

REVIEW OF NZ ON AIR'S INTERNATIONAL MUSIC SUPPORT PROGRAMME (“PHASE 5”)

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1. Introduction

I was commissioned by NZ On Air in June this year to undertake a thorough appraisal of the Phase Five section of NZ On Air's music programme.

In undertaking this appraisal I was asked to interview stakeholders to get their views. It soon became obvious that there was a lot of strong opinion in the industry on the subject of Phase Five and the international marketing of our music in general, so I widened the interview panel and eventually undertook 50 separate interviews of around ninety minutes length with pretty much all the movers and shakers in the New Zealand music business. Their collective views form the basis of this report.

This was a very comprehensive panel including the managing directors of all four major and six leading independent music companies, artists, music business lawyers, touring agents, publishers, representatives of other government agencies involved in the promotion of music and people contracted to provide services to Phase Five.

The respondents were very appreciative of the opportunity and in all cases the interviews were undertaken on the basis of anonymity for the interviewee.

It's important to note that no feedback was unanimous for any given topic and for every opinion expressed there was at least one polar opposite opinion, therefore the recommendations at the conclusion of this report reflect the majority view in each case.

Disclosure

I am currently a music business consultant with 30 years background of working in the music industry, including tour management, music retailing, music merchandise selling, and working for a major music label, EMI, where I was Managing Director for 8 years.

My current clients include a cross section of industry businesses, including an artist, an indie label, a major label, and an entrepreneur in digital music. None of the work I do for these clients involves NZ On Air or its funding schemes.

2. Terms Of Reference

The full terms of reference for the review, as delivered to me by NZ On Air, are reproduced below –

“The review will aim to give NZ On Air information to enable the following questions to be answered –

- (i) Should NZ On Air be involved in the international promotion of New Zealand music?
- (ii) If the answer is yes, then is Phase Five, as presently conceived, the right thing for NZ On Air to be doing, is it effective and how could it be improved?
- (iii) If the answer is no, then what does NZ On Air need to do to extricate itself from Phase Five and what are the implications?

Specifically, the study will –

- (a) *review* the conceptual and policy basis for NZ On Air’s Phase Five international New Zealand music plan;
- (b) *consider* whether the assumptions upon which the plan was based remain important and relevant in the current global and local music industry environment;
- (c) *consult* with industry stakeholders – both those who are sceptical about Phase Five and those who are supportive, including users of Phase Five facilities and services – to gauge industry views on Phase Five policy and practice;
- (d) *consult* with relevant public sector stakeholders to establish an understanding of what other Government-funded agencies are doing in the international promotion of New Zealand music and *determine* whether there is complementarity or duplication of effort between agencies;
- (e) *evaluate* all Phase Five actions and impacts to date to establish the effectiveness of the Phase Five intervention, quantifying results as fully as possible and assessing whether the intervention provides value for money;
- (f) *determine* whether the Phase Five initiative should continue and if so, *recommend* what modifications (if any) might be made to the Phase Five policy and practice to increase the effectiveness and relevance of

NZ On Air's international promotion of New Zealand music to improve New Zealand broadcast outcomes."

3. Background To Phase Five

According to NZ On Air literature, Phase Five is NZ On Air's contribution to the Government's New Zealand music export strategy that was launched in March 2005.

Phase Five supports campaigns by export-ready New Zealand artists and repertoire owners to get noticed, and get traction, in one or more of four target territories – Australia, the US, the UK, and Canada.

The aim is to get New Zealand music onto the radar of key influencers or “tastemakers” in the music industry and music media in the target territories. The focus is primarily, but not exclusively, airplay on radio and music television.

Phase Five is not a funding scheme. There is a funding component (for airplay campaigns supporting record releases) but Phase Five is primarily a promotional strategy.

There are six strands to the Phase Five programme –

- Producing sampler discs of export-ready New Zealand music for distribution to music industry and music media tastemakers in the four Phase Five target territories in order to back up the artists and repertoire owner's campaigns in those territories.
- Taking space in key music industry trade publications in the target territories that industry and music media tastemakers read in order to generate visibility and awareness of export-ready New Zealand music inside the industry.
- Participating in key international music industry trade fairs and festivals where industry and music media tastemakers gather in order to increase visibility and to give a platform for export-ready New Zealand artists to showcase.
- Contracting agents in the Phase Five target territories to exploit their industry and music media tastemaker contacts on behalf of export-ready New Zealand artists.
- Producing radio shows featuring New Zealand music for broadcast on the radio stations in the Phase Five target territories that industry and music media tastemakers listen to.
- Helping New Zealand artists and repertoire owners with the costs of radio (and music television) promotional campaigns to support a record release in one or more of the Phase Five target territories.

Phase Five was launched at the same time as the NZ Music Commission's Outward Sound international programme and works in partnership with the Music Commission and Outward Sound.

Outward Sound priorities are reflected in Phase Five priorities and vice versa. NZ On Air and the NZ Music Commission share the costs of, and management of, the New Zealand promotion at key trade fairs like MIDEM, SXSW, and the CMJ Music Marathon on a 50/50 partnership basis.

At \$750,000 in 2009/2010, Phase Five funding represents 13% of NZ On Air's annual expenditure on the promotion of New Zealand music and 0.5% of NZ On Air's total funding expenditure.

According to background papers provided by NZ On Air, Phase Five is ultimately about supporting the local content campaign in New Zealand. The argument is that the local content campaign in New Zealand relies on a sustainable, robust local music economy and that part of building a sustainable and robust local music economy is international success.

Phase Five's goal is to help achieve this by helping record companies and artists to generate overseas earnings by contributing broadcasting (radio, television and online) support.

There are also references in the Phase Five literature to broadening the local radio repertoire base by creating international stories that will, in effect, "sell" New Zealand music back to New Zealand.

Its role in the international arena differs from the local in that it does not take on an A&R role but provides back up to releases in the international marketplace.

In 2005, NZ On Air's Phase Five plan was legally challenged by the Ministry for Culture and Heritage on the basis that it was ultra vires the Broadcasting Act but after a Crown Law opinion, it went ahead.

According to the background papers, the funding for Phase Five came from a special allocation of \$850,000 (plus GST) per annum for four years as part of the Government's music export package in 2005 and came from an extraordinary transfer of funds from Vote: Education. According to NZ On Air, spending on Phase Five has always been on top of, and not at the expense of, its annual spending on its domestic music schemes.

4. Overview Of The NZ Music Market

4.1 The Market

New Zealand has a typical Western music market with an abundance of both networked and local radio stations playing a wide variety of music, three music video channels (C4, MTV and Juice/Channel 63), and relatively affordable access to broadband internet providing further access to music via online radio stations and social media sites such as MySpace and YouTube.

The recording and marketing of music is handled by four global music companies: Universal, Sony, Warner, and EMI (the “majors”), and an increasingly large number of independent companies such as Dirty Records, Dawn Raid, Arch Hill and Siren (the “indies”).

For producers and artists there are a variety of income streams from which money can be earned with the sale of physical and digital copies of the music still the most important.

In the last 20 years the New Zealand music business has largely reflected patterns in other Western markets. Consistent growth from 1989 to 2001 was fuelled by the widespread adoption of Compact Discs by the public and the entry into the music market of chain stores such as Wal-Mart in the USA, Tesco in the UK and The Warehouse in New Zealand, which currently sells about 60% of all music sold here.

Since 2001 however the global market for the sale of recorded music has been in precipitous decline. As access to broadband reached critical mass the illegal downloading of music files increased to epidemic proportions, a major contributing factor in sending a large number of physical retailers out of business (Tower Records in the USA, Virgin in the UK and Sounds, previously a 45-store chain, here in New Zealand), and hampering the growth of the legal digital download market (i-Tunes, etc.)

The New Zealand market reached a high point in 2001 (roughly 2 years behind the leading world markets) and has suffered the following percentage declines since then:

- 2002 -3.8%
- 2003 -9.7%
- 2004 -5.7%
- 2005 -1.7%
- 2006 -17.1%
- 2007 -14.1%
- 2008 -11.7%
- 2009 -13.0% (projected from y.t.d. August)

The net effect of this decline will see the market in 2009 at about 44% of its 2001 level in dollar value.

4.2 New Zealand Music

New Zealand music fell into a gradual decline in the 1980s with a general reluctance by New Zealand radio to air New Zealand songs which in turn discouraged investment in new talent by New Zealand producers. Since the early 90s however, and driven by a well executed strategy by the music division of NZ On Air, we have seen a steady increase in the percentage of New Zealand music broadcast on radio from a low of 2% to a consistent 20%+ in recent years, and a corresponding increase in investment in new music recording by both majors and indies.

The effect on the cultural landscape of New Zealand from the dramatic increase in exposure to New Zealand music cannot be overestimated. Pride in New Zealand music is now palpable. The phenomenally successful New Zealand Music Month promotion run by the New Zealand Music Commission each May receives massive media exposure and sales of New Zealand music (and even NZ Music Month clothing) each May are impressive.

The New Zealand Music Awards have grown in professionalism and scope to the point where the annual ceremony at the Vector Arena is now the hottest ticket on the awards calendar. Competition to win a “Tui” is fierce.

