

# BORN GLOBAL: AUSTRALIAN MUSIC EXPORTS

A summary by the Australia Council for the Arts

This report is a summary of findings from the 2016-2019  
ARC Linkage project: *The economic and cultural value of Australian music exports*

Partners:



The University of Newcastle



Monash University



APRA AMCOS / Sounds Australia

# FOREWORD: BORN GLOBAL

Australians love music: 97% of us listen to recorded music and more than half attend live music events each year. One in seven Australians create music themselves, by singing, playing musical instruments, or composing.

When Australian artists connect with audiences around the globe, they share our culture and perspectives and deepen our connections with other nations and cultures. Music is a powerful tool for building national identity, cultural exchange and cultural diplomacy. From Joan Sutherland to Courtney Barnett, Gotye to Dr G. Yunupingu, Percy Grainger, Liza Lim, Olivia Newton-John and Midnight Oil, our artists have forged international careers and partnerships and are shaping perceptions of Australia for millions of global music lovers. As such, music is one of our nation's most significant cultural exports, delivering substantial cultural, economic and social value.

Australia already is the eighth largest market for recorded music in the world and our global significance is growing. This research highlights the increasing international success of Australia's musicians and the strengthening of international connections. Encouragingly, we also see that an increased number, range and diversity of Australian musicians are achieving international success, promoting a rich and nuanced sense of Australia's creativity.

The Australia Council's research activities, often conducted in partnership with academic institutions and industry, contribute to a growing body of evidence demonstrating the significant economic, social and cultural value of arts and creativity. This evidence base plays an invaluable role in informing decision making, strategic planning and policy; leverage new investment opportunities; and support the creative and cultural industries with insights on creative practice, audiences and markets.

*Born Global: Australian Music Exports* brings together for the first time a representation of the economic and cultural impacts of

Australian music internationally and offers the first benchmark figure for the total value of Australian music exports. It provides an important opportunity to recognise the achievements of the music industry and to consider future potential.

The music industry has always been subject to technological change. Digital disruption has significantly accelerated the pace of change, particularly with the rapid rise of online streaming services and accompanying changes to business and marketing models.

With our wealth of talent, the Australian music industry has navigated and succeeded in the new music industry landscape. A series of initiatives from government and industry have also had a powerful effect in developing international markets. Sounds Australia is one such initiative: jointly created and funded by government and industry, it was established in response to the growing significance of international market showcase events on international distribution and has now established a strong and vital Australian presence at those platforms.

*Born Global* is benchmark research that provides a strong foundation to support the strategic development of the Australian music exports. The music export industry has the potential for further growth, deeper connections and continued cultural exchange. The research shows that relatively modest investments from government and industry have had a powerful multiplier effect. Maintaining and growing this support for the increasing global opportunities for artists will be crucial to a future where Australian music flourishes as an international cultural and market leader.

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Front cover image: Flume. Credit: Julian Bajsel. Image courtesy of Future Classic.

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# INTRODUCTION

As a platform for sharing Australian stories and perspectives with the world, the arts are a powerful tool for building national identity, cultural exchange and diplomacy. International demand can also provide a vital source of income for Australian artists, supporting them to keep making great art.

Australian music and musicians have always had international traction, from Nellie Melba to Sia Furler via the Easybeats, Olivia Newton-John, INXS and countless others. The success of Australian and New Zealand songwriters on the global stage continues to grow, with royalties from overseas for performing rights doubling since 2013 to \$43.7 million in 2018.<sup>1</sup>

Australia Council research shows that Australian music artists are strongly engaged internationally. Almost 40% of musicians and 50% of composers had a professional engagement overseas between 2010 and 2015,<sup>2</sup> and there have been many notable collaborations between Australian and international artists.

With the music industry increasingly feeling the impact of emerging technologies and globalisation, the Australia Council recognises the importance of better understanding the environment for Australian music exports and their associated economic and cultural value.

## About the research

This report presents a summary of findings from the 2016-2019 Australian Research Council Linkage project *The Economic and Cultural Value of Australian Music Exports*.

### Scope:

While music exports embrace all music genres, this project has focused on contemporary popular music, considered to be forms and genres of music-making that are most accessible to, meaningful to and enjoyed by large numbers of people.

Music exports are defined in this research as income from music goods and services derived from overseas. This includes income from live performances overseas, sponsorship, merchandising and synchronisation, as well as income from recordings and royalties – digital streaming and downloads, publishing and broadcasting deals, licensing and physical sales. For this research, sales from instruments and music software are not included.

Given the focus on popular music, the research partially draws on the Next Big Sound's *The Taxonomy of Artists* (2016) in defining different career stages that also account for assessments of an artist's popularity or success:

- **emerging** - at the beginning or in the early career stages of developing audiences/sales/profile
- **breakthrough** - at a tipping point; threshold opportunities in developing audiences/sales/profile
- **established** - an evident and sustainable record in developing audiences/sales/profile
- **epic** - an evident and substantial audience/sales/profile.

<sup>1</sup> APRA AMCOS 2018, *Year in Review 2017-18*.

<sup>2</sup> Australia Council 2017, *Making Art Work: A summary and response by the Australia Council for the Arts*.

