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## 8. RICHARD OSBORNE, 'LIVE MUSIC VS. RECORDED MUSIC'

Britain's gone plural. UK scholars have led an academic turn away from the conception of a singular music *industry* towards thinking more expansively about music *industries*. In their pioneering article of 2007, John Williamson and Martin Cloonan outlined the importance of assessing each of the sectors that make up these industries. They wished to bring an end to the practice, fostered by record companies themselves, of equating the record business with the music business as a whole (2007: 307). They maintained that this practice was fallacious and anachronistic. In particular, it provided a disservice to live music, which was underappreciated economically (2007: 314-15) and under-explored academically (2007: 313).

This corrective manoeuvre was necessary. The twenty-first century has witnessed a rise in live music's fortunes while those of recorded music have declined. In the UK, the British Phonographic Industry (BPI) has reported a fall in income from £1.17bn in 2000 to £866m in 2018 (with inflation the 2000 figure would be worth £1.93bn in 2018) (Green 2019: 9). Compact discs are selling in fewer numbers and they cost less to buy. Piracy, downloading and streaming have each had impact on the price of recorded music. Meanwhile, the cost of attending live performances has gone up. According to one report, ticket prices rose by 400 per cent between 1982 and 2016 (Curan 2016). In addition, there has been a rise in the amount of music festivals and events taking place. The years 2003-2007 witnessed a 71 per cent increase in the number of outdoor music festivals in the UK (Anderton 2008: 39-40). Live music companies are heading the music industries. The UK Live Music Census notes that 'the largest entertainment company in the world, Live Nation Entertainment, owns both the largest live music promoter in the world, Live Nation Concerts, and the biggest ticketing

company in the world, Ticketmaster' (Webster et al. 2018: 26). Live Nation's CEO, Michael Rapino, was number one in *Billboard's* 'Power 100' list for 2018 (Billboard Staff 2018). On receiving this accolade, he boasted that Spotify 'spends a fortune trying to figure out how to get you spend \$9.99 a month. I'm trying to get you to spend \$190 for a ticket' (ibid.). It is claimed that, while 'streaming has revived the recorded-music industry, touring [has] put far more money in artists' pockets' (ibid.).

The corrective manoeuvre has also had results. It has led to some excellent studies of live music in Britain, which have helped to inform legislation and policy in this field (Webster and McKay 2016; Webster et al. 2018). These studies have not been restricted to economics; they have also explored the aura of live performance in the age of digital reproduction. Cloonan has documented 'live music as ideology', charting the belief 'that in an age where everything was reproducible live music remained the ultimate un-reproducible experience' (2013: 83). Respondents to the UK Live Music Census argued that live music is 'better' than recorded music because 'the experience is authentic' and is 'different each time' (Webster et al. 2018: 29). Performance has been placed first; recorded product is secondary.

To a certain extent, this academic turn has been mirrored within the UK music industries. Prior to 2007, the general health of these industries was measured by the wellbeing of the record business. There was little reporting of live music figures; it was record company statistics that dominated. This situation began to change at the end of the noughties, when PRS for Music (the UK collection society for the performing rights of composers and publishers) first began to enumerate the different music industry sectors in Britain. They originally presented their findings in their 2008 report *The 'R' Words* (Page 2008), which was followed by annual *Adding Up the Music Industry* reports from 2009 to 2012. Since then it has been UK Music, the 'campaigning and lobbying

group, which represents every part of the UK recorded and live music industry' that has compiled these figures (UK Music 2018a). They first totaled business sectors in *The Economic Contribution of the Core Music Industry* in 2013, which was succeeded by their yearly *Measuring Music* reports (2014-2018).<sup>1</sup>

The PRS for Music and UK Music statistics appear to back up the suggestions of British academics. They have indicated that live music is ahead of recorded music. The first *Adding Up the Music Industry* report demonstrated that recorded music was worth £1.309bn in 2008, declining six per cent year-on-year, and that live music had advanced past it to £1.39bn, enjoying thirteen per cent annual growth (Page and Carey 2009: 7). By the time of the final PRS for Music report, the fortunes of recorded music had increased slightly, reaching a figure of £1.112bn, but live music was now far ahead: it was evaluated at £1.624bn in 2011 (Brookes 2012: 2). Curiously, the first UK Music report placed live music behind recorded music.<sup>2</sup> Using a different methodology to PRS for Music they arrived at totals for 2012 of £662m and £714m respectively (UK Music 2013: 34). Nevertheless, by the following year, live music was again triumphant: it had reached £789m via a 26 per cent increase in box office takings, while over the same twelve months recorded music had fallen to £618m (UK Music 2014b: 10). Although streaming has subsequently aided record music, increasing its total to £700m by 2017,

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<sup>1</sup> In 2019, UK Music replaced its *Measuring Music* reports with a new report titled *Music by Numbers 2019*. This report used a revised methodology, which means that 'like-for-like comparisons with the data [...] collected in previous years are not possible to make (UK Music 2019: 7).

<sup>2</sup> A later *Measuring Music* report attributed this downturn to the London Olympics and Paralympics, which meant that several 'large venues were put beyond live music for a long period' of the year (UK Music 2014b: 18). This analysis supports the suggestion that the health of live music revenues is dependent on a limited number of major events.

this still represents only two-thirds of the value of live music, which was worth £991m in the same year (UK Music 2018b: 11).

