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# THE EMERGANCE OF THE GLOBAL VOICE

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The Globalization of The Music Industry Via Social Media and YouTube  
Submitted in Partial Fulfillment of the Degree of Master of Global Entertainment  
and Music Business



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JUNE 16, 2019  
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## **Abstract**

This research paper is an exploratory report on the elusive concept of globalization and its effect on the music industry. Social Media and YouTube serve as key predictors in understanding the global reach and popularity that music is able to make all around the world. These platforms give people in rural countries and small cities a voice on a global scale. Brand partnership and the increase of cellular penetration has proven to be two very important factors on these platforms and within the music industry. This paper conducts two case studies about Latin America and South Korea to give examples of how these factors can be actively being used in two of the largest music markets. Finally it concludes by correlating these markets to how these key predictors have affected the global music industry for the future.

## **Research Questions**

Globalization is a technological phenomenon driving every aspect of human existence today. The world has rapidly changed through the invention of computerized technologies and digital interfaces. These new technologies have heightened levels of human connectivity and accessibility given birth to have created new modes of communication and entertainment consumption. Now, we face a new era of digital interaction, where people from around the world can communicate, collaborate, and exchange art and culture in a matter of seconds. Social media platforms have created global, interactive platforms for independent artists, undiscovered media, and diverse representations of culture to be shared at low cost to the consumer. "Music has always been right on the cusp of development in new media, whether we are talking about the printing press, sound recording, radio, film television or digital media."<sup>1</sup> Streaming services display the latest boom in music sharing innovation and it is continuously changing our behavior as a society.

With this research, I will explore that globalization, through social media platforms, has dictated new musical trends, and a new trajectory for music as we have come to know it. These platforms have given us tangible data, critical for an informed understanding of music consumption around the world. Rapid views and streams give rise to new cultural sensations around the world, and media curators and influencers have power in the flow and growth and new cultural trends. This new music consumption behavior has fostered awareness of obscure or lesser-known genres like Latin trap, (the Latin American take on the sub-genre of western African-American culture.) and K-pop (the Korean take on popular American music). Due to the

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<sup>1</sup> Charles Fairchild, Winter 2015. "Crowds, Clouds, and Idols: New Dynamics and Old Agenda in the Music Industry." *American Music Vol. 33 No 4* 441-476.

increased accessibility and global awareness social media has created for consumers. Listeners can discover new music, art, and culture easily and inexpensively.

A better understanding of today's new musical consumption culture that has changed through the integration of video streaming platforms and has proven to be a vital asset in predicting what the future of the music industry may look like. So how has globalization through video streaming platforms such as YouTube directly affected the music industry and our understanding of what is popular? Also, how has YouTube aided in the mobility and global reach of local music trends? And finally, what role has social media played in the globalization of the music?

By understanding the effects of YouTube on the music industry it will lay the foundation for how YouTube cultural economic impressions have become a powerful currency in this modern age. These impressions can be defined as likes, views, comments, and cross-application sharing. These impressions display to music professional, in real-time data, how content is received and how different global markets engagement. This social currency has become the major predictor of impending financial gain for multiple entities and has defined for our industry what will be the next sensation around the world.

I want to further explore how YouTube videos have allowed people from different parts of the world to experience and experiment with music from different cultures. For some YouTube has reconnected them with cultures that they left long ago. For others, YouTube has been useful in understanding a new culture, in learning a new language and even in identifying new music. This has created a collaboration of local cultures embracing distant trends and different types of music. This concept is the cornerstone of globalization and YouTube works as a facilitator for those exchanges.

A lot of musical content is consumed through free services so it is also important to pay attention to brand partnerships and the advertisement economy when discussing the music industry. As streaming continues to grow the idea of the artist growing into a brand becomes the reality of the music industry. Even though music and video streaming platforms are great for global exposure and consumer engagement it does not get offer much monetary value. So as our music markets continue to become interwoven, for an artist to thrive they have to become a brand of their own.

## **Literature Review**

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### *Globalization*

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So it is important to lay the foundation of this research paper by defining what exactly is “globalization”. The basic definition of this term refers to people becoming more connected in many different ways across large distances. A more in-depth definition of this term, according to Peterson Institute for International Economics, can be defined as " a word that is used to describe the growing interdependence of the world’s economies, culture and populations, brought about by cross-border trade in goods and services, technology and the flows of investment, people and information.<sup>2</sup>" This definition best lays the foundation of this paper because it discusses the importance of cross border trading not just economical but also of culture and technology.

