



# THINGS TO WATCH

*Music  
Edition*

*October  
2011*

# WHAT WE'LL COVER

- Background and Methodology
- Our Things to Watch in Music
- Appendix: Learn More About Our Experts and Influencers

# BACKGROUND AND METHODOLOGY

The digital age disrupted the music world, ushering in a new era for fans, artists, retailers and other key stakeholders. This year we got a clearer glimpse of what the second decade of digital music will look like—quite different from the first in many ways. We decided to chart what's changing in our Things to Watch format, surveying both macro and micro trends.

The list that follows is the result of desk research conducted by JWTIntelligence throughout the year, inputs from JWT's global planning network and interviews with experts and influencers in the music industry.

## EXPERTS AND INFLUENCERS\*



**SAM  
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clinical assistant  
professor of music business,  
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**HEIDI  
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**STEVEN  
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+  
MIKE O'BRIEN**

Outloud.fm  
co-founders

In the next decade of digital music, we'll be accessing, discovering and sharing music in new ways. It's all about the ability to listen to your own archives and just about anything else wherever you are—we're becoming our own music hub, limited by neither physical nor digital storage space nor tethered to any particular hardware. It's a major change, one that's evolving just as listening gets suddenly more social, from Turntable.fm's rooms of bobbing avatars to Facebook's real-time peeks into what friends are listening to. Everyone's an influencer, just in time to help narrow our options amid infinite selections.

As elsewhere, audiences have shifted from passive to engaged, and they increasingly expect options for personalization and even collaboration. Innovative artists are responding, with new ideas about how to create and package their music and manage and market themselves. Investors, meanwhile, are excited about new ideas in this space, injecting more than \$400 million into music startups in the first eight months of 2011, according to Digital Music News.



# OUR THINGS TO WATCH IN MUSIC

1. Access Over Ownership
2. Capturing Over Collecting
3. The Celestial Jukebox
4. Taking It to the Cloud
5. The Battle Over Personalized Radio
6. RIP, MP3 Player
7. Coming Soon to a Device Near You
8. Sharing's Tipping Point
9. Flowing, Tracking and Pounding
10. The Facebook Effect
11. Bringing Myspace Back
12. Music's New Influencers
13. Aggregator Services
14. Everyone's a DJ
15. Everyone's a VJ
16. YouTube=MTV
17. The Album Lives On
18. App Albums
19. Motivational Objects
20. Music + [ ]
21. Live-Streaming Concerts
22. Opening Up the Recording Studio
23. Artists Are Doing It for Themselves
24. Fans in the Front Seat
25. Reconnecting With Roots
26. Political Parodies

# 1.ACCESS OVER OWNERSHIP

Daniel Ek,  
CEO of Spotify,  
*Fortune*,  
July 21, 2011

*“In the history of music, it’s been about how you need to buy this record or song. What Spotify is saying is ownership is great, but access is the future.”*

*“Apple spent a lot of energy over the last 10 years marketing against these kinds of concepts [like Sony’s Music Unlimited], large campaigns that music is an ownership kind of thing. But a lot of leading thinkers in the music industry these days believe that for the current generation, the younger generation, music is all about access.”*

Tim  
Schaaff, president,  
Sony Network  
Entertainment,  
*Business Insider*,  
Aug. 12, 2011

*“Some predict that the whole notion of actually owning music soon will become as quaintly archaic as the Victrola.”*

*The  
Plain Dealer*,  
Aug. 15, 2011

## 1. ACCESS OVER OWNERSHIP

Some fans stopped buying music as soon as they had (less than legal) digital alternatives. But most still sought to build collections, even as services like Rhapsody, Pandora and Internet radio stations offered new, cheaper ways to hear music. Now, we'll see less emphasis on the personal archive. With an Internet connection, today's listeners can hear it all: just about any track at any time, just about anywhere. (See the next few items for more details.)

Some signs of the times: Target now carries gift cards for subscriptions to streaming services **MOG** and **Rdio**. And Starbucks in the U.S. recently expanded its Pick of the Week beyond free music from iTunes—less enticing in an access-over-ownership world—to include apps, TV shows and extended e-book excerpts.



## 2. CAPTURING OVER COLLECTING

Users of music-recognition app **Shazam** can play tracks identified with the tool in **Spotify**, as can European users of **SoundHound**. An app for Spotify rival **MOG** lets users hear a record simply by holding up their phone to any image of the album art. And **Turntable.fm** participants can instantly add songs they hear to their Spotify, **Last.fm** and **Rdio** libraries (or click to find them in **iTunes** or on **Amazon**).



This, says *Billboard* writer Kyle Bylin, “marks a critical turn in the way fans collect and discover music.” Where once music was bought in stores to add to personal collections, in the “capture culture” of the future, music will be “captured from our environment through mobile apps and instantly stored in the cloud.”

Tech entrepreneur and consultant Bruce Warila has suggested that websites will enable this too, with an “add music” button accompanying songs and videos and even relevant search results. Consumers will grab what they like at the moment and, inevitably, share it with their networks, so that like much else, music choices will be shaped (even more) by the social influence and a focus on the now.

*“Collections will become a short-term phenomenon on the web, captured to share with friends across multiple services and will be indicative of a moment in time, as opposed to a library built up based on a lifetime of listening and curating music for yourself. Unlimited access to almost all the music available puts the focus on discovering what to listen to now, as opposed to what to keep.”*

Charles Smith,  
founder and COO  
of exfm, *Billboard*,  
Sept. 12, 2011

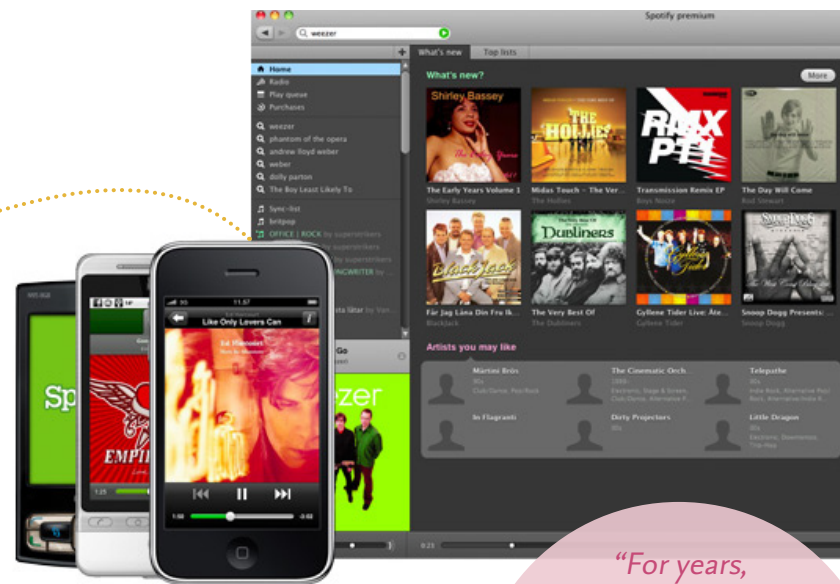


### 3. THE CELESTIAL JUKEBOX

Infinite music: It's a fan's fantasy come true. With the advent of **Spotify** and a slew of similar services—**MOG**, **Deezer**, **we7** and **Rdio** among them—we're close enough: millions of streamable tracks for which rights have been negotiated in a given country. (Or not exactly negotiated, in the case of **Grooveshark**.)

