

2011: Monetizing the music...mobility in changing markets!

Cape Town International Jazz Festival 2011
Music Business Lecture

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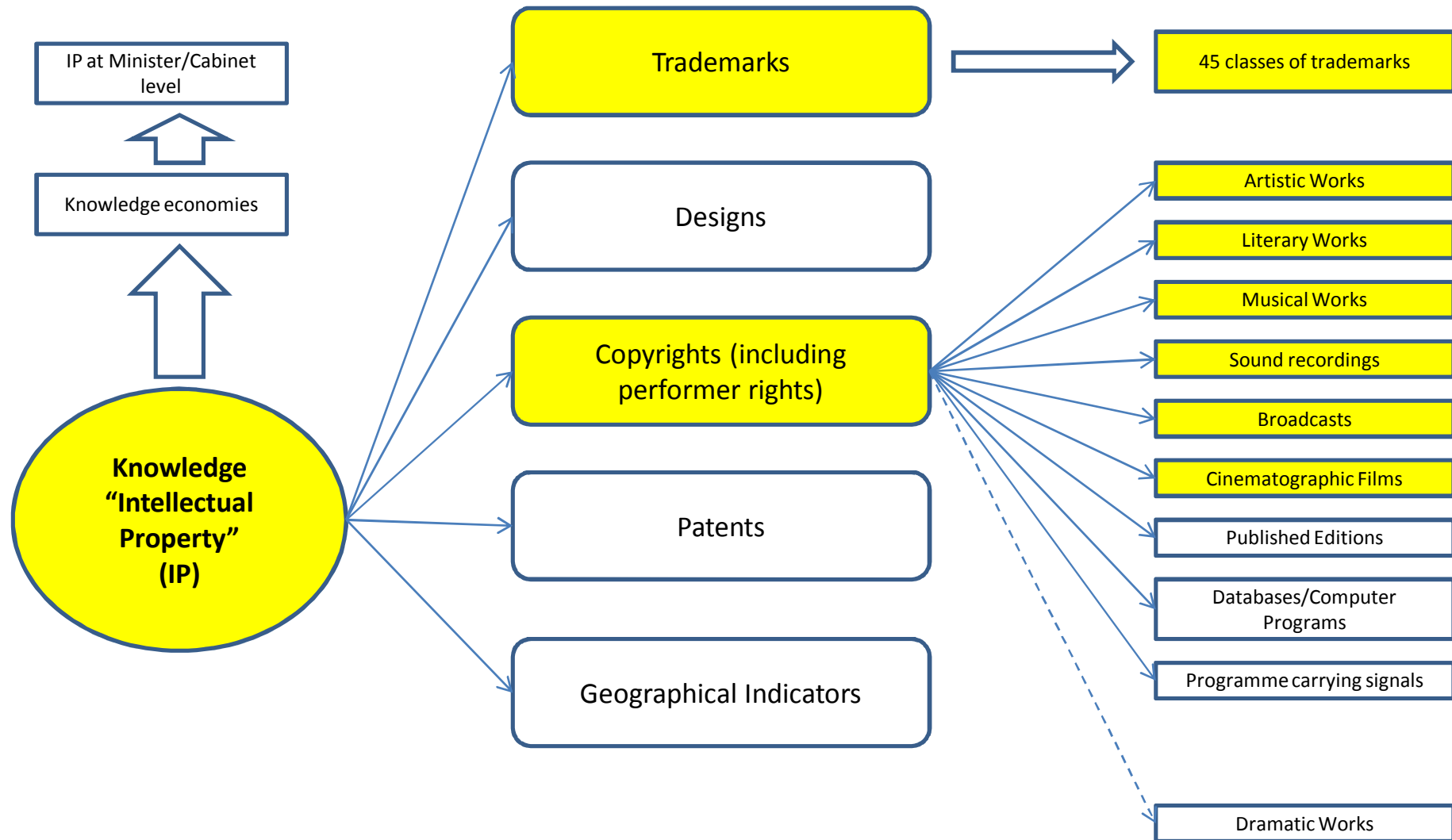
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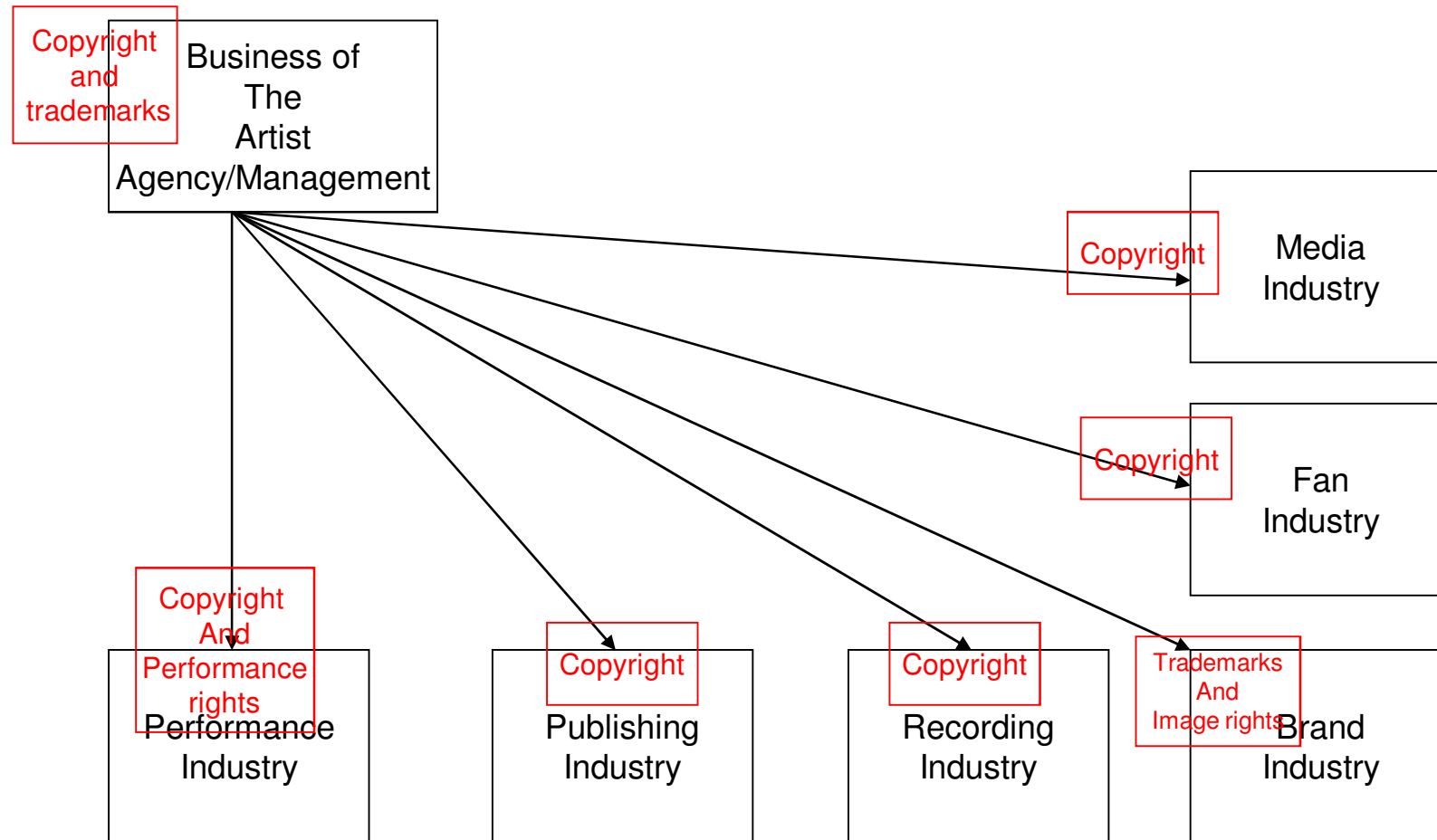
2011 – State of Affairs in the SA Music Industry

