# The European Music Ecosystem

European Commission

**The European Music Ecosystem**

**A conceptual framework definition of the European music ecosystem to understand and drive its diversity, creativity and solidarity making it competitive, resilient, and attractive**

**Structure:**

## Executive summary

The European music sector in the 21st century has arrived at a crossroads. The demand for music reached new levels, with economic results in the main business areas of the sector indicating a solid rebound following the corona pandemic. Simultaneously a shifting of social, cultural and technical trends is creating increasing complexity, alongside shifting dynamics and interdependencies within the sector.

The perception that the music sector is increasingly characterised by its complexity and interdependencies results in an understanding of the sector less in terms of its traditional linear value chains and more as a music ecosystem. The trend of conceptualising a complex sector as an ecosystem is also seen in other sectors, and forms the basic premise of the EU Industrial strategy.

In this text, we describe the **European music ecosystem as the network of music sector actors, their environment, their interdependencies and interactions through the production, distribution and consumption of music so that value is created for the system itself, and for the systems it is part of.**

In this definition, the actors range from musicians to audiences and policy makers, they can also be digital in nature, e.g. algorithms or AI. Their environment consists of tangible assets like venues or digital infrastructure, next to intangible aspects like rules and legislation, social conventions, or political ideas. Actors within an ecosystem are not only interconnected, they are also *interdependent* and create value by impacting others in a cultural, economic and social way.

The sector can be understood as a particularly adaptive and responsive ecosystem that is able to cope with general crisis developments such as climate change, shortage of labour or changed consumer preferences as well as sector-specific challenges such as market consolidation, 'platformisation' and the identification of policy imperatives for its sustainable and resilient future.

As a result of the challenges, one can see, particularly in Europe's music sector, new co-organised ecosystem structures are emerging across the music sector in which a growing number of small and medium-sized players are participating and that are based on cooperation, innovation and diversity such as more open music networks, i.e. more open music city activities and more open music conferences and festivals. These structures enable orientation and collaboration beyond former boundaries of sectors and cultures. They conceptually create openness to other neighbouring (non-music) ecosystems such as the educational system, the health and well-being systems, and even through to urban planning and development systems.

Europe provides a unique and fertile ground for hosting these developments. Compared to the US music market, Europe lags behind in terms of investor-driven market power, but with its existing co-organized structures, the European music ecosystem can be seen as a counterweight to the North American or the rapidly growing Asian music sector. For the European music ecosystem to improve, to enhance its economic capabilities and resilience, and to enable music to optimise its social and cultural impact, these structures need support. The concept of a music sector understood as an ecosystem provides new opportunities for policy measures and support mechanisms to strengthen it and to help it maintain its competitive advantage, including fostering education; investing in long term schemes; optimising spillover effects with neighbouring sectors; strengthening the socio-economic situation of individual creators, supporting local creative communities, and adopting a data-driven policy. A far-sighted European music policy based on these lines of action would encourage the development of new, more open structures, strengthen existing ones and unlock the full potential of the music ecosystem.

## 1.  Introduction

The European music sector is a powerful force in many respects. However its complexity, with a huge number of interdependent players, its reach into a barely comprehensible range of target groups and audiences, and its universal availability via every kind of media channel, also obscures the fact that the European music sector is not only a success story, but an ecosystem that needs to be carefully nurtured to ensure its sustained value creation in three interconnected domains:

- The **cultural domain**: music is often cited as "the universal language of mankind"  and an    important vehicle for demonstrating; e.g. language diversity and a person's cultural identity that             supersedes cultural boundaries[1].
- The **economic domain**: Europe's music sector, in 2023, counts for 4.4% of the EU 27+UK's GDP    and some sub-sectors report an annual growth of up to 9%[2];
- The **social domain**: Europe's music sector serves as a living lab to develop solutions for societal issues like gender equality, inclusivity, and sustainability, as well as health and well-being, and              thereby strengthens fundamental European values.

Up until the beginning of the 21st century, the European music sector was a definitively siloed sector consisting of linear value chains. However, during the last two decades, driven by digitisation and globalisation, the structure of the sector has been transformed from siloed into a predominantly networked one. The emergence of global streaming platforms, the diversification of music markets, and  the cross-cultural mix of musical genres have given birth to a dynamic and interdependent music ecosystem, where boundaries between siloes have become more diffuse or disappeared completely, and **value is no longer  only  created  in  linear  and  centralised  value chains,  but  in  increasingly  complex, decentralised and open value networks**. This blurring of boundaries not only occurred within the music sector,  but also between the  music sector and neighbouring sectors such as technology, health and well-being and urban development.

This development also created new opportunities for music sector actors. New ways of music consumption emerged through the increased availability of digital media in homes, cars, PCs, portable devices, etc. New means of music production have arisen  with the availability of affordable digital production tools such as Ableton or Pro-Tools, which caused a boom in DIY and bedroom productions. New means of digital music distribution have allowed this vast amount of new music to find niche audiences on a local, glocal and global level. Consequently, in Europe, new networks arose, often based on specific subsectors, such as live music (LiveDMA[3]) or recorded music (IMPALA[4]). Recently, more thematic, crosscutting networks started to form, such as Keychange[5] (gender diversity) or the Music Cities Network[6] (music and urban development). These network developments have also been supported by the European Union, notably under the Creative Europe programme.

Digitisation and globalisation also created a number of challenges; not only in the music sector, but in society at large, such as increasing inequality, power imbalances, precarity and a lack of participation and  representation of specific  groups of people, based on gender, or cultural  or

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[1]  https://news.harvard.edu/gazette/story/2018/01/music-may-transcend-cultural-boundaries-to-become-universally-human/

[2]  https://globalmusicreport.ifpi.org

[3]  LiveDMA is a European non-governmental network supporting live music associations, ultimately serving the members of these associations: music venues and festivals.

[4]  IMPALA is a non-profit pan-European network organisation dedicated to strengthening the position of small, micro and medium sized independent music companies and self-releasing artists.

[5]  Keychange is an EU based global network and movement working towards a total restructure of the music industry in reaching full gender equality.

[6]  Music Cities Network is a non-profit association dedicated to uniting music cities, artists, entrepreneurs and policy makers around the globe.

socio-economic background[7-8]. These societal challenges manifest themselves in the music sector in specific ways: the superstar economy model where 10% of the actors take 90% of the revenues (inequality)[9], the dominance and power of big tech platforms over creators and consumers (power imbalances), the poor mental health of creators and professionals[10] and the poor economic position of individuals and SMEs (precarity), the unequal gender representation across the sector (lack of diversity and inclusivity), are the most prominent examples. Additionally, overarching challenges like the sector's environmental impact, the impact of new technology (the latest being the rise of generated AI music), the impact of geopolitical crises, inflation and the increased cost of living threaten the already precarious living and working conditions of many music sector actors.

At the same time, the music sector has the potential to contribute to tackling these societal challenges. It is a sector where social and technological innovation takes place at a rapid pace, with positive impacts on society in general, and the cultural and creative industries specifically. It can play a role as an ambassador for cultural diversity and inclusivity, and it can be used as a megaphone to create awareness around topics like global warming, gender equality or transgressive behaviour.

This plethora of challenges is interconnected and forms what is called a "wicked problem", meaning it cannot be solved by taking a reductionist approach to cure the symptoms, but only mitigated by a holistic approach to correct the underlying causes and structures. Consequently, **to fully unlock and benefit from the opportunities of this new reality, a new approach is needed that captures the complexity and dynamics of the current and future music sector**. Simply put: systemic challenges need systemic approaches. The ecosystem concept can provide this approach, and Europe is the best place to foster this new, open and systemic approach because of its richness and diversity, its heritage and the European way of life.

### 2. The current state and future potential of the European music ecosystem

The following overview of trends and challenges exemplifies the current state of the European music ecosystem. The music ecosystem is continuously changing; trends and developments (especially in the digital domain) are developing with ever increasing speed. Some of the challenges mentioned below, such as AI, the position of grassroots organisations, or the diversity of the ecosystem are on the EU policy and funding agenda, alongside a plethora of projects and policy actions. Progress is being made on a number of these topics. Therefore, this overview needs to be regarded as a thermometer of the European music ecosystem at the time of writing (2024). Next to the trends, there is a reflection on the current challenges, followed by an outline of the potential of the ecosystem for future value creation.

