



Navigating Digital Transformation
in the European Music Ecosystem

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JMI

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Introduction

In an era defined by unyielding digital transformation, the European music ecosystem, and in particular its nonprofit players, stand at a crucial juncture. The surge in contemporary technological trends has compelled many within this sector into a race to keep pace. The traditional reliance on physical events underwent a seismic shift during the COVID-19 pandemic, forcing music organizers to swiftly adapt to the online realm. However, for some, this adaptation merely represented a temporary diversion on the path back to "business as usual. The pivotal question is thus whether Europe's cultural institutions are adequately prepared for an undoubtedly digital future. Failing to embrace this digital evolution not only risks diminishing their roles in the sector, but also opens the door for multinational corporations with vastly different objectives to take centre stage.

The advent of modern technological trends is reshaping the music industry and cultural organizations in profound ways. From the advent of AI-driven innovations and immersive VR/AR experiences to the emergence of the Metaverse as a new frontier for artistic expression, the music sector is on the cusp of a digital revolution. Alongside these advancements, DIY platforms are empowering artists to forge direct connections with their audiences, and the digitalization of the music industry is redefining how music is created, distributed, and experienced.

These emergent technologies and trends, coupled with the digitalization of the sector, are driving a seismic shift that necessitates a holistic approach to navigating this evolving landscape. However, these transformative forces also bring forth a host of complex questions and challenges, from navigating copyright issues in the realm of AI-generated music to grappling with the evolving role of artists as 'creators' within this digital landscape. Data privacy concerns and the potential widening of knowledge and resource gaps in the industry further underscore the need for careful navigation.

At the forefront of this critical transition, JMI's DigiBazar was created with the aim to guide the music sector through the process of digital transformation, specifically focussed on (European) music networks and the various member organisations they serve. This groundbreaking initiative creates digital and physical spaces where the industry can transition toward digital working models that complement their traditional practices. Supported by Musicaire, a Music Moves Europe supported programme from the European Union, the project hopes to tap into the potential to revolutionize the European music sector by offering increased access, time efficiency, and tools, while facilitating deeper engagement with European music organizers in the digital realm.



JMI's DigiBazar

Navigating Digital Transformation in the European Music Ecosystem focuses on two paramount aspects of digitalization for cultural organizations, music networks, NGOs, and stakeholders within the music industry:

1. Shaping Policy & Serving as a Hub:

In the digital age, music networks and nonprofit organizations play a pivotal role in understanding and influencing how digitalization impacts musicians and the industry at large. These entities must act as key opinion leaders and changemakers, not only by offering advice and assistance but also by shaping policies that support the evolving needs of musicians and stakeholders.

2. Digitalization's Impact on Organizational Functions:

Beyond its effect on musicians, digitalization profoundly influences the internal workings of cultural organizations. Marketing, outreach, project management, and other crucial functions demand adaptation to thrive in the digital era. By exploring successful strategies for digital marketing, enhancing online outreach, and streamlining project management, organizations can gain valuable insights into optimizing their operations.

The JMI DigiBazar project is comprised of four key components:

1. A Music Sector Digitalization Survey to ascertain the level of digital competency of the European music sector, as well as the needs and gaps that need to be addressed in order to secure sectorial recovery and future resilience.
2. A Music-Tech Mapping of the 2023 global music-tech landscape, providing European music institutions with the latest trends and tools to best serve their beneficiaries.
3. The JMI's DigiBazar Summit, a summit that aims to prepare the leaders of European music networks and platforms for the future by sharing best practices, shining a light on future trends, and co-creating strategies to meet these developments.
4. Upscaling JMI's Mubazar (www.mubazar.com) platform to support digital management of musical opportunities, building tools that provide additional insights into the impact of European music activities and facilitating new digital business models for European music organizers.

The research methodology employed a two-fold approach to comprehensively investigate the readiness for digital transformation within music networks and NGOs operating in the cultural sector in Europe. The initial phase involved the distribution of a survey to a targeted group of networks and NGOs, totalling 26 key European music organizations. The survey aimed to gauge their preparedness and approaches toward digital transformation in the ever-evolving music industry. The respondents provided valuable insights into their current challenges, perspectives on technology adoption, and overarching strategies for communication and engagement.

