

WORLDWIDE INDEPENDENT MARKET REPORT



THE GLOBAL ECONOMIC & CULTURAL CONTRIBUTION OF INDEPENDENT MUSIC



2015

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midem €
connected by music

Designed by: Emmy Buckingham

The Global Economic & Cultural Contribution Of Independent Music Report

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ABOUT WIN



Unique in the history of the global music industry, WIN is a representative organisation exclusively for the worldwide independent label community. It was founded in 2006 in response to business, creative and market access issues faced by the independent sector everywhere.

WIN's membership stretches across every continent, with trade associations in all the well-developed music markets taking a particularly active role. WIN's priorities are set by the global membership, and with IMPALA, included the creation of Merlin, the world's first commercial rights licensing agency for new media.

For independent music companies and their national trade associations worldwide, WIN is a collective voice and platform. When appropriate it acts as an advocate, instigator and facilitator for its continually growing membership. WIN is also a focal point for collecting and sharing knowledge about the independent sector at national level.

The current WIN Trade Association members are:

A2IM, US	CIMA, CANADA	LIAK, SOUTH KOREA
ADISQ, CANADA	DUP, DENMARK	PIL, ISRAEL
ABMI, BRAZIL	FMPJ, JAPAN	PMI, ITALY
AIM, UK	FONO, NORWAY	SOPROQ, CANADA
AIR, AUSTRALIA	ILCJ, JAPAN	SOM, SWEDEN
AIRCO, SOUTH AFRICA	IMI CHILE, CHILE	STOMP, NETHERLANDS
AMAEI, PORTUGAL	IMPALA, EUROPE	UFI, SPAIN
APROFIP, PERU	IMNZ, NEW ZEALAND	UPFI, FRANCE
AUDIOCOOP, ITALY	INDIECO, FINLAND	VTMOE, AUSTRIA
BIMA, BELGIUM	INDIESUISSE, SWITZERLAND	VUT, GERMANY

In addition to the network of associations WIN has a network of local representatives from additional territories where there is no independent Trade Association in place, including:

ARGENTINA	IRELAND	ROMANIA
CARIBBEAN	MALAYSIA	VIETNAM
CHINA	POLAND	

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This report contains figures, graphs and findings from a global quantitative study that was carried out by **Mark Mulligan** and **Karol Severin** of MIDiA Research.

The qualitative elements of this report were written by **Dr Chris Bilton**, Reader in the Centre for Cultural Policy Studies, University of Warwick. The preliminary study was undertaken by the following MA Creative and Media Enterprises students at The University of Warwick: **Dupe Awobajo, Jennifer Kou, Montse Martinez, Ke Ning, Terezie Simova, Diana Trantina** and **Meng Yang**.

MIDIA RESEARCH

MIDiA Research is a boutique media and technology analysis company.

Mark Mulligan is the Managing Director of MIDiA Research and a long term media and technology analyst and a leading thinker on the music industry's digital transition. Mark has 15 years of media business analysis and consulting experience, working with leading global media, technology and device companies. Mark heads

up MIDiA's music research and oversees all of MIDiA's research output. Mark is the author of the industry leading blog Music Industry Blog. He is also author of 'Awakening: The Music Industry In The Digital Age' the definitive account of the rise of the digital music market.

Karol Severin is MIDiA's lead analyst for research on the mobile content economy. Karol's research covers all aspects of mobile content including the mobile app economy, freemium strategy, mobile consumer segmentation, payment tactics and mobile discovery. Prior to joining MIDiA Karol gained experience in a number of marketing and research roles and as a technology start up founder. Karol is based in their Berlin office.

THE UNIVERSITY OF WARWICK

Warwick Centre for Cultural Policy Studies is an internationally recognised centre of excellence for postgraduate teaching and research in the creative and media industries, committed to innovation, insight and engagement with business, industry and the cultural sector.

For more information please visit:

midiaresearch.com
warwick.ac.uk/culturalpolicy
winformusic.org



INTRODUCTION



ALISON WENHAM **CEO, WIN**

When we launched WIN as an informal network of independent music companies and Trade Associations in 2006, the remit was clear. In a rapidly globalising world we needed to provide a unified voice for the independent music community.

During those intervening years the network has strengthened immeasurably and together we have successfully tackled many problems of market access for independents whose copyrights are just as valuable as those of any major. Our focus has been on securing parity of value wherever music is used, bought, sold, swapped, mixed or listened to. In these arenas, a copyright is a copyright and should be valued equally regardless of who it belongs to. On behalf of our member companies across the world we have ensured that the independent labels have a seat at the negotiating table when key decisions affecting our industry are made. WIN's collective strength and sense of purpose

has made us a formidable advocate in these situations and positive results won over the years against some of the most powerful corporations in the world have strengthened the position of the independent sector to the point where we are no longer dismissed as minority players.

However, there is still a lot of work to do to consolidate this position and to ensure that we are treated with the same respect and fairness when revenues, particularly from the digital marketplace, are being shared and when commercial opportunities are being ratified.

Aside from the commercial protection WIN seeks to provide for its members, perhaps an even more important aspect of WIN is its role highlighting the absolutely essential part the independent sector plays in discovering new music, artists, and genres. This report celebrates the enduring relationship independents have with the local culture of their countries. Without us, it is hard to imagine that much music outside mainstream commercial artists would have made it into the repertoire, but the independents have created a permanent legacy of the timeless role music plays in reflecting local culture and in this respect, the independents are priceless.

WIN has been in existence for some years, but has never operated as an autonomous, self-governing organisation. Out of necessity this is changing and as the new CEO of WIN I have been given a mandate and the tools to address the opportunities and challenges facing the global independent music community.

WIN's reach stretches across every continent and our priorities are set by our global membership.

INTRODUCTION



For independent music companies and their national trade associations worldwide, WIN is a collective voice and platform. When appropriate it acts as an advocate, instigator and facilitator for its continually growing membership. WIN is also a focal point for collecting and sharing knowledge about the independent sector at a national level.

One of the first decisions of our members was to properly measure the size and reach of independent music around the world.

This has never been done before and to ensure that we were able to talk with authority on this subject we commissioned a major piece of research in association with Dr Chris Bilton, Director of Warwick University's Centre for Cultural Policy Studies and respected music industry analyst Mark Mulligan, founder of MIDiA Research.

Why was it so important to focus on this area and to provide evidence of the global scale of our sector's influence? In short, when negotiating with major corporations one factor wields more influence than any other – market share. Market share is a thorny issue. It is usually defined in terms of distribution rather than ownership.

Our research clearly demonstrates that this metric is becoming increasingly inaccurate.

Because record label market share is most commonly measured using distribution rather than ownership of the copyright, market share numbers do not reflect the true scale of the independent music market.

Based on ownership the global market share of independent record labels is currently in the region of 37.6%, far higher than the figure claimed under the distribution model.

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“VICTORIES WON OVER THE YEARS AGAINST SOME OF THE MOST POWERFUL CORPORATIONS IN THE WORLD HAVE STRENGTHENED THE POSITION OF THE INDEPENDENT SECTOR TO THE POINT WHERE WE ARE NO LONGER DISMISSED AS MINOR PLAYERS.”

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One of the key issues is that many independent labels do not have the international infrastructure needed to compete globally so 52% use major labels or major label owned distributors.

When independents use major labels or major label owned distributors, their market share is claimed by those majors, thus significantly skewing the figures in their favour. The net result of this is a significantly weakened position for independents when negotiating with global corporations such as Google and Apple (to name but two).

This needs to change. The true commercial value of our sector needs to be properly recognised so that independent music companies are given an equitable share of revenues moving forward.

Digital music, and streaming in particular, has created increased opportunities for independent labels and in a globalising world, our essential contribution for music lovers everywhere needs to be properly and fairly rewarded.

The other area that we are keen to highlight

INTRODUCTION



and document in this study is the cultural value and influence of independent music around the world. What our research demonstrated was the huge diversity of music that the independent sector promotes.

The *raison d'être* of major labels is to industrialise mainstream music, which by definition limits their scope when it comes to signing and developing artists that may appeal to niche audiences.

Independent labels play a vital role, globally, in discovering and nurturing new talent.

As pointed out later, independent labels are not driven solely by considerations of economic value they will deem an artist to have artistic value, often long before they are commercially viable; by considering the long-term artistic potential rather than short-term commercial prospects, the independent label can help to realise that potential. They can afford to take risks where major labels cannot because their turnover and profitability thresholds are relatively lower. This does not mean commercial realities can be ignored, but they rarely, if ever, dictate the choice of music.

What it does mean is that a huge amount of music that would be considered 'commercially unviable' by major labels is developed and brought to market by independent labels.

It is this combination of cultural and commercial sensibilities which has allowed independent music labels to bridge artistic innovation, commerce and culture, and which underpins their continued economic and cultural value to the industry at large.

In a global music industry, there are opportunities as well as threats for indigenous music. Independent record labels have shown

that it is possible for traditional performers to reach new audiences without compromising their individualism and integrity. As with the searching out of new artists and new talent, the promotion of indigenous cultural traditions also benefits the mainstream pop acts by enlivening and enriching the musical traditions from which future global superstars can be born and global audiences can be engaged.

What this research demonstrates above all, however, is the continuing strength of the global independent music sector. The truly global reach of the majors has served them well in the digital era, as has their ability to dictate terms to streaming services and take sizeable equity stakes in them.

And yet, independents have not only learned how to build sustainable businesses in the digital marketplace, they are strengthening their position through increased market share and cultural influence.

The evidence contained in this research is clear for all to see and we now have the facts to demonstrate what we have known for a long time – that we are a hugely important part of the global music industry and deserve to be accorded respect by those who would prefer we weren't even in the room when major decisions affecting our livelihoods and future well-being are being made.

In WIN the global independent music company now has a powerful voice and we will endeavour to ensure that we speak with one clear, collective voice while safeguarding the interests of members as we move forward in any ever more competitive commercial market.

Alison Wenham – CEO, WIN

ON OUR OWN TERMS



WINTER 2015

GEOFF TRAVIS FOUNDER, ROUGH TRADE

I recently was told that the site of the original Rough Trade shop at 202 Kensington Park Road had housed a thriving S/M brothel in the years after the Second World War. We did not know that at the time. Not that we would've minded.

We had discovered it was a "Head" shop selling fabrics and hippie paraphernalia to the likes of locals such as Jimi Hendrix who very likely popped in there to replenish his supply of large sized Rizlas, an essential 1960's aide to the good life.

Therefore it seemed a very appropriate place to start a record shop. Situated in a notorious part of London, known for it's rapacious landlords with Rachmann at its head who

exploited those West Indians who had sailed from the Caribbean on boats such as The Windrush in search of a better life. They certainly weren't expecting to be set upon by gangs of Teddy Boys and other working class white youths, wielding iron bars, builders knives and weighted leather belts in the Race Riots of 1958.

