



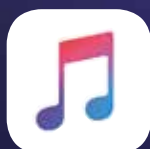
# GLOBAL MUSIC REPORT 2019

STATE OF THE INDUSTRY



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# Welcome

**T**ime and time again, throughout my career, I have been privileged to witness music's power to bring us together. Language and culture may vary, but music transcends borders and unites us.

This year's Global Music Report explores how music has become truly global – more so than ever before. Through the work and dedication of artists, record companies and their partners, music from vibrant and diverse regions is being sought out and loved by fans in every corner of the world.

The increasingly connected global music landscape is enabling us to explore new genres, sounds and artists, no matter where they originate, and for artists to enjoy the opportunities that I have had to engage with audiences around the world.

As this journey continues, we must ensure the right environment is created to make this success sustainable for the future; we must continue to work to establish a music ecosystem that is healthy and open to all, where music is valued and respected.



**PLÁCIDO DOMINGO**  
CHAIRMAN, IFPI



**This is an exciting time of growth for the music industry and we've increased our investment in talent and the creative process. We're partnering with our artists to continue advancing innovative and unique opportunities to connect with audiences in more corners of the world than ever before.**

**ROB STRINGER**  
CEO, Sony Music  
Entertainment



**We are succeeding because – even as traditional ways of doing business are being upended – we've worked to anticipate music's creative and commercial evolution and continued investing in our artists, driving innovation and actively shaping our future by continuing to transform ourselves.**

**SIR LUCIAN GRAINGE**  
Chairman & Chief  
Executive Officer,  
Universal Music Group



**In an attention economy, even the most original and compelling talent needs amplification to cut through the noise. We have the creative expertise, global impact, and cultural influence to make sure our artists aren't just heard, but that fans all over the world genuinely engage, react and care.**

**MAX LOUSADA**  
CEO of Recorded Music,  
Warner Music Group

## Sales

	TP vs LP		LP	TP TY vs TP LY		TP LY	TP TY
	TP	% Chg		TP TY	% Chg		TP TY
Overall Albums	2,025,784	-6.1%	2,157,105	2,025,784	22.1%	2,025,784	2,025,784
Physical Albums	1,260,572	-8.3%	1,375,607	1,260,572	17.0%	1,260,572	1,260,572
Digital Albums	765,212	-2.1%	781,498	765,212	29.3%	765,212	765,212
Catalog Albums	102,963	-1.9%	103,020	102,963	95.9%	102,963	102,963
Independent	257,458	-3.9%	267,861	257,458	9.9%	257,458	257,458
Major Labels	277,857	-15.8%	321,154	277,857	14.1%	277,857	277,857
Digital	764,205	-2.1%	780,699	764,205	-28.3%	764,205	764,205
Non-Traditional	502,192	-26.7%	685,235	502,192	-23.9%	502,192	502,192
Classical/Retail	27,099	-28.2%	31,143	27,099	-15.7%	27,099	27,099
Product Configurations	954,867	-11.0%	1,072,273	954,867	24.1%	954,867	954,867
CD	301,407	-1.6%	295,698	301,407	18.0%	301,407	301,407
Digital Albums	765,212	-2.1%	781,498	765,212	29.3%	765,212	765,212
Streams	4,298	-21.3%	6,446	4,298	-63.3%	4,298	4,298
Album Sales	6,334,351	-1.9%	6,480,020	6,334,351	11.1%	6,334,351	6,334,351
Streams	47,817	0.7%	47,892	47,817	19.4%	47,817	47,817
Sales	25,608	-14.8%	30,055	25,608	-45.8%	25,608	25,608

PERFORMANCE

MARKETS

RETAILER/PROVIDER

STREAMING

AIRPLAY

SOCIAL

MARKET-MAKING

MARKET-MAKING

Week Ending: 02/07/2019

GRAPH EQUIVALENTS SALES STREAMING AIRPLAY SOCIAL MARKET-MAKING



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# Global Music Market 2018 in Numbers



**+9.7%**

Global revenue growth



**+32.9%**

Growth in paid streaming revenues



**+34.0%**

Growth in overall streaming revenues

**46.9%**

Streaming share of global revenues

**-21.2%**

Download revenue decline

**-10.1%**

Physical revenue decline



# Introduction

## Music becomes truly global

---

**M**usic has truly become global – in ways never before imagined. From the South Korean boy band, BTS, capturing the hearts of fans from Seoul to Rio, to the Colombian reggaeton singer, J Balvin, taking his place amongst the global pop elite, to emerging stars like Mali-born French artist, Aya Nakamura, showing language is no barrier to reaching beyond home borders. The global music community has never been more connected, and fans and artists alike are seizing the opportunities of this new era to enjoy and share the music they love, no matter where it comes from.

We have now seen four consecutive years of growth, driven by great music from incredible artists in partnership with talented, passionate people in record companies around the world who help them realise their creative and commercial potential. Today, this partnership takes many forms, with artists drawing on the extensive expertise and resources record companies provide. Ultimately, it is forged on the simple premise of a shared love of music and mutual respect.

One of the most exciting aspects of this global growth is the regions driving it. For the fourth year in a row, Latin America has seen the largest regional growth, with countries like Brazil leading the way. Asia has become a world player, with markets like China and South

Korea fuelling growth. The Middle East and North Africa are now commanding attention. Crucially, these territories, and the artists emerging from them, are already reaping real benefit. Record company investment, local partnerships and increasing availability of mobile data have given rise to a rich and diverse global landscape with fans in each territory accessing music through a unique and evolving combination of formats and services. As this continues, revenue is returned to the artists, the cultures and the communities to spark the next cycle of creative endeavour.

Record companies continue to hone their partnerships with artists, offering expertise and resources on the ground to help navigate these landscapes and bring their music to their fans in the most effective and affecting ways.

There is still much to be achieved to ensure that these positive developments continue at pace. We are campaigning for music to be fairly valued in all its forms. We are working for music copyright to be recognised and respected around the world, and we remain committed to establishing a level playing field when it comes to negotiating a fair deal for those who create music. Above all, we are working to ensure that music continues on its exciting, global journey.



**FRANCES MOORE**  
CHIEF EXECUTIVE, IFPI



# Global Charts

The most popular artists  
and best sellers of 2018

IFPI GLOBAL RECORDING  
ARTIST OF THE YEAR

*ifpi*



# Top 10 Global Recording Artists



**01**  
Drake



**02**  
BTS



**03**  
Ed Sheeran



**04**  
Post Malone



**05**  
Eminem



**06**  
Queen



**07**  
Imagine  
Dragons



**08**  
Ariana  
Grande



**09**  
Lady Gaga











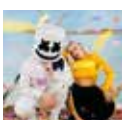

**10**  
Bruno Mars

amazon music









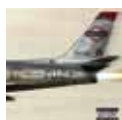

**A VOICE  
IS ALL  
YOU NEED**

**Get unlimited access to over 50 million songs**

# Global Top 10 Digital Singles of 2018

	Artist & Title	Global converted single units (m)
	<b>01</b> <b>Camila Cabello</b> (feat. Young Thug) Havana	<b>19.0</b>
	<b>02</b> <b>Drake</b> God's Plan	<b>15.3</b>
	<b>03</b> <b>Ed Sheeran</b> Shape of You	<b>14.9</b>
	<b>04</b> <b>Ed Sheeran</b> Perfect	<b>13.5</b>
	<b>05</b> <b>Maroon 5</b> (feat. Cardi B) Girls Like You	<b>11.9</b>
	<b>06</b> <b>Luis Fonsi</b> (feat. Daddy Yankee) Despacito	<b>11.8</b>
	<b>07</b> <b>Tia Ray</b> Be Apart	<b>10.9</b>
	<b>08</b> <b>The Chainsmokers &amp; Coldplay</b> Something Just Like This	<b>10.0</b>
	<b>09</b> <b>Marshmello &amp; Anne-Marie</b> FRIENDS	<b>9.6</b>
	<b>10</b> <b>Post Malone</b> (feat. Ty Dolla \$ign) Psycho	<b>9.2</b>

# Global Top 10 Albums of 2018

	Artist & Title	Global converted single units (m)
	<b>01</b> <b>Cast of 'The Greatest Showman'</b> The Greatest Showman (OST)	<b>3.5</b>
	<b>02</b> <b>BTS</b> Love Yourself 結 'Answer'	<b>2.7</b>
	<b>03</b> <b>BTS</b> Love Yourself 轉 'Tear'	<b>2.3</b>
	<b>04</b> <b>Lady Gaga</b> A Star Is Born (OST)	<b>1.9</b>
	<b>05</b> <b>Johnny Hallyday</b> Mon Pays C'est L'amour	<b>1.7</b>
	<b>06</b> <b>Ed Sheeran</b> ÷	<b>1.3</b>
	<b>07</b> <b>Queen</b> Bohemian Rhapsody	<b>1.2</b>
	<b>08</b> <b>P!nk</b> Beautiful Trauma	<b>1.2</b>
	<b>09</b> <b>Eminem</b> Kamikaze	<b>1.0</b>
	<b>10</b> <b>Cast of 'Mamma Mia! Here We Go Again'</b> Mamma Mia! Here We Go Again (OST)	<b>0.9</b>

# Global Market Overview

**Dynamic, diverse markets drive global growth**

**In 2018, the global recorded music market grew by 9.7%. It is the fourth consecutive year of global growth and the highest rate of growth since IFPI began tracking the market in 1997.**

This growth was predominantly driven by a 32.9% rise in paid streaming, that now accounts for 37.0% of total revenue.

