



Sound Investing *2025 Edition*

Annual Music Industry Report:
Trends & Investment Opportunities

2025 Edition – Key Highlights



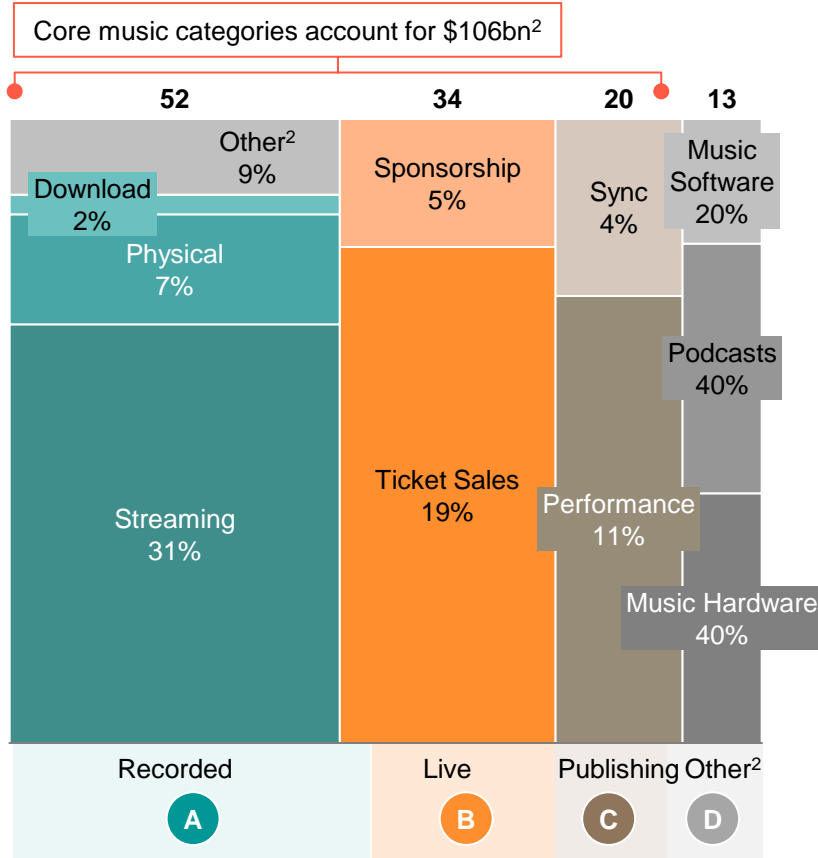
OC&C
Strategy consultants



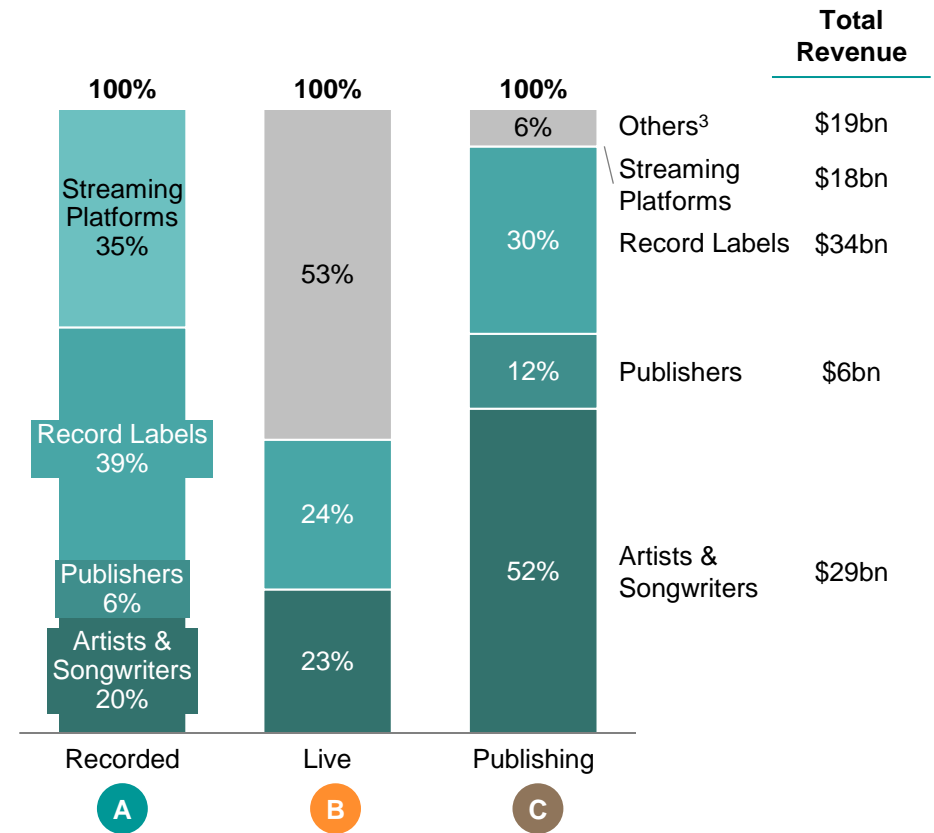
The Music & Audio industry is worth >\$100bn today, with Recording revenue accounting for c.45% of total revenue

