



UNIVERSITAT  
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## ANALYSIS OF THE MUSIC INDUSTRY TODAY

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## 1. INTRODUCTION

The music industry has undergone many changes in just 20 years, going from the physical format such as vinyl to streaming platforms such as Spotify.

This industry is characterized by being very dynamic and in constant movement and has gone through several key revolutions such as: the arrival of the Internet that caused the consumption of pirated music through platforms like Napster or the peer-to-peer network, the birth of iTunes where it was the first to make an easy and simple process of selling music in digital format, and finally the consumption of music through streaming platforms.

Along the way there have been several changes in business models, changes in record labels, new roles and agents in the value chain, new ways of monetizing music, new habits of consuming music.... And all these challenges have meant that the music industry has had to adapt by innovating until reaching the current music industry as we know it today.

In this project we will describe the music industry from live music to recorded music, explaining the changes that the industry has had to face and its main characteristics. We will also go into more detail about recorded music and its evolution in Spain and we will make clear both the processes that form the value chain and the agents that are involved.



## 2. THE CURRENT MUSIC INDUSTRY

Below the pure, artistic and creative character of music there is the economic one. From the moment it is marketed it becomes a product, so music ends up being a business. For everything when we talk about the music industry we refer to a broad and interesting field that includes all the agents and all the gears that work for music to be a business.

### 2.1 Concept

The music industry is defined as all agents, whether companies or individuals, who make money by creating, releasing or selling music. Therefore, it is a group of people who earn income from the creation of songs, the sale of live concerts, audio and video recordings and the exploitation of musical intellectual property.

It includes, for example, composers and authors who create songs and musical pieces; the singers and musicians who perform them; the companies and professionals who allow the piece to be sold (music producers, recording studios, engineers...); the companies and individuals who sell and distribute the work (record labels, publishers, digital distribution platforms...); and those professionals who are in charge of the promotion, management, marketing for the musical work and live performances (managers, promoters, concert halls...).

The music industry also includes those who broadcast music content in audio and video (radio, television, digital platforms...); music entrepreneurs and critics, DJ's, music teachers and educators; musical instrument manufacturers; as well as many others.

As we can see, the music industry includes a wide range of professionals and it is very difficult to name them all, although we can get an idea of their size.



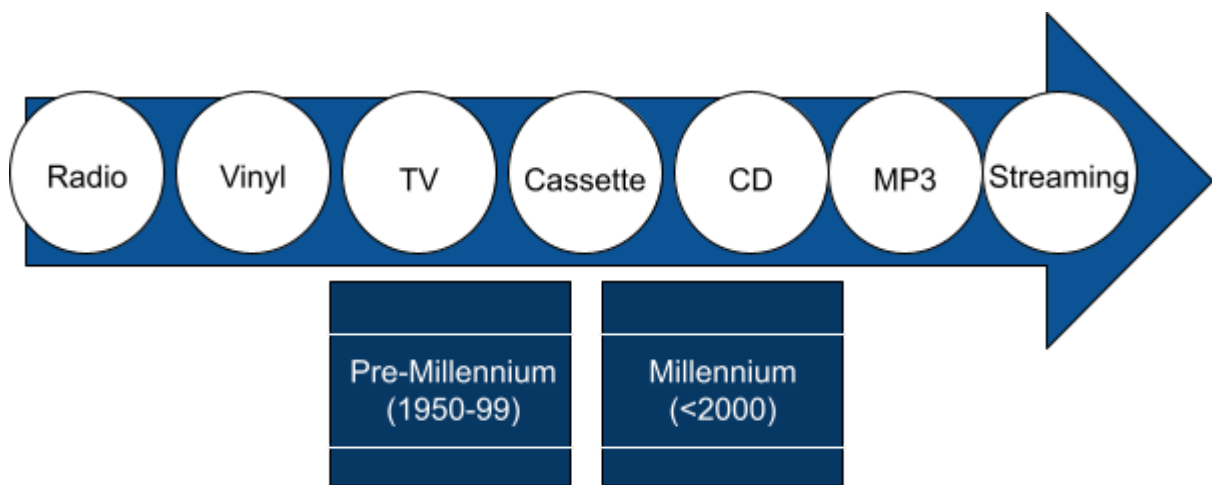
## 2.2 Main changes with respect to the traditional industry

The music industry has been constantly evolving and innovating in recent years thanks to the arrival of the internet, digitization and globalization that have allowed great changes such as:

### ❖ **New most used music reproduction format.**

In the current music industry, the star playback format is streaming and you just have to see the statistics and the evolution that it is having, which we will comment on later.

**Figure 1: Evolution of the music reproduction format**



Source: Filterman 2013

### ❖ **Low cost of the technologies required for production and recording.**

The current music industry has adapted very well to digitization and this has allowed to reduce production and recording costs thanks to computers, DAWs, the appearance of MIDI, plugins ... they have allowed creating music to be economically accessible for the majority and be comfortable since practically with a laptop with the built-in DAW you can create music anywhere in the world. Traditionally, production and recording was very expensive because all the technology was analog physical and apart from taking up a lot of physical space, it was very expensive, since only few people could afford to record in a studio without the support of a record company.



**Image 1: Production studios from before vs home studios from now**



Source: Own elaboration

❖ **New business models: Let's briefly discuss some business models that the music industry has experienced today:**

- *Pay-per-download model* : consists of direct payment for downloading all or part (micropayment) of the musical product, either a complete musical album or per song. Example: iTunes.

- *E-commerce*: this is a variant of the general payment model and consists in the use of the platform for the sale of records on physical media and where the physical distribution of the record (off line) is done by mail. Example: Amazon

- *Freemium model*: It consists of offering a basic version of the product or service for free, and charging for access to a full version that allows to solve better or with more tools the problem to be solved. In the case of platforms such as Spotify, they combine advertising and subscription, i.e., users are subscribed for free but have ads between songs, which allows monetizing the application through these ads. On the other hand, the premium user has access to a better quality of music, without ads and without the need for connection. Example: Spotify or Deezer.

- *Subscription model*: These are business models based on the payment of a monthly fee for access to the music catalog in high sound quality and from any device.

- *Free model*: Based on advertising. This is the YouTube and VEVO model. It is financed through the inclusion of advertising insertions.

-*Collaborations with brands, sponsorships, advertising ...* especially through social networks such as instagram.





- *Streaming concerts*: with the emergence of the pandemic live music has been forced to innovate to adapt to the new times. And there are many artists and promoters who are betting on this new scene like the Rolling Stones, Dani Martin...

- *Crowdfunding*: There are already startups that have recently launched ambitious experiments in equity crowdfunding, whereby fans can invest in future albums of artists in exchange for a share of royalties.

❖ **New role for record labels:**

Leo Nascimento, country manager of Deezer in Spain "Before it was essential to be with a record label to play on the radios and have a powerful career. Today that has changed a lot because you can be successful simply by succeeding on Spotify, YouTube, social networks... But that also generates a lot of noise and it is more complicated to stand out. And here the record labels serve as a career accelerator: great marketing campaigns, service to take your career a step further. At the same time, record labels are under increasing pressure to keep managing catalogs. If they don't get good results, artists won't want to renew contracts".

As Leo Nascimento explains, the current role of the major labels is to sign artists who are already having an impact and have a great future projection. Therefore, the success that these artists were having, plus the resources that the label can offer them, can accelerate the artist's career very quickly.



## 2.3 Main characteristics

### ❖ Smartphones

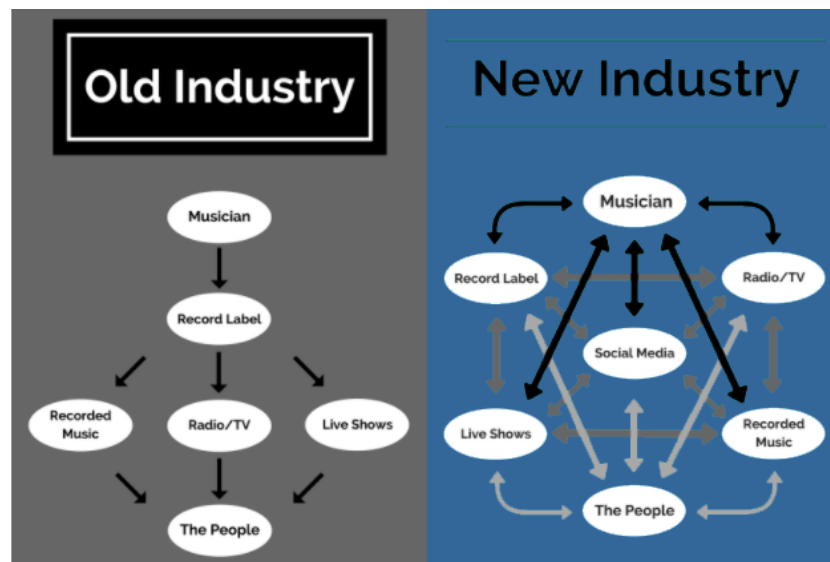
A key factor in the digital market is the arrival of smartphones and tablets with internet connection, devices through which most of the consumption in the music industry takes place. Along with them, streaming audio platforms emerge on the scene, which are an attractive tool for millions of users around the world.

### ❖ Social networks

Social networks have become a fundamental pillar in disseminating and promoting songs in the new music industry. As we can see in Figure 2, social media has the potential to open important doors within the music industry, but only if it is harnessed correctly and appropriately. Social media allows:

- To have direct and constant communication between the artist and the fan.
- Disseminate and promote music with great scope. Social networks such as: instagram stories and Tik Tok have the ability to viralize a song. In the traditional music industry, this reach and ability to make a song viral was the radio.

Figure 2: Social Media's Role in the Music Industry



Source: Socialfactor.com

### ❖ Self-production and independent artists

Self-production, one of the main hallmarks of the contemporary emerging scene. Self-managed projects are made up of artists, musicians and authors who, in the absence of



support from the traditional industry, have opted for self-financing. It is the artists themselves who control all aspects of their career: they pay for recordings, manage management and promotion. They have carved out a niche for themselves in today's music industry. An example of a successful case of Spanish independent artists are: Natos y Waor.

❖ **Big Data in online music.**

In today's music industry, data plays a very important role in planning strategies, and correcting them if they do not work, as these data allow you to measure and analyze the performance of the songs, the behavior of your audience ... and much more.

For example, Spotify has tools such as: Spotify for Artist, Spotify Analytics, Spotify Publishing Analytics...

❖ **Artificial intelligence applied to music:**

Currently, almost all streaming music platforms use Artificial Intelligence and Machine Learning, as these are able to understand the tastes of customers and know what songs they might like. And therefore, they perform functions like recommending songs, creating playlists....

❖ **Low barriers to entry:**

Thanks to the cheapening of technology, digitalization, information on the internet and social networks. It has made it easier than ever to create music, distribute it and promote it.

❖ **Saturation of supply and high competition**

Due to the low entry barriers, the network has consequently become a huge red ocean full of music causing an excess of supply, where to stand out among so much competition it is not only necessary to have talent and creativity, but also to develop strategies to connect with the target audience and achieve the desired results.

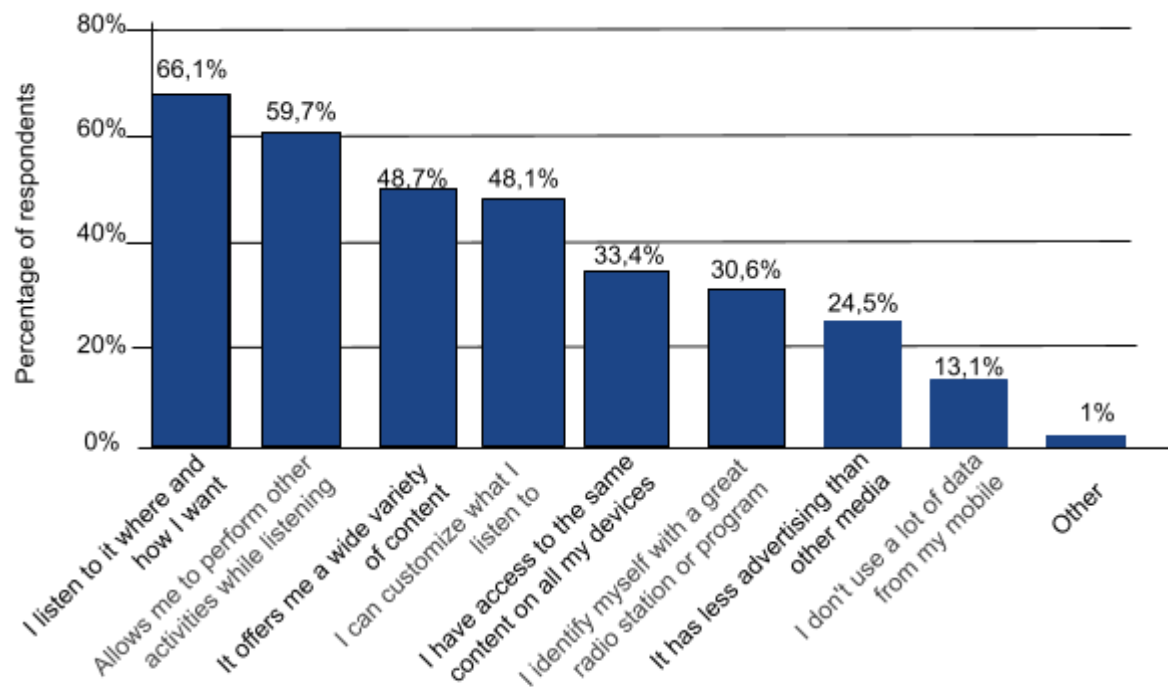
The main strategies for artists in today's music industry are: branding, networking, marketing, personalized advertising, SEO...



