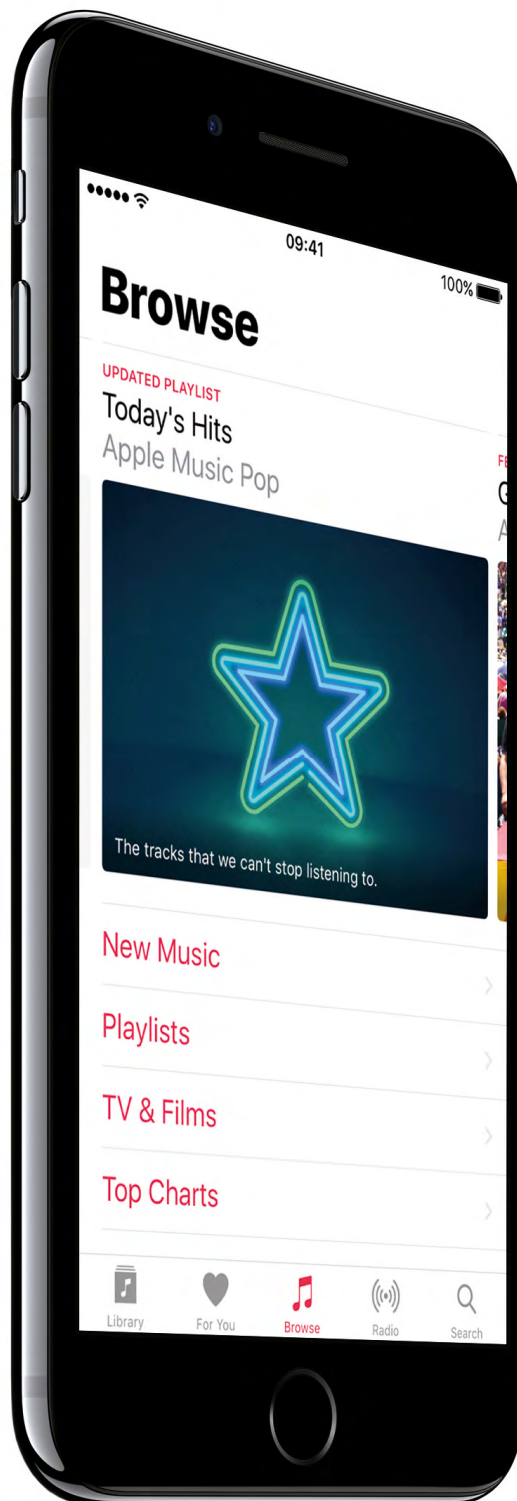




WINTEL
WORLDWIDE
INDEPENDENT
MARKET
REPORT 2017



**All the music you love.
Try it free for 90 days.**

 **MUSIC**

ABOUT WIN

Unique in the history of the global music industry, WINTEL is a representative organisation exclusively for the worldwide independent label community. It was created 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 global 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.

IN ADDITION TO THE NETWORK OF ASSOCIATIONS, WIN HAS A NETWORK OF LOCAL REPRESENTATIVES FROM TERRITORIES WHERE THERE IS CURRENTLY NO TRADE ASSOCIATION, INCLUDING:

ARGENTINA	MALAYSIA
CARIBBEAN	POLAND
CHINA	ROMANIA
IRELAND	VIETNAM

THE CURRENT WIN TRADE ASSOCIATION MEMBERS ARE:

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

FOR MORE INFORMATION PLEASE VISIT:

MIDIARESEARCH.COM

WARWICK.AC.UK/CULTURALPOLICY

WINFORMUSIC.ORG

WIN GRATEFULLY ACKNOWLEDGES THE ASSISTANCE PROVIDED BY EVERYONE WHO HAS CONTRIBUTED TO WINTEL 2017

DESIGN BY OSTREET.CO.UK

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.

WE ASKED
PROMINENT
INDEPENDENT
INDUSTRY LEADERS:

WHAT DOES
IT MEAN TO BE
INDEPENDENT?

SEE THE RESPONSES WITHIN THE GREY
BOXES THROUGHOUT THE REPORT.

“TO ME, BEING AN
INDEPENDENT MEANS
I’M NOT BEHOLDEN TO
OTHER CONSTITUENTS
WHOSE INTERESTS ARE
NOT NECESSARILY ALIGNED
WITH MINE IN ORDER
TO MAKE DECISIONS.
MY ONLY JOB IS FINDING
GREAT MUSIC AND HELPING
TO BRING IT TO THE
MARKETPLACE, AND AS
AN INDEPENDENT I CAN DO
THAT AS EFFICIENTLY AS I
CAN WITHOUT HAVING TO
CHECK IN WITH SOMEONE
ELSE’S AGENDA.”

PORTIA SABIN
KILLING ROCKSTARS
US

CONTENTS

4	ABOUT WIN	40	CASE STUDY 3: FIERCE PANDA
7	INTRODUCTION ALISON WENHAM	46	CASE STUDY 4: MAD DECENT
8	KEY FINDINGS	50	CASE STUDY 5: THIRD MAN RECORDS
10	INDEPENDENT MARKET ANALYSIS	54	CASE STUDY 6: UNFD
16	STREAMING – AN INDEPENDENT OPPORTUNITY	58	CONCLUSION ALISON WENHAM
21	THE LOWE DOWN ZANE LOWE INTERVIEW	59	METHODOLOGY
27	CASE STUDY: KOREA OPPORTUNITIES	60	MODEL DATA
33	CASE STUDIES INDEPENDENT LABELS		
34	CASE STUDY 1: ARMADA MUSIC		
37	CASE STUDY 2: BISCOITO FINO		



INTRODUCTION

ALISON WENHAM **CEO, WIN**

WINTEL 2017 is the second report produced for WIN, mapping the global market share of the independent sector at copyright, rather than distribution, level. The results are impressive, with a 0.9% increase to 38.4% from 2015, impressive growth in international revenue, which now represents 32% of total income, and streaming revenue recording a marked increase of 80.4% on the previous year.

Independent record companies continue to produce the lion's share of new music, the most exciting area of the industry and where our sector excels. New artists are incredibly well supported in every country in the world by creative entrepreneurs who know their music, their market and the fans who seek out something different from the mainstream. And it's never been better.

The usual challenges of achieving commercial success don't change in a competitive industry, but these challenges are mitigated by the increasing reach into countries which were difficult to access before the advent of streaming. Fans all over the world are discovering, sharing and championing new

music, with the result that streaming revenue has increased sharply; the independents will remain firmly at the heart of this trend.

Independents do business in different ways to the majors. When music becomes simply a product, with all the attendant cash flow forecasts and targets that major companies are required to produce, it is likely to fail to meet expectations because, as we all know, music is a quixotic and joyously unpredictable creature. Independents do business in different ways, following their instincts, their gut and keeping close to the fans and the market.

This approach is now being captured and recorded through the WINTEL reports. The following pages will take you through the most impressive results from the global independent nation, covering the contribution to culture, to creativity, to artistic endeavour and to solid economic returns to their closest partners, the artists with whom they work. WINTEL is a compelling sector success story.

**“AN IDEAL POSITION OF
FREEDOM TO GROW AND
NURTURE DOMESTIC
CONTENT, EXPANDED
LABELS SERVICES
SOLUTIONS AND THE
ABILITY TO QUICKLY ADAPT
AND EVOLVE TO THE EVER-
CHANGING LANDSCAPE IN
THE LOCAL MARKETPLACE...”**

NEIL GREENBERG,
GALLO RECORDS
SOUTH AFRICA

IN ORDER TO TAKE THE PULSE OF THE GLOBAL INDEPENDENT RECORD LABEL MARKET WIN COMMISSIONED MIDIA TO CONDUCT A MAJOR GLOBAL SURVEY OF INDEPENDENT LABELS ACROSS THE WORLD. (MORE DETAILS ON THIS SURVEY CAN BE FOUND IN THE METHODOLOGY SECTION AT THE END OF THE REPORT).

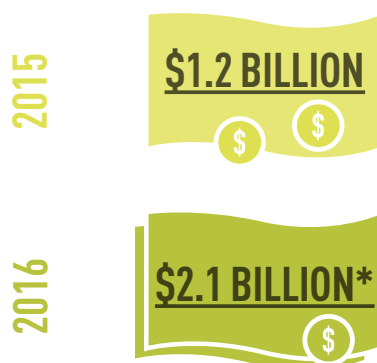
KEY FINDINGS

GLOBAL INDEPENDENT LABEL REVENUE



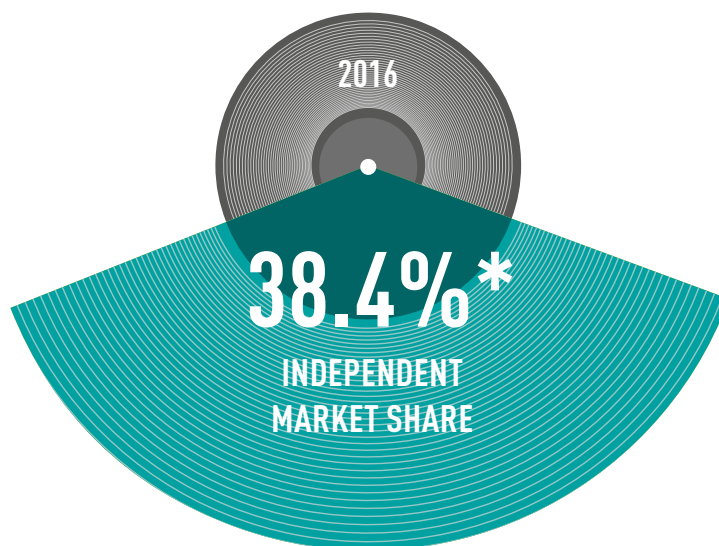
*AN INCREASE OF **6.9%** FROM 2015

INDEPENDENT LABEL STREAMING REVENUE



*AN INCREASE OF **80.4%** FROM 2015

INDEPENDENT MARKET SHARE



*AN INCREASE FROM **37.5%** IN 2015

COUNTRY LEVEL INDEPENDENT MARKET SHARE RANGE:



INDEPENDENT DISTRIBUTION REVENUE

\$1.2 BILLION

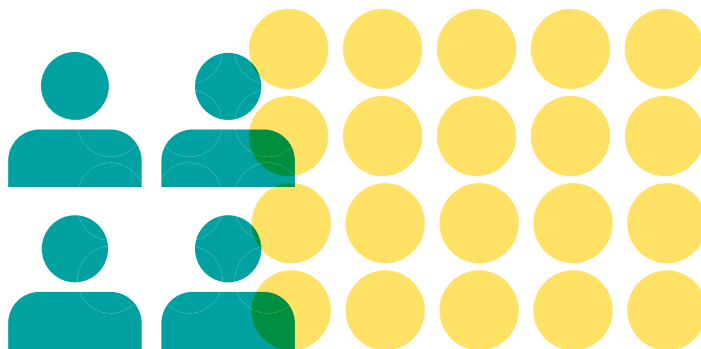
OF INDEPENDENT LABEL
REVENUE WAS DISTRIBUTED
VIA MAJOR RECORD LABELS
OR MAJOR LABEL OWNED
DISTRIBUTORS.

DISTRIBUTION

MORE THAN
660 DIFFERENT
DISTRIBUTORS
AND LABELS
WERE USED FOR
DISTRIBUTION
BY RESPONDENTS
TO THE WINTEL
LABEL SURVEY.

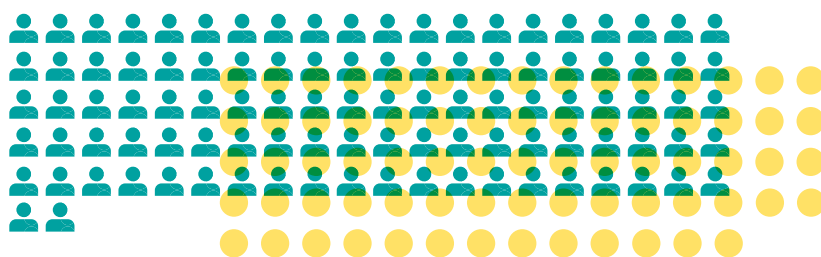
EMPLOYEE STATISTICS

SMALLER* INDEPENDENT LABELS AVERAGE (*LESS THAN \$1 MILLION REVENUE)



**AVERAGE 4 EMPLOYEES
+20 FREELANCERS**

LARGER* INDEPENDENT LABELS AVERAGE (*MORE THAN \$20 MILLION REVENUE)



**AVERAGE 102 EMPLOYEES
+73 FREELANCERS**

OVERSEAS REVENUES



**THE AVERAGE RESPONDENT
THIS YEAR SAID THAT
OVERSEAS REVENUES WERE**

32%

INDEPENDENT MARKET ANALYSIS

STREAMING FORMAT TRANSITION REVENUE

WRITTEN BY MARK MULLIGAN

THE STREAMING FORMAT TRANSITION IS DRIVING AN UPTURN IN BOTH MAJOR AND INDEPENDENT LABEL REVENUE.



In early 2017 MIDiA Research conducted a global survey of independent record labels on behalf of the Worldwide Independent Network (WIN).

The survey was completed by 590 respondents from 26 countries and the results represent the most comprehensive assessment of the global independent record label sector ever compiled.

The data includes metrics of revenue by format, number of people employed directly and indirectly, A&R spend, marketing costs and use of third party distributors (internationally and domestically). All of the data was collected on a strictly confidential basis and has been anonymised and aggregated to create the data presented in this report.

