



## **Building sustainable regional music industry clusters**

Post-pandemic recovery and digital opportunities for the UK independent music industry

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# ① Introduction

## Background to this report

In 2019, the UK music industry contributed £5.8 billion to the UK economy, with a total export revenue of £2.9 billion<sup>1</sup>. Since then, the COVID-19 pandemic significantly impacted the industry. Estimates for live music, for example, suggest that revenues fell by 85% in 2020, with music creators losing two thirds of their income. While the impact on live music venues has been widely publicised, it is not just the survival of venues that has been put at stake, but also the sustainability of music clusters more broadly. The UK's regional music economies are important not only in their own right as regional clusters of creative employment but are crucial feeders of creative and commercial talent to the UK's globally successful music industry. Studying the recovery and advancement of the UK's music industry clusters is therefore a pressing area for research to develop evidence-based insights to inform policy development.

This report outlines findings from new primary qualitative research evaluating the health and future sustainability of firms in regional music clusters, as they transition into the post COVID period. The research focuses specifically on regional music industry clusters in UK cities outside the London 'hub', in this case North West England and West Yorkshire. Prior research on the music economy in the North West region<sup>2</sup> has demonstrated that, despite two decades of cluster-focused creative industries policies, and aspirations expressed in the 2018 Creative Industries Sector Deal of the Industrial Strategy to develop 'world-class creative industries clusters to narrow the gap between London, the South East and other regions', the UK's regional music industry clusters remain significantly weaker, more precarious, and less well connected than the London hub.

Yet, at the same time there has been cause for optimism with regard to the future sustainability of the independent music industry. The COVID-19 pandemic accelerated shifts already underway in the digital realm, including new technologies for live streaming music; new social medial platforms for interacting with audiences which bring new opportunities for monetising music; and new platforms through which social and economic networks can develop between regional music clusters. Through

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<sup>1</sup> UK Music (2020) *Music by Numbers 2020*

<sup>2</sup> Watson, A (2020) "Not all roads lead to London: Insularity, disconnection and the challenge to 'regional' creative industries policy" *Regional Studies* 5(11), 1574-1584



identifying digital opportunities for recovery and advancement, future business models and future income streams, and the ways in which digital technologies are facilitating networking and access to new markets and audiences, the research presented in this report seeks to re-evaluate the health and future sustainability of regional music clusters.

There are two specific pressing issues for regional music industry clusters to which this research is responding:

1. Previous research has revealed the disconnection that exists between the hub of the industry in London and the UK's regional music industry clusters. Currently, the dominance of London's music industry clusters within the UK places many London-based companies and intermediaries in a position where they do not need to engage with companies elsewhere in the UK. At the same time, many regional companies struggle to gain access to key gatekeepers and intermediaries in London, which are not only embedded within the London industry but also have national and global reach. Such a disconnection is set within the broader framework of concerns regarding the spatial rebalancing of the UK economy.
2. Tied to the above, there are fundamental questions at stake regarding the sustainability and precarity of regional music industry clusters. Regional clusters are characterised by a supportive, informal and independent dynamic, yet this reliance on the independent sector and the lack of more formal industry structures has implications in terms of company survival and growth, and in building sustainable careers for both industry practitioners and musicians.

Furthermore, it is widely understood that creative industries policy suffers from a lack of evidence-based assessments of how specific sectors operate *in place*. The notion of 'regional' economic growth through creative industries, such as that found in 'levelling-up' agendas, is problematic in this regard. One issue lies in the fact that in most research into UK creative industries, the focus is on clusters in London, while the regions have received scant attention. Regional music clusters are a sector for which there remains a particularly weak evidence base. Existing evidence consists of quantitative figures predominantly focused on the economic performance of London-based music corporations, with little recognition of the importance of the independent sector to regional music clusters.

This report provides new evidence to inform effective policy making at both the local, regional and national level. At the local and regional level, there is a need to develop effective mechanisms for support, which become more pressing as companies grapple with digital platforms. At the national level, strategies for spatial rebalancing and 'levelling up' require robust regional evidence bases on which to develop effective economic policy, which recognise the significant challenges faced by regional creative economies vis-à-vis London. In this regard, this report seeks to:

- Inform local, regional and national policy makers, trade bodies and associations and local music boards/commissions and action groups by providing the critical evidence for them to design policy interventions and programmes that ensure the future sustainability and growth of the UK's regional music clusters.
- Enable the dissemination of best practice amongst music companies that identifies digital opportunities for recovery and advancement, develops sustainable business models and future income streams, and technologies for facilitating networking and access to new markets and audiences.

### The music industry: from crisis to renewal to crisis – to renewal?

In the late 1990s, the development of the internet as a vehicle for the digital distribution of music was initially seen as a positive development. Yet file sharing platforms such as Napster would fundamentally challenge the viability of the music industry in the form in which it had existed for many years. Then, just as the music industry began to successfully deal with the illegal sharing of digital music files online with increasing revenues from new pay-to-download services such as iTunes, new disruptive innovations in music streaming technology once again presented challenges to the industry. Today, many listeners neither own nor collect music in physical format or in the form of downloaded digital audio files but listen to music online via new subscription-based streaming services – and in particular the Major Streaming Platforms (MSPs), such as Spotify and Apple Music.

The music industry has now almost completely shifted its centre of gravity from the physical to the virtual, and has stabilised around the streaming model, with industry revenues recovering. In 2020 global revenue growth was 7.4%, with streaming holding a 62.1% share of this revenue, and with total streaming revenues up 19.9%<sup>3</sup>. The potential value of subscription-based services is well recognised; they are potentially extremely lucrative, and furthermore can generate a steady cash flow to rightsholders<sup>4</sup>. Yet, it is also recognised that subscriptions present new challenges, with labels making less per song, and subscription prices need to make up in volume what is lost in profitability. Subsequently, the shift to a streaming economy and the perceived structural underpayment of royalties to artists from music platforms is now subject to both significant academic attention and significant public debate. In 2020, for example, the House of Commons Digital, Media, Culture and

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<sup>3</sup> IFPI, 2021. *Global Music Report 2021: State of the Industry*. International Federation of the Phonographic Industry.

<sup>4</sup> McCourt, T., and Burkart, P., 2003. When creators, corporations and consumers collide: Napster and the development of on-line music distribution. *Media, Culture and Society*, 25, 333–350.

Sport (DCMS) Select Committee launched an enquiry into The Economics of Music Streaming, which was reported in July 2021<sup>5</sup>.

The contemporary music industry has then been re-organised towards a new (digital) business model. But this re-organisation goes beyond a shift in the major mechanism for the distribution of music. The legacy of the MP3 crisis of the early 2000s is a contemporary music industry that is one of reduced capital flow, smaller artist rosters, and substantially reduced record label budgets. This has acted as one amongst a number of drivers behind the growing importance of the independent sector within the industry. A report produced by MIDiA Research and independent music label Amuse in 2019<sup>6</sup> suggests that revenue generated by independent artists is the fastest-growing segment of the music business, generating \$643.1 million in revenues in 2018, a 35% increase from 2017. While this still only represents 3.3% of global revenues from recorded music, the independent sector continues to grow rapidly. Yet, at the same time, this turn has left many artists in a more precarious position vis-à-vis income. The MIDiA report suggests that nearly three quarters of independent artists earn less than \$10,000 a year from music, compared to 61% of label artists.

Some compensation for the decline in income from recorded music sales due to streaming has come from live performance, with the traditional music industry business model being inverted: whereas previously, artists would tour to promote album sales, the decline in revenue from recorded music means that most artists record new music to generate interest in live performance. As streaming has devalued recorded music, the experience of consuming live music has become more highly valued, with ticket prices increasing. Revenues from live performance overtook recorded music in the UK as early as 2008, and by 2018, live music doubled revenues from recorded music, and employed six times as many workers<sup>7</sup>.

However, the outbreak of the COVID-19 pandemic that began in late 2019 and resulted in a series of lockdowns in the UK through 2020 and 2021, is widely regarded to have had a devastating impact upon the music industry across the UK. This is demonstrated in headline figures produced by UK Music<sup>8</sup>, which suggest that the music industry contributed £3.1 billion to the UK economy in 2020, down from £5.8bn in 2019, and that one in three jobs were lost in the sector as the employment level fell by 35% from 2019's all-time high of 197,000 to 128,000 in 2020. Furthermore, the report

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<sup>5</sup> House of Commons Digital, Culture, Media and Sport Committee, 2021. *Economics of music streaming – Second Report of Session 2021–22*.

<sup>6</sup> Mulligan, M., and Jopling, K., 2019. *Independent artists: the age of empowerment*. MIDiA Research/Amuse.

<sup>7</sup> UK Music (2019) *Music by Num8ers*

<sup>8</sup> UK Music (2020) *This is Music 2021*

highlighted that, in a sector where three-quarters are self-employed, many were not covered by Government support schemes. As the UK Music (2021) report notes, “the impact of COVID-19 hit the live industry and recording studios especially hard, disrupting the lives of music creators including artists, musicians, songwriters, producers and engineers, many of whom were unable to work”. Venue closures through lockdown lead to a total loss of live music work for over a year, and live music revenues collapsed by around 90% in 2020. Yet, it also notes that the music industry is interconnected, with the consequences of COVID-19 extending well beyond the live sector. The shutdown of live activity hit not only venues and promoters but resulted in fewer performing opportunities for artists and fewer commissions for composers and songwriters. Artists’ inability to tour, due to a combination of the COVID-19 pandemic and Brexit, also saw exports fall to £2.3 billion, a 23% drop from £2.9 billion in 2019. Collecting societies such as the PPL and PRS for Music also saw a sharp decline in public performance income, and broadcast income also fell as advertising spend declined, impacting labels, publishers, artists, and songwriters. Yet, throughout the pandemic, the consumption of recorded music remained strong, with income from both streaming and vinyl sales increasing as people continued to listen to music from home.

