Methodology Document

UK MUSIC

THIS IS MUSIC 2024

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This analysis is based on the most recent data that is available. The data sources used are a combination of industry surveys conducted by the UK Music members, Annual Business Survey (ABS) and other music industry bodies.

Methodology

This chapter sets out the methodology that has been followed to quantify the economic contribution of the UK music industry. It begins by setting out some points of terminology and the methodological steps in the order in which they have been implemented. It then discusses some methodological challenges. It concludes by providing more detail on how the key indicators – Gross Value Added (GVA), exports and employment – have been determined.

Methodological Steps

The methodological steps are as follows:

First, define the industry. This task provides the industry's answer to the question: What economic activities make up the core music industry?

More detail on the process followed to generate the industry's answer to this question is provided in the next chapter on definition.

Second, identify and quantify sources of revenues. Having established the economic activities that define the music industry, this task involved working with the industry to identify and quantify the revenue streams relevant to these economic activities.

Third, the export contribution of the music industry was measured by identifying and quantifying those revenue streams that involved transactions between UK businesses or artists and businesses or customers outside the UK.

Fourth, the employment contribution of the music industry was measured by identifying and quantifying the employment concerned with the economic activities that form the music core industry. Fifth, having quantified the revenues generated by the economic activities of the core music industry, it was necessary to transition from these to an estimate of GVA contribution. There are various methods for making this transition, which we discuss below.

Terminology

We define Gross Output, Gross Value Added (GVA) and exports in the same way as the Office for National Statistics (ONS) and current accepted economic convention.[1] This means that the following definitions are used:

Gross Output corresponds to the total value of final sales by the company or industry in the relevant accounting period.

GVA is the contribution an institution, company or industry makes to Gross Domestic Product (GDP). GVA is most simply understood as the value of sales minus the cost of bought in goods and services used up in the production process. For a company, this is equivalent to the sum of compensation of employees (including both salaries and payments in-kind), earnings before interest, tax and depreciation (EBITDA), and taxes less subsidies on production.

Exports are the value of final sales to purchasers resident Overseas, and also contributes to Gross Output. This is consistent with the Annual Trade in Services Survey run by the ONS.

GVA measures the contribution to the economy of each individual producer, industry or sector and is used in the estimation of Gross Domestic Product (GDP). GDP is a key indicator of the state of the whole economy. When assessing the economic contribution of sectors or the economic impact of a policy change, it is conventional to refer to the GVA impact. This is, therefore, a more widely recognised and used measure of economic contribution than Gross Output. Department for Digital, Culture, Media & Sport (DCMS), for example, report on the GVA contribution of the creative sectors but not their Gross Outputs.

In the UK, three theoretical approaches are used to estimate GDP: 'production', 'income' and 'expenditure'. The 'production' approach to estimating GDP looks at the contribution of each economic unit by estimating the value of an output (goods or services) less the value of inputs used in that output's production process. The income approach to estimating GDP measures the incomes earned by individuals (e.g. wages) and corporations (for example, profits) in the production of outputs (goods or services).[2]

In This Is Music, a production approach is used for most categories. In the case of music creators, net revenue (i.e. after costs and commissions) is treated as wages for the purpose of this anaylsis.

1 https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/methodologies/glossaryofeconomicterms

2 https://webarchive.nationalarchives.gov.uk/ukgwa/20160128204104/http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/gva/relationship-gva-and-gdp/gross-value-added-and-gross-domestic-product.html

Methodological Challenges

This project has identified and overcome a number of methodological challenges. Our research partners in launching this work originally in 2013, Oxford Economics, have a strong track record of studies on broadly comparable sectors – for example, film – and assisted this study by drawing upon the intellectual capital of these past studies.

Three kinds of challenge have been confronted:

- Definitional challenges: Have we defined the music industry correctly?
- Data challenges: Have we gathered the most accurate data possible on this definition?
- Technical challenges: Have we used the data appropriately to assess economic contribution?

We provide more detail on the process that has been followed to arrive at our definition in the next chapter.

This process arrives at core and wider definitions of the music industry, which in providing core and wider elements is consistent with the approach used by Oxford Economics in their research on the film industry.

Gathering data has been challenging as the music industry is made up of a large number of small music enterprises (SMEs) and a lot of data is held by these organisations. Therefore, there is significant variation between individual contracts with complex, cross-border revenue flows, as well as plurality of business models and many freelancers.

