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British Columbia music industry sector profile

Creative BC

A sector profile
August 2014

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Executive summary

Introduction

Creative BC engaged PricewaterhouseCoopers LLP (PwC) to conduct market research and analysis to provide qualitative and quantitative information on British Columbia's music and sound recording sector and ecosystem. British Columbia's music industry association, Music BC, helped develop the study objectives and the industry profile. The purpose of this study is to provide a profile of the artists, businesses and organizations which make up the music industry in British Columbia. In addition, this study establishes a baseline that can be used to compare the size and success of the sector in the future. To conduct the study, we collected data from primary and secondary sources that included a literature review, a survey of the music industry, and interviews with industry representatives.

A previous study of British Columbia's music industry was undertaken in 2004, at a time when the sale of physical music formats such as CDs in Canada was still greater than digital sales. In 2013, digital music sales surpassed physical sales in Canada, with the industry model moving quickly towards a pay-to-play market rather than the traditional pay-to-own market. Delivery of the majority of music through digital services, while favourable to consumers in terms of price, being inexpensive or free, has put significant pressure on the industry's ability to generate sustaining revenues. The resulting pressure on the industry to change has been significant, as record labels reinvent themselves to retain some control of the process while artists take a DIY approach to career development. The industry business model will continue to evolve as the music delivery system develops.

It is against this backdrop that the present study has been prepared. Responses to the survey and interviews reflect just how rapidly the industry is evolving and how disruptive the change has been to artists and music businesses and organizations.

British Columbia's music industry

British Columbia is one of Canada's major centres for music, having the third largest concentration of independent labels, sound recording studios and other music businesses nationally. In addition, BC has a large and diverse talent pool of artists who perform a wide diversity of music genres; pop, rock, classical, blues, folk and jazz predominate with obvious influences resulting from the large multi-ethnic community in the province. Many internationally recognized musicians began their careers in British Columbia. Notably, Michael Bublé was recognized as one of the top ten artists by IFPI in its 2014 Global Recording Artist Chart.[1] In addition, IFPI noted that Michael Bublé's *To Be Loved* album was the seventh best-selling album of 2013 with 2.4 million units in sales.[2] Other international music success stories from British Columbia include Bryan Adams, Sarah McLachlan, Dianna Krall and Nickleback, among many other artists in a variety of genres –speaking to the quality of the talent and the strength of the industry that develops and produces music in the province.

In addition to the artists who create the music, the music industry in British Columbia is made up of independent record labels, sound recording studios, publishers, managers and talent agencies, marketing and other businesses that support the development and delivery of music. The major labels (Sony, Warner and Universal) each have a marketing presence in the province; although, the majority of their industry activity takes place in Ontario.

Traditionally, record label production and sound recording have provided significant sources of industry revenue. However, revenue from music sales now comes from multiple sources: physical music sales (CDs, vinyl), downloads

[1] This is the first year the chart is being published; it captures the popularity of artists across a range of channels including digital downloads, physical format sales and streaming services, IFPI Digital Music Report 2014.
[2] IFPI Digital Music Report 2014

(MP3s), and streaming (YouTube, Deezer, Rdio, online music stations, and satellite radio). In addition, revenue from sync licensing is available from music used in films, television, commercials and video games as are song writing and publishing royalties. Revenue can also come from live performances, crowdfunding and sponsorship/endorsements. In the traditional model, record labels generally controlled the revenue, but now artists are just as likely to retain ownership of their copyright and music catalogue.

In terms of revenue, British Columbia is the third largest centre for music production in Canada after Ontario and Quebec. In 2011, BC represented about 5% of Canadian revenues for record production and sound recording, a decline from 2007 when provincial production and sound recording represented 7% of national revenues. [3]

In British Columbia, independent record label producers, sound recording, publishing and live performances generate the majority of industry revenues. In addition to obtaining information from the industry survey, we used secondary data sources to estimate industry revenues for these categories as follows: [4]

- Revenue from record label production and sound recording over the last 12 months was approximately $52.7 million.

- In 2011, the last year for which data is available from Statistics Canada, music publishing revenue in Canada was $152.1 million, a 24% increase from 2007. Assuming that British Columbia music publishers received about 9% of the music publishing royalties paid in Canada, this would represent additional music industry revenues of $13.7 million. [5]

- Estimated revenues associated with live music performances in BC in 2013 were approximately $87.8 million, based on the per capita expenditure for live ticket sales as determined from the national data provided in the PwC Global Entertainment & Media Outlook, 2014-2018.

- An estimate of artist income was determined using information obtained in the survey. To estimate total salaries for BC artists, a mid-range salary was determined for each of the salary levels provided in the survey. The percentage of artists responding to each salary level was then extrapolated against the total population and multiplied by the corresponding mid-range salary. This method results in an estimated range of artist income of $245 to $265 million over the last 12 months.

Additional music industry revenue is also generated from agent and manager fees; sales of physical and digital music products; musical compositions for film, television and commercial productions; radio station programming expenditures; and digital music services. The industry also includes many non-profit performing organizations such as the Vancouver Symphony Orchestra, which employs large numbers of musicians, produces recordings and engages in live performances.

[3] Statistics Canada CANSIM Table 361-0005

[4] Some sources of music revenue are confidential to the artist, aggregated as part of overall personal income or company revenue or are only available at a national level.

[5] Methodology for estimating publishing revenues taken from the Ference Weicker & Company report, *An industry in transition, the sound recording industry in BC*, 2004, page 20

Artist profile

Characteristics of British Columbia's artists are shown in the table below.

Key characteristics	**Artists**
Location	76% of artists are located in the Lower Mainland
Industry role	45% of artists indicated they consider their primary role to be a performer while 42% said they were both a performer and songwriter and 6% of artists indicated they were primarily a songwriter and composer
Income / revenue	60% of artists reported receiving less than $20,000 in earnings from music related sources over the last 12 months
Live performances	36% of BC artists indicated they had performed 51 or more live performances in the last 12 months while 64% performed 50 times or less
Change in income / revenue	41% of artists indicated there had been no change in their personal income from music related activities over the last 12 months
Record BC	84% of artists said they would record their next project in BC
Maintain BC	81% of artists indicated they planned to maintain BC as a place of residence over the next 5 years
Top 3 areas of industry development	1. Artist development 2. Infrastructure development – live venues 3. Touring assistance

Music businesses and organizations profile

Characteristics of businesses and organizations which make up British Columbia's music industry are shown below.

Key characteristics	**Businesses or Organizations**
Location	72% of businesses or organizations are located in the Lower Mainland
Industry role	27% of businesses reporting indicated they were private corporations; 25% indicated they were sole proprietorships; and 37% were non-profit organizations
Income / revenue	The average annual salary of employees at music businesses or organizations reporting to the survey was $24,151 employing 724 full-time equivalent positions 41% of businesses and organizations reported earning less than $50,000 in global revenues in the past 12 months
Live performances / releases	1,163 artists are currently on the roster of BC companies 695 commercial releases took place in the last two years: 206 singles, 107 EPs and 382 albums
Change in income / revenue	60% of businesses or organizations are not planning to increase or decrease their hiring over the next 5 years
Maintain BC	90% of businesses or organizations plan to maintain their business location in British Columbia
Top 3 areas of industry development	1. Artist development 2. Touring assistance 3. Infrastructure development – live venues

Music industry trends in British Columbia

Major industry trends reflect the competitive nature of the music industry which has intensified with the disruptive change occurring in the industry. The following key trends noted by music industry survey participants are shared across the music industry globally:

- Traditional roles that were once well defined for artists and music businesses have broken down. Each group has opportunities to take on broader industry activities that are more universal in scope, with the objective of aggregating and controlling multiple revenue streams.

- Revenues have continued to decline as consumers choose digital over physical formats, resulting in a race to cut costs throughout the industry as music businesses and organizations try to manage reduced cash flow scenarios. This decline is aggravated by the perception that consumers believe all types of music, both recorded and live performances, should be free or inexpensively priced.

- Opportunities for industry growth are focused on live music performances and publishing royalties. In the industry survey, British Columbia artists reported receiving 39% of their income from live performances and 18% from merchandise sales, while another 15% of their revenue comes from musical works or songs. Music publishing licences and royalties can be obtained for placing music in a variety of media formats, such as films, television broadcasts, commercials, and video games.

- The industry is uncertain about how to monetize digital music (streaming) in a way that will support growth. At present, digital revenue streams are modest and appear insufficient to replace former levels of revenue enjoyed by the sale of physical formats.

Music industry challenges and priorities

British Columbia artists, businesses and organizations noted the following challenges for the industry over the next five years but also considered these areas as priorities for industry growth. Driving these challenges and priority areas is the need to identify opportunities that will lead to revenue growth for artists, businesses and organizations.

- **Artist development**: Education and industry support programs are needed to develop high quality artistic and technical talent in the areas of music education, production support, marketing support, and tour and showcase support. Artists would also benefit from education in export marketing in regional, national and international markets.

- **Infrastructure development**: The lack of availability of venues of varying capacity for live performances in the province was noted as a challenge. To successfully operate live performance venues requires a regulatory environment that is consistent across provincial jurisdictions and is characterized by progressive liquor laws, reasonable bylaws and zoning from municipalities, and clear and reasonable enforcement of laws. British Columbia has recently announced recommendations and introduced changes to the provincial liquor laws which will help to modernize and support opportunities for live music. In addition, the industry could support the development of a purpose-built facility for all ages and all music genres operated by an independent, not-profit organization such as the proposal put forward by the Vancouver Independent Music Centre Society.

- **Touring assistance**: Also of benefit would be support for artists to tour both inside and outside the province and programs to prepare artists for touring that include technical and management skills. Currently, Music BC offers the Music Industry Travel Assistance Program (MITAP) but demand from the industry exceeds the resources available. Additional support for export market initiatives such as artist showcasing would increase the exposure of British Columbia artists in new markets around the world.

Although future industry growth faces challenges, British Columbia's many dedicated artists and music businesses are continuing to produce world-class music that is enjoyed by fans locally, nationally and internationally.

1.0 Background and study purpose

1.1 Study purpose

The British Columbia government established Creative BC in 2013 to combine the programs and services of the B.C. Film Commission and B.C. Film + Media into one agency. As an independent, non-profit society, Creative BC supports and champions the creative industries in British Columbia and provides a single point of access for industry programming, production support services, tax credit administration, international marketing, and policy development. Creative BC's mandate is to support a cross-section of creative industries that includes film, music/sound recording, book and magazine publishing, and digital media.

British Columbia's provincial music industry association, Music BC, helped develop this study's objectives and supported the study process. This non-profit society provides information, education, funding, advocacy, awareness and networking opportunities to develop and promote the spirit, growth, and sustainability of the British Columbia music community. Music BC serves all genres, all territories and all participants in the industry, from artists to managers, agents, broadcasters, recording studios, and producers.

