Study on the economic impact of Generative AI in Music, and Audiovisual industries

Executive Summary

Current situation and 2028 perspective

November 2024

CISAC

PMP Strategy positive impact

Context & Introduction

Generative AI is the pinnacle of half a century of advances in artificial intelligence. Recent years have witnessed the exponential progress of models capable of handling an ever-expanding range of formats and tasks, achieving results that rival human abilities.

The year 2023 saw an unprecedented surge in Gen AI investment and the emergence of numerous new players in the field, in all sectors.

Creative industries make no exception to this trend. A fast-growing ecosystem of new tools and services has developed in the past year, for a myriad of applications. These include two broad and distinct functions:

- Assistance on specific tasks of the creative process (ideation, mastering, edition, etc)
- Generation of complete creative outputs (music track, images, videos, etc) from a prompt

As Gen AI use cases mature among the public and professionals, the issue of **copyright management and the remuneration of the creators** has come to the forefront.

Certain key factors are driving this:

- Most current models use copyrighted works in their training without authorisation
- Generative AI outputs (which are sometimes difficult to distinguish from human creations) can potentially replace traditional works in the distribution and broadcasting market

While the industry has begun to take action to address these issues (for example, the recent lawsuits against Suno and Udio in music), **the regulatory framework is still under construction and remains heterogeneous**.

Thus, uncertainties remain regarding the remuneration of creators.

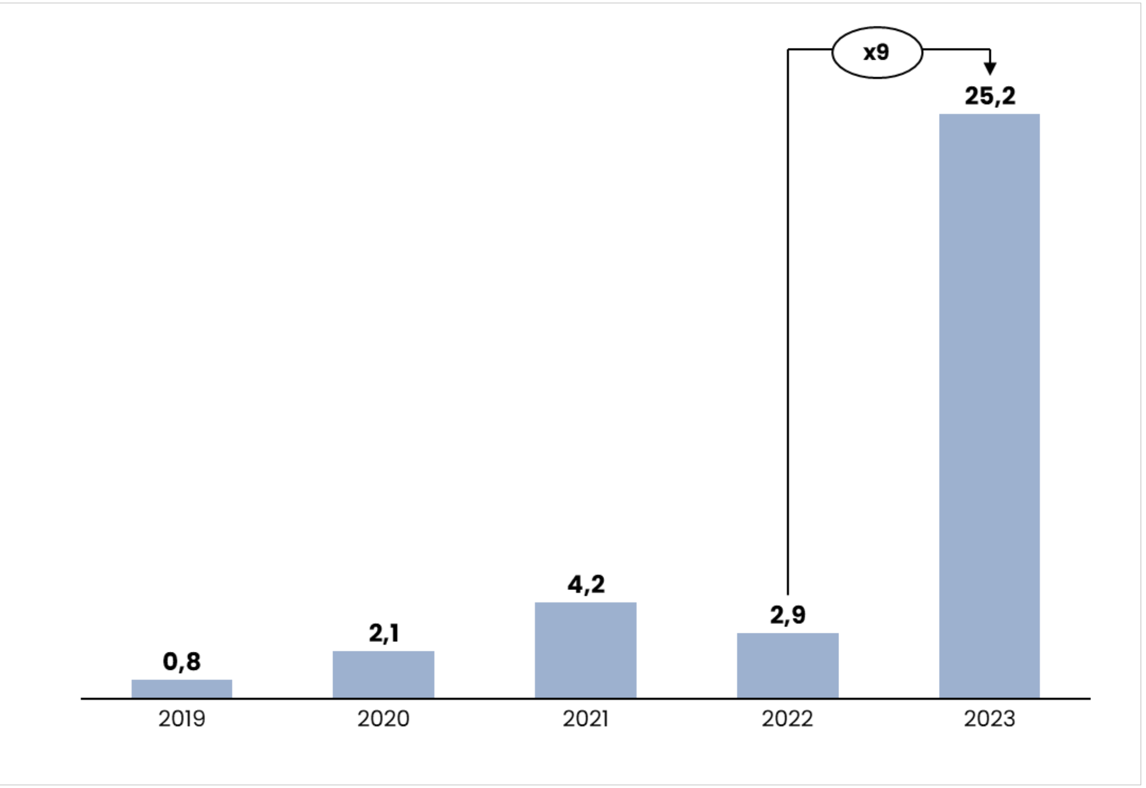
Context & Introduction

Gen AI investment is skyrocketing. While total investment in AI has recently slowed, the Generative AI market is growing exponentially, with an unprecedented surge in 2023 substantially driven by the US.

