KEA EUROPEAN AFFAIRS

Taking Advantage of Opportunities in Europe - Music

3rd CARIFORUM-EU Business Forum

Montego Bay, Jamaica

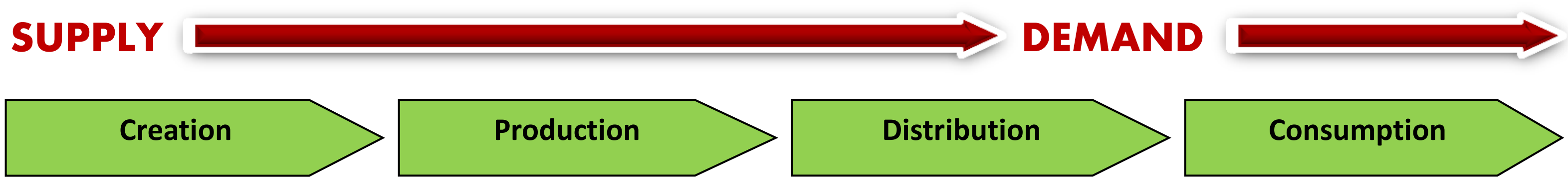
15th April 2015

The 3rd CARIFORUM EU BUSINESS FORUM

1. **The Context**
2. Trends in Music
3. EU Market for Music
4. CARIFORUM Music exports
5. Closing considerations

The Context

- Development of **Regional Export Strategy for CARIFORUM Creative Industries**
  - CIs/sub-sectors x5 – including **Music (live & recorded)**
  - **Value chain analysis**



  - **Mixed methodology** – literature review, in-country expertise, online survey, semi-structured interviews
  - *Preliminary* findings
  - 16 CARIFORUM countries plus 9 EU member states

The Context

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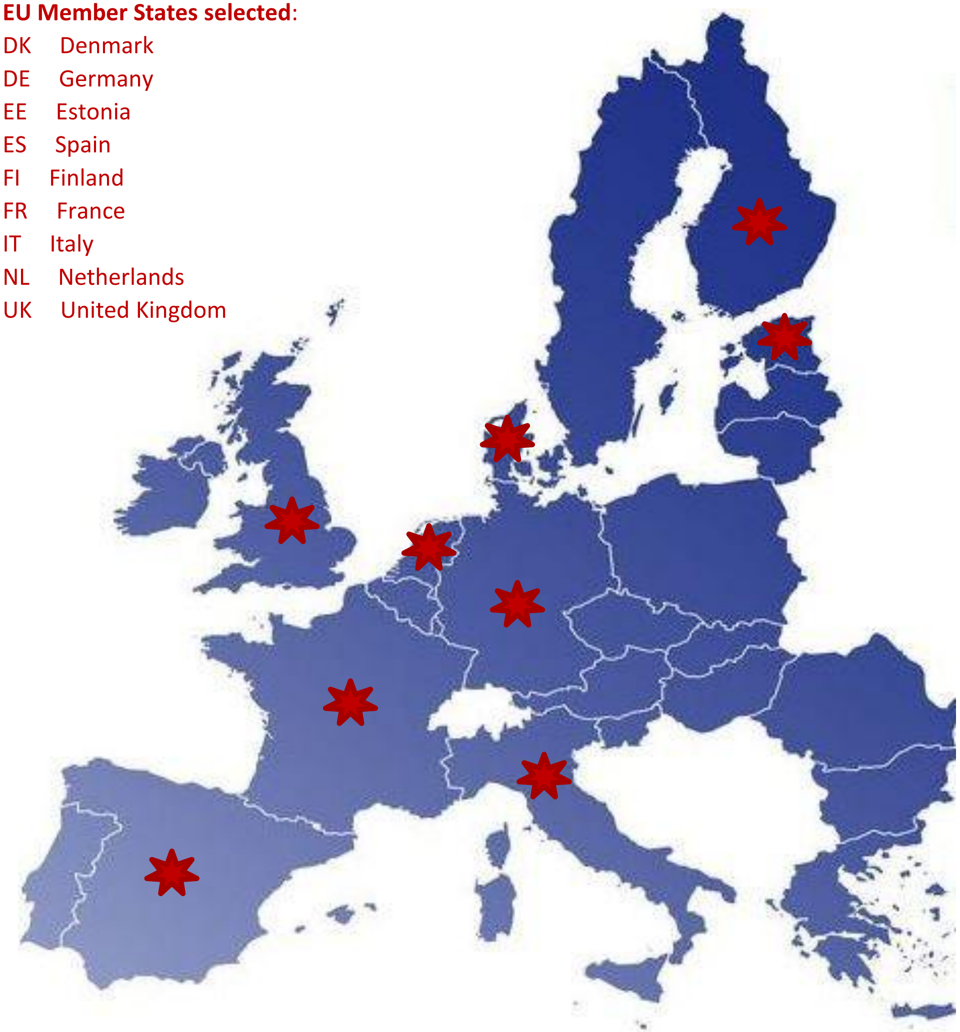
The Context

EU Member States selected:

DK Denmark
DE Germany
EE Estonia
ES Spain
FI Finland
FR France
IT Italy
NL Netherlands
UK United Kingdom



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2. Trends in Music

- **Global trends:**
  - **Overall, recorded music trade revenues ↓** (3.9% in 2013)
    - Geographic variation e.g. growth in Europe
    - US dominant market globally
    - In Europe: France, Germany, Italy, Sweden & UK
  - **Digital channels ↑** (by 4.3% in 2013)
    - Downloads, subscription services
  - **Performance rights revenues ↑**
  - **Multiple platforms, multiple devices**