It is against this background that music industry companies continue to operate, resulting in significant challenges, but at the same time also opportunities. The large corporations of the music industry have the financial resources and market oligopoly to position themselves in such a way as to minimise the potential negative impacts from these shifts and capitalise on the opportunities. However, for the smaller companies that characterise UK regional music economies, these challenges can be much more profound, and the opportunities more difficult to capitalise upon. The rapidly increasing independent music sector offers a potential revitalisation for regional music companies as intermediaries offering a variety of services to independent artists, while the combination of digital artist and repertoire (A&R), promotion via social media, digital distribution, and live streaming and online meeting technologies offer small companies the potential to reach across geographical space for artists, clients and audiences as never before. Yet, small regional music companies with limited human and financial resources are often not well positioned to realise these opportunities, and there are continued legacy impacts from the COVID-19 pandemic and Brexit. These issues are explored in greater detail through the course of this report, set in the context of the health and future sustainability of firms in regional music clusters as they transition into the post COVID period.



## Methodology

The discussion and recommendations presented in this report are based upon two sets of qualitative semi-structured interviews, consisting of a total of 55 interviews, with participants working within the music economy across North West England and West Yorkshire.

A first set of interviews were undertaken prior to the COVID-19 pandemic, between June 2015 and July 2016, face-to-face, with individuals working within the music economy across North West England (n=26). These interviews provide important pre-pandemic context. Interview questions centred on the nature and dynamics of the music economy in the region; important social and professional networks made and maintained beyond the region; and the level and nature of any engagement with music industry companies in London. Interviewees were predominantly record label managers, but also included a range of other actors including individuals involved in public relations (PR), journalism, music publishing, live music promotion and studio engineering.

A further set of interviews (n=29) were undertaken online between May 2022 and September 2022, with participants working within the music economy across North West England, extended to include West Yorkshire. The interviews posed questions relating to business backgrounds and business models; professional and social networks; the role of digital in businesses, the impact of the COVID-19 pandemic, and business support. The majority of interviewees were founders or employees of independent record labels (n=18), with the remainder including representatives of regional music support agencies, and firms working in music publishing, PR, artist management, and music production.

In order to distinguish between the two data sets, interviews undertaken between June 2015 and July 2016 are prefixed with the letter A, and interviews undertaken between May 2022 and September 2022 are prefixed with the letter B.

## ② Dynamics of a regional music economy

### The music economy of the North West

A key finding from the pre-pandemic research interviews was that very few of the interviewees considered themselves to be part of a formal music 'industry' as one might consider present in a major global music production centre such as London. Rather, interviewees emphasized the sociality of working in music in the North West and contrasted it with the focus on the 'business' of music that characterizes larger centres.

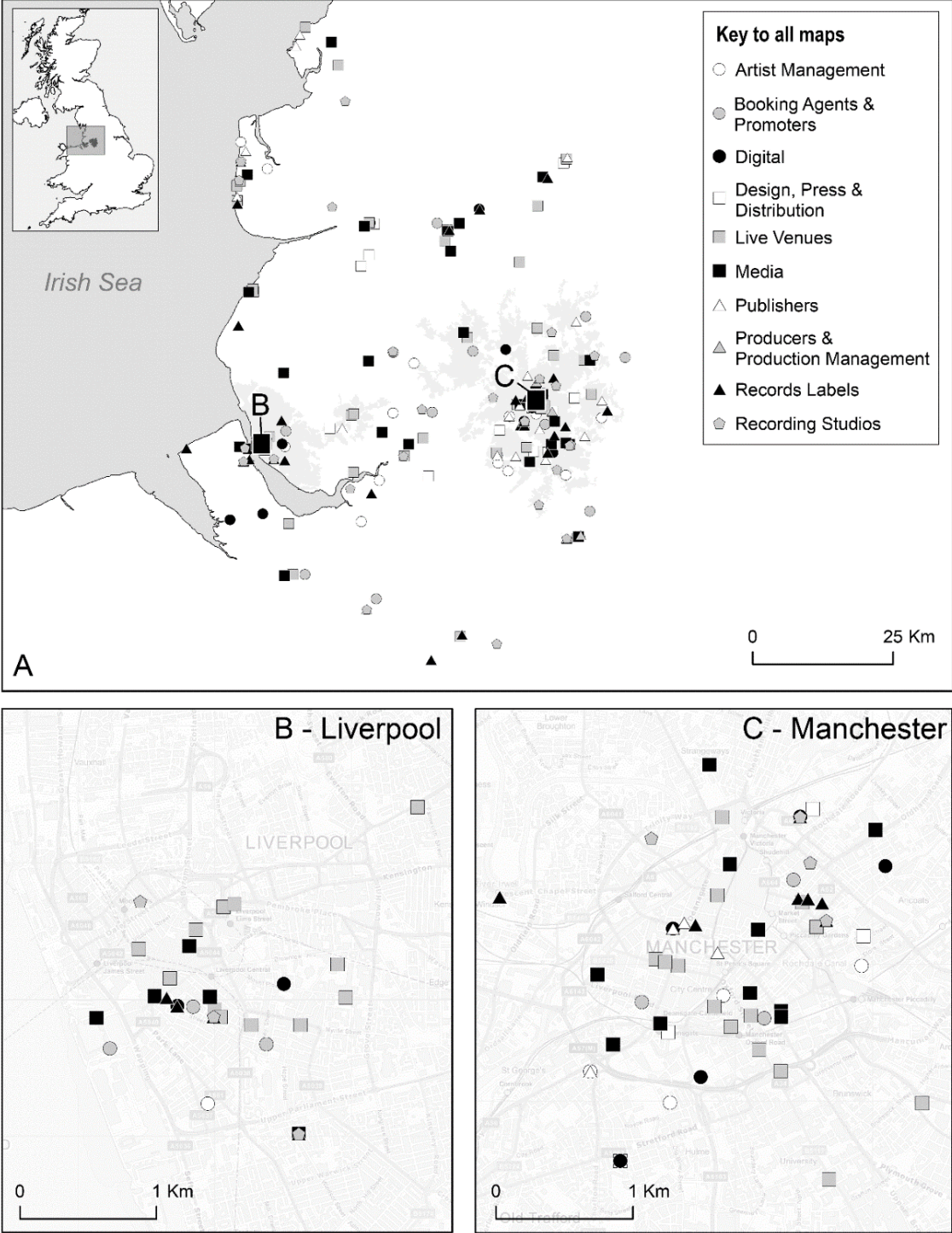
***"...there isn't really an industry within Liverpool... everyone knows everyone but it's not really an industry when it comes to producing records and putting them out there... it's more of a healthy scene where everyone knows what's going on or interacts quite healthily... it doesn't really feel like there's an industry here which is a shame really because it's got all the things it needs for an industry."***

**Interview A3, label manager, major-affiliated record label, Liverpool**

Nevertheless, the results of GIS mapping which displays music economy infrastructure present across the region (Figure 1) - including record labels, live music venues, recording studios, artist management, booking agents and music publishers, as well as supporting activities provided by companies outside the music industry such as media, design and digital - shows the presence of significant music economy infrastructure. While activities are located across the region, the significant concentration of music infrastructure within the two main cities of Manchester and Liverpool is clearly shown. If one compares these concentrations to those of music companies in London, they are significantly smaller than those in the UK's 'global music city'<sup>9</sup>. Yet, relative size aside, taken at face value, the tight urban concentrations of music industry companies and supporting infrastructure shown would support assertions in the literature regarding the tendency for the music industry to form clusters in major cities.

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<sup>9</sup> Watson, A (2018) 'Global music city: knowledge and geographical proximity in London's recorded music industry' *Area* 40(1), 12-23.



Created using ESRI Arcmap 10.6. Contains OS data © Crown Copyright and database right 2018.

Figure 1: Location of music companies and associated infrastructure across the North West region of the UK. Source: Watson (2020, 1576).

Yet, while this type of mapping of firm locations and densities is informative at the general level, it indicates little about the everyday spatial, social and economic relationships that may or may not exist between creative practitioners within particular cities or regions<sup>10</sup>. It was evident from interview responses that the local music economy is highly informal and based around a series of more-or-less strongly connected social networks and communities of practice. The manager of a PR company based in Rochdale, for example, described how ‘Everyone knows everybody else, which is a good thing because you tend to find people help each other out. It doesn’t seem to be like a competition... they look after each other in Manchester’ (Interview A5, Manager, public relations company, Rochdale). The same supportive attitudes were evidenced as occurring in Liverpool, with the manager of a major-affiliated label in Liverpool describing how ‘we’ve got time for everyone who’s up and coming... because obviously we know how the industry works, we just try and help everyone out when they need it really’ (Interview 3, label manager, major-affiliated label, Liverpool). Yet, there was also reflection from interviewees on the extent to which scenes are often insular and disparate. This insularity within, and disconnections between, various scenes would appear to lie at the heart of the feeling that there is no singular music ‘industry’ that ties musical activity together.

***“...it just feels so scattered... there are pockets of people everywhere, but they’ve all got their heads down and just getting on with what they do.”***

**Interview A19, recording studio engineer, Manchester**

Such characteristics also appear to mark the relations Manchester and Liverpool. One interviewee from Manchester, for example, noted that “in terms of connections, no not really... no more established networks; they don’t really exist between the two cities” (Interview A9, live music promoter, Manchester), while another based in Liverpool noted that “there are only personal interactions between the base cities. It’s not an industry interaction. There’s nothing drawing us to Manchester other than if we see someone that we want to sign coming there or one of our acts is playing live there” (Interview A3, label manager, major-affiliated record label, Liverpool).

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<sup>10</sup> Brennan-Horley, C., & Gibson, C. (2009) ‘Where is creativity in the city? Integrating qualitative and GIS methods’ *Environment and Planning A*, 41, 2595–2614.

## The importance of extra-regional connections

While understanding the spatiality and quality of the social relations that occur within and across the region gives an important sense of the ways in which localised creative scenes function, the region must not only be considered in geographically bounded terms. It was evident through the interviews that the same dynamics of informality that define local scenes also define social and business relationships developed beyond the region. This suggests that the local cultural economy has a transient and fluid spatial dimension as well as a more static, territorially focused dimension. For most individuals and companies, social and business relations stretched beyond the region, albeit to varying degrees. One of the most-cited connections in this regard was with Leeds, with one interviewee in Liverpool describing the North West ‘regional’ music scene as consisting of “two big cities, two big powerhouses [Manchester and Liverpool] and Leeds as well” (Interview A11, A&R manager, major-affiliated label, Liverpool), while another from Manchester noted that “loads of people from Manchester and Liverpool travel to Leeds, it’s a massive connection” (Interview A15, label manager, independent record label, Manchester). Further, there was a sense of a broader ‘northern’ music scene existing, with one interviewee noting that one advantage of being based in the city was that they had “one foot on the northern scene, there’s records that are developing out of Liverpool, up north, Leeds, Newcastle, Sheffield, Manchester” (Interview A11, A&R manager, major-affiliated label, Liverpool). Indeed, this ‘northern scene’ can be considered to stretch even further, with several interviewees noting significant connections with Scotland, with geographical proximity (relative compared with London based companies) being noted as an advantage in this regard.

