



bpi PROMOTING
BRITISH
MUSIC

music:)ally

Bowers & Wilkins

10X10 TRENDS FOR MUSIC'S NEXT DECADE

CONTENTS

ii	Introduction
4	Music and the Metaverse
7	The Future of Direct-to-Fan
10	5G and Music
13	Artificial Intelligence
17	Smart Homes and Smart Cars
20	The Future of Social Audio
23	The Attention Economy
26	The Rise of Creator Culture
30	The Future of Music NFTs
33	The Evolution of Streaming
36	Key Takeaways and Further Reading



INTRODUCTION

BY GEOFF TAYLOR, CHIEF EXECUTIVE, BPI & BRIT AWARDS

Photo by Javier Allegue Barros on Unsplash



**Geoff Taylor, Chief Executive,
BPI & BRIT Awards**

The unprecedented times we have experienced over the last 12 months appear to have accelerated the pace of change in society, in particular in terms of the influence that technology has on our behaviour.

Possibilities that, for so long, felt years away are suddenly impacting our daily lives. We can only imagine the quantum leaps that await us over the course this decade. We can be sure that music and the creative industries will be at the very cutting edge of evolving consumer behaviour.

At our '10x10: Trends for Music's Next Decade' event, we heard from 10 wonderful speakers, experts in their fields, who pulled back the curtain to reveal what they believe the future holds, in different but ultimately complementary spaces.

Anyone looking to harness the opportunities in this area will be asking themselves some important questions. How will music be enriched by the metaverse and by 5G networks? How will smart homes and smart cars change listening habits, and what will AI mean for us all?

In which ways will the attention economy and creator culture shape the way music is made, discovered, shared and enjoyed? Are non-fungible tokens (NFTs) a flash in the pan, or will they transform the foundations of our industry?

And finally, with so much recent focus on the streaming economy, what will be the next stage in the future of audio, and the evolution of the streaming format?

These are challenging and exciting subjects, with profound implications for the future of music.

This report sets out our experts' views, and will hopefully spark your own questions, ideas and innovations for the coming decade.



MUSIC AND THE METaverse

The event's first presentation came from **Music Ally** Editor Stuart Dredge, focusing on the metaverse – the growing ecosystem of online games and virtual worlds. The word 'metaverse' was coined by author Neal Stephenson in his 1992 book *Snow Crash*, describing a virtual world that people could log in to via VR headsets.

Strictly speaking, 'the metaverse' now refers to collective games, virtual worlds and augmented



reality content – "the digital stuff that is an additional layer for our physical world" – with tech analyst Ben Thompson describing those individual properties as 'microverses'.

"We're talking about virtual or digital spaces where people spend time," said Dredge, noting that even games and gaming platforms like Fortnite and Roblox are not just about gaming.

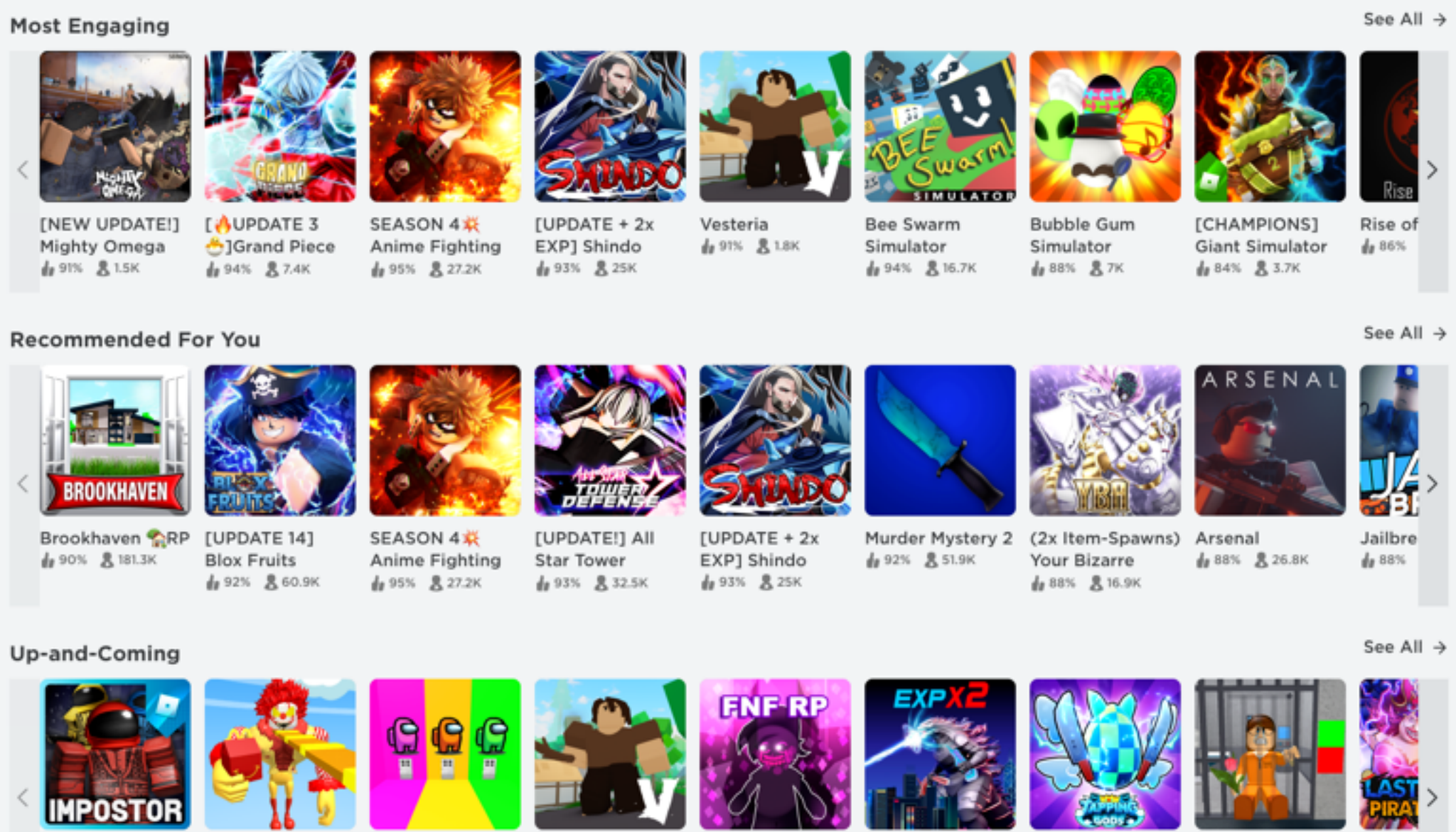
"During this pandemic, these games are often just enablers for social interaction. For tweens and teens, Fortnite and Roblox are taking the place of the physical skate ramps, parks and shopping centres as the venues to hang out with their friends during lockdown."

So far, the music activity in these spaces has been focused on performances. **Travis Scott played in Fortnite and 27.7 million people watched**, while Lil Nas X attracted 33 million fans to his Roblox concert.

Microverses can also be built from scratch as digital stage sets for livestreams. US startup Wave worked with The Weeknd on a concert broadcast on TikTok, which more than two million people watched live. These performances can be spectacular, because **in the metaverse, artists and fans are not bound by the laws of physics**. They can be 60-foot avatars stomping around a city, then rocket into space and/or plunge back into the ocean, taking fans along.

There are unanswered questions around music in the metaverse. "What licensing frameworks are needed, and how will usage of music be tracked and the royalties calculated?" said Dredge.

Something he thinks is important for the music industry to understand about these microverses is their emphasis on creativity, not just consumption. People are building and creating, not just visiting or playing.



He cited Fortnite's 'creative mode'; the Roblox Studio tool used to make games for Roblox, from music-DJ game Splash to children's games like Piggy and Adopt Me; and the similar software launched by startup Manticore Games; Sony's Dreams application for PlayStation consoles; social startup Rec Room; Facebook's Horizon virtual world; and startup Anything World, whose investors include Warner Music Group, which is exploring voice-activated creation.

All these put the tools to create spaces, objects, games and interactivity in the hands of their users – but by extension, also in the hands of the music industry, **with labels and artist teams able to create experiences for fans.**

"But this isn't just about us building stuff for fans. It's about fans building stuff, and using the music and visual assets of their favourite artists," said Dredge. "That's where this becomes a

user-generated content opportunity. How do we make music and other assets available to create with in the metaverse. What are the partnerships and licensing models required? As a label, building a microverse for an artist's fans to spend time in is cool, but finding a way for that artist and their music to be part of dozens or even hundreds of experiences created by their fans is really interesting too."

Dredge finished by encouraging the music industry not to be put off by some of the wilder claims of metaverse evangelists.

"It's healthy to be sceptical. But it's also healthy to recognise that **many of the next generation of musicians and music executives will have grown up with the metaverse.** They won't see it as weird or strange, and they will be coming up with all kinds of inventive ideas for how music fits in to these spaces."

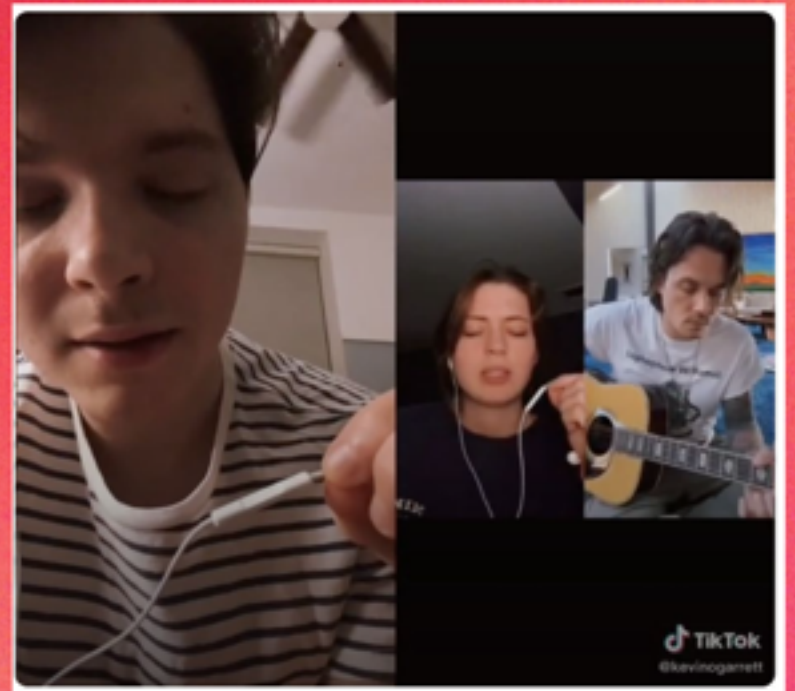
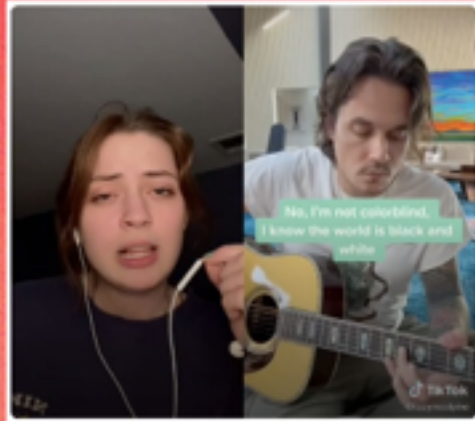
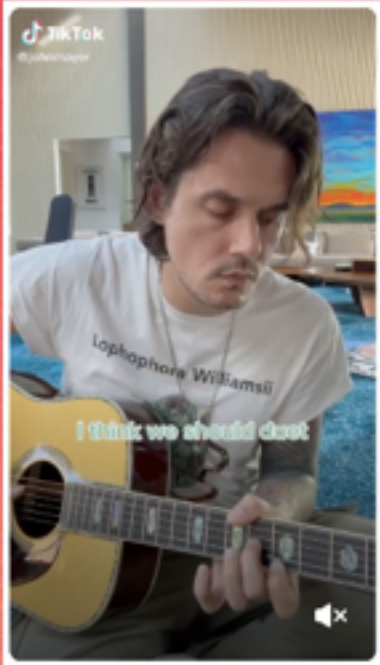


THE FUTURE OF DIRECT-TO-FAN

The 10x10 event's second presentation came from Tom McNeill, Creator Partnerships Manager at **Patreon**, the membership platform which helps artists and other creators to raise ongoing crowdfunding from their fans.

McNeill's focus was on the wider area of 'direct to fan', which he described as a spectrum. "The most direct-to-fan you can be is a fan meeting their hero in person," he pointed out. But the rest

Direct to Fan collaboration



of the spectrum is where technology and companies can help to forge connections.

