



SPAIN

THE MUSIC MARKET AND OPPORTUNITIES FOR CANADIAN COMPANIES

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Contents

1. Executive Summary	p. 3
2. An Introduction to the Market	p. 4
2010 Market Indicators	p. 5
3. The Media and Entertainment Environment	p. 6
(i) Press & Print Media	p. 6
(ii) TV	p. 7
(iii) Radio	p. 8
(iv) Online	p. 9
(v) Mobile	p. 12
(vi) Clubs	p. 12
(vii) Local Talent	p. 13
(viii) Live	p. 14
(ix) The Record Companies	p. 17
(x) The Publishers	p. 18
4. The Digital Music Landscape	p. 20
Digital Music Services	p. 21
Revenue Share	p. 22
Legal Digital Music Services and Sites	p. 23
Digital Brokers	p. 24
5. Opportunities and Recommendations for Canadian Companies	
Artist and Content Promotion	p. 25
Product Licensing	p. 26
Publishing	p. 26
6. Spain Music Industry Information at a glance	p. 27



1. Executive Summary

Despite a dramatic 80% downturn in revenue value over the last ten years, there is a significant upside potential in Spain for 360 degree companies handling all aspects of their artists' careers. In the most part due to a lack of involvement in many of their artists more lucrative live and publishing areas the Majors have been holding back on investing in local talent, the local indie companies are gaining ground by continuing to invest. On extricating both classical and compilation revenues from total market sales, international share is running only slightly behind that of domestic repertoire and, whilst not condoning the massive piracy levels, those companies willing to capitalise by making their music videos freely available, are set to benefit from the increasingly high popularity of online viewing (see page 11).

With a third of Spain's 56 million mobile subscribers listening to music on their phones and the country boasting the highest Smartphone usage in Europe, artist popularisation via aggressive video promotion which capitalises on the exponential growth of streaming presents a real opportunity for a relatively small investment. Whilst it is unlikely that fees will be forthcoming initially, befriending Spain's Festival promoters and hence securing a non-paying slot on one of the country's many Festivals, presents another opportunity. Many promoters have direct links with their counterparts in Latin America and therefore can trigger opportunities beyond Spain itself.

The ground breaking partnership between Sonos and Spotify which enables streaming via home Hi-Fi systems is a forerunner of what is likely to emerge, as multimedia opportunities abound. Clippers Music and Zebralution are approachable on the Publishing and Digital Distribution sides respectively, negating the immediate need for a label partner (if promotion commitments can be achieved without them). As with all new markets, those willing to commit time and energy and make a quick side trip to Madrid and Barcelona around MIDEM can benefit from a having foothold in this exciting but challenging market.



2. An Introduction to the Market

The Kingdom of Spain has an estimated population of over 47 million at July 2011. Madrid, the capital, and Barcelona are the only major cities with populations of over a million, at 3.2 million and 1.6 million respectively. Others such as Valencia, Seville and Zaragoza all have less.

Spain is a developed country and its economy is the 12th largest in the world. Its per capita income is compatible to that of Germany and France. Many Spanish companies have expanded their businesses to Latin America, making Spain the second largest foreign investor in that region after the US.

The automotive industry in Spain, comprising of mostly foreign-owned companies, represents 18.3% of the national exports of goods and services. 87% of the 2.17 million cars produced in 2010 were exported. This sector is one of the largest employers in the country, accounting for 8.7% of the workforce. Spain is ranked No. 8 in the world in vehicle production.

Spain is a popular destination especially for tourists from the UK, France, Germany and Scandinavia who flock to its extensive white sand beaches in the summer. The Balearic islands (which include Ibiza and Mallorca) are the most popular, attracting about 25% of the total of the country's visitors. There are also numerous sites in the country that are listed as World Heritage properties by UNESCO, such as the works of Antoni Gaudi in and near Barcelona, the Escorial Monastery in Madrid and The Alhambra in Granada. According to the UN World Tourism Organization Spain was the world's fourth most visited country in 2010 behind France, the US and China, with 53 million visitors.

The Information and Communication Technologies (ICT) market of Spain is the 5th largest in Europe and, per the Investor Service Department in Spain, was worth over €100 billion in 2009, with a year-on-year growth of over 4%. Telecommunications Services cover 46% of the market followed by Information Technologies and Digital Content at 17% and 10% respectively.

The government launched Plan Avanza in 2006 to the advancement and convergence of access to the internet and infocomm technologies for its citizens, businesses and public services. Phase 2 of this initiative was approved in 2009, focusing on the support for small and medium ICT enterprises, training for the elderly as well as expanding the rollout of digital terrestrial TV (DTT) which was completed in 2010.



2010 Market Indicators

Population (million)	46.8
Internet Users (million)	29.1
Mobile Subscriptions (million)	56.0
Recorded Music, Total Trade Revenue (US\$ million)	186.5 (↓21%)
Recorded Music, Physical Sales (US\$ million)	122.1 (↓29%)
Recorded Music, Digital Sales (US\$ million)	36.6 (↑20%)
Recorded Music, Performance Rights (US\$ million)	27.8 (↓20%)

Source: IFPI



3. The Media and Entertainment Environment

Press Freedom in Spain is guaranteed by its 1978 Constitution which recognized the freedom of expression and freedom of information as fundamental rights. Before then the press was highly regulated for almost four decades under the dictatorship of Francisco Franco which ended in 1975.

Spain is ranked number 44 out of 178 in the world by the latest Press Freedom Index. The reason for this relatively low ranking compared to its peers in the European Union is mainly due to the pressure being put on journalists reporting on the Basque country by Euskadi Ta Askatasuna (ETA), an armed Basque separatist organization. It has carried out threats and violence against reporters since its formation in 1959 and some reporters who received death threats have even had to hire bodyguards.

(i) Press & Print Media

The Informacion Y Control de Publicaciones, responsible for the control of the print and electronic media in Spain, had 819 members from the print media as at May 2010. Press and print publish primarily in the official Spanish language and most dailies are based in Madrid. There are over 100 daily newspapers in circulation.

