UK MUSIC

MU5IC BY NUM8ERS 2020

Mable | Hayley Louisa Brown ©

contents.

introductions.

- Caroline Dinenage MP | Minister for Digital and Culture 4
- Jamie Njoku-Goodwin | Chief Executive, UK Music 5

figures. 6

sectors.

- Music Creators 11
- Live Music 14
- Music Publishing 16
- Recorded Music 19
- Music Representatives 20
- Music Retail 23

music tourism. 24

- Number of Music Tourists 26
- Music Tourist Spend 27
- Music Tourism Jobs 28

next steps. 29

methodology. 33

acknowledgements. 35

1introductions.

CAROLINE DINENAGE MP
Minister for Digital and Culture

The UK music industry is at the heart of our arts and cultural sector, which is the envy of the world. It is a key national asset and something that should make us all proud. Music enriches all of our lives, but it also makes a huge contribution to our economy. As this year's Music By Numbers report reveals, the industry generated £5.8 billion for the UK economy in 2019 - up 11% on the previous year.

British stars helped drive exports up to £2.9 billion in 2019 - a 9% increase and a fantastic overseas calling card for Britain. Behind every artist, band and orchestra is an army of talented professionals who play their part in the industry's ecosystem.

Songwriters, producers, artist managers, publishers, recording studios, musicians, promoters, crew, record labels, collective management organisations are all part of an industry that supports almost 200,000 jobs.

However, we know what an immensely tough year 2020 has been for the music industry as a result of COVID-19 which has presented significant challenges for the sector.

That is why the Government stepped in with an unprecedented £1.57 billion Culture Recovery Fund to help the sector weather the impact of coronavirus and protect music venues, festivals, and our vital cultural assets.

Many organisations have been able to access emergency grants and loans as part of the biggest one-off investment in UK culture. Funding was also made available to support jobs and help businesses stay afloat.

The investment shows our commitment to music and the arts. It will also help nurture the talent pipeline so that the stars of the future can break through. Over the years, UK Music has established a reputation for producing reliable data that brings into sharp focus the economic importance of the music industry.

UK Music reports help everyone involved in policy-making, the sector and Government better understand the industry's ecosystem.

I am delighted to introduce this year's Music By Numbers report which underlines just how important the UK music industry is to our country.

JAMIE NJOKU-GOODWIN
Chief Executive, UK Music

Welcome to our 2020 Music By Numbers report, which is my first as UK Music Chief Executive and comes in a turbulent year for our industry.

We have produced these reports annually since 2013, analysing data to paint a picture of how the different sectors of our industry work together to deliver economic growth and jobs.

Our music industry is a key national asset. It contributes £5.8 billion a year to the economy, generates £2.9 billion in exports, and supports almost 200,000 jobs. Beyond the economic impact, it creates vast social, educational and mental health benefits. It boosts Britain's standing in the world, bringing a soft power that few other industries can boast.

Year-on-year growth had put our industry firmly on track for continued growth and to be one of the great British success stories of the coming decade. However, COVID-19 delivered a catastrophic blow and the impact has been felt by all parts of our industry.

We've also seen how vital music is to our wider society. The lockdowns threw into sharp focus the health benefits of music-making as activities like singing in a choir, playing in an orchestra or band were paused. The cancellation of gigs and festivals laid bare how reliant local economies are on music venues which bring trade to businesses from taxi firms to take-away stands.

The music industry suffered a devastating blow this year. But I am very proud of how it has worked hard to help itself, setting up hardship funds for those hit by the pandemic and demonstrated some incredible creativity and resilience to survive. We are also extremely grateful for the Government support packages, which have made a big difference. The breadth of this support was a welcome and much-needed demonstration of how much our industry is rightly valued by Government.

Music By Numbers shows how vibrant, fast-growing and commercially successful our industry was before the pandemic. Our task now is to ensure it can be again.

I am convinced we have the people, the drive and determination to fire up our industry once more and become a key part of our country's post-COVID-19 economic and cultural revival. That is a shared endeavour we can all work towards.

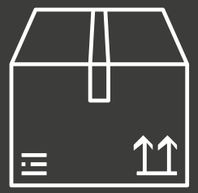
I hope you enjoy our report and I would like to thank everyone for their support of UK Music.

2figures.

MUSIC INDUSTRY CONTRIBUTED

£5.8 BILLION

TO THE UK ECONOMY



£2.9 BILLION

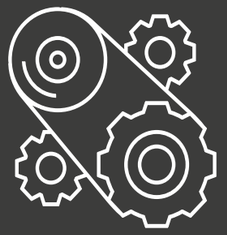
GENERATED IN

EXPORT REVENUE

197,168

FULL-TIME JOBS

SUSTAINED



In 2019, the UK music industry contributed £5.8 billion to the UK economy, an 11% increase from £5.2 billion in 2018, marking a new high following a decade of sustained growth that has outperformed the UK economy*. It generated £2.9 billion in exports, an 9% increase from £2.7 billion in 2018. Employment rose by 3% to 197,168 in 2019 from 190,935 in 2018.

Live music was particularly strong, but all sectors contributed significantly to the music industry's growth in gross value added (GVA) in 2019.

The UK has successfully exported music for decades and exports contributed very significantly in 2019. This success, however, is not a given. Streaming platforms make access to the global music market more accessible and therefore more competitive.

While this report focuses primarily on the achievements of the music industry in 2019, we cannot ignore the turbulent events of 2020. The music sector right across the UK has been dealt a hammer blow by COVID-19. In facing the many challenges of COVID-19, the UK industry must not only recover, but also maintain its place as a global leader in an increasingly competitive post-COVID-19 world.

The music industry is interconnected and this has produced a domino effect as COVID-19 and the restrictions connected to the pandemic have taken hold. The absence of live music and touring deprives performers (and their representatives), venues and promoters of income. Songwriters and music publishers also lose live performance income. The closure of shops, bars and nightclubs deprives performers, writers, labels and publishers of public performance income. Record label release schedules are impacted by an inability to move around to create and promote new material, which is especially challenging for new artists launching their careers. Recording studios carry a heavy burden of costly overheads combined with a devastating drop in income, with many facing an uncertain future. It is not yet clear how long the impact of COVID-19 will last.

Alongside gathering data on 2019, we have also monitored where possible the impact of COVID-19 during 2020. We have concluded that up to 85% of Live revenue will be lost, revenues have been close to zero since March. Moreover, according to a UK Music survey 65% of music creators' income will be lost this year, rising to over 80% for those most dependent on live performance and recording studio work. For these performers, many have seen their income reduce to zero since March.

Most music creators are self-employed. The industry relies very heavily on freelancers and the self-employed, many of whom have fallen through the cracks during 2020, not qualifying for the support that has been made available.

The UK music industry is a commercially successful sector that was growing before the pandemic, and can grow again. Music has always been a British success story and a national asset, that delivers at home and abroad. There is no reason why that cannot continue, but that future depends on us saving the music ecosystem that we have and supporting individual music creators and freelancers especially during this critical period.

