial in that way," she says.

"That doesn't mean that we don't still need or want those traditional media formats to come on board—of course we're focused on that too—but they're not the gatekeepers anymore."

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SEPTEMBER 2018 WILL GO DOWN IN HISTORY AS AN EXTREMELY POSITIVE MONTH FOR THE MUSIC INDUSTRY, THANKS TO THE PROGRESS MADE ON NEW LEGISLATION ON BOTH SIDES OF THE ATLANTIC OCEAN.

TALKING TO POWER: WHY THE INDEPENDENT VOICE MATTERS

WRITTEN BY STUART DREDGE

In the US, the Music Modernization Act (MMA) was passed unanimously by the Senate, in a process under which a single objection from a senator could have seen the bill delayed—and possibly even falling by the legislative wayside altogether.

The MMA is the biggest revamp of US copyright laws for decades, and includes changes that will simplify the licensing process for music-streaming services; ensure artists and songwriters receive royalties for streams of songs recorded before 1972; and introduce a ‘willing buyer / willing seller’ structure for satellite-radio licensing.

In Europe, meanwhile, the European Parliament approved its take on a new copyright directive, including politicians voting to approve the much-discussed Article 13 of the proposed legislation, which would make “online platforms and aggregators liable for copyright infringements”.

The music industry had campaigned in support of Article 13, seeing it as a way to fix the problem of the ‘value gap’ between the amount of music being consumed on platforms like YouTube, and the royalties which they pay out to music rightsholders.

Two pieces of legislation, and two success stories for the music industry, although both the MMA and the European Copyright Directive have more steps to go before they become law. But September’s progress also illustrated something else: the importance of the independent community’s voice in the lobbying that led up to the crucial votes.

From A2IM in the US to IMPALA and independent-label bodies across Europe, the independent voice is being heard loud and clear in Washington DC, Brussels, Strasbourg and anywhere else where politicians and policymakers are at work. Our sector’s credibility with these decision-makers is at its highest level ever, and it is driving real change that benefits our global community of labels and artists.



“THEY ALL HAD AN INFLUX OF DOLLARS THAT THEY DIDN’T HAVE BEFORE. THEY WERE ABLE TO LEVERAGE THAT INTO THEIR BUSINESS AND INTO ARTIST DISCOVERY AND DEVELOPMENT.”

STUART JOHNSTON
PRESIDENT OF CIMA

CANADIAN BEGINNINGS

Tracing this political clout back takes you to the early 1970s in Canada, where an informal association of independent music companies came together for what would later be formalised as trade body CIRPA—which has since evolved into the Canadian Independent Music Association (CIMA).

In the 1980s and 1990s, it successfully lobbied on the issue of quotas for the amount of Canadian music that was played on the radio, with those quotas starting at 20%, then rising to 25% and ultimately 35%— and 50% on public broadcaster CBC.

“Parallel to that, we were successful in getting the government to mandate that radio channelled a proportion of its revenues back into the music industry. That got some great airplay and visibility of our artists on Canadian radio, coast-to-coast, and it also provided the royalties for that airplay to our artists, so it created a stronger revenue stream for those artists on the radio,” says Stuart Johnston, president of CIMA.

“Just as importantly, because the radio stations were mandated to also channel a proportion of their revenues back into the industry, it actually strengthened the infrastructure that we have in Canada, and it allowed our industry to have the resources that they were then able to leverage to invest in more and more artists.”

“That raised the bar for our industry and it created a very strong foundation and infrastructure of companies like record labels, managers, publishers and studios [in Canada].

They all had an influx of dollars that they didn’t have before. They were able to leverage that into their business and into artist discovery and development.”

CIMA also secured some important concessions the last time Canada’s Copyright Act was reviewed, six years ago, and continues to be a prominent, credible voice in music-related public debates in its homeland.

COOPERATION AND LEGISLATION

Fast forward to 2018, and you’ll find a similar sense among the bodies representing independents that their advocacy can benefit the entire industry. That’s why both A2IM and IMPALA worked closely with bodies representing major labels, publishers, songwriters and others in the run-up to September’s crucial MMA and Article 13 votes.

“The biggest thing was being able to pull together with the rest of the industry. There are things we don’t always agree on, but you can’t get anything done in America unless you act as a single music-industry unit. So we’ve been pretty successful in doing that over the past couple of years,” says A2IM CEO Richard James Burgess.

“The voice of the independents is different to the voice of the rest of the community, and it adds huge value. But clearly, working together is very important,” agrees Helen Smith, executive chair of IMPALA.

“In Europe we have various coalitions on the value gap, competition, the relationship with platforms... We have a fluid approach: the composition of our coalition will change according to the issue that we’re working on.”

Smith adds that particularly when an issue sees the music and tech industries on opposite sides of the debate, as it did with Article 13, the role of independents is even more important.

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EXECUTIVE CHAIR OF IMPALA



Helen Smith Executive Chair of IMPALA

“It can sometimes be convenient for opponents to try to portray a debate as polarised around ‘big tech versus big music’. That alienates all the other actors who are concerned, and detracts from the validity of their points,” says Smith.

“For us, it was important to ensure decision-makers understood that Article 13 is important for everyone involved in the creative chain: whether you’re big or you’re small, not yet known or already established.”

Both the MMA and Article 13 are examples of legislation affecting the entire music industry which could, nevertheless, have a particularly big impact on independent labels and artists.

“Without this legislation, the chances of individual musicians or labels being able to negotiate and have a say in how their music is used online are minimal, compared to the chances you would have as a big operator,” says Smith, of the European plans.

“This was our chance to communicate to those who were voting that this was their opportunity to level the playing field for everyone. Platforms would not just be paying those who are big enough and organised enough to negotiate agreements, but also those who are smaller.”

BUILDING CREDIBILITY

How did we get to this point? In Canada, the US and Europe alike, the first steps were educational: explaining to policymakers what the independent community is; how and why it differs from the major music companies; and why its voice deserves to be heard separately, as well as alongside them.

In Canada, where the independent market share has grown from 20% to around 25% over the last eight years, Johnston sees progress.

“It took a lot of education, but they finally know the distinction between indies and majors.

At the same time, it is still a constant education process in government—be that at the provincial level or the federal level—to re-educate them about who we are and what we do,” he admits. “Bit by bit, we are chipping away. They [the government] are certainly more educated today than they were five years ago.”

Smith underlines the key role that national associations play in getting messages across in Europe, building relationships and influencing local decision makers. “Through this network our campaigns become more than the sum of their parts.”

Burgess points out that this kind of education process isn't just for governments: it's just as necessary for new companies entering the digital music world, from tech giants like Amazon and Facebook to smaller startups.