McNeill talked about how the Covid-19 pandemic has accelerated certain digital habits and content development, like livestreaming.

“Livestreaming is here to stay: from the road, your home, the studio. Unlimited by geographic location, artists will be broadcasting direct to fans from wherever they are in the world, and monetising it,” he said.

The second trend that McNeill highlighted was a renaissance in user-generated content (UGC): “creativity begets creativity at a rate which we have never witnessed before... in terms of the speed and exponential growth of UGC”.

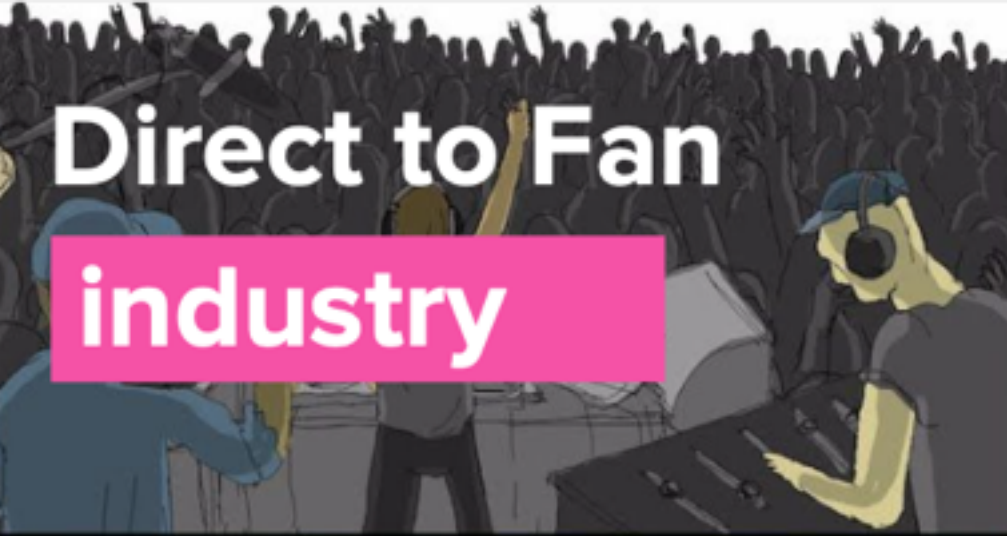
He cited the example of John Mayer releasing an instrumental on TikTok, which one person then sang over to create a new version, followed by

another: an asynchronous collaboration between an artist and fans.

Subscriptions are a key part of Patreon’s model, and McNeill suggested that a growing number of artists are going to turn to this dynamic to make money from their art.

“Let’s get ready for more artists to create a personal subscription action, and prioritise that or cut out the streaming services entirely.”

McNeill thinks that the podcasting industry is ahead of the curve in this respect. Hip-hop podcaster Joe Budden came out of a deal with Spotify and turned to Patreon, for example. His podcast still appears on platforms like YouTube and SoundCloud, but fans can pay between £4 and £19.50 a month on Patreon to get exclusive content and access his patron-only community on social app Discord. Budden was also appointed as Patreon’s Head of Creator Equity.



Direct to Fan industry



“Joe Budden has essentially retained free-to-listen DSPs to maintain discovery, while centralising his subscription dollars on Patreon... rather than Spotify using his content to drive their subscriptions service,” said McNeill.

He suggested that more musicians may follow a similar path. “A bunch of those new [subscription] dollars will be going to artists rather than platforms,” said McNeill.

Is all this a threat to labels? Artists going direct to fans could be seen as a shorthand for cutting out rightsholders, but McNeill offered a more positive take on the role that labels could play in this dynamic.

“Direct-to-fan activity is spiking, but an artist and their team’s time are still finite resources,” he said. “I confidently predict that in the same way label services have emerged in the last 10 years, there will be a substantial increase in the digital

services [offered by labels] in the next 10 years, facilitating direct to fan. Because direct to fan takes time.”

McNeill’s final thought focused on community. “The framing of direct to fan sounds like a one-to-one relationship: linear and transactional. But **what we’re seeing be so powerful right now is not direct-to-fan, it’s direct-to-fans.** And it’s fans to fans,” he said.

“The direct to fan space is an incredibly exciting space to be. If we all get this right, it will change the music and media created for and by fans, supercharging the UGC creative fly-wheel,” he added.

“For subscription systems it’s a chance to get healthy creator-first subscriptions in place... and an elevated sense of community for fans and artists.”

The background is a close-up, slightly blurred image of a smartphone's back cover. It features a large 'mi' logo in the top left corner. Below it, there is technical text: 'Made in China Model: M2007J26' and 'Xiaomi Communications Co., Ltd.'. In the center, there are three icons: a large 'C', a large 'E', and a crossed-out trash can icon. Below these icons is the text '5G'. The overall color scheme is a mix of dark blue, teal, and light blue.

mi

Made in China Model: M2007J26
Xiaomi Communications Co., Ltd.

C E

5G

5G AND MUSIC

The third 10x10 presentation came from Emily Savage, Immersive (XR) Commercial Product Lead at **Digital Catapult**, the UK's technology innovation centre. Her focus was on 5G technology, and how it could be used by musicians and the music industry.

She started by talking about the key benefits of 5G: high bandwidth to move more data; low latency; a technology called 'network slicing' that



5

increases the reliability of networks; and using 5G to control other networks, and tap into the Internet of Things (IoT).

Savage went on to outline three key ways all this can be used for music: for production, live content distribution and new audience experiences.

For production, it's all about the low latency – cutting down delays by optimising the network – and high bandwidth, which enables musicians to work together remotely with far fewer technical hurdles in the way.

“You’ve got new collaborative opportunities... the ability to make collaborative productions, live and in synchrony, because of that low latency,” she said. “Plus you’ve actually got new production techniques that are bubbling up, like virtual production.”

That’s the technology used for films and TV shows that use virtual sets. “The ability to have real-time rendering of CG [computer generated] and 3D type assets in the studio on real shoots,” said Savage. “You can have lower production times and costs for music videos, and for live productions in studios... 5G is strong enough to be able to pull and push the amount of data around those environments very quickly.”

One of the projects that the Digital Catapult is working on is the **5G Festival**, with funding from the British Government, and partners including Warner Music Group and Metropolis Studios.

It’s described as a “5G powered, digital immersive festival experience” that will see artists collaborating remotely on performances, with fans watching at home, and in some cases in physical venues.

More Details on “5G Festival” Project

Three use cases combined to create unique live music experience



11

“A brand new collaborative platform that allows for artists in different locations to sync live their audio and their visuals, so they can actually perform in time and together, and produce a new type of experience, which you can **dive into with a pair of VR goggles on or in augmented reality**,” as Savage put it.

She also described hybrid experiences where “you could go to the O2 and put on a headset and watch this whole new breed of experience, and watch these different artists performing together, while there was maybe something else going on around you in physical form”.

The second music use for 5G is live content distribution: the ability to “push out reliably lots and lots of content to lots and lots of headsets or lots and lots of devices”, increasing the audiences that can watch and listen, while

ensuring that they don’t suffer low quality or interruptions.

This segued neatly into the third use, advanced consumer experiences relying on “heavy” content including rich augmented reality apps and performances, as well as multiplayer gaming and other forms of entertainment.

Savage cited a recent example: a partnership between US telco Verizon and social media firm Snap to create **the first ever 5G-enabled Landmarker lens** for Grammy-nominated band the Black Pumas.

“They recorded the artist in a motion capture suit, and then as a user you could go on location and see an augmented reality performance outside the New York Public Library,” she said. “This is just one example of what can be done.”

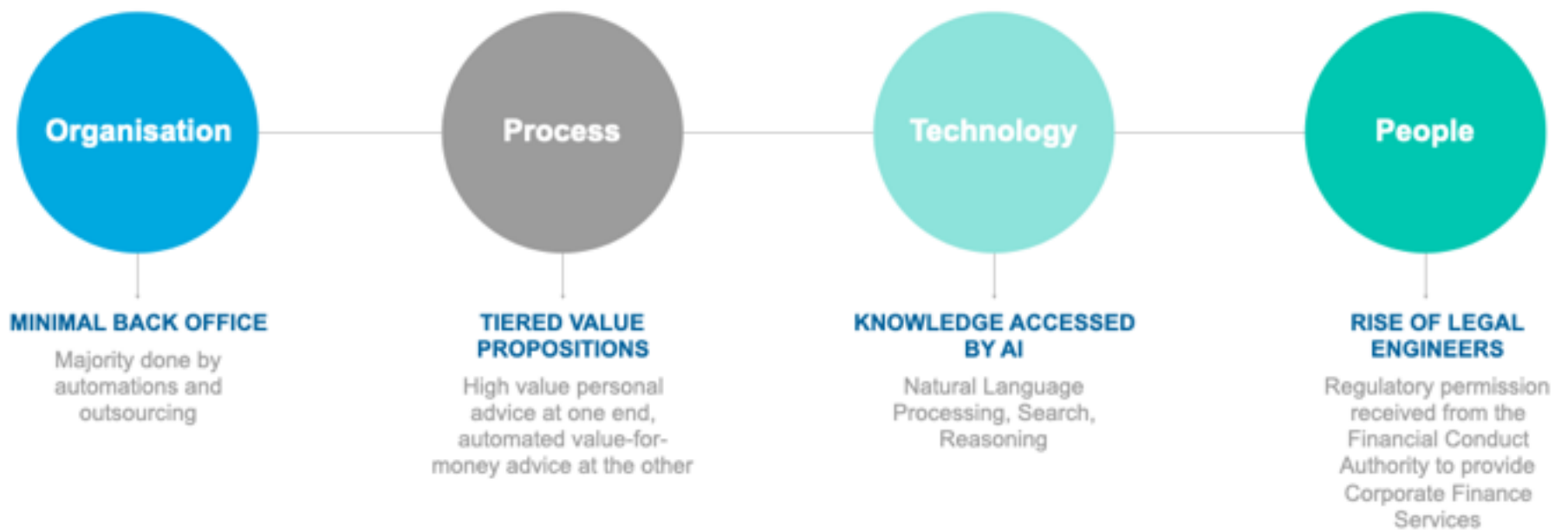


ARTIFICIAL INTELLIGENCE

What does artificial intelligence (AI) technology really mean for musicians and the music industry? Answering that question must start with a clear-headed view of the technology's potential, said Cliff Fluet, Head of Media and Entertainment at **Lewis Silkin** and MD of **Eleven Advisory**, in the 10x10 event's fourth talk.

"The truth of it is that every single one of you, in your rooms, about your persons or on your

THE LAW FIRM OF 2026?



desktop, are engaging in AI,” he said. “We now live in a world where these technologies are beyond ubiquitous.”

He added that while many people have a positive view of AI, others feel much more negative. “Well, it all starts very well with a virtual assistant in my pocket or automation in the studio, but very soon the machines will come for us and destroy us!” he said, characterising this position.

“It’s a very normal response: it’s literally existential. But **this is something we need to be engaging with, no matter how much we wish it away**. It’s already very much a part of our business lives.”

Fluet said that it’s also important to understand that AI is a catch-all term for a group of different technologies, including machine learning, cognitive automation, intelligent automation,

robotic process automation and ‘true’ artificial intelligence. “**Consciousness!**” as Fluet put it. In different ways, these various technologies are having an impact on a wide range of industries.