* https://www.ons.gov.uk/economy/grossdomesticproductgdp/

Table 1: **Thematic Grouping**

Sectors	Sub-Sectors
Music Creators	musician composer songwriter lyricist vocalist producer engineer
Live Music	music festival organisers music promotors music agents production services for live music ticketing agents - proportion of their activities involved with live music concert venues and arenas - the proportion of their activities involved with live music
Music Publishing	publishing rights holders publishing companies
Recorded Music	recorded rights holders record labels physical manufacturing & distribution digital distribution recording studios
Music Representatives	collective management organisations music managers music trade bodies music accountants music lawyers
Music Retail	retail of musical instruments manufacture of musical instruments digital music retail physical music retail

Diagram 1: **Commercial Assets**

Asset 1:
A musical composition and/or lyrics

Asset 2:
A (master) recording of the music composition

Asset 3:
A live musical performance

Asset 4:
An artist themselves (as a brand, reputation or image)

The definitions in this report were developed in 2013, but have been updated periodically. The definitions remain the same as the 2019 report. Table 1 demonstrates the relationship between what UK Music has identified as Sectors (Thematic Groups) and Sub-Sectors (Elements of the Core) within the music industry. The sub-sectors that are used in this definition are united by their relationship to the commercial assets of the UK music industry. We have identified these commercial assets as shown in Diagram 1.

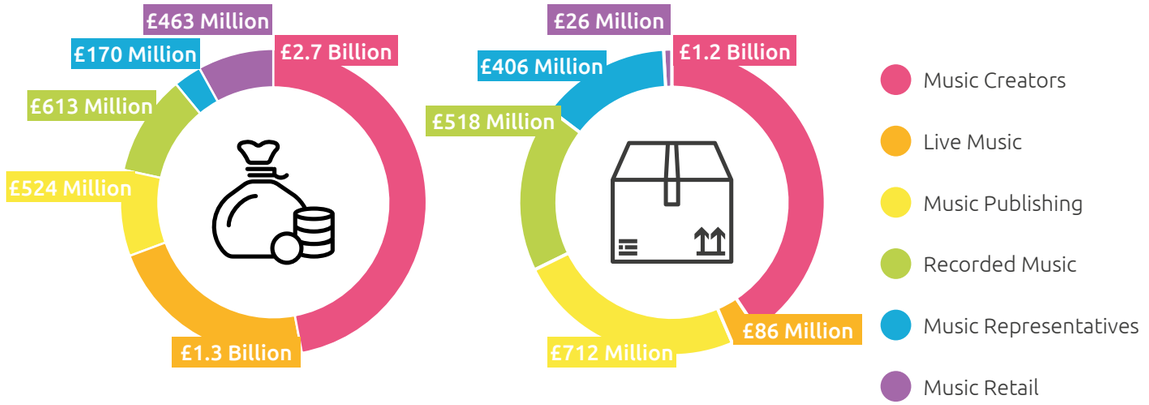
There are two types of relationships to these commercial assets that justify inclusion in the core of the music industry.

First – economic activities that create these commercial assets. An example is the creative process of composing, performing or recording music.

Second – economic activities where the primary focus is upon the steps necessary to bring these assets to a position where they are able to be distributed and transacted with consumers and businesses in one way or another.

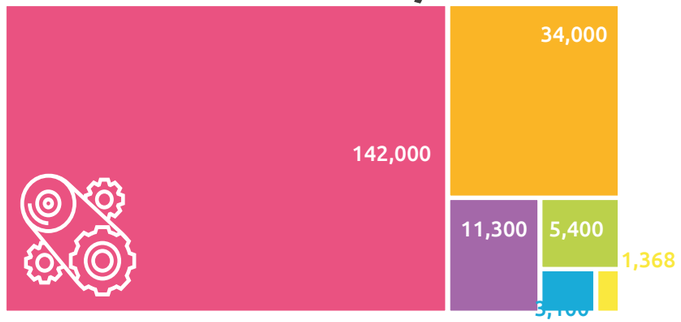
GVA* £5.8 BILLION

EXPORTS† £2.9 BILLION



For the purposes of compiling these figures we look at the industry as separate sectors, but in reality there is a lot of overlap and inter-dependency between sectors. Every part of the music industry contributed to generating the value of £5.8 billion to the economy in 2019.

EMPLOYMENT‡ 197,168



* Gross Value Added (GVA) is the grand total of all revenues, from final sales and (net) subsidies, which are incomes into businesses. Those incomes are then used to cover expenses (wages & salaries, dividends), savings (profits, depreciation), and (indirect) taxes.

† Total export revenue equals the total receipts generated from music within all sectors from outside the UK.

‡ Employment is measured as full-time equivalency.

Arlo Parks | Charlie Cummings ©

3 sectors.

music creators.

Music Creators includes musicians, vocalists, composers, songwriters, lyricists, producers and engineers. They are the people who contribute to the creation of a "musical asset" be it a song, composition or master recording.

Music Creators contributed £2.7 billion in GVA to the UK economy in 2019, almost half of the industry's total £5.8 billion contribution and a 7% increase from £2.5 billion in 2018. Music Creators are also very significant exporters, contributing £1.2 billion in exports, compared to £1.1 billion in 2018.

Artists, songwriters and producers such as Dua Lipa, Ed Sheeran, Dave, The 1975, Lewis Capaldi, Carla Marie Williams, Fraser T Smith, Jin Jin and Paul Epworth, together with an increasing number of self-releasing artists all contributed to GVA, exports and employment.

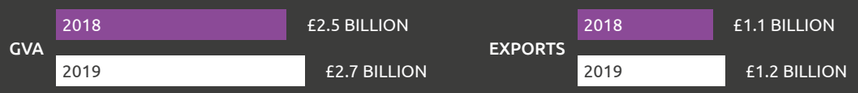
The large numbers are not, however, indicative of the earnings for a majority of music creators. This is especially so if you consider the number of Music Creators this figure supports. In 2019 we estimate that 142,000 full-time equivalent music creators are employed in the UK, an increase of 2% on 2018. According to the Office for National Statistics (ONS), annual earnings for musicians in a typical year are £23,059 – well below the national average of £29,832.

Music creators are also among those deeply impacted by COVID-19 and in many cases are self-employed and with little or no safety net. The Musicians' Union reports that 87% of musicians say they will face financial hardship as furlough schemes come to an end. One third (33%) of musicians did not qualify for any support.

Music creator's income skews very heavily towards live. In aggregate over 65% of Music creators' income will be lost as a direct consequence of COVID-19 and this could extend to over 80% for those most reliant on live performance. In addition to live income, many artists sell the majority of their merchandise and physical music at events. Self-releasing artists, especially, often do not have the comfort of record label and publishing advances.

Session musicians, producers, engineers, and artists were also impacted by the closure of recording studios during the first lockdown. While recording sessions have resumed (including remote recording), social distancing, reduced capacities and a lack of international clients has had a negative impact on incomes.

Music creators are inherently resilient, thoughtful and inventive. The essence of what they do is viable. They create the soundtrack to our lives, but in these unprecedented times support is required to help this sector to adapt and rise again. The economic value of the music industry and the broader economy is built upon the existence of music creators.



creators.

Jin Jin

Jin Jin | Pierre Joseph ©

Jin Jin is a songwriter, whose writing credits include hits for Jess Glynne, Jax Jones and Sigala.

Passionate about developing acts, she launched Jinsing Music Publishing in 2019 with Universal Music Publishing Group and signed writers Sophia Amato, Blaise, Theo Douke and Hxxdz.

