

## Twitter Thread by



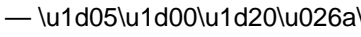
 

[@david\\_perell](#)

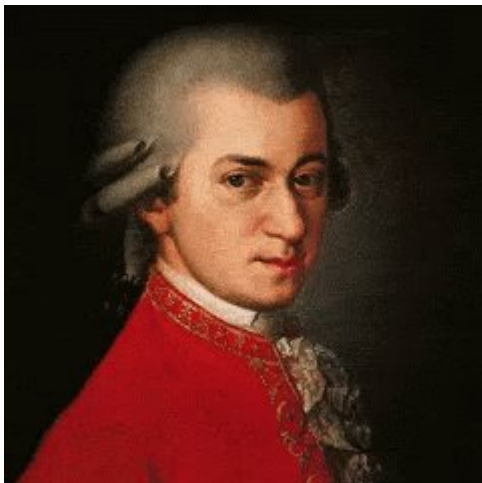


### 1/ Let's start with something controversial: the music industry is inverting.

1 / Let's start with something controversial: Money managers are a commodity.

—  (@david\_perell) [December 5, 2017](#)

2/ In 1781, Mozart moved from Salzburg to Vienna, the cultural capital of Austria, to advance his music career.



3/ At this time, Mozart could not record music, which made it scarce.

If you wanted to hear him play, you had to listen in person. Fans had personal relationships with their favorite musicians.

4/ This changed when Thomas Edison invented the phonograph.

For the first time, music was infinitely replicable and could last forever. Since fans didn't have to listen to music live, they could support their favorite musicians in new ways.

5/ Power and attention centralized.

Artists lacked the skills and capital required to distribute their music. They had to live in NY, LA, or Nashville, where they did favors for industry insiders and paid their dues.

Small groups of “expert” executives called the shots.

6/ Labels had all the power.

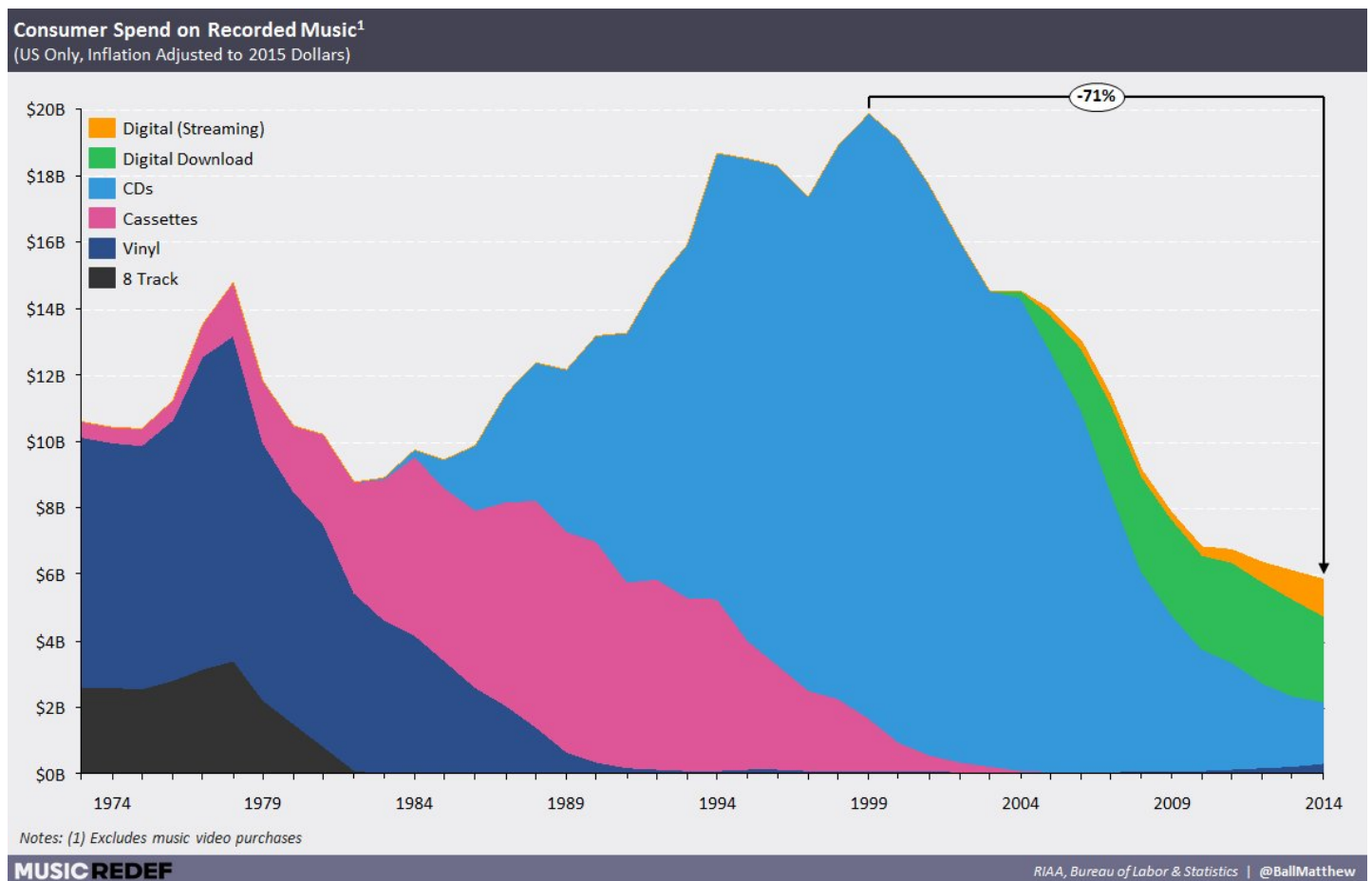
Their business models depended on mass market reach and distribution, so they financed music for people with “average” taste.