Notable national press print media include:

Owner	Publication	Description	Circulation
Grupo PRISA	El País	Daily, General, Spanish	382,908
	AS	Daily, Sports, Spanish	194,639
	Rolling Stone España	Magazine, Monthly, Spanish, Music	50,000
	La Revistas 40	Magazine, Monthly, Spanish, Top 40 Mainstream Music	80,000
Unidad Editorial	El Mundo	Daily, General, Spanish	300,000
	Marca	Daily, Sports, Spanish	284,000
Grupo Vocento	ABC	Daily, General, Spanish	240,225
	El Correo	Daily, General, Spanish	119,601
Grupo Godó	La Vanguardia	Daily, General, Spanish and Catalan	202,161
Grupo Planeta	La Razón	Daily, General, Spanish	142,838
Grupo Zeta	El Periódico	Daily, General, Spanish and Catalan	167,804



	Sport	Daily, Sport, Spanish	118,098
Go Mag		Magazine, Monthly, Free, Spanish, Alternative/Indie Music	NA
Rock de Luxe		Magazine, Monthly, Spanish, Alternative/Indie Music	40,000
Dance Press Agency	Deejay	Magazine, Monthly, Spanish, Dance Music	30,000
Editorial 5150 S.L.	Rock Zone	Magazine, Monthly, Spanish, Rock/Metal Music	30,000
Hip Hop Nation		Magazine, Monthly, Spanish, Hip Hop/Urban Music	30,000
Mondo Sonoro		Magazine, Monthly, Free, Spanish, Alternative/Indie Music	125,000

(ii) TV

In April 2010 the switchover from analog to digital terrestrial TV (DTT) broadcasting in the country was completed, and by November of the same year around 30 national channels were available for free on the DTT network in Spain such as 13TV, Boing, La 10, La Sexta 2 and 3, Marca TV and Nitro.

The pay TV market had over 4.5 million subscribers (9.7% penetration rate) by end of 2010 (per regulator CMT). Madrid and Barcelona not surprisingly have the highest numbers at 682,144 and 536,166 subscriptions respectively. Spanish households spend an average of €30.1 a month on pay TV services. PRISA TV (formerly known as Sogecable) is the leading pay TV service provider with over 1.7 million subscribers (40.7% market share) as at Q1 2011.

National state-owned broadcaster Televisión Española (TVE) has 6 channels namely La 1, La 2, 24h, TDP, Clan, TVD HD and TVE Internacional. The first two aforementioned channels enjoy good ratings and are among the most popular channels in Spain.

There is not a great deal of music programming on mainstream television, though a handful of music channels exist, such as 40TV (owned by PRISA TV, on pay TV), MTV España (MTV Networks Europe/Vocento, FTA DTT) and Sol Música (Chello Multicanal, pay TV).



According to SGAE's 2011 report, in 2010 TV reached 90% of the population and on average a TV viewer spent 234 minutes in a day watching TV, up from 226 minutes in 2009.

Notable national channels include:

Channel	Broadcaster	Description
La 1	TVE	Spanish Language, Mainstream, News, General Interest
La 2		Spanish Language, Documentaries, Foreign Drama Series
Telecinco	Mediaset España	Spanish Language, News, Drama Series, Reality Shows, Talk Shows, Variety Shows, Foreign Drama Series, Sports.
Cuatro		Spanish Language, News, Drama Series, Reality Shows, Talk Shows, Variety Shows, Foreign Drama Series, Documentaries, Animation.
Antena 3	Antena 3 de Televisión	Spanish Language, News, Variety Shows, Drama Series/Sitcoms, Latin America Telenovelas, Foreign Drama Series, Sports.
La Sexta	La Sexta	Variety/Entertainment Shows, Sports, Foreign Drama Series.

(iii) Radio

According to SGAE's annual report in 2010, 57% of the population listened to the radio for an average of 108 minutes a day. Though International music is widely playlisted on many Spanish language stations, most is from the Top 40 category.

Los 40 Principales with close to 4 million listeners daily is the market leader, programmed by Toni Sanchez. At the time of writing featured music included songs from Lady Gaga, Jennifer Lopez, Snoop Dog, Britney Spears, The Wanted, Sean Paul, Coldplay and The Black Eyed Peas. The broadcaster, owned by Grupo PRISA, has local stations throughout the country and has sister stations throughout Latin America in Mexico, Guatemala, Columbia, Argentina, Ecuador, Panama and Costa Rica.

Barcelona-based Maxima FM features dance music (also programmed by Toni Sanchez) and is available in Madrid via online streaming. Flaix FM a Catalonia-based station also features dance music programmed by Didier Auzy. Barcelona based indie label Blanco y Negro brands and sells compiles in conjunction with Flaix who also organizes local events/dance festivals. The station can be heard in the rest of the country via online streaming.



There is no dedicated radio station as such for international indie, the closest one offering music outside of the mainstream being Radio Circulo run by Círculo de Bellas Artes, a major multidisciplinary cultural centre in Madrid. This station has individual shows for a variety of genres such as American Rock, Experimental, Flamenco, Folk, Soul, Jazz, World, etc.

Notable music-centric stations include:

