



Democratization of Music

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As streaming services and revenue continue to grow, so does consumer choice. It has been widely reported that over 100,000 songs are uploaded to the leading DSPs (Spotify, Apple Music, etc.) daily. That figure was 60,000 around 18 months ago and 40,000 in 2019. So, what is driving this and how is it impacting the overall market?

Music creation has never been easier. A historically time consuming and expensive process has been supplanted with a wide variety of tools and services, putting the power in the hands of creators. Innovative creator-driven tools and companies such as Splice (a LionTree portfolio company), BeatStars, BandLab and Soundwise, backed by blue chip investors, have become key industry players. In addition, legacy leaders like Avid and AutoTune have launched subscription products to tap into this long tail of aspiring artists. The Covid pandemic created a unique catalyst for this segment of the market as aspiring artists with more time on their hands tested their beliefs that they could be a star—or at least a viable cog in the music ecosystem. Today, with broad distribution also becoming much easier, there are more self-releasing artists than ever before, with more than 5% market share and growing consistently in recent years (up from sub-2% markets share in 2015).

In addition, consumers are discovering music in diverse, non-traditional ways. From TikTok to Netflix, to YouTube and Twitch, there is no one way to break an artist. Kate Bush's classic 1985 track 'Running up that Hill (A Deal With God)' was the most streamed song of the summer in the U.S. and #2 globally after it was featured in the Netflix hit Stranger Things. This combination of audio and video in creating hits is another megatrend that has compelled TikTok to pursue its own music-focused offering. Indeed, TikTok would not be "a thing" without the music driving the viral dances and is now driving music discovery.

On both the supply and demand side, music has emerged as the ultimate creator economy and is at the center of it all. This democratization can be felt across music industry. Recently, Warner Music reported that their top 5 artists generated just over 5% of their revenue, down from 15% 10 years ago, and according to Midia, independent labels and self-releasing artists generated \$9.9 billion in combined recorded music revenue in 2021. In response, the DSPs are trying to provide an environment for independent creators to thrive, break through the clutter, and connect with their fans.

If the last ten years of the music industry could be described as the "era of the distributor network," the next ten years will be about getting closer to artists and expanding the artist-fan relationship—in line with creator economy thematics across other industries. A primary challenge in today's saturated media market is that, while music is ubiquitous, attention spans are shorter and for the avid music fan, it is hard to go deeper and engage further.

TikTok is blamed for a lot of this. As Taylor Swift wisely sang in her #1 hit anti-hero: "I'm the problem, it's me." Many music fans and practitioners disagree with Queen Tay Tay; the problem, they argue, is TikTok. TikTok has been a source of traffic for the distributors—music is discovered on TikTok—but fans then take to their streaming platform of choice to listen more. But the extraordinary engagement TikTok is able to drive threatens this flow, with users increasingly staying on platform jumping from one 20-second clip to the next.

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Rather than lament the habits of this new generation of listener, labels, artists, and distributors are working hard to find ways for artists to engage with fans in a more meaningful way. Live music, data, Web3, and social media all provide avenues to drive this engagement and we will see ongoing innovation across these areas. Companies such as Medallion, built to help “artists create owned and operated digital worlds in Web3 to expand fan participation, actionable insights, and economic potential,” will step in to build richer fan-to-artist engagement. More of this to come.

While music is more important than ever, it risks becoming commoditized in a world where you’re only as great as your last piece of content. Luckily for those of us who love music, the creator economy ecosystem is here to build a richer music experience and to help artists connect with fans and rise above the noise.

