

Some Beaming— Others Steaming— Over Streaming Radio

Smartphones, tablets, and other devices have made it easier than ever to tap into on-demand digital music and online radio. But more convenient consumer access to streaming audio causes a conundrum for artists, content creators, and publishers seeking to be fairly compensated for their efforts.

Although getting your tracks played on services such as Rhapsody and iHeartRadio can lead to wider exposure, the rates these streaming companies pay artists can be paltry compared to what they might be able to earn via CD and digital download sales. For instance, singer Aloe Blacc claims that a song he co-wrote (“Wake Me Up!”) had more than 68 million streams, but he earned less than \$4,000 in royalties from Pandora. Pharrell Williams’ big hit “Happy” made only \$2,700 in publisher and songwriter royalties via 43 million Pandora streams in the first quarter of 2014.

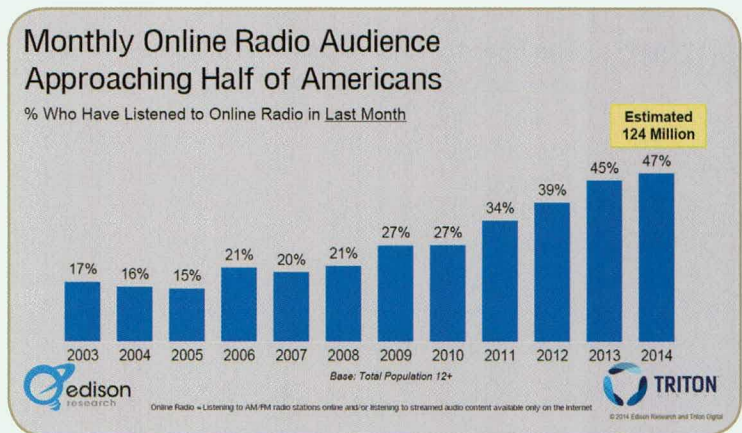
There’s no denying that the reach and the audience engagement of internet radio are growing, closing the gap with traditional media. This is important, because advertisers need to decide how to allocate their budgets between traditional and digital media channels, and artists/content providers have to choose how and where to stream their digital creations.

In 2014, 164 billion songs were streamed on demand from services such as Beats Music, Google Play, Rhapsody, YouTube, Slacker, and Spotify,

More consumers are increasingly tuning in to internet radio, as demonstrated in this 2014 chart from Edison Research and Triton Digital.

up 54% from 2013, per new Nielsen data. Meanwhile, 67% of Americans listen to music online in an average week, according to Nielsen; online radio reaches an estimated 94 million weekly in the U.S., according to Edison Research. The 10 streaming services with highest awareness among consumers are Pandora (70% awareness), iHeartRadio (48%), iTunes Radio (47%), Rhapsody (40%), Spotify (28%), Google Play All Access (24%), Slacker (14%), Radio.com (14%), TuneIn Radio (10%), and Last.fm (8%), based on Edison Research data. U.S. listeners use smartphones (66%), tablets (34%), and desktops/laptops (67%) to access streaming music and online radio weekly, Edison also reports. eMarketer estimates there will be 183.4 million digital radio listeners in 2018. Only 140.8 million CDs were sold in 2014, down about 14% from 2013, per Nielsen.

Ask Pat Higbie, CEO and co-founder of XAPPmedia, and he’ll tell you that while many publishers and artists



are looking to blame falling revenues on online audio streaming services, they shouldn't be the scapegoat. "Most artists are benefitting from the revenue internet radio delivers, which is helping to offset declines in digital downloads from iTunes and CD sales," says Higbie. "Some artists are generating income that otherwise wouldn't be available, since [terrestrial] radio pays nothing to artists and only small amounts to songwriters. Additionally, internet radio helps to sell out concert venues and drive music purchases."

As proof, note the success of pop star Meghan Trainor, whose "All About That Bass" was streamed 150 million times on Spotify in 2014. She's a good example of how streaming can be instrumental in driving audience awareness and music sales. "Many of the barriers to getting play on traditional radio—with its set formats and lower inventory of music plays per hour—are eliminated in an internet radio environment, and listeners on a single platform can be targeted by demographic," says Higbie. "They can also acquire fans overseas more efficiently."

'There's a lot of value in having a diversity of options when it comes to listening to music.'

Audio content creators and musicians should leverage these streaming services as marketing channels to reach new listeners that they wouldn't have been able to reach otherwise, says Richard Monte, CEO and co-founder of Streema. "There's a lot of value in having a diversity of options when it comes to listening to music."

Contributing to lower revenues for artists and content creators is the increasingly harsh reality that consumers simply don't want to pay for the content they enjoy, leading to illegal downloading, a proclivity to use ad-supported free online radio instead of subscription streaming services, and artists being forced to give away the store for nothing.

"The common argument in the digital age has been, 'Musicians should just give their music away for free and benefit from more exposure.' But that really doesn't work when there are so many artists competing for space that

continued on page 10

news & product briefs

Amazon to Produce Original Movies for Theaters, Prime Instant Video

Amazon Studios—known for television series such as *Transparent*, *Tumble Leaf*, and *Mozart in the Jungle*—announced that it will begin to produce and acquire original movies for theatrical release and early window distribution on Amazon Prime Instant Video. Usually, it takes 39–52 weeks for theatrical movies to premiere on subscription video services. Amazon Original Movies will debut on Prime Instant Video in the U.S. 4–8 weeks after premiering in the theater.