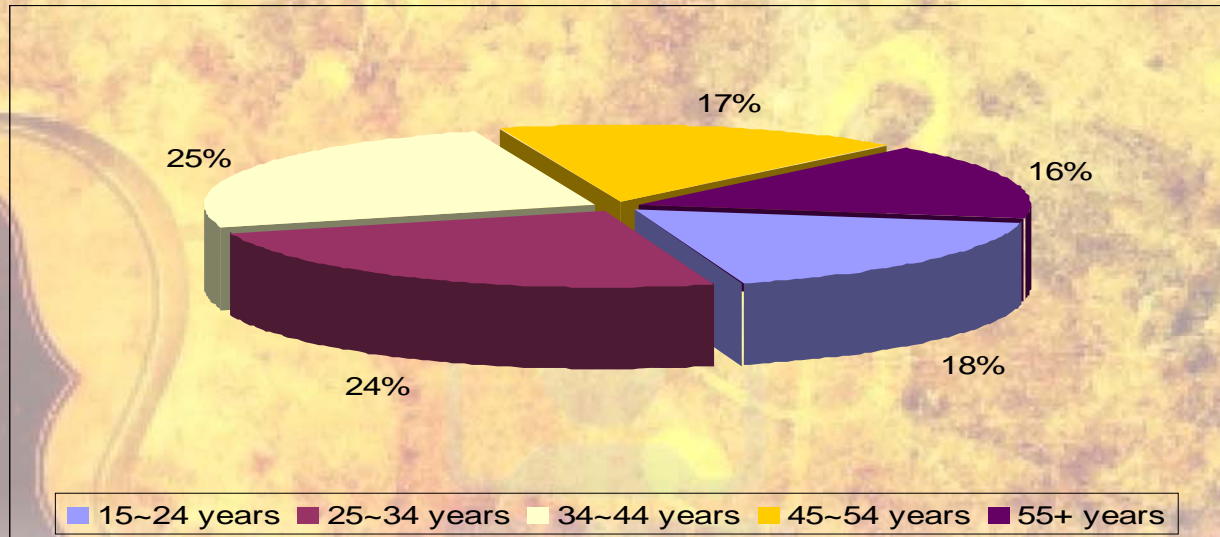
Broadcaster	Station	Music Genre
PRISA Radio	Los 40 Principales	Playlist Spanish and International, Mainstream and Top 40 music, 3.89 million listeners daily
	Cadena Dial	Spanish Mainstream and Hit Music, 2.2 million listeners daily
	Radiolé	Spanish Pop, Flamenco, Latin playlist 424,000 listeners daily
	Maxima FM	International Dance/Electronic Music, 700,000 listeners daily
	M-80	International Pop/Rock hits from 60s-90s. 539,000 listeners daily
RNE	Radio 3	State owned radio, Spanish and International Top 40 Hits and some indie music, Youth Oriented.
	Radio Clásica	State owned radio, Classical Music
Kiss FM		International AC playlist
Grup Flaix	Flaix FM	Playlist Spanish/European and International dance and dance-oriented pop music
Grup Godó	RAC 105	AC playlist Spanish and International

(iv) Online

There are over 29 million internet users in Spain which accounts for around 62% of the population (Internet World Stats, June 2011), and per the Spanish telecoms regulator CMT, there were 10.84 million fixed broadband connections as at end Q1 of this year. Leading ISPs include Telefónica, ONO, Orange and Jazztel.



According to eMarketer the percentages of internet users by age in Spain are as follows:



Whilst the internet penetration rate in Spain does not rival that of the rest of EU5, its internet users are making their mark in other ways, as illustrated via the popularity of online video viewing, where the country has the second highest reach in the EU, just behind France and ahead of Germany and the UK. In October 2010 alone there were 19.2 million internet users who watched 2.9 billion videos online. According to comScore Google's YouTube is the leading video streaming service, with 16.9 million unique viewers followed by VEVO (4.4 million) and Facebook (4 million).

Internet users spent the most time on portal sites followed by instant messaging and social networking sites. Microsoft and Google sites lead the market with the most unique visitors, with 22.8 million and 22.2 million respectively. According to Socialbakers Facebook has over 15 million users in Spain and majority (32%) are from the 25-34 year age group. Its Spanish equivalent and rival Tuenti (owned by telecommunications giant Telefónica) has 12 million registered users. The social network user penetration rate in Spain is anticipated to lead those of the rest of EU5 by end of 2011.

Per the International Intellectual Property Alliance's (IIPA) 2011 report on Spain, the online piracy rate is high in the country with 55% of such activities occurring via P2P sites. It has also noted that the value of pirated music was US\$3.6 billion in the first half of 2010 and 60% of online music piracy is conducted through P2P sites.



In February this year Spain's congress passed the "Ley Sinde" (Sinde Law), a bill for a sustainable economy, in an effort to tackle illegal downloading of copyrighted content online. It aims to quickly shutdown websites that enable users to share/download content – a rights holder can file a case against an alleged infringing website through the Commission on Intellectual Property for infringing content to be removed within 48 hours if the defendant is unable to present evidence against the demanded removal.

The law is not widely embraced across certain sectors, copyright owners for example thinking it is inadequate and targets only Spanish-based sites. Internet companies on the other hand claim it is a major strike on net neutrality and restrictive to the freedom of users.

Top websites in Spain:

Rank	Website
1	Google Español
2	Google
3	Facebook
4	YouTube
5	Windows Live
6	Blogger.com
7	Yahoo!
8	Twitter
9	Wikipedia
10	MARCA.com
11	LinkedIn
12	El País
13	El Mundo
14	WordPress.com
15	t.co
16	MSN
17	Tuenti
18	La Caja de Ahorros y Pensiones de Barcelona
19	seriesyonkis.com
20	Ebay España

Source: Alexa (Nov 2011)





(v) Mobile

The mobile market in Spain is one of the largest in Europe, with over 56 million subscriptions representing 123% market penetration at June 2011 (CMT). Research firm IEMR predicts the number will increase to 62 million by end 2015.

The major players in the market are Movistar/Telefónica, with 21.55 million subscribers (41.85% market share), Vodafone Spain (16.16 million, 29.43%) and Orange Spain (10.39 million, 20.18%) as at end of last year.

In June 2011 the government launched the auction of mobile telecoms licenses which resulted in applications from 11 operators. Market analysts do not foresee the new distribution resulting in a significant change in market share of the major players, as few bidders are seen to have enough investment for buying licenses and infrastructure.

Spain's mobile users are very enthusiastic in embracing apps and mobile activities, it is estimated that one in five will access the web via their mobile phones. The most popular activities conducted on the mobile phone are texting (79.2%), listening to music (32.3%) and web browsing (30.9%).

The country has the highest smartphone adoption rate among the EU5 markets in 2010. According to Nielson in Q1 2011, 39.2% of mobile users have smartphones, and Nokia is the top OEM in Spain with 65% market share. Apple and Android (led by Samsung and HTC) account for 9% each. Of all the country's smartphone users 41% access the internet with their phones.

(vi) Clubs

Spain ranks fourth in the world in Futurebrand's 2010 Country Brand Index (CBI) for nightlife. Spaniards love dance music and are enthusiastic club goers and party revelers.

