

Music & the Internet

MUMT 301

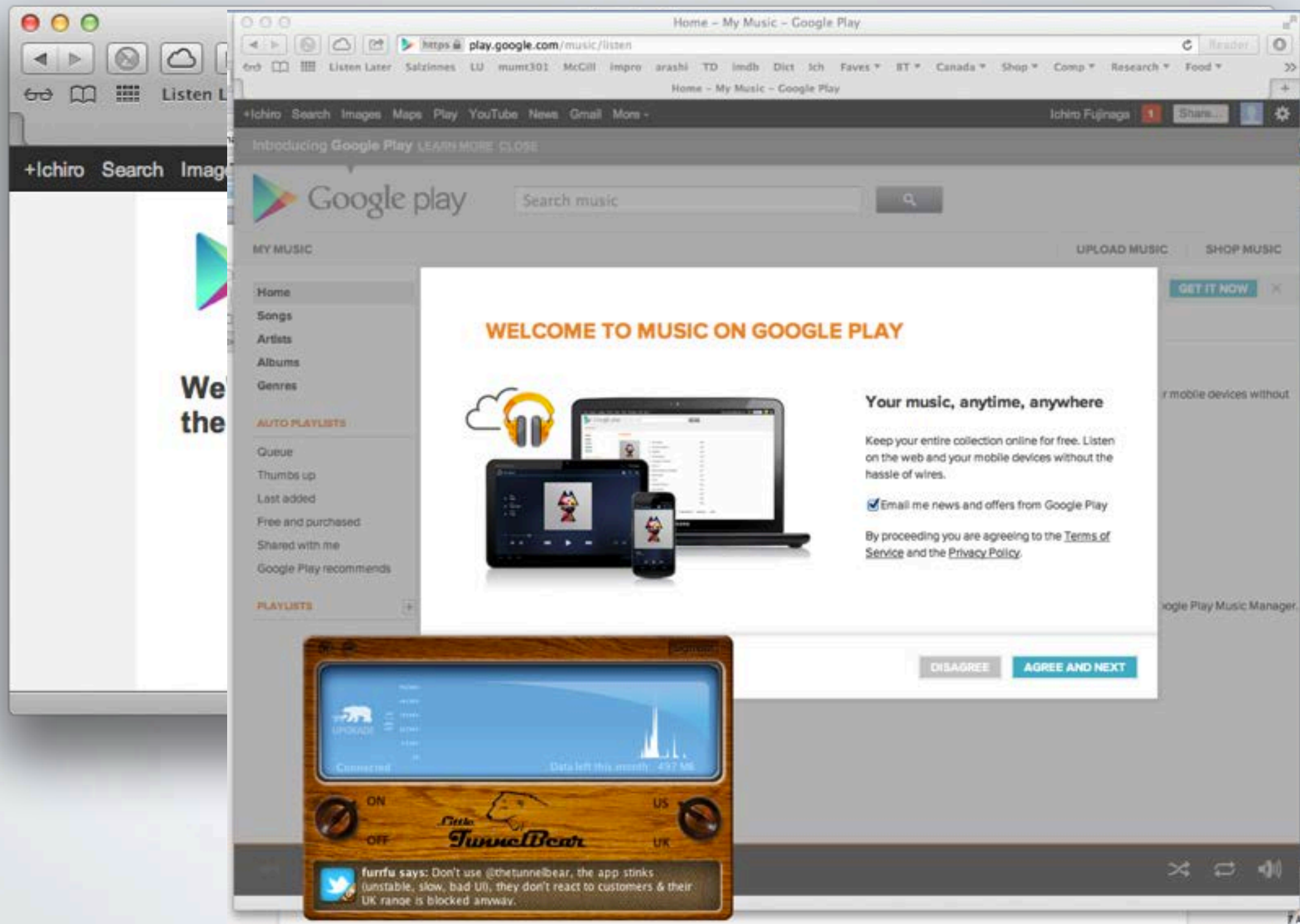
Ichiro Fujinaga
Schulich School of Music
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Plan

