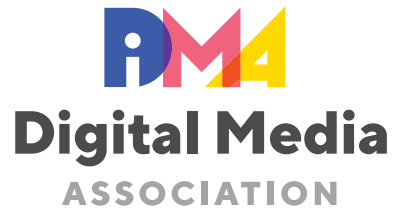




AMA

DiMA - Digital Media Association
Annual Music Report
A MIDIA Research Report

STREAMING²⁰²⁰
FORWARD



DIGITAL MEDIA ASSOCIATION (DiMA) MEMBERS

amazon



pandora®



About DiMA

Representing the world's leading music streaming companies, DiMA's mission is to promote and protect the ability of music fans to engage with creative content whenever and wherever they want and for artists to more easily reach fans and make new ones.

Streaming technology has transformed the music industry, creating a rapidly growing economic engine that fuels both the present and future of music listening and artist creation. DiMA will continue to fight to ensure that progress for consumers, artists, and the entire music ecosystem is protected and expanded.

For more information visit our website: www.dima.org, or follow us on Twitter: @digitalmediausa. For media inquiries, please email: media@dima.org.

About MIDiA Research

MIDiA Research is a unique analysis and data service focused on the intersection of technology and content.

MIDiA Research leverages multi-country consumer data, market forecasts, and other proprietary data tools to provide unrivaled insight into the rapidly changing global digital content markets. Our coverage includes music, online video, mobile content, and paid content strategy.

For more details visit our website: www.midiaresearch.com
Or email us at info@midiaresearch.com

LETTER FROM THE PRESIDENT AND CEO

With the release of this year's "Streaming Forward" report, the extent to which streaming connects the entire music industry and drives it forward is on full display. The individual numbers tell a compelling story and the overall message is clear: streaming services have revitalized the U.S. music industry, setting it squarely on a trajectory to achieve all-time highs for growth and revenue.

Less than a decade ago the music industry was locked in a multi-year cycle of declining revenues, searching for a way to empower fans to engage with - and pay for - music. The streaming revolution changed all of that, creating a new paradigm for how music is created, distributed, and enjoyed, to the benefit of artists, song-

writers, copyright holders, fans, and the entire music ecosystem. Our industry partners tell the story well: the National Music Publishers' Association recently celebrated 2019 as the fifth consecutive year of significant growth in publishing industry revenue, while the RIAA said earlier in 2020 that it was the industry's fourth consecutive year of double-digit growth. In 2019 alone, streaming revenues in the United States grew 19.5% to \$10.3 billion, which accounted for nearly 80% of the total revenue of the U.S. recording industry. Revenues are now on track to reach record levels within the next five years.

Before we dive deeper into the numbers, it is important to note the research included in this report was conducted prior to the onset of the global Covid-19 pandemic. Though

the story of streaming remains a compelling one - which we discuss in depth and explain throughout the report - it is also important to acknowledge the dramatic impact Covid-19 has had across the music industry. While the streaming-led regrowth of the music economy helped the industry enter this period of disruption on stronger footing, it is clear that more is needed to help creators and others who make up the music community weather this period. That is why in this moment of crisis, streaming platforms have stepped up to support the music community in a number of ways. From contributing to collective efforts such as the MusiCares Covid-19 Relief Fund, to devoting funds and other resources to artists and independent labels, streaming services are committed to ensuring that the music community can with-

stand this upheaval and emerge with strength.

The ongoing pandemic has also demonstrated the important ways music can connect and uplift us. Streaming services have offered a lifeline for artists to continue to connect with their fans, and for fans to engage with the music they love despite the unexpected restrictions on our daily lives. This reinforces research that shows streaming is fans' preferred method of listening to longtime favorites and discovering new ones. The number of paid streaming subscribers in the U.S. grew by 20% in 2019 to nearly 100 million and that figure is projected to continue its rapid climb in the next several years as new technologies and innovation from the platforms enhance engagement.

This transformation and the resulting economic impact should not come as a surprise. Music has been and always will be a core part of our individual identity and shared culture. Today, services deliver music through transformative technologies that represent a diversity of listening experiences and creators. By focusing on constant modernization that makes it easy and affordable for fans to access the music they want, when they want it, the streaming platforms have reinvigorated the modern music community and enhanced the listening experience. Not only are music fans listening to more music every day than at any time in history, but artists are producing more music and an increasing number of creators are garnering widespread exposure as fans access a virtually unlimited supply of diverse content at the push of a button. The music industry is more connected than ever: without music, streaming services would suffer, and without streaming services, creators and fans would suffer. The recognition of this virtuous partnership lies at the heart of our interconnected industry.


During this time of growth, it is critical that we continue to move forward together as a music community to support policies that strengthen the connective bonds between artists and fans and foster the next wave of innovation that will allow the music industry to continue to thrive. Streaming has transformed and energized the music industry and represents both the present and future of music; together we must find new ways to create, discover, and connect. I cannot wait to see what the next transformations look like.

Sincerely,



Garrett Levin




 @garrettlevin

FOREWORD FROM MIDiA MANAGING DIRECTOR

STREAMING DOMINANCE DEFINES TODAY'S MUSIC MARKETPLACE



 @Mark_Mulligan

This year's edition of "Streaming Forward" reveals just how fundamental streaming has become to the music industry. Its dominant contribution to recorded music revenues underpins a continued revolution in the way in which we discover and listen to music. While traditional media such as radio still plays an important role, streaming is now center stage—from a listener hearing a new track on an audio playlist, to a fan learning the words to a song with a lyrics feature, to hearing about their favourite artist's music inspirations on a podcast.

Streaming has taken what was once a disjointed user journey and consolidated it into a set of unified user experiences. Now that the U.S.

streaming market is beginning to reach maturity, revenue growth rates will start to moderate, but streaming's impact on the culture, marketing, discovery, and consumption of music is only just getting going.

When this report was written, the industry was getting started on what promised to be another year of strong growth and development. Then along came Covid-19 and suddenly

business-as-usual got turned on its head. As I write this, there are early, promising signs that the global pandemic may be beginning to slow. Regardless, the transition from lockdown to normality is going to be a winding path of a journey with the live sector of the music industry most impacted. With consumers spending more time at home, usage patterns have changed for all media and while music streaming experienced an initial dip, consumption not only recovered but was underpinned by shifts such as more smart speaker listening, and of course the rise of live streamed concerts. With live music in its enforced hiatus, streaming in all its forms acquired a new importance for artists and their fanbases.

When the dust finally settles on 2020, we will be looking at a music business that has been changed by Covid-19. Some of these changes will be in passing, but some, such as new behaviour patterns, will become long-term market attributes. Many of these shifts, such as more streaming at home, are in fact previously emerging trends that have been catalysed by stay-at-home measures. There will be many lockdown legacies, but one that is looking increasingly likely is that streaming's role in the music industry will become both wider and deeper.

Mark Mulligan,

Managing Director, MIDiA Research

DISCLAIMER: The data and research used for this report were primarily compiled before the onset of the Covid-19 pandemic. While the long-term effects – economic, social, and cultural – of this global event will reverberate for some time, it is clear the immediate impact has been immense around the world. The disruption within the music industry has been swift and intense, with the lifeblood of tours, live concerts, and the in-person experience disappearing overnight. Although this report was primarily put together before the Covid-19 pandemic, the insights into the streaming industry and its inexorable rise remain valid. What has changed is the nature of the overall music industry—and how this impacts the streaming market in the mid-term future remains an unknown quantity.

TABLE OF CONTENTS

STREAMING SUCCESS STORIES

TONES & I **15**

LUIS FONSI AND DADDY YANKEE **16**

LIL NAS X **19**

GLASS ANIMALS **32**

ARIZONA ZERVAS **34**

ARTIST SPOTLIGHTS

BTS **23**

DUA LIPA **38**

Letter from Garrett Levin, President and CEO, DiMA.....	3
Foreword by Mark Mulligan, Managing Director, MIDiA Research.....	4
Key Takeaways.....	5
Introduction.....	7
SECTION ONE: The Essential Market Trends.....	8
SECTION TWO: Streaming Innovates For Fans, Creators, and Copyright Owners.....	10
Consumers Discovering and Listening to More Music.....	11
Playlists.....	12
The Streaming Audience: Massive and Global.....	16
Data Dashboards.....	17
Lyrics, Video, Editorial Content.....	18
Trend to Watch: Marketing and Content.....	19
Podcasts.....	20
Genre and Region Specific Services.....	22
Technological Innovation.....	24
Smart Speakers.....	24
Car Dashboard.....	25
High Definition Music.....	26
Bundling and Pricing Innovations.....	26
SECTION THREE: The Five Superpowers of Streaming Services.....	27
SECTION FOUR: Streaming Success in Numbers.....	29
SECTION FIVE: Modern Music Licensing Policy.....	35
Lessons from the Music Modernization Act.....	36
Trend to Watch: Music Industry Cooperation.....	37
SECTION SIX: Conclusion.....	39
Streaming Growth Projections.....	40
Top 10 Songs Per Streaming Service.....	41
Appendix.....	42

INTRODUCTION

STREAMING DEFINES TODAY'S MUSIC MARKETPLACE

The rise of digital music and transformative listening technologies have revolutionized the music industry, empowering artists, ensuring music fans can seamlessly connect with their favorite songs wherever and whenever they want, and driving new music choice and creative access to the marketplace. For fans, copyright owners, and artists and creators alike, the positive impact of this evolution has been monumental: with total music streams reaching the one trillion mark in 2019, fans are listening to more music than ever before, and the industry is locked into a multi-year growth cycle where streaming is the dominant source of economic gains.

As the foundational force driving the industry forward, streaming is reshaping and defining the present and future of music. Continuously and consistently innovating, streaming is charting a new path where fans will have ever more freedom to customize and personalize the music they listen to wherever they are, and artists will be able to foster deeper connections with their fans while more easily delivering music to listeners around the world. And for all participants, from labels to publishers to creators, this means a more vibrant music marketplace that benefits everyone's bottom line.

The numbers tell the story: by the end of 2019 there were 88 million paid-for streaming accounts in the United States, translating to 99 million authorized subscribers within those accounts. As a result of this subscriber growth, overall streaming revenues in the U.S. hit \$10.3 billion, with streaming accounting for more than

three quarters of the total revenue for the U.S. recording industry. These numbers are part of a multi-year resurgence that has seen the industry rebound from declining fan interest and revenues to post significant annual growth. And those gains show no sign of stopping: buoyed by ongoing modernization from streaming services, the recorded music industry is slated to reach an all-time record for revenues over the next five years.

Looking forward, streaming's leadership role in the music industry will only get stronger. As streaming adoption – in either ad-supported or subscription form – reaches the majority of consumers, new opportunities are emerging for artists, creators, and copyright holders due to the massive scale of the audiences in question. Not only are fans listening to more music than at anytime in history, but they are also discovering and being exposed to more artists and styles of music much more frequently.

Advances in technology will be the key driver in streaming's continued popularity. Transformative technology is what created the streaming music revolution, and new products and improvements on existing technologies will help build a stronger music ecosystem. In-car streaming capabilities, new advances in smart speaker technology, and ever-higher fidelity audio will offer new opportunities for fans to listen to the music they love and for artists to create and deliver their works to the marketplace. The result: a growing streaming universe that is the centerpiece of the global music market.