For many of the interviewees, important social and economic connections stretched well beyond the UK, with the United States and Europe being particularly significant in this regard.

***“We are as established in France as we are in the UK as a label... we might have even sold more records in France than we have England.... We kind of think about the bigger picture, about Europe as a whole rather than the UK.***

**Interview A15, label manager, independent record label, Manchester**

One interviewee running a small label in Manchester estimated that 70% of the output of the label went straight to the United States, while an interviewee from another Manchester label described the importance of a fan base for the label in the United States who “have never been to any of our events or seen any of our bands live at all, because they’ve just never got across the Atlantic, but who are just totally in love with the whole roster” (Interview A17, label manager, independent record



label, Manchester). For some of the labels, international connections that were made initially through personal social networks of shared musical taste became consolidated through formal business relationships. A label manager in Manchester noted, for example, that the label managed the European distribution and PR for several American labels, where a relationship had developed because the labels considered themselves as releasing music of a similar aesthetic only within different territories. In this way, a shared musical taste or knowledge is shown to be important in the formation and maintenance of inter-local social and economic systems in the music economy.

One of the most significant mechanisms through which extra-regional connections are made in the music economy is through touring. As the manager of a record label based in Liverpool noted, “it’s just like a spider’s web in that every time the band goes to a place, they make a connection and bring it back” (Interview A18, label manager, independent record label, Manchester). In this way, the benefits of touring go beyond the income generated from shows: for artists and bands, it can foster new social connections that may result in further opportunities to play shows. One interviewee, who as well as running a label was in an actively touring band, noted that “being a touring band ourselves, we’ve made a lot of contacts; we’ve got friends all over Europe. Yeah, I’ve been to like as far as Latvia, Lithuania, Poland and made contacts” (Interview A10, label manager, independent record label, Manchester). For labels, having actively touring bands on the roster, and being present at gigs, helps both with marketing and in making new business connections, formal or informal, with companies outside the home city, region or country. This can be particularly important when an artist and/or label is looking to ‘break-through’ in a new territory; one interviewee noted that “once you get to the touring, that’s the key step then to break through into mainland Europe, a new audience” (Interview A18, label manager, independent record label, Liverpool). As such, the development of ‘over-lapping’ trans-local networks evidences the ways in which the economic structures of music are interrelated with social practices, bringing people and institutions in disparate local scenes together into broader systems of cultural production<sup>11</sup>.

## Disconnection with London

Arguably the most crucial set of trans-local networks available to those working in the music economy in the North West is with the main hub of the UK music industry in London. These include links with the production and distribution networks of the major corporations, and other key music industry ‘intermediaries’ such as radio and the music press. Yet, the activities of micro-labels are

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<sup>11</sup> Kruse, H. (2010). ‘Local identity and independent music scenes, online and off’ *Popular Music and Society* 33(5), 625–639.

consistently hindered by an unstable relationship with such crucial ‘bridging institutions’, or what otherwise be termed key music industry ‘intermediaries’, which leads to a large degree of economic uncertainty<sup>12</sup>. The instability of this relationship has several facets, including the size and capacity of a regional business both in terms of human and financial resources, which may limit the ability of these labels to develop the social and/or professional networks required to link to these bridging institutions. While the North West has such intermediaries, these tend to be limited to local and regional in terms of reach, and those intermediaries with national and international reach remain almost exclusively located in London, with artists from the region often relocating to London to reach national and global markets<sup>13</sup>.

***“I don’t think anybody up here is able to go onto super stardom without eventually having to go through the London music industry and through the labels and through the radio pluggers and so on, who are all based in London.”***

**Interview A4, recording studio engineer, Liverpool**

It is notable, then, with regards to the potential growth of a regional music economy in economic terms, that a narrative of disconnection from the music ‘industry’ in London came through strongly across the interviews. Only two of the record labels interviewed had formal relationships with the larger corporations of the industry, and only one more was identified outside the interview sample. The manager of one these labels, based in Liverpool, noted that “when it comes to ones that operate in a mainstream level, I think we’re probably one of the few. I can’t really think of anyone else as far North as us who operate in the mainstream thing” (Interview A3, label manager, major-affiliated record label, Liverpool).

Interviewees were keenly aware of the hegemony of London as the main hub of the music industry in the UK. Many of the interviewees explicitly positioned their own work, the social infrastructure and musical creativity in the city or region more broadly against the music ‘industry’ of London. Attitudes towards London ranged from reluctant engagement: “you’ve just got to embrace it I guess” (Interview A11, A&R manager, major-affiliated label, Liverpool); to ambivalence: “the best thing to do

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<sup>12</sup> Strachan, R. (2007). ‘Micro-independent record labels in the UK: Discourse, DIY cultural production and the music industry’ *European Journal of Cultural Studies* 10(2), 245–265.

<sup>13</sup> Mazierska, E. (2018). ‘Introduction: Is it really grim up north? Popular music in the north of England’. In E. Mazierska (Ed.), *Sounds Northern: Popular Music, Culture and Place in England’s North* (pp. 1–14). Equinox.

with London is ignore it” (Interview A17, label manager, independent record label, Manchester); to a stance of resistance to London’s cultural hegemony: “I think there’s a defiance about Manchester where it’s a case of kicking against London. We’ve done it before, you know? We don’t need London” (Interview A2, music journalist, Manchester). For the limited number of companies engaged with the major corporations, or otherwise more integrated into the industry, attitudes were understandably generally more positive and pragmatic. There was, however, a general acknowledgement of the need to engage with the corporate industry in London to at least some degree in order to reach larger audiences.

***“Publishers are going to be there. There are almost certainly major labels going to be there. You know those sorts of shows only happen in London. London is pivotal.”***

**Interview A12, label manager, independent record label, Manchester**

However, there was a clear sense that where individuals or companies did seek to make connections into the music industry in London, this often proved to be very difficult. Evidence suggests that this has been exacerbated in recent times by the emergence of online A&R and the withdrawal of major labels from the UK regions. The head of rights management at an independent music publisher based in Liverpool reflected on the ‘retreat’ of major labels from the North West, describing how “a regional team would be working indefinitely in Manchester just to make sure that they saw every new band that was going on. It has changed since then.... I am talking back to the early noughties’ (Interview A22, Head of Rights Management, independent music publisher, Liverpool). He went on to note that it was “a different kind of time then, a lot of money then flying around record labels.... It also made sense to have a company up in the north west”. Another interviewee noted that “I think the Northern acts slip under the radar of the Southern labels... they are stuck in London, you know? They don’t ever move from there” (Interview A12, label manager, independent record label, Manchester). This presents challenges to both artists and labels looking to engage with the major corporations of the mainstream music industry. Yet, as the increasing isolation of the London music industry demonstrates a detachment of London from the UK’s regions, so too actors in the regional economy are adopting socio-spatial strategies that avoid and bypass London. For example, when reflecting on this matter, one interviewee noted that “I increasingly get a sense having spoken to people that, most people just stay out of that [London] thing. A lot of labels seem to have links to North America more than they do London” (Interview A13, label manager, independent record label, Manchester).

## The emergence of regional music boards and commissions

A relatively recent development across the North West region has been the emergence of music boards/commissions to support the growth of regional music economies. In Liverpool and Manchester, these have been set up by metropolitan mayors: the *Liverpool City Region Music Board*<sup>14</sup> and the *Greater Manchester Music Commission*<sup>15</sup>. In West Yorkshire, the not-for-profit organization *Music:Leeds*<sup>16</sup> provides a similar function. Each of the organisations has their own aims and priority areas. However, there are many common priority areas, including: supporting the long-term growth of regional music industries; providing pipelines for the emergence, development, exposure and success of regional music talent; supporting the growth and development of music tourism; supporting music venues; and facilitating access to music in line with equality and diversity initiatives.

### Liverpool City Region Music Board



Following a series of regional music industry reports in 2018, the board was set up in December 2018 as an independent. A sector-led Board, appointed by the Liverpool City Region Combined Authority Metro Mayor, it is one of the first of such Boards created in the UK. The board is made up of 22 members and eight observers and is ***“charged with cementing the city region’s position as one of the world’s music capitals and will work to ensure music businesses and communities have a stronger voice in local and regional decision-making.”*** The board is focused on five priorities:

1. Ensure the long-term development and growth of the Liverpool City Region music industry (including continued support for recovery from the impacts of the Covid-19 pandemic).
2. Support the growth and development of a sustainable music tourism offer across the city region.
3. Facilitate music and education sectors to come together to increase engagement in music and investment in and development of talent from all communities across the city region.
4. Ensure a sustainable and strong network of venues and to work with local authorities across the city region to introduce and implement the Agent of Change principle.
5. Equality and Diversity.

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<sup>14</sup> Liverpool City Region Music Board <https://www.lcrmusicboard.co.uk/> (accessed 07/10/22)

<sup>15</sup> Greater Manchester Music Commission <https://www.greatermanchester-ca.gov.uk/what-we-do/culture/greater-manchester-music-commission/> (accessed 07/10/22)

<sup>16</sup> Music: Leeds <https://www.musicleeds.com/> (accessed 07/10/22)

## Greater Manchester Music Commission



In 2019, UK Music and the Greater Manchester Combined Authority (GMCA) published the Greater Manchester Music Review, which recommended the formation of a Greater Manchester Music Commission. The commission was established in 2021, to support and promote music in Greater Manchester, with the following priorities:

- Identify opportunities to develop talent and audiences within the Greater Manchester music ecology, as well as its prominence, reputation, and success both nationally and internationally.
- Identify areas requiring intervention.
- Prioritise these opportunities and challenges within the context of the local financial/political/health, etc. landscape.
- Develop specific actions, interventions and programmes to present to GMCA.
- Provide oversight of StreamGM, the not-for-profit ethical streaming service designed to provide a global platform for GM talent.
- Investigate ways to promote music from Greater Manchester around the world, including investigation of the feasibility of a globally-significant music industry event in Greater Manchester.

