

Music Finland surveys 10b

Financial survey of the music industry in Finland 2014 – English summary

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Music Finland



This report is an English summary of the original
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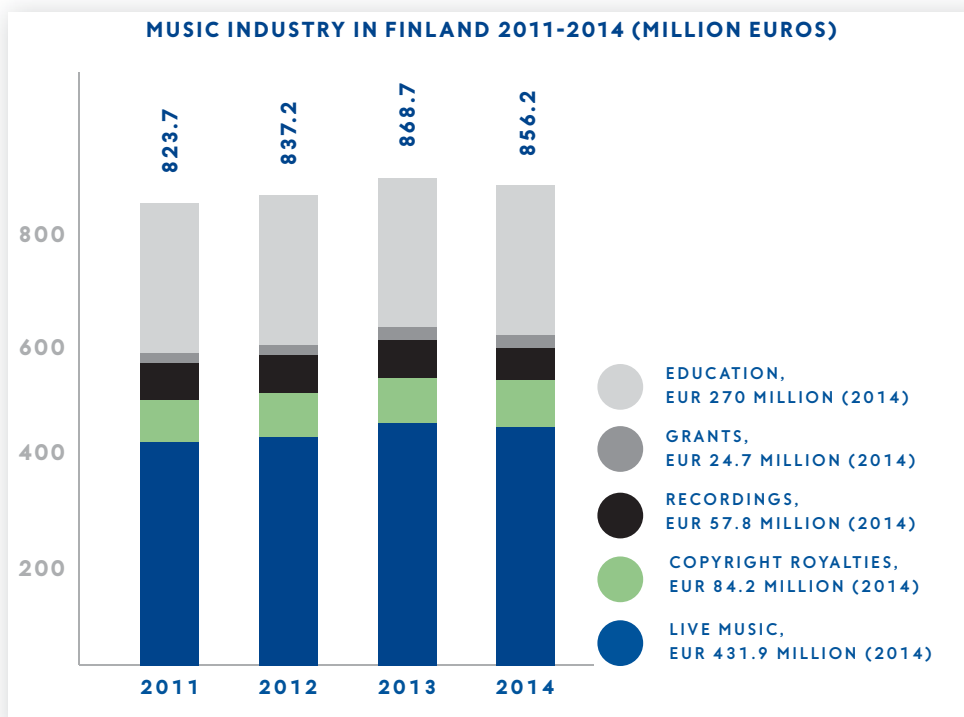
Summary

The purpose of the present report is to give an internationally comparable turnover-based estimate of music industry revenues in Finland in 2014. The survey continues the series of studies on overall music industry revenues in Finland, made previously for years 2011–2013.

The music industry is seen as an economic cluster. This report focuses on the narrow cluster or the core of the industry, including three central sectors: live music, copyrights and recordings. In addition, grants and music education have been taken into account because of their impact on the operations of the sectors and overall revenues.

The total revenue of the Finnish music industry in 2014 was estimated at EUR 856.2 million. This is made up of live music (EUR 431.9 million), copyright royalties (EUR 84.2 million), retail recording sales (EUR 57.8 million), grants (EUR 24.7 million) and music education (EUR 270 million).

After several years of growth, the revenues now turned down with 1.4 % compared to 2013. Live music is still the biggest sector, equalling 50 % of the total revenues of Finland's music industry. The turndown was most apparent in retail recording sales, which came down with 14.1 %. Copyright royalties grew with 2.8 %. (See Table 1.)



Music industry in Finland 2014

METHODOLOGY

The evaluation is based on revenue streams in the sectors that constitute the core of the music industry. Overlaps between sectors have been taken into account (see Table 1).

The report is largely based on statistics published previously by sector-specific music industry organisations, and the data are publicly available. This is important with a view to the repeatability of the analysis. In the current report, the data sources regarding grants and subsidies were updated.

LIVE MUSIC: EUR 431.9 MILLION

The live music sector is highly fragmented, and there are countless actors involved. For the present survey, the value of the live music private sector was estimated on the basis of copyright royalties collected by Teosto. In 2014, Teosto collected a total of EUR 5.6 million from the live music sector. According to Teosto, this constitutes about 3.5% of the ticket office income of live music events during the year. We further estimate that ticket sales constitute about 70% of the overall turnover of live music events, bringing their total revenue up to EUR 228.6 million.

