

Sony takes hard look at streaming after Taylor Swift snub

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Taylor Swift Performs On ABC's "Good Morning America" at Times Square in New York City on October 30, 2014

A Sony executive said Tuesday the firm was taking a hard look at music streaming services after pop star Taylor Swift yanked her songs from industry giant Spotify.

The US artist—whose album "1989", featuring the dance tune "Shake It Off," sold more in the first week than any album in a dozen years in the United States—withdrawed her songs over a payments dispute.

Spotify and its competitors have come under fire from a number of global artists from Radiohead to AC/DC, who claim that streaming services pay musicians too little and damage album sales.

"Actually, a lot of conversation has taken place over the last week in the light of that," Kevin Kelleher, [chief financial officer](#) of Sony Music, told an analyst briefing in Tokyo.

"What it all really comes down to is how much value are the music company and the artist getting from the different consumption methods."

Sony also has a music streaming service—Music Unlimited—a delivery model seen by many as the next hope as digital downloads fall off and compact disc sales remain mired in a long-term slump.

Despite the move by Swift, Kelleher said Sony was still "very encouraged" by the growth in subscription-based [streaming services](#), which let users skip advertisements in exchange for monthly fees.

"The key question is, are the free, ad-supported services taking away from how quickly and to what extent we can grow those paid services?" Kelleher said.

"That's something we're paying attention to as content owners who license our content to the different platforms. It's an area that's gotten everyone's attention."

Kelleher's comments came as Sony chief executive Kazuo Hirai insisted

again that the entertainment business—including Sony's [music](#) label and a Hollywood movie studio, as well as a video game unit—was crucial for the company's long-term health.

"Entertainment is an extremely important business for Sony—it is a pillar of the group," Hirai told analysts in the first of two conferences this month to give an update on its corporate overhaul.

Hirai has led a sweeping restructuring of the consumer electronics giant, which has reported years of huge losses.

However he has steadfastly refused to abandon televisions and the firm rejected a US hedge fund's call to spin-off part of the entertainment business.

Last month Sony announced a whopping \$1.0 billion six-month loss, underlining its struggle to drag itself out of the red.

The firm suffered badly in the cut-throat television business and was outmanoeuvred in the lucrative smartphone sector by industry leaders Apple and Samsung.

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