



Welcome to OnPoint, Viacom's bi-monthly exploration of important issues and events shaping media and business. By isolating the signal from the noise, we hope to help you ponder the future of our industry.

In this issue of OnPoint, we break down the complicated music streaming world and its biggest players, check in on the ever-evolving

world of women in entertainment, and explore why content producers and distributors are making a presence at the Cannes Lions this week.

### Music Streaming Battles Heat Up

CD sales have been in steady decline for years: from 52 percent of the recorded music market in 2010 to 32 percent in 2014, according to [the Recording Industry Association of America](#). But here's a perhaps more unexpected development: digital downloads (37 percent of 2014 revenue) may be next.

Ad-supported and subscription streaming services already [make up 32 percent of music revenue](#), up from nearly 23 percent last year. Download revenues peaked in 2012, and then fell 8.7 percent from 2013 to 2014. Meanwhile, the number of subscribers to streaming services like Spotify and Pandora tripled from 2011 to '14.

This gives us some insight into reasons why **the streaming wars have started to heat up this year**.

The latest to throw its headphones into the ring is Apple. Its Apple Music streaming service, slated to go live June 30, will combine downloads, streaming and radio with a social media component. [Some predict](#) Apple will be able to leverage its [800 million iTunes accounts](#) and giant war chest to dominate streaming as iTunes does with music downloads.

Spotify is proving resilient: In January, it reported having 75 million users and 20 million paid subscribers. And though the service endured a net loss of \$197 million in 2014, revenue grew [45 percent to \\$1.3 billion](#).

Interestingly, the race for music-streaming supremacy has also led to innovation beyond music. Recently, Spotify [announced that it's seeking video deals](#) with content producers, including Viacom. Google-owned YouTube is also joining in, with a test version of [Music Key](#) – an ad-free music video service for \$9.99 a month that includes the Google Play music-streaming service – coming in November.

It's a crowded and confusing market. Need a breakdown of the major players and latest moves? Here's a chart we put together for your reference:

# Music Streaming Wars



Music streaming revenue eclipsed sales of music in physical formats (CDs, Vinyl, etc) for the first time in 2014, with both ad-supported streaming and subscription streaming services each growing a staggering 39% from the previous year.

Music streaming revenue now make up a third of the \$6.85 billion global digital music industry.\*



SERVICE NAME	Apple Music	Spotify	Tidal	Google Play Music	Rhapsody	Pandora	Rdio
USERS VS. PAID SUBSCRIBERS	TBD	75 million users - 20 million subscribers	770,000 subscribers - (No Free Option)	Undisclosed	2.5 Million subscribers - (No Free Option)	79.2 M users - 3.8 M subscribers	Undisclosed
# OF SONGS IN LIBRARY	30 M	30 M	25 M	30 M	30 M	1 M	32 M
COST OF SERVICE	\$10/month	Free (with Ads) - \$10/month	\$10-\$20/month	Free (with Ads) - \$10/month	\$10/month	Free (with Ads) - \$5/month	Free (with Ads) - \$10/month
GROWTH RATE		45% increase in revenue in 2014			23% increase in revenue in 2014	44% increase in revenue in 2014	
COMPETITIVE ADVANTAGE	Can tap into existing Apple base of customers, three month free trial	Often cited as the best music streaming service because of its large already existing user base.	Offer higher sound quality for an increase to \$20/month, promote the fact that they pay more money to artists	Part of the Android app store which could make it more appealing to the over 1 billion Android users		On top of user-base dominance, Many cars now have Pandora integration	
REVENUE/LOSS/ INVESTMENT		Recent gain of \$526 million from investments; loss of 165 million euros despite revenue growth	16 of the most important artists in the world (including Jay Z, Beyonce, Jack White and Rihanna) are partial owners and investors in this service		Loss of \$21.3 million in 2014, despite revenue growth and increase in subscribers	Loss of \$30.4 million in 2014, despite revenue growth	
FUTURE PLANS	Release Date for Apple Music on June 30th, will most likely be incorporated into the new Apple Car Play system, along with Spotify	Announced in May that they will be adding podcasts and videos		Will be incorporated into the new Android Auto system, along with Spotify			Announced a middle-streaming tier of \$3.99 which will give users access to ad-free radio and the ability to download 25 songs a day

\* www.ifpi.org/digital-music-report.php

## Winning Women

With “Pitch Perfect 2” in the number one spot at the box office in May and the popularity of “Inside Amy Schumer” on Comedy Central, women-led entertainment appears to be rolling. Does this success also indicate that attitudes are changing, both for viewers and producers? Some believe so.