Global Music Revenue, 2024E (%, US\$bn)

Global Music & Audio Revenue Breakdown



Est. Share of Earnings by Participant Type



1. Gross revenue 2. Other includes music hardware, software and podcast 3. Others includes synchronisation, performance rights, other digital
 Source: Midia State of the Music Creator Industry 2023, Goldman Sachs -Music in the Air Report, OC&C analysis

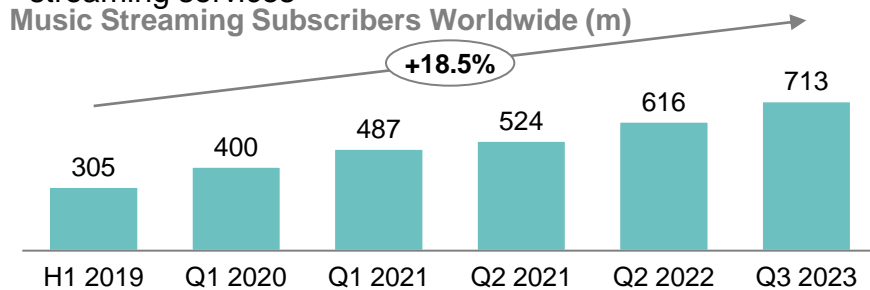


The volume of music consumption and creation continue to increase rapidly

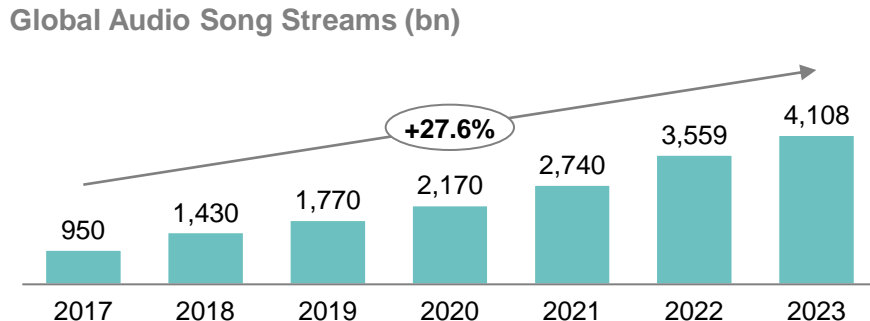
Amount of Music Consumed and Made

Consumers are listening to more music

- There is a global trend of more music being listened to, with an increasingly large number of people signed up to music streaming services



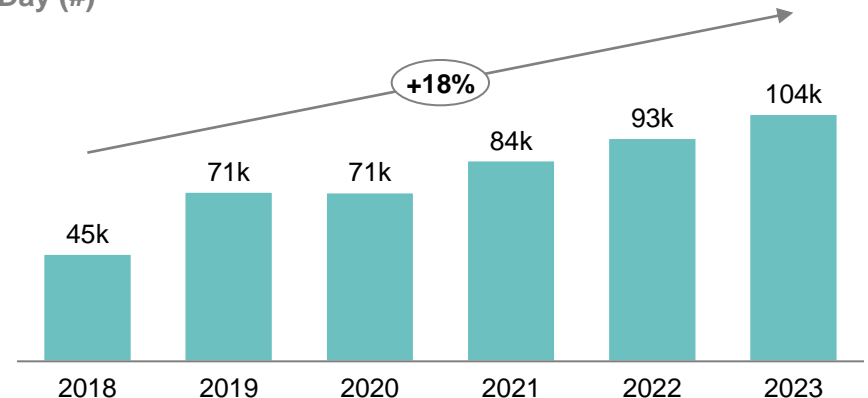
- The amount of time spent listening to music each day has increased, from 17.8hr in 2018 to 20.7hr in 2023 – (global average) and consumption of streams has quadrupled since 2017