In 2004, the provincial and federal governments commissioned a study to determine the strengths, weaknesses and opportunities for British Columbia's music industry. At the time, the sale of physical music formats was beginning to decline against sales of digital formats, as downloading music became popular with consumers. Since 2004, sales of digital formats have surpassed physical in terms of units sold but not in revenue generated. In 2013, digital music sales surpassed physical sales in Canada with the industry model moving quickly towards a pay-to-play market rather than the traditional pay-to-own market. The resulting pressure on the industry to change has been significant as record labels have reinvented themselves to retain some control of the process while artists have adopted a DIY model of career development. The industry business model will continue to evolve as the music delivery system develops. With this as background, the purpose of this study is to provide a meaningful snapshot of the music and sound recording sector and ecosystem in British Columbia in 2014.

Creative BC engaged PwC to conduct market research and analysis to provide reliable qualitative and quantitative information on the state of British Columbia's music sector in 2014. We used a combination of primary and secondary data to provide a profile of the music industry in British Columbia and to establish a baseline that can be used to compare the size and success of the music sector in the future.

1.2 Approach and methodology

Our approach to developing the music industry profile involved collecting data from primary and secondary sources to identify current and relevant information. Specifically, the data collection process included a literature review, an online survey, and interviews with industry representatives.

Literature review

In this study, in addition to the 2004 report mentioned above, our literature review included the following other music studies: the Canadian Independent Music Association's (CIMA) national study for the independent music industry, PwC's national study for Music Canada, PwC's Outlook for Entertainment and Media, and Professor Douglas Hyatt's study of Canada's music industry in 2008.

While the studies referenced above provide detailed descriptions of the overall industry, in this report we have focused on the highlights of industry change specific to British Columbia's music industry. These studies include the following:

Sound analysis: an examination of the Canadian independent music industry, Nordicity for the Canadian Independent Music Association, 2013

Economic impact analysis of the sound recording industry in Canada, PwC for Music Canada, 2012

An overview of the financial impact of the Canadian music industry, Douglas Hyatt for the Ontario Media Development Corporation (OMDC), 2008

An industry in transition: the sound recording industry in British Columbia, Ference Weicker & Company for the BC Ministry of Community, Aboriginal and Women's Services, Canadian Heritage and Western Diversification, 2004

We reviewed other music studies from across North America and the United Kingdom to identify overall industry trends and competitive characteristics. The literature review was also used to identify industry definitions used by other jurisdictions. From this review, we developed a framework to define the core and supporting components of British Columbia's music industry.

Industry survey

In consultation with Creative BC and Music BC, we developed a survey questionnaire to assess the key characteristics of artists, businesses and organizations, and their opinions on challenges, trends and issues facing the industry today and over the next five years. The survey was launched using a secure, online survey tool administered by PwC. Music BC distributed the survey link using its newsletter contact list of 5,000. Additionally, Creative BC distributed the survey link through other music organizations located throughout the province to ensure a broad geographic and industry distribution.

The survey questions were designed to include information from individual artists as well as information from businesses (for-profit) or organizations (non-profit). See Appendix A for the survey questionnaire.

As the invitation to participate in the survey was open to all members of the BC music community, a total population number was not established prior to the survey launch. To test the reasonableness of the survey results, a baseline population was established for artists, businesses or organizations.

We determined the population of artists within BC using the total number of people who indicated on Statistics Canada's 2011 Household Survey their occupation as a conductor, composer or arranger (600), or musician and singer (5,825), for a total artist population of 6,425.

To establish a similar baseline for music businesses or organizations, we developed a company and organization list using proprietary company directories and online directories. This list was checked against websites and other contact information to establish whether a company was currently operating. In total, 280 businesses or organizations were identified to form the baseline for this population.

In total, 468 surveys were received with enough information to be used for the analysis. Of the total, 354 surveys were from artists and 114 were from businesses or organizations. The responses to the survey from artists are considered to be reliable at a 95% confidence interval +/-5% of the time while the response rate for music businesses and organizations is considered to be reliable at the same confidence interval +/- 7% of the time. As the response rate from the music businesses and organizations was not as robust as anticipated, secondary data sources were used to supplement survey responses.

Industry interviews

In addition to survey responses collected from artists, business and organizations, PwC conducted a series of one-on-one interviews with industry representatives from British Columbia and Ontario to determine industry trends, challenges and opportunities. In total, PwC conducted 12 interviews with independent music companies, managers, record labels, and other public and private sector professionals serving the music industry.

1.3 Organization of the report

This report is structured as follows:

- **Section 1** provides the background and study purpose and an outline of the methodology used to collect data on the provincial music industry.
- **Section 2** provides an overall description of British Columbia's music industry including an industry definition and the size of the industry in terms of revenue generated.
- **Section 3** outlines the key indicators which describe the music industry including revenues, earnings, employment and recording releases among others. Key trends, challenges and industry opportunities are also discussed.
- **Section 4** provides a summary of the study findings.

1.4 Report limitations

PwC has relied upon the completeness, accuracy and fair presentation of all the information, data, advice, opinion or representations obtained from public sources and survey responses from the music industry in British Columbia (collectively, the Information). The findings in the report are conditional upon such completeness, accuracy and fair presentation of the Information. PwC has not verified independently the completeness, accuracy and fair presentation of the Information. Accordingly, we provide no opinion, attestation or other form of assurance with respect to the results of this study.

Any use that a third party makes of this report or reliance thereon, or any decision made based on it, is the responsibility of such third party. PwC accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions taken, based on this report.

PwC reserves the right, at its discretion, to withdraw or make revisions to the report should PwC be made aware of facts existing at the date of the report which were not known to PwC when it prepared the report.

2.0 About the music industry

2.1 British Columbia music industry overview

The music industry in British Columbia is made up of many entrepreneurial artists, businesses and organizations delivering a diversity of musical genres and is an important component of the cultural sector contributing economically and artistically to the province. Other cultural industries such as film and television production and video game developers benefit from the large talent pool of composers, songwriters and musicians who reside in the province. As a location for sound recording, British Columbia's studios can boast working with internationally acclaimed artists who have come to the province to record their projects. Locally produced and performed music touches residents and visitors on the radio, at venues, at folk festivals, on personal digital devices, and anywhere else music is played as either a feature or backdrop.

Generally, within Canada, British Columbia's music industry is seen as having a large and diverse talent pool, making the province an interesting location in which to discover new talent.[6] BC is known for its artists who perform a wide diversity of musical genres, with pop, rock, classical, blues, folk and jazz predominating. Notable international music success stories from British Columbia include Bryan Adams, Michael Bublé, Sarah McLachlan, Dianna Krall and Nickleback, and many other artists in a variety of genres – which speaks to the quality of the talent and the strength of the industry that develops and produces music in the province. Recently, Michael Bublé was recognized as one of the top ten artists by IFPI in its 2014 Global Recording Artist Chart.[7] In addition, IFPI noted that Michael Bublé's *To Be Loved* album was the seventh best-selling album of 2013 globally with 2.4 million units.[8]

British Columbia is also home to many high quality sound recording studios (Armoury Studios and the Warehouse Studios). These studios have provided sound recording services to artists locally and are known to attract national and international artists who travel to British Columbia to record their albums. BC is also the location of several well-known independent record labels (604 Records, Nettwerk Music Group, Cordova Bay and Mint Records) which support the development of a wide variety of artists.

2.2 Music industry definition

To develop the definition of the music industry in British Columbia, we reviewed selected industry studies and determined that the definition developed for the industry in the UK was the most appropriate framework to use.[9] Underlying the definition developed in the UK study is the consideration that certain activities are core to the development of a musical product which could not otherwise be developed without these activities occurring. Other related activities then belong to the wider industry and, while generally undertaken to support the industry, can also be employed to support other industries.

The industry core is defined by its relationship to the commercial assets of the music industry. Commercial assets are defined to include:

- Musical composition and/or lyrics
- Master recording of a musical composition
- A live musical performance
- An artist who has developed a brand/image capable of generating value

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[6] Comments made during interviews with industry representatives from British Columbia and Ontario
[7] This is the first year the chart is being published; it captures the popularity of artists across a range of channels including digital downloads, physical format sales and streaming services, IFPI Digital Music Report 2014.
[8] IFPI Digital Music Report 2014
[9] *The economic contribution of the core UK music industry*, UK Music, 2013

The relationships that justify being included in the core of the music industry are as follows:

- Economic activities that create the commercial assets noted above – creating, composing, performing or recording music
- Economic activities whose focus is required to bring the assets to a point of distribution or transaction with consumers and/or businesses

Table 1 below outlines the definition used to describe the core activities of the music industry and the thematic groupings. The supporting activities are also listed below.

Table 1 Definition for British Columbia's core music industry

Thematic grouping	Activities of the core
Musicians and singers, composers, songwriters and lyricists	Musicians, singers
	Composers, songwriters, lyricists
Recorded music	Record labels
	Music producers
	Recording studios and staff
	Online music distributors
	Design and production of physical product and packaging
	Music video production
Live music	Music festival organizers
	Music promoters
	Music agents
	Publicists / radio trackers
	Production services for live music
	Ticketing agents – proportion of activities involved with live music
	Concert venues and arenas – proportion involved with live music
	Merchandise
Music publishing	Music publishing
Music representatives	Performance rights organizations
	Music managers, lawyers and accountants
	Music trade bodies
Music producers, recording studios and staff	Music producers
	Recording studios and staff

The supporting, related activities for British Columbia's music industry include the following:

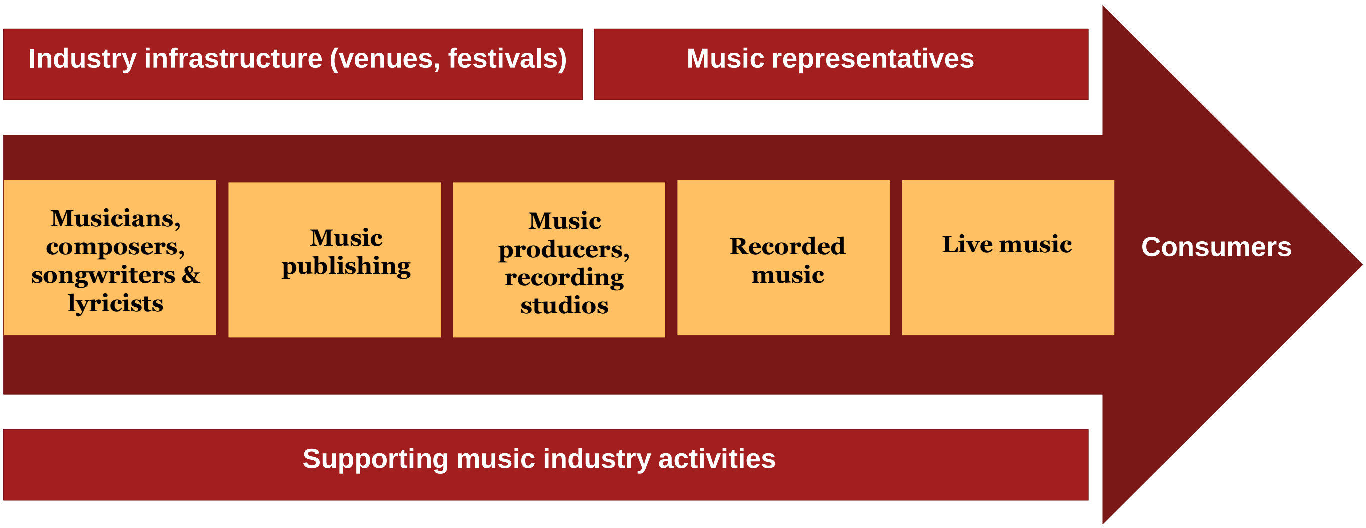
- Music retail - stores and digital
- Manufacture of musical instruments, audio equipment and music software
- Musical instruments, retail sales
- Music photography
- Music press (online and print)

- Education - music teachers, tuition
- Security, catering, other services of live music performances/events
- Music contractors

2.3 Music industry value chain

The recording industry is made up of a variety of occupations that work together to provide value to the end user – the consumer – by creating music content, bringing new artists and performers to the market, and distributing content in a variety of formats to the consumer. Figure 1 shows a simplified version of the value chain that characterizes the music industry.