As this report has become well established, support from within the music industry in terms of supplying data has grown. This includes surveys of individual Music Creators, but also music representatives acting on behalf of their clients and all conducted on a confidential basis. The MMF continue to provide data of music managers from across the country.

Our analysis of the live music industry depends upon accessing ticketing and *PRS for Music* live performance data. We are grateful to all those who have shared their data with us to enable this analysis.

GVA

We have used industry data to quantify the Gross Output of each element of the core music industry. There are transactions within the music industry such that revenues that contribute to output in one part of the industry will in turn contribute to output in another part of the industry (e.g. record company revenue will to some extent be passed on to music creators and in turn from music creators to their managers). That revenue derives from transactions internal to the industry does not alter the Gross Output of various parts of the core industry, which are simply the summed revenues of companies in these parts, irrespective of whether these revenues derive from sales arising from transactions with other members of the industry or economic agents external to the industry.

Three possibilities for transitioning from gross output to GVA data are:

Revenue data can be applied to the input-output table to generate GVA estimates but this would work poorly for music as the industrial sectors in the input-output table do not correspond accurately to music.

Another possibility would be to take a ratio of GVA to Gross Output from the Annual Business Survey (ABS). However, again, this would be imperfect for music due to the way that music maps poorly on to the Standard Industrial Classification (SIC) codes.

Given the poor fit that music has with the SIC codes, a more bespoke methodology was required.

Previously UK Music created a bespoke ratio of GVA to Gross Output for the music industry as a whole, and this served us well for many years. Since 2021, we have worked with our economic consultants, Oxford Economics to review and revise this approach and have moved to more tailored ratios specific to each sector of the industry. By being more tailored, ratios are applied in a manner that is more appropriate to the fundamentals of each sector of the music industry.

GVA vs. Revenue

GVA is not the same as revenue. In simple terms, GVA measures the surplus value created by an industry after costs. Therefore, GVA is lower than revenue, as the industry's costs are removed when estimating GVA.

We take great care not to double count the different sectors of the industry when estimating GVA and to take into account different costs structures across the industry. For instance, a music creator, music manager, and record label all earn from recorded music but have different cost structures. However, when discussing an individual sector of the industry, we refer to revenue figures and not GVA to ensure we include all participants in that value chain.

Additionally, we only count revenues for the core music industry, not broader revenues impacted by music. For instance, for live music, UK Music counts box office and onsite spending (such as food and drink) at the venue, but we do not count spend by the concertgoer outside the venue in the report. In contrast, the music tourism figures produced separately by UK Music includes spend by music tourists outside the venue because the purpose of that report is to show the broader spending of music tourists when attending concerts and festivals in the UK.

Employment

We have measured the direct employment contribution corresponding to the economic activities within our definition. We have not measured the employment that is indirectly sustained by these economic activities.

This employment data has been gathered by surveying those undertaking the economic activities that are contained within our definition. When undertaking this surveying, we have been careful to avoid double counting (e.g. someone who works both as a Music Creator and a Manager) and to capture the many freelancers in the industry as accurately as possible.

Where surveys were used, they counted part-time staff and freelance staff as equivalent to half a full-time employee. In some cases, employment data was taken from other sources, e.g. BPI and MPA provided data on employment by record labels and publishing companies.

Exports

Exports are revenues from transactions between sellers in the UK and buyers outside the UK. These kinds of revenues have been identified in our surveying of UK Music members and others.

In undertaking this survey, we have attempted to apply the same standards and interpretations that the ONS use when undertaking the Annual Trade in Services Survey.

Given the significant heterogeneity by contract - differences from contract to contract - that we see in the music industry, an important point that we note is that the Annual Trade in Services Survey seeks to gather data at firm level, rather than by contract.

Definition

The first step in measuring the contribution the music industry makes to the UK economy is to set the parameters of what "the music industry" includes.

There is no universally agreed definition of the music industry. Different approaches can be taken to define any industrial sector. There is no 'right' or 'wrong' way. Different approaches do, however, conceptualise the industry in different ways and take different characteristics to capture the essence of the industry.

It is our contention that the industry is founded on certain commercial assets and defined by the relationship to these assets. It is these assets that create the value which enables music to be an industry, rather than a hobby, craft or other non-commercial venture. It is the business-to-consumer and business-to-business transactions and the resulting profits that make this a commercial environment and this environment would not be sustainable without the assets of the industry.

