

EUROPEAN MUSIC PLATFORM

UK EXPORT HANDBOOK

Prepared for the European Music Platform

by IMPALA - Independent Music Companies Association

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Introduction

This handbook is intended to provide music professionals with an overview of the current UK music market¹. It is not an exhaustive guide on how to have hits in the UK. That would be an impossible task as there are no “one size fits all” formula or indeed any guarantees of success in any territory. We also have to remember the diversity within the UK itself, which is in fact made up of different regional and national “markets” each with their own dynamics.² Finally, there is fact that the UK market is one of the fastest moving in the world. Although this provides opportunities for cutting edge artists and genres that may not exist to the same extent elsewhere, it also means any “hits recipe” would be out of date almost as soon as it was written.

Chapter 1 provides some background information on the country. Chapters 2 and 3 concentrate on setting out current market statistics and trends in terms of labels, distributors, retailers, publishers, media, trade fairs, sales certifications and trade organisations. Chapter 3 also includes a brief overview of selling records in the UK. Chapter 4 provides some detail on who does what in certain genres. Chapter 5 sets out the contact information for the music business in the UK including labels, distributors, publishers, radio, television, professional organisations.

I) General information on the country

Total area	242 500 km ²
Total population	58 789 194
English population	49,561,800
Scottish population	5,054,800
Welsh population	2,918,700
Northern Irish population	1,696,600
Capitals	
England	London
Wales	Cardiff
Scotland	Edinburgh
Northern Ireland	Belfast
GDP	\$1775 billion
Unemployment rate	4, 7%
Employment rate	74, 9%
Main cities	
London	7 188 000 habitants
Manchester	2 482 800 habitants
Birmingham	976 400 habitants
Leeds	715 000 habitants
Glasgow	578 000 habitants
Internet access	49%
Expenditure on recreation and culture³	18.4%

Geographical and historical overview

¹ This guide is intended to be up to date to the end of 2003. It includes statistics for the complete year 2003, which were published during 2004. Thanks go to AIM, BPI, FMO, MMF, MPA, IFPI and IMPALA for providing information and statistics for this guide.

² Just one example would be Scotland - we would recommend reading the overview on this territory in the FMO's 2002-2003 Report *The British Music Market in Comparison with the French Music Industry*.

³ As a proportion of total household expenditure. Includes spending on all recreational and cultural activities (i.e. including TVs, computers, newspapers, books, leisure activities and holidays, for example). Office for National Statistics' Report *Family Spending, a report on the 2002-2003 Expenditure and Food Survey*.

Great-Britain is a constitutional monarchy and has been a European Union member since 1973. The capital is London and the currency is the pound sterling (GBP). The United Kingdom consists of England, Scotland, Wales and Northern Ireland. Here are a few important events in the history of the UK over that last 50 years or so:

1948: The Irish Republic left the UK Commonwealth.

1952: Coronation of the current queen, Elizabeth II.

1972- United Kingdom became a part of the European Communities.

1979- 1990: Margaret Thatcher's conservative government was in place.

1985: A treaty was signed between United Kingdom and Irish Republic about Ulster.

1990: New Tory prime minister was elected - John Major.

1993: the EU's Maastricht treaty was signed despite a strong opposition.

1994: Channel Tunnel was opened.

1997: Labour party and Tony Blair won the election.

1997: Referendums approved creation of independent parliaments in Scotland and Wales in 2000.

Population

British population is quite young compared to other European countries and is still growing. In 2002, (last figures available), the number of British households reached 24, 4 million (50% growth in the last 40 years). The age division of population is as follows:

- 0-15 year-old : 20%
- 16-64 year-old : 64%
- 65 and over : 16%

The average age is 38,2 years but British population is getting older because of low natality and mortality rates.

For an economic point of view, the active British population counts more than 29 million people. The working market in Great Britain is characterized by a high-level activity (78, 7% at the end of March 2004), a high employment rate (74, 9% at the end of March 2004) and a low unemployment rate (4, 7% at the end of March 2004).

Leisure habits

In 2002 the General Household Survey⁴ collected data about adult participation in a range of selected leisure activities. The most popular of the selected activities was watching television (99%), followed by listening to the radio (88%). These participation rates have been constant since 1996. The proportion of adults who said they listened to records or tapes has increased steadily over the last 25 years from 62% in 1977 to 83% in 2002. The proportion of adults who read books was the same in 2002 as in 1996 (65%).

In terms of adult participation in the arts, it was reported that:

- 11% had sang or played a musical instrument;
- 11% had danced;
- 9% had painted, or drew or did printmaking or sculpture;
- 4% had written stories, plays or poetry;
- 3% had voluntarily helped with the running of an arts/cultural event or organisation; and
- 2% had performed in a play, drama or rehearsed for a performance.

There were differences in participation rates in the arts by age and sex. Men and women in the youngest age group (16 to 19) were the most likely to have performed in a play, painted or written stories, plays or poetry. Participation rates for performing in plays and painting

⁴ Office for National Statistics, *General household survey 2002*.

decreased with age. Women were nearly twice as likely as men to have been dancing (14% compared with 8%). Women were more than twice as likely as men to have attended a leisure or recreational class (10% of women compared with 4% of men).

In terms of expenditure, in 2002-2003, spending on recreation and culture represented the second outgoing. Households would on average pay out £56 every week on TVs, computers, newspapers, books, leisure activities and holidays.⁵ The percentage of total household expenditure on leisure goods and services would account to 18.4%.

Internet

In the first quarter of 2004, 49 %⁶ of households in the UK (12.1 million) could access the Internet from home, compared with just 13 % (3.2 million) in the same quarter of 1999.

Internet use is becoming more and more popular. 56 % of adults in Great Britain had used the Internet in April 2004. The most common use among this group was e-mail (85 %). Half of all adults who had used the Internet in the three months prior to interview in April 2004 used it to order tickets, goods and services. Just over a quarter of adults in Great Britain (26 %) accessed the Internet everyday or almost everyday, while only 4 % accessed the Internet less than once a month.

However, 39 % of adults had never used the Internet. Of these, 48 % stated that they did not want to use, or had no need for, or no interest, in the Internet; 38 % had no Internet connection; and 35 % felt they lacked knowledge or the confidence to use it. These adults were also asked which of four statements best described what they thought about using the Internet. 55% of non-users chose the statement 'I have not really considered using the Internet before and I am not likely to in the future'. This group of non-Internet users represented 22 % of all adults in Britain.

Broadband

15% of households with internet have a broadband access (but it is 98% in the cities and only 2% in retired areas). The number of households with broadband accesses is increasing. This is seen as the key to large scale take-up of digital services. Even though the British government policy has always been to restrain its intervention in the broadband market, this changed in 2000 when a study from the Ovum consulting revealed that the UK's low spend per inhabitant compared to other countries. To improve this situation, the government created a 44 million fund (UK Broadband Fund) for regional development.

Cultural policy

The Department for Culture, Media and Sport (DCMS) is responsible for Government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, film, the music industry, press freedom and regulation, licensing, gambling and the historic environment. DCMS sponsors the music industry acting as its advocate within Government. The Department works with a wide range of industry players and trade associations with the aim of identifying what can be done to improve the music industry's economic performance and to ensure that the industry's concerns are considered in broader Government policy making.

Industry-government partnerships exist, such as the Music Export Group. This gathers various government departments such as DCMS, Department of Trade and Industry, the Foreign Office, the British Council and the trade associations. The Forum works on various export issues, including the possible creation of a US office. The government's export facilitation body, Trade Partners UK (TPUK) together with the main record company trade associations, AIM and BPI have also appointed a music export promoter, Phil Patterson, to work with TPUK and the industry to help develop international business opportunities for the industry.

⁵ Total household spending in the UK averaged £406 per week in 2002-2003. Office for National Statistics' Report *Family Spending, a report on the 2002-2003 Expenditure and Food Survey*.

⁶ Figures from the Office for National Statistics, study published June 29th 2004.

Another example of such partnerships is the new Creative Industries Forum on Intellectual Property, a cross-government group, launched at the end of July 2004. These industries together contribute £54.8 billion to the UK economy. The Forum brings together government, non-government and representatives from the creative industry. It includes representatives from film, music, publishing, design, computer games, telecoms companies, hardware manufacturers and consumer groups. The Forum will attempt to determine how to approach the opportunities and threats that rapid technological developments are generating for the creative industries.

Music industry professionals have, however, mixed views about how the UK government supports culture and cultural industries in practical terms. They are concerned that concrete support measures especially for creative industries and music are few and far between.

II) The Phonographic Market

1) Music market

- Global and national position

The UK is the third largest market in the world for sales of recorded music, while the USA and Japan rank first and second. The UK represents 9.3% of world sales. In 2000, the UK music industry was estimated to be worth £3.624 billion with around 5000 singles and 20000 albums released each year and it was the source of 130 000 jobs. As a great source of repertoire, the UK is now second only to the USA. It is estimated that Britain may account for as much as 15% of the global music market.⁷ The UK industry is dominated by a number of large multinationals - Warner's, EMI, Universal, BMG and Sony - but 90% of music business can be classified as micro, small and medium-sized enterprises. The industry's success is founded on the quality and diversity of talent the UK produces.

Compared to most other international markets, the UK market performed extremely well in 2003. In terms of performance of national markets, the table below gives a useful snapshot:

Top 10 Markets Summary				
Country	Retail Value (\$US millions)	Retail Value % Change	Per Capita. Sales (units)	Per Capita. Sales (\$US)
US	11,848	-6.0%	2.7	40.8
Japan	4,910	-9.2%	2.0	38.6
UK	3,216	0.1%	4.3	53.5
France	2,115	-14.4%	2.3	35.1
Germany	2,041	-17.9%	2.2	24.8
Canada	676	-2.9%	1.8	21.0
Australia	674	5.9%	3.1	34.1
Italy	645	-4.4%	0.7	11.1
Spain	596	-9.4%	1.4	14.8
Netherlands	499	-5.1%	1.9	30.9

Source: IFPI 2004

The IFPI reports that the UK is one of the only music markets in the world where retail value increased in 2003 (+0.1%) and amounted to US\$ 3,216 m. Retail spending on recorded music

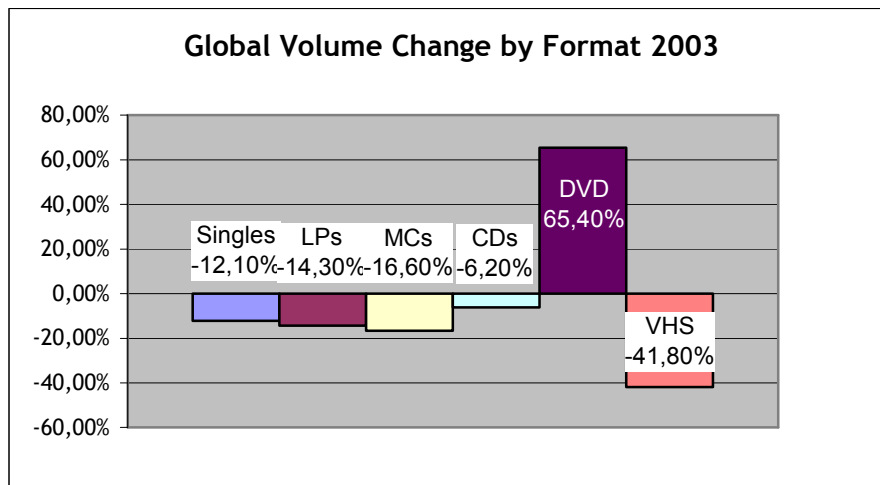
⁷ Figures from the Department for Culture, Media and Sport (DCMS), *Creative Industries*. 2004.

counts for £2,1 billion and British people rank second only to Norway in terms of money spent on music per head of the population.

Total world sales of recorded music fell by 7.6% in value and by 6.6% in units compared with 2002. The global music market was worth US\$ 32 billion in 2003. There was a decrease in global sales of CD albums by 8.9% whereas the singles market decreased to a level comparable to that of 10 years ago.⁸

However, there was an increase (+65,4%) in sales of music DVDs worldwide - from 64m units in 2002 to 106m in 2003 - and an overall growth of the value of music video by 45.6%.⁹ The global value of music video on DVD amounted to \$US 1.9 billion in 2003.

