



Foreign Affairs and
International Trade Canada

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Canada

The Canadian Trade
Commissioner Service

German Music Industry 2012 - Market Report -

Embassy of Canada in Berlin

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Quick Facts

Market Overview¹

- With a population of 82 million, Germany is the largest consumer market in the EU. It is also the largest economy in the EU accounting for 20% of EU27 GDP. Despite the Euro crisis, real GDP grew by 3% in 2011.
- The German market for sound recording and music, valued at more €1.67 billion, is the 3rd largest in the world after the US and Japan, and followed by the UK and France. The market shows a stable development: for the first time in 15 years, the German music industry did not experience a decline and even expects an upward tendency for 2013. (see table 1 below)
- Physical sales remain the backbone of the German music industry, accounting for 74% of revenue share. The share of digital sales is growing rapidly increasing by 21% to 16.6% in 2011. 40% of sales are generated by e-commerce.
- The most popular music genres are pop (38.5%), rock (19.4%) and classical music (7.1%). (see table 2 below)

Table 1: CD remains the most important source of revenue. Share of digital sales is growing.

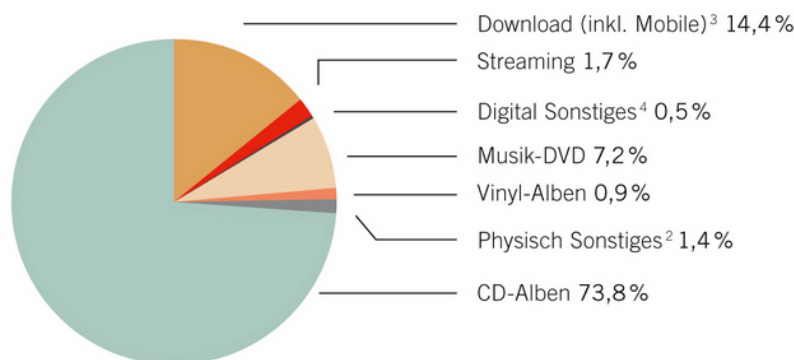


Table 2: Pop, rock and classical music are the most popular music genres (in %)

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------|------|------|------|------|------|
| Pop | 35.5 | 35.0 | 35.0 | 36.0 | 38.5 |
| Rock | 19.8 | 20.7 | 18.9 | 19.9 | 19.4 |
| Classical Music | 7.5 | 6.8 | 7.8 | 7.5 | 7.1 |
| Jazz | 2.1 | 1.7 | 1.6 | 1.4 | 1.6 |
| Folk | 1.7 | 1.7 | 1.5 | 1.6 | 1.6 |

¹ Source: all data concerning the German sound recording industry are taken from the annual report 2011 of the Federal Association of Music Industry (Bundesverband Musikindustrie) <http://www.musikindustrie.de/branchendaten/> (available in German)

Future trends and recent market developments

- The digital music market in Germany is developing rapidly and will likely expand its market share. Over the last seven years, turnover has increased twentyfold to € 247 million. 70 online music services are active in Germany.
- Legal downloads experienced the highest growth accounting for a total of 28.8% in 2011. Amazon.com added downloads to their e-commerce portfolio in 2009, which was followed by the consumer electronics chains Saturn and Media Markt in 2011.
- Streaming is still a rather small market segment with a turnover of € 26 million generated through advertisements and subscription services. However, the segment has become very dynamic with providers such as simfy and spotify entering the market.
- Revenues from single CDs, ring tones and audio cassettes are declining. They have lost importance due to new online applications and products that are available in the market.
- The German market for events and live concerts generated record sales of € 3.9 billion in 2011 following a decline in 2008 and 2009. The event sector has experienced a growth of 24% since 2009. In general, the event market is gaining importance as an alternative source of revenue for artists. Ticket prices are also increasing. The average in 2011 price was € 32.30 – an increase of 8% compared to 2009. On average, visitors go to 3.7 concerts/events per year, resulting in yearly spendings of € 120 per visitor. One example where the live market plays a significant role is in the jazz genre: while its sound recording market share is only 1.6%, its share of the live market amounts to 13%. (see table 3 below)²
- Unlike the Canadian content requirements for Canadian radio and TV broadcasters, there is no such quota for German music in the media. Still the share of 'music made in Germany' shows an upward trend. National productions rose from 49% in 2010 to 55% in 2011. Numerous German newcomers show a trend towards German-speaking pop music.