**REVENUE FROM
STREAMING IN
THE U.S. HIT
\$10.3
BILLION
IN 2019**

1

SECTION

THE ESSENTIAL MARKET TRENDS





In 2019, for the fifth consecutive year, streaming was the engine driving revenue growth in the U.S. music industry. In the U.S., streaming accounted for 93% of total digital music revenues. Streaming growth was driven by subscriptions, which made up 67% of the total streaming value and grew by 25%.

In 2019, overall streaming revenues in the U.S. increased by 21% over 2018 totals to \$10.3 billion. Streaming’s position as the dominant consumer preference continues to strengthen, even as other delivery methods decline. Indeed, streaming revenue growth of \$1.7 billion was 15 times greater than physical revenue decline in 2019.

This is a remarkable time for music fans. Streaming has revitalized and transformed the way we listen to music – making music more accessible, affordable, and discoverable. Many streaming platforms see multi-hour daily usage, which has vastly increased the amount of music being listened to, effectively generating new consumer demand for content.

Creators and artists are benefitting from streaming in new ways too, with rapid growth in the range of creator services on streaming platforms in recent years.

Streaming and the tools offered by streaming platforms have fundamentally transformed the way creators and artists can engage with existing fans and bring in new listeners. Artists are able to gain valuable audience insights, many of these in real time. Knowing what engages audiences early on enables artists to make decisions about which songs to release, where to play live, and what type of audience they are connecting with the most. These are breakthrough insights that creators have never had access to before.

This is all good news for record labels and music publishers. Both sectors are seeing revenues growing at a record pace, enabling greater amounts of money to be invested in content creation and leading to the development and distribution of more music.

Digital innovation has reinvigorated the music industry, and growth is expected to continue. If the market stays on this trajectory, the value of subscriptions in the U.S. alone will reach \$11.6 billion by 2026, and the recorded music market will generate more than \$20 billion in revenues—an all-time industry peak.

THE ESSENTIAL MARKET TRENDS - 2017-2019 (all figures in millions USD)

	2017	2018	2019	Growth
Total digital music revenue (retail values)	8,440	9,775	11,151	14.1%
Total streaming revenue (retail values)	6,842.6	8,575.1	10,337.4	20.6%
Streaming subscription revenue (retail values)	3,969.2	5,537.3	6,931.8	25.2%
Ad-supported audio revenues	1,321.0	1,378.8	1,427.1	3.5%
Ad-supported video revenues	1,552.5	1,659.0	1,978.5	19.3%
Number of paid streaming subscriptions	55.5	73.0	87.5	19.8%
Number of ad-supported music audio users	105.3	110.3	116.7	5.9%
Number of ad-supported music video users	136.3	146.7	155.0	5.7%

U.S. DIGITAL REVENUES BREAKDOWN

	2017	2018	2019	Growth
% OF DIGITAL MUSIC REVENUES FROM:				
Paid subscriptions	47.0%	56.6%	62.2%	9.8%
Ad-supported streams	43.0%	31.1%	30.6%	-1.7%
Downloads	18.9%	12.3%	7.3%	-40.8%

SECTION

2

*STREAMING INNOVATES FOR FANS,
CREATORS, AND COPYRIGHT OWNERS*



Streaming is not just driving the music industry’s economic revitalization; rather, it is reshaping the marketplace. Enhanced playlisting, curation, increased personalization, and cross-programming are just some of the features changing both the way fans are listening to music and the way artists make and release it. As shown in the revenue and subscriber data, growth remains strong for streaming services and the music industry. Yet for all its success to date, streaming remains a young industry and key players are constantly innovating in ways that benefit fans, creators, and copyright owners.

This modernization can be seen in the continued refinement of key features for enhanced user listening and discovery experiences, the deployment of tools for creators and copyright owners never before available in the market, and the integration of streaming into technology platforms (beyond the mobile phone), bringing even greater numbers of paying music fans into the market.

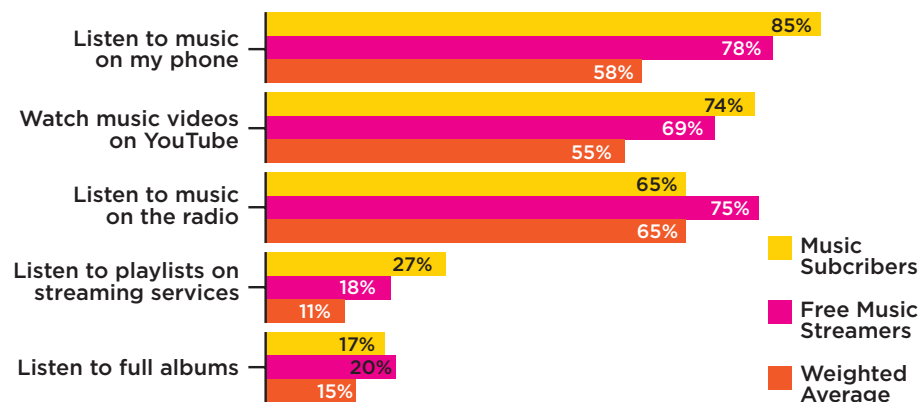
Ultimately, these advances generate more music fans who are listening

to more music and more artists, which benefits creators and copyright holders alike. Importantly, it is also facilitating a more engaged listening audience as fans feel a closer connection to artists and songwriters through new and evolving playlists, better quality audio, features such as “artist stories,” and the ability to incorporate music into more facets of their daily routine. A more engaged, involved audience is critical for the future of the music business, empowering creators and copyright holders to reinvest in the music that fans are listening to at ever-greater numbers.

Copyright holders—both record labels and music publishers—are seeing robust growth in revenues. Along with this, digital innovation is making a major contribution to the continued robust health and resilience of the music industry. Many of the consumer and creator trends being driven by digital music services are to the direct benefit of copyright owners. Digital platforms are driving revenues for copyright owners, but they are also modernizing on behalf of copyright owners in a number of specific ways.

CONSUMERS DISCOVERING AND LISTENING TO MORE MUSIC THAN EVER

Figure 1: Music Subscribers Are the Most Engaged Music Fans
U.S. Music Customer Behavior Q4 2019



Source: MIDIA Research



PLAYLISTS: EMPOWERING CREATORS AND FANS THROUGH CURATED TOOLS AND EXPERIENCES

EVOLVING PLAYLISTS DRIVE LISTENING AND DISCOVERY

Playlists and customized radio stations are the foundational innovations of streaming and drive music listening and discovery, allowing fans to engage with long-time favorites and discover new artists.

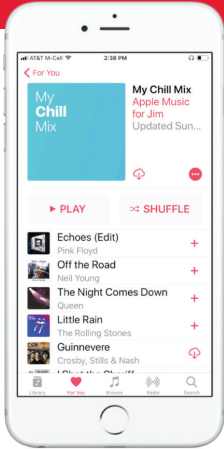
Playlists on streaming services span all music genres and range from human-curated music discovery engines to bespoke radio stations built around specific artists and personalized mixes that evolve in response to individual listener engagement. There are playlists of virtually unlimited variety presented to listeners to suit their location, mood, time of day, or preferred activity. By serving curated or personalized music within different contexts, streaming platforms are able to keep music fans engaged and listening, which creates benefits for all

parties in the music value chain. The art of the playlist lies in balancing the familiar and the new, serving listener preferences for comfort and discovery.

Human curation and personalized listening experiences for fans allow artists to reach increasing numbers of listeners more directly than ever before, and fans are exposed to a wider range of music than previously available in other distribution platforms. The average number of listening hours spent with playlists or single songs far outweighs that spent with albums across all ages. This new listening paradigm has a democratizing effect, allowing creators to break through and build fan support in new and dynamic ways.

PLAYLISTS
RIGHT MUSIC.
RIGHT TIME.





Curation. Human curation is a core element of streaming playlists and radio stations. Leading streaming services feature hugely popular curated playlists, like Rap Caviar and Today’s Top Hits on Spotify—the latter of which reached 25 million followers by the end of 2019—All Hits and Country Heat on Amazon Music, Rap Life and Today’s Hits on Apple Music, and branded playlists like YouTube Music’s longstanding Coachella partnership.

These popular playlists (and others) boast follower counts larger than the average audience of many major terrestrial radio stations. Placement on key curated playlists is part of how streaming enables creators and copyright owners to quickly

Personalization. One of the biggest advances brought to market by streaming services is the ever-expanding way music fans can personalize their listening experiences to fit their needs. Across the various streaming platforms, fans are able to develop a range of creative playlists and personalize their listening with new content formats. Geared toward encouraging music fans to keep listening and engaging with music across a range of activities, moods, and events, these new formats and personalization perks have empowered fans in new and exciting ways.

Apple Music, for instance, has a “For You” section that tailors a selection of curated playlists, albums, and artists based on a subscriber’s specific listening habits. In addition, Apple Music members can follow their friends and see and engage with the music their contacts are listening to, including the playlists they have shared and the music they listen to most often as

reach an audience the scale of which they have never reached before.

In addition to curated playlists, streaming services also feature more traditional “radio”-like stations, developed around specific artists or genres. Amazon Music and Pandora see significant listening through these so-called passive listening user experiences, designed for listeners who want to listen to and explore a certain type of music without the pressure of creating their own playlist or the predictability of listening to a curated collection. With the added benefit of being able to calibrate and tweak their stations at will, fans can listen to the music they love and connect with new music within that same genre or style.

a way to further personalize their listening experience.

Personalization is also about empowering listeners and giving them control over what they hear. That’s one reason Amazon Music has rolled out a series of features through the company’s popular Alexa smart speakers to allow more curation in the moment. Whether it’s finding playlists based on a specific mood or special occasion or searching for songs based on a few lyrics the listener remembers, these types of tools are becoming ever more popular to allow listeners to define their own music experience.

Ultimately, personalization is and will continue to be a core characteristic of the streaming music universe—identifying and inventing new ways for music fans to connect, engage, and expand their music listening experience.

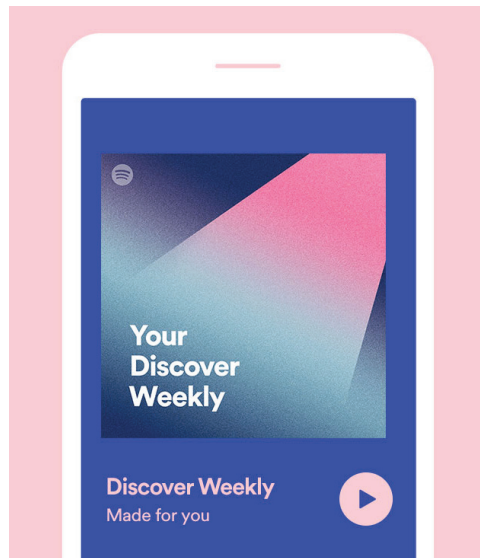
Discovery. Importantly, personalization tools have also encouraged fans to engage with and discover a wider variety of music, benefitting more artists and copyright holders by introducing new listeners to their music. Apple, for instance, has long made exploration a focus via the first-of-its-kind New Music Daily—a playlist updated daily showcasing new music that recognizes the rapid turnover in today’s consumption habits. The playlist is driven by tastemaker Zane Lowe on his Beats 1 radio show, which exposes an even broader audience to new music including non-subscribers.