These riots took place in Ladbroke Grove, a stone's throw from the eventual site of the shop. On his first solo album, released on Bert Berns label "Bang", Van Morrison had sung of walking down Ladbroke Grove in the most powerful song on the record - "TB Sheets". This alone had mythologised Ladbroke Grove in my imagination.

Marc Bolan had lived on Elgin Avenue, Steve Hillage, the brilliant guitarist from Gong, still lives in a flat on the corner of Elgin Avenue and Kensington Park Road, yards from the shop. The Pink Fairies lived in a derelict house just off the main drag. Boss Goodman, their manager, had organised a festival in order to bring the MC5 over from Detroit to play in the UK for the first time. "Phun City" it was called. This was a long time before festivals were an actual thing! Gilberto Gil had walked down Portobello Road after escaping the Brazilian Junta that sought to silence him.

A few years later the 101ers, a squat band, would be playing the pubs in Elgin Avenue; their singer, Joe Strummer, was soon to have his epiphany. Seeing the Sex Pistols at a pub in Hammersmith, he would ditch his squat mates and become the singer in a new group called The Clash.

Rough Trade shop was by this time open and serving the local West Indian community and its own musical path, stocking the New York

ON OUR OWN TERMS



Dolls and the Stooges before they became the fashionable names to drop in the Punk years that followed. Burning Spear's "Social Living" and Culture's "Two Sevens Clash" intermingled with the Flaming Groovies "Shake Some Action" and The Modern Lovers "RoadRunner".

These were exciting times and as punk sprouted wings and turned the UK into a dynamic seedbed of musical response to the dull post war years, Rough Trade wanted to be a part of this. We started a shop, then a mail order then a nationwide distribution system that allowed every new DIY project to exist outside the establishment music mainstream, yet have the muscle to compete with the

mainstream.

All on our own terms. No bosses, no desire to find employment with a respectable company. We wanted to create our own reality. The context running around our brains were made up of the kind of things I mention above. At least these are a fraction of our influences. One of our early architects, Richard Scott, had managed a group called Third World. Their huge hit was "96 degrees in the shade". We are now the 37%, proud and on the rise.....

Geoff Travis – Founder, Rough Trade

Left: Geoff Travis. Below: The Rough Trade Shop. Credit: Rough Trade





INDEPENDENT OPPORTUNITIES

DISTRIBUTION

Traditionally major record companies were defined by their distribution capabilities. Their ownership of the means of taking music to the marketplace gave them a huge advantage and they were able to use this distribution monopoly to leverage favourable relationships with retailers and control access to the releases made available to music fans. However, since the 1980s independent distribution networks have grown from being ad-hoc alliances to some of the most efficient and successful partners to independent companies. There is now more distribution choice than ever for creators and content owners, which has allowed them to reach new audiences and create more commercial opportunities. Hugely successful independent distribution companies now have a global reach and are able to coordinate both physical and digital releases for some of world's biggest artists. They are well resourced and combine a passion for music with a long track record of success. Whilst there is still work to be done to ensure a level playing field this ability to distribute and develop music in both domestic and international markets is now allowing independent artists and labels to compete on a global basis via a truly independent distributor. Choosing an independent distributor also means that the market share stays with the sector.

VINYL

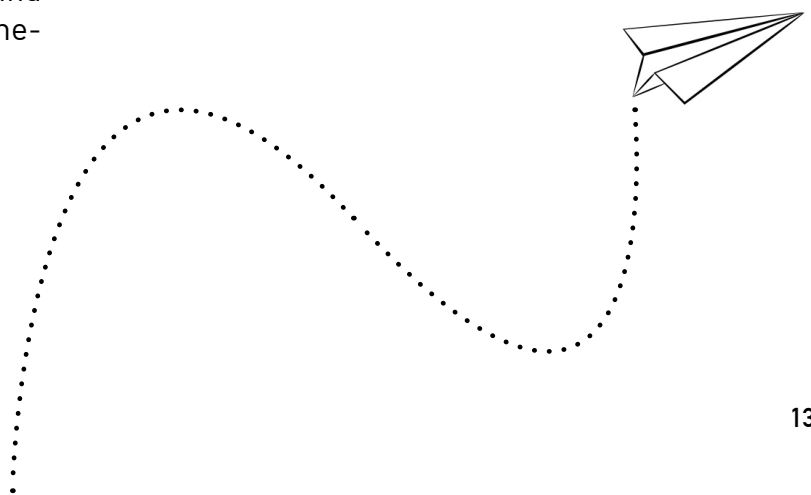
With the advent of the compact disc revolution in the early 1980's vinyl sales went into terminal decline as music fans migrated to a new format. Pressing plants were mothballed and 45" and 33" records became quaint artefacts and car boot sale staples. As digital music evolved throughout the late nineties and noughties the idea of physical formats started to recede from the minds of all but a few die-hard fans. Slowly, however, a growing number of music lovers started to yearn for the tactile experience of vinyl again as they reacted against the digital experience. The independent music community saw the interest in vinyl releases growing and nurtured these faint embers of growth with initiatives such as the now hugely successful Record Store Day and Independent Label Market. To respond to the demand from music fans, independent labels started to release beautifully packaged vinyl editions of their music and have been rewarded with a steadily growing market for these premium items, which have stimulated new levels of engagement between artists and their audiences while providing much needed new revenue streams.



INDEPENDENT OPPORTUNITIES

GOING GLOBAL

If you asked most artists why they chose to sign to an independent record label over a major these days you will most likely get the same response: the offer of creative and artistic freedom. Whilst it is unscientific to talk in absolutes, the vast majority of Independent labels have a mind-set that is attuned to allowing the artists they represent to make music that is authentic to their vision. The majors, on the other hand, usually have a wholly different agenda – they exist to industrialise music. This is not to judge; it is a fact that these companies are commercial operations with a mass market objective. It is often stated, therefore, that the independent music community is a niche sector with limited access to the marketplace, particularly on an international level. It may be instructive then to look at some of the successes achieved by independent labels on the global stage in recent times. Artists such as Adele, Chet Faker, Metric, MUCC, Rasmus Seebach, Taylor Swift and many others have worked with independent labels in key territories to build their global fanbases. It is true that in some individual countries these artists may have agreements with major labels but the days of those companies dominating global marketing and distribution are over and high profile artists are much more likely to piece together a network of partners around the world based on relationships and on-the-ground expertise in individual countries.



KEY FINDINGS



THE GLOBAL INDEPENDENT RECORD LABEL SECTOR



INDEPENDENT RECORD LABELS



HAVE SIGNIFICANTLY HIGHER MARKET SHARE IN STREAMING THAN IN PHYSICAL, IN VIRTUALLY EVERY COUNTRY



HAVE MORE OPPORTUNITY IN THE DIGITAL LANDSCAPE ESPECIALLY IN STREAMING



ARE CHARACTERISED BY DIVERSITY



HAVE AN AVERAGE OF 40 ARTISTS

and provide a crucial platform for artists that do not fit the major label model but deserve an audience beyond DIY platforms.

INTERNATIONAL

IS BECOMING INCREASINGLY IMPORTANT TO INDEPENDENT LABELS, ACCOUNTING FOR



OF LABEL REVENUE

Most independent labels do not have the international infrastructure needed to compete globally, and so

72% USE INTERNATIONAL DISTRIBUTORS

52% USE MAJOR OR MAJOR-OWNED DISTRIBUTORS



There is a hugely diverse range of national market share trends with independent label shares ranging from:





THE VALUE OF INNOVATION

Independent labels are drivers of innovation and diversity within music, both for the music industry and for audiences and consumers, playing a critical role in the discovery and development of raw talent. Independent music companies are characterised both by a desire to seek out new musical forms and artists, and in their entrepreneurial willingness to take risks.

In today's market, independent labels continue to balance artistic and commercial priorities. A label is considered independent if they are not owned or controlled by any of the three "major" multi-national music corporations, which ultimately allows a much higher measure of artistic freedom.

Crucially, independent labels are not driven solely by considerations of economic value. An artist might have artistic value before they are commercially viable; by considering the long-term artistic potential rather than the short-term commercial return, the independent label can help to realise that potential. They can afford to take risks where major labels cannot because their turnover and profitability thresholds are relatively lower. This does not mean commercial realities can be ignored, but nor do they dictate the choice of music.

This section of the report focuses on the first stage in the value chain, the discovery and creation of new music. Here independent labels are a driver of innovation and diversity, both for the music industry and for audiences and consumers. Innovation is bound up with the aesthetic and expressive qualities of music, but is inevitably linked also to commercial value. Artistic innovation and freedom of expression lead to economic benefits through the life cycle of the product or artist, even if these are not the primary concerns to begin

with.

Independent music is often associated with an 'indie' aesthetic which offers an 'alternative' to mainstream popular music. Practically, independent labels are not owned or controlled by the major labels, and this allows a measure of artistic freedom. At the same time 'independent' music also satisfies among audiences a desire for social differentiation which in turn can be commercially attractive.

Various 'indie' has been linked to the emergence of 'grunge' in the 1990s as a reaction against overblown American rock music through the previous decade, or to the 'DIY' aesthetic of punk in the late 1970s in response to the excesses of 'progressive' rock music in the UK. Latterly 'indie' is often a generic label for guitar-based bands operating on the fringes of mainstream pop. Each iteration of 'indie' music is rapidly absorbed into mainstream popular culture, triggering a fresh reaction.

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INDEPENDENT RECORD LABELS ARE CREDITED WITH 'DISCOVERING' NOT ONLY NEW TALENTS BUT NEW DIRECTIONS FOR THE REST OF THE INDUSTRY TO FOLLOW.

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Historically then, 'independent' music refers more to an attitude than a genre, encompassing electronic dance music, rock, pop and classical. What binds this disparate range of music together is a critical reaction against formulaic popular music and the search for a new 'alternative' aesthetic. Consequently the indie sound is always in a process of flux and



THE VALUE OF INNOVATION

reinvention by artists, audiences, labels and critics. In the musical ecosystem, independent music performs a vital function, re-injecting diversity and innovation into a popular music system which tends to recycle successful 'hit' formulae to the point of stagnation. Independent music labels, as a cultural force, regardless of genre, bridge the gap between artistic and commercial culture, and form a vital link between 'alternative' cultural value and commercial exploitation.

For this reason independent record labels are credited with 'discovering' not only new talents but new directions for the rest of the industry to follow. Early independent labels, like Atlantic and King Records, introduced blues and R&B music in the 1940s. Some of the early independents specialised in folk, with Topic Records in the UK championing political folk music and workers' protest songs, and Folkways in the US capturing the musical diversity from different ethnicities across the nation. In the 'US, the fusion of black blues music with young white performers on indie labels was the beginning of rock and roll.

