

ALL AROUND THE WORLD



BRITISH MUSIC IS GLOBAL, AND SO IS ITS FUTURE

FOREWORD BY GEOFF TAYLOR



Something in the DNA of Britain makes us a global leader in creative innovation. Every country, region, and language in the world has its own musical tradition, and yet British music is amongst the most shared and loved globally. British soft power has many aspects, but music is a critical part of our international standing.



WITH THE RIGHT SUPPORT, THE EXPORT VALUE OF UK RECORDED MUSIC CAN DOUBLE TO £1BN BY 2030.

From the British ‘invasion’ of the US in the Sixties to the more recent phenomenal international success of Adele, Lewis Capaldi and Ed Sheeran, the UK has an almost unrivalled heritage in producing truly global recording stars. We are the world’s leading exporter of music after the US – and one of the few net exporters of music in the world.

The UK accounts for just 2.2 per cent of global GDP, but its share is more than four times higher when it comes to sales and streams of music – underlining how much we punch above our weight as an exporter of music. One in ten tracks streamed around the world is by a British artist, while the top-selling global artist album has come from a British act in nine of the last fifteen years.

The British music industry has always been an outward-looking business. Wherever you are on the planet, whatever the language, chances are that music fans there can sing or hum along to their favourite British song. It’s an essential facet of how Britain projects itself to the world, but, just as fundamentally, it is also a great British export bringing economic, cultural and social benefits to the UK and its people.

Streaming has changed the way that music is made and distributed. The online world has turbocharged consumer choice. A simple monthly subscription now gives fans immediate and seamless access to almost the entire history of recorded music. Fans can now listen to over 60 million songs and albums and counting. Spotify alone reportedly adds more than 40,000 tracks a day to its platform.

The convenience and value offered by streaming is opening up markets around the world that have previously generated little revenue, and in many cases were lost to CD and download piracy. China has developed rapidly into one of the top 10 music markets



THE GLOBAL TOP-SELLING ARTIST ALBUM HAS COME FROM A BRITISH ACT IN NINE OF THE LAST FIFTEEN YEARS (2005-2019)

by industry revenue. Spotify has recently launched in India, while in 2019 South Korea and Brazil were the sixth and tenth respectively in the league of world markets. The next decade will see dramatic growth in Latin America and Asia in particular. There is potential also for markets to develop further in Africa and the Middle East.

If the UK can leverage its strong music heritage to claim a healthy share of these new markets, this will deliver a substantial boost to the British music industry and the UK as the returns are reinvested back into UK talent. The value of UK recorded music exports has more than doubled since 2010 to around £500m in 2019. With the right Government backing, the record industry has the potential to grow its export earnings to more than £1bn by 2030.

Despite the talent of UK artists and high levels of investment and marketing expertise offered by UK labels, realising this opportunity will require a focus on new markets and appropriate support from the UK Government. The global music streaming environment is becoming much more competitive.

The rise in demand in overseas markets for homegrown content, particularly in genres such as hip hop and rap, is making it more difficult for UK artists to penetrate, especially in non-English speaking countries.

The global strength of North American music is enhanced by its large population size. With younger music fans using streaming platforms as their principal means of music discovery, the importance of algorithmically-programmed playlists on streaming platforms is growing. That gives a competitive advantage to music from countries or shared cultures with a large population. While the UK is seeing revenue growth from exports, our market share is declining as we compete more directly on streaming platforms.

For these reasons we must nurture a climate that encourages investment and which boosts the UK’s competitive edge. The investment labels make to develop artists with global potential need to be matched. A refreshed partnership with government and targeted policies to achieve these goals is needed.

The destructive effects of the Covid-19 pandemic on the UK Economy, which have been so particularly felt by our live music sector, and the vital need for the UK to forge new international trading relationships post Brexit, means there has never been a more important time for the UK Government to harness the potential of its most successful businesses and support their urgent quest for increased exports.

As the UK forges its future as an independent trading nation, the music industry is one of the UK’s strongest assets. The moment is right to work together to seize the global opportunity for British music.

GEOFF TAYLOR
CHIEF EXECUTIVE BPI, BRIT AWARDS & MERCURY PRIZE

THE GLOBAL OPPORTUNITY FOR BRITISH MUSIC



THE GLOBAL OPPORTUNITY FOR BRITISH MUSIC

For more than 60 years, Britain's music has promoted the UK as a country of creativity, cultural innovation and freedom. At the same time, a substantial music industry has grown, making a significant contribution to our economy and balance of payments.

Pre-pandemic, the UK music business was generating £5.8 billion in gross value added, sustaining 200,000 jobs and delivering £2.9 billion in export revenues. Within this, the recorded music sector is a particular highlight, having recovered from years of piracy-fuelled decline to show consistent year on year growth since 2014. Domestic and export trade revenues exceeded £1.5 billion per year in 2019.

The more successful the recorded music sector is, the more it can invest into nurturing exciting and diverse new British talent.

And while the prospects for further domestic growth look strong, the greatest opportunity for British music lies abroad. This report highlights the growing adoption of on-demand streaming services such as Spotify and Apple Music. These services will spur dramatic growth in the global recorded music business over the next ten years.

This represents an extraordinary opportunity for British artists and music labels. If consumption of British music can grow in line with the global market, and maintain its trend since 2010, then UK recorded music exports can double, to more than £1 billion per year by 2030.

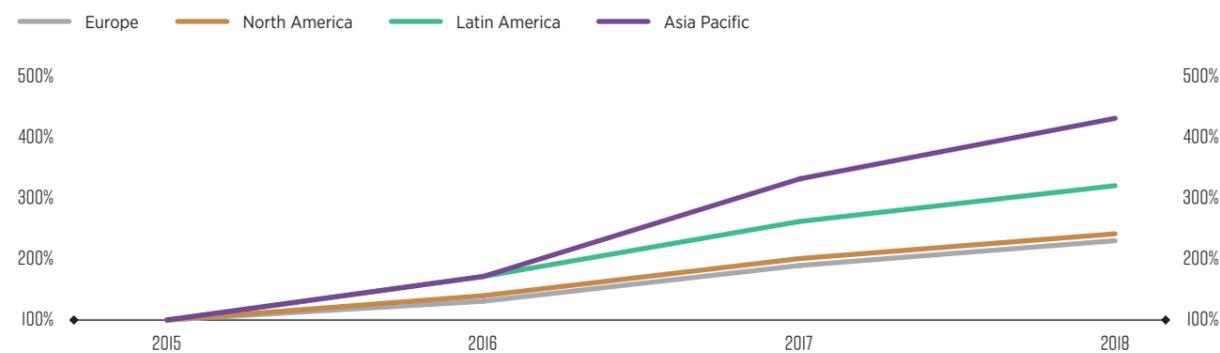
Such growth would enable even greater investment into UK talent and create more jobs and opportunities for young people. But increasing global competition means that this future can be realised only if industry, rights holders and government work closely together on a joint strategy to maximise the international success of British music long term.

Later chapters in this report examine the potential for growth of British music by region and by market. It highlights countries where British is already making an impact, explaining how artists such as Dua Lipa work with labels to maximise overseas success. Revenues are increasing particularly fast in China and India, though still held back by market barriers; there is exceptional growth from Indonesia, Brazil and Central Europe; and while Africa does not yet figure in the statistics, it has great potential and is will be a thriving new market for UK artists with the right support.

A joint strategy for music exports means Government and industry working together to encourage artists to base themselves and record here in the UK; helping emerging artists support the high financial hurdles of promoting themselves to international audiences, including visa and travel costs and the expense of international showcases, foreign tours and personal appearances; and securing a strong domestic and international copyright regime that turns popularity into royalties for the UK.

A strong partnership between industry and Government, with the right policy solutions, can mean even greater global success for British music in the next six decades.

GROWTH IN STREAMS FOR UK ARTIST BY REGION



Source: Spotify



HOW THE BPI SUPPORTS EXPORTS



MUSIC EXPORT GROWTH SCHEME

Small to medium-sized music labels, distributors and management companies are often independently owned. They achieve remarkable success when launching their artists in the UK. However, their limited resources and the sheer cost of marketing overseas make it a challenge to replicate this success internationally. As a result, significant commercial opportunities are missed. It is not just companies and the artists that miss out, the wider UK economy loses through lost exports.

The *Music Export Growth Scheme* was created by Government in 2014 help address this issue. It offers music companies with the potential to achieve increased international success the opportunity to apply for grants ranging from £5,000 to £50,000. The funds support marketing and promotion for their artists overseas that would not be possible previously.

The scheme is administered by the BPI and funded through the Department of International Trade's GREAT campaign. Since its launch in 2014, the Music Export Growth Scheme has enabled over **£4 million** – a significant measure of it match-funded by music companies – to be distributed to **272** British-based acts drawn largely from the independent music community. The scheme has supported a diverse range of artists and music genres covering rock/alternative, pop, rap, hip hop, dance, folk, and most recently classical. Forty-nine international territories have been visited by MEGS-funded acts, with the United States, Germany and France top among these.

In partnership with



Department for
International Trade

There have been some notable achievements over the past five years. Catfish and The Bottlemen (see case study) have enjoyed Stateside success and Wolf Alice's profile has steadily risen in key markets, such as the US, Australia and Benelux.

Other acts to benefit out of the hundreds of applications supported include grime star Ghetts, afro-pop artist Afrikan Boy, folk singer-songwriter Luke Sital-Singh, BRITs and Mercury Prize shortlisted Kae Tempest, electro pop duo Public Service Broadcasting, saxophonist Yolanda Brown, hard rock outfit Frank Carter and the Rattlesnakes, Mercury Prize winners Young Fathers, and the London Symphony Orchestra (LSO) and 2020's Mercury nominees, Anna Meredith, Georgia and Moses Boyd.

FORTY PER CENT OF THE FUNDING AWARDED BY MEGS HAS GONE TO FEMALE MUSIC ACTS OR ACTS FEATURING FEMALE ARTISTS IN THEIR LINE-UP, WHILE NEARLY A QUARTER HAS BEEN AWARDED TO ARTISTS WITH A BLACK, ASIAN AND MINORITY ETHNIC BACKGROUND.

The Music Export Growth Scheme has generated **£46.5 million** in export revenues for the UK economy, and an return of **£12 for every £1 invested**.

Artists that would not, in the past, have been able to break through internationally have been given additional support that is critical to get to market. Simplicity is the key – relatively small amounts of money but which can make that all-important difference to the success of a campaign, an easy-to-use application process, and a board of music experts making decisions on a case-by-case basis.

The scheme's success prompted Liam Fox MP, then Secretary of State for International Trade and President of the Board of Trade, to say:

SUCCESSFUL BRITISH MUSIC ACTS ARE THE UNSUNG HEROES OF OUR ECONOMY. THE UK IS A WORLD LEADER IN MUSIC EXPORTS, WHICH SOARED BY 7 PER CENT TO £2.6 BILLION IN 2017. AS PART OF OUR EXPORTS STRATEGY, WE ARE PROUD TO HELP UK ARTISTS TO BREAK INTO NEW GLOBAL MARKETS AND THANKS TO THE MUSIC EXPORT GROWTH SCHEME, HUNDREDS OF BRITISH ACTS HAVE RECEIVED FUNDING THAT WILL HELP THIS GROWTH TO CONTINUE.