Figure 1 BC music industry value chain



Core music industry activities

Artists - musicians, composers, songwriters & lyricists – Music and lyrics are composed by artists before being published. Composers, lyricists and performers are the creative backbone of the industry. They write and perform the music and words that comprise original music.

Publishers - Publishers act on behalf of composers, lyricists and songwriters to exploit and generate income from their works. Publishers manage the royalty income a song generates through a number of income streams: reproduction rights (mechanical and synchronization), public performance (SOCAN), and sheet music and grand rights (theatrical) royalties. Mechanical royalties are generated from the sale of music on physical and digital formats. Public performance royalties are generated from the performance of music, whether live, broadcast on the radio or on television, played over speakers at venues or restaurants, or steamed over the Internet. The use of an artist's music in film, TV and other audio visual formats (e.g., interactive gaming) results in a synchronization licence and subsequent public performance royalties.

Producers and recording studios – Once a song is written, it is produced, recorded, distributed and marketed, which were the principal value chain activities undertaken by major label record companies or by independent record labels with distribution arrangements with major labels. Today, with access to low-cost recording technologies and social media tools available for marketing, artists are just as likely to be recording and distributing their work themselves,. This process is more likely the reality for new musicians as record labels reduce the number of signed artists. Marketing and promotion is still carried out by record labels but artists can now use the Internet and social media to promote their product to consumers.

Recorded music – Once the master recordings are created, manufacturers transform them into mass produced media such as compact discs or, more commonly now, electronic files. Distribution of recorded music to consumers today takes place through several pathways, both physical and online.

Radio broadcasters are also an important outlet for music. Using an advertising-based business model that includes paying a portion of revenues to copyright collectives for the use of recorded music, radio broadcasters have been a vehicle through which artists can reach audiences, stimulate demand, and become exposed to new markets.

Live music – Live music is also an important distribution avenue. Performances provide artists with the opportunity to develop their skills and gain experience playing in front of live audiences. Concert promoters are responsible for producing live performance events, ranging from a one-off show to a national or international tour, and assume the financial risk of staging the event, and negotiate and oversee the services and vendors needed to make the performance possible.

Consumers – Consumers are the most important part of the recording industry value chain, and their tastes and preferences drive the development of music and the activities of musicians, record companies and other players active in the value chain.

Supporting music industry activities

Supporting the core music industry value chain are music representatives, managers and agents, who work with artists to develop their careers by arranging live performances, identifying alternative sources of revenue, and negotiating record label deals. Included under music representatives are the music associations and government agencies that support the music industry.

In British Columbia, the BC Arts Council is the provincial agency that supports the arts and cultural community, including music, by providing financial assistance, research, advocacy, and public education. Creative BC, which has been given responsibility by the province to help develop the industry, is actively working with Music BC to support industry initiatives. Music BC is the provincial music industry association and provides programs that include industry resources, networking opportunities, music business education, export marketing assistance, music showcasing, artist development, and touring support.

Other industry associations such as the Vancouver Musicians Association, the Screen Composers Guild and the British Columbia Country Music Association represent individual groups or genres within the music industry. The BC Touring Council is a non-profit organization that supports presenters and touring professionals within British Columbia.

Industry infrastructure such as live venues and music festivals are required to provide opportunities for artists to perform, gain experience, and polish their acts. Live performances are especially important in today's market as they now generate the majority of artists' revenue.

Other peripheral music activities include the following: physical and digital retail; merchandising; musical instrument manufacturing, sales and repair; photography; video production; music education; publicists; radio trackers; and media.

2.4 Size of the British Columbia music industry

In addition to the many artists located in the province, the music industry in British Columbia is made up of about 58 independent record labels and 123 sound recording studios. Other businesses that support the creation, production and delivery of music include managers, agents, publicists, venue operators, promoters, ticket sellers and distributors. Music businesses in the province are generally small (less than five people) and privately owned. In addition to commercial music, there is a cross-over into the performing arts and film and interactive media and gaming industries. The major labels (Warner, Sony and Universal) have a marketing presence in the province but most of their activity takes place in Ontario.

Traditionally, the music industry has been measured by the revenues generated by record label production (CDs, vinyl, digital, videos), sound recording and publishing (sync licensing available from music used in films, television, commercials and video games, song writing and publishing royalties). Revenue from live performances has become more important as revenue from recordings has decreased. In addition to these sources, revenue can also come from streaming (YouTube, Deezer, Rdio, online music stations, and satellite radio), merchandising, crowdfunding and sponsorship/endorsement deals. In the traditional model, record labels generally controlled the revenue, but now artists are just as likely to retain ownership of their copyright and music catalogue.

British Columbia is the third largest centre for music production in Canada after Ontario and Quebec. In 2011, BC represented about 5% of Canadian revenues for record production nationally, a decline from 7% achieved in 2007. [10] A general decrease in revenue has been experienced by all provincial music industries over this time period.[11]

In contrast, revenue of music publishers has been increasing as more opportunities become available for licensing arrangements for the use of music compositions in recordings, on radio and television, in movies, in live performances, and for digital music delivery. Since 2005, music publishing nationally has increased from $118.6 million to $152.1 million in 2011, a 28% increase.[12]

Revenue for record label production, sound recording, music publishing, live performance and artist revenue in British Columbia was estimated using data obtained from the music industry survey and other published sources. Limitations in the availability of data due to privacy concerns or the possibility of double-counting make it difficult to provide the revenue attributable to each of the music industry categories as outlined in the industry definition.

- Survey results and secondary data sources indicate that over the last 12 months, record label production and sound recording revenue was approximately $52.7 million in British Columbia.
- In 2011, the last year for which data is available from Statistics Canada, national music publishing revenue was $152.1 million. Assuming that British Columbia music publishers received about 9% of the music publishing royalties paid in Canada, this would represent additional music industry revenues of $13.7 million.[13]
- Estimated revenues associated with live music performances in British Columbia in 2013 were approximately $87.8 million based on a provincial per capita expenditure for live ticket sales determined from the data provided for Canada in the PwC Global Entertainment & Media Outlook, 2014-2018. Live performances include provincial and non-provincial artist performances.
- We estimated artist income using information obtained from the survey. To estimate total salaries for BC artists, a mid-range salary was determined for each of the salary levels provided in the survey. The percentage of artists responding to each salary level was then extrapolated against the total population and multiplied by the corresponding mid-range salary. This method results in an estimated range of artist income of $245 to $265 million over the last 12 months.

Additional music industry revenue is generated from agent and manager fees, music-related merchandise sold generally at live performances, radio station programming expenditures, and sponsorship/endorsement deals.

British Columbia is also home to many non-profit performing arts organizations, such as musical theatre, opera, musical groups and artists, which add depth and cultural value to the province's music offering. The Vancouver Symphony Orchestra employs a large number of musicians and, in addition to its concert series, undertakes sound recordings and engages in live performances.

[10] Statistics Canada CANSIM Table 361-0005
[11] Some sources of music revenue are confidential to the artist, aggregated as part of personal income or as overall company revenue, or are only available at a national level.
[12] Statistics Canada CANSIM Table 361-0005
[13] Methodology for estimating publishing revenues taken from the Ference Weicker & Company, *An industry in transition, the sound recording industry in BC*, 2004, page 20

An interesting phenomena occurring in the recorded music space is the sale of vinyl record albums. Although figures are not available for Canada, sales of vinyl have been gradually increasing according to Nielsen Soundscan. In 2013, sales of vinyl LPs in the United States increased 30.4% to 6.1 million units from 4.5 million units in 2012, the largest number since the early 1990s, representing 2% of the overall United States market. An increase in vinyl record sales in British Columbia can be seen in the resurgence of independent record stores that specialize in vinyl records. Supporting the local interest in vinyl LPs is the Vinyl Vault blog hosted by the Vancouver Sun.

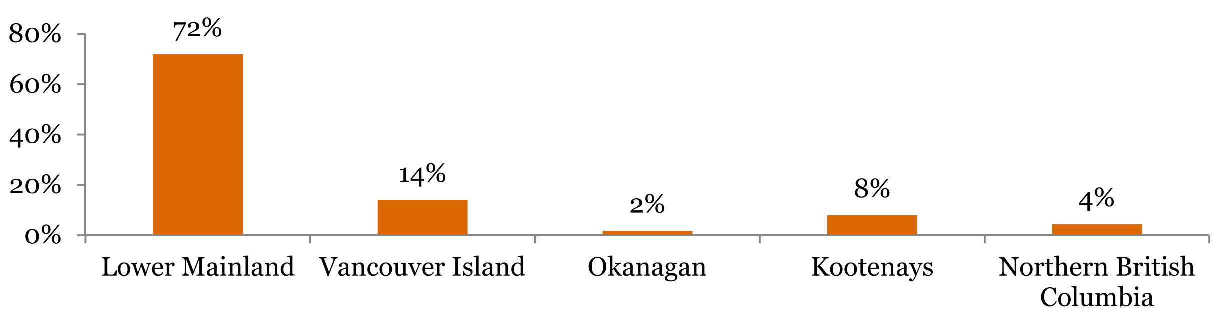
3.0 BC music industry profile

This section describes the provincial music industry profile. The analysis uses the results of survey responses received from music businesses and organizations and is supplemented by information received during interviews with industry representatives.

3.1 Results from the survey - Music businesses or organizations

Of the 468 survey responses, 114 respondents identified themselves as either businesses or organizations active in the music industry in British Columbia. The greatest majority at 72% indicated their place of business as the Lower Mainland and Sunshine Coast. The next largest concentrations of music businesses or organizations are located on Vancouver Island and the Gulf Islands at 14%, with the balance of survey respondents located in the Kootenays (8%), Northern British Columbia (4%) and the Okanagan (2%).

Figure 2 Location in British Columbia



Sources of revenue

The ability to generate revenue is a key measure of industry performance. In the music industry, there are multiple sources of revenue generation. To determine the priority of revenue sources, businesses or organizations were asked to rank the music industry sources from which their business or organization derived income.