### Methodology:

The project was conducted in three overlapping stages. While each stage was completed independently, their methodologies and findings helped to inform each other:

- Stage 1 mapped and assessed the economic and cultural contribution of the Australian music export sector. Primary data was obtained through four surveys targeting artists, publishers, record labels and booking agents.
- Stage 2 documented the strategies and practices of Australian artists and managers as entrepreneurs through surveys and interviews with selected managers and artists attending international music market events.
- Stage 3 broadly assessed the entrepreneurial modes of nations, including analysis of international export organisations and models, and comparative case studies of international music export offices and schemes.

### Research team:

- Professor Richard Vella (University of Newcastle)
- Professor Stephen Chen (University of Newcastle)
- Associate Professor Shane Homan (Monash University)
- Tracy Redhead (University of Newcastle)
- Millie Millgate (Sounds Australia)

For detailed methodology and results, see the full report *Born Global: Australian music exports* – the economic and cultural value of Australian music exports.

### Partners:

The University of Newcastle



Monash University



APRA AMCOS / Sounds Australia



Australia Council for the Arts





VASSY performing with Tiësto. Credit: Jordan Loyd

## KEY INSIGHTS

### **Australian music exports are increasing and delivering substantial economic and cultural benefits to the nation.**

The growing international activity of Australian music artists has seen revenue from overseas royalties collected by APRA AMCOS<sup>3</sup> double in the past five years, as well as significant increases in the number of international performances and the number of songwriters earning internationally. Overall, the combined annual export income of Australian artists, music publishers and record labels is estimated to be approximately \$195 million. Exporting artists also share Australian stories, culture and perspectives with the world, helping to build national identity and contributing to cultural diplomacy and Australia's reputation on the world stage.

### **Australian music exporters are entrepreneurial, able to straddle artistic and business realms, and to adapt and thrive in a changing environment.**

Australian music exporters – artists, managers, labels and publishers – have navigated shifting business models in the wake of digital disruption and the emergence of international showcases and market events as a key platform for doing business. Many have forged new success models in this environment. Whatever the pathway to an international market – on the back of domestic success or directly to global audiences through digital platforms – successful exporting still relies on establishing trust, building networks and spending time in the target market.

3 The collecting society for Australian and New Zealand songwriters and composers

**Government and industry provide crucial support for export activities.**

It can take many years, much travel and significant financial investment to break into a new international market. Successful music exporters across all career levels require support and assistance to realise their export strategies. Among those surveyed, government grants were the largest source of funding, and artists with support from both government and industry reported the greatest success. Vital assistance also comes in the form of music export offices, which are on the rise among successful music exporting nations around the world. Music export offices – including Australia’s Sounds Australia – offer a range of services to help artists exploit international opportunities, such as providing market intelligence and facilitating showcases and networking.

**Exports can provide vital income to artists. There is an opportunity to support more artists to develop their capacity to generate export income.**

Four in ten surveyed artists reported foreign income or expenses. Those who did also reported higher average domestic incomes and higher profit from both domestic and overseas sources. The export income of Australian artists is highly concentrated, with 10% of artists accounting for 97% of total export income. Live performance still generates the largest proportion, and established markets such as the United States, United Kingdom and Germany are the most common sources. At the same time, new export models are evolving and a wide range of Australian artists are now bypassing traditional routes to establish international fanbases online (including in emerging markets). There is opportunity to draw on new and established success models to support more artists to develop their capacity to generate export income.

**A growing number of countries around the world are recognising the value of music exports, and are evolving strategies to maximise their success.**

Beyond revenue, the broader benefits of a successful music export strategy include tourism, national branding and national pride. Many nations recognise benefits like these and have strategies that not only accompany domestic support, but also actively provide a means to build on and maximise the impact of local funding and infrastructure. Export programs around the world are increasingly focused on technology and innovation, for example, with leading export nations testing new forms of assistance.

# 1: HOW MUCH ARE AUSTRALIAN MUSIC EXPORTS WORTH?

This section presents modelled estimates of the economic value of Australian music exports, as well as insights into cultural value from surveys and case studies.

## Context: growth in international activity

Figures from APRA AMCOS, the collecting society for Australian and New Zealand songwriters and composers, point to increasing international activity. International royalty revenue has more than doubled since 2013, growing from \$21.6 million to \$43.7 million in 2018. The number of international performances reported to APRA AMCOS has also increased, from 2,845 in 2012 to 7,095 in 2017, while the number of Australian songwriters earning internationally has grown as well.<sup>4</sup>

Fig.1 APRA international royalty revenue by financial year

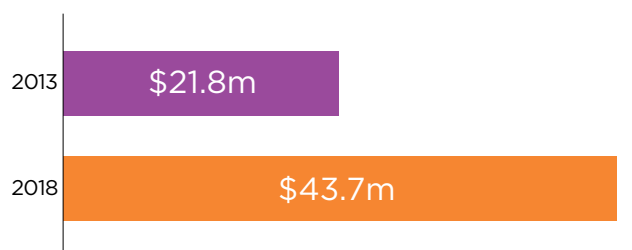
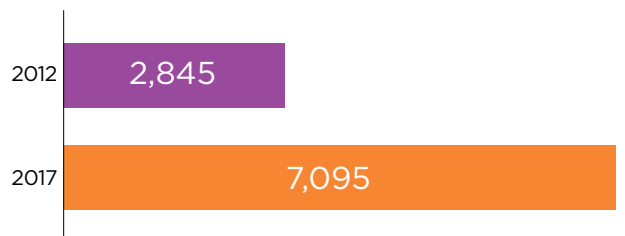


Fig. 2 Number of international performances reported by calendar year



Source: APRA AMCOS 2018, Year in Review 2017-18.

