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PRESS RELEASE

STREAMING REVENUES BOOST OPTIMISM AT 51st MIDEM

Major and indie labels, publishers, thought-leaders and new talent come together in Cannes

Cannes, 09 June 2017 – The international music community, representing 4,400 delegates from over 80 countries, gathered in Cannes this week at the 51st edition of Midem, the music world's leading business conference and networking event.

Major labels Sony Music Entertainment, Warner Music Group and Universal Music Group, along with a host of leading indies and trade associations AIM, WIN, BPI, A2IM, VUT, SNEP, BMVI and IMPALA, brushed shoulders in Cannes with the online powerhouses that are driving growth, particularly via subscriptions to streaming services.

Publishers were also present in force with the global independent publishing giant, Peermusic celebrating its 90th birthday and the German headquartered international publishing house, Budde Music celebrating its 70th anniversary.

Among those online powerhouses, Midem welcomed, Spotify, Amazon, Deezer, SoundCloud, Napster and Tencent.

Following a strategic partnership agreement with Universal Music Group, Chinese-based Tencent attended its first Midem. Tencent now has partnerships with all three majors and operates a song library of some 17 million titles.

Speaking to Midem delegates, Andy Ng, Group Vice President at Tencent Music Entertainment, shared his thoughts on the status and opportunities in China's digital market. Tackling the piracy issue, he noted that government and industry efforts to curb the problem have resulted in 80% of online content in China now being legal compared to around 5% five years ago. According to Andy Ng, Tencent launching its pay music model in 2015 and attracted 10 million subscribers by the end of 2016. That figures is expected to rise to 20 million by the end of this year. But the Group Vice President issued a word of warning to labels, "You have to understand that the price point in China is much lower than the rest of the world. We're looking at volume."

With digital revenues now accounting for 50% of total music income, the global music industry has reported a 5.9% increase in revenues for 2016, the largest rise in some 20 years. Midem delegates appeared in optimistic mood this week with predictions that paid streaming subscriptions may grow by 250 million people over three years driving revenues to some €6.7 billion in 2020.

This has led major companies to re-assess their approach to the market. On the eve of Midem, Universal Music France's Chief Executive, Olivier Nusse, confirmed his belief that music fans are now willing to pay for streaming subscriptions. He added that the challenge for the major labels is to adapt management teams in order to develop skills linked to accessing the streaming services' important playlists and to developing artists to feed the streaming market, particularly urban and electronic bands.

According to Midem Director Alexandre Deniot, "By changing the listening experience, making it personalised, improving discoverability of catalogues and creating a stronger link with music fans, streaming services improve the monetisation of music, opening new business opportunities for

artists, labels, publishers and even for the live music ecosystem. After some challenging years for the music industry, this year's Midem felt like the labels, publishers and artists appeared far more confident that a return to growth is no longer a dream but a reality."

With over 80 countries represented, Midem confirmed its position as the premier business, conference and networking event for the international music community. Territories that increased the size of their delegations included the United States, Latin America (particularly Chile, Mexico and Brazil) Africa and two first-time attendees Ukraine and the Ivory Coast. There was also a strong line-up of British companies and acts that featured in the British Music at Midem concerts which included sets from Dream Wife, Public Service Broadcasting and Jake Isaac.

"The global reach of music and the exciting potential for growth in such areas as Asia and Africa, means it is important for Midem to showcase countries and explain the different ways for entering those markets. This year we launched the Midem Worldwide Village which provided specialist insight into the main music markets such as the US, France, Germany or the UK and the developing markets in China, India, the Balkans and Latin America," said Midem's Alexandre Deniot.

Live music featured significantly in Cannes this week. Following the Hammersmith Apollo in London and Paris' Olympia, Leslie Mandoki brought the Man Doki Soulmates to Cannes to play the Palais des Festivals' Grand Auditorium on June 8.

One of the highpoints of the week was the Midem Artist Accelerator (MAA) programme, designed to develop young talent on the international stage. Now in its third year, MAA attracted 600 entries from 66 countries, with the 11 finalists performing live throughout Midem. The Midem Artist Accelerator Coup de Coeur vote, both from the jury and the online public, went to Ghanaian artist M.anifest who gave a special performance at the June 7 International Midem Awards gala dinner. The dinner honoured four industry icons: First Access Entertainment's Co-Founder Sarah Stennett, Peermusic Chair and CEO Ralph Peer II, Because Music Founder and CEO Emmanuel de Buretel and Shazam's Executive Chairman Andrew Fisher OBE.

