

2010: Shake 'n Wake in the music industry.....again!

Cape Town International Jazz Festival 2010
Music Business Lecture

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| Presented at: | Cape Town International Jazz Festival 2010 |
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| Date: | 3 rd April 2010 |

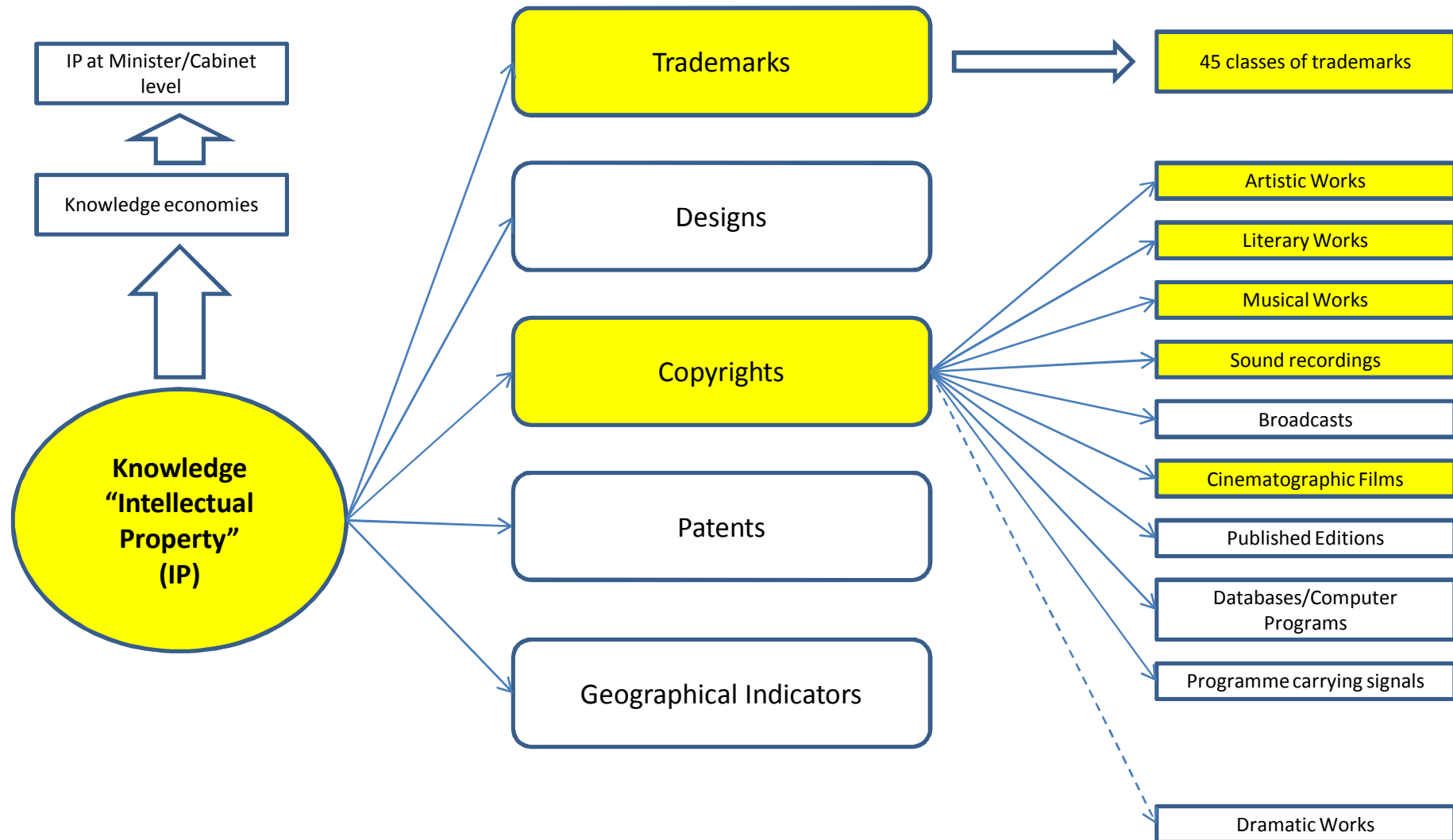
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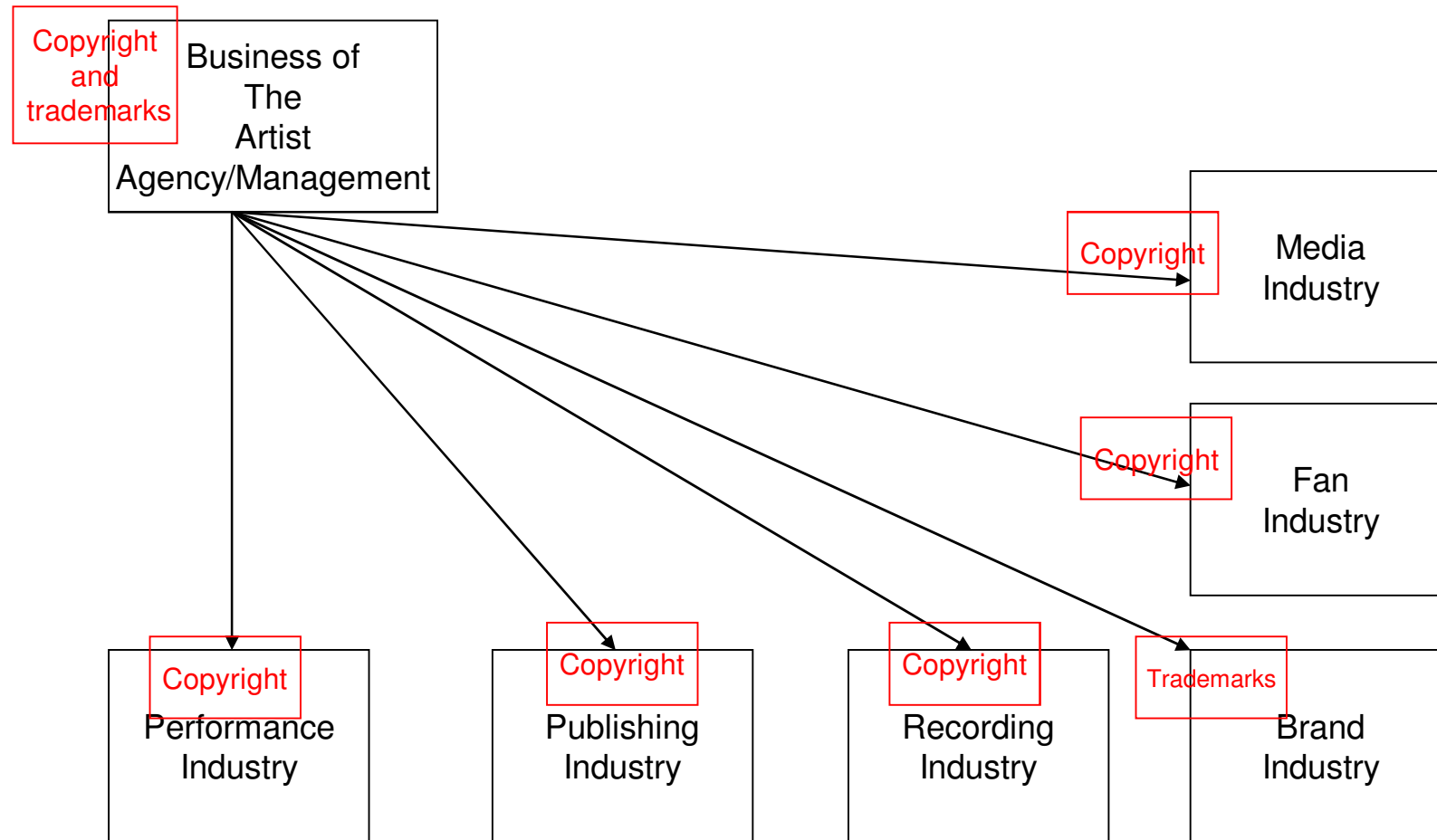
2010 – State of Affairs in the SA Music Industry

