

NASHVILLE MUSIC INDUSTRY

Impact, Contribution and Cluster Analysis

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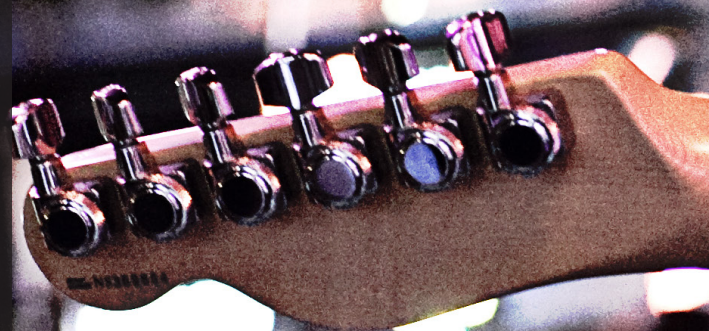
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Nashville is the 21st-century hub of creativity blended with commercial success. Artistic excellence, authentic output, technological leadership and constant expansion of market success -- these are the forces that have forged a city where the music and entertainment industry is the foundation of the economy. Moreover, the world now looks to Nashville as a singular global center of creativity and commerce. Music works in, for and with all that the Nashville economy is and is poised to become. Just as Los Angeles is the global center of film creativity and output, Silicon Valley for the computer industry, New York for world finance -- so is Nashville unmatched in music creativity and output.

Nashville is both the commercial center and the showcase of musical talent, performance and delivery. No other U.S. city is so linked to music production and performance as an identity, and none has as broad a base of genres involved at so many industry levels.

Clearly, the music industry is transforming structurally as consumption patterns change, new technologies emerge and operational models change. It remains to be seen whether major industry shifts -- such as those to digital content -- are reaching a conclusion, or if further changes lie ahead.

The past 60 years have delivered enormous growth to Nashville through an industry that provides entertainment for tens of millions of consumers. The future suggests a much wider range of ways the music industry will impact Nashville as the city and region increasingly become a major economic force and focal point in the nation and the world.



The Music City Music Council is an innovative organization that works to keep the music industry growing and thriving in Nashville. To that end, Council leaders commissioned a study of the economic impact of the music industry on Nashville and Middle Tennessee. The Nashville Area Chamber of Commerce's research center has developed this study to serve as a foundation for the Council's work and to illustrate the unique relationship between the Nashville music industry and the regional economy.

Dr. Garrett Harper, Chris Cotton and Zandra Benefield, economic and community researchers with more than 30 years of local and national experience, have welcomed and enjoyed the opportunity to provide the Music City Music Council and the city of Nashville with an examination of

one of the world's most dynamic music industry centers. Using many examples of the best research in the field, we have compiled a study that addresses the music industry's economic structure and function, along with core issues that the industry recognizes are central to its economic well-being and expansion. We hope the conclusions from this study can help the broader community understand the many ways the music industry is essential to the fabric of Middle Tennessee.

Thanks to the leadership of the Music City Music Council, to Chairman Randy Goodman and to the many music industry professionals who have generously contributed time and insights to further the creation of this study.

The Role of the Cluster

Industry clusters are groups of similar businesses that function in a symbiotic way. Definitions of industry clusters differ for economists, geographers and other scholars. Economist Dr. Michael Porter popularized the concept of the cluster at the nation-state level, later referring to them as “geographical concentrations of firms involved in similar and related activities” (Porter, 1985, 1990). Dr. Paul Krugman and others focus on regional forces that produce co-location of like firms (Krugman, 1991).

Media clusters are a specialized form of cluster that is designed to produce mediated content (Karlsson, 2001). Media industry clusters are an epitome of exceptionalism in the field of cluster analysis. Media clusters, in particular, represent much more than merely a setting for job creation and economic growth, as found in the role of many industries. Rather, a sector like the music industry embraces and exhibits a role that is simultaneously cultural, spatial, technological and many other things to a given locale. With Nashville’s music industry, this sector exemplifies the very heart of the city’s identity, as well as its broadest reach to businesses and consumers worldwide.

Clusters can certainly be purposeful, intentional and, sometimes, overtly planned and cared for. It is entirely correct to assume that successful industry clusters are cultivated to grow and evolve. In this sense, one definition of a cluster may be more apt for Nashville’s music industry: “representing geographically proximate firms in vertical and horizontal relationships involving a localized support infrastructure with shared developmental vision for business growth, based on competition and cooperation in a particular field” (Cooke and Higgins, 2003).

Media clusters present a number of unique characteristics that are well illustrated in Nashville’s example:

- Flexible, informal networks based on frequent face-to-face interaction
- Trust-based interconnections among some large and many small firms and their subcontractors
- Specialized local infrastructures and institutions
- Common skilled labor pool
- Rapid diffusion of knowledge and ideas (May, Mason and Pinch, 2001)

The experience of Music Row and the Nashville music industry overall are all but emblematic of this description. Another distinction of media clusters is that their success is often predicated on much more than the local economic environment, and increasingly on global economic linkages (Nachum and Keeble, 2003). Clusters are not random, but intentional, or at least dependent on genuine favorable economic return. They represent firms that co-locate for sound reasons of synergy and opportunity. Geographic clustering takes place where complementary capabilities can thrive (Richardson, 1972).

Firms within these clusters again find an epitome in Nashville industry:

- Many firms are young, but serve larger, older established media firms
- Many firms are smaller in total employment
- Innovative startups by entrepreneurial teams drive cluster growth
- Media clusters typically originate in inner urban areas (Storper and Christopherson, 1987; Brail and Gertler, 1999)

Over the course of many decades, Los Angeles, New York and Nashville have all developed as media centers (with the equivalent of software for earlier periods, e.g. technical process improvements). Why is this important? Media clusters not only operate within innovation, they spur it on. As the pace of innovation increases (Moore's Law of the 1960s correctly speaks of computing capacity doubling every 18 months), the necessity of fostering a deeply integrated media cluster is essential in places with a super-abundance of media cluster activity. Clearly, with Nashville's long heritage of music creation and production, it is logical to expect broad outcomes in regional innovation.

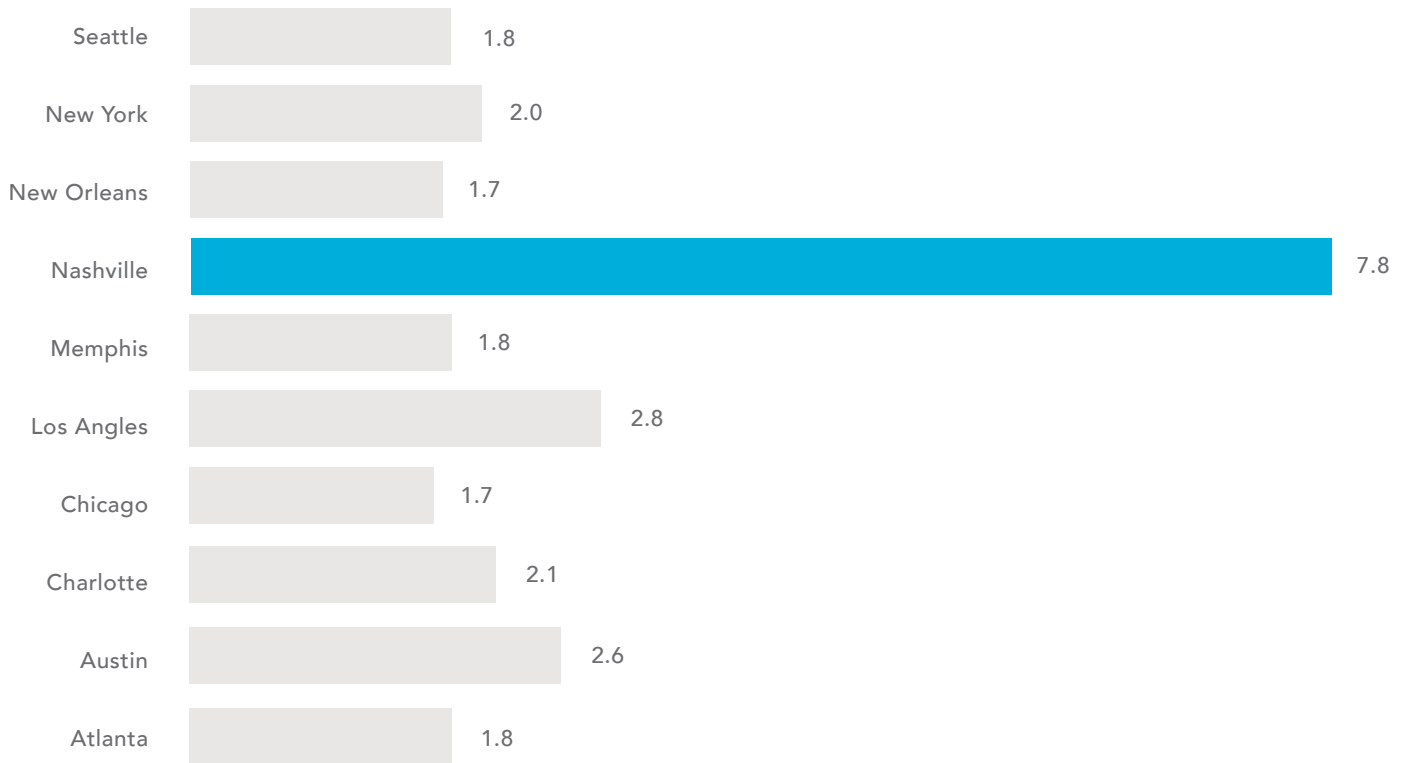
There are many ways for industry clusters to grow. Clusters can develop through rapid industry emergence (Detroit as an auto center or Silicon Valley for computing), through horizontal or vertical expansion (Charlotte as a banking hub), or through gradual incremental growth (Seattle as a transportation center). What synergies can flow from those clusters within their regions are of even greater interest than the clusters themselves. Thus, investment to grow clusters can be through the growth of existing large businesses, new large entrants into the cluster from external markets, or through entrepreneurship. The latter holds exceptionally great promise for the Nashville music industry. Where many decades of a stable and successful model have positioned Nashville at the apex of world music centers, the current vantage point sees only change. With

change comes opportunity. The models that grew Nashville's music industry were always unique adaptations to a unique Nashville setting. A major genre closely aligned with one city allowed the industry to flourish in ways it could not in any other location. For this to move to the next level, new models must, and will, continue to emerge.

Why Nashville, then, as a center of a unique cultural cluster? Songwriting is the foundation of the Nashville music industry. This, in turn, drives the city's huge music publishing industry, which attracts talented songwriters from around the world to market their songs to the more than 200 publishers based in the area. The entrepreneurial drive that has characterized Nashville's music industry from the start continues to be the core of this unique industry cluster.

Concentration of talent is a major force in furthering Nashville's standing as a global music industry center. The attraction of performing in Nashville has been an aspiration of both emerging and established musicians for many decades. The American Federation of Musicians saw its local organization begin in Nashville in 1902, and that group is now the third-largest chapter in the United States. The professionalization of music in Nashville is ingrained in the high performance quality, the business acumen, and the network of related artists that built the industry locally into something distinctively different than that found anywhere except Los Angeles or New York.

Music industry cluster jobs per 1,000 working-age population (age 20-64) by metropolitan area



Source: EMSI
Figure 1

The music industry is so much more than musicians. Research shows that three top U.S. locations accounted for 38.5 percent of all music establishments in 2000. Within the top 10 locations, 52.6 percent of activity occurs; 63.9 percent is concentrated within the top 20. Most importantly, a study by Dr. Richard Florida shows that Los Angeles, New York and Nashville are the top three U.S. locations for the recording industry, accounting for nearly 40 percent of the entire music industry (Florida, 2011). Others in the top 10 include Miami; Chicago; suburban New York (Nassau); Atlanta; suburban Los Angeles (Orange County); Greenville, S.C.; and Washington, D.C. Philadelphia, Detroit, San Francisco and Bergen County, N.J. (a suburb of New York) have all exited from the top-10 list since 1970, while Nashville has continued to climb.

Several other notable features distinguish Nashville's music industry as a serious, major and growing part of global entertainment. Among these are:

- Flexible specialization
- Project-based enterprises
- Co-location of large and many small firms
- Anchor media
- Complementarity of content and distribution

The details of these elements form part of the more esoteric treatment of clusters. However, it is important to consider just how important delving into these matters is in order to appreciate the uniqueness of the music industry, particularly in a mid-sized metropolitan economy such as Nashville's. In order to

work intentionally to create a continuously thriving environment for music in Nashville in a time of great change, considering the distinguishing characteristics of a cultural content industry is essential.

To what is the music industry comparable? The short answer is, to relatively little. The structure of the industry differs in many ways from other sectors of the economy. The multiplicity of agents (in the generic sense) that participate in music from conception to consumption is quite large. The internal workings of this industry are quite separated from many other sectors. For this reason, it is helpful to compare the music industry with the film industry. One key difference historically has been that music firms can operate at much more modest levels than film firms, due to the difference in scale of discrete output.

While music is a creative industry and a cultural content industry, it is perhaps most importantly a "copyright industry." In this way, there are similarities to other industries where innovation, delivery and public policy and regulation are interwoven in some special ways. Pharmaceuticals and the computer industry may be two that exhibit their own peculiarities in this regard. It is not wrong, then, to bind together the elements of cultural and copyright industry in a definition of products as "nonmaterial goods directed at a public of consumers, for whom they generally serve an aesthetic or expressive, rather than utilitarian function" (Wikstrom, 2009). Nashville is, if nothing else, a purveyor of expressive content to the nation and the world, and the economic role gains meaning when that content is protected, valued and compensated.

Linkages to the Nashville Economy

The origins of the music industry in Nashville are deeply entrenched with the broader economy of the city. Early leaders in music, from the insurance industry linkages to radio programs to the first studios and labels developed in conjunction with Nashville performers and business backing, have ensured that the music industry is not a stand-alone outsider, but an ingrained part of the area. Today, banking, accounting, legal services, construction and other standard sectors found in all cities are uniquely and strongly linked to the everyday operations of the music industry. Increasingly, in fact, music activity finds all of its operational resources available close to home.

Recognizing the unique role of music in Nashville is not unfamiliar to its leadership and institutions in the broader economy and community. The Nashville Area Chamber of Commerce, through Partnership 2020 and prior economic development initiatives, has designated music/digital media as one of five key industry and business clusters for active targeting for recruitment and facilitation of a regional environment that fosters industry growth. Nashville's elected leadership has interacted for decades with the city's music and entertainment industry. However, just as Nashville is currently enjoying the spotlight as a focus of music industry attention worldwide, the administration of Mayor Karl Dean has significantly recognized and supported the growth of the music and entertainment sector. The work of the Music City Music Council; growth of music curriculum in Metro Nashville Public Schools; support for music-oriented tourism; and focused energies on economic development in the entertainment cluster, in addition to overall attention to quality of place and life as drivers of community growth, have all been tangible indications of the commitment of the city and its leaders to emerging opportunities for the music industry to be emblematic, even worldwide, of the unique qualities of Nashville as a business, resident and visitor location.

This study reveals a very important aspect of Nashville as a music industry center. While many cities exhibit degrees of music performance activity and even some aspects occasionally of a music industry cluster, Nashville alone matches New York and Los Angeles for achieving a true status of an industry that is fully self-reliant and dominant in national and international roles in that industry, sustaining across time, and able to draw in necessary ancillary complements to the industry. The success of music industry in Nashville has meant a continual gravitation of support business services from anchors in Los Angeles and New York.

Specialized talent lies at the very heart of Nashville's music industry. It is obvious that songwriting and performing are the starting points for music to be created. Yet, the diffuse nature of the modern music industry means that there are large numbers of skilled persons and specialized firms, employees and tasks that make up the sector. Many cities have some portions of the music sector, often in performance, as part of their entertainment offering. Nashville's range of talent, whether creative, technical or managerial, is far broader and deeper than the typical city's industry. This is one of the salient points in understanding Nashville as a music industry center: Few cities in the world have such a high concentration of the full range of people in a total industry cluster. Examination of the abundance of talent (see Figure 2) illustrates that there are exceptionally high numbers of people in Nashville involved in the music industry compared to any other city. And this is not simply those associated with live performance or recording, though in those categories, Nashville also far exceeds the mass of talent found nearly anywhere. The location quotient is a standard measure for comparing one region's activity against a norm from a "universe" of similar activity. When compared with New York, Los Angeles and Austin, Nashville's presence relative to its size in most all components of a true music industry is extraordinary.

One of the most important ways to evaluate the relative strength of a variable is to consider how large a share of activity occurs in one location compared to the share of that activity in a larger geographic area. Even more basically for this study: Is there a higher relative concentration of the music industry in Nashville than in other recognized centers of music activity? The answer is a resounding yes for a very large array of the most important elements of a music industry. Figure 2 (page 13) illustrates the incredible and remarkable ways that Nashville music activity far exceeds that of even New York and Los Angeles, much less Austin, on a relative comparison.

Industry clusters are arrays of like and related business in a geographic setting. All regions have some types of these -- some larger, some smaller, some stronger, some weaker. Nashville is fortunate to be the basis for one of the largest and most dynamic industry clusters in the world.

Comparable to major entertainment production and performance centers worldwide, Nashville is home to a music industry that is deep and growing. The entertainment complex of the region impacts all of Nashville in some way and ties Nashville to the world more than any one part of its economy. Music is the heritage of Nashville's economy. But even more, music is the future of Nashville's economy.

The analysis of an industry is a combination of data, technique, methods and understanding. This study combines those elements to portray Nashville's music business as a powerful economic driver, but also as a deeply rooted and vital industry that offers enormous energy and potential to the overall growth of Nashville as a creative city and knowledge city.

Defining an Entertainment Cluster

It is necessary to use a framework to classify music and entertainment into a workable, intuitive set of activities, firms and individuals. Quickly one recognizes the importance of considering self-employed individuals, which types of business are and are not in the core of music creation and delivery, and a host of others. This study builds on the guidance of prior research on these topics and themes to examine those questions.

In a city and industry like Nashville's, the music industry will be much more than a set of firms. Well more than half of all musicians are self-employed. Thousands of musical groups and artists exist and thrive entirely apart from appearing in traditional public data sources. Many involved in music operate in a variety of roles, some more closely tied to music than others. As well, the range of earnings goes from very low to very high. A combination of occupational and industry data, in fact, works best to inform assumptions about an entertainment cluster.

Beyond even the realm of music performance, production and consumption are other areas where music is actively pursued as avocation, instruction, ceremony or simply informal entertainment. These can range from gospel choirs and directors to organists and cantors, elementary and secondary school music teachers, and many others. Those in these roles will not appear in employment data because their classification or even their compensated occupation

is not musical. Certainly, an inclusion of these aspects of music activity would only further strengthen the lead Nashville has over most international cities relative to its size. Further research can look to extend ways that Nashville's range of informal music activity complements its extremely high levels of formal music industry presence.

Music festivals and fairs represent an important component of a music industry. The vitality of Nashville as a locale for residents and visitors is remarkably tied to its music heritage and offerings. Even so, there are many aspects of an entertainment cluster, certainly a music cluster, that begin to overlap with other industries and activities. This is natural and, in fact, very desirable from the standpoint of a cluster that is deeply ingrained in the life of a community. An informal music sector fills the fabric of everyday life, including things like jam sessions, religious singing, karaoke contests and school band performances. With certainty, these activities strengthen a city's entire commitment to music, whether or not they are part of the monetized return to a regional economy.

