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External Affairs and International Trade Canada (EAITC)
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EUROPEAN
SOUND RECORDING
MARKETS

FROM THE GOVERNMENT OF CANADA

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European Community Division (RWM)
External Affairs and International Trade Canada
Lester B. Pearson Building
125 Sussex Dr.
Ottawa, Ontario
K1A 0G2

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1 INTRODUCTION

1.1 AIM OF THE REPORT

This report has been prepared for the Department of Communications and External Affairs and International Trade Canada in order to provide members of the Canadian sound recording industry with detailed information on the key European markets and to assist them in identifying appropriate strategies for doing business in those markets. The study focuses in particular on France, Germany, Spain and the UK within the context of emerging EC markets.

1.2 FORMAT OF THE REPORT

The format of the report is to provide an overview of the market in each territory, relevant national legislation, size and structure of the sound recording market, and consumer demographics, and to outline the marketing and promotion possibilities offered by the radio, TV, press and retail sectors, as well as providing some pointers as to the likely future opportunities and threats in each market. We have also provided a contact directory for each country.

Although the sound recording markets in each country should be considered separately for marketing purposes, there are a number of factors which affect the overall European market. These factors include European Community legislation, the influence of the multi-national major record companies, and the tendency towards centralised European manufacturing, distribution and licensing by these major companies. In the next chapter, therefore, we explain these common factors before providing an individual analysis of each country.

1.3 THE SOUND RECORDING INDUSTRY

Unlike many manufacturing industries, the sound recording industry does not rely on the import and export of finished product, ie records or tapes, in order to carry out business internationally. In fact, this represents a tiny proportion of the international sound recording business. Almost all such business is carried out by the licensing of repertoire to a record company in the territory where sales are made. The licensee company is provided with only the master materials required to manufacture, distribute and market in the territory under licence. International trade in sound recordings therefore takes the form of invisible rather than visible imports and exports.

Although there is a certain amount of centralisation in Europe in order to reduce costs of manufacture or distribution, the marketing of repertoire in any particular country will remain unique to that country. In order to successfully export repertoire to Europe, it is generally the case that a marketing operation or partner is needed in each country where the licensor wishes to operate. This partner or licensee company may be a related company, as is often the case with the majors, a worldwide or multi-national licensee or a specific licensee for a given territory. The strategy adopted varies from record company to record company depending on the country, the potential partners, the business philosophy and the repertoire, amongst other things. There is no fixed international business strategy and this study does not attempt to define such a strategy. However, it does provide details and case studies of how many companies operate currently in France, Germany, Spain and the UK. We hope that it will provide a helpful first step for Canadian producers wishing to explore the possibilities in Europe.

1.4 SOURCES OF INFORMATION

This report has been compiled using published sources of information, such as directories, trade magazines and newsletters, analysts' reports and yearbooks, together with a wide range of interviews with representatives of the key companies and organisations in each country and with those Canadian companies which have done business in Europe successfully. A bibliography is attached as Appendix 1 and a list of interviews conducted is attached as Appendix 2 to the report.

Although we have attempted to provide as much information as possible and to ensure that it is as accurate as possible, the sound recording industry is always changing and developing. We would recommend that anyone wishing to rely on information contained in this report takes advantage of the contact details given to check any changes since the time of writing.

2 OVERVIEW

2.1 INTRODUCTION

The trade barriers between European countries are being reduced as the Single European Market comes into being, and this has speeded the process whereby the major multinational record groups have centralised - to some extent - their European manufacturing and distribution operations. In marketing sound recordings, however, the cultural and language differences between countries remain, and in reality Europe should still be seen as a group of different, albeit closely linked, record markets. Each country has its own character, its own artists, its own independent sector and its own specialist genres of music.

Although the same multinational record companies dominate the market to a greater or lesser extent and there is a significant penetration of international repertoire (principally Anglo-American) in each country, the marketing and promotional strategy has to be tailored for each country. There are virtually no pan-European media apart from the satellite channels MTV Europe and Super Channel, both of which carry music videos and programming. The only truly international trade market for the music industry, MIDEM, is held in Cannes in the South of France in January each year.

The UK, Germany and France represent the three largest markets for recorded music in Europe. The performance of the music industries in all three has followed broadly the same pattern as the world market. Internationally, sales of both vinyl singles and albums peaked in the late Seventies and have declined steadily since. However, the growth of cassettes and the introduction of CDs in 1983 continued to fuel the market's growth. By the end of the Eighties many regions, including much of Europe, were experiencing stagnation or, in some areas, a downturn in sales as CD sales began to slow. The industry expects the launch of new recordable digital formats such as Sony's MiniDisc and Philips' Digital Compact Cassette (DCC), together with recovery from the worldwide economic recession, to return the sales trends to that of steady growth.

However, the performance of Spain's far smaller music industry has followed a quite different path. While its singles' market all but collapsed in the Eighties, album sales remained healthy and overall the market continues to grow. Album sales are now declining but the country has yet to experience the boom in CD sales as undergone by its European neighbours in the 1980s.

In the following sections of this chapter we give a brief overview of the major multinational record companies, and of pan-European regulatory and marketing factors. The full details of how these impact on each country are set out in chapters 3 to 6.

2.2 THE MAJOR PLAYERS

In all four countries under consideration the music industry is dominated by the five major multi-nationals - BMG, EMI Music, PolyGram, Sony Music Entertainment (formerly CBS

Records) and Warner Music (formerly WEA). All five are fully vertically integrated, owning record labels, music publishers, manufacturing plants and distribution networks throughout the world. Between them they account for over 65% of sales in each country in Europe, and often over 75%. In addition to the five majors, MCA Music is also a significant multi-national presence in the record business, and is sometimes referred to as the sixth major although it does not have the same level of vertical integration of the true majors.

The five major multi-national record companies have pre-empted the creation of the Single European Market by centralising their production facilities and cutting down on stock levels in each country. Both Warner and PolyGram have their main warehouses and manufacturing plant based in Germany and a delivery service is operated every 24 hours to all European territories. EMI is less centralised than the other majors with only its classical stock centralised in Germany, although it is considering further centralisation.

Brief details of the ownership and history of each of the majors is set out below. The independent sector is much more territory specific; almost all independents are strong in their home territory with only occasionally a small presence in other markets. For this reason, details of the significant independents in Europe are given in the individual country sections.

2.2.1 BMG

Owned by Germany's Bertelsmann multi-media group, BMG was created in 1987, in a deal which saw the German Ariola record company joining forces with Arista and RCA. The company also handles European distribution for MCA. Total sales for 1991 were in the region of US$2,160 million[1], and have increased by an average of 15% in each of the past four years. BMG accounts for about a quarter of Bertelsmann's total turnover, while the separate record club and book club division accounted for 22.7% in 1991. Best selling artists include Whitney Houston, The Eurythmics and Lisa Stansfield.

2.2.2 EMI Music

EMI Music is owned by the international electronics company, Thorn EMI, which is listed in the UK and which also owns the HMV chain of specialist music retailers. The music group includes the labels EMI, Capitol and Chrysalis as well as EMI Music Publishing, one of the world's two leading music publishing groups. Chrysalis Records was bought by EMI for $150 million in 1991. Other recent purchases include SBK Records (for $31 million in 1991) and Medley Records in Denmark. This process was topped with the purchase of the Virgin Music Group in March 1992 for $957 million.
Total profits for Thorn EMI, for the year ending 31 March 1992, were £300.2 million ($530 million), down from the previous year's figure of £307.4 million ($550 million). The music group has shown the strongest growth and in 1991/92 sales were £1.1 billion ($2 billion), and profits £125.1 million ($220 million) - the highest in the company's 93-year history.

1 All dollar figures refer to US currency

Best selling artists include Cliff Richards, Diana Ross, Queen, Roxette, Tina Turner and The Pet Shop Boys.

2.2.3 MCA Music Group

Despite having a large market share, MCA is considered to be different from the other five majors because it doesn't have its own pressing and distribution facilities. In December 1990 MCA Universal was acquired by the Japanese electronics giant Matsushita for $6.1 billion. After buying a minority stake in Tamla Motown in 1988, in 1990 MCA bought Geffen, the world's largest independent, for $545 million. However, since Motown's move to PolyGram the three have been involved in numerous law suits that appear far from being resolved. The MCA group also includes Universal Pictures in the US.

In 1990 MCA's sales exceeded $1 billion for the first time. Since its purchase by Matsushita, however, no figures for MCA's performance have been published. Best selling artists include Elton John, Tom Petty and Belinda Carlisle.

2.2.4 PolyGram

PolyGram is 80% owned by the Dutch electronics giant Philips and is the world's largest record company. In 1989 it bought Island for $272 million followed by A&M in 1990 and the Sonet record company of Scandinavia in 1991. The company has also bought into leading UK independent labels London, Go! Discs, and Big Life and took over the distribution of the Motown label in 1991 from MCA.

A rise of 20% in sales took turnover to $3.7 billion in 1991, with net profits rising by 25% to $261 million. In the first half of 1992, the company's sales were up by a further 10% and net profit by 16%. Best selling artists include Bryan Adams, Cathy Dennis, and U2. PolyGram will be playing a key role in the launch by Philips of DCC, a recordable digital format.

2.2.5 Sony Music Entertainment

In 1987 CBS Records was acquired by Sony for approximately $2 billion and has since been renamed Sony Music Entertainment. Sony's larger European operations such as France, Germany, Spain and the UK all report to Sony International rather than Sony Europe, which deals with smaller European countries. In addition Sony UK also has its own pan-European label, SohoSquare, based in London.

Sony's total sales for 1991 were ¥3,822 billion ($28.7 billion). Music Entertainment sales for the year ended March 1992 were ¥439 billion ($3.3 billion), down slightly from the previous year. Sony has also recently launched a new recordable digital format, the MiniDisc. In the six months to September 1992, music sales were up another 4.1%, to $1.77

billion, and Sony predict a further 3% growth in sales for the next six months. Best selling artists include Michael Jackson, Bruce Springsteen, Gloria Estefan, Public Enemy and Michael Bolton.

2.2.6 Warner Music

Formerly known as WEA, Warner Music is the recording division of the US-based Warner Communications, owned by Time Warner. The Warner Music Group consists of four companies: Warner Bros Records, Atlantic Recording Group, Elektra Entertainment and Warner Music International. The company also owns the world's leading music publisher, Warner Chappell Music and has expanded its direct marketing, with the acquisition of Columbia House and through the creation of Warner Direct Entertainment.

While Time Warner ended 1991 with debts of nearly $10 billion, the music group has proved highly successful over the last few years. In 1991 it accounted for 24% of Time Warner group revenue, with sales of $2.96 billion in 1991, and profits of $560 million. From January to September 1992, Warner Music Group's sales were $2.2 billion, up 8% on 1991, and accounting for 24% of Time Warner's total sales. Gross profits for the same period were $390 million up 5% on 1991. Best selling artists include Madonna (whose $60 million deal includes funding for her own label, Maverick), and Prince, who also has his own label, Paisley Park Enterprises.

2.3 CENTRALISED LICENSING OF MECHANICAL RIGHTS

In each country there are organisations responsible for administering mechanical and performance rights for the record companies and the composers. However, the major multi-nationals are choosing centralised licensing deals for mechanical rights which cover the whole of Europe. In such situations, the mechanical royalties are paid by the record company to the central collection society, which then deducts a commission before distributing the remainder to the collection societies of the originating countries for onward distribution to the publishers. These arrangements reduce the administration for the record company by ensuring one clearance and payment point for the whole of Europe rather than one in each country.

PolyGram has made such arrangements with the Dutch collection society STEMRA, and BMG and WEA are working on similar deals with the German collecting agency GEMA. Sony Music Entertainment is also negotiating a licensing deal with the French rights society SDRM. SDRM is awaiting the go-ahead from several continental societies for their domestic repertoire to be included in the agreement, and the deal is likely to take effect from July.

The major music publishers, particularly those with significant Anglo-American repertoire, have expressed unease at the centralised European licensing arrangements as it results in the deduction of commission by two national collecting societies before the publisher receives the mechanical royalties. There have also been complaints that the commission rates of the societies on mainland Europe are higher than in the UK and that one of the reasons for this is that some of the commission charges are ploughed back into schemes to support the local repertoire rather than international (often Anglo-American) repertoire.

One single centralised collection system has been proposed by the UK's Music Publishers Association which owns the mechanical rights administration society, MCPS. To date there has been little progress, although the MPA announced the launch of the European Mechanical Rights Organisation (EMRO) at MIDEM 1993 with the US National Music Publisher's Association taking a 50% stake in the organisation.
EMRO would effectively be able to license all Anglo-US repertoire for Europe, where it accounts for up to 75% of material in use, charging a commission of just 4.75%. As yet no deals have been struck between EMRO and any record companies but EMI Music has voiced its support for the organisation and Music Week recently reported a deal could be struck between the two in a matter of months.

GEMA and STEMRA have also teamed up with the French collection body, SACEM, to propose the setting up of a single pan-European agency with a commission charge of 10%. However, while many publishers recognise the need to streamline the collection process, single country bodies are still seen as the most effective way of monitoring all sources of revenue, and the process for setting up a pan-European administration system is far from resolved.

2.4 MARKET OVERVIEW

In this section we summarise some of the key market indicators for the four territories under consideration. Fuller details are set out in the relevant chapter for each country.

2.4.1 Market Size

The size and structure of the market varies from country to country. The table below sets out a comparison of overall market size, both by value and volume, together with the proportion of the market represented by the CD format in each case.

Table 2.1: Summary of market size

	France	Germany	Spain	UK
1991 market volume (million units)				
Singles	19.5	24.9	1.1	53.2
Albums	104.0	201.4	53.0	137.3
1991 market value (US$ million)				
Total	1,687	2,434	589	2,165
CD album share by volume	63%	51%	25%	48%

Notes: 1. UK figures are for the year ended 30 June 1992
2. Sales values are given at estimated retail value.

In all of the territories the local language is the most accepted and successful in terms of chart share. In the UK it is extremely rare for artists to be successful in anything but the English language. In Germany, France and Spain, there are also many successful artists who sing in English, particularly those who have had worldwide success. In Germany, it is common for local acts to sing in English rather than German. In Spain and France, some international artists have achieved success by rerecording songs in the local language.

The structure of the market is quite different in each country. In the retail sector for example, specialist record shops are common in the UK and Germany, whereas in France and Spain the largest number of record outlets are part of more general stores. However, the megastore concept, pioneered by Virgin and HMV in the UK, is gaining ground across Europe.

Similarly, as regards means of promotion, each country has its own radio and TV sectors, with, for example, France having an enormous number of radio stations compared with the other countries. In addition, French radio must respec certain French language content obligations which may offer opportunities to Canadian French-language artists (see section 3.6.2 for details). It is generally much more difficult to get TV coverage without some form of local success, although the music press, particularly in the UK, provides plenty of opportunities to gain some form of coverage.

There have been a number of cases where French-Canadian acts have had success in France following success in Quebec, for example, Roch Voisine and Daniel Lavoie. English language acts, such as Bryan Adams and The Dream Warriors, are likely to perform better in the UK or Germany. The UK is probably the most competitive market as record companies believe that success there, as with the US, can be a precursor to wider international success. This has also resulted in a thriving independent scene which covers a wide range of genres, notably alternative rock and dance music.

For heavy rock acts, Germany has often been a successful stepping stone to international expansion. For more specialist genres, such as jazz or world music, France offers many opportunities, particularly with regard to live shows and festivals. Meanwhile the Country Music Association has started to raise its profile in Europe in an attempt to increase that genre's market share.

2.5 THE SINGLE EUROPEAN MARKET

The UK, France, Germany and Spain are all members of the European Community which is presently making the transition to a single market. As part of this process, trade barriers between member countries are being removed, and rights and tariffs harmonised.

The European Community enacts centralised legislation, although this does not come into force in individual countries until ratified or enshrined in national legislation. Therefore, all legal aspects in any country are governed by the national legislation of the country, although European legislation is an indicator of likely future changes to such legislation.

In each country section we set out the relevant national legislation. In this section we outline the developments of copyright harmonisation initiatives at EC level and how these will affect the national regulatory environment in each country. We also review various EC schemes for financial assistance.

2.5.1 Harmonisation of Copyright

As the removal of barriers in the EC continues, a key issue for the music industry is the harmonisation of copyright laws in all member countries, currently being considered in the EC's Green Paper on Copyright and the Challenge of Technology and the draft Directive on Rental Right and Lending Right (based on chapters two and four of the Green Paper). The Directive was adopted by the Council of Ministers in November 1992, and member states have until July 1994 to implement it.

The Directive has four specific objectives:

- To give authors, composers, performers and record producers the exclusive right to authorise or prohibit the commercial rental of their sound and visual recordings.
- To give the same right holders similar authority over the lending of their works.
- To give performers, producers and broadcasters exclusive distribution rights.
- To give the same rights holders reproduction rights.

As the table below shows, some of these measures are already included in legislation in Germany, France, Spain and the UK, but there remain some significant differences between the four.

Table 2.2: Copyright Legislation in the UK, France Germany and Spain

	Period of Protection for Authors & Composers	Period of Protection for Producers	Rental Prohibition	Blank Tape Levy	Signatory to Berne	Signatory to Rome
France	70 (Years)	25 (Years)	No	Yes	Yes	Yes
Germany	70	25	Yes	Yes	Yes	Yes
Spain	60	40	No	No	Yes	No
UK	50	50	Yes	No	Yes	Yes

Source: Music Business International

The first column of the table above illustrates the length of protection offered to authors and composers after their death. Authors and composers rights include both performance rights and mechanical rights. The mechanical royalty on the sale of a record, is set by agreement between BIEM (the international association for composers' societies) and IFPI (the international association for record companies) at 9.306% of dealer price as from 1 October 1992 for all countries, except the UK where it has been set at 8.5% by the UK Copyright Tribunal. The new BIEM/IFPI rate is a slight reduction on the previously negotiated rate of 9.504%. In addition there is a 25% lower rate on new formats until 31 December 1994 as well as restrictions on the minimum royalty rate.

The second column shows the length of copyright protection offered to record producers which runs from when the recording was made. In each country producers have rights in the sound recording (neighbouring rights) but only in the UK and Germany do they have exclusive rental rights.

The need for harmonisation of copyright was highlighted by a case brought before the European Court of Justice in 1988 between EMI Electrola in West Germany and a Dutch record company Patricia Records. The case raised the question of *"whether, in the situation where two member states apply different periods of copyright protection to sound recordings, the owner of the copyright in the state which gives the longer period of protection is entitled to exercise rights provided by its domestic law to prevent importation of goods which embodied the copyright works."*

The court ruled that the owners of the copyright, EMI, had the right to oppose the import of Danish sound recordings into West Germany, thus illustrating the obstacle to the free flow of goods in the single market that is caused by the existence of differing copyright legislation. Harmonisation will bring an end to such cases by bringing all copyright laws and terms of protection in line with the level of those countries in which they are highest. In the case of authors and composers the term of copyright is likely to be harmonised at 70 years, the level currently set in France and Germany.

The Green Paper also discussed the introduction of a levy on blank audio and video tape, which currently exists in France and Germany but not in the UK or Spain. However, following fierce opposition from several member states including the UK, the proposal has been put on hold.

2.5.2 Subsidies and Incentives

There are no EC financial incentives relating specifically to the sound recording industry. This is also generally true at national level, although France provides some assistance in this area. Unlike the audiovisual industries, where most countries provide support for cultural as well as economic reasons, the sound recording industry in Europe has been commercially successful without government support. Three of the major record companies, BMG, EMI Music and PolyGram, are European-owned, so there is less of an argument that the indigenous industries are being crowded out by the US, as is the case with film and TV programme production.

The most relevant subsidy or financial incentive schemes are therefore those which are intended to boost general European industry or employment.

The EC's European Social Fund offers grants for projects which aim to combat long-term unemployment or that integrate young people into the job market. Although the bulk of aid is given to public authorities, small and medium-sized European businesses are also eligible. The Fund's total resources available between 1987 and 1993 are 14 billion ECU ($17 billion), and aid is usually given for up to 50% of the projects costs.