Following the survey phase, a qualitative dimension was introduced through in-depth interviews. JM International (JMI), the international music network spearheading this research, conducted eight long-form interviews with representatives from prominent networks within the music industry. These interviews delved into the nuanced experiences, perceptions, and strategies of these influential entities regarding digitalization in the music domain.

Lastly, a secondary analysis was performed to uncover global trends related to digitalization within the wider music ecosystem. In exploring the global landscape of the music industry's digital evolution, taking into account the current AI revolution, we aim to uncover potential disparities between the perspectives of networks and the industry at large and gain a more nuanced understanding of the key trends our sector faces as they are emerging.



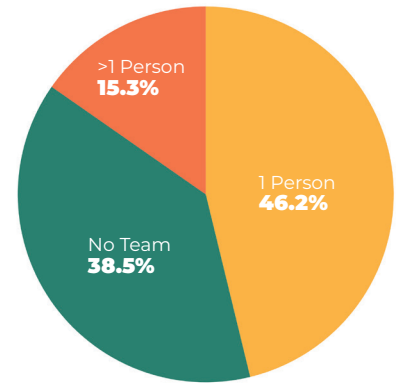
JMI's DigiBazar Survey

The survey delved into the communication dynamics of European Music Networks and NGOs, revealing a landscape marked by financial constraints and understaffing. A significant portion, 28%, allocate an annual communication budget ranging from 1K to 5K euros, reflecting a common challenge within these entities. The prevalence of single-person communication teams, constituting 46.2% of respondents, underscores the persistent issue of understaffing (see graph 1).

Graph 1
Size Comms Team

Source: Digibazar Research, n=26

How many full-time communications staff do you currently employ?



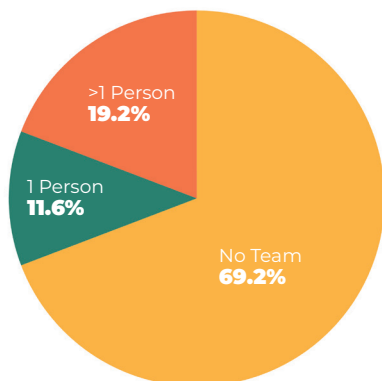
To put this in perspective, music labels and other private sector music entities have substantial marketing and PR departments, spending about 10% to even 42% of their total budgets on marketing.

In terms of social media, a substantial 69.2% of organizations lack a dedicated social media manager or team (see graph 2). This points to a potential gap in specialized expertise, despite a notable presence on platforms like Facebook (96.2%) and Instagram (80.8%), none of the organizations surveyed are present on newer platforms such as TikTok and Snapchat (see graph 3). Contrasting this with the typical social media engagement patterns observed among Generation Z (as outlined below) reveals a distinct disparity in effectively reaching the younger, emerging generations.

Graph 2
Size Social Media Team

Source: Digibazar Research, n=26

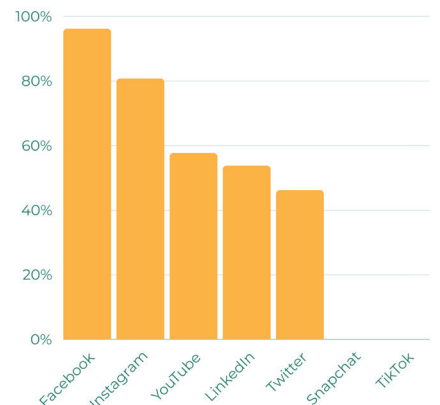
Do you have a dedicated social media manager/team? If YES, what is the size of your social media team?



Graph 3
Social Media Networks

Source: Digibazar Research, n=26

Prioritize your organization's need to stay up to date with the latest trends in terms of digital tools and services.

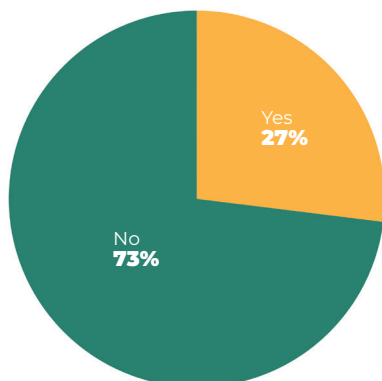


Challenges in content diversification and coordination persist, prompting the use of various digital tools such as Canva, Google Ads, Campaign Monitor, and Slack. However, the use of these digital tools is generally sparse amongst European music networks and their members. While Spotify dominates reported music-tech service usage at 46.2%, the integration of AI tools remains cautious, with only 26.9% employing technologies like ChatGPT and MidJourney (see graph 4). This cautious approach suggests a need for greater readiness and understanding of AI's transformative potential.