At YouTube Music, the service offers the innovative new “Discover Mix,” a weekly list of 50 songs the listener has never listened to on YouTube but may like based

on their past listening habits. Spotify, meanwhile, has begun to adapt editorial playlists using algorithms to tailor the experience so it is unique for each listener. Spotify’s “Discover Weekly” playlist updates every Monday with new music based on personal listening habits, leading users to find new artists and tracks. Separately, Spotify has also begun to adapt editorial playlists using algorithms to tailor the experience so it is unique for each listener. Spotify believes that these personalized editorial playlists increased the number of artists featured on users’ playlists by 30%, and the number of songs that listeners discover by 35%. This suggests that users are receptive to, and enjoy hearing, new music.

Pandora has also introduced new innovations to personalization tools that can adjust the algorithm used to suggest music to listeners. With the “Modes” feature listeners can switch from Pandora’s original algorithm (“My Station” mode) to one of five other preset modes that determine the types of songs that are played on their stations, including Crowd Faves (more popular), Deep Cuts (more catalog), and Discovery (more new tracks).

In addition, Pandora launched The Top Thumb Hundred, “an exclusive weekly chart and playlist that reflects listeners’ favorite recent discoveries” which is refreshed every Monday.



Cross-Programming. Ongoing playlist innovations extend beyond music fans finding new ways to personalize their favorite exercise playlist. A number of platforms have made significant strides to cross-program across different media and establish interesting partnerships. These programming developments leverage the latest technology and offerings from the streaming world to deliver unique experiences that further connect listeners to the music they love.

Spotify, for example, has begun offering listeners “enhanced album” focused playlists that combine visual content and music videos tied to new album releases, as well as Daily Drive, which mixes music with pod-

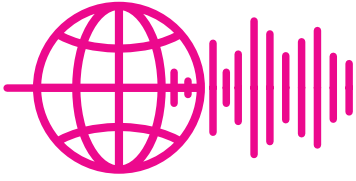
cast content to provide listeners with a mix of media at the push of a button. Similarly, with Pandora joining SiriusXM, the platform is exploring opportunities for users to easily combine both their favorite satellite radio programming with the deeper discovery experiences of their classic, personalized playlists. Apple Music introduced Beats 1, the company’s global livestream that goes to 165 countries around the world featuring radio shows by anchor hosts and top artists such as Elton John, The Weeknd, Nicki Minaj, Billie Eilish, and others. Other services also provide opportunities in this vein. Amazon Music, for instance, has developed content and services designed around its Alexa smart speakers.

STREAMING SUCCESS STORY



Tones and I: “Dance Monkey”

A Hollywood screenwriter might struggle to imagine the tale of Australian sensation Toni Watson’s meteoric rise, but her climb up the music charts underscores streaming’s ability to help creators reach a global audience. After getting her start busking in various Australian cities, the artist – professionally known as Tones and I – became an international sensation in 2019 with the viral hit “Dance Monkey.” Streamed more than 7 billion times across all streaming platforms, the song was a #1 hit in more than 30 countries and became the most streamed song ever by a female artist on Spotify.



THE STREAMING AUDIENCE: MASSIVE AND GLOBAL

Given the size of the streaming audience—close to 99 million subscription users and nearly 117 million ad-supported listeners in the U.S. alone—it is clear that streaming is on track to surpass terrestrial radio’s audience and is outpacing the number of consumers who still physically purchase music for listening.

This massive scale has aided the growth of global exposure to music from around the world. From South Korea’s BTS to Latin America’s CNCO, bands are finding global audiences at hyper speed. For example, in April 2019 BTS became the first Asian artist to reach 5 billion streams on Spotify. As of July 2020, the UK’s Ed Sheeran has the top song for a global streaming artist—his “Shape of You” was the first song with more than two billion streams (now 2.5 billion). Sheeran’s music is popular in almost every country in the world.

Latin American markets have seen huge benefits from streaming’s global breadth and the ability of artists to reach audiences around the world more quickly. Latin America is recognized as among the fastest growing music markets in the world as a result, with Brazil and Mexico representing two of the largest markets today. And the increased celebration of Latin music has extended well beyond that region, particularly in the United States where artists such as J Balvin, Bad Bunny, and Ozuna have led the way, with Bad Bunny’s YHLQMDLG ranking as the highest charting all-Spanish language album of all time. Luis Fonsi’s “Despacito” became a breakout streaming hit (and the first Spanish-language song to top the U.S. charts since “Macarena”).



STREAMING SUCCESS STORY

Luis Fonsi and Daddy Yankee



In addition to individual artists, the reach and availability of streaming music has meant whole genres of music that have previously flown under the radar with U.S. fans are now going mainstream. Nowhere is this more apparent than the meteoric rise in popularity of Latin music, led by Song of the Decade contender “Despacito,” by Luis Fonsi featuring Daddy Yankee. Streaming has allowed new hip-hop styles, reggaetón, dembow, and other genres to come to the fore as listeners are exposed to a whole new world of music. There’s a reason six of the ten most streamed songs on YouTube in 2019 were Latin.

DATA DASHBOARDS GIVE CREATORS NEW INSIGHTS

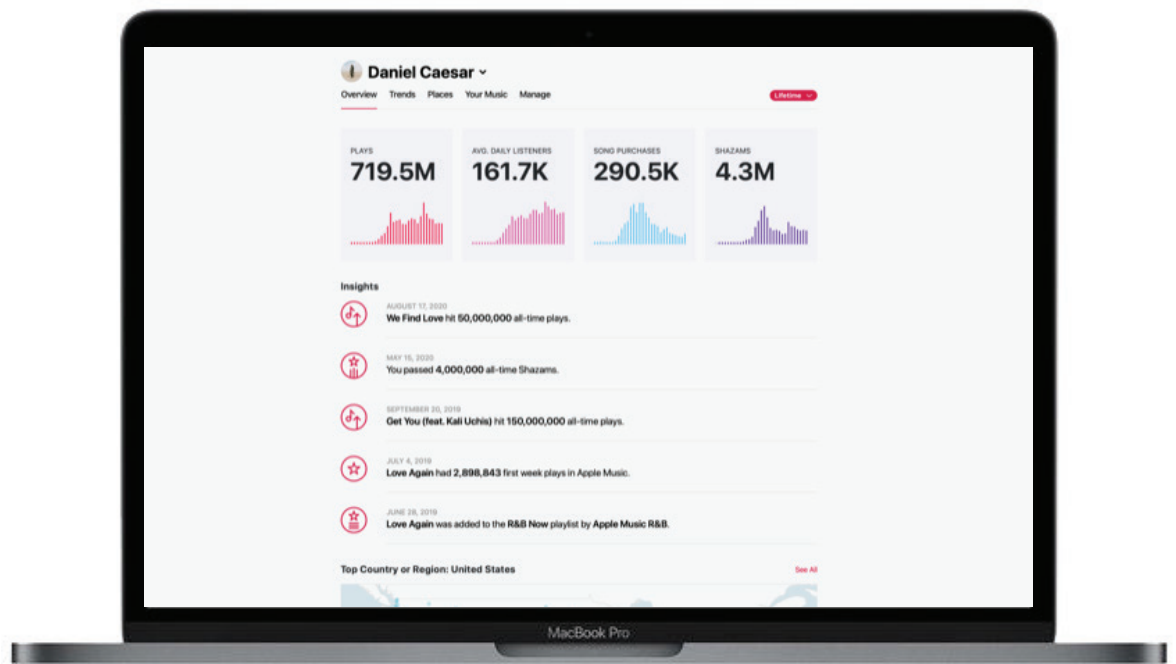
Data is driving many of the innovations in the digital distribution space, and creators are benefitting hugely as a result. Spotify has launched Songwriter Pages, which create new ways for songwriters to showcase the songs they've written and get discovered by potential collaborators and fans. Pandora AMP, Apple Music for Artists, YouTube for Artists, Spotify for Artists, and Amazon Music For Artists (the first to provide data on voice-based consumption) are all dashboards that let artists track their plays on each service across format, time of day, and location, endowing them with a wealth of information and feedback.

These services are offering insights by audience segment, and the information is made available at city level – allowing

artists to really understand who their fans are and managers to plan marketing campaigns around them, including retargeting efforts and tour plans.

The insights available today are revolutionary in their ability to enable artists to understand their fans and core audiences in a way that was previously impossible, with accurate, real-time data on age, gender, and location where songs are played.

There is scope for plenty of additions to these data services. There are new metrics being made available such as music video views, daily/weekly/monthly listeners (again by city or song), and more detailed data about playlists to which artist's songs have been added and their positions on those playlists.



17%
OF USERS
SEARCH
FOR LYRICS

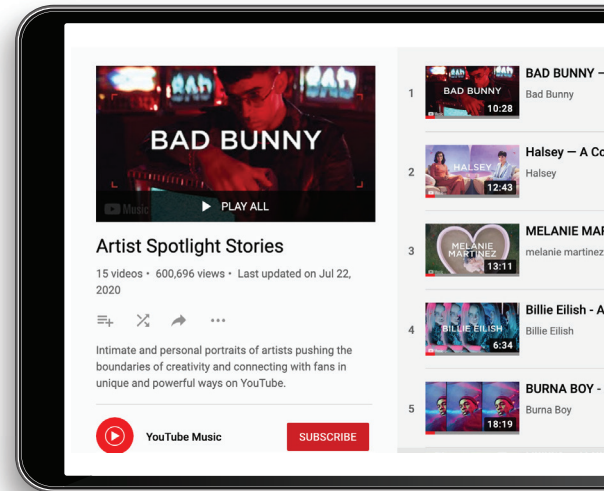
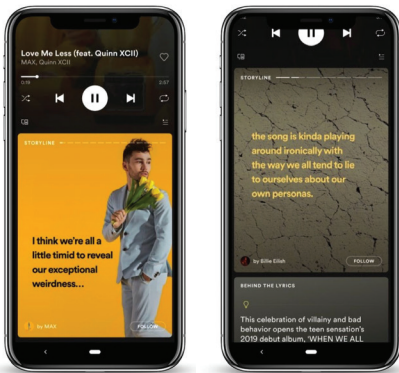
LYRICS, VIDEO, EDITORIAL CONTENT

One of the most dramatic changes that streaming has enabled is the expansion of music from a lean-back, linear experience into something far more engaging and interactive. Now fans can lean forward to choose the songs they want, build playlists, comment, and share, with lyrics and video at center stage.

In Q4 2019, 17% of U.S. music streaming users said they search for lyrics to the songs they listen to at least monthly. This behavior was more prevalent among 20-24 year olds, with one in every five of this demographic saying they search for the lyrics to songs, while just 12% in the 55+ age group say they search for lyrics to songs.

As expected, when it comes to music videos, YouTube is the most prominent streaming player. Additionally, YouTube has been increasing its investment in music documentaries, such as its Artist Spotlight Stories (first launched in 2018), short-form documentaries featuring individual artists. YouTube has now made 12 of these pieces, highlighting artists such as Billie Eilish, Shawn Mendes, and Camila Cabello. By the end of 2019, Artist Spotlight Stories had generated 62 million views globally on the platform.

