The Regulatory Authority for Audiovisual and Digital Communication

Centre national de la musique

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#2

L'essentiel

Music livestreaming: major development challenges for a firmly rooted practice

Although it emerged as early as 2007, when the broadcasting of live videos on the Internet was made possible, music livestreaming, i.e. the recording and online broadcasting of concerts and shows, whether in real-time or not, did not develop strongly until the 2020-2021 health crisis, when concert venues were closed. However, demand has remained high since they reopened. In the early days, livestreaming was sometimes limited to non-commercial or very small scale and makeshift forms, but it has evolved into a paid model, usually on a pay-per-stream basis.

Arcom and the National Music Centre (CNM) joined forces to carry out a study on the development potential of the livestreaming sector and on current and future practices.

Although the development of livestreaming is bringing new economic models and new players to the fore, and raising new questions, music and digital players are still reluctant to invest in projects whose profitability potential is difficult to estimate and whose legal framework is not well defined.

Despite the boom linked to the health crisis, music livestreaming services are still limited on the French market

The health crisis and the successive closures of cultural venues in 2020-2021 encouraged the development of music livestreaming services, allowing artists to maintain a link with their audience.

Although the first livestreams broadcast in France were mostly filmed at home with mobile phones, **production has gradually become more professional.**

It now includes a **wide variety of players** (players in the music industry such as live show producers, labels and publishers, and also new specialised players, such as broadcasting platforms, recording solutions and dedicated ticketing outlets), **making it possible to organise large-scale concerts and develop a paid ticketing model,** including on certain social networks and online video sharing platforms.

Figure 1: Non-exhaustive map of the livestream ecosystem

Service	Organisation of events	Recording	Aggregators/ Opinion leaders	Marketing/ Ticketing	Broadcasting
Artists/ Performers	Artists/ Performers	Technical recording solutions	Traditional curators	Promotional platforms	Specialised broadcasting platforms
Authors/ Composers	Entertainment producers/ venues	Virtual reality/ Immersive content	Livestream specialists	Online ticketing	Social networks
	Festivals			Donation platforms	Free platforms
	Labels/ Record producers/ Publishers				Streaming services
					Video games

Source: Arcom - CNM according to PMP

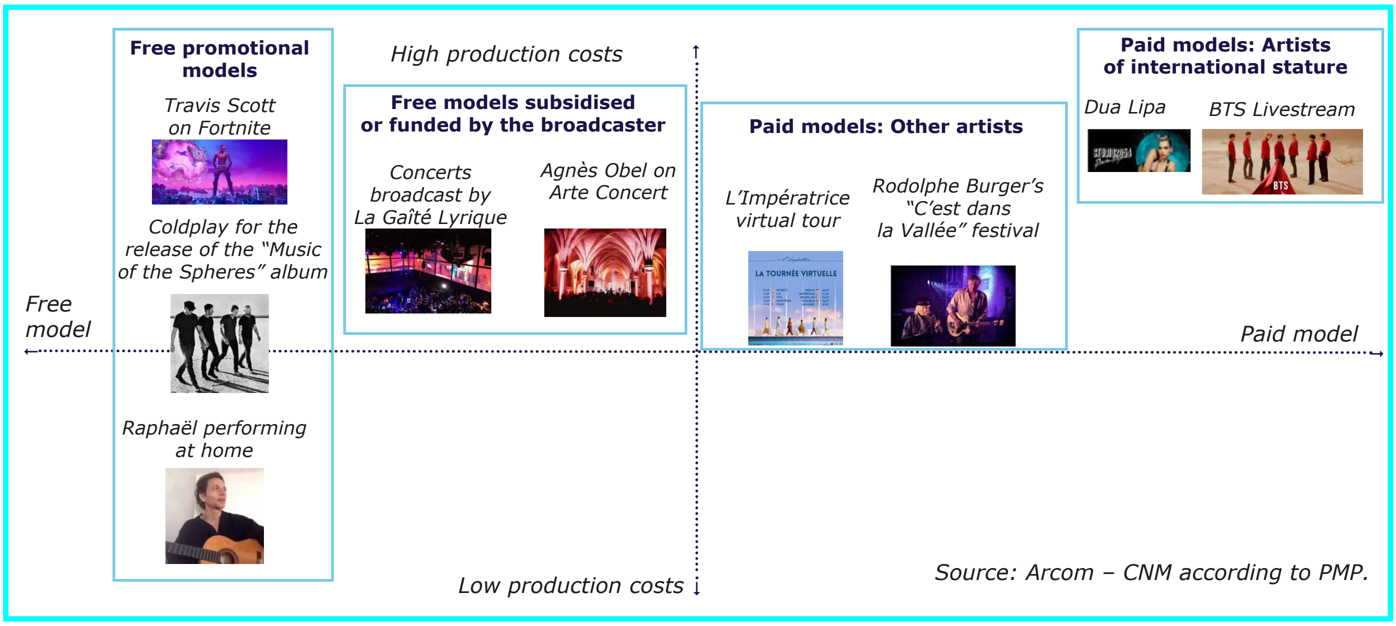
Various business models exist today:

- **free models**, used in particular as marketing tools for promotional purposes, or as part of the editorial programmes of partly subsidised broadcasters such as Arte Concert and Culturebox;
- **pay-per-stream models**, based on ticketing or in the form of a paid subscription to a platform or directly to an artist's channel (as on Twitch).

Depending on the type of service, **revenues** can come from the **sale of single tickets**, user **donations**, **advertising** or the **sale of merchandise.**

Although the various business models are becoming more structured, **the French market is still underdeveloped** and there is little investment compared to the English-speaking market, particularly the American market. Several factors can be mentioned: the lower investment capacity of French players, the lack of clarity in the chain of rights and remuneration, apprehension resulting from the lack of profitability, and the weight of public funding (subsidies and contributions from public channels).

Figure 2: The different livestreaming models

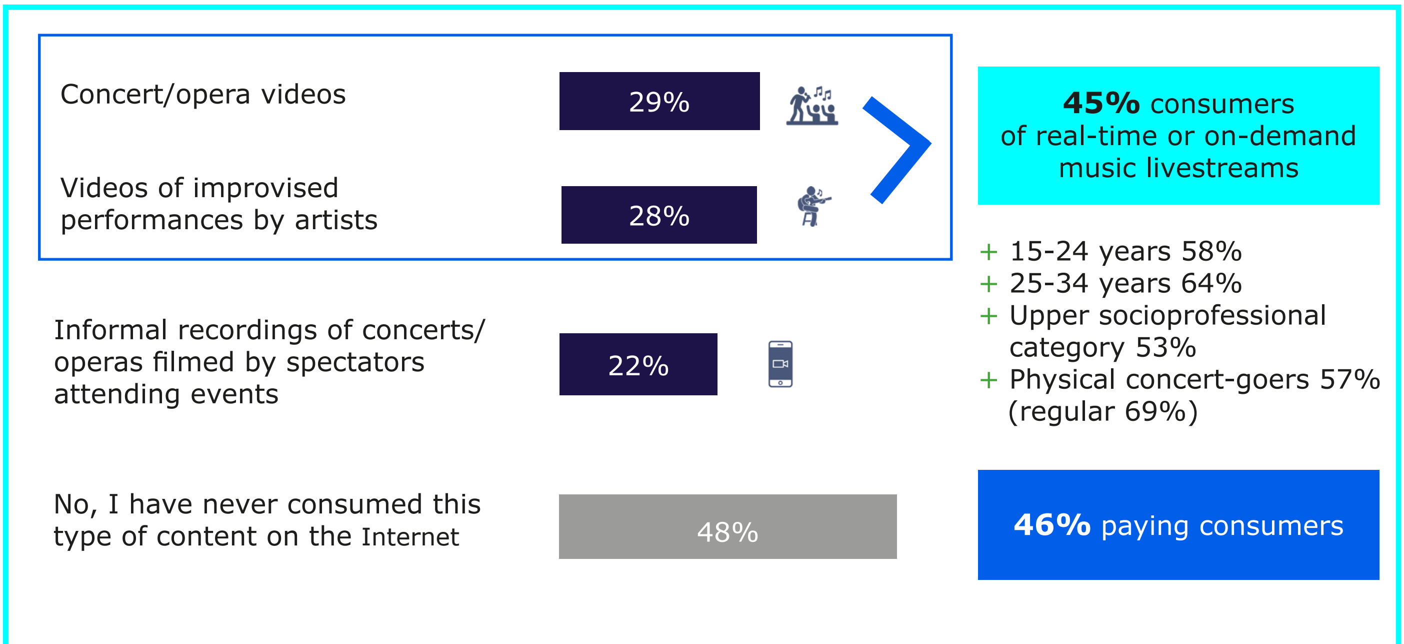


Source: Arcom – CNM according to PMP.

Public demand has been maintained since venues have reopened

Almost half of French Internet users (45%) use music livestreaming services, despite the recent development of this practice. More specifically, 29% have watched videos of concerts or operas and 28% have watched videos of improvised performances by artists. This use is equally divided up between real-time (87% of livestreaming users) and on-demand (86%) content, with almost three quarters (73%) using both forms of access.

Figure 3: Types of music content consumed on the Internet - Base: Internet users aged 15 and over



Source: Arcom - CNM.

Consumers of livestreamed music have a younger profile than the average Internet user, with those under the age of 35 being over-represented, as they account for 45%, although they only make up 33% of all Internet users and 35% of physical concert-goers. They are also **very regular consumers of music and in particular of indoor concerts:** 69% of regular physical concert-goers (three or more concerts per year prior to the health crisis) use livestream services compared with an average of 45% of Internet users and 26% of those who do not attend physical concerts.

The health crisis and successive lockdowns accelerated and anchored the development of this practice: 39% of current livestream users started their practices after the beginning of the pandemic. Conversely, only 10% have stopped these uses since venues reopened.