Globalization can mean many things to different people and industries. According to Greek scholar Nikos Kotzais<sup>3</sup> the theories of globalization have been defined by three categories ontological, epistemological and historical. Ontological refers to globalization as a concept of objective versus subjective. It is considered objective because it is a set of processes that would emerge even without the existence of any subjective political and economic decision. It is considered subjective because many scholars in Greece, France, and Germany believe that globalization is a part of a bigger plan being orchestrated by a group of transnational elitists. Epistemological refers to globalization in regards to the financial economic markets versus the

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<sup>2</sup> Melina Kolb “What is Globalization? How has the Global economy shaped the United States.” PIIE May 13, 2019 <https://piie.com/microsites/globalization/what-is-globalization.html>

<sup>3</sup> Alexandros Baltzis, “Globalization and Music Culture” *Acta Musicologica*, Vol. 77 Fasc. 1 (2005) 137-150; *International Musicology Society* accessed Jan. 30, 2019, [https://www.jstor.org/stable/25071251?seq=1&cid=pdf-reference#references\\_tab\\_contents](https://www.jstor.org/stable/25071251?seq=1&cid=pdf-reference#references_tab_contents)

complex social and cultural environment. Lastly, Historically globalization is considered a contemporary phenomenon rooted in the past <sup>4</sup>but built upon the technologies of today. I agree with Nikos Kotzias that all these concepts are true and are interwoven together to describe the current overall state of globalization. Yes, it is an intersection of complex global social environments that have proven to have an economic and political value that was built on share technologies.

The world's desire for interconnectedness would be here even without some of the political decisions that are being made. A clear example of that is the Modernization Act in America and Article 15 and 17 in the European Union Law. They prove that the government structures are just beginning to catch up to the explosion that is globalization. Also, there's something to note that in both of the government legislation YouTube can be found right in the middle. In regards to the epistemological, globalization uses the corporation's need for advertisement with the social need for engagement and collaboration to create a new type of social- economic commerce that is being used across borders.

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### *Music and Globalization*

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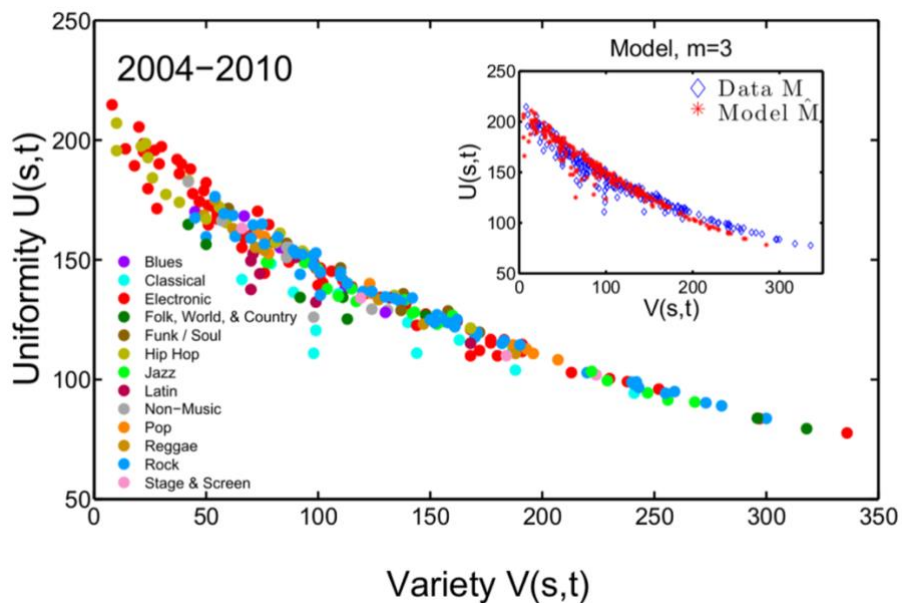
When thinking of globalization in regards to the music industry we must analyze it as a complicated and multileveled organism that it is, an interconnection of institutions of values and social groups. Music and globalization has a long history that dates back to the peak colonialism and slavery when exchange, dominance, and imperialism were the main sources of musical

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<sup>4</sup> Nikos Kotzias, "Theories of Globalization and Asymmetries of Reality", preface in Ulrich, Waist globalisierung? Irrtumer des Globalismus – Antworten auf Globalisierung, edition in Greek Athens, Kiastaniotis, 2000, 14.72

integration.<sup>5</sup>This term was later coined as cultural hegemony, defined as the domination of a culturally diverse society by a ruling class who manipulate the culture of that society. Cultural hegemony has such a large aspect of the music industry since it first began with classical music.

The music industry has progressed as the integration of the african slave trade helped to bring along the phenomena of jazz, rock, and Salsa. Over time the world’s “global consciousness” expanded into another aspect of Globalization known as homogenization, where diversity seemed to be rooted out of music and it all becomes one similar sound to be successful in the world’s top markets.<sup>6</sup>



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It was thought that to be considered a popular music song must fit into the algorithm that was already successful. A simple approach to music that made it easier for listeners to consume. Fortunately for us, the world is moving away from this concept and into a new era where diversity not only matters it is essential. In the graph above it shows between 2004-2010 the

<sup>5</sup> Alexandros Baltzis 143-145.