This chapter begins by reviewing the different ways in which music might be defined and then moves on to the process that has been followed to generate the definition presented here. It then explains the approach grounded in commercial assets and the rationale for this approach. It concludes by identifying the different elements contained within the core and wider music industries, according to this approach.

Different Approaches to Defining the Music Industry

The SIC and Standard Occupational Classification (SOC) codes are used by the ONS. The ONS note that the SIC "was first introduced into the UK in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged".[3]

While the SIC has been subject to various revisions since it was first introduced, it is still thought to better capture more traditional parts of the economy, like manufacturing, than parts of the economy that have since become more prominent, like the creative industries. Nonetheless, the SIC is often used to divide the economy into its component industries.

In respect of the SOC the ONS state that it is "a common classification of occupational information for the United Kingdom". [4] Thus, while the SIC divides the economy into different industries, the SOC divides the workforce into different occupations.

We have reviewed the SIC and SOC codes in detail to assess how different UK Music members ought to be classified with these systems. It is often difficult to map the activities of UK Music members neatly on to the SIC and SOC codes.

3 https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007
4 https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010

Music is also grouped with the visual and performing arts. These are quite different kinds of activity. They have different audiences, workforces and cultural footprints. Yet grouping music with them means that the output of music is not disaggregated from them in the data presented by DCMS and ONS. Demos has also commented upon these problems.[5]

Due to the difficulties of mapping music industry activities on to the SIC and SOC codes and the lack of a distinct coding for music, there are limits to what can be achieved through the current national accounts in terms of accurately describing what is constituted by our sector and what its economic contribution is.

5 Demos, Risky Business, (2011)

Why the Music Industry is Defined By Commercial Assets

The process illustrated above has led to the view that the UK music industry consists of a core industry and a wider industry beyond.

The core is defined by its relationship to the commercial assets of the UK music industry.

These commercial assets are:

- Commercial asset 1: A musical composition and/or lyrics
- Commercial asset 2: A master recording of a musical composition
- Commercial asset 3: A live musical performance
- Commercial asset 4: An artist him or herself (as a brand, reputation or image)

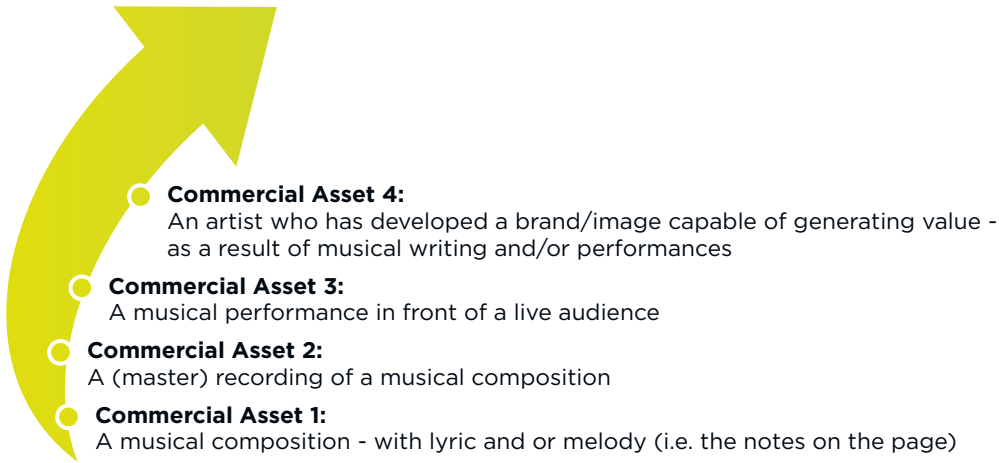
There are two kinds of relationship to these commercial assets that justify inclusion in the core of the music industry:

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

Second, economic activities whose 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.

The commercial assets relate to one another in a typically sequential form. This is illustrated in the diagram below. Musicians performing in front of live audiences will typically be performing compositions that either they or another artist have recorded, and which they or another composer or songwriter has written. In their exposition of commercial assets 1, 2, and 3, the artist can also develop their own brand i.e. commercial asset 4.