From: *IFPI Digital Music Report 2015*

2. Trends in Music

- **Change in market segments – physical format sales:**

From: *IFPI Digital Music Report 2015*

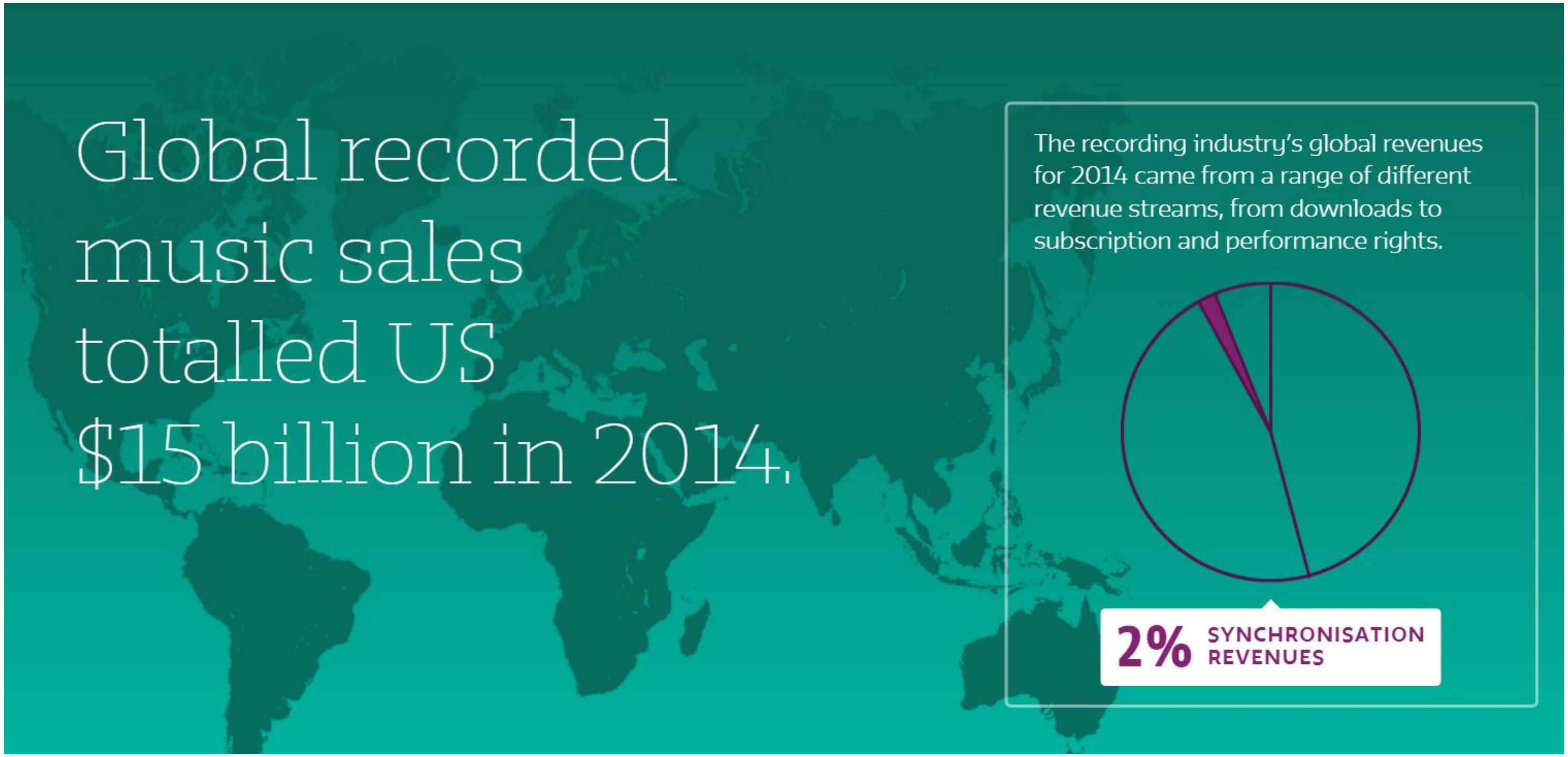
2. Trends in Music

- **Change in market segments – digital revenues:**

From: *IFPI Digital Music Report 2015*

2. Trends in Music

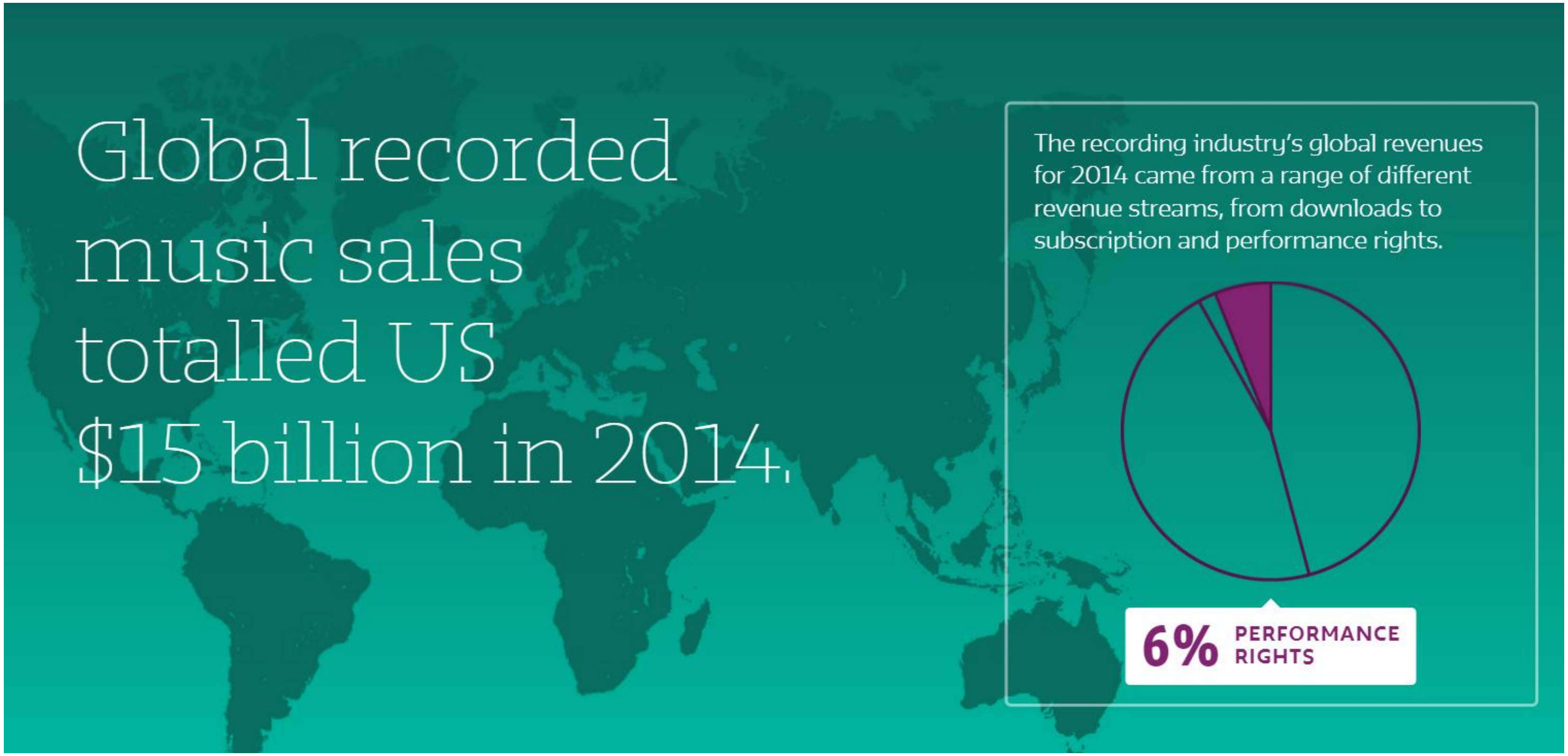
- **Change in market segments – subscription revenues:**