Social and cultural capital are powerful forces that sustain and grow thriving cities. Nashville is fortunate to have an industry that has risen from indigenous music, heartfelt and widely known environments that foster music as a part of life. Nashville is a music city for many reasons, and community leaders do well to recognize the diversity of music, the

heritage of music and the importance of music to a city whose very name and nature, as much as its economy, is intertwined with the region's past, present and future.

An important decision in any analysis of an industry involves which components it will include. Often there is a solution in creating core and peripheral elements. This is certainly a fruitful path to follow. Indeed, businesses themselves often engage in varied and sometimes not closely related activities. In this instance, firms will be identified with primary and secondary NAICS classifications. The choices of organizing segments of music derive from a body of research that fashions various approaches. Since the music industry at its heart is a "copyright industry," it is useful to note the constant evolution of the industry and to recognize that particular components will always be shifting in the mix of the industry (Wikstrom, 2009).

In this study, we are focused on the origins of a cluster that is particularly true to the Nashville setting. Needless to say, Nashville's entertainment cluster is heavily grounded in the music creation and production realm. Ascertaining the contribution and impact of the music industry, then, naturally means regarding this element of a cluster as self-contained. Indeed, the very essence of Nashville music activity is to note the abundance of all aspects of music creation, production and delivery. One way to illustrate this is to think of Nashville

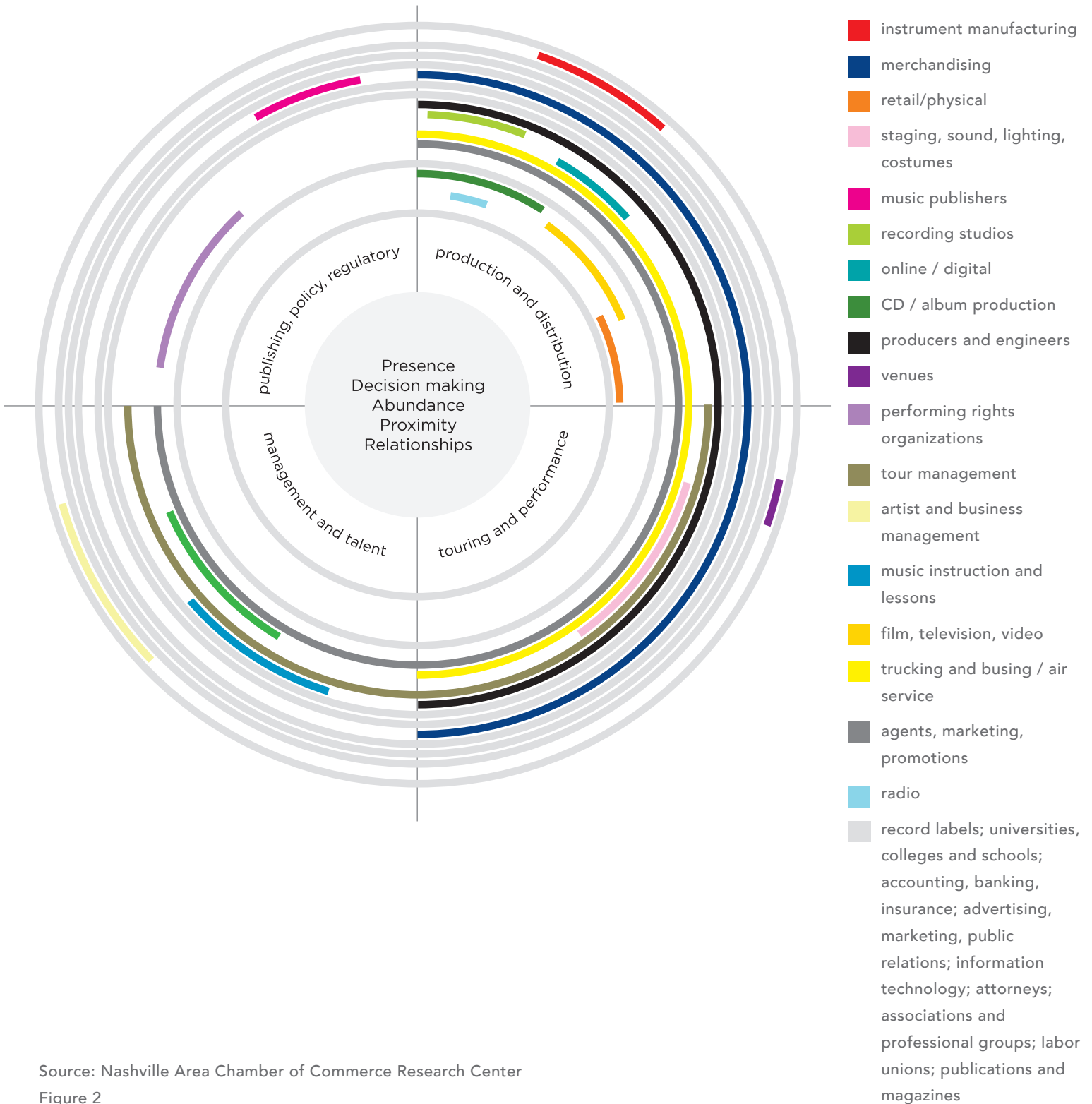
is a self-sustaining music center. In other words, it is entirely possible to write, produce, record, release and promote an album without looking outside the Nashville region. Nashville as a music industry mirrors, and sometimes exceeds, New York or Los Angeles in pure music industry depth.

This is not the case with all aspects of the entertainment industry in Nashville. In the visual and performing arts, for instance, Nashville is an exemplary and often world-class center for activity. However, there is a need to examine the components of an industry cluster where differing levels of uniqueness and

depth exist. In this manner, this study identifies core music activities that have traded relationships, both with the mainstream of the entire Nashville economy, as well as peripheral parts of the entertainment cluster. In no way does ascribing parts of the industry as core or peripheral diminish or enhance the value, current or future, of these component parts. Further research on many aspects of the entertainment cluster will continue to shed light on patterns of the sub-clusters, related industries and their overall importance to the Nashville regional economy.

There are many ways to conceive of the music industry. The mission of this study is to present a clear and succinct result for the Nashville music industry within a larger context of Nashville as an entertainment center, a major tourism center and as a regional economy. The diagram of Nashville's industry (below) is used as a framework based on the uniqueness of the area's entertainment sector. This conceptual portrayal serves as a way of understanding the layers of activity that operate internally in Nashville as a recording and performing center surrounded by an abundance of activity that symbiotically serves and is served by the strong music creation core.

Dimensions of the Nashville Music Industry Cluster



Source: Nashville Area Chamber of Commerce Research Center
Figure 2

Nashville’s music landscape is strong because of the high concentration key decision makers for the industry; super-abundance of activity (intensity unmatched elsewhere); proximity (again, the Music Row phenomenon of “place”); and relationships that make the music system work in Nashville as a dense compact of service with a purpose.

Surrounding this core are four fields of endeavor comprising the music sphere - talented people; a performance realm and all the infrastructure associated with that; a production and distribution arena of activity; and, lastly, everything associated with a “copyright” industry, including publishing and operationalizing revenue streams. The array of specific activities are illustrated color bands that reflect the spaces and ways in which these roles abundantly fill out the almost cocoon-like way that Nashville is a remarkably rich place for the music industry to grow and flourish.

Nashville Music Industry Cluster Sectors

Industry NAICS	Nashville MSA		
	2012 Jobs	2012 Average Earnings	2012 Location Quotient
Musical instrument manufacturing	785	\$72,751	9.4
Musical instrument and supplies stores	387	\$35,012	1.6
Compact disc, tape and record stores	455	\$47,007	2.3
Record production	286	\$109,074	12.5
Integrated record production/distribution	472	\$104,560	16.3
Music publishing	1,445	\$74,992	31.3
Sound recording studios	369	\$44,850	4.1
Other sound recording industries	87	\$50,027	3.1
Radio networks	371	\$45,433	2.3
Radio stations	762	\$46,725	1.4
Musical groups and artists	2,889	\$85,499	5.7
TOTAL	8,308	\$72,382	4.3

Source: EMSI
Table 1

Methodology

Any approach to study of an industry requires definition. Cultural industries are known to generate certain hurdles in arriving at a conventional understanding of groups of similar businesses. To overcome some of these challenges, several methodological approaches are introduced in this study. Foremost, the central deciding factor in this study is consistently that methods and choices are based on the unique qualities of Nashville's music and entertainment industry.

Research throughout cities and regions has considered the economic role of the music industry. Undeniably, music is an intrinsic part of humanity and society. In contemporary times, it is also a major force that is monetized, managed and embedded not only in the cultural life of a people, but in its economic life. Studies may differ in their orientation, from sociological to technical to managerial, but none would dispute the vast economic role that music plays. Thus, studies may not be directly comparable, though they contribute to a greater understanding of music as an industry.

This study intends to capture the breadth and depth of the music industry as it operates as a force in the Nashville economy and region. Assumptions about the dynamics of this force are grounded in data assembled from the best available sources, from a wide cross-section of participants and perspectives in the industry and from prior research in the field. The opportunity to pursue this research is especially important at a time of such dynamic change that is sweeping the music industry.

When beginning a study of this type, it can be difficult to define clear boundaries of where the music industry begins and ends. This simple question does not generate easy answers, but not for the reasons typically given. The complexity of understanding what properly is "the music industry" has much more to do with what the nature of that industry is in a given location than whether there are justifiable relationships between various types of business or occupations. In short, Nashville's music industry is unusual in many respects on a global scale. For this reason, this study is based on a singular framework that is unique to Nashville. While this model draws from past research and offers insight for other locations, it is foremost a means to

understanding Nashville's music industry in light of how that industry exists within Nashville.

Certain issues will always linger in addressing the music sector. Some individuals and businesses will always be more or less peripheral to music. Some performers may play in bands or at events as more avocation than vocation. Some businesses may conduct a greater or lesser share of total business with the music industry. The importance of these situations takes on meaning in informing the assumptions of what the core music industry does in relation to them.

What, then, is the "core" music industry? Nashville's situation allows any study to be very pure in its consideration of what truly constitutes a music industry. Many businesses perform essential roles in making the music industry function, from construction of touring stages to caterers hosting events for the industry. In such cases, construction and catering are not transformed into the music industry per se, regardless of how extensive their involvement with the music sector is. What is important is understanding the degree to which the core of the music industry (from songwriting and performance to production, distribution and consumption) interacts with those other "non-music" sectors. This is where Nashville as a serious global music industry center takes on importance. Nashville is super-abundant in core music industry activity, has a plethora of "non-music" sectors that interact with the core in a very specialized way, and the levels of transaction are extremely substantial by any relative measure to other global music industry centers.

The music industry is complex for many reasons, and there are many ways in which its structure and function differ from a large number of other sectors. This complexity influences the way industry impact analysis is conducted for the music sector. No single standardized measurement classification such as NAICS (North American Industry Classification System) offers a singular grouping for music that fully encompasses what a high concentration of activity looks like in a city like Nashville. NAICS ultimately is a means of categorizing business into groups that rely on similar processes in producing goods and services. It is able to report how many payroll employees there are in traditional,

organized business establishments such as recording studios, instrument manufacturers or performance halls. Clearly, these leave out a very substantial part of what Nashville is about as a music industry center that exceeds in breadth, depth and reach the dynamics of music industry, not simply music activity. At best, some of the elements of NAICS may point directionally and relatively at parts of the whole. In this regard, Nashville's whole music industry is far more than the sum of its parts. With so few global centers of music activity as dense and complex as Nashville's, it is not surprising that data classification has not been structured to the exception, but rather to the more commonplace occurrence of music activity.

Many parts of the music industry simply do not fit into existing frameworks of industry and economic classifications. Further, the music industry is simply different because: 1) it touches many other industries directly and indirectly; 2) it has internal transactional relationships that are unique; and 3) it deals in a cultural content area that is consumed in varied and changing ways.

Just as the music industry is multidimensional, particularly in an area of high-order activity like Nashville, the ways of understanding and assessing it must rely on multiple sources of information and insight.

This impact and contribution study relies on an "input-output model." These models are typically grounded in cross-sectional

measures of trade relationships within a defined geography, and are used to illustrate how industries source their inputs and how they sell their outputs. Conceived by Nobel laureate Wassily Leontief, the input-output model at the national level is the standard approach used in performing regional economic impact analysis. The Leontief model recognizes that there are significant levels of intermediate transactions present in economies. These constitute a key part of transforming raw materials and services into "finished," or "final," products. For the music industry, these are both recorded and live content that is consumed by listeners. These relationships within transactions are used to link final demand to total output through use of "multipliers" that reflect linkages within purchase in every industry that lead to production of output for final demand.

IMPLAN (Impact Analysis for PLANning) input-output model data and software were used to model trade flows of multiple industries directly and indirectly involved in the music industry, along with the spending patterns of households associated with those industries to measure the total economic contribution within the Nashville MSA. IMPLAN employment and employee compensation inputs were supplemented and informed with data from EMSI, Equifax, OneSource and expert interviews. Adjustments to commodity production levels and trade flow assumptions ensured that direct music industry activities were insulated from redundant transactions, yet reflective of Nashville's unique industry relationships. Employment is used as the basis for calculating economic and contribution analysis in this study.

Informant Role

A valuable source in any research is a reliance on key informants. In the case of Nashville's music and entertainment cluster, the collective knowledge base of leadership is matched in only a few locations in the world. The concentration of expertise and successful management of global operations provides a ready and invaluable resource for this study. In-depth interviews with nearly 100 key leaders from every sector of the music industry established the foundation for both quantitative and qualitative research. Data assumptions in the economic model derive from information and insights shared by industry leadership. Discussion of patterns and trends in the current and emerging industry as a Nashville pillar stem from perspectives and unique insider knowledge of the workings and opportunities presented to Nashville's music industry.

A blend of qualitative and quantitative research yields a formidable view of Nashville as a music industry center. High-level global music industry leadership routinely interacts with, and indeed, works from Nashville. The perspective of Nashville-based executives in music is a key part of understanding the past, present and future of the city as a global center for entertainment. While business models are undeniably transforming in Nashville, the rich array of views and understanding of the challenges and opportunities can be accessed in few other locations. Wherever the world may be moving in music industry output in the years ahead, those ideas and drivers are abundant in Nashville as nearly nowhere else on the planet.

Economic Impact and Contribution Findings

Input-output analysis of economic activity is categorized into three types of expenditure effects: direct, indirect and induced.

- Direct effects take place only in the industry immediately affected.
- Indirect effects are changes in production purchases to related or backward-linked industries that reflect the input needs of the purchasing firms and sector. Basically, additional purchasing occurs in order to produce additional output.
- Induced effects are any household spending changes that result from change in household income generated from direct and indirect effects. Many residual changes thus occur from gains in local income.

Overall, an economy is strengthened by direct and indirect effects in potentially powerful and far-reaching ways.

- It is estimated that the music industry helps create and sustain more than 56,000 jobs within the Nashville area.
- The music industry supports more than \$3.2 billion of labor income annually.
- Nashville's music industry contributes \$5.5 billion to the local economy, for a total output of \$9.7 billion within the Nashville MSA.

Economies are measured in various ways. Output is one measure that captures overall economic activity and typically conforms to gross sales or revenue. The added value is the difference between those sales and the cost of goods sold.

"Multipliers" are measures that assess the level of interdependence between different sectors of an economy. As a rule of thumb, the higher a multiplier, the greater the interdependence among component parts of a sector in the economy. For example, an output multiplier of 1.5 would result in \$500 added to output in all sectors for every \$1,000 in spending by a core sector within a region.

Total Economic Impact and Contribution of Nashville Music Industry Cluster

Industry NAICS	Employment	Labor Income	Value Added	Output
Direct Effect	27,095	\$1,678,070,236	\$2,964,880,249	\$5,747,450,788
Indirect Effect	11,316	\$648,311,537	\$977,877,525	\$1,513,393,947
Induced Effect	18,110	\$913,017,746	\$1,547,655,826	\$2,391,973,025
Total Effect	56,520	\$3,239,399,520	\$5,490,413,600	\$9,652,817,760

Table 2

Total Employment Derived from Nashville Music Industry Cluster by Sector

NAICS Industry	Total Employment
Agriculture, Forestry, Fishing, Hunting	125.7
Mining, Quarrying, Oil and Gas	36.0
Utilities	44.4
Construction	267.6
Manufacturing	1,460.3
Wholesale Trade	718.4
Retail Trade	3,396.7
Transportation and Warehousing	1,189.9
Information	7,823.1
Finance and Insurance	2,784.5
Real Estate and Rental and Leasing	1,952.1
Professional, Scientific and Technical	3,498.2
Management of Companies	331.8
Administration and Support and Waste	1,624.9
Educational Services	833.7
Health Care and Social Assistance	2,798.6
Arts, Entertainment and Recreation	20,233.8
Accommodation and Food Services	2,709.4
Other Services	2,162.7
Public Administration	477.6
Unclassified	2,050.6

Table 3

Total Labor Income Derived from Nashville Music Industry Cluster by Sector

NAICS Industry	Total Labor Income
Agriculture, Forestry, Fishing, Hunting	\$882,986
Mining, Quarrying, Oil and Gas	\$1,200,929
Utilities	\$4,384,233
Construction	\$12,641,313
Manufacturing	\$108,770,927
Wholesale Trade	\$56,952,390
Retail Trade	\$121,078,209
Transportation and Warehousing	\$60,121,108
Information	\$590,460,510
Finance and Insurance	\$163,747,385
Real Estate and Rental and Leasing	\$41,897,716
Professional, Scientific and Technical	\$276,365,932
Management of Companies	\$39,453,892
Administration and Support and Waste	\$78,381,161
Educational Services	\$39,635,682
Health Care and Social Assistance	\$266,618,287
Arts, Entertainment and Recreation	\$1,136,397,474
Accommodation and Food Services	\$60,562,169
Other Services	\$75,584,804
Public Administration	\$38,984,122
Unclassified	\$65,278,291

Table 4

Total Value Added Derived from Nashville Music Industry Cluster by Sector

NAICS Industry	Total Value Added
Agriculture, Forestry, Fishing, Hunting	\$1,727,848
Mining, Quarrying, Oil and Gas	\$2,547,208
Utilities	\$14,877,521
Construction	\$15,493,989
Manufacturing	\$142,576,090
Wholesale Trade	\$97,550,287
Retail Trade	\$167,181,882
Transportation and Warehousing	\$89,108,081
Information	\$1,742,590,992
Finance and Insurance	\$279,343,768
Real Estate and Rental and Leasing	\$507,845,270
Professional, Scientific and Technical	\$356,886,952
Management of Companies	\$44,386,240
Administration and Support and Waste	\$90,066,216
Educational Services	\$37,464,611
Health Care and Social Assistance	\$283,669,157
Arts, Entertainment and Recreation	\$1,334,706,414
Accommodation and Food Services	\$90,469,930
Other Services	\$80,519,918
Public Administration	\$40,775,269
Unclassified	\$70,625,957

Table 5

Total Output Value Derived from Nashville Music Industry Cluster by Sector

NAICS Industry	Total Output
Agriculture, Forestry, Fishing, Hunting	\$4,907,140
Mining, Quarrying, Oil and Gas	\$5,978,686
Utilities	\$21,947,588
Construction	\$32,610,738
Manufacturing	\$336,648,046
Wholesale Trade	\$111,222,004
Retail Trade	\$237,097,626
Transportation and Warehousing	\$147,640,284
Information	\$4,302,166,056
Finance and Insurance	\$557,094,187
Real Estate and Rental and Leasing	\$586,293,632
Professional, Scientific and Technical	\$492,397,091
Management of Companies	\$70,704,814
Administration and Support and Waste	\$145,074,365
Educational Services	\$68,891,979
Health Care and Social Assistance	\$423,184,620
Arts, Entertainment and Recreation	\$1,601,942,326
Accommodation and Food Services	\$163,411,124
Other Services	\$154,683,246
Public Administration	\$97,136,786
Unclassified	\$91,785,421

Table 6

This study takes special regard for the high level of music performance activity that is based in Nashville, specifically for charitable goals, events and outcomes. Examples of donated performances by Nashville-based artists abound. This often means that not only the star performer foregoes earnings, but also that payments for band, set, catering, travel, insurance and all other needed roles must be alternatively derived or foregone. Charitable giving by music industry foundations is also notably large in Nashville.