Apple Music has also made major investments in music video, again via various documentary formats such as Album Shorts, which are album-focused documentaries, and digital shorts such as Lyrics to Live By, Song Stories, and “Reimagined,” which are stripped down arrangements performed by artists. Spotify has introduced Canvas in a limited beta, which gives artists the ability to upload their own visual loops to their tracks. Apple Music has also made strides in terms of ability to search and interact with lyrics. Time-synced lyrics are now available for a large percentage of songs within the service, with more being added, and users can search by specific lines and choruses. Similarly, Amazon Music offers users the ability to



display and automatically scroll lyrics line-by-line as a song plays.

Additionally, services are finding ways to credit creators beyond the performing artists, including by detailing songwriters, producers, and other performers who contributed to the creation of the song within the platforms. Listing songwriters and producers gives fans a better sense of who the creators are behind their favorite songs and can encourage fans to seek out more content from those teams, which may in turn expose them to new music from different artists. Apple Music, for example, lists these individuals in the song credits, allowing fans to more easily see who wrote the songs they are listening to and feel a greater sense of connection with those who penned the lyrics and composition, in addition to who performed the song. At the same time, Spotify users can enjoy playlists arranged by songwriter. Such innovations may introduce changes to industry dynamics. For example, it may prove useful for music searches and marketing activity in the world of synchronization rights. We have already seen music supervisors and music licensees search for songs by songwriter – potentially licensing multiple songs from the same writer to simplify a deal – and this development could encourage more of that type of efficiency.

The growth of credits past the artist is an important development for those creators who may operate out of the limelight but are integral to a song’s creation and success.



TREND TO WATCH: NEW ARTIST MARKETING AND CONTENT FEATURES EMERGING ON STREAMING SERVICES

The streaming services are constantly innovating with new content formats, and in months and years to come, many of these will be aimed at artists and the creator community to help those stakeholders market more directly to their fanbases. Pandora has been empowering artists to take control of their marketing for years through its AMP Artist Marketing Platform, which gives creators access to unique tools like Artist Audio Messages (allowing artists to engage with fans in a more intimate and conversational way)

Pandora Stories (combining the narrative possibilities of podcasts with the emotional power of music playlists), and a data analytics dashboard that gives artists insights on who their audience is, how they're

listening, and which content they love the most. In 2019, Spotify also announced a series of promotional tools for artists that

enable them to undertake direct marketing campaigns built on insights generated from the platform. Spotify's first paid Creator Marketplace tool available on Spotify's 'Creator Marketplace' is a 'Marquee' targeted pop-up which can alert listeners who have previously engaged with that artist about an upcoming or new release. This is the first time such direct marketing tools have ever been made available by Spotify to artists.

Formats such as Amazon Music's Side by Side and its emerging artist program, Breakthrough, and Apple Music's Behind the Album and Up Next emerging artist program also give artists new ways to package and promote new releases. New formats also put the spotlight on other key creative voices: Apple Music's Behind the Boards playlists bring together and highlight the work of individual producers, while the company's On the Session playlists provide a deep dive into session musicians' work. We can expect this format modernization to continue and look forward to brand new formats emerging that give artists new ways to directly reach fans.



enable them to undertake direct marketing campaigns built on insights generated from the platform. Spotify's first paid Creator Marketplace tool available on Spotify's 'Creator Marketplace' is a 'Marquee' targeted pop-up which can alert listeners who have previously engaged with that artist about an upcoming or new release. This is the first time such direct marketing tools have ever been made available by Spotify to artists.



STREAMING SUCCESS STORY



Lil Nas X

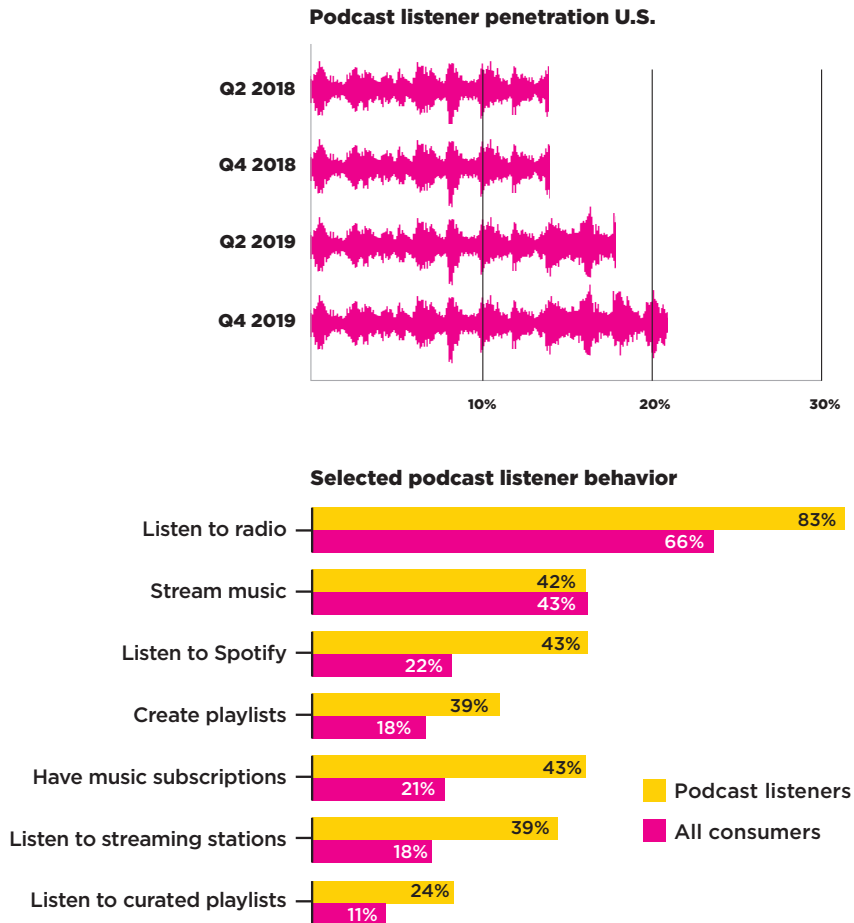
With self-composed lyrics and \$30 to license a beat, Georgia rapper Lil Nas X turned his dreams of music stardom to reality with 2019's breakout hit "Old Town Road." The song went stratospheric during the summer of 2019, breaking one of the most prized records in music by staying atop the Billboard Hot 100 chart for more weeks (19) than any previous song. At the core of the song's popularity and reach was streaming: per Nielsen, it became the most consumed song in the world in 2019, with more than 2.5 billion streams.

PODCASTS

By the end of 2019, some 21% of U.S. consumers were listening to podcasts every month, with that figure increasing to just more than 40% among music subscribers and smart speaker owners. Apple has offered podcasts through iTunes, and more

recently its Podcasts app, for over a decade – making it the primary distribution platform for this medium. Other streaming services like Spotify have added podcast access as the format has exploded in popularity.

Figure 2: Podcast Listeners Are on the Rise and More Engaged
U.S. Podcast Consumer Behavior, Q4 2019



Source: MIDiA Research

MIDiA.

PODCASTS: GROWING VALUE

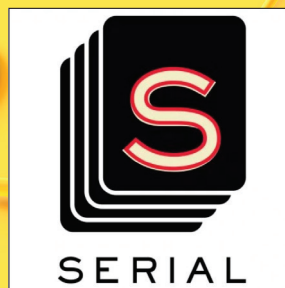
Pandora also offers podcast listening via its mobile app, the web, and smart speakers, providing listeners access to exclusive podcasts from popular SiriusXM hosts, and soon exclusive scripted podcasts based around iconic characters like Wolverine and Black Widow. And with Pandora's Podcast Genome Project technology, users receive personalized recommendations based on their unique tastes and listening histories so they'll never have to ask "which podcast should I listen to next?"

Spotify began including podcasts on its platform much more prominently in 2018, including some original production podcasts, such as *The Decade Wrapped*. After a number of major acquisitions in the podcast space (Gimlet Media, *The Ringer*, *Anchor*, and *Parcast*) Spotify is beginning to deliver meaningful audience numbers – MIDiA reported 33.6 million Spotify users streamed podcasts on-platform in Q3 2019. Though it is still early days for Spotify's podcast strategy, its partnerships with Joe Rogan, Michelle Obama, Kim Kardashian, and DC Comics show there is clear long-term potential for Spotify to transform the wider audio landscape.

The streaming platforms are not alone

in seeing the value of podcasts, as a number of music labels have likewise moved into the space because of the potential of the medium. Universal Music Group last year announced a headline-grabbing partnership with *Wondery* to produce original audio content based on its catalog, followed by *Sony Music Entertainment* pursuing a number of partnerships with top podcast names including producers *Laura Mayer* and *Adam Davidson*.

Artists themselves are using the medium to define new ways to connect with fans, build their audiences, and tell the stories they want unburdened by the creative limits of a single song. For example, *Rick Rubin* and *Malcolm Gladwell* use their podcast "Broken Record" to discuss how songs are made with various guest artists, and *Questlove's* "Questlove Supreme" features conversations with artists about the stories behind some of their (and Questlove's) favorite songs. Podcasting allows artists to tell their stories on their terms, adding context to their music, explore topics that interest them at length and to a broad audience, and start valuable conversations about music and cultural issues important to them.



GENRE AND REGION SPECIFIC SERVICES

While the conversation around streaming rightly focuses on the macro issue of music fans being able to access any of tens of millions of songs at the push of a button, the power of streaming has also been a boon to niche music genres that may be well outside the normal Top 40 station on the FM dial and their fans.

For lovers of classical music, bluegrass, Christian, and other faith-based music genres, streaming has given them a new way to enjoy and explore the music they have always loved. Streaming services such as IDAGIO (classical), Primephonic (classical), Gimme Radio (metal and country), and Qwest TV (jazz) are all focused on delivering content targeted to fans of these niche music genres. This

dynamic has similarly benefited the artists and copyright owners; with fans now able to listen to their favorite genre of music and tailor their listening to the songs they want, that translates to more listeners and more revenues in music markets once considered niche by major industry players.

Similarly, region-specific streaming services that focus on a particular area's distinct music have also become popular. Services such as Saavn, Gaana, Hungama, Anghami (all in India), Melon (Korea), and Tencent Music (China) all offer geography-specific music selections and discovery tools that allow listeners access to local content that would otherwise be impossible.



STREAMING:
MORE MUSIC.
MORE GENRES.

ARTIST SPOTLIGHT

BTS

The massive global scale of streaming enables billions of fans across the world to instantly access music.

In 2019, BTS became the first band since the Beatles to release three number-one records on the Billboard charts in the same year.

In 2019, BTS was the first group from Asia to surpass 5 billion streams on Spotify.

One song amassed 74.6 million plays on YouTube in just twenty-four hours.

They sold out Wembley Stadium in ninety minutes.

Named one of Time's 100 Most Influential People.

—ESQUIRE
April 23, 2020



**STREAMING
FORWARD**

PMA

TECHNOLOGICAL INNOVATION = NEW LISTENERS + MORE LISTENING

The near ubiquitous availability of high-speed mobile wireless access in major music markets has been a primary driver of streaming growth in the past decade. Technological innovations, particularly with respect to how and where fans can listen to music, represent the next frontier

in bringing in new subscribers and allowing existing subscribers to listen more. In 2019, new technology platforms—in particular, smart speakers—reached critical mass and the impact is starting to be felt in the music industry.