- Living with radical change and shifts
- Typical earners like the selling of recording (CD'S) have tanked.....gone south....and never coming back
- How one makes money in the business has again evolved
- Marketing and the hunt for the customer.....
- Performance and related sectors remain important income generators
- Knowledge and skills have never been as important as now, and the you were lied to if ever you were told that “you are school leaver”
- Digitization has converged...no pun.....in full force.....Customer choice rules
- And the youth.....where are the youth? House music.....Groove culture...dance...big..as in huge and the hunger for knowledge is serious
- Talent is awesome
- Hindered by not understanding the businesstake music for example.....its a rights business..as we will see
- No knowledge of rights
- English remains as dangerous as it ever was

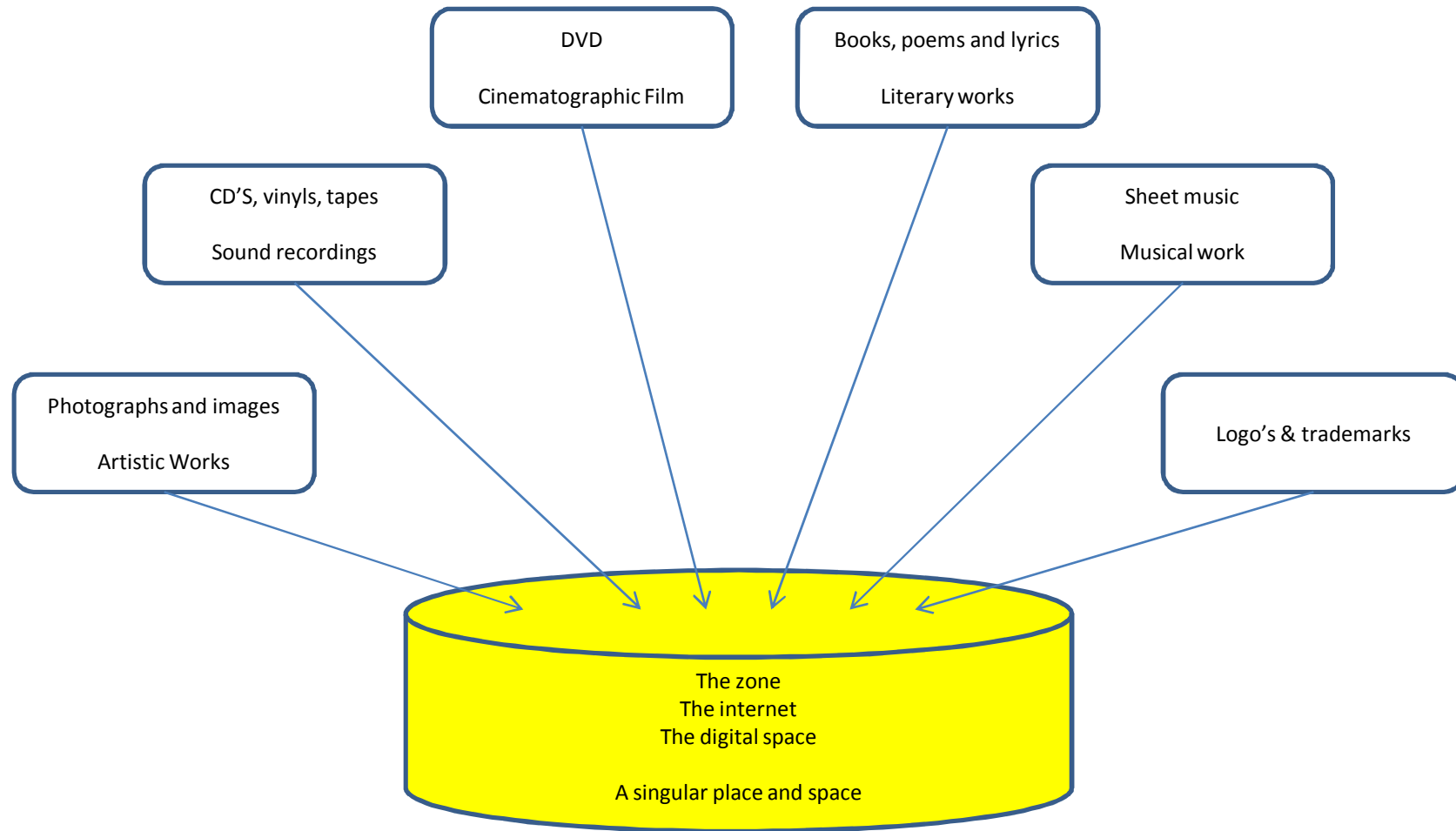
Knowledge and its links to the music industry