A hallmark of a major entertainment industry center is its deep relationship to its home. In this, Nashville’s music industry provides phenomenal support to Nashville and the region in ways that are easily neglected in assessing economic impact and contribution. The assumptions in this study accounted for levels of charitable activity that simply are not part of the usual equation in most cities that have small amounts of music activity occurring as part of the mix of entertainment.

Without doubt, Nashville’s preeminence as a music center in absolute and relative terms is unmatched. Nashville veritably towers over other major and lesser music centers in terms of employment and establishment activity in the music sector. Location quotient, the standard for assessing relative strength of a sector in comparison to a larger geography (here the U.S. overall), yields powerful results for Nashville as a music hub.

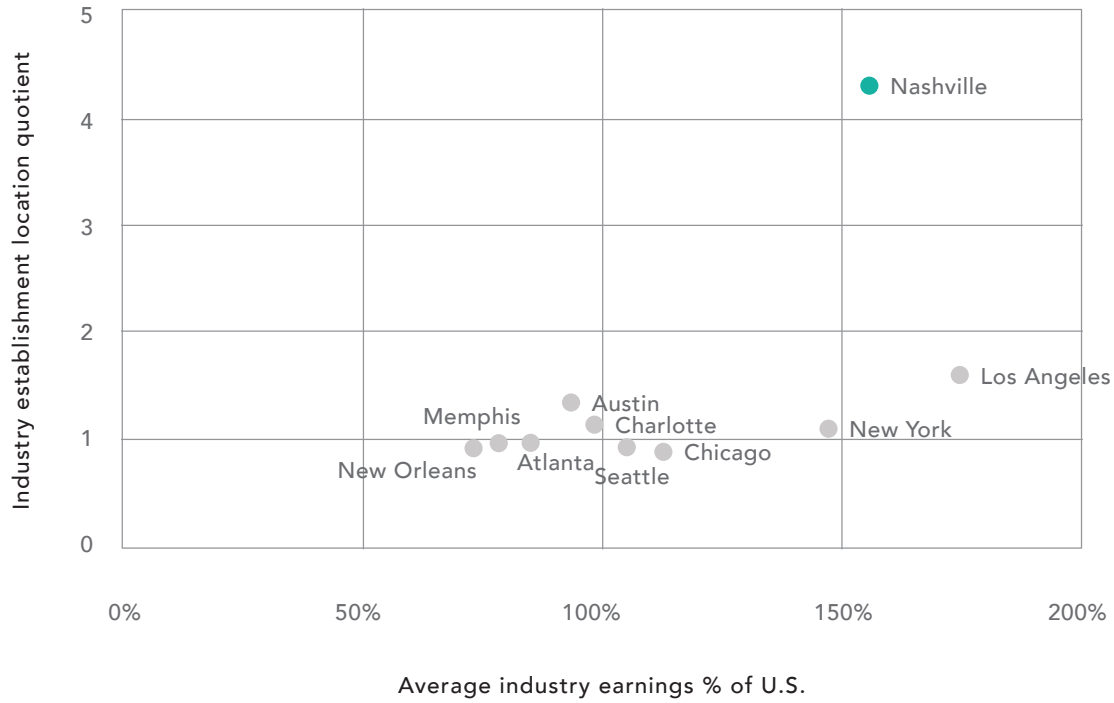
Relative Standing of Selected Metropolitan Areas and Music Cluster

Metropolitan Statistical Area	Jobs Location Quotient	% Earnings of U.S.	Establishment Location Quotient
Atlanta	1.02	85%	1.02
Austin	1.39	94%	1.38
Charlotte	1.12	99%	1.14
Chicago	0.92	113%	0.93
Los Angeles	1.61	175%	1.61
Memphis	0.99	79%	1.00
Nashville	4.19	156%	4.30
New Orleans	0.93	73%	0.95
New York	1.13	147%	1.13
Seattle	0.96	105%	0.96
U.S.	1.00	100%	1.00

Table 7

Nashville is not only dominant in relative music employment and establishment. Earnings levels overall are also exceptional in a comparison set. This points in an important way not only to the size, but also to the high decision-making, and high-quality performance, talent pools that are part of the fabric of Nashville's music cluster.

Music Industry Cluster Comparisons



Source: EMSI

Figure 3

The following tables give an array of evidence that confirms how widespread and deep the strengths of Nashville as a music industry center are. One may contend that, in many respects, Nashville leads the nation as that cluster hub given the density of activity that exists in the region. The following tables highlight the particular, and often exceptionally high, concentrations of music cluster activity in Nashville by occupation and with breakout tables for comparison of occupational groupings across other metropolitan areas.

Major Music Industry Cluster Occupations

Nashville MSA	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Agents, Business Managers of Artists, Performers, Athletes	853	2.53	\$23.24	102%
Producers and Directors	1,290	1.66	\$32.28	110%
Music Directors and Composers	933	1.81	\$18.57	97%
Musicians and Singers	6,671	2.56	\$20.42	124%
Radio and Television Announcers	696	2.07	\$17.37	114%
Audio and Video Equipment Technicians	927	2.21	\$21.50	108%
Broadcast Technicians	261	1.36	\$18.02	102%
Sound Engineering Technicians	671	4.44	\$20.83	91%
Musical Instrument Repairers and Tuners	153	0.97	\$12.09	106%
Total	12,207	2.30	\$21.53	112%

Source: EMSI
Table 8

Agents, Business Managers of Artists, Performers, Athletes

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	1,285	1.24	\$20.98	92%
Austin	521	1.39	\$23.26	102%
Charlotte	306	0.85	\$20.18	89%
Chicago	2,031	1.13	\$24.83	109%
Los Angeles	6,571	2.69	\$41.39	182%
Memphis	190	0.75	\$19.69	87%
Nashville	853	2.53	\$23.24	102%
New Orleans	229	0.97	\$20.42	90%
New York	6,265	1.72	\$30.45	134%
Seattle	662	0.90	\$21.72	95%
U.S.	58,668	1.00	\$22.75	100%

Source: EMSI
Table 9

Producers and Directors

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	2,592	1.08	\$28.08	96%
Austin	1,050	1.22	\$21.21	72%
Charlotte	710	0.86	\$25.12	86%
Chicago	3,279	0.79	\$27.11	93%
Los Angeles	26,659	4.73	\$49.12	168%
Memphis	295	0.50	\$17.67	60%
Nashville	1,290	1.66	\$32.28	110%
New Orleans	452	0.83	\$22.73	78%
New York	18,437	2.19	\$41.63	142%
Seattle	1,596	0.94	\$26.69	91%
U.S.	135,317	1.00	\$29.26	100%

Source: EMSI

Table 10

Music Directors and Composers

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	1,697	1.07	\$17.10	89%
Austin	792	1.38	\$18.58	97%
Charlotte	576	1.05	\$20.14	105%
Chicago	2,954	1.07	\$20.77	109%
Los Angeles	4,374	1.17	\$20.72	108%
Memphis	439	1.12	\$19.06	100%
Nashville	933	1.81	\$18.57	97%
New Orleans	338	0.93	\$19.83	104%
New York	5,789	1.03	\$22.04	115%
Seattle	928	0.82	\$20.14	105%
U.S.	89,954	1.00	\$19.11	100%

Source: EMSI

Table 11

Musicians and Singers

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	9,181	1.15	\$17.90	109%
Austin	4,181	1.45	\$16.92	103%
Charlotte	2,835	1.03	\$15.57	95%
Chicago	14,179	1.02	\$15.99	97%
Los Angeles	34,524	1.83	\$22.49	137%
Memphis	1,953	0.99	\$13.06	79%
Nashville	6,671	2.56	\$20.42	124%
New Orleans	2,179	1.19	\$13.45	82%
New York	41,713	1.48	\$20.38	124%
Seattle	6,445	1.14	\$17.69	107%
U.S.	452,693	1.00	\$16.46	100%

Source: EMSI

Table 12

Radio and Television Announcers

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	1,067	1.03	\$16.43	107%
Austin	399	1.07	\$18.50	121%
Charlotte	363	1.02	\$18.42	120%
Chicago	1,444	0.80	\$18.58	121%
Los Angeles	3,025	1.24	\$22.88	150%
Memphis	263	1.04	\$12.61	82%
Nashville	696	2.07	\$17.37	114%
New Orleans	258	1.10	\$14.53	95%
New York	3,645	1.00	\$19.56	128%
Seattle	616	0.84	\$17.10	112%
U.S.	58,400	1.00	\$15.30	100%

Source: EMSI

Table 13

Audio and Video Equipment Technicians

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	1,771	1.37	\$19.88	100%
Austin	508	1.09	\$18.20	91%
Charlotte	377	0.85	\$19.50	98%
Chicago	2,231	1.00	\$20.79	104%
Los Angeles	6,432	2.12	\$23.33	117%
Memphis	319	1.01	\$15.60	78%
Nashville	927	2.21	\$21.50	108%
New Orleans	525	1.79	\$15.17	76%
New York	8,045	1.77	\$25.44	128%
Seattle	895	0.98	\$20.87	105%
U.S.	72,866	1.00	\$19.93	100%

Source: EMSI

Table 14

Broadcast Technicians

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	631	1.07	\$17.45	99%
Austin	149	0.70	\$16.03	91%
Charlotte	190	0.93	\$20.24	115%
Chicago	795	0.78	\$23.10	131%
Los Angeles	3,864	2.78	\$21.02	119%
Memphis	111	0.76	\$13.35	76%
Nashville	261	1.36	\$18.02	102%
New Orleans	55	0.41	\$13.28	75%
New York	3,770	1.81	\$23.34	132%
Seattle	370	0.88	\$17.71	100%
U.S.	33,387	1.00	\$17.66	100%

Source: EMSI

Table 15

Sound Engineering Technicians

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	513	1.10	\$21.89	95%
Austin	266	1.59	\$18.50	80%
Charlotte	132	0.82	\$19.01	83%
Chicago	936	1.16	\$19.39	84%
Los Angeles	3,681	3.36	\$30.02	131%
Memphis	90	0.78	\$19.92	87%
Nashville	671	4.44	\$20.83	91%
New Orleans	110	1.03	\$18.25	79%
New York	3,782	2.31	\$28.73	125%
Seattle	406	1.23	\$22.33	97%
U.S.	26,306	1.00	\$22.99	100%

Source: EMSI

Table 16

Musical Instrument Repairers and Tuners

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	405	0.84	\$11.17	98%
Austin	143	0.82	\$14.66	129%
Charlotte	99	0.59	\$12.02	106%
Chicago	634	0.75	\$12.53	110%
Los Angeles	1,241	1.09	\$11.81	104%
Memphis	157	1.32	\$11.08	97%
Nashville	153	0.97	\$12.09	106%
New Orleans	72	0.65	\$12.01	106%
New York	1,358	0.80	\$10.86	96%
Seattle	300	0.87	\$12.31	108%
U.S.	27,429	1.00	\$11.37	100%

Source: EMSI
Table 17

Total

Metropolitan Statistical Area	2012 Jobs	2012 Location Quotient	Median Hourly Earnings	Median Hourly Earnings % of U.S.
Atlanta	18,530	1.14	\$19.52	102%
Austin	7,872	1.34	\$18.26	95%
Charlotte	5,405	0.96	\$18.06	94%
Chicago	27,757	0.98	\$19.06	99%
Los Angeles	86,613	2.25	\$32.11	167%
Memphis	3,707	0.92	\$14.76	77%
Nashville	12,207	2.30	\$21.53	112%
New Orleans	4,167	1.12	\$15.64	82%
New York	89,367	1.55	\$26.29	137%
Seattle	11,854	1.02	\$19.58	102%
U.S.	955,019	1.00	\$19.18	100%

Source: EMSI

Table 18

Comparative Music Industry Cluster Employment

	Atlanta	Austin	Charlotte	Chicago	Los Angeles	Memphis	Nashville	New Orleans	New York	Seattle	U.S.
Musical instrument manufacturing	0.25	1.45	0.26	1.01	1.01	1.40	9.13	0.40	1.57	1.37	1.00
Musical instrument and supplies stores	1.17	1.16	0.94	0.82	1.36	1.05	1.57	0.62	0.99	1.16	1.00
Compact disc, tape and record stores	0.65	1.15	0.83	0.77	1.65	0.71	2.76	1.09	1.00	0.84	1.00
Record production	2.30	1.70	0.49	1.98	2.40	-	12.19	1.77	2.53	0.62	1.00
Integrated record production/distribution	1.81	0.42	1.23	0.85	3.25	2.24	15.17	0.46	3.75	1.33	1.00
Music publishing	1.27	4.14	0.23	0.63	2.85	0.87	31.28	0.90	2.73	0.25	1.00
Sound recording studios	2.34	3.45	0.99	0.97	2.63	0.62	3.98	0.88	1.83	1.10	1.00
Other sound recording industries	1.43	1.89	0.92	0.97	1.33	1.96	3.10	1.23	1.76	1.12	1.00
Radio networks	1.40	0.54	3.73	0.84	1.63	2.07	2.22	1.99	0.75	1.22	1.00
Radio stations	0.52	0.93	1.10	0.68	0.97	0.62	1.32	0.44	0.74	0.66	1.00
Musical groups and artists	1.22	1.75	0.76	1.25	2.09	1.00	5.54	1.32	1.18	1.11	1.00
Total	1.02	1.39	1.12	0.92	1.61	0.99	4.19	0.93	1.13	0.96	1.00

Source: EMSI

Table 19

Comparative Music Industry Cluster Earnings

	Atlanta	Austin	Charlotte	Chicago	Los Angeles	Memphis	Nashville	New Orleans	New York	Seattle	U.S.
Musical instrument manufacturing	82%	92%	88%	113%	113%	113%	135%	67%	118%	67%	100%
Musical instrument and supplies stores	96%	129%	95%	112%	154%	142%	115%	78%	114%	102%	100%
Compact disc, tape and record stores	82%	136%	88%	104%	160%	82%	107%	89%	107%	108%	100%
Record production	47%	79%	53%	75%	93%	-	179%	23%	130%	35%	100%
Integrated record production/distribution	39%	-	35%	30%	126%	37%	115%	0%	200%	90%	100%
Music publishing	106%	150%	-	69%	90%	47%	113%	24%	163%	76%	100%
Sound recording studios	74%	74%	46%	88%	149%	55%	132%	41%	137%	107%	100%
Other sound recording industries	87%	129%	114%	54%	132%	84%	112%	69%	169%	53%	100%
Radio networks	130%	55%	87%	135%	113%	84%	73%	102%	126%	139%	100%
Radio stations	104%	113%	115%	171%	140%	73%	87%	56%	176%	124%	100%
Musical groups and artists	66%	66%	78%	89%	297%	49%	232%	71%	115%	101%	100%
Total	85%	94%	99%	113%	175%	79%	156%	73%	147%	105%	100%

Source: EMSI

Table 20

Comparative Music Industry Cluster Establishments

	Atlanta	Austin	Charlotte	Chicago	Los Angeles	Memphis	Nashville	New Orleans	New York	Seattle	U.S.
Musical instrument manufacturing	0.26	1.44	0.26	1.03	1.02	1.42	9.40	0.40	1.58	1.37	1.00
Musical instrument and supplies stores	1.15	1.12	0.92	0.81	1.33	1.03	1.56	0.61	0.97	1.13	1.00
Compact disc, tape and record stores	0.65	1.15	0.84	0.78	1.65	0.72	2.82	1.10	1.00	0.84	1.00
Record production	2.32	1.69	0.51	2.00	2.41	-	12.54	1.81	2.55	0.62	1.00
Integrated record production/distribution	1.91	-	1.32	0.90	3.42	2.39	16.31	0.00	3.96	1.40	1.00
Music publishing	1.25	4.02	-	0.62	2.79	0.86	31.28	0.89	2.67	0.25	1.00
Sound recording studios	2.39	3.47	1.01	0.99	2.66	0.64	4.12	0.91	1.86	1.11	1.00
Other sound recording industries	1.39	1.82	0.88	0.94	1.28	1.90	3.05	1.18	1.70	1.08	1.00
Radio networks	1.42	0.54	3.80	0.85	1.65	2.10	2.29	2.03	0.76	1.23	1.00
Radio stations	0.53	0.93	1.12	0.69	0.98	0.63	1.37	0.45	0.74	0.66	1.00
Musical groups and artists	1.24	1.75	0.78	1.28	2.12	1.02	5.73	1.35	1.20	1.12	1.00
Total	1.02	1.38	1.14	0.93	1.61	1.00	4.30	0.95	1.13	0.96	1.00

Source: EMSI

Table 21

Genre Roles

Genre is alive and well in the world of music. If anything, there is a great multiplication underway. The emergence of the “long tail” of production and consumption (i.e., niche marketing) means that there is an emerging proliferation of output by far more performers catering to very small slivers of consumer tastes, along with the continuation of more mass appeal by major acts. Genres, sub-genres and sub-sub-genres are as numerous -- and as readily emergent -- as each garage band that plays and records. Even so, broad genres continue to dominate. Likewise, they grow, they change and coalesce. Nowhere in the world does such a powerful coalescing take place as in Nashville.

Label Activity

The reconfiguration of the music industry has resulted in realignments in major labels in the U.S. and internationally. Where Nashville became home to many major-name music labels over time, with particular growth in the 1990s, consolidation has brought the number to three. At the same time, independent labels continue to emerge and grow in response to new models of revenue and participation by individuals throughout the creative stream of music creation and delivery.

One of the very important features of Nashville as a music industry center is the depth of catalog holdings by publishers and labels. Catalog holdings are recorded performances from the past that remain available for reissue and distribution. Nashville is not only home to by far the greatest aggregation of catalog holdings in country music, but also in folk, Celtic, classical, Americana, Christian and a host of other genres. There are major rock and pop catalog holdings that are monetary treasures of firms based in Nashville. This is not an inconsiderable element of the music industry, and Nashville’s especially, as a matter of future revenue streams regardless of the evolution of delivery systems.

