Contemporary Popular Music Group

Music Forum 2014

Introduction

In early March 2014 the Contemporary Popular Music Group (CPMG) convened a Music Forum in Auckland to discuss the current and future outlook for our sector.

The CPMG comprises the government agencies who have a focus on contemporary popular music, namely Creative New Zealand, the NZ Music Commission, NZ On Air and Te Mangai Paho.

A diverse and influential range of opinions from across the music sector came together to share their views on the current needs, opportunities and issues for the New Zealand music industry with the intention that the best new ideas to emerge could be incorporated into, or inform, CPMG member organisations future planning.

The Music Forum was held on Thursday 6 March 2014 at Eden Garden in Epsom.

This document is the overview of the discussion and an outline of the points raised.

Music Forum Approach

- The CPMG members collectively assembled an invitation list representative of a cross-section of the New Zealand music industry. 30% of invitees were from outside the Auckland area – a quarter of the final group.

- An overarching question was proposed: *How will the music business best develop so more NZ music reaches more New Zealanders in the next five years?*

- Three central themes were posited:

  Change – Outlook – Support

- The facilitated meeting followed an agenda around these three themes to guide the conversation, which was divided into two sessions.

- There was a presentation by NZ On Air's guest digital consultant, Eveline van der Steen, to start the second session.

- A venue was chosen outside of the central city with a relaxed atmosphere.

Key Points

The attendees were asked to summarise the key issues raised. They were:

Artist Infrastructure & Support

- Supporting artist development and capability building for the personnel who support artists is vital.

Creating Audiences

- The industry needs viable venues and touring networks, plus innovative ways of reaching audiences through traditional and digital means.

Global Focus

- The digital age has removed all territory boundaries and export is key for finding critical mass.

Agency Coordinated Focus

- The best results from Government interventions will come from a proactive, flexible and coordinated approach.

Change

Lorde

The unprecedented success of Lorde and the methods by which she has achieved this success was an obvious topic in the area of Change. Both her manager Scott Maclachlan and Chairman of Universal Music, Adam Holt, were present to share their experiences.

- It started with the artist – unique and talented.
- There was a long development process – five years – the core of project.
- The isolation of her development was an asset; and gave opportunity to emerge fully formed.
- She was supported by good business talent around her.
- Predominantly, her ideas have driven the campaign – and her support team amplified them (they were partners, not overseers).
- The artist was involved in the planning.
- There was not a need for much traditional marketing.
- They took their own route to success and didn't try and put things 'into old boxes'.
- Pacing media exposure meant some control for the artist.
- The label & management were brave in their approach.
- Lorde has created the bench mark of what could be possible from New Zealand.

Change

What have been the most significant changes to the sector and wider environment recently?

Almost everything has changed, except the need to have great music and the need to connect this music with an audience.

- More change will come in next 5 years than there has been in the past 20 years.
- Success can be had at many different levels now, based on artist aspirations.
- Templates based on prior success should no longer be the rules you do business by – each artist, or even project, needs tailor-made plans. One size no longer fits all and there has been a global breakdown in the 'old rule book'.
- Management has taken on a more important role – label, booker & promoter and publicist can all fall into the management role now. Manager and label are almost the wrong terms these days.
- The challenges can be the same for established NZ artists and established international artists – ie. cut through for the sixth album, issues around keeping fans engaged.
- There has been a transformation to a 'superstar music economy' – ie. a quoted statistic was 77% of revenue is going to 1% of artists.

Digital Change

- Digital sales and physical sales are now roughly the same.
- Digital sales growth will not compensate for loss of revenue from physical sales.
- Streaming will take over in the near future causing:
  - an attitudinal shift by consumers with music being on tap
  - cashflow issues for artists and labels as the retail presale will no longer be a key source of income, so the upfront payments will lessen (and streaming services can take 6 – 12 months to pay).
- Some labels feel this could lead to a path of content development, rather than investment in artist development.
- Excellent online strategies are now the key to promoting artists.
- Additionally, it has never been easier to rush to market – putting first demos online etc. A positive for access, a negative as you only get the first shot once.
- Some of our most successful artists (particularly Neil Finn) are leading the way in embracing new tech for borderless music production and promotion.

