Music's 3 Futures

The disruptive changes coming to artist funding, music marketing, and commerce & consumption

Keith Jopling

Foreword

The evolution of digital music has passed through three distinct phases: firstly 'fear & loathing' (Napster 1999-'04), then the 'the era of unbundling' (iTunes music store 2003-'09). Thirdly, we have music's outright submission to tech (streaming and the hyper growth of Spotify 2010-'24).

We've now been in the third phase for longer than the first two combined, and the prevailing industry view is that a change is overdue. Some think it will come through A.I. Others talk about artist-to-fan platforms. Yet streaming is in such a steady state, even as the format matures, that it is hard to see music turning a transformative corner.

A common thread through all three phases of digital music thus far has been the relative exclusion of artists from 'the business'. Musicians didn't get a seat at the table during any phase. The culture vs. tech wars were fought and then settled by corporations. As a result, despite the disruption to music's payment model and consumption methods, the music industry commercial value chain has remained (dysfunctionally) intact.

When P2P music platform imeem (remember?) wound down in 2009, founder Dalton Caldwell wrote a memorial blog (you can always get great insights from tech shutdown blogs). In it, he wrote a statement along the lines that, for music, future business models would only work if the creators were (more) fairly compensated. He turned out to be wrong about that, but the statement still rings true over the very long term. Ultimately, the only way to truly disrupt the music industry is via a truly artist-centric business model. But, even in the era of the creator economy, is such a model possible?

Yes and no. Artist power is on the rise: more ownership of rights, more distribution deals, more successful independent artists, greater choices for making and releasing music and a stronger voice in the industry. Yet none of this has led to commercial disruption. Meanwhile, as for the lobbying of Governments, well, good luck with that.

But perhaps a gradual commercial revolution is well underway. In fact, one that is about to accelerate, big time. In this paper I outline (briefly) three ways an artist centric approach is driving changes to the music business, leading ultimately to the business looking fundamentally different from now within five years, maybe less.

The three areas and biggest disruptions to each, are:

- Artist funding: solved by fintech
- Music marketing: splits in two (again)
- Music consumption: commerce migrates to communities

Here we go then...

1.

FINTECH SOLVES ARTIST FUNDING

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Music labels have always held an iron grip on the acquisition of talent and the product of that talent, largely because they put up the money to fund it. Boy George famously said that record labels were "banks where the staff wear jeans". This monopoly on content acquisition has been unassailable for the best part of a century. A number of alternative funding models have tried to unlock it, without success. Until now.

Two phenomenal economic success stories, fintech and the creator economy, have now collided. The financing function of labels for new music releases will soon be gone, solved by third party fintech - offering artists a better alternative than to take out an expensive label/bank loan. The global fintech market is estimated to be upwards of $200 billion this year (some estimates are double that - a similar ballpark and range to the creator economy, as it happens). It's only a matter of time before one sector solves for the other.

The process has already begun with artist funding platforms Duetti, BeatBread and other emerging players, employing AI and predictive analytics to quantify advances. These first generation fintech players may succeed, but in any event, a second generation is already on the way. A market-sweeping fintech solution removes labels from the funding part of the music industry equation, at least for new music. The impact on music publishing (playing a key role in funding for songwriters) is less severe and will take longer, but is bound to follow eventually.

It leaves artists with more options and a greater choice of how to spend their new, fintech provided loans. Currently the music industry invests circa. $10 billion each year in A&R and marketing - some of it directly in artist advances. A redirection of that money into artists' control is significant.

2.

MUSIC MARKETING — FRONTLINE AND CATALOGUE SPLITS AGAIN

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With artists now alternatively funded, they will spend on marketing services from providers of their choice. This means either from (their choice of) record label or from an artist services player, or a marketing agency. But the savvy option is to assemble a team of brilliant freelancers. They could also market themselves through self-serve tools (some with value add services) such as Toneden or un:hurd (or of course directly on platforms like TikTok, Instagram, Google and YouTube).

Artists making new music don't need wasteful and ineffective 'campaigns'. Nobody cares one week later. They need teams to help them build fan clubs. They need smart audience-building tools and pollinating marketing tactics that build their brand listener-by-listener and fan-by-fan. This is a different discipline to the product-driven campaign marketing done by record labels. It requires a close-knit, inner circle of brand and fan builders.

Those organisations able to invest in AI and marketing technologies (martech) will serve artists and their new teams. Especially cool martech tools that:

- Match artist content with curator/influencer/outlet, targeting addressable fans more effectively
- Enable pollination of CRM from content drops
- Enable direct commerce from communities
- Provide artists with ROI & attribution data on activity & content
- Horizontally scale (and commercialise) previously promotional activities

Now, labels will make some moves to stay relevant here of course. They will buy agencies and partner with martech tools at scale. Majors could make life more difficult for indies here, so more consolidation is inevitable. But the creativity and dedication of marketing teams will continue to make a difference, especially where campaign mindsets are replaced by fan builders. This means indies and agencies can enhance their role by moving quickly on this trend and bringing fresher ideas to the table for artists.