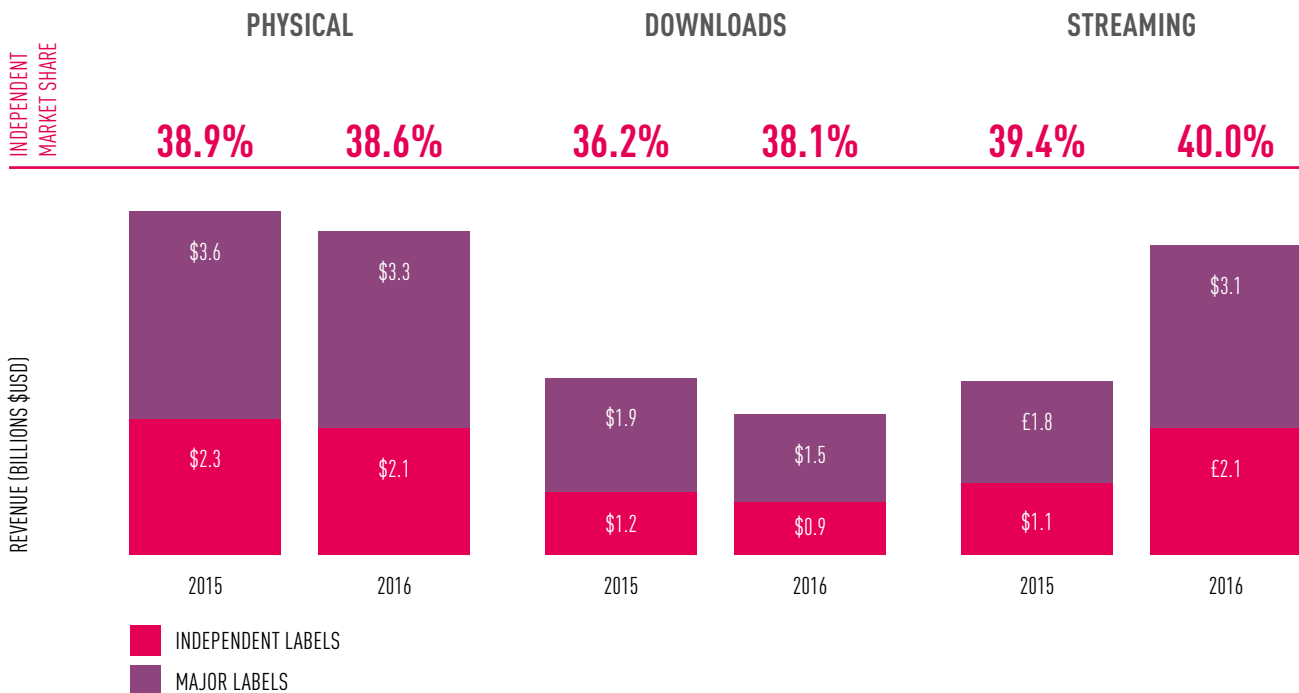
Global independent label revenues grew by 6.9% in 2016 to reach \$6.0 billion, up from \$5.6 billion in 2015. This growth was driven in large part by a vibrant streaming market and saw the independent sector increase its market share from 37.5% in 2015 to 38.4% in 2016. The independent sector has thus been a central component of the record music industry's much heralded return to growth in 2016.

These figures represent the market on an 'ownership' basis, meaning revenues are attributed to the company that owns the recording rather than the company that distributes the recording. Distributing music via third parties is a crucial factor in the increasingly global music market, with smaller labels using distributors and bigger labels to distribute their music into markets in which they otherwise could not afford to operate. The US is most often the key market that independent labels seek to access via distributors.

In recent years, the major record labels have established themselves as key players in this distribution space, by distributing independent labels directly and indirectly, via subsidiary specialist distribution companies, such as Sony's The Orchard, Warner's ADA and Universal's Caroline. In such instances, a portion of independent label revenue thus gets attributed as major label revenue. This is the 'distribution' approach to measuring record label revenues and market share.

THE STREAMING FORMAT TRANSITION IS DRIVING AN UPTURN IN BOTH MAJOR AND INDEPENDENT LABEL REVENUE

Recorded music revenue by format, major labels and independent labels 2015 and 2016



WINTEL /MIDiA Research Independent Market Share Model (07/17)

Measuring share by ownership, gives a clearer indication of the market balance, partly because it eliminates a business (distribution) which inherently requires scale to compete and also because it means market share is attributed to the companies that signed and developed the artists who 'win' that share out in the marketplace.

Independent label streaming revenues grew by 80.4% in 2016, reaching \$2.1 billion, up from \$1.2 billion in 2015. This growth was slightly greater than the 78% by which the entire market grew, so independent label market share of streaming revenues increased by 0.6 points, up from 39.4% to 40% over the same period.

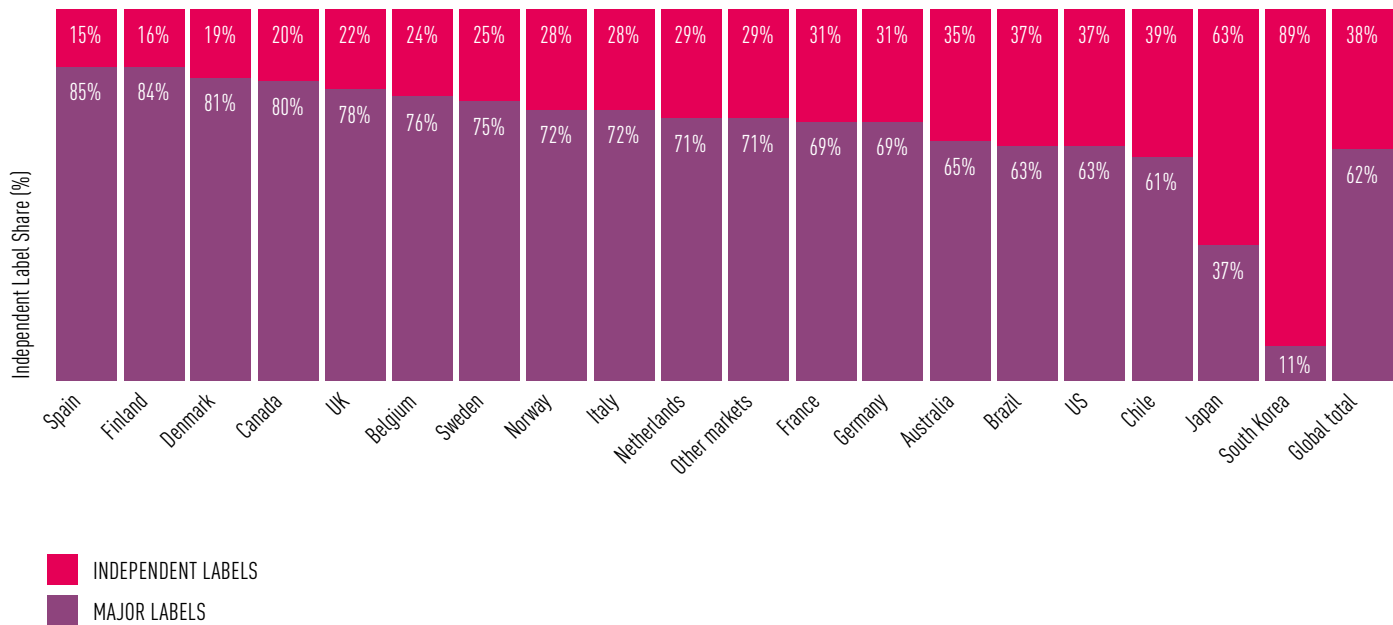
Streaming is now the central force in the businesses of most labels, big and small, and the independent sector has seen streaming create new opportunities. Meanwhile, streaming licensing body Merlin has given the independent sector a much-needed voice in streaming service negotiations. Streaming is not without risk for smaller labels, however, as those with smaller artists rosters can sometimes face cash flow challenges when planning for streaming to deliver income over the course of three to five years, where previously they might have seen that income arrive in one year with a traditional album sale.

Legacy formats continue to decline strongly for the majority of labels, with physical sales down 7% and downloads down 17%. Despite the surge in streaming revenue, physical music sales generated more revenue than streaming did for both independents and majors in 2016. The global independent sector saw physical revenue decline slightly less quickly than the majors in 2016. This is down to two main reasons:

- Many independent labels have vibrant vinyl sales
- The role of independent labels in Japan, which is the second largest market globally and still dominated by physical sales

RECORD LABEL MARKET SHARE VARIES STRONGLY ACROSS THE GLOBE

Share of Recorded Music Revenue by Country, 2016



WINTEL / MIDiA Research Independent Market Share Model (07/17)

“BENJAMIN FRANKLIN SAID UPON SIGNING OF THE DECLARATION OF INDEPENDENCE “WE MUST ALL HANG TOGETHER OR ASSUREDLY WE WILL ALL BE HUNG SEPARATELY.””

LOUIS POSEN
HOPELESS RECORDS
US

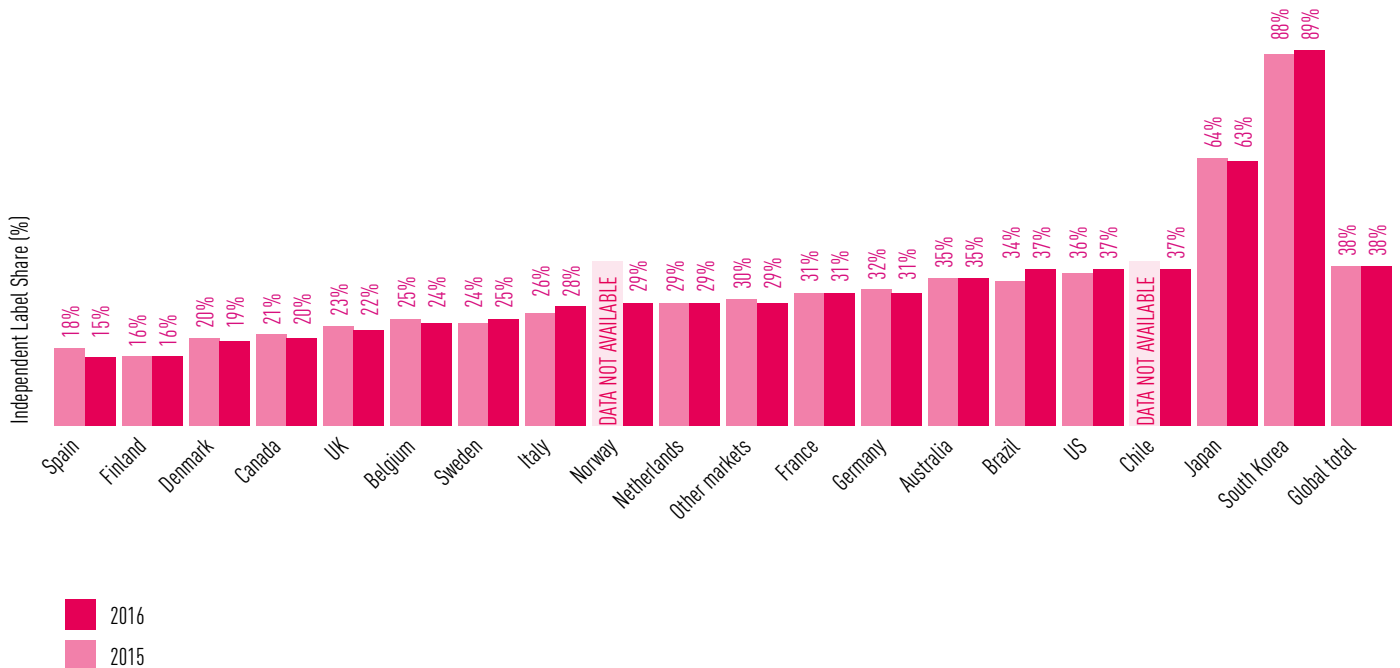
The independent label sector is hugely diverse in terms of virtually every factor, ranging from size, through genres to philosophies. But, in addition to this company level diversity, there is similarly strong variation in how the independent sector varies from country to country.

While the global market share average is 38%, the share at individual country level ranges from a low of 15% in Spain through to a wholly dominant 89% in South Korea. In the case of South Korea, a number of local companies like SM Entertainment and YG Entertainment are the key forces in the local music market, with the western majors having little presence.

There is a similar picture in Japan, where local companies such as Avex and J-Storm are leading players and contribute to a combined independent market share of 63%. Because Japan is the world’s second largest recorded music market, accounting for 17% of global revenues, this large independent label revenue base has a significant impact on the global figure.

Similarly, in the US, the world’s largest market, accounting for 34% of global revenues, independent labels account for 37% of all revenues, again contributing significantly to the global independent market share figure.

2015 AND 2016 INDEPENDENT MARKET SHARE BY COUNTRY



WINTEL /MIDiA Research Independent Market Share Model (07/17)

Although global independent label market share increased by 0.9 points to 38.4%, changes at country level were as diverse as the market share picture itself.

The US saw the largest single swing in favour of independents, increasing 1.7 points to 37.3%. South Korean independents further increased their grip on the Korean market, with strong results from leading independents resulting in total market share growth of 0.6% up to 89.1%.

The independent share declined slightly in Japan, down 0.3 points to 63.3%, with a number of leading local companies registering significant revenue losses in 2016.

Many European markets, including key territories such as the UK and Germany, saw independent market share fall slightly, despite overall revenue growth.