Amazon says its original movies will focus on unique stories, voices, and characters from top and up-and-coming creators. Amazon Original Movies' creative development will be led by Ted Hope. Hope co-founded and ran the production company Good Machine, which produced films such as *Eat Drink Man Woman* and *Crouching Tiger, Hidden Dragon*. His films have received numerous Academy Award and BAFTA nominations. Hope has also won the Sundance Film Festival Grand Jury Prize more often than any other producer (for his films *American Splendor*, *What Happened Was...*, and *The Brothers McMullen*).

(amazon.com)

Magzter Launches Magzter Gold

Magzter, a digital magazine store and newsstand with more than 24 million users, announced Magzter Gold, an "all-you-can-read" subscription model that gives users unlimited access to its library of digital magazines across mobile devices, tablets, and the web for \$9.99 a month. At launch, Magzter Gold features more than 2,000 titles, including *Maxim*, *ESPN The Magazine*, and *Fast Company*, as well as many top magazines from different countries, including the U.K., Singapore, and India—with many more planned for 2015.

In conjunction with the launch of Magzter Gold, Magzter has unveiled a reimagined user interface to better support content discovery. A key feature of the new interface is the ability to algorithmically tailor the reading experience for individual users based on their interests and interactions with in-app content. It allows users to download multiple titles simultaneously, five times faster than before.

In addition to the Gold subscription option, Magzter is offering Magzter Gold Lite for \$4.99 a month. Magzter Gold Lite gives users unlimited access to any five of the available 2,000-plus titles per month.

(magzter.com/magztergold)

continued on page 9

(Some Beaming—Others Steaming—Over Streaming Radio, from page 7)

the only winner is the internet radio station or streaming audio service,” says Chris DiCroce, a singer/songwriter. “Internet radio stations get a lot of artists submitting tracks to be played, and therefore they can give their audience more variety in their playlists, increasing their audience and leading to increased ad revenues and subscribers. But this benefits the streaming audio entity—not the artist.”

DiCroce adds that major musicians making sweetheart deals with streaming services—such as U2, who were reportedly paid \$100 million by Apple to provide their latest album to iTunes for free to consumers—only reinforces the belief that intellectual property should be free.

Adam Clairmont, studio manager at Overit, agrees, adding that online radio/streaming services degrade an artist’s work because they downsample audio tracks to create conveniently small files that can be smoothly streamed. “Musicians spend a lot of money to record in great studios to convey amazing sonic messages that are simply dumbed down and totally lost when converted to MP3 or streamed online,” says Clairmont. “Services

like Pandora and Spotify aren’t providing a high-quality listening experience.”

Despite their dissent, digital music and audio content creators may have to accept the inevitable. “Artists should embrace [streaming] and deal with it and use it effectively. Streaming services have provided an easy way for everyone to get their music out there,” says Andrew Smith, the drummer for the Los Angeles-based band We Are Kings & Queens. “There will always be change, and you can either make it work for you or cause yourself a lot of unrest.”

Ultimately, capitalizing on streaming services as a content creator depends on how well you do your homework and how realistic your expectations are, says Asher Baker, a punk music recording artist in London. “It comes down to getting a cut of the royalties, licensing, and digital sales. Since nobody’s looking to buy a physical CD album, make sure you’re getting the biggest slice you can,” Baker says. “Sure, lots of people won’t buy your CD because they’ll stream it instead, and each stream might pay you peanuts—but it’s also a great advertisement for your work, your live shows, and your merchandise sales.” ■

(Streaming Content Heats Up in Early 2015, from page 9)

there was a collective cry of ‘Finally!’ from both consumers and companies alike,” says Brouwer. “It’s good to finally see traditional entertainment companies recognizing the changing landscape of consumers’ viewing habits and put those needs and wants first instead of their own agendas.”

DISH isn’t the only company waking up to the reality of streaming content. Much of the investment in this area is coming from established studios. Schumacher-Rasmussen says, “Disney paid at least \$500 million for Maker Studios; Dreamworks bought AwesomenessTV in 2013 for \$33 million, then sold a 25% stake to Hearst last month for \$81.25 million.”

Meanwhile, Amazon is trying to stir up even more trouble for Hollywood types that may still be stuck in

the mud. After announcing the Woody Allen partnership, it announced Amazon Original Movies, headed by Ted Hope. Hope co-founded the production company Good Machine, which produced films such as *Eat Drink Man Woman* and *Crouching Tiger, Hidden Dragon*. Amazon is tossing a wrench into the way movies are traditionally distributed. According to its press release, “Whereas it typically takes 39 to 52 weeks for theatrical movies to premiere on subscription video services, Amazon Original Movies will premiere on Prime Instant Video in the U.S. just 4 to 8 weeks after their theatrical debut.”

Perhaps the biggest takeaway from this rush of streaming content news is best summed up by Schumacher-Rasmussen: “The lines between ‘traditional’ and ‘new’ media are blurring.” ■

Copyright of EContent is the property of Information Today Inc. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.