



Development and Marketing Strategies for Pacific Cultural Industries



European Union



SPC
Secretariat
of the Pacific
Community

Development and Marketing Strategies for Pacific Cultural Industries

by

Jessie F. McComb, Consultant

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Secretariat of the Pacific Community

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LIST OF ABBREVIATIONS AND ACRONYMS

A2IM	American Association of Independent Music
AMPAG	Australian Major Performing Arts Group
ACP	Africa, Caribbean and Pacific
APRA	Australian Performing Right Association
ARIA	Australian Recording Industry Association
ATA	Aid to Artisans
CARICOM	Caribbean Community and Common Market
CARIFORUM	Caribbean Forum
CD	Compact Disc
CHM	Chin H. Meen
CRNM	Caribbean Regional Negotiating Machinery
EPA	Economic Partnership Agreement
EU	European Union
FFC	Fiji Fashion Council
FFW	Fiji Fashion Week
FIC	(Pacific) Forum Island countries
FNU	Fiji National University
FPRA	Fiji Performing Rights Association
GATS	General Agreement on Trade in Services
GDP	Gross domestic product
IFPI	International Federation of the Phonographic Industry
IP/IPR	Intellectual Property/Intellectual Property Rights
ITC	International Trade Centre
ITF	International Trade Forum
ITI	International Theatre Institute
JICA	Japan International Cooperation Agency
LDC	Least Developed Countries
MICE	Meetings, Incentives, Conventions and Events
MSME	Micro small and medium sized enterprises
NCSMED	National Centre for Small and Medium Enterprise Development
NGO	Non-governmental organization
ODI	Overseas Development Institute
P2P	Person to person (file sharing)
PACER	Pacific Agreement on Closer Economic Relations
PICTA	Pacific Island Countries Trade Agreement
PIFS	Pacific Island Forum Secretariat
PT&I	Pacific Trade and Invest
QR Code	Quick Response Code
RFID	Radio-Frequency Identification
RTA	Regional Trade Agreement
SIDS	Small island developing states
SME	Small and medium enterprises
SPARTECA	South Pacific Regional Trade and Economic Co-operation Agreement
SPC	Secretariat of the Pacific Community
SWOT	Strengths, weaknesses, opportunities and threats
TCF	Textiles, clothing and footwear
TT	Trinidad and Tobago

UAE	United Arab Emirates
UNCTAD	United Nations Committee on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Environment, Science and Culture Organization
UNWTO	United Nations World Tourism Organization
UK	United Kingdom
US	United States of America
USAID	United States Agency for International Development
USP	University of the South Pacific
WTO	World Trade Organization

EXECUTIVE SUMMARY

The cultural industries in the Pacific represent a wealth of traditions, from ancient practices to contemporary cultural expressions. The Secretariat of the Pacific Community's (SPC) Human Development Programme commissioned this study to determine ways to harness the potential of these industries to become drivers of economic growth and to enhance sustainable development and well being. The study focuses on achieving a better understanding of the market conditions, demands and constraints for the Pacific visual art, craft, fashion, music and dance sectors with a goal to enable greater commercialization of Pacific cultural goods and services. The report lays out development and marketing strategies for each of the five cultural sectors that match current and potential skills to the most appropriate and accessible markets with a primary focus on local, tourist and regional export markets.

In general, the sectors with the highest potential for regional and national economic growth are the handcraft and visual art sectors with the fashion industry in Fiji showing great promise. Within these sectors there is a strong supply of product and raw talent among producers. Currently, these sectors are not fully tapping into local, tourist and regional markets suggesting that there is much room for growth in these highly accessible markets. However, in order to achieve success in local and tourist markets and effectively enter export markets, all three of these sectors need holistic development programmes to improve the value chain at each level from production to marketing. Further, one of the largest gaps in the value chain is the circular link where market knowledge flows back to producers in the form of product design and development support. This, along with other gaps, needs to be addressed before attempting exporting marketing.

Although there is a strong base of musicians across the region, the music industry is facing a severe threat from formalized piracy (both burned CDs and file sharing) and is on the verge of collapse. Intellectual property protection needs to be addressed through stronger regional legislation so that artists from one Pacific country are protected in other Pacific countries.

The dance sector, much like the other sectors, is still focused mostly on traditional culture. A few groups are embracing contemporary or fusion performances and at least one has taken steps towards financial sustainability through product diversification. However, none of the groups has been able to earn a profit (or even cover costs) from international performances. In order to grow national economies through dance, there must be external private sponsorship to offset the costs of production and travel.

Specific, findings and recommendations include:

Target Markets: Most producers are not fully tapping into local, tourist, diaspora and regional markets with only a few having fulfilled standard, wholesale export orders before. Export market wholesale buyers and consumers have specific demands in regards to high product quality, steady production capacity and up-to-date product designs. Pacific cultural producers need to improve their product quality, increase production capacity and create new designs while the sector needs to develop formal exporters. With this in mind, the consultant is recommending that producers target local, tourist, diaspora and regional export markets first. The experience gained while accessing these markets will prepare producers to later access larger export markets.

Government Support and Coordination: Within the Pacific, government bodies that deal with culture have focused much of their efforts on heritage, preservation and traditional knowledge protection due to real and significant threats of cultural loss or appropriation by outsiders. Ethical commercialization of the cultural industries generally has not been explored leaving government stakeholders ill-equipped to tackle these new, commercial approaches to the cultural industries. Approaches to fill these gaps are different for each country and decisions on how to address government involvement in the commercialization of the cultural industries should ultimately be made by government, private sector and producer stakeholders in each country through a facilitated process.

Policy Implementation: Generally, there is a low awareness of current and potential policy options for international trade within government cultural departments. There is a need for education and awareness-raising about how the cultural industries can benefit from the current and future policy options of cultural and commercial government bodies. Furthermore, investment promotion authorities and ministries of industry require a better understanding of the needs of the cultural industries so that they can integrate solutions into new policies.

Lack of Infrastructure: Overall there is a lack of specific infrastructure in the cultural industries. Artists and performers have few options available for formal training or education, which hinders their professional advancement in export markets, and means that they may lack the basic skills of their art. The lack of infrastructure also includes an absence of formal, private sector exporters. Countries should look at investing in a regional centre where formal arts education can take place. Support to re-establish an arts-oriented program at the University of the South Pacific in Fiji could be a first step in building infrastructure for the arts in the region.

Low Design Innovation: Throughout the Pacific cultural industries there is very limited innovation in design, particularly in the handcraft and visual arts sectors. Because producers do not receive support from professionally trained designers, many of their products do not respond to market demands. There is potential to link select visual artists to artisans to create well designed products but visual artists need market knowledge and assistance to make connections with artisan groups. This could be accomplished through a designer mentoring program which links aspiring designers in the Pacific with established designers in target market countries.

High Competition from Imports: Due to limited local production, poor product quality and low design innovation, there is strong competition from imported products in tourism markets, particularly in the crafts and fashion sectors. Although the main drivers for buyers to source imported products are a lack of appropriate product and poor production fulfilment, producers also have inadequate business and marketing skills to approach local retailers and create successful professional relationships. In the short term, label of origin rules and national branding campaigns can provide local products with a competitive edge but there is a need for long-term education of producers and wholesalers.

Intellectual Property Rights: The lack of strong and enforceable IP laws and low regional cooperation has led to widespread piracy in the Pacific music sector. This is the most pressing issue in the music sector and must be addressed before export marketing is attempted.

PART 1: MARKET AND SECTOR ANALYSIS FOR PACIFIC CULTURAL INDUSTRIES

INTRODUCTION

The SPC Human Development Programme seeks to improve the commercialization of the cultural industries in the Pacific in order to advance economic growth and improve human development in the region. By identifying proper development and marketing strategies, stakeholders in Pacific cultural industries can increase the sale of their goods and services in local, regional and export markets.

The cultural industries in the Pacific represent a wealth of traditions that span from ancient practices to contemporary cultural expressions. These cultural goods and services have the potential to be significant drivers of economic growth. However, the industry lacks coordination and there is poor communication between market players and producers. As in many regions, the Pacific cultural industries remain informal and disorganized which leads to missed opportunities for business growth.

When properly organized and developed, the cultural industries in the Pacific could be a hotbed of economic activity. Producers will be able to benefit financially from their skills and drive growth within the MSME sector. With an increased flow of information, improved business skills, proper design support and fully developed marketing and export organizations, cultural producers could integrate with cultural institutions, operators and the private sector and benefit from lucrative tourism and export markets. Together these improvements in the industry will ensure the transfer of knowledge from older generations to younger generations, preserving skills and traditions for years to come.

Objectives

The original objectives of the consultancy were to:

- Achieve a better understanding of the market conditions, expectations and constraints for cultural goods and services from the Pacific;
- Enable greater commercialization of goods and services from Pacific cultural industries in the EU and other regions; and
- Develop a marketing strategy for five sectors of the Pacific cultural industries which will help to improve the flow of cultural goods and services from the Pacific to the EU and other regions.

However, based on field research, the consultant determined that many of the sectors were not sufficiently developed for EU export markets. Therefore, the consultant has outlined development and marketing strategies for each of the five cultural sectors, which matches current and potential skills to the most appropriate and accessible markets, with a primary focus on local, tourist and regional export markets and a secondary focus on US and EU export markets.

DESCRIPTION OF METHODOLOGY

The consultant used a participatory methodology to conduct desk and field research and create informed development and marketing strategies. The consultant worked closely with SPC stakeholders to ensure project progress was built upon previously executed activities. The value chain framework of the Situation Analysis and the results of the participatory regional consultation provided a foundation upon which the consultant worked.



Figure 1: Consultant Methodology

*A full methodology is outlined in **Appendix A**.*

In Phase 3, the consultant visited Fiji, Tonga, Vanuatu and Papua New Guinea to meet with stakeholders (list of people contacted is included in **Appendix B**).

KEY FINDINGS AND RECOMMENDATIONS

The sectors with the greatest potential for regional and national economic growth are the handcraft and visual art sectors, with the fashion industry in Fiji also showing great promise. Within these sectors there is a strong supply of product and raw talent among producers. Currently, these sectors are not fully tapping into local, tourist and regional markets suggesting that there is much room for growth in these highly accessible markets. However, in order to achieve success in local and tourist markets, and effectively enter export markets, all three of these sectors need holistic development programmes that improve the value chain

at each level from production to marketing. Further, one of the largest gaps in the value chain is the circular link where market knowledge flows back to producers in the form of product design and development support. This, along with other gaps, need to be addressed before attempting exporting marketing.

Although there is a strong base of musicians across the region, the music industry is facing a severe threat from formalized piracy (both burned CDs and file sharing) and is on the verge of collapse. Intellectual property protection needs to be addressed through stronger regional legislation so that artists from one Pacific country are protected in other Pacific countries. National governments need to support the IP laws with proper resources to enforce these laws. Finally, there is a general lack of coordination within each national sector (with the exception of Fiji) and few countries have proper collecting agencies which can lobby for musicians. These issues must be addressed at the local and regional level before attempting export marketing strategies.

The dance sector, much like the other sectors, is still focused mostly on traditional culture. A few groups, especially in Fiji, are embracing contemporary or fusion performances and at least one among these, VOUE, has taken steps towards financial sustainability through product diversification (dance classes, music and videos sales and an apparel line). However, none of the groups have been able to earn a profit (or even cover costs) in their international performances. In order to grow national economies through dance, there must be external private sponsorship to offset the costs of production and travel. With the general lack of private sponsorship, dance can be seen more as a marketing tool for tourism and the other cultural industries rather than a product itself.

Specific findings and recommendations include:

Target Markets: Despite the size and volume of the European market for cultural goods and services, the majority Pacific cultural producers are not currently equipped to access it successfully. Indeed most producers are not even fully tapping into local, tourist, diaspora and regional markets with only a few having previously fulfilled standard, wholesale export orders.

European wholesale buyers and consumers have specific demands for high product quality, steady production capacity and up-to-date product designs. Pacific cultural producers need to improve their product quality by implementing quality control standards, increasing production capacity through improved efficiency and new designs, and engaging product development experts to create well designed and priced products. Because there are very few formal exporters, producers must either develop their own business skills to become wholesale exporters, or look for public or private sector partnerships to fill this value chain gap.

With this in mind, the consultant is recommending that producers target local, tourist, diaspora and regional export markets first. The experience gained while accessing these markets will prepare producers for subsequent efforts to access larger export markets such as the US. Only when producers have excess production capacity, should they consider EU markets. Full recommendations on target markets and developing strategies for each sector are outlined below.

Government Support and Coordination: The cultural industries often do not have a logical place in existing government structures. Within the Pacific, government bodies that deal with culture have focused much of their efforts on heritage, preservation and traditional knowledge protection due to real and significant threats of cultural loss or appropriation by outsiders. Ethical commercialization of the cultural industries generally has not been explored leaving government stakeholders ill-equipped to tackle these new, commercial approaches to the cultural industries. Although there has been some movement toward commercialization through Investment Promotion Authorities or Ministries of Industry, there has been a lack of coordination and information sharing between these commercial oriented government bodies and national cultural departments. Tourism ministries are also part of this problem. There is much potential to tap into tourism markets but government cultural offices currently have limited relationships with tourism ministries.

Each country will need a different approach to address these gaps. Decisions on how to address government involvement in the commercialization of the cultural industries should ultimately be made by government, private sector and producer stakeholders in each country through a facilitated process. Specific country recommendations include:

Fiji: Development and promotion of the cultural industries in Fiji is currently led by the Fiji Arts Council (FAC) and the Fiji Crafts Society (FCS). Although the structures of these organizations provide a good combination of development and marketing support, they are under-staffed, with few resources to adequately assist all sectors. Further, current staff need capacity building in business skills, marketing, product design and development, and exporting. Fiji could benefit greatly from a holistic craft and visual arts development programme, which would partner international craft experts with FAC and FCS to assist producers, while also building the capacity of local organizations.

Tonga: Within Tonga, the craft sector shows the most promise. However, the sector is currently disorganized. At least five craft associations have overlapping members and leaders. Better sector organization and development support is needed through a holistic development programme, which would focus strongly on product development and design.

The Ministry of Labour has been making great strides in marketing, especially tapping into diaspora markets through festival and fair participation, but the Ministry needs additional support. There should be a full time coordinator dedicated to working on the craft sector, in order to fully expand into more lucrative regional export markets. A long-term plan and support for developing private sector exports is also needed, to eventually take over the marketing and product development roles of the Ministry of Labour.

Vanuatu: Vanuatu, much like the other countries, has no government body to support the ethical commercialization of the cultural industries. Private associations for each sector have been pushing their respective sectors forward but most need government support, funding and capacity building to further develop their arts. For crafts and visual arts, a holistic development programme should be implemented by international experts/firms through private sector partners such as ACTIV, which have established networks and a long-term presence in the country.

Papua New Guinea: There is an increasing interest from the Investment Promotion Authority (IPA) to promote and export cultural goods. In order to do so, there must be a holistic development programme to help prepare cultural producers for these demanding markets. The National Cultural Commission (NCC) is currently not equipped to take on this responsibility, and a new body needs to be established to develop and direct this programme in coordination with both the NCC and the IPA. Decisions on the structure and housing of this new body should be made by PNG public and private sector stakeholders through a facilitated process. An outside facilitator with expertise in craft development and marketing should be used to help guide the conversation and avoid potential conflict.

Policy Implementation: Generally, government cultural departments seemed to have a low awareness of current and potential policy options for international trade. Trade officers within Investment Promotion Authorities or Ministries of Trade did have an understanding of current policy options, but often had not thought creatively about how these could be harnessed for the cultural industries.

There is a need for education and awareness-raising on how the cultural industries can benefit from current and future policy options in both cultural and commercial government bodies. National cultural departments need a better understanding of what policy options currently exist and how they can inform new policies to better address needs within the sector. On the other hand, investment promotion authorities and ministries of industry require a better understanding of the needs of the cultural industries so that they can integrate solutions into new policies. With increased knowledge sharing and coordination, government bodies will be able to better lobby for appropriate policies to improve the cultural industries. This is especially true in light of the opportunity for some countries to develop Cultural Cooperative Agreements within new EPAs.

Lack of Infrastructure: Overall there is a lack of specific infrastructure in the cultural industries. There are few options for formal training or education for artists and performers which limits their professional advancement in export markets and often leaves them lacking in the basic skills of their art. The lack of infrastructure also includes an absence of formal, private sector exporters. Until this gap can be filled, sustainable export linkage to major EU markets will not be possible.

Due to the geographic isolation of many Pacific countries and their small populations, establishing formal training and education centres in each country does not make sense. Instead, the countries should look toward a regional centre where formal arts education can take place. Fiji has made initial steps in the fashion sector with a new Fashion Design Program set to open at the Fiji National University. The Fiji campus of the University of the South Pacific (UPS) has historically been a centre for promotion of the arts, but the closure of their Creative Arts and Expression Programme has been a major blow to the cultural industries. Support to re-establish an arts-oriented programme at USP in Fiji could be a first step in building the infrastructure of the arts in the region. Importantly, any formal arts training programmes that are established must include business skill courses in the curriculum to foster entrepreneurship and allow artists and producers to become financially self-sustaining.

Low Design Innovation: Throughout the Pacific cultural industries there is limited design innovation, particularly in the handcraft and visual art sectors. Very few self-identifying designers work in the crafts sector, for example, which results in products that do not respond to market demands. Part of the lack of well designed products is the lack of cultural and societal support for innovation. Many of the Pacific cultures place much weight on tradition, which keeps producers from creating products that can compete in tourist and export markets.

There is potential to link select visual artists to artisans to create well designed products but visual artists need market knowledge and assistance to connect with artisan groups. These skills could be gained through a designer mentoring programme, which links aspiring designers in the Pacific with established designers in target market countries (such as Australia, New Zealand and the US). In this way, local designers could develop market research and product development skills in partnership with designers who have in-depth knowledge of target market trends. This idea is more fully explored in the Development and Marketing Strategies section below.

Strong Competition from Imports: Due to limited local production, poor product quality and limited design innovation, there is strong competition from imported products, particularly in the crafts and fashion sectors. The craft sectors in Fiji and Vanuatu, for example, must compete in tourism markets with imported products from Indonesia, Malaysia and China. The main drivers for buyers to source imported products are the lack of appropriate product (design and quality) and poor production fulfilment, but producers also lack the business and marketing skills to approach local retailers and create successful professional relationships. For example, some artists and artisans have tried to sell to large retail stores aimed at tourists but after sourcing their products to the store, these artists and artisans found that the stores had sent their designs to Indonesia to be copied.

A holistic development programme to improve the quality, production capacity and design skills of artisans could provide the long-term solutions to address this issue. Producers also need a strong base of business skills so that they know their rights and are well equipped to address pricing, sourcing and copyright issues. In the short term, label of origin rules and national branding campaigns can provide local products with a competitive edge. This idea is fully explored in the Development and Marketing Strategy section below.

Intellectual Property Rights: Within the music sector, intellectual property protection is at a crucial stage. Although a number of laws are in place, there has been a general lack of enforcement of these laws and poor regional cooperation. Formalized piracy, in the form of illegally copied CDs and digital flash drives, has cost producers, studios and musicians millions of dollars. Without proper intellectual property laws, and the resources to enforce these laws, the Pacific music industry will decline and ultimately fail within the next 5 years.

CULTURE IN THE GLOBAL ECONOMY

Although difficult to define, culture plays a crucial role in our nations, economies and daily lives. Cultural goods and services, captured in the term creative or cultural industries,¹ have intrinsic value as vectors of traditions, beliefs and expression as well as economic value when traded. According to the UNCTAD *Creative Economy Report 2010* this economic value infused the global economy with US\$592 billion in 2008. From 2002 to 2008, the creative industries grew steadily at a rate of 14% annually. Although the economic crisis of 2008 is still influential in the global econo-sphere, experts predict that the demand for creative goods and services will continue to rise in the future. The vast majority of the world trade in creative industries comprises creative goods, which reached US\$407 billion in 2008, almost double the 2002 number of US\$205 billion. Exports of creative services also experienced healthy growth during the same period, rising from US\$62 billion in 2002 to US\$185 billion in 2008.

In the developed world, the creative industries represent both a powerful engine of economic growth as well as a potential market for the import of cultural goods and services. Currently, Europe is the largest importer of creative goods at US\$184 billion in 2008, a 97% increase from 2002 when imports stood at US\$93 billion. The US, Japan and Canada represent the next largest developed country markets with a combined total of US\$123 billion in culture goods imports in 2008. These markets have shown remarkable growth during the last decade with an average growth of 69% between 2002 and 2008 across all developed economies.

In general, appreciation of the cultural industries as innovative and active contributors to national economies is growing. There is a movement toward development policies to provide the cultural industries with tax incentives, public financing and market interventions to stimulate their growth (UNCTAD 2010: 20).

This [report] is a confirmation that the creative industries hold great potential for developing countries that seek to diversify their economies and leapfrog into one of the most dynamic sectors of the world economy.

- UNCTAD Creative Economy

Cultural Industries in the Developing World

With increased access to technology and improved trade agreements, developing economies have experienced increased market opportunities and penetration in both developed and developing economies. Export of all goods from developing economies rose from US\$1.4 trillion to US\$6.1 trillion between 2002 and 2008. Exports from developing economies to other developing economies also increased from US\$828 billion to US\$3 trillion during the same period, revealing a more dynamic trading and economic situation within the developing world.

Although developed economies lead the world in both imports and exports of creative goods and services, developing countries have shown strength in the industry during the last

¹ UNCTAD describes cultural industries as a subset of creative industries. Specific analyses of cultural industry sectors will be presented later in the report.

decade. Developing countries have increased their share of the world market for creative industries faster than developed countries (UNCTAD 2012: 127). Indeed, a 13.5% annual growth rate from 2002 to 2008 in exports from developing economies (UNCTAD 2010:136) represents 43% of world exports of creative goods.

These numbers indicate the strength and dynamism of the trade in creative industries in developing countries, and point to their potential for future growth. Despite the potential for creative industries as an economic tool for developing nations, however, the industry remains poorly understood. This is partially due to limitations in statistical methodologies and the lack of reporting from LDC and SIDS. Furthermore, creative production in developing nations often takes place in the informal sector where statistical data is rare or inaccurate.

Cultural Industries and the Pacific

In economic terms, the Pacific comprises a selection of LDCs and SIDS. Therefore, it is often difficult to sift out data specifically for the Pacific region. Furthermore, the data available for LDCs and SIDS remain very limited. The Pacific is categorized as part of the APC group, representing 79 countries from Africa, the Caribbean and the Pacific. Again, due to the group's large and diverse economic and cultural nature, it is difficult to isolate data for just the Pacific region (UNCTAD 2010: 133). However, the existing data from all three regions show the overwhelming importance of creative industries and can be used as a reference for the potential of creative industries in the Pacific.

Together, the APC's share of the creative industries remains small with just 1.65% of the market in 2008. However, the potential for expansion is strong as represented by the more than tripling of the export of creative goods from US\$446 million in 2002 to US\$1.6 billion in 2008 (UNCTAD 2010: 135-136). The LDCs represented the second strongest exporter of the three with US\$328 million in exports in 2008. Again, despite their relatively small global market share, growth of exports from the LDCs remained steady at 32% average annual growth between 2002 and 2008. SIDS are the weakest of the three groups, perhaps due to inaccurate and fragmented data reporting. SIDS had a combined total of US\$135 million creative goods exports in 2008 and a fluctuating annual growth rate. Between 2002 and 2008 the average annual growth rate was 16% which disguises large year to year changes in exports. For example, the group's exports grew by 40% between 2002 and 2004 but then dropped to only 7% growth between 2004 and 2005 and then fell drastically to -20% between 2005 and 2006 only to recover the next year with 13% growth (UNCTAD 2010: 316).

Pacific countries that have reported data over the past decade include the Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, Papua New Guinea and Vanuatu. Their reports have been sporadic and do not capture the full importance of the creative industries in the region. Together the group of countries reported US\$27 million in creative goods exports in 2008, up from only US\$7 million in 2002. Although much of the 386% growth can be attributed to the increased submission of data, especially from French Polynesia which started reporting in 2004, the region has seen a slow but steady annual growth rate of 15.76% creative goods exports between 2002 and 2008 (UNCTAD, 2010: 352-353)

In 2008, design was the strongest export for the Pacific/SIDS² at 75% of all exports of creative goods while art-crafts followed at 6% and visual art at 4% of total creative goods exports (See Figure 2). Within the design category, jewellery was the overwhelming top performer, representing 68% of all design creative goods exports in 2008 (see Figure 2). Design creative goods exports experienced steady growth from 2002 to 2008, increasing by 130% on 2002 numbers. Art-crafts remained steady with a slight increase in 2005 while visual art enjoyed a small but steady growth throughout the decade. Performing arts (including music CDs and tapes) had no significant export income.

Despite the growth in creative industry exports from the Pacific, the region is still a net importer of cultural goods. Current data show that in 2008 the Pacific³ imported US\$184 million in creative goods while exporting only US\$27 million, showing a US\$157 deficit in creative goods in the region. However, imports of creative goods to the Pacific have been slowing in recent years. Between 2002 and 2008 imports grew at an annual rate of 7% but between 2004 and 2008 the imports fell by an average of 24% each year.

Oceania & SIDS Exports 2008

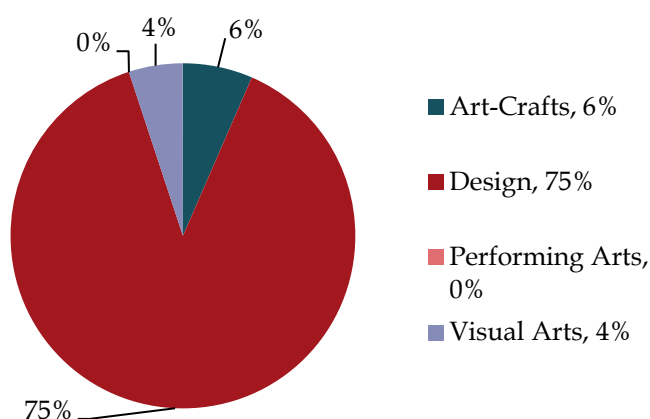


Figure 2: Oceania & SIDs Combined Cultural Industry Exports, 2008

Oceania & SIDS Exports 2008: Design

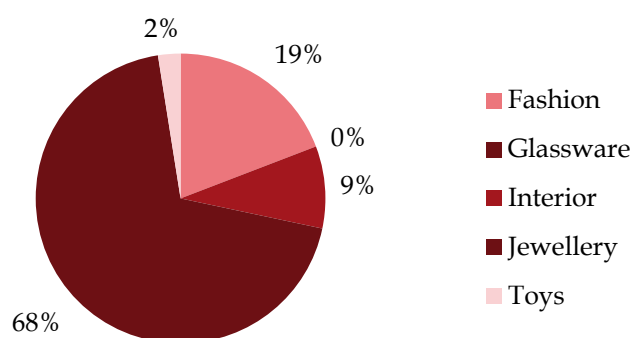


Figure 3: Oceania & SIDs Combined Design Export Categories, 2008

² Pacific countries represent more than 40% of all SIDS, but only 10% of LDCs. Therefore the consultant has limited the use of LDC data and focused on available data for countries categorized as Oceania combined with SIDS, to counter the lack of reporting data from most Pacific countries.

³ Data are included only from reporting countries: Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, Papua New Guinea and Vanuatu.

Marketing Model 1: Handcrafts Marketing Model: Design, Training & Marketing in Ghana

Ghana has a long and rich tradition of artisan work. These ancient and vibrant cultural handcrafts have played a major role in the lives of Ghanaian artisans and now they are a source of vital income. In 1993, Aid to Artisans (ATA), a non-profit American NGO, began a 5-year project with Ghanaian artisans to increase exports of handcrafts. The work was part of a larger USAID funded programme to increase nontraditional exports.