Fuelled by the continued investment from record companies, the global story is one of dynamic, diverse markets evolving rapidly and finding routes to growth. Within the top 10, some of the fastest growing markets are in Asia and Latin America (South Korea, Brazil) with Asia becoming the second largest region for physical and digital music combined for the first time.

Artists from these evolving markets are also seizing the opportunities to break out to a global audience. Working in partnership with record companies and supported by their resources and understanding of the different music landscapes, artists are enjoying global success. As they and their music resonate with fans in different parts of the globe, revenue is returned to help fuel the next creative cycle.

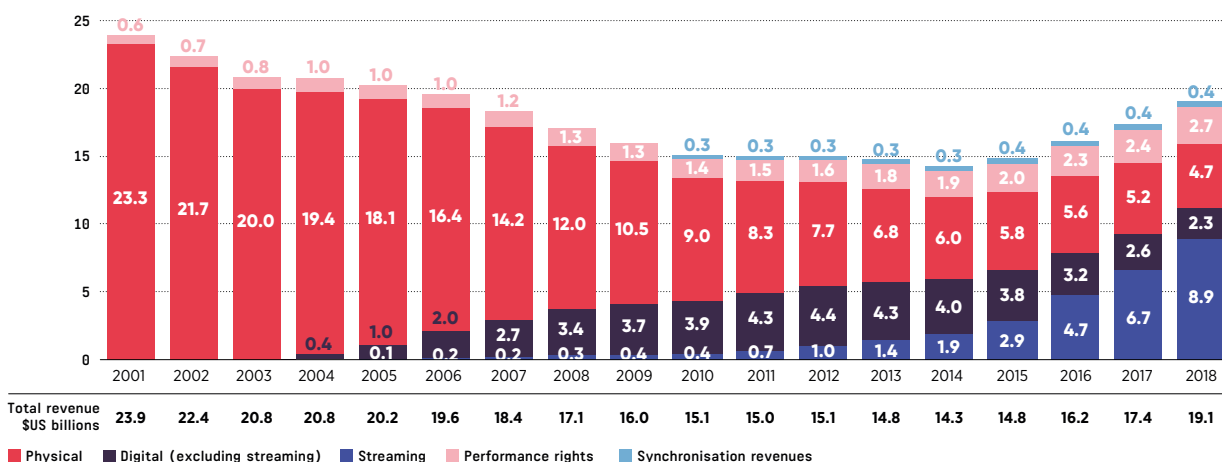
As these high-potential markets continue to develop and seize these opportunities, it is crucial that the right foundations are in place to support their sustainable, long-term development. Music copyright must be recognised and respected, and the music being enjoyed in its increasingly varied formats must be valued fairly.



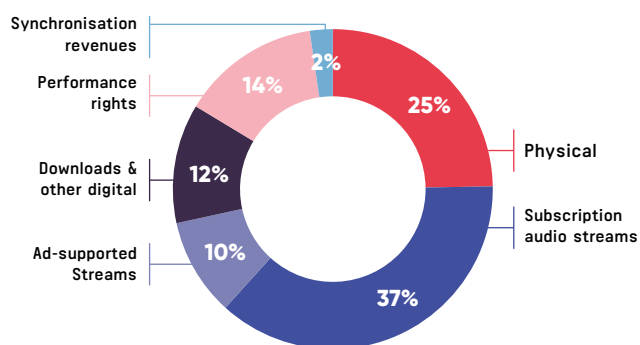
Ariana Grande photo by Dave Meyers



## Global Recorded Music Industry Revenues 2001-2018 (US\$ Billions)



## Global Recorded Music Revenues by Segment 2018



## Top Ten Music Markets 2018

01   USA	06   South Korea
02   Japan	07   China
03   UK	08   Australia
04   Germany	09   Canada
05   France	10   Brazil

**↑9.7%**  
global recorded music  
market growth

**58.9%**  
digital music share  
of global revenue

**255m**  
users of paid  
subscription accounts





# We are proud to bring millions of Hi-Res tracks to USA music lovers

As of February 2019, Qobuz is now available in 11 countries and USA.

Qobuz supports creators of all genres  
from around the world and delivers  
the highest quality audio and content.  
We Are The Music Lovers.



# 2018 Figures by Format

**Global recorded music revenues totalled US\$19.1 billion in 2018, a 9.7% increase on 2017 and a faster rate of growth than the previous year (+7.4%)**



**Digital  
revenue**

**↑21.1%**

Overall digital revenues grew by 21.1% to US\$11.2 billion in 2018, crossing the US\$10 billion mark for the first time ever and now accounting for 58.9% of total recorded music revenues. Within this format, the picture was varied with streaming pushing growth up strongly (increasing by 34.0% to US\$8.9 billion), while downloads saw a decline of 21.2%, dropping to 7.7% of the total market.

Paid audio streaming in particular was again a key driver (+32.9%), with almost all markets reporting growth in this area. Digital now makes up more than 50% of revenue in 38 markets.



**Performance  
rights revenue**

**↑9.8%**

Revenues from performance rights – use of recorded music by broadcasters and public venues – climbed in 2018, seeing an increase of 9.8%. Totalling US\$2.7 billion, performance rights revenue represents 14.0% of total recorded music industry revenues.



**Physical  
revenue**

**↓10.1%**

Physical format revenue saw continued decline in 2018, dropping by 10.1% and now accounting for around a quarter of the total market (24.7%). As in the previous year, the majority of markets saw a decrease in physical format revenues, but a small number of markets bucked the trend, posting growth (India +21.2%; Japan +2.3%; South Korea +28.8%), and physical revenues still constitute a significant percentage of the market in some countries (representing 71%, 47% and 35% of the market in Japan, Poland and Germany respectively). Revenues from vinyl also sustained their upward trajectory, posting growth for the thirteenth consecutive year, growing 6.0% and maintaining a 3.6% share of the overall market.

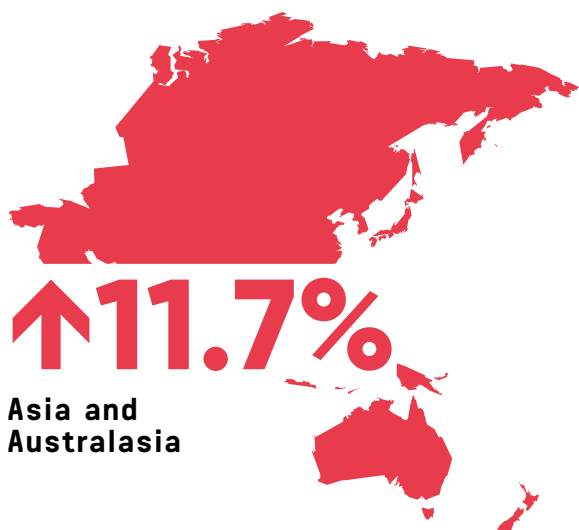


**Synchronisation  
revenue**

**↑5.2%**

Synchronisation – the revenue from the use of music in advertising, film, games and TV – posted growth of 5.2%, a more modest rate than the previous year (14.6%) but maintaining a 2.3% share of the total music market.

# 2018 Figures by Region



2018 saw Asia and Australasia move up to become the second largest global region for physical and digital revenue combined, posting growth of 11.7%. There was strong growth in digital (+26.8%), driven by paid audio streaming (+29.5%), which offset a continued decline in downloads (-7.1%). China, a new entrant in the global top 10 the previous year, rose to seventh position in 2018. The region's largest market, Japan, also saw growth (3.4%) following a decline of 2.9% the previous year. This was driven by gains in streaming (+32.6%) coupled with a return to growth in physical revenues (+2.3%). South Korea (+17.9%) and Australia (+11.0%) also recorded notable growth.