**Cultural trends and challenges**
Europe, in all its cultural history and diversity, has a richness of music genres unparalleled in the world. One of the biggest challenges for European repertoire is to compete with the dominance of Anglo-American (and recently Asian and Southern American) artists in the recorded and live music ecosystems. Interestingly though, there is currently an ongoing re-appreciation of traditional European genres by a new generation of musicians. New, accessible and easy-to-use production tools allow traditional genres like fado, Balkan music, chansons or flamenco to be rejuvenated and re-interpreted. Globally famous artists like Rosalía and Stromae, are leading this movement.
The emergence of AI technology in music creation, production, distribution and consumption has already started to have a profound effect on the sector. However, the exact effect is currently hard to predict,

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[7] Raine & Strong (2019) *Towards Gender Equality in the Music Industry. Education, Practice and Strategies for Change*

[8] Schaap (2019) Elvis Has Finally Left the Building?: Boundary work, whiteness and the reception of rock music in comparative perspective

[9] https://www.poplive.nl/pop-music-as-a-superstar-economy-imbrd-conference/

[10] https://www.musicmindsmatter.org.uk/can-music-make-you-sick

because the emergence of AI goes hand in hand with new types of artist-fan interactions that a new generation of music consumers (Gen-Z and younger) are currently experimenting with and experiencing. Direct interaction without intermediaries on new digital platforms has a profound effect on music consumption and media usage.

Moreover, a shift in musical preferences is clearly happening. Electronic music and hip-hop become increasingly mainstream and claim a bigger place in the line-ups of European music festivals, often to the detriment of more conventional music, such as guitar-driven pop and rock bands.

Lastly, a challenge worth mentioning is the increasingly difficult position of independent labels, festivals, distributors and venues that threatens their fundamental role in fostering diversity and artistic development.

## Economic trends and challenges

The European (EU27+UK) music market is globally one of the most profitable markets for recorded music, accounting for 54.9%, which amounts to the highest proportion of global performance rights revenues, with Germany and France ranking 4 and 6 respectively (IFPI 2023). The presence of the Stockholm-based streaming service Spotify makes Europe home to one of the companies central to current value creation of the global recorded music economy.

The shift in the dominant business model from recorded music towards live music triggered an increase in ticket prices for concerts and live events, further accelerated by inflation and increased production costs. This results in higher revenues for concert promoters, with market leader Live Nation (US – with 120 EU subsidiaries) reporting an unprecedented $16.7B turnover in 2022.

Increased influx of capital from (non-EU) financial markets has stimulated the growth of concert and festival conglomerates, e.g. the UK based company Superstruct acquired more than 80 festival brands in recent years, including well known European brands like Sonar (ES), Sziget (HU) and Wacken (DE). The
150 largest European festivals are owned by four companies (Anschütz (US), Live Nation (US), CTS Eventim (DE) and Superstruct (UK)). This has a negative effect on the diversity of small scale and grass roots actors in the European music ecosystem.

The idea that music rights can act as a reliable asset class with predictable returns led to a surge in the acquisition of music catalogues by (mainly non-European) investment funds[11]. This changed the landscape of music publishing entirely, although its long-term effects remain unclear. The accumulated investment volume in 2021 is estimated to be $5B (Music Business Worldwide)[12]. This insight goes hand in hand with the further rise of the superstar economy, market concentration and consolidation that feeds the "winner takes all" model (an estimated 90% of the turnover of the music industry ends up with 10% of the actors, often the major labels, big corporate bookings agencies and big tech).

Exacerbating this development is the ongoing privatisation of large swathes of digital infrastructure by non-EU companies such as Google, Meta, ByteDance and Amazon, resulting in limited opportunities and unfair dependencies for individual artists, producers and creators in the exploitation of their works.

## Social trends and challenges

Music, and especially pop music, has a low threshold when it comes to consumption and participation. It is omnipresent in different media outlets, there is hardly any barrier to listening to it through DSP's, and learning and playing an instrument is within reach of the majority of people. However, due to gatekeeping mechanisms (both human, such as the programming strategy of a radio station or a festival, or digital, such as a biassed algorithm), the opportunity to participate is still unevenly divided over gender, cultural and social background.

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[11] https://musicbusinessresearch.wordpress.com/2023/03/13/music-as-an-investment-part-1-an-overview/
[12] https://www.musicbusinessworldwide.com/at-least-5-billion-was-spent-on-music-catalog-acquisitions-in-2021-could-2022-be-even-bigger

A strong emancipatory movement started in the sector a few years ago to make it more representative, and the first results are positive. An initiative like Keychange increased the awareness of gender imbalance in the programme of live events, and offered actionable best practices to the sector to correct this. Diversity and inclusivity are embedded in EU policy making, including the field of culture, and they are at the heart of many culture and music networks and projects.

It is important to realise however, that the accessibility to concerts and festivals is decreasing because of high prices in combination with inflation. Marginalised groups have been reported to find it harder to visit festivals, and 50% of festivals report the same or lower attendance than in 2022.[13-14]

A generational shift and its different needs and demands are also visible. In general terms, the younger generation wants (or even demands) music to contribute to a "better world and a brighter future". Social and environmental topics are addressed within the music sector, and music is sometimes used as a vehicle to address them on a societal level. Often, it is artists that spearhead these movements, such as French act Christine & the Queens, who is very activist-driven with regard to gender and sexual equality, or Coldplay's carbon footprint reduction campaign.

The sector itself is increasingly calling for better working conditions for musicians and professionals. (Mental) health and socio-economic precarity are increasingly important topics that need improved recognition and understanding. Often, these topics go hand in hand with an overarching demand for a sustainable sector; both socio-economically as well as environmentally.

**Potential of the European music ecosystem**

Europe has a highly competitive music sector that creates value in numerous ways, but also has specific challenges that prevent it from reaching its full potential. To unlock this cultural, economic and social potential, to strengthen the sector's competitiveness, and to increase its sustainability, targeted investment, alongside support at policy level is needed. The reasons to do this are plentiful, because probably more than other cultural and creative sectors and industries, the music sector has the potential to be:

- A forerunner of innovation in the cultural sector. It is often the sector that adopts new digital media and technology fastest, and can serve as an example to other sectors.
- A breeding ground for new forms of art, fashion and cultural crossovers.
- A job creator especially for younger people.
- A catalyser for social cohesion, cultural participation and cross-border cooperation.
- A source of good mental health and well-being, cultural identity and of meaning for individuals and groups of people alike.
- A sector with high spill-over effects to other sectors such as the film and gaming industry, or tourism.

### 3. <u>A short history of the European music ecosystem</u>

In order to further develop the concept of a music ecosystem, it is useful to first step back in time to understand how the European music sector developed into what it is today. Music making was once the preserve of the nobility and clergy. Interactions, relationships, and interdependencies with music were arcane and beyond the reach of most ordinary people. It was through the proliferation of sheet music printing as an economic commodity that the music sector emerged. New terms, institutions, and professional roles such as artist and publisher as well as the establishment of concert halls indicate a music printing age beginning in the 15th century. From there on, new participants came on board and the sector grew.

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[13] *Festival Participation, Inclusion and Poverty: An Exploratory Study* (Davies et al., 2023)
[14] *European Festival Report 2023*, IQ Magazine

Music prints of 'protest songs' were the drivers behind the cross border spread of Luther's ideas for the Reformation, and Monteverdi democratised the access of music via operas and public space performances. Copyrights were introduced in the 1700s, and these, in combination with patronage, saw the European market opening up for commercial development. Publishing and copyright improved the situation of 'free composers', and the social and individual prosperity of music and artists grew. Music moved Europe through print media (sheet music, opera, music journalism), growing markets, and a demand that increased the wealth of musicians and that of their customers, and made society more dynamic.

With new electronic media such as radio and recorded music, then film and television, the music sector was once again structurally transformed and expanded, making it possible for even more diverse people to make a difference with music without them having to read music, play an instrument, or master the art of singing. The transformation was accompanied by crisis (e.g. of gainful employment due to radio stations replacing orchestras with recorded music, etc.) and, of course, by new combinations in the wake of the use of electronic media: combinations of radio stations, radio programmes and radios and of major and indie labels that forged a new kind of recording industry that reached its economic peak in the 1990s. Record stores and new forms of events, such as rock and pop festivals emerged. The first music conventions started testing the broader perception of music, and through MTV, music clips became a globally dominant way to consume music. In this environment, new artists became stars in new music worlds, ranging from DIY to hip-hop, world music and DJ culture. They contributed to the differentiation of the market and gave rise to the emergence of new local, glocal and global music communities.

