January 2024. Sector snapshot

The music industry in Catalonia

ACCIÓ
Catalonia Trade & Investment
Generalitat de Catalunya

The music industry in Catalonia. Sector snapshot

ACCIÓ | Government of Catalonia

Carried out by

ACCIÓ Catalonia Trade & Investment | Generalitat de Catalunya — Strategy and Competitive Intelligence Unit of ACCIÓ
Investment and Foreign Companies Unit of ACCIÓ

BCN music LAB — BCN Music Lab

CLUSTER | DEVELOPMENT — Cluster Development

Barcelona, January 2024

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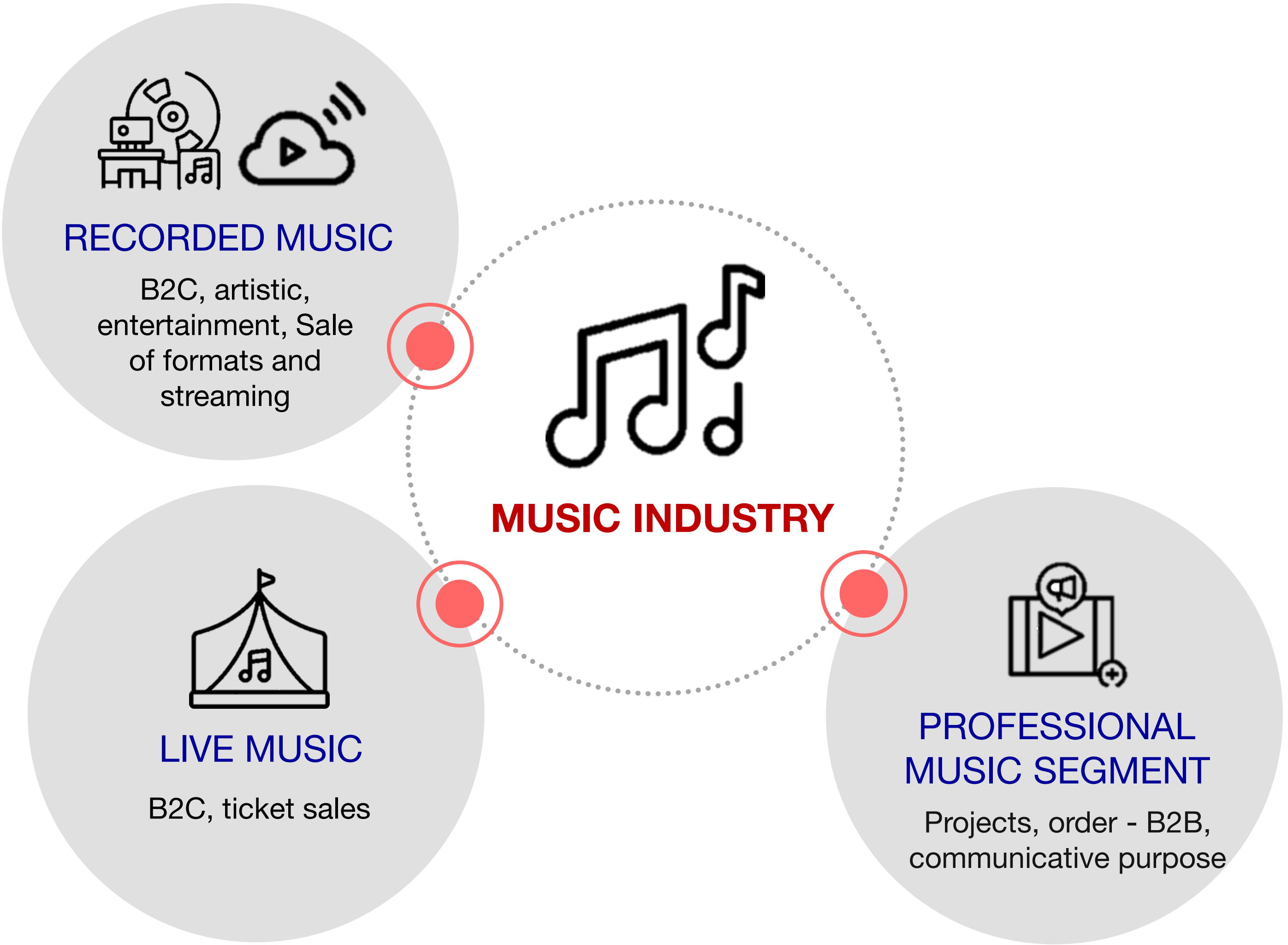
1. The music industry

Definition of the music industry

Main segments of the music industry, differentiating them by end user or customer (B2B or B2C), revenue model (sales of supports, *streaming* or ticket sales) or purpose of the musical content (artistic, entertainment, communication...).