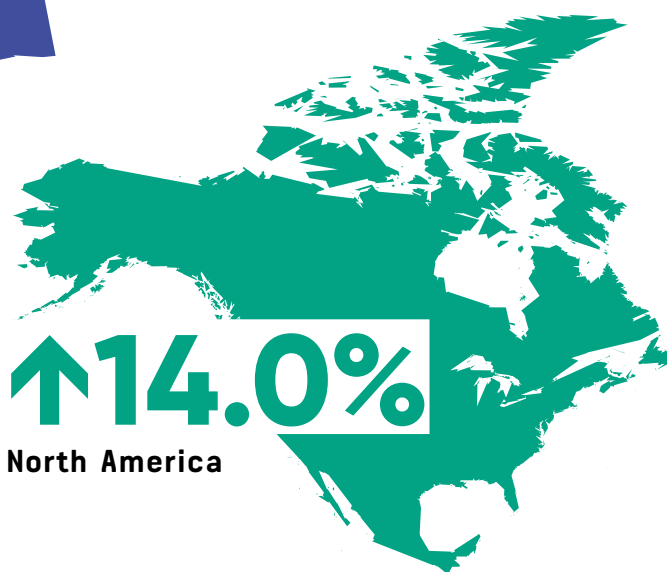
Latin America grew by 16.8%, once again the highest rate of growth globally. The region reflected global trends with declines in physical revenue (-37.8%) and downloads (-45.0%), but strong results in streaming (+39.3%). Brazil, the largest market in Latin America, continued its upward trajectory, increasing by 15.4% and recording one of the highest rates of growth in digital in the top 10 markets (38.5%). Chile, Mexico and Colombia also saw notable gains, increasing by 16.3%, 14.7% and 9.0% respectively.

**Streaming revenues, particularly from paid subscriptions, continued to grow in 2018, with all regions posting growth in this area. Overall, growth trends were more diverse across different markets**



Europe posted modest growth (+0.1%) in 2018, with a varied picture for countries across the region. There was growth in some of the Nordic markets, with Sweden and Norway growing 2.8% and 1.7% respectively, and strong growth in markets such as Austria (+20.0%) and Ireland (+7.5%). Germany was the only top 10 European market to see a decline in revenues (-9.9%), partly due to its continued transition away from a physical-led market, and was overtaken by the UK (+3.1%) as the largest market in the region.

Overall, paid streaming in Europe rose by 29.2%, whilst physical revenues fell by 19.4% and downloads by 24.3%. Performance rights revenue for the region dropped by 6.7%, the steepest decline in this area of any region, contributing to the territory's overall slower growth.



North America recorded another year of double-digit growth, increasing by 14.0%, albeit at a slightly lower rate than in 2017 (+17.1%). Strong streaming growth (+33.4%) offset the decline in physical revenues (-22.0%), which showed a markedly faster rate of decline than the previous year (-4.3%). Whilst Canada remained flat (+0.5%), the US posted an increase of 15.0% and maintained its position as the world's largest music market. A predominantly digital market (74.2% of recorded music revenues), the fastest growing format in the US was paid streaming, which accounted for well over half (59.4%) of digital revenue.

# The Dynamic Nature of High-Potential Markets

**Record companies' increased levels of investment – alongside the continuous geographical roll-out of infrastructure – is driving the dynamic development of high-potential markets. As part of this process, record companies are taking their artists' music to an ever-expanding and truly global audience, whilst fans are benefiting from easy access to an increasingly diverse catalogue of licensed music, discovered and developed around the world.**

For recorded music, a high-potential market is typically classed as a country or region with a significant population, measured in tens, sometimes hundreds, of millions. They are markets that are becoming increasingly connected, and increasingly digital, but where consumption, particularly the legitimate and monetised consumption, of music is significantly lower, per capita, than would be expected in a mature and developed territory. Treated as a group, these markets, even with modest penetration, could provide a major uplift to the global streaming population. Led by record companies, the process of growing high-potential markets is one that is providing substantial benefits and opportunities for artists and fans alike, cross-pollinating music and consumers around the world by channelling resources and focus on local territories.

## **'A WILLINGNESS TO INVEST FOR THE LONG TERM'**

Adam Granite, Executive Vice President, Market Development, Universal Music, says: "Every market requires a unique approach, but I think what's most encouraging in all these high-potential markets is that local repertoire is growing significantly."

The one common thread linking the territories, he continues, is "a determination to find the best artists, the importance of our local teams, and a willingness to invest for the long term."

Jeremy Marsh, Chief Global Marketing Office, Warner Music, says: "Many predicted the globalised world of streaming would see Anglo repertoire flood other markets. But while international opportunities for Anglo artists have increased, we're also seeing a huge flow of music back the other way. We've seen this with music from markets such as Latin America and Korea, and we're starting to see it with music from regions like Africa too."



**Every market requires a unique approach, but I think what's most encouraging in all these high-potential markets is that local repertoire is growing significantly.**

**ADAM GRANITE**

Executive Vice President, Market Development,  
Universal Music





Colleen Theis, COO of distribution company The Orchard, a unit of Sony Music Entertainment, says: “We’ve 40 offices all around the world that are always looking for music that has local meaning. What’s exciting is that today we’re also able to take this across borders and introduce people to music that you wouldn’t traditionally think is in that country or culture’s wheelhouse.”

Orchard’s CEO, Brad Navin, believes this is being driven by a younger cohort of music fans gaining access to streaming services: “The generation of music fans that are now on streaming platforms are younger and have a completely different mindset. They think globally and great music is crossing over regardless of language.”

Granite picks up on the increasing opportunities for Anglo artists to connect with global audiences: “Our local teams actively help grow our artists’ audiences, and this amazing repertoire is now being heard and loved in parts of the world that were previously unreachable or, if they were reachable, were not monetised. Now they’re on a par with all major markets in terms of their access and the quality of the offering.”

Gabriela Lopes, Senior Vice President, Global Insight, Universal Music, explains how music companies use their networks and resources to build a rich understanding of music fans globally:

““““

**With access to streaming, people are able to really take a deep dive into Latin music and that’s great for the artists and great for the culture.**

**AFO VERDE**

Chairman/CEO of Sony Music Latin Iberia

“Right now, we have a very expansive infrastructure to follow consumer trends globally, and to understand how our artists are interacting with their audiences in different markets.”

All this, continues Lopes, is key to developing an artist’s global career: “We’re speaking to more than 40,000 music fans across 20 markets, and that number is growing every quarter, to understand how

the consumption is changing. What are the fans’ preferences in these markets? How do they consume music? What is the profile of our artists in these different places and how can we optimise the campaigns of our artists there?”

Dennis Kooker, President, Global Digital Business & US Sales, Sony Music Entertainment, explains the need for this level of insight into each individual music market: “While the world is more globally connected than it has ever been, especially in the way that we release music, the development of the business market by market is vastly different and we cannot make the mistake of falling into a one-size-fits-all approach.”

#### **‘IN LATIN AMERICA, OUR A&R TEAMS WORK CONSTANTLY TO CREATE GLOBAL HITS’**

Today, record companies are discovering artists in what were traditionally more regionally focussed markets and then not only establishing them domestically, but also working in a connected and collective effort to break them globally.

Iñigo Zabala, President, Latin America & Iberia, Warner Music, says: “In Latin America our A&R teams work constantly to create global hits from day one; this is a relatively new state of mind and something that we’re very focussed on.”

These international success stories contribute to a virtuous circle which leads to the emergence of even more local artists. Zabala says: “When Latin America delivers global hits, often in our own language, reflecting our own culture, it creates a feeling of community and of pride – among our artists and also among their fans; they want to be part of this movement.”

Far from Latin music being a new phenomenon, Afo Verde, Chairman/CEO of Sony Music Latin Iberia,

reflects on the region's rich musical heritage: “We have always had great local music: tango in Argentina; flamenco in Spain; bossa nova in Brazil; mariachi in Mexico; vallenato in Colombia; salsa in the Caribbean.

“What is happening now is that access to streaming is allowing this to be celebrated even more – people are able to really take a deep dive into Latin music and that's great for the artists and great for the culture.”



#### **‘BRAZIL HAS THE POTENTIAL TO BE AN INCREDIBLE EXPORTER OF MUSIC’**

Paid streaming not only grants the chance to discover new music but also to monetize it fairly.

Sony's Verde notes that Brazil is one of the best examples. He says: “Without any doubt, there was always huge music consumption in Brazil – it's a country that truly has music at its heart – but, due to copyright infringement, this was never recognised. When consumption began to take the form of streaming, the results were impressive. We'll see the country go from strength to strength and this will allow us to continue to support the artists in Brazil.”

Jesús López, Chairman & CEO, Universal Music

Latin America and Iberian Peninsula, also picks out Brazil as an especially dynamic market. “I think it has been a sleeping giant for years and years, and the reality is that it's a country with more than 200 million people. And it's a country that loves music.