From: *IFPI Digital Music Report 2015*

2. Trends in Music

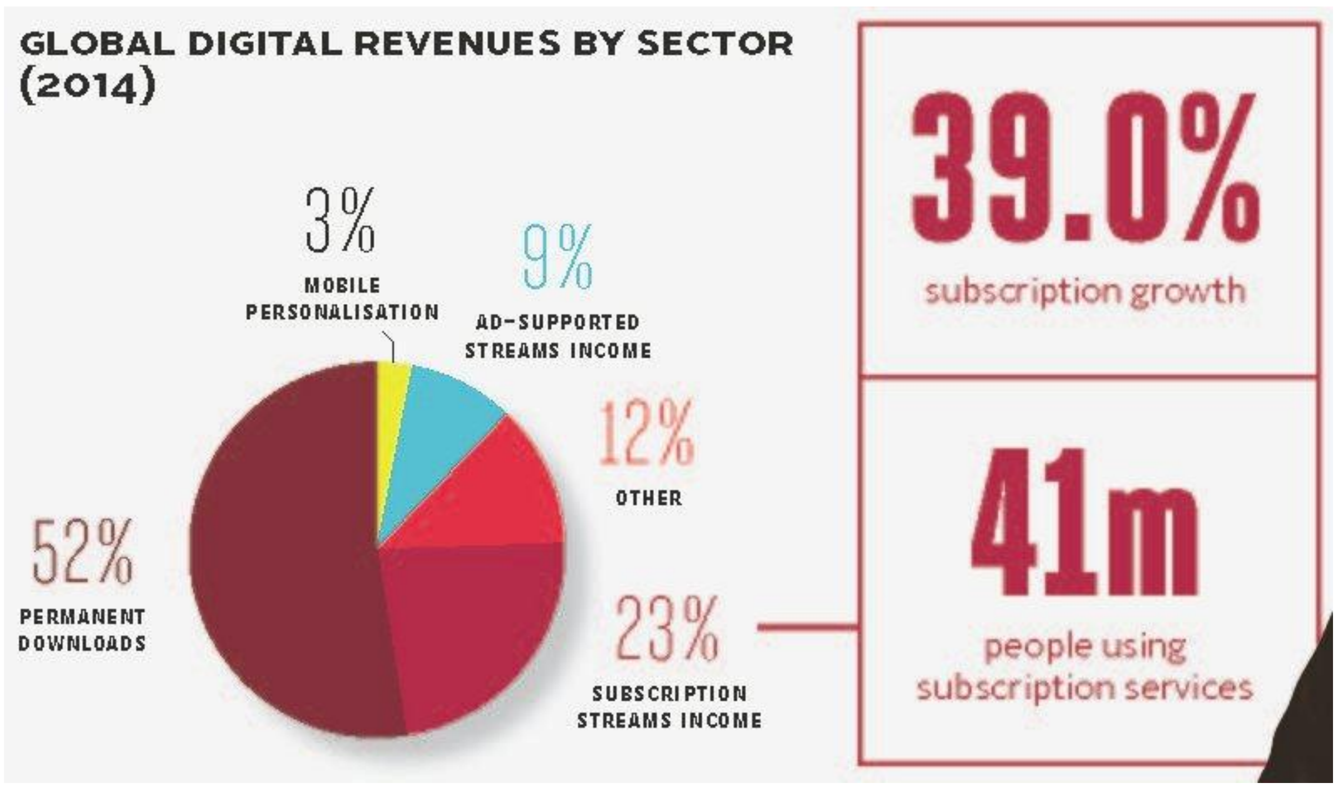
- **Change in market segments – performance rights:**



From: *IFPI Digital Music Report 2015*

2. Trends in Music

- **Varied digital revenue streams**



From: *IFPI Digital Music Report 2015*

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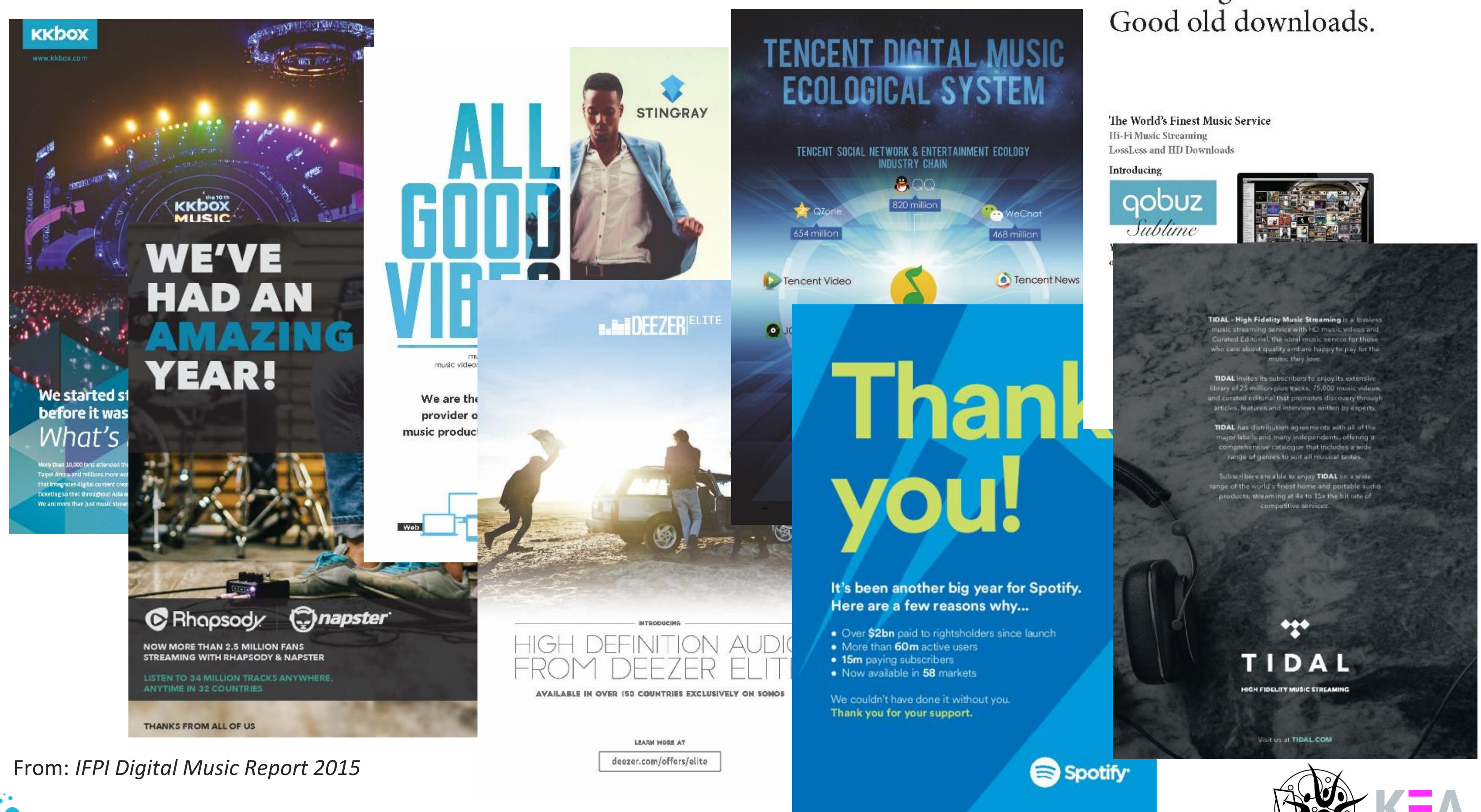
2. Trends in Music

- **Proliferation of digital services**



From: *IFPI Digital Music Report 2015*

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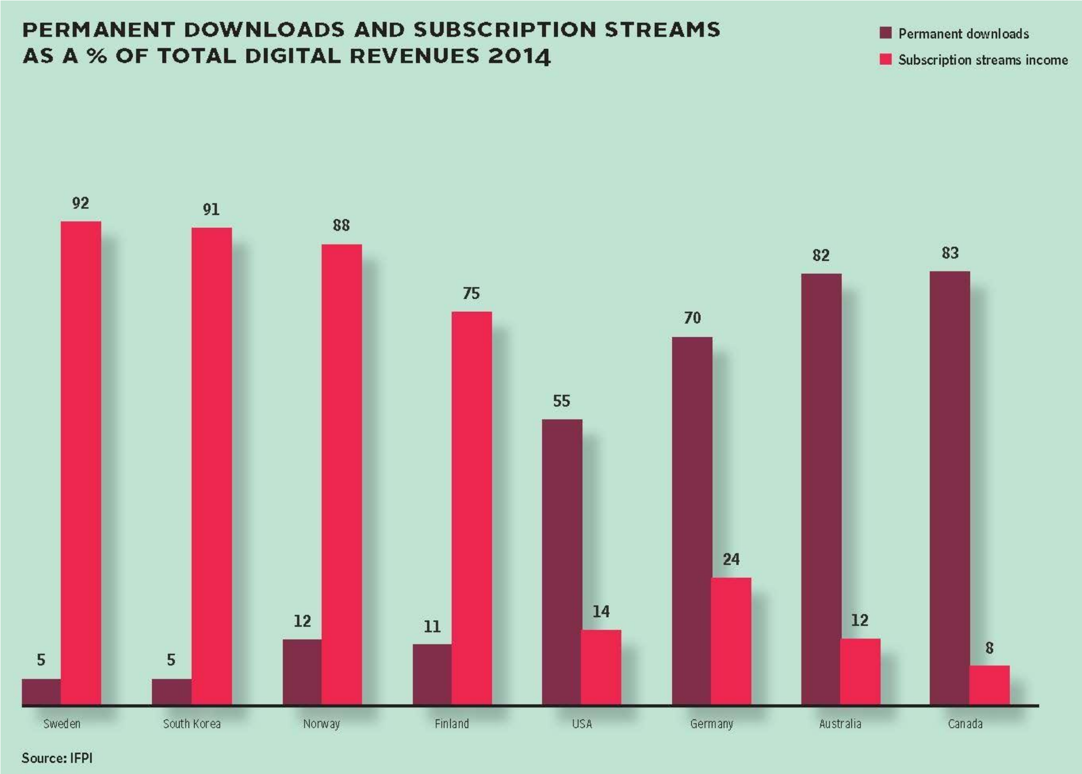
2. Trends in Music