## Music: Leeds



Music:Leeds is a not-for-profit organisation established to act as a single, centralised point of contact that will coordinate activity to support, promote, develop and grow music-based activity within the city and wider region. The organisation's strategy is centred around three core areas:

- Creative Development & Business Growth
- Placemaking & Tourism
- Access to Music

The organization runs a City Music Forum, and a Launchpad scheme for emerging artists in the Leeds and Yorkshire area. Music:Leeds is supported by Leeds City Council, public funding from the National Lottery through Arts Council England.



## ③ Impacts of the COVID-19 pandemic

### Impacts on company revenue

Findings from the most recent set of interviews suggest a mixed picture in terms of the impact of the COVID-19 pandemic on the revenues of the businesses in the interview sample. For record labels and music publishers, with regards to revenues, an association can broadly be drawn between the nature of the impact and the proportion of revenue coming from streaming platforms and other digital music distribution strategies. Figures from the BPI suggest that in 2020, music streaming grew by 8.2%, representing a sixth successive year of growth<sup>17</sup>. For those labels and publishers who derive a large share of their revenues from digital music, the impacts of the pandemic on other non-digital revenue streams were to some degree offset by the increase in digital revenues, largely protecting their overall revenues through the course of the pandemic.

***“The revenue has been impacted in different ways. I'd say overall, it's been positive growth for the company, which, you know, when COVID started, you would worry, definitely that it's going to really drop off. And certain elements have, the biggest element which has dropped off massively is live, which fell off a cliff... But then the big growth over the past few years has been digital, and digital revenues have really increased for us over the past two or three years... that offset the amount what we were losing from live and public performance for a period of time.”***

**Interview B1, Director of Rights, independent music publisher, Liverpool**

***“I think we were really lucky in our business... we are very digital focused and so we were very, very fortunate in that regard that we were able to just carry on regardless.”***

**Interview B3, Director, independent record label, Manchester**

Yet for many small regional labels, and especially DIY labels, physical products rather than digital music form the greatest share of label incomes, in particular vinyl releases, as well as to a lesser

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<sup>17</sup> This compares with a 7.5% increase in 2019, and 2.5% in 2021.

degree CDs and cassettes. According to figures from the BPI for 2021, one in four albums sold in the UK were on vinyl, the highest sales for more than 30 years. The pandemic had significant impacts in this regard, in the form of delays at record pressing plants. With the shift from Vinyl to CDs and then subsequently to streaming, over the past few decades the number of pressing plants across the UK has fallen such there was only one major record pressing plant remaining in the UK (London). The more recent revival then led to issues of production capacity, with demand outstripping supply. As such, for reasons of both cost and capacity, most labels use pressing plants in Europe. COVID-related issues with the availability of labour and materials at these plants were further exacerbated with problems in shipping caused by Brexit. Some interviewees reported delays at plants of up to nine months in receiving record pressings. Such delays in receiving vinyl are significant in the context of vinyl records being the primary income for many small labels, and who may not be trading at all were it not for the vinyl revival.

***“So, our busiest ever year was the year before COVID. And then it was like this perfect storm of COVID and Brexit... they hit at the same time, and we got to a point where we've got all these releases planned and because of bands not being able to get into the studio because of COVID, or because of customs issues, a lot of vinyl comes from Europe and because of just vinyl pressing delays caused by big labels repressing stuff. And all of a sudden, the pressing plants were just full... our releases get put back and put back and put back.... What we thought was going to be one of our busiest is ended up being ridiculously quiet... And obviously, you pay for that to be pressed up front and you can't sell it. We were waiting a year for some stuff.”***

**Interview B13, Director, independent record label, Manchester**

Many of the record labels in the interview sample offered some form of ‘net 50’ deal, which means that after the label have recouped their expenses from sales, the artists and the record label split subsequent profits 50/50. In a variation of this deal, some labels gave 50 per cent of the number of pressed vinyl to the artists to sell, while retaining 50 per cent to sell themselves. Physical vinyl sales rely on three main sales outlets: online orders, record stores, and sales during live music gigs. While interviewees suggested that online sales were buoyant during the pandemic as people listened to more music during lockdowns (corroborated with the figures for increases in music streaming, as highlighted earlier), the delays in vinyl supply caused issues for many labels in terms of having releases to sell (although back catalogue supplies already held offset this somewhat for some). However, the closure of retail outlets, and for an even longer period of live music venues, had a

significant impact on sales. This was especially the case for artists, who rely mainly on live music gigs to sell their share of physical products. In February 2022, a new major pressing plant opened in Middlesbrough, with the capacity to press 50,000 records a month. While the plant will focus on helping North East artists, it will also provide capacity throughout the independent music industry more widely. Yet, it is significant that the North West region remains without a major pressing plant.

One further way in which live music impacts on sales of recorded music is as a form of promotion for releases. For those labels and artists issuing new releases during the pandemic, this form of promotion was not available, and had the potential to impact upon sales. As one interviewee explained, “there are two records that we released in that period, both of which have done fine, but I have question marks about as to whether we would have sold more if the artists have been able to tour. And I can't really quantify [that], but my instinct is, yes.” (Interview B21, Director, independent record label, Manchester). Merchandise also represents an important income stream for many labels and artists, and these sales rely significant on fans buying the merchandise at gigs. Therefore, this income stream was also significantly impacted by the pandemic.

For most of the record labels interviewed, increased incomes from digital streaming and/or online physical sales had offset the lost revenue from other sources to some degree. For some, increased sales during the pandemic actually resulted in greater revenues during that period, with one interviewee stating that “COVID was very, good for us... It was profitable” (Interview B21, Director, independent record label, Manchester). However, where this offset was only small, or otherwise label revenue had been significantly reduced, there is likely to be a legacy from this with regards to future releases. This is due to the way that small labels use the profits from any one release to directly fund the next. As one interviewee explained, “You know, we've sold a few records, but we haven't done anything to make any money to get any more releases out” (Interview B11, label manager, independent record label, Manchester). Another noted that “we did notice the revenue hit... an extra 30 or 40 quid every couple of months. That's a big difference, over the course of a year when you are only making a net profit of 300 quid a year, which is then reinvested” (Interview B5, Director, independent record label, Manchester).

## Impacts on label artists

The impact of the COVID-19 pandemic on the live music sector has received a great deal of media coverage. As noted earlier in this report, estimates from UK Music suggest that live music revenues in the UK collapsed by around 90% in 2020. A detailed analysis of the impact of COVID-19 on live music venues across North West England and West Yorkshire is outside the scope of this present study. However, for the city of Liverpool, a detailed analysis has already been undertaken by Mathew Flynn

and Richard Anderson<sup>18</sup> who note that while internet services did to some extent provide a form of respite for artists during lockdown periods, without the sociability offered by live music, music's inherent social and economic value is severely curtailed, including the loss of live income and social networking for artists, as well as the restricted contribution of artists to culture and the economy in the city and region more widely during the pandemic period. Therefore, the crisis faced by live music venues provides important context for this report, as it has significant knock-on impacts for artists and a wide range of other music businesses.

Interviewees working across a variety of different businesses were acutely aware of the impacts of the pandemic, and in particular the closure of live music venues, on the incomes of the artists that they worked with. This goes beyond the issue of record and merchandise sales at gigs, to include the incomes from ticket sales and/or other payments from venues. While in the modern digital music industry musicians and music artists put together income from a variety of sources to make a living, live music represents one of the most significant income streams for artists, not least because it provides some compensation to artists for the decline in income from recorded music sales associated with streaming. Many interviewees noted feelings of being 'powerless' in financial terms to be able to support artists associated with their labels, and this was the case even for some of the larger labels in the region.

***"...I think the single toughest part was our artists, predominantly our guitar music stuff... clearly very dependent on touring, a lot of them were playing 50 shows a year, 70 shows a year... for that to be taken away. For those who were a long time into our deal, we could do things for them, we can speed up our royalty payments, pipeline income, that type of thing. But for the couple that were just into our deal and perhaps we were in deficit to the tune of 10 or 15 grand there wasn't a great deal we could do, we were just putting the record out, we were starting our recoupment period. And they were the real tough ones, you know, where it felt a bit helpless. We knew they were struggling income wise..."***

**Interview B3, Director, independent record label, Manchester**

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<sup>18</sup> Flynn, M. and Anderson, R. (2021) 'Playing In: Exploring the effect of COVID-19 on music makers across the Liverpool City Region' *Journal of Music, Health, and Wellbeing* (Autumn 2021)

For many interviewees running smaller labels, especially those who do not rely on the label revenues as their main incomes but rather run labels part-time alongside other full-time employment, they themselves were not directly impacted from down-turns in label revenues, being able to continue to work or were protected by furlough schemes. However, musicians were not able to take advantage of any type of furlough scheme or government support. There was wide criticism of the lack of government support for music during the pandemic, especially for live music venues and musicians. Further, some interview participants expressed feeling guilty that they themselves were able to furlough while musicians were neither able to tour or able to furlough.

There were also concerns expressed regarding the wellbeing and mental health impacts on artists, and some interviewees described how artists and bands they had been working with had given up on music. Many interviewees spoke about the ways in which they sought to provide moral support for artists through the course of the pandemic and looked for innovative ways to help them make money, which included releases of limited/special edition physical products, and as shall be discussed in the following chapter, many labels and artists experimented with live streaming and other innovations to seek to replace some of this lost income, with mixed success. Others became involved with campaigns to support live music venues and artists such as *#WeMakeEvents*.

