

Advertising Music:

Fine Tuning an Evolving Practice to a Revolutionized Industry

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11/05/2019

1 INTRODUCTION

Over the last twenty years, the music industry has dramatically changed in all aspects. The musical journey from the studio to the consumers' speakers has become independent, toppling traditional forms of music media. Rapid technological strides have allowed both labels and independent artists to bypass all the noise between musicians and their fans. Records, CD's, and radio are taking their final breaths as the era of streaming services comes crashing in. Now, anyone with passion, talent, and a computer can become a world-wide music phenomenon. The rusty chains of the music industry have been broken as a digital renaissance goes underway.

1.1.1 Research Focus & Objectives

This research paper serves to analyze the current state of advertising in the music industry. The data and insights I have gathered will attempt to answer four critical questions: How has music advertising changed in the era of streaming services? Who is doing the advertising? How have independent artists and labels adapted to the digital music industry? What are the new consumer expectations and demands? In exploring these questions, I hope to paint a vivid picture of current industry trends and shed light on future opportunities. In order to fully understand the practice area (advertising) and industry (music) in this paper, I will define a few terms that will be used throughout my analysis.

1.1.2 Key Terms

The first and most important is "streaming". "Streaming", when applied to music, means the instant user access and consumption of music through streaming services. One

single “stream” for a song counts as thirty or more seconds of play time. “Streaming services” refers to the free or subscription based digital media platforms that consumers use to listen to music, such as Spotify, Apple Music, YouTube, and many more. These services hold massive databases of millions of songs published by both independent artists and record labels. Streaming and streaming services have replaced traditional music media. When I discuss “traditional music media”, I am alluding to any physical forms of music (vinyl, CD’s, cassette tapes, etc.).

I will be focusing on three main groups in the music industry: streaming services (discussed above), major labels, and independent artists. “Major Labels” are industry leaders that own groups of smaller record labels, which sign artists and provide services such as promotion, publishing, and distribution in return for a portion of the artists’ revenue (Gambardella, 2019). On the other hand, “Independent Artists” are musicians who have not signed to a label and manage all aspects of their career by themselves (Hoffman, 2019).

The definitions related to the practice area (advertising) have been sourced from professors of Loyola University Chicago as part of their class curriculums, of which I have completed. When dealing with the general practice of advertising, I will refer to “Agencies”, which are companies that create and publish advertisements for other companies’ products and services. “Inbound Marketing” is the form of marketing that most advertisers use in the digital world. It is the practice of drawing customers in to convert on a product by publishing relevant content that the consumer wants to see. “Impressions” is the amount of views a certain advertisement receives, and “Click Through Rate” is the amount of clicks an ad receives divided by the number of impressions. A “Conversion” is the point when a recipient of a marketing message performs a desired action. Conversions are relative to the

advertiser's call to action: they can be purchases, signing up for email lists, subscribing, etc. Lastly, SEO and SERP play a crucial role in inbound marketing. SEO (Search Engine Optimization) is the process of maximizing visitors to a specific site by ensuring the site appears high up on the SERP. Methods range from implementing keywords on a site to adding alt text to images. However, the most powerful influencer of SEO is authoritative external links to a website. The SERP (Search Engine Results Page) is the page displayed by search engines in response to a query by a searcher. These terms are important in understanding advertising in the music industry.

2 HISTORY AND CONTEXT

Traditional music media dominated global music markets for around seventy years. Starting with the first commercially sold vinyl records in the 1930's, physical album sales accounted for most of the revenue for artists and labels. As the years went on and more efficient methods of listening were developed, cassette tapes and CD's became money making machines. Vinyl's turned into a collector's item and reminded music-lovers of the inconvenient past. At the turn of the century in 2001, Apple came out with a service that completely rerouted the path of music consumption: iTunes. For the first time, people could not only buy songs online, but store them together in one digital library. The thoughts of digging through record bins and keeping CD players on hand quickly left peoples' minds. Apple set the stage for one of the most rapid transitions of any industry in history. Pandora and Sirius XM radio played a significant role in the industry evolution as well. Pandora was first created to make personalized radio stations for users that would include songs that they liked and leave out songs that they disliked. It also adopted an ad-sponsored system so that users could listen for free.