New innovations were either developed within, or swiftly incorporated by actors into, well developed, monopolistic and siloed value chains. Around the turn of the century, the music sector predominantly consisted of three of these linear value chains:

- **The live music value chain**

Artists and musicians compose and arrange live music performances, occasionally with the support of stage designers and art directors (Creation). Artist managers and concert agents coordinate promoters, venues, and production teams, handling the tour management and logistics of equipment and the touring party to be able to stage the live event (Production). Concert agents and promoters coordinating ticketing companies and the marketing for the promotion and sales of event tickets, ensuring audience reach (Distribution). Audiences attend the live performances, engaging with the music in concert venues, festivals, or other live event formats (Reception).

- **The recorded music value chain**

Songwriters and composers create new music, occasionally already represented by music publishers (Creation). Artists supported by music producers or sound engineers, and A&R Managers (Artists & Repertoire) turn these ideas into polished recordings, coordinated and financed by record labels (Production). Distributors and digital music outlets like Spotify or Apple Music deliver the music to the public (Distribution). Consumers engage with the music through listening, purchasing, or streaming, facilitated by platforms, venues and music media (Reception).

- **The music rights value chain**

Music publishers assemble repertoire by artists and composers, often supporting the creative process to create new music by supplying expertise and/or financial grants (Production). They play a key role in the administration, monetisation and utilisation of the handling of performing and mechanical rights on behalf of artists and composers (Distribution). All types of the public usage of music, involves and includes various rights for the reproduction and performance via live music events, music media or outlets for recorded music (Reception).
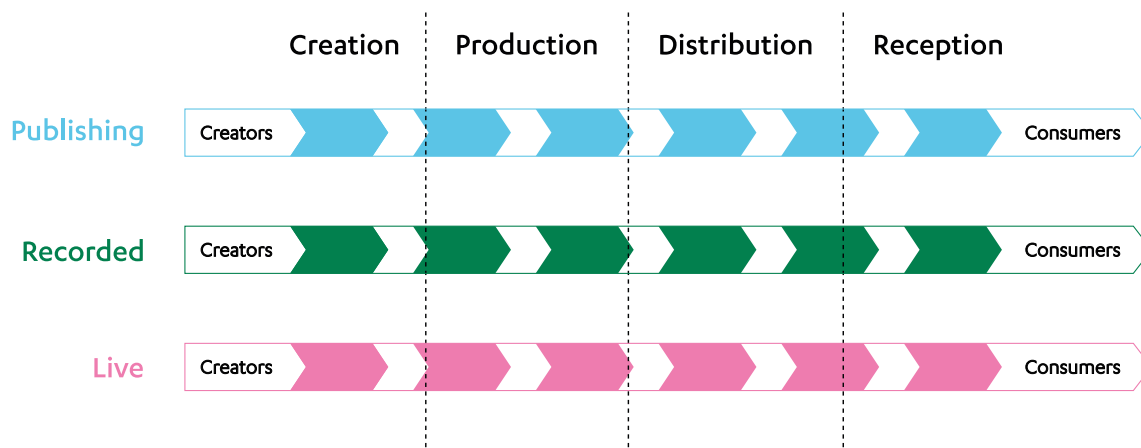
**Traditional Value Chains**



Figure 1: The three traditional value chains of the music sector, starting with the creation of music by composers, artists and creators, forming a linear connection with the consumer at the end of the value chain.

In the music-digital media age, starting around the turn of the millennium and driven by globalisation and digitisation, there are multiple forms of electronic media in most homes, rooms, and cars, with ever more programmes and formats. It was not foreseeable how dynamic, complex and borderless the handling of music would become in the age of digital network media. Even while commercial successes with the CD were still underway, digital transformation took another step with Napster as a result of the development, spread and use of new digital media networks.

In addition to technology for the production and use of music, they required client-server programmes and the Internet. Young people were discovering that they do not need sound carriers for what they want to do with music. After the global crisis of the recording industry (1999-2013), as a direct consequence of the use of digital network media, new music genres and forms boomed. Young people in particular can now produce and distribute music and share their feelings with playlists, likes, memes[15] or TikTok. Music users became music creators. These developments resulted in an increasingly complex music sector, where the three dominant value chains became ever more disrupted, with the borders between music sector silos, and between the music sector and neighbouring sectors, became, and are still becoming, more diffuse. Also, the cultural demarcation between classical and popular music is gradually fading into the background.
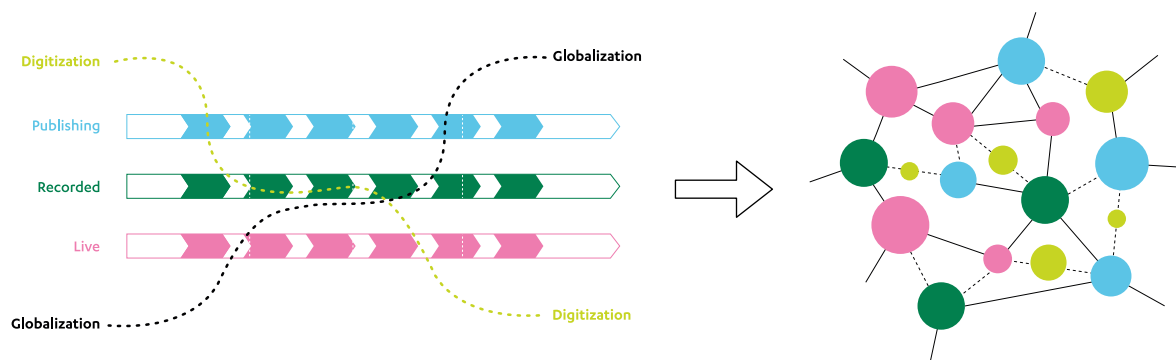


Figure 2: The traditional value chains of the sector were disrupted by two main driving forces. Digitisation and globalisation. The increased interconnectedness transformed the music sector from a value chain model into a value network model: the music ecosystem.

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[15] Cultural artefacts, which are created, remixed and circulated by users across digital platforms (Davison, 2012)

The new reality is however also dominated by monopolistic structures. Large parts of the music ecosystem are privatised and closed off by platform economies, data collectors and surveillance capitalism. The business models of Alphabet, Amazon, Apple, Meta, Spotify or ByteDance - based on their operators determining the rules of their closed ecosystem alone and having extensive rights within their value chains - prove this. In Europe, simultaneously, new and more open music networks, built around cross-cutting themes such as gender diversity (Keychange), urban development (Music Cities Network), sustainability (Green Music Initiative) and technology (Music Tech Europe) started to emerge. These networks open up a new quality of personal relationships for participants, leading to new partnerships formed between actors and more economically, socially, culturally and ecologically inclusive and sustainable structures.

### 4. The music sector as an ecosystem

#### 1. Emergence of the music ecosystem concept

This new, more complex and dynamic reality requires a new concept in order to perceive, value and manage the music sector. In true ecosystem fashion, this new perspective emerged from the sector itself. In the early 2010s, the use of the ecosystem concept as a metaphor for the music sector gained popularity[16] within the music sector; the concept of the ecosystem has now been widely adopted, and is used to describe anything from small, local scenes, to European or even global networks[17]. Boundaries of ecosystems are arbitrary, and everything is connected. However, for management purposes, geographical or other boundaries are often set to make it easier to talk about a specific system or subsystem. Additionally, sub-sectors like live music, recorded music, the festival sector or the music tech world have adopted the ecosystem moniker. The trend of conceptualising a complex sector as an ecosystem is also seen in other sectors, and forms the basic premise of the EU Industrial strategy[18-19-20]. For an overview of ecosystem literature, we refer you to the literature review in **Appendix A**.

#### 4.2 The music ecosystem as a new approach

This new concept of music ecosystem requires a shift of thinking and acting on three interconnected levels: **the descriptive level, the management level and the normative level**.