These changes in format exploitation are usefully explained in global terms by the following table:



Source: IFPI 2004

The record industry in the UK demonstrated a strong overall performance in 2003. The BPI found that total industry revenue in 2003 was down slightly to £1.177 billion with the increasing competition from other sectors of the entertainment industry. However, the IFPI found that total value was up 4% in 2003, while income generated from album sales rose by 3,7% and for the first time in five years, CD single sales increased by 15,4% by volume and 8,1% by value.¹⁰ The issue of declining single sales was addressed by the record industry with, for example, a lowering of CD prices, especially. Simultaneously, the music DVD market has doubled its share in the UK and represented in 2003 a 4% share of the UK music market. Finally, download sales have reached 2 millions units in 2004.

These positive figures follow a run of musical breakthroughs for the industry, with a new breed of UK talent scoring sales at home and abroad.¹¹

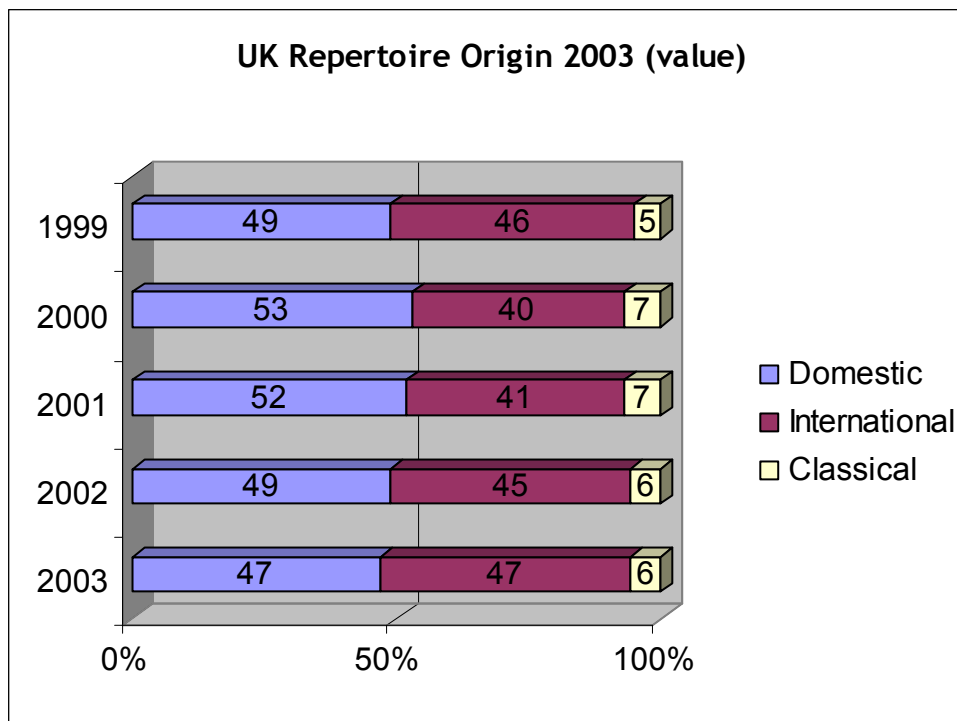
It is also useful to look at the strength of the UK repertoire, as this table demonstrates over the past few years:

⁸ IFPI, The Recording Industry in Numbers 2004

⁹ IFPI 2004

¹⁰ BPI Quarterly Market Review - August 23 2004.

¹¹ For instance, UK artists such as Franz Ferdinand, Joss Stone and the Darkness.



Source: IFPI 2004

Although international repertoire has been constantly increasing on the UK market during the last years, British music still remains very present in its own country and around the world. Indeed, in 2003 “local” repertoire accounted for 47% of single artist sales (excluding classical and compilations)¹². UK artists account for 47.2% of singles, and 42.3% of albums, with American artists next on 34.6% and 45.4% respectively.¹³ This is the first year that US artists have overtaken UK artists in album sales in the UK. On the other hand, a “new British invasion” of overseas markets has been observed, particularly in the US with the success of artists such as Franz Ferdinand, Joss Stone and the Darkness in 2003.

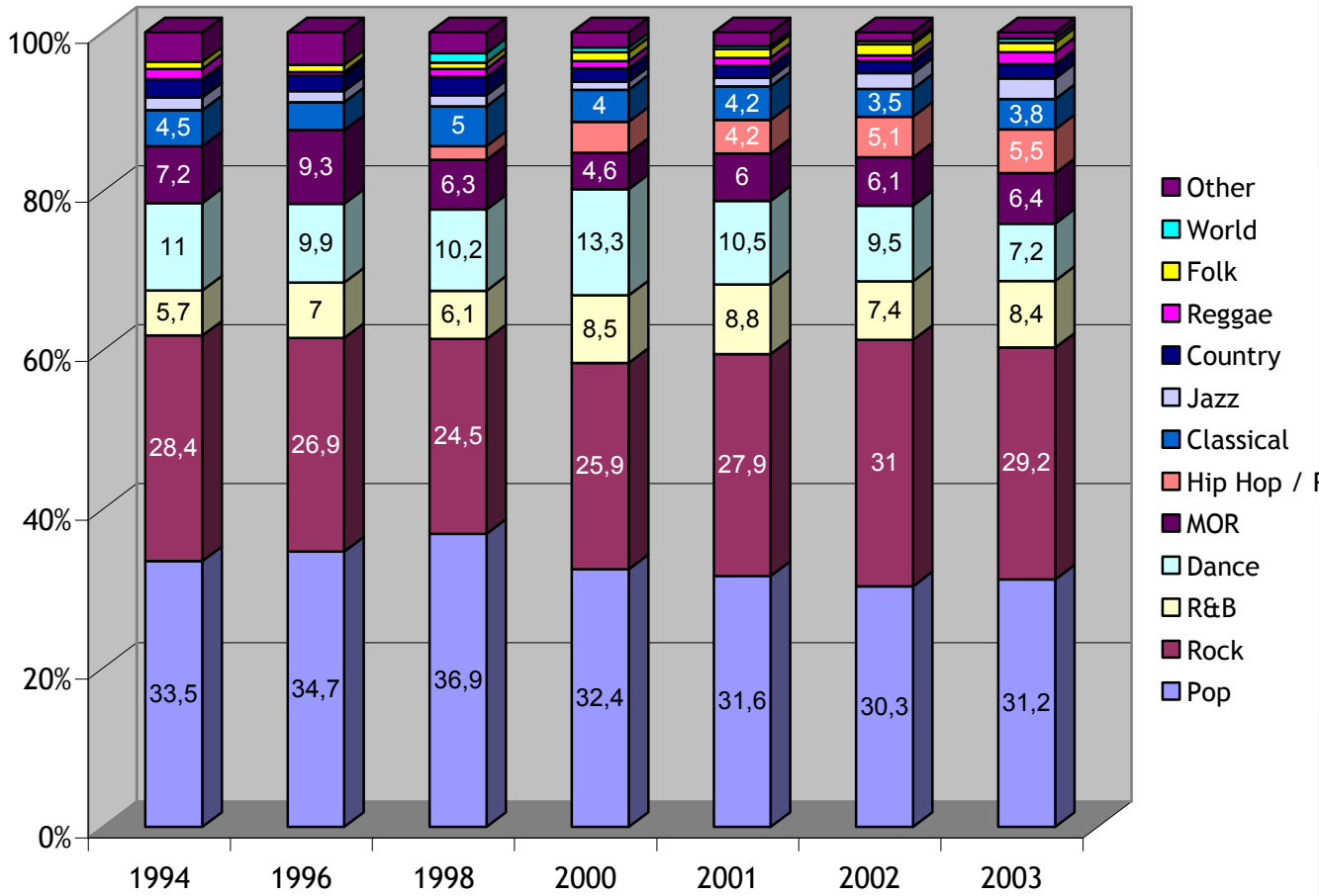
- **Music genres**

Unlike in some countries, the UK music market appears to be a highly segmented market, with clear distinctions between genres. The following tables demonstrate album and single sales across different genres from 1994 to 2003 in terms of units, using the genres as measured by the BPI:

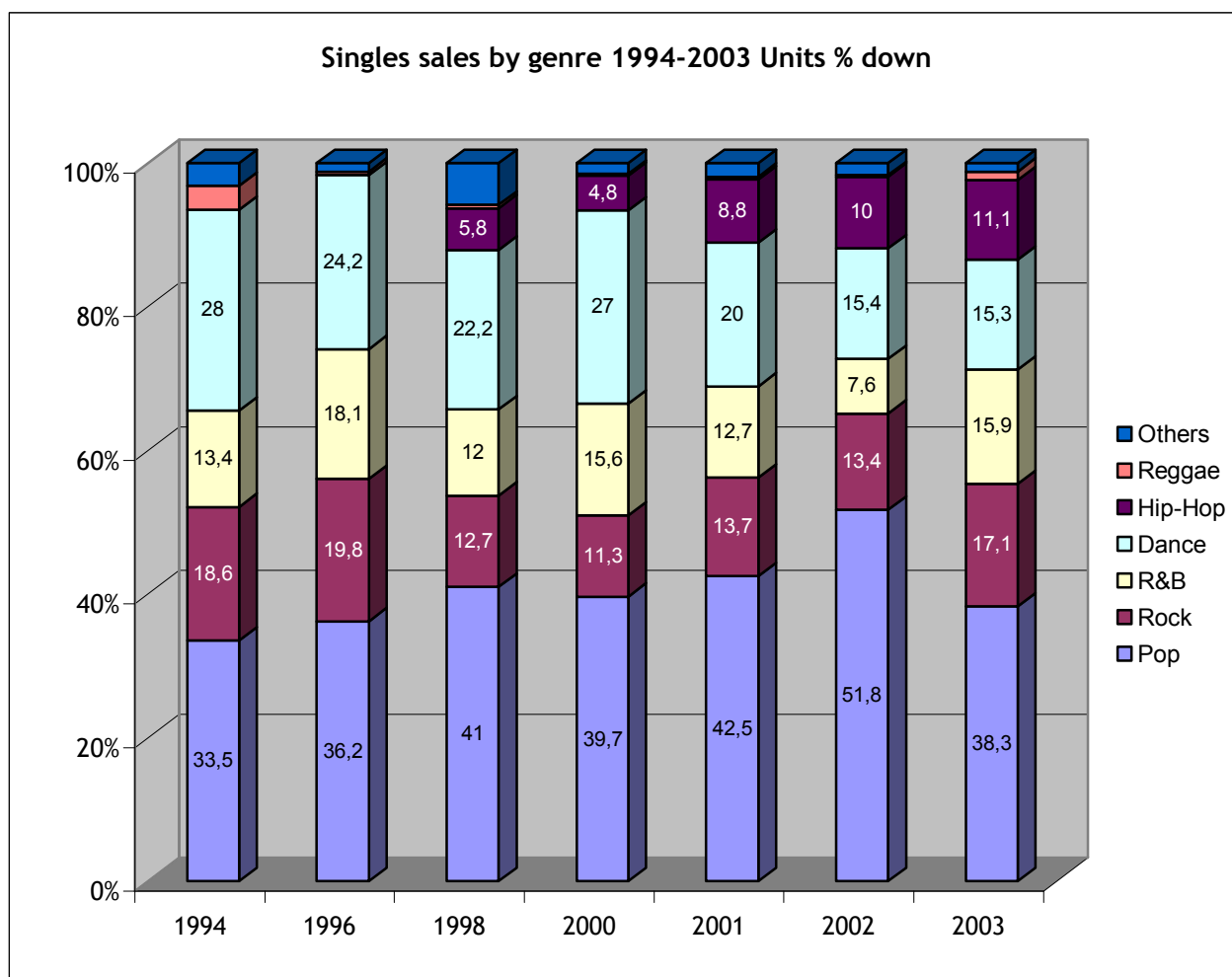
¹² IFPI 2004

¹³ IFPI 2004

Album Sales by genre 1994-2003 Units % down



Source: BPI 2004, based on Official UK Charts Company data



Source: BPI 2004, based on Official UK Charts Company data

In 2003, after a dominance of Rock in 2002, Pop returned to take the majority share (31, 2%) and accounted for 22 of the 40 best-selling albums. In the singles market, Pop also returned to domination even though R'n'B reduced Pop's share in this field.¹⁴

With 29.2% in 2003 for albums, Rock was down by 1,8% although there were breakthrough successes such as The Darkness and Evanescence. R'n'B, asserted itself in both the singles and albums markets in 2003. High profile releases from stars such as Beyonce and R Kelly saw the genre take an improved share of 8,4% in albums (up 1%) and 15,9% in singles (an increase of over 8%). Hip Hop's share also improved in both markets (5.5% for album sales and 11.1% for single sales), thanks principally to the outstanding year enjoyed by Black Eyes Peas and 50 Cent. Dance saw its sales drop to 7,2%. Reggae, however, grew thanks to artists such as Sean Paul and several successful compilations.