In 2008, Spotify incorporated all these ideas into one audio streaming service and started negotiating deals with major record labels. Spotify set the standard for streaming services by implementing a subscription-based business model. It relied on its users to pay a monthly fee for unlimited access to ad-free music. Like Pandora, those using the service for free would have advertisements between songs. This was far more enticing than paying iTunes for individual songs and albums, and even more personalized than tailored radio, so the service quickly caught on. Spotify paid out royalties to major labels and independent artists based upon the number of streams their music received. Since then, many companies have developed streaming platforms making it a dominant force in the industry. In 2018, streaming accounted for 75% of global music industry revenue (“Music Industry in the U.S.”, Ch. 1). It is safe to say music has found its new home in a myriad of streaming platforms.

Along with new forms of consumption came new methods of practice. The advertising world became consumer-centric, placing an importance on inbound marketing. The intrusive traditional tactics were replaced by ones that attracted the user rather than persuaded them. For example, we’ll look at Google and its inbound marketing machine. Google makes over 90% of its revenue from advertisements. People search for a keyword/phrase and relevant results gather on a SERP (Search Engine Results Page). Any company can build a website and organically improve their SEO (Search Engine Marketing), but they can also run paid ads to show up as a top result on the SERP. These companies are no longer reaching out to consumers in hopes a customer will react. Instead, they are answering the call of the consumer. Inbound ads are relevant to the consumer and reach an audience that is likely to convert. Advertisements are now able to precisely target consumers based off data collected for each individual user. User interests and behaviors are easily tracked, which helps advertisers show up to the right people

with the right content at the right time. Data targeting has become a game-changing tool in the advertising world.

Music promotion has evolved in brilliant ways since the industry went digital. One of the biggest opportunities that labels offered artists in the past was exposure. In addition to print advertisements for live shows, labels worked to get their artists spots on the radio and albums on store shelves. Since they were funded by physical album sales, labels and artists had to convince people to go out and purchase their work. That daunting task finally transformed in to one much more achievable: convince the consumer to click. Artists, labels, and streaming platforms themselves all began to take part in digital advertising with social media at the core. Musicians no longer had to fight for spots on the radio to make their big break, rather, they could promote themselves on social media to get the exposure they needed. Labels didn't have to pay for print ads, instead, they could launch social media campaigns for free and reach massive audiences. Streaming platforms could partner with social media platforms to generate more users and target younger generations more involved with technology. The possibilities were limitless, but as the evolution continued musicians and labels faced a new task: Compete for the click.

3 COMPANIES AND FINANCIAL DATA

Throughout the rest of this analysis, I will focus on three major record labels and two major streaming services. The major record labels are referred to as “The Big Three”. They are Universal Music Group, Warner Music Group, and Sony Music Entertainment. Universal Music Group owns 26% of the major label market share and recorded \$2 billion in revenue in 2018. It is by far the largest major label and owns thirty sub-labels. Warner Music Group owns 20.1% of the market share and brought in a 2018 revenue of \$1.6 billion. Lastly, Sony Music

Entertainment holds 19% of the market share and earned \$1.5 billion in revenue in 2018 (Gambardella, 2019).

The major label industry is standing strong with 8.3% growth from 2014-2019. Its 2018 industry revenue rested at \$8.2 billion, mostly coming from streaming services, which now account for 66% of the major label industry's revenue. As opposed to much higher figures in the early 2000's, physical album sales are now only responsible for 16% of industry revenue, just below the 18% from digital downloads. Since 2000, these three major labels have been able to adapt to the changing environment and work with streaming services to keep their footholds in the industry (Gambardella, 2019).

In addition to the major labels, the two streaming services I will discuss are Spotify and Apple Music, with a central focus on Spotify. Since its 2008 launch, Spotify has become a multi-billion-dollar brand. It is currently a public company valued at \$26.5 billion and claims 36% of the global streaming market. With around 217 million global monthly listeners and 100 million global paid subscribers, Spotify recorded \$5.9 billion dollars in revenue in 2018. Its paid subscribers made up \$1.56 billion in revenue while advertisements contributed \$141 million to the company. However, in addition to spending \$696 million on sales and marketing in 2018, and other colossal costs, Spotify lost \$4.4 billion of its revenue, leaving the company with a gross profit of around \$1.6 billion. This may seem like a success, but Spotify is in a state of uncertainty as more competitors begin to rise. It is now one of the only streaming companies that does not have another form of income, and its shareholders continue to lose money. Compared to its biggest rival, Apple Music, it cannot compete financially (Iqbal, 2019).

