



MIDEM2007 MPAJ Conference
LIVE MUSIC NETWORK
Asian Session: **Take the A(sian) Train**

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Moderator:

SW ⇒ Stuart Worthington, Head of Training & Education,
Music Managers Forum (UK)

Speakers:

NT ⇒ Nori Tsuzuki, Manager, International Division, Kyodo Tokyo (Japan)

MO ⇒ Marcus J. Ough, Managing Director, Poptune Productions (Korea)

JL ⇒ Jiang Ling, General Manager, China Tai Ice Production (China)



SW: OK folks, thank you very much for waiting for the handover there. I'm very pleased the panelists have agreed to give us their time this afternoon for the next panel entitled "Asian Session: Take the Asian Train". With the implication behind that title that there are lots and lots of opportunities for international artists to develop audiences in Asia-Pacific and Asian territories - and equally that there are lots of opportunities for artists from those territories to develop international audiences over here in Europe.

I should first of all introduce over here on my left I have Nori who has been active in the capacity of tour management and recording production services, and worldwide management. Your company has been established for 45 years, you've been involved in live productions on the sport and entertainment side with that company for many many years. The recent Madonna tour for example. Can you explain to us a little about what you are doing now and what you are planning to do?

NT: Right, we have basically been a concert promoter for the last 45 years, as Stuart said. We continue to be a concert promoter for both domestic and international acts. But at the same time we just started doing management outside concert promoting as well as master recording production, to have better control for overall touring in the Japanese market.

SW: And next to Nori, Marcus. You've also been involved in not only the live production side but also the recording company side for many years. Could you just explain a little bit about what you are doing now and how things might be changing for you?

MO: Poptune Productions is one of the leading record labels in Korea. Our company does artist management and live productions, as well as licensing works for overseas record labels. But we only license work that fit our market. We also have been in live production for the past couple years. It is all based on our catalogue so far. But we are definitely looking for some fresh new items for the future. So I can definitely give you some aspects of our record label side.

SW: Thank you. Our final guest is Jiang Ling from China. Jiang Ling you are known as the point of contact for international artists. And again both involved in both the sound recording production side and the live music production side for many many years. Could you tell us a little bit about what you are involved in now and what you are hoping to do?

JL: Hello. Good afternoon everybody. I am the president of the China International Art Exchange Agency, and also the president of Chai Tai Ice Record Company. One is for production and recording artists. The International Art Exchange Programs is for introducing live performances into China and also for exchange to bring live acts into the world market as well. Being with these two companies, I was able to view from a very complete line to introduce the music scenes into Chinese audience, and hopefully international market as well.

SW: OK, we have three very different territories in terms of the market and the culture and so on. But I suppose I should ask the same question of all three of you. That is, starting off with what are the opportunities for international exchange or particularly for international artists to develop audiences in your territories? And then we'll start looking at what the barriers to that kind of development are and what those issues are around those barriers. But first of all, Nori, what are the opportunities? When we were chatting earlier on, you confused me a little bit by saying that actually often you can

have too many international artists coming over to Japan.

NT: Well, there are certainly many opportunities in Japan for international acts, especially these days with such great rock festivals in Japan. But I guess it all depends on the level of the artist. If it is a bigger act, the opportunity actually comes automatically because we get asked to promote. But for up and



coming acts we sometimes have a hard time trying to set the situation up in the market on our own. So we will seek for label signing in Japan first and see where things develop in the market. And then try to figure out what we can do on the touring side. At the same time, and in the last couple of years especially, the summer festival has provided great opportunities for the label to launch a particular artist in Japan. So more and more international acts are coming to Japan these days, and use the summer festivals as a launching pad.

I often speak with many local labels and the issue is that some are under the impression that securing a slot at a summer festival will increase exposure and album sales. But in reality there are only a limited number of media in Japan covering all the major acts to begin with. So unless a local label sets up great press coverage using the summer festival appearance as a tool, I don't see much additional revenue coming in as a result of the summer festival. So the key is teamwork these days. None of us make big bucks on our own. So a concert promoter, label, sometimes publisher, and even management, must all work together, all looking towards the future. I think that is the key to creating great opportunities for the future.

