Creative Wales

Economic Contribution of Welsh Music Industries (2019)

Final Report

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Executive Summary

The music industries are a Welsh success story. In 2019, these industries sustained:

- £243m in Gross Value Added (GVA) and 7,790 jobs in Wales.
- £131m of this GVA and 3,876 of these jobs were sustained directly by the music industries – with the remainder sustained indirectly along related supply chains.

This research responds to the desire by Creative Wales to be able to quantify the economic contribution of the Welsh music industries.

It applies the same definition to these industries as that used by UK Music, the umbrella trade body for the music industries, and fits the best available data to this definition at the geographic level of Wales.

Live music and music creators are the most economically important components of the Welsh music industries. Live music is the infrastructure of venues and supporting activities needed to sustain live performance of music. Music creators are those who write and perform the songs enjoyed at these venues and elsewhere, such as on radio and over streaming channels.[1]

- Live music contributed more GVA than any other part of the Welsh music industries in 2019 – £115m, 47% of the total GVA contribution of the Welsh music industries.
- Music creators contributed more employment than any other part of the Welsh music industries in 2019 – 2,000 jobs directly sustained, 52% of the Welsh music industries total.
- These parts of the music industries are far stronger in Wales than recorded music and music publishing – reflecting the skew in these activities in the UK towards London, which is the base for major record labels and music publishers that do not have limited presence elsewhere in the UK.

The economic vitality of the music industries in Wales depends crucially, therefore, on the vibrancy of live music and viability of careers for musicians. Both of which have been severely challenged by the Covid-19 pandemic. Gigs and festivals stopped during lockdowns. In addition to collapsing the economic contribution of live music, the absence of these live performances reduced incomes to Welsh musicians. This reduction in income was compounded by challenges in accessing UK government support services for musicians working as freelancers.

It may be that Covid-19 has dealt a permanent blow to the Welsh music industries: closing live music venues and causing those employed in the music industries to seek work elsewhere, taking valuable skills and creativity with them. This research does not explore the extent to which this is the case.

It does tell us, however, that the Welsh music industries entered the pandemic as a robust economic contributor.

[1] See full subsector definitions in Figure 3.

1. Results

1.1 GVA contribution

The music industries contributed £243m in GVA to the Welsh economy in 2019. This is a combination £131m of GVA generated directly through income to the music industries and £112m catalysed along related supply chains because of this income, e.g., live music events triggering supply chain expenditure: upstream (e.g., spending on lighting by music venues) and downstream (e.g., spending on transport and hospitality by gig and festival attendees).

Nearly half of the GVA generated by the music industries comes from live music (47%). This GVA is dependent on concerts occurring and being attended by paying customers. It will, therefore, have been significantly reduced during subsequent years marked by the Covid-19 pandemic and associated lockdowns. The recovery of this GVA requires gigs and festivals to resume and audiences to be attracted to attend them to the same extent as was the case pre-Covid-19.

Music creators are the second most important source of GVA to the music industries. This is composed of GVA generated across the range of incomes secured by music creators – from live performances, recorded and publishing rights, physical sales, streaming incomes, and any other incomes to music creators. This source of GVA, therefore, depends on the commercial success of Welsh musicians and on the overall strength of the music industries. In the years following 2019, music creators will have experienced significant reductions in income from live performances – but will have benefitted from some incomes as streaming and broadcast of music continued. Albeit these other income sources are unlikely to have fully compensated for the loss of live income. This reduction in income may have caused some musicians to have exited the music industries and sought alternative employment.

Over three quarters of GVA to the Welsh music industries comes from live music and music creators. The scale of GVA contribution from music retail and music representatives aligns with the rest of the UK.[2] GVA to recorded music and music publishing within the UK is skewed towards London – reflecting the presence of major record labels and music publishing in London.

Figure 1 GVA contribution of Welsh Music Industries (£m, 2019)

Subsector	Direct	Total
Live music	62	115
Music creators	38	70
Recorded music and music publishing	14	26
Music retail	12	22
Music representatives	6	10
Total	131[3]	243

Source: BOP Consulting analysis of Arts Council England, ONS and UK Music data

[2] Our analysis indicates that these subsectors account for around the same proportion of the total GVA of the Welsh music industries as UK Music have reported for the UK music industries. UK Music, *Music by Numbers* (2019)

[3] All figures in this table round to the nearest £ million. This means that the figures reported in this column do not sum to £131m.