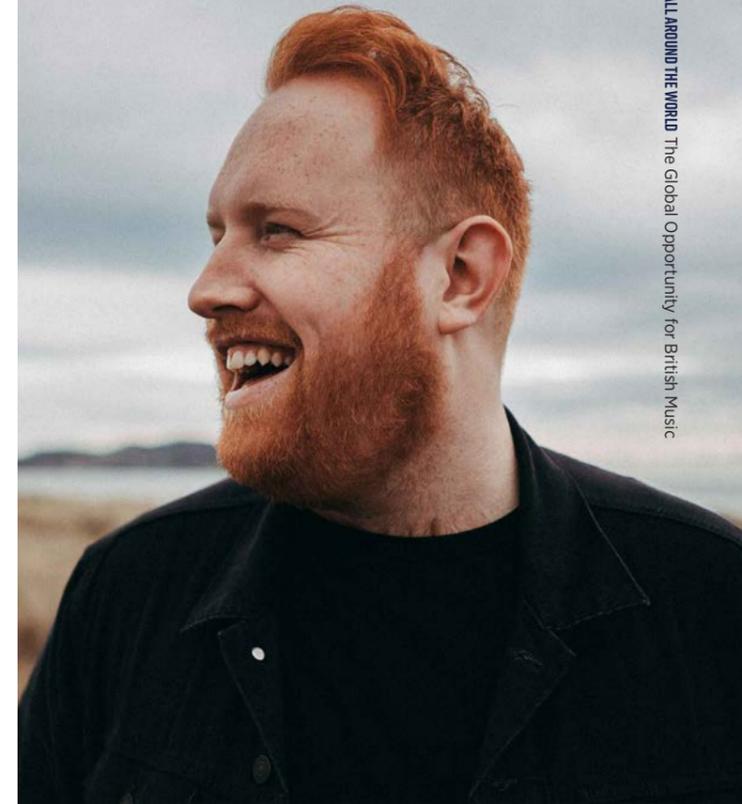
One of the recent MEGS recipients, electro pop artist Shura, was thrilled to receive funding, stating:

"TOURING IS SUCH AN IMPORTANT PART OF GROWING AS AN ARTIST BUT SADLY IT ISN'T ALWAYS AFFORDABLE! TO HAVE THIS KIND OF SUPPORT AS AN INDEPENDENT ARTIST IS NOT ONLY INCREDIBLE, IT'S ESSENTIAL",

while Josie Faulkner of the band Big Scary Monster said:

"THE GRANT WILL ALLOW THE BAND TO TAKE THE MOST IMPORTANT NEXT STEPS IN THEIR CAREER, ESPECIALLY IN THE US AND ELSEWHERE INTERNATIONALLY. THEY ARE ABOUT TO HEAD OUT ON THEIR BIGGEST US TOUR TO DATE, IN SOME OF THE LARGEST VENUES THEY'VE EVER PLAYED, AND ARE SO GRATEFUL TO MEGS FOR MAKING THIS PROJECT A REALITY."

◆ CASE STUDY



GAVIN JAMES

Gavin James was awarded Music Export Growth Scheme funding in April 2018 to help him tour Brazil. During the weeks promotional trip, Gavin performed on 3 TV shows, attended 10 different radio stations, did a plethora of press interviews and performed 2 sold-out gigs in Rio De Janeiro and Sao Paulo.

As a result of the promotional trip, Gavin's single *Always* entered Top 10 on the iTunes chart, No.1 on Shazam, Top 10 on the Airplay Chart and added to the biggest English language playlist on Spotify Brazil.

In addition to all these amazing stats from the back of the promo trip, Gavin's single *Always* has been confirmed as the main track for new a new TV Novella on Globo which started in September, meaning his track will be played daily between 7pm and 8pm on the biggest TV Network in Brazil for 6 months, further solidifying the track and Gavin's name in Brazil.

Gavin has since gone on to record over 1 billion streams of his work globally for which the Music Export Growth Scheme has been a pivotal part.

CATFISH AND THE BOTTLEMEN



CASE STUDY

The band were additionally able to secure a valuable performance slot on national US TV on *The Late Late Show With James Corden*.

Most importantly, the tour funded by the band's label with MEGS support served to set up the band in the leading international market ahead of their second album *The Ride*, to the extent that the album became highly anticipated and the number one priority new release for their US label, Capitol Records, while it was also brought to the attention of top level executives within the film and television industry in the US as well as at Apple, iTunes and Spotify.



CATFISH AND THE BOTTLEMEN RECEIVED A FURTHER MEGS GRANT IN AUGUST 2015, WHICH HELPED TO FUND A MORE EXTENSIVE US TOUR

Catfish and the Bottlemen were among the first UK acts to benefit from a grant from the Music Export Growth Scheme and are perhaps one of its best-known recipients.

The MEGS funding contributed towards investment by the band's label in funding three promotional trips the band made to the US in 2014 where they played the influential NYC Governor's Ball festival, and a number of states across 18 dates, including 5 sold out shows. Their performances drew favourable reviews, earning the band Billboard magazine's "No.1 New Artist in America" accolade and a prized invitation to appear on the *David Letterman Show* (Jan 2015).

The band were also heavily play-listed on leading radio stations off the back of the tour, including the Sirius XM Alt Nation playlist, with 42 plays in a week - making them the most 'added' alternative band at radio for 6 weeks running in Q4 2014.

Catfish and The Bottlemen received a further MEGS grant in August 2015, which contributed to the more substantial funding by the band's label of a more extensive US tour that consolidated their growing reputation and fanbase in America. The tour also helped to drive album sales and streams, which nearly doubled over the tour period and reached No.2 in the Billboard Alternative Rock Charts.



BPI TRADE MISSIONS

The BPI works with the Government's Department for International Trade (DIT) on a programme of international events to promote British music.

TRADE SHOW ATTENDANCE

- ◆ **SXSW**
Austin, USA
- ◆ **Midem**
Cannes, France
- ◆ **Classical:NEXT**
Rotterdam, Holland
- ◆ **Canadian Music Week**
Toronto, Canada
- ◆ **Mu:Con & Zandari**
Seoul, South Korea

These are structured events where BPI works with DIT and other trade associations to give UK companies access to markets that would be more difficult if approached alone.

In 2020, adapting to the lockdown restrictions, the missions have taken place virtually as international trade webinars. Seven have taken place online, and have been attended by over 2,000 delegates who have had the opportunity to learn about and discuss the music industry in Brazil, India, China and South Korea. There have also been three separate webinars about the US Sync industry under the LA Sync banner.

Each of the trade missions has a different set of objectives that appeals to different kinds of businesses. The main aim is to give delegates an education about the market, including access to companies and commercial partners

that would prove difficult to meet if approached alone.

Each delegate company reports income from deals achieved at each mission directly to DIT – for 2017's missions they reported £17.5 million and for 2018 they reported £20 million.

Many companies attend multiple missions, one such is distribution company Horus Music. Over the past two years they have attended missions to Midem, Los Angeles, China and India. As a result of their visits to India they decided to open an office in Mumbai which has gone from strength to strength. Their business has achieved export wins that have resulted in a Queens Award for Export.

STAND ALONE MISSIONS

- ◆ **LA Sync Mission**
Los Angeles, USA
- ◆ **Indian Trade Mission**
Mumbai, India
- ◆ **Brazil Trade Mission**
Sao Paulo, Brazil
- ◆ **China Trade Mission**
Beijing, China
- ◆ **Developing Territory Missions**

THE GLOBAL MUSIC LANDSCAPE



BRITISH MUSIC AND GLOBAL GROWTH

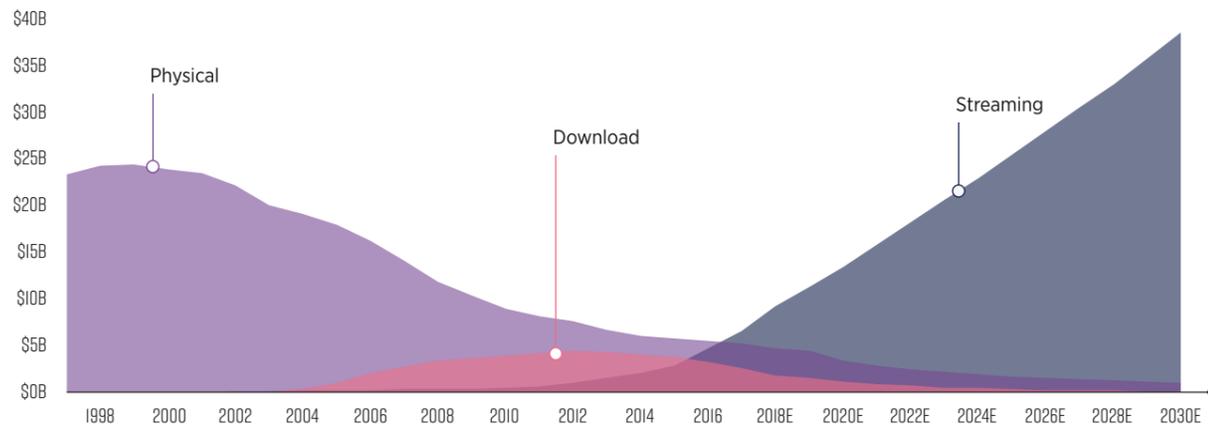
Alongside the serious challenges posed by COVID-19, the global revival in recorded music revenues is the dominant trend in the music industry at present. Analysts forecast a period of sustained growth in recorded music industry income worldwide, as consumers embrace subscription music streaming services such as Spotify, Apple Music, Deezer and Amazon Music.

Goldman Sachs forecasts that record label global revenues from recorded music (i.e. physical formats, streaming and downloads) are set to swell to \$39.5bn by 2030.¹ Should UK export earnings follow a similar trajectory, then they would surpass the £1 billion mark – more than double the 2019 figure.

£20.2 BILLION

Global recorded music revenues increased by 8.2 per cent in 2019 to US \$20.2 billion, and have risen by 44 per cent since 2014.²

STREAMING IS SET TO PROPEL GLOBAL MUSIC REVENUE TO RECORD HIGHS



Source: Goldman Sachs 'Music In The Air' (2020)

Industry experts MIDiA Research's forecast is less bullish, though still positive. They predict that labels' global recorded music revenues will increase from \$21 billion to \$28.7 billion from 2019 to 2027.

Growth is expected to continue over this period in existing major markets, as well as in emerging music territories where the expansion of mobile phone and

internet access, a rising middle class and the convenience and choice offered by music streaming are driving demand for on-demand music subscription services.

MIDiA predicts that by 2026 global streaming revenues will be larger than the entire recorded music market was worth in 2019.

¹ <https://www.goldmansachs.com/insights/pages/infographics/music-in-the-air-2020/report.pdf>
² Source: IFPI Global Music Report 2020. It should be noted that 2019 global recorded music revenues are still substantially lower than their peak in 2001, even without adjusting for inflation.

GLOBAL STREAMING REVENUES, TRADE VALUES 2017 - 2027



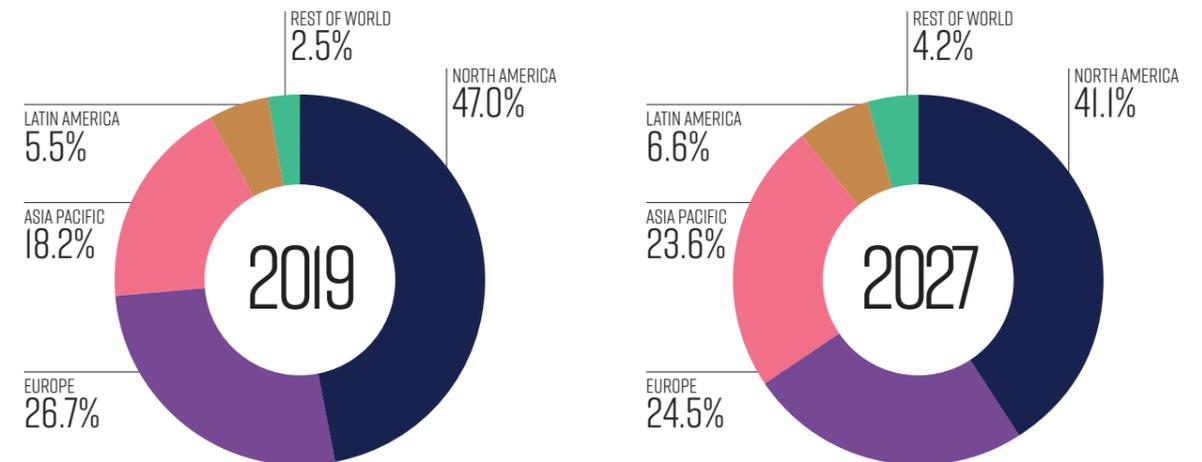
Source: MIDiA Research

According to MIDiA, global streaming will continue to rise over the next few years, driven by rising demand in emerging markets in South America and Asia as well as streaming markets that are late developing, such as Germany and Japan. However, the rate at which it will rise will slow to around 3 per cent in 2027 due in large part to maturing markets in the US, Northern Europe and Australasia.

British companies need to get ahead of this trend and make sure that they are competing hard to develop and break emerging artists internationally, and to maximise the benefits to the UK from this global surge.

Whilst the US and UK will continue to be the largest markets in the near term, territories such as Brazil, India and China will become much bigger players. Latin America, Asia and the rest of the world will together account for more than a third of streaming revenues by 2027 according to MIDiA Research.

GLOBAL MUSIC STREAMING REVENUE REGIONAL SHARES, 2019 AND 2027



Source: MIDiA Research

INCREASING GLOBAL COMPETITION

Whilst the opportunities for British music from global growth are significant, changes in the way music is consumed in the streaming era, and the new structure of the market, pose challenges to the UK's ability to capitalise on rising markets.

As with many internet markets, on-demand music streaming is dominated by a small number of global players, including Amazon, Apple Music, Spotify and Google/YouTube. There are some emerging markets such as India and China, where local platforms account for a significant share of streaming.