This shift of thinking and acting starts with the **descriptive**, or the metaphorical level. A new concept requires a new language. This language has to better represent the music sector's complex and dynamic reality. Some examples can be found in Table 1.

| Old concepts | New concepts |
|---|---|
| Value chain | Value Network |
| Linear | Complex |
| Independent | Interdependent |
| Centralised | Decentralised |
| Etc. | Etc. |

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[16] Holden (2015) *The Ecology of Culture*

[17] Behr et al., 2016. *Live Concert Performance: An Ecological Approach*

[18] https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/ecosystem-partnering

[19] Di Bernard, Comunian & Gross, 2021. Cultural and creative ecosystems: a review of theories and methods, towards a new research agenda

[20] https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en

**Table 1.** Examples of new terms and concepts illustrating the descriptive shift from music sector to music ecosystem.

A shift also has to take place on the level of the **management model**. Conventional music sector management (i.e. governance and policy actions) and its instruments (e.g. funding schemes, legislation, guidelines, etc.) are often focussed on the interests of specific actors, e.g. musicians, music venues or record labels. Although sometimes very effective and of great importance, they follow a reductionist logic and focus only on the position of the specific targeted actor, mostly disregarding its place within the entire system. At the same time, **the ecosystem concept follows a holistic logic, and uses basic, cross-cutting principles and characteristics such as circularity, diversity and sustainability as the starting points for ecosystem management**. A longer list of ecosystem characteristics and principles is provided in **Appendix B**. Because of their fundamental nature, these traits can form the basis for future proof management strategies that are able to deal with increasing complexity and perpetual change.

Lastly, a **normative shift** is needed. The music sector, and especially as a part of that, the music industry (the part of the sector that is mainly focussed on creating monetary value through the production, distribution and consumption of music), traditionally follows with a predominantly neoliberal, capitalistic logic, where success has focussed on the individual (e.g. the "musician-entrepreneur" figurehead) and/or on the financial achievements of a specific company or organisation. Such myths foster a narrow, economic definition of value creation, i.e. as an individual achievement, often measured by the value of a product at the end of the value chain. This logic is the opposite of ecological logic, where value creation is defined holistically, both in production and process, as well as in the cultural, economic and social domain. We need a new way to talk about and visualise the sector, and new ways of managing it. But this can only be successful if we make the third, normative shift in the way value creation is perceived. This shift has been described by Scharmer & Kaufer as the shift from "ego-system" to "eco-system". **If we truly want to transform the sector, a profound shift of thinking and acting on all three aforementioned levels is required**.
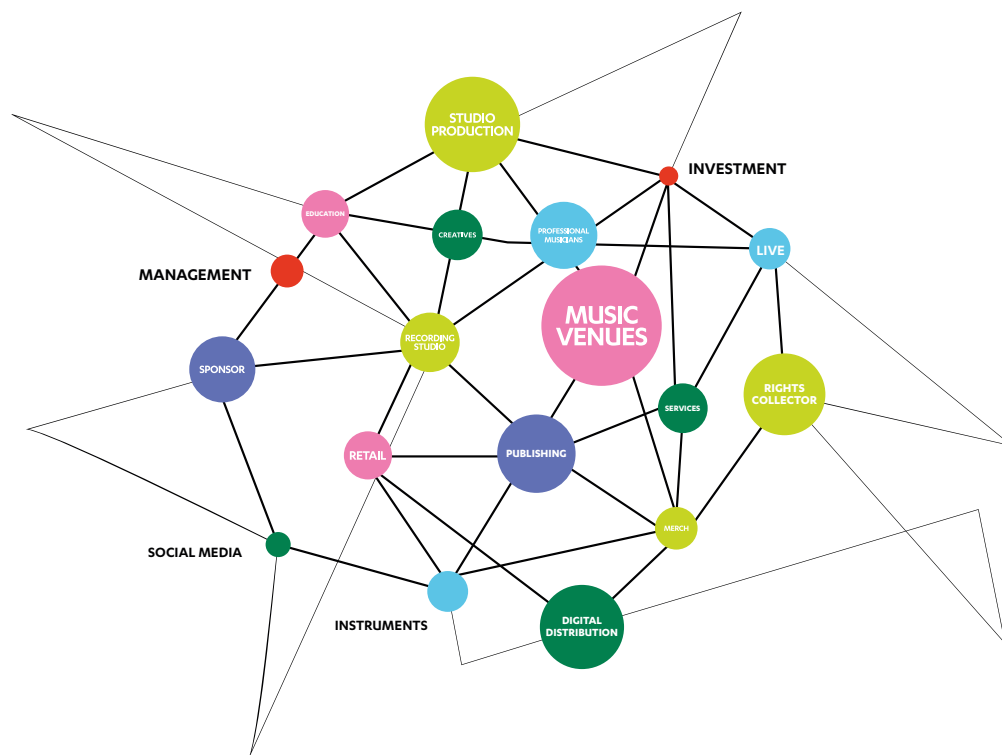


**Figure 3:** A schematic representation of a music ecosystem, visualising the actors, the interconnections and their surroundings.

### 4.3 Open and closed ecosystems

As mentioned in chapter 3, up until the early 2000s, the three dominant value chains of the music industry were relatively well defined: siloed, linear, and fenced off by a multitude of gatekeepers (the major labels, advertising companies, radio stations, concert organisers, etc.). Digitisation and globalisation connected the world, and with no exception, this had a profound effect on the music sector's actors. The new ways of music creation, distribution and consumption created manifold new value chains: some within conventional siloes, others outside of them. Music piracy had its heyday; and the music industry gatekeepers were actively resisting new digital technologies in order to protect their existing, highly profitable business models based on physical sound carriers. In this vacuum, illegal file sharing through peer-to-peer networks flourished, causing the recorded music industry's turnover to plummet[21]. New, often non-EU digital companies such as Apple, Amazon and Meta disrupted the traditional value chains and launched the earliest versions of digital platforms.

This new, hyperconnected reality promised openness, and a democratisation of the production, distribution and consumption of music. However, the opposite occurred. Large tech-companies took advantage of the lawlessness of the digital frontier, privatised significant parts of this new digital realm and started to build their own closed ecosystem structures. Through these walled gardens one-sided dependencies were created between the platforms and their users: musicians depended on the platforms to be heard, concert organisers used the platforms to promote their events, record companies used them for advertising, and the platforms became the dominant medium for consumers to discover and consume music.

This resulted in a dominant position of power for these mainly non-EU companies, which increasingly commodified music and often extracted value without returning any investment to the sector. The current market power of these platforms enables them to further vertically integrate business models and further consolidate and strengthen their dominant position in the music distribution and consumption ecosystem. This trend not only occurred in the digital space, it also happened in the live music sector, driven by increased globalisation, new, powerful conglomerates started to emerge. Independent structures such as venues, festivals and booking agencies throughout Europe were merged or bought up by companies such as Live Nation and Superstruct. This process was accelerated by the Covid-19 pandemic.

**Parallel to this consolidation of market power, however, we are seeing new ecosystem structures emerge in the music sector: these come in the form of co-organised ecosystem structures such as more open music networks, more open music city activities and more open music conferences & festivals**. These structures enable orientation and collaboration across former sector boundaries, in economy and culture. They conceptually create openness to other sectors (e.g. the night-time economy), industries (cross-innovation), new types of personal relationships besides market or legal relationships or towards politics. Europe, with its predominantly stakeholder-oriented Rhineland economic system, provides a unique and fertile ground to host this movement.

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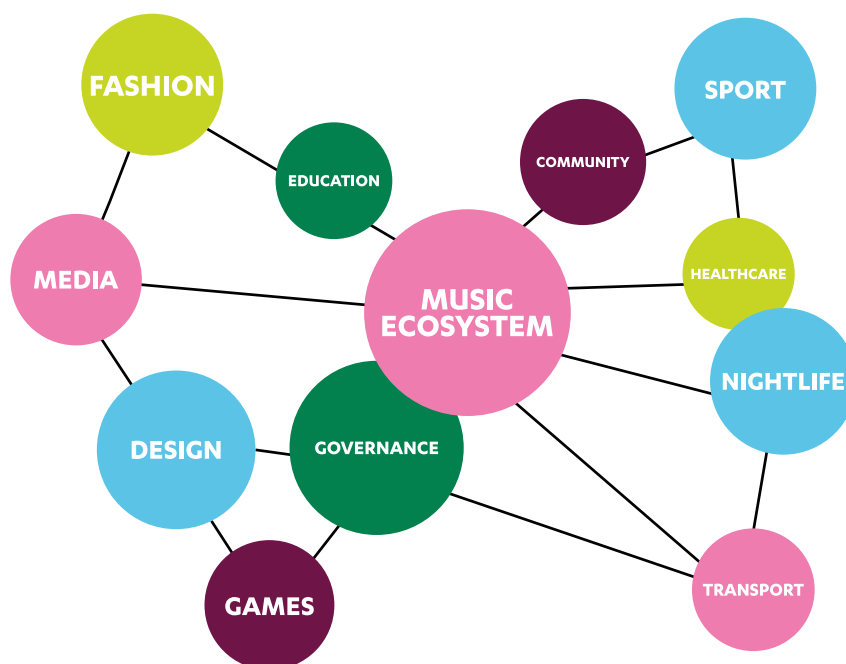[21] *Appetite for self-destruction*. Knopper, 2009

**Figure 4:** The music ecosystem intersects and is connected with a number of other ecosystems.


### 4.4. Operationalising music ecosystem management

Music ecosystem management should result in a healthy, thriving music sector for all. We define this healthy, thriving ecosystem through two core properties: **resilience and sustainability**. Whereas we define resilience according to Holling et al.[22], as the capacity (of the ecosystem) to deal with crises and change without losing its function or identity, we define sustainability according to Raworth's Donut economy model[23] as the operating space between the social foundation for those in the system, and the ecological boundaries of the planet on which it operates.