Musicians are creating more music

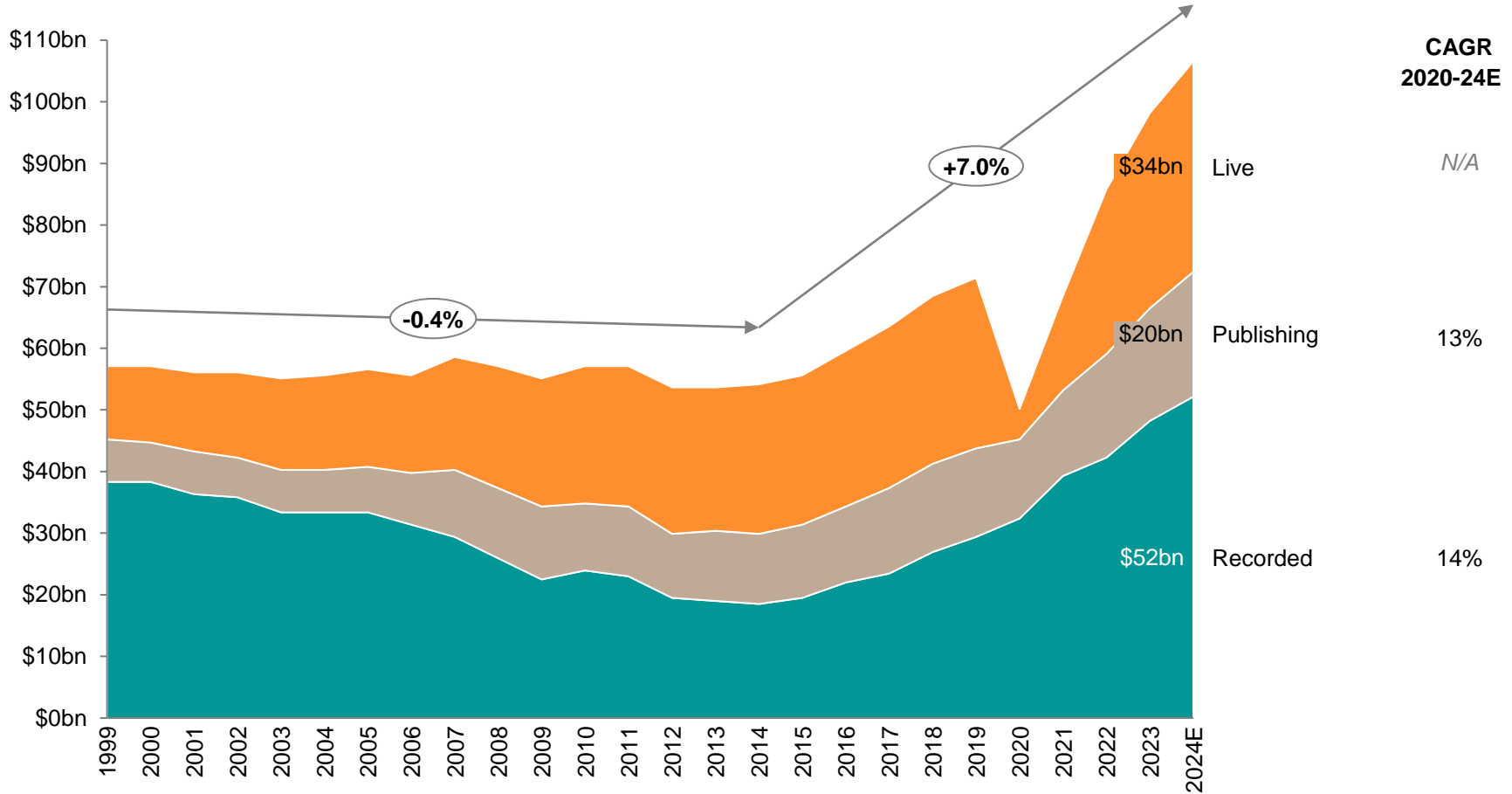
- The number of tracks added to Spotify each day has rapidly increased.
 - While not all of the tracks are truly new music (e.g. remasters), this is still a substantial indication that many more musicians and artists are releasing music online
 - More music added to Spotify does not in itself drive more artists royalties (it means the pot is divided more), it is indicative of a dynamics and thriving music landscape
- The number of artists earning over \$10k a year from Spotify has also increased, from 23.4k in 2017 to 66.6k in 2023

Numbers of Tracks Added to Music Streaming Services Each Day (#)