Nonetheless, the dominant influence of the big international platforms represents a change from the era of physical retail of CDs and vinyl, when local retailers, TV stations and radio were the most immediate routes to the consumer. Combined with the influence of social media, the dominance of the major streaming platforms is contributing to an increasing globalisation of the market for music. These platforms run services that are designed and engineered globally and operate based on algorithms that largely reflect the popularity of music on a worldwide basis, rather than just in individual markets.

Whilst the services do often invest in local curation and editorial, in particular in major markets, global play counts play a significant role in placement on the most popular playlists that can have a powerful influence on the visibility and success of an individual track or artist.³ Although streaming in some markets, in particular, those with a strong national language and culture remains quite isolationist, overall music is crossing borders more easily than ever before.

In the UK we have seen this dynamic at play recently with the success of South Korean pop sensations BTS and Blackpink, big hit Latin American acts in the charts, and the fact that US artists outperformed UK artists overall in both albums and singles in 2018.

It seems clear that British music is going to face more intense domestic competition in the streaming era.

And when we look at overseas markets, UK artists face an even stronger challenge to make themselves heard. The UK has built a substantial share of the US market, the world's largest market. Our music enjoyed 14.2 per cent of album sales in 2019. In Europe, British music commands 12.9% of sales.⁴

But with new markets rising rapidly, most notably in South and Central American and in Asia, the UK will need to develop a similar share in new countries if it is to retain its exceptional position in the world market for music exports. Many of these markets tilt strongly towards domestic repertoire and to musical styles that draw from a different cultural heritage, so UK labels will have to work hard to reach the large audiences that are potentially available.

Britain has shown that it can do this, however. In markets such as South Korea, China and Brazil, British music's share of growth is outpacing the market as a whole, and, as new countries emerge as global revenue centres, British companies are looking ahead at strategies to establish more artists in these regions and to make the most of these new opportunities.

³ This aspect has the potential to disadvantage artists from countries with smaller populations, whose domestic audience, who may be the most likely to engage at an early stage of the artist's career, is unlikely to generate numbers of streams that will secure placement on influential global playlists. In a global streaming environment, there may therefore be a risk of an inherent algorithmic advantage for artists from countries with large populations.

⁴ excluding sales in the UK

BRITISH MUSIC EXPORTS

The UK music industry is already a mature exporting sector, with an outstanding exports record. The industry has generated more than £6 billion in exports income since 2000.

In recent years the pace of growth has been particularly impressive. Revenues from recorded music exports of £489.5m million in 2019 were at the highest level in two decades, and have more than doubled since 2010 when they contributed £211.6m⁵ to overall earnings. However, the intensifying competition from streaming and growing domestic markets has seen the UK's global share decline, from 17% in 2015 to c. 10% today. This is the market failure that policy intervention will help address.

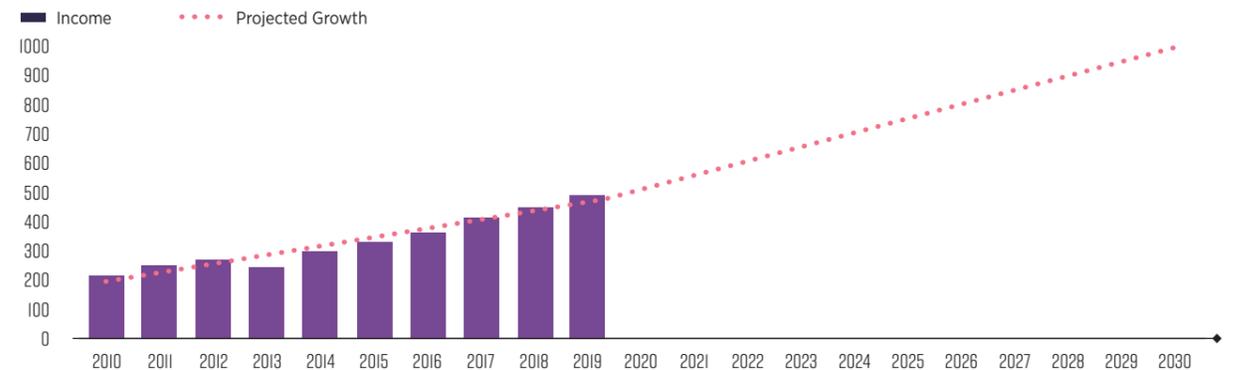
£490M

in 2019 earned by British record companies in overseas income from public performance royalties, 'sync', and licensing

£237M

trade surplus for the record industry in 2019, the ninth time in the past 10 years that the surplus has exceeded £100m.

RECORD COMPANY OVERSEAS INCOME (£M)



Source: BPI Industry Survey 2019

IF UK LABEL REVENUES FROM OVERSEAS MARKETS WERE TO GROW IN LINE WITH THE RECENT PROJECTIONS FOR GLOBAL GROWTH BY GOLDMAN SACHS, UK EXPORT EARNINGS WOULD REACH MORE THAN £1 BILLION PER ANNUM BY 2030. THIS LOOKS ACHIEVABLE GIVEN THE SIGNIFICANT INCREASES IN VALUE PROJECTED FOR EMERGING MARKETS.

This would mean that the share music exports contribute to total UK record label revenues would increase from around one third of total revenues at present to nearly half - 45% - by 2030.

Growth in overseas revenues represents a direct financial impact to the wider UK economy and to the UK record industry - in turn providing the risk capital for the next generation of British global superstars.

⁵ Data collected from labels: Overseas revenue data comprises royalties paid to UK repertoire owners in respect of performance income from overseas collecting societies, royalties from licensing of recordings on physical and digital formats, income from synchronisation and other licensing income.

RECORD COMPANIES FUEL THIS GLOBAL SUCCESS

Music companies and their labels play a pivotal role in investing in new music, bringing it to market and breaking an artist internationally. Labels support the artist financially and creatively, but they also help to plan and implement the campaign that leads to success at home and around the world.

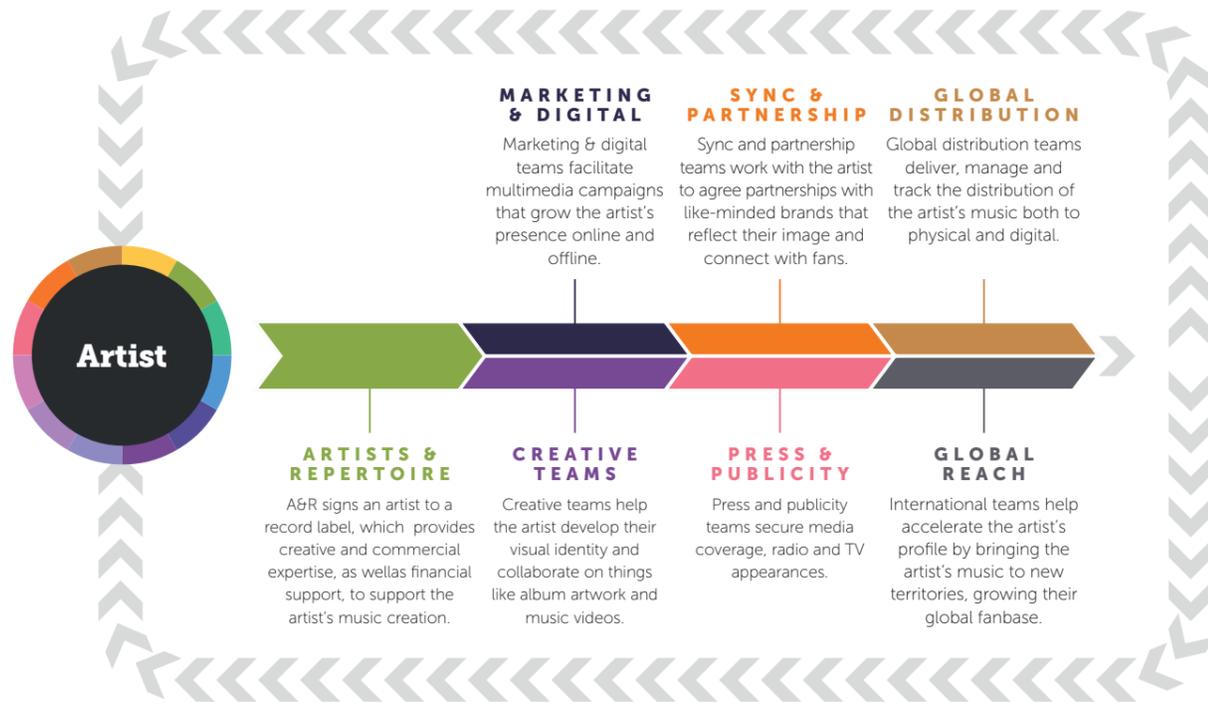
This support encompasses everything from A&R, marketing and digital support to press and publicity, 'sync' and partnership and international distribution.

Fundamentally it's about helping to take an artist to the next level, building on the foundations already created to amplify their talent and appeal, and introducing this to new audiences.

£2.9 BILLION

Live, merchandise, synchronisation revenues and broadcast and public performance of UK music all contribute to an overall exports value of £2.9bn last year, a rise of 7%





Source: IFPI 2019 Global Music Report (April 2019)

The relationship that record labels have with their artists starts with the investment. Record labels provide advances to signed artists and pay most of the costs associated with a record release – the risk capital of the music industry.

According to *IFPI's 2019 Global Music Report*, record label investment in A&R in 2018 reached £3.2 billion, a figure that rises to £4.5 billion when you add in marketing and promotion.

The most recent *BPI Industry Survey 2019* shows that in the UK, record labels invested over £250 million in A&R – 25.2 per cent of industry revenue of £1.07 billion, and up by 40 per cent on 2018.

Together, A&R and marketing came to £428 million in 2019 – representing 40 per cent of industry revenues. UK labels have consistently invested more in talent than most other countries. This commitment to investment in artists has underpinned the UK's international success.

Though deals vary, the music industry estimates that it costs between £350,000 and £1.5 million to break an artist in a major recorded music market once advances, recording costs, marketing and promotion are taken into account.⁶



BUT IT'S NOT JUST FUNDING THAT RECORD COMPANIES PROVIDE.

Labels are the partners in a journey to connect musicians with their audience – at home and around the world. They work closely with the artist and their management to make the best possible recordings, often providing access to writing talent, producers and other collaborators, and they then use their expertise and global networks to support artists as they look to break through in a competitive world market for music.

What makes an act successful can be a quixotic combination of things, and not all investments by record labels make that investment back – in fact music industry experience suggests that only 10 per cent or 1 in 10 acts return a profit to labels. Because of the unpredictability of music tastes, *the relatively small number of hits pay for the misses*. Exports support helps those with global potential achieve success.

Once an artist breaks through with a hit record, the opportunities for other revenues, for example from playing live, 'sync' deals, commercial partnerships and selling merchandise, can increase significantly. The record company essentially invests in building the artist's brand and profile – which can also find commercially successful expression in the live and festivals sector.

The careers that are aided and marketed by record companies can lead to much more comprehensive benefits to the UK economy. UK Music's *Music By Numbers 2020* report, for example, underlines the value of music to the broader UK economy, with total music export revenues contributing £2.9 billion to the music industry's total GVA of £5.8 billion. Recorded music is an essential factor in this ecosystem that helps to drive exports of other parts of the music industry, such as publishing and production.⁷

THE STORY OF BREAKING AN ARTIST GLOBALLY

A song or an album is at heart a personal relationship between artist and fan – one that is emotional. Fans relate to the music, and the personal presence of the artist in a market remains of paramount importance in making that connection.

In the streaming age, tracks are distributed globally. A vast operation is needed to maximise the potential of an artist, and labels have a much shorter period than before to work with the artist to promote a new recording. But the borderless environment of streaming also means that acts can be effectively marketed on a global scale.

A meticulously planned campaign, the right music and sheer hard work and dedication are essential factors in breaking acts overseas. Artists need to be where fans are – whether that's through live or traditional media. This means intense periods of travel and management of time and pressures to make sure demands on the artist are sustainable.

If we could bottle the mixture that works, we could reproduce it and keep selling it, but music is highly personal, it is of the moment. While some artists stand out, there's plenty of risk over what will work. And what's big in Britain may not necessarily translate overseas. Sometimes it is unique music that will travel and find an audience abroad.

The journey can now start anywhere. Markets that contribute significantly to global streaming numbers are highly prized, and as services roll out to new countries, the potential audience continues to grow.

Marketing has adapted to a global digital market. The old relationship was based on pushing consumers to retail. Now labels are audience engagement companies and need to generate social interaction to encourage fans to listen to music. In countries such as Brazil and Mexico, a single TV interview can reach 50 million viewers – unthinkable in Europe.