“It is now more open and connected, and you are seeing more collaborations between Brazilian artists and Spanish artists and Anglo artists. For the first time, I feel Brazil has the potential to be an incredible exporter of music from the Latin world. As part of that, we are investing a lot in new artists

and new repertoire, that is the key to discovering stars who can be on the world stage.”



#### **‘WE HAVE A MASSIVE FOCUS ON GROWING DOMESTIC REPERTOIRE’**

Simon Robson, President, Asia, Warner Music, explains how record companies work with digital service providers (or DSPs) to help further grow the market in key developing territories, encouraging fans to move towards paid subscriptions: “We work as closely as possible with all services to help raise the profile of streaming in these countries. That might mean doing events with them, or getting our artists involved in promotional material. It's an education process and one that we're keen to be part of.”



He also highlights the efforts being made to nurture local artists. “We have a massive focus on growing domestic repertoire. If you look at the evolution of digital music markets in Asia, the majority started with a high proportion of international repertoire being consumed. That was because early adopters tended to be urban, highly educated, well-travelled English speakers.

“We're now seeing that, as streaming finds a broader audience, there is more interest in domestic music. We're trying to help meet that demand by investing heavily in local artists and repertoire.”



# 17.9%

## revenue growth in South Korea

### 'PLAYLISTS HAVE NO BORDERS'

South Korea is a market in the process of shifting from 'potential' to 'power player', driven by the phenomenon of K-pop and artists like BTS and BLACKPINK.

Spotify has yet to launch in the territory (the dominant streaming service is local DSP, Melon), but its playlists are evidence that the country's domestic repertoire is travelling across the world.

David Erlandsson, the company's Data Scientist, says: "From day one, K-pop has been one of the key focus genres for our editors in Singapore. These playlists were originally created for the South East Asian markets, but, as playlists have no borders, their popularity has since travelled around the world and there is now a more global focus on the genre.

"In 2018, markets like Peru, Canada, France and Turkey all saw more than 100 million streams of K-pop artists."



# 7th

## China's market position globally

### 'THERE IS AN OPPORTUNITY TO GET WESTERN AUDIENCES TO FALL IN LOVE WITH C-POP'

Andrew Chan, Managing Director of Sony Music in China, says: "The market here is very exciting as we are undergoing constant digital transformation. Importantly, paid subscribers are growing, thanks to the efforts of the whole industry – but we are still only at around 33 million subscribers, out of a population of 1.4 billion."

In terms of the flow of repertoire, in both directions, Chan believes this is the start of a journey. "More and more international artists are being invited onto talent shows as judges – and sometimes contestants – so there is an increase in the number of Western artists wishing to come to China."



He highlights the importance of short video content in making music go viral. In fact, the power of short form video and its potential for Western artists came together last year in one of Sony Music's more quirky success stories. Chan explains: "Olly Murs' song, *That Girl*, was covered by a young boy in a small town, trying to impress a girl. His video went viral online. It boosted Olly's streaming rates and *That Girl* went on to be number one on QQ for three months." Chan goes on to explain that Murs has responded to this, catching the attention of the media, who are keen to interview him when he visits the country next.

Meanwhile, he believes that Chinese artists looking to break outside of the territory shouldn't always adapt their style to that of Western artists: "Artists often choose to sing in English in order to break overseas, but English is not their first language, so they cannot compare or compete with Western artists in that sense. I believe there is another angle. Like we have seen in Korea, there is an opportunity to introduce Western audiences to C-Pop, to get them to understand and fall in love with the genre and allow our artists to find a global stage that way."

Denis Handlin, Chairman & CEO, Australia & New Zealand and President, Asia, Sony Music Entertainment, adds that record companies need multiple approaches to achieve success in Asia. He says: "It would be flawed to take the one same approach to all markets in the region. Through our relationships with local partners across all aspects of the industry, we do a lot of listening and learning. Every country is unique, with its own culture and each country's fans want something different."

### 'WE RESEARCH, WE LEARN, WE DON'T COME IN WITH 'OUR' MODEL'

Alfonso Perez Soto, EVP, Eastern Europe, Middle East and Africa, Warner Music, says: "The younger demographic in territories like Africa, India, the Middle East and Eastern Europe are all embracing technology and getting more connected every day. That's something that will completely change the scope of our industry."

He highlights the MENA region as especially dynamic over the last 12 months. "Out of the blue it became one of the most exciting and competitive DSP markets, going from nought to 100 miles per hour in

# BMAT



# The Music Operating System

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**We want to enter every market as a reliable local player who gives artists the chance to reach their full potential in that territory, while also amplifying their presence all over the world.**

**ALFONSO PEREZ SOTO**

Executive Vice President, Eastern Europe, Middle East and Africa, Warner Music



five seconds. I can see the same thing happening soon in sub-Saharan Africa.

“I think that in all these cases, having local DSPs in the mix is important, because of their understanding of the local ecosystem, the repertoire, the media companies and payment methods. What we do is meet with them, talk and work together on a local level. We research, we learn, we don’t come in with ‘our’ model, or a Western model.

“When we come into these territories, the first thing you’ll hear from us is, ‘How can we help you?’ That’s for all our partners, from artists and managers to DSPs. We want to enter every market as a reliable local player who gives artists the chance to reach their full potential in that territory, while also potentially amplifying their presence all over the world.”

Patrick Boulos, CEO, Universal Music, MENA, is equally confident about the territory’s potential, and sees the labels’ role as multi-faceted. He says: “A big part of our job is definitely to be at the forefront of signing, developing and breaking local artists, taking them as far as we can, in their home markets and beyond.

“We also lobby governments in order to try and explain and establish collecting societies, to protect and properly reward creators, artists, writers and producers.”

He also stresses the global potential of artists in the region. “The reality is, in a digital world without boundaries or frontiers, and where you have large numbers of Arabic-speaking people in the US, Europe, Central and South America, etc., the potential for crossover is huge. The challenge for Universal Music and other labels now is to extend our reach within this region in order to discover the best new artists, to then promote them to



the local community, while also capitalising on the opportunity that being a global, connected company brings, and that is to reach the Arabic-speaking community around the world.”

Warner opened its dedicated Middle East office in 2018, spanning 17 territories. It is headed up by Managing Director, Moe Hamzeh. He says: “Our first imminent task is to grow our digital business and be able to service DSPs and other partners here, as well as servicing and marketing our international roster. Phase two is to start developing and signing local acts and help support the local culture.”

“In all that we do, it’s vital to understand the local culture and adapt our practices to it. There are gaps here, in terms of industry infrastructure, that a

major record company can help fill. So, we can participate not only in the development of artists, but also the likes of managers, agents, lawyers and royalty accountants. We want to be integral to the development of the region into a really valued part of the

global business – that’s good for us and for local artists and industry.”

Universal Music’s Granite sums up recorded music’s engagement with high-potential markets by placing the emphasis on a key theme: responsibility. He explains: “We set the bar extremely high. When we are renewing our presence in one of these high-potential markets we do so with responsibility, with respect and ultimately investment in people, artists, infrastructure and partnerships.”

