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Conference
Music 2.0: The New Convergence of Music, Marketing & The \$15 Billion Videogame Industry

In 1926, the General Mills Corporation created the first commercial jingle, a song called "Have You Tried Wheaties?" sung by four male vocalists live on a Minneapolis radio station. Within a week, the company's ad manager realized that 30,000 of the 53,000 cases sold nationwide had been bought in the Minneapolis market. General Mills soon went national with the act that had now become known as "The Wheaties Quartet". The move single-handedly saved one America's most enduring brands, invented direct marketing, and launched the first ever radio hit to sing about the joys of fiber.

In 1942, Bing Crosby introduced a new Irving Berlin song in the Paramount Pictures' film musical "Holiday Inn". The movie was nominated for 3 Oscars, and won for Best Original Song. The single sold more than 30 million copies that year. 66 years later, "White Christmas" remains both the most played and biggest selling holiday song in history, with over 500 versions in dozens of languages. Its net publishing worth is easily estimated to be in the hundreds of millions of dollars.

In March of 1964, a UK pop band commenced production on a low- budget quickie comedy shot in black & white due to the studio's fear that the "Merseybeat" fad wouldn't last beyond the summer. The movie was called "A Hard Day's Night". By December, The Beatles had sold over 30 million records in America alone.

In 1971, Coca Cola premiered their new global ad campaign built around a jingle by British songwriters Roger Cook and Roger Greenaway. Immediately, listeners began to call radio stations requesting to hear the commercial again and again. Within weeks, the song was recorded by two separate pop acts and quickly became a Top 10 hit around the world. "I'd Like To Teach The World To Sing" remains one of the top selling singles in UK history, and the spot itself was recently voted the #1 television commercial of all time. If you're over 40, I guarantee that you still remember every word.

In 1995, Microsoft paid the Rolling Stones a rumored \$14 million to use the song "Start Me Up" to launch their new Windows operating system. In 2002, Cadillac premiered their new "Break Through" campaign during the Super Bowl. The TV commercial, anchored by the Led Zeppelin song "Rock & Roll", immediately drove sales up 16% and forever re-branded a 102-year-old company previously known for its consumer base of old Jewish guys and '70s pimps.

In 2003, Disney began actively promoting a child star named Miley Cyrus (aka Hannah Montana) across Disney-owned platforms that included The Disney Channel, Radio Disney, Disney theme parks, Walt Disney Records, Hollywood Records and a fashion line via Disney Consumer Products. Following her sold-out 70-date live concert tour last year, Walt Disney Pictures released the Disney Digital 3D concert

movie "Best Of Both Worlds". It grossed \$31 million in its first week on just 683 screens, giving it the largest per-screen average of any nationwide release in Hollywood history. And if any of you have daughters under the age of 13, you know that Disney is now successfully following the exact same strategy with The Jonas Brothers.

WHAT IS THE POINT?! The point is this: Music has sold always product, whether it was war bonds, Elvis movies, Chevy trucks or presidential candidates. Conversely, product has always sold music, be it gramophones, Top 40 radio, iPods or a Sims ring tone. But for nearly a century, recorded music had been the proprietary realm of a traditional record business. Today, the bad news is that the traditional record business is dead. The good news is that the traditional record business is DEAD. Now that record labels have been marginalized, the lion's share of music revenues will belong to the artists who make the music. And with terrestrial radio and television becoming as marginalized as CD sales, the artists that make the music must now turn to the only growth media that matters. When I was a teenager, "interactive music" meant using my Allman Brothers' *Live At The Fillmore East* album to clean my weed. But the teens of today are the first generation to have fully grown up with digital technology. That means they've never known a world without computers, internet, or cell phones. Digital technology has radically affected their identities, their social interaction, and their total navigation of day-to-day life. Today, we can't conceive of our lives without radio, television or ATMs, much less portable music or PCs. The Digital Generation is now is 88 million strong and growing. And they can't imagine their lives without videogames. Music video first appeared in 1981, and since then an entire generation has been raised with an expectation of visuals attached to audio.

When I was working at MTV during its first few formative years, I remember attending a focus group in which a 15 year old was asked about videos compared to songs on the radio. His comment back was, "A song only becomes real to me when I see it". I still think about the implications of that kid's statement. You should, too. We are now continuing a trend already in motion for 20 plus years, a trend already indelibly ingrained in future generations. These are generations raised on video games as a major entertainment source in their lives. These are generations who will be raised on discovering music through these games. For these generations, the song may only become real to them when they "play it". And if you want to experience the ultimate convergence of music and videogames first-hand, I urge you to play Rock Band with a 12 year old.