Graph 4
AI Usage

Source: Digibazar Research, n=26

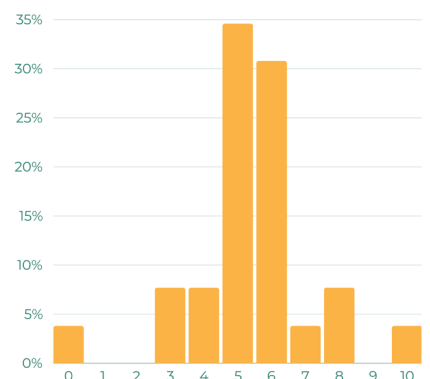
Are you currently using AI tools such as ChatGPT and MidJourney?



Graph 5
Optimism about AI

Source: Digibazar Research, n=26

How optimistic are you the rapid growth in digital tools, especially with the help of AI?



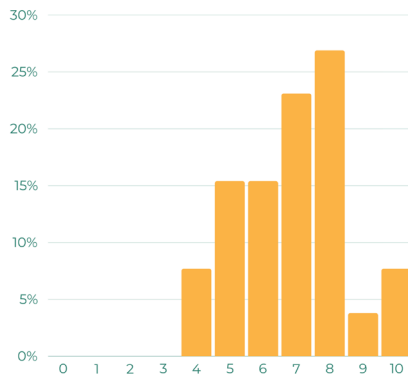
Optimism about the impact of AI tools averages 5.4 out of 10, reflecting a hopeful yet measured perspective (see graph 5). Staying updated with digital trends receives a higher priority rating, averaging 6.8 out of 10 (see graph 6). Common challenges encompass time constraints, funding acquisition, and the imperative to reach diverse audiences, mirroring broader struggles in the cultural and music sectors.

Organizations expressed moderate satisfaction with their current communication outputs, averaging a score of 5.8 out of 10 (see graph 7). This indicates a baseline contentment but leaves room for improvement. The desire for specialized training reveals a commitment to adapting and evolving, with a focus on impact measurement, video content creation, social media trends, and notably, AI tools.

Graph 6
Priority to stay up-to-date

Source: DigiBazar Research, n=26

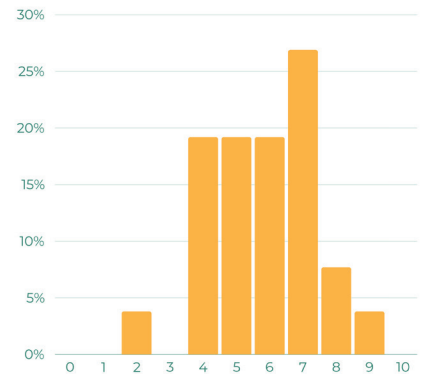
How much of a priority it is for your organization to stay up to date with the latest trends in terms of digital tools and services.



Graph 7
Satisfaction Comms Output

Source: DigiBazar Research, n=26

How satisfied are you with your current communications outputs?



In essence, the survey provides a holistic view of the communication landscape within Music Networks and NGOs, portraying a proactive stance towards digital tools and a growing interest in AI integration. The challenges faced are not only financial and staffing-related but also extend to the evolving digital communication environment, prompting a keen interest in receiving specialized training for future readiness.

JMI's DigiBazar Interviews

In the dynamic realm of music networks and NGOs, several key challenges and insights shape the communication strategies and perceptions around Artificial Intelligence (AI). A prevalent issue across these entities is the understaffing of communication departments, often comprising a single individual tasked with an extensive array of responsibilities that would typically be done by a large team within the private sector. This one-person team dynamic presents inherent difficulties in both inspiring and staying inspired, compounded by the time constraints that hinder staying abreast of industry developments.