Academics have, in turn, used these statistics for their own ends. They have been employed, albeit cautiously, as evidence of the primacy of live performance (Anderton et al. 2013: 125-6; Webster et al. 2018: 17; Wikström 2013: 58; Williamson and Cloonan 2013: 13, 21). The statistics have also been seized upon by journalists. The detail that live music is worth more than recorded music has been repeated by numerous media institutions, among them the *Guardian* (Topping 2009: 9), *The Times* (Foster 2009: 15), the *Financial Times* (Bintliff 2010), *Billboard* (Smirke 2014), *Music Week* (Jones 2014: 7) and the BBC (Savage 2017). It is through such repetition that partial analyses become 'truth'.

There are further reasons why we should pause for thought. Overlaps between academic and organizational thinking have occurred. PRS for Music and UK Music have opened up their statistical reporting to a wider notion of the music industries, while academics have drawn upon their data in support of their own prognoses. Yet academia and industry have divergent aims. Where Williamson and Cloonan had argued that 'the reality is of disparate industries with some common interests' (2007: 305), PRS for Music and UK Music, in their different manners, have sought to emphasize the interconnectedness between industry sectors. UK Music, for example, have argued that 'The inter-dependency between sectors is what gives the UK music industry its diversity and economic success, fostering a unique eco-system' (UK Music 2019: 9). In doing so, the organizations have been just as tactical as the record companies had been when they sought to portray their own interests as being indicative of the music business as a whole. We therefore need to inquire about the motivations that lie behind their presentation of the statistics. In addition, there has been scant analysis of whether the

figures are correct. Therefore, we must ask whether PRS for Music and UK Music provide firm evidence that live music has advanced past live music, or if this even what the organizations have intended to portray. Moreover, there has been little consideration of whether it is appropriate for these institutions to bring together the differing economies of these sectors. Williamson and Cloonan had stressed that we should address 'diversity of interests and scale of activities' (Williamson and Cloonan 2007: 305, 319). How does this square with reports that list the monetary endeavours of live and recorded music side by side? There is also a need to urge caution in respect of how the statistics are applied. They have been utilized in support an argument that performers will earn more from live music than they will from recorded music (Bintliff 2010; Foster 2009: 15). Is there anything in the numbers that supports this case?

In the following I will take a closer look the statistics of PRS for Music and UK Music by addressing four questions: (1) What is the purpose of their reports? (2) What do they include in their totals for 'recording' and 'live'? (3) How is the statistical information categorized? (4) Are performers able to assess their share of the money? I will conclude by contemplating further research in this field.

### *PRS for Music*

#### 1. What is the purpose of their reports?

PRS for Music's reports were initiated in 2007 in response to an emerging global financial crisis. In *The 'R' Words: Recession and Royalties*, the organization asked 'If the UK economy is about to enter a downturn what does this mean for music?' (Page and Carey 2009: 1). This document was aimed at the 'music industry's various stakeholders who find themselves in an unprecedented state of transition' (ibid.). In order to counter 'Armageddon-style hysteria', it chose to depict the musical world as an eco-system in

which 'value doesn't just disappear; rather some will be lost, some will be displaced and some new revenues will enter the industry' (ibid.). Its message is the old saw, 'don't put all your eggs in one basket' (ibid.: 5).

This statistical reporting was also an advert for the virtues of PRS for Music, an organization that is adaptable to diverse streams of income. During this period, the collection society administered performing and mechanical rights revenue for UK songwriters. It gained royalties from the multiple copyright uses that could be made of songs: live performance, record sales, broadcast, public performance, sync rights and so on. Thus, it benefitted from presenting the UK music industry as an inter-related system in which there will always be revenue for composers. This ethos informed the subsequent *Adding Up the Music Industry* reports.

PRS for Music did not expect live income to advance past recording income, however. One reason for tabulating the two fields was to test an assumption that a recession would result in 'less demand for expensive concert tickets, and relatively more demand for CDs' (Page 2008: 2). The initial analysis in *The 'R' words* placed recording music ahead of live music. In 2007 the former was worth £1,392m and the latter £1,078m (ibid.). In the first *Adding Up the Music Industry* document these positions were reversed. Although this result challenged their initial thesis, it was regarded by PRS for Music as evidence of the virtues of their methodology. Their tallies could demonstrate a 'changing of the guard', as well as the continued need that songwriters would have for PRS for Music (Page and Carey 2009: 1).

## 2. What do they include in the totals for 'recording' and 'live'?

The PRS for Music recorded music figures are derived from BPI statistics representing 'revenues generated across all formats' (Brookes 2012: 3 note). Their live music figures

also concern revenues, but are derived from estimates (ibid.).<sup>3</sup> PRS for Music focused on turnover so that they could identify markets that were 'growing, stagnating or shrinking' (Page and Carey 2011: 1). As a result, the recorded music figures include the income that goes to the retailer, as well as the mechanical rights share (the royalties that are due to the composers and publishers of the song). Similarly, the figure for live music includes the share of ticket sales that will go to the ticket agent and also the performing rights royalties for composers and publishers. In this respect, the focus on retail provides for some equivalence in the live and recorded music figures.