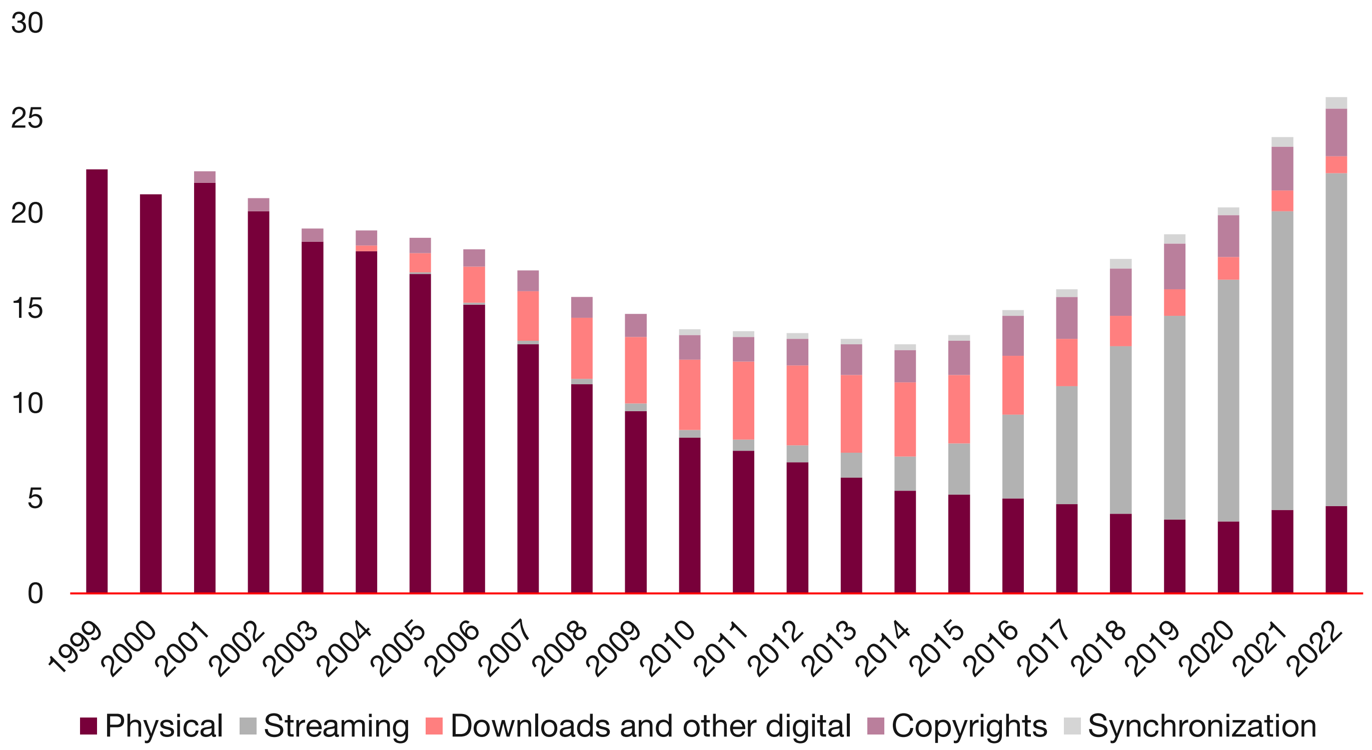


The music industry on a global scale: recorded music

The record business generates more than 26 billion dollars worldwide, with an annualized growth of nearly 10% since 2015.

- The music industry linked to the record business has grown around the world, with a **growth of nearly 9% in the last year**.
- The growth comes from income via **streaming,** which now **accounts for more than 65% of the industry's total revenue**.

Evolution of global sales of the record business (in billions of dollars)



Source: *Global Music Report 2023 (IFPI)*

The world's main players: high concentration and domination of the industry by US players, except in streaming

Development and production	Diffusion and Streaming	Live music
69% of world market share	**+59%** of global market share (in subscribers)	**+20%** of world market share
Sony Music, Warner Music Group, Universal Music Group, BMG	Spotify, Apple Music, Amazon Music, Tencent Music Entertainment, YouTube Music, Deezer	Live Nation, AEG Presents

Companies based in Europe

Notes: *Partial non-exhaustive profile*

Source: *prepared by the authors from on industry studies and news; Music Business Worldwide, Investor Reports on listed companies*

Leading initiatives and ecosystems in the music industry

The main initiatives identified are located in Europe, some linked to a leading research ecosystem or driven by the concentration of music tech companies.

Abbey Road Red

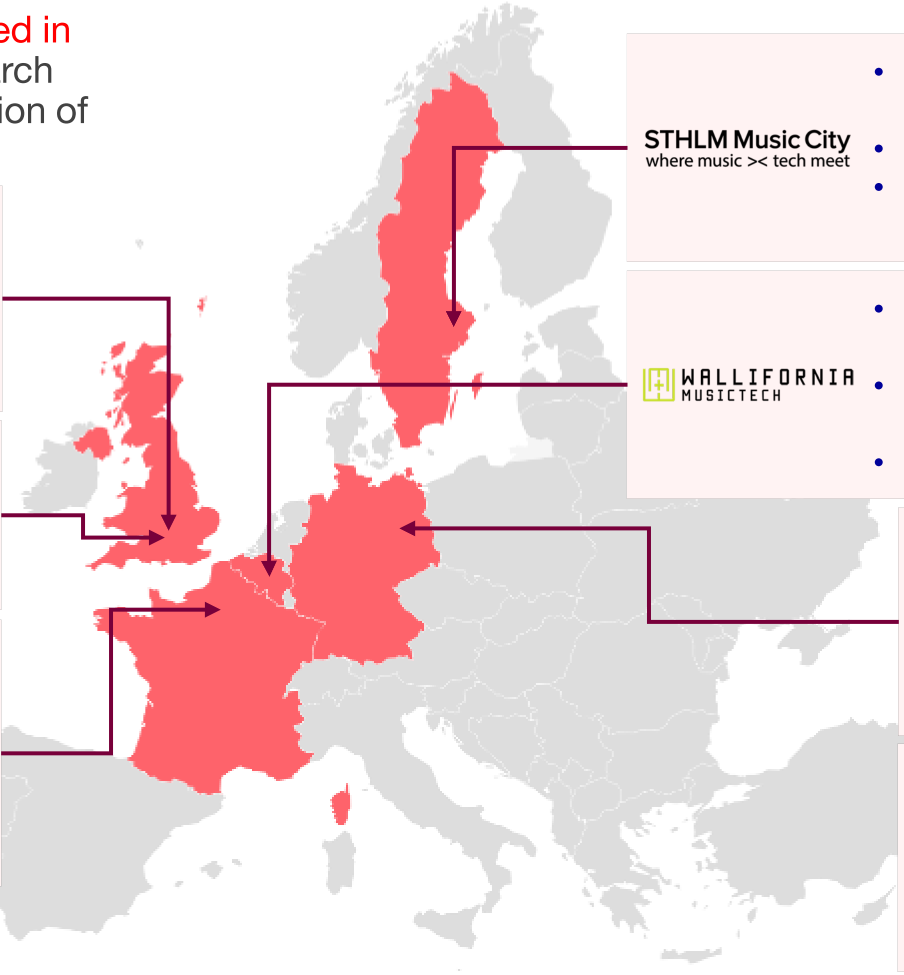
- First music tech accelerator in Europe.
- Private initiative.
- Part of the Universal Music group.

MT UK

- It aims to position the UK music tech sector as a global leader in innovation and development.

MUSIC TECH FRANCE – we innovate for music

- Initiative that brings together the music industry and music tech.
- Leading research ecosystem - IRCAM (Centre Pompidou).



STHLM Music City – where music >< tech meet

- Initiative that strives to connect music tech with the music industry.
- Supported by Invest in Stockholm.
- Country of reference for the presence of world music tech leaders (Spotify, Soundcloud).