Grant writing and reporting emerge as time-consuming focal points for these entities, highlighting a need for efficiency in administrative tasks. The potential of AI as a solution and a helpful tool is acknowledged, particularly in alleviating the burdensome aspects of these tasks. However, the integration of AI into daily operations remains a distant prospect, emphasizing a gap between the recognition of AI's potential and its practical implementation.

A notable absence is the lack of a clear communications strategy. This strategic vacuum underscores a need for more deliberate planning and execution in expanding the reach of these organizations. The utilization of digital tools without a well-defined strategy entails the risk of dissipating energy and resources. Noteworthy examples of strategic initiatives include JMI's Mubazar and EFA's Festival Finder, both exemplifying the inherent potential of digital tools when employed within a clearly articulated strategy. These tools, developed by respective networks, effectively address the challenges faced by their member organizations. Simultaneously, they enhance brand strength and visibility while furnishing valuable data and insights pertinent to their respective operational domains.

The discourse around AI is marked by either a lack of discussion or a generalized perception of AI as 'bad,' requiring continued justification for its use. This sentiment indicates a potential gap in understanding or apprehension about the role and impact of AI within these organizations. The decision-making process for integrating new tools, including AI, typically rests with a director/secretary general, and the convincing of these stakeholders is perceived as a challenging task.

In conclusion, the challenges faced by communication departments, such as understaffing and time constraints, underscore the need for more efficient practices/tools (such as AI can potentially provide). Despite recognizing its potential, there is a notable lag in the integration of AI tools into the daily operations of European music organisations. The absence of a clear adoption strategy and the generalized perception of AI as 'bad' indicate areas for improvement in understanding and embracing this transformative technology. Innovative initiatives like Mubazar and Festival Finder show evidence that Europe's music networks are ready to take on these digital challenges, providing valuable insights into the evolving landscape of digital communication within the music industry.

Global Trends

Regarding Digitalization within the Music Ecosystem

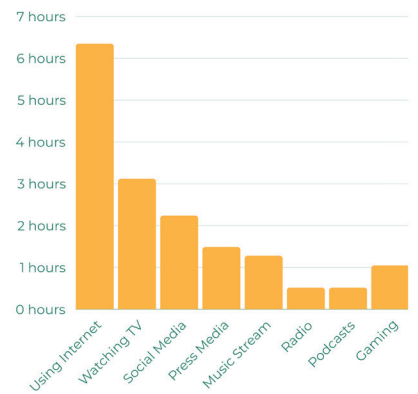
The pervasive influence of the internet on daily life is astounding, with individuals globally dedicating over six hours a day to online activities in 2023. Within this digital realm, social media and music streaming claim significant portions of peoples' time, clocking in at 2.24 hours and 1.28 hours, respectively (see graph 8).

This profound digital immersion sets the stage for a landscape where artists and organizations seek out more and more effective ways to engage with their audiences.

Generation Z, the driving force behind contemporary cultural shifts, finds social media to be their primary avenue for discovering new music. With over 32% of respondents pointing to social platforms as their go-to source for music discovery, it underscores the pivotal role these channels play in shaping musical tastes and preferences (see graph 9).

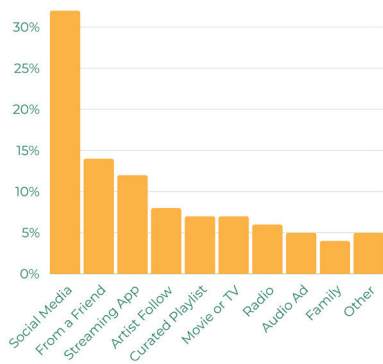
Graph 8
Time Spent in 2023 with Media

Source: GWI, Q4 2022, age 16-64, Global



Graph 9
How does GenZ Discover Music

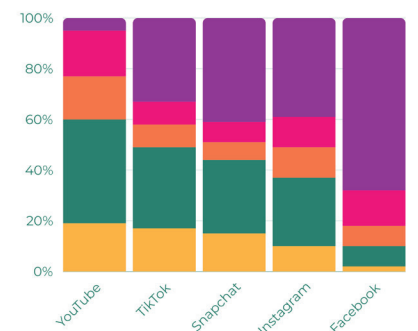
Source: GWI, Q4 2022, age 16-64, Global



Graph 10
Teen Social Media Users

Source: PEW Research, 2022, age 13-17

Legend:
 - Orange: Constantly
 - Green: Several Times a day
 - Red: Once a day
 - Pink: Less than once a day
 - Purple: Never