Table 3: The live event market is gaining importance and generated record sales in 2011

| | 2007 | 2008 | 2009 | 2011 | 2009 vs. 2011 |
|-----------------------------|-------|-------|-------|-------|---------------|
| Visitors (m) | 34.0 | 23.7 | 30.7 | 32.9 | 7% |
| Sold tickets (m) | 127.3 | 118.7 | 106.4 | 122.1 | 15% |
| Total turnover (m€) | 3.872 | 3.608 | 3.173 | 3.943 | 24% |
| Price per ticket (€) | 29.45 | 30.39 | 29.83 | 32.30 | 8% |

Obstacles

- Germany has been fairly successful in its efforts to prevent illegal downloading. Since 2004, judicial investigations have more than halved such activity, even though the number of people with high-speed internet has simultaneously quadrupled. Before counter-piracy measures were introduced, illegal downloads registered at 602,000,000 (2003). Most recent figures from 2009 suggest 258,000,000 illegal downloads. And with the increase of legal downloads, the ratio improves further. According to Jupiter Research, Germany is the country with the lowest piracy rate in Europe.
- In 2009, there were still five or six illegal downloads per legal download. But users are increasingly aware of illegal activities and make use of legal loopholes. One solution to this problem is the introduction of warning notices about possible sanctions. According to the Revised German Copyright Act of 2012, providers are obliged to hand out IP-addresses in case of infringement. Rights holders send written warnings and claim compensation. However they are criticised for often claiming disproportional amounts.

² Source: Market research of consumer behaviour of concert and event visitors in Germany by the Federal German Association for the Promoters and Event Business (bdv) http://www.veranstaltungswirtschaft.de/en_sector_studies (available in German and English)

Opportunities and challenges for Canadian artists

Opportunities

- The pop, rock and classical music genres will continue to dominate the German music market and represent opportunities for Canadian artists.
- The German market for sound recording and music is the 3rd largest in the world. 27% of Germans are average purchasers (four to nine items per year) accounting for 36% of market turnover.
- There has been a significant rise in the use of music via digital channels which presents opportunities for Canadian artists looking for exposure in Europe. New online distribution channels and online music services give rise to new market opportunities. If sufficient marketing is done in social networks in Germany, interested German consumers may look to purchase Canadian music online, instead of shopping in retail outlets.
- Various Canadian government departments and Canadian cultural associations offer funding and support services for artists and small- and medium-sized enterprises (SMEs) looking to export their talents internationally. The Foundation to Assist Canadian Talent on Recordings (FACTOR) and Musicaction offer assistance through the Canadian Music Fund to produce, distribute and market Canadian music internationally. The Cultural Human Resource Council (CHRC) also provides an excellent information service for Canadian SMEs focused on arts and culture that consider exporting their goods and services.
www.factor.ca,
www.musicaction.ca
www.cimamusic.ca
www.pch.gc.ca/eng/1267201611990 (CMF)
www.culturalhrc.ca

Challenges

- The German music market is highly competitive. Artists have to find a way to differentiate themselves from the competition in order to get the audience's attention among the enormous choice of music that is offered to them on the market.
- There is no popular radio station with a nation-wide reach. There are also strong regional differences in music taste. Getting radio airplay in one province does not necessarily mean that the same artists will get airplay in another province. Therefore, promotional activities may turn out to be more extensive in Germany than in other countries.

- Since the German music market is highly decentralized, Canadian artists and companies in the music business are well advised to find reliable partners in Germany that have an existing network of contacts and will help to gain a foothold in the market.