We want to emphasise that these elements can have a wide variety of meanings in different contexts. For this paper, we are not focussing on the resilience and sustainability of specific actors or individuals. We are focussing on the systemic level, meaning that we use resilience and sustainability to create equitable and healthy conditions for actors and individuals in the music ecosystem to flourish and thrive.

**A resilient ecosystem has the capacity to maintain the core performances of value creation during and after shocks by anticipating and/or adapting its structure, functions and organisations**. This capacity is embedded on three interconnected levels: that of the individual (psychological resilience), that of the organisation (financial buffers, crisis management) and that of the sector (systemic resilience).  It is most often not evenly distributed, as was demonstrated by the Covid-19 pandemic, where large parts of the ecosystem (such as the live sector) collapsed, while others flourished. As described in paragraph 3.3.2, the music ecosystem can be managed through several principles that contribute to resilience on every level.

Sustainability is another key aspect of a healthy, thriving ecosystem. As Raworth states, **sustainability is not only focused on the environmental side of the ecosystem, it also ensures that basic socio-economic needs are met for all actors in the system.** The UN's 17 SDGs provide an example of a framework for action to achieve this environmental and social sustainability. The music sector can inspire, connect and mobilise people to reach these goals, as described by the Center for

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[22] Holling, B. 1973. *Resilience and Stability of Ecological Systems*
[23] Raworth, K. 2017. *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*

Music Ecosystems[24-25]. Subsequently, the ecological principles described in **Appendix Y** can provide handles for management interventions towards sustainability.

### 4.5. Benefits and challenges of the ecosystem concept

Applying a new method - the ecosystem concept - comes with several benefits and challenges. We are convinced the ecosystem concept is the right way forward, and adoption of the model, the language and the values of the ecosystem in European, national and local policies will strengthen the position of the European music sector. It is important to understand these challenges, so they can be addressed when further developing and adapting the model. The most pressing challenges of the ecosystem approach (derived amongst others from Mulder[26]) are as follows:

- The terms "ecosystem" and "ecologies" are understood as vague buzzwords to rebrand existing systems, without fundamentally changing them.
- The music ecosystem concept is not used equally across the sector, because it is perceived differently among actors. This can cause misunderstanding and misinterpretation. The ecosystem needs to be better understood across the sector before it can be widely adopted.
- The ecosystem is a complex, blurry concept that refuses to strictly define what is included and excluded. A concept that embraces complexity can become too complex itself.

To clarify the concept, a further look at the **vast amount of benefits the new model brings** is useful. We need to take on the challenges, but the benefits by far outweigh these. The adoption of the ecosystem concept has the potential to provide a way forward for the European music sector that better aligns with its current reality than the traditional value chain model, and moreover provides a widely applicable concept for the development of future proof language, visualisations and management tools. The following is a list of benefits we currently see as most promising and relevant. The ecosystem concept:

- Acknowledges the complexity, interconnectivity and interdependencies of actors who have previously been approached independently. It looks beyond silos and value chains and provides a model to deal with unpredictability and non-linearity.
- Integrates micro, meso and macro levels of the sector into one overarching concept. Said levels embrace both the geographical levels, the levels of the individual versus the institutions, the different subsectors, etc.
- Acknowledges the connection of the music sector with a wide variety of (previously often disregarded) socio-economic and other factors outside of the music sector, thereby embedding the music sector in a wider societal, cultural, political, physical and environmental context; including the physical, social, cultural, political and economic factors that shape its development and impact.
- Steers away from dominant neoliberal market logic and highlights how value is created not only in the economic domain, but also in the cultural and the social domains, and connects these in one overarching concept.
- Provides stable management opportunities for a rapidly changing sector via its crosscutting system characteristics and properties (appendixes A & B).
- Provides opportunities to develop a common language that can be used by all ecosystem stakeholders, both music and non-music sectors, to discuss, share knowledge, and move the sector forward.

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[24] The Center for Music Ecosystems is a non-profit that advances research, policy and global thought leadership on how music best catalyses economic, social, and human development.
[25] https://www.centerformusicecosystems.com/sdgs
[26] Mulder, M. 2023. *I was there* https://pure.eur.nl/en/publications/i-was-there-pop-venues-and-festivals-and-their-value-in-the-ecosy

## 5. Proposed definition of "European music ecosystem"

Literature from both the academic world, the policy domain and from the music sector itself comes up with several attempts to define what a music ecosystem is and is not. A conclusive, overall and widely applicable definition is however not given. In this chapter we bring forward a set of definitions of a European music ecosystem. These definitions are compiled with the idea that they should be easy to communicate, use and understand by a wide variety of stakeholders in and outside of the music sector. Furthermore, it has to reflect the reality of the sector, and be specific enough so it cannot be interchanged with other sectors. **We propose the following set of definitions:**

> *The European music ecosystem is the network of music sector actors, their environment, plus their interdependencies and interactions through the production, distribution and consumption of music so that value is created for the system itself, and for the systems it is part of.*
> **(Short version)**

> *The European music ecosystem is the network of music sector actors - including artists, music companies, live music venues, streaming platforms, festivals, policymakers, and audiences - plus their environment, and their interdependencies. These are interacting through the production, distribution and consumption of music so that value is created for the system itself, and for the systems it is part of. It draws its particular strength from European ideals such as openness, equality, fairness, diversity and democracy, and is future focussed.*
> **(Longer version)**

> *The European music ecosystem is the network of music sector actors - including e.g. artists, music companies, live music venues, streaming platforms, festivals, policymakers, and audiences - their environment, and their interdependencies. These are interacting through the production, distribution and consumption of music so that value is created for the system itself, and for the systems it is part of. It draws its particular strength from European ideals such as openness, equality, fairness, diversity and democracy, and is future focussed through active investments in its sustainability and resilience.*
> **(Long version)**

These definitions are built on system and ecosystem theory. According to Donatella Meadows[27], each system consists of three components: **elements, interconnections, and function or purpose.** For management purposes, it is necessary to add a fourth element: a **particular unit of space** (Europe). Taking a closer look at these components, we define the **elements** as the "music sector actors & their environment". The actors range from musicians to audiences to policy makers. Actors can also be digital in nature, e.g. algorithms or AI. Their environment consists of tangible assets like venues or digital infrastructure, next to intangible aspects such as rules and legislation, social conventions, economic models and conjunctions, and political ideas.

Regarding **interconnections**, it is important to realise that actors within an ecosystem are not only interconnected, they are also *interdependent*. This means that actions of one actor directly or indirectly impact others. In its best case, this interdependence results in symbiotic relationships between actors; at worst, it results in parasitic or exploitative relations. The element of **purpose**, in the definition, is

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[27] Meadows, D. 2008. *Thinking in Systems: A Primer*

described as "creating value for the system itself, and for the systems it is part of." This cultural, economic and social value is generated through interactions in the complex network.

Lastly, the **particular unit of space** refers to the boundaries of the ecosystem. *In our case this is Europe*, but music ecosystems can also be hyper local (e.g. a city or a venue). Ecosystems do not necessarily possess boundaries or borders. Some of them do, but most of them are part of bigger systems and/or intersect with neighbouring (non-music) ecosystems ("the systems it is a part of") such as the educational system, the health and well-being systems, urban planning or development systems. In the best case, the music ecosystem and the neighbouring systems create mutual value in these intersections. Often it is impossible to distinguish where one system starts and the other ends.

