

crazy side. Here's one that could have been written fifteen years ago that might have seemed crazy at the time, but it started to happen just a few years later.



You are a record label and in ten years' time people will have stopped buying your music because they can get it elsewhere for free.¹¹

The music industry has had to adapt to survive and create new business models for itself as the sales of recorded music has dried up.

According to Irving Azoff,¹² a music industry goliath who, as CEO of Ticketmaster Entertainment¹³ is reshaping the way the business works today, the revenue streams used to be record sales first, then ticket sales to live concerts, and third was merchandise. Sponsorship didn't even get a look in. But because over the past few years revenue from recorded music have plummeted, today sponsorship ranks only second to ticket sales as a revenue generator. The model has completely changed.

Through his company MEGA¹⁴ Danny Socolof creates innovative strategic partnerships between artists – like Gwen Stefani, Led Zeppelin and Beyoncé – and brands including Pepsi and Cadillac.

¹¹Shawn Fanning unleashed the music file-sharing site Napster in 1999.

¹²Irving Azoff was interviewed for 'The Price of the Ticket', John Seabrook, *The New Yorker*, 10 and 17 August 2009.

¹³In 2009 Ticketmaster, a ticket sales company, did a deal with concert promoter Live Nation and the new company is called Live Nation Entertainment. Seeing the writing on the wall, Madonna left her record label and signed with Live Nation Artists in 2007.

¹⁴www.megalv.com

He told Business Playground: **'The era of the album is dead.'** There is a gigantic evolution going on in music today driven by many factors, the most important one being how technology is disrupting consumption patterns.' He cites Pandora Internet Radio as a great example of how things have changed.¹⁵ Pandora lets people create their own radio stations (up to 100 stations per listener) of music they like by allowing listeners to plop in the names of artists or songs and then Pandora's software (called Music Genome Project) will play music with interesting similarities to the choice. Users can refine the stations so they more perfectly match what they want to listen to, and if they want to buy a song they can order a CD or purchase a digital download.

The Rolling Stones were way ahead of the game when they agreed to have their 1981 'Tattoo' tour sponsored. Mick Jagger told Business Playground: 'We did sponsorship for the first time and got a lot of attacks for it. It was a perfume company¹⁶ and it was a real breakthrough,' he says. 'I don't think any tour had ever been sponsored before. They approached us and we said, "Well, why not? You know, we're not making a lot of money on this tour." In those days ticket prices were really low, so this would up the income. It wasn't very much money but it was a breakthrough thing. After that it became the norm, and the next time we went on tour we got more money from a much bigger company.' Most major tours and music festivals now have corporate sponsors attached.

Now, three decades later, artists are increasingly looking beyond sponsorships to more strategic partnerships with brands to help finance and promote their music. In 2008 the English electronic dance duo Groove Armada signed a revolutionary one-year deal with Bacardi in which the drinks company funded the band's new

¹⁵www.pandora.com

¹⁶The sponsor was perfume make Jovan.