## 2.4 New habits of music consumers

- They consume most of the music in digital format, especially in streaming as in platforms like Spotify.
- They have easy access to music consumption with low or even zero economic costs. Thanks to free platforms like YouTube and Spotify Free.
- They have the power to personalize what they want to hear, whenever and wherever they want.
- We listen to more music than ever. According to the IFPI survey in 2019: "Spaniards between 16 and 64 years old spent an average of 19.8 hours a week listening to music during 2019, at a rate of 2.8 hours a day."

**Figure 3: Main reasons for listening to audio content over the Internet in Spain in 2020**



Source: Statista 2021



## 2.5 Impact of the music industry

### □ SPAIN:

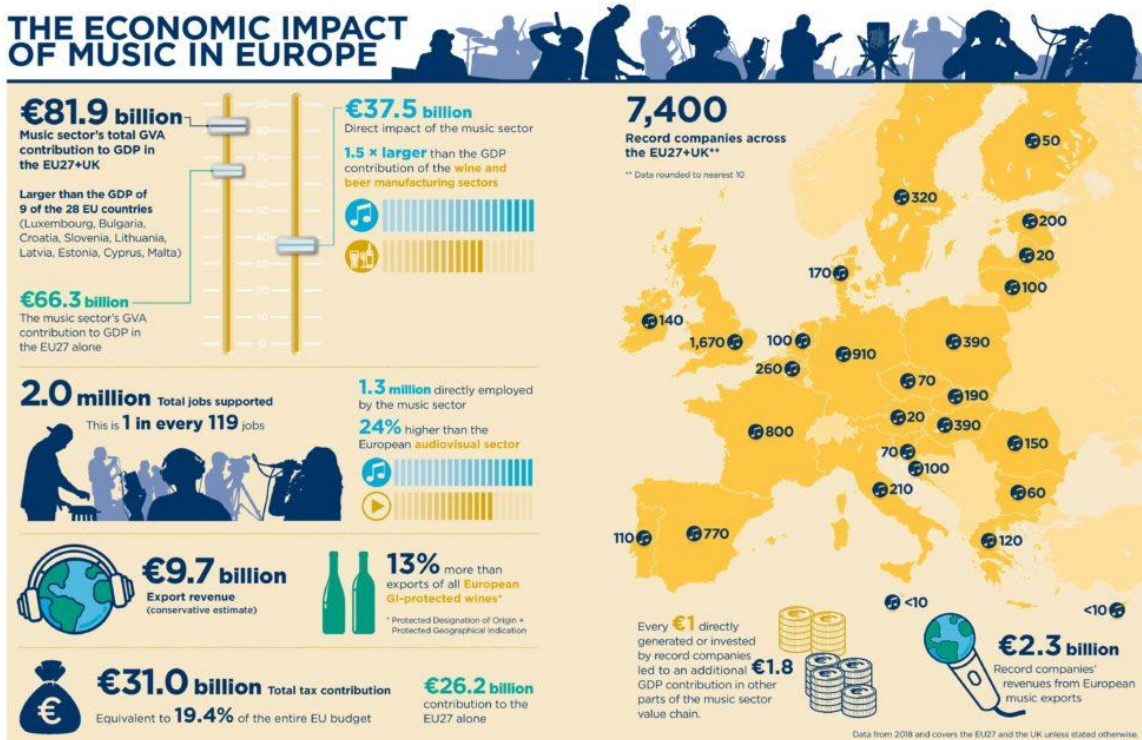
Music contributes 7.6 billion euros to the Spanish economy, 0.6 percent of GDP, according to the report on the economic impact of music in Spain prepared by the International University of La Rioja (UNIR) just before the pandemic. This figure includes that generated by both the live and recorded music sectors.

Moreover, approximately 300,000 jobs in Spain depend on this industry.

### □ EUROPE:

The music sector generates 81.9 billion euros annually to the economy of the European Union and the United Kingdom, in addition to employing nearly two million people on the continent. These are two of the main conclusions reflected in the study "The Economic Impact of the Music Industry in Europe", carried out by Oxford Economics at the request of the International Federation of Phonographic Producers in 2020 (IFPI).

Figure 4: The economic impact of music in Europe



Source: Oxford Economics (December 2020)



### 3. TWO INDUSTRIES THAT FROM ONE

To understand the dynamics of the music industry, first of all, it is necessary to know that it is not a single industry, but several different ones, closely related to each other, but based on different logics and structures. The music industry as a whole lives from the creation and exploitation of musical intellectual property. Composers and lyricists create songs, lyrics and arrangements that are performed live on stage, recorded and distributed to consumers or licensed for any other type of use, such as the sale of sheet music or as background music for other media (advertising, television, etc.). This basic structure has given rise to two central music industries: recorded music and live music.

First, recorded music focuses primarily on the recording of music and its commercialization. And on the other hand, live music is focused on producing and promoting live performances, such as concerts, tours, etc.

There are other types of companies that are sometimes included in the music industry family, such as manufacturers of instruments, software, sound equipment, music merchandising, and so on. Although these are important industrial sectors, they have not traditionally been considered an integral part of the core music industry.

In the following we will make a brief study of each industry to better understand how they complement each other and form a whole. And giving rise to what we know as the music industry.



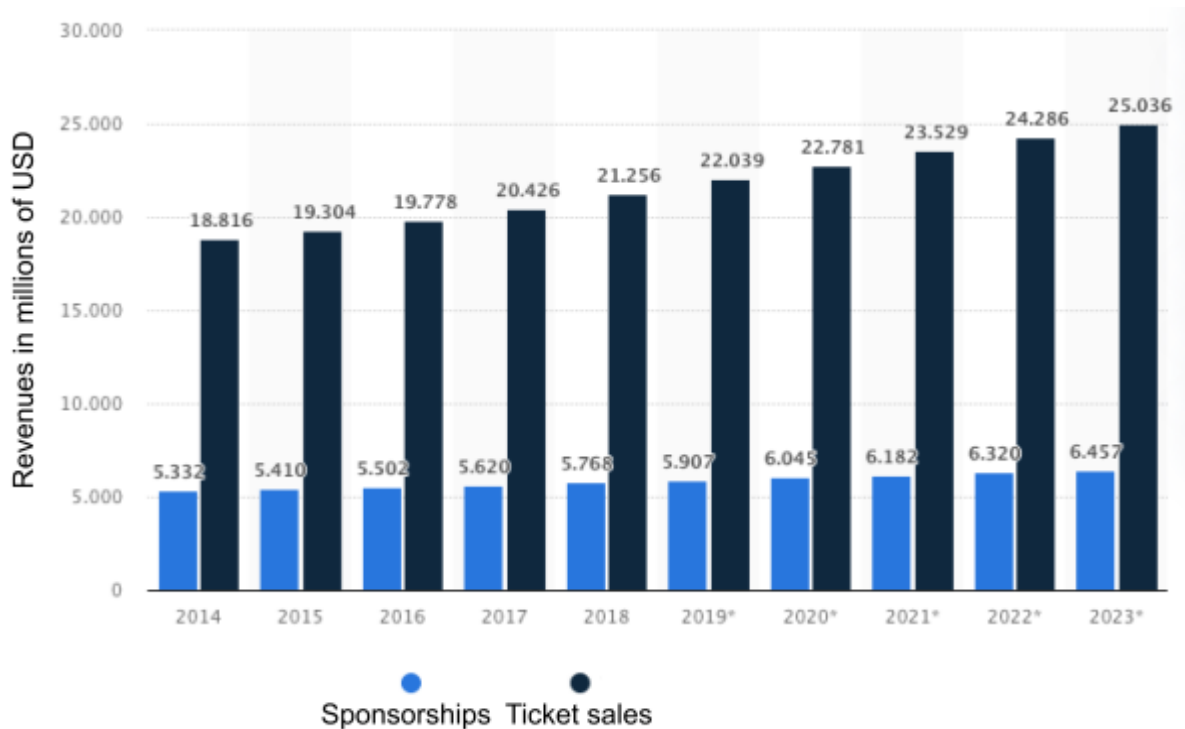
### 3.1 Live Music Industry

Year after year, concerts and festivals have been gaining importance in the global music industry. In 2019, the world's live music revenue amounted to about US \$ 28 billion. And you just have to listen to the great artists who said before the pandemic that concerts and tours are their main source of income.

#### 3.1.1 Main sources of revenues of Live Music Industry

sources of income forAs we can see in figure 5, according to the data shown on the Statista website, the sources of income for live music come mainly from two sources: *the sale of tickets. and sponsorships.*

Figure 5: Worldwide Live Music Industry Revenues 2014-2023 (in Millions of Dollars)



Source: Statista 2020



The live music industry has been continuously growing in recent years. This boom is due, on the one hand, to the increasing attendance registered at concerts and festivals. In fact, the industry brought in more than US \$ 21 billion from ticket sales in 2018 and this number is expected to continue to rise to more than US \$ 25 billion in 2023. But live music is also dependent on sponsorships and sponsorships. they have followed the same trend. Moreover, it is estimated that the income from sponsorships will increase by approximately 550 million dollars in the next five years, approaching 6,500 million in 2023. The forecasts were studied and analyzed by Abigail Orús on July 21, 2020 where It did not take into account the global pandemic but in section 3.1.3 we will go into detail about how COVID-19 has affected live music in Spain.

Once we have seen the importance of the main sources of income from live music, we are going to explain them:

### ➤ SPONSORSHIPS

Music sponsorship is a great tool for brands to reach their consumers and their target audience in a more direct way. This type of collaboration allows engagement with the event and, by association, with the target.

Control Publicidad, the advertising and marketing trends magazine, states in its article "The brands that sponsor the most music festivals, 2020) that:" Beers, alcoholic beverages and soft drinks account for almost 50% of sponsorship agreements, although there is an increase in the presence of "new" sectors such as real estate companies, vehicle rental, transport or insurance, among others. "

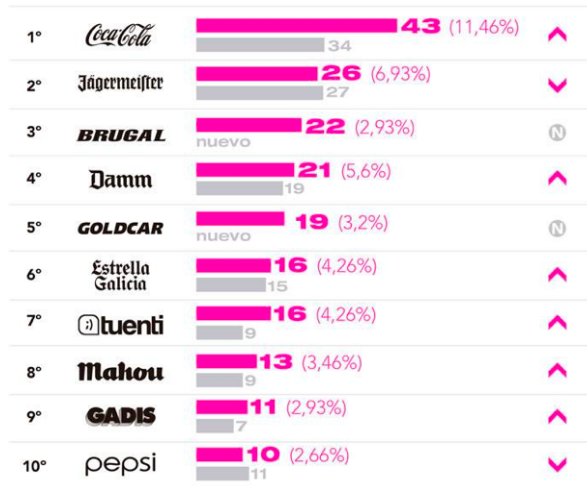
The 5 brands most present at festivals:

1. Cocacola (soft drink),
2. Jagermeister (alcoholic drink)
3. Brugal (alcoholic drink),
4. Damm (Beer),
5. Goldcar (car rental).