“““

**In all that we do, it’s vital to understand the local culture and adapt our practices to it.**

**MOE HAMZEH**

Managing Director, Warner Music Middle East





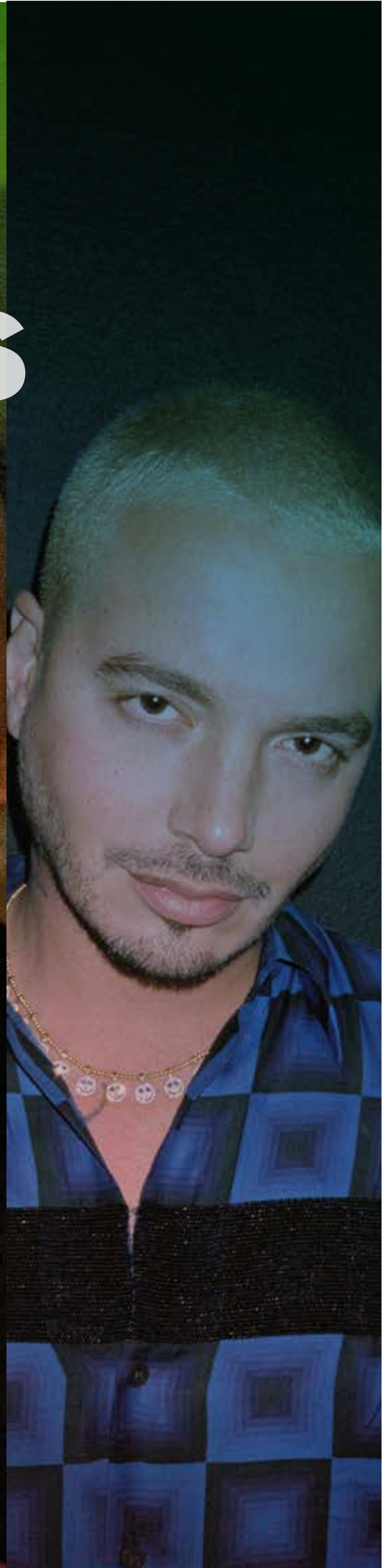
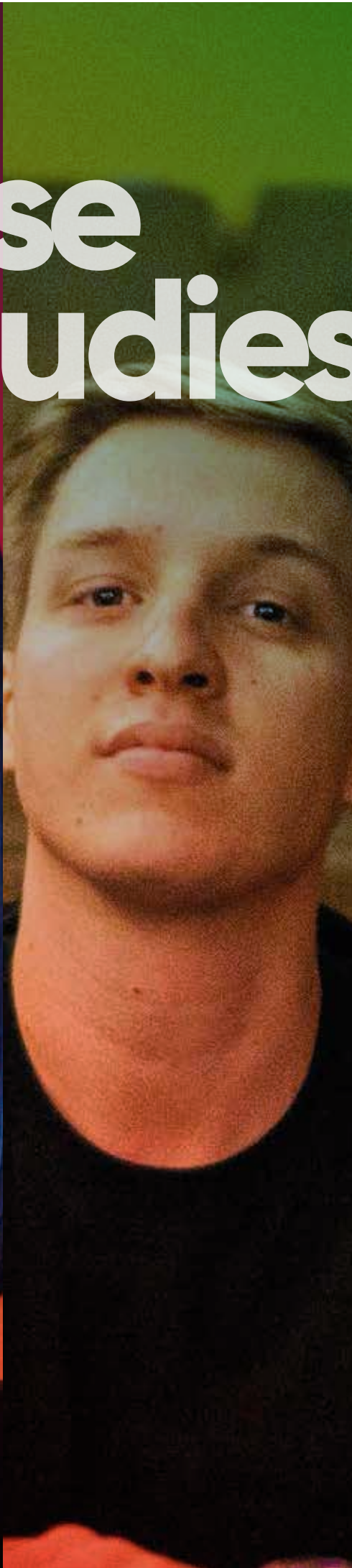
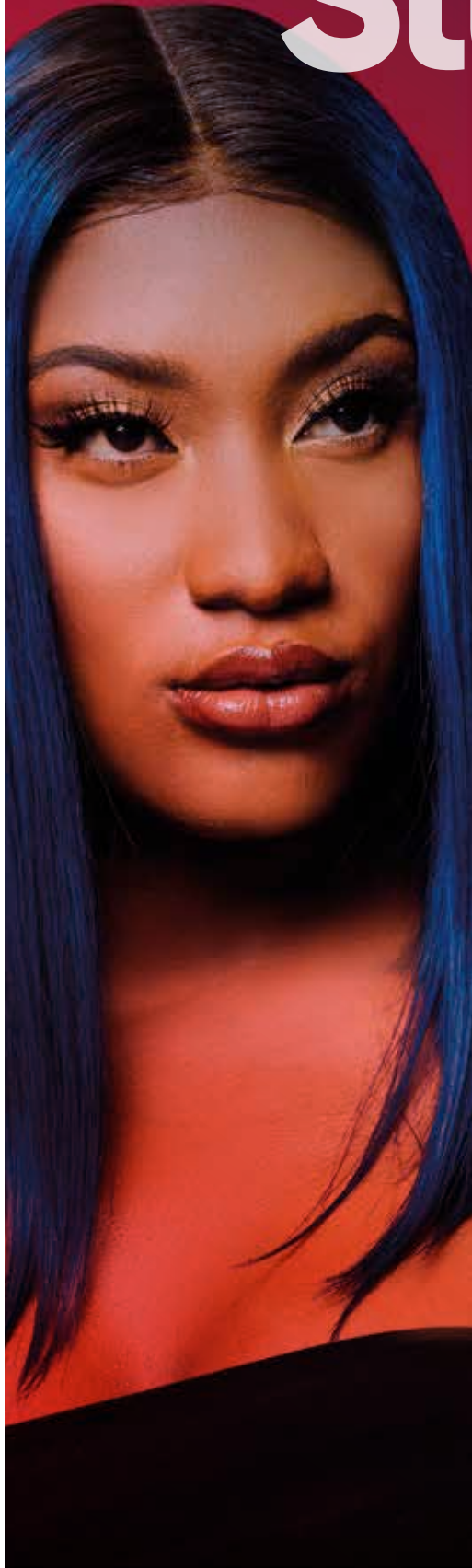
# The Global Story of Local Genres

Aligned with the borderless power of streaming, the increasingly global reach and mindset of record companies has brought about a major shift in the opportunities for artists from all over the world.

On one hand, individual territories are developing their own stars, artists who use their own voices to find their own audience and command the spotlight as much as traditionally dominant repertoire from the US and UK. They are being prioritised by labels' local offices and connecting more than ever with their domestic fans.

On the other hand, they are looking beyond their home countries with more ambition and confidence than ever, encouraged and propelled by record companies who know that the next world-straddling track or breakout superstar can come from anywhere.

# Case Studies







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## Case Study

A close-up portrait of Aya Nakamura with long, wavy blue hair, looking down with a soft expression. The background is a vibrant red.

# Aya Nakamura

## French rap finding its global voice

One example of an artist blowing up in her home territory, while also starting her international journey, is Warner France-signed Aya Nakamura.

Born in Mali, Nakamura moved to a suburb of Paris as a baby and grew up immersed in - and influenced by - both cultures. She started making music as French urban music was finding its voice and moving into the mainstream.

Thierry Chassagne, President, Warner Music France, says: "The popularity of French rap was driven in part by streaming, but also by demographics. We have strong Caribbean and African communities here that have been the driving force behind much rap music."

"At the beginning of the [Aya Nakamura] project, especially on the digital aspects, we focused on these communities, before expanding into the wider market."

"It was important to have this community, her community, behind her. She is a very empowered woman, and the idea that somehow the record company could lead the way without tapping into her roots and her fanbase, that she'd built herself, would have been wrong - and would not have worked."

Nakamura's first album, *Journal intime*, was released in 2017, reaching number six in the French charts and achieving Gold certification.

Things moved up a gear for her second, self-titled album, *Nakamura* - and especially its lead single, *Djadja*.

Chassagne explains: "It was the perfect situation of the set-up being created by the first album, and then the second album being preceded by such a big hit. *Djadja* went to number one here in its first week and is the most audio-streamed track by a woman in France so far in 2019."

Nakamura's appeal was such that Warner Music drew on its global network and began to look for opportunities for the artist outside of her home country.

Alain Veille, Managing Director of Digital, Warner Music France, explains how Warner was quick to see the wider appeal of her music: "It resonated outside of France very quickly. Our colleagues in neighbouring countries were asking us about her story; they could feel there was something happening."

Veille describes how his team had early discussions with surrounding territories, helping them kick-start their own campaigns: "The spread of awareness dovetailed with our strategy of establishing a core fanbase in Aya's community, taking her mainstream throughout France, and then, working with offices on the ground, targeting territories where the buzz was building."

Recognising each market's inherent differences, campaigns were tailored to build on Nakamura's already

strong roots, whilst adding a local flavour. Veille describes one example: "In Germany, we recorded a version of *Djadja* with a female hip-hop artist called Loredana, who shares similar values, and is a strong, independent woman. That version got accepted by the streaming platforms and was added to influential German rap playlists."

The work paid off. German radio picked up the track, eventually choosing to play the

original over the newer, German version.

*Djadja* has now achieved over 190 million audio streams and 315 million video streams worldwide, and in three territories - Netherlands, Germany and Belgium - the numbers are matching what's been achieved in France.

Ultimately, Nakamura's music and ability to connect with her fans, coupled with the support and backing from her label, is allowing her to reach an increasing number of people around the world, as Chassagne explains: "It's a true collaboration within a global structure. We know the artist very well, so we can contribute that insight and understanding, we bring the artist's story. And, of course, our colleagues know their territories - their tastemakers, their media, they can recommend collaborations and so the project is amplified globally."



**Djadja went to number one here in its first week and is the most audio-streamed track by a woman in France so far in 2019.**

**THIERRY CHASSAGNE**  
President,  
Warner Music France

## Case Study



# George Ezra

## Authentic UK talent making global waves

George Ezra is undoubtedly one of the biggest breakout UK artists of the last five years. With his distinctive baritone voice and varied musical influences, together with his authentic, honest approach to sharing his music, the Columbia-signed artist has won fans around the world.

Columbia's Head of Marketing, Alex Eden-Smith, explains how, when first working with Ezra, his musical talent and authenticity formed a key strand of the label's initial strategy: "It was very important that he wasn't seen as just another singer-songwriter. He's an incredibly talented guy with a really distinctive voice; the sole aim had to be to bring that out."