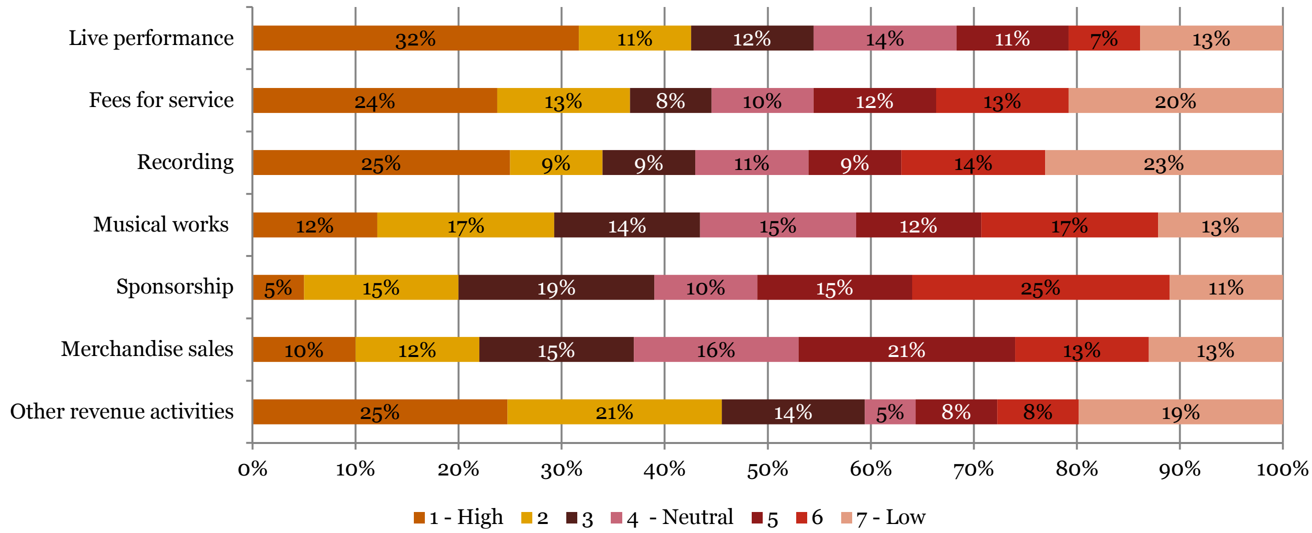
As shown in figure 3, businesses or organizations ranked live performances as an important source of income (55%). The "other" category of generating revenue ranked even higher at 60%.

In third place was the fees for service category with 45%, followed by recording and musical works each ranked at 43% respectively.

The second least ranked revenue category for music businesses or organization was sponsorship (39%) followed by merchandise sales (37%).

Businesses or organizations indicated that their other revenue-generating activities included the following: licensing music for use in radio, film and television; interactive video games, live concert recording, mixing; manufacturing instruments and accessories; merchandise design and printing; music journalism, radio programming and production; music lessons; and music video production.

Figure 3 Priority of revenue sources in music industry



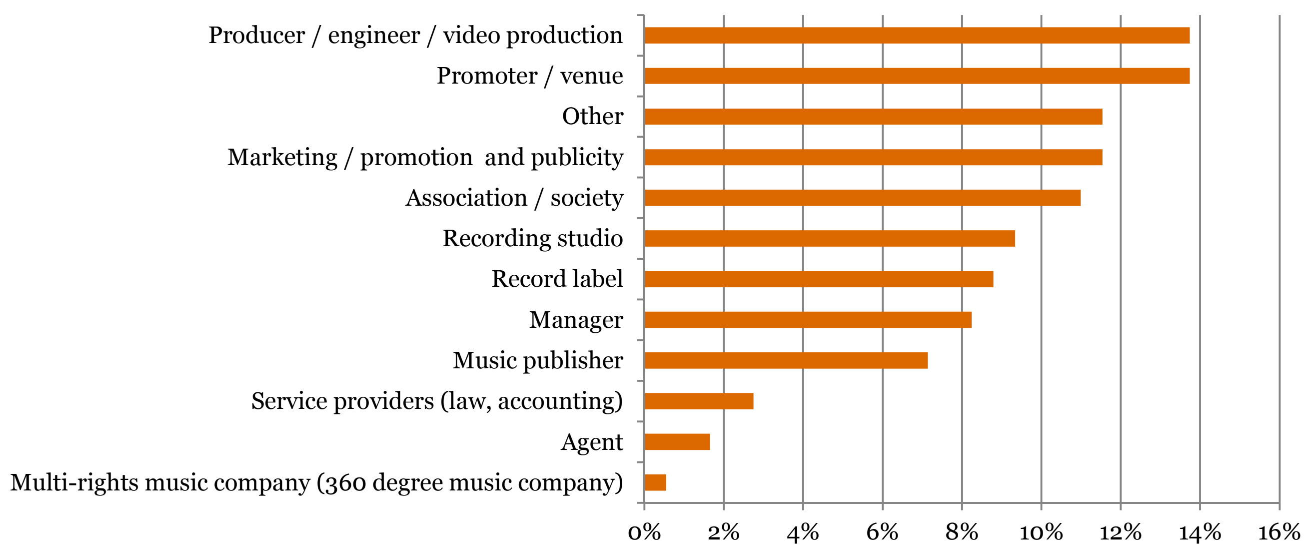
Role in the music industry

When asked to describe their primary role in the music industry, the majority of businesses or organizations indicated they belonged to the category of producers, engineers or video production (14%) or promoters/venues (14%). The next largest group indicated their role as marketing, promotion and publicity at 12%.

Businesses or organizations describing themselves as recording studios represented 9% of respondents followed by record labels (9%), managers (8%) and music publishers (7%).

Twelve percent of the respondents described their role in the music industry as “other”. Descriptions of other roles included manufacturing, retail and instrument repair, and music education.

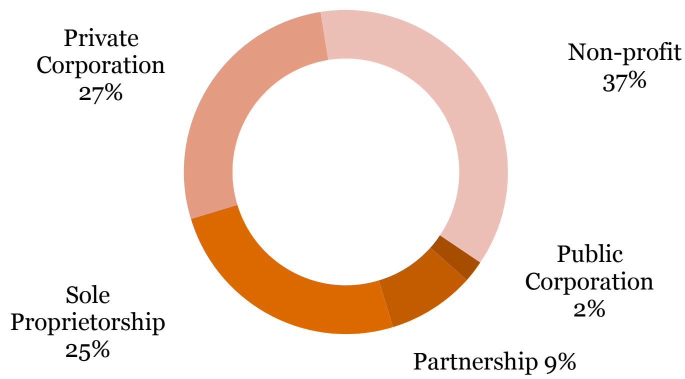
Figure 4 Role in the music industry in British Columbia



Ownership structure

As figure 5 shows, 37% of businesses or organizations responding to the survey were non-profit associations or societies. Of the remaining 63% of respondents, 27% reported being a private corporation, 25% were sole proprietorships, 9% were partnerships and the remaining 2% were organized as public corporations.

Figure 5 Ownership structure



Employment & average annual income

For the 95 businesses or organizations responding to the survey, there were approximately 724 full time equivalents (FTE) earning about $24,151 as the average annual salary. Of this total, the 61 respondents who identified themselves as businesses employed about 373 FTEs paying a slightly higher average annual wage of $30,157 compared to the 34 non-profit organizations reporting, which employed about 351 FTEs at an average annual salary of $17,782.

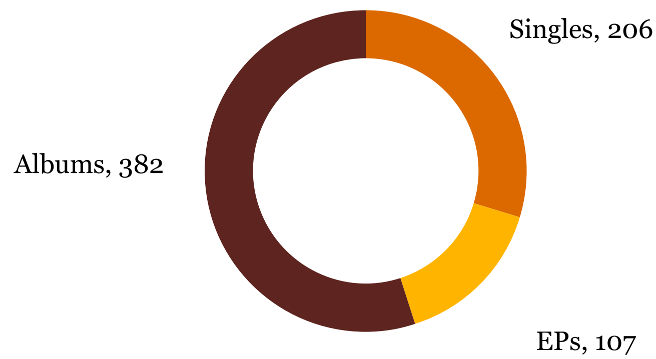
Artists & commercial releases

Approximately 1,163 artists are currently on the roster of the businesses or organizations responding to the survey. Of these, 326 are represented by an independent record label, 23 by recording studios, 89 by music publishers, 39 by managers and 35 by agents. The remaining artists are represented by associations and non-profit groups.

As shown in figure 6 below, survey respondents reported having 695 commercial releases from all music genres in the past two years. Of these releases, 206 were singles, 107 were EPs[14] and 382 were albums.

[14] EP stands for "extended play record" or simply "extended play." EPs cover the middle ground between a single and a full length album. They are usually five or six songs in length.

Figure 6 Commercial releases, last 12 months

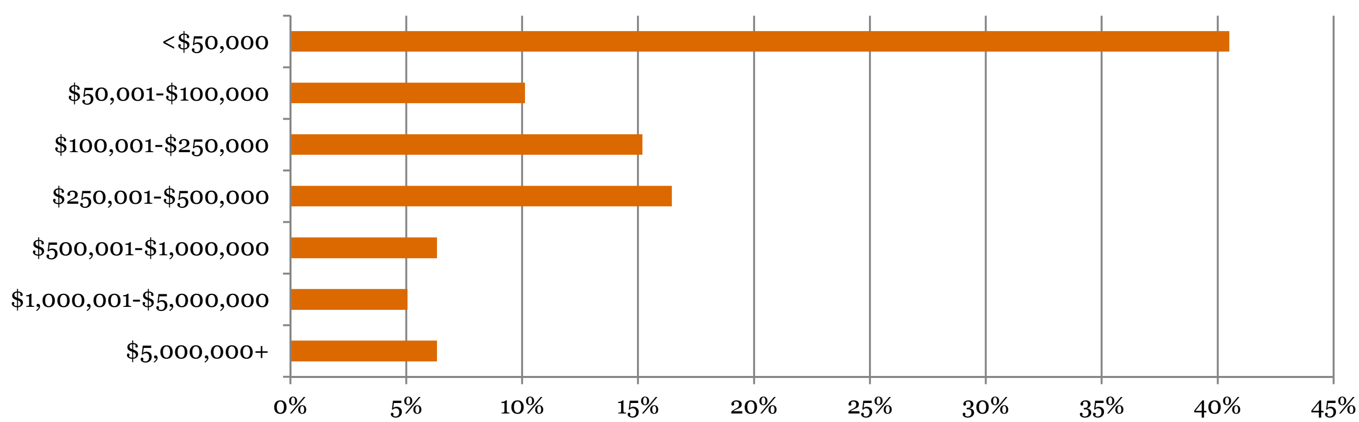


Industry revenue

When asked to indicate the business or organization's global revenue based in British Columbia over the last 12 months, 42% of respondents indicated earning global revenues from all sources of $50,000 or less. Twenty-five percent of respondents reported global earnings between $50,001 and $250,000, with 22% reporting earnings between $250,001 and $1 million. Only 11% of businesses or organizations reported revenue over $1 million.