***“We had artists who couldn't tour, and we worried about them. So, we were doing things we wouldn't normally have done, like clear vinyl represses of records that had been out for a while. We were repressing them in a different format. We did a lot of T-shirts, posters... to remind the artists they were not invisible to us... You know, “Somebody still cares about us. We can't play gigs, but our record label is in our corner”... it was valuable to them to see that we cared and that we were doing that.”***

**Interview B21, Director, independent record label, Manchester**

***“My initial response to it was to try and offer support... Some of the bands relied on it as more than a hobby, it's their income to pay the rent. That was the concern. So, feeling safe personally, but worrying about the artists, especially the ones who toured the most. So just to be there and say, “What do you need? If it's money, then just say so.” And we can try and do something. Because there wasn't much else we could do other than offer support without the time to be really creative with a lot of tech.”***

**Interview B26, label manager, independent record label, Liverpool**



## Impacts on networking

As noted earlier in the report, extra-regional connections are of crucial importance to regional music economies. When discussing such networks, interview participants emphasised the work and time that is required to develop these networks, and to maintain them over time and space. Participants also emphasised the crucial role that face-to-face contact plays in building relationships that are crucial to the success of the business, whether this be at live music venues and festivals, industry events, or the premises of clients. This is a noted feature of the music industry, and of the creative industries more widely, with face-to-face interaction considered crucial to the building of personal and professional networks, developing relationships of trust, and the transfer of tacit knowledge. Furthermore, previous studies of the music industry have highlighted how, while relationship building and knowledge transfer can occur across organisational boundaries at-distance, such connections do not offer the same scope for trust as is afforded by frequent face-to-face and can therefore offer only a partial substitute for geographical proximity<sup>19</sup>. In this respect, the COVID-19 pandemic impacted on the ability to travel and the ability to have both planned and un-planned meetings and encounters that are so crucial to building new networks and opening up new business opportunities. Interviewees reflected on how, while online meetings platforms provided a useful stop-gap with existing established contacts, what was lost the potential for serendipitous yet crucial chance meetings.

***“Those are very difficult to quantify, those kind of chance encounters... [People] tend to hop around a fair bit. You know, one year here, two years there, and so it’s very, very easy in that regard to lose touch with people. And so, the way you remedy that traditionally is you see them at the bar at a show, or at Great Escape... in the Warner building you always would see someone ... those little things, impossible to quantify because you don't know who it might be, but the number of times you reconnect with someone like that... So that's been a huge plus again, as we start to come back to normality. If you do run into people, just bumping into them, it's crazy how often you got an email later, you know, we're working on this new thing.”***

**Interview B3, Director, independent record label, Manchester**

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<sup>19</sup> Watson, A. (2008). ‘Global music city: knowledge and geographical proximity in London’s recorded music industry’ *Area* 40(1), 12-23.

With face-to-face being considered as a pre-condition for entry into networks, the building of professional and social relationships, and the subsequent development of relationships of trust, the pandemic acted to further exacerbate the problems faced by regional music companies in accessing key intermediaries in London. One interviewee from a PR firm, for example, reflecting on his attempts to access journalistic networks in London during the pandemic, noted that it was impossible to set up 'cold-call' online calls with journalists based in London who were not already established contacts. Being new to the job as the pandemic began, and so lacking the established contacts of his colleagues, he explained how he had "learnt first-hand that it wasn't very helpful trying to get to know people just over email" (Interview 27, press officer, independent PR company, Manchester). E-mails could not provide a satisfactory introduction, compared to in non-pandemic times when industry events and live shows would provide opportunities to approach and meet journalists and discuss and promote artists. He noted that such forms of face-to-face introduction and engagement are "one of the most important parts of PR". As such, new digital technologies for networking were not able to overcome the issues of distance.

## ④ Digital shifts and innovations

### Digital transformations in the music industry

The music industry is recognised as a frontier sector of platformisation<sup>20</sup> and over the past two decades has been fundamentally changed by digitalisation and the emergence of music-orientated platforms and other platforms. This is not limited solely to the emergence of the major music streaming platforms as the primary vehicle for music distribution, but rather represents a broader digital transformation across all aspects of the music industry that has brought along with-it new ways of working, new platforms and services, new business models and opportunities, and also new challenges. Social media platforms in particular have had a fundamental impact on the industry, including in pioneering live streaming, and are known to be the most effective and efficient platforms for the exposure of music to audiences<sup>21</sup>. These changes, already underway, have been accelerated by the COVID-19 pandemic, which pushed more businesses, musicians and audiences onto digital services.

Streaming incomes have become an increasingly important part of the revenues of record labels, publishers and artists, while others have been able to position themselves in relation to the increasing nostalgia and desire for physical formats in the digital age. As was described in the previous chapter, the pandemic seems to have had differing impacts on these two types of companies, with digitally-focused companies better positioned to weather the storm. But digitalisation and platformisation provide opportunities for business growth and new business development beyond record labels. As independent artists and small independent record labels have become an increasingly important part of the music economy, as described in this report's introduction, spaces have opened for new forms of digital intermediary. In the North West region, large independent artist-focused intermediaries have emerged, . Sentric Music Publishing in Liverpool, for example, operate a music rights platform that enables independent artists and songwriters to collect royalties owed to them from the use of their music. Ditto Music, also in Liverpool, offers services that allow artists to release their music on major global streaming

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<sup>20</sup> Watson, A. and Leyshon, A. (2022) "Negotiating platformisation: MusicTech, intellectual property rights and third wave platform reintermediation in the music industry" *Journal of Cultural Economy* 15, 326-343

<sup>21</sup> Oliver, P.G. and Lalchev, S. (2022) "Digital Transformation in the Music Industry: How the COVID-19 Pandemic Has Accelerated New Business Opportunities" in Morrow, G., D. Nordgård, and P. Tschmuck (eds.) *Rethinking the Music Business: Music Contexts, Rights, Data and COVID-19*.

platforms, develop campaigns and track sales.. These regionally-based but internationally-focused intermediaries are offering services to regionally-based artists and labels for which they would otherwise have to seek intermediaries in London or another major music centre. They offer the opportunity to widely distribute music via the major global streaming platforms, and to collect royalties across multiple territories. In this regard, these intermediaries to some degree solve the issue of bridging North West networks with London and/or global networks, although it is important to note that the number of such intermediaries remains very small relative to the number found in a major centre such as London.

Social media platforms, streaming platforms and other open music platforms such as Bandcamp have not only allowed artists from the regions to reach broader audiences, but so too they have allowed music companies within the regions to extend their geographical reach. Not only do they provide promotional, showcasing and sales opportunities for artists already on rosters, but increasingly Artist and Repertoire (A&R) activities, i.e., the scouting through which music companies find new artists for their rosters, are increasingly undertaken online. This allows regional labels and other companies to identify artists from well outside the region, in ways that were more difficult when A&R activities were primarily focused on live music venues. Furthermore, contemporary A&R activities are also underpinned by the huge amounts of data that are being generated by platforms, including streaming figures, follower numbers, viewer totals, and fan engagement and reactions. As such, platforms enable companies not only to identify artists for potential deals based upon aesthetic judgements around their music, but also on more tangible indicators of likely commercial success. A number of interviewees described the importance of such data in selecting which artists to sign to deals, but also in determining the size and structure of the deal with artists, including the size of advances.

***“We use social media to track a lot of the talent we work with. Often using sites like Bandcamp, Instagram, Soundcloud and Facebook for A&R needs. We try to source bands from all over the world, so we often track down Canadian, Australian, American, Korean and European small venue tour schedules, label releases and music videos.”***

**Interview B16, label manager, independent records label, Manchester**

As such, new platforms are boosting opportunities to develop the extra-regional connections identified earlier in the report as being crucial for regional music firms. Yet, as was highlighted in Chapter 2, evidence from an earlier study suggests that the emergence of online A&R has resulted in the withdrawal of major labels from the UK regions, and as such has acted to exacerbate the

peripheral status of the North West relative to the London hub. For artists and labels across the region, this makes it far less likely that a London-based label, promoter, journalist or other intermediary, with reach beyond the region and access to national and global networks, will notice a regional act, with the exception of those able to stand out on saturated social media platforms. This in turn impacts the building of relations between regional independent labels and London-based major labels, something that is reflected in the relatively rare nature of ‘affiliations’ (business arrangements centred on incubating talent, increasing artists exposure and distribution) between North West regional independent labels and major labels. With the demise of physical A&R, a crucial bridge was broken between the regions and London, one which social media and other at-distance platforms have not been able to replace.

### Innovating in response to the pandemic

Discussions with interviewees revealed that digital and online technologies provided the opportunity to maintain activity and even innovate during the course of the pandemic. While for many firms this need was to some degree forced upon them, and for some experiments with new digital forms of activity had mixed success, for others, innovations had proven to have positive impacts on their business that persisted post-pandemic. As in other areas of the economy, face-to-face meetings shifted to online platforms alongside intensification of e-mail traffic. As noted in the previous chapter, these technologies were sufficient to maintain relations that were already established but were judged by interviewees to have limitations in terms of building new relationships, especially in the music industry where sociality, informality and serendipity play such a crucial role in the development of relations. Yet, there emerged some benefits from this in terms of diminishing some of the challenges of physical distance. One interviewee, for example, noted how difficult it has been to get London-based journalists to travel to the north to undertake press interviews with artists and bands. Subsequent to the pandemic, he noted that the use of zoom “definitely helps with things being London-centric” as zoom calls allow journalists to do interviews with northern artists without needing to travel but still being able to get some sense of the ‘story’ of the artist by seeing “their hometown and the local pub” online (Interview 27, press officer, independent PR company, Manchester). Such ‘storying’ of artists was mentioned by a number of interviewees as being crucial to them getting attention from the press.

Perhaps the most cited form of pandemic-induced innovation, given the closure of live music venues and the associated loss of live music incomes, was the live streaming of performances. This is something that happened right across the music industry, with many high-profile artists using new streaming platforms developed by innovative MusicTech start-ups, such as the Melody VR platform, to sell tickets for exclusive online shows with high-end production and audio. For smaller labels and



artists however, live streaming was a more modest affair, largely enabled by the live-streaming capacities of already existing social media platforms, such as Facebook live and Instagram live, as well as meeting platforms such as Zoom. One interviewee explained how “there was an initial panic - this is the end of the world and everything musically. And then sort of a stage of camaraderie where people tried to get a bit creative... zoom gigs and the split screen types of performances where people played instruments” (Interview B26, label manager, independent record label, Liverpool). These performances, it seems from responses, were not necessarily about generating direct income from any kind of ticket sale per se, but rather were more about allowing bands and labels to stay active during the pandemic, and keeping audiences engaged and creating social media content, with the hope of further driving sales of recorded music and keeping audiences ‘warm’ ready for the subsequent return of physical gigs.

However, while many interviewees noted that there were some initial positive experiences and a good reaction from audiences to live streams, there was also a consensus that the livestream ‘space’ became quickly saturated and audience interest quickly tailed off as the pandemic progressed. It was felt that live streams did not provide a suitable replacement for live music shows in physical spaces as they lacked the atmosphere, artist-audience interactions, and sociality of live music proper.

