Instructions: We've talked about the past and present trends and strategies of music distribution and consumption throughout this lesson. But now it is time to look to the future. For this assignment, you will write a paper on what music consumption will look like 10 years into the future.

- What will music consumption look like in 10 years? Don't be afraid to dream big.
- In recent years, the ongoing debate over artist compensation has dominated the headlines. How would you resolve the debate such that all parties (artists, songwriters, streaming services, and music consumers) are happy?
- Finally, if you could design the perfect music service for you, what would it look like?

The Future of Music Consumption & Artist Revenue Stream Opportunities

When we look at where music consumption is going, it is not mutually exclusive from discussions about indie artist compensation and what the "perfect music service" might look like 10 years from now. In many cases, we don't introduce new technologies so much as we get smaller, faster, and more integrated with current ones (e.g. the next iPhone) or find new use cases. While it may seem I am touching on where we are *now* with technologies in this paper, widespread change takes time. For example, we are still talking about how labels and artists are trying to adapt to the "streaming era" and Spotify was launched in 2008 (i.e. more than 10 years ago).

Thus, I think the greatest change is more in the increased awareness and adoption rate for these technologies as well as the prominence that certain companies who are first movers (many of which I will mention throughout) will gain within the music industry – especially those engaging in direct-to-fan engagements, AI training models, metaverse platforms, blockchain and identity graph solutions. While those who have always been tech-savvy might move faster, it will take time for the rest of the world to catch up. And when I say this, I don't just mean in understanding the value or wanting to test out new tools; I also mean the legal system being able to devise revisions to current policies, set precedents, and roll out new processes to cover the gamut of what new challenges arise with these technologies.

Metaverse

As of 2024, Metaverse has more than 600 million active users worldwide. 48% are part of the Metaverse for entertainment. The Metaverse market was valued at a staggering $61.8 billion in 2022 and is due to reach $824.53 billion by 2030, according to EarthWeb.[1]

Companies like Wave[2] are already utilizing virtual reality for concerts. While I don't see this replacing live concert music consumption (e.g. people are still willing to pay $1K to go to a Taylor Swift concert), where I do see the music consumption taking off in the metaverse is within games such as on Fortnite and Roblox platforms.[3] When we talk about artist compensation, this provides a sync revenue opportunity to potentially supplement any unfair payouts on streaming platforms. Additionally, advertisers will want to be in this space and their ads need music.

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[1] Hryziuk, C. (2024, March 15). Exploring the Future: 20 Metaverse Stats for 2024. *Embryo*. https://embryo.com/blog/metaverse-stats-2024/#:~:text=General%20Stats,million%20active%20players%20every%20day

[2] Wave. (2024, March 12). *Wave | The show must go beyond.* https://wavexr.com/

[3] Taylor, C. (2024, January 12). *The past, present and future of music games.* Naavik. https://naavik.co/digest/state-of-ugc-and-music-games/

And if we are going to talk about the metaverse, we might as well mention a revenue stream opportunity with NFTs.[4] There has been discussion on whether this was a short-term spike that has normalized or a long-term mechanism for artists to use. One report shows music NFT market size is expected to expand at a CAGR of 27.92%, reaching USD 7653.15 million by 2028. [5] Plus, as we have seen with the purchase of LPs back on the rise, music ownership is still valued on some level. Fans will still welcome access to additional music consumption they might not have otherwise received if some are held back from the streaming platforms and only offered as an exclusive NFT.

Companies like Revelator[6] have NFT support baked into their distribution platform. As more companies start utilizing blockchain for faster, more transparent and accurate payouts, NFT providers like Audius[7] have this tech in their foundation, enabling artists and fans to participate in decision-making and get rewarded with Audius tokens and artist coins. Sound.xyz[8] provides an artist-first NFT platform to the public, allowing artists to sell music directly to fans.

And this brings us to another area that I think we will continue to see music consumption trend toward...