The very vibrant nightlife of Madrid and Barcelona caters to a variety of clientele from the well heeled, to the youth brigade and the gay community. With mega entertainment complexes such as Ananda,



Macumba, Kapital, Razzmatazz, La Terrazza as well as intimate venues such as Siroco, El Sol, Sala Stella, Café Marula, Row 14, and most are open until 6 in the morning when the metro (subway) starts.

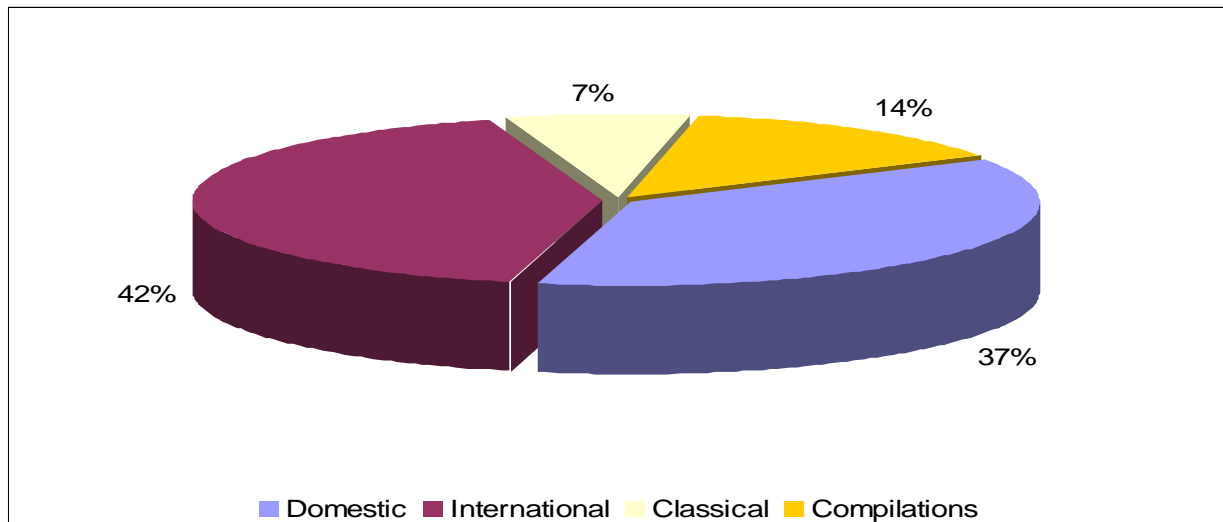
There is also no shortage of party/event promoters who organize monthly parties such as [Voltech Party](#), [Ababol Party](#), [Groovelies](#), and [Supermartxé](#).

Ibiza is world renowned for its clubs and bars (e.g. Pacha, Space, Amnesia, Privilege, Café del Mar) as well as its epic parties. Top international DJs and party promoters regularly have their weekly/monthly club nights on the Spanish island.

(vii) Local Talent

Spain's music market is ranked #11 in the world, though its size has shrunk 80% in last decade. The proportion of sales represented by local artists has also decreased by approximately 40%. Not many local artists are being developed or signed by the majors as a result of the investment being too great for the sales levels anticipated. Established domestic acts therefore account for the majority of the sales.

Repertoire origin split (Physical) in 2010 was as follows:



Source: IFPI (Regional Repertoire included under "International")



Established Spanish acts and “border breakers” (e.g. Antonio Orozco, Alejandro Sanz, Juanes, Julio Iglesias, Enrique Iglesias, Miguel Bosé, David Bisbal) are continuing to do well though most are not getting any younger. Prior to 2004 there would be at least one Spanish act that would sell more than a million copies in a year across Europe. Only Alex Ubago managed to achieve this in 2007 and no other act has since. In the past two years only one new artist has managed to break into the top 50 selling albums chart. Newcomer Pablo Alborán's self titled album is the exception having spent six consecutive weeks on top of the Spanish charts and selling a whopping 80,000 copies in 2011.

At present only the Indies are willing to sign and develop new artists, and they are doing so in a 360-degree model by taking care of all aspects of their careers.

Top 10 selling Spanish artist albums in 2010 are:

Artist	Album Title	Label	Certification received in 2010
Sergio Dalma	Via Dalma	Universal	3 x Platinum
Joan Manuel Serrat	Hijo de la luz y de la sombra	Sony	Platinum
Alejandro Sanz	Paraíso Express	Warner	Platinum
Dani Martín	Pequeno	Sony	Platinum
Miguel Bosé	Cardio	Warner	Platinum
Joaquín Sabina	Vinagre y rosas	Sony	Platinum
Estopa	X-Anniversarium	Sony	Platinum
David Bisbal	Sin Mirar Atrás	Universal/Vale Music	Platinum
David Bustamante	A contracorriente	Universal/Vale Music	Platinum
Fito & Fitipaldis	Antes de que cuente diez	Warner	Platinum

Source: PROMUSICAE (Gold award 30,000 units, Platinum 60,000 units)

(viii) Live

The [Asociación de Promotores Musicales \(APM\)](#), the association of music promoters has 41 members. According to the association the LIVE industry is worth €270 million, and has 90,000 in its employ.

The industry has enjoyed significant growth over the past decade though things began to slow in 2009. Per SGAE's 2011 report the downward trend continued in 2010, the number of concerts being 2.6% lower



(at 126,907) with 16% lesser attendees (at 2.09 million) compared to those in 2009. The industry collected €14.4 million in revenues which represented a decrease in 23% in 2010.

The public sector has been important as it organizes and provides funding for many events (e.g. fiestas mayores), and city councils have their own programming departments. However the budgetary reductions of these public institutions as a result of the recent economic downturn have had a negative effect on the scene. Key cities where concerts and festivals are held are Madrid, Barcelona, Zaragoza, Valencia, Seville, Granada, Vigo, Bilbao and San Sebastian.

Spain's live market is dominated by numerous annual festivals (see table below). [Live Nation](#) (who purchased Iguana Music) and [Doctor Music](#) are the biggest promoters. There are numerous smaller promoters (e.g. [Mercury Wheels](#), [Sweet Nocturna](#), [Encore Music Tours](#), [Heart of Gold](#)) and Indies generally handle their own artists' shows. It is interesting to note that Spanish acts most of the time have to play festivals for free in return for the exposure.