***“How were they received? Fairly good, actually. Better than I expected. I mean, I got to the point if I’m honest, where I didn’t want to see any more of them... Like when you realise that you can’t go and see gigs, it’s the next best thing, right, but... certainly people have been saying the interest in them was good in the early days of COVID, but like quickly tailed off.***

**Interview B13, Director, independent record label, Manchester**

***“We did one live streamed event ourselves. It went pretty well. And a few bands on the label did like live from lockdown. And they were done pretty well as well. It just it gave us stuff to be able to put on social media as well, and just get active. The downside of that, though, was that everyone was putting out stuff on social media and everyone was doing live performances during lockdown, and it just got a bit saturated after a bit.***

**Interview B14, label manager, independent record label, Manchester**

Despite this, given the scale of the adoption of live stream technologies and formats, as the pandemic eased there was a sense that livestreaming might be here to stay, especially in a hybrid-format where

live performances in physical spaces with an audience were streamed for a wider audience viewing online. Indeed, pre-empting this many venues began to invest in livestreaming technologies ahead of the return of live music, in an attempt to maximise revenues post-pandemic. Yet here again experiences of trying to innovate in this hybrid space were mixed, with one interviewee for example noting their own experience as one in which online ticket sales were not covering the cost of live streaming events.

Yet elsewhere, innovation in online spaces has successfully developed sufficient online audiences over the course of the pandemic such that hybridity has been successful post-pandemic. The Manchester-based label and promotions company Scruff of the Neck developed one of the most notable and forward-looking innovations amongst independent music companies nationally in setting up ‘Scruff of the Neck TV’<sup>22</sup> on the online streaming platform Twitch during the pandemic. Subsequent to the pandemic, the Twitch channel has continued to generate large audiences and, in the summer of 2022, live streamed performances from a major music festival.

***“At that point we were all thinking, gosh, is livestreaming here to stay? And loads of venues were buying equipment... So, I wanted to experiment with hybrid live shows to see what audiences were doing, to see whether it could be sustainable... We put on 15 shows, and we also turned them into virtual showcases. It was a flop. I don't think it works... none of the live streams pulled in an audience big enough to cover the actual costs of the filming. So, I am now convinced the hybrid and live streaming gigs of the kind of quality we were going for just were not the right thing. And now you've got all these venues, all this fancy camera equipment and nothing to do with it.”***

**Interview B7, Chief Executive, talent development and music export organisation, Manchester**

Innovations continue to happen in the live streaming space to the benefit of smaller record labels and independent artists. The online music distribution platform Bandcamp, for example, has recently launched ‘Bandcamp live’<sup>23</sup> streaming and listening party service, building on some of the online innovations around monetisation, gifting and live chat first seen in platforms such as Twitch. One

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<sup>22</sup> Scruff of the Neck TV <https://www.twitch.tv/scruffoftheneck> (accessed 20/10/22)

<sup>23</sup> Bandcamp Live [https://bandcamp.com/about\\_live](https://bandcamp.com/about_live) (accessed 20/10/22)

interviewee described how “We are doing some live stream stuff, now that Bandcamp has introduced a live streaming platform that's really good because it integrates with their sales platform as well, so you can do really cool launch party events and that sort of thing, and all the sales channels are integrated into it, so it's quite a good way of shifting units as well” (Interview B14, label manager, independent record label, Manchester).

### **Case study 1:**

#### ***Scruff of the Neck TV***



During the UK pandemic lockdown, the Manchester-based label and promotions company Scruff of the Neck, together with the Twitch live-streaming platform, launched Scruff of the Neck TV, an Indie, Rock, Alternative and Pop music channel broadcast globally on Twitch.tv from the company's Manchester studio which had been re-fitted specifically for Twitch broadcasts. The regular shows offered not only live music performances of high production and audio quality but harnessed the Twitch platform's capability for two-way dialog between the artists and audience, giving fans the opportunity to connect and engage with artists in new and innovative ways. Operating the channel through the Twitch platform not only represented a forward-looking move as audiences and artists were moving on to the channel en masse through the pandemic, but also allowed the company to monetise the channel through Twitch's system of subscriptions and online tipping. The success of this innovation was such that not only did it make Scruff of the Neck one of the most high-profile innovators during the course of the pandemic, but the channel has also continued post-pandemic and streams live every Monday evening, having some 14 million views by the summer of 2022. Furthermore, in the summer of 2022 Scruff of the Neck TV successfully innovated in the hybrid space, live streaming from the company's stage at the Y NOT? Festival in Derbyshire.

Aside from live streaming, there were other innovative responses in terms of how firms sought to continue to raise their profile while some traditional activities and outlets were not available to them. One interviewee for example, when discussing his company's response to pandemic, noted how “In a way it motivated us. Our bread and butter up till that point had always been the gigs, they were our primary source of label income... So we worked on expanding and promoting our shop and continued to highlight the new music we would want promoted via a weekly radio show hosted on North Manchester FM and distributed to UCLA FM and RAK Rock Radio in Los Angeles and Dubai.” He went on to say that “we're happy to be back working gig nights again but have definitely stepped up our

game in diversifying our business model” (Interview B16, label manager, independent record label, Manchester).

### Case study 2

#### *Global Music Match*



Created in collaboration between founding partners Sounds Australia, Showcase Scotland Expo and East Coast Music Association (ECMA), along with export organisations and showcase events from around the world, including the North West region of the UK, Global Music Match is an initiative created to continue raising the profile of local artists in international music markets. The program represents a unique response to the limitations imposed on the music industry by COVID-19 that makes use of social media and peer-to-peer collaboration to increase networks and exposure for export-ready artists internationally. The programme aims to develop new audience bases for artists in a range of international locations, providing a groundwork for future international touring development, as well as supporting participating artists to upskill their social media activity, and encourage cross border artist collaboration. To date, the programme has worked with 172 bands from 18 countries.

Another interviewee, reflecting on how during the pandemic “we missed our direct geographical professional networks” explained how people in his network of export offices sought to find new to digitally connect musicians in ways which help them to network despite the pandemic, and looking to overcome geography as a barrier for collaboration. The result was a programme called ‘Global Music Match’<sup>24</sup>, outlined in Case Study 2. He noted how “those kinds of things are the kind of stuff that could never have happened without the pandemic... the concept of removing geography as an industrial barrier is amazing”. The interviewee here refers to the role of the pandemic in necessitating such an initiative, but also the ways in which new technologies are eroding geographical barriers to creative collaboration, performance, promotion and audience building. These new technologies – in particular, live streaming, both via existing social media platforms and new dedicated live streaming platforms such as Twitch - were in development prior to the pandemic, but have been accelerated by

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<sup>24</sup> Global Music Match <https://www.globalmusicmatch.com/> (accessed 20/10/22)

it, and now represent a ‘new paradigm of engagement’<sup>25</sup> which will continue to shape the way artists engage both with each other and their audiences into the future.

Yet another example of innovation around profile raising is outlined in Case Study 3, in which an industry-focused podcast allowed Manchester music production company Gas Music to raise its profile significantly during a period in which activity was otherwise slow, and subsequently benefit from this enhanced profile as advertising and music production work recovered post-pandemic.

### Case study 3

#### *Having a GAS with...*



Gas Music is a music production agency based at Media City in Salford Quays, Manchester, who compose and produce original music, create sound design, and undertake audio post-production. In May 2020, at the height of the first UK lockdown, the company made the decision to experiment with innovative ways of marketing the company and extending and increasing its reputation and customer base. The result is the ‘Having a GAS with...’ podcast series, in which a team member from Gas Music talks to preeminent professionals from the creative industries on an informal basis about their work, especially those involved in producing for film, television and advertising. Through attracting star industry names to their early podcasts, such as recording engineer Steve Albini and the Chairman of Saatchi and Saatchi Richard Huntington, the podcasts quickly developed a large audience across multiple podcast platforms. The podcasts are also video recorded and available via a dedicated YouTube channel. The podcast indicated to clients the firms’ continued activity during the lockdown period, providing important promotion for the firm to win contracts during the pandemic period, and subsequently a boost to growth post-pandemic. The podcast continues to run and at the time of writing had reached 62 episodes and continues to attract high profile guests from across music and the creative industries.

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<sup>25</sup> Frenneaux, R. and Bennett, A. (2021). ‘A new paradigm of engagement for the socially distanced artist’ *Popular Music and Society* 8(1), 65–75.

## ⑤ Supporting Regional Music Businesses

### Mentorship and coaching

When questioned regarding what kinds of support mechanisms interviewees would like to see put in place, perhaps the most extensively and intensively discussed was the issue of mentorship. For many interviewees, and especially those who had founded their own businesses and had experienced the early stages of business operation, mentorship was seen as a mechanism for learning both general business management, as well as the specific facets of operating a business in the music industry, including for example legal issues around recording contracts and music rights.

***“...maybe we should be considering mentorship schemes for people that would like to set up labels, what you have got to learn in the early days, how to do releases... how to how to do a deal with somebody, how to fill in your tax return, you know, those sorts of things.”***

**Interview B26, label manager, independent record label, Liverpool**

For the majority of those running their own businesses, there had been a significant degree of learning-on-the-job, which had almost inevitably resulted in decisions being made which when viewed in retrospect were seen as mistakes. These mistakes had often had financial implications or had otherwise been detrimental to the development of the business. It was felt by interviewees that such mistakes were common to many music industry businesses and having the right mentorship in place at the early stages business development may help to avoid the more common mistakes.

***“...there were a lot of mistakes during that planning process, which, you know, it would have been quite nice not to make, some of them quite expensive. So, yeah... mentorship would have been good.”***

**Interview B14, label manager, independent record label,**



Forms of mentoring programmes do currently exist within the region. The Sound City music festival, for example, offers the ‘Launch Training’ programme<sup>26</sup>, a free 10-week course which amongst other elements offers a 6-12 month mentoring programme, on a competitive application basis. As one interviewee involved with the organisation of the festival explained, “I’m a big fan of having a mentor, and a big fan of being a mentor... with Sound City, we run our own training programmes, which we have done for several years. And mentoring is a very integral part of those programmes” (Interview 24, CEO, independent record label, Liverpool). The programme provides a range of benefits to individuals, as well as having broader strategic aims relating to the city and region. The scheme is supported through public funding from Arts Council England.

