



# Music Nova Scotia Export Strategy

Executive Summary

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Prepared by:

**Sound Diplomacy**

and

**Nordicity**



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Sound Diplomacy ([sounddiplomacy.com](http://sounddiplomacy.com)) is a THINK and DO tank specializing in cultural export, event production, brand management, research and analysis.

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## Music Nova Scotia Export Strategy – Executive Summary

### 1. Introduction

#### 1.1 Mandate of the Music Nova Scotia Export Strategy:

The mandate of the Music Nova Scotia Export Strategy is to help Nova Scotia artists and music businesses more effectively reach international markets and increase exports. The two main objectives that support this mandate are (i) Increase the amount of new exporters, and (ii) Diversify the level of existing exporters. Success in doing so would lead to greater and more diversified revenues, which would increase the health and sustainability of Nova Scotia's music industry.

#### Mission Statement of the Music Nova Scotia Export Strategy:

Music Nova Scotia aims to lead and support the export capacity of Nova Scotia artists and music businesses.

#### Rationale for the Music Nova Scotia Export Strategy:

The Export Strategy (the “**Export Strategy**”) aims to support Music Nova Scotia’s organization mission as outlined in the 2007 *Music Nova Scotia Music Sector Strategy* in the following ways:

- To encourage “*creation, development, growth and promotes the music industry of Nova Scotia*”.
- To advance its Vision as “*the leading center for independent music in Canada*”
- To be “*recognized as a global center of creation and professional excellence and with all of our communities participating and benefiting in the music.*<sup>1</sup>”

Following the mandate and in order to achieve these two objectives, the Music Nova Scotia Export Strategy recommendations are presented in **four subject categories**.

1. Market Research and Industry Intelligence
2. Business Skills and Training
3. Initiatives (Conferences and Festivals)
4. Export Readiness and Execution (Evaluation)

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<sup>1</sup> Music Nova Scotia. The 2007 Nova Scotia Music Sector Strategy. (2007)

## 1.2 Methodology

Sound Diplomacy and Nordicity developed the Strategy in close consultation with Music Nova Scotia. Building upon the *2007 Nova Scotia Music Sector Strategy*, a series of meetings with Music Nova Scotia were held to determine the industry's current and future needs to ensure the strategy remains effective over the next three years from 1 April 2013 to 31 March 2016.

A literature review of sector trends and export strategy best practices was undertaken. In addition, a series of key informant interviews was undertaken with music industry professionals from Nova Scotia and the targeted international markets identified in the export strategy. Based on these findings, a set of activities, tasks and key contacts is presented that helps articulate the export strategy and define its implementation.

## 1.3 Context

The music industry in Nova Scotia is an important contributor to the social and economic well-being of the province. The arts and cultural industries generate nearly \$1.2 billion, and employ 28,000 Nova Scotians.<sup>2</sup> Nationally, the direct value of Canada's creative economy is estimated at over \$40 billion per year.<sup>3</sup> The Canadian recording industry contributes an estimated \$277.2 million to Canadian GDP, employing 4,146 jobs.<sup>4</sup> More directly relevant to Nova Scotia given the independent nature of its sector, the Canadian independent music industry contributes \$333 million and for every \$1 of industry revenue, the sector generated \$0.26 in indirect and direct tax revenue for the federal and provincial coffers in 2011<sup>5</sup>.

## 1.4 Key Recommendations for Music Nova Scotia:

The following summative recommendations provide an overview of the Strategy in general. Detailed recommendations for the strategy are found in Section 3 (Recommendations).

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<sup>2</sup> Percy Paris, Minister of Economic and Rural Development and Tourism, Government of Nova Scotia. (30 November 2012) <http://novascotia.ca/news/smr/2012-11-30-Creative-Economy/>

<sup>3</sup> Valuing Culture: Measuring and Understanding Canada's Creative Economy, Conference Board of Canada (26 August 2008)

<sup>4</sup> Economic impact analysis of the sound recording industry in Canada. Music Canada (12 April 2012)

<sup>5</sup> Sound Analysis; An examination of the Canadian independent music industry, Canadian Independent Music Association (February 2013).

- Adopt a cohesive approach to export initiatives with a long-term and holistic method of supporting artists and music businesses.
- Actively seek out artists and music businesses with export potential to support under Music Nova Scotia membership.
- Consult regularly with the industry and its membership more specifically to remain current to local needs and to export best practices.
- Facilitate further knowledge transfer and best practice sharing among industry and members.
- Continue expanding and enhancing industry workshops and business development activities.
- Establish and market itself locally as the *go to* body for music and related cultural exports in Nova Scotia.
- Compile and leverage export activity data for market intelligence, strategic decision-making, program evaluation and reporting.
- Lead export initiatives through Nova Scotia Music Week (as a brand).
- Develop partnerships and manage relationships and contacts across all sub-sectors of the music industry in targeted export markets.
- Engage more effectively with secondary markets such as synchronization, video games and advertising.