Throughout the project, ATA focused on overall development of the sector rather than merely marketing activities. The project provided product development and design assistance to artists through 11 consultations and mentored approximately 30 artisan entrepreneurs in business skills. Many attended ATA's Market Readiness Program in New York. This holistic approach prepared the artisans to participate in eight wholesale trade shows during the project. ATA also arranged for buyer visits to link artisans directly with buyers who could provide input on collections and products.

By the end of the project, artisans had cumulative sales of US\$859,000 and craft exports increased from US\$160,000 in 1989 to US\$11 million in 2002. The craft industry now supports more than a dozen artisan-exporters, who credit ATA's design and training as being pivotal to their success. Although marketing activities played a large role in pushing Ghanaian products into export markets, design consultancies and business skill training ensured that the products and artisans would succeed once there (Cockram 2005).

SELECTED CULTURAL SECTORS IN EUROPEAN MARKETS

This consultancy focuses on five specific cultural industry sectors including arts and craft (or handcrafts),⁴ fashion, visual art, dance and music. Although these sectors are all part of the cultural industries, they have specific market trends, opportunities and constraints and varying levels of demand in the global marketplace. This research summary provides analyses for each sector within the European context.

Handcrafts

Handcrafts fall within multiple market sectors in the global marketplace including the home décor, gifts, fashion accessories and furniture export markets. These markets also overlap with the interior design market and occasionally the architectural market. The home décor and furnishings market is the most robust, representing US\$418 billion in global sales in 2007 (Unity Marketing 2008). The fashion accessories and gifts and souvenirs markets are somewhat harder to define due to their inclusive nature. In 2009, the fashion accessories market had over US\$20 billion in sales in fashion jewellery, handbags, socks and sunglasses alone (Major Development 2011). The gifts and souvenirs market, including everything from greeting cards to handmade baskets, weighed in at US\$21 billion in the mid 2000s (The Gail Group 2011).

Despite these large market bases, however, handcrafts must compete with a range of other products in these marketplaces including handcrafted, semi-handcrafted and machine-made products. For example, buyers at a wholesale tradeshow can find everything from a US\$500 handmade South African telephone wire basket and a US\$0.50 plastic business card holder. To help narrow down the base of market demand, a 2006 USAID study used the value of the home accessories market as an indicator for the size of demand for handcraft products. The study found that the global market value for home accessory products was estimated to be at least US\$100 billion. The US-led regional markets had a value of US\$67 billion per year; Europe was in second place at an approximate value of US\$48 billion per year (USAID 2006: 17).

⁴ Market terminology is crafts, handcrafts or handicrafts.

The European market's categorization of goods provides more insight on market potential. In 2005, the European (EU-25) market for gifts and decorative articles was valued at US\$13 billion. In 2003, the European market for household and furnishing textiles was valued at US\$6.3 billion in imports, of which \$3.4 billion came from developing countries. In the same year, the European market for furniture was roughly US\$29 billion in imports, of which \$5.6 billion came from developing countries (USAID 2006: 17).

UNCTAD also notes that handcrafts have the best penetration of cultural industries into global markets, especially for developing countries. Handcrafts accounted for 65% of developing countries' share in the world market for creative industries. Design products from developing countries, including jewellery, fashion, glassware, interior and toy items that could be categorized as craft products, accounted for 50% of the world demand in 2008 (UNCTAD 2010: 129).

Although there is great potential in the global market for handcrafts, producers from developing nations face a number of challenges. The mainstream handcraft market is separate from the 'fair trade' market and places high commercial demands on producers. There is little room for negotiation on product quality, pricing and on time fulfilment of orders. If producers are not able to fulfil orders properly the first time, their reputation in the marketplace may be ruined, and future orders jeopardized. Not only is the handcraft market competitive but it also suffers from low intellectual rights protection, meaning that handcraft designs are often appropriated by Asian exporters and produced and sold for lower prices during the next market cycle. Furthermore, there is a growing commoditization of handcrafts including shorter lifecycles (partially due to design appropriation) and a shift from traditional designs to contemporary/minimalist design. In order for handcraft producers in the Pacific to compete, they will need to differentiate themselves with strong, trend-driven designs and dynamic marketing strategies, which couple traditional tradeshows with an online presence.

Visual Arts

The visual art sector is based on the four major forms of visual art including photography, painting, sculpture and antiques; other emerging art forms, such as installation art, are included within these categories. According to the UNCTAD Creative Economy Report 2010, visual art had a strong base with US\$28.9 billion in imports in 2008, up from US\$17 billion in 2002 (UNCTAD 2010: 131). This strong annual average growth of 12.8% between 2002 and 2008 shows the steady and increasing demand for visual art around the world. However, it is important to note that despite the increase in exports of visual arts goods, the share of the global creative industries market stayed about the same between 2002 and 2008 (5.77% in 2002 and 5.02% in 2008) (UNCTAD 2010: 126).

The growth of visual arts in recent years has been led by the sales of both contemporary art and antiques. Within the European market, visual art imports have remained strong over the last decade increasing from US\$7.5 billion in 2002 to US\$13 billion in 2008. Reflecting global trends, paintings were the strongest category in the European market, with US\$6 billion in imports in 2008, and sculpture in second place at US\$4 billion in imports in 2008. Antiques and photography have both shown growth between 2002 and 2008 with US\$2 billion and US\$818 million European imports in 2008, respectively (UNCTAD 2010: 134).

The export value of paintings increased from US\$6.3 billion in 2002 to US\$15 billion in 2008, making up approximately half of all visual art exports in 2008. Sculpture exports of both traditional ornamental sculpture and contemporary art sculpture reached almost US\$9 billion in 2008, soaring from US\$5 billion in 2002. Impressively, almost half of sculpture exports originated in developing economies. Developing economies also led growth in the antiques market which grew from US\$2.2 billion in 2002 to \$3.2 billion in 2008. Photography sales remained solid with US\$2.5 billion in global exports in 2008. However, developing countries increased their market share of photography exports from 8% in 2002 to 17% in 2008. At the same time, sales in all media categories are often underestimated because the data do not capture sales in informal or tourist markets (UNCTAD 2010: 148).

Developing countries have increased their presence in the visual art market from US\$3.5 billion of exports in 2002 to US\$7.1 billion in 2008 (UNCTAD 2010: 128), but their penetration in the market remains relatively small. The market is dominated by New York and London, with US\$4 billion in sales and £1.8 billion in sales in 2006 respectively (Nurse 2006). In 2008, developing countries' market share of global visual arts exports was only 23%, showing no significant gains from their 22% market share in 2002 (UNCTAD 2010: 128). Visual art represents only 11% of creative goods exports from LDCs and only 4% of combined Oceania and SIDS creative goods exports in 2008. Within the visual art sector, the main share of exports varied greatly between the LDCs, Oceania and SIDS. In 2008, visual art exports from the LDCs comprised mainly antiques (80% of total visual art exports) whereas paintings made up 57% of visual art exports from Oceania and SIDS. Paintings were followed by sculpture at 29% and antiques at 14%. Photography had negligible exports from Oceania and SIDS.

According to the UNESCO Creative Diversity report released in 2009, the visual and plastic arts, including painting, engraving, prints sculpture and statuary, are largely monopolized by developed countries with the Pacific region controlling only 0.6% of the global visual and plastic arts export market (UNESCO 2009: 166).

Marketing Model 2: Biennales – at Home & Abroad

The global contemporary art world revolves around auction houses, galleries and biennales. Once only 10 in number, more than 100 biennales now represent artists from both the developed and developing worlds. Biennales provide a means for local artists to be included in the global art system. Participating in a biennale can give artists a market presence and an opportunity to meet with other artists. Gaining international recognition in a biennale can be the first major step into the art world for a developing world artist.

A few Caribbean contemporary artists have managed to excel in international biennales. In 2003 Jamaicans Keith Morrison, Albert Chong and Arthur Simms were the first artists from their country to gain entry into the Venice Biennale (the oldest and perhaps most important show). Simms won the Prize of Rome during the exhibition and was invited to work in Rome for the next year as a guest of the Italian government.

The Caribbean is also home to one of the oldest biennales to be hosted in a developing country. The Havana Biennale has been running since 1989 and was created to provide a platform for developing world artists. It aims not only to challenge the Eurocentric practices of the art world, but also to create a space for a horizontal connection between developing world artists. Now allowing artists from all around the globe, the Havana Biennale remains a critical platform in the art world for developing world artists to gain a voice.

Although the international art market holds potential for artists in developing countries, their ability to access this market is limited by a lack of transparency, fierce competition and a 'glass ceiling' for non-Western artists. The market is dominated by the US and the UK which account for 47% of all international visual art sales, usually flowing through New York or London. These two main hubs are followed by Paris, Berlin, Geneva and Tokyo (UNCTAD 2010: 148) with Russia, Asia and the Middle East becoming emerging markets (UNESCO 2009: 166).

Developing country artists also often struggle to compete within their own countries. Local markets in the Caribbean, for example, are centred on commercial art galleries focused on narrative oil and watercolour paintings. This trend is paralleled in the Pacific where most countries have no formal and professional gallery spaces to exhibit and sell their works. More innovative, contemporary artists, who create avant garde pieces such as installations, find it difficult to place their art within the local market (Nurse 2006).

Most art in the US and EU markets is sold through art auction houses, which favour established, Western artists. The largest auction houses, Sotheby's and Christie's, collectively sold at least 378 pieces, each for more than US\$1 million, in 2004 (CRNM 2008). The terms of their sales are rarely disclosed and auctioneer commissions can reach up to 20% at each end of the winning bid. Moreover, the identities of the sellers and buyers are typically withheld, stifling the flow of market information.

Galleries also play a significant role in the sale of art and have even less transparency than auction houses. Sales rely on insider information and favoured collectors; galleries rarely reports sales publicly. Auction houses and galleries can function in this highly opaque business environment due to limited sector regulations and the lack of required licences to operate a gallery (UNCTAD 2010: 148). There is a limited online market with the majority of online sales being print artwork. Notably, online auctions can be successful for pieces priced under US\$50,000 (Nurse 2006).

Artists from developing countries must also face entrenched power hierarchies in the art market. In 2003, of the 87 artists exhibited at the Centre Georges Pompidou in Paris only 39% were not from Europe and only 5.7% were from developing countries (Brazil, China and the Republic of Korea). This experience was paralleled at Art Basel, a highly influential fair in Germany, where in both 2000 and 2005 the show was dominated by Germany, the US, Switzerland, France, the UK and Italy (UNESCO 2009: 166). International curators and critics, Okwui Enwezor and Jean Fischer, point out in their 2007 UNESCO background paper that despite globalization and an increased appreciation for cultural relativism in the international art market, recognition of developing country artists remains limited (Enwezor and Fisher 2007).

Artists in developing countries face other challenges including a lack of formal support systems, commercial and public, within their own countries. Generally, visual art sectors in developing countries are led by individual entrepreneurs, who have little support from the government and who suffer from a lack of formal marketplaces. Distributors such as gallery owners, flea market vendors, tourist shops and framing stores tend to benefit more than artists since they control the customer interface. Globally, few contemporary artists from developing countries have been invited to international biennales, the major showcases for artists and a necessary step to international recognition (UNCTAD 2010: 148).

Perhaps the most important challenge to being competitive in the international art market is the market's unpredictability. All creative industries rely on a factor of taste or cultural appeal to be marketable; however the ability to predict trends and tastes in the art market is tenuous at best. Market demand and trends are controlled by a select few art critics, curators and gallery owners who influence aesthetic movements, mentor artists and ultimately decide what is in and what is not. Artists also create with passion and disregard for market trends or what Richard Caves, a Harvard economist, academic and an expert on creative industries, calls the 'art for art's sake' property. Artists can forsake the commercial value of their art if conditions for sale are not in line with their philosophical and aesthetic beliefs.

Fashion

The global fashion industry holds both potential and challenges for the Pacific region. The industry is typically segmented into three categories including haute couture (high end fashion), prêt-a-porter (ready to wear designer brands) and mass market or street wear. Haute couture designers produce clothing, footwear, perfume, jewellery and fashion accessories under the same brand. These items are sold through highly influential fashion events and on the basis of brand recognition. Prêt-a-porter pieces are also sold on the basis of brand recognition but can be found in brick and mortar stores and, increasingly, through online platforms. Mass market apparel is sold through tradeshows that specialize in apparel categories (e.g. women's, shoes, bridal, kids) and, increasingly, through online wholesale and retail sales. Mass market and handmade fashion accessories are also sold through tradeshows and online sales (Fashion Marketing 3rd ed 2009).

In 2006, the global apparel industry revenue was US\$1252.7 billion and was expected to rise to US\$1781.7 billion by the end of 2010 including imports, manufacturing and wages. These data include the range of haute couture, prêt-a-porter and mass market apparel with an emphasis on the latter. Fashion imports into Europe, which show a closer real-value of the market, were US\$53.6 billion in 2006. Retail sales channels were dominated by brick and mortar retail stores, which controlled 92.9% of the market. Catalogues and online sales accounted for 3.9% and 3.2% of sales respectively (Fashionproducts.com 2011). Although online sales have been increasing since the early 2000s, it is important to note that brick and mortar retail sales will remain strong for the apparel industry. Due to the personalized nature of the fashion industry (fit of the clothing, taste of the consumer, texture and fall of the material, etc), consumers still want to touch, feel and try on apparel items before purchasing.

Marketing Model 3: Fashion Weeks, Models & Celebrities

The Caribbean fashion industry has been developing since the first Caribbean Fashion Week launched in 2001. The show is hosted and promoted by Pulse Entertainment which uses a range of marketing methods to publicize the event. Giving visibility to designers from across the region, the show finally gained recognition in 2005 from British Vogue, which noted it as an emerging trend in the international fashion scene. Not only has the event created more demand and recognition for Caribbean designers, it has promoted new Caribbean models who bring Caribbean fashion to the international stage.

Participating in regional and international fashion shows is a major step for Caribbean designers in gaining international acceptance. By showing at the Caribbean Fashion Week designers can be seen on an international platform. This exposure is strengthened by partnering with internationally renowned models. Models have played a crucial role in showcasing designer talent and developing the name of the Caribbean fashion industry. The involvement of international models in Caribbean Fashion Week helped to bring a spotlight to the event and the emergence of internationally successful Caribbean models, such as Teresa Lourenco and male model Andre Stewart, has given prominence to the region's role in the global fashion industry.

Caribbean designers have also been propelled into the international fashion world through the endorsement of celebrities. One of the most well-known Caribbean designers, Jessica Ogden, rose to fame when the American actress Sarah Jessica Parker wore her dress on the cover of London *Time Out* in 2003. Subsequently, Ogden was invited to 2006 London Fashion Week.

Mass market fashion has always relied on cheap labour to maintain the low value/high volume business model. The Multi Fibre Agreement (1974–2004) restricted this model by placing quotas on textile imports from all but the poorest of developing nations. With the agreement ended in 2005, Chinese textile imports to the EU of certain items grew almost 500%, urging the EU to place new import limits on the country (BBC 2005). Even today, China continues to dominate apparel exports, controlling 50% of the market (Fashionproducts.com 2011).

Additionally, price sensitive consumers in the apparel market are pushing brands to 'de-verticalize' or consolidate their value chains. The low value/high volume mass market apparel market is increasingly price competitive and relies on cheap labour. Due to the higher labour costs and lower population sizes, the Pacific should focus on a holistic design-to-production approach within the fashion industry, targeting middle to high end markets where consumers are not as price sensitive.

Within the fashion market, products are valued on unique design aesthetic, quality raw materials and finishing and brand name. Establishing and maintaining a brand is a crucial element of competition in the high end market. Some brands, such as Chanel, have been designing products and setting trends for over a hundred years, providing them with buyer confidence and associated status and allowing them to command high prices. In terms of promotion, fashion weeks play an important role in bolstering emerging brands and designers and gaining international recognition (UNCTAD 2010: 156). The US hosts the most annual fashion events, but they are not as prestigious as European fashion events. European fashion is led by annual events held in Paris and Milan, the traditional fashion capitals of the continent. Europe's long history of fashion means that new designers can be mentored within design houses (such as Chanel and Givenchy). In the US, on the other hand, the industry is supported by private financiers, such as the FTC Commercial Corp, which promotes emerging designers and hosts regional fashion shows.

As noted before, major trends in the fashion industry include increasing e-commerce and value chain

consolidation. However, a more important trend for developing nations is the move toward ethical sourcing, sustainability and eco-forward designs (UNCTAD 2010: 67). A 2008 TNS Worldpanel study found that 72% of British consumers thought that ethical production of clothing is important while market researchers Mintel estimated the UK market for ethical clothing to have quadrupled over the previous 5 years to US\$294 million (McAspurn 2009). The 2005 *Ethical Consumerism Report* of the UK Cooperative Bank found similar trends with ethical consumption in the UK, growing for 6 straight years. The report noted that ethical fashion was valued at £680 million in 2005 (Domeisen 2006).

This trend provides both a challenge and opportunity for the Pacific. If Pacific designers and manufactures can focus production on ethical labour standards and eco-friendly raw materials, they can leverage this trend to their advantage. Manufactures must adhere to strict labour standards, however, which often mean higher costs of production.

Apparel and textile companies within the developing world need to take a more holistic approach to the fashion industry in order to succeed. Traditionally, developing world countries have focused on fibre and textile creation within the apparel value chain (United Nations Industrial Development Organization 2003). However, in order to capture more of the valuable fashion market developing countries must take an integrated approach to fashion including design, promotion and manufacturing of textiles and apparel. Developing countries have the potential to leverage their ethnic and unique textiles on the world stage but they need to have a better understanding of current trends, and to develop a strong brand.

Developing countries that have shown the most potential in the fashion industry are Brazil, South Africa, UAE, Singapore, India and Russia. These countries have managed to gain recognition in the international fashion scene by hosting internationally acclaimed fashion events and cultivating interest in their domestic brands within national markets first (Grail Research 2009). In order for the Pacific to compete with these emerging fashion centres, they will need proper government support, strong domestic brands and internationally recognized fashion events.

Music

The global music market is vast and multi-faceted; reliable statistics are hard to find and complex value chains difficult to understand. The sale of physical units (CDs, tapes and vinyl) do not capture the contribution of the music industry to the global economy since they leave out incomes from live performances and online sales. However, estimates by PricewaterhouseCoopers, in its *Global Entertainment and Media Outlook 2005–2009* report, estimated that the global recorded music market was worth US\$33.6 billion in 2004. Despite this strong number, music industry sales have declined 7.4% over 2003 numbers, mainly due to CD, cassette and online piracy (PriceWaterhouseCoopers 2010).

The lack of data on live performances, copyright revenues and intra-firm financial transactions clouds the true size of the market. However, what analysts do know is that despite the growing consumption of music in the global market, earnings by songwriters, producers and performers have been declining due to inequitable contracts with labels and the growth of illegal music downloading and sharing (UNCTAD 2010: 143).

The market structure of the music industry is both oligopolistic and fragmented. Music publishing is dominated by four major labels including Warner Music, EMI, Sony Music and Universal Music. Together they shared 80% of the world music market in 2008 (UNCTAD 2010: 144), up from 72% in 2003 (IFPI 2005). These four labels are all located in developed countries with three in the US and one in the UK. However, the industry also contains hundreds of thousands, if not millions, of independent musicians, performers and songwriters functioning as microenterprise producers. The independent music scene has been enjoying a renaissance within the US with many bands forming their own labels and independently recording and producing their own music.

In 2008 the A2IM, the American Association of Independent Music, reported that independent labels accounted for 32% of US aggregate album sales showing an increase of 1.5% from 2007. Additionally, independent music thrived in non-traditional web radio and webcasting, where 40% of all songs played were from independent labels (Top40 Charts 2009). In Australia, independent music is also continuing to strengthen with the Australian Independent Record Labels Association growing from a mere 25 members in the early 2000s to 350 active members today (AIR 2011). Recent years have also seen the growing importance of independent labels. Eleven: A Music Company and Laughing Outlaw have signed major artists in recent years, both from within Australia and elsewhere (Australian Government 2007). Although younger and still developing, Independent Music New Zealand has also grown in recent years with 80 current members representing over 300 musicians and artists in the country (IMNZ 2010).

It is important to note that although independent musicians are increasing their revenues through music, many of them gain market presence through touring and participating in influential music industry festivals like South by Southwest, held annually in Austin, Texas.

The evolution of the internet and digital technology has transformed the music industry. Digitalization of music has made the sale of tracks and albums easier and faster but has also fostered illegal person to person (P2P) file sharing that is eroding music industry income. In 2007,

Marketing Model 4: Jamaica & Reggae

Reggae is the most successful music genre to originate from the Caribbean. In the late 1990s the genre had world sales of US\$1.2 billion with US\$300 million flowing directly to Jamaican producers, musicians and songwriters. Within Jamaica, earnings from live performances were estimated at US\$50 million in 2006, illustrating the importance of live performances in the music economy of the country.

Reggae's rise to fame was championed by Bob Marley and the Wailers, the first internationally renowned reggae group. Bob Marley still dominates the genre, making up a significant majority of reggae album sales each year. Despite the large number of non-Jamaican reggae musicians and producers, Jamaica has managed to maintain its market presence in the reggae market by fostering the recording industry. There are over 200 Jamaican recording studios and one, VP Records, has sustained a significant share in the US reggae market. VP Records has held the number one spot in imprint and/or label categories for the last several years in Billboard's top reggae recording artist list. Although the reggae sales are experiencing a global decline, the company has found success by working with internationally known reggae and hip-hop stars and releasing compilation albums.

In contrast to Jamaica's success, only individual artists on other Caribbean islands have succeeded internationally in non-Caribbean genres. Genres such as calypso are appreciated only in regional live performances, and exports are limited to diaspora-based festivals.

digital sales accounted for 15% of the total music market with users legally downloading 1.7 billion tracks. Sales totalled US\$2.9 billion for record companies (IFPI 2008). However, piracy in the industry is growing with an estimated 34% of internet-users aged (15–24) sharing music illegally. According to the International Federation of the Phonographic Industry, illegal P2P file sharing is currently responsible for almost 95% of all music downloads (IFPI 2008). Sales of physical units (CDs and tapes) have been decreasing since 2005 and digital music sales have not filled in the gap. At the end of 2008, album revenues were down 3.2% from the previous year and the growth of digital sales did not offset the loss in physical album sales (IFPI 2008).

Notably, no Latin America or Caribbean nation has a music piracy rate below 50%. CARICOM, in their *The Cultural Industries in CARICOM: Trade and Development Challenges* report, estimates that most countries in the region actually have a piracy rate close to 80% (Nurse 2006).

The digitalization of music has increased illegal file sharing and diminished revenues from the sale of tracks, but musicians also have been able to leverage technology to their benefit. Access to audiences has increased and music listeners have widened their tastes and genres. Listeners can now choose from over 6 million licensed tracks for sale online (UNCTAD 2010). Additionally, creative bands have used the internet to jump into the spotlight. Das Racist, a US based rap group, became internet sensations with their 2008 youtube.com music video 'Combination Pizza Hut and Taco Bell' (See Marketing Model text box on page 36 for full details on their creative use of multi-media technology).

Despite only recent digitalization of music, music sharing has been occurring for decades. This combined with inequitable contracts with major labels means that most musicians gain most of their income from live performances and merchandise. Worldwide live music and concert revenues topped US\$22.2 billion in 2010, up from US\$16.6 billion in 2006 (eMarketer 2011). In the UK, for example, recorded music sales experienced a slow down while live revenues increased to US\$490 million in 2008 (Michaels 2009; Music Ally 2009).

The music industry within developing countries certainly does not lack artists. Instead, developing countries find it difficult to compete in the international music industry due to a lack of technology and expertise at the local level to produce and distribute music. Artists in developing countries also tend to benefit only minimally from published music due to inequitable contracts with major labels and inefficient or non-existent collecting agencies that are suppose to track and collect royalties for artists. Even Latin America and the Caribbean are surprisingly absent from the global music market despite the appeal of their music. Mexico and Argentina lead the region in music export, while Brazil has a large domestic market but a very small export market. Although Brazilian music has significant international market appeal, structural problems in their marketing and distribution hamper exports (UNCTAD 2010: 146).

The Pacific music industry faces similar challenges. A study conducted by the Pacific Island Forum Secretariat (PIFS) focused on the lack of collective management and copyright in the region for both music and literature. It found that with proper copyright protection and the formation of collective management organizations, Pacific music and literature industries would benefit from an estimated income of half a million US dollars at first, eventually rising to US\$1 million per annum overtime. Additionally, the formation of collective management

organizations would increase the protection of Pacific cultures and encourage continued innovation (Tiang 2003).

The three largest challenges for developing countries to access international music markets focus around the business practices of the major music labels. First, despite its cultural origins, most music is recorded in studios in developed countries where it is published and distributed. This is largely due to inadequate recording studios and distribution systems in developing countries as well as each label's desire to control production in its own studios. Second, copyrights are collected in the country where the music is produced, which results in export earnings being channelled to developed countries with high quality producing studios (UNCTAD 2010: 146). Lastly, musicians who have gained international success tend to leave their own countries to settle in developed countries where opportunities for live performances and recognition are higher.

Although the Pacific has a vibrant music industry including both traditional and contemporary music, the industry will need strong recording studios and a strong online presence to compete in the international music market. Traditional channels to recognition will need to be paired with innovative marketing tactics and support systems will need to be developed for artists to succeed. More importantly, strong intellectual property rights laws will need to be developed and enforced with proper resources to protect local and regional markets which are currently fuelling the Pacific music industry.

Dance

Few accurate statistics are available on the size of the international dance market, but the global industry for performing arts, including theatre, opera, dance and ballet, was estimated to be worth US\$40 billion in box office revenues in 2005. The US and France remain the largest markets with US\$7 billion and £1 billion in sales 2005, respectively. These sales are coupled with healthy private and public support in those countries, totalling US\$6 billion for the US and £350 million for France in 2005 (PriceWaterhouseCoopers 2005).

The dance industry is fragmented and diverse, comprising both highly successful formal dance productions connected with internationally renowned theatres and struggling informal, independent, dance groups. At first glance the industry appears small, comprising dancers, choreographers and performances. However, a more holistic view of 'dancing' as an activity includes festivals, nightlife and dance classes (UNCTAD 2010: 248).

Although the size and importance of the international dance market is difficult to quantify, one example of a successful endeavour is the 1995 hit *Riverdance*. The Irish dance show has lasted over 15 years, played to 18 million people, and grossed more than US\$1 billion in box office sales alone during its first 10 years of running. The show's originators, John McColgan and Moya Doherty, provided most of the finance for the show themselves and have enjoyed the show's annual pre-tax profits of US\$20 million (Lavery 2004). However, *Riverdance* is an anomaly in the international dance world. Most dancers and dance groups in both developed and developing countries continue to struggle on below-average wages.

In both developed and developing countries the creation and production phase of the value chain remains the most difficult. Limited access to funds means that artists and art institutions, in both the formal and informal sectors, must be innovative to secure funding. If

artists cannot secure funding the process ends with the creation phase (Lebethe 2003). In the developed world the performing arts, including dance, are heavily subsidized by government and corporate sponsorship. In Australia, the government provides substantial support for the performing arts resulting in AUD\$587.2 million in funding to the sector (including support to companies and venues in musical performances, drama, dance and musical theatre and operas) in 2007-08 (Australian Bureau of Statistics 2010b).

Dance, like most creative industries, suffers from poor intellectual property rights including a lack of strong policies and under utilization of existing policies by artists. This results in loss of benefits to artists, which could be channelled back into the industry to support future endeavours (Lebethe 2003).