Music Cluster Ecosystem Reshaping

Component	Changes
Major Labels	<p>Decline in major revenue source with physical sales</p> <p>Explore new business models, expand management and publishing arms</p> <p>Substantial reduction of workforce</p> <p>More risk-averse on A&R with revenue decline</p> <p>Role important as chief distributor and financier/investor for indie labels</p>
Independent Labels	<p>Greater access to talent as major labels reduce A&R</p> <p>Greater "do-it-yourself" attitude among artists</p> <p>Build experience meshing traditional label roles with management and/or publishing</p> <p>Gain experience licensing and marketing in digital and exports</p>
Managers	<p>Greater competition from labels as both assume each other's traditional roles</p> <p>Integrate marketing activities into management role, especially artist-owned label scenarios</p> <p>Compelled to learn how to administer new revenue sources</p>
Promoters	<p>Smaller profitable subsector</p> <p>Larger promoters assume some label roles</p> <p>Smaller niche promoters develop new marketing techniques and sponsorship strategies</p> <p>More control over careers</p> <p>More options for business models (DIY/360) with success tied to strong brands</p> <p>Recording costs decrease, easing market access</p>
Artists	<p>High dependence on touring and merchandise though often smaller venues</p> <p>More control over career</p> <p>More options for business models (DIY/360) with success tied to strong brands</p> <p>Recording costs decrease, easing market access</p>
Service Companies	<p>Diversifying client base and services</p>
Retailers	<p>Big-box stores sell music as loss leader</p> <p>Mid-size chains diversify content with DVDs and games</p> <p>Record retailers vanish</p> <p>Online retail small but rapid growth</p>
Corporate involvement	<p>Some corporate migrate away from music industry sponsorship as others enter</p> <p>More active role beyond sponsorship for new entrants</p>

Table 22

New Models

Recent years have shown improvements in sales of music through growth in digital activity. While the levels remain much below what strong years represented through physical sales, the trends are promising. The effect on both major and independent labels has taken a toll, with the realignment of the industry continuing as the entire industry's way of delivery and revenue is recast. Labels and artists increasingly rely on a much wider and more diverse set of revenue streams to be strategically positioned in a sector whose structure is still in creation.

The ultimate solution to successfully monetizing music for a large, consuming public is still elusive. In fact, many models and hybrids have emerged, none painting the final clear picture. The traditional "360 deal," in which a record label agrees to provide financial support for the artist in exchange for a percentage of the artist's revenue, continues to reshape in ways that are continuously evolving. Certainly, there are hopeful signs in growth of digital sales overall. Many believe that a utility model involves subscriptions for unlimited content. Others suggest that consumers want free content but will not balk at a small access fee. There, in fact, are more variations on models at this point than actual distinct models. Some are proving their merits. However, major acts and performers are still more likely to be engaged with these. For Nashville as a music center, it is also important to consider ways to deliver models that offer opportunity across smaller acts and across smaller genres to gain a profitable foothold that furthers the Nashville industry's market gains nationally and internationally.

Emerging Business Models in Music Cluster

Emerging Models	Functions	Industry Participants
360 deal	Labels share in all sources of artist revenue from CD/track sales through licensing, live performance and merchandising	Label Manager/artist
Crowdsourcing	Fans support emerging unsigned acts via music on website through voting, investing	Artist Host provider
Brand funding	Non-music industries move beyond endorsement for involvement	(Manager) Artist Corporate sponsor
Advertising sponsorship	Creating and licensing music for advertising campaign	Manager/artist Licensor/publisher Advertiser
Variable-pay music	Music uploads to website or digital distributor for free by artist; fans choose rate at which they pay	Artist Host provider
Telephony/ mobile	Music content sourced online and "side-loaded" onto mobile device	Artist Music aggregator Mobile carrier/device provider
Other platforms	Deliver music on or through other traditional creative "silos," including video games, online or traditional radio	Manager/artist Music licensor

Table 23

Songwriters

Nashville has a long heritage as a sought-after destination for aspiring songwriters, a tradition that continues today. Estimates of songwriter population in Nashville ranges into the tens of thousands. The symbiotic relationship with publishers and labels cultivating the high level and density of talent from the mid-20th century onward is well-documented.

Organizations such as Nashville Songwriters Association International, established nearly 40 years ago, lend credence to the great array of songwriting talent that drives much of what continues to reinforce the image and reality of Nashville as a creative music center. The ability of the city and industry to continue to focus on sustaining the livelihood of the songwriting community remains interwoven with Nashville's heritage of top-level talent, focus on key genres, familiar and friendly Music Row relationships with industry and performer, and the opportunity for Nashville to be an ever-stronger voice for intellectual property rights in the U.S. and internationally.

Publishing

Music publishing was the foundation of Nashville's growth as a music industry center. Interestingly, this same bastion is positioned to lead Nashville through the many changes underway in the music industry. Revenue from music licensing provides an increasing opportunity for revenue for the music business, as music is interwoven into more platforms.

As physical music sales decline, other revenue streams become much more important to industry success. For this reason, diversification of music placement is a paramount need. Finding new profit-generating ways of delivering music directly to consumers is of equal importance to broadening the placement of music in other areas. This two-pronged approach is key to the expansion of Nashville's already strong publishing presence in the national and international economy.

The impact of this expansion will likely be considerable in the years ahead and stands to be one of the less visible ways that Nashville's music presence can become much more dominant globally.

Performance Rights and Intellectual Property

The realities of compensation for music writing, performing and recording have experienced a decade and a half of shifting behaviors and understanding. What had been a functional system for decades now encounters new technologies, new consumers, and ultimately, new models for remunerating those engaged in getting the song from the inspired idea of a songwriter to the ultimate consumer.

Copyright is a foundation of the music industry and a vital interest for the Nashville entertainment sector. It is the very means through which the music industry transitions to a digital environment. Changes to copyright occur slowly, signaling the importance it has to major revenue streams. Nashville's economy, in fact, is influenced by copyright policy as only major entertainment centers like Los Angeles and New York are, realizing that proportionally the industry is a much larger presence in Nashville. Recovery in the music industry is taking root in sales and revenue, and existing copyright laws make this possible. Ongoing debates and advocacy for strong international copyright enforcement mean opportunity for Nashville-based music as well as internal growth of new music markets around the world.

Nashville is fortunate to play a major role in performing rights through performing rights organizations, a strong legal community, and, certainly, a remarkable array of performers and musicians committed to the integrity of their art and the ways to sustain and grow this. ASCAP's, BMI's and SESAC's relationship to Nashville as a music center has been foundational and strengthened over many years. The success and evolution of these organizations as innovations emerge in the industry will be central to Nashville as a controlling force in the global music environment for years to come.

Broadcasting

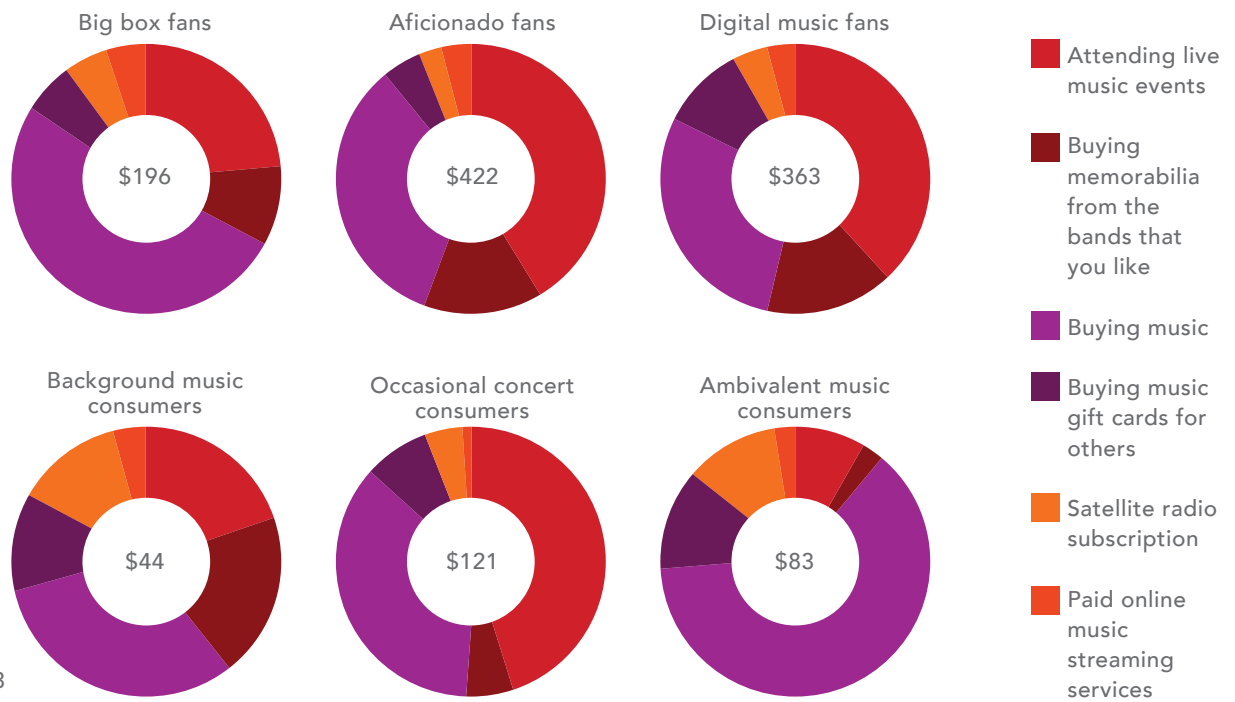
As it has for decades, radio broadcasting remains the lifeblood of the music industry and its success. Airplay is a fundamental means of listeners hearing new content and new performers, as well as building relationships as fans and learning more about the music. Radio is particularly important to Nashville as a music industry center. As the epicenter of country music, the ties to format broadcasting are central to Nashville as an origin and influencer of audiences across the nation and internationally. Country-format radio continues to be a very powerful force nationally to the music sector, as well as to other industries that recognize its reach. Country-format stations are the largest single block of outlets in the nation. Listeners are loyal to radio stations, and moreover loyal to performers and to products. The consumer power of Americans clearly revolves a great deal around content and delivery that originates in Nashville. The average household income for country listeners is \$67,757, which is \$3,000 more than the typical U.S. adult. Fully one in five country listener households earns more than \$100,000 (The Media Audit, 2011). Among country listeners, 14.8 percent plan to

buy a new or used vehicle within the next 12 months. These listeners are also more likely to be consumers of recreational vehicles, such as motorcycles, motor boats, pickup trucks, RVs or motor homes. Country listeners are 68 percent more likely to own a motorcycle, nearly twice as likely to own a motor boat, RV or motor home, and nearly half (45.7 percent) own a pickup truck.

The continuing central role of radio as the vehicle for exposure to new content is undeniable. New models of delivery are along a continuum of maturity, and each of these plays a part in the overall mix of radio. This is particularly important in Nashville, where radio continues to be an extremely powerful part of the success of the country music genre.

The array of spending by music consumers differs across fan type by relatively wide margins. One way for Nashville to gain further leverage over national and international markets is to craft ways to shift to patterns of steady consumption and new delivery formats.

Annual Spending on Music Activities



Source: Nielsen, 2013
Figure 4

Streaming and Emerging Outlets

The most recent years of music consumption suggest that new and positive trends are emerging for realizing revenue gains. Where only a few years ago, the music industry was justifiably perplexed and concerned about deteriorating sales of music product, now there are reasons to see brighter prospects emerging. The music industry collectively has experienced some of its best year-over-year gains in a decade. As the shift to digital delivery achieves momentum, there is optimism that new models, new technology and new consumer patterns are leading to sustainable growing revenue streams. The presence of online services such as iTunes, Spotify and Deezer in more than 100 countries is unlocking opportunity in a variety of ways -- engaging new listeners, young listeners, technologically oriented listeners and, most of all, international listeners.

Record companies and performers have recognized that licensing content across diverse revenue channels builds opportunity to penetrate new markets. Most revenue streams are in a growth mode: downloads, subscription, advertising-supported, video, performance rights and sync. A turning point in digital revenue exceeding physical revenue is also occurring in several markets, including the U.S.

With these changes, music listeners are also gaining flexibility and control and reporting favorably on emerging options available to them. As digital delivery has been monetized and made

easily accessible, the industry and consumers alike are overcoming prolonged struggles over piracy. Further, music is not only content that listeners enjoy, but also a major force linked with new consumer technologies, with online search and social networking and with evolution of broadband services. The culmination of many strands of economic activity is converging through popular access of music. There are lingering and large hurdles yet to conquer in the digital economy, but the directions are increasingly positive. This is good news for Nashville, where a major music industry seeks to move as seamlessly as possible to a new environment where business thrives and consumers grow. Music video streaming is experiencing massive increase. As examples, YouTube is accessed by over 800 million people worldwide, and 90 percent of the most popular videos are music-related. Pandora accounts for 8 percent of radio listenership in the U.S., with Slacker and iHeartRadio also growing service. Physical format sales worldwide continue to drop, with their share declining from 61 percent in 2011 to about 58 percent in 2012. Physical sales are likely to continue at a modest level for the foreseeable future. Purchasers of these products may increasingly insist on high-quality physical formats and unique content. Gifting and deluxe box sets likely will form a considerable share of the physical-format market.

Performance rights revenue continues to increase. This revenue derives from use of music in TV and radio broadcasts, and public performance in venues such as bars, nightclubs, restaurants,

stores and other settings. Performance rights revenue grew 9.3 percent in 2012, and comprises 6 percent of total music revenues worldwide and up to 10 percent in Europe and Latin America. Changes in broadcast rights in the U.S. may certainly reshape opportunities for performers and producers.

Digital music growth stems from a number of key drivers as satisfiers for consumers: the security and ease of payment, the legality of the service, and trust in firms and brands. Music fans are becoming more aware of the range of legitimate services available to them. Meanwhile, legal music services are quickly becoming savvier at catering to consumers' needs and interests. The discovery phase of digital downloading provided a fascination for early adopters, for younger generations more adept at computing, and as content was constantly expanded. Just as other sound technologies, from telephony to radio, experienced a "Wild West" phase of rapid growth, the ease of sharing content on the Internet ushered in a turbulent period for the music industry where longstanding delivery models were shattered. In the current decade, the industry is becoming more stable as more commercial participants are innovating to outpace unlicensed activity.

Concert and Touring

Live performance is an incredibly important part of the music industry -- not just in Nashville, but around the world. With a long heritage of country music performers committed to touring, this aspect of economic return to the region is unique and powerful. Essentially, Nashville-based touring artists travel around the country or around the world, all the while seeing a major share of economic return flow back to Nashville. Because the touring contingent of Nashville-based artists is so large, this aspect of the industry holds special importance locally. As physical music sales have declined, live performance and touring have become more than mere promotion for sales of recordings. For many artists, live performances are their single most important source of income. The role of organizations such as LiveNation with a major Nashville presence speaks to how Nashville is a central component of the music landscape nationally and beyond.

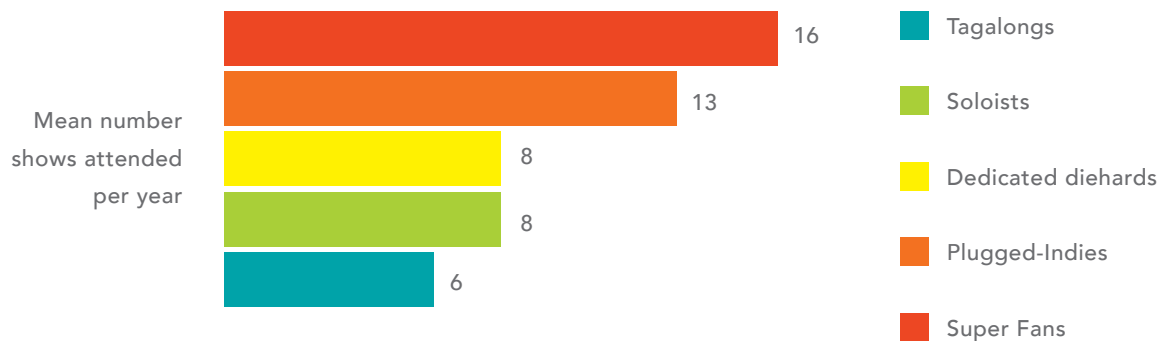
Nashville performers have long been among the most active touring acts in the music industry. Country touring and concerts has grown steadily over the decades and are currently ubiquitous across the U.S. International touring from Nashville-based acts have been less frequent, particularly in non-English-speaking countries. The risk/reward to performers for extended travel to cultivate new markets has often tempered wider concert touring outside the U.S. Certainly there are major exceptions to this, with examples such as the Taylor Swift phenomenon preeminent.

Two areas of concert touring merit further exploration for Nashville as a music center:

- Increased attention to international touring to penetrate new, emerging, affluent, non-English-speaking markets where receptivity to roots/folk/world and other genres blends with traditional country; and
- Broadening the scope of Nashville as a destination for international acts to perform to further enhance the city as a destination for live music from international performers, again in the range of roots/folk/world and other genres.

The ability of Nashville music leadership to focus on strengthening the already vital concert touring role, both inbound and outbound, stands as a major pillar of revenue realization that cannot be eroded by changes in changes in physical vs. digital delivery formats.

Fan Types and Concert Attendance



Source: Bandsintown

Figure 5

Video and Film

Assessing the role of video and film activity in Nashville is important to understanding the music industry in two ways. For more than two decades, music videos have been a major component of marketing content. This area has seen change as production has become easier and less costly and as consumer devices have diversified. No longer are large-scale productions gaining large defined audiences through few outlets. Rather, video is done quickly and simply for many performances, and then distributed through many channels. YouTube has revolutionized video in general and music video in particular.

The film industry is an extremely important sibling sector to the music industry. Where Nashville is abundantly strong as a world center of music production, the city and state have tended to lag in film production. Other states, such as Louisiana, Georgia, Texas and North Carolina, have developed extensive and ambitious programs to foster on-location film production.

Why is film so important to the music industry? It provides a ready base of produced content that requires music content as a component. The proximity of actual production, of a true film sector based permanently in Nashville, is an enormous advantage for the music publishers and artist managers seeking outlets for their catalog and performance. Likewise, major synergies develop from the ancillary services of set designers and construction, lighting, staging, costumes, legal and accounting services, and a whole array of subsectors that thrive as equally in film as in music. Sound recording, post-production and editing are all areas where convergence of the music sector talent with film activity in Nashville will offer mutual advantages not present in other areas where the music industry has less depth than in Nashville.