We see Germany and potentially the UK as fertile territories (in comparison to the US) for us to invest our time and resources.

**Ian McKinnon, GroundSwell Artists**

## 2. Market Overview

### 2.1 Global Market

The global recorded music industry was worth an estimated \$16.6 billion in 2011,<sup>6</sup> and while these numbers dropped 3% from the prior year, the industry is in a state of flux with new opportunities emerging out of structural industry changes through new and emerging business models. These developments can have a positive impact on smaller, independent music industries such as Nova Scotia’s.

Brought on or thrust by the impact of digital technologies on music production, distribution, revenue and management, there has been an industry shift away from major record labels and the rise of the artist entrepreneur, project managers and independent music businesses.

Germany and the United Kingdom (UK) are the third and fourth largest music markets respectively, after the United States (US) and Japan. Each presents some of the greatest opportunities for Nova Scotian artists and music businesses. As per the table below, Austria and Switzerland each present formidable revenue opportunities, particularly considering the relevance with the German market.

Meanwhile, India, and to a lesser degree China, both present smaller opportunities in terms of present day revenues, but have tremendous potential in the medium to long term. As emerging markets, investing in India and China is something every well-coordinated Canadian provincial music sector should consider.

**Table 1 - Global music industry market share data (2010) - Music markets, with total units sold in various categories, total retail value, and population of market region**

Market	Singles (M)	Albums (M)	DVDs (M)	Total units (M)	Retail value US \$ (M)	Population (M)
Germany	6.8	98.7	8.7	114.2	1,713.6	82.3

<sup>6</sup> Recording Industry in Numbers. IFPI (26 March 2012)

<b>UK</b>	2.4	99.8	3.5	105.7	<b>1,388.1</b>	62.3
<b>Canada</b>	0.2	25.9	2.7	28.8	<b>343.2</b>	33.7
<b>Austria</b>	0.1	7.5	0.7	8.3	<b>184.1</b>	8.2
<b>Switzerland</b>	0.3	8.4	0.2	8.9	<b>166.1</b>	7.7
<b>India</b>	3.9	35.5	0.3	39.7	<b>91</b>	1,173.1
<b>China</b>	-	4.1	0.1	4.2	<b>23.2</b>	1,336.7

Source: Figures within the table are based on IFPI 2010 annual digital report<sup>7</sup>. Total units figures are derived by addition of figures reported by referenced sources.

## 2.2 Nova Scotia – Market Overview

Nova Scotia is most widely recognized nationally and internationally for its folk and traditional music. Indeed, Cape Breton is internationally renowned as a centre for Celtic and Gaelic music, and produced acclaimed artists such as The Rankin Family and Natalie MacMaster. It is also home to the world famous Celtic Colours Festival. In addition, Nova Scotia also has a long history of popular music, as far back as the 1930s with Hank Snow to Anne Murray, April Wine and Sarah McLachlan decades later. Today and since the 1990s, however, Nova Scotia has had a renaissance with acts such as Sloan, Slowcoaster, Wintersleep, Rose Cousins, Old Man Luedecke, Ben Caplan and The Town Heroes. New acts including Cousins, AA Wallace and The Stanfields are currently exporting into these export markets.

Nova Scotia has proven to be a cultural hotbed capable of developing new and emerging musical talent. It is also home to some of Canada's most established music festivals, including the aforementioned Celtic Colours and Halifax Pop Explosion. It also enjoys one of Canada's most developing music conferences, in Nova Scotia Music Week (NSMW).

With a population of just under one million, artists and music businesses must expand to reach larger markets outside of the province. While the first markets often explored by Nova Scotians are other Canadian provinces and territories, in order to grow one's business and

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<sup>7</sup> IFPI 2010 Annual Report, International Federation of Phonograph Industries. Last Accessed 25 March 2013. (<http://www.ifpi.org/content/library/dmr2010.pdf>)

become sustainable, artists and music businesses must develop fans and audiences in larger international markets, including Germany and the UK.

There are several natural markets for Nova Scotian artists and music businesses to explore given historical and contemporary connections, including the UK, Germany, Austria and Switzerland. From the very founding of the province of Nova Scotia, there has been a strong cultural and commercial connection with the United Kingdom, and with the Celtic culture and Gaelic language in Scotland in particular. Lasting centuries, these connections continue to thrive today. Germany, meanwhile, presents significant opportunities for Nova Scotia's artists and music businesses as a strong import market with an established live sector. By proxy, the Austrian and Swiss markets present supplementary opportunities as sizeable neighbouring markets that can leverage one's German infrastructural development.