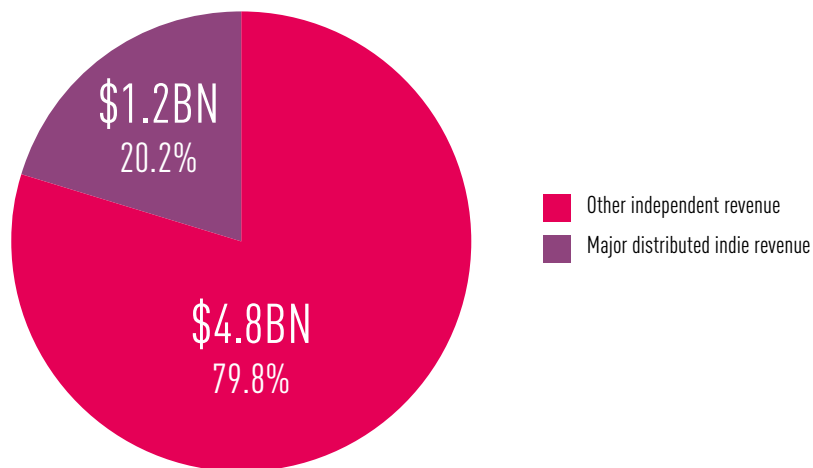
THE US SAW THE LARGEST SINGLE SWING IN FAVOUR OF INDEPENDENTS, INCREASING 1.7 POINTS TO 37.3%.

“MY ECHO IS: WE LOVE TO BE WINDEPENDENT!”

KENNY GATES
PIAS
BELGIUM

**MORE THAN
660 DIFFERENT
DISTRIBUTORS
AND LABELS
WERE USED FOR
DISTRIBUTION BY
RESPONDENTS
TO THE WIN
LABEL SURVEY.**

INDEPENDENT LABEL REVENUE THAT IS DISTRIBUTED BY MAJOR LABELS OR MAJOR LABEL OWNED COMPANIES



WINTEL /MIDIA Research Independent Market Share Model (07/17)

In the increasingly global recorded music marketplace, independent labels are becoming ever more reliant upon larger labels and specialist distribution companies to get their music out to their audiences.

The distributor market is a highly competitive one, with a large number of players. More than 70 different distributors and labels were used for distribution by respondents to the WINTEL label survey.

Based upon the detailed information provided by these respondents, we estimate that a total of \$1.2 billion of independent label revenue was distributed in 2016 via major record labels or major label owned specialist distributors. This figure represents 20.2% of all independent label revenue in 2016.

Portions of this revenue are reported within major label financial filings. There is no transparency as to how major labels account for this revenue in their filings, which is why it is so important to measure this distributed revenue directly at source, from the independent labels themselves.

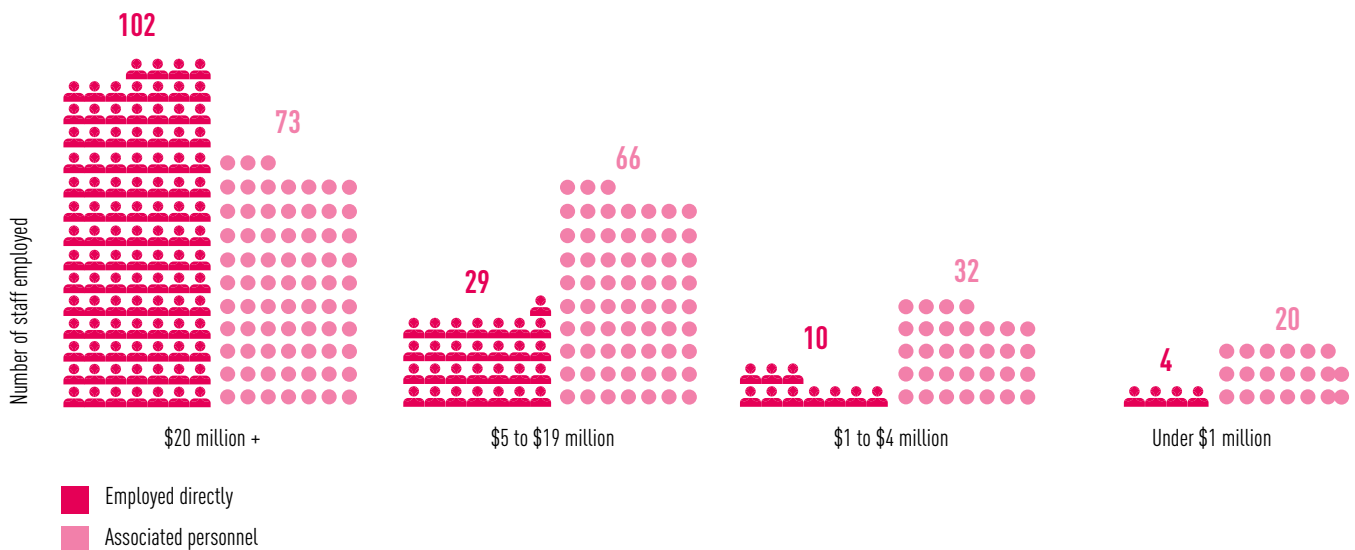
As the streaming market develops, the case for specialist digital distributors is strengthened further, making it crucial to appropriately identify independent label revenue within major label financials.

**“I’M HAPPY TO BE AN
INDEPENDENT BECAUSE IT
MEANS I’M NOT A MAJOR.”**

DANIEL MILLER
MUTE
UK

THE CONTRIBUTION OF INDEPENDENT LABELS ON THE WORKFORCE EXTENDS BEYOND THEIR STAFF

Number of staff employed by Independent labels and additional personnel associated with the label's artists, segmented by label revenue



WINTEL /MIDiA Research Independent Market Share Model (07/17)

The contribution of independent labels to the broader music business goes far beyond revenue generated by sales.

Independent labels are significant employers, providing jobs across a wide range of disciplines. But, whereas the big major record labels are able to afford to hire large teams of specialists across a multitude of departments and specialisations, independents tend to turn to freelancers and contractors to fill their skill gaps.

These freelancers contribute to tasks such as photo shoots, video production, studio work, makeup, marketing, PR and (especially for smaller labels) more functional tasks such as accountancy and legal. Thus, the economic contribution of the independent sector goes beyond their own teams.

Larger independent labels that have more than \$20 million in annual revenues can afford relatively large in-house teams, averaging 102 employees, while also utilising an average of 73 freelancers. For most labels though, the freelancer base is larger than their in-house staff.

So at the other end of the spectrum, labels with less than \$1 million in revenues have an average of just four in-house staff, but work with an average of 20 freelancers each.

“BEING ‘INDEPENDENT’ ISN’T ALL ABOUT SELF-SUFFICIENCY, IT IS LIBERATING; TO BE ABLE TO MAKE BRAVE AND BOLD MOVES, TO BE UNCONVENTIONAL, AND COMPLETELY GO AGAINST THE GRAIN IF YOU BELIEVE THAT’S WHAT YOU WANT TO DO.”

SIMON RAYMONDE
 BELLA UNION
 UK

THE IMPACT OF STREAMING ON THE WIDER MUSIC MARKET HAS BEEN EXTRAORDINARY — AND EXTRAORDINARILY WELL DOCUMENTED. IT IS THE BIGGEST SINGLE CHANGE IN THE BUSINESS MODEL SINCE... WELL, TAKE YOUR PICK — AND DON'T RULE OUT 'EVER'.

STREAMING — AN INDEPENDENT OPPORTUNITY

WRITTEN BY DAVE ROBERTS

“YOU ARE INDEPENDENT IF YOU ARE PRO-COMPETITIVE; YOU SUPPORT OPEN SYSTEMS, TRANSPARENCY AND A LEVEL PLAYING FIELD FOR ALL. YOU ARE ALSO INDEPENDENT IF YOU SUPPORT OTHERS HAVING THE SAME OPPORTUNITIES THAT YOU DO, AS THE INDEPENDENCE OF OTHER COMPANIES AND INDIVIDUALS, INCLUDING YOUR ARTIST PARTNERS, IS WHAT SUSTAINS AND PROTECTS YOUR OWN INDEPENDENCE.”

DARIUS VAN ARMAN
SECRETLY GROUP
US

What it isn't is another format transition. Or an evolution. It is a radical, wholesale shift in the way music is distributed and listened to. It heralds the edge-of-a-cliff decline of ownership (with the notable exception of vinyl's revival and ongoing durability) and a new age of access.

It is entirely down to streaming that the global recorded music market enjoyed its second consecutive year of growth (5.9%) in 2016. Prior to 2015 it had endured 15 years of decline.

Measured in isolation, streaming grew 60.4% in 2016. It now accounts for 59% of all digital revenues, whilst digital as a whole now accounts for 50% of the total market.

The trends are obvious, the potential limitless.

One of the tangential consequences of the rise of streaming is a reduction in the need for physical infrastructure and a diminishing of lead times (both processes, of course, began with downloading, but have been heightened by streaming—with its inherently transaction-light model—and, unlike with downloads, seem to be permanent rather than transitory).

Whilst the term 'level playing field' is never entirely fit for purpose in any comparison between independent and major record labels, these changes have certainly made it easier to make repertoire available in more territories, and to start doing business in countries that were previously considered out of bounds.

The result, for many independents, is more geographically diverse revenue streams – and the potential to finally monetise their music in some of the most populated (and, indeed, least populated) countries on earth.

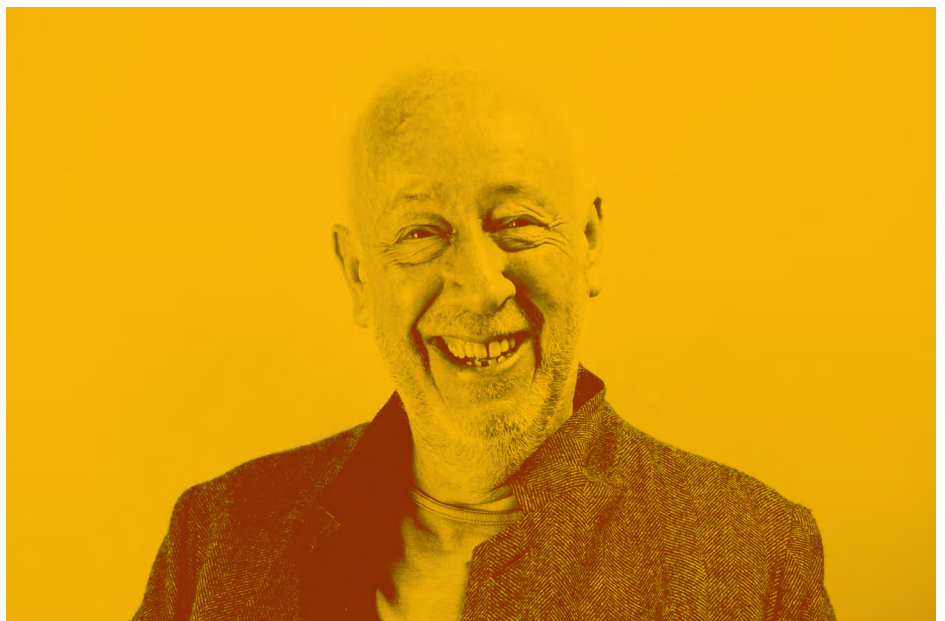
It's also worth noting that as well as the lessening of infrastructural demands, the rise of streaming has also changed the piracy debate. Previously, consumers were being asked to choose between paying for one track or album at a time – and benefiting from the quality and ease associated with legitimacy – or sourcing pretty much what they wanted, albeit of sometimes questionable quality from sketchy sources, illegally, at no cost.

The advent of streaming means the choice is now between continuing to fumble around under the counter for free, or pay a minimal amount (as little as \$1.16 per month in China, for instance) and get instant and well-organised access to pretty much all the music you could ever want.

Martin Mills, chairman of UK-based Beggars Group reflects on the changes: "Our revenues have always been very split across the developed world. We've always had artists over the years who have sold large quantities in Australia, France, Germany, America, obviously, Canada and so on. So we've always been a very international company.

"STREAMING SERVICES MAKE AVAILABILITY FAR, FAR LESS OF A PROBLEM...IT'S CERTAINLY THE FASTEST-GROWING PART OF OUR BUSINESS."

MARTIN MILLS
CHAIRMAN OF BEGGARS GROUP



"BEING INDEPENDENT IS TO TAKE YOUR OWN RISKS, MAKE YOUR OWN DECISIONS."

MARTIN MILLS
BEGGARS GROUP
UK

"What we've seen since the growth in streaming, over the last five years or so, is what you might call under-developed markets, the likes of South America, South East Asia, Africa and the Far East. We've seen those grow from 5% of our revenues to around 20% of our revenues – and still growing fast.

"They were always very difficult markets to access, both in terms of creating awareness and in terms of getting stock in stores.

Now, obviously, in a digital world, people can be as influenced by Pitchfork in Taiwan as they can in Texas.

"And of course streaming services make availability far, far less of a problem. There was a huge amount of friction, and now it's relatively frictionless and that's led to incredible growth; it's certainly the fastest-growing part of our business."



“STREAMING DEFINITELY REDUCES THE ADVANTAGE THE BIGGEST COMPANIES HAVE AS FAR AS DISTRIBUTION IS CONCERNED AND THAT’S GOOD FOR INDEPENDENTS.”

DARIUS VAN ARMAN

CO-FOUNDER AND CO-OWNER OF SECRETLY GROUP

Darius Van Arman, co-founder and co-owner of Secretly Group is also encouraged:

“One of the great challenges that the independents had was that we didn’t have the infrastructure that the majors had – and where we felt that the most was on physical distribution.

“The majors could afford to have a far-reaching, well-staffed apparatus, to make sure their physical records were everywhere around the world. Now we have great piece of mind that we can have an amazing marketing campaign, something can take off, and it is available on streaming services around the world.

“There is no inventory issue and you’re not going to get in the way of your own success because you weren’t prepared to make a crazy bet on pressing hundreds of thousands of records before you knew what the reaction would be.