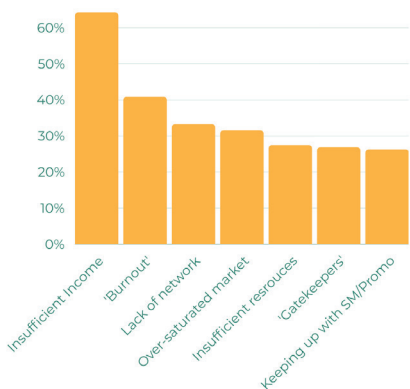
YouTube has emerged as a music powerhouse, as 60% of a Gen Z engage with the platform several times daily. TikTok follows closely behind at 49%, signalling a paradigm shift in how younger audiences consume and discover music. In stark contrast, Facebook has experienced a notable decline, with 68% of teenagers reporting little to no use (see graph 10).

For artists navigating the complex terrain of the music industry, challenges are multifaceted. The stark reality of insufficient income looms large, affecting 64% of artists, while burnout stemming from industry competitiveness is a significant concern for 41% (see graph 11).

These challenges reflect the high-stakes nature of the music industry, necessitating adaptive strategies for sustained artistic careers. In times of need, artists predominantly turn to their peers and band members for support (92%), showcasing the importance of community within the industry. Strikingly, only 8% seek assistance from professionals or organizations, raising questions about the accessibility and effectiveness of existing support structures (see graph 12).

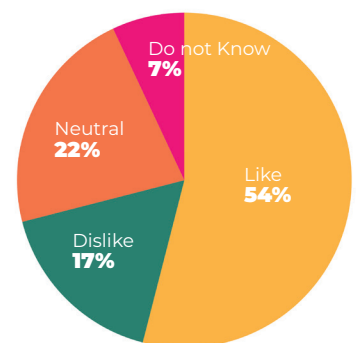
Graph 11
Challenges for Artists

Source: Music Industry Investigation Report, 2020



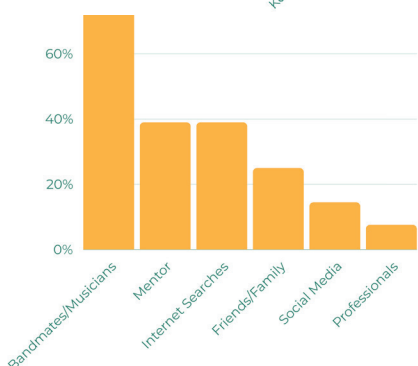
Graph 13
Being offered AI Generated Music

Source: MIDia Consumer survey, Q1, 2023



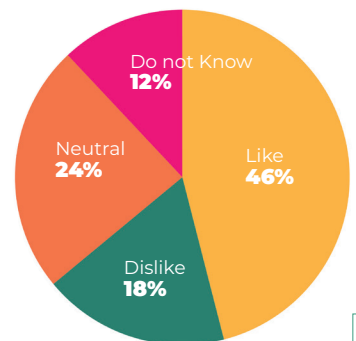
Graph 12
Where Artists go for help

Source: Music Industry Investigation Report, 2020



Graph 14
Using AI to create content

Source: GWI, Q4 2022, age 16-64, Global

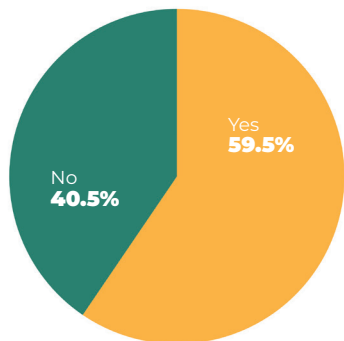


Shifting gears to the intersection of AI and creativity, consumer sentiments unveil a landscape of acceptance and curiosity. Over half of consumers express positive attitudes (54% net-like) toward AI-generated content on social media, signalling a growing willingness to embrace technological contributions to creative endeavours (see graph 13). Moreover, around 46% of people are looking forward to the possibility of generating content with the help of AI (see graph 14).