Direct-to-Fan

Direct-to-Fan is not new and by building those more meaningful relationships, artists can get more revenue from merch sales and live shows instead of reliance on passive streaming from those who aren't lasting supporters. We have been experiencing crowdfunding and fan-tipping for some time now. But platforms like Bandcamp[9] and Bandzoogle[10] will probably become more staples in an artist's career as a monetary base. The newly launched platform EVEN is making artists an average of $1.25 per stream with fans paying an average of $25 per release.[11]

This is not to say that streaming as a music consumption platform gets replaced. The prevailing strategy will be that marketers build an audience for the artist first elsewhere and then distribute on streaming so that people are ready to engage. Then, how much an artist gets paid per stream is offset by the number of people streaming; therefore, increasing the total revenue earned.

[4]Unsupported EU page. (1 C.E., January 1). *IndyStar*.
https://www.indystar.com/story/special/contributor-content/2024/04/20/are-nfts-dead-or-just-evolving/73397625007/
[5] Food And Beverage Industry Insights. (2024, January 17). *2031 "Music NFT Market Size" | Characteristics and Specifications*. https://www.linkedin.com/pulse/2031-music-nft-market-size-characteristics-f5oec/
[6] *Mint Music NFTs with Revelator*. (n.d.). https://www.revelator.com/why-revelator/web3/nfts
[7] *Audius - Empowering Creators*. (n.d.). Audius. https://audius.co/
[8] Shutler, A. (2023, July 12). Sound raises $20 million, opens Music NFT platform to all artists. *Decrypt*.
https://decrypt.co/148246/sound-raises-20-million-opens-music-nft-platform-all-artists
[9] Hollywood, G. (2021, August 18). *Music Marketing Tips: The Power Of Bandcamp Campaigns — vibe rating - Music Platform & Blog*. Vibe Rating - Music Platform & Blog.
https://www.viberating.co.uk/music-blog/music-marketing-tips-the-power-of-bandcamp-campaigns
[10] Stassen, M., & Stassen, M. (2023, January 19). As artists reach $100m in direct-to-fan sales via Bandzoogle, the company says it's 'solely focused. *Music Business Worldwide*.
https://www.musicbusinessworldwide.com/as-artists-reach-100m-in-direct-to-fan-sales-via-bandzoogle-the-web-hosting-firm-says-its-solely-focused-on-putting-more-money-in-the-pocket-of-creators/
[11] Rodriguez, M. (2024, March 28). *Evening artists make $1.25 per stream | Mag Rodriguez posted on the topic | LinkedIn*.
https://www.linkedin.com/posts/magisformagic_superfans-musicindustry-musicnews-activity-7179231741386096641-CdoN

What I see in the future are music platforms like Traklife[12] and Grey Matter[13] picking up steam. The goal is to integrate social media and content discovery with streaming platforms. The journey that one takes with an artist is a multi-touch, multi-platform experience. By gathering meaningful early indicators of connections between different engagements, interests and networking possibilities, we can discover true superfans and provide more customizable experiences with how we serve up our music.

This is where AI & machine learning can be of assistance. We will see more AI-powered crowdfunding platforms that facilitate direct support from fans. Imagine if you didn't have to guess what incentives or motivators were best for a crowdfunding campaign. Imagine it personalized per individual fan along with considerations of logistics, rules you may have set about what you are or are not willing to do, and the general feasibility of being able to meet expectations.

When artists can fund their music projects, they can release more on their own accord and the quality of the music becomes more authentic to themselves rather than what some label told them they had to put out to be successful. So I could see this creating a rift between labels and artists as to how much AI takes on the role in planning and marketing. It also puts tech giants in a prime negotiation spot.

But this does not mean there aren't areas where AI can service all parties on the business and artistic side.

Artificial Intelligence

Manual IP tracking and court cases can be costly. The rise of artists concerned with fake streams, streaming farms, copyright infringement, and "deep fakes"[14] has led to companies like beatdapp[15] utilizing AI to discover fraud and copyright infringement. It's going to take a while to work through the diverse cases that courts will experience regarding AI, but at least some of the other costs associated with managing and protecting copyright can be lessened.

While AI platforms continue to be developed enabling the creation of music with AI which leads to concerns about humans being replaced and how the AI models are being trained, I think that AI will still be a huge part of music consumption in the future and cause an increased output in music available just due to the efficiencies of being able to create more.

