The Value of a Label

"THIS IS AN ERA OF INVESTMENT"
Record companies are both the spark and the engine, igniting and driving music, working to discover and develop artists around the world and connect them to fans everywhere in unprecedented ways.

A dominant feature of the return to growth in recent years has been the expanded levels of investment record companies are making in their offerings to artists, in their people and in their global presence. Record companies are investing more than one-third of their global revenues, or US$5.8 billion, in Artists & Repertoire (or A&R) and marketing each year, to break, develop and support artists. Dennis Kooker, President, Global Digital Business & US Sales, Sony Music Entertainment, says: "The most obvious impact the streaming-driven growth has had on record companies is that it has allowed us to be more aggressive with investment, specifically to invest substantially in new artists." Ole Obermann, Chief Digital Officer and Executive Vice President, Business Development, Warner Music, says: "The DNA at Warner Music means that everyone in the company is entirely focused on working for the artists on our roster. We want our artists to be able to focus on their art, so we take care of running the business. There’s a dedication to that goal that isn’t matched by other players in the music ecosystem. Only a record label has that focus and capability and the necessary belief to break and support artists."

"IT’S THE PASSION"
Not only has increased investment allowed record companies to evolve their infrastructure and enhance their global footprints, it has also enabled the industry to empower the vibrant, passionate people who are the bedrock of the business.

"I LOVE ARTISTS WITH STRONG IDEAS"
Derrick Aroh, Vice President, A&R, RCA Records, says: "I think the most important thing artists get from us isn’t just the manpower, but the passion made up of individuals who really care about their careers. The reason people sign to us isn’t the size of the operation, it’s the passion we show them."

That passion is reflected by a commitment to an artist’s vision. Record companies want to work with artists that change culture through bodies of work, and change lives in three minutes. They want to be challenged within the context of fully-fledged partnerships with ground-breaking artists. "I’M NOT GOING TO DO THAT", than with an artist who says, "Okay, give me 800 things and we’ll choose’. My job, and that of everybody who works with me, is to do whatever it takes to turn the vision of these strong artists into reality."

"THE VALUE OF A LABEL"
Record labels provide artists with unique, unmatched support

- **Artist**: A&R signs an artist to a record label, which provides creative and commercial expertise, as well as financial support, to support the artist’s music creation.
- **Creative Teams**: Creative teams help the artist develop their visual identity and collaborate on things like album artwork and music videos.
- **Press & Publicity**: Press and publicity teams secure media coverage, radio and TV appearances, and playlist spots for the artist.
- **Global Reach**: International teams help accelerate the artist’s profile by bringing the artist’s music to new territories, growing their global fanbase.
- **A&I**: A&R and marketing teams collaborate to agree partnerships with like-minded brands that reflect their image and connect with fans.
- **Marketing & Digital**: Marketing & digital teams facilitate multimedia campaigns that grow the artist’s presence online and offline.
- **Sync & Partnership**: Sync and partnership teams work with the artist to agree partnerships with like-minded brands that reflect their image and connect with fans.
- **Global Distribution**: Global distribution teams deliver, manage and track the distribution of the artist’s music both to physical and digital.

Jeremy Marsh, Chief Global Marketing Officer, Recorded Music, Warner Music, says: "This is definitely an era of investment in artists; investment in staff; investment in infrastructure. We’ve invested in companies and teams such as [major merch company] EMP (youth media brand) UPROXX and (multimedia/production studio) The Firepit – all of which increase the ways that we can partner with artists." Glen Barros, COO, Concord Music, talks of both a "human and financial energy" returning to record companies, a new cycle in which resources become dynamic and a contributor, not simply ballast in a storm. He says: "You ally it with passion and it becomes a major factor in helping connect artists with the widest possible audience."

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Conrad von Loehneysen, Founder, Embassy of Music GmbH, makes the point that the power of a record company can actually enhance the power and influence of an artist. "It’s always a more
You can’t have a single platform strategy in today’s world, because the holistic view of the consumer is key to what we do as music companies now.

**Gabriela Lopes**
Senior Vice President, Global Insight, Universal Music

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**Denise Kidd**
President, Global Digital Business & US Sales, Sony Music Entertainment

The portfolio of what we provide has extended beyond recognition.

**Patrick Mushatsi-Kareba**
CEO, Sony Music Germany, Switzerland, Austria says: “Telling an artist they should work with us because we can give them a certain amount of money, make their music available and roll-out some promotion, that’s nowhere near enough, and nothing remotely like a reflection of what we do in this era. If we limited ourselves to those aspects, we’d be obsolete.