There are also programmes for artists specifically, rather than businesses per se. As one example, the ‘Propellor’ programme to support new musical talent, run by the Future Yard live music venue in Birkenhead<sup>27</sup>. Members are provided with regular access to rehearsal studios a dedicated industry mentor to work through a personalised development plan, and a programme of workshops and masterclasses, again on a competitive application basis. Another example is the LIMF Academy<sup>28</sup>, hosted by the Liverpool International Music Festival (LIMF), supported by Culture Liverpool and the Arts Council. Aimed at artists, bands, producers, and DJs between the ages 16–25 from across Merseyside. With entry on a competitive application basis, academy gives emerging talent exclusive access to activities and insider know-how from the music industry, performance opportunities, and financial investment in their career.

Yet, while undoubtedly of great benefit to those able to access these courses, such mechanisms inevitably have limited capacity in terms of the number of people able to receive training and mentorship. While recognising the benefits of, and need for, a broader mentorship programme across the region, interviewees had questions as to how this might work in practice. Two key issues were raised. First, there was the question of pay and reward for mentors. Many who have experience within the industry undertake mentoring on an informal basis out of good will. Yet it was recognised that if this was to be formalised in some way, then mentors must be remunerated. However, outside of programmes such as Sound City’s Launch Training programme which received Arts Council funding, it is not clear how such a scheme across the region might be funded.

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<sup>26</sup> Sound City Launch Training programme <https://www.soundcity.uk.com/training-about> (accessed 06/10/22)

<sup>27</sup> Propellor @ Future Yard <https://propeller.futureyard.org/> (accessed 06/10/22)

<sup>28</sup> LIMF academy <https://www.limfestival.com/onrecord/limf-academy-2021/> (accessed 06/10/22)

***“I think one of the biggest things is there should be a financial incentive for the mentor. Their value needs to be reflected... I think we've got to be financially rewarded because it's time consuming and people have enough to do.”***

**Interview B23, label manager, independent record label, Leeds**

***“I think a lot of the time in the music industry that there's an expectation that people do a lot out of goodwill because they love to support music and so on... that's all well and good, but you need to find a mechanism to reward people for doing it.”***

**Interview B26, label manager, independent record label, Liverpool**

The second issue raised was the availability of a sufficient number of people within the region with the requisite experience to be able to provide meaningful mentorship to those starting out in the industry. Questions were posed as to what might be considered as ‘success’ within a regional music economy where the number of medium-large companies is very small, and rather most business are typically small, run on a part-time basis and do not deliver a living wage. One interviewee for example posed the question, “Who do you get that's got the experience? The success not just to mentor artists, of course, but... for people who would like to set up labels” (Interview B26, label manager, independent record label, Liverpool). At the same time, one interviewee noted the need for mentors to have not only experience, but also to have maintained their love and enthusiasm for their work: “So it's having the balance of those with experience giving actual guidance but also, keep them enthusiastic about their dream. You don't want people putting people off by telling them it's too difficult” (Interview B26, label manager, independent record label, Liverpool). All of this suggests issues of experience, capacity and personality in creating regional programmes of mentorship.

Yet, the above notwithstanding, important mentorship can be obtained from outside the industry, in the form of more generic business support that be crucial for business development at a variety of stages of growth. As one interviewee noted, “in hindsight, what I would have loved is maybe often like someone maybe advice on the business side of things” (Interviewee B8, label manager, independent record label, Liverpool). Interviewees spoke about the need to better connect music industry businesses with wider city and regional business support mechanisms. Key issues mentioned in this respect included dealing with being self-employed, keeping account and understanding associated tax implications. In short, there was a need to support music industry businesses as *businesses*.

***“We're getting business support from a local manager... getting that kind of advice, if it's something that you don't know anything about, it can be invaluable, you know... For us, we've been doing it for a while, so it's reinforcing some ideas and just helping us think a little bit more about where we need to grow and how to develop.”***

**Interview B18, Director and Producer, music production company, Manchester**

## Financial support

The need for financial support was emphasised as being most acute in the early stages of business start-up. For record labels especially, small business loans are usually not an option because of the levels of risk to both the lender and borrower associated with investing in music artists who may not be commercially successful. Rather, for the majority of small labels, there is an investment of a very modest amount of personal capital into the company to fund initial deals. This places most start-up labels in an extremely precarious position financially, and money can take time and a number of subsequent deals to be recouped (assuming that one release makes enough money to fund the next), if not lost completely. As one interviewee explained, “What would have really helped is basically like a kind of an interest free loan or getting a business loan to get a record pressed. Because as soon as you get one record pressed, you can start selling them, keep the money for the next” (Interview B11, label manager, independent record label, Manchester). But further, it significantly limits the extent to which the release can be supported and promoted. Interviewees noted that even a relatively small loan, or more preferably a non-repayable grant to remove the risk of not being able to repay, would enable them to give their full support to early releases, increasing potential commercial success.

***“You've got great band there... it's going to need some seed funding to propel parts of the project. You don't need three or four grand... you need £250 for a photoshoot and another £400 for a press campaign. You just need these little bits to propel it, because at some point it's going to sustain itself.”***

**Interview B12, Managing Director, music management company, Manchester**

Yet, while the development of new financial support mechanisms for regional music businesses was seen as a good thing, discussions regarding the possible benefits of financial support were often also couched in terms of the need for mentorship, and in particular understanding how financial support might most productively be utilised. This was reflected in the comments from one interviewee who,

when asked to reflect on what support would have been useful when they started their record label, stated that “I think I would have said money, but then money's great, if you don't know what you do with it, it's not going to make a difference. So I think for me, mentorship is a great thing”. (Interview B23, label manager, independent record label, Leeds).

Furthermore, when discussing the potential for new funding mechanisms, a number of interviewees noted that often business and artists in the music industry are not aware of those that already exist. One interviewee noted that there needs to be “just awareness of those kinds of pots of money and how you apply for them... and support to apply for them as well” (Interviewee B13, Director, independent record label Manchester), while another noted that “a lot of people don't even know what the Arts Council is. Or even like... the EMI [Sound] Foundation” (Interviewee B9, label manager, independent record label and promoter, Manchester). Here, mentors or other forms of creative business-focused support can play a vital role in linking businesses with available sources of funding.

## Networking, community building and exposure

The final elements of support mentioned by research participants related to the interlinked issues of networking, community building, and increasing the exposure of local businesses and artists within, cities, the region and more widely. Already in the region, there are a number of high-profile local music events which are both showcases for local artists and music businesses, and which provide opportunities for networking and community building. Perhaps the most significant in this regard is Sound City in Liverpool, which alongside the music festival hosts the Sound City+ Conference for music industry professionals<sup>29</sup>, organised together with the Association of Independent Music (AIM). In 2019, Sound City extended its regional reach to Manchester, organising Sound City MCR together with the Manchester International Festival and Future Everything part of the Distractions music festival and conference. Aside from the type of formal conferences organised by Sound City, other music festivals and gatherings offer the opportunity for important informal social networking and community building and showcasing for local artists, such as The Manchester Punk Festival and LIMF.

Despite such events, there was a sense that more frequent networking and community building initiatives outside of yearly festivals would be a positive development for those working in music in the region, based on more flexible, accessible, and informal arrangements that would attract a wider variety of participants. As one interviewee explained, “I think there would be a lot of networking and a lot of business opportunities... but I don't know where you begin to get them together. I'd rather

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<sup>29</sup> Sound City+ <https://plus.soundcity.uk.com/> (accessed 06/10/22)

than be on those talking to one another and going for a pint” (Interview B3, Director, independent record label, Manchester).

***“Fostering a community is important. I think that could be done a bit better because there are undoubtedly ways that we could collaborate more than we are doing... and those who are doing best in the scene can almost be the rising tide that will raise all boats. That's where your conventions come in, panels, that type of thing, you know, to give people an education and understanding of what can be done and what's possible. I think that's always quite interesting, particularly regionally, because I think there is still a thought that everyone has to come through London, and it has to be done alone... I think just showing that it is possible to have a working business in this industry out of Manchester.”***

**Interview B3, Director, independent record label, Manchester**

The important role of live music venues in social networking and community building was covered earlier in this report, with reference to the COVID-19 pandemic. As such, a key element with regards to supporting regional music industry businesses is the continued support for live music venues in the post-pandemic period, both with regards to re-building audience confidence, and continuing to defend venues in the face of pressures from urban planning and localised noise complaints, including a review of the regulatory barriers to doing so<sup>30</sup>.

A number of interviewees discussed broader issues of exposure, brand recognition and advocacy, and distribution in the context of the need for regional (as well as the UK level) infrastructure and organisations to support small independent businesses in regional music economies in building broader audience and client bases. For example, while a limited number of the companies interviewed have arrangements with major corporations for distribution, for many companies it is a case of using third-party distributors with varying levels of success and which are often ‘faceless’ services, and for other operating their own ad-hoc arrangements. This caused one interviewee to suggest the need for a regional distribution organisation with a greater supportive capacity.

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<sup>30</sup> See for example, Ballico and Carter (2018) ‘A state of constant prodding: live music, precarity and regulation’ *Cultural Trends* 27(3), 203-217

***“[The need for] a kind of Northwest based distributor who knew what they were doing. With a big enough knowledge of our business... Just having that would make a huge difference. People would be able to walk in to face to face meetings with people who know how to get your records on shelves and know what gets records off shelves... Those kinds of conversations would be great.”***

**Interview B7, Chief Executive, talent development and music export organisation, Manchester**

With regards to exposure, while the North West has intermediaries in PR and marketing, and regional music press and radio, these tend to be limited to local and regional in terms of reach, and those intermediaries with national and international reach remain almost exclusively located in London. With regional businesses finding it difficult to identify and engage these London-based intermediaries, this inevitably limits the exposure of regional music, labels and companies. It was felt that new regional organisations such as the Liverpool City Region Music Board and Greater Manchester Music Commission could play an important role in this regard. Further, another interviewee advocated for both regional and national level support for companies to increase music exports, of the sort found in many other countries.