"Often when a digital service starts up, they have almost nobody there who knows much about music. Some of them still don't! They're tech people, y'know," says Burgess. "So they look at the landscape, and [major-label] people say 'we represent 85% of all recorded music'. They distribute 85% of all music, in America. But they don't own 85%—they own about 62%, and we own about 37.32% according to the last numbers that Billboard published."

"If independents choose to deliver their music through the major labels, it doesn't give the majors ownership over that. Saying the majors own 85% of the music market is like saying FedEx, the US Postal Service and UPS own 100% of online retailing! They deliver 100% of online-retail goods. But they don't own it."

Burgess' point is that it's the role of local bodies like A2IM as well as WIN on the global level to correct any misapprehensions among new digital services, as well as policymakers.

"We have been really active in expressing the numbers, so that the digital services are aware they don't just have to deal with the three majors and deliver us crumbs: giving them 85% of the money while leaving 37% of the market to live on the other 15% of the money," he says.

"OFTEN WHEN A DIGITAL SERVICE STARTS UP, THEY HAVE ALMOST NOBODY THERE WHO KNOWS MUCH ABOUT MUSIC."

RICHARD JAMES BURGESS PHD
CEO OF A2IM



Richard James Burgess PhD CEO of A2IM

ACCESS TO FINANCE

Building the political credibility of the independent community has been about more than its market-share within the music industry. It's about explaining its importance to the wider economy.

"The independents are small and medium-sized companies. And there's certainly a sense in Congress here that small and medium-sized businesses, as they say, are the engine of the economy," says Burgess.

"Job creation comes from small and medium-sized businesses, more than large businesses. They really do add up."

It's the same in Europe, with Smith saying that an important aspect of IMPALA's work in recent years has been working on issues like access to finance, which led to a new EU initiative called the 'Cultural and Creative Sector Guarantee Facility'—which encourages banks to lend to small and medium-sized companies in the cultural and creative industries, music included.

"There's a huge multiplier effect when you have a guarantee behind you. Banks are more comfortable and they will lend more. You can use finance to grow, and that's what's important to the independent [music] sector," says Smith.

"We need to have more medium-sized companies to strengthen the sector for the longer term. We need to grow the missing middle! And that's something the EU has been looking at for a long time across multiple sectors: we don't have enough medium-sized companies."

In Canada, too, access to finance has been a rallying point for the independent community. Johnston says that under the last government, there was a threat that the Canada Music Fund—a \$26m annual fund that goes into the music industry—would be scrapped. But CIMA's campaign to avoid that paid off.

"What we got was a Conservative government to make that fund permanent. That was a huge success," he says, adding that CIMA also convinced the new government to commit to a new, annual export fund for the creative industries, worth \$25m a year over five years.

Exports are a key strategic goal for CIMA. A decade ago, it ran three export missions a year for its members to The Great Escape in the UK, SXSW in the US and MIDEM in France. Now it runs more than 20 missions a year under the brand of Music Export Canada.

Access to finance is a key advocacy point in the US too. "I see it when a label gets started, has some success, and then gets snapped up by a major label. We want to extend the ability to our labels and even independent artists who are self-releasing to be able to stay independent if they choose," says Burgess.

"They might still sell to a major label, if they're doing it for the right reasons and getting a fair deal out of it. But I hate to see people selling a label they've worked on for 30 or 40 years, just because there aren't good alternative options available."

**"WHAT WE GOT WAS A
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CEO

“THOSE WHO WANT TO CONSOLIDATE HAVE TO JUSTIFY WHY IT IS ACCEPTABLE. IT’S NOT FOR THOSE WHO OBJECT TO SET OUT WHY IT SHOULD BE STOPPED”

HELEN SMITH
EXECUTIVE CHAIR OF IMPALA

TACKLING CONSOLIDATION

IMPALA works across a range of issues, but it’s the organisation’s role in speaking out against consolidation of the major companies in our industry that has clearly highlighted its impact, down the years: from its opposition to Time Warner and EMI’s planned merger—which was abandoned in 2001.

“This was the first time that the people who had to make decisions could actually hear from the independents about what they thought the impact would be. That was totally transformative,” says Smith.

“Never before had anyone been to the Commission to say hold on, have you thought about what this might do for competition? Have you thought about the impact this might have on the charts, or on whether or not you can get on the radio?

These are points that IMPALA was able to make that had never been heard before, and that completely changed how the EU looked at consolidation in our market.”

2004 saw IMPALA file a class-action in relation to Sony and BMG’s plans to merge, after the Commission had raised serious concerns, then cleared the merger. The lawsuit was an important factor in the 2006 decision by a European court ruling against that clearance, although on appeal, that decision was reversed again in 2007. Ultimately Sony ended up buying out BMG and the litigation was set aside before a final decision could be reached.

Even so, IMPALA’s case had longer-term consequences. “The court found no presumption in favour of mergers. Those who want to consolidate have to justify why it is acceptable. It’s not for those who object to set out why it should be stopped,” says Smith.

“That seems obvious now! But in actual fact, that was a big decision in the court: it was the first time they’d ever said that. One EU law firm said that merger control procedure owed a debt of gratitude to IMPALA.”

FIGHTING FOR FAIRNESS

One topic that comes up regularly in the interviews around independents’ political clout is the idea of fairness, and a moral authority that carries weight with policymakers.

“There is a moral authority: we are seen as ethical,” says Burgess, citing the Fair Digital Deals Declaration, which was launched by WIN in July 2014 as a commitment by independent labels to treat their artists fairly in agreements based on the exploitation of their work on digital services—for example, when advances are paid for a catalogue, or when there’s a windfall from equity in a company (for example Spotify) that goes public.

"The perfect example of that is that Merlin had a plan in place to pay out the Spotify equity way ahead of the listing, and they paid out the equity within a couple of days of the listing. And then Sony Music followed suit," says Burgess. "Merlin set an excellent precedent."

Here, too, there is collaboration with other companies within the industry. Three years ago, when new rates were being set for 'non-interactive' music-streaming services in the US, like Pandora, A2IM pushed back at a suggestion that in terms of royalty payments, independent tracks might be worth less than major-label tracks.

"That was very upsetting to our sector! But we started having regular meetings with the RIAA and the major labels, and were able to establish between us that we would not view things that way. The majors said, to their credit, a copyright's a copyright: an independent label's copyright is worth as much as a major label's copyright," he says.

"That's the benefit of having a trade association like A2IM, and it shows the enormous importance of having collegial relations within the business. We don't always see eye to eye with the majors, but we need to be able to sit down and work together... Look at the MMA. The music industry's had a drought for decades getting nothing through. Suddenly, when we all stand together, we do."

COLLECTIVE ACTION

Given the success stories from independent lobbying over the last several decades, the benefits for this sector of a unified voice may seem obvious. However, there was some convincing to be done in the early days of all these organisations.