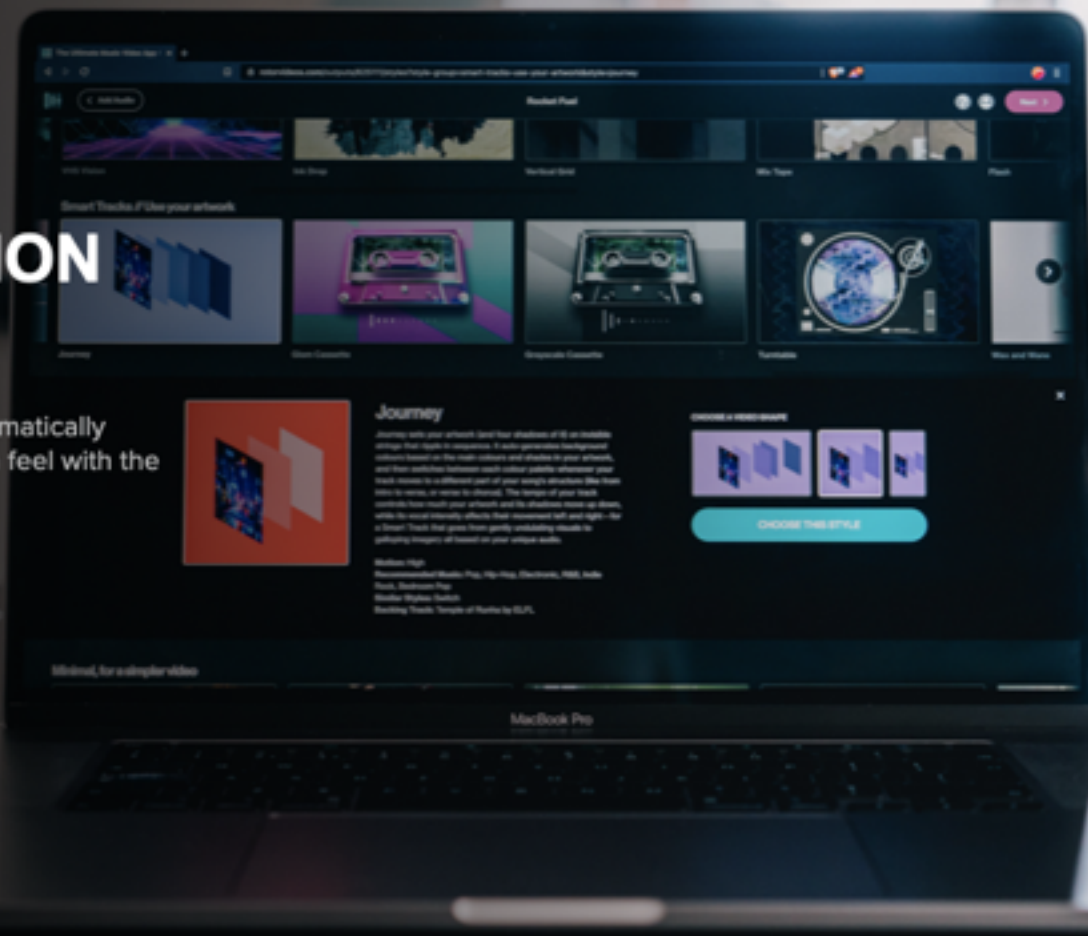
In legal services, for example, robotic process automation is being used to automatically receive and review new instructions; estimate how long individual cases may take; prepare for employment tribunals and other tasks.

“We are having to re-engineer our business to understand what do we look like in five years time, in an automated world powered by artificial intelligence?” said Fluet. “It is about minimising the back office, focusing on value, understanding that knowledge will be unlocked by AI, and that there will be a new breed of people in the legal world who are very much software savvy.”

AUTOMATED VIDEO CREATION

Our engine analyses songs and automatically creates videos that are in time and in feel with the music.

All Rotor needs is a song.



This was a lead-in to the impact that the various forms of AI may have on the creative industries, where Fluet pointed out they already play a major role in the platforms of Amazon, Facebook, Apple, Netflix, Google and Spotify – “the biggest drivers of value” in those industries.

“While they understand that content is vital, what they do is monetise context: making sure it is dynamic, distributed and democratised. And all of them use artificial intelligence: for analysis, algorithms and adaptation,” said Fluet. “The music industry really does need to pay attention when it comes to this world.”

Fluet suggested that AI has a perception problem: some people see it as a weapon that can do damage, while others see it as a tool that humans can use positively. Fluet sees it as the latter. **“It could be the most powerful tool that we have in the music industry.”**

He also noted that two of the early startups in music-focused AI were from the UK, Jukedeck and MashTraxx (MXX), and that they have since been acquired by TikTok and Triller respectively.

“For years people were telling me these companies were of no value, yet they have gone on to have significant value within these social media giants,” said Fluet, before talking through the potential of some other current startups exploring the intersection of AI and music.

AI Music’s focus is on using AI for ‘adaptive’ music, capable of adapting an existing music track on the fly, in response to users’ commands and/or context. Although that can be used for consumer applications, AI Music is working with businesses too. For example, one project with advertising network Adswizz adapted the music in adverts for telco Cox Communications to fit the music that was being listened to around those

Consequences | Camila Cabello

199 words 7 sections



Song Crunch

[VERSE #1]
 7 Dirty **tissues**, trust **issues**
 10 Glasses on the sink, they didn't fix you
 9 Lonely pillows in a stranger's **bed**
 5 ([litt]le) voices in my **head**
 8 Secret **keeping**, stop the **bleeding**
 12 Lost a little weight because I wasn't **eating**
 9 All the songs that I can't listen to
 4 to tell the **truth**

[CHORUS]
 6 Loving you was young, and wild, and **free**
 11 Loving you was cool, and hot, and **sweet**
 9 Loving you was sunshine, safe and **sound**
 9 A steady place to let **down** my defenses
 7 But loving you had **consequences**

[VERSE #2]
 8 **Hesitation**, awkward **conversation**
 6 Running on low **expectation**
 8 Every siren that I was ignoring
 5 I'm **payin'** for it

[CHORUS]
 9 Loving you was young, and wild, and **free**

LITERARY DEVICE BREAKDOWN

LYRICAL SEMANTICS



SONG STRUCTURE

 Rhyme groups 12

Highlight color coded rhymes, grouped by rhyme sound and type

 Syllable Count

Present the amount of syllables per line

 Alliteration

Present sequences of adjacent sounds: consonance and assonance

 Slang 3

Underline usage of slang and/or non-dictionary words

 Profanities 0

Underline usage of profanities

ads. "Engagement with those ads increased by 2.4x," said Fluet.

Rotor Videos is using artificial intelligence to automate the creation of music videos, from full-length promos to lyric videos and shorter clips for social media and streaming services. Its technology analyses a track to create the video assets. Fluet pointed out that this can save time and money for artists and labels, while still creating videos that are high-quality.

MyPart's flavour of AI is also about analysing music, but in its case the focus is on new ways to discover it. Its system analyses the lyrics, harmony, melody, song structure and production of each song, which can then be used to make that music more searchable: from A&Rs to sync supervisors looking for a suitable track for a TV show, film or game.

Finally, **Cworks** is deploying AI to manage works and track royalties, including songs and sound recordings. It is targeting a specific problem: royalties that are stuck in the system due to inaccurate or out-of-date metadata. "What they do is use significant areas of AI to understand and clean up the existing data, pull in from new data sources, and create significant opportunity to unlock value," said Fluet.

By running through four such different startups, Fluet was making the point that artificial intelligence has many possible uses for music and the music industry.

"AI is a tool, not a weapon. It's going to give us back time to be creative and reshape our business and focus on what matters," he said. "More importantly, it's not the problem. It's the solution."

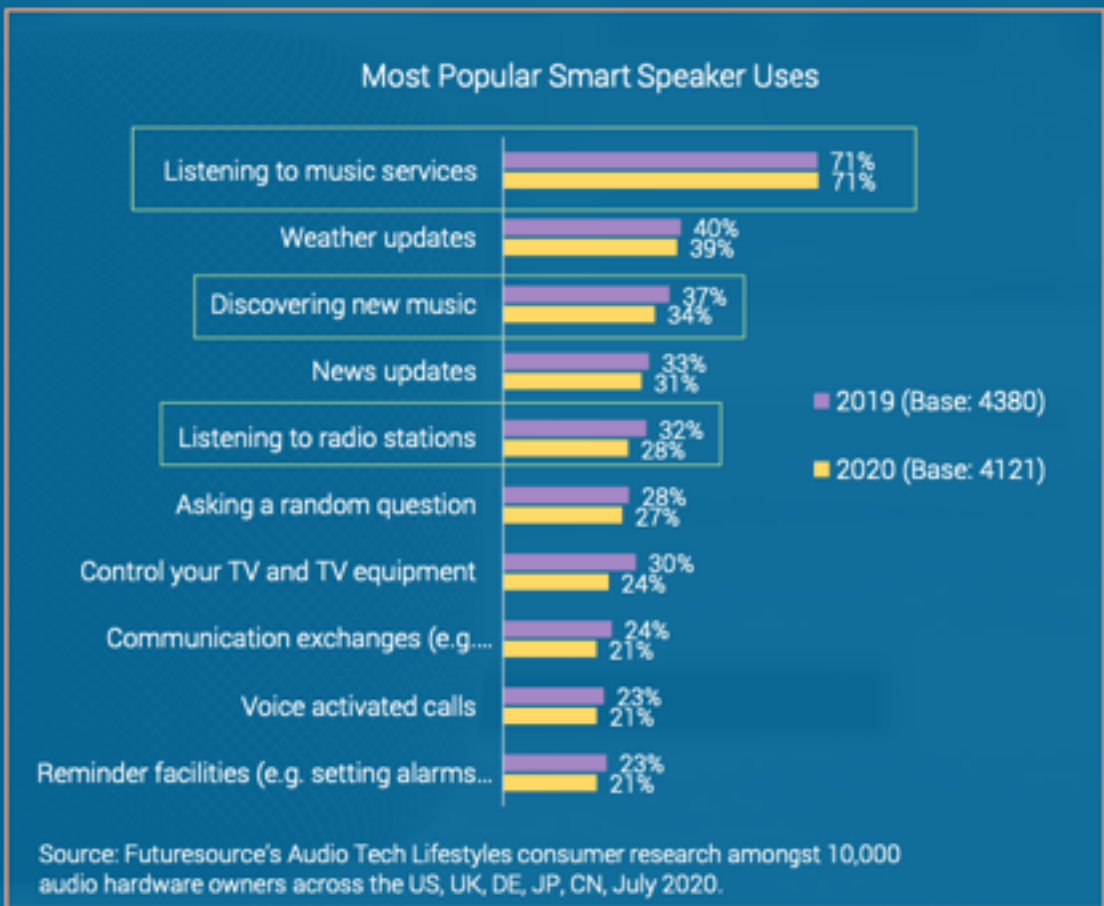


SMART HOMES AND SMART CARS

The fifth presentation at the 10x10 event came from Alexandre Jornod, Lead Market Analyst, Music and Audio, at **Futuresource Consulting**. He was looking ahead to the next decade of smart homes and smart cars, and how they might change music listeners' habits.

He began with figures. In 2020, Futuresource estimates that there were 44m 'smart audio' devices – connected to the internet and using

- | Ease of use of voice
- | Multi-room
- | Seamless integration of devices
- | Personalised Automations
- | Voice Recognition



voice assistants like Alexa, Google Assistant and Siri – in use in the UK. That included 16.7m smart speakers and smart displays, 27m smart TVs and 0.3m smart soundbars.

The company predicts that **this will grow to 62.3m by 2024**, including 28m smart speakers and displays and 33m smart TVs. Jornod talked about the impact that these devices have already had for their owners.

“This is really expanding music consumption opportunities at home. Voice has eased the way to streaming adoption, and the pandemic has only accelerated that phenomenon,” he said, noting that as the prices of smart speakers in particular have dropped, people have begun to buy multiple devices to spread around the home.

“We are starting to see the development of more automated actions, like someone arriving home and the smart home system switching the lights

on and playing your favourite playlist or radio,” he said. “It creates personalised experiences, which are also complemented by the way that voice assistants are able to recognise your individual voice and bring up content.”

How are people using smart speakers? Jornod had some data on that too, from a survey of owners in the UK, US, Germany, Japan and China in July 2020. Music was the most popular use case, with **71% of people using these devices to listen to music services**. Meanwhile 34% said they used them to discover new music, and 28% to listen to radio stations.

Jornod looked ahead to what’s next. “We expect voice interaction to get smarter and more conversational,” he said. Something that should open the way to richer music discovery experiences. Meanwhile, Futuresource thinks that smart devices will also work together.

CARS AS AN EXTENSION OF SMART HOMES

Android Auto and Apple CarPlay Taking Over the Dashboard

androidauto



Apple CarPlay™

Convenience

Personalisation

Seamless Integration

114m cars in use fitted with Smartphone mirroring apps WW in 2020 → 303m in 2024

Source: Futuresource's Automotive Audio Report, 2020



“**The speakers of the TV will blend with the other speakers in the room**, and even your smart lighting could be used to create moods when listening to specific playlists,” he said. Meanwhile, technologies like edge-based AI processing could see smart assistants interpreting your mood from your voice, and making music recommendations accordingly.