Music revenue now comes from multiple sources and can be from physical music sales (CDs, vinyl), downloads (MP3s) or streaming (YouTube, Deezer, Rdio, online music stations, and satellite radio). In addition, revenues from publishing royalties and sync licensing are available from music used in films, television, commercials and video games. Revenue can also come from touring, crowdfunding and sponsorships or endorsements.

Figure 7 Business or organization global revenue reported for the last 12 months

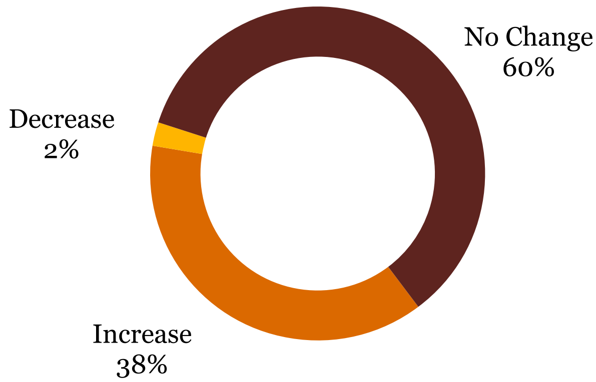


Employment growth

When asked if their business or organization had plans to hire over the next five years, 60% of respondents indicated there would be no change in hiring, 38% intended to increase the number of employees, and 2% said their employment would decrease. Overall, employment levels among the respondents will be stable with a slight increase expected over the next five years.

According to respondents, the intention to hire is being driven by an increase in business activity and broadly covers hiring students, interns, assistants to professional staff, staff to develop new artists, and staff to stage new festivals. Other organizations indicated hiring depends on the level of music industry activity. Hiring contract and part-time staff occurs as needed.

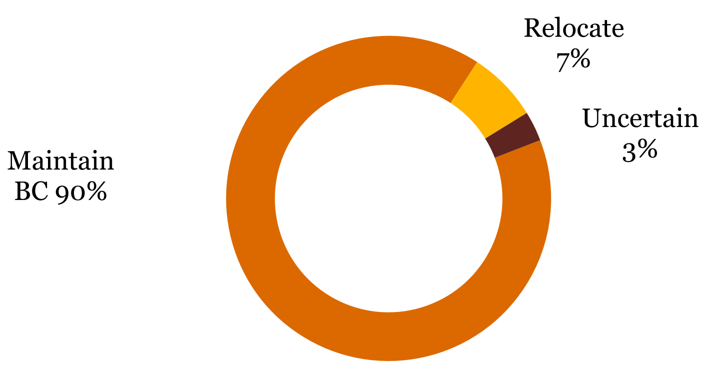
Figure 8 Plans for hiring, next 5 years



Locate in British Columbia

Most music businesses and organizations in British Columbia indicated they plan to maintain BC as their base of operations over the next five years. Some indicated that BC will remain their base of operations but that they may expand into other markets; Toronto and Los Angeles were mentioned most often because of the access to other music industry resources. Around 7% of respondents indicated they would relocate to another jurisdiction to be closer to funding programs and other music industry services.

Figure 9 Locate in British Columbia



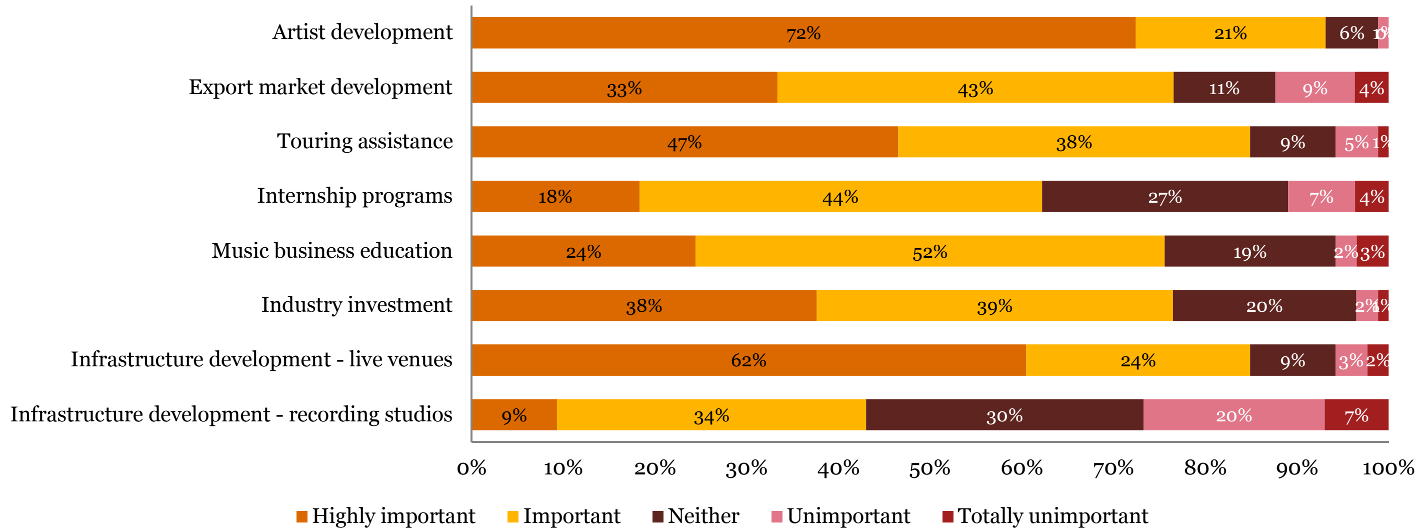
Music industry development

Priority areas of music industry development for businesses or organizations include artist development, touring assistance, and infrastructure development in live venues. Artist development was ranked the highest as important or highly important with 93%, while touring assistance and the development of live venues each received 85% and 86% respectively.

Export market development music business education and industry investment ranked virtually equally at 76-77%. Development of interns was seen as less of a priority with 62% of respondents indicating this area of development was an important or highly important activity.

The lowest ranked development area was infrastructure for recording studios with only 43% of respondents indicating this activity was important or highly important and 30% indicating they were neutral in terms of the development of recording studios.

Figure 10 Priorities for music industry development

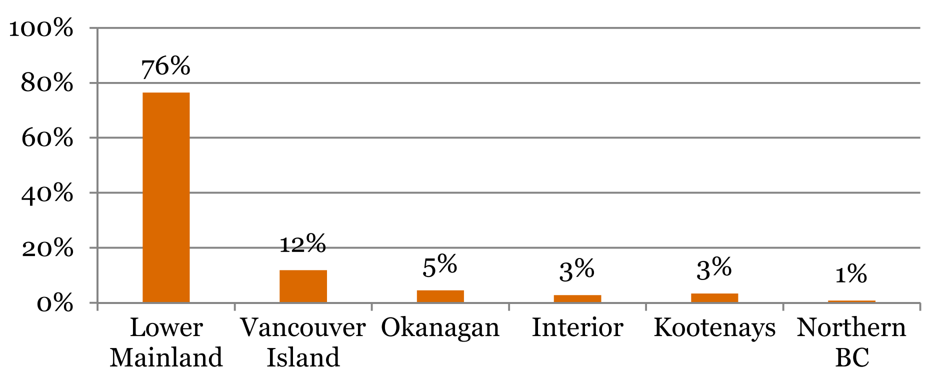


3.2 Results from the survey - Artists in British Columbia

This section provides a profile of the artists responding to the survey.

Similar to the music businesses and organizations, 76% of artists make the Lower Mainland their place of residence followed by 12% who call Vancouver Island home. About 5% of artists are located in the Okanagan followed by 3% respectively who live in either the Interior or the Kootenays. Northern BC houses the smallest percentage of artists (1%).

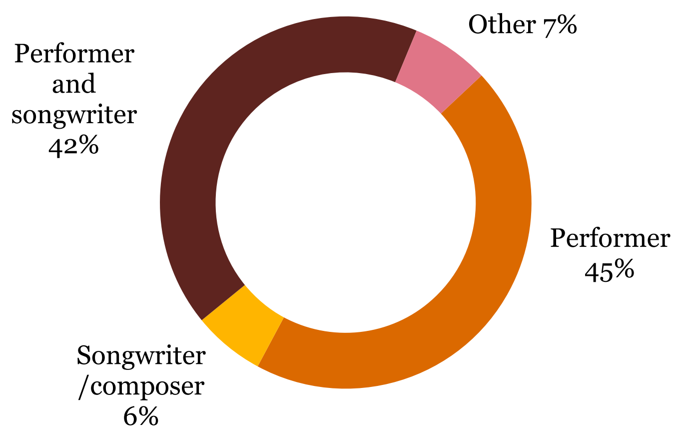
Figure 11 Place of residence in British Columbia



Artists' role in music industry

The majority of artists responding to the survey indicated they were primarily performers (45%), while others stated they were both performers and songwriters (42%). A smaller percentage of artists indicated they were songwriters and composers (6%). Of the 7% of artists who said they had a role other than performer, songwriter, composer, teaching music was the primary activity.

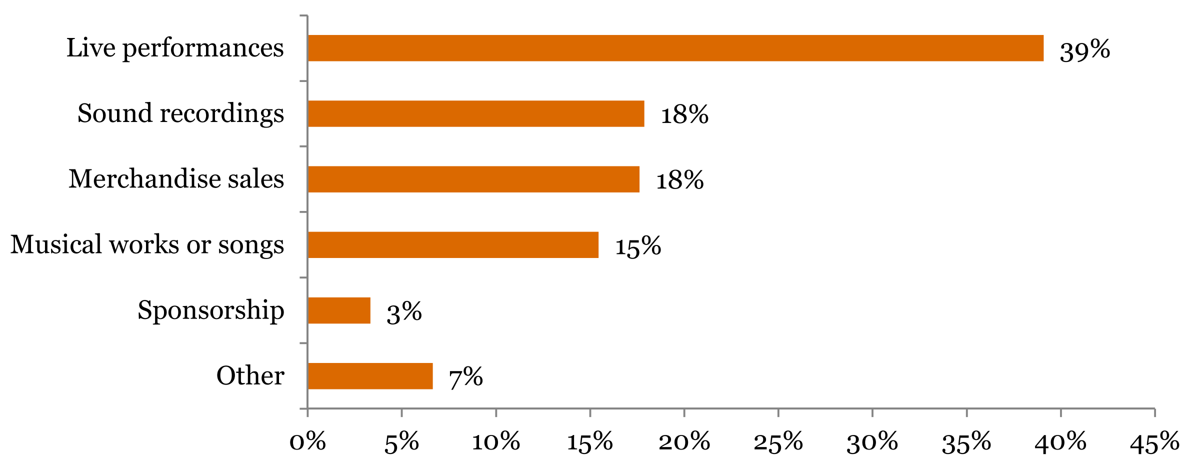
Figure 12 Primary role of artist



Income from music sources

Artists reported that music-related income was mostly from live performances (39%). The next largest percentage of income for artists was from sound recordings and merchandise sales at 18% each respectively. Musical works or songs followed at 15% of income, while income from sponsorship brought in the least amount at 3%. Seven percent of income was reported as coming from other sources and included the following music-related activities: teaching, revenue from royalties, licences, neighbouring rights, grants, program funding, and directing.