These services are still nascent: Deezer, which has around 20 million users in France, is now expanding to the U.K. Spotify arrived in the U.S. in July after taking parts of Europe by storm over the last three years and now claims 2 million paying subscribers in eight countries.

The business models vary. In some places the service is bundled in with phone and Internet subscriptions. And Spotify, MOG and Rdio have adopted freemium models in the U.S., at least for now.



Research firm **Ovum** is predicting 60% revenue growth from digital music subscription services by 2015, to \$20 billion annually (this includes revenue from cloud-based services; see next item).

*"For years, prognosticators have looked forward to a time when a 'celestial jukebox' would let you hear any piece of music, anytime, anywhere. Welcome to that future."*

*The Plain Dealer,*  
Aug. 15, 2011

## 4. TAKING IT TO THE CLOUD

Music is moving to that big locker in the sky. In 2011, several major players launched a cloud storage service for music—that is, the user's music is stored on a remote server and can be played via any connected device. Amazon (**Cloud Player**), Apple (**iCloud** and, due this fall, **iTunes Match**), Google (**Music Beta**) and RIM (**BBM Music**) are all muscling into the market, joining smaller players already in the space like **tunesBag** and **Mougg**.

The cloud removes storage or hardware limitations for digital-music collectors—their identity unlocks their personal collection anywhere there's online access. Buying a new track in iTunes, for example, means it's instantly available on the purchaser's iPad, iPhone or PC; iTunes Match will add copies of tracks users have purchased elsewhere. Apple is charging \$25 annually for up to 20,000 songs while

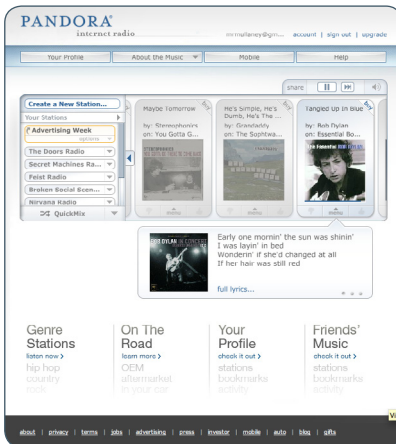
Amazon has a limited-time offer of \$20 for 20GB; some services are free up to a point (Music Beta, for example, allows users to store up to 20,000 songs without fees).



## 5. THE BATTLE OVER PERSONALIZED RADIO

Well-established giant **Pandora**—whose human-created “music genome” database formulates radio stations based around user-selected artists—has new competition from on-demand services (**MOG** and **Spotify**, for example, have radio-like options) and **Clear Channel**, which added personalized stations to its **iHeartRadio** service in September. Pandora, which has amassed 37 million active users and went public earlier this year, recently upgraded its site and removed its monthly listening

cap for nonsubscribers. **iHeartRadio**, meanwhile, boasts far more songs, since it uses a more automated system.



*“We are at the tipping point right now of transforming how radio is consumed and delivered, and personalization is the key there.”*

Heidi Browning, SVP of strategic solutions, Pandora



As the bigger players battle it out, watch for more niche startups in this space like **Console.fm**, which plays 22 subgenres of electronic music using tracks from **SoundCloud**; **8tracks**, which bills itself as “handcrafted internet radio” and focuses on user-created mixes; and **Songza**, a “social radio” platform with user-made stations.

## 6. RIP, MP3 PLAYER

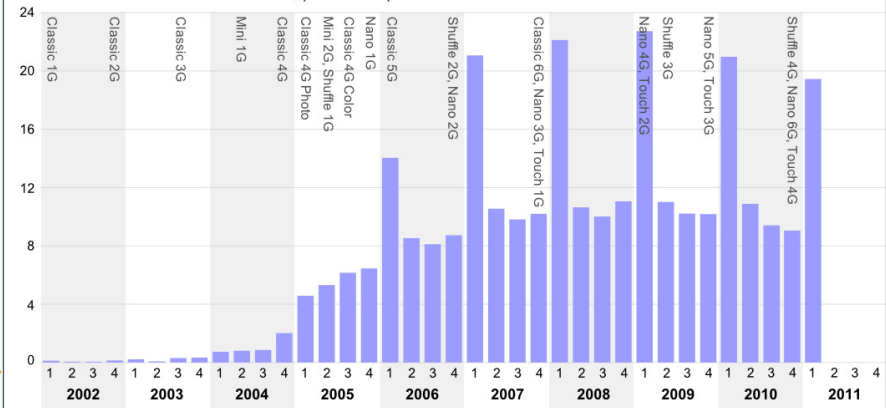


MP3 players, the compressed digital bell tolls for thee. When the device was introduced to the mass market in 1998, it was a music storage miracle, quickly putting encyclopedic collections into people's pockets as their capacity increased. But in the last few years, with smartphones doubling as music players—along with navigation systems, video game consoles and more (see next item)—sales of music-only devices have slid.

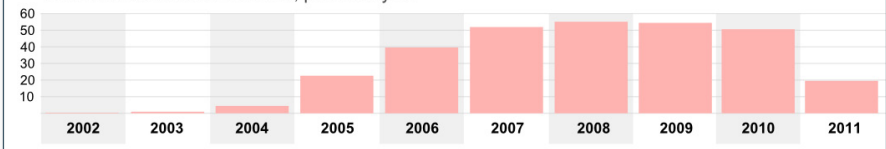
U.S. sales of Apple's iconic iPod peaked in the last quarter of 2008 at 22.7 million units and have been falling since (while iPhone sales have skyrocketed); NPD estimates sales in the neighborhood of 7.5 million for the current (September) quarter, a 16% year-over-year slide. Watch for this once revolutionary gadget to fall out of use as smartphone penetration deepens and people stream music over everything from tablets to cars and TVs.

### iPod Sales Chart

Units sold worldwide in Millions, per fiscal quarter



Units sold worldwide in Millions, per fiscal year



## 7.COMING SOON TO A DEVICE NEAR YOU

As the options for streaming music rapidly multiply, we'll move from storing music on devices like MP3 players and PCs to streaming it via an array of products. Consumers will rarely be far from a wealth of music.

**VEHICLES:** Automakers including Ford (with **SYNC**), Toyota (with **Entune**) and BMW (with **ConnectedDrive**) are starting to include entertainment systems that let drivers connect to music apps like **Pandora** through voice commands and/or a touch screen. (Mercedes-Benz, BMW and MINI also offer Pandora integration, and it's in the works with several more; BMW is integrating **Spotify** rival **MOG** into some models.)

**HOME ENTERTAINMENT:** Internet-enabled devices enable music through app offerings, subscriptions or bundled in. The **Boxee** set-top box, for example, offers Pandora, MOG and Grooveshark apps; **Roku** offers Pandora and Rdio among its apps. Among an array of options, Pandora is also available

via **Verizon's FiOS TV** (as yet only in three U.S. states) and some Blu-ray players—and even on **Samsung's LCD fridge**.

Spotify is available to Telia digital TV customers in Sweden (where the service originated) and Finland. Sony's network-connected TVs, Blu-ray players, home theater systems and **PlayStation 3** consoles stream audio for subscribers to its Music Unlimited service. Other game consoles also offer music streaming.

Don't forget the good old-fashioned stereo. New receivers, like **Onkyo's TX-NR609**, connect to the Internet and let owners stream music, as do WiFi-compatible speakers, like those from **Sonos**.