The EC's European Investment Bank (EIB) makes loans for public and private projects which, for example, help the economic development of less favoured regions or improve communications. On average the EIB provides between 25% and 30% of a project's costs and in 1990 this amounted to over 48 billion ECU ($60 billion) in project finance. In the UK loans normally begin at around 7 million ECU ($8.5 million) and interest rates are either fixed or floating, reflecting the bank's borrowing plus a 0.15% commission. Smaller loans are negotiated through local intermediaries.

The EUREKA scheme provides funding of up to 50% of costs for collaborations in research and development of new projects by European companies and research institutions. Between 1985 and 1991 the scheme has been involved in 478 projects and provided 8.4 billion ECU ($10 billion) in financing.

2.6 ENTERING THE EUROPEAN MARKET

The European market has traditionally been seen as less important for Canadian acts than the US, which because of its geographical location and many cultural similarities, has been a far more natural area for expansion. However, following the removal of trade barriers in 1993, the EC is now the largest single market for recorded music, and with the increasing globalisation of the music industry, aided by multi-national satellite services such as MTV Europe, it is becoming more accessible.

It would generally be advisable to look at the European market only once an artist has achieved a certain level of success in Canada. It is very rare for an act to have success overseas without any recognition in its home territory.

One factor which is vital when trying to break an artist in a particular territory, is the regular presence of the artist in that country, in order to tour, perform interviews in the specialist music press or radio, and to generally raise the marketing profile.

There are a number of strategies which could be adopted. These are set out below. The most effective strategies are likely to involve finding partners in the relevant countries which enable licensing or joint venture arrangements to be put in place. However, there may be other limited possibilities relating to importing physical records, particularly in specialist genres such as dance.

2.6.1 Importing

Importers buy foreign releases at cost but when import duties and exchange rates have been taken into account the product usually reaches the retailer at a considerably higher price than domestic releases. The importer does not usually get involved with promoting the record at all since there is not enough mark-up to support such costs. Instead importers generally supply product to meet a demand and thus are most suited to providing foreign releases by well-established artists which might not be available in the territory in question, or specialist product, particularly dance releases for club Djs.

2.6.2 Licensing Deals

To establish a foreign act in a market, some form of licensing deal is usually necessary. Licensing deals may either be struck with a major offering European wide distribution, or a network of independent record companies and distributors. The licensee will pay an advance to obtain the right to distribute, promote, sell and manufacture the foreign product. Deals might be for just a one-off release or for a label's entire catalogue of material. In the case of French-language Quebec artists there have been some cross-licensing deals, with a French label marketing Canadian artists in France and the Quebec label marketing French artists in Quebec.

Choosing the right European partner to do business with is all important and depends on building a relationship which suits both parties. While the major multinational companies can offer European-wide distribution in a one-stop licensing deal - thus avoiding the problems of different currencies, time zones and copyright laws - a network of independents may add flexibility and access to more specialist markets. The majors generally prefer to obtain worldwide rights to international acts rather than do distribution-only or single-territory deals. There have been signs of this changing slightly, however, as some significant licensing deals have been done by the majors to pick up artists on independent labels, or to pick up the whole catalogue of an independent label, for territories outside the independent's home base.

In some cases it might prove most useful to first approach a major's Canadian affiliate rather than sending material straight to their European offices. All six of the major record companies have wholly-owned Canadian subsidiaries, all of which have domestic distribution deals with Canada's bigger independent labels. EMI has Alert, Nettwerk, Intrepid, FRE and Aquarius. Warner has Stony Plain and Loreena McKennitt. MCA has Duke Street and Cargo. PolyGram has Attic, Spy and Beat Factory. BMG has Latent. Sony has Isba, True North, Einstein Bros and Anthem.
In many cases the majors will give project loans to the independents in return for various kinds of security which may include part or all of the label's catalogue. In the case of True North, Canadian artist Bruce Cockburn's label, Sony's rumoured financial assistance has allowed the label to become a vehicle for finding and promoting Canadian talent. Sony has also provided worldwide distribution for Bruce Cockburn by signing him to its US label, while True North still handles distribution in Canada.

In many such deals a major will want first refusal to release material internationally, but this is no guarantee that product will be released in other territories. Probably the only major with a department set-up specifically to exploit Canadian artists internationally is EMI Canada and even strong domestic sales may not be sufficient to justify international distribution. Frequently the multi-nationals will ignore an independent's domestic success unless it has a platinum recording (100,000 units). In the case of the Canadian artist Celine Dion, it was not until she began recording in English that her record company, Sony Canada, undertook to promote her internationally. Sony now expects her album to go platinum in the US.

In the case of French language artists in Quebec, however, the market is much more self-sufficient, and most Quebec labels use local distributors rather than relying on the majors. Although many Quebec labels have built relationships with the French affiliates of the majors (for example BMG with Ian Tremblay, or Virgin France with Disque Double) or with French independents (for example, Georges Mary with Disque Star, or Trema with Trafique), the lack of distribution advances from the majors and hence reduced investment resources to market to the French industry may be a stumbling block.

When an artist signs to one of the six multinational labels the question frequently arises as to whether the artist should sign with the Canadian subsidiary or with the head office. Artists tend to feel that signing with the head office indicates a greater commitment to their career than a local signing. The Canadian management of several of the multinationals also appear to be keen to sign new talent directly to the foreign parent to shift the financial risk. However, this also means that the majority of any profit arising from the artist will accrue to the foreign parent which means there is less money to reinvest in the Canadian industry.

Despite this criticism an increasing number of Canadian bands are looking over the border to the US majors. This strategy paid off for new Canadian group The Barenaked Ladies, who signed with the US label Sire (a Warner subsidiary), after selling around 40,000 of their own independently produced cassettes at their concerts. The band is now receiving international promotion through Warner and has been tipped for UK success in 1993.

Another alternative is for the label to seek out other independent labels in the desired territories. For smaller acts and specialist labels, a network of appropriate independents in various countries may prove a more suitable set-up. In most European territories there is at least one local "mini-major" which relies largely on licensing and distributing product from foreign (often UK) independent labels. Since most independents tend to specialise in different genres it may be possible that record companies will find a better match for certain product. Because of the smaller size of independent companies, they may be able to react faster to changes in the market and offer a more personalised service. In addition, the independents may be able to offer shorter licensing periods or even offer to put out just one release. However, in any case where financial muscle is required, the majors will usually have the upper hand.

Licensing periods and arrangements depend entirely on the product, and may take many forms. At one extreme the distributor takes on part or all of the production, promotion and distribution of the record. At the other extreme the Canadian independent may be responsible for all activities including the production of the recording, the manufacturing, the payment of all royalties including royalties to the artist, and have complete creative control over the design, packaging and the video. Normally, however, it would be less common for the Canadian independent to manufacture in Canada for export shipment.

Payments take the form of an advance usually based on predicted royalty earnings. Further royalty earnings are possible but should not be relied on (since it is not easy keeping track of sales overseas), so it is important to secure an appropriate advance. Licensing periods tend to be quite different for rock acts and dance releases. Dance hits are usually one-offs and therefore a label will often license a particular act for just one release. Often a dance release comes to the attention of a record company because it is doing well on import and the A&R department will then get in touch with the label to obtain a licensing agreement rather than vice versa.
For a rock act it usually takes more time and commitment to build success and a deal is likely to be for at least a couple of albums. In addition promoting the product also requires that the band go on tour in that country.

Securing a distribution or licensing deal begins with the A&R department. But useful links can also be developed at European markets such as MIDEM (the international record, music publishing and video music market) held each January in Cannes (France), POPKOMM in Germany and In The City, which began in 1992 in the UK.

2.6.3 Setting up a local operation

A more complicated and rarer alternative is to set up a local operation in the relevant country. This would require local expertise in marketing and distribution but allows greater control over the exploitation of the repertoire and possibly access to local repertoire as well. It would also require advice on the tax consequences of setting up business in the relevant country and the inter-action with the Canadian tax authorities.

The advantages of having a permanent presence and full operational team in the relevant European territory must be balanced against the added costs and overheads which would be incurred by such an approach and the increased risks which result. There may also be difficulties in attracting the top quality management team which would be required and a risk of being seen as an outsider on the local scene.

A less risky version of this may be to set up a joint venture company in the country concerned in partnership with a company which has a similar culture and outlook. This spreads the financial investment required as well as involving an established operator if the right partner can be found.

2.7 CANADIAN EXPORT ASSISTANCE

There are a number of Canadian Government backed schemes to assist Canadian business in expanding its overseas activities. The International Cultural Relations Division of External Affairs provides financial support for participation at MIDEM and for international tours by Canadian artists and bands.

Set out below are a number of schemes which may provide some opportunities in future.

2.7.1 Sound Recording Development Program

The most used and important of these schemes is the SRDP which was set up by the Department of Communications and has eight components administered by the DOC, the Canada Council and FMC (an umbrella organisation consisting of FACTOR and MUSICACTION, English and French-language foundations respectively, set up by radio broadcasters and the recording industry). There are two components which are particularly relevant, relating to international touring and international marketing.

The international touring component is administered by FMC, and assists Canadian record companies in covering shortfalls on international tours by their artists, in order to enable them to raise funds for the remaining costs from major distributors. This component had a budget of C$450,000 for 1991-92.

The international marketing component is administered by the DOC. Its objective is to enhance the attractiveness of Canadian sound recordings to foreign audiences and to increase the competitiveness and visibility of Canadian record companies in international markets so that, among other things, they may attract foreign distributors. Financial support is given in particular for participation in international trade fairs and for international marketing and promotion. The component had a budget of C$350,000 in 1991-92. The industry uses both components regularly.

2.7.2 Canadian Trade Commissioner Service

The Canadian Trade Commissioner Service is available to assist Canadian companies in starting or expanding export sales in international markets. Trade commissioners abroad can help identify market opportunities for products, promote Canadian companies to local customers, or advise and assist with foreign joint ventures. The Canadian sound recording industry has used the Canadian Trade Commissioner Service for support and guidance on local contacts while attending MIDEM in particular.

2.7.3 Program for Export Market Development

The PEMD assists in export market development by means of loans (different from a cost sharing provided by means of a grant) to Canadian business for marketing activities thus reducing the risks involved in penetrating a foreign market. There are two categories of activities:

- industry initiated, such as participation in trade fairs or establishment of permanent sales offices abroad; and

- government initiated, such as trade missions to overseas trade fairs or visits by foreign business people to Canada.

PEMD criteria, which require that the company have the financial capabilities to carry out the work and an annual income of C$250,000 have meant that there have been very few applications from the sound recording industry.

2.7.4 Export Development Corporation

The Export Development Corporation ("EDC") specialises in helping Canadian exporters compete internationally. EDC facilitates export trade and foreign investment through the provision of risk management services, including insurance and financing, to Canadian companies and their global customers. EDC operates on a financially self-sustaining basis, according to standard commercial principles. This means EDC charges premiums for export insurance services, fees for export financing, and foreign borrowers pay interest on EDC loans.

EDC's programmes fall into four major categories, export credit insurance, export financing, performance-related guarantees and foreign investment insurance. To date these have not been used to any significant extent by the Canadian sound recording industry.

2.7.5 Other export assistance

Approximately C$200,000 is available to all the Canadian cultural industries through the US Trade Promotion Fund in order to promote export opportunities in the US. This fund has been particularly used in the past to finance attendance at New York's New Music Seminar.

Other schemes include the New Exporters to Border States (NEBS), New Exporters to US South (NEXUS) and New Exporters to Overseas Countries (NEXOS). None of these schemes have yet been accessed by the sound recording industry.

2.8 PRIVATE FINANCE

Financial institutions have rarely invested in the record industry due to its highly unpredictable and volatile nature, and the worldwide recession has further added to their reluctance. One example of such funding is the investment in Phonomatic, a Swiss-based pan-European distributor, by 3i PLC, the UK's largest venture capital company, but this is an exception rather than the rule. The majority of finance is instead raised by the major record companies through their holding companies, and through advances from their distribution arms.

For smaller record companies an increasingly popular strategy for raising finance is to enter a joint venture or distribution deal with one of the majors. In return for selling up to 49% of its business the company can receive a large cash injection while retaining control. One recent example is the UK independent label, Creation, which signed a worldwide distribution deal with Sony.

2.9 PAN-EUROPEAN PROMOTION

2.9.1 MIDEM

As explained earlier in this chapter, there are very few genuinely pan-European promotional opportunities. In general, it is important to look at each country individually and to promote artists or products accordingly.

The most important area where a pan-European view can be taken is attendance at MIDEM, the music industry trade fair held in Cannes each January. The fair is attended by record companies and music publishing companies from across Europe (and indeed from other continents, particularly North America). It therefore offers the opportunity to make contacts with potential European partners and possibly to take the first steps towards licensing product to European record companies or distributors.

MIDEM is owned and operated by the International Exhibition Organisation, part of the UK-owned Reed International group. The MIDEM organisation has offices in Paris, London and New York and a representative in Tokyo. MIDEM's international sponsorship committee includes four Canadian representatives, Georges Ullman, the president of CAPAC, Lise Aubut, the president of SODRAC, Marc Altman, the president of SOCAN, and David A Basskin, the president of the CMRAA.

2.9.2 Pan-European Cable and Satellite Channels

The rise of cross border media, especially satellite television, opens up the possibility of pan-European promotion and advertising. MTV Europe reaches over 40 million European households and has a strong following among 16-34 year-olds. Only 10% of programmes are provided by its parent channel in the US. Daytime programming is top 40 orientated, while the evening schedules include specialist shows such as *Yo! MTV Raps*, *Partyzone* (dance), *The Headbangers Ball* and live specials such as *MTV Unplugged.*

MTV's main value is as a promotional outlet and its key advertisers do not have record interests. However, in 1991 PolyGram secured a two year deal with the channel. The average cost of a 30-second peak-time spot is $2,978.

Super Channel, with its mix of music, movies and news, specifically targeted at 25 to 35 year olds, is also a popular choice for music advertisers, including Sony and Tellydisc.For an average cost of $1,214 for a 30-second prime-time spot the advertiser can reach up to 50 million European homes.

If considering pan-European advertising, serious consideration should be given as to whether it offers value for money, and in particular whether the size and profile of audience and convenience of wide penetration justifies the cost. It would normally be advisable to use an experienced advertising agency or media buyer when planning campaigns involving television.

2.10 FUTURE TRENDS

Traditionally the music industry has relied on the teenage market for the bulk of its sales. Now, however, this population is beginning to shrink in the major markets, including France, Germany and the UK.

The brunt of this change is being felt in the singles' markets, which have declined considerably. As far as the majors are concerned, singles are now used largely to promote albums, and are expected to make a loss. However smaller independent labels with lower overheads are still able to make a profit from single sales. In particular specialist dance music labels make their living virtually from single sales alone and the 12" single remains an important format with Djs.

Fortunately, the babyboomers of the Sixties, who were the industry's first consumers, continue to remain an important market as they reach their thirties. Evidence of this can be seen in the increasing sales of "Best Of" compilations and middle of the road artists, and the healthy state of classical music sales. The response of the majors has been to expand their direct marketing campaigns and record club activities which have proved far more effective at reaching older more passive consumers than conventional outlets such as chart orientated television and radio shows, and the music press. Even the larger independents, traditionally specialising in non-mainstream acts, are beginning to target older consumers.

Because this older age group is more wealthy it can better afford more expensive formats, such as CD. With the launch of new digital formats, DCC and MiniDisc, this age group will continue to be heavily targeted.

The launch of these new formats offers new opportunities for the industry. However, it may also suffer from the expected spread of home taping. For example, the launch of these new formats mean it will be possible to make digital recordings of Cds, while digital radio services - already available in the US and about to be launched in Europe - will also make home recording more attractive.

The end to the current economic recession, when it comes, is likely to present new opportunities for the industry. Although, as seen in the UK, the music industry has proved more resilient than many other industries in withstanding the recession, it will still have been affected by constraints on consumer confidence. However, as interest rates and inflation fall, disposable income will increase and the consumer's ability and willingness to invest in "luxury" items should be revived.

The exception to this is Spain, where it is possible that the economy, which has not suffered as dramatically as many of its European counterparts, may slide into a deeper recession before picking up. Last year was a costly year for the Government, with the Olympics and Expo 92 soaking up considerable amounts of public money, as a result of which some cutbacks in expenditure are now expected.

2.11 CONTACT DIRECTORY

At the end of the chapter on each country we have included a contact directory covering the associations, companies and other organisations referred to in each chapter. Given the importance of building relationships in each separate market and the limited opportunities for pan-European promotion, we include in this section details of only those organisations which are genuinely pan-European or which, as in the case of MIDEM or MTV Europe, offer genuinely pan-European coverage.

2.11.1 Associations

BIEM
56 Avenue Kleber
75116 Paris
Tel: 33 1 4704 5704
Fax: 33 1 4755 1153
International society of composers and publishers copyright associations

IFPI (International Federation of the Phonographic Industry)
54 Regent Street
London W1R 5PJ
Tel: 44 71 434 3521
Fax: 44 71 439 9166
International society of record companies.

2.11.2 Trade Fairs

MIDEM (French Office)
179 Avenue Victor Hugo
75116 Paris
Tel: 33 1 44 34 44
Fax: 33 1 44 34 44 00
Vice President/Development: Brigitte Chaintreau

MIDEM (UK Office)
International Exhibition Organisation Ltd
Metropolis House
22 Percy Street
London W1P 9FF
Tel: 44 71 528 0086
Fax: 44 71 895 0949
Managing Director: Peter Rhodes

MIDEM (US Office)
International Exhibition Organisation Inc
475 Park Avenue South
9th Floor
New York
NY 10016
Tel: 212 689 4220
Fax: 212 689 4348
President: Barney Bernhard

2.11.3 Pan European Broadcasters

MTV Europe
Centro House
20-23 Mandela Street
London NW1 0DU
Tel: 44 71 383 4250
Fax: 44 71 388 2064
Director of Programming & Production: Brent Hansen

Super Channel
Melrose House
14 Lanark Square
Limeharbour
London E14 9QD
Tel: 44 71 418 9418
Fax: 44 71 418 9419
Directeur des Programmes: Bertrand Le Ficher

2.11.4 Financial Investors

3i PLC
91 Waterloo Road
London SE1 8XP
Tel: 44 71 928 3131
Fax: 44 71 928 0058

3 FRANCE

3.1 INTRODUCTION

France is the fifth largest market for recorded music in the world. As in all major territories, production, distribution and publishing are dominated by the five major multi-national record companies. Local independents account for only about 10% of the market, but despite this, domestic artists achieve a high share of record sales - around 40%.

During the late eighties the market experienced several years of rapid growth, but in 1991 it grew by just 4%. Key factors in this slow-down were a falling-off in growth of CD sales, and the current recession. In 1991 the French economy achieved its lowest annual growth in GDP - 1.2% - since 1983. However, in the first half of 1992 the economy was looking healthier as household consumption began to pick up again. Expenditure per capita on recorded music was $27.04 in 1991.

3.2 CONSUMER BREAKDOWN

The continuing decline of the 15-24 year-old age group (from 15.1% in 1990 to 12.8% by 2000) will ensure that single sales continue to fall. This age group is also a larger buyer of international repertoire so it is possible that domestic artists will fare better in the future. High CD penetration indicates the growing importance of older, more affluent consumers whose numbers are on the rise. While the 25-34 year-old age group is expected to remain steady at around 8 million until 2000, the number of people aged 45 to 64 is forecast to grow from 11.7 million to 13.5 by the year 2000.

3.2.1 Ownership of Hardware

The number of households with hi-fi equipment has increased steadily throughout the 1980s. In particular CD penetration has enjoyed high growth rates and is considerably higher in France than in most of its European neighbours. Current estimates vary between 22% and 40% of households. Cassette players have enjoyed high sales aided by their portability. Increasingly they are included in cars as standard equipment, and 19.1 million cars currently have in-car cassette players.

3.2.2 Specialist Genres and Markets

The French charts are dominated by mainstream international and domestic artists, ranging from rap to pop to heavy rock. France is one of the few European markets where domestic language product achieves a high share of the popular repertoire market. However the 1991 figure of 40%[2] is down from the 1978-1988 average in the table below.