Audience Change

- The audience has never been more distracted and had more options.
- The artist and their support people have never had to be more ready before launching – planning 12 – 18 months out to make sure all parts of a campaign are market ready.
- Getting the artist to the audiences is changing – promotion is now more about connectivity.
- A ‘wide-screen’ approach to connecting with audiences is now needed.
- There is fast paced change across the industry; one example is the speed an artist can become known has gone from three months to three weeks.
- Restricting access to an artist and information can prolong the promotional cycle in some circumstances.
- Audiences for live music are still reluctant to pay for local shows – the pub local price has been $10 for decades, meanwhile Vector and Western Springs has increased to $150 - $250 ticket prices.

Media Change

- Radio is still highly relevant, and you can sell a lot more records with radio than without – however, radio is now also about all the content around songs too.
- The first part of your release plan used to be radio – now it is the last part.
- Like the industry itself, radio is about integrating as many platforms as possible.
- Mobile steaming will bring more music into lives – mobile phones are the new transistors.
- Digital radio stations are now moving to mass customisation devices, tailored to their audiences and communities – especially good for niche and independent artists.
- A challenge for commercial radio is lack of ongoing singles from an artist (ie. previously five or more singles from one album) – diminishing the long-term connection between listener and artist.
- Radio is increasingly risk adverse – it is far too competitive not to be.
- The fragmentation of media also makes it harder to find critical mass – a 6:00pm news item used to be an easy way to access a national audience – not anymore.

Outlook

Outlook

What do you think these recent changes mean for the future outlook of your business?

- The trickle down of global success is definitely being noticed and felt.
- NZ is over the cultural cringe and success offshore leads to a significant increase in success at home.
- More niche markets are opening and growing around the world – geographically, for product (ie. vinyl, limited editions), and for different genres.
- The music businesses that have made it through the most financially challenging period for the industry in modern times still exist because of their 'ears' and artist development processes and should be learned from.
- The cashflow required to develop an artist will be increasingly difficult to justify through streaming revenues – the retail model has moved from music ownership to music leasing.
- Smaller labels with less capital will find it much tougher to stay afloat and particularly to invest in new music with the long payment timeframes of streaming models.
- Gaining investment without rescinding locally held equity and copyrights may become more difficult.
- There needs to be an increase is the grassroots music economy too.
- We can't work on the assumption that all music is good – quality is key.

Outlook – Spotlight Opportunities

- Lorde’s success has affected the industry already – many businesses reported trickle down benefits, especially in the form of increased international attention.
- We need 3 – 4 more artists to put NZ on the map as a real source of repertoire.
- A window is open – but who knows for how long.
- Great songwriting having a large impact on the world stage is lifting the game for the quality of songs – better songs will have better outcomes; *creating quality craftsmanship.*
- Higher incomes should lead to higher reinvestment into the NZ industry eg. Universal’s profit from Lorde could enable them to invest more in local talent.
- The global breakdown in the ‘old rule book’ has frustrated the ‘old school’, leaving gaps.
- It has never been easier to reach a global audience, especially with a good story.

Outlook – Spotlight Challenges

- Resources to capitalise on opportunities are scarce.
- Being honest around what is good enough – lazy can be very easy.

Outlook – Digital Opportunities

- There are more innovative and creative ways than ever to serve a global audience from the South Pacific.
- Utilising digital technologies can be part of taking NZ music to the world – ie. live streaming of events, possibly via subscription based services (offshore A&R have never been so likely to watch online performances from NZ – SOUNZ have facilities to help with a project of this nature). International events like Coachella and Glastonbury have shown the growth in appetite for this.
- Focused digital strategies online can have significant results.
- Working with data and specialist digital companies can yield more targeted and successful results.
- Existing online platforms and channels can be capitalised on for gains, and most of them are at little or no cost – both for promotion and connecting with industry.
- The data that music companies collect through new technologies has value to other brands.

Outlook – Export Opportunities

- Access to information has never been easier, and specialists have never been easier to connect with.
- International direct to consumer sales are now not just possible, but logical.
- For smaller labels 85% of their turnover can be export.
- Access to international markets can provide revenue for artist development and reinvestment domestically.
- Niche markets overseas can be vast compared to NZ audiences – a single minded and focus approach can be used rather than a scatter-gun methodology.

Outlook – Export Challenges

- The easiest increase to cashflow for most is by expanding artists market via export – also a costly undertaking.
- The streaming and digital revenues will not mitigate the cost of being on the other side of the world.
- The margins in licensing music are tiny now without mass consumption.