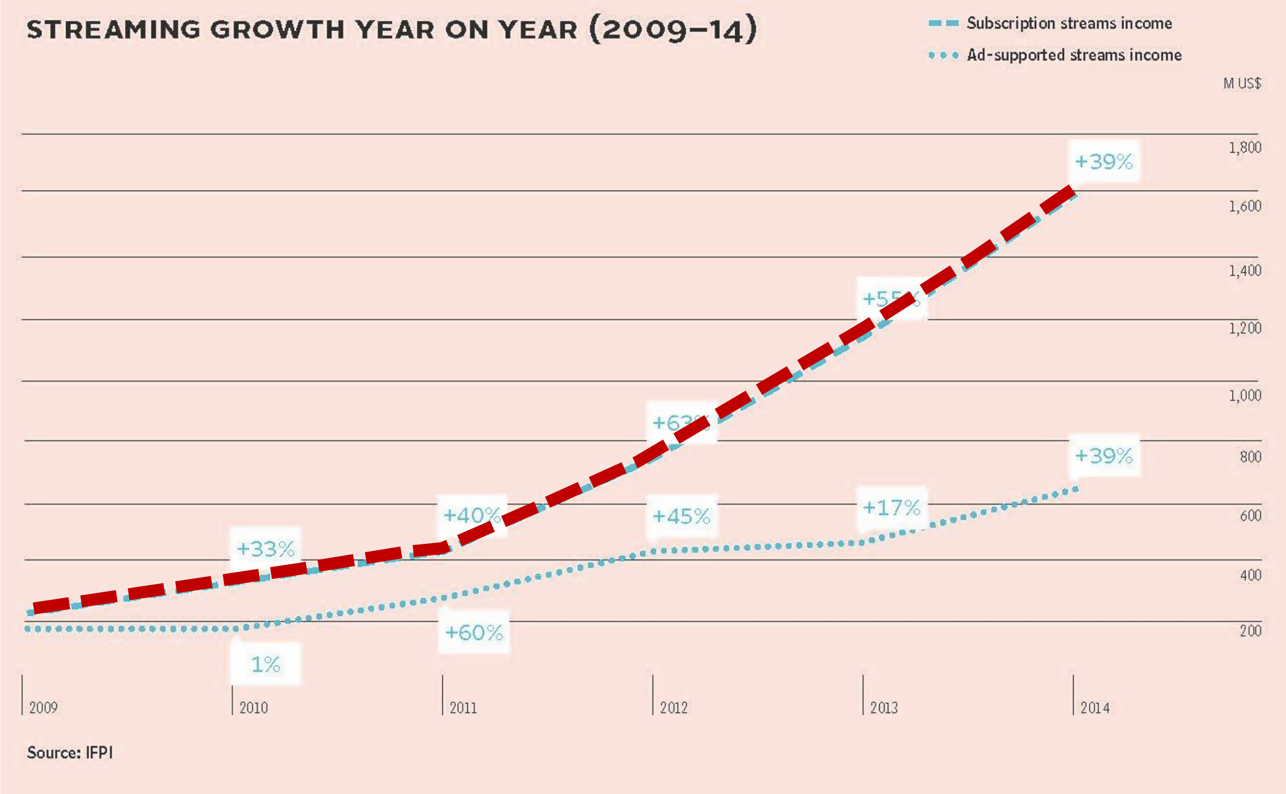
- **Downloads vs subscription varies from country to country**



From: *IFPI Digital Music Report 2015*

2. Trends in Music

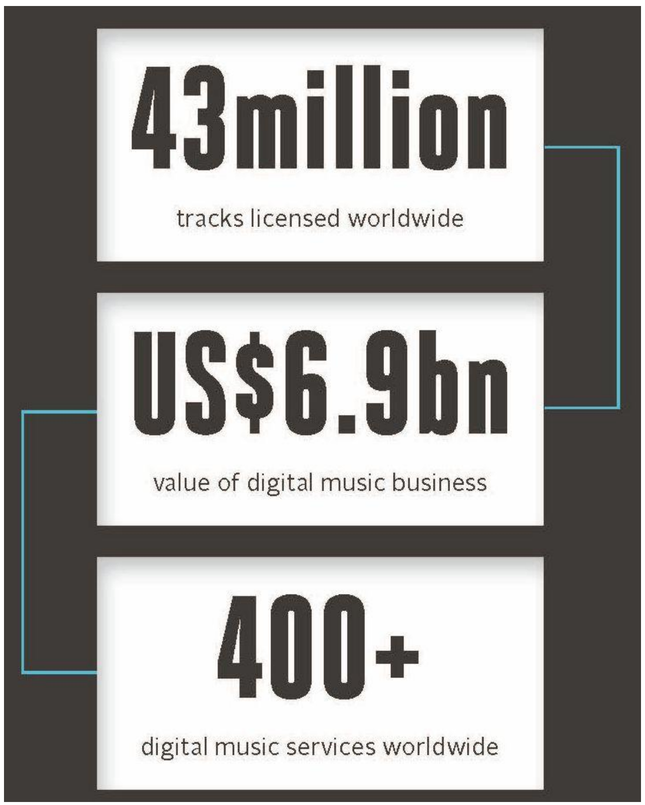
- **Growth in subscription services**



From: *IFPI Digital Music Report 2015*

2. Trends in Music

- ***The streaming controversy*: the 'value gap'**



From: *IFPI Digital Music Report 2015*

"**…the very significant mismatch between the value that certain digital platforms extract from music and the value returned to its rights owners.** (…) It is the primary reason why, despite offering consumers better choice, access and value than ever before, the recorded music industry has not achieved sustainable year-on-year revenue growth." – *IFPI Digital Music Report 2015*

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2. Trends in Music

“Music is changing so quickly, and the landscape of the music industry itself is changing so quickly, that everything new, like Spotify, all feels to me a bit like a grand experiment. And I'm not willing to contribute my life's work to an experiment that I don't feel fairly compensates the writers, producers, artists, and creators of this music.” *– Taylor Swift, late 2014 when she withdrew her music from Spotify’s streaming service*

“It's an experimental period. Let's experiment. Let's see what works." The singer explained that in his opinion, the enemy was not Spotify, but music-industry standards and practices. "When people pick on Spotify: Spotify are giving up 70 percent of all their revenues to rights owners," he said. "It's just that people don't know where the money is because the record labels haven't been transparent." - *Bono* (U2)