There are also some correspondences regarding what is being sold. The recorded music figures document acquisitions of a product that has been created by music makers: the recording itself. The totals are comprised of sales of physical recordings and digital downloads, as well as income from streaming subscription services. The live music figures illustrate consumers' spending on events. Here too they are buying something that is created by music makers: PRS for Music add up the sales of tickets for performances. Their live music figures expand beyond this, however, incorporating 'on the night' spending (Page and Carey 2009: 3). This ancillary income includes expenditure on food, drink and merchandise. By the conclusion of the series, the money spent on public transport and parking is being tallied as well.

It is difficult to calculate how much ancillary spend is worth, as PRS for Music do not provide precise figures. There are some clues, though. The final report notes that

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<sup>3</sup> PRS for Music refined their methodology as their reports progressed. The estimates for live music revenue were improved; new categories were added (advertising and sponsorship revenues from 2008 onwards); and some revenues were discontinued (overseas/international payments made from the UK collection societies to foreign affiliates was discarded in 2010 and 2011) (see Table 10.1). The figures in the reports were not updated to factor in inflation, however, which problematizes any year-on-year increase/decrease calculations derived from the figures

festivals and arenas each accounted for 'around 25 percent of the market' and that ancillary spend at these events was equal to '95 percent of the average face value ticket per person' (Brookes 2012: 3). Spend at other venues was equivalent to 'between 35 and 50 percent' of the ticket price (ibid.). It would therefore appear that ancillary income was worth at least a third of the money spent on tickets. The value of original ticket sales can be calculated at £1,045m for 2011, meaning that at a conservative estimate ancillary spend was £348m.<sup>4</sup>

The PRS for Music live music figures also include secondary ticketing, enumerating the resale of tickets for profit. In 2011 this trade was worth £208m, representing thirteen per cent of the total live music figure (ibid.). Although the report notes that secondary ticketing is 'legitimate under UK law and is an established practice' (ibid.), it is nevertheless contentious. There has been a professional trade in block buying tickets and selling them at inflated prices. PRS for Music included these figures in the belief they would offer a 'smoke signal' regarding economic downturn (Page 2008: 3). If live music was a luxury good, secondary tickets were even more so; this 'ultra sensitive market' would indicate 'movements in consumer confidence and demand' (ibid.). In the event, the secondary market prospered in the period 2007-2011.

Although the inclusion of secondary ticket sales and ancillary spend might be useful in identifying economic trends, it is not helpful when it comes to drawing comparisons between live and recorded revenues. The live figures expand beyond the purchase of items that have been generated by music makers, but the record figures do not. Recorded music does, nevertheless, generate ancillary spend of its own. The retail

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<sup>4</sup> This is arrived at by taking the total live music revenue figure, taking away the PRS adjustment for live music revenues and the £208m for secondary ticketing, and dividing the result by four to discover the total for spend on original ticket sales and the third of that money that goes on ancillary spend.

trade in physical recordings prompts parking and public transport expenditure; it also encourages sales of merchandise, food and drink. There is in addition a second-hand trade in records that has some parallels with the secondary reselling of tickets. Figures are not available to illustrate how much the recorded music figures would rise if this income were included, but it is possible to calculate the decrease in live music figures if ancillary spend and secondary ticketing were removed. In 2011, for example, PRS for Music’s live music total would dip below £10.7bn, putting it behind the £1.1bn generated by recording.

### 3. How is the statistical information categorized?

At the highest level, the PRS for Music reports are split between business-to-consumer (B2C) income (the music that fans pay for) and business-to-business (B2B) income (the music that fans may well receive, but which is paid for via transactions between businesses) (see Table 8.1). PRS for Music wished to illustrate how the economic downturn ‘might affect consumers and businesses differently’ (2010: 2). It was felt that a lack of financial confidence and job insecurity would negatively affect consumer spending but B2B income would be less exposed to recession (Page 2008: 2). This appeared to be borne out in the results. B2C income rose by 10.7 per cent between 2007 and 2011; the increase in B2B income was 48 per cent.

Category	Year £m				
	2007	2008	2009	2010	2011
<b>Business-to-Consumer</b>					
Recorded music	£1,392	£1,309	£1,356	£1,237	£1,112