Industry Events and Associations

Industry Events

- **C/o pop** (Cologne on Pop) is a festival for electronic music, indie, pop- and club culture held annually in Cologne in June. It has earned an outstanding reputation as a gathering point for creative industries and has grown to become one of the most important music events in Germany. In 2012, the event attracted over 30,000 visitors as well as 150 national and international artists. The conference on creativity and business which took place at the same time also attracted an additional 1000 industry professionals. In 2013, c/o pop will take place from June 19 – 23. <http://www.c-o-pop.de>
- **Reeperbahn Festival** is a three-day music festival in Hamburg taking place in September. Originally designed as a festival for 'consuming' music, the Reeperbahn festival also developed into a meeting point for the professional music industry. 2012 marked a record year for the B2B part of the festival with 2124 delegates - a plus of 40% in trade visitors. The Reeperbahn music festival also attracted more visitors than the year before and sold 25.000 tickets compared to 17.500 in 2011. With 25 European and 5 non-European music trade promotion offices represented at Reeperbahn, the international music industry recognizes the importance of this event and uses this platform to promote their respective national music industries. In 2013, the Reeperbahn Festival will take place from September 26 – 28. <http://www.reeperbahnfestival.com>
- **Berlin Music Week** (BMW) was launched in 2010 and now takes place annually in September, incorporating the former Popkomm festival and trade fair as well as the all2gethernow industry conference. BMW is supported by the city of Berlin as well as the Association of Independent Music Producers (*Vorband unabhängiger Musikunternehmen*, VUT). BMW focuses on the pop/rock genre. In 2013, it will take place from September 4 – 8. <http://www.berlin-music-week.de/en>
- **JazzAhead** is a tradeshow and festival specialised on jazz music. It takes place in the city of Bremen, located in the north of Germany. As a combination of trade fair, festival and conference, JazzAhead addresses industry professionals as well as music-lovers. It offers an excellent networking platform for the European and international Jazz scene. In 2013, JazzAhead will take place from April 23 – 28. <http://www.jazzahead.de/en>

Associations

- **Bundesverband Musikindustrie (BMVI, Federal Association of Music Industry)** is the central association for approximately 280 labels and other companies active in the music industry. The BMVI advocates to German government, media and the public at large on behalf of the German music industry. It also represents the German music industry on the international stage. BMVI is one of 70 members of the International Federation of the Phonographic Industry in London.
www.musikindustrie.de
- The **Association of Independent Music Producers** (*Verband unabhängiger Tonträgerunternehmen, VUT*) partners with other German and international associations to promote and advocate on behalf of German SMEs in the music industry, both at home and abroad. Members include independent record companies, publishers and producers. VUT lists all their members on their homepage. It is therefore a good source to search for German companies and company information.
www.vut.de
- In 2007 the German government approved funding of one million Euros for the so-called **"Initiative Musik"**. It thus paved the way for the establishment of this non-profit company. With the "Initiative Musik," the government is pursuing the aim of promoting popular music in Germany within a public-private partnership with the Collecting Society for Performing Artists, Producers and Promoters (*Gesellschaft zur Verwertung von Leistungsschutzrechten, GVL*), the German Council of Music (*Deutscher Musikrat*) and the Society for Musical Performing and Mechanical Reproduction Rights (*Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, GEMA*). The work of "Initiative Musik" is based on three pillars: promotion of young talents, cultural integration as well as export development. In addition, GVL and GEMA support the initiative with 150,000 Euros each.
www.initiative-musik.de/en
- The **Society for Musical Performing and Mechanical Reproduction Rights** (*Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, GEMA*) is the German collecting society. GEMA has been criticized for an intransparent "rate jungle" applied to various events. Therefore, there are plans to introduce a new tariff structure in 2013 that will consolidate eleven categories into two. Details are negotiated in early 2013. www.gema.de/en

Selection of music companies, publications and events

Selected Independent Labels

The selected companies are labels that have already signed Canadian artists in the past or who enjoy a particularly high reputation in their specific music genre.