<sup>6</sup> Percino, Gamaliel and Peter Klimek and Stefan Thurner. “Instrumentational Complexity of Music Genres and Why Simplicity Sells,” PLOS ONE Vol 9 Issue 12 <https://doi.org/10.1371/journal.pone.0115255>

<sup>7</sup> Percino, Gamaliel and Peter Klimek and Stefan Thurner



"styles that follow a particular regularity: The higher the instrumentational variety  $V(s,t)$  of a music style, the lowers its instrumentational uniformity  $u(s,t)$ . Musical styles with the highest variety belong to rock music and the songs with the lowest variety belong to the electronic and hip-hop genres"<sup>8</sup>. We have found that there can be creativity and diversity that can still fit into the world's most popular genres. Also studies are beginning to show that economic success gravitates toward interconnected regional entities whose competitive advantages lie in their collaboration of different artist from different genres like Beyoncé with J Balvin or Lil Nas X with Billy Ray Cyrus<sup>9</sup>.

Even more exciting is that recently many different cultures and languages are being spotlighted due to YouTube and social media. Tim Ingham released an article for *MusicAlly* that spoke directly to this fundamental shift titled "English-language music is losing its stranglehold on global pop charts- and YouTube is the driving the change." In this article, Helen Kosinski stated "the globalization of music is real. With the proliferation of streaming music services and unlimited access to international content, we're seeing a third of the world's top streamed music as non-English language songs with Korean, Spanish, Indian and Arabic language songs gaining traction."

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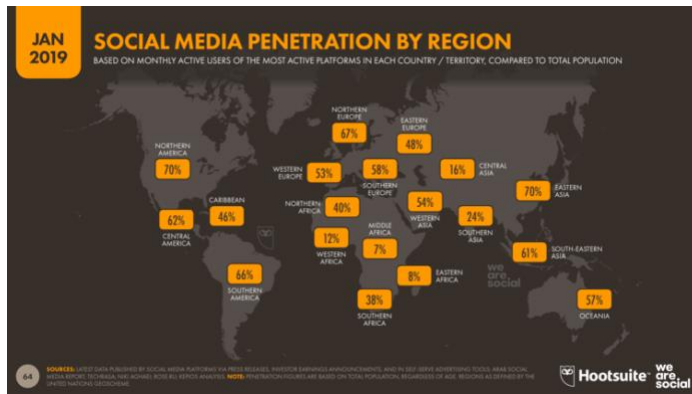
### *Social Media and The Music Industry*

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<sup>8</sup> Percino, Gamaliel and Peter Klimek and Stefan Thurner. "Instrumentational Complexity of Music Genres and Why Simplicity Sells," PLOS ONE Vol 9 Issue 12 <https://doi.org/10.1371/journal.pone.0115255>.

<sup>9</sup> Gunjoo Jang and Won K Paik " Korean Wave as tool for Korea's New Cultural Diplomacy" Advance in Applied Sociology. 2012 Vol. 2 No .3 196-202 <http://dx.doi.org/10.4236/10.4236/associ.2012.23026>



To fully understand the effect that YouTube has on the music industry we must understand how social media has changed the way this industry defines success. Social media has evolved the web into a communication medium between users around content which takes place through a variety of forms ranging from a post, videos, photos, comments, likes, views, ratings, and tokens.<sup>10</sup> This communication atmosphere is spread out amongst several platforms such as Facebook, YouTube, Twitter, Instagram, Snap-Chat and previously MySpace. Currently, there are 3.58 billion social media users in 2019 with a worldwide user number total growing by 288 million (9 percent) since this time last year.<sup>11</sup>

It is this communication atmosphere that has created the interconnectedness throughout the world. These 3.5 billion users can connect with people and cultures that they previously would not have had access to. For the first time in history, we can collect data and real-time impressions from people all around the world about their likes and dislike of a whole range of topics. Social Media has given a voice to the people of the world and not just the wealthy and well connected. This phenomenon has translated into all industries of human interactions, from politics to the music industry. MySpace was the original trendsetter when it came to the

<sup>10</sup> Lev Manovich “ The Practice of every day (Media) Life: From Mass Consumptions to Mass Cultural Production?” Critical Inquiry Vol 35 no.2 Winter 2009 319-331 <https://www.jsotr.org/stable/10.1086/596645>

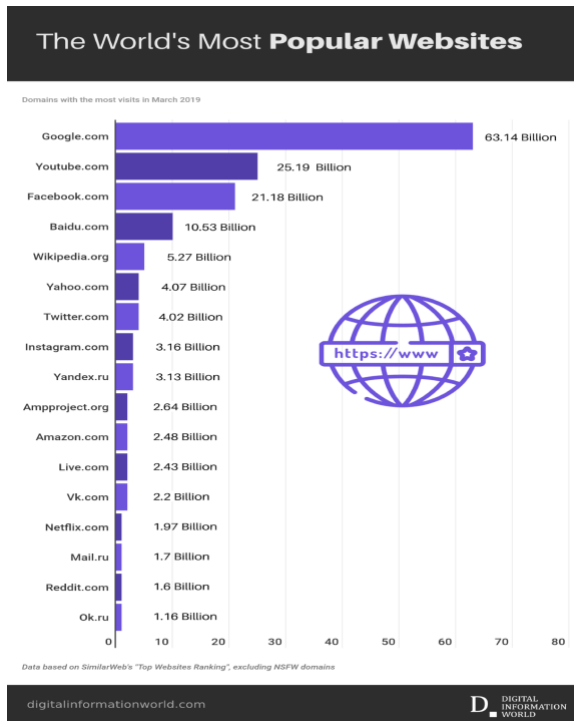
<sup>11</sup> Data Reportal "Digital 2019: Global Digital Overview" January 31, 2019, <https://datareportal.com/reports/digital-2019-global-digital-overview>

collaboration of social media platforms with the music industry. MySpace was the first platform that built a flash player that allowed all users to stream music directly from the profile page. This was the first time that musicians could upload up to four songs and make these songs available for download or streaming within a social media site<sup>12</sup>.

