Music Industry Study & Economic Impact Assessment

MUSICNL
INSTRUMENTAL CONNECTIONS

Atlantic Canada Opportunities Agency
Agence de promotion économique du Canada atlantique

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[Course title]

BDO

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1 EXECUTIVE SUMMARY

Recent growth and development in the Newfoundland and Labrador music and sound recording industry has created a heightened need for increased research and accurate information in order to guide the industry into the future.

To meet this need, Music NL engaged the consulting firm BDO Canada LLP to conduct a study on the various components of the music industry in the province. The objective of the study is to provide a profile of the Newfoundland and Labrador music industry. This included defining the scope, size and components of the local music industry in terms of number of employees and artists and determining the economic impact of the provincial music industry. Current and future directions of technology use including technology tools used in music recording were considered. Networks and working partnerships for the advancement of the Newfoundland and Labrador music industry were also highlighted.

In conducting this study, BDO conducted extensive consultations in the form of one-on-one interviews with various stakeholders in the provincial music industry and distributed a survey to the MusicNL membership in order to capture a broad range of input and experiences. Economic impact tools – such as a shift-share analysis, location quotient analysis, and input-output model – were also employed using census data collected by Statistics Canada.

Overall, it is estimated that the music industry contributes $51.5 million to Newfoundland and Labrador’s economy through direct, indirect, and induced means. The results of the economic analysis confirmed the anecdotal information that many stakeholders discussed. It was broadly recognized that the abundance of musicians and singers in the province is both unique and valuable, but that there are considerable restraints that are preventing this wealth of talent from reaching audiences abroad.

Technology has been making it easier for people to learn, record, and distribute music, but it also makes it much more difficult to stand out from the crowd of competitors. To do so requires professional experience and guidance, from agents, business managers, sound engineers, and more. Music programs at the College of the North Atlantic are producing graduates with a range of professional business skills; however, there is a clear need for broader professional development in the industry. The lack of professionals practicing in specific roles is a considerable constraint on the progressive development of talent and export value potential.

Still, there are opportunities for growth. The analysis indicates that the abundance of musicians and singers have high export potential. Likewise, supportive programs such as MusicNL’s Export Buyers Program are a step toward connecting people with professional resources in a way that can have a multiplicative effect on the economic value of the music industry in this province and as an export generator. With a current export value calculated at over $17 million, this represents a significant area for growth with direct benefits inside the industry and indirectly for other parts of the economy, such as tourism and the arts.

2 NL MUSIC INDUSTRY PROFILE

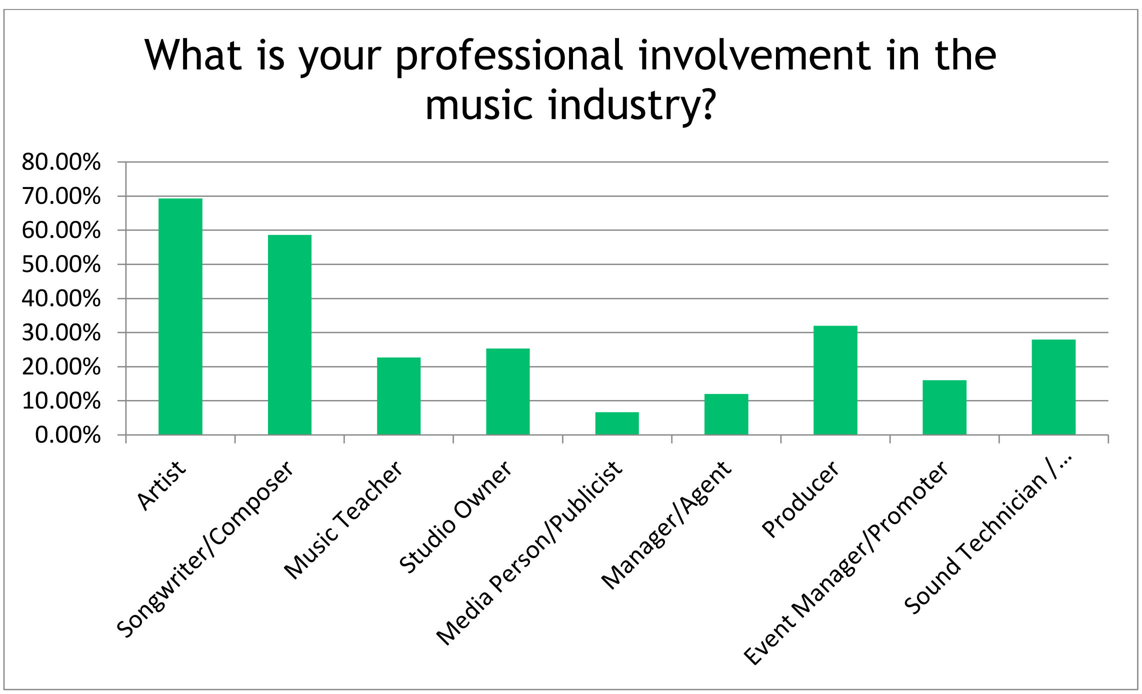
To create a profile of the music industry in Newfoundland and Labrador, BDO analyzed the latest Statistics Canada census data from 2016. A selection of National Occupational Classification (NOC) codes were used as a representative sample of the music industry. The NOC codes used are described in the table below:

NOC	Description	Relevance to the Music Industry
Managers in customer and personal services, n.e.c. (0651)	Managers of establishments that provide services not elsewhere classified, such as dry cleaning, hairdressing or residential cleaning. This group also includes managers of schools that provide non-vocational instruction in driving, languages, music, dance, art, cooking or fashion.	Managers of vocational instruction in music
Conductors, composers, and arrangers (5132)	Those who conduct bands and orchestras, compose musical works and arrange instrumental and vocal compositions. They are employed by symphony and chamber orchestras, bands, choirs, sound recording companies, and orchestras for ballet and opera performances, or they may be self-employed.	Conductors, composers, and arrangers
Musicians and singers (5133)	Musicians, singers and teachers of vocal and instrumental music. Musicians and singers perform with orchestras, choirs, opera companies and popular bands in establishments such as concert halls, lounges and theatres and in film, television and recording studios. Music teachers teach in conservatories, academies and private homes.	Musicians and singers
Audio and video recording technicians (5225)	Audio and video recording technicians operate equipment to record, mix and edit sound, music and videotape, for motion pictures, television and radio programs, videos, recordings and live events. They are employed by multimedia companies, film, video and concert production companies, sound recording firms, theatre and dance companies, educational establishments, clubs, hotels, bands, radio stations, television networks and video production and editing companies.	Audio recording technicians
Artisans and craftspersons (5244)	This unit group includes those who use manual and artistic skills to design and make ornamental objects, pottery, stained glass, jewellery, rugs, blankets, other handicrafts and artistic floral arrangements. Makers of musical instruments are also included in this unit group.	Makers of musical instruments

Other repairers and servicers (7445)	This unit group includes workers, not elsewhere classified, who repair and service a wide variety of products, such as cameras, scales, musical instruments, coin machines, vending machines, sporting goods and other miscellaneous products and equipment. They are employed by product specialty repair shops and service establishments.	Repair and service of musical instruments
Other products assemblers, finishers and inspectors (9537)	This unit group includes assemblers, finishers and inspectors, not elsewhere classified, who assemble, finish and inspect components or products of various materials, such as jewellery, silverware, buttons, pencils, non-prescription lenses, brushes, clocks and watches, musical instruments, sporting goods, toys and other miscellaneous products. They are employed by a wide variety of manufacturing companies.	Assembly, finishing, and inspection of musical instruments

Some categories of data collected by Statistics Canada do not offer a great deal of granularity specific to the music industry, such as under code 9537. By and large these categories represent a very small portion of the overall industry, but this report does make comment on the observable trends and connections to the industry when the data and/or insights from the qualitative interviews appear relevant to the broader analysis.

A survey of the MusicNL membership was issued as a supplement to the statistical data and to give a better idea of the range of involvement and activities that this broad industry encompasses:



Respondents were invited to select all the roles that apply to their professional involvement, and the results indicate that many people are engaged in multiple activities. There are artists who are also songwriters/composers, who are also music teachers. The stakeholder interviews reflected this closely, as several people noted both technological advancements that allow for a do-it-yourself approach to music as well as the fact that music is not the primary source of income for most people, requiring them to work in several roles.

In addition to the list of activities above, respondents also indicated involvement in:

- Recording engineering
- Music arrangement
- Choral and Band Director
- Music retail store owner
- Publishing
- Side musician
- Student
- Videographer/Director
- Graphic Designer
- Merchandise Development
- Manufacturer

Similar to how 'unreported' income represents a significant economic value but is not reflected in the statistical analysis, the survey was distributed to MusicNL membership and as a result there are many people whose activities and involvement are not reflected in its results.