Live music	£1,078	£1,391	£1,537	£1,480	£1,624
<b>Business-to-Consumer total</b>	<b>£2,470</b>	<b>£2,701</b>	<b>£2,892</b>	<b>£2,717</b>	<b>£2,736</b>
<b>Business-to-Business</b>					
<i>PRS for Music gross collections</i>	<i>£562</i>	<i>£608</i>	<i>£623</i>	<i>£611</i>	<i>£631</i>
<i>Adjustment for mechanical revenues*</i>	<i>-£92</i>	<i>-£95</i>	<i>-£89</i>	<i>-£81</i>	<i>-£65</i>
<i>Adjustment for live revenues**</i>	<i>-£17</i>	<i>-£22</i>	<i>-£23</i>	<i>-£20</i>	<i>-£23</i>
<i>Adjustment for overseas payments****</i>				<i>-£85</i>	<i>-£95</i>
PRS for Music adjusted total	£453	£491	£511	£425	£448
<i>PPL/VPL gross collections</i>	<i>£115</i>	<i>£140</i>	<i>£141</i>	<i>£154</i>	<i>£164</i>
<i>Adjustment for record label direct revenues***</i>	<i>-£57</i>	<i>-£79</i>	<i>-£72</i>	<i>-£72</i>	<i>-£83</i>
<i>Adjustment for international payments****</i>				<i>-£3</i>	<i>-£1</i>
PPL/VPL – adjusted total	£58	£61	£69	£79	£80
Record label direct revenues	£122	£195	£194	£218	£220
Publisher direct revenues	£80	£90	£103	£242	£210
Advertising and sponsorship revenues		£89	£90	£94	£99
<b>Business-to-Business total</b>	<b>£713</b>	<b>£926</b>	<b>£967</b>	<b>£1,058</b>	<b>£1,057</b>
<b>UK music industry total</b>	<b>£3,183</b>	<b>£3,627</b>	<b>£3,859</b>	<b>£3,775</b>	<b>£3,793</b>

Figures derived from Page (2008), Page and Carey (2009, 2010, 2011), Brookes (2012).

To avoid 'double counting' of revenue, the PRS for Music and PPL/VPL gross collection figures were adjusted by their compilers as follows:

\* The mechanical licensing revenue derived from each sale or use of a recording forms part of the recorded music total. Consequently, it is taken away from the PRS for Music gross collection total:

\*\* The performing rights revenue for the use of songwriters' works in venues forms part of the live music total. Consequently, it is taken away from PRS for Music gross collection total;

\*\*\* The broadcast and public performance revenue for the use of sound recordings is collected by Phonographic Performance Ltd (PPL)/Video Performance Ltd (VPL). It is divided between the performers on the sound recordings and the owners of the sound recording copyright (commonly the record companies). Rather than represent the record company share under the PPL/VPL heading, it is instead incorporated within record label direct revenues. The PPL/VPL figure is adjusted accordingly.

\*\*\*\* In 2010 and 2011, the money that PRS for Music and PPL/VPL distributed to their foreign affiliates for the use of 'overseas' repertoire and 'international' sound recordings was subtracted from their gross collection figures to better represent 'the contribution of UK collecting societies into GDP' (Page and Carey 2011: 2).

One consequence of reporting revenue in this manner is that, while live and recorded revenue is outlined, the third major strand of the music industries – music publishing – is not given a total of its own. This could be considered odd, given that PRS for Music looks after the rights in compositions. Yet there was method here. PRS for Music were able to demonstrate the variety of their revenue streams, as they spread music publishing revenue across their various B2C and B2B categories. The members of the society could, in theory, locate the best baskets for their eggs.

Although the PRS for Music reports proclaimed that live music had risen above recording, they reached this conclusion using B2C figures alone. Nevertheless, as they were keen to point out, an increasing amount of live and recording income was being derived from B2B activities (Page and Carey 2011: 2). Moreover, their decision to split income into B2C and B2B had more impact on recorded music than it did on live. As the

collection society noted, record labels were 'reallocating their resources into B2B markets' (ibid.: 7).

If we look again the 2011 figures, the B2B category includes at least £300m that could be reattributed if a broader definition 'recording' were employed. This is made up of the £80m that was earned by UK recording artists for the broadcast and public performance of sound recordings (the 'adjusted total' for PPL/VPL) and the £220m attributed to 'record label direct revenues' (this includes the record companies' share of PPL/VPL revenue; synchronization fees for the use of recordings in films, television programmes, games and advertising; multiple rights income from 360° deals; and money from ad-supported streaming services). The figure for live music, meanwhile, is deprived of approximately £43m, as the B2B figures include £35.1m that businesses spent on sponsoring live music events and £8.4m that they spent on event creation (Brookes 2012: 6).

If we further reconfigure the figures for 2011, so that the totals for recorded and live music include this B2B income,<sup>5</sup> while ancillary spend and secondary ticketing are removed, we end up with figures of approximately £1.1bn for live music and

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<sup>5</sup> The B2B figures include further revenues that could be reconfigured under the headings of 'recording' and 'live'. Regarding the 2011 figures, this would include a substantial amount of the £448m that is attributed to PRS for Music. The report details £101.6m that the society accumulated because of 'recorded music' (Brookes 2012: 5). £65m of this is incorporated within the B2C 'recorded music' figures in respect of mechanical licensing, but the remaining £36.6m is hidden within the B2B PRS adjusted total. Recordings also contributed to some of PRS for Music's other income streams: broadcast & online, public performance, and international. It should be noted that live music also generates some of the broadcast & online income for composers and publishers, albeit that it is recorded music that dominates when it comes to the income generated by radio, television and the Internet. Recorded music also makes up a significant proportion of the music publishers' direct income. Out of the £210m that is allocated to them in the 2011 report, £48m comes from sync rights (ibid.).

approximately £1.4bn for recording. From this it could be argued that throughout the 2007-2011 period, recorded music was more prosperous than live music.