The music industry's internal dynamics reveal a balanced perspective on AI, with 50% of respondents expressing positive perceptions. Notably, a significant portion of artists (60%) have already incorporated AI into their creative processes (see graph 15). Artwork (38%), mastering (31%), production (20%), and songwriting (11%) emerge as key domains where AI usage is most prevalent. (see graph 16).

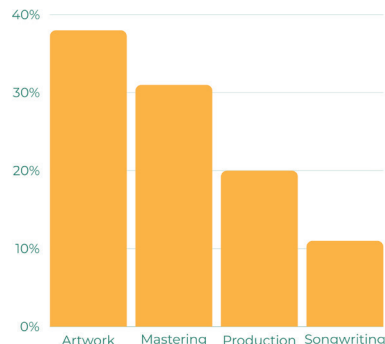
Graph 15
Artists using AI

Source: Music Industry Report, Ditto, 2023



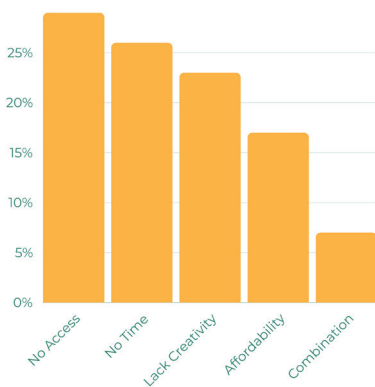
Graph 16
How are they using AI?

Source: Music Industry Report, Ditto, 2023



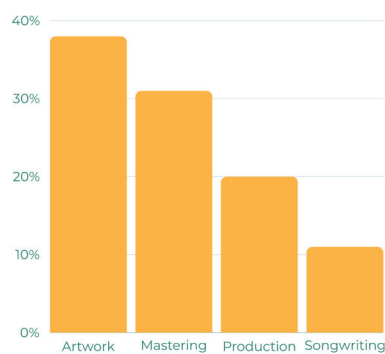
Graph 17
Reasons to not use

Source: Music Industry Report, Ditto, 2023



Graph 18
Biggest Concerns

Source: Music Industry Report, Ditto, 2023

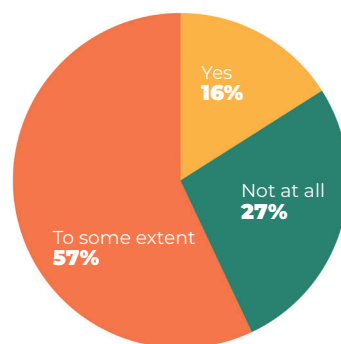


Yet, hurdles impeding widespread AI adoption persist. Barriers include limited access (29%), time constraints (26%), creativity concerns (23%), and financial considerations (17%). These challenges echo the broader apprehensions surrounding technology's impact on the creative process and the delicate balance between human intuition and AI precision. Delving into concerns, a sizable portion (29%) fear that AI may stifle creativity, emphasizing the "human touch" as an irreplaceable aspect of artistic expression. Ethical and legal considerations (24%) also feature prominently, highlighting the need for a robust ethical framework as technology continues to reshape creative landscapes.

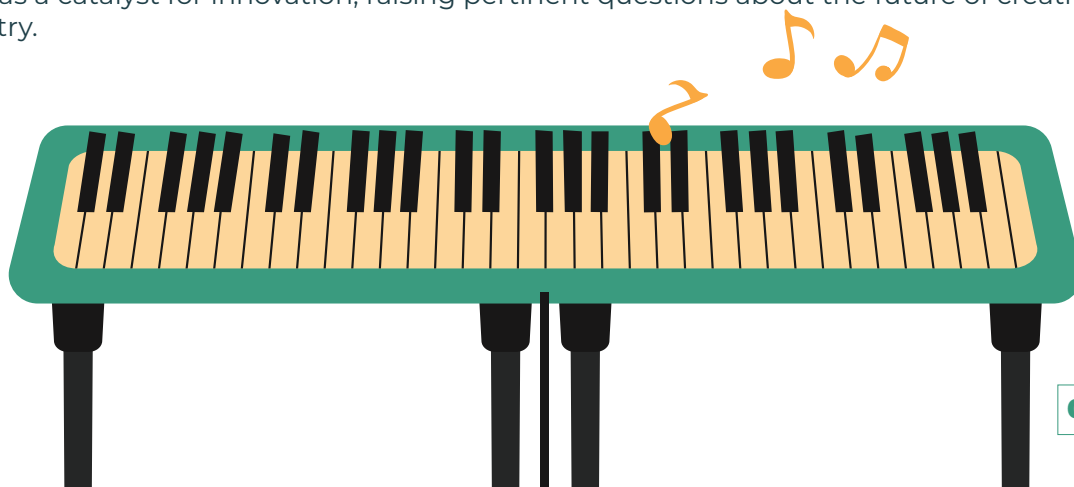
The most intriguing revelation comes when contemplating the role of AI in music creation. A considerable 57% believe that AI can, to some extent, replace humans in this realm. 16% of respondents believe that AI can replace humans completely when it comes to music creation (see graph 19). This sentiment raises profound questions about the evolving nature of creativity, challenging preconceived notions about the boundaries between human and artificial ingenuity.