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## YouTube

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YouTube was founded thirteen years ago in November of 2005 by Chad Hurley, Steven Chen and Jawad Karim during their employment at the PayPal<sup>13</sup> Corporation. YouTube began as

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<sup>12</sup> Ole j Mjos Music, Social Media, and Global Mobility: Myspace, YouTube New York Rockledge 2012. 61-65  
<sup>13</sup> Jefferson Graham "Video websites pop up, invite postings?" *USA Today* November 21, 2005, [http://usatoday30.usatoday.com/tech/news/techinnovations/2005-11-21-video-websites\\_x.htm](http://usatoday30.usatoday.com/tech/news/techinnovations/2005-11-21-video-websites_x.htm) (Graham 2005, Data Reportal 2019, Percino, Klimek and Thurner 2014)

an angel-funded enterprise working in a small low budget office in San Bruno, California in the United States. It received its first investment of 11.5 million from two a venture capitalist firm with the help of its former CFO from PayPal Roelof Botha.<sup>14</sup> YouTube growth was exceptional and it quickly becomes one of the fastest growing websites on the world wide web. It hosted 100 million views within its first six months of operation<sup>15</sup>. It far outpaced anything of existence on the world wide web. What has propelled its growth was a marketing and advertising collaboration with American national media conglomerate NBC.

During this collaboration, YouTube announced that its primary business model would be advertisement based, making up 15 million dollars per month. This partnership attracted the interest of the ultimate technological partner Google in the first year of operation. Google bought YouTube for \$1.65 billion in stock<sup>16</sup>. This was the second largest acquisition Google had ever made and set a record for the valuation of a user-generated media site in 2006. It estimated that within the first 2 years of creation YouTube consumed as much bandwidth as the entire internet years prior<sup>17</sup> Google's acquisition brought YouTube to the global market. During this time that YouTube became internationalized and its website interface became available with localized versions in various countries making it a worldwide platform. It has, as of March 2019, has created localized versions for 89 countries, one territory (Hong Kong) and still counting<sup>18</sup>.

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<sup>14</sup> Miguel Heft "San Francisco Hedge Fund Invested In Youtube" *The New York Times* October 12, 2016 <https://www.nytimes.com/2006/10/12/technology/12hedges.html> (USA Today Staff 2007)

<sup>15</sup> "YouTube serves up 100 million videos a day online" *USA Today* July 16, 2009, [http://usatoday30.usatoday.com/tech/news/2006-07-16-youtube-views\\_x.htm](http://usatoday30.usatoday.com/tech/news/2006-07-16-youtube-views_x.htm)

<sup>16</sup> Paul R. La Monica "Google to Buy Youtube for 1.65 billion" *CNNMoney*. CNN October 9, 2006. [https://money.cnn.com/2006/10/09/technology/googleyoutube\\_deal/](https://money.cnn.com/2006/10/09/technology/googleyoutube_deal/)

<sup>17</sup> Carter Lewis "[\*Web could collapse as video demand soars\*](#)". *The Daily Telegraph*. April 7, 2008 (Lewis 2008)

<sup>18</sup> Stephan Hall "YouTube continues global expansion with versions of the site in 7 new locales" *9to5Google* October 12, 2015, <https://9to5google.com/2015/10/12/youtube-global-7-new-countries/>

Through YouTube's compelling lure of free content, they currently have 2 Billion logged in users that visit YouTube each month and every day people watch over a billion hours of video<sup>19</sup>. It is currently 2<sup>nd</sup> most visited website in the world, coming in second to its parent company Google<sup>20</sup>. The mass amount of daily views has made YouTube a primary focus for advertisement companies. Don Tapscott and Anthony Williams stated it best, “they understand that you don't need to control the quantity and destiny of bits if they can provide compelling venues in which people build communities around sharing and remixing content. Free content is just the lure on which they layer revenue from advertising and premium services.<sup>21</sup>” Christopher Forch also gives a fascinating view of YouTube's alluring free model. In his book "Internet and Society" he argues that YouTube is an example of a business model that is based on combining the concept of gift with the commodity. The first is free, the second yields profit. The novel aspect of this business strategy is that it combines what seems at first to be different, the gift, which is the notion that you are giving the consumer what they want with no strings attached. Then is leverages the commodity, which mass amounts of views. YouTube would give free access to its users, the more users, the more profit it can potentially make because it can in principle increase advertisement rates and will gain further interest of advertisers.<sup>22</sup>

This model has changed the way that so many industries understand marketing and advertisement. No longer were consumers interested in the old world of typical video viewing