Live music venues (especially mid-sized ones) have been cannibalised due to the number of festivals. A large number including the 2000-capacity club Aqualung have closed in recent years. Two associations of music venues Associació de Sales de Concerts de Catalunya (ASACC) in Barcelona and La Noche en Vivo in Madrid were formed to focus on the sustainability and promotion of small and medium venues. Collectively they have over 90 venues registered as members.

Popular live concert venues for international music in Madrid and Barcelona include multi-purpose complexes Sport Hall (Palacio de Deportes), Palau Sant Jordi, and clubs Sala La Riveira, Sala Marco Aldany (formerly known as Sala Arena), Razzmatazz, Sala Apolo, and Sala Bikini.

Notable annual festivals include:

Festival	Date	Featured acts
Primavera Sound	3-day festival held annually in late May / early June in Barcelona	Over 100,000 attendees. Eclectic lineup with focus on indie music. Past performers include The White Stripes, Grinderman, Pavement, The National, Of Montreal, Florence and the Machine as well as Canadian artist Caribou.
Sónar	3-day festival held	Over 80,000 attendees. Mostly dance/electronic,



	annually in June in Barcelona	experimental music groups. Past lineups include LCD Soundsystem, Air, Chemical Brothers, Hot Chip, as well as Canadian acts Crystal Castles and Junior Boys.
Benicàssim International Festival	4-day festival held annually in July in Castelló	Over 100,000 attendees. Rock, indie electronic music. Past lineup include Arctic Monkeys, Oasis, Lily Allen, Paul Weller, The Killers as well as Canadian acts Arcade Fire and Peaches.
Creamfields Andalucía	2-day festival held in August in Andalucía	Over 30,000 attendees. Dance music. Past lineup include The Prodigy, Paul Van Dyk, 2 Many DJs, Armin van Buuren, Laurent Garnier.
San Sebastian Jazz Festival	Week-long festival held in July in Basque	Over 100,000 attendees. One of the longest running Jazz festivals in Europe (since 1966). Past lineup include B.B. King, Mavis Staples, Patti Smith, Buena Vista Social Club, Esperanza Spalding, Oscar Peterson, Diana Krall.
Festimad 2M	Over a week-long festival held in Madrid	Over 100,000 attendees. Rock/Pop/Alternative Music festival. Past lineup include Korn, The Pixies, Pearl Jam, and Canadian bands The Real McKenzies, This Is A Standoff.
Rock In Rio	Festival held in Madrid in 2008, 2010 and upcoming 2012	Past lineup include Alanis Morissette, Jack Johnson, Shakira, Stereophonics, Muse, Bon Jovi, Rihanna, Metallica, Rage Against The Machine.
Territorios Sevilla	2-day festival held in May in Andalucía	Over 30,000 attendees. Indie Rock/Pop. Past lineup include The Klaxons, The Divine Comedy, Asia Dub Foundation, Human League, Public Enemy, Rufus Wainwright.
SOS 4.8 Festival	2-day festival held in May in Murcia	Over 20,000 attendees. Past lineup include MGMT, Two Door Cinema Club, White Lies, The Kooks, Patti Smith, Tiga, These New Puritans, Hot Chip, Peaches.
Monegros Desert Festival	Festival held in July in Los Monegros	40,000 attendees. Electronic music. Past lineup include Richie Hawtin, Carl Cox, Busta Rhymes, John Digweed, Josh Wink.



Bilbao BBK Live	3-day festival held in July in Bilbao	40,000 attendees. Pop/Rock/Indie. Past lineup include Coldplay, The Black Crowes, Kaiser Chiefs, Crystal Castles, Neon Trees, Mars Volta, Los Campesinos!, Manic Street Preachers, Biffy Clyro, Rammstein.
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(ix) The Record Companies

The Spanish recording industry association **PROMUSICAE** (Productores de Música de España) has 100 members (including the majors), and more than half of them are based in Madrid or Barcelona. There is also the Association of Spanish Independent Labels **UFI** (Unión Fonográfica Independiente,) which has 57 members.

According to PROMUSICAE 90.9% of records produced in Spain in 2010 emanate from the Majors.

Top independent record labels include:

Company	Address	Tel (34)
Avispa Music	San Rogelio, 7 Madrid B78750593	91 450 45 45
Blanco y Negro Music	Llacuna, 11 Barcelona A08795056	93 225 44 00
Boa Music Entertainment	Calle de la Sirena, 3 28290 Las Matas	91 506 32 20
Dial Discos	Antonio de Cabezón, 83 Madrid B28435550	91 746 26 13
DiscMedi	Ronda Guinardó, 59Bis - Bajos Barcelona A58979246	93 436 14 84
Divucsa Music	Marina 128-130 Barcelona A80110497	93 265 49 74
Everlasting Records / PopStock Distribution	Azcona 33, 3º 28028 Madrid	91 713 09 90
Harmonia Mundi	Sardenya, 202 – LOCAL-1 Barcelona A58040486	93 434 35 30



Naïve	Muntaner, 217, 1 ⁰¹ ^a Barcelona A58898081	93 363 64 90
Open Records	Caballero, 62 bajos Barcelona B08862005	93 444 88 00

The Majors:

Company	Address	Tel (34)
EMI Music Spain	Alcala, 44- 3 ^o Madrid A08001919	91 210 98 00
Universal Music Spain	Torrelaguna, 64 Madrid B82198342	91 744 55 00
Sony Music Entertainment Spain	Avda. de los Madroños, 27 Madrid B28054054	91 388 00 02
Warner Music Spain	Juan Hurtado de Mendoza, 3 Madrid B08694523	91 745 42 00

(x) The Publishers

Less than two weeks after the its offices were raided by national police in July, [SGAE's](#) (Society of Authors and Editors) president, Eduardo "Teddy" Bautista resigned and was relieved of all his obligations with the society whilst pending investigation for the misappropriation of funds. In October whilst on bail pending charges he has demanded €1.2 million from his former employer for "unfair dismissal".