4 APRA AMCOS 2018, *Year in Review 2017-18*.



## Economic value

Comprehensive statistics on the value of Australian music exports are not available, and there is no internationally agreed standard or methodology for estimating such a value. The task is complicated by multiple income flows between the various players, and the fact that some individuals and organisations can play more than one role.

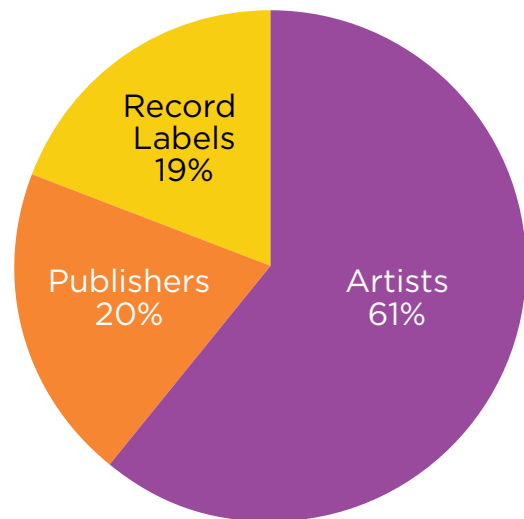
In order to derive an estimate for this research, a methodology was developed based on information from a survey of artists and managers, combined with data encompassing the period 2014–2017 from the following industry organisations: APRA AMCOS, the Australian Record Industry Association (ARIA), the Australian Independent Record Labels Association (AIR) and the Australasian Music Publishers Association (AMPAL).

Using this methodology, the combined annual export income of Australian artists, music publishers and record labels is estimated to be approximately \$195 million. Artists' income accounts for the largest proportion (61%), with the remainder split between music publishers (20%) and record labels (19%).

This represents 0.06% of total Australian exports of goods and services, a similar proportion to published estimates for competitor nations such as the United Kingdom, allowing for different economies of scale and inputs.

Fig.3 Estimated annual value of Australian music exports by subsector

<b>Total artist foreign income</b>	<b>\$119.1m</b>
Live performance income	\$58.6m
Royalty income	\$43.5m
Other income	\$17.0m
<b>Total publisher foreign income</b>	<b>\$38.0m</b>
<b>Total record label foreign income</b>	<b>\$37.5m</b>
Major record labels	\$20.0m
Independent record labels	\$17.5m
<b>TOTAL EXPORTS</b>	<b>\$194.6m</b>



**The artists' perspective**

Despite the increasing contribution of digital technology in the music sector, live performance still accounts for the majority of artists' foreign income: 49% comes from this source, compared to 37% from songwriting and performance royalties, and 17% from other sources such as merchandising and sponsorship.

This is consistent with research from the United States, where concerts were found to contribute most to the growth in artists' income since 2002, more than music publishing, music platforms or music sales.<sup>5</sup>

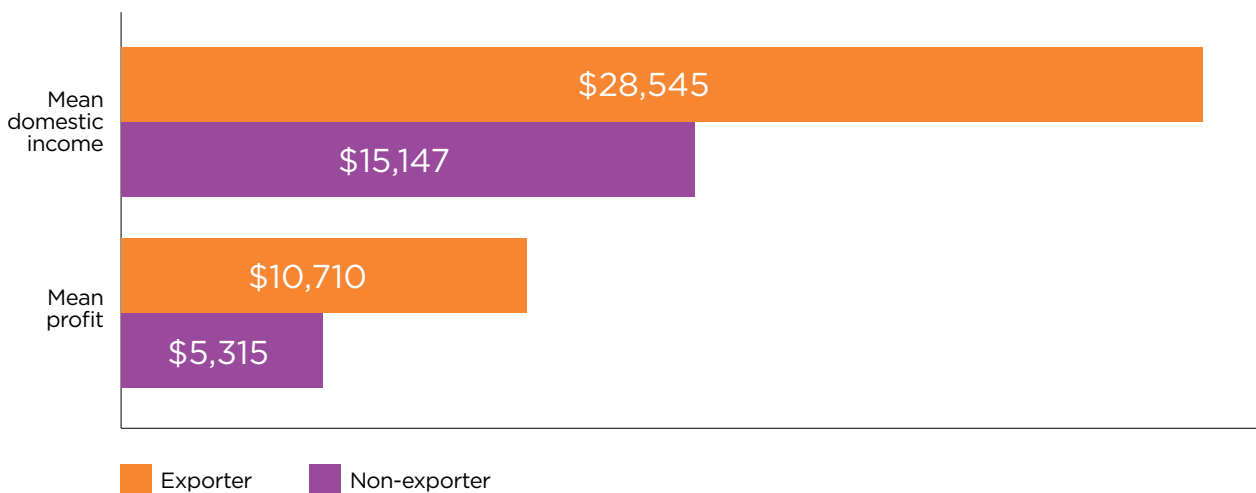
Survey data offers additional insights into the nature and distribution of this foreign income.