MOR/Easy listening increased its albums share to 6,4% in 2003 thanks to artists such as Rod Stewart or Eva Cassidy. As for Jazz, Norah Jones again had the best-selling album. Shania Twain did the same for Country music.

¹⁴ And it seems that 2004 is likely to follow this trend, according to the quarterly BPI report from August 23, 2004.

- Music buyers

Market penetration (the proportion of population making one or more purchases per year) decreased again in 2003 in the single market. The 12-19 age group, crucial for the industry, was particularly involved in the drop, with only a quarter of those in the group buying one single in 2003, against half of them in 1999. With other groups the fall was less severe, but still constant.

Market Penetration. Singles 2002-2003				
	Penetration %		Average spend per buyer per year	
	2002	2003	2002	2003
Total	15.8	9.5	£13.30	£12.34
Gender				
Men	13.4	7.9	£14.76	£14.66
Women	18.2	11.3	£12.19	£10.45
Age group				
12-19	37.6	21.9	£16.15	£11.87
20-29	17.5	11.7	£18.73	£16.62
30-39	15.0	12.1	£12.15	£10.12
40-49	16.8	8.6	£9.84	£12.59
50-59	7.5	3.9	£9.60	£12.10
60+	5.1	2.4	£8.28	£8.86

Source: BPI 2004

Market Penetration. Albums 2002-2003				
	Penetration %		Average spend per buyer per year	
	2002	2003	2002	2003
Total	57.4	54.8	£73.25	£73.96
Gender				
Men	58.2	55.0	£84.89	£86.98
Women	57.6	55.6	£60.17	£59.79
Age group				
12-19	65.5	60.5	£87.12	£86.78
20-29	62.3	57.2	£92.23	£88.42
30-39	61.0	60.9	£68.56	£70.57
40-49	62.5	59.8	£73.90	£72.27
50-59	52.3	50.4	£69.83	£69.10
60+	42.2	41.3	£48.93	£57.74

Source: BPI 2004

The album market is traditionally less affected by the decrease of people spending. However, 2003 also appeared to be a tough financial year for albums as 2003 penetration fell to 54.8%, against 57.4% in 2002, and this across every age group:

On the other hand, as this table shows, the average spend per buyer offers quite different figures. First there is a general increase in spend in all groups over 40 years old. Also, average spend increased generally from 2002 and reached £73.96 for albums per buyer. They also

increased their number of units - 7.3 albums and 3.8 singles on average, against 6.9 albums and 3.8 singles in 2002.

These figures suggest that although British bought less music in 2003 overall, those that did bought more and spent more.

As mentioned above, British people rank second only to Norway in terms of money spent on music per head of the population.

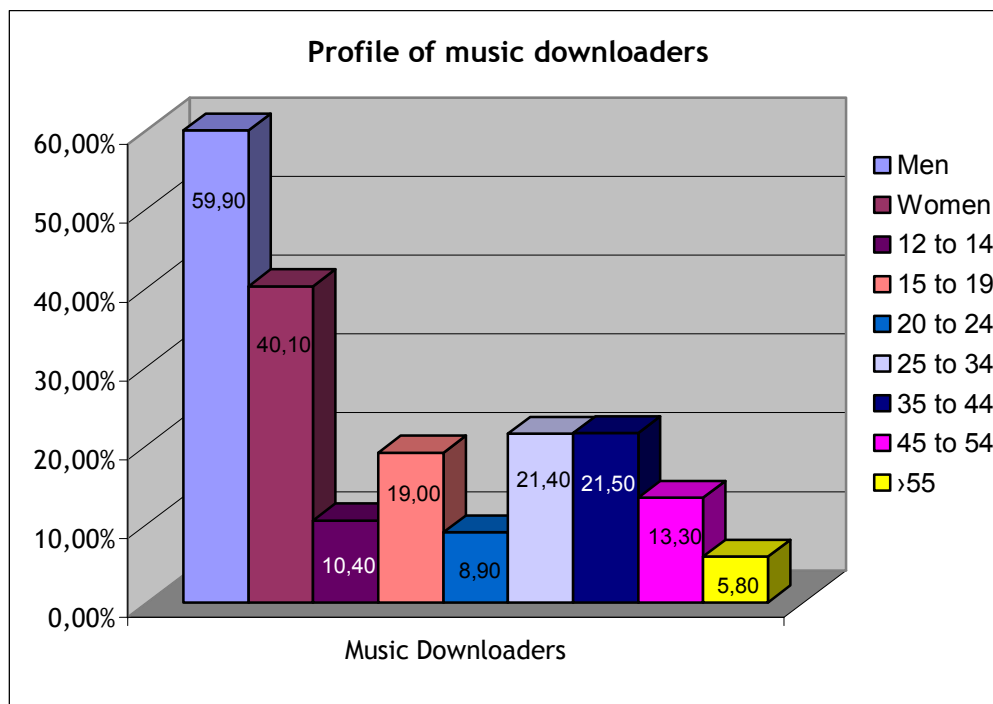
- New music formats - Internet, mobile, DVD

New technologies offer more and more possibilities for music to grow. Broadband internet is expanding in the majority of households in Great Britain and new digital distribution operators are joining existing UK companies in the territory. Several name brands are also joining the digital music market. Mobile revenues have also increased significantly.

- Internet

With approximately half of all homes in the UK now having a personal computer, the Internet has seen exponential growth never witnessed before in a marketing and sales medium. Such a success offer labels in the UK as elsewhere, a significant opportunity to reach millions of people worldwide and to develop important one-to-one relationships with potential customers. However illegal downloading is also an issue in the UK, as it is elsewhere.

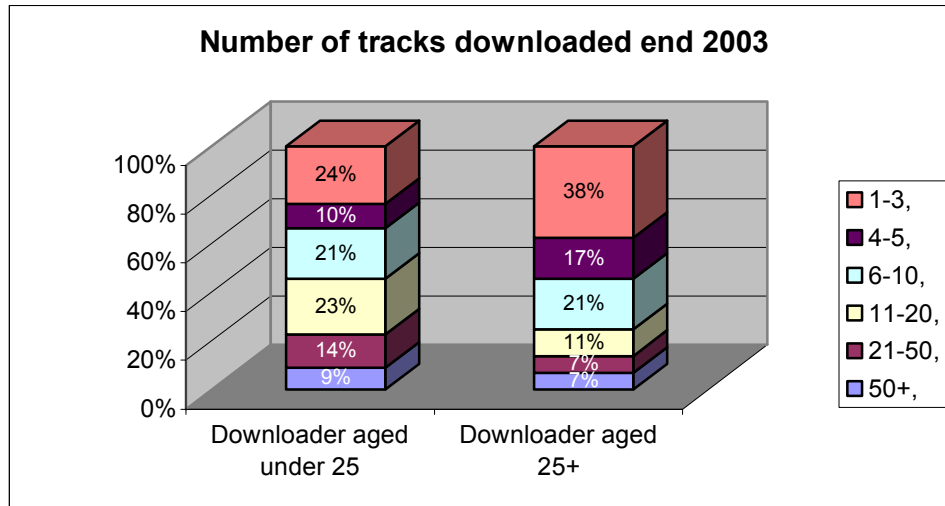
At the beginning of 2004, digital had become the second biggest selling music format in the UK singles market after CD sales. The number of legal downloads sold in the UK in 2004 has exceeded two millions units. Simultaneously, around one billion tracks are downloaded illegally per year in the UK.¹⁵ Research undertaken in the UK demonstrated the following profile of downloaders:



Source: BPI 2004

¹⁵ IFPI 2004 ; BPI 2004

As the table (above) indicates, people aged under 20 only represent 29% of the total share of music downloaders while those aged between 25 and 44 years old currently account for nearly 43%. However, the table below shows that downloaders aged under 25 download more tracks than those aged 25+, which could indicate that music downloading will grow in later years.



Source: BPI 2004

- Mobile

Music-to-mobile delivery now provides new and innovative offerings for consumers. It also offers new business opportunities to manufacturers and network operators. The ringtones market has already reached \$US 3.5 billion worldwide in 2003, and the market potential of this system is constantly increasing as the penetration of mobile phones in Europe is higher than internet connections (except in the Netherlands).

Over the next few years, mobile networks and devices will become a key distribution platform for music. So far, mobile operators and music companies have developed promotional partnerships allowing mobile subscribers to stream and sample new music as well as offering personalized artist-related material via the handset. In the latter part of 2003, mobile operators, record companies and music-related companies (such as MTV) formed a number of partnerships that lead to a wave of new services.

Technological improvements mean that mobile phones are increasingly able to receive and send more and better quality media content. There is also the development of wireless DRM enabling distribution of content across mobile operator's networks whilst protecting copyrighted content. Revenues from ringtones in 2003 were 1,390 millions euros but are forecasted to grow to 1,880 millions euros and to 2,400 millions euros in 2005.¹⁶

DVD: While the record industry worldwide is currently suffering sales loss, the growth in sales of DVD has been impressive, as mentioned above. 145m units were sold last year in the UK compared to 92m in 2002, when it overtook VHS for the first time. The format now accounts for 4% of the music market, compared with 1.9% a year ago.

The boost in sales of the format can be explained by a number of important market drivers: the growing number of music titles issued on DVD and rising household penetration of appropriate equipment. Retailers are increasingly offering more space and improved merchandising to the

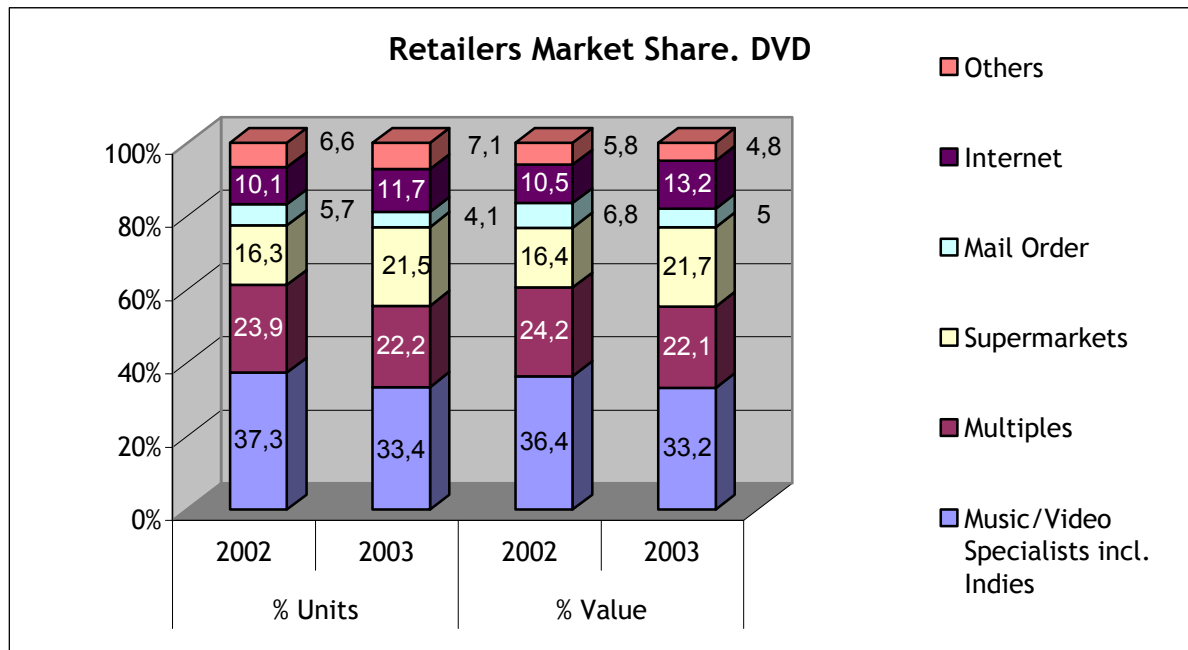
¹⁶ BPI 2004

format. On the other hand, this phenomenal growth has been offset by the fall in VHS sales. Volumes have fallen by more than 20% and stood in 2003 at 63.2% of total video sales, while music VHS sales stood at 79.3% the previous year.