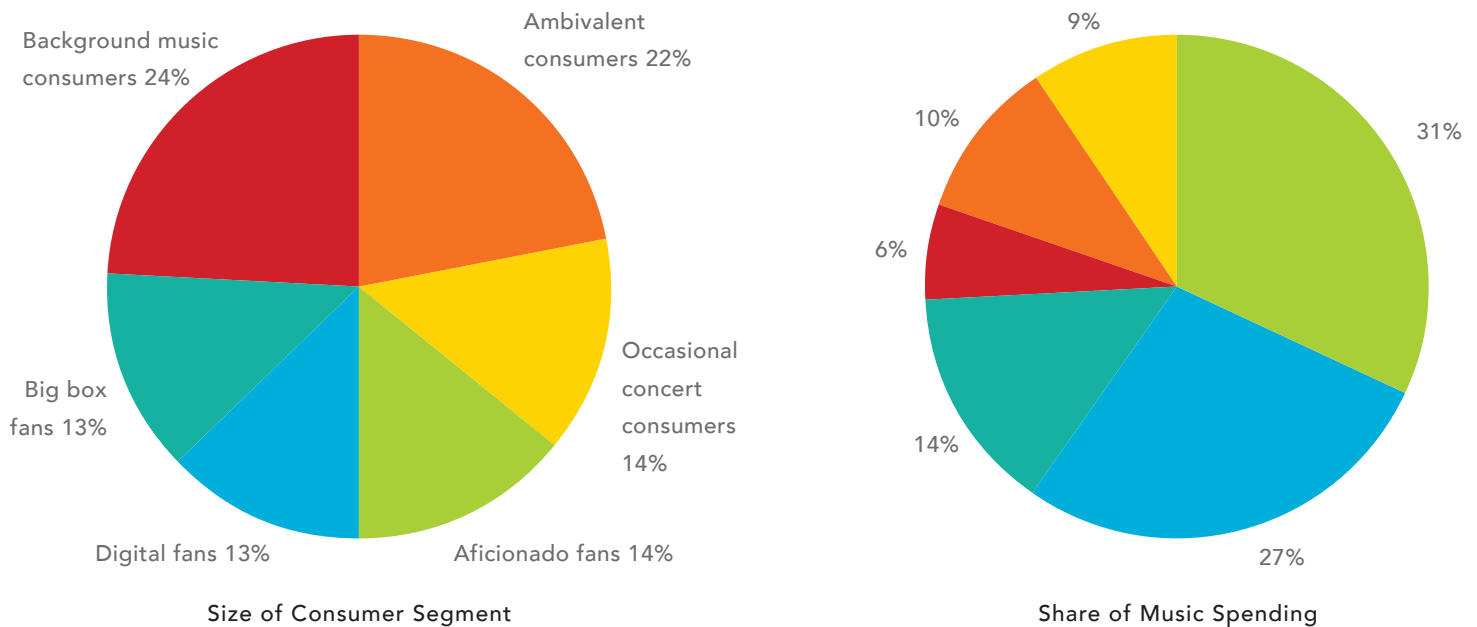
Nashville industry leaders note that film industry support is one direct way to enhance music industry growth in the area. Incentivizing one means incentivizing both; better yet, intentional support for the joined film and music industries is a way to catapult Nashville to a leading position nationally and internationally as a producer of creative content across media. Tied to this outcome is need to strengthen the training of talent for the Nashville market. The music industry rarely has to look outside Nashville for resources and talent; meanwhile, film production in Nashville continues to experience a mismatch between the needs and the available skills and talents found in the area. However real these mismatches are, the opportunity to solidify the vertical and horizontal streams of film and television production in Nashville are solid investment opportunities for the future of Nashville as a world music center.

Merchandising

Merchandising provides a very important revenue stream for artists, often associated with live performance activity. Major artists typically engage merchandisers with licensing agreements when the volume of activity justifies this or there simply is disinterest in direct management involvement in this aspect. The returns to the Nashville economy are considerable. With the size of the industry and performer array in the region, there also is an unusually large amount of merchandising activity based in Nashville. Due to this, the ultimate return of dollars into the Nashville market, regardless of where the touring occurs, is quite high. Artists themselves may receive 30 to 40 percent of merchandise revenue. But, in Nashville's case, the revenue stream to many other aspects of the merchandising also accrues to the region's economy.

The role of merchandise in the music industry is important and growing, as touring stands to comprise more of many artists' performance and revenue strategy. Merchandising itself is evolving as social media and physical goods themselves blend and blur with new models of fan interaction. New and aspiring artists may find it easier than ever to achieve critical mass of merchandise marketing and delivery to fans. However the field develops in the future, Nashville's strength in the country music genre gives the industry base a solid, durable footing, owing to the intensity of fan allegiances.

Spending by Type of Music Fan



Source: Nielsen, 2013

Figure 6

Technology and Innovation

Total value of U.S. music sales edged up in 2011, representing the first increase in seven years. Even so, results are far below the peak of 1998 and 1999. Digital sales are clearly the reason and are clearly trending upward. Further, the rapid declines in physical music sales appear to be slowing. At the same time, digital sales represent fully half of all U.S. sales for the first

time. Digital downloads in 2011 resulted in \$2.6 billion revenue, a gain of 17 percent from 2010. Especially noteworthy are digital albums, which increased by 25 percent, to \$1.1 billion, and exceeded 100 million in volume for the first time. Individual digital track sales climbed \$1.5 billion and 1.3 billion copies in recorded sales.

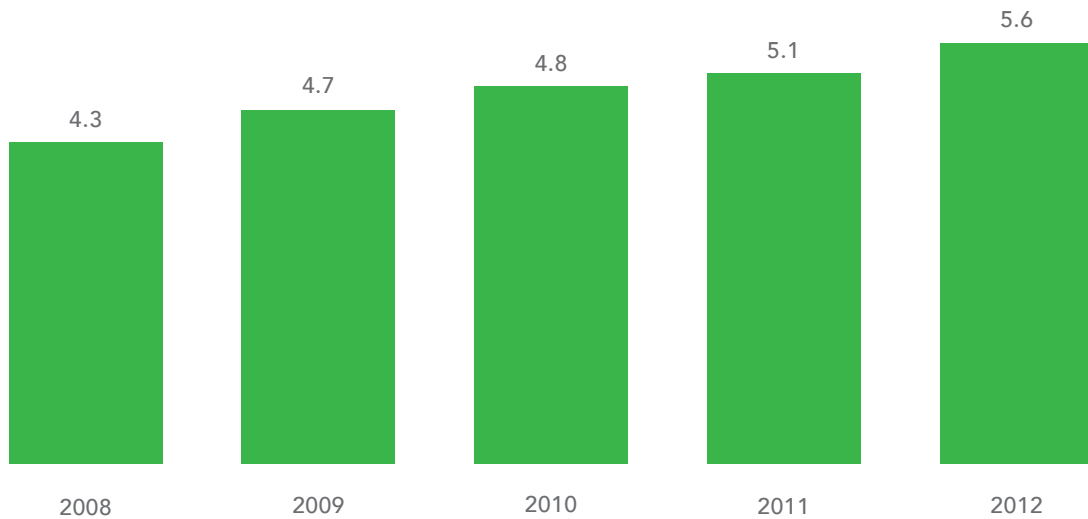
Shipments of Recordings

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CD	17,262	16,397	15,059	13,732	13,630	12,117	10,458	8,085	5,716	4,528	3,496	3,101	2,532
Download single					164	418	648	880	1,078	1,229	1,359	1,493	1,624
Download album					54	156	308	540	664	780	900	1,091	1,205
Download music video						4	22	31	43	43	38	32	21
Mobile						486	863	1,145	1,021	737	462	277	167
Subscription						172	230	254	231	216	219	241	571
Digital performance royalties					8	24	37	39	105	163	257	292	n/a
Kiosk						1	2	3	3	7	7	3	4
Totals	17,262	16,397	15,059	13,732	13,857	13,378	12,568	10,976	8,861	7,703	6,738	6,531	6,124

Source: RIAA
Table 24

Technology and adaptations to that technology by market forces and new models are at the heart of change in revenue patterns. Revenue from music subscription services reached a record \$241 million in the U.S. in 2011, which was a gain of 13 percent from the prior year. The number of users jumped from 1.5 to 1.8 million in 2011.

Global Digital Revenues (U.S. billions)



Source: IFPI

Figure 7

Subscription service, in fact, is reviving some markets that appeared moribund in terms of revenue opportunity. In Sweden, for instance, per capita music spending increased 15 percent from 2008 to 2012. Different than individual downloads, subscription services pay a royalty each time a song is played. Individual transactions are small, but extend over a longer period of time. Music labels now can look to subscription services as a particular innovation in monetized delivery that seems sustainable.

Music-related Tourism

Visitors to Nashville spend more than \$4 billion annually. It is not unreasonable to assume that a large share of this activity ultimately relates back to the city's brand. It could well be said that, without Nashville's "Music City" identity as a draw, the city would attract only very modest tourist and convention business.

While this is a separate industry and impact, it is logical to state that the success of one depends critically on the other being in place. Just as the presence of the financial industry in New York allowed much of corporate America to thrive there, the strength of music as the foundation of Nashville makes it more appealing. The analogies for Nashville are even easier in relation to music and tourism than in other major music centers such as Los Angeles, New York and London because of the high degree of association with Nashville and a comparatively large music presence. In other words, visitors choose Nashville highly exclusively for its music offerings. In turn, its music offerings are only possible in such abundance through a vital music production industry.

The distinctiveness of Nashville relative to other cities in regard to music-oriented tourism is twofold. One, Nashville has incredible name recognition worldwide as a place known for music, arguably unmatched by any other city. Two, Nashville's music industry is incredibly dense in all aspects of an economic cluster relative to its size (particularly compared to Los Angeles, New York and London), and this impacts the city's ability to offer the highest-quality performance locally. When meeting planners opt to host Nashville conferences and conventions, their decision is enhanced and influenced by the presence of music offerings in the city. The very reputation and identity of Nashville is indisputably bound to the music industry. The path ahead will include ways to leverage this music identity for business activity and meetings.

Music consumption occurs in many settings. The Nashville Convention and Visitors Corporation has been assertive in promoting and featuring music as a core of the Nashville visitor experience. Live and Nashville-based recorded music can be enjoyed in many settings. Likewise, the image of Nashville that may inspire travel and meetings can occur in multiple ways. Individuals can encounter and connect with Nashville through its music via any of the following:

- Radio and television programs and commercials
- Retail outlets
- Bars, restaurants and cafes
- Music "on hold" for telephony
- Nightclubs and dance venues
- Exhibitions, events, fairs and shows

Tourism in Nashville as a music center is doubly important to its role. Where Nashville ranks among the quartet of global music hubs with Los Angeles, New York and London, Nashville is clearly the smallest of those cities in population. Therefore, the outsized role of the music industry and the music-motivated tourism are all the more remarkable, though fully understandable in light of findings in this study. The depth of talent associated with Nashville as an international recording center ultimately lies at the heart of the city's ability to essentially rise above all peers in the world in delivery of highest-quality, broadest-range live music to visitors.

The Music Consumer

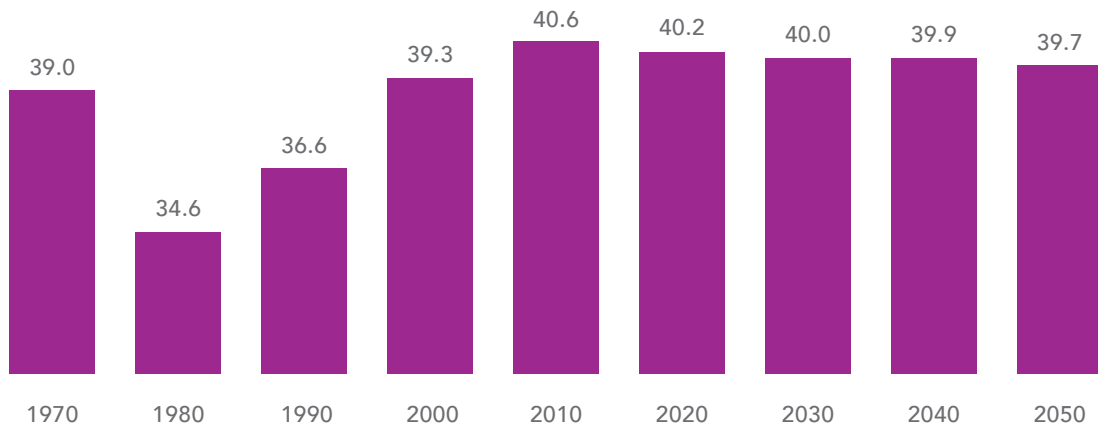
1. Nashville Music Growth and Demographic Transitions

As technology develops, not only is there a change in the music industry itself, but also in the consumption of leisure-time-related industry output. In short, technological advance over time delivers breakthroughs in music production and delivery, but also transforms society to have more time to enjoy and consume music (Vogel, 2007).

An aging population in the U.S. has very direct impacts on the music industry and therefore on Nashville. However, though demographic shifts occur, the popularity of music does not wane. Just as publishing's restructuring does not mean the population is reading less, and a change in health care delivery does not mean that people are radically more or less infirm, the changes in population by age, income, ethnicity or any other factor do not correspond to a lessened overall demand for music. Many factors will assuredly play a role in the patterns of music consumption over the coming years -- labor force participation, fertility rates, two-earner households, retirement and many others (Vogel, 2007).

A key element in economic consumption of cultural content is consumer preference. Consumers are identified by many demographic characteristics, not least of which is age. Continuing change in the country listener profile also means increasing revenue opportunity for the industry. Arbitron finds that nearly a quarter of country listeners reside in households with incomes of \$75,000 or higher; slightly over half have completed some college; and more than one in six is a college graduate. Maintaining a strong following in the 35-and-over age group is a hallmark of country's staying power as a major format. Peaks in country music activity typically also see growth in the under-35 age group, as is currently occurring. As the nation experiences an unprecedented shift toward an older society, it is encouraging that country music is so successfully bridging age cohorts. Likewise, Nashville's growth in other genres is likely to be helpful in maintaining a wide range of demographic listeners and fans.

Median Age of U.S. Labor Force



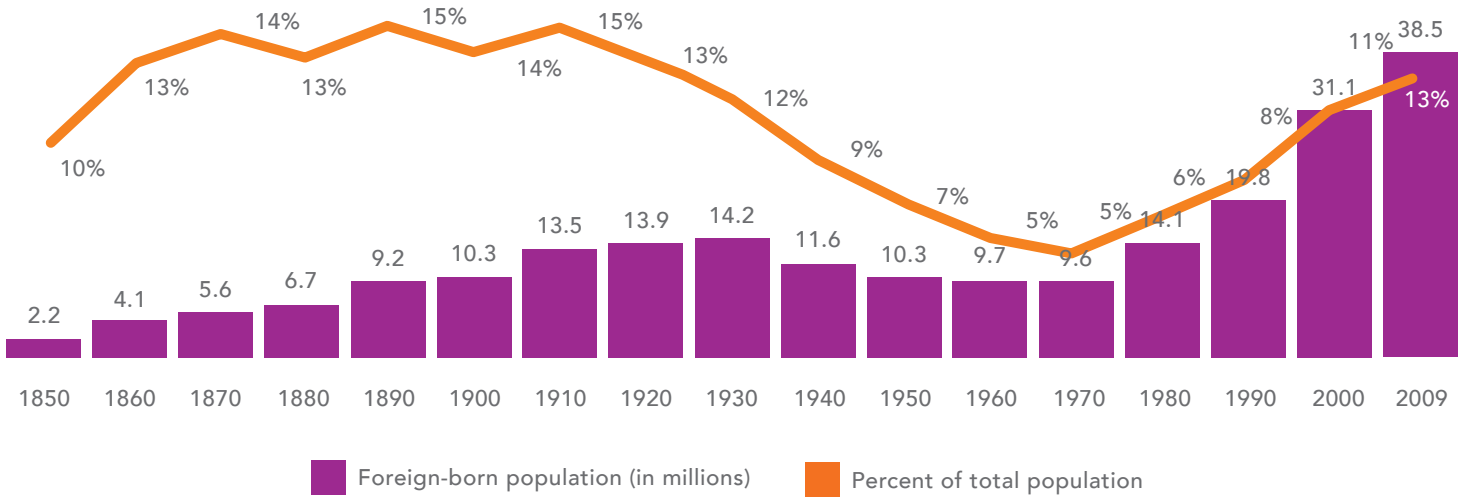
Source: U.S. Bureau of Labor Statistics

Figure 8

A major imperative for Nashville as a music center is to thrive not only in the present, but to be intentional in reaching an even larger population in the future -- one that appreciates and consumes music tied to the Nashville industry, as well as understands the unique visitor experience of Nashville firsthand. The resonance of the ABC television series "Nashville" highlights one way in which Nashville is a major music center for a national audience that can unlock new responsiveness to the city and its music. National coverage of Nashville in film, television and music across decades provides proof that the city is exceptionally notable as a music city, as if it required any proof. But positioning this intentionality can be a new way to consider the future of the city and industry as a global music center.

Converting more music listeners to avid fans translates into increased spending by those consumers. With 40 percent of U.S. consumers making up 75 percent of music spending, the objective for the industry is obvious (Nielsen, 2013). Rapidly reshaping demographics provide an imperative for Nashville-based industries to pursue this. This involves recognition of the changes occurring in population by age and all other characteristics. The growth of the international population in the U.S., the expansion of the Hispanic population and other factors all point to the need for Nashville-based music production to leverage opportunities to serve roots, folk, country, jazz and other genres to new consumer groups as well as integrating other musical types whose production centers may yet emerge or reorient to Nashville as a business center.

Proportion of Foreign-Born Residents



Source: U.S. Census Bureau
Figure 9

2. Nashville Center of America’s Music Genres

Nashville has ties to more genres of music than any other city in the world, as measured by performers and recording associated with diverse genres. A cross-section of Nashville music includes, but is not limited to:

- | | | | |
|---------------------|------------------------|----------------|-----------------------|
| Alternative country | Classical | Gothic country | Progressive bluegrass |
| Americana | Contemporary Christian | Hillbilly bop | Rhythm and blues |
| Bakersfield sound | Country rock | Honky-tonk | Rockabilly |
| Barbershop harmony | Cowboy/Western | Jazz | Roots |
| Bluegrass | Cowpunk | Newgrass | Rock |
| Cajun | Gospel | Outlaw | Western swing |

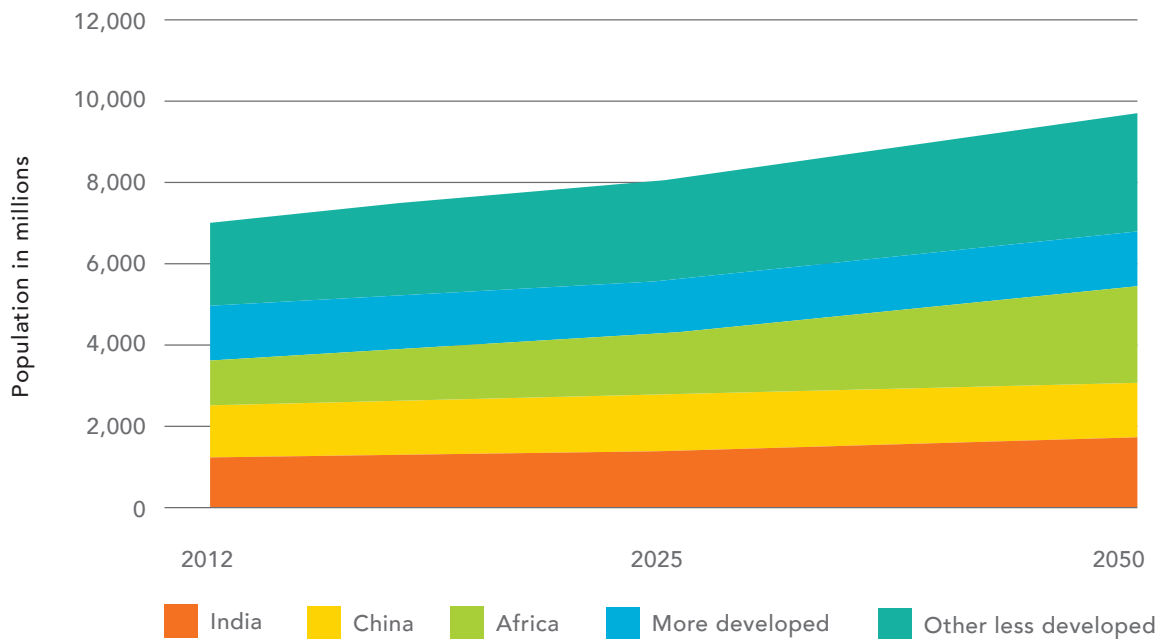
The music consumer is a powerful force in the U.S. economy. Loyalty of music fans in many genres is an opportunity for a city like Nashville that covers a range of music types. According to Nielsen, the group of “aficionado fans” is those who love music from a variety of genres and periods. While they account for only 14 percent of total music consumers, they make up 34 percent of all music spending (Nielsen). The loyalties of aficionados, not only of country music, but also of Americana, folk, roots, Christian and other genres, provides a setting wherein Nashville’s industry can capitalize on further growth of the continuum of music types.