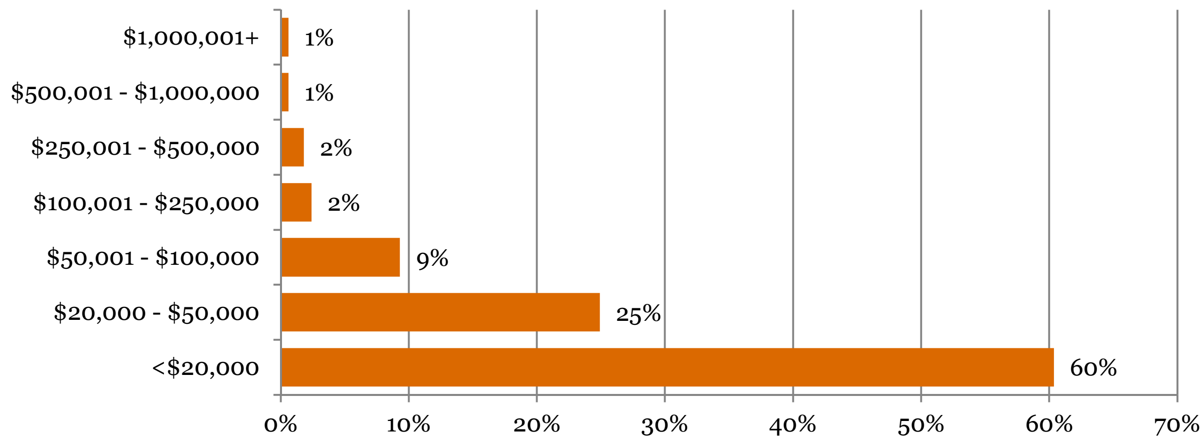
Figure 13 Income from music sources, artists



Personal earnings from music

Sixty percent of artists reported receiving less than $20,000 on average as their earnings from music sources in the last 12 months. Another 25% indicated they received between $20,000 and $50,000 in annual income from music sources while 9% of artists reported earning up to $100,000 and another 4% reported earnings from music sources between $100,001 and $500,000. Only 2% of artists reported earning over $500,000 in the last 12 months.

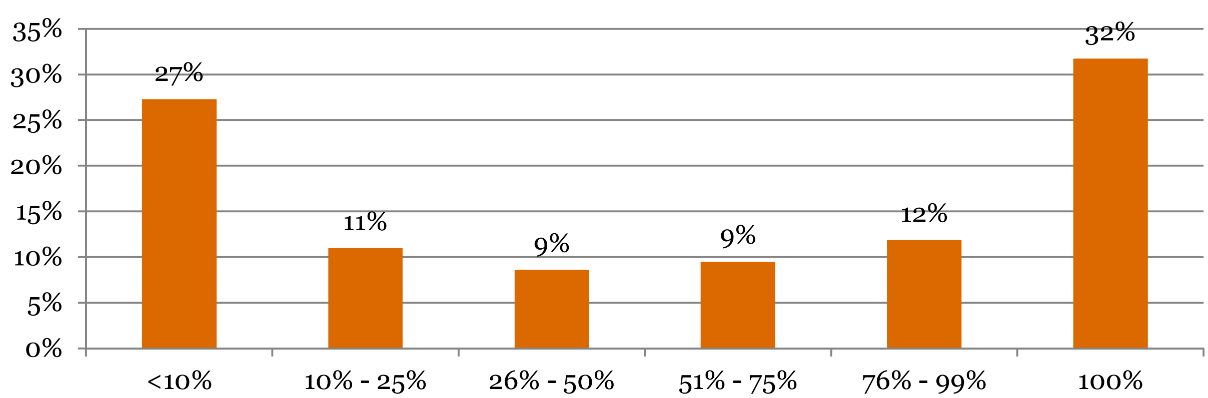
Figure 14 Average annual artists' earnings from music sources



Percentage of total earnings from music sources

When asked what percentage of their total income came from music-related activities in the last 12 months, 32% of artists responded they received 100% of their revenue from music sources. At the other end of the scale, 27% indicated they received less than 10% of their revenue from music sources.

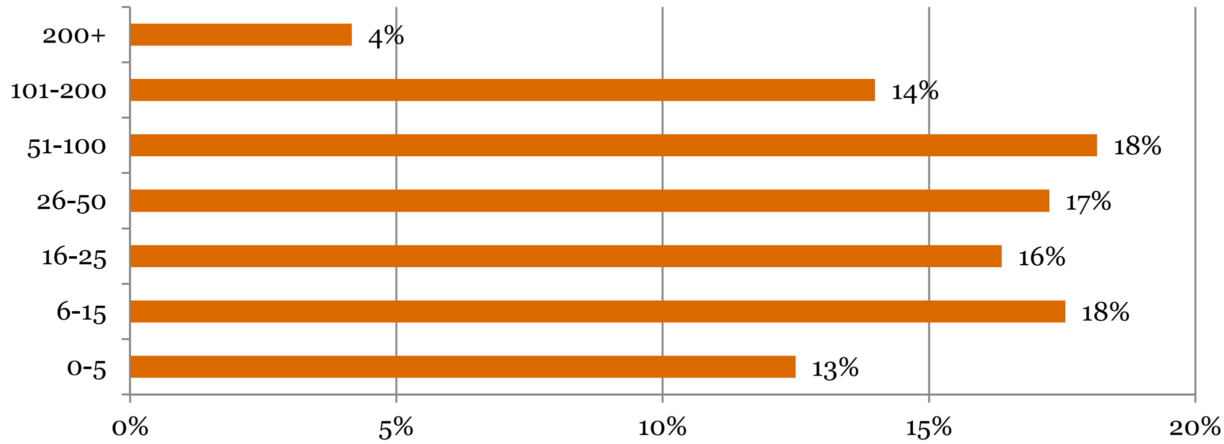
Figure 15 Revenue from music sources, artists



Live performances

As shown in figure 13 live performances made up 39% of artist earnings in the last 12 months. Figure 16 below highlights that 4% of artists reported participating in over 200 performances in the last 12 months with another 14% having between 101 and 200 performances. The majority of artists at 64% reported having 50 or fewer performances during the same time period.

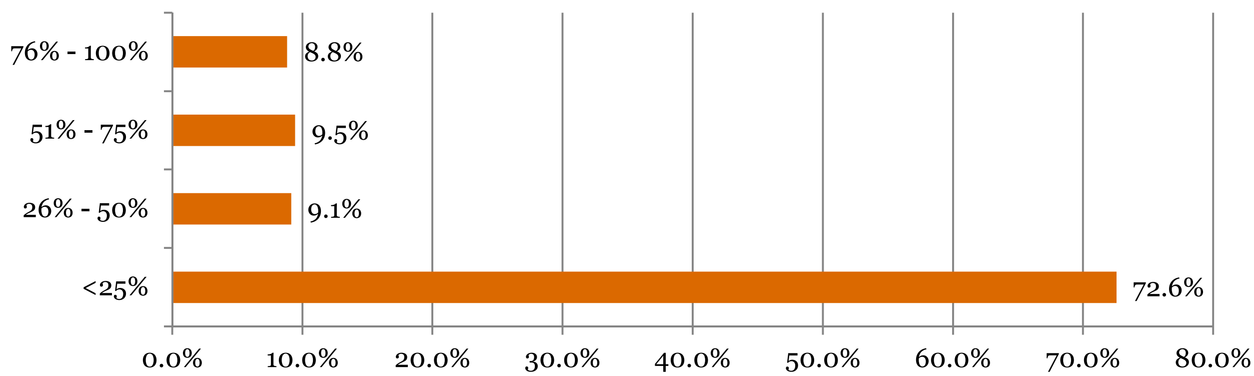
Figure 16 Number of performances, last 12 months



Performances outside BC

Over 70% of artists participating in the survey indicated that less than 25% of their performances were outside of BC in the last 12 months.

Figure 17 Performances in BC in the last 12 months, artists



Changes to personal income

Forty-one percent of artists indicated that their personal income from music-related activities had not changed over the last 12 months. By comparison, 28% of artists said their personal income had increased while another 31% reported their personal income from music related-activities had decreased. See figure 18.

The most often mentioned reasons for increased income included the following:

- Greater marketing efforts to become known
- More opportunities to perform
- Taking on additional music-related activities
- Release of CD with accompanying tour, merchandise sales, licensing and royalty arrangements
- Personal decision to dedicate more time to music career

- Receiving licence and royalty revenue from multiple sources including television commercials and broadcasts

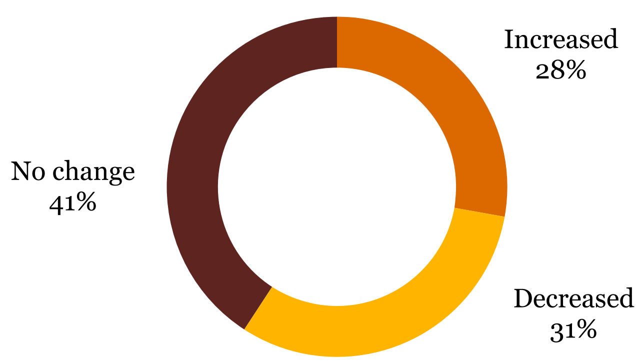
According to artists, changes in the live music scene accounted for declines in personal income over the last 12 months. The changes in the live music scene were described as follows:

- Fewer opportunities to perform at live venues
- Reduced performance fees, unwillingness of the consumer to pay more for live music
- Fewer numbers of live venues available especially in the Lower Mainland, which reduces the opportunities for musicians to perform
- Increased competition from musicians trying to enter the industry who are willing to play for free or at reduced rates

Other reasons for reduced income included:

- Fewer opportunities for recording studio work
- Depending on where in the music development/distribution cycle an artist was could lead to a year of reduced income, e.g., coming off an album release and tour
- Declining revenue from CD sales; online sales have not replaced the loss in revenue from CD sales
- Personal reasons not related to a musician's music career.

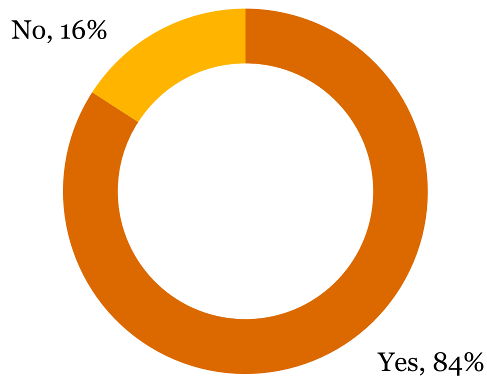
Figure 18 Change in personal income from music related activities, last 12 months



Record next project in BC

Overall, artists indicated they would be recording their next project in British Columbia. Of the 16% of artists who would not be recording in BC, recording destinations mentioned included Toronto, LA and Nashville. Reasons provided included greater industry concentration of services, less expensive recording studios, and synergy with the work being produced at that location.