“So, streaming definitely reduces the advantage the biggest companies have as far as distribution is concerned and that’s good for independents.

“Our strategy right now in South America, for example, is to commit fully to a digital strategy and we are getting significant streaming numbers in South American and Central American territories, especially Brazil and Mexico.

“We’re going with the same blueprint in South East Asia, same for China. It means that we have the opportunity to grow our business in places that we never paid attention to in the past because of the logistical cost of working in those territories.”

He is not, however, getting carried away. There are no dollar (or yuan) signs in his eyes when considering China’s largely untapped population of 1.37bn.

“I think we have to be realistic,” he says. “When you start to think about China, you have to look at the success or otherwise of English language repertoire, and factor in that you’re not a company that is dealing in mainstream pop music, you have to think about what percentage of that massive population is actually interested in your music to begin with.

“Maybe you can cultivate that market, but there is not a massive marketplace there just waiting for someone to turn the tap on and the revenues will start flowing.

Our strategy has been to project what we’re about and hopefully, over time, get some word of mouth going and build a kernel of support.

“I would like to think that in a couple of years China might be bringing in as much revenue as France, for example. But we have no illusions that it will be half the size of the United States.”

“THERE IS NO INVENTORY ISSUE AND YOU’RE NOT GOING TO GET IN THE WAY OF YOUR OWN SUCCESS BECAUSE YOU WEREN’T PREPARED TO MAKE A CRAZY BET ON PRESSING HUNDREDS OF THOUSANDS OF RECORDS BEFORE YOU KNEW WHAT THE REACTION WOULD BE.”

DARIUS VAN ARMAN

CO-FOUNDER AND CO-OWNER OF SECRETLY GROUP

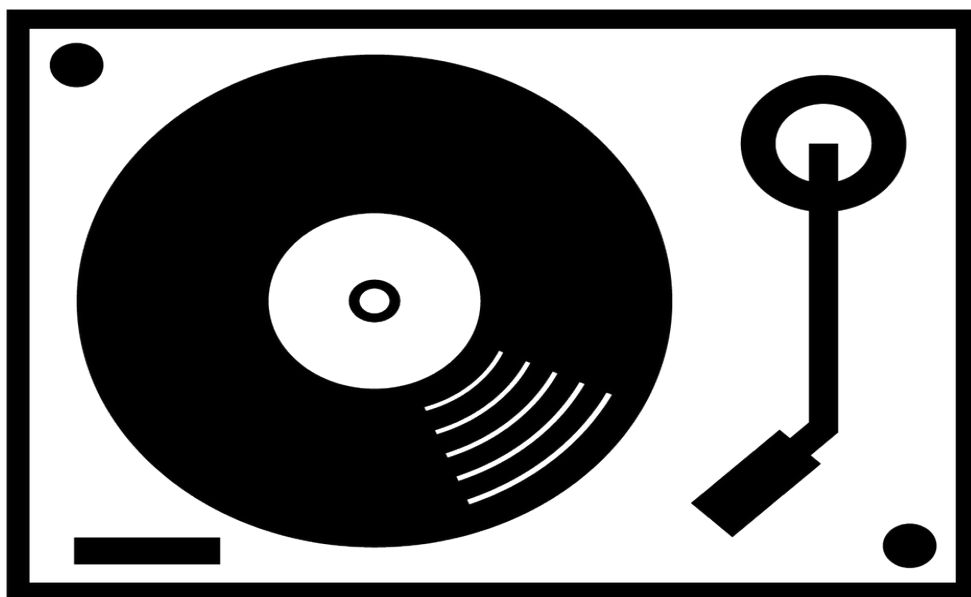
Mills says that Beggars revenues from China are growing rapidly. "We are finally beginning to see serious income there. We've been present in China for seven or eight years now, but for most of that time, we were present without any real expectation of seeing any revenues, we were just building profile and investing for the future. But in the last year or so it really has become an income generator, and it's growing very rapidly for us."

"The numbers are potentially enormous, although in all these markets your average return per user will be lower than it is in somewhere like Germany."

"The other big ones in terms of developing markets are Brazil and Mexico, both of which are regularly top 10 territories when we look at our streaming numbers. Previously, in the physical and then download days, they would have been way, way, way down, almost invisible. In some of these territories, I think we're just scraping the surface."

Discussing the more general and global impact of streaming, Van Arman sees nothing but positives: "Streaming revenues aren't quite at 50% of our overall revenues, but very soon streaming on its own will outstrip physical exploitation."

"We can very easily imagine streaming revenues doubling and doubling again over time. We don't know if this will happen, but we can very easily imagine it. And we can also imagine that the other revenue pies will not decrease much more, relative to where we are now. That makes us very optimistic and means that we can invest in the future."



KICKSTARTER

Proud to Support the WIntel 2017 Report
music@kickstarter.com #kickstartermusic

TWO AND A HALF YEARS AGO, HAVING ESTABLISHED HIMSELF AS THE MOST INFLUENTIAL DJ AT RADIO 1, ZANE LOWE DECIDED TO DECAMP TO LA AND SET-UP BEATS 1 FOR APPLE MUSIC. BUT, NO MATTER WHERE HE WORKS, CORPORATELY OR GEOGRAPHICALLY, HE REMAINS A KIWI WITH AN INDEPENDENT SOUL.

THE LOWE DOWN

WRITTEN BY DAVE ROBERTS



Photography credit: Beats 1 / Apple Music

Apple Music is a truly international streaming service, available in over 100 countries.

It is also a stalwart supporter of independent labels, with Zane Lowe, head of the firm's Beats 1 'radio station', an especially vocal champion.

It has a number of high profile playlists that feature independent music prominently, including Breaking Alternative, which is updated regularly by a team of passionate curators.

Up Next is another major new platform for promoting independent music. Each month, Apple Music chooses a rising artist and utilises all of its resources to introduce them to new audiences. These include a short, introductory documentary film, an audio EP from a live session as well as an interview on Beats 1.

Staying on Beats 1, Lowe and fellow presenter Julie Adenuga have both championed a string of artists on independent labels through platforms such as World Record and UK Represent.

Artists to have been backed by Beats and Apple Music recently include Mr Eazi, Day Wave, Gallant, Sampha, AJ Tracey, Frank Carter and Childish Gambino.

Lowe's commitment to the independent sector, however, goes way, way back.

WHAT WERE THE FIRST INDEPENDENT LABELS YOU WERE AWARE OF AND FELL IN LOVE WITH?



The first independent label that I really remember as a logo, as a logo that I would recognise and know what I was in for, is Flying Nun. You know, Roger Shepherd built that label and the influence that Flying Nun had on music in New Zealand, and subsequently around the world, was absolutely huge. I remember my brother and I looking at Pink Frost by the Chills, and that cover and that logo just jumping out.

When I came into my own independent thinking, Def Jam was the label that really captured my imagination. T La Rock, LL Cool J, Beastie Boys, Original Concept, all those Def Jam records, and that logo with the turntable, it was such an iconic image and it was that moment that I broke from my brother's record collection and started to develop my own taste.

“THERE’S A STRONG COMMITMENT THAT AN INDIE LABEL MAKES WHEN THEY SIGN AN ARTIST, IT’S A VERY PERSONAL RELATIONSHIP.”

ZANE LOWE

RADIO DJ, LIVE DJ, RECORD PRODUCER AND TELEVISION PRESENTER

“THE INDEPENDENT LABEL COMMUNITY STANDS SHOULDER TO SHOULDER WITH ARTISTS IN WORKING TO MAINTAIN A VALUE ON COPYRIGHT AND SHARING THAT VALUE WITH THEM IN A FAIR AND EQUITABLE WAY.”

MATTHEW ROGERS,
UNIFIED
AUSTRALIA



DID YOU HAVE THE T-SHIRT AND THE CAP?

I didn't even have the records! Do you know how hard it was to get Def Jam records in New Zealand?! I had to wait until my mum went to New York on holiday and she brought me back three tapes, all Def Jam: Licensed to Ill [Beastie Boys], Yo Bum Rush The Show [Public Enemy] and King of Rock [Run DMC].

My brother had great taste, and I'd grown up with The Smiths on Rough Trade and all this amazing stuff, but Def Jam was the first indie that he didn't know about, it was mine, Def Jam was me. The three formative independent labels in my life were Flying Nun, Rough Trade and Def Jam.

WHAT DO YOU THINK ARE THE CHARACTERISTICS THAT DEFINE AN INDEPENDENT?

Freedom. Pace, I mean the speed that gives you the freedom to move on if you wish to do so. Commitment, the ability and desire to form a relationship with an artist over a longer period of time, over a number of records. And they're also defined by a certain amount of challenges. Those challenges that independent labels face are also in a way their defining characteristics. There's a strong commitment that an indie label makes when they sign an artist, it's a very personal relationship. That's not to say artists don't have great relationships with people at majors, of course they do. But I think in major labels, the corporate structure is different to the people who work within it; in indie labels, the structure and the people are more closely connected. Artists sign because of the culture these people create.

WHEN YOU FIRST GAINED A PLATFORM AS A DJ, HOW IMPORTANT WAS IT TO CHAMPION INDEPENDENT LABELS?

Well, when I first got the opportunity to share music and talk about it, that was in New Zealand, and to be honest we would take what we could get. We'd definitely support the indie labels over there, because there were some great ones – I was on one, in fact, Beat Groove. So we would definitely support them and there's a strong culture in the New Zealand media of supporting New Zealand music, and most of that was and is made on independent labels, because the majors were more set-up to distribute international music to local markets, so if you wanted to make music yourself you went with Flying Nun or Beat Groove or Murray Cammick's label, Wildside, which put out some great records.

“I REALLY CHASED THE INDIE LABEL DREAM WHEN I WENT TO LONDON; THAT’S WHY I WENT, BECAUSE OF WHAT WAS HAPPENING ON INDEPENDENT LABELS THERE AT THAT TIME.”

ZANE LOWE

RADIO DJ, LIVE DJ, RECORD PRODUCER AND TELEVISION PRESENTER

When I got over to the UK, I wasn’t really in a strong enough position to focus on indie labels specifically, I was just looking for a place that would allow me to share music and talk about it. I never put myself out there as waving the independent flag and only the independent flag. I’m music first; I’m looking for the best record possible – if that’s on Columbia or XL, that doesn’t really bother me. What bothers me is if one is over-shadowing the other based on their position in the industry or the investment behind them.

A record is a record and an artist is an artist, but I’m certainly very proud of the relationships that I forged with independent labels over the years, because they mean a lot to me – Warp, XL, Ninja Tune.

When I first came to London, I just wanted to be a producer and an artist. If I do some stuff on MTV, that’ll help pay the bills, and it beats washing dishes, but what I wanted was to put records out.

With the first Breaks Co-op album, Roofers, our aim was to get signed to Talking Loud and hang out with James Lavelle and Gilles Peterson, get to know Mark Jones at Wall of Sound and all these other legendary figures, all of which did happen over time – apart from getting signed. I got to know all these people who had put out records that had had a huge influence on me, and that was an honour.

I really chased the indie label dream when I went to London; that’s why I went, because of what was happening on independent labels there at that time.

“FOR POTO CO DISCOS IT REPRESENTS A WAY OF LIFE, WE WORK IN THAT WE LOVE. WE ARE IN CONSTANT CREATIVE EXPLORATION TO GENERATE A CHANGE IN THE SMALL THINGS, COLLECTIVELY, SHOWING AND TAKING CARE OF THE WORK OF OUR ARTISTS GENERATING CONFIDENCE AND LINKS TO KEEP GROWING.”

GABY LENA
POTO CO DISCOS
CHILE



Photography credit: Beats 1 / Apple Music

WHEN YOU GOT THE REALLY BIG AND REALLY INFLUENTIAL EVENING SLOT ON RADIO 1 THOUGH, DID NO ONE TAP YOU ON THE SHOULDER AND USHER YOU THROUGH TO THE FIRST CLASS LOUNGE AND SAY, YOU'RE HANGING OUT WITH THE MAJORS NOW, YOU CAN SEE YOUR OLD FRIENDS ANOTHER TIME...?

You think there's a first class lounge at the BBC? Are you fucking crazy?! [Laughs]. No, you get there, you do your job. And my job just happened to be having the best slot in radio, something I was very aware of and very grateful for up until the day I left – and something I remain grateful for to this day that I had the chance to do it for as long as I did.

So I took the responsibility really seriously, but I never drew a distinction between majors and indies, I just tried to forge the best relationships possible with people who loved music as much as I did so that we could do the best possible job in exposing great music to music fans. That was always my goal, still is. Keep it simple, keep the goals simple: find the best music, play it to the best audience.

HOW IMPORTANT IS IT TO PROVIDE A PLATFORM FOR INDEPENDENT LABELS AT APPLE AND ON BEATS?

It's important for me to provide a platform for music, for great music. I truly believe that the way the media is structured, music is sometimes just along for the ride, it's not driving. It's not the conversation or the main headline – but it's all I know. And I was lucky, because when I came to Apple, Jimmy and Trent and Robert and Eddy all said, You need to make a place where music is the story, because we believe that's what's needed.

What's interesting to me is watching major and independent labels adapt to the streaming age, and they always do adapt, because there are smart people on all sides. And what's even more interesting is watching artists adapt, and watching them making decisions based on the possibility of distribution with or without collaboration of that nature. Because there are artists that are choosing an independent distribution method – Skepta, Chance The Rapper, even Stormzy to some degree, he chose to partner with a major label for some of the responsibilities he didn't want to focus on, but in terms of the ownership of his music, he's done it independently.