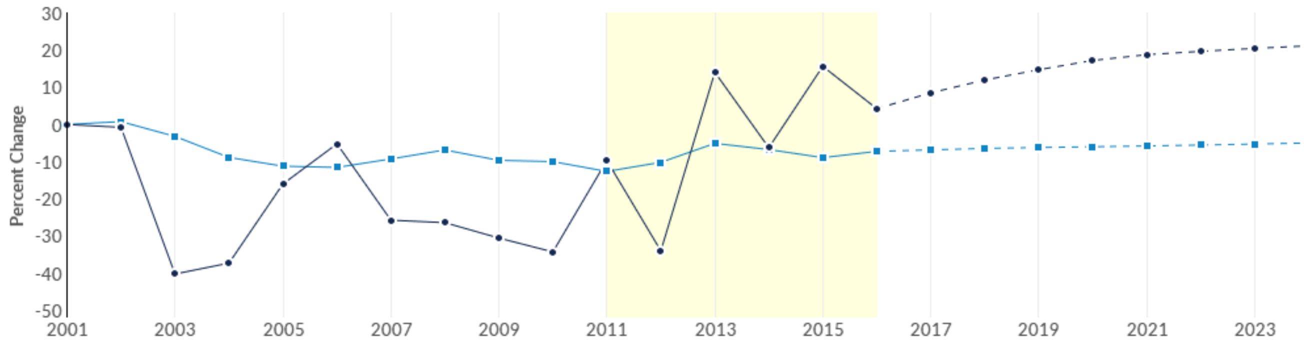
2.1 Provincial Profile and Trends

Examining the province's music industry from a national perspectives shows some substantial shifts taking place:

1,108 **Jobs (2016)** 32% below National average	**15.4%** **% Change (2011-2016)** Nation: 6.2%

The number of people employed in the music industry, as captured by the Statistics Canada data, is well below the national average. Still, overall the music industry in Newfoundland and Labrador grew by 149 jobs between 2011 and 2016, representing an increase of 15.5%. The provincial growth rate in this sector far outpaced the national growth rate of 6.2% during the same five-year period. When examining the growth rate over a longer period, a positive trend line is observable against the national average, as shown in the graph below.

	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Province	959	1,108	149	15.5%
●	Nation	116,830	124,059	7,229	6.2%



As the province has much smaller numbers compared to the nation as a whole, the data takes on the appearance of considerable volatility. Nevertheless, the province saw a spike in the growth of the music industry starting in 2013 after years of declining growth. Prior to 2013, the national growth rate of the music industry tended to trend higher than the provincial growth rate in Newfoundland and Labrador, although both were generally negative. Based on the industry's recent performance and national indicators, this recent provincial growth trend is projected to steadily increase over the next decade.

2.2 Employment by Occupation Category

In 2016, the music industry in Newfoundland and Labrador was made up of an estimated 1,108 participants. Of these participants: 516 were musicians and singers; 232 were other repairers and servicers; 188 were managers in customer and personal services; 64 were audio and video recording technicians; 41 were conductors, composers and arrangers; 41 were artisans and craftspersons; and 26 were other products assemblers, finishers and inspectors. The following table indicates the percentage change between 2016 and 2011:

Occupation	2011 Jobs	2016 Jobs	Change	% Change
Managers in customer and personal services, n.e.c. (0651)	234	188	-46	-20%
Conductors, composers and arrangers (5132)	13	41	28	215%
Musicians and singers (5133)	365	516	151	41%
Audio and video recording technicians (5225)	43	64	21	49%
Artisans and craftspersons (5244)	45	41	-4	-9%
Other repairers and servicers (7445)	177	232	55	31%
Other products assemblers, finishers and inspectors (9537)	82	26	-56	-68%

The music industry has seen large increases in the number of: conductors, composers and arrangers (215%); audio and video recording technicians (49%); musicians and singers (41%); and other repairers and servicers (31%).

Declines were seen in: other products assemblers, finishers and inspectors (-68%); managers in customer and personal services (-20%); and artisans and craftspersons (-9%).

The surge in these areas may be attributable in part to the strong music education programs that are active at Memorial University and the College of the North Atlantic. CNA has seen strong enrollment in both its Sound Recording & Promotion and the Performance, Business & Technology (Music) programs in part, as interviews suggested, because these programs were relocated to the Prince Philip Drive Campus from a rural campus. Likewise, technology has made recording software and equipment as well as composition and arrangement of music more accessible than ever before. This could be a factor in the growth of these numbers, reflecting a rise in small-scale projects.

It should be noted that the growth occupations are those most likely to be solely comprised of individuals in the music industry, while the occupations in decline are those most likely to also include occupations outside the music industry through data aggregation by Statistics Canada.

2.3 Regional Distribution

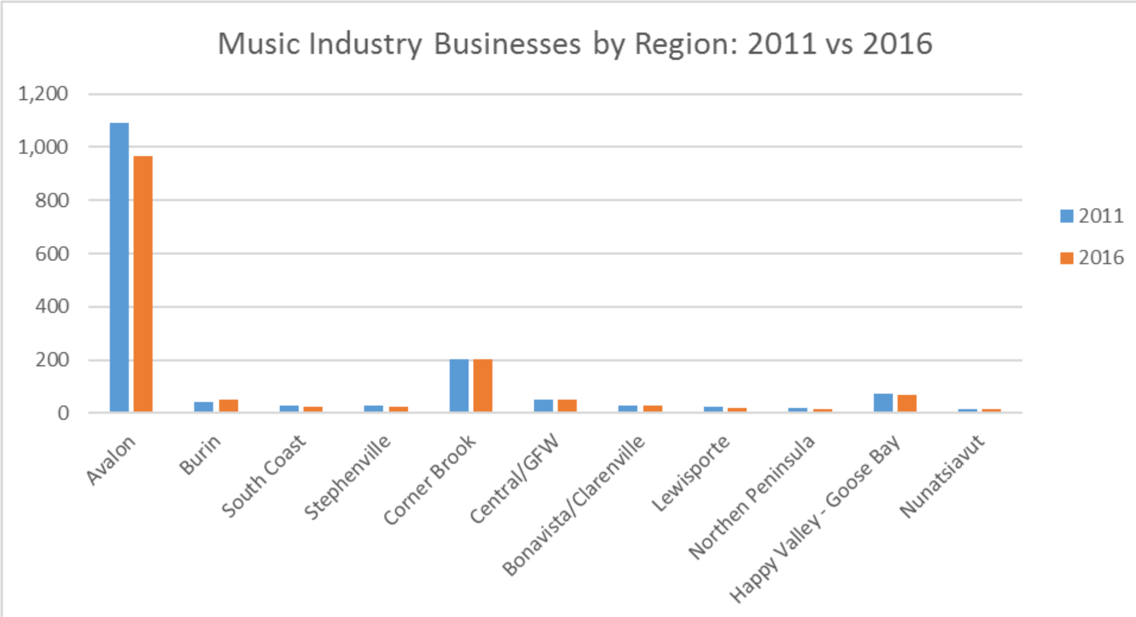
The accumulated 2016 census data can be used to get a sense of the distribution of people employed in the identified occupations throughout the province:

Census Metropolitan Aggregate	2016 Jobs
St. John's	771
Corner Brook	66
Grand Falls-Windsor	22
Bay Roberts	12
Other locations	237

As expected, most jobs in the music industry are regionally located in the census metropolitan aggregate area of St. John’s (771). Other significant locations for the music industry are Corner Brook (66), Grand Falls-Windsor (22), and Bay Roberts (12).

Another way of visualizing this data, is by charting the locations of businesses that have identified themselves as being active in industries related to this subject. Note that because the division of industry NOC codes does not perfectly overlap with occupational codes, the number of people employed by these businesses varies from the tables above.

This table is a useful reference for visualizing the location of businesses in each Census area of the province:



Once again, the Avalon, Corner Brook, and Grand Falls-Windsor stand out as significant concentrations. However, we can also see that Happy Valley – Goose Bay is also potentially significant as a concentration of businesses that may employee people related to the music industry.

This data may be useful when examining how best to approach the subject of distributing limited resources or searching for potential partnerships that may enhance the industry overall. The Avalon region naturally is the focus of most investment as it has the greatest concentration of people and businesses. However, as many of the interviews with stakeholders indicated, there are significant opportunities outside of the Avalon that merit further investment, involvement, and investigation. How best to address the constraints and 'pain points' that artists and businesses face in each region is an ongoing challenge. Analysis in the following sections will explore how particular occupations can act as economic value multipliers and that may open some new avenues for discussion based on the above exploration of regional distributions.

