Music executive: business is not so bad, actually

Vivendi's Jean-Bernard Levy says industry troubles are exaggerated and argues that there is 'a big market to sell records physically for many years'

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One of the world's most important music company executives has insisted, seemingly in the face of mounting evidence, that the music industry is looking up and that the CD format is far from dead.

Jean-Bernard Levy, chief executive at Vivendi SA, spoke out on the future of his business at the MIDEM conference in Cannes this weekend.

"I think altogether today there is an exaggeration in the industry," he said. "It's not as dark as what many people describe. Back in 2003 the numbers didn't look very good, [but] as a shareholder of Universal, I have seen the numbers go up quite sharply. We had in 2003 a three percent operating margin business and we have today a 12 percent operating margin business."

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Vivendi SA is the parent company of Universal Music, the industry-leading label representing artists such as U2, Amy Winehouse and Sting.

Levy was responding to a report from the International Federation of the Phonographic Industry, showing a 40% increase in global digital music sales in 2007 - but that the ratio of legal to illegal downloads remains at about 20 to 1.

Despite the increasing success of digital services such as the iTunes Music Store, Levy believes there is still "a big market to sell records physically for many years.... It's not the migration of one physical format to another, I think it's a transition into very diversified business models of which CDs will remain a part."

Contrary to recent industry moves, Levy did not show much enthusiasm for new initiatives - at Amazon and elsewhere - to sell tracks without copy protection safeguards (known as Digital Rights Management or DRM). "We are strongly attached to DRM," he warned.

Sean Michaels is a Montreal-based writer who blogs about music at Said the Gramophone.