- Music distribution
 - Copyright
 - Javascript
- Final project ideas:
 - History of the recording industry in the age of the Internet
 - Statistical analysis of music sales
 - Study of international music copyright laws

Music Distribution

- Music stores (buy to own)
 - Physical LP, CD, DVD, etc. are shipped
 - Music tracks delivered online
- Music streaming via subscription
- Music locker (cloud based)
 - Amazon (Cloud Drive): 2011/03/29 (5GB free (250 songs); free for Amazon-bought music), max: 250k songs (US only)
 - Google Music (up to 20k songs) (US only)
 - Apple: iCloud (5GB free)
 - iTunes Match (\$25/year: 25k songs)
 - Megaupload: <http://www.megaupload.com> (closure)

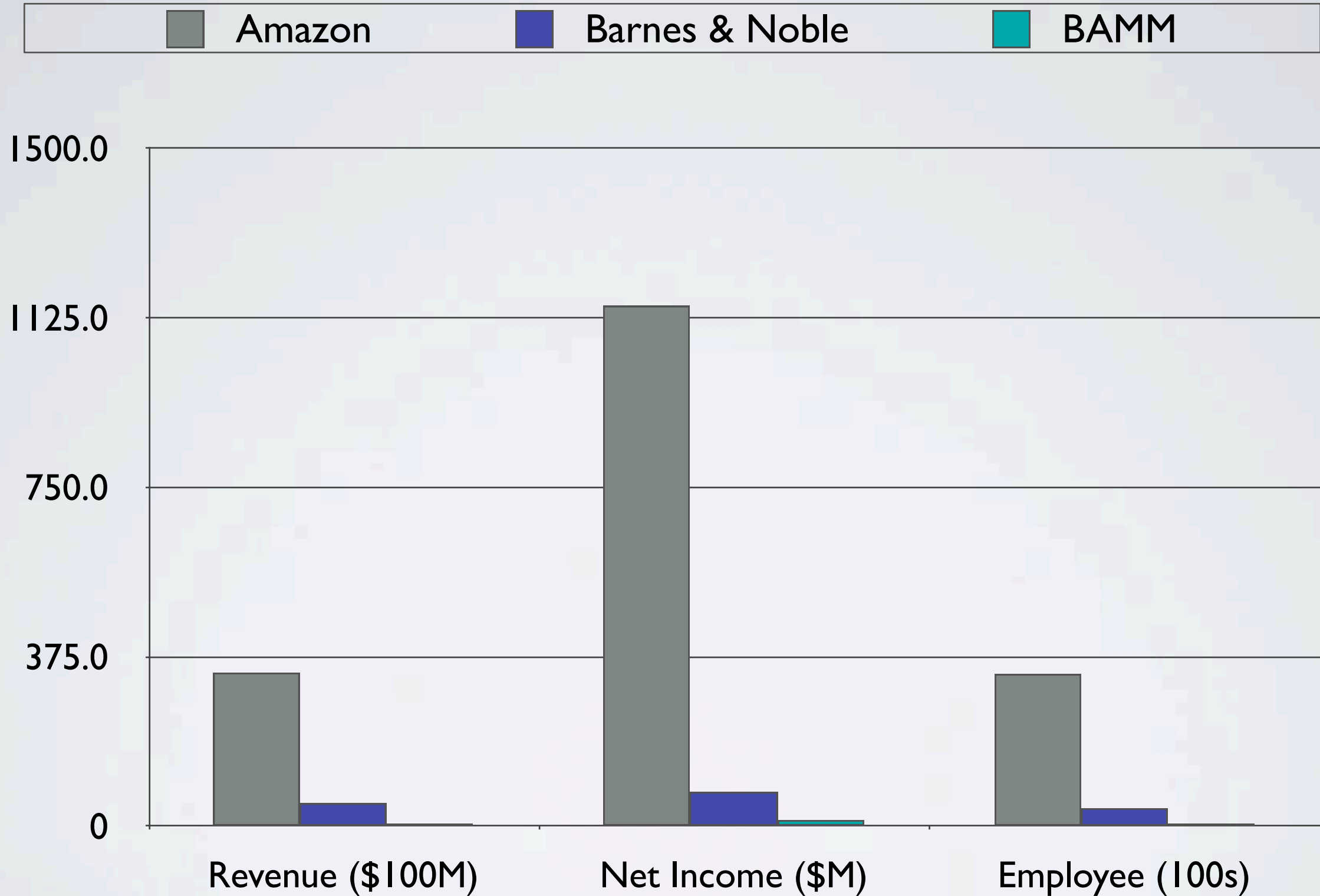


Online Music Stores

- Physical media are delivered
 - Amazon.com
 - Barnes & Noble
 - Borders (bankrupt 2011/02)
 - Books-a-Million (BAMM)