In the developing world, dance industries typically include informal and formal traditional dance and formal contemporary dance, with the former often the larger sector. Notable non-Western performance arts that have been successful are the Balinese Theatre and Japanese Noh drama, which gained popularity in European markets in the first half of the 20th century. Currently, Kerala teyyam dance from India is in vogue in both European and Asia cultural festivals while Opera, a predominately European and American genre, is gaining attention in Asian markets (UNESCO 2010: 165). It is important to note that these cultural performances are gaining a market presence in the Western world as a result of geo-political current events. During the early 20th century, Japan and England were testing their friendship by signing the Anglo-Japanese Alliance. Similarly, India's current economic growth and increasing importance in the global political world has shifted both the West's political and cultural attention to the subcontinent. These political and economic events put a spotlight on foreign countries allowing Western audiences better access to their unique cultures.

Celebrities also play a significant role in drawing attention to a nation's culture. Local performers who independently become successful internationally create international demand for local products and help to bolster the domestic market. The show Africa Footprint ran in South Africa for 2 years and toured internationally. After their success internationally, local demand increased (Lebethe 2003).

Specific challenges in the dance industry in developing countries include:

- the often severely restricted mobility of performers from developing countries to developed ones (UNCTAD 2010: 239);
- industries that tend to be fragmented with a lack of financial support, government support and recognition;
- performance productions which are often reliant on NGOs and international donors to cover costs;
- a condensed value chain, with the same market players involved in the entire process; and
- generally poor arts management and management of funds within the sector and within individual groups/businesses (Lebethe 2003: 22).

The South African dance sector presents an interesting example. The country has one of the more vibrant cultural industries within Africa and has been able to capitalize on its culture with government and private sector support. Although the nation has one of the largest dance industries in Southern Africa, it is estimated that theatres have seen a dramatic decline in audiences with attendance dropping more than 50% over recent years. Researchers pointed

to a lack of promotion of performing arts, insufficient marketing and varying cultural preferences as some of the reasons for the decline (Lebethe 2003: 25). This example illustrates that even in countries with robust dance sectors, maintaining audience interest is often difficult.

Not only are the start up and production phases of the performing arts heavily subsidized by government funds or private donors, many performances are not able to provide any returns to investors. The Trinidad and Tobago show 'The Brand New Lucky Diamond Horseshoe Club at a Glance' was created to run during the country's carnival. With support from the Indiana State University's Summerstage Program, The Ministry of Culture, Community Development and Gender Affairs and other corporate sponsors, the show's producers hoped to sell the experience and cover their costs. However, despite the show's attendance of between 2000-3000 during its 2-week run, it made only TT\$460,000 in ticket sales - not nearly enough to cover the cost of production (TT\$1.3 million) and the performers' weekly salaries (TT\$2,000) (Nurse 2006). Since most productions have a discrepancy between high production costs and earned income, performing arts organizations are at the mercy of public and private donors to fill the income gap.

The few Caribbean dance groups that have performed internationally are mainly from Jamaica. The L'Acadco, Ashe, National Dance Theatre Company, Area Youth Foundation and dance groups in the Jamaican Cultural Development Commission's annual festival competition have all travelled/toured/presented internationally. However, most of these events have been as sponsored participants or delegates sent by the government. In these cases, only transport and per diem are covered, with rare cases of dancers receiving a percentage of box-office receipts (Nurse 2006). Field research conducted during Phase 3 of this consultancy, shows that this experience is the same for dance groups in the Pacific.

Overall there is a lack of potential for exporting Pacific dance to the international market. Currently, the world has minimal knowledge of the region due to its geographic isolation, and fragmented and multi-national political make-up. Internationally viable dance productions also require high levels of start-up and operational capital, and returns on investment are risky, and maybe non-existent. Additionally, restrictions on the movement of performers throughout the world add further layers of complication to the already difficult distribution and cost of exporting dance productions.

A more appropriate marketing strategy would target the international tourist market where an appreciation for Pacific dance among Westerners could be fostered. Tourist markets bring important foreign exchange into countries while limiting operational and marketing costs. With appropriate financial backing, the Pacific could develop a large regional dance show aimed at international tourist markets in the region. If such a show gained support and audiences, the next step would be to explore exporting the show to Australian, New Zealand and US markets, major tourist markets for the Pacific, and then Europe.

PACIFIC RIM MARKET POTENTIAL

The Pacific Rim comprises countries that border the Pacific Ocean including nations in North and South America, Asia and Oceania. In terms of market potential for Pacific cultural industries, the most relevant nations are Australia, New Zealand and the US. These countries all have vibrant import markets for cultural goods and services: New Zealand imported

US\$1.22 billion cultural goods in 2008 while the US imported an amazing US\$18.5 billion in cultural goods the same year (UNCTAD 2010). New Zealand and the US hold much potential for cultural goods, but the consultant focused the market research reported below on Australia, as a representative Pacific Rim market that should be a primary target market for Pacific cultural producers.

Since the focus of this consultancy was on European Markets for cultural goods and services, this market research was limited in scope. However, based on field research conducted in Phase 3, the consultant determined that Pacific Rim markets hold more potential for Pacific cultural producers due to their proximity, awareness of the Pacific and preferential trade and investment arrangements (existing and upcoming). The consultant recommends that a more in-depth study of the Pacific Rim markets is conducted in the future.

Australia

Australia represents a growing and accessible market for Pacific cultural producers. Consumers in Australia are eager for a variety of cultural goods and services, illustrated by the fact that Australia continues to import more cultural goods and services than it exports. In 2008-2009, the country imported over 5 times more cultural goods than it exported (in AUD value) (Australian Bureau of Statistics, 2010a). In real numbers, Australia imported over US\$7 billion of cultural goods and services in 2008, showing a 12.3% growth in cultural imports between 2002 and 2008 (UNCTAD 2010). The country has a high appreciation of the cultural industries in general. Australia has long fostered the idea of creative cities, with Melbourne awarded UNESCO's Creative City of Literature in 2008, and the country originating the term 'creative industries' in 1994. Australia's domestic creative economy was worth AUD\$31 billion in 2008, employed about 5% of the workforce and generated 7% of national earnings (UNCTAD 2010: 30).

Handcraft

Although the Australian Bureau of Statistics has available data on visual art and 'arts and crafts', information on the true value of handcrafts within the country is difficult to obtain. Few publically available data are available, to capture the large size of the home décor, furniture, fashion accessory and interior design markets in Australia. The size and value of these markets would provide a more accurate idea of the potential of high-design handcrafted products in Australia.

In the absence of these numbers, the size of the personal and household goods industry can provide a baseline for the value of the sub markets. In 2008-9, retail turnover in department stores, clothing and soft goods, household goods and other items reached over AUD\$104 billion. Even if the relevant sub markets are just a small percentage of this figure, they are still worth millions of dollars (Australian Bureau of Statistics, 2010b).

Additionally, anecdotal evidence provides a picture of strong Australian home décor and design markets. The country hosts over 35 wholesale or retail tradeshows each year, which market design and home décor products to buyers from both Australia and abroad. Additionally, the Australian Gifts and Homewares Association, one the longest running home décor associations, has over 3,000 members and independently hosts 2 wholesale tradeshows each year (Australian Gifts & Homewares 2011).

Based on both statistical and anecdotal evidence, the Australian market for handcrafts provides a substantial opportunity for Pacific producers. The size and proximity of the market and upcoming preferential trade agreements certainly position it for potential.

Visual Art

Australia has become a leader in fine art and culture, with strong participation in major biennales and its own Sydney Biennale, running since 1973. The demand for fine art within the Australian market is robust with annual household expenditures on visual art (paintings, carvings and sculpture) and photography reaching AUD\$282 million and AUD\$203 million, respectively (Australian Bureau of Statistics 2010a).

The country has over 500 commercial art galleries with the vast majority representing artists on an ongoing basis. In 2000, galleries reported an income of AUD\$132 million and an operating profit of AUD\$9 million (Australian Bureau of Statistics 2010a). In addition to standard commercial galleries, the Australian visual art market also sells through artists, auction houses, museums, department stores and market stalls, representing a diverse and strong market.

Although there is much potential for Pacific artists in the Australian market, anecdotal evidence from Papua New Guinean artists has pointed to Pacific discrimination and competition with Aboriginal art as potential barriers to accessing the Australian market. There has been greater success in initial attempts to enter the New Zealand fine art market.

Fashion

Australia has a sizable fashion sector that is supported by both local and foreign suppliers and brands. The country's apparel retail industry was worth AUD\$16.3 billion in 2007, showing an increase of 4.5% from 2006 (New Zealand Trade & Enterprise 2008). Despite the large local fashion industry and well established domestic brands, more than 40% of market demand is fulfilled by direct imports. The majority of retail sales are in women's fashion which accounts for 48% of retail clothing sales. This is followed by men's fashion at 24% of retail clothing sales (Hall Chadwick, no date).

Like most major fashion markets, the Australian retail market is highly competitive. The main retail outlets include department stores, discount department stores, retail chains and boutiques. The market is dominated by department stores which account for 35% to 40% of all women's and men's clothing sales. Although small independent operators account for only 20% of retail clothing sales, this still totals over AUD\$3 billion in sales (Hall Chadwick, no date).

Size, proximity, and beneficial trade and investment agreements, make the Australian fashion market a good target market for Pacific designers. Although competition is high, the range of retail buyers and consumers provide a large platform through which Pacific designers could enter into the larger world market.

Music

With yearly household expenditures of AUD\$665 million on music, the Australian music market is thriving (Australian Bureau of Statistics 2010a). The Australian Recording Industry Association (ARIA) notes that value of the wholesale music sales, including sound recordings

and music videos, totalled AUD446.1 million in 2009, up 5% from the previous year. Although sales of physical units (CDs) were down from 2008, the industry had strong music video and DVD sales as well as increasing digital sales which accounted for 18% of total music sales in 2009 (Australian Bureau of Statistics 2010a). Despite strong industry numbers and increasing digital music sales, the Australia music sector still suffers from illegal P2P file sharing.

The existence of radio programs like Pacific Break on Radio Australia provides Pacific musicians with accessible distribution channels into Australian markets. Additionally, the physical proximity, large diaspora populations and awareness of the Pacific make the Australian market easier to access than European or American markets for Pacific musicians hoping to tour and gain income through live performances.

Dance

The Australian dance and performing arts markets reflect global industry trends. Although annual household expenditures for the performing arts reach AUD\$644 million per year (Australian Bureau of Statistics 2010a), the vast majority of performing art groups are still subsidized through government and private sector support and financing. A survey conducted by the Australian Major Performing Arts Group (AMPAG) found that performing arts groups in Australia benefited from AUD\$48.7 million in sponsorship in 2009 (Australian Bureau of Statistics 2010a). The strong government and private sector support that Australian performing arts groups receive make it difficult for Pacific groups to compete within the country without comparative sponsorship.

DOMESTIC AND DIASPORA MARKET POTENTIAL

Producers and entrepreneurs in all industries can often be swayed by the promise of large and exciting export market opportunities. In this pursuit, many overlook more easily accessible, and often times, more profitable markets that are at their doorsteps. Although not a full market analysis, the research outlined below provides some insights on potential target markets, in which cultural producers can test their skills and products before entering highly demanding export markets.

Tourists: Many countries in the Pacific have vibrant tourism industries and in fact tourism is the main drivers of GDP for countries such as Vanuatu, Fiji, the Cook Islands and Palau (Jiang et al 2010). In 2010, the region accepted 11.6 million international tourists and gained \$US33.5 billion in tourism receipts in 2009 (UNWTO 2011). Despite this large market base, many cultural producers do not have reliable and high quality access to the tourist market nor do they know how to navigate tourist market demands. Tourists are generally less picky on quality standards but have specific requirements on price, size, functionality and design.

Visual artists and artisans also have much potential to tap into niche markets within the Pacific tourism industry such as the bridal and honeymoon markets. By creating specific products targeting these experiences, and marketing them through appropriate resorts and travel agents, producers can reach new consumers. Cultural producers across all sectors need to think creatively about how to better tap into tourist markets.

MICE Market: One niche tourism market that holds potential for cultural producers is the Meetings, Incentives, Conventions and Events market, otherwise known as the MICE market. Globally, the MICE market is worth approximately US\$30 billion a year (One Caribbean 2010). Many national tourism offices are looking to the MICE market to diversify and strengthen their tourism industries. Cultural producers need to prepare themselves to market appropriate products and experiences to this growing market.

Corporate Gifts/Corporations: Like the MICE market, merchandise and sponsorship partnerships with corporations have high potential in the Pacific. Countries that host major natural resource companies, such as Papua New Guinea, need to think creatively about how to access these markets whether through corporate gifts, merchandise, sponsorship events or incentive trips. However, producers must be able to respond to specific requirements and short deadlines to access these potentially lucrative markets.

Local/Expatriates: With large donor and regional cooperation organizations, the number of expatriates in some Pacific countries is high and growing. These consumers are interested in purchasing local products for their homes and gifts for friends and relatives. However, since many are well travelled, their expectations for quality and design are very high.

Diaspora: The Pacific Diaspora spreads across the world. Australia, New Zealand and the west coast of America have large populations of Pacific people, which still have strong connections to their homelands. Some island nations, like Tonga, are tapping into this lucrative market already through festivals and 'exchange events' when the diaspora return for their annual visit to the country. However, the informal structure of the market and ad hoc sales leave much room for growth. With proper product development, increased marketing and networking and improved business skills (especially pricing) producers can increase their earnings from this market.

SWOT ANALYSIS OF THE CULTURAL INDUSTRIES

A SWOT analysis is a formal method by which one can examine the strengths, weaknesses, opportunities and threats of a sector or industry. Strengths and weakness refer to the internal aspects of the industry – aspects over which stakeholders have control. On the other side, opportunities and threats describe external factors within which the industry must function. The consultant created a SWOT analysis of cultural industries in the Pacific based on the information presented in Helene George and Letila Mitchell's Situational Analysis of the Cultural Industries in the Pacific (George and Mitchell 2010) as well as the consultant's own desk and field research. This exercise was done to systematically identify and prioritize areas that can be leveraged for growth or areas that need to be addressed through development programmes or policies. The analysis is not comprehensive but highlights the most important themes in each category.

Figure 4: Pacific Cultural Industries SWOT Analysis Diagram



Strengths in Pacific Cultural Industries

Diversity: The Pacific is a diverse and varied region, with a wealth of cultural goods and services. The potential diversity in handcrafts, music, dance and other cultural experiences could provide buyers with a range of products to suit their tastes. Although this diversity is not currently being harnessed, it has the potential to allow for creative merchandizing in export collections, especially in handcrafts, which are often more successful when they are multi-media and properly merchandized into creative and compelling collections of products. This need is also true for the music industry. Globalization has created a demand for more complex music that pulls from multiple traditions. The movement toward mixing (sampling pieces of music and mixing them into an original song) has brought world music into the pop music market.

Culturally rich: With 22 countries, thousands of languages and as many traditions, the Pacific has a rich cultural base from which artists can draw. In fact, Albert Wendt, a Samoan writer, noted that the Pacific region has more cultural diversity than any other region in the world (Synexe Consulting 2010). This diversity fosters a creative environment where artists can constantly find new inspirations. With poor intellectual property rights management, the only way that artists can survive is to constantly innovate and create new products. The culturally rich environment in the Pacific is a great strength of the industry.

Tourism Markets: Tourism to the South Pacific is perhaps the region's greatest strength. As noted above, the region accepted 11.6 million international tourists in 2010 and gained \$US33.5 billion in tourism receipts in 2009. Smaller island destinations led growth in the region with many experiencing double digit arrival increases (UNWTO 2011). Although not a traditional export market, the tourist market brings important foreign exchange to the region. It can also act as a testing ground for products and experiences to determine their potential in more traditional export markets. Additionally, well designed and high quality souvenirs and gifts purchased in the Pacific and brought back to the tourists' home countries can increase exposure of Pacific goods within export markets eventually increasing demand.

Diaspora Markets: Diaspora markets in Australia, New Zealand and the US are important markets for cultural producers. These markets are highly sensitive to traditional products and often have lower demands for quality and design than traditional export markets. These markets can be easy to access, because many people return to their home countries with the explicit purpose of purchasing cultural goods to take back to their homes overseas. Increased formalization of distribution channels to these markets can greatly benefit cultural producers.

Pioneer Entrepreneurs: Although the majority of cultural industries are in their infant stages of exporting, a few strong businesses have already established themselves in export markets. TAV in the Cook Islands, for example, is a fashion business that designs, manufactures and exports clothing. In the music industry Laisa Vulakoro, a Fijian pop singer, has gained an international following and helped to further the popularity of vude, a music style that mixes disco, rock, country and island style, which originated in Fiji.

Weaknesses in Pacific Cultural Industries

Inconsistent Production Capacity: Despite the number of cultural producers in the Pacific, steady production is difficult to attain. Since many producers, particularly in the handcraft sector, live in rural areas, their lives revolve around traditions and village life. An unexpected village event can interrupt production, meaning missed deadlines and unhappy buyers. The lack of long-term planning in rural communities means that producers often do not see the need to produce excess volume to sell during peak seasons. These planning tactics could help to improve production capacity but must be managed by a centralized and experienced manager.

Low Design Innovation: There is a general lack of design innovation in the cultural industries, particularly the handcraft and visual arts sectors. Currently, producers create the same products over and over and there is high duplication of products between producers. For handcrafts to be marketable in any market (tourist or export) they must be well designed and apply trends within the target markets. Increased diversity in the products available (from different producers) is a key to success. In the tourist market, if visitors are provided with a range of products from which to choose, they are more likely to buy more items. The same holds true in the export market. Wholesale buyers will be looking for a range of product lines and collections, which showcase the variety of skills and designs that producers have to offer.

One of the major factors behind the lack of design innovation in the handcraft sector is the lack of local designers. This is a major gap in the Pacific handcraft value chain and must be addressed in order to achieve sustainable local and export sales.

In the visual arts sector, there is a range of artists creating a variety of products, although most artists are focused on two-dimensional paintings or drawings. There is little avant garde art which is needed to push the perceptions of Pacific art.

Risk Averse: One of the major reasons for inconsistent production capacity and low design innovation in the Pacific is that people are generally not entrepreneurial, or risk takers. This risk averse attitude keeps producers from taking the risks that are necessary to grow their businesses. Whether that means taking out a loan, participating in a fair, buying raw materials or trying new, untested designs, producers are generally not willing to take a small risk today for a greater pay off later. The lack of entrepreneurship has also led to a lack of exporters in the sector and low business skills.

Lack of Formalized Export Market: The risk averse nature of the Pacific has also created a gap in the export section cultural industries' value chain. Except in a few cases (Art Stret Gallery in Papua New Guinea), there are no formal, private sector exporters. In order to successfully enter export markets, local businesses are needed, which can communicate with import buyers, place orders with producers, manage quality control, ship products, handle customs and receive and distribute money. Until this sector is developed, the realistic possibility of sustainability exporting is very low.

Business Skills and Support: Export markets are complex and competitive and even producers from the developed world must take risks when entering these markets. However, entrepreneurs from developed countries often have support systems that provide assistance along the way. The Pacific, as well as most of the developing world, lacks adequate support for entrepreneurs in the cultural industries. Producers themselves often have a lack of marketing, management and financial skills limiting their ability to negotiate contracts, establish letters of credit and clear products through customs. This extends even into e-commerce where SMEs normally face legal uncertainties relating to cross-border e-commerce.

Overall, access to finance can be challenging, especially for musicians, designers and dancers who have no physical collateral (International Trade Forum 2009). This is further exacerbated by the current political situation in countries like Fiji where contracting economies have continued to reduce funds for support of the arts (Dyce 2008). Insufficient support in the private sector can also impede growth. South Africa, for example, has a lack of music lawyers to support musicians in contract agreements, and the Caribbean's weak collection agencies result in lost royalties for artists (Dyce 2008).

Intellectual Property Rights: Even producers in the most developed countries must deal with poor intellectual property rights management and enforcement in the creative industries. Poor intellectual property rights enforcement may not only mean a low return on investment for producers, but also limit incentives to create new products, especially for MSMEs. The cultural producers in the Pacific must deal with inadequate policies and enforcement of intellectual property rights by continual innovation.

Opportunities in the Pacific Cultural Industries

Size and Growth of Market: Cultural goods and services, as part of the creative industries, represent a huge opportunity for the Pacific. Despite the global economic downturn of 2008, demand for cultural goods and services persists. As the world continues to get smaller through globalization and increased communication, more and more value will be put on unique cultural goods and experiences.

Accessible Tourist and Diaspora Markets: Although EU export markets are currently too challenging to access for many Pacific producers, the tourist and diaspora markets offer much potential. Consumers in these markets are more accessible because they travel to the producers' home countries, sometimes specifically to purchase cultural products. Tourists and diaspora consumers tend to be less demanding about design and quality and producers need fewer business skills to sell to these consumers. However, with improved marketing, product design and business skills, producers can increase their penetration into and profit from these markets.

Technology: Much has already been said about the role of technology in the cultural industries. Despite its hampering of intellectual property rights, technology also offers many opportunities to artists, especially in developing countries. The ability to easily access market information, promote or distribute digitalized products cheaply and increase global awareness of Pacific culture stands as one of the largest opportunities for Pacific artists.

MSME Development: The Pacific has a vibrant MSME sector that drive economies, especially in rural settings. The potential for MSMEs within the cultural industries is extremely high given that they receive adequate support from the government in terms of enabling environment and access to capital.

Accessible Development Support: In recent years, international donors have become increasingly interested in the potential of culture as a tool for development. AusAid, New Zealand Aid and the European Union have all shown an interest in their arena, providing a potential opportunity for the Pacific to access important donor support and funding to assist the development of the cultural industries. AusAid, for example, has donated to ACTIV in Vanuatu for handcraft development and has supported craft development in Laos, in partnership with the World Bank. New Zealand has supported craft development organizations in Samoa and a large, sector-wide silk project in Cambodia.

Threats in the Pacific Cultural Industries

Technology: Technology remains one of the largest threats to the cultural industries as well as one of its biggest opportunities. Access to the internet has allowed for easy and cheap e-commerce and marketing but it also means that products can be easily copied, produced with cheap labour in factories, and sold at a lower price. Additionally, technology has helped to decrease prices, which is ultimately good for the consumer but producers, especially of handmade products, do not always benefit from the lower price/high volume model.

Geographic isolation and Fragmented Markets: The region's stunning islands and 'exotic', remote location make it a remarkable tourist destination. However, these same characteristics can hamper growth in export markets. The geographic isolation of the region results in higher shipping costs, since products must be transported via air, which is expensive, or sea, which is time consuming. This geographic isolation also plays into global knowledge of the region. Currently, the Pacific region has little global market presence except in the tourist market or in select cases (e.g. Fiji Water). The fragmented nature of the region also hinders the development of creative clusters that stimulate innovation. Creative clusters, typically cities with large and active creative industries, help to inform producers and keep artists abreast of market trends.

Taste Driven Sector: Creative industries draw on the vibrancy of culture and its unique characteristics. Producers use these elements to create products that are both functional and beautiful. Consumers respond to cultural goods and services both practically and emotionally. The emotional response to cultural goods and services are what provides them with such power within marketplaces, but is also the largest challenge in creating and marketing cultural products. At the heart of the cultural industries is the uncertainty of demand. The industry is driven by personal and cultural tastes among consumers and, despite trend research, it can be difficult to predict what products will succeed and what products will fail (UNCTAD 2010: 87).

Short Product Life-Cycle: Due to the taste driven nature of the industry, products often have short life cycles. There is a fast turnover of products which requires continual innovation and product development. The Recording Industry of Association of American, for example, estimates that the US music industry spends at least 15% of its profits on research and development each year – more than computing, chemicals and aerospace industries (Nurse 2006: 7). Product success is also often contingent upon entering the market at exactly the right time frame. Success of a new album can depend on what else is popular in the world at the moment; failure can be caused by an inopportune release of a more popular or highly anticipated album at the same time. Enterprises must spend money on product development despite the fact that due to market conditions and timing, their products might fail (UNCTAD 2010: 75).

Immigration: Although not typically an issue in the handcrafts or fashion sectors, success in the music, dance and visual arts sectors can often lead to immigration of top cultural producers. Since the focus within these industries is on recognition, live performances or access to exhibition venues, successful musicians, dancers and artists often move overseas where opportunities and markets are larger. In this move they take both their creative leadership and their profits (UNCTAD 2010: 42).

Marketing Model 5: South Africa, An Emerging Fashion Capital

The South Africa fashion industry is now worth over US\$4.3 billion and the country hosted nine internationally recognized fashion events in 2008. Major factors contributing to the success of South Africa in the global fashion industry were the targeted support of the national government, the awareness of domestic fashion brands in the local market and a diversity of established design houses representing a range of cultures and styles.

The country's fashion industry is supported by the government as part of its economic development program. With a specific and targeted goal of developing Johannesburg into an internationally recognized creative city, the Johannesburg Economic Development Unit focused on a number of initiatives. Specifically, the development unit established a Fashion District in the city and organized fashion competitions to stimulate new designs in the market. The city's fashion industry thrives on the diversity of designers, including establishing and emerging designers, and cultivates both design houses and individual designers.

CULTURAL INDUSTRY MARKETING BEST PRACTICES

The cultural industries include a wide range of businesses and products around the world. The following discussion represents some of the best practices in marketing cultural industries from developing countries with a focus on ACP nations. It is by no means comprehensive but illustrates the wide range of marketing options from which Pacific cultural industry stakeholders can choose.

Regional Partnerships

For the Pacific to be competitive in a specific cultural industry sector, there has to be a critical mass of products from which buyers can choose. Handcraft buyers, especially in the home décor and fashion markets, are attracted by a well conceived collection of products which are often multi-media and rely on a variety of skills to create. By pulling together cultural products from varying countries in the Pacific, businesses can develop attractive handcraft collections, which will help to catch the eye of potential buyers. Musicians and choreographers that draw on the multiple traditions in the region can access more niche markets with their overlapping appeal. Within the larger context, connecting businesses throughout the region will help to highlight the abundance of cultural goods and services within the Pacific.

Regional partnerships can also help organize sectors and lobby on behalf of individual producers. The Caribbean Copyright Link is a good example of how a region pulled together to support musicians and songwriters. The project is a joint venture between four Caribbean copyright management organizations and helped increase royalty collections from US\$1.2 million in 1999 to US\$2.6 million in 2005.

Cross Fertilization

Regional partners can lead to cross fertilization, the life blood of the creative industries. Cross fertilization in the cultural industries refers to the idea of two separate traditions, designs, motifs and so on, coming together to form a new cultural good or service. Most great music genres start this way: jazz was the blending of American popular music and African rhythms, and reggae was created through an evolution of ska and rocksteady.

Culture is not static and relies on these cross fertilization opportunities for great innovations and movement.

Although much cross fertilization happens organically, government and arts organizations can foster the sharing and exchanging of cultural ideas. International art biennales are one example of opportunities for more formalized sharing and cross fertilization, but also act as important marketing events for individual artists. Another example is UNDP's leveraging the Pan-African Dance Festival to create opportunities for cross fertilization within Africa. UNDP sponsored three artists from the National Ballet of Rwanda and two artists from the Lake Victoria and Nyansa Creative Arts Association to work with a Brazilian NGO. At the end of the experience, the group exhibited at the World Cultural Forum and the International Conference on Creative Economy for Development in Rio de Janeiro. Together they had created more than 300 items using collaborative techniques of tie-dye, batik and silk screening (UNCTAD 2010: 36). Not only did the artists learn different skills and techniques, they used the opportunity to launch their products into the marketplace.

Private Sector Partnerships

Few brands from the developing world would be able to compete with Louis Vuitton, Prada and Chanel. But with the support and help of these world renowned companies, developing world entrepreneurs can leverage big brands to enter world markets. One private sector example is the partnership between Louis Vuitton and Edun, a company owned by U2's Bono and his wife. Together they reached out to Made, a fair trade Kenyan artist group, to build a new collection that represents the human journey from Africa. The collection has been widely successfully and benefits from the brand names of both Louis Vuitton and the star power of Bono.

