

# Music streaming is 'game changer' for record companies: Universal

May 22 2014, by Bhavan Jaipragas

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The Swedish music streaming service Spotify in Stockholm on March 7, 2013

Stiff competition among technology giants for a share of the burgeoning online music streaming market has given traditional record companies a much-needed boost, a top Universal executive said Thursday.

Industry behemoths such as Apple, Google, Amazon and Microsoft are increasingly seeking to provide for tech-savvy consumers willing to pay to stream their favourite tunes.

With legal music downloads declining, this is a shot in the arm for the record companies representing major artists, Max Hole of Universal told a conference in Singapore.

"In the past a lot of the tech companies were not very respectful of music," Hole, who heads Universal Music Group's international business, told the Music Matters conference.

"Now the competition for eyeballs for their services and attention is really game-changing.

"You've got real competition between all the tech giants, and they are very interested in us as owners of music."

The [music industry](#) has been grappling for years with how to make money from music distributed on the Internet, and streaming services such as Spotify are seen as a possible model to generate revenues.

News reports this month have suggested that Apple is eyeing a \$3.2 billion buyout of headphone maker Beats Electronics—mainly to capitalise on its recently launched streaming service, Beats Music.



A Beatles song plays on an iPod in San Anselmo, California on November 16, 2010

Beats is part-owned by Universal, the world's biggest record company, as well as Jimmy Iovine, a top executive heading one of its labels, and rapper Dr Dre.

Google-owned YouTube is also planning a subscription music streaming service and has already negotiated separate agreements with Universal, Sony and Warner.

Microsoft offers music streaming through its Xbox Music service, while Amazon is reportedly working on something similar.

Speaking to AFP at the sidelines of the three-day conference, Hole confirmed that Universal owns a "small equity stake" in Spotify,

currently the world's biggest music streaming service.

On Wednesday Spotify announced it had reached 10 million premium-paying users. The Sweden-based company has a total of 40 million active users in 56 countries.

"Spotify is the leader in premium subscriptions at the moment," Hole told AFP.

"I am welcoming of the fact and I think a lot of other business partners will enter the arena."

Hole said Universal's policy was to "license to as many business partners as we can so that the consumer has as many choices as possible in the legitimate music business".

Streaming services are a useful weapon in the fight against rampant piracy that has wracked the music industry since the rise of the Internet, Hole added.

"If you come up with great alternatives for music services, most consumers will gravitate towards the legitimate service," he said.

In his keynote address to the conference, Hole urged major players in the music industry to continue to make inroads into rising Asian giants such as China, India and Indonesia, which he said represented huge untapped markets.

"In the last 50 years, the music industry has made 80 percent of its money in about 10 countries," Hole said, adding that such a split is "bad for business, bad for artists and bad for fans".

China constituted just two percent of global [music](#) revenues—less than

the takings from New York state, he said.

"Of course piracy is largely to blame, but let's not use this as an excuse to hide behind wider issues of limited licensing, problems with pricing and a narrow approach to (talent scouting)," he said.

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