Total video sales 1999-2003 Millions						
	Units			Retail Value		
	VHS%	DVD%	Total	VHS	DVD	Total
1999	92.0	4.0	96.0	£892	£68	£960
2000	97.0	16.6	113.6	£936	£264	£1,200
2001	93.5	41.3	134.8	£893	£646	£1,539
2002	79.3	89.9	169.2	£745	£1,305	£2,050
2003	63.2	145.0	208.2	£537	£1,884	£2,421

Source: BVA

The graph below shows the UK retailers' market share for DVDs. Despite an overall increase in the market, it is in fact only the internet retailers and supermarkets which have increased their market share with respectively 11.7% and 21.5% of the market in terms of units. The specialists and the multiple stores have in fact lost market share.



Source: TNS 'Audio Visual Track Survey'

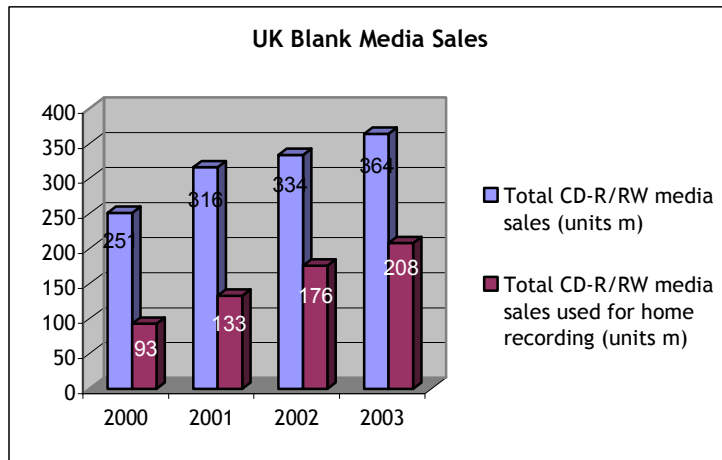
- Piracy

Commercial piracy is a concern in the UK. Although IFPI puts the figure at below 10% of the market¹⁷, losses are estimated to be £56.1m from the sale of counterfeit CDs alone¹⁸. The volume increase is estimated to be 22% compared to 2002¹⁹.

¹⁷ IFPI 2004

¹⁸ BPI 2004

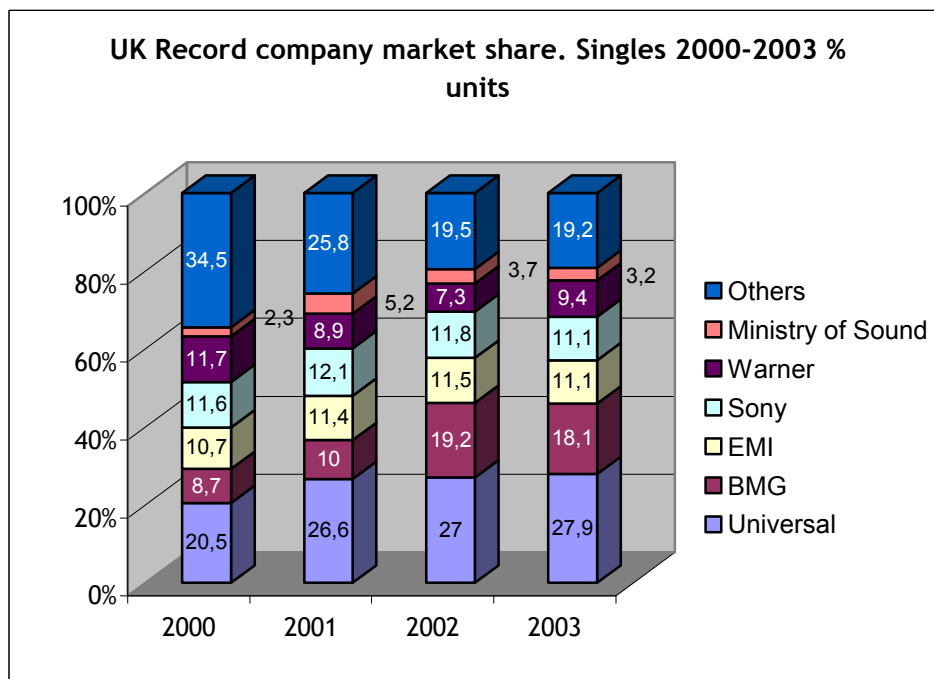
The use of recordable CDs (CD-R) has exploded as a result of commercial piracy practices and private CD burning. Figures show growing CD-R sales in the UK in recent years. Figures below show that, in 2003, out of a total of 364m CD-Rs sold, 57% of them were used for audio recordings, the majority being unauthorized copies.



Source: U&S

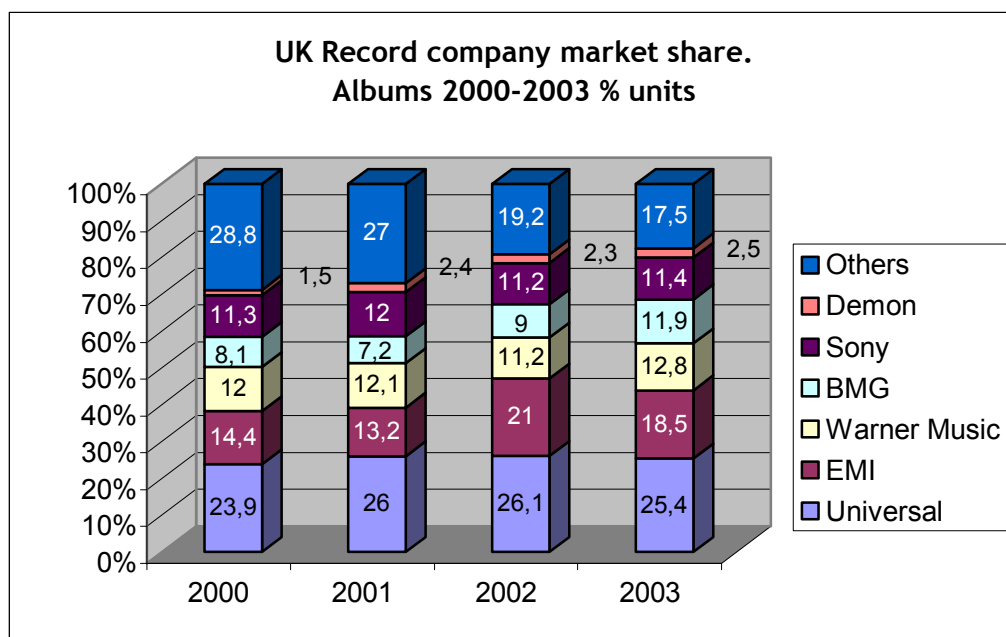
2) Record Companies

Trading in 2003 was a tough business for UK record companies with the increasing pressure on margins and growing competition from other sectors of the entertainment industry. 2003 was, nonetheless another strong year for the majors as the tables below demonstrate:



Source: BPI 2004

¹⁹ BPI 2004



Source: BPI 2004

Universal's success in both the singles and albums market - highest market share for the fifth consecutive year - relies on its mixture of local and international artists, with 27.9% market share for singles and 25.4% albums.²⁰

In the UK album market, EMI came second with 18.5% as half of the top ten albums sold were from EMI and also. It came third in the singles market with 11.1%. This was partly due to major British artists, such as Robbie Williams or Coldplay. With 18.1% and 11.9% for the singles and albums markets, BMG comes right after with such artists as Pink and Westlife (a boy band very popular in the UK). It is a similar situation for singles sales where EMI has all the biggest sales.

In the UK, the independents have 20% of the market for albums and 22.4% for singles²¹. IFPI puts the independents overall share in the UK at 19.7%. Across the world, the market share amongst of the majors and the independents in 2003 is set out in this table:

2003 Territory Market Share						
	BMG	EMI	Sony	Universal	Warner	Indies
North America	15,5	10,5	12,1	27,9	15,8	18,2
Europe	12,5	17,3	12,1	25,6	13	19,4
Latin America	12,2	12,1	19,6	14,7	15,4	26
Asia	7,2	14,4	13	15,3	12,2	37,9
Australasia	11,7	18,4	16,9	20,3	15,1	17,5
South Africa	11,8	21,2	13,1	19,9	0	34
World	11,9	13,4	13,2	23,5	12,7	25,3

Source: IFPI 2004

At European level, the independents had 19.4%²². The independents' music market share at global level was 25.3%. Universal, the absolute leader on US, European and UK markets had respectively 27.9%, 25.6% and 27.9% of market share, but ranks second on a global scale with

²⁰ Such as Daniel Bedingfield, Busted, Elton John, 50 Cent, etc.

²¹ BPI 2004

²² IFPI 2004

23.5%. However, the independents are increasingly losing market shares all over the world such as in Australasia and Asia and also in Latin America, which was already dominated by majors.²³

In the UK, the independent sector is strong collectively with 20.6% of the total market share, but is also very fragmented, with only 5 independent labels registering 1% or more in terms of album market share (units) in 2003.²⁴

The following tables give the market share of the most successful independents in the UK both for albums and singles.

Indies market share in the UK. Albums 2000-2003 % units				
	2000	2001	2002	2003
Demon	1.5	2.4	2.3	2.5
Ministry Of Sound	1.5	2.1	2.2	2.4
Sanctuary	1.0	1.3	1.6	1.7
Telstar	2.3	1.2	1.3	1.2
Beggars Group	0.5	0.6	0.7	1.0
V2	0.6	1.0	1.0	0.9
HNH	0.8	0.6	0.6	0.6
Union Square	-	0.2	0.2	0.4
Hot	-	0.4	0.5	0.3
Chrysalis Group	0.3	0.4	0.2	0.3
Disky Communications	-	-	-	0.2
Jazz FM	0.1	0.2	0.2	0.2
Roadrunner	0.2	0.3	0.4	0.2
Weton Wesgram	-	-	-	0.2
Epitaph	0.1	0.1	0.1	0.2
Delta	0.2	0.2	0.2	0.2
Wall Of Sound	-	-	0.1	0.2
Eagle Rock	0.1	0.1	0.2	0.2
Prism Leisure	-	-	-	0.1
Beechwood Music	0.4	0.2	0.3	0.1
Snapper Music	0.1	0.1	0.1	0.1
PIAS	-	-	-	0.1
Pickwick	-	-	-	0.1
Rosette	-	-	-	0.1
Rykodisc	-	-	-	0.1
Death Row	-	-	-	0.1
Ace	0.1	0.1	0.1	0.1
Dramatico	-	-	-	0.1
React	0.1	-	-	0.1
Ninja Tune	-	-	0.1	0.1
Zomba	2.2	1.8	1.2	-
Virgin	7.3	6.6	-	-

Source: BPI 2004

²³ Note that in Japan, for instance, independent labels stand out for more than half of the market and, even though they have lost great market shares in Asia, they still represent 37.9% on the whole continent.