The Seven Sectors of the Music Business



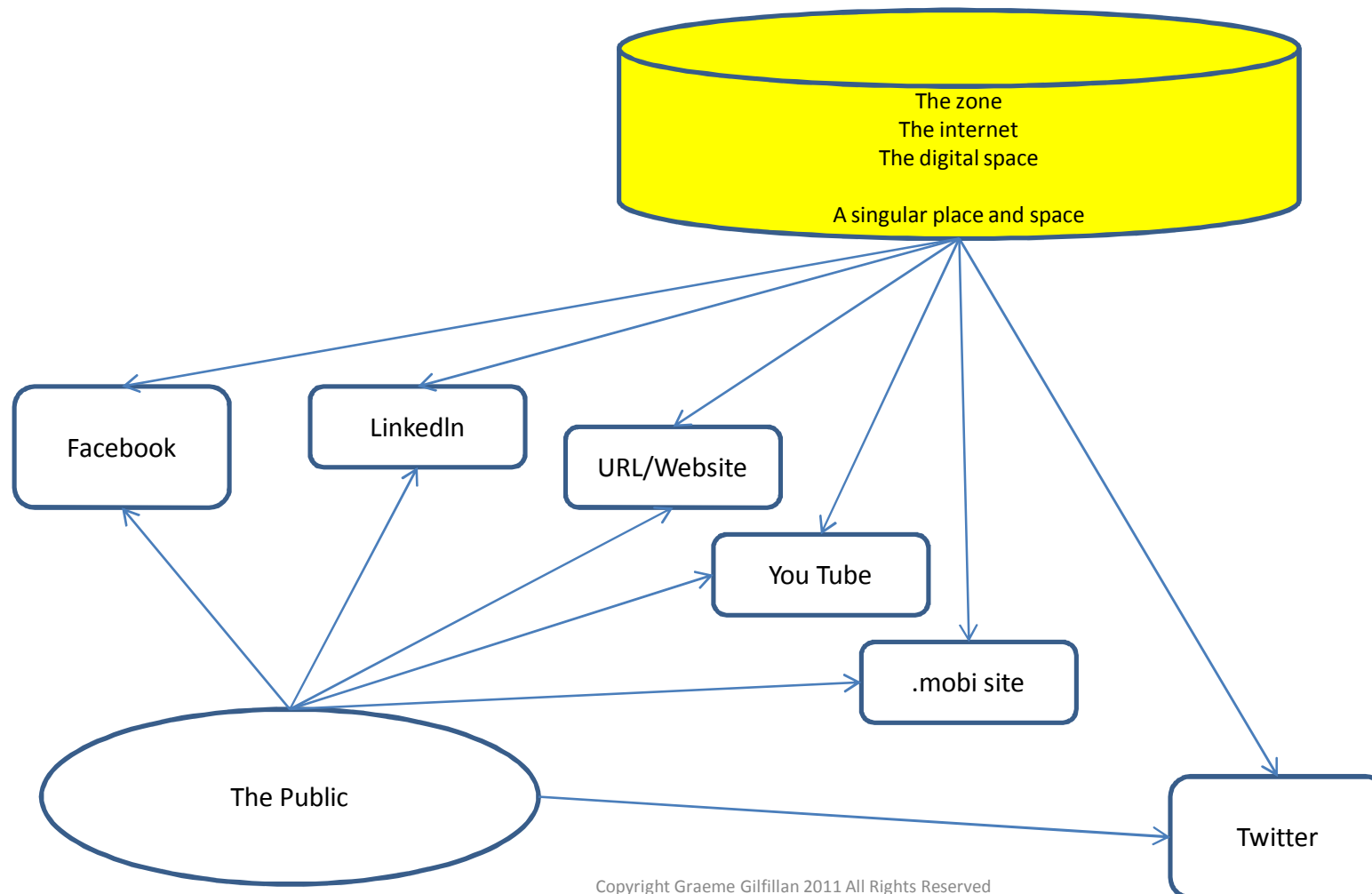
Convergence comes home



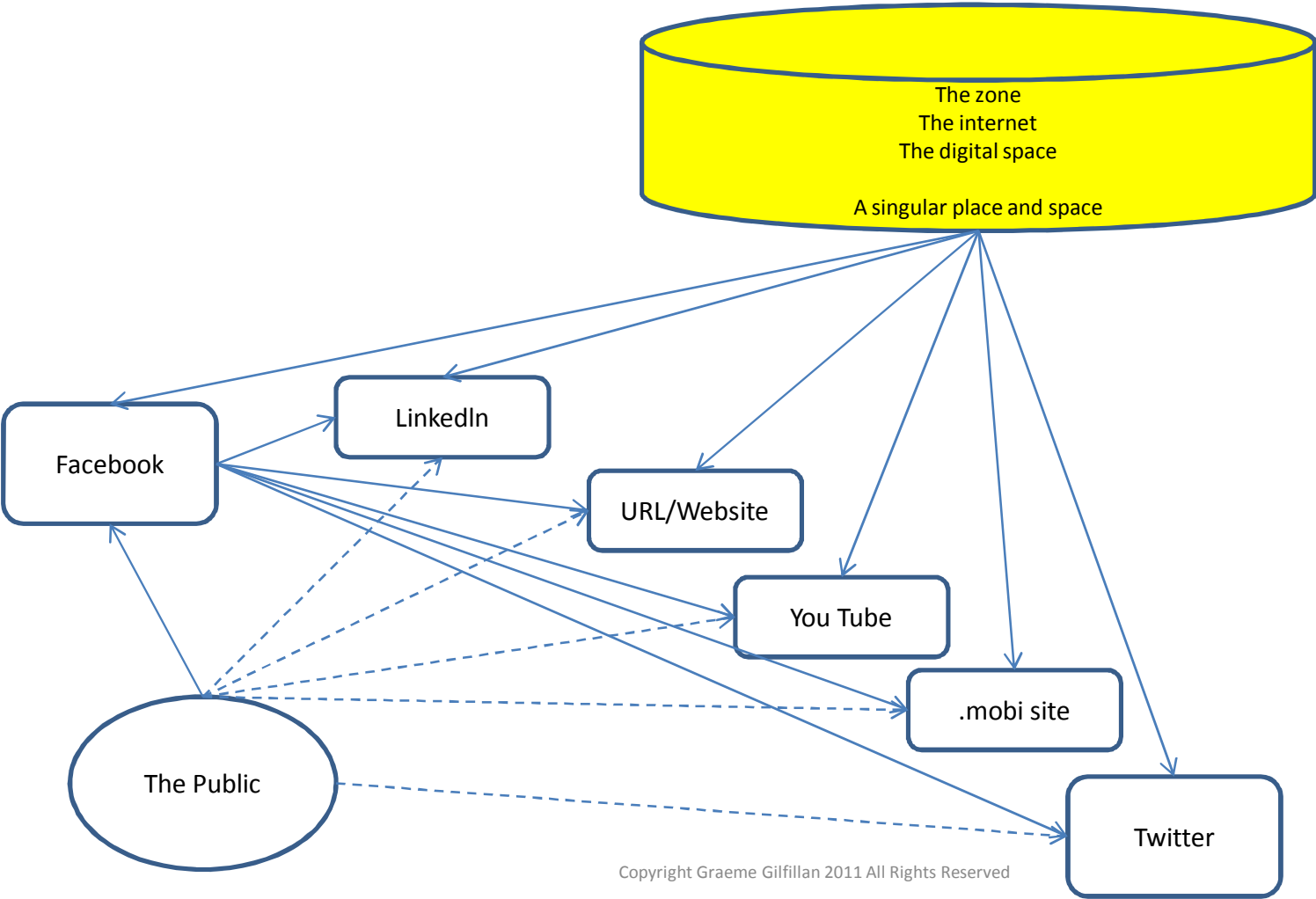
Impact of convergence

- Uncontrollable copying
- Collapse in the CD selling market – 30% year on year decline over 3 years
- Disappearance of the tangible..the touchy feely
 - The future of the CD.....or the lack of a future
- Unlimited supply
- Freefall spiral in price
- Value almost next to nil
- A paradigm shift - “what sells is what can’t be copied”
 - Being there.....
- The ringtonea reality check
 - The EU/US experience and the role of ethics
 - Developing country’s approach...
 - Callback tunz/welcome tones/ringback tunz
- The flip and reverse between copying and performance

The public view of convergence



Monetizing.....