Apple Music was launched by Apple in 2015 and already has half the amount of paid subscriptions as Spotify. In 2018, Apple Music passed Spotify by two million for the most paid

subscribers in the U.S. However, Spotify still dominates the global scale with 100 million subscribers, while Apple Music has around 50 million. Nevertheless, Apple Music is growing fast. With an estimated market value of \$10 billion and steady growth rate of 5%, Apple Music is on track to eventually reach Spotify's heights. And it has its own secret weapon: financial support from the entire Apple empire. Apple Music is no different than other major players such as YouTube and Amazon Music, which have the world's most powerful companies as their financial cushions (Zibreg, 2018).

3.1.1 Market Demographics: Consumer Behaviors and Trends

In a data-driven society, advertisers collect specific user information to identify new consumer behaviors and trends. They use data to pinpoint exactly who their consumers are, along with their wants and needs. As a result, advertisers can instantly create and deliver niche content to their targets, making advertising strategies far more effective. Sourced from data base reports from Mintel and Statista, I will identify the current market demographics and consumer behaviors of the music streaming industry.

Without a doubt, the primary demographic of the streaming market is young adults, both male and female, ages 18-34 that live in urban areas ("Streaming Audio- US- 2018- Demographics.", 2018). In the U.S., More than two-thirds of these listeners prefer using streaming services over traditional media. 68% of these consumers listen to music every day, which is an incredibly high percentage ("Music Industry in the U.S.", Ch. 7). Only half of users aged 35-54 listen to music daily, which tells us that the younger generations are the number one target for streaming services. To go even deeper, reports show that of the 18-34 age group, Black and Hispanic listeners in urban areas with lower than average household income lead the pack ("Streaming Audio- US- 2018- Demographics.", 2018). These two ethnicities are comprised of

younger populations that feel more represented by streaming services over radio. Groups like these can get the most out of the niche content available with streaming. They can also listen to their preferred content for free any time they want.

Convenience has won the hearts of music lovers. The point of intersection between all music consumers today is mobile streaming. 88% of the younger target audience listens to music on any mobile device, and 66% of them prefer their phone over any other device (“Music Industry in the U.S.”, Ch.6). This identifies a common behavior amongst all music consumers today: listening on the go. 53% of all urban listeners say they prefer streaming over traditional media, and 51% of them chose their phone as the main device (“Streaming Audio- US- October 2018.”, 2018). People in urban areas often have daily commutes in which they like to listen to music. Public transportation is a crucial part of urban living, so listening through mobile devices has become even more popular than listening through car stereos.

With a clear understanding of the target demographic and their preference to mobile streaming, there are two central user behaviors that we must acknowledge. The excitement in discovering new music and the habit of repeatedly listening to familiar songs. Of the primary demographic, 75% approve of streaming platforms providing suggested music tailored to their personal taste. There’s no surprise that a 55% say they have discovered new music through streaming and 39% say they listen to suggested playlists (“Streaming Audio- US- October 2018.”, 2018). Exploration of music is encouraged through these platforms; however, people tend to cling tight to familiar music as well. 45% of all users listen to the same songs on a regular basis (“Streaming Audio- US- October 2018.”, 2018). What this means for music advertisers is that discovery and familiarity work together to provide consumers with the best experience.

When consumers find the new songs or albums that they like, it is not a one-stop shop. Users will likely listen to those songs repeatedly for years to come.

3.1.2 Consumer Spending

Music consumers contribute billions of dollars to the music industry every single year. In 2018, streaming services alone reeled in \$7.4B for the market (“Music Industry in the U.S.”, Ch. 1). Music has been a billion-dollar industry for quite a while, but now it is much easier for mass amounts of people to offer their money. To reference statistics previously discussed in the History and Context section, physical record sales have decline from a reported 942 million in 2000 to 52 million in 2018 (“Music Industry in the U.S.”, Ch.1). A drastic decrease of 890 million shipments in just 18 years proves how consumer spending has almost completely shifted to streaming services. Of the roughly 325 million people in the U.S. a reported 61.1 million have paid streaming subscriptions (“Music Industry in the U.S.”, Ch.7). A Spotify Premium subscription costs \$9.99/month, but with a student discount it costs only \$4.99/month. The consumer spending is far less than what it was with traditional music media. Only 18.8% of the country is paying, so one could only infer how many more people are using these platforms for free, generating revenue from advertisements. On a global scale, platforms have hundreds of millions of users. In 2018, Spotify reported 217 million monthly listeners with about 100 million of these being paid subscribers (Iqbal, 2019).