Marketing music catalogues is a different story. Catalogues require replenishment, refreshment and augmentation. Campaigns work better here. With their finance role reduced when it comes to frontline material, labels will instead invest their war chests into more catalogue, acquiring rights from artists at an earlier career stage than we have seen thus far. Wholesaling marketing catalogues to emerging sectors like healthcare or fitness are what major labels are good at.

Labels are already playing a much more effective and profitable role when it comes to catalogue. Sony Music's major acquisitions of Queen and Pink Floyd music rights are big victories in a continual bun fight (between majors and PE funds) for prime music catalogue. Both labels and funds have a valid rights acquisition, marketing and development role to play for established catalogues. They have the resources and ability to augment catalogues with new assets such as video, documentary film, podcasts, books and other multi-media rights exploitations. This means AI-assisted modifications such as remasters, remixes and deep catalogue creation. It means investment in archives and the perpetual re-invention of classic, iconic works.

But there is a move upstream to newer material too. More mid-career catalogue acquisitions will provide labels and funds with the fresh IP they need to grow. It's exciting stuff for superfans (we'll never get bored of Queen or Bowie, but we want new icons too). Established artists and songwriters are then able to convert capital into liquid assets, get a mortgage and live like grown-ups (or executives).

3.

MUSIC CONSUMPTION — COMMERCE MIGRATES TO COMMUNITIES

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Spotify's hyper growth came from the era of curated playlists. Curation trumped 'discovery mode 1.0' and big, branded playlists took off, effectively replacing (poor old) radio. But tech firms are nothing if not relentless. Spotify pressed on with hyper-personalisation. The algorithm took over and discovery mode 2.0 began to do its job, enabling Spotify to get into a comfort zone with music i.e. let users be their own editors.

But fans want *context*. People value the human touch. The increasing homogenisation and super-efficiency of streaming services makes them high-functioning utilities (if only our water and electricity companies could be this good). It's all fine as far as it goes, but music fans want something special and artists need more income, so the opportunity is for new services and curators to fill the gap. So far, attempts to go beyond media into commerce have ended badly, sadly. Music Aficionado was a classic rock based streaming platform that failed. Gimme Radio was a country and hard rock on-demand radio service that crashed. It's a shame, but these services lacked the funding and execution that Spotify nailed.

Now that algorithms are serving up more of what we like, do we still need to access a celestial jukebox? If streaming utilities want to serve up more AI music, will they be bothered to keep on licensing all the human catalogue? As we speak, they are probably relying on not doing so for future profitability. This makes way for new services that are created to serve and build music scenes and communities. These can offer deeper experiences and selective catalogues more sustainably. For fans, they are ultimately a different experience that makes them feel more connected to the music and artists they appreciate the most.

Audiomack demonstrates the art of the possible here. So does Bandcamp. Services and platforms that serve misunderstood or misrepresented genres - or horizontal scenes - bring a depth of value algorithms cannot. Classical and jazz are already better served elsewhere than the major streaming utilities. Classic rock, metal and EDM would be my bet for what comes next - a boost for 'cinderella' genres that have been underserved or misunderstood by streaming, despite being sizable and in great shape creatively.

At the same time, artists are building their own communities more now than ever, if somewhat piecemeal. Some are Substacks, some are Patreon pages. Some are vamped-up artist websites and some are purpose-built digital experiences using community tech tools like Medallion. They are all variations on a theme - fan clubs. Artist communities first had potential when the internet was created, but several major distractions (namely Napster, iTunes, Spotify) came along and got in-between. Artists couldn't do anything but play along because they weren't in on the deals.

I know what you are thinking. These fan clubs don't have the content. What content is that? The utility content of music and video libraries? That's one thing. The recent commercial viability of Lily Allen's feet or Kate Nash's behind are another. Think diaries, journals, picture archives, exclusive vinyl releases, merch, exclusive tracks, sounds and stems, *experiences*. This is the content fan clubs provide. It is the superfan content everyone was talking about for a while there.

Monetised responsibly, this is the most lucrative and direct way for artists to commercialise their art in the short and medium-term. It's important that as this era dawns, artists don't allow the corporate-tech layer to appropriate majority value. Maybe Dalton Caldwell will be correct after all.

Are you and your organisation building this future for music?

These ‘3 futures’ will bring specific opportunities and threats, winners and losers.

For a chat about any of these and the specific implications for your brand and positioning, reach me on gmail.

Keith Jopling is a music strategist, advisor, consultant, mentor, writer and podcaster. Keith has worked with the boardrooms of labels, streaming services, startups and investors. He has held previous roles with Sony Music, Spotify, EMI and the BPI. Most recently he was Consulting Director at boutique music agency MIDiA Research (2019-2024) and began his career in music as Research Director at global trade body IFPI (2000-2006). In 2021 he started the music podcast The Art of Longevity, and the related book is published soon. The archive sits on his music curation site The Song Sommelier.

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THE ART OF LONGEVITY

Through The Art of Longevity project, I'm on a mission to help artists build lasting careers and create tomorrow's classic records, and I'm working with companies that aim to enable that.

In my book "The Art of Longevity: How Artists Survive the Music Business" is out next year.

In it, I examine the past, present and future of five paths to longevity: hits, classic albums, labels, branding and fan-building.

Hit me up for a preview chat!

Keith

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