

Creative Wales

Economic Contribution of the Welsh Music Industries (2019, 2020 and beyond)

Final Report

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Executive Summary

The music industries are a Welsh success story, as outlined in our previous report.¹ In 2019, these industries sustained:

- £243m in Gross Value Added (GVA) and 7790 jobs in Wales.
- £131m of this GVA and 3876 of these jobs were sustained directly by the music industries – with the remainder sustained indirectly along related supply chains.

These industries collapsed in Wales in 2020, due to the Covid-19 pandemic and associated lockdowns:

- GVA reduced by 55% to £109m and employment reduced by 19% to 6322 jobs in Wales.
- The larger fall in GVA than in employment reflects much reduced earnings for those that did remain in employment within the Welsh music industries during this year.
- The sharpest contradiction in GVA came within the live music sector, with a 90% reduction in GVA in 2020, caused by the inability to hold live performances during the lockdowns that covered most of that year.

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.²

- 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.
- Prior to Covid-19, these parts of the music industries were 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.
- During 2020, the 90% reduction in GVA from live music contrasted with a 3% increase in GVA from recorded music and music publishing. This increase was driven by the persistence of music streaming during lockdowns.

The economic vitality of the music industries in Wales has depended crucially on the vibrancy of live music and viability of careers for musicians. 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 not fully compensated by a modest (3%) increase in GVA from recorded music and music publishing during 2020 and was compounded by challenges in accessing UK government support services for musicians working as freelancers.

The Welsh music industries entered the pandemic as a robust economic contributor. The latest data on its performance takes us to 2020. To get a sense of the degree to which recovery in the music industries since 2020 has been experienced in Wales and across all subsectors within the Welsh music

¹ BOP Consulting and Professor Paul Carr, Economic Contribution of the Welsh Music Industries (2019), 3 May 2022

² See full subsector definitions in Figure 3.

industries, we undertook consultation with key music industries stakeholders, which we report in chapter 2.

This consultation suggests that the Welsh music industries have not yet recovered the economic contribution that they made in 2019. There are fewer gigs and less gig attendance in Wales than pre-Covid-19. Numerous consultation respondents refer to these metrics now being around 20% reduced on pre-Covid-19. With live music being such a large contributor to the economic footprint of the Welsh music industries, this fall in the economic contribution of live music is likely to combine with a reduction in the overall output of the Welsh music industries. Older gig attendees are least likely to have returned to attendance. However, diversification of activities has provided some compensating revenues, e.g., Fuel Rock Club in Cardiff has benefitted from the addition of a beer garden.

The lockdown at the start of 2021 negatively impacted the economic contribution of the Welsh music industries. Further challenges experienced by the sector over recent years include:

- Others that can be attributed to Covid-19:
 - Difficulty in retaining adequate numbers and quality of staff: Many chose to leave the live music sector during Covid-19 to find employment in sectors that continued to operate and offer reasonable pay at (unlike the live music industries) family friendly hours.
 - Cost increases: The consultation suggests that some costs associated with live music have increased by 30% since 2019. Covid-19 has contributed to these increases in various ways: staffing challenges; global supply chains working less efficiently than previously.
- Those that predate Covid-19, or which have other causes:
 - Underrepresentation of parts of the music industries within Wales: The consultation indicates that this applies to various activities within the music industries (e.g., record and publishing labels; promoters; recording

studios; merchandise companies with a global reach; and music marketing/PR companies with the same).

- Brexit: New restrictions associated with the EU-UK Trade and Cooperation Agreement have caused issues for international touring, limiting the ability of Welsh artists to grow in new markets.

As gig attendances recover to pre-Covid-19 levels, the economic contribution of the Welsh music industries should also recover to pre-Covid-19 levels. This will be encouraged by gig attendance, especially by older attendees, who need to recover confidence in gig venues as spaces that are safe for their health. Equally, renewed pressure on the cost-of-living for households will reduce the amount of disposable income that can be allocated to gig attendance.

It is important that Welsh live music venues navigate these challenges. They are a key driver of the economic contribution of the Welsh music industries and the spaces within which Welsh music talent develops.

The Welsh Government has put a commendable focus on strengthening the music talent pipeline through the National Music Strategy and new Music Service. This focus will be complemented by preservation of the live music ecosystem in Wales. The staffing challenges now experienced by music venues mean that the talent pipeline should not just be thought of in terms of those on stage but also the many backstage staff required to put on these events.

Over the longer-term, steps should be taken to increase the presence of those music subsectors that have been underrepresented in Wales. The immediate priority, however, remains preserving the live music ecosystem that was integral to the economic contribution of the Welsh music industries pre-Covid-19 – and which can also provide a foundation to growth within those music subsectors that are underrepresented in Wales.

1. Results

1.1 GVA contribution

As outlined in our previous report,³ 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 in 2019 came from live music (47%).

This GVA is dependent on concerts occurring and being attended by paying customers. It, therefore, reduced by 90% during the subsequent year marked by the Covid-19 pandemic and associated lockdowns.