The Awards dinner saw a Midem first with an exclusive screening of a 12-minute reel of "All Eyez On Me," the theatrical film biography of hip-hop legend Tupac Shakur. "Labels are increasingly using film and television programming to create buzz and fan engagement around artists. At future editions of Midem we will be providing world premiere screenings of some of these films," noted Midem Director Alexandre Deniot.

The 10th anniversary edition of Midemlab, the leading international music startups competition, saw the 20 finalists pitch their business in front of the Midem audience and to the jury of potential partners and investors. The four winners of this year's event are, HumOn (South Korea), Truelinked (Denmark), Soundcharts (France) and Vinci Smart Headphones (China).

The conference programme provided an eclectic mix of industry leaders. Alongside Tencent's Andy NG were such keynote luminaries as Deezer CEO Hans-Holger Albrecht, European Commission Director-General for Education, Youth, Sport and Culture Martine Reicherts, Def Jam Recordings CEO Steve Bartels, First Access Entertainment CEO and co-founder Sarah Stennett, Entertainment One Music Global President Chris Taylor and Mike Shinoda, Vocalist and Producer Linkin Park and Mark Hopus, Musician and Record Producer, Blink-182 gave a joint keynote session in which they wrote a brand new song live on stage in order to give an insight into the songwriting process.

Def Jam Recordings' Steve Bartels underlined how labels are increasingly using data, much of it generated online, to help develop artists' careers. "You can look at Shazam information. You can look at what the streaming services provide you...the reaction to records. You can look at traditional radio and online success. There's online testing. You can read when something's talking to you!" Bartels told his keynote audience.

June 7 saw a tour de force keynote performance from a Warner Music team led by Warner Music Group's SVP Marketing Beth Appleton and featuring Danish artist Christopher. The Midem audience heard how the WMG team had helped take Christopher from being a household name in Denmark to being a global superstar.

In a significant move, confirming the importance of the music industry and Midem, France's popular new Culture Minister, Françoise Nyssen, made her first address to the French and international music community. Speaking in Cannes, the Minister voiced her commitment to supporting content creators. She stressed her unconditional defence of copyright laws both at a national and international level and reiterated the need for a fair sharing of revenues between artists and the major online platforms. The Culture Minister said that the third leg of the government's strategy to support content creators is to re-launch the fight against piracy. "One cannot talk about the sharing of value if that value is destroyed (by piracy)," Françoise Nyssen told her Midem audience.

Reflecting the changes within the music and entertainment industry, the Culture Minister reminded Midem delegates that President Emmanuel Macron's programme includes creating a new €200 million fund to help France's creative industries (including the music sector) innovate and make the digital transition. And she added, "We must continue to encourage exports of French music production...as exporting today is the main path to growth."

"I think what we have seen at Midem 2017 is a real coming together of labels, publishers and streaming platforms as they discuss the best way that they can work together for their mutual benefit and the benefit of artists. Issues still exist, such as artist remuneration from the digital platforms, but the dialogue appears more constructive and will certainly continue at Midem 2018," concluded Alexandre Deniot.

Midem 2018 will be held in Cannes, June 5-8.

About Reed MIDEM - Founded in 1963, Reed MIDEM is an organiser of professional, international markets that are essential business platforms for key players in the sectors concerned. These sectors are MIPTV, MIPDOC, MIPCOM, MIPJUNIOR in Cannes, MIP China in Hangzhou and MIP Cancun in Mexico for the **television and digital content** industries; MIDEM in Cannes for **music** professionals; Esports BAR in Cannes and in Miami for the **esports** business; MIPIM in Cannes, MIPIM UK in London, MIPIM Asia Summit in Hong Kong and MIPIM PropTech Summit in New York for the **real estate** industry; MAPIC in Cannes, MAPIC Russia in Moscow, MAPIC Italy in Milan, MAPIC China Summit in Shanghai and IRF brought by MAPIC in Mumbai for the **retail real estate** sector.

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