Diagram 2: **Typical Relationship Between Commercial Assets**



Some artists may have more commercial potential in one or other of the assets. The Rolling Stones, for example, release relatively few studio albums, however they retain tremendous capacity to attract huge live audiences (commercial asset 3). Equally, catalogues by the likes of the late David Bowie and Pink Floyd (commercial assets 1 and 2) continue to generate significant revenues in the absence of live performance (commercial asset 3).

There are also some artists - for example, those whose professional careers begin with TV shows like the The Voice - who have a personal brand (commercial asset 4) that is disproportionately large as compared with their success to date in developing commercial assets 1 and 2. This does not, though, exclusively apply to acts coming out of such TV shows.

Many of the most commercially successful artists, however, tend to have their success in commercial assets 1 and 2 build into success in commercial assets 3 and 4, giving them strong commercial potential in respect of all assets. A new album by Harry Styles, which would draw upon commercial assets 1 and 2, is a big moment, as is one of their concerts (commercial asset 3) or a brand endorsement deal, which would draw upon commercial asset 4.

Live performance is often critical, not only in terms of live fees generated but also the ability to sell physical music product such as CDs and vinyl and merchandise items such as t-shirts. Direct to Consumer platforms are helpful in monetizing the four commercial assets for those artists at all levels, but especially for those who self-release.

It is because these commercial assets are fundamental to all revenues generated by the music industry that we see them as integral to how we define the industry.

Core Music Industry

The rationale above defines the UK's core music industry as being formed by:

- Composers, songwriters, lyricists
- Artists, musicians, vocalists
- Music producers, engineers
- Recording studios and staff
- Music managers
- Record labels
- Recorded rights holders
- Music publishers
- Publishing rights holders
- Collecting societies
- Music trade bodies
- Music accountants
- Music lawyers
- Music festival organisers
- Music promoters
- Music agents
- Music merchandise companies
- Music retail (Shops)
- Music retail (digital)
- Retail of Music Instruments Manufacture of musical instruments
- Production services for live music
- Ticketing Agents – the proportion of their activities involved with live music
- Concert venues and arenas – the proportion of their activities involved with live music
- Music Distributors – Digital and Physical

Music merchandise companies were added to the core definition for the first time in 2021.

We group these different elements of the core into various thematic bundles as illustrated in Table 1.

Table 1: **Thematic Grouping**

Sectors	Sub-Sectors
Music Creators	Artist Musician Composer Songwriter Lyricist Vocalist Producer Engineer
Live Music	Music Festival Organisers Music Promoters 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	Music Publishing Rights Holders Publishing Companies
Recorded Music	Recorded Rights Holders Record Labels Physical Manufacturing and Distribution Digital Distribution Recording Studios
Music Merchandise	Music Merchandise Companies
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

Wider Music Industry

We are reporting only on the economic contribution of this core, not the wider music industry. While the wider music industry is considered in the chapter on linkages, we have not made an estimate of its economic contribution.

The UK's wider music industry is defined as those economic agents that trade with the core, and so service the core music industry in a variety of ways.

The rationale above defines the wider music industry as being formed by:

- Music-based digital services for consumers that do not involve the licensing of music rights (e.g. recommendations, social networks)
- Music broadcast: radio and television
- Music press (online and print) –including the proportion of music coverage in non music focused publications
- Music teachers (education)
- Security, catering and other services for live music performances/ events

Applying Methodology To The Core Definition

This chapter works through our thematic groupings to explain the application of our methodology to each element of our core definition.

Music Creators

Revenues Generated

UK Music worked with Ivors Academy, *PRS for Music*, PPL, MPG, FAC and the MU, as the representative bodies of these creative workers, and identified that they generate the following revenues:

- Royalties and rights payments from collecting societies (*PRS for Music*/PPL)
- Royalties from music publishers and publishing rights holders
- Session fees from record companies
- Royalties from record companies and recording rights holders
- Payments in association with a ticketed concert
- Commissions for new works
- Sponsorship/brand endorsements
- Payments for music tuition
- Payments for non-ticketed corporate gigs/pub performances/private parties
- Session or buy-out fees, e.g. for TV bookings, computer games and film companies
- Revenues from online content channels

GVA

We surveyed Ivors Academy, *PRS for Music*, FAC, MPG, PPL and MU members to gather data on the revenue streams above and then used PPL and *PRS for Music* data to gross up from the survey to an estimate for the UK as a whole. The survey had 1,461 responses, and is augmented by a similar survey aimed at higher earning music creators with professional representation. Net income (excluding certain costs and commissions) was used to calculate GVA for this sector.