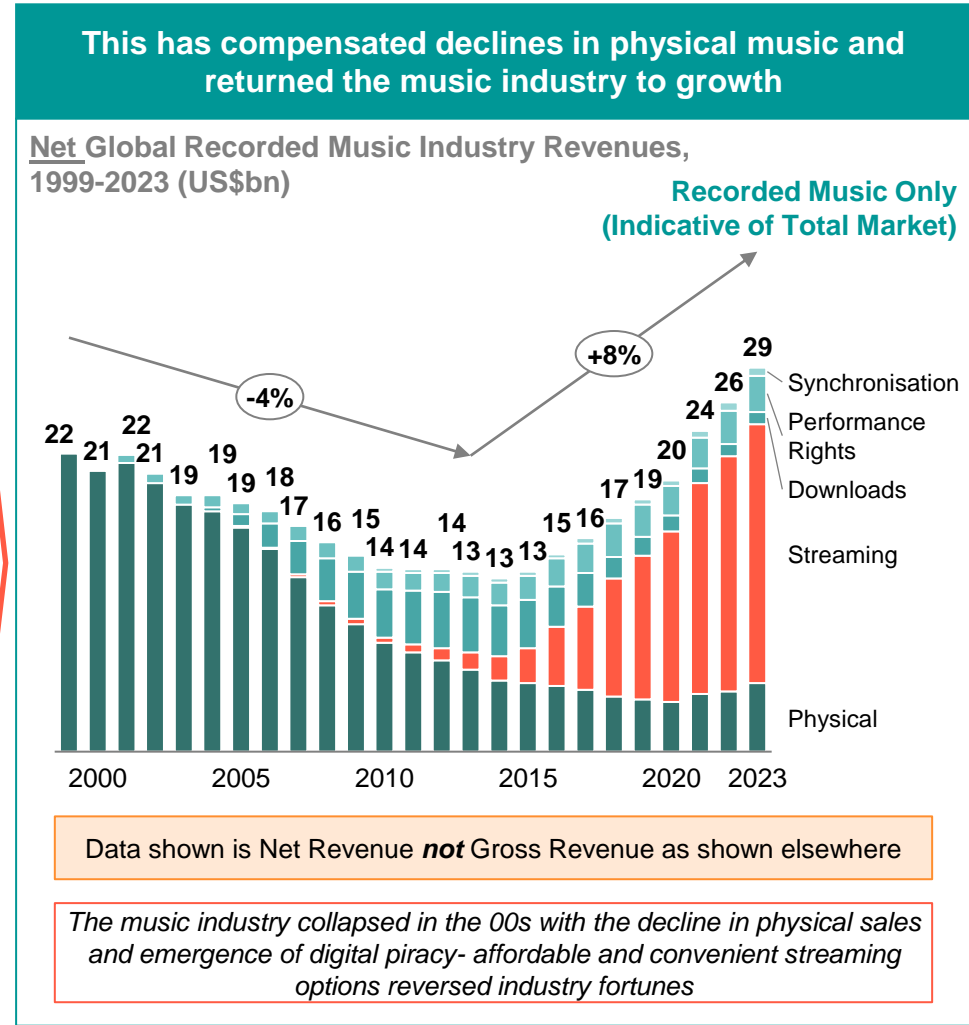
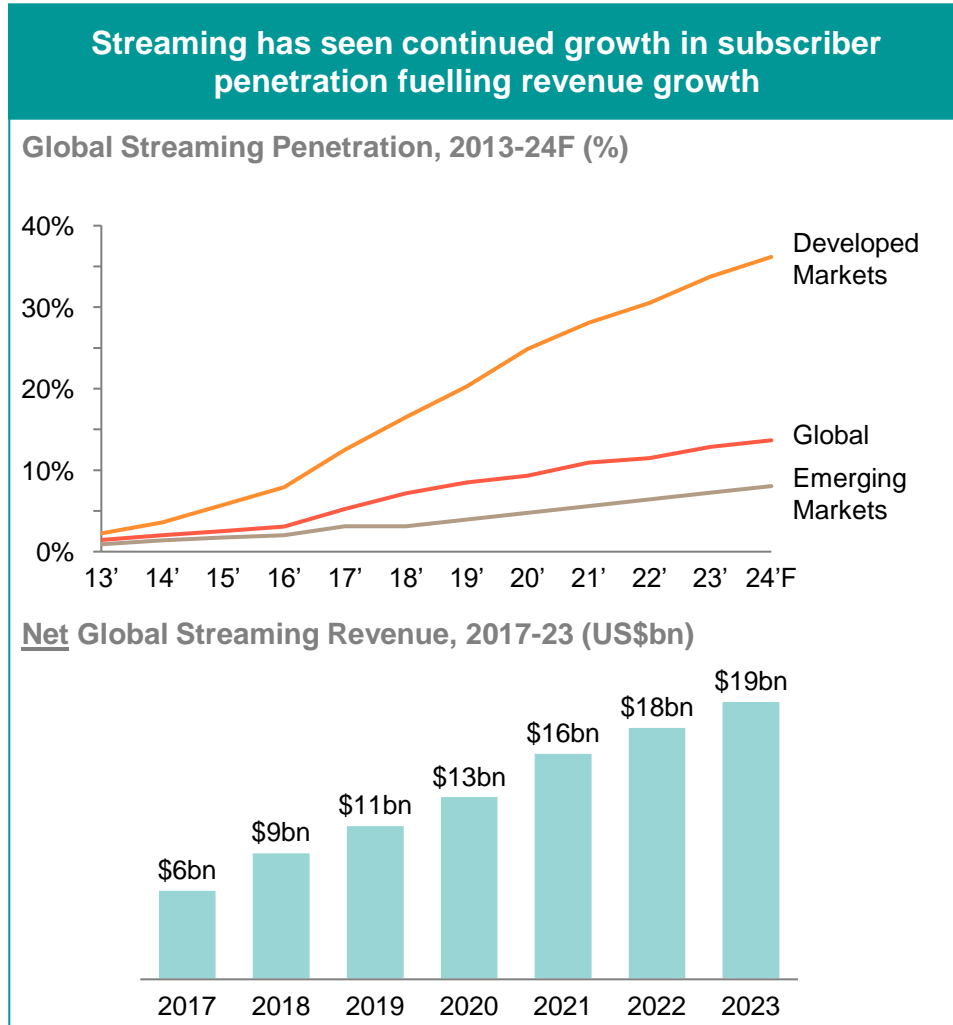
Core music industry sectors have seen 7%p.a. growth in the last decade...