In an effort to salvage the society's reputation, a new governing committee was set up at SGAE, with a list of changes to be implemented. The society has called for new elections of the board of directors, and also asked that an investigation committee to be set up to look into the charges and report its findings to members. A new CFO will be appointed to review the budget and control procedures as well as perform an audit of people and processes at the SGAE.

SGAE is Spain's major collection society with more than 100,000 members in music, film, theater and audiovisual arts, and according to reports it distributed about €356 million to members in 2010. Prior to the exposé it had a big concentration of power around Bautista who had built an empire and set up a number of private companies trying to place the organization as the sole distributor for Spanish labels, but



those in the know avoided him as those companies were thought to be diverting funds. According to industry insiders the organization was massively overcharging for the role in an unfair monopolistic fashion and distributing for both the majors and Spanish authors.

Besides the former, there is also the [AEDEM](#) (Asociación Española de Editores de Música) a Spanish association of independent music publishers. It is a pressure lobby group with 68 members but in a state of flux. The organization operates via a voting system within which the companies with small turnovers (unfairly) have no say.

Most of the strong independent labels publish their own material, but indie artists sometimes use [Ediciones Musicales Clipper's \(Clippers Music\)](#) who manage the Springsteen catalogue, which is huge in Spain.

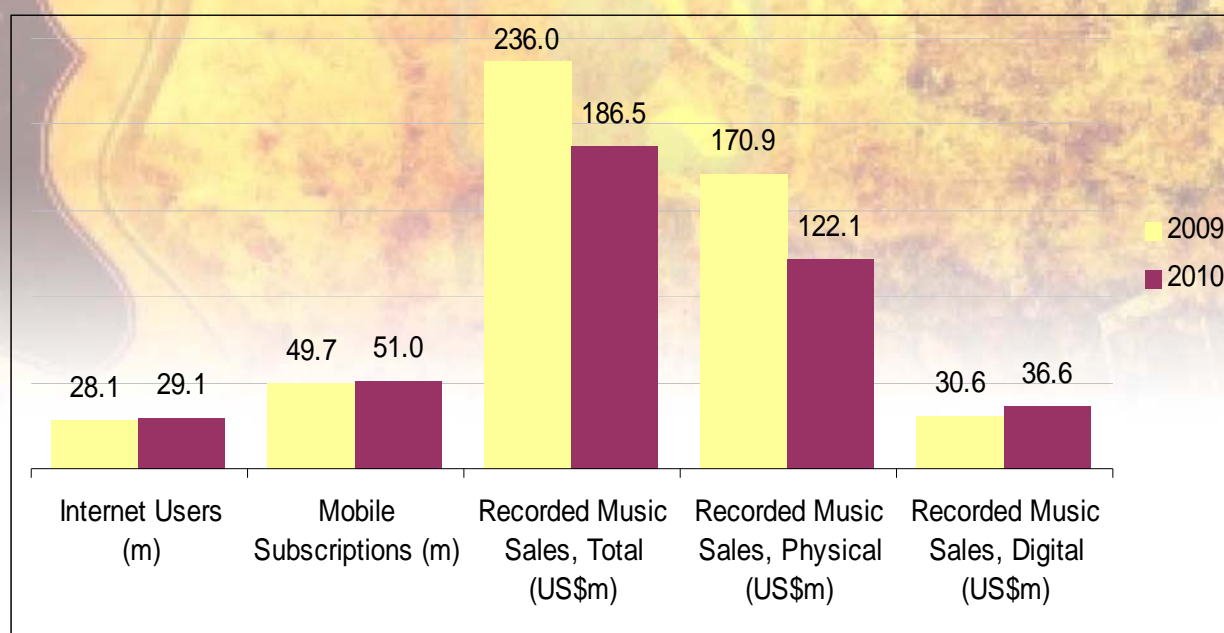
The Majors:

Company	Address	Tel (34)
EMI Music Spain	Grand Vía 39, 7a planta 28013 Madrid	91 523 99 40
BMG Rights Administr.	Avenida de los Madroños, 27 28043 Madrid	91 596 83 01
Universal Music Publishing Spain	Torrelaguna, 64-4a Planta 28043 Madrid	91 744 56 75
Sony / ATV Music Publishing Spain	Cea Bermudez, 56 - Piso 1 - D 28006 Madrid	91 417 57 80
Warner / Chappell Music Spain	Juan Hurtado de Mendoza, 3 Madrid 28036	91 448 23 50



4. The Digital Music Landscape

Spain's digital music market is ranked #14 in the world. Revenues in 2010 saw double-digit growth (19.6%) and accounted for 20% share of the total industry income at US\$36.6 million. The bright spot is streaming services and according to PROMUSICAE companies such as Spotify and its rivals have helped fuel a 303% increase in digital music revenue.