Table 3.1: Average Number of Foreign Artists In Top 100 (1978-1988)

	Singles	Albums
UK	13	23
US	15	15
Australia	4	1
West Germany	4	0
France	62	59
Italy	4	0
Canada	1	0
Others	2	2
Total	100	100

3.2.3 Canadian artists

There has been what some refer to as a new wave of Québécois artists who have found success in France in the 1990s. These include Roch Voisine, Luc de la Rochelière, Jean Leloup, Daniel Lavoie and Robert Charlebois. Many significant Québécois record companies believe that achieving success for Canadian French language artists in France is vital if they are to develop their business. However, this is difficult to achieve without the support of one of the majors or a significant French independent label.

Roch Voisine began his recording career on the French language independent label Disque Star before being picked up in France by the independent Georges Mary. In the past three years Voisine has released three albums which have sold more than five million copies in Europe. The bulk of these sales were in France, with the French speaking parts of Belgium and Switzerland also providing considerable sales. During his four month tour of Europe in 1992 he performed four sell-out concerts at the 16,000-seater Palais Omnisports de Paris-Bercy and played before a crowd of 35,000 and a television audience of 12 million in front of the Eiffel Tower.

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[2] Source: SNEP

Roch Voisine was a beneficiary of a cross-licensing arrangement between Disque Star and Georges Mary. Disque Star first released records by a French artist licensed from Georges Mary. Georges Mary reciprocated with Roch Voisine. His success in France enabled Geroges Mary to extend his success into other parts of Europe via its own distribution deal with BMG. Now that Roch Voisine is due to release his first recordings in English there is great competition among the majors to sign him for the English-language international markets.

Daniel Lavoie, who records for and partially owns the Trafique label, has had success in France following a cross-licensing deal with the independent Trema. The licensing deal covers the catalogues of both companies. Virgin France have a similar deal with Disque Double.

An example of a deal which has worked the other way is that between BMG and Ian Tremblay, who have formed a Québécois joint venture, BMG Québec. This has led to at least one significant success with the breaking of the French artist Patric Bruel in Québec. The next objective of the partnership is to take a successful Québécois artist and to expose them to the French market place.

Kashtin, who perform folk rock in their native North American Indian tongue, are another Canadian act who have had success in France. In 1990 their first album reached the top 30. In contrast, several artists who have had success in Québec, such as Julie Masse, Ginette Reno, Rene Simard and Paul Piché have failed to repeat this in France to date, possibly because of their lack of promotional visits or tours in the country.

3.2.4 Other specialist genres

France is a recognised centre for world music production, particularly African, although its artists tend to gain more recognition outside the country. In France their success tends to be confined to the immigrant communities, although there have been two big hits in recent years, from Mory Kante, whose Yeke was successful internationally, and more recently from Cheb Khaled. Moroccan-born Khaled has sold over 100,000 records in France and 17,000 in the rest of Europe. Most impressive, though, has been his success in India where he has sold over 250,000.

The strong caribbean culture in France has produced a growing number of jazz, rap and ragga artists. Unlike world music, these artists have enjoyed great success in France and some such as rap artist MC Solaar and jazz band Sixun are gaining recognition overseas. In 1992 French rave and house acts have also emerged, boosted by four successful compilations, released by BMG, Virgin, Fnac Music and the indie dance label Rave Age respectively. However, both Rave Age and Fnac Music report that the bulk of the sales for their dance albums are overseas, and Fnac Music's policy is to break its house acts overseas first.

Like the UK and Germany, there is an alternative rock scene in France, but dance music has been slower to catch on. However, many French rock bands are beginning to turn towards funk, and last year the music publishers' association finally recognised rap as a musical genre. One of France's most successful recent exports, Les Negresse Vertes, is typical of another trend in France of mixing traditional styles of music with contemporary sounds.

The market for compilation albums has expanded dramatically since television advertising was allowed in 1988. The market leader is the Dutch-owned Arcade. Initially the demand was largest for dance compilations but now Arcade reports a shift towards "best of" compilations possibly as a result of the demographic shift towards an older population.

3.3 SIZE AND STRUCTURE OF THE MARKET

Table 3.2: Annual Total Shipments (millions)

	1989	1990	1989	% Change 90/91
7" Singles	33.3	25.0	13.7	(45%)
Units Value (FF)	n/a	309.1	174.2	(43%)
12" Singles	0.7	1.6	0.8	(50%)
Units Value (FF)	n/a	40.2	20.3	(49%)
Cassette Singles	-	-	3.0	n/a
Units Value (FF)			44.9	
CD Singles	0.7	1.4	2.0	43%
Units Value (FF)	n/a	33.7	55.6	65%
Total Singles	**36.2**	**28.0**	**19.5**	**(30%)**
Units Value (FF)	**n/a**	**383.0**	**295.0**	**(23%)**
LPs	16.2	6.7	1.2	(81%)
Units Value (FF)	n/a	204.4	38.4	(81%)
Cassettes	40.1	42.0	37.4	(11%)
Units Value (FF)	n/a	1,512.8	1,376.1	(9%)
CDs	40.3	54.7	65.4	19%
Units Value (FF)	n/a	3,143.5	3,777.1	20%
Total Albums	**96.6**	**103.4**	**104.0**	**1%**
Units Value (FF)	**n/a**	**4,860.7**	**5,191.6**	**7%**
CD Video	0.1	0.1	0.1	(6%)
Units Value (FF)	n/a	14.0	15.6	11%
Video Cassette	0.7	1.3	1.4	7%
Units Value (FF)	n/a	98.0	102.5	5%
Total Value (FF)				
4Wholesale	**4,809.6**	**5,355.7**	**5,604.7**	**5%**
Retail	**8,224.4**	**9,072.0**	**9,492.0**	**5%**

Source: SNEP

In 1991 the wholesale value of the French recorded music market stood at Ffr5.6 billion (US$996.2 million). This represented a 4.6% increase over the previous year, but was a considerably lower rate of growth than the peak of 35.7% achieved in 1988. This exceptionally high figure was prompted by the cutting of VAT from 33% to 18.6%, access to TV advertising for the first time, and a rise in CD's popularity.

The launch of the cassette single and the continued growth of CD singles have failed to boost the singles market. Vinyl remains the best selling format, but total unit sales of singles fell by 30.4%. Total unit sales of albums increased by just 0.6%, while the value increased by 6.8%. This was due purely to CD sales, which increased by 19.3% in terms of volume, while sales of vinyl albums have all but disappeared, accounting for just 1% of the total market for recorded music in 1991.

Overall, CD accounts for over 60% of unit sales, while vinyl accounts for a mere 5%, and cassettes 30%. In terms of value, CD represents, because of its higher price, 70% of sales.

In the first eight months of 1992 total unit sales fell by 10% while the markets' wholesale value grew by only 3.6%. The only format to experience growth was CD, but at a lower rate than the previous year's 13.8%. With CD sales beginning to slow and cassette sales starting to fall, the market is awaiting the potential boost from new formats, such as DCC and MiniDisc.

Forecasts for the combined sales of both formats range from between 7.4 million units (Datamonitor) and 20.5 million (MBI) by 1996. Both estimates would more than compensate for the continuing decline in cassette and vinyl sales. MBI predicts the total volume of album sales alone will reach 145.7 million units by 1996 - an increase of 40% from 1991. Datamonitor's less optimistic predictions put total sales of all formats (albums and singles) at just 128.9 million units (an increase of 4.4%).

With higher priced formats, such as CD, DCC and MiniDisc, accounting for an increasingly large proportion of sales, the value of the market will continue to increase more dramatically than its volume. MBI forecasts sales will raise to a wholesale value of $2,978 million by the year 2000, an increase of 57.7%.

3.3.1 Market Share of the Majors

Table 3.3: Market share of the majors 1991

	Market Share (%)
PolyGram	30
EMI	9
Warner Music	13
Sony Music	20
Virgin *	10
MCA	3
BMG	15

* Virgin has since been acquired by EMI Music
Source: MIRO

The market shares of the majors have remained fairly stable for the past three years. The one exception is EMI, whose purchase of Virgin Records brings their joint share up to 19%. EMI aims to increase this share with the establishment of a new label, Francophone, which will be entirely dedicated to French and francophone artists.

Sony Music is also expanding, most recently by announcing the acquisition of Trema, one of the leading independents. Trema has a strong roster of traditional local acts such as Charles Aznavour, Michel Sardou, Catherine Lara, Enrico Macias and Francis Lalanne. Trema has been distributed by Sony since 1992, and its turnover in that year was FF130 million.

PolyGram remains the largest company in the French music industry, having increased its market share with the purchases of A&M and Island at the end of the 1980s. BMG and Warner also acquired French labels during the 1980s, BMG with Vogue, and Warners with Carrere and the further purchase of the classical label Erato in 1990.

Walt Disney France has announced that it is to set up a new label for national artists, Touchstone Records. Two acts have already been signed and Disney expects the label to generate more than $9 million annually.

3.3.2 Independent Sector

It has been estimated that around 28% of the singles and 25% of the albums which charted during 1990 were on independent labels.[3] During the eighties most medium-sized companies were bought up by the major multinationals. Although the collecting societies list around 400 independent French labels, only around 30 play a significant role.

The leading remaining independent is Fnac Music, launched by the Fnac chain of record retailers in January 1991 on the acquisition of the independent distributor Wotre Music. In its first year of operation it invested $3 million in signing and recording French artists and achieved sales of around $29 million. In 1992 it continued to increase its turnover with the purchase of the independent label and distributor New Rose.

New Rose intends to continue its commitment to developing French rock artists and licensing influential North American acts, operating under the guidance of founder Patrick Mathe and with its own independent sales force. Mathe claims that New Rose will add at least $9 million to Fnac Music's revenues. Combined with Wotre Music, the company has a catalogue of over 8,000 titles. Fnac Music also has distribution agreements with Belgian label Play It Again Sam and the French subsidiary of Dutch-owned Arcade.

The other French independents are far smaller specialist operations such as Melodie, Sonodisc (world music), Media 7 and Harmonie Distribution (classical, jazz, imports) and Auvidis and Harmoni Mundi (classical).

3.3.3 Distribution Arrangements

Distribution is mainly carried out by the five major multinationals, with independent distributors accounting for only about 5% of sales. Of these, the main companies are Fnac's distribution arm Wotre Music, Media 7, Pickwick, Musidisc and Baillemont. When foreign labels are picked up for distribution the product is bought at distribution price and then a mark-up is added before it is sold at the standard wholesale price. Important wholesalers and rackjobbers include SDO and Cogidep.

3.3.4 Retail Structure

Only 400 specialist retailers exist in France, considerably less than in the UK or Germany. Of these, Fnac and Virgin are the largest with 23% and 7% of the market respectively, while hypermarkets still account for 35% of sales, using records as loss leaders, and wholesalers and chains account for another 17%.

Virgin's arrival in 1988 introduced the megastore concept to France. Fnac was quick to respond with the rapid expansion and upgrading of its stores. Expansion has now slowed,

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[3] Source: MIDEM Daily News

but competition between the two remains fierce and Fnac's latest strategy is to discount top line product by up to 20%.

The total number of new specialist stores to open in 1991 was 29 - an increase of 5,520 sq m, down from 15,000 sq m the year before. In 1992 total surface area was expected to expand by another 6,000 square metres. 1991 also saw the closure of an HMV megastore.

Direct sales is a growth area of the market and is dominated by two major book and record clubs, Dial and the Bertelsmann subsidiary, France Loisirs, which account for around 4% of total sales.

3.4 COPYRIGHT LEGISLATION

France's 1985 Copyright Law gives the longest periods of protection for both composers and producers and royalties on blank tapes. France is a signatory to both the Berne and Rome conventions and gives 70 years posthumous copyright protection to composers and 25 years from the date of recording for the owners of rights in sound recordings.

In 1991, the French authors' society SACEM had an income of US$560.5 million. Of this 31.7% came from performance rights, while mechanical rights accounted for 19.1%. Radio and TV accounted for 24.9% of income while blank tape royalties, of over FF114 million, accounted for 5.6%. SACEM distributes half the blank tape levy to authors and the remainder is divided between record companies and recording artists.

SACEM invests some of its commission in a pension fund for its French members and also sets aside 25% of blank tape royalties for investment in French music. This has led to some accusations from owners of repertoire originating outside France (particularly Anglo-American repertoire) that earnings generated by them is used to the benefit of French composers rather than the overseas rights owner.

SPRE administers neighbouring performance rights for producers. The producers' organisation SCPP and the performers' organisations ADAMI and SPEDIDAM are owned by SPRE.

3.5 GOVERNMENT ASSISTANCE

Unlike its other European counterparts, the French recording industry has received considerable direct help from its government. Support is provided by the FCM (Le Fond Pour La Creation Musicale), established by the Minister of Culture, Jack Lang, in 1986. The FCM provides funding for various projects including the production of records and promotional videos, and the running of music festivals. Only three records are financed a year and the producer must provide a minimum of 30% of the funds, but the aid is available for all francophone productions and not just artists of French nationality. French Canadian artists are thus eligible for support, on the condition that they record and release the product in France. As yet there are no cases of Canadians being awarded such funds but several African artists have been.

A more recent initiative from the Ministry of Culture was the creation of the French Music Office in America. Established in 1990 and headed by Jean-Francois Michel, the role of the office is to improve exports of French music. The office was established with FF1.9 million from SNEP, the Ministry of Culture, FCM, ADAMI and SACEM. It offers subsidies amounting to FF1.2 million for tours by French artists, French festivals outside France and for projects that develop links with other countries. To date the office has supported three tours: by pop act Etienne Daho on Virgin; by world music artists Cheb Khaled; and by rock band Black Desire. The office also hopes to be able to provide information both for French artists on foreign markets and for foreign artists on the French market.

3.6 MARKETING AND PROMOTION

3.6.1 Television

Household penetration of television is around 95% or about 20.5 million households. Estimates of VCR penetration vary between 33-44%. On average, the French viewer watched just over 22 hours of television a week in 1992, slightly less than the previous year.

There are five main national broadcasters; the public broadcasters France 2 and 3 (previously Antenne 2 and FR3), the private commercial networks TF1 and M6, and the pay-tv channel Canal Plus.

M6 is particularly aimed at youth audiences and achieves a prime time audience share of around 7%. Approximately one third (36%) of programming is devoted to music programming and the channel shows around 3,500 music videos a year. It transmits 24 hours of programming daily and 254 minutes of advertising a week.

In addition to this the 24-hour music channel Euromusique reaches 650,000 households via cable and a further 40,000 via satellite. From April 1992 the channel will also be carried on the Telecom 2A Satellite, which should increase its audience. The French Government sees the channel as a competitor to MTV Europe which reaches over 750,000 French homes.

Television attracted 74% of music industry advertising spend (FF623 million/$111 million) in 1991. Over half this expenditure was on compilation albums. Single artist records took 29% and classical records attracted 8%.

3.6.2 Radio

France is served by three national music stations, including one devoted to classical music. In addition there are around 1500 local stations and nine networks. With a 9-10% audience share, top 40 network NRJ is the leading all-music station. Other top 40 stations include Skyrock, RFM, Fun Radio and M40 (a new national network created by the merger of Metro and Maxximum). Top golden oldie stations are Nostalgia and Fun FM, while Europe 2 and RFM feature adult contemporary music.

FM stations favour Anglo-American material, but following discussions with SACEM, new contractual obligations have been established regarding French material. French national radio stations have agreed to fill 50% of French airtime with French material. French content quota. However the private networks have not had similar restrictions, and chart format stations such as NRJ, Fun and Skyrock have programmed very little French music. However, negotiations with the producer's associations SNEP and APPI, resulted in a contractual obligation to fill 20% of airtime with French material of which 40% must be new talent (ie under two gold records). The CSA can also impose French content obligations when awarding new radio licences. All these obligations refer to Francophone artists and thus include French speaking Canadians. Skyrock agreed to air 25% new material between 6am and 10pm, 40% of which is French. M40 agreed to play 30% French products, rising to 40% in 1992.

In 1991 radio attracted FF116 million ($21 million) in advertising revenue from the music industry, (14% of total expenditure), down 3% on 1990.

Collaboration between Radio stations and French record companies on radio advertising for albums is commonplace. RFM, for example has worked with CBS and PolyGram and plans to work with Warner and EMI in 1992.

3.6.3 Press

Of the many different music titles available the most important national magazines are the monthly Best, with a circulation of 85,000 and Rock and Folk. Another important title is Inrockuptibles, because of its emphasis on Anglo/American acts. Trade magazine Show reaches 4,000 readers. Ad spend by the music industry on the national press increased by 16% in 1991 to FF87 million ($15 million), 10% of total expenditure by the industry.

3.6.4 Retail

The largest specialist retailer Fnac produces an in-store magazine and can offer promotional campaigns both within its stores and externally. Promotional campaigns run for a minimum of two weeks and, rather than charge a fee, the store leaves the production of all promotional material to the record companies.

3.6.5 Touring

The heart of the French live music circuit is in Paris, but in comparison with London or other major capitals the city has a poor range of concerts. One of the largest venues is the 16,000 capacity Palais Omnisports. Other venues include, the 1,400 capacity La Cigale, the 2,000 capacity Olympia, the 6,000 capacity Zenith and the 1,300 capacity Elysee Montmarte. The city is also home to a number of Jazz clubs, including New Morning, Les Bouchons, Arbuci, Cafe de la Plage, Caveau de la Huchette, Au Duc des Lombards, Latitudes, The Lionel Hampton Bar at Le Meridien Hotel and Petit Journal Montparnasse. Outside Paris the major cities such as Toulose, Lyon and Bordeaux all stage major concerts at sports stadiums.

Most of the main concert promoters are also based in Paris including two of the biggest promoters - SDS, who specialise in US rock acts such as Bon Jovi, and Programe who deal with lesser known acts such as Holland's Urban Dance Squad and Canada's The Tragically Hip.

3.6.6 Festivals

Perhaps the most important festival in France for new bands is Transmusicales, held every year in the first half of December. Since 1979, 300 new bands from 21 countries have performed for the first time at the festival, which attracts audiences of up to 2,000 people a day. A wide range of musical genres are represented, including jazz, gospel, rock, dance etc, and in 1992 the line-up included Canadian acts Tragically Hip, Bootsauce and Dede Trake. On a much larger scale is Printemps de Bourges, now in its 17th year and attracting an audience of around 50,000 people. A wide range of acts are featured, from complete newcomers to top international names.
There is a wide circuit of jazz festivals in France, including Jazz á Vienne, Nancy Jazz Pulsations, Festival International Jazz d'Ami, JVC Grande Parade du Jazz and the Europa Jazz Festival.

3.7 SUMMARY

As one of the three largest markets for recorded music in Europe, France will always be important in the marketing of international repertoire. Paris is probably the world centre for African and world music, and this is reflected through French artists such as Les Negresses

Vertes and The Gypsy Kings. Although Anglo-American music dominates around the world, France has on occasion provided greater success to acts which have not had similar success in the UK or North America.

As in many cultural areas, the French are less susceptible to non-French language repertoire, and unlike most other countries, the Government is actively involved in funding and promoting domestic music. The French market has close links with other Francophone markets, particularly the French language parts of Belgium and Switzerland, and to a lesser extent in Africa, which allows a hit in France to cross-over with less effort than might otherwise be the case.

The French market is therefore attractive to francophone Canadian artists who can benefit from the Government aid programme and the fact that radio stations have certain contractual obligations to broadcast French language material should provide further encouragement for French Canadian bands. However, it should be noted that the government's funding has fallen in recent years and that the market share of French artists is falling.

In France, it is at least as important if not more important than in other European markets, to ensure that an artist spends a significant amount of time in the country, both touring and in promotion. In many cases the failure of Québécois artists to cross-over to the French market has been attributed, at least in part, to the small number of French visits by the artists. This reflects to some extent the relative lack of capital available to Québécois companies compared to English language labels which have obtained distribution financing from the majors.