### 6. <u>Key actors in the European music ecosystem</u>

The European music ecosystem is fast evolving and constantly moving and adapting. This means actors come and go, and they are hard to pin down at a particular moment in time. Additionally, as mentioned before, the boundaries of the ecosystem are blurred; it interconnects with global music ecosystems, and intersects with neighbouring, non-music systems such as tech, tourism or healthcare. This in turn makes  it even harder to determine which actors are the key players. We therefore demarcated this overview of key system actors in three ways: only music sector actors are included, only European actors are included, and we divided the actors in three important ecosystem properties: Economic strength, Networking strength and Diversity strength. Lastly, we would like to emphasise that the functioning and health of the music ecosystem depends on the interaction with and commitment of not only the music actors, but also of the non-music actors (Wilson & Gross, 2019[28])

### 1. Economic strength

This is a list of the seven most successful music companies in Europe. These are private companies, often representing the more closed parts of the music ecosystem. Table 2 shows their turnover in 2022.

| Company | Based in | Subsector | Turnover* |
|---|---|---|---|
| Spotify | Luxembourg / Stockholm, SWE | Distribution / Digital | €11,7bn |
| Universal Music | Amsterdam, NL | Recording & Publishing | €10,3bn |
| CTS Eventim | Bremen, GER | Live | €1,93bn |
| BMG | Güthersloh, GER | Publishing & Recording | €866m |
| Believe | Paris, FR | Distribution / Digital | €760,8m |
| Deezer | Paris, FR | Distribution / Digital | €451m |
| DEAG | Berlin, GER | Live & Recording | €324,8m |
| | | | **€26,33bn** |

**Table 2.** Overview of financially successful European based music companies, arranged by their turnover. *All business results according to the respective company annual and media reports 2022.

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[28] Wilson, N & Gross, J. (2019) Creating the environment: The cultural eco-systems of creative people and places

For comparison, the seven most successful US companies are pictured in table 3. Based on the euro-dollar exchange rate in December 2023, **the seven largest economic key actors based in the USA achieve almost twice the turnover of their European competitors**. It shows that regarding its economic strength, Europe still has a long way to go.

| Company | Based in | Subsector | Turnover* |
|---|---|---|---|
| Live Nation | Delaware, Los Angeles | Live | $16,7bn |
| Apple Music | Cupertino | Distribution / Digital | $8,3bn |
| AEG Worldwide | Los Angeles | Live | $7,6bn |
| Amazon Music | Seattle | Distribution / Digital | $6,8bn |
| Warner Music Group | Delaware / New York | Recording & Publishing | $5,9bn |
| Endeavor / WMA | Los Angeles | Live | $5,2bn |
| Youtube Music | San Bruno / San Francisco | Distribution / Digital | $4,8bn |
| **+** | | | **$55,3bn** |

**Table 3.** Overview of financially successful US based music companies, arranged by their turnover. *All business results according to the respective company annual and media reports 2022.

## 6.2. Networking strength



**Figure 5.** The difference between US and EU based networks.

A unique aspect and strength of the European music ecosystem is its open and shared network of organisations. These organisations hardly exist outside of Europe and demonstrate the open character of the European ecosystem, and the willingness to cooperate for the greater good. In figure 5, two of these networks (IMPALA and LiveDMA) are plotted against their USA counterparts (A2IM and NIVA). The difference between IMPALA and A2IM is striking. Traditionally, these networks were formed between peer companies and organisations within the same subsector of the ecosystem, e.g. a network for live venues, one for indie labels, or one for export offices. In the last couple of years, complementary to these existing networks, new networks started to form around more cross-cutting themes like music cities and sustainability. What all networks have in common, both the subsectorially oriented and the more crosscutting examples, is a focus on the diversity and inclusivity of the music ecosystem. Tables 4 and 5 provide a non-exhaustive list with the most prominent players in Europe.

| Name | Focus area | Number of members |
|---|---|---|
| AEC | Higher music education institutions | 300 members in 57 countries |
| CISAC | Copyright Collection Societies | 225, 110 countries |
| DME | Digital service providers | 6, including Spotify and Deezer |
| EAA | To promote development and progress of acoustics | 33 societies, 9000 members |
| ECA | Organisations, choirs and individuals in the field of collective singing | 2,5M singers in 40 countries |
| ECHO | Major concert halls | n/a |
| ECSA | Songwriters and composers | 29 countries, 30.000 composers and songwriters |
| EFA | Music, dance, theatre and multidisciplinary festivals | 100 festivals, 40 countries |
| EJN | Organisations who specialise in creative music, contemporary jazz and improvised music | 198 organisations in 36 countries |
| EMEE | Music export | 33 export offices, 28 countries |
| EMMA | Music management | 12 country members, representing2000 managers |
| EMPE | Music policy | 100 EU professionals |
| European Music Council | Roof organisation for institutional music bodies, classical music and education | |
| GESAC | European authors and composers | 32 members in Europe |

| | | |
|---|---|---|
| ICMP | Major music publishers and national music trade bodies | 60 members globally |
| IFPI | Recording Companies/ Labels | 8000 members globally |
| IMMF | Roof organisation for music managers associations | 3000 members, 50 countries |
| IMPALA | Independent record labels | 6000 members in Europe |
| IMPF | Independent music publishers | 180 members globally |
| JMI | Network of NGOs that provide opportunities for young people and children to develop through music across all boundaries | 73 membres in 61 countries |
| Keychange | Gender equality | 30+ partners and sponsors, 600+ signatories of the Keychange pledge |
| LiveDMA | Live venues and festivals | 20 members, representing 3000 venues, clubs and festivals |
| Music Cities Network | Network of cities dedicated to music | 9 (Europe) 1 (Australia) |
| Music Declares Emergency | Sustainability | 3500+ artists, 1500+ organisations, 1800+ individuals |
| Music Tech Europe | Music and technological innovation | 10 national members |
| Opera Europe | Opera companies and festivals | 233 members in 44 countries |
| PEARLE | European Federation of Music and Live Performance Organisation | 10000 members (Europe) |
| Yourope | European festivals | 118 festivals, 23 countries |

**Table 4.** The most prominent music networks in the EU.

### 6.3. Global differences

The European music ecosystem is more diverse and differentiated than in other regions of the world. It is characterised by more open structures that promote networking, and is more focussed on strengthening the resilience and sustainability of the system. This is reflected in a distinct field of regional, national and European organisations and funding structures, as well as an enduringly vibrant, though under pressure, landscape of successful small and medium-sized music companies.

From a distance, some of the key market segments for music are internationally comparable. However, a closer look reveals a different picture, in particular of the European market in comparison to

the US. One aspect is that accessibility towards the European music market is more open, as compared to the US, whose structure is more restrictive and protective. One consequence is that the burden for visa and working permits for foreign performing artists, their entourage and equipment are significantly higher than vice versa. Additionally, the role of Unions is more meaningful in the US than in Europe, where the workforce usually is not collectively organised, especially in the labour-intensive segment for live music and its high degree of self-employment or freelance. The legal status of copyright collection societies[29] historically has been defined as non-profit organisations. But in the US, one of the two biggest copyright collection organisations, BMI (Broadcast Music Inc) just recently announced it will be taken over by the investment firm New Mountain, and undergo a transition towards a "for profit" company. In case of the approval by regulators, according to media reports, New Mountain intends to sell a minority stake towards a subsidiary of Alphabet Inc, the parent company of Google and Youtube

In Asia, music markets are very differently developed. Market settings in Japan and South Korea are in terms of the monetisation of recorded and live music comparable with music markets in Europe and the US. South Korea has for years undertaken a distinctive policy of supporting the creative sector in the fields of film, design, games and music[30]. The economical and global success of this policy is among others mirrored in the worldwide success of the music genre "K-Pop", and can also be seen in terms of popular TV-series and movies. The South Korean government even set up institutionalised and specialised state agencies, running tailor-made funding and support schemes for the creative sector. Japan, on the other hand, is less active in terms of supporting the music sector, but is nevertheless, due to its economic strength, the second biggest music market in the world. Other music markets in highly populated countries such as India and Indonesia are commercially less developed as music consumption in the main market segments of music rights, recorded music and live entertainment, are reflecting the lower purchasing power in these countries. Latest forecasts by the research company Omdia[31] predict that China will be ranked within the business field of recorded music before Germany in 2026 and the UK in 2027. Interesting to mention is that the Chinese company Tencent Music Entertainment Group (TME), listed on the New York Stock Exchange (NYSE) holds a 20% stake in the Universal Music Group, while Spotify owns a 16.4% stake in TME. The company runs various music streaming services and apps in China, and has to apply to Chinese media policy regulators as the company is based in Shenzhen.