Exports

The survey asked them what proportion of their revenues arises from overseas and this proportion was applied to our measure of total revenues of musicians to come to an export measure.

Employment

The survey found the average earnings of the respondents given our measure of total revenues which helps estimate employment.

Record Labels

Revenues Generated

UK Music worked with AIM and BPI, which represent record labels, to identify the following revenue streams:

- Sales
- Physical formats
- Online and mobile downloads
- Subscriptions
- Ad-supported
- Public performance and broadcast
- Synchronisation
- Film/TV/Advertising
- Games
- Premiums
- Digital exploitation of audio/visual content, e.g. You Tube channel
- Artist Related Income
- Other – including merchandise, live events

GVA

BPI runs a survey across all kinds of record labels – both majors and independents – which gather data on the revenue above.

Data is collected on invisible imports and exports, employment, A&R investment and marketing and promotion expenditure. In order to represent the whole recording sector, adjustments are made to the survey returns to account for the remainder of the independent sector. Measurement of the rest of the independent sector was undertaken by Media Research Publishing Ltd (MRP), whose estimates are based on company by company analysis of leading labels, utilising accounts disclosures, published market share data from the Official Charts Company and knowledge of the relevant businesses.

The total revenue figure reported by the BPI was applied to a tailored ratio of GVA-to-Gross Output to move to GVA.

Exports

These were taken from the BPI measure.

Employment

Similarly, employment is as reported the BPI.

Digital Distributors

Digital Distributors are a vital intermediary between those making sound recordings (commercial asset 2) and online retailers. They provide a niche, business-to-business service ensuring the digital file contains all the metadata to enable its commoditisation.

Please note that this does not refer to consumer facing digital service providers such as Spotify.

Revenues Generated

Digital Distributors generate revenues from the following activities:

- Deliver digital content
- Sales and marketing

GVA

Working with the BPI we identified firms offering these services and produced estimates based on company by company analysis for the leading digital distributors, utilising accounts disclosures.

This is a rapidly evolving area of the industry, and so this may be a conservative estimate of contribution.

The total revenues estimated were applied to the tailored GVA-to- Gross Output ratio to derive a GVA measure.

Exports

Our research found that digital distributors do not contribute directly to exports.

Employment

Employment measures were grossed up in line with market share held by the identified firms, as a proportion of the market share they were thought to hold.

Physical Manufacturing and Distributors

The design and production of physical product and packaging is necessary to bring sound recordings (commercial asset 2) to a form in which they can be sold to customers. They also tend to develop and reinforce the brand of the artists (commercial asset 4).

Revenues Generated

The revenues of these businesses that are relevant to this study are those that they derive from:

- Production of CDs and records/vinyl
- Distribution of CDs and records/vinyl

GVA

We worked with the BPI to identify businesses providing these services and calculated the average distributor commission. These revenues were then grossed up in line with the proportion of the major and independent albums released during the year that could be accounted for by the activities of our sources.

These total revenues were applied to our tailored GVA-to-Gross Output ratio to derive a GVA measure.

Exports

Our research found that physical manufacturers and distributors do not contribute directly to exports.

Employment

We calculated the ratio of employment to turnover from information.

Recording Studios

Recording studios play a key role in the transition from a musical composition (commercial asset 1) to a sound recording (commercial asset 2).

Revenues Generated

Recording studios generate revenues from the following activities:

- Studio hire
- Equipment hire
- Engineering services
- Mastering services

UK Music ran a survey across the recording studio community to identify these revenues streams. Studios were very severely disrupted during lockdown, but we worked collaboratively with the sector to enable studios to respond in a meaningful way. This is only the second year that recording studios have been surveyed and we shall continue to work to with this sector to encourage more responses from studios and gain a more complete understanding of this often overlooked sector. We calculated the revenues based on the average studio hire price in the UK, based on a studio being active for 261 days within the year and then adjusting that based on survey responses and lockdown restrictions. We are aware that the majority of studios operate outside of traditional hours and commonly are open at the weekends. Some, in fact, operate 24 hours to accommodate clients.

GVA

The total estimated revenue figure was applied to tailored ratio of GVA-to-Gross Output to move to GVA.

Exports

Survey respondents indicated what proportion of their revenues come from non-UK clients.