However, while almost half of livestream users say they have watched livestreams for a fee (46%), **the propensity to pay has been declining since venues reopened:** 29% of paying livestream users say they paid when cultural venues were closed, i.e. 13% of livestreamers, but only 21% (10% of livestreamers) have done so since these venues reopened, returning to the pre-pandemic level.

Livestreamed concerts must therefore provide the audience with **added value compared to physical performances to stimulate willingness to pay.**

Three prospective scenarios for livestreaming by 2030

Three scenarios for the development of the livestreaming market up to 2030 have been considered based on the following parameters:

- technological progress and its democratisation;
- the level of consideration given to environmental issues;
- the interplay of players and the division of the market between traditional players, new players and major digital players;
- the regulations and their incentive nature.

The events described in the three scenarios below are not exclusive and could coexist in the near future.

Table 1: The three scenarios for the development of livestreaming

Scenario	Value proposition and target audience	Dominant business model	Players and value distribution
Scenario 1: Livestreaming to supplement physical concerts	• Broadcasting of a livestream to complement the physical live event and reach new audiences.	• Business model offering pay-per-stream ticketing.	• Traditional live performance value chain that captures much of the value generated by livestreaming. • Venues that equip themselves and monetise the use of their devices.
Scenario 2: Augmented livestreaming or technological performance	• Livestreaming as an interactive and personalised experience, enabled by the rapid development of technological solutions (virtual reality, metaverse). • Mainly tech-friendly target audiences.	• Business model based mainly on paid content. • Forms of access depending on the positioning of the players involved (pay-per-stream, subscription).	• Concentrated technological players with control over a large part of the value chain. • Free livestreaming platforms (such as YouTube, Twitch, etc.).
Scenario 3: Livestreaming as a primarily promotional tool	• Livestreaming as an innovative promotion and distribution channel for the traditional live performance value chain.	• A largely free business model, which may or may not be financed by advertising and which is part of the range of promotional tools used by the producer and artist.	• Several existing players, often from the streaming sector, are gradually integrating a livestreaming service into their content.