Amazon vs. Barnes vs. BAMM



Barnes/BAMM/Borders/Amazon



Music tracks delivered online (buy to own)

- MP3 stores (MP3 downloads)
 - iTunes
 - Amazon MP3 (2007/09–; 2008/01– first w/o DRM)
 - the four majors: EMI, Sony BMG, Universal, & Warner
 - 2008: 3M songs (256kbps)
 - <http://www.7digital.com/> (API access)
 - <http://www.dance-tunes.com/> (plus radio)
- MP3 stores via subscription
 - <http://www.emusic.com>
- Record labels
 - <http://www.armadamusic.com/>
 - sells CDs directly
 - downloads via iTunes or other download services
 - beatport.com
 - <http://awal.com/> (<http://awal.com/services/distribution/>)
 - 15% sales commission

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Music tracks delivered online

- <http://101distribution.com/>
 - by tracks or subscription
 - service to sell your own songs and films
 - “Amazon typically pays out between 60-65% of the sale price.”
 - iTunes US Store pays US \$0.70 per track
 - Albums with 11 songs or more sold in their entirety have a set pay rate, you receive the following: iTunes US Store \$7.00US

Music Streaming Services

- <http://mog.com> (US only)
 - Paid subscription
 - 11M songs (320kbps MP3)
- <http://www.rhapsody.com/> (US only)
 - 12M songs (192kbps MP3); \$10/month
- <http://www.spotify.com> (UK, US, and some EU countries)
 - 15M songs (Vorbis format; download via 7digital)
 - During 2010 Spotify paid > \$62M to their licensors [wikipedia].

Music Streaming Services (Canada)

- <http://www.rdio.com/>
 - 9M songs (\$5/month)
- <http://www.napster.ca> (merged with Rhapsody: 2011/12)
 - 2.5M songs (\$10/month)
- <http://grooveshark.com>
 - Free; No ads: \$6/month
 - API: <http://developers.grooveshark.com>
 - DMCA: <http://www.grooveshark.com/dmca>
 - Upload service
 - Recommendation (Radio)
 - Takedown: <http://www.grooveshark.com/legal>
 - No Pink Floyd
- <http://www.informationisbeautiful.net/2010/how-much-do-music-artists-earn-online/>

Online Music Databases

- http://en.wikipedia.org/wiki/Music_streaming_service

Intellectual Property (IP)

- Exclusive rights to human creations:
 - music
 - literary
 - visual art
 - inventions
 - words / phrases
- Types of IP rights:
 - copyrights
 - trademarks
 - patents
 - trade secrets

Copyright in Canada

- In general, a work of art (composition, recording, novel, etc.) are protected by copyright 50 years after the death of the creator (composer, performer, poet, photographer, editor, producer, etc.)
- http://imslp.org/wiki/IMSLP:Copyright_Made_Simple
- Canadian Copyright Act: Overview
- Canada is a party to the Berne Convention of 1886 and has signed but not yet ratified both the WIPO Copyright Treaty of 1996 and the WIPO Performances and Phonograms Treaty of 1996.
- File sharing in Canada

Copyright Agreements and Laws

- Bern Convention (1886)
 - International agreement by, as of 2008, 164 countries
 - Provides minimum protection:
 - Mostly 50 years after the death of the creator
 - 25 years after photograph was taken
 - 50 years after film's first showing
- WIPO Copyright Treaty (1996)
 - Protects computer programs and databases
- WIPO Performances and Phonograms Treaty (1996)
 - Protects performers and producers
- Digital Millennium Copyright Act (1998)
 - Anti-circumvention of DRM
 - Safe harbour for ISPs with “take down” notices