- Very serious change is upon the industry
- Typical earners like the selling of recording (CD'S) have tanked.....gone south....and never coming back
- How one makes money off a sound recording has changed
- People have issues paying for air.....if there's another way
- Performance and related sectors are the most important income generators
- Knowledge and skills have never been as important as now, and the we were lied to when they said "you are school leaver"
- Digitization has converged...no pun.....in full force
- Customer choice rules
- SA'S biggest market is SADC
- 30+ SA artists.....per weekend....now cross SADC borders EVERY WEEKEND exporting culture
- And youth.....where are the youth? Groove culture...dance...big..as in huge and the hunger for knowledge is serious
- The major record companies have long lost the capacity for organic growth, mainly young black businesses

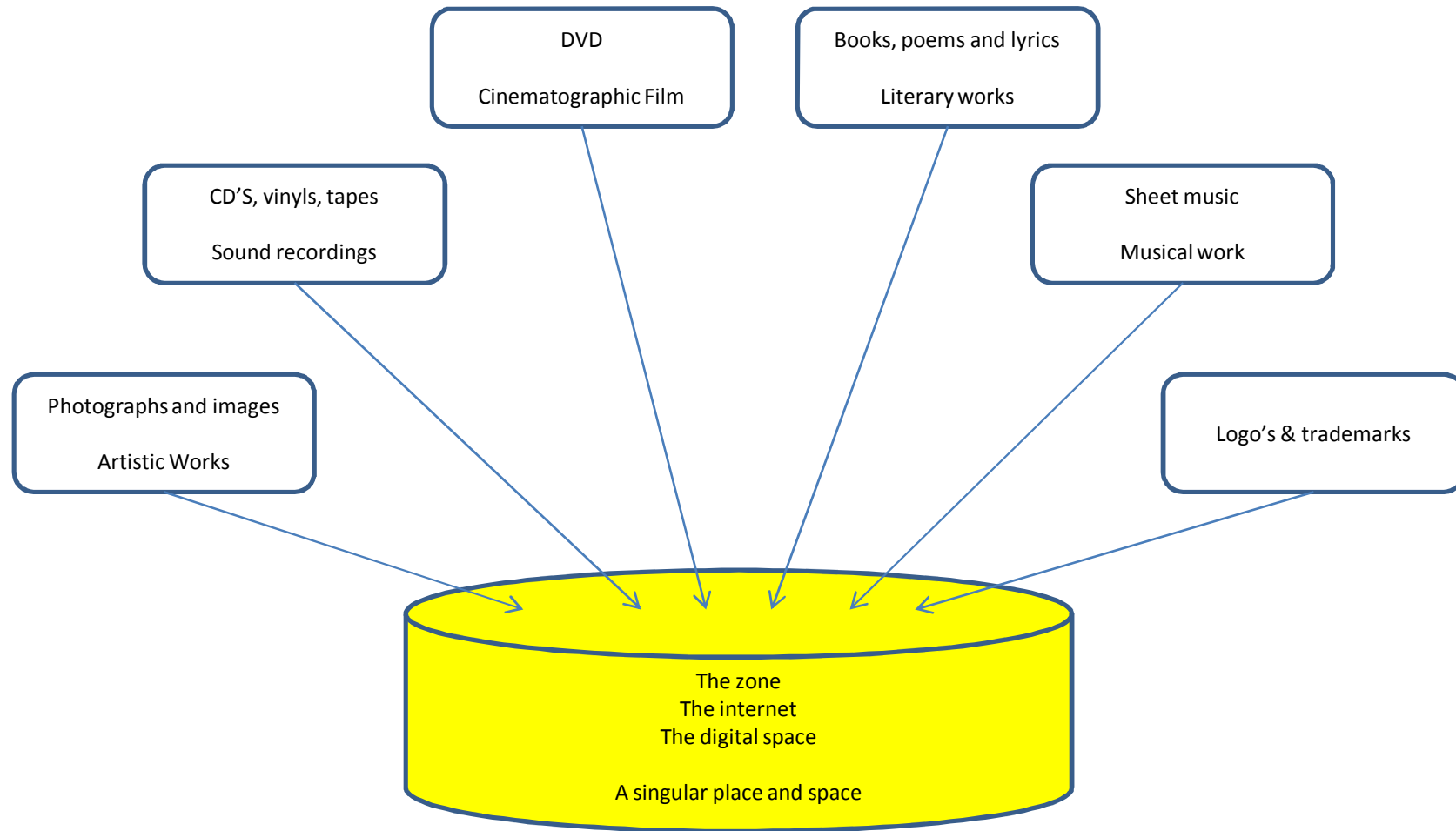
Knowledge and its links to the music industry