Public Sector Partnership

Not all developing world entrepreneurs can be lucky enough to be handpicked by Bono. However, a range of multilateral development organizations support programmes to expand cultural industries. In 2008 the International Trade Centre, a joint agency of the WTO and United Nations, approached leaders in the European fashion community to test the market potential of African producers of handbags and accessories. Max&Co, an Italian fashion company, used samples to develop a collection of bags and scarves from Uganda and Kenya. The collection was very successful but would not have been possible without the connection and support of the International Trade Centre (ITC) (ITC also supported the producers in business development skills) (Cipriani 2009).

Many programmes around the world support the development of SMEs and cultural industries in developing nations; the UNDP, World Bank, ITC, Europe Aid, the Commonwealth Secretariat and USAID are just a few. National support for cultural industries is also important, however. Governments must put pro-cultural industry and pro-export policies in place to foster the cultural industries in their countries. For the six top emerging fashion industries (discussed above), government support was highly important for five of the countries. Within the South African fashion industry, government support of the sector was crucial to its emergence as a new fashion capital (see Marketing Model box above for details) (Grail Research 2009: 12).

In both public and private partnership scenarios, producers rely on intermediaries to help link them to major Western companies and build their business skills. These intermediaries bring both social and financial capital to the deals to support developing world entrepreneurs.

Growing Domestic Markets into Export Markets

Growth of domestic markets, including both local and tourist markets, is an important step in creating successful export sectors. Domestic markets help to subsidize the production of products, and thus absorb failed products and help producers learn business skills with a lower risk level than might be encountered in export markets. In addition, tourism markets allow producers to test market products with a smaller investment in distribution, and to gather market feedback from export market consumers directly. Tourist markets also help build national presence within export markets. The South African fashion industry gained international recognition only after local fashion brands gained popularity in domestic markets.

Festivals

Festivals are often significant contributors to national economies. Carnival festivals in Brazil, Colombia, Cuba and Trinidad and Tobago provide both economic and cultural benefits to each country. Economically, the festivals provide important benefits including direct marketable output in live and recorded performances and indirect benefits of tourist expenditures. Culturally they propel the music and dance of each country into the international spotlight. Festivals also act as incubators or trial periods for artists to test new products and for businesses to develop their skills. Carnival in Brazil has an estimated annual turnover of US\$600 million and provides employment opportunities for almost half a million people (UNCTAD 2010: 39). However, in order for festivals to reap this economic benefit, they need to be marketed properly and showcase cultural products that match target markets.

Branding

Branding remains at the heart of traditional marketing and is becoming an ever more important part of differentiating products and businesses in all industries. Increasingly consumers are more aware of their status and how products and services can help bolster this status (Trendwatching.com calls this the 'statusphere' trend). Luxury brands, eco-brands, local brands and information brands all play into a consumer's desire to appear wealthy, environmentally-friendly, locally-oriented or constantly informed. Branding can help leverage a small, little known company into an international spotlight.

Branding can occur on many levels including the regional, national, sector and company levels. Successful sector and company brands can improve a country's overall image and vice versa (UNCTAD 2010:50). The Pacific could rework and leverage its tourism brands to build the image of cultural diversity and excitement in the region. However, branding at all levels requires significant investment. Brands must capture the essence of the business and not just describe the product. Additionally, brands should be seen as promises that businesses make to consumers and companies should spend time on their brands to ensure that they are offering promises that they can deliver.

Innovative Marketing Strategies

Although many cultural industries rely on traditional marketing channels (92.9% of apparel is still sold in brick and mortar stores for example), combining traditional marketing with innovative marketing can give producers an advantage. The following points are examples of innovative marketing strategies that cannot be called best practices since many of them are still too short-lived to be evaluated. Instead, they represent potential activities that can be incorporated into more traditional marketing strategies.

Customer-Made: Noted by Trendwatching.com as a trend to watch, customer-made refers to the unique experience of producers and consumers co-creating a product together. As defined by Trendwatching.com, customer-made is:

The phenomenon of corporations creating goods, services and experiences in close cooperation with experienced and creative consumers, tapping into their intellectual capital, and in exchange giving them a direct say in (and rewarding them for) what actually gets produced, manufactured, developed, designed, serviced, or processed (Trendwatching.com 2011).

Not only do customer-made products engage consumers but they increase the presence of the brand and the final product through social networks and media coverage. Consumer participants in the project also help to market the brand and final product through their own marketing channels and social networks.

Embedded Stories: In the information age consumers are eager to have as much information as possible about their products and experiences. Consumers want to know who made their food, where it came from and how it got to their local stores. In the cultural industries this desire is even stronger. The appeal of cultural goods and services is often in the uniqueness of the product or the story of the artist who made it. However, when producers and goods get separated in export markets, these stories become harder to tell. To fill this gap, producers have begun embedding their stories into their products.

Marketing Model 6: Technology versus Tradition in Music

Despite the increase of online music piracy, many musicians are turning to the internet and digital music to gain a market presence. Das Racist, a New York based rap group, rose to fame with their 2008 youtube.com music video hit 'Combination Pizza Hut and Taco Bell'. Based on their internet fame, they released two albums online for free in 2010. MTV selected Das Racist as one of the 25 best new bands in the world and Rolling Stone declared one of their songs from *Sit Down, Man* one of the 50 best singles of 2010. They plan to release their first for-sale album in late 2011 with a large audience already developed and ready to purchase it.

Alternatively, there are bands that stick to traditional marketing methods to collect an audience and get signed by a major label. Menwhopause, an Indian rock band, has been together since 2001. They had a slow rise to fame and focused on traditional methods to gain notice. They participated in the global music industry's largest trade-oriented music fair, South by Southwest, in 2007, competed in international contests, winning the Jack Daniels' Best Band of the Year 2007, and focused on touring in India and the United States. Finally, in 2008 they were signed to EMI-Virgin Records India, who produced their second album and sponsored their first national Indian tour. The group's first album, financed and produced independently, had little market presence but their second album, financed and recorded by EMI-Virgin, has topped Indian music charts within the first few months of its release.

Technology plays a large role in connecting producers and consumers through embedded stories. Through the use of RFID, barcodes or QR codes, producers can give consumers access to the life story of the product. Aceites Borges Olive Oil, for example, assigns each bottle of olive oil a batch number that consumers can use to look up information about the geographic origin of the olives, the pressing date, the producer, place of pressing, tasting core and tasting notes. This technique is ideal for cultural industries that have compelling stories about traditions, producers, places and processes. Consumers are increasingly seeking out more authentic, storied and unique products. Giving consumers access to the whole story of a cultural product will help to grow its market presence and market appeal.

Moreover, cultural producers and sellers can create unique RFID, barcode and QR codes which, when accessed (usually through mobile devices), will lead potential buyers to an interactive webpage about the product and producers. These codes can be sent out with tourist marketing materials, placed in tourist restaurants, hotels, sites, etc or included on posters to increase awareness of the products and cultural businesses.

Subscriptions: Subscriptions to magazines and home delivery of products have been long-standing marketing strategies. Combining these is a recent trend. Canadian Papirmasse, for example, delivers a monthly subscription of an art print to subscribers while Alula, based in the US, offers a subscription to four limited edition art textiles each year. Turntable Kitchen, a US based company, has taken a unique perspective on subscription-based marketing by combining food and music. Each month consumers receive a recipe with selected packaged ingredients and a musical pairing on a flash drive. This tactic allows for cross marketing and appeals to more than just one consumer sense. The combination of products within the cultural industries is vast. Music and art prints can be curated and sent to subscribers, exposing them to more than just one Pacific cultural genre. This marketing strategy allows for artists and musicians to increase their presence in new markets while maintaining a steady source of income through smaller and less expensive products.

Technology: Although technology plays a large role in many of the innovative marketing strategies mention above, it can still be viewed as having a negative impact on the cultural industries, especially the music sector. However, many musicians are simply giving in to technology. One of the largest challenges for musicians is the illegal P2P sharing of music files. To counter this Madonna decided to give away her latest album for free online. Instead of focusing on revenues from album sales she shifted her contract from a music label to an events production company and proceeded to put on her most successful tour to date. By giving away music for free, musicians can gain a larger market while making money from live performances instead.

This tactic can be used in other sectors as well. The design site, Kuvva.com, sources a range of Twitter and computer desktop backgrounds from graphic designers and artists. Users can log on and have their computer or Twitter account 'styled' by Kuvva. The site has been shared with 1.6 million Twitter users and has quadrupled in size since launching. Artists who participate can gain exposure to a global audience that may lead to future sales.

Crowdfunding: Product development and marketing of cultural goods is often an expensive and lengthy process. To help offset the cost of development and marketing, creative producers are increasingly looking toward the general public for help. The internet

and useful platforms like Microfundo.com and Indiegogo.com have helped individual entrepreneurs gain access to individual investors in an efficient way. Individuals can invest in new entrepreneurs through the online platforms and share in the profits of the project. Sometimes individual entrepreneurs reach out to their investors for advice and input (see Consumer-Made above) giving them a more direct connection to the business.⁵

Kickstarter.com is one of the largest crowdfunding websites that focuses on creative projects. One of their projects is Rabbit Island, an artist in residency programme in Lake Superior in the US. The project founders needed support to create basic infrastructure on the island, purchase a boat and pay for operational costs. With a goal of only US\$12,500 they raised US\$14,840 with 189 supporters. Contribution categories range from a minimum of US\$10 to US\$6000 with different rewards for each category level (from a screen printed tote bag to naming the Rabbit Island Boat to becoming an official camp member) (Kickstarter.com 2011).

⁵ For more information about crowdfunding sites and their terms see: <http://blog.webdistortion.com/2010/07/18/9-crowdfunding-websites-to-help-you-change-the-world/>

PART 2: TRADE AGREEMENTS AND POLICIES FOR THE CULTURAL INDUSTRIES

TRADE AGREEMENTS AND POLICIES

Domestic, regional and international trade policies and agreements can play a significant role in the expansion of cultural industry trade for the Pacific region. Currently there are three RTAs in the Pacific including PICTA, PACER and SPARTECA which aim to increase intra-region trade. The region is currently working on PACER+ which will include Australia and New Zealand in an RTA with the aim of expanding free trade to the broader region. Also, the EU has been in negotiations with the Pacific since 2008 to create an Economic Partnership Agreement (EPA) which would replace the Lome/Cotonou Convention.

This analysis is intended to shed some light on how these future agreements might be used to foster the trade and development of cultural industries in the Pacific. However, it is important to note that international trade agreements typically do not have the largest impact on the cultural industries. More often than not domestic policies, accurate market research and product development have a much larger role in the success or failure of cultural industries in export markets.

The current policy options offer two main ways of assisting trade in cultural goods and services including tariff and non-tariff measures. The development and implementation of non-tariff measures remains important to the cultural industries and must be evaluated with respect to their potential negative impact. Non-tariff measures on quotas of local content, labelling, marketing, packaging and intellectual property rights can be critical factors in the success or failure of a trade agreement for the cultural industries.

Before delving into the specifics of current and potential trade agreements and policies, it is important to note again that domestic policies play a central role in the development of cultural industries. Strong pro-culture domestic policies can provide a solid foundation and infrastructure to help the cultural industries flourish, including direct and indirect financing by public institutions to help develop cultural trade. Total public expenditure on culture in the European Union, for example, was approximately €50 billion in 2008 (UNCTAD 2010: 209). In the Pacific, domestic policies that need to improve include funding for the development of cultural sectors, the slow clearance of export goods through ports and customs, lengthy and complicated inspections and paperwork, and the lack (high expense) of quality raw materials.

EU Approach to Trade in the Cultural Industries

Formal economic relationships between the European Union and the rest of the world have been governed by the General Agreement on Tariffs and Trade (GATT) since 1947. Based on the negotiations and agreements made within GATT, the World Trade Organization was formed in 1995 to help govern the flow of trade and oversee agreements such as GATT (World Trade Organization 2012). In 2000, specific relationships between the EU and ACP were created in the Cotonou Agreement which was aimed at developing and liberalizing trade between the EU and the 79 ACP countries (European Commission 2011). In 2008, the

EU shifted focus to replacing the Cotonou Agreement to multiple EPAs with individual ACP countries or sub regions (Overseas Development Institute 2008).

In terms of the cultural industries, the EPAs offer more room for creating specific cultural trade policies and development opportunities. However, they do change the preferential trade agreements laid out in the Cotonou to reciprocal free trade between the Pacific countries and the EU within specific timelines. The EU sees benefits to Pacific countries to include increased access to EU markets, improved production capacity, training opportunities and increased political transparency. For producers and service providers in ACP countries, appropriate EPAs can include:

- free access to EU markets with no quotas and duties on exports to the EU;
- increased regional markets;
- gradual opening of ACP country markets to EU imports and permanent protection for the most sensitive 20% of goods;
- increased potential for trade-related development from the EU; and
- wider reforms to strengthen laws, attract local and foreign investment and create good trade conditions (European Commission: Trade 2011).

For the cultural industries, the most relevant and important aspects of EPAs include:

- more flexible and simple rules of origin which can support the handcraft, visual art and fashion sectors significantly;
- mode 4 provisions which allow for the temporary movement of natural persons to the EU to engage in business (see CARIFORUM-EU analysis below for more details);
- reduced tariffs for cultural goods (except the audiovisual sector); and
- improved non-tariff measures such as easing of export forms and custom/port requirements.

Although EPAs were created to increase the trade from developing nations to Europe, the gradual reduction of tariffs on European exports will affect developing economies. Some countries are concerned that the policy shift from preferential trade in the Cotonou Agreement to free trade in the EPAs will flood domestic markets with imported European goods. This is of particular concern for the cultural industries in the Pacific since the region still has a deficit in the trade of creative goods (i.e. they import more creative goods than they export) and domestic consumers in the Pacific still have a preference for Western fashion and music. Additionally, countries feel that the loss of tariff revenues from an EPA will have a detrimental impact on their economy. Specific potential effects on each of the selected five cultural industry sectors are outlined in Table 1.

Table 1: Potential Impact of EU EPAs on Selected Pacific Cultural Industries

Potential Impact of EU EPAs on Selected Pacific Cultural Industries				
Sector	Tariffs	Non Tariff Measures	Imports	Mode 4
Handcrafts	<ul style="list-style-type: none"> • Reduced prices in EU Markets • Cheaper EU products could harm domestic markets 	<ul style="list-style-type: none"> • Improved customs clearance • Less strict rules of origin • Access to finance, investment and training 	<ul style="list-style-type: none"> • Cheaper imported finishing and packaging materials 	<ul style="list-style-type: none"> • Potentially improved freedom to travel to EU tradeshows
Visual Arts	<ul style="list-style-type: none"> • Price is typically not a concern for the visual arts sector 	<ul style="list-style-type: none"> • Improved customs clearance • Less strict rules of origin • Access to finance, investment and training • Increased IPR 	<ul style="list-style-type: none"> • Cheaper and more widely available imported raw materials 	<ul style="list-style-type: none"> • Potentially improved freedom to travel to EU biennales and events • Increased opportunities for studying in the EU
Fashion	<ul style="list-style-type: none"> • Reduced prices in EU Markets • Cheaper EU products could harm domestic markets 	<ul style="list-style-type: none"> • Improved customs clearance • Less strict rules of origin • Access to finance, investment and training • Increased IPR 	<ul style="list-style-type: none"> • Cheaper and more widely available imported raw materials • Access to new raw materials 	<ul style="list-style-type: none"> • Potentially improved freedom to travel to EU fashion shows • Increased opportunities for studying in the EU
Dance		<ul style="list-style-type: none"> • Access to finance, investment and training • Co-production agreements 	<ul style="list-style-type: none"> • Increased competition from EU performances 	<ul style="list-style-type: none"> • Potentially improved freedom to travel and perform in the EU • Increased opportunities for studying in the EU
Music	<ul style="list-style-type: none"> • Reduced prices in EU Markets • Cheaper EU products could harm domestic markets 	<ul style="list-style-type: none"> • Access to finance, investment and training • Co-production agreements • Increased IPR 	<ul style="list-style-type: none"> • Cheaper prices for recording equipment • Increased competition from EU recorded music • Dominance of EU music in broadcasting 	<ul style="list-style-type: none"> • Potentially improved freedom to travel and perform in the EU • Need to consider how informal tours can work

Pacific Trade Agreements

PICTA

The Pacific Island Countries Trade Agreement (PICTA) was developed during 2005–2006 in order to establish a free trade area between the Pacific Island Forum countries. Ratified by 12 countries, the agreement commits countries to the removal of tariffs on most goods by 2012. In relation to the trade in cultural goods (services are not covered by this agreement), the trade agreement allows exceptions to tariff reductions on specified goods per country (Pacific Island Countries Trade Agreement 2001). The only element of PICTA that might affect the cultural goods' trade, is the exclusion by Papua New Guinea of water and oil-based paints and lacquers, which could exacerbate the lack of available, inexpensive, raw materials for visual artists and hinder their ability to produce and sell their products. The government cultural officer in Papua New Guinea should investigate why these exclusions were made.

PACER

The Pacific Agreement on Closer Economic Relations (PACER) entered into force in 2001 and acts as an umbrella agreement between the Pacific Forum Island Countries (FIC) and Australia and New Zealand. The agreement provides a broad framework for the development of trade cooperation across the region but does not lay out substantive trade liberalization provisions. Instead it outlines a step-by-step process to reach trade liberalization in the region through work programmes (Pacific Agreement on Closer Economic Relations 2001).

Thus far PACER has fostered the development of PICTA as well as programmes for assistance to FIC members in trade facilitation and capacity building. Assistance is provided through the Pacific Islands Forum, the Secretariat of the Pacific Community and the Oceania Customs Organization.

PACER Plus

Currently under development, PACER Plus is a proposed free trade agreement between the FIC and Australia and New Zealand. The Pacific Islands should consider both tariff and non-tariff measures when developing this trade agreement and take notes from the Caribbean EPA with the EU (described below), since many of the same issue apply with trade agreements between the Pacific and Australia and New Zealand.

SPARTECA

The South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) is a regional trade agreement between Australia and New Zealand and the developing island member countries of the Pacific Island Forum. The nonreciprocal agreement provides duty-free and unrestricted access to Australian and New Zealand markets for specific Pacific Island products (Pacific Islands Forum Secretariat 1996). The agreement has been very important in the development of the Textiles, Clothing and Footwear (TCF) industry in Fiji. The agreement covers only trade in goods and in order to benefit from the agreement, products must satisfy rule of origin requirements (Pacific Islands Forum Secretariat 1996). Cultural producers, especially visual artists, need a better understanding of the rule of origin requirements in order to benefit more from this agreement.

Caribbean Cultural Industry Trade Agreements

In 2008, the 15 members of the Caribbean Forum (CARIFORUM) and the members of the European Community (EC) finalized negotiations on an Economic Partnership Agreement (EPA). The EPA is a new WTO-compatible trading agreement which replaces and extends the coverage of Cotonou Agreement. The current EPA between CARIFORUM and the EC aims to liberalize trade and investment and, for the first time, includes special provisions for cultural sectors in a Cultural Cooperative Package. Although the EPA is based partially on the Cotonou Agreement, it puts more emphasis on market access issues.

The EPA is guided by a number of principles including:

- 'supporting and building upon the regional integration process;
- promoting the development objectives of countries of the Region, while being consistent with their development strategies;
- encompassing Special and Differential Treatment, including provisions that go beyond existing WTO measures in addressing the constraints of small size and vulnerability;
- flexibility such that countries can individually calibrate the pattern and schedules of implementation, consistent with their national circumstances, while pursuing the objective of regional integration;
- incorporating and improving on the Lomé and Cotonou acquis regarding market access, for traditional and non-traditional Caribbean exports; and
- a binding commitment to engage in consultations on any matter deemed necessary in order to safeguard the benefits of the Agreement.' (CRNM 2011)

In terms of the creative and cultural industries, the EPA marks an important change for Caribbean states. With the new legislation, the EC has granted market access to all entertainment services, except audiovisual. The agreement also provides for the free movement of cultural services, in what is known as a 'Mode-4' type arrangement. This provision allows for the supply of cultural services through the temporary entry of natural persons for up to six months with quotas. The specification gives access to Caribbean entertainers, artists and other cultural practitioners if they can satisfy qualification requirements and the economic needs test. Some experts have criticized the requirements put in place and the need for an economic needs test, saying that it limits the applicability of the Mode 4 agreement. These requirements are barriers for some producers in the cultural industries. If such an agreement were applied in the Pacific, specific barriers could include:

In principle, this EPA should not be seen as a template since each agreement should be tailor-made to suit the specific needs and the priorities of each region. Nevertheless, the EU-CARIFORUM partnership agreement opened an important precedent, particularly because previous EU trade agreements had almost nothing on cultural cooperation.

- UNCTAD Creative Economic Report 2010

- The requirement that the person be employed by a cultural firm or self employed may prohibit some producers since most artists and producers in the Pacific cannot make a living from their art and typically have a full time job in a different sector.

- Producers or performers with full time jobs in other sectors may not meet the requirements of the economic needs test.
- In some cases, cultural producers or service providers must have a contract with a firm in the EU in order to access a visa under Mode 4. In order for musicians to gain a market presence in Europe they should tour, although self organized tours will not meet this criterion.
- Mode 4 is mostly related to skilled professionals, typically defined as persons having technical and formal training. Since most countries do not have formal education opportunities in arts and culture, most artists do not have formal training and so may not meet the 'skilled-person' criterion.

Despite the new inclusion of cultural industries, experts predict the current and potential EPAs to have minimal impact on the cultural industries with regard to tariffs. The Overseas Development Institute explains that ACP countries already enjoyed €1.4 billion of duty and tariff free access under the Cotonou Agreement which will be extended within the EPAs (Stevens et al. 2010 and CRNM 2006). The special Protocol on Cultural Cooperation, which was incorporated into the CARIFORUM-EU EPA, will have the largest impact on the cultural industries.

The Protocol on Cultural Cooperation aims to generate development and trade gains for Caribbean cultural producers and service providers going beyond the provision for cooperation on cultural industries in the Cotonou Agreement (CRNM 2006). The protocol allows and encourages bilateral cooperation between Caribbean and European countries in the cultural industries. This cooperation could take the form of technical assistance in training or exchange of information, expertise and experience. More importantly, the EPA allows for firms from both regions to invest in entertainment/cultural activities in the other region. This investment could result in joint-ventures including co-production agreements, public-private partnerships and private-private partnerships. Considering that the European Union is the world's leading donor for technical cooperation, this protocol could have tremendous impact if properly developed and utilized (Anuradha 2009).

Although the EU made major steps by incorporating the Protocol on Cultural Cooperation into the agreement, it is not a legally binding instrument. The EU has not set aside any funding for the support of the package and the EU cultural sector has little awareness of the potential and opportunity to partner with the Caribbean sector (KEA European Affairs 2011). Therefore, Caribbean member states need to work with specific EU countries to create a programme work plan to take advantage of this protocol.

PART 3: DEVELOPMENT AND MARKETING OF THE PACIFIC CULTURAL INDUSTRIES

HANDCRAFT DEVELOPMENT AND MARKETING STRATEGY

The large and diverse handcraft sector in the Pacific has the greatest potential for exports. The large production capacity, skill level and available raw materials, position the sector well for growth. However, sector stakeholders must overcome some major barriers in order to capitalize on their strengths.

The most significant is the conflict between preservation and commercialization within Pacific cultures, societies and governments. Current government cultural offices have been focused on cultural preservation, heritage and traditional knowledge protection for many years and any recent steps at the commercialization of culture have been cautious. Market-based product development and a business-oriented attitude are necessary for the development of the handcraft sector in export markets.

The sector still has major gaps in the commercial value chain (see Figure 5). Artisans in most countries are poorly organized and not aware of government support that is available. They have no support from a design sector, to help them conduct market research and design marketable products. Furthermore, there are currently very few private sector exporter-wholesalers with the knowledge and capital to successfully enter export markets.

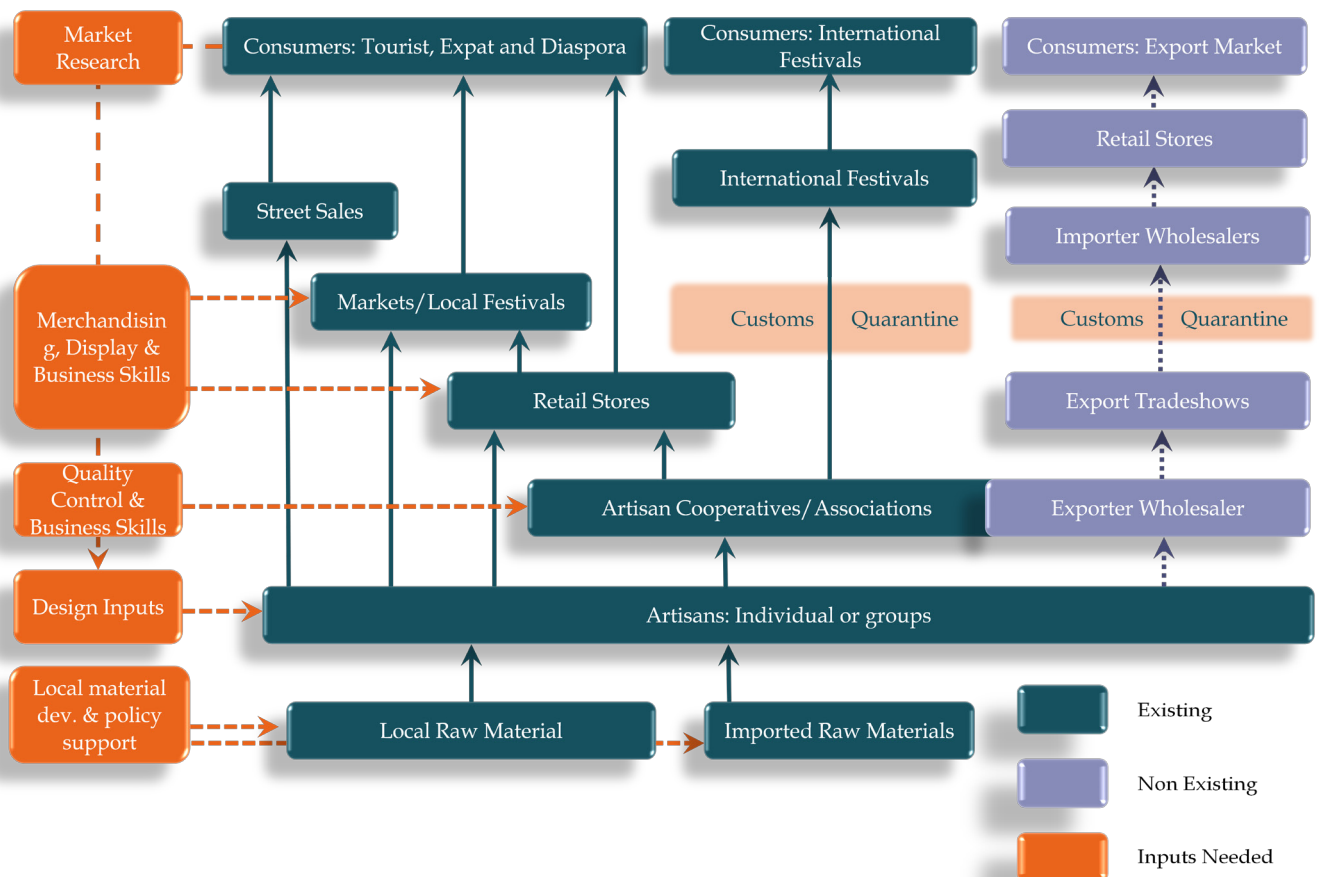


Figure 5: Pacific Handcraft Commercial Value Chain Diagram

The value chain illustrates the current state of the sector (in blue) and the potential value chain needed to reach export markets (in purple). Not only is there a need to develop private sector organizations to support wholesaling and exporting but the sector as a whole needs a range of inputs (in orange). These skills need to be built through a long-term, holistic development program that assists artists in better accessing tourist, local and regional markets and entering new export markets.