Burgess refers to fierce independence as a wider American quality, including for small and medium businesses – music included. "It's built in to the constitution of the country! And so I think that when A2IM was formed, there was quite some resistance to doing it," he says.

"The idea of collective action versus the American capitalist sensibility of 'we can do this and build ourselves up and have all the clout we need'. But it has become obvious to even the biggest independent labels that, in an era when the music industry does not control its own distribution, there are issues that are bigger than even the biggest independents."

"Sure, I can survive as an independent label, and even become very wealthy as a label owner if I do well. At the same time, there are certain big issues that I can't address on my own. You can negotiate the best deal in the world, but if there's legislation—or a lack of legislation—in place that causes you to make 20% less across the board, if you negotiated 5% better than your competitor, you're still 15% worse off than you should be!"

Helen Smith agrees, and says that a similar evolution in attitudes happened among European independent music companies, at different paces according to the country, with some organisations in existence for 40 years and others starting more recently.

"We can see now that the independents across Europe believe that there is a value in collective action, on a number of different levels: commercial, political, financial... we can see that the independent sector understands and feels there is a direct tangible benefit in that," says Smith.

"They understand that collective action doesn't mean that you are losing your identity. Obviously, all the independents are competing fiercely with each other, but at the same time they can benefit from collective intelligence."

"NOW, I THINK PEOPLE ARE PRETTY CLEAR, THAT THE INDEPENDENT SECTOR IS A FORCE TO BE RECKONED WITH!"

RICHARD JAMES BURGESS
CEO



Photography credit: Christian Wiediger

FACING THE FUTURE

With this unity secured, there are more battles to be fought by all these organisations. IMPALA is busy on Sony's attempt to gain sole control over EMI Music Publishing and is also working on a new EU regulation that is intended to deliver fairness for businesses dealing with online services.

In the US, A2IM is training its sights on the long-standing complaint over terrestrial radio's lack of royalties paid out for music recordings played on the airwaves, while in Canada, CIMA is ensuring the government delivers on its promise of a new review of the Copyright Act, and mulling whether its radio-quota lobbying successes of the past could be revived for the streaming era.

"Clearly the most important part of streaming for artists is the playlists on those platforms. We are wrestling with that," says Johnston. "While streaming services are global, if you are operating in any territory, I think its strength should echo that of radio. Reflect the local scene—because that is where people live and breathe."

Underpinning all of these initiatives and campaigns is a strong awareness that the independent community is strong, credible and respected in the corridors of power. A message it does no harm to continue reminding those corridors' inhabitants of.

"It's important to be very open about our strengths. We adapt and we keep moving—and that's one of the reasons why we are successful," says Smith.

"We are also very high risk-takers. In Europe, we account for 80% of all new releases, and that gives you a certain clout when you negotiate, and when you speak on behalf of the sector—because the sector is very, very creative. We are faster, better, smarter and we are leaders of the music sector today. And that's a very powerful, and a very compelling story."

Burgess agrees: "Now, I think people are pretty clear, that the independent sector is a force to be reckoned with!"

WITH 180 MILLION MONTHLY ACTIVE USERS, INCLUDING 83 MILLION PAYING SUBSCRIBERS, SPOTIFY'S REACH IS COLOSSAL; BUT ITS COMMITMENT TO INDEPENDENT LABELS AND ARTISTS HAS REMAINED CORE TO ITS BELIEFS.

THE FUTURE IS BRIGHT FOR INDIES ON SPOTIFY

WRITTEN BY JEN MASSET SPOTIFY



I joined Spotify in 2017 because I share these same beliefs. I've spent over 25 years working with the independent music community, from record stores to labels to the A2IM trade organization. So naturally, I've been impressed with how Spotify has fully and fairly embraced the indie world.

All artists and all labels are incredibly important—Spotify wouldn't be a global platform without a variety of sizes and types of content owners. But there are specific needs and desires unique to indies, and now that I've joined Spotify myself, I work with an incredible team that's dedicated to supporting them. As Spotify's Head of Independent Label Support, part of my job is to ensure that indies are best utilizing the platform's many helpful tools and features. Here are a few of my favourites.

PLAYLIST SUBMISSION GIVES EVERY ARTIST A SHOT

Playlist Submission allows artists and labels to submit unreleased music directly to our editorial team to be considered for a playlist. It's a simplified and systemised way for them to, in one click, reach our global team of curators algorithmically. This brings everyone to the table in a way that wasn't possible before. It also helps us find music in all the niches and sub-genres and stay up to speed on global trends we may not have had visibility into otherwise. For example, a genre like Digital Maskandi... how would I have otherwise discovered that?



WITH SPOTIFY CODES, MUSIC IS JUST A SNAPSHOT AWAY

Spotify Codes offers a new and easy way to share Spotify content with your fans. It works like a QR code: You just enter the link from a playlist, song, or anything else at [SpotifyCodes.com](https://spotifycodes.com), and place the resulting image onto any marketing materials. Fans can then scan it and immediately access it in Spotify.

SPOTIFY FOR ARTISTS & SPOTIFY ANALYTICS OFFER ULTIMATE CONTROL

Spotify for Artists and Spotify Analytics are hugely important. They make it so that artists and their teams can maintain control of their music. It's really simple to see song stats and data, which helps artists get a sense of their audience. They can also submit songs for playlist consideration, control their profile to better engage with fans, promote their work, and really get the most out of Spotify.

NOW IN BETA: UPLOAD YOUR MUSIC TO SPOTIFY

One of the top-requested features from artists has been the ability to upload music directly onto Spotify. Spotify for Artists recently unveiled a feature that does just this, and is now being beta tested by a number of US-based DIY independent artists. The feature will roll out to more artists in the near future, enabling them to deliver their music straight to Spotify, plan for the perfect release day, and enjoy full control over their metadata.



PLAYLIST

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	TITLE	ARTIST	ALBUM		
+	Like I Love You	Lost Frequencies, The NGH...	Like I Love You	3 days ago	3:10
+	Body	Loud Luxury, brando	Body	3 days ago	2:43
+	Loved Me Once - DJ Antoine vs Mad Mark 2k19 Mix	DJ Antoine, Eric Zayne, Ji...	The Time Is Now	3 days ago	3:37
+	Don't Go (Gerd Janson Re-Work)	Julie McDermott, Gerd Jan...	Don't Go (Gerd Janson Re-...	3 days ago	2:26
+	Blah Blah Blah	Armin van Buuren	Blah Blah Blah	3 days ago	3:04

“WHEN ARTISTS AND LABELS EMBRACE STREAMING IN THE RIGHT WAYS, EXPOSURE CAN INCREASE EXPONENTIALLY.”

PLAYLIST SUBMISSION GIVES EVERY ARTIST A SHOT

In the overall ecosystem of the music industry, streaming plays an extremely important role. But it's not the be-all and end-all. You can't just make your music available on streaming services and then go to a deserted island and retire. You should be out there touring, you should be out there releasing merch, you should be out there on socials, engaging with your fanbase.