Alternatives to Copyright

- Copyleft
- Free Software Foundation
- Electronic Frontier Foundation
 - “Unintended Consequences: Twelve Years under the DMCA”
- Open Source
- Creative Commons
- Open Access

International Federation of the Phonographic Industry

IFPI Calls Out The Wrong Country

Friday April 30, 2010

The IFPI, the global RIAA, this week released its annual Recording Industry in Numbers report that tracks global record sales. In its [release](#), it chose to target two countries - Canada and Spain - for declining sales and linked those declines to copyright law. As it no doubt intended, the IFPI release succeeded in generating media coverage, including two Globe and Mail stories ([here](#) and [here](#)) that dutifully reported that Canada was perceived a piracy haven and was being criticized (again) by the global recording industry.

Yet it doesn't take much digging to see that the IFPI targeted the wrong country. Canadian sales declined by 7.4 percent last year. That is obviously bad news for the industry, but it is almost identical to the global average of 7.2 percent. In other words, far from a piracy outlier, Canada was actually consistent with declines around the world. Moreover, while the IFPI chose to target Canada, the reality is the declines were [far bigger](#) in the United States (10.7 percent) and Japan (10.8 percent) yet neither country is described as a piracy haven. The IFPI data also shows that Canada was ahead of the curve on digital music sales growth. Canadian digital sales grew by 38 percent last year, while globally the number was 9.2 percent (the U.S. grew at 8 percent, below the global average).

[\[http://www.michaelgeist.ca/content/view/4996/125/\]](http://www.michaelgeist.ca/content/view/4996/125/)

Canadian Market

Canadian Digital Music Sales Growth Beats The U.S. For the 4th Straight Year

Thursday February 04, 2010

Nielsen Soundscan has just released the [Canadian music sales figures](#) for 2009. Notwithstanding the regular claims that the Canadian digital music market cannot develop without copyright reform, the Canadian market grew faster than the [U.S. market](#) for the **fourth consecutive year**. As the chart below demonstrates, digital music sales have grown faster in Canada than in the U.S. in every year since 2006:

Year	Canada	United States
2009	38%	8%
2008	58%	27%
2007	73%	45%
2006	122%	65%

[<http://www.michaelgeist.ca/content/view/4996/125/>]

Canadian Recording Industry Association

CRIA Continues Fight Against Industry Canada Sponsored P2P Study

Monday February 28, 2011

Ever since Industry Canada released an independent study it sponsored on the impact of peer-to-peer file sharing in late 2007, the Canadian Recording Industry Association has worked overtime to try to discredit it. The independent study, completed by two European economists, reached the following two key conclusions:

- When assessing the P2P downloading population, there was "a strong positive relationship between P2P file sharing and CD purchasing. That is, among Canadians actually engaged in it, P2P file sharing increases CD purchases." The study estimated that 12 additional P2P downloads per month increases music purchasing by 0.44 CDs per year.
- When viewed in the aggregate (ie. the entire Canadian population), there is no direct relationship between P2P file sharing and CD purchases in Canada. According to the study authors, "the analysis of the entire Canadian population does not uncover either a positive or negative relationship between the number of files downloaded from P2P networks and CDs purchased. That is, we find no direct evidence to suggest that the net effect of P2P file sharing on CD purchasing is either positive or negative for Canada as a whole."

[<http://www.michaelgeist.ca/content/view/5658/125/>]

Recent News

“Music Canada” Announced



REPRESENTING CANADA'S MAJOR LABELS

85 Mowat Avenue
Toronto, ON M6K 3E3
T: (416) 967-7272

Statement on Music Canada

Toronto, July 7, 2011: Effective immediately, the Canadian Recording Industry Association (CRIA) will be known as Music Canada.

Music Canada is a non-profit trade organization that represents Canada's major labels. Music Canada promotes the interests of its members as well as their partners, the artists. Those members are EMI Music Canada, Sony Music Entertainment Canada Inc., Universal Music Canada Inc. and Warner Music Canada Co. In addition, Music Canada offers specific benefits to some of the leading independent labels and distributors in Canada.