WALLIFORNIA MUSICTECH

- *Hub* - entertainment and technology sector meeting space with 4 verticals, 1 of which is music.
- Incubator, acceleration center and summit specific to music.
- Driver of Music Tech Europe.

MUSICTECH GERMANY

- German music tech association, located in Berlin.
- Considered a reference in music tech companies but also in the area of musical creation.

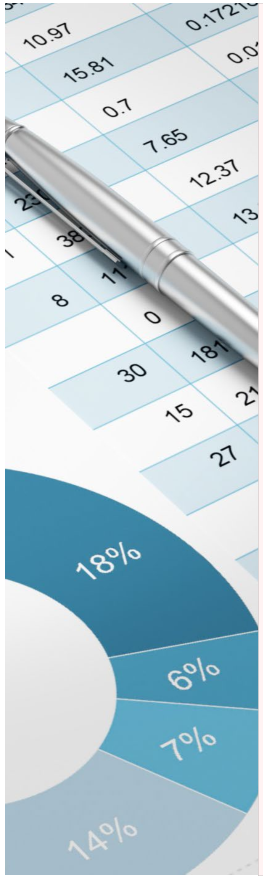
MUSIC TECH EUROPE ACADEMY

- Pan-european acceleration scheme for music-tech innovators, startups, entrepreneurs and SMEs.

Source: *ACCIÓ*

2. The music industry in Catalonia

The music industry in Catalonia has broken new records in the wake of the pandemic



379

companies

In 2023

€854 M

in revenue

4,088

workers

Source: *prepared by the authors based on the compilation and analysis of a list of companies related to the music industry, from data available in the commercial register using the SABI Online and Orbis applications (data from 2022 or latest available data and interviews used for sizing estimation)*

The Catalan music industry: 379 companies and a business volume that exceeds €850 M

379 companies

- In 2023, in Catalonia there are a total of **379 companies** dedicated to the music industry.
- **55%** of the companies are located in the city of Barcelona.
- Among the 379 companies present in Catalonia, **53** specialize in **music technology**.

€854 M in revenue

- The music industry in Catalonia had **€854 M** in revenue.
- 16 of the 379 companies in the Catalan music industry make up **50.6%** of the total revenue.

Startups

29 of the companies in the Catalan music industry are **startups**.

Foreign companies

Some **4.5%** of the companies in the Catalan music industry are of **foreign** origin.

4,088 workers

- The music industry employs **4,088 people** in Catalonia.
- **50.4%** of the total employment in the music industry is concentrated in 27 of the 379 companies operating in Catalonia.

***Source:** prepared by the authors based on the compilation and analysis of a list of companies related to the music industry, from data available in the commercial register using the SABI Online and Orbis applications (data from 2022 or latest available data and interviews used for sizing estimation)*

The live music segment brings together the largest proportion of companies, revenue and workers

Segment and business activity	N. Companies	% Comp.	Total Revenue (€ M)	% Rev.	Total workers	% Wkrs.
Live music	194	51%	€697.8 M	82%	2,973	73%
Ancillary industry for live music	85	22%	€99.2 M	12%	927	23%
Concert and festival promoters	46	12%	€331.7 M	39%	604	15%
Concert halls and private musical spaces	39	10%	€158.4 M	18%	1,086	26%
Event production	21	6%	€85.2 M	10%	207	5%
Ticketing	3	1%	€23.3 M	3%	149	4%
Recorded music	103	27%	€90.9 M	10%	722	18%
Record labels and music publishers	38	10%	€24.0 M	3%	174	4%
Recorded music ancillary industry	27	7%	€48.7 M	6%	370	9%
Distribution, aggregators and content curator	21	6%	€12.4 M	1%	103	3%
Music recording studios	17	4%	€5.8 M	0%	75	2%
Corporate	35	9%	€33.0 M	4%	244	6%
Cross-industry scope	47	13%	€32.4 M	4%	149	3%
Management	19	5%	€24.9 M	3%	39	0%
Instruments and solutions for musical creation	18	5%	€5.4 M	1%	61	2%
Other ancillary companies in the music industry	10	3%	€2.1 M	0%	49	1%
Grand total	**379**	**100%**	**€854.1 M**	**100%**	**4,088**	**100%**

Note: *Self-employed persons or companies linked to artists, groups or musical ensembles are not included. There are companies included that have a relevant volume of business in this segment, despite not having a specialization in music, but only estimated turnover and music workers have been added.*
Source: *prepared by the authors based on the compilation and analysis of a list of companies related to the music industry, from data available in the commercial register using the SABI Online and Orbis applications (data from 2022 or latest available data and interviews used for sizing estimation)*

Definition of the music industry in Catalonia (I)

Public administrations (Ministry of Culture, ICEC, Ministry of Business and Knowledge, ACCIÓ, Barcelona Provincial Council, ICUB...)

Associations (Barcelona Music Lab, BCN Music Tech Hub, APECAT, Music Publishers Guild, APC, Catalan Academy of Music...)

Knowledge and Research

Education and training

Music training
Higher education, conservatories, music schools, amateur courses...

Training in the music business

Innovation and research

University research groups

Technology centers

Creation

CREATORS (authors, performers, composers, groups...)

MANAGEMENT

COPYRIGHT MANAGEMENT

Development and Production

PROMOTION AND MARKETING

RECORD LABELS AND MUSIC PUBLISHERS

AUDIOVISUAL PRODUCTION

NFT

Diffusion and Streaming

PHYSICAL DISTRIBUTORS

DIGITAL DISTRIBUTORS

AGGREGATORS AND CONTENT CURATORS

- Physical points of sale
- Download platforms
- Streaming platforms
- Audiovisual content platforms
- Social Networks
- Apps, video games
- Traditional media

Live music

EVENT PRODUCTION

PROMOTERS (festivals, concerts, other events, including concerts...)

CONCERT HALLS

LARGE VENUES

OTHER MUSIC SPACES

Consumers

Individuals (culture, leisure, entertainment)

Companies (communication, creative content)

Music industry solutions and services (ancillary industry)

Instruments	Recording studios	Licensing and rights management	Ticketing	Interaction (5G, gamification)	Technical services for events
Generative AI	Audiovisual		Cashless	Recommendation systems	Food & Beverage
Audio recording systems	Copyists	Funding	Webs / Apps	Merchandising & Tokens	Special effects
Mixing and mastering	Rehearsal premises	Legal services	Audience Management (BI, AI)	Security services	Immersive experiences

Source: *ACCIÓ*

Definition of the music industry in Catalonia (II)

Public administrations (Ministry of Culture, ICEC, Ministry of Business and Knowledge, ACCIÓ, Barcelona Provincial Council, ICUB...)