Surrounded by music from a young age, Jin Jin would listen to her parents playing House music and talking about the Haçienda nightclub and hang out in her grandad's reggae store in Manchester.

She was a shy child and would get nervous performing, but she was part of a choir and attended stage school and weekend classes before studying Music Technology and Music Industry Management. The course helped her learn her way around the studio, helped her speak the same language as the producers and understand all the technical terms.

The COVID-19 pandemic made her re-evaluate her music process and the way that she interacts with other musicians, writers and music businesses. Jin Jin has learnt it is important to collaborate, step out of your comfort zone and work with as many people as you can from all different walks of life.

Roxanne de Bastion

Roxanne de Bastion | Amanda Rose ©

Roxanne de Bastion is an independent artist. After leaving her hometown of Berlin for London she got by balancing hospitality and admin work with playing nearly 100 gigs every year across the UK and Europe.

Having built a loyal fanbase, her 2017 crowd-funded debut album, Heirlooms & Hearsay, led to support slots with Lambchop and the Wainwright Sisters, as well as shows at Glastonbury and the Cambridge Folk Festival.

Most of her income these days comes from relentless touring and selling merchandise and albums at those shows, so the pandemic has had a huge impact.

Roxanne was just at a stage where she was putting together a release plan for her latest album, produced by Bernard Butler, when the pandemic hit.

It has been very hard for her to keep things moving and enough money coming in to keep creating. Direct-to-fan platforms such as Bandcamp and Patreon have been a real lifeline.

rehearsal space.

The Tin, Coventry

The Tin | James Dearing ©

The Tin is a multi-purpose space in Coventry, the 2021 City of Culture. The organisation is a live music venue, recording studio, rehearsal space and more, and will be a key part of the city's celebrations in 2021. As a registered charity it aims to educate its community through engagement with the arts.

In 2009, The Tin received support from a DCMS scheme run by UK Music and Sound Connections to help set-up rehearsal spaces across England. The support funded the purchase of equipment including a PA system, amps, guitars, mics and drums.

All artists need to be able to rehearse whether that is for a tour or to practise songs before recording. Education and Facilities Co-ordinator Mason Le Long says the costs can be prohibitive, especially for new acts but The Tin is able to offer its facility at affordable rates.

One of The Tin's leading projects is Live On Stage, which gives the opportunity for secondary school children to form bands, rehearse, perform, record and learn about the industry. Mason says many of the children on this scheme go on to form their own bands and come back to the venue to use the rehearsal spaces and perform on stage.

Mason hopes to further develop the studio to give young artists their first experiences at recording their work. He feels that playing to record is a different skill set to playing live and they need to become familiar with the environment. The rehearsal space also needs proper acoustic treatment installed to improve sound quality, as well as soundproofing, so that noise from adjoining rooms does not leak.

The COVID-19 pandemic had a profound impact on the organisation's ability to function. Mason says distancing guidelines have prevented it from opening. Mason feels social media campaigns such as #LetTheMusicPlay and #WeMakeEvents were crucial in raising Government awareness on the importance of providing financial assistance to the sector. He also thinks that given the fixed overheads the venue has that this support needs to continue.

live music.

Ms Banks performing at the AIM Awards | AIM - Jennifer McCord ©

The live sector includes festivals, promoters, music agents, production services, ticket agents and music venues. This sector contributed £1.3 billion to the UK economy in 2019, a 17% increase on its £1.1 billion contribution in 2018 and employs 34,000 people, up 11% from 30,529 in 2018. Exports grew 8% to £86 million from £80 million in 2018.

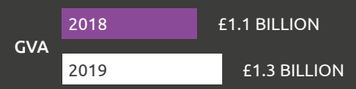
A high number of stadium tours and a consistently strong performance across the sector, together with data collection improvements among grassroots venues contributed to this increase. International artists such as Bon Jovi and The Eagles all played UK stadiums during 2019 alongside homegrown names such as the Spice Girls and Take That.

Consistent with data previously published by UK Music, the £1.3 billion GVA figure does not include performers onstage or associated spend around an event*. Performers' GVA counts to the Music Creators £2.7 billion GVA figure.

The live music sector has been devastated by COVID-19, with revenues falling to almost zero. Social distancing has prevented most events from taking place both operationally and economically, while travel restrictions have made touring impossible for both UK and international artists. Major touring artists contribute massively to the live sector's GVA, but that activity also supports most festivals and enables promoters to reinvest in developing acts.

Grassroots venues are especially hard hit, with a high number of small venues and nightclubs facing closure. The Government's Culture Recovery Fund, secured following campaigning from UK Music, UK Live Music Group and its members, has done a great deal of good but more action is needed to ensure this sector's future.

2019 was the live industry's most successful year to date and pre-COVID-19, 2020 was shaping up to be even stronger. A sector that was once proudly self-reliant is now in urgent need of a lifeline.



* The Carey & Chambers 2020 report produces different figures for GVA and employment, using a broader definition of the live music industry. This definition includes performers on stage (included here under Music Creators) and ancillary spend such as food and drink spent in conjunction with attending a live show.

festival.

Bluedot Festival

Bluedot Festival | Jody Hartley ©

Bluedot is an art, culture, and science festival, based at the Jodrell Bank Observatory, a UNESCO World Heritage Site in Cheshire.

The festival hosts range of unique sci-art collaborations, as well as headline performances from Kraftwerk, which included the audience wearing 3D glasses, The Chemical Brothers, New Order, Hot Chip and The Flaming Lips and many more.

Bluedot's festival director, Ben Robinson says the event has played a key role in the development of combined outdoor arts, eroding the boundaries between music, science, and the arts in a unique festival format.

Bluedot has become a feast for the imagination and also brought some education into what is usually an entertainment space. In 2019 the festival celebrated the 50th anniversary of Apollo mission to the Moon and co-ordinated a 'moon bounce' with audio signals being turned into radio signals that were sent to the Moon.

He says there has been a fantastic boom in festivals in this country that has led to a desire from audiences to have special and new experiences. The COVID-19 pandemic meant the festival suffered a serious financial hit and forced the cancellation of the event in 2020, which resulted in job losses and a significant impact to the festival's supply chain.

With the guidelines on social distancing, Ben feels it will be very difficult to build audience confidence in events going ahead, making it incredibly challenging to sell the tickets required to have feasible business models.

Another challenge for Ben is the lack of international tours, which impacts on booking for the festival.

He is concerned about the dangers posed by the rise in unlicensed events, where young people will not have the safety provided by licensed events infrastructure such as medics, security, and transport.

Ben also highlights issues with insurance of festivals, which has hampered the ability to plan new shows. He urged the Government to look at ways of supporting the industry to help it overcome barriers when it comes to securing event insurance.

music publishing.

Music begins with composition and songwriting. These are the first commercial assets upon which, the economic value of the music industry is built. Music publishing supports that process and the careers of many composers, lyricists and songwriters, who form part of Music Creators.

Music publishing contributed £524 million in GVA in 2019, an increase of 14% on 2018. This was fuelled, in part, by a healthy increase in exports which grew 15% to £712 million from £628 million in 2018. Employment remained consistent, at 1,368 in 2019.

Major settlements and private copying levies in international markets, combined with revenues emerging from markets with significant potential, such as China contributed to the strong exports performance.