SW: I need to ask the same question of yourself Marcus. The perception may be that there a lot of opportunities to do lots of live work over in Korea but there may be opportunities to sell significant amounts of records. True or false?

MO:It is true that the situation in Japan is pretty much the same thing happening in Korea. We are currently looking for good licensing material & live acts in Korea as well. Even though the size of the market in Korea, compared to China and Japan, is smaller, we are definitely looking for good material. Basically, we are trying to find a good catalogue from overseas. It is very important to get the right partners in every territory, especially in Korea. It doesn't matter if it's a licensing partner or a manager type agent. You should

be getting the right partner. In that case, you can get involved with the marketing plan, with the promotion type deal, and automatically get advertisement for your live acts and catalogues as well.

SW: Before we come to the area of branding involvement and sponsorship could you give us an indication of what sort of record sales we may be able to expect? I know it is a rotten question because it will vary from artist to artist.

MO: Yeah, in Korea the international label for sales wise is not that great. We actually releasing the White Stripes last year and we only sold 3,000 copies.

SW: 3000 copies?

MO: It is true that in Korea the sales of international catalogues are not that great. We actually released the White Stripes album last year and only sold 3,000 copies.

But compared to big artists like Eminem and Madonna, it is around the same figure. They sold around 10,000 copies last year. But some

good unknown artists on independent labels could sell from 3 to 5,000 copies. It is pretty much the same figures

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SW: OK, I'm going to come back to that. But I need to ask the same question of Jiang Ling. What are the practical opportunities now for international artists to develop audiences in China?

JL: All of you know, there is no need to explain how big the China market is, it is just big. This is including the live performance market and the record market deals, it is possible.

SW: OK, I'd like to stay with Jiang Ling for the moment because we were talking earlier on about the different mix of income streams and what sort of revenue comes in to cover the cost of productions and promoting tours and so on. And I was very interested in the ratio you gave us of what percent of revenue comes in from ticket sales verses what percent of revenue comes in from brand association or sponsorship?



JL: Well actually in the past China's market was more based on the ticket sales income for all the live concerts. However, in recent years, since the technology is changing and the market is open, now they start focusing on the so called media income. Actually, in our words, it is sponsoring income, and that has now increased up to 50% of the total income for the live performance.



SW: OK, I need to ask the same question of yourselves in terms of how it works in Korea and Japan. But for an artist's management perspective, what can I expect? Am I expecting two separate deals? One deal with the promoter, one deal with the sponsor?

MO: If I feel like a deal, I am definitely looking for the promoter side. The promoter getting to business with all the sponsors is very important. Like media sponsors, some cable channels, and some corporate sponsors from big companies. Sometimes these company sponsors cover everything for concert expenses, depending on the concert.

SW: So at the end of the day it varies enormously. It can be anything from free products right through to wholly owned show in terms of relationships with the sponsors. Same in Japan? Any issues we need to understand about working with brands and sponsors for Japanese concerts?

NT: Well, we always try to have sponsorship, especially corporate sponsorship as it is always nice to have more budget. But in reality we, I wouldn't say never, but almost never obtain decent corporate sponsorship for club shows. The capacity needs to be there to attract corporate sponsorship as well as the status of the artist, otherwise they would not get what they are after. So, yeah, for bigger acts it is obviously easier for us to get sponsorship. But with smaller acts we sometimes don't even bother with sponsorship. For bigger acts, from the financial point of view of management, there is not much difference between revenue secured by sponsorship and revenue from gate income because they need to make the tour happen in the end. We get pressured by management to have corporate sponsorship on top of the artist's guarantee to increase the tours revenue.

SW: OK, well we're painting a fairly rosy picture here that there are lots of opportunities, and there are income streams from associations with brands and sponsors. And there are opportunities to play in key cities with media

opportunities. And yet you started out in your introduction Nori by referring to the key issue of the need for teamwork. What isn't happening that should be happening?