This result is, of course, as questionable as the totals provided by PRS for Music. The live music industry and recorded music industry are dissimilar entities, thus there is no correct way in which their revenues can be compared. It should be noted too that PRS for Music betrayed doubts about splitting income along B2C and B2B lines (2010: 2; 2011: 2). Furthermore, it is unlikely that anyone would employ this means of adding up the music industries today. Ironically, this is because PRS for Music were correct in their predictions that increasing amounts of income would be derived from B2B sources. Their reports coincided with the first impact of streaming services on recording industry revenues. Streaming is mentioned briefly in the first two reports, but greater note of it is made by 2012. The B2C/B2B reporting method employed by PRS for Music allows the money from streaming subscription services to be captured as part of the B2C recorded music figure, but the money from ad-supported streaming services is obscured under the B2B heading. As streaming has subsequently become the most important source of income for record companies it would now be untenable to exclude any of it from a recorded music total.

#### 4. Are performers able to assess their share of the money?

PRS for Music embodies the close links between composition and performance. Its members derive income from 'performing' rights. In addition, many of its composer members are performers. The organization targets its literature accordingly; it is addressed at musicians as much as it is at songwriters. The *Adding Up the Music Industry* reports, for example, give guidance to performers about their economic strategy. They are informed that they should no longer 'tour at a loss to sell CDs', but instead consider

live music as the 'main breadwinner' (Page and Carey 2009: 1). Nevertheless, PRS's for Music's totalizing industry figures do not facilitate individual economic decisions. As we have seen, the results are skewed. The live music tallies incorporate revenue streams that are missing from the recorded music figures. Moreover, several of these revenue streams do not result in income for performers. This includes the money from secondary ticket sales and (for the majority of artists) ancillary spend on food, drink, transport and parking.

In addition, there is difference when it comes to the division of live and recorded music income. Within the recording industry there are common prices for many the goods (in particular the B2C products). Moreover, while there are variants between different types of contract, there are also some common practices regarding the percentages of revenue that musicians will be due. Thus, it is just about possible for musicians to use the recorded music figures as a barometer of their own 'fortunes' in this area. This measure does, however, only apply to the ten per cent of artists who are not in debt to their record companies (see chapter three in this collection). For the remainder, the only money they will see from their recording deals is their personal and recording advances; they will not be receiving a share of royalty revenue. These non-recouped advances are not factored into the PRS for Music figures, raising further questions about their ability to indicate the economy of performers.

The live music figures provide difficulties of their own. Although it is possible to construct a grand total in relation to ticket sales and ancillary spend, there is no commonality in the cost of events or in the artists' share of the income. In addition, the distance between the rich and the poor is wider in live music than in recording (Wikström 2013: 59). This is illustrated in the reports themselves. According to the 2009 figures 'the gap between the grass roots acts and superstars is widening' (Page

and Carey 2010: 5). In the following year the overall total for live music went down, principally because there were fewer stadium- and arena-filling bands on tour (Page and Carey 2011: 4). The year after there was a fifteen per cent increase in live music revenues, attributed to a 'dramatic increase in stadium concerts', including a major tour by the group Take That (Brookes 2012: 3). Performers operating further down the economic scale could not have used the live music totals as an indication of their own economic wellbeing.

### *UK Music*

#### 1. What is the purpose of their reports?

In chronological terms, UK Music's reports picked up where the PRS for Music reports left off. They also have some similar aims: the PRS for Music reports chart the shifting eco-system of the music industries; the UK Music reports seek to 'Understand the economy and its constituent parts' so that they can 'Track trends' (UK Music 2013: 7). The principal motivation is different, however. The PRS statistics were the product of a recessionary era. By the time of the first UK Music reports there were signs of economic recovery in both the general and music markets (UK Music 2014b: 1). Their main purpose, as a result, has been to inform the British government how well the music industries are doing.

UK Music have been motivated by what they view as an under-reporting of music industry income, exports and jobs by the Office of National Statistics (ONS). In order to assess economic contribution, the ONS allocates Standard Industrial Classification (SIC) codes to different trades and professions. UK Music has found this problematic for a number of reasons. In the first instance, music is grouped with the 'visual and performing arts', thus its individual contribution is obfuscated. Second, many music

industry occupations are not listed under visual and performing arts, thus their contribution is lost. Third, many music occupations are incorrectly coded and so their contribution is missing too. The great fear of UK Music is that ‘This imperfect data is used for policy purposes by the Government’ (2013: 1).

They have therefore sought to rectify these problems. The organization has provided its own classification of music industry trades and developed its own metrics for calculating music’s contribution to the economy. UK Music wants the government to notice the successes of the music industries. They also want to work in partnership with the government to ‘Design public policy best able to secure desired outcomes’ (ibid.). It should be noted, therefore, that the rival economies of the live and recorded industries are not the organization’s focus.