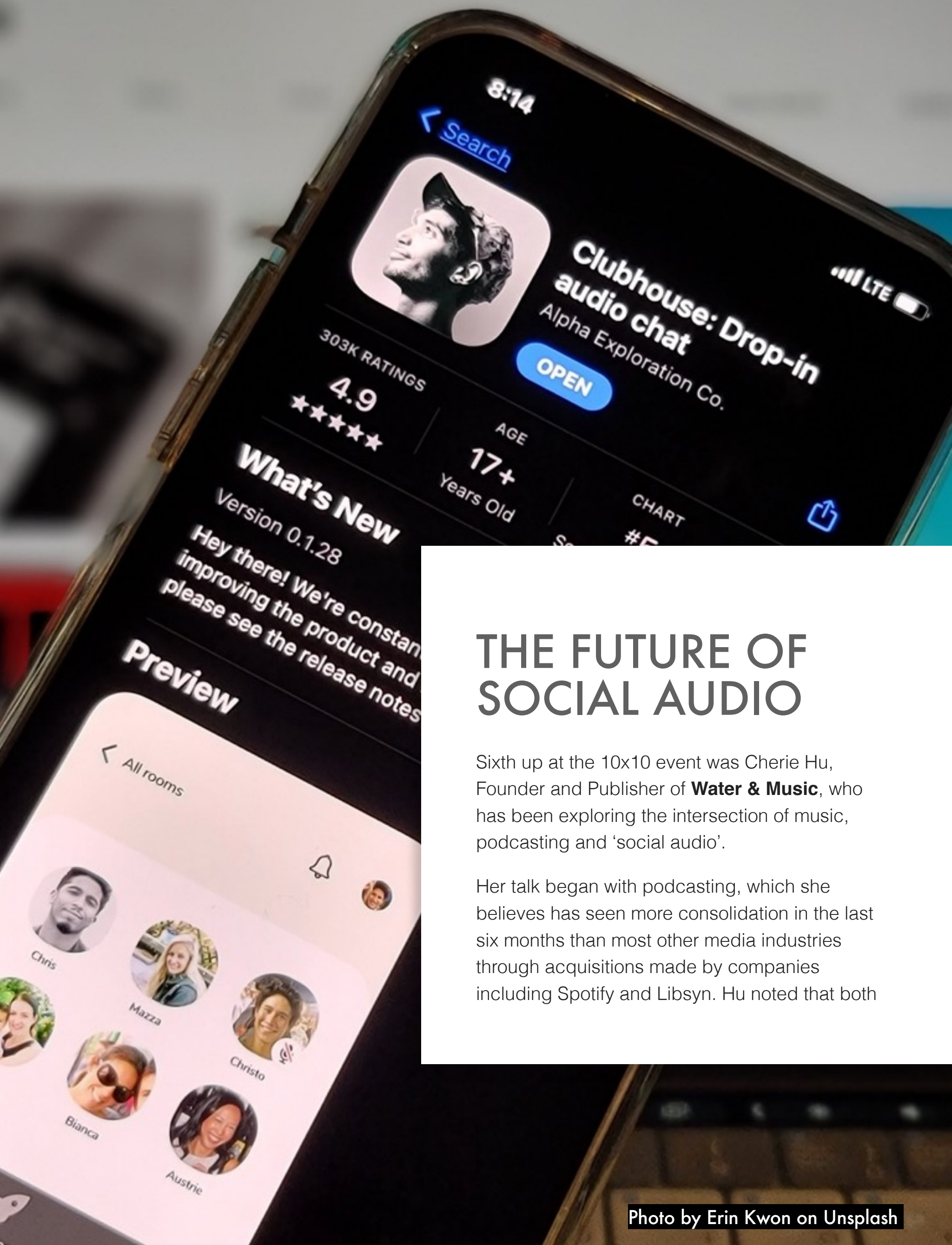
As for smart cars, Jornod presented them as an extension of smart homes, complete with the same tech ecosystems – for example those of Amazon, Apple and Google – working to serve up content and experiences on the road.

Globally, Futuresource estimates that 114m cars were in use in 2020 that had been fitted with smartphone mirroring apps, enabling people to access music and other entertainment via their phones while driving. By 2024, it expects this number to grow to 303m.

Our cars will be increasingly connected – 5G included – and Jornod thinks that will also fuel more personalised music experiences “using data on where you are going, how long it is going to take, how many people are in the car, who is in the car, the weather...”

Jornod finished by looking ahead to the next generation of cars: electric, autonomous vehicles which will be much quieter (“so there is more room for music, and hi-res audio makes so much sense”) and won’t need to be driven by a human.

“**Autonomous vehicles are going to redefine the way music is consumed in the car**,” he said, adding that the way we listen in-car “has always been limited by the fact that people have to drive and concentrate on the road”. Expect multi-sensorial experiences that include ambient lighting and temperature; video; and “even vibrations in the seats”.



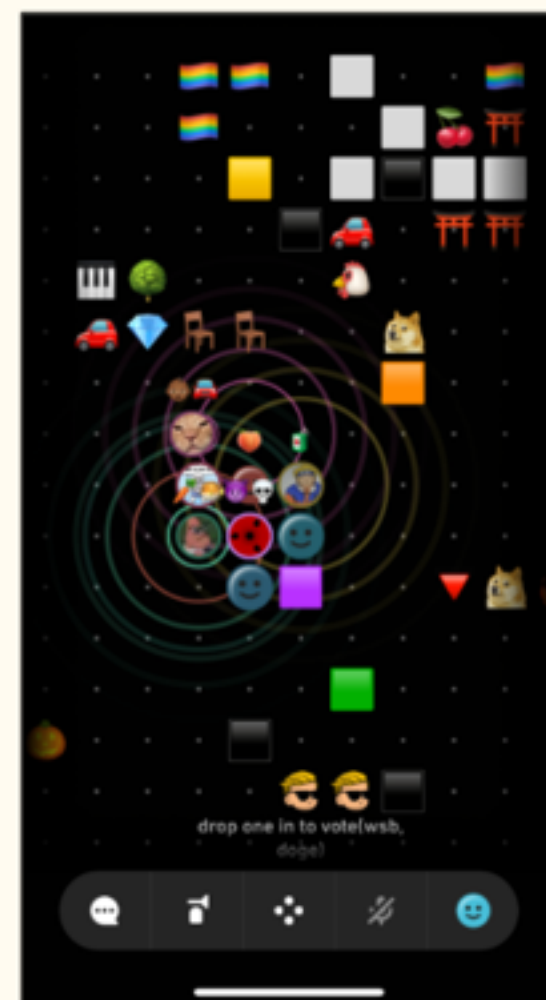
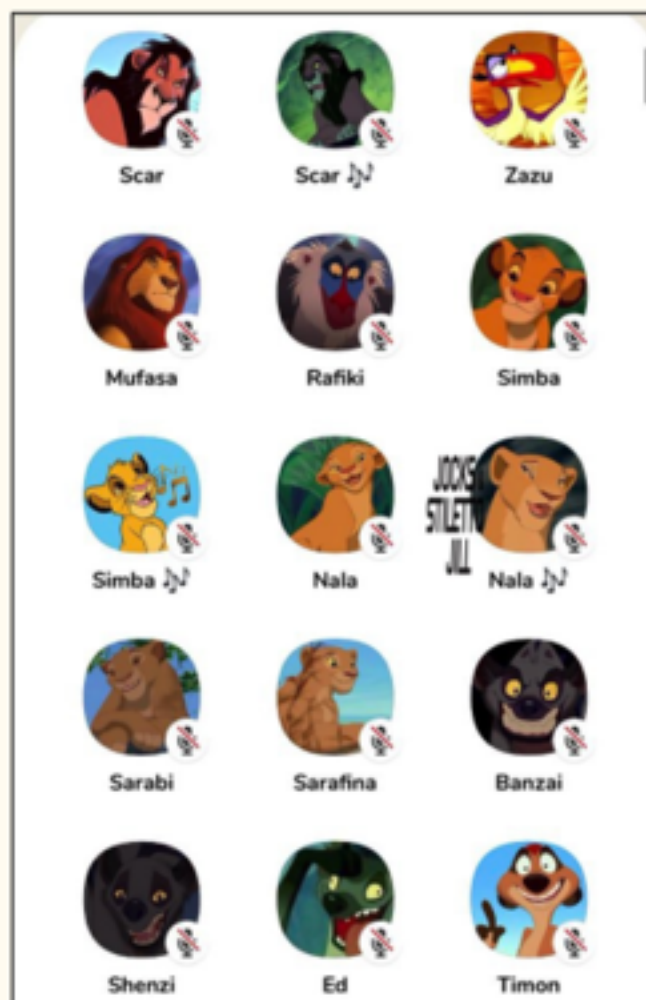
THE FUTURE OF SOCIAL AUDIO

Sixth up at the 10x10 event was Cherie Hu, Founder and Publisher of **Water & Music**, who has been exploring the intersection of music, podcasting and 'social audio'.

Her talk began with podcasting, which she believes has seen more consolidation in the last six months than most other media industries through acquisitions made by companies including Spotify and Libsyn. Hu noted that both

Social audio as a creative canvas for new formats and behaviors

- It's not just another conference call!
- Opportunities for experimentation: Real-time creative collaboration, spatial audio, musical integrations
- Companies executing on this vision: Clubhouse, Sonar, Endless, Roadtrip, Stationhead



companies are creating a “full stack” of podcasting services, including apps to record and publish podcasts; advertising networks; and tools to engage listener communities.

As Spotify and other music streaming services have piled in to podcasts, there has been a rise in excitement around live, social audio too, epitomised by the rise of startup Clubhouse. It launched in April 2020, and just 13m downloads later was reportedly **valued at \$4bn in its latest funding round**.

Clubhouse offers “spontaneous drop-in audio chat” with a mixture of private and public rooms where people are talking and listening. Its success has spurred some of tech’s biggest companies to develop similar features: Twitter Spaces, Facebook’s live audio rooms, and Spotify’s plans for its recent acquisition of sports-talk startup Locker Room.

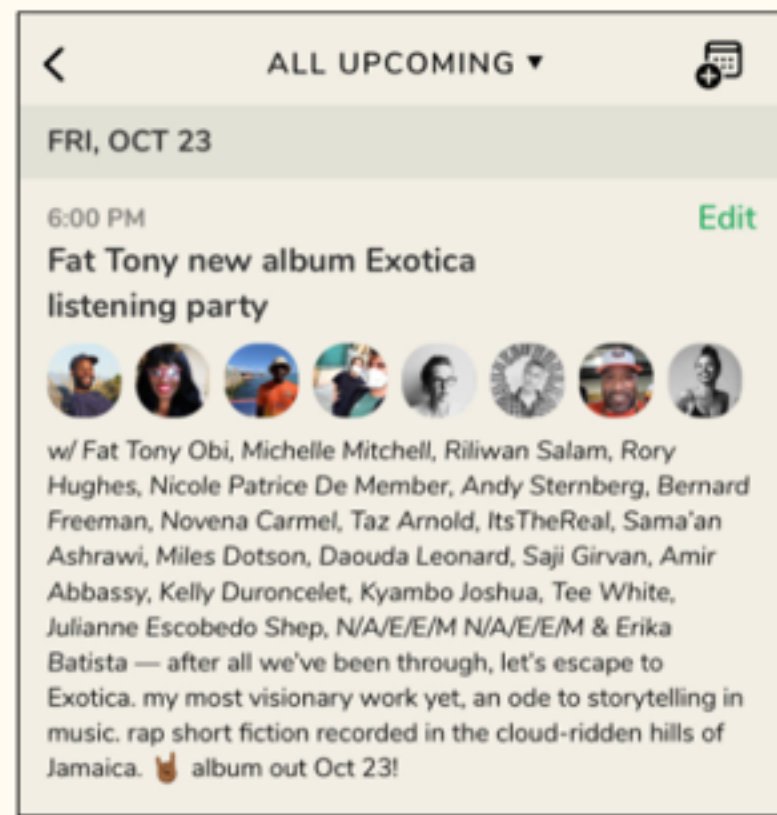
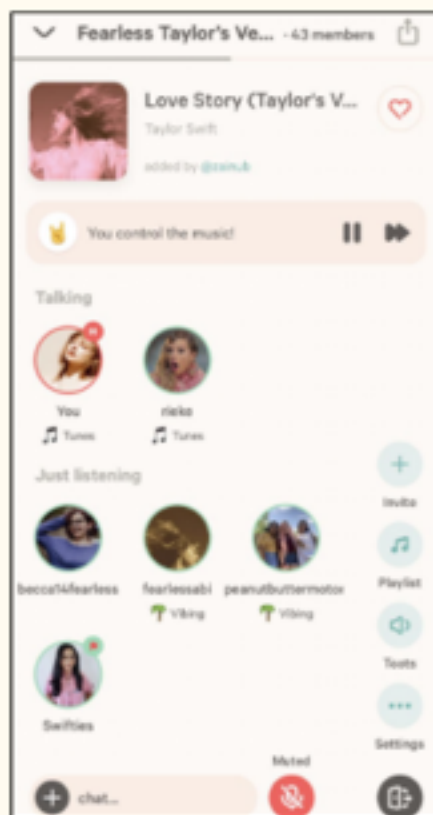
“How do we make sense of all this?” asked Hu. **“This is a creative canvas for new formats and behaviours.** Some people, especially in more B2B industry-facing circles think it’s just another conference call. That could not be further from the truth!”