3. Nashville Music for Emerging World Markets

The changing face of the world economy means that there are new and rising centers of influence, production and consumption around the world. The consumption of cultural content, music in particular, likewise can grow as emerging nations see populations with greater spending power. China, India, Brazil, Indonesia and South Africa are just a few examples of large nations that are gaining international clout as consumer markets. The less developed part of the world will grow 58 times faster than the more developed regions. In fact, less than 2 percent of the world's growth over the next 40 years will come from developed areas.

In reality, Nashville as a music center has achieved renown as a major production center with unmatched technical and creative talent. Music output from Nashville, however, has remained largely confined to a few markets, primarily English-speaking. In 2012, the top 10 country music tours around the world grossed \$375.1 million (Pollstar), while only \$5.9 million of that total, or some 2 percent of ticket sales, came from shows in the U.S. and Canada. Three factors suggest that a broadening is timely: 1) reliance on concert touring is growing as a part of performers' total revenue stream; 2) country music performers historically have toured extensively; and 3) the demographics of the world are changing rapidly in terms of population growth and affluence.

Projected Population Growth by World Regions



Source: Population Reference Bureau

Figure 10

Digital music explosion, in particular, can see extraordinary growth in regions and nations with large populations and growing economies. These new consumers will be adopters of new listening device penetration and social media as part of the milieu of music consumption. Music consumers find it ever easier to access content with the expansion of smartphone and tablet use around the world, particularly in locations where traditional technology and electronic commerce infrastructure have not been highly developed. These expansion markets are suggesting to the music industry a growing need to develop artists and repertoire to capitalize on market share opportunities. The range of nations with opportunities for growing music delivery extends far and wide.

For example, the growth in the consumer market in Brazil is key to unlocking the power of Latin America's 600 million-person market. The de facto position of Miami as a Latin music industry center should not limit growth of other music industry expansion for the U.S. and international Spanish language market. Growth in the use of smartphones, Internet and social media in Brazil and other parts of Latin America are the forces that will produce the "leapfrog effect," where developing countries that previously lacked depth in technology will use their increasing affluence to adopt the latest devices and systems without being bound to older systems and infrastructure. As affluence and technological sophistication permeate these markets, the pressure to advance intellectual property rights also will likely increase. The growing role of organized digital music markets, music labels and retailers anxious to sell content and an overall improvement in technology infrastructure will together propel Latin American nations to be more serious and substantial music markets.

Russia, a nation of 143 million, could be a top world music market if circumstances, particularly relating to copyright enforcement, can be strengthened. Russia has an abundance of musical talent, with a following throughout Europe and elsewhere. However, Russia continues to lag in music sales despite relative affluence and great market potential for its size. The resolution of protecting music rights has long been an issue in Russia. As legal efforts to control unlicensed deliveries moves forward, Russia can move from also-ran status to the top tier of music consumer nations in the years ahead.

Asian markets present some of the largest global opportunities of all. With 900 million mobile subscribers and an increase in download stores, streaming services and bundled offerings, India is poised to be a top-10 global market for music soon. The role of Bollywood, a burgeoning youth market and growing middle class mean expanding music consumption.

The question for all of these international growth markets is whether Nashville can capitalize on the opportunities. For Nashville to be a global center of music production, the key challenges appear to be: broadening a cross-genre identity as a music center, at least for roots and world music in affinity to country music; developing coordinated strategies and alliances that focus on international business linkages across industries and sectors; and using the international talent and population in Nashville to grow a robust industry center that ties to newly industrializing nations around the globe. Two of the top 20 export commodities originating from Tennessee in 2012 share relationships with the music and entertainment industry.

Total U.S. Exports Originated Movement from Tennessee in Millions of Dollars

Description	2009 Value	2010 Value	2011 Value	2012 Value	2009 % Share	2010 % Share	2011 % Share	2012 % Share
Optical media for sound/other phenomena, recording	0	0	0	345	0	0	0	1.1
Machines for the reception, conversion and transmission or regeneration of voice, images or other data	136	167	172	340	0.7	0.6	0.6	1.1

Source: U.S. Census Bureau

Table 25

Numerous nations, including many in Western Europe and Canada, have long bundled cultural content output from their indigenous industries for export. Export program development for the Nashville music industry can include:

- Building music industry export readiness
- Branded Nashville-based music content for export
- Market intelligence, deliberate structure guiding and informing business
- Marketing, sales and distribution channels to share promotion into new regions
- Securing stronger rights protection, working symbiotically with Nashville as a global voice for music property rights

The recognition of Nashville’s music industry as its first and leading global sector will enhance and stimulate the coalescing of efforts to deliver content from Nashville far more broadly in the future, as well as serving as a production and recording center for a larger array of international performers.

Nashville Music Identity

4. Media Feature on Nashville and its Music

The national audiences for programming about Nashville and its music have remained major forces for economic growth for many years. Exposure of Nashville talent and output to existing consumers is useful. Most significant, however, is delivery of content in new formats to potential consumers. PBS series on major topics of American life are just one example of extending Nashville’s exposure through non-typical features that ultimately showcase music in positive and important lights. The reach of audiences beyond traditional listeners and viewers with the projected 2018 Ken Burns documentary series on country music may provide a capstone showcase for Nashville that embodies much of what the Nashville industry and media have long directed to the nation. Burns’ series on “The War” (World War II) was the most watched PBS series in a decade, with 37.8 million viewers seeing all or part of the program. Additionally, that series resulted in nearly 1 million website visitors and a host of ancillary outreach, including 30,000 educator guides for high schools nationally. Burns’ earlier series on jazz music delivered a 19-hour epic documentary that showcases the uniquely American role of this genre to a broad range of new viewers and listeners.

Also, the continued growth of radio broadcasting portends opportunity across various delivery outlets. Arbitron now reports that country is the most listened-to radio format in the U.S. and holds the highest share of any format since Arbitron began tracking format performance. Major radio expansion of Clear Channel’s iHeartRadio and Cumulus’ Nash, and station openings in New York and other large markets, illustrate the growth opportunities in the U.S. Domestic and international growth potential is strong through terrestrial radio, Internet radio and listening options through telephone chips and other listening innovations (Smulyan, 2013).

5. Nashville Gateway of America's Music Tourism

The opportunity for Nashville as a recognized national and international tourism destination is to broaden this role. The future holds the promise of Nashville as a gateway to music and music heritage visitors for the Southeast, if not even more broadly to roots music in the U.S. The long-evolving synergy of tourism, conventions, music performance and production all combine now to offer a unique path for Nashville. As part of the broad understanding of the music cluster's contribution to the mainstream economic vitality of the region, few industries can offer more in reputation and cachet than music. The rationale for developing Nashville as a national and international gateway to music in America is clear and commanding.

A variety of music industry leaders continue to put forth proposals for the evolution of Nashville as a gateway to roots, Americana, folk, blues, bluegrass, country and many related genres. The easily accessible and central U.S. location of Nashville, accompanied by the extraordinary presence of the music industry in the city and region, point to great opportunity for Nashville to gain advantage as a premier entry point -- literally and figuratively -- to the music of America.

Americana Music Triangle



Source: Americana Music Association

Figure 11

The 100th anniversary of the Grand Ole Opry is now 12 years away. As the nation's longest-running live radio program, broadcast from one of the world's most renowned performance venues, the Opry represents an integral part of Nashville's heritage. The ongoing success of the ABC program "Nashville," filmed on location and with many songs recorded by Nashville-based artists, has vastly broadened exposure to Nashville as a music industry city, as well as a desired visitor destination. The further delivery of this major media content in the U.S. and internationally will continue to be foundational for yet greater activity in music-related tourism.

6. Music Row UNESCO World Heritage Site

The completely unique role of Music Row as the core geographic locale in Nashville where the modern music industry was born suggests significant attention. In short, identifying Nashville's global presence as a music industry node is clear. Yet, few industry clusters are as intertwined with a cultural and historic fabric as important to the ongoing image and strength of that cluster. Daily, the heart of music in America and the world is impacted by decisions made by Nashville leaders. Much of that industry began and remains in a unique historic district that changed the face of American music, as well as bringing authentic regional music to a popular mass audience.

Music Row began to coalesce in the 1950s in the area between 16th Avenue South and 17th Avenue South. This small area came to achieve a unique concentration of recording studios, record label offices, licensing firms and broadcast operations.

Music Row Sub-District



Source: Metro Planning Department

Figure 12

Owen Bradley, Chet Atkins and others were among the visionary leaders who saw what these few blocks of real estate could become symbolically and practically, as the home of a music industry both rivaling and integrally related to the New York and Los Angeles music scenes. The "Nashville Sound" emerged from these studios and soon crossed genres across the country and across the world, with the likes of Jim Reeves, Patsy Cline and Eddy Arnold. Increasingly, musicians from Elvis Presley to Bob Dylan sought out the home of America's music for their recordings. The Country Music Foundation's Hall of Fame formalized a recognition that Music Row was a place of enduring importance to the world's music culture. Few cultural districts have so significantly developed in a unique geographic zone and so vitally shaped a worldwide cultural trend.

The intentional pursuit of global recognition, formal and informal, of Nashville as a cultural hearth of world roots, folk, country, Americana, gospel, Christian and other genres stands as a goal for the city and its music industry. As an example, receiving certification as a UNESCO World Heritage Site would solidify the significance Music Row has had on global culture.

UNESCO identifies World Heritage Sites as “places with significant cultural and historic meaning to the world.” Selection criteria for inclusion on the UNESCO World Heritage List include:

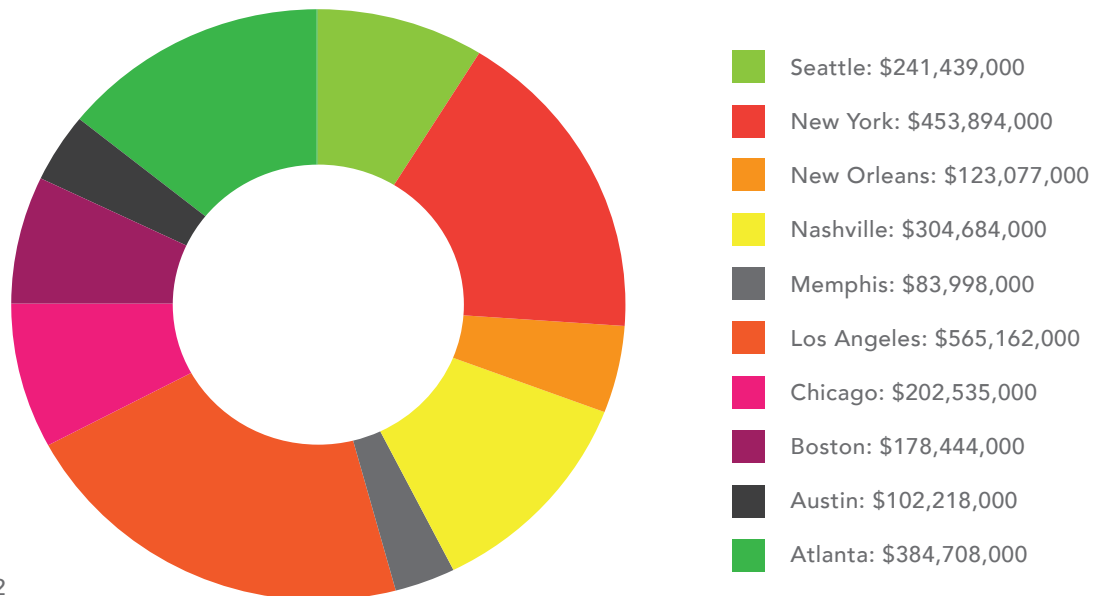
- to represent a masterpiece of human creative genius;
- to exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning or landscape design;
- to be directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance

Currently, 962 sites are on the list, with 21 in the U.S. Receiving this level of recognition of the key sense of place and culture of Music Row would be undeniably important.

7. Nashville Music Performance District

Nashville is unique as an industry center for many reasons. One of the great assets of the city is its ability to showcase the talent that lives and works in the area. The high quality of musical performance across all genres translates to delivery of exceptional live music for residents and visitors. The role of Nashville as an international meeting and conference center for music became even more of a reality with the opening of the Music City Center. As part of an identified tourism development zone, Nashville also has the foundation for a music performance district that continues to grow from its already strong base. Reaching from the Gulch to SoBro and all throughout the Central Business District, Nashville’s music district can rank as one of the world’s densest and most varied live music centers.

Worldwide Ticket Sales Top 200 Arena Venues

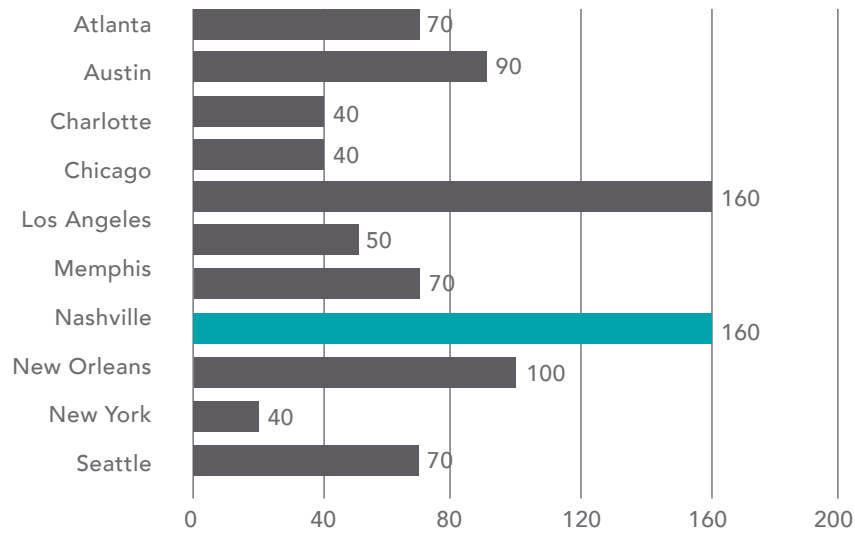


Source: Pollstar, 2012

Figure 13

An abundance of live music tends to associate with large metros or festival events. The ready availability of live music has become nearly synonymous with Nashville, as a destination and brand. While other cities such as Austin or Seattle have earned reputations for their offerings in live music, the absence of the much larger backdrop of industry de facto limits what the offerings in those locations. Similarly, other music centers such as New York, Los Angeles and London are such large metropolitan regions that their huge consumer population, along with their leading international roles, drive the abundance of live performance encountered in those cities. In other cities, there are “off-seasons” when activity subsides. In some, niche music predominates. In Nashville, many genres thrive in the performance sphere. This is abundantly so in relation to the size of the market.

Total Citywide Venue Capacity, Per Thousand People



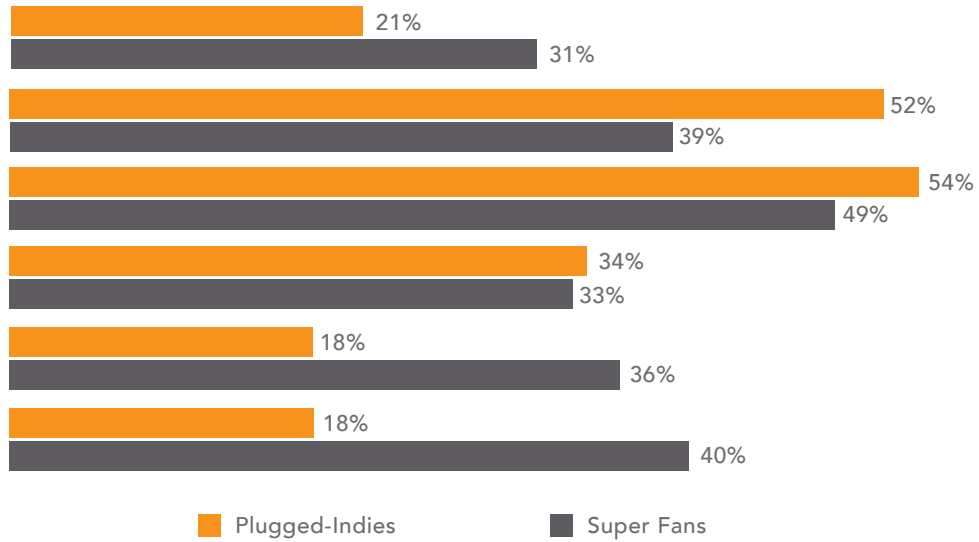
Source: Pollstar Talent Buyer Directory

Figure 14

In classical music, the Nashville Symphony offers a wide range of performance for the size of the market, enhanced by a coterie of musicians who are adept across genres because of their studio work in the Nashville industry. The Nashville Jazz Workshop points to the abundant jazz and blues interest that thrives in the city. Local clubs in Nashville feature folk, Americana, reggae and other varieties of music.

Opportunities for live music to continue growth in Nashville are multifold. The addition of more venues as outlets for non-country genres is an essential complement to the city’s expansion as a world center for roots music and other genres. Smaller acts seek Nashville as an unchallenged destination for their epitome of success. While Nashville is the true pinnacle of achievement for many musicians, it also is a city filled with the highest level of talent. Performers must not only be good, but top of their class, to gain success or even an audience in Nashville. Opportunities for growing venues to expand quantity and variety while raising the overall quality are pieces of the puzzle to vault Nashville into the next level of global awareness of its live music scene. Intentional acts by local public and private leaders to encourage and sustain new venues can speed this outcome. Recognizing the variety of music consumers by preferences will continue to inform development of venue space needs and opportunities.