UK Music was set up to portray the opposite of rivalry. In the same period as Williamson and Cloonan were pointing out the diversity of music industry sectors and how this belied the tendency of record companies to ‘mask their concerns and vested interests as being those of “the music industry” as a whole’ (2007: 307), the record companies were themselves realizing the limitations of their practice. The British government had become disoriented by the diverse lobbying campaigns of record companies, music publishers and recording artists. UK Music was set up in 2008 to present a united front. Feargal Sharkey, its original chief executive, explained its formation, pointedly using the singular: ‘The Government has been telling the industry for 10 years, “You are impossible to deal with, we don’t know who to talk to, we don’t know who does what bit” [...]. We’ve gone and formed UK Music and we are pushing it back on Government saying, “We’ve done our part of the bargain, now it is time to deliver yours”’ (Ashton 2010: 14). The live music industry was not originally part of Sharkey’s organization, which was centred instead on the copyright-holding recorded

and music publishing industries. By 2011, however, they had come under its fold, enabling UK Music proclaim that '*for the first time*, the UK's entire commercial music industry will be represented by one umbrella body' (Williamson and Cloonan 2013: 21). This grouping has also enabled UK Music to calculate the combined economic value of the music industries in its *Measuring Music* reports. When these reports have been issued, the number emphasized is the Total Gross Value Added contribution of the UK Music 'industry'. They do not promote comparisons between different industry sectors (UK Music 2018b).

## 2. What do they include in the totals for 'recording' and 'live'?

The UK Music reports, like the PRS for Music reports before them, view recorded music in terms of singular products and live music as more expansive events. Thus, their live music figures include ancillary spend, but their recorded music figures do not. Beyond this there is a series of differences that reflect the different aims of the two organizations. Where PRS for Music chose to exclude B2B income from their live and recorded totals, UK Music wish to provide overall economic profiles for their music industry sectors. This means that their recorded music figures include record company income from ad-supported streaming services, plus all other forms of direct label revenue. Live music, in turn, includes a share of sponsorship income. It also means that new revenue streams are considered that are not featured in the PRS reports: recorded music houses online aggregators and the design and production of physical product and packaging; live music includes production services for live music. The figures for UK Music remain lower than those of PRS for Music, nonetheless. This is because they set their own categorical boundaries and employ a different financial methodology.

There have been many attempts to define the component parts of Britain's musical industries (Cloonan 2007: 67-102; UK Music 2013: 13). These all differ and they each have their biases. In the case of UK Music, their definitions of a 'core' and 'wider' music industry are reflective of their membership. As of 2019, the organization consists of the Association of Independent Music; the Ivors Academy (formerly the British Academy of Songwriters, Composers and Authors); the Featured Artists Coalition; the Music Managers Forum; the Music Publishers Association; the Music Producers Guild; the Musicians' Union; Phonographic Performance Ltd; PRS for Music; and the UK Live Music Group. It is the activities covered by UK Music's members that provide the 'core' of their music industries, and it is this core that has been documented in their *Measuring Music* reports.

This has an effect on their recorded and live music figures. In its own mapping of the core music industries, the British government has sometimes included the retail of recordings (Cloonan 2007: 80). This sector is also factored into the PRS for Music analyses. However, the retailers of recorded music are not members of UK Music and nor are streaming companies. Correspondingly, the proceeds of these businesses do not form part of their statistical reckoning.<sup>6</sup> Conversely, ticketing agencies are represented in UK Music (Paul Latham of Live Nation served as chair of UK Live Music until September 2018) and therefore the retailers' share of ticket sales is included in their

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<sup>6</sup> This has changed with the *Music by Numbers 2019* report, which, rather than focusing on the activities of UK Music members, has as an ambition to provide a 'definitive insight into the health of the British music industry' and issue the UK government with an even greater figure for the music industry contribution to the UK economy (UK Music 2019: 5). To that end the 2019 report includes 'music retail', which covers the retail of musical instruments, manufacture of musical instruments, digital music retail and physical music retail (the retail of tickets for concerts is, however, included in the live music total). It also includes the economic contribution of music lawyers and accountants. As a result the total economic contribution of the music industry for 2018 is calculated at £5.2bn, up from £4.5bn in 2017.

reports. Secondary ticketing is out, however. The profiteers in this field are not considered to be part of the music industries.

As well as defining the music industries differently to PRS for Music, UK Music have a different financial rationale. The *Adding Up the Music Industry* reports outline the total revenues of the industries. UK Music, in contrast, uses Gross Value Added (GVA) figures. This methodology is in keeping with their governmental target audience, as it is the means by which the economic contributions of different industry sectors are assessed. UK Music takes the revenue figures of live and recorded music, and subtracts 'the cost of bought in goods and services used up in the production process' (UK Music 2013: 9). What remains is the GVA contribution, which consists of the wages and salaries given to employees plus any 'operating surplus' (ONS n.d.: 6). This surplus includes financial charges, dividends to shareholders and capital investment.

The choice of GVA reporting means that UK Music's figures are approximate. GVA contributions are not calculated by analysing the accounts of individual companies. Instead a ratio is developed, which is then applied to all companies operating within a business sector. In line with their distrust of ONS accounting, UK Music has created a bespoke ratio for their reports. It nevertheless 'averages across firms known to be in the music industry' (UK Music 2013: 12). Consequently, UK Music advises against using their results to compare different industry sectors, such as recording and live. Their ratio is 'bespoke to the core as a whole, not to the component parts of the core'; therefore the results 'may vary between the different elements' (ibid.).