Employment

Survey respondents provided employment measures, which were grossed up in line with market representation held by respondents and cross referenced with analysis based on companies house data.

Live Music

Research by Oxford Economics for UK Music on music tourism allowed us to identify:

- Total ticket sales for all kinds of live music events - both festival and non-festival
- Total spend at these live music events by attendees

Using these measures of total ticket sales for live music events and total spend at live music events, enabled us to calculate GVA for the live music sector by applying a tailored ratio of GVA-to-Gross Output, and exports.

Music Publishing

Revenues Generated

We worked with the MPA to identify the following revenue streams for music publishers:

a. Payments from collecting societies

- Broadcast (radio, TV etc)
- Online (downloads, streaming etc)
- International
- Public Performance (shops and businesses etc)
- Live
- Recorded Media (CDs, vinyl etc)

b. Direct licensing

- Online (downloads, streaming etc)
- Synchronisation licensing (for the use of a musical work in visual media)
- Grand rights licensing (for the use of a musical work in a dramatic performance)
- Print licensing and permissions
- Production music (the licensing of library music direct to music users)

c. Other receipts

- Affiliates
- Sub-publishers
- Print hire (the hire of scores and parts for performance)
- Printed music sales

GVA

The MPA ran their annual music census across their membership, which received a high response rate, including from all majors and the largest independents. Members of the MPA operate across multiple publishing business models: Pop publishers, printed music/classical and grand rights licensing. Total *PRS for Music* and MCPS payments were kindly provided by these organisations. PMLL payments we source via analysis of Companies House.

GVA was calculated by applying a tailored GVA to-Gross Output ratio.

Exports

MPA members quantified the proportion of their revenues that come from outside of the UK.

Employment

Survey respondents were asked for their employment contribution.

Music Representatives

PRS for Music

Revenues Generated

We worked with *PRS for Music* and identified the following revenue streams into *PRS for Music*:

- Broadcast
- Online
- International
- Public Performance
- Recorded Media

Data

PRS for Music was able to provide full data on all revenues into *PRS for Music.* and payments out by *PRS for Music*. This was vital to understanding, quantifying and building up a wider picture of the industry from the other data that this project gathered.

GVA

This is taken to be equal to the wage spend of *PRS for Music*, as it is a not-for-profit body.

Exports

These are the international royalties collected by *PRS for Music*.

Employment

This is an employment measure provided by *PRS for Music.*

PPL

Revenues Generated

PPL collects the following kinds of payment on behalf of its members:

- PPL (domestic and international)
- Public performance
- Broadcast revenues
- Dubbing
- VPL (domestic and international)
- Public performance of videos
- Broadcast of videos
- Dubbing rights for videos

Data

PPL provided data on payments in and out of the society, which allowed us to understand its work and helped build up a picture of the industry as a whole.

GVA

This is taken to be equal to the wage spend of PPL, as it is a not-for-profit body.

Exports

These are the international royalties collected by PPL.

Employment

This is an employment measure provided by PPL.

Music Managers

Revenues Generated

We work with the Music Managers Forum (MMF), which represents managers and conducts an annual survey of their membership.

GVA and Exports

The revenues of these managers were estimated by combining the results of the survey conducted by the MMF with our results on revenues to music creators. We know that managers are typically paid a certain proportion of their clients' earnings -this proportion being estimated in the MMF survey - and this proportion was multiplied by our estimate of the earnings of music creators as whole. The same method was applied to estimate the export contribution of music managers. Total revenues - both domestic and international - were applied to a tailored ratio of GVA-to-Gross Output.

Employment

We worked with the MMF who surveyed their members. This survey covered the number of workers employed by MMF members. The average number of employees per MMF member was multiplied by the number of music managers and organisations advertising in the Music Week Directory to estimate the total employment contribution of music managers. This approach may produce a conservative figure because music management is a broad constituency, but as the MMF membership has grown considerably in recent years, we are confident that the figures are robust.

Music Trade Bodies

Music trade bodies are financed by fees paid by their members, largely on a not-for-profit basis. All trade body members of the UK Music and LIVE members have shared data with this project.

GVA

This is taken to be equal to the wage spend of the trade bodies, as they are not-for-profit bodies.

Exports

Our research found that trade bodies do not contribute directly to exports.

Employment

This is an employment measure provided by the analysis of companies house data.

Music Accountants

Music accountants play a vital role in managing the finances for various entities in the industry especially for the freelance and self employed such as music creators, music agents and managers.

