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Music Industry 101 module

Traditional and New Revenue Streams

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Revenue Streams Overview

Looking at revenue streams from a resource perspective =

- Performance
- Song & Composition
- Recorded Music
- Brand
- Fans
Performance

- Concerts, live-performance
- Salary as a member of an orchestra or an ensemble
- Recorded performance
- Live streaming show (Stage it)
Song & Composition

- Public Performance Royalties
- Mechanical Royalties (on records)
- Synch Licenses
- Sheet Music Sales
- Digital distribution
- Ringtones Revenue
Recorded Music

- Record sales
- Royalties (Radio, Neighboring rights royalties)
- Synch Licenses
- Digital Sales
- Digital Performance Royalties (Internet radios, SiriusXM, Pandora)
- Streaming
Brand

- Merchandise Sales
- Books, movies, TV Shows...
- Licensing (ex: Video games)
- Product Endorsements
- Sponsorship

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Fans

- Fan clubs
- Crowdfunding
- ..................................
From the artist point of view
(Thomson & Cook, 2011)
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From the industry point of view (Digital Music News)

Warner Music Group Revenue Sources
Q4, 2011

- Physical (CDs, Vinyl, etc.): 51%
- Digital (iTunes, Spotify, etc.): 28%
- Licensing (Recordings): 8%
- Mechanical Royalties: 4%
- Performance Royalties: 6%
- Synchronization Royalties: 3%

Digital (iTunes, Spotify, etc.)

Physical (CDs, Vinyl, etc.)

51%
Observations

- Digital music/crowdfunding are the only real « new » revenue source
- Traditionally, artists & firms were focusing on 1/2 sources
- Now, many artists & firms develop multi-source strategies
- More flexibility for artists
- A new approach for the majors to balance their portfolio
- Key driver of business model innovation
4 LOGICS TO DEVELOP REVENUE STREAMS
1. Expand your Channels

Revenue = Volume x Price/Unit
However......Differenciation is the key
2. Use your Resources More Efficiently

Reduce organizational slack
2. Use your Resources More Efficiently
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3. Transform the sources of costs into sources of revenue
4. Connect the dots
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THINK
OUTSIDE
THE BOX

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XOX
OX

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4. Connect the dots
4 Logics to Develop Revenue Streams

- Expand your channels

- Use your resources more efficiently

- Transform costs into revenue

- Partner outside your industry to optimize your value creation potential

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Thank you!
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