Associations (Barcelona Music Lab, BCN Music Tech Hub, APECAT, Music Publishers Association, APC, Catalan Academy of Music, etc.)

Knowledge and research

Education and training

Music training
Higher education, conservatories, music schools, amateur courses...

Training in the music business

Innovation and research

University research groups

Technology centers

Cross-industry scope

Recorded music

Live music

Corporate

Consumers

Individuals (culture, leisure, entertainment)

Companies (communication, creative content)

Notes: *Partial non-exhaustive profile*

Source: *ACCIÓ*

Success stories in the Catalan music industry: live music (I)

Success story of concert and festival promoters

CRUÏLLA ESTRELLA DAMM

- Promoter of the Cruïlla festival, focused on local audiences.
- Revenue 2022: €10 M.
- Team of 30 permanent staff.
- Complementary business lines: artist representation and organization of more local music series and occasional concerts throughout the year.

https://www.cruillabarcelona.com/

- They seek to offer the best user experience: limiting the number of attendees per day, loyalty strategies, complementary activities that take into account the interests of the audience (for example, comedy monologues).
- Audience management as the focal point: key to getting to know the audience and their interests and adapting what the festival offers and other activities to the interests of the local audience. Based on the connection and knowledge of the audience, the possibility of offering new experiences and activities throughout the year (for example singular projects such as Terra Alta or Ressons).
- Focus on sustainability: first large festival with 100% renewable energy.

Source: *interview carried out as part of the project and company website*

Success stories in the Catalan music industry: live music (II)

Success story of concert and festival promoters

sónar

- Promotion and organization of festivals mainly in BCN + Lisbon + Istanbul.
- 30% of the audience is international (+100 countries).
- 30 years running.
- Revenue: €12 M + OFFSónar.
- Employees: 26 people (festival period 100).
- Entry of an investment group from the financial sector in 2018.

https://www.sonar.es

- Audience 100% focused on scheduled content and artists. High interest in technology. Programming with a clear artistic and cultural focus. They seek the "Sonar essence", beyond trends in current songs and artists.
- Organization of Sónar + D as a meeting place to share experiences in technology and music, through working groups, networking, seminars, etc. Combination of end audience and professional audience as a differentiating element.
- Internationalization of the festival through licenses. Currently, Lisbon and Istanbul.

Source: *interview carried out as part of the project and company website*

The music industry ecosystem in Catalonia

Public policies and public promotion instruments

Generalitat de Catalunya Departament de Cultura

icec Institut Català de les Empreses Culturals

ACCIÓ

Generalitat de Catalunya

ICUB Institut de Cultura

Universities and educational institutions (creation, technology and business)

esmuc ESCOLA SUPERIOR DE MÚSICA DE CATALUNYA

TALLER DE MÚSICS

ESCOLA SUPERIOR D'ESTUDIS MUSICALS

1837 CONSERVATORI LICEU

IMB international music business school

upf. Universitat Pompeu Fabra Barcelona

acem associació catalana d'escoles de música

UNIVERSITAT DE BARCELONA

Business organizations and sector associations

BCN music LAB

music tech hub BCN

gemc GREMI D'EDITORIALS DE MÚSICA DE CATALUNYA

asacc Associació de Sales de Concerts de Catalunya

APECAT

ARC Associació Professional de Representants, Promotors i Mànagers de Catalunya

Professional organizations

MusiCat Associació Professional de Músics de Catalunya

AMJM

acimc associació catalana d'intèrprets de música clàssica

ACOP Associació Catalana d'Orquestres Professionals

ACC

Acadèmia Catalana de la Música

Major facilities

PALAU DE LA MÚSICA ORFEÓ CATALÀ

L'AUDITORI

Palau Sant Jordi

Other initiatives in more cross-industry areas

CLÚSTER AUDIOVISUAL de Catalunya

CATALUNYA MEDIA CITY

Other strategic initiatives for the promotion of music

cases de la música

Notes: *Partial non-exhaustive profile*

Source: *ACCIÓ*

Catalonia has a wide range of studies related to the music industry

Students enrolled in master's and university degrees related to the study of music in the 2022-2023 academic year

In Catalonia, **492 students** enrolled in master's and university degrees related to the study of music in the 2022-2023 academic year

By gender, the distribution of **students in Catalonia**:

52% 48%

Of the total **students enrolled in Spain** in Master's and undergraduate degrees related to the music industry, **42%** are women.

University degrees and master's:

- Musicology.
- Musicology, Musical Education and Interpretation of Early Music.
- Music and Sound Production for the Entertainment Industry.
- Music as an Interdisciplinary Art.
- Sound and Music Computing.

Universitat de Barcelona · Universitat Rovira i Virgili · UAB Universitat Autònoma de Barcelona · upf. Universitat Pompeu Fabra Barcelona

Students enrolled in associate degrees and training courses related to the study of music in Catalonia in the 2020-2021 academic year

In Catalonia, **2,980 students** enrolled in associate degrees and training courses related to the study of music in the 2020-2021 academic year

By gender, the distribution of **students in Catalonia**:

71% 29%

Associate degrees and training cycles:

- Video, DJ and sound.
- Realization of audiovisual projects and shows.
- Sound for audiovisuals and shows.
- Production of audiovisuals and shows.

Source: *ACCIÓ*

Catalonia is home to several leading schools in the study of music

CONSERVATORI LICEU

Since its foundation in 1837, the **Liceu Conservatory** has grown to consolidate itself as a center of reference in music education at all levels. It manages the academic activity of the Centre Superior [higher education], Centre Professional [music professionals] and its related schools of music.

TALLER DE MÚSICS

The **Taller de Músics** [Musician's Workshop] is much more than a pioneering entity in the diffusion of jazz, flamenco and modern popular music. Over the course of more than 40 years, it has created its own system of music education, creation, production and dissemination.

esmuc ESCOLA SUPERIOR DE MÚSICA DE CATALUNYA

The **Escola Superior de Música de Catalunya** (ESMUC) is the region's leading higher education music institute. It has more than 900 students enrolled in the various degrees, master's and postgraduate specialties, offering continuing education and extension courses.

international music business school

The **International Music Business (IMB) School** is the first business school dedicated exclusively to training in the music business. Its main purpose is to professionalize talent and connect it with the music industry so that it can lead the future.