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<sup>19</sup> Todd Spangler "YouTube now has 2 Billion monthly users, who watch 250 Million hours on TV Screens Daily" *The Variety* May 3, 2019, <https://variety.com/2019/digital/news/youtube-2-billion-users-tv-screen-watch-time-hours-1203204267/>

<sup>20</sup> Daniyal Malik “Google YouTube Facebook: The World’s Most Popular Websites in 2019” *DigitalInformationWorld* April 8, 2019, <https://www.digitalinformationworld.com/2019/04/domains-with-the-most-visits-in-2019.html>

<sup>21</sup> Tapscott, Don and Williams, Anthony D. (2006). *Wikinomics: How Mass Collaboration Changes Everything*. New York: Penguin. ISBN 978-1-59184-138-8.

<sup>22</sup> Christian Fuchs *Internet and Society: Social Theory in the Information Age*. New York 2008: Routledge. ISBN 0415961327. 408 Pages.

where one would watch television for their favorite show which always includes a total of 20 minutes of generic commercials. Now they have direct access at their leisure with content that they are most interested in. This created audiences that were broken down by their niche interests and sold companies for marketing advantages.

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### *Vevo*

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Since this paper will further discuss how YouTube is affecting the music industry It is also important to mention Vevo, which is the premium video services for the top music corporation in the world, partly owned by Sony, Universal and Abu Dhabi Media Corporation. Vevo is very important because it has stapled itself as a premium service for all official music videos of top well-known artists. This joint venture was founded in December of 2009. Originally this venture was the Records company attempt to create a video streaming service for music videos alone in an attempt to compete with YouTube and other video streaming companies

Music videos in the past were only viewed on particular channels in a curated matter. The viewers had no power over what video they can watching and no control over when they came on. Heather McIntosh discusses this shift from the MTV Culture to YouTube consumption best in her article titled “Vevo and the Business of Online Music Video Distribution”, "While the music industry experience with the shift from MTV to YouTube suggests a loss of control, the shift for the viewer suggests the reverse. For viewers, watching music videos on television, the channel determined the selections, frequency, order, and schedule of the videos. With YouTube, viewers can watch based on their schedules and preferences. They can engage with videos

through site-provided options such as likes, comments, shares, and playlists. They even can make their videos and upload them.

## **Methodology**

This paper will discuss two major music markets, South Korea and Latin America. They are currently leading in marketing and streaming advancement of their musical content around the world. South Korea has taken over the global music market with its explosion of K-pop through top music groups such as BTS and BlackPink. Their ingenious global marketing strategies, talent incubators, and close corporate relations have made this market an ideal example of how globalization can be done correctly.

Latin America has begun to kick open the door of the music industry with the spread of mobile internet access and its vast populations' love of free local content available on YouTube. Over the past three years, Latin America has made its voice heard on the global charts and is letting the world know that its voice is important. It will become increasingly important as internet penetration in the country continues to grow. Lastly, Latin America has officially become the most streamed content in the world, with several Latin American artists crossing the threshold of over 1 Billion views on YouTube. These regions have something very important to teach the music industry.

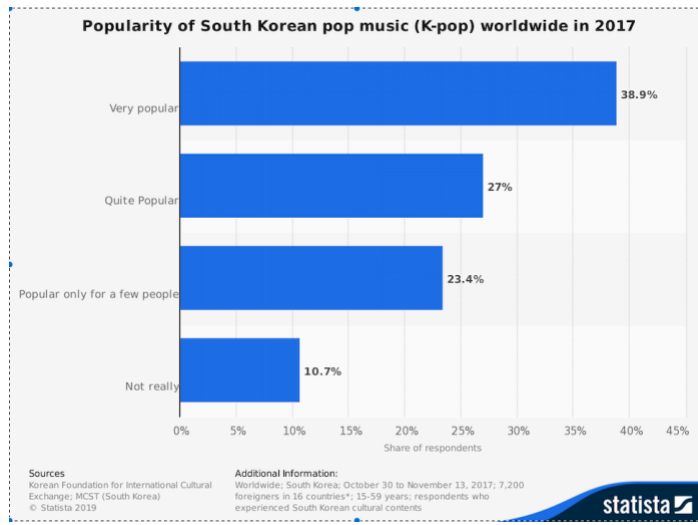


## Results

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### *South Korean Music Industry Case Study*

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South Korea is an ideal place to analyze when trying to understand globalization and the important role that YouTube is playing. The rise of K-Pop is a phenomenon that cannot be ignored and should be used as a model for markets trying to reach significant global success. It is also important to note that the top three albums globally in 2018 were held by a K-pop band (BTS) which proves the ultimate success of this genre and music market.

Three main factors have led to South Korea being the 6<sup>th</sup> Global Music Market according to the IFPI reports for 2018. Those factors are 1) the role of the government support and investment in entertainment companies to increase tourism to the country, 2) the integration of Western and non-local musical trends into the K-Pop sound 3) the use of YouTube and various brand support to disperse musical content globally.