- **Closing the ‘value gap’ requires fair licensing environment**

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3. EU Market for Music

- **EU has 4 of the 10 biggest music markets in the world** (Germany, UK, France & Italy)
  - *Music delivery*: world leader in streaming services e.g. Spotify (Sweden), Denzeer (France)
  - *Recording & publishing industry* - major & independent record labels
- **CARIFORUM music in EU is *largely* the forms from Jamaica, DR, Haiti, T&T** – viz. ska, reggae, dancehall, merengue, cadence, kompas and zouk.
- **UK remains significant market for musicians from the English-speaking Caribbean…but CARIFORUM music forms have migrated through much of continental Europe**

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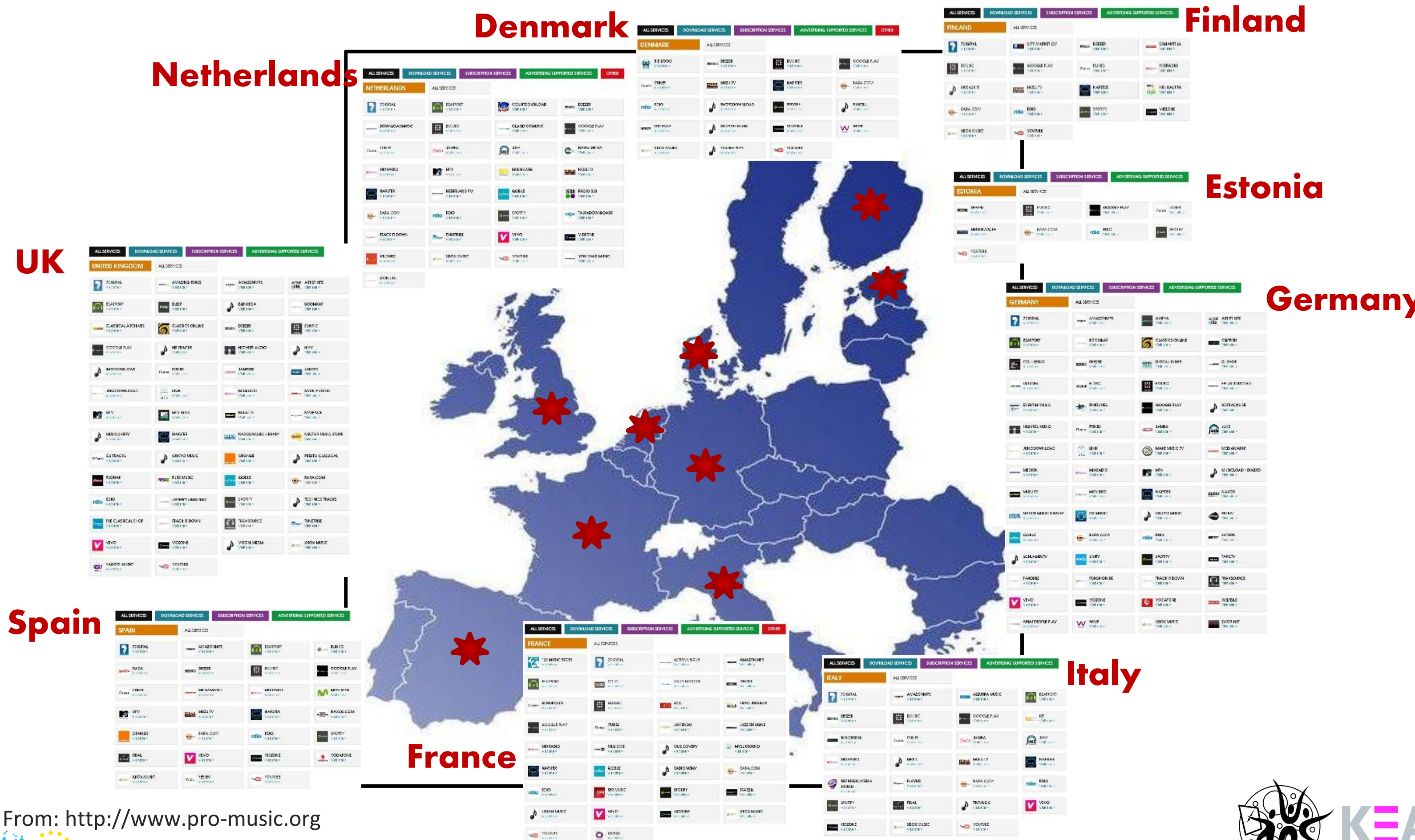
3. EU Market for Music

- *Recorded music*: digital services vary across EU



From: http://www.pro-music.org

3. EU Market for Music

- ***Live music***: **active calendar & strong growth in festivals**

Edinburgh International Festival (UK)

Oslo World Music Festival (NO)

Mosel Musikfestival (DE)

Music Meeting (NL)

Festival Mundial (NL)

Mittelfest (IT)

International Afro Music Festival (DE)

Forde Traditional & World Music Festival (NO)

Amsterdam Roots Festival (NL)

Babel Med Music (FR)

Musiques Métisse (FR)

Festival Internacional de Música y Danza 'Ciudad de Úbeda' (ES)

From: http://www.efa-aef.eu/

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4. CARIFORUM Music exports

"(T)he economic value of the cultural industries is largely unmapped, unmonitored and undocumented" – *Keith Nurse*

- **VPAJ/KEA online survey – useful, but not definitive**
- **> 40% of respondents are currently exporting**
  - ***Exports* for the last 12 months**:
    - 75% of respondents indicated sales of < US$ 9,999
    - 15% indicated sales between US$ 10,000 - US$ 49,999
    - Only 4 individuals reported export sales of ≥ US$ 100,000.
  - Use **all export modalities** to deliver/sell their creative goods/services, promote and otherwise transact business

"*The Creative Sector in CARICOM: The Economic and Trade Policy Dimensions*" (Keith Nurse, speaking at CARICOM Secretariat Regional Symposium on Services; Antigua & Barbuda, July 2009)

Data from: VPAJ/KEA online survey – Music (101 respondents, for whom 'Music – recorded' and 'Music – live" is their *primary* industry)

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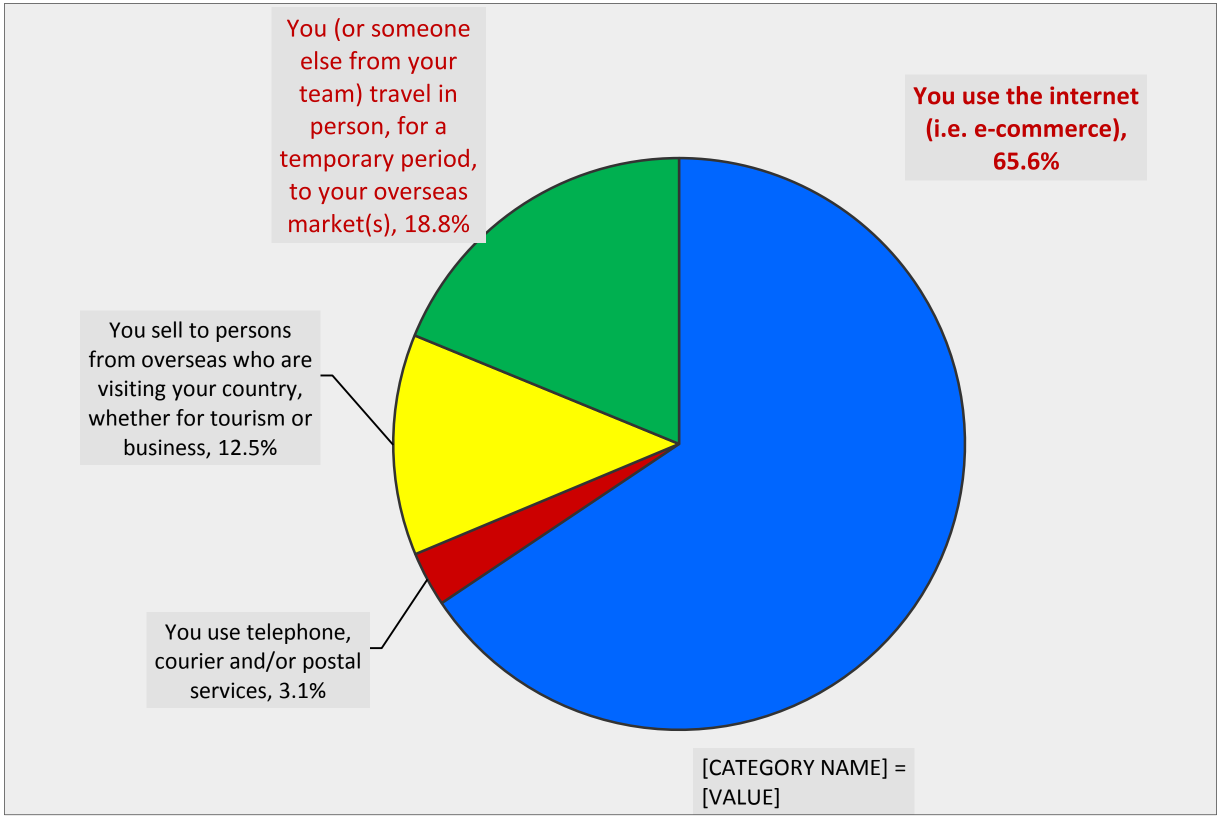
4. CARIFORUM Music exports