The live music scene for New Zealand artists has also strengthened in tandem with the increased exposure. A sold-out festival of the stature of the 2008 and 2009 Vodafone Homegrown shows in Wellington, featuring only New Zealand artists would have been unthinkable even 15 years ago. The caliber of the 32 acts performing, demand for tickets, and the ability to attract a heavyweight corporate sponsor such as Vodafone to a large degree reflect the years of investment in New Zealand music by NZ On Air in partnership with producers and, as importantly, its exposure to the New Zealand public via the increased levels of radio and TV airplay.

The gusto with which a 30,000 strong crowd sang along with Jordan Luck at the 2009 Wellington Rugby Sevens tournament was a real marker of the both the power of, and pride in, New Zealand music in 2009.

With the increased investment and broadcast has come an increase in sales for New Zealand music, to an average of 9.7% of the total music market over the last ten years. Separating out chart sales i.e. sales of current music (the total market of course includes the deep back catalogue of the majors) and the figures are consistently nearer 20%.

Nonetheless these figures must be seen against the decline in the overall market, so the dollar turnover for New Zealand music in 2009 will be below 50% of its 2002 level.

4.3 Should NZ On Air Be Involved Internationally?

Spurred by NZ On Air's tiered programme of support mechanisms, there is little doubt that the business of recording and marketing New Zealand music in New Zealand has come of age during the last 15 years. Indeed one interviewee went as far as to say that NZ On Air has "created" a New Zealand music business that barely existed in the late '80s.

The measurable outcomes could be said to have reached something of a plateau with airplay percentages for New Zealand music now regularly near the 20% mark and the chart (20%) and sales (10%) share for New Zealand music also consistent over several years.

So the question is where do we go from here? Can these figures increase, or have we reached a manageable level in terms of investment required, resources available and most importantly talent on offer?

These figures are low in terms of local music penetration into the overall music market compared to many Western markets so there is undoubtedly room for growth. The fact that these figures have been consistent at these levels for several years now tends to indicate a certain equilibrium has been reached internally, and a new stimulus is needed.

Taking our music overseas is the next logical step.

Regarding the rationale for looking overseas, Malcolm Black wrote in his 2002 report to NZ On Air on the Phase Four International Marketing Fund:

"I agree with the NZ On Air rationale for being involved in this area. Not only do record companies require the carrot of international success to continue investing in their hit-making artists but so do the artists themselves"

Within the music industry itself there is near unanimous agreement that international success is essential to move the industry forward.

Given the stark reality of the erosion of the sales base and to ensure the momentum built up over the last 15 years is not lost, it is vital that investment in new and established artists is ongoing and the logic of trying to translate local success into international success to both extend the leverage of existing investment and create new reliable income streams is irrefutable.

The challenge of taking New Zealand's music overseas is immense with both our geographic isolation and our small population base working against us. In our favour we have a wealth of fantastic music and an indomitable spirit to succeed in our psyche.

There is a great deal of pride within the industry that our government recognizes the value of our musical output and proactively supports and encourages the endeavours of our artists in a meaningful and effective way.

So given NZ On Air's track record in stimulating the music business within New Zealand is there a case for extending its activities offshore (bearing in mind that any actions should be undertaken on the premise that they achieve "broadcast outcomes in New Zealand")?

The majority of interviewees (75%) say yes, favouring NZ On Air's involvement in attempting to achieve success for our music internationally. This is primarily driven by its proven track record in New Zealand and the high degree of confidence placed in the two main drivers of the international programme, Brendan and Mike.

There is a strong belief that NZ On Air has the potential to extend its success in New Zealand into international markets.

There are two ways in which New Zealand broadcast outcomes can benefit from NZ On Air achieving international success; firstly in bringing attention to previously unheralded artists and secondly, and most importantly, in generating overseas earnings that flow back to both the producers and the artists.

From the producer's point of view the decline in the New Zealand market means the need to generate income from international sales is now critical. With major labels the danger is that decreasing returns will result in Head Offices instructing their affiliates to reduce investment in local artists, and for indie labels it's in some cases as simple as needing international income merely to survive.

For artists, making a living from music in New Zealand has always been a struggle. With income from music sales declining international income looms large as a necessity to continue their chosen vocation.

There are many examples of New Zealand artists' overseas success preceding local discovery and eventually benefitting local broadcast outcomes.

To this day our most successful song in international markets is "Don't Dream It's Over" by Crowded House, which first broke in the USA in the mid '80s. Radio programmers in New Zealand had snubbed two previous songs by Crowded House but could not ignore the overseas success, turning the song into a New Zealand standard and to this day our biggest overseas earner, and opening the door to a further 17 hits by the band.

Shona Laing's "Glad I'm Not A Kennedy" reached the top 5 in Australia fuelled by extensive airplay there before being picked up by New Zealand radio and since then, artists such as Evermore, Steriogram, The Datsuns, The Veils, Flight Of The Conchords, and more recently Ladyhawke have all achieved significant overseas success before achieving success here.

The industry here instinctively places the highest value on international success with The Datsuns, Flight Of The Conchords and this year, Ladyhawke all sweeping the Tuis in their breakthrough years.

The potential financial benefit is critical in the present music market to provide both incentive and the ability for producers to re-invest in new talent and to afford successful artists the opportunity to be meaningfully rewarded and give them the means to continue in their creative endeavours.

Additional benefits come in exposure for brand “New Zealand”; the aspirational effect on young musicians / songwriters; and the cultural pride engendered in seeing our artists succeed internationally. Reports of success such as that achieved by Hayley Westenra, Flight Of The Conchords and Ladyhawke often make the headline news.

5. Evaluation Of Current Activities

5.1 Samplers

Taking a leaf from the highly successful New Zealand Kiwi Hit Discs, Phase Five has released to date 14 x 5 track sampler discs under the banner “Phase Five NZ Music” featuring 83 different artists.

The tracks included are chosen by Mike, with some input from A&R Worldwide, from artists receiving support from Outward Sound, those approaching Phase Five to have a track included, and those that have created a strong story elsewhere.

There are 5 generic samplers produced annually and these are distributed primarily in the USA. About 1,000 of each is manufactured in New Zealand and sent to the USA where around 600 are distributed by Phase Five contractor, A&R Worldwide, to a tastemaker mailing list, comprising largely of radio programmers. A&R Worldwide holds the balance for distribution either on request or at industry events such as radio programmer conferences.

Artist representative contact details are listed on the inside cover of the CD so that anyone wanting more information on a given track following receipt of a sampler can make contact directly with the record company or artist manager.

A&R Worldwide also follow up the distribution with calls to key contacts for feedback, and respond to requests for further information on any given track.

A further 100 are distributed in Australia, sent directly by Mike to a mailing list selected by him.

The rationale behind these is to both raise awareness of New Zealand artists and songs, and support artists’ initiatives in the territory such as those funded by Outward Sound. Underlying this of course is the hope that one or more of these songs will be “discovered” by radio programmers, playlisted and eventually become a bona fide hit. Further samplers are made for specific events such as SXSW or Musexpo, where as many as 500 are made for distribution to delegates, or for publications such as Music Week, where for the first 3 years of Phase Five, a cover mount CD was supplied to magazine subscribers.

Total cost, including distribution services carried out by A&R Worldwide is \$136,000 or 18% of Phase Five’s budget.

A&R Worldwide claim to receive about 30 to 40 instances of feedback to each sampler. They then report back to Phase Five after each distribution, reporting on notable feedback to individual tracks and monitoring tracks via the Media Guide Airplay Report. There has been a regular flurry of low level activity generated by the samplers. Occasionally tracks achieve isolated spins

on stations e.g. Opshop in Chicago, but in some cases without a releasing label and often without a coordinated, well funded plan these spins have been unable to gain traction and become established as hits.

The creation and distribution of the Phase Five samplers was not widely supported by the panel. The most fundamental criticism (one voiced by 80% of interviewees) was the grouping of diverse artists together under a “New Zealand Music” banner. This was perceived to be likely to have a negative impact, some artist managers going so far as to state they would rather their artists were not presented in this way and would prefer to be left off the samplers. Some people commented that if they received similar country branded samplers featuring artists from say, Finland or Scotland they would most likely ignore them.

There was a very strong preference for artists to be presented individually so they can be judged on their own unique artistic and commercial merit.

The selection of artists and the timing of the releases was seen to be problematic in that artists featured on the discs were sometimes featured for convenience in that although they were undertaking some legitimate activity in support of a single or album release in the territory, under normal circumstances they may not have been an artist that NZ On Air would have chosen to support with broadcast outcomes back in New Zealand in mind.

The difficulty of coordinating 5 tracks to match the activity of 5 different artists simultaneously was felt to be nigh on impossible. Some respondents felt that there was the potential for the release of the song in this way to conflict with the plan of the releasing record company. Some artists without release deals in the USA had their tracks featured in the hope of raising their profile whilst they attempted to secure a release deal.

Interviewees felt that the chance of the samplers generating meaningful airplay in the USA was almost nil, and that the initiative, whilst well intentioned and professionally presented, was naive and ultimately wasteful.