“THAT WAS ALWAYS MY GOAL, STILL IS. KEEP IT SIMPLE, KEEP THE GOALS SIMPLE: FIND THE BEST MUSIC, PLAY IT TO THE BEST AUDIENCE.”

ZANE LOWE

RADIO DJ, LIVE DJ, RECORD PRODUCER AND TELEVISION PRESENTER

“WHAT VALUE AM I ADDING TO THIS EXPERIENCE, FOR THE ARTIST AND THE FAN, BECAUSE THAT’S ACTUALLY THE ONLY QUESTION THAT’S EVER MATTERED.”

ZANE LOWE

RADIO DJ, LIVE DJ, RECORD PRODUCER
AND TELEVISION PRESENTER

There used to be these responsibilities that fell on labels, fell on radio, fell on managers, fell on promoters, fell on these tent poles in the industry. It used to be that those tent poles were fixed in the ground and artists had to make their way through each and every one of them to get distribution at retail, to get airplay, to get press. Now if they want to, and not all artists do want to, they can remove some if not all of those tent poles and reach their audience directly and independently.

When you’re faced with that really exciting prospect, as an artist, you start to think about each and every step you take, because those steps are no longer just assumed. And if you’re part of one of those steps, like I am, you have to ask yourself some very tough questions, all of which boil down to: what value am I adding to this experience, for the artist and the fan, because that’s actually the only question that’s ever mattered. Rather than subtracting value to justify my experience, what value am I adding to this experience? And if you’re not asking yourself that question right now, you should be?

WHAT WOULD YOU SAY TO ANY INDEPENDENT LABELS WHO BELIEVE THAT CORPORATION TO CORPORATION THE MAJORS HAVE AN INHERENT ADVANTAGE WHEN IT COMES TO BUILDING A RELATIONSHIP WITH OR GAINING SUPPORT FROM APPLE?

My message is the same as it was when I worked at the BBC, or at XFM or at MTV 2, or at any point in my life when I played music: the best music gets played.

“TO BE ABLE TO TAKE THE DECISIONS THAT MAKES SENSE TO ME – REGARDLESS OF WHAT OTHERS THINK – AND THEN ROLL WITH THE PUNCHES.”

JONAS SJÖSTRÖM,
PLAYGROUND MUSIC
SWEDEN

CASE STUDY: KOREA OPPORTUNITIES

PROVIDED BY LIAK



IN THIS SPECIAL REPORT, LIAK LOOKS AT WHY INDEPENDENT LABELS DOMINATE THE KOREAN MUSIC INDUSTRY.

**RECORD LABEL INDUSTRY
ASSOCIATION OF KOREA (LIAK)
IS A NON-PROFIT TRADE
ORGANISATION THAT WAS
ESTABLISHED IN 2012 BY SOUTH
KOREA'S LEADING MUSIC LABELS.**

**THEIR MISSION IS TO PROTECT
THE INTERESTS OF MEMBERS AND
TO INTRODUCE A WIDE VARIETY
OF MUSIC TO THE KOREAN MUSIC
MARKET TO HELP ACHIEVE ITS
BALANCED DEVELOPMENT.**

In 2016, the Korean music industry recorded \$281 million dollars in total revenue, ranking it 8th in the world.

According to WIN's 2016 WINTEL Report, the market share of the majors in Korea was around 11%. In a similar market, such as Japan, the majors' market share was more than three times larger, at 37%.



In order to understand how Korea's independent labels' market share withstood the pressures of the major labels, we must understand a few important characteristics of the development of Korea's music Industry.

1. THE SHIFT IN THE POSITION OF THE RECORD COMPANY AND ROLE AND GROWTH OF RECORD LABELS

In the Republic of Korea, there is a distinction between a Record Company and a Record Label. In the past, record companies established themselves around production facilities and focused on record production and sales. After the record companies established their businesses, a need in the music industry gave rise to record labels, which handled artist development, promotion, and marketing.

What allowed record companies to develop was Korean government legislation, which designated the music industry exclusively to small and medium sized businesses.

"FREEDOM."

LAURENCE BELL,
DOMINO RECORDING COMPANY
UK

The majors and conglomerate companies were essentially barred from participating in the music industry, giving the independent record companies room to prosper.

When the regulations were removed, the industry had become robust and each player's role and standing did not change much even as the large players entered the market.

The only effect the de-regulation really had on Korea's music industry saw it shift to a more structured model, but with room for large players and majors to take roles as merely investors. In this investor role, the large companies and majors focused on the artist and support of record labels, which directly increased the influence of the record labels in the industry.

At this time, the shift in power forced Korean record companies to adopt a type of contract called the Production Maker Contract. As record labels were starting to grow, the record companies were the primary source of initial investment for labels to create records.

These investments, in turn, allowed the record companies to monopolize both production and distribution of a record, taking up to 50% or more of the record's PPD. Excluding production and administration costs, record companies could attain up to 40% margins on each product.

The investment by large companies and Majors actually increased the leverage of record labels to renegotiate the Production Maker Contracts into the standard distribution deals we see today.

Although labels were taking on more risk by handling the production of records, it ultimately consolidated the industry power within the market.

From an international perspective, the power of a record company spans from its ability in A&R, record production and sales, and diverse promotions and marketing all under one roof. However, in Korea, these companies do not have the same reach as they do in the rest of the world. The system in Korea has confined the record companies to the role of investors – and the majors are even further behind as latecomers to the industry.

2. A UNIFIED MEDIA SYSTEM CENTERED AROUND SEOUL

Korea's pop music industry grew through the mass media, centered around Seoul. As a result, it lacks the diversity provided by the local pop culture systems or 'scenes' that can be found throughout the United States, Japan, or Europe.

During the 80's, after the assassination of the dictator Park Chung Hee, there was an active effort from the government, unofficially called The Pop Culture Promotion Policy, nicknamed the 3S Policy, which was a government promotion of sports, sex, and screen, a misdirection of prosperity amidst regime changes and political turmoil.

The effect of this promoted media saw growth of the entertainment industries in Seoul as the promotion power was highly coveted by record labels for its ability to influence the general population.

Promotion using mass media became the basis of the entire pop culture industry, and star musicians became crucial 'products' for show castings. Strong relationships were formed between the media and labels, whether through established networks or backroom deals. Record companies and majors, however, not only lacked the 'products' they were also too conspicuous to form the unofficial connections that proved extremely useful in breaking acts at that time.

With this new system in place, previously successful content and music began to face limitations, which is partly why record labels gained huge advantages over record companies and the majors.



SOUTH KOREA'S TOTAL RECORDED MUSIC REVENUE

3. FALL OF THE WORLD OF POP MARKET AND MEDIA REFORM

In the 90's, huge the advancements in media improved the quality of life and lifestyle of many Korean people.

In 1997, due to the active investment in the Korean market by the majors, the market share of world pop and classical music reached 32% and 5%, respectively. It was estimated that the market shares of these two were higher during the 80s, but the shift in broadcasting programs changed the preferences in music for many Koreans.

Music stars were invited on TV talk shows and music programs and attracted a lot of attention. In order to remain competitive, radio shows also adopted this system inviting star guests onto their programs. Altogether, television and radio had a prominent role in shaping market trends.

In time, world pop and classical music faded away from Korea's media and many programs filled their time with local music, targeting the age group of 10-20, which drove the shift in preferences. The popular artists and their music provided a wealth of material for TV programs, and their appearances became incorporated into the marketing and business models for production.

A production that received large-scale investment combined with the popular media's influence set the Korean music market to be centered around local music. One record label that pioneered this system was SM Entertainment, referred to as an 'Idol company'. Record labels would use a system to train and develop groups or acts who could be easily promoted in this new mainstream media. At the same time, the majors' vested rights through distribution radically deteriorated.

An interesting development from this homogenization of taste and bombardment of content is the culture of K-pop 'fandoms' (a combination of fan and kingdom). Fandoms are typically self-organised under an official banner or a fandom name issued by the label in support of a specific artist or group. K-pop fans usually go beyond simply supporting the artist by buying music, merch, or attending concerts. They also organise to watch and listen to TV and radio programs that feature their artist, boost view counts and streams by constantly playing content, and even pay membership fees to have the right to call themselves a fan belonging to the fandom. They have donated money to charity on their artist's behalf, and have come together to donate rice for the needy. For the group, 2PM, fans around the world donated over 28 tons of rice for the tour finale concert in 2013. The fan fervour to support their favourite artist in conjunction with the media feeding the frenzy with content, it creates a symbiotic relationship between fans and record labels that does not include the record company or majors.

**"IT MEANS SEEING MY VISION
REALIZED ON MY TERMS."**

ADAM BRIGGS (AKA BRIGGS),
APPLES MUSIC
AUSTRALIA

INDEPENDENT MARKET SHARE

89%

4. THE GROWTH OF ONLINE MUSIC SERVICES

At the turn of the century, the internet went mainstream and sparked a global cultural and commercial revolution.

Korea, which was considered an IT powerhouse boasted the highest PC penetration rate and fastest network environment in the world. However, the introduction of P2P systems more radical than Napster resulted in the fall of the music industry.

From 2000 to 2005, the \$352 million market fell to only \$102 million. During this time, companies following the manufactured 'Idol' model, such as SM Entertainment and YG Entertainment, were getting more coverage in media and the illegal file sharing did a great deal to further promotion of these companies. In reality, it was only an illusion that the entire music industry was growing to historic levels, and only a handful of companies were profiting while the industry as a whole was withering away.

Thankfully, the advanced network speeds brought growth to music streaming services, and the music industry changed its business models to rally around online music services, instead of purely TV broadcast.

Melon is the biggest of many current music services in Korea, taking up about 60% of the music service market. As the visionary first mover, and supported by the biggest telecom provider, SK Telecom, they were able to push through government reforms that allowed music to be cleared for use on digital platforms. Melon was able to capture a majority of the market because of this, and mobile service providers and new-media corporations followed and expanded their businesses into the music service industry. This consequently gave birth to many local digital platforms and the reliance on physical was greatly reduced.

The majors' position in the music services market as simply distributors was further weakened due to the market being saturated to about 90% with local music. The music services sector was dominated by domestic media corporate giants who actively and ambitiously took control of this new unclaimed sector in the market.

As well as continuing to invest in record labels, these corporate giants are what keeps the international majors at bay. Typically, the majors use their financial strength to take over the music market. In Korea, however, the control and market have all been occupied by other entities, big and small. Without extremely aggressive investment into the local music market, associations, and music service platforms, it will be hard for majors to have any advantage over local competitors in the foreseeable future.

**“FOR US, BEING
INDEPENDENT MEANS TO BE
ABLE TO BOTH TAKE CARE
AND CONTROL THE ARTISTIC
WORK OF MUSICIANS WE
ADMIRE, AND TO BE ABLE
TO SPREAD THEM AND
SHOW THEM TO THE PUBLIC
IN THE MANNER WE BELIEVE
IS THE MOST APPROPRIATE.”**

CARLA ARIAS
ARMONICA
CHILE

**TYPICALLY, THE MAJORS USE THEIR
FINANCIAL STRENGTH TO TAKE OVER
THE MUSIC MARKET. IN KOREA, HOWEVER,
THE CONTROL AND MARKET HAVE ALL
BEEN OCCUPIED BY OTHER ENTITIES,
BIG AND SMALL.**

LEE&THOMPSON

The UK's leading law firm for the music and entertainment industries

Supporting WIN and the 2017 WINTEL Report



CASE STUDIES: INDEPENDENT LABELS

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY

ARMADA
WE ARE FAMILY

BISCOITO FINO
FREEDOM IS NEVER IN DOUBT

FIERCE PANDA
ADDICTED TO A&R

MAD DECENT
MOTIVATED BY BELIEF

THIRD MAN RECORDS
CHASING THE MUSE

UNFD
WEIRD AND WONDERFUL

ARMADA MUSIC: WE ARE FAMILY

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY (SIYI WANG)



Photography credit: Armada Music

ESTABLISHED: 2003

HEAD OFFICE: AMSTERDAM, NETHERLANDS

FOUNDERS: ARMIN VAN BUUREN,
MAYKEL PIRON, DAVID LEWIS

GENRES: EDM, HOUSE, TRANCE



ARMIN VAN BUUREN HAD ALREADY ENJOYED SUCCESS AS A DJ (IN CLUBS AND ON RADIO), A RECORDING ARTIST, A CURATOR AND A REMIXER WHEN HE TEAMED UP WITH MAYKEL PIRON AND DAVID LEWIS TO CREATE ARMADA MUSIC IN 2003.

Piron recalls that the label was established “because we believed there was room in the market for a label that was 100% focused on quality electronic music”.

It is also no coincidence that the company was born in 2003 – the year Apple launched iTunes. “The rise of Armada Music is parallel to the development of digital music exploitation,” Piron concedes. “When we started our label, we saw the immense potential of reaching a global audience.”

Since then, the label has enjoyed international success and nurtured not only a roster of artists (currently

over 100), but also a stable of sublabels (around 50, most of them dedicated artist labels).

Piron says: “Some of our artists opt to partner as a distinct label from the start. This is fine, but we always make it clear from the start that running your own label brings a certain responsibility in terms of A&R, connecting to other artists, promotion, etc. “Armada brings in everything to facilitate the label, but the heart and soul of the label will always be the owners themselves. The upside is, they can focus on the creative side and we can handle the business side.”

**“IN OUR SPECIFIC
GENRE OF MUSIC,
ELECTRONIC
DANCE MUSIC,
IT CAN BE VITAL
TO MOVE QUICKLY.
IF WE WEREN’T
ABLE TO DO
THAT, WE COULD
NOT MAKE OUR
RELEASES
SUCCESSFUL.”**

Like pretty much any independent label operating in any genre, Armada values the freedom to make decisions based on artistic merit or simply their own fannish enthusiasm – coupled with the ability to act on those decisions almost instantaneously.