### 3. How is the statistical information categorized?

As well as influencing UK Music's definition of the 'core' music industry, the membership of the organization shapes the way that it categorizes its *Measuring Music*

reports. This categorization, in turn, has an effect on their live and recorded totals. Live music includes the contributions of music festival organizers, music promoters, music agents, production services for live music, ticket agents and concert venues and arenas. The live music industry operates under the umbrella body of UK Live Music and so its GVA contribution is combined. In contrast the recorded music figures do not include the contribution of music producers, recording studios and staff, even though they are a feature of the report. They have their own trade organization, the Music Producers Guild, and so are provided with a separate GVA contribution, which was worth £122m in 2017 (UK Music 2018b: 8). This method of categorization diminishes the share of income accorded to recorded music whilst bolstering the share given to live.

There are further categorical decisions that affect the tallies of both industries. In the first instance, the copyright fees that they pay to publishers are removed from their totals. This is in contradistinction to the reporting practice of PRS for Music, but is reflective of the fact that UK Music includes the Music Publishers Association amongst its members. In 2017 the GVA contribution for publishing was calculated as being worth £505m (UK Music 2018b: 8). Secondly, UK Music includes organizations that represent performers and songwriters. As a result, these artists are also provided with a statistical field of their own. The money that they make from gigs and records is subtracted from the live and recording totals (UK Music regard it as a 'bought in' service for these industries).<sup>7</sup> In turn, the payments that artists' make to managers and music agents is subtracted from their own GVA figures (and is placed instead under the heading of 'music representatives'), as are the fees they pay to producers. The end result is that

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<sup>7</sup> This figure does not appear to include non-recouped record company or publisher advances. They are instead regarded as part of the companies' capital investment, alongside money spent on invisible imports and exports, marketing and promotion, and other aspects of A&R.

neither live nor recorded music is shown to have the largest GVA contribution. This honour is instead bestowed upon ‘musicians, composers, songwriters and lyricists’. With a total of £2b in 2017 they are shown to have generated twice as much as the live music industry and three times the amount of recording (UK Music 2018b: 8) (see Table 8.2).

Table 8.2 UK music industry figures calculated by UK Music						
Category	Year £m					
	2012	2013	2014	2015	2016	2017
Musicians, composers, songwriters and lyricists	£1,547	£1,700	£1,900	£2,000	£2,000	£2,000
Recorded music	£714	£618	£615	£610	£640	£700
Live music	£662	£789	£924	£904	£1,000	£991
Music publishing	£402	£436	£410	£412	£473	£505
Music representatives	£151	£80	£89	£92	£96	£99
Music producers, recording studios and staff	£80	£102	£116	£119	£121	£122
<b>GVA Total</b>	<b>£3,477*</b>	<b>£3,800</b>	<b>£4,100</b>	<b>£4,100</b>	<b>£4,400</b>	<b>£4,500</b>
Figures derived from UK Music (2013, 2014b, 2015, 2016, 2017, 2018b)						
* This is the total given by UK Music (2013: 34). The figures add up to £3,356m, however.						

4. Are performers able to assess their share of the money?

Although musicians, composers, songwriters and lyricists have their own field in the UK Music reports, there is no detail about the revenue streams that make up their GVA contribution. Therefore, there is no way of determining how much the live and recorded music figures would increase if they were to incorporate the artists' share.<sup>8</sup> Moreover, this lack of detail means that these music makers are not in a position to compare their earnings with the GVA of record companies and live music organizations. Ultimately, UK Music's figures are of little help for assessing the relative levels of income that can be derived from recorded music and live.

They also make it hard for music makers to question the justice of their pay. At first glance, it looks as though they are prospering ahead of recorded companies and live music organizations, as they have the largest GVA contribution. The *Measuring Music* totals can be reversed, however, if we divide the contribution of each sector by its number of employees. For example, in 2017 record businesses generated £72,614 per capita, live businesses generated £34,579 per capita and music makers earned £21,941 each (UK Music 2018b: 8-9). Moreover, it should be noted that the GVA figures for musicians, composers, songwriters and lyricists are calculated differently to those for live and recorded music. The former are compiled on an 'income' basis and address take home pay alone; the latter work on a 'production' basis and consider both wages and operating surplus (UK Music 2013: 10).

UK Music has wished to present a unified front amongst its constituent parts. Its *Measuring Music* reports do not display or document any monetary issues amongst its members. Instead, when the organization outlines its policy issues, these are usually located beyond the core, amongst their 'wider' music industry. In the 2017 report, for

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<sup>8</sup> The exception is the *Measuring Music* report for 2014, which includes some data from 'Additional Analysis of Earnings by Music Professionals' (UK Music 2014b: 24).

example, the main issue for concern was the 'value gap'; the low royalty rates that record companies and publishers had been receiving from companies such as YouTube and Facebook. Michael Dugher, the CEO of UK Music, stressed that 'these platforms offer little adequate reward to the investors and creators of the "content"' (UK Music 2017: 6).