For a company, imagine having more predictability in music success rather than the artist you took a risk on previously with an advance, hoping the output would turn a profit? Imagine having an AI create more music to drive more streams to earn more buckaroos. Would the company still hire *human composers*? Here's the thing: someone has to train and fact-check the AI. One can overtrain a model and then wind up with copyright issues because the content becomes too similar.

[12] Traklife Music: Community Platform. (2024, March 11). *Home - TrakLife Music: Community platform.* https://traklife.com/music/
[13] *Grey Matter | the music community*. (n.d.). https://www.greymatter.fm/
[14] Tschmuck, P. (2024, February 27). *AI in the Music Industry – Part 6: Fake Streams and Streaming Farms*. Music Business Research. https://musicbusinessresearch.wordpress.com/2024/03/11/ai-in-the-music-industry-part-6-fake-streams-and-streaming-farms/#:~:text=However%2C%20AI%20is%20also%20used,using%20radar%20technology%20since%202023.
[15] *Beatdapp*. (n.d.). https://beatdapp.com/

Also, the relationship one has with their fans will not be replaced with the AI. With even more choices and being even harder to break through this noise, this further enhances my previous thoughts about the direct-to-fan importance. For business people, we have a phrase: your customer is your customer's customer. In other words, if fans want a relationship with an artist and one doesn't support the artist, a company could quickly lose a fan (i.e a buyer). They may end up shooting themselves in the foot by investing more into AI technologies than human creators. So I imagine that the music consumed will still have many human sources.

We already have behavior and preferences being analyzed on streaming platforms to serve up personalized music recommendations. But I think it's going to continue to go deeper. There was a TV show called Zoey's Extraordinary Playlist[16]. I can only imagine having chips inserted (or at least some kind of smart-wear) that takes our pulse, reacts to physiological indicators, reads our brain waves, and judges what songs should be played throughout our day without needing a computer or phone. This really makes me think of Terminator and us moving into a Cyborg state of being. But music consumption will adapt dynamically to our environment and context.

Advanced Identity & Content Tracking

What becomes even more important with AI advancements and the multitude of new platforms for both music consumption and artist engagements is tracking. Not just tracking of our IP or our content, but tracking of our entire identity, our footprint, and the spread of anything about us from others. Where is our music being consumed, when, and by whom? We don't just want to see data on a streaming platform or even multiple streaming + social platforms – which Chartmetric[17] does pretty well – we want to see across all channels and platforms, including those in the Web 3.0 space.

Where we have failed in the past with such endeavors as the universal database[18] is that companies want walled gardens to protect their technology, own their data, and essentially keep artists or those that serve them having to pay so it's never truly decentralized. And because historically, these have been big-name companies that offer a vast amount of music, those vying for decentralization felt strapped due to lack of demand. I think more artists will move away from wanting to be represented by majors with having more platforms and options available to serve their needs and will favor those with more interconnectability to make the job of DIY-ing more streamlined. Even within streaming, we have seen some positive rise in market share for independents.[19]

Where I am going with this is the interoperability across frequently used platforms and tracking the data across the various touch points provides more meaningful data to all involved — labels, distributors, artists, etc. You give up ownership to get more data which in turn helps both optimize and maximize to bring in more revenue.

[16] *Zoey's extraordinary playlist*. (n.d.). TVGuide.com.
https://www.tvguide.com/tvshows/zoeys-extraordinary-playlist/1000774391/
[17] *ChartMetric: a music data analytics tool with insights driven by data science*. (n.d.). https://chartmetric.com/
[18] Post, G. (2015, August 31). *The failure of the global repertoire database - Hypebot*. Hypebot.
https://www.hypebot.com/hypebot/2015/08/the-failure-of-the-global-repertoire-database-effort-draft.html
[19] CalypsoRoom Editorial Team. (2024, January 1). The rise of independent music artists (updated 2024).
CalypsoRoom. https://www.calypsoroom.com/The-Rise-of-Independent-Music-Artists.html

Content identification algorithms can currently scan vast digital libraries to identify unauthorized use of copyrighted material, helping to protect the rights of creators and rights holders. But the future lies with companies that continue to expand on this like PEX, HAND, Mycelia (i.e. The Creative Passport).