NT: Well...er, I guess everybody is thinking about their own pocket to start with. But I don't think any touring companies are making any profit for up and coming acts, nor are the record labels. So instead of trying to control things on our own on the touring side and label side separately, we should collaborate with each other. Maybe have the label do a certain promotion. We are certainly able to setup other promotions that a label cannot setup. It is all about teamwork in the sense that we focus on the long term benefits of an investment in a particular artist thus laying the foundations for a great future together where we can recoup the initial investment.

SW: OK, in a moment I'll be asking Jiang Ling about what you require in order to work as a team with a partner in developing audiences in China. So what kind of information you require or any recommendations you would make for developing partnerships. But before I go over to Jiang Ling I need to ask that question of yourself Marcus.

To set the scene I may have signed my artist to a multi-national record deal, I would expect my international department (at the record company I've signed to) to be doing the work to develop the potential for what could then turn into a long term strategy and a plan. And look for the right partners so that then we can work together with our sound recording licensees or affiliates and the concert promoters. This doesn't seem to be happening in the way that I might wish.

MO: I say once again, you should be getting the right partners. We are all here from independent labels, small labels and small artists. It is nothing like big time & high level artists. We are trying to find some good partnerships overseas, yes it's really hard, but how we do find it? It is totally up to you guys to start doing things like sending visual packaging, and things of that sort. Not just looking for live production agents but also trying to find some licensing partners as well. You can do a deal with a record label overseas. They will probably help you and put all the marketing tie-ups as well as the management type deal. Of course they try to make profit out of it eventually but they are trying to increase the album and artist reputation, not just immediate financial benefit.

SW: So it sounds to me that the best position I could be in is to do territory by territory deals as opposed to a worldwide deal if it means that I might find that my company is not working with the right partners.

MO: If you sign up with a worldwide deal then you have to persuade your partner and ask things like “what is happening in that territory?” “What is happening in Japan, what is happening in Korea? You cannot release an album if they are not doing anything for the territory. If the 1st option deal is not working at all, you can find a second option type deal. You can actually give them some positive pressure.

SW: OK, so it begins with making contact with you so you’ve got information about the artist. You need audio visual representation; you need to see how the artist operates in the live environment. Is it as straight forward as that Jiang Ling? What do you need in terms of information about artists and from whom?

JL: There are two factors to select the best program if you want to do a live performance. The first, one of course, as everyone knows, is if it is presentable or if it is interesting. There are several materials that will be required: audio, his biographic information, lyrics- especially lyrics. Actually, I would like to emphasize that. If you have a different language, you do want to provide an English translation, too. All the necessary paperwork, and all the visual materials. Those are needed for the factors that we are going to present here.

The second factor is involved from the cultural aspect. As probably some of you have experienced, Chinese also do have a kind of different taste and different interests related to how your artist looks and how your artist performs on stage or just from the picture wise. Very often we find a very standard from the western standards and the Chinese standard. Western artists you would think is (using) a very integrity expression. But, in China it may not be suitable due to what our society’s customs are used to.

The other thing there is a political procedure that we have to also follow. All these papers, all the content, visual material must be approved by the Chinese government prior to all the permits.

SW: Marcus you also have a governmental agency in Korea that provides a range of opportunities?

MO: Yes, this is a very unique thing. It is all about information that we don’t know yet right? We are definitely looking for information for different territories. In Korea there is a certain agency which is run by the government called ‘KOCCA’. They actually support some showcases in Korea for foreign acts, including the financial side. You can actually check out all the information happening about festivals. Tours and music activities we have in Korea, like Fuji Rock type festivals, jazz festivals, and hip hop gatherings. A lot of things are going on. But it is all out there. Everything you need is on the website.