Independent distribution networks are rarer than in the UK or Germany, and the retail sector is only just beginning to realise the potential of the megastore concept which is established in North America and the UK. The introduction of such stores is likely to erode the market share of the general hypermarkets for whom recorded music is only a small part of the range of goods they sell.

Although the French market is currently depressed, signs of a recovery appear to be in sight and the projected growth in GDP for 1992 is 2.0%, rising to 2.6% in 1993. Inflation is expected to continue falling to 2.8% in 1992 and consumer expenditure is forecast to grow by 2.1%. This may be reinforced by the new digital formats, although there may be initial resistance from consumers until one or the other has made significant inroads.

3.8 CONTACT DIRECTORY

3.8.1 Government agencies

FCM (Fondation de Creation Musicale)
141 rue la Fayette
75010 Paris
Tel: 33 1 4878 5060
Fax: 33 1 4596 0697
Director: Bruno Rony

French Music Office
47 rue de Turbigo
75003 Paris
Tel: 33 1 42 76 03 30
Fax: 33 1 42 76 01 50
Director: Jean Francois Michel

3.8.2 Major Record Labels

BMG France
17 Rue Soyer
92523 Neuilly Cedex
Tel: 33 1 46 43 67 00
Fax: 33 1 47 45 07 50
Head of A&R: Barnard Carbonez
In addition to its key French labels, Vogue and Ariola, BMG France also deals with distribution for MCA.

EMI France
43 rue Camille des Moulins,
BP 49
92133 Paris
Tel: 33 1 4629 2020
Fax: 33 1 4629 2121
Head of A&R: Gerard Gerdillier
Does do licensing and distribution deals but no standard terms of contract exist.

MCA Music France
35 Boulevard Malesherbes
75008 Paris
Tel: 33 1 42 65 08 93
Fax: 33 1 42 25 11 34
Only deals with publishing.

Phonogram France
89 Boulevard Auguste Blanqui
75013 Paris
Tel: 33 1 40 78 7000
Fax: 33 1 45 81 0118
Head of A&R: Caroline Molko
Does do licensing deals with foreign acts, usually for album deals.

Polydor France
2 rue Cavallotti
75018 Paris cedex 18
Tel: 33 1 44 69 10 00
Fax: 33 1 47 22 01 68
International A&R: Christiane Ouvrier
No new signings until 1994.

Sony Music Entertainment France
1 rue du Chateau
92200 Neuilly sur Seine
Tel: 33 1 47 38 08
Fax: 33 1 47 38 07 68
International A&R - Squatt: Olivia Bealu
In addition to its international labels, Columbia and Epic, Sony has a French artists development label Squatt, which includes international bands, such as the American funk/metal group Fishbone, on its roster.

Virgin Records France
11 Place des Vosges
75004 Paris
Tel: 33 1 4029 0000
Fax: 33 1 4029 0757
International Label Manager: Gerard Beullac
Licenses a number of UK independent labels such as Factory, Mute and 4AD.

Warner Music/WEA
102 Avenue de President Kennedy
75016 Paris
Tel: 33 1 44 30 4000
Fax: 33 1 44 30 4050
Head of A&R: Daniel Betam
Owns the French labels Carrere and Erato.

3.8.3 Independents

Arcade Indisc France
88 avenue du Generale Leclerc
92100 Boulogne-Billancourt
Tel: 33 1 41 10 23 40
Fax: 33 1 47 12 06 54
General Manager: Jean Luc Lavignette
Leading producer of compilation albums.

Fnac Music
99 Rue du Cherche Midi
75006 Paris
Tel: 33 1 44 39 50 00
Fax: 33 1 44 39 50 30
Licensing Manager: Sara Jane Richardson

Georges Mary
8 rue Lincoln
75008 Paris
Tel: 33 1 45 63 90 37
Fax: 33 1 45 63 76 24
MD: Georges Mary
Since signing the French Canadian artist, Roch Voisine, the label has sold one million copies of his album. Voisine is now trying to break into the English language market, both in Canada and internationally. The label is distributed throughout Europe by BMG.

Harmonia Mundi
108 rue Vieille du Temple
75008 Paris
Tel: 33 1 4277 2447
Fax: 33 1 4277 3129
MD; Claude Maltese
Classical music specialist

Remark
89 rue de la Boetie
75008 Paris
Tel: 33 1 4076 0854
Fax: 33 1 4076 0855
MD: Jean-Pierre Haie

XIII Bis Records
33 rue des Petits Champs
75001 Paris
Tel: 33 1 40 15 05 43
Fax: 33 1 40 20 93 55
Director: Gilles Bressand
One of France's few remaining independents, specialising in alternative rock. Signs international as well as domestic artists, but has not signed any Canadians.

Trema
52 bis Avenue d'Iena
75116 Paris
Tel: 33 1 44 43 86 00
General Manager: Catherine Regnier

3.8.4 Distributors

Baillemont
26 rue des Beaux Sites
95390 Saint-Prix
Tel: 33 1 3959 3026
Fax: 33 1 3959 8673
Production Manager: Lionel Baillemont
Distributes mainly new age product from foreign labels.

SDO
ZR de Gesradt 15
35410 Domloup
Tel: 33 99 37 56 56
Fax: 33 99 37 56 30
Wholesaler

Cogidep
Rue des Vieilles Vignes
PO Box 85
Croissy Beaubourg
77422 Marne-La-Vallee cedex 2
Tel: 33 1 6462 1717
Fax: 33 1 6462 1240
Wholesaler

Media 7
15 rue des Goulvents
92000 Nanterre
Tel: 33 1 4724 2411
Fax: 33 1 4725 0099
Dance: Eric Grimand
Rock: Gerrerd Giraud
Jazz/Blues: Michelle Bajiras
Classical: Yves Riesel
Reggae/World Music: Sylvie Locquat

Musidisc
3-5 rue Albert de Vatimensil
PO Box 190
92305 Levallois-Perret cedex
Tel: 33 1 4758 1290
Fax: 33 1 4758 6748
General Manager: Alain Olivier

Pickwick France
10 rue Isaac Newton
21 le Coudray
93150 Le Blanc Mesnil
Tel: 33 1 45 91 22 40
Fax: 33 1 45 91 21 97
Contact: Michelle Poulain
Distributes mid-price and budget releases on its own label and on other foreign labels.

3.8.5 Associations

Sacem
225 Avenue Charles de Gaulle
92521 Neuilly-sur Siene cedex
Tel: 33 1 4715 4715
Fax: 33 1 4745 1294
Rights society for authors, composers and producers.

SNEP (Syndicat National de l'Edition Phonographique)
48 Boulevard des Batignolles
75017 Paris
Tel: 33 1 438 722 66
Fax: 33 1 438 710 79
National organisation for record producers, music publishers and music video producers. Also French IFPI affiliate.

3.8.6 Press

Best
23 rue d'Antin
75002 Paris
Tel: 33 1 4742 3356
Fax: 33 1 4742 6886

Inrockuptibles
23 rue D'alesia
75014 Paris
Tel: 33 1 43 35 50 55
Fax: 33 1 43 35 15 20

Rock and Folk
15 Quai de L'oise
75019 Paris
Tel : 33 1 40 34 22 01
Fax : 33 1 40 35 84 41

Show Magazine
36 rue de Lisbonne
75008 Paris
Tel: 33 1 44 43 88 50
Fax: 33 1 44 43 88 58

3.8.7 Venues

Elysee Montmarte
72 boulevard Rochechouart
75018 Paris
Tel: 33 1 4252 2515
Fax: 33 1 4606 3879

La Cigale
120 boulevard Rochechouart
75018 Paris
Tel: 33 1 4223 3800
Fax: 33 1 4223 6704

New Morning
7 rue des Petites Ecuries
75010 Paris
Tel: 33 1 4523 5639
Contact: Christine Badier

Palais Omnisports
8 boulevard de Bercy
75012 Paris
Tel: 33 1 4341 7204
Fax: 33 1 4342 0950
Contact: Philippe Vantadour

Olympia
28 boulevard des Capucines
75009 Paris
Tel: 33 1 4742 8245
Fax: 33 1 4742 2349
Contact: Jean Michel Boris

Zenith
211 avenue Jean-Jaures
75019 Paris
Tel: 33 1 4245 9148
Fax: 33 1 4202 6680
Contact: Daniel Colleng

Palais des Sports de Toulouse
1 rue du Canon d'Arcole
31000 Toulouse
Tel: 33 6122 1100
Contact: Christian Bimes

Palais des Sports Lyon
350 avenue Jean-Jaures
69007 Lyons
Tel: 33 7872 6202
Fax: 33 7872 5610
Contact: Robert Nenoz

Palais des sports Bordeaux
Place Ferme de Richemont
33000 Bordeaux
Tel: 33 5679 3961
Director: M. Lacarriere

3.8.8 Promoters

Programe
17 rue Lambert
75018 Paris
Tel: 33 1 4251 4040
Fax: 33 1 4251 5196
MD: Bernard Batzen

SDS
45 rue de Belleville
75020 Paris
Tel: 33 1 4203 1111
Fax: 33 1 4206 8690
MD: Eric Basset

3.8.9 Festivals

Jazz a Vienne
Hotel de Ville
38200 Vienne
Tel: 33 74 85 46 62
Fax: 33 74 31 75 72
July
Director: M. Boutellier

Printemps de Bourges
20 Avenue Porte de la Vilette
75019 Paris
Tel: 33 1 40 35 19 19
Fax: 33 1 40 36 60 59
Director: Daniel Colleng
April

Transmusicales Festival
10/12 rue Jean Guy
3500 Rennes
Tel: 33 99 31 12 10
Fax: 33 99 30 79 27
Director: Hervé Bourdear
December

4 GERMANY

4.1 INTRODUCTION

The reunification of Germany in 1990 created the largest market in Europe for recorded music. For the five major multinational record companies, and the small independent sector, it provided access to another 16 million consumers and sales increased dramatically. For DSB, the East German state-run record company, it also opened up the opportunity to become a major European player.

However, the costs of reunification have placed a heavy burden on the country's economy. In the former Eastern states, despite the moves towards a free market economy, GNP growth remains low while inflation and unemployment are rising rapidly. In the West, meanwhile, the cost of financing the East's fledgling private sector continues to place considerable strain on its economy. The effect of this, combined with the maturing of the CD and cassette markets, has been to slow growth in the music industry.

Germany's geographical proximity to Eastern Europe, together with the reunification, has given the country strong links with the former Iron Curtain countries. Some German record companies have strong links into these markets, however, the severe economic problems being faced by these countries and the limited marketing infrastructure makes them less attractive than the Western European states.

4.2 CONSUMER BREAKDOWN

The population is not ageing as rapidly in Germany as in some other European countries, but the number of teenagers is declining. In 1991 the number of 15-20 year-olds was 5.35 million, compared to 5.47 million the previous year. This is bad news for the recording industry, since teenagers remain the most important market. Fortunately, as in France and the UK, the Sixties baby-boomers are becoming CD-owning thirtysomethings. As the more affluent adult population over 40 continues to grow considerably, it will become increasingly important for the record industry to target this age group.

4.2.1 Ownership of Hardware

The number of CD players sold in 1991 was 3.2 million, but with penetration nearing 50% the market is approaching saturation. It is estimated that 75% of the population own record players, but sales have been falling steadily for the past few years and in 1991 were 510,000. With penetration of cassette players at around 70% their sales have also begun to fall and in 1991 stood at one million.

4.2.2 Specialist Genres and Markets

Mainstream international artists continue to dominate sales in Germany and domestic repertoire has traditionally not fared well. It is estimated that, on average, the majors make only around 10% of their profit from domestic acts. As a result most new upcoming bands sing in English. Techno dance music has also proved very successful in Germany, thanks largely to its popularity in the country's strong club scene, although many A&R departments feel it is starting to go out of fashion. Perhaps because of the instrumental nature of techno, German acts have managed to build a strong reputation both domestically and in the UK.

Traditional Bavarian Volksmusic is also proving popular and crossing over into the mainstream. Classical music has achieved 10% of total sales for the last five years. Compilation albums accounted for 14% of the top 389 releases of 1991, while soundtracks accounted for less than 4%, over double the 1990 percentage.

4.2.3 Nationality of Artists

The table below sets out an analysis of the 1991 Top 100 singles and albums chart in 1991 by nationality of artist. Although there is no formal analysis by language rather than nationality, in general, most non-German artists with success in Germany record in English, as indeed do a number of the leading German artists. Other languages, such as French, do not perform well in the German market.

Table 4.1: Nationality of Artists in Top 100 1991

	Singles	Albums
UK	33	26
US	32	30
Germany	17	27
Sweden	●	1
Canada	2	1
Australia	●	2
Italy	●	[illegible]
Spain	●	2
Norway	0	1
Others	10	10
Total	100	100

Source: Musikmarkt

Domestically-produced singles accounted for just 22.2% of the top 485 singles in 1991, while foreign artists accounted for 77.8% Of the 32 US singles 13 were dance, 13 pop, and only 6 rock.

In 1991, domestically-produced albums accounted for 13.7% of the total market, down from 14.8% in 1990. Of the 32 US albums in the top 100 for 1991, 10 were pop, 4 were dance but the majority were rock or MOR.

A number of English-speaking Canadian artists have enjoyed considerable success in Germany.In the 1991 top 100 singles there were two Canadian acts, the rock singer Bryan Adams and rap duo The Dream Warriors. Perhaps the best known after these two is Tom Cochrane, whose *Life is a Highway* album charted on EMI last year. Other Canadian artists on the label include The Grapes of Wrath, The Infidels and Rock Head, none of which have shared the same success as Cochrane. Warner has also had success with The Boomers, whose debut MOR rock album, *What We Do*, reached No. 50 in the German charts. As yet, however, the label has not had the same success with k.d. lang, who is not as well known as she is in the UK or in North America, or with The Barenaked Ladies. Other Canadian artists established in Germany are Sony's Celine Dion, and BMG's The Cowboy Junkies.

4.3 SIZE AND STRUCTURE OF THE MARKET

Table 4.2: Annual Total Shipments (millions)

	1989	1990	1991	% Change 90/91
7" Singles Units	16.0	11.1	7.3	(34.2)
12" Singles Units	9.7	6.7	3.0	(55.2)
CD Singles Units	6.5	9.4	14.6	55.3
Total Singles Units	**32.2**	**27.2**	**24.9**	**(8.5)**
LPs Units	16.0	43.9	23.4	(47)
Cassettes Units	58.3	76.2	75.8	1.5
CDs Units	56.9	76.2	102.2	34
Total Albums Units	**163.5**	**194.8**	**201.4**	**3.4**
Total Value (DM)				
Wholesale	1,490	n/a	n/a	n/a
Retail	3,095	3,645	4,040	10.8

Source: Phono Press

A boom in sales following reunification in 1990, brought the total value of the German market for recorded music to DM4 billion ($2,434 million) an increase of 10.8% on 1990. However, the increase in total volume from 222.0 to 226.3 million units was far lower at just 2%.

Single sales continued to decline and accounted for only 11% of the total volume of sales in 1991. The CD single is the major format and since its launch in 1989 has captured 60% of the declining singles market. In 1992 the cassette single was launched, but after a $600,000 trial launch this year it failed to take off. Best-selling titles were only selling 2,000 copies in the format, compared to sales of 150,000 for CD singles and 100,000 for vinyl.

CD is also the major format in album sales, and accounted for 59% of market in 1991. The decline in vinyl album sales accelerated and the growth in cassette sales slowed to just 1.5%. Between them CD and cassettes fuelled healthy growth in the industry overall in the latter half of the eighties.

Figures for the first half of 1992 suggest the effects of the worldwide recession and the saturation of CD are finally catching up with the German music industry. The total number of units sold for the period was 87.6 million, down 11.4% from the previous year's total of 98.9 million. The total volume of albums sold was down 13.1% on the same period for 1991, with LP sales falling by a dramatic 77.8%. Sales in cassettes were also down for the first time by 28.9%, while the growth in CDs began to slow.

On a more positive front, the decline in the singles market was halted, thanks to the strong growth in CD single sales.

Datamonitor forecasts total sales of 241.7 million units in 1996, a rise of 6.8% from 1991. MBI puts total sales of albums alone at 236.7 million units, an increase of 17.5%. MBI's higher forecast is based on a more positive prediction for DCC and MiniDisc sales - 28.8 million units by 1996, compared to Datamonitor's figure of 15.6 million.

Because the higher priced formats such as CD, DCC and MiniDisc, are likely to take an increasingly higher share of sales, the market's value is expected to increase by a greater amount. MBI predicts the total retail value of the market will rise by 51.8% to $4,151 million by the year 2000.

4.3.1 Market Share of the Majors

The estimated market shares of the majors is set out in table 7 below.

Table 4.3: Market Share of the Majors 1991

	Market Share (%)
PolyGram	21.0
EMI	17.4
Warner Music	22.0
Sony Music	11.6
Virgin *	n/a
BMG	21.9
MCA	n/a

* *Virgin has since been acquired by EMI Music.* Source: MIRO

BMG, the only German-owned major has traditionally enjoyed a stronger position in its native market than elsewhere in Europe. Warner Music's strong share was aided by the purchase of the German record company Teldec in 1988, which was renamed East West in 1991 to target Eastern Europe.

4.3.2 Independent sector

In what was West Germany, an important independent sector has developed alongside an alternative music scene. Although its overall share of the market is not as great as the UK's independent sector, it remains an important source of new talent. The largest indie, Intercord, accounts for around 4% of the market and its 1991 turnover was in the region of DM100 million (US$62.5 million). Owned by the German media group Georg von Holtzbrinck, the company has long-standing agreements with many UK independent labels from which it licenses a considerable number of acts.

Other smaller indies such as Rough Trade and SPV account for about 1-2% of the market and also depend largely on licensed foreign product. At the other end of the scale there are the small specialist labels which just produce repertoire and rely on larger companies to license, produce, distribute and promote the product. Dance labels Logic and Eye-Q, for example, are part-owned by BMG and Warner respectively.
In the East the largest independent is the former state-owned DSB, now headed by ex-Sony Music International European chief Jorgen Larsen. With over 9,000 classical titles in its catalogue and a mixture of German and internationally licensed acts on its roster, DSB is well placed to become a big player in Germany and Eastern Europe.

4.3.3 Distribution Agreements

Distribution is mainly handled by the majors, several of whom have their central European warehouses based in Germany. Smaller independent labels and foreign labels are either distributed by the majors or the main independent companies, such as Intercord, Rough Trade and SPV, which in total account for only around 5% of distribution. Another alternative is to sell straight to the 20 or so wholesalers which exist, handling less than 25% of sales.

4.3.4 Retail Structure

As in France, the German retail sector is dominated by department stores such as Karstadt and Media Markt, which often sell records as loss leaders. There has been increasing concentration of outlets for recorded music. Despite this about 1200 specialist outlets exist, the largest of which is World of Music, with 17 stores including two in East Berlin. Virgin opened two stores, in Berlin and Frankfurt, in 1991 and also plans to open another in East Berlin. The largest French music specialist chain, Fnac, is also due to open stores in Germany. One consequence of the arrival of Fnac and Virgin is the possibility of more joint advertising between retailers and record companies.

Record clubs, such as Bertelsmann's The Club, selling by direct mail, are becoming increasingly important and in 1991 accounted for 10% of total sales.

4.4 COPYRIGHT LEGISLATION

Limitations in Germany's copyright legislation have been exposed by the growth, since 1987, of trade in CD rentals by video rental stores. The attraction of this to consumers is that they can hire a CD for substantially less than the sales price, then copy it. This is a trend which, it is feared, could expand with the introduction of DCC and MiniDisc, both high quality and therefore relatively expensive formats.

At present, copyright owners have no protection against this exploitation. The expected approval of the EC's Directive on Rental Right and Lending Right should enable them to prevent unauthorised rental from July 1994, but in response to lobbying by the rental sector, the Government has agreed to allow stores to continue renting out existing stock and material produced before 1994.

The other copyright problem in Germany is piracy, particularly in the old Eastern bloc countries where illegal duplication is rife. It is estimated that the value of pirate tapes entering Germany from Poland is US$60-70 million, roughly half of total piracy in Germany.