When artists and labels embrace streaming in the right ways, exposure can increase exponentially. It helps you sell more tickets and more vinyl, and it's going to help you engage with more fans on social media, because people have better opportunities to discover your music and to enjoy it.

The labels and artists that I've seen really thrive are the ones who've invested in artist development. We, as a platform, can enable discovery, but when someone hears that artist, they want to know more about them, what they stand for, what their story is. There should be strong branding, visuals, and personality conveyed quickly and easily. That's how you really succeed, and Spotify provides artists and their teams with tools to help make that happen.

Spotify will always be an ally for independent artists and labels. We make it easy for them to tell their stories in their own voices—and to do that on a scalable level. Our flexibility and options allow them to get out there and find their fans. We have been and will continue to be their partner on the road to success.

HOW FANS CAN DISCOVER YOUR MUSIC

On top of creating tools and resources to help artists and labels thrive, we've also created endless ways for your fans (and future fans) to discover more of your music. Here are a few of my favourites:

DISCOVER WEEKLY:

A weekly round-up of songs that Spotify thinks fans will love based on their listening history and that of other Spotify fans with similar tastes. It refreshes every Monday and gets even better the more you use the platform. It's helped me find some amazing songs and artists I probably wouldn't have discovered on my own.

DAILY MIXES:

The perfect line-up of tracks, based on the different styles of music the user regularly listens to, ready to play at the touch of a button. Every user can have up to six, and I'm obsessed with all of mine.

NEW MUSIC FRIDAY:

A flagship playlist that updates weekly on Fridays with the hottest new songs across many artists and genres. I love discovering the latest and greatest each week.

RELEASE RADAR

Like New Music Friday, but personalized. It's my favourite feature. I'm always adding tracks from it into my own personal playlists. I always recommend that artists encourage their fans to click the "Follow" button on their artist page. That guarantees that their new music on Spotify is automatically added to their followers' Release Radar playlists.

ESTABLISHED: 1996

HEAD OFFICE: HAMBURG, GERMANY

FOUNDERS: JEN THELE

CURRENT ROSTER: ATB, SCOOTER,
LOUD LUXURY, EL PROFESSOR,
LOST FREQUENCIES

SPOTIFY CASE STUDY: KONTOR RECORDS

WRITTEN BY JEN MASSET SPOTIFY



**20 YEARS OF
KONTOR RECORDS**

“KONTOR IS HEAVILY UTILIZING SPOTIFY’S TOOLS TO EXPAND THEIR REACH AND GAIN POPULARITY ACROSS THE GLOBE”

When I think of an indie label that’s truly embraced all that Spotify has to offer, I immediately think of Kontor Records. Founded in Germany in 1996, Kontor grew from Hamburg’s illustrious dance scene as an offshoot of the popular nightclub of the same name. With their own “Kontor Top of the Clubs” playlist boasting over 400 thousand followers, Kontor is heavily utilizing Spotify’s tools to expand their reach and gain popularity across the globe—to the benefit of their artists. I asked Kontor about their favourite Spotify tools and how the platform has impacted the label’s growth so far. Here’s what they had to say.

AS A LABEL, YOU’VE TAKEN FULL ADVANTAGE OF ALL THAT SPOTIFY HAS TO OFFER. CAN YOU TELL ME MORE ABOUT ITS IMPACT?

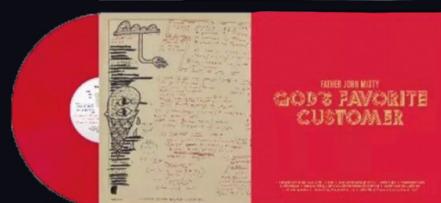
Streaming has developed into a hugely important part of our business, so we invest considerable time and energy in getting this right. We are always eager to learn more and try out new strategies.

Starley’s debut single, “Call On Me,” came from our Australian label partner. Spotify played a crucial role in making it a hit through platform—wide support for the Ryan Riback remix. We did a lot of the groundwork on radio—and video, of course—but Spotify certainly helped in a new way.

FANS FIRST

Fans First is Spotify’s global reward program that celebrates all the devoted super-fans (and there are a lot) across the platform. It provides dedicated listeners with exclusive offers and invites—like a pre-sale and exclusive concert with Foxing or a limited edition vinyl from Father John Misty himself—while supporting additional revenue streams for artists.

For artists of all sizes, Fans First offers an amazing opportunity to connect with loyal listeners and give them an opportunity to invest in their favourite artists. It’s a win-win.



“KONTOR HAS ALWAYS BEEN READY AND WILLING TO EMBRACE NEW CHANNELS AND SERVICES TO PROMOTE AND RELEASE MUSIC. THIS HAS HELPED TO INCREASE BRAND AWARENESS AS WELL AS SECURE MAXIMUM IMPACT FOR OUR MUSIC PROJECTS.”

WHICH OF SPOTIFY'S DISCOVERY TOOLS HAVE YOU UTILIZED THE MOST?

Features such as New Music Friday (or NMF Cratediggers in the case of electronic music specifically) can give projects a real boost in the week of release.

We also focus on new playlists across the full spectrum of dance and electronic music, so we try to be completely up to date with all relevant playlist features and identify where each new play or playlist comes from.

WHAT ARE SOME OF THE LABEL'S GOALS FOR THE FUTURE?

Continuing to release high quality dance and electronic music and hopefully have more hits! Kontor has always been ready and willing to embrace new channels and services to promote and release music. This has helped to increase brand awareness as well as secure maximum impact for our music projects. The two things go together. Staying independent is also important—this enables us to act quickly and flexibly. Timing is key, so we like to be in control of every step in terms of getting our music heard.

WHAT ROLE DO YOU THINK SPOTIFY WILL PLAY IN THE SUCCESS OF INDIES GOING FORWARD?

Spotify is already essential for independent labels and distributors.

With regard to our home territory of Germany, the physical and download markets have been quite resilient but, of course, on a global scale streaming is leading the way. There will always be room for other formats (we even released a SCOOTER cassette last year) but it is absolutely essential to be part of the conversation on Spotify, as it's the shortest route to connecting with fans of our music.

KEY STATISTICS PROVIDED BY
WINTEL RESEARCH SHOW
WHAT AN INDEPENDENT
LABEL LOOKS LIKE IN 2017.