Revenues Generated

Accountants revenues are generated from the billings of their services to their clients and can be based on a retainer model or ad hoc basis.

Analysis on GVA and Employment

UK Music was able to identify over 103 accounting companies promoting music accounting services. We carried out an extensive survey and audit across these companies and grouped them into:

- Independent accountants
- Music accountants - entire companies that operate in music
- Entertainment accountants - that represent music, TV, film, sport
- Non music accountant firms

Continuing the audit we were able to quantify the number of FTE workers who were either partners, associates or administrative staff at the music accountants who solely operate in the music space. For the entertainment and non music accountants we were able to identify the FTE accountants working specifically on music activities at each company.

We took this final employment figure and converted these to GVA by determining the appropriate sectoral employment to GVA ratio using secondary data from ABS "accounting, bookkeeping and auditing activities; tax consultancy" under SIC code 69.2.*

Exports

For the purposes of this analysis, music accountants do not contribute Directly to exports. They may work for overseas individuals or entities but often this is through a UK-based corporate structure. For the purposes of this analysis it is difficult to determine a figure, so the exports value may be understated.

Music Lawyers

Music lawyers represent a diverse clientele from music creators to large organisations when it comes to negotiation terms or representing clients on major legal disputes. Most contracts within the industry do not get signed without being reviewed by a legal representative.

Revenues Generated

Lawyers revenues are generated from the billings for their services which is common via an hourly rate.

Analysis on GVA and Employment

Legal entities were identified as firms, sole traders promoting legal services within music. We carried out an extensive survey and audit across these companies and grouped them into:

- Independent solicitors
- Music law firms - entire companies that operate in music
- Entertainment law firms - that represent music, TV, film, sport
- Non music firms

We were able to quantify the number of FTE workers who were either partners, associates or administrative staff at the music firms who solely operate in the music space. For the entertainment and non music firms we were able to identify the FTE lawyers working specifically on music activities at each company.

We took this final employment figure and converted these to GVA by determining the appropriate sectoral employment to GVA ratio using secondary data from ABS "legal activities" under SIC code 69.1.*

Exports

For the purposes of this analysis, music lawyers do not contribute directly to exports. They may work for overseas individuals or entities but often this is through a UK-based corporate structure. For the purposes of this analysis it is difficult to determine a figure, so the exports value may be understated.

* Annual data on size and growth within the UK non-financial business sectors as measured by the Annual Business Survey, broken down to four-digital Standard Industrial Classification 2007.
https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknonfinancialbusinesseconomyannualbusinesssurveysectionsas

Music Retail

Physical and Digital Music Retail

Revenues Generated

Music retailers generate revenue from the sale of commercial asset 2 to consumers. Their existence is key to ensuring that a music creators' work can be accessed by the masses. We worked with the Entertainment Retailers Association (ERA) to identify the following revenue streams for physical and digital music retailers.

- Physical singles
- Physical albums
- CD albums
- Vinyl albums
- Digital Tracks
- Digital track bundles
- Digital albums
- Subscription streaming

GVA

The total revenue reported by ERA was applied to the Annual Business Survey GVA-to-Gross Output ratio for SIC 47.63 – 'Retail sale of music and video recordings in specialised stores' to derive a GVA measure.*

Exports

Our research found that digital music retailers do not contribute directly to exports. For physical retailers this is captured elsewhere in the recorded exports.

Employment

This is the employment measure provided by ERA and adjusted in line with the market share music retail has of the wider entertainment retail market.

* Annual data on size and growth within the UK non-financial business sectors as measured by the Annual Business Survey, broken down to four-digital Standard Industrial Classification 2007.
https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknonfinancialbusinesseconomyannualbusinesssurveysectionsas

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Oxford Economics advised us on the original methodology in 2013, and the methodology review conducted in 2022; they also provided economic analysis of ticketing data and *PRS for Music* live performance data, that was the foundation for the live music estimates used in this report, and the music tourism figures published separatly to this report.

UK Music members

- AIM (Association of Independent Music)
- BPI
- FAC (Featured Artists Coalition)
- The Ivors Academy
- Music Managers Forum (MMF)
- Music Producers Guild (MPG)
- Music Publishers Association (MPA)
- Musicians' Union (MU)
- PPL
- *PRS for Music*

UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment).

OXFORD ECONOMICS