Gross Global Music Market (Recorded, Publishing, Live) Breakdown
1999-2024F (US\$bn)



... unpinned by continued growth of streaming with global revenues reaching \$19bn in 2023, driving recorded and publishing growth

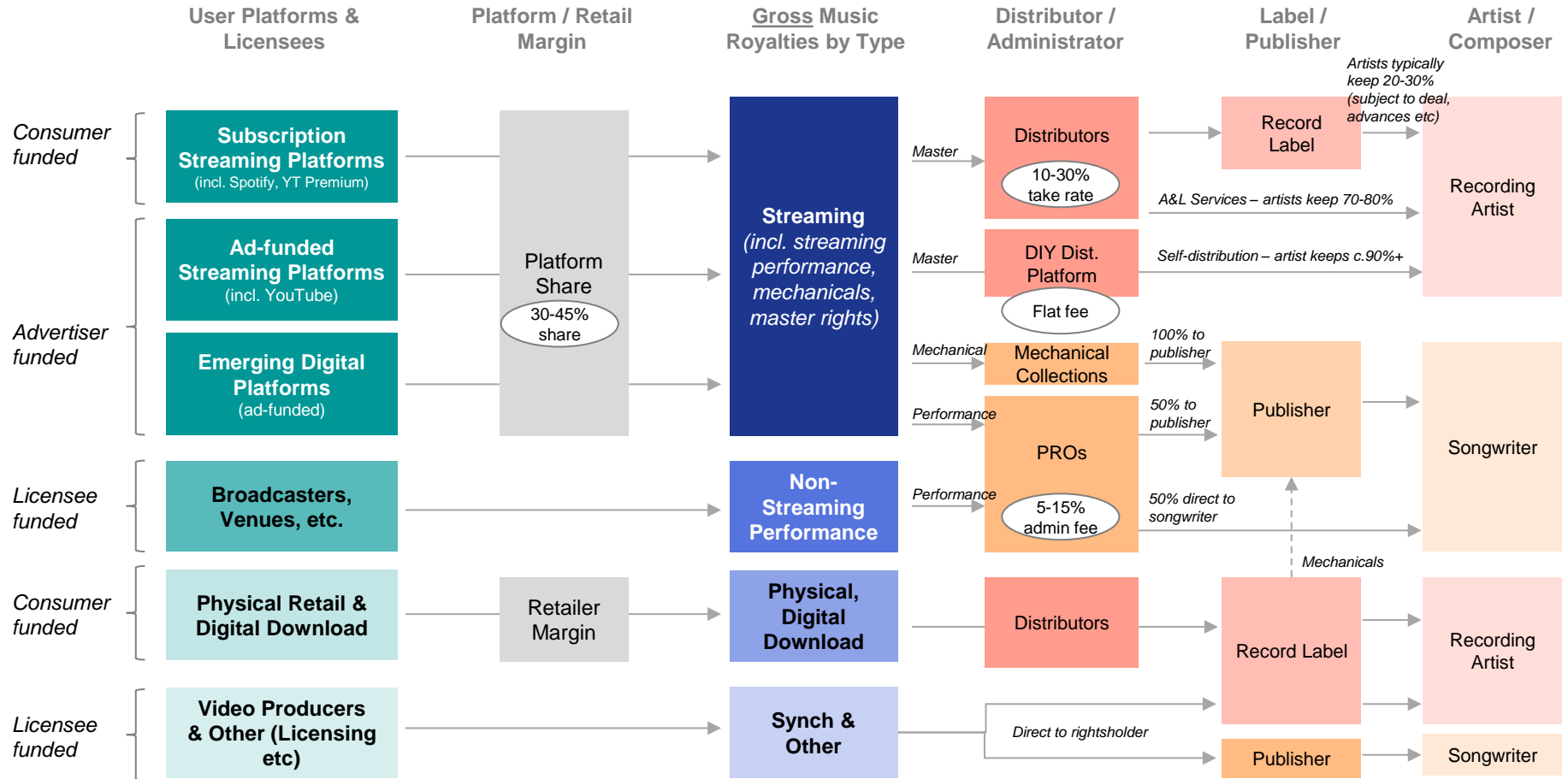
Streaming Growth Overview



The global music ecosystem is underpinned by a complex value chain that enables artists / songwriters to be paid