Outlook – Local Opportunities

- There is more artist talent to be discovered from established incubators (ie. Universities and schools).
- Synchronisation will be a continuing growth income area.
- Larger companies state they have never been investing more locally.
- Investment in local artists is staying more local – ie. retaining copyrights in NZ.
- Older audiences still buy and appreciate music – and they can be targeted.

Outlook – Local Challenges

- Album sales are slowing – for some artists, albums will be tools to get shows rather than sales income generators.
- Population base is also an issue – artists need to perform, but it's easy to get overexposed.
- If your investment does not work, it is getting harder to recover.
- The cost of living has increased markedly while artists' income has stagnated – young people can only afford to be artists until they want homes and/or families.
- That same income issue is prevalent for aspiring industry professionals, earning only a percentage of the unsustainable artists income.
- Ageing of some established artists comes with a maturing industry; not necessarily appealing to younger consumers while older consumption declines.

Support

Support

How do you think both the music industry and government agencies should best respond to these changes?

- Young people have never had more opportunity to create music – and they need to have a voice. That will be helpful for all the industry.
- The industry is maturing – it's a great time to focus on industry upskilling.
- Government funded agencies can be inflexible in their approach – not all new models can be supported by current arrangements and can be prescriptive of paths taken by artists and local companies.
- Agencies need to show their successes and rationale for investing in different areas – they need to invest in the industry.
- By supporting local content generation.
- There are different needs for different levels of success and support should be tailored accordingly.
- More research is needed in helpful areas – ie. providing information for getting onto new platforms before they become popular – market intelligence of what is coming next.
- Use the connections of industry and industry bodies internationally for great results.

Support – Industry Infrastructure & Capability

- It is time to invest more in the infrastructure around artists – the industry is the best quality filter.
- There are still not enough great industry professionals to assist the artists.
- An amazing local industry (ie. support staff) will develop more amazing artists.
- Investing in infrastructure around forming connections for artists will give the artists better ability to create the songs needed.
- Utilise the maturing industry to place emerging industry talent in internship programmes.
- Additionally, more artists can be assisted to learn the business side of the industry and can fill some of the gaps themselves.
- Share resources – information and contacts, as well as technology, across the sector.
- Lack of album funding means lower investment and therefore less infrastructure for labels – the risks of investing in albums are much higher with no support; and promotion & distribution deals can be financially unviable with the low margins.

Support – Local Environment

Further questions were raised:

- 95% of artists have day jobs – how can we improve the viability for productive artists?
- A lack of support for younger new professionals in the room needs to be addressed – who will replace the current industry?
- How can the attitude of New Zealanders improve towards paying for live local music? How can live music become a more attractive entertainment experience for New Zealanders?

Local Challenges

- Some artists can maintain a global presence but earn most of their income locally. This also needs support.
- Artists need to play often to develop a great live show – lack of venues and live support is restricting this.
- Reducing live touring expenses for artists and/or venues will result in better promoted and more high-quality domestic tours.
- There is a need for more investigation around support mechanisms for live music in New Zealand – that would be a good start.

Music Forum attendees

Adam Holt – Universal Music
Andrew Szusterman – MediaWorks
Ben Howe – Arch Hill & Flying Nun
Chris Hocquard – Dominion Law
Christy Whelan – Independent Music NZ
Craig Pearce – The Phoenix Foundation
Cushla Aston – Aston Road
Damian Vaughn – Recorded Music NZ
David Brice – The Radio Network
Elena Lome – Pacifica Beats
Ian Henderson – Fishrider Records
Julie Sperring - SOUNZ
Kim Boshier – Sony Music
Malcolm Black – Les Mills Media
Matt Ealand – Rockquest
Neil Cox – CHART
Scott Grafton – Graffiti Entertainment
Scott Maclachlan – Saiko Management
Steve Abel – Musician
Teresa Patterson – CRS Management
Wai Iti – Music Managers Forum

CPMG Representatives:
Brendan Smyth – NZ On Air
Carl Goldsmith – Te Mangai Paho
Cath Andersen – NZ Music Commission
Jane Wrightson – NZ On Air
Sarah Crowe – NZ On Air
Stephen Wainright – Creative New Zealand
Victoria Blood – NZ Music Commission

Eveline van der Steen – NZ On Air Digital Consultant

Jeremy Winter – Ministry for Culture & Heritage
Martin Durrant – Ministry for Culture & Heritage
Todd Kriebel – Ministry for Culture & Heritage

The session was facilitated by Anthony Healey, Director of NZ Operations, APRA