For mainstream commercial music it was felt that to achieve radio success in the USA a campaign by the releasing label was likely to involve a considerable budget, an expensive video, a well executed multi-faceted publicity plan, and the in-market presence of the artist for months, if not years.

There was support for samplers in the realm of college radio type repertoire however. Samplers were deemed to be appropriate in support of indie music in the College Music Journal and at trade fairs, especially the CMJ Music Marathon, where the New Zealand banner held some cache, the tracks selected fell within a recognised genre, and the likelihood of tracks being programmed was perceived to be higher.

Samplers given to delegates at other industry events such as SXSW or Muxexpo were also thought to be a good use of this tool, particularly where the sampler features artists who are playing the festival.

Given that the perception was that the samplers were aimed at generating airplay and creating hits they were an easy target for criticism as none of the tracks featured to date has garnered enough airplay in the USA to be genuinely labeled a 'hit'. Furthermore few interviewees reported any feedback as having come directly from the samplers.

5.2 Trade Fairs

Trade fairs are a globally recognized feature of the music industry but vary extensively in their aims and effectiveness.

Phase Five has participated in 5 different events in recent years, South By Southwest, CMJ Music Marathon, The Great Escape, Midem, and Musexpo, usually in conjunction, to a greater or lesser degree, with the NZ Music Commission.

Collectively, participation in, and representation at, trade fairs costs \$230,000 or 31% of Phase Five's budget.

5.2.1 South By South West (SXSW)

One of the world's biggest music events, this is an annual showcasing opportunity for artists held in Austin, Texas which has grown consistently in size for 22 years and last year hosted nearly 1900 different artists, and attracted 17,000 registrants.

In conjunction with the showcasing events, there is a large convention/exhibition offering networking opportunities for industry business people. Artists appear at showcase events at numerous venues scattered throughout the city, meaning there are literally hundreds of shows every day and night.

The event usually features around half a dozen New Zealand artists each year. Some of these are assisted by grants from Outward Sound. The Music Commission has made SXSW a priority and has coordinated the activity of New Zealand artists appearing there for the last 7 years, even before Outward Sound was launched.

Outward Sound also organizes a very well-attended invite-only outdoor "party/barbecue" which offers further showcasing opportunities for artists and has been co-sponsored by commercial interests such as Kim Crawford Wines. The appearance this year of Ladyhawke resulted in more than 3,000 requests for tickets.

Phase Five became involved as part of its ongoing support for artists receiving assistance from Outward Sound and because it stepped in to help the Music Commission out at a time of budget constraint. Phase Five has been involved for the last 3 years.

In the first year both Brendan and Mike attended, now just Mike attends each year offering advice and logistical and practical support to the Outward Sound team who organize the New Zealand "presence" at the event.

Since 2007 Phase Five has contributed half the costs (\$15,000) of presenting a New Zealand presence at SXSW in conjunction with Outward Sound. In 2009, the visit to SXSW was leveraged to include a further showcase in Los Angeles for some artists on the way to SXSW.

The total cost to NZ On Air for SXSW (including attendance) is \$35,000 just under 5% of Phase Five's budget.

Given its high profile and physical location its attraction for artists is easily understood. A performance at SXSW seems high on list of aspirations for many New Zealand artists.

All interviewees were well aware of the event, the regular participation by New Zealand artists and the co-ordination provided by Outward Sound and Phase Five. Opinion was fairly pointed about the event and the way in which New Zealand artists and our agencies are involved.

SXSW was not widely recognized as being effective and value for money by the majority of interviewees and the benefits for artists of appearing there were widely doubted. The general opinion was that focusing heavily on SXSW, although a well meaning gesture and a professionally presented event, was highly unlikely to achieve any meaningful outcomes for artists.

Many questioned the motivation of some artists attending, claiming some saw it as little more than a holiday, others feeling that a lot of bands attend in a misguided attempt to be "noticed" and thence hopefully signed by a record label. It was also acknowledged that several artists took the opportunity to appear as part of a larger and more considered plan to tackle the American market.

Given the relatively high cost of attending (transport, accommodation) it was felt that SXSW was suitable only for a very limited number of artists i.e. those already signed to an American label, or a label with a release organized for America, with a strong groundswell of tastemaker interest and using SXSW as part of a larger plan to launch an album in the USA. Several people mentioned that the British music industry uses the event the most effectively, the launch of Amy Winehouse into the USA cited as a copybook example of using SXSW to maximum effect. It was noted that the benefit was maximized by at least nine months of "set-up" beforehand.

Again the subject of presenting artists under a New Zealand banner was questioned, although the quality of support offered by Outward Sound/Phase Five to both artists and managers was highly praised.

Just appearing at SXSW does not in itself guarantee an audience, indeed several New Zealand artists were reported to have played to very meagre crowds, highlighting the difficulty of "standing out" from 1,900 other artists, and the amount of pre-event preparation required to make an impact. Certainly the barbecue event can compensate for this to a degree.

Despite the impression that little is ever achieved by appearing at SXSW, there have been one or two noteworthy achievements. Both Cut Off Your Hands and Die! Die! Die! garnered British airplay as a direct result of being seen at SXSW by British media representatives. In the case of Cut Off Your Hands this exposure eventually led to an American record deal.

Neither of these results has yet lead to broadcast outcomes in New Zealand. In the opinion of most interviewees future involvement in this event by Phase Five is reasonably unlikely to do so, and does not represent particularly good value for money for Phase Five.

5.2.2 CMJ Music Marathon

The College Music Journal is a New York-based magazine and website for both the music industry and consumers aimed at promoting music via college radio stations in the US and Canada (roughly the equivalent of our b-net stations here).

Established in 1978, since 1980 it has also run the CMJ Music Marathon, a music expo/ band showcasing event in New York, that in its 29th year this year will feature 1,200 bands and attract more than 15,000 attendees to its 75 venues.

Phase Five has established a strong commercial relationship with CMJ that has developed from a scoping visit by Mike 3 years ago to the staging of a showcase event that is oversubscribed and regarded as one of the “sexiest” events at the CMJ Music Marathon.

CMJ Music Marathon costs \$55,000, including Phase Five’s 50% share of the cost of the New Zealand promotion (up to \$15,000) and attendance, or 7% of Phase Five’s budget.

For the first two years the NZ event was hosted by Rhys Darby (of Flight Of The Conchords fame) and featured 4 New Zealand artists targeting college music airplay in the U.S.A.

The showcase is well conceived in that it guarantees an artist a significant audience compared to the artist appearing at a venue in isolation. This year the event was moved to a bigger venue due to high demand for entry. Specific costs for the showcase this year were as low as \$6,000 due to generous sponsorship from brands such as 42Below Vodka, Wild Rock Wines, Red Bull, etc.

Attendees at the New Zealand showcase have included representatives from powerful indie labels such as Domino and Sub Pop and journalists from influential English music paper NME. About 1,000 people attended the 2009 showcase.

This showcase is immediately preceded by a reception for college radio station programmers hosted by Phase Five called the College Music Mixer, giving the New Zealand representatives a great opportunity to network with a good number of programmers at once and guaranteeing a target audience for the showcase that follows.

The showcase is supplemented by magazine and website advertising for the featured artists and the issuing of a CMJ Music Marathon sampler disc, featuring in 2008 artwork by former Flying Nun artist Chris Knox and in 2009, by The Mint Chicks' Ruban Nielson.

Feedback from CMJ Music Marathon organizers is extremely complimentary of the efforts of both Phase Five and Outward Sound. Brendan, Mike and Gary (Fortune, from Outward Sound) were lauded as being efficient, savvy and easy to work with. The co-operation of the two bodies was highly praised and the efforts were rated as both world-class and smarter and more effective than the initiatives of their equivalent bodies from the UK and Australia.

Indeed the New Zealand event has made such an impact that CMJ has been approached by both the UK and Australian organizations for help in raising their events to the New Zealand standard.

Buzz in industry publications and online blogs sites has also been very favourable.

Although bearing some similarities in size and nature with SXSW, CMJ Music Marathon's specific radio focus was rated highly by most interviewees as being an excellent event fitting with Phase Five's aims and likely to achieve outcomes in the medium term. Nonetheless about a third knew so little about the event or our involvement with it they were unable to make a meaningful comment on it.

Here it was felt appropriate to leverage "Brand New Zealand" due to the high degree of recognition and ongoing influence of legendary New Zealand indie label Flying Nun, and the "cool" factor of association with Flight Of The Conchords.

2009 is the third year of Phase Five's involvement with CMJ Music Marathon and it's the biggest success to date. Due to Phase Five's close involvement with this event, pop-rock band Bang Bang Eche, has impacted at college radio and attracted a lot of US interest.

In terms of further potential, involvement with this event was seen by interviewees to be a good choice. Each year is getting bigger and better and it is part of a bigger year-long programme. There's confidence consistent attendance will eventually provide even better results.

In drawing parallels with the b-net in New Zealand it should be remembered that many artists such as Goldenhorse, Goodshirt, Fat Freddy's Drop, Salmonella Dub, and Hollie Smith were championed enthusiastically by b-net

stations before they went on to achieve mainstream commercial airplay success.