Figure 6: Brands most present at festivals

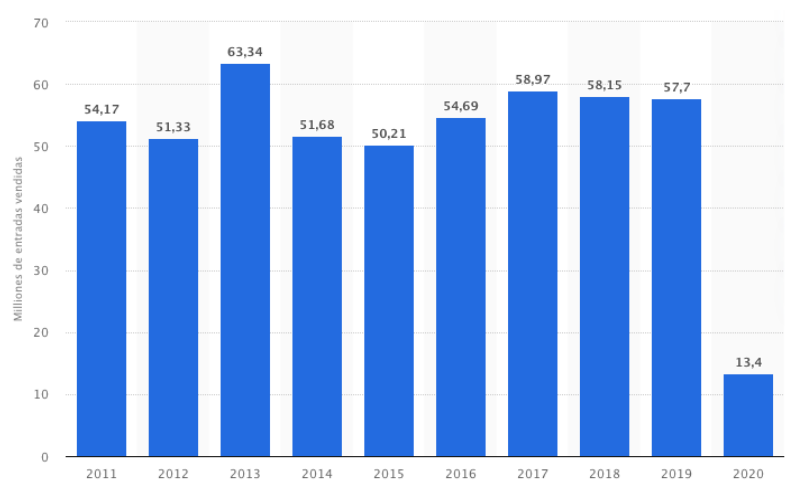


Source: Publicidad Control (2020)

## ➤ SALES

Despite the continuous boom in live music in recent years, ticket sales experienced a decrease of more than 44 million in 2020 compared to the last year. Specifically, a total of 13.4 million tickets were sold worldwide to attend any of the concerts that made up the main musical tours of that year. However, this drop is not surprising considering that the COVID-19 pandemic forced the cancellation or postponement of numerous concerts for most of 2020.

Figure 7: Number of tickets sold to attend any of the major concerts musical tours worldwide between 2011 and 2020 (in millions)



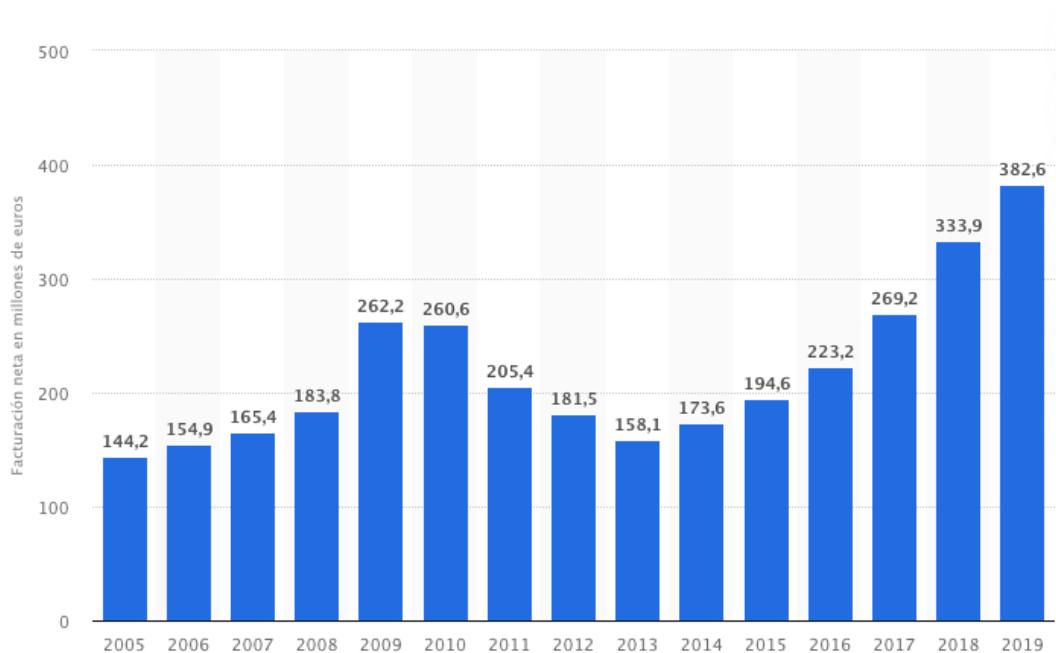
Source: Statista 2021



### 3.1.2 Evolution of annual net revenue in Spain

Despite the growth of streaming platforms, which we will go into more detail later on. And is that as we can see in Figure 8, live music is still the main source of revenue in the industry and we need only look at its growing evolution coming to create in 2019 in Spain 382.6 million euros, which represented an increase of more than 48 million compared to the turnover recorded in the previous year. And this is largely due to the festivals since 896 were held in 2018 and 2019. And the 9 most relevant ones generated 468.1 million euros of economic impact in Spain in 2019 according to the report: "Ranking of the main music festivals according to the economic impact generated in Spain in 2019" by Statista 2020. 2019 according to the report: "Ranking of the main festivals of music based on the economic impact generated in Spain in 2019" from Statista 2020.

**Figure 8: Annual evolution of the net turnover of the live music industry in Spain between 2005 and 2019 (in millions of euros)**



Source: Statista 2020



### 3.1.3 How has the pandemic affected in Spain?

Within the music industry as a whole, the live music industry has been hit the hardest by COVID-19. This is mainly due to the fact that it is the only sector within the other industries that still remains at 99% “physical” in what could already be considered as a practically digitized industry. This has had serious consequences.

The coronavirus pandemic has had catastrophic consequences for the world of live music in Spain and, now, there is data that proves it thanks to the study of *the Live Music Yearbook*, published by the Association of Musical Promoters (APM) in April from 2021, where he collects the Live music numbers in 2020, the year of the coronavirus.

#### ❑ 2020, A DRAMATIC YEAR

The live music sector in Spain is economically as it was 15 years ago. It has returned to 2005. And the fact is that only the losses of the concert halls add up to 120 million euros since about 25,000 concerts were canceled from March 2020 until the end of the year. These are the data according to the Concert Hall Platform (PSDC).

Live music in Spain raised 138 million euros from ticket sales last year, compared to 382 in 2019, as we have shown in figure 5, which represents a decrease of 63.78%. 11,851 concerts were held, 87% less than in 2019, with 91,106.

The season has not been worse due to the excellent data from the first months of the year, when the state of alarm had not yet been declared and the consequent ban on shows. 2020 started like never before: January and February were two record months of turnover, and in March the same numbers were achieved as in March 2019, despite having only had two weeks of activity. This upward trend is what the different professionals in the sector cling to. It is suspected that when the pandemic is definitively controlled, there will be a euphoria for live music that allows a recovery in record time. The problem is that some of the professionals, the majority with many years of experience, who have taken off the hook in the months of the pandemic will never return to the sector, since they have been pushed to opt for other occupations less affected by the restrictions.



## ❑ 2021, A COMPLEX YEAR

Regarding 2021, Toni Ramoneda, vice president of the APM, announced that the goal is to "survive." Ramoneda appealed to public administrations: "The music sector must have a voice before action is taken. The public administration has to count on us to regulate the return to normality. We must not only be a voice, it must be agreed with us ". Salmerón added: "It is not going to be a good year. We are with capacity limitations, last minute changes, cancellations ... The horizon is complex, but perhaps we will see a light as the data on the pandemic are improving and especially the acceleration of vaccination. At least we hope that 2021 is better than 2020. "

**Image 2: Massive concert Covid 19 clinical test of "Love of Lesbian" at the Palau Sant Jordi**



Source: Ferran Sendra (2021)

## ❑ 2022, A YEAR OF RECOVERY?

All hopes are pinned on 2022. "Both artists and spectators have a tremendous desire to enjoy music in concert. It will be the year of recovery", predicted Ramoneda.



### 3.1.4 Agents involved in the value chain

Independently, the touring industry system still remains a complicated environment to navigate: artists often work with dozens of local promoters, organizers and venues in the course of a single tour.

So, let's start with the basics and identify all the subjects that are usually involved:

- *Artists*: Including in this range from interpreters or singers to musicians, guitars, bass, drums ... DJs.
- *Backline managers*: Stage technicians who supervise and tune the instruments, adding or removing elements throughout the show or between shows.
- *Booking Agencies*: These are the companies that are in charge of the commercialization, sale and contracting of concerts, always ensuring that the economic and development conditions of the show are as favorable as possible.
- *Entertainment companies*: they are specialized in organizing events and some shows
- *Managers / representatives*: Managers are people whom the artists delegate to carry out concerts, tours and other activities related to their careers
- *Monitor Engineer or of stage speakers*: The person who operates the sound of the monitors during a live event.
- *Road manager*: it is in charge of all the machinery working during tours and concerts in search of optimal work performance. The person responsible for this task must properly manage schedules, trips, hotels or sound tests, and solve any unforeseen event that may occur before and after the performance of the concert.
- *Rooms, discos, pubs, festivals*
- *Scaffolder*: Technician in charge of setting up the stage.
- *Security Manager*: Concert or festival security coordinator



- *Sponsor*: It is a person or brand that sponsors or financially supports an activity, project or person. This is done in order to promote and position a brand or company.
- *Stage manager / Stage hand*: It is the person who acts as a bridge between technicians and artists during the live event and who is in charge of ensuring that everything is correct.
- *Tour manager*: is a travel or tour manager. He is the one who organizes the route of an artist's travel sequence, to understand an aggressive predetermined agenda. These managers negotiate the financial, technical, and hospitality requirements of the artist.
- *The promoters*: they are that part of the live music sector that finances the tour and buys the shows.
- *VJ / video jockey* : applies to those creators who generate visual sessions by mixing video loops live with music or other types of action.

These are just a few of the many missing agents that make live music work and be possible as we know it.



## 3.2 RECORDED MUSIC INDUSTRY

The music industry is made up of companies and individuals who make money creating, disseminating and selling music. But where do the main sources of income for this industry come from?

### 3.2.1 The main revenue streams of recorded music

The main revenue streams of recorded music, according to the reports used by Promusicae, are mainly made up of 4 channels: sales of music in digital format, sales of music in physical format, income from intellectual property rights and synchronizations.

Below we will explain these channels in detail in a theoretical way in order to understand them and then comment on them from the knowledge in point.

#### A. SALES OF MUSIC IN DIGITAL FORMAT

Sales of music in digital format come from:

- **Permanent audio downloads:** this use refers to the sale, that is, the purchase that users make and which involves the action of downloading a product. Examples of services: iTunes, Amazon and Google Play.
- **Streaming:** refers to the consumption of the work while listening. That is to say, each click that the user makes on the songs for their reproduction. Platforms included in this model: Spotify, Deezer, Tidal, Apple Music ...

And the income from streaming can come from three ways:

- *Audio subscriptions:* It refers to the subscription charges to be able to enjoy the Premium service.
- *Ad-supported audio:* Refers to the audio ads included in the free service version.
- *Ad-supported video:* Refers to the video ads included in the version of the free service.



## B. SALES OF MUSIC IN PHYSICAL FORMAT

Sales of music in physical come from:

### ➤ VIDEO:

- *Videoclip*: It is a format small short film made in video that serves to promote a song or a musical theme whose music is accompanied by images, generally related to the theme performed
- *Lyric Video*: This is a simpler music video, where the lyrics of the song appear subtitled next to some image.

### ➤ AUDIO:

- *Simple*: A single, or single in its Spanish translation, is a promotional song. It is also a short disc with a maximum of two recordings if it is a CD.
- *Lp's Vinyl*: It is a long-playing vinyl record, commonly called Long Play (LP). LPs can carry from 8 to 12 songs.
- *Compact Disc*: This was the first optical digital recording system. The CD was the first sound reproduction system that did not deteriorate with use. And its duration is up to 80 minutes.
- *EP* : Means extended playback. It is longer than a single but it is shorter than an album. Between 4 to 7 songs.

## C. INCOME DERIVED FROM INTELLECTUAL PROPERTY RIGHTS

These are the set of rights that correspond to the authors and other owners with respect to the works and services resulting from their creation. In other words, those rights that are undeniable to the author for creating his work.





## TYPES OF RIGHTS:

These types of rights are mainly two:

### ➤ Editorial rights

They are in charge of protecting the composition of the music

Normally the author of the work owns approximately 50% of these rights and the publishing company retains the other 50%.

### ➤ Phonographic

These rights are in the original audio recording, known as the master.

Most commonly, these rights are divided between the artist who performs the music (who is not necessarily the composer) and the record company with whom the recording process was worked on until the final sound is achieved and released for the public to enjoy

Having clarified how music rights are established, it is also important to be clear about how different rights are assigned and charged when music is used by other people.

