

MEGS Evaluation

**Full Report on a rapid response evaluation
of the DIT Music Export Growth Scheme
(MEGS)
August 2021**

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Executive Summary

This is a report on the results and conclusions from a rapid survey-based evaluation of the Music Export Growth Scheme (MEGS). The aim of the project was to provide the Department for International Trade (DIT) with an improved evidence base for assessing the benefits generated by the Music Export Growth Scheme (MEGS).

The study involved providing DIT with a presentation slide-based set of Interim Findings over a very tight timeline in order to support a Business Case submission to HM Treasury for MEGS extension funding for one year. These interim results were submitted as required on the 16th April 2021. Subsequently, and in line with an approach outlined in the Interim Findings, attention in the study then switched to providing DIT with a full report with an ‘augmented’ emphasis on:

- Providing more robust econometrics-based results on the economic impact of MEGS, and on;
- Articulating a Theory of Change, Logic Model and other aspects of potential use to DIT in the forthcoming Comprehensive Spending Review (CSR). Consequently, the main focus of this report is on taking forward and further developing the CSR-oriented aspects of the study rather than simply on providing a document repeating the findings already provided in the slide-based Interim Findings that have already been provided.

The study had a strong ‘proof-of-principle’ dimension in the sense that it has sought to demonstrate what it will be possible to achieve in the future as regards effective monitoring and evaluation (M&E) of MEGS (or any future scheme with this focus). This aspect is important because prior DIT experience with a survey-based evaluation of MEGS had not generated credible results. However, this study has demonstrated that, handled appropriately, a survey-based evaluation can generate useful and credible findings. Consequently, some specific recommendations are made as to how MEGS M&E arrangements could be organised moving forward in a way that ‘mainstreams’ evaluation into the application and follow-up process.

The main findings and conclusions in this report are as follows:

- MEGS support for UK music industry exports operates, in effect, via an investment portfolio ethos – public funding plays a catalytic role in enabling longer-term (5 year plus) gains in markets where export facilitation cost barriers would otherwise limit export potential (notably in the USA).
- This reflects the familiar risk-reward relationship: the greatest rewards in export performance tend to entail taking the greatest financial risks - hence limiting the export performance of emerging acts lacking the necessary financial resources.
- The MEGS grant allocation process favours acts with an established export track record, who are consequently well-placed to build-on their experience by penetrating new overseas markets in which there are significant cost hurdles and a threshold level of business experience and acumen is likely to be a key success factor.
- Declined MEGS applicants have a lower initial export profile and, as a result, their growth in exports takes place from a lower base, which complicates estimating the exports for MEGS funded acts likely to have happened anyway.

- This major difference between declined and successful MEGS applicants means that the evaluation must consider the implications of the fact that it is far easier to increase exports from a low starting point than from a higher export level. In turn, this creates a risk that the evaluation will over-state the increase in exports for successful MEGS grants likely to have happened anyway – thus under-estimating MEGS additionality.
- MEGS funding initiates export boosting activities in the near-term that are viewed as tipping the longer-term odds of export success in favourable ways.
- An econometric analysis incorporating modelling of the likely longer-term impacts up to 5 years was carried out. Given sample size and data limitations this was only intended to generate indicative results for subsequent validation via follow-up M&E work. This reflects the ‘proof-of-principle’ aspect of this study – aimed at demonstrating what it will be possible to achieve in the future. This analysis required the following assumptions to be made: (a) the treatment and comparator group were similar to one another at the point at which the decision to provide support was made, (b) the treatment and comparator group were “trending together” prior to the intervention, (c) there are no other factors (outside the programme support) which may impact upon the two groups differently, (d) The distribution of the level of exports in the two groups is normal. To aid this assumption, the data for exports has been transformed using a natural logarithm function, which has transformed the export values of the two groups into a normal distribution.
- The major, but unavoidable, limitation of this indicative econometric analysis is that it required assumptions to be made that ignored the strong differences between the declined and successful MEGS applicants noted above (successful applicants are already stronger export performers). In future evaluation analyses using a larger sample it will be advisable to use Propensity Score Matching (PSM) to handle this aspect – which will generate more accurate econometric results.
- The results indicate a positive, significant Difference-in-Difference impact of the programme, with coefficients of between 1.5 and 3.2. This would indicate that the programme has an effect of increasing exports among participants of between 158 percent (over two years) and 320 percent (over five years). However, these effects should be viewed with caution due to technical caveats, and the relative low explanatory power of the models (low R^2) values due to a limited sample size for this proof-of-principle exercise.
- This demonstration that a Difference-in-Difference assessment of the impact of the programme is technically feasible (even though this pilot application faced sample size and consequent analytical constraints) means that estimating the Benefit Cost Ratio (BCR) for MEGS is possible. The major challenge in BCR estimation is that MEGS support attracts relatively strong commercial investment at a rate of over £2 for every £1 of MEGS funding (estimates derived from a useful analysis carried out by the BPI subsequent to the survey work discussed here). This leverage demonstrates that the public funding is being significantly augmented by private investment and reflects the strong commercial ethos in MEGS funding allocation (in the sense that MEGS helps to tip the odds to threshold levels that then leverages additional private sector investment). This positive signal as regards MEGS means that the additional private sector investments must be factored into the BCR estimate because the 3 to 5 year Difference-in-Difference forecast produces unrealistic BCRs if the additional private sector investment is not considered.

- When leveraged private sector investment is factored-in, and with reasonable ‘rule of thumb’ assumptions about MEGS administration costs the BCR at year 1 is 1.28, 1.8 at year 2 and 4.86 at year 3. Subsequent BCRs are higher – but are less credible given the limitations of this ‘proof of principle study’ depending on a small sample size that limited the ability to factor-in the different export propensities of funded and declined MEGS applicants.
- The long-term return-on-investment in exports generated due to MEGS funding are most accurately assessed at a portfolio-level where a skewed distribution is to be expected.
- The international music market is not a level playing-field – subsidies and overseas government support can play a key role in influencing the odds of success and failure in export growth. Hence, MEGS helps to offset this competitive disadvantage for the UK music industry. Consequently, the ‘denial cost’ of ceasing MEGS support would be reflected in increased risk exposure to UK music exports that will only become apparent several years into the future.
- The significant lag between grants and eventual benefits means that by the time the consequences of ending MEGS funding are apparent it will, for practical purposes, be too late to intervene to reduce the damage to music exports caused. This is an important issue because music streaming has changed how music is made and distributed and is opening markets across the world. Consequently, speed to market is critically important if the UK music sector is to maintain and grow its global market share of recorded music.
- This lagged benefits pathway means that a new ‘fit-for-purpose’ Monitoring & Evaluation framework would need to be put in place if MEGS continues over the longer-term. This framework would require annual updates on overall industry export performance, identifying any changes in market access barriers that may require DIT intervention. If implemented via an online reporting system this portal would allow for a comparison between funded and declined MEGS (and potentially ISF grants) over the long-term. By requiring export tracking portal registration for all MEGS and ISF grant applications, this system would be able to compare long-term export performance for funded and declined MEGS & ISF applicants (and indeed any other DIT export support). Such a system would eliminate the reliance on forward estimates for 3 and 5 year impacts used in the pilot econometric analysis in this study.
- Responses to this survey and associated liaison indicates that the music industry may support an export tracking and trade barrier identification system of this type – *as concerns over the future are high.*

1 Introduction

This study had two core objectives:

- *tactical objectives* relating to short-term DIT requirements related to the preparation of a Business Case for a temporary extension of MEGS funding, and;
- *longer-term strategic objectives* that would improve DIT's future ability to demonstrate the differences made by MEGS in a robust manner and to inform the future evolution of the scheme.

Each group of objectives are summarised below in greater detail.

The evaluation findings responding to each type of objective discussed in this report are based on an online survey augmented by follow-up consultations to probe on salient findings and correct potential errors in survey responses relating to the financial data provided.

This 'hybrid' approach was an agreed response to the need to pivot away from the originally intended set of sixty in-depth interviews when DIT became aware of restrictions to sharing MEGS recipient contact details with a third party (Ipsos MORI). DIT also re-considered previous reservations on the use of an online survey in this context as part of that project re-framing. The result was that the study proceeded using an online survey sent out by BPI (on behalf of DIT) to two groups:

- MEGS funding recipients, and;
- All BPI members (together with an additional general circulation of the survey link to the sector via some other bodies).

The aim of this two-pronged approach was to gather specific evaluation-related evidence on MEGS whilst also capturing more general information on the challenges faced by the sector moving forward.

As a result, follow-up consultations to validate financial estimates collected via the online survey became an important 'quality check' because it is generally taken to be the case that interviewees provide more accurate financial data via interviews compared to online surveys (where answers are not challenged for credibility). These follow-up consultations also provided a useful opportunity to probe on some important issues and findings relating to the timeline for generating benefits from MEGS funding.

1.1 Tactical short-term objectives

HM Treasury asked DIT to commission an independent evaluation report on the Music Export Growth Scheme (MEGS). This evaluation aimed to provide an important body of evidence for a Business Case for future MEGS funding being developed by DIT.

Given the short timeline driven by the Business Case development requirement, the contract required that Interim Findings in the form of a set of PowerPoint slides were provided to DIT on the 16th April 2021. These slides contained the key findings and insights relevant in internal DIT work on the Business Case.

As there was a substantial amount of material in that Interim Report, and in order to avoid providing an excessively long formal report, this document does not attempt to duplicate all that material. Rather, it focusses on:

- Documenting the methodology used - and how that evolved when DIT requested a change in approach towards the start of the study.
- Repeating the key findings from the Interim Report, particularly as they relate to lessons for the future.
- Describing and commenting on additional econometric and modelling work which there was insufficient time available to carry out for the Interim Report.
- Considering some additional aspects and lessons from the study that may be of use to DIT in the forthcoming Comprehensive Spending Round (CSR) process by providing an intervention Theory of Change and associated Logic Model, and suggesting an appropriate conceptual framework for thinking about how an intervention like MEGS can make a difference to music exports.

1.2 Strategic long-term objectives

The longer-term objectives were to start to build an evidence-base for future use and further development. Specifically to:

- Test/demonstrate the use of survey-based evidence collection in the sector;
- Identify what work well and what works less well, and;
- Provide a roadmap for future evidence accumulation.

1.3 Background to this evaluation

The UK music industry makes a recognised contribution to UK exports that is well-documented by industry representative bodies.¹ Previous reporting on the difference made by MEGS has documented a range of strong and compelling export impacts, with useful cases and illustrations that bring out the ‘texture’ of this support.

However, the lack of a control group-based baseline and an (understandable) emphasis on ‘advocacy’ and promoting the scheme’s achievements has made it hard to demonstrate the ‘additionality’ of MEGS support via-a-vis export growth likely to have happened anyway over past years. As the UK industry is a strong export performer (as amply demonstrated) by the BPI, it is to be expected that export growth will be strong without government support. A more analytically robust evaluation is therefore required in order to present HM Treasury with the necessary evidence to support continued support for MEGS. This evaluation needs to be able to provide evidence of how MEGS (and to an extent ISF which is also covered albeit in a more marginal manner in this study) generates export additionality.

Given the need to quickly develop such an evaluation in order to inform the preparation of a Business Case for extending MEGS for a further 12 months, DIT used the *Export and Investment Research Call-Off Contract* to commission a rapid response study aimed at addressing this evidence gap.

¹ See BPI (2021) All around the world.

1.4 Current policy context

The UK music industry faces a combination of two major challenges:

- Maximising the export gains from the growth in the global music market – especially in high growth segments such as streaming and from a rapidly evolving set of interdependencies that drive music exports (such as ‘sync’ deals from movies and games). Music streaming has changed how music is made and distributed and is opening markets across the world. Consequently, speed to market is critically important if the UK music sector is to maintain and grow its global market share of recorded music
- The COVID-19 pandemic and its future ramifications – which has had a severe impact on physical performances, and especially in overseas touring.

Hence this study is well-timed in being able to capture opinion of the severity of these challenges at an important point in the policy cycle.

1.5 The growth in global music demand driven by streaming

The growth in music streaming across the world is one facet of a broader transformation taking place in how sound and visual services are delivered.

To give an overall sense of proportions and transformational impetus, the global music streaming market is estimated to grow at a compound annual growth rate (CAGR) of 7.4% from 2020 to 2027, to reach \$46.9 billion in 2027 (Business Wire, 2021). In 2019, the global market for music streaming was worth \$26 billion (op cit.) and global digital music revenue in 2019 hit \$1.5 billion (IFPI, 2020). Music streaming currently accounts for 75% of the total industry revenue, dwarfing the revenue generated by physical (12%), digital downloads (11%), and sync (3%), (RIAA). In 2018, the total revenue collected from on-demand streaming platforms supported by advertisements (including YouTube, Vevo, and Spotify (free version) increased by 15% in 2018 to reach \$760 million, (RIAA). Growth of paid streaming revenues by region: Europe (29.2%), Latin America (16.8%), Brazil (15.4%), Asia & Australasia (11.7%), and South Korea (17.9%). (IFPI, 2019). 75% of digital music revenue in the Asia-Pacific region is dominated by streaming. Downloads only make up 12% of revenue, (Deloitte, 2020).

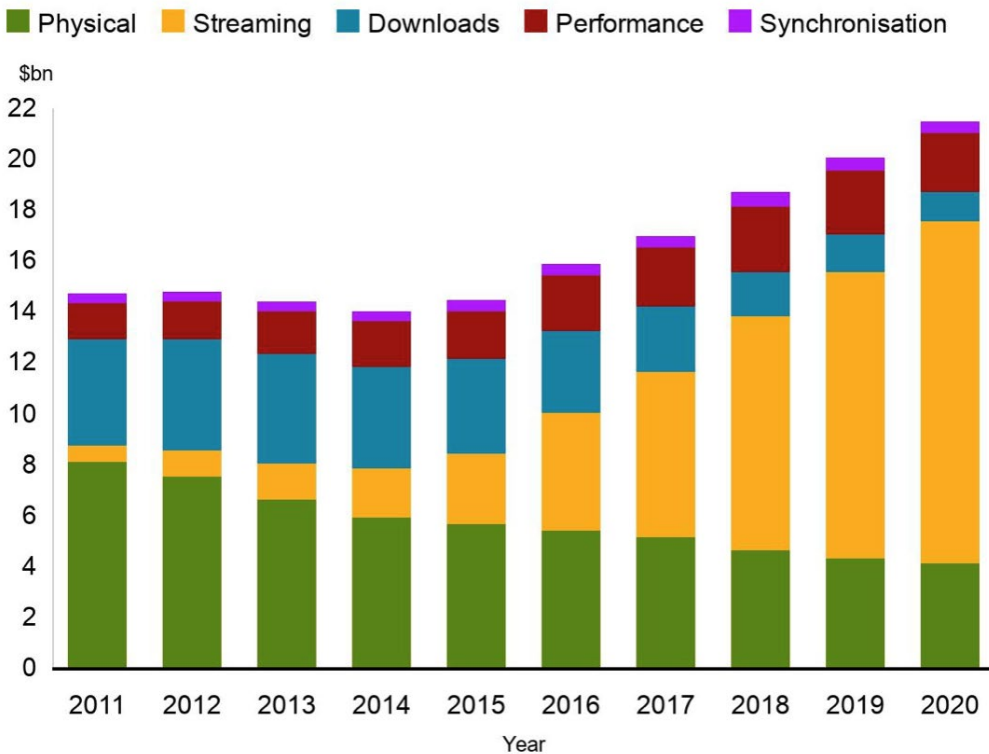
In total, the global revenue for recorded music reached \$19.1 billion in 2018. Streaming accounts for 46.9% of these total global revenues. Other revenue generators include digital revenue (12.1%), physical revenue (24.7%), performance rights revenue (14.2%), and synchronization revenue (2.1%), (IFPI, 2019).

The following graph, provided in a BBC report using IFPI , presents a clear picture of this transition.

Figure 1: The changing structure of global music revenue, 2011-2020

How streaming took over music

Music industry revenue 2011-2020



Source: IFPI



Source: BBC using IFPI data (BBC news website accessed on 15th July 2021)

As with many digital services, access times and spatial constraints in these markets either disappear entirely or are dramatically reduced. Whilst, in economic terms, there are *substitution effects* (e.g. when streaming replaces other modes of access to music) there are also strong *complementarity effects* (e.g. when streamed music is accessed because the listener became aware of the artist via for instance streaming a movie or via an artist or song being mentioned or used in a podcast interview). Significantly from an export perspective, these complementarities span all streamed context – not just music per se. Thus, export performance can be boosted by both complementarities within the music domain and across music and other artistic outputs – whether streamed or delivered via other more traditional channels. Indeed, some estimates indicate that the growth of music streaming offsets a 21.2% decline in download revenue and is associated with a 10.1% drop in physical revenue, (IFPI, 2019).

Revenue from synchronisation placements to audio-visual content providers is of growing importance in this context. Music ‘sync’ supervisors pay a fee to the licence holders for music use, hence sales to film, TV, video games and advertising are becoming increasingly important in these complementarities between music and other artistic output channels.

In addition, some business press commentaries have stressed the role of the COVID-19 pandemic in accelerating the rise of music streaming (mainly because people forced to stay at home have had more time to listen to streamed music and to explore new artists).

Hence in overall terms, we are witnessing yet another case of technologically-driven ‘disruption’ via which traditional modes of music delivery are shaped by new and fast-evolving modes of service delivery. At the same time, older ‘vintages’ of music delivery (notably vinyl) have been experiencing a resurgence, with a substitution effect for CDs in particular. This highlights the complexity of this mix of substitution and complementarity effects – some older vintages of technology are displacing more recent vintages of technology.