²⁴ BPI 2004

Indies market share in the UK. Singles 2000-2003 % units				
	2000	2001	2002	2003
Zomba	5.5	2.9	3.2	-
Ministry Of Sound	2.3	5.2	3.7	3.2
Sanctuary	-	0.1	0.1	2.8
Telstar	3.2	1.7	1.6	2.6
V2 Music	0.4	1.3	2.0	1.4
Beggars Group	1.0	0.7	0.6	1.3
Chrysalis Group	0.7	0.7	0.2	0.4
All Around The World	-	0.3	1.3	1.1
Southern Fried	0.2	-	-	0.7
Better The Devil	-	-	-	0.6
Edel	1.5	0.5	1.2	0.6
Media	0.2	0.4	0.4	0.3
Simply Vinyl	-	-	-	0.3
Music Factory	0.2	0.2	0.2	0.3
Concept	0.2	-	0.1	0.3
Instant Karma	-	-	-	0.3
Defected	0.2	-	-	0.3
Positive	-	-	-	0.2
Dramatico	-	-	-	0.2
Roadrunner	-	-	0.8	0.1
Full Cycle	-	-	-	0.1
Underwater	-	-	0.1	0.1
Zomba	5.5	2.9	3.2	-
Virgin	7.2	8.0	-	-

Source: BPI 2004

The independents are made up of micro, small and medium sized enterprises and constitute 90% of the UK music business. They face different problems that impede their growing. These include difficulties in accessing funds for development, the standardization of radio play lists and problems securing suitable distribution in order to facilitate access to the retail market.²⁵ The trade association AIM which represents independent UK record companies has been instrumental in trying to get these issues addressed.

Sony and BMG are merging in the UK as elsewhere internationally. The independents are appealing the EU approval of the merger because of the impact it will have on market access for competitors.

More information: on specific record companies may be available from AIM and the BPI, two trade associations in the UK for the recording sector (see more below under Trade Organisations).

3. Distribution and retail

- **Overview to selling records in the UK**

²⁵ National Music Council, *Counting the Notes, the economic contribution of the UK music business*, November 2002.

Before we provide the statistics and information on the current trends in distribution and retail in the UK, it may be useful to give an overview on selling records in the UK. Obviously much will depend on the genre, artist, label, ambitions etc but there are a few general points that should be borne in mind.²⁶

The UK is one of the largest and most vibrant markets which offers opportunities at many different levels in many different genres. A release in the UK can be important for international credibility of the artist. However, it is also one of the most difficult markets to master. Competition is fierce and a race to the charts is rarely avoidable except in very specialist genres. This is particularly the case for singles where the charts are very fast, being completely sales based and with marketing and pricing focusing on a kind of “opening week” effect.

One option is to license a record or an artist to a label in the UK. Where a record is not licensed to a label in the UK, hiring a distributor or some other means of getting the records into the retail outlets (limited options without a distributor) will be the key, together with a good marketing plan which targets the specialized press, radio, TV, and retailers. Touring is also likely to be an issue for artists.

Distributors will get the records into the shops and advise on chart rules, manufacturing etc. Some may take on the role of manufacturing and marketing as well. Marketing is vital. For example, most singles are accompanied by pre-release campaigns of around 6 weeks which allow radio to build support, followed by a specific marketing campaign once the record is in the shops. In fact most distributors will want to see some kind of track record and a marketing plan before they even consider taking on an artist or a label. All this will cost. Again this will vary according to overall aims as well as the sector/genre and whether there are very good alternative marketing options available such as through the internet.

Obtaining the assistance of an independent press and promotions company and an experienced radio pluggger is also likely to be essential. This may be necessary to create sufficient press and media interest to pick up distribution in the first place.

Terms with distributors, labels, publishers, promoters, agents vary enormously according to the type of deal negotiated. The overseas record label, artists, publishers and writers should be properly represented in the UK in respect of collecting income from performance on radio, TV etc.

The most important step is first of all to understand the particular market and learn who does what in the relevant niche and genre. The information set out below in the Genre Chapters and Practical Guide will be a useful place to start but the music market in the UK is constantly evolving and it will be essential to check at any one time who are the taste makers and drivers for the task in hand.

- **Distribution, import, wholesale**

Distribution in the UK is carried out by specialist companies. The majors and the independents have successful distribution businesses. Many labels specialising in particular genres have distribution arms to take care of distribution on behalf of other labels in the genre. The sector also includes secondary “specialized” distributors and wholesalers. Some act as exclusive supply channels for particular large retailers or as sellers to non-traditional retail outlets, such as Entertainment UK and Total Home Entertainment. Many distributors also import, export and wholesale, especially in their particular genres.

²⁶ Although intended to be a comparison between the French and UK music markets, the 2002-2003 report by the French Music Bureau, *The British Music Market in Comparison with the French Music Industry*, contains useful information on the UK market and options for marketing.

In 2003, the major distributors, TEN, Universal, EMI and BMG, represented 82% of the distribution market for albums. Next to the majors, independents companies such as Pinnacle and Vital had respectively 5.5% and 3.2% of the album market and 7.9% and 5.9% of the single market.

In the UK, the overall picture in terms of distribution is set out in these tables:

Distributor market share. Singles 2001-2003 % units			
	2001	2002	2003
Universal	26.7	28.0	28.6
TEN	26.6	22.8	21.8
BMG	11.6	20.8	17.2
EMI	19.2	11.2	10.7
Pinnacle	5.9	5.0	7.9
Vital THE	4.0	3.6	5.9
Others	6.0	8.6	7.9

Source: BPI 2004

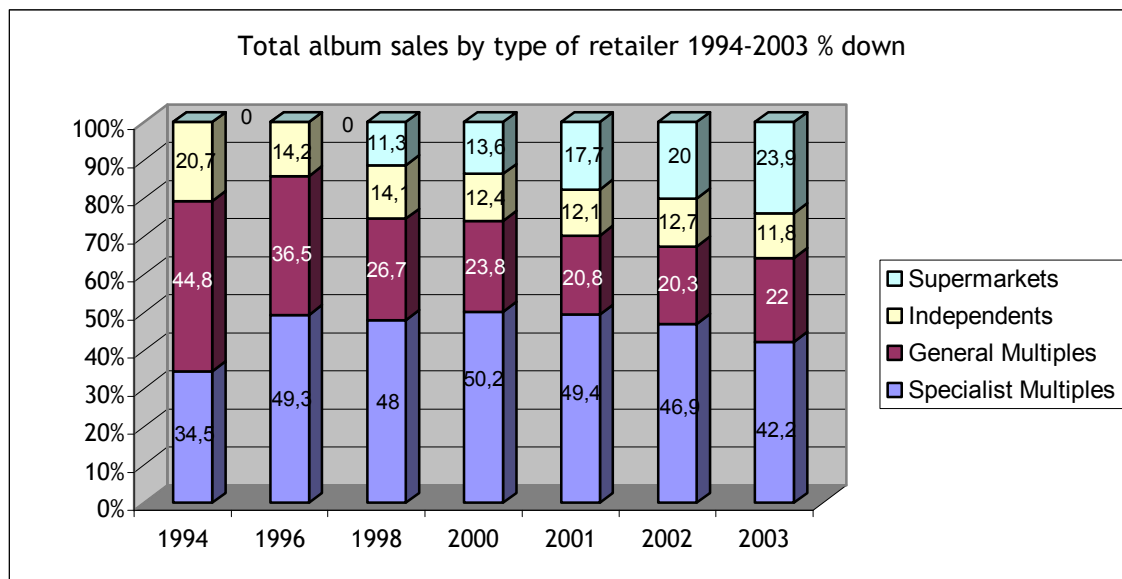
Distributor market share. Albums 2001-2003 % units			
	2001	2002	2003
TEN	26.3	24.6	25.4
Universal	25.5	25.3	25.2
EMI	20.7	21.6	19.2
BMG	9.2	11.0	12.1
Pinnacle	5.1	4.6	5.5
Vital THE	2.7	2.8	3.2
Others	10.5	10.1	9.4

Source: BPI 2004

- Retail

There are 5600 stores selling music in the UK, from small independent specialist shops to specialist chains such as HMV and Virgin, to general chains such as Woolworth's, WH Smith who not only sell records but also books, etc through to supermarkets.

The table below shows the trend of retail by album sales in the UK over the last ten years by retailer type:



Source: BPI 2004

The tables below set out the market shares in the retail sector in 2003 for albums and singles:

Individual retailer market share. Albums 2003 %		
	% of Expenditure	% of units
Music Specialist	47	45,5
HMV	20,9	19,4
Virgin Megastores	9	8,2
MVC	3,4	3,2
Virgin Xpress	2,2	2,1
Sanity	1,8	1,7
Other	9,6	10,8
Supermarkets	21,6	21,9
Tesco	9,2	9,1
Asda	7	7
Sainsbury	2,9	3
Safeway	1,1	1
Other	1,3	1,7
Chains/Multiples	16	14,9
Woolworths	11,2	10,5
WH Smith	4,7	4,3
Other	0,2	0,2
Internet	7,5	8
Mail Order & Clubs	3,9	4,3
Other Outlets	3,9	5,5

Source: BPI 2004

Individual retailer market share. Singles 2003 %		
	% of expenditure	% of units
Music Specialist	45.2	45.4
HMV	19.0	18.7
Virgin Megastores	13.1	12.6
Virgin Xpress	3.4	3.6
Other Specialists	9.6	10.5
Chains/Multiples	36.7	37.2
Woolworths	29.5	30.3
WH Smith	7.3	6.9
Supermarkets	13.9	13.7
Asda	10.2	10.5
Tesco	2.9	2.6
Sainsbury	0.6	0.3
Safeway	0.2	0.2
Morrisons	0.1	0.1
Internet	2.0	1.8
Mail Order & Clubs	0.8	0.6
Britania	0.1	0.2
Other Mail Order	0.7	0.5
Other Outlets	1.3	1.3

Source: BPI 2004

Specialist music retailers: For several years, there has been a decline of traditional music retailers in the UK (from small record stores to specialist retail chains). They offer clear advantages such as expertise, customer service, specific genre collections, and exceptional product knowledge. Specialist retail chains such as HMV and Virgin Megastores have strong advertising and promotional capabilities, strong brand name image and an excellent position to build strong allegiances with distributors.

Independent retailers and music specialist stores are still the market leaders with nearly 50% of the market in both singles and albums. However, they have also witnessed losses in sales due to higher unit costs relative to new competitors such as internet retailers and supermarkets. There is also evidence that the lag time between radio/music television and public release dates may be a contributory factor to downloading as consumers who wish to obtain the music as quickly as possible, turn to illegal sources rather than wait till official release date¹.

Despite losses, music specialist's chains have 47% of the album market in terms of expenditure and 45.5% in terms of sales for albums. For singles they represent 45.2% in terms of expenditure and 45.4% in terms of units.

HMV retained its dominant position on the specialist retailers market with 20.9% market share for albums and 19% for singles. In fact HMV is the biggest retailer of albums in the UK across the different retail types.

2003 was the hardest year for independent retailers with 11.8% of albums sales and 8.1% of singles sales. The whole retail sector was also marred by the administration of Andy's Records one of the UK's longest established independent retailers, the bankruptcy of *Tower Records*, a UK music megastore and also the announcement by Australian retailer Sanity that it was pulling out of the UK market. On the other hand both Music Zone and Fopp expanded in 2003.

General chains and the multiples: Store such as Woolworths and WH Smith are the second most popular places where people purchase music. Within the retail sector, Woolworths has the largest proportion of sales for singles with 800 stores and around 29.5% share of expenditure. It remains extremely difficult to have a hit single in the UK without the support of Woolworth's. Woolworths also has 11.2% share of albums expenditure, the second highest after HMV.

Supermarkets: As at global level, the trend towards non-specialist retailing can also be observed in the UK. The supermarket sector witnessed the largest growth in 2003. Unit sales for supermarkets increased in 2003 by almost 5%. The sectors in the UK now enjoys 21.6% market share for albums in 2003 in terms of expenditure (21.9% units) and 13.9% for singles (13.7% units).² The main supermarkets are Asda and Tesco. Supermarkets usually attract more buyers aged over 30. Marketing opportunities more akin to the specialists are now being offered by supermarkets, such listening posts and live performances.

On-line distribution: 2003 also saw the continued rise of Internet retailers, from a share of 6.8% of unit sales in 2002 to 7.5% in 2003 for albums (singles are 2.0% for expenditure)³.