As an artist, supported by their record label, builds for an international launch, particularly on individual tracks, they need to keep an open mind of where to target around the world. And every country is different – culturally, politically, and in their channels for discovery and engagement.

◆ CASE STUDY



DUA LIPA

A strategy was put in place by the label and management to break Dua Lipa internationally at the same time as in the UK. It was clear from the start that she was an incredibly talented artist with strong songs and the potential to be a global star.

From the moment she signed there was a promotion campaign across mainland Europe, where she achieved Top 20 in the European airplay charts ahead of success in the UK. Dua visited mainland Europe several times and established her reputation as a hard worker and tireless performer in the early stage of her career. She also travelled extensively through the USA and worked hard to promote at radio and streaming services, as well as performing showcases in major cities.

Dua collaborated with Martin Garrix and Calvin Harris on 2 separate tracks, both of which elevated her to another level of global awareness. Tap Management also coordinated extensive brand campaigns that helped consolidate the Dua Lipa brand and take her music to an ever widening audience.

Each region of the world was carefully targeted via local streaming services, so when the big solo hit came with *New Rules*, Dua Lipa was already an established artist in most markets.

Asia was a key focus when she was still relatively unproven and she met with all the major media ahead of her big breakthrough moment, which in China, Indonesia, Philippines, and Singapore came with *Lost in Your Light*. Using Singapore as a hub, Dua was able to do TV and media appearances across Asia to support the push across the region.

With streaming and major TV moments as a focus, Dua also undertook live streams in China. This was a conscious attempt to ensure that platforms with a global reach were connected with Dua. This was followed up with touring across the region.

Finally LatAm promotion completed the cycle on this first album campaign and she has now sold 4m album equivalents globally, with 3m outside the UK.

Since then, Dua has gone on to become a global star. Her new No.1 album *Future Nostalgia* was the UK's top-selling new release of 2020 and made top 5 in 10 countries around the world including the US, while her Thanksgiving-weekend Studio 2054 global livestream drew five million viewers – a new record for a livestream.

FUTURE TRADE AGREEMENTS: WHAT THE BRITISH MUSIC INDUSTRY NEEDS

Music faces the future from a position of underlying resilience. Future trading arrangements may have far-reaching implications, but the fundamental strength of British music as a cultural export, and the fact that our business is already overwhelmingly digital and global, means we can embrace the future with a measure of confidence.

In terms of continental Europe, our future relationship remains important for several reasons. Europe is a vitally important export region for British music. Making it more difficult to trade and travel through Europe – physically or culturally – would undermine our success in this huge market right on our doorstep.

As an important part of an adaptable sector, the UK Music industry stands ready to work with government to make the most of Brexit, and to play our part in expanding Britain's influence around the world and increasing trade on every continent.

To do so, it is important that the government recognises the following points to ensure that the UK Music Industry is in the best possible position to export.

TARIFFS AND FREE MOVEMENT OF SERVICES AND GOODS | P32

EASE OF MOVEMENT FOR MUSICIANS AND CREWS | P33

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TARIFFS AND FREE MOVEMENT OF SERVICES AND GOODS

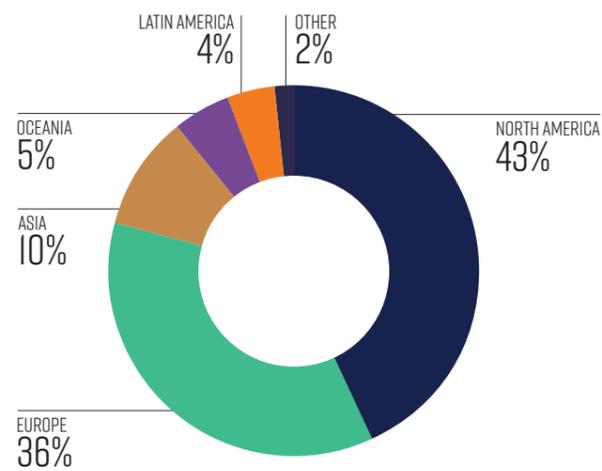
Physical music on CD and vinyl remains a significant part of the global music business, accounting for US \$4.4 billion of revenues in 2019. Both formats remain a big part of the revenue mix in EU countries, in particular in the largest markets such as France and Germany.

New tax, tariffs or regulatory barriers are a problem for the UK music industry. With the UK/EU trade deal setting an in-principle zero tariff for the goods of most relevance for our members, this should be a priority in all trade deals. Anything that makes it more expensive to trade will impact on our hard-earned market share, and anything which makes it more cost efficient to export products such as vinyl or CD will be advantageous to ensuring music grows.

CUSTOMS FORMALITIES, THE COST OF BUREAUCRACY AND THE IMPACT ON THE SUPPLY CHAIN OF NEW COSTS AND DELAYS ARE ALL ISSUES THAT COULD HARM THE UK INDUSTRY.

There is also the issue of the manufacture of CDs and vinyl, still the premium product for the music enthusiast. This is concentrated outside of the UK, so the import of physical product into the UK remains important to how our market works. Any new costs that hit the UK will reduce the investment available for new acts and marketing overseas – something Britain has always excelled at.

BREAKDOWN OF UK OVERSEAS EARNINGS 2019



Source: BPI Overseas Earnings Survey 2019

EASE OF MOVEMENT FOR MUSICIANS AND CREWS

The music industry works best when creators are able to move easily between countries – for example coming to the UK to record or perform, or for UK artists on global tours. It is as important for British artists who want to travel as it is for talent from overseas who want to make use of the world class recording and production facilities in the UK.

There are many elements of a music tour that rely on frictionless borders – from the touring truck to the merchandise. Stopping at borders and accounting for equipment are bureaucratic headaches that will cost time and money – both of which would impact the UK music industry

From 2021, without measures to facilitate ease of movement, it may be more complicated and costly for British acts and touring crews to tour across the EU to perform live or to promote their music on TV and radio. These are essential elements in building or nurturing a fanbase. Music is still a shared experience, and fans need to connect with their favourite artists through that personal interaction.

The potential for British performers, artists and the crews that support them to tour in the EU at little or no cost and without unnecessary admin, is vitally important. A general work permit exemption for musicians and crews (as well as other creative workers) would create certainty for planning future tours and enable this important work to continue. UK performers being unable to work in the EU would be harmful both economically and culturally, limiting the opportunities for artists and fans alike. Securing such a settlement to allow British artists to tour, and EU based artists to perform in the UK, would signal to EU countries not only that UK artists are still easy to book, but also that the UK itself welcomes musicians and performers to tour the UK. Beyond the EU, there should also be greater provision for creative talent to have bespoke visa and work permit routes in new trade deals to enable flexibility for musicians and others to travel and work around the world, such as via updated versions of the existing longer term 'Creative Route'.



PROTECTION OF INTELLECTUAL PROPERTY

A major concern for the music business and trade deals with third countries, is the protection of intellectual property, effective copyright enforcement and maximising the ability of rights holders to exercise their rights free from undue local government interference.

Like most creative businesses, music relies heavily on copyright and IP as the principal mechanism for generating a return on its investment which leads to support for talent and new content.

A weak IP regime in a third country, or one that is not effectively enforced, translates directly into lower export revenues, which will, in turn, affect UK levels of label investment into A&R and marketing. Britain needs to fully recognise and help realise the vast potential of the creative industries, which are growing at twice the rate of the wider economy, and their cultural and economic impact.

If the UK does have control over its trade agreements, any new trade deals the UK strikes must protect and enhance copyright – to help develop new markets and ensure that rights can be licenced on market terms and safeguarded where necessary. Moreover, they must, at all costs, avoid importing into the UK measures that would weaken the UK copyright regime.

Foreign governments can create de-facto market barriers for online music – either through inaction in respect of pirate music services or through interference with music rights holders' ability to strike deals on commercially fair terms or through limitations on the freedom of contract. The UK needs to be at the forefront of free commercial markets in copyright and in strong enforcement of rights.

Our creative industries are *growing at twice the rate of the rest of the UK economy*, generate more than £100 billion for the UK annually and directly employ 2 million people. *They have outstanding growth potential and should be a central pillar of the UK's international trade strategy post Brexit.*

ENFORCEMENT OF COPYRIGHT INFRINGEMENT

The music streaming market is underpinned by global licensing agreements with major digital platforms. These are based on copyright law which is closely aligned between the EU and UK. The Government has confirmed its intention to retain the existing body of EU copyright law post-Brexit. We still have the opportunity to have an even stronger UK regime, particularly when it comes to enforcement, which could give UK labels and artists a competitive advantage.

WHY COPYRIGHT MATTERS

Copyright incentivises investment and creates revenues for the whole music ecosystem. The stronger the rights framework, the more confident companies are in taking the risks that are required to bring an artist to market. The UK has one of the best regimes for protection for copyright – we need to try to raise other countries to a higher level.

The detail of the copyright regime is critical for investment, to the point where countries that have a narrow view of rights or poor enforcement are reducing the potential value of exports to the UK creative economy.

As a starting point, the ability of our members to be able to negotiate their rights freely, in the market, is a fundamental right that needs to be part of any trade arrangement. This is only possible where music rights holders have exclusive rights. Yet many countries provide only remuneration rights for some uses and there are also countries that impose statutory licences for certain uses; such as in the US for online webcasting services or the Indian ministerial ruling extending the compulsory license for broadcasters to the online market. Remuneration rights and statutory licences by their very nature undervalue the rights of British music.

The WIPO Internet Treaties (WCT/WPPT) are global agreements that are the foundation stones of the modern music industry and the international digital music business – but they only harmonise the minimum and not the maximum amount of protection.

Whilst the main international trade agreement containing the provisions on copyright and its enforcement, the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement, is a core provision of trade, virtually all modern trade agreements include the WIPO “internet treaties” (WPPT/WCT) as the minimum standard of copyright protection.

COPYRIGHT PRINCIPLES FOR UK FREE TRADE AGREEMENTS

In any trade deals it is vital the UK Government ensures a legal right to freedom to license for all uses with:

- ◆ Exclusive rights, to ensure a free market in licensing of rights by music producers.
- ◆ Adherence to international agreements without opt-outs - WPPT/WCT, including full legal rights to license for broadcasting and communication to the public (including public performance), and TRIPS as a basic minimum.
- ◆ Equivalent levels of enforcement to the UK, including a legal right to injunctions against intermediaries to block illegal websites and equivalent technical protection measures.
- ◆ Provisions to ensure that online businesses that actively use music negotiate copyright licences on fair market terms to close the “value gap”.



One common problem in overseas markets is that recorded music is denied protection when played on the radio or TV, or in venues open to the public. In particular the US is out of step with most of the world. It denies licence fees to recorded music rights holders and in effect gives a subsidy to US businesses at the expense of UK artists and labels. The same is currently true in China, and to some extent in Japan and South Korea through their approach to public performance rights.