This creates a highly complex export landscape in which feasible scenarios may involve (for instance) *both* more streaming exports *and* more vinyl exports. However, whilst the balance of substitution and complementarity effects, as summarised above, is complex and hard to forecast it is safe to assume that music streaming will increasingly shape UK music export performance – though not always in a predictable manner.

1.6 The evolving future trade landscape

In this complex and inter-dependent context, DIT’s support for overseas touring can be thought of as having:

- *Intrinsic impacts*: helping to drive music exports via multiple indirect ‘impact pathways’, for example a tour in the USA that would otherwise have been too costly to delivery generating ‘knock-on’ effects in both streaming and vinyl-related production (if pressed in the UK) and associated royalties – and potentially a stream additional future touring income.
- *Extrinsic impacts*: ‘crossover’ benefits via which overseas touring not otherwise possible may have knock-on impacts on other export areas – for example in clothing/fashion.

These impact pathways point to the importance of DIT developing a systemic approach in both the intrinsic (within music) and extrinsic (between music and other markets) dimensions. Given that systemic approaches of this type are being explored by DIT (for example via the *Bilateral Trade Relations and Market Access System Modelling* work)² it may be useful to apply such methods to better understand music-driven export interdependencies.

As this study emphasises (detailed in the qualitative findings discussed below) some countries adopt a ‘soft power’ culturally oriented stance in regard to support for music exports. This involves emphasising the broad span of socio-cultural benefits that overseas music touring can generate, especially as regards raising awareness of UK culture and ‘adjacent’ business aspects such as fashion and design. This can contribute to increased tourism and exports of a wide range of goods and services. Whilst formal benefits attribution may be hard (or even impossible) this type of ‘halo effect’ can make an important contribution to overall export performance.³

² Commissioned by DIT from London Economics and Larrainzar Consulting Consulting via an Ipsos MORI Call-off contract.

³ Indeed the DIT Bilateral Trade Relations and Market Access System Modelling work could potentially provide a robust basis for analysing these diffuse and complex impact pathways if it were extended beyond trade barriers per se.

2 Overview of MEGS

2.1 Intervention aims

The purpose of the Music Export Growth Scheme (MEGS) is to provide grant-based financial support to independent UK music acts towards breaking into overseas markets or expanding overseas sales. This addresses the market failure of imperfect information about British music in overseas markets creating a barrier to exports. Since 2014, MEGS has provided grant support of around £4 million to over 260 music acts. There are 3 rounds of MEGS funding a year under normal conditions.

MEGS Summary

“The scheme provides grants ranging from £5,000 to £50,000 to support eligible UK-based music SME’s, that have demonstrated success in the UK, to break into overseas markets. In the period 2016 through to 2020, MEGS funding of £2.8 million has been made available. The range of acts supported has been a good example of the huge range of music acts that exist in the UK. Of the 242 acts supported at least one of every genre of music was represented with 43% of funded acts being Rock & Alternative, 24% Pop and 7% Urban.

The applicants funded are from every geographical region within the UK. The Greater London area is the most represented region (48% of all grants) – this can mainly be explained by many UK acts having London as a base and the majority of record labels, management companies and other associated music companies being based in London”

BPI (2019) Music Export Growth Scheme Impact Report

“The Scheme operates through an experienced panel of industry experts, who make targeted grants specifically to UK artists that have the elements in place for international success, but who need additional support in order to seize opportunities outside the UK. The combination of music streaming and social media have made it easier for emerging artists to create fanbases around the world, but new artists in particular often do not have the resources or networks behind them to take advantage of global interest in their music through touring or active campaigns to promote their music outside their home market.”

Geoff Taylor, Chief Executive of BPI and Brit Awards (Foreword to the 2019 BPI MEGS Impact Report

MEGS support is also complemented by the International Showcase Fund (ISF). ISF provides support for ‘showcasing’ in the following ways:

- For Artists/Bands: ‘In Real Life’ attendance of international showcase events.
- For Artists/Bands: Virtual attendance and engagement in International Showcase events via live-stream or pre-recorded performances, plus digital conference attendance.
- For Artists/Bands: Virtual or ‘In Real Life’ performance at UK-based events where there is an export focus and a significant international delegation, plus conference attendance.
- For Writer/Producers: ‘In Real Life’ attendance of song-writing camps which are geared towards international collaboration, creative and career progression.

- For Writer/Producers: Virtual attendance at a song-writing camp which is geared towards international collaboration, and creative and career progression.

As such, ISF and MEGS have a complementary relationship with each other.

3 Evaluation Study Aims and Objectives

This study was commissioned under a DIT-Ipsos MORI Call Off contract relating to *Export and Investment Research: CR 1082 (Project 465)*. It involved a rapid response to Departmental requirements.

3.1 The original ITT study specification

The originally stated Project Objectives were:

- To demonstrate the impact of the scheme including a quantifiable ROI figure that robustly addresses additionality. *This is the highest priority objective.*
- To provide evidence that helps build a business case for the continued funding of the scheme.
- To collate recommendations for improvement to the scheme, including its ongoing M+E.

The Research Questions were as follows:

- What is the £ additionality of the scheme? i.e. what is the value of exports that would not have been achieved were it not for grants given as part of the scheme.
- What are the other quantifiable and non-quantifiable additional benefits of the scheme?
- What is the outlook for the scheme?
- What recommendations are there for improving the scheme?
- What recommendations are there for improving the M+E strategy for the scheme in the future?

When framing the project remit and outline method, DIT had expressed a strong interest in using in-depth interviews to improve the quality of the evidence base for MEGS additionality (and the other research questions listed above). This reflected reservations about the use of online surveys in this context.

Those initial reservations had been based on Departmental reactions to some online survey data was collected by DIT in 2020 that attempted to address additionality of MEGS. A DIT review of the data found that wide use of open text responses meant the information on additionality was not addressed or was not collected consistently. It was therefore the DIT view that these findings would not be conclusive. In response, DIT believed that in-depth interviews would allow the contractor to ensure the question has been understood and answered consistently.

Ipsos MORI therefore submitted a proposal that aligned with that initial requirement and this proposal was accepted by DIT.

3.2 Subsequent agreed changes to the study specification

Shortly after the project started, DIT became aware of restrictions to sharing MEGS recipient contact details with a third party (Ipsos MORI). DIT also re-considered previous reservations on the use of an online survey in this context as part of that project re-framing. The re-consideration of reservations

about using an online survey stemmed from a recognition that a similar survey of the ISF had been more successful (as a result of how it was designed and executed), and that with appropriate survey design provisions, it may therefore be possible to use a survey of MEGS recipients to capture data on both successful and declined MEGS applicants. Whilst acknowledging that it may be difficult to obtain a useful response rate from declined MEGS applicants, subsequent discussions between DIT and Ipsos MORI focused on possible ways on encouraging a sufficient response from declined applicants to provide, at the very least, an indicative estimate of the impact of MEGS funding against a surveyed control group.

Those discussions identified an opportunity to encourage responses from declined applicants by introducing a strong emphasis on the future challenges faced by the sector. Such an emphasis would also have the advantage of capturing evidence on opinions across the sector that might be of more general use to DIT. The mutually agreed response was to pivot away from the originally intended set of sixty in-depth interviews and to carry out an online survey instead.

3.3 Overall approach

It was agreed that Ipsos MORI would adopt a three-pronged approach:

- A self-completed online survey suitable for use both with known MEGS applicants using a unique survey link together with a general-purpose component using a single open access link. This online survey to be complemented by follow-up calibration calls with respondents to check on the accuracy of the financial estimates provided.
- A general approach to the industry to seek additional evidence and insights.
- Analysis of MEGS administrative data.

Subsequently, this approach was refined to focus more closely on developing a forward looking econometric analysis to provide CBR estimates for MEGS. This was a response to an unexpected finding from post-survey validation consultations over benefits realisation timeline. It turned out that export increases associated with MEGS can take several years to manifest themselves as they are generated by longer term 'second order' rather than short term 'first order' effects. This shift in focus was made in order to maximise the value for money from this study as a forward-looking econometric analysis addressing longer term aspects of BCR performance would be more useful to DIT than a more retrospective analysis of administrative data. A Theory of Change narrative (the core of a Strategic Case) and an associated Logic Model were also developed as part of this refined focus as the study proceeded.

Limited responses to the general engagement with industry stakeholders were received and these simply re-iterated previous accounts that lacked a focus on additionality, and hence did not prove to contain any new evidence or insights for this study.

3.4 Online survey

Overview

The survey included a set of questions designed to collect data on MEGS funding additionality by:

- Asking for data on music income levels 12 months before the MEGS application, then 12 months and 24 months after the application, plus data on the proportion of this income sourced from overseas – thus allowing exports to be calculated.

- Identical questions were asked of successful (the target group) and declined MEGS applicants (the control group) – allowing an estimate of the export growth likely to have happened anyway – follow-up liaison by phone and email was used to validate financial estimates and capture margins of error

The additionality of MEGS could then be calculated by subtracting the 'baseline' export increases for MEGS funded acts (exports likely to have happened anyway) from actual export increases. This approach aimed to fill a key gap in the evidence base justifying MEGS support moving forward.

The survey also contained a range of more contextual questions designed to gather general views over the future export challenges for the industry.

Technical considerations: Impact gestation periods

In designing the survey Ipsos MORI and DIT officials discussed the issue of the anticipated impact gestation periods for MEGS. The decision to ask questions about export performance 12 and 24 months after the grant award reflected a view that impacts on exports would be relatively fast. Indeed, there was a view within DIT that asking for exports after 24 months was less relevant. The underpinning assumption at that time was that MEGS supported overseas touring, hence that the export impacts, would arise directly from this near-term activity. It turned out that these assumptions were not aligned with real export generation potential (associated with indirect rather than direct effects). These important issues are considered in greater detail in the discussion of the results and in the proposed Theory of Change and Logic Model.

4 Study Implementation

4.1 Conduct of the survey

The survey received 198 responses: 125 from MEGS applicants & 73 from general respondents (useable export data from 46 successful MEGS applicants and 35 unsuccessful applicants) – which allows for an indicative comparative analysis of additionality.

A record-specific data integrity assessment was used to avoid biasing the results due to missing values, this strict threshold reduced 123 records relating to successful MEGS applications down to 46 (note: continued gap filling liaison with some respondents can increase this number modestly).

4.2 Validation engagement with respondents

Likely margins of error for the financial estimates were investigated by follow-up consultations with respondents. This was carried out via an emailed request to hold a follow-up discussion by phone or video meeting. 15 targeted emailed requests for follow-up discussions were sent out, yielding 10 phone and video meeting discussions and 3 email-based Q&A exchanges, all conducted over the weeks following the end of survey fieldwork.

These consultations indicated an even split between +/-10% and +/- 20% in likely margins of error for the financial estimates provided. Given these margins of error, the precautionary principle of using lower-bound estimates has been adopted for both overall income and the export component – providing lower end threshold estimates (a stringent test for any results of this type that reduces optimism bias). Those consulted stressed that the margins of error are primarily the result of uncertainties and lagged data from multiple sources of income and the overseas-sourced component. In other words, the breadth of sources and different timelines for export income rather than intrinsic inaccuracies in financial data.

These validation calls also captured feedback on the timeline expected for MEGS associated export boosting benefits, which stressed a 5+ year impact gestation period. This finding had not been anticipated in discussions over the survey design – which had focused more on near term ‘first order’ effects rather than longer-term ‘second order’ (consequential) effects.

4.3 Further stakeholder engagement

In addition, and in direct response to the point about a 5+ year impact gestation period, a general anonymous email was sent to all survey respondents who provided an email address and indicated that they were willing to be re-contacted. 30 emails were sent out and 8 substantive carefully considered replies were received. These replies confirmed the point about extended benefits gestation periods captured in the financial data validation calls. *No email replies disagreeing with this point were received.* Representative quotes from these email replies are presented in section 5.3, below. These responses highlighted the importance of these extended impact timelines, something that had not been anticipated at the survey design stage.

4.4 Subsequent insights and findings

Discussions with DIT following submission of a working draft of this report highlighted the importance of a subsequent finding from BPI consultations (which were reflected in the MEGS Business Case) which revealed significant additional business investment in export promotion at a ratio of over 2:1. This finding was vital to providing credible BCR estimates for MEGS because initial exploratory estimates had

generated implausible BRC ratios. Factoring-in this 2:1 leverage generated more plausible BCR estimates.

4.5 Quantitative analysis

This section provides a brief overview of the analysis of the survey data which has been undertaken, the assumptions underpinning the analysis and the results from the analysis.

The work described, which is subsequently extended in the Section 7, adopts a Value for Money (VfM) /economic impact (additionality) based of evaluation framework for two reasons. Firstly, this is a more robust basis for framing the lessons from ‘past experiences’ aspect of a Business Case for longer-term DIT support for music exports, and, secondly, it provides a strategic and conceptually clear rationale for use in a future Business Case (via a clear Theory of Change and associated Logic Model) for this type of intervention.

It should be noted that due to the small sample size and the limited variables available for the analysis, the results should be viewed with caution and are in essence a ‘proof-of-principle’ of what can be achieved in the future.

Data used and assumptions for modelling

To re-cap, the data used for this statistical analysis was collected from the survey of MEGS applicants. This included self-reported information about the value of exports made by the company at three time periods:

- Prior to the intervention
- 12 months after the intervention; and
- 24 months after the intervention.

In addition to this, qualitative research findings have been used to generate an estimated value of:

- Exports 36 months after the intervention;
- Exports 48 months after the intervention; and
- Exports 60 months after the intervention.

The assumptions underpinning these estimated values are presented below.

As the data was collected via a survey with programme applicants and is self-reported there is the potential for self-reporting bias in the responses, and inaccuracies are likely to be present due to those responding not having accurate data to base their responses on. Therefore, a range of values for exports at each time period was provided (a maximum and minimum value). Both of these values have been used in the following analysis.

4.6 Analytical approach

4.6.1 Selection of a comparator group

The analysis compares the outcomes achieved by the group of companies supported by the programme (the treatment group) with the outcomes achieved by a group of companies which did not receive

support (the comparator group). In theory, the comparator group could be selected from a variety of different types of company – for example similar companies that were aware of the scheme but did not apply, companies that were not aware of the scheme, companies that were ineligible for the scheme or companies that applied to the scheme but were not successful in receiving support.

For this rapid response indicative analysis, companies which applied to the scheme but were not successful in their application for support were selected as the comparator group. This was selected as it was felt that this group most closely matched the profile of the group receiving support, and due to the complexities of collecting the required data from other comparator groups (data needed to be collected using primary research, rather than secondary data sources).

4.6.2 Model specification.

The following Difference-In-Differences Ordinary Least Squares (OLS) regression model was utilised to explore the effect of programme on the exports.

$$Y_{it} = \alpha + \beta_1 T_{it} + \beta_2 C_t + \beta_3 D_{it} + \beta_4 TI_{it} + \varepsilon_{it}$$

Where:

- **Y_{it}** : The value of exports from each company for each time period (in 2021 prices)
- **T_{it}** : A binary treatment variable indicating whether the company had received support in each time period
- **C_t** : A binary variable indicating the time periods after the award of support (taking zero before the intervention and 1 for all periods after award)
- **D_{it}** : The interaction between the treatment and time binary variables (the DiD variable)
- **TI_{it}** : Control variables (included in some models) which covers the years included in the analysis, to capture any time specific shocks in the data

4.6.3 Modelling assumptions

The analysis presented below is underpinned by several assumptions. These are:

- The treatment and comparator group were similar to one another at the point at which the decision to provide support was made. This assumption would mean that at the point of award, the only difference between the two groups was the award of the support. This cannot be verified as the dataset does not include variables to compare treatment and comparator groups beyond the value of exports. There may be unobserved differences between the two groups (e.g. management experience), but this model assumes that there are no such differences.
- The treatment and comparator group were “trending together” prior to the intervention. Similar to the above assumption, it is assumed that over time, the level of exports for the treatment and comparator group have been moving in the same direction in the periods prior to the intervention. For example, if exports in the treatment group fell in 2015, it is assumed that exports also fell in the comparator group. We do not have access to a sufficient large number of data points to test this assumption, therefore it is assumed that the two groups “trend together”.

- There are no other factors (outside the programme support) which may impact upon the two groups differently.
- The distribution of the level of exports in the two groups is normal. To aid this assumption, the data for exports has been transformed using a natural logarithm function, which has transformed the export values of the two groups into a normal distribution.

In addition to the above, some further assumptions were formed using findings from the qualitative research. These were to underpin an estimation of the potential future benefits of the programme, as the qualitative findings suggested that the full effects of the intervention would not be generated until around five years after the support was provided. Therefore, the following assumptions have been used to estimate the future level of exports achieved by supported companies and the comparator group:

- For future exports among the comparator group, it has been assumed that the change in exports observed in the existing data (the change in exports between 12 months prior to the intervention and 12 and 24 months post intervention) will continue for the subsequent three years (a linear growth rate).
- For the future exports among the treatment group, different assumptions have been used for each subsequent year. These assumptions are:
 - For exports 36 months after the intervention, the average growth rate in exports the company has achieved (the change in exports between 12 months prior to the intervention and 12 and 24 months post intervention) has been multiplied by a factor of three – based on findings from the qualitative interviews. However, the growth rate is capped at 300 percent.
 - For exports 48 months after the intervention, the average growth rate in exports the company has achieved (the change in exports between 12 months prior to the intervention and 12 and 24 months post intervention) has been multiplied by a factor of four – based on the same findings -but the growth rate is capped at 400 percent.
 - For exports 60 months after the intervention, the average growth rate in exports the company has achieved (the change in exports between 12 months prior to the intervention and 12 and 24 months post intervention) has been multiplied by a factor of five – based on the same findings -but the growth rate is capped at 500 percent.