AI technology is reshaping the business landscape. A wide range of startups and Generative AI applications are targeted by investments in sectors such as technology, telecom, healthcare, financial services, energy, consumer goods, media, culture and entertainment.

Generative AI is becoming a key driver of innovation, with applications that enhance operational processes and create new products and services, impacting nearly every aspect of the modern economy.

Private investment in Generative AI | Worldwide , 2019-2023, $Bn



Study objectives and methodology

In this context, CISAC has commissioned PMP Strategy to evaluate the economic impact of Generative AI in creative industries by 2028, on Music and Audiovisual.

The study addresses 3 main questions:

1. What will be the **market size of AI-generated outputs in 5 years** (2028)? – *penetration of the market and economic weight of Generative AI outputs*

2. What will be the **associated loss of revenue for creators** by 2028? – *risk for creators' revenues due to the substitution of traditional works by Generative AI outputs*

3. What will be the **revenues of Generative AI tools/services providers** by 2028? – *revenues of the Gen AI tools and services using pre-existing creative works in their training and enabling the generation of new outputs*

The objective is to assess the economic weight and impact of Generative AI in the markets under consideration. This, in turn, can inform and enlighten the debate on remuneration mechanisms that could be implemented to ensure that creators are properly and fairly remunerated. The study does not focus on identifying the detailed impacts on jobs.

The study uses a qualitative and quantitative methodology to make these estimates, fuelled by interviews and workshops with over 40 industry professionals, representative of the value chain.

Significant Gen AI use cases were first identified and prioritised, based on their adoption potential in the next 3 to 5 years, and the expected economic impact. Quantitative hypotheses were then built based on these qualitative insights and market projections.

Study key takeaways – Music

1	Market size	€16Bn Estimated market value of Gen AI outputs in Music in 2028	Gen AI outputs in Music will be worth a cumulative **€40Bn over the next five years**, rising to an annual value of €16Bn in 2028. By 2028, Gen AI music will account for around 20% of music streaming platforms' revenues and around 60% of music libraries revenues.
2	Revenue loss	€4Bn | 24% Music creators' revenues at risk in 2028 (compared to a no Gen AI situation)	Under current conditions, this market penetration by Gen AI outputs could put 24% of Music creators' revenues at risk in 2028. This represents a cumulative loss of **€10Bn over the next 5 years**, and an annual loss of €4Bn in 2028.
3	Gen AI services' revenues	€4Bn Estimated revenues of Gen AI Music services in 2028	Gen AI services in Music (both mass public and professional tools/softwares) are projected to generate exponential revenue growth, reaching an estimated €4Bn in 2028, with a cumulative total of **€8Bn over 5 years.**

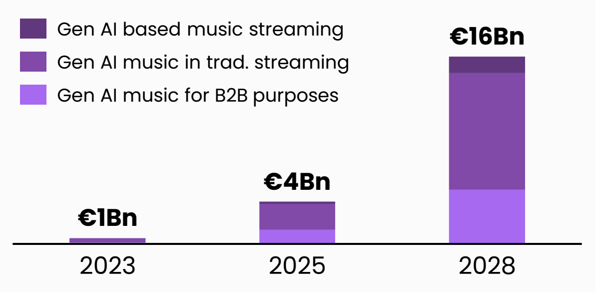
Source: PMP Strategy

Study key takeaways – Focus on estimates on Music uses most impacted

In estimating the market value of Gen AI outputs in Music in 2028, this market will be mostly driven by Gen AI music on streaming platforms and for B2B purposes. Market saturation will be significant on the music library segment (c.60%), with B2B clients looking to reduce costs.