5.2.3 The Great Escape

The Great Escape festival is a relatively new trade fair that covers all genres of music and is held in the city of Brighton, England every year in the middle of May.

It's loosely modeled on SXSW, although presented on a much more modest scale. It's reported to be well organized, attracts the top echelon of British artists and is attended by a good selection of industry heavyweights.

Around 300 new local and international artists are showcased in 34 venues over 3 days. In addition to this there is a convention that features the usual array of networking sessions, panel discussions, interviews and keynote talks. The festival has been active since 2006.

Phase Five has been involved twice so far. In 2008 Mike attended to check it out and identified it as an opportunity to showcase NZ bands to the UK market and gain familiarity with key personnel in the UK music business.

In 2009 Phase Five sponsored a special feature event within the fair focusing on New Zealand music and featuring several New Zealand artists including Rodney Fisher (of Goodshirt), Die! Die! Die! and Bang Bang Eche. This was rated a big success in terms of feedback and profile attained.

The cost of participation and the staging of the New Zealand event was \$40,000, or 5% of Phase Five's budget.

Given its relative newness on the international calendar and Phase Five only recently getting involved, it was not well known by the interviewees, so I was unable to gain much meaningful feedback.

The showcasing of artists under a New Zealand banner once again raised a groan among several interviewees. It's fair to say that the general profile of New Zealand music was raised though but it's too early to expect significant results from this initial foray.

5.2.4 Midem

Midem is the world's most prestigious music trade fair, having run continuously for 42 years and is held in January each year in Cannes, France. It is specifically a business-to-business meeting attracting last year over 9,000 delegates representing more than 4,000 companies or organizations. Although renowned globally its location gives it a strong Western European bias with about two-thirds of delegates coming from this region.

The event features over 2,000 “stands” that are primarily focus points for highlighting goods or services and offering opportunities to meet directly with representatives of organizations from around the world.

‘New Zealand’ is usually represented by a variety of New Zealand business people from the industry, and specifically Brendan from Phase Five and Gary from Outward Sound. Outward Sound and Phase Five share costs of a New Zealand stand.

The cost to Phase Five for Midem, including Phase Five’s 50% share of the costs of the New Zealand stand (\$25,000) and attendance, is \$45,000, 6% of budget.

One interviewee reported a significant publishing deal had been signed as a result of attendance at Midem. Income generated from this deal assisted the financing of recordings by New Zealand artists.

5.2.5 Musexpo

Musexpo is an industry convention organized by A&R Worldwide and held annually in Los Angeles over the last four years. It has expanded recently to holding similar events in London for the European market and Perth, Australia for the Asia-Pacific region.

The convention is really a glorified networking get together involving an impressive line up of attendees. A series of panel discussions, dinners and a select number of showcase gigs at the Whiskey or Viper Room in Hollywood make up the programme.

Either Mike or Brendan have attended all of the events so far, and report useful contacts made and an opportunity to keep updated with global trends in the industry at large. Both have also taken the opportunity to appear as guests on panels. Phase Five has taken a sponsorship package enabling opportunities to highlight New Zealand artists. It dovetails nicely with the consultancy of A&R Worldwide in that it offers an opportunity to meet with a lot of useful people introduced by them in one place

Cost to Phase Five, including naming right sponsorship of the Global Radio Forum (\$25,000) and attendance, is \$40,000, 5% of budget.

Feedback on this event was fairly evenly divided among those that were familiar with it (about 60%). Some were cynical that this was just another money generating exercise by A&R Worldwide.

5.2.6 Big Sound

Mike and Brendan, plus three from the Music Commission, also attended Big Sound in Australia in 2009. This is an industry summit and showcasing event featuring the usual array of panels, guest speakers, and artist showcases. It’s

one of several similar events held in Australia each year, and was chosen to explore opportunities in the Australian marketplace and build networks.

Cost is a portion of the \$15,000 that has been set aside for Australian projects and promotions, 2% of Phase Five's budget.

5.3 Radio Plugging Investment

One of the biggest challenges facing any producer or artist when tackling overseas markets is getting their song on the radio in the target market. Radio programmers are faced with an overwhelming choice of tracks to play, with new tracks being offered every week. In New Zealand for example a radio programmer could regularly be presented with 20 to 30 new tracks per week and will probably choose only 1 or 2 to add to the playlist. Overseas the problem for New Zealand artists is exacerbated with preference given to proven hits from the USA and the UK and local artists from the given territory.

Responding to an industry suggestion, Phase Five makes \$100,000 available each year as contestable funding for the purposes of employing independent publicity or radio plugging people in support of international releases, with the primary aim of securing airplay in the releasing territory.

Mostly indie labels use this fund as major labels usually have in-house personnel for these specific functions.

Applicants apply to Brendan with a summary of their plans and decisions are made promptly. There is no official application form.

To qualify tracks have to be under the banner of a New Zealand repertoire owner, and have a confirmed release in the territory. The funding can be used for a single track or several from one album.

Generally speaking the artists selected are likely to have also had Outward Sound funding. According to NZ On Air, these grants are intended to supplement Outward Sound funding although it is not a pre-requisite.

Amounts of up to \$20,000 based on a matching amount being contributed by the releasing company are considered. The average grant appears to be around \$10,000.

This \$100,000 represents 13% of the Phase Five budget.

Since the start of Phase Five 37 tracks have been supported in this way. About one third of these were big radio hits in New Zealand. Of the 37, 14 grants were for use in the USA, 12 for the UK and 11 for Australia.

I have had a closer look at some of these grants to see what happened:

Opshop: Maybe (Australia)

This was a massive hit in New Zealand but the company with the first option for release in Australia, EMI, did not wish to release. The artist manager felt that a successful radio play track in Australia coupled with showcase appearances by the band could potentially lead to a signing offer from another company. Two independent radio pluggers from agencies in Australia were employed: Russell Thomas from KAOS and John Zucco from The Right Profile. The pluggers were only moderately successful, gaining airplay on about 20 regional stations and the Nova network at nights. The activities did not result in Opshop being signed in Australia.

Bleeders: Nightmares (Australia)

This was not a big radio hit in New Zealand but the band had achieved a Gold album and won a Tui award for best Rock Album of the year. Although being released by a major label the manager was frustrated at what he perceived to be a lack of commitment on the part of the releasing company. Independent pluggers were hired to supplement the activities of the label. No meaningful airplay outcomes were achieved.

Brooke Fraser: Albertine (USA)

This grant was given to support the independent release of the album Albertine, and single of the same name in America. In New Zealand Albertine achieved multi-platinum status and several number one airplay hits. A detailed plan for release including in-person appearances at radio stations was implemented. Included under this grant was the hiring of a digital promo person to maximize exposure through digital channels. The release was targeted at the niche market of Christian Music fans, as well as the Adult Contemporary market. Two radio “recommenders” were hired, one to cover each genre.

This plan worked extremely well, with the song being No.1 most added at Christian CHR radio. The airplay and tour stimulated sales of over 100,000 singles and 40,000 albums, grossing more than US\$500,000 and still selling.

Anika Moa: Dreams In My Head (Australia)

Another huge radio hit in New Zealand, this track and album were released in Australia under a P&D deal, meaning only production and distribution were handled by the releasing company, all other functions needed to be independently commissioned. With the artist basing herself in Melbourne, the grant was used to hire an independent plugger to promote the single and an independent publicist engaged.

Reasonable airplay was achieved primarily on regional stations but also on the ABC network. The manager reported that eventually the funding ran out and promotion ceased at a time when forward momentum was being achieved.

Midnight Youth: The Letter (Australia)

Another huge hit in New Zealand, this is the first foray into Australia for an upcoming New Zealand pop/rock band with a gold album and Tui award under their belt. Released by a major label but supplemented by the hiring of an independent radio plugger. This is to maximize exposure and media interest in a concentrated fashion and backed up by regular monthly visits from the artist for showcasing and publicity. At the time of writing the plan is working with over 100 radio stations including Nova in Brisbane and Sydney on board and signs looking good for a breakthrough.

Other notable results from Phase Five funded projects include:

- + Tim Finn's "Couldn't Be Done" being Number 1 most-added at Adult radio (a niche format) in the USA, and strong airplay achieved in markets where he was touring.
- + Greg Johnson reaching the Top 30 on the Triple A airplay charts in the USA
- + Bang Bang Eche being Number 5 most-added on the CMJ Top 200 college radio airplay charts with 59 stations playing the track.

It's fair to say that there has been a lot of learning in this process to date, and a flexible approach to the rules has been taken, with not all tracks having a guaranteed release prior to receiving funding, but subsequently the criteria have been tightened.

To date none of the tracks have become a hit in the targeted territory, the above-mentioned Brooke Fraser track achieving by far the best result to date.

In general, the radio plugging and publicity fund was felt to be a good initiative by the majority of interviewees, despite the mixed success. This is because it directly targets radio play and was felt to be a useful and productive tool in trying to achieve a hit. The ability to use the funding for associated publicity was also felt worthwhile.