The Seven Sectors of the Music Business



Convergence comes home



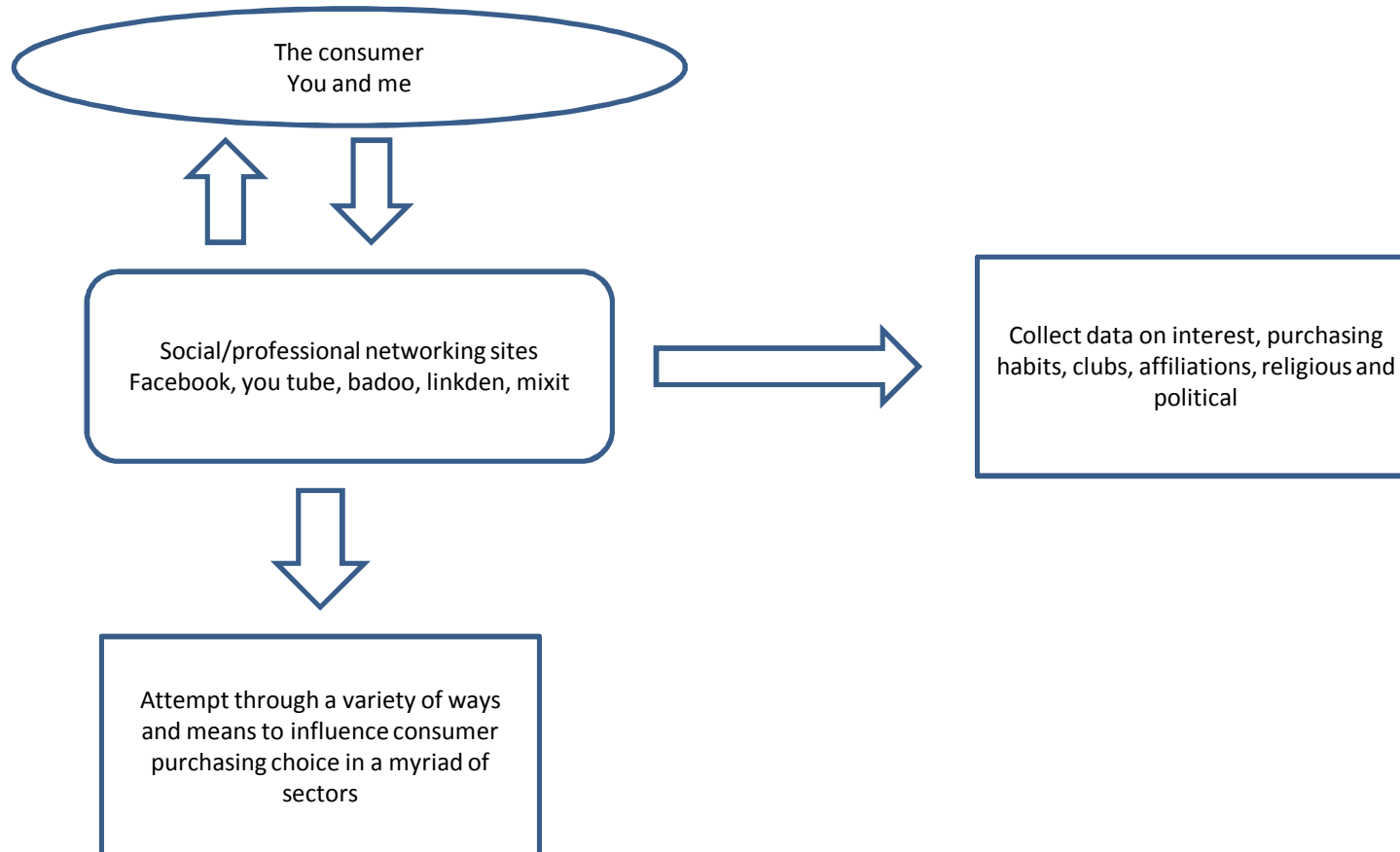
Impact of convergence

- 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

Customer Choice – the ultimate outcome

- The big winner...hands down is the customer...you and me
- The issue is choice...
- 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