There is also a black market in bootleg copies of concert recordings and, since Germany provides protection of foreign recordings only on a reciprocal basis, unauthorised recordings of concerts in countries which are not members of the Rome Convention are unprotected.

Germany has had a levy on recording equipment since 1965, and on blank tapes since 1985 with copyright owners receiving US$0.10 per C90 cassette.

GEMA administers performing and mechanical rights on behalf of authors and composers. In 1991, income was US$724.4 million, of which 42.4% came from mechanical copyrights, 24.0% from performing rights, 22.4 % from radio and TV, and 4.2% from blank tape levy.

GVL administers performance rights for producers. Its 1991 revenues were DM 31.5 million (US$21 million) almost all from radio and TV.

4.5 GOVERNMENT ASSISTANCE

Germany's regional governments have until recently provided little assistance to the music industry. However, there have been some changes and in 1992 the government of Nordrhein-Westfalen granted a four year subsidy totalling DM4.6 million to the Zentrum fur Musik und Kommunikations - Technologie. The centre aims to support art, music and literature, and is best known for organising POPKOMM, Germany's annual music fair. It also provides direct financial assistance to record labels and last year it awarded German indie label L'Age D'Or DM50,000 for developing new German speaking artists. This year it hopes to provide assistance to three companies and although the centre's role is primarily for local artists, it is also keen to develop international links.

4.6 MARKETING AND PROMOTION

4.6.1 Television

The number of television households in Germany, following reunification, is between 31 and 33 million. The average number of hours viewed per week is 20.9.

There are currently six national terrestrial broadcasters; the two state-run public broadcasters, ARD and ZDF, and four private networks, RTL Plus, Sat 1, Pro 7 and Tele 5. In addition there is a growing number of satellite and cable channels. Despite the number of channels on offer there is very little pop programming. The key outlet for promoting an act is via MTV Europe which reaches over 13 million homes in Germany. In addition the country is also due to receive its own all-music channel, Deutsche Musik Kanal, in June 1993. Unlike MTV, which favours Anglo/American artists, DMK will have a 40% quota of German language programming.

4.6.2 Radio

Germany's 16 "Lander", or regions, are served both by public radio stations and a growing number of private stations. Both rely on advertising for revenue and therefore tend to concentrate more on top 40 material. Traditional Volksmusic is also popular, and 1992 saw the launch of Radio Melody, the first national station dedicated to this style of music.

Because of the focus on the charts, it is hard to get airplay for new and upcoming acts. One of the few such outlets, DT64, is struggling to survive.

However, the importance of radio airplay can be bypassed by the existence of a strong club scene, which this year produced a dance single that stayed at number one for 13 weeks with virtually no airplay.

4.6.3 Press

Music publications include monthlies such as Concert (circulation 320,000), Live in Concert (321,000) and Musik Express/Sounds (160,000). Weekly youth magazine Bravo achieves an average circulation of 1.5 million. The main trade magazine is Musikmarkt.

4.6.4 Touring

Germany is one of the world's largest concert going markets and the size of the country makes it a key territory for any European tour. The principal cities on the live circuit are Hamburg, Cologne, Frankfurt, Berlin and Munich, each of which is served by a major stadium, such as Berlin's 11,000 capacity Deutschlandhalle, which has played host to the likes of Frank Sinatra and Lenny Kravitz. Another major venue is the 5,000 capacity

Westfalen in Dortmund, and most towns are served by smaller venues, most of which are government owned.

Major tours at the biggest venues are generally organised by five national tour promoters. These are Mama Concerts Lippmann & Rau, Lieberberg - Hoppe Konsertagentur, Karsten Jahnke Konzerte & Tourneen, Peter Rieger Konzertagentur and Sunrise Concertburo. Because of the size of the country these promoters have a close relationship with local promoters, who will often handle the local concerts while the national promoter oversees the whole tour. There are also a number of smaller promoters who work with overseas acts, especially those which don't have European agency representation. Two examples are Taboo in Aachen which works mostly with foreign acts, such as the Australian band the Hard Ons, and Fast Forward which organised the 1991 tour for North American group GWAR.

4.6.5 Festivals

Germany's biggest open air free festival is Rheinkultur, which this year expects to attract around 200,000 people. Held each year at the end of June, this one day event features around 30 acts, covering a wide range of musical tastes as well as theatre, cabaret and other performing arts. Other major annual events include Rock am Ring in May, which features around 20 bands and attracts an audience of between 40 and 60,000 people, and the Jubek Festival held in June, which attracts around 30,000 visitors. This latter festival takes place on three different stages for international, local and folk music.

In addition Germany hosts two music fairs POPKOMM and Berlin Independence Days. In 1992, POPKOMM attracted over 5,000 delegates, and in addition to seminars it also features live performances. Berlin Independence Days attracts a far smaller number of delegates - around 2,000 - and is aimed at independent record companies.

4.7 SUMMARY

Germany is one of the two largest and most mature music markets in Europe. Although the short term economic prospects for Eastern Europe are bleak, Germany offers the best route into these countries as they open up. With its healthy sales and low share of domestic repertoire Germany is one of the most important markets in Europe for English language recordings. German independents base much of their business on licensing foreign artists, and are less likely to be looking to export their product.

When all-music channel DSK launches later this year, there will be greater promotional opportunities for artists, although 40% of its output will be set aside for German artists.

The Federal Ministry of Economics expects average annual growth of 2.5% at constant prices or 6% at current prices, until 1996. Inflation will remain at slightly less than 3.5% per year. For the new lander the Ministry predicts average economic growth of about 9% per year (at 1991 prices) and average annual price increases of 8%. Although considered to be the strongest economy in Europe, the reunification has brought the country into deeper recession than it might otherwise have experienced. Conversely, once these recessionary effects have worked through, the East may offer particular opportunities as it catches up with the maturity of the West.

The German population is not ageing as fast as other countries and has taken to the CD format faster than most. It is a strong market for rock acts as well as having a sizeable independent sector. In parallel there has been a resurgent interest in traditional folk music.

4.8 CONTACT DIRECTORY

4.8.1 Major Record Labels

BMG Ariola Hamburg
Osterstrasse 116
2000 Hamburg 20
Tel: 49 40 490 690 0
Fax: 49 40
Head of International A&R: Kai Manke

EMI Electrola
Maarweg 149
5000 Koln 30
Tel: 49 221 4902 230
Fax: 49 221 4972 335
Director of A&R: Stefan Trapp
Rock: Peter Burtz
Pop: Fred Casimir
Progressive Pop (Alternative): Robert Wolf

MCA Music Entertainment
Winterhuder Weg 27
2000 Hamburg 76
Tel: 49 40 229 250
Fax: 49 40 229 25299
No official A&R department until 1993.

Phonogram
Brauweiler Strasse 14
5000 Koln 40
Tel: 49 223 44 05 0
Fax: 49 221 16 44 299

Polydor/Metronome
PO Box 10490
2000 Hamburg 1
Tel: 49 40 220 12 62 5
Fax: 49 40 227 98 95
Head of A&R - Polydor: Gerry Gieserking
With a wealth of material arriving from PolyGram's international affiliates all three labels would be very unlikely to license any other foreign artists or labels.

Sony Music Entertainment Germany
Bleichstrasse 64-66a
6000 Frankfurt/M 1
Tel: 49 69 130 51
Fax: 49 69 130 54 40
Head of A&R: Gerhard Braum

Virgin
Herzogstrasse 64
8000 Munchen 40
Tel: 49 89 381 8090
Head of A&R: Patrick Orth
Virgin continues to operate independently of EMI following its acquisition. Licensing and distribution deals are arranged with foreign labels and acts. Contract terms depend on the product.

Warner Music Germany
Arndtstrasse 16
2000 Hamburg 76
Tel: 49 40 228 050
A&R Manager: Heinz-Gerd Luetticke
Unlikely to do licensing or distribution deals.

4.8.2 Independents

Eye-Q
Eppsteiner Strasse 43
6000 Frankfurt am Main 1
Tel: 49 69 721 561
Fax: 49 69 724 0294
Dance label set up by Warner Music, but with complete autonomy in A&R and promotion.

Global Records
Nederlinger Strasse 21
800 Munich 19
Tel: 49 89 151 063
President: Peter Kirsten
Record company and distributor, covering all main European territories.

Intercord
Aixheimer Strasse 3
7000 Stuttgart 75
Tel: 49 711 47630
Fax: 49 711 4763323
Head of A&R: Peter Cadera
International A&R: Juergen Kramar
A&R Dance: Andreas Kappel
Intercord Record Services (Importing): Joert Hacker
Germany's largest independent has an importing service and also offers licensing deals. For both services the company handles all promotions.

Koch International
Hermann-Schmid-Strasse 10
8000 Munchen 2
Tel: 49 89 7461 350
Fax: 49 89 7254 759
President: Franz Koch
Austrian-based record company and distributor serving the UK, GAS and Benelux territories.

Logic
Strahlenbergerstrasse 125a
6050 Offenbach
Tel: 49 69 880 633
Fax: 49 69 816 072
Dance label licensed to BMG. Has achieved considerable success outside of Germany with acts such as Dr. Alban and SNAP, whose Rythm is a Dancer was the best selling single in Europe last year.

Rough Trade
Eickeler Strasse 25
4690 Herne 2
Tel: 49 2325 697 0
Fax: 49 2325 697 223
Distribution Manager: Martin Widera

SPV
Brusseler Strasse 14
3000 Hanover 72
Tel: 49 511 8709 0
Fax: 49 511 8709 181/183
A&R - Dance: Errol Rennalls
A&R - Indie: Jutta Kestner
A&R - Metal: Jay Lestner
Independent label covering a broad range of musical tastes from dance to thrash metal. The company also handles distribution for 164 other independents, and also deals with foreign labels including Canada's Intrepid Records. Distribution only deals are arranged for unknown artists or for artists whose labels want to retain control of promotion. If a release proves successful a licensing deal may be struck which would place promotion and manufacturing in the hands of SPV. Minimum period would be around five years exclusive rights. In return the record company would receive an advance based on expected royalty payments.

ZYX
Benzstrasse
Industriegebiet
6295 Merenberg
Tel: 49 6471 5050
Fax: 49 6471 50599
Director A&R: Reinhard Piel
Dance specialists which have licensing deals with a number of foreign labels.

4.8.3 Distributors

Dell + Stoffel GmbH & Co KG
G6, 15 Postfach 12 04 50
6800 Mannheim 1
Tel: 49 621 228 88
Fax: 49 621 105 801

Demmel
Hans Demmel Tonträger GmbH
Carl-Zeiss-Ring 13
Postfach 13 85
8045 Ismaning
Tel: 49 89 960 9420
Fax: 49 89 960 94210

HMV
Musik und Video Vertrieba GmbH
Havighorsterweg 8
2050 Hamburg 80
Tel: 49 40 73 96 090
Fax: 49 40 73 96 0911

HTV
Hanseatische Tonträger
Vertriebagesellschaft mbH
Großer Kamp 3a
2000 Hamburg-Barsbüttel
Tel: 49 40 6 70 10 80
Fax: 49 40 6 70 10 89

Ideal Record Service
Ton und Bildträger Vertriebages mbH
An der Kolonnade 9-15
0-1080 Berlin
Tel: 49 30 2 229 17 93

Iss Records GmbH
Tonträgergroßhandel
Reyerhütter Str 45-47
4050 Mönchengladbach 1
Tel: 49 2161 49 050
Fax: 49 2161 49 0582

Zyk Music
Bernhard Mlkulski
Schallplatten-Vertrieba GmbH
Benzstr
6295 Merenberg 1
Tel: 49 64 71 50 50
Fax: 49 64 71 5 05 99

4.8.4 Associations

Deutsche Landesgruppe der IFPI
Grelckstrasse 36
2000 Hamburg 54
Tel: 49 40 580 258
Fax: 49 40 582 842
Record producers association

GEMA
Rosenheimer Strasse 11
PO Box 800767
8000 Munich 80
Tel: 49 89 4800 300
Fax: 49 89 4800 3969
Authors' rights society.

4.8.5 Press

Bravo
Charles de Gaulle Strasse 8
8000 Munich 83
Tel: 49 89 67860
Fax: 49 59 670 2033

Concert
Hohenwaldstrasse 21
8024 Deisenhofen
Tel: 49 89 613 1014-5
Fax: 49 89 613 3439

Live In Concert
Schellingstrasse 39
8000 Munich
Tel: 49 89 237 260
Fax: 49 89 2372 6125

Musik Express/Sounds
Werinherstrasse 71
8000 Munich 90
Tel: 49 89 923 4367
Fax: 49 89 691 3064

Musikmarkt
Elisabethstrasse 38
8000 Munich 40
Tel: 49 89 271 2199
Fax: 49 89 271 5062

4.8.6 Venues

Deutschlandhalle
Messedamm 22
1000 Berlin 19
Tel: 49 30 30381
Fax: 49 30 3038 4214

Sporthalle Hamburg
Kruchmannstrasse 55
2000 Hamburg 60
Tel: 49 40 512 751
Fax: 49 40 511 1903

Sporthalle Cologne
Muehlheimer Strasse 105
5000 Cologne
Tel: 49 221 882 031
Fax: 49 221 812 624

Festhalle
Ludwig Erhart Anlage 1
6000 Frankfurt am Main 1
Tel: 49 69 75750
Fax: 49 69 7575 6433

Muencher Olympiapark
Spiridon-Louis-Ring 21
8000 Munich 40
Tel: 49 89 30613 1
Fax: 49 89 30613 666

Westfalenhallen Dortmund
Rheinlanddamm 200
4600 Dortmund
Tel: 49 231 120 40
Fax: 49 231 120 4560
Events director: Dirk Fischer

4.8.7 Promoters

Karsten Jahnke Konzerte & Tourneen
Hallerstrasse 72
2000 Hamburg 13
Tel: 49 40 414 7880
Fax: 49 40 443 597
MD: Karsten Jahnke

Lieberberg - Hoppe Konsertagentur
Hansaallee 19
6000 Frankfurt am Main 1
Tel: 49 69 597 0246
Fax: 49 69 597 3122
MD: Marek Lieberberg

Mama Concerts Lippmann & Rau
Promenadeplatz 11
8000 Munich 2
Tel: 49 89 231 9190
Fax: 49 89 2319 1919
MD: Marcel Avram

Peter Rieger Konzertagentur
Suelzburgstrasse 13
5000 Cologne 41
Tel: 49 221 942 0020
Fax: 49 221 9420 0220
MD: Peter Rieger

Sunrise Concertburo
Am Moorweg 24/25
2059 Guester
Tel: 49 4158 275
Fax: 49 4158 279
MD: Werner Kuhls

4.8.8 Festivals

Eurock
Kulturamt der Stadt Alsdorf
Rathaus Hubertusstrasse
5110 Alsdorf
Tel: 49 240 450 380
August

Jübek Festival
Aral - Tankstelle
2383 Jübek
Tel: 49 462 5319
Organiser: Arthur Peter
June

POPKOMM
Rotscheider Strasse 6
PO Box 201414
5600 Wuppertal
Tel: 49 202 563 2304/278 310
Fax: 49 202 789 161
Director: Dieter Gorny
August

Rheinkultur
Verein Bonner Rockmusiker
Moltkestrasse 41
5300 Bonn 2
Tel: 49 228 362 082
June

Rock am Ring
Agency Marek Lieberberg
Hansaallee 19
6000 Frankfurt
Tel: 49 695 970 246
May

Stuttgart Jazz Festival
Teckstrasse 64
7000 Stuttgart 1
Tel: 49 711 26 10 26
Fax: 49 711 26 10 24
Director: Ulli Pfau
June/July

5 SPAIN

5.1 INTRODUCTION

The market for recorded music in Spain is relatively small, accounting for under 3% of the total value of world record sales. However, the market is growing at a far greater pace than the major territories - 22% in 1991.

The strong growth of Spain's record industry reflects the healthy position of the Spanish economy, which has experienced strong growth for several years. In 1991 the recession put a dampener on the economy, but with GDP still growing by 7.7% to $150 billion, growth remained 30% higher than the EC average.

With unemployment and inflation continuing to fall, the latter from 6.4% to 5.8% in 1991, the prospects are good for consumer expenditure. But although the level of disposable income rose steadily over the eighties, the expenditure per capita on records in Spain remains lower than most other European countries at $10.50.

5.2 CONSUMER BREAKDOWN

Teenagers still remain the major market for recorded music in terms of numbers and buying power. However, the 15-24 year-old age group is expected to fall from 16.7% to 13.6% by the year 2000. The 25-44 year-old age group, on the other hand, will continue to grow until the year 2000. Record companies will need to react to this demographic shift by targeting this older and more affluent age group.

Recorded music also faces strong competition from outdoor leisure activities, because of Spain's warm climate.

5.2.1 Ownership of Hardware

Reflecting the slow growth in CD sales the penetration of CD players rose to just 8% in 1992 from 5.5% the year before. Penetration of hi-fi systems is also low compared to elsewhere in Europe. In 1991 18% of households were estimated to have component systems, and 25% integrated systems. Portable radios and cassette players are more common place, with 61% of Spanish households owning the former and 43% of cars being fitted with radio cassette players.

5.2.2 Specialist Genres and Markets

In recent years traditional Spanish musical styles such as Flamenco, Rumba and Copla have enjoyed a rise in popularity both in Spain and overseas. The natural market for Latin repertoire is South America, but the music is also making inroads in Europe and the US. In particular BMG's Mecano has enjoyed considerable success in Europe, selling 1.5 million records (one million in Spain and the rest mainly in France and Italy), while last year's New Music Seminar in New York featured several events devoted to Spanish music.

One popular off-shoot of Flamenco is a style known as New Flamenco which fuses other musical styles such as Salsa, Jazz and Reggae with traditional Flamenco. As far as rock and pop goes, however, Spain has little history of producing successful artists, a problem many in the industry attribute to the lack of music venues. As a result the Spanish charts are heavily dominated by international repertoire. However, with new venues springing up in Madrid and Barcelona a new live music culture is emerging in Spain.[4]

5.2.3 Nationality of Artists

There is no detailed analysis of artists nationality for the Spanish charts as exists for the other territories.

However, the majors have a number of Canadian artists on their Spanish rosters. One of the most succesful Canadian exports to Spain has been the Celtic harpist Loreena McKennitt. Her first album since signing to Warner, The Visit, has sold over 40,000 copies in Spain and spent several weeks in the charts. Other artists on Warner include the country singer George Fox, and Blue Rodeo, both of whom performed at the Expo in Seville last year, heavy rock group Harem Skarem, The Boomers, who have not enjoyed the same successes they have in Germany and The Barenaked Ladies, who are currently receiving considerable media attention. Sony Music released Celine Dion's last English speaking album in Spain last year with little success and are currently pushing new band 54.40 whose debut album came out in March 1993.

[4]Source: Billboard

5.3 SIZE AND STRUCTURE OF THE MARKET

Table 5.1: Annual Total Shipments (millions)

	1989	1990	1991	% Change 90/91
7" Singles Units	0.3	0.09	0.04	(58%)
12" Singles Units	1.6	1.2	0.8	(32%)
Cassette Singles Units	n/a	0.8	0.3	6%
CD Singles Units	n/a	0.01	0.009	(31%)
Total Singles **Units**	**1.9**	**1.6**	**1.1**	**(31%)**
LPs Units	20.6	18.1	16.6	(8%)
Cassettes Units	27.2	23.5	23.1	(1%)
CDs Units	4.9	7.4	13.3	79%
Total Albums **Units**	**52.7**	**49.0**	**53.0**	**8.2%**
Total Value (Ptas) **Wholesale** **Retail**	 **30,078** **49,628**	 **n/a** **53,486**	 **n/a** **65,300**	 **n/a** **22.1%**

Source: AFYVE

The retail value of Spain's music industry is relatively small - Ptas 65.3 billion (US$589 million) in 1991. In terms of volume this represented 53.8 million units, less than a quarter of the size of Germany's market. However, the market has not experienced the same downturn in sales that many larger industries have and instead the total value grew by 22%.