- **PEX** has Identify Graph Solutions that are unique in tracking the usage of content across *various platforms and services* so that rights holders can better manage IP and ensure fair compensation. By integrating data from multiple sources and applying ML algorithms, rights holders can leverage data enrichment techniques to enhance right ownership information.[20]
- **HAND**[21] is identity Intelligence – an interoperable talent ID framework – that enables reliable verification of quantifiably notable real (legal & natural) persons, their virtual counterparts, and fictional entities. As "Digital Replica" usage grows, trusted tools providing vectors of authenticity for talent's unique NIL (Name, Image, Likeness) are essential. Authorized by the ISO-level DOI Foundation, HAND's ID registry meets emerging needs for talent provenance automation in the digital age.
- **Mycelia** advocates for fair compensation, transparency, and creative freedom for artists in the digital age. One of its flagship initiatives is the creation of a decentralized music database using blockchain technology to ensure transparent and fair distribution of royalties to rights holders. Imogen Heap has been spearheading the development of the Creative Passport, a digital identity standard for music creators. The Creative Passport aims to provide artists with a secure and portable way to manage their identity, rights, and metadata across *various platforms and services*. It enables artists to maintain control over their work and streamline interactions with collaborators, fans, and industry stakeholders.[22]

In addition, inputting incomplete or inaccurate data means incomplete or inaccurate output. Success stories like Musiio highlight the potential of automated content tagging in music[23]. Universal and Amazon's trials demonstrated a 10% usage boost and a significant drop in click-away rates when rich metadata was added to sound recordings. This is where what DDEX and Verfi.Media[24] are doing is so essential.

What I see for the future of music consumption is that we will start getting faster, more accurate and transparent payouts for streams when music is consumed due to these efforts.

Wrapping It All Up

In the next 10 years, I do see us making improvements all around regarding music consumption and artist revenue:

- Artists and those who serve them will continue to tap into other revenue streams (and discover opportunities they might have otherwise missed with platforms such as Vistex[25]), which can serve all parties because it's an additional cut all around.
- Standards, transparency, and efficiency will improve all-around due to blockchain and AI technologies.

[20] Pex. (2024, May 1). *Pex | Powering real-time content identification and UGC data*. https://pex.com/
[21] *HAND – human & digital*. (n.d.). https://handidentity.com/
[22] *Mycelia for music – Connecting dots for music makers*. (n.d.). http://myceliaformusic.org/
[23] *AI in the Music Industry: Transforming Music Production, Discovery, and Data*. (n.d.). https://www.dataart.com/blog/ai-in-the-music-industry-transforming-music-production-discovery-and-data-by-sergey-bludov
[24] *Verifi media*. (n.d.). Verifi Media. https://www.verifi.media/
[25] *Now it all adds up | Vistex®*. (n.d.). https://www.vistex.com/cloud-solutions/rights-royalty-management/

- We will become more integrated and have tracking mechanisms set up to handle a more complex system of music consumption and the contextual engagements around it so that the music-consuming experience is richer.
- The indie movement will continue to grow adding more fuel to the fire for improved advocacy and negotiations around fair pay. And we will get to a place where recording artists receive direct compensation from terrestrial radio airplay like many other countries. Others have found a way – in 10 years, why can't we?

By now, it may seem that the future of music consumption is a very positive one. Worth noting, there is no such thing as a utopia where everyone is happy, because – if speaking to the U.S. – we live in a capitalist society and greed will always be there. While we can try to be more altruistic for the greater good, I believe humans will always have a self-serving side. However, the goal is to build a future for music consumption that directionally serves multiple sides with varying interests.

There's hope for resolution in more fair payments as can be seen by the most recent negotiation with UMG and TikTok.[26] What was particularly interesting is both had a different perspective on how they were or were not helping artists with their actions. And they were able to find a middle ground in the end.

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[26] Davidson, J. (2024, May 2). *TikTok v. UMG*. https://www.linkedin.com/pulse/tiktok-v-umg-jane-davidson-1hyjc/