4.6.4 Remarks on these assumptions

Inevitably, this set of unavoidable assumptions (for a ‘proof-of-principle’ study) limit the precision of the results obtained. However, in the context of this relatively low budget and tight timeline (in terms of the fieldwork phase) study this initial modelling does provide a framework that can be adjusted and used in future work by DIT. As these initial assumptions are adjusted the model will increase in accuracy.

5 Findings

5.1 Quantitative evidence

The key findings are that:

- Successful MEGS applicants are already more export active (30% of income from overseas) than declined applicants (14%) – reflecting a stronger demonstrated propensity to export at the outset upon which MEGS can further improve performance.
- Successful applicants have a stronger financial starting point, compared to declined applicants.
- The ranked distributions of funded and declined applicants are, as expected, highly skewed.
- Export increases in the first 12 months are broadly comparable to those at the 24 months stage.

However, consultations with respondents suggested that a ‘dip’ after the first 12 months is expected – and is caused by initial benefits being followed by a ‘fallow phase’ of up to five years before any subsequent export gains are realised (notably because record contract royalties can take 5 years to start to flow through). *This dip is only clear in the more precise comparison of managers with both successful and declined MEGS applications.* This means that the full impact of MEGS on exports can only be assessed several years after the grant was used due to these lagged benefit effects. This means the full BCR should increase substantially if data are collected over a longer impact assessment timeline.

As noted in the discussion of the methodology, the assumption when designing the questionnaire was that the MEGS grant award reflected in impacts on exports would be relatively fast, over the following 12 months and possibly the following 12 months. This assumption reflected a focus on the direct effects from overseas touring activity (which would generate immediate income increases).

However, as addressed in more detail in the discussion of the qualitative results (below) it turns out that the major export benefits can arise from the indirect effects of overseas touring rather than the direct effects. As some of these indirect effects have long gestation periods (especially recording deals) these indirect export drivers lead to a significant lag in measured benefits beyond the 24-month timeline used in the questionnaire.

Moving forward, this highlights the importance of using a Logic Model framing to characterise both direct and indirect impacts on exports, and of consulting with the music industry over the likely nature and extent of this mix of direct and indirect impacts on exports.

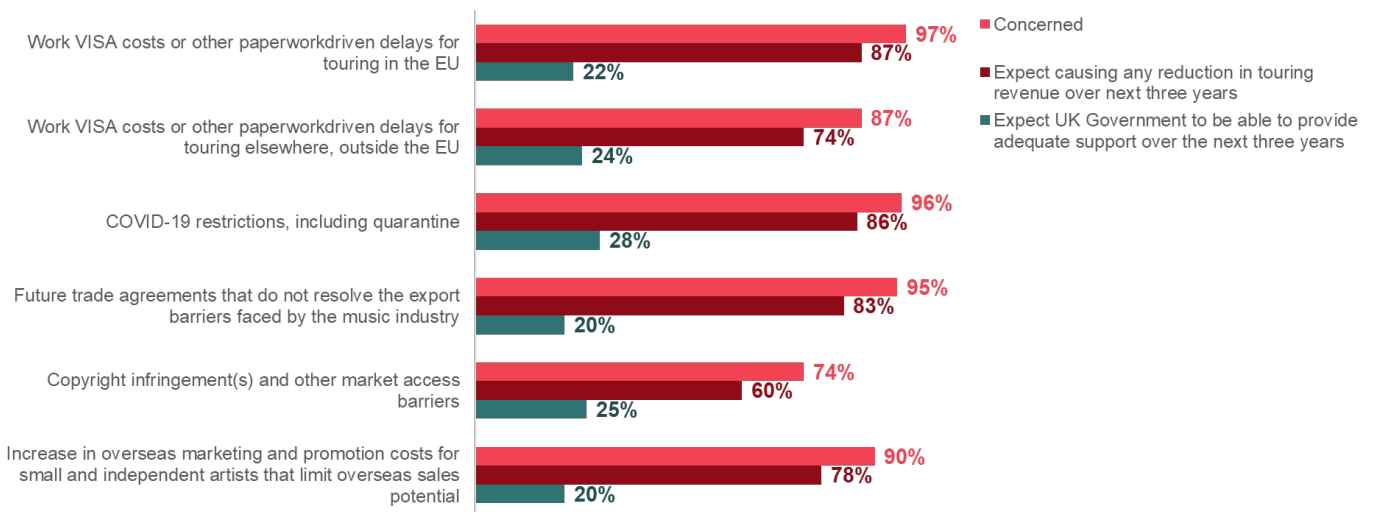
Other general findings are that:

- There are widespread concerns in the industry about the combined impact of leaving the EU and COVID-19 – viewed as a threat to growing music industry touring revenue.
- A low expectation of receiving adequate government support over the next three years in the face of these combined challenges – may reflect the increased severity of these problems compared to previous years.
- There are no stand-out key challenges – negative impacts are expected across the board and, by implication, via combined problems building-on each other.

These general questions were designed to allow DIT to calibrate a MEGS-specific question (on the increase in overseas marketing and promotion costs) against a broader range of general challenges. The results tell us that:

- MEGS-related challenges are in the same broad range as the others – and notably greater than copyright infringement and other market access barriers.
- The respondents are concerned that they may not receive adequate government support in this area (reflecting their overall level of concern on this issue).
- Concerns over the availability of the assistance that MEGS provides are comparable to those over the ability of future trade agreements to resolve music industry export barriers.

Figure 2: Percent of respondents who say each of the following about challenges faced by the music industry over the next three years



Base: All respondents (n=198); All respondents who are concerned about each (n=147-193)

Other substantive policy findings are as follows.

- The UK music industry now faces a broad spectrum of major impediments to export growth. Some are EU-specific – but as our geographically closest touring market this is a matter of concern for policymakers. Others are global in nature, including pandemic driven challenges.
- The increase in overseas marketing and promotion costs for small and independent artists are likely to be exacerbated by COVID-19-related impediments to overseas touring – highlighting the inter-dependencies that link many of these challenges.
- In public policy terms this creates an export barrier because the cost-burden faced inhibits activities that would boost the odds of future medium to long term export success.
- Thus, this ‘feedstock’ element of the UK music industry’s export potential (the contribution of small and independent artists to the industry as a whole) is at risk.

5.2 Econometric results

The key results from the analysis based on the methodology described in the Methodology section above are presented in the table below. It should be noted that overall, it appears that the programme has had an impact on the level of exports supported companies can achieve. A number of different models were included in the modelling exercise, and the models presented below show (for the minimum export values provided by businesses):

- **Model 1:** The effect of the intervention on the natural logarithm of exports up to two years after the intervention for the entire sample;
- **Model 2:** The effect of the intervention on the natural logarithm of exports up to two years after the intervention for a restricted sample (excluding companies which had exports of zero or exports of over £100,000 prior to the intervention);
- **Model 3:** The effect of the intervention on the natural logarithm of exports in the first year after the intervention for a restricted sample (excluding companies which had exports of zero or exports of over £100,000 prior to the intervention);
- **Model 4:** The assumed effect of the intervention on the natural logarithm of exports up to five years after the intervention for the entire sample;
- **Model 5:** The assumed effect of the intervention on the natural logarithm of exports up to five years after the intervention for a restricted sample (excluding companies which had exports of zero or exports of over £100,000 prior to the intervention);

However, these findings should be viewed alongside the following caveats:

- The sample size for the analysis is relatively modest – a total of 78 companies (39 treatment companies and 39 comparator companies). This means that the results can be driven by a small number of companies which do not represent the true direction of travel of either the treatment or comparator group.
- Due to the small sample size and small number of variables included in the dataset, no attempt has been made to undertake a matching exercise. This means that there may be a degree of unobserved difference between the two groups.
- Similarly, no attempt has been made to introduce additional explanatory variables to the analysis as the dataset did not include these and the number of observations would not support the introduction of a large number of additional variables.
- The findings for the effects after three years use assumption-based values, which should be viewed as indicative rather than an explanation of causality.

Table 5.1: Results from OLS modelling exercise to explore effect of programme on natural logarithm of exports

	Model 1	Model 2	Model 3	Model 5	Model 4
Modelling approach	OLS	OLS	OLS	OLS	OLS
Number of companies	78	65	65	78	65
Number of observations	234	195	130	468	390
Results					
Time dummy (0 prior to intervention, 1 after)	-0.223	-0.290	-0.253	- 2.097***	-2.377***
Treatment (1 if received support, 0 if comparator)	3.139***	1.179*	1.179**	3.139***	1.179
Time indicator (year after intervention)	-	-	-	0.735***	0.840***
Effect of intervention (DiD coefficient)	1.409	1.575*	2.062***	3.025***	3.198***
Constant	5.119***	6.655***	6.655***	5.119***	6.655***
R²	0.297	0.168	0.257	0.448	0.394

Source: Ipsos MORI analysis

These results indicate a positive, significant impact of the programme, with coefficients of between 1.5 and 3.2. This would indicate that the programme has an effect of increasing exports among participants of between 158 percent (over two years) and 320 percent (over five years). However, as stated above, these effects should be viewed with caution due to the caveats listed above, and the relative low explanatory power of the models (low R²) values.

As part of this estimation work, we examined the implications for Benefit Cost Ratios (BCRs). The benefits associated with the scheme can be calculated using the effect of the programme (DiD coefficient) multiplied by the level of exports before the intervention, for the treatment group. This can be done separately for each year of the intervention, using the coefficients modelled using the Year 1, Year 2 data, and the modelled assumptions for Year 3 (we do not advise including the estimated model for year 5 to in order to provide more conservative estimates of the BCR). All exports generated in future years can be discounted at a rate of 3.5 percent, in line with HMT Green Book guidance.

It is important to recognise that MEGS support attracts relatively strong commercial investment at a rate of around £2 for every £1 of MEGS funding (estimates derived from a useful analysis carried out by the

BPI). This leverage demonstrates that the public funding is being significantly augmented by private investment and reflects the strong commercial ethos in MEGS funding allocation (in the sense that MEGS helps to tip the odds to threshold levels that then leverages additional private sector investment).

As BCR estimates require an accurate programme delivery cost (covering both DIT and BPI's administrative costs), and far more importantly, need to factor-in the additional private investments that complement MEGS funding. These have been estimated using information provided by DIT and BPI. It has been estimated that the average grant value was £13,100, and the average commercial investment value was £27,900, giving a total investment of £41,000 per participant. It has been assumed that the commercial investment would not have been utilised to enhance exports in the absence of the programme and that non-participants do not make this commercial investment.

No quantitative information was available at the time of writing this report to measure the administrative cost of programme implementation. Therefore, some key assumptions have been used to develop an indicative administrative cost of the programme. These assumptions are:

- The programme received twice as many applications as it made awards, and all applications were fully assessed (a success rate of 50 percent) – this assumption is supported by the grant applications and awards data we have been able to access to date;
- Three individuals assessed each application;
- Each individual took 0.5 days to assess each application;
- The individuals were the equivalent of a Grade 7 civil servant;
- All assessment costs were incurred in the first year of the programme;
- A grade 7 civil servant or equivalent was responsible for the management of the programme;
- The management of the programme took, on average, two days per week over a two-year period;
- Each programme was monitored. The monitoring was undertaken by the equivalent of a grade 7 civil servant;
- The monitoring took, on average, four days time per project per year, over a two-year period.

Given these assumptions, the average administration cost (present value) was assumed to be £3,200.

Using these cost assumptions, the table below presents some indicative BCRs for the programme.

Table 5.2: Indicative BCR for programme by year

Year	Including grant and admin cost	Including grant, admin and commercial investment
By Year 1	3.45	1.28
By Year 2 (cumulative)	4.85	1.80
By Year 3 (cumulative)	13.12	4.86
By Year 4 (cumulative)	21.11	7.82
By Year 5 (cumulative)	28.84	10.68

Whilst necessarily only indicative, these results do demonstrate that MEGS support may reach the threshold BCR of 2.0 level between 2 and 3 years after grant award, with the potential for strong BCR growth after that point at longer term second order export boosting benefits are realised. However, as more realistic assumptions are made based on a broader evidence-base (e.g. the use of propensity matching in a larger sample) these 3 year plus export benefits may reduce in strength.

5.3 Qualitative evidence (MEGS & ISF)

The follow-up consultations (via conversations and email exchanges) were especially useful in allowing a closer examination of the benefits realisation timeline issue to take place.

The following tables provides some useful anonymous quotes from these consultations. These qualitative findings proved to be central to the contribution of this study to understanding how future DIT support for music exports might be framed and delivered.

“Monetary gain can often take many years to come through, if that be directly as a result of performances and sales royalties or as a wider business looking at exposure leading to future opportunities. As a business we have always focused on taking our artist to new territories where there is interest at an early stage in their career and this is how we’ve been able to create lasting careers with millions of album and ticket sales outside of the UK.”

“Regarding longer term income streams, my experience tells me that starting the work into a major territory like the USA for example causes a series of ripples (and its very very hard to start work in the USA because once you start - which costs a lot - you have to keep going because its such a massive place but with a lot of opportunity). Those ripples are short term - buzz, credibility etc. But those then turn into more active chats "on the ground" there because you're showing commitment to market, but then you have to start investing cash to show you're actually properly committed and then come 3 - 5 years time you could be on a roll of touring there every 9 months or so, which by then will have increased: sales, merch, streams, licensing and record deals, sync potential and so on.”

(The) “same will sadly start to apply with major EU markets now that the government have opted to make life much more expensive and complicated for acts to tour on the continent. Previously this was a good ground to learn your chops outside of the UK before committing to the daunting behemoth which is even attempting to scratch the surface of North America.”

“...I can certainly see the logic of what you say about longer term benefits from e.g. engaging an overseas plugger, or in this streaming era perhaps an international collaboration with an artist in the US or Germany whereby digital marketing, social media support, playlist plugging in that overseas market to back up and promote the collaboration would lead to longer term benefits over time growing an artist’s international digital audience and opening opportunities to tour on the back of it.”

“Excellent point... and absolutely, I feel this is the case. The applications we made were for a band in the relatively early stages of their career in the US. Their streaming and social numbers are building nicely and we’re starting to build a story at college radio. Where MEGs could make a really significant impact to us is exactly as you describe. By allowing us to invest meaningfully in radio promotions - college to start with and then when we have the right track, to step up to Alternative / AAA - that in and of itself is a 12 month process for just one track. The ripple effects from that push out into the following 2-5 years as we come back in with more tracks and continue to build within and through the radio formats. Alongside that is the need to invest in developing their live markets outside of the major markets... that is a key component in building the radio and streaming picture there and again, the real effects of investment now will be seen (in my view) in 3-5 years. Can this be done without MEGS? Possibly. For example, we still pressed ahead with the campaigns we applied for funding for (and didn’t get) but scaled back. The result was slightly better than treading water. We sold tickets in the markets we knew we were strong in.”

“We got radio support in markets we had strong streaming and hard ticket support. And perhaps we pushed into a handful of new markets. But that was 18 months of our lives... 2 months of continuous touring... and very significant financial investment by the band, management and our indie label partner in the US - which we will not see any return on for a long time. Where MEGS makes the difference is as a catalyst in new markets, a fertiliser in our existing markets and an accelerator in terms of radio promo and marketing... it’s almost as simple as just being able to have more boots on the ground, covering more ground at the same time. That 18 months could have been 12 months, and we would (I’m absolutely sure) have developed another dozen or so States in that time rather than the handful we did. The trouble is, we don’t have the time or resources to keep doing this without support like MEGS. In the case of this particular band, I am totally confident we can get them to arena level touring in the US within 5 years... but... only with investment. Otherwise they’ll do okay, maybe scrape a living and have some fun... but make no meaningful contribution as a UK cultural export.

It’s a really important point and I’m glad people raised it...”

The proposed Logic Model provided later on in this report is informed by these views.

6 Key messages and insights

6.1 General conclusions

There are two major and very useful findings from this study and from related and complementary work on music exports. Firstly, long-term, second order, export impacts beyond an assumed two-year return on investment time horizon can greatly exceed shorter term first order effects. Secondly, the finding from complementary work by BPI, that MEGS facilitates/leverages additional private sector investment at a 2:1 ratio. In combination, these findings point to the advantages of developing a Theory of Change and associated Logic Model that focusses on the investment risk dimension in export support. This aspect is considered in Section 7, below.

6.2 Implications for estimating MEGS additionality in the future

In line with this focus on uncertainties faced and the investment risk management implications, estimating MEGS additionality in the future will be most effective if it

- combines an ability to track export performance and business co-investment over the long-term, 3 or more years after grant awards, and;
- explicitly considers the uncertainties faced when judging business' investment risks (uncertainties generated by new music acts in combination with specific export markets).

This means that, moving forwards, the differences made by MEGS will best be captured by seeking information about:

- how such uncertainties limit business investment in music export promotion (including but not limited to overseas touring) *ex ante*, and;
- *ex post*, how MEGS (or similar future support mechanisms) has reduced these combinational uncertainties (new acts in different overseas markets).

6.3 Implications for Business Case specification

The implications of these findings for future Business Case specification are clear: business cases will be most realistic if they are 'uncertainty aware', focus on investment risk management challenges in the sector and, on this basis, have a clear articulation of market failures linked to information asymmetries, but extended beyond information asymmetries into consequences of business decision-making over investments in music export promotion activities. These aspects are considered in the following section via proposing a Theory and Change and Logic Model tailored to the challenges of music export support.