Ezra's first single, *Budapest*, reached No. 3 in the UK charts, and made the Top 40 in the US. The single was followed by Ezra's first album, *Wanted On Voyage*, which topped the charts in the UK, broke the Top 20 in the US and went Top 10 in multiple countries. Global sales stood at just over two million in March 2019.

With one album under his belt, and a steadily growing fanbase, Columbia, together with Ezra, began to plan for the follow-up. *Staying At Tamara's*, was released in March 2018. It reached No. 1 in the UK where it was also the biggest-selling artist album of 2018.

Eden-Smith describes the approach to the second campaign: "We continued to highlight his personality, his

natural wit and irreverence, something that comes across effortlessly in his relationship with his fans."

It was this desire to allow Ezra's personality to shine through that led to the idea of developing content that went beyond his music.

"George is a big podcast fan and came up with the idea of producing a series of podcasts where he holds conversations with a range of different musicians (guests included Elton John, Nile Rogers and Ed Sheeran). We

were really keen to support him and made it a centrepiece of the campaign. It allowed him to not only get his personality across but also to bring in the fans of other artists and bring them back to his music. It's an engagement loop, if you like."

Podcasts are just one of the tools in a kit that has had to expand exponentially to meet the demands of a new kind of audience, explains Eden-Smith: "You have to constantly think about the brand-new George Ezra fan who heard their first song yesterday; what's their experience going to be? For them it's a discovery, and you have to give them ways of finding out who George is."

"Ultimately, the most

important thing for us was to trust George's instincts – to enable him to create the music he wants to, whilst finding the tools to help him reach a bigger audience. The conversation was never about making him something he's not, but about celebrating and promoting all the best sides of George."



**Alongside getting his music out to as many people as possible, the goal was to continue to highlight his personality, his natural wit and irreverence, something that comes across effortlessly in his relationship with his fans.**

**ALEX EDEN-SMITH**  
Head of Marketing,  
Columbia



## Case Study



# J Balvin

## Pioneering Latin Music

Trailblazing, Medellín-born, Colombian artist J Balvin has pioneered Latin music's explosion onto the global stage.

Working in partnership with his record label and manager, Balvin has captured a global audience with his unique sound, both through his solo releases and a string of high-profile collaborations with artists such as Cardi B, Beyoncé and Justin Bieber – all whilst staying true to his Latin roots.

Angel Kaminsky, Executive Vice President, Latin America & Iberian Peninsula, Universal Music, explains how the relationship began: "I first met J Balvin in 2012. I travelled to Bogotá to meet this artist who was big in Colombia and was also starting to create a big buzz in the rest of the region.

"I was immediately struck by his creativity, his artistic ability and his impeccable work ethic. He's such a genuine person and this translates to his music and even to the vibes he passes on to other artists and, of course, to his fans."

Working closely as co-managers in partnership with Balvin's manager, Rebeca León, Kaminsky describes the strategic process behind Balvin's shift from local favourite to global star: "At first, there was a focus on breaking him in Latin America, Iberia and the US Latin market. We accomplished this with his hit singles *Y Vamos* and *6 AM* in 2014 and 2015.

"The next step was to push the project on a global scale. This started with lead single *Ginza* [from Balvin's

fourth album, *Energía*, released in 2016], and materialized with *Mi Gente* [released in 2017 and appearing on 2018 album *Vibras*]."

It was an approach that proved massively successful, pushing Balvin to new heights and huge international success. In June 2018, Balvin became the most listened to artist globally on Spotify, and in September he became the first Latin artist to reach one billion streams on Apple Music. This accolade was followed two months later by a Latin GRAMMY in the Best Urban Album category for *Vibras*.

Kaminsky points to Balvin's work ethic and strong sense of self as an artist as key factors in his success: "He sets his own rules, he knows what he wants. He always says, 'Believe me. I know where I'm going.' and I say, 'Okay, we'll follow you.'"

"He leads with artistic and creative direction and we help him to realise both his short term and long-term objectives; we provide him with an array of information from data and analytics to collaboration opportunities, but at the end of the day it's his vision and his instincts that drive us."

This attitude is reflected in Balvin's decision to fly the flag for his mother-tongue by continuing to sing in Spanish, despite offers of high-profile

English language-based collaborations.

"There's so much that makes J Balvin special", says Kaminsky. "He really has a vision to take the genre global without the need to sing in English. He's committed to being a global artist while staying close to his roots. I believe he has accomplished this and much, much more."



**He really has a vision to take the genre global without the need to sing in English. He's committed to being a global artist while staying close to his roots. I believe he has accomplished this and much, much more.**

**ANGEL KAMINSKY**

Executive Vice President Latin America & Iberian Peninsula, Universal Music

# The Value of a Label

## ‘THIS IS AN ERA OF INVESTMENT’

Record companies are both the spark and the engine, igniting and driving music, working to discover and develop artists around the world and connect them to fans everywhere in unprecedented ways.

A dominant feature of the return to growth in recent years has been the expanded levels of investment record companies are making in their offerings to artists, in their people and in their global presence. Record companies are investing more than one-third of their global revenues, or US\$5.8 billion, in Artists & Repertoire (or A&R) and marketing each year, to break, develop and support artists.

Dennis Kooker, President, Global Digital Business & US Sales, Sony Music Entertainment, says: “The most obvious impact the streaming-driven growth has had on record companies is that it has allowed us to be more aggressive with investment, specifically to invest substantially more in things that directly support artists.”

Jeremy Marsh, Chief Global Marketing Officer, Recorded Music, Warner Music, says: “This is definitely an era of investment: investment in artists; investment in staff; investment in infrastructure. We’ve invested in companies and teams such as [major merch company] EMP, [youth media brand] UPROXX and [multimedia/production studio] The Firepit – all of which increase the ways that we can partner with artists.”

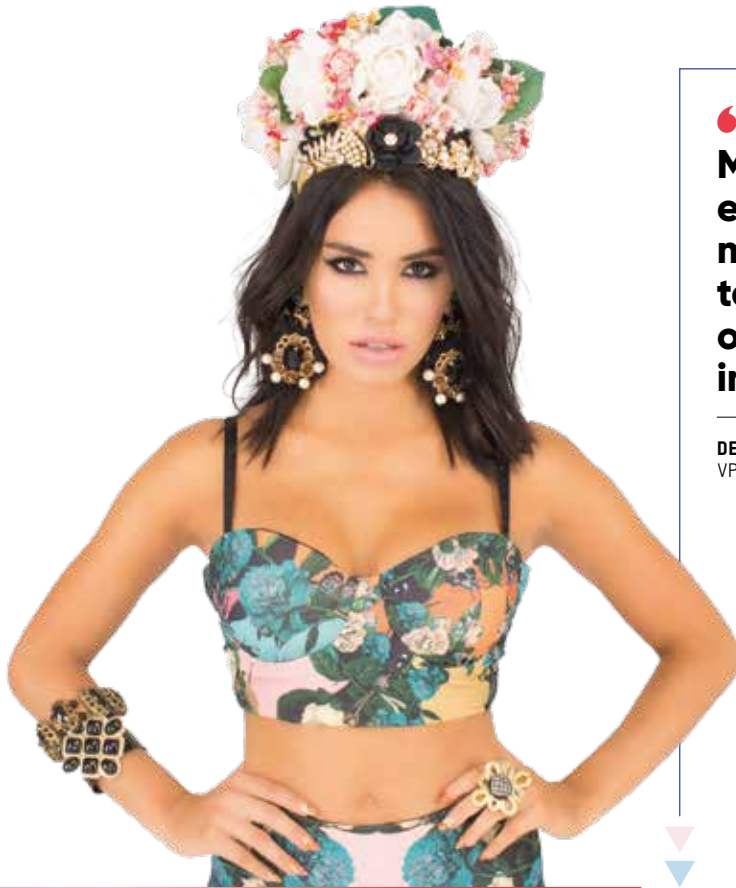
Glen Barros, COO, Concord Music, talks of both a “human and financial energy” returning to record companies, a new cycle in which resources become dynamic and a contributor, not simply ballast in a storm. He says: “You ally it with passion and it becomes a major factor in helping connect artists with the widest possible audience.”

## ‘IT’S THE PASSION’

Not only has increased investment allowed record companies to evolve their infrastructure and enhance their global footprints, it has also enabled the industry to empower the vibrant, passionate people who are the bedrock of the business.

Ole Obermann, Chief Digital Officer Executive Vice President, Business Development, Warner Music, says: “The DNA at Warner Music means that everyone in the company is entirely focused on working for the artists on our roster. We want our artists to be able to focus on their art, so we take care of running the business. There’s a dedication to that goal that isn’t matched by other players in the music ecosystem. Only a record label has that focus and capability and the necessary belief to break and support artists.”