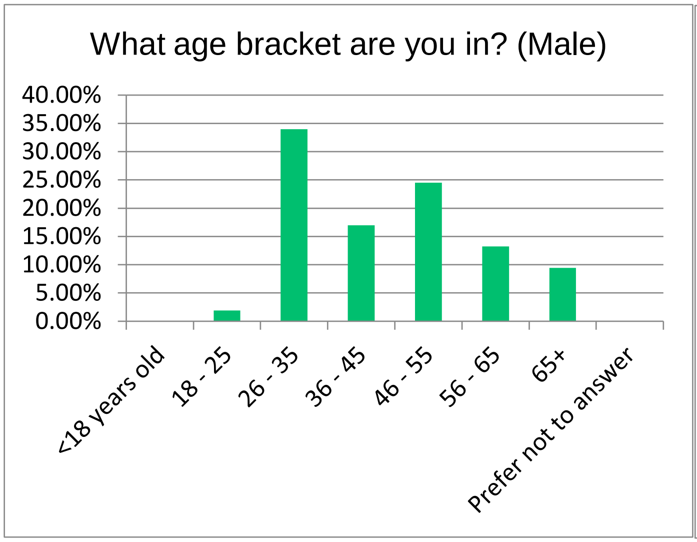
2.4 Participant Demographics

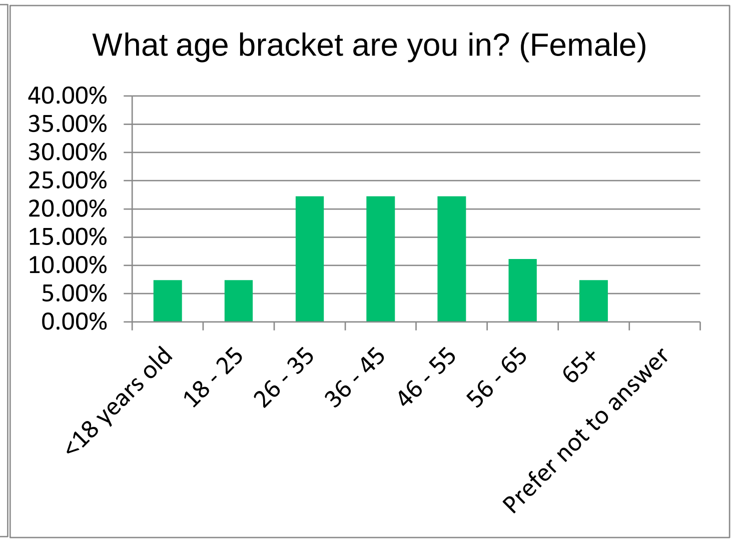
Part of the stakeholder survey that was distributed to MusicNL members included questions related to member demographics. This information was gathered to give a better understand the composition of this part of this industry and to perhaps make some inferences about the larger music community. The first question asked respondents about their gender identity, which broke down to 64.6% Male, 32.9% Female, and 2.44% preferred not to answer.

The gender imbalance is notable and may indicate an opportunity to pursue greater inclusiveness for women and other minority participants in the music industry. The survey data can then be divided along gender lines for further analysis of the experience of men and women in the industry.

Age Demographics

Dividing the survey respondents according to their gender identity and age produces the following graphs:

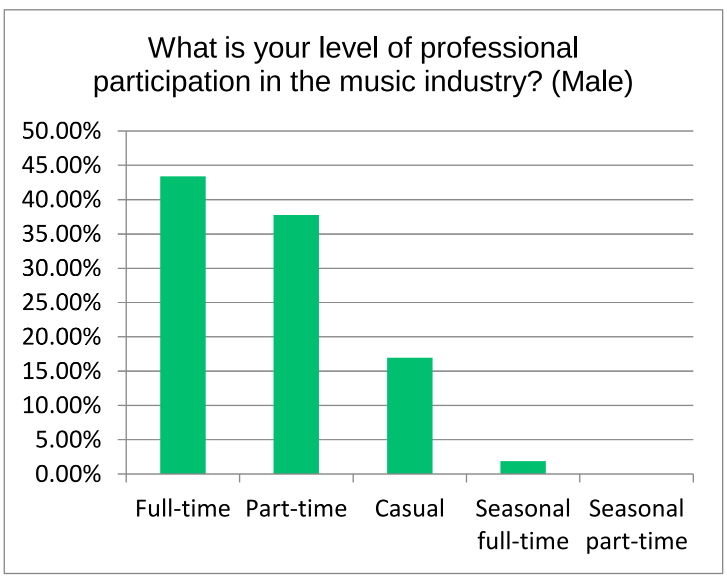


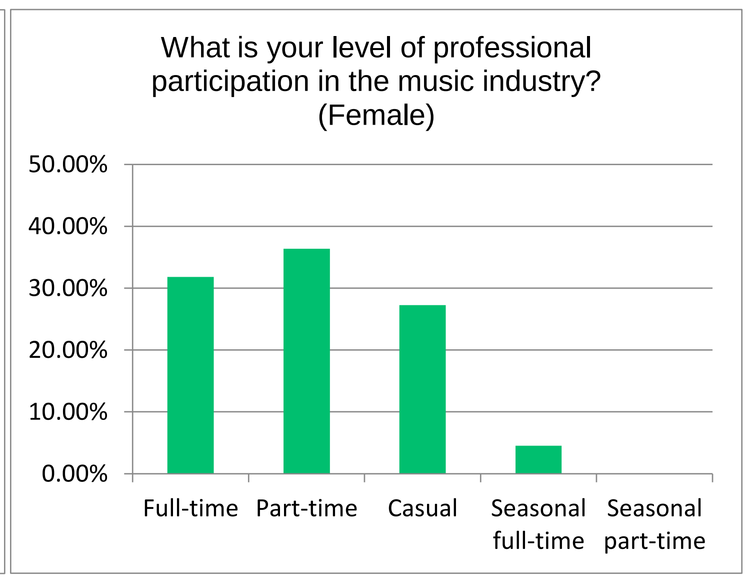


The majority of survey men fell in the 26-35 age bracket, with steady representation through the progressive brackets. Surprisingly, the female demographics had stronger numbers of youth and steady, albeit lower number, of participants across the age ranges. The presence of younger female participants may suggest that programs that focus on youth engagement, such as Girls Rock NL, are having a positive effect on inclusive participation in the music industry.

Professional Participation

Another area of apparent gender imbalance is in the level of professional participation that people have in the music industry.

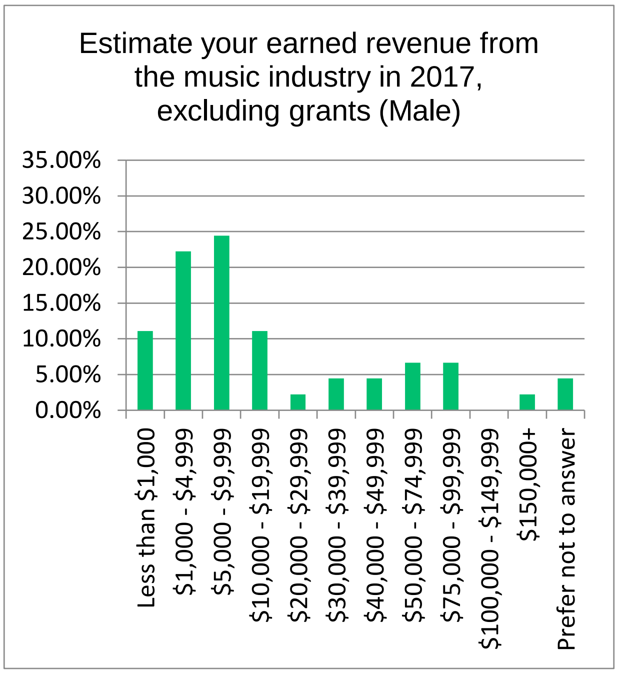


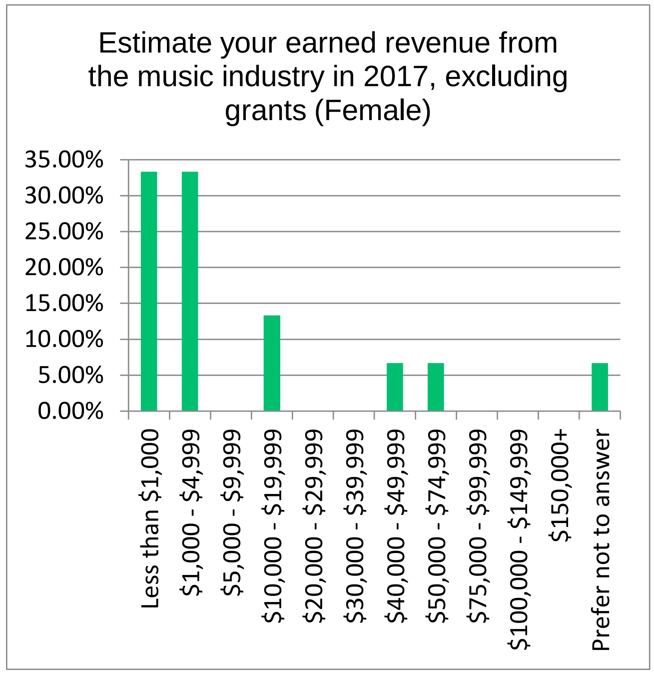


These responses indicate that men have more Full-time employment in music. Women have roughly the same level of part-time participation, but a greater percentage hold casual or seasonal employment from their involvement in music. Many of the interviews indicated that music as a secondary source of income or as a part-time pursuit is commonplace as people struggled to derive a steady source of income from it. It may be worth further research into the opportunities for professional development that could help everyone make part-time or full-time employment in music more achievable.

Earned Revenue

An extension from the level of professional participation is the earned revenue that is derived from those activities.