“In electronic dance music, it can be vital to move quickly”, says Piron. “If we weren’t able to do that, we could not make our releases successful. Being independent means being flexible, being able to customise our services to each artist according to their needs, offering support and investment in different ways and assessing different business models for different projects. Also, we can sometimes decide that commercial success is not the most important thing for some releases, because it is simply so good the fans need to hear it.”

He recognises what borders on an actual need to share music you love with as large an audience as possible as a common trait within the independent sector. “There is a common value, which is that we want to be able to decide for ourselves which music we want to bring to the people and that the whole business side of things doesn’t have to be the most important thing.”

He also acknowledges shared challenges, many of which, he says, boil down to a simple question: “How do you compete with competitors who seem to have endless power and budgets?”

One factor that plays an especially crucial role in EDM is the need to drip feed a fan base with regular releases, sometimes more than would be deemed optimum from a recorded music market perspective. Piron explains: “We know how important it can be for our artists to regularly release music that might not necessarily be chart-topping, but is key for their fans on the live side of their career. We facilitate this because we know they need both elements of their career to work together for a good relationship with their audience.

Within the major ecosystem, this is not really possible, both because of financial targets and purely practical considerations such as lead times, etc.

Armada serves the artist and is led by the artist, not the other way round. As a result, Piron says, “Armada is often described as a family by the people we work with, including artists and songwriters. We try to be very honest in expectations and the results we can reach. This helps build long-term relationships.”

A company, born at the start of (and as a direct result of) the music industry’s transition to digital, that has made its name through EDM, DJs, club hits and remixes is in terms of its ethos, its relationships to artists and its corporate strategy, as independent as they come.

**“IN THE NETHERLANDS THE
INDEPENDENTS LEAD THE
WORLD IN KEY GENRES LIKE
ELECTRONIC DANCE MUSIC.”**

KEES VAN WEIJEN
HIT4US
NETHERLANDS

ESTABLISHED: 1999

HEAD OFFICE: RIO DE JANEIRO, BRAZIL

FOUNDERS: KATI DE ALMEIDA BRAGA,
OLIVIA HİME

GENRES: SAMBA, CLASSICAL, POP,

BISCOITO FINO: FREEDOM IS NEVER IN DOUBT

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY (VIVIANNE MUKAKIZİMA)



Olivia Hime. Photography credit: Biscoito Fino

**“WE TRY TO
FOCUS ON WHAT
WE THINK IS
AUTHENTIC
BRAZILIAN
MUSIC. WE
ARE ALWAYS
TRYING TO
OPEN OUR EARS
AND HEARTS
TO WHAT IS
NEW, BUT WE
ARE ALSO VERY
CONCERNED
WITH QUALITY”**

Biscoito Fino, Brazil’s leading independent record label, is a business, with bills and salaries to pay. But, at its heart, there is, undoubtedly, also an element of cultural custodianship.

It has 50 artists on its roster, put out 25 albums last year, but deals exclusively in Brazilian artists and Brazilian music. It is a label that exists to reflect, champion and continue a country’s musical heritage.

Biscoito Fino artists include giants of Brazilian music, such as Chico Buarque and Maria Bethania as well as new talents like Gal Costa. Then there are artists such as Maogani and Sergio Santos who are were not well known when they signed to the label, but have established significant fanbases at least partly through Biscoito Fino’s support and encouragement.

The label’s name means, literally, fine biscuits. It is taken from a line by Brazilian poet Oswald de Andrade who said that “bisciotos fino” should and would be consumed by everyone. “In that sense”, says label co-founder, singer, lyricist and artistic director Olivia Hime, “we are the same, because we want our music to reach the largest crowd.”

Biscoito Fino was founded in 1999 when Hime and businesswoman Kati de Almeida Braga joined forces to stage a series of concerts at Rio’s historic Paco Imperial venue and exhibition space.

Hime recalls: “It was a great success and we decided to record the concerts. We saw a lot of young talents – and well-known artists – who didn’t have space in the music industry to do their work. So, we thought perhaps we could work with them as a team.”

It is a prime example of a local independent label looking deeper than the surface of a country’s musical culture, and basing its philosophy on goals and principles beyond ROI – Return On Investment.

“We try to focus on what we think is authentic Brazilian music”, says Hime. “We are always trying to open our ears and hearts to what is new, but we are also very concerned with quality.”

On the nature of being independent, she says: “It means you’re free to choose the way you want to lead the label. It also means you can give a lot of creative freedom to your artists.”



**“WE THINK THE
SAME ABOUT
WANTING THE
FREEDOM TO
CREATE.”**

Monica Salmaso. Photography credit: Biscoito Fino

One of those artists, 46 year old Mônica Salmaso, echoes the sentiments: “We think the same about wanting the freedom to create. Biscoito Fino was created by artists and art lovers; that’s why freedom was never put in doubt. Our partnership has been so good that whilst I initially signed for four albums, I am now making my ninth project - between CDs and DVDs - with Biscoito Fino.”

As with any independent in any genre, Biscoito Fino has to temper its desire to release as much music as possible with the need to remain financially stable. Hime says: “We have to be very careful, calculating our work step by step, because we don’t have the same resources as the major labels.”

Underpinning its caution, however, is not the aim to increase profits, but to simply sustain business and keep alive a platform for music that the label’s founders and staff believes should be heard by as many people as possible – including the next generation.

Boscoito Fino launched a sub-label for children, but it is a label that does not do children’s music. Hime explains: “We noticed that children like to hear some specific songs that their parents play at home and we thought it would be interesting to make some records of those songs, songs that were written for adults, but with a different orchestration, focusing on children.

“That’s why we did samba for kids, forró for kids, MPB for kids. It is all music for grown-ups, but we believe that kids also like more elaborate music than those songs with chords and silly words.”

On some level, of course, it’s a very smart way of nurturing your next generation of music buyers. In another way, truer to the spirit of the venture and the nature of Biscoito Fino, it is a way to allow more people to hear the music of Brazil, and expand the audience for the artists the label exists to serve.

FIERCE PANDA: ADDICTED TO A&R

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY (ANQI YANG)



Simon Williams. Photography credit: Fierce Panda

FOUNDED: 1994

HEAD OFFICE: LONDON, UK

OWNER: SIMON WILLIAMS

GENRES: INDIE, ALTERNATIVE, POP

HAVING MADE HIS NAME AS AN NME JOURNALIST, SIMON WILLIAMS HAS GONE ON TO BECOME A STALWART OF THE UK INDEPENDENT MUSIC SCENE, AS WELL AS ONE OF ITS MOST WAGGISH CHRONICLERS.

Fierce Panda, the label he founded (over a few drinks) in 1994, was originally intended as a none-too-serious vehicle for a none-too-serious compilation EP (called *Shagging in the Streets*) to document the very brief rise of a none-too-serious musical genre (called *The New Wave of New Wave*) that he and his NME colleagues had made up (over a few drinks).

Since then, however, it has gone on to forge a reputation as a label with brilliant A&R instincts, most finely tuned to the melodic end of alternative guitar music. It has released early music from bands such as Coldplay, Keane, Placebo, Death Cab For Cutie, Embrace and Idlewild, without ever, as a label, enjoying

the sort of mainstream success those artists went on to achieve.

Its fate is familiar to independent labels all over the world and across every genre: discover an artist at the start of their career, sign them and release music that creates a huge buzz, bring them to the attention of a wider audience and, inevitably, the rest of the music industry, then watch as they are signed up by a major who go on to enjoy sustained album success with an artist that you, effectively, brought to their attention.

**“...IT’S A MOST
CURIOUS THING
BUT WHEN YOU
COME ACROSS
A REALLY GOOD,
BRAND NEW
UNSIGNED ACT
ON SOUNDCLOUD,
OR STANDING IN
THE MIDDLE OF A
VENUE, YOU DO
ACTUALLY GET
AN ADRENALINE
RUSH.”**

Williams, however, remains neither discouraged nor disheartened. He says: “It’s a most curious thing but when you come across a really good, brand new unsigned act on SoundCloud, or standing in the middle of a venue, you do actually get an adrenaline rush. That doesn’t happen every day or even every month, so patience definitely is a virtue, but, at its best A&R really can – quite literally – be an addictive process.”

As for the second part of the story, the luring away of your brightest young hopes with money and promises, Williams, who has seen no fewer than 72 Panda acts move to bigger labels in the last two decades, is more sanguine than you would perhaps expect. “You can’t guard against it, that’s for sure.

“So when Fierce Panda started, that’s what I expected to happen and, for the first five years, we duly did early singles by loads of bands who went on to sign to majors.

“Money isn’t always the problem here. When you smell vaguely of confusion mixed with stale lager, the way you sell yourself against the sweet-talking bigger labels is the key challenge.”

He recalls quite precisely how the biggest of them all got away: “Coldplay were literally the first band we’d properly tried to sign to a long term record deal, so we were naïve and foolish and didn’t communicate enough to get the deal over the line. Years later their live agent said to me, You have no idea how close Coldplay were to signing to Fierce Panda. I’m not really sure that helped.”

**“THE PAINS OF BEING
A PANDA AT HEART.”**

SIMON WILLIAMS
FIERCE PANDA
UK



Sean Grant and the Wolf Gang. Photography credit: Fierce Panda

“...YEARS LATER THEIR LIVE AGENT SAID TO ME, YOU HAVE NO IDEA HOW CLOSE COLDPLAY WERE TO SIGNING TO FIERCE PANDA. I’M NOT REALLY SURE THAT HELPED.”

Part of the problem, Williams says, is self promotion:

“Some bigger labels are very good at talking themselves up, while smaller labels are perhaps a bit more shy and less inclined to promise the earth and number one albums. I have seen dozens of bands fall for the allure of that sweet talking bigger label. The problem is those bigger labels also have a heck of a lot more acts signed and a lot less patience with their roster, so unless your debut album impacts the charts immediately, then – barring some miracle – you will be unceremoniously dropped.”

“SOME BIGGER LABELS ARE VERY GOOD AT TALKING THEMSELVES UP, WHILE SMALLER LABELS ARE PERHAPS A BIT MORE SHY AND LESS INCLINED TO PROMISE THE EARTH AND NUMBER ONE ALBUMS.”

In 2017, Williams believes that the key to survival is diversification.

“Publishing, live shows, management, synchronization, anything which might bring in income to replace rapidly dwindling record sales. It’s not an ideal situation as I personally find it hard enough to make sense of just running a record company, let alone fretting about micro-managing bands, putting on gigs, signing acts for publishing or trying to get our songs on ice cream adverts, but in our case the key to survival is all of the above.”

The challenge of survival has, Williams explains, been made more difficult by the advent of the digital age, but he also sees some medium/long-term hope in streaming. “The internet has definitely made the whole music industry a crazily mental place, and labels like us are constantly adapting to keep up with that crazy mentalness, even if it’s subconsciously. The main challenge is being bypassed by an entire generation of music fans who don’t see why they should actually pay to listen to music.

“Far better people than I have tried to find a solution to this, but apart from charging huge amounts for live shows or getting people to pay £7 for 7” singles to redress the fiscal imbalance, nothing has really worked.

“Don’t get me wrong, streaming is a wonderful thing for a lot of wonderful people, and the Spotify numbers are slowly beginning to add up, but they can’t yet replace 15,000 CD sales.

“So, the internet has made it much, much easier to put music out, for good and bad. It’s hard to focus on specifics, but by my somewhat demented calculations, it is now approximately 100 times easier for cool new acts to get attention on the blogs, which is very good for Fierce Panda’s acts; and it’s roughly 100,000 times harder to then go on and actually have a successful release, which is very bad for Fierce Panda’s acts.”

“TO BE INDEPENDENT IS NOT TO ACCEPT THE AESTHETIC AND FINANCIAL RESTRAINTS OF THE BIG CORPORATIONS. WE ARE CREATORS DRIVEN BY THE WILL TO BUILD THE CULTURAL HISTORY OF EVERY SMALL PART OF THIS PLANET. TO BE INDEPENDENT IS THE MISSION OF THE COLLABORATIVE BEING.”

WILSON SOUTO JR.
ATRAÇÃO FONOGRAFICA
BRAZIL

Williams is a rather romantic believer in the brother and sisterhood of the sector. "I could be deluded", he says, "but I like to think that there is an unspoken bond which unites us in terms of the hundreds of hours and the thousands of pounds we've all wasted on ego-crazed musicians and the madness of ever trying to make money out of something which by its very definition is a leftfield, alternative non-commercial product."

Every note of positivity is, of course, undercut with a counter note of gloom, but the truth is, Williams still believes he is only one night out away from signing a band that will shake the world. He knows he's probably quite daft to believe that, but that doesn't change the fact the he still believes.

"36 years on from those first gigs at The Lyceum, I'm still rarely happier than when I'm standing on my own in the middle of a small venue holding a pint of lager watching a tiny new band. So the fact that Fierce Panda exists at all is more of an accidental by-product of my shabby chosen lifestyle rather than anything else. When I tire of those pints of lager and those new bands I guess it will be the end of the Panda."



Bringing Vinyl Manufacturing Into the 21st Century!

State of the art, brand new pressing machines
Welcome small runs, 7 inch, picture disc & multi-colored vinyl

gmcghee@precisionpressing.com
glambdon@precisionpressing.com

MAD DECENT: MOTIVATED BY BELIEF

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY



Diplo. Photography credit: Mad Decent

ESTABLISHED: 2006

HEAD OFFICE: LOS ANGELES, US

FOUNDERS: DIPLO

GENRES: TRAP, MOOMBAHTON, HIP HOP,
DANCEHALL, EDM



LIKE A LOT OF LABELS, MAD DECENT WAS STARTED BECAUSE SOMEBODY HEARD MUSIC THEY LOVED BUT WASN'T ACTUALLY BEING RELEASED, SO DECIDED TO DO IT THEMSELVES.