Hu talked about some of the creative experiments that have already happened on Clubhouse, such as a performance of the Lion King where each participant took on a different role. She also cited an app called Sonar (“not just social audio, but spatial audio”) as well as startups Endless, Roadtrip and Stationhead.

“Most innovation in this space, with social audio as a creative tool, is coming from startups as opposed to these bigger technology companies,” she said. However, what those big tech players are doing is exploring social audio as an “embedded community tool” that sits on

- Listening parties
- Radio shows
- Live superfan Q&As
- Gaming meetups
- Real-time jams
- Virtual/immersive audio worlds

... The possibilities are endless!



top of existing social media. For example, musician Nick Jonas recently jumped onto Twitter Spaces to answer fans' questions about his new album.

Hu also sees social audio having a bright future as a workflow tool for podcast creators. They can record their shows live, complete with the ability for listeners to chip in and have their say, then make those available as podcasts. "It turns the podcast recording process itself into a social event," she said.

What does all this mean for music? Hu suggested that after the Covid-19 pandemic, social audio will be "**a really important part of the direct-to-fan marketing and monetisation suite**" for artists and labels. Listening parties, radio shows, live superfan Q&As, gaming meetups, real-time jams and virtual, immersive audio worlds are among the possibilities.

"I would encourage people to experiment more," she said, before addressing Spotify executives' claims that in the future of audio "linear dies and on-demand wins" – a statement that expressed the company's desire to compete with radio.

"Frankly, I think that's BS! As a technology company, you really need both, to make the most cultural impact and to retain the people who are using your service," said Hu, noting that Spotify's acquisition of Locker Room and plans for live audio show that it has "reversed course".

"The future of social audio is not about one format taking over the other, like on-demand taking over linear. It's about creating these more integrated ecosystems for creation and engagement," she said. "The podcast industry is the canary in the coalmine for that. It's only a matter of time before the music industry follows."



THE ATTENTION ECONOMY

Will Page used to be Chief Economist at collecting society PRS for Music, before moving to the same role at Spotify, where he stayed for just over seven years. Since leaving at the end of 2019, he's been advising startups, took a role as visiting fellow at the London School of Economics, and has written a book called Tarzan Economics which analyses "eight principles for pivoting through disruption".



TARZAN ECONOMICS

Let go of what you know is dying and reach out to an unknown that's thriving

PAY ATTENTION

Help consumers make more effective use of their scarce attention. Identify whether activities complement or substitute your product



DRAW A CROWD

The gatekeepers are gone. The consumer is the new broadcaster and their reach holds no boundaries



MAKE OR BUY

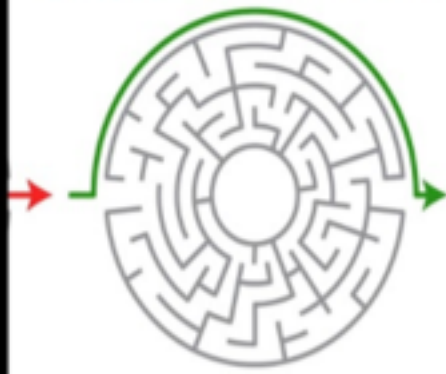
Sometimes it pays to ditch the intermediaries. Don't cede control to others. Go it alone.

SELF INTEREST VERSUS THE COMMON GOOD

Sometimes it pays to throw your hat in the collective ring to pivot through disruption together



PIVOTAL THINKING



some 'loony logic' can go a long way

JUDGE THE STATE WE'RE IN

Challenge data that's measured by outdated tools and methods



BIG DATA, BIG MISTAKES



Beware of the dangers of quantification bias, which favours the measurable over the immeasurable

The title refers to the risks of “holding on to the vine” of what you know, rather than letting go and leaping to the next one. Page suggested that the music industry had done that when it moved to the access model of streaming, leading to the recorded industry’s recovery.

That’s the first principle of his book, and Page quickly talked through another six, before focusing on one – paying attention – in more detail. Those others included ‘draw a crowd’, and a changing of the guard among the music industry’s traditional gatekeepers.

Another principle was ‘make or buy’ which referred to the boom in self-distribution, or at least working through independent distributors rather than traditional labels.

Page has calculated that in 2020, major labels released 1.2m tracks on streaming services, but that DIY artists released 9.5m. “That’s

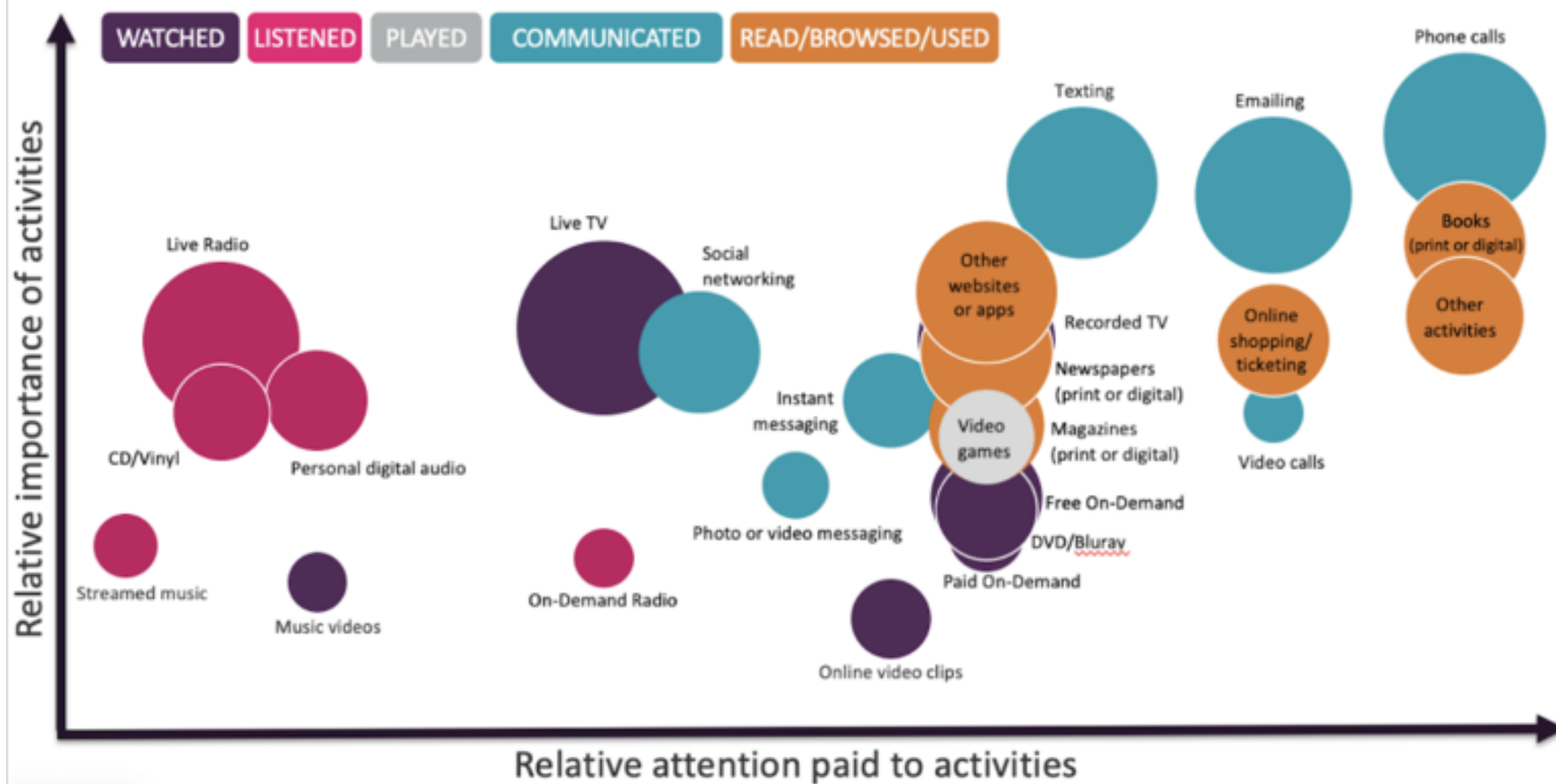
staggering. A ratio of eight to one of artists doing it for themselves,” he said.

Page’s principles also included ‘self interest versus the common good’ – the benefits of collective action within industries rather than pure competition – and ‘pivotal thinking’ where “the opposite of a good idea doesn’t have to be a bad idea: the opposite of a good idea can also be a good idea!”

Page also encouraged the industry to “challenge data that’s measured by outdated tools and methods” and to beware of “the dangers of quantification bias... we skate towards what we can measure, and ignore what we can’t measure”.

Onto the attention economy, and a graph that Page found in a 2010 report by British regulator Ofcom that has influenced his thinking ever since. It divided media and communications

Attention vs. Importance of media and communications activities



activities into five buckets: watched (e.g. live TV and online video); listened (music and live radio); played (games); communicated (texting, emailing, phone calls); and read/browsed/used (all other web activities plus print media).

These were then plotted on a graph with their relative importance and the relative attention paid to them. Music streaming was in the south-west corner of the graph, with a low importance and attention factor. And yet...

“One of the weird things about the economics of streaming is that it has achieved two things: music has become more valuable, but I would argue less relevant vis a vis all the other attention merchants out there. It’s a background thing which people are paying for again.”

He added that the graph is a tool to analyse how media consumption is changing, for as some activities rise (becoming more important and

capturing more attention) that will “shrink the other circles and push them south west”.

Page encouraged the music industry to think about “complements and substitutes” in terms of activities which dovetail neatly with music listening, versus those that compete with it.

“It helps you work out who your friends and foes are in this battle for attention,” he said. “It’s not Katy Perry versus Taylor Swift, it’s not Sony Music versus Universal Music, and it’s not Spotify versus Apple.” It’s Netflix (for example) versus all music. He compared this to the alcohol market, where different gin brands compete, but items like tonic water and lemons complement them.

“Can gaming become complementary to music for example? At the moment I would argue that it’s more substitutional, but we are seeing examples where games is becoming tonic to music’s gin!”

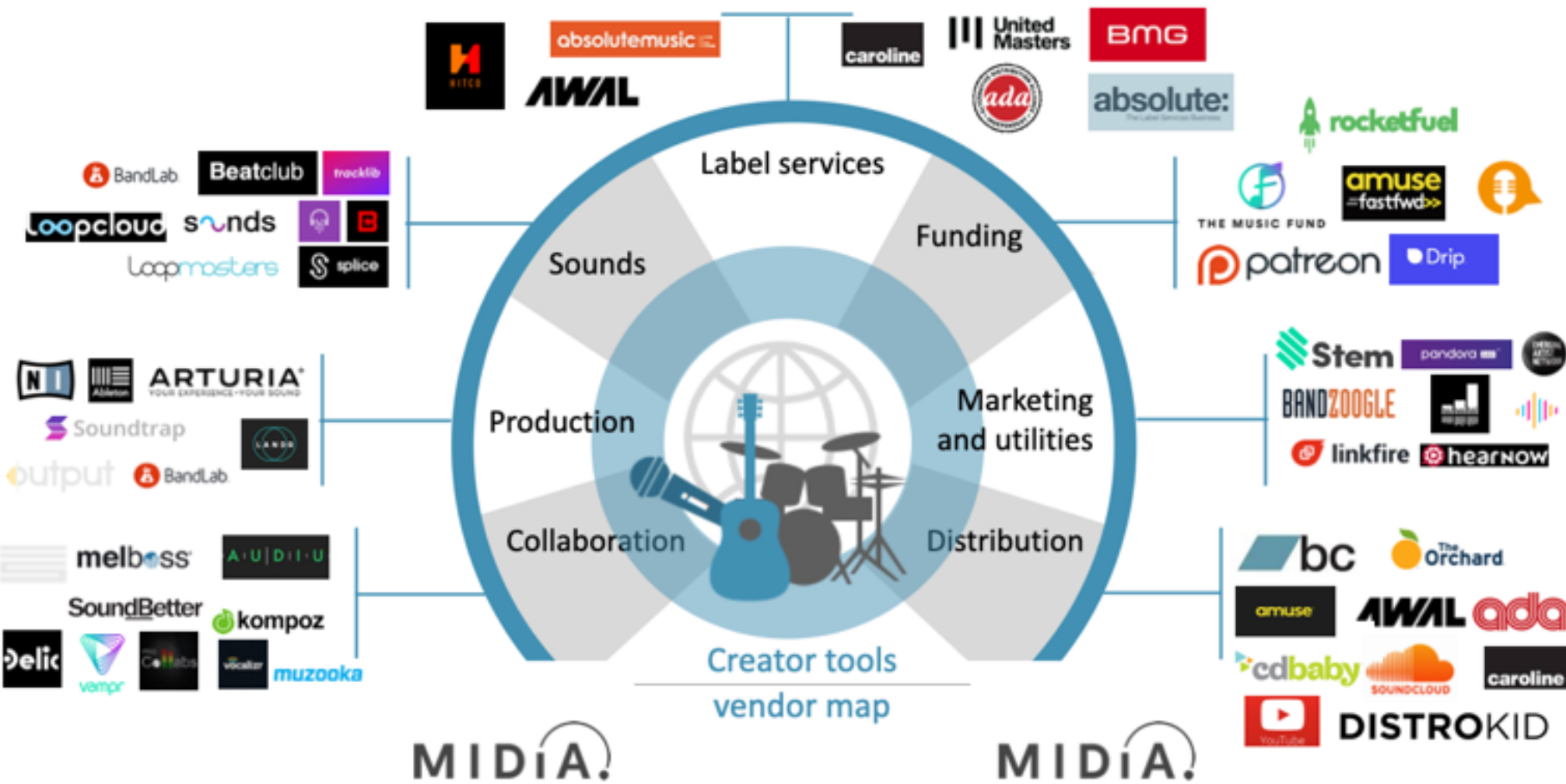


THE RISE OF CREATOR CULTURE

The 10x10 event's eighth presentation came from Mark Mulligan, MD and Analyst at **MIDiA Research**, talking about its predictions for the future of creator culture and creative tools.