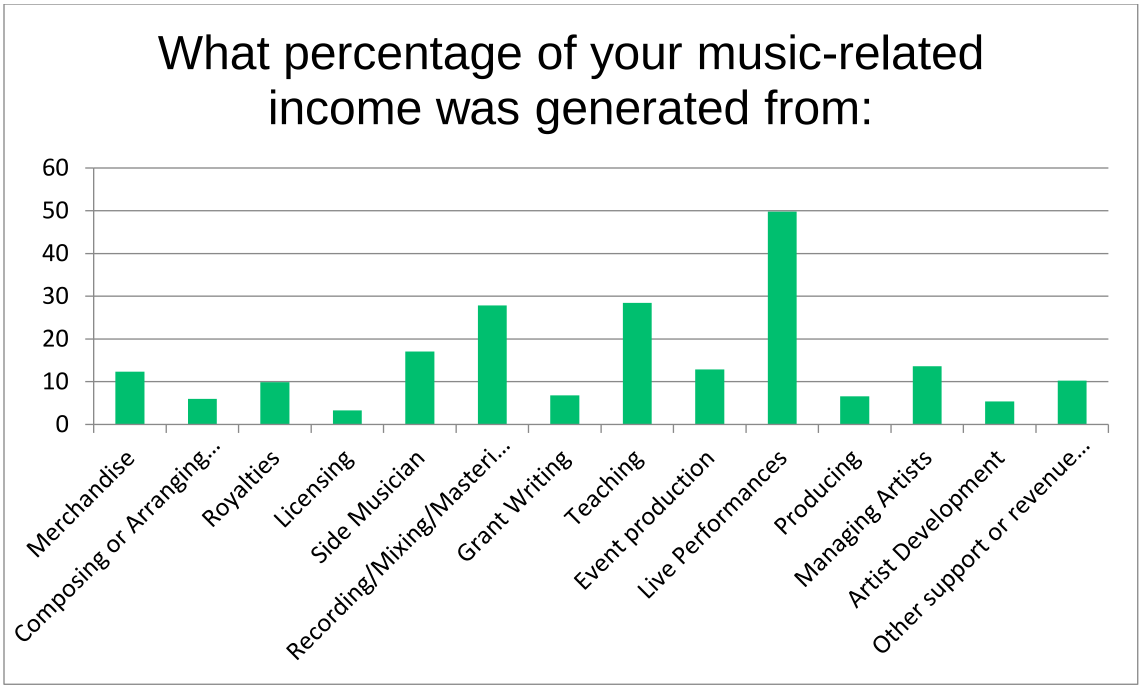




More data would give a better impression of the range of earnings that both groups experienced, but from this sample we can see that two thirds of women and one third of men realized less than $5,000 from their participation in the music industry last year. Some further investigation into more and/or better quality work for music industry workers may be warranted if there is to be a shift to higher earning in this industry.

Source of Revenue

Lastly, given the limited reach of the survey, the breakdown of the sources of income can be viewed as a single chart to see what the broadest experience in the industry has offered.



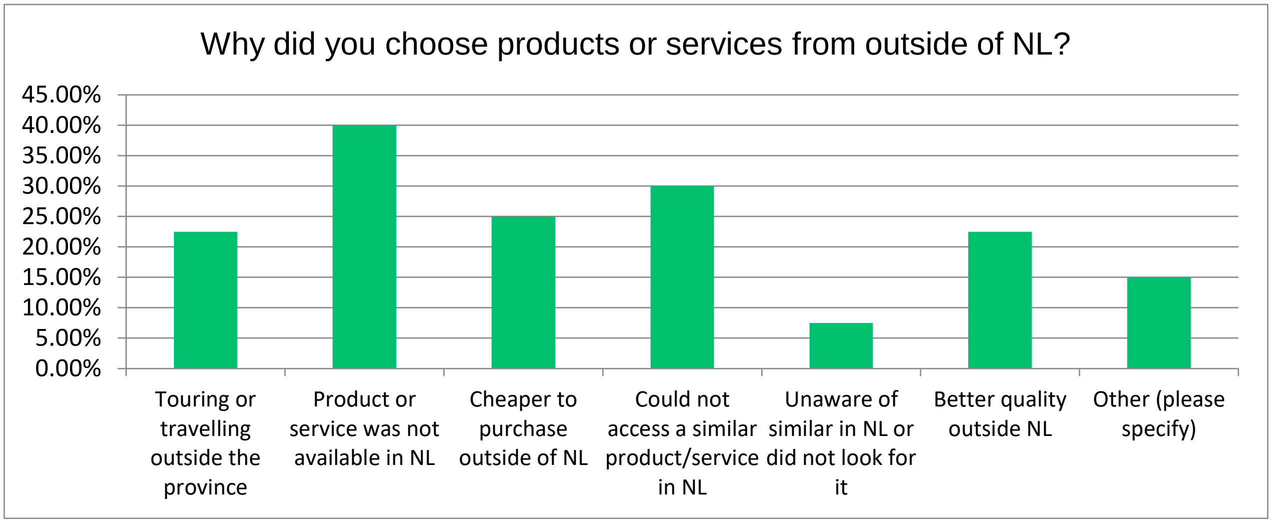
Live performance is the largest single source of revenue identified by respondents. This is in line with the reported shift toward earnings derived from performances as digital sales of tracks and albums have significantly declined as revenue sources. Teaching music was noted by many people as a way to generation supplementary income and it reflects the employment created at MUN and CNA. Recording, mixing, and mastering is the third highest source of revenue, and could reflect both the established studios and the growing number of people who offer small-scale recording service made possible by advancements in accessible software and hardware.

Spending Outside of NL

Some of the indirect value of the music industry comes from its participants spending their money in the province. In some cases, this value was spent outside of the province on a variety of products and services, such as:

- Production of CDs and cassettes
- Mixing, mastering, or recording
- Music equipment and accessories
- Equipment repairs
- Travel costs associated with touring
- Licensing and distribution services
- Sub-contracting and performer fees

On average respondents spent 22% of their total expenses on products and services outside of the province.



Every industry experiences some degree of leakage and this province cannot supply all of the products and services that the music industry needs. However, when we examine the responses above, we see some areas where that economic value could be capture in this province.

Creating new opportunities for touring across NL may not only enable artists to extend their tours, but would also generate a range of indirect and induced value in each of their performance stops. Similarly, identifying specific products or services that have a local demand that is not being met may be a valuable opportunity for expansion.

One of the concerning areas is that 7.5% of people were not aware of a suitable product/service or did not look for one and 22.5% believed there was better quality products/services outside of NL. Sections 4 and 5 discuss the conflicting perceptions surrounding the availability and quality of some professional services in the province. This may indicate that some professional services need better advertising to their target market to make potential customers aware of what is actually available.

3 ECONOMIC IMPACT OF THE NL MUSIC INDUSTRY

This section provides an economic impact assessment to determine the value of the music industry for the Newfoundland and Labrador. Three analytical tools were used to determine the economic impact of the music industry on the province: shift-share analysis, location quotient analysis, and input-output analysis.

A **shift-share analysis** focuses on changes that have taken place in the industrial composition of the community. Shift-share techniques aid in understanding the key economic industries and sectors in a region. The shift-share analysis in this report uses three techniques:

- National Growth Effect: Measures the change in employment in selected music occupations in Canada that can be attributed to the rate of growth for all industries in Canada.
- Occupation Mix Effect: Measures the change in employment in selected music occupations in Canada that can be attributed to whether or not that sector is growing or declining in Canada.
- Competitive Effect: Measures how many jobs are created in selected music occupations in a region due to competitive advantages. This technique determines the level of employment growth that can be attributed to local factors as opposed to growth (or decline) in the national economy or in the music sector generally.

An **input-output model** depicts industry relationships within an economy, showing how output from one economic sector may become an input to another industrial sector. The analysis represents the different interdependencies between economic sectors and the potential for spillover effects from one sector to another.

The **Location Quotient** (LQ) focuses on quantifying how concentrated the music sector is in a region compared to Canada as a whole. It can reveal what makes a particular region unique in comparison to the national average and what economic industries/sectors are clustered in a certain community.

3.1 Shift-Share Analysis

The results of the shift-share analysis demonstrate that Newfoundland and Labrador enjoys a number of competitive advantages in the music industry. In particular, the number of musicians and singers in the province have grown at an exceptional rate due to Newfoundland and Labrador's unique competitive advantages.

NOC	2011-2016 Change	Occupation Mix Effect	National Growth Effect	Expected Change	Competitive Effect
Managers in customer and personal services, n.e.c. (0651)	(46)	35	13	48	(94)
Conductors, composers, and arrangers (5132)	28	8	1	9	19
Musicians and singers (5133)	151	(30)	21	(9)	160
Audio and video recording technicians (5225)	21	0	2	2	18
Artisans and craftspersons (5244)	(4)	(19)	3	(16)	13
Other repairers and servicers (7445)	55	31	10	41	14
Other products assemblers, finishers and inspectors (9537)	(56)	4	5	9	(66)
Total	**148**	**29**	**55**	**84**	**64**

As noted above, the Expected Change is a combination of the national occupation trend (Occupation Mix) and the general national economy's trend (National Growth Effect). If Newfoundland and Labrador had no unique competitive advantages it would be expected that job growth or decline would largely follow the national trend for Expected Change. However, as the shift-share table indicates, that is rarely the case. For most occupational categories the difference is fairly minimal; however, the considerable increase in the number of working Musicians and Singers indicates that this province enjoys a significant unique competitive advantage. Overall, the music industry has seen declines in employment for musicians and singers in Canada, yet this occupation has grown significantly in the province over the past five years.

Unfortunately, the data can only tell us that a unique competitive advantage exists and not precisely *what* it is. Many of the comments in stakeholder interviews foreshadowed this data, as time and again we heard that Newfoundland and Labrador has a rich cultural heritage of music that has been passed down through generations of families, especially in rural communities. Musical talent, the raw material of the music industry, is plentiful thanks to those generational connections, improving music education systems, and a uniquely Newfoundland and Labrador 'sound.'

Some of the constraints or 'pain points' that were also repeatedly voiced by stakeholders is the need for more professional services and resources who can help support the growth of talented artists into professional musicians. This is a point that will be explored further in the following models.

In addition to musicians, the number of conductors, composers and arrangers; audio and video recording technicians; and artisans and craftspersons have increased at a greater rate than the norm for these occupations due to Newfoundland and Labrador's competitive advantages.