Monetizing....

- By the track.....every song is a work of art
- Respect the paperwork..make no mistakes
- Communicate and connect...social networks and social media.....accessibility is critical to the customer..24/7
- Creating something loved by all is a challenge not a compromise
- Exclusivity comes to play
- Data is an issue....by the MEG....like interconnect fees
- Remixes create new music, new territories....tours and form a critical feature of brand architecture
- Respect the customer and their right to choose

Customer Choice – the ultimate outcome

- The big winner....hands down is the customer...you and me
- The issue is choice...
- Where to go....
- What to buy, when to buy, where to buy, from whom to buy, and if to buy at all
- 24/7
- The future of boundaries....if any at all
- An electronic age of influence

Noise, and the rising relevance of the 'chuppie' – the brand

One used to say that the song is what sells music...one used to..not so long ago, understand that it was essentially the power of a song that drove public interest and sales...no longer the case...need the 'chuppie'



A great deal of:
"Noise"
in 2011



- Reduced attention spans
- Overkill on interest
- Rise in every attempt possible to locate and keep brand loyalty
- Electronic payment systems

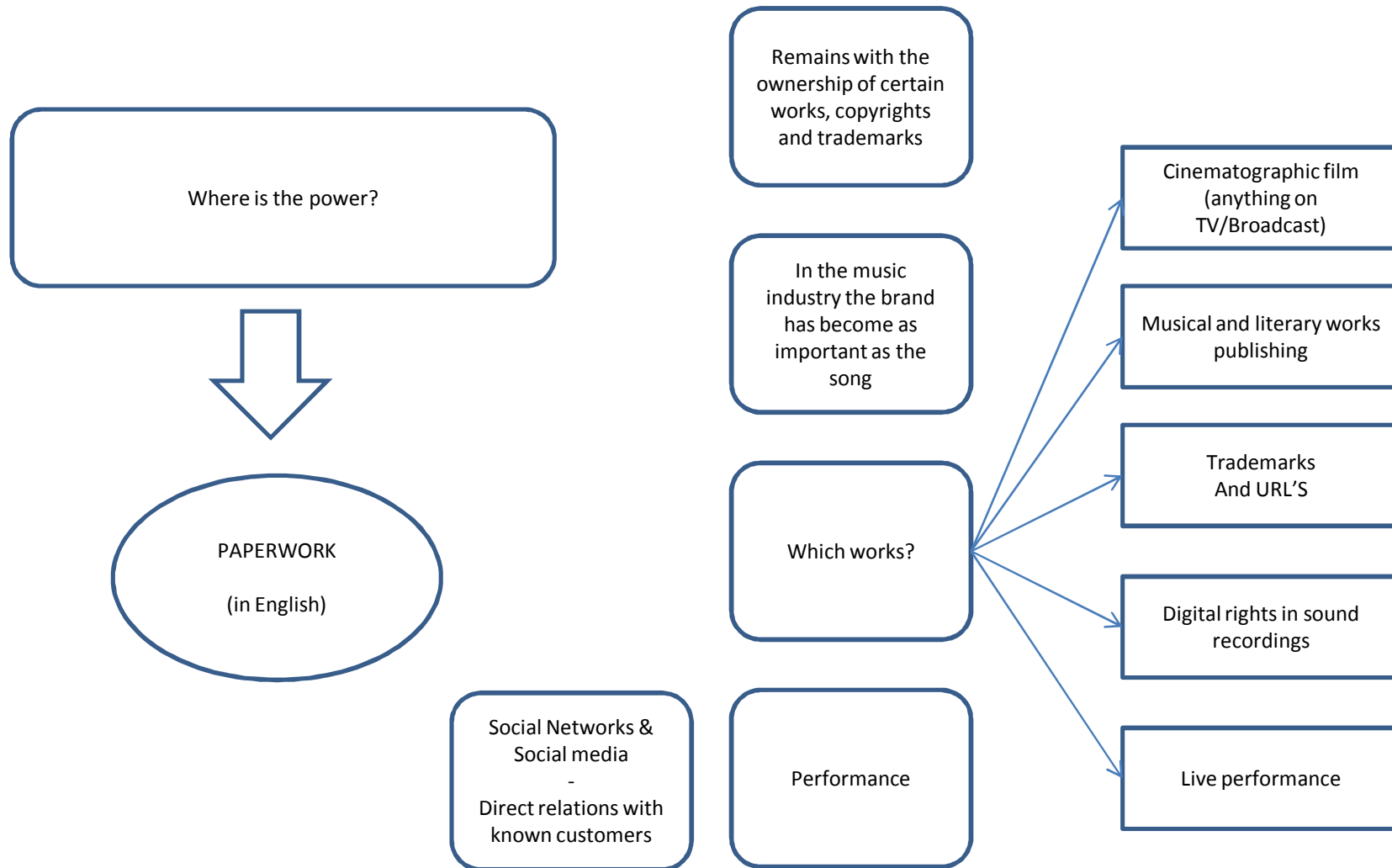
In 1986 – average consumer exposed to some 300 'brand communication exposures' a day – direct and indirect