He suggested that the Covid-19 pandemic's lockdowns, including the shutdown of live music, had a direct impact on how musicians spent their working time.

The creator tools landscape is both sophisticated and cluttered



“They were spending more time writing, they were releasing more music, they were doing more online collaboration. They were finding a way to make do,” he said. “And this worked as an innovation catalyst for creator tools.”

Mulligan outlined three historical phases for these tools for recording and distributing music, starting with the era when artists had to record in professional studios, and then the phase when musicians with the necessary skills could work at home, using hardware and software that mirrored what studios could do.

Now, he thinks that we are entering the third phase, **where the music-making process becomes even more simplified and accessible.**

“You’ve got AI to help people decide which beats to use... and producers, from 12 to 13 year-olds through to the early twenties, they want

to make music in the same way that they make an Instagram photo or a TikTok video,” he said. “They don’t want to say ‘I’ve got to learn how compression works’... This new generation of tools is letting music makers go from zero to 100 far faster than they ever have before.”

Mulligan suggested that this creator tools market is being driven by companies including Splice, BandLab, Landr, Soundtrap and Output, as well as some longer-established firms like Native Instruments. He noted that many of these companies have been raising funding.

“There’s bucketloads of money going into this, and it’s mainly private equity money: really big institutional investors,” he said.

However, MIDI.A Research sees an even bigger trend: one where music fans start to make music, using this accessible new crop of tools. “We’re entering the era of creator culture,” said

New artist formats: artist soundpack

Conceptual overview of artist soundpack

drake soundpack

sounds

- 50 beats
- 20 bass loops
- 20 synth loops
- 20 FX

maschine soundbank

20 sound presets

op-1 soundbank

20 sound presets

ableton live sets

5 live set templates

One-off download purchase provides sounds and synth presets from the artist's latest release

A premium-priced product (eg \$100) that gives super fan creators the ability to replicate the sounds of their favourite artists

MIDI.A.

Mulligan. “Music has always been about self-expression, but the great irony is that it’s much harder for people [non-trained musicians] to express themselves in music.”

That has been changing. On YouTube, users uploaded other people’s music, then on TikTok, they interacted with other people’s music. The next step is **apps and tools to create their own versions of those tracks**, or even original material.

“Instagram turned us all into professional photographers... TikTok turned us all into cinematographers, and now things like Splash and Voisey and Trackd and a whole bunch of emerging apps are beginning to let us lean forward [into making music],” said Mulligan.

He sees opportunities here for labels, with an involvement in music creation tools a logical

extension for the distribution businesses that major labels already have.

“They’re distributing other record labels and independent artists. It’s a case of fishing further upstream [with creator tools] to be able to catch a fish before anyone else does,” he said. “They can predict the hits before they’ve even got on to the distribution services.”

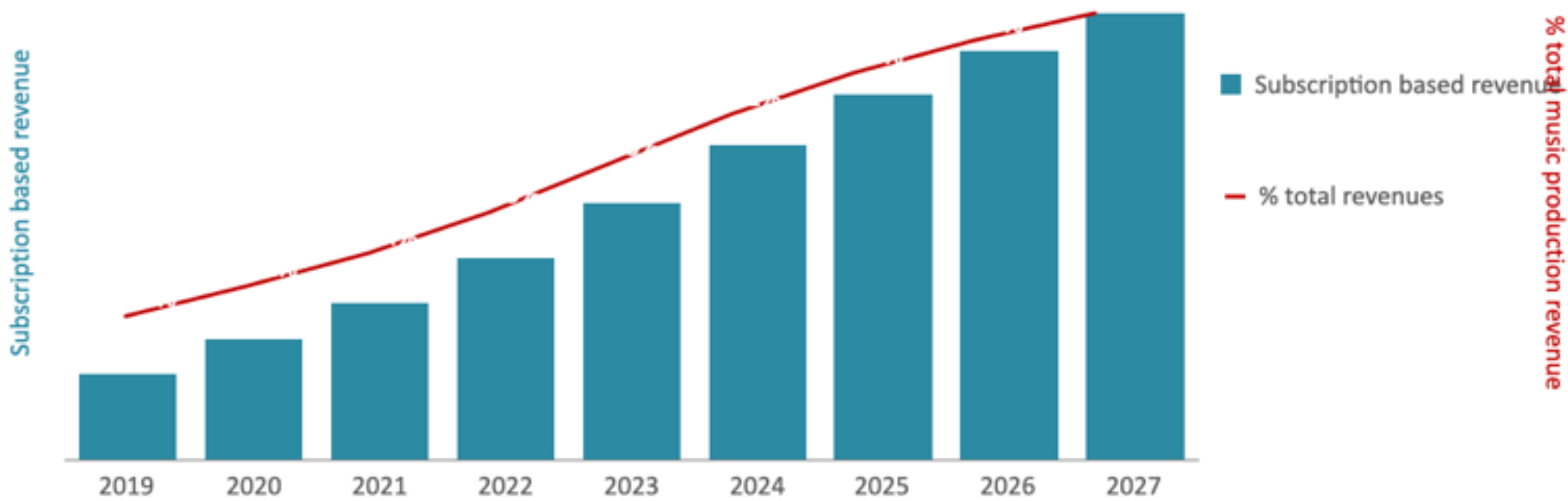
However, he also noted that the creator tools companies will also be expanding their remits, with BandLab and Landr already having launched distribution features for their communities of musicians.

Meanwhile, Spotify – with its acquisitions of online studio Soundtrap and music services database Soundbetter – is also in this space.

“There’s a real risk that record labels are going to get squeezed from both ends of the funnel of

Music creator tools are shifting towards subscription based models for both traditional categories and emerging new categories

Subscription based music production and creation revenue, 2019-2027



Note: Includes software, sounds, collaboration tools. Does not include service and hardware support
Source: MIDiA Research Creator Tools Model 10/20

MIDiA.

people competing in the creative tools space,” said Mulligan. **“But labels can be involved.”**

He sketched out one example: artist-branded ‘soundpacks’ of beats, loops and samples from a new release, which can be sold through platforms like Splice. He cited Drake as the kind of artist who could find success with this approach.

“Not only do you manage to unlock really meaningful revenue,” said Mulligan, noting that these packs can be sold for as much as \$100-\$200, “but it’s a way to make his sound infect the marketplace.”

MIDiA believes that creator tools are currently about a billion dollar market, which could double by 2027, which is when Mulligan predicts “the revenue bit gets really exciting”.

He admitted that there is some hype and hot air around the space, which could lead to a crash in confidence among some investors if their early bets do not pan out.

“There is a risk that the big investors are backing the wrong horses... When a new market is happening, when there is innovative, disruptive change happening, it’s the new companies which make the change,” he said.

If there is such a crash, that’s where Mulligan sees an opportunity for labels and streaming services alike. “Labels and DSPs should think about buying [creator tools companies] then.”

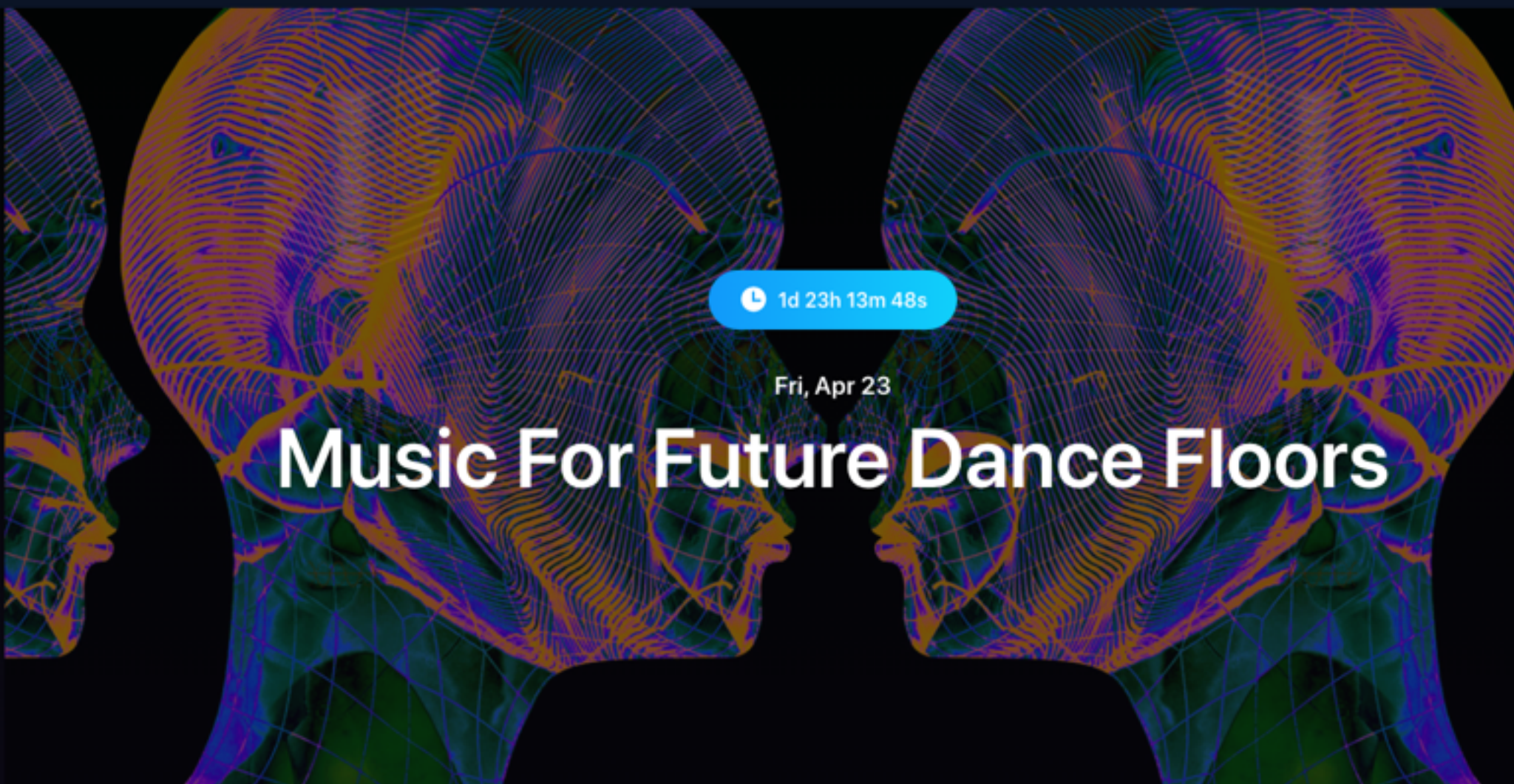
“With any technological change, **you overestimate the near-term impact, and underestimate the long-term impact.** There is hype now, but there is a massive opportunity five or six years from now, when the whole world turns into music makers.”



THE FUTURE OF MUSIC NFTS

Non-fungible tokens (NFTs) have been a bona-fide tech craze in the early part of 2021, with a number of musicians also getting involved. Shara Senderoff, Partner and President at music/tech investment firm **Raised in Space**, joined the 10x10 event to explain why she thinks this is a trend with lasting value, not a short-term bubble.

She started with a definition. “An NFT is effectively a digital collectible that’s value can be held in art,



in music, in a graphic, and it's uniquely attached to a certificate of authentication. If you hold it, you uniquely hold it, so in that context, NFTs are scarce and limited in their nature," she said.