Music creators were the second most important source of GVA to the music industries in 2019. 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 2020, music creators 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 did not fully compensate for the loss of live income, resulting in a 22% reduction in the GVA contribution of music creators between 2019 and 2020.

Over three quarters of GVA to the Welsh music industries came from live music and music creators in 2019. The scale of GVA contribution from music retail and music representatives aligns with the rest of the UK.⁴ 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.

³ BOP Consulting and Professor Paul Carr, Economic Contribution of the Welsh Music Industries (2019), 3 May 2022.

⁴ 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)

Figure 1 GVA contribution of Welsh Music Industries (£m, 2019, 2020)

Subsector	Direct (2019)	Total (2019)	Direct (2020)	Total (2020)	% Change in Total (2019- 2020)
Live music	62	115	6	11	-90
Music creators	38	70	30	55	-22
Recorded music and music publishing	14	26	14	26	3 ⁵
Music retail	12	22	4	8	-64
Music representatives	6	10	4	8	-22
Total	131 ⁶	243	59	109	-55

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

1.2 Employment contribution

Nearly 4000 people (3876) were employed in the music industries across Wales in 2019 – with a further 3915 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% in 2019 and 60% in 2020).

Musicians are 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 contributed to the 1373 jobs directly sustained by live music in Wales in 2019 – but these venues have also been highly adversely impacted by Covid-19, with a 35% reduction in live music employment over 2020.

Employment declined by 19% in 2020 in the Welsh music industries, less than the GVA decline across these industries (55%). This 19% reduction captures the exit of some workers from these industries – leaving skills gaps that remain a barrier to the growth of the Welsh music industries. The larger reduction in GVA than employment in 2020 reflects much reduced earnings for those that remained in employment in these industries during this year.

Recorded music and music publishing was the only sector to increase employment in 2020 (by 10%), due to the growth of streaming and broadcast revenues over this year. In contrast, music retail employment more than halved, a 52% reduction, as high streets locked down. This reflects the contrasting experiences of digital and in-person activities during the pandemic.

⁵ These figures are rounded to the nearest £ million. The 3% increase between 2019 and 2020 is more apparent when the figures are extended by one decimal place – with direct GVA increasing from £13.9m in 2019 to £14.3m in 2020.

⁶ All figures in this table round to the nearest £ million. This means that the figures reported in this column do not sum to £131m. This also applies to other columns that do not sum.

Figure 2 Employment contribution of Welsh Music Industries (FTE, 2019, 2020)

Subsector	Direct (2019)	Total (2019)	Direct (2020)	Total (2020)	% Change in Total (2019- 2020)
Music creators	2,000	4,020	1900	3819	-5
Live music	1,373	2,760	893	1794	-35
Music retail	300	603	145	291	-52
Recorded music and music publishing	105	211	115	231	10
Music representatives	98	196	93	186	-5
Total	3,876	7,790	3145	6322	-19

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

2. Looking ahead

Available data on the economic performance of the Welsh music industries only takes us to 2020, the depths of the Covid-19 pandemic in the UK. Lockdowns persisted into 2021. Tragically, Covid-19 deaths continue till this day, with the incidence of Covid-19 driving absences from work and other economic disruption.

As with the rest of the UK, as 2021 progressed, restrictions on live music venues were gradually lifted, with limited capacity events allowed in Wales from May 17th, with the subsequent move towards full capacity events resulting in events such as Green Man Festival and Focus Wales taking place in August and October respectively.

Available data does not tell us how far the Welsh music industries were able to recover their 2019 performance over 2021 and 2022. Nor does it tell us what future years might hold.

To explore these issues, we consulted on a series of related questions with:

- Angie Evans (AE): Manager at Fuel Rock Club in Cardiff
- Pablo Janczur (PJ): Director of Orchard Media and Events (the largest promotion company in Wales)
- Tom Kiehl (TK): Deputy CEO and Director of Public Affairs at UK Music
- Dr. Damon Minchella (DM): Welsh based record producer and performer
- John Rostron (JR): Making Music Wales Manager and Chair of the Association of Independent Producers
- Phil Sheeran (PS): Manager of Motorpoint Arena in Cardiff (Live Nation)

Recovery since 2020: To what extent do you think that the Welsh music industries have been able to recover their 2019 economic contribution over 2021 and 2022? Does it seem to you like these industries are now creating jobs and revenues to the same extent as prior to Covid-19?