Four in ten Australian artists reported foreign income or expenses. This is in line with a 2017 economic study of professional artists, which found that 39% of Australian musicians had an overseas engagement in the previous five years.<sup>6</sup>

However, the distribution of artists' export income is heavily concentrated, with just 10% of artists accounting for 97% of earnings. Many factors may contribute to this skewed result, including challenges of distance, international touring costs, administrative obstacles and competition to access markets. But such a concentration of earnings is also broadly typical of income distribution across the music sector, where a few people earn a lot, and most people earn relatively little.

Further, it is evident that artists – musicians, singers, songwriters, composers and DJs – who are successful exporters tend to be more successful at home as well. A comparison of those who have earned export income and those who haven't shows that the average domestic income of exporters is significantly higher than that of non-exporters (\$28,545 versus \$15,147), and exporters on average have approximately twice as much total profit from both domestic and foreign sources (\$10,710 versus \$5,315).

Fig. 4 Exporter vs non-exporter domestic income and profit, 2016-17



Source: Survey of Australian music industry participants (artists, n=63)

5 Citi GPS 2018, *Putting the band together: Remastering the world of music.*

6 Throsby, D & Petetskaya, K 2017, *Making Art Work: An Economic Study of Professional Artists in Australia.*

## Key export markets

The countries most frequently mentioned by survey respondents as the top countries for music export were the United States, United Kingdom and Germany. This aligns with the top countries identified by APRA AMCOS according to royalty income.

However, based on YouTube searches, Australian artists have a much wider digital presence internationally, including in emerging markets such as Southeast Asia and Latin America.

## Cultural value

For individual artists and their professional networks, the cultural value of export activity refers to the impact of this activity on intangible characteristics such as reputation, recognition and trust. At the national level, it refers to the effects of music exports on a country's international standing, identity and influence (soft power).

The research found different forms of cultural value that could be attributed to various export-related activities and outcomes for individual artists, labels and managers.

Key findings include:

- Australian artists have increased their global impact on the world stage in recent years, as demonstrated by nominations for Grammy and Brit awards, and appearances in major television talk shows in the United States.
- The geographical extent of global interest in Australian music has also increased. The wide range of countries identified in YouTube searches for Australian artists in the ARIA Top 50 Singles Chart in 2018–19 suggests that Australian artists have a much broader international presence than that indicated by international royalty payments alone.
- Artists, managers and labels saw value in the promotion of Australian music abroad, beyond its contribution to financial success. The case studies on the following pages show how the international visibility of Australian artists and their work can help shape and cultivate identity at individual, professional and national levels.

See also section 3 for a discussion of cultural value in the context of government support for music exports in Australia and other countries.



Epic artist

## Flume

Credit: Matsu

Flume, born in Sydney, is a record producer, musician and DJ. His self-titled album, *Flume*, was released in 2012, reaching double-platinum accreditation in Australia. Flume has enjoyed huge domestic and international success including winning multiple ARIA and APRA awards, a Grammy award for best dance/electronic album in 2017 and a headline slot at the US festival Lollapalooza in 2019.

Flume is a good example of the 'born global' phenomenon, creating a strong digital profile internationally and releasing songs independently online.

His career also demonstrates the value of Australian support infrastructure such as Triple J's Unearthed website, and international industry events such as Sounds Australia showcases.

## 2: HOW IS AUSTRALIAN MUSIC REACHING INTERNATIONAL MARKETS?

This section draws on a series of surveys and interviews with selected managers and artists attending international music market events to shed light on the many pathways towards successful music exports in a global environment that continues to evolve.

### The export environment

The environment for music exports has seen significant shifts over the past two decades. Two of the most important of these shifts, in terms of their impact on business models and pathways to international markets, are:

- digital disruption, including the emergence of new digital platforms and tools
- the evolution of international market and showcase events as a focus for doing business.

#### Digital platforms and tools

The music industry has always been at the forefront of technological change, due to the boundary-pushing activity of the artists themselves, as well as the need to anticipate where audiences are heading.

As new technologies emerge, so too do new business models. Digital disruption has given music fans many more options for discovery and consumption. At the same time it has provided the music industry with immediate access to global audiences through online distribution.

Now we plot global plans for our artists, from the beginning ... even for the first song of a new artist. It's less geographically bound than it has ever been.

Epic artist manager 12



Methyl Ethyl  
Credit: Billy Zammit

The huge amount of data we have access to now is really, really interesting. It allows us to make smarter choices when it comes to marketing – even in terms of how we want to portray an artist or what type of content we want to release.

David Hellburg, Head of Digital for Warner Music, Sweden<sup>7</sup>

7 Hellburg, D. (2018). [Cited in] *Global music report 2018: Annual state of the industry* [IFPI].

The rules have just completely changed ... to the point that you don't even need a record label anymore.

Epic artist manager 2

Emerging interactive and digital technologies offer new tools and opportunities to musicians, songwriters and music entrepreneurs to connect to audiences and markets around the world. New approaches include:

- controlled releases through streaming (such as releasing individual tracks from an album one at a time)
- targeting of specific playlists and tastemakers
- the use of digital analytics to inform release and promotion strategies.