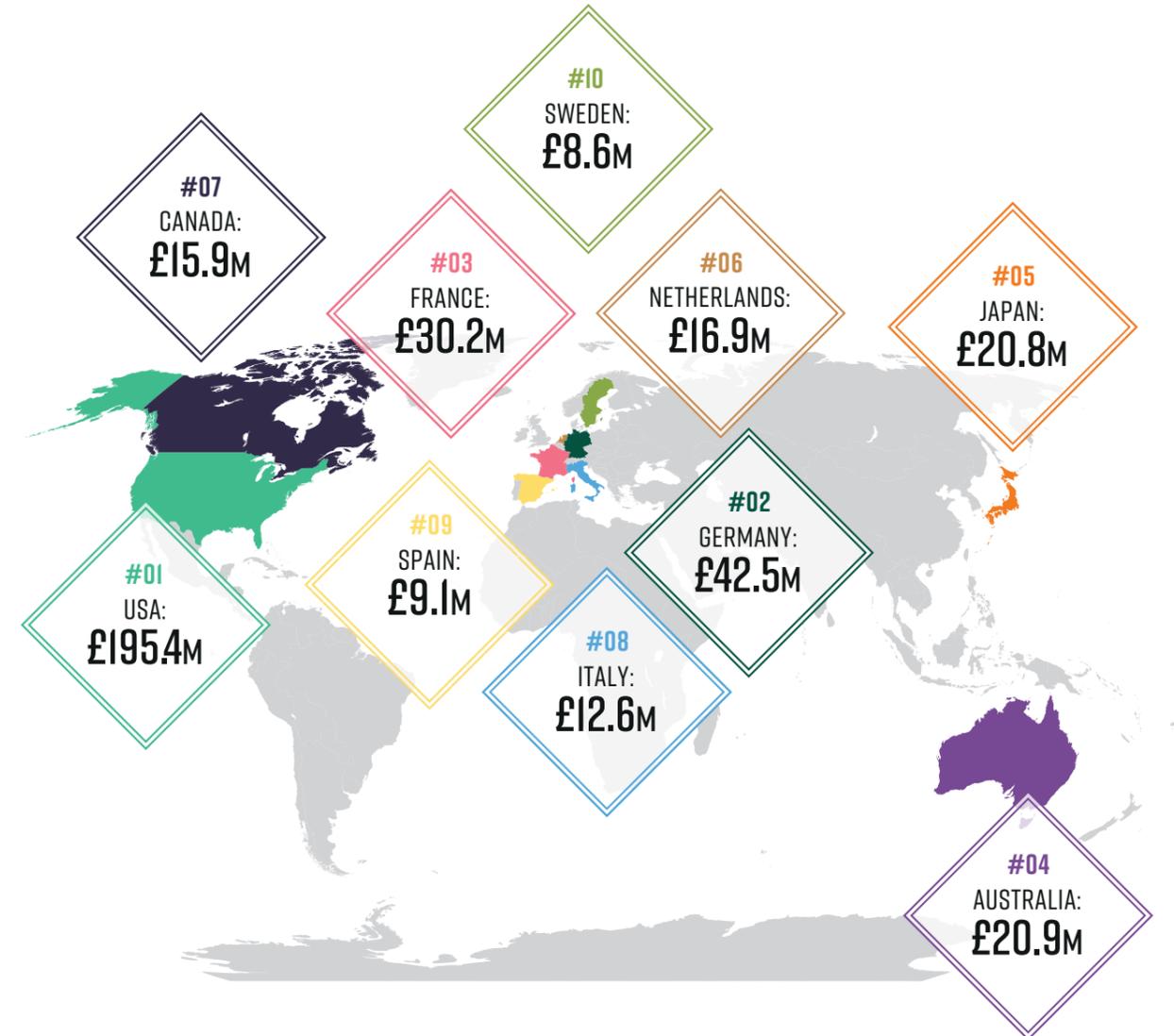
SPOTIFY FIGURES SHOW THAT BRITISH MUSIC IS EXPORTING STRONGLY AND IT'S NOT JUST THE BIG ARTISTS THAT TRAVEL

2 For every stream of overseas content in the UK, there are two streams of British artists overseas. This is a massive trade surplus for British acts.

80% 80% of all streams of British artists come from outside of the UK.

50% Half of all UK artists see more than 80% of their streams coming from abroad.

TOP 10 MARKETS FOR UK-SIGNED MUSIC BY REVENUES 2019 (£M)



Intellectual Property is a contentious part of all trade negotiations, and the UK needs to make sure that it does not import bad practices from other countries as part of any of its agreements. The UK government should use negotiations to ensure that countries we are trading with have the highest possible standards of intellectual property protection. This means adhering to international treaties, offering businesses the opportunity to licence and trade in copyright without restriction and to have access to low cost enforcement measures.

Trade deals can also be used to address other barriers to successful exports. The main sticking point often being visas for touring artists and performances. In some territories, visas are costly and difficult to obtain. Any agreement to relax this regime for those, like musicians and their touring crew, who work on a temporary and transitory basis in each country, would be greatly welcomed.

BRITISH MUSIC EXPORTS: A WORLDWIDE SUMMARY



EUROPE

THE UK HAS EXPERIENCED STRONG GROWTH IN A NUMBER OF THE BIGGEST EUROPEAN MARKETS IN RECENT YEARS.

Whilst most revenues come from Germany, the largest European market outside of the UK, there was much stronger compound annual growth in France, the fifth biggest global market, from 2015 to 2019, where UK music revenues have risen by 11.0 per cent. In the Netherlands, just outside the top 10 of international markets, UK revenues grew by 12 per cent and in Spain by 13 per cent on the same basis.

Whilst all of these territories are likely to remain significant for the UK, pronounced recent compound growth in countries such as Russia, where UK revenues have risen 35 per cent, Hungary (30%), the Czech Republic (22%) and Romania (20%) over the same period suggest that Central and Eastern Europe now also presents a strong opportunity for UK music companies.

“EUROPE’S PROXIMITY TO THE UK MEANS ARTISTS CAN CURRENTLY GET TO THOSE COUNTRIES QUICKLY, CHEAPLY AND EASILY, AND AS THEIR DOMESTIC MARKETS GROW STRONGER EVERY DAY, THE PRESENCE OF OUR ARTISTS IN THESE TERRITORIES IS ESSENTIAL IN BREAKING THROUGH.

36.0%

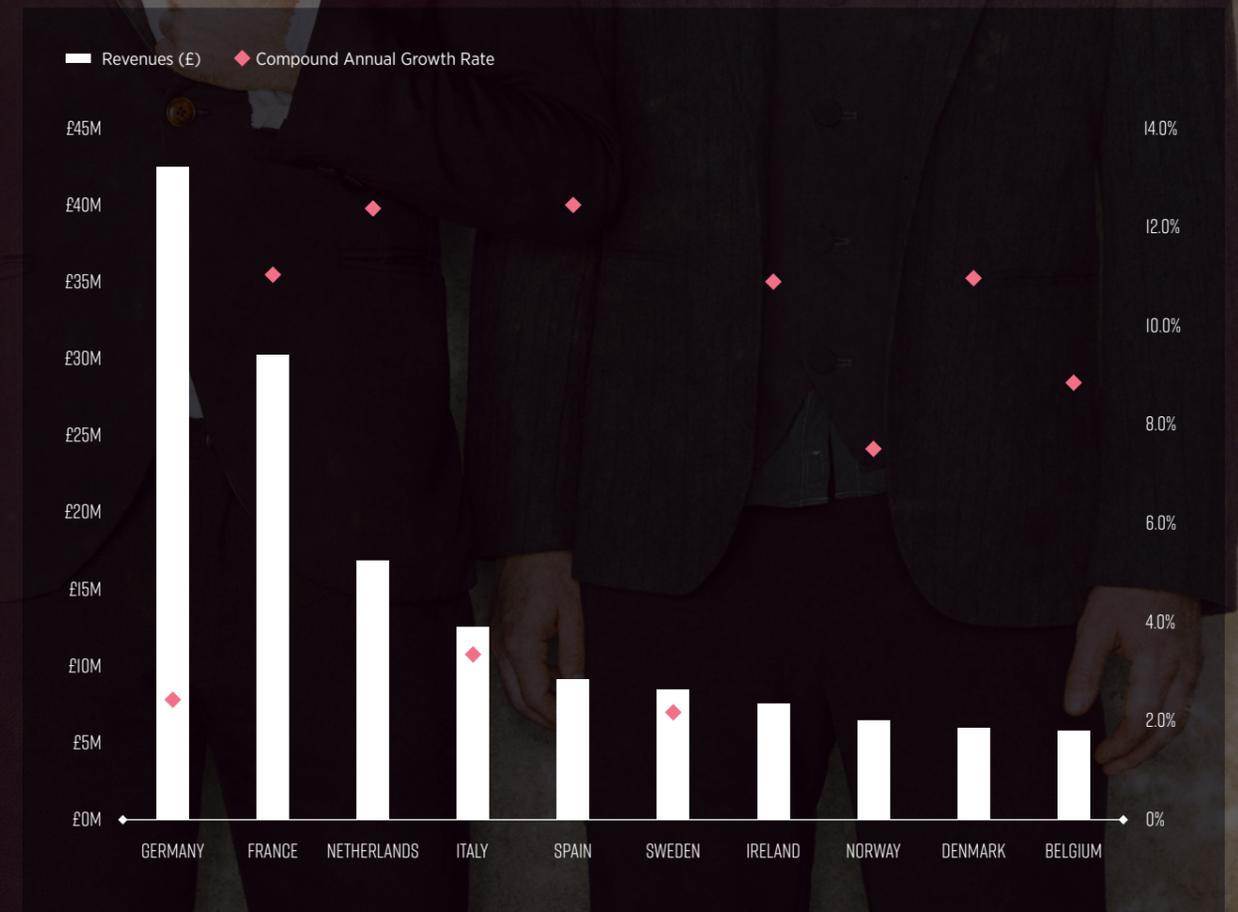
For the years 2016-2019, Europe was the second most important trading region, accounting for 36.0% of labels’ overseas revenues in 2019, second only to North America.

GERMANY & FRANCE

Germany and France are the second and third biggest markets for UK artists: accounting for 8.7% and 6.2% of overseas revenues respectively.

For British acts, Europe has been the traditional route to overseas success, and the core of international business can still be to build through its ‘spine’. The Netherlands, the country where UK acts claim their largest market share, remains a healthy starting point for touring and public appearances, through to Belgium and then onto the two largest countries by value to UK record companies outside of the US – Germany and France.

UK REVENUES FROM TOP 10 EUROPEAN COUNTRIES (2019) AND % GROWTH RATE (CAGR 2015 - 2019)



Europe’s proximity to the UK means artists can currently get to those countries quickly, cheaply and easily, and as their domestic markets grow stronger every day, the presence of our artists in these territories is essential in breaking through.

IP protection in Europe is generally at a high level, and post-Brexit the UK should retain the EU copyright regime, and look to strengthen rules further in support of homegrown talent.

TOM WALKER

Tom Walker was signed to Relentless Records, part of Sony Music UK, in 2016 and his debut album, *What A Time To Be Alive*, was released in March 2019. A slow, but carefully plotted, build was planned for him, based on a campaign to break him in mainland Europe before fully launching him in the UK. This was in line with a general strategy that Sony has been steadily perfecting for a number of years, most notably with George Ezra and Rag'n'Bone Man.

Mark Collen, EVP international operations, Sony Music UK, explains how this all works, why radio still sets things up in these markets, how regional offices put their shoulders to the wheel and why he likes “starting stories outside the UK”.

FOLLOWING THE LEAD OF GEORGE EZRA AND RAG'N'BONE MAN TO BUILD A NARRATIVE

We worked with the philosophy of waiting and seeing and letting it build and worked with the 'arc' that I use in Europe. The markets where we got really early engagement on George Ezra particularly – and with Rag'n'Bone Man – were Italy and Switzerland. George was Italy and Rag'n'Bone Man was Switzerland.

What I like to do is to start things really early and build a narrative. In this world now we are building streaming stories and success, but what we are doing with Tom is to build an artist story around blowing tracks up.

What we intended was to put forensic detail around the planning of playlisting and how to build tracks, but with very detailed thinking about an artist proposition.

“

SHABS JOBANPUTRA, MD OF RELENTLESS RECORDS, RECOMMENDED TOM. HE KNEW HE WAS DEFINITELY A GLOBAL ARTIST; ONE THAT WAS GOING TO HAVE AN INTERNATIONAL FOOTPRINT

MARK COLLEN

EVP INTERNATIONAL OPERATIONS, SONY MUSIC UK

THE LIVE BUILD AND THE EUROPEAN TOURING ARC

A lot of work went in very early to really start getting Tom's presence, touring from Benelux, through Germany, Switzerland and Austria, down to Italy, a bit of France and back to the UK. In those early days it was about dropping EPs and building an awareness – though without forcing anybody. Over the period of a year we built up familiarity and awareness. Shabs was incredibly focused in what he was doing and was extremely open to the idea that it could start outside of the UK. If we can start a story ex-UK, we will - and because we had this proven track record we were able to engage people early.

GETTING REGIONAL OFFICES CLOSELY INVOLVED AS 'LEAVE A LIGHT ON' MOVES IT ALL UP A GEAR

In the summer of 2017, we thought we had found a breakthrough track with *Leave A Light On*, but we had to move carefully and figure out what we were going to do. I hand-picked half a dozen people in Europe [to approach].

CASE STUDY





“
ANDREA ROSI, PRESIDENT AND CEO OF SONY MUSIC ITALY, SAID HE WAS GOING TO MAKE IT HIS PERSONAL MISSION TO BREAK THIS. AND HE DID.

In August I sent handwritten notes to the MDs of several markets and sending (Tom's) music out to them. I told them there was no pressure on this and that the track was going to come in September or October, and asking them to listen to it. I told them in the same way that when they heard 'Budapest' [by George Ezra] and when they broke 'Human' [by Rag'n'Bone Man], that this was the next one.

We got an immediate reaction from it. People got back saying that they got this and they wanted to blow it up. Italy had been the first to jump on 'Budapest' and they said they were really going after this. Andrea Rosi, President and CEO of Sony Music Italy, said he was going to make it his personal mission to break this. And he did.

We just worked that track for months. The Italians were first and it became a massive airplay hit there. By January, the record was just blowing up. At the top of the year neighbouring markets just tumbled. We went through that arc from Italy into Switzerland and then into Germany. Then it was the Netherlands, Benelux and France.