“”

**My job, and that of everybody who works with me, is to do whatever it takes to turn the vision of these strong artists into reality.**

**DERRICK AROH**  
VP A&R, RCA Records

with artists that change culture through bodies of work, and change lives in three minutes.

They want to be challenged within the context of fully-fledged partnerships with ground-breaking artists.

#### **‘I LOVE ARTISTS WITH STRONG IDEAS’**

Aroh says: “The artists that I love the most are artists that have strong ideas, a strong will and a narrative that they’re not willing to give up. It’s easier for me to work with an artist who says, ‘I’m not going to do that’, than with an artist who says, ‘Okay, give me 800 things and we’ll choose’.

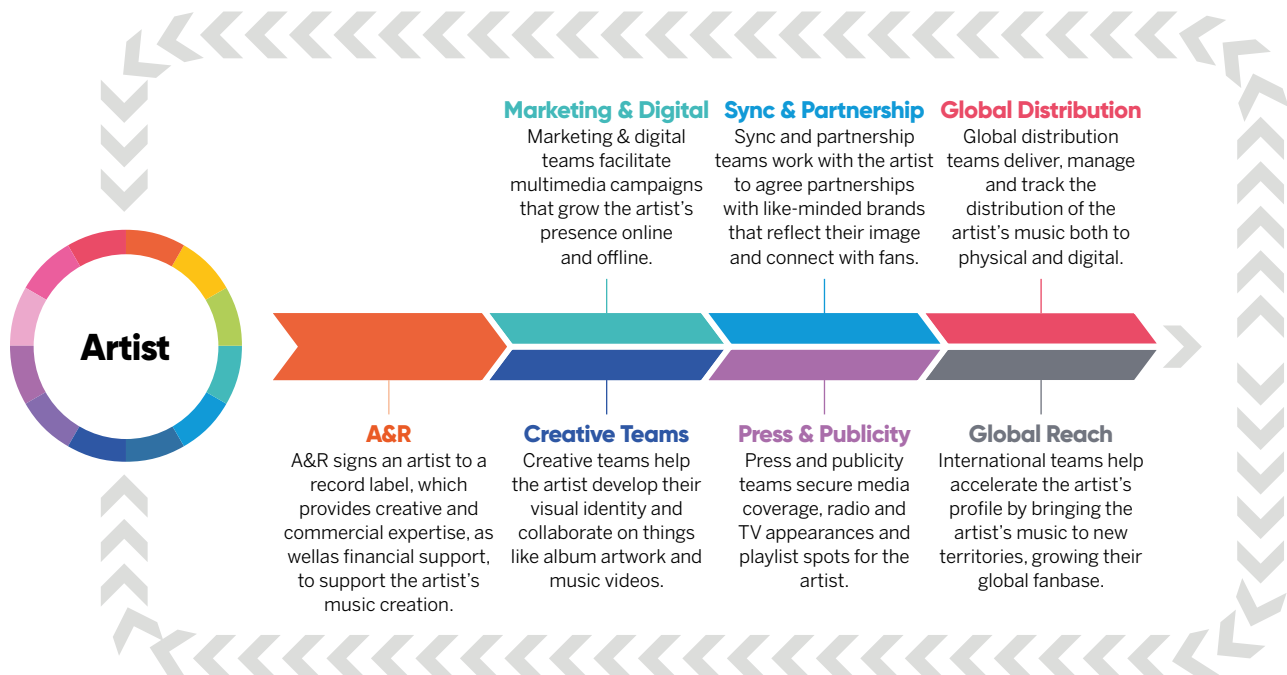
“My job, and that of everybody who works with me, is to do whatever it takes to turn the vision of these strong artists into reality.”

Konrad von Loehneysen, Founder, Embassy of Music GmbH, makes the point that the power of a record company can actually enhance the power and influence of an artist. “It’s always a more

Derrick Aroh, Vice President, A&R, RCA Records, says: “I think the most important thing artists get from us isn’t just the manpower, but manpower made up of individuals who really care about their careers. The reason people sign to us isn’t the size of the operation, it’s the passion we show them.”

That passion is reflected by a commitment to an artist’s vision. Record companies want to work

### **Record labels provide artists with unique, unmatched support**





**You can't have a single platform strategy in today's world, because the holistic view of the consumer is key to what we do as music companies now.**

**GABRIELA LOPES**

SVP Global Insight, Universal Music

successful relationship if the artist can really think freely about the music; all my artists have 100% creative control and they can have that because they don't need to worry about the metadata, the delivery of the records, the promotion and the marketing."

Eric Wong, COO at Island Records, re-iterates the importance of rooting all strategic thinking and creative executions in the vision of the artist. "Everything starts with the artist and with the music, that's what opens the door and that's why it's important that everyone at the label has a close relationship with artists and managers. Each campaign needs to be bespoke and needs to reflect who an artist is and what they want to say. Trust is where it all begins."

In such an environment, strong relationships built on trust are developed, and are crucial in the modern music world. Fans are engaged by narrative, and by artists who share insights into their lives and lifestyles.

This will only cut through, however, if it reaches the right audience through the right channels – and then resonates truthfully when it hits.

**'YOU CAN'T HAVE A SINGLE PLATFORM STRATEGY'**

Gabriela Lopes, Senior Vice President, Global Insight, Universal Music, says: "Our mission is to guide our labels and our artists through what is an intricate and ever-changing landscape, highlighting creative and commercial opportunities based on an in-depth understanding of market trends – how consumer

behaviour is changing and how fans are interacting with our artists."

It is a discipline that is growing in importance (and complexity) as the idea of fans 'just' listening to music, usually on the same device, often in the same locale, becomes more and more redundant.

Lopes says: "You can't have a single platform strategy in today's world, because the holistic view of the consumer is key to what we do as music companies now.

"A great example is Lady Gaga. If you're a fan, you're into her music, but she's a performer, so you want to see her live, you want to see her audio-visual content, you want to see her Netflix documentary, you want to see her at the Super Bowl, her film, you



**The portfolio of what we provide has extended beyond recognition.**

**PATRICK MUSHATSI-KAREBA**

CEO, Sony Music GSA



follow her on socials, and so on. There are so many different touch points, and the job of the label is to identify the mix that's right for our artist and create a meaningful connection between artist and fan."

Gary Kelly, EVP/Chief Revenue Officer, Interscope Geffen A&M Records, Universal Music, highlights another factor in the new 'much-more-than-music' content economy: "Artists are always on, and they are everywhere. We have mirrored that approach as a company and have built up teams that can handle that volume on a 24/7, truly global scale."

#### **'WE CAN AMPLIFY THEIR STORY'**

Insight also plays a key role in brand partnerships, with record companies able to conceive and deliver career-driving opportunities for breakthrough artists and global superstars alike.

Bettina Dorn, Senior Director, Brand Partnership Licensing, Warner Music Central Europe, says: "In a nutshell, we marry artists with brands, but we can only do that by having close relationships. We need to know the artists' personality and mindset, because only then do you get emotionally impactful branding, which is the only kind worth doing, because consumers, especially millennials, are so selective when it comes to media consumption. Data is now a hugely important part of the role, giving us more insight into the people we're targeting and the impact we're having. Partnerships have also evolved from one-off deals to long-term relationships with a significant cultural impact to the benefit of artists and brands."

Cassandra Gracey, President of 4th Floor Creative, Sony Music's creative department in the UK, also stresses the value of not just close, but fully-rounded relationships. She says: "We like the music, that's why they're sitting in our office in the first place, but we want to know everything else about them: what makes them tick; where they're from; what their background is; all those types of things. With that information, our insight team helps identify the audience (and potential audience), work out which brands and what media platforms they're currently caring and talking about.

"Then we can help them amplify their story, pick out the different things that just help flesh out their character and give more for the audience to latch on to."



**The most obvious impact the streaming-driven growth has had on record companies is that it has allowed us to be more aggressive with investment, specifically to invest substantially more in things that directly support artists.**

**DENNIS KOOKER**

President, Global Digital Business & US Sales, Sony Music Entertainment

That amplification can come via a range of in-house technologies, skills and platforms, all at the artists' disposal. Gracey gives some examples: "We have video commissioners, stills commissioners;

we have designers who do everything from logos to a complete range of campaign assets. Then we have the content team: directors; producers; editors; plus, a photographic studio and a recording studio.

"All of which means we can do TV commercials, vertical videos, music videos, acoustic recordings, podcasts, voice-overs."

Record companies, then, provide artists and managers with a suite of services, more wide-ranging than ever before, and then allow them to choose what to utilize. The result is the ultimate combination of absolute freedom backed by truly global resource and power.