Figure 19 Plan to record next project in BC

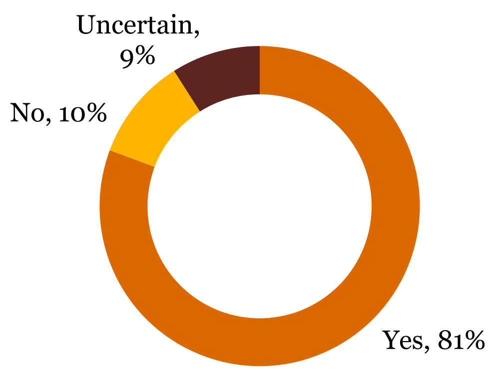


Maintain British Columbia as a location

Eighty-one percent of artists reported that they are planning to maintain British Columbia as their base of operations over the next five years. British Columbia is home for many who have family nearby, while others mentioned the province's livability as the reason for staying.

The remaining 19% of artists indicated either plans to relocate or uncertainty as to whether they would remain in the province over the next five years. Generally, artists felt there were bigger markets and audiences outside of British Columbia that could provide them with greater exposure and opportunities. Linked to this was the lower cost associated with touring in other areas of North America and Europe, where the concentration of large centres is greater. Artists indicated Seattle, Toronto, Montreal, the United Kingdom and Germany as relocation options. Additionally, some artists were considering relocating from the province due to the high cost of living in Vancouver.

Figure 20 Maintain BC as base of operations for next 5 years



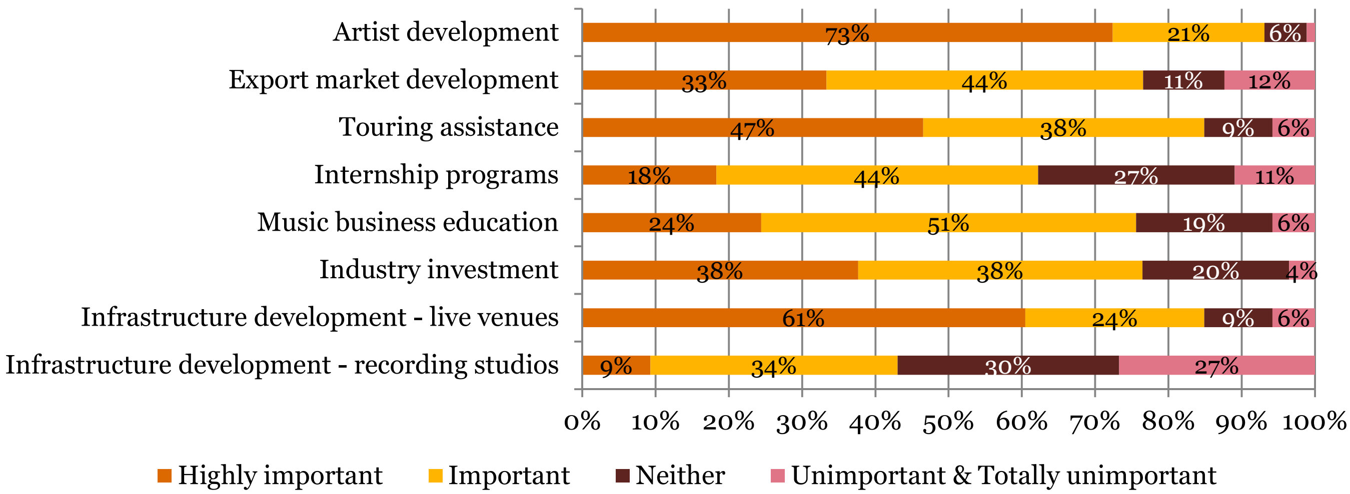
Music industry development

Artists indicated that artist development was their highest priority, ranking this area of industry development first at 93%. Infrastructure development – live venues was second, with 86% of artists ranking this category as important or highly important. Artists next ranked touring (85%) and music business education (70%) third and fourth as highly important and important development objectives.

Seventy-seven percent of artists indicated industry investment was important, with export market assistance following with 76% indicating this area was important or highly important.

The lowest ranked development activity was infrastructure for recording studios with only 43% of respondents indicating this activity was important or highly important. Development of interns was seen as the second least important with 62% of respondents indicating this activity was important or highly important.

Figure 21 Priorities for industry development



3.3 Industry trends, challenges, and opportunities

This section of the report summarizes survey participants' comments regarding industry trends, challenges and opportunities.

Trends

Many of the industry trends and challenges reported by survey participants from the BC music industry are consistent with the results of the recent national studies conducted by CIMA and Music Canada. Comments reflect the challenging business environment and the overall decline in industry revenues. While the responses of survey participants may appear to be downbeat, they reflect the disruptive change the industry is currently experiencing.

Below are major industry trends as identified by survey participants:

- The reduced price of digitized music to consumers has led to the decline in industry revenue (as represented by sound recording revenue), which has subsequently led to a race to the bottom in terms of cutting costs throughout the value chain.
- The perception by consumers that music should be free or inexpensively priced has also impacted the rate artists are paid for live performances.
- The industry is uncertain about how to monetize new digital delivery formats such as streaming in a way that will support growth.
- Many artists are embracing the shift from well-defined traditional roles for artists and music businesses to roles that are more fluid. They have taken on more aspects of managing their careers, learning how to DIY using low-cost technology and social media to produce and promote themselves. In response to the shifting business model, independent record labels in British Columbia have expanded their activities to include managing artists and publishing music in addition to their traditional production activities.
- Fewer live venues for smaller and medium-sized audiences are available, especially in Vancouver, and there is less opportunity for live performances generally as consumers rely more on digital technology for their entertainment.

Challenges

The following are the key challenges the industry faces over the next five years as reported by the artists, businesses and organizations responding to the survey and heard during interviews with industry representatives.

Affordability – As noted in figures 2 and 11, a large percentage of the music industry is located in the Lower Mainland where affordable housing and commercial space is an issue for most.

Access to music business education – Artists can now record their own music with low-cost recording equipment and publish directly to consumers on iTunes, YouTube and other sites. As artists take on an expanded role, they need to develop marketing and promotion plans to build audiences and promote their careers. Additionally, artists have to understand how to capture the multiple sources of revenue streams available from their recorded work. While Music BC provides industry workshops and programs, more are needed to support artists in managing the business side of music careers, in areas such as networking, touring, distribution, production, song writing, social media, publishing, and licensing for film and television.

Audience attendance – Artists indicated in their responses to the survey that audience attendance can be a challenge. It can be difficult to build a live audience that appreciates all genres of music and is willing to attend venues to hear live music and to pay a fair price for these performances. Artists must compete for their audiences' limited attention from other sources of entertainment, which are often free or low-cost alternatives. Respondents commented that consumers are just as likely to watch a free YouTube performance as to attend a live event.

Live venues – Retaining the venues that currently exist for live performances and increasing the availability of small to medium-sized venues, primarily in Vancouver, is also a challenge. While Vancouver has historically had issues with appropriately sized venues, this situation appears to be worsening as the continuing redevelopment of the city has decreased the number and availability of venues.[15] Venues with a 60-80 seat capacity and 150-200 seat capacity were suggestions made by a survey respondent as sizes needed to complement the current inventory of venues.

Fair compensation for live performances – Receiving a fair rate for live performances is an issue. Many artists commented that payment for live performances was often below a reasonable rate and that they had been asked to play for free or to play for the cover charge collected at the entryway to the venue (bar or pub). According to survey respondents, the many musicians looking for work has created a competitive environment. Venue operators are benefitting from this situation by choosing the lowest cost option.

Touring –Because British Columbia is geographically isolated from the rest of Canada, traveling on tours to other Canadian destinations can be difficult or costly. However, as an alternative to eastern Canada, British Columbia musicians can tour along the north/south corridor of the west coast of the United States . Touring within the province is also costly as the locations of performance sites are spread far apart.

Industry support – The low level of funding support from provincial programs for the arts in general and music in particular was mentioned frequently. The lack of recognition from the government and the lack of a provincial strategy to develop the music industry were also noted.

Competition from other jurisdictions – British Columbia's greatest competition is Ontario. The Ontario Music Fund (OMF) is attracting BC talent and businesses, which are relocating or expanding to the Toronto area. In addition, the proximity of more venues within a short distance of each other makes touring there less costly.

Opportunities

Survey participants were also asked to describe opportunities for the industry over the next five years. The most frequently mentioned opportunities are provided below.

- Artists can now self-manage and become more independent in their careers by diversifying and taking on other industry roles such as managing, producing, marketing and promoting their careers. They are no longer required to go into debt with a label and give up creative control just to have access to recording studios. Artists are also developing strategies where they have become the centre of control, building a team to support their career development, with the keys to success being retaining control and ownership of their music. Well-known examples are American Indie artists Macklemore and Ryan Lewis who ranked seventh in the top ten of IFPI's Global Recording Artists Chart in 2013.[16] An artist closer to home who is managing his career by building a team around him is BC's Dan Mangan.

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[15] Booze rules, noise complaints a drag on live-music scene, By Peter Birnie, Vancouver Sun, August 26, 2009, http://www.vancouversun.com/entertainment/Part+three+View+Vancouver+live+music+venues/1924908/story.html#ixzz3401uZwAv

[16] IFPI's global recording artists chart was released for the first time in 2014 and captures the popularity of artists across different formats and channels accessed by fans, IFPI Digital Music Report 2014

- Traditionally, the major source of music industry revenue has come from sound recordings followed by live performances and publishing. With the breakdown of the traditional record label model, a greater emphasis on revenues from live performances, publishing and sponsors is gaining momentum.

- Revenue streams from digital sources are becoming more important to capture. These digital sources include permanent downloads (iTunes), streaming on demand of audio and/or videos on the Internet, radio stations streaming their programming on the Internet, satellite radio, apps and podcasting.

- British Columbia has world-class talent that can be used to promote and build a music brand for the province. BC is well regarded by the music industry for having a large talent pool with a diversity of genres. These artists are supported by experienced music industry professionals, sound recording expertise and high-quality sound recording facilities with a track record of success.

- Musicians in British Columbia are interested in collaborating with other members of the industry to create music that crosses genres and mediums. Greater collaboration can be used to create a stronger sense of community within British Columbia's music industry.

- In addition to the diverse talent in the province, the artist population includes members of all ages. An inter-generational mentorship program that would have more experienced artists mentor younger musicians and assist in their musical growth would pass on valuable music knowledge and career advice.

- Increasing public awareness of live music of all genres and using demographics to target the audience cohorts with the most disposable income would contribute to developing live performances in the province.

- Existing program support for touring could be expanded so BC artists can tour within and outside the province. BC has the north/south advantage with larger venues, whereas other Canadian jurisdictions play across the country at smaller venues.