5.4 Consultancies

Mike McClung

Mike McClung has been employed for 3 years on a consultancy basis to spearhead Phase Five.

Several years working in radio programming followed by a highly successful 5-year stint as Promotions Manager/Radio Plugger for EMI gives him an ideal background of experience to bring to the role. Mike played an instrumental role in developing a very successful New Zealand roster at EMI achieving

exceptional airplay results for artists as diverse as Blindspott, Goldenhorse and The Black Seeds.

Mike's functions include:

- * Organising NZ showcases at offshore events. Major events this year were 'A Taste Of NZ' at Viper Room in March, NZ as 'feature country' at The Great Escape in Brighton in May and the CMJ Music Marathon in October.

- * Arranging sponsorships for Phase Five events. This year sponsors included 42 Below, Wild Rock Wines and Red Bull.

- * Meeting with local acts and labels to advise on offshore activity, radio promotion, funding eligibility etc. This involves artists from right across the spectrum from Parachute Music for the USA through to Shapeshifter for UK/Europe.

- * Compiling & distributing Phase Five CD samplers for A&R Worldwide & CMJ Networks. Distributing sampler CDs to a 100-strong Australian database.

- * Interaction with Phase Five consultants and partners offshore - A&R Worldwide & CMJ Network

- * Compilation of the New Zealand pages in the CMJ New Music Report (x4 per year).

- * Representing NZ On Air as required - 42Below Unheard competition, interviews on bFM, MTV etc.

Interviewees were highly praiseworthy of Mike, and a high number felt he was the perfect person for the job, given his background and temperament.

Mike enjoys an excellent working relationship with Gary at Outward Sound, though this has created confusion as to who he is actually working for.

Mike already knows many Australian radio programmers well and communicates with them on an ad hoc basis, to recommend songs that have performed particularly well in New Zealand, though not as part of an organized schedule. He also communicates with independent pluggers there when they are working New Zealand songs.

A&R Worldwide

This is primarily a music networking company (with origins in radio) based in Los Angeles and founded by ex-pat Englishman Sat Bisla.

Faced with the daunting task of linking up with movers and shakers on the world music stage Phase Five needed to find someone who could advise the names of the right people then 'open the door' to meet them, particularly in the broadcasting world.

With its background in, and main emphasis on radio, A&R Worldwide appears to be a natural fit.

They have been contracted on a monthly retainer as a conduit to recommend and introduce whoever fits the bill for the Phase Five task at hand. Additionally they are the distributor (and monitor of feedback) for the Phase Five sampler discs, run a syndicated radio programme to expose new talent from around the world, and in more recent years have set up the Musexpo trade fairs. Individual sections with feedback and comments on these three separate activities can be found elsewhere in this report.

The specific retainer cost for the consultancy is \$24,000 or 3% of Phase Five's budget.

Feedback from Phase Five staff is that A&R Worldwide do indeed have the network they claim and have facilitated many meetings, particularly in the USA, but also on a global basis.

They have also been separately contracted by Phase Five on two occasions to organize showcase gigs in Hollywood and use their contacts to get the right people along. Both have been good successes with excellent attendance involving industry heavy hitters.

Sat is a pleasant individual and has made a concerted effort to familiarize himself with our music business. He has visited New Zealand several times and most of those interviewed had either met him or were aware of him.

Despite this a lot feedback from interviewees on the subject of A&R Worldwide was not particularly complimentary. I put this down to a lack of clear communication by Phase Five to the industry on the purpose of having them on board.

There was a lot of misunderstanding that their involvement somehow meant their artists were being "represented" in the USA by the company, or that the company had been contracted to oversee their entry into the American market.

Others understood them to be radio pluggers and on that basis criticized them for not appearing to have created any hits. Their close association with the distribution of the Phase Five samplers and Musexpo didn't help either with those who did not regard these actions as effective.

As a service to get to the right people, particularly in radio, provide advice and an on-tap organization to provide other services such as the setting up of showcase gigs, they appear to be doing a good job despite the misgivings of a lot of interviewees.

5.5 Radio Programmes

Phase Five commissions weekly radio programmes lasting around 5 minutes each featuring biographical and background information on a New Zealand artist and one of their songs.

These are made by Kiwi FM, voiced by Karyn Hay and are delivered to A&R Worldwide. They are placed on 7 stations broadcasting in the USA (all stations have streaming on the internet also), 1 web-only station in Canada and 3 web-only stations in Europe as part of a greater A&R Worldwide radio programme called Passport Approved that draws attention to non-American repertoire. Other repertoire featured for example includes a 20-minute segment on British music presented by Zane Lowe.

Although only played once these programmes are at least guaranteed airplay for our artists and are potentially available to a global audience via the Internet.

These cost \$25,000 annually (paid to Kiwi FM), about 3% of Phase Five's budget.

In as much as they directly involve airplay these were generally held to be worthwhile by the few interviewees (30%) who were aware of them.

There is little to report in direct feedback except that the programme host Karyn Hay has reported a steady lift in international listenership to the streaming version of Kiwi FM.

5.6 Press Ads

Phase Five undertakes press advertising in the USA and the UK in conjunction with other activities.

The cost of these is \$130,000 or 17% of Phase Five's budget.

As part of an annually negotiated package Phase Five has a double page advertorial in the College Music Journal four times a year that includes a further full-page ad and the insert of a sampler CD. The ad space is usually gifted by Phase Five to artists to back their release in the territory.

These regular samplers are part of a well-considered strategy to tackle the college radio market. They, along with the ads and editorial, back up well the regular activity in the USA in this field. Liam Finn has probably achieved the most success from this activity so far, and has achieved airplay in New Zealand following on from overseas success.

In the UK a deal was struck with leading music business weekly Music Week to feature a double page editorial backed with a cover mount sampler disc of 16 -18 New Zealand artists, chosen by Music Week, and supplied to 8,000

subscribers. To date there has been three annual editions of this disc, the last being in 2007. In 2009, the emphasis with Music Week was changed to editorial surrounding New Zealand presence at The Great Escape.

Results from the Music Week sampler could be characterized as 'nibbles', with spasmodic airplay, and some queries from local record labels but frustratingly no significant result that could be said to make the effort worthwhile. Phase Five was clearly frustrated by the lack of impact because the projected was terminated in 2007.

6. Interaction With Other Agencies

Apart from NZ On Air's Phase Five programme there are three other government agencies directly involved in the promotion of New Zealand music in the international sector. All agencies have different goals but work together collegially to differing degrees.

A reasonable number of interviewees (20%) raised the idea of having only one agency to oversee all international funding and initiatives for our music.

6.1 The New Zealand Music Commission

The New Zealand Music Commission is an independent industry trust funded by the Ministry for Culture and Heritage that "undertakes projects and partnerships that are strategically about getting New Zealand music out into the world and assisting music businesses in working better"

Its highest profile activities include its Education program and the successful New Zealand Music Month promotion each May.

Since December 2005 it has run Outward Sound which focuses primarily on international music market development and works with individual artists and business managers via a series of tiered contestable grants able to be used for such purposes as:

- Market Visits
- In-Market Representation
- Publicity and Promotion
- Marketing Materials
- Showcases and Trade Fairs
- Market Research

It has a rigorous application procedure that has contributed to an improvement in artist management standards and approves grants only after robust debate on the applications by an independent panel and accepted by the 8-person Commission board.

The grants total \$444,000 per annum (excluding GST). Given the gargantuan nature of the task, this amount would seem to be a drop in the ocean. To put this amount into perspective, this amount was exceeded by the cost of making one music video for the New Zealand group Steriogram by Capitol Records in the USA in 2004.

Of the other three agencies involved in the international promotion and marketing of New Zealand music Outward Sound is the one with which Phase Five works most closely.

Brendan is kept informed in the grants decision-making process, and has the opportunity to provide input; and Mike works closely with Gary Fortune on a number of initiatives, most frequently in connection with trade fairs.

It's logical for both agencies to work together given their relatively meagre physical and monetary resources.

Phase Five gives preference to supporting artists that are successful in achieving Outward Sound grants and works together on a 50/50 basis to provide representation at Midem and SXSW.

Despite being well run Outward Sound suffers somewhat from several common perceptions in the music industry, namely that:

- + It has achieved few meaningful successes to date
- + It has a bias towards favouring indie-guitar type bands
- + Its geographical activity is slanted too heavily towards the USA
- + Its efforts are spread too thinly on too many acts
- + The awarding of certain grants and rejection of other applications made little sense to some commentators

Nonetheless efforts made on behalf of successful applicants were regarded as sincere, committed and helpful. Many noted the seamless co-operation of Outward Sound and Phase Five and overall the impression is that the two bodies work together well.

The perceived lack of any high profile successes to date is perhaps the most damaging aspect of the programme in a fast moving industry where impatience is common.

This has resulted in a lot of frustration and criticism and highlights, as with Phase Five, the pressing need for the introduction of measurable and well publicised goals, and the introduction of a better system of communication with stakeholders.

6.2 NZ Trade & Enterprise

NZT&E assists New Zealand music in trying to do "synch" deals – that is to get producers to synchronise tracks made by New Zealand artists with films, television programmes and video games. This work was launched as a result of the same Cabinet Paper that set up Phase Five and Outward Sound.