Recent News

- 2011/09: Recording industry welcomes EU decision on copyright term extension
 - Copyright for performers and producers extended from 50 to 70 years
 - authors and composers already had life plus 70 years
- **Behind the Scenes of Bill C-32: The Committee Submissions**
Wednesday September 28, 2011

The new copyright bill is scheduled to be introduced tomorrow with the government planning to restart the copyright legislative committee and pick up where it left off in March when the election call killed Bill C-32 (talking points, clause-by-clause analysis of the bill).
[www.michaelgeist.ca]

Recent News

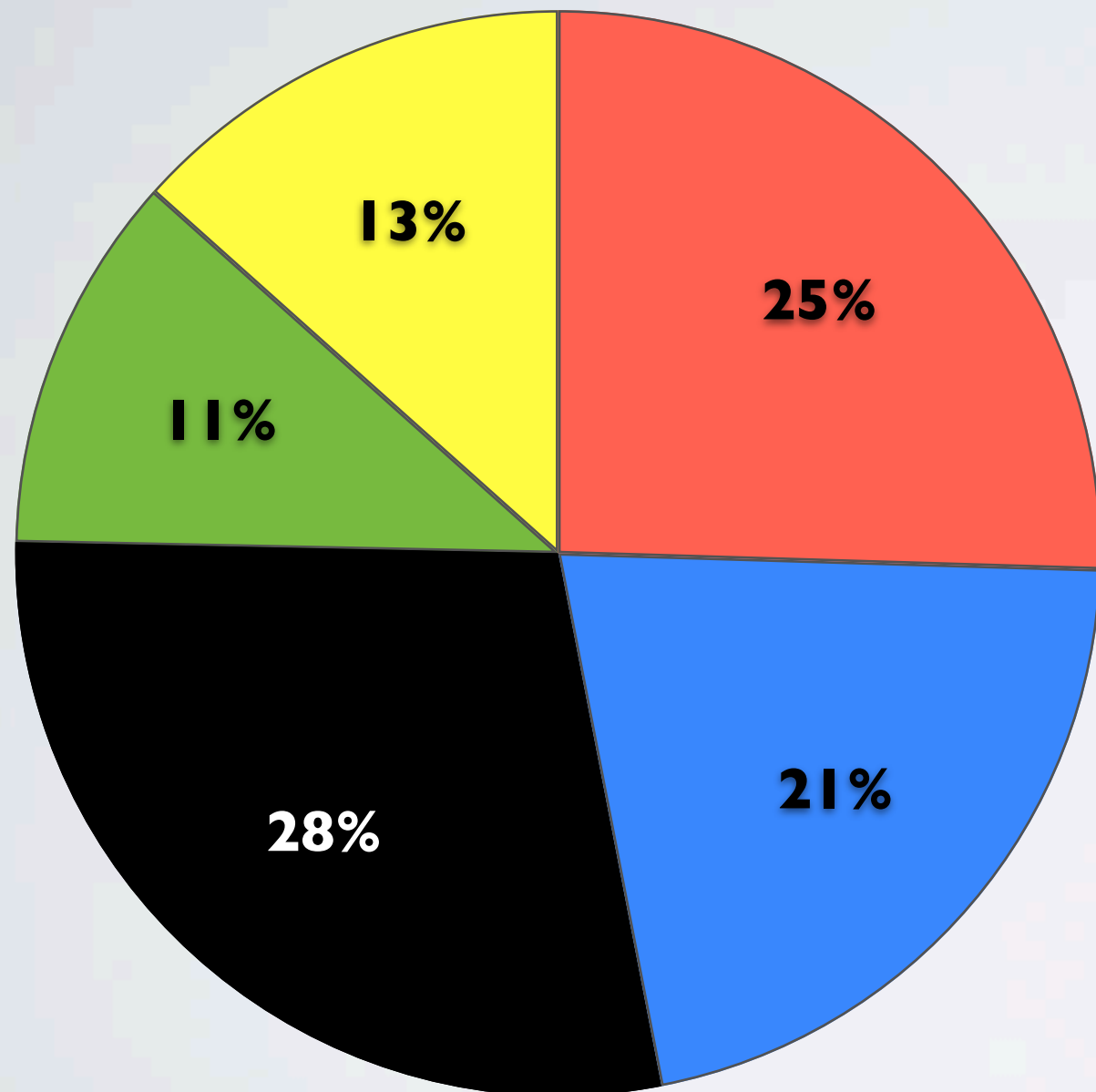
- Bill C-32 ==> Bill C-11 ==> “Copyright Modernization Act”
 - Fair dealing exception (education, parody, satire)
 - Format shifting (transfer) and time shifting (pause) allowed
- 2012/06/29: Bill C-11 was approved by both the House of Commons and Senate, and received Royal assent.
- However it is not yet in force and will go through an order-in-council process before it becomes law, which may be a number of months.