Nova Scotia has a strong network of music industry support structures funded through provincial and national bodies. Music Nova Scotia administers an Export Development Program (EDP) to financially support Nova Scotian artists and music businesses in reacting quickly to export opportunities. It also administers the Bringin' It Home Community Presenters Assistance Program (BIH), to create opportunities to present Nova Scotia artists domestically. Other initiatives include a weekly concert series in cooperation with Casino NS, Halifax. The Government of Nova Scotia's Emerging Music Business Program provides financial assistance to musicians and those pursuing music industry careers with an aim to enhance their sales, marketability and business skills. In addition, a number of relevant industry development programs are available on a national level, such as FACTOR, Canada Council for the Arts and Radio Starmaker Fund as well as export initiatives, including Canadian Blast.



### **What the UK music market means for Nova Scotia's music industry**

- Strong opportunity for business-to-consumer revenues.
- Recorded music market is declining, but continued growth in digital revenues (including streaming and social media) presents an opportunity due to the UK's advanced growth in streaming services and popularity.
- More opportunities for independent project management and label services are developing over traditional licensing arrangements.
- The UK market is changing, much like the global sector, but significant opportunities remain.
- The UK has an influence over the rest of Europe in terms of promotional capacity.

### **What the Germany (Austria and Switzerland) music market means for Nova Scotia's music industry**

- Germany is one of the strongest import markets in Europe – domestic labels actively license foreign content.
- Germany has influence over Austria and Switzerland, where domestic success in Germany is often replicated elsewhere.
- Germany has one of the most active touring and festival markets in Europe.
- Live revenues present the greatest opportunity
- Plans should give consideration towards leveraging potential opportunities in Belgium, Slovenia and the Netherlands.
- Plans should consider Switzerland festivals as a key export initiatives and targets, but incorporate release and marketing strategies through their German partners.

### **What the India music market means for Nova Scotia's music industry**

- Revenue possibilities are developing in the live sector.
- Traditional copyright structures are not yet effective, but this is improving slowly.
- Festivals are important anchor dates for artists, as festivals often occur in multiple cities.
- Mobile content is a significant platform for music consumption.

### **What the China music market means for Nova Scotia's music industry**

- Engagement should focus on content availability through local aggregators (on local devices) and live opportunities.
- However, expectations for standard performance and license fees should be lessened as infrastructure concerning copyright, live touring and production is small. This is improving, but not extensively.
- Industry infrastructure is centered on the two major cities, Shanghai and Beijing. Both have potential opportunities through independent club nights, festivals and media.

### 3. Recommendations

A series of recommendations have been developed to address the needs of Nova Scotia artists and music businesses and support Nova Scotia’s Mission to encourage “creation, development, growth and promotes the music industry of Nova Scotia” and advance its Vision as “the leading center for independent music in Canada, recognized as a global center of creation and professional excellence and with all of our communities participating and benefiting in the music”.<sup>8</sup>

The recommendations are presented four categories, and are relevant across each of the targeted export markets:

- Market Research and Industry Intelligence
- Business Skills and Training
- Initiatives (Conferences and Festivals)
- Export Readiness and Execution (Evaluation)

#### 3.1 Market Research and Industry Intelligence

It is important for Music Nova Scotia to understand distribution channels (physical, digital, tertiary) in the targeted export markets. This will enable Music Nova Scotia to advise its members, invite key buyers to events, organize meetings and service its core mandate. This encapsulates all distribution formats, from physical to digital, streaming services, video aggregation, brands and independent music retail.

##### Recommendations

- Develop and maintain a contact database of physical distribution companies, including A&R, label management and marketing contacts.
- Maintain a database of artist showcasing opportunities.
- Build a contact database and establish relationships with independent music retail (physical and digital) in exports markets to facilitate introductions for members.

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<sup>8</sup> Music Nova Scotia. The 2007 Nova Scotia Music Sector Strategy. (2007)

### 3.2 Business Skills and Training

It is important for Music Nova Scotia to understand what the buyer is looking for, so it can best communicate to its members and offer quality education and business development training.

(Bands) need to be ready to head to a different market. They should have some element of a team in place - perhaps management, lawyer, maybe an agent, a label or a publisher.”

**Jules Parker, Membership Development and UK Promoter, PRS for Music**

#### Recommendations

- Develop pitching strategies and templates for acts and labels.
- Support members with business development training. Every band and label is an SME, and this will lead to a growing ‘Music Mittelstand’<sup>9</sup> in Nova Scotia, with more sustainable artists and businesses.
- Create an “export ready skills academy” with a set of courses designed to foster business development.
- Create a simplified and user-friendly export portal to showcase member content.
- Integrate Nova Scotia Music Week as the lead domestic showcasing event on the export portal.
- Be at the forefront of social media training. ‘If it is not online, it didn’t happen.’
- Encourage artists to submit social media strategies in all EDP applications.
- Make resources available on the Music Nova Scotia mobile app.