That amplification can come via a range of in-house technologies, skills and platforms, all at the artists’ disposal. Gracey gives some examples: “We have video commissioners, stills commissioners; we have designers who do everything from logos to a complete range of campaign assets. Then we have the content team: directors; producers; editors; plus, a photographic studio and a recording studio.

“All of which means we can do TV commercials, vertical videos, music videos, acoustic recordings, podcasts, voice-overs.”

Record companies, then, provide artists and managers with a suite of services, more wide-ranging than ever before, and then allow them to choose what to utilize. The result is the ultimate combination of absolute freedom backed by truly global resource and power.

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GLEN BARROS
COO, Concord Music

“We still, of course, help get the music made and get the music out there, but the portfolio of what we can provide has extended beyond recognition from 10, 20 years ago. We connect them with brands, we connect them with tech companies, we can create our own platforms – their owned platforms, in fact – so there isn’t a reliance on third parties to kick-start momentum.”

Increasingly, record companies are seeking out new and innovative ways to connect artists with their fans, this includes funding investment into technological developments.

Sony Music’s Kooker says: “A key part of our mission as a music-first business is providing the artist community with cutting edge technology solutions and world-class operational capabilities that support their creative growth and expand their opportunities to reach fans in the commercial marketplace. We do that by continuing to innovate and evolve in-step with ongoing changes in technology and preferences for consuming music.”

Universal Music’s Wong explains: “The world of music is the most powerful way of connecting with people on an emotional level. We continue to be at the forefront of every new technology and platform across the board for all opportunities. At Island we’re very open to working with new partners to get the artists’ voice across new platforms.”

Kevin Christian-Blair at Asylum Records/Atlantic, Bausa, for example, was making his new album and he was looking for producers all around the globe. He also believes that the concept of a team (one company rather than a temporal collection of separate, but not necessarily culturally united, component parts) is one that brings more than logistical advantages to the table. “A record company is truly invested in an artist. An artist wants a partner who really cares and is going to put their time, their money, their energy and their know-how into building a career alongside that artist.”

“The label model continues to evolve in order to be an integral part of the success formula”

Today, artists have more options and easier routes than ever before when it comes to making their music available. At the same time, however, the landscape of music markets globally is varied, complex and often highly competitive. Record companies play a key role in helping them to navigate this.

STU BERGEN
CEO, International and Global Commercial Services, Warner Music

“Artists really benefit from having an infrastructure to support them, backed by human resource and expertise, that allows genuine creative freedom.”

Stu Bergen, CEO, International and Global Commercial Services, Warner Music explains: “Significant success, regionally or globally, remains rare and elusive. It takes a combination of great creative talent coupled with a passionate workforce to cut through the tens of thousands of releases each week. The label model continues to evolve in order to be an integral part of the success formula. “Artists really benefit from having an infrastructure to support them, backed by human resource and expertise, that allows genuine creative freedom. Artists should be able to focus on their art. They shouldn’t need to worry about organising their tour, trying to get media coverage in Germany, or running analytics on their streaming figures.”

It’s also worth noting the landscape into which a single track is uploaded. Adam Granite, EVP Market Development, Universal Music, says: “As we see a rise in DIY artists, there are just so many releases every week. There’s so much noise out there. Even for me as a consumer, there’s just too much music to get my head around. That’s when you need a label – to help an artist rise above, get noticed and have a successful career. I’d say the value of a label, in that regard, has never been higher.”

Joseph Cacciola, SVP, Global Research & Analysis, Warner Music, says: “Here’s the thing: what record companies can deliver is an army of thousands of people constantly working on behalf of their artists, calling the local streaming services, with whom they have incredibly close relationships, and saying, ‘Hey, what are you doing with this new record?’ And, in my view, that’s what really helps to gain impact on a global scale.”

Barros of Concord Music concludes: “You can get financing, promotion, distribution, marketing, PR, everything – all those services you can hire in. But I think where record companies come into play is that they are connected, these services come in one package and they come with experience.”

He also believes that the concept of a team (one company rather than a temporal collection of separate, but not necessarily culturally united, component parts) is one that brings more than logistical advantages to the table. “A record company is truly invested in an artist. An artist wants a partner who really cares and is going to put their time, their money, their energy and their know-how into building a career alongside that artist.”