The UK online music market is as developed as it is in the US but, along with the increasing growth of supermarkets in this sector, the rise of music sales over the internet has been spectacular. For example, the UK's major digital distribution company and one of the first actors of the online music market in Europe, declared in April 2004 that its sales have

¹ Jennifer O'Kane, *The Tide Is High But They're Holding On: Are Traditional Music Retailers in the UK All Washed Up?* University of Westminster, May 2004

² TNS data

³ BPI 2004

constantly increased, along with its retail partners including MSN Music Club, HMV Virgin Downloads, Coca Cola, etc.⁴

Traditional retailers have, however, been slow in setting up Internet operations. In terms of digital delivery services, the market has been led by UK internet “start-ups” such as Recordstore, OD2, Playloder and Wippit. However, 2003 saw more investment by traditional retailers as well as the arrival of Apple, whose iTunes Music Store is clearly dominating the market with a 75% share of the online download market worldwide.⁵ 2004 should also be a turning point for the industry as US-based services are expected to launch in the UK, such as Napster, Sony, MusicNet, etc.

More and more business deals are being made between labels and distributors such as Wippit which has recently signed a label licensing agreement with BMG, to add to its existing distribution agreement with EMI and also independent labels, for its new pay per download website.

Additionally to “standard” music downloading, mobile music has also turned into reality with OD2’s launch of its download to mobile service in 2003, allowing mobile users to download music and transfer files to a player device manufactured by Siemens. There have been further announcements by broadband providers, such as Earthlink, of partnerships with online music services to offer packages to subscribers. Coca Cola has launched a service like that on an OD2 platform called mycokemusic.com in the world. T-Mobile also intends to offer ringback tones to UK consumers which cannot be transferred to other devices. The ringtone market has been generating revenues for labels and music publishers, and is a mainstream part of the music business.

Mail order: Buying music by-mail order and clubs is not a particularly popular way of buying music in the UK but nonetheless this accounts for 3.9% in expenditure and 4.3% in units⁶. The sector is dominated by its biggest operator Britannia, which has 2.2% of the total UK retail sector for albums in terms of expenditure and 2.3% in terms of units.

Retail prices: In 2003, the average price paid by UK consumers for a single was £3.22 and £10.20 for an album:

Average prices paid for singles by type of retailers 1999-2003					
	1999	2000	2001	2002	2003
Total	£3.14	£3.20	£3.33	£3.51	£3.22
Music Specialists	£3.17	£3.26	£3.39	£3.51	£3.20
Chains/Multiples	£3.03	£3.18	£3.21	£3.49	£3.18
Supermarkets	£3.05	£2.73	£3.38	£3.39	£3.28
Other outlets	£2.55	£3.03	£4.00	£4.72	£3.18

Source: BPI 2004

Average prices paid for albums by type of retailer 1999-2003					
	1999	2000	2001	2002	2003
Total	£ 11.39	£10.98	£10.77	£10.60	£10.20
Music Specialists	£11.83	£11.46	£11.20	£10.99	£10.55
Chains/Multiples	£11.33	£11.30	£10.99	£11.16	£10.98
Supermarkets	£11.84	£10.54	£10.81	£10.67	£10.04
Mail order & Club	£11.02	£10.52	£9.55	£9.62	£9.36
Internet	£10.81	£10.38	£10.04	£9.89	£9.64
Other outlets	£8.28	£7.08	£7.86	£6.75	£7.27

Source: BPI 2004

⁴ OD2 had 380,000 registered users by the end of 2003 and 450,000 in 2004.

⁵ 2004 Report from *Digital Tech Consulting* (DTC)

⁶ BPI 2004

The average price of albums have clearly decreased in the last years, from £11.39 in 1999 for an album to £10.20 in 2003. Over 54% of albums sold were under £10 in 2003. Again the prices fell across virtually all types of retailers in the UK, which is the fourth consecutive fall in a five year period.

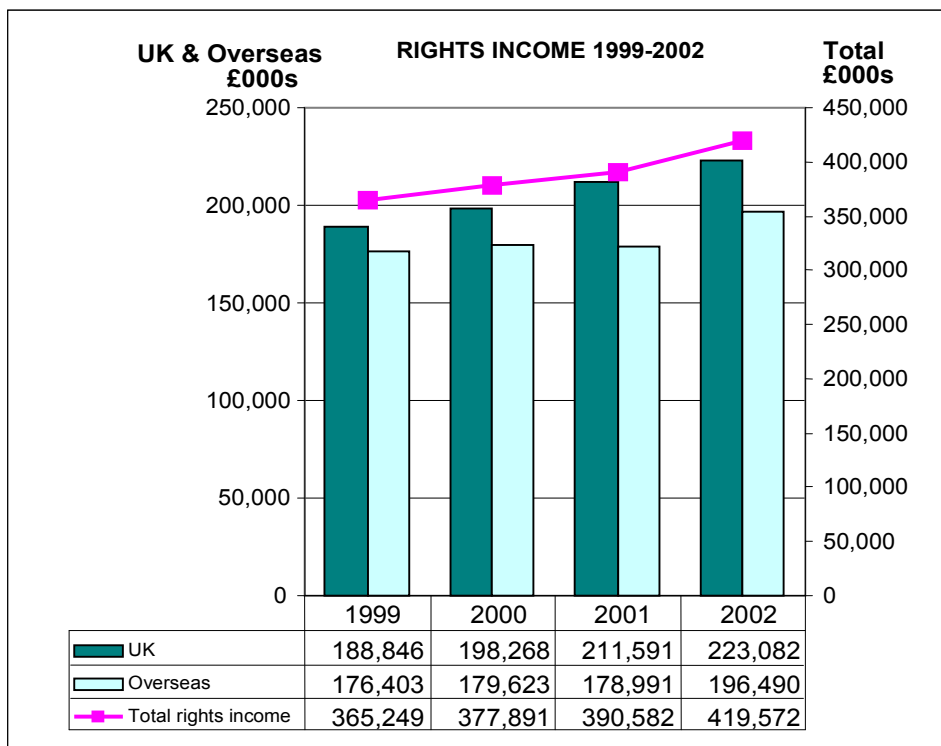
More information: on specific retailers may be available from BARD, the trade association in the UK for the retail sector (see more below under Trade Organisations)

4. Publishing

Within the music sector, the music publishing industry is one of the few that has lately experienced a real growth in revenues. The main sources of income for music publishers are broadcast and live performance (performing rights), sales of sound carriers (mechanical rights), synchronisation fees, Grand Right fees, hire fees and printed music sales.

The table and graph below show rights income earned by a consistent and representative group of UK music publishers, over 4 years, together with the UK/overseas splits and annual percentage changes.¹

£000s		1999	2000	% change	2001	% change	2002	% change
Total rights income		365,249	377,891	3.5%	390,582	3.4%	419,572	7.4%
of which:	UK	188,846	198,268	5.0%	211,591	6.7%	223,082	5.4%
	Overseas	176,403	179,623	1.8%	178,991	-0.4%	196,490	9.8%



¹ Music Publishers Association, *Annual Survey of Rights Income 1999-2002*

In 2002 the MPA survey group's total rights income, before payments to composers/writers (but see below), was split as follows: mechanical rights 55%; performing rights 23% (note that in the case of performing rights deductions for composers/writers are made by the collecting society prior to any payments being made to publishers - the sum received by an individual publisher may be subject to a further publisher/composer split according to the terms of individual publishing agreements); synchronisation fees 11%; Grand Rights 7%; hire fees 2%; and other rights income 2%.

A separate MPA survey of printed music publishers has revealed that income deriving from the sale of printed music has also grown from £40.6million in 1999 to £45million in 2002.

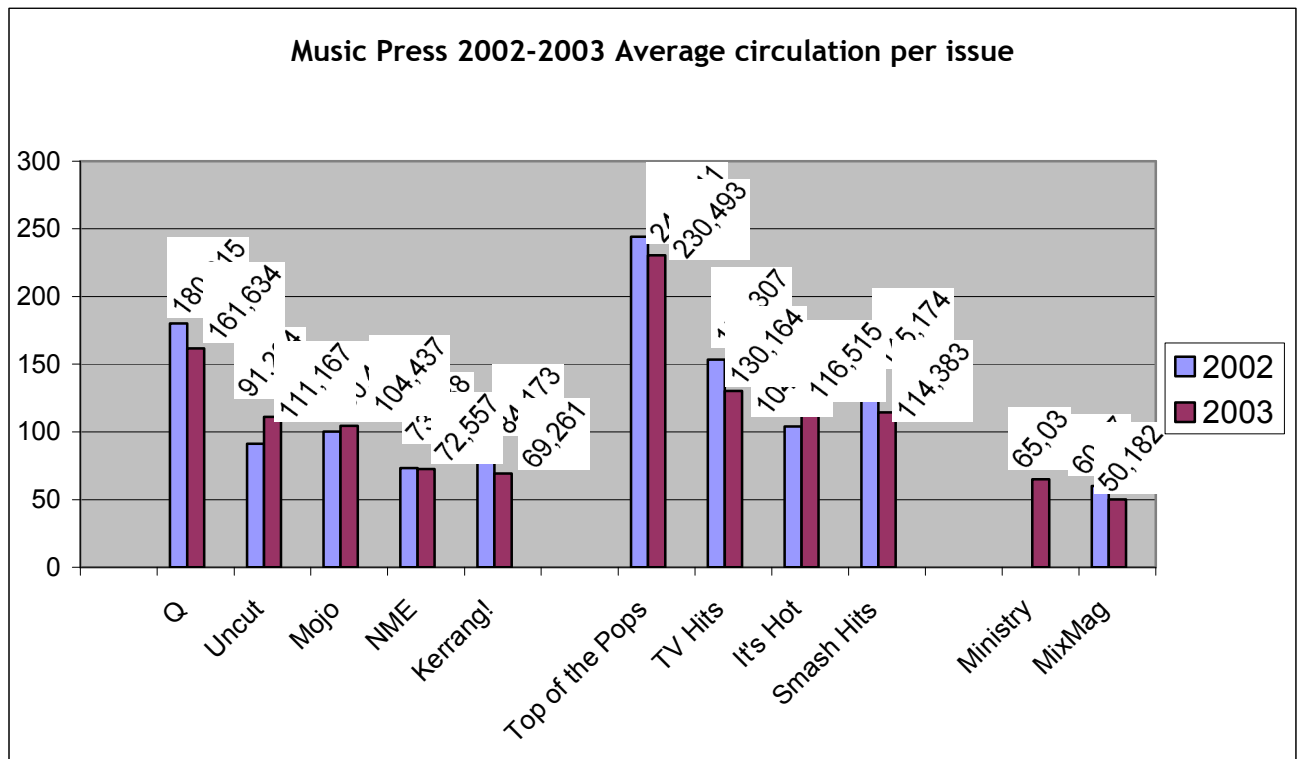
More information: the MPA also publishes a list of members with details on their activities and genres in which they specialize.

5. Media

- Press

The British music press is huge, especially the youth market. In addition to specialist music titles, UK generalists magazines and newspapers usually also cover the music sector, especially new album and single releases, and music celebrities.

The following table gives an overview of the main specialist music press:



Source: BPI 2004

The magazines who sell the most are those for teenage and pop music. The **Top of the Pops** magazine is the most successful a weekly publication and an average circulation of 230,493 per

issue in 2003. Others include **It's Hot**, a monthly publication with 116,515 and **Smash Hits** with 114,383.

The main titles are generally published monthly. First comes **Q** with a circulation in 2003 of 161,634 per issue then come **Uncut** and **Mojo** with respectively 111,167 and 104,437.

Considering specialized magazines, five different categories exist. Each genre has its magazines. For example, the principal magazines for Dance music are **MixMag** with a 50,182 sold monthly and then **Ministry** with 65,030 also monthly.

Urban and Specialist music have less choice of magazines and lower circulation. However, **Blues and Soul** is one of the references. The same scenario is applicable to World Music. The two principals are **Songlines** and **Frootsmag**.

Music Week is the weekly professional press publication, providing the industry with access to news, play lists and chart information, including airplay and specialist club charts. Music Week also produces comprehensive guides to the UK and international markets and has a very complete website where only subscribers have access.

There are also on-line services such as:

Five Eight which publishes a daily e-mail with Music Business Today service linking to music business stories from various sources, and a monthly music business magazine.

Record of the Day. A Daily newsletter with links to news articles in the UK press, covers artist and business news. Includes review of and sample of a music track that is literally the "record of the day".

CMU which daily publishes a daily e-newsletter on with music and business news.

MusicAlly: Subscription only music business news service with bi-monthly reports, weekly updates news flash service.