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<sup>9</sup> ‘Mittelstand’ is the term for the large amount of small-to-medium sized companies that support the German economy. They are referred to as the “engine of the German economy” by Germany’s Ministry of Economics and Technology.

## Case Study: In-Flight Safety

In 2010 and 2011, **In-Flight Safety** invested its resources in the UK and Germany. They licensed their sophomore release, *We Are an Empire, My Dear*, to independent German label Waggle Daggel and Conehead/Universal (UK). Together the band and label(s) invested in promotional teams (in each territory) to market the release. Booking agents were sourced (to facilitate live performance opportunities (Target Concerts – Germany, CODA – UK, Doublevee Concerts, Netherlands). The album, released two years prior in Canada, garnered the following accolades:

- A 'B List' placement on BBC Radio 2. This equates to 3-5 plays guaranteed per day to 14 million listeners.
- A headline tour of Germany, Austria and the UK.
- A sold out performance in Innsbruck, Austria at the Weekender Club.
- Showcasing opportunities at The Great Escape (UK) and Liverpool Soundcity (UK).

While this growth produced tangible success, it did not result in the act turning a profit in either market. However, through Music Nova Scotia's Export Development Program (EDP) and FACTOR support, In-Flight Safety were able to support this investment, strengthening their relationships in each market and solidifying their infrastructure development for a follow-up release.

In-Flight Safety's career has blossomed as a result of these international endeavours. It is important to note these activities were facilitated strategically, and with significant investment. Because the band followed the path of a carefully managed business plan, they are poised to expand these activities and market share in the UK and Germany.

Success stories such as these are good examples of return on investment for Nova Scotia when it works with its members to prepare for the costs, expectations and challenges outlined by John Mullane.

The UK and Germany are extremely important to us. We have always felt that we had a universally accessible sound that could cross over... The fact that we were embraced by radio in UK (in particular BBC Radio) was eye opening and inspiring. It also highlighted that we have to work even harder on the recorded music/live show to grow it. It raised the bar beyond the local scene.

It is still difficult to profit in the UK and Germany as In-Flight Safety. We invested capital there for future dividends as we did in Canada when we started. The costs to bringing a band to the UK and Germany are astronomical, so we had no expectations of making money. Most of the money we made came from radio play in the UK. Therefore, without MUSIC NOVA SCOTIA's funding and help from FACTOR, these trips to start planting seeds and building our business would, simply put, not be possible.

John Mullane, In-Flight Safety

### 3.3 Initiatives (Tours, Conferences and Festivals)

It is important for Music Nova Scotia to be strategic in its tours, conferences and festivals initiatives. Strategic planning, delivery and follow-up with a long-term view will most effectively serve the Music Nova Scotia export strategy mandate. Recommendations to support this include:

#### Recommendations

- Research, prioritize and attract key industry members from international markets to Nova Scotia for strategic meetings, flagship and other industry events.
- Develop a 36-month strategy outlining the Nova Scotia buyer program for flagship events.
- Focus initiatives on markets with existing relationships (and consider maintaining a three-year cycle for revisiting these markets).
- Develop a three-year showcasing and festivals strategy.
- Engage local industry experts for initiative preparation, delivery and follow-up support (booking, PR, market research).
- Leverage the Nova Scotia brand to develop relationships and initiatives with complementary sectors (i.e. other creative industries, hospitality, transportation).
- Develop private-sector partnerships.

- Enhance initiatives with music supervisors.
- Develop export guides for artists and music businesses.
- Share industry best practices and facilitate knowledge transfer.

***By separating Music Nova Scotia and Nova Scotia Music Week as distinct online and offline properties, it will enable a brand (NSMW) to develop a voice as a festival while retaining neutrality and transparency for Music Nova Scotia as an association.***

### 3.4 Export Readiness and Execution

Export readiness and execution is an integral element of music industry development. Key strategies of export development take into consideration market specific predictions from a Nova Scotia context for the years 2013-2016.

- Encourage artists to have a variety of ‘assets’ and touch points available for distribution (i.e. images, videos, free downloads, stems for publishers, a strong website).
- Promote successful artist partnerships to encourage more artist-centric cooperation (i.e. Ben Caplan’s partnership with Katzjenhammer).
- Highlight the usefulness of financial support applications and reporting for artist and music business planning and Music Nova Scotia evaluation
- Enhance publicity celebrating Nova Scotia successes
- Share industry best practices and facilitate knowledge transfer among Music Nova Scotia members

## 4. Conclusion

This strategy is developed to ensure that Music Nova Scotia and its members (businesses and artists) can develop prosperous and lasting relationships in the UK, Germany (Austria and Switzerland). With a renewed focus on business development training, knowledge transfer, research and online expertise, Music Nova Scotia will continue to be a leading music industry organization, from export initiatives to festival coordination, research and analysis.



## Sound Diplomacy

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