Some artists are using social media and fan interaction to build an international presence, for example through soft releases by direct email or to Facebook friends. Engagement with fans can also include personalised contact through social media and tastemakers, interactivity in which fans can upload or remix their own stories with artists' releases, and enabling personalised playlists.

Even five to eight years ago the standard process was single, album, single, single, album; or single, single, maybe one more single, album ... Nowadays you can drop a single every second day; you can drop a single, then an album, then an EP, then another album all in one year.

Epic artist manager 2

Australian artists like L-Fresh the Lion and Troye Sivan are bypassing most conventional marketing strategies. They use their own YouTube channels and social media networks to engage with their audiences and reach epic stardom independently, often referring to a specific social issue.

Now everything's on Spotify, so if a track's doing well, they will add it into other playlists internationally and give it a chance. Whereas before, if you didn't have a label pushing you in a new market, no one would ever know or care about you. So anyone can, kind of, break into any market.

Emerging artist manager 3

In this new environment, the physical and digital are inextricably linked and digital analytics are playing an increasingly essential role in helping managers determine where artists' fanbases are located. Each territory, city and even region can be uniquely defined by digital analytics, combining information on radio and television airplay, online streaming, achievement recognition such as national awards, and activities of fans.



L-FRESH the LION  
Credit: Michelle Grace Thunder

**Experienced exporters are the most likely to be using digital tools and strategies to support export activity.**

Forty-two Australian artists and industry professionals who had attended international music market events between 2009 and 2016 provided information on the tools they used for exporting.

Nearly all used social media, regardless of their self-assessed level of knowledge of export markets. Experienced exporters, however, were more likely to use streaming, tastemakers, playlists and data analytics than those with moderate or limited knowledge of exporting.

In a way, every artist is born global.

Epic artist manager 12

Although digital platforms are seen to have created a level playing field, where anyone from across the world can release a track through streaming platforms and playlists, financial returns on each stream to artists and songwriters remain low, and the bigger the artist, the stronger the negotiating power for a higher royalty.<sup>8</sup> Being found amid a vast sea of content also remains a challenge.

The entrepreneurial spirit of Australian music artists, managers, labels and publishers is evidenced by their capacity to embrace and thrive in this shifting environment.

We'd noticed the South American market tend to share and comment a lot ... so I thought it might be a good place to experiment. And we announced the tour. They're not massive venues, but we were able to gather, like, 4,000 emails of people who wanted to buy tickets...

Established artist manager 1

8 Wolfson, S., (2018). 'We've got more money swirling around': how streaming saved the music industry. *The Guardian*, 24 April



Established artist

Credit: Mia Mala McDonald

## Courtney Barnett

Courtney Barnett is an indie/alternative rock singer/songwriter based in Melbourne. She was self-financed through local performances, publishing advances, Creative Victoria and Australia Council funding, as well as receiving private funding via the contract between Apple and Merlin, a global digital agency for independent labels.

Her rising success is entwined with her involvement in showcase events, in particular international events supported by Sounds Australia.

Barnett is a good example of the benefit of extensive planning before an international event. Manager Nick O’Byrne says ‘we had every single partner in place’ before Barnett’s performance at South by Southwest (SXSW), and her appearance occurred a week before her record came out.

O’Byrne believes Barnett’s success comes down to the timing of her record release and her performance at SXSW in 2016:

SXSW just couldn’t have been better timing for her. If SXSW had been in April, it wouldn’t have worked. If the record had been not complete by January, then we would have had to put the record out in the back half of the year, and we wouldn’t have had that same opportunity at SXSW. So, yes, this was about seeing an opportunity [SXSW and her album launch coinciding] and just running with it, hard. We were just ready to recognise the opportunity when it presented itself.

**Nick O’Byrne, manager**

### International showcase and market events

The global circuit of music promotion, showcase and trade fair events continues to evolve as a significant platform for doing export business.

Artists and music entrepreneurs attend these events as delegates and/or to specifically showcase their talent via live performances. Similar events also operate domestically – BIGSOUND (Australia) is an example – attended by international industry players.

Showcasing at international market events presents considerable opportunities for artists and bands to perform in front of industry professionals, to engage in business ‘speed dating’, and attend networking events. Regular attendance by artists, labels, managers, promoters and related industry personnel has promoted a sense of an international community of networks and gatekeepers.

Attendance at these events can provide:

- live performance opportunities to packed houses for artists
- intensive business networking for managers
- artists (particularly first-timers) with the opportunity for serious evaluation of other, similar acts
- a ‘one-stop shop’ for international industry personnel to assess a global smorgasbord of talent.

### People attend markets with various goals, whether that is building knowledge, networking or audience development.

Music market events can help facilitate business deals and opportunities including recording deals, distribution, licensing or publishing deals, festival and touring offers; film, television or digital game synchronisation placements; sponsorship, product endorsement and brand partnerships; television appearances and media coverage.

They can also provide opportunities for establishing or renegotiating relationships with international managers, booking agents, publicists and other international partners.

International market events enable exporters and potential partners to be in the same place at the same time, thereby minimising the need for repeated travel to individually meet a potential partner, as well as opportunities to leverage existing contacts.

Of the 591 survey respondents who had attended an international market event, 60% agreed they had achieved their goals.