Differentiated Fan Types and Venues

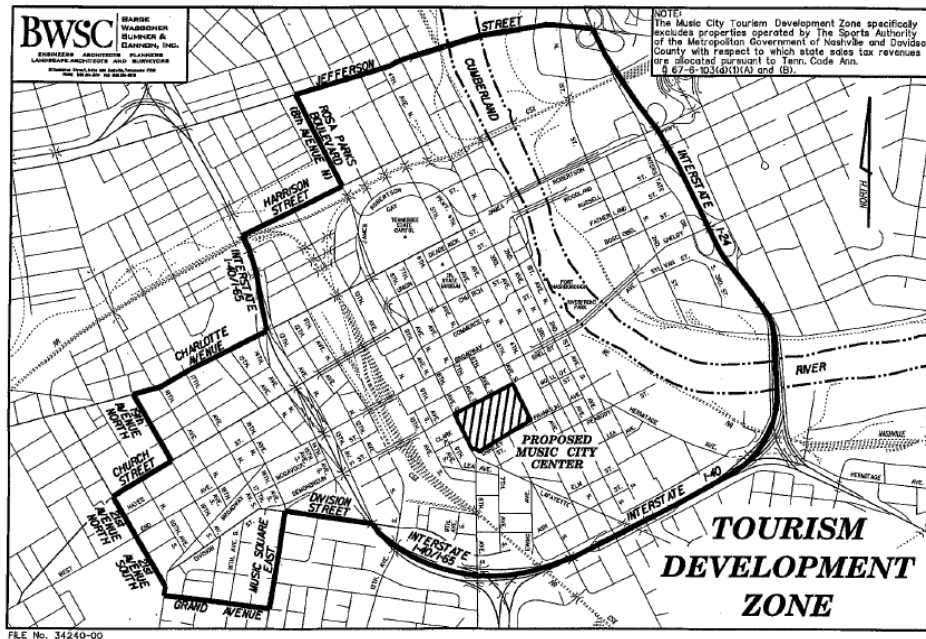


Source: Bandsintown

Figure 15

The tourism development zone associated with the Music City Center offers a basis for considering the range of a music performance district. The map below illustrates an approximation of where major live music venues already thrive and are poised to continue growth.

Tourism Development Zone



Source: Metro Planning

Department

Figure 16

8. Nashville International Music Conference and Meeting Center

The opening of the Music City Center unlocks a new era in Nashville's role as a host to meetings, events, conferences and conventions. With many years of success with the existing Nashville Convention Center and Gaylord Opryland Hotel, Nashville is well established as a leading contender for major conventions. The favorable qualities of Nashville as a meeting destination are resounding and evidenced from past performance.

The particular opportunity for Nashville in terms of the music industry is to gain a strong foothold in hosting major national and international music conferences. The 1.2 million square feet of the Music City Center serve as one of the pivotal junctures in the life of a city where the successes of various industry sectors blend. Meetings such as that of NAMM (National Association of Music Merchants), with some 13,000 attendees at the new center in 2013, are precisely the types of major showcase opportunities for Nashville to the world as a key convergence point for all aspects of the music industry.

9. Nashville Music Industry Transportation Options

Nashville is centrally located in the U.S. and is therefore the beneficiary of extraordinary transportation options in terms of ease and affordability. With 50 percent of the U.S. population within a day's drive of Nashville, the three interstate highway routes are a uniquely important asset of the region. Nashville International Airport offers service to a wide range of markets across North America. The Music City Star, downtown circulator bus service and proposed bus rapid transit system are all options and opportunities for the city's residents and visitors. At the same time, Nashville has existing and emerging needs as a global music industry center in terms of access to the city and mobility within the city.

Music-related tourism is a major business for Nashville. An appreciable source of visitors is the motor coach industry. Major bus and motor coach firms are based in Nashville as a major North American operations center. Research by the American Bus Association confirms a need to continue to reexamine ways to interest baby boomers and future older adults in travel options. For Nashville, this is another of the primary considerations for developing an integrated system of alternatives that not only is state-of-the-art, affordable and efficient, but also matches the evolving tastes and preferences of travelers.

Mobility of cities to and within other cities may seem at first tangential to the music industry. But at two levels, it is more at the heart of the industry's success than many other issues. First, air service connections to Nashville are important for industry executives and performers who frequently travel to Los Angeles, New York, London and elsewhere abroad. Ease and frequency of options is important for travelers who prefer or require certain levels of privacy and service offerings. Industry leaders have varied within viewpoints, but at least some would opt for fewer flights to key markets with more varied service options.

The second factor important to Nashville's music sector is mobility within the city and region. Migration of music business and staff from Los Angeles and New York has been substantial for many years. Transplants routinely observe the commendable levels of mobility present in Nashville relative to elsewhere, with a ready caveat that this factor should not change if Nashville is to remain attractive. Clearly, congestion is a consideration for Nashville, and more diverse transit options are the solution that world-class cities the world over have pursued. In this respect, Nashville lags many cities in developing systems that will serve the present and future needs of mobility for residents and visitors to the city. An important addendum to this is the opportunity for Nashville as a music tourist gateway to the region, to the Southeast and to America; this cannot be well realized in the absence of robust mobility options for those visitors.

Since Nashville's music industry is part of a quartet of global industry cities -- New York, Los Angeles and London -- the importance of air travel between these locations is tremendous. Obviously, Nashville is by far the smallest of the four markets, in addition to being an inland city without history as a gateway by air, land or sea. The Nashville International Airport provides exemplary service, and existing carriers offer a wide array of travel options that well suit many needs of the mid-South, far beyond the immediate limits of the city. Southwest Airlines, as a low-cost carrier, has long been the largest carrier represented in Nashville and provides coverage to an ever-increasing number of markets around North America. All mainline carriers also maintain competitive presence in Nashville.

The music industry, because it is so large in Nashville and so connected to a few national and international markets, has a number of important priorities. The onetime American Airlines hub in Nashville afforded the market first-class service links to many key markets, as well as, briefly, a direct overseas flight to London. With changes in the industry, airlines have recalculated their costs and refined business models and service to match the market and the competition. Even so, Nashville as a music industry center is highly significant as an economic driver for the city and region. Industry executives and performers alike use air travel in great quantity from Nashville and are motivated to support additional service by destination and type. Anecdotes about trips that are consolidated or not taken abound in the music industry, due to limitations on service available from Nashville. Performers forego travel to awards shows that would serve as de facto promotion for the city, artists forego travel to Nashville to record because of air travel complexity, and visitors to Nashville from abroad particularly are challenged to get the easy access they may desire. In short, tangible and intangible losses to Nashville as a music center constantly mount as air service offerings deliver less than the potential of Nashville travel for industry and visitor alike.

The long time frame required to market Nashville air needs to carriers and realize new service is a reality of contemporary air industry dynamics. Nevertheless, the collective data, analysis and voice of the unique entertainment industry in Nashville, along with visitor and meeting travel, substantially tied to that music industry role, present opportunities to further assert Nashville as a viable center for air travel offerings.

Music City as World Business Location

10. Nashville Music Industry Operations Hub: A Music Region

A fundamental theme of this study involves the deep relationships the Nashville music industry has with all aspects of the Middle Tennessee economy. The mark of high integration of an industry cluster into a regional economy is a key means of comparing its level of local purchasing. This study demonstrates the \$5.7 billion in direct spending of the core industry. This value specifically showcases the high degree of inter-industry trade that occurs within the broader Nashville market by the core of music business.

Entrepreneurial activity is one area of the music activity that, while not new, certainly now stands to dynamically transform the industry. Just as the obvious analogy of health care industry growth from a start with one for-profit firm (HCA) in the late 1960s led to a plethora of offspring firms by type, size and niche focus, the extremely dense music industry talent base of Nashville offers immense opportunity for entrepreneurial spinoff that seizes on new revenue models for monetizing music production and consumption. The cluster of music, thus, becomes much more organic in Nashville than it has been since its inception. Arguably, Nashville's music industry can become more organic and entrepreneurial than has ever existed anywhere in the world, given the duality of entrepreneurial heritage and the high concentration of music activity relative to the overall size of the region's economy (compared with New York, Los Angeles or London). Entrepreneurialism exists in stronger and weaker ways in economies. Within industry clusters, weak entrepreneurialism can be strengthened by the emergent effect of interaction between firms and entrepreneurs, along with an effect from proximity to core institutions. How do we distinguish networks of activity and industry clusters? Networks are the linkages of individuals and institutions that sustain an industry set. Nashville is uniquely strong in this, with high levels of collegiality, proximity and shared motivations and actions across firms and persons. Clusters are the structures and the technologies that institutionally represent the industry. While economically the cluster will provide the data for establishing and analyzing position, strength and change, the network in operation will be the backdrop that makes this change possible.

Nashville is a unique home of American music, from its central location to its long heritage for traditional roots blended with modern country and other genres. Not only is Nashville as a city that center of attention, but Middle Tennessee more broadly presents a compelling story of locations that interact with Nashville in ways that are vital to the music industry cluster as it grows and evolves. Regions that grow experience economic activity flowing out from the center. With Music Row and the surrounding district as a starting point, Middle Tennessee offers a growing opportunity of music industry expansion. With a lively gospel and Christian music industry operating to the south of the city in Williamson County, there are already examples of this. Bonnaroo, in Manchester, has grown to be one of the nation's most recognized music festivals. Other festivals, such as Uncle Dave Macon Days in Murfreesboro, showcase the region's heritage broadly. Middle Tennessee State University's music business program bridges distance across the mid-state and well beyond. Not to be forgotten, world-famous artists maintain homes and farms throughout much of the Nashville region. In this light, the vision of a unified music region becomes a natural outgrowth of what began in Nashville over the past century.

Nashville has a longstanding reputation as a center of operations for key U.S. and international firms, including such names as Caterpillar Financial, Ford Motor Credit, State Farm and others. Certainly in the music industry realm, the professional rights organizations BMI, ASCAP and SESAC precisely fill the role of being key operations centers for national and international activity. Given the favorable costs of doing business in Nashville, it is highly attractive to consider ways that the city can assume a more significant domestic and international role.

Middle Tennessee's favorable economic climate has been well-heralded by successes in business relocation and expansion and by dynamic business growth. In 2012, Nashville ranked first in the nation among large metro regions for fastest job growth, according to the U.S. Bureau of Labor Statistics. Nashville has added jobs faster than the nation in every year since 1990. The following charts illustrate a few of the top-line features of Nashville as a competitive business location.

Cost of Living

Region	Composite	Grocery	Housing	Utilities	Transportation	Health Care	Misc.
Nashville	88.9	95.7	74.0	87.1	93.9	85.9	97.7
Los Angeles	130.8	107.7	196.9	104.6	112.0	107.8	103.8
New York	225.3	149.7	454.1	128.9	123.6	129.6	148.5
U.S. average	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ACCRA, 2012 Annual Review
Table 26

Cost of Doing Business

Region	Composite	Custodial	Energy	Grounds	M&R	Management	Pest Control	Refuse	Road Clearance	Security	Telecom	Water/Sewer	Ranking
Nashville	82.4	71.5	75.4	81.7	83.5	91.6	95.1	92.0	64.7	71.7	100.0	91.1	170.0
Los Angeles	96.4	93.4	80.9	145.0	104.1	104.8	81.8	103.4	46.9	75.3	100.0	105.3	42.0
New York	120.7	140.9	114.1	133.6	130.5	115.0	112.4	112.6	214.2	84.4	100.0	109.2	3.0
U.S. average	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	n/a

Source: Whitestone Facility Operations Cost Reference, 2011-2012

*Ranking: 1 = most expensive

Table 27

What are some of the considerations for expanding the status of Nashville as a global operations center for music business? In fact, many of the opportunities identified throughout this section of the study point to items that will advance Nashville’s competitiveness. Global and domestic operations center will increasingly require multiple language skills by employees, awareness and understanding of cultural differences, and other issues of interacting with growing population diversity in the U.S. and reaching new global markets from a Nashville music operations center. Customer service centers for a diversity of needs for music consumers will certainly grow as new technologies blossom and affluence in developing nations expands music sales. Worldwide touring and ticketing, likewise, can benefit from concentration of operations in a location like Nashville, with proven success and favorable business cost structures. An important corollary addressed earlier points to expanded air service to Nashville for business travel, linking music industry operations with the rest of the world.

The table below illustrates some of the music industry operations in key locations around the world. The recognition that the music industry in Nashville is global in nature and that the international landscape is the true competition of the future, if not the present, can set a new basis for assessing Nashville’s requirements to advance as a leader in the global economy. Nations and cities around the globe assertively support and promote music industries, as the table illustrates. Translating this type of understanding for support to Nashville as an exporter of American music content stands as a pillar for further research and exploration.

Support in Selected Markets for Music Industry

	United Kingdom	France	Australia	Finland	Iceland	Canada (Quebec)	Germany (Berlin)
Export programs	Yes	Yes	Yes	Yes	Yes		Yes
Industry collaboration	Yes		Yes			Yes	Yes
Ecosystem strength	Yes					Yes	Yes
Investment access	Yes						
Professional development		Yes	Yes		Yes		
Radio airplay support		Yes					
Government support		Yes		Yes	Yes	Yes	
Local retail/supportive media		Yes				Yes	
Live music vitality					Yes		Yes

Table 28

A key concept in cultural and creative industries is the support they receive from their local, state and national governments. Some countries, cities and states are generous in recognizing the far-reaching impact these industries have on their overall economies. Where this study considers the economic contribution of the music industry core, it also considers the broader ways that music influences and sustains the economy. In this regard, policies that enhance music exist not merely to assist particular firms in a favored way. Rather, government and public-private support for the music industry around the U.S. and abroad sees this sector as an engine of growth that cultivates favorable awareness of the location in some important underlying ways.

How can Nashville and Tennessee help grow the music sector as an export industry? Nashville is a favorable business location for many reasons, a fact recognized by the many U.S. and international firms that have taken residence in Nashville over the past 20 years. Domestic business expansion and foreign direct investment are powerful ways that local economies grow. At the same time, research increasingly looks to exporting as a path for jumpstarting economic growth in new directions. Nashville's greatest exportable asset is its cultural content, its music. The city holds a place in the imagination of the world as a music producer, one that is legendary far beyond its size. Yet, the revenue realized by Nashville as an exporter of music to the world pales in comparison to the size of that legend and image.

The business advantages of Nashville arise from overt acts (favorable tax and regulatory climate, innovative and unique industry cluster growth) and from location (proximity to markets, strong workforce characteristics). Can more be done to incentivize growth? Local and state governments are continuously challenged by one another in bidding contests for new tax credits, incentives and other non-monetary programs that entice business. The issue of music and cultural content industries in Nashville is somewhat unusual in this regard. Nashville's music industry arose independently over many decades without overt government support or incentive. In fact, little of this was sought or given. During that time, Nashville's industry grew larger in absolute and relative terms than that of any city, including Los Angeles and New York.

Meanwhile, cities and states have adopted a plethora of incentive programs for music, film and other creative production industries. Some of these have been more successful than others; some have been more generous than others. The key for Nashville or any jurisdiction ought to be the "but-for" challenge. "But for" these programs, will business be gained or lost? In Nashville's case, the music industry speaks from a position of enormous strength. The decision to incentivize the music industry to growth in Nashville comes down to a few essentials: 1) remaining aware of the "but-for" conditions that would compel music business to consider, or not, relocation and expansion from other areas; 2) sustaining elements of the music industry that are critical during a period of change and challenge as the industry changes business models; 3) seizing opportunities for significant leaps in Nashville's stature as an international center of music through creative new incentives; and 4) supporting "sibling" creative industries, such as film, animation, effects, gaming and others, not altruistically or independently, but as a means to bolster the dynamics of the music sector.

Incentives can range from broad categories supporting all firms to venture capital and enterprise investment that promotes artists, technical staff and firms. For the well-being of the city and region overall, favoring a sufficiently broad set of incentives can be desirable where a multi-sector creative set of industries is incentivized.

Tax relief ideally ought to mirror revenue and tax gains over time. The imperatives for Nashville as well ought to be commensurate with the high stakes that relate to its music image and, even more on its global music potential. Tax relief for young artists and smaller acts across genres, incentives and programs to support royalties flowing through Nashville, and assistance for music business earning revenue abroad, can be useful ways for leaders to embrace the music sector in ways that solidify a foundation for the next quantum move that Nashville seeks as a center for world music.

11. Nashville Music and Media Industries

From the earliest days of the music industry in Nashville, broadcast media to a wide national and international audience were a pivotal vehicle for the industry's growth. The association of the National Life and Accident Insurance Company, with WSM as a force for propelling country music to the nation, began in 1925, in time leading the station to be the largest supplier of NBC live content of any station outside New York, Chicago or Los Angeles. Later television programs broadened the reach of Nashville. Finally, TNN and, later, CMT and GAC made Nashville and its music constant sources of entertainment that were tightly interwoven. Few cities have such a high degree of name recognition with cultural content for mass audiences as Nashville. Even fewer have named media networks that unceasingly blend the imagery of the city and its cultural output. The opportunity for launching additional programming and networks of delivery builds on the successes that others have developed and maintain in positioning Nashville as a music production center for many genres of music. The creation of networks for Americana, gospel, Christian contemporary, folk, roots and many others logically can occur and thrive in a place with both the established music reputation in consumers' minds and the needed talent pool to produce large amounts of content.

The video and film sector relating to the music industry are undergoing change, along with many other areas of evolving technology for production and consumption. The rapid growth of video activity in Nashville in the 1990s tempered in the 2000s as new patterns of video content delivery emerged. Currently, firms in the video production field find much activity in work for the music sector, with more possible in the future.

Film as a sector operates both independently and symbiotically with the music industry. Sound is an essential component of film and can be one of several catalysts that directs Nashville's music industry to a higher stature internationally. Thinking of Nashville as a world entertainment production center for all the right reasons -- talent, cost, location, business-friendly environment -- is an opportunity to envision film not just as film and music not just as music. Even more than ever, the development of new media and new technology is revolutionizing how society consumes culture, education and interaction. Nashville can grasp for the technology portion of the puzzle to add to its cultural strength far easier than other cities with technological sectors can hope to emulate the worldwide recognition Nashville possesses for cultural talent, developed over decades.

12. Music Technology, Training, and Apprenticeship

Nashville has a heritage of robust apprenticeship programs that served industry clusters in its past. Reminders of this exist in Printer's Alley, as printers trained and served across the many publishing houses that called Nashville home since the mid-19th century. Nashville has informally been the de facto teaching engine to the nation on health care operations for decades, with ever-increasing shared pools of talent in the managerial realm. Successful industry clusters rely on these shared pools of talent that allow individuals to maintain steady employment, no matter how small or unsupportable their role might be in a more isolated setting. The strength of a cluster is its ability to draw on the resources of the whole to assist the individual firm and the individual worker. For example, the film industry in Los Angeles benefits from deep and wide pools of talent across all aspects of its work. Silicon Valley, Route 128, Seattle and Northern Virginia see technology clusters that share resources because of their size. The ability to address the talent needs of an industry cluster helps define and sustain a sector that endures and grows. Major specialty sectors across time carve out means to build a training system for a wide array of workforce. In Nashville's music industry, there have been many. Yet the key is intentionality and planning for the future. In an industry evolving as quickly as music now is, the imperative to be intentional and adaptive is great.

Music Makes Us offers an exemplary setting for growing the entire environment of a public-private initiative fostering training and education for Nashville's most recognized industry. Begun in the 2011-2012 school year with a \$12 million federal grant to six Nashville schools, Pearl-Cohn Magnet High School introduced the city's first-ever business concentration for students interested in careers in music, film and entertainment. Hands-on instruction in the industries' technical, production, management and presentation disciplines forms the core of the unique curriculum. Studio space, production facilities and a student radio station create authentic on-site delivery of training. A rigorous, college-preparatory curriculum forms the basis of the school's entertainment industry context instruction.