Influencer's & Info seekers



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 2010



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

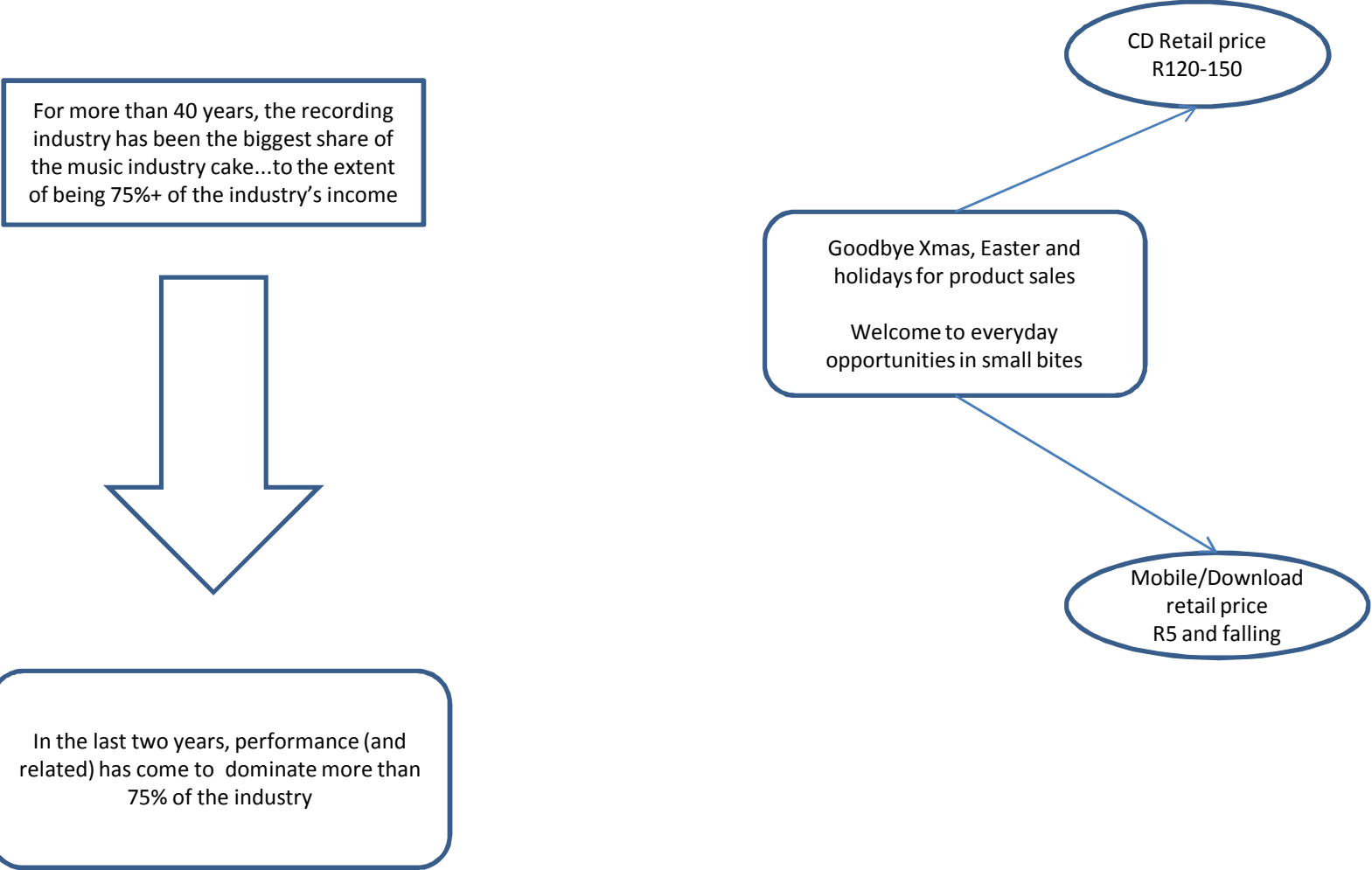
In 1986 – average consumer exposed to some 300 'brand communication exposures' a day – direct and indirect