On the other hand, the number of managers in customer and personal services; other repairers and servicers; and other product assemblers, finishers and inspectors have grown at a lower rate than the norm for the sector or have declined over the past five years. Specifically, Newfoundland and Labrador suffers from competitive disadvantages in managers in customer and personal services and other products assemblers, finishers and inspectors.

3.2 Location Quotient Analysis

The location quotient analysis quantifies how concentrated a particular industry or occupation is in a region compared to the nation, similar to how the shift-share analysis can highlight the existence of unique competitive advantages. Further, it can be used to identify the emerging export industries/occupations that are beginning to bring money into the region. Conversely, occupations with a "low" location quotient indicate a low concentration and suggests that the need for those people is not being met in the local market.

Examining the table we see that the amount of musicians and singers in Newfoundland and Labrador is nearing a high level of concentration compared to Canada as a whole. Therefore, local needs for musicians and singers are being met, likely due to the abundance of talented performers. The location quotient of 1.16 for this occupation is extremely close to the 1.25 mark for the province to be serving needs beyond its borders, indicating a net export musicians and singers to other regions and provinces may be emerging. Provided growth trends in this occupation continue, Newfoundland and Labrador may achieve this state in the near future.

NOC	Location Quotient	Label
Managers in customer and personal services, n.e.c. (0651)	0.72	Low/Medium
Conductors, composers, and arrangers (5132)	0.84	Medium
Musicians and singers (5133)	1.16	Medium/High
Audio and video recording technicians (5225)	0.42	Low
Artisans and craftspersons (5244)	0.51	Low
Other repairers and servicers (7445)	1.13	Medium/High
Other products assemblers, finishers and inspectors (9537)	0.06	Low

Location Quotient scores can be interpreted using the following table[1]:

Location Quotient	Label	Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector resulting in an import of goods and services in this industry group.
0.75 to 1.24	Medium	Most local needs are being met by the sector. The region will probably be both importing and exporting goods and services in this industry group.
1.25 to 4.99	High	The industry group is serving needs beyond the border, exporting goods and services produced to other regions or provinces.
More than 5.0	Very High	This is indicative of a very high level of local dependence on the sector, typically in a “single-industry” community

The number of other repairers and servicers (1.13) is also significantly close to a high level of concentration compared to Canada as a whole. Local needs for conductors, composers, and arrangers (0.84) are likely close to being met.

[1] “Foreign Direct Investment Competitive Assessment,” Outlook Market Research.

The remaining occupation groups have a low level of concentration compared the Canada as a whole. Significantly, the low level of concentration in the audio and video recording technician category, combined with the high growth in this occupation, may indicate high demand for these services.

Similarly, the low concentration of managers in customer and personal services, combined with declines in this occupation, may indicate a situation where this profession is in low demand or depending on imported talent to satisfy the market.

Feedback from the stakeholder interviews provides further context to the Location Quotient analysis. There is broad agreement that a high potential for exporting musical talent and products exists; however, there are challenges to supporting artists' development on both the artistic and business sides of the profession.

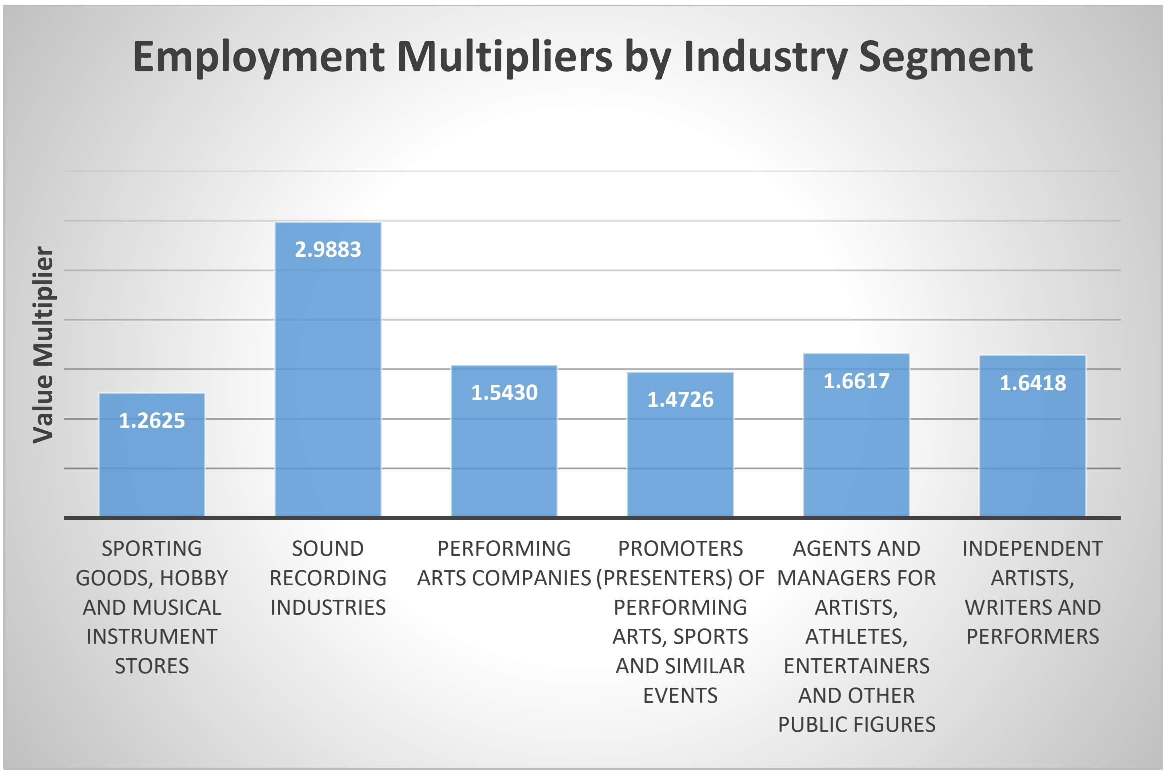
The low-medium LQ for sound recording and engineering seems to imply that the province's demand is not being met, which would lead to artists sourcing this service from outside the province. However, interviews with studio owners revealed that they are hardly at working capacity and in fact, similar to the artists themselves, sound recording, engineering, and mastering are secondary or supplementary employment.

It is possible that studio recording work is being constrained by a lack of access to related professional services which may include business managers, agents, and other similar professionals. Other potential causes include the increasing availability of entry-level recording services from software and technology that presents a low barrier of entry to new users.

Some of the conflicting perceptions about these professional services were identified in the course of the interviewing and survey results and are discussed in section 4 below.

3.3 Input-Output Model

An analysis of each of the five segments that have been identified as making up the measureable economic impact of the music industry reveals some notable opportunities. The multiplier values of each segment indicate the direct, indirect, and induced changes that are expected to occur with the addition of each dollar of sales or job created:

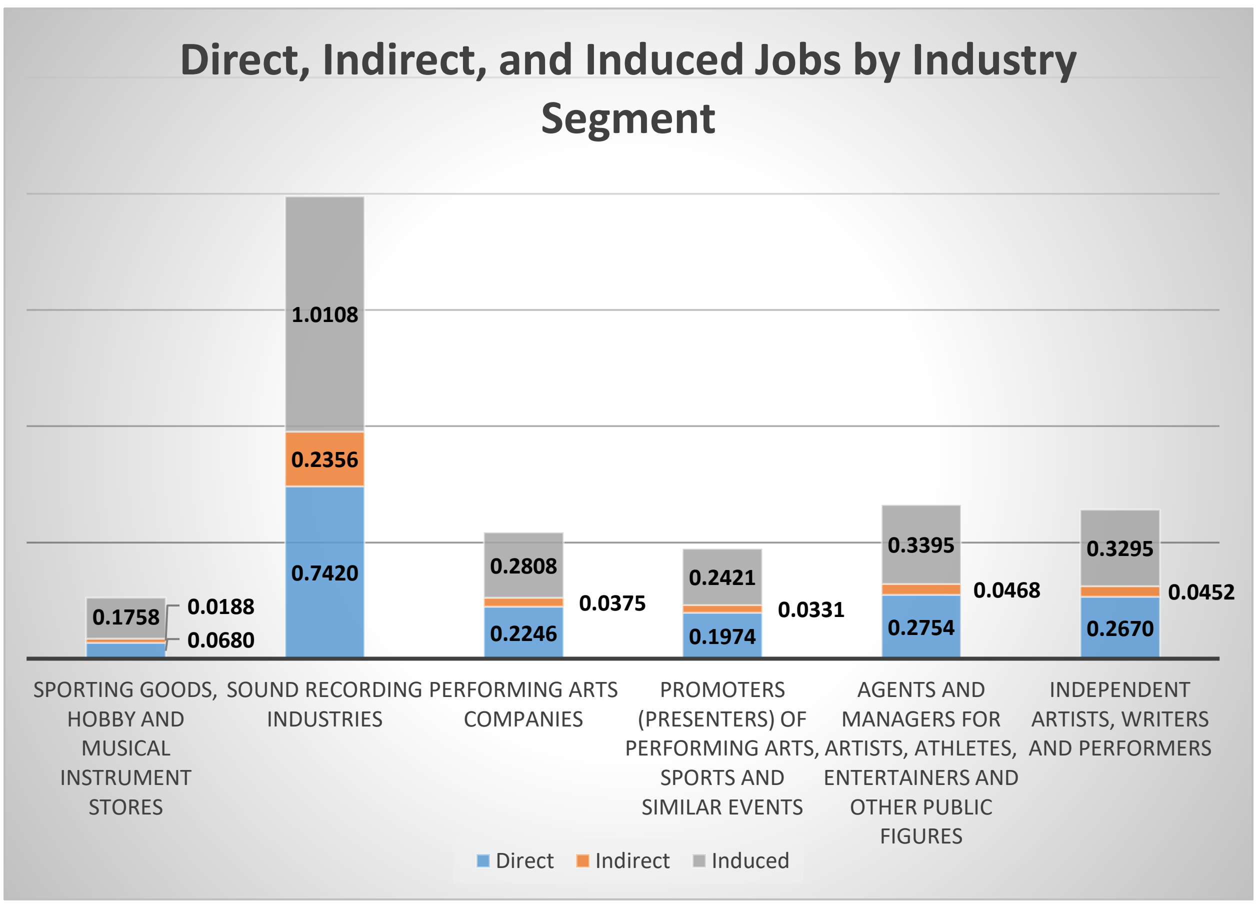


While job creation in each segment is net positive, creating jobs in Sound Recording is projected to have the greatest affect through direct, indirect, and induced employment creation.