Island Records, founded in 1959, performed a similar 'bridging' function, introducing a new generation of rock and reggae artists to global audiences through the 1960s and 1970s. Initially the label was associated with Jamaican music, popularising ska and reggae music in the UK, in particular the music of Bob Marley. The label also promoted a range of rock acts, notably U2. Island was acquired by Polygram in 1989, later absorbed by Universal, and today forms part of the world's biggest major record label. The journey from independent to major highlights the cyclical and symbiotic relationship between majors and independents, and the long-term economic value accruing from 'alternative' cultural

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INDEPENDENT LABELS, LIKE ANY ENTREPRENEURIAL BUSINESS, ARE PREPARED TO TAKE UNINSURED RISKS WHICH WOULD NOT BE POSSIBLE FOR A LARGER BUSINESS.
.....

experimentation.

The early independent labels were characterised not only by a desire to seek out new musical forms and artists, but also an entrepreneurial willingness to take risks. Independent labels, like any entrepreneurial business, are prepared to take uninsured risks which would not be possible for a larger, more established business. As much as their eclectic musical tastes helped to lay the basis for today's global music industry, an acute understanding of what the market would buy also drove these early musical entrepreneurs. It is this combination of cultural and commercial sensibilities which has allowed independent music labels to bridge artistic innovation and commercial culture, and which underpins their continued economic and cultural value to the industry at large.

In today's market independent labels continue to balance artistic and commercial priorities. As Zhongqiang Lu, CEO of 13-Month, a Chinese record label specialising in folk music explains, the label 'does not blindly cater to commercial purposes', allowing them to promote music which 'could sincerely express musicians' inner voices and touch audiences, and it's full of originality and creativity'. According to Miss Blueberry, singer with Czech band Le Pneumatik, 'our music has to be produced to a standard but we can do whatever we want, we



THE VALUE OF INNOVATION

have a creative freedom for sure’.

Part of this freedom comes from a decision not to pursue mass market economies of scale, but to connect distinctive genres of music to niche audiences, allowing emerging artists to experiment and at the same time build a fan base. For Russian label Geometry, the distinctive flavour of their music is rooted in a distinctive ‘Russian-rock’ sound which reflects a desire to preserve Russian culture and values. Whilst national, regional and local cultures may be invoked, this does not exclude a diverse range of music influences. Another Russian label, Russian Association of Independent Genres (RAIG), as its name suggests, promotes a range of genres, from psychedelic, avant-garde and progressive to experimental and electroacoustic music; yet it also signs artists from all over the world, including America, Peru and Serbia. Part of the label’s mission is to forge relationships between artists and audiences; for this reason, it prefers to deal in physical copies rather than the ‘faceless information’ of digital distribution.

Because of these close interactions between artists, labels and fans, the independent music industry can afford to focus on niche markets and products rather than pursuing mainstream ‘success’. This in turn creates a space for experimentation and innovation – the

product of which may in time be picked up by mainstream audiences and major labels. In the meantime, independent labels must also survive financially and have often had to be inventive to identify new markets and revenue streams. Naxos, an independent label based in Germany and Hong Kong promoted new opera recordings at a time when this was considered commercially unviable, and has now built up the world’s largest online library for classical music consisting of approximately 1,421,700 tracks. Naxos has also diversified into other products, including audio books, texts and educational resources for schools and students. Independent labels, and musicians like Peter Gabriel and Trent Reznor (with Nine Inch Nails and as a solo artist), have been inventive in their use of digital media to build new relationships between fans and artists and to cultivate new revenue streams. Artistic innovation has been the mother to entrepreneurial invention. This combination has provided a steady stream of new ideas to the rest of the industry, both in the form of new forms of music, new artists and genres, but also in the form of new approaches to marketing and distribution. The cultural value of the independent sector and its economic value are closely interwoven.

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CASE STUDY 1: INVENTING A GENRE

FLICKKNIFE RECORDS AND 'SPACE ROCK'

Frenchy Gloder and Gina “Wild Thing” Nares started Flickknife Records in 1979. The plan was, according to Gloder, to make a label that would “do something no other label was doing. Most indie labels in 1980 were doing punk or high-energy rock/pop music, so we decided to go into psychedelic-orientated rock”.

Quite by chance, the music that has come to define Flickknife to many – that of the hugely influential psychedelic/space rock band Hawkwind – came to the label due to a coincidental meeting with the science fiction writer Michael Moorcock at the famous London venue, The Marquee Club. Moorcock, who had a longstanding connection with Hawkwind since the early 1970s, was invited to join the label. Not long after, Hawkwind signed a deal to release material through Flickknife, which would run concurrently to their contracts with Bronze Records and then RCA Records before they signed to Flickknife in full.

Hawkwind are primarily known for playing “space-rock”, a hybrid of hard-rock and acid-rock that united the sonic power of the former and the free improvisation of the latter. Hawkwind have been described as “probably the most influential British group ever” by many journalists over the years, and had already been credited with inspiring many of punk’s greats, including The Sex Pistols and The Clash, by the time they signed their initial deal with Flickknife. This influence over successive generations

of musicians, beginning when the band formed way back in 1969, is well documented. They have been name-checked by a dizzyingly diverse list of musicians, from a huge variety of genres, over many years. In addition to punk bands, they also influenced grunge artists.

Over thirty years Flickknife Records has offered fans of established underground music figures the chance to hear unusual material and music genres that would not fit with the more controlling influences of most other labels. The contribution that Flickknife has made to a richer variety and innovation of rock music can never be neglected. As one of the innovators and distributors of space rock, Flickknife is always open to new genres, as Gloder said: “If it’s good and we like it, let’s do it!”

Hawkwind with Lemmy. Credit: Flickknife Records





INDEPENDENT MARKET ANALYSIS

Independent labels have vibrant businesses but depend heavily on major label distribution

In order to take the pulse of the global independent record label market WIN commissioned MIDiA to conduct a major global survey of non-major labels across the world. (More details on this survey can be found in the methodology section at the end of the report).

The survey results reveal two crucial trends:

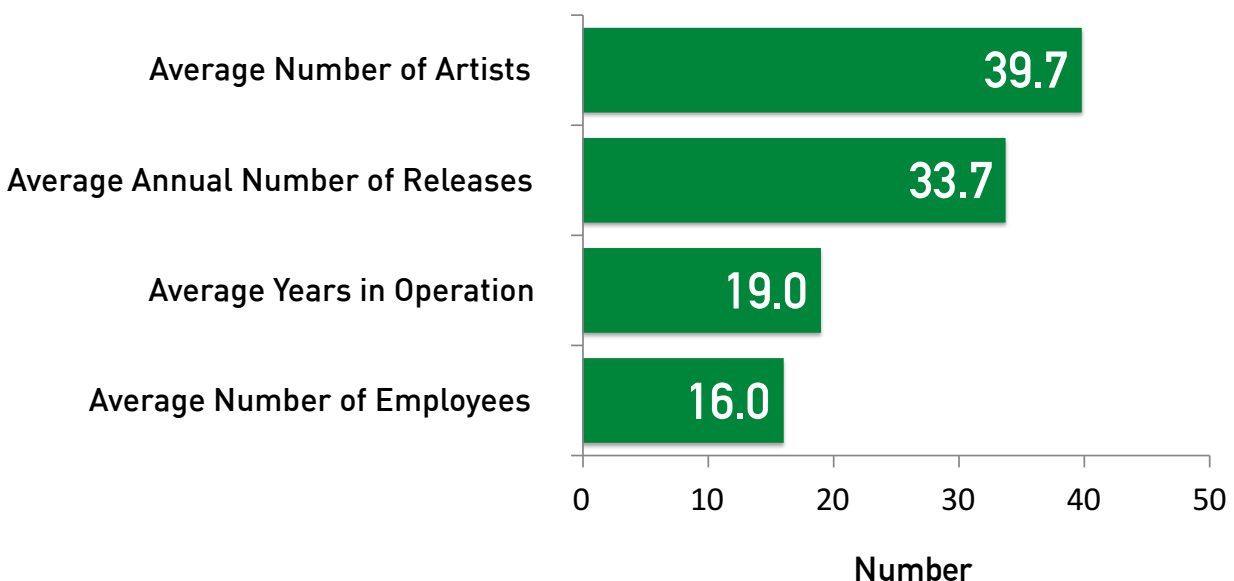
1. Vibrant and diverse businesses

In contrast to the broadly similar structures and cultures of the three international major record labels, the independent sector is both highly diverse and fragmented. Labels range from part time enthusiasts, through revered

heritage labels to the big labels of South Korea and Japan that are the equivalents of major labels in their local markets. With an average of 19 years in operation it is clear that the independent record label sector is one defined by longevity, of labels that have successfully navigated their way through successive disruptions. There has been strong growth in the number of independents born into the digital era, and built for the digital era. The fact that there are nearly 40 artists per label illustrates how important a role the independent sector plays in providing a platform for such a vast body of artists globally. While declining music sales have forced major record labels to narrow their A&R strategies, independent labels are more important than

WINTTEL 2015

KEY CHARACTERISTICS OF INDEPENDENT RECORD LABELS



Source: WIN / MIDiA Global Independent Label Survey



INDEPENDENT MARKET ANALYSIS

ever for artists that do not fit the major label model but that deserve an audience beyond what DIY platforms can deliver.

2. Global markets require global infrastructure

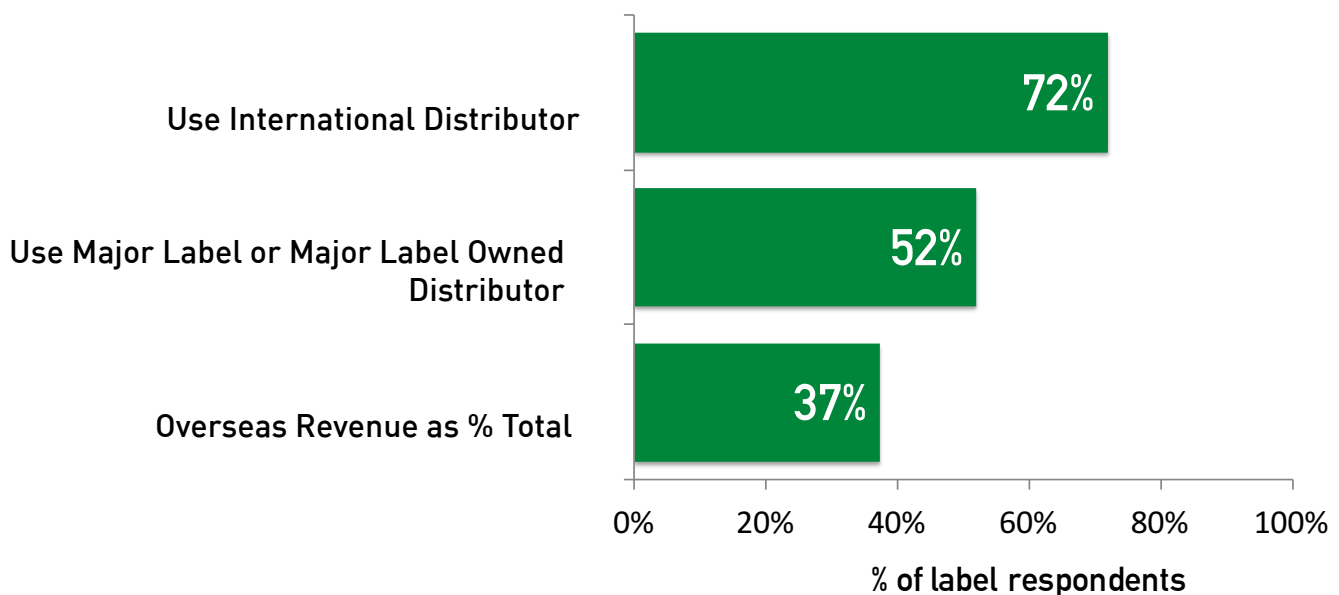
Despite their longevity the majority of independent labels do not have the global marketing and distribution infrastructure that the increasingly international recorded music market requires. Streaming services and social networks have unlocked global audiences for artists across the world and it therefore not surprising that international revenue now accounts for 37% of independent label revenue. However, unlocking international opportunity requires tapping into the distribution assets of companies that either do have global reach or that are strong in specific overseas territories.

