



## SYNCH FOR YOURSELF? CAN SYNCHRONISATION SAVE THE MUSIC INDUSTRY?

Synchronisation departments are increasingly key to music industry revenue streams especially as soundcarrier sales slide. But how viable is this sector and what does its rise in economic and structural importance tell us about the music industry's organisational shifts?

### Introduction: is synchronisation the saviour or the scourge of the music business?

In a year when sales are substantially down (singles dropping over 40% in the UK and all sound carriers down globally by just under 11%), can rights owners leverage synch opportunities to replace diminishing core income streams or do offers of promotional nirvana come with barbed wires attached? To examine these issues, I posed several questions to key UK synch executives, artist managers and lawyers to explore developing structural and organisational trends.

Ultimately, is synch 'the new rock 'n' roll'? Are new artists/writers and their representatives more focussed on pursuing synch opportunities (both as a promotional tool and income stream) than simply releasing cold product to market?

Following cautious development from the mid-1980s onward, the mid-1990s saw a rapid growth of synch departments within the UK publishing business. As former Head of the Film, TV & Media Department (founded in 1994) at Zomba Music Publishers, I attended screenings of rough cut feature films with counterparts from all five majors, Chrysalis Music, Mute Songs and a few label counterparts (e.g. Polygram). With the advent of *Trainspotting* in 1995 and *Lock Stock And Two Smoking Barrels* in 1998, synch executives debated the growing status of their divisions within their respective companies.

*Trainspotting* and *Lock Stock ...* had succeeded in being British and gritty yet commercially successful films. They also contained a critically acclaimed mix of both current and catalogue repertoire. It was clear our various MDs had realised synch activity not only generated licensing fees, but also had the potential to drive CD sales and resultant traditional royalty streams. Synch became more of a frontline service for publishers who trumpeted their successes to potential new signings. Synch executives were not only selling their catalogue to music users, but helping to sell their company to managers and lawyers seeking a home for new talent. This was both my experience and has continued ever since elsewhere.

**Steve Levy, Head Of Global Marketing, BMG Music Publishing International**, states: "Artists/writers - and moreover managers - are more aware than ever of the 'added value' of synch as both an income stream and promotional tool. Often managers now are keen to meet with the synch department before making a new deal. If artists' representatives now know more about licensing on the whole that can only be a good thing for both

sides of the fence."

From a structural perspective, a publisher (or label) without a proactive synch department had less appeal for the representatives of unsigned writers/artists. In response, almost every sizeable publisher and label hired synch staff to trawl through and exploit back catalogue and attract new talent. This seemed a natural development during the late-1990s and early-2000s when many young UK artists started to embrace the positive association with feature films and commercials and worry less about so-called 'selling out'. For more on this issue of selling out, see Issue Twelve.

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As **Tracie London-Rowell, Director of Film, TV & Advertising, Universal Music Group**, argues: "Synch usages are seen in line with radio plays meaning that synch teams are now compared to TV and radio pluggers' activities. We actively service new tracks upfront of release in the hope of securing synch opportunities to coincide with releases. Synch may or may not be the new rock 'n' roll but it is certainly fast becoming the 'new A&R' as impressive synch teams progress and become highly sought after."

### What power within organisations do synch departments have and how is it exerted?

If synch executives had greater influence within their companies, could they expect to participate in the A&R process? Could they help identify 'synchable' repertoire (e.g. Moby, Groove Armada, Fatboy Slim - all of whom have enjoyed substantial synch fees from advertising campaigns)?

I therefore posed the following questions to key players in the synch licensing sector - 'Does synch drive A&R talent acquisition? Are potential signings always assessed by Heads of Synch divisions prior to offers being made?'

Opinion was divided here. **David McGinnis, Head of Licensing, Mute Song**, suggested the following: "As part of a small publishing company that has a hand in A&R decisions, I am always mindful of synch potential with new signings. Good leftfield instrumental acts are always interesting for synch, especially if they are not too expensive. Acts like this are often signed with synch very much in mind. I feel that more straightforward, song-based, lyrically-led acts with stronger real sales potential are harder to place until they have a degree of popularity. You don't sign these acts for synch - you sign them to sell records. But a smart catalogue needs both."

On the same set of questions, **Gary Downing, Creative and Licensing Manager, Warner Chappell**, argued: "We generally meet with all potential



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and new signings in order to discover how they view themselves in terms of synchronisation and if, indeed, they even wish for their works to be commercially exploited in this way. We would never sign a writer specifically for synch as usages are never guaranteed.”