So far, I have discussed the music industry’s history and context, finances, primary demographics, consumer behaviors, and consumer spending. With all these insights in mind, I will now move on to the most effective forms of advertising music in today’s digital world. Of the three major labels (UMG, WMG, SME) and two streaming services (Spotify and Apple Music) previously analyzed, I will further be dealing with Sony Music Entertainment and Spotify

for concrete examples to support my research. I am aiming to reveal how major labels, streaming services, and independent artists use various forms of digital media to advertise.

4 MEDIA ACTIVITIES

The ability to gather detailed consumer data has brought the rise to inbound marketing. “Inbound marketing” is the act of attracting consumers to a product or service by providing the right content in the right place at the right time. This is a complete flipside to outbound marketing, traditional tactics that interrupted and attempted to persuade consumers. Inbound marketing has allowed consumers to find the most relevant content to their niche searches. To survive in any markets’ competitive landscape, advertisers must step away from outbound marketing and integrate to inbound strategies. The music industry is no exception. The two main forms of inbound marketing for the music industry are social media and streaming service promotion.

4.1.1 Social Media: Instagram Analysis

Social media is perhaps the most powerful tool of any marketer today. It has played an essential role in the popularity of digital music by allowing everyday people to share the music they love. Not only can people share, but music has permeated through every kind of social media post there is. From users posting song lyrics to using background music for their videos, the social media music culture is undeniably enormous. Hence why independent artists, record labels and streaming services have all utilized it for low-cost high-exposure advertising campaigns. To shed light on social media advertising potential, I will observe the various ways music can be promoted through Instagram.

Instagram is the visual vehicle of all social medias. It is used to post pictures and short videos to followers who are active 24/7, a feat that is unique to the platform. It has a discovery page that features posts based on interactions, hashtags, and number of account followers. This is the ideal platform for audience engagement that has created two impactful forms of advertising.

The first is paid advertising. A few examples of good Instagram content are concert posters, album art, track lists, studio sessions, and song previews. Really, any audio/visual content an artist can create belongs on Instagram. It provides the option to advertise posts, in which a user can pay Instagram to generate post impressions. In 2016, the cost per click of Instagram ads was about \$0.70, however, it was reported these ads had ten times more interaction than Facebook ads (“How Much Does It Cost to Advertise on Instagram?”, 2019). Even though the cost is slightly higher than other platforms, the impressions and engagement is unbeatable. Also, the chances of ending up on the discovery page are relatively high.

There is a second and more subtle form of Instagram advertising that may be more effective than any paid options: The ability for artists to show their personal lives. The best part is, it is advertising without the intention of advertising. Here, artists can genuinely post pictures and videos of their daily lives that fans can interact with. This creates an intimate environment to the point where fans feel like their favorite artist is also their friend. As a result, artists can build loyal fanbases and earn massive exposure without even linking to their work, which can only be done in an account’s bio.

4.1.2 Streaming Platform Promotion

Although often partnering with social media platforms, streaming platforms have created unique forms of music advertising. I will discuss Spotify’s promotional opportunities to represent the ways streaming platforms are advertising their own content. Spotify spent \$696

million in marketing costs in 2018 (Iqbal, 2019). However, its most effective advertising tool lies within a central platform feature: Spotify playlists. There are three types of playlists on Spotify: Algorithmic (made by Spotify algorithms), Editorial (made by playlist curators), and Listener Generated (made by users). Artists can increase their chances to land on any of these playlists by accumulating more streams and subscribers. However, there is a much more direct way for songs to be chosen. Artists can submit songs to Spotify specialists to be considered for playlists. And the process couldn't be any easier. By following a few guidelines, any songs from any Spotify artist can be considered for one of the thousands of Editorial playlists. When a song is selected, Spotify will put it on the artists' followers' Release Radar playlist, and even give the artist a unique URL that will display their song at the top of the playlist when clicked on. This is just one of many ways Spotify helps artists increase followers and revenue.