SW: In a moment we are going to open up to the floor for any questions about what people in the audience may be wishing to do or know about. But Nori in your introduction you mentioned that you are developing management services. When we were chatting earlier on it



seems faintly ludicrous that a lot of managers in Europe for example, and specifically in the UK, in my case that I'm aware of, would automatically assume that they may need an American partner. In some cases they don't but in many cases there is that assumption that I need a co-manager for the North American territories. For Asia Pacific we've already heard mention of the differences in culture, there's obviously the language. There're opportunities to find the right or the wrong partners and yet co-management in these territories doesn't seem to be the norm, doesn't seem to happen at all. Why?

NT: I don't know the reason why. That's why we're actually starting management services. The real issue is the lack of understanding of cultural and business differences across the industry. That's why I guess you are here to learn about our market. There are so many different things about how people think and why people actually enjoy particular music, and their motives for buying a ticket. In Japan, the market for domestic acts is much stronger than that of international acts. Record sales for international acts generally make up only 20% of the market compared to 80% for domestic acts.

As far as touring cities is concerned, Tokyo consists of 45 to 50% of the entire market. The second largest city, Osaka, you can only expect about half of that, and the third largest city, Nagoya, even half of Osaka. So we often get asked to setup a high number of shows per tour in Japan but if you think about those figures you can see it is not feasible to perform shows in regional cities. As well, most of the influential media are based in Tokyo. The most cost effective option for a Japan tour is to book shows based in Tokyo to get the best of media coverage, exposure and higher venue capacities that translates into higher revenues. These are details that international artists, promoters and management aren't aware of but need to know.

When I tour the rest of Asia with a domestic act I face exactly the same problems of cultural and business differences. I toured in Taiwan, Hong Kong and Singapore, and I felt totally out of the situation. I was in the same position

as you are in the audience right now. So you've got to understand that even the Asian market is still premature, still developing. We, ie the panelists, probably need to figure out how to fix that after this panel but at the moment the key is to find the right partner for what you want to do in the market. There are many choices, especially in Japan for what you are after. Whether you want to go for long term or short term, you want to set everything up around summer festivals, or you want to try to avoid summer festivals. People need to understand that each genre in Japan has different drawing power compared with the same genres outside Japan. So there are so many things I can talk about. I can go on for probably a couple of days if you let me. But that is why I think you guys can appreciate how important local management is for our market.

SW: I need to ask all our panelists one more question before we open out questions to the floor. And that is what are the barriers to developing audiences for both international, for example Chinese artists over here, or international artist over in your territories? What the barriers are, because it sounds fairly, not straight forward, but it sounds methodical. It is all about long term planning, it is all about finding the right partners. It is all about getting communication between the right partners. And we can develop a strategy so long as we've planned and given ourselves a realistic lead-time. It is not that simple though. What are the barriers? Or is it that simple?

NT: When we like some particular act we want to bring over it is obviously easier because we are interested in (them). But in most cases when international acts wants to cultivate our market you need to find out whether there are people interested collaborating with you, or trying to invest in your product or artist. But the chance are there are not many concert promoters willing to take on the risk of investing for long term unless there's some prospective situation especially in the UK or the United States where the core local audience get their first information from. Then we can try to build a local foundation on top of that. We also need to have a local label build foundations with the media. I think when people look into having a tour in Japan it is a great idea to have a local label on board before talking to any concert promoters, to help with initial penetration into the market.

SW: OK, is it somewhere in Korea you are not going to be interested unless the audience over there has access to a media profile through western media for example, or that there is a local label in place? What's your criteria for your interest?

MO: It depends on sales. If we really like the catalogue with certain

expectations, then after that we can decide to bring the artist over to Korea by building up the reputation through live acts. Once we get the deal we are not looking forward to an immediate income. Local partners will definitely look for their reputation or like to follow the long term plan. Maybe we screw up the first time, a couple of times but end up getting a financial benefit out of it. And building up a good reputation is the key point here. They can have their own shows and many of them. If I add to Nori's comment, finding good partners through the record label & Promotion Company. It's all same things. Live promoters probably knew a lot of information about a good label over in Japan. It is the same situation myself, once you get in touch with our label or other labels, I will try to help you myself. If your catalogue does not fit into the label we can actually introduce you and your catalogues to other local promoters for Live Shows. There are a few good promoters out there and they are willing to do the show. It is all connected.