7 Suggested Theory of Change and Summary Logic Model

7.1 Key issue to be addressed

The Research Questions to be addressed in this study were as follows:

- Q1: What is the £ additionality of the scheme? i.e. what is the value of exports that would not have been achieved were it not for grants given as part of the scheme.
- Q2: What are the other quantifiable and non-quantifiable additional benefits of the scheme?
- Q3: What is the outlook for the scheme?
- Q4: What recommendations are there for improving the scheme?
- Q5: What recommendations are there for improving the M+E strategy for the scheme in the future?

The purpose of this section of the report is to propose a Theory of Change and an accompanying Logic Model depiction that clarifies the definition of additionality (Q1), informs how DIT frames the broader scope of benefits (Q2), and provides a suitable framework for an Monitoring and Evaluation (M&E) strategy (Q5). In so doing, this intervention rationale also defines a long-term outlook for MEGS (Q3) and provides a clear framework for improving the scheme (Q4). As such, the propose a Theory of Change and the Logic Model are key 'value adds' from this study. They may also, potentially, have a more general applicability within DIT as regards framing the intervention rationale for other export market foci (as summarised in the following sub-section).

Given the key study objective of providing evidence that helps build a business case for the continued funding of the scheme this consideration of the Theory of Change and Logic Model also helps to make sense and use the evidence collected. It provides a conceptual framework for interpreting this evidence. As noted when introducing and justifying the use of a Value for Money (VfM)/economic impact (additionality) based of evaluation framework earlier in this report, a formal approach of this type has two advantages. It is a more robust basis for framing the lessons from the 'past experiences' aspect of a Business Case for longer-term DIT support for music exports, and, secondly, it provides a strategic and conceptually clear rationale for use in a future Business Case (via a clear Theory of Change and associated Logic Model) for this type of intervention.

7.2 Policy and funding rationale context

At a general level, success in exporting shares similar challenges to those faced in the innovation process. Specifically, the need to cope with significant investment risks in order to generate a return on this investment. Whilst there are well-understood information asymmetries (frequently used as a rationale for government interventions in export markets) there are also more complex and profound challenges faced in exporting.

These challenges relate to the information asymmetry challenge, but in the particular sense that substantive uncertainties over specific overseas market demand for new creative content can limit private sector investment (i.e. an uncertainty-driven market failure). In a nutshell, it is hard for businesses to make investment calculations of likely risks and rewards for (in this case) new music acts overseas commercial prospects without better information on how successful these acts are likely to be in specific overseas markets.

Consequently, a government subsidy can generate ‘learning-by-doing’ benefits that help businesses to quantify investment risks better than without that subsidy. This, in turn, can release private sector investment. In economic theory terms: substantive uncertainty (unquantifiable risk) has been translated into quantifiable risk assessments that allow businesses to make rational investment decisions not possible without that government subsidy. This process commonly operates in such a way that the public subsidy creates, hence leverages, future business investment once the investment risk profile has transitioned from a substantive uncertainty to a quantifiable risk based decision-making environment. This is exactly what is found in the MEGS context.

This process of using taxpayers’ funds to translate uncertainties into quantifiable risks, in so doing generating broader shared economic and other quantifiable benefits, is most familiar in the innovation process, hence a formal model of the innovation process provides the starting point for framing this rationale for public support. It is also relevant that both new music acts and technological innovation pivot on *creativity*, hence using an innovation model is particularly appropriate in a music context (and of course in any export market context where creativity and innovation are drivers of export success).

For this reason, this section of the report proposes that DIT consider using a formal investment risk-based model to characterise and inform the rationale for export support for both music and other markets that share this type of investment risk-based export impediment. This would involve adapting a well-understood model of the investment risks faced in the innovation process to an export support context.

7.3 Framing a Theory of Change

This study has determined that the following issues should, ideally, be considered in the context and rationale that informs the intervention’s Theory of Change. As such, this addresses Research Question (2) *What are the other quantifiable and non-quantifiable additional benefits of the scheme?*

- The international music market is **not a level playing-field** – subsidies and government support can play a key role in influencing the odds of success and failure in export growth.
- Some governments approach music export support via a **cultural diplomacy/soft power intervention rationale**.
- In some countries this **support is delivered at city and regional levels** reflecting this cultural dimension.
- Support such as **MEGS is viewed as boosting the odds of longer-term export success** (over a 5 plus year timeframe following grant award(s)).
- Consequently, pathways to impact for export growth are subject to contingent factors that influence eventual success – but **MEGS increases the likelihood of export success via catalytic/enabling effects at a critical phase for many acts**.

7.4 Implications for the Theory of Change and Logic Model

The key implications of the evidence assembled via this study are as follows. Note: this aspect of the analysis addresses research question (3) *What is the outlook for the scheme?* and also informs a response to question (4) *What recommendations are there for improving the scheme?* It also helps to answer question (5) *What recommendations are there for improving the M+E strategy for the scheme in the future?* All the resulting answers to the research questions are provided in Section 8.

Firstly, the nature and extent of **market failures goes beyond simple information asymmetries** and reflects established ‘launch aid’ principles – albeit in different context than is usually applied:

- MEGS support **enables progress along an experience/learning curve** that can eventually lead to self-sustaining commercial success – export barriers in key markets (notably the USA) require investments that can cross market-specific commercial feasibility thresholds, e.g. pay for radio-pluggers in the USA.
- Touring is crucially important to subsequent export success because it generates significant (sustaining) cash-flow whilst also boosting the odds of record deals – **but deals that rarely yield a fast return-on-investment via royalties**. However, streaming and sync deals may be bringing forward this return-on-investment timeline.

The points immediately above point to a risk-reward relationship within which DIT funding can boost the odds of favourable outcomes and impacts eventuating. Achieving these benefits will tend to rely on cumulative experience in handling risky business arrangements – ‘the more you do it the better you get at it’. This growing experience, in turn, creates export options for potential future exploitation because it becomes easier to achieve higher export-driven rewards with relatively lower risk exposure.

This realistic perspective aligns with the pragmatic emphasis on awarding MEGS funding to applicants who are already progressing along the music exporting ‘learning curve’ and are hence best positioned to generate additional exports as a result of the subsidies they have received. The 2:1 leverage of additional private sector investment linked to MEGS awards supports this learning curve aspect. In contrast, awarding MEGS funding to applicants with lower export experience risks generating lower additionality because their risk exposure relative to potential export rewards will be significantly higher, and their capacity to complement MEGS with their own funding lower.

We carried out a rapid evidence assessment of this policy context by looking at UK government innovation support with the aim of identifying comparable time-lag and risk-reward/learning curve effects. We chose innovation support because:

- it shares the ‘novelty’ dimension also present in new music forms and new acts, and;
- any insights will also be relevant to DIT at a more general level given the importance of innovation performance in driving export growth.

Whilst the currently available evidence is limited, it does point to similar outcome characteristics. A comprehensive assessment of Innovate UK support programmes published in 2017 using the robust difference-in-difference with propensity scores adjustments method revealed that there are broadly similar additionality lag patterns that vary with the age of the supported business.⁴ Specifically, older and more capable firms (in two groups, 6 to 19 years old and aged 20 years and over) exhibit a three year duration dip in additional turnover after Innovate UK support (the deepest dip at two years) before exhibiting an increase in turnover after four years – with a mild downward trend after that point. The peak in additional relative turnover was 12% for firms that were 6 to 19 years old and 18% for firms aged 20

⁴ BEIS (2017) *The impact of public support for innovation on firm outcomes*. BEIS Research Paper number 3:

years an over. In contrast, firms that are only two to five years old had a faster impact on turnover peaking at 2 years (15.5%) but this additionality is not sustained and had dissipated by the fourth year.

The overall finding is therefore that this type of government support:

- only had a sustained effect on turnover for better established and therefore more experienced firms, and that;
- the sustained additionality took four years to manifest itself, creating a new equilibrium state.

General explanatory factors (though not explored in detail in that particular report) relate to the greater ability of better-established recipient firms to co-fund *and* make better use of the innovation subsidy they receive. This is, therefore, a similar business situation to that found for DIT music export support: additionality is greater and more sustained for more experienced funding recipients, but it takes longer for these greater benefits to eventuate.

Consequently, the findings from this study of music exports are generally consistent with the broader currently available evidence-base.⁵ It is also worth noting that this general evidence highlights the importance of tracking the sustainability of export additionality over the long-term, and beyond simple near-term snapshots.

Secondly, it is useful to note that this is a similar policy context to the ‘innovation progression gap’ and the “valley of death” where costs exceed income for a significant period prior to any eventual success in innovation – and be modelled as such using conventional financial analysis methods, specifically the Expected Value (EV) equation. EV provides a useful analytical tool for highlighting how government interventions can generate additionality whenever risks and uncertainties are present (for instance in exporting and innovating).

EV is calculated using the following equation:

$$EV = PS \times NPVS - PF \times NPVF$$

Where:

- P_S = Probability of Success
- P_F = Probability of Failure = $(1 - P_S)$
- NPV_S = Net Present Value of Success
- NPV_F = Net Present Value of Failure

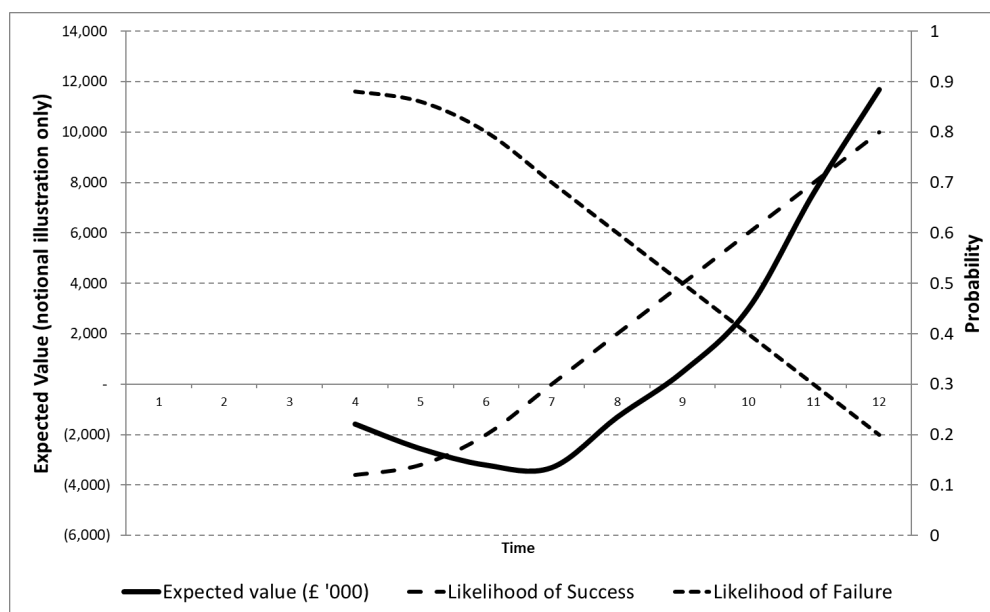
Note, the Net Present Value (NPV) metric calculates the value today of discounted future streams of income less the costs of generating this income (in a music context touring costs, insurance etc). Note:

⁵ It is, however, important to stress that the evidence on these lagged additionality effects would be enhanced by a major meta-study aimed at extracting data from a wide range of different types of government support, including export support (and that considers the inter-dependencies and time-lags between aspects such as innovation support and export performance).

the Net Present Value of Failure relates specifically to the costs incurred if an organisation goes out of business (and can be offset by any sales of Intellectual Property and other tradeable assets).

This equation can, for example, be used to characterise and analyse the innovation process by showing how EV dips below zero and potentially then rises as the Probability of Failure is driven down via increasingly large investments in R&D and subsequent processes (this is known as the “valley of death”). ‘Breakthrough’ acts share similar properties to the risky innovation process, simply because novelty is involved and market potential is uncertain at first. This characteristic is illustrated in the chart below. Note: the plot does not start in the early stages of the process because at that point risks and values are often too uncertain to estimate at all.

Figure 3: Illustration of the Expected Value concept



Source: Ipsos MORI innovation progression model

In a music exports context, this EV framing may clarify export support impact pathways by focusing attention on how DIT’s support has generated greater likelihoods of success (and therefore lower likelihoods of failure) thus boosting the EV of the music acts from a business perspective. The EV framing is particularly useful in drawing explicit attention to the length of benefits gestation timeline – one of the key findings from this study.

As the above illustration (which is relevant to breakthrough acts and new music genres) makes clear, benefits realisation takes time. Although the ‘dip’ in EV may be of a shorter duration in a music context than for many types of innovation (on the basis of this study up to five years) the general pattern of increased risk exposure is relevant to some types of music export.

From a public policy perspective, this EV perspective provides a basis for considering market failures driven by uncertainties that are pertinent to music exports. Overseas music markets function on information and market awareness. Consumers encounter new acts via multiple pathways (from streaming through to live performances) and this increased familiarity then generates exports via a range of pathways. As stressed above, these different pathways have complementarity and also substitution effects, creating a complex web of inter-relationships that may be hard to predict and will probably differ in complexity by overseas market.

Government subsidies for overseas touring can increase the EV by reducing the net cost of touring, thus allowing tours to take place that would otherwise not be financially viable (the ‘first order’, direct effect) in so doing opening up the potential for generating powerful ‘second order’ indirect effects via the complementarities that link the different channels of music provision and associated export benefits. However, whilst the first order effects are relatively fast to occur (touring revenue, merchandise sales etc) the potentially stronger second order effects take longer to eventuate – and will be more uncertain. Consequently, subsidies that generate first order effects (touring related) will tend to boost the odds of generating more powerful and sustained second order effects (streaming, royalty and other export income streams etc) that can persist long after the first order effects generated by touring have dissipated. When applied to second order effects, the EV framework suggests that touring that would not otherwise have been possible (or only possible at a reduced level given budget constraints) increases the likelihood of generating second order effects – and also potentially the export value of those second order effects. The net result is an increased EV created by schemes such as MEGS and ISF above the counter-factual scenario of no such support being provided.

From this viewpoint, the focus of the survey results obtained is restricted to the weaker first order effects generated by touring and a full Business Case for long-term support should use a Logic Model that covers both first and second order effects.⁶ However, in a departure from the current norm for Logic Models, the most accurate depiction of how additionality can be generated must be ‘risk and uncertainty aware’ – it must capture the essence of the EV framing based on boosting the odds of export success as distinct from making more definitive assertions about how export success will be achieved. In practical terms this means handling second order effects by considering the system of inter-dependencies that generates second order effects in music and related exports – a system in which there are multiple pathways for boosting exports the relative strength of which may differ by export market for socio-cultural reasons and be hard to predict on a case-by-case basis.

Given the importance of this EV perspective for the rationale for government support, this report recommends that this type of formal method be drawn upon in developing an intervention Logic Model (as laid out below).

⁶ The Department for Transport (DfT) is currently engaged in efforts to improve the linking of ex ante appraisal/business case development and ex post evaluation using Logic Models of this type that cover the wider economic benefits created by transport improvements. This demonstrates the advantages of building Logic Models into formal Business Cases in order to clearly articulate how additionality can be generated.

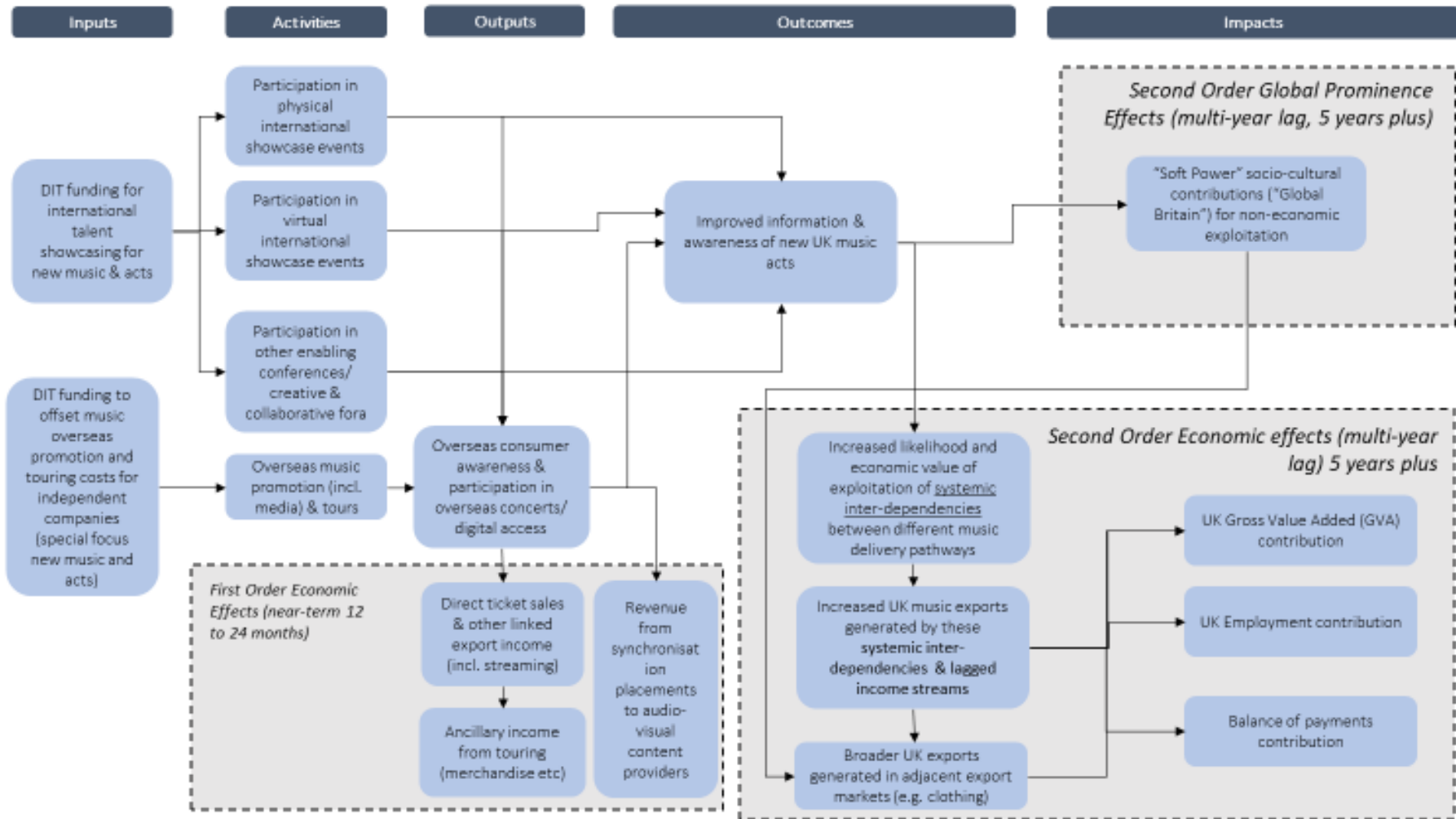
7.5 Logic Model expression of the Theory of Change

The following working draft of the Logic Model reflects this Theory of Change and is based on identifying both first order and second order effects.