SMART SPEAKERS

Owners of smart speakers are now beginning to engage with their devices on a regular basis, which means new trends for music listening are set to emerge. Music is the most-requested feature on smart speakers, with 90% of speaker owners listening to music via their speakers on a weekly basis.

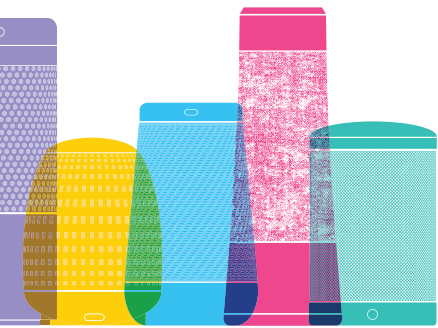
Globally, 27% of consumers now own a smart speaker, with 24% listening to music on one of those devices; the US has the highest penetration of smart speaker owners in the world at 29% of households. Accordingly, US households are the most fertile addressable audience for music subscriptions: 47% of U.S. smart speaker listeners will pay for a subscription, compared to 21% of overall consumers. The number of smart speakers in the U.S. has almost quadrupled over the past two years, with just more than 70 million speakers owned in 2019.

Music listening on smart speakers in the home is still in its early stages. Streaming

services and labels are investing significantly in the metadata related to all music tracks and albums, so that voice requests related to new contexts will retrieve the most relevant music. For example, a smart speaker owner might say “play me songs for my workout,” or “play me some songs to cook to.” This might lead to a brief conversation with a voice assistant, until the consumer gets the perfect music to match their request. These topical voice requests are more likely to reflect mood, location, and activity than requests for any particular artist, song or specific playlist. Through voice requests, consumers will soon be choosing to make playlists on the fly, just by saying, “I am driving back home, play my favorite songs.”

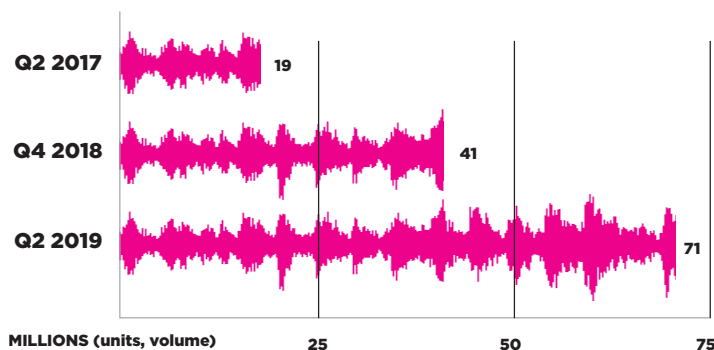
The evolution of streaming through smart speakers is one of the most exciting opportunities the industry has ever had and developments in this area are worth close attention in the coming years.

Smart speaker music listening is rising more quickly than other platforms. In the second quarter of 2020, a period in which most of the U.S. population was in a lockdown situation during the Covid-19 pandemic, 43% of smart speaker listeners exceeded six hours of music listening each week. This compares with 29% of US consumers listening to over six hours of music weekly.



90%
**OF SMART
SPEAKER
OWNERS LISTEN
TO MUSIC.**

Figure 3: Trend to Watch: The Rapid Rise of Smart Speakers



CAR DASHBOARD

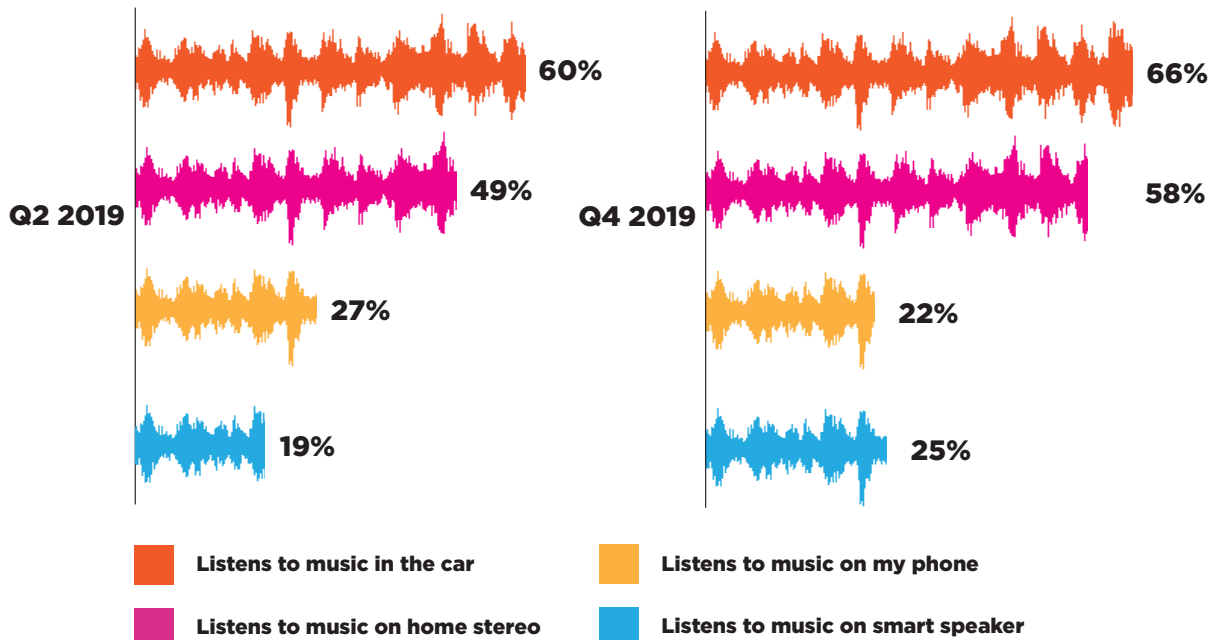


THE CAR IS THE NEXT FRONTIER FOR MUSIC STREAMING

The car remains another primary frontier for music streaming and will encourage a new wave of listeners—including many late adopters of digital music streaming. Standard car models increasingly lack CD players, having been replaced with app-based dashboard infotainment systems that seamlessly integrate with mobile phones and streaming services. Alongside Apple CarPlay, voice-assisted music apps will play a major role in the car, with Spotify, Pandora, Amazon Alexa, and Google Android Auto all finding a place on these dashboards. In addition, SiriusXM’s latest in-car system, 360L, began its rollout in 2019 and is the first to combine the company’s satellite and streaming services.

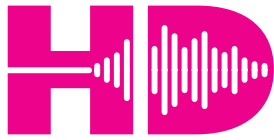
The good news for the competing streaming players and the music industry is that the market for in-car music listening is huge. Two-thirds of US consumers listen to music in the car on a monthly basis—more than twice the proportion who listen to music at home on speakers, and significantly higher than the 58% who listen to music regularly on their phones. Car manufacturers continue to use connectivity, personalization, and continuity of digital experiences as a major selling point. The result is a shared interest in constantly innovating and improving the in-car experience, creating a growing audience for streaming platforms in the most significant listening venue for music fans.

Figure 4: Trend to Watch in 2020: Streaming Music in the Car



Source: MIDIA Research

MIDIA



HIGH DEFINITION MUSIC

The relentless innovation of the streaming industry also continues to extend to the audio quality of the music fans can access at the push of the button. New technological improvements have made high definition (HD) music a reality like never before, allowing fans to hear music the way artists and producers did as it was created. Once only available to audiophiles willing to make a significant personal investment in high-end equipment, these advances mean the highest quality audio is now available to anyone with a subscription.

Leaders in this space include Amazon

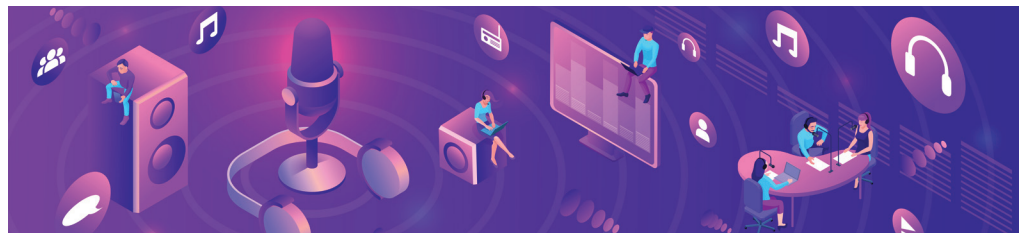
Music, whose HD tier delivers millions of songs in Ultra HD (better than CD quality), with a bit depth of 24 bits and a sample rate up to 192 kHz, and more than 60 million lossless HD songs, with a bit depth of 16 bits and a sample rate of 44.1kHz (CD quality). Similarly, recent U.S. market entrant Qobuz offers high-fidelity, high-resolution music to fans, ensuring not a single note is lost when a consumer selects a particular song. Additionally, in 2019 Apple Music announced Apple Digital Masters, which brings studio quality sound to all subscribers and provides mastering tools within the service.



PRICING AND BUNDLING INNOVATIONS

One way that streaming services are generating new audiences is by providing a range of price packages and bundles to suit all consumers' needs. Amazon Music, for example, currently offers a variety of options for listeners, including its ad-supported tier, Prime Music, Music Unlimited, and Music HD. Spotify's bundle

with on-demand video services Hulu and Showtime offer all three services to U.S. students for just \$4.99. Meanwhile Apple offers an Apple Music subscription for \$9.99 per month, \$14.99 for a family plan, or \$4.99 per month for a student plan. Students who subscribe to Apple Music also receive a free subscription to Apple TV+.