Pop/Rock

Edel is a major-independent label based in Hamburg. It also acts as distributor with pressing and printing capabilities. Edel is considered a major-independent because it has acquired a 7% market share. It has signed many international artists, particularly from the US, the UK and the Scandinavian countries. Canadian artists include the rock band SAGA. (www.edel.com)

City Slang is a label in Berlin that has signed German and international artists. The label formed a partnership with the Canadian label arts&crafts. Example of Canadian artists at City Slang are Arcade Fire, Broken Social Scene as well as Malajube. (www.cityslang.com)

ferryhouse from Hamburg is developing new talent, mainly from Germany but also artists from other countries. It recently signed Canadian artist Jill Barber. (www.ferryhouse.com)

Glitterhouse Records in Beverungen counts several artists from Germany, North America and Australia in their portfolio. Canadian artist Karoline Keating is one of them. (www.glitterhouse.com)

Grand Hotel Van Cleef is a Hamburg-based label devoted to German and international guitar pop. Canadian artists include Imaginary Cities. (www.ghvc.de)

Strange Ways - The name speaks for itself: The Hamburg-based label wants to distinguish itself from mainstream. They focus on folkpop, singer/songwriter and alternative rock. Canadian band Evening Hymns is signed with the label. (www.strangeways.de)

Jazz

ECM in Munich started as a platform for contemporary jazz and has now developed into an international platform that set industry standards with recordings by artists such as Keith Jarrett and Jan Garbarek. (www.ecmrecords.com)

Enja is a Munich-based independent jazz label that specializes in modern mainstream and moderate avant-garde. (www.enjarecords.com)

Skip, located in Hamburg, covers high-quality mainstream. (www.skiprecords.com)

Folk

Blue Rose in Abstatt is specialized on alternative country and roots rock mainly representing artists from the US on the German and European market. The label has signed various Canadian artists such as Skidigger, Leeroy Stagger and Trevor Alguire. (www.bluerose-records.de)

Magnetic Music Label in Reutlingen organises festivals and tours in the European Celtic music scene. (www.magnetic-music.com)

Blue Music Café in Berlin is devoted to acoustic music but is also open to other genres. (<http://www.bcb-records.de>)

Concert Organizers and Promoters

The following selected companies have already worked together with Canadian acts.

a.s.s. Concerts in Hamburg, e.g. Canadian artists Jonas & The Massive Attraction and Ron Sexsmith (www.assconcerts.com)

FKP Scorpio Konzertproduktionen in Hamburg, e.g. Billy Talent. FKp Scorpio is also Europe's biggest festival organizer, e.g. Hurricane, Southside (www.fkp Scorpio.com)

Gastspielreisen Rodenberg in Berlin. Canadian artists include Evening Hymns and The Wooden Sky (www.gastspielreisen.com)

Karsten Jahnke in Hamburg, e.g. Neil Young, Bryan Adams. Karsten Jahnke is one of Europe's leading Jazz promoters. (www.kj.de)

Marek Lieberberg Konzertagentur in Frankfurt/Main. Canadian artists include Nelly Furtado and Avril Lavigne (www.mlk.com)

target Concerts in Munich. The concert organizer counts numerous Canadian artists in its portfolio, mainly from the indie rock genre: Counterparts, Hot Hot Heat, In-Flight Safety, Japandroids, Les Jupes, Memoryhouse, Metric, Nemeansno, Plants & Animals, Sum41, The Rural Alberta Advantage and Walk off the Earth. (www.target-concerts.de)

Specialized press covering national and international music topics

Rolling Stone The magazine appears monthly at a circulation of some 50,000 copies. The Rolling Stone mainly covers the music genres rock, pop and songwriter. It covers every aspect of pop culture, including the hallowed veterans of rock and the latest trends. (www.rollingstone.de)

Spex appears every two months and is sold at a circulation of more than 20,000 copies. Covered music genres are mainly indie, electro and hip hop. Subjects and articles focus on underground music, but also deal with mainstream. (www.spex.de)

Musikexpress appears on a monthly basis at a circulation of 50,000 copies. The magazine publishes extensive interviews with and articles about popular and well-known artists. They also offer reviews of new sound recordings and recent concerts. Musikexpress is spanning everything from pop, rock and electro to hip hop (www.musikexpress.de)

Intro is a magazine offered for free, financed through advertising revenues. It appears monthly with a circulation of 140,000 copies. Intro is an indie pop magazine that has long since opened up to electronic music as well. The magazine presents popular music also beyond mainstream. Apart from music, Intro focuses on fashion, film, art literature and games. (www.intro.de)