5 CAREER OPTIONS AND ACTIVITIES

Before closing this research paper with current industry issues, trends, challenges, opportunities, and takeaways, I will briefly discuss possible career options and major annual industry events. The traditional advertising agency career paths consist of: Creative Directors, Art Directors, Copywriters, Designers, Accounts Executives, Planners, User Experience Specialists, Media Buyers, Producers, Analytics Specialists and a few others. When applied to the music industry, elements of these roles are blended with digital marketing roles. Some of the main career options are: Marketing Director, Public Relations Specialists, Digital Marketing Strategist, Digital Advertising Strategist, Social Media Manager, and many more. These are the positions that labels, streaming platforms, and other companies are looking to fill.

5.1.1 Events

The music industry has hundreds of annual events that earn incredible amounts of revenue and involve millions of consumers. Examples of two such events are Lollapalooza and the Grammy's. Music festivals make up their own unique portion of the industry market and allow artists to perform some of the biggest concerts of their careers. Lollapalooza, hosted in Chicago, IL, is considered one of the largest music festivals in the U.S. Alongside many other festivals, such as Bonnaroo and Rolling Loud, Lollapalooza creates a great demand for labels, independents, and streaming platforms to get artists on the big stages.

On an even larger scale, The Grammy Awards are one of the four major annual American entertainment awards. A Grammy is a life-time achievement that only few artists ever receive. Labels try everything in their power to produce Grammy-winning artists each year.

Although lesser known by the general public, the advertising industry holds plenty of major events each year. The Brand Marketing and Digital Summit is an event held to invite leading world companies to discuss the future of digital advertising and the new ways to build brands online. Speakers of the 2019 event included the Vice President of MetLife, the Senior Vice President of Warner Media Entertainment, and many other highly respected professionals. Brands such as Google, FOX, IKEA, Comcast, and many more were in attendance. Likewise, Cannes Lions is a major annual advertising event that focuses on creative marketing communication for brands. Leading international companies (including Spotify) attend this festival to discuss and educate on creative marketing trends. These events are beneficial to individual organizations seeking out the best current advertising opportunities and help the industry collectively move forward.

5.1.2 Issues

The rapid changes of the last twenty years have undoubtedly brought problems with them. A consumer centric world has resulted in an overload of content, especially music. Any single individual can make a song with free tools and upload it to the internet at no cost. Artists have finally been placed on an equal playing field. This individuality has inspired increasing numbers of people to try their hand at music. With millions of people creating and publishing music, how does an artist stand out? The competitive landscape is larger than ever, so the most successful artists must create high quality content and powerful strategies to be heard.

Although it may be easier to be an artist, living off music is becoming increasingly difficult. Besides increased competition, streaming services hardly pay artists enough for a steady income. Its current rate of Spotify is at \$0.00473 per play. In order to earn the U.S. monthly minimum wage income (\$1,472), artists would need around 336,842 total plays per month (Sanchez, 2019). Earning profit is difficult, but if an artist is strategic in content and placement, they can generate this kind of revenue from multiple different sources.

There is a demand for versatility in the digital music world. In fact, those unwilling to master other crafts revolving around music will likely have stagnant careers. Since, streaming is not enough pay for most artists, they have turned to touring, selling merch, creating videos, and using a wide variety of media platforms to promote content. However, these practices are not new. Musicians have used these methods in traditional media too, but now it is on the digital scale. These are some of the complex issues being dealt with in the music industry today.

5.1.3 Trends

Music is in everyone's hands, 24/7. Incredible potential for artist recognition and the discovery of new types of music have brought about some major industry trends. The first, is the

overwhelming presence of music on social media. Social media platforms are at the very core of music advertising. As previously mentioned in the Social Media Activities section, they provide low-cost high-exposure opportunities. Most of the music advertising done here becomes earned media. Once a song is correctly integrated on a certain platform, users interact and share, causing music to go viral. Some streaming platforms have partnered with social media platforms to optimize marketing opportunities. For example, Spotify has a feature that allows users to post songs directly to their Instagram stories. The story contains a link that Instagram users can click on to instantly take them to the song in the Spotify app. Sharing Spotify songs to Instagram stories is a common trend on the platform, generating songs millions of free impressions.

Another paramount trend is the transformation to a niche market. Users can stream any genres from “Soundcloud Rap” to Brazilian-style Bossa Nova Jazz on the very same playlist. The increased number of musicians over the past twenty years has led to the increase of niche content. Genres have morphed together to produce completely new styles of music. Musicians and fans are no longer dependent on radio hits and live performances for music exposure. No matter how long tailed the search is, consumers will likely find the exact content they are searching for.