Consequently, nearly three quarters of independent labels rely upon international distributors. A host of distributors emerged to meet this opportunity but over recent years the major record labels have either acquired and obtained controlling stakes in most of the bigger ones, as well as developing their own distribution services for smaller labels. And it is not just international markets that many independents rely upon distributors for – many independent labels also use distributors for their home territories.

The consequence of these two separate but related trends is that otherwise commercially and culturally independent labels have had to rely upon major record label owned infrastructure to tap the growing global opportunity for their artists. Beyond the more obvious implication of independent label revenue seeping into major record labels in the

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DISTRIBUTION PRACTICES OF INDEPENDENT RECORD LABELS



Source: WIN / MIDiA Global Independent Label Survey



INDEPENDENT MARKET ANALYSIS

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STREAMING SERVICES AND SOCIAL NETWORKS HAVE UNLOCKED GLOBAL AUDIENCES FOR ARTISTS ACROSS THE WORLD AND IT'S THEREFORE NOT SURPRISING THAT INTERNATIONAL REVENUE NOW ACCOUNTS FOR 37% OF INDEPENDENT LABEL REVENUE.
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form of fees, this has affected how the world views the scale of the independent sector. Why? Because the standard way in which record label market shares are viewed globally is in terms of who distributes repertoire rather than who owns the copyright. Which means that major record labels not only take a share of independent revenue, they also appropriate market share. This market share is added to their own for the purpose of negotiating deals with online and mobile services, but some of the benefits are not shared with the independent labels distributed by majors.

In response to the increasing globalisation of the market, IMPALA and WIN led the creation of MERLIN. Established in 2007, Merlin is the global digital rights agency for the world's independent label sector. Merlin's remit is to ensure that independents have a vehicle to protect and enhance their ability to compete in the ever-changing world of digital music.

Acting collectively on behalf of more than 650 members - representing 20,000+ labels and distributors across 40 countries - Merlin allows independent labels effective access to new and emerging digital revenue streams. For digital services, Merlin offers significant

efficiencies: allowing the opportunity to globally license - via a single deal, instead of hundreds of individual local deals - the world's most important and commercially successful independent music labels.

To date, Merlin has licensed all leading new generation digital music services - helping to ensure that independent music is appropriately valued, promoted and protected in the digital market.

Merlin is owned and controlled by a not-for-profit foundation, supervised by a member-elected board representing the wider independent label community. Reflecting Merlin's global scope and ambitions, this board consists of 15 members - five each from North America, Europe and Rest of the World.

Merlin is 100% transparent regarding deal terms.

Once operating costs are covered, all benefits accrued from commercial agreements are shared equitably amongst Merlin members. Every Merlin member is provided with full details of each licence signed - informing and empowering their business decisions in the digital marketplace.

Merlin has offices in London and New York, with a head office in Amsterdam.





PROMOTING CULTURAL DIVERSITY

Historically and today independent labels have continued to function as a channel for 'alternative' content to the rest of the industry. Specifically, because they target specific genres of music, niche markets and/or distinctive individual artists, independent labels cultivate cultural difference. Conversely, major labels and media organisations seek economies of scale by reducing cultural difference and promoting 'global' superstars to a global market.

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INDEPENDENT LABELS ARE THE BRIDGE BETWEEN INDIGENOUS CULTURAL CONTENT AND GLOBAL MARKETS WHILST STILL MAINTAINING THE INTEGRITY AND AUTHENTICITY OF DIFFERING TRADITIONS.

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As noted above, independent labels are steeped in local traditions and indigenous cultures. Some of the earliest independent labels began by promoting folk music through recordings, live events and festivals. Today labels like Elkar in the Basque country or the American non-profit Folkways dedicate themselves to folk music in particular. Other labels, like the Catalan label Picap integrate folk music into a diversified catalogue that embraces multiple musical genres. In the UK,

Topic Records is a well-established label which has been dedicated to folk music over 75 years. Affiliated to the Workers Music Association, Topic started with the premise that folk music is 'the voice of the people' and a tool for revolution. Soon the label was branching out from its roots in British urban

folksong, importing American artists like Pete Seeger to the UK. Recently Topic Records released 'The Voice of the People' a 20-volume anthology of indigenous music from England, Ireland, Scotland and Wales; it also offers collections from Turkey, former Yugoslavia, Bulgaria, Albania and Greece (all countries where national identity and national culture is a highly contested political and cultural topic).

Preserving local cultures does not mean keeping them apart. Independent labels are the bridge between indigenous cultural content and global markets, whilst still maintaining the integrity and authenticity of differing traditions. Obrint Pas, a band from Valencia in Spain, fuses Jamaican beats and African rhythms with traditional Basque influences. The band is signed to the Catalan label Propaganda pel Fet; as well as being an icon among Catalan countries, the band have performed at prestigious festivals beyond the Catalan community, such as Fuji Rock in Japan. According to Propaganda pel Fet, local content connects artists to global audiences.

At the same time as exporting Catalan culture to the world, Obrint Pas have imported a diversity of genres from across the world and blended this with their own distinctive Valencian sound; nobody before had considered combining punk, ska, hardcore, rock and reggae influences with the 'dolçaina', a traditional Valencian instrument. This pastiche of genres was unprecedented in the 1990s, but has subsequently influenced numerous other bands in the region, marking a dramatic change in the music scene of the Catalan countries.

There are innumerable examples of this fusion between local, traditional culture and international music influences and



PROMOTING CULTURAL DIVERSITY

audiences. In the Czech Republic, Gypsy.cz combine traditional Romany music with hip-hop and pop. The Romany people arrived in the Czech Republic 600 years ago, and music has always been a strong part of their cultural identity. Gypsy.cz's mix of rap, pop, breakbeat and traditional Romany music has united both Czech and Roma people in the band's audiences. In a symbolic and public celebration of this cultural integration, Gypsy.cz represented the Czech Republic at the 2009 Eurovision Song Contest, and went on to perform their song 'Aven Romale' at the Glastonbury Festival and on MTV. Again, behind this cultural crossover is another independent label, 'Indies Records', a Czech label specialising in 'alternative' music and Czechoslovakian rock, according to their motto 'we only release music that we like'. Increasingly that motto has encompassed folk music as well as introducing new artists, and playing an active part on the Czech music festival scene.

In a global music industry, there are opportunities as well as threats for indigenous music. In order to reach international markets, it is tempting to adapt local traditions to satisfy a global mass audience, diluting any 'difficult' local content according to the logic of

'cultural discount'. Independent record labels have shown that it is possible for traditional performers to reach new audiences without compromising the individualism and integrity of their musical sound and without translating their lyrics into English. Independent labels have also supported a dynamic version of indigenous music, importing new sounds and influences to enrich rather than replace traditional music. This counter-flow, from local to global and back again, offers a contrast and challenge to the increasing standardisation of global Anglo-American pop. As with the searching out of new artists and new talent, the promotion of indigenous cultural traditions also benefits the mainstream pop acts by enlivening and enriching the musical traditions from which future global superstars can be born and global audiences can be engaged.



INDEPENDENT RECORD LABELS HAVE SHOWN THAT IT IS POSSIBLE FOR TRADITIONAL PERFORMERS TO REACH NEW AUDIENCES WITHOUT COMPROMISING THE INDIVIDUALISM AND INTEGRITY OF THEIR MUSICAL SOUND.





CASE STUDY 2: EMERGING MARKETS

CHINA AND NIGERIA

Modern Sky is the largest and most influential independent music label in China. The label was founded in 1997 and over 17 years has launched 78 new acts, performing in a variety of genres from rock to folk, pop and punk.

The major contribution Modern Sky has made to China's fledgling music industry was initially through organising music festivals. 'Strawberry Music Festival', promoted by Modern Sky, has emerged as one of the most popular and influential festivals in China. The festival takes place in ten cities every year and attracts mainstream media coverage as well as substantial audiences. As a result of Modern Sky's support, several musicians have taken the leap from emerging artist to become household names. Among them is Song Dongye, a folk singer and songwriter who shot to fame when one of his songs was covered on a reality talent show and was promptly signed by Modern Sky. The connection illustrates Modern Sky's other strategic strength, a canny exploitation of the growing convergence between music and media. Indeed, their biggest signing to date is the film star Maggie Cheung; Cheung is one of the biggest names in Chinese popular culture following her starring role in *Hero* and her Best Actress Award at Cannes for her performance in *In the Mood for Love*. Whether or not she succeeds as a singer, Modern Sky's intervention illustrates their growing ambition and intuitive approach to the new creative economy.

In Nigeria, Trybes is another independent label with ambitions to reinvent the country's music industry. Eldee, the label's owner and founder, is the pioneer of a contemporary urban African musical style which fuses hip-hop, RnB, highlife and afro beat. In an interview, Eldee notes that in the past Nigerian artists

have tended to play either indigenous musical styles like juju, or simply copy Western hip hop without developing their own musical imprint. Trybes is one of the first labels to combine foreign and local styles. The label's mission is to develop talent and build a leading African label across the continent. To this end, Eldee has begun to develop and fund smaller labels which can source and manage new talents, whilst remaining true to local cultural traditions.

A Nigerian musician, Ejay Blackmajic, notes that the new wave of independent labels in Nigeria are allowing artists like himself to combine their own cultural traditions with imported sounds of hip hop and soul. He adds that the independent labels allow artists to rap in their own dialects including Yoruba, Ibo and pidgin English whilst their music videos draw on traditional Nigerian dance and costumes. The new Nigerian sound blends afropop (in the tradition of the legendary Fela Anikulapo Kuti) with hip hop and rap; and it is the independent labels like Trybes who are best placed to promote and commercialise this fusion, based on their strong affinity and respect for local culture combined with commercial awareness.