*"You're seeing this incredible diversity of places and ways to listen and engage with music you love."*



Heidi Browning, SVP of strategic solutions, Pandora

## 7. COMING SOON TO A DEVICE NEAR YOU

One business model is to bundle the cost of access into the price of telecom plans, or even music-enabled devices themselves, giving the provider an advantage over rivals.

**BUNDLED PLANS:** Various phone and broadband providers bundle music into their plans. In the U.K., **Virgin Media** is partnering with Spotify to include music with its broadband and mobile plans, and rival **Orange** is similarly collaborating with French streaming service **Deezer** on bundled plans (as it already does in France). In the U.S., **MetroPCS** recently launched a plan that includes access to Rhapsody's library for its Android phones, and prepaid-phone company **Cricket** includes access to its streaming service **Muve Music**.

Digital TV fees can also include streaming music: In Sweden and Finland, TV provider **Telia** has a partnership with Spotify, and Virgin Media now grants access to a Spotify app via set-top boxes in the U.K.

**BUNDLED DEVICES:** **Beyond Oblivion**, a startup, is set to launch a new model in this space by year-end: bundling ad-free music access into the price of a device, initially smartphones and PCs (extending eventually to cars). The company will partner with various manufacturers on products that grant purchasers unlimited streaming and downloading privileges for Beyond Oblivion's music service, dubbed **Boinc**, over the lifetime of the device. Boinc plans to launch in the U.S. and U.K., but CEO Adam Kidron sees huge potential in emerging markets and the idea of "democratizing music consumption."

*"Mobile music is huge in Brazil and India. ... Because fixed-line computers are a true luxury in emerging markets but cell phones are not, those living in them have a different relationship with mobile services than those living in America, Europe and Japan."*



Sam Howard-Spink, music business professor, New York University



## 8.SHARING'S TIPPING POINT

*“While automated recommendation engines are great, getting a recommendation from a machine can only do so much. Successful music companies will be those that can build hybrid businesses and economies around human interactivity, not just consumption.”*



Sam  
Howard-Spink,  
music business  
professor, New York  
University

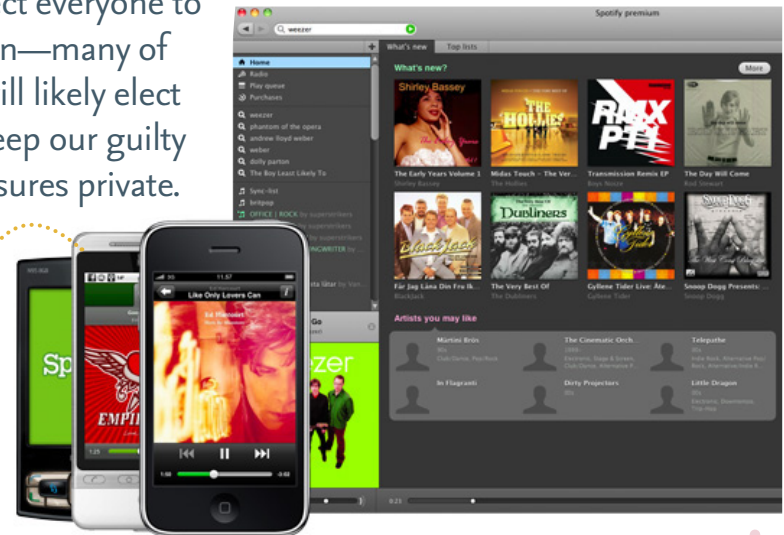
## 8. SHARING'S TIPPING POINT

*“We used to go to our friends’ houses to browse their record collections. But we haven’t been able to do this online.”*

Spotify  
CEO Daniel Ek,  
*Time*,  
Sept. 23, 2011

Music is naturally social, but for a long while the digital domain did little to facilitate that. Apple’s attempt to integrate a social network (**Ping**) with iTunes fell flat. But in the past year or so, apps and other services have popped up to facilitate sharing and discovery among friends and like-minded strangers (see next item and Everyone’s a DJ); established services have become more social—e.g., both **Pandora** and **Rhapsody** recently added the ability to follow other users and to share; and the new on-demand services like **Spotify** integrate the social graph.

Now, with **Facebook** inserting music sharing into the social network itself (see The Facebook Effect), we won’t have to guess what’s playing in all those earbuds. But while we’ll see a new cohort of mini-influencers (see Music’s New Influencers), don’t expect everyone to opt in—many of us will likely elect to keep our guilty pleasures private.





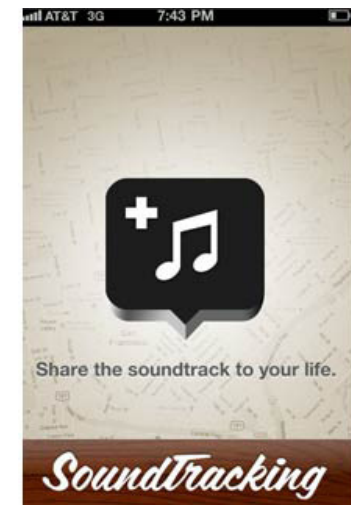
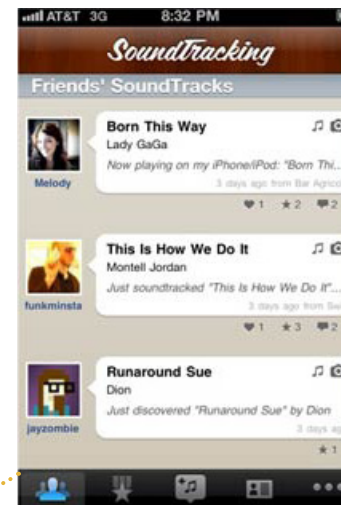
## 9. FLOWING, TRACKING AND POUNDING

Music fans may prefer specialized spaces that facilitate sharing and discovery over the wide world of Facebook and services like Pandora or Spotify. Most of these let people share with both their social graph and an interest graph (strangers with similar taste). A few examples:

**MFLOW** is a U.K. service that describes itself as “Twitter meets iTunes”; users have “flows,” where they can broadcast tracks, and they can follow other users and buy from within their flows. Users get 20% of sales they influence in credit toward their own purchases.

**SOUNDTRACKING AND SOUNDTRACKER** both take a geosocial approach. The former is akin to Instagram with music, with users sharing a “playable music postcard” with friends and other followers. The latter lets people share with friends and discover “what’s hot” in their neighborhoods or specific regions.

**MUSICPOUND** lets buddies discover whether their interest graphs align. After users “pound” their phones together, the app analyzes their music libraries and shows where they intersect.

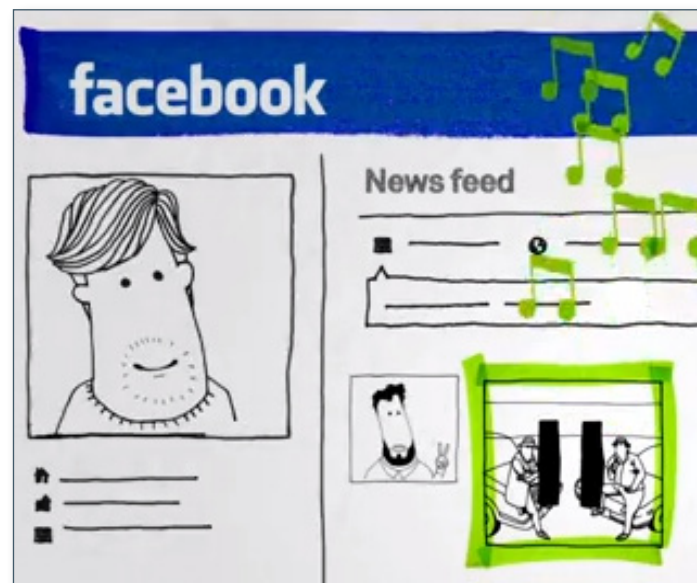


## 10. THE FACEBOOK EFFECT

In late September, **Facebook** moved further in the direction of content curation, with users now able to automatically reveal what they're consuming in real time. This includes what they're listening to via Facebook partners such as **Spotify**, **Rdio**, **Vevo**, **iHeartRadio**, **Mixcloud**, **Rhapsody**, **Deezer** and **SoundCloud**, with friends able to click over to hear the tracks in those services.