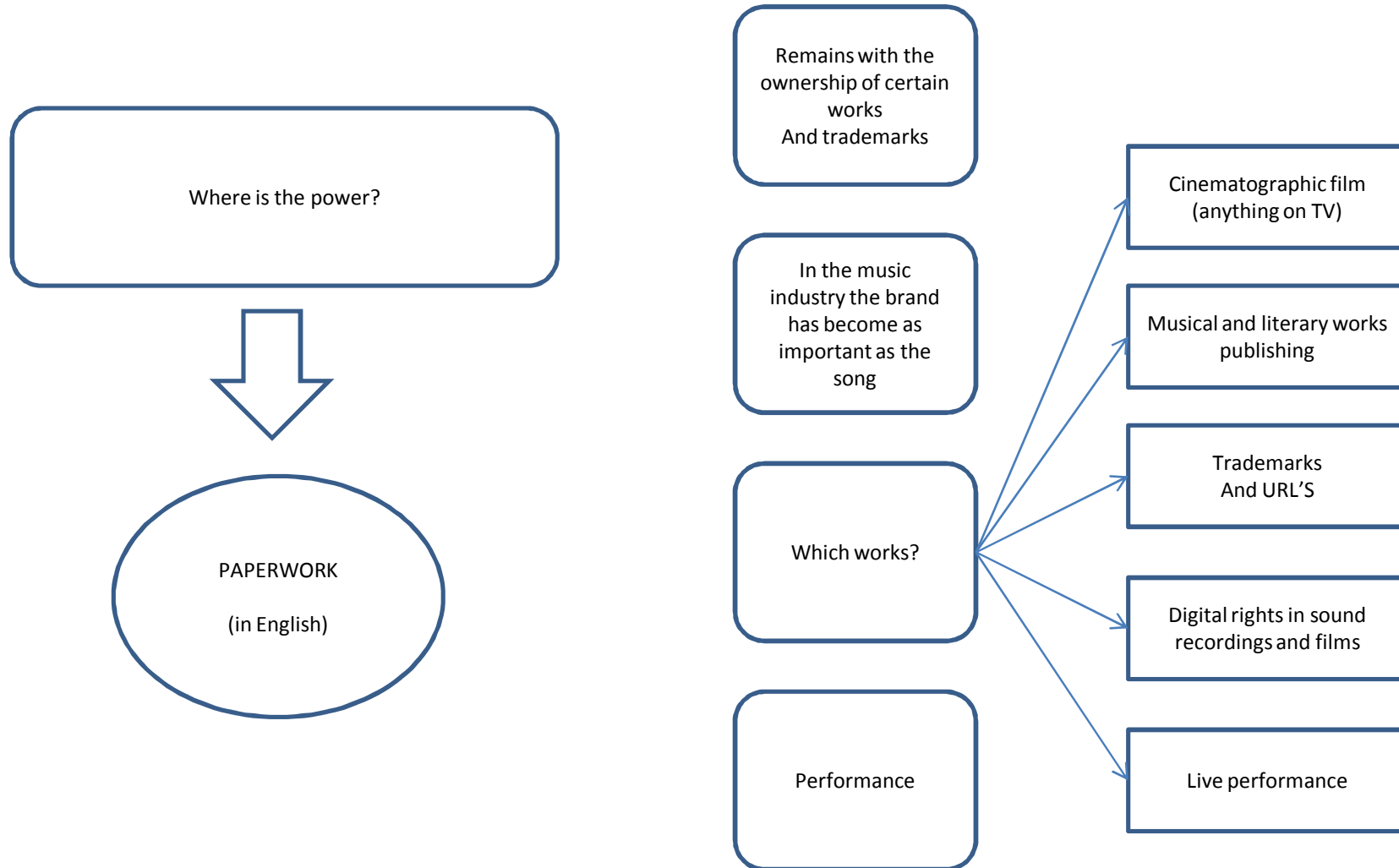
By 2006 – average consumer exposed to some 3000 'brand communication exposures' a day – direct and indirect



Performance – the ‘new’ play

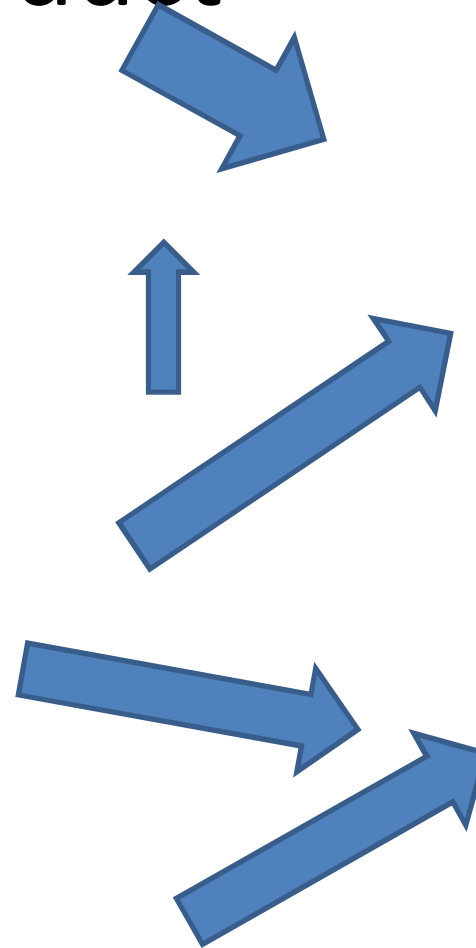


So now.....what to do?



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
 - Ninetendo/seaga etc



Do's and Dont's

- Do
 - 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 exclusivity as a value proposition
 - Make sure you never ever touch Creative Commons
 - 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
 - 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?

Ownership of works

Depiction and image rights

There are and will be no silent films or TV

Where to focus?

Why?

Ownership of rights

Performance rights

exclusivity

territory

Exclusivity.....a real value proposition