Objectives

The long-term objective of this strategy is to develop the Pacific handcraft sector to better penetrate local, tourist and regional markets and successfully enter new export markets through increased local design capacity, more marketable products, improved business skills and proper marketing activities.

Product Description

Handcrafted products play a large role in the traditions and culture of the Pacific people. Whether they are used in ceremonial customs, everyday life or to commemorate a special occasion, craft products have been a part of the Pacific culture for thousands of years. These items and customs form part of the producers' identities and have significant value within the culture. However, increasing modernization in some areas and lower monetary value for crafts are threatening the survival of ancient skills. Increased ethical commercialization of craft products to a wider market base will help to preserve these important cultural skills for future generations.

Despite the large production base and broadly available raw materials, handcraft products in the Pacific are generally repetitive and lack innovation. Due partly to the weight of cultural traditions, producers are typically not willing to take risks on creating new products that are more aligned to market demands. In some cases, one producer will take the risk to create a new product. If successful, other producers will quickly copy it and flood the market with this new product therefore taking away its uniqueness. Additionally, producers need to improve quality, production capacity and consistency to fulfil wholesale orders.

In most countries there is strong competition with imported products. Due to limited production capacity, pricing skills and product designs, many retailers in the tourist market prefer to import semi- or fully-handcrafted products from Indonesia or China. These products often reflect Pacific culture or, in some cases, are exact replicas of traditional Pacific products. Since these products are unlabelled or falsely label (e.g. 'A Souvenir from Fiji'), tourists purchase these products thinking that they are from the destination.

Sector Needs

As noted above, the Pacific handcraft sector is generally uncoordinated with large gaps in export distribution channels. For example, there is little coordination between culturally and commercially oriented government offices. Most government cultural offices are not partnering with the national investment promotion authorities, industry and trade ministries or tourism ministries, for example. These links are necessary to develop a commercially oriented handcraft sector and increase market opportunities and access.

Development⁶ and Creation: Although there are a large number of producers in most countries, they are un- or under-organized, which limits their opportunities to benefit from their skills. In most cases, producers are hesitant to try new designs on their own because they do not have the market research and knowledge to provide a baseline for success. In general, the producer groups have little or no entrepreneurial spirit, and are reluctant to take necessary risks such as investing in raw materials, trying new designs, producing inventory in low seasons to sell in high season, taking loans, etc. This all leads to an inconsistent supply of product, without marketable designs.

Production: In terms of production, producers often do not have access to high quality and inexpensive raw materials, especially for finishing products (e.g. hooks and clasps for jewellery). This is partially due to import duties and high retail mark up costs on imported goods.

To meet export market demands, wholesalers will need a more reliable supply of high quality products. Producers do have strong traditional skills but to create new, marketable products they need to be trained to improve their technical skills and product quality. Also, producers could benefit from training on efficiency to increase production capacity.

Distribution: At the moment, most distribution to end consumers is done through retail stores, markets and festivals, both local and international. The majority of exports are occurring at a regional level through festivals or informal, suitcase exports. Within the local retail store sector the two main types of stores are NGO-run, and for-profit. NGO-stores, such as Langafonua in Tonga, have close relationships with their producers but typically sell on consignment and do not provide strong and digestible market research and design input back to producers. For-profit stores, like Jack's in Fiji, have more commercial and predatory relationships with producers. They often purchase imported handcraft products, have strict pricing guidelines and fulfilment deadlines and soft IP protection. However, they do purchase product outright, usually with an advance for the purchase of raw materials.

In almost all markets, consumers must deal with customs and quarantine. This can be a major deterrent for buyers, especially in Australia, New Zealand and other Pacific countries. Producers and wholesalers need to increase their own knowledge of customs and quarantine to ensure that they are producing products that meet international regulations. Additionally, consumers, especially tourists, need more information about the regulations and fumigation options. Lastly, retailers need to address shipping for tourists if they wish to purchase a large volume or a large piece of handcraft. By facilitating this process, tourists are more likely to purchase a larger and more expensive piece.

In general, all stakeholders throughout the value chain need more information, business knowledge and networking. This is essential to grow strong relationships between producers and sellers and sellers and consumers.

⁶ Within the Situational Analysis the consultant recommended adding a Participant stage to reflect the participatory nature of the Pacific culture. However, by changing this to a Development stage it allows the addition of a crucial feedback loop where Creators can gather market research and new talent to create new and better products.

Promotion: There is a general lack of promotion for handcraft sales with the exception of festivals. NGO-retail stores often do not have large enough marketing budgets to create marketing materials and invest in advertising and social media strategies. However, there are a number of ways that these retailers and associations can increase their market presence without spending much money (see Development Tactics section below).

Markets

Current Markets

Tourist: One of the biggest markets for handcrafts in the Pacific is the tourist market. Products are sold mostly through gift shops, markets and street sales and artisans often rely on tourist markets.

Local: In some Pacific countries, there is still a large local demand for handcrafted products that are used in cultural traditions and ceremonies. Consumers in this market are less demanding on quality but prefer traditional designs and motifs.

Diaspora: Informal links with diaspora markets also bring important sales for producers. Diaspora consumers purchase handcraft products for use in cultural traditions and ceremonies as well, but also purchase gifts items. These sales can be considered suitcase exports, because buyers will often come in and purchase large quantities of product to use themselves and sell to other diaspora members once they return to their home countries.

Festivals: Festivals are currently the only source of standard exports, but festival participation is coming at a cost to national governments, who sponsor artisan participation in the event. To grow these markets so that national economies are benefitting from sales, producers must create better and more marketable products and governments must assess the financial sustainability of participating in festivals.⁷

Collector Market: There was a strong collector's market in the 1980s, especially in countries such as Papua New Guinea. This market has seen declining sales in recent years. With proper product selection and marketing, there is a chance that this limited, niche market base, can be revived.

Potential Markets

Tourist: Although producers are already linked into the tourist market, there is more potential to fully tap into this market. Improved retail experiences, better products and more formal marketing would help producers to gain better access. Additionally, formal links with tourism ministries and tourism associations would help producers to have more market information.

Producers should also consider linking into different tourist market segments. The cruise ship market, for example, has much potential but producers need to create the right products and government cultural offices need to assist producers in setting up marketplaces that are

⁷ There are, of course, very important non-economic benefits to hosting and participating in festivals, including cultural exchanges, increased awareness of the variety of Pacific cultures and the building of national and regional pride.

accessible by cruise ship passengers. Bridal and honeymoon markets also have potential but need the right products, and links with hotels and resorts.

Corporate Gifts & MICE: These markets are currently unexplored, but producers have potential to link with corporations for annual and special gifts as well as the MICE segment, to provide binders, gifts, tote bags, etc. for meetings and events. Tourism ministries would play a crucial role in this market link but producers need to be prepared with a range of appropriate products and ready to fulfil orders on short notice.

Regional Exports: Some producers have made initial steps into regional export markets through PT&I's Marketi Ples project. With the proper support, regional markets, especially Australia and New Zealand, can offer a huge opportunity for Pacific producers. The sector needs to improve product designs, develop formal wholesalers/exports and slowly build relationships with wholesaler/importers and retail stores in export markets.

US Export: Other than diaspora sales to Hawaii-based diaspora markets, there have been very limited sales to US and North America export markets. This lucrative market has great potential, but the sector needs to address its many gaps before pursuing the North American market.

Santa Fe Folk Art Market: The Santa Fe Folk Art Market⁸ is the premier art and culture marketing event for high end cultural products in the United States. The market is located in the western US state of New Mexico, but attracts buyers from around the world. It also acts as a showcase for unique artists with talents and skills. The only Asian-Pacific artists featured in the Folk Art Market's history have hailed from Indonesia and Malaysia. The opportunity to showcase Pacific talents through this selective venue would help to increase the presence of Pacific visual arts in both the US and the European marketplaces. See the Folk Art Market's website for information on applying.

EU Export: If producers have been able to fully penetrate local, tourist, regional and US export markets, they could consider approaching the EU market. However, the geographic distance, high cost of shipping and high competition in this market does not make it ideal for Pacific producers. Entering this market should be seen as a very long-term goal and only attainable if producers have fully accessed other markets.

Development Tactics

Development tactics for the Pacific handcraft sector should focus on five main categories. First, the handcraft sector in each country needs to **improve its organization and determine the stakeholder who will lead commercial development of the sector**. Then through a long-term, holistic development program, the sector needs to **improve its business skills, product development and marketing and promotion**. Finally, there is a crucial need to **develop local design skills** so that producers have a sustainable source of market-driven design.

Sector Organization

One of the major issues in the Pacific handcraft sector is the lack of leadership for commercial development. Many government cultural offices have been focused on preservation and

⁸ www.folkartmarket.org

heritage for many years and do not always have the skill or interest to work with craft commercially. Investment promotion authorities and trade ministries, on the other hand, have the skill and technical knowledge for commercial development but do not have knowledge of crafts in general. There is a need to link together knowledge of craft and knowledge of export to successfully export handcrafts from the Pacific.

It is important that the decision about what organization (existing or new) takes the lead in craft development is made through an informed, participatory forum. Most will need an external facilitator to help them work through important questions but the decision ultimately needs to be made by the public and private sector stakeholders in each country. Once the decisions have been made, there will be a need to build the capacity of these new lead organizations so that they have the skills and knowledge to properly develop the sector.

Business Development

The sector also needs increased organization among the producer and retailer levels as well. Organizations and companies throughout the value chain need to improve their business skills and knowledge as well as the services they offer their members (in the case of associations). Specific areas of training include:

- business and marketing plan development;
- financial recording keeping;
- costing & pricing;
- policies – such sales, sample development, fulfilment;
- sector knowledge – such as distribution channels, design trends, pricing;
- business service development:
 - market research;
 - product design and development;
 - marketing and promotion;
 - raw material banks (bulk purchasing of raw materials).

These tactics will be essential for wholesaler-exporters, before they enter export markets. Although governments will be able to support exporting through their investment promotion authorities and trade ministries, the development of private sector exporters is necessary to establish a sustainable link with importers. Exporters can be advanced retail stores or artisan associations, but they will need assistance in investment and knowledge building first.

Product Development

For Pacific products to better access current markets and successfully enter new markets, product design needs to be improved. Market research is needed, so that producers are well informed, and can also limit their risk (e.g. product development sample fund). Product development should be led by a professional designer with experience in the target market. For example, for tourist market product development, the designer should be Australian because the majority of tourists are from Australia. For US export markets, the designer should have experience in the US home décor and fashion accessories market.

Additionally, producers and lead development organizations should consider creative ways of increasing sales to tourist markets. Tourists are increasingly looking for more authentic and meaningful experiences during their holidays. Craft villages where tourists can learn about and even learn how to produce a craft product are increasing in popularity. Working with

tourism ministries to fund and promote these innovative product development activities is crucial.

Local Design Capacity Building

Although working with international designers is key when entering new markets, it is also expensive. In order to have sustainable design in the long term, the lead development organization must focus on building local design capacity. Successful models of local design capacity building usually include:

- potential designer identification (e.g. visual artists, fashion designers, art teachers, talented producers, etc.);
- product design and development training including how to conduct market research, translating market research into designs, trends research, and costing and pricing;
- linking local designers with experienced international designers for on-ground training and long-term mentoring relationships.

Market Development

Tourist: Lead development organizations should first focus on developing the tourist market because it is more accessible and less demanding than export markets. It also allows producers to ease into more demanding markets and test market some products. Key development strategies include:

- product development for tourist markets;
- retail store training in management, sales training, display and merchandizing;
- brand development campaign to compete with imported products;
- developing consolidated shipping services, arranged by a centralized person so that tourists do not have to spend time arranging this for themselves;
- developing cruise ship markets including product development, pricing (in AUD), retail outlets, sales training (to avoid tourist harassment) and the potential of selling products to on-board stores;
- developing specific products for bridal and honeymoon tourists and marketing these through existing relationships with hotels, resorts and wedding/event planners;
- working with tour operators, hotels/resorts, travel guides and online travel sites to increase knowledge of retail outlets for craft, festivals and events.

Corporate & MICE: Many tourism ministries noted a move toward developing the MICE markets in the Pacific. This comes with an opportunity for handcraft producers to sell new products to this market. However, producers must be prepared with a range of products that meet the needs of the consumers, and be able to customize orders (with the conference name and date for example). These orders must be done at short notice and conducted with a level of professionalism to build a good reputation in the market.

Regional Export: Once local and tourist markets have been properly developed, lead development organizations can start to address regional exports with a focus on Australia and New Zealand first. Due to the geographic proximity, lower shipping costs and cultural links, Australia and New Zealand should be targeted before trying to enter US or EU markets.

As well as business skills and use of the tactics outlined, the regional export market strategy should include:

- product development for export markets with Australian/New Zealand designers;

- wholesale marketing material development;
- tradeshow participation:
 - because of the current status of the Pacific handcraft sector, exporters may need assistance in building relationships with potential importers/retail buyers. One way to do this is to set up an import company in the target market in order to show at importer wholesale shows (selling to retailers). This will expose the market to the new products as well as prime the sector with initial orders. The goal of exhibiting at importer shows is to gain initial orders, as well as possibly placing products with other importer companies exhibiting at the same show.
 - newly established importer companies will need to be able to facilitate orders and work with exporters.
 - usually exporters will need to participate in an export tradeshow three times to gain the trust of buyers and receive significant orders.
- tradeshow follow up marketing ;
- buyer trip organization;
- innovative marketing techniques: embedded stories;
- social media marketing:
 - public relations through blogging and other social media platforms;
 - development of cultural ambassadors who create buzz around the sector through regular social media updates;

Development Partners

Currently, the handcraft sector across the Pacific is disorganized. There is a need to determine who will lead sector development, although all the following stakeholders should be involved in the development of the sector:

- government cultural offices;
- international handcraft development experts (individual consultants, Aid to Artisans, ByHand Consulting, TradeCraft, etc.);
- existing handcraft associations and individual producers;
- existing local retail stores;
- public marketplace organizers;
- potential designers including visual artists;
- universities;
- Pacific Island Trade and Invest;
- business councils/chambers of commerce;
- investment promotion authorities.

Pacific Handcraft Sector Development Timeline					
Activity	Year 1	Year 2	Year 3	Year 4	Year 5
Determine public lead organization	█				
Build public sector coordination	█	█	█	█	█
Producer business skills development	█	█	█		
Wholesaler development	█	█	█	█	█
Exporter Development			█	█	█
Product Development: Tourist Market	█	█	█	█	█
Local Design Capacity Building	█	█	█	█	█
Product Development: Regional export market	█	█	█	█	█
Tourist Market development	█	█	█		
Corporate Gifts & MICE Market development	█	█	█	█	█
Regional Export Market development			█	█	█
US Market Development	█	█	█	█	█

VISUAL ART DEVELOPMENT AND MARKETING STRATEGY

The visual art sector in the Pacific is diverse and vibrant, but the lack of educational, marketing and government support for the sector has prevented it from reaching its true potential. Conflict between contemporary art and traditional art has also fostered social pressures, which have restricted the spirit of innovation and entrepreneurship. Current artists have fought through these difficulties, but to develop a world recognized hub of creative art the Pacific arts sector must continue to overcome these barriers.

Generally, national visual art sectors are disorganized, with dissolving relationships between government cultural offices and the artists. Most Pacific countries do not have a functioning national gallery space which displays contemporary and modern art. These types of gallery spaces, although typically not commercial, act as a stimulus for the visual art sector and foster local demand for art. They can also be centres of academic and curatorial research on Pacific art, which are needed to reassure buyers that their purchase is an investment and not a fad.

Few educational opportunities for the creative arts exist, because they have not been seen as a government priority. The recent initiatives in some countries to integrate arts in primary schools must continue, by creating university programmes in the creative arts, art history/criticism and arts management. Such programmes will help to develop a curatorial and academic base, which is necessary to move Pacific art into international markets.

In terms of marketing opportunities, most artists market and sell most of their own work through street sales and festivals. There are few commercial art agents and even fewer permanent galleries. Added to this, artists generally do not have the business and marketing skills and funds to efficiently and effectively market their own work. A handful of artists have reached international markets through festivals, online sales platforms and the few local galleries that exist. However, they still struggle with customs, shipping and receiving foreign currency payments.

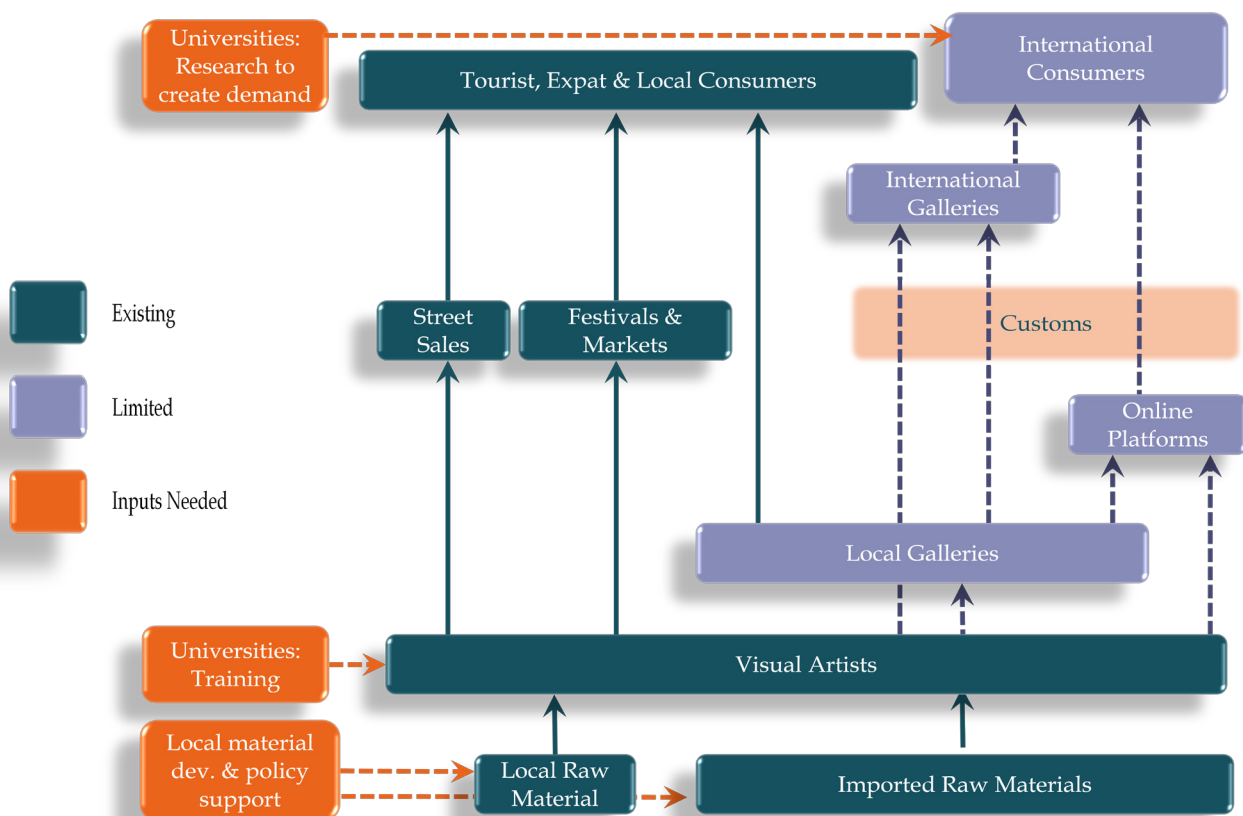


Figure 6: Pacific Visual Arts Commercial Value Chain Diagram

Objectives

The long-term objective of this development and marketing strategy is to cultivate the Pacific as a visual art creative centre with strong local and international recognition for Pacific visual artists.

Product Description

Pacific artists are working in a range of media including painting (oil, watercolours, acrylic, etc.), photography and mixed media. There is a predominance of standard oil or acrylic on canvas pieces and limited installation and avant garde art.

There are two main types of products in Pacific art: high-end, one-of-a-kind pieces, sold through more formal channels like galleries or festivals, and the smaller, less innovative pieces sold in tourist markets produced by reproduction artists. The latter artists do not focus on innovation or creativity, but recreate similar pieces over and over.

Sector Needs

The largest need for the Pacific arts sector is organization at all levels. Artists themselves need to work together through formalized associations, so that they can voice their concerns to government support offices and national business councils or chambers of commerce. Additionally, government cultural departments need to work in closer coordination with other government offices such as national investment promotion authorities and tourism offices. This basic infrastructure is needed to improve policies and investment for art development, increase government funding and support for the art sector, and create information sharing channels.

Development, Creation and Production: Development, creation and production are all driven by the artists themselves. In order to improve these stages of the creative value chain, national governments and artist associations must address education, innovation and access to raw materials.

As noted above, the arts are not adequately represented and supported in the educational systems at both primary and university levels. Government support is needed to integrate arts into the school system at an early age. This will assist budding artists to develop skills while they are young and encourage them to consider the creative arts as a career. Additionally, formal training programs at university level need to be developed to help artists hone their skills and learn about global art movements.

Formal training programmes are the first step in encouraging creativity and innovation. They provide artists with access to new skills and expose them to new art trends and styles, on which they can draw. This is important, to help address the issue of reproduction versus originality in the Pacific art sector. Currently, there is tension between artists who create one-of-a-kind pieces and those who produce large-scale reproduction pieces for mass or tourist markets. Although these two types of artists will always exist, there is a need to differentiate between the two in order to establish a Pacific art sector that can be considered fine art.

Finally, Pacific artists need better access to raw materials. Due to import duties, shipping costs and high retail mark up pieces, available raw materials are low quality and expensive.

Most shop owners are not art supply experts and therefore often do not have the proper paints and tools that artists need. Expensive and unavailable raw materials limit artists' creativity and hinder their ability to experiment with new styles and techniques.

Promotion: Currently, only a handful of commercial galleries exist in the Pacific with just a few having the trust and support of local artists. Most artists are involved in every stage of the value chain including doing their own promotion which currently focuses on word of mouth and a limited online presence. Few of them have the business and marketing skills to do this effectively.

The limited retail opportunities and exhibits that are organized need to be improved. Aside from the few professional galleries, most exhibits are not curated, and do not have proper interpretation. Art collectors and buyers look for this academic research and interpretation as much as the piece of art itself. This research is needed to prove to potential collectors that purchasing a single piece of Pacific art is a worthwhile investment. Additionally, exhibition coordinators need support in proper display, hanging, lighting and promotion in order to raise the status of the pieces that are being exhibited.

Government cultural offices are generally underfunded, understaffed and disorganized with limited potential to support large-scale development of the art sector. Many experience a high turnover of staff, limiting historical knowledge and hindering the process of gaining artists' trust. Often, cultural offices have a lack of business and marketing knowledge since they are staffed with anthropologists and cultural historians. This lack of commercial focus means that many government sponsored festivals and markets have not been examined to develop and ensure financial sustainability. Moreover, they do not have the ability to build business and marketing capacity within the sector.

Distribution: Most sales are made directly by the artists, and distribution is direct from retail sales points. Artists rely on festivals and market events, which provide them with the majority of their sales. Most international sales are 'suitcase exports' made through international festivals and exhibition. Often artists have issues with receiving payments from their clients due to international banking and foreign currency issues or non-payment from clients. Artists need a better understanding of sales contracts and terms of payment to help alleviate these issues.

In order to formally and regularly enter international markets, artists, government cultural offices and newly formed artists associations need training on a range of business and marketing skills on topics such as insurance, shipping protocols, contract development, policy usage, and receiving foreign payments. Artists also need to learn how to value their work appropriately. This includes taking raw materials, time, overhead and marketing costs and reputation into account.

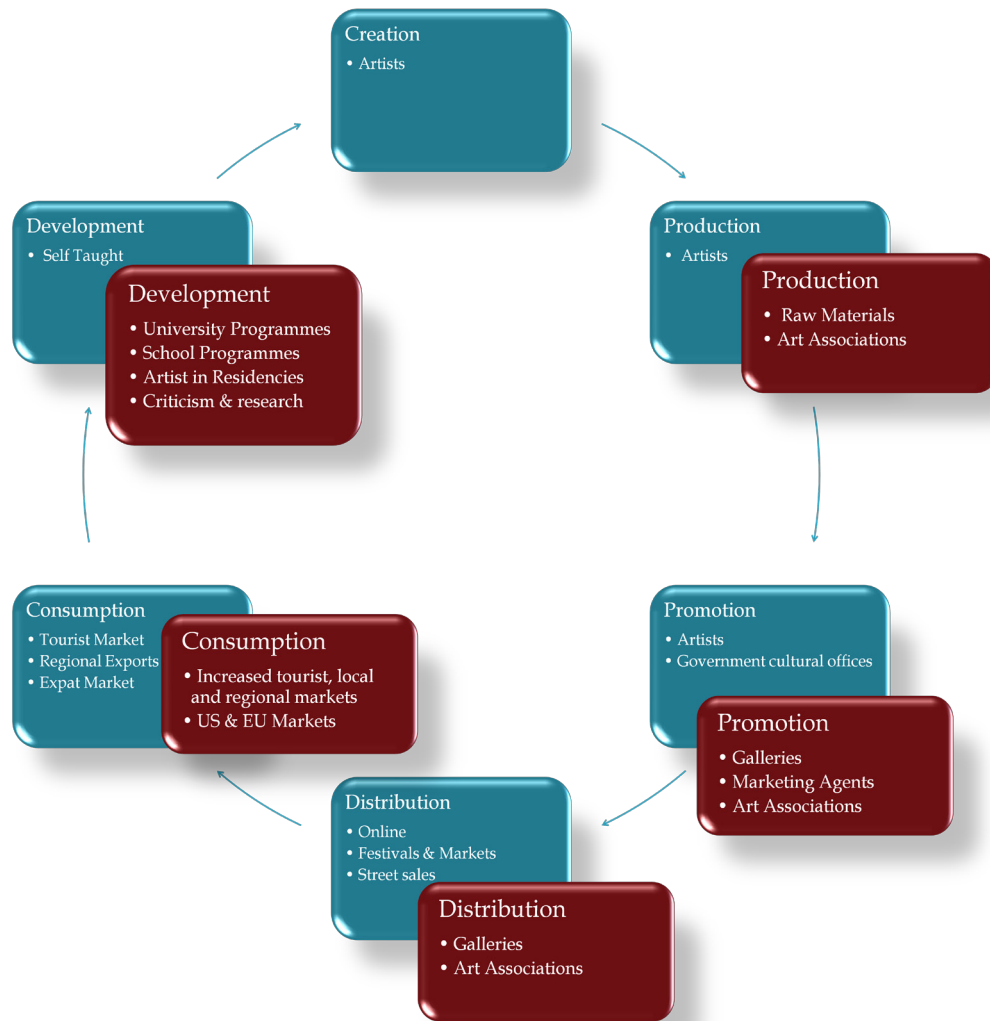


Figure 7: Pacific Visual Arts Sector Creative Value Chain.

Blue = Current situation

Red = Potential Situation and needed inputs

Markets

At the moment, artists are reaching into the range of local and international markets. However, their marketing and distribution is ad hoc and typically done by individual artists. In order to grow the sector, artists need more formal channels of distribution to effectively penetrate these markets.