France has become a fantastic market for Tom. By the summer of 2018, we had this situation happening before the UK had really fallen and we were having this massive hit with 'Leave A Light On'.

A parallel strand that was going on was that the US came on board quite early as champions. They had worked the original EP version of 'Just You & I' in Winter/Spring 2017. [It was re-released in a different version in January 2019.]

We had a good early start in America, but they were almost on a parallel stream. Epic Records picked Tom up very early. We had a lot of support – but what we didn't do was cram it. We waited and we built it and we built it both in Europe and America.

This created a huge story around 'Leave A Light On' which then culminated in the German company getting the Sony Bravia TV sync. That was the big TV sync that ran around the World Cup last year and was obviously a big help in the UK campaign – and then the record just exploded here.

USING DATA BUT ALSO INNATELY UNDERSTANDING THOSE MARKETS

We looked at the insights and what genres have historically worked for British music [in Europe]. We have evidence for what had been proven to work for us previously – we had George Ezra and Rag'n'Bone Man to base data on. In those particular markets we know that strong male vocalists with great songs particularly resonate.

We knew that our European offices had done it before and from speaking to them we knew that radio formats in Europe like great songs with big voices and character.

Emotive songwriting is still incredibly powerful. And in Italy that is very much the case. The idea of songwriter and the storyteller really works there.

“
THERE WAS NEVER ANY QUESTION THAT WE WERE NOT GOING TO BRING THAT SUCCESS BACK TO THE UK. THAT WAS ALWAYS BAKED INTO THE PLAN. A BRITISH ARTIST IS ALWAYS GOING TO WANT TO BE BIG IN THEIR HOME MARKET.

Tom was an artist who would go to all of these markets. That is why the development period was critical. Throughout 2016 and 2017 it was about education. It is a lot of hard graft to break [in these markets]. In consumption terms, we are already way past a gold album in France.

We were very specific about the markets that we approached early on – and France was one of them. It was very strategic but they probably exceeded our expectations in where we thought we would be with that record. We all thought it was going to do well, but I don't think any of us thought it was going to do as well as it eventually did. We are on over half a billion streams on that record outside of the UK. It is more than just a big streaming record. It is a cultural record.

BRINGING IT BACK TO THE UK AND CREATING MULTI-TERRITORY STORIES

There was never any question that we were not going to bring that success back to the UK. That was always baked into the plan. A British artist is always going to want to be big in their home market.

The reality of the world we are in now is that, yes, you can have big global streaming hits. That is great and we want that business. But it is getting more challenging, particularly for UK repertoire, to break records on a global basis. That doesn't mean that you can't have regional breakout records and regional success stories – and even multi-territory stories.

NORTH AMERICA

IN 2019 NORTH AMERICA WAS THE BIGGEST EXPORT REGION FOR THE UK.

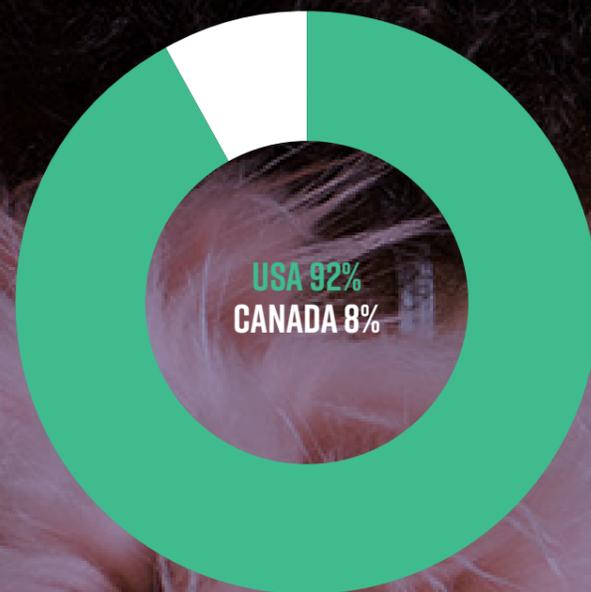
UK artists earned 43 per cent of their recorded music revenues, or £211m, in North America. The US itself is by some distance the most important single market for UK-signed repertoire, accounting for almost 40 per cent of overseas revenues in 2019. Between 2015 and 2019 UK music revenues generated from the USA, our No.1 export market, grew by 12 per cent. In Canada – another major export market, they grew by 10 per cent on a compound annual growth rate basis.

The US copyright regime, however, presents challenges which hold back revenues for the UK. The US is out of step with most of the world in that it does not recognise protection for when recorded music is used in broadcasting or public performance. It denies licence fees to artists and record labels, for example, when their music is played on the radio, or in bars and restaurants. It also does not offer music rights holders the civil remedy of injunctive relief to block illegal websites. It seeks to export its broad exceptions to copyright, such as the open-ended “fair use” doctrine or the outdated and unfair system of ISP liability protections (ISP liability safe harbours), to other countries in trade negotiations, to benefit its tech industry.

Additionally, one of the constant issues for the music industry is the cost and bureaucracy of obtaining visas to tour the US, and the unpredictability of decision making that can come with it. It creates barriers for touring and showcases, particularly for emerging artists.

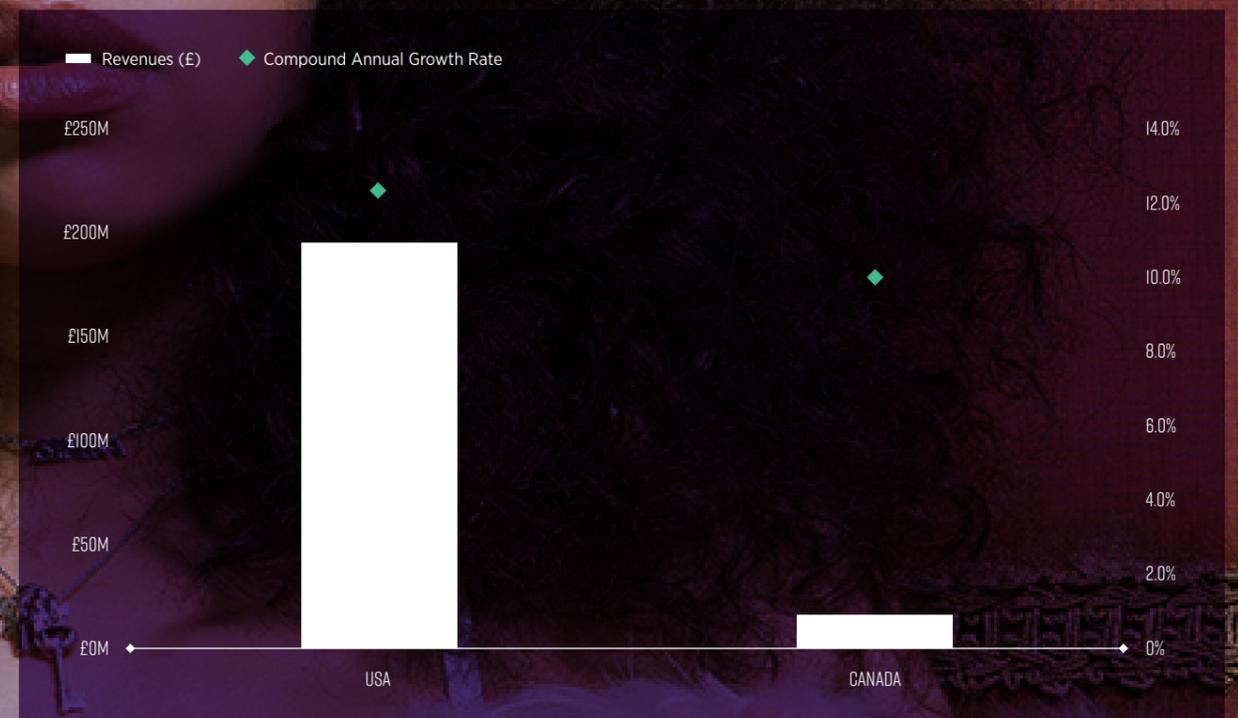
British artists have been hugely successful in the US music market to date. It is critical that any agreement the UK Government enters into with the USA delivers stronger protection for the music it creates. Closer co-operation on issues such as visas, however, would be very welcome.

UK REVENUES FROM NORTH AMERICA (2019)*



Source: BPI Overseas Earnings Survey 2020

UK REVENUES FROM NORTH AMERICA (2019) AND % GROWTH RATE (CAGR 2015 - 2019)



Source: BPI Overseas Earnings Survey 2020

If market barriers can be overcome, the UK has a very strong base to build on. There are profound historical links, famously illustrated by the likes of The Beatles and The Rolling Stones, and more recently Amy Winehouse, Adele and One Direction. A new wave of artists, such as Stormzy, are reaching huge audiences Stateside. Ed Sheeran has now enjoyed three huge No.1 albums and two chart topping singles also (including *Shape of You*), while Sam Smith has also landed a No.1 album in the US. In 2018 Dua Lipa's *New Rules* reached No.6 in the Billboard singles chart (giving her her first top 10 single there), while Ella Mai saw both her single *Boo'd Up* and her self-titled debut album go top 5 in the US. Bastille are

another act that have made a notable impact, their single *Happier* (with Marshmello) going 2x Platinum, while Lewis Capaldi scored a number one single with *Someone You Loved* in October 2019 and Rex Orange County (see profile) also achieved a top three album with *Pony*.

Canada is the second largest music market in North America, the eighth largest worldwide, and is a major export market for UK music. Yet, there are long-standing problems with protection. Canada maintains an outdated and unjustified system forcing the music sector to subsidise Canadian TV and radio broadcasting businesses for example.

ASIA

THE PHILIPPINES AND SOUTH KOREA'S CONTRIBUTION TO GLOBAL STREAMING NUMBERS, MAKE THEM PIVOTAL IN ASIA, NOT LEAST GIVEN THEIR APPETITE FOR BRITISH POP MUSIC.

UK earnings from the Philippines and South Korea grew by 80 per cent and 193 per cent respectively from 2015 to 2019. Singapore, where UK revenues have more than doubled over the same period, is increasingly seen by UK labels as a strategic regional hub that helps to feed into the region – Jonas Blue's *Rise* was a top 10 streaming hit, while the city-state ranks prominently in terms of Spotify audiences for artists such as Anne-Marie and James Arthur. Artists breaking in this region can expect to see a benefit. British pop works there and the UK has the opportunity to claim market share that the US artists may find more difficult to compete for.

We know from Spotify playlist data that in the Philippines artists as diverse as Ed Sheeran, Sam Smith, The 1975 and Jonas Blue are enjoying significant popularity, while Anne-Marie, and Lewis Capaldi have both made the top 10 streaming chart in Malaysia. Streams of UK artists in the region has grown more than four-fold between 2015 and 2018 – as compared to the three-fold increase in the more celebrated Latin America during the same period.

The Chinese market shows an amazing growth rate of 950+% for UK sales, although from a low base (2015 – 2019). The speed at which the Chinese market has risen up the chart of markets by size shows the enormous potential it may have for British artists in the future. It is now the seventh biggest music market in the world according to IFPI.



REX ORANGE COUNTY

THE SPOTIFY EXPORT STORY

Artist Rex Orange County springs from Surrey. Ever since releasing his debut album in late 2016 the majority of his audience on Spotify has come from abroad. Over time, though, the audiences have broadened around the world.

North America has remained the biggest driver of streams for Rex, but the trend is shifting eastward.