As is common in Europe, the public sector plays a significant role in cultural activities in Finland. Classical music is a typically highly subsidised field, and in Finland symphony orchestras and the Finnish National Opera are major recipients of public funding. We have also included an estimate of what the Evangelical-Lutheran Church of Finland and the Finnish Defence Forces spend on music.

In 2014, as in the previous years, live music was the biggest sector in the music industry, equalling 50 % of the total revenues of Finland's music industry. In the live music sector, single big events and large-scale festivals can have a significant impact on revenue streams and cause changes in the overall revenues. 2014 showed smaller audiences at festivals in general and a lack of stadium-scale concerts by international artists. However, there were also box office successes at some big festivals, and several sold-out stadium and arena concerts by Finnish artists.

RETAIL SALES OF RECORDINGS: EUR 57.8 MILLION

Statistics on recording sales are compiled by IFPI Finland, according to which its member companies account for about 95% of all recording sales in Finland.

TABLE 1. MUSIC INDUSTRY IN FINLAND 2014 AND 2013 (MILLION EUROS)

	2014	2013	2013-2014
LIVE MUSIC	431.9	438.8	-1.6 %
Private sector	228.6	240.8	-5.1 %
Symphony orchestras	81.9	78.1	4.8 %
Finnish National Opera	53.9	55.4	-2.7 %
Church	57.1	54.0	5.8 %
Military music*	10.4	10.4	0.0 %
RETAIL SALES OF RECORDINGS (IFPI)	57.8	67.3	-14.1 %
COPYRIGHT ROYALTIES**	84.2	81.9	2.8 %
Composers, lyricists, arrangers and publishers (Teosto)**	61.0	60.4	1.0 %
Producers, artists and musicians (Gramex)	20.5	18.7	10.0 %
Music publishers	5.1	5.4	-7.9 %
GRANTS	24.7	24.4	1.6 %
Private foundations*	8.5	8.3	2.6 %
Central government grants	9.8	9.7	1.5 %
Municipal subsidies*	4.0	4.0	0.0 %
The Finnish Music Foundation (MES)**	2.4	2.4	1.0 %
OVERALL REVENUES without education Overlaps have been taken into account.**	586.2	598.7	-2.1 %
EDUCATION	270.0	270.0	0.0%
OVERALL REVENUES Overlaps have been taken into account.**	856.2	868.7	-1.4 %

*) An estimate based on several sources, not to be updated yearly.

**) An estimate of royalties paid by Teosto/NCB to music publishers has been subtracted from the copyright sector revenues in order to avoid double counting. Overlaps between copyright sector and live / recorded music sector have been also subtracted from the overall revenues. In addition, grants from The Finnish Music Foundation have been subtracted from the overall revenues, since the funding comes from other music industry sectors. Altogether, the overlaps amount to EUR 12.4 million in 2014 and EUR 13.6 million in 2013.

IFPI statistics are based on wholesale figures for recording sales. IFPI estimates that revenue from retail sales amounts to 161% of the wholesale revenue, taking into account the retail overhead and VAT. The total revenue from recording sales in Finland in 2014 was EUR 57.8 million.

The figures in record sales show that the Finnish music industry has undergone a structural change. This is seen particularly in the digitalization of the industry. Significant in 2014 was the growth in digital sales of recordings, which bypassed the physical sales for the first time ever in Finland. Digital sales continued to grow with 22.1 % compared to 2013, while physical sales turned down with 34.4 %. The trend is global, and it has been reported in Sweden and Norway already in 2011.

Retail sales do not include direct licensing, artist sponsorships or direct imports, i.e. physical or digital recordings purchased by consumers directly from retail outlets abroad.

COPYRIGHT ROYALTIES: EUR 84.2 MILLION

Despite the turndown in live music and record sales, the copyright royalties grew with 2.8 % from the previous year.

The royalties were collected by copyright societies and music publishers. Finnish Composers' Copyright Society Teosto collects royalties for public performances and recordings of music and distributes them to music authors and publishers. The royalties for musicians and producers for public performances of recordings are collected by Gramex.