Source: IFPI

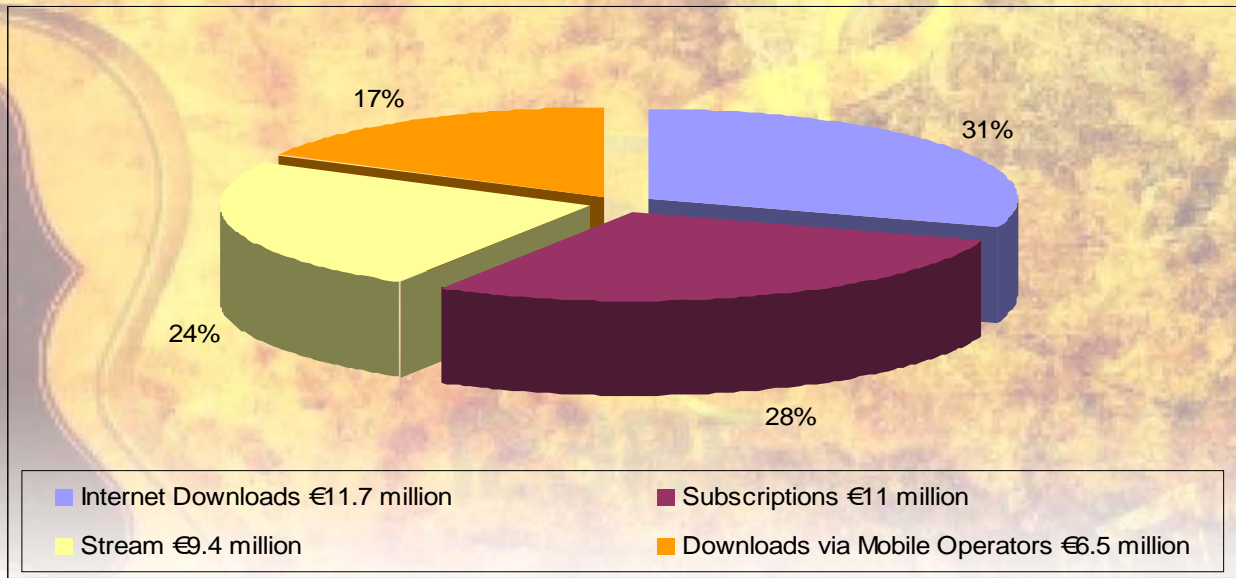
Spain is known to have a high online piracy rate (97.8% per International Data Corporation IDC) and despite the availability of a good selection of legal digital music services in the market such as iTunes, Spotify, Deezer and 7digital the recording industry has shrunk significantly, and is now only about one fifth of its size ten years ago.

It is estimated that the value of music pirated in the first half of last year was US\$3.6 billion, and the legal digital music market could have been worth US\$2.3 billion. IDC's research found that close to 70% of the country's internet users downloaded content via illegal P2P sites. It remains to be seen whether the adoption of "Ley Sinde" (Sinde Law) this year will address this problem in Spain and help significantly increase the revenues of the digital music.



Digital Music Services

The distribution of digital music sales by source in 2010 is as follows:



Source: PROMUSICAE

A comScore press release in May this year highlighted Spotify as the dominant (legal) music streaming service for almost half (48.1%) of all mobile users in Spain. Grooveshark and Last.fm follow in distant second and third with 12.1% and 12% respectively. Whilst industry insiders acknowledge that Spotify is bringing in more business than iTunes, they have nevertheless highlighted the latter is now doing much better. The remainder of the available services have insignificant market share at the moment.

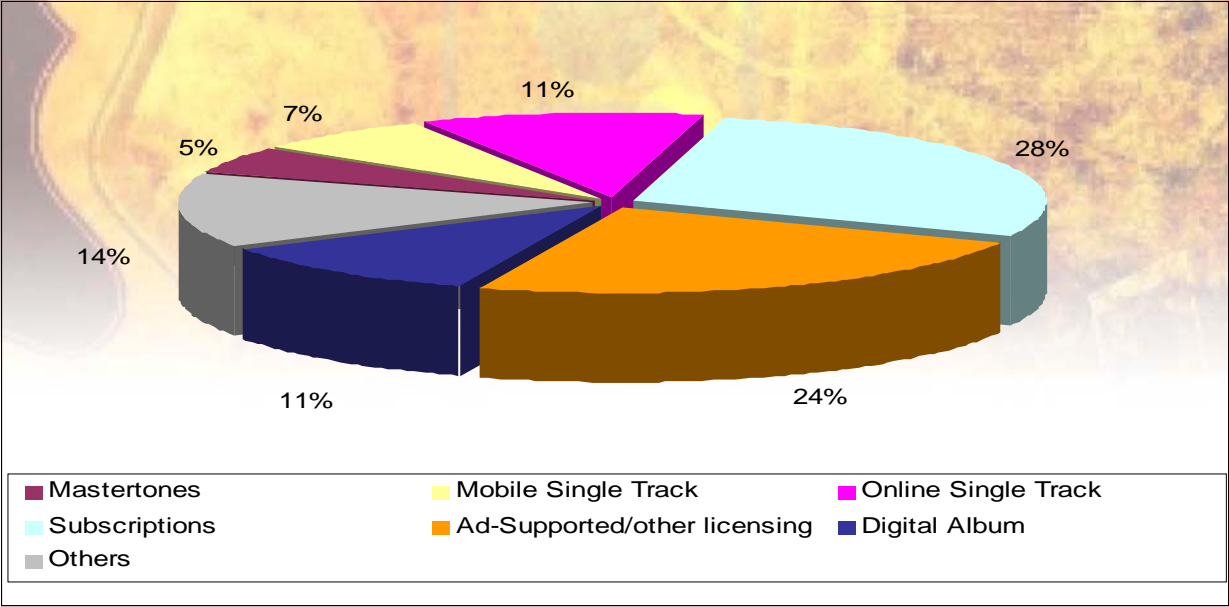
Vodafone was the market's biggest digital mobile music retailer in 2010. The Telco's unlimited music service bundled with a data subscription plan for €16 a month, according to the IFPI, drew more than 300,000 subscribers last year.

Telefonica is also a key player in terms of distribution and 98% of digital music is consumed through its mobile lines. It is believed that Internet service providers have to pay €13 a month to the Telco.



A notable innovation is the partnership between Spotify and wireless music systems manufacturer Sonos. Launched last September Spotify's new and existing premium subscribers (whose monthly fee is €6.99 a month) are able to stream music in their home via the Sonos Multi-Room Music System.

The percentage breakdown on digital revenues from various formats for year 2010 is per the pie chart below. Subscriptions, not surprisingly, enjoyed the highest earnings followed by ad-supported/other forms of licensing.



Source: IFPI

Revenue Share

Digital share is compatible with the rest of Europe – unless a third party such as an aggregator is involved.