Global Music Ecosystem Overview

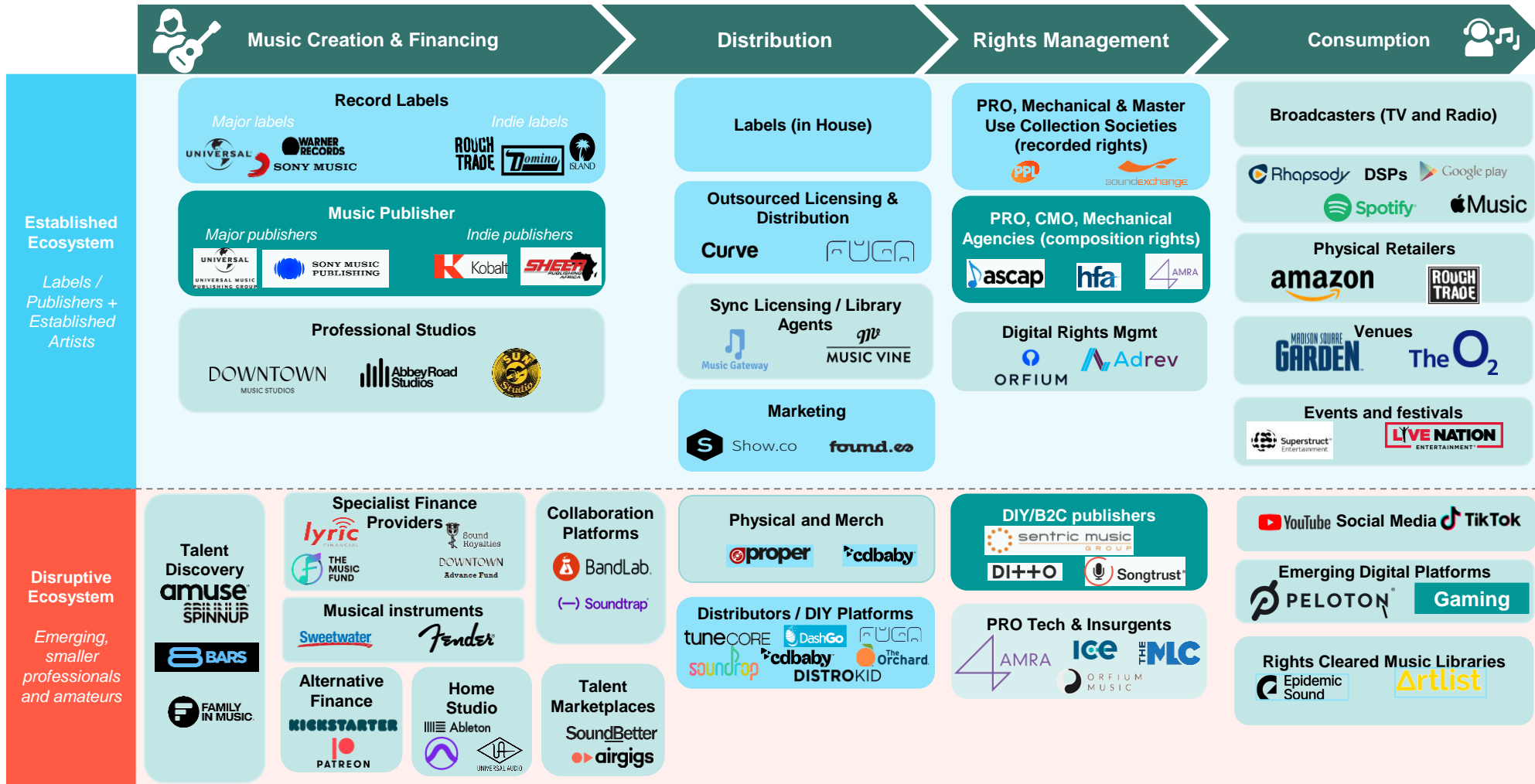
Illustrative – Excludes Live Music, Merch



Simplistically, there is an *established* ecosystem and a more *disruptive* ecosystem which caters for unsigned as well as signed artists / writers