An op-ed in [The New Statesman](#) declared that Schumer has “changed the landscape of comedy forever.” While the [Los Angeles Times](#), writing about “Pitch Perfect 2,” noted that, “having more female-driven films has gone from being a trend to being the norm.”

The numbers back that up. A [recent study](#) found that only 12 percent of protagonists were female in the 100 top-grossing films of 2014, but early this year, [six of the top 10 box-office hits](#) had stories centered on female characters.

New movies and shows have not just been adding female leads, but more frequently taking a woman's point of view. “Broad City,” “Jane the Virgin,” “Unbreakable Kimmy Schmidt,” “Scandal,” “How to Get Away with Murder” and “Empire” all have women as central characters and break away from worn-out feminine tropes.

The growing number of female leads may be due to the success of such shows as “Orange is the New Black,” which has won more than 20 awards and at one point was the most-watched series on Netflix. Or “The Hunger Games: Mockingjay Part 1,” which was the second-highest grossing film in 2014.

This trend is a smaller part of an ongoing evolution of the entertainment landscape – which we explored in a [previous OnPoint](#) – of networks [continuing to diversify casts and programming](#), perhaps to reflect a [growing demand for more diversity](#) in TV.

In spite of the more positive developments lately, a [Hollywood Reporter roundtable](#) with a number of female TV comedians made clear that they still fight an uphill battle in the industry. “The circles in which we run, there's an understanding that there's no difference in what women can bring to comedy,” said Ellie Kemper of “The Unbreakable Kimmy Schmidt.” “But there's a huge portion of the country that this is still news to. There are a lot of men who fly business class still rooted in the idea that women aren't funny.”

## **Why TV Content Producers and Distributors are Making a Presence at Cannes Lions this Week**

Cannes Lions kicked off this past Sunday with the usual suspects from the advertising and creative communications world. Beyond the awards ceremony, the festival has traditionally

been a key event to sell and make major deals between advertisers, media buying agencies and brands.

But now [television is joining the party](#) with an unprecedented number of its stars and execs in attendance. This year will include presentations from TV screen stars Julia Louis-Dreyfus ("Veep"), Viola Davis ("How to Get Away with Murder"), and Kim Kardashian, among others. While behind the scenes bigwigs such as HBO CEO and Chairman Richard Plepler, Executive producer Betsy Beers ("Grey's Anatomy," "Scandal"), and Viacom's own Philippe Dauman will also be in attendance.

### **So why the growing presence of networks and studios at the biggest festival in advertising?**

Start with growing concern over ad dollars flowing away from linear television to other digital platforms. As a result, networks and studios are starting to see Cannes Lions as an important place to develop relationships with advertisers. It's also a great venue to show off their most-heralded content in an effort to impress.

"The TV companies are understanding that at our festival are a lot of brands and advertisers who they would very much like to be communicating with," says Phillip Thomas, CEO of Cannes Lions. "So it's the business side and the creative side that have created this perfect storm."

It's also an important year to make a good impression among ad agencies and brands alike, with [an unprecedented number of media reviews](#) taking place over the past six months. Major advertisers such as Mondelez, Sony, Volkswagen, Johnson & Johnson and Coca-Cola are all currently reevaluating whether they have the right clients. As a result, this year's festival is expected to be a huge year for major deals, with more than [\\$18 billion](#) in media estimated to be up for grabs.

With so much money at play, any positive impressions television can make would surely be a good first step toward padding television's pocketbook with future ad dollars.

We'll be keeping a close eye on Cannes Lions and cover some of the most interesting developments in the next OnPoint.

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Leadership  
Enrichment

## Enrichment & Leadership

### Has the Business World Lost Its Hustler Instinct? - Newsweek

In the entertainment industry, we know the importance of a good villain. But we can learn from them too. Here, economics historian Alexa Clay and political economist Kyra Maya Phillips determine we might be able to learn a thing or two from unusual rogue entrepreneurs like Somali pirates, Mexican drug lords and Chinese counterfeiters.

### A Fearless Culture Fuels U.S. Tech Giants – New York Times

The tech sector in the United States has been the most innovative in the world for decades due to one core characteristic: fearlessness.

A Look  
Ahead

## Industry Events

### Industry

- Cannes Lions Awards (6/21-27)
- Aspen Ideas Festival (6/25-7/4)
- Variety's Purpose: The Family Entertainment and Faith-Based Summit (6/25)

### @Viacom

- BET Experience (6/25-28)
- BET Awards (6/28)
- Logo Trailblazer Honors (6/25; airs 6/27)
- Independence Day – Observed, U.S. (7/3)

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