Graph 19
Can AI Replace Humans?

Source: BPB AI Music Survey, 2023



In conclusion, the confluence of global music industry trends and the perspectives of NGOs and music networks reveals a dynamic landscape shaped by digitalization and the increasing integration of AI. While challenges persist, the overarching narrative is one of adaptation and coexistence, where technology serves as a catalyst for innovation, raising pertinent questions about the future of creativity in the music industry.



Conclusion



In conclusion, this research sheds light on the intricate landscape of digital transformation within music networks, NGOs, and the broader music industry. The dual approach of quantitative surveys and qualitative interviews revealed the nuanced challenges and opportunities faced by these entities as they navigate the evolving digital landscape.

Music networks and NGOs, crucial influencers in the digital age, are grappling with financial constraints, understaffing, and the imperative to adapt to rapidly changing communication dynamics. The survey reveals a proactive stance towards digital tools, with a growing interest in AI integration, signalling an industry awareness of the transformative potential of emerging technologies. However, challenges persist, urging a need for strategic planning, specialized training, and efficient tools like AI to enhance communication effectiveness.

In parallel, the music industry is undergoing a seismic shift, driven by global trends in digitalization and the rise of AI. The pervasive influence of the internet, the dominance of social media and music streaming, and the evolving preferences of Generation Z underscore the need for artists and organizations to strategically engage with their audiences in the digital realm. The challenges of insufficient income and burnout within the industry necessitate adaptive strategies, emphasizing the importance of community support.

As AI becomes an integral part of creative processes in the music industry, positive consumer attitudes and artists incorporating AI into various domains indicate a willingness to embrace technological contributions. However, barriers such as limited access, time constraints, and concerns about creativity and ethics pose challenges to widespread AI adoption. The inherent potential of music networks and organizations is crystal clear—they can serve as advocacy centres, lobbying on behalf of their members to protect/uplift artists, while simultaneously operating as knowledge and training hubs.

The overall narrative points towards an industry in flux, where adaptation and coexistence with technology are imperative for future innovation. While music networks, NGOs, and the music industry grapple with challenges, there is a collective acknowledgement of the transformative potential of digitalization and AI. The journey towards a fully digitalized future requires collaborative efforts, strategic planning, and a continuous commitment to staying abreast of technological advancements. In this dynamic landscape, the fusion of human intuition and artificial ingenuity raises profound questions about the evolving nature of creativity, signalling a future where the music industry continues to evolve in harmony with the digital age.

In navigating the ever-evolving landscape of the music industry, networks and organizations within the music ecosystem must prioritize staying abreast of current changes, enhancing flexibility, and recognizing the distinct impacts these changes have on various facets such as live performances, songwriting, and labels. Emphasizing cross-collaboration becomes paramount as different sectors intertwine. Failure to adapt not only hinders their ability to participate in decision-making processes but also jeopardizes the protection of artists and the broader ecosystem.

Now, more than ever, a unified and adaptive approach is crucial. Networks must secure a prominent seat at the table, advocating for the industry's resilience. Simultaneously, internal processes demand increased efficiency and strategic clarity to meet the challenges head-on and accomplish more in an ever-shifting environment.

ABOUT JMI INTERNATIONAL

JM International (JMI) is a global nonprofit working to make a difference through music by enabling young people and children to develop through music across all boundaries. Founded in 1945, today JMI and its members outreach over 7,000,000 people through more than 45,000 music activities across 80+ countries.

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