It has the following features:

- It combines the ISF and MEGS support functions via an integrated approach that emphasises the complementarities between these two programmes;
- It distinguishes between economic and non-economic (soft power related) second order effects;
- It recognises the important role played by the systemic inter-dependencies between different music delivery pathways (i.e., the ways in which touring can boost recording royalties and streaming income).
- It also highlights the growing importance of ‘revenue from synchronisation placements to audio-visual content providers’ - as the purchasers (music sync supervisors) pay a fee to the licence holders. Sync sales are now accounting for a growing component of MEGS recipient export business through sales to film, TV, video games and advertising.

In this depiction, and as stressed above, the first order effects will be observed over the 12 to 24 months following touring whilst the, potentially far stronger, second order effects will be observed after significant time lags following the touring.



8 Summary and Conclusions

The summary and conclusions are organised around the specified research questions for this study.

8.1 Q1: What is the £ additionality of the scheme? i.e. what is the value of exports that would not have been achieved were it not for grants given as part of the scheme

There are two major and very useful findings from this study and from related and complementary work on music exports. Firstly, the finding from this study that long-term, second order, export impacts beyond an assumed two-year return on investment time horizon can greatly exceed shorter term first order effects. Secondly, the finding from complementary work by BPI, that MEGS facilitates/leverages additional private sector investment at a 2:1 ratio. In combination, these findings point to strong additionality for MEGS. The proposed Theory of Change and associated Logic Model reflect these findings and provide a way-forward for framing future Business Case formulation(s) – both for music and other forms of export support.

Preliminary estimates of this additionality are that, when leveraged private sector investment is factored-in, and with reasonable ‘rule of thumb’ assumptions about MEGS administration costs, the BCR at year 1 is 1.28, 1.8 at year 2 and 4.86 at year 3. Subsequent BCRs are higher – but are less credible given the limitations of this ‘proof of principle study’ depending on a small sample size that limited the ability to factor-in the different export propensities of funded and declined MEGS applicants. Whilst necessarily only indicative, these results do demonstrate that MEGS support may reach the threshold BCR of 2.0 level between 2 and 3 years after grant award, with the potential for strong BCR growth after that point at longer term second order export boosting benefits are realised. However, as more realistic assumptions are made based on a broader evidence-base (e.g. the use of propensity matching in a larger sample) these 3 year plus export benefits may reduce in strength.

However, future work (not budgeted for in this particular study) will be required to conduct a full Green Book evaluation covering displacement, leakage and substitution effects net of programme delivery costs.

8.2 Q2: What are the other quantifiable and non-quantifiable additional benefits of the scheme?

The findings from this study highlight the importance of a range of ‘collateral benefits’ at a national level that boosts to music export performance can generate (‘soft power’ related as well as cross-over benefits in fashion, furniture and other ‘adjacent’ export sectors assisted by national brand association aspects of music exports). The budget for this study did not, and was not intended to, cover the quantification of such collateral benefits but these will be important to consider in the future – where this is feasible.

8.3 Q3: What is the outlook for the scheme?

The long-term outlook for MEGS, or a future version of this type of export support, is positive. This is because this type of intervention targets a structural impediment to music export growth caused by substantive uncertainties faced when judging the investment risks faced for efforts to build country-specific export markets for new musical acts. Given the useful ways in which public support helps to translate these substantive uncertainties into more quantifiable risks, thus stimulating business investment at a ratio of 2:1 for the public support, it is anticipated that a scheme of this type can continue to generate useful export boosting benefits.

The digital technology-enabled ‘disruption’ taking place in music provision, which is reflected in the proposed Logic Model for MEGS (or future support modalities) reinforces the importance of public support because the risk-reward relationship is shifting to amplify the potential export benefits made possible. This is because the digitalisation of visual and music material, and the cross-overs between them (such as use of a sound track in a streamed TV series boosting that acts music streaming), are creating a commercial environment in which potential investment yields are stronger (relative to the costs incurred as these are positive externalities), hence as a result competition is also stronger. Music exports are now just one element in a broader and increasingly lucrative export-oriented business ‘system’ – a system in which streaming is becoming critically important.

8.4 Q4: What recommendations are there for improving the scheme?

The following improvements would be useful:

- Use the Theory of Change, Logic Model and Expected Value model developed by this study to refine the intervention rationale in such a way that the translation of substantive uncertainty into quantifiable risk aspect(s) are highlighted in both future Business Cases and monitoring and evaluation strategies (see below for more detail on the M&E aspect).
- Specifically, this should involve seeking, collating and analysing evidence able to shed (a) more light on the nature and extent of the investment risk challenges faced in different music export markets and for different music genres, and (b) better understand the evolving pattern of cross-over benefits between music and other forms of digital content (both as a beneficiary in export terms and as a driver of export performance in other markets).

8.5 Q5: What recommendations are there for improving the M+E strategy for the scheme in the future?

The music export tracking system concept developed via this study (see Section 9 below) provides one concrete solution for a future M&E facilitation approach. If registration with a *Music Export Tracking Portal* (METP) were made a condition for applying for MEGS grants in the future (and possibly other funding sources such as the ISF) this would generate a dataset that would allow annual (or perhaps six-monthly) export update data to be collected. At appropriate dates, BPI could circulate an emailed request for registered METP participants to log-in to the METP and report on their export performance (and possible any trade barriers encountered using coded responses).

METP would, in particular, provide an excellent mechanism for tracking business investment leverage and the second order effects identified in the proposed Logic Model. This portal could, in particular, provide a means of capturing the differences made by MEGS by seeking information about:

- how such uncertainties limit business investment in music export promotion (including but not limited to overseas touring) *ex ante*, and;
- *ex post*, how MEGS (or similar future support mechanisms) has reduced these combinational uncertainties (new acts in different overseas markets).

This could be achieved using the Expected Value model proposed in Section 7 to structure the questions asked – in a similar manner to how questions would be posed over uncertainties and risks faced in the innovation process.

9 Recommendations for future evaluation studies

This study identified a potential future monitoring and evaluation solution that could be used for both MEGS (moving forward) and, potentially, for a range of other DIT export support programmes and initiatives.

9.1 A MEGS Monitoring and Evaluation Portal? – planning and testing a novel solution

Funding MEGS for an additional year pending a decision on the longer-term future of the scheme would provide a useful and timely opportunity to develop and test a robust and potentially useful suggestion that emerged as a suggestion from this project.

The proposed approach is to respond in a pragmatic manner to the finding that the main increase in export performance following MEGS support may take at least five years to become apparent. This is caused by the significant lagged second order effects via which overseas touring generates royalties and other 'long gestation' benefits.

One potential solution to this challenge is to put in place an export tracking system, to be administered by BPI (if they continue to administer MEGS), that would capture the longer-term export additionality by comparing the export performance of funded and declined MEGS applicants.

The survey conducted via this Evaluation Study has demonstrated the 'proof-of-principle' that online data collection can allow a comparison of this type. Consequently, if registration with a *Music Export Tracking Portal* (METP) were made a condition for applying for MEGS grants in the future (and possibly other funding sources such as the ISF) this would generate a dataset that would allow annual (or perhaps six-monthly) export update data to be collected. At appropriate dates, BPI could circulate an emailed request for registered METP participants to log-in to the METP and report on their export performance (and possible any trade barriers encountered using coded responses).

This online data collection solution would be cost-effective to develop and use because it would use selected parts of the questionnaire already tested by Ipsos MORI. The evidence collected via the METP could be peer reviewed by an independent economist to sign-off on its accuracy and highlight any concerns. This would be a novel low-cost M&E solution for MEGS that could be replicated by DIT across multiple sectors if the MEGS pilot is successful.

Consequently, this report recommends that DIT consider the practical feasibility of developing and testing this approach. A logical first step to such a feasibility assessment would be to organise a stakeholder consultation workshop at which the basic concept would be outlined and feedback on the portal idea solicited. This feedback could be organised around a set of questions regarding the attractiveness versus the feasibility of using such a portal moving forward. If stakeholders' reaction is sufficiently positive then it would be worth rapidly developing such a portal in order to allow it to be used in any future MEGS (or other similar) export support for the industry.

9.2 Consolidating stakeholder engagement

The follow-up consultations revealed an enthusiasm amongst some people in the industry to engage in constructive discussions over future music export challenges and potential solutions. The specific suggestion of convening a 'roundtable' exploratory meeting was suggested by one interviewee. In

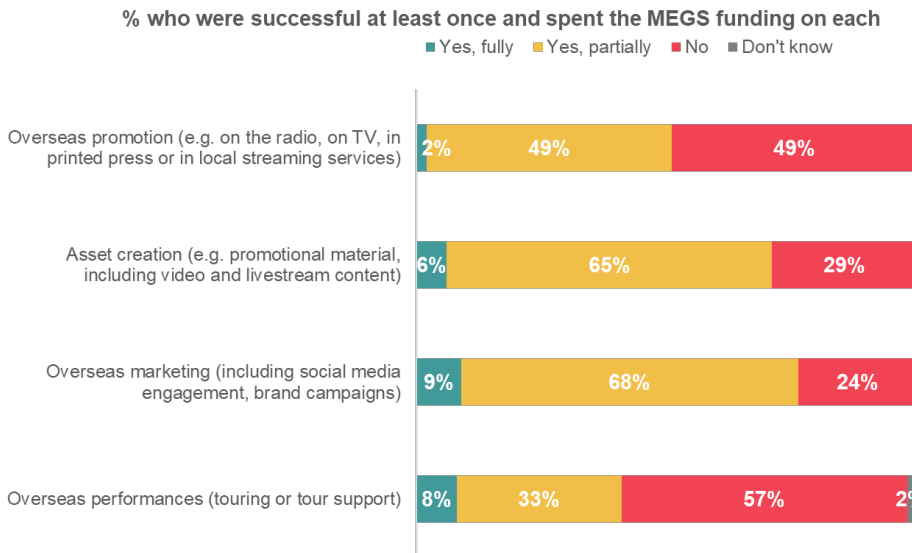
addition to providing an opportunity to discuss and gather additional evidence on the longer-gestation period second order effects identified in this study, such a meeting could also provide a useful opportunity to consider the attractiveness and the practical feasibility of the portal concept proposed above.

Annex A: Additional survey results

Additional survey findings are presented in this Annex.

Exhibit A.1

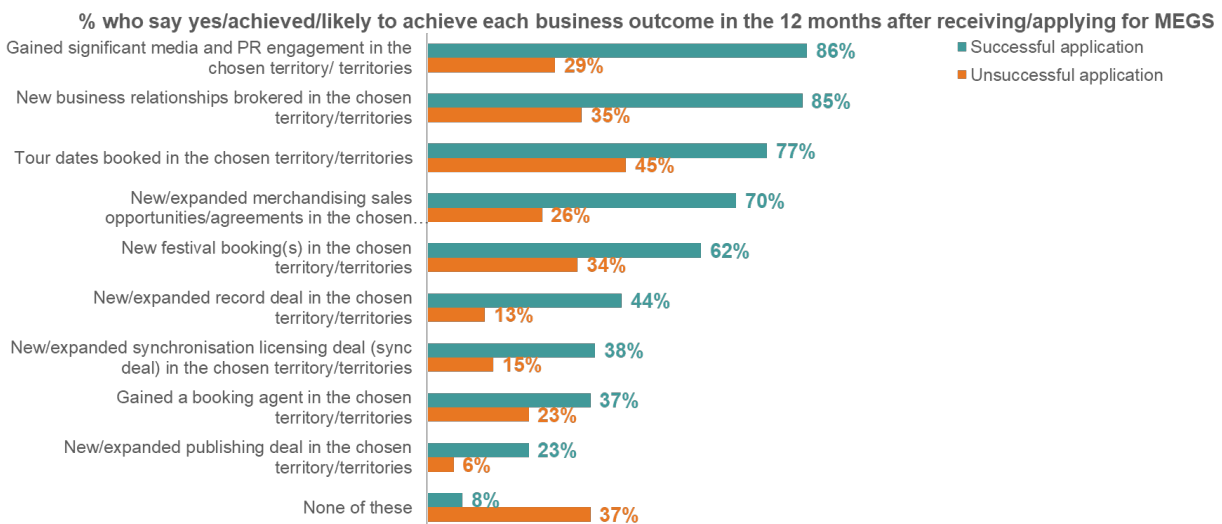
At least nine in ten successful applicants say that none of the activities they spent MEGS funding on could have fully proceeded without the funding



Base : All respondents who were successful at least once and spent the MEGS funding on ... (n=17-60)

Exhibit A.2

Successful MEGS applicant were more likely to achieve each business outcome than those who didn't receive funding

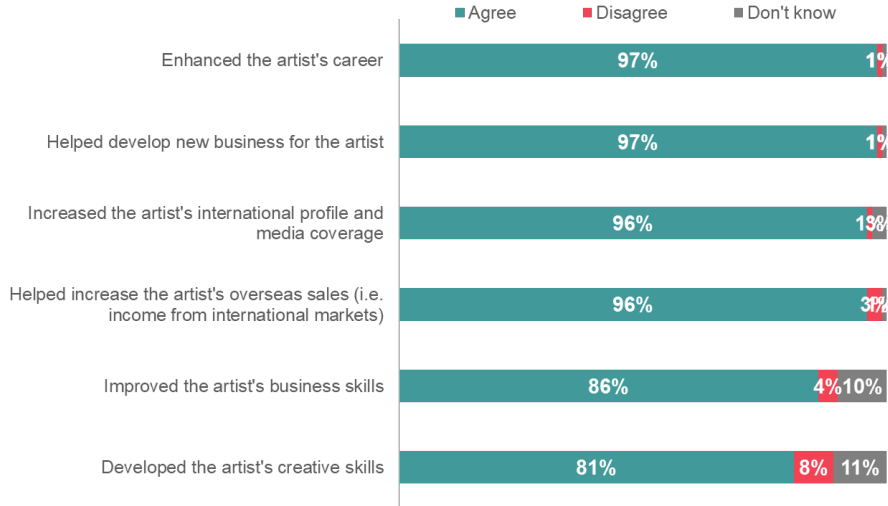


Base : All respondents who were successful at least once (n=73); All respondents who were unsuccessful at least once (n=62)

Exhibit A.3

Close to all successful MEGS applicants agree that MEGS enhanced the artist’s career, helped develop new business for the artist and increased the artist’s international profile and media coverage

% who agree/disagree that each of the following career outcomes were a direct result of MEGS

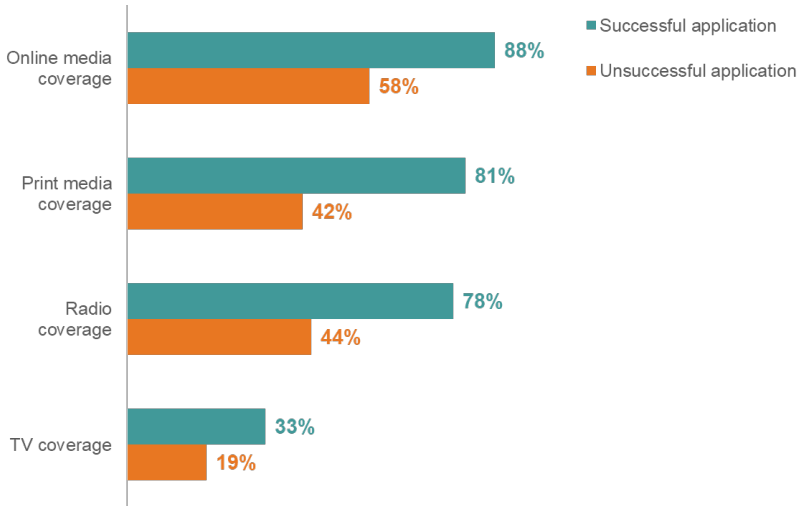


Base : All respondents who were successful at least once (n=73)

Exhibit A.4

MEGS funding seems to have a notable impact on increasing online and print media as well as radio coverage