- **Internet/e-commerce is most important means for selling**



From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

- **For e-commerce, online platforms used:**
  - **Email, websites** (with dedicated with e-commerce links)
  - **Social media** – especially *Facebook* (almost 90% of respondents), *Twitter* (41%) and *LinkedIn* (almost 25%)
  - **Online music stores, platforms and services**, including ITunes, www.cdbaby.com, www.believedigital.ca, www.cuesongs.com, www.musicsupervisor.com, Youtube, https://soundcloud.com, www.tunecore.com, and www.vprecords.com

"In person communication is crucial for closing the deal, but internet/social media is the most important for capturing clients."

From: VPAJ/KEA online survey – Music

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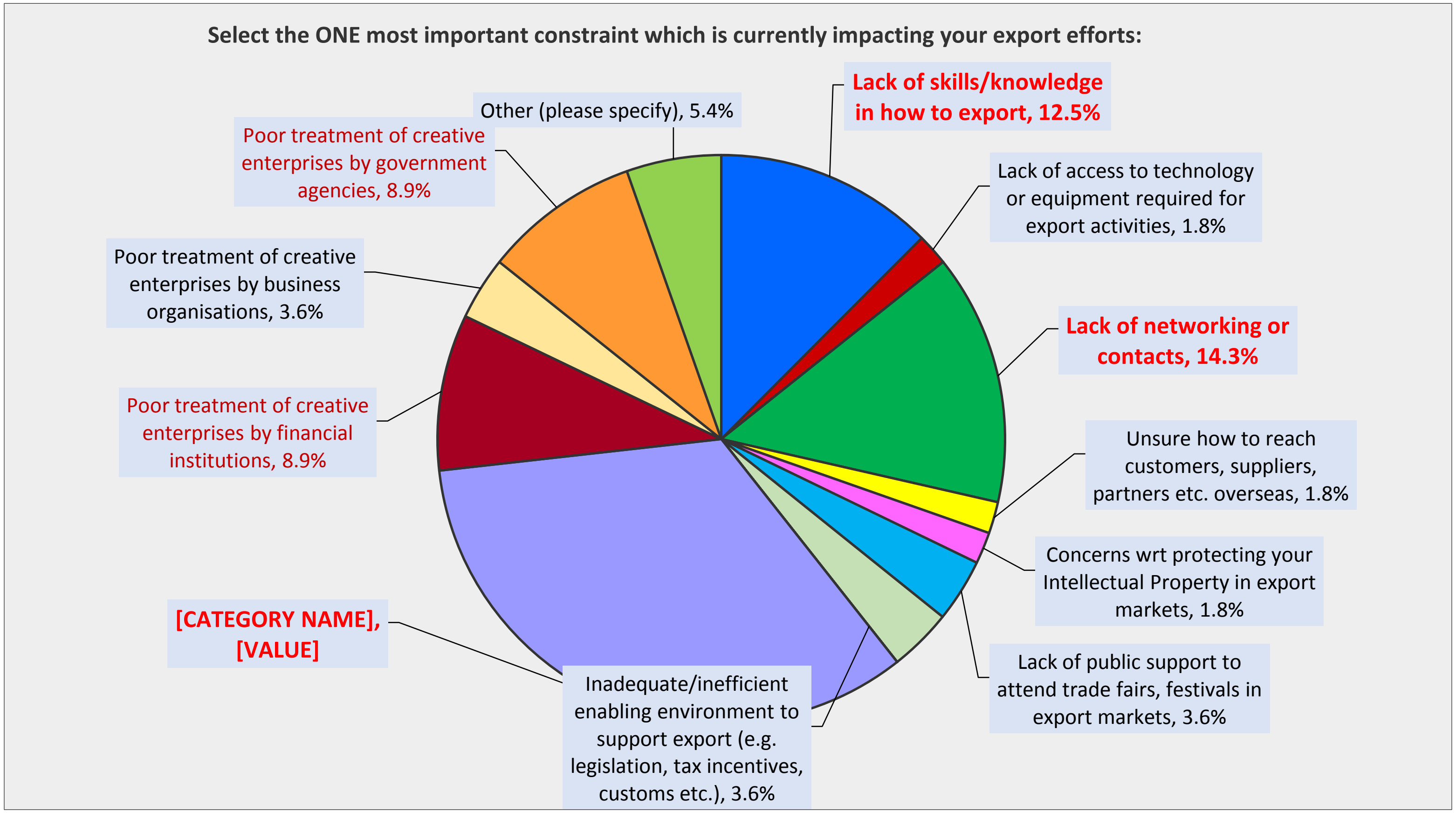
4. CARIFORUM Music exports

- **Countries to which Music goods/services are exported:**
  - **CARIFORUM: 50% respondents** - especially to T&T, SVG, Barbados, St. Lucia & Grenada
  - **EU: > 50% respondents** - especially to the UK and Germany
  - **Elsewhere in the world: > 75% respondents** – especially to the US, Canada, then Latin & Central America
- **> 70% do not receive business support from anyone specific for their export efforts.**
- **> 70% do not have an Export Strategy for their business**