### The role of Government Support

To change the global perception of the country, the South Korean government has supported the creative industry in the overall growth. The use of K-pop and Korean culture has served as a form of cultural diplomacy to shift perspectives from the previous negative connotation that were once aligned with the nation's branding. Since 2012 the Korean government has made a strong effort to support the “ Korean Wave” and further develop the entertainment industry by funding over 25% of all venture capital money disbursed in Korea and one-third of all venture capital in Korea is spent on the entertainment industry<sup>23</sup>. The government support includes actions such as subsidizing commercial and technological infrastructure, prioritizing K-pop repertoire and facilitation synergies between sales of music and hardware and diligently enforcing copyright legislation<sup>24</sup>.

It was stated in an article by Gunjoo Jang and Won K. Paik that the Korean wave can and has served as the cultural resource which promotes cultural and public diplomacy and preference changes<sup>25</sup>. The Korean wave of cultural export provides a meaningful opportunity for the Korean government to take advantage of newly emerging cultural and public diplomacy to promote Korean cultural advantages in this new globalizing world<sup>26</sup>. Although some research written about the Korean governments' involvement was not positive and there was a backlash about how much of the evidence and research was funded and reported by the South Korean government supported organization.

### Integration of Western Culture

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<sup>23</sup> Keith Negus Goldsmith “The South Korean Music Industry: A Literature Review” CREATE Working Paper December 2015 1-17

<sup>24</sup> Keith Negus Goldsmiths “ The South Korean Music Industry: Literature Review” CREATE Working Paper Series December 2015 DOI: 10.5281/zenodo.35398

<sup>25</sup> Gunjoo Jang and Won K Paik " Korean Wave as a tool for Korea's New Cultural Diplomacy" Advance in Applied Sociology. 2012 Vol. 2 No .3 196-202 <http://dx.doi.org/10.4236/10.4236/associ.2012.23026>

Another reason that the Korean wave or K-pop is getting so big is because of the seamless integration of western popular culture. Korean pop culture has borrowed the best of western popular culture and recreated per the uniqueness of the Korean taste. It is this integration that has made the South Korean Music Market so dynamic today. This all transpired during the Korean and Vietnam War. Koreans were addicted to the flood of imported music and local singers eagerly copied tunes and styles to ride on the explosive popularity of foreign adult contemporary music.

When South Koreans were able to afford leisure and entertainment after decades of industrialization more American and European pop culture were able to be streamed in<sup>27</sup>. It is this streamline of cross-cultural collaboration that seduces audiences with just the right amount of Asian sentimentality. Korea has taken the advances of these foreign cultures and grafted them to create their own unique culture. It is the simultaneous promotion of cultural hybridity both on a local and global scale that can be credited for its success<sup>28</sup>.

The term K-pop was first coined by Soo-Min Lee founder of SM Entertainment when he invests in the South Korean music market. He realized the huge potential that the Korean popular music would yield. SM Entertainment served as a catalyst followed by two large media corporation YG Entertainment and JYP Entertainment who also invested in the South Korean Music Market and triggered it to become the revolutionary industry we know<sup>29</sup>. These music corporations served as a one-stop shop for the music industry doing everything from song-writing, live production, audiovisual production, and recording<sup>30</sup>. Each company became a talent

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<sup>27</sup> Gunjoo Jang and Won K Paik 199

<sup>28</sup> Gunjoo Jang and Won K Paik 201

<sup>29</sup> Ingyu Oh and Hyo-Jung Lee “ K-pop in Korea: How the pop Music Industry is changing a post-Development Society” *Cross Currents: East Asian History and Culture Review* E-Journal No.9 December 2013 <http://cross-currents.berkeley.edu/e-journal/issue-9>

<sup>30</sup> Keith Negus Goldsmiths “ The South Korean Music Industry: Literature Review” CREATE Working Paper Series December 2015 DOI: 10.5281/zenodo.35398

agency, creating academies where they trained young boys and girls to be mega-stars through extensive dance training, singing and acting lessons. They create bands that are complete packages, brand in their own right. This has been seen as an extension or elaboration of both the classic Hollywood studio system and the production methods developed by early Motown Records.

### South Korea's use of YouTube

YouTube has proven to be one of the most important tools utilized by the South Korean music market, second only to its current robust television industry. Here music piracy has been a major economic and social problem, television was one of the most important means of promoting singers and their songs for record sales, product endorsement opportunities and other economic activities<sup>31</sup>. Unfortunately, government censorship and outright piracy has changed this environment and has caused television programs to lose its audience to YouTube. YouTube has become the adopted broadcast model of global music distribution, allowing artists and music corporations to evade government censorship.

When discussing Korea's growth and development on YouTube we have to understand the foundation of where its growth first started. "Gangnam Style" by PSY, a K-Pop sensation was the first video to reach 1 billion views and remain the most watch video on YouTube for 4 years<sup>32</sup>. This was the first K-Pop song that crosses international borders not predominately in English and it ushered in Korean wave around the Western World.