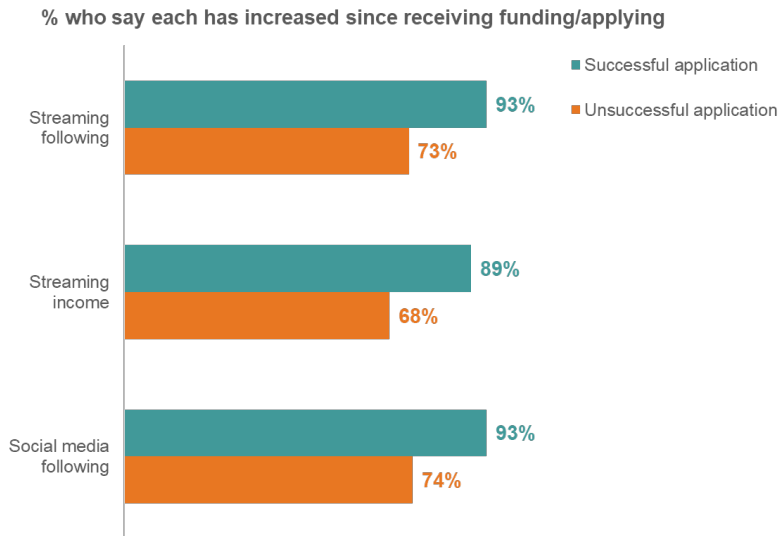
% who say each has increased since receiving funding/applying



Base : All respondents who were successful at least once (n=73); All respondents who were unsuccessful at least once (n=62)

Exhibit A.5

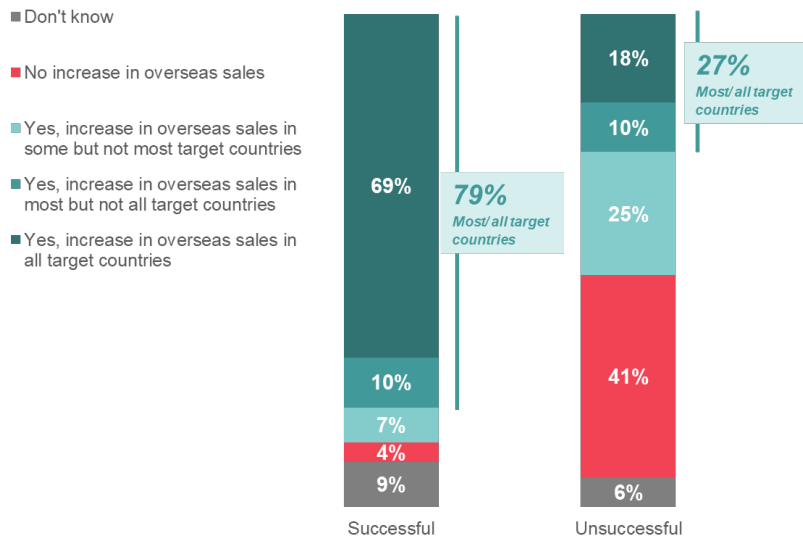
Successful MEGS applicants are also more likely than unsuccessful applicants to have seen an increase in streaming following and income, and in social media following



Base : All respondents who were successful at least once (n=73); All respondents who were unsuccessful at least once (n=62)

Exhibit A.6

Artists who received MEGS are notably more likely than those who didn't to have seen an increase in overseas sales in most/all target countries over the 12 months after receiving/applying for the funding

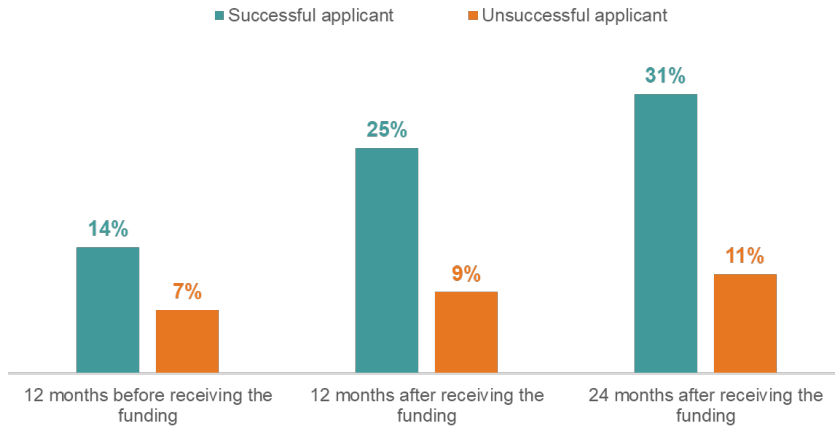


Base : All respondents who were successful in 2017-2020 (n=67); All respondents who were unsuccessful in 2017-2020 (n=51)

Exhibit A.7

The proportion of income from overseas sales seem to increase as a result of MEGS funding

% who say the artist's income from overseas sales was more than 50% before and after being awarded with MEGS funding

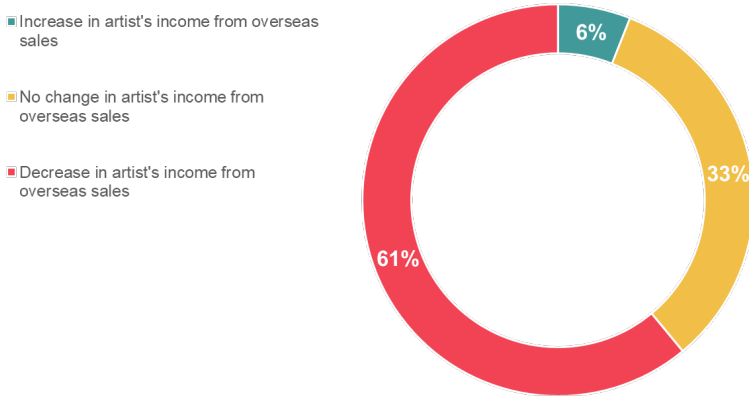


Base : All respondents who were successful in 2017-2019 (n=59); All respondents who were unsuccessful in 2017-2019 (n=44)

Exhibit A.8

Three in five successful applicants expect that not receiving the funding would have caused a decrease in the artist's income from overseas sales over the 12 months after applying

Expectations around impact on the artist's income from overseas sales over the next 12 months if the artist was unsuccessful and they did not receive the funding



Base : All respondents who were successful in 2017-2020 (n=67)

Exhibit A.9

Close to all respondents say that MEGS and ISF will be important in boosting music overseas sales over the next 12 months as the UK starts to recover from the COVID-19 pandemic

% who say each government scheme will be important/not important over the next 12 months, as the UK starts to recover from the COVID-19 pandemic

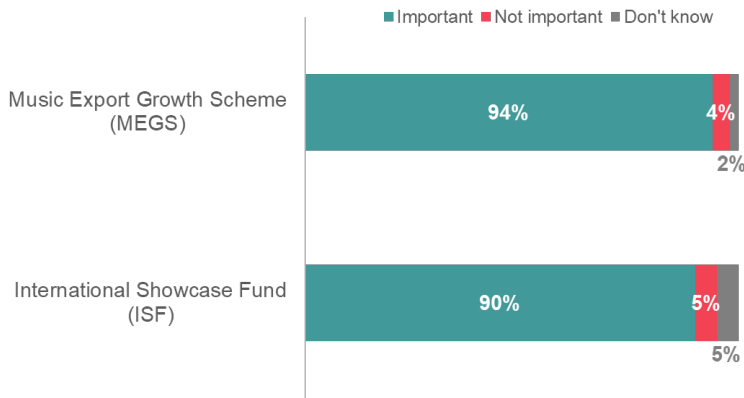
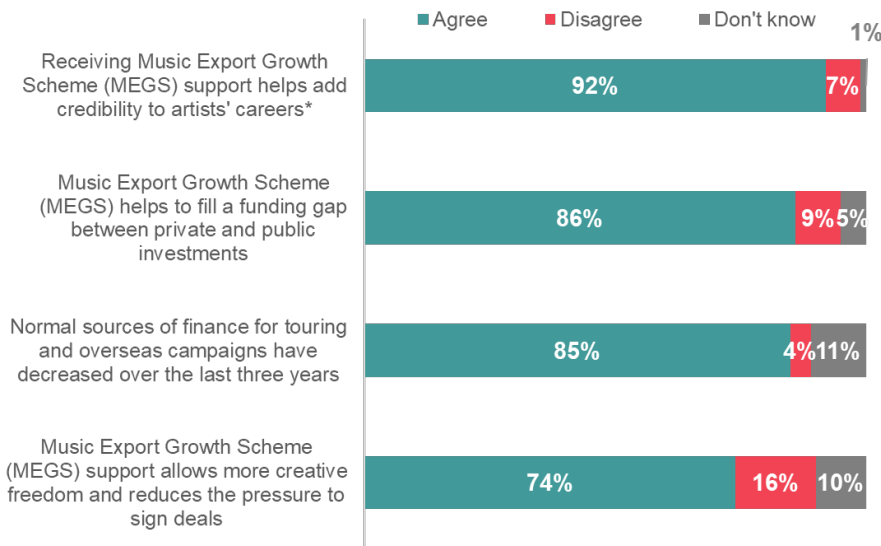


Exhibit A.10

Over four in five respondents agree that MEGS helps fill a funding gap between private and public investments

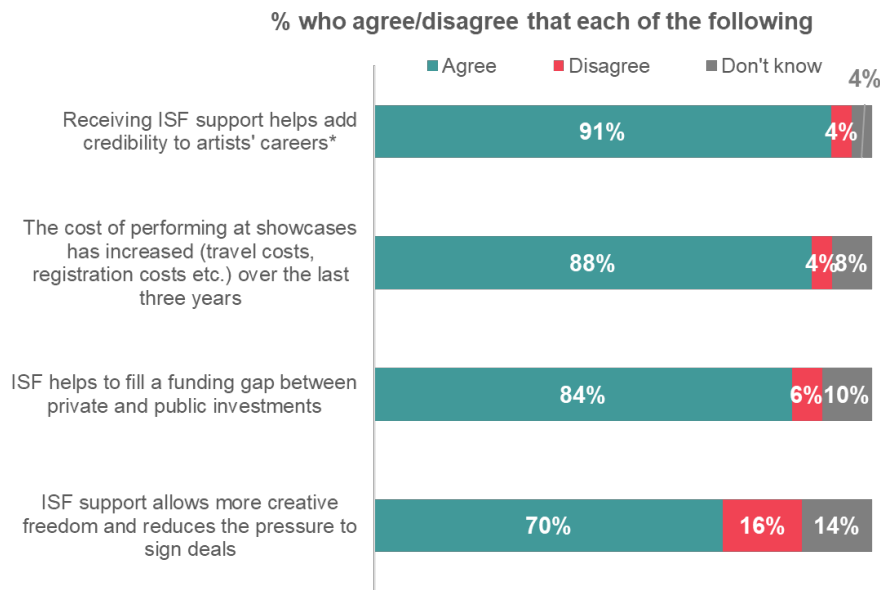
% who agree/disagree that each of the following



Base: All respondents (n=198); *All respondents who were successful at least once (n=73)

Exhibit A.11

Similarly, 84% also agrees that ISF helps to fill a funding gap between private and public investments



Base: All respondents (n=198); *All respondents who were awarded ISF funding at least once (n=23)

Annex B: Survey Questionnaire

UK Music Industry Export Challenges Survey 2021

Introduction

[FOR CORE SURVEY]

The Department for International Trade (DIT) has commissioned Ipsos MORI, an independent research company, to undertake an important survey of managers of UK artists who applied for grants through The British Phonographic Industry (BPI) administered Music Export Growth Scheme (MEGS).

The findings will help DIT to assess the impact of the scheme and inform DIT on the most important future challenges faced by the music industry and how to provide support to overcome these.

The survey should take around 15-20 minutes to complete. During the survey we will ask you some questions, if applicable, about the number of successful and unsuccessful MEGS applications you had since 2017 and some specific questions about some of the artists you have represented such as their revenue from overseas sales, their annual music income and the proportion of the artist's income that came from overseas sales.

If you cannot remember or need more time to answer certain questions, this survey link is unique to you so you can exit and re-enter to continue from the same place when it's most suitable for you. We would greatly appreciate your input to this important research.

All the information collected by Ipsos MORI through this survey will be treated in complete confidence and will be reported only in the form of anonymous aggregated statistics, meaning that no individual or organisation will be identified. Any information provided will be held securely. Please click on the following link for the privacy policy regarding your personal information (Ipsos MORI [here](#), BPI [here](#)).

[FOR OPEN ACCESS SURVEY]

The Department for International Trade (DIT) has commissioned Ipsos MORI, an independent research company, to undertake an important survey of music industry stakeholders.

The findings will help inform DIT on the most important future challenges faced by the music industry and how to provide support to overcome these.

The survey should take around 5 minutes to complete. We would greatly appreciate your input to this important research.

All the information collected by Ipsos MORI through this survey will be treated in complete confidence and will be reported only in the form of anonymous aggregated statistics, meaning that no individual or organisation will be identified. Any information provided will be held securely. Please click on the following link for the privacy policy regarding your personal information (Ipsos MORI [here](#), BPI [here](#)).

Background

[SHOW FOR CORE ONLY]

The following questions are about the number of times you applied, if at all, to the Music Export Growth Scheme (MEGS) [ADD INFO BUTTON 1] and the International Showcase Fund (ISF) [ADD INFO BUTTON 2].

If you have no previous engagement with these schemes, we are still interested in your views about the future of the music industry.

[INFO BUTTON 1: ‘The Music Export Growth Scheme (MEGS) is funded by the Department for International Trade (DIT) and administered by The British Phonographic Industry (BPI). It is designed to support small to medium-sized music companies who have the potential to achieve increased international success by providing the opportunity to apply for grants ranging from £5,000 to £50,000 that will support their marketing overseas and the promotion of specific artist releases.’]

[INFO BUTTON 2: ‘The International Showcase Fund (ISF) offers support for music creators to take their first steps into international territories. It is a partnership by PRS Foundation, Department for International Trade (DIT), Arts Council England, British Underground, Phonographic Performance Limited (PPL), the Musicians’ Union, Creative Scotland, Wales Arts International, Arts Council of Wales, Arts Council of Northern Ireland and Invest NI.’]

[ASK ALL]

S1. Since 2017, have you applied for any of the following funds on behalf of one or more artists you represent? Please select all that apply. [MULTICODE, REVERSE A AND B]

- a) Music Export Growth Scheme (MEGS) [ADD INFO BUTTON 1]
- b) International Showcase Fund (ISF) [ADD INFO BUTTON 2]
- c) Any other music-related fund
- d) None of these [EXCLUSIVE]
- e) Don’t know [EXCLUSIVE]

[IF RESPONDENT SELECTS ONLY C OR D OR E / OR IF OPEN ACCESS SURVEY – SKIP TO D1]
[IF OPEN ACCESS SURVEY AND CODE A – PLEASE SHOW BELOW MESSAGE]

As a previous MEGS applicant, you should have received an email containing a unique survey link to a similar survey asking you about your previous experiences of applying to the MEGS scheme. If you would like to complete that survey, please close this browser, and open the link from that email. If you prefer to complete this survey, please continue to the next question.

[ASK ALL WHO APPLIED FOR MEGS AND/OR ISF – CODE A AND/OR B AT S1]

S2. And how many, if any, of your applications to the [IF A AND B AT S1:] schemes [IF A OR B AT S1:] scheme were successful (i.e. awarded funding) since 2017? Please type in your answer below. Please type 0, if you had no successful applications. [SINGLE, FIX]

[ONLY SHOW THOSE SELECTED AT S1]

- a) [SHOW IF CODE A IS SELECTED AT S1] Music Export Growth Scheme (MEGS) [OPEN NUMERICAL MINIMUM 0 MAX 60]
- b) [SHOW IF CODE B IS SELECTED AT S1] International Showcase Fund (ISF) [OPEN NUMERICAL MINIMUM 0 MAX 60]

[ASK ALL WHO WERE AWARDED MEGS FUNDING ONCE - A=1 AT S2]

S3A. When was the artist you represented awarded with Music Export Growth Scheme (MEGS) funding? Please select one answer only.

- a) 2017
- b) 2018
- c) 2019
- d) 2020
- e) 2021
- f) Don't know

[ASK IF CODE A OR B OR C AT S3A]

S3B. At which funding round was the artist awarded with funding? Please select one answer only. [SINGLE, FIX]

[IF CODE A AT S3A]

- a) Round 8 – January 2017
- b) Round 9 – March 2017
- c) Round 10 – August 2017
- d) Round 11 – November 2017

[IF CODE B AT S3A]

- e) Round 12 – April 2018
- f) Round 13 – August 2018
- g) Round 14 - November 2018

[IF CODE C AT S3A]

- h) Round 15 - April 2019
- i) Round 16 - August 2019
- j) Round 17 - November 2019

[SHOW IF CODE A OR B OR C AT S3A]

- k) Don't know

[ASK ALL WHO WERE AWARDED MEGS FUNDING MORE THAN ONCE A>1 AT S2]

S4A. Please think about your earliest successful application for the Music Export Growth Scheme (MEGS) since 2017.