An employment multiple of 3, such as that of Sound Recording Industries, indicates that a change of 10 jobs in that category would lead to a total change of 30 jobs in the whole industry or economy. The original 10 jobs would be the direct effect, while the additional 20 jobs would be the indirect results. These employment multipliers suggest that job creation in any individual category would have a net positive effect in other parts of the industry.

These relationships make sense in that it would be expected that the presence of more professional support roles (i.e. agents and promotors) would lead to more opportunities for the many artists and musicians that are already present. Many people in the stakeholder survey specifically pointed to booking agents, tour organizers, artist management companies, and publicists as roles that are especially needed to help develop new opportunities for musicians in the province and to provide some knowledge and guidance for navigating the professional music industry.

In practice it can be more difficult to target investment in a single industry to produce specific results. For example, several interviewees noted that well established local recording studios were being operated on a part-time basis due to a lack of steady work from the local client base, even with the occasional out-of-province project. Therefore, it is difficult to imagine how adding another mid to high quality recording studio will substantially create new employment opportunities rather than just making the existing market for recording services more competitive at that level. Instead it may be more productive to look at the niches that are being underserved. Some larger piece groups may indeed have a pressing need for bigger, multi-room recording spaces, and likewise there is likely a large base of emerging artists who could make better use of small, affordable recording spaces in order to make their first demos or albums.



This graphic presents a more granular breakdown of the employment multiple, showing the direct job creation or economic value, as well as the indirect (outputs from that category that become inputs in other categories) and finally the induced value which is created outside of the music industry (i.e. taxes, salaries to non-music related employment, business expenses).

This view gives a better idea of what the expected outcomes from employment creation in each role would be. We again see that Sound Recording Industries is expected to create the largest direct and induced impacts from more people providing those services. Likewise, when considering how best to harness that potential other questions must be answered, such as how to make these services accessible and at what level they are affordable.

3.4 Export Value Summary

Based on the results of the input-output modeling, the value of exports from each category can be calculated, which gives a better idea of the parts of the music industry that are bringing the most money into the region through exports.

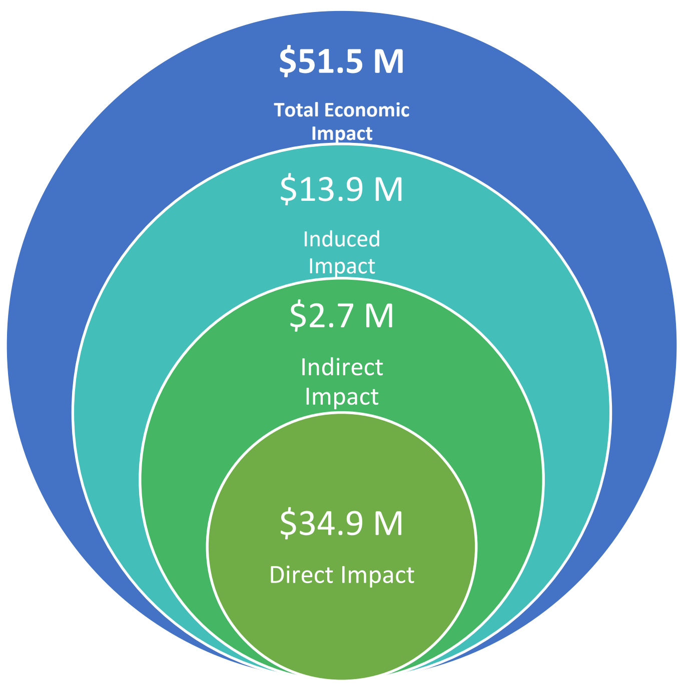
The total value of exports from these sectors of the music industry was $17,432,353 based on 2011 data. Categories such as agents, managers, and sound recording are currently a very small portion of the total exports, possibly because the demand within the province is so high that there is very little spare capacity to be exported. Likewise, the economic analysis suggests that growing the participation and availability of those smaller categories would remove considerable constraints on the export potential of the larger slice of musicians, singers, and performing arts companies.

The largest contributor is attributable to the major retail goods. This is unsurprising, especially since the statistical group also includes sporting goods. However, this detail should not discount the significant value that major musical instrument retailers contribute to the economy. They are significant employers of salespeople, teachers, administration staff, etc. Likewise, they support a healthy trade of new and used instruments for the various schools of music and secondary and post secondary levels.

The other two stand-out sections are performing arts companies and event promotion. The success of many non-profit and for-profit organizations that have created music festivals, organized and promoted concerts, and arranged tours is very significant, even if it is difficult to specifically quantify. Events such as the Gros Morne Summer Music Festival, Lawnya Vawnya, Shed Island, NL Folk Festival, Iceberg Alley, and more have substantially increased the opportunities for local musicians to perform as well as building connections with industry professionals.

3.5 Total Economic Impact

Based on the results of the music industry profile and economic impact assessment, it is estimated that the music industry contributes $51.5 million to Newfoundland and Labrador's Gross Domestic Product. Of this total, approximately $34.9 million is a direct economic impact, $2.7 million is an indirect economic impact, and $13.9 million is an induced economic impact.



4 TECHNOLOGICAL TRENDS IN THE CREATION, MARKETING, AND DISTRIBUTION OF MUSIC

Musicians, Songwriters, Composers, and other Artists

Changing technology is upending the business model of the music industry and many players are all still finding their place. From the musician's point of view, the two most disruptive changes have been the rise of digital streaming music and the growth of social media.

Streaming music has all but usurped the sale of physical media, which has totally changed the musician's traditional revenue model. In the past, live shows and tours were used to build awareness of the musician and drive music sales. With streaming music, this revenue stream has been greatly diminished, requiring hundreds of thousands or even millions of 'plays' to generate substantial income. Consequently, cheap and accessible streaming services have become a channel for reaching a broader audience and the earnings from touring and live music have become the primary revenue source.

The prominence of social media has radically transformed the way musicians engage with their audiences. Several interviewees noted that social media has levelled the playing field to a degree, especially for emerging artists who are looking for alternative ways to build a following. Some enterprising artists, such as Aaron Powell, a native of Glovertown, NL whose musical alias *Fog Lake*, have learned to harness this potential well, building an international following through the clever use of social media platforms, digital streaming services, and even utilizing the niche love of lo-fi media like cassette tapes. Powell's success has afforded him opportunities to play both in Canada and internationally, proving that it can be a viable model for some small artists to break through geographic barriers. However, it is also a path that demands a lot of multi-disciplinary skills, including social media management, self-promotion, financial management, and more. It is certainly a challenging route to take, and that is perhaps more true for artists who did not grow up as 'digital natives.'

Managers, Agents, Promotors, and Similar

The shifting landscape of technology affecting the music industry has also created a new dynamic among other industry professionals: where artist managers and agents used to seek raw talent and build an audience around them, now many agents use social media followings as a measure of a musician's popularity and appeal to filter out potential clients. The same can be said of using an artist's digital streaming numbers as a benchmark for their potential popularity, and therefore earning potential.

Naturally not everyone takes such a mercenary, data-drive approach to the industry. The burden of managing multiple social media accounts may change the nature of work for managers and promoters, as some of the more successful artists want to push that work onto marketing professionals, giving them back some free time to create more music. This could be an opportunity for local marketing agencies and professionals to create business connections with local musicians. This could be especially helpful for older artists who are trying to find new audiences for their music, but struggle with declining CD sales or low paying venues.

The lack of well-paying venues was a concern voiced by many in the interviews and survey. Many pointed to the need for more industry professionals, such as agents, promotors, or managers, who could help organize events and provide artists with some guidance on how to make their artistic pursuits more economically viable, ideally without sacrificing their artistic integrity in the process.

Recording, Mixing, Mastering, and related Professional Services

In terms of creating and recording music, technology has dramatically reshaped the industry. Software like Garage Band has made recording music more accessible, although opinions were split as to the availability and accessibility of professional recording equipment and services. Interviewees noted both a need for more education and training with recording software in order to make the best use of it, with some seeing it as a good way to access services that would otherwise be too expensive for emerging artists or simply not available in their region. The medium's shift to digital files and recording have made collaboration and connectivity easier than ever, allowing musicians, sound engineers, and other professionals to work on projects without ever being in the same room together. Streaming music has also affected the way some musicians approach creating music as there is now less need to record entire albums when 'unit sales' are no longer entire albums, but rather are measured in individual tracks being played on streaming sites.