The streaming era has produced another less-obvious trend for musicians and consumers: Production and consumption of shorter songs. Since consumers can listen to any song by any artist at any time, they have lost touch with the old habits of listening through entire albums. Now, people are so used to listening to playlists and libraries on shuffle that artists have started to cut their song lengths. A common trend for artists has been to release “EP’s” (Extended Plays) over full-length albums. EP’s consist of more songs than a single but are unqualified to count as albums. Artists will usually put around twenty to thirty minutes worth of music on these projects.

Music legend Kanye West has been one to recently follow this trend. Opposed to the eight full-length studio albums (50+ minutes long) he released prior to 2018, West has released three projects since 2018 that do not breach the thirty-minute mark. Short length songs and projects can have a powerful impact on the artists' pockets. Shorter songs compel users to listen repeatedly. With streaming royalty rates as low as Spotify's \$0.00473 per play, a two-minute song can generate almost twice the number of streams per user as a four-minute song. Likewise, a twenty-minute EP can generate more streams per user than a fifty-minute full length album. This intriguing trend is something for artists to recognize going forth.

6 BEST PRACTICES

Now, I will offer brief case-studies of three successful music advertising campaigns; one from Spotify, one from Sony Music Entertainment, and one from independent artist, Chance The Rapper. All these campaigns effectively used digital media tactics to achieve global success.

6.1.1 Spotify "Music for Your World" Campaign (WARC)

Spotify's goal to transcend the "streaming" category and personalize with its users proved achievable in the "Music for Your World" campaign. The objective was to augment traffic and acquire new users amongst the Canadian public to change their perspective on Spotify. To do this, Spotify conducted in depth research of the top streaming neighborhoods in Canada and curated personalized playlists based off insights that "truly understood Canadians" in those relative neighborhoods. Social media influencers, street art, and 30+ playlists later, Spotify increased its overall streaming in Canada by 71% and created the #2 streamed playlist across the entire platform ("Spotify: Music for Your World.", 2018).

The takeaway from this campaign is the effectiveness of Spotify playlists and the advanced abilities to target. People are clearly interested in curated playlists, so once a song gets on one, it can receive limitless streams. Playlists are the advertising engine of Spotify, allowing it to place the right music in front of the right listener. All this is possible by the streaming data collected by Spotify and the algorithms it has developed.

6.1.2 Sony “Carlos Vives- Call Me” Campaign

After Sony Music Entertainment watched Latin music become a “global success” in 2017, Sony Music Latin launched the Carlos Vives “Call Me Campaign” to promote a new song, “Robarte Un Beso”, and video from Latin artist Carlos Vives. The idea behind the campaign was to ride the trend of Latin music by connecting a beloved artist close to fans through a simple phone call. Sony allowed any fan who signed up for an email newsletter to receive a pre-recorded thank you message from Carlos himself. After assessing his target audience, Sony launched the campaign and achieved great success. Carlos promoted the campaign and interacted with fans on all his personal social media. The campaign averaged between 32%-42% unique clicks on the emails sent, and Carlos’s music video on YouTube surpassed 63 million views (“Sony Music Entertainment: Carlos Vives- Call Me Campaign.”, 2018).

The “Call Me Campaign” shows how labels advertise for their artists without relying on streaming services. This creative campaign proved effective and exceeded all expected results. Labels have taken strides to connect artists with their fans in hopes to foster an engaging music environment.

6.1.3 Independent Artist: Chance the Rapper

Chance the Rapper became famously known as the artist who made history without a label. He was one of the first movers of independent artists’ success through free streaming and

social media. On April 3rd, 2012, Chance released his critically acclaimed album *10 Day* on Soundcloud for his audience to listen to for free. It accumulated a mass following and found its way to a wide variety of media outlets, bringing the young Chicago artist to stardom. Seven years later, he has released one studio album, five mixtapes, twenty-four singles, and twelve singles as a featured artist. Chance the Rapper is a key example of the potential an independent artist could have by utilizing free media platforms.

Chance the Rapper is living proof that musicians can reach success all by themselves. He utilized SoundCloud to transition from a high school troublemaker to a world renown artist. After Chance, many have followed. The reliance on labels has drastically decreased as more and more artists continue to take on their careers without contracts to any third parties.