Strawberry Music Festival. Credit: Modern Sky



GLOBAL MARKET BASED ON OWNERSHIP

37.6%

INDEPENDENT
RECORD LABEL
MARKET SHARE

7

WITH MORE THAN
\$100MILLION
INDEPENDENT
REVENUE

\$5.6

TOTAL REVENUE
(BILLIONS)

\$2.6

TOTAL DIGITAL
REVENUE
(BILLIONS)

\$2.3

TOTAL PHYSICAL
REVENUE
(BILLIONS)

\$700

TOTAL OTHER
REVENUES
(MILLIONS)

\$1.1

DOWNLOAD
REVENUE
(BILLIONS)

\$1.1

STREAMING
REVENUE
(BILLIONS)

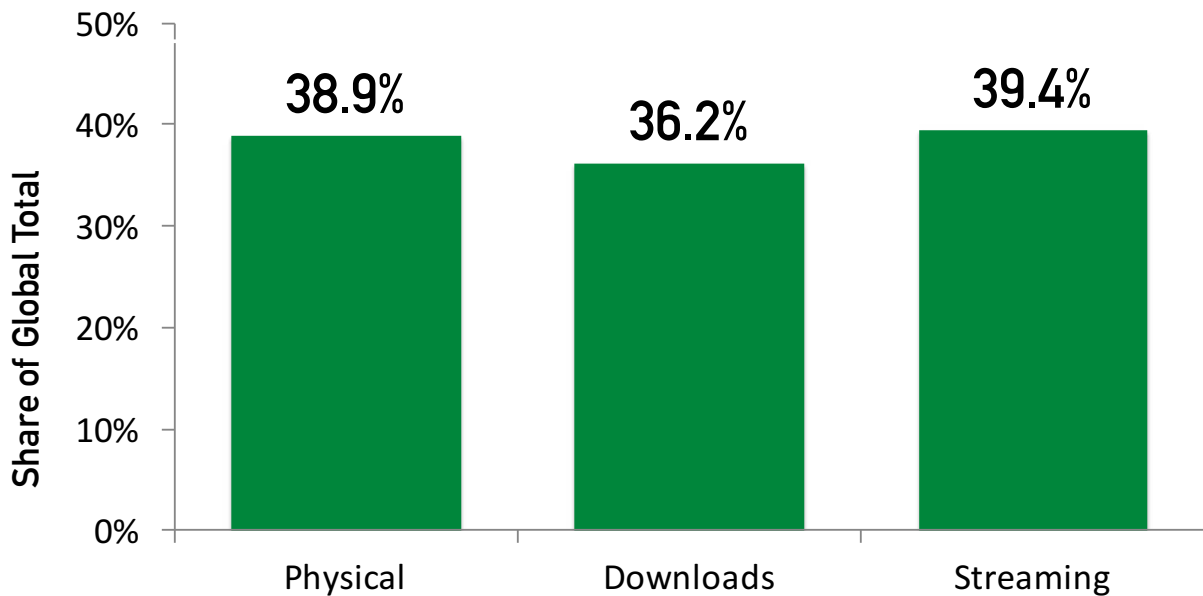
\$400

OTHER DIGITAL
REVENUES
(MILLIONS)



GLOBAL MARKET BASED ON OWNERSHIP

INDEPENDENT RECORD LABEL MARKET SHARE BY PRODUCT TYPE



WINTEL 2015

Source: WIN / MIDiA Research Global Music Market Share Model (05/16)

The key purpose of this study is to provide the definitive measure of the independent record label market share globally based on ownership, not distribution. This was done by leveraging the global independent label survey, exclusive data from record label trade bodies across the world and a number of further sources. (More detail on our approach can be found at the end of this report).

Independent record labels generated \$5.6 billion in recorded music revenue in 2014, 37.6% of the global total on an ownership basis.

Independent physical and digital revenue were virtually evenly pegged at \$2.6 billion, each representing 46% of the total, with other revenues such as synchronisation and

performance royalties making up the rest. Independent labels have a slightly higher share of their revenue that is digital (45%) than the majors due to the fact that independent labels typically gain higher market share on digital music services, streaming in particular. This dynamic is far more apparent when the outlier markets Japan and South Korea are removed from the equation, with the share of independent label revenue that is digital rising to 59%, compared to 49% for the majors.



CASE STUDY 3: BUILDING SOCIAL CAPITAL

MANGUE BIT MOVEMENT

'Mangue Bit' was created in 1991 in Recife, capital of Pernambuco in north-eastern Brazil. At that time Recife's economy was weak and the local music scene was non-existent. According to DJ Dolores, musician and DJ from northeast Brazil and one of the founders of the Mangue movement, "There was a serious problem because nothing was going on in the city. We didn't have the money to leave and we had the dilemma of whether to try to move away, or to change the city. We had to do something, so a group of friends created the 'Mangue Bit' scene. We began to organise parties. The first ones were in the docks area of Recife. At the time it was a shady district. There was nothing there at night, except for prostitutes, sailors and tramps. But there were some incredible places for parties that were cheap to hire. We played new music, radical music, anything hip hop, rock, the first electronic tracks we could lay our hands on. So, it was very different music to what you'd hear on TV and radio. The people that came to these parties ended up forming bands together."

A pioneer behind the musical revolution known as Mangue is Chico Science (born Francisco de Assis França) and his band Nação Zumbi. Together they fused Maracatu which is an indigenous music of northeast Brazil with rock, hip-hop, funk and electronic sounds to create the innovative Mangue Bit. In an interview in 1994, Chico explained the idea behind the creation of Mangue Bit, "The beat was a thing we created. The idea was to take regional rhythms and add to them....creating a new dimension, a new vision, with all the baggage of global pop. Mangue boys have their antennae out to the world mixing the regional and the universal and making the Mangue Bit."

Mangue movement was not just able to pave the way for newer bands to develop, it changed Recife's perspective of itself and its culture in a period of musical and economic stagnation. Paulo Andre, former manager of the band said, "They changed Recife, they changed Pernambuco, and they also changed Brazil. Chico Science and Nação Zumbi opened up doors for a new generation of Brazilian brands who were not Samba or Bossa Nova bands."

Chico Science & Nação Zumbi. Credit: Sony Music Brazil





RECORD LABEL MARKET SHARE VARIATIONS

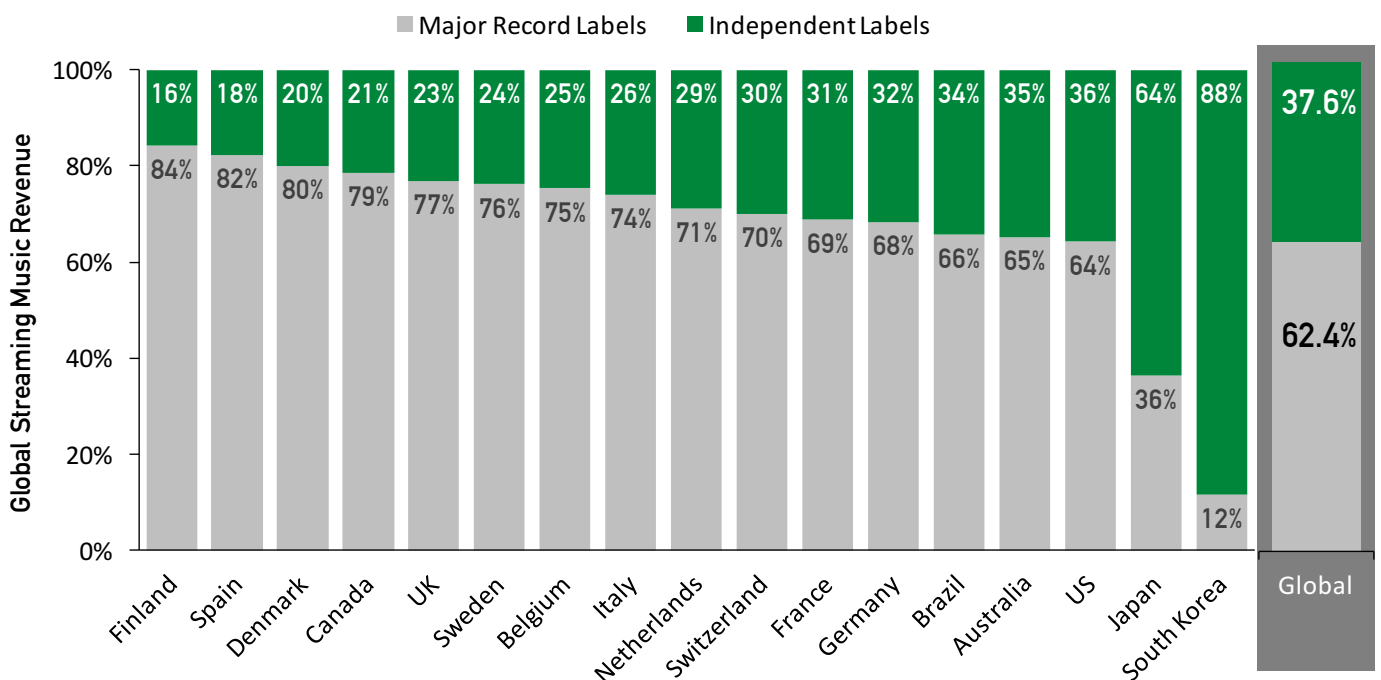
Even beyond Asian outlier markets there is huge variation in independent record label market share

Beneath the global 37.6% independent label market share figure there is a hugely diverse range of national trends, with market shares ranging from just 16% in Finland up to 88% in South Korea. In South Korea and Japan the international major labels find their roles reversed, relegated to the positions of minority players, while in the Nordics, Spain, Canada and the UK they account for three quarters or more of recorded music revenue. Interestingly this group of markets has very different characteristics, ranging from the historically troubled Spanish market through to the highly sophisticated streaming markets of Sweden and Denmark.

The US is arguably the most interesting of all the markets, not just because of its sheer size – it makes up 36% of the global total – but also because of the discrepancy between independent label share by ownership versus distribution. Being the largest single music market makes the US the prime market that most independent labels want to export to which means that many end up using a major label or major owned distributor to access the market. Consequently the independent share by ownership in the US is more than double that by distribution. As both the key independent export market and the biggest music market overall, the choice of market share measure in the US has a dramatic impact on the global picture.

WINTTEL 2015

GLOBAL RECORDED MUSIC REVENUE SHARE FOR MAJOR AND INDEPENDENT LABELS BY OWNERSHIP



Source: WIN / MIDiA Global Music Market Share Model (05/16)



ECONOMIC VALUE: CHANGING THE MODEL

The definition of an independent label is primarily economic – the independent label is not owned or controlled by a larger business (either one of the major label groups or some other entertainment conglomerate). At the same time there are other less tangible implications of ‘independent’ music, for example the whole notion of an ‘indie’ sound; this is increasingly difficult to sustain given the sheer diversity of the independent sector. There is also a romanticised view of the independent record label as resolutely anti-commercial. In reality, popular music has always been a hybrid of the artistic and the commercial, and independent labels are first and foremost small businesses carving out a niche in a competitive market - they are pro-competitive. ‘Independent’ music implies a more single-minded approach to the music itself than is possible within the corporate culture of a major label. Independent labels can afford to take on ‘uninsured risk’, and this entrepreneurial attitude allows them to innovate more boldly than a major label. In particular, there is a sense that independent labels are governed by a more complex and longer term set of values than short term return on investment.