Music Festivals

Pop/Rock

Rock am Ring at Nürburgring and **Rock im Park** in Nuremberg are two rock music festivals held simultaneously in June. Both festivals have the same lineup with artists performing on both events. Together, Rock am Ring and Rock im Park can be considered as the largest festival in Germany with a total of 150,000 visitors in 2012. The lineup includes all the big names from the music scene, e.g. Linkin Park, Metallica and the Canadian band Billy Talent. (www.rock-am-ring.com, www.rock-im-park.com)

Hurricane in Bremen and **Southside** in Southern Germany are – similar to Rock am Ring and Rock im Park – two festivals taking place simultaneously in June. Their lineup covers the music genres rock, pop, indie and electro. Together, they count around 120,000 visitors per year. Among the performing artists are Mumford & Sons, Blink182, The Kooks and various German bands. (www.hurricane.de, www.southside.de)

New Pop Festival takes place in Baden-Baden in Southern Germany annually in September. Organised by the radio station SWR3, the event presents newcomers from Germany and abroad in addition to some well-known artists. In 2012, artists included Of Monsters and Men and Lana Del Rey. The festival welcomes around 50,000 visitors each year. The festival is broadcast on TV Germany-wide. (www.swr3.de/musik/new-pop-festival-2012/-/id=1466330/m224rf/index.html)

Melt! is a rock and electro music festival taking place in Eastern Germany in July. Melt! counts some 20,000 visitors. Among the headliners in 2012 was the Canadian musician Caribou as well as Gossip and Bloc Party. (www.meltfestival.de)

Haldern Pop is a rock and pop music festival near Düsseldorf taking place in August. The focus is on yet unknown artists from the indie, singer/songwriter and folk rock and pop genre. In 2012, 6,500 visitors attended the festival. Canadian singer-songwriter Patrick Watson performed in 2012. (www.haldern-pop.de/en)

Serengeti is rock music festival near Bielefeld taking place in July. The festival has expanded from a one-day to a three-day event in 2012 with visitor figures having doubled from 15,000 to 30,000. The lineup includes big national artists such as Seeed, Deichkind and Kraftclub as well as several international bands, e.g. Maximo Park or Bad Religion. (www.serengeti-festival.de)

Jazz

Deutsches Jazzfestival is the oldest German jazz festival taking place in Frankfurt in October. Every important German jazz musician has performed here and thereby stimulated the German Jazz scene. The festival also attracts many international musicians. 4,000 visitors attended the 43rd German Jazz Festival in 2012. (www.hr-online.de/website/specials/extended/index.jsp?startrubrik=57993)

JazzFest Berlin takes place in November each year. The jazz festival enjoys a reputation as a progressive and at the same time tradition-conscious. In 2012, among the artists were the US jazz pianist Geri Allen as well as the icons Archie Shepp and Wayne Shorter representing the Afro-American jazz scene. (www.berlinerfestspiele.de/de/aktuell/festivals/jazzfest/ueber_festival_jazz/aktuell_jazz/start.php)

Düsseldorfer Jazz-Rally taking place in May is by far the most-visited jazz festival in Germany with some 250,000 visitors each year. Most artists are newcomers or music students playing in numerous venues throughout the city of Düsseldorf. (www.duesseldorfer-jazzrally.de)

* A complete overview of all jazz festivals in Germany can be found here: <http://jazzfests.net/?country=de>

Folk

TFF Rudolstadt is Germany's largest folk, roots and world music festival attracting around 70,000 visitors each year. The festival takes place in the province of Thuringia in July. Artists from all over the world cover a wide range of music genres: folklore, hiphop, jazz, punk, rock and even techno. (www.tff-rudolstadt.de)

Bardentreffen takes place annually in Nuremberg in July. The festival presents band and singer-songwriters from Germany and abroad who are often newcomers and yet unknown talents. In 2012, 10 Canadian bands performed at Bardentreffen, e.g. Madison Violet, Kyrie Kristmanson and Lisa LeBlanc. (www.bardentreffen.de)

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