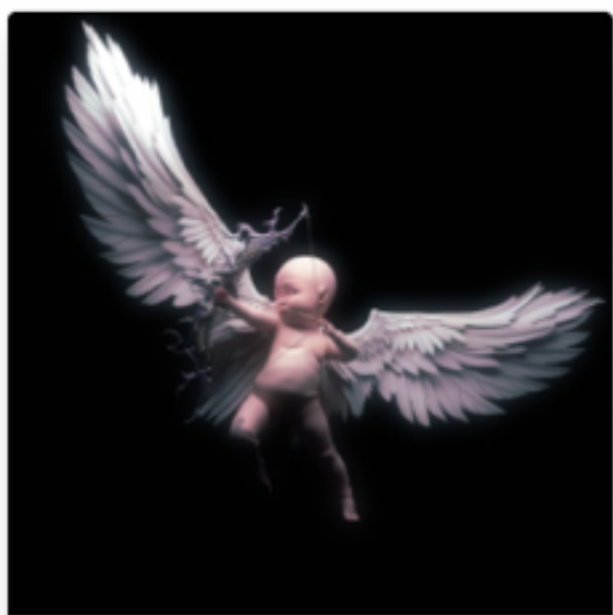
“Long term, NFTs and the idea of digital collectibles are very much here to stay. They represent an incredibly promising and important new revenue stream, for artists and for the music industry as a whole. The bubble that we're seeing right now is not so much a bubble as much as it is a false start. We're very much in the infancy of what digital collectibles and the tech that allows them to exist will become.”

That false start involves huge sums of money being paid for some NFTs earlier this year by artists like Grimes (pictured on next page) and Kings of Leon, and what Senderoff pinpointed as a rapid fall in those prices in recent weeks – because those earlier sales were to

heavy-spending “whales” in the crypto community. “They weren't bought by music fans... they were bought by the people who believe in the [NFTs] industry and where it's headed. We saw exuberant prices, and now we are seeing those prices dramatically fall.”

Senderoff thinks that the value of NFTs will increase again as musicians and labels begin to treat them like any other creative endeavour: complete with a creative design and rollout, and a well-crafted marketing strategy.

“We talk about the way 60,000 songs are put out every day, so how do you market and stand out as one of those songs? The NFT world is going to be no different,” she said. **“My vision is that we start to see utility,** and we're going to start to see it quickly. So much is going to come out of this which is positive, which will shape what the overall revenue pie for an artist looks like.”



Newborn 1

\$20.00
SOLD OUT

Drawing



Newborn 4

\$20.00
SOLD OUT

Drawing



Newborn 3

\$20.00
SOLD OUT

Drawing

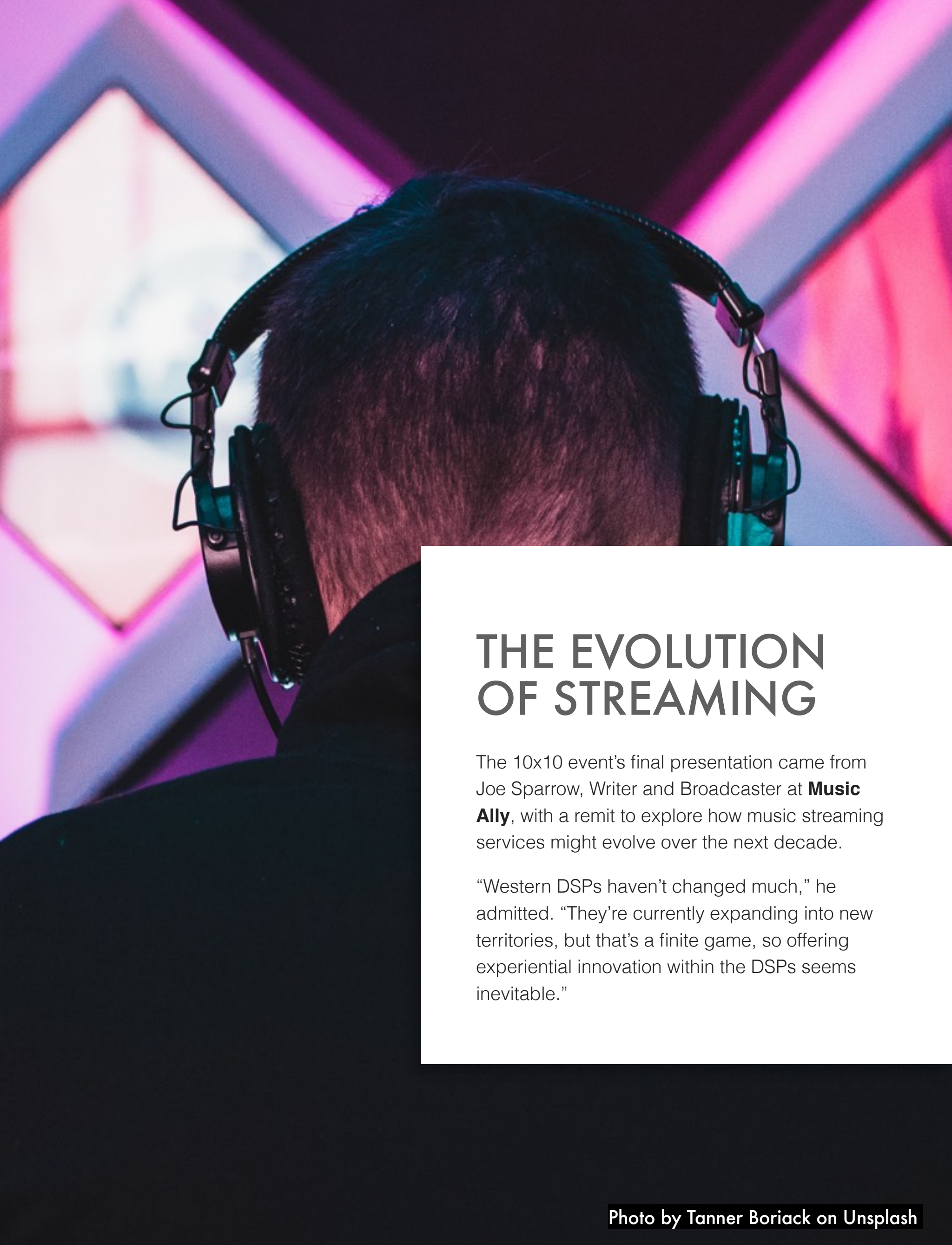
“When you think about [physical] merchandise sales, historically there’s been no way to track duplicates or fraudulent copies... but the nature of where we’re headed with this technology is that you’ll be able to track each item on the blockchain, and allow for the artist to continue to participate in the royalties as long as that item is sold again on the secondary market.”

However, Senderoff believes **NFTs will be far more than just digital products that can be bought and resold**. “We’re going to see universes, metaverses, platforms and games that allow for the true utility,” she said. “An NFT can unlock a ticket or a secret room. It can unlock a meet and greet. It can unlock the ability to buy something that is even more scarce... They’re not going to simply be a purchase that you keep in your wallet, and hold and hoard and hope to make money from it later.”

One of the criticisms of NFTs is their environmental impact: the scale of energy required in the process of creating (or ‘minting’) and tracking their transactions.

“It’s real that there is a carbon and energy challenge in this space,” said Senderoff. “We’re going to have to determine how to bring those costs down. There are a lot of people working in that space... we have to keep working on it because frankly we cannot ignore it.”

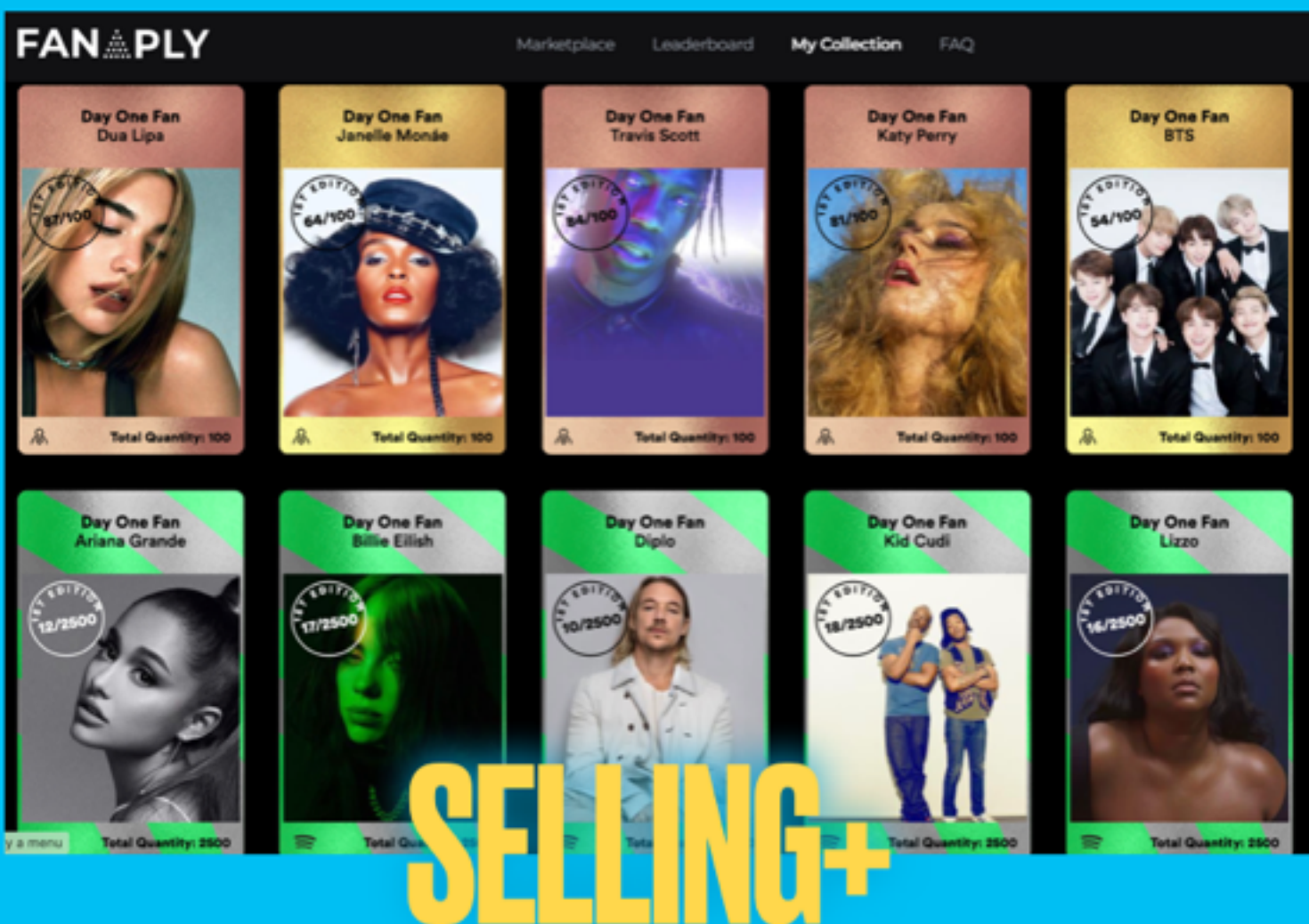
She came back to the idea of the opportunity for artists and labels. “What matters is the strategy, the marketing, the narrative, the story, the art itself and how you get that message across. Educate yourself, and understand there is no magic. **The magic is in what you create**, so take ownership of creating a great experience for your fans if you’re going to dive in to this space. Because they’ll see through it if you don’t.”



THE EVOLUTION OF STREAMING

The 10x10 event's final presentation came from Joe Sparrow, Writer and Broadcaster at **Music Ally**, with a remit to explore how music streaming services might evolve over the next decade.

"Western DSPs haven't changed much," he admitted. "They're currently expanding into new territories, but that's a finite game, so offering experiential innovation within the DSPs seems inevitable."



VIRTUAL ITEMS

Sparrow said that one source of inspiration may be non-western DSPs. For example Joox in South East Asia, where livestreams and karaoke features are part of its offering, and China, where the big streaming services have more social features than their Western equivalents.

He moved onto the trend of streaming services creating ever more tools and services to help artists connect with their fans, and to make money from those connections.

“**Selling is already embedded in our DSPs** with tickets and merch, so upselling access to other features is not a leap of imagination,” he said. “Gifting is one of them. Spotify has already experimented with its artist fundraising pick feature. There could be a more nuanced system to allow ways for fans to engage with artists.”