By 2006 – average consumer exposed to some 3000 'brand communication exposures' a day – direct and indirect

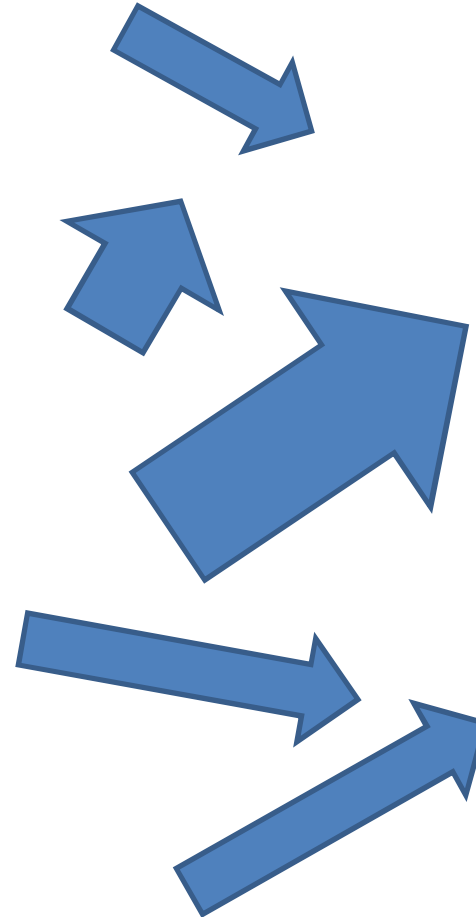


So now.....what to do?



What is the future of 'entertainment product'