Continued growth came from streaming platforms such as Spotify and Apple Music and, video on-demand services including Amazon and Netflix. The formation of the PPL PRS Ltd joint venture, which collects performance income for both master rightsholders and performers on the one hand and, music publishing rightsholders and songwriters on the other, is now fully operational, delivering greater efficiencies and income.

Music publishing is not immune to the impact of COVID-19. PPL PRS Ltd, will be severely impacted by the closure of shops, bars and other licensees.

The collapse of the live industry has also impacted music Publishing significantly. Promoters in the UK and internationally pay licence fees, to songwriters and publishers, for the public performance of songs performed live. The suspension of live shows means that this income vanishes. This is most keenly felt in the classical community, who rely very heavily upon commissions of works, hire of musical scores and on live performances, as primary sources of income.

Steel Banglez | Louis Browne ©

See methodology on page 33 for publishing exports definition.

publisher.

Bucks Music Group

Bucks Music Group

Bucks Music Group is one of the UK's longest running international independent music publishers. It was founded by David Platz, the father of current Managing Director Simon Platz.

David had a highly successful career signing the likes of The Rolling Stones, The Who and Black Sabbath. Simon joined the company in the early 1980s, before becoming Managing Director in 1993. Since then, Simon has continued to grow the company from seven employees to over thirty today.

Bucks Music Head of Business Affairs, Sheila Shayegan says its stable of companies have represented many successful writers over the 25 years including co-writers of hits by James Blunt, Beyonce Knowles, Eminem, Jay Sean, and Professor Green - and composers who have worked on hit TV programmes and films such as Dr Who (Murray Gold) and Downton Abbey (John Lunn).

Sheila says for a songwriter, the publishing royalties earned from the use of their music can be their most reliable and steadfast source of income. As the complex digital and global landscape for music consumption continues to evolve rapidly, it is important to ensure publishing rights are enforced and protected so the value of those songs is maximized.

She thinks one of the recent challenges has been the global phenomenon of TikTok. The success of 10-second videos has caused a resurgence of interest in past hits. With that come not only exposure for those songs, but also an additional new revenue stream.

The challenge for rightsholders has been to ensure these rights are licensed correctly and creators are paid properly.

The COVID-19 pandemic and the loss of live performance revenue has meant huge uncertainty over previously reliable sources of income to writers.

Even with Government's gradual easing of restrictions, it seems that events and gigs will not be able resume in an economically viable way for some time, creating further financial hardship.

Sheila feels the industry relies on the strength of the song and it is important the talent that creates them is supported during these difficult times.

record label a&r.

Matt Thornhill - Young Turks

Young Turks artist Sampha | Laura Coulson ©

Young Turks is an independent label, publisher and management company, representing artists including The xx, Sampha and FKA twigs and new acts like Koreless, Ethan P Flynn and Mustafa.

For Managing Director Matt Thornhill, the focus is on building artists' long-term careers. The team worked with Mercury Prize-winner Sampha for seven years before he released his debut album. During that time, Young Turks helped him refine his song writing and build a fanbase, through a series of high-profile collaborations.

Matt thinks that they must work hard to prove their worth when it is easy for artists to record and release music from their bedroom. A&R is central to this – understanding an artist's vision, inspiring them and walking them through the process of making a record.

He believes playing live is fundamental to developing a new artist as it helps them build a grassroots fanbase and hone their craft as a performer. Due to the pandemic, Matt predicts Young Turks income will shrink by around a third due to the knock-on impact of the collapse of the live music industry.

Jo Charrington - Capitol Records UK

Capitol Records UK artist Sam Smith | Alasdair McLellan ©

Jo Charrington is Co-President of Capitol Records UK, which is part of Universal Music UK. Capitol's roster includes Sam Smith, Aitch, Liam Payne, Mae Muller and Zoe Wees among its many great UK artists.

Jo signs acts at various stages of their development and views her job as helping artists achieve their greatest creative and commercial potential. Finding and helping develop new talent is the heart of Capitol's business.

But at a time when technology and globalisation have so crowded the market with more music, and artists are also forced to compete for the attention of audiences with other entertainment, Jo says that it's harder than ever for an artist to breakthrough.

She believes that the sustained and far-reaching success of any artist requires the partnership of a label team to help navigate the environment and to invest in support of the artist.

COVID-19 has affected the creative process, but the team have provided safe environments for writing and new innovations for making and releasing music. Nothing matches live music for discovery, but Jo continues to find talent online.

recorded music.

BBC Introducing and MAP member Solent University graduates BASH! | Alex Tervinsky ©

This sector comprises record labels, master rights holders, physical and digital distributors and recording studios. Record labels are the primary investors at scale into new UK artist talent and their creative partnership with artists, investment and marketing support the careers of recording artists, session musicians, engineers and producers, which are all counted under Music Creators.

The recorded music sector contributed £613 million in GVA during 2019, an increase of 9% from £563 million in 2018. Exports increased 8% from £478 million in 2018 to £518 million in 2019 and employment remained consistent at 5,400 in 2019.

Streaming is driving the growth in revenues, supported by performance income (PPL), synchronisation (film and TV placement) and artist ancillary income (i.e. a share in artist's live, merchandise and other non-recorded income). Physical sales continue to decline, although well packaged premium product such as vinyl and CD box-sets retain an important place in catering for committed fans.

The growth of digital distribution services for self-released artists outside the traditional label structure has coincided with a significant increase in the number of music creators in recent years. Leading players include CDBaby, Kobalt owned AWAL and traditional labels have entered the market by either launching their own services, such as Universal's SpinUp, or through acquisition, such as Sony Music's The Orchard.

COVID-19 has disrupted the making and marketing of new repertoire, the lifeblood of this sector. The plight of independent record labels is especially pressing because indies do not have deep pockets and access to finance is an ongoing concern. Major labels are not immune either with public performance and artist ancillary income likely to be affected by COVID-19.

Recording studios were unable to operate at the height of the COVID-19 pandemic, meaning they received no income for months to cover sizeable overheads. Recording studios are highly specialised facilities that, once lost, are not easy to replace.

music representatives.

Music managers are the frontline music representatives who represent the interests of music creators, navigating the considerable stresses and strains of the creative process and the work that is done to build value from that process.

Music accountants and music lawyers can represent various parties across the industry, but have an especially important role to play in managing the business affairs of Music Creators as part of a team of advisors around the artist.

Collective Management Organisations (CMOs) play a valuable role in protecting and preserving the value of rights as they license their use and return those royalties to Music Creators and rights holders.

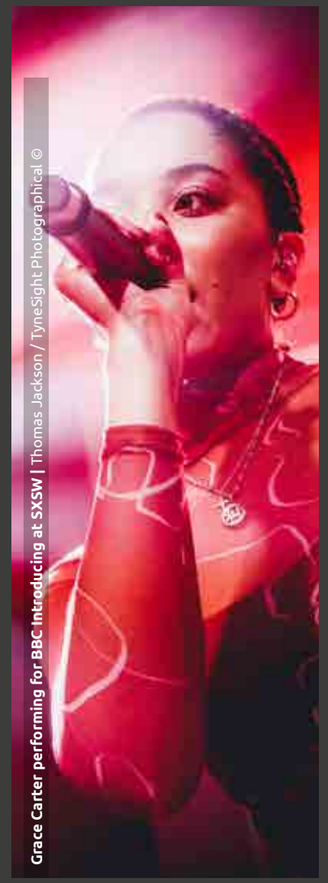
Music Representatives contributed £170 million in 2019, up 15% from £148 million in 2018, while exports increased slightly from £387 million to £406 million and employment grew from 2,624 to 3,100.