Several sections in the economic analysis pointed to the sound recording industry as an area with significant potential grow the economic value of the music industry in this province. The interviews and survey responses revealed that achieving that goal is in practice a subject with conflicting viewpoints.

On one side, there is the perception that the lack of a large studio space with specific equipment is a significant detriment to the music industry in the province, preventing the growth of artists into the export-viable level. This may contribute to the opinion that rising artists have to relocate to bigger cities to achieve mainstream success in their careers.

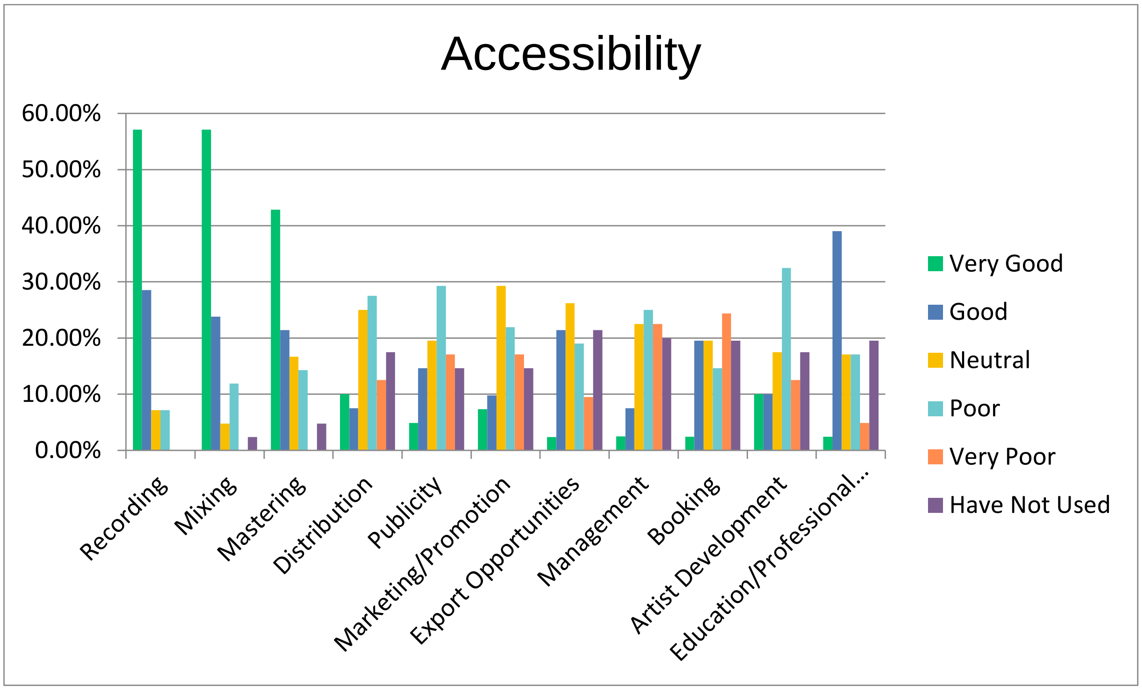
By contrast, there are a number of well-established recording studios, whose owners have regularly reinvested into the equipment, capital, and acoustic environment of their businesses. Combined with their professional experience, knowledge, and reputation, and many people are of the opinion that the quality of these services are certainly on par with similarly-sized businesses anywhere else, citing award winning albums and decades of industry experience.

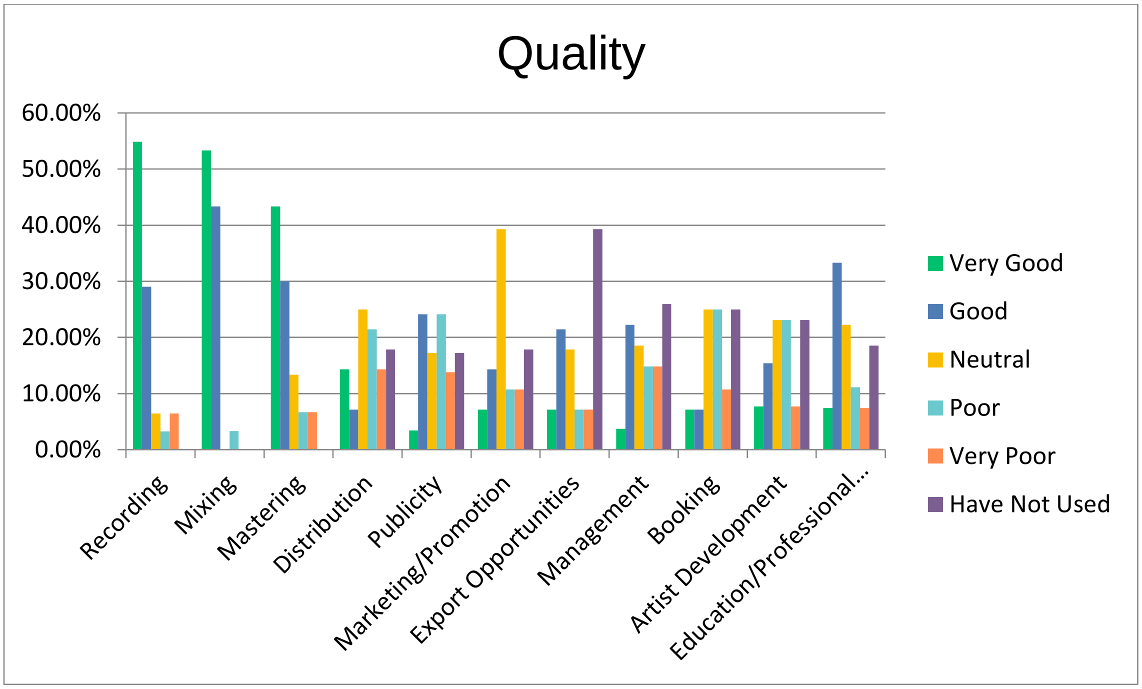
The reality is likely somewhere in between. Certainly studios that are typically operated out of a home have restrictions on space for artists to perform and limitations on the selection of specific equipment. However, these are also the studios that have persisted over the years while larger operations have tried and failed be sustainable with the level of business that is available in this province. Likewise there is probably a gap between what some artists consider to be infringements on their integrity (i.e. studio lacks a specific microphone) versus a lack of awareness on their part of what professional studio experience costs and can accomplish.

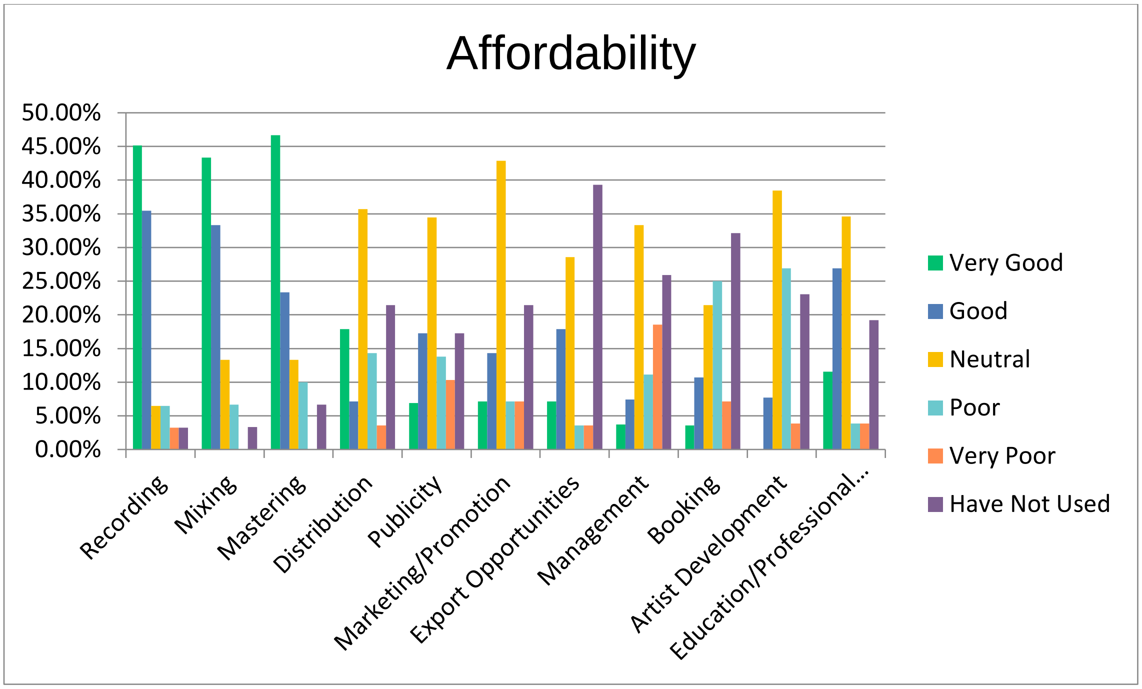
Certainly access to or the quality of local services is only one in a spectrum of factors that play a role in determining an artist's success. This conflict of perception and experience further underscores the need for industry supports and education that can help artists with their professional development and connect them to the resources that they need to succeed at each stage of their careers. Similarly, technology can work in favor for recording studios if they can attract work from out of province that can be done for artists working remotely, using digital files. This too has the potential to attract economic value for the province and build a stronger reputation for the services that are already available here.