Market Ecosystem

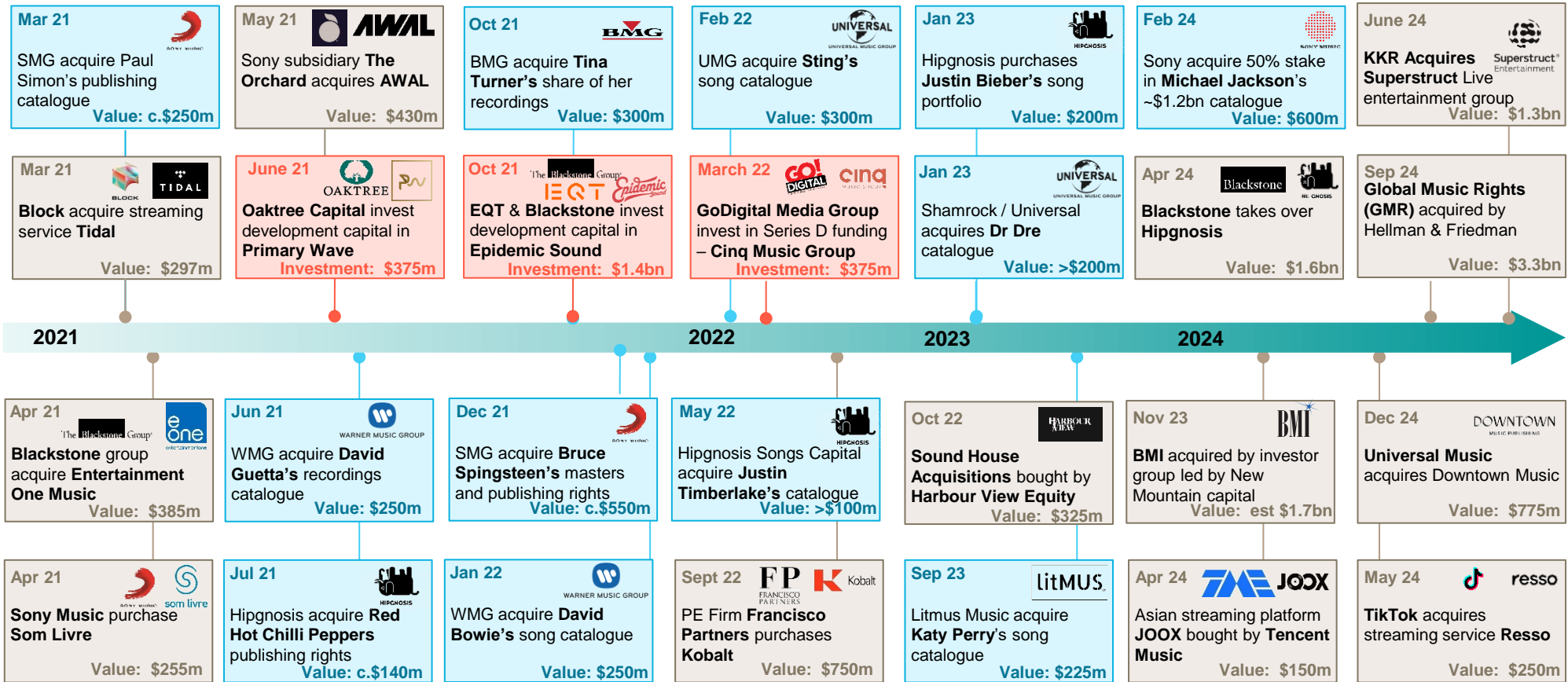
Composition / Publishing Ecosystem Recording Ecosystem Recording and Composition Ecosystem/Other



Acquisitions have grown over the past 3 years with increasing consolidation and catalogue acquisitions across the industry

Largest Acquisitions¹, 2021-24

Non-Exhaustive



1. Deals where price disclosed and >\$100mns

Source: Goldman Sachs Music in the Air Report, Houlihan Lokey: The Future of Audio, The Guardian, American Bar Association, OC&C analysis



We see continued democratization and evolving monetization strategies at the center of the evolving music industry

Trends Overview (1/2)

Continued growth in the established streaming ecosystem

Price increases with limited churn: Major DSPs have implemented price hikes, yet subscriber growth and churn rates remain stable. This demonstrates the enduring value proposition of streaming services and signals room for further monetization through pricing strategies.

Subscriber and ad-supported streaming growth in emerging markets: Markets such as India, Brazil, and Southeast Asia are contributing significantly to streaming growth. While ARPU remains lower than in developed markets, increasing incomes and premium adoption rates suggest a long-term revenue opportunity.

Creator economy coming of age

Indie artists' growing market share: Independent artists and non-major labels are gaining a larger share of streaming revenues. Indie market share of streams increased from 15% in 2017 to 26% in 2023, reflecting the shifting dynamics of music production and consumption.

Power shift from labels to artists: Artists/IP Owners now have options beyond traditional label deals including service deals, distribution only agreements as well as improved bargaining power due to a range of more songwriter friendly regulation in the US & EU

DIY platforms for distribution: Tools like CD Baby, TuneCore, and DistroKid empower artists to distribute their music independently, aligning with the broader creator economy's evolution. However, the momentum around creator economy tools has waned recently, with growing skepticism about their scalability and sustained impact

New (and resurgent) revenue models

Superfan targeted monetisation models: Superfans account for 20% of streaming subscribers but spend 68% more on music-related products than the average listener. Platforms and labels are increasingly focusing on superfans through premium tiers, apps, and exclusive experiences. Examples include, WMG's superfan apps, and HYBE's Weverse platform

Disruption of streaming revenue distribution: Major Labels & DSPs (eg Spotify & Deezer) are reviewing how income from streaming is distributed, both de-monetizing streams generated from ambient sounds and valuing search over playlists

Resurgence in physical sales: Vinyl and CD sales have experienced a resurgence, driven by superfans who spend significantly more than the average listener. This trend represents a significant channel for monetizing dedicated fanbases.



... as well as continued disruption from new investment and recently, AI driven uncertainty

Trends Overview (2/2)

Private equity capital re-shaping the industry

Investment in catalogue assets: Private equity funds, institutional investors, and major labels have maintained significant investments in music catalogues due to their reliable returns. However, higher interest rates have tempered this trend for some.

Catalogue+ investors emerging: A new wave of “catalogue+ players” like Pophouse and Iconic Artists Group are emerging, extending beyond passive revenue to exploit intellectual property creatively, such as Abba Voyage through initiatives such as immersive fan experiences and monetization of legacy artists’ likeness rights, enhancing revenue streams and re-engaging audiences.