In this case, that someone was US producer, DJ, songwriter and artist, Diplo.

Born in Tupelo, Mississippi in 1978 (can't think of the name, but pretty sure someone else from there enjoyed some success in music), Diplo first gained attention as a DJ (and through his mix tapes) in Philadelphia. In 2004 he released his first album, Florida, through Big Dada, an imprint of renowned UK independent, Ninja Tune.

Increased acclaim lead to more opportunities – and to travelling the world, which in turn lead to exposure to different types of music from different cultures, music that Diplo wanted to expose to a wider audience.

In its early days, Mad Decent helped introduce Brazilian baile funk and, later, Angolan kuduro to global club culture. It continues to discover, release and champion music from across the globe.

In 2011 it launched a sub label, Jeffrees, with a founding mission statement to be “an outlet to curate and promote music that errs on the side of experimental”.

“...A MAVERICK SPIRIT FLOWS THROUGH PRETTY MUCH ALL INDEPENDENT LABELS, BUT IT DOESN'T RUN THE ACCOUNTS DEPARTMENT...”

It is an ethos that deliberately put distance between the label and the desire/need for commercial success. Ironic, then, that one of the first singles it released was Baauer's Harlem Shake which, you might just remember, went on to become a viral sensation on YouTube and hit number one on the US singles chart (and top 10 in over 20 other territories).

Label president Jasper Goggins acknowledges the impact the phenomenon had on the company: “It obviously afforded us more money to hire staff and build our infrastructure, but it also forced us to grow up as a company, understand some of the nuances of the business that weren't as important previously and figure out what to do moving forward.

“It also happened to coincide very closely with dance music realising its growth potential in America, the launch of Spotify and a number of other factors that turned our company from a niche player into a proper music label.”

It's important to remember though, that Harlem Shake's internet pick-up came (virally, through UGC rather than an official video and co-ordinated campaign) in 2013, more than a year after the really rather outré track was released, and, even with the benefit of hindsight, it's hard to imagine the single, by an unknown 22 year-old trap and bass producer, coming out on anything but an independent label.

It was, in fact, a massive commercial success built on Mad Decent's core principle of not being overly concerned with massive commercial success. Goggins says: “Most majors these days are looking for artists that have already built up a sizeable audience and track record. We're more willing to take chances on things we like and be motivated by our belief in music.”

Not prioritising sales, of course, is a very different thing from being fiscally ignorant or irresponsible. In fact, predicating a business model on artistic rather than economic values requires constant and flint-eyed focus on cost rather than any remotely laissez-faire approach.

Goggins says: “For all projects, it really comes down to investment and spending wisely. We like to keep budgets small in the beginning and open up as the song or album develops and we gain insight from research, analytics etc.” A maverick spirit flows through pretty much all independent labels, but it doesn't run the accounts department – and if it does, that label probably won't be able to release music from/for other mavericks for very long.

Mad Decent's own financial pressures have been eased over the last few years by the success of another Diplo project, Major Lazer. The dance music collective scored a huge hit with 2015's Lean On – and an even bigger one with 2016's Cold Water.

Such mainstream success has, of course, pushed Mad Decent into the pop spotlight. Nevertheless, the label still thinks and acts like a risk-taking independent, and feels a kinship with fellow 'outsiders'.



Omar Souleyman. Photography credit: Mad Decent

**“MOST MAJORS THESE DAYS ARE
LOOKING FOR ARTISTS THAT HAVE
ALREADY BUILT UP A SIZEABLE
AUDIENCE AND TRACK RECORD.
WE’RE MORE WILLING TO TAKE
CHANCES ON THINGS WE LIKE AND BE
MOTIVATED BY OUR BELIEF IN MUSIC”**

**“BACK IN THE ‘70’S,
BEING INDEPENDENT WAS
OUR ONLY CHOICE; NOW
BEING INDEPENDENT IS
THE ONLY CHOICE.”**

PEGI CECCONI,
SRO MANAGEMENT INC.
CANADA

“Independent labels often share resources, knowledge etc. through trade associations like A2IM, since we have the common goal of being able to release the music we want to, on our own terms, and support artists who may not otherwise be able to carve out a career in music.

It also shares challenges, “primarily visibility in a very crowded market”. Goggins continues: “We’re not only competing with major labels and massively funded projects, but all of the self-released music that is now so easy for people to put out.”

One of Mad Decent’s most recent signings was Syrian-born artist, Omar Souleyman. It put out his most recent album, *To Syria, With Love*, in June 2016.

The label behind Harlem Shake and Major Lazer does not expect Souleyman to achieve the commercial heights of its most high profile artists and internet-busting tracks, but, staying true to its founding principle of simply wanting to provide a platform for music from anywhere in the world, it is a release it will regard as important as any other in its short, eclectic and game-changing history.

THIRD MAN RECORDS: CHASING THE MUSE

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY (SUIKI PARK)



Ben Blackwell and Jack White. Photography credit: Third Man Records

ESTABLISHED: 2001

HEAD OFFICE: NASHVILLE, USA

FOUNDERS: JACK WHITE, BEN BLACKWELL

GENRES: GARAGE ROCK, BLUES



THIRD MAN RECORDS IS MUCH MORE THAN 'JUST' A LABEL. THAT CAN BE SAID OF MOST INDEPENDENTS, OF COURSE, BUT IN THE CASE OF NASHVILLE'S THIRD MAN, YOU DON'T HAVE TO REACH FOR WORDS LIKE 'SPIRIT' OR 'COMMUNITY' OR 'FEELING'.

Its 'more than a label' credentials are physical and many. It owns two record stores (one in Nashville, one in Detroit), a live venue and a pressing plant, it releases films and books and is heavily involved in the local community.

Earlier this year, for example, it issued a statement congratulating Nashville's Civil Service Commission for improving the city's workers' rights in regard to maternity and paternity leave, pointing out that since 2015 it has offered its employees 6 month paid maternity/3 month paid paternity leave (it also pays a minimum wage of \$15 per hour and gives health insurance to all full time employees).

Jack White, Third Man Records' co-founder and owner, works as an advisor on Nashville's Council on Gender Equality. So, much more than a record label. But, also, a record label.

It was founded in 2001, but, as Third Man Records co-founder Ben Blackwell explains, initially existed "in name only, to licence White Stripes records to bigger labels. There were no employees, there were no offices, it existed on paper only."

Things changed in 2009 when it started releasing records by one of White's other bands, The Dead Weather. Then, when The White Stripes split, Third Man Records was the vehicle for his solo work.

**“MANY THINGS WE KNOW DO
NOT HAVE THE POSSIBILITY OF
EVEN SELLING 5,000 COPIES, BUT
IF IT’S SOMETHING WE LOVE
AND SOMETHING THAT FEELS
IMPORTANT, WE STILL PUT IT
OUT AND JUST GO IN WITH
TEMPERED EXPECTATIONS.”**

From the beginning, when the words ‘revival’ and ‘vinyl’ weren’t joined at the hip, it was committed to putting out music on the format, not because it had some sort of Nostradamus-style vision of its comeback, but because it, the label, and Jack, personally, loves vinyl and believes it’s the best way to listen to music.

Only a handful of artists are signed to Third Man “in the sense that most folks think of in regards to a record label”, says Blackwell. “Most artists we work with in a one-off fashion. The Blue Series singles, all of those are one-and-done contracts; there’s nothing long-term or beyond that 7” single. Same with our live albums, almost exclusively these are never tied to an artist with whom we’ve done a full-on studio album campaign. This is very untraditional.”

The Blue Series of singles is the definition of independent – as in it is an almost entirely self-contained and self-reliant business model. Artists who are traveling through Nashville are invited to stop by Third Man’s studio and record one or two tracks, produced by Jack White, the cover photo’s are taken in the company’s ‘blue room’, the singles are manufactured in the Third Man pressing plant and made available in the Third Man record store and via the company’s in-house mail order service.

Artists to have released Blue Series singles on Third Man include Dwight Yokam, Courtney Barnett, Michael Kiwanuka, Beck, Tom Jones, Seasick Steve, First Aid Kit and Laura Marling.

Obviously the pull and prestige of working with Jack White plays a huge part in convincing the artists to take part, but what makes it possible to actually happen, often at very short notice, is Third Man’s status as an independent.

It can move quickly, it isn’t worried about long-term contracts or giving a platform to a ‘rival’ label, it just wants to give something different, from artists it admires, to their fans, as quickly and coolly as possible.

Blackwell says: “I would point to the fact that Third Man is an artist-owned, artist-run record label and we’re part of a community trying to expose folks to music that is important to our worlds.”



Craig Brown Band. Photography credit: Third Man Records

The fact that Jack White is founder, owner and figurehead of Third Man ensures the label had a certain cachet from the get-go. He is a widely admired artist in his own right, of course, as well as being known for his collaborations and championing of other, often little known, artists, be they contemporary or from decades past.

That cachet has undoubtedly played a part in launching and sustaining another unique Third Man initiative, The Vault.

The Vault is a subscription 'club', via which members get quarterly packages containing a 12" record, a 7" record and a bonus item, as well as extra benefits including live streaming of special events, ticket pre-sales etc.

Vault members are essentially buying into Third Man's taste and values, and they are buying in on trust. "I would hope so", says Blackwell.

"I think we've proved our mettle over the past eight years. Folks have ways enough to cancel the subscription if they really don't want an upcoming package, but for the most part, they stay. It's a nice little club; I'm proud of what we've accomplished there."

Looping back to the eclectic nature of Third Man's operation, one reading could be that diversification is a smart (and well-established) way of avoiding over-reliance on a single revenue stream. Not so, says Blackwell.

"Ultimately we just chase the muse in regards to what motivates us artistically. That can be books, films, T-shirts, turntables or whatever. It's the nature of being human, we're interested in all sorts of different worlds and try to bring as many of those into Third Man as possible."

A similar philosophy is applied to its core business of putting out records. "In some way or another, commercial potential will be part of the decision making process, but what changes from release to release is the amount of importance we put upon that potential. Many things we know do not have the possibility of even selling 5,000 copies, but if it's something we love and something that feels important, we still put it out and just go in with tempered expectations."

"INDEPENDENCE ISN'T JUST ABOUT CREATIVE FREEDOM, ITS ALSO ABOUT BUSINESS FREEDOM."

ED PETO
OUTDUSTRY
CHINA

UNFD: WEIRD AND WONDERFUL

PROVIDED BY DAVE ROBERTS AND WARWICK UNIVERSITY (YUJIE SHEN)



Fan Collection. Photography credit: UNFD

ESTABLISHED: 2001

HEAD OFFICE: MELBOURNE, AUSTRALIA

FOUNDERS: JADDAN COMERFORD

GENRES: METALCORE, PUNK,
ALTERNATIVE ROCK



WHEN 26 YEAR-OLD JADDAN COMERFORD LAUNCHED AUSTRALIA'S SPECIALIST HEAVY METAL LABEL, UNFD, IN 2011, IT WAS, TO SOME EXTENT, A LEAP INTO THE UNKNOWN BY A YOUNG, IDEALISTIC MUSIC OBSESSIVE.

It was also, however, the second major move by a grizzled industry veteran looking to solidify an empire and go global. By then, Comerford had already launched and made a success of Boomtown Records, a label that was a genuine 'passion project' that started in the then-teenage fan's bedroom sparked by nothing more than a desire to share the music he loved with as many people as possible.

As has been proved time and again in the independent sector, especially in specific sub-genres, the undiluted enthusiasm and unfettered instinct of a fan can take you a long way – especially when it's all you've got.

Boomtown boomed, and Comerford, partly out of necessity, partly through sensing opportunity, established management and marketing companies to run alongside the label.

Then, in 2011, he took the decision to transition to bundle the separate elements into a new company, Unified Music Group, with the label division being rebranded as UNFD at the same time.

Since then, it has become an established, respected and important player within a significant genre in a major territory with an increasingly international footprint.

It remains, however, at its heart, a company that was founded by a fan, in his bedroom, for the pure love of music. Unified Music Group's Chief Creative Officer, Luke Logemann says: "To us, being independent means focusing on artistic integrity without boundaries, and being a strong supporter of our artists, not just for our own business growth, but for theirs. We do fair deals that are malleable and allow us to invest without stripping our artists of the ability to prosper.

"We've worked with all of our artists from either the beginning or very early on in their careers. A few years ago there was no competition for us in signing acts as no one had any interest in the bands we were looking at. That's changed recently as people have seen how successful our label has been. That competition is welcome though, as we're confident in our offering as a label."

One artist that has been with UNFD since they started is Australian metalcore band Northlane. Guitarist Josh Smith says: "When we were shopping for labels, with an unreleased debut album under our belts, we found that most of the people we were talking to didn't really believe in our artistic vision, because it was a bit different to the tried and tested norm.

"They wanted us to modify our music, look and style of performance. They presented contracts to us which were unfavourable to say the least.

"When Luke came into the picture, his attitude and approach couldn't have been more different. UNFD embraced who we were and believed in what we were doing.

"TO US, BEING INDEPENDENT MEANS FOCUSING ON ARTISTIC INTEGRITY WITHOUT BOUNDARIES, AND BEING A STRONG SUPPORTER OF OUR ARTISTS, NOT JUST FOR OUR OWN BUSINESS GROWTH, BUT FOR THEIRS."