From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

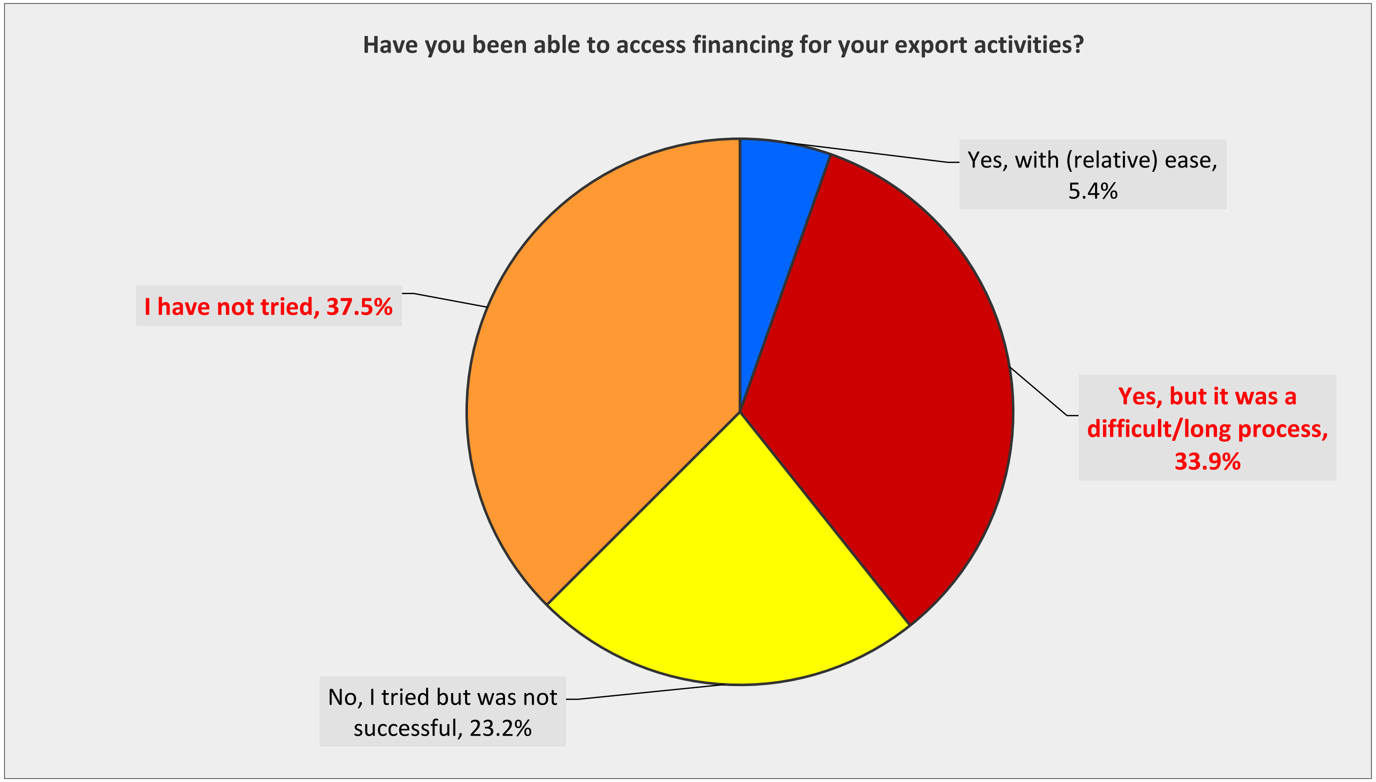
- **>70% experienced challenge(s) to their creative exports**



From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

- **Access to financing for exports is a problem** – lack of suitable financing options is the most significant challenge



From: VPAJ/KEA online survey – Music

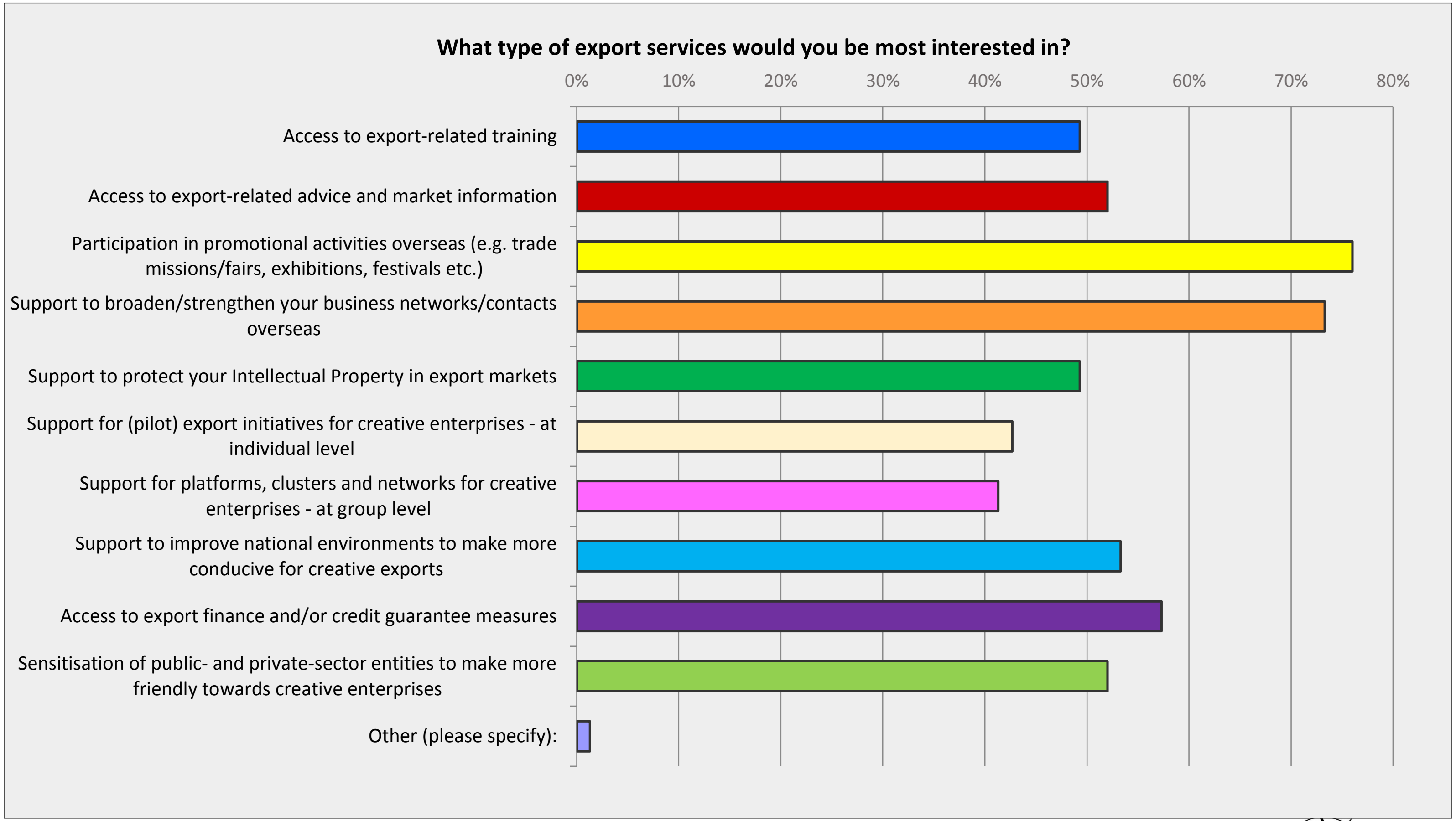
4. CARIFORUM Music exports

- **70% of respondents who are not exporting would be interested in starting (or resuming) their exports**
- **Almost 95% noted their interest in accessing support services to boost their creative exports; and almost 50% stated that they would be willing to pay for/contribute towards such services at this point in time**