WHAT AN INDEPENDENT LABEL LOOKED LIKE IN 2017

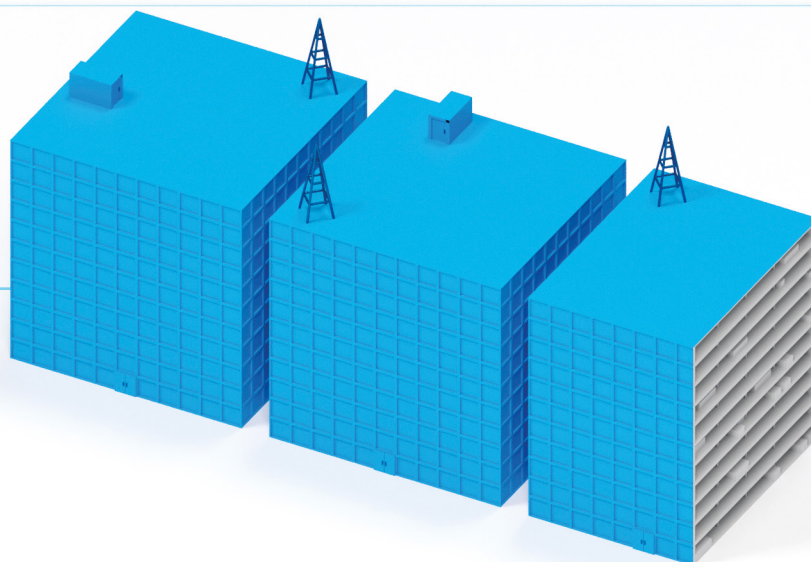
AMOUNT OF PART-TIME STAFF

AMOUNT OF FULL TIME STAFF



AVERAGE NUMBER OF DEPARTMENTS

2.7
DEPARTMENTS



ARTIST LOYALTY

77%

OF ARTISTS
CHOOSE TO
RENEW THEIR
CONTRACTS WITH
INDEPENDENT
LABELS



STAFF LOYALTY

42%

OF STAFF HAVE
BEEN THERE SINCE DAY 1



AVERAGE NUMBER OF ARTISTS

97.6
artists

HOW LONG THE AVERAGE LABEL HAS BEEN IN OPERATION

14.9
YEARS

OVERSEAS INDEPENDENT REVENUES

31%

OF INDEPENDENT
REVENUES COMES
FROM OVERSEAS



THIS YEAR'S WINTEL SURVEY SHOWED STRONGLY THAT INDEPENDENT LABELS ARE INTERNATIONALISING THEIR BUSINESSES, AIDED BY THE GLOBAL REACH OF STREAMING SERVICES AND SOCIAL NETWORKS, AS WELL AS BY THE HARD WORK OF THEIR ARTISTS AND STAFF IN BUILDING FANBASES BEYOND THEIR HOME COUNTRIES.

BREAKING BORDERS: INDIE INTERNATIONAL SUCCESS

WRITTEN BY STUART DREDGE

This year's WINTEL survey showed strongly that independent labels are internationalising their businesses, aided by the global reach of streaming services and social networks, as well as by the hard work of their artists and staff in building fanbases beyond their home countries.

With the average independent now getting 31% of their revenues from overseas – and a number getting well over that percentage – WIN talked to some indies who've been finding success abroad.

German classical label Berliner Philharmoniker Recordings was founded in 2014 to release recordings by the storied orchestra, which already ran its own online-video service, the Digital Concert Hall.

"Currently, we broadcast about 50 live concerts per season and have more than 500 concerts in the archive," says label manager Felix Feustel. The orchestra has also worked hard on growing its social media following, which currently stands at 1.2 million people.

The label now distributes via an online shop and to key retailers, while also using distributors for markets like South Korea, Japan and the US.

"In a way, video streaming was and is the foundation of our success, but audio streaming is only an add-on. The irony is that we have more than 1.5 million monthly listeners on Spotify, but right now, if we exploited that potential, we would only play into the hands of the major labels who own the bulk of our past catalogue," says Feustel.

However, the label has been focusing on going beyond standard recordings: for example, by releasing performances as Blu-ray discs with multiple bonus videos, as well as making recordings available in high-resolution audio formats and beautifully-designed vinyl editions.

"Our elaborate 'coffee table' CD editions sell for 39 to 79 Euros and we sell more than 5,000 units of each release. Our Beethoven symphony cycle (69 Euros) sold more than 15,000 copies and counting – and the orchestra owns the full rights for the future," says Feustel.

"We are aware that the future belongs to streaming, but we do not generate relevant income from it. A new orchestra recording can simply not be financed with streaming. So we are exploring and discussing the issue actively, but it is very difficult to define a strategy," he says.



Felix Feustel Label Manager, Berliner Philharmoniker Recordings

“Elaborate physical products, sold via the right channels to the devoted fans of the orchestra: that is the strategy that has worked best for us.”

Another label that is finding success through both physical and digital means is German jazz label ACT. Just for new frontline albums released so far in 2018, it has sold more than 120,000 physical editions, 7,000 downloads and done more than 8m streams.

“The strategy is to combine offline activities like public relations, advertisements, point-of-sale marketing, price campaigns with retail partners and special formats, with narrow online campaigns designed for specific target groups,” says managing director Andreas Brandis.

Those online campaigns range from Facebook & Instagram advertising and videos to YouTube marketing, SEO activities and online raffles, adds Brandis, noting that ACT has been producing much more video content for these online campaigns in 2018. Both marketing channels are important.

“We still have a lot of ‘physical’ customers and they need to find our new releases in traditional marketing channels. Beyond that there are a lot of young artists on our roster and of course established artists looking for new audiences, we need to build and develop profiles and strategies on all important online platforms,” he says.

“Streaming is growing, but for our niche it can’t compensate what was lost in physical and download over the last years. Streaming delivers important income, but only for huge catalogues can it create a value which is sufficient to finance a company,” says Brandis.

“That’s one of the major challenges for all small or middle companies. One trend is still that a lot of music lovers buy CD and vinyl. That helped our success.”

For a label like ACT, international success isn’t just about new platforms, but is about expanding the services it offers to its artists, as they target ever-more-global fanbases. “With all our experience and knowledge we will continue to be a sparring partner for our artists and extend our business to management and concert promoting.”

South African label Gallo Record Company has seen streaming services provide some of its artists with a way to reach new fans around the world – and help them play to larger audiences.

Jeremy Loops released his album *Critical As Water* this year, for example. “Outside of South Africa, the album has done 12 million streams on Spotify and seven million on Apple Music,” says Rob Cowling, general manager at the label. “He is South Africa’s most-streamed male artist in Spotify.”

Loops is now regularly touring Europe and the US, with Australia and Germany proving strong markets too. He’s already got one of London’s premier venues, the O2 Academy in Brixton, booked for November 2019 – as part of a European tour playing to nearly 35,000 fans in total.

Cowling lists other successes for the label, from Paxton – who has performed in Russia and Sweden, and is already eliciting interest from US talent agencies – to Wonderboom, who won the top award after competing against acts from 14 other countries at the Silk Road Indie Music Festival in Chengdu, China. Josh Wantie (via a collaboration with French electronic duo FDVM) and veteran act the Parlotones have also been winning new fans abroad in 2018.