Gen AI music outputs market size

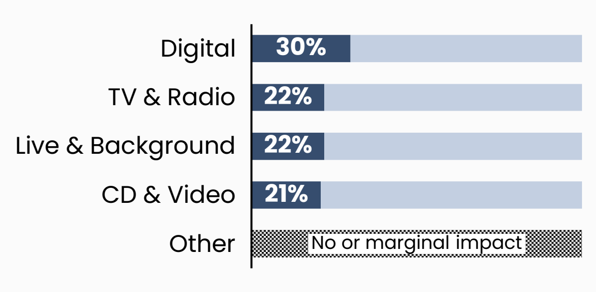
| 2023 – 2028, €Bn



Within the estimated potential loss for music creators, certain sectors will be particularly impacted. The potential impact will be strong on digital collections (up to 30% cannibalisation), TV & Radio and Background (c. 22% of cannibalisation).

Music creators' revenues cannibalisation rates

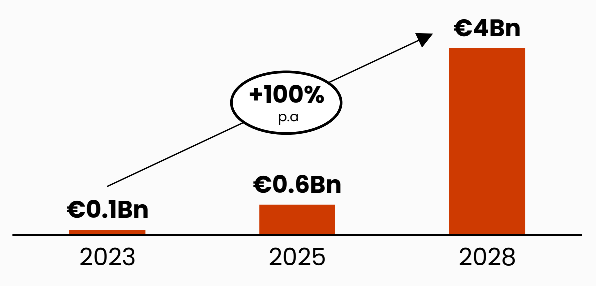
| %, 2028



Generative AI providers' revenues in Music could double each year from 2023 to 2028, reaching c.€4Bn in 2028, up from an estimated €100 million in 2023.

Music Gen AI providers' revenues

| 2023-2028, €Bn



Study key takeaways – Main Gen AI use cases identified in the Music field [1]

Curation and consumption by end users on streaming platforms. Music listeners become active curators, generating and sharing Gen AI tracks.

Background music (in audiovisual works, public places,…). Gen AI music replaces traditional music for background sonorisation in public places or audiovisual productions, substituting library music. In addition, Gen AI music usage grows rapidly in user-generated content on social media.

Commercial distribution on music streaming platforms. Gen AI music progressively floods music streaming platforms — mostly in mood music and passive playlists — through traditional distribution channels, or with DSPs themselves generating AI tracks, pushed to users in personalised playlists.

Gen AI music for core content in audiovisual works. Gen AI is even used to create core musical content in certain lower-budget audiovisual works (some video games, films or series), allowing production costs reduction.

[1] Music industry experts interviewed identify four main AI use cases where generative AI will most likely impact on music creation

Source: PMP Strategy

Study key takeaways – Audiovisual

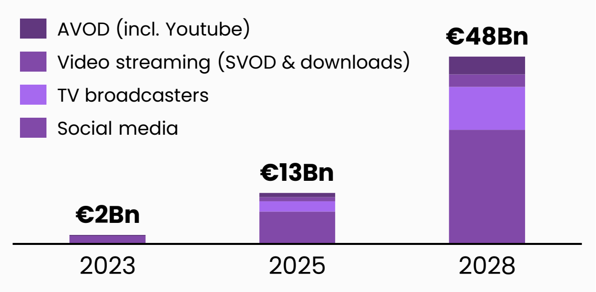
1	Market size	**€48Bn** **Estimated market value of Gen AI outputs in Audiovisual in 2028**	AI-generated complete Audiovisual outputs are expected to be worth **c. €48Bn in 2028.** Audiovisual outputs generation for social media and TV will account for the lion's share of the market.
2	Revenue loss	**€4.5Bn | 21%** **Audiovisual creators' revenues at risk in 2028** (compared to a no Gen AI situation)	The widespread use of Gen AI tools throughout the production process of audiovisual works could put 21% of creators' revenue at risk by 2028. This represents a cumulative loss of **€12Bn over the next 5 years**, and an annual loss of €4.5Bn in 2028.
3	Gen AI services' revenues	**€5Bn** **Estimated revenues of Gen AI Audiovisual services in 2028**	Gen AI services in Audiovisual (both mass public and professional tools/software) are projected to generate exponential revenue growth, reaching an estimated €5Bn in 2028, with a cumulative total of **€13Bn over 5 years.**

Source: PMP Strategy

Study key takeaways – Focus on estimates on Audiovisual uses most impacted

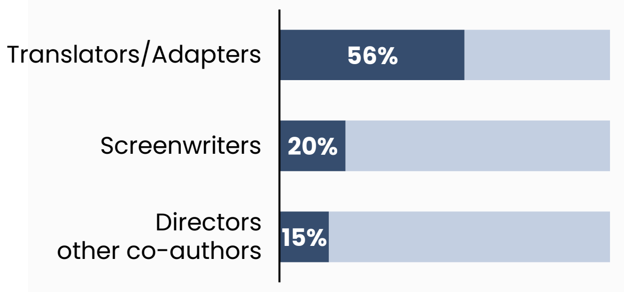
The Audiovisual AI-generated outputs market in 2028 will be mostly driven by automated video generation for user-generated content on social media (more than 10% penetration rate). Gen AI outputs will also progressively substitute some lower production budget works for TV and SVOD platforms, with a more limited market saturation (under 10%).