Tourist: Currently the largest market for most artists, the tourist market remains a foundational base for artists. Because there are few physical gallery spaces and a lack of formal promotion, however, artists are not tapping into the full potential of the tourist market. As physical gallery spaces are established in tourist centres and airports, artists can capture more of this market. Formal marketing, and partnerships with government offices, would allow artists to consider marketing to cruise ship markets (for their onboard galleries), destination bridal markets for photography, portraits and décor, and the honeymoon market for Day After and 'Trash the Dress' photography sessions.

Newly launched galleries, if developed, would need to consider product diversification, in order to be profitable in the tourist market, including merchandise, souvenirs, and possibly food and beverage services to balance art sales.

Local: There is a limited local market with the exception of sales to expats. Expats represent a great market since they are usually more willing to invest in larger and more expensive pieces. However, they will not be quick to buy and want to develop more personal understanding of the art piece. Interpretation and artists stories are important tools to reach this market.

A few galleries have also ventured into the local corporative markets by renting pieces to local and international companies. This requires a fully stocked gallery with a catalogue and professional marketing materials but can be a potentially lucrative market. Companies will want to be sure that they are dealing with a professional and well run gallery before entering an agreement, and galleries must be prepared before trying to access this market.

Regional: Most export sales have been made at a regional level. Participation in festivals is key and previously attended festivals include: the Festival of Pacific Arts, the Melanesian Arts Festival and the Dreaming Festival. Additionally, Pacific Trade and Invest (PT&I) has worked with regional artists in their Marketi Ples project to help gain access to the Australian market.

More formal regional exports have been achieved through the few professional galleries. Art Street Gallery in Papua New Guinea has developed formal relationships with galleries in New Zealand with great success. However, it takes networking and marketing through sales calls and catalogues to form these connections.

US and EU Exports: There have been initial steps to market to the EU market mostly through festival participation. Fiji sent two artists to the Commonwealth Women's Foundation art exhibit in London and Art Street Gallery is working on developing the EU and UK market through their online presence and personal networking. To grow sales to this market, there needs to be ongoing, formal marketing and attempts at US and EU festival and biennale participation.

Santa Fe Folk Art Market: As noted in the Handcraft Marketing Strategy section above, The Santa Fe Folk Art Market⁹ is the premier art and culture marketing event for high end cultural products in the United States but has had no representation from the Pacific. The opportunity to showcase Pacific visual artists through this selective venue would help to increase the presence of Pacific visual arts in both the US and the European marketplaces. See Folk Art Market's website for information on applying.

Development Tactics

Development tactics for the Pacific visual arts sector should focus on four main categories. First, artists need support to create national level arts associations to **build sector infrastructure**. To help the sector gain international recognition, artists and galleries must **increase innovation and interpretation**. Also, to improve sales and marketing, artists, associations, government offices and galleries need to **increase their business and marketing skills**. Finally, with strong infrastructure, proper products and knowledgeable organizations, stakeholders need to **address marketing and promotion**.

⁹ www.folkartmarket.org

Infrastructure Development

- Despite resistance from some artists, there is a need to develop artist-run associations, which could help channel information and concerns from artists to government cultural offices, and consolidate marketing activities to benefit the entire association. To develop these associations, artists need support from government cultural offices and arts management experts.
- Government cultural offices need to work with other government stakeholders to encourage the development of the arts curriculum in primary schools, as a first step to developing the next generation of artists.
- Government cultural offices also need to work with national governments to promote the reinstatement or addition of university level arts programmes. Combining technical skills development for artists, and the critical research found in university level arts programmes, is necessary, to establish the Pacific as a serious generator of high quality and innovative art. These university-level programmes also need to integrate business management classes so that artists can acquire the skills they need to manage the marketing and sale of their own work.
- In the long term, government cultural offices need to lobby the national government for funding to develop and maintain national art galleries, in order to develop the sector as a whole.

Innovation and Interpretation

To increase the professionalism and reputation of the Pacific art sector, artists need to focus on innovation and galleries need to focus on interpretation. Some creative ways of addressing these gaps include:

- increased research through students in non-arts degree programs such as anthropology and sociology;
- hosting avant garde shows that ask artists to submit their most innovative pieces;
- encouraging the government to pursue exchange programmes with a focus on artists and art historians/critics/curators (e.g. Fulbright Program, Marshall Fellowship, JICA, Peace Corps, Australian Business Volunteers);
- developing Artist or Curator in Residence programmes to have more established artists come to the Pacific to work with Pacific artists.
- encouraging the participation of Pacific artists in Artist in Residence programmes in other countries.

Business Skills Development

All stakeholders in the art sector need to improve business skills. Government cultural offices are not commercially oriented and in order for them to offer support to artists, they first need to build their own capacity in business management and marketing. Additionally, since artists are selling most of their work themselves, they need to understand costing and pricing as well as how to interpret contracts and insurance policies, and how to negotiate shipping and payment processes. Newly formed arts associations should also build their capacity in these areas so that they can assist artists in the future.

Marketing and Promotion

Once standard distribution channels are established through galleries or arts associations, these organizations should consider some of the following marketing tactics:

- search engine optimized websites to increase internet presence in export markets;
- branding and marks of authenticity/originality, which can help to differentiate between one-of-a-kind art pieces and reproduction pieces, and raise the prices of original art pieces;
- artists need to develop their portfolios to better market and represent themselves and assistance could be provided through government cultural offices, although artists will need training on how to develop a portfolio (including digital camera use, layout, printing);
- artists need to consider product diversification, including licensing their images on merchandize and post cards, but will need support in reviewing contracts and IP protection;
- increased participation in regional biennales such as the Contemporary Art Biennale in Noumea and the development of professional art shows in each country;
- greater participation in regional festivals with improved local curatorial skills, interpretation and management including: Art Summit Australia, Dreaming Festival, Festival of Pacific Arts, and the Melanesian Arts Festival;
- improve relationships with more developed cultural organizations such as the New Caledonia Cultural Centre;
- increase marketing to the tourism industry by linking with tourism associations and government tourism offices; artists need to be proactive about integrating their art into new tourism development properties;
- lobby national governments to develop investment policies which encourage or require tourism developers to source interior art pieces from local artists;
- partner with airline and regional magazines to increase public relations and press coverage of Pacific art;
- develop the existing art show at the Papua New Guinea Orchid Show to gain wider representation of regional artists and increase professionalism (curatorial research and interpretation), to build its reputation;
- seek funding to develop a Pacific art show that is hosted in conjunction with a major western biennale: if artists cannot win entrance into major biennales, art galleries or associations can host side exhibits during major biennales to take advantage of the critical mass of buyers, collectors and critics;
- use innovative marketing models such as RFID tags, subscriptions, pairings and crowdsourcing to increase knowledge and reputation of the sector (see Innovative Marketing Models sector above);
- explore South African and Indian visual art markets.

Development Partners

Currently, the visual arts sector across the Pacific is unorganized and under-represented. New Caledonia and Samoa are perhaps exceptions, but the consultant was not able to explore these countries because of time constraints. Current stakeholders that should be involved and consulted in the development process include:

- Pacific Island Trade and Invest;
- National investment promotion authorities;

- SME business councils;
- National cultural government offices;
- Alliance Française;
- Pacific Island Museum Association;
- Private sector galleries;
 - Art Street in Papua New Guinea;
- Independent artists.

Visual Arts Development Timeline					
Activities	Year 1	Year 2	Year 3	Year 4	Year 5
Develop national arts associations					
Link national level art associations at regional level					
Increase government coordination					
Increase arts in primary education					
Develop university programmes					
Develop national art galleries/museums					
Increase research					
Host avant garde shows					
Develop exchange programmes					
Develop artist in residence programmes					
Apply to artist in residence programmes					
Improve business skills through training					
Develop branding/authenticity programme					
Increase organized participation in festivals					
Increase participation in biennales					
Seek regional partnerships for marketing					
Link with tourism markets					
Develop professional regional shows					
Increase PR marketing					
Increase creative marketing tactics					

FASHION DEVELOPMENT STRATEGY

With a few established designers and a growing number of emerging, young designers, the nascent Pacific fashion sector is beginning to gain traction. With a major hub of designers and garment manufacturers in Fiji, the sector has slowly grown with the help of Fiji Fashion Week and the Fiji Fashion Council. These organizations are important in the promotion and advancement of the sector but need government support and investment to reach their goal of creating a vibrant women's fashion industry in the Pacific.

Currently, fashion design and production is happening on an ad hoc basis. There are a few established designers, Tahroro, Mena (from Samoa) and TAV for example, who have gained regional recognition with exploratory export orders. However, the majority of young designers are creating on a reactive basis without the skills and knowledge needed to succeed in export markets. Young designers are creating new pieces, marketing them online or through word of mouth networks and securing piece-wise sales.

Fiji fashion stakeholders see women's fashion as the sector with the most potential. High-end women's fashion requires quality designs and materials but is produced in lower quantities. This low volume/high price strategy fits with Fiji's small production capacity and higher labour costs (especially compared to China and Bangladesh).

However, as illustrated in the commercial value chain diagram below, the current fashion value chain lacks the most important sector actor: fashion houses or brands. Fashion houses act as incubators for designers, facilitate the production process, promote and market designs and distribute products to final sale points. By promoting their brands and design aesthetic, Pacific based fashion houses can develop the region as a fashion hub. Although there is great potential in the Pacific fashion sector, the government must take a holistic development approach to foster the promising sector.

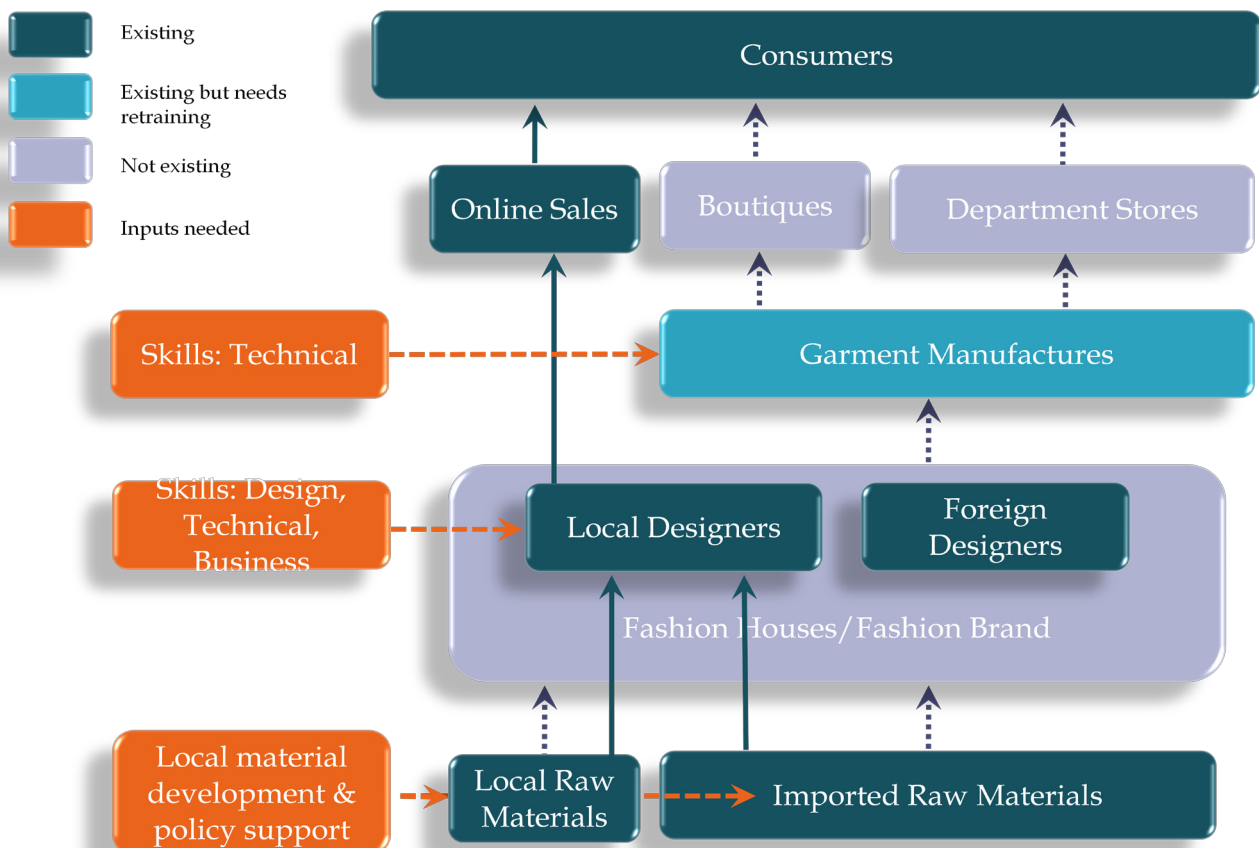


Figure 8: Fiji Fashion Commercial Value Chain

Objectives

The objective of this strategy is to develop the nascent Fiji fashion sector with a focus on the women's high-end fashion market. The long-term goal is to establish Fiji as a fashion hub with strong fashion brands, high quality women's fashion production and innovative designers.

Product Description

The vast majority of designers focus on high-end women's wear with a mixture of Western, Pacific and Indian influences. Since most designers, with the exception of TAV, Mena and Tahroro, have not developed strong collections, their designs are typically ad hoc. Generally, designers have created pieces in resort wear, women's day wear and women's formal wear. A few designers and artists have created limited 'wearable art' collections but typically those pieces have little sustainable market potential.

Sector Needs

The Fiji fashion sector is currently in a nascent stage of development. All levels of the creative value chain need to be addressed through a holistic development programme with proper support from government and bi- and multi-lateral organizations.

Development & Creation: Despite their raw talent, the growing number of young designers in Fiji still lack proper design and technical skills. The lack of formal training programmes in the country means that most young designers do not understand the basic qualities of fabric or how to make patterns, and do not have adequate sewing and finishing skills. They also lack access to proper equipment, software and raw materials that could help them develop their skills and collections. Further, they need support in business skill development including market research, business plan development and investment promotion. Without established fashion houses or design studios, young designers have no formal support system within which they can learn, innovate and grow.

Fiji Fashion Week is playing a major role in young designers' development by encouraging them to participate in the annual fashion show, providing a central meeting space for designer networking and helping young designers to set up their businesses. Fiji Fashion Week's Director, Ellen Whippy, has been the force behind the development of the Fiji Fashion sector. She has worked with established fashion players such as Kookai Fashion House and Mark Halabe at Mark One Apparel to create the Fiji Fashion Council. These initial steps have helped provide crucial support for the young designer sector.

Production: Since most designers are independent and selling on an ad hoc and reactive basis, most production is done by the designer or by a partner tailor. In order for the Fiji fashion industry to develop, production centres must be created. Fortunately, Fiji already has a strong apparel sector with garment production facilities in country. However, garment workers must be retrained to be able to produce the high quality garments that are marketable in high-end women's fashion.

Alternatively, a new garment production facility could be developed in Fiji. There is a good investment climate in Fiji for garment manufacturing for export under SPARTECA. With a tax-free zone and export assistance, garment manufacturing is a sector that has much

potential for new investors. However, due to the lack of locally available raw materials, investors must consider this in their business models. Current garment manufacturers are typically limited to working with clients who have their own raw material supplies.

Promotion: Currently there is little organized promotion of the sector. Individual designers are doing their own promotion through the internet (mostly Facebook.com), word of mouth, and participation in local fashion shows. They do not have the knowledge or funds to be able to market their products more formally. Fiji Fashion Week is the largest opportunity for many young designers and the continual development of this show is crucial for the success of the sector. To increase promotion, the sector needs to partner with or develop strong fashion houses/design studios upon which to build the Fiji fashion brand. Additionally, the nurturing of potential internationally marketable fashion models could play a major role in promoting the sector.

Distribution: Current distribution is ad hoc through online sales and local retail sales. There is some movement toward working with the tourism sector but the quality and designs of pieces need to improve to solidify this market. When export markets are developed, fashion houses/design studios will be necessary to guide and develop distribution. Forward thinking design studios would consider creative shipping methods to keep down the high cost of shipping small runs.

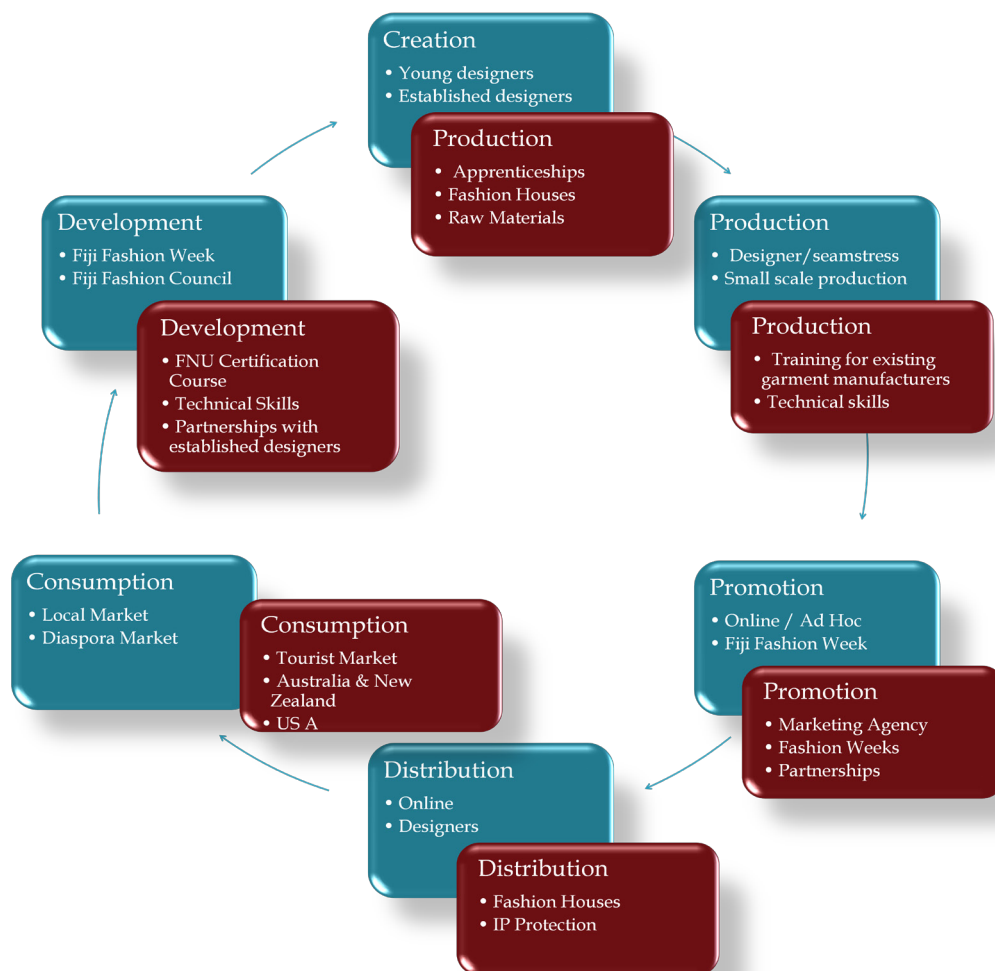


Figure 9: Fiji Fashion Sector Creative Value Chain Diagram

Blue = Existing situation

Red = Potential situation and needed inputs

Markets

Current Markets

Because the Fiji fashion sector is so young, most markets are undeveloped.

Garment: Fiji has a strong apparel industry with small runs of mostly men's garments and uniforms being sold to Australia. New Zealand and Hawaii also have small market potential but tend to be fickle in their relationships with Fiji manufacturers, moving manufacturing to another country if the price is better.

Kookai: Kookai is a French design label with an Australian branch and design studio, which creates high-end women's wear. Now doing production in Fiji, Kookai can act as a mentor to the Fiji fashion sector and young Fijian designers.

Diaspora: Young designers are finding success in online sales to the diaspora market in Australia, New Zealand and Hawaii. The ad hoc basis of this market means there is limited distribution.

Potential Markets

Australian & New Zealand Export: The development plan set out below focuses on helping the Fiji fashion sector to reach Australian and New Zealand women's high-end clothing export markets. With a large market base and geographic proximity, these two main export markets should be the central focus of the sector.

Local: Most emerging fashion sectors have relied on the popularity of domestic brands within the local market. The support of the local market helps young designers to develop and gain a steady source of income to invest in promoting their designs abroad. Local market development remains an important element of reaching export markets.

Tourist: Resort and swimwear have great potential to sell within the wider Pacific tourist market. Tourists will be looking for clothing and swimwear that reflects the unique motifs and style of the Pacific and may form longer term relationships with the brand after purchasing clothing during their holiday. With proper designs, high quality raw materials, strong branding and established distribution channels, Fiji designers can take advantage of this lucrative market.

US and EU Export: As a long-term goal, designers can look to the vast US and EU export markets. Competition based on design and price in these markets is strong, and designers must first establish themselves in the region before venturing into these highly competitive markets.

Development Tactics

Development tactics for the Fiji fashion sector should focus on four main categories. First, active stakeholders including the government need to come together to create a self-defined **development strategy**, which includes commitment from the government or other funders to allocate appropriate resources. Second, the stakeholders need to continue to support the **development of sector infrastructure** so that designers can improve their skills. Once this

infrastructure is established, designers can **improve their technical and business skills**. Lastly, the sector needs to focus on **marketing and promotion**. Specific activities include:

Strategy Development

- Although current sector stakeholders have been working on developing the sector for the past 5 or so years, there has not been a formal national strategy. The Fiji Ministry of Industry and Trade expressed interest in developing a fashion industry strategy but requires resources and technical assistance to complete this.
- The Fiji Fashion Council should be seen as the private sector representative. However, the newly developed organization needs support to get off the ground. Funding and technical assistance should be provided to the council to help it get established.
- The Fiji Fashion Council and Fiji Fashion Week should also consider linking with the Fiji Commerce and Employers Federation to help it lobby the national government for support.

Infrastructure Development

- Adequate government incentives, and investment based on the Ministry of Industry and Trade's development strategy, are needed for the fashion industry to grow. The national government should investigate obtaining support from the Chinese government and AusAid who have shown prior interest in the sector.
- Currently, Fiji National University is developing a fashion certificate and diploma programme. It is crucial that this programme be launched. Stakeholders should consider the following during the development of the curriculum:
 - ensure that classes and the programme are aligned to student needs and available time (e.g. evening, weekend or block classes if students are already working);
 - integrate apprenticeship and internship so that students form networks and gain experience early in their careers;
 - integrate business and marketing skills into the programme so that students know how to run their own businesses; and
 - ensure that the programme is holistic and teaches students about non-design careers in the industry such as critics/journalists, marketing representatives, and fashion show organizers.
- Although, Fiji's IP protection laws for fashion are relatively good, they need to be examined and improved to prepare for the development of the sector.

Technical Skills Development

Technical skills development is the most important element of kick starting the Fiji fashion sector. The development of the FNU program is a crucial first step but other initiatives can include:

- partnership with Australian designers to develop Fiji-based fashion houses, and train young designers;
- developing a design resource centre to help young designers keep track of trends and conduct market research;
- working with the National Centre for SME Development to assist young entrepreneurs with business planning and business skill development; and

- Developing a fashion incubator: NCSMED is interested in doing this but they need technical and financial support.

Marketing and Promotion

During sector development, designers should continue to market their products. Ongoing, ad hoc, as well as formal marketing, will help to increase the international presence of the Fiji fashion sector. Potential marketing activities include:

- developing a designer incubator website where all designers can showcase and sell their products. This larger website would have a greater presence on the internet than individual designer websites.
- developing a fashion incubator retail shop as a standalone store or inside an established store (Jack's, Tapoos, Prouds, etc). This could be done in conjunction with the Fiji Made Brand to assist the promotion of Fijian made products. These retail outlets will need good merchandizing, display and sales people to be successful.
- partnership with the tourism industry through the Fiji Island Hotel and Tourism Association to market resort and swimwear lines to hotel and resort shops.
- looking for strategy partnerships with multilateral organization to sponsor designer development and participation in international exhibitions like the Pasifika and dreaming festivals.
- continuing to develop and support Fiji Fashion Week as the key Pacific fashion show.

Potential Development Partners

Currently, there is excitement and enthusiasm about the development of the Fiji fashion sector. Many stakeholders see the potential in this sector but need resources or technical support to move to the next stage. The following stakeholders have all expressed an interest in being part of the development of the Fiji fashion sector:

- Fiji Fashion Week;
- Fiji Fashion Council;
- Fiji National University.
- Pacific Island and Australian private sector designers:
 - Kookai;
 - TAV;
 - Tahroro.
- Private sector garment factories:
 - Mark One Apparel.
- National Centre for SME Development, Fiji;
- Fiji Islands Hotel and Tourism Association;
- Fiji Commerce and Employers Federation.

Fiji Fashion Sector Development Timeline					
Activity	Year 1	Year 2	Year 3	Year 4	Year 5
Strategy development					
Fiji Fashion Council Formalization					
Investment procurement					
FNU Course Launch					
Strengthen IP Laws					
Partner with Australian designers					
Develop design resource centre					
NCSMED Fashion Incubator					
Designer incubator website					
Fashion incubator retail store					
Link with tourism industry					
International festival participation					

MUSIC DEVELOPMENT STRATEGY

The Pacific music industry encompasses a range of musical genres from traditional songs and chants to modern hip-hop and rap. This array of music provides Pacific markets with choices and Pacific musicians with inspiration. At the moment, the majority of Pacific musicians are selling to local and diaspora markets with a low presence in international markets.

Despite the growing number of musicians developing their skills and talents, the Pacific music sector is on the verge of collapse. Formal and informal piracy has diluted profits for musicians and recording studios so much that several have closed within the past 3 years including studios in Vanuatu and Fiji. Others, such as CHM in Papua New Guinea, are struggling to keep their music production services open despite the company's long term efforts to curb IP infringement in the country.

Piracy's impact on local market sales also hinders the development of export markets for Pacific musicians. For Pacific musicians to be marketable in international export markets, they must have support from professional recording studios which can create high quality albums and facilitate negotiations with distributors in target markets. Recording studios rely on local sales to provide a foundation for their business and, in some cases, subsidize entering new export markets. Without a strong local market, recording studios across the Pacific will ultimately fail, creating a collapse within the industry.

Figure 10 sets out a commercial value chain diagram depicting the current production and distribution channels for the Pacific music sector in local markets. The general lack of organization within the sector is evident by the number of sales channels with musicians, recording studios, online platforms, local stores and live performance venues all selling directly to consumers as well as to each other. Additionally, most the local consumers are obtaining music at no or little cost. Formal piracy is done through local stores that purchase one legal copy of an album, copy it and sell it for below market price. More recently, local stores have also started to sell digital music on flash drives allowing for even cheaper sale prices. Recording studios and musicians cannot compete with these low prices and lose the majority of their sales through these channels. Additionally, since there are few functioning collecting agencies within the Pacific, musicians and recording studios are also losing out on royalties from radio stations.