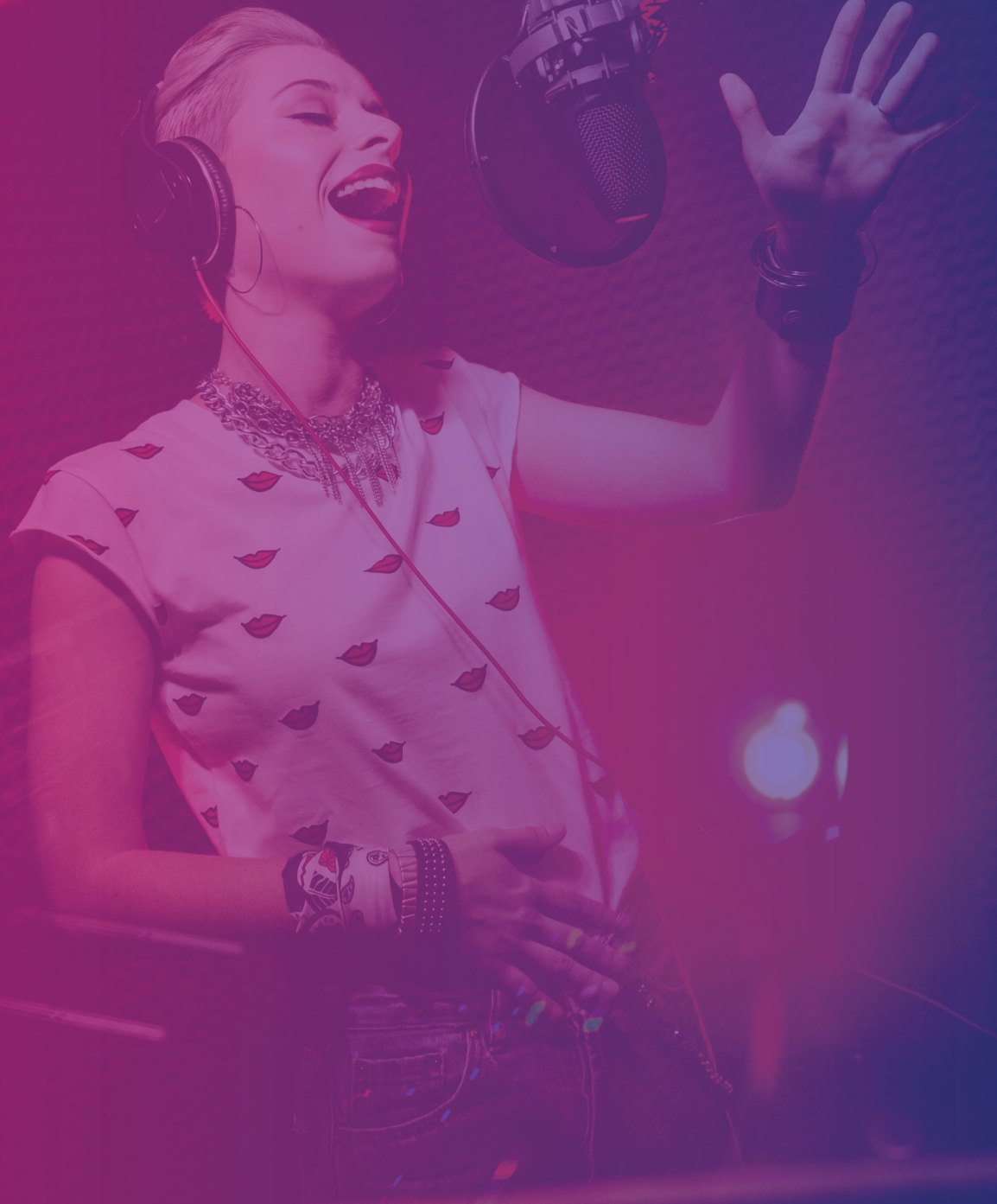
Streaming: A Story of Innovation

The streaming revolution was built on innovation, and the future of music will be defined by these and other avenues being explored daily across the industry. These technological advances mean larger, more engaged audiences, which in turn improve the ability of artists to connect with old fans and make new ones, increases revenues for copyright holders, and creates a more robust music ecosystem for everyone.

SECTION

3

*THE FIVE SUPERPOWERS OF
STREAMING SERVICES*





Streaming services have been able to change how fans engage with music rapidly and globally through a number of technological innovations that no other music distributors have ever deployed. This is enabling demand creation on a new scale: music fans are spending significant time and attention engaging with music, which means more support for creators and a growing marketplace for copyright owners. The five superpowers of digital platforms are as follows:

- 1 Direct artist & fans relationships.** Streaming services are the connective tissue within today's music industry, seamlessly linking fans with the music they love at the push of a button. This is built on the direct relationships that the digital services have established with fans and artists alike. For fans, the streaming services have built a lasting connection by offering relevant, personalized services that are vastly more valuable for listeners, leading to high levels of customer satisfaction, loyalty, and engagement. Similarly, the platforms have established strong relationships with artists, empowering them with innovative technologies that provide new avenues to create, reach their fans, and drive their careers. Taken together, these relationships allow the services to directly connect artists and fans in ways that would have seemed impossible even a decade ago, and which drive the modern music economy.
- 2 Data.** The data available to streaming services is not only vast in quantity, but also vastly superior to previous approximations of use for services such as traditional radio. Unlike traditional distribution channels, there is no guesswork as to what streaming audiences are listening to – that data is a known quantity. Streaming services know their audiences, what they like, and what to recommend to them to keep them engaged. Recording artists, songwriters, record labels, and publishers benefit from that data, too. Analytics shared by services help music industry partners market, promote, and plan.
- 3 Programming and curation.** Playlists, editorial placements, and personalized menus have become highly valuable real estate on streaming services. These menus are where fans go every day, often several times a day, to discover new music and artists. The convenience and ease of experience is what makes music discovery work for music fans, and this presents major opportunities for artists, copyright holders, and advertiser brands to reach these audiences.
- 4 Discovery.** Online music services hold more than 60 million songs – allowing music fans to listen to nearly whatever music they want, whenever and wherever they want it. Through a combination of data and programming, services are creating innovative features that balance listeners' desires to hear what they already like while recommending new music that they may otherwise not find.
- 5 Access.** Music services can be reached via desktop computer, mobile, smart speakers and in the car. The continuity of listening experiences will become more important, with artificial intelligence-driven capabilities able to serve music specific to context, location, and mood.

SECTION

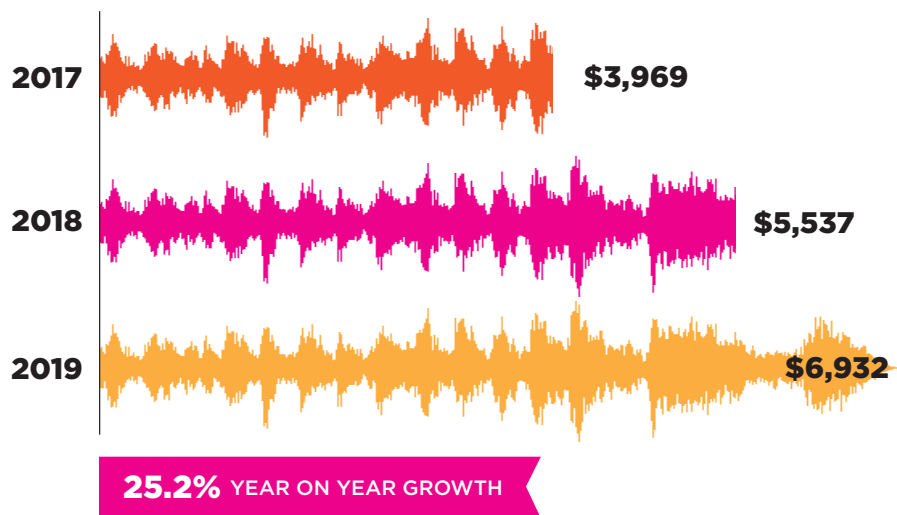
4 *STREAMING SUCCESS IN NUMBERS*



A deep dive into the numbers showcases what has been clear for some time: streaming is now the central core of the music economy and is providing growth and economic benefits across the industry. Artists, songwriters, publishers,

and labels – all are reaping the benefits of a fan-focused streaming revolution that shows no sign of abating and will likely strengthen given the likelihood that in-person events of any scale will remain on hold for the foreseeable future.

Figure 5: The U.S. Music Subscription Market Continues Strong Growth Trajectory in 2019
U.S. Streaming Music Subscription Revenues, 2017–2019 (Retail Values in Millions USD)



Source: MIDIA Research



In 2019, the U.S. remained the world’s largest music subscription market by revenue, now nearing \$7 billion, up from \$5.5 billion the previous year. Subscriptions represented a 62.2% share of total digital music revenues. This represented a 25.2% year-on-year growth rate for subscription revenues in 2019. This is particularly impressive given that the overall streaming economy grew 21.9% in the same period, meaning the US actually outpaced global streaming growth.

Streaming in the U.S. made up 77.4% of total US recorded music industry revenue, up from 72.0% the previous year. This reflects a considerable and growing number of streaming subscriptions and the continued decline of both physical and download

formats. Overall, the US market is continuing to demonstrate strong subscription growth, and with untapped subscriber opportunity given its population size, the total addressable market for the region leaves plenty of runway for growth for music streaming subscriptions. An older population committed to legacy formats (such as physical and terrestrial radio services), who may display more inertia than other quick-win markets for streaming, represents both a challenge and an opportunity for future significant revenue growth. Smart speaker adoption, auto dash infotainment system deployment, and price segmentation may continue to bring more of this population into the streaming subscription pool.

Figure 6: Ad-Supported Streaming Revenue Grew 12.2% in 2019
U.S. Ad-Supported Streaming Music Subscription Retail Values, 2017–2019
(Retail Values in Millions USD)



Source: MIDIA Research

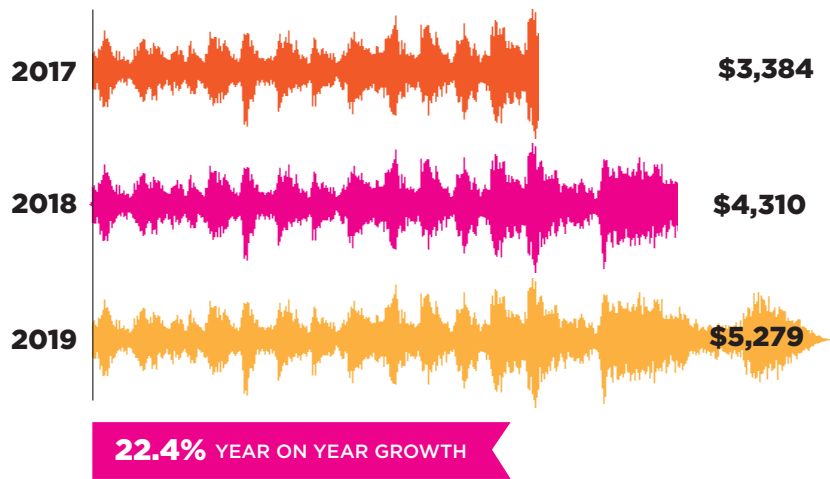
MIDIA.

U.S. ad-supported revenue in 2019 represented half of the global total. Ad-supported is one of the most promising segments of the streaming economy. Although ad-supported growth has been slower than subscription growth, the audio advertising opportunity suggested by the size of the terrestrial radio market means that ad-supported streaming still has room to grow. In an attention economy, its main competitor remains other media forms including games, video, and social media. As advertisers begin to weigh their returns on investment, expect ad-supported streaming to gain a greater share of this spend and conse-

quently accelerate growth. Furthermore, ad-supported video revenues grew by 59%, indicating a more vibrant ad market for music video.

Acquiring consumers initially as ad-supported users will be critical for continued streaming service growth in the U.S. for two reasons. First, the U.S. is the largest digital advertising market in the world, and able to support content businesses with a ‘freemium’ model, such as Spotify, YouTube, and Pandora. Second, the freemium model continues to help convert users into paid subscribers as they seek out better features and/or family packages, for example.

Figure 7: Streaming Trade Revenues Growing Steadily for Recorded Music
 U.S. Recorded Music Trade Values, 2017–2019 (Values in Millions USD)



Source: MIDIA Research



For recorded music, 2019 trade revenue from streaming was \$5.3 billion. Streaming growth in the U.S. in 2019 for recordings was 22.4%, with streaming now making up just more than two thirds of total trade revenues. This marks what is becoming an annual ritual for record labels able to celebrate a multi-year growth trend in revenues. As an analysis by Music Business Worldwide found, the three major labels

were generating more than \$1 million every single hour in the final quarter of 2019, a major milestone to celebrate. With predictions that labels are on a trajectory to either meet or surpass the outsized revenue peaks from the late-1990’s, there is significant optimism that the success of streaming will continue to be a boon to record labels.