***“We need to be thinking about music export and we should be thinking about preparing both artists and industry for exports. That's really key and understanding what other export organisations around the world want from the UK. The UK doesn't have a music export office. It's one of the largest and only European countries without a music export office.”***

**Interview B7, Chief Executive, talent development and music export organisation, Manchester**



## ⑥ Conclusions: towards sustainable regional music industries

### Conclusions

This report outlines findings from new primary qualitative research evaluating the health and future sustainability of firms in regional music clusters, following the COVID-19 pandemic, with a specific focus on the music economies of North West England and West Yorkshire. Prior research on the music economy in the North West region has demonstrated that, despite two decades of cluster-focused creative industries policies, the UK's regional music industry clusters remain significantly weaker, more precarious, and less well connected than the London hub. There are two specific pressing issues for regional music industry clusters to which this research has responded: first, the disconnection between the hub of the industry in London and regional music industry clusters, such that many regional companies struggle to gain access to key intermediaries; and second, the sustainability and precarity of regional music industry clusters that lack formal industry structures. These are issues that have become more pressing due to the impacts of the recent COVID-19 pandemic. In seeking to respond to these issues, the key findings from this research can be summarised as follows:

#### 1. Impacts of the COVID-19 pandemic

Findings suggest a mixed picture in terms of the impact of the COVID-19 pandemic on businesses revenues. A correlation can broadly be drawn between the nature of the impact and the proportion of revenue coming from streaming platforms and other digital music distribution strategies.

- For those labels and publishers who derive a large share of their revenues from digital music, the impacts of the pandemic on other non-digital revenue streams were to some degree offset by the continued increase in digital revenues. For some, increased digital engagement by music listeners during the pandemic actually resulted in greater revenues during that period.
- However, for the many small regional labels for whom physical products rather than digital music form the greatest share of label incomes, delays at record pressing plants resulted in significant delays in receiving vinyl and hence impacted revenues, despite online sales being buoyant during the pandemic. Furthermore, the closure of retail outlets, and for an even longer period of live music venues, had a significant impact on sales.

Many people running small labels - on which they do not depend for their main incomes - were not directly impacted from down-turns in label revenues, being able to continue to work or being protected by furlough schemes. The pandemic did however significantly impact the incomes of musicians and artists. Musicians were not typically able to take advantage of any type of furlough scheme or government support, and there was wide criticism of the lack of government support for musicians and music venues during the pandemic.

### **2. Digital shifts and innovations: moving beyond the pandemic**

Over the past decade and more, the music industry has been fundamentally changed by digitalisation and the emergence of music-orientated platforms and other platforms. These changes, already underway, have been effectively accelerated by the COVID-19 pandemic, which pushed more businesses, musicians and audiences onto digital services. Digital and online technologies provided many businesses with the opportunity to maintain activity during the course of the pandemic and even to innovate. Some innovations had proven to have positive repercussions that persisted post-pandemic and offer an insight into the future of digitally-intermediated business in the music industry. The following developments in particular are noted:

- Streaming incomes have become an increasingly important part of the revenues of record labels, while others have been able to position themselves in relation to the increasing nostalgia and desire for physical formats in the digital age.
- As independent artists and small independent record labels have become an increasingly important part of the music economy, spaces have opened for new forms of digital intermediary in regional music economies. Many of these intermediaries have national and international reach, offering services to regionally-based artists and labels for which they would otherwise have to seek intermediaries in London or another major music centre. As such, they help regional actors overcome some of the issues related to the difficulty of accessing intermediaries in London. Yet, the number of such intermediaries in the region remains limited, meaning that many firms continue to need to access intermediaries outside the region.
- Social media platforms and streaming platforms have not only allowed artists from the regions to reach broader audiences, but so too they have allowed music companies within the regions to extend their geographical reach. They provide promotional, showcasing and sales opportunities for artists already on rosters, and increasingly Artist and Repertoire (A&R) activities are undertaken online, allowing regional labels to reach out well beyond the region in their search for talent. However, at the same time, online A&R has resulted in the withdrawal of major labels from the UK regions, making it more difficult for regional artists and labels to

develop relationships with the majors and so exacerbating the peripheral status of the North West relative to the London hub.

- Platforms, and the data provided by them, enable companies not only to identify artists for potential deals based upon aesthetic judgements around their music, but also on more tangible indicators of likely commercial success. Data now plays a crucial role in selecting which artists to sign to deals, and in determining the size and structure of the deal with artists, including the size of advances. If used effectively, insights from data can offer companies a significant competitive advantage.
- The most cited form of pandemic-induced innovation was the live streaming of performances, enabled by the live-streaming capacities of already existing social media platforms. Although audience interest quickly tailed off as the pandemic progressed, there is a sense that livestreaming is likely to persist in hybrid-formats where live performances in physical spaces are streamed for a wider audience viewing online, with some companies adopting such a strategy successfully. Furthermore, platforms such as Twitch and Bandcamp continue to innovate with live streaming, providing opportunities for small regional music businesses to showcase, promote and monetise their artists.

## Building sustainable regional music industry clusters

The COVID-19 pandemic has acted to further expose some of the existing vulnerabilities of regional music economies and emphasise just how difficult it can be to start and grow sustainable music businesses and follow a full-time career in music. But responses to the pandemic amongst businesses also potentially point towards some developments that could help to build more sustainable music clusters. Businesses focused predominantly on digital distribution were largely able to weather the storm, with some even increasing revenues during the pandemic. The pandemic has forced, coerced or encouraged businesses to engage with the digital and to innovate with new ways of showcasing, promoting and distributing music, and examples abound in the data of where such strategies have been successful and have resulted in longer-term strategic change. Innovators have stood out during this period, and others will no doubt subsequently begin to emulate them. Engagement with digital platforms and distribution services brings with it the benefits of new forms of data and intelligence that can inform marketing strategies, A&R strategies and business models/deals with artists. Across the region, new forms of digital platform-based intermediaries with national and international reach are emerging to service a growing independent music economy, reducing the need to seek access to intermediaries elsewhere and bridging geographical scales.

Yet, while strengthening digital intermediation offer many opportunities, there remain fundamental challenges that digital technologies alone cannot overcome, and which can make the opportunities

more difficult to capitalise upon. These challenges reflect the sector-specific characteristics of how the sector operates. For example, while new digital meeting platforms have enabled some aspects of music work to be undertaken at-distance, interview responses suggest that the music industry cannot operate effectively through digital intermediation alone, with digital interactions at-distance offering only a partial substitute for geographical proximity with regards to building social networks, communities of practice and relationships of trust. Relatedly, there are also a series of other day-to-day operational challenges for individuals running music companies for which digital intermediation cannot provide a ready solution. These include, amongst others, gaining understanding of how to operate a music business, how to secure finances to start and grow a music business;; and how to undertake marketing and promotion across multiple geographical scales, set in the context of a saturated music market. Despite digital intermediation platform innovations, the presence of a supporting physical infrastructure also remains vitally important. The following section presents a series of policy considerations, focused on the above issues as they relate specifically to the music economy of the North West, which have emerged directly from the grounded qualitative data gathered in this research project.

### Summary of policy considerations

Based on the findings from this research, the following five inter-related considerations for local and regional policy makers are highlighted. While these considerations are grounded in data obtained from those working with the regional music economies of the North West and West Yorkshire, and thus are to some degree specific to the region, these findings are likely to be a broader relevance to local and regional policy makers across the UK.

#### **1. Developing local and regional mentorship mechanisms**

The need for mentorship mechanisms can be considered in two forms. First, it is important to consider music industry entrepreneurs and firms as *businesses*, and in this sense, there is a need to better connect those working in the music industry with wider city and regional business support mechanisms. Second, there is the need for music industry-specific mentorship that covers specific facets of operating a business in the music industry. Two key issues were raised with putting mentorship schemes into practice, however. First, there was the question of pay and reward for mentors, and how such schemes might be funded. The second issue raised was the availability of a sufficient number of people within the region with the requisite experience to be able to provide meaningful mentorship to those starting out in the industry.

**Policy recommendation: the creation and funding of regional music business mentorship schemes.**

## **2. Creating schemes for financial support**

The need for financial support for music industry companies is most acute in the early stages of business start-up. Yet, standard small business loans from high-street financial institutions are usually not an option because of the levels of risk to both the lender and borrower associated with investing in music. This places most new companies in an extremely precarious position financially. Relatively small industry-specific loans, or more preferably forms of non-repayable grant, would enable them to give labels their full support to early releases, increasing potential commercial success. Yet, alongside financial support mechanisms, mentorship is of crucial importance, both to advise new companies on potential sources of financial support, but also to advise on how funds might be best deployed.

**Policy recommendation: funding a regional music-industry specific small business loan or grant scheme for new businesses.**

## **3. Creating networks and building communities**

While there are several high-profile local music festivals and events which provide opportunities for networking and community building, more frequent local and regional networking and community building initiatives outside of yearly festivals would be welcomed by those working in the music industry. Such networking should be based on flexible, accessible, and informal arrangements to increase inclusivity. A goal of network building should also be to foster extra-regional networks with other regions: extra-regional networking forms an important part of the activities of many companies in the region, unlocking a range of social and economic opportunities.

**Policy recommendation: developing frequent, flexible, and accessible arrangements for music industry networking across the region and seeking to extend networking opportunities beyond the region.**

## **4. Increasing exposure and promotion of regional music companies**

High-profile music festivals and events provide important showcases for local artists and music businesses. Yet, more broadly in terms of exposure, intermediaries with national and international reach remain almost exclusively located in London, and regional businesses often find it difficult to identify and engage these intermediaries. This limits the exposure of regional music, labels and

companies. It was felt that new forms of promotional and distribution organisations could help regional companies gain exposure across other UK regions and internationally.

**Policy recommendation: formation and funding of a regional music export office (also a national-level consideration) and regional music distribution service.**

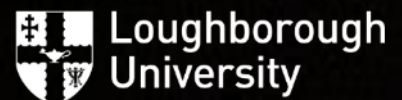
### **5. Supporting venues and building new music infrastructure**

The need to better support live music venues is now well recognised. These venues play an important role not only in their own right, but also with regards to social networking and community building across the music economy more widely, providing wider economic benefits. There remains a need to re-build audience confidence and to defend venues in the face of pressures from urban planning and localised noise complaints. Urban planning pressures are also resulting in the loss of other crucial infrastructure, such as recording studios and practice spaces, which play a crucial role in artist careers.

**Policy recommendation: continue to develop support mechanisms for live music venues and other physical music industry infrastructure and review the planning and regulatory barriers to doing so.**



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