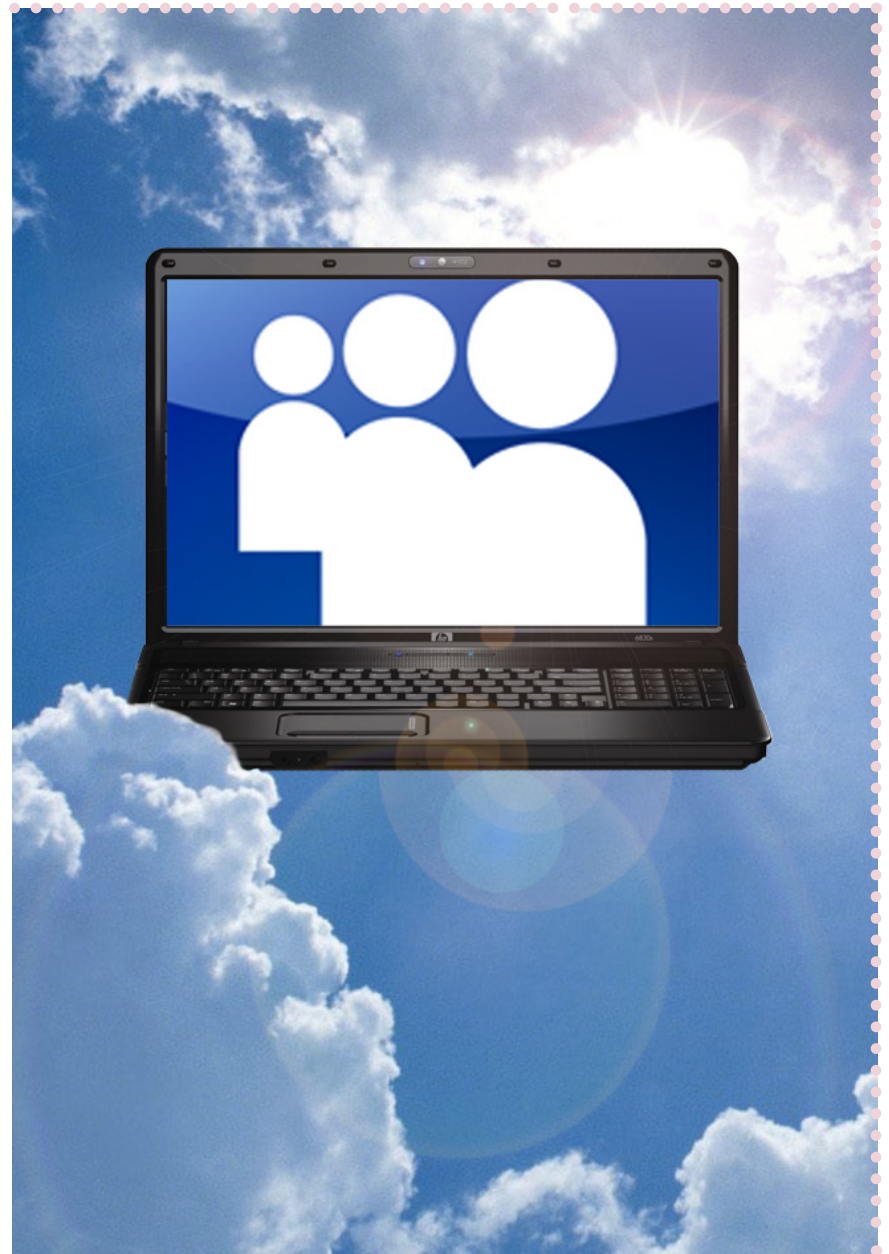
“Listening can spread really quickly through the graph,” Facebook’s Mark Zuckerberg noted, allowing users to discover “a huge amount of new music.” Deezer’s CEO called it “a revolution for music fans,” and *Billboard* observed that by enabling legal music sharing, Facebook is managing something the music industry has been attempting since Napster first launched. Music sharing also gives users another way to define themselves, as Spotify’s Daniel Ek pointed out.

Spotify says users who connect to Facebook are more engaged—they listen more often, to a wider variety. The masses may well regard this type of transparency as too radical, but if they do opt in, the social graph could reinvigorate the music industry.



## 11. BRINGING MYSPACE BACK

Several incarnations and false starts later, can **Myspace** get its groove back? The once-robust music-oriented social network, which News Corp. recently sold to advertising network Specific Media, is planning a relaunch. The goal is for the site to become, according to Specific Media's Tim Vanderhook, "a home for content creators and artists," with Myspace leveraging its membership of musicians and fans and the fact that Justin Timberlake is a stakeholder.



## 12. MUSIC'S NEW INFLUENCERS

Friends can let their network know what they're tuning in to in real time on Facebook, aficionados rack up points and fans on **Turntable.fm**, and engaged listeners can amass followers through services like **8tracks** and apps like **SoundTracking**.

While bloggers have long held sway as music experts, new voices are pushing into the space once dominated by broadcast DJs, traditional music media and the record store whiz. These include Google's new **Magnifier**, a "music discovery site" guided by a "team of music experts" who spotlight free music daily. Streaming service Deezer is trying to differentiate itself as it launches in the U.K. by touting its staff recommendations: "We're aiming for a cross between a digital magazine and a record shop where you can listen to all your favourite music," its head of editorial told *The Guardian*.

The need for guidance is growing: With access to the celestial jukebox, music consumers are likely to be paralyzed by choice without it.

Songza CEO and co-founder Elias Roman, TechCrunch, Sept. 13, 2011

*"The future of music will be driven by the convergence of expert and social curation."*





## 13. AGGREGATOR SERVICES

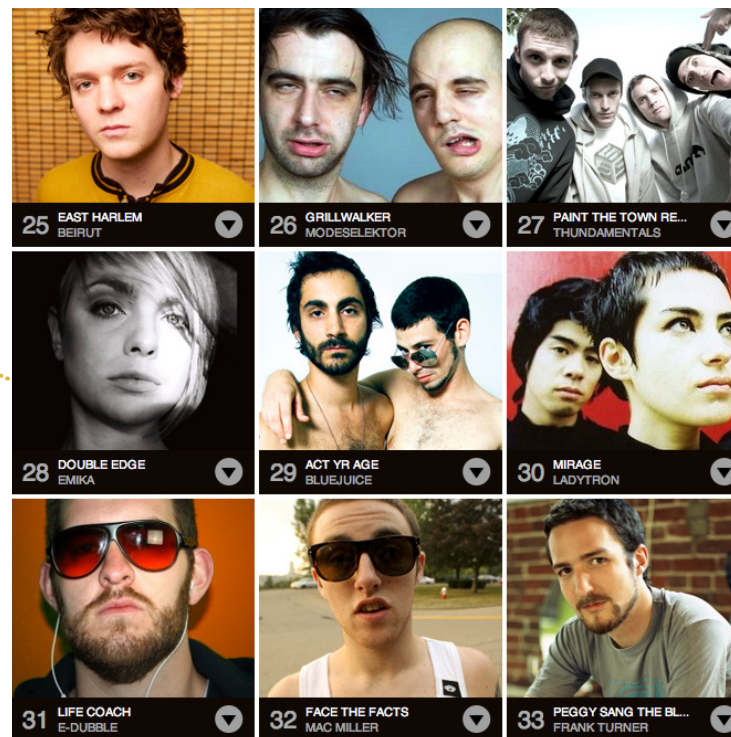
One route to music discovery is through aggregator services, which collect music from around the Web—sourcing it from bloggers, populist sources like Spotify and even the user's own Web wanderings—to help fans find what's new and notable. These include:

**THE HYPE MACHINE** curates music mentioned by the top music blogs and streams those cuts. Visitors can listen to the most popular current searches, look for tracks by genre and share favorites via Twitter.

**WE ARE HUNTED** tracks the 99 most popular songs of the day via blogs, forums, Spotify and other social networking sites.

**SHUFFLER.FM** promotes itself as an “audio magazine made by music blogs,” letting users hear mixes of music cited by favored blogs, as well as trending songs and artists. TechCrunch describes its new iPad app as akin to Flipboard for music.

**EXFM** is a Chrome extension that collects any MP3 files that users come across as they use the Web, creating an archive that can be sorted and shared.



## 14.EVERYONE'S A DJ

New tools are democratizing the DJ booth and digitizing the jukebox of old, making anyone a potential influencer and expanding the possibilities for discovery. **Blip.fm** was an early player here, but the space heated up this year with **Turntable.fm**'s idea of interactive listening.

**TURNTABLE.FM:** It's quickly become clear that this four-month-old group-listening service offers something uniquely addicting to music fans—600,000



of them to date. Participants (currently in the U.S. only) join or create themed rooms, where they listen to tracks selected by others or become DJs themselves—all as a head-bobbing avatar. DJs acquire fans and earn points,

which are used to upgrade the avatars. With a chat feature built in, the social experience is fully integrated

alongside the discovery aspect. (After questions about its legality, Turntable is establishing its legitimacy, with licensing secured from BMI and ASCAP.) A mobile app launched in September. And there's already a copycat service, **Rolling.fm**.

A unique space for reaching old and new listeners alike, Turntable offers intriguing opportunities for marketers, promoters and musicians themselves, all of whom are exploring how to make the most of the platform.

*"What I found [on Turntable] was people... were playing music, they were listening to music, they were talking to each other, they were dancing, they were having fun. And I was too. I was sold in about five minutes."*

Union Square  
Ventures partner  
Fred Wilson,  
USV.com,  
Sept. 12, 2011

**AMONG FRIENDS:** Several services take cues from Turntable but narrow the arena to friends. **Listening Room**, **Outloud.fm**, **MuMu Player** and **LetsListen** all let users take turns playing DJ but feature much simpler interfaces than Turntable, sticking primarily to the chat and playlist features. For those on the go, **wahwah.fm** allows users to broadcast their music via iPhone, so they can hear what's in friends' earbuds.

**USER-CREATED BROADCASTING:** Launched two years ago for the Web and last year for the iPhone, **Jelli** allows users to collectively control what's playing on the airwaves of online and participating broadcast radio stations by selecting songs for playlists, voting on them, and even "bombing" a song to the bottom or "rocketing" it to the top.



Messaging and chat features allow collaboration between the amateur DJs. In June, Jelli took its next step, reaching a multiyear agreement with two FM stations in Las Vegas that are handing control of their programming to the Jelli community 24/7.

**Playmysong** is an app and website that lets people create playlists and then broadcast them to others; bars, restaurants and other venues that pay for the service can enable patrons equipped with the app to contribute to the soundtrack. The Roxy Theatre in Los Angeles, among other venues, is trying it out.

*"I think there's always going to be this divide between the more passive listener—someone who just wants to set it and forget it—and the interactive listener who wants to actively discover and share. Services like Spotify and Rdio are great and are revolutionizing the way people listen to music, but there's something really simple and nostalgic about being in a 'room' with some friends and sharing music."*

*"As recommendation systems get more and more advanced, there's still something to be said about a real person telling you to listen to a song."*

Outloud.fm  
co-founder  
Steven Huynh



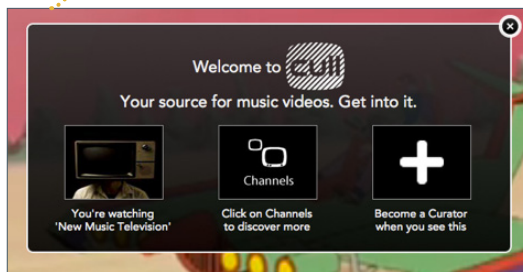
## 15.EVERYONE'S A VJ

A new crop of services allows users to queue, stream and mix videos to create playlists, then share those with friends or play them at parties.

**Cull.tv**, which officially launched in September, lets people create nonstop playlists of YouTube music videos and optimizes videos for full-screen viewing (similar to YouTube on TV). Users can integrate their social graph, sharing playlists via Facebook, Twitter and Tumblr. In addition, Cull offers curated channels for those who'd rather lean back.

Similarly, the Hungarian-created service **Dragontape** lets people create seamless YouTube playlists; tools

allow users to rearrange songs and add musical elements such as fades.



**Chill**, launched in August, enables group video-viewing and can function as something like a Turntable.fm for videos. VJs can screen their playlists, sourced from YouTube and Vimeo, in “chill lounges.” There are a broad range of themes, music among them.

**Reelr.tv** works through Twitter, with users tweeting a song name plus the hashtag #nowPlaying to generate a video channel on Reelr.tv. Passive viewers can watch curated playlists or sort music videos based on “tweeje’s” or cities (location of tweets).

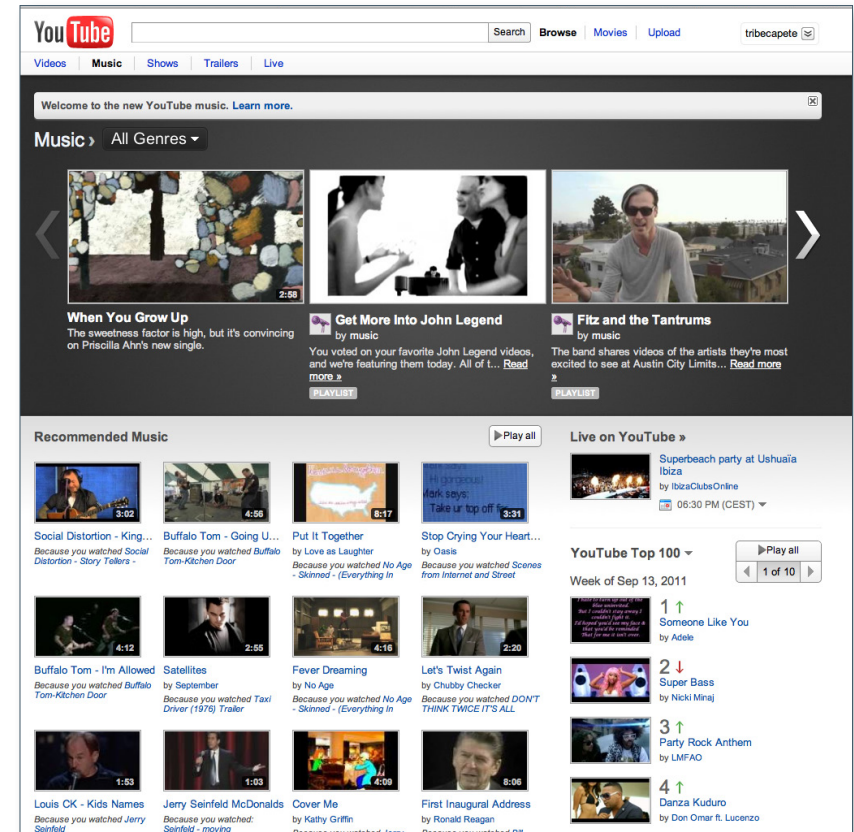
Some services focus on group-created playlists: **VHX**, **Redux** and **Shelby.tv**, among others, help users create continuous video streams by sourcing recommendations from the social graph.



