

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

More Kiwi Music:

**Upgrading New Zealand's Music Industry through Successful
Music Export**

Astrid Susan Kirchner

2007

More Kiwi Music:

Upgrading New Zealand's Music Industry through Successful Music Export

A 152.800 (100point) masters thesis
presented in partial fulfilment of
the requirements for the degree of
Master in Business Management at
Massey University, New Zealand

Astrid Susan Kirchner

2007

Abstract

The purpose of this study is to explore the operation of the New Zealand music industry and the activities its participants could undertake to upgrade success in music export. To do this it describes the local and international factors which influence the industry and how its participants operate and broadly outlines the global background against which these activities take place. The thesis looks at the theoretical underpinning of the marketing strategies used by record companies and artists and the nature of the contractual agreements that release partners enter into before releasing and marketing a product. In particular, the nature of these agreements is examined in relation to the specific circumstances involved in exporting a musical product, whether artist, copyright or physical product. This examination is aided by descriptions of exactly what constitutes 'success' in the music industry and how difficult it is to quantify this success in an arts based industry that revolves largely around people acting as 'products'.

Against this background a description of the specific characteristics of the New Zealand music industry and its key institutions and participants, as well as results gathered from a questionnaire, enable the thesis to show the similarities of New Zealand to the global market. These similarities involve major label domination of the local market, the impact of technological advances and the traditional means and strategies of music export.

Detailed comparison and description of the New Zealand music industry to those of Australia and Canada allows the researcher to highlight areas of potential strength and weakness within the local music industry that are potentially beneficial or detrimental to the local industry's ability to export product successfully. Finally, the thesis draws upon the insights gained from the study in making recommendations to the New Zealand Government regarding further research and strategies that could potentially benefit the future growth of New Zealand music export.

Table of Contents

Table of Contents	ii
List of Tables and Figures.....	iv
List of People Interviewed.....	vi
Glossary of Acronyms	vii
1 Introduction.....	1
1.1 Setting the Context/Background of the study	1
1.2 Objectives and Methodological approach.....	3
1.3 Limitations	6
1.4 Definition of General Terms.....	7
2 Theoretical Background.....	11
2.1 Influencing Factors	11
2.2 Value Chain in the Music Industry	13
2.3 The Value Chain in the Age of Digitalisation	13
2.4 The Chain of Music Export.....	15
2.5 Export Approaches.....	16
2.6 Critical Factors of Success for Music Export	18
2.7 Strategy in the Music Industry	19
2.8 Record Label.....	22
2.9 The Label Deal.....	23
3. Specific Aspects of New Zealand Music Industry.....	26
3.1 Facts and Figures	26
3.2 Institutions involved in the New Zealand Music Industry.....	29
3.2.1 <i>Government Support</i>	31
3.2.2 <i>Industry Support</i>	37
3.2.3 <i>Other Industry Support</i>	40
4 Effects on New Zealand' Artists.....	43
4.1 Research Methodology	43
4.1.1 <i>Sample</i>	44
4.1.2 <i>Ethical Considerations</i>	44

4.1.3 <i>Limitations</i>	45
4.2 Outcome Critical Factors of Success for Music Export.....	46
4.3 Outcome Strategy in New Zealand	48
4.4 Outcome Label Deal	50
4.5 Outcome Export Approaches	53
4.6 Outcome Management	54
4.7 Outcome Personal Experiences of Exporting Music	54
5 Comparison of Selected Music Markets to New Zealand.....	61
5.1 Limitations	61
5.2 Australia	62
5.2.1 <i>Facts and Figures</i>	62
5.2.2 <i>Government Support</i>	63
5.2.3 <i>Industry Support</i>	69
5.2.4 <i>Comparison to New Zealand</i>	73
5.3 Canada.....	83
5.3.1 <i>Facts and Figures</i>	83
5.3.2 <i>Government Support</i>	84
5.3.3 <i>Industry Support</i>	89
5.3.4 <i>Differences to New Zealand</i>	92
6 Conclusion and Recommendations.....	103
6.1 Summary	103
6.2 Recommendations.....	105
7 References.....	110
8 Appendices.....	121
8.1 Cover Letter for Questionnaire	121
8.2 Questionnaire for Musicians	122
8.3 Tables in Appendices.....	130

List of Tables and Figures

Tables

1	Excerpts of Statement Describing Musical Uniqueness	47
2	Excerpts of Statement Describing Sound.....	47
3	Excerpts of Statement Describing Contacts Overseas.....	47
4	Explanation on Record Deal Decision.....	51
5	First Lesson Learnt by Exporting Music (Artist’s Perspective).....	57
6	Second Lesson Learnt by Exporting Music (Artist’s Perspective).....	58
7	Third Lesson Learnt by Exporting Music (Artist’s Perspective).....	59
8	What would artists do differently next time when exporting their music?.....	60
9	Donations under ROCO 1991-2004.....	64

Tables in Appendices

A1	Positive Consequences for Artists who Exported Music.....	130
A2	Negative Consequences for Artists who Exported Music.....	131
A3	Strengths Discovered from Music Export.....	132
A4	Weaknesses Discovered due to Music Export.....	133
A5	List of Contacted Musicians within the Sample Frame.....	134