SW: OK, last question to Jiang Ling. Is it the similar situation over in China that you may need a local record label in place before you are going to be interested? What's the criteria? What are barriers that we've got to look through at the end of the day unless we are successful to your standards, there aren't going to be those opportunities?

JL: These past few years the China market is very wide open for a lot of famous productions such as the Lion King and Phantom of the Opera (which made a big success in various markets). All these are actually being performed in China at over 100 venues at the moment. So China in many ways has been exposed to all of the most well-known programs you can imagine at this moment.

Another resource that they have come (to our market is) from a lot of industries, product companies since everybody tries to develop (in) China. They very often sponsor certain artists and plays well-known in maybe their countries. They try to bring in their ideas, good programs in order to sponsor them and reach the advertising effect there. So, that is another kind of different way of coming in.

A lot of these are, across multinational companies, just to meet their demand internally. Very often the live performance can get them reach the profit region there. So they have been able to bring a lot of different variety shows, music shows, plays and such for the China market at this moment.

Another recent development is through the Internet. Everybody can easily access the different kind of artist's presentation. Through the TV dramas, the Chinese audiences now have learnt so much about Korean music, dance and the TV dramas. So it is a phenomenon there now. Everybody knows about all the Korean artists through TV programs and that is another way to introduce your artists.

Q and A

SW: Thank you, OK, well it is always frustrating when we do these panels that we run out of time when we've got so much that we can learn from our guest speakers, and most have come from a great distance to be here. We need to throw it open to the floor now. So if there are any specific questions? Question here?

Q1: I have a small independent label that is in the States looking to explore, expanding our product line to both Japan and Korea specifically, but we're not ruling out China of course with the market there. Is there a specific threshold of sales like you indicated that would indicate that there is an interest level enough to warrant promoting or examining, exploring a live show in that market? Is there a threshold number?

SW: Is it a threshold plus a media profile, or is it a media profile more important than a threshold? And is there a threshold?

NT: Well, it depends on the genre of music. Do you mind telling us what kind of...?

Q1: R&B and jazz.

SW: R&B and jazz?

NT: R&B music is very hard to say. It all depends I guess...We, I mean for Japan, take about 30,000 to 60,000 copies minimum as a ball park for R&B. And for jazz, to be honest with you, our markets are really shrinking for touring, unless you are looking to tour with some big name, it is very hard to cultivate. For others in the audience, I'll briefly discuss other genres. For rock music I'd say about 10,000 copies is a good mark. Unless it is heavy metal rock music, there are hard core fans to see the shows. So you don't really refer to album sales that much. Album sales might be really poor but you still get an audience. So it all depends.

MO: In Korea it is quite different. Unknown R&B or reggae artists are not going to happen. Here they have a very tiny chance they'll get anywhere because audiences have no interest in them. But in the case of jazz, if the music is good, you can tie it up with all the domestic partners. You can get very good results. Maybe sales are around 10,000 to 100,000, if the music is good.

SW: Jiang is that relevant in China? Is there a threshold of sales below which

you are not interested that should have been made in the domestic market?

JL: Well, actually most of these records are not available in China. There is a possibility for reggae and R&B type markets. Because all of the major markets in China now are well exposed to western culture, especially the young student population very very well receive this kind of music.

SW: I'm so sorry to do this folks because I know there is a lot of interest in our guest speakers while they are still here. But I've just been given the cut off notice because we've got a lot to be packed into this day. If you are interested in this area there maybe an opportunity to speak to some of the individual guests here just before they leave. But otherwise hopefully we'll start developing more opportunities and certainly to meet them next year to explore a lot of these issues in greater detail. So if you were frustrated by not finding out certain aspects please let us know and we'll see if we can do something with the questions that you send us. But if you don't mind for the moment can we thank our guests for coming the distance they've come for this panel.

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