1.2 Employment contribution

Nearly 4,000 people (3,876) were employed in the music industries across Wales in 2019 – with a further 3,914 employed indirectly on related supply chains.

Musicians – music creators – are the strongest employment contributor to the Welsh music industries – with over half of the direct employment contribution of the Welsh music industries coming from this source (52%). The activities of these musicians' support employment within the other parts of the music industries:

- Live performance by these musicians at gigs and festivals (live music) creates employment in this music subsector.
- Purchase of the recordings of these musicians contributes to employment in music retail.
- Management of the recorded and publishing rights of these musicians drives employment in recorded music and music publishing.
- The managers, accountants, and lawyers of these musicians' act as their representatives.

Musicians are, therefore, the creative heart and economic engine of the music industries. This is especially true in a country like Wales that does not benefit from the presence of major record labels and music publishers. Given the relatively large importance of musicians to employment within the Welsh music industries, it is important to the ongoing economic vitality of the music industries in Wales that the careers of musicians have been maintained through and beyond the Covid-19 pandemic. Many of these careers are sustained by relatively low and precarious incomes that depend upon the viability of local music infrastructure – such as grassroots music venues. Employment at venues such as these contributes to the 1,373 jobs directly sustained by live music in Wales in 2019 – but these venues have also been highly adversely impacted by Covid-19.

Figure 2 Employment contribution of Welsh Music Industries (FTE, 2019)

Subsector	Direct	Total
Music creators	2,000	4,020
Live music	1,373	2,760
Music retail	300	603
Recorded music and music publishing	105	211
Music representatives	98	196
Total	3,876	7,790

Source: BOP Consulting analysis of Arts Council England, ONS and UK Music data

2. Methodology

The motivation for this study is to quantify the economic contribution of the music industries to Wales based on:

- The UK Music definition of the music industries.
- The best available Welsh data for this definition – for 2019, the year before the start of the Covid-19 pandemic.

UK Music is the umbrella body of the UK music industries. It has published a series of studies on the economic contribution of these industries across the UK. These studies reported that the GVA contribution of these industries had grown to £5.8bn in 2019 – a big increase from £3.5bn in 2012, before sharply £3.1bn in 2020 amid Covid-19.[4]

These studies do not report at the level of Wales and the aim of this study is to fill this gap. It is grounded, therefore, in the UK Music definition of the music industries, which we reproduce below.

Figure 3 Definition of Music Industries

Subsector	Components
Music creators	Composers, songwriters, lyricists, producers, engineers, singers
Music retail	Instrument and music technology sales, instrument and music technology manufacturing, record/CD sales
Recorded music	Record labels, digital distribution, recording studios, mastering studios, manufacturing studios
Music representatives	Music managers, trade bodies, music accountants, music lawyers
Music publishing	Publishing rights holders
Live music	Music promoters, agents/marketing/PR, production services for live music, ticketing agents, music venues, rehearsal studios, music festival organisers

Source: UK Music

For most subsectors of the music industries, we identified ONS Standard Industrial Classifications (SICs) or Standard Occupation Codes (SOCs) that map on to these subsectors. For these subsectors, ONS data on Wales are available, as indicated in the figure below.

Two subsectors are not covered by ONS data and different approaches were required:

- **Music Representatives:** In 2019, UK Music reported that 2,624 people work in this subsector across the UK.[5] We derive the proportion of these jobs attributable to Wales by (a) deriving a ratio on the proportion of the UK's

[4] UK Music, *This is Music 2021* provides a compendium of economic contribution findings reported since 2012 by UK Music. A full digest of these studies can be found: https://www.ukmusic.org/research-reports/this-is-music-2021/

[5] UK Music, *Music by Numbers* (2019)

musicians in Wales,[6] (b) multiplying this ratio by the number of music representatives across the UK, based on the UK Music figure of 2,624.

