



New Music Markets

Digital formats, rights management,
live performances

Market Report

The various segments of the music market are evolving under the impact of the shift to digital formats. This study analyzes the various online music distribution models and the associated pricing and business models using case studies. It describes the evolution in the music industry and establishes the conditions for a new economic equilibrium. Finally, a five-year market forecast is provided.

Key questions

- What are the major trends in the recorded music, publishing, and concert markets?
- Mid-tail, back catalogs, premium services: What are the new online services being offered and what are the pricing models?
- Recommendations, ticketing, merchandising: What role do community-based services play in online music distribution?
- Are there alternatives to record labels?
- Advertising: a shift toward direct financing by brands?
- What developments have been made in discovering artists and in production?
- From publishing to global licensing?





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1. The state of affairs

- 1.1. What is the current status of the recorded music market?
- 1.2. A transition phase

2. The new distributors

- 2.1. Generalists
- 2.2. Specialists in making the most of back catalogs
- 2.3. Mid-tail distributors
- 2.4. Free content distributors
- 2.5. Telecom operators

3. Marketing and product innovations

- 3.1. Marketing innovations
 - Creating value for new releases
 - Using community networks: a must in music promotion
 - Targeting the fan base better
 - From DRM to CRM
- 3.2. Product innovations
 - Improving sound quality
 - Distributing legally via P2P networks
 - Delinearizing music

4. Is direct distribution possible?

- 4.1. Innovations in physical distribution
 - Starbucks creates synergy between its customers and music distribution
 - Exclusive agreements with major distributors and department stores
 - Covermounts in newspapers
- 4.2. Bypassing record labels for online distribution
 - Directly from artist to listener
 - Using an aggregator
 - Establishing a partnership with a radio station

5. Pricing models

- 5.1. Per-item purchasing
- 5.2. Subscriptions
- 5.3. Paying for a service
- 5.4. Free music

6. Ad-based financing

- 6.1. Streaming and downloads
 - Maximizing your audience
 - Offering targeted, unobtrusive advertising
 - Increasing advertising exposure
- 6.2. Offering music via marketing operations
 - Promoting a service or platform

- Music to attract consumers
- 6.3. Using co-branding to finance creation and distribution

7. Upstream impact: pre-production and production

- 7.1. Spotting new talent
 - Moving away from hard-copy demos
 - Recruiting talent on social networks
- 7.2. The democratization of production
 - Self-production for a few thousand dollars
 - Community production

8. Impact on record label activities

- 8.1. The change in cost structure favors record labels
- 8.2. New sources of revenue

9. Outlook for 2011

- 9.1. Global music market forecast for 2011
- 9.2. Towards a new musical equilibrium

Case studies

Airtist
Jamendo
Myspace
Facebook
Qtrax
Musinaut
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Napster
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