

ARE THEY JUST SONGS?

“Record companies, among the first in the world, in the entertainment sector, to completely restructure themselves, have transformed into high-tech companies where creativity and artistry go hand in hand with technological skill and data analysis.”

Telos: As CEO of the Italian Music Industry Federation since time immemorial, you have first-hand experience of all the changes the market has undergone. Could you describe the main turning points of the last 30 years and how the industry has dealt with them?

Enzo Mazza: The recording industry has always been on the frontlines of innovation, if we think about the advent of records, CDs and the various digital formats. Yet it was totally unprepared for the mp3 revolution and the technologies that quickly developed around this compression algorithm. In 1999 Napster was born, the first illegal music sharing platform that rose to over 60 million users in just a few months.

The response of the industry and the artists was very slow and complex, and in just a few years digital piracy dealt a significant blow to the sector's balance sheets. With Steve Job's intuition about the iPod alone and the subsequent founding of iTunes, the industry saw huge potential in this segment.

This was the first big turning point in the sector and put a massive music library at fans' fingertips anywhere and anytime. However, it was streaming and Spotify that triggered the real transformation in this sector.

Over the last 10 years, this sector has undergone a true digital transition, which has led to deep changes in companies' business, creative and consumption models. Record companies, among the first in the world, in the entertainment sector, to completely restructure themselves, have transformed into high-tech companies where creativity and artistry go hand in hand with technological skill and data analysis.

While keeping A&R, the search for and development of talent, the focal point of their activities and something companies invest over 15% of their annual revenues in, record companies identified various innovative areas where revenue could be generated. From e-commerce to physical products like CDs and vinyl records, which still represent about 20% of the Italian market, to revenues from rights to the use of music by radio, TV and in public places, from synchronising music to advertisements and TV series to the core business of streaming, which also has a dual model based on advertising and premium subscription services.

And that's not all. Revenues have grown, also thanks to social networks, streaming on platforms like Facebook and Instagram, in addition to more recent innovations like TikTok. Other segments where music can be exploited are gaming and the new opportunities offered by the metaverse. Music has in fact crept into all the new technologies that are slowly becoming available. From the smartphone revolution to smart speakers to connected cars, which are becoming more and more common among the cars we use everyday. All this has offered huge opportunities for music fans to remain ever-connected to their favourite music and everything new that is published each Friday at the same time all over the world. Today there are over 500 million subscribers that pay to listen to music each month, and a few billion that consume music using advertising-backed models 24 hours a day, 7 days a week. There are 60 million tracks available on music platforms all over the world with an enormous variety of genres and artists.

Markets like Asia and Africa are growing thanks to the innovation introduced by streaming, and a group like Måneskin was able to achieve global success precisely because today geographical and technological barriers have been erased and in just a few hours a song can go viral worldwide.

The traditional turf of Anglo-Saxon music has been invaded and, for example, a genre like Korean k-pop has led to a band like BTS becoming an international best seller. And this is a revolution that, ten years ago, no one could have predicted.

Protecting copyright is one of the most important battles of the FIMI. The last new thing seems to be NFT metadata, naturally, those of the music field. What are they and how do you suggest your members defend themselves?

NFTs, or non-fungible tokens, are digital certificates that come with a music or audiovisual product and make it unique for the purchaser. It is a new sector, along with the metaverse, that the industry is focussing on for specific niche operations or in connection with artists with a strong fan base.

As happens in all the new digital markets, the offering is rife with scams and piracy, and our industry is focussing on this front to prevent illegal phenomenon from spreading and impacting not only companies and artists but consumers as well.

A while back we founded a specific start-up, Digital content Protection (DcP), to work in this new area with dedicated technologies to defend corporate assets. Through monitoring platforms and targeted “notice and take down” procedures, in addition to specific skills like digital forensics, it identifies counterfeit works and removes them from NFT platforms.

The world of entertainment was one of the hardest hit during the pandemic. What is the situation?

The damage suffered by the live music sector between 2020 and 2021 was massive, and it wasn't just economic - a small part was recovered through aid -, it was also in terms of employment resources and talent. The sector lost a lot of professionals with the ban on live concerts during the lockdown, and now that events are picking up again, albeit still with lots of restrictions, the sector continues to come up against many challenges. We hope that with the new event season things will return to full swing in the summer of 2022.

The “Culture Bonus”, which seems to have been a success, will continue in 2022. Did it have a real impact on the music market? Do these incentives actually work?

The culture bonus was an excellent tool to encourage music consumption among generations of 18-year-olds and even strongly impacted the physical sector, with surges in sales of CDs and vinyl thanks to this incentive.

The segment of recorded music was second after books, and this was a good sign for the sector. It should be noted that what happened in Italy was a model for other Countries. In the last two years, France and Spain have introduced similar incentives.

We should also point out that in terms of tax interventions, tax credits for music recordings also played an important role.

An incentive of 30% on the costs of developing artists turned out to be very important for a market like the one in Italy, which has a strong national repertoire, so strong that in 2021 the top-ten lists for both albums and singles was entirely dominated by Italian hits. This contributed to the success of the sector, which grew by 27% in 2021 and once again became one of the top ten markets worldwide.