Twitch’s system of ‘bits and cheers’ for supporting streamers, as well as the tipping

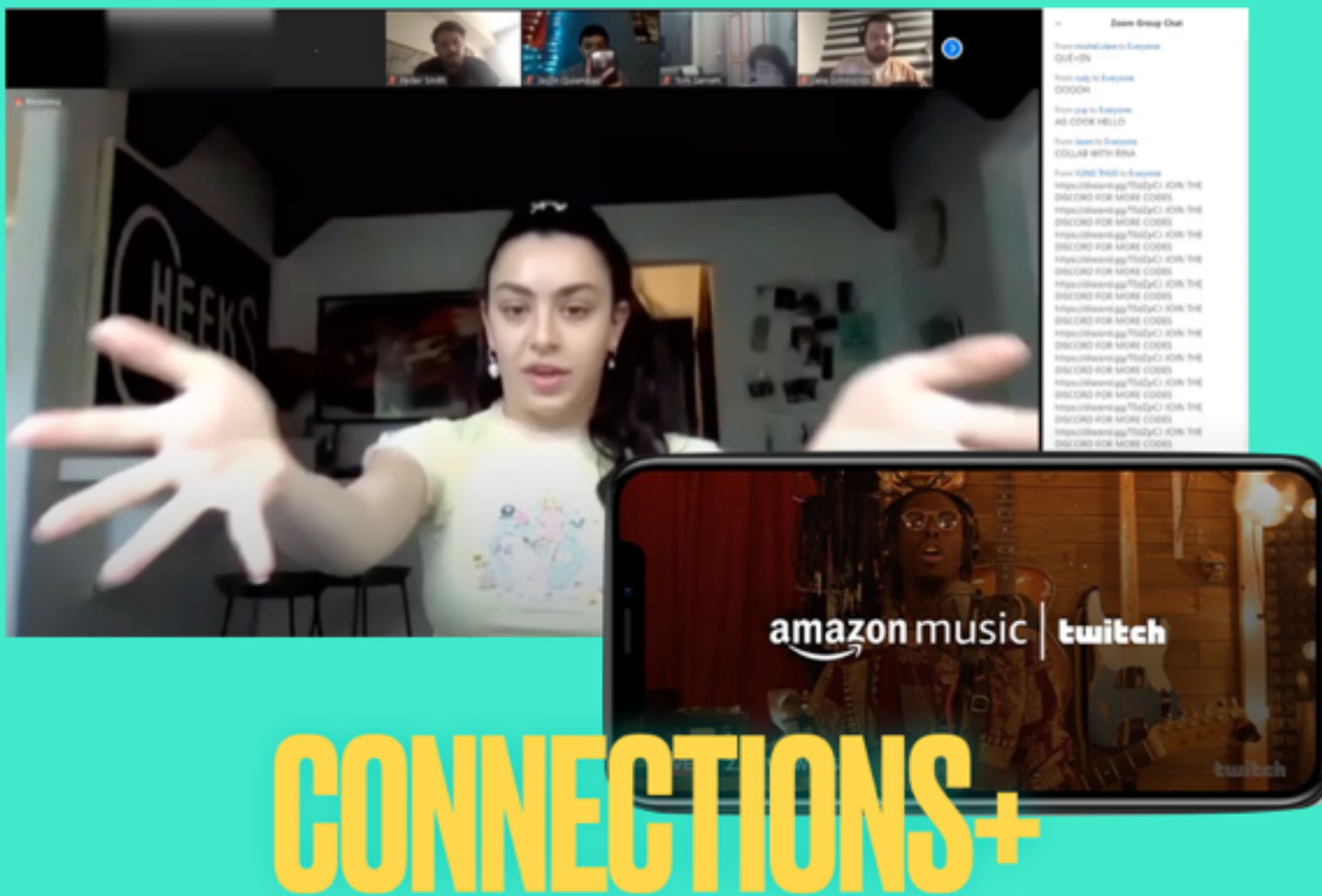
systems being tried by livestreaming music startups like Sessions, may also offer useful models for streaming services to follow.

Sparrow also suggested that **DSPs could get involved in the digital collectibles space** – similar territory to that covered by Senderoff in her talk – with startups like Fanaply exploring how fans’ support for artists can be rewarded.

“Why ask fans to tip and gift when a virtual item could be purchased or earned?” he said.

Another startup, Unitea, is testing a rewards program that gets fans to connect their streaming accounts to its app. “Streams mean points, and points mean prizes!” he said.

Sparrow also thinks that streaming services can play a role in the “Fan Club 2.0” trend epitomised by platforms like Patreon and OnlyFans, where fans pay a monthly subscription to get exclusive music and content from an artist, and even



PERFORMANCE+
—

access to the artist themselves in the form of messages and Q&As.

He also noted that the global DSPs are experimenting with livestreaming. Amazon Music, for example, has an integration with its sister company Twitch, so that fans can watch artists perform live from within Amazon Music.

“These connections can be non-musical,” he added. “Look at Charli XCX’s series of chats with her fans on Zoom, or artist-led Twitch gaming streams, or Clubhouse-style Q&A sessions.”

Sparrow sees a clear trend of **streaming services launching tools and services for artists**. SoundCloud has pivoted back towards its origins as a creator-focused company, for example, while Apple Music bought artist development firm Platoon, which is working with a variety of musicians at their earliest stages.

This could be seen as a concern for labels: in this case, as DSPs encroaching onto their historic relationship with artists. But Sparrow sees it more as an opportunity for labels to strengthen those relationships: by helping artists to make the most of the new tools being offered by the streaming services.

“**DSPs are not competing with labels**, but rather are positioning themselves more closely to the DIY or artist-direct system,” he said. “There is a role here for labels. Artists will need their assistance, advice, strategy and support.”

Sparrow finished off by pointing out that it is near-inevitable that streaming services will expand into many of these areas. “Tech often takes the path of least resistance. Why would the streaming services let fans pay to do all this somewhere else?!”



KEY TAKEAWAYS



FANS ARE CREATORS TOO

Music fans are not just consumers: they want to create: from photos and videos in social apps to virtual spaces and even games in microverses like Roblox. What's more, as the creator tools space lowers the barriers for music-making itself, the boundaries between fans and artists will blur still further. The next phase of user-generated content will be about artists and labels leaning in to all this activity: making music stems and visual assets available for fans to play and create with. Good marketing practice, but also a spark for new revenue streams.

A NEW ERA FOR SUBSCRIPTIONS

Streaming services have been successful in persuading hundreds of millions of music fans to pay for subscriptions. What's next may be similar growth for 'creator-level' subscriptions and other forms of direct payment from fans. From Patreon memberships to digital tips, artists will be able to build their own subscription communities – and that is something that labels can get involved with and benefit from.

ARTISTS CAN USE SOCIAL AUDIO

Clubhouse has rocketed from fledgling startup to \$4bn-valued company in less than a year, igniting the 'social audio' space in the process. Facebook, Twitter, Spotify and other big technology companies are now muscling in on the action. This is going to bring significant opportunities for the music industry. Spotify has already talked about plans to help artists chat to their fans with new features enabled by its recent acquisition of startup Locker Room. Meanwhile, Twitter and Facebook's Clubhouse-style functionality will offer artists a spontaneous way to dive into Q&As with fans. As Cherie Hu outlined in her talk, there is lots of scope for further experimentation with social audio: listening parties, performances, artist-hosted radio shows and more. From the social and streaming giants to the next crop of social audio startups, this is an area that labels can make the most of.





MUSIC IS A TECH SHOWCASE

From 5G mobile networks to smart speakers and smart cars, music is one of the best ways to showcase what a new technology is capable of, and to put it through its paces. The UK's 5G Festival will use music to demonstrate an array of new ways to experience (and make) music, while music remains the biggest use for smart speakers. Where there are tech companies touting new innovations, there are partnership opportunities for artists and labels to showcase them.

CREATOR TOOLS ARE BIG BUSINESS

MIDiA Research thinks creator tools is a billion-dollars-a-year market now, and that it will double in the years to come. From software for professional artists to the accessible new breed of music-making apps for amateurs, there is an explosion of investment and innovation. Here, again, there are partnerships to be done – artist-branded sound packs in particular – but as labels get more involved in the creator tools space, they'll also be able to tap into these communities for A&R purposes.

AI IS A TOOL NOT A WEAPON

Perhaps we've read and watched too much dystopian science-fiction to ever truly shake off our existential fears of what artificial intelligence will mean for humans – musicians included. However, Cliff Fluet's point at 10x10 about AI being a tool for us to use, not a weapon to attack our livelihoods, bears repeating. As does his reminder that AI is not a single technology, nor does it have a single use in music. While there are AIs that can create music – often as a collaborative foil for human musicians rather than a replacement for them – there are also AIs that are analysing and tagging music to make it easier to discover; automating the process of creating video to feed the voracious algorithms of social apps and streaming services; and attacking the age-old problem of messy metadata. AI can be a tool to solve real business problems for the music industry, and free up creativity too.





FLEXIBLE LICENSING IS KEY

Where music is being used in new and innovative digital ways, it is absolutely right that it should be properly licensed, to ensure that musicians and rightsholders get their fair share of the value being created. Labels and technology companies are already working hard on developing the licensing frameworks and deals that work for both sides to help music thrive in these exciting new environments.

SEEK OUT MUSIC'S COMPLEMENTS

Another example where constructive positivity is the best way forward is when thinking about the attention economy. Music does compete with every other form of digital entertainment, and it can be tempting to fret about whether it's being shunted into the background by Fortnite, Netflix and other highly-engaging activities. But Will Page ended his 10x10 presentation by encouraging the music industry to worry less about competition, and to instead seek out the complementary activities, where partnerships can retain for music the attention it deserves.



NFTS ARE MORE THAN JUST HYPE

There is a *lot* of hype around non-fungible tokens (NFTs) at the moment, and with inflated prices and rampant bandwagon jumping, it can feel like a bubble waiting to burst. However, as Shara Senderoff explained, look beyond that hype and there may well be long-term potential for musicians and rightsholders. Key to that will be their creativity and knowledge of what is truly valuable for fans. There will be both bad and good examples of music NFTs in 2021, and as an industry, we can learn from both.

BIG OPPORTUNITIES FOR LABELS

When artists are going D2C and building fan communities; when streaming services are working more closely with artists; when artists take the lead with new models like NFTs... these are all opportunities for labels too, as they continue their process of reinvention and evolution. It's specifically an opportunity to help artists, whose time and resources are often limited, to make the most of these technologies and trends.

FURTHER READING

BPI REPORTS

Recent BPI Insight Session reports include [Reality Check](#), which explored the potential of virtual, augmented and synthetic reality for music; [Feeling Good](#), which examined the music industry's growing partnerships with fitness and wellbeing technology companies; [New Kids on the Block](#), which analysed how children engage with technology and music; [Serving the Superfans](#), looking at how labels and artists can delight their keenest fans; [Two Can Play That Game](#), breaking down the potential of games and esports partnerships for the music industry; and [Pod Only Knows](#), exploring the landscape of podcasting and music.

MUSIC ALLY REPORTS

Music Ally's [2020 Trends Report](#) offers its analysis of 30 of the most important trends in music and technology from last year, all of which remain current in 2021! Covid-19, streaming economics and racial equity are high in the mix, but the report also covers TikTok, K-Pop, Africa, playlists and tipping economies among other topics. It also gathers Music Ally's pick of 2020's most promising music/tech startups. Meanwhile, the [Sandbox 2020's Best Music Marketing Campaigns](#) report explored the innovation coming from label and artist teams on the digital marketing side of the industry. It includes case studies of 50 campaigns from major labels and independents alike, to spark ideas for creative music marketing in 2021.

OTHER RESEARCH

MIDiA Research's free [Music & Gaming: A New Way to Play](#) report looks at how music companies can forge partnerships with the games industry – metaverses (or microverses) included – and thus find inventive new ways for artists to connect with fans. The company has also recently shared some of its research on the [creator tools sector](#); on [the rise of the social studio](#); and on [Clubhouse and Social Audio](#).

Cherie Hu's [Virtual Music Events Directory](#) is a comprehensive resource of the music livestreaming market, with a list of tools and platforms that artists and label teams can use to put on online music events. Cherie also recently compiled her first [Music NFT Market Update](#), crunching the numbers from music NFT sales and identifying trends in that sector. You can also support Water & Music, and access its full archives of industry analysis, [via its Patreon](#).

Futuresource Consulting recently made its presentation on Opportunities for Music in the Smart Home and the Smart Car Market available as a [free session on its website](#). You can also browse its collection of [reports on the music market](#), as well as on [consumer electronics](#).

Finally, you can find out more about Will Page's new book Tarzan Economics [at its official website](#)... and even listen to its soundtrack!



**TRUE WIRELESS.
INCREDIBLE SOUND.**

INTRODUCING THE NEW PI7
TRUE WIRELESS HEADPHONES.