From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

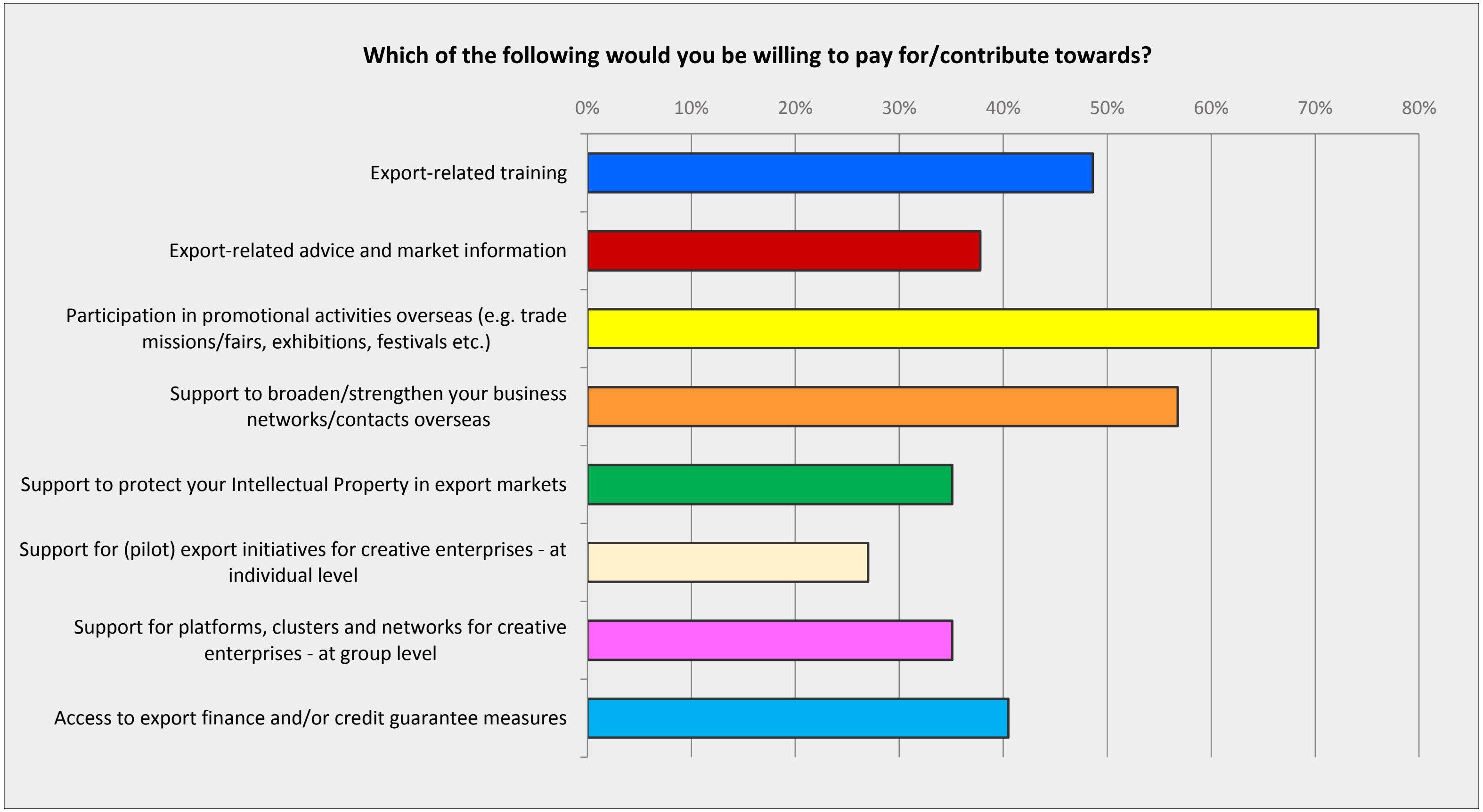
- **Prioritisation of export services - interest:**



From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

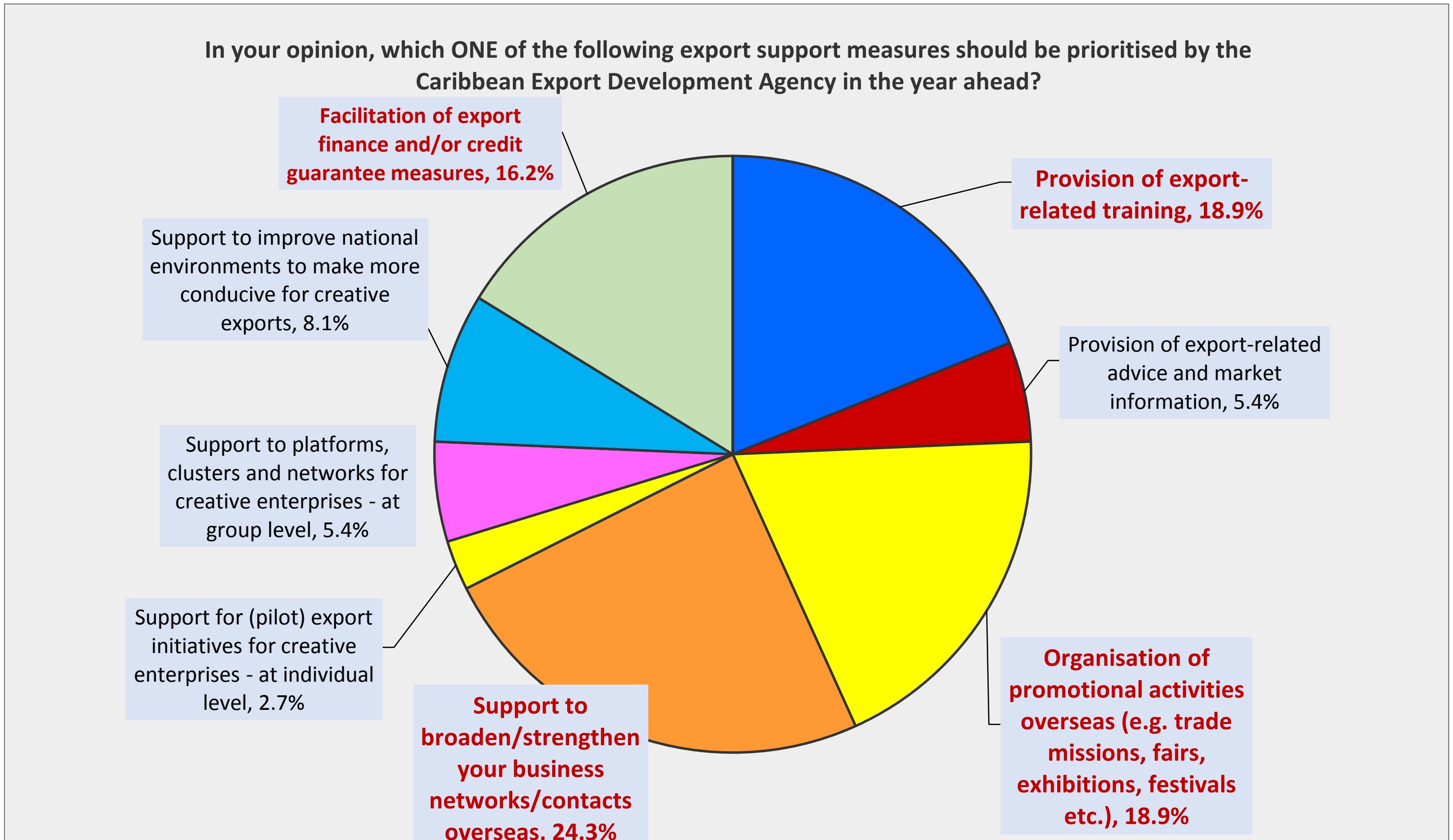
- **Prioritisation of export services – willingness to pay:**



From: VPAJ/KEA online survey – Music

4. CARIFORUM Music exports

- **Prioritisation of export services for Caribbean Export:**



From: VPAJ/KEA online survey – Music

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5. Closing considerations

- **Understanding what the EU market requires:**
  - **Product** - **do the analysis** *e.g. Where are tourists to the region coming from? What music is being bought? From where?*
  - **Process – regulations**, **market access provisions**, **treaties** etc.
- **Develop strong brand under which to package, position and distribute the product in the EU**
  - NOMEX - pan-Nordic platform owned by the **music** export offices in Denmark, Finland, Iceland, Norway and Sweden
- With digital trends, give due consideration to **Piracy** and closing the **'value gap'** through **fair trade in Music**

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