#### **'THE PORTFOLIO OF WHAT WE PROVIDE HAS EXTENDED BEYOND RECOGNITION'**

Patrick Mushatsi-Kareba, CEO, Sony Music Germany, Switzerland, Austria, says: "Telling an artist they should work with us because we can give them a certain amount of money, make their music available and roll-out some promotion, that's nowhere near enough, and nothing remotely like a reflection of what we do in this era. If we limited ourselves to those aspects, we'd be obsolete.



Liam Gallagher photo by Rankin





"We still, of course, help get the music made and get the music out there, but the portfolio of what we can provide has extended beyond recognition from 10, 20 years ago. We connect them with brands, we connect them with tech companies, we can create their own platforms – their owned platforms, in fact – so there isn't a reliance on third parties to kick-start momentum."

Increasingly, record companies are seeking out new and innovative ways to connect artists with their fans, this includes fueling investment into technological developments.

Sony Music's Kooker says: "A key part of our mission as a music-first business is providing the artist community with cutting edge technology solutions and world-class operational capabilities that support their creative growth and expand their opportunities to reach fans in the commercial marketplace. We do that by continuing to innovate and evolve in-step with ongoing changes in technology and preferences for consuming music."

Universal Music's Wong explains: "The world of music is the most powerful way of connecting with people on an emotional level. We continue to be at the forefront of every new technology and platform across the board for all opportunities. At Island

“““

**A record company is truly invested in an artist. An artist wants a partner who really cares and is going to put their time, their money, their energy and their know-how into building a career alongside that artist.**

**GLEN BARROS**  
COO, Concord Music

we're very open to working with new partners to get the artists' voice across new platforms."

Warner Music's Obermann signals the continued importance of voice-activated devices as a platform for fan engagement: "I think we're at a tipping point with voice-activated devices, we're about to see them improve exponentially

- become more accurate and user friendly. They're great for discovering music while multi-tasking, which benefits listeners and artists alike. People are already comfortable with them in their homes, and we're just starting to see how they will be used in cars, which presents a huge opportunity for experimentation and growth."

Andreas Weitkämper, Managing Director, Domestic, Warner Music Central Europe, circles the relationship back to the music: "[German rapper] Bausa, for example, was making his new album and he was looking for producers all around the globe. We asked him for his wish list and one of the names he sent me was Jae5, from London.

"At the same time, he told me it would not be realistic to work with him because he's so well booked and very picky; he had no 'in'. I contacted Kevin Christian-Blair at Asylum Records/Atlantic, and he connected me with Jae5's manager within, I think, 30 minutes, and we had a session for him two weeks later. That's the kind of network we have, with producers, with songwriters."

**'THE LABEL MODEL CONTINUES TO EVOLVE IN ORDER TO BE AN INTEGRAL PART OF THE SUCCESS FORMULA'**

Today, artists have more options and easier routes than ever before when it comes to making their music available. At the same time, however, the landscape of music markets globally is varied, complex and often highly competitive. Record companies play a key role in helping them to navigate this.

“““

**Artists really benefit from having an infrastructure to support them, backed by human resource and expertise, that allows genuine creative freedom.**

**STU BERGEN**

CEO, International and Global Commercial Services,  
Warner Music

Stu Bergen, CEO, International and Global Commercial Services, Warner Music explains: “Significant success, regionally or globally, remains rare and elusive. It takes a combination of great creative talent coupled with a passionate

workforce to cut through the tens of thousands of releases each week. The label model continues to evolve in order to be an integral part of the success formula.

“Artists really benefit from having an infrastructure to support them, backed by human resource and expertise, that allows genuine creative freedom. Artists should

be able to focus on their art. They shouldn't need to worry about organising their tour, trying to get media coverage in Germany, or running analytics on their streaming figures.”

It's also worth noting the landscape into which a single track is uploaded. Adam Granite, EVP, Market Development, Universal Music, says: “As we see a rise in DIY artists, there are just so many releases every week. There's so much noise out there. Even for me as a consumer, there's just too much music to get my head around. That's when you need a label – to help an artist rise above, get noticed and have a successful career. I'd say the value of a label, in that regard, has never been higher.”

Joseph Cacciola, SVP, Global Research & Analysis, Warner Music, says: “Here's the thing: what record companies can deliver is an army of thousands of people constantly working on behalf of their artists, calling the local streaming services, with whom they have incredibly close relationships, and saying, ‘Hey, what are you doing with this new record?’ And, in my view, that's what really helps to gain impact on a global scale.”

Barros of Concord Music concludes: “You can get financing, promotion, distribution, marketing, PR, everything – all those services you can hire in. But I think where record companies come into play is that they are connected, these services come in one package and they come with experience.”

He also believes that the concept of a team (one company rather than a temporal collection of separate, but not necessarily culturally united, component parts) is one that brings more than logistical advantages to the table. “A record company is truly invested in an artist. An artist wants a partner who really cares and is going to put their time, their money, their energy and their know-how into building a career alongside that artist.”



# Fostering Fair Marketplaces so Music Continues to Thrive

## Five key elements



**T**he global recorded music industry continued to invest in artists, resources and infrastructure even through a 15-year period where revenues dropped by more than 40% in the face of widescale digital copyright infringement. Through innovation and the licensing of the widest range of digital music services, music markets around the world are now developing and growing, and music is reaching fans in new and diverse ways. To ensure that the return to growth is sustainable, and that emerging music markets are able to reach their full potential, the right public policy and legal framework must be in place. There are five key elements that, if fully established, will help dynamic, diverse music markets to thrive.

### 01 1. Music's value must be recognised

Public policies must recognise that music has value – cultural and economic alike – and that creators have a crucial role to play. Music not only has cultural significance, it also unites and inspires us, whilst creating employment, driving economic growth and fostering digital innovation. Whether in international trade agreements or royalty proceedings or otherwise, policies must reflect these fundamental principles.

### 02 2. Copyright frameworks must be clear and provide for legal certainty

A legal framework that is both balanced and clear must be in place to allow everyone to understand how music can be used. That framework must give right holders an adequate level of protection through exclusive rights, whilst allowing, in appropriate cases, clearly defined and targeted exceptions to those rights. Open-ended or 'flexible' exceptions, seen in the laws of a handful of countries, do not provide a sustainable solution. Instead, they create uncertainty, are open to abuse and ultimately undermine the balance in copyright frameworks.

Creativity, investment in artists and innovation in the ways that music is distributed are best supported by adequate and certain legal frameworks.



### 03 **3. Right holders must be free to decide who can use their music and how**

Owners of rights in recorded music must be free to license their rights on terms that are freely negotiated between the parties. Unfair restrictions, whether over rights or contracts, distort and hold back the development of markets and result in recorded music being devalued. Policymakers should support music by guaranteeing all right holders exclusive rights over their works or recordings and ensuring that they are free to determine how their rights are used and by whom.

### 04 **4. Music must be licensed on fair terms**

Music – whether physical or digital – must be licensed on fair terms. Misapplications of online liability laws (such as the so-called ‘safe harbours’) have emboldened certain digital platforms to claim that they are not liable for the music they make available. They use this as a shield to avoid licensing music like other digital services do, resulting in unfair competition, distorting the digital music market, and depriving all creators of fair returns for their work and investments.

Rules must ensure that all services engaging in distributing music online, regardless of their mode of operation, negotiate licences with right holders on fair terms.



### 05 **5. Adequate tools must be available to prevent music from being made available illegally**

As the online marketplace around the world continues to evolve, so too do the challenges the music community faces in preventing music from being made available illegally, and ensuring fans have access to a variety of licensed services.

Music must have fair and effective ways to tackle illegal services that seek to exploit the work of artists and profit through large-scale copyright infringement.

For example, a growing number of countries (now up to 32, including most EU Member States) provide for ‘website blocking’ procedures where access can be blocked to websites distributing copyright infringing content. These measures can be highly effective and are emerging as a global norm.

Other policies, like ‘notice and stay down’, can help prevent the use of infringing works. Currently, certain hosting providers, whose services are used to store infringing works, may benefit from liability privileges (also known as ‘safe harbours’). Under ‘notice and staydown’, providers may only benefit from these privileges if they ensure that infringing works do not reappear once providers have been notified and have removed the infringing content.

However, even with access to website blocking and other legal tools, right holders’ actions alone are not enough to prevent unauthorised uses of content. All intermediaries whose services are used to infringe copyright – from hosting and access providers, search engines, payment providers, advertisers, to domain registers – should act as diligent economic operators, have a duty of care and should contribute towards creating a fair and safe digital environment.

# About IFPI



IFPI is the organisation that promotes the interests of the international recording industry worldwide. Its membership comprises some 1,300 major and independent companies in almost 60 countries. It also has affiliated industry national groups in 57 countries. IFPI's mission is to promote the value of recorded music, campaign for the rights of record producers and expand the commercial uses of recorded music in all markets where its members operate



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