"They offered us a fair contract and did everything they promised to make the record a success. I didn't see any passion in any other label and I still believe signing to UNFD was one of the best decisions Northlane has ever made."

It's a decision that has certainly paid off. The band have enjoyed three top five albums in Australia, including *Node*, which actually went to number one in 2015.

Logemann sums up UNFD's side of the relationship, not just with Northlane, but with all its artists: "We encourage and support them to explore their sound. I think that's a really big thing that's helped us to evolve, the fact that we actually want our artists to write music that is interesting and subversive. The artists love the freedom, and with our guidance we feel they can find success being as weird and wonderful as they wish."

The label does, however, face a double-pronged and ongoing challenge. The music it releases gets very little coverage via mainstream media and therefore relies on live performance to grow a fanbase. When it comes to increasing a global audience, Australia is a logistically difficult, and expensive, base from which to operate.

Logemann concedes: "The hardest thing is that artists need to tour overseas for us to be able to really make a difference. This is metal and hardcore music, where radio and press isn't really what moves the needle.



Northlane. Photography credit: UNFD

“It costs a lot for our artists to tour, and we don’t always have the income streams to offer the kind of tour support they need to make a difference. So, what we do instead is use our growing influence overseas to help them get agents, managers and tours, and then we match their investment by working extra hard on making those overseas tours as worthwhile as possible.

“Alongside that, we’re also really focused on international expansion ourselves. Around two years ago we set up a London office and started working with dedicated PR people in the UK and in mainland Europe. Already we have most of our roster touring consistently in the market.

“In 2017 we are replicating that initiative in the US, with a new Los Angeles office to help our artists and business grow in North America.”

UNFD is one of four labels within the overall Unified Music Group. The others are ONETWO, NLV Records and Exist. Recordings. All are run in conjunction with artists signed to the group’s Unified Artist Management division, a collective of artist managers and shared support staff that currently has over 20 clients.

There is also a merchandising arm and a live company, Unified Touring & Events. In 2015 it launched Unify Gathering, a three-day festival that takes place just outside Melbourne and has sold-out every year since its inception.

In 2016 it launched Unify Presents, which is already one of the biggest rock promoters in Australia and New Zealand and has put on shows by bands including Bring Me The Horizon and Slipknot.

All these sub-labels and different divisions epitomise the DIY ethic that lead Comerford to launch his own label from his bedroom, and all are infused with the same passion and love of music that inspired him in the first place.

38.4% INDEPENDENT
RECORD LABEL
MARKET SHARE

CONCLUSIONS

INDEPENDENT
STREAMING
REVENUE INCREASE **80.4%**

\$2.1 STREAMING
REVENUE
(BILLIONS)

TOTAL
REVENUE
(BILLIONS) **\$6**

6.9% GLOBAL
INDEPENDENT
LABEL REVENUE
INCREASE

MAJOR
DISTRIBUTED
INDEPENDENT
BUSINESS **\$1.2**

WRITTEN BY ALISON WENHAM

The second annual WINTEL report tells the story of another strong year for the independent sector. It has seen solid growth overall and astonishing growth in streaming revenues. Both are trends we are confident will continue.

The headline news is that in 2016 global revenues for the independent labels, measured by copyright, now total \$6 billion, up 6.9% on 2015. That's an impressive increase, and indicative of strong future growth as emerging markets drive new revenues for the sector.

It gives us an overall market share of 38.4%, up from 37.5% in 2015 and knocking on the door of the psychologically significant 40% barrier. Tipping the scales towards the spectacular are streaming revenues of \$2.1 billion, up 80.4%. The opportunities created by the various services growing their global footprints and increasing the choice of economic and cultural flavours on offer can only see the rise and rise of streaming increase in the short to medium term. Discovery is driving the independents' global catalogue to new markets and new audiences.

It is also worth noting the ongoing and increasingly important role of Merlin, which as a global licensing platform dedicated to the independents, has

now distributed over \$1 billion to its members. It is a not for profit and not for sale organisation that is run on behalf of the independent community and solely for the benefit of the independent community, delivering a world class service and market-leading results whilst operating on a 1.5% administration fee.

That model and ethos contrasts starkly with the major label distribution arms which, between them, still handle \$1.2 billion of independent business, boosting their own revenues considerably in the process. But there is now clearly the potential for the global independent sector to elect to unanimously utilise truly independent routes to market, rather than prop up major record company market shares.

One fascinating aspect of this year's report is a first glimpse at the very significant economic footprint and impact of the independent sector, particularly in regard to employment, be that direct or via freelancers and contractors.

This is a subject that next year's WINTEL report will study in far greater depth as we continue to tell the ongoing success story of the independent music industry.

IN ORDER TO MEASURE THE SIZE OF THE GLOBAL INDEPENDENT RECORD LABEL MARKET WE UTILISED TWO KEY TOOLS:

“BEING INDEPENDENT HAS MANY UPSIDES - FREEDOM TO MAKE THINGS HAPPEN IN A CREATIVE AND TIMELY MANNER, CHOOSING A TEAM TAILOR MADE FOR THE ARTIST/RELEASE, ESSENTIALLY, TOTAL CONTROL AROUND HOW AND WHEN THE ARTIST IS PRESENTED. THE DOWNSIDE, OF COURSE, IS FINDING THE FINANCING NECESSARY TO MAKE THINGS HAPPEN.”

SHERI JONES,
JONES & CO.
CANADA

METHODOLOGY

WRITTEN BY MARK MULLIGAN

GLOBAL INDEPENDENT LABEL SURVEY:

During 2017 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 directly 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 (i.e. Including major label revenue) 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. This enabled us to utilise invaluable country level insight without revealing any confidential, company level detail. Additional factors that we utilised in the modelling process included, but were not limited to: calculating national market shares of individual labels, identifying what share of sales that were domestic, measuring sales via distributors, analysing distributor revenue shares and splitting this by domestic versus international. MIDiA additionally leveraged national independent label market data from local trade associations and other bodies. All of these inputs were used to create independent record label market share figures for each country and additionally for each 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

WRITTEN BY MARK MULLIGAN

Total Recorded Music Revenue (\$ Million)			
	Total Market	Major Record Labels	Independent Labels
US	5,318	3,334	1,984
UK	1,251	973	278
Australia	357	232	125
Canada	368	296	72
Germany	1,212	836	376
France	850	587	262
Norway	114	82	32
Brazil	230	146	84
Chile	34	20	13
Japan	2,746	1,007	1,739
South Korea	330	36	294
Spain	191	161	29
Belgium	117	89	28
Denmark	110	89	21
Finland	70	59	11
Italy	264	190	74
Netherlands	243	174	70
Sweden	192	145	48
Other markets	1,671	1,192	479
Global Total	15,668	9,647	6,021

Total Recorded Music Revenue Share			
	Total Market	Major Record Labels	Independent Labels
US	100%	63%	37%
UK	100%	78%	22%
Australia	100%	65%	35%
Canada	100%	80%	20%
Germany	100%	69%	31%
France	100%	69%	31%
Norway	100%	72%	28%
Brazil	100%	63%	37%
Chile	100%	61%	39%
Japan	100%	37%	63%
South Korea	100%	11%	89%
Spain	100%	85%	15%
Belgium	100%	76%	24%
Denmark	100%	81%	19%
Finland	100%	84%	16%
Italy	100%	72%	28%
Netherlands	100%	71%	29%
Sweden	100%	75%	25%
Other markets	100%	71%	29%
Global Total	100%	62%	38.43%

Physical Recorded Music Revenue (\$ Million)			
	Total Market	Major Record Labels	Independent Labels
US	963	673	290
UK	403	317	86
Australia	83	57	26
Canada	99	81	18
Germany	630	441	189
France	322	241	82
Norway	13	10	4
Brazil	33	21	12
Chile	6	4	2
Japan	2,018	896	1,122
South Korea	116	10	105
Spain	52	46	6
Belgium	43	33	10
Denmark	9	8	1
Finland	11	9	1
Italy	107	79	27
Netherlands	68	50	18
Sweden	22	18	4
Other markets	410	325	85
Global Total	5,408	3,318	2,089

Physical Recorded Music Revenue Share			
	Total Market	Major Record Labels	Independent Labels
US	100%	70%	30%
UK	100%	79%	21%
Australia	100%	69%	31%
Canada	100%	82%	18%
Germany	100%	70%	30%
France	100%	75%	25%
Norway	100%	72%	28%
Brazil	100%	65%	35%
Chile	100%	62%	38%
Japan	100%	44%	56%
South Korea	100%	9%	91%
Spain	100%	88%	12%
Belgium	100%	77%	23%
Denmark	100%	85%	15%
Finland	100%	87%	13%
Italy	100%	74%	26%
Netherlands	100%	73%	27%
Sweden	100%	81%	19%
Other markets	100%	79%	21%
Global Total	100%	61.4%	38.64%

Download Revenue (\$ Million)			
	Total Market	Major Record Labels	Independent Labels
US	1,280	796	483
UK	204	159	45
Australia	98	63	35
Canada	101	81	20
Germany	137	100	37
France	51	32	19
Norway	2	1	1
Brazil	9	6	4
Chile	2	1	1
Japan	281	100	181
South Korea	7	1	6
Spain	8	7	1
Belgium	12	9	3
Denmark	7	6	1
Finland	1	1	0
Italy	19	14	6
Netherlands	9	7	3
Sweden	3	2	1
Other markets	128	74	53
Global Total	2,360	1,460	900

Download Revenue Share			
	Total Market	Major Record Labels	Independent Labels
US	100%	62%	38%
UK	100%	78%	22%
Australia	100%	64%	36%
Canada	100%	80%	20%
Germany	100%	73%	27%
France	100%	63%	37%
Norway	100%	63%	37%
Brazil	100%	62%	38%
Chile	100%	63%	37%
Japan	100%	36%	64%
South Korea	100%	16%	84%
Spain	100%	82%	18%
Belgium	100%	74%	26%
Denmark	100%	82%	18%
Finland	100%	85%	15%
Italy	100%	71%	29%
Netherlands	100%	72%	28%
Sweden	100%	78%	22%
Other markets	100%	58%	42%
Global Total	100%	61.9%	38.12%

Streaming Revenue (\$ Million)			
	Total Market	Major Record Labels	Independent Labels
US	2,371	1,355	1,017
UK	370	284	86
Australia	127	77	50
Canada	128	98	30
Germany	245	175	70
France	192	112	80
Norway	72	51	21
Brazil	91	55	36
Chile	15	9	6
Japan	205	63	142
South Korea	186	23	163
Spain	77	61	16
Belgium	23	16	7
Denmark	61	47	13
Finland	30	24	6
Italy	71	48	22
Netherlands	94	65	29
Sweden	132	98	35
Other markets	655	427	228
Global Total	5,144	3,088	2,056

Streaming Revenue Share			
	Total Market	Major Record Labels	Independent Labels
US	100%	57%	43%
UK	100%	77%	23%
Australia	100%	61%	39%
Canada	100%	77%	23%
Germany	100%	71%	29%
France	100%	58%	42%
Norway	100%	71%	29%
Brazil	100%	60%	40%
Chile	100%	61%	39%
Japan	100%	31%	69%
South Korea	100%	12%	88%
Spain	100%	79%	21%
Belgium	100%	70%	30%
Denmark	100%	78%	22%
Finland	100%	79%	21%
Italy	100%	69%	31%
Netherlands	100%	69%	31%
Sweden	100%	74%	26%
Other markets	100%	65%	35%
Global Total	100%	60%	40.0%

Total Digital Revenue (\$ Million)			
	Total Market	Major Record Labels	Independent Labels
US	3,743	2,229	1,514
UK	583	453	130
Australia	228	143	85
Canada	233	185	48
Germany	384	279	105
France	252	151	101
Norway	75	54	22
Brazil	112	68	44
Chile	17	10	6
Japan	541	189	353
South Korea	196	22	174
Spain	87	69	18
Belgium	35	25	10
Denmark	68	53	15
Finland	32	25	7
Italy	91	63	28
Netherlands	104	72	32
Sweden	135	100	36
Other markets	866	548	318
Global Total	7,780	4,737	3,043

Total Digital Revenue Share			
	Total Market	Major Record Labels	Independent Labels
US	100%	60%	40%
UK	100%	78%	22%
Australia	100%	63%	37%
Canada	100%	79%	21%
Germany	100%	73%	27%
France	100%	60%	40%
Norway	100%	71%	29%
Brazil	100%	61%	39%
Chile	100%	61%	39%
Japan	100%	35%	65%
South Korea	100%	11%	89%
Spain	100%	80%	20%
Belgium	100%	72%	28%
Denmark	100%	78%	22%
Finland	100%	79%	21%
Italy	100%	69%	31%
Netherlands	100%	69%	31%
Sweden	100%	74%	26%
Other markets	100%	63%	37%
Global Total	100%	61%	39.11%



See a Bigger Picture

MUSO's **unrivalled data** platform empowers entertainment companies and rights holders to **win against digital piracy**.

MUSO Protect is the fastest and most effective **global anti-piracy** product available. By streamlining the entire takedown process and continuously scanning over 13 billion piracy pages, it **uncovers the total extent of piracy** and enables **instant, automated takedowns** for infringing files, torrents, streams and search listings.

WIN & MUSO are pleased to announce the launch of a content protection portal initiative.



worldwide
independent
network

This provides a free anti-piracy dashboard to every global WIN trade body partner, enabling each label member to monitor their catalogue and frontline releases.

Paid option to upgrade to MUSO Protect also available. To find out more, contact your WIN representative.

www.muso.com

You
were
there.
In '06.

With sweeping haircuts and superlative taste, you were into us way before we were cool. To all you tastemakers, we say a big *tack* (that's Swedish for 'thanks.')