77% said their export activities (ranging from business meetings to media coverage to signing deals) were successful after attending an event.

Attendance at international music market events can be regarded as a sign of promotional momentum and as a useful platform to provoke an international ‘buzz’ around particular acts.

However, as events become larger, globally recognisable and broad in scope, it can become challenging for individual artists to be heard above the noise.

Targeted national promotions can help. Australia was selected as the ‘Country of Focus’ for Reeperbahn 2019 in Hamburg, and was selected as the ‘lead international partner’ for The Great Escape in 2019 in Brighton, enabling 30 acts to showcase their talents.

As competition for places at key events increases, their suitability and potential outcomes for those attending need to be continually reviewed.

- For emerging and breakthrough artists, international industry and showcase events are crucial to their ability to network and consolidate momentum.
- For established and epic artists, export events provide the opportunity to renegotiate arrangements, network and develop new opportunities.

Respondents reported spending 6-24 months to prepare for an event, with outcomes not expected before 1-5 years.



79% believed it was important to have a local partner in place when showcasing at an international market event.

### Selected key international showcases and market events

- **A2IM Indie Week** – New York, USA: independent music event including industry keynotes, panels, networking sessions and live performances/showcases
- **Americanafest** – Nashville, USA: event that includes more than 500 performances of roots, folk, country, blues and soul music as well as an industry conference
- **Classical:NEXT** – Rotterdam, The Netherlands: art music event incorporating showcases, a conference, project pitches and an expo
- **Folk Alliance International** – Montreal, Canada: event encompassing a broad array of folk music and including an industry conference, showcase/festival and music camp
- **The Great Escape** – Brighton, United Kingdom: ‘festival for new music’ and industry convention showcasing more than 500 artists
- **Jazzahead!** – Bremen, Germany: festival/showcase including exhibitions, conference and club nights
- **Midem** – Cannes, France: music industry networking event for labels, managers, publishers, music IT, booking agencies, media and education, with over 4,000 attendees
- **Music Matters** – Singapore: festival/showcase and conference for music, sports, online entertainment, gaming and marketing industries
- **Primavera Sound** – Barcelona, Spain: international music festival hosting labels, managers and new artists
- **Reeperbahn Festival** – Hamburg, Germany: festival/showcase with over 600 artists that incorporates a music/creative digital industries conference and fine art, film, literature and education events
- **Sound City** – Liverpool, UK: music festival that includes creative workshops and an industry conference
- **South by Southwest (SXSW)** – Austin, USA: designed to foster ‘creative and professional growth’ across the interactive, film and music industries; includes music showcase events and national music highlights

#### The Great Escape

The Great Escape in Brighton, UK, is a festival for new music, showcasing emerging artists from all over the world in 30+ walkable venues across the city. Alongside performances, the festival features panels, topical debates, keynote speeches and networking opportunities.

Over the past nine years, 181 Australian artists have showcased at The Great Escape. Sounds Australia produced 18 showcase events, 23 networking events, eight masterclasses and provided 150 performance opportunities across this period.

Australia was the festival’s lead country partner in 2019.

#### South by Southwest (SXSW)

Founded in 1987 in Austin, Texas, SXSW is an international market event designed to foster ‘creative and professional growth’ across the interactive, film and music industries, including music showcase events and national music highlights.

From 2009 to 2018, 428 Australian artists showcased at SXSW. Sounds Australia produced 51 showcasing events, 37 networking events, nine exhibition stands and coordinated 6,989 speed meetings.



Breakthrough artist

Credit: Xan Thorrhoea

## Methyl Ethel

Methyl Ethel is an indie rock/psychedelic pop band from Perth.

In 2015, they toured the United Kingdom, attending the new music festival The Great Escape in Brighton as part of a strategic plan to push toward a higher level of audience reach and capitalise on momentum.

International touring is not without risk, however, and it was important to have in place agents, public relations, label support and management. It is also financially costly to tour a band and build profile through repeated exposure in territories outside Australia, particularly the United States. Methyl Ethel received funding from the Department of Culture and the Arts (WA) and the Australia Council plus label and tour support.

Achieving a record deal with British independent label 4AD ensured the band's breakthrough status and placed them on the cusp of an established international career.



Emerging artists

Credit: Sounds Australia

## All Our Exes Live in Texas

Formed in 2013, All Our Exes Live in Texas won the ARIA award for Best Blues & Roots Album in 2017 for their debut album, *When We Fall*.

The band toured extensively from the beginning, and strategically mapped out an international identity with a carefully planned export strategy. Their success demonstrates the power of developing networks, building a profile, using tastemakers and generating a buzz. They also understand the value of being involved in the Sounds Australia showcases and other organised events, performing in 2017 at SXSW, Folk Alliance International and Americanafest.

Live is the key for us. That's where a lot of the money comes in and that's why we were keen to hook a booking agent. We didn't get any label deals, so we made partnerships with digital distribution, which was good – a key income stream, particularly in North America. That was effective. But the key thing for us was to establish partners that can get us out there on the live frontier.

**Clara Iaccarino, Manager until 2017**

## Factors underpinning export success

There is no single standard way to be export ready. Some artists build an international profile on the back of established domestic success. Some reach global audiences immediately by uploading their music on a streaming service.