## HOW ARE THESE RIGHTS PROTECTED?

Rights are protected by music licenses. A music license refers to a legally documented permission that allows the assignment of a music track for commercial use, i.e. it is an agreement to use the song for a certain purpose and for a certain period of time. The different types of music licenses are:

- **Master license** :The master license is the one that authorizes the use of a music track in audiovisual projects to the person who acquires it.
- **Sync license**: The synchronization license is a type of license through which the use of a music track in an audiovisual project is allowed.
- **Public performance license**: A public performance license allows the use of a music track for public broadcasting. This includes from concerts to radio, television, live music played in stores or on the street.



- **Mechanical license:** This license allows a song to be reproduced and distributed in any medium for a specific audience, and always for an exclusively private use of the music track.
- **Printing license :** refers to the permission to make printed copies of the scores of a certain musical track.
- **Theatrical license:** it is only used in the theatrical field and it is the one that allows you to perform a certain song in a play.

### HOW ARE THEY CHARGED?

Copyrights are collected by collecting royalties generated by your works.

There are the following types of royalties:royalties:

- **Mechanical** These are those that are charged each time the music is played. And they are generally paid for by the person in charge of distributing the music, either in some kind of physical format such as CD or if it is played on a streaming platform.
- **Reproduction royalties:** When music is reproduced in a public space such as traditional radio, internet radio, broadcast television or cable television, a different type of royalty must be paid for each reproduction made.
- **Synchronization royalties:** If any piece of music is included in another multimedia product such as a movie, an advertisement, a video game or a television series, a synchronization license must be paid to the owner of the corresponding rights for the music, since this it will be reproduced in a synchronized way each time the other work is consumed.
- **Royalties for printed music: Royalties for printed** music are the least common type of payment received by rights holders. This type of royalty applies to all types of protected music that is transcribed in a printed medium as a musical score to later be distributed.



## WHO COLLECTS COPYRIGHT?

Collective management entities are the only ones that can collect by law the income derived from the public communication of a work subject to intellectual property rights. The management entities act as intermediaries collecting royalties generated by the music in exchange for a percentage of the profits from the music. Those who usually have the rights to this specific type of license are usually the author societies, which differ depending on the country in which you are located, in Spain the management entities related to the music industry are:

- SGAE: Management entity created under the Intellectual Property Law that represents both authors and music publishers, and that assumes the collection and distribution of collective management rights.
- AIE: on behalf of the artists, performers or executants
- AISGE: Artists and Interpreters Management Society
- AGEDI on behalf of phonographic producers.
- EGEDA on behalf of audiovisual producers.

## D. THE SYNCHRONIZATIONS

The Intellectual Property Law does not include the concept of musical synchronization as such. It is not an exploitation right in itself. However, we can state that musical synchronization is a manifestation of the author's rights over his works. It is discussed in the jurisprudence and by certain legal doctrine whether musical synchronization is an act of reproduction or transformation at the level of exploitation rights.

Therefore, we will treat it separately although it is very similar to an intellectual property right. The synchronization license is a type of license through which the use of a musical track in an audiovisual project is permitted. Being more specific, the synchronization license allows the reproduction of a music track as long as it is coordinated with the moving image of an audiovisual work, i.e., you will need the synchronization license for anything where there is a combination of a moving image accompanied by music.

The cases in which this license is usually needed are, mainly: TV shows and series, cartoons, commercial videos on YouTube or other platforms, advertisements in video format, video games, etc.

This type of license is usually issued by a music publisher or music publishing company.



### 3.2.2 The streaming revolution

We have already briefly commented on streaming, in the previous section and once its importance has been demonstrated, we have to delve a little more since, as many experts say, we are in the “streaming era”

#### **WHAT IS STREAMING ?**

It is the retransmission or reproduction in real time, mostly known under the Anglo-Saxon term streaming consists in the massive or focused diffusion of digital and multimedia content by implementing a computerized network.

Streaming music has also been called continuous downloading because the user of the final product, either music or video, consumes the product while downloading it.

Consequently, streaming music is nothing more than the dissemination and reproduction, generally massive, of digital content of the sound type. There are currently numerous companies competing with each other for the provision of this service.

#### **MAIN STREAMING MUSIC PLATFORMS**

A key factor in the digital market is the arrival of smartphones and tablets with internet connection, devices through which most of the consumption in the music industry takes place. Along with them, streaming audio platforms emerge on the scene, which are an attractive tool for millions of users around the world.

Next we will comment on the most important ones according to the number of subscribers:

##### **➤ Spotify**

Undoubtedly, the music streaming platform par excellence. This Swedish company was a pioneer in offering in a single app millions of songs in streaming, without the need to download them. Currently, there is a free version, with ads, and a paid version.

It also has a social component: you can add friends and see their playlists or share music through collaborative lists. Recently, Spotify has included the option to download playlists so you can listen to music without depending on an Internet connection.



➤ **Apple Music**

This music platform was initially created for Apple devices, such as iPhone, iPad or Mac. However, the company has learned not to underestimate the impact of Google. Therefore, since November 2015 this application is also available for Android users.

Like Spotify, it has a paid version and a free one, although the latter offers fewer possibilities than that of the Swedish company.

➤ **Amazon Music**

The recent creation of this platform does not detract from its quality. Quite the contrary. Amazon Music comes with everything necessary to be a strong direct competitor to Spotify. Not only does it have everything that other platforms already offer, such as recommendations, customizable playlists or offline playback mode. In addition, it has a larger database than the rest; if Spotify has 30 million songs, Amazon has 50 million.

➤ **Deezer**

The main strength that Deezer can boast of is its internationalization; It is present in 182 countries of the 192 in the world. This is another of the platforms that exceed the Spotify database: 40 million songs.

This platform of French origin also has a free version, as well as a paid version. In the rest of the aspects, it has a mechanics of use very similar to Spotify.

➤ **Youtube Music**

This is another streaming music platform available in a free version and a paid version. Like Spotify, the free version gives you access to the entire music repertoire and music videos in exchange for commercials.

On the other hand, the paid version, Music Premium, provides the possibility of playback in the background and with the screen locked on mobile devices, which saves battery and allows you to continue using the mobile while playing music.

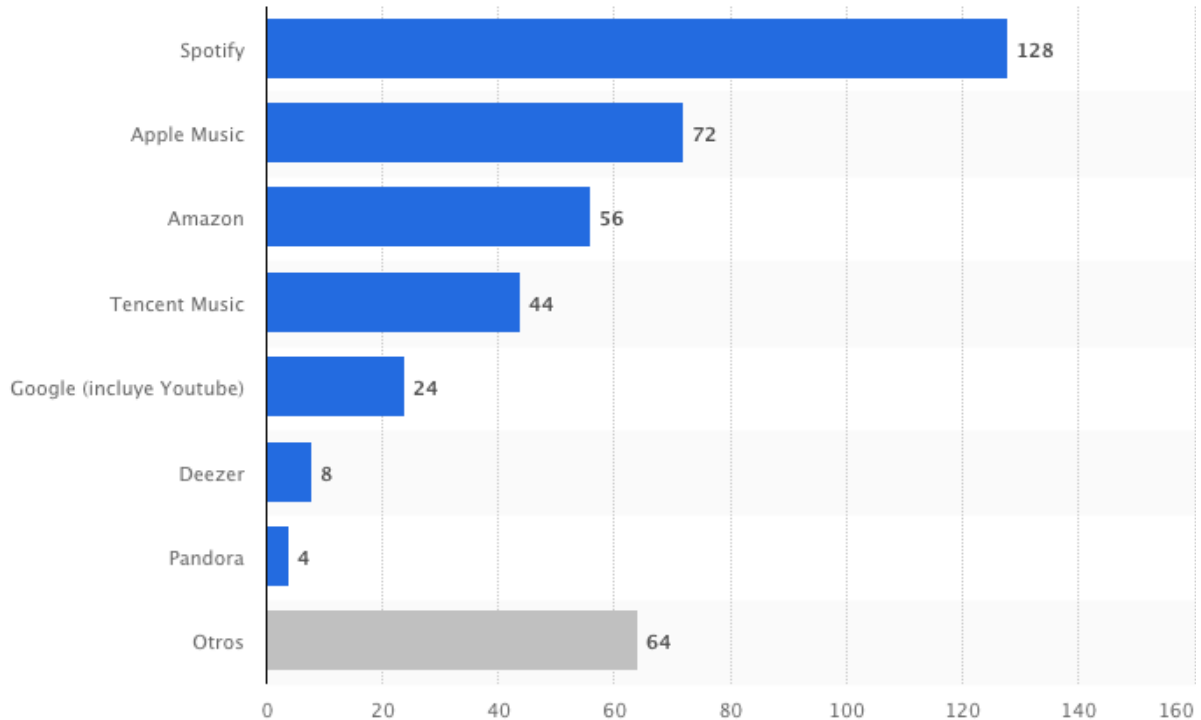
Similarly, the paid version gives the opportunity to download the songs within the application to listen to them when you are not connected to the Internet.

➤ **Tencent Music**

Tencent Music is the leading music entertainment platform in China. Hence its number of subscribers, which we can see in figure 6.



**Figure 9: Numbers of subscribers to streaming music services worldwide during the first quarter of 2020, by platform**



Source: Statista 2021

As we can see, there are more and more streaming platforms. The music industry has finally found an alternative solution to the decline in physical sales that is, in fact, proving more profitable.

Little by little, these distribution platforms are gaining weight in the market. A phenomenon similar to what happened with Netflix, whose growth made it go from being a simple distributor to a producer of its own series and movies. *Will this also be the future of music platforms?*<sup>1</sup>

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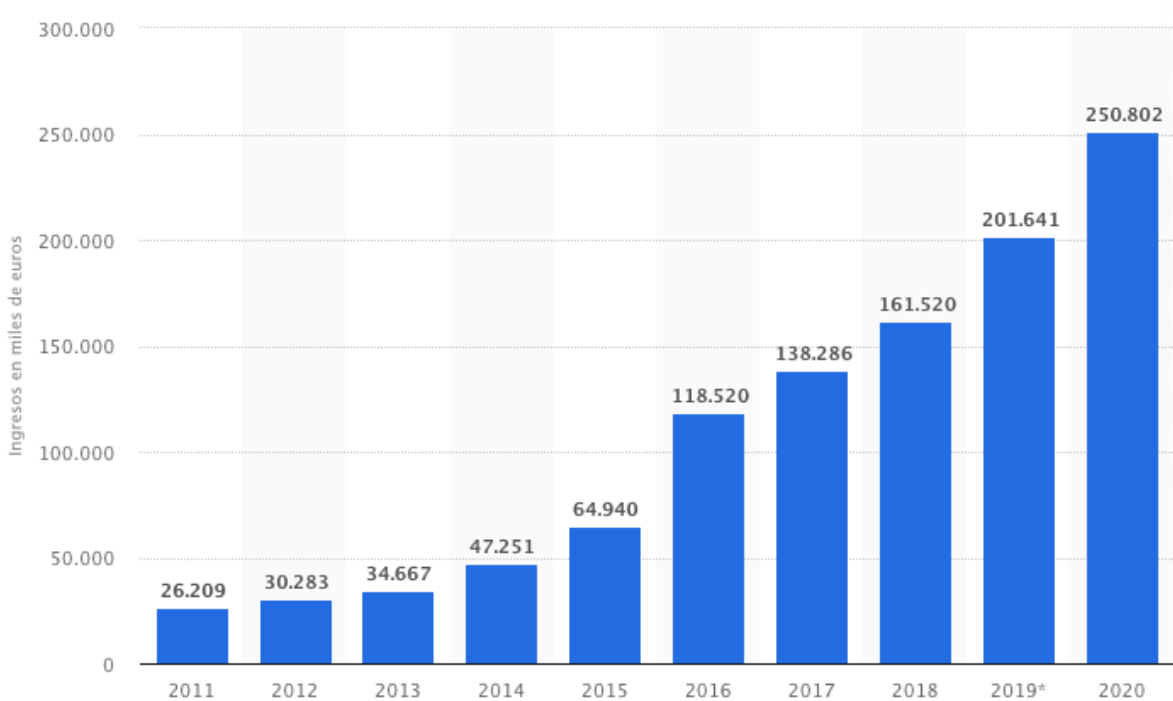
<sup>1</sup> The following reflection is taken from the Master Music Management's blog published in 2018



## ANNUAL EVOLUTION OF STREAMING REVENUE IN SPAIN

In 2020, recorded music reported to the Spanish music industry revenues of approximately 250.8 million euros from streaming, which includes both subscriptions and advertising. This represented an increase of more than 49 million with respect to the previous year despite the unexpected epidemic suffered in 2020.