The role music representatives play has proven critical during the COVID-19 crisis. Many organisations have either initiated, supported or coordinated various hardship funds. AIM, BPI, MMF, Help Musicians UK, the Musicians' Union, PPL, PRS for Music and its charitable bodies, the Member's Fund and PRS Foundation, amongst others.

Such support is not only financial, but can also include business advice, mentoring and mental health services.

As a consequence of COVID-19, CMOs are projecting a decline in revenue for 2020, primarily due to the impact on public performance licensing. PPL estimates its UK revenues could decline by up to 30% compared to 2019, and PRS for Music estimates its revenue could decline by 15-25%.

The impact on artist managers is even worse, the MMF reports that 80% of its members' income is directly attributable to live performance, which is currently close to zero.



Grace Carter performing for BBC Introducing at SXSW | Thomas Jackson / TyneSight Photographical ©

* See methodology on page 33 for Music Representatives exports definition.

Creamfields | Anthony Mooney ©

Amy Thomson - Manager

management.

Amy Thomson

Over two decades as an artist manager, Amy Thomson has sold over 1.5 million concert tickets and generated over 20 billion streams for the artists she represents. Her clients have included Swedish House Mafia, Seal, DJ Snake and, in a marketing consultancy capacity, Kanye West.

She feels managers are the CEOs of artists' businesses and those businesses begin with the creative process and start with a song.

As a manager, Amy might bring in songwriters and collaborators to work with her artist clients. From a song, they create a recording that is produced, mixed and often remixed, especially in dance music.

She oversees the record label process of A&R, marketing, press, radio and – crucially – international marketing to promote artists on a global basis.

She works with lawyers and accountants to oversee the business affairs of her stable of artists, she negotiates the best deals and works hard to ensure those deals are enforced.

A song's copyright can have global value for a long period of time, which requires constant management, especially as the number of royalty sources grows ever more complex.

Another key part of her role involves hiring of the touring crew, creatives, video directors, digital marketeers, live agents, touring shows, merch companies, business and legal teams, auditors, consultants right through to personal support staff for artists.

British managers like Amy, in addition to representing British talent, also represent international talent, which means they are exporters too.

They help generate income for artists from around the world, but often hire British staff and bring management commission back home to the UK and pay taxes in the UK in a further boost to the economy.

Managers bring new revenue streams, increasing the size and profitability of artists' businesses by striking smart deals and hiring the best teams.

music retail.

Music Retail was first added to the definition of the "core" music industry in last year. It includes physical and digital recorded music sales, such as buying a CD, LP or download or paying for a music streaming service. It also includes the sale of musical instruments, such as electric and acoustic instruments used by soloists, bands and orchestras in addition to accessories, PA equipment such as amplifiers and recording software and hardware.

Music retail grew its GVA in 2019 to £463 million from £402 million in 2018. Exports went from £24 million in 2018, to £26 million in 2019. Employment dipped slightly from 11,688 in 2018 to 11,300 in 2019.

Recorded music revenues continued to grow, fuelled overwhelmingly by streaming (up 21% from 2018 to 2019) as paid downloads and physical sales continue to decline (down 27% and 17% respectively over the same period) according to the ERA/BPI. Although CD sales continue to decline, vinyl continues to grow (up 6.4%) and other physical albums (including cassette) are up 9.6%*.

Music instrument sales declined slightly in 2019, down 2% on 2018**. Instruments are a capital investment for Music Creators so purchases will vary year-on-year. COVID-19 has thrown up some interesting trends. Software sales under lockdown were strong, but hardware sales were hit. Guitar sales have increased during 2020 and this appears to be attributed to those playing as a hobby rather than professional musicians.

The impact of COVID-19 on Music retail has driven many sales online and many traditional high street stores have adapted to new consumer purchasing habits. Despite Record Store Day being disrupted in 2020, with the date moving back from April to June and then spread over three days to accommodate social distancing, independent shops have seen strong sales with vinyl seeing year on year increases in 2020. Nevertheless, two lockdowns have caused challenges and the sector would benefit from targeted support.

Record Store Day 2020 | Record Store Day ©

* Numbers in this paragraph are ERA/ BPI estimates

** MIA estimate

4 music tourism.

Music is vital to the UK's tourist industry and 2019 was another strong year with 33.7 million people attending live music events in the UK, an increase of 13% from 29.8 million in 2018. The number of music visitors also grew, with 12.6 million music fans attending live events in 2019, up 13% from 11.2 million in 2018.

Festival attendance showed a strong increase, up 6% to 5.2 million in 2019, from 4.9 million in 2018. Glastonbury returned after a fallow year in 2018 and other festivals such as Reading, Download and British Summer Time all performed well.

Concert attendance was especially strong, up 15% to 28.5 million in 2019, from 24.9 million in 2018. Concerts were boosted by an especially high number of stadium tours by major acts such as the Spice Girls, Ed Sheeran and Bon Jovi at the top of the market and improved data collection amongst grassroots venues.

Domestic visitors* grew 14% to 11.7 million in 2019 from 10.3 million in 2018. The number of overseas visitors dropped slightly by 5% to 845,000 in 2019 from 888,000 in 2018.

The number of foreign visitors does fluctuate from year to year: growing 35% in 2016, declining 3% in 2017 and growing 10% in 2018 before declining 5% in 2019. Nevertheless, the overall picture for music tourism in recent years and in 2019 specifically has been one of consistent growth and strength.

The level of spend by music tourists increased to £4.7 billion in 2019, up 6% from £4.5 billion in 2018. Overseas visitors tend to spend more per head than domestic visitors and this does have an impact on level of spend attributed to music tourism. The average spend by overseas music visitors was £899 in 2019 compared to £183 average spend by domestic music visitors.

Music tourism sustained a total 45,633 full-time jobs in 2019, which was roughly level with the year before, but 15% up on the 39,728 jobs sustained by music tourism in 2016. Early indicators suggested 2020 would have been even better than 2019. The outbreak of the COVID-19 pandemic, which hit the UK in March 2020 put the live music industry and music tourism in turmoil.

Music tourism revenue and jobs are under threat. The industry has already been vastly impacted by social-distancing restrictions and international travel restrictions will have a particularly adverse impact on attracting high spending overseas visitors to UK live music events. This includes festivals, concerts, but also nightclubs such as Ministry of Sound, which has retained a global reputation amongst dance music fans around the world.

Music tourism benefits the whole economy, especially at a local level in the areas surrounding venues and events, so the consequences for a lack of music tourism income are far-reaching.

* Domestic visitors were classified as either "locals" or "visitors" based on distance travelled to the venue rather than on whether their initial location was in a different Government Office Region. See full methodology.

