



UNIVERSAL MUSIC GROUP AND DEEZER TO LAUNCH THE FIRST COMPREHENSIVE ARTIST-CENTRIC MUSIC STREAMING MODEL

Deezer to implement an artist-centric streaming model to better reward artists and music, while enhancing fan experience.



Santa Monica & Paris, September 06, 2023 — Universal Music Group (UMG), the world leader in music-based entertainment, and Deezer, one of the largest independent music streaming platforms, today announced the launch of an artist-centric streaming model, designed to better reward the artists, and the music that fans value the most. Deezer will launch the model in France, Q4 2023 with additional markets to follow.

The two companies developed the new model together as part of their previously announced collaboration, using their respective deep data analysis to develop an economic model that better reflects the true value of artist-fan relationships.

The collaboration to launch an artist-centric model is driven by the companies' recognition that the current music streaming model needs to be re-imagined. While streaming has been the most significant technology advancement in music in many years, a flood of uploads with no meaningful engagement, including non-artist noise content, has necessitated reassessment of the approach that platforms, labels, and artists take to foster a thriving music ecosystem.

Based on Deezer's in-depth data analysis the following key enhancements are being integrated into the new artist-centric model:

- **Focusing on artists** –Deezer will attribute a double boost to what they define as “professional artists” – those who have a minimum of 1,000 streams per month by a minimum of 500 unique listeners – in order to more fairly reward them for the quality and engagement they bring to the platforms and fans;
- **Rewarding engaging content** – additionally assigning a double boost for songs that fans actively engage with, reducing the economic influence of algorithmic programming;
- **Demonetizing non-artist noise audio** - Deezer is planning to replace non-artist noise content with its own content in the functional music space, and this won't be included in the royalty pool; and
- **Tackling fraud** – continuing to drive an updated, and stricter, proprietary fraud detection system, removing incentives for bad actors, and protecting streaming royalties for artists.



Moreover, the size of the catalog available on digital platforms has exploded in recent years. Deezer’s catalog grew from 90 to over 200 million pieces of content in the past two years alone. As part of the artist-centric model, Deezer intends to apply a stricter provider policy to ensure quality and a better user experience. This includes steps to limit non-artist noise content.

“This is the most ambitious change to the economic model since the creation of music streaming and a change that will support the creation of high-quality content in the years to come,” said **Jerónimo Folgueira, CEO of Deezer**. “At Deezer we always put music first, providing a high-quality experience for fans and championing fairness in the industry. We are now embracing a necessary change, to better reflect the value of each piece of content and eliminate all wrong incentives, to protect and support artists. There is no other industry where all content is valued the same, and it should be obvious to everyone that the sound of rain or a washing machine is not as valuable as a song from your favorite artist streamed in HiFi.”

“The goal of the artist centric model is to mitigate dynamics that risk drowning music in a sea of noise and to ensure we are better supporting and rewarding artists at all stages of their careers whether they have 1000 fans or 100 thousand or 100 million. With this multi-faceted approach, music by artists that attracts and engages fans will receive weighting that better recognizes its value, and the fraud and gaming, which serves only to deprive artists their due compensation, will be aggressively addressed,” said Michael Nash, UMG’s EVP and Chief Digital Officer.

He continued, “Embracing the commonly shared objectives we highlighted at the outset of this chapter in our partnership, together we’ll maintain a flexible and adaptive approach. As the ever-evolving music landscape continues its rapid transformation, UMG and Deezer will rigorously address the impact of these changes as we incorporate new insights from data analysis, and fine-tune the model, as appropriate.”

Olivier Nusse, CEO of Universal Music France, said, “After extensive engagement with Deezer throughout 2023, we are very proud to be pioneers in France in the highly anticipated roll out of their version of the Artist Centric model. This comprehensive initiative will much more effectively value fan engagement and active streaming of music created by artists.”

Notes to editors:

Highlights from Preliminary Work

No surprise: fans listen to music by the artists they love

- Deezer’s data analysis showed that fans mostly consume music from the artists they love and show little interest in music from hobbyists or functional music.
- Content clutter is degrading the fan experience and impeding discovery of artists.
- For example, 97% of all uploaders on the Deezer platform generated only 2% of the total streams. Whereas only 2% of all uploaders—those artists attracting a consistent fanbase—had more than 1,000 monthly unique listeners.

Reward the artists that attract and retain subscribers

- In designing a fairer allocation of revenue, Deezer seeks to provide greater incentives to those artists who drive valuable engagement on the platform:



- A double boost will be given to all artists who have a minimum of 1,000 streams per month by a minimum of 500 unique listeners.
- Deezer's data shows that these artists can come from a wide spectrum—from DIY to indie to major label. By examining user behavior over the initial period immediately after they subscribe to Deezer, and then looking at that same user's behavior in the first month after joining, conclusions can be drawn regarding which artists drove them to subscribe and which artists kept them engaged on the platform.
 - Data indicates that the artists listened to by new subscribers in their first month may drive as much as 25% to 30% of user's streams over the first two years of their activity on the service.
 - To reward artists that fans engage with, Deezer will boost the value of their streams that drive engagement on the platform.

Addressing fraud, system gaming, and undue influence

- By continuing to improve safeguards to prevent fraud, system gaming and undue influence, revenue in the artist pool is likely to increase. Deezer's data showed that this could be done in a variety of ways including:
 - Fully deploying and further developing Deezer's proprietary fraud detection system to optimize the removal of manipulated streams.
 - Deezer's best-in-class algorithm identified approximately 7% of streams as fraudulent in 2022: this algorithm uses machine learning at the user level to identify financial fraud (fake accounts, payment fraud), and potential system-gaming behaviors.

Removing "noise" content from royalty pool

- Streams tagged as "noise" represented approximately 2% of streams on the platform.
- Deezer's intention is to replace non-artist noise content on the platform with its own content in the functional music space, which will not be accounted for in the royalty pool.

Integrating additional artist-centric components to benefit both artists and fans

- The partnership construct will enable data-based adjustments to optimize model performance and establish the foundation for introduction of future elements such as ARPU enhancements, including superfan monetization.

Other elements of the partnership

Universal will collaborate with Deezer on the development of Deezer's fraud detection tools and AI detection, and intends to experiment with new technology and label services from Deezer.

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About Deezer

Deezer is one of the largest independent music streaming platforms in the world, with more than 200 million pieces of content available in 180 countries, providing access to lossless HiFi audio, innovative recommendation technology and industry defining features. As the home of music, Deezer brings artists and fans together on a scalable and global platform, to unlock the full potential of music through technology. Founded in 2007 in Paris, Deezer is now a global company with a team of over 600 people based in France, Germany, UK, Brazil, and the US, all brought together by their passion for music, technology and innovation. Deezer is listed on the Professional Segment of Euronext Paris (Ticker: DEEZR. ISIN: FR001400AYG6) and is also part of the newly-created Euronext Tech Leaders segment, dedicated to European high-growth tech companies, and its associated index.



About Universal Music Group

At Universal Music Group, we exist to shape culture through the power of artistry. UMG is the world leader in music-based entertainment, with a broad array of businesses engaged in recorded music, music publishing, merchandising and audiovisual content. Featuring the most comprehensive catalogue of recordings and songs across every musical genre, UMG identifies and develops artists and produces and distributes the most critically acclaimed and commercially successful music in the world. Committed to artistry, innovation and entrepreneurship, UMG fosters the development of services, platforms and business models in order to broaden artistic and commercial opportunities for our artists and create new experiences for fans. For more information on Universal Music Group visit www.universalmusic.com.