**Figure 10: Annual evolution of income from Spanish music streaming subscriptions and advertising.**



Source: Statista 2021

Therefore, it is shown that *streaming* is the most favorable economic and digital route for the industry and through which the business model continues to rise.

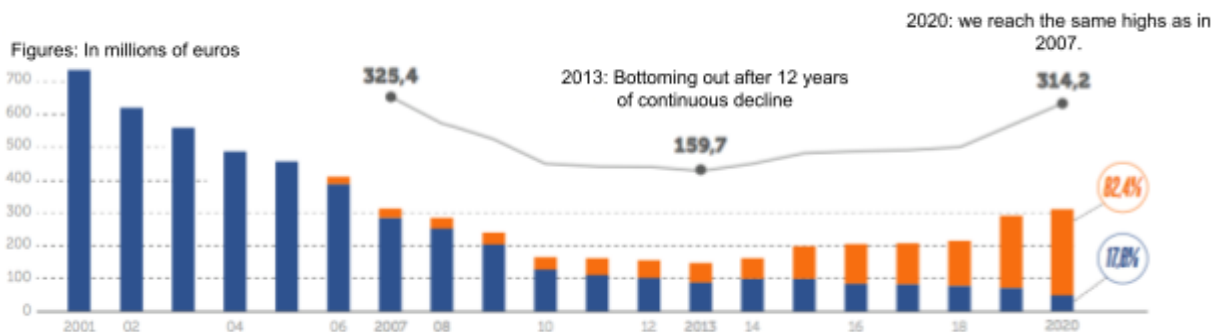


## 4. MUSIC RECORDED IN SPAIN

### 4.1 Sales trends in recent years

Globalization, the heyday of the Internet, technological evolution and the eternal search for consumer convenience have revolutionized the way music is listened to practically all over the world. Just look at Figure 11 and you will see that 15 years ago music was consumed exclusively in physical format and today, in 2020, 82.4% of music revenues come from digital format compared to 17.6% from physical media.

Figure 11: Evaluation of sales in recent years in Spain 2020



Source: Promusicae Reports, 2021

The music industry has had to face many changes in recent years. At first, it tried to resist these changes in digitization that changed the rules of the game in traditional industry. The main challenges that the industry has had to face have been digitization with the arrival of Napster, iTunes, streaming ... where they did not know how to make intangible music profitable. And yet streaming is now the cornerstone and key revenue for recorded music in today's music industry.

We have to say that record companies have known how to renew and adapt to changes and also use these revolutionary changes as allies to drive the growth of the industry that since 2013, which was the turning point, has not stopped growing until today.

It is true that revenues currently do not surpass the golden age of Cd's although there are experts who predict that thanks to streaming that moment will come and surpass it.

Revenues in Spain from recorded music in 2020 are 324 million euros, almost the same as in 2008, where it was a market where physical support predominated by the majority.



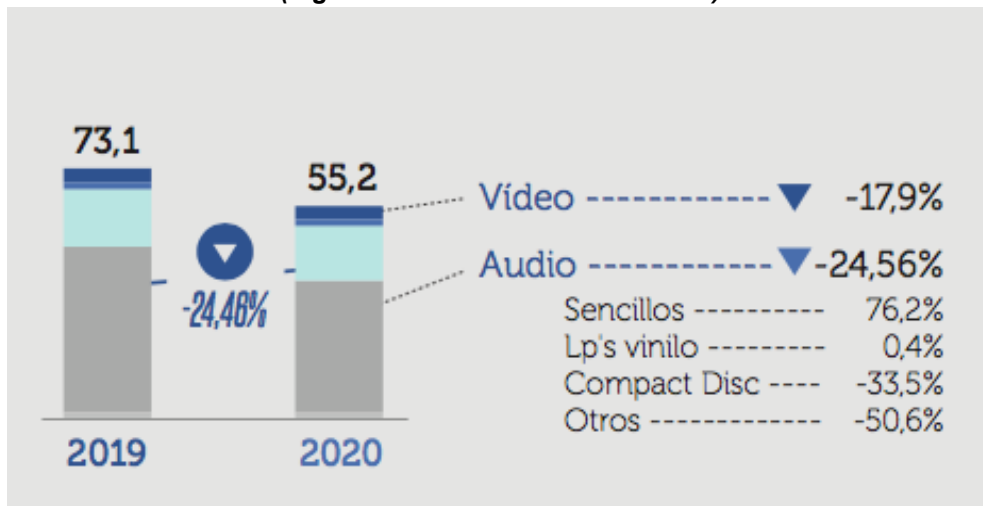


#### 4.2 Physical support (bear market)

The evolution of revenues from physical media has been steadily decreasing since the beginning of the 21st century, far from the time of the record companies where physical media was the star support, in 2001 it exceeded 700 million euros in Spain.

**Figure 12: Evolution of the physical market in Spain 2020**

*(Figures : PVP in millions of euros)*



Source: Promusicae Reports, 2021

In 2020, the decline in this support was accelerated by the closure of stores during confinement and subsequent trade restrictions. Therefore, sales in physical format accumulated a 24.5% drop in revenue compared to the previous year. Along the way, the sale of 2.3 million copies was lost, compared to the previous year, mostly compact discs. However, vinyl, which some experts say is living its second youth, maintained its resistance and, despite distribution difficulties, managed to sell practically the same number of copies as in 2019 (1.2 million).

In short, the physical market entered 55.2 million euros, which means 17.6% of the total sales for 2020 in Spain.



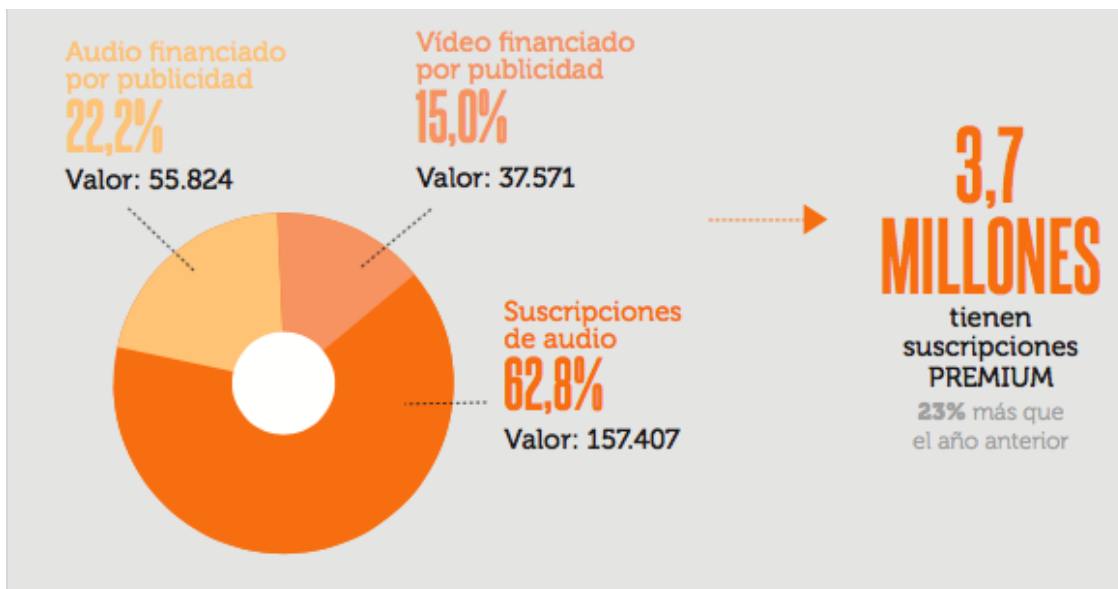
### 4.3 Digital support (bull market)

When we talk about digital support today, we refer above all to streaming since it generates 96.8% of income from this market.

Compared to 2020, the growth of streaming music consumption was not affected by the pandemic. It is true that it decreased during the weeks of lockdown especially due to the drop in premium subscribers.

But with the arrival of the “new normal”, streaming recovered at a lower rate than expected but managed to grow by 24.4%, generating 250.8 million euros. These revenues, as we can see in figure 10, came from:

**Figure 13: Breakdown of streaming in Spain 2020**



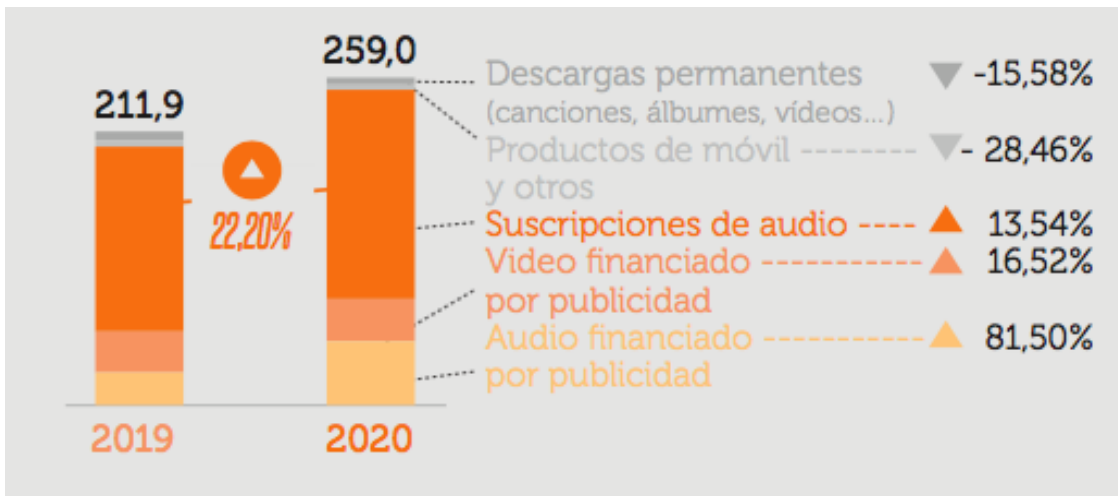
Source: Promusicae Reports, 2021

- *Paying subscriptions* (157.4 million) grew again, specifically 13.54%, but much less than in 2019, when the rise was 35%.
- *Ad-Funded audio* managed to grow 81.5% and scored 55.8 million, largely due to the increase in the use of music on social networks such as Tik Tok, Instagram and Facebook.
- *Video views* continue to grow 16.52% compared to the previous year, generating 37.571 million euros.



Figure 14: Evolution of the digital market in Spain 2020

(Figures: PVP in millions of euros)



Source: Promusicae Reports, 2021

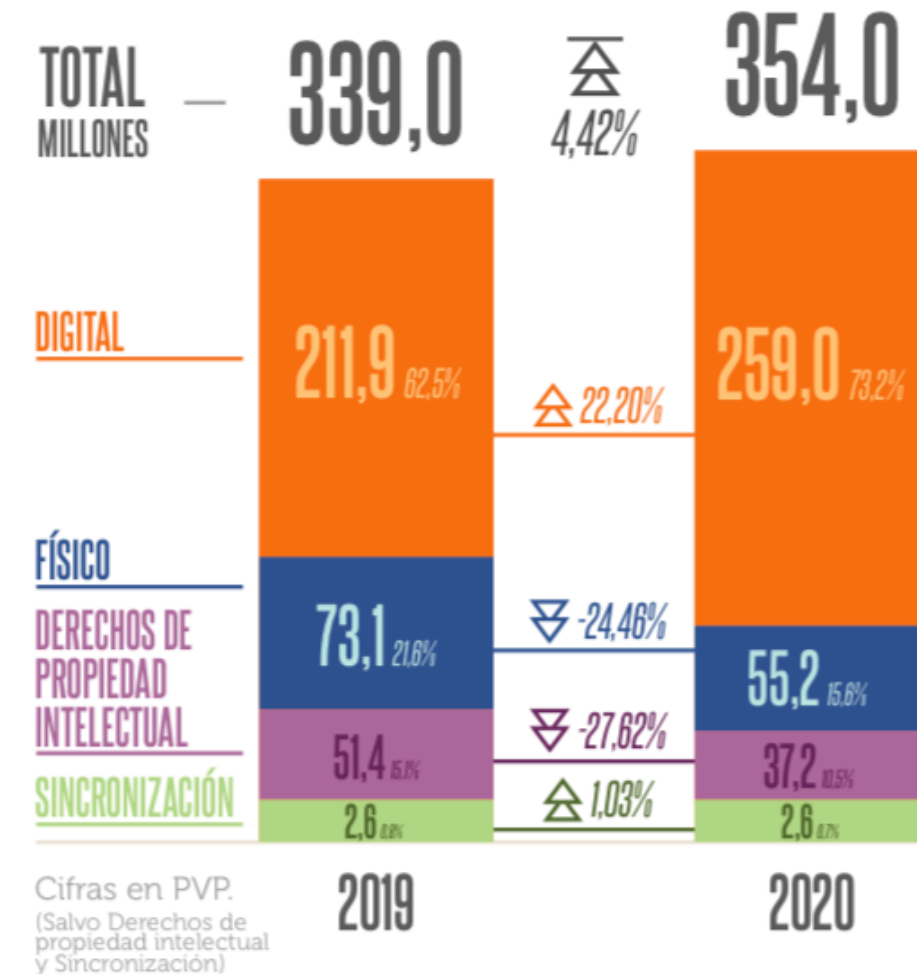
Some 82.4% of the total sales of recorded music in Spain is already digital, reaching 259 million if we added *permanent audio downloads*, albums and videos (5.2 million) and *products for mobile phones*, ringtones and standby (2.9 million).