THERE WAS A TOTAL OF
12.6 MILLION
MUSIC TOURISTS GOING TO
LIVE MUSIC EVENTS

MUSIC TOURISTS SPENT
£4.7 BILLION

45,633
JOBS WERE SUSTAINED BY MUSIC TOURISM

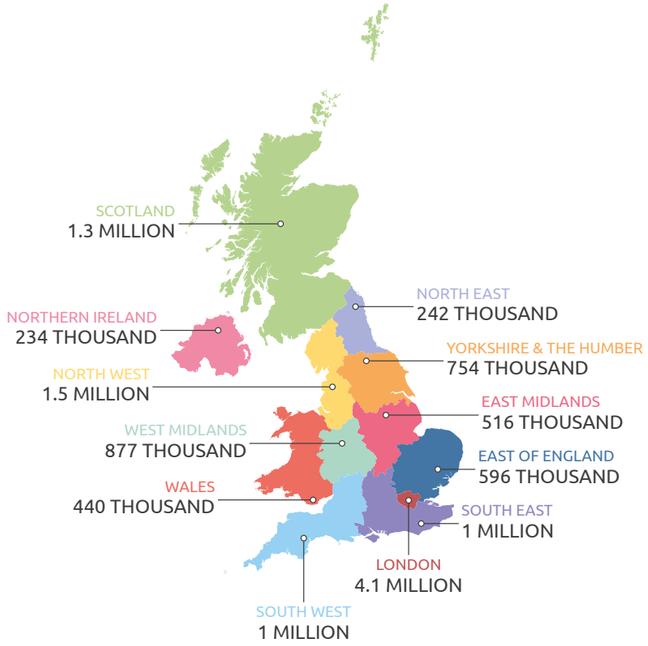
number of music tourists.

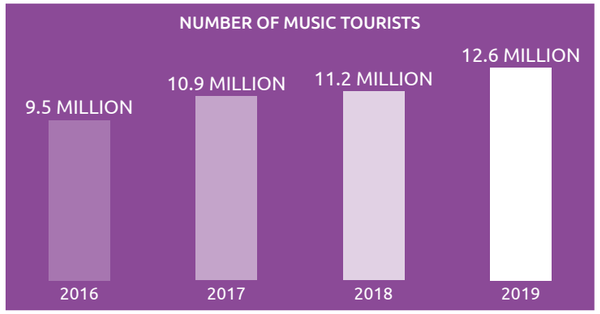
This map shows the total number of tourists attending live music events across the UK by region in 2019. Music tourists include those travelling from overseas as well as domestic tourists who live in the UK but are not local to the events they are attending.

In total music tourists in the UK reached a record high of 12.6 million in 2019, the culmination of consistent growth since 2016.

London saw the largest increase, rising 45% from 2.8 million in 2018 to 4.1 million in 2019. London was boosted by festivals such as British Summer Time and Wireless; and stadium shows such as Metallica at Twickenham and Muse at the London Stadium.

West Midlands grew 19% from 738,000 in 2018 to 877,000 in 2019, with the North West, Scotland, Wales, South West and East Midlands all increasing as well. This strong performance across the regions can be attributed to a high number of stadium tours playing across the UK. For example, the Spice Girls played stadiums in London, Coventry, Cardiff and Manchester as part of their UK tour.



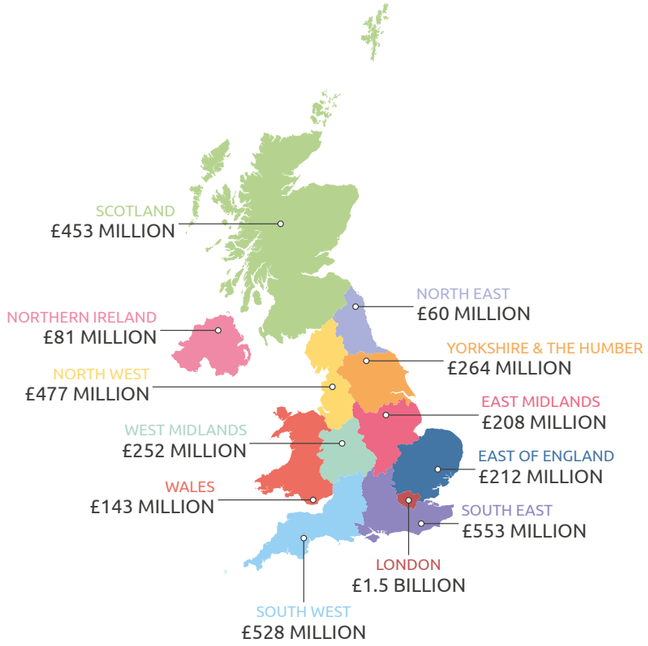


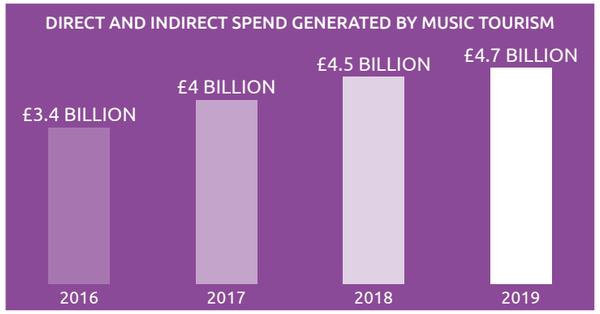
music tourist spend.

This map displays the total amount of spend generated by music visitors per region. This includes direct spend such as tickets, merchandise and drinks, food and accommodation, as well as indirect spend, which covers costs created by organisers in running the event, such as hiring space or equipment.

Music tourism spend reached £4.7 billion in 2019, up 6% from £4.5 billion in 2018 and continuing an upward trend since 2016. London and West Midlands showed the strongest growth, both increasing 20% year-on-year. London grew from £1.3 million in 2018 to £1.5 million in 2019 and West Midlands from £211,000 in 2018 to £252,000 in 2019.

The South West, Wales, and the North West also saw growth. Shows including Take That's UK stadium tour helped increase spend in these regions. The return of Glastonbury in 2019, after a fallow year, also drove the increase in the South West, while festivals such as Parklife and Creamfields helped increase spend in the North West.





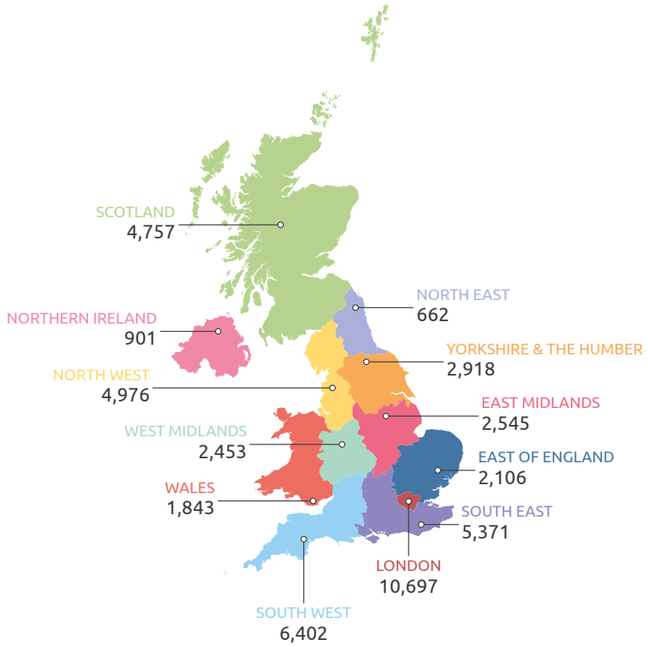
music tourism jobs.