- Creating more industry linkages with BC's film, television, commercial and interactive media industries could generate revenue from sync royalties and neighbouring rights for artists and composers.

- Linkages between live music venues, artists and the tourism and hospitality sector could be increased. Live music could be integrated into tourism and hospitality marketing programs and become a strategic component of cultural and tourism strategies across the province.

- Existing music festivals should continue to be supported. New festivals could be encouraged to take risks with their line-up by featuring local emerging artists from multiple genres. While music festivals are welcome as an opportunity for live performances, some artists expressed the opinion that the festivals were becoming narrower in focus, taking less risks as they began attracting larger audiences.

4.0 Summary of findings

British Columbia's music industry

The impact of digitization and the availability of low-cost technology on the music industry has been dramatic. The traditional music business model has collapsed, and in its place, music businesses are recreating themselves and hoping they have the right revenue model to see them through the industry's restructuring phase. Artists are taking control of their careers and forming teams of specialists to produce and distribute music. In response, independent record labels and recording studios in British Columbia have taken on more value chain activities to increase their contact with artists and their cash flow. Interestingly, the 2004 provincial music industry study indicated there were 40 independent record labels in British Columbia and, in this study, 58 have been noted. Although it would seem the industry is growing, a closer look at these companies shows that many are micro-businesses being operated through the founder's smart phone.

Throughout this study, some members of the industry recommended provincial funding assistance that would let them stabilize their businesses and remain in British Columbia. We also heard of their intention to expand or relocate to Ontario if it meant they could access program grants and tax credits or benefit indirectly from the industry synergies created. While this may appear contradictory given a large majority of artists and businesses intend to retain their place of business and residence in British Columbia, it is not. Businesses and artists will retain roots in the province but carry out their business in the location that provides the greatest cost advantage.

We heard that Ontario is well ahead of British Columbia in its efforts to stabilize and grow its industry. Over the last several years, the Ontario Media Development Corporation, Music Canada and the Canadian Independent Music Association have undertaken a series of studies to look at the underlying causes of industry decline. From the study results, these organizations have developed strategies around opportunities, undertaken advocacy on behalf of the industry, and been successful at leveraging provincial funding to support the industry with the announcement of the $45 million Ontario Music Fund.

Broader industry trends

While music industry revenue models are in transition, the global demand for music is not declining but increasing. Music is more present today than ever before, being heard on television, in film and video games, on YouTube, in retail environments, on ringtones and ringbacks, and as part of corporate branding. In this environment, music can be a commodity (background sound) or of quality (artistic creation) but the market doesn't distinguish between them in terms of value. The discussion of how music is valued by the audience and what the artist should receive in compensation will continue as the industry evolves.

Broader industry trends that will provide opportunities for the music industry include the following:

- Music often provides the foundation for developing and creating output from other cultural sectors. As such, music development and industry growth will continue to thrive within a broader cultural context.

- The challenge for artists is how to be heard and discovered in a world where consumers can access music on multiple mediums using multiple devices at any time. According to IFPI, record companies have licensed around 500 diverse digital music services around the world, making up 37 million tracks.[17]

- Copyright legislation continues to evolve in many countries as the music industry works to ensure it is compensated for all types of music access and is protected from digital piracy challenges. Canada recently amended its copyright legislation in response to changing industry conditions.

[17] Building a digital industry, http://www.ifpi.org/digital-music.php, downloaded June 29, 2014

- The availability of digital music services on mobile devices will increase. The introduction of low-cost smartphones in many emerging markets will present new opportunities to access affordable music. Approximately 30% of the world's population is projected to own a smartphone by 2016.[18]

- Emerging markets may also play a role in increasing live music performances. Total global live music revenue is expected to rise by 2.7% CAGR (compound annual growth rate) with emerging markets beginning to establish themselves as key locations for festivals and tours.[19]

Summary

One of British Columbia's strengths in the music industry is its diverse and large talent pool. Many successful artists and bands have come from British Columbia and many continue to work, own businesses and live in the province. Supporting artist development and ensuring the opportunity for artists to perform locally and on tour will continue to feed the creativity of the industry and develop a deeper pool of professional musicians. When asked in the survey to prioritize areas of growth, music businesses and organizations responded favourably to supporting artist development as they know a well-trained artist who understands the requirements of the industry can become successful on a large scale, which benefits everyone.

Measures taken to stabilize artists, businesses and organizations today may not guarantee long-term viability but they could provide the time needed to make important industry and personal decisions that will see a stabilized and restructured music industry in British Columbia.

[18] Smartphone users worldwide will total 1.75 billion in 2014, eMarketer, June 16, 2014, http://www.emarketer.com/Articles/Print.aspx?R=1010536downloaded June 29, 2014
[19] PwC Global entertainment & media outlook, 2014-2018

Appendix A –Industry survey

British Columbia Music Industry Survey

Objective of this survey

Creative BC with the support of Music BC, has commissioned PWC to conduct a survey to gain a better understanding of the activities of the performers, songwriters, music businesses and organizations which make up British Columbia's music industry. Your participation is important. The information provided will be used to create a comprehensive profile of BC's music sector and help inform the development of programs and services for BC's music industry. The survey should only take about 10 – 15 minutes to complete.

Your information will be kept confidential

PwC will keep all individual responses completely confidential. Data and information provided will only be used to describe the size and activities of the music industry in British Columbia. All information will be aggregated and presented in a report prepared for Creative BC and Music BC.

Thank you for your participation.

Section 1: About you

We would like to ask for some basic information about you / your organization.

Contact Name ______________________

Organization ______________________

Phone Number ______________________

Email ______________________

Where do you live? If you are an artist, please indicate your place of residence or if you are representing a music business or organization (music industry), your primary location in BC.

___Lower Mainland
___Vancouver Island
___Okanagan
___Interior
___Kootenay
___Northern British Columbia
___Other ______________________

Rank the following revenue generating activities from which you as an artist or your organization derive income in the music industry from highest to lowest (1 = high, 7 = low).

	1	2	3	4	5	6	7
Recording	☐	☐	☐	☐	☐	☐	☐
Musical works including compositions, songs and music publishing	☐	☐	☐	☐	☐	☐	☐
Live performance	☐	☐	☐	☐	☐	☐	☐
Merchandise sales including off-the-stage CD sales	☐	☐	☐	☐	☐	☐	☐
Sponsorship and endorsements	☐	☐	☐	☐	☐	☐	☐
Fees for service in the music industry(producer fees, publicist, marketing, legal, accounting)	☐	☐	☐	☐	☐	☐	☐
Other revenue generating activities*	☐	☐	☐	☐	☐	☐	☐

**Please specify the 'other revenue generating' activities and note their importance using the scale above.*

Other revenue generating activities ____

What is your primary role in the music industry? If you select "Artist" you will be directed to Section 2 of the survey and if your selection is "Business or Organization" you will be directed to Section 3 of the survey.

____Artist
____Business or Organization

Section 2: Artist

As an artist, what is your primary role in the music industry?

____Performer
____Songwriter/composer
____Performer and songwriter
____Other, please specify ______________________

Where does your music driven revenue come from? (Select multiple if true)

____Revenue from sound recordings (including neighbouring rights) including audioovisual works
____Revenue from musical works or songs
____Revenue from live performances
____Revenue from merchandise sales (including off-the-stage CD sales)
____ Revenue from sponsorship and endorsements
____ Other, please specify ______________________

What were your approximate personal earnings from music related activities in the last 12 months?

____< $20,000
____$20,001 - $50,000
____$50,001 - $100,000
____$100,001 - $250,000
____$250,001 - $500,000
____$500,001 - $1,000,000
____$1,000,000 +

What percentage of your total income in the last 12 months came from music related activities?

____< 10%
____10% - 25%
____26% - 50%
____51% - 75%
____76% - 99%
____100%

How many performances did you give in the last 12 months?

____0 - 5
____6 - 15
____16 - 25
____26 - 50
____51 - 100
____101 - 200
____200 +

What percentage of total performances did you give outside of British Columbia in the last 12 months?

____< 25%
____26% - 50%
____51% - 75%
____76% - 100%

Has your personal income from music activities changed over the last 12 months? Why?

____Increased
____Decreased
____No Change

Please provide us with a brief description as to why your personal income from music activities has changed over the last 12 months.

____

Do you plan to record your next project in BC? If not, where do you plan to record?

____Yes
____No

If you plan to record your next project outside of BC, please tell us where as well as your key motivations for choosing that location.

____

Section 3: Music business or organization

As a business or organization, how would you describe your role in the music industry? Please indicate your key role(s) by checking up to three categories from the list below.

____Record label
____Recording studio
____Music publisher
____Manager
____Multi-rights music company (360 degree music company)
____Agent
____Promoter/venue
____Producer/engineer/video production
____Marketing, promotion and publicity
____Service providers (law, accounting)
____Association/society
____Other ______________________

What is the ownership structure of your business or organization?

____Private Corporation
____Public Corporation
____Sole Proprietorship
____Partnership
____Non profit

How many employees/contractors work for you in full time and part-time roles at your BC-based operations?

Full-time employees ______________________

Part-time employees ______________________

Full-time contractors ______________________

Part-time contractors ______________________

What was the annual payroll including salaries and benefits of your BC-based operations in the last 12 months?

$ ______________________

How many artists do you have on your current roster?

Number of artists______________________

How many commercial releases of the following have you had in the past two years?

Singles ______________________

EPs ______________________

Albums ______________________

What was your organization's global revenue from being a performer, business or organization based in British Columbia in the last 12 months?

___<$50,000
___$50,001 - $100,000
___$100,001 - $250,000
___$250,001 - $500,000
___$500,001 - $1,000,000
___$1,000,001 - $5,000,000
___$5,000,000+

What are your plans for hiring over the next 5 years?

___Increase
___Decrease
___No change

Please provide us with a brief description as to the reason(s) behind your hiring plans.

____

Section 4: Industry Trends

Over the next 5 years, do you plan to maintain BC as your base of operations or do you have plans to re-locate? Why or why not?

____

Over the next 5 years, please tell us what you believe is the greatest challenge, trend and opportunity for BC's music industry.

Challenge ____

Trend____

Opportunity ____

Please rate the following activities from highly important to totally unimportant in terms of music industry development.

	Highly important	Important	Neither	Unimportant	Totally unimportant
Artist development*	☐	☐	☐	☐	☐
Export market development**	☐	☐	☐	☐	☐
Touring assistance	☐	☐	☐	☐	☐
Internship programs	☐	☐	☐	☐	☐
Music business education	☐	☐	☐	☐	☐
Industry investment	☐	☐	☐	☐	☐
Infrastructure development - live venues	☐	☐	☐	☐	☐
Infrastructure development - recording studios	☐	☐	☐	☐	☐

**Includes recording and marketing funds, music business education, song writing workshops, tour and showcase support with the primary goal of creating export ready artists*
***Includes national and international conferences, showcases and trade missions. Also includes export preparedness training.*

Please let us know if there are other areas of music industry development which you would like to highlight.

____

Thank you for participating in this survey for the music industry in British Columbia