Great live shows are a key part of this, of course, but Cowling says that the label has worked hard to support its artists with the right kind of marketing. “It’s a digital strategy that has heavily focused on social media, and then moved over to YouTube and building a working-relationship with influencers that then rolled out into conventional record-marketing campaigns,” he says.

“Our main focus has always been at home, and the strength of the African catalogue and projected continental growth,” adds Cowling. “We do, however, plan to unlock much untapped revenue through re-issues and archive material worldwide.” And like many independent labels, Gallo is flexible in its dealmaking and with carve-outs should its artists want to pursue global opportunities that arise.

Another label with a healthy international case study is Dumont Dumont in Sweden, with British artist Charlie Cunningham.

“He just passed 120 million streams in total, and has more than 1.9 million monthly listeners on Spotify,” says founder Magnus Bohman.

Supporting this success? “A very strong PR setup. Our distribution did a very good job, and on top of that a well-oiled collaboration with Charlie’s management. We really worked well together,” says Bohman.

“Streaming services like Spotify helped us a lot. Getting on all of those playlists at the same time Charlie was out playing live all over the world plus doing PR at the same time. Charlie has converted many of the playlist listeners into his own fans now.”

Bohman says that the success so far in 2018 has given Dumont Dumont more confidence to invest in more artists.



Charlie Cunningham British Artist

A VIEW FROM MARK DOWLING,
ABSOLUTE, A LABEL SERVICES
COMPANY, ON TODAY'S INDIE HIT
MAKERS AND WHAT MAKES A GOOD
MUSIC ENTREPRENEURS IN 2018.

TODAY'S INDIE HIT MAKERS

WRITTEN BY MARK DOWLING

TODAY'S BEST MUSIC ENTREPRENEURS SHARE THESE 4 QUALITIES:

1. THEY PLAY TO THEIR STRENGTHS

It's well documented that the major labels simply don't have the confidence and freedom to take the kind of risks they once did. For young upcoming artists and established returning acts alike, more and more, labels want to see a strong finished product before they're willing to draw up a contract.

This has meant that A&R duties are increasingly being left to others. And it turns out there are a lot of natural A&R men and women in the music industry (see Steps panel).

2. THEY RECOGNISE THEIR LIMITS

Much can be achieved by a skeleton staff or an industrious individual, however the most successful indie hit-makers realise that to meet a great record's true potential, they need a team of experts around them.

Many artists, managers and smaller indie labels are turning to label services not just because the model works without putting copyrights up for grabs, but because they are able to quickly plug into an established team of experts in every sector and genre. Through label services, individual executives and small operations are able to quickly enhance their workforce with a team that's made to order depending on the precise needs of their specific campaigns.

The best music entrepreneurs recognise that they need help but, most importantly, they need the right kind of help. The skillset and experience that's needed to put together a successful campaign for a returning heritage act is very different to that of a new artist on the grime scene. They need a business model that allows them to be nimble and flexible.

**“THE BEST MUSIC ENTREPRENEURS
RECOGNISE THAT THEY NEED HELP
BUT, MOST IMPORTANTLY, THEY
NEED THE RIGHT KIND OF HELP.”**

MARK DOWLING
ABSOLUTE

3. THEY KEEP THEIR OPERATIONS LEAN

The label services model also allows for control and flexibility when it comes to overheads—something which is crucial for the modern-day breed of music entrepreneur. Acts now rely on a multitude of different revenue streams and year-round activity rather than building everything around an album and riding the ebb and flow of that cycle. And, again, it's increasingly the artist and the team that sit at the centre, with direct control over every aspect of that business.

With this new micro-business approach, keeping costs under control is crucial. Where major corporations have the luxury of being able to sustain bulging departments of pluggers, promo execs, marketers and every other auxiliary role a campaign might need all year round, those running a smaller operation need to work differently.

Understanding the importance of building upon their resources when the time is right and then paring down again when the added infrastructure is no longer needed is crucial to long term financial success. Without that ability to plug into outside expertise on a flexible basis, many indie music entrepreneurs would be financially crippled by structural bulk that is unnecessary most of the time.

4. THEY ARE REACTIVE AT THE RIGHT TIME

That adaptability is also critical when it comes to campaign strategy itself. Because of the corporate structure, major label bosses are constantly having to satisfy shareholders, which often results in inflated sales projections and budgets set in stone at an early date, way before there's any evidence to suggest how an album will sell in reality. Any experienced music executive will testify how quickly initial predictions usually go out the window...

That kind of approach is at odds with the way artist, management and label partners like to work. They want to start with a realistic target and build a bespoke campaign that is costed appropriately. Then, when things start working and taking off, they want the flexibility to build upon that initial plan and add to the budget accordingly.

For example, if you land a spot on Graham Norton, you may want to quickly allocate more resource to TV advertising following the show to bolster the appearance. If your strategy and spend has been fixed well before the album campaign has even begun, then you may not be able to make the most of such opportunities.

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SUCCESSFULLY EMPOWERING
ARTISTS & LABELS SINCE 1998!

—
**STEPS/DAPPY/ALL SAINTS/67/
JAKE SHEARS/DANNY JONES/
RAM RECORDS/EARMUSIC/
JACK SAVORETTI/AY EM/
JANE MCDONALD/KIM WILDE/
FERRIS & SYLVESTER/CHLOE FOY/
MAX GEORGE/GIZMO VARILLAS**



Steps

In common with many of the truly independent distributors and labels services companies, at Absolute Label Services, we've had the pleasure of working with some of the most creative, driven and savvy artist managers and indie label executives in the business today. Take Fascination's Adam Klein and Peter Loraine. Absolute recently worked with them to help Steps secure a No.2 album with *Tears On The Dancefloor* earlier this year.

It was certainly a successful campaign—one spearheaded by management and Steps themselves—but the task was made that much easier by having a great set of songs to work with.

Fascination played a significant A&R role in the making of the album, bringing amazing writers on board, as well as formulating a plan that would mean that the album was self-funded and control stayed with the creators.

Fascination could have carried on alone and tried to kick-off the campaign themselves. Thanks to the digital revolution, the entire route to market—from promotion to distribution to retail—can in theory be coordinated and executed from a single laptop. But that's not what they did. We were delighted to be able to help by providing all the services to ensure a fantastic result for the band.

CHECKLIST FOR A DISTRIBUTION/LABEL SERVICES DEAL:

1. ASSETS BELONG TO...

From artwork to audio to metadata, establish who the assets required for digital distribution belong to? If the decision is made to move distribution companies, can those assets be easily and affordably transferred, in DDEX or another standard format?