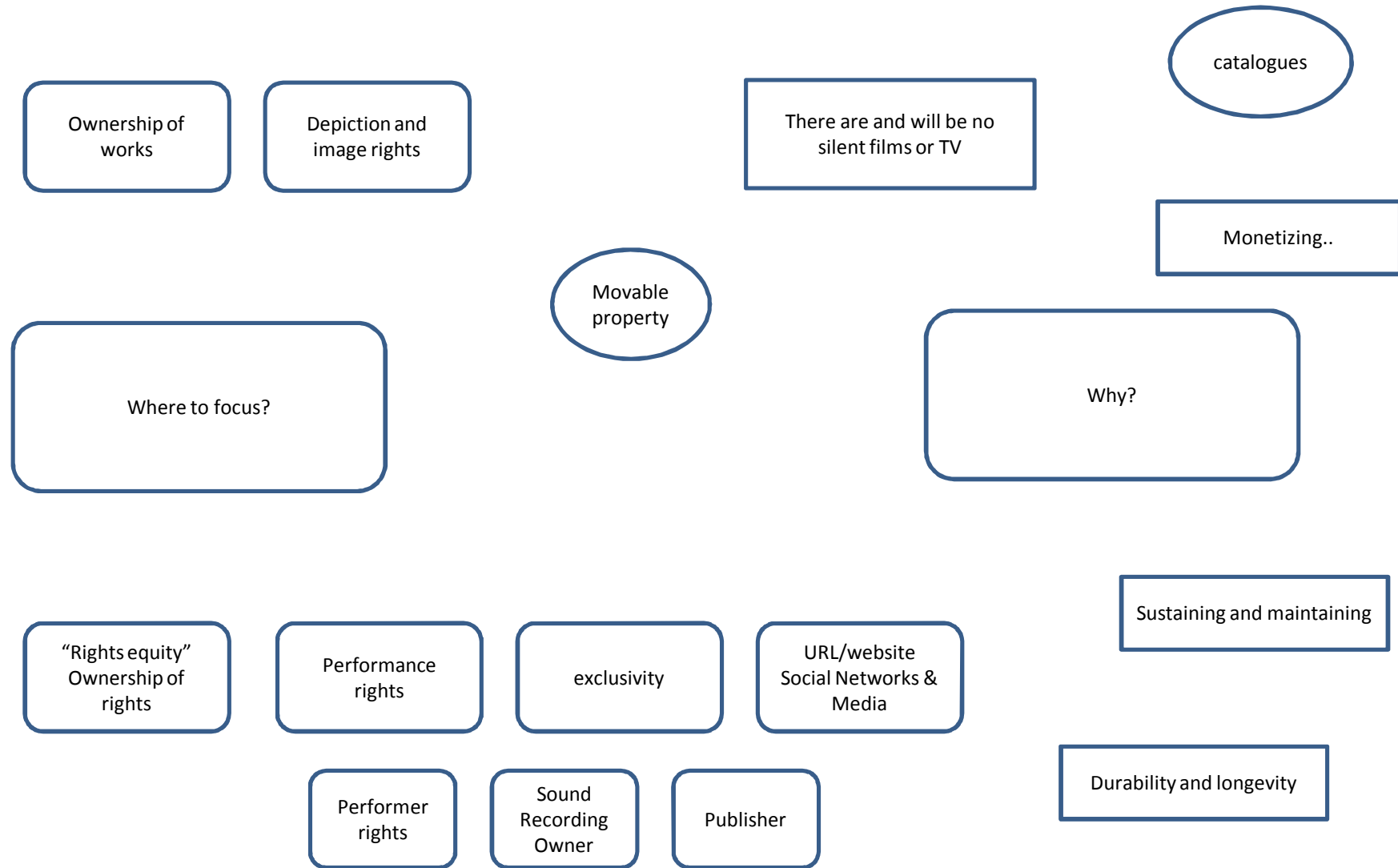
- Packaged goods
 - CD'S and DVD'S and tapes
- Digital/mobile
 - Downloads and tones
- Pay TV
 - The largest...
- Theatrical
 - cinemas
- Games
 - Nintendo etc



Do's and Dont's

- Do
 - Understand that the music business is first and foremost a rights business
 - Separate out physical product and digital/mobile product deals.
 - Have a relationship direct or indirect with the ownership of the underlying musical and literary works
 - Own the URL of your brand
 - Use Social Networks like Facebook for your fans/customers to find you
 - Use exclusivity as a value proposition
 - Be very careful of the English language
 - Record as cheaply as possible
 - Use tech to the max
 - Understand that many of your rights belong to those not yet born – legacy issue
- Don't
 - Think the business is about “the expression of an idea’...i.e. films, records, books....etc....its about rights..copyrights, performers rights and other rights
 - Distribute digital product through physical distribution
 - Bother owning a brand if you cant own the URL
 - Make your best products non-exclusive
 - Include digital in compilation licences
 - Touch creative commons licenses....ever
 - Try the DIY approach with everything
 - Spend a lot of money making a recording
 - Abuse technology
 - Put your heirs into poverty, by signing away your rights

So where to focus? And why?



An example: Exclusivity.....a real value proposition