A refusal to compromise on values and artistic vision becomes in the long view a sound business strategy too. By signing unfamiliar names and sticking with artists or genres which are not yet popular, independent labels can establish a competitive advantage. The music industry, despite the rhetoric of the ‘long tail’, remains a hit-driven economy where a handful of successful acts subsidise a catalogue of promising failures. This remains true of the independent music industry too, but the distinctions between hits and misses are far less clear-cut. This is partly a matter of scale: overheads, advances, marketing

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INDEPENDENT LABELS SUPPORT MAJOR LABELS BY NURTURING TALENT AND BUILDING THE CONFIDENCE AND IDENTITY OF AN EMERGING ARTIST INTO A RECOGNISABLE BRAND.

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budgets and outputs are proportionate, and the break-even point for an act or a single release is therefore much lower too. It also reflects a different management approach; independent labels are typically more implicated in the acts they sign (they may know them personally, have mutual acquaintances and interests), more knowledgeable of the adjacent musical scene, and so better placed to advise their artists (and more likely to have that advice accepted). This means that independent labels can be more adaptive, and can work with an artist to realise potential in a way that is much more difficult for a major record label.

This is understood within the music industry. Independent labels nurture talent and build the confidence and identity of an emerging artist into a recognisable brand, and likewise build a small loyal fan base into wider market awareness. At this point it is not uncommon for an ‘independent’ act to sign to a major label, simply to gain access to larger marketing budgets and global audiences. It is also becoming more common for artists to move from a major label to independent, sometimes at a point when their careers and sales ‘plateau’, sometimes for artistic freedom. And the third way is now open to all as well, artists who have a team around them to manage careers in portfolio style. The independent sector has a real advantage here as it offers more flexibility, more creativity and more choice to the artist.



CASE STUDY 4: ARTISTIC FREEDOM

THE WEDDING PRESENT

The Leeds-based 'indie' band The Wedding Present illustrate this trajectory. In the mid 1980s the band released several singles and two albums through their own label, Reception Records, distributed through the independent Red Rhino. They had a distinctive 'indie' sound based around the gruff vocals of lead singer Dave Gedge and cacophonous, simple guitar riffs; they also experimented with other styles including Ukrainian folk songs. In 1989 the band signed to RCA (part of the major label group BMG which would later merge with Sony). In the years that followed, the band achieved their first chart success and toured America. Their RCA career reached its zenith in 1992 with a succession of chart singles, subsequently collected together on two albums, the appropriately named Hit Parade 1 and Hit Parade 2. Then, following a brief stint with Island Records, the band returned to their roots with the independent label Cooking Vinyl in 1995, before setting up their own independent label, Scopitones in 1998.

Mainstream chart success is notoriously fickle, but the Wedding Present had always maintained a regular schedule of touring, retaining a core audience of loyal fans. Indeed following the break with RCA singles were self-released and sold to fans at live shows, and during the band's revival in the mid-noughties much of their recorded output came from releases of their live shows. Their period with RCA had also helped to consolidate the band's fanbase beyond the UK to include the United States and Europe. Following a lengthy absence, the Wedding Present re-emerged in the mid-noughties as a live band, supplemented by occasional digital downloads and physical releases (often a mix of live songs and singles). The band's reputation as a live

act together with the scale and distribution of their fanbase were perfectly attuned to a new music business model where live performance had replaced recording as the main revenue stream. Whilst this has proved sustainable through the band's own independent label, it is doubtful whether this combination of medium-scale touring and limited release recordings would have remained attractive or manageable for a major label. Remarkably, the Wedding Present has survived through successive changes in line-up and continues to tour today.

Independent labels form a vital part of the wider music industry ecology, not only through the nurturing of new talents, some of whom go on to major label, mainstream success, but also in sustaining the infrastructure of mid-scale touring, engagement with fans and sustainability of musical careers once the bright lights of pop chart fame have faded. Leading figures in the independent sector like Alan McGee (Creation) and Martin Mills (Beggars Group) have helped to sustain this infrastructure, by lobbying government over issues ranging from copyright and negotiation of rights agreements with distributors and intermediaries, licensing of small and medium-scale touring venues, and exploring new approaches to digital distribution.

Because of lower overheads, lean approaches to product development and a shorter distance between producers and consumers, independent labels, promoters and artists can survive on a much smaller turnover than their major counterparts. The talents and the fans they engage may transfer to major label success, and then retreat back to the independent sector over the lifecycle of an artist or band. Behind the visible peaks of a successful music industry lies a hinterland of diverse, inventive, independent music;



CASE STUDY 4: ARTISTIC FREEDOM

the energy and belief of the independents continually feeds the industry as a whole.

Whilst independent music sustains creative diversity and engages audiences, it also forms a vital link in the industry value chain. In the end, a thriving independent sector is essential to the survival not just of the music industry

but of a larger creative economy (including advertising, digital content providers, search engines and broadband services) all of which derive benefit from new musical talent and music fans.

The Wedding Present. Credit: Jessica McMillan

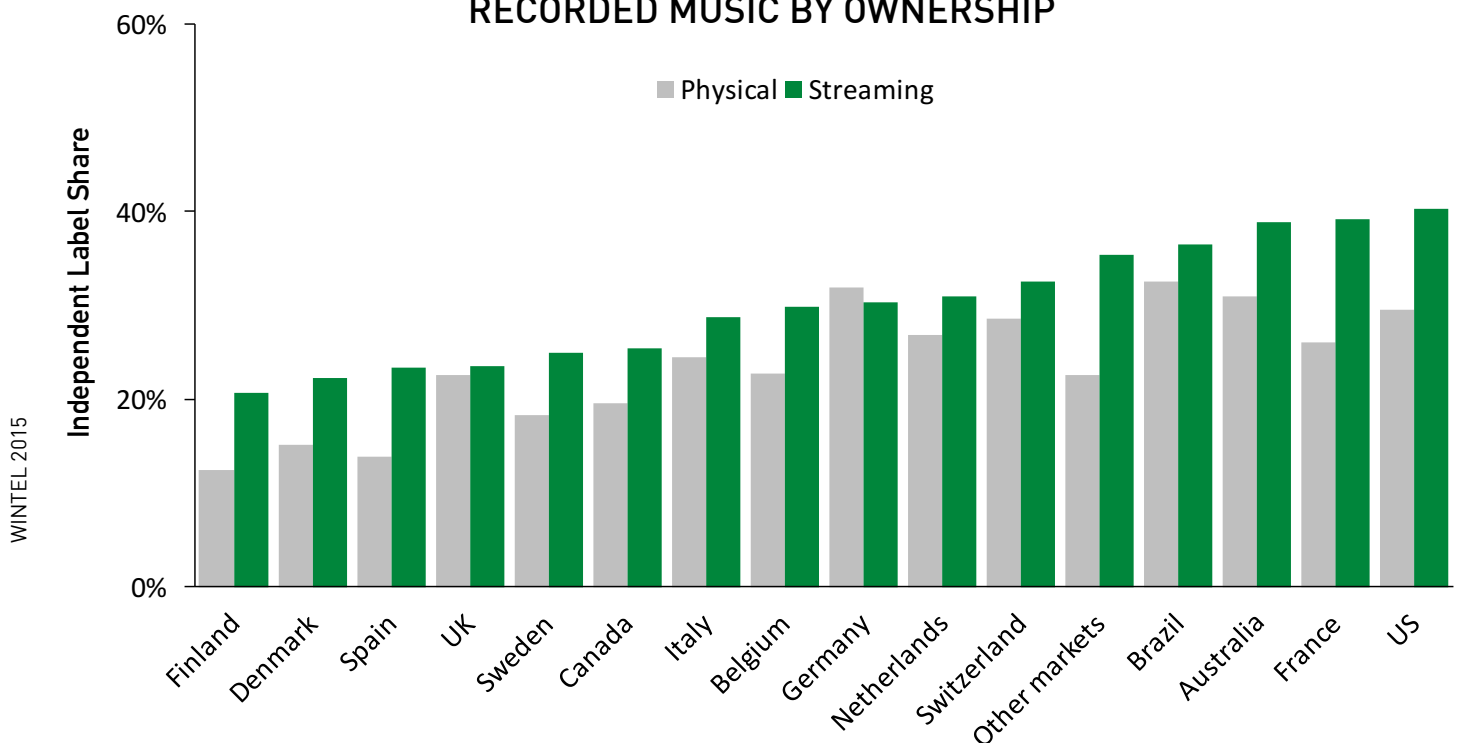




STREAMING PERFORMANCE

In virtually every market independent labels get greater market share in streaming than in physical

INDEPENDENT LABEL REVENUE SHARE FOR PHYSICAL AND FOR STREAMING RECORDED MUSIC BY OWNERSHIP



WINTEL 2015

Source: WIN / MIDiA Research Global Market Share Model (05/16)

Digital music services, especially streaming services, have helped level the playing field for independent labels. Although the majors still dominate, the stronger focus on user-led discovery and behavioural recommendations compensate for the traditional major label dominance of 'store front' inventory in both physical and digital channels. Added to this the majority of streaming music subscribers are music aficionados, consumers that spend above average money and time on music. These are the sorts of music fans that more actively seek out music beyond the mainstream, music that is the natural domain of independent labels.

It is perhaps unrealistic to expect a complete rebalancing of label market shares because of streaming services, especially as the next wave of streaming users – especially free ones – will come from the more mainstream parts of the population. However, the better that discovery and recommendation tools become on streaming services, the more that independent labels are likely to benefit.

Streaming is changing the game.

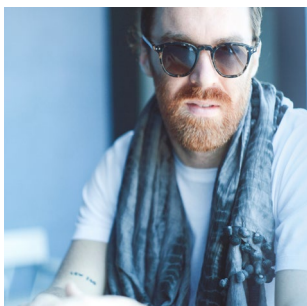


LEADING GLOBAL INDEPENDENT ARTISTS

The independent sector, as well as nurturing grass roots and indigenous music, is home to a vibrant and diverse collection of leading global recording artists.

This section lists 35 of the most successful independent artists from across 18 countries. The markers of success vary across the world, taking into account impressive sales figures as well as culturally significant accolades of success and popularity.

Even by traditional measures of success the independent sector prevails. Adele and Taylor Swift were awarded IFPI's Top Global Recording Independent Artist in 2014 and 2015, respectively.