- Radio

This sector can now be considered as very dynamic with a turnaround in the radio advertising market, the development of digital radio and the enactment of the 2003 Communications Bill providing some relaxation on radio ownership rules.

With at least 260 stations, local commercial radio commands nearly 47% of the national weekly share of total listening, and only 4 groups - GWR/EMAP/Capital/Chrysalis - dominate this figure. Playlists are increasingly standardised. This situation makes it increasingly difficult to break new artists. This was identified as one of the reasons independents in the UK face growth problems². Ultimately, this means that record companies have to deliver a very compelling plot before radio - or TV - will consider playlisting. Pirate radio can be quite influential in launching musical trends and new acts. UK professionals are currently lobbying in favor of more British music and more diversity on commercial and public radio.

² National Music Council, *Counting the Notes*.

The table below sets out a snapshot of radio listening for the third quarter in 2003:

Summary of Radio Listening - Quarter 3, 2004 - UK National Stations			
	Reach 000 Quarter 3, 2004	Share % Q 3, 2003	Share Q 3 %, 2004
All BBC	32514	51,8	54,4
All BBC Network Radio	28643	40,9	43,5
- Radio 1	10042	8,0	8,6
- Radio 2	13060	15,0	16,1
- Radio 4	9422	11,3	11,3
BBC Local Regional	9928	10,9	10,9
All Commercial	31038	46,2	43,7
All National Commercial	12752	9,5	9,6
- Classic FM	6145	4,5	4,2
- Total Heart	2910	-	2,0
- Talksport	2182	1,5	1,7
- Virgin	2598	1,7	1,5
All Local Commercial	25719	37,3	34,1
Other Listening	-	2,0	1,9

Source: RAJAR/IPSOS-RSL

This shows that the BBC has increased its market share in Quarter 3, 2004, for radio listening with 54.4%, whereas commercial radio has had 43.7% (a decrease compared to Q3, 2003).

Radio 1 has mutated into an edgier radio taking more risks because of its audience drop - 8.6% of the national market share. A Radio 1 playlisting is still hugely influential when other stations and media are still considering an act. But Radio 1's support alone is no longer a guarantee for a hit single. It is under constant criticism (including from media on behalf of the taxpayers) because of its declining audience, widely blamed on a playlist policy not accessible or representative enough of the tastes of the majority of the 15-24 demographic they aim to represent.

As Radio 1 continues to position itself with a younger audience, the disenfranchised older listeners are increasingly moving over to the slowly evolving Radio 2, which has cleverly altered its playlist policy to include artists no longer deemed suitable for Radio 1, and are seen as more "album-selling" type acts, appealing to a 25 years plus audience.

Radio 2 has gradually becoming the dominant force in the market place by breaking the mould of the chart format and reaching more than 13 millions listeners weekly. At the end of 2003, it reached a 16.1% share of total weekly listening.

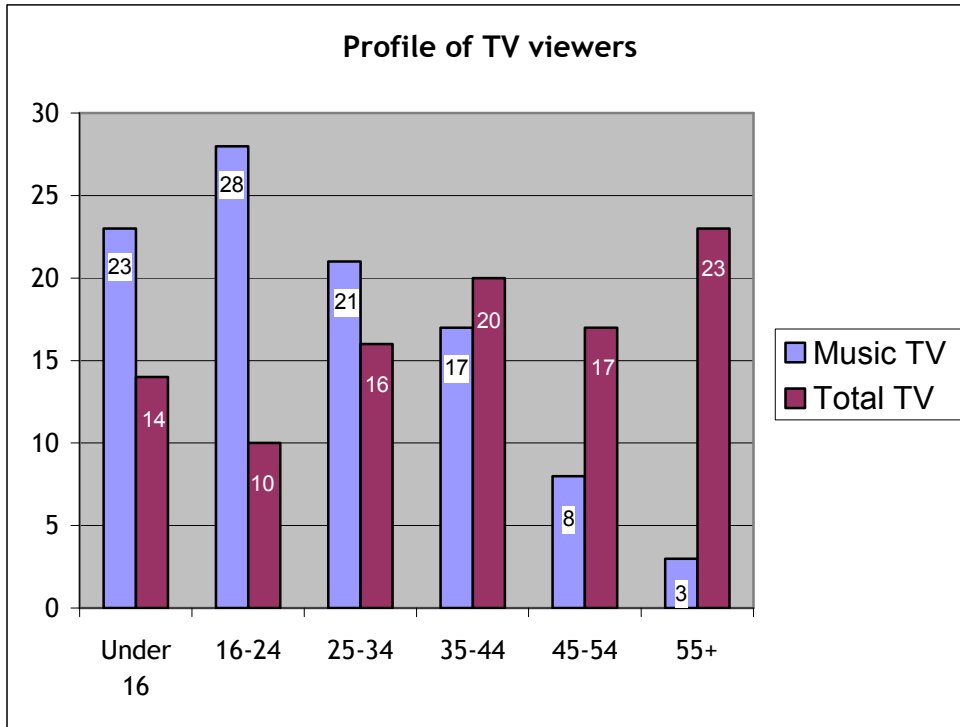
Radio in the UK now offers also much more choice since digital and internet broadcasting. For example, with 6Music and 1Xtra - the BBC drew audiences of around 400,000 while five other digital radio stations from the commercial sector also reported listenership figures for the first time with a total of two million listeners. Even without a digital receiver many people can access these new stations via TV, or the Internet, with increasing numbers now listening to radio via their PCs.

- TV

With around 30 music channels available in the UK, music on television is increasingly developing and broadcasters are beginning to research their audience more thoroughly in order to fine-tune their programming.

In 2003 many shows attracted million of viewers, such as *Robbie Williams Live at Knebworth* (3.5m); *Eurovision Song Contest* (8.0m); *Brit Awards* (7.3m); *Pop Idol's* (11.0m), etc.

It is important to understand the profile of TV viewers. The table below compares music TV viewers to normal TV viewers according to different age groups.



Source: BARB Multi-channel homes 2003

This indicates that younger generations are more attracted by music TV, with 23% of music TV viewers aged under 16 and 28% aged between 16 and 24.

The success of emissions such as *Pop Idol* in 2003 has also changed the music industry. Programming these shows on a Friday has been a major fact in determining the success of the records associated with the series and the artists (because most records are purchased on Saturdays).

The development of digital music TV channels offered greater perspectives for music television in 2003, as over 50% of the entire UK population has now access to digital network. In this vein, BSKyB launched three new music stations which targeted different segments of the music audience. EMAP and MTV also introduced channels in the same period.

- **Media advertising**

In 2003, advertising spends of record companies saw an increase of 11% in the UK. TV accounted for 75.5% of advertising spend, press 12.1%, while radio, 9%, and outdoor, 5%.³ Only a small percentage of albums released are advertised on TV due to the high cost. Radio is also expensive when targeting a large audience and operates similarly to TV. TV, however, can have a greater advantage than radio because with cable and satellite channels, consumers can be targeted with more accuracy. For example, the compilation market has increased considerably in the past few years, also due to TV advertisement. Outdoor campaigns are generally used for big albums or to back up a TV or Radio ad.

<i>Record company advertising expenditure 1999-2003 £ Thousands</i>					
	1999	2001	2002	2003	% Change 02/03
TV	£58,458	£81,318	£77,029	£91,944	+19%
Press	£25,204	£17,348	£15,488	£14,779	-5%
Radio	£14,388	£10,140	£8,661	£7,015	-19%
Outdoor	£6,342	£5,542	£7,660	£7,536	-2%
Cinema	£464	£332	£530	£265	-50%
Direct Mail	-	£353	£753	£306	-59%
Total	£104,856	£115,033	£110,121	£121,845	+11%

Source: BPI 2004

As mentioned previously, the TV sector attracts the most advertising expenditure with a 19% growth in 2003 while all the other sectors witnessed a general drop during the same year. The biggest decrease in advertising expenditure was for cinema (-50%) and direct mail (- 59%).

Digital advertisement also constitutes a new effective and lower-cost way of advertisement, although the number of people reached might be smaller.

6. Live/touring/clubs

The UK has a strong live music culture for all musical tastes. There is also a large festival scene. Live music constitutes a significant business in the UK and also an important step for the promotion of a release in the UK. This is particularly the case in certain genres such as rock. Any touring/release strategy needs to be clearly coordinated with the label, distributor, agents, promoters etc.

³ BPI 2004

The UK has thousands of live music venues. These are usually supported by private enterprises although organisations such as the Arts Councils also participate in some venues. Bookings in the main venues are handled by around 30 major promoters.

As in other territories, touring is one of the best ways of creating and extending a fan base and “guaranteeing” a certain level of singles and albums sales. This is particularly the case in the UK due to the strong live culture. As in any country, touring is a costly exercise. If a release or an artist is licensed to a UK label, tour support may be provided for the artist. Touring can also become successful (to the point of self-funding and profitable touring) with the financial rewards from the ticket sales and merchandising. In the UK, some labels now seek to negotiate a proportion of an artist’s revenues from touring and other revenues, in their artist recording contracts. This is traditionally the domain of the artist (e.g. the Robbie Williams deal).

The UK also has a strong club scene which again will be important to target, depending on the genre. Club and rave culture in the UK exploded in the 80s. The 90s was marked by with the arrival of super clubs and superstars DJs. However, the UK was also one of the first countries to bear the brunt of the crisis facing the whole club scene due to over saturation and changing tastes. Dance music remains very popular and radio stations such as Kiss, GLR, Radio 1, Capital -broadcast dance music at peak hours. In terms of clubs themselves, however, the scene is much reduced and many superclubs have been forced to close. Over the past few years, there has been a growth in DJ or designer bars which are essentially late-opening bars/cafes with DJs. These also offer opportunities for promoting artists and DJs.

7. Sales certifications and awards

Sales certifications

Sales certifications are available in the UK to mark different levels of sales success. The figures are based on net shipments and are organised by the BPI. For the UK awards, no matter the origin of the repertoire, domestic or international, the following net shipments are required:

Albums: 60,000 for silver, 100,000 for gold and 300,000 for platinum. (There is no diamond certification).

Singles sales, 200,000 for silver, 400,000 for gold, and 600,000 for platinum.

CERTIFICATION AWARDS			
ALBUMS	Sales Level	2003	2002
- Silver	60,000	284	275
- Gold	100,000	220	200
- Platinum	300,000	78	73
- Multi-Platinum	-	85	74
SINGLES	Sales Level	2003	2002
- Silver	200,000	15	47
- Gold	400,000	6	17
- Platinum	600,000	4	5
- Multi-Platinum	-	0	3

Source: IFPI 2004

In 2003, 284 albums went silver, which represents an increase compared to 2002 (275 albums). 220 went gold (only 200 in 2002). Platinum experienced the same trend with an increase from 73 in 2002 to 78 in 2003. Multi-platinum saw an increase from 74 in 2002 to 85 in 2003. For

singles, however, there was a general drop in certification awards with 15 silver (47 in 2002), 6 gold (17 in 2002), 4 singles went platinum (5 in 2002) and 0 multi-platinum (3 in 2002).

Sales in the UK will also count, along with sales in other territories, to international certifications. These include the pan-European sales awards administered by IMPALA (IMPALA Silver, Gold, Platinum at 30,000, 250,000, and 500,000 respectively) and IFPI (IFPI Platinum at 1,000,000).

Awards

The UK has a strong awards culture. Nominations can offer quodos and are also a useful marketing tool, with nominees and award winners often experiencing increased sales. The main awards include (in alphabetical order):

BRIT Awards: annual ceremony in London organized by the BPI www.brits.co.uk

Classical Brits: annual ceremony for classical music: www.classicalbrits.co.uk

Kerrang! Awards: annual awards ceremony for rock and metal bands: www.kerrangawards.com

Mercury Music Prize: annual prize for albums selected by jury, carrying considerable quodos and media coverage: www.nationwidemercurys.com

MIA Musical Instrument Awards: annual awards ceremony for instruments and associated products in the industry: www.mia.org.uk.