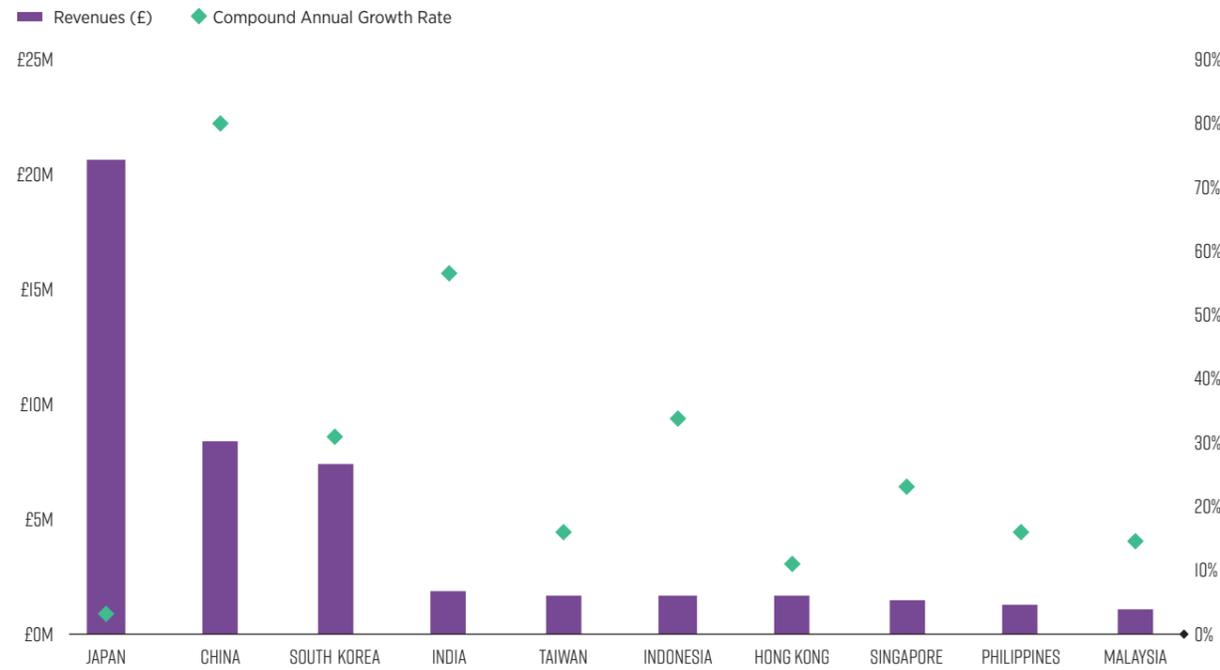
In late 2018 the Asian markets contributed to 15% of his exported streams, up from only 5% a year earlier. He now counts Jakarta and Quezon City as two of his top five cities on Spotify.

This is in line with the overall trend we're seeing for British music on Spotify, where the Asia Pacific region is the fastest growing export market.

“

THE CHINESE MARKET SHOWS AN AMAZING GROWTH RATE OF 950+% FOR UK SALES,

UK REVENUES FROM TOP TEN ASIAN COUNTRIES (2019) AND % GROWTH RATE (CAGR 2015 - 2019)

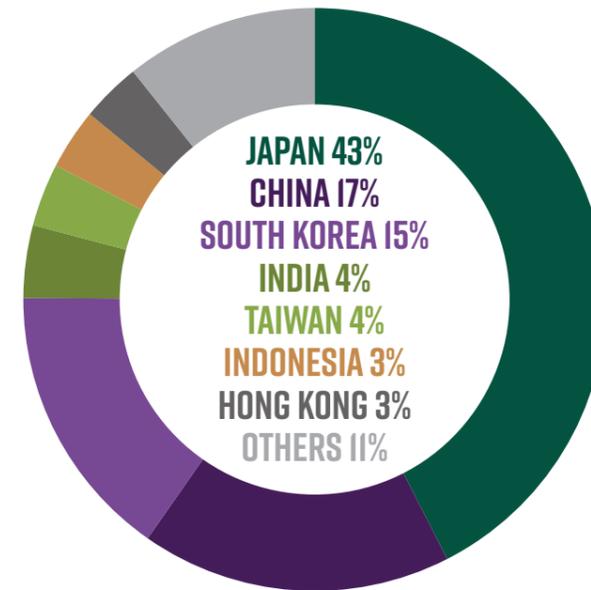


Source: BPI Overseas Earnings Survey 2020

Not all of Asia is so fertile. Japan, which is the second largest market in the world and therefore important in absolute earnings, is only fifth most important for UK income, generating some £20.8 million – less than 5 per cent of the total. Market growth in Japan is relatively slow and UK earnings overall are similarly held back.

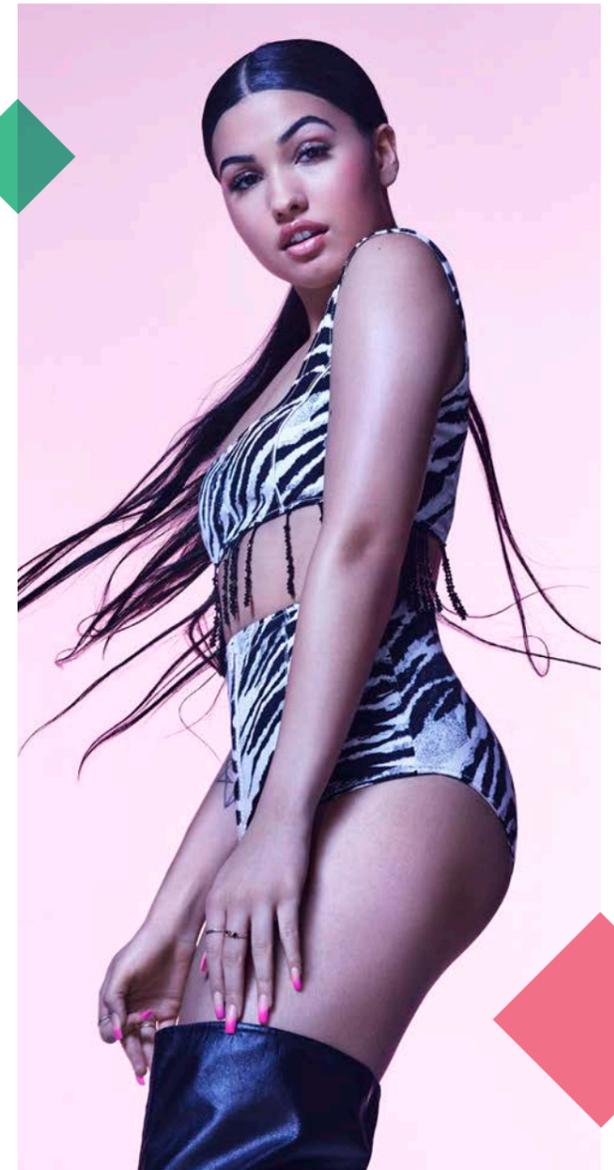
Even here, though, many artists are breaking through. Ed Sheeran enjoys a high profile in Japan, Arctic Monkeys’ *Tranquility Base Hotel + Casino* achieved a top 10 placing, Sam Smith has a dedicated following and the choir Libera has attracted a substantial fanbase in Japan. We know too that catalogue from heritage acts such as Elton John, David Bowie, and Queen has tended to find a home here – an appeal recently reinforced by the phenomenal box office success of the *Bohemian Rhapsody* film.

BREAKDOWN OF REVENUES FROM ASIA 2019



Source: BPI Overseas Earnings Survey 2020

Revenues from exports to India, where UK music has the potential to be more popular, remain suppressed by the extensive interference in the market through statutory licenses and de facto compulsory licensing of certain exclusive rights. Despite these structural barriers, however, some British artists, again led by Ed Sheeran, are making some headway, including most recently Anne-Marie, Dua Lipa, Mabel and Harry Styles. UK revenues from India have demonstrated some growth over the past four years, but given our cultural links and shared history, the potential for future growth is considerable.



Asia is the recorded music industry’s biggest potential growth market, and negotiating better protection for music rights, improved enforcement and more freedom from undue interference in the market would help the rapid growth of the creative industries there, as well as supporting exports of UK music.

SOUTH/ CENTRAL AMERICA

SOUTH AMERICA POSES A CHALLENGE TO BRITISH MUSIC AMBITIONS OVERSEAS. THE REGION IS MORE FOCUSED ON LOCAL REPERTOIRE IN NATIVE LANGUAGES.

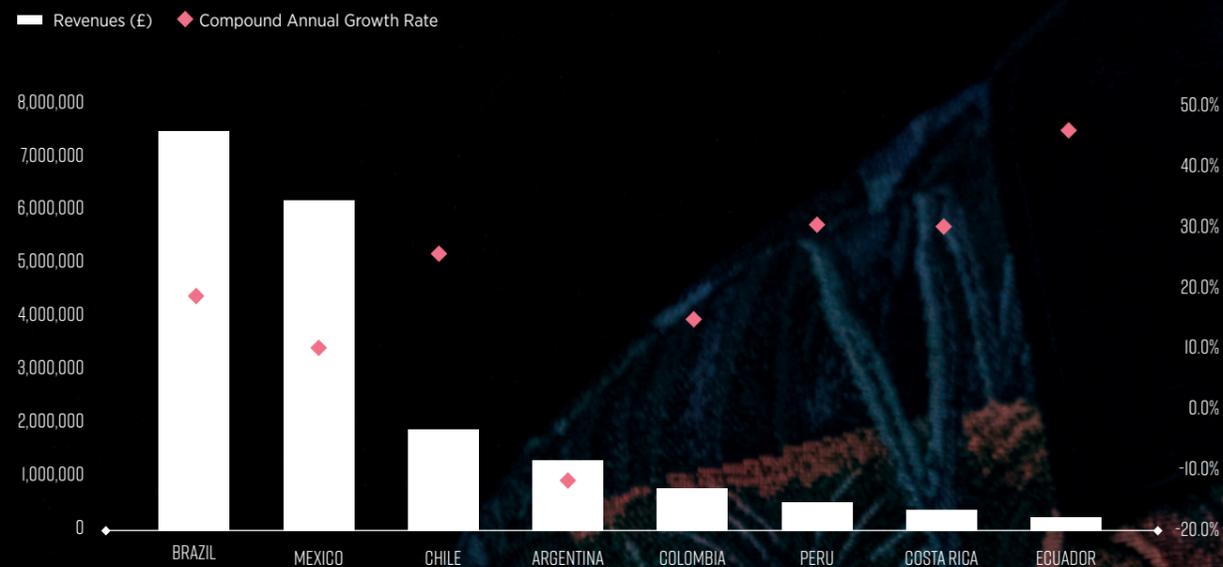
Breaking into markets such as Brazil and Mexico with an English language song is difficult. But if an artist can make headway in the US, the close attention paid to US radio in South America can also help UK acts break into the charts there.

Touring South America is a major way for UK artists to find and grow an audience. There is still a very strong rock touring culture in those markets. Most UK acts have been or will go to South American rock festivals. Attention to these events in Mexico, Brazil, Chile and Argentina can

be huge. Traditional media groups in these markets have reaches far greater than the UK and even the US.

But, as we have seen from high-grossing tours by acts such as Queen in the past, there is a latent potential for British music in South America. Queen's *The Game* tour famously drew a crowd of 300,000 in Buenos Aires in 1981 – the largest single concert crowd in Argentine history – while in São Paulo, Brazil the band were watched by over a quarter of a million fans over two nights.

UK REVENUES FROM TOP 10 SOUTH AMERICAN COUNTRIES (2019) AND % GROWTH RATE (CAGR 2015 – 2019)

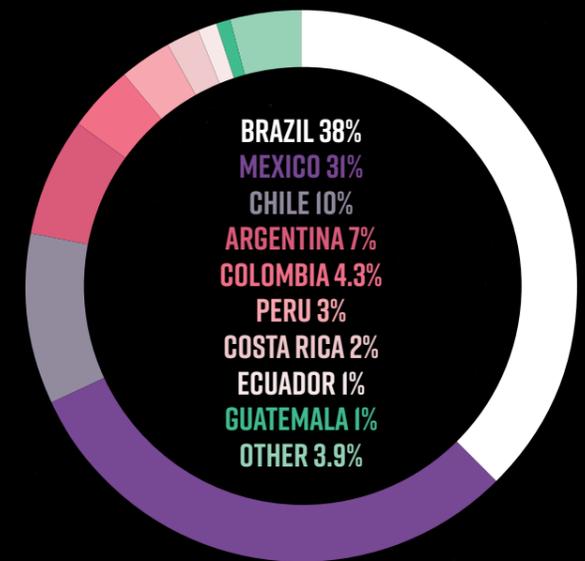


Source: BPI Overseas Earnings Survey 2020

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CITIES SUCH AS SANTIAGO, SAO PAULO AND MEXICO CITY ARE ALWAYS AMONG THE HIGHEST-RANKED IN TERMS OF AUDIENCE HUBS ON SPOTIFY.

SOUTH AMERICA REVENUE BREAKDOWN 2019



Source: BPI Overseas Earnings Survey 2020
Figures are rounded

Much more recently a new wave of British artists, including Calvin Harris (who with Dua Lipa enjoyed a top 3 hit with *One Kiss* in Mexico), Rita Ora, Sam Smith, and, of course, Ed Sheeran – whose album *Divide* topped the Brazilian charts on release in 2017, have all enjoyed commercial success in the markets of Mexico, Brazil, Argentina and Chile. Cities such as Santiago, Sao Paulo and Mexico City are always among the highest-ranked in terms of audience hubs on Spotify for Dua Lipa and are also hotspots for performers such as Harry Styles and Ellie Goulding.