Marco Sonsini

Editorial

Music is one of the arts that moves us the most. It is the first and only universal language. However, it is also feeling. It's rage, pain, sadness, joy, happiness, and it can become whatever else we want it to.

Music is there in the background of most of our lives. It triggers memories and allows us to share emotions. However, something that seems to be the simplest and most common thing in the world is actually the result of complex, surprising mechanisms. So complex and surprising that music is even used to improve, maintain or recover cognitive, emotional and social functions and to slow the progression of certain diseases.

More simply put, we all have a song that reminds us of someone, of a special moment, our childhood, our adolescence, or even just a song we like to sing.

In this May issue of PRIMOPIANOSCALA^c, our guest Enzo Mazza, CEO of the Italian Music Industry Federation (FIMI), talks to us about what's behind it all. We'll start with the good news: in 2021 the revenues of the Italian music industry went up, with the “consumption” of Italian music worldwide generating 19.1 million euros. A soaring figure compared to the 11 million euros of 2020. In addition to the Måneskin phenomenon, which Mazza says happened “because today geographical and technological barriers have been erased,” much is owed to the entertainment industry's constant investment in innovation and in “the search for and development of talent [...] something companies invest over 15% of their annual revenues in.”

Innovation, especially technological innovation, is central to every sector, whether it is public or private. Investing in innovation allows us to mark out new borders, introduce new things, grasp unexplored opportunities early and follow the path of continuous improvement.

One issue that has always been key for Enzo Mazza, throughout his entire career, is the defence of copyright and, consequently, the struggle against piracy. Unfortunately, there isn't very widespread awareness about the defence of the “copyright” on a creative product, and many people's perceptions about this God-given right are mistaken. Often people see it as a sort of tax; yet this is indeed how artists get paid for their creativity. Building a culture of intellectual property is not easy, because it is something intangible. Today the bar has been raised in the fight against counterfeiting, and Mazza talks to us about a new frontier in piracy: NFTs, which don't just regard music, but find fertile ground even in this field.

Mazza tells us that NFTs – non-fungible tokens – “are digital certificates that come with a music or audiovisual product and make it unique for the purchaser.” When applied to music, they make an audio file unique and provide a certificate of ownership to whoever purchases it, as if it were a painting, a one-of-a-kind work of art or a limited edition.

For fans, it is a form of collecting and a way to feeling close to their idol. But Mazza warns us, “As happens in all the new digital markets, the offering is rife with scams and piracy, and our industry is focussing on this front to prevent illegal phenomenon from spreading and impacting not only companies and artists but consumers as well.”

In short, another front in the war on pirates has opened up, and they are no longer so fascinating, but a danger not only to the artist, but also to music fans. So, a new front has opened up in the war on piracy, which is no longer so glamorous, and still a menace not just for artists but for music enthusiasts as well.

Again, the cover of our May issue of PRIMOPIANOSCALA^c has the same pop art flavour. It shows the face of our guest with some of the distinguishing elements of his work, role and life... arranged around their heads like a sort of hat... mixed together in a collage. And like in a collage, the images are juxtaposed and unelaborated.

We thought to choose, for Enzo Mazza, the Christ the Redeemer, the symbol of his hometown of San Paolo, Brazil, the yellow tram of ‘his’ Milan and a Russian tank, a symbol of his passion for military history. You'll have to read the interview to find out what the girl playing the saxophone, the vinyl records, the pirate ship with the headphones and the cover of Glenn Gould Plays Bach represent!

Mariella Palazzolo

Enzo Mazza is the CEO of the Federazione dell'Industria Musicale Italiana (FIMI, Italian Music Industry Federation). He began his career as the press agent for an important banking institute. From 1992 to 1993 he worked for the public relations firm Brodeur Imagemtime (which later became Ketchum), and in 1996 he became the head of the Italian branch of Business Software Alliance (BSA), a global group that represents software producers.



That same year he was appointed General Secretary of the Federazione contro la Pirateria Musicale (FPM, Music Anti-piracy Federation). In 1998 he joined the FIMI first as director general, then as President and eventually as CEO.

He is also the Chairman of the Intellectual Property Committee of AmCham Italy (the American Chamber of Commerce) and since 2010 of the Società Consortile Fonografici (SCF, Consortium of Recording Companies), a leader in recording rights management. Since 2013 he has also served as president of Digital Content Protection (DcP). He earned a Degree in Political Science with a specialisation in International Relations from the University of Milan in 1989 and wrote his thesis on the Russian military strategies of the Soviet era, which he tells us “*Today is sadly back in the news.*” He is passionate about the history of military conflicts. He appreciates art and loves classical music, especially Baroque music. His favourite album is *Glenn Gould Plays Bach*.

He really enjoys working in his garden in the countryside, and when he can, he travels abroad with his family to “*visit other cultures.*”

Mazza was born in San Paolo, Brazil but lives in Milan with what he describes as “*Team Mazza, with a lawyer-wife who’s an expert in copyright law, and two children.*”

Marco Sonsini

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