Music publishers own the rights to catalogues of music and by virtue of this receive a percentage of the copyright royalties due to composers and lyricists. Music authors also issue direct licenses for the use of their works on the Internet and for synchronisation, for instance.

Copyright royalty distribution within the industry must be taken into account in calculating overall revenues. Record companies pay a copyright royalty on every individual piece of music a recording of which is reproduced in physical or digital form.

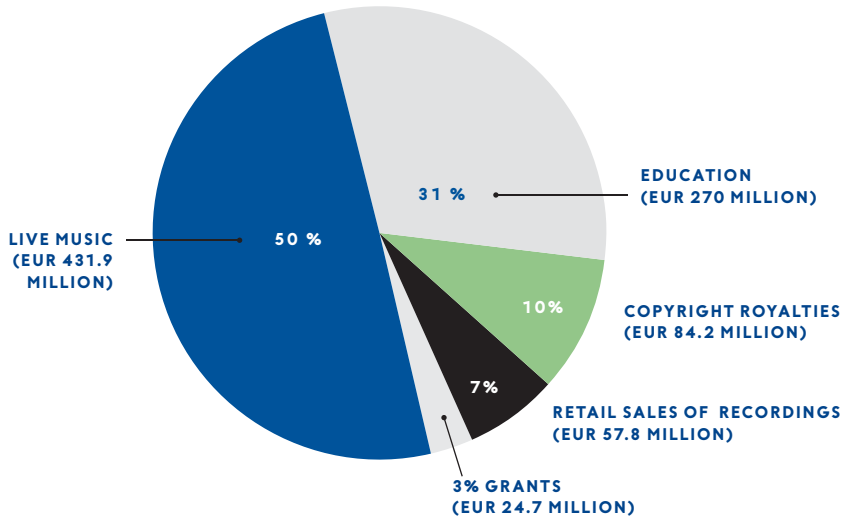
GRANTS: EUR 24.7 MILLION

Central government grants to the arts are awarded by the Arts Promotion Centre of Finland, under which the National Council for Music is responsible for music-related grants. In addition, Ministry of Education and Culture awards special grants and subsidies. Local authorities also support music.

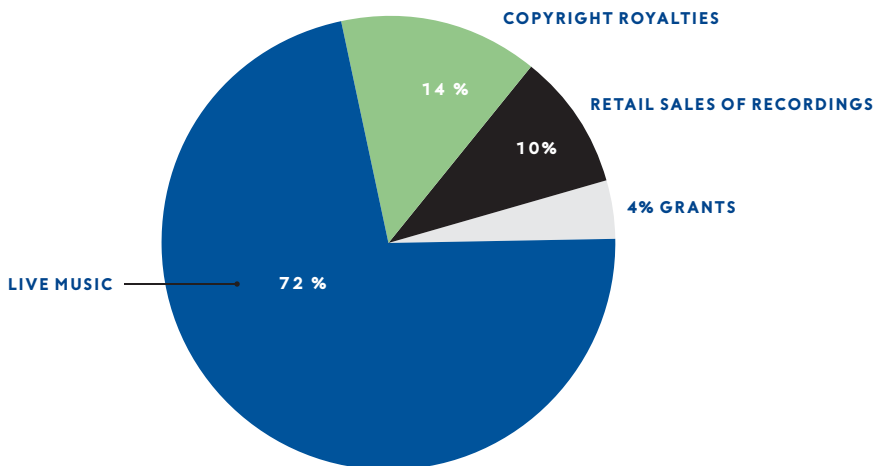
EDUCATION: EUR 270.0 MILLION

Music education is largely provided by local authorities in Finland; music education is included in the comprehensive school curriculum, for instance. Music may be studied for instance at the Sibelius Academy, at conservatories, at music institutes, at universities of applied sciences, at courses organised by parishes and at music playschools. Figures are not available on an annual basis for all aspects of music education. Our estimate of EUR 270 million comes from a report by Aku Alanen (2011).

MUSIC INDUSTRY SECTORS (EUR 856.2 MILLION)



MUSIC INDUSTRY SECTORS WITHOUT EDUCATION (EUR 586.2 MILLION)



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