The principle of licensing tracks for synch deals is a good one. Bic Runga and Savage have had tracks synched with high profile Hollywood movies

(independent of NZT&E efforts, it has to be said) and achieved great success via this avenue.

As a result of the exposure afforded the track 'Swing' by Savage, sales of the track through digital retailers eventually topped 2 million and led to an album deal in the USA.

NZT&E's initiative has reported some early successes including the track 'Long White Cross' by Pluto in EA Games' 'Cricket 07' title. Further synchs were achieved by Phase Five itself, through tracks being recommended to EA Games by A&R Worldwide.

NZT&E has an office in Los Angeles, where the majority of companies engaged in this activity are located. One representative looks after the music initiative which represents a small amount of her time (less than 5%).

Her stated activities include:

- Regular high quality direct marketing collateral – including the issuing of a series sampler CD featuring around 10 -12 tracks, usually a mixture of the old and the new, which is supplied to licensors.
- Building key strategic networks
- Targeted in-market showcases

Feedback from agencies that receive their samplers is said to be positive, and although it's early days results are starting to come through. They presented a successful showcase for Gin Wigmore in Los Angeles recently that resulted in a synch deal for this artist.

Outside of the synch activity, NZT&E has a grant programme (the EDG-Market Development Grant) to which two music companies have successfully applied for five-year grants totaling \$500,000 each to help deliver US market entry plans. One of these companies has also been accepted into NZT&E's US "Beachhead" programme.

Amongst the panel very little was known of this NZT&E initiative, again it lacked an effective communication program. Only around 30% were even aware of its existence, so it had left itself wide open for ill-informed criticism.

Phase Five enjoys a cordial relationship with this small division of NZT&E but has little interaction with it.

6.3 Creative New Zealand

Creative NZ (the Arts Council of New Zealand) has a mandate to "encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders".

Funded by both the Government and the New Zealand Lotteries Grants Board, it allocates funding for the creation and production of works across a variety of mediums, including several musical album projects per annum. These could be characterized as generally being of the non-commercial variety, rarely likely to generate music with significant broadcast potential.

NZ On Air's domestic music programme has a well-established and highly successful content creation element and in terms of creating music to fulfill its mandate it's experienced and highly successful. Although Creative NZ does fund album projects these are judged from a broader 'artistic merit' perspective and not with airplay outcomes to the fore.

There is little interaction between Phase Five and Creative NZ, and interviewees felt there was not much potential for synergy.

Interviewees were not overly knowledgeable about Creative NZ, pigeonholing it as 'arty' and having little connection with the more commercial business side of the NZ music industry.

7. Recommendations

The efforts of NZ On Air (and the NZ Music Commission) in taking our music to international markets have so far been characterized by a very steep learning curve, the painstaking building of meaningful networks of industry personnel in key markets, and the educating of New Zealand artists and their support teams as to the requirements for international success, all on what can only be described as a modest budget given the nature of the challenge.

Successes have been sporadic and isolated to date but a lot of the groundwork has been laid and it's an opportune time to assess progress, adjust the focus and set in place some measureable goals aimed at meeting NZ On Air's primary goals.

For any programme to be effective it needs the buy-in of the industry it is working with. In its domestic music activities NZ On Air has done a singular job of explaining its goals, gaining participation from all levels of the industry and communicating to, and celebrating successes with, its stakeholders.

By comparison Phase Five is little understood, does not have universal acceptance and lacks measureable goals. Successes are not communicated clearly.

7.1 Define success

Success was the most frequently used word in the interviews I undertook, so I feel it's worth zooming in on what it means in the music business and then in the context of Phase Five.

Success in the greater music business is still primarily measured in terms of hits, specifically hit songs. With the advent of digital retailers giving consumers the ability to purchase albums song by song and the incredible proliferation of bands accessible via the internet it could be argued that the value of a hit has never been greater.

Hits have the ability to put an artist on the map, and to provide further opportunities to generate income beyond single and album sales, such as public performance royalties, synchronisation fees, and ancillary income from live performances and merchandise sales.

The success of a hit is usually quantified and measured by radio play, and charts tracking single and album sales.

Although it's obvious that newer generations of music consumers are discovering and enjoying their music through the internet, radio globally remains a powerful tool in creating a hit, still arguably one of the strongest

ways of 'rising above the din'. By its nature commercial radio plays only the hits. Apart from an initial testing period commercial radio stations (i.e. those attracting the largest percentage of listeners in New Zealand) play mostly tracks that are already hits in other territories mixed with tried and tested hits from the past.

With Phase Five's mandate ultimately to generate broadcast outcomes domestically it is clear that Phase Five, just like its domestic counterpart, is primarily in the "hits" business.

NZ On Air's domestic program understands this instinctively, knowing that the bigger the hit, the greater the airplay both while the track is new and hot, and later as a catalogue classic.

Several panel members argued that success in 2009 can no longer be measured by hits, but could be calculated by a matrix of airplay, sales, internet impressions, publicity generated, touring income etc. pointing out that artists such as Concord Dawn are highly successful, without ever generating a hit in the traditional broadcast driven sense.

However whilst this is certainly true, Phase Five's above stated mandate means its activities must be focussed on hit generation for it to succeed. With New Zealand radio generally focussed on a very narrow range of repertoire however, Phase Five is likely to deal with a considerably broader range of New Zealand music in tackling radio overseas, where airplay options are wider.

Activities that support success without the need for hits could be said to be more the domain of other government agencies involved in the promotion of music such as Creative New Zealand and Outward Sound.

Following are suggested actions to provide better value for money and more pointedly reflect the primary goals of NZ On Air's music division. These actions will engage the industry, build on the learning to date, play to Phase Five's strengths and improve the chances of success.

7.2 Specialise

Narrow Phase Five's focus to specializing in gaining exposure and publicity for songs via radio, TV and the internet.

Phase Five's close association with Outward Sound has diluted its focus.

Many interviewees were unable to distinguish between the two programmes and in some cases could not tell which personnel worked for which organization.

Whilst there are clearly good synergies in working together, it's essential that Phase Five focuses only on those activities that are specifically aimed at

achieving its mandated outcomes, and not, as has happened, become a strong partner to a body that has a much broader mandate and goals but not enough money to do the job properly.

In New Zealand, NZ On Air concentrates on the creation of content, and its exposure via radio and television to achieve broadcast outcomes.

Its international activities would be best served by concentrating on gaining exposure for that repertoire via radio, television and the internet, where its expertise lies.

7.3 Focus on Individual Artists

Adopt an artist project based approach rather than a ‘Kiwi Music’ approach

In its initial strategic statements, Phase Five stated that it would provide support to export-ready artists with their international releases.

With its close ties to Outward Sound and heavy involvement in trade fairs this intent has become somewhat diluted.

Trade fairs and samplers have tended to operate under generic New Zealand banners and have the effect of taking focus off individual projects, as well as inadvertently involving artists that may otherwise not have been chosen for support, and even some who cannot hand-on-heart be said to be ‘export-ready’. There are certainly good reasons for operating under a New Zealand banner with certain trade fair initiatives but outside of these the preference was for an artist-by-artist approach.

There was a clear message from the interviewees that a narrower focus on fewer projects, starting with selecting them more carefully then providing greater input for a longer period of time was more likely to achieve tangible outcomes.

7.4 Choosing which artists to back

Trying to decide which artists to back overseas is a tricky business.

Interviewees were very vocal in what they thought would and wouldn’t work.

A lot felt that our mainstream radio play successes had no chance of international success as in any given territory there are dozens of local versions of the same thing, and a lack of success in translating these hits internationally to date was proof of this. Others felt that backing these successes was the only way to go as they were proven and had probably already attracted significant investment.

Still others felt that ‘indie’ type music was more likely to be successful, as it would stand out and possibly provide a better reflection of people’s expectations of New Zealand music.

Given that there are reputedly over 15 million bands featured on MySpace it’s likely that the competition in any given field of music in any country will be fierce.

Local success should be taken into account but other factors such as consultation with experts in the target market, and riding an existing groundswell of interest in a given territory can also help. In line with NZ On Air’s philosophy of supporting diversity we should keep an open mind and be prepared for hits to come from any musical genre or label.

7.5 Change Geographical Emphasis

Put together a comprehensive plan to improve broadcast outcomes for New Zealand music in Australia, and encourage Outward Sound to place more emphasis on supporting artists trying to break the Australian market.

I have included a lot of information and discussion on potentially increasing our involvement in Australia as this was easily the most discussed subject in all the interviews.

Further discussion was provoked by myself as the ‘hot’ nature of the subject became evident.

A look at the geographical breakdown of activity and funding of the combined efforts of Phase Five and Outward Sound reveals the following approximate percentages: U.S.A. 50%, U.K. 20%, Australia 20%, Other 10%. If Phase Five’s activities were isolated the breakdown would be nearer U.S.A. 70%, U.K. 20%, Australia 10%. (It’s difficult to pinpoint these percentages totally accurately as in some cases artists activities encompass more than one territory at a time.)