This may be the best time in the history of the industry for new music to get mainstream exposure via videogames. A recent poll of core gamers ages 13 - 32 revealed that 55% of them learned about a new artist after hearing a song in a video game. Over one third downloaded a song because they heard it in a game. More than 20% purchased that artists' CD. Now consider that an average of 2.5 people play each game sold. Each game is played an average of 50 hours per player. On the game software, songs rotate and are identified on screen at least twice per each hour of play. In North America, our Madden '08 game sold more than 7 million units. That means that any given song in that game was heard and identified more than 1 billion times. No medium in history has ever delivered instantaneous exposure on this extraordinary a level. Today, labels are launching artists' entire careers around their inclusion in a top-selling title like Madden or Need For Speed. Radio is adding songs based on a band's inclusion in these games. Video channels are creating their playlists based not on radio airplay, but on videogame soundtracks. Even sports

leagues (the NFL, NBA, MLB, NHL, NASCAR, FIFA and more) are using our music selections to guide their future marketing. Thirty-five years after the first electronic blips of Pong, videogames (and the music we can deliver within them) have become the most essential new cultural force of our time.

As Worldwide Executive of Music for Electronic Arts, my role is to pursue, create and continuously develop the international vision for music in our games. My staff all comes from similar A&R or music marketing backgrounds. We listen to a lot of music and see a lot of bands. And because nearly 95% of all the music in our games currently comes from new acts, we are constantly creating new revenue opportunities for developing (and often unsigned) writers and artists from around the world. We've formalized in-game music under the name EA Trax and set the new industry standard for fair licensing and label cross-promotion. We are a 360° division within EA, working directly with artists and management, music publishers, ad agencies, movie studios, musicians unions, composers, international press, television networks, sports leagues and every EA office around the world on a daily basis, often more than a year in advance. We handle all contracts, negotiations and payments, with an innate knowledge of A-level properties, cross-platform opportunities, guaranteed reuse rights and artist promotion. Simply put, we have changed the way the game is played. EA revolutionized the industry by making music an essential emotional component of the videogame experience.

Consumers have celebrated that emotional connection by wanting to take their experience to an interactive level. In the past six months alone, our EA Trax page on iTunes has sold over 100,000 mp3s. This is more than merely another way to maximize the power of our unique real estate; we consider it to be the next major steps in evolving a whole new world of global music discovery. All of which has led to Artwerk, our groundbreaking joint venture with our friends at Nettwerk. For the past seven years, EA has been instrumental in breaking new artists for other labels. Now with Artwerk, we can now directly sign, launch and grow our own unique roster via our own full-service music company. Artwerk is not a record label, but rather an aggressively proactive publisher that delivers master recordings, film & TV sync deals, advertising placement and distribution that goes far beyond games. We look at publishing as though it is our responsibility to create marketing opportunities for the bands we sign. And in only its first few months, the Artwerk roster is everything a label should be: Diversified, ferociously independent and growing. We sign unique bands that move the needle. Every one of our acts already has high profile sync deals that have stemmed from their placement in our titles. We take a central role in our bands' careers. We have 8,000+ worldwide EA employees working for them every day. Most of all, our artists all deliver great songs that sound amazing in games. Their music is now not only selling other products, but is selling products in other mediums based on a favorable recognition that begins with our games. Within the next five years, the ability of videogames to expose new music of every genre will be beyond anything the industry or the consumer has ever known before. My hope is that Artwerk (and other labels like it) will be taking every advantage of these extraordinary opportunities.

Artwerk, quite simply, is Music 2.0: It is where music, games and global digital entertainment all come together to re-write the rules forever. According to a recent Nielsen Soundscan study, for the first time last year nearly half the teenagers in America bought no CDs whatsoever. And despite NARAS sincere but misguided "Just Say No" approach to P2P, consumers overall paid for less than 42% of the music they obtained, down from more than 50% in 2005. On the other hand, we also live

in a world where MySpace delivers new pop stars, Rock Band can single-handedly revitalize the Molly Hatchet catalog, and iTunes has now surpassed Wal-Mart as the #1 music retailer in America. And though the business of music may have evolved, music itself will always create an emotional connection with the listener. More importantly, that emotional connection will always drive product desire, whether it be the music bed of an Apple commercial, a song on Grey's Anatomy or a track on Madden '09. In other words, today's new paradigm is no longer about music getting a piece of the action, but about music being a piece of the action itself. What a barbershop quartet singing about wheat flakes first proved over 80 years ago is still true today: Music is marketing. Real estate is everything. And teaching the world to sing the right song will always make the difference. The future of the music industry now belongs to those who make the music. Pick up a guitar, a mixer, a mouse or a game controller. Keep it vital. Keep it honest. And above all else, keep playing!