3. BREAKAGE FROM DSPS WILL BE DISTRIBUTED TO THE CLIENT?

Is the contractual position on breakage from digital service providers (where platforms pay out a lump sum of money that cannot be allocated specifically) clear? If breakage is received, will this be shared with the client, and on what basis?

5. ARE DSP TERMS NEGOTIATED WITH THE CLIENT AT THE FOREFRONT?

Are the terms of agreement between DSPs and distributor or aggregator negotiated with the artist and label clients' best interests in mind?

2. DATA TRANSPARENCY

Is full data transparency across all services available? Can clients view and understand their full earnings from one platform to the next as close to real time as possible?

4. PAYOUTS FROM DSP IPOs WILL BE DISTRIBUTED TO THE CLIENT?

If a DSP goes public (e.g. Spotify), is the position clear on how any monies received from shares will be distributed?

**“ANY EXPERIENCED MUSIC
EXECUTIVE WILL TESTIFY HOW
QUICKLY INITIAL PREDICTIONS
USUALLY GO OUT THE WINDOW...”**

MARK DOWLING
ABSOLUTE



CONCLUSIONS

WRITTEN BY ALISON WENHAM

The third WINTEL report demonstrates the increasing power, authority and influence of the independent sector. After twenty years building the sector from being fragmented and disunited to one of global authority, the creation of AIM, IMPALA, A2IM, AIF, Merlin and WIN are all examples of what can be achieved when we unite.

What we rather patronisingly currently label the Rest of the World (ROW) will, I am confident, become economic powerhouses in their own right in the future, and WIN's role will be all-important in uniting and building the Trade Associations of the future in those territories. They are, of course, not new in terms of music, just new to the western markets and vice versa. With You Tube's most popular videos coming from Brazil this year, it is a sure sign of the future.

There is much to learn from each other, and WIN will be on hand to help, advise, provide and connect, as we have been over the last ten years. In these markets, even the definition of an independent changes from one country to the next, but what is clear is that, definitions aside, there is a clear, simple and compelling desire to work together and achieve the best our artists deserve, and in an environment that is transparent, fair and supportive of those principles.

What is also clear is that the work WIN has done in defending and upholding the value of our rights has been very successful. No longer is the sector regarded as an afterthought, it is counted as a valuable and significant contributor to the success of the supply chain and at the heart of diversity and choice for the consumer. As music discovery and global diversification takes the industry further and further away from the controlled environment of hit making and towards consumer driven discovery, our sector will continue to thrive and prosper as it produces the most exciting and diverse music in the world.

IN ORDER TO MEASURE THE SIZE OF THE GLOBAL INDEPENDENT RECORD LABEL MARKET WE UTILISED TWO KEY TOOLS:

METHODOLOGY

WRITTEN BY MARK MULLIGAN

GLOBAL INDEPENDENT LABEL SURVEY:

During 2018 WIN and MIDiA fielded a major survey to independent record labels across the globe. The survey addressed issues including the size of the business, releases and genres, people employed, A&R spend, use of distributors, details of distributors and rates paid to them etc. It also included detailed questions about label revenue, across all formats, in volume and revenue terms.

Questionnaires were distributed to the labels by local trade associations and were returned directly to MIDiA for analysis. The results present unique picture of the global independent label market and acted as a key input for the market share model.

GLOBAL MARKET SHARE MODEL:

The first stage of the model entailed establishing total recorded music market values (i.e. including major label revenue) by product format at country level using national trade association and IFPI data. After this, independent label data from the survey was aggregated up to a country level and fed into the model at a product level by country.

This enabled us to utilize invaluable country level insight without revealing any confidential, company level detail. As an additional step compared to previous editions, we factored in Artist Direct (i.e. DIY Artist) revenue. To do this we took the Artist Direct revenue that MIDiA had previously identified and stripped out the portion that may already be tracked by the IFPI via streaming service reports. This was then added to the independent label revenue as part of the non-major revenue. Additional factors that we utilized in the modelling process included, but were not limited to: calculating national market shares of individual labels, identifying what share of sales that were domestic, measuring sales via distributors, analysing distributor revenue shares and splitting this by domestic versus international. MIDiA additionally leveraged national independent label market data from local trade associations and other bodies. All of these inputs were used to create non-major record label market share figures for each country and additionally for each product category within each country. To ensure that there was no double counting of revenue, international revenue for each label was only counted as overseas revenue and was appropriately attributed to respective international markets. The resulting interim dataset was then reviewed by a mix of leading independent labels, trade associations and other bodies.

MODEL DATA

WRITTEN BY MARK MULLIGAN

Total Recorded Music Revenue (\$ Million)			
	Total Market	Majors	Independents
US	5,950	3,664	2,286
Canada	440	332	108
Belgium	122	81	41
Denmark	138	111	27
Finland	80	59	21
France	929	637	292
Germany	1,330	894	436
Italy	249	175	74
Netherlands	271	176	94
Norway	139	106	33
Spain	206	175	31
Sweden	200	150	50
UK	1,315	1,012	303
Argentina	131	93	38
Brazil	298	184	114
Chile	42	27	15
Australia	415	277	138
Japan	2,754	1,008	1,746
South Korea	501	83	418
Other markets	1,862	1,199	663
Global Total	17,372	10,443	6,930

Total Recorded Music Revenue Share		
	Majors	Independents
US	62%	38%
Canada	75%	25%
Belgium	66%	34%
Denmark	80%	20%
Finland	74%	26%
France	69%	31%
Germany	67%	33%
Italy	70%	30%
Netherlands	65%	35%
Norway	76%	24%
Spain	85%	15%
Sweden	75%	25%
UK	77%	23%
Argentina	71%	29%
Brazil	62%	38%
Chile	65%	35%
Australia	67%	33%
Japan	37%	63%
South Korea	17%	83%
Other markets	64%	36%
Global Total	60%	39.90%

Physical Recorded Music Revenue (\$ Million)			
	Total Market	Majors	Independents
US	906	627	279
Canada	91	69	22
Belgium	40	27	13
Denmark	10	8	1
Finland	9	7	1
France	339	251	88
Germany	574	382	192
Italy	96	72	24
Netherlands	60	34	26
Norway	13	9	4
Spain	53	46	6
Sweden	20	16	4
UK	402	315	88
Argentina	11	7	4
Brazil	16	10	6
Chile	5	3	1
Australia	78	55	23
Japan	2,008	741	1,267
South Korea	186	13	173
Other markets	331	261	70
Global Total	5,246	2,953	2,293

Physical Recorded Music Revenue Share		
	Majors	Independents
US	69%	31%
Canada	76%	24%
Belgium	68%	32%
Denmark	85%	15%
Finland	88%	12%
France	74%	26%
Germany	67%	33%
Italy	75%	25%
Netherlands	57%	43%
Norway	70%	30%
Spain	88%	12%
Sweden	80%	20%
UK	78%	22%
Argentina	62%	38%
Brazil	60%	40%
Chile	68%	32%
Australia	70%	30%
Japan	37%	63%
South Korea	7%	93%
Other markets	79%	21%
Global Total	56%	43.70%