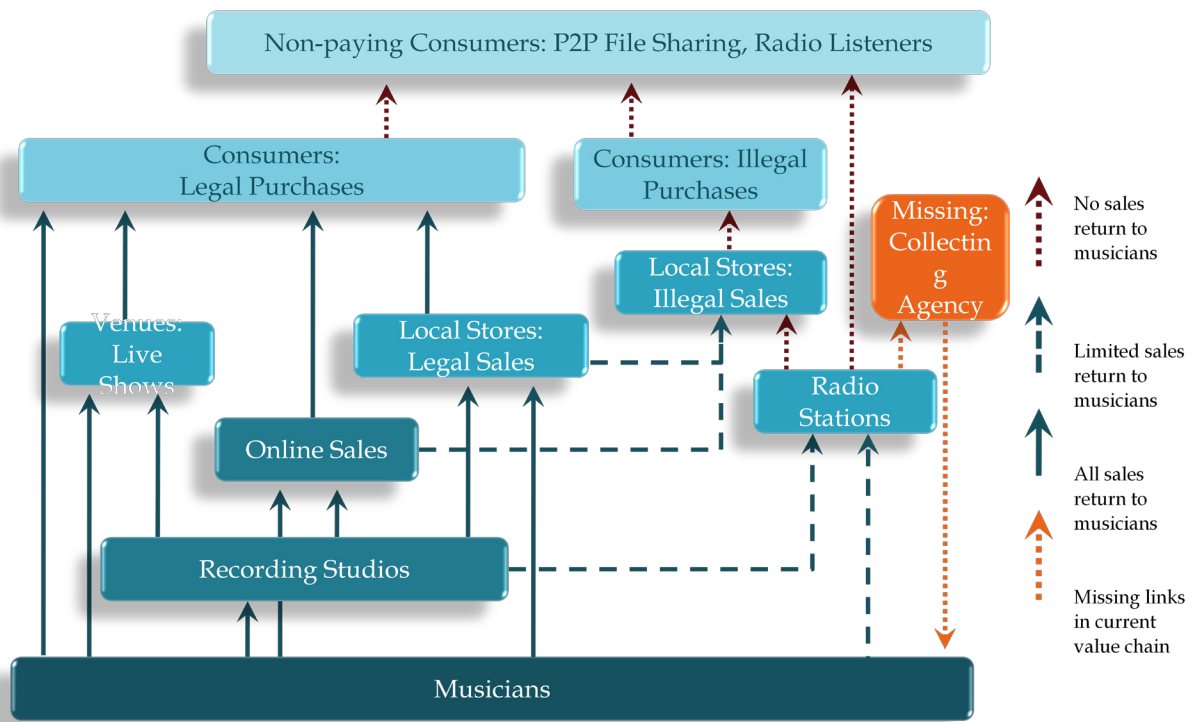


Figure 10: Pacific Music Sector Commercial Value Chain Diagram

Objectives

The objective of this development strategy is to safeguard the Pacific music industry by capturing true sales and income through increased intellectual property protection and the establishment of collection agencies. There is a secondary focus on expanding markets to regional export markets.

Product Description

The diverse traditions, cultures and people in the Pacific create a rich base upon which musicians can draw. With the increasing popularity of Western music in the region, musicians can explore these genres to create their own unique sounds. In general, the main genres of music found in the Pacific include: traditional, fusion, Reggae, Hip-Hop/Rap and Rock with some musicians crossing genres. However, with the exception of a few countries (such as Vanuatu, Papua New Guinea, New Caledonia), the majority of music is derivative and targeted mainly at local and diaspora markets.

With the exception of a few larger recording studios (such as CHM in Papua New Guinea and Mango Productions in New Caledonia), there is a major lack of professional recording studios. This has led to poor sound quality and engineering on albums produced in home studios or at studios with no properly trained staff. In developed music industries, recording studios and producers also work on product development with musicians to create music that is marketable in target markets.

Sector Needs

The largest and most urgent need within the Pacific music sector is the development and enforcement of strong laws to safeguard intellectual property rights. One of the reasons that IP protection is a major issue in the Pacific is the lack of organizations within the sector. In most countries there are no national bodies to represent musicians and recording studios and

therefore music sector stakeholders have no formal way of approaching government bodies to voice their concern over these important issues.

Development & Creation: Although there is an abundance of raw talent in the Pacific, there are few formal training opportunities for budding musicians. This leads to a lack of in-depth music knowledge which can limit the creation stage of the sector. Without formal training and local research on the sector, musicians lack the exposure to various genres that may influence and enrich their style.

The introduction of the internet to the region has helped to some extent. Musicians now have access to a wide variety of music even if they do not yet have the skills to create it. However, the limited number of local radio stations and the population's general focus on mainstream genres still restricts the sector's exposure to new, alternative music.

Finally, musicians are sometimes limited in their creative process due to restricted access to musical instruments, home recording equipment and rehearsal space. Musicians often cannot afford high quality instruments due to high import duties and retail mark-ups and in some countries cannot find a convenient and safe place to rehearse and develop their music.

Production: As noted before, there is a general lack of professional recording and production studios. The few high quality studios that still exist are experiencing declining profits and foresee closing within a few years if IP protection is not addressed. The largest studio in Vanuatu, owned by Vanuatu Music Federation Association President Joe Tjiobang Bong, and a number of studios in Fiji have already shut their doors due to piracy. (See Distribution section below for more details on the Vanuatu music sector.)

In addition to professional studios, there are hundreds of home studios that are equipped with a range of basic recording and mixing equipment. With the improvement of digital technology and the increased access to this technology, home 'sound engineers' have more room to experiment with their music. However, the vast majority are not trained sound engineers and cannot produce high quality albums that can compete in international markets. Additionally, most home recording studio owners lack proper business and marketing skills to sell their products. Further, both home and professional recording studios need better access to equipment and raw materials (such as CDs, cases, and print technology for jackets). High import duties and retail mark-ups make the purchase of some necessary equipment prohibitive.

Recording and production studios will remain the largest barrier to accessing international markets. In order to compete with high quality productions in export markets, Pacific musicians will need to work with professional sound engineers and recording studios. If these are not available within the Pacific, successful musicians will work with studios in Australia and New Zealand and the profits from their album sales will stay in those countries.

Promotion: As seen in the commercial value chain diagram above, a range of market players are promoting music. Musicians are promoting their music to recording studios, online sales platforms, venues and consumers. Because they must work through so many channels, musicians must dedicate a significant amount of time to marketing and promotion

of their own music. Recording studios, when they exist, also must market through multiple channels including online platforms, brick and mortar stores and radio stations. Recording studios usually take the lead in promoting music through advertising, public relations and live performances or tours. However, studios now have limited funds for promotion due to piracy-related declining sales. This is reflected in a general low online presence of most musicians and recording studios, which limits their exposure in export markets. Finally, one of the major channels of promotion is through local radio stations where local music must compete with Western music for air time.

Distribution: Again, as noted in the commercial value chain diagram above, there are a large number of channels of distribution. Musicians distribute their music through online sales, recording studios, local stores, venues and directly to the consumer. Recording studios must also deal with a range of distribution channels including online sales, local store, venues, international distributors and retailers and, in some cases, directly to the consumer. However, once music makes it into the local stores or online sales platform, the informal sector takes over. Local stores will purchase one copy of a new album and within hours reproduce the music on cheap CDs or flash drives to sell for low, below market prices. In some cases, these store owners obtain copies of the album from radio stations before the formal release of the album. Consumers who legally purchase an album will probably share the digital files with their friends through P2P file sharing, reducing overall sales of the product.

Vanuatu has recently made significant efforts to address music piracy by passing the Copyright and Related Rights No. 42 Act 2000 in February 2011. The Act states that it is now illegal for retailers to sell CDs and DVDs of Vanuatu music without authorization from the owners/production studios. Retailers caught with illegal merchandise will have the merchandise immediately removed and destroyed, and they can be legally punished. Although the Act is a major coup for the industry, it is not without its flaws. Without proper co-production agreements, the law will have little effect on Pacific music not produced in Vanuatu. Unless a Pacific album is officially released in Vanuatu within 30 days of its original release, it does not fall under the current Act. Additionally, the Vanuatu Music Federation has had problems with enforcement. The government has not set aside funds or resources for the enforcement of the law leaving it up to individual musicians and the federation. Joe Tjiobang Bong has done much of the enforcement personally, circulating cease and desist letters¹⁰ to retailers who only accepted them when he returned with a police officer.

This break down in intellectual property protection will ultimately cause the collapse of the sector. Without strong recording studios and producers, Pacific musicians will not have the proper technical, creative and marketing support needed to access local, regional and export markets.

¹⁰ A cease and desist letter is not a legal document but acts as a warning to those engaging in illegal behavior. It can be drafted by anyone but usually involves the aid of a lawyer. Essentially, it asks the recipient to stop specific current actions (cease) and not to take them up in the future (desist). If the request has no response, the recipient will face legal action through a legally binding cease and desist order (drafted by a judge) or through arrest by a law enforcement officer.

Even, if intellectual property protection is increased to a meaningful level, there are still further challenges at the distribution stage of the music sector. One challenge is the lack of qualified and available lawyers who can assist musicians in reviewing contracts with studios, radios and external marketing agencies. Some recording studios in the Pacific and elsewhere develop contracts that do not benefit the artist in the long run but rather provide upfront cash for their masters. Often musicians do not realize that this is predatory behaviour and that they are losing out on major profits from royalties and sales.

Consumption: Major barriers at the consumption stage include the lack of live venues with professional staff and equipment and, in some cases, proper security. Some of the largest live music concerts hosted in the region are put on by CHM in Papua New Guinea. CHM provides its own marketing, ticket sales, event staff and sound equipment since there are no venues that can offer these services. Additionally, there are high levels of competition from imported Western music that is available cheaply through formal and informal piracy.

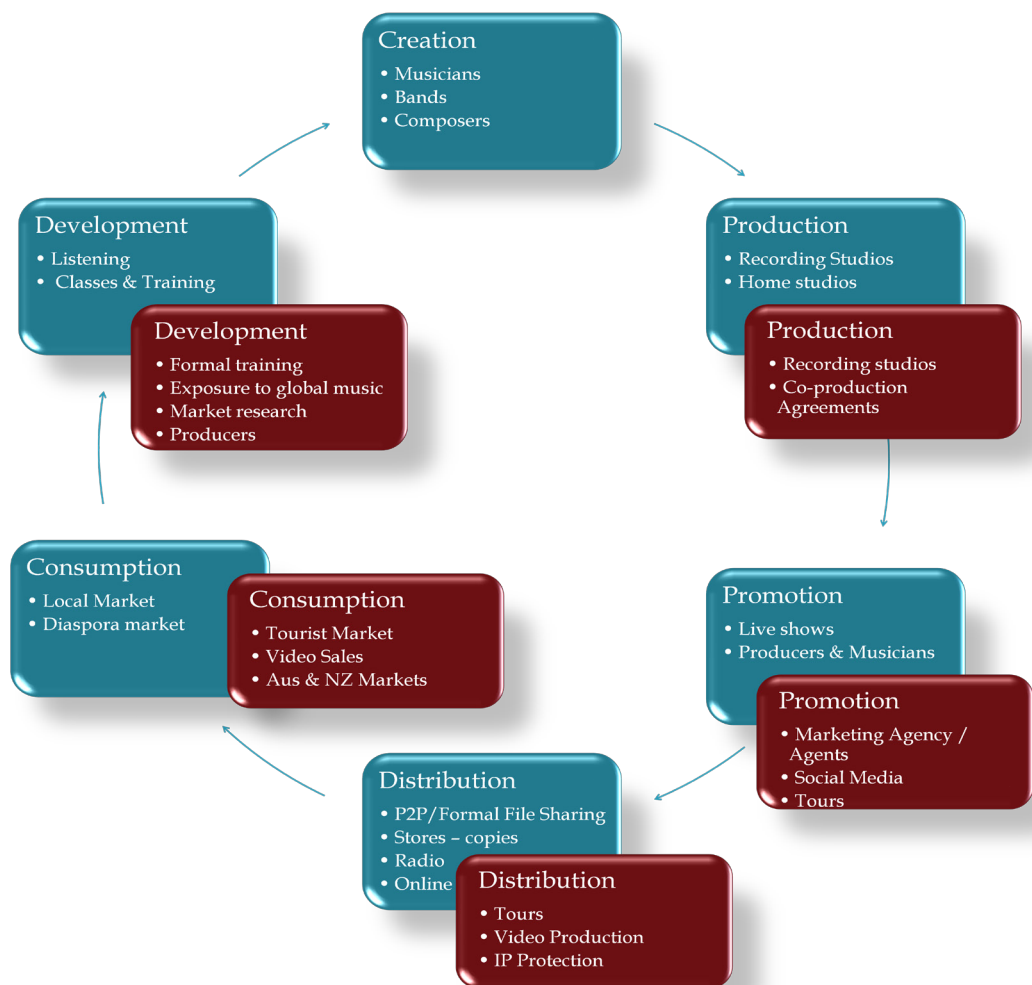


Figure 11: Pacific Music Creative Value Chain Diagram

Blue = Existing situation

Red = Potential situation and needed inputs

Markets

Profits from recorded music are declining globally due to worldwide piracy. Market players in the Pacific music industry need to keep this in mind if they decide to move into non-regional export markets.

Current Markets

Local: There is a large and growing local market for Pacific music. However, formal and informal piracy has eroded this market base. Within the local market there are segments typically based on age. Traditional music is targeted at older age groups while contemporary/fusion music is targeted at younger generations. In some countries such as Fiji, ethnicity plays a major role in music markets due to the mixture of Polynesians, Melanesians and Indo-Fijians in the country. Each music group tends to listen to its own culture's music, with younger generations crossing over in each category.

Diaspora: Most formal recording studios are tapping into diaspora markets through informal sales trips or formal relationships with distributors in target market countries. Diaspora tourists also purchase music when returning to their home countries. However, more formal marketing activities could increase this market.

Potential Markets

Local: In order to regain control of local markets, national governments must put in place strong IP laws with serious penalties and set aside proper resources to enforce these laws. Additionally, corruption (especially bribery) must be ferreted out so that repeat offenders do not avoid fines and/or arrest. If IP protection can be successfully addressed, the Pacific music industry will regain their most important and crucial foundation market.

The local market also has much potential for increasing sales from live performances. Despite the expense of tours, even at the national and regional levels, live performances are the future of the music industry. However, in order to create high grossing tours in the Pacific, there needs to be investment in proper venues and fundraising or investment for tour expenses.

Diaspora: Even though musicians are currently accessing diaspora markets, they have not tapped into the full potential of these markets. Formalized tours to diaspora areas and more established relationships with retail stores could bolster sales, but recording studios will need funds to invest in market development.

Festival: Currently, musicians are participating in a range of Pacific based festivals including the Festival of Pacific Arts, the Melanesian Arts Festival and local festivals. Few musicians have been able to profit from these festivals, however, and their involvement in them is usually subsidized by the festival or the particular national government. Additionally, most local and regional festivals do not offer exposure to larger markets or scouts. Festival organizers or recording studios need to investigate the possibility of using festival music performances as a way to showcase and market musicians to international agents and recording labels. Finally, national governments need to support musicians who wish to participate in more commercially oriented festivals in export markets.

Tourist: Currently, musicians are not tapping into the mainstream tourist market. Tourists can be reached through both live performances and recorded music. However, they must be

targeted properly since many do not consider buying a CD or attending a live performance when planning their Pacific vacation. Musicians must work with private sector associations and government tourism offices to have their products placed in areas that are accessible to tourists such as hotels and restaurants. Additionally, local festivals and music shows should be advertised through hotels and tour operators where tourists can learn about them.

World Music: World Music is a growing genre that includes both traditional and fusion music from around the world. Despite the lack of hard numbers on the size of the World Music market, its growth in recent years holds much potential for Pacific musicians. Distribution channels for World Music can vary slightly and focus more on live performance and festivals where music listeners can explore new music before buying.

Additionally, the work of local musicians may still need to be distributed and marketed through intermediary companies with a wider global presence such as Real world music, Lusafrica, Sonodisque, EPIC, Melt 2000, BMG or EMI. Typically, these US or EU based companies then channel profits and new recording deals into their own countries, restricting the flow of profits back into the Pacific.

Export: Mainstream export markets suffer from the same barriers and challenges as the World Music market. The need for established and international distributors can be a catch-22 where musicians cannot gain an international presence without them, but their involvement limits the ability for the Pacific music industry to benefit from international sales. Additionally, if Pacific based recording studios want to access mainstream export markets on their own, they need substantial investment for touring and marketing in target market countries. The decline of profits from local markets due to piracy has limited the amount of funds that recording studios and musicians have to invest in expanding to new markets.

Online Sales: Although a handful of musicians and recording studios have started selling tracks through iTunes and other online music platforms, there is much room for growth. There are a number of online platforms that Pacific musicians can explore. Spotify.com has recently launched its US operations and already has a large market in the EU. eMusic.com, a US based company, has gained popularity over the years for cheaper downloads. Wikipedia has a convenient, although not complete, list of online music stores including geographic restrictions, platform type and notes on genres. Available at http://en.wikipedia.org/wiki/Comparison_of_online_music_stores

Development Tactics

Development tactics for the Pacific music sector should focus on four main categories. First, there needs to be an **immediate focus on national and regional infrastructure development** with a focus on national level sector organization. Second, national governments must make serious and significant efforts to **increase IP protection and assign proper resources to enforce IP laws**. Additionally, there needs to be a focus on **improving product development and increasing business skills and management knowledge** within the sector. Lastly, the sector needs to examine short term **creative marketing activities as well as plan long term marketing strategies**. Specific activities include:

Infrastructure Development

One of the largest challenges for musicians is that they do not have a national representative solely focused on supporting the music sector. Most countries have government cultural departments, but few are focused on promoting the commercial music industry. By forming private sector associations, musicians can have more power to raise their concerns to national governments as well as track sales and royalties for their association members.

- In order to collect royalties from local, regional and international radio stations, lobby the government for beneficial policies and investment programs and network within the sector, national music sectors need to organize themselves. Currently, Fiji is the only country among the Pacific Islands with a functioning national collecting agency, the Fiji Performing Rights Association. Each country needs to establish a music association to act as a collecting agency for royalties, as well as help the sector to lobby the government.
- Once these national organizations are formed, a regional umbrella association should be developed to help coordinate and network across the region. The regional association can help to establish co-production agreements, to assist with IP protection as well as develop creative marketing strategies to leverage each country's products and funds for the benefit of the whole.
- National and regional associations should also examine how existing and potential Mode 4 agreements within policies can benefit them in international touring.

Intellectual Property Protection

Once established, national music associations will need to focus first on increasing IP protection and enforcement within their countries. Some strategies to do this include:

- National associations should lobby their governments to create strong laws with harsh penalties for piracy. They should look for models from the region, such as Vanuatu, from which they can learn. Vanuatu's legislation has both advantages and disadvantages that countries working on their own copyright legislation should consider. This legislation should make clear how it will be enforced and who is responsible for funding investigations.
- National associations should form IP task forces to disseminate IP laws within the country and self enforce laws through cease and desist letters. The task force can also work with customs or censorship boards to create industry safeguards.
- Government and police forces will also need training on how to properly develop IP laws and plan enforcement. One option is to contract the Australasian Performing Right Association (APRA) or the International Federation of the Phonographic Industry (IFPI) to provide training to national governments on IP protection creation and enforcement.
- The national associations should also consider developing a branding and advertising campaign to increase awareness of the impact of IP infringement. Brands can be attached to authentic products to help consumers differentiate between legal and illegal music for sale.

Product Development

- Although, sector organization and addressing IP protection are the largest concerns, musicians should continue to push product development. The wider diversity of

product that is available, the larger market the region will gain. By having more music available, the Pacific can establish itself as a creative hub of music production.

- Product development can also help new musicians gain entrance into export markets. Remixing popular Western artists and posting on user content online platforms can help musicians gain a following in Western markets.
- Regional associations should also aim to partner with USP's new recording studio to increase technical knowledge of sound engineering and production. (USP has built and is in the process of furnishing its recording studio. It has specifically brought in acclaimed musician and composer Igelese Ete to assist in this new venture.)

Business Skill Development

- Musicians need to develop their skills in negotiating contracts which could be addressed through training musicians and recording studios.
- Home recording studio owners and musicians need to develop their basic business and marketing skills which could be address through training organized by national associations.

Marketing and Promotion

The music sector's immediate focus should be on regaining control over local markets.

Medium and long term marketing activities can include:

- Targeting tourist markets through creative product development and partnerships with hotels, private sector tourism associations and government tourism offices..
 - Musicians can work with hotels to have their music playing in the lobby, restaurants or rooms with well designed pamphlets that explain the music and offer a website through which tourists can purchase the music. When hotels send their follow up emails they can include a link to where tourists can purchase music online. Hotels can also offer CDs for sale in their gift shops.
 - Musicians should be sure to advertise live shows through hotels and tour operators since many tourists will not find out about live shows through local media.
 - Musicians can work with government tourism offices to develop products targeted at cruise ship and other niche markets.
- In order to access export markets, musicians and recording studios will need investment from governments to pay for upfront expenses and promotion. National governments should create investment schemes that are aligned with export market demands and have strict guidelines for artist selection. Investment could be used to help musicians fund tours or promotion.
- With proper government investment and support, national music associations could create innovative marketing and networking experiences for their musicians to help them gain international exposure.
 - For example, national associations could sponsor an online remix contest featuring songs by an internationally recognized artist. The winner of the competition would then be given an opportunity to collaborate with the well-known artist, and concerts could be hosted in the artist's and winner's home countries. Having a publically open vote to select the winner would help to increase audiences in the Pacific and in export target markets, and hosting concerts would provide an income generating opportunities.

- Although Pacific musicians are already participating in regional and local festivals, there is much room for growth. Festivals, cultural and musical, offer opportunities for musicians to gain wider market exposure, sell merchandise and CDs and potentially gain an international agent or contract with a major label. To participate in major festivals and music shows in Australia and the US, however, Pacific musicians will need significant funding to sponsor their participation. Recommended festivals that focus on exposure to industry professionals, agents and major labels include:
 - APRA Song Summit;
 - Australian World Music Expo;
 - South by Southwest Austin, TX, US;
 - CMJ Music Marathon in New York City, US;
 - LeWeb, Paris, France;
 - Like Minds, Exeter, Devon, UK;
 - Surface Festival, throughout the UK and EU;
 - Gilles Peterson’s Worldwide Festival, worldwide.
- In general Pacific musicians need increased media exposure through conventional and creative channels. National associations should focus on providing certain marketing services to their members by forming relationships with the following stakeholders:
 - sales calls and visits to appropriate retailers and distributors;
 - local and regional radio stations;
 - Australian radio stations;
 - internet radio stations;
 - music video TV shows.
- Music videos have become increasingly important in the promotion of music globally. Pacific musicians should leverage internet video platforms like youtube.com and vimeo.com to distribute their music globally. Many independent bands make their global debuts through creative, viral youtube.com videos.
- Once national associations are established and have hired marketing agents, they should consider creating appropriate social media marketing strategies. These strategies often have low costs and large pay-offs if implemented properly.

Potential Development Partners

Currently, the music sector is disorganized at both regional and national levels. To address and implement the above activities, the first step must be to increase coordination and communication among music stakeholders at national levels and then integrate these national organizations into a regional body. Some important development partners include:

- national cultural departments;
- private sector studios (CHM, Mangrove Productions, etc);
 - with proper support CHM could lead the development of a national musicians’ association in Papua New Guinea;
- Australian Performing Rights Association;
- Fiji Performing Rights Association;
- Radio Australia – Pacific Break.

Music Sector Development Timeline

Activity	Year 1	Year 2	Year 3	Year 4	Year 5
Develop national music associations/CMOs	█				
Develop regional music association		█		█	
Develop IP task force	█				
Training on IP	█				
Develop/revise IP laws	█				
Create IP enforcement plans	█				
Develop & implement branding plan			█		
Address national policies			█		
Continual product development	█				
Business skill training for musicians and recording studios	█				
Develop tourist product development and marketing plan			█		
Lobby government for increased industry investment	█				
Festival participation			█		
Develop a regional marketing plan			█		

DANCE DEVELOPMENT STRATEGY

The dance sector across the Pacific is diverse, fragmented and under developed. It represents thousands of traditions and blends contemporary culture with time-honoured movements to create new and exciting dance experiences.

The dance sector is different in each Pacific country and therefore each country has a unique value chain scenario. However, overall the Pacific dance sector is vertically collapsed meaning that the same actors function throughout the chain in varying roles. There are major gaps of sponsorship and technical support (lighting, sound, etc.) in the production stages as well as lack of support from marketing agencies at the promotion stage. Current distribution has mainly focused on local markets with a secondary festivals and ad hoc international opportunities. However, most festival and international touring opportunities come as a cost to the dance troupe with negligible ticket sales. Generally, these performances are either subsidized by the national government or the troupe itself. Additionally, a lack of technical support, marketing and financing has limited the creation, distribution and sale of recorded performances and limited the 'consumption' stage to physical audiences. Finally, at the development stage there are limited opportunities for market research. There are few opportunities for formal dance training and few Pacific-based critics and academies of dance. This limits the ability of performers and choreographers to gather knowledge of their market and develop performances that will speak to and challenge them.

The diagram below represents an overview of both current and potential Pacific dance value chains.

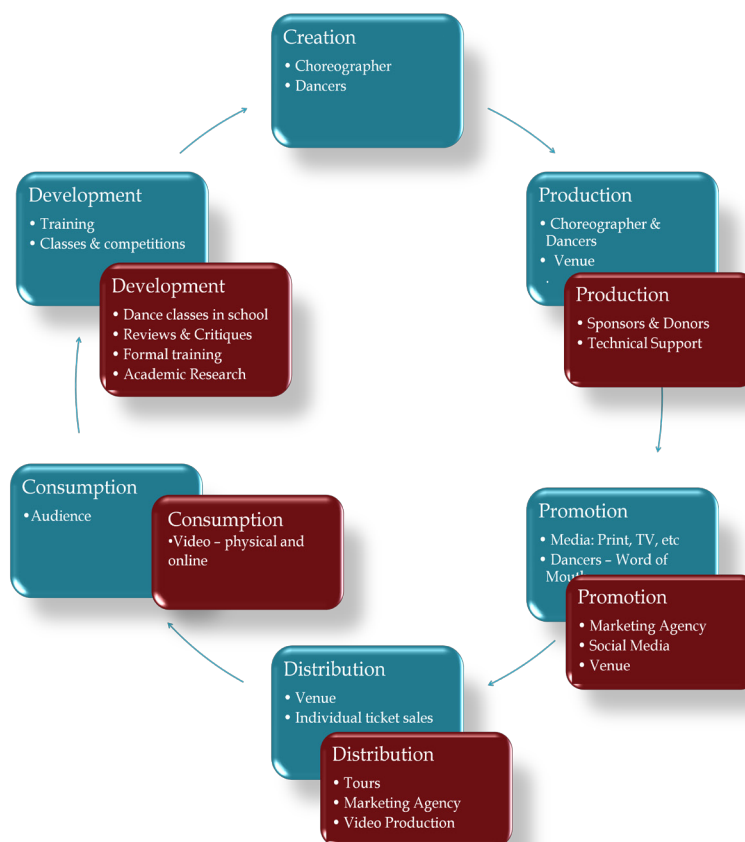


Figure 12: Pacific Dance Sector Creative Value Chain

Objectives

The development strategy below outlines a plan to increase the presence of dance within local and tourist markets as well as leverage the excitement and unique flavour of dance to promote the Pacific as a tourist destination and creative hub.

Product

The dance sector in the Pacific comprises three main products: traditional dance, Western dance and fusion dance. Traditional dances represent the range of cultures in the Pacific and include four main categories including Melanesian, Polynesian and Micronesian as well as Indian dance traditions in Fiji due to the large Indo-Fijian population. Within these major groups there are thousands of variations with dances for specific cultural and life events as well as dances for entertainment.

Most formal dance groups combine traditional and Western dance techniques to create fusion performances. The Oceania Centre Dance Theatre group has worked with experienced choreographers to learn Western and contemporary dance genres such as ballet. The training needed to perform these Western dances is important in the overall development of the dance sector and allows for creative choreography in the fusion genre.

Fusion dance brings together traditions and techniques from a number of different dance genres to create new experiences. A handful of dance troupes in the Pacific focus on fusion dance. This genre is particularly popular in Fiji where Melanesian, Polynesian, Western and Indian dance styles are all prevalent.

Sector Needs

As noted above, the sector is vertically collapsed resulting in gaps in the value chain. The sections below outline areas where the Pacific dance sector needs to improve before successfully entering export markets.

Development & Creation: Within the handful of existing professional dance troupes, there is a wealth of creativity and vibrancy. However, formal training opportunities are still generally lacking in the Pacific. Additionally, there is a low social awareness and acceptance of dance as a valid career or area of study. Together these barriers hinder the ability of the dance sector to tap into the full creative potential of their dancers and choreographers.