The opportunity for Nashville to be an educator to the world in music pedagogy rests on commitment, collaboration and concentration of existing efforts. The University of Texas Center for Music Learning is a type of outlet that deserves attention in Nashville's growth as the leading international point for not only teaching students about music, but about teaching music educators.

13. Music Global Education Center: The Nashville Consortium of Music Education

Nashville already possesses the highest concentration of music industry education programs in the U.S. Belmont University and Middle Tennessee State University enroll some 2,000 students in their music business programs. The Blair School at Vanderbilt University is world-renowned for its collections and conservatory training. Trevecca Nazarene University, Fisk University and others offer long histories of association with particular music interests. The next level for Nashville as a global music education center is twofold: 1) establishing a consortium for music education that befits a world music center and creates new synergies of offerings; 2) marketing Nashville's consortium to the world as the premier location for advanced education and training in all aspects of music. The massive open online course (MOOC) is one way, along with other vehicles, to deliver world recognition and learning audience to Nashville. The rise of the MOOC is but one vehicle to transform Nashville further into a broad-based agent of educating the world about music in all its aspects, from production to consumption. Technology has the potential to position Nashville as the music educator to the world. Already major for-profit providers, nonprofits such as the Bill & Melinda Gates Foundation, the MacArthur Foundation, the National Science Foundation and the American Council on Education, and large universities such as Stanford, Harvard, MIT, the University of Pennsylvania, CalTech, the University of Texas at Austin and the University of California at Berkeley are delivering content through MOOC.

The MOOC Guide offers the following as parameters around which the system can function:

- You can organize it in any language you like
- You can use any online tools that are relevant to your target region or that are already being used by the participants
- You can move beyond time zones and physical boundaries
- It can be organized as quickly as you can inform the participants
- Contextualized content can be shared by all
- Learning happens in a more informal setting
- Learning can also happen incidentally thanks to the unknown knowledge that pops up as the course participants start to exchange notes on the course's study
- You can connect across disciplines and corporate/institutional walls
- You don't need a degree to follow the course, only the willingness to learn at high speed
- You add to your own personal learning environment and/or network by participating in a MOOC
- You will improve your lifelong learning skills, for participating in a MOOC forces you to think about your own learning and knowledge absorption

14. Nashville Music Trade Zone

The trade industry for musical instruments, merchandise and technology is a burgeoning part of the overall music industry. As a major world center of music, Nashville looks forward to becoming a focal point of this sub-cluster of activity. The creation of an abundant environment for showcasing goods and trade opportunities is a significant part of Nashville's music expansion. As part of the overall city "music arc," a particular anchoring can include trade mart facilities that incorporate diverse music goods and merchandise activity. Proximity to the Music City Center and key music industry offices gives the trade zone a unique advantage not present in any other major music center in the world.

15. Nashville and Music Entrepreneurship

The level of entrepreneurship and self-employment is very high in Nashville by a number of measures. Nearly 23 percent of Nashvillians are self-employed, a figure much higher than the 18 percent national level. The emerging role of the Entrepreneur Center continues to point to the opportunity for investment in innovative ventures in key sectors. Music industry transformation continues to see Nashville as one epicenter of activity. The commitment and ability of the investment community to further pursue growth of new models and applications to the entertainment cluster stands preeminent among opportunities for Nashville as a global music center.

While attention to technology applications involving social media and other entertainment consumer behavior models is widespread and important, the Nashville industry continues to explore transformational business models that can remake the way the entertainment sector, particularly the music industry, operates. Business models that embrace the use of data analysis tightly integrated to operations and revenue streams form some of the most advantageous directions for Nashville to lead music industry innovations.

16. Nashville Policy Voice for the Music Industry

Nashville is not just a center for the production and performance of music. As a true and extensive industry cluster, Nashville's music business involves leadership that guides the future of its industry. As a sector tightly bound to intellectual property and its economic exchange, Nashville as a music center also looks to evolve as a major national and international center for intellectual property policy direction. The legal, financial and overall administrative base for music rights in the U.S. increasingly will seek an operational focus site that is affordable, central, and above all on the leading edge of change.

The centerpiece of an industry leader is to be a voice for that industry to other sectors and to the public. Examples of this leadership would include the role that the health care industry plays in Nashville, where the Nashville Health Care Council routinely interacts in a formal way with national policymakers to discuss existing and pending laws and regulations. The film industry in Los Angeles is resolutely the most important voice for that sector in the nation in terms of public policy. Another example includes Silicon Valley speaking for the software industry.

Already Nashville is home to an extraordinary array of high-level entertainment industry leadership institutions and individuals that includes, but is not limited to, the Country Music Association, Gospel Music Association, Americana Music Association, International Bluegrass Music Association, Nashville Songwriters Association International, Barbershop Harmony Society, International Entertainment Buyers Association and major roles by the Screen Actors Guild-American Federation of Television and Radio Artists, National Academy of Recording Arts and Sciences and the Songwriters Guild of America. Nashville is home to all or much of the important work of the three performance rights organizations: ASCAP, BMI and SESAC. These organizations point to the critical mass of activity that exists in Nashville entertainment. They also reinforce the knowledge that on a daily basis Nashville music leadership is interacting with the top echelon of the entertainment industry worldwide. In this regard, music by far ranks as Nashville's foremost global industry.

But there are always opportunities to more finely hone the direction and character that an industry assumes. Much work has emerged from the Music City Music Council since its inception. Since few environments in the world are as densely rich in the music sphere, few examples of robust city collaborations of entertainment clusters exist for Nashville to study or emulate. The U.K.-based MusicTank (www.musictank.co.uk) is one entity that draws together industry bodies as diverse as rights collection organizations, educational institutions and others to focus on challenges and opportunities and how to address those collectively and innovatively. The aims of MusicTank include aspiring to innovative ideas, best practices and cutting-edge strategies to increase innovation and productivity across the music industry.

A particular heritage of Nashville is developing efforts that are substantive and action-oriented. Rather than merely creating a think tank, Nashville more typically commences work around a plan and achieves gains that it aspires to. With each new wave of music industry growth in Nashville -- the 1980s, the 1990s and the current phase -- new depth emerges. The crescendo of Nashville-based music activity in popular culture is one that may endure and grow much larger and longer for several reasons. Being proactive to seize this opportunity can include Music City Music Council direction that embraces the elements of a MusicTank concept. Where collegiality already thrives robustly in Nashville music leadership, fostering this ideal to be part social network, part industry voice, part development and growth engine, and part emerging trends and technologies may be the logical turn for the Music Council. Evolution of a Nashville-based, globally oriented set of focal points, like South by Southwest, may be a part of this direction.

The entrepreneurial element in media clusters is of great importance. Innovation that bridges business models, technology and creative content and execution is nowhere more notable than in the media cluster. Nashville's heritage and environment for above-average levels of overall self-employment are widely noted. The music sector particularly evidences the mobility and resurgence of small firms able to quickly adapt to change. Performers themselves are entrepreneurial in their artistry. Meanwhile, it is common for media firms in creative clusters to thrive in proximity by formally and informally monitoring the products of other firms to stimulate innovation, imitation and competition (Britton, 2007). With much of the ultimate earning of Nashville music activity going to artists and their associated management, it is worth noting the role of fostering investment in entrepreneurship out of this setting. Artists may not be investors in the same way that industry leaders in other sectors assume a role of perpetuating business innovation and growth.

17. Nashville Music and Entertainment Journalism Hub

Reporting on the happenings of the music industry makes for lively popular consumption. Just as New York, Los Angeles and London are centers of publications and consumer information, Nashville is home to major music information outlets. From *Country Weekly* to *Music Row*, the print and Internet information distribution on Nashville happenings and industry operation, the city is the focal point of these sources. The question ahead is how extensively this sector will grow or change and how Nashville can capitalize on this opportunity.

Entertainment journalism is a field that invariably clings close to centers of entertainment creation and output. New York and London have a long heritage as the nexus of firms specializing in this field. A notable remark of many in Nashville is the relative dearth of paparazzi on the local scene. Even so, the opportunities for Nashville to gain a broader foothold on entertainment journalism relate to several important aspects of industry growth. Entertainment journalism is a learned career field. Nashville's Consortium of Music Education and other higher education (as well as secondary schools) may consider pursuit of training in this arena. Entertainment journalism comprises a significant amount of back-office operation; this can easily be envisioned for Nashville, with the city's history as a center for the publishing and printing industry.

Lastly, development of Nashville into a center of global attention for roots, folk, country, and associated music entails a surge of journalistic industry that accompanies these. Instilling the idea of Nashville as a world center of entertainment journalism relies merely on the premise of the city as a cost-efficient operations location with easy access, globally culturally aware staffing and institutions, and deliberate steps by public and private leadership to induce training and programs that support this goal.

18. Creative Convergence and Nashville Music Growth

The future of Nashville as a creative knowledge city could nowhere be better exemplified than through its global music industry. An undisputed international center for decades in music creativity, the emergence of new aspects of that industry as well as the arrival of new broader creative knowledge sectors delivers a major milestone in Nashville's development. The horizon of Nashville as a global leader among creative centers grows nearer as the music industry achieves quantum gains in its breadth and depth internationally.

Economist Dr. Richard Florida often takes note of the areas where culture is a linchpin for urban vitality (Florida, 2000). Florida's concept of the "creative class" is nowhere emulated better than Nashville, where the core industry is built on creativity. From a base that is so deeply embedded in the life and economy of the city, as this study finds, there is every reason to believe the successes of music are the touchstone for the success of Nashville as a creative, knowledge-based city in its entirety.

The convergence of consumer interests in all levels of sporting activity and live and recorded music likely may continue in the years ahead. The relationship between athletes and music performers and athletic and performance events allows for a concentration of business models that capitalizes more and more on this phenomenon. The music industry of Nashville is well suited to providing content for many industries: sports, film, television, telecommunications and others.

But in other, less obvious, ways there is a possible synergy between the music industry and other industries with a significant Nashville presence. In particular, the importance of information technology to the health care industry means that widespread development of computer programming and application has a home in the Nashville region. Innovation in this field stemming from leading-edge research and development can establish important cross-sector dynamics.

No aspect of music is changing faster than its technology. Convergence of technologies, from development to delivery of content, continues to profoundly alter how work, business and entertainment operate. Key thinking on these matters looks as far back as Moore's Law, which stated in 1964 that computer speed would double every 18 months; it largely has. New research on the concept of singularity points to the convergence of technologies at a macro level to result in highly converged computer systems that rival human intellectual capacity.

In terms of technology, the next big thing always stands ready to appear. For music, the evolution of electronic devices has transformed how consumers purchase and listen. In turn, the entire industry has hinged not on music itself or changing demographics, but the ubiquity of computers and listening devices. The spread of mobile telephony that bundles functionality to include music and video storage and delivery has altered the music industry. It is tempting to add the term "forever" to the previous sentence. Yet, the evolution of sound devices and networks ever since telegraphy and recording began suggests that the stream of change and adaptation continues. No iteration is ever the final word in how music is stored or consumed, it seems. For this, Nashville increasingly may aim to be a participant not just in music production, but on the technological hardware landscape.

The role of artistic and creative design plays an undeniable role in the contemporary music industry. As such, the identification of Nashville as a major entertainment design center ranks high as an opportunity for the city and region. Establishment of a Nashville Music Design Center that embodies all emerging features of technology, cultural content and business operations can serve as an anchor for Nashville growth as a world leader that surpasses current key centers of this innovation.

Opportunities can prove elusive if not pursued by an industry as fast-changing as music in all its facets. The Georgia Tech Center for Music Technology is the type of operation that bridges innovation and application with cultural content. The ability of public higher education to seek out emerging technologies as a core of exploration for the music industry seems one logical area for Nashville-based institutions. Other examples include Stanford University's Center for Computer Research in Music and Acoustics and UC Berkeley's Center for New Music and Audio Technologies. Training venues such as Blackbird Studio in Nashville provide outlets meriting further public and private support.

This study bases design and content on established methods for analysis of impact and contribution. Qualitative discussion stems from recognized patterns and opportunities elicited from leaders inside and outside the music industry. No research completes the full range of any topic. Additional inquiry into music-related tourism, digital technology for the Nashville music industry and hosts of others remain for research.

Nashville as a Creative Knowledge City

Dr. Richard Florida originated the concept of the “creative class” (Florida, 2000). Since then, not only has Nashville featured prominently in descriptions of the “creative city” driven by its music and entertainment, but Nashville has come to symbolize the city and region rising on the foundation of this industry for its entire economy.

Perhaps even more central to thinking about Nashville’s vast music industry is the role of a “weightless economy.” Quah (1999) terms this economy one where “products are non-excludable, infinitely replicable and electronically transportable costless through space.” If economic clusters of this type are so ephemeral, why do they locate in any one place? Why, in short, are there media clusters as deep and broad as Nashville’s?

Predictions of the unimportance of location may prove to be premature for many reasons. The convergence of telecommunications, media and information industries is suggested as a new huge multimedia industry (Egan and Saxenian, 1999). Very notable, new technologies remain anchored in existing urban areas where cluster not only persist, but actually grow. Clustering tendencies may be even more pronounced in media industries than others; cities, after all, are locales for vital face-to-face interaction (Castells, 1996; Ogawa, 2000; Gaspar and Glaeser, 1998).

Data on music sector employment, establishments, payroll and revenue provide only one aspect of a music industry’s contribution to a city’s economy. Impact and contributions go far beyond this data alone. A city employing musicians and modest revenue represents most any city in the U.S. Those that rise above and far above this scenario are few. The merits of such distinction are not to be taken lightly. It is not only that Nashville has a powerful, world-class recording industry. It is not only that it is a large and prosperous region. It is the combination of these circumstances that position Nashville as one of the leading creative, knowledge cities. This opportunity is based not least of all on its music industry.

Changes in technology continue to reshape how business in general is done. This factor impacts music in an extraordinary way. Location is always one of the most important aspects of business. For Nashville, technology will not overcome its strength in the music sector. If anything, it stands to bolster the city’s role. New York’s dominance as a financial center for the world is not diminished by technology, nor Hollywood’s as a center for film. So with Nashville, growth and innovation merely spurs further depth in its established role.

The cultural milieu that is Nashville offers unique setting for residents and business alike. The enhancement of music is not just a pleasant outcome for the city; rather, it is an investment very broadly in its economic success. Nashville without a music industry not only fails to experience the gain of nearly \$10 billion in economic impact and contribution. Far more is involved with the growth and success of the music sector as it feeds image, recognition, quality of place and life, and strength to other business sectors. Musicians and songwriters do not come to Nashville only for the opportunity, but also for the quality of place that Nashville is. The same is true of other residents and visitors to the city.

Business and Visitor City Reputation and Renown

Nashville residents are key beneficiaries of the success of the music industry in the city. The ability of Nashville to attract and grow talent and business is intricately linked to the worldwide recognition of Nashville as a music industry center. Likewise, the performing talent of Nashville gives the city an edge over other places by a wide margin that translates to attractiveness for residents, newcomers and visitors alike. In short, business and people find Nashville compelling because of its music. Nashvillians enjoy the city because it offers deep music quality and variety. Nashville thrives because of high levels of economic impact of its global music industry presence.

The music and entertainment business is an incredibly complex and competitive field that demands highly qualified, educated and trained individuals. Nashville talent operates in abundance in a world-class category. The sources of this talent are many. Formal education is a singularly strong feature of higher education programs at Belmont University, Middle Tennessee State University and others. Metro Nashville Public Schools offer high-level focused training in music creation and production through the Academies of Nashville system.

But there is more. The reputation of Nashville as a creative center is complemented well by the energy of creative, technology-savvy young talent who stream to the area for its opportunity. Acknowledged deficits in the share of information technology workforce are but one of the instances in the region where the presence of a highly creative cluster in the music sector has both real and symbolic importance. The attractiveness of Nashville as a city and region is predicated on its superior quality of life, affordability, and, very significantly, its truly unique culture and creativity that are known far and wide. Building the base of creative talent needed across industries becomes a much easier proposition where a leading business sector like Nashville's music industry is virtually synonymous with creativity.

Opportunities for Music Industry Expansion

Music and entertainment in Nashville is a true industry cluster. Not merely a place with live performance, not merely a place with recognizable performance stars, not merely a place with business attached to media that performs certain roles in advertising, publicity or videography. Nashville is a center of the music business. But just as business itself continually seeks opportunity for horizontal and vertical linkages, so an entire industry can explore new directions of growth, especially where opportunities are emerging. And not only extensions of existing activity, but entire new subsets of industry await Nashville in the music and entertainment sector.

Key elements of Nashville growing in breadth and depth in the years ahead as a music industry leader:

- Challenging Nashville in an organized way to move to a "next level" of global music operations that could realize a doubling of the current \$9.7 billion music industry impact by 2025.
- Nashville's density of music industry activity is currently 2 to 30 times greater than the nation overall, up to 10 times greater

than New York or Los Angeles, and even greater compared to other cities such as Atlanta, Austin, and New Orleans

- Core employment in the music industry in Nashville per 1,000 population and per 1,000 total employment exceeds all other U.S. cities by large margins and New York and Los Angeles by 2.5 to 4 times.
- Being proactive to make the quartet of music industry centers -- New York, Los Angeles, London and Nashville -- as interactive as possible in terms of diverse and multiple international travel options.
- Supporting and incentivizing individuals and firms that move through the digital transition in new and innovative revenue, technology and delivery models.
- Recognizing film as the sibling industry that sustains growth of the Nashville-based music industry into an international cultural content center.
- Relying on Nashville music and creative output to be the ambassador to the nation and the world as a music industry center through tangible and intangible support.
- Developing opportunities for musicians, songwriters and other performers to advance and diversify their craft and livelihood in viable economic ways.
- Gaining international formal and informal recognition of Nashville as a cultural hearth for roots, country, folk, gospel, jazz and other musical traditions; seeking global music heritage designations.
- Developing a consortium of institutions and programs that promotes Nashville as the global music education center; leveraging emerging delivery models to serve internationally in all aspects of music education.
- Fostering efforts to place Nashville as a key global policy center for entertainment and creative media property rights; furthering the voice of Nashville expertise for creative, sustainable worldwide efforts in policy directions.
- Leveraging unparalleled depth of music industry knowledge and talent to foster an entrepreneurial landscape that stimulates investment, technology innovation and support for globally attractive, data-driven entertainment industry models.
- Establishing a Music Trade Zone that embraces all aspects of global instruments, equipment, technologies, touring, staging, transportation, licensing and design.
- Creating a Nashville Entertainment Design Center that combines features of various performing arts, visual arts and technological research and development to serve as an advanced platform for entrepreneurial and emerging activity all interacting with the music industry community.

In short, Nashville has the resources to claim and further become a global media city. Already this identity is unparalleled as a brand associated with a city and its cultural output. Talent density and quality is unmatched in concentration anywhere in the world, as acknowledged by performers across genres worldwide. Infrastructure and institutions are in place that anchor the environment for next steps in the industry. Investors and innovators in numerous industries have arisen in Nashville over the long and short term. Lastly, city leaders and industry leaders are committed to the city and to the cause of guiding the city's world industry as never before.

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