Gen AI audiovisual outputs market size
| 2023 – 2028, €Bn



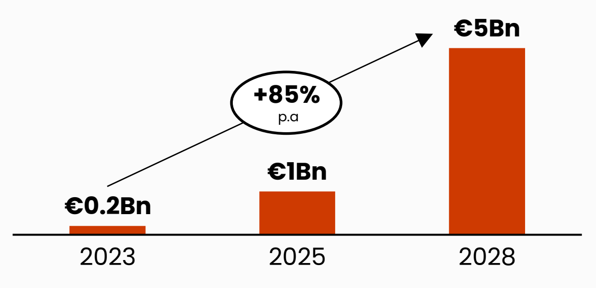
Within the estimated potential loss for audiovisual creators, certain authors will be particularly impacted. The impact will be significant for translators and adaptors (56%) for dubbing and subtitling, and for screenwriters (20%) and directors (15%), with producers leveraging new tools to increase efficiency and reduce costs.

Audiovisual creators' revenues cannibalisation rates
| %, 2028



Generative AI providers' revenues in Audiovisual will follow the same trend as in other creative industries (Music) and could almost double each year from 2023 to 2028, reaching c.€5.3Bn in 2028, up from an estimated €200 million in 2023

Audiovisual Gen AI providers' revenues
| 2023-2028, €Bn

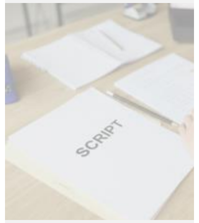


Study key takeaways – Main Gen AI use cases identified in the Audiovisual field [(1)]

Generation of complete audiovisual outputs. Gen AI tools support content creators for the generation of complete videos for social networks and AVOD platforms. AI-generated outputs are even replacing (with more limited penetration) certain audiovisual creations for TV or SVOD platforms – children's cartoons, commercials, ….

Dubbing and subtitling automation. The improvement of Gen AI tools in this field allows for better translations and adaptations, with outputs increasingly closer to human work and at a decreasing cost, fostering their widespread adoption.

AI assistance in the directing process. The use of Gen AI tools to automate directing tasks is becoming widespread, fostered by producers' willingness to gain efficiency and reduce costs.



Automated screenwriting. Similarly, Gen AI screenwriting assistance tools become more efficient, supporting authors in their work but also pushing producers to reduce the budget spend for screenwriting.

(1) Audiovisual industry experts interviewed identify four main AI use cases where generative AI will most likely impact on music creation

Source: PMP Strategy

Study key takeaways – Conclusion

The Gen AI market is growing fast in all sectors, including in creative industries. The estimated market value of Gen AI outputs in Music is of €16 billion in 2028, and this value reaches €48 billion in Audiovisual, with exponential growth rates.

While in some market segments a slight Gen AI boost can be expected in connection with new uses (slight growth increment in the music streaming segment for example), this growth will mostly cannibalise the value of traditional human-made works.

As Gen AI services and tools proliferate, the revenues of Gen AI providers are on the rise, thanks to the "parasitic" use of copyright protected works for the training of their tools. For music, Gen AI services are estimated to reach €4 billion in 2028, and more than €5 billion in the Audiovisual field.

In an unchanged regulatory framework, creators will not benefit from the Gen AI revolution, but will actually suffer losses on two fronts:

- The loss of revenues due to the unauthorised use of their works by Gen AI models without remuneration
- The “cannibalisation” or replacement of their traditional revenue streams due to the substitution effect of AI-generated outputs, competing against human-made works

It is estimated that by 2028, 24% of music creators' and 21% of audiovisual creators’ revenues will be at risk, resulting in a cumulative loss of €22 billion for creators in these sectors over 5 years.

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