It is notable that UK Music depicted the plugging of this value gap within the recording and publishing industries as aiding live music as well. Dugher argued, 'To reach the big stage you need to have a hit record and you need to be able to pay the bills' (UK Music 2017: 6). More generally, UK Music's reports have outlined a connected system in which success in recorded music precedes success in live music. Within this 'sequential' process 'Musicians will typically be performing compositions that either they or another artist have recorded' (UK Music 2013: 16). UK Music's ultimate endpoint, nevertheless, is a source of income that abandons the boundaries of composition, recording and performance. They believe that the most successful music makers are the ones that have become commodities. They will no longer be concentrating on sales of music, but rather on selling themselves 'as a brand, reputation or image' (UK Music 2013: 16)

### *Conclusion*

It would be wrong to reject out of hand the findings of PRS for Music and UK Music. Their statistical data is useful and their reports identify some individual economic trends. They are also revealing of the organizations' own tactical biases, most notably their separate needs to present an inter-related music 'industry' (still using the singular): PRS for Music have wished to illustrate the diverse income streams that their members can draw upon; UK Music have sought to demonstrate the combined

economic clout of their lobbying members. Yet herein lies a danger. The side-by-side tabulation of income streams has engendered a compulsion amongst readers to contrast the respective fortunes of industry sectors. This compulsion has been stronger still for those who have a vested interest in either highlighting the successes of live music or pointing towards the failings of the recorded music business. This temptation should be resisted. PRS for Music and UK Music have not compared like with like.

It is arguable, on the one hand, that the sheer *difference* between live and recorded music should lead us to resist such side-by-side by comparisons. There is no possible way of rejigging the criteria that would enable us to present a true picture of relative prosperity. The two sectors are not only ontologically distinct, they also have industries within industries that do not move in unison. It could also be argued that the *inter-connectedness* of live and recorded music is served poorly by this method of statistical reporting. Williamson and Cloonan are correct when urging us to bear diversity in mind, but UK Music are also correct when they argue that the wealth in these industries can be jointly derived. Live music drives the sales and use of recordings, just as recorded music prompts ticket sales for gigs. It could even be argued that the twenty-first century has witnessed the two sectors becoming more monetarily entwined. Although the amounts have been reduced, record companies still provide funds for tour support (IFPI 2016: 6). Mirroring this, many artists have been subject to 360° deals, whereby the record company is granted a share of live performance income. The distinct tabulation of sectorial revenue does a disservice to the symbiotic aspects of this relationship.

And what about the music makers? It would be wrong to gainsay the suggestion that for many artists live performance now generates more money than recording. The increased number of tours, festivals and band reformations is indicative of this trend.

There is also plenty of anecdotal evidence from artists that says as much. Nevertheless, the PRS for Music and UK Music reports are not the place to turn for evidence. Their macroeconomic analyses do not satisfy the microeconomic arguments. Instead, we must turn to surveys that have tackled this subject from the artists' perspective. In 2014, UK Music accompanied their *Measuring Music* report with an *Additional Analysis of Earnings by Music Professionals*. It found that musicians gained 26 per cent of their income from ticketed gigs, 25 per cent from non-ticketed corporate gigs, two per cent from public performance payments for recordings, and two per cent from royalties from record companies (2014a: no pagination). Singers gained 49 per cent of their income from non-ticketed corporate gigs, ten per cent from ticketed gigs, four per cent from record company royalties, and two per cent from public performance payments for recordings (2014a: no pagination). The UK Live Music Census of 2017 included a similar investigation (Webster et al. 2018). Its results showed that professional musicians earned, on average, 49 per cent of their income from performing and three per cent from recording; semi-professionals earned 23 per cent from performing and two per cent from recording; and amateurs earned 23 per cent from performing and one per cent from recording (Webster et al. 2018: 20).

These results would appear to be damning for the recording industry. In all categories in both surveys it was responsible for less than five per cent of music makers' pay. The results may have been different, however, if respondents had been asked to consider record company advances as an income stream.<sup>9</sup> In addition, it should be

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<sup>9</sup> The other categories in the UK Music questionnaire were: payments for music tuition; session fees for TV, film, computer games; commissioning fees for composition (live and media); royalties and rights payments from PRS; royalties from music publishers; sponsorship/brand endorsements. The remaining categories in the UK Live Music census were: teaching; other music-related activity; other non-music related activity; session musician/singer; composing/writing.

noted that UK Music's figures were derived from a different source to their revenue data in *Measuring Music*. The *Additional Analysis* survey was undertaken with 900 music professionals, representing just 1.3 per cent of the total number of musicians, composers, songwriters and lyricists enumerated in their main report. The UK Live Music Census drew on a wider pool of musicians and singers, collating the feedback from 1,598 respondents. It did take place at performance venues, though. What would the answers have been like if it had been compiled at record company offices or within recording studios?

More information is required. It would be good to have work that outlines the revenues or GVA contributions of each sector of the music industries *and* provides details of the share that is going to music makers. As well as aiding performers in their career choices, this information would help them to address the equitability of their pay. It would also be valuable to have questionnaires that address the intertwined ecosystem of the music industry. Performers should be quizzed about their different income streams, but they should also be asked how their recording careers have boosted their live music revenues and how their live music work has boosted their recording income. They could also be quizzed about the extent to which their income has been derived from self-commoditization. Which comes first, the basket or the egg?

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