Source: Arcom – CNM according to PMP.

Several challenges for the market's future growth

• A still-fragile profitability

The vast majority of players in the livestreaming sector agree that creating a livestream entails a real financial risk. The costs of recording a concert for the production of a livestream vary greatly depending on its characteristics and the technological means used. Potential revenues are also difficult to estimate, due to them being concentrated on a single date (unlike a tour) and also because of a lack of visibility with regard to concert attendance caused by difficulties in accessing and processing user data. This explains why professionals are reluctant to invest in this type of project.

• A regulatory framework to be defined

While the rise of livestreaming has changed the value chain, **its legal and contractual framework** is complex and varies depending on the contracts established between the rights holders, the broadcasting platforms and the countries of recording or broadcasting.

The very nature of livestreaming, halfway between a recorded physical music performance and a specific audiovisual service, makes this format difficult to categorise. In particular, there are three ways of managing rights[1]:

- the transfer of broadcasting rights as with an audiovisual work;
- ticket sales like for a physical concert;
- remuneration linked to streaming/the number of viewers/listeners, as with audio streaming services.

Precise framework criteria (real-time or on-demand broadcasting, period of availability of on-demand content, presence or absence of an audience) remain to be defined and will have consequences in particular for the VAT rate applicable to livestream access rights, the rates collected for copyright, the remuneration of artists-performers (which is not always provided for in the event of recording) and the place of the show producer in the allocation of rights. Indeed, the latter do not receive any remuneration unless they specifically invest in the audiovisual production of the livestream. They would like to see a "neighbouring right" be introduced for revenues generated by livestreaming.

• The possible development of illegal practices

As in other creative sectors and in sport, where events are broadcast live, illegal practices (in particular the unauthorised re-broadcasting of a paid real-time livestream) should be anticipated and communication and incentive measures should be implemented to encourage legal consumption so as to not slow down the market's development.

• A necessary value proposition separate from live physical performances

To be convincing and establish itself as a digital practice in its own right, **livestreaming should provide the public with a strong value proposition**. Integrating new technologies that "augment" live performances, encouraging social grouping in the same way as with sports and video games, and taking advantage of the functionalities offered by this medium (chatting, backstage access, multiple cameras, etc.) are all ways of capitalising on the specific characteristics of this format so that it is not systematically compared to physical concerts.

[1] Maya Bacache-Beauvallet and Françoise Benhamou (2022) "Le bel avenir du *livestream*", *La Musique en mouvements*, Horizon 2030, CNM Lab.

Key lessons

- The music livestreaming market grew strongly with the health crisis and now concerns almost half (45%) of French Internet users.
- Only 10% of music livestreaming users have stopped these practices since venues reopened.
- Livestreaming services are gradually becoming more professional, including a wide variety of business models and players. Nearly half (46%) of livestreaming users say they have watched a livestream for a fee.
- The development of diversified and innovative digital entertainment offers, capable of generating a sufficiently strong value proposition, is necessary in order to win over consumers.
- There are three main possible scenarios for the development of livestreaming (non-exclusive scenarios that could coexist) and their realisation will depend on several issues. In particular, the fair distribution of rights and the place of traditional live performance stakeholders in the value chain remain to be defined so that livestreaming may develop in a way that benefits the entire music industry and the public.

Methodology / JOINT STUDY CARRIED OUT BY ARCOM AND THE CNM, IN TWO PARTS:

• an **economic part**, carried out by PMP between September and December 2021 based on a documentary analysis, some 30 interviews and two forward-looking workshops with players in the music industry;
• a **usage part**, undertaken by IFOP, consisting of a qualitative phase (12 x 90-minute in-depth interviews, from October to November 2021) and a quantitative phase (January-February 2022) with a representative sample of 1,201 French Internet users aged 15 and over and an additional sample of 816 music livestreaming users.
Livestreaming is defined in the study as the broadcasting of live and recorded music performances, whether free or for a fee.

For further reading: www.arcom.fr, www.cnm.fr

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