Break

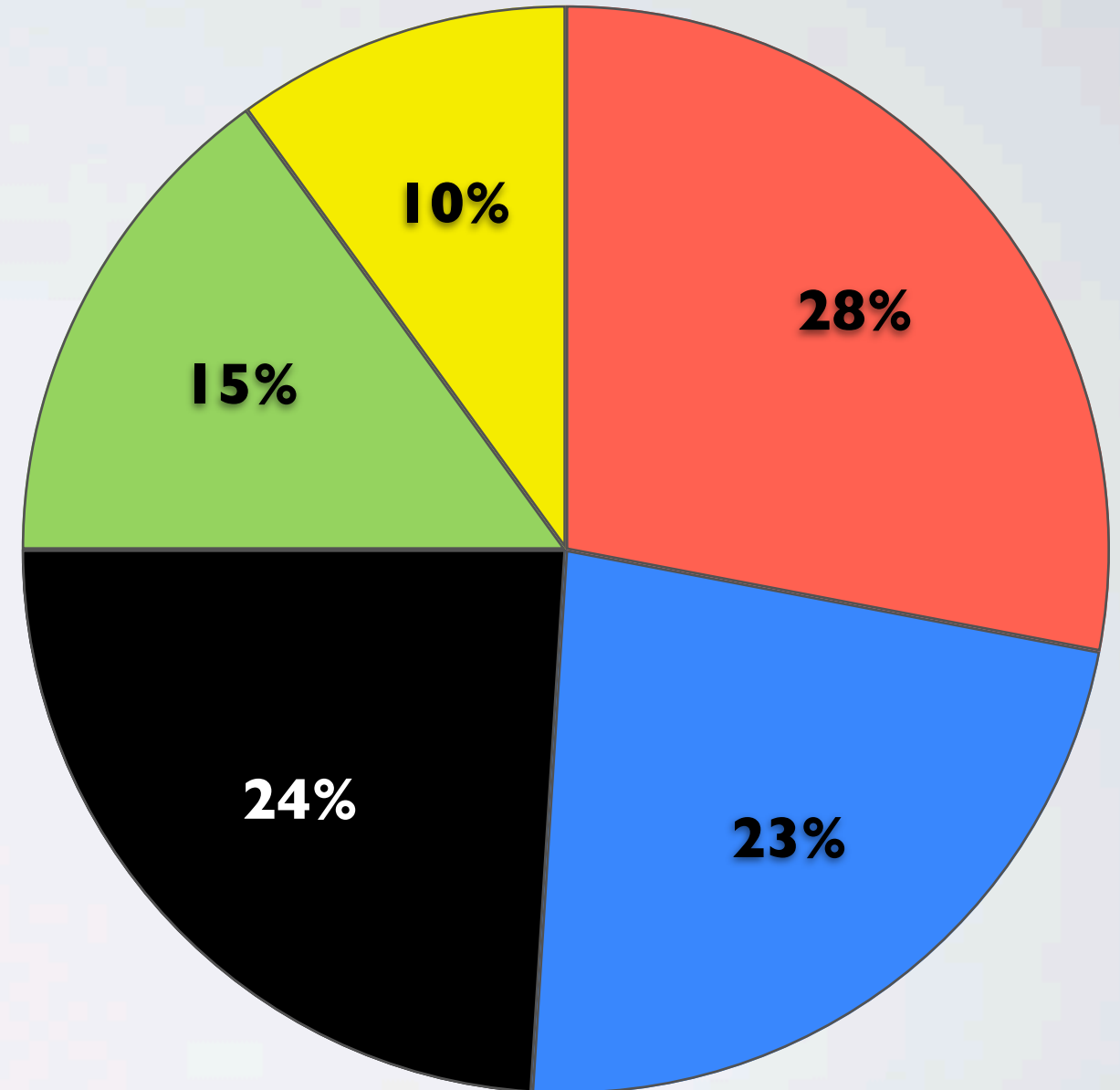
Music Industry

- “The Big 4”: EMI, Sony, Universal, & Warner
- Live Nation (live music industry)
- Clear Channel Communications (largest owner of radio stations in US)
- History
 - Until 20th C.: music print publishers
 - 1980's (Big 6): BMG, CBS, EMI, MCA, PolyGram, Warner
 - 1998 (Big 5): BMG, EMI, Sony (bought CBS), Universal (PolyGram + MCA), Warner
 - 2004 (Big 4): EMI, Sony (bought BMG), Universal, Warner

World Market Share



1995



2010

Source: IFPI (International Federation of the Phonographic Industry) “represents the recording industry worldwide”

Edgar Bronfman, Jr

- Grandson of Samuel Bronfman (Seagram)
- 1973: Began a songwriting career
- 1995: CEO of Seagram
- 1998: Polygram + Universal Pictures => Universal
- 2000: Vivendi takes over Universal as well as Seagram (sold to Pernod Ricard)
- 2004: CEO of Warner Music Group (WMG)
- Fierce opposition to Napster
- Invested in: Spotify, imeem, MySpace Music, Lala and we7.
- “The 'get all your music you want for free, and then maybe with a few bells and whistles we can move you to a premium price' strategy is not the kind of approach to business that we will be supporting in the future.” (2010)
- 2010/04: richest man in UK music business @\$2.5B (1999: \$4.3B)
- 2011/01, Bronfman was found guilty in French court of insider trading and received a 15-month suspended sentence and a \$7M fine.



Warner Music Group

- 1958 (a division of the Warner Bros. Pictures): Red Hot Chili Peppers, Madonna, REM, Green Day, Cher, Clapton, Linkin Park, etc.