On the surface this would seem to be logical, the USA being the world’s biggest music market, and holding an irresistible lure for many of our artists, but the reality is that it is historically the market in which we have had the least success (OMC, Crowded House and Savage excepted). This is hardly surprising as it presents the biggest physical, financial and competitive hurdles to overcome of all the world’s markets.

It was interesting to note Ladyhawke’s comments on the American market in an interview in the New Zealand Herald on the 8th of October, having recently achieved gold albums in each of the UK, Australia, and New Zealand; “America is an impossible market to crack – you can tour and have a good indie following but there’s no way in hell I’d ever crack it, you just can’t do that as an outsider, it’s impossible”.

About 70% of interviewees felt strongly that Phase Five is far more likely to achieve its aims by swapping its percentages for the USA and Australia over. It must be pointed out the other 30% felt just as strongly that Australia was not a country we should be focusing on, nor that success there was likely to lead to broadcast outcomes here. I would indentify some but not all of those opposed as those who had tried to achieve success in Australia and been less successful than anticipated.

A mere three hours away Australia offers easy access to a market of 20 million people (one of the world's top 5 Western music markets, its turnover is in fact 6 times the size of New Zealand's). Both its exchange rates and time zones are favourable for doing business. It has a well-established music market with roughly similar tastes to our own.

Even modest success in Australia can equate to financial gain, as the cost of gaining that success is relatively affordable, especially in comparison to the USA and the UK.

Artists needing to be in Australia to promote their releases can react quickly and affordably (return airfares are frequently available for less than \$500 from all three main centres).

All significant media activity and nearly 50% of the population is based in Sydney and Melbourne.

Nearly 500,000 people born in New Zealand live in Australia, providing at the very least a potential audience for live performances.

There were also several interviewees who felt that the UK was more important than the USA, due to the nature of the market, the suitability of our repertoire and past successes. Certainly a more considered plan to tackle this market should be made once a degree of consistency is achieved in Australia.

At the same time as sharpening the focus on Australia flexibility to react to opportunities in other territories must be maintained, as the music business is hardly scientific or predictable and hits can come from anywhere, anytime.

7.6 Assist Music Company Relationships

As revenues have shrunk in the global recorded music market, major record labels have brought their Australian and New Zealand operations into closer alignment.

Sony and Warner have reported to Australia for many years and EMI in New Zealand is effectively now just a branch of its Australian operation.

Universal alone still retains its independence but shares a strong and increasingly A&R focused relationship with its Australian counterpart (which is

run by New Zealander George Ash). It shares the services of a top ranking A&R staffer (based in New Zealand) and has enjoyed its biggest successes with Hayley Westenra and Gin Wigmore with strong co-operation from its Australian colleagues.

This close alliance with Australia means that in many instances Australians have a strong voice in which deciding which New Zealand artists are signed.

The indie label community in New Zealand has strong ties to Australia where a similarly burgeoning independent scene exists.

Indeed IMNZ and AIR (the Australian independent label trade body) have recently concluded an agreement at board level to undertake a 6 month task to set up a comprehensive trans-Tasman data base of music labels, distribution companies and services that should provide improved access and opportunity for our artists in Australia.

A 10–12 person trade mission to Australia of representatives of NZ indie labels will follow this in June 2010. Phase Five should seek to become involved in this initiative and join the trade mission.

7.7 Tackle Australia

New Zealand artists have historically achieved a far higher strike rate of success in Australia than in any other territory.

Going back to the Sixties, Ray Columbus, Max Merritt, Dinah Lee and Alison Durbin became household names in Australia. In the seventies, Split Enz, Dragon and Mi-Sex, and the Eighties, Sharon O'Neill, Margaret Urlich, Dave Dobbyn and Crowded House all achieved significant success.

In the Nineties our artists were noticeably less successful following the decline in investment in New Zealand talent domestically during the late eighties but recent years have seen a revival in fortunes with Shihad, Brooke Fraser, Scribe, Evermore, Hayley Westenra and Ladyhawke all doing well.

In nearly every case this success has involved extensive airplay leading to financial reward for the artists and producers.

Radio in Australia

In some major markets of the world radio listenership is in gradual decline as consumers increase their usage of the internet for music consumption and discovery, although in some cases this listenership is transferring to online radio stations.

In both Australia and New Zealand however the decline is relatively modest, and the similarities don't stop there.

Both markets are characterized by strong nationwide network brands (e.g. ZM in New Zealand, Nova in Australia) meaning programming choices are in the hands of a few powerful and influential decision makers. Australia also has the added attraction of the very successful and taste-making Triple J, a government funded youth radio network that affords plenty of opportunity for new artist exposure.

Several New Zealanders are in positions of influence in Australian radio such as Dean Buchanan, Group Program Director, DMG Radio Australia; Eddie Hriber, operations manager, Edge 96.1; and Willie McAllister, assistant program director Nova, 96.9. NZ On Air staff already enjoy a strong relationship with all these people.

Importantly Australian airplay is monitored in a similar way to New Zealand, affording an opportunity to track progress and quantify airtime achieved by New Zealand tracks.

Challenges of Tackling the Australian Market

Artists

Obviously artists cannot be forced to tackle the Australian market. In some instances artists or their labels may feel their music is more suited to US or UK audiences and others simply feel no desire to win over the Australian market.

A quick look reveals that most types of New Zealand repertoire have already achieved success in Australia to a greater or lesser degree even if this has not always been reflected in significant airplay.

Adult contemporary artists such as Hayley Westenra, Bic Runga and Brooke Fraser have all enjoyed sales success; pop and rock acts like Weta, Shihad and Evermore have done well; in the urban market Scribe has achieved gold sales. Aotearoa roots music has a significant live following with Salmonella Dub, Katchafire and The Black Seeds attracting big crowds. Even some of our country music artists have enjoyed great success in Australia.

Label support

The most commonly cited reason for failure in Australia having had their music released there was the lack of genuine commitment from the releasing record label.

This was particularly evident in the case of major labels with artists such as Brooke Fraser, Elemeno P, Blindspott and The Feelers all reported to have suffered from a lack of focused human and financial input from their releasing labels. Changing this and ensuring genuine engagement will be one of the biggest challenges facing artists attempting to achieve success in Australia.

In the case of indie labels limited promotional budgets sometimes restrict potential.

Phase Five should concentrate on projects that are signed and have a release planned for Australia. It should be involved with artist management and the New Zealand label from the outset in planning the Australian release, and offer specialized support in the area of radio, TV and internet airplay and publicity.

Phase Five should work towards establishing strong working relationships with key personnel at Australian music labels that are likely to be driving release projects of New Zealand artists.

Culture

There is no doubt that an organized plan to improve airplay and chart success for New Zealand artists in Australia would need to be handled with care, and be understated rather than brazen. Going out under a “New Zealand” banner is highly likely to meet with resistance and have a strong cringe factor for the artists involved. Tourism this is not.

Changing the mindset

A characteristic of the two biggest suppliers of repertoire in the Western music market is the expectation that proven hits in the home market will become hits overseas. This is particularly evident with American repertoire where radio markets like Australia, New Zealand and the UK are predisposed to expect that an American hit will become a hit in these markets and pretty much guarantee meaningful airplay to these songs. There is certainly an expectation from Australian producers that Australian artist hits will become hits in New Zealand and pressure is put on local affiliates to ensure this happens.

Despite the renaissance in New Zealand music of the past 15 years our conversion rate of turning our biggest hits into hits in Australia is very disappointing and I believe an opportunity exists to improve the situation. It's fair to say that we have been so unsuccessful that many interviewees took this to mean we could not change our strike-rate in Australia.

Our biggest hits here in New Zealand have had to prove their worth by competing head on with the biggest hits from America and England and whilst some interviewees commented that the only reason they made it was because of the ‘big stick’ of quotas hanging over radio stations heads, the fact remains that all songs played on commercial radio here are heavily researched and only retain their playlist status if they are meeting favour with listeners.

We must have belief that our biggest hits are good enough to become hits *at least* in our nearest neighbouring market and work towards building confidence in Australian radio programmers to the point where the chances of

getting airplay become higher based on a track record of success in New Zealand. This is likely to be a slow and frustrating process. Confidence will be gained as each successive hit is achieved.

In short we need to take a leaf from Obama's campaign and start saying "Yes We Can".

Priority should be given (though not exclusively) to those projects in which NZ On Air has already invested and achieved success at radio in New Zealand; coupled with quality planning in conjunction with the releasing company and genuine artist commitment.

When making playlist decisions on offshore artists, radio station programmers look for songs with a 'story', i.e. a proven track record of success at radio in their home market, and generally favour those songs in making their selection. Songs that have tried and failed in the home market can succeed in other markets but it's a tough hurdle to overcome in what is already a challenging mission.

Like New Zealand, Australian radio operates under a quota system for local content. It's worth noting that under CER New Zealand tracks count towards the fulfillment of the Australian radio stations' targets, a benefit that may be of use when more commonly known.

Benefits of achieving success in Australia

The most obvious benefit of implementing a successful plan in Australia is likely to be financial. Australia affords the best opportunity to provide a tangible return on NZ On Air's investment.