Spain is the only major market in which unit sales of vinyl LPs rose consistently during the late 1980s, and despite a decline in the last two years they account for 30.5% of Spanish album sales. This position can be put down to the fact that CDs, accounting for only 24.4% of unit sales, have yet to take off in Spain on the same scale as other European countries.

Although this market is beginning to pick up, it is unlikely to produce the boom that other countries have already enjoyed.

On the negative side unit sales of singles account for a mere 2.1% of the market and between 1975 and 1988 fell by 80%.

Datamonitor forecasts that the sales of recorded music will rise to 59 million units by 1994, but fall back to 54.5 million by 1996, representing a compound annual rate of decline of 1.4%. However because of the increased proportion of sales of higher priced formats, especially CDs, the market's value is expected to continue to rise.

5.3.1 The Majors

Table 5.2: Ranking of the Majors

	Ranking
EMI	1
Sony	2
PolyGram	3
Warner	4
BMG	5

Source: Datamonitor

EMI is the market leader in Spain, and in 1991 the country proved to be one of its strongest growth markets. This was thanks both to its strong roster of local acts (including those on the recently acquired Hispavox label, once Spain's largest independent record company) and the continued growth in record sales. Also benefiting from similar factors was BMG which although ranked fifth among the majors, had considerable success with Spanish artists such as Juan Luis Guerra and Mecano.

Warner recently acquired one of Spain's few remaining indie labels, DRO, for a reported figure of $9 million. The label, which last year had annual sales of $18 million and a 3% share of the market, will remain under the existing management headed by MD Miguel-Angelo Gomez. The acquisition provides Warner with an important roster of local artists. The company will also handle international repertoire form the Atlantic label (US), East/West, CGD (Italy) and Carrere (France). WEA Spain will handle releases from the Warner Bros and Elektra labels.

Polygram International is encouraging its acts to record in Spanish and with Latin artists. So far US acts such as Bon Jovi and Boys II Men have recorded Spanish versions of their hits. Country singer Billy Ray Cyrus is set to duet with a Brazilian artist.

5.3.2 Independent Sector

Spain's independent sector is far smaller than in the UK or Germany. Following the purchases of Hispavox by EMI and DRO by Warner, the main independents are Divucsa, Sanni and Blanco Y Negro. DRO had survived previously by merging with two other labels, GASA and Twin, and by arranging a worldwide licensing deal with Sony. All three specialise in dance and alternative music, and rely heavily on UK independents such as Mute, One Little Indian and 4AD for much of their product.

5.3.3 Distribution Arrangements

As in all European territories, the majors have their own distribution infrastructures and deal with the bulk of distribution. Some of the larger independent labels, such as Divucsa, Sanni and Blanco Y Negro, also handle their own distribution.

5.3.4 Retail Structure

Around 75% of all records are sold in Barcelona, Madrid and Seville. With 23 stores the giant department store El Corte Ingles dominates sales (with about 23% of the market), but in the past year two major specialists have arrived, Discoplay (with six stores) and Madrid Rocks. France's Fnac has also bought a site in Madrid and Virgin plans to open a megastore in Barcelona in 1993.

Only 800 record outlets exist for Spain's population of nearly 40 million people, but following the recent arrival of the megastore, music retailing is undergoing some major changes. In the past two years the dominance of the department stores has been challenged by a number of new megastores. In April 1991 Madrid Rock opened Spain's first megastore, which was followed seven months later by Discoplay.

These Spanish stores have now been joined by Virgin, whose first store opened in Barcelona in October. The 15,000 square-foot store, recently extended to 23,000 square feet, is the chain's first major outlet to record a profit in its first month, capturing 30% of Barcelona's record sales. Next, Virgin is to open a store in Madrid, which will also be the site of Fnac's first megastore in Spain. Virgin also plans to open shops in smaller cities, and Discoplay plans to open in towns with populations of less than 100,000. Previously such areas have had few outlets for recorded music.

5.4 COPYRIGHT LEGISLATION

Copyright is governed by the 1987 Intellectual Property Act. Authors and composers rights run until 60 years after death and producers rights run for 40 years from the recording date. Spain is a signatory to the Berne convention but not yet the Rome convention. It is expected to become a Rome signatory as a result of its joining the EC.

A blank audio and video tape levy is currently under discussion. Revenue is likely to be divided between authors and composers (40%), record producers (30%) and artists (30%).

SGAE administers mechanical rights and performance rights for composers and in 1991 total income was US$141.6 million. The growing number of commercial broadcasters contributed greatly to this figure, accounting for 39.6%. SGAE also collects performance rights for producers, which are then distributed by AIE.

5.5 MARKETING AND PROMOTION

5.5.1 Television

Around 11.2 million households in Spain have televisions and on average viewers watch 3.11 hours a day. The country is served by four national broadcasters; the public RTVE network with two channels, TVE 1 and 2, and three private national channels, Telecinco, Antena 3 and the pay-tv channel Canal Plus Espana. In addition there are six regional broadcasters.

Only a tiny fraction of airtime is devoted to music programs. National public channel TVE 1 broadcasts the charts on Rockopop, while Antena 3 and Telecinco tend to show music programs only in the summer or on late night slots. Pay-TV channel Canal Plus Espana shows the top 40 daily. The service is expected to reach 550,000 subscribers by the end of 1992. MTV Europe reaches around 1.3 million homes in Spain.

5.5.2 Radio

Spain is served by four national public stations and three major private networks, SER, COPE and Antena. A fourth private network, Onda Cero Musica, was launched in November 1991. The state-run radio 3 is an all-pop station, although SER's top 40 station Los 40 Principales remains dominant. In addition there are around 3,000 local stations, and thus a wide range of music receives airplay.

5.5.3 Press

The main Spanish music magazines are Gran Musical, a bi-weekly with a circulation of around 60,000, and Popular 1 with a circulation of around 30,000. Both magazines cater for pop and rock music while Rock De Lux, Heavy Rock and Metal Hammer are all more heavy metal orientated. In addition, the national newspapers devote considerable attention to music in their entertainment supplements.

5.5.4 Touring

The Spanish live music circuit is concentrated in the capital Madrid and in the Olympic city of Barcelona. Barcelona's proximity to France makes it the logical starting point for any tour of Spain and the city is home to the country's major concert promoters. These include: Gay and Company, run by Spain's first rock music promoter Gay Mercador; Doctor Music, which in 1992 organised a string of 18 dates with Dire Straits attracting a total audience of around 500,000 people; La Iguana, a five year old company that deals mainly with US and UK indie acts; Pino Saglioco, who has arranged mega-concerts for the likes of Michael Jackson and The Rolling Stones; and Project, which specialises in jazz and blues.

Barcelona is also home to Spain's largest venue, the 70,000-capacity Montjuic Olympic Stadium, the smaller 20,000 capacity mini stadium, the Palau D'Esports San Jordi, the Palau de la Musica Catalana, the Velodrom D'Horta and a number of smaller clubs such as KGB, Otto Zutz and Studio 54.

During the eighties Madrid lost many of its most important live venues, but the 1990s have seen the opening of a number of small and medium sized venues. One of the largest is Aqualung, a 2,500 capacity venue, booking international acts such as Chuck Berry and Keith Richards. On a smaller scale is the 1,000-capacity Revolver Club, which opened in February 1991 and specialises in hard core bands. The owners of the club have also set up their own concert promotion arm Amber Concert Promoters. For complete unknowns there is Siroco, now three years old and popular with students. The Sala Morocco is often used by record companies to promote new or foreign acts.

The two main outdoor venues are the 60,000 capacity Vicente Calderon soccer stadium, which plays host to major international acts, and the world's largest bullring, the 20,000 capacity Plaza de Toros, for Spanish acts. The largest indoor concerts are staged at sports pavilions -the 5,500 capacity Pabellon de Desportes de Real Madrid and the 12,000 capacity Palacio de los Desports.

During the summer, fiestas are held in towns and cities throughout Spain, the largest of which take place in Barcelona and Madrid. The first major festival in Barcelona is Greca, usually held from the end of June until the beginning of August. This is followed in the third week of September by La Merce. During both fiestas, concerts are held throughout the city, featuring both small local groups and major international artists of all musical genres.

In Madrid the main music festival is Rock Madrid, which this year will take place in June. Both local and international bands are featured, playing predominantly rock and dance music. The festival attracts up to 15,000 people.

5.6 SUMMARY

Although not one of the most mature markets in Europe, Spain offers opportunities to producers as it rapidly catches up with the larger markets. Spain also has strong links with the South American markets, and successes in Spain often cross-over to other Spanish speaking markets. There has also been a resurgence in traditional Spanish styles such as flamenco, although as in most European territories international repertoire has a large share of the market.

The Spanish economy is expected to show continued growth. Although growth will not be as high in recent years it is expected to average around 9% until 1995. As yet the Spanish economy has not suffered as dramatically as many of its European counterparts. However, 1992 has been a costly year for the government, with the Olympics and Expo 92 soaking up considerable amounts of public money, and cut backs may become necessary.

The Spanish population is expected to age slightly over the next five years, with around a 10% reduction in the population aged under 20 but a 5% increase in those over 20, and nearer 10% more in the over 60 years age group.

CD sales remain lower in Spain than most major markets, but Datamonitor predicts that the volume of CD sales will increase by almost 60% between 1992 and 1996. The overall volume of the market is forecast by Datamonitor to decline slightly over the same period, particularly as sales of vinyl are expected to fall by almost half. Penetration of new formats, as with CD, is expected to be slow.[5]

Spain has been slow to strengthen its copyright legislation, although it should now sign the Rome convention as a result of joining the EC. SGAE has been very active in supporting the indigenous music industry and marketing Spanish acts overseas.

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[5] Source: Datamonitor

5.7 CONTACT DIRECTORY

5.7.1 Majors

BMG Ariola
Avenida de los Madronos 27
Madrid 28043
Tel: 34 1 388 00 02
Fax: 34 1 388 49 10
Head of A&R: Alvaro Torres

EMI/Hispavox
Torrelaguna, 64
Madrid 28043
Tel: 34 1 415 23 04
Fax: 34 1 519 04 01
Managing Director: Carlos Sanmartin
Deals with very little anglo-saxon product, and those labels that it does have licensing deals with tend to be in Latin American countries.

PolyGram Iberica, S.A.
Suero de Quinones, 38
Madrid 28002
Tel: 34 1 564 33 10
Fax: 34 1 564 32 35
Head of A&R: Antonio Garcia Onate
Has yet to distribute or license any foreign artists or labels not affiliated to PolyGram. However if the company was sent something it felt was suited to the market it would be interested in licensing it.

Sony Music, S.A.
Paseo de la Castellana, 93
Madrid 28046
Tel: 34 1 555 38 45
Fax: 34 1 555 36 42
International A&R Epic: Matilde Paftor
International A&R CBS: Quique Prieto
Does license foreign artists but first port of call would probably be Sony UK's International Licensing department.

Virgin Espana, S.A.
Hortaleza, 104
Madrid 28004
Tel: 34 1 308 30 56
Fax: 34 1 308 58 76
International Product Manager: Julian Huntly
Currently deals only with international artists. Has recently released an artist signed to Virgin Canada, and also does licensing with foreign labels not affiliated to Virgin.

Warner Music Spain
Lopez de Hoyos,42
Madrid 28006
Tel: 34 1 411 51 44
Fax: 34 1 561 61 65
Head of A&R: Jose Luis Pena
Does not do licensing deals with foreign labels, other than Warner affiliates.

5.7.2 Independents

Blanco Y Negro
Amigo 14-16
080210 Barcelona
Tel: 34 3 200 70 77
Fax: 34 3 414 60 03
Head of A&R: Felix Burget
Specialises in dance music. 90% of acts are foreign but no Canadian acts. Handles its own distribution.

Divucsa
Paseo Carlos I, 128-130
08013 Barcelona
Tel: 34 3 265 4974
Fax: 34 3 265 4655
Head of A&R: Ramon Rodo
Prepared to sign, release and distribute foreign products which it believes to be suitable.

DRO
Francisco Remiro 5-7
82028 Madrid
Tel: 34 1 355 40 00
Fax: 34 1 356 60 69
Specialises in dance, pop and rock, but also some new age acts. Currently licenses the US label Tommy Boy and in the past dealt with UK indies such as Creation and 4AD, but has never dealt with any Canadian labels. Distributed by Sony.

Sanni
Castellana 140
28046 Madrid
Tel: 34 1 564 73 50
Fax: 34 1 564 73 97
Head of A&R: Maria Sansom
Licenses several UK independent labels and covering pop, dance and rock.

5.7.3 Associations

SGAE (Sociedad General de Autores de Espana)
Fernando VI, 4
28004 Madrid
Tel: 34 1 319 2100
Fax: 34 1 410 6049
Writers, composers and publishers association.

AFYVE (Asociacion Fonografica y Videografica Espanola)
Pedro Muguruza 8
Entreplanta Izq
28036 Madrid
Tel: 34 1 457 41 50
Fax: 34 1 457 66 74
IFPI affiliate representing record companies.

5.7.4 Press

El Gran Musical
Gran Via 32-2
28013 Madrid
Tel: 34 1 532 2800
Fax: 34 1 521 1753

Heavy Rock/Metal Hammer
Avenida Roma 157
08011 Barcelona
Tel: 34 3 253 0485
Fax: 34 3 323 7237

Popular 1
B+J Ediciones
Avda Roma 2, 306
08014 Barcelona
Tel: 34 3 426 9894
Fax: 34 3 424 2149

Rock De Lux
Deu i Mata 152-4a
08029 Barcelona
Tel: 34 3 321 0144
Fax: 34 3 410 6469

5.7.5 Venues

Barcelona Promocio
Passeig Olimpic s/n
Palau San Jordi
08004 Barcelona
Tel: 34 3 426 2089
Fax: 34 3 423 1516
MD: Jordi Vallverdu

Montjuic Olympic Stadium
Passeig Olimpic s/n
08004 Barcelona
Tel: 34 3 426 4488
Fax: 34 3 423 1516
Contact: Barcelona Promocio

Mini stadium
Avenida Aristides Mallol
Barcelona
Tel: 34 3 309 411

Pabellon de Desportes de Real Madrid
Paseo de la Castellana
Madrid
Tel: 34 1 215 0046

Palau D'esports Sant Jordi
Passeig Olimpic s/n
08004 Barcelona
Tel: 34 3 426 2089
Fax: 34 3 423 1516
Contact: Barcelona Promocio

Palau de la Musica Catalana
Carrera d'Amadeu Vives 1
08003 Barcelona
Tel: 34 3 301 1104

Studio 54
Paralelo 64
08001 Barcelona
Tel: 34 3 295 454
Fax: 34 3 441 6027
Contact: Barcelona Promocio

Vicente Calderon
Avenida de Manazanares
Madrid
Tel: 34 1 266 2864

Velodrom D'Horta
Passeig Vall d'Hebron s/n
08035 Barcelona
Tel: 34 3 427 9142
Fax: 34 3 428 0721
Contact: Barcelona Promocio

5.7.6 Promoters

Gay and Company
Caspe 33-2-1
08010 Barcelona
Tel: 34 3 318 8416
Fax: 34 3 301 6479
President: Gay Mercador

Doctor Music
Corcega 263-3-2
08008 Barcelona
Tel: 34 3 217 6606
Fax: 34 3 217 7679
Contact: Neo Sala

5.7.7 Festivals

Rock Madrid
Anastro 44
E 28033 Madrid
Tel: 34 1 7 67 00 22
Fax: 34 1 3 02 05 92
June

Festival de Jazz de Vitoria-Gasteiz
San Antonio
16-Vitoria 01005
Tel: 34 45 14 19 19
Fax: 34 45 13 02 87
Director: Inaqi Anua
July

La Merce *(September)*
Grec *(August)*
Imbe
Talau Delauirreina
Rambla 99
08002 Barcelona
Tel: 34 3 301 7775
Fax: 43 3 301 6100
Director of La Merce: Francesc Febregat
Director of Grec: Ms E. Tosa

6 UNITED KINGDOM

6.1 INTRODUCTION

The UK's music industry is the fourth largest market for recorded music in the world, and, along with the US, British artists dominate European charts. The country is home to one of the five major multinational record companies, EMI, and also has a strong independent sector that accounts for around 30-35% of record sales.

In 1991 the volume of record sales fell in the UK, although the total value increased slightly, because of the higher proportion of CD sales. However, in the context of the current recession in the UK the music industry has proved to be one of the more resilient market sectors. Between 1990 and 1991 consumer expenditure fell by 1.7%, while GDP fell by 2.5% in real terms. But average per capita spend on music was the second highest in Europe at £22.85 ($42.75).

6.2 CONSUMER BREAKDOWN

Table 6.1: Demographics of music purchasers 1991 (%)

Age	% of pop. aged 16+	Album Purchasers	Single Purchasers	Music Video Purchasers
16-24	17	29	13	37
25-34	13	26	23	28
35-44	17	19	13	17
45-64	27	20	17	15
65+	20	6	7	3
Total	100	100	100	100

Source: BPI

The chart does not show buying by under-16s who account for about 15% of spending on singles and 5-7% of spending on albums. This age group has fallen significantly during the last 20 years (from 13.1 million to 11.6 million) but is expected to rise steadily in the 1990s to peak at about 12.6 million in 2001, which should slow the decline of singles sales.

The 16-24 year-olds category, which makes up 17% of the population (aged 16+), remains the largest buyers of singles, accounting for 40% of total sales. In comparison, the next largest buyers of singles, the 25-34 year-old age group, which makes up 19% of the population, accounts for 23%. Since the mid-Eighties the number of 16-24 year olds in the

UK has fallen which partly explains the decline of singles sales. This population is expected to fall by at least another million by the year 2000.

Album sales are more evenly distributed, and while the 16-24 year olds are again the largest buyers (29% of total sales), the 25 to 34 year-old age group, which also makes up 19% of the population, accounts for 26% of album sales.

As the population continues to become an older and more affluent one (the 30-34 year-old age group will grow by 15.8% by 2000) record sales should continue to shift in favour of CDs, DCC and MiniDisc.

6.2.1 Ownership of Hardware

Reflecting the decline of vinyl sales, ownership of record playing equipment has fallen from 85% in 1983 to 76% in 1991. CD penetration, at 31% in 1991, has reached nearly a third of households and ownership of cassette players has also increased from 77% in 1983 to 82% in 1991.

6.2.2 Genre Breakdown

Table 6.2: Album and single sales by music type 1990 (%)

	Singles	Albums
Pop	42	15
Rock	21	15
Classical	-	10
MOR	1	10
Dance/Soul/Reggae	33	4
Country/Folk	1	4
Jazz	-	1
Other	2	4
Total	100	100

Source: BPI

Pop music remains the strongest seller in both the singles and album markets, representing 42% and 45% of total sales of the respective markets. The late eighties dance music explosion saw dance music's share of single sales increase from 23% in 1986 to 33% in 1990, but it still accounts for only 9% of album sales. Rock music accounts for 21% of singles sales and 15% of album sales. MOR accounts for just 1% of singles sales but 10% of albums. Classical music accounts for 12% of album sales.

Compilation albums form a growing market and in 1991 accounted for 18.2% of total album sales, compared to 15.1% in 1988. Many of these titles are greatest hits compilations, which is indicative of the ageing population: for instance, Virgin Records released a compilation of hits from the early eighties recently, aimed at buyers in their mid-twenties.

Compilation labels Telstar, Pickwick and Dino all held significant shares of the albums market -Telstar with 4.2% and the other two with 1.9% each. While Dino's German sister company, Dino Musik, was placed into receivership in September 1992 by the Canadian parent company Artek, the UK operation continues to trade. It is interesting to note that one reason given for the German company's collapse was its reliance on original artists rather than compilations.

6.2.3 Nationality of Artists

The table below sets out an analysis by nationality of the artists in the UK charts in 1990.