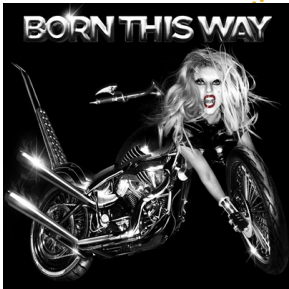
# 16. YOUTUBE=MTV

Forget MTV—I want my **YouTube**. With licensed music videos, vintage performance footage and more, YouTube has always been the first place to search for any type of musical performance or artist, and its archives can keep music lovers absorbed. As many as 4 in 10 YouTube visitors are watching music videos on the site, according to a recent comScore report.

YouTube is now taking on a bigger role in curation and discovery as it seeks to better leverage its archives. In August the site revamped its music page to play up YouTube's status as a music resource and platform, adding recommendations based on previously watched videos, a Top 100 list and curated lists from sources like *SPIN* and *Vice* editors and musicians. There's also a short list of major local concerts, with videos of the artists and links to buy tickets.



## 17. THE ALBUM LIVES ON



“Maybe the album format isn’t ready to die just yet,” wrote *Billboard’s* Glenn Peoples in June after Lady Gaga’s *Born This Way* sold a million-plus copies in a single week, the first album in 18

months to do so. Yes, many of those copies sold for 99 cents through a promotion with Amazon, but Peoples says that just proves how key an album can be as the peg for publicity, marketing and tours, not to mention corporate partnerships.

Thanks in part to Lady Gaga, U.S. midyear album sales were up for the first time since 2004, according to Nielsen SoundScan, albeit by just 1%. And while many predicted the death of the album as consumers gravitated toward single tracks on digital marketplaces, digital albums specifically were up by 19% in the U.S. and also well ahead of 2010 sales in the U.K.

As more people access music through streaming services, where there’s no financial incentive to select only standout tracks, we’re likely to see more listening to complete works. At the same time, more artists will follow Björk and the Kaiser Chiefs in experimenting with the format (see App Albums and Fans in the Front Seat) and seek innovative ways to package digital albums (see Motivational Objects).

*“I think this [sales growth] is evidence that there is a market for digital albums and bundles of tracks. There were fears that no one would buy digital albums, but they do—and in growing numbers.”*

Martin Talbot,  
managing director,  
the Official Charts  
Company,  
*The Guardian*,  
June 26, 2011

## 18.APP ALBUMS

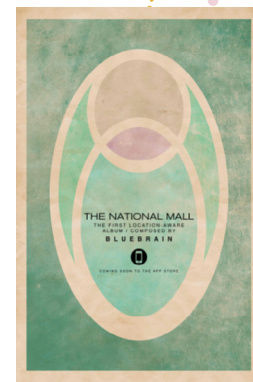
Technology has thus far outpaced creativity when it comes to the album format. The last two years brought a few experiments, like the iPad edition of Swedish House Mafia's *Until One*—which seems more like a DVD with special features than an album designed for a tablet—and re-releases of David Bowie's *Space Oddity* and *Golden Years* as iPhone apps that let users remix the tracks by adjusting voice and instruments. (While artists have taken advantage of apps as a distribution platform, these have generally had limited functions and scope.)

Then, in July, Björk set the bar for innovation with an “app album,” *Biophilia*, created in collaboration with artists, designers, scientists, instrument makers, writers and software developers. The free iPad/iPhone app utilizes the interactive features of the mobile devices while serving as “mother app” for its 10 songs, allowing users to explore *Biophilia*'s themes of music, nature and technology.

As discrete apps, the songs have been gradually made available as in-app purchases, unveiling the album's capabilities one song at a time. *Biophilia* creates an immersive and engaging experience in a way that a traditional format cannot (although *Biophilia* is also being released as a regular album).

The possibilities are many. In May the Washington, D.C.-based duo **Bluebrain** released an iPhone app they call a “location aware” album. It's intended to be heard on D.C.'s National Mall and plays music segments tailored to the listener's location (determined using the phone's GPS), adjusting to reflect changes in direction and even pace. A follow-up effort, set in New York's Central Park, comes out this month.

We'll also see more artists dip a toe into interactive app features, such as The Polyphonic Spree's recent app music video for “Bullseye.”



18. APP ALBUMS



Click to see a demo of Björk's *Biophilia*.



## 19. MOTIVATIONAL OBJECTS

In the digital era, the value of music has become theoretical: Radiohead asked fans to pay what they wished for downloads of 2007's *In Rainbows*, and this year Lady Gaga sold *Born This Way* for 99 cents via an Amazon promotion, even saying she didn't think the digital version was worth more ("It's invisible. It's in space," she explained in part).

So-called motivational objects are one solution: a physical item that contains the digital music, increasing the perception of value and satisfying a need for tangibility. "We know people need something to hold in their hands," explained the lead singer of Hungarian band **The Kolin**, which is selling two recent singles in the form of special 3D glasses and a novelty pen (the songs can be downloaded for free with purchase).



The idea isn't new, but with people fetishizing objects as more things get digitized, it will see wider adoption. Other examples:

**The Music Tee**, a 2009 collaboration between Invisible DJ and clothing label LnA, featured album art on the front, a track list on the back and downloading directions in the hang tag. Now the U.K. company **BadDETT** is doing the same thing but with a monthly-subscription model.

Earlier this year, the Norwegian band **Datarock** released a \$50 red vinyl "diamond" accompanied by a USB drive containing their latest single along with scores of bonus tracks, photos, music videos and a concert film (the package thus a play on the name Datarock).



## 19. MOTIVATIONAL OBJECTS

The band **Of Montreal** released their 2008 album, *Skeletal Lamping*, in traditional formats but also as a T-shirt, tote bag, metal button, wall decal and paper lantern. Next up: A limited-edition **box set** of the band's 10 albums—in cassette form. They're packaged in a wood box screen-printed with original artwork; an MP3 download of the albums is included in the price.

**Playbutton**, which launched earlier this year, sells albums packaged in what looks like a novelty button, featuring album artwork. A tiny hard drive contains the tracks, three buttons allow playback, and there's a headphone outlet. Bands including Florence + the Machine and Belle and Sebastian have used the format.



Image credits: Claudia Ochoa;  
[www.ofmontreal.net](http://www.ofmontreal.net)

## 20. MUSIC + [ ]

Music goes well with just about anything, but lately we're seeing novel pairings that focus on customized selections.