7/ With strong connections to radio stations, record stores, and television networks, artists could not garner attention without the labels.

The big got bigger, but it was hard for small artists to break in.

8/ This system worked well for decades until the rise of illegal streaming.

The internet changed things. Consumer spend on recorded music plummeted, falling 71% from 1999 to 2014.



9/ My favorite example is Soulja Boy’s Crank Dat.

He used to make Top 40 playlists and upload them to torrent sites. Then, he slipped his own track in there and people thought it was a hit.

Perception became reality when I started dancing to it at Bar Mitzvahs ■■■



10/ On the internet, there's little scarcity.

The laws of supply and demand no longer work when there's infinite supply and replication is easy.

The music industry needs a new revenue stream.

11/ The answer: concerts.

Today, 87% of revenue now comes from concerts versus recorded music. Live music is the bedrock of artists' income streams.

12/ Because of YouTube and streaming services, modern artists are using new strategies to reach their fans.

Playlists trump albums and there's a new set of rules:

- 1) Release music more often.
- 2) Focus more on singles, and less on albums.
- 3) Record videos to connect with fans.

13/ Fans are discovering songs in new ways:

- 1) Playlists
- 2) Viral videos and memes

Power has shifted from gatekeepers to the wisdom of the crowd.

14/ It's a song based economy. With his album journals, Justin Bieber released one song at a time until the full album was out.

Why?

Each song generated millions of social media impressions, downloads, and streams. No song left behind.



15./ On social media, artists are re-inventing what it means to be a celebrity and finding new ways to connect with fans.

They're brilliant community builders — they're real, accessible, and engage fans directly.

16/ Audio and audio are coming together on YouTube, minting global superstars.

Gangnam Style was so popular that tourism to South Korea increased more than 15% the year after it was released.



17/ The music business is inverting.

Music used to be the bottom of the funnel, but now, it's the top of the funnel.

With brand deals, startups, and merchandise sales, artists are building a portfolio of revenue streams. People don't just buy music — they buy the brand.

18/ Today, we've returned to the days of Mozart, but this time it's global.

Artists are building passionate communities.

Fans have direct relationships with their favorite artists.

19/ Artists communicate like friends, not businesses.

We watch them make music, they share their secrets with us, they're always with us on social media, and they come to our

hometown to play music for us.

They're our best friends.



Thanks to [@mrsharma](#) for thinking through these ideas with me ■

He said it. I wrote it.



Turned this into a blog post

"Naked Brands: The Future of Music"

■ <https://t.co/JruLcSYPCr> ■