#### 4.4 Synchronizations and Intellectual Property Rights.

Other sources of revenue for recorded music come from synchronizations and the management of intellectual property rights. In this chapter, synchronizations remain similar to last year (2.6 million). However, the collection of collective management rights suffered a significant drop of 27% (37.1 million compared to 51.3 million the previous year), caused, to a greater extent, by the decrease in the collection of income from the use of music in public places due to the closure of bars, restaurants, hotels and discotheques. Neither was it a good year for the sale of equipment and media, which are taxed with the private copying levy, nor for the advertising sector, which fell in radio and television stations and punished the income in these areas.



Figure 15: Recorded Music Market in Spain 2020



Source: Promusicae Reports, 2021

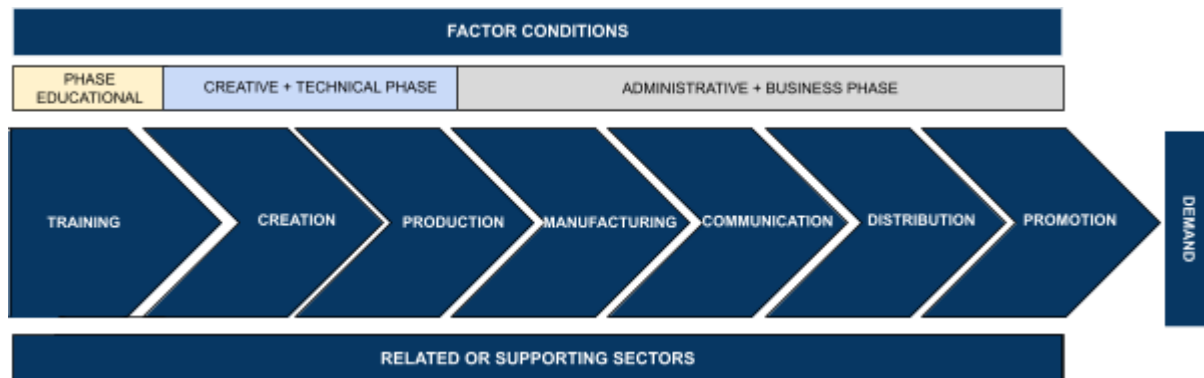
In short, recorded music in Spain continues to grow as we can see in Figure 11, even though 2020 has been a complicated year. This growth of 4.42 % compared to 2019 is mainly due to digital music, especially streaming.



## 5. VALUE CHAIN PROCESSES

In order to understand the role of each of the links that make up the value chain, we will treat them independently. Since there are several activities that make up the chain, we have grouped them into seven key links, from training to reaching demand. This being the end of the chain and to whom we allocate all resources.

**Figure 16: Value chain of recorded music**



Source: Own elaboration

### 5.1 Training

This is the first link in the music industry. Where the artist is curious about music, has interest, passion ... and begins to investigate more about the subject. Until a moment comes when he decides to specialize more and train to become professional. But as in all professions, theory without practice is useless. Therefore, you have to experiment and do what you have learned.

In the current music industry there are 3 types of training, where each artist (musician, singer, producer, engineer ...) can choose any of the 3 or combinations between them. But the main types of training are:

- *Digital Training:* Academies, courses ... online.
- *Traditional Training:* Conservatories of music, university careers, private classes for professionals.
- *Self-taught training.* Through our own methodologies: trial - error. Or through online methodologies: tutorials from platforms such as YouTube ...



Figure 17: Music training routes



Source: Own elaboration

It is very important to constantly renew and train since, as we have seen previously, the music industry is constantly changing and there is a lot of competition. Therefore, it is important to be up to date to anticipate and adapt to change in order to compete.

#### AGENTS INVOLVED:

- Artists
- Musicians
- Educators
- Universities
- Composers
- Producers
- Engineers
- Mentors
- Etc.

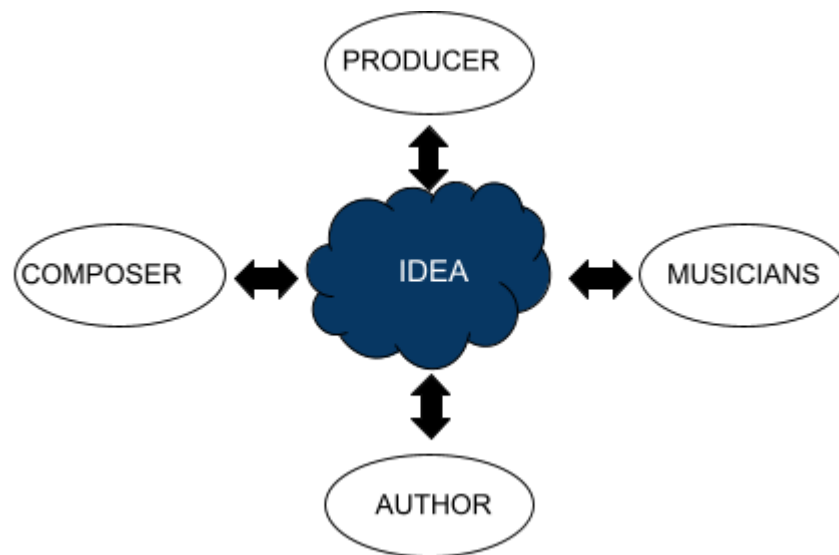


## 5.2 Creation of the musical piece

The creation of the musical piece is the starting point where all the activities related to the conceptualization, acoustic delimitation, creation of musical arrangements, lyrical development and direction are gathered.

In short, everything that involves the musical composition process, such as the pre-production part. That is, having the idea and creating the sketch of the song to capture it in the sequencer, recording device or score to later go to the recording studio to perform the musical piece professionally making the corresponding arrangements.

**Figure 18: Creation phase of the musical piece**



*Source: Own elaboration*

Some of the agents such as producer, composer, authors, musicians... They have an idea and try to translate it into dirty form to show it to the other agents involved in this link in the value chain and they can contribute ideas as well. The key to this creation phase is to have a sketch or demo to later go to the recording studio and turn the demo into a professional song. It should be noted that the agents involved in this link can vary a lot. Since it can be, for example, that a singer is himself who writes the lyrics, composes them and even produces them.



### AGENTS INVOLVED:

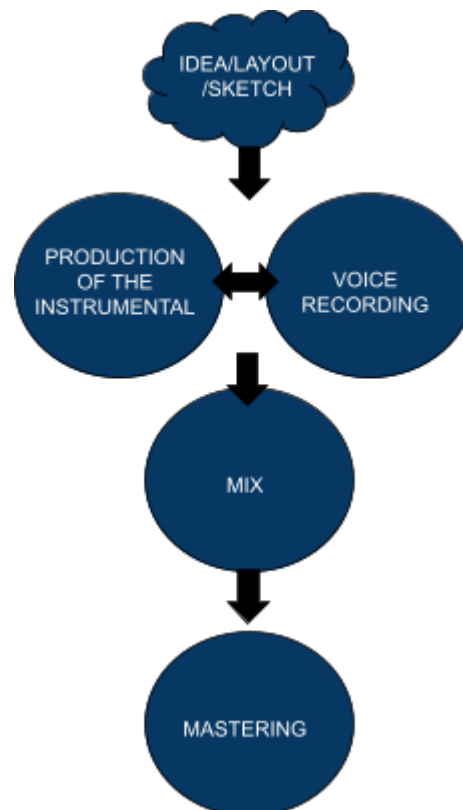
- Producer
- Interpreter
- Author
- Composer
- Etc

### 5.3 Musical production

#### PRODUCTION: RECORDING, MIXING AND MASTERING

This link includes all activities and processes related to the management of artistic talent. From the technical resources and human resources, to the control of the quality processes that have to do with the final acoustic elaboration of the products. This link consists of transforming the demo or sketch into a product / song that meets the quality standards so that the public can consume it.

**Figure 19: Music production process**



Source: Own elaboration





This process could be divided into 3 sections:

1. The production and / or recording of acoustic instruments to build the instrumental. And also, the voice of said singer will be recorded.
2. The mix of the song. Although this step is underrated, it is one of the most important and the one that will allow the song to sound professional. It is mainly responsible for making the necessary arrangements to enhance the main emotion of the song by balancing the instruments and sounds of the production.
3. The mastering of the track. It is the last step, it is responsible for correcting errors in the mix and perfecting the track. And that the track sounds good on all devices and formats at a commercial volume.

#### AGENTS INVOLVED:

The following agents intervene in this process:

- Sound Engineer
- Recording studios or home studios<sup>2</sup>
- Singers
- Musicians (guitarist, pianist, saxophonists ...)
- Arranger
- Beatmaker
- Music producer
- Mixing Engineer
- Mastering Engineer
- Etc.

Nowadays, the music producer may also do the mixing and mastering. But it is recommended, if the budget allows it, that they are independent agents and each one performs his task but with fluid communication. For the simple fact that six ears listen better than two.

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<sup>2</sup>**home studios:** It is a musical studio that is located in a room (usually in a house or premises) where we find a series of components and tools for the recording and production of music or sound.



## 5.4 Manufacturing

When we talk about manufacturing, in this link in the value chain, we mean leaving the song packaged / prepared on its medium, whether physical or digital, ready for distribution.

**Figure 20: Manufacturing phase**



*Source: Own elaboration*

### ➤ **REGARDING THE PHYSICAL SUPPORT MUSIC:**

This point focuses on the physical production of the product, in this case it includes all the influencing activities in the manufacture of what could be a record, vinyl. ...

### ➤ **REGARDING DIGITAL SUPPORT MUSIC:**

This point would focus on the production of the video clip, video lyrics, cover designs ... with the appropriate formats for each digital platform.

José Ramón del Río, creative director of Universal Music Spain, is convinced that a good video clip is still fundamental today. "The video clip emerged as a necessary marketing tool to amplify the impact of a song, and that has not changed," he says. Since most young people consume music on platforms like YouTube.

### AGENTS INVOLVED:

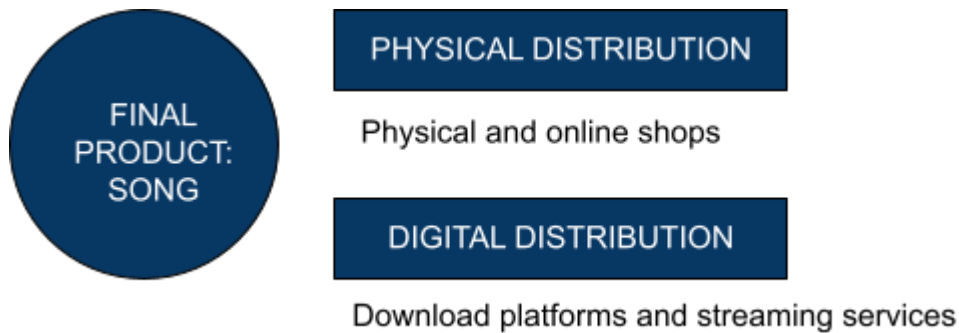
- Video Maker
- Photographers
- Audiovisual
- designer Graphic designer
- Performers
- Actors
- Record factories
- Etc.



## 5.5 Diffusion / Communication

It refers to all activities and processes related to the dissemination, promotion and exhibition of musical products.

**Figure 21: Diffusion / Communication phase**



*Source: own elaboration*

Diffusion is carried out through 2 channels:

- **TRADITIONAL CHANNELS:** Television, radio, press releases ...

They are potentially very influential communication media capable of reaching huge audiences.

In this link of dissemination and communication we could also incorporate concerts, tours ... That is, in this link the live music industry interrelates with the recorded music industry to form a single music industry.