6.1.4 Future Challenges

The issues and trends have posed a few challenges and opportunities for the music industry's future. A major challenge for labels, streaming services, and independent artists going forth is to effectively advertise music amongst the overwhelming amount of content. This challenge will drive artists to adopt creative digital strategies to make their music stand out in the pool. Musicians no longer fight for radio spots, instead they fight for clicks. All three content producers must monetize as many media platforms as they can if they are to beat intense competition.

6.1.5 Future Opportunities

On the other hand, this major challenge provides a massive opportunity to capitalize on inbound marketing. Inbound marketing allows independents, labels, and streaming services to create niche content for specific groups of people rather than the general population. Social media alone can earn creators millions of dollars' worth of free advertising. An important tool

that comes along with digital advertising is analytics. Every content creator can use different analytics specific to each platform that can provide them with valuable information. With analytics data, they can identify their general consumers, most engaged consumers, and their preferences in consuming content. Artists, labels, and streaming platforms must integrate to the data-driven world of digital marketing.

6.1.6 The Intersection

The single most difficult challenge for the industry's future is its most optimistic opportunity as well. That is artists advertising themselves. With streaming platforms to hold their discographies, social media for free or low-cost advertising, and free analytics tools for each media platform, artists no longer depend on anyone but themselves. In a sense, labels are not necessary any longer. Artists can manage their careers completely on their own and reach great success. However, they must be willing to put in the work required to establish a strong media presence. They must be versatile, innovative, and strategic to generate revenue from different content on different platforms. If musicians can incorporate other aspects of the industry, like live performances and merchandise sales, while collecting checks from streaming, they can live comfortably from their craft.

7 TAKEAWAYS

To conclude my research analysis of advertising in the music industry, I will revisit the main topics previously discussed and highlight the key insights to takeaway from each. The history of the music industry is one of rapid development, especially over the last twenty years. A decline of 890 million physical album shipments since the year 2000 has legitimized the domination of streaming services. Accounting for 75% of all industry revenue, streaming is the

preferred way for consumers to access music. This has forced major labels to reroute their main media outlet through streaming platforms. The “Big Three” record labels, Universal Music Group, Warner Music Group, and Sony Music Entertainment have kept their footholds in the industry, claiming near 80% of the market and owning over two-thirds of all music on streaming platforms. Streaming services themselves generate billions of dollars of the music industry. However, Spotify struggles to financially compete with rivals because it is one of the only stand-alone streaming services. Top competitors are backed by leading world corporations such as Apple and Google.

Based upon extensive data from media platforms and research surveys, we can identify who is listening to what, and how they prefer to consume music. Reports show that the average music consumer is aged 18-34 and lives in urban areas. These consumers stream their music on mobile devices, prominently phones, and appreciate new music suggestions while repeatedly listening to familiar songs. Most of the consumer spending has gone to streaming service subscriptions: Over 60 million paid subscribers in the U.S. and hundreds of global paid subscribers.

Today’s music media activities rely on inbound marketing to draw consumers to the music they are already looking for. The most effective ways artists, labels, and services have been able to do this are through social media campaigns and streaming platform advertising. Often, social media platforms and streaming platforms will work together to create effective advertising. The career options for music advertisers blend traditional ad agency roles with new digital marketing roles to help companies and independent artists thrive. People active in these roles not only promote songs and artists every day but attempt to reach massive audiences for annual industry events such as the Grammy’s and festivals like Lollapalooza.

Digital music and advertising have brought about issues and trends that have set up the industry for future challenges and opportunities. Some of these issues include an overload of music content, dwindling profits, and the demand for versatility. On the other hand, some trends include music discoverability on social media, the transition to a niche market, and the production of shorter length work. These issues and trends have paved the way for two major challenges and opportunities: Effectively advertising in a massive pool of content and capitalizing on inbound marketing strategies. The most important thing to come out of these issues and trends is both a future challenge and opportunity in itself: the potential for artists to advertise themselves. Artists no longer depend on labels for exposure, and with access to unlimited free digital tools, they can finally take their careers into their own hands.

These are the focal points of my research that serve to answer four critical questions: How has music advertising changed in the era of streaming services? Who is doing the advertising? How have independent artists and major labels adapted to the digital music industry? What are the new consumer expectations and demands?

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