STREAMING SUCCESS STORY



Glass Animals

How does an indie rock band from Oxford (UK) with no commercial radio play and limited track record reach No. 2 on the U.S. Alternative chart and crack the top 20 on the Billboard 200 chart? Per lead singer Dave Bayley, it’s a direct result of the streaming revolution: “Streaming has definitely leveled the playing field ... It has allowed this tiny band from Oxford – us – to be given the same opportunity as Drake.*” The band has capitalized on that opportunity, being hailed as “international streaming sensations” for harnessing the power of streaming to grow their popularity around the globe.

* The Guardian

Figure 8: Trade Revenues Growing Steadily for Music Publishing
U.S. Music Publishing Trade Values, 2018–2019 (Values in Millions USD)



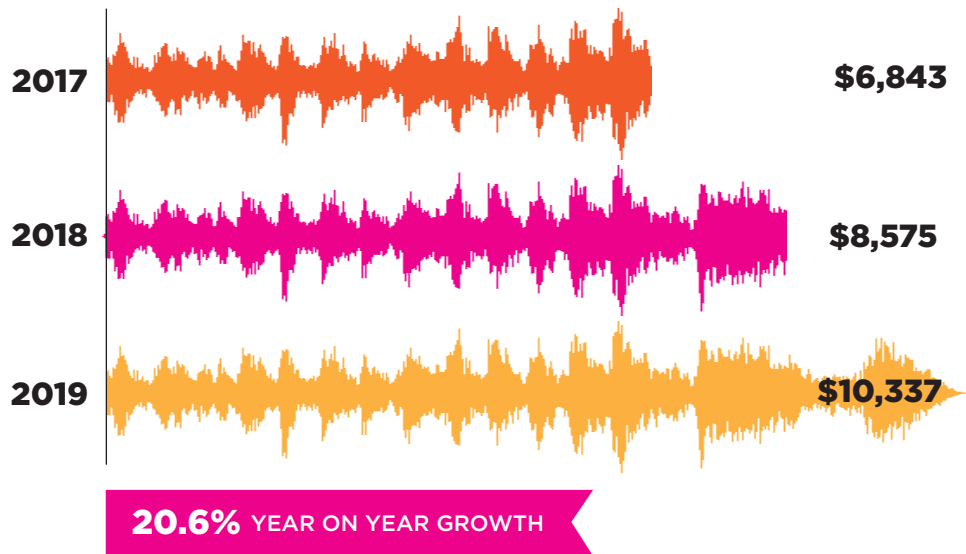
Source: MIDiA Research

MIDiA.

The rise of streaming as the preferred way to access music has delivered consistent music publishing trade revenue growth in recent years, a trend that continued in 2019. As the National Music Publishers Association has repeatedly declared in recent years, “the state of the industry is strong,” with total revenues climbing from \$2.65 billion in 2016 to \$3.7 billion in 2019 per the trade association. This represented a

10% growth rate from 2018 to 2019, and the fifth consecutive year of significant growth for publishers. While the exact percentage that streaming accounts for is kept under wraps by the publishing industry, the revenue growth publishers are enjoying tracks broader industry data showing that streaming has been a significant driving force for economic success across the music community.

Figure 9: Streaming Revenues Continue Their Impressive Growth
Streaming Retail Values 2017-2019 (Retail Values in Millions USD)

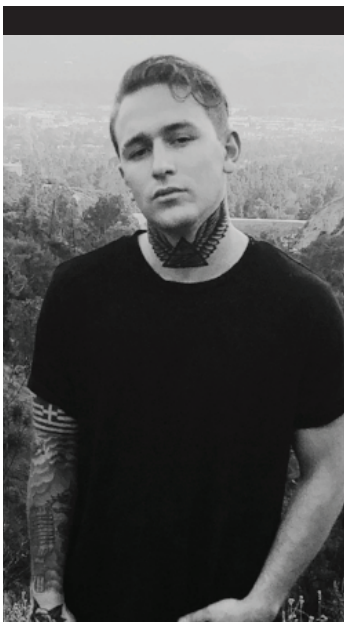


Source: MIDiA Research



U.S. recorded music revenues are now locked into a multi-year growth cycle, with streaming not only the main growth driver but also becoming the ever-more

dominant revenue segment. The recorded music market is tracking towards becoming a streaming market in all but name.



STREAMING SUCCESS STORY

Arizona Zervas

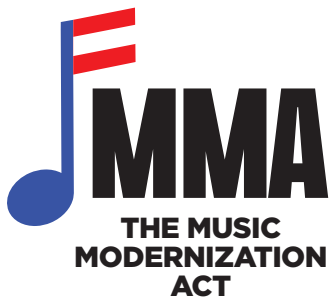


The democratization of music via streaming has opened the door to artists who may never have received a chance from the big labels and publishers. For Arizona Zervas, that opportunity was all he needed to break through. The rapper from rural Maryland burst onto the music scene in 2019 with his hit “Roxanne,” despite remaining unsigned and fully independent. Using the strength of millions of streaming plays and a full-fledged viral hit, Zervas was able to achieve rarified air: “Roxanne” reached No. 1 on Spotify’s U.S. Top 50 chart, and No. 4 on the Billboard Hot 100 charts. Zervas parlayed the success of “Roxanne” to a deal with Columbia Records.



MODERN MUSIC LICENSING POLICY

SECTION



LESSONS FROM THE MUSIC MODERNIZATION ACT

Over the past three years, we have witnessed what is possible when the major players in the streaming market come together with the rightholders to form joint solutions to industry-wide problems – particularly from the policy-making perspective. The Music Modernization Act (MMA) demonstrated recognition by streaming services, songwriters, music publishers, record labels, artists, and critically, policymakers that the pre-MMA licensing regime was not working in the digital age and that significant change was needed to ensure copyright owners are paid for their music and services can efficiently and effectively license works.

Streaming services have a powerful story to tell and are a critical part of the music ecosystem today. Their input is crucial to building a system that works for the 21st century. The Music Modernization Act brought streaming services into the fold and took into account the role they

play in not only bringing music to fans across the country and around the world, but also uniting artists with fans.

The Music Modernization Act received widespread support precisely because it recognized that today's music industry is built on a foundation of consumer choice – delivering music on any device, at any-time, anywhere a music fan wants it, and at a reasonable price. The model created by the MMA helps ensure access to the widest catalog possible, which benefits music stakeholders and consumers alike. The MMA allows licenses to be obtained efficiently, helping music to be accessible and ensuring copyright owners get paid what they are owed. Outdated fights about distribution models governed by industry middlemen are a thing of the past, which is why it was critical that policy begin to catch up and reflect the music industry's new reality.





TREND TO WATCH: CONTINUED MUSIC INDUSTRY COOPERATION

The Music Modernization Act ushered in a new era of industry cooperation on policy – a trend to watch going forward. Industry engagement contributed to the Music Modernization Act’s historic, unanimous passage before both chambers of the U.S. Congress, and the President ultimately signing the bill into law. The message was clear: when all industry participants can agree on a common goal, everyone within the music ecosystem will benefit.

Industry cooperation has continued to be a central theme as the industry has set about implementing the most critical portions of the Music Modernization Act. Late last year, this alignment of interests paid off when the digital streaming services reached an agreement with the Mechanical Licensing Collective on funding for the newly created organization.

As we look ahead, this focus on an alignment of interests and recognition of the central role streaming services play in the broader music economy will be critical to ongoing efforts to strengthen the music industry and build a forward-looking system that serves fans, artists, creators, and copyright holders.

The importance of this alignment has been on full display as the music industry has been forced to confront the mass-scale economic dislocation caused by the spread of Covid-19. The global pandemic has hit the music industry and broader creative economy especially hard, eliminating live in-person music and the associated economic impact to bars, restaurants, and clubs, forestalling scheduled tours, and hurting stakeholders throughout the music business.

While streaming has provided a valuable lifeline for creators to continue to connect with their fans, it was clear that it was necessary for major industry players to rapidly come together to respond and help those within the music community weather this storm. And that is what has occurred: from the MusicCares Covid-19 relief fund, to providing resources to creators in this time of need, the major streaming services and their label and publisher counterparts have taken a range of actions to help offer stability in this time of crisis.

A full-page photograph of Dua Lipa performing on stage. She is wearing a black and white dress with gold buttons and jewelry, holding a microphone. The background is dark with blue and pink stage lights.

*THE BILLION
STREAM CLUB*

DUA LIPA

DUA LIPA IS BACK IN THE BUSINESS OF BREAKING RECORDS. ACCORDING TO THE LATEST STREAMING NUMBERS, THE SINGER HAS OFFICIALLY BECOME THE ONLY FEMALE ARTIST IN SPOTIFY HISTORY TO HAVE 4 SONGS WITH OVER 1 BILLION STREAMS.