Whatever the approach, however, the research highlights a number of factors that remain important to achieving export success, in particular:

- building trust as a strategy for managing risk
- cultivating professional networks
- spending time in the target market
- financial and other support.

### Risk awareness and building trust

Responses from music managers highlight that trust and awareness of risk are vital components of the majority of music industry transactions.

Constantly shifting technologies, audience behaviour and business models create a highly fluid environment where risk management is achieved through personalised contacts, word-of-mouth, professional knowledge, expertise and networks.

Understanding the mix of financial and non-financial transactions that underpin the music industry is important. The music industry cannot exist without these various interactions, be they specific relationships, peer to peer, familial, fans or networks.

### Professional networks

When asked how their export opportunities began, 58% of respondents said they came from existing networks.

For many music entrepreneurs – as with entrepreneurs from other sectors – professional networks are the most important factor in developing a successful export strategy. Networks create opportunities for partnerships, establishing deals, building on opportunities and increasing knowledge of current industry trends.

With the shifting of export business models in the wake of digital disruption, the rise of the music entrepreneur, and the emergence of international market events as a key platform for doing business, networks are more important than ever.

### Spending time in the target market

Being physically located in a market and having the capacity to follow up on opportunities is a major part of a successful export strategy. Each international territory is unique and having local partners on the ground greatly helps overcome barriers to export.

Financing, repeated long distance travel and on-the-ground support are significant challenges cited by survey respondents in realising successful export strategies. Budgeting for follow-up meetings and/or performances is essential.

### Support for export activities

In developing a successful export strategy, government grants are seen as the largest and most important source of funding for a majority of music exporters. This is particularly the case for emerging, breakthrough and established artists and their support teams.

However, artists with support from both government and industry reported the highest success rate in establishing deals for export.

See section 3 for more information about export support models and strategies in Australia compared to those of six other countries.

## 3: HOW ARE EXPORTS SUPPORTED IN OTHER COUNTRIES?

This section draws on analysis of international export organisations and models, and comparative case studies of international music export offices and schemes.

Music entrepreneurs – who could be managers, record labels, publishers or the artists themselves – are central to the Australian music export industry due to their ability to straddle artistic and business realms.

The task of creating and maintaining a local or national career as a contemporary artist is fraught with the various challenges of finding and sustaining audience interest and revenues. For artists to achieve international success, understanding of and immersion in particular forms of national and regional structures require a deep knowledge of dense networks, gatekeepers and industrial conditions.

This research looked at how Australia compares to six other countries (Canada, Finland, France, South Korea, Sweden and the UK) to see if any lessons can be learned from their export models and strategies. The focus was on:

- how music export activity was funded within the wider ecosystems of the arts and creative industries
- their priorities and key strategies nationally
- the role of government in supporting strategies
- the role of industry in supporting strategies
- the relation of music exports to national branding strategies and related ‘soft power’ ambitions of national cultural policies.

### National goals and support strategies

A variety of models of support exist among the seven nations considered in this research. These include:

- state–industry partnerships, with export activities co-funded and evidence of greater industry collaboration (Finland, France, Britain, Sweden)

- culturally embedded models (France, South Korea)
- more traditional ‘state patron’ models (Canada, Australia).

Despite this variety, the research showed that across the globe, governments are increasingly working with their local music industries to deliver programs and achieve particular goals.

### Cultural value

**Nations recognise broader benefits as a result of a successful music export strategy.**

For some nations, music exports play a more prominent role in broader cultural heritage strategies, and across related sectors such as tourism.

- In the **United Kingdom**, music export schemes were, and still are, an important component of national branding strategies.
- For **France**, music export activity remains linked to broader representations of both French cultural heritage and ‘contemporary France’.
- **South Korea** successfully deploys K-pop across a range of other industry and government ambitions related to national branding campaigns, in-bound tourism and consumer demand.
- Increased national pride was evident in **Sweden, Finland** and **Norway** as particular genres, artists and songwriters gained international attention. In these countries, music was shown to return considerably more revenues in comparison to other cultural activity.

## The role of domestic infrastructure

**Related domestic activity and infrastructure can be linked to successful export activity.**

The research reveals relationships between export policies and schemes, wider domestic infrastructure, and national ‘incubator’ schemes designed to sustain promising acts.

- Across **Scandinavia**, substantial investment has been made over long periods in both music education and early creativity programs across all cultural forms. Links have been recognised between this investment and broader cultural participation, local industry growth and subsequent export activity.
- **France** and **Canada** have retained significant support for local live music infrastructure, regional music funding and different taxation and other measures designed to ensure the promotion of local music content.
- New programs in the **United Kingdom** have sought to address challenges including the difficulties female artists face as emerging artists and the need for artist managers to develop networks and related expertise in the earlier stages of their careers.
- Emerging artists (‘K-rookies’) in **South Korea** are teamed with experienced industry figures and performers in building knowledge and expertise prior to international exposure.

## Economic impacts

**Increasing investment in music exports is aligning with greater emphasis on economic impact.**

Growing investment in export programs has been matched by increasing attention to assessing their economic benefits as part of national music economies. National, annual data gathered through an agreed and consistent methodology is crucial for all music export nations to analyse activity including export income.