In contrast, some publishers appear to favour a more reactive approach. For example, **Steve Levy, BMG Music Publishing**, stated: “We are not the A&R guys. It would be ludicrous to sign only on the basis that we expect to get synch. What can work is the example of an unsigned act being picked for a big campaign. It can then be picked up by A&R for a deal.” Some, however, felt more strongly about the issues with **Laurence Kaye, Director of Film, TV & Media, Universal Music Publishing** stating bluntly: “Absolutely not. Synch activity is a secondary function which can support - rather than drive - A&R decisions.”

It appears the scope for each synch division to embrace new roles depends on the flexibility of their MD. It also depends on the desire of the synch staff to fight the internal political battles necessary for increased power within the company.

My own experience at Zomba Music Publishers was that potential ‘synchronability’ was a key element when assessing new target signings. Nervous A&R managers usually wanted feedback from the Film & TV Department before recommending an act to the MD. As a result, deals were occasionally front-loaded where synch income was budgeted as a component of recoupable earnings.

If some publisher and label MDs hold synch in this high regard (i.e. no longer a secondary function), do they incentivise their divisions to see the bigger picture (i.e. share in both synch and sales royalties)? When asked if this was the case, McGinnis of Mute Song stated: “In my job with a small publisher I always see the big picture but I would always prefer to have real money. A synch is never a guarantee of increased sales. There is huge danger that a perception of ‘the big picture’ will just shrink synch fees while failing to deliver on sales. I want money. Show me the money.”

And Levy of BMG Music Publishing added: “Synch helps not just by adding to the licensing bottom line but also below the line in additional sales from the extra promotional value etc. This cannot always be easily quantified, but here at BMG, if our writers are successful then we are successful. So I guess it is about working as a team to attain success.”

It appears, therefore, that whilst publisher MDs don’t necessarily reward synch staff for results beyond their core activity, there remains pressure on synch departments to bail out un-recouped deals. This issue is debated privately amongst many publishing synch executives, though few would go on record to state that synch allowed their MDs to save face on unprofitable signings.

To what extent do label and publisher MDs still see synch as a means to an end (e.g. to remedy unrecouped deals), rather than as an end in itself? Downing of Warner Chappell responded to this question by arguing: “Synch

is certainly not viewed as a means to an end at WCM. Whilst it is always beneficial to recoup monies on old dropped deals through synch, within our company we are viewed as the marketing department. As such, we have a responsibility to promote our writers as well as to ensure that we mine another stream of income. Our MD knows that having a proactive, successful, high-profile synch department is just as important as having a successful A&R department. We are committed to allowing our writers to grow creatively within the remit of synchronisation.”

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### Are synch departments bankrolling other departments within labels and publishers?

With synch departments now burdened with marketing, licensing and A&R roles, will they also be pressured to become cash cows? As synch income comprises an ever increasing proportion of total turnover in a time of falling sound carrier sales royalties, will they be used to bankroll loss-making divisions (e.g. New Media)? How will synch staff deal with inter-departmental rivalry?

Will synch departments now – in a time of falling soundcarrier sales – be expected to bankroll loss-making divisions (e.g. New Media)?

London-Rowell of Universal Music Group suggests it may map out as follows: “I think most are now fully aware that synch usages have broader benefits within our industry rather than just to recoup balances. There are too many examples to mention to prove that synchs can break a band, boost a flagging career or increase interest in ‘Best Of’ packages. Synch potential is a part of the bigger picture now and is taken into consideration before, during and after release. At Universal they embrace the benefits that can be had in obtaining synch usages and the very fact that they asked me to join the company and restructure and completely overhaul this department is proof of that.”

Whilst London-Rowell’s appointment at UMG was a highly-publicised poaching from Chrysalis Music, less senior synch staff would probably not be as bullish in a time of job insecurity. Mid-level licensing managers are clearly relieved to still have positions, though privately fret at the various

mergers currently in discussion (see Filters, p. 3). Whilst synch is now a front-line marketing and revenue generation activity, it's likely to be viewed as backroom duplication by the M&A consultancies who seek to strip costs from merged entities.