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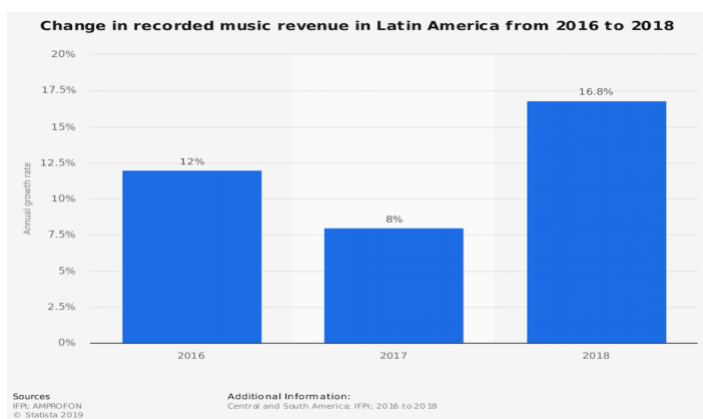
<sup>31</sup> Ingyu Oh and Hyo-Jung Lee "K-pop in Korea: How the pop Music Industry is changing a post-Development Society" *Cross Currents: East Asian History and Culture Review* E-Journal No.9 December 2013 <http://cross-currents.berkeley.edu/e-journal/issue-9>

<sup>32</sup> Ali Na Gangnam Eth(n)ic: The Transnational Politics of YouTube Reperformances" *Liminalities: A Journal of Performance Studies* Vol 13. No3 2017 <http://catalog.berklee.edu:2192/eds/pdfviewer/pdfviewer?vid=17&sid=dc2d5901-9000-4388-aa4c-4cc22a5c81a0%40sdc-v-sessmgr01>

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## *Latin American Music Industry Case Study*

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The Latin American music market is currently the largest growing market for the past two years in a row. Latin America has become one of the most important markets for streaming and YouTube views<sup>34</sup>. I believe that two main factors have aided in this phenomenon. First, we must discuss cellphone penetration and growing internet access. Second, is the strong availability of paid and free music streaming services and the population's adaption to them. Brazil and Mexico have been lead the charges in this market and have the potential to become major music markets in their own right. One thing that is also important is the local economic factors such as weak consumer spending power and fragile national economic,<sup>35</sup> which are presenting significant challenges to the region.

Latin America inspired genres are making a huge splash on the global market. At one point salsa and reggaetón were considered world music, not popular enough to even be

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<sup>33</sup> "Latin America: music revenue growth" Statista 2019 (Statista 2019)

<sup>34</sup> Leo Morel "Latin America Streaming Music Market: YouTube and Spotify Take Hold" *MIDIA* March 2019 <https://musicindustryblog.wordpress.com/2019/04/04/new-midia-latin-american-streaming-report-in-english-spanish-and-portuguese/>

<sup>35</sup> Leo Morel 1-3

considered a genre. Now Latin America has exploded in the music industry with a new sound called Latin trap which is a mixture between their native reggaetón and trap, a sub-genre of hip hop based out of the south region of America. This music has spread globally due to its important inter-genre collaboration and Spanish lyrics changing the English language domination on world music.

### Cellphone Penetration and Growing Internet Access

In Latin America, smartphone adoption reaches an accelerated 59% of connection by the first half of 2017<sup>36</sup>. By 2020, research shows the market will have an adoption rate of 71% ahead of the global average of 66%. This converts into an additional 171 million new cellphone users by the end of the decade.<sup>37</sup> These numbers are important because it shows the potential for growth when it comes to streaming. All these cellphones are current and potential users of music streaming services and YouTube.

In regards to the internet usage in Latin America as of 2018, it was the fourth largest online market with about 438 million users.<sup>38</sup> This is a growth of 138 million users since 2013 and that growth is steadily increasing. This increase of potential users is aiding in the Latin America music market to surpassing some developed markets. The largest single market in Latin America is Brazil with a total of 28.7 million broadband subscribers.<sup>39</sup>

### Paid and Free Streaming

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<sup>36</sup> The Mobile Economy: Latin America and the Caribbean 2017 GSMA Intelligence ([Intelligence 2017](#)) (Statistica, Internet usage in Latin America - Statistics & Facts 2019)

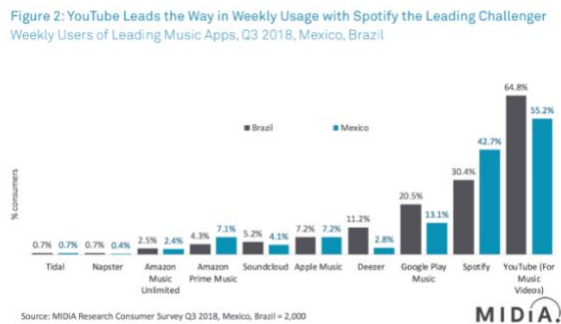
<sup>37</sup> The Mobile Economy: Latin America and the Caribbean 2017 GSMA Intelligence <https://www.gsmainelligence.com/research/?file=e14ff2512ee244415366a89471bcd3e1&download>

<sup>38</sup> "Internet usage in Latin America- Statistics & Facts" *Statistica* June 3, 2019, <https://catalog.berklee.edu:2373/topics/2432/internet-usage-in-latin-america/>

<sup>39</sup> Pete Bell "Latin America's Broadband Sector Continues its Growth" *TeleGeography* Blog May 15, 2018, <https://blog.telegeography.com/latin-americas-broadband-sector-continues-its-gro> (Ball 2018)wth

When it comes to streaming in Latin America the market is extremely robust but free music streaming is still the favorite amongst the locals. The low-income wages of the majority of the population is a leading factor in what draws consumers to YouTube. In Mexico, for instance, 79 % of consumers watch music videos on YouTube while in Brazil the figure is 76%<sup>40</sup>. YouTube capitalized on its early demand for streaming and outpaced ad-supported audio such as radio by 13% in 2018.