**FOOD:** An American Express promotion around food-music pairings included a dinner whose menu was inspired by the lyrics of a Ben Harper song. The “**Covers**” series in San Francisco brings together foodie-event producer **graffEats** and indie-music-fest producer **Noise Pop** for gourmet dinners coupled with music; the latest one paid tribute to Serge Gainsbourg. Also San Francisco-based, **Turntable Kitchen** is a blog focused on food-music pairings and now a service that sends subscribers a monthly package containing recommended music, recipes, ingredients and more.



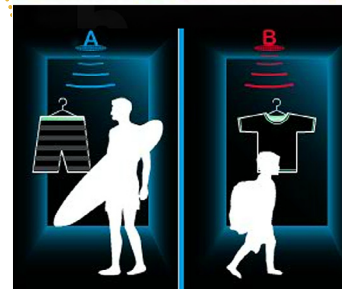
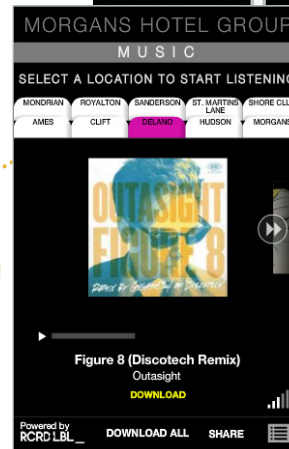
**BOOKS:** *Twilight* author Stephenie Meyer published playlists to go with the novels in the series, which she called “a sort of soundtrack for the book.” More writers are following suit: *One Day* author David Nicholls, for example, lists on his website the contents of the mix tapes that one protagonist gives the other two decades apart, and created Spotify and iTunes playlists with the tracks.



Up next: Enhanced e-books that come with a movie-type soundtrack. **Booktrack** is one startup in this space. Its first release is the young-adult novel *The Power of Six*, and it's also taking on classics like *Huckleberry Finn* and *Alice's Adventures in Wonderland*.

**HOTEL STAYS:** Earlier this year, **Morgans Hotel Group** started offering 20-song playlists designed to match the vibe at each property, accessible to guests via scannable QR codes on keycards; new content is added every three months. A free downloadable track is also emailed to guests with their reservation confirmation.

**FITTING ROOMS:** Brazilian music branding firm **Gomus** uses RFID technology to play music that relates to the garment a shopper is trying on in stores. A similar idea was implemented in Singapore in a partnership between **Topshop** and several other retailers with telecom firm **Starhub**, which wants to tout its online music download service to young consumers. After customers experience the musical fitting room, Starhub sends text messages encouraging them to download songs that match their style.





## 21. LIVE-STREAMING CONCERTS

Concert tickets sold out, or just too pricey? Not to worry. As the Internet makes distant, exclusive or expensive events (fashion shows, for example) accessible to anyone, front-row seats are opening up to Web-connected music fans. The idea of live online concerts was piloted on virtual world Second Life, which during its heyday hosted artists such as Suzanne Vega and listening parties with the likes of singer-songwriter Regina Spektor. BBC Radio 1 even simulstreamed its real-world One Big Weekend festival on a Second Life island, back in 2006.

Today's fans need not settle for virtual avatars. When **YouTube** broadcast **U2's 2009 Rose Bowl performance**, more than 10 million people worldwide tuned in, prompting the site to dive further into live-streaming. Last year YouTube, Vevo and American Express partnered to launch the "Unstaged" series, which has streamed concerts from acts such as as Alicia Keys, Arcade Fire, Duran Duran and The National onto millions of screens.

Facebook will be a competitor here. The all-star Michael Jackson tribute concert in Wales in early October marks the first global pay-

per-view broadcast on the site. Live-streaming sites such as **Ustream**, **Justin.tv**, **Livestream** and **Big Live** are also competing in the music performance space, aiming to sell ads against online concert viewing.

Lesser-known artists also have platforms for digital broadcasting. A few clever musicians are already utilizing **Google+** hangouts as performance spaces. And **Stageit.com** helps artists make some money by allowing them to set concert dates and sell virtual tickets for digital currency; fans can interact with the performer via a chat window and show appreciation through a virtual tip jar.



## 22. OPENING UP THE RECORDING STUDIO

Musical collaboration is no longer confined to the recording studio. Services such as **Thounds** allow users to upload “musical inspirations” and share them with friends, who can then offer feedback. **Indaba**—dubbed “the LinkedIn of music” by Mashable—helps its 600,000-plus members virtually connect with other musicians to compose new tracks in Indaba’s sessions. The site also offers opportunities for musicians to connect with brands, entertainment industry professionals and publishers in addition to selling tracks on iTunes.

**SoundCloud** is a platform that lets users share their sounds across the Web. The SoundCloud player—which visualizes the audio recording as a wave—has a timed comments feature, so listeners can give feedback at specific spots. And SoundCloud community groups help artists find collaborators.



## 23. ARTISTS ARE DOING IT FOR THEMSELVES

A plethora of services make it increasingly easy for artists to manage and market themselves.

Platforms like Italy-based **Sounday Music** help artists with production—e.g., engineers to mix and master their track—distribution and promotion. Some services focus exclusively on distribution: **VibeDeck** adds an e-commerce layer to SoundCloud, Facebook, VibeDeck itself, artist sites and more, allowing bands to sell directly to fans at no cost and keep 100% of the profits. Other services facilitate promotion, including **FanBridge** (which “helps you build and engage your fans”) and **RootMusic**, which assists with Facebook marketing via its BandPage tool. **Kollector**, out of Brussels, allows artists to track in real time when their songs are broadcast anywhere in the world to ensure they get all their earned royalties.



## 24. FANS IN THE FRONT SEAT

As the digital era eliminated walls between creators and their audiences, musicians interacted with fans directly on platforms like Myspace and got their help funding albums through platforms like **SellaBand**. Now, fans are becoming more intimately linked with artists than ever, serving as collaborators and sometimes driving projects.

**FANS AS RECORD EXECS:** **Crowdbands** is a sort of cooperative label, with a \$25 annual fee enabling participants to weigh in on creative and business decisions and “directly affect how music is made, released, and played.”

**CO-CREATING WITH FANS:** Earlier this year singer Imogen Heap solicited sound clips from fans and word suggestions; she incorporated the input to create the track “Lifeline,” all the while live-blogging over Ustream—allowing fans to really feel part of the process. And Coca-Cola sponsored a 24-hour session with Maroon 5, live-streamed at [cocacola.com/music](http://cocacola.com/music), in which the band created a song with fan input.

**CUSTOMIZED ALBUMS:** The Kaiser Chiefs added a DIY spin to their latest album, *The Future Is Medieval*, by having people select which 10 of the 20 new tracks they wanted to include and providing tools for creating album art. Participants could also make a page to promote their creation and earned £1 for each one that sold.

**FAN-DRIVEN CONCERTS:** In Brazil, **Queremos** (“We Want”) combines collective buying with a crowdfunding platform: Fans co-invest to bring out a band; if the goal is achieved and the band plays, investors get partial to full refunds and free tickets. Queremos has sponsored acts including Miike Snow, Vampire Weekend and LCD Soundsystem.



**FANS AS VIDEOGRAPHERS:** Wilco's **Fan Video Project** is crowdsourcing location-specific backdrop clips for the band's current tour, perhaps inspired by LCD Soundsystem soliciting airplane-window footage of clouds and sky for their final show earlier this year.