Australia is also likely to offer a good training ground for both artists and producers in honing skills needed to tackle bigger markets, the above financial rewards helping to pay for such endeavours.

Performers accrue performance royalties from airplay in Australia (unlike the USA where royalties are only paid to songwriters).

Australia can afford opportunities for greater international success for New Zealand artists, although to date this has not happened often. Ladyhawke for example signed to well-connected Australian indie label Modular Records, which through its partnership with Universal opened the door to international success. It is logical to assume that greater exposure and success will lead to further opportunities.

Lastly

Phase Five should investigate extending repayments under the Phase Four grant scheme to include sales made in Australia.

A check should be undertaken to ensure that any assistance to artists fits CER regulations.

7.8 Get a Mission Statement

I believe a major contributing factor to the success NZ On Air's domestic programme is its well-understood mission statement: 'Get more NZ Music on Air'.

Even if this is unofficial, it works extremely well as a tool to focus its own staff, engage the industry, deflect criticism (such as that from artists who feel they should receive assistance) and provide a basis on which to set measurable targets.

It should be simple such as 'NZ On Air ... anywhere'.

Phase Five should give consideration to setting a simple but succinct mission statement to serve the above purposes.

At the same time consideration could be given to coming up with a new name for the international activities. Whilst Phase Five is named after the "fifth step" in NZ On Air's music programme it has little relevance or import in defining its mission. There was some feedback received that it was mistaken for the name of a record label in America and indeed showed up as such on one airplay chart from there.

7.9 Set Measurable Goals

Set annual measurable targets as part of a 3-5 year plan

A considered approach to improving our strike rate at Australian affords an opportunity for Phase Five to set measurable targets to aim at and report on.

It should be possible to contract someone in Australia to monitor and report on percentage airplay of New Zealand tracks on Australian radio with an aim of setting a 3-5 year goal with incremental improvements each year. Similarly a conversion table could be set up with the goal of improving the percentage of New Zealand hits that become hits in Australia.

The aim should be to achieve one or two notable breakthroughs in the first year, and improve on that in subsequent years, with the expectation that success will breed more success.

Setting and achieving goals will provide a clearer sense of purpose for all connected with Phase Five, enhance buy-in and make it easier to assess its effectiveness in future.

Once a beachhead has been established in Australia, targets met and results consistent and improving, the process can be extended to the next most logical market up the ladder, possibly the UK.

7.10 Communicate Better

Set up a schedule to regularly communicate with stakeholders of the Phase Five programme to both identify and set up projects and report on progress toward goals.

Once again the contrast between the domestic and international programmes was quite marked. Knowledge of the Phase Five scheme and its workings was limited and confused with Outward Sound. Some called its mandate into question.

Once Phase Five has been refreshed consideration should be given to addressing both RIANZ and IMNZ to outline the main changes and to consult with them regarding optimum methods and timing for consultation with individual companies.

In adopting a more project-based focus, communication with artist support teams will necessarily increase as projects are planned and reviewed more intensely.

Thought needs to be given as to the effectiveness and purpose of the kiwihits.com website. Very few were aware of it, and it does not have a monitored hit rate. If it is felt useful for the future consideration should be given to using the Google search optimization tool to increase the hit rate.

7.11 Recommendations for existing activities

Samplers

Cease production and distribution of samplers for general distribution and produce them only as support collateral for trade fairs and other special occasions. Consider refreshing the artwork. Consideration should be given to using embedded technology in the discs, such as that provided by Sony DADC, that allows a content provider to establish a direct contact with the end user through the internet.

Trade Fairs

Given the high percentage of total expenditure outlaid on trade fairs (31%), I feel it is out of proportion to the likely benefits to Phase Five's goals and in some cases is really just subsidizing Outward Sound initiatives.

Phase Five should review closely its participation in all trade fairs and make some tough decisions. It's true that repeated visits are what build learning and relationships, and that opportunities for our artists to be exposed to a lot of potential partners at once can be part and parcel of a trade fair.

My recommendation would be to continue the fine work done at CMJ, maintain a presence at Musexpo for the purpose of building contacts and

downgrade involvement in SxSW and The Great Escape. Even attendance at Midem may need reconsideration on the basis that it's probably furthest from contributing to fulfilling Phase Five's requirements.

Radio Plugging Fund

For the USA the role of radio pluggers has now changed unofficially to 'recommender' following the Spitzer rulings in 2006 that major labels were using illegal practices via independent pluggers to gain radio play, resulting in huge multi-million dollar fines for each of the major labels.

In terms of cost the radio plugging fund is really only practical for New Zealand artists being released in the USA on indie labels or to a niche market. A major label targeting a hit in the USA would traditionally use in-house radio specialists or pay to hire independents. The budgets for these efforts are reputedly up to US\$250,000 per song.

In the UK and especially Australia the money of course goes further and in Australia in particular the combination of publicity and radio pluggers has the potential to work well, but it must be part of well planned campaign.

I recommend that the Radio/Publicity fund be continued but tightened up in terms of approvals. Some preference should be given to those tracks that have performed well at New Zealand radio or those that have a clear indication of radio interest in the releasing territory.

Monies saved from trade fair activities could potentially be used to increase this fund.

Tracks should only be granted funding when they have guaranteed release in the territory, and Phase Five is satisfied that the artist can support the release by being in the territory as and when required. There should be genuine commitment on the part of the releasing company. Often the finding of a 'champion' at the label who leads the project and retains focus until successful can make all the difference. This was a contributing factor in the success of Scribe in Australia.

Strong relationships with the companies will assist in making these judgement calls. Preferably Phase Five will have been involved in formulating the release plan, particularly the radio, TV and publicity aspects.

A greater emphasis on the Australian market will likely enable the support of more projects and result in a better strike rate of hits.

Consultancies

Maintain links with A&R Worldwide but use them primarily as conduits for introductions to people in radio, to keep in touch with developments in the American marketplace, and for the organization of specific events such as artist showcases.

If the samplers were discontinued, this would limit A&R Worldwide's involvement with Phase Five to the above core function.

To placate the largely negative impression of A&R Worldwide extant in the industry here in NZ however I recommend a look for alternatives to see if there is any comparable organization that can do the job as effectively or better. If their services are retained there is a clear need for communication to industry personnel in New Zealand to put into perspective their role with Phase Five.

Put Mike in charge of planning the programme to improve Australian success and plan for him to visit Australia regularly.

Consider the introduction of an incentive scheme for Mike based on realizing targets for Australian airplay.

Investigate opportunities for Mike to visit radio programmers' conferences in Australia, or attendance at Musexpo Australia.

Radio Programmes

Continue to produce the programmes.

Increase awareness in the NZ industry by supplying samples of the programmes as attachments to a monthly newsletter of Phase Five Activity.

There should be a concerted effort to place the programme on more outlets particularly internet stations, and in Australia.

Review continuation annually.

Press Ads

These should be reviewed to ensure they are providing direct assistance to achieving Phase Fives aims, and the amount of money spent on them reduced. Use only to supplement specific projects.

8. Summary

When I was commissioned to carry out this review, I was asked to address two main questions that were set out in the Terms of Reference (reproduced in Chapter 2 of this report).

Those questions and my answers to them are as follows -

Should NZ On Air be involved in the international promotion of New Zealand music at all?

Yes. It is important for the future of New Zealand music and important to the future of the local content campaign here in New Zealand. It will help build a robust local production industry that will sustain the output of music that the local content campaign depends upon. A good majority (75%) of key industry stakeholders agree that NZ On Air should be involved in international New Zealand music funding and promotion.

Is Phase Five as presently conceived the right thing for NZ On Air to be doing, is it effective, and how could it be improved?

Whilst Phase Five's intentions are sound, some of its activities limit its effectiveness. A restructuring of its programme along the lines listed below in time for the next financial year will sharpen its focus, better gain the confidence of stakeholders, and start to deliver measurable results.

Phase Five has aligned itself closely with Outward Sound, which has a considerably broader mandate than Phase Five. To be more effective, Phase Five needs to loosen those ties and concentrate more on activities specifically targeting the achievement of broadcast outcomes in international territories and thence, here in New Zealand.

It should reduce its emphasis on trade fairs, and eliminate 'Kiwi Music' samplers other than for special events.

It should change its focus from the broad sweep of 'Kiwi Music' to specific artist projects. It should become a partner to companies working those specific projects in international territories, offering specialized support in the areas of radio, TV, internet and publicity.

It should change its geographical emphasis from the USA to Australia, and aim to gain regular airplay for New Zealand music there, particularly for those tracks in which NZ On Air has invested and gained success in New Zealand.

It should consider a name change and set a mission statement and measureable goals.

It should improve its communication with the music industry.

NZ On Air's music division enjoys almost unilateral support and praise from the greater New Zealand music industry. I have no doubt that with the launch of a reconsidered Phase Five programme NZ On Air can gain that same support and praise and achieve that most elusive of goals: regular international success for our best music.

And finally, one last quote from the panel ... "Phase Five will know it has succeeded when 'Don't Dream It's Over' no longer wins the APRA award for the most performed New Zealand work overseas".