CHET FAKER

Future Classic
AUSTRALIA

The album 'Built on Glass' reached #1 in the charts and went Platinum in Australia. Chet Faker has won multiple awards at the AIR Awards and ARIA Awards, including Best Male.

Credit: Maria do Carmo Loureiro.

Source: AIR



COURTNEY BARNETT

Milk! Music
AUSTRALIA

The album 'Sometimes I Sit and Think and Sometimes I Just Sit' went Gold in Australia. Barnett has been nominated for a Grammy (Best New Artist) and BRIT Award (Best International Female).

Credit: Danny Clinch.

Source: AIR

WINTEL 2015



ERTEBREKERS

Petrol
BELGIUM

Ertebrekers' album Otel spent a week at #9 and stayed in the Belgian Top 50 for 5 weeks. Their single 'De Zje' has reached 89,024 views on YouTube in 3 months.

Credit: Piet Stellamans.

Source: acharts.co



GIRLS IN HAWAII

62 TV Records
BELGIUM

The album 'Everest' peaked at #5 in the charts and spent a total of 12 weeks in the Belgian Top 50. It also reached the French Top 50 Albums in France and the Swiss Top 100 Albums.

Credit: Olivier Donnet.

Source: acharts.co



FERNANDO & SOROCABA

Radar Records
BRAZIL

Fernando & Sorocaba sold 45.5k units of their last album. They have nearly 500k YouTube followers and their video 'Bobeia Pra Ver' has 23 million views.

Credit: Cadú Fernandes.

Source: ABMI



MICHEL TELO

Radar Records
BRAZIL

Michel Telo sold 15.8k units of his last album and he has over 1million follower on YouTube. Telo has been nominated for multiple Latin Grammy and Latin Billboard Awards.

Credit: Fernando Hiro and Leandro Source: ABMI acharts.co



LEADING GLOBAL INDEPENDENT ARTISTS



CITY & COLOUR

Dine Alone Records
CANADA

The album 'If I Should Go Before You' debuted at #1 in Canada. All 4 previous albums are certified Canadian Platinum. The single 'Lover Come Back' entered the top 10 at Rock radio.

Credit: Dine Alone Music Inc.

Source: CIMA



METRIC MUSIC INT

Crystal Math Records
CANADA

Metric Music International have one double Platinum, two Platinum and one Gold record in Canada. Their debut album went to #2 on the Canadian charts, and their latest release debuted at #5.

Credit: Alysse Gafkjen

Source: CIMA



JEAN LELOUP

Dare To Care Records
CANADA, QUEBEC

Jean Leloup's Platinum album À Paradis City reached #1 in the Canadian iTunes chart and won the Juno Award for album of the year. His single Paradis City has over 1million views on YouTube.

Credit: Viginia Tangvald.

Source: iTunes Chart, Juno Awards



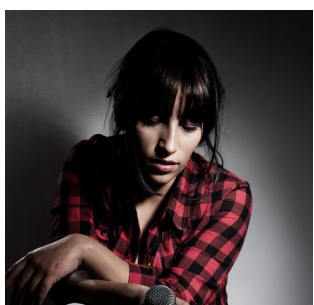
LISA LE BLANC

Bon Sound
CANADA, QUEBEC

Lisa's self-titled album reached #1 in the Canadian iTunes chart and #8 in the national charts. It has been certified platinum by Music Canada for shipping 80,000 copies.

Credit: John Londono.

Source: iTunes Chart, Music Canada



ANA TIJOUX

Nacional Records
CHILE

Ana Tijoux' is the 4th biggest seller on Oportodisc. Her song "1977" was featured in "Breaking Bad" and reached #8 on iTunes Italy. She has been nominated for a Grammy and Latin Grammy.

Credit: Felipe Cantillana.

Source: Billboard, Oportodisc.



GEPE

Quemasucabeza
CHILE

Gepe is the 2nd biggest seller on Oportodisc, Chile's main music retailer. He has toured worldwide and the official video for 'Un Día Ayer' has over 4million views on YouTube.

Credit: Claudia Valenzuela.

Source: IMICHILE, Oportodisc,



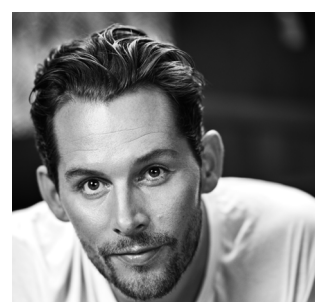
ANKERSTJERNE

Artpeople
DENMARK

Ankerstjerne had the 32nd best selling album of 2015 in Denmark. Both of his albums charted in the Top 10 and his last single reached #9.

Credit: Nicolas Tobias Følsgaard .

Source: DUP, danishcharts.com



RASMUS SEEBACH

Artpeople
DENMARK

Rasmus Seebach had both the 1st, 9th, 43rd and 70th best selling album in 2015 in Denmark. All 4 of his solo albums have reached #1 and at least 5 x Platinum status.

Credit: Jess Larsen Territorium.

Source: DUP, danishcharts.com

LEADING GLOBAL INDEPENDENT ARTISTS



Credit: Yoshiharu Ota.

LITE I Want The Moon JAPAN

LITE have released 4 albums worldwide. They are regarded as one of the most exciting bands to emerge from Japan in the last decade and have toured the USA, Europe and Asia.

Source: FMPJ/ILCJ



Credit: Joji Shimamoto

MUCC Danger Crue Records JAPAN

Most of the rock group's dozen albums listed top 100 in Japan. In addition to playing stadium and arena shows in Japan, the group performed more than 100 times in 13 countries.

Source: FMPJ/ILCJ



Credit and Source: Measat Broadcast Network Systems Sdn Bhd.

HAFIZ Measat Broadcast Network Systems MALAYSIA

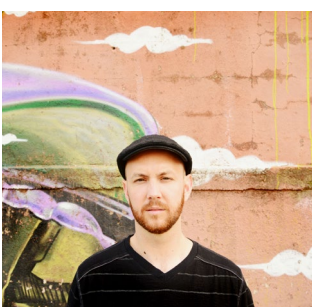
Winner of Akademi Fantasia, Malaysia's first Pop Idol-style show. The single 'Muara Hati' led the radio charts for more than 8 weeks. Hafiz has also had his own popular TV programme.



Credit: and Source: Life Records

NANASHEME Life Records MALAYSIA

Nanasheme's single "Hantu Atau Buaya" entered the top chart in most main radio stations, spending 31 weeks at #1 on the Sarawak FM chart. It reached 6.5million views in one



Credit: Shervin Lainez .

MATT SIMONS PIAS NETHERLANDS

Matt Simon's "Catch & Release (Deepend Remix)" reached #1 in Belgium, France and Germany. The single reached multi Platinum sales in Netherlands and Platinum in Germany.

Source: [PIAS]/STOMP



Credit: Tommy N Lance.

RACCOON PIAS NETHERLANDS

Racoon formed in 1997 and have 3 multi-Platinum albums: Another Day (2005), Liverpool Rain (2011), The Singles Collection (2013). Their last album All In Good Time (2015) went Gold.

Source: [PIAS]/STOMP



Credit: Steve Dyke.

DEVILSKIN Devilskin NEW ZEALAND

Devilskin's debut album 'We Rise' went straight to #1 in New Zealand where it stayed for 3 weeks. The album also reached Platinum sales status and has been toured around Europe.

Source: IMNZ



Credit: Harry A'Court.

FAT FREDDY'S DROP The Drop NEW ZEALAND

All 4 Fat Freddy's Drop studio albums reached #1 in New Zealand. 'Based on a True Story' went 9x platinum, 'Dr Boondigga and the Big BW' and 'Blackbird' both went 2x platinum.

Source: IMNZ

LEADING GLOBAL INDEPENDENT ARTISTS



GANG ALBANII

Step Records
POLAND

Gang Albanii's album "Królowie Zycia" set a new record for Polish Rap, reaching 3x Platinum and #1 on the album chart. The 3 singles released reached Diamond status solely through digital sales.

Credit and Source: Step Records.



ZAKOPOWER

Kayax
POLAND

Kayax's album 'Boso' went to #1 in Poland. It reached 3x Platinum sales status and stayed at the top of the album chart for a few weeks. The album 'Drugie pol' reached Gold album sales status.

Credit: MartaWojta / Kayax.

Source: Kayax



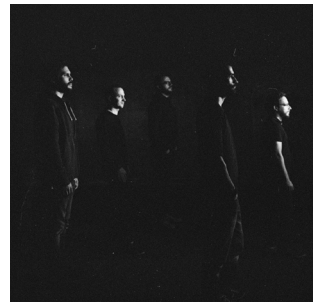
GNR

IndieFada
PORTUGAL

GNR are one of the biggest Portuguese pop bands ever. Founded in 1981, their album 'Rock in Rio Douro' reached 4 x Platinum and spent 38 weeks on the charts.

Credit: Monica Moita

Source: AMAEI



PEIXE : AVIÃO

PAD / Rastilho
PORTUGAL

peixe : avião have released 4 albums since 2008 with "Madrugada" spending 5 weeks at the top of national sales. They run their own label and booking agency; PAD artist collective.

Credit: Lilian Mendes + Duarte Costa.

Source: AMAEI, AFP



HYUKOH

HIGHGRND
SOUTH KOREA

Hyukoh's single 'Wi Ing Wi Ing' reached the #1 spot and then stayed in the top 10 for over a month. It remained in the top 60 for 9 weeks following and also reached #8 in the digital charts.

Credit and Source: LIAK

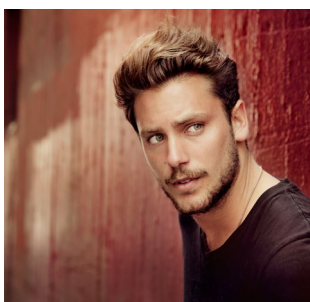


TOY

Antenna Music
SOUTH KOREA

Veteran artist, Toy, is also the CEO of his own label Antenna Music. His 7th album was released in 2014. The single "3 People" went to #1 and stayed in the top 10 for a month.

Credit: and Source: LIAK



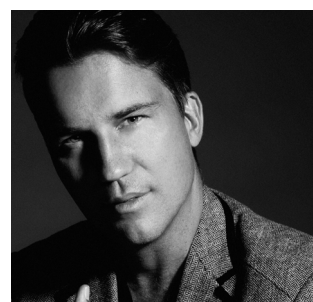
BASTIAN BAKER

Phonag TBA
SWITZERLAND

Bastian Baker has had 3 albums in the top 3 in Switzerland, with 'Too Old To Die Young' reaching #1. His debut album 'Tomorrow May Not Be Better' is certified Platinum.

Credit: Phonag TBA.

Source: Indie Suisse



DJ ANTOINE

Phonag TBA
SWITZERLAND

DJ Antoine has released 24 top 5 albums in Switzerland since 2002. He has enjoyed international success and toured worldwide. He also runs his own booking agency and label.

Credit: Phonag TBA.