Source: *ACCIÓ*

Differentiating factors of the music industry in Catalonia

Reference in music creation

- World-renowned artists.
- Benchmark training schools such as the Liceu Conservatory, the ESMUC and the Taller de Músics.

Power in live music

- +170 live music companies.
- Leading festivals, +50% international.
- Barcelona, superb worldwide location for music festivals.

MUSIC TECH companies and initiatives to connect the ecosystem

- +50 music tech companies.
- BCN Music Lab that drives key industry projects in innovation.
- BCN Music Tech Hub, a meeting space for music tech and EUR alliances.

Leading research ecosystem

- MTG, a driving force in research and second leading group in Europe.
- Main source of the sector's main startups.
- Aligning cross-industry AI initiatives.

3. Music in Catalonia from a technology standpoint

The music industry value chain in Catalonia from a technology standpoint

Public administrations (Ministry of Culture, ICEC, Ministry of Business and Knowledge, ACCIÓ, Barcelona Provincial Council, ICUB...)

Associations (Barcelona Music Lab, BCN Music Tech Hub, APECAT, Music Publishers Association, APC, Catalan Academy of Music...)

KNOWLEDGE AND RESEARCH

COMPANIES IN THE MUSIC INDUSTRY INVESTING IN THE DEVELOPMENT OF MUSIC TECHNOLOGIES

PURE PLAYERS - COMPANIES WITH TECHNOLOGICAL SOLUTIONS FOR THE MUSIC INDUSTRY

Consumers

Individuals (culture, leisure, entertainment)

Companies (communication, creative content)

Source: *ACCIÓ*

8 university research groups and technological centers + 4 'Big Tech' research teams

KNOWLEDGE AND RESEARCH

UNIVERSITY RESEARCH GROUPS AND TECHNOLOGY CENTERS

- upf. Universitat Pompeu Fabra Barcelona – MTG Music Technology Group
- eurecat – Centre Tecnològic de Catalunya
- CVC – Computer Vision Center
- Universitat Politècnica de Catalunya BarcelonaTech – IDEAI-UPC Research Center
- laSalle Ramon Llull University – Research Group on Media Technologies
- IIIA – Institut d'Investigació en Intel·ligència Artificial
- BSC – Barcelona Supercomputing Center – Centro Nacional de Supercomputación
- Universitat Politècnica de Catalunya BarcelonaTech – Centre de la Imatge i la Tecnologia Multimèdia

RESEARCH TEAMS OF LARGE TECHNOLOGY COMPANIES (AI, SIGNAL, SPEECH, IMAGE)

- Dolby.io
- amazon | science
- Apple
- Microsoft Research

+ Leading initiatives in artificial intelligence in Catalonia

Source: *ACCIÓ*

More interest in innovation and technology

COMPANIES IN THE MUSIC INDUSTRY INVESTING IN THE DEVELOPMENT OF MUSIC TECHNOLOGIES

- The most important area of the live music sector has arisen out of a tradition – music creation centered around technology (for example, Sónar).
- Growing interest in opportunities for music technology and innovation: Initiatives are converging that seek to 1) connect music tech with the music industry and 2) position Barcelona as a major music tech ecosystem on an international scale (BCN Music Lab, BCN Music Tech Hub, Art & Science...).
- Some examples of companies coming up to develop or invest in R&D for new technologies: Sonosuite content distribution platform, RV Blanco y Negro startup investment.
- The sector's main role in research and technology development is as a test bed, a showcase for new solutions (Sónar+D), or a facilitator of contacts.

53 music tech companies in Catalonia - growth of technological solutions for the music industry

- >50 companies with a turnover > €60 M, almost all of which are part of the ancillary music industry.
- Success stories come from the research ecosystem (Music Technology Group, Eurecat - Media Technologies) with important spin-offs on an international scale (BMAT, Dolby Research).
  - Half of the companies invoice less than 500,000.
  - Possible capacity for growth by research groups with cross-industry knowledge of key technologies (generative AI, signal processing...).
- The main areas of technological solutions offered by companies have more to do with the recorded music segment and content creation (70% of all companies) than with the live music segment.
  - Potencial to connect music tech systems with the traditional music industries.
  - Opportunities exist for pushing solutions in live music (immersive realities, connecting audiences, managing fan communities...).

PURE PLAYERS - MUSIC TECH COMPANIES WITH TECHNOLOGICAL SOLUTIONS FOR THE MUSIC INDUSTRY

Source: *ACCIÓ*

Success story: music tech - technology solutions for the music industry

bmat
MUSIC INNOVATORS

- Activity: AI-based technology and software for music monitoring.
- Revenue: €17.5M (80% international business).
- Employees: 200 people (5 people in R+D).

- Created in 2005, spin-off of UPF - Music Technology Group.
- Owned by 5 partners + December 2022 new investor enters.
- Initial growth comes from solutions for monitoring music in traditional media (TV and radio), evolving and offering data to different types of customers to adjust rights collection and the income generated.
- Types of main customers.
  - Copyright management entities.
  - Record labels (support in the music monitoring in the publishing scope).
  - Televisions and radios.
- Unique in offering all services from the same company.

PURE PLAYERS – MUSIC TECH COMPANIES WITH TECHNOLOGICAL SOLUTIONS FOR THE MUSIC INDUSTRY

Source: *Interviews*

4. Global business and technology trends

Global business and technology trends in the music industry (I)

DISINTERMEDIATION OF THE CHAIN	The artist seeks a greater % of revenue and intermediate phases are eliminated
PLAYERS HOLDING MORE POWER	The big companies are entering more aspects of the business
GROWING ROLE OF NEW PLAYERS FROM BIG TECH AND THE FINANCIAL SECTOR	Big tech: lead research in technology (AI) and compete in content generation and distribution
	Finance: they invest in the acquisition of catalogs and live music
INCREASED WEIGHT OF TECHNOLOGY AND THE IMPACT OF AI	Relevance of artificial intelligence
	Technology has more importance throughout the chain