Together these Latin American markets generated £20 million for UK record companies in 2019, and for the past four years have accounted for 4 per cent of the total. Some countries still have a large online copyright piracy problem and inadequate legislation and enforcement measures for tackling it.

IFPI's 2018 Consumer Insight report shows the relative scale of the piracy problem in 18 countries, with the highest rates evident in India, Brazil, China, Argentina, Mexico, South Africa, Russia and Spain.

The largest music market in the region, Brazil, has still not ratified the World Intellectual Property Organisation (WIPO) Internet Treaties. This situation suppresses the value of the market, despite the huge popularity of music.

AUSTRALASIA

AUSTRALASIA HAS ALWAYS BEEN RECEPTIVE TO BRITISH MUSIC AND TOGETHER AUSTRALIA, NEW ZEALAND AND SOME SMALLER TERRITORIES GENERATED MORE THAN £25 MILLION, OVER 5 PER CENT OF THE ANNUAL TOTAL IN 2019.

Australia is a major market for UK repertoire and an important stop on international tours by British artists. UK revenues generated in Australia have topped £20m in each of the last four years and continues to generate more than the Japanese market in terms of overseas earnings for UK companies.

Success in music is cemented in shared cultural values, and goes back to at least The Beatles' acclaimed 1964 tour of Australia. Since then, waves of British artists have flown the flag. Recent examples include Catfish & The Bottlemen, Rex Orange County, Dua Lipa and Harry Styles whose two solo albums have both topped the Australian album chart.

George Ezra's global hit *Shotgun* was a No.1 smash in both Australia and New Zealand, underlining the enduring appeal of British acts in Australasia. More recently, Lewis Capaldi has enjoyed top 10 success in both countries, whilst his single *Someone You Loved* made the top 5 in Australia.

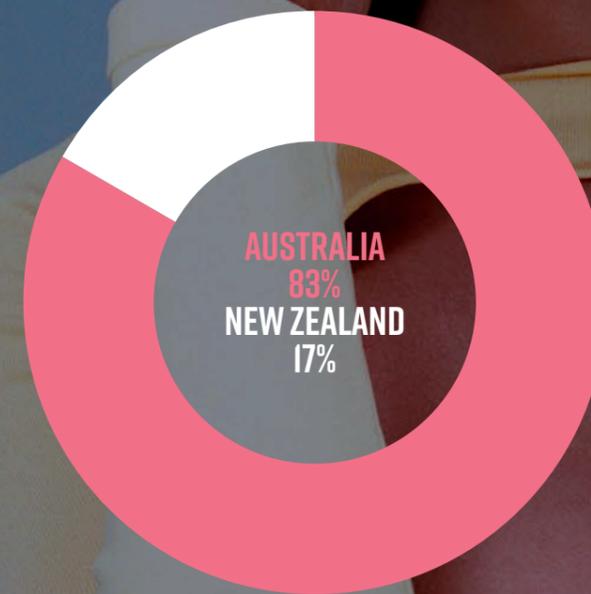
Despite this general level of success, Australasia is not without its challenges for British music exports. The sheer distances involved make it difficult to promote emerging artists, particularly the combination of size of market and remoteness of New Zealand even from Australia.

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SUCCESS IN MUSIC IS CEMENTED IN SHARED CULTURAL VALUES, AND GOES BACK TO AT LEAST THE BEATLES' ACCLAIMED 1964 TOUR OF AUSTRALIA

Additionally, We have policy concerns with Australia. It has over-broad exceptions to the public performing and broadcasting rights that artificially dampen the income from UK music exports. Australia has had a long discussion about bringing in the same kind of flexibilities for the tech sector to use music through 'fair use' that has created a challenging climate for music in the US. However, there have also been some recent positives, with new laws on site blocking and search delisting of illegal sites that are helping the fight against piracy.

OCEANIA REVENUE BREAKDOWN 2019

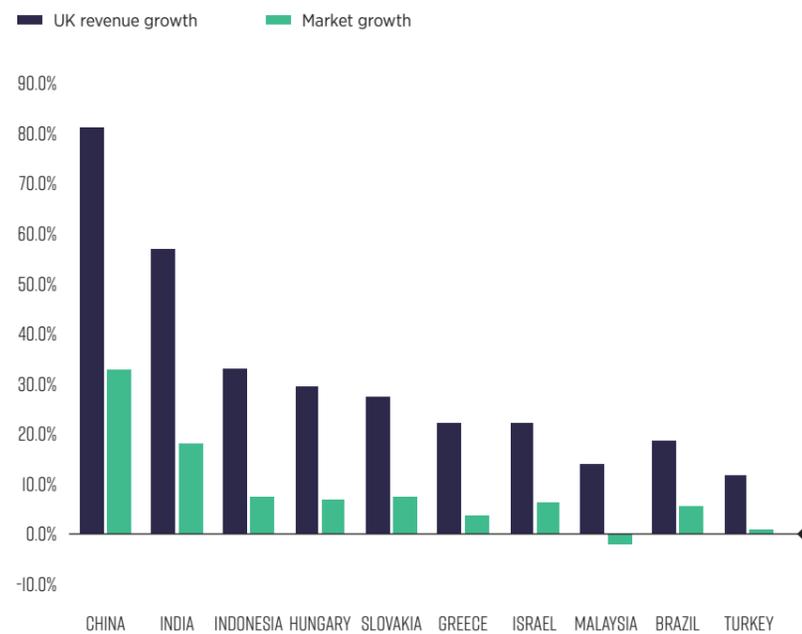


Source: BPI Overseas Earnings Survey 2020

THE FUTURE OUTLOOK FOR BRITISH MUSIC

The music market is fast-changing and the BPI is studying the international prospects for British music. While most markets are generating increases in revenue, in some cases at rapid rates (see graph), what will be critical to our success in the streaming era is the share of listening that UK artists are able to command internationally.

COUNTRIES WHERE UK REVENUES ARE OUTPERFORMING MARKET GROWTH (CAGR 2015 - 2019)



Source: BPI Overseas Earning Survey 2020/IFPI

TOP TEN COUNTRIES BY MARKET GROWTH

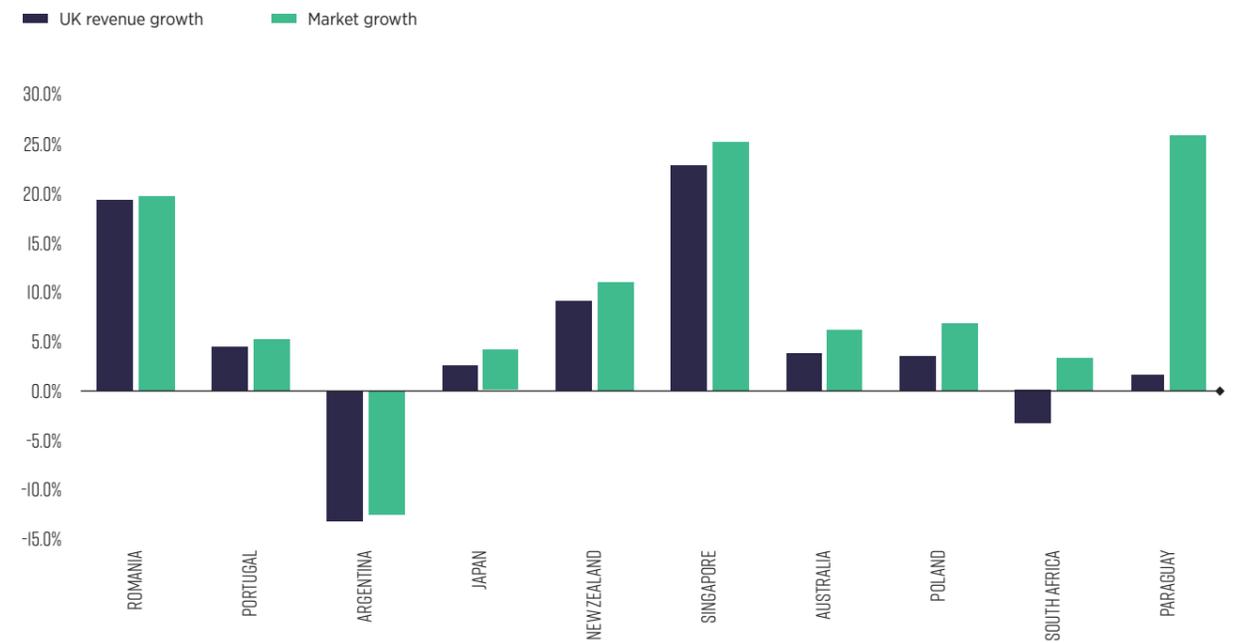
1	BOLIVIA	93.6%
2	ECUADOR	35.9%
3	CHINA	33.5%
4	PARAGUAY	25.9%
5	RUSSIA	25.9%
6	SINGAPORE	25.4%
7	SOUTH KOREA	22.4%
8	ROMANIA	19.9%
9	PERU	19.0%
10	CHILE	18.6%

Source: IFPI

Overseas revenue data for UK-signed artists gives us an insight into the major trends. It is encouraging to see that not only are overseas revenues from many emerging markets rising overall, but that British music's share of those markets is also increasing. Overseas revenue growth coming back to the UK from developing markets such as China, India and Brazil has been outpacing the organic growth in those markets by a significant margin. Given their enormous potential, these must be target territories for a future export strategy for UK artists and labels.

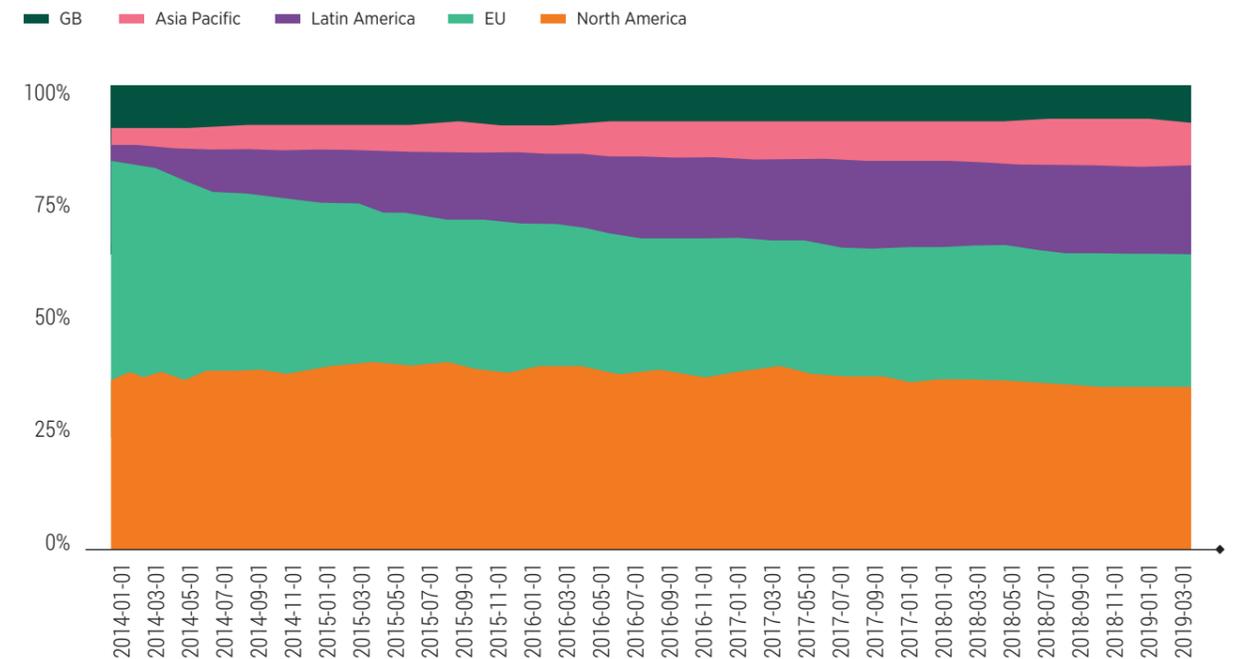
There are also countries where British music is not quite keeping pace with international growth. These include highly developed markets such as Japan and some less developed ones such as South Africa and Romania, but often such markets have very strong domestic or local language repertoire. These are markets where UK artists and labels need to work hard to maximise the benefit of a rising market.

COUNTRIES WHERE UK REVENUES ARE UNDEPERFORMING MARKET GROWTH (CAGR 2015 - 2019)



Source: BPI Overseas Earning Survey 2020/IFPI

UK ARTIST STREAMS BY REGION



Source: Spotify

Data from Spotify illustrates the growing importance of Latin America and Asia/Pacific in the total volume

of streams consumed of UK artists' music; and how the importance of global streams are for UK artists generally.