- **ONLINE CHANNELS:** Referring to all those related to the internet. But focusing on social networks such as: Instagram, Facebook, Tik Tok, Twitch, You Tube ...

The opportunities offered by the new online social communication channels are extraordinary. However, its usefulness for music promotion can be very different depending on each platform. The selection of the most appropriate social networks depends on their implantation among the segment of the public to whom we want to target and on the characteristics of the channel.



The use of social networks in this current industry is very important because of its great reach in an organic way. And it's a good way to promote and communicate directly with your fans, who are customers after all.

This constant communication and providing content of value to the user in a strategic way will allow to create a special environment or connection so that when the moment of the launch (sale) arrives, it is easier for them to buy or listen to your music in an organic way without the need to invest in advertising of pay.

#### AGENTS INVOLVED:

- Social Networks
- Artists
- Media (Radio, television, press ...)
- Communication agencies
- Social media
- Community manager
- Etc.

#### 5.6 Distribution / release

Music distribution consists of managing physical or online distribution, even both.

**Figure 22: Distribution / Launch phase**



*Source: Own elaboration*

- **PHYSICAL DISTRIBUTION**, making your CDs, vinyl ... are available in a network of record stores (both online and physical).

It is a sector closely linked to the logistics, storage and transport of physical copies. As a result of the recording crisis, they have chosen to diversify their offer by marketing merchandising (t-shirts, posters, fashion accessories, etc.).



- **DIGITAL DISTRIBUTION**, making your music available on download platforms and streaming services such as Spotify, Apple Music, Pandora Premium, YouTube Amazon, etc.

Music distribution is the way your music reaches the listener. Traditionally, distributors enter into agreements with labels to sell music to shops. However, digital distribution has changed, cutting out the middleman, allowing artists to distribute their music directly to online shops, thus retaining 100% of royalties.

Like traditional record shops, digital music shops receive music from digital distribution companies. But instead of delivering boxes full of vinyl every week, digital distributors deliver digital music to the major music shops mentioned above.

So what used to take weeks or months to accomplish can now be done quickly, in just a few clicks.

## TYPES OF DIGITAL MUSIC DISTRIBUTORS

In this article we will explain the different types of digital music distributors on the market.

### 1. Majors Labels (major distributors)

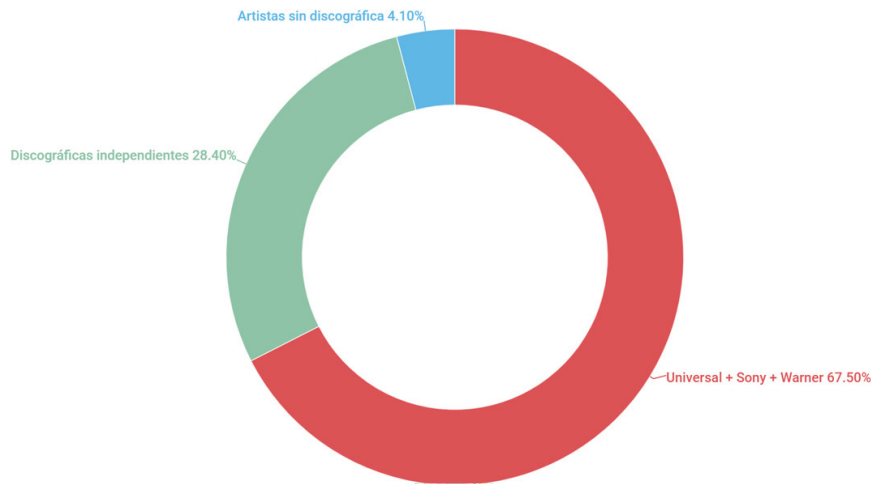
**Majors:** The majors are known as the three record companies that lead the world market of the music industry, as well as the groups and artists that belong to them. These companies are Sony, Warner and Universal.

These are the only companies in the market that have a catalog large enough to deal with prominent streaming platforms, and have direct access to their editorial teams.

According to MIDiA (Figure 23), one of the largest analyst companies in the audiovisual industry, the three major record companies took 67, 5% of all revenue generated in the 2019 recorded music industry, amounting to \$ 21.5 billion.

**Figure 23: Recorded music industry revenue in 2019**

(% of total: 21,500 million dollars)



Source: MIDIA 2019 Recorded Music Market

## 2. Independent Record Label

These are high quality distributors that have managed to maintain their independent status, that is to say, without the intervention of a major.

At present, the main companies that remain in this category are Believe Digital, Idol, Redeye Worldwide, Ditto Plus, Stem and Symphonic Distribution.

However, what is important here is that for these companies, music distribution is a separate service, what really matters to them is promotion, trade marketing and digital release strategies.

From the first moment you join one of these companies, you have at your disposal a selection and consulting team in direct contact with publishers of large streaming platforms. Agreements with such companies, whether independent or subsidiary, will always be percentage-based.

Aligning their interests with those of the artist, these companies take a share of the royalties, which can be up to 50%.

However, not everyone can access these services; a record label or artist must be contracted by the distributor, demonstrating that the potential earnings are valuable enough



to invest resources in distribution. Still, independent distribution companies are more accessible than the majors, but in both cases, the artist must demonstrate that his or her works are worth the effort.

### **3. “White-Label” Distributors**

These companies only do one thing. They provide the technical side, focusing on the distributor's administrative role, delivering audio and metadata to distribution platforms, as well as handing out royalties back to artists - while their clients maintain complete control over distribution and delivery strategies. marketing.

These companies are not usually defined as distributors, but rather as “digital service providers”.

Companies such as: Consolidated Independent, Sonosuite and FUGA.

### **4. Open distribution platforms**

These are the platforms most independent artists tend to use, as these services are available to anyone with the right these services are available to anyone with a song and a credit card.

Within these open distribution platforms are companies such as: Distrokid, iMusician, CDBaby and TuneCore.

The business model of open platforms is mainly focused on being music aggregators, in the sense that you can find claims like "Go to the platform, upload your music and we do the rest. Your music is available on thousands of streaming platforms"....

This is the basic service that every online distribution platform offers. Depending on the service, the distributor may charge a fixed amount per song or album, charge per yearly subscription or charge a commission of up to 15%. Or, it can be a combination of all three.

Admittedly, the ability of these platforms to adequately represent their artists is very limited. Just think, about 20,000 songs are uploaded to Spotify every day and a large portion of these songs go through the open distribution platforms.

However, the open distribution platforms have earned their place in today's music industry plus they have the most competitive plans and pricing, 100% royalty delivery... Which is undoubtedly one of the big changes in today's music industry. The disadvantage of these



platforms is that they only include distribution, therefore, the artist or his team will be responsible for highlighting the content on the platforms.

## 5. Partial distribution services

This last type of company is relatively new. At the moment two companies are included in this category: AWAL and Amuse.

Like open platforms, these companies offer a basic distribution management service - simply by distributing the music. However, as soon as the artist obtains a distribution agreement, the consumption information obtained on the streaming platforms ends up in the hands of the companies. In this way, if AWAL sees that the artist is doing well, the agreement can be "upgraded" or even lead to a record deal, which would include sponsorship, digital advertising, etc.

### AGENTS INVOLVED:

- Physical stores (specialized stores, supermarkets and department)
- Online stores such as Amazon
- Carriers
- Artists
- Major record companies
- Independent record labels
- Labels
- Music Publisher
- Open distribution platforms
- Download platforms and streaming services such as Spotify, Apple Music, Pandora Premium, YouTube, Amazon, etc.
- A&R
- Etc





### 5.7 Promotion / advertising

Once the product is in the points of sale, it is then marketed, i.e. the material is sold. It is necessary to establish promotion and advertising strategies to reach potential consumers. As we mentioned in the previous point, the ease of digital distribution means that the musical offer is growing and there is greater competition. Therefore, it will become increasingly necessary to concentrate efforts on marketing, promotion, data analysis and advertising.

As we have said before, if the artist is independent, he/she would have to manage his/her own career, including investment in promotion and advertising. It is true that nowadays there are companies like google ads, instagram ads... that allow you to make an advertising campaign in an intuitive and quite economical way. But, being an independent artist does not play with the same resources (money above all) as an artist who has signed with a major label. Therefore, you will have to manage your resources with intelligence and strategy to be able to compete with the big artists. You will also have the option of hiring external professional services such as: marketing agencies, advertising, SEO, data analysis....

And then if it is an artist who has signed with a major label, it is very likely to indicate in the contract that they are in charge of this management as they have specialized departments such as Artist Development Department , Marketing Department, Advertising Department...

#### AGENTS INVOLVED:

- Advertising
- Agencies Marketing
- Agencies SEO agencies
- Data science company
- Record companies
- Artists
- Etc

### 5.8 Demand

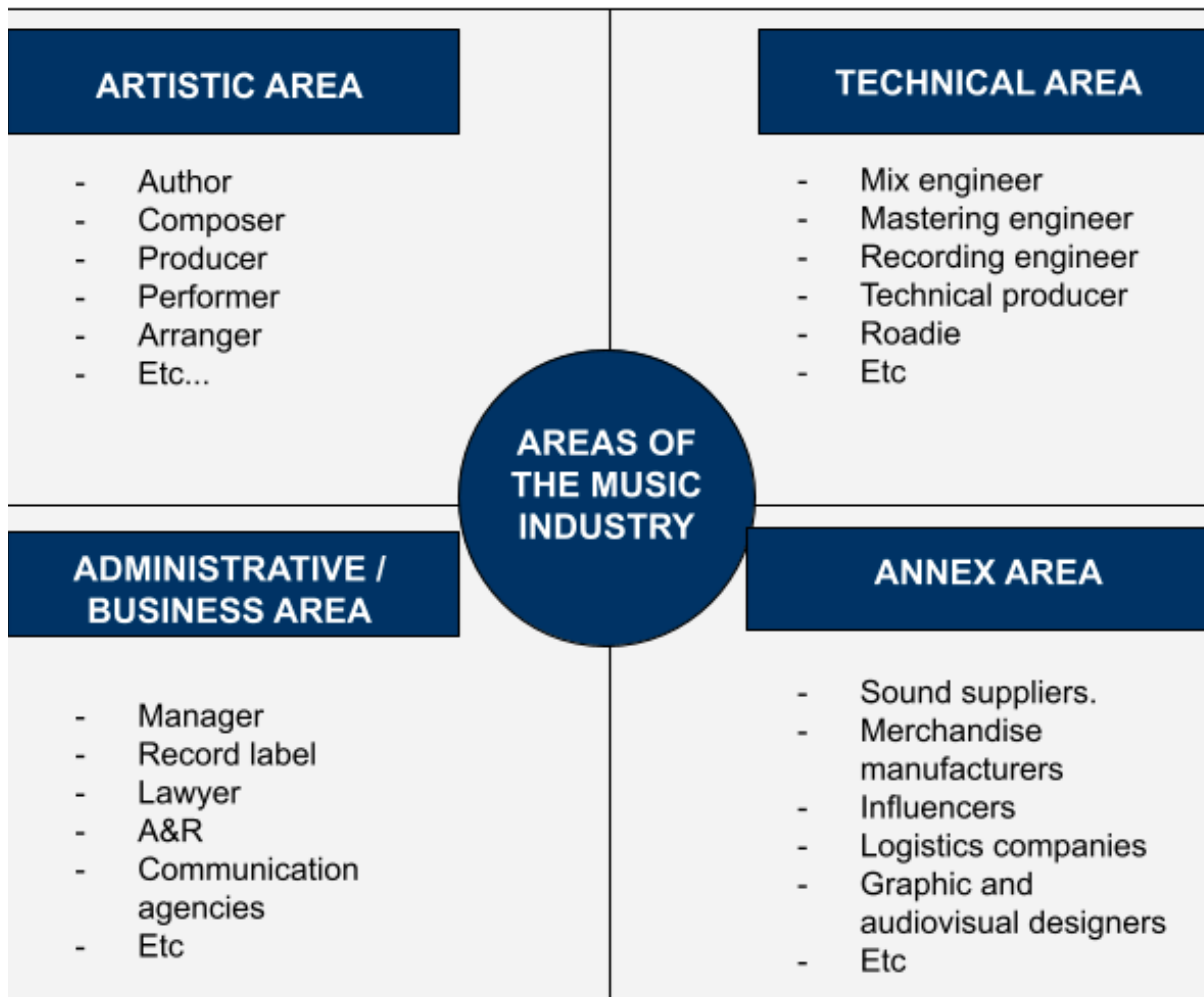
The last step and the one that takes meaning to the other links in the value chain



## 6. AGENTS IN RECORDED MUSIC THE VALUE CHAIN

As you may have noticed, the music industry is very large. That is to say, from the beginning of the first link in the chain such as training until it reaches the demand, many people and companies are involved... and at this point we are going to mention and explain most of the actors involved so that the music reaches the final consumer and that the music is a profitable business. As there are many agents involved in this industry we have divided them into 4 areas:

Figure 24: Areas of the music industry



Source: Own elaboration



## 6.1 Artistic area

It refers to everything involved in the construction of music and staging.