MOBO: annual awards show for music of black origin: www.mobo.net

Music Week Awards: annual awards for the music industry professionals: www.musicweekawards.com

National Student Music Awards: annual event to showcase new student bands to the music industry around the UK: www.nsma.com

NME Carling Awards: annual rock awards: www.nme.com

Ivor Novello Awards: longest running annual award show (since 1955) to recognize songwriters and publishers (Ivors Dance Award was also launched in 1997): www.britishacademy.com/ivors

Urban Music Awards: new awards ceremony for British based urban and underground dance music: www.urbanmusicawards.net

8. Trade Fairs

A range of music business trade fairs is available in the UK music sector, including the following national and international events (alphabetical order):

The British Music Fair: UK trade fair for musical instruments and related products, attended by suppliers and distributors: www.britishmusicfairs.com

In The City: annual forum (rather than traditional trade fair) for networking, examining current issues in the UK music's business and discovering new talent through In The City

Unsigned: www.inthecity.co.uk

MusicWorks: annual cross-media music convention, event, held in Scotland: www.musicworksuk.com

International Live Music Conference: - annual event based in London to assemble key figures in UK and international live music field: www.ilmc.com

9. Trade organisations and institutions

There are a large number of organisations, institutions and collecting societies active in the field of music in the UK. The main industry associations and collecting societies are summarised below in alphabetical order (full contact details of these and other associations and institutions are set out in the Practical Guide) - the most interesting are listed again at Chapter 7 *Useful Websites* of the Practical Guide:

AIM, Association of Independent Music: trade association representing the UK independent record sector. Active in internet licensing for members. Produces an excellent guide to the UK music business. www.musicindie.org

APRS, Association of Professional Recording Services: represents recording studios, post-production houses, mastering, replication, pressing and duplicating facilities. www.aprs.co.uk

Arts Councils: development agencies for the arts administering significant funds. www.artscouncil.org.uk

Association of British Jazz Musicians: database on the UK jazz scene. www.jazzservices.org.uk

Association of Festival Organisers: trade association representing festival organisers. www.aoifeonline.com

BARD, British Association of Record Dealers: trade association representing retailers and wholesalers in music, video, DVD etc. Joint owners of Official UK Charts Company (see below). www.bardltd.org

BMR, British Music Rights: represents the UK's composers, songwriters and music publishers and organizations to the UK government, media and public. www.bmr.org

BPI, British Phonographic Industry: trade association representing recording companies, including the majors. UK member of IFPI. Joint owners of the Official UK Charts Company (see below). Runs the annual BRIT Awards and also the Brit Trust (see below). Anti-piracy unit. www.bpi.co.uk

Brit Trust: charitable arm of the BPI which also runs the Brit School, a music and creative arts school for young people in South London. www.brittrust.co.uk

British Academy of Composers & Songwriters: association representing and advising composers and songwriters. www.britishacademy.com

British Independent Record Dealer Directory: directory of independent record shops and record fairs. www.birdpages.co.uk

BVA, British Video Association: trade association representing video home entertainment companies. www.bva.org.uk

CatCo: part of PPL (see below). Provides an electronic means of registering new release data. www.catcouk.com

CPA, Concert Promoters Association: trade association representing concert promoters.

CRCA, Commercial Radio Companies Association: trade body for commercial radio companies in the UK. Database with detailed information on commercial radio stations. www.crca.co.uk

DCMS, Department of Culture Media and Sport: government ministry in charge of cultural affairs. The official sponsor of the UK music industry. www.culture.gov.uk/about_dcms/default

DTI, Department of Trade and the Industry: government ministry dealing with trade and industry, also responsible for the Patent Office which looks after intellectual property and copyright. www.dti.gov.uk

E-centre UK: supplies bar codes and promotes the effective use of EAN.UCC standards in UK supply chains. www.e-centre.org.uk

Equity, British Actors Equity: union representing actors, actresses, and also vocalists, negotiating agreements with music and broadcast sectors for vocalists. www.equity.org.uk

FACT, Federation Against Copyright Theft: combats counterfeiting, piracy and undertakes private prosecutions on behalf of its members. www.fact-uk.org.uk

FMO, French Music Office: office in the UK promoting French music. Published a guide to the UK market which, although designed for French companies, is in fact useful for any music company or artist. www.french-music.org

IFPI, International Federation of Phonographic Industries: international trade association for record companies including the majors. Secretariats in London and Brussels. BPI is UK member. www.ifpi.org

IMMF, International Music Managers Forum: represents national federations of music managers. www.immf.net

IMPALA, The Independent Music Companies Association: international trade association for independent music companies. Secretariat in Brussels. AIM is UK member. www.impalosite.org

ISM, Incorporated Society of Musicians: association for professional musicians, providing advice and services to members. www.ism.org

MCPS, Mechanical Copyright Society: collecting society licensing mechanical rights of composers and publishers to record companies and other licensees who record MCPS members' copyright musical works. Runs an anti-piracy unit. www.mcps-prs-alliance.co.uk

MIA, Music Industries Association: trade association representing UK businesses selling musical instruments and associated products. www.mia.org.uk

MMF, Music Manager Forum: trade association representing managers in the UK.

MPA Music Publishers Association: trade association for UK publishers. www.mpaonline.org.uk

MPG, Music Producers Guild: represents individuals in the music production and recording professions. www.mpg.org.uk

Musicians Union: Union for musicians in the UK, negotiating standard fee and use agreements with music and broadcast sectors. www.musiciansunion.org.uk

NEMIS, New Music in Scotland: music network for Scottish artists, labels, music businesses, media, recording studios, venues, radio, creatives and professional services. www.nemis.co.uk

NMC, National Music Council: consists of different music industry associations. Produced report on UK music business "Counting the Notes" in 2002. www.musiccouncil.org

Nordoff-Robbins Music Therapy: music charity offering music therapy clinic and training, research and library facilities. www.silverclef.com

PAMRA, Performing Artists Media Rights Association and AURA, Association of United Recording Artists: distribute royalties due to artists and performers from performance of recordings (e.g. radio and TV). www.pamra.org.uk

PPL, Phonographic Performance Limited: collecting society licensing the public performance and broadcasting rights of the copyrights owned by record companies members. Collects and administers performers' share of revenues in conjunction with the Performers Forum, made up representatives of different performer bodies. Operates the Performers Registration Centre ("PRC"). www.ppluk.com

Prince's Trust: provides training, mentoring and financial assistance to help 14-30 year olds. (not limited to music). www.princes-trust.org.uk

PRS, Performing Right Society: collecting society licensing the public performance and broadcasting rights of the composers, authors and publishers of musical works. www.prs.co.uk

Radio Academy: professional body for people working in the radio industry. www.radioacademy.org

The Agents' Association: represents agencies handling performing artistes and bookings in music, television, film, radio, theatre, musicals, etc. www.agents-uk.com

The Official UK Chart Company: responsible for commissioning, marketing, distributing and managing the UK's official music, video and on-line charts (formerly known as CIN). Provides information on the rules determining eligibility for the charts. www.theofficialcharts.com

VPL, Video Performance Limited: collecting society licensing public performance and broadcast rights in music video for record companies. Negotiates and administers the independents' deal with MTV for Europe. www.vlpuk.com

Welsh Music Foundation: provides business support to music-based SME's in Wales for the development of a commercially viable Welsh music industry. www.welshmusicfoundation.com

III) MUSIC GENRES

This section gives more information on the UK music industry for the main genres. This chapter should be viewed as a pointer to “who does what” in the the different main genres³⁶ rather than an extensive or exhaustive account. For a breakdown of the popularity of the different music genres in the UK, please see the table in the music genre part of music market in Chapter 3 above.

POP

1) Situation of the music genre

Pop returned to take the majority share (31,2%) in 2003. The top five best-selling albums of the year-including titles by Dido, Daniel Bedingfield and Justin Timberlake-were all classified by the BPI and OCC as Pop. Pop also took the majority share of sales in the singles sector. As in 2002, Pop accounted for seven of the year’s top 10 best selling albums. The number one - Dido’s *Life for rent*- sold over two million copies and the subsequent four best selling Pop titles sold over a million copies each. New releases from artists such as Robbie Williams and Sugababes also helped improve the genre’s share of sales. 2003 was the year when Urban music made its presence felt in the singles market.

Rock

1) Situation of the music genre

Rock fell from being the leading genre within the UK album market in 2002 to be second behind pop. Rock took 29,2% of all album sales in 2003, down 1,8% on 2002. Although there were breakthrough successes from artists such as The Darkness and Evanescence alongside strong sales of established artists like Coldplay and Red Hot Chili Peppers accounted for 22 of the 40 best-selling albums last year. Contemporary Rock albums fared slightly less well year on year although there were big selling debut stes from the Thrills and Kings of Leon among others. AOR also lost share on 2002 despite the Beatles’ *Let It Be* reissue and new releases from Sheryl Crow and Bon Jovi. In the single market, Rock also improved its share, with the top three Christmas week singles (from Michael Andrews ft Gary Jules, Kelly and Ozzy Osbourne and the Darkness) all classified as such. Red Hot Chili Peppers titles appeared in the top 10,000 albums of the year and their cumulative sales ensured they were the biggest Rock act of 2003.

Electronic-Dance

1) Situation of the music genre

In 2003, Dance music was outstripped by R&B, dropping 2 points in the market shares compared to 2002. Close to representing 10% of the market share in, 2002, it is now a little more than 7%.

³⁶ As selected by the European Music Platform for all the territories, excluding Classical.

The two major artists in 2003 sharing equal parts of the market were Morcheeba and Massive Attack. Dance slipped slightly in the singles ranking despite several number ones in 2003 and was also unable to make an improvement in albums.

Hip-Hop and R&B

1) Situation of the music genre

After a relative lack of big selling titles in 2002, R&B asserted itself in both the singles and albums markets in 2003. High profile releases from stars such as Beyoncé and R Kelly saw the genre take an improved share of 8,4% in albums (up 1%) and 15,9% in singles, an increase of over 8%. R Kelly overtook slightly on Beyoncé's sales thanks to his first album released in 1992. 11 years on, his hit single *Ignition (Remix)* and ensuring sales of his album catalogue saw him become the biggest selling R&B artist of 2003. Hip Hop's share also improved in both markets, thanks principally to the outstanding year enjoyed by Black Eyed Peas (who had the biggest selling single of the year with *Where is the love ?*) and 50 Cent. After making a name for himself on the underground circuit, 50 Cent crossed over in 2003 with his international hit album *Get Rich or Die Tryin*.

Jazz

1) Situation of the music genre

In 2003, Jazz improved on 2002 performance taking 2,6%. Norah Jones was and still is the main artist in the Jazz sector with her second album. But the emergence of new artists such as Jamie Cullum also boosted overall Jazz sales. It is the first time since 1995 in the Jazz sector that the genre's market share has increased. Norah Jones is the major seller with almost 30% of the genre's sales. Jamie Cullum replaced Diana Krall as the second seller with 11,6% of the shares thanks mainly to his second release (and first for Universal Classics and Jazz).

Reggae

1) Situation of the music genre

In 2003, Reggae sales grew in both markets, albums and singles, reaching a new high of 1,5% in albums thanks to artists such as Sean Paul and several compilations. He represents on his own almost 30% of the sales in the reggae market - UB40 came second and its market share accounted for half of Sean Paul's.

Metal

1) Situation of the music genre

Metal, traditionally an album-driven sector also had an excellent year in 2003, increasing its share to 7,7% helped by breakthrough releases from the Darkness representing 9,7% of the music genre sales and Evanescence 7,3% along with successful albums from Linkin Park, Good Charlotte and Muse.

Folk/Celtic/Blues/Country

1) Situation of the music genre

Folk music dropped 0,2% compared to 2002, representing 1,2% of the market shares. Celtic music is not one of the major genres in the music market. However, Celtic music fans are very active in the festival field. In 2003, Blues music represents 0,3% but has lost some market share since 1995 when it represented 0,7%. Country music increased its share representing 1,8% of the music market shares due to artists like Shania Twain and Johnny Cash. It also underscores Country music's performance in the singles market with 0,7%. Shania Twain is the biggest artist with more than 15% of the country music share just for her album. Johnny Cash comes second but far behind with only 8,5% of the shares. More than one third of this market is monopolized by two big artists in the UK.

World

1) Situation of the music genre

In 2003, world music album sales accounted for 0.5% in the total music market shares. This compares to 0.4% in the four previous years. The genre does not register sufficient market share on singles to be listed in the BPI's breakdown of singles by genre.