

## Q&A: Deezer CEO sees 'big' upside for music streaming

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In this Friday, May 8, 2015 photo, Hans Holger Albrecht, Chief Executive Officer of the music streaming service Deezer, talks during an interview in Los Angeles. Albrecht entered a crowded music-streaming market when he became CEO of Paris-based Deezer in February. A month after taking the helm, Jay Z relaunched Tidal in the U.S. and a month from now, Albrecht faces the prospect of Apple Inc. relaunching Beats Music. (AP Photo/Richard Vogel)

Hans-Holger Albrecht entered a crowded music-streaming market when he became CEO of Paris-based Deezer in February. A month after taking the helm, Jay Z relaunched Tidal in the U.S. and a month from now, Albrecht faces the prospect of Apple Inc. relaunching Beats Music.

Not to mention other [competitors](#) like Spotify, Rhapsody, YouTube and Pandora.

But Deezer hasn't been sitting still. In October, it bought San Francisco podcast aggregator Stitcher, and in January it scooped up the right to serve the 2 million Muve Music streaming customers of AT&T's pre-paid Cricket cellphone brand. It also partnered this year with audio equipment makers Sonos and Bose to deliver Deezer Elite, a CD-quality streaming service, through those companies' wireless speakers.

Albrecht's job is to popularize Deezer globally, building off a base of 6 million paying and 16 million non-paying customers mainly in Europe, Latin America and the U.S.

He spoke with The Associated Press recently about his plans.

Q: What have you discovered about Deezer?

A: I knew the company before I joined. I was running one of the bigger telcos in emerging markets (Millicom International Cellular SA) and we were one of the first large partners for Deezer. We used Deezer very aggressively in some markets like Colombia. All of the sudden we were hip and modern because we had music.

Q: That's very similar to Muve Music, which Deezer bought at the end of January.

A: That is a very similar model.

Q: Is that the way forward then?

A: We have a kind of three-level approach: For the emerging market, it's telcos. We are leading this by far. The second level is we have vertical partnerships with Sonos and Bose, where you super-serve certain audiences. And the third element is the traditional business-to-consumer model that Spotify is doing and we are doing. We're currently focused mainly in Europe and Brazil.

Q: Which of these have shown the most success?

A: I think they're all growing very fast. The telecom business has had longer traction in our model so far. In most of the 180 countries we're operating in, we operate with a telecom partnership. The new things we did with Sonos and Bose are growing very fast. The (business-to-consumer segment) is growing as well. This is just the beginning, of course.



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**Q:** I can imagine in the U.S. it's tough to stand out from the competition.

**A:** With 35 million tracks, we have the highest number of tracks among all the streaming services. In terms of product, we're absolutely able to take on the competition. This is a huge market. It is competitive and it's going to be a marathon.

**Q:** How do you view the push toward higher fidelity, CD-quality

streaming?

A: There's a demand. We have more than 27 million high-fidelity tracks. You need those tracks in order to serve the high-end audio market. That's the reason we're focusing a lot of activity in the U.S. on the Bose and Sonos partnerships. There could be a couple of million customers just in that segment.

Q: Is that the main selling point in the U.S. market?

A: We have both ends. We have the high-end with Deezer Elite and the low-end with Cricket. The pre-paid Cricket model, which we believe is very attractive, is lower bit rate, lower prices. It's very targeted in terms of demographic and the content needs they have in terms of Latino music.

Q: What about the push from the artist community that they're not getting paid enough for streaming?

A: The point the artists and we all have to respect is we're just at the beginning of a huge potential market. To draw a conclusion, "I don't have any money today," doesn't mean you don't get any money tomorrow. The worldwide penetration is 2 to 3 percent, in the U.S. I think it's 3 percent. If it would grow to let's say 8 to 9 percent, that's big, big, big upside potential, for us and the artist and the labels as well.

Q: How are you going to incorporate Stitcher?

A: This is the first step to find audio products which are attractive to the consumer beyond music. The user can listen to his own music, plus his personalized news, plus his personalized entertainment features, like talk shows. It's one key part of adding value.

Q: What is the key roadblock to getting more customers?

A: They don't understand streaming and when they get it, we have to engage them very fast. That's why I'm very positive when Apple comes in with its big capabilities promoting products and getting awareness up, it will help all of us out.

Q: It's not that consumers don't want to rebuy their collection through a subscription?

A: They don't understand the full spectrum of the product. People don't understand you can download and go offline. When you talk to friends, they say, "I can get any song in the world?" Or, "I can share it with friends and it becomes social?" It's a lot of, "I didn't know that, why didn't you tell me?"

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