Table 6.3: 1990 sales by country of artists origin (% of units)

	Singles	Albums
UK	52.1	51.5
US	31.8	34.1
Italy	3.3	2.2
Australia	3.3	2.5
Ireland	2.0	2.9
Belgium	1.7	-
Sweden	1.5	-
Spain	-	1.1
Canada	1.4	1.0
Germany	0.8	1.[illegible]
France	-	0.7
Norway	0.8	0.1
Jamaica	0.2	-
Others	1.9	2.8
Total	100.0	100.0

Source: BPI

As seen in the above table, domestic repertoire is strong in the UK. US artists account for the largest share of foreign product, with dance and pop singles proving most successful. Since much dance music is instrumental it is one of the genres in which foreign recordings sell well. In particular Italy and Belgium have both built up reputations for producing popular dance music and this is reflected by their high placings in the above table. In 1986 neither accounted for a significant share of UK record sales.

In recent years the only Canadian artists to enjoy chart success were Bryan Adams and the rap group the Dream Warriors. However, 1993 has been a breakthrough year for k.d. lang, whose most recent album on Warner, *Ingenue*, has sold over 100,000 copies and been in the top 10 album chart for some weeks. A great deal of attention has also been centred on two other Canadian acts - MCA's The Tragically Hip and Warner's The Barenaked Ladies.

Despite receiving widespread press coverage and completing a successful six date tour, the Barenaked Ladies debut album and single have yet to achieve significant sales penetration.

Jane Siberry, also on Warner, has a strong following in the UK and while she has yet to enjoy chart success, the company is optimistic about her next album due out in May. Celine Dion has released two English speaking albums on Sony, but despite achieving a high profile in the UK, thanks to ten appearances on major TV shows and considerable radio airplay, album sales have been poor.

The Jeff Healy Band on BMG's Arista label are well established in the UK having played numerous live dates. Also on BMG are three Canadian rock bands, Svengali, whose debut album released this February has not charted but the band sold out their one recent UK show, Big House, who have also completed a tour of the UK supporting a Swedish group, and The Crash Test Dummies. EMI's Tom Cochrane released his debut album last July and although it did little chart-wise it has achieved reasonable sales for such a relatively unknown artist.

6.3 SIZE AND STRUCTURE OF THE MARKET

Table 6.4: Moving Annual Totals (millions)

Year ending	June 1989	June 1990	June 1991	June 1992	% Change June 91/92
7" Singles					
Units	40.4	33.7	25.9	17.2	(33.6%)
Value (Wholesale)	£40.1m	£33.8m	£26.2m	£18.6m	(29.1%)
12" Singles					
Units	17.7	20.6	16.5	11.9	(27.6%)
Value	£31.1m	£36.7m	£28.8m	£22.2m	(23.0%)
Cassette Singles					
Units	0.2	2.8	7.7	11.9	53.7%
Value	£0.3m	£3.1m	£8.4m	£13.9	64.6%
CD Singles					
Units	2.8	4.6	6.9	12.2	76.1%
Value	£5.5m	£8.9m	£12.9m	£24.0m	86.2%
Total Singles					
Units	**61.1**	**61.7**	**57.0**	**53.2**	**(6.7%)**
Value	**£77.0m**	**£82.5m**	**£76.4m**	**£78.7m**	**3.0%**
LPs					
Units	48.0	32.4	19.9	9.8	(50.8%)
Value	£139.3m	£103.7m	£67.1m	£36.6m	(45.5%)
Cassettes					
Units	86.0	80.0	71.1	61.8	(13.2%)
Value	£242.9m	£254.0m	£238.8m	£229.7m	(3.8%)
CDs					
Units	34.8	46.5	54.9	65.8	19.7%
Value	£193.0m	£254.7m	£298.7m	£358.4m	20.0%
Total Albums					
Units	**168.8**	**158.9**	**146.0**	**137.3**	**(5.9%)**
Value	**£575.2m**	**£612.3m**	**£604.5m**	**£624.6m**	**(3.3%)**
Total Value	**£652.2m**	**£694.8m**	**£680.9m**	**£703.3m**	**3.3%**

Source: BPI

With a wholesale value of £703.3 million ($1.25 billion) in the year 1991/92, the UK record industry is the second largest in Europe. But while this represents a 3.3% growth from June 1991, it is a far cry from the rapid expansion during the late eighties (peaking in 1987 with growth of 37.6%). It also disguises the fact that the industry has seen a downturn in the volume of sales in the last three years. Between 1988/89 and 1991/92 the volume of sales fell from 229.9 million units to 190.5 million units.

It is only the continuing growth of CD sales (boosted by the release of lower priced titles), which has led to growth in the market's wholesale value. While the total volume of singles sold fell by 6.7% to 53.2 million units, the second quarter of 1992 saw the unit deliveries of CD singles increase by 76%, making them the leading carrier in the singles market. This switch to CD led to the increased value of single sales of £78.7 million. Sales of vinyl singles fell to less than 50% of singles sales for the quarter.

The volume of album sales also fell in the year ending June 1992, by 5.9% to 137.3 units. Of this, CDs accounted for 65.8 million units, cassettes 61.8 million units and albums 9.8 million units. By the year 2000, vinyl albums are expected to have been phased out altogether. With CD sales expected to peak in the mid-nineties it is predicted that new formats, such as DCC and MiniDisc will keep the market growing, and that by the year 2000 the album market will be worth $3,470 million (up 56.9% on 1991).

However, because of the increasing proportion of sales of higher priced formats, value will continue to outgrow volume. Datamonitor therefore forecasts total sales of recorded music will fall to 184 million units by 1996, a decrease of 2.4%.

6.3.1 Market Share of the Majors

Table 6.5: Market Share of the Majors 1991

	Singles (%)	Albums (%)
PolyGram	25.3	26.4
BMG	11.9	4.6
Warner Music	11.9	12.7
EMI	11.1	13.6
Sony Music	9.5	12.6
Virgin *	9.5	6.6
MCA	3.7	4.3
Others	22.9	19.2
Total	100	100

* Virgin has since been acquired by EMI Music Source: BPI

PolyGram is the market leader in both singles and album sales in the UK. Warner slipped from second place in each market to fourth in the singles and third in the albums market. The acquisition of Virgin by EMI will consolidate EMI's position, putting it in second place in both singles and album sales.

6.3.2 Independent sector

The UK has a large independent sector, which has developed in association with a whole genre of alternative music. The sector plays an important role in nurturing new talent and breaking new ground, and the independent singles and albums charts are watched closely by the majors.

Traditionally the sector has been dominated by major independents such as Mute, Factory, Zomba, PWL, Beggars Banquet, Rough Trade and One Little Indian, who have all made their name promoting alternative acts. However, the indies have been among the worst hit by the down-turn of sales and last year saw a radical slimming down of one of the oldest and largest indies, Rough Trade, and the fall into receivership of Factory. Other independents are increasingly turning to the majors for financial support in order to survive the current recession. Recently for example, Sony bought a minority shareholding in Creation and PolyGram has taken stakes in a number of independents such as Big Life, Go! Discs, and London, and was reviewing Factory for investment prior to its receivership.

The increasing involvement of the majors has fuelled debate over the definition of independent and the compilation of the indie charts. In the past it has been based purely on independent distribution although recently a genre overlay was added. Some in the industry feel the chart should be purely genre-based rather than distribution-based to improve the marketing focus of the independent or alternative charts. This would open the way for artists on major labels to enter the alternative charts. In a sense this can already be achieved by a major-owned label using an independent distributor, as for example Virgin's Hut label does. However, many independents feel that anything but a distribution or ownership-based chart would reduce the ability of independent labels to maintain a foothold in the market against the dominance of the majors.

6.3.3 Distribution

The bulk of distribution is carried out by the major record companies who have their own national and international distribution infrastructure. Most product goes straight from the record company to the retailer but because the majors sales reps tend to focus on the larger chart-orientated stores, many smaller stores rely on wholesalers, such as Terry Blood Distribution. With the increasing concentration of retail outlets the role of wholesalers has diminished and they now handle around just 10% of product. For the convenience of ordering all their stock at once the stores pay the distributor a commission of around 8%. Rack jobbers account for 20% of sales. The largest such firm is Entertainment UK which is owned by the Woolworths retail chain.

Independent record labels either distribute their product via the majors, or use an independent distributor. The independents distribute product via a network of sales representatives, while marketing and promotion is left up to the record label. The advantage of the independent distributor is that it then qualifies for the independent chart, and there may also be advantages in flexibility.

Until recently Pinnacle and Rough Trade were the two major independent distributors. Following the restructuring of Rough Trade in 1991, Pinnacle remains the only major independent, with over 150 labels on its books. In the second quarter of 1992 the company shipped 7.8% of the albums market and 14.1% of the singles market, tying with BMG and beating both Sony (13.2%) and EMI (10.2%). The company is also one of the more international independents in Europe after picking up Rough Trade's GAS and Benelux distributors.

Those UK independent labels that were left without distribution when Rough Trade collapsed formed RTM, a sales and marketing company whose distribution is handled by Pinnacle.

Another significant independent distributor is the recently created Revolver-APT, created from the merger of two independents announced in December 1992. Revolver relied on Pinnacle's distribution system in the UK, and handled its own distribution in the rest of Europe. The company also works with Real Time, which provides promotion and marketing for North American labels not represented in the UK.

Other smaller distributors exist for specialist markets, such as Southern Distributors who deal mostly in North American Rock, Pop and Dance. In addition there are international distributors who specialise in importing and exporting records. These include Greyhound Records, Caroline International (part of the Virgin group) and Lasgo (part of the Chrysalis group).

6.3.4 Retail Structure

Music specialists account for 42% of record sales in the UK and since 1984 two particular chains have expanded dramatically. Our Price now has 336 stores (18.2% of the market) and parent company WH Smith, with 300 general stores of its own and a 50% share in the Virgin retail chain, claims 28.4% of the market. The other major chain HMV (owned by Thorn EMI), now with 80 stores, accounts for 11.2% of the market. Chain store Woolworths, with 811 outlets, has the second largest share of the market with 15.9%, while Boots the Chemists and Virgin control 4% each. The number of independent specialists has almost halved in the last seven years but still remains high at 4,315, accounting for 12.5% of the market.

Direct mail, petrol forecourts and grocers continue to increase their market shares, together accounting for 26%.

6.4 COPYRIGHT LEGISLATION

In the UK, copyright is governed by the Copyright, Designs and Patents Act 1988. Rights in musical compositions subsist for 50 years after the death of the author. Rights in sound recordings subsist for 50 years from the date of recording. The UK is a signatory to both the Berne and Rome conventions.

The UK government has twice turned down the idea of a blank tape levy. Should the current EC plans for a standard European-wide levy go ahead it could bring in around $120 million to be shared among authors, record companies and artists.

Unlike most European countries, authors' performance and mechanical rights are administered by two separate organisations, the PRS (Performing Right Society) and the MCPS (Mechanical-Copyright Protection Society) on behalf of composers and publishers. The PRS is controlled by a mixture of composers and publishers, whereas MCPS is owned by the Music Publishers' Association.

In 1991, the PRS had total revenue, from both the UK and overseas, of £136.9 million ($242 million), of which £107.18 million ($190 million) was distributed to its 24,160 members. In 1989 UK mechanical royalties are estimated at about £60 million ($106 million). At that time MCPS was responsible for administering less than a third of this, but has subsequently been appointed to represent most of the major UK publishers. The UK mechanical royalty rate was set, at 8.5% of published dealer price, by the Copyright Tribunal in 1991 following the failure of MCPS and BPI to negotiate a new rate after the abolition of the statutory rate of 6.25% of retail price.

PPL (Phonographic Performance Limited) administers performing rights in the sound recording on behalf of music producers. In addition, the 1988 Act introduced a new exclusive rental rights period of 50 years for producers of sound and video recordings.

6.5 MARKETING AND PROMOTION

6.5.1 Television

There are over 21 million television households in the UK and viewers watch an average of 3.68 hours of TV a day.

The UK has four national terrestrial channels; the state-run British Broadcasting Corporation with two channels, BBC 1 and 2, and the private commercial channels ITV and Channel 4. In addition home satellite dish penetration is the highest in Europe (14.7%) thanks largely to the promotion of the British Sky Broadcasting service and the slow take-up of cable.

Between these various broadcasters there are a number of outlets for music. BBC1's *Top of The Pops* is the longest running music show and attracts audiences of between 5.5 and 6.5 million. The ITV's *Chart Show* is a video-only show and features different genre charts and new releases. Both of these shows, particularly *Top of the Pops*, concentrate on successful chart acts. BBC 2's twice weekly youth slot *Def II* shows a number of specialist music programs, including *Dance Energy* (dance music). Heavy metal acts have their own show *Raw Power*, which has a late night slot on ITV. One-off live concerts are shown on all four channels. Chat shows and magazine programmes, such as Channel 4's *The Word*, also feature live bands, particularly indie and dance acts, both from the UK and North America, who have yet to achieve UK chart success.

The Canadian-produced *The New Music* has a late night slot on ITV and the man behind the show, Moses Znaimer, was also involved in the failed bid for the UK's fifth terrestrial channel. The programme showcases international acts but does include a significant level of Canadian artists. However, the late-night slot means that audience levels for the programme are very low.

In addition to the terrestrial channels and the pan-European music channels MTV Europe and Super Channel, the Nashville based Country Music Television have recently launched a cable channel in the UK.

Launched in October 1992, CMT Europe is the UK's first country only music service. The channel is broadcast from its parent company the US CMT Network in Nashville and is marketed and administered throughout Europe by United Artists Programming. According to Joyce Taylor, CEO at UAP, the 24-hours-a-day service should now be reaching around 200,000 homes in the UK, and further expansion into Europe is planned[6]. The channel has been widely welcomed by the record industry who hope that it will boost country music's popularity in Europe. Despite its enormous success in North America, country music has not yet taken off in Europe and accounts for just about 1-2% of the market[7].

The total TV ad spend on recorded music in 1991 was in the region of £12.5 million ($22 million)[8]. Direct sales compilation albums make up a considerable share of TV ad spend.

The average video budget is upwards of £20,000 ($30,000), 50% of which is generally recoupable from artist royalties. With such high costs and the limited number of outlets many companies will not shoot a video for an act until it has reached a strong chart position or unless the act is already well established.

6.5.2 Radio

Until recently the UK had a limited number of radio outlets. Nationally the BBC had a monopoly, running five national stations. Radio One caters for popular music and its 24-hour a day schedule is broken down between daytime shows featuring chart music and specialist evening shows. Local radio has been dominated by the BBC and Independent

[6] Source: Music Week, Oct 1992

[7] Source: MIDEM Daily News

[8] Source: MEAL

Local Radio. However, the last few years has seen the Government licence a number of new specialist stations such as, in London, Kiss FM (dance music), Melody (easy listening) and Jazz FM. In September 1992 the UK's first national commercial station, Classic FM, was launched. The second national commercial station, Virgin Radio, co-owned by Virgin Communications and TV-am, will launch next March. It plans to cover all contemporary musical genres but will have the disadvantage of broadcasting on AM.

Quantifying the effects of radio exposure on record sales is an impossible task, but the gap between the airplay charts and the sales charts suggests that airplay is less important than record pluggers sometimes suggest. Increasingly, dance records that have proved popular in night clubs are crossing over into the charts with little or no airplay.

6.5.3 Press

There is a wide range of music magazines (over 30 titles) catering for all tastes and genres. The leading titles are the rock weeklies NME and Melody Maker, with respective average circulations of 116,000, and 69,000; the teen fortnightlies Smash Hits (368,000) and Big (261,000) and the rock monthlies, Q (161,000), Select (76,000) and Vox (114,000). Specialist heavy metal titles Kerrang and RAW reported weekly sales of 45,000 and 24,000 in the first six months of 1992. Style magazines The Face, Sky and I-D all cover music and have circulations of 80,000, 129,000 and 37,000 respectively. Trade magazines Music Week and RPM achieve average weekly circulations of 14,000. The tabloid press also features music pages, but these tend to focus on major chart acts.

Record company advertising expenditure on the music press was £28.297 million in the year up to March 1992[9]. Publishers estimate that this is 10-15% less than the previous year.

6.4.4 Retail

Many of the majors choose to run joint advertising campaigns with the major retailers such as Our Price and HMV. Other promotional tools offered by music retailers include feature displays, singles of the week and end racking. A single of the week spot can range from £4,000 in Woolworths to £1,000 in Menzies. In the specialist retailers, such as HMV and Our Price, a national window display can cost around £3,000 with an extra fee to cover the major London branches. support tending to come as part of a major promotional or discount package.

Another promotional tool is the listening post which allows the consumer to listen to tracks from selected albums in the store. While Virgin offers this service as part of a larger advertising package, independent store listening posts cost around £2,000 for a month in 100 stores.

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[9] Source: Zenith Media

6.5.4 Touring

The UK's live music circuit is centred in London which has an enormous range of venues from the Mean Fiddler's 120-capacity acoustic room to the 72,000 capacity Wembley Stadium. The Wembley complex includes other large venues such as the Arena where many major shows take place.

1992 saw considerable expansion by large venue operators such as Apollo and the Mean Fiddler. The Apollo leisure chain added London's Hammersmith Odeon to its chain of 17 theatres in June, while the Mean Fiddler Organisation opened The Grand in Clapham in London, and acquired the Jazz Cafe and the Town and Country Club (which will be relaunched as The Forum). The previous owners have yet to decide whether they will continue to operate their smaller venues the T&C2 and the T&C Leeds. The Rainbow in North London is also due to reopen later in 1993 after 12 years. London's other main venues are the Astoria, Brixton Academy and the Kilburn National Ballroom.

There is also a circuit of smaller pub venues which rely on up and coming bands, particularly from the alternative scene, but many have a pay-to-play policy because of the demand for venues by such bands. Alternatively, the most popular showcase venue is the Borderline which is often used by record companies to raise the profile of new or overseas acts.

Outside London there is a lively college circuit and main cities such as Manchester, Liverpool, Glasgow and Edinburgh are also home to a number of important venues. Exhibition centres are increasingly concentrating on large scale concerts, to make up for a decline in the conference market. The main arenas are Manchester's G-Mex, Aberdeen's Exhibition and Conference Centre, Birmingham's NEC Arena, Glasgow's SECC, Sheffield Arena, and in London, Wembley Stadium and Wembley Arena.

There are a wide range of concert promoters and booking agents in the UK. Agents sign artists for a longer term deal, taking a commission for each performance they book. Primary are Europe's largest booking agents, working both with major international acts such as INXS and lesser known artists such as The Tragically Hip and Jane Siberry. Wasted Talent is a smaller set-up preferring to deal with up and coming artists, and specialising in 200-400 capacity venues. Promoters book an artist through an agency or directly through the management for an individual tour or event. The promoter takes a percentage of the gate or in many cases a guaranteed minimum artist fee plus a percentage if a specified level of ticket sales is exceeded. Major promoters include Harvey Goldsmith, MCP, Mel Bush Organisation and Asgard.

The UK's two biggest music festivals, Glastonbury and Reading, both have a distinctly "alternative" feel to them. Held each year in June, Glastonbury has a reputation for attracting hippies and travellers but with four different main stages, for rock, pop, jazz and acoustic acts, and other areas for circus performers, comedians and performance artists, the festival's appeal is growing ever wider. The Reading Festival, on the other hand, remains primarily a music festival concentrating on alternative rock and dance acts.

Also held at the same site in Reading is WOMAD's main festival of the year. The organisation aims to promote world music, and although it recently went into liquidation, UK singer Peter Gabriel has stepped in to continue running the festivals. Other WOMAD events include a smaller weekend-long festival in Morecombe bay in August as well as festivals throughout the world.

Another big long-running festival is Monster's of Rock. Held at Castle Donnington, the festival, as the name suggests, attracts heavy rock bands from around the world.

6.6 SUMMARY

Although the UK market for recorded music has fallen behind Germany in terms of the volume of sales, it remains one of the most important and difficult to break into. It is important because success in the UK often opens the door to other European markets, which tend to be dominated by UK and US artists, and difficult because of the rapid turnover of new trends and fashions and the intense competition in the UK music industry.