Music service investment: There is growing interest in music service providers, as evidenced by EQT’s acquisition of Believe and Create Music Group. Similarly, PROs have attracted attention, with notable deals such as GMR’s acquisition by H&F and New Mountain Capital’s BMI purchase

AI-driven uncertainty

IP Monetisation: Deals in discussion between tech companies and major labels (eg Google & Universal) are pioneering ways to monetize intellectual property through AI, (for example licence artist voices for AI generated songs).









Music creation: AI tools can assist in composing and producing music, lowering the barriers to entry is likely to continue the trend of more music being produced and published while also raising concerns about the dilution of artistic value going forwards

Copyright implications: AI-generated music poses new questions around copyright ownership. Identifying infringements, and determining rights will be complex, impacting both creators and labels

Licencing & rights management tech: Automated systems could in time streamline the licensing process, making it more efficient but also disrupting traditional revenue streams for rights organisations and PROs

There are multiple distinct investment themes in the industry today

Market Investment Themes

	Description	Example Investments
A	Tech Supporting Long Tail of Creators <ul style="list-style-type: none"> Hardware and software for musicians to create high quality music at home, as well as collaboration tools DIY distribution tools allow musicians to release music to DSPs without the need for record or publishing deals 	 <ul style="list-style-type: none"> Goldman Sachs invested \$50m in sound library tool for music creators, Splice
B	Generative AI Disruption <ul style="list-style-type: none"> Generative AI is being increasingly utilised within the music industry, with capabilities including the production of instrumental songs and vocals that mimic the human voice 	 <ul style="list-style-type: none"> Hybe acquired Supertone for \$32m, a Generative AI tool for voice synthesis
C	Music, Discovery and Fan Engagement <ul style="list-style-type: none"> Tools and tech have emerged to help artists connect with fans, virtually and physically Recently tools involving NFTs have emerged Live event discovery and booking platforms are also popular 	 <ul style="list-style-type: none"> Live entertainment discovery platform raised \$220m in latest funding round Fan NFT platform raised \$6.5m in seed funding
D	Live Music & Venue Tech <ul style="list-style-type: none"> An eco-system of business exist to support the live events industry As live music increased in popularity over the past decade, large companies have emerged running multiple festivals 	 <ul style="list-style-type: none"> KKR acquired Superstruct from Providence equity in 2024 Frontier Growth invested \$30m into atVenu, a merchandise management tool for live events
E	Tech-enabled Labels & Publishers <ul style="list-style-type: none"> Some publishers and labels are challenging traditional deal terms and offering artists alternative contract structures There is also an emerging music-tech eco-system to aid the efficiency and effectiveness of royalty collection 	 <ul style="list-style-type: none"> Francisco partners acquired 'admin only' music publisher Kobalt for \$750m
F	Rights Cleared Music Libraries <ul style="list-style-type: none"> Traditional users of music who would indirectly pay royalties (e.g. advertisers, podcasters, venues) now more options This has opened up the use of quality music to creators who may not have typically had resources/skills to deal with PROs 	 <ul style="list-style-type: none"> EQT and Blackstone Growth invested in Epidemic Sounds, a subscription-based royalty-free music library
G	Catalogue Investment <ul style="list-style-type: none"> significant increase in the purchase of composition and recorded rights; total spend on music catalogue and rights was c.\$5bn in 2021 	 <ul style="list-style-type: none"> Hipgnosis acquired Justin Timberlake's catalogue for >\$100m Sony Music Group acquired Bruce Springsteen's catalogue for \$550m
H	Performing Rights Organizations <ul style="list-style-type: none"> PE investors have made substantial investments into PROs – including SESAC, BMI and GMR more recently PROs have benefitted from positive tailwinds from the growth of streaming, and rising CRB streaming rates for songwriters and publishers in the US 	 <ul style="list-style-type: none"> Hellman & Friedman invested into GMR at \$3.3bn valuation in 2024 New Mountain Capital invested into BMI at >\$1bn valuation



Agenda

OC&C Experience



OC&C has broad experience across the music value chain – and we have worked on many of the leading acquisitions in the space in recent years

OC&C Relevant Credentials – Music

Not Exhaustive

Labels, Publishers & Artist Management

SM ENTERTAINMENT

DOWNTOWN
MUSIC SERVICES

UNIVERSAL
UNIVERSAL MUSIC GROUP

CREATE
MUSIC GROUP

Kobalt

SONGTRUST

DUA LIPA

IMG Artists

Music Rights Administration

STIM: //

BMI

ascap
WE CREATE MUSIC

ICE

GLOBAL MUSIC RIGHTS

AMRA

SESAC
MUSIC GROUP

PRS
for MUSIC

Music Consumption & Exploitation

SiriusXM

pandora

BRITISH PHONOGRAPHIC INDUSTRY
bpi

Superstruct
Entertainment

ASM
GLOBAL

atVenu

era
ENTERTAINMENT RETAILERS ASSOCIATION

amazon
music

Spotify

deezer

Music Tech

Adrev

LABELENGINE

soundrop

Artlist

FUGA

Epidemic
Sound

AUDIO SALAD

cdbaby

Antares



If you'd like to discuss these topics further, or access our full report, we'd love to hear from you



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Thank you!



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