Source: Indie Suisse



LEADING GLOBAL INDEPENDENT ARTISTS



ADELE

XL Recordings
UK

Adele won Global Recording Artist of the Year 2015 after phenomenal success with '25'. It is the biggest selling album in British history, selling 15 million copies worldwide in 2 weeks.

Credit: Alasdair McLellan.

Source: OCC, IFPI



ARCTIC MONKEYS

Domino Records
UK

Their debut album is the fastest selling debut album in the UK, reaching 5x Platinum. The album 'AM' is the top selling vinyl album of this decade in the UK and reached 3x Platinum status.

Credit: Zackery Michael.

Source: OCC



ALL TIME LOW

Hopeless Records
USA

Their album 'Future Hearts' debuted at #2 on Billboard charts. Giving the band its third #1 on Top Rock Albums, following 2011's 'Dirty Work' and 2009's 'Nothing Personal'.

Credit: Jonathan Weiner.

Source: Billboard



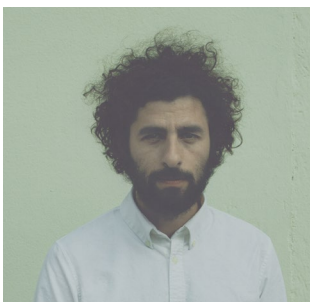
TAYLOR SWIFT

Big Machine
USA

"1989" has sold 6 million copies worldwide and is certified 5x Platinum. Each of Swift's 5 albums have reached at least 4x Platinum. She was awarded the Global Recording Artist of 2014.

Credit: Jana Beamer

Source: IFPI, Billboard



JOSÉ GONZÁLEZ

Imperial Recordings
SWEDEN

His debut studio album 'Veneer' reached Platinum sales status in Sweden, where he has enjoyed 3 top 10 albums. His studio albums have charted in 9 countries worldwide.

Credit: Malin Johansson

Source: Swedish Charts

CONCLUSIONS



The global recorded music market has long been dominated on a global basis by big record labels. The process of consolidation among the majors has helped to reinforce their positions, providing them with ever-stronger sets of assets. The truly global reach of the majors also sets them up well for success in the digital era, as does their ability to dictate terms to streaming services and take sizeable equity stakes in them. On paper it looks like game set and match to the majors. And yet, independents have not only learned how to build sustainable businesses in the digital marketplace, they have seen streaming actually strengthen their position:

Market shares vary massively

Although the global recorded music business is becoming increasingly global, both commercially and culturally, there remains a dramatic range in major label market shares. The continued shift to digital looks set to shift some extra share to independents but the global picture will continue to be one of great variety in national market shares.

Globalisation requires international resources

The more that international markets open up, the more that smaller labels need to utilise international partners to reach music fans in those markets. Because major labels, and the distributors they own or part-own, account for more than half of those used by independent labels, a growing share of independent sales may go this way. Thus distribution will become an even less accurate measure of record label market share compared to ownership as the digital transition progresses. But there are

dangers for independents that choose this route as they can lose control of their data, and history has shown that controlling your own destiny with an independent distributor ensures that secondary income such as neighbouring rights income is traceable – and this is vital.

Streaming changes everything

Streaming is the single biggest change that the recorded music business has had to face since the ascent of the CD. In many respects it is even more dramatic as it encompasses a shift from ownership to access models whereas the CD was simply a new product to funnel into existing retail channels. Not all independent labels will benefit strongly from streaming. Some will not have the scale of catalogue or revenue to be able to weather the transition to seeing revenue move to a long term annuity-like model. Also there are a number of very sizeable independents with predominately physical business and analogue consumers that are unlikely to go digital en masse. But even with these caveats considered it is clear that streaming has been hugely beneficial to independent labels in terms of share and reach and it looks set to continue tipping the scales.

METHODOLOGY



This global record label market sizing report utilised two key tools:

Global Independent Label Survey

During 2015 WIN and MIDiA fielded a major survey to independent record labels across the globe. The survey addressed issues including the size of the business, releases and genres, people employed, A&R spend, use of distributors, details of distributors and rates paid to them etc. It also included detailed questions about label revenue, across all formats, in volume and revenue terms. Questionnaires were distributed to the labels by local trade associations and were returned to MIDiA for analysis. The results presented a unique and unprecedented picture of the global independent label market and acted as a key input for the market share model.

Global Market Share Model

The first stage of the model entailed establishing total recorded music market values by product format at country level using national trade association and IFPI data. After this, independent label data from the survey was aggregated up to a country level and fed into the model at a product level by country. Additional factors utilised included, but were not limited to: national market shares of individual labels, share of sales that were domestic, sales via distributors, distributor revenue shares and share of distributors that were major or major owned. MIDiA additionally leveraged national market data from trade associations and other bodies. All of these inputs were used to create non-major record label market share figures for each country and by product category within each country.

To ensure that there was no double counting of revenue, international revenue for each label was only counted as overseas revenue and was appropriately attributed to respective international markets. The resulting interim dataset was then reviewed by a mix of leading independent labels, trade associations and other bodies.

Model Data

The following pages show the model revenue and market share data for the following areas:

- Total Recorded Music
- Physical Recorded Music
- Download
- Streaming
- Total Digital

MODEL DATA



Total Recorded Music Revenue

	Total Market	Major Record Labels	Independent Labels
US	4,997	3,216	1,782
UK	1,354	1,042	312
Australia	343	224	119
Canada	336	264	72
Germany	1,310	896	414
France	809	557	252
Brazil	247	162	85
Japan	2,447	890	1,557
South Korea	281	33	249
Spain	179	147	32
Belgium	116	87	29
Denmark	101	81	20
Switzerland	114	80	34
Finland	66	56	10
Italy	265	196	69
Netherlands	223	159	64
Sweden	182	139	43
Other markets	1,625	1,137	488
Global Total	14,996	9,365	5,631

Total Recorded Music Revenue Share

	Major Record Labels	Independent Labels
US	64%	36%
UK	77%	23%
Australia	65%	35%
Canada	79%	21%
Germany	68%	32%
France	69%	31%
Brazil	66%	34%
Japan	36%	64%
South Korea	12%	88%
Spain	82%	18%
Belgium	75%	25%
Denmark	80%	20%
Switzerland	70%	30%
Finland	84%	16%
Italy	74%	26%
Netherlands	71%	29%
Sweden	76%	24%
Other markets	70%	30%
Global Total	62%	38%

Physical Recorded Music Revenue

	Total Market	Major Record Labels	Independent Labels
US	1,169	832	336
UK	468	364	104
Australia	99	68	30
Canada	119	96	23
Germany	786	535	251
France	338	251	87
Brazil	61	41	20
Japan	1,838	695	1,143
South Korea	88	9	80
Spain	66	57	9
Belgium	48	37	11
Denmark	9	7	1
Switzerland	48	34	14
Finland	15	13	2
Italy	118	90	28
Netherlands	72	52	20
Sweden	22	18	4
Other markets	460	359	101
Global Total	5,824	3,560	2,264

Physical Revenue Share

	Major Record Labels	Independent Labels
US	71%	29%
UK	78%	22%
Australia	69%	31%
Canada	80%	20%
Germany	68%	32%
France	74%	26%
Brazil	67%	33%
Japan	38%	62%
South Korea	10%	90%
Spain	87%	13%
Belgium	77%	23%
Denmark	85%	15%
Switzerland	71%	29%
Finland	87%	13%
Italy	76%	24%
Netherlands	73%	27%
Sweden	82%	18%
Other markets	78%	22%
Global Total	61%	39%

MODEL DATA



Download Revenue

	Total Market	Major Record Labels	Independent Labels
US	1,658	1,060	598
UK	319	246	73
Australia	126	81	45
Canada	123	97	26
Germany	179	130	49
France	67	42	25
Brazil	18	11	6
Japan	264	94	171
South Korea	7	1	6
Spain	10	8	2
Belgium	13	9	3
Denmark	9	7	2
Switzerland	26	18	8
Finland	2	2	0
Italy	28	20	7
Netherlands	12	9	3
Sweden	3	3	1
Other markets	137	78	59
Global Total	3,000	1,914	1,086

Download Revenue Share

	Major Record Labels	Independent Labels
US	64%	36%
UK	77%	23%
Australia	64%	36%
Canada	79%	21%
Germany	72%	28%
France	63%	37%
Brazil	65%	35%
Japan	35%	65%
South Korea	16%	84%
Spain	79%	21%
Belgium	74%	26%
Denmark	81%	19%
Switzerland	70%	30%
Finland	85%	15%
Italy	73%	27%
Netherlands	72%	28%
Sweden	79%	21%
Other markets	57%	43%
Global Total	64%	36%

Streaming Revenue

	Total Market	Major Record Labels	Independent Labels
US	1,022	604	419
UK	262	199	63
Australia	67	41	26
Canada	49	37	12
Germany	149	104	45
France	131	76	55
Brazil	62	39	23
Japan	114	35	79
South Korea	162	21	141
Spain	57	43	13
Belgium	15	11	5
Denmark	48	37	11
Switzerland	16	11	5
Finland	25	20	5
Italy	53	37	15
Netherlands	67	46	21
Sweden	121	91	30
Other markets	467	300	167
Global Total	2,888	1,750	1,138

Streaming Revenue Share

	Major Record Labels	Independent Labels
US	59%	41%
UK	76%	24%
Australia	61%	39%
Canada	75%	25%
Germany	70%	30%
France	58%	42%
Brazil	63%	37%
Japan	30%	70%
South Korea	13%	87%
Spain	76%	24%
Belgium	70%	30%
Denmark	77%	23%
Switzerland	67%	33%
Finland	79%	21%
Italy	71%	29%
Netherlands	69%	31%
Sweden	75%	25%
Other markets	64%	36%
Global Total	61%	39%

MODEL DATA



Total Digital Revenue

	Total Market	Major Record Labels	Independent Labels
US	3,299	2,024	1,275
UK	590	454	136
Australia	195	123	72
Canada	173	134	39
Germany	333	236	97
France	206	123	83
Brazil	95	60	35
Japan	432	149	283
South Korea	173	22	152
Spain	68	52	16
Belgium	29	20	8
Denmark	57	44	13
Switzerland	42	29	13
Finland	27	21	6
Italy	81	58	23
Netherlands	80	55	25
Sweden	124	93	32
Other markets	726	453	273
Global Total	6,731	4,152	2,581

Total Digital Revenue Share

	Major Record Labels	Independent Labels
US	61%	39%
UK	77%	23%
Australia	63%	37%
Canada	77%	23%
Germany	71%	29%
France	60%	40%
Brazil	63%	37%
Japan	35%	65%
South Korea	13%	88%
Spain	77%	23%
Belgium	72%	28%
Denmark	77%	23%
Switzerland	68%	32%
Finland	79%	21%
Italy	71%	29%
Netherlands	69%	31%
Sweden	75%	25%
Other markets	62%	38%
Global Total	62%	38%