However, the trend towards corporatisation, concentration and privatisation in the US is likely to continue. Regarding popular music, even if cultural funding in Europe does not contribute enormous amounts to this segment, it enables co-working and often finances ground-working structures that do not exist in the US. Dedicated and significant funding and support schemes for popular music are provided on national levels in just a few EU-member states, such as in France, the Benelux, Denmark, and Germany. Instead, smaller scale funding initiatives mainly apply on regional or district levels, often related to public events. However, the majority of EU programmes supporting culture pursue a more general approach in terms of the funding profile, and therefore are less likely to meet the specific needs for music-related projects or this sector[32].

## 7. The music ecosystem as a part of EU policy

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[29] NGOs that collectively licence copyright of music on behalf of the authors and owners and collect remuneration for the use of this right by parties like events, venues and radio and television.
[30] https://unctad.org/news/k-pop-blueprint-drawing-inspiration-south-koreas-creative-industries
[31] Music & Copyright - July 2024
[32] https://drive.google.com/file/d/1Oj5TlTKq6DoLz-lmak2VZNfzxY4WGHEQ/view

EU policy for the music sector has traditionally been part of the wider EU policy making on culture, a field where the EU has only a supporting competence[33], with EU Member States being in the lead. The current policy priorities and goals for culture are described in the European Commission's New European Agenda for Culture[34] (however dating from 2018) and the Council's multi-annual Work Plans for Culture; the current EU Work Plan covers the period 2023-2026[35]. Related to this policy framework, the Creative Europe programme provides funding to the cultural and creative sectors. It is the only EU programme directly targeting these sectors, and consequently is of great importance for the music sector, which has been benefitting substantially from the funds provided to cooperation projects, networks and platforms (as well as a dedicated EU prize for music). There are several other EU policies (e.g. digital, employment, industry, research…) and related programmes (Digital Europe, InvestEU, Erasmus+, Single Market Programme, Horizon Europe) that impact on or benefit the music sector, including on the regulatory side. Within the Commission, the cultural department has developed the **Music Moves Europe initiative** (MME) combining the different actions under EU policies, regulatory action, funding and dialogue. However, the EU support has limitations, and therefore the role of the Member States is even more important.

Within the limited competencies of the EU, some optimisation and new ideas can be developed to transform "conventional sector and value chain based policy" to current and "future ecosystem and value network based policy". We see three relevant interventions to encourage alignment with the current and future music ecosystem:

1. Better vertical alignment and synchronisation of European, Member State and local music policies. As mentioned in ecosystem principle 11 (Appendix B), polycentric governance helps to create more sustainable and resilient ecosystems. The ecosystem concept provides ways to work with systems within systems, such as local systems that are part of national and international systems. Currently, alignment and coordination between these levels hardly take place. If we truly want a European music ecosystem policy, improvement is necessary at the level of governance.
2. A holistic music ecosystem model requires a holistic music ecosystem policy. Different aspects of the music ecosystem seem to be targeted by different policy fields. A better horizontal streamlining of music policy between different EU policies, legislation and programmes covering cultural, social, economic aspects is necessary. For example, programmes around entrepreneurship, innovation, research, social cohesion, etc. all either already connect to the music ecosystem, or have the potential to do so. A more coordinated approach can improve outcomes and impact. MME provides a basis for this, but should be strengthened as a cross-cutting approach within EU policy making.
3. The EU has underwritten the importance of a strategic approach to its CCI ecosystem, an ecosystem in which the music ecosystem is firmly embedded. The European Council recently confirmed once again the importance of competitiveness, innovation, financing and joint future action.[36] With the support of the European Parliament and a new European Commission taking office in 2025, opportunities can be created to strengthen European support for music through Music Moves Europe, and adopt the new, holistic music ecosystem concept as its foundational principle.

## 8. Conclusions and general recommendations

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[33] https://culture.ec.europa.eu/policies/eu-competences-in-the-field-of-culture
[34] https://eur-lex.europa.eu/legal-content/EN/TXT/
[35] https://eur-lex.europa.eu/legal-content/EN/TXT/
[36] https://www.consilium.europa.eu/en/press/press-releases/2024/05/24/council-adopts-conclusions-on-the-future-of-industrial-policy/pdf/

By reconstructing all of the above, we acknowledge that the music sector is a dynamic system that creates cultural, economic and social value, and has its specific strengths, challenges and opportunities. The sector became more complex over the years, and a new perspective is needed that better aligns with the current and future reality of the sector. The ecosystem concept can provide this.

Even though a lot of success stories emerge from the European music ecosystem, two thirds of the ecosystem is still suffering from precarious working conditions, uncertain futures, and unhealthy power dynamics. An investment in the ecosystem allows the development of new ecosystem structures, reinforcing existing ones and unlocking the ecosystem's full potential. With a fast-growing Asian market, the Latin music market reaching an all-time high, Africa's emerging market and the US initiative to use music as a diplomatic tool for international development[37], it is of crucial importance that Europe invests in its unique music ecosystem in order to maintain its competitive advantage with the aforementioned markets. Significant investments ensuring the resilience and sustainability of the music ecosystem, based on European values and ideas such as openness, diversity, cooperation, fairness, equality and democracy, must be firmly rooted in the EU's cultural and creative funds, innovation funds, development funds and other relevant schemes.

The adoption of the ecosystem concept has the potential to provide a way forward for the European music sector that better aligns with its current reality than the traditional value chain model, and moreover provides a widely applicable concept for the development of future proof language, visualisations and management tools. In the list below, we introduce several recommendations on how to take the ecosystem approach forward. These are general recommendations that can be operationalised on every level, from local to national to European, and can be adopted by policy makers, institutions, organisations and individuals alike. Specifically, more advanced and thematically based recommendations will be produced during the sessions "Strengthen the dialogue on music" that will take place at 10 different music conferences across Europe in the period from 2024-2026 (Appendix C).

1. **Adopt the ecosystem model** as a new, representative model for the music sector, and acknowledge its complexity and dynamics.
2. **Ensure openness** of the ecosystem to guarantee innovation, diversity and inclusivity. Actively push back against privatisation and unilateral value extraction[38], guarantee accessibility and participation.
3. **Create awareness** about the new ecosystem approach on all levels of the sector. From individuals to institutions, from the music sector to all relevant neighbouring sectors.
4. **Define value holistically** in the cultural, economic and social domain. Measure value not only quantitatively but also qualitatively, both in process as in product[39].
5. **Realise** that the music ecosystem intersects with **neighbouring systems** like healthcare, wellbeing, innovation, urban development. Mutualise mainstream policy and investments to **optimise spill-over** effects.
6. **Base** music ecosystem management and support on **ecosystem characteristics and principles** that are relevant for all the sub-sectors, e.g. diversity, circularity, subsidiarity, etc.
7. **Invest** in the music ecosystem **through long term[40] schemes** to ensure sustainability and resilience, resulting in a flourishing ecosystem that unlocks its full potential in value creation.
8. **Strengthen the socio-economic position** of individual creators, artists and professionals[41]. Without resilient individuals, it is impossible to create a resilient ecosystem.

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[37] https://www.state.gov/secretary-antony-j-blinken-at-the-launch-of-the-global-music-diplomacy-initiative/
[38] Report on cultural diversity and the conditions for authors in the European music streaming market
[39] Gross, J., Wilson, N., 2019. Creating the environment: The cultural eco-systems of creative people and places
[40] Gross, J., Wilson, N., 2019. Creating the environment: The cultural eco-systems of creative people and places
[41] https://www.europarl.europa.eu/news/en/press-room/20231023IPR08139/status-of-the-artist-improve-working-conditions-of-artists-and-cultural-workers

9. **Acknowledge emergence**: innovation and development often start on a small scale, by small actors with specific support needs.
10. **Embrace locality and support local creative communities** in cities and rural areas as hubs of creativity, to unlock their potential in job creation, tourism, development, etc. Ensure a geographical balance in the distribution of support.
11. **Foster education** through mentorship schemes, lifelong learning programmes, capacity building programmes, also help companies and individuals to manoeuvre through the complexity of the sector by improving their social situation, provide access to knowledge and networks.
12. **Encourage research & experiment**: research should be conducted with stakeholders on the concrete development of the ecosystem concept and the practical applications and advantages of the ecosystem approach, related to topics such as fair remuneration, copyright, AI, etc.
13. **Evaluate the MME initiative**, its impact and best practices, and use these as a starting point for further policy development.
14. **Adopt a data driven policy** to the music ecosystem on all levels by the development of a European Music Observatory.