Figures

1	Porter's Generic Value Chain	12
2	The Chain of Music Export.....	15
3	NZ Music Content on Commercial Radio.....	35
4	Factors of Success in Music Export.....	46
5	Genre of Exported Music.....	48
6	Business Approach of Artists before Signing a Record Deal.....	49
7	Export Intention before Signing to a Record Company.....	49
8	Label Deals of Artists who have exported their music.....	51
9	Awareness of Signing Dictates of a Record Label.....	52
10	Awareness of Marketing and Release Strategies of a Record Label.....	52
11	Meaning for the Artist of Exporting Music/Going Overseas.....	119
12	Sales Targets in the Export Markets.....	54

List of People Interviewed

Brendan Smyth	Managing Director of NZ On Air
Cath Anderson	Operations Manager of NZMIC
Campbell Smith	CEO RIANZ New Zealand and Head of CRS-Management
Chris Chetland	Co-Founder of KOG Transmissions and electronic artist in New Zealand
Dennis Marx	International Development SBMG Germany
Hamish Clark	Band member of the band Breaks Co-op
Jasper Edwards	Event Promoter and Manager based in the UK
Lorraine Barry	Manager of Dave Dobbyn and Ex-Director International Marketing for Virgin Music UK
Mark Ashbridge	Ex-Managing Director FMR New Zealand
Mark Roach	Manager of Lucid 3 and Damian Binder; MMF Forum New Zealand
Matt Harvey	Band member of Concord Dawn and Radio presenter in New Zealand
Murray Jeffrey	Client Manager for NZTE within the Creative Sector
Peter Angemeer	TV-Promoter and Manager in Germany
Peter James	Managing Director of GermanSounds AG
Renee Jones	Operations Manager of IMNZ
Rina Montablo	Manager in the US and Germany
Tim Bohne	Head of A&R Universal Germany Domestic
Tim Renner	Ex-CEO of Universal Germany
Victor Stent	Managing Director MAI Records New Zealand

Glossary of Acronyms

ACA	Arts and Cultural Industries Promotion Division
AIR	Association of Independent Record Labels
AMC	Australia Music Centre
AMCOS	Australasian Mechanical Copyright Owners Society
AMO	Australian Music Online
AMPCOM	Australian Music Performance Committee
AMRAP	Australian Music Radio Airplay Project
ANAM	Australian National Academy of Music
APRA	Australasian Performing Right Association
ARIA	Australian Record Industry Association Ltd
ASCAP	American Association of Authors and Composers
A&R	Artist and Repertoire
AU	Australia
B2B	Business to Business
B2C	Business to Customer
BBC	British Broadcasting Corporation
BCG	Boston Consulting Group
BET	Black Entertainment Television
BMG	Bertelsmann Music Group
BMI	Broadcasting Music Inc
BPI	British Phonographic Industry Ltd
CAAMA	Canadian Association for the Advancement of Music and the Arts
CARAS	Canadian Academy of Recording Arts and Science
CARP	Culture and Recreation Portal
CCA	Canada Council for the Arts
CD	Compact Disc
CES	Culture Experiences Survey
CIRPA	Canadian Independent Record Producers Association
CMC	Canadian Music Council
CMC	Canadian Music Centre
CMCC	Canadian Music Creators Coalition
CMDP	Contemporary Music Development Program
CMF	Canada Music Fund
CMT	Country Music Television
CNN	Cable News Network
CRIA	Canadian Recording Industry Association
CRTC	Canadian Radio-Television and Telecommunications Commission
CSFs	Critical Success Factors
CTD	Canadian Talent Development
DAB	Digital Audio Broadcasting
DCITA	Department of Communications, Information Technology, and Arts
DRM	Digital Rights Management
DVD	Digital Video Disc
EPK	Electronic Press Kid
FAC	Department of Foreign Affairs
GATT	General Agreement on Tariffs and Trade
GSA	Germany Switzerland Austria

GPD	Gross Domestic Product
IFPI	International Federation of the Phonographic Industry
IMNZ	Independent Music New Zealand
IRADF	Indigenous Regional Arts Development Fund
IRR	International Royalties Rescue
ISC	International Song-writing Competition
iTMS	iTunes Music Store
MC	Music Cassette
MCH	Ministry of Culture and Heritage
MMIC	Maori Music Industry Coalition
NMPA	National Music Publishers Association
NZ	New Zealand
NZIER	New Zealand Institute of Economic Research
NZMIC	New Zealand Music Industry Commission
NZTE	New Zealand Trade and Enterprises
OOH	Out-Of-Home Advertising
PPCA	Phonographic Performance Company of Australia
PPNZ	Phonographic Performances New Zealand Ltd
PRC	People's Republic of China
RBA	Radio Broadcasters Association
RIAA	Recording Industry Association of America
RIANZ	Recording Industry Association of New Zealand Inc
ROI	Return on Investment
SAC	Songwriters Association of Canada
SCALA	Songwriters, Composers and Lyricists Association Inc.
SESAC	Society of European Stage Authors and Composers
SOCAN	Society of Composers, Authors and Music Publishers of Canada Foundation
UK	United Kingdom
USA	United States of America
VHS	Video Home Service
WWW	World Wide Web