Domestic artists enjoy a high share of the UK market, which makes it more difficult for foreign artists trying to break into the market. A healthy independent sector helps to ensure that the UK is an active breeding ground for new artists, but independents are also less likely to be looking for foreign artists to import than elsewhere in Europe. However, in recent years there has been an increase in the number of foreign artists achieving success in the UK particularly in terms of album sales, where the share of domestic repertoire has fallen to a ten year low. Admittedly the bulk of sales have been lost to US acts but other European acts are achieving more success in the UK, largely in the dance music genre which continues to dominate the singles charts but make little impression in terms of album sales.

With the market currently depressed the industry is eagerly awaiting a recovery in the UK economy. With interest rates continuing to fall the level of disposable income is expected to increase more rapidly from 1992, and between 1996 and 2000 it is expected to grow by 2.7%. This should ensure that CD sales continue to rise until peaking in the mid-nineties, by which time the industry expects sales in DCC and MiniDiscs to have taken off. Datamonitor predicts that the combined sales of DCC and MiniDisc will reach 19.5 million by 1996, while MBI puts the figure at 14.7 million.

6.7 CONTACT DIRECTORY

6.7.1 Major Labels

BMG/RCA
Bedford House
69-79 Fulham High Street
LONDON SW6 3JW
Tel: 44 71 973 0011
Head of A&R: Mike McCormack
Distributes artists already on its Canadian affiliate, RCA Canada. Also licences other foreign artists on minor labels, the most recent success being the Italian dance group Black Box.

EMI Records Limited
20 Manchester Square
London W1A 1ES
Tel: 44 71 486 4488
Fax: 44 71 465 0770
Director of legal and business affairs: Gareth Hopkins
Seldom undertakes limited territory licences of artists.

Phonogram
Chancellors House
72 Chancellors Road
LONDON W6 9RS
Tel: 44 81 741 1212
Fax: 44 81 741 4901
Head of A&R - Phonogram: David Bates
Head of A&R - London Records: Georgina Voetier
Head of A&R - Talkin' Loud: Giles Peterson

Polydor
1 Sussex Place
PO Box 1421
London W6 9XT
Tel: 44 81 846 8515
Fax: 44 81 741 4901
A&R Director: Graham Carpenter
Phonogram and Polydor are PolyGram International's two main divisions. Smaller UK-based labels within the group include Talkin' Loud (Dance/jazz), London Records, Go Discs and Big Life. Licensing deals are not common but do exist. One successful example are the US rap duo Salt n' Pepa for whom London have worldwide rights.

MCA Records Ltd
139 Piccadilly
London W1V OAS
Tel: 44 71 957 8600
Head of A&R: Jeff Young
MCA has been pushing the Canadian band Tragically Hip, signed to their Canadian affiliate. However it does not always release something in the UK just because the act is signed to one of their affiliates in another territory. It is also highly unlikely to do any deals with foreign labels unless the product is particularly outstanding. It would never sign for a single release and even a one off dance signing would have options for further releases written into the contract.

Sony Music UK
17-19 Soho Square
London W1Z 6HE
Tel: 44 71 734 8181
Fax: 44 71 287 8135
MD - International Licensing: Jeremy Pearce
Sony is the most active licensor of foreign acts and labels among the majors. It has an international licensed repertoire department specifically set up to develop links with other smaller labels. The company is biased towards acts which will put out albums but also licences one-off dance releases.

Virgin Records
Kensal House
553-579 Harrow Road
London W10 4RH
Tel: 44 81 968 6688
Fax: 44 81 964 0438
A&R Director: Willie Richardson
Licensing deals are arranged with overseas labels but come through Virgin's foreign offices.

Warner Music
28a Kensington Church Street
Warner Building
London W8 4EP
Tel: 44 71 937 8844
Fax: 44 71 938 3901
Director of A&R: Michael Rosenblatt
Warner is rarely approached by its Canadian affiliate WEA with artists, and has little interest in merely distributing product. However, it has done label distribution deals, with the UK's PWL for example, and its smaller affiliate labels do pick up foreign releases. These include East West (pop), Slam Jam (dance), ZTT (dance) and Magnet which deals with Europe as a whole.

6.7.2 Independents

Big Life
15 Little Portland Street
London W1N 5DE
Tel: 44 71 323 3888
Fax: 44 71 323 5392
Head of A&R: Tim Parry
Big Life's artists range from mainstream dance to more underground house acts and traditional indie bands such as The Soup Dragons. A lot of dance acts are licensed from the U.S. and the label has also licensed dance tracks from the Canadian label High Bias.

Cooking Vinyl
3 Park Mews
213 Kilburn Lane
London W10 4BQ
Tel: 44 81 960 6000
Fax: 44 81 960 1120
Managing Director: Martin Goldschmidt
Concentrating on acoustic acts Cooking Vinyl has in the past signed Canada's The Cowboy Junkies and the US singer/songwriter Michelle Shocked.

Creation
2nd Floor
8 Westgate Street
London E8 3RN
Tel: 44 81 986 7145
Fax: 44 81 986 7184
Head of A&R: Dave Barker
Despite Sony's recent investment of £3.5 million in Creation it remains an independent with complete creative control. Worldwide distribution will be handled by Sony while UK distribution will remain in Pinnacle's hands. Artists include dance acts and more traditional indie bands such as Primal Scream which has been the label's biggest success to date. When licensing foreign acts the label prefers to sign for the whole of Europe.

Factory Records
Charles Street
Manchester
Greater Manchester M1 7EB
Tel: 44 61 953 0251
Fax: 44 61 953 2051
Chairman: Tony Wilson
Currently in receivership, and therefore with an uncertain future. In the past has concentrated on promoting a select number of local acts such as New Order and The Happy Mondays, although these acts have now moved to other labels or split up.

Mute
Lawford House
429 Harrow Road
London W10 4RE
Tel: 44 81 969 8866
Fax: 44 81 968 4184
Head of A&R: Pepe Jansz
Best known for acts such as Erasure and Depeche Mode, Mute is currently only looking for dance acts for its dance label Nova Mute.

One Little Indian
250 York Road
Battersea
London SW11 35J
Tel: 924 1661
Managing Director: Derek Birkett
Currently riding high on the success of rave act The Shamen. Its roster of acts includes The Sugar Cubes from Iceland, but the label rarely undertakes licensing deals with foreign acts, because of the promotional costs. To make it worth its while the deal would have to be for a minimum of one or two albums.

Rough Trade
66 Goldhawk Road
London W10
Tel: 44 81 960 9888
Fax: 44 81 968 6715
Managing Director: Geoff Travis
Leading indie whose biggest success to date has been The Smiths. Contracts are usually on a 50/50 profit share in the UK, and 70/30 for foreign markets.

Zomba Music Group
165-167 High Road
Willesden
London
Tel: 44 81 459 8899
Fax: 44 81 459 3900
A&R Director: Robbie Mckenna
One of the largest independents with European-wide distribution. Does do licensing deals with foreign labels and artists, particularly dance and rap.

6.7.3 Associations

BPI (British Phonographic Industry)
Roxburghe House
273/287 Regent Street
London W1R 7PB
Tel: 44 71 629 8642
Fax: 44 71 493 3667

PRS (Performing Right Society)
29/33 Berner Street
London W1P 4AA
Tel: 44 71 580 5544
Fax: 44 71 631 4138

MCPS (Mechanical-Copyright Protection Society)
Elgar House
41 Streatham High Road
London SW16 1ER
Tel: 44 81 769 4400
Fax: 44 81 769 8972

PPL (Phonographic Performance Limited)
14-22 Ganton Street
London W1V 1LB
Tel: 44 71 437 0311
Fax: 44 71 734 9797

6.7.4 Publications

Melody Maker/NME/VOX
Stamford Street
Kings Reach Tower
London SE1 9LS
Tel: 44 71 261 5670/5000/6312
Fax: 44 71 261 6706/5185/5627
Editor, Melody Maker: Allan Jones
Editor, NME: Steve Sutherland
Editor, Vox: Roy Carr

Music Week
245 Blackfriars Road
Ludgate House
London SE1 9UR
Tel: 44 71 620 3636
Fax: 44 71 401 8035
Editor: Steve Redmond

The Face
Third Floor Block A
Exmouth House
Pine Street
London EC1R 0JL
Tel: 44 71 837 7270
Fax: 44 71 837 3906
Editor: Sheryl Garrat

6.7.5 Independent distributors

Caroline International
56 Standard Road
London NW10
Tel: 44 81 961 2919
Fax: 44 81 961 1873
Head of Imports: Nigel Marshall
Virgin's export company

Entertainment UK
Blyth Road
Hayes
Essex
Middlesex UB4 0SY
Tel: 44 81 848 7511
Fax: 44 81 754 6603
The UK's largest rackjobber, particularly servicing the Woolworths department store chain.

Lasgo
378-388 High Road
Chapmans Estate
Unit 2
London NW10 2DY
Tel: 44 81 459 8800
Fax: 44 81 451 5555
The Chrysalis Group's record export arm.

Pinnacle Records
Electron House
Cray Ave.
St Mary Cray
Orpington
Kent BR5 3PN
Tel: 44 689 870 622
A&R/Label Manager: Dominic Jones

RTM
339 Seven Sisters Road
London N15 6RD
Tel: 44 81 802 8696
Fax: 44 81 802 8142
MD: John Best

Revolver-APT
3 Dove Lane
St. Pauls
Bristol
Avon BS2 9HP
Tel: 44 272 540 004
Fax: 44 272 540 013
MD: M A Chadwick

Terry Blood
Rosevale Road
Parkhouse Estate
Unit 18-20
Newcastle-under-Lyme
Staffordshire ST5 7QT
Tel: 44 71 782 566 566
Fax: 44 71 782 565 400

6.7.6 Venues

Aberdeen ECC
Bridge of Don
Aberdeen
Grampian AB23 8BL
Tel: 44 224 824824
Fax: 44 224 825276
Sales and Marketing Manager: Jim Francis

Brixton Academy
211 Stockwell Road
Brixton
London SW9 9SL
Tel: 44 71 274 1525
Fax: 44 71 738 44127
MD: Simon Parkes

G-Mex
Windmill Street
City Centre
Manchester
Greater Manchester M2 3GX
Tel: 44 61 843 2700
Fax: 44 61 233 3168

Hammersmith Apollo (formerly Odeon)
Queen Caroline Street
Lonodn W6 9QH
Tel: 44 81 748 8660
Fax: 44 81 741 4868
General Manager: Tony Docherty

Kilburn National Ballroom
234 Kilburn High Road
London NW6 4JB
Tel: 44 71 328 3141
Fax: 44 71 903 9987
Manager: Rose Smithers

King Tut's Wah-Wah Hut
272A St Vincent Street
Glasgow G2 5RL
Tel: 44 41 248 5158
Fax: 44 41 248 5202
Bookings Manager: Geoff Ellis

NEC Arena
Birmingham
West Midlands B40 1NT
Tel: 44 21 780 4141
Fax: 44 21 780 2518
Manager: Linda Barrow

SECC
123 Bothwell Street
Glasgow
Strathclyde G3 8YW
Tel: 44 41 248 3000
Fax: 44 41 226 3423
Chief Exec: Jeremy Sale

Sheffield Arena
Broughton Lane
Sheffield S9 2DF
Tel: 44 742 562 002
Fax: 44 742 565 520
General Manager: Robert Sullivan

The Astoria
157 Charing Cross Road
London WC2H OEN
Tel: 44 71 434 9592
Fax: 44 71 437 1781
Bookings Manager: Chris Alexander

The Forum (formerly The Town & Country Club)
9-17 Highgate Road
London NW5
Tel: 44 71 485 5256
Fax: 44 71 284 0833

The Mean Fiddler
24-28a High Street
Harlesden
London NW10 4LX
Tel: 44 81 961 5490
Fax: 44 81 961 9238

Wembley Arena/Stadium
Empire Way
Wembley
London HA9 0DW
Tel: 44 81 902 8833
Fax: 44 81 900 1045

6.7.7 Booking Agents

Primary
251-256 Upper Street
London N1 1RY
Tel: 44 71 359 9000
Fax: 44 71 354 5056
MDs: Steve Hedges, Martin Hopewell

Wasted Talent
321 Fulham Road
London SW10 9QL
Tel: 44 71 351 7412
Fax: 44 71 351 4769
MDs: Ian Flooks, Keith Naisbitt

6.7.8 Promoters

Asgard
125 Parkway
London NW1 7PS
Tel: 44 71 387 5090
Fax: 44 71 387 8740
MD: Paul Fenn

Harvey Goldsmith Entertainments
The Glassworks
3-4 Ashland Place
London W1M 3JH
Tel: 44 71 224 1992
Fax: 44 71 935 9541
MD: Harvey Goldsmith

MCP
(see Castle Donnington - Monsters of Rock)

Mel Bush Organisation
2-3 Petersham Place
London SW7 5BX
Tel: 44 71 225 3722
Fax: 44 71 581 0072
Contact: Mel Bush

6.7.9 Festivals

Castle Donnington - Monsters Of Rock
MCP
16 Birmingham Road
Walsall
West Midlands
WS1 2NA
Tel: 44 922 20123
Fax: 44 922 725654
Organiser: Morris Jones
Dates not confirmed yet for 1993, but in previous years has taken place in August

Glastonbury
Worthy Farm
Pilton
Shepton Mallet
Somerset BA4 4BY
Tel: 44 749 890 254
Fax: 44 749 890 285
Organiser: Michael Eavis
Last weekend in August

In The City
International Music Convention
The Holiday Inn Crowne Plaza
Manchester
Organiser: Tony Wilson
Organised last year by directors of Factory Records which is now in receivership. However, the festival is still expected to take place again, probably in September

Reading Rock Festival
517 Yeading Lane
Northolt
UB5 6LN
Tel: 44 81 845 8882
Fax: 44 81 842 3310
Organiser: Myra Hickey
Last weekend in August

WOMAD
World in the Park Limited
Box Mill
Box
Wiltshire SN14 9PL
Tel: 44 225 744044
Fax: 44 225 743481
Organises festivals throughout the world including an annual event in Reading each year in July.

GLOSSARY

NAME		FUNCTION
ADAMI -	Société pour l'Administration des Droits des Artistes et Musiciens Interprètes.	Rights agency representing all French performers
AFYVE -	Asociacion Fonografica y Videogafica Espanola	Spanish IFPI affiliate and national association of record companies
AIE -	Artistas Interprestes Ejecutantes	Spanish collection society for performing arts
BIEM -	Bureau International des Societes Gerant les Droits d'Enregistrement et de Reproduction Mecanique.	International society of composers and publishers copyright associations
BPI -	British Phonographic Industry.	National association of record companies and IFPI affiliate
DCC -	Digital Compact Cassette.	Philips new digital format, which enables one to make CD quality sound recordings
ECU -	European Currency Unit	The notional European currency
EIB -	European Investment Bank	The bank set up by the EC to invest in public and private projects
EMRO -	European Mechanical Rights Organisation	Embryonic pan-European administration agency
FCM -	Fondation de Creation Musicale	French Government body, established to promote and invest in the record industry
GEMA -	Gesellschaft fur Musikalische Auffuhrungsund Mechanische Vervielfaltigungsrechte	German authors rights society
GVL -	Gesellschaft zur Veruertung fon Leistungsschutzrechten	German collecting agency for producers rights

NAME		FUNCTION
IFPI -	International Federation of the Phonographic Industry	The international trade association of record companies
MCPS -	Mechanical Copyright Protection Society	UK mechanical rights administration and collection society
MBI -	Music Business International	International music trade magazine
MIRO -	Music Industry Research Organisation	UK-based research body
MiniDisc		Sony's new digital format. Like DCC, it enables CD-quality sound recordings to be made.
PPL -	Phonographic Performance Limited	UK performing rights society for music producers.
PRS -	Performing Rights Society	UK rights society for authors and composers
Rack jobber -		Company which operates in a similar way to a wholesale distributor, except that it is also responsible for choosing what product is stocked by the retailer
SACEM -	Societe des Auteurs, Compositeurs et Editeurs de Music	French rights society for authors, composers and producers
SCPP -	Société Civile pour l'exercise des droits des Producteurs Phonographiques	French rights society for record companies
SGAE -	Sociedad General de Autores de Espana	Spanish writers', composers' and publishers' association

NAME	FUNCTION
SPEDIDAM - Société de Perception et de Distribution des Droits des Artistes Interprêtes	French rights society of musical and dance artists
SPRE - Société pour la Perception de la Rémunération Equitable de las Communications au Public des Phonogrammes du Commerce	French society for copyright and royalties protection
SOREE	French mechanical rights collection society for producers
STEMRA	Dutch copyright and royalties collection society
SNEP - Syndicat National de L'Edition Phonographique	French record companies association and IFPI affiliate

APPENDIX 1

BIBLIOGRAPHY

Reports

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- Music Industry Organisations, Longman Reports
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- A Survey of the Music Business, The Economist
- The Record Industry in the Single European Market, BPI
- Sacem Annual Report 1991
- SGAE Annual Report 1991
- PRS Yearbook 1992-3

Periodicals

- Applause
- Billboard
- Financial Times, Music & Copyright
- Midem News Daily
- Miro World - Music Industry Research Organisation
- Music & Media
- Music Business International
- Music Week (UK)
- Musicmarkt (Germany)
- RPM (UK)
- Show Magazine (France)
- Show Press (Spain)
- Variety

APPENDIX 2

INTERVIEW LIST

General
Dominic Pride - European Editor, Music Business International
Daniel Fantoni - European Commission DGIII
Joerg Reinbothe - European Commission DGIII
Janet Graham - Music Industry Research Organisation

France
Mary-Agnes Baeu - French Music Office
Bruno Roy - Director, FCM
Loran Desideri - Centre of Information for Rock
Stanislas Hintzy - Reporter, Show Press
Valerie Michilin - Press Office, Sony
Joel Keenan - Press Office, MCA
Gerard Gerdillier - Head of A&R, EMI France
Olivia Bealu - International A&R, Squatt
M Visser - Arcade Indisc
Lionel Baillemont - Product Manager, Baillemont Productions
Theol Bruno - President, Media 7
Alan Crehen - Pickwick France
Representative of Polydor
Representative of Virgin Records

Germany
Peter Zombik - MD, BPW
Ralf Plaschka - Promotions Manager, Zentrum fur Musik und Kommunikations-Technologie
Uwe Lencher - Editor, Musicmarkt
Patrick Orth - Head of A&R, Virgin
Ian Graham - Press Office, EMI
Matheus Fricke - Product Manager, Warner Music
Peter Cadera - Head of A&R, Intercord
Clemens Kundratitz - MD (UK), Koch International
Errol Rennels - A&R Director, SPV
Reinhard Piel - A&R Director, ZYX
Burkhard Grimm - Verein Bonner Rockmusiker
Mr. Weissinger - GVU

Spain
Victoria Rull - Press & Promotion, Sony Music
Julian Huntly - International Product Manager, Virgin
Felix Burget - Head of A&R, Blanco Y Negro
Jose Carlos Sanchez - A&R Manager, DRO
Maria Sansom - Head of A&R, Sanni
Rosa Vano - Product Manager, Warner Music Spain
Sonia Sainz - Doctor Music
Louise Pujol - Show Press

UK
Mike McCormack - Head of A&R, BMG/RCA
Gareth Hopkins - Director of Legal and Business Affairs, EMI
Geoff Travis - MD Rough Trade
Jeff Young - Head of A&R, MCA
Helen Wilkinson - Corporate Publicity, Polygram
Tracy Hancock - WOMAD
Beatrice Silva-Tarouca - International Licensing, Warner Music
Jeremy Pearce - International Licensing, Sony
John Finn - Virgin Retail
Frank Harrison - Zenith Media
Peter Dodd - Editor, RPM Magazine
Tim Parry - Head of A&R, Big Life
Derek Birkett - MD, One Little Indian
Dave Barker - Head of A&R, Creation
Robbie McKenna - A&R Director, Zomba Music

Canada
Brian Robertson - President, the Canadian Recording Industry Association
Brian Chater - President, the Canadian Independent Record Production Association
Al Mair - President and Principal Shareholder, Attic Records
Robert Pilon - Managing Director, l'Association québecoise de l'industrie du disque, du spetacle et de la vidéo.