Download Revenue (\$ Million)			
	Total Market	Majors	Independents
US	944	594	350
Canada	80	60	20
Belgium	10	7	3
Denmark	4	3	1
Finland	1	1	0
France	40	26	15
Germany	114	81	33
Italy	16	11	5
Netherlands	8	5	3
Norway	3	0	3
Spain	7	5	1
Sweden	3	2	1
UK	146	113	33
Argentina	1	1	0
Brazil	5	3	2
Chile	1	0	1
Australia	75	51	25
Japan	278	101	176
South Korea	9	1	7
Other markets	110	67	43
Global Total	1,854	1,131	722

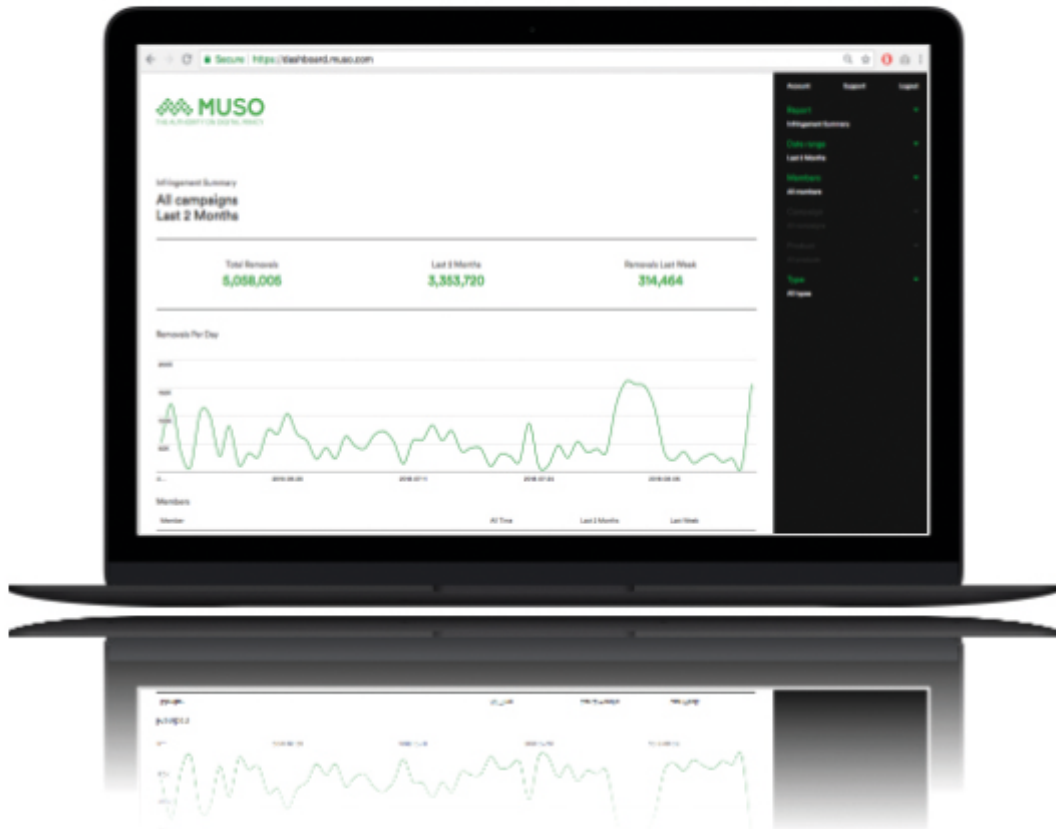
Download Revenue Share		
	Majors	Independents
US	63%	37%
Canada	75%	25%
Belgium	67%	33%
Denmark	83%	17%
Finland	76%	24%
France	64%	36%
Germany	71%	29%
Italy	69%	31%
Netherlands	64%	36%
Norway	9%	91%
Spain	80%	20%
Sweden	77%	23%
UK	77%	23%
Argentina	63%	37%
Brazil	65%	35%
Chile	35%	65%
Australia	67%	33%
Japan	37%	63%
South Korea	14%	86%
Other markets	61%	39%
Global Total	61%	39.00%

Streaming Revenue (\$ Million)			
	Total Market	Majors	Independents
US	3,372	1,888	1,484
Canada	201	145	55
Belgium	34	21	13
Denmark	73	57	16
Finland	42	27	15
France	270	154	116
Germany	355	243	112
Italy	74	51	23
Netherlands	127	85	41
Norway	95	80	15
Spain	92	74	17
Sweden	141	104	37
UK	501	382	119
Argentina	39	24	15
Brazil	163	94	69
Chile	22	14	8
Australia	205	129	75
Japan	265	83	182
South Korea	282	33	249
Other markets	1,009	610	399
Global Total	7,361	4,301	3,061

Streaming Revenue Share		
	Majors	Independents
US	56%	44%
Canada	72%	28%
Belgium	62%	38%
Denmark	78%	22%
Finland	64%	36%
France	57%	43%
Germany	68%	32%
Italy	69%	31%
Netherlands	67%	33%
Norway	85%	15%
Spain	81%	19%
Sweden	74%	26%
UK	76%	24%
Argentina	61%	39%
Brazil	58%	42%
Chile	62%	38%
Australia	63%	37%
Japan	31%	69%
South Korea	12%	88%
Other markets	60%	40%
Global Total	58%	41.60%

Total Digital Revenue (\$ Million)			
	Total Market	Majors	Independents
US	4,451	2,557	1,894
Canada	285	208	76
Belgium	45	28	17
Denmark	77	60	17
Finland	43	28	15
France	318	185	133
Germany	472	327	146
Italy	90	62	28
Netherlands	135	91	44
Norway	98	75	23
Spain	101	82	19
Sweden	144	107	38
UK	652	499	153
Argentina	41	25	16
Brazil	179	104	75
Chile	24	16	8
Australia	283	208	75
Japan	574	198	376
South Korea	294	35	259
Other markets	1,118	655	462
Global Total	9,424	5,549	3,876

Total Digital Revenue Share		
	Majors	Independents
US	57%	43%
Canada	73%	27%
Belgium	63%	37%
Denmark	78%	22%
Finland	65%	35%
France	58%	42%
Germany	69%	31%
Italy	69%	31%
Netherlands	67%	33%
Norway	77%	23%
Spain	81%	19%
Sweden	74%	26%
UK	77%	23%
Argentina	61%	39%
Brazil	58%	42%
Chile	65%	35%
Australia	73%	27%
Japan	35%	65%
South Korea	12%	88%
Other markets	59%	41%
Global Total	59%	41%



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