— **Live Music:** UK Music publish figures that break down to Wales on the impact of music tourism (i.e., the jobs and GVA created by people travelling from outside and within the UK to attend live music events).[7] According to these figures, 1,843 people were employed in Wales, directly and indirectly, because of music tourism in 2019. This is 4% of the then employment contribution of music tourism across the UK. However, we also need to account for the economic contribution of non-tourists attending live music events. When this contribution is accounted for, UK Music report that 34,000 people were directly employed in the UK in 2019 in live music. UK Music do not break this figure down to Wales, but we assume that 4% of the UK employment occurs in Wales – in line with the incidence of music tourism employment.

Figure 4 Data sources on Direct Employment of Subsectors of Music Industries

Subsector	Data source
Music creators	ONS SOC 3415 Musicians – Annual Population Survey (APS)
Music retail	ONS Standard Industrial Code (SIC) 46491 Wholesale of musical instruments ONS SIC 47591 Retail sale of musical instruments and scores ONS SIC 47630 Retail sale of music and video recordings in specialised stores All from Business Register and Employment Survey (BRES)
Recorded music	ONS SIC 59200 Sound recording and music publishing activities ONS SIC 32200 Manufacture of musical instruments – both from BRES
Music representatives	UK Music, *Music by Numbers* (2020)
Music publishing	ONS SIC 59200 Sound recording and music publishing activities – BRES
Live Music	UK Music, *Music by Numbers* (2020)

Source: BOP Consulting

[6] Based on the same APS data source that we report in Figure 4.

[7] UK Music, *Music by Numbers* (2020)

Number of Music Creators

We use the data source in Figure 4 for the number of music creators in Wales because:

- ONS are a gold standard on employment estimates, especially by public bodies in the UK.
- The data are specific to Wales and not derived from UK figures.

However, it is possible to derive figures for Wales from UK estimates that indicate that Figure 4 may understate the number of musicians working in Wales. UK Music report 142,000 music creators in the UK in 2019.[8] 4% of musicians in the UK are based in Wales – based upon the data source reported in Figure 4. By combing these data (i.e., 142,000 music creators in the UK and 4% of them being in Wales), an estimate of nearly 5,300 music creators in Wales is derived.

The figure that we report is, therefore, conservative and represents a modest estimate of the economic contribution of music creators to Wales.

GVA calculation

Our GVA calculations follow from our employment calculations because we multiply our subsector employment figures by GVA-per-worker estimates.

These GVA-per-worker estimates are grounded in ONS data. The ONS publishes the Annual Business Survey (ABS) on SICs – including the total GVA and employment attributable to each SIC. From these figures, we derive GVA-per-worker estimates for each of the SICs in Figure 4. Which we then apply to our employment estimates for these subsectors. In the case of live music, we apply a GVA-per-worker ratio derived from the ABS data on the 4 digit SIC code for the Performing Arts.

A different approach is used for music creators – because this subsector is not covered in the ABS. In this case, we derive a GVA-per-worker estimate for music creators from UK Music research[9] and apply this figure to our employment estimate.

Indirect Impacts Calculation

The economic impact of music extends beyond the revenues secured by the music industries and employment and GVA created through these revenues. In securing these revenues, the music industries triggers activity along related supply chains. This activity is the indirect impact of the music industries.

Research by Arts Council England has assessed the extent of these indirect impacts for arts and culture in all parts of the UK.[10] This concluded that in Wales:

- The aggregate GVA multiplier for these sectors is 1.85.
- The aggregate employment multiplier for these sectors is 2.01.

Our approach is to apply these multipliers to our direct impacts to account for indirect impacts and derive aggregate GVA and employment impacts.

Limitations and Next Steps

We recognise two limitations to this research:

1. Lack of data on the Welsh music industries.
2. Lack of these data that accounts for the impact of the Covid-19 pandemic.

We have sought to resolve the first of these limitations by working with the best possible available data. This has involved triangulating UK data to derive data on Wales. Working with secondary data in this way was necessary due to the lack of primary data on Wales. These steps, however, do not tackle the second limitation. This is because many of the available data do not run into the years

[8] UK Music, *Music by Numbers* (2020)

[9] UK Music, *Music by Numbers* (2020)

[10] A Cebr report for Arts Council England, *Contribution of arts and culture industries to the UK economy* (May 2020)

of Covid-19. As more data become available, the economic trajectory of the Welsh music industries will become clearer.

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