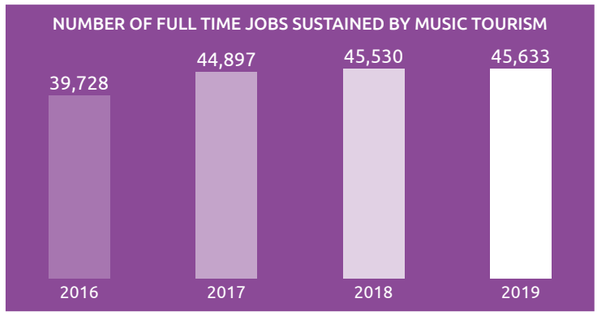
This map shows the number of full-time equivalent jobs sustained by music tourism broken down by region. Roles within the industry range from promoters and sound engineers, to security and bar staff.

London saw the greatest growth, increasing 16% from 9,252 in 2018 to 10,697 in 2019, with Scotland also showing a healthy increase of 11% from 4,300 in 2018 to 4,757 in 2019. The South West, North West, West Midlands and Wales all saw increases.

Employment attributed to music tourism in 2019 grew only slightly to 45,633 in 2019 from 45,530 in 2018. The live sector has shown strong growth over the past few years, but we need to ensure that new talent is being trained to keep up with demand.

While regional activity is a factor, with venues creating local employment opportunities, those employed by music tourism often travel around the UK and abroad to work. What is clear is that music tourism delivers employment opportunities very significantly across all regions of the UK.





5 next steps.

As the first year of a new decade draws to a close, COVID-19 and the restrictions associated with it, has been the defining issue faced by the music industry. Without an available vaccine and the rules on social distancing continuing to be imposed, in the short term we cannot expect an immediate return to normality. But this is a temporary setback.

It is imperative that we do not lose sight of the massive contribution the music industry makes to our economy. The findings in Music By Numbers 2020 prove that the UK music industry is a commercially successful sector that was continuing to grow right up until the pandemic hit. When it comes to reopening sectors across the economy in 2021 the Government can ill afford for the music industry to be at the back of the queue. The music industry is integral to Britain's post-pandemic recovery.

To return the music industry to growth and fulfil our goal as one of our country's most important national assets over the next decade we do however need support. This is not support for a dying industry that is close to extinction – we just need help to get us through the pandemic, through to the point when we will be able to stand on our own two feet again and start delivering economic growth once more.

COVID-19 business recovery and revival.

While Government help for the music industry has been welcome, not least the £1.57bn Culture Recovery Fund, more support is needed so that the industry can get through this period with as many organisations and companies surviving as possible.

The industry has made it clear that Stage 4 ("partial reopening") of the Government's "roadmap" is not economically viable for many venues or festivals to put on socially distanced performances without Government support. In order to get live music restarted at the earliest opportunity and achieve an indicative date for reopening there are five specific actions needed:

1. VAT rate reduction on tickets should be extended beyond 31 March 2021.
2. Government backing for a live music events reinsurance scheme.
3. Business rate relief for venues extended for 2021/22 financial year and removal of festival sites on agricultural land from the business rates system.
4. 2020 local authority license fees for festivals to be rolled over to 2021.
5. Maintain joint industry/ Government work to establish clear protocols with health agencies regarding testing and live events.

In addition, there needs to be a performing arts quarantine exemption to enable people coming from overseas to work immediately – whether its to perform at a live event or record in a studio. Business rate relief for music retail should also be extended for the 2021/22 financial year, as well as being introduced for recording and rehearsal studios. VAT relief for shuttered physical music retailers is needed to assist with their reopening.

COVID-19 workforce support.

72% of those that work in

music are estimated to be self-employed. The Self-Employment Income Support Scheme (SEISS) is very welcome yet many of those working in music have fallen through the gaps, with just over a third of self-employed people working in the arts and entertainment eligible for this fund.

The music industry has stepped up to the plate and is helping its own with a range of hardship funds supported by UK Music members including PPL, PRS for Music, the BPI, the Musicians' Union, AIM and the MMF yet many in our industry still face an immense struggle to continue their careers.

Government has made job support available when businesses are legally required to shut yet when there have been relaxations those working in the music industry have continued to struggle because social distancing restrictions make many activities economically unviable. Workers in the music industry should either be able to generate their own income, or be compensated because Government restrictions make that impossible. At the moment, they can do neither. Creative freelancers should receive complementary support to the employed.

It is therefore critical that the Government makes available targeted support that recognises the unique dynamics of the music industry and how it is impacted by the pandemic. By doing so it would ensure the artists, managers, composers, songwriters, sound engineers and countless others that the sector relies on, get the support they need so that the industry can get back on its feet and continue the work of rebuilding this world-leading industry to pre-COVID-19 levels.

overseas touring.

The impact of Brexit continues to cast a cloud of uncertainty over the ability of those in the UK music industry to move freely around Europe, in particular given the catastrophic impact of COVID-19.

We need to achieve a system for continued cultural exchange between the UK and the EU. A reciprocal arrangement is necessary.

We urge the Home Office to operate a simplified system for touring musicians and composers entering the UK and request reciprocity in the trade negotiations. This could mean either waiving permits for short term business visits as non-visa nationals or updating the current Permitted Paid Engagement approach so its fit for purpose and better understood by immigration officials. This would offer the EU a one-stop system that does not trigger prohibitive costs and formalities.

At the level of UK / EU trade arrangements, we require an explicit deal for musicians and their crew to avoid navigating multiple systems when touring across the EU. This also needs to include their equipment and exemptions to avoid the reintroduction of costly and time-consuming carnets for goods such as instruments and merchandise when travelling across borders.

Looking beyond the EU, UK Music urges the Government to address the growing disparity between the cost and bureaucracy for UK artists to perform and tour in the US and those of US artists doing so in the UK in any UK / US trade negotiations. The US, as a predominantly English-speaking nation is a key export market for the UK but also one in which UK artists arguably face some of the strongest competition.

copyright protection.

Copyright provides a means for creators to monetise their work and gives incentives for investment in talent. Copyright infringement remains a major challenge for our industry. As does securing fair value from online services for the use of music.

The UK Government should use its new-found freedom from leaving the EU to create its own laws by developing the strongest copyright framework in the world and, equally importantly, uphold strong copyright protection in all future trade agreements. By doing so the UK could become a cultural hub and act as the global destination to perform, record and do business. This is even more important given the strength of the UK music industry as a net exporter.

The Government needs to set out how it intends to ensure online platforms behave responsibly and take action to prevent illegal content appearing on their services.

UK Music will continue to represent its members to improve the way creators and those who invest in them are rewarded and that their copyright is properly protected. This includes working with Government to address stream-ripping which, according PRS for Music, has increased by 1390% in the last three years and accounts for 80.2% of the most popular piracy websites, as well as ensuring infringement is classified as an economic harm.

international trade support.

International appetite for UK music content has continued throughout the COVID-19 pandemic. We need to harness this demand for UK music across the world and reap the benefits of it.