In 2010, **Sweden’s** eight industry bodies worked with relevant government sectors to develop an agreed report methodology to provide annual sector data titled *The Music Industry in Numbers*.

**UK** industry sectors have similarly collaborated to fund and produce the *Measuring Music* annual reports since 2012. Britain has also led in funding related reports on the economic contribution of music tourism and music heritage.

## Supporting innovation

**Innovation is being increasingly highlighted in funding criteria. Nations that are prepared to test new forms of assistance are leading export nations.**

“The traditional risk/reward analysis is reversed, and the risk of not innovating as an applicant for public funding would be much higher than the risk of innovating.”

Music Canada 2013<sup>9</sup>

Export activities are provided through different combinations of arts, culture, trade and foreign affairs ministry funding. Funding has evolved to meet the demands of technological and industrial change. More innovative state–industry partnerships are being sought to encourage long-term industry growth and plug gaps in knowledge transfer for emerging artists, companies and managers.

The emergence of new forms of grant program funding is significant in acknowledging that showcases and other traditional means such as touring support are not enough. Changes in funding criteria are also attempting to reward businesses that are breaking through markets and traditional ways of operating.

## Export offices

Export offices provide a wide range of support and services in addition to working with local industry sectors. They offer:

- showcase/festival promotion – live performance and/or business networking at key global events
- business meetings – artist/manager networks with key publisher, touring, recording, licensing media organisations (often aligned to showcase event promotion)
- media promotion – interviews with music media and mainstream media in markets
- touring – expertise for tours of new markets
- public relations – expertise in other markets
- legal assistance – immigration, visa and other expertise related to local environments.

The emphasis is on increasing an artist’s preparedness and ability to exploit markets beyond domestic audiences as well as supporting access to broader knowledge and networks.

**Funding programs are increasingly focused on support for marketing and growth in local expertise and infrastructure.**

The past decade reveals two significant changes to types of funding, and related broader national aims of music export offices:

- Most nations now offer assistance through marketing grant programs or digital marketing grants. In **South Korea** for example, the music industry accounted for the highest percentage of marketing and publicity spending by the state across its cultural industries in 2017.
- Nations are increasingly turning their attention to growing local expertise and infrastructure through more state–industry partnerships. This includes building individual company expertise and track records in exporting, as demonstrated through the Support for Eligible Music Companies grant in **Canada** and the Export Company Incubator and Export Strategy grants in **Finland**. These programs are longer-term investments allowing local industries to build knowledge, networks and expertise.

**Digital resources are now vital to reconnaissance, preparation and planning activity.**

Platform-led digital aggregation has fundamentally changed music consumption, how it is measured, and related indicators of success. Music export offices play a role in harnessing data aggregation to their core activities, with most offices hiring staff dedicated to digital market analysis and strategy.

**Dominant export activities are closely linked to the showcase model.**

The global circuit of music promotion, showcase and trade fair events is attended by most key export nations and considered a key music export activity. The events compete for scale and international prestige, where critical mass engages the interests of central companies, nations, promoters and managers.

9 Music Canada (2013). The next big bang: A new direction for music in Canada. Toronto: Music Canada

The showcase model remains valuable for being a 'one-stop shop' that promotes a sense of international community bringing together networks and gatekeepers. It also gives export office staff the opportunity to:

- connect and share information about events coordination
- share problems and barriers within respective domestic markets
- share approaches to steering artists and managers to appropriate gatekeepers across different markets.

The size and growth of many events such as SXSW have, however, caused some to question their effectiveness.

### **Programs are building domestic songwriting expertise as the 'song export' becomes an important component of economic returns.**

The development of songwriting skills is one notable form of growth in local infrastructure support.

- In **Canada**, songwriting circles are a part of key domestic events/programs.
- **Finland** has experienced substantial growth in 'song exports' - Finnish composers and lyricists creating content for foreign artists. Their Work Export program funds international co-writing projects and songwriting camps for artists designed to advance internationalisation.
- Similarly, **Sweden's** 'song hub' model pioneered by writers such as Max Martin has been an important component of international success, with one Swedish performance rights administrator noting that the country has 'more superstars in the world of songwriting than we do superstar artists'.

## Sounds Australia

As Australia's music export office, Sounds Australia aims to raise the profile of Australian contemporary music in key international markets by supporting Australian artists and businesses attending and showcasing at international market events. Sounds Australia was created in 2009 as a joint initiative of the Australia Council and APRA AMCOS, and receives additional support from the Australian Government together with state government agencies and peak industry associations.

In its ten-year history, Sounds Australia has showcased 1,404 Australian acts, coordinated 137 B2B networking events, provided 31 trade stands and 6,439 meeting opportunities. Its staff have been involved in 20 panel presentations, and organised 104 Australian speakers at international conference events.

The range of activities listed above reinforces Sounds Australia's presence at the key international market events. Australian showcase nights are offered at the Folk Alliance International in North America, an Australian pavilion stand has previously been offered at Midem in Cannes, and in 2018, 26 Australian artists performed at The Great Escape in the United Kingdom. At SXSW, an Australia House was established in 2018 to present acts over five days and nights. There is also a large annual presence at the Reeperbahn Festival in Hamburg.

Sounds Australia was a partner in this ARC Linkage project.



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