### **Moving forward: how will synch licensing and synch departments develop in the future?**

So where is synch going in the uncertain future of a beleaguered music industry? As publishers and labels have striven to secure a competitive advantage through proactive synch departments, could they have weakened their bargaining power with synch clients through selling too hard? I asked key players in the synch sector what their predictions for the market were for the next five years and how synch's importance as a revenue generator can change the music industry structurally and organisationally. **Eric Harle of D.E.F. Management** stated that: "Record companies have seen the valuable help that synchs can provide to broaden the music of their acts to a wider audience. Unfortunately, I detect a similar self-destructive way as to how people seem to go about it. As with supplying music to radio, TV and magazines, the synch route is endangered by the desperation of record companies to promote their music at – literally – all costs to themselves."

This is a sentiment that is echoed in the legal community. **Andrew Myers of Clintons** states: "I think the ad agencies, clients and film production companies will begin to see more clearly the benefit for the artist and the record labels of including tracks in the relevant productions. I think this will drive revenues down and, in extreme cases, there may even be a reversal of the revenue streams. Obviously there will always be those productions which require a certain track and the revenues paid in relation to these tracks will be unaffected."

### **Is synch licensing running out of steam? How and where can it grow from here?**

Could it be that synch's time as a profitable business model is over? Was it a flash in the pan during the 1990s, or is it a sustainable revenue stream? Considering how the sector could potentially move forward, McGinnis of Mute Song suggested that there would be "doom and gloom with a silver lining. There will be continuing downward pressure on synch fees in advertising but there could be more frequent synchs for new acts and more left-field acts as brands struggle for coolness in the market place."

He added: "Television and film will remain much the same but we could do with more TV programmes like Teachers consuming loads of music and more contemporary films with interesting music briefs. With more rights owners being more sophisticated and proactive in synch marketing, it will be harder and harder to pitch successfully for anything. So our publishing company will be continuing to market itself as a boutique/niche operation to get some distance from the mass."

Elsewhere, synch execs agreed the ad market had peaked, though new opportunities were being pursued. Downing of Warner Chappell suggested: "The boom period of music in commercials is very much over. Throughout the next few years there will be various efforts to steady the ship but, having

said that, big tracks will still command high fees and on new tracks or lost classics we will, as always, remain flexible. Whilst I believe that computer games will be a huge growth area for synch departments – and we are already seeing this in action – I think that we will see a decline in the use of well known-tracks in commercials as the public become more and more tired of these usages."

### **Conclusion: is synch's golden age over?**

In a time when traditional income streams are down, has the music business establishment killed the goose that laid the golden egg by trying too hard? Whilst the consumer press likes to titillate their readers with stories of six and seven figure synch deals for stars, this is no longer reflected in reality. Are the glory days of synch departments over, or will they adapt in order to survive? Kaye of Universal Music Publishing argued: "While traditional activities such as song placements in commercials and film subside as budgets shrink further, new media activity will continue to grow and form the main focus for our activities." This growth and reformulation of synch was also predicted by Levy of BMG Music Publishing: "The UK synch market will continue to grow and synch departments will adapt. Changes will occur in the way fees are measured internally. For example, some deals may become direct deals – not through collection agencies. Also, our departments will become directly involved in the marketing process not just at the start but also from a catalogue and on-going viewpoint. Hence the setting up of our brand new Global Marketing team here at BMG International."

Sadly, the very success of proactive synch divisions makes them vulnerable in a time of falling CD sales.

So what can we draw from this discussion? With increased competition between the music rights owners pitching their wares, have their synch clients felt empowered to negotiate fees downward? Without doubt, yes. The balance of power has changed, partly due to the general economy (which affects investment in entertainment properties and advertisers' budgets). However, this is also because music users know they need music rights owners less than the music industry needs them.

Ad agencies, film & TV producers and computer games developers are aware that synch now comprises a growing proportion of music rights owners' turnover. Sadly, the very success of proactive synch divisions makes them vulnerable in a time of falling CD sales. Music users know their custom will become vital to the rights owners' survival, so they negotiate more competitive licensing deals. Declaring a personal interest, Leap Music performs this very function for several ad agencies, though I see this as just part of a trend. Unless MDs sufficiently incentivise their synch staff – and Business Affairs Directors grant them the flexibility to be competitive – publishers and labels can expect to see more gamekeepers turned poacher.

#### **Richard Kirstein**

*Richard is Managing Director of Leap Music Limited, a joint venture with advertising agency Bartle Bogle Hegarty (BBH). Contact: Richard@leapmusic.com*