Following the UK's formal departure from the EU in 2020, supporting and growing the UK's music industry overseas is more important than ever. New free trade agreements present an opportunity to secure this. Whether it's the USA, the EU, Australia, India or New Zealand, there are now new opportunities to strike exciting partnerships to grow UK music in key markets. Overcoming market access issues, whether its impediments to copyright licensing or ensuring performers can enter without unnecessary bureaucracy should be prioritized as part of the negotiations.

Government funding for export support should also continue and be extended. Established in 2013, the BPI-administered Music Export Growth Scheme (MEGS) continues to be a successful part of growing UK sales abroad. Another excellent example of the work to help boost overseas trade is the PRS Foundation's International Showcase Fund.

Other innovative ideas to support overseas trade during the COVID-19 pandemic should also be explored.

talent pipeline.

Investing in talent is the key to producing the stars of the future. That means nurturing the UK's talent pipeline which is already threatened by the drop in the number of young people studying music at both GCSE and A-Level.

To help tackle that drop, the Government should press ahead

with its proposals to formulate a new National Plan for Music Education. The existing plan - designed to set a framework for how schools, local authorities and teachers support music in education - was published in 2011 and expires in the current academic year.

The Government should devolve more powers to help talent development across the cities, regions and nations across the UK. With support from UK Music, Sheffield and Liverpool city regions have developed Music Boards with similar plans being developed with the Greater Manchester City Region as well.

Other areas can benefit from music strategies but it needs collaboration from Government too to make sure the right framework is in place.

The Government should also support greater provision of rehearsal spaces throughout the UK. It is vital that everyone from whatever background has the chance to access music education and develop a career in the music industry.

fiscal incentives.

Specific tax incentive schemes for music production or composition are common in other countries with strong music sectors notably France, many US and Canadian states, Australia and Ireland. The UK currently has no such incentive. This puts the UK at a competitive disadvantage.

In response, UK Music is developing proposals for a tax credit that would incentivise investment in the next generation of world class music talent in the UK, and encourage inward investment into capacity building, professionalisation, investment and growth that would be especially useful to our large number of SMEs, microbusinesses and sole traders. This would correct existing market failures within the UK sector, help re-capitalise COVID-19 stricken businesses looking to bounce back, boost the attractiveness of investing in UK based content against our international competitors, support new UK talent and incentivise activity in all parts of the UK commercial music sector.

Joy Crookes | Katie Silvester ©

6 methodology.

Pre-COVID-19, our intention this year was to make relatively few changes to the methodology that was updated last year for Music By Numbers. The 2019 report combined for the first time the Measuring Music and Wish You Were Here reports. As the year progressed, it was very apparent that reliable economic data is more important now than ever before.

The scope, definitions and methodology remain the same as last year. In telling the story behind the numbers, however, we have been mindful in how we describe economic contribution in 2019 in light of devastating impact of COVID-19 in 2020.

Data capture this year, even though we were seeking to obtain 2019 numbers, was extremely difficult. Many staff were furloughed and in an industry with a disproportionate level of self-employed workers, small and micro-businesses, this made the task of data capture all the more challenging.

In this report UK Music examines what the UK music industry generates in terms of value to the UK economy. To do this we calculate the results in terms of GVA (Gross Value Added), exports and employment. These are the same metrics used by the Department for Digital, Culture, Media and Sport (DCMS).

While limitations in the Standard Industrial Classification (SIC) codes apply to data reported by DCMS, these limitations do not apply to the results that we report in Music By Numbers.

For live music exports, we restrict estimations of live music exports to expenditures at gigs or festivals, rather than all expenditures incurred in relation to these events, such as travel and transport, which is covered in the Music Tourism section in the report.

With regard to exports, UK Music uses the Organisation for Economic Co-operation and Development (OECD) definition of exports, which is recognised internationally by Governments and other agencies. This states: “Exports of goods and services consist of sales, barter, or gifts or grants, of goods and services from residents to non-residents”.

For example, when non-residents of the UK spend money on tickets for music concerts or festivals in the UK, they are contributing to exports, as they are non-residents spending on the services of residents. But, in respect of most of the exports covered in Music By Numbers, money moves across international borders. That is non-resident consumers and/or businesses are making purchases outside the UK which, through a wide range of channels, transfer back across international borders to UK-based businesses.

Export income comprises an unusually large proportion of revenue to UK music publishing and music representatives. Therefore, because of this, what remains as total GVA is less than its total export revenue.

A complete methodology is available on the UK Music website.

This report on the music industry has been created on behalf of UK Music and its members to highlight the contribution of the music industry and music tourism to the UK economy.

UK Music is the umbrella organisation which represents the collective interests of the UK's music industry – from artists, musicians, songwriters and composers, to record labels, managers, music publishers, studio producers, music licensing organisations and the live music industry. The members of UK Music are: AIM, BPI, FAC, Ivors Academy, MMF, MPA, MPG, MU, PPL, PRS For Music and the Live Music Group.

The UK Live Music Group is made up of members of the Association for Electronic Music (AFEM), Association of Independent Festivals (AIF), Concert Promoters Association (CPA), Agents Association (TEAA), British Association of Concert Halls (BACH), International Live Music Conference (ILMC), National Arenas Association (NAA), Production Services Association (PSA) and Music Venues Trust (MVT) with contributions from PRS Foundation, MU, MMF and FAC.

Hongni Wu and Thando Mjandana in the Jette Parker Young Artists Summer Performance | The Royal Opera House - Clive Barda ©

7acknowledgments.

Throughout this project we have received support from all parts of the music industry with this research. Without their collaboration and enthusiasm this report would not be possible.

We are grateful to the wide range of individuals and organisations that have provided datasets essential to this analysis. Each member of UK Music has granted us access to their data and permission to survey their own membership. In addition, accountants of some the UK's leading music acts have provided valuable information to allow us to complete this work. We would also like to thank the Music Industries Association (MIA) for their support.

We would also like to thank for their assistance a number of ticketing agents across the country, who have been integral in contributing to this project, as well as the music creators and businesses for donating their time in order for us to present our case studies.

We are pleased to continue working with the Intellectual Property Office (IPO), The Department for Digital, Culture, Media and Sport (DCMS) and the Office for National Statistics (ONS) on this project.

We are especially appreciative to the ONS for allowing us access to the Virtual Microdata Lab (VWL) which has enabled us to apply a bespoke methodology for the calculation of the music industry's GVA. The economic analysis was carried out in partnership with Oxford Economics and a methodological statement is to be found on the UK Music website.

The project is managed by **Andy Edwards,** Director of Research & Analysis at UK Music. .

For all media enquiries contact:
Vincent Moss & Jennifer Geddes
vincent.moss@ukmusic.org
jennifer.geddes@ukmusic.org

For all policy enquires contact:
Tom Kiehl, Felicity Oliver & Matt Bold
tom.kiehl@ukmusic.org
felicity.oliver@ukmusic.org
matt.bold@ukmusic.org

For all research enquires contact:
Andy Edwards
andy.edwards@ukmusic.org

This document was designed by **Beatriz Ribeiro** at UK Music

All written material copyright © UK Music 2020 except where otherwise indicated

UK Music
Savoy Hill House
7-10 Savoy Hill
London
WC2R 0BU

T: 020 3713 8444

Twitter: @UK_Music
Email: info@ukmusic.org
Website: www.ukmusic.org