**Appendix A. Literature review**

Building on work that has either been important in understanding the emergence of social ecosystems or that has introduced the term ecosystem as a holistic and normative guiding concept, the text presents an understanding of the music sector as a dynamic-social music ecosystem. Important to this understanding are works that have revealed new dynamics, complexities and opportunities in digital transformations (*Competing for the Future*, Hamel and Prahalad 1994 and *It's Alive,* Meyer and Davis 2003), that drive a more productive engagement of ordinary people with new digital network media (*The Groundswell,* Li and Bernoff 2006), and network concepts that make intelligible the transformative power of open networking (e.g. *Wealth of Networks*, Benkler 2006 and *Power of Communication*, Castells 2009 ). Almost simultaneously, the ecosystem concept was rediscovered and further developed for a better understanding of cities, for which the Chicago School of Sociology had adapted it in the 1930s (Vasishth and Sloane 2002). It was in this context that new holistic ecosystem concepts of economic development were elaborated upon: normatively by Scharmer and Kaufer (2013) and strategically by IBM (2014).

This was followed by ecosystem contributions looking at the future of music culture (Schippers and Grant 2016) or the live segment and sub-processes of music production and consumption (van der Hoeven, Hitters, Bergers et al. 2020). Ecosystem consulting is becoming the central consulting topic as advice on dealing with growing dynamic complexity and boundarylessness (cf. most recently Reeves and Pidun *Business Ecosystems* 2022 or Atluri and Dietz 2022), and the ecosystem concept is the leading term in the discussion about the cultural and creative industries. This is documented in the literature review by De Bernard, Comunian and Gross (2021). It brings order to a Babylonian confusion of language on the basis of a systematic literature review of the discussions about cultural and creative industries, which has actually ended. However, their proposal to speak of cultural and creative ecologies and ecosystems (CCEE) in the future is not adopted conceptually. A holistic, open understanding of ecosystems is one that is more precise in the case of the music sector when speaking of a "music ecosystem", which is not (only) thought of culturally, creatively and ecologically, but also, for example, politically and economically - especially with regard to the strategic priorities of the EU Commission.

## Appendix B. Ecosystem characteristics

The ecosystem characteristics exemplify the nature and traits of the ecosystem. They are inherent to the system itself, and are important to understand how an ecosystem functions, and subsequently important for ecosystem management. Managing these characteristics ensures a thriving, healthy ecosystem. This list of characteristics is compiled based on several studies of ecology, economy, media and systems design and is non-exhaustive and non-hierarchical.

| Characteristic | Explanation | In music ecosystem |
|---|---|---|
| C1. Diversity | Provides different responses to change and crisis, but also inspires new ideas and perspectives. | Diversity in people, genres, business models, venue sizes, etc. |
| C2. Hierarchy (or scale) | Systems often consist of subsystems that have a dynamic of their own. Ecosystems consist of interconnected micro-, meso- and macro-levels. | Local, regional, national and European level ecosystems. |
| C3. Boundaries | No ecosystem is isolated, however for analysis and management, boundaries need to be set. Boundaries are subject to change by internal and external forces. | The Dutch music ecosystem, the live music ecosystem, the music & tech ecosystem, etc. |
| C4. Emergence | New properties and ideas rising from the ecosystem, producing potential major changes to the ecosystem. | The birth of music genres in a specific city or region. |
| C5. Dynamic | The system is in a constant state of flux and change is the only constant. | Developments like Web3 and AI follow each other at an increasingly rapid pace. |
| C6. Complexity | The system is a complex network of different actors and interdependencies. Linearity is lost, and coincidence and randomness make it hard to predict how the system responds to impulses. | Music prosumers, that are both producer (e.g. via remix activities) and consumer (e.g. via a fan community). |
| C7. Adaptiveness | The capacity of a system to self-organise and adapt to new circumstances, based on past experiences. | A highly dynamic and flexible work force of freelancing professionals that absorbs and carries the risk of uncertainty of the future. |

## Appendix C. Ecosystem principles

The ecosystem principles exemplify the basic rules along which an ecosystem functions. They can be seen as the design principles of the system, and they provide handles for ecosystem management interventions. The sustainability and resilience of the ecosystem is operationalised and embedded in these principles. This list of characteristics is compiled based on several studies, done in ecology, economy, media and systems design and is non-exhaustive and non-hierarchical.

| Principle | Explanation | In music ecosystem |
|---|---|---|
| P1. Manage connectivity | The strength of an ecosystem lies in its connections. Well-connected systems enable information and ideas (and crises) to flow freely. | Formal European networks like LiveDMA or Liveurope that share information amongst their members; Informal networks and communities that are active on a grassroots level and help their members with day-to-day survival. |
| P2. Manage interdependence and promote symbiosis | At its best, interdependence results in symbiotic relationships between actors between actants, At its worst case, power imbalances occur. Promote relationships that are mutually beneficial and reciprocal, instead of unilaterally transactional. | The symbiotic relationship between musicians through co-creation schemes. |
| P3. View value holistically | Next to economic value, equally important value is created in social and cultural domains, both in the system's processes and products. | Valuing the importance of music for social change, e.g. in gender equality, or cultural importance, e.g. as an identity builder. |
| P4. Innovate, experiment, learn and adapt | Create room for experimentation and innovation to let new ideas flourish, to help actors adapt to new conditions and to learn from each other. | Experimental music venues, music & tech innovation labs, lifelong learning courses for musicians |
| P5. Encourage participation and openness | Participation builds trust, creates shared understanding and can uncover new perspectives of all stakeholders in the system. | Let stakeholders of the music ecosystem participate in municipal music policy development, but also ensure the ecosystem itself is open for outsiders to join. |
| P6. Value community and place | Communities are made up of a mosaic of people, traditions, beliefs and institutions, shaped by time and geographical location. One size fits all solutions do not always work. | Being aware of cultural differences in the perception of a certain lyric or message of a song. |

| | | |
|---|---|---|
| P7. Foster niches and edges | In niches and at the edges, the bonds that hold the dominant system patterns in place are the weakest. Here thoughts, ideas and experiments flourish, and creativity flows easiest. | Foster underground venues and experimental creator spaces, create funding for non-mainstream music production. |
| P8. Anticipate to slow variables | Profound and all-encompassing processes which move very slowly cannot be influenced, but have a fundamental impact on the structure of the system, and often have a tipping point. | The effect that processes like global warming, digitisation, changing social conventions, etc. have on the music sector. |
| P9. Maintain circularity | Systemic health depends on a circular flow of money, information, resources, goods and services. Leakage of or high levels of extraction can seriously harm the health of the system. | Ensure funding schemes are circular, that profits don't only disappear in private pockets but also give back to the sector. |
| P10. Create balance | Healthy ecosystems are constantly dancing around a point of equilibrium. To reach this point, actors within the system need to be harmonised. | Gender balance in the live sector, balance between local and international repertoire in media. |
| P11. Promote fractal organisation & polycentric governance | The small reflects the large, and the health of the whole system requires that each part flourishes. The interests of the different levels of the system need to be aligned in order to ensure that each level benefits. | Streamline the different levels. For example, the national and European music policy plans. |
| P12. Create subsidiarity | Issues at the lowest level affect health at the top. Systems of grassroots autonomy, horizontal or cooperative models benefit all stakeholders instead of the shareholders at the top. | Experiment with new forms of organisation such as cooperatively owned venues, or create solidarity principles between top and grassroots actors such as the tour support scheme from Live Nation. |
| P13. Foster awareness & understanding | Foster awareness of the system that all are part of. Once a systemic perspective is achieved, the adoption of systemic principles will go easier, which benefits the system as a whole. | The important role of music conferences in creating awareness about the music ecosystem. |