When was this artist awarded with funding? Please select one answer only. [SINGLE]

- a) 2017
- b) 2018
- c) 2019
- d) 2020
- e) 2021
- f) Don't know

[ASK IF CODES A OR B OR C S4A]

S4B. At which funding round was this artist awarded with funding? Please select one answer only. [SINGLE]

[IF CODE A AT S4B]

- a) Round 8 – January 2017
- b) Round 9 – March 2017
- c) Round 10 – August 2017
- d) Round 11 – November 2017

[IF CODE B AT S4B]

- e) Round 12 – April 2018
- f) Round 13 – August 2018
- g) Round 14 - November 2018

[IF CODE C AT S4B]

- h) Round 15 - April 2019
- i) Round 16 - August 2019
- j) Round 17 - November 2019

[SHOW IF CODE A OR B OR C AT S4B]

- k) Don't know

[ASK ALL WHO WERE AWARDED MEGS FUNDING A=1 OR A>1 AT S2]

S5. Still thinking about the same artist, which overseas territories did they receive funding for? Please select all that apply. [MULTICODE]

- a) United States
- b) Canada
- c) Australia
- d) Germany
- e) France
- f) Netherlands
- g) Belgium
- h) Switzerland
- i) Italy
- j) Denmark
- k) Sweden
- l) Norway
- m) Mexico
- n) Japan
- o) Other (Please specify) [OPEN TEXTBOX]
- p) Don't know [EXCLUSIVE FIX]

[ASK ALL WHO APPLIED FOR MEGS AND/OR ISF – CODE A AND/OR B AT S1]

S6. And how many, if any, of your applications to the [IF A AND B AT S1] schemes [IF A OR B AT S1] scheme since 2017 were unsuccessful (i.e. not awarded with funding)? Please type in your answer below. Please type 0, if you had no unsuccessful applications. [SINGLE, FIX]

[ONLY SHOW THOSE SELECTED AT S1]

- a) [SHOW IF CODE IS SELECTED AT S1] Music Export Growth Scheme (MEGS) [OPEN NUMERICAL MINIMUM 0 MAX 60]
- b) [SHOW IF CODE IS SELECTED AT S1] International Showcase Fund (ISF) [OPEN NUMERICAL MINIMUM 0 MAX 60]

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING ONCE – A=1 AT S6]

S7A. Which year was the artist you represented not awarded with Music Export Growth Scheme (MEGS) funding? Please select one answer only.

- a) 2017
- b) 2018
- c) 2019
- d) 2020
- e) 2021
- f) Don't know

[ASK IF CODE A OR B OR C at S7A]

S7B. At which funding round was the artist not awarded with funding? Please select one answer only. [SINGLE, FIX]

[IF CODE A AT S7A]

- l) Round 8 – January 2017
- m) Round 9 – March 2017
- n) Round 10 – August 2017
- o) Round 11 – November 2017

[IF CODE B AT S7A]

- p) Round 12 – April 2018
- q) Round 13 – August 2018
- r) Round 14 - November 2018

[IF CODE C AT S7A]

- s) Round 15 - April 2019
- t) Round 16 - August 2019
- u) Round 17 - November 2019

[SHOW IF CODE A OR B OR C AT S7A]

- v) Don't know

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING MORE THAN 1 TIME CODE A>1 AT S6]

S8A. Please think about your earliest unsuccessful application for Music Export Growth Scheme (MEGS) since 2017.

When was this artist not awarded with funding? Please select one answer only. [SINGLE]

- a) 2017
- b) 2018
- c) 2019
- d) 2020
- e) 2021
- f) Don't know

[ASK ALL WHO CODE S8A AT A OR B OR C]

S8B. At which funding round was this artist not awarded with funding? Please select one answer only. [SINGLE]

[IF CODE A AT S8A]

- a) Round 8 – January 2017
- b) Round 9 – March 2017
- c) Round 10 – August 2017
- d) Round 11 – November 2017

[IF CODE B AT S8A]

- e) Round 12 – April 2018
- f) Round 13 – August 2018
- g) Round 14 - November 2018

[IF CODE C AT S8A]

- h) Round 15 - April 2019
- i) Round 16 - August 2019

j) Round 17 - November 2019

[SHOW IF CODE A OR B OR C AT S8A]

k) Don't know

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING A=1 OR A>1 AT S6]

S9. Still thinking about the same artist, which overseas territories did you apply funding for?

Please select all that apply. [MULTICODE]

- a) United States
- b) Canada
- c) Australia
- d) Germany
- e) France
- f) Netherlands
- g) Belgium
- h) Switzerland
- i) Italy
- j) Denmark
- k) Sweden
- l) Norway
- m) Mexico
- n) Japan
- o) Other (Please specify)
- p) Don't know

Section A: Past experiences, earliest successful application since 2017

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

The following questions are about your past experiences of applying for the Music Export Growth Scheme (MEGS).

[SHOW TO ALL WHO WERE AWARDED MEGS FUNDING ONCE - A=1 AT S2]

When answering the following questions, please think about the artist that you represented for MEGS since 2017 who was awarded with funding.

[SHOW TO ALL WHO WERE AWARDED MEGS FUNDING MORE THAN ONCE - A >1 AT S2]

When answering the following questions, please think about your earliest successful application for MEGS since 2017 and the artist who was awarded funding.

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

A1. What was the MEGS funding spent on? Please select all that apply. [MULTICODE]

- a) Overseas performances (touring or tour support)
- b) Overseas promotion (e.g. on the radio, on TV, in printed press or in local streaming services)
- c) Overseas marketing (including social media engagement, brand campaigns)
- d) Asset creation (e.g. promotional material, including video and livestream content)
- e) Other (Please type in) **[OPEN TEXTBOX]**
- f) Don't know

[ASK ALL WHO CODE A-E at A1]

A2. And could each of the following activities have proceeded without the MEGS funding? Please select one answer only. [SINGLE SCALE, ROTATE STATEMENTS]

- i. Yes, fully
- ii. Yes, partially
- iii. No
- iv. Don't know

[STATEMENTS]

- a) Overseas performances (touring or tour support)
- b) Overseas promotion (e.g. on the radio, on TV, in printed press or in local streaming services)
- c) Overseas marketing (e.g. including social media engagement, brand campaigns)
- d) Asset creation (e.g. promotional material, including video and livestream content)
- e) Other **[SHOW RESPONSE AT A1]**

[ASK IF CODES A OR B OR C AT S3A OR S4A]

A3A. Have you achieved any of the following business outcomes as a direct result of the Music Export Growth Scheme (MEGS) funding you secured for this artist in the 12 months after receiving the funding?

By direct result, we mean business outcomes that wouldn't have happened without the funding. Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[SCALE]

- i. Yes
- ii. No
- iii. Don't know

[STATEMENTS]

- a) New/expanded record deal in the chosen territory/territories
- b) New/expanded publishing deal in the chosen territory/territories
- c) New/expanded synchronisation licensing deal (sync deal) in the chosen territory/territories
- d) Gained a booking agent in the chosen territory/territories
- e) New festival booking(s) in the chosen territory/territories
- f) Tour dates booked in the chosen territory/territories
- g) Gained significant media and PR engagement in the chosen territory/territories
- h) New business relationships brokered in the chosen territory/territories
- i) New/expanded merchandising sales opportunities/agreements in the chosen territory/territories

[ASK IF CODES D or E AT S3A OR S4A]

A3B. Have you achieved or are you likely to achieve any of the following business outcomes as a direct result of the Music Export Growth Scheme (MEGS) funding you secured for this artist in the 12 months after receiving the funding?

By direct result, we mean business outcomes that wouldn't have happened without the funding. Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[SCALE]

- iv. Have achieved
- v. Very likely to achieve
- vi. Fairly likely to achieve
- vii. Fairly unlikely to achieve
- viii. Unlikely to achieve
- ix. Don't know

[STATEMENTS]

- j) New/expanded record deal in the chosen territory/territories

- k) New/expanded publishing deal in the chosen territory/territories
- l) New/expanded synchronisation licensing deal (sync deal) in the chosen territory/territories
- m) Gained a booking agent in the chosen territory/territories
- n) New festival booking(s) in the chosen territory/territories
- o) Tour dates booked in the chosen territory/territories
- p) Gained significant media and PR engagement in the chosen territory/territories
- q) New business relationships brokered in the chosen territory/territories
- r) New/expanded merchandising sales opportunities/agreements in the chosen territory/territories

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

A4. Can you think of any other business outcomes that [IF CODES A OR B OR C AT S3A OR S4A] you achieved / [IF CODES D or E AT S3A OR S4A] you achieved or likely to achieve as a direct result of the funding this artist received in the 12 months after receiving the funding?

Please type any other business outcomes that you can think of in the box below.

- a) **[OPEN TEXT BOX]**
- b) No other business outcomes **[EXCLUSIVE]**
- c) Don't know **[EXCLUSIVE]**

[ASK IF CODES A OR B OR C OR D AT S3A OR S4A]

A5. And did the artist achieve an increase in overseas sales in the chosen territory/territories as a direct result of receiving Music Export Growth Scheme (MEGS) funding in the 12 months after receiving funding?

By direct result, we mean outcomes that wouldn't have happened without the funding. Please select one answer.

- a) Yes, increase in overseas sales in all target countries
- b) Yes, increase in overseas sales in most but not all target countries
- c) Yes, increase in overseas sales in some but not most target countries
- d) No increase in overseas sales
- e) Don't know

[ASK ALL WHO CODE D AT A5]

A7. And why did the artist not achieve any increase in overseas sales? Please type in your answer in the box below. **[OPEN TEXT]**

ALLOW Don't know

[ASK ALL WHO CODE A OR B OR C AT S3A OR S4A]

A8A. Approximately what was the artist's annual music income (turnover) before and after receiving the funding? Please provide your best estimate for each.

As a reminder, all the questions in this survey are confidential.

[SINGLE GRID, FIX]

[GRID]

- i. None
- ii. £1 - £20,000
- iii. £20,001 - £60,000
- iv. £60,001 - £150,000
- v. £150,001 - £500,000
- vi. £500,001+
- vii. Don't know

[STATEMENTS]

- a) 12 months before receiving the funding
- b) 12 months after receiving the funding
- c) 24 months after receiving the funding

[ASK ALL WHO SAY II – VII AT A8A A-C]

A8B. Still thinking about the artist's annual music income (turnover), could you please specify this amount, was it...? Please provide your best estimate for each.

As a reminder, all the questions in this survey are confidential. [SINGLE GRID, FIX]

[GRID]**[IF CODE ii AT A8A]**

- i. £1 - £1000
- ii. £1,001 - £3,000
- iii. £3,001 - £6,000
- iv. £6,001 - £10,000
- v. £10,001 - £15,000
- vi. £15,001 - £20,000

[IF CODE iii AT A8A]

- vii. £20,001 - £30,000
- viii. £30,001 - £40,000
- ix. £40,001 - £60,000

[IF CODE iv AT A8A]

- x. £60,001 - £80,000
- xi. £80,001 - £100,000
- xii. £100,001 - £150,000

[IF CODE v AT A8A]

- xiii. £150,001 - £200,000
- xiv. £200,001 - £350,000
- xv. £350,001 - £500,000

[IF CODE vi AT A8A]

- xvi. £500,001 - £650,000
- xvii. £650,001 - £800,000
- xviii. £800,001+

[SHOW AT ALL]

- xix. Don't know

[STATEMENTS]

- d) 12 months before receiving the funding
- e) 12 months after receiving the funding
- f) 24 months after receiving the funding

[ASK ALL WHO CODE A OR B OR C AT S3A OR S4A]

A9. To the best of your knowledge, what percentage of the artist's income came from overseas sales before and after being awarded with Music Export Growth Scheme (MEGS) funding? Please provide your best estimate. [SINGLE, FIX]

- i. None
- ii. 1% - 10%
- iii. 11% - 20%
- iv. 21% - 30%
- v. 31% - 40%
- vi. 41% - 50%
- vii. 51% - 60%
- viii. 61% - 70%
- ix. 71% - 80%
- x. 81% - 90%
- xi. 91%-99%

- xii. All (100%)
- xiii. Don't know

[STATEMENTS]

- g) 12 months before receiving the funding
- h) 12 months after receiving the funding
- i) 24 months after receiving the funding

[ASK ALL WHO CODE A OR B OR C OR D AT S3A/S4A]

A9A Now imagine that your grant application for this artist was unsuccessful and they did not receive the funding.

Do you expect this to have any impact on the artist's income from overseas sales over the 12 months since applying? Please select one answer for each option. **[FIX, SINGLE]**

[ANSWER OPTIONS]

- i. Increase in artist's income from overseas sales
- ii. No change in artist's income from overseas sales
- iii. Decrease in artist's income from overseas sales

[ASK IF A9A CODE i]

A9B. Still imagining what would have been the impact if this artist was unsuccessful and they did not receive the funding.

Please provide your best estimate of the percentage increase on the artist's income from overseas sales over the 12 months since applying. **[OPEN NUMERICAL % - MIN 0% MAX 100%, ALLOW DON'T KNOW]**

[ASK IF A9A CODES iii]

A9C. Still imagining what would have been the impact if this artist was unsuccessful and they did not receive the funding.

Please provide your best estimate of the percentage decrease on the artist's income from overseas sales over the 12 months since applying. **[OPEN NUMERICAL % - MIN 0% MAX 100%, ALLOW DON'T KNOW]**

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

A10. Still thinking about the same artist, how, if at all, did the artist's media coverage change since securing Music Export Growth Scheme (MEGS) funding? Please select one answer for each option. **[REVERSE SCALE, ROTATE STATEMENTS]**

[ANSWER OPTIONS]

- i. Significant increase
- ii. Small increase
- iii. No change
- iv. Small decrease
- v. Significant decrease
- vi. Don't know

[STATEMENTS – PLEASE ROTATE]

- a) Online media coverage
- b) Print media coverage
- c) Radio coverage
- d) TV coverage

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

A11. And how, if at all, did each of the following change for the artist since securing Music Export Growth Scheme (MEGS) funding? Please select one answer for each option. **[REVERSE SCALE, REVERSE STATEMENTS]**

[ANSWER OPTIONS]

- i. Significant increase
- ii. Small increase

- iii. No change
 - iv. Small decrease
 - v. Significant decrease
 - vi. Don't know
- a) Streaming following
 - b) Streaming income
 - c) Social media following

[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

A12. To what extent do you agree or disagree with the following statements about the artist's career outcomes as a direct result of Music Export Growth Scheme (MEGS)? By direct result, we mean outcomes that wouldn't have happened without the funding. Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[ANSWER OPTIONS]

- i. Strongly agree
- ii. Tend to agree
- iii. Tend to disagree
- iv. Strongly disagree
- v. Don't know

[STATEMENTS – PLEASE ROTATE]

- a) Enhanced the artist's career
- b) Improved the artist's business skills
- c) Developed the artist's creative skills
- d) Helped develop new business for the artist
- e) Increased the artist's international profile and media coverage
- f) Helped increase the artist's overseas sales (i.e. income from international markets)

[ASK ALL WHO CODE A OR B OR C AT S3A/S4A]

A13. Thinking about the artist's overseas touring opportunities, how useful, if at all, do you think the MEGS funding was for each of the following over the 12 months since being awarded funding? Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[ANSWER OPTIONS – REVERSE]

- i. Very useful
- ii. Fairly useful
- iii. Not very useful
- iv. Not at all useful
- v. Don't know

[STATEMENTS – ROTATE]

- a) Making touring opportunities financially viable that would otherwise not be viable
- b) Allowing more performances and/or venues to be added to the tour

Section B: Past experiences, earliest unsuccessful application since 2017

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING ONCE – A=1 AT S6]

When answering the next few questions, please think about the artist you represented for MEGS since 2017, who was not awarded with funding.

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE – A>1 AT S6]

When answering the next few questions, please think about your earliest unsuccessful application for MEGS since 2017, and the artist who was not awarded funding.

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S6]

B1. What would the MEGS funding have been spent on? Please select all that apply.

[MULTICODE, ROTATE A-D]

- a) Overseas performances (touring or tour support)
- b) Overseas promotion (e.g. on the radio, on TV, in printed press or in local streaming services)
- c) Overseas marketing (including social media engagement, brand campaigns)
- d) Asset creation (e.g. promotional material, including video and livestream content)
- e) Other (Please type in) **[OPEN TEXTBOX, EXCLUSIVE]**
- f) Don't know **[EXCLUSIVE]**

[ASK ALL WHO CODE A-E at B1]

B2. And did each of the following activities proceed without the MEGS funding? Please select one answer only. [SINGLE SCALE, ROTATE STATEMENTS]

- i. Yes, fully
- ii. Yes, partially
- iii. No
- iv. Don't know

[STATEMENTS]

- a) Overseas performances (touring or tour support)
- b) Overseas promotion (e.g. on the radio, on TV, in printed press or in local streaming services)
- c) Overseas marketing (e.g. including social media engagement, brand campaigns)
- d) Asset creation (e.g. promotional material, including video and livestream content)
- e) Other **[SHOW RESPONSE AT B1]**

[ASK ALL WHO CODE A OR B OR C AT S7A OR S8A]

B3A. Have you achieved any of the following business outcomes representing this artist without receiving MEGS funding in the 12 months after applying? Please select one answer for each statement. [FIX SCALE, ROTATE STATEMENTS]

[SCALE]

- i. Yes
- ii. No
- iii. Don't know

[STATEMENTS]

- a) New/expanded record deal in the chosen territory/territories
- b) New/expanded publishing deal in the chosen territory/territories
- c) New/expanded synchronisation licensing deal (sync deal) in the chosen territory/territories
- d) Gained a booking agent in the chosen territory/territories
- e) New festival booking(s) in the chosen territory/territories
- f) Tour dates booked in the chosen territory/territories
- g) Gained significant media and PR engagement in the chosen territory/territories
- h) New business relationships brokered in the chosen territory/territories
- i) New/expanded merchandising sales opportunities/agreements in the chosen territory/territories

[ASK ALL WHO CODE D OR E AT S7A OR S8A]

B3B. Have you achieved or are you likely to achieve any of the following business outcomes representing this artist without receiving MEGS funding in the 12 months after applying for funding? Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[SCALE]

- iv. Have achieved
- v. Very likely to achieve
- vi. Fairly likely to achieve
- vii. Fairly unlikely to achieve
- viii. Unlikely to achieve
- ix. Don't know

[STATEMENTS]

- j) New/expanded record deal in the chosen territory/territories
- k) New/expanded publishing deal in the chosen territory/territories
- l) New/expanded synchronisation licensing deal (sync deal) in the chosen territory/territories
- m) Gained a booking agent in the chosen territory/territories
- n) New festival booking(s) in the chosen territory/territories
- o) Tour dates booked in the chosen territory/territories
- p) Gained significant media and PR engagement in the chosen territory/territories
- q) New business relationships brokered in the chosen territory/territories
- r) New/expanded merchandising sales opportunities/agreements in the chosen territory/territories

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S6 AND CODES A-E AT S7A OR S8A]

B4. Can you think of any other business outcomes that [IF CODES A OR B OR C AT S7A OR S8A] you achieved / [IF CODES D or E AT S7A OR S8A] you achieved or likely to achieve representing this artist in the 12 months after applying? Please type in any other business outcomes that you can think of in the box below.

