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**Electronic Dance Music (EDM): The Digital Panagea**  
*An econometric market study of the global EDM Industry*  
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# **Electronic Dance Music (EDM): The Digital Panagea**

An econometric market study of the global Electronic Dance Music market and culture

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## I. Introduction

### I.1. John D. Langdon, Chairman, Massive Enterprises & Massive Advisors



JOHN D. LANGDON

“Electronic Dance Music is the Primary Growth Driver of the Global Music Industry and Digital Music.”

It is my pleasure to introduce the first edition of Massive Advisors, LLC’s *Massive EDM White Paper*. The report explains how electronic dance music (EDM) is a profoundly misunderstood economic entity and culture. The report builds a bridge from traditional industries, including the traditional recorded music industries, to the dance music industry.

The Massive White Paper illustrates what Massive Advisors terms as the *EDM Pangaea*. The Pangaea refers to a time when the earth was composed of one supercontinent - illustrating the entire global music industry as one, all-encompassing, economic ecosystem, with electronic dance music as its unifying cultural core.

EDM and the EDM (live music) festival market -- like the

globally, culturally, and commercially, influential genres of rock ‘n roll and hip hop, all shared “counter-culture” provenances - but are now anomalies. EDM and the EDM festival market, along with the growth of its culture globally, have been facilitated by technology, the digital age, and Moore’s Law. This “underground” is now the principal driver of all recorded and digital music.

It is astounding how large, influential, global, and wonderful the EDM culture and industry is, yet it is still shunned, completely ignored, or misunderstood by governments and businesses worldwide -- from traditional music distributors, to apparel brands, to acoustics manufacturers.

The EDM market is a \$15.0 to \$20.0 billion global industry, with the major players in the global festival market achieving \$4.5 billion<sup>1</sup> in sales for 2012. Digital music revenues grew an impressive 9.8% in 2012 (IFPI, 2013).

This compares to a 17% increase in festival attendees at five top global festivals<sup>2</sup> and an increase of 33% in the total number of festivals thrown yearly worldwide<sup>3</sup>. The attendance at 20 top global festivals evaluated by Massive Advisors increased from 1.9 million in 2009 to an estimated 3.4+ million for 2013.

Remarkably, the concert tour industry’s leading, subscription-based trade publication Pollstar has not factored EDM into their work, reporting the top 50 grossing global concert tours in 2012 achieved only \$3.4 billion in revenue, dropping 2.3% versus 2011’s \$2.9 billion, with total attendance experiencing a 3-year compounded annual decline of 8.3%.

The disparity between these data points is astounding -- the top 50 global EDM festivals in the market are almost two times larger than the traditional concert market. The industry trade is unconscious of it until recently, with EDM artists Swedish House

Mafia ranking at #23 in Pollstar’s 2013 Mid-Year Top 100 Worldwide Tours.

The radio station is struggling for survival. The AM/FM broadcasting is no longer a viable penetration point for the music industry to reach its audience. The Internet is diffuse and effectively causes marketing white noise. The internet’s fragmentation provides a poor yield on directed music marketing dollars.

There are a myriad of existing and emerging methods worldwide to access digital music online -- from pay-per-download, streaming, to subscription based -- and these access points are growing at a stunning rate. At the time of this publication, there are over 500 different types of licensed services available in over 100 territories around the world<sup>4</sup>.

“The EDM festival market is now the primary access point for all music, consolidating all genres of music under one global genre - EDM.”

The artist Adele’s success was not solely attributable to the singer/song writer genre’s explosion across coffee shops worldwide. Adele’s, *Rolling in the Deep*, was a global breakthrough in large part because it was remixed over 150 times (as listed on Spotify, just one of over 500 digital music outlets available) by EDM-related artists in many EDM sub-genres, and therefore played live at festivals and clubs around the world.

As this the Massive Advisors White Paper illustrates, all IFPI Top 10 Global Selling Single successes -- ranging from Psy’s *Gangnam Style* (South Korea) to Gotye’s *Somebody Like You* (Belgium, Australia) -- are highly correlated to the number of times the track has been remixed by a DJ Mag Top 100 DJ.

As an illustration, analysis of Spotify’s data illustrates that the number of remixes of IFPI Top 10 Global Singles tracks increased 74% in 2011, increasing from 437 remixes to 762 remixes, and 35% for 2012, increasing to 1,029 total remixes.

Having over 100 versions of a particular track, across hundreds of electronic/dance music sub-genres spun around the globe at clubs and festivals -- regardless of country or nationality -- statistically improves a song’s potential of becoming a hit - versus one version, in one genre, in one country.

Music is eternal. As long as there is electricity, electronic music is eternal. New software is enabling people around the world to create music on their computers at home. The barriers to entry in music production, from cost to complexity, have reduced dramatically, with production costs at a fraction of their historic levels, and continuing to plummet.

This is causing a tidal wave of new music production. In 2005, there were approximately 38,000 total tracks released globally via traditional labels across all genres. For the 6-month period ending July 2013, there were a total of 371,000 total tracks released in EDM alone.