The average share percentage is as follows:

Telco	Record Label	Publisher/SGAE	Service Provider
13-20%	55-65%	10-12%	15-20%

**Due to the current law suits and industry changes these percentages are not entirely accurate.*



Legal Digital Music Services and Sites

The following are listed by the IFPI in their 2010 report:

[7digital](#)

[Beatport](#)

[Blinko/Buongiorno](#)

[Dada/Buongiorno](#)

[Deezer](#)

[eMusic](#)

[IbizaDanceClub.com](#)

[iTunes](#)

[Last.fm](#)

[Los40.com](#) (Grupo PRISA)

[Media Markt](#)

[Movistar](#) (Telefónica)

[MTV](#)

[MUZU](#)

[MySpace](#)

[Olemovil](#)

[Orange](#)

[Ovi Musica](#) (Nokia)

[PixBox](#) (Telefónica)

[Rockola.fm](#)

[Sony Ericsson PlayNow](#)

[Spotify](#)

[Tuenti](#)

[Vodafone](#)



[Yes.fm](#)

[Yoigo](#) (TeliaSonera)

[YouTube](#)

Digital Brokers

Digital music distributor of indie labels [Zebralution](#) has a presence in Barcelona, and is a key player in the market who license repertoire from content owners in the UK, US, Asia and the rest of Europe. The company, founded in 2003, functions as an interface between retailers and rights owners in the mobile and internet sectors. By pooling the rights of repertoire from multiple small labels and collecting music and metadata, they have created a 'one stop' catalogue of significant size which they sub license and market. Royalties are collected and disseminated. Its key executive in Spain is senior Vice President Alex van Looy.

Multinational service providers/aggregators such as Zed, The Orchard, Believe Digital and IODA (in partnership with DiscMedi) also have offices in this market.



5. Opportunities and Recommendations for Canadian Companies

Artist and Content Promotion

First and foremost, it is recommended that artist popularization is driven by viral marketing which capitalizes on the popularity of online video viewing and the growth of streaming. Whilst not advocating the high level of piracy 360 degree companies can stimulate live demand by making content freely available.

Commercial radio in Spain is playing Lady Gaga, Beyonce and music from established acts but this is not translating into many sales. Whilst Los 40 Principales, the key radio station, operates a high rotation Top 40 programming it is still possible to facilitate breakthroughs if the repertoire presented fits the format of pop / pop-rock or house music. Influential programme director, Toni Sánchez at PRISA Radio, decides what to play and is the main contact for airplay opportunities. The key is to somehow get close to this man and some Indies in Spain have better relations with him than others.

Radio 3 owned by state broadcaster RNE provides a rare opportunity for indie labels. This is a national alternative station on which the DJs select their own music and can start the popularization process albeit in a limited way. Tomás Fernando Flores is director and an influential presenter in Spain. It is then recommended that labels try to move any success over to commercial radio.

For Dance music labels can approach Barcelona based Maxima FM which features electronica/dance music. Toni Sánchez is also in charge of the programming of this station which is owned by PRISA Radio.

Catalonia based dance music station Flaix FM is also an option. Its programming director is Didier Auzy. Local dance label Blanco y Negro brands and sells compilations in conjunction with Flaix who also organizes dance festivals. The station can be heard in the rest of the country via web streaming.





Product Licensing

It is best to enter the market via a distributor such as Popstock (partner of UK indie label Beggars Group and distributor of local indie label Naïve) whose President Mark Kitcatt is also the President of the UFI. Another respected indie in the market is DiscMedi. Both companies mentioned have their own PR and promotions persons.

Harmonia Mundi is a key independent classical music specialist.

Dance music label Blanco Y Negro is an option for repertoire owners of dance orientated genres though the company is thought to be suffering as they promote radio friendly records that are not selling.

Besides the leading indie labels mentioned on page 16 other notable ones in the market include [Mushroom Pillow](#) and Frank Andrada Music.

For labels that wish to only deal in digital it is recommended that they approach Zebralution directly.

Publishing

Clippers Music is the leading independent music publisher in Spain and easily approachable. It represents material from international artists such as Adele, David Guetta and Bruno Mars besides Spanish writers. The company also started a record label [Clipper's Sounds](#) in 2009.

Boa Music Entertainment besides being a record label is also a significant independent publisher in Spain but specialist so good for more left field artists and repertoire.



6. Spain Music Industry Information at a glance

- Spain's music market is ranked #11 in the world.
- Performance Rights income in 2010 was US\$27.8 million.
- Sales tax on Sound Recordings is 18%.

- Sales Certifications

Gold	30,000
Platinum	60,000

- Official Societies and Organizations include:

Sociedad General de Autores y Editores (SGAE)

General Society of Authors and Editors

C/ Fernando VI, nº 4.

28004 Madrid

T: +34 (91) 349 95 50

sociosenred@sgae.es / jnebrada@sgae.es

Productores de Música de España (PROMUSICAE)

Spanish Phonographic and Videographic Association

Edificio Iberia Mart II

Calle Orense, 34-8a

28020 Madrid

T: +34 (91) 417 04 70

promusicae@promusicae.es



Sociedad de Artistas Intérpretes o Ejecutantes (AIE)

Managing Society of Artists, Performers and Musician's Rights

- jointly manage IP rights for music works with AGEDI

Torrelara, 8

28016 Madrid

T: +34 (91) 781 98 50

atsocio@aie.es

Asociación de Gestión de Derechos Audiovisuales (AGEDI)

Association of Management of Intellectual Property Rights (public performance rights)

C/ Pintor Juan Gris, 4, 2ª pl.

28020 Madrid

Tel: +34 91 555 81 96

correo@agedi-aie.es

Asociación de Representantes Técnicos del Espectáculo (ARTE)

Association of Performing Arts' Technical Representative (for live events)

C/ Rosario Pino,

6, 6º B

28020 Madrid

T: +34 (91) 572 25 11

arte@arte-asoc.es

Organización Profesional de Editores de Música (OPEM)

Professional Organisation of Music (for multinational, major publishing companies)

c/o Warner Chappell

Juan Hurtado de Mendoza, 3

Madrid 28036

T: +34 (91) 300 58 50

alvaro.detorres@warnerchappell.com



Asociacion Espanola de Editores de Musica (AEDEM)

Association of Independent Publishing Companies in Spain

c/o M-20 Ediciones Musicales

C./ San Rogelio, 7

Madrid 28039

T: +34 (91) 311 77 22

carlos@m20.es

Unión Fonográfica Independiente (UFI)

Union of Independent Record Labels

Plaza de Matute, 12 Bajo

Madrid 28012

T: +34 (91) 365 83 03

info@ufimusica.com

ENDS