Unfortunately, YouTube has limited paid streaming services ability to grow as rapidly in this market. Following YouTube, Spotify is the most popular music streaming service among Latin America with 35% of the region accessing it on a weekly bases. The other streaming service that is on the ground in Latin America and making traction is Deezer which accounts for 13.7% of the streaming market.



<sup>40</sup> Leo Morel “Latin America Streaming Music Market: YouTube and Spotify Take Hold” *MIDIA* March 2019 <https://musicindustryblog.wordpress.com/2019/04/04/new-midia-latin-american-streaming-report-in-english-spanish-and-portuguese/>

## **Conclusion**

Globalization through video streaming platforms such as YouTube and social media has directly affected the music industry and our understanding of what is popular. Video streaming platforms have created an atmosphere that allows for the voices of millions to finally be heard. Due to increase mobile phone penetration and access to the internet, the people's opinions, who live in rural areas of the world, are finally being taken into account. This has been shown by taking a look into the Latin America Market. According to Roc Nation's director of A&R for Latin America, Pablo Baptista, "These sounds that are coming out of my region have always been there. It's the world that just began listening."

For so long, composing songs in the English language was the only way the industry was able to reach a global market. YouTube has now proven that to be incorrect. It has shown that the most listen to content are now in Spanish and Korean dialects. These languages were able to resonate with people who were not previously served on the global market. They have taken the top spot on YouTube's global charts with Daddy Yankee sitting at the number one spot and Rosalia and J Balvin, sitting at number 2<sup>41</sup> with 43.9 and 39.4 Million views.

Social media has become the gatekeeper for global culture. If you want to know what is the hottest trend of any area you have to look towards the influencers. This is the user who has established credibility, has attracted huge audience and can use their influence to get others to act. Musicians have always held this position in the world and that translates seamlessly to the world of social media. The only difference is that now that can be capitalized upon for corporate and personal marketing.

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<sup>41</sup> YouTube, Music Charts and Insights, May 31-June 6 2019 (YouTube 2019) (Tapscott and Williams 2006) (Fuchs 2007)13 June, 2019



Currently it is easy to get real time data about the audiences' impressions of new music releases or to promote a new product. For brands and artist social media has become essential in for marketing for this new era. As we continue to press forward the relationship between the marketing and the music industry will become more interwoven. Allowing the artist the ability to use their influence to attract companies to invest in their career in exchange for exposure to their audience.

Artist now have the ability to have multiple sources of income and position themselves as brands. This is something that South Korea has perfected. Bands such as BTS and Black Pink have use their global stardom as a platform to partner with brands such as Puma, Dunkin Donut, Louis Vuitton and Guess. Single members of the band have even been able to branch out and secure partnership such as Black Pink members Lisa and Jisoo, who partner with Adidas in 2018.



It is this brand mentality that has aided in the mobility and global reach of local music trends. Artist are able to use the data analytics offered by platforms such as Spotify and YouTube to understand the demographics of their audience. This information is then taken to different music markets and used as an selling point to book gigs and obtain international sponsorships. Brands and booking agents must review an artist's YouTube and Instagram analytics to ensure that they are a good investment. Previously this mentality were reserved for only big name artist who had secured a record deal. Now small artist are able to enjoy this international exposure and have the satisfaction that their music has crossed borders.

Even these technological advancements, it is still not an easy journey. The long tail theory, which is a marketing concept coined by Chris Anderson, predicted that our culture and economy would gradually shift from a relatively small number of mega hits to the explosion of successful niche hits. This has not been proven to be completely true but it does hold some merit, especially when one considers the growth of new musical genres. Unfortunately there are still plenty of artist that are not able to use these platforms to propel their music forward even with capability to reach other regions. These platforms give you the tools to be successful but they do not make it easily obtainable. It is still important for the artist or their team to put in the hard work to ensure that are properly utilizing all the tools that have been made available.

Every year with the advancement of technology, music professionals are required to look in to implications that these advancements may have on the future of the music industry. From streaming to social media to the TIK TOK interactive videos, technology that aids in the advancements of all artist goals of achieve global recognition. It is imperative we get an understanding of the different current trends especially on the global scale so that we can be active agents in the creation of this new global market. Through my research, I have gained a better understanding of how globalization is evolving the music industry and allowing music to serve as a bridge between industries and cultures. It is allowing for collaborations of cultures and languages to become a norm and countries who are often discuss to have a voice.

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