- 2007/12, sell music w/o DRM through AmazonMP3 (before Sony)
- WMG's Atlantic Records generate more than half of its music sales in the US from digital products
- Required YouTube that royalties be paid based on number of views. Negotiations broke down 2008/12 (back with ads in 2009/09)
- 2008, the Big 4 licensed their music to Spotify.
- 2010, WMG pulled out of Spotify and other free streaming services, claiming that they were "clearly not positive for the industry"
- 2011/05, WMG sold for \$3.3B to Len Blavatnik (worth \$7.5B); became private
- 2011/08, Bronfman steps down as CEO and is the Chairman of the Board

WMG Stock Prices (2005–11)

Warner Music Group (WMG)



EMI For Sale

Los Angeles Times | BUSINESS

EMI bidders told to make best offer by Oct. 5

September 26, 2011 | 6:16 pm



 Tweet

27

 Comments

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Recommend

13

EMI Music's owner, Citigroup, has asked a select group of bidders to submit their best offers for the storied British music company by Oct. 5, according to executives familiar with the auction.



<http://latimesblogs.latimes.com/entertainmentnewsbuzz/2011/09/emi-bidders-told-to-make-best-offer-by-oct-5.html>

EMI Sold

Los Angeles Times

LOCAL U.S. WORLD BUSINESS SPORTS ENTERTAINMENT HEALTH LIVING TRAVEL OPINION

EMI Group sold as two separate pieces to Universal Music and Sony

The \$4.1-billion deal calls for Universal to acquire EMI's recorded music division from Citigroup for \$1.9 billion and Sony to acquire EMI's music publishing business for \$2.2 billion.

November 12, 2011 | By Alex Pham, Los Angeles Times

Return