Per Last.fm, the average number of Hip Hop listeners dropped from 7,000 in 2012 to 2,000 through July 2013, a 78% drop. Last.fm data shows that for the same periods, EDM as a total genre increased from 92,000 to 266,000, a 190% increase. Figures like these are powerful illustrations of the tsunami of new music dwarfing non-EDM related music content.

**8.3%**  
DECLINE (3-YEAR  
CAGR) IN  
TRADITIONAL  
“NON-EDM”  
GLOBAL CONCERT  
TICKET SALES

**190%**  
INCREASE IN  
LISTENERS ON EDM  
TRACKS ON LAST.FM  
FROM 2012 TO 2013

<sup>1</sup> 2013, CNN “How electronic music industry takes festivals global”

<sup>2</sup> Section VI.2.2., pg. 14

<sup>3</sup> Welovefestivals.com

<sup>4</sup> Pro-Music information resource (www.pro-music.org)

EDM is a complex animal and is capturing wide ranges of global audiences. The ease of production is causing more EDM-sub genres to spring up daily. Each sub-genre has its own unique feel, providing many alternatives for listeners to experience tracks. Each new sub-genre allows for any form of music to be “repurposed” and pushed through EDM-sub genres, taking one track and making it viable and accessible to widely varying tastes. For example, in 2000 there were approximately 9 total EDM sub-genres. In 2013, there are now approximately 191 sub-genres - a **21x increase**. Again, it is difficult to ignore such profound numbers.

EDM is a global phenomenon. In this White Paper, Massive Advisors has evaluated 80 of the top global EDM festivals, spanning from North America to Europe, South America and Asia. Of these 80, 44 festivals are in Europe, the most mature EDM market, with 21 in North America, six in South America, five in Asia, three in Australia, and one in Africa.

Players in the EDM space are currently rushing to South America, Asia, and Africa, as the EDM tidal wave hits shores worldwide. These markets, as well as the mature markets, are experiencing profound growth with clear market opportunities and entry points - the EDM global gold rush.

The traditional music industry is currently assailing the 9.8% growth in digital music revenues -- the *digital music economy* -- as its long awaited savior. The overall music industry grew in 2012 for the first time since 1998, increasing a meager 0.3%, according to IFPI, after being nearly cut in half prior to 2012.

This shortsighted concept doesn't ask the relevant question: “*what is driving digital revenue growth?*”

EDM is the driver of global digital music growth and global artist sales. According to IFPI, 9 out of 10 videos played on YouTube - the most popular digital video service with more than 800 million active users globally -- are music related.

Massive Advisors' proprietary data allowed us to create an algorithm we call “*Human Digital Interactiveness*,” a gauge of consumer's desire to seek out digital music content and “tag” music. Last.fm lists the aggregate number of unique listeners and number of plays of all tracks per genre since 2002.

YOUTUBE VIEWS OF OFFICIAL MUSIC VIDEO ON IFPI'S TOP 10 SELLING GLOBAL DIGITAL SINGLES:

**In 2008, the average views per year was 15 million.**  
**In 2012, this average increased to 417 million, a compounded annual growth rate of**  
**130%.**

The data shows that rock 'n roll had a total of 360,000 listeners and 3.7 million tags. Hip hop, by comparison, had a total of 65,000 plays and 351,000 tags. Electronic music, though in its infancy relative to rock 'n roll and hip hop, had total listeners of 504k, with total tags at 3.7 million. At these growth rates, EDM will become almost the entire music market, with rock 'n roll and hip hop, the previous decade's most popular genres, representing a de minimus presence.

The EDM genre and festival market are global, with the fans having robust and similar demographics regardless of country of origin. The \$4.5 billion festival market is composed of 18 to 35 year old men and women with significant disposable income, often non-locals traveling to far off destinations for festivals.

If Massive Advisors were to tell you where 3.4 million people will be, trapped and captivated for 3 days on average (the top 20 of 80 global festivals evaluated average three days), with a common musical interest and common experience, regardless of destination -- who are young, highly inclined toward purchase, technologically facile, with significant disposable income -- would you prefer to advertise on a Super Bowl spot or focus your market attention directly toward these 3.4 million people?

As the Chairman of Massive Enterprises, an audiophile, music lover, private equity professional with 23 years of buying companies in virtually every industry with firms ranging from Platinum Equity to Kohlberg & Co., and EDM fan, it astounds me that so few institutionalized professional business enterprises are focused on the EDM market.

As a career businessman, this data is dumbfounding. Speaking to peers on Wall Street impresses upon this notion - from Reuters to the Wall Street Journal, when the phrase “EDM” is mentioned, the response is “*we have no idea what you're talking about.*”

Will the most informed, educated, and powerful decision-makers on earth remain unaware of a \$20 billion industry and cultural phenomenon? This blind-spot will not last. Shrewd businesses around the globe are marshaling forces to penetrate the EDM market, with significant effects on businesses, and fans in the industry that may be uncomfortable.

Massive Advisors is here to help edify these new entrants and facilitate their effort to penetrate the EDM market.

Will you be the last to comprehend the Pangaea?



John D. Langdon  
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