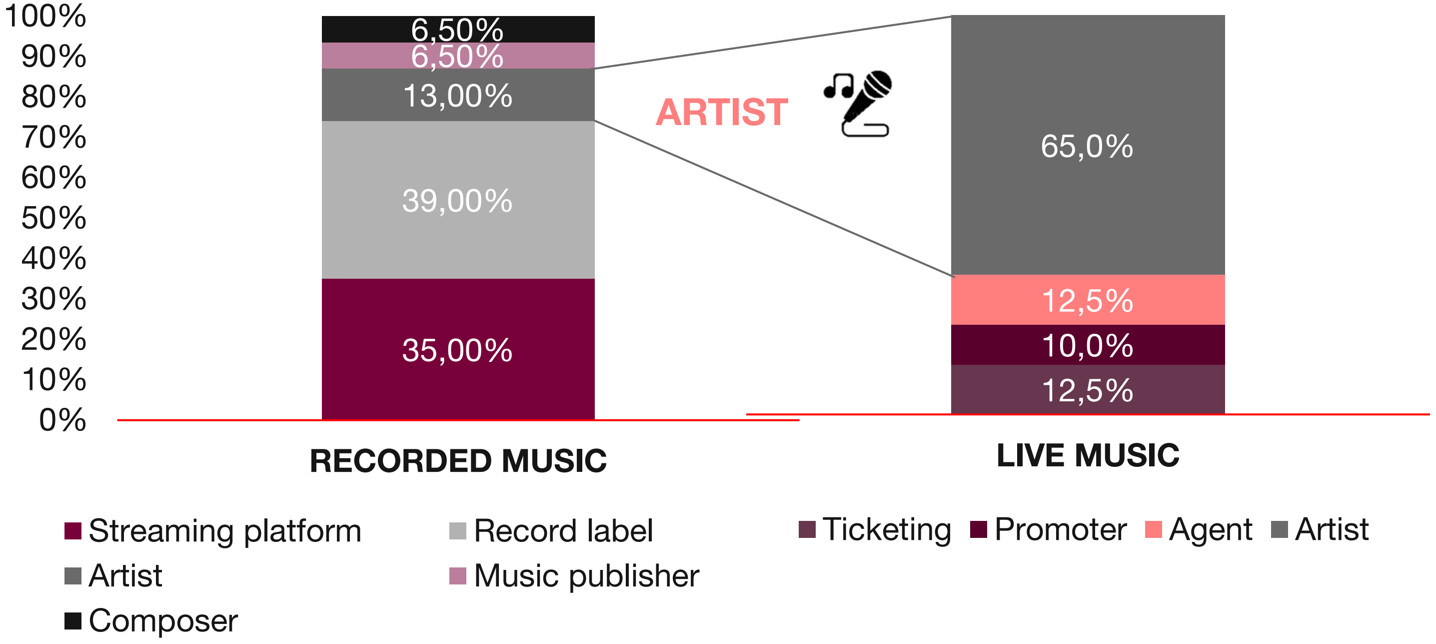
Global business and technology trends in the music industry (II)

DISINTERMEDIATION OF THE CHAIN

The artist seeks a greater % of revenue and the intermediate phases and agents are disappearing

- While in recorded music record labels get the most revenue (followed by streaming platforms), in live music, the largest % remains in the hands of the artist.
- The streaming model leads to a price "per song" where the value of the artist is equalized, while the income of the live music is per artist and the experience that is enjoyed.
- **This leads the artist to promote the areas with the highest % of income (live music) and seek a more direct link with the "fan".**

Distribution of final consumer spending (% of every $10) by business segment, 2022



Source: *Prepared by the authors from Goldman Sachs, 2022*

Global business and technology trends in the music industry (III)

DISINTERMEDIATION OF THE CHAIN

The artist seeks a greater % of revenue and the intermediate phases and agents are disappearing

- The value chain tends towards eliminating intermediaries, especially in the recorded music segment.
- With the growth of digital distribution, but also the emergence of tools to support music production, which can be used by the artists themselves, as well as social networks, and, in the future, platforms based on web3 technology, intermediary figures are disappearing and there is a tendency towards an increasingly direct relationship between the artist and their "fans".

Source: *https://medium.com/*

Evolution of intermediaries in the value chain in the launch of a new album

ARTIST

90s
- Managers
- Lawyers
- Sound engineers
- Physical distributors
- Producers
- Publicists
- Record label
- Copyright management entities

2010s
- Managers
- Lawyers
- Record label
- Streaming platforms
- Copyright management entities
- Publicists

2020s
- Managers
- Digital distributors
- Record label
- Streaming platforms

Future scenario
- Decentralized platform – Web3

FAN

Global business and technology trends in the music industry (IV)

PLAYERS HOLDING MORE POWER

Big companies entering more aspects of the business

- **Role of large companies becomes diffuse:** even if most of the business comes from one business segment, they get involved by developing activities in the other segments.
- **Record labels** are increasingly entering the live music segment and everything that has to do with experiences around the artist and their connection with the end consumer.
- **Streaming platforms, music promoters** are involved in management and in some cases music production.

Source: *Interviews and company website*

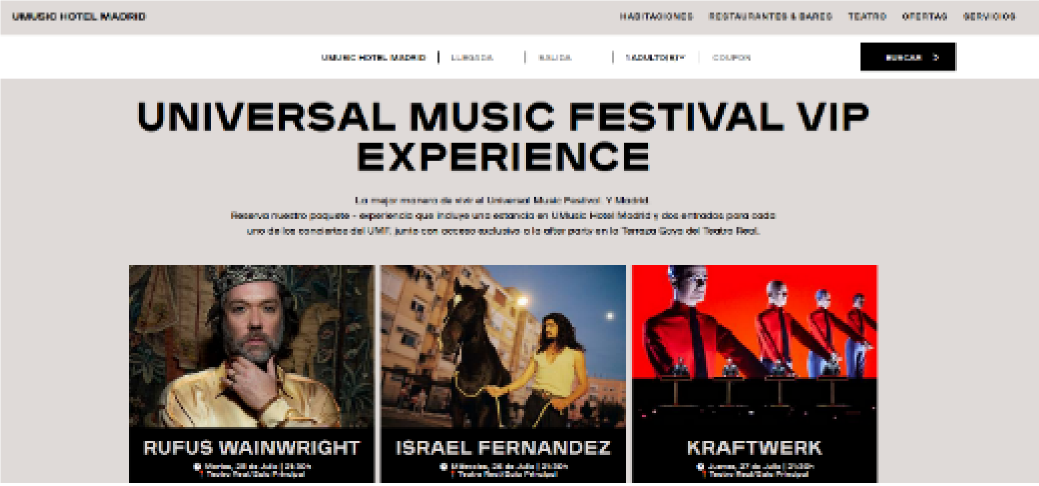
Examples of role of record labels in live music

UNIVERSAL
UNIVERSAL MUSIC GROUP

Universal Music Spain has at least 2 areas of activity that transcend the recorded music segment:

GTS GLOBAL TALENT SERVICES
Concert management and concert promotion. It organizes, among others, the Universal Music Festival.