- *Artist / performer*: In show business jargon the figure of the artist is equivalent to a performer, not a creator-composer. In the music sector, an artist is the person who interprets, sings, or executes a musical work.
- *Arrangers*: is the person who is professionally responsible for adapting a musical and written work, generally trying to preserve the essence of the original work.
- *Authors*: An author is the person who creates a musical work: composers, lyricists, adapters and arrangers. It is very common for a song or piece of music to be composed by several people. In these cases we would speak of a co-authorship between several authors.
- *Beatmakers*: This is the professional who carries out the creation of beats. Especially in electronic music creating instrumentals with the computer and a DAW and other tools necessary to build this base.
- *Composers*: is the creator of a musical work, by organizing a series of sounds with a specific duration that may or may not be based on a theoretical basis.
- *Sound engineer*: is a professional who is in charge of studying the sonic phenomenon in its different fields, which can be production, recording, mixing, acoustics, mastering, among others. They can use technology tools creatively in different work areas.
- *The music producer*: he works throughout the process of music creation, in fact, he is often the author or co-author of the songs. Control recording sessions in the studio, instruct and guide different performers during recording, pool ideas and direct creativity. Supervise recording, mixing, and mastering. In other words, it is the key to turning a musical idea into something real.



## 6.2 Technical area

We refer to everything involved so that the artistic area develops in x and y space / medium.

- *Mastering Engineer*: It is the professional who is in charge of the last step of the audio post-production in a song. The purpose of mastering is to balance the sonic elements of a stereo mix and optimize the reproduction of all systems and formats.
- *Mixing engineer*: It is the professional who is in charge of balancing, equalizing, compressing ... or using creative effects to make songs sound more interesting and of better quality. It is a key part of producing a song.
- *Recording engineer*: is the person in charge of the entire technical process of a recording. He is the intermediary between the music producer and the speakers, as he must search for the ideal sound through microphones, peripherals, recording software, plugins, musical instruments, etc.
- *Roadie*: They are the technicians and support personnel who travel with a musical group during their tours, and who take care of all aspects of their concerts. The term *roadie* includes *managers* tour, production and stage, sound technicians, lighting managers, guitar, bass, drums and keyboard technicians, pyrotechnicians, security guards, monitor engineers, stage manager, VJs, backline managers, among others
- *Technical producer*: It is the person within the production team responsible for coordinating the sceno-technical elements that make it possible to put on any show or event .



### 6.3 Administrative/business area

It is the area in charge of everything involved in the monetization and logistics of the project.

- *Advertising agencies:* it is an organization that advises the advertiser in everything that refers to the execution of a advertising campaign, targeting a specific audience with a predefined budget
- *A record company,* also known as a record label, is a company that is dedicated to making recordings of music, as well as its marketing and distribution. Some of these companies have their own recording studios and their own professionals, to find the best sound in the recording of a music album like record producers.
- *A&R:* is a record or advertising company in musical matters that is defined as the search and responsibility in finding new musical talents that must be guided for the growth of their musical talent and observe that the already existing ones continue to develop artistically, advancing in favor and for the immediate development of the company. Its objective is the direct connection between the artist and the record company involved, which directly monitors the musician, firstly in the search, composition, recording, editing, until the final release whose responsibility.
- *Branding agencies:* they are the ones that focus on defining and creating the identity of the brand in its entirety. Build value or redesign corporate branding by presenting the strategic message through creative work.
- *Communication agencies:* they act as intermediaries between the artist and the media. The main role of communication agencies in music continues to be that of media relations.
- *Community manager:* means communication manager. He is in charge of building, establishing, managing and administering a brand through the Internet, maintaining a relationship with customers and followers who are interested in it. It is necessary that this person has certain technical skills related to creativity, empathy and the handling of tools.



- *Collective management entities:* they are organizations created by intellectual property laws or by private agreements for the collective management of copyright and related rights.
- *Entertainment Lawyer* - handles all legal matters for his client, including managing and advising on trademark and copyright matters, as well as drafting and negotiating all industry-related contracts.
- *Executive producer:* he/she is financially responsible for the project. Some of his functions are the organization and realization of the recordings, taking care of the contracts with the people involved in the production...
- *Label manager:* It is in charge of helping with the artist's procedures, works for third parties and communicates with the booking (although in many cases, managers and booking agents end up being the same person).
- *Manager:* A manager in the strict sense is that person who represents and guides the artist in search of the optimal development of his career within the music industry. In general terms, the manager coordinates the artist's career. This relationship must be based on mutual trust between the two.
- *Marketing agencies:* they are companies whose function is to provide advisory services and external support to other companies, organizations or even individuals in relation to the planning, implementation and control of marketing activities: they must carry out market research, analyze opportunities and threats , develop marketing plans marketing, design strategies and tactics, controlling and monitoring the activities carried out.
- *Management agency:* they help artists to develop your projects; This includes (among many other things): helping manage the project and its finances, creating a strategy to follow, adding the right people to the team at the right time, bringing order to the creative process.
- *Music promoter:* in charge of promoting a group or artist through different strategies to achieve notoriety and influence.



- *Music publisher:* is the company that ensures that composers and songwriters receive fees when their works are used commercially.
- *Personal manager:* is the professional who guides the professional career of artists. His main responsibility is to oversee the business of the artist he represents. In addition, he must worry about his interests and advise him on professional matters.
- *Organic positioning agency, or SEO agency:* These are companies in charge of positioning businesses / sites in the different search engines that exist.
- *Open distribution platforms:* they are companies in charge of distributing music on digital platforms.
- *Press Chief:* in charge of disseminating information and news about the organization and looking for the way in which the company's professionals participate in interviews or reports. It is the professional who helps to work the image of the company together with the media.
- *Radio promoter:* person who serves as a bridge between artists and radio stations. With the aim of promoting new releases on the radio
- *Social media:* He is in charge of creating, introducing and leading a company's social media strategy, as well as designing its social media presence.
- *The platforms music streaming* are basically those that allow you to play audio or video continuously, without downloading files and some even without being connected to the internet. They literally allow you to carry all your music always with you.



#### 6.4 Annexed area

Area that is not related in the previous points and that are part of the value chain

- Music education companies and entities
- Companies and agents involved in visual and audiovisual design: Photographers, graphic designers, videographers, video editors, ...
- Influencers
- Media: radio, tv, press ...
- Logistics companies
- Sound providers
- Manufacturers of merchandise such as records, vinyls, merchandising ...
- Printers
- Etc.





## 7. CONCLUSION

The music industry, as we have seen in the paper, is mainly made up of two sub-industries: live and recorded music.

Regarding the live music industry, we have seen the large volume it has and the impact, both direct and indirect, it causes on the economy. And its growth has been steadily growing at a good pace since 2013 until the pandemic came that practically paralyzed this industry.

Why did COVID-19 cause this industry's sales volume to drop dramatically? The answer is easy and even obvious, since it is an industry that all the business activities it performs are physical and not digital at all. The really complicated part of this question is the solution. Since it is very complicated to digitize an industry where the essence is the presence. They are already looking for solutions such as streaming concerts and festivals but in my opinion there is still a long way to go for this industry to digitize and not depend only on physical sources of income. If it only depends on that source of income it could lead to future situations like those experienced today 2020-2021.

However, the recorded music industry, despite the pandemic, has managed to grow thanks to the fact that it is an increasingly digitized industry. Although to get to the good situation it is now, it has undergone a transition process by moving from physical to digital media.

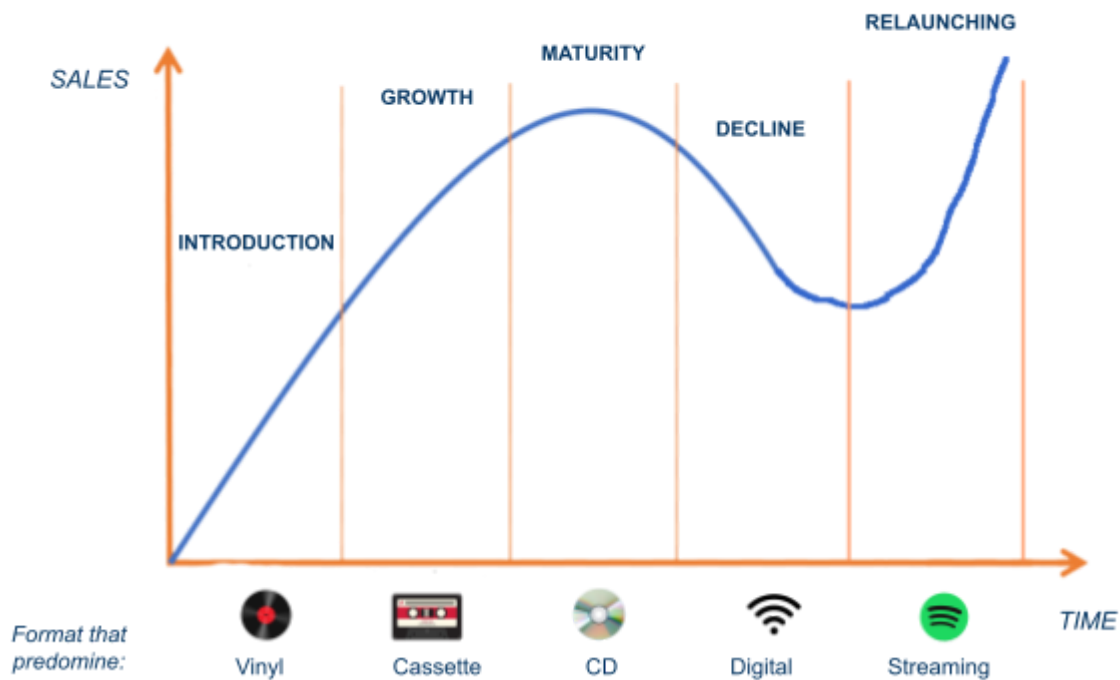
This industry has been able to adapt to major changes and has constantly innovated. And that is allowing the growth it is currently experiencing. This growth, as we have already mentioned, is due to the digitalization that has been possible thanks to the great technological advances, globalization...

A great example of how this industry has been able to adapt is: the streaming phenomenon. In its day it was a big problem that the traditional industry had to face and today it has become the solution, or rather the salvation of the recorded music industry. And according to experts, all indicators point favorably to streaming breaking ceilings and historical records, surpassing the best era of record labels and CDs. I agree with the experts' forecasts, since from a graphical-analytical point of view: we are in an upward trend, and there have been several years of setbacks due to the transition and complicated adaptation to digitization. But streaming could serve as a boost to the music industry, so that it continues its upward trend.



Therefore, my forecast is that it could even surpass the ceiling of the golden age of CDs. Then from the point of view of the life cycle of a product, I have been able to clearly identify the 4 stages: introduction, growth, maturity and decline. And possibly streaming is the culprit of the fifth stage: the relaunch.

**Figure 25: Forecast of the relaunch of recorded music thanks to streaming.**



Source: Own elaboration

In conclusion, the global music industry is currently in a difficult time but when the health crisis ends and true normality returns, all indicators point to it will continue to grow.

Although as we have seen how dynamic this market is, it is recommended that it continue to innovate to continue growing.

On the other hand, we will comment that the transformation that the music industry has undergone has brought with it its pros and cons that we will now comment on:

The pros are that today more music is listened to than ever, the consumer has great bargaining power, easy access to listen to the music you want and at a low or sometimes no cost. Also, independent artists have carved a niche for themselves in this current industry thanks to the lower costs of production, recording, easy distribution, the great reach of social networks ..., these low costs are due to great technological advances. among other things.



Then, it should be noted that new agents have been incorporated into the value chain and new business models, among other things.

On the contrary, as in everything, these changes have also led to cons such as the saturation of the music offer, since more than 20,000 new songs are published to the network daily and this causes that more and more artists and record companies have to invest more in marketing and promotion strategies, to be able to stand out from the rest, than in the quality of the song itself. On the other hand, digitization has made it possible to create new business models but it has also made others disappear that were important when physical media was the dominant one.



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