Due to low government support for the cultural industries, dance has not been fostered as a formalized sector. Until recently, USP Fiji offered the only university diploma in Theatre Art and now it has closed that programme. The Oceania Centre at USP, Fiji focuses on performing through their Oceania Theatre Performing Arts Group, but dancers are not paid a full time salary and have no proper performance space. Although the Oceania Centre has made strides in developing academic research on Pacific culture, including dance and other performing arts, there is a general lack of local academic research on Pacific dance. Professional criticism and research is a necessary element in the development stage of the dance value chain because it channels market knowledge to choreographers and dancers and helps them at the creation stage.

Production: At the production stage of the value chain, dancers and choreographers are limited by the lack of technical support including lighting and sound engineers, set designers and costume designers. Since there are no formal training programmes for the performing arts there are few properly trained theatre technicians.

More importantly, many dance groups are not approaching their performances in a commercial manner. Since many of the dance groups are government or university sponsored they are not examined as a profit making business. Instead, they are seen as a marketing tool or a cultural responsibility. If countries wish to develop their dance sectors as a cultural industry, they will need to learn how to value their work properly, and to develop these groups as commercially oriented business. This includes conducting market research and developing performances that speak to market needs. Additionally, since performances rarely make enough money in ticket sales to cover production costs, dance groups will need to increase sponsorship and donor contributions by developing a customized sponsorship plan.

Promotion: At the moment, dance groups and venues are leading promotion efforts. Few, if any, marketing agencies specialize in promoting the performing arts and dance groups, which rarely have funds for promotion. This problem, coupled with a low awareness and appreciation for dance among the local population, is limiting dance performance attendance.

The exception is dance competition performances, especially award performances that involve middle and high school students. These performances have been gaining popularity over the past 5 years and could encourage further appreciation for professional dance.

Distribution: The major gap at the distribution stage is the lack of proper venues and performance spaces. Many countries do not have national performing arts theatres and those that do are often ill equipped for contemporary dance performances. In other countries, particularly Papua New Guinea, safety and security are main concerns among theatre goers who often opt to stay home instead of risk seeing a performance at night. Lastly, for international performances, difficulties obtaining visas can be time consuming and costly and, in some cases, have led to the cancellation of a tour.

Markets

Dance performances, even within developed markets, have high production costs and low ticket sales. When selecting target markets, dance groups must take this into consideration.

Current Markets

Tourist Market: Currently, the tourist market is being targeted through hotels and focuses mostly on traditional dances performed by informal groups from nearby villages. Established and professional dance groups typically do not target the tourist market due to location or lack of proper products and marketing strategies.

Local Market: There is a small but growing local market for dance performances. In some countries, there is particular interest among school students in award performances and contemporary hip-hop performances. This has prompted the development of a few commercial dance schools, which teach children and teenagers basic dance. This increased awareness of dance in the local market needs to be fostered through schools, established

performances, and creative marketing such as social media, dance ambassadors and competitions.

Potential Markets

Tourist Market: There is considerable room for growth in the tourist market for contemporary and fusion dance performances. Because most Pacific countries are marketed as sun and sea destinations, there is often a lack of night time activities for tourists. By developing specific, tourist oriented, dance performances, established dance groups can link into the lucrative tourist market.

Groups should also consider developing more interactive products that allow for tourist interaction. Tourists are increasingly looking for more authentic tourism experiences and opportunities to interact with local people and culture during their trips. The cultural industries provide a unique opportunity for tourists to learn about Pacific culture while having a meaningful experience. A dance company, for example, can develop afternoon traditional Pacific dance classes offered to tourists and their children at family friendly resorts.

Within the tourist market, dance groups should also examine the cruise ship market. In some countries, dance groups may be well positioned to tap into this market. Groups will need to develop specific productions to meet the needs of cruise ship entertainment coordinators and will need to work with their local tourism associations and government tourism offices to market to the cruise ship companies.

Festivals: Although dance groups have been performing at festivals for many years, few have been able to make a substantial profit from these experiences. Instead, most groups are sponsored by the festival or their national government to participate as representatives of their country. To make a profit at these events, dance groups will need to diversify their product base. Some income generating ideas include:

- Create multiple productions: dance groups will typically have at least one formal performance within the festival. To earn extra income, they should book performances in the host country outside the festival and promote these separately.
- Merchandise: create branded merchandise to sell after performances that reflects the theme of the performance. Groups should conduct thorough market research before determining products and price points for merchandise.
- Video and music recordings: although dance groups would need up front financing to produce professional recordings, selling music or video recordings is another source of income. If groups are not able to obtain solid capital for this, ad hoc selling can always be done cheaply. For example, the first act of a two-part dance performance can be digitally filmed and then loaded on cheap flash drives while the second act is being performed. The flash drives will then be ready to sell when the second act is finished. A link can be provided on the flash drive to a website where the audience can pay for a digital download of the second act of the performance.
- Dance classes and learning experiences: dance groups can provide dance classes and other learning experiences for festival attendees during their non-performing hours. These can be offered in conjunction with the festival or outside the festival schedule.

Export Market: Despite the number of dance groups that have performed overseas or in festivals, only a few, if any, have been able to make a profit from these trips. At the moment there is little potential to successfully access export markets in a profitable manner. In order to tap into this market, dance groups will need to create a new and unique production and develop a sponsorship plan to gain enough capital for a large scale production.

One potential export opportunity is the Santa Fe Folk Art Market.¹¹ As explained above, the Folk Art Market represents a new market for Pacific cultural producers and Pacific dance groups should explore this opportunity. See Folk Art Market's website for information on applying.

Development Tactics

Development tactics for the Pacific dance sector should focus on four main categories. First, there needs to be **long term regional support for infrastructure development** including both hard and soft infrastructure. In the short term, dance groups can focus on **product development for target markets, business skills development and creative marketing and promotion**. Specific activities include:

Infrastructure Development

- USP should receive support to revive a formal degree program in Expressive Arts (dance, theatre, choreography, etc.) with academic research.
- Pacific universities should work with universities in Australia, New Zealand and Hawaii to develop formal training or exchange programs for theatre technicians.
- National cultural departments need to work at the regional level to organize the sector. This can lead to networking and exchange experiences as well as the long term possibility of creating a regional, exportable dance product. The regional organization should focus on regional fundraising as well as developing regional tours and competitions to help gain an international presence for Pacific dance.
- National cultural departments need to lobby their governments to address Mode 4 policies (temporary movement of persons) within RTAs and EPAs to ensure inclusion of informally trained dancers.
- National cultural departments also need to investigate the ability of corporations to receive tax deductions for donations to arts organizations and help to spread awareness of this possibility.
- National governments need to set aside resources to develop appropriate venues for dance and theatre.

Product Development

- encourage creative experimentation through choreographer and/or dancer in residency programs.
- create exchange programs with international universities for dancers to learn about other genres and techniques.
- leverage student dance competitions into internships to create long term interest in dance as a career;

¹¹ www.folkartmarket.org

- for example, the students who win the Best Female and Male Dancer at the Fiji Kula awards 'win' an internship with VOU Dance. In the internship they get free dance classes but also must be dance ambassadors and required to video blog about their experience.
- conduct market research on tourist and cruise markets to create specific productions for these target markets.

Business Skills Development

- Dance troupes must take a business oriented approach to their organizational structure and productions. Troupes should create business and marketing plans that outline their target markets and financial future. Each production should be examined through a financial lens to determine profitability. (Note: the consultant is not recommending cancelling productions that are not profitable since most productions are not able to cover their costs. Instead, the consultant is recommending that troupes understand their costs and profits so that they can balance their productions and fundraise appropriately.)
- Based on short and long term needs and goals, dance troupes should develop sponsorship and fundraising plans targeting local and international corporations and international governments.

Marketing & Promotion

Within the business plan, dance troupes should identify target markets and create marketing strategies that focus on these markets. Additionally, dance troupes need a dedicated person (full or part time) to focus on marketing and promotion. Some ideas for creative marketing include:

- Social Media Marketing: dancers, dance class students or motivated audience members/volunteers can be dance ambassadors. They can use social media to create a buzz around dance production, including blogging once a week or month, posting regularly on social media sites, and generally targeting the press.
- In order to target tourist markets, dance troupes must work with industry associations and representatives. By working with national tourism or hotel/resort associations, dance groups can gain access to hundreds of tourism businesses.
- Cruise ship companies usually must work with the Ministry of Tourism. Dance groups should approach the Product Development or Marketing departments of the Ministry of Tourism to determine interest level. Groups can then work with them to develop and market appropriate products that can be marketed through trade or road shows.
- To gain further international exposure, dance groups should seek private sector or government funding to participate in international dance competitions such as the International Theatre Institute dance competition or International Dance Day (April 29th).

Development Partners

Currently, the dance sector is disorganized at both regional and national levels. To address and implement the above plan, the first step must be to increase coordination and communication among dance stakeholders. Some important development partners include:

- the University of the South Pacific;
- Oceania Theatre Performing Arts Group;

- French embassies and Alliance Française;
- national dance competition organizations;
- national performing arts groups;
- performing Arts Marketing Agencies (e.g. Bronitsky and Associates);
- Australian, New Zealand and Hawaiian Universities.

Dance Sector Development Timeline					
Activity	Year 1	Year 2	Year 3	Year 4	Year 5
Regional Organization					
University & exchange programme development					
Policy Development					
Venue Development					
Residency Programmes					
Dance Internships					
Dance Ambassadors					
Business Plan Development					
Market Research					
Product Development					
Sponsorship Plan Development					
Social Media Marketing					
Market Networking (Tourism, Cruise Ship)					
International Competitions					

CONCLUSION

In general, the Pacific region is well positioned to take advantage of its unique and vibrant cultural industries. The strength in the diversity of the Pacific cultural industries will help stakeholders to access market opportunities and propel Pacific producers onto the global stage. With proper support in development and marketing through international and local experts, the region has great potential to leverage current skills and products into significant economic opportunities.

With the handcraft and visual arts sectors showing the most potential, public, private and producer stakeholders must work together to improve their value chains. By addressing design and innovation gaps, building business skills and developing creative and holistic marketing strategies, these sectors can further tap into local and tourist markets and expand to regional export markets with a long term goal of accessing US and EU markets.

The Fijian fashion sector, although in its nascent stages of development, shows great promise to blossom into a vibrant sector. With proper government support and investment, improved technical skills among young designers and the launching of FNU's Fashion certificate, the sector has the potential to position Fiji as a major fashion hub in the Pacific.

Although the music and dance sectors have less immediate potential for economic growth, attention must be paid to them as important vectors of culture. Governments need to create and enforce appropriate national and regional IP laws to provide musicians and producers with protection. Additionally, the dance sector needs to increase sponsorship from governments and corporations to allow them greater freedom to create new and innovative productions.

In order to reach these ambitious goals, the Pacific needs to dedicate technical and financial resources at national and regional levels to support the development of the cultural sectors. Governments must engage international experts to work through and with local stakeholders to build their capacity and ensure the cultural industries have the skills and knowledge to sustain growth in the long term. With these elements in place, Pacific producers have the opportunity to take advantage of significant market opportunities at local, regional and international levels.

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Appendix A – Full Consultant Methodology

Phase 1: Analysis of Cultural Industries in the Marketplace

Phase 1 focused on determining the market for cultural industries globally, in Europe and within the Pacific Rim. This initial research focused on an analysis of cultural goods and services in the global marketplace, including identifying opportunities and constraints for cultural goods and services in markets. Although the project focuses on the Pacific region, the consultant reviewed best practices of cultural industries in other developing regions, and identified models for marketing cultural industries.

The consultant also analyzed the EU market for cultural industries, focusing on potential target markets within each sector. However, based on the field research conducted in Phase 3, the consultant determined Pacific Rim markets to have more potential and thus shifted the marketing strategy focus to target these markets.

Phase 2: Analysis of Cultural Industry Policies and Best Practices

The consultant conducted an analysis of the EU's approach to trading in the cultural industries, specifically examining examples of agreements with the Pacific regions and countries. The examples reviewed were examined thoroughly to determine the strengths and weaknesses of each policy/agreement. Finally, the consultant reviewed potential best practices for trade agreements and examples of notable cultural goods and service export initiatives including reviewing the strengths and weakness for the current EU cultural trade agreements and protocol with the Caribbean.

Phase 3: Sector Analysis and Regional Field Visit

The final phase of the consultancy focused on conducting a sector analysis of shortlisted cultural goods and services including: visual arts, craft, dance, fashion and music. The analysis was based on previous work conducted by other consultants as well as additional analysis by the consultant. The main goal was to determine each sector's ability to enter and maintain a presence in targeted EU markets. The consultant focused on a modified value chain approach for each sector, identifying opportunities and constraints at each level of the value chain including: creation/design, production, dissemination, distribution and promotion. In addition to these standard value chain segments, the consultant also examined the circular nature of the value chain. To capture trend knowledge flow, the consultant also examined how market information flows backwards down the value chain and is incorporated into the creation/design stage of the process. This information flowed into the development and marketing strategies outlined in this report.

Appendix B – List of Stakeholders Contacted

Country	Sector	Organization	Name	Title	Contact	Date of Meeting
Fiji	Craft, Visual Art	Fiji Arts Council	Meretui Ratunabuabua	Advisor and Board Member FAC	mereculture@hotmail.com _Skype: meretui.ratunabuabua	28-Jul-11
Fiji	Craft	Fiji Crafts Society	Seniloli Sovea	President		28-Jul-11
Fiji	Visual Arts	Fiji National University	Jerry Wong, Miriama Loanakadavu, Namanda	Lecturers	jerry.wong@fnu.ac.fj	28-Jul-11
Fiji	Visual Arts	Individual Artists	Artists	Artists		28-Jul-11
Fiji	Fashion	Tahroro Investments	Rosie Emberson Semisi	Managing Director & Fashion Designer	kastaes.fashionhouse@gmail.com emberson.semisi@yahoo.com	28-Jul-11
Fiji	Crafts	Government Handicrafts Shop (now defunct)	Lanieta Kula-Tanoa	Former sales attendant		28-Jul-11
Fiji	All	Ministry of Industry and Trade	Sangita Devi; Mr. Tamanitoakula	Chief Economist	sdevi001@govnet.gov.fj stamanitoakula@govnet.gov.fj	29-Jul-11
Fiji	Dance, Music	University of the South Pacific	Igelese Ete	Head of Performing Arts, Oceania Center for Arts and Culture	igelese@gmail.com	29-Jul-11
Fiji	All	Pacific Island Forum Secretariat	Glynis Miller, Douveri Henao	Trade Development Officer; Trade Policy Officer	glynism@forumsec.org.fj douverih@forumsec.org.fj	29-Jul-11
Fiji	All	Department of National Heritage, Culture and Arts	Maraia Vakasilimiratu; Sipiriano Nemani	Senior Cultural Enterprises Officer, Senior Policy Officer.	Maraia.Vakasilimiratu@govnet.gov.fj snemani@govnet.gov.fj	29-Jul-11
Fiji	All	Fiji Commerce and Employers Federation	Nesbitt Hazelman	Chief Executive	ceo@fcef.com.fj	29-Jul-11

Fiji	Music	Fiji Performing Arts Rights Association	Laisa Vulakoro	Director	vudequeen@yahoo.co.uk	29-Jul-11
Fiji	Fashion	Fiji Fashion Week	Ellen Whippy	Director	ellen@fijifashionweek.com.fj	30-Jul-11
Fiji	Music	Conservatorium of Music	Ulaiasi Taoi; Inise Selai Kaisuni			30-Jul-11
Fiji	Dance	Oceania Dance Theatre Performers	Tulevu, Glen, Pretina, Sangit, Asmita, Katalina	Performers		30-Jul-11
Fiji	Dance	VOU	Edward Soro; Joseph	Co-Managers	edward.soro@gmail.com	30-Jul-11
Fiji	All	Fiji Hotel and Tourism Association	Michael Wong	CEO	exec@fihta.com.fj	1-Aug-11
Fiji	Craft	UNDP	Jeff Liew	Former Manager of Craft project		1-Aug-11
Fiji	Craft	National Center of Small and Micro Enterprise Development	Ravi Chand	Business Specialist	rchang@ncsmed.org.fj	1-Aug-11
Fiji	Visual Arts, Dance, Music	University of the South Pacific - Oceania Center for Arts and Culture, and Pacific Studies	Vilsoni Hereniko	Director and Professor	hereniko_v@usp.ac.fj	1-Aug-11
Fiji	Craft	Secretariat of the Pacific Community	Lia Maka	Head, Community Education and Training Center	ljam@spc.int	1-Aug-11
Tonga	Craft	Langafonua	Hauolu Vi	President	langakali11@gmail.com	2-Aug-11
Tonga	All	Ministry of Tourism	Sakopo Lolohea	CEO/Director of Tourism	sloloheatvb@gmail.com	2-Aug-11
Tonga	All	Ministry of Training Education, Youth and Sports	Sinama Faanunu		s_faanunu@yahoo.co.uk	2-Aug-11
Tonga	Craft	Catholic Women's League - Handicraft Shop	Aivi S. Siale	President	Mobile: +676 879 8583; Phone: +676 27 524	3-Aug-11

Tonga	Music	Independent	Tu'imala Kaho	Musician		3-Aug-11
Tonga	Craft	Art of Tonga	Ana Fehoko	Manager	fehokoartcreation@hotmail.com	3-Aug-11
Tonga	Visual Art	Independent	Tevita Pala'apu	Artist		
Tonga	Craft	Langafonua	Taumosi Hemaloto	Manager	langafonuagallery@gmail.com ; Phone: +676 21014 ; Mobile: +676 778 2036	3-Aug-11
Tonga	All	SPBD Microfinance	Amy Lofgren	General Manager	amy@spbdtonga.com	4-Aug-11
Tonga	All	Tonga Business Enterprise Centre	John Cvetko	Manager	tbec@tongachamber.org	4-Aug-11
Tonga	Craft	Civil Society Forum of Tonga	Siale Ilolahia		csft@kalianet.to ; Phone: +676 28282	4-Aug-11
Tonga	Craft	Tongatapu Handicraft Association	Tuna	President	tuna.fielakepa@gmail.com Ph: +676 24173; Mob:+676 773 7636	
Tonga	Craft	Independent	Leiseli	Artisan	lesieli_tupou@yahoo.com	4-Aug-11
Tonga	Craft	Ministry of Labour	Tevita Lautaha		tevitall@mci.gov.to	4-Aug-11
Tonga	Visual Arts, Dance, Music	On the Spot	Rahu Fifita	Co-Founder & Artist	+676 773 6727	4-Aug-11
Tonga	Craft, Fashion	Ministry of Training Education, Youth and Sports	Awards Ceremony			5-Aug-11
Tonga	Craft	Tonga National Arts and Handicraft Association	Viliani Leaaetoa		+676 888 4789	5-Aug-11
Tonga	All	University of the South Pacific	Dr. Seu'ula Johansson Fua	Fellow. Research and Leadership	johanssonfua_s@usp.ac.fj	5-Aug-11
Tonga	Music	Siloni's Music & Elei Co. Ltd	Emaloni 'Iongi	Managing Director	silonismusic@yahoo.com youngprincess20012001@yahoo.com	5-Aug-11
Tonga	Craft	Tongatapu Handicraft Association	Ofa Masila	Technical Advisor	omasila@gmail.com	Did not meet

Tonga	Craft	WISE	Robina	Founder		Did not meet
Tonga	Craft	Tonga Handicraft Association				Did not meet
Tonga	Craft	Tonga National Arts and Handicraft Association				Did not meet
Tonga	Craft	Tonga National Arts Association				Did not meet
Tonga	Craft	Vava'u Handicraft Association				Did not meet
Tonga	Craft	Eua Island Handicraft Association				Did not meet
Vanuatu	All	Vanuatu Cultural Center	Abong Marcelin	Director	abong.marcelin@vanuatuCulture.org	8-Aug-11
Vanuatu	Visual Art, Fashion	Michoutouchkine Creations	A. Pilioki	Artist		8-Aug-11
Vanuatu	Craft	Marketplace	Roy Thompson	Artist & Shop Owner	+678 567 1217	8-Aug-11
Vanuatu	All	Chamber of Commerce	Alick Berry		alick.berry4@gmail.com	9-Aug-11
Vanuatu	Craft, Visual Art	ACTIV	Sandrine Wallez	Director	activassociation@hotmail.com	9-Aug-11
Vanuatu	Craft	Peace Corps International	Sara Lightner	Acting Country Director	slightner@vu.peacecorps.gov	9-Aug-11
Vanuatu	Visual Art	Vanuatu Institute of Technology	Kalbeo Kalpat	Principal	intvdir@vanuatu.com.vu	
Vanuatu	Music, Visual Art	National Arts Association	Joe Tjibong	Chairman	+678 554 7759	9-Aug-11
Vanuatu	Craft, Visual Art	Independent	Jean Claude Toure Gairae	Artist		10-Aug-11
Vanuatu	All	Vanuatu Tourism Office	Sebastien Bador	Marketing Manager	marketing@vanuatu.travel	10-Aug-11
Vanuatu	Craft	Ambrym Arts Association (Wood Carvers)	Richard Saksak	Wood carver	+678 775 0622	10-Aug-11

Vanuatu	All	Department of Industry	Merilyn Leona Temakon	Acting Senior Intellectual Property Rights Officer	mleona@vanuatu.gov.vu	10-Aug-11
Vanuatu	All	Department of Tourism	George Borugu	Director	gborugu@vanuatu.gov.vu	10-Aug-11
Vanuatu	Music	Music Federation	Michael Ligo	Member and Musician	zionexpressions@gmail.com Mobile: +678 566 4637	10-Aug-11
Vanuatu	All	Researcher	Mackin Valia	Researcher	+678 563 7525	11-Aug-11
Vanuatu	Music, Dance	Won Smal Bag	Jo Walker	Founder	pwalker@wansmolbag.org	
Vanuatu	Crafts	Port Vila Municipality	Jerry Aswan	Chairman of Council	+678 545 6470	11-Aug-11
Vanuatu	All	Hotel and Resort Association	Tony Pittar	Chairperson	info@eratap.com +678 556 5007	12-Aug-11
Vanuatu	All	Department of Industry	Donald A Pelam Yavit	Marketing and Promotion Officer	dpelam@vanuatu.gov.vu	12-Aug-11
Vanuatu	Craft	Peace Corps Volunteer (working with a craft group)	Marycatherine	Volunteer		12-Aug-11
Vanuatu	Craft	Department of Industry	Astrid Boulekone		aboulekone@vcci.com.vu	12-Aug-11
Vanuatu	Music	Ministry of Justice	Ralph Regenvanu	Minister of Justice/ Head of music festival	+678 774 5001	12-Aug-11
Vanuatu	All	Alliance Française	George Cumbo		+678 22947	Did not meet
Vanuatu	All	Alliance Française	Mark Basker		+678 28700	Did not meet
Vanuatu	All	Ministry of Foreign Affairs	Richard			Did not meet
Vanuatu	Craft, Visual Art	Red Wave Association	Richard		+678 535 6152	Did not meet
Vanuatu	Craft	Shafer Arts	Sandy		+678 565 5399	Did not meet
Fiji	Craft	Namana	Tessa Campbell Miller	Owner	namana@connect.com.fj	14-Aug-11
Papua New Guinea	Visual Art	Independent	Lemson Niru	Artist	+675 710 23453	16-Aug-11
Papua New Guinea	Visual Art	Independent	Ratoos Haoapa Gary	Artist	+675 732 17987	16-Aug-11

Papua New Guinea	All	Papua New Guinea Arts Association	Puis Wasi	Founder, Musician	wentunan@hotmail.com +675 768 6175/733 77584	16-Aug-11
Papua New Guinea	All	Office of Tourism, Arts and Culture	Stalin Jawa	Policy Advisor, Arts & Culture	stalinaupai@gmail.com +676 3200270	16-Aug-11
Papua New Guinea	All	Office of Tourism, Arts and Culture	David Monai	Program Officer	david.monai@yahoo.com	16-Aug-11
Papua New Guinea	All	Office of Tourism, Arts and Culture	Evelyn Ofasia	Policy & Planning Officer	evenlyn_ofasia@yahoo.com.au	16-Aug-11
Papua New Guinea	All	Office of Tourism, Arts and Culture	Joybertina Piasinu	Program Officer	jbtinapiasinu.10@gmail.com	16-Aug-11
Papua New Guinea	Visual Art	Independent	Jeffery Feeger	Artist	jfeeger@gmail.com +675 726 70912	16-Aug-11
Papua New Guinea	Craft	Marketplace	Tour of Marketplace			16-Aug-11
Papua New Guinea	All	Office of Tourism, Arts and Culture	Marianna Ellingson	Director - General	mjellingson@rocketmail.com +675 320 0270	16-Aug-11
Papua New Guinea	Visual Art	Art Stret	Amanda Adams	Director	amanda@artstret.com +675 325 0655	16-Aug-11
Papua New Guinea	Dance	National Performing Arts Troupe	John T. Doa	Director	bilasimskin@gmail.com +675 53 21152	17-Aug-11
Papua New Guinea	Film	National Film Institute	Robert Boleka & Fred Isasar		visas.nfi@global.net.pg	17-Aug-11
Papua New Guinea	Craft	Jauke Bilum Products	Florence Jauke Kael	Founder	bilum_meri@hotmail.com +675 715 30140	17-Aug-11
Papua New Guinea	All	PNG Tourism Promotion Authority	Leith Isaac	Director of Marketing	lisaac@pngtourism.org.pg	18-Aug-11
Papua New Guinea	All	Business Council of Papua New Guinea	Goini Lydia Loko	Executive Officer	executive@bcpng.org.pg	18-Aug-11
Papua New Guinea	All	Investment Promotion Authority	Julienne Leka-Maliaki and Paul Kone	Acting Marketing Manager & Assistant Investment Officer	jleka@ipa.gov.pg ; paulk@ipa.gov.pg	19-Aug-11

Papua New Guinea	Music	CHM	Richard Francisco, Raymond Chin	Music Manager, Managing Director	francisco_richard@yahoo.com richard@chm.com.pg rchin@chm.com.pg	19-Aug-11
Papua New Guinea	All	National Cultural Commission	Jon and David Taim		wantaim@hotmail.com	
Papua New Guinea	Craft	PNG Art	Joe D. Chan	Director	jdchan@pngart.com.pg	20-Aug-11
Papua New Guinea	Craft, Visual Art	The Gallery	Rhonda Purdy	Owner	info@thegallerypng.com	Did not meet
Fiji	All	Fiji Arts Council	Master Laisiasa Veikoso	Director		22-Aug-11
Fiji	Fashion	Mark One Apparel	Mark Halabe	Director and Head of Fiji Fashion Council	mark@markone.com.fj	22-Aug-11
Fiji	Fashion	Training and Productivity Authority	Kelera Tukana			22-Aug-11
Fiji	Craft, Visual Art	Sigavou Studios	Maria Rova	Owner & Artist	romarova@connect.com.fj	26-Aug-11
Australia	All	Pacific Island Trade and Invest	Ruth Choulai	Creative Arts Manager	Ruth.Choulai@pacifictradeinvest.com	27-Aug-11
Fiji	Craft, Visual Art	Maria Rova	Maria Rova Studio	Owner, Visual Artist	romarova@connect.com.fj	26-Aug-11
Fiji	Craft, Visual Art	CreatiVITI	Lee Blake, Laisani Malani, Harry William, Ela Ravubale	AVI Training Development, Centre Coordinator, Visual and Ceramic Artists, Traditional Pottery	spiraleelee@yahoo.com.au ; creativiti@connect.com.fj ; malanikaiviti14@yahoo.com ; creativiti@connect.com.fj	26-Aug-11