UMUSIC HOTELS
"Universal Music Hotels", which function as venues but also to offer fans a comprehensive experience.



Global business and technology trends in the music industry (V)

GROWING ROLE OF NEW PLAYERS FROM BIG TECH AND THE FINANCIAL SECTOR

Big tech: lead research (AI) and compete in content generation and distribution

Finance: they invest in the acquisition of catalogs and live music

BIG TECH + SOCIAL NETWORKS

- Leadership in the research and development of key music technologies (AI - DL, speech, sound...).
- Involvement in content generation and the development of streaming services.
- Development of new solutions for artists - competing with the "majors".
- Key space to obtain consumer information + identify emerging artists.

FINANCE SECTOR

- Financialization of copyright management with the purchase of catalogs.
- Acquisition of companies in the live music segment.

Notes: *Partial non-exhaustive profile*

Source: *ACCIÓ*

Global business and technology trends in the music industry (VI)

GROWING ROLE OF NEW PLAYERS FROM BIG TECH AND THE FINANCIAL SECTOR

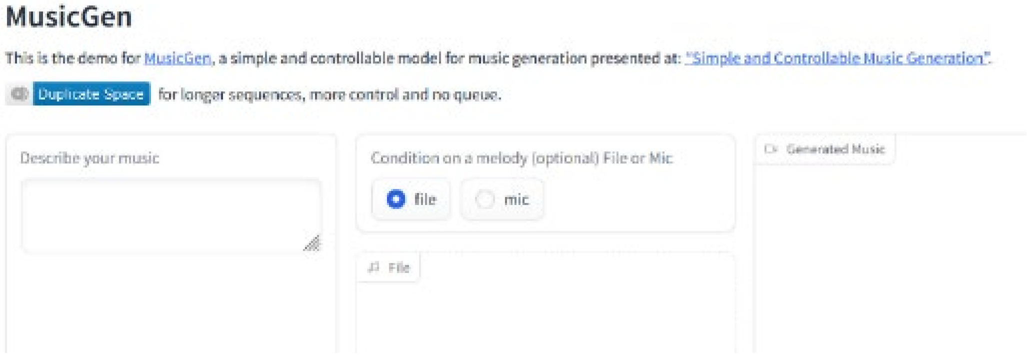
Big tech: lead research (AI) and compete in content generation and distribution

Finance: they invest in the acquisition of catalogs and live music

- In addition to investing in cross-industry technologies that will apply in the music business, all major technology companies develop specific tools and solutions to **1) generate content** and **2) distribute content**.
- 1) Apple Music, Amazon Music, Tencent Music and YouTube Music concentrate, behind Spotify, almost 50% of the total subscribers of music streaming in the world.
- 2) The AI applications of Meta and Google stand out, which use AI to transform text into music.

Meta

MusicGen
June 2023



MusicLM
January 2023

Source: *Statista, Google and Meta*

Global business and technology trends in the music industry (VII)

GROWING ROLE OF NEW PLAYERS FROM BIG TECH AND THE FINANCIAL SECTOR

Big tech: lead research (AI) and compete in content generation and distribution

Finance: they invest in the acquisition of catalogs and live music

- Social media companies are increasingly having a greater impact on the music industry.
- **The networks are changing the music consumption habits of the younger generations:** 1) instead of consuming music on Spotify, they are spending time on networks 2) they use other sources to listen to and discover music such as YouTube or TikTok.
- 'Viralization' has its origins in networks like TikTok: 13 out of 14 number 1 songs in the US in 2022 came from viral trending on TikTok.

The case of TikTok. Through social media, as a platform for the consumption of music content, it offers services to the artist and invests in the generation of music with artificial intelligence

- Development of a pilot test in Australia to check the impact on content consumption if the music that comes from the 'majors' is removed.
- Development of a new line of business to offer artist services through SoundOn.
- Investment in ByteDance for the generation of music through artificial intelligence.
- Recruitment of specialized talent in the
- music business to key industry hubs on
- a global scale (Los Angeles in the United
- States and London in the United Kingdom).

TikTok
LOS ANGELES | TIKTOK
TIKTOK – LATIN MUSIC PARTNERSHIPS & OPERATIONS MANAGER (US)

TikTok
LONDON, UNITED KINGDOM | TIKTOK
TIKTOK – GLOBAL MUSIC DISTRIBUTION OPERATION LEAD (UK)

Source: *TikTok company website, Music Business Worldwide Portal*

Global business and technology trends in the music industry (VIII)

GROWING ROLE OF NEW PLAYERS FROM BIG TECH AND THE FINANCIAL SECTOR

- In just over 3 years, the purchase of music catalogs by investment funds has raised more than 6.5 billion dollars, highlighting the creation of specific funds such as Tempo Music Investments or Hipgnosis Songs.
- With interest rates at a low in recent years, music assets have gained financial appeal: yields of 7%, an alternative to corporate bonds and cash flows with no correlation with global economy.
- Although investment has been quite sizable, it seems that changes in interest rates and fewer opportunities for catalogs to acquire will tamper future investment levels.