Among the more unique music video fan collaborations, The Vaccines asked fans to use a certain Twitter hashtag for shots of the indie rock band taken at festival shows last summer, then culled them to make a video for "Wetsuit," a mellow summer anthem. Similarly, Nokia teamed up with



The Noisettes in 2009, inviting over 100 fans to use Nokia devices to film their Saturday night out, including a Noisettes show, then used the footage to promote the song "Saturday Night."

Almost 35,000 fans have participated in Dutch band C-mon & Kypski's **One Frame of Fame** project, which debuted last fall:

People pick a frame from the video for "More Is Less," film themselves replicating the pose and upload it; the replacement image is inserted, and the video is refreshed every hour. More than a quarter-million people have contributed to a project by director Chris Milk, who last year solicited illustrations from Johnny Cash fans to create a haunting video for his final track; the video constantly evolves with new contributions.





## 25. RECONNECTING WITH ROOTS

England's "nu-folk" has picked up momentum in the past two years, with music by artists like **Laura Marling**, **Mumford & Sons** and **The Unthanks** retaining traditional folk's "strong sense of identification with the land, the British vernacular... a democratically DIY aesthetic and inclusive warmth of a hearty campfire singalong," according to *The Telegraph*.



In the U.S., Americana music is flourishing, with the category added to the Merriam-Webster dictionary this year and to the Grammy Awards in 2009. "Hipsters far and wide are filling classic American musical forms with new meaning," writes PopMatters. Up-and-comers here include the bands **Dawes** and **Blitzen Trapper**.

Elsewhere, traditional sounds and music that's assertively local are finding new favor, according to our contributors:

**INDIA:** "You mostly hear Indian music in the coolest of pubs and discos, with the 'hip' crowd jiving and shaking their buns to highly domestic, 'made in India, for India' kind of music. A Punjabi hit number used to be the badge of a downmarket place in 1995—it's progressed leaps and bounds up the social ladder since then."

**ARGENTINA:** "The typical tango orchestra is coming back. There is a revival of the classic River Plate music, and a lot of young people are going back to the country's roots, listening to tango and going to shows."

**PERU:** "Peru is undergoing a period of appreciation of popular cumbia music. While 10 years ago only the lowest socioeconomic levels listened to this type of music, it's begun to permeate all social classes. And the style of dancing has begun to imitate the movements of native and popular dances in Peru."

## 26. POLITICAL PARODIES

Using easy-to-use remixing software and Auto-Tuning programming, musicians around the world are quickly turning around political parodies aimed at public figures and their foibles.

Muammar el-Qaddafi may be many things, but club sensation? In February, Israeli musician Noy Alooshe subverted the Libyan dictator's call to hunt down the opposition "inch by inch, house by house, home by home, alleyway by alleyway" into an electronica parody-cum-revolutionary music video, using Pitbull and T-Pain's "Hey Baby." The resulting "Zenga Zenga" went viral and now has 4 million-plus YouTube views. Alooshe has since released several follow-ups.

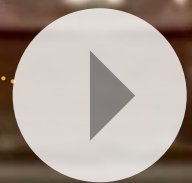
In South Africa, parodies created by DJs out of politicians' words are played on popular radio stations and in bars and clubs. One viral video was based around President Jacob Zuma's directive that police officers be paragons of physical fitness, with the words "Stomach in, chest out" repeating as a slovenly man

eats a doughnut. Another targets the firebrand leader of the African National Congress' youth wing, Julius Malema.

In the U.S., The Gregory Brothers' hugely popular "Auto-tune the News" series has had fun with matters big and small, from the "Bed Intruder" to Delaware politician Christine O'Donnell's "I'm not a witch." It's not likely the craze will die out before the 2012 elections, with political parodies helping to take the edge off what's certain to be a bitter partisan fight.



## 26. POLITICAL PARODIES



Click to see a joint venture between Weezer and The Gregory Brothers.



# APPENDIX:

*Learn  
more  
about*

OUR  
EXPERTS AND  
INFLUENCERS





**HEIDI  
BROWNING**  
SVP of strategic  
solutions,  
Pandora

A veteran of both the interactive and traditional advertising business, Browning was an early and passionate pioneer in digital, mobile and social marketing. Most

recently, she served as EVP, global digital officer at Universal McCann and president of Rally@UM, the agency's dedicated social media unit, which she launched. She developed the social media products and services, social marketing strategy, listening, measurement, community engagement and enterprise consulting.

Prior to UM, Heidi was SVP of client solutions for Fox Interactive Media, where her team provided centralized marketing services to Myspace, IGN, Fox, AmericanIdol.com, Photobucket and Fox Sports. Before that, Browning was executive director of media at Omnicom's Organic, Inc. and media

director at MDC's Nine Dots. Inspired by the convergence of media, creative, data and technology, Browning was an early advocate for innovation and shared learnings within the industry.

Browning served as president of the San Francisco Bay Area Interactive Group, is a board member of Social Media Advertising Consortium and has chaired the User-Generated Content Committee for the Interactive Advertising Bureau since 2008. In 2007, she led the first in-depth consumer segmentation and ROI study for social media, "Never Ending Friending, A Journey Into Social Networking," which quantifies the impact of consumer-to-consumer pass-along in social media. She has been quoted in publications including *The New York Times*, *The Wall Street Journal*, *Advertising Age* and *Adweek*.





**SAM  
HOWARD-SPINK**

clinical assistant  
professor of music business,  
New York University  
Steinhardt's Department  
of Music and  
Performing Arts

Howard-Spink's research interests include the political economy of international music industries and emerging network and hybrid business models, national and supranational copyright and "media piracy" policies, globalization and cultural hybridity in the BRIC countries, remix/mashup culture, video games and interactive mobile apps, and media/cultural economics in the continental Americas. A longtime gamer, Howard-Spink founded the NYU Music Video Games Research Project in his first year at MPAP. He also curated CMJ Play, a one-day conference examining business opportunities for musicians in the interactive, mobile apps and gaming sectors, held during the CMJ Music Marathon in New York in 2010.

A Londoner by birth and New Yorker since 1999, Howard-Spink is completing his Ph.D. dissertation on musical and copyright economies and cultural hybridization in the U.S., Brazil and Canada through NYU's Department of Media, Culture and Communication. A journalist and editor for 16 years in the U.K., Asia and the U.S., Howard-Spink has written for publications including *Music Week*, *Music & Copyright*, *The Guerrilla Guide to the Music Industry*, *IBM Think Research* and *openDemocracy.net*. He is also a hip-hop/scratch DJ, *capoeirista* and expert-level Guitar Hero.



STEVEN  
HUYNH  
+  
MIKE O'BRIEN

Outloud.fm  
co-founders



### STEVEN HUYNH

Before co-founding and developing the group-listening service Outloud.fm, Huynh attended San Francisco State University and was a content moderator at Yelp.com and engineer at Meetup.com—the world's largest network of local groups. Huynh says to watch for Terius Nash's album *1977* and hopes self-deprecating hip-hop makes a comeback in 2012.

### MIKE O'BRIEN

O'Brien is a software engineer and co-founder and developer of Outloud.fm. He attended Rutgers, and was an engineer at Squarespace, a website builder, and Meetup, where he and Huynh collaborated on what would become Outloud.fm, inspired by online chatting and sharing song links from YouTube. O'Brien includes Australian electronic artist Chet Faker on his list of things to watch in music.



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#### THINGS TO WATCH: MUSIC EDITION

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