

The music industry's catchy rhythm

The music industry was among the first to suffer the disruptive effects of digitalization – which also made it one of the first to reinvent itself. After bottoming out in 2010, the industry has been growing at a healthy rhythm and doesn't look set to stop this decade. This will be music to the ears of those who are able to anticipate the changes ahead and adapt to the new soundscape.

Who is louder and who is losing sound?

Independents turn up the volume

More value is being created for independent labels and artists relative to the majors

+57.7%

The percentage of streaming revenue that **independent labels** captured between 2018 and 2019 through Spotify has grown worldwide, reaching 831 million euros.

+47.7%

The percentage of streaming revenue that **independent artists** captured between 2018 and 2019 through Spotify has grown worldwide, reaching 387 million euros.

Radio

Traditional is stable while digital is growing significantly

+33.7%

The reach of traditional and digital radio advertising between 2017 and 2026 is expected to exceed 4.7 billion listeners.

Live music

An increasingly important source of revenue

+28.6%

Global live music industry revenue (sponsorship and ticket sales) between 2014 and 2024 is expected to reach \$31 billion.

Podcast

An increasingly desired format

+117%

The number of podcast listeners in the U.S. between 2017 to 2024 is estimated to reach 100 million.

New voices

Digital media allow music to be combined with innumerable other activities, resulting in entirely new business models and the entry of some surprising new players.



Peloton
The at-home exercise bike with a screen to watch exercise videos has teamed up with musical artists such as Beyoncé to stream exclusive content to its subscribers as they work out.



Epic Games
Videogame publishers license new music tracks for their games. One example is a virtual concert by DJ/producer Marshmello performed inside a Fortnite game, where players could also purchase digital "skins" to wear inside the game.



UFC
The combat sports promoter has launched a streaming music service so fans can listen to the playlists of their favorite fighters, showing just how easy it is for everyone to get in on the act.

SOURCE: "The Music Industry in the 2020s," a technical note by IESE's Govert Vroom, Abhishek Deshmmane and Isaac Sastre, is available from www.ieseipublishing.com where Vroom and Sastre have also published a best-selling series of case studies on the music streamer Spotify.



Read more in *IESE Business School Insight* #161.



↓ TOP 10

There is much less favoritism for the Top 10: In 2005, near the height of CD album sales, the Top 10 artists in the U.K. accounted for 13% of sales, while in 2020 they only garnered 5% of all streaming revenue.

-17%

Analysis of Spotify song streams in the U.S. on a typical weekday between 2018 and 2020 registered a decrease in Top 40 song streams.

Artists

Less concentration

Moving to the streaming beat

In the early 2000s, music was blasting out of CD players. Twenty years later, smartphones and IoT devices are the norm, and vinyl has become a cult object.

Global music industry revenue
(in billions of dollars)