- d) **[OPEN TEXT BOX]**
- e) No other business outcomes **[EXCLUSIVE]**
- f) Don't know **[EXCLUSIVE]**

[ASK ALL WHO CODE A OR B OR C OR D AT S7A OR S8A]

B5. And did the artist achieve an increase in overseas sales in the chosen territory/territories without receiving Music Export Growth Scheme (MEGS) funding in the 12 months after applying? By direct result, we mean outcomes that wouldn't have happened without the funding. Please select one answer.

- a) Yes, increase in overseas sales in all target countries
- b) Yes, increase in overseas sales in most but not all target countries
- c) Yes, increase in overseas sales in some but not most target countries
- d) No increase in overseas sales
- e) Don't know

[ASK ALL WHO CODE D AT B5]

B7. And why did the artist not achieve any increase in overseas sales? Please type in your answer in the box below.

[OPEN TEXT, ALLOW DK, Prefer not to say]

[ASK ALL WHO CODE A OR B OR C AT S7A or S8A]

B8A. Approximately what was the artist's annual music income (turnover) before and after applying for the funding? Please provide your best estimate for each. As a reminder, all the questions in this survey are confidential. [SINGLE GRID, FIX]

[GRID]

- i. None
- ii. £1 - £20,000
- iii. £20,001 - £60,000
- iv. £60,001 - £150,000
- v. £150,001 - ££500,000
- vi. ££500,001+-
- vii. Don't know

[STATEMENTS]

- a) 12 months before applying for the funding
- b) 12 months after applying for the funding
- c) 24 months after applying for the funding

[ASK ALL WHO SAY II – VII AT B8A]

B8B. Still thinking about the artist's annual music income (turnover), could you please specify this amount, was it...? Please provide your best estimate for each. As a reminder, all the questions in this survey are confidential. [SINGLE GRID, FIX]

[GRID]**[IF CODE ii AT B8A]**

- i. £1 - £1000
- ii. £1,001 - £3,000
- iii. £3,001 - £6,000
- iv. £6,001 - £10,000
- v. £10,001 - £15,000
- vi. £15,001 - £20,000

[IF CODE iii AT B8A]

- vii. £20,001 - £30,000
- viii. £30,001 - £40,000
- ix. £40,001 - £60,000

[IF CODE iv AT B8A]

- x. £60,001 - £80,000
- xi. £80,001 - £100,000
- xii. £100,001 - £150,000

[IF CODE v AT B8A]

- xiii. £150,001 - £200,000
- xiv. £200,001 - £350,000
- xv. £350,001 - £500,000

[IF CODE vi AT B8A]

- xvi. £500,001 - £650,000
- xvii. £650,001 - £800,000
- xviii. £800,001+

[SHOW AT ALL]

- xix. Don't know

[STATEMENTS]

- j) 12 months before applying for the funding
- k) 12 months after applying for the funding
- l) 24 months after applying for the funding

[ASK ALL WHO CODE A OR B OR C AT S7A OR S8A]

B9. To the best of your knowledge, what percentage of the artist's income came from overseas sales before and after applying for Music Export Growth Scheme (MEGS) funding. Please provide your best estimate. [SINGLE, FIX]

- i. None
- ii. 1% - 10%
- iii. 11% - 20%
- iv. 21% - 30%
- v. 31% - 40%
- vi. 41% - 50%
- vii. 51% - 60%
- viii. 61% - 70%
- ix. 71% - 80%
- x. 81% - 90%
- xi. 91%-99%
- xii. All (100%)
- xiii. Don't know

[STATEMENTS]

- m) 12 months before applying for the funding
- n) 12 months after applying for the funding
- o) 24 months after applying for the funding

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE A=1 OR MORE THAN ONCE – A >1 AT S6]

B10. How, if at all, did the artist's media coverage change since applying for Music Export Growth Scheme (MEGS)? Please select one answer for each option. [REVERSE SCALE, ROTATE STATEMENTS]

[ANSWER OPTIONS]

- i. Significant increase
- ii. Small increase
- iii. No change
- iv. Small decrease
- v. Significant decrease
- vi. Don't know

[STATEMENTS – PLEASE ROTATE]

- e) Online media coverage
- f) Print media coverage
- g) Radio coverage
- h) TV coverage

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE A=1 OR MORE THAN ONCE – A >1 AT S6]

B11. And how, if at all, did each of the following change for the artist since applying for Music Export Growth Scheme (MEGS)? Please select one answer for each option. [REVERSE SCALE, REVERSE STATEMENTS]

[ANSWER OPTIONS]

- i. Significant increase
- ii. Small increase
- iii. No change
- iv. Small decrease
- v. Significant decrease
- vi. Don't know

- d) Streaming following
- e) Streaming income
- f) Social media following

[ASK ALL WHO CODE A OR B OR C AT S7A or S8A]

B12. Thinking about the artist’s overseas touring opportunities, how useful, if at all, do you think the MEGS funding would have been for each of the following over the 12 months since applying? Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]
[ANSWER OPTIONS – REVERSE]

- i. Very useful
- ii. Fairly useful
- iii. Not very useful
- iv. Not at all useful
- v. Don’t know

[STATEMENTS – ROTATE]

- a) Making touring opportunities financially viable that would otherwise not be viable
- b) Allowing more performances and/or venues to be added to the tour

Section D: COVID-19

[ASK ALL]

D1. Thinking now about the next 12 months, as the UK starts to recover from the COVID-19 pandemic, how important, if at all, do you think each of the following government schemes will be in boosting music overseas sales? [REVERSE SCALE, REVERSE STATEMENTS]
[SCALE]

- i. Very important
- ii. Fairly important
- iii. Not very important
- iv. Not at all important
- v. Don’t know

[STATEMENTS]

- a) Music Export Growth Scheme (MEGS) **[INFO BUTTON 1]**
- b) International Showcase Fund (ISF) **[INFO BUTTON 2]**

[INFO BUTTON 1: ‘The Music Export Growth Scheme (MEGS) is funded by the Department for International Trade (DIT) and administered by The British Phonographic Industry (BPI). It is designed to support small to medium-sized music companies who have the potential to achieve increased international success by providing the opportunity to apply for grants ranging from £5,000 to £50,000 that will support their marketing overseas and the promotion of specific artist releases.’]

[INFO BUTTON 2: ‘The International Showcase Fund (ISF) offers support for music creators to take their first steps into international territories. It is a partnership by PRS Foundation, Department for International Trade (DIT), Arts Council England, British Underground, Phonographic Performance Limited (PPL), the Musicians’ Union, Creative Scotland, Wales Arts International, Arts Council of Wales, Arts Council of Northern Ireland and Invest NI.’]

Section E: Future of the industry

[ASK ALL]

Now, some questions about your views on the future of the music industry.

[ASK ALL]

E1. How concerned, if at all, are you about the UK music industry facing each of the following challenges over the next three years? Please select one answer per statement. [REVERSE SCALE, FIX A AND B, ROTATE STATEMENTS C-F]

SCALE

- i. Very concerned
- ii. Fairly concerned
- iii. Not very concerned
- iv. Not at all concerned
- v. Don't know

STATEMENTS

- a) Work VISA costs or other paperwork-driven delays for touring in the EU (e.g. customs checks and clearance for touring equipment)
- b) Work VISA costs or other paperwork-driven delays for touring elsewhere, outside the EU (e.g. customs checks and clearance for touring equipment)
- c) COVID-19 restrictions, including quarantine (e.g. to travel, venue guest numbers)
- d) Future trade agreements that do not resolve the export barriers faced by the music industry (e.g. by not being effective in addressing customs and tariffs for CDs and vinyl shipments etc)
- e) Copyright infringement(s) and other market access barriers
- f) Increase in overseas marketing and promotion costs for small and independent artists that limit overseas sales potential

[ASK ALL WHO SAY CONCERNED AT E1 – CODES 1 OR 2]

E3. To what extent, if at all, do you think these future challenges will cause a reduction in touring revenue [INFO BOX] over the next three years? Please select one answer per statement.

[REVERSE SCALE, ROTATE STATEMENTS]

[INFO BOX: Touring revenue is the artist's net revenue from tickets sales and from sales of their own merchandise.]

SCALE

- i. No reduction in touring revenue
- ii. Touring revenue reduced by less than 25%
- iii. Touring revenue reduced by at least 25% but less than 50%
- iv. Touring revenue reduced by at least 50% but less than 75%
- v. Touring revenue reduced by 75% or more
- vi. Don't know

STATEMENTS – PIPE THROUGH CONCERNED AT E1 – CODES 1 OR 2

- a) Work VISA or other paperwork-driven delays for touring in the EU (e.g. customs checks and clearance for touring equipment)
- b) Work VISA or other paperwork-driven costs and delays for touring elsewhere, outside the EU (e.g. customs checks and clearance for touring equipment)
- c) COVID-19 restrictions (e.g. to travel, venue guest numbers)
- d) Future trade agreements that fail to support the export barriers faced by the music industry (e.g. by not being effective in addressing customs and tariffs for CDs and vinyl shipments etc)
- e) Copyright infringement(s)
- f) Increase in overseas marketing and promotion costs for small and independent artists that limit overseas sales potential

[ASK ALL WHO SAY CONCERNED AT E1 – CODES 1 OR 2]

E4. To what extent, if at all, do you think that the UK Government will be able to provide adequate support (both financial and non-financial) for the music industry to overcome each of these challenges over the next three years? [REVERSE SCALE, ROTATE STATEMENTS]

SCALE

- i. Very adequate support
- ii. Fairly adequate support
- iii. Fairly inadequate support
- iv. Very inadequate support
- v. No government support needed
- vi. Don't know

STATEMENTS – PIPE THROUGH CONCERNED AT E1 – CODES 1 OR 2

- a) Work VISA or other paperwork-driven delays for touring in the EU (e.g. customs checks and clearance for touring equipment)
- b) Work VISA or other paperwork-driven delays for touring elsewhere, outside the EU (e.g. customs checks and clearance for touring equipment)
- c) COVID-19 restrictions (e.g. to travel, venue guest numbers)
- d) Future trade agreements that fail to support the export barriers faced by the music industry (e.g. by not being effective in addressing customs and tariffs for CDs and vinyl shipments etc)
- e) Copyright infringement(s)
- f) Increase in overseas marketing and promotion costs for small and independent artists that limit overseas sales potential

[ASK ALL]

E2. Are there any other challenges that you think the music industry is likely to face over the next three years? Please type in below.

Responses to this question will be passed on to DIT. Please note that it is possible that due to the nature of some of the details you provide (such as locations and names of organisations), it may be possible to identify you in any direct quotes. Please therefore avoid including any identifiable information when answering unless you wish to be identified.

[OPEN TEXT BOX]

- a) No other challenges **[EXCLUSIVE]**
- b) Don't know **[EXCLUSIVE]**

[ASK ALL]

E5. Thinking now about all of the challenges faced by the music industry covered so far, how would you describe your overall level of concern about these over the next three years? Please select one answer only. [SINGLE, REVERSE SCALE]

- a) Very concerned
- b) Fairly concerned
- c) Not very concerned
- d) Not at all concerned
- e) Don't know

[ASK ALL]

E6. To what extent do you agree or disagree with each of the following statements? Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[ANSWER OPTIONS – REVERSE SCALE]

- i. Strongly agree
- ii. Tend to agree
- iii. Tend to disagree
- iv. Strongly disagree
- v. Don't know

[STATEMENTS - ROTATE]

- a) Normal sources of finance for touring and overseas campaigns have decreased over the last three years (e.g. finance provided by banks and by record labels)
- b) Music Export Growth Scheme (MEGS) **[ADD INFO BUTTON 1]** helps to fill a funding gap between private and public investments, such as other public sources of grants or direct financial support
- c) **[ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]** Receiving Music Export Growth Scheme (MEGS) support helps add credibility to artists' careers (e.g. a seal of approval)
- d) Music Export Growth Scheme (MEGS) **[ADD INFO BUTTON 1]** support allows more creative freedom and reduces the pressure to sign deals

[INFO BUTTON 1: 'The Music Export Growth Scheme (MEGS) is funded by the Department for International Trade (DIT) and administered by The British Phonographic Industry (BPI). It is designed to support small to medium-sized music companies who have the potential to achieve increased international success by providing the opportunity to apply for grants ranging from £5,000 to £50,000 that will support their marketing overseas and the promotion of specific artist releases.'

[ASK ALL]

E7. To what extent do you agree or disagree with each of the following statements? Please select one answer for each statement. [REVERSE SCALE, ROTATE STATEMENTS]

[ANSWER OPTIONS – REVERSE SCALE]

- i. Strongly agree
- ii. Tend to agree
- iii. Tend to disagree
- iv. Strongly disagree
- v. Don't know

[STATEMENTS - ROTATE]

- a) The cost of performing at showcases has increased (travel costs, registration costs etc.) over the last three years
- b) International Showcase Fund (ISF) **[ADD INFO BUTTON 2]** helps to fill a funding gap between private and public investments, such as other public sources of grant or direct financial support
- c) **[ASK ALL WHO WERE AWARDED ISF FUNDING AT LEAST ONCE - B=1 OR >1 AT S2]** Receiving International Showcase Fund (ISF) support helps add credibility to artists' careers e.g. a seal of approval)
- d) International Showcase Fund (ISF) **[ADD INFO BUTTON 2]** support allows more creative freedom and reduces the pressure to sign deals

[INFO BUTTON 2: 'The International Showcase Fund (ISF) offers support for music creators to take their first steps into international territories. It is a partnership by PRS Foundation, Department for International Trade (DIT), Arts Council England, British Underground, Phonographic Performance Limited (PPL), the Musicians' Union, Creative Scotland, Wales Arts International, Arts Council of Wales, Arts Council of Northern Ireland and Invest NI.'

Section F: Job Role/ Participant info**[ASK ALL]**

Before we finish, a few questions about you.

[ASK ALL]

F1. Which of the following, if any, best describes your current professional role/organisation?

Please select one answer only. [SINGLE, FIX]

- a) Major record label

- b) Independent record label
- c) Management company
- d) Label services company
- e) Booking agency
- f) Other (please specify) **[OPEN TEXTBOX]**

[ASK ALL]

F2. And are you/your organisation currently a member of...? Please select all that apply.

[MULTICODE, ROTATE A AND B]

- a) BPI (The British Phonographic Industry)
- b) AIM (The Association of Independent Music)
- c) None of these
- d) Don't know

Section G: Re-contact question

[ASK ALL WHO WERE NOT AWARDED MEGS FUNDING AT LEAST ONCE – A=1 AT OR >1 AT S6 AND ASK ALL WHO WERE AWARDED MEGS FUNDING AT LEAST ONCE - A=1 OR >1 AT S2]

G1. As part of this research project, Ipsos MORI is conducting follow-up telephone interviews over the next few weeks to validate and explore some of the responses to this survey. Would you be happy to take part in an interview?

- a) Yes
- b) No

[ASK ALL CODE A AT G1.]

G2. If you are selected for an interview, an Ipsos MORI colleague will be in touch with you. For the purpose of this, please type in your email address and telephone number we can best reach you on in the boxes below. **[RECORD EMAIL AND PHONE]**

- a) Name **[OPEN TEXT BOX]**
- b) Email address **[OPEN TEXT BOX]**
- c) Telephone number **[OPEN NUMERICAL BOX]**

[ALLOW PREFER NOT TO SAY]**[END SCREEN]**

Thank you for taking the time to participate in this survey. You can access the privacy notice at XXXX. This explains the purposes for processing your personal data, as well as your rights under data protection regulations to:

- **access your personal data**
- **withdraw consent**
- **object to processing of your personal data**
- **and other required information.**

Our standards and accreditations

Ipsos' standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a "right first time" approach throughout our organisation.



ISO 20252

This is the international market research specific standard that supersedes BS 7911/MRQSA and incorporates IQCS (Interviewer Quality Control Scheme). It covers the five stages of a Market Research project. Ipsos was the first company in the world to gain this accreditation.



Market Research Society (MRS) Company Partnership

By being an MRS Company Partner, Ipsos endorses and supports the core MRS brand values of professionalism, research excellence and business effectiveness, and commits to comply with the MRS Code of Conduct throughout the organisation. We were the first company to sign up to the requirements and self-regulation of the MRS Code. More than 350 companies have followed our lead.



ISO 9001

This is the international general company standard with a focus on continual improvement through quality management systems. In 1994, we became one of the early adopters of the ISO 9001 business standard.



ISO 27001

This is the international standard for information security, designed to ensure the selection of adequate and proportionate security controls. Ipsos was the first research company in the UK to be awarded this in August 2008.



The UK General Data Protection Regulation (GDPR) and the UK Data Protection Act (DPA) 2018

Ipsos is required to comply with the UK GDPR and the UK DPA. It covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials

This is a government-backed scheme and a key deliverable of the UK's National Cyber Security Programme. Ipsos was assessment-validated for Cyber Essentials certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



Fair Data

Ipsos is signed up as a "Fair Data" company, agreeing to adhere to 10 core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

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