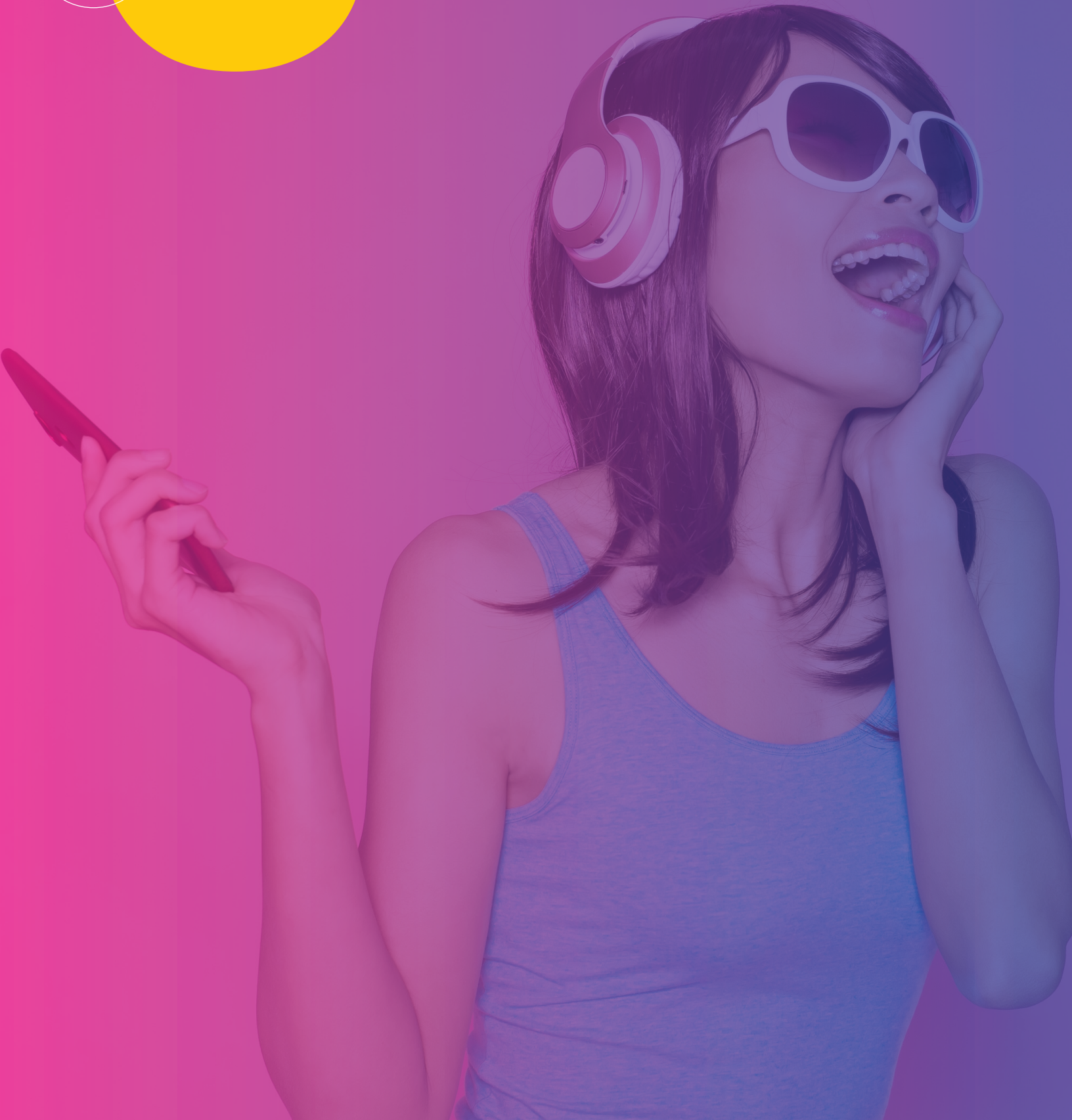
INDIGO MUSIC
JULY 23, 2020

*STREAMING
FORWARD*

AMA

SECTION

6 CONCLUSION: LOOKING AHEAD



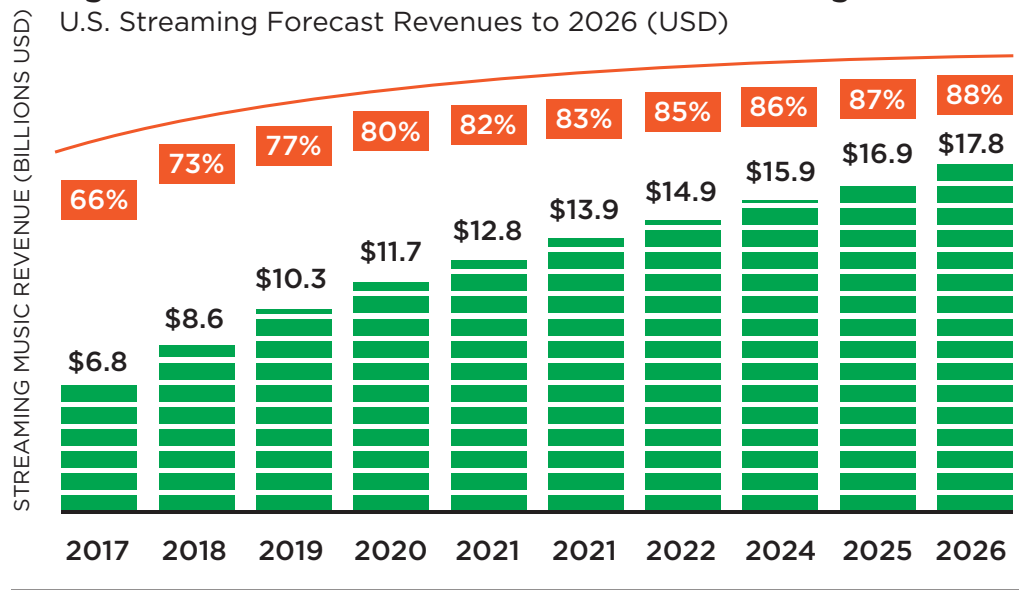
THE MUSIC INDUSTRY IS ON ITS WAY TO HIGHEST REVENUE IN HISTORY.

STREAMING GROWTH PROJECTIONS

The evolution of the music industry over the last two decades has been staggering. The rise of streaming has revolutionized all facets of music, empowering artists and creators by expanding their access to fans, allowing music listeners to seamlessly connect with their favorite songs wherever and whenever they want, and

driving new music choice and creativity. For fans, copyright owners, and creators alike, the positive impact of this evolution has been monumental: with total music streams reaching the one trillion mark in 2019, fans are listening to more music than ever before, and the industry is enjoying a multi-year growth cycle driven by the streaming economy.

Figure 10: Revenue Growth Set to Continue as Streaming Dominates U.S. Streaming Forecast Revenues to 2026 (USD)



Over the next seven years the streaming revolution will only grow more powerful. Fast-forwarding, we can expect:

Streaming revenue to top \$15 billion by 2024 and nearly \$18 billion by 2026

Streaming to account for nearly 90% of recording revenues by 2026, from 77% in 2019

The overall industry to continue to rise year-on-year

Forecasts remain just that – estimates of the industry’s trajectory in the future. While the impacts of Covid-19 are still

being felt, and have undoubtedly impacted the music industry, we can expect streaming’s growth to continue. What we cannot forecast is what new music consumption behaviors might surprise us, and new innovations by the streaming services that we have not begun to see. But with growing optimism and increasing inward investment attracted by the streaming-driven hypergrowth, the music industry is experiencing boom times – for consumers, record labels and publishers and most of all creators.

**TOP 10
SONGS PER
STREAMING
PROVIDER
IN 2019**

AMAZON MUSIC



- 1 "Old Town Road (feat. Billy Ray Cyrus)" - Lil Nas X
- 2 "Truth Hurts" - Lizzo
- 3 "You Need to Calm Down" - Taylor Swift
- 4 "Here With Me" - Marshmello & Chvrches
- 5 "Enemies" - Post Malone & DaBaby
- 6 "Suge" - DaBaby
- 7 "Going Bad (feat. Drake)" - Meek Mill
- 8 "Break up with your girlfriend, I'm bored" - Ariana Grande
- 9 "Sucker" - Jonas Brothers
- 10 "bad guy" - Billie Eilish

APPLE MUSIC



- 1 "Old Town Road (feat. Billy Ray Cyrus)" - Lil Nas X
- 2 "Sunflower (Spider-Man: Into the Spider-Verse)" - Post Malone & Swae Lee
- 3 "thank u, next" - Ariana Grande
- 4 "7 rings" - Ariana Grande
- 5 "bad guy" - Billie Eilish
- 6 "Wow." - Post Malone
- 7 "Going Bad (feat. Drake)" - Meek Mill
- 8 "Without Me" - Halsey
- 9 "Drip Too Hard" - Lil Baby & Gunna
- 10 "SICKO MODE" - Travis Scott

SPOTIFY



- 1 "Senorita" - Shawn Mendes & Camila Cabello
- 2 "bad guy" - Billie Eilish
- 3 "Sunflower (Spider-Man: Into the Spider-Verse)" - Post Malone & Swae Lee
- 4 "7 rings" - Ariana Grande
- 5 "Old Town Road (feat. Billy Ray Cyrus)" - Lil Nas X
- 6 "I Don't Care" - Ed Sheeran w/Justin Bieber
- 7 "Wow." - Post Malone
- 8 "Someone You Loved" - Lewis Capaldi
- 9 "Con Calma" - Daddy Yankee & Snow
- 10 "Shallow" - Lady Gaga & Bradley Cooper

PANDORA



- 1 "Old Town Road (feat. Billy Ray Cyrus)" - Lil Nas X
- 2 "Middle Child" - J. Cole
- 3 "7 rings" - Ariana Grande
- 4 "Wow." - Post Malone
- 5 "Please Me" - Cardi B & Bruno Mars
- 6 "Going Bad (feat. Drake)" - Meek Mill
- 7 "Sunflower (Spider-Man: Into the Spider-Verse)" - Post Malone & Swae Lee
- 8 "No Guidance (feat. Drake)" - Chris Brown
- 9 "Talk" - Khalid
- 10 "thank u, next" - Ariana Grande

YOUTUBE



- 1 "Con Calma" - Daddy Yankee & Snow
- 2 "Con Altura" - Rosalia, J Balvin, ft El Guincho
- 3 "Secreto" - Anuel AA, Karol G
- 4 "China" - Anuel AA, Daddy Yankee, Karol G, Ozuna
- 5 "Senorita" - Shawn Mendes
- 6 "Old Town Road (feat. Billy Ray Cyrus)" - Lil Nas X
- 7 "bad guy" - Billie Eilish
- 8 "No Me Conoce" - Jhay Cortez, J Balvin, Bad Bunny
- 9 "HP" - Maluma
- 10 "7 rings" - Ariana Grande

APPENDIX

Methodology. To assess the current and past size of the global music market MIDiA conducted a mix of research methodologies. These included:

Consumer Surveys. Analysis of proprietary consumer surveys fielded in multiple markets assessing current music purchase, and consumption behavior such as CD buying, download purchases, free audio streaming, free video streaming, paid audio streaming, willingness to pay, receptivity to ads and adoption of technology such as smartphones, connected home audio, in-car audio, and home media streamers. Countries surveyed include Canada, the U.S., Mexico, Brazil, Australia, Japan, South Korea, China, India, Germany, Austria, Sweden, Denmark, and the UK.

Stakeholder interviews. MIDiA interviewed key executives at leading companies on a background basis to obtain otherwise unavailable information that helps us better understand factors such as corporate decision making, commercial trends, and deal structures.

Availability Tracker. A multi-country music tracker that assessed availability and pricing of digital music services.

Desk Research. Extensive desk research of market numbers across multiple territories and stated numbers from various industry bodies.

User Numbers. In order to calculate the size of the installed base of users and buyers for each digital category (free streamers, subscribers etc.) MIDiA utilized proprietary consumer surveys and numbers reported by music services. Numbers are unique within each category (e.g. free streamers reflects the net total of streaming services, removing any duplication so that a YouTube user who also uses Soundcloud is only counted as a single user). However, each category if added together (e.g. subscribers PLUS free streamers) will be cumulative.

Subscribers are the main premium streaming user number employed in the MIDiA model, corresponding with figures reported by streaming services. However, this metric does not reflect the unique amount of subscriptions. In order to calculate subscriptions, MIDiA built a family plan model. Combining proprietary consumer data and background information from multiple rights holders, MIDiA was able to identify the number of family accounts per market and the number of users per family plan account. MIDiA used this model to then deduct all additional family plan users (except for the main account holder) from the total subscribers dataset to arrive at the unique subscriptions dataset.

DEFINITIONS

MiDiA uses the following definitions:

Physical. CDs, vinyl, cassettes

Downloads. Paid downloads of albums or tracks

Free streaming. On-demand, semi-interactive or non-interactive streaming music, video or audio, ad supported or not monetized

Subscription revenue. Fee-based music access, usually (but not always) monthly and usually (but not always) streaming. These can also include bundles with other service providers (e.g. telecommunications providers)

Subscribers. Monetized subscription revenue users; can include family account users that are not individual bill payers

Subscriptions. The unique number of streaming subscription revenue accounts

Trade Revenue. Recorded music revenue that record labels receive

Retail Revenue. Label trade revenues + publisher and CMO revenues + retailer mark up + sales tax