Big tech: lead research (AI) and compete in content generation and distribution

Finance: they invest in the acquisition of catalogs and live music

List of the main financial investments 2019-2021 in the purchase of music copyright catalogs

Companies	Data	Investment in catalog acquisitions	Examples of purchased catalogs
HarbourView / Apollo	Oct. 21	$1,000 M (music rights and other entertainment assets)	
Primary Wave / Oaktree Capital	June 21	$375 M	Prince ($ unreleased)
BMG / KKR	Apr. 21	$1,000 M	Ryan Tedder ($ 200 M)
Hipgnosis Songs Fund	Feb. 21	$426 M in 2020 $100 M in 2021	Neil Young ($150 M), Red Hot Chili Peppers ($140 M), Justin Timberlake ($100 M)
Round Hill	Nov. 20	$291 M	
Concord	Aug. 20	$600 M	
WMG	Dec. 19	$650 M Launch of Tempo Music Investments in collaboration with Providence Equity Partners	
Primary wave	Nov. 19	+ $500 M Launch of IP Fund 2 (as a continuation of the first IP Fund of 2016, with more than $300 M)	

Source: *Prepared by the authors from Goldman Sachs and Music Business Worldwide*

Global business and technology trends in the music industry (IX)

INCREASED WEIGHT OF TECHNOLOGY AND THE IMPACT OF AI

Relevance of artificial intelligence

Technology has more importance throughout the chain

Artificial intelligence

CREATION	DEVELOPMENT AND PRODUCTION	DISTRIBUTION, DIFFUSION AND STREAMING	LIVE MUSIC

• Generation of medium content.
  • Interpretation and automatic playback of lyrics.
  • Automatic generation of images and animations related to the songs.
• Creative generation.
  • Mixing sounds to create new ones.
  • Sound synthesis and voice cloning.
• Creation of new instruments and new interfaces.
	• Automatic processing for prototyping or end production.
	• Generation of music sequences based on composition patterns in scores and audio recordings.
	• Automatic music synthesis.
	• Background sound separation in audio recording.
		• Compression and efficient content transmission.
		• Recommendation systems based on historical searches and consumption, user profile, time of consumption...
		• Copyright monitoring.
		• Extraction and analysis of usage information for:
		  • Identifying trends in interests, artists, styles, committing to new content.
		  • Focused promotion strategies according to user profiles.
			• Generation of group and live videos.
			• Immersive experiences.
			• Real-time personalized experiences.
			• Copyright monitoring.
			• Extraction and analysis of usage information for:
			  • Identifying user profiles.
			  • Analysis of people's behavior.
			  • Setting dynamic pricing.
			  • Occupancy predictions.

Source: *Prepared by the authors based on interviews, tech-themed articles and Llibre Blanc IA en Indústries Culturals a Catalunya [AI White Book IA in Cultural Industries in Catalonia]*

Global business and technology trends in the music industry (X)

INCREASED WEIGHT OF TECHNOLOGY AND THE IMPACT OF AI

Relevance of artificial intelligence

Technology has more importance throughout the chain

	CREATION	DEVELOPMENT AND PRODUCTION	DISTRIBUTION, DIFFUSION AND STREAMING	LIVE MUSIC
Artificial intelligence	• Generation of medium content. • Creative generation. • Creation of new instruments and new interfaces.	• Automatic processing. • Generation of music sequences. • Automatic synthesis. • Sound background separation.	• Compression and efficient content transmission. • Recommendation systems. • Copyright – Tracking. • Analysis of use by promotion and interest detection.	• Video generation. • Immersive and personalized real-time experiences. • Copyright – Tracking. • Information extraction and analysis of space usage.
5G	• Rehearsing, interacting and performing in real time.			• Live streaming of concerts.
Blockchain (includes NFT and web3)		• Copyright – Tracking. • Interaction of fan communities with web3. • NFT – acquisition and investment in copyrights.	• Copyright – Tracking. • Interaction of fan communities with web3.	• Copyright – Tracking. • Ticket monitoring. • Interaction of fan communities with web3. • NFT – Digital merchandising and access to benefits for the fan.
Virtual realities (VR) and immersion		• Video clips with virtual reality.	• Interaction with fan communities via Virtual Reality and web3.	• Concerts in the metaverse and virtual reality. • Live performance with holograms.

Source: *Prepared by the authors based on interviews, tech-themed articles and Llibre Blanc IA en Indústries Culturals a Catalunya [AI White Book IA in Cultural Industries in Catalonia]*

Specific key trends by business segment

RECORDED MUSIC

- Concentration continues in the "majors" (acquiring companies along the chain and specialized or local labels).
- Majors and streaming platforms center a relevant part of their strategy around the artist (supporting music careers, maximizing income lines, support with technological tools, creative process, etc.).
- Growth opportunities in streaming (restructuring rates + higher levels of subscription, a large margin to go vs. audiovisual like Netflix) and content curating due to constant growth of songs on the platforms.
- New business lines from players such as live music, social networks, NFT, etc.

LIVE MUSIC

- High concentration of the sector, on an international scale and with a high impact on the Spanish market (promoted by large promoters such as Live Nation or companies in the financial sector).
- Recovery and maximum market growth in 2022 and 2023 due to the Covid recovery and greater consumer interest in live events.
- Focus on adapting live event formats in more local areas or markets and in other international markets (size, types of artists, complementary activities, environment, etc.).
- International trend towards controlling music venues (to hold both own and third-party concerts or festivals).

Source: *Prepared by the authors based on the analysis of industry studies, interviews and reports of listed companies*

Business opportunities for Catalan companies

RECORDED MUSIC

- Content curating solutions to facilitate personalized selection for streaming platform users.
- NFT Platforms – Web 3 to facilitate direct link between fan and artist/music group.
- Technological solutions to facilitate artists' music creation and production processes.
- Solutions to monitor the use and playback of songs in any medium or space.
- Technological solutions to track and capture new public interests in artists, as well as possible related brands.

LIVE MUSIC

- Solutions to monitor audience interest and to be able to create personalized events according to profiles and local markets.
- Immersive technological solutions to offer differential experiences to those attending concerts and festivals.
- Technological solutions to facilitate online monitoring of live events (streaming) and that may represent an additional revenue stream for promoters (for example, for those who were unable to obtain tickets to the event).
- Technological solutions for better queuing and the management of bar consumption at concerts and festivals.
- Solutions to facilitate interaction between the artist and the live audience.
- Lighting and audiovisual solutions for distinctive live music productions.
- Specific merchandising items for concerts and festivals.
- Recyclable or reusable products for holding festivals.

Source: *Prepared by the authors based on the analysis of industry studies, interviews and reports of listed companies*

Thank you!

More information about the sector and related news:
https://catalonia.com/key-industries-technologies/videogames-digital-media/music-industry-in-catalonia

Contact us!

934 767 206
info.accio@gencat.cat
Passeig de Gràcia, 129
08008 Barcelona

accio.gencat.cat
catalonia.com

Follow us on social media!

@accio_cat
@Catalonia_TI

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