Experience with local professional resources

One goal of the survey was to explore the user experience with local professional resources in order to more fully identify areas that need more attention. Respondents were asked to rate their experience with a range of professional music industry services in terms of their accessibility, affordability, and overall quality. The results for each are summarized as follows:







According to these summaries, we see that 70%+ of respondents had Good or Very Good experiences with Recording, Mixing, and Mastering services in the province. Again we have the caveat that the survey was only distributed among MusicNL members, so the experience among all participants in the industry may vary. However, looking down the line of other professional services and supports we see higher rates of Neutral experiences and individual who Have Not Used these resources.

Funding for recording, mixing, and mastering have made those services more readily available to many artists, and studio owners have noted that those projects are likewise very successful engagements, as artists typically have a better understanding of the process and outcomes. Several interviewees stated that they spent between $17,500 and $150,000 on production outside the province over the past three years – primarily in Ontario and Nova Scotia. The vast majority of interviewees expressed a preference to base their production in Newfoundland and Labrador Developing these capabilities has the potential to keep a significant amount of industry money and expenditures within the province.

Meanwhile, making the remaining professional resources as readily available and satisfying for the parties involved should contribute to a stronger environment of artist development at all levels. Doing so will likely require collaboration between many stakeholders in the music industry.

5 OPPORTUNITIES FOR COLLABORATION AND PARTNERSHIP

Creating New Opportunities

Throughout the interviews and survey responses, people have pointed to the many organizations and groups who have contributed individually or as a collaborative effort to advance the music industry in Newfoundland and Labrador. Everyone has acknowledged the barriers that exist, whether it is the small population, densely packed into one corner of the province, the cost of travelling to or from the island, the lack of organized professional resources and networks, and more. However, there are many examples of success that are pushing back boundaries and creating new opportunities while working with the constraints of geography and market size.

The proliferation of music festivals and events are definitely one of the highlights that came from discussions with stakeholders. Events like Lawnya Vawnya, Iceberg Alley, Shed Island, the Folk Festival, Out of Earshot, MusicNL Week, and Trails, Tales, and Tunes are creating opportunities for artists. Even better, some of these events are leverage the attraction of industry professionals into a broader range of networking and professional development activities. These are the opportunities that are significantly growing and improving the province's music industry by developing resources from within.

Importing specialized talent can be difficult, especially if the potential client base in NL is relatively small. Some organizations are making in-roads in this area, such as MusicNL's Export Buyer Program and showcases that took place in conjunction with its annual Music Week and 25th anniversary activities. The debriefing from this event had a lengthy list of national and international commitments and engagements with NL musicians, providing an excellent opportunity to engage directly with significant industry contacts and professional resources.

Growing the Music Community

Throughout the stakeholder engagement it was noted that NL enjoys a strong cultural tradition of musicians. There are individuals and organizations working to grow the music community by supporting inclusiveness and recognizing the many different artists, genres, and styles of music. Groups like Girls Rock NL, St. John's Women in Music, and the St. John's Native Friendship Centre are helping to making music more accessible and inclusive for underrepresented groups in the industry. This is a trend that is gaining traction nationally as seen, for example, in the inclusion of an Indigenous Artist of the Year category at the East Coast Music Awards.

Collaborations with music schools, like supporting band/music camps, music lessons, music appreciation and providing mentorship is currently taking place in the province. The amount of these types of partnerships could be increased, as it presents a mutually beneficial opportunity for all parties involved. These can and have taken many forms, including partnerships between local businesses and NL music industry, such as advertising and promotional collaborations, and support organizations like the Signing Network and the Kitchen Party which provide numerous resources and services for those working the music sector in Newfoundland and Labrador.

Partnering with both Memorial University's School of Music and the College of the North Atlantic for its professional skills programs helps ensure that the talent pool required to support the music industry in Newfoundland and Labrador is readily available. The presence of these post-secondary institutions also presents the opportunity to collaborate on guest speakers, performances, mentorships, course curriculum, and sharing of available resources.

Increasing Business Opportunities

There could be an abundant amount of performance opportunities available for musical professionals in Newfoundland and Labrador, however the network to connect entertainers to opportunities is underdeveloped or non-existent, particularly in rural areas. Event organizers, arena coordinators, hotels, restaurants and musical performers need a network that can enable them to connect with each other. Technology may be in a place to fill this gap soon through services like *Side Door*, a virtual booking and ticketing platform geared towards helping musicians expand their available venues to include more intimate settings.[2] Until then, it seems to have largely fallen to enterprising individuals to organize events and tours on a smaller scale.

Lessons from other industries can be adapted to support the music industry in NL. For example, Common Ground's approach to co-working space could be adapted to music professionals, providing them with a space for networking, education, and knowledge sharing.

There may also be some value in working to educate different groups about how to work with the music industry. There is a recent trend of utilizing the acoustics of rural churches for performance spaces; however, many owners of potential venues simply have not considered the possibility or would have no idea where to start with organizing a music event, much less being a single stop on a larger tour.

Cross-Industry Collaborations

The film industry is well established in Newfoundland and Labrador, which may allow the music industry a chance to leverage this through some new collaborations. The music industry could provide numerous music related services, such as song writing, producing and providing background music or theme songs. The creation of music videos is a natural point of overlap between the two industries and efforts to share professional resources and contacts between them could lead to valuable synergies.

Similarly, the various TV and radio organizations have both a variety of high-end equipment and professional knowledge that could be shared with the music community through workshops, shared resources, internships, etc. Any opportunity to meet even niche needs in the community will empower people to learn new skills, create music that respects their vision, and improve their ability to support themselves within the music industry.

Engaging the post-secondary institutions in a TV/radio collaboration would be a logical extension of those efforts. Such an arrangement could be beneficial for students and graduates of both of CNA's music programs, giving them additional exposure to those professional environments, processes, and equipment. Likewise, students and graduates of MUN's School of Music could perform in larger groups that can't be easily accommodated by local recording studios.

[2] http://sidedooraccess.com/

The tourism industry would make an ideal partner for the music industry in Newfoundland and Labrador to work with. Music festivals and live performances create an attraction for tourists to visit Newfoundland and Labrador and thus, spend their money in the province. People are already coming for the Traditional music, and there are many more genres and styles that could be attracting people to venues around the province.

Finally, organizations like Business and Arts NL act as a crucial point of exposure to the broader range of industries in the province. It has been suggested that these relationships could be a source of additional sponsorship money for artists to record, tour, or access similar resources.

6 CONCLUSIONS

Each of the analytical models offers complementary insights that, when considered with the feedback gathered from industry stakeholders, point to both constraints and opportunities for growth in the province's music industry.

First, the shift-share indicates that the significant competitive advantages of this province have resulted in an abundance of musicians and singers. This is in keeping with the strong cultural heritage and supporting institutions that stakeholders spoke of in each interview. Second, the location quotient suggests that the supply of many of the professions that 'support' musicians are not meeting the local demand. This was reflected by in the interviews and surveys that pointed to a great need for managers, agents, promotors, and other professional development supports. This presents a considerable constraint on the export potential of musicians and singers which the location quotient suggests is trending upward. Finally, the input-output model points to sound recording as the primary occupation that would be expected to have high direct, indirect, and induced economic benefits for the other parts of the music industry, and the wider economy. This may be attributable to a lack of awareness of the recording services that are available, the fact that artists who have a professional recording can leverage that to grow their audience and start touring, or a combination of factors. Agents and managers represents the next highest economic value contribution that could be realized by increasing employment in this profession.

Overall, the economic analysis mirrors the stakeholder interviews and survey responses which pointed to the need for more professional services to support the wealth of musical talent in Newfoundland and Labrador. Technology and education programs have made the basics of learning, playing, and recording music much more widely available, but the access to industry professionals is significantly lacking, and this constraint keeps many musicians from realizing their full potential, either in their ability to create and reach an audience or their ultimate export potential. While this constraint was recognized and voiced by many, solutions were more difficult to realize, given the geographic isolation of the province from major population centres and markets.

Many individuals, groups, and organizations are addressing the geographic and market restraints by looking within and developing local festivals, tours, workshops, and events that help grow the industry by formalizing participation of minority and marginalized groups. Another possible avenue to address reaching export-level growth and exposure is through strategic partnerships that make best use of the local resources that the music community can leverage. Many stakeholders pointed to the considerable tourism and arts related activities taking place throughout the province which offer new and different opportunities to involve musicians and artists. Meanwhile the range of programs available from CNA and MUN and workshops being organized by MusicNL and other groups are helping to instill people with professional skills they need to excel in the industry. Recognizing these opportunities, providing resources to help more people access them, and celebrating successes could help build the momentum needed to bring more attention, from the public and professionals, to the considerable talent of Newfoundlanders and Labradorians.

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Erin Best	The Kitchen Party, Stewart McKelvey
Jason Whelan	The Sound Solution
Kate Lahey	Artist, Advocate
Leander Baikie	The Flummies
Mallory Johnson	Artist, *The Cormiers*
Mark Murphy	The Ennis Sisters, Shannon Quinn
Robert Buck	Atlantic Disc and DVD, *Rum Ragged*
Sandy Morris	Artist, Wonderful Grand Band
Scott Hammond	The Blue Room, CNA Instructor
Shirley Montague	Trails, Tales & Tunes Festival
Wade Pinhorn	Artist, CNA Instructor