- AE: FUEL has seen an increase in turnover since coming out of the pandemic, but this is not due to the live music side of the business, it is due to us being able to rent some land next door to us which has enabled the creation of a beer garden and increased our capacity by a third. In terms of the live music side of the business we are experiencing the following:
 - Low pre-sale ticket volumes: I think because there is still some trepidation from customers about not being able to attend on the day for health or monetary reasons, they would rather just buy a ticket on the door on the day.
 - Lower attendance by ticket holders: Reasons similar to above I think, we are experiencing about 5% of presales not attending.
 - Promoter lack of confidence: We have had some experience of Promoters delaying gigs due to fear of low-ticket sales. Overall, I would say we have fewer gigs and less attendance to gigs.
- PJ: From personal experience, no. There has been significant oversupply in the market and lack of consumer confidence due to Covid-19 still but also cost of living issues. Drop off on attendances at non-rescheduled shows is almost as high as on rescheduled shows as people have realised now, they can't afford the taxi/meal/drinks beforehand/drinks during as well. Speaking with other promoters like us it's a similar picture. As we came out of the summer last year and Furlough was ended, we had to reemploy staff and post this summer, when we add up the financial under performance of this year the emphasis will be holding on to our staff so we can deliver a program next year. I certainly don't feel new jobs are being created and revenues are not coming back to pre-Covid levels currently.
- TK: UK Music does not yet have data for 2022 and this will not be gathered and published until 2023. In Autumn 2022 we will be publishing updated GVA, employment and export figures for the UK music industry's economic contribution in 2021. 2020 saw a 46% decrease in GVA, 23% drop in exports and 35% drop in employment. Preliminary indications are that we are not yet back to pre-pandemic levels. However, there has been some recovery which

- Wales stands to benefit from, and the sector will return to growth in the medium to long term.
- DM: I would surmise that the recovery of the Welsh music industries is in line, at least partially, with the rest of the UK. Areas that will have exceeded 2019 contributions would be those of music streaming and online merchandise purchasing. Although clearly disastrous in a myriad of social areas Covid-19, and the ensuing lockdowns, created a spike in music streaming and online retail for artist merchandise and hard copy music sales. This was partially a result of people being homebased and being unable to spend revenue on live concerts. I have seen this directly in my PPL,⁷ mechanical, and record royalty statements and this is also echoed by informal conversations with my network of music peers, Welsh and otherwise. On a positive note, the increasing digitalisation of music consumption has seen these parts of the music industry able to navigate the impact of Covid-19 relatively easily.
 - The negative impact, clearly, has been in the live music arena and the ancillary industries that support this area. Live music and touring on a properly professional footing only really started in a meaningful way in May 2021, which resulted in a huge gap of time and lack of revenue for this sector. As the entire music industry is now weighted heavily on a “pay for time with the artist” model rather than on traditional music sales (where tours were really just promotion for record sales) revenue from concerts, additional promotional packages, and social media interactions to drive consumers to purchase tickets were impacted upon very negatively. The shutdown of this sector also saw many people leaving this sector – caterers, stage technicians, bus crews, security, and more – and having to retrain (or attempt to) to enter other sectors that were still operational. Furthermore, several commercial recording studios – with Monnow Valley Studios being a high-end Welsh example – found themselves unable to continue and have now shut their doors.
 - Touring is now in full swing, but the shortage of workforce as mentioned, alongside the parallel impact of Brexit, has resulted in a very tight squeeze on the time and numbers of touring personnel available. How this may resolve itself in the future is unclear.
 - JR: I can only comment on the live sector, where the recovery has been mixed. Live music is back, but audiences are not. Yes, there’s been some economic recovery. Some revenues which had been kept in the eco-system due to postponement and rescheduling of shows have been realised as the events have been able to take place, and funds transferred from ticketing companies (most of which are housed in England) and moved to promoters in Wales. Sales are being made for new shows, but artists and promoters aren’t achieving sales equivalent to pre-pandemic. On rescheduled shows, audience drop off (and ticket refunds) are around 20-30%. On new shows, audiences and sales are down by around 15-20%. Big marquee shows (i.e., Ed Sheeran) are strong. But everything below the summer stadium runs isn’t returning to pre-pandemic levels, and are around 70-80% of where things were.
 - PS: I think in terms of volume of product there isn’t really a problem. But the current underlying issues which ultimately affect performance and therefore profitability are recruitment and quality of staff. Both are huge issues and have been since we were allowed to reopen. The enforced closure in Jan this year wrecked any momentum venues had built and discouraged many who had re-joined to decide that our industry was too volatile and so left. Coupled with this is a very aggressive and entitled public who seem to think that this industry is here to serve rather than facilitate and deliver events.
- Challenges over 2021 and 2022: What have been the biggest challenges to growth faced by the Welsh music industries this year and last? Do these challenges relate to problems generated by Covid-19 or do they predate the pandemic?***
- AE: I think the main problem that we are facing is a lack of confidence regarding current economic financial worries, and still some continued

⁷ <https://www.ppluk.com/>

concern over Covid-19 from the older generations (who form part of our audience). We also have some staffing issues that are a result of lockdown. An example is with our Sound Technicians who are self-employed contractors. Prior to lockdown we had a 'pool' of 7 techs that would organise and tech our gigs between them, but during lockdown they all moved on to other jobs in the industry (mainly producing). We currently have only one tech, and we are financing an apprentice tech ourselves in order to have back up cover when necessary.

- PJ: All kit required to go on a site has gone up in price. We can't use red diesel in our generators. Some items have doubled in costs. Average costs for a site have increased by 30%. There is a shortage of skilled crew, and their cost has gone up. Rescheduled shows that went on sale at pre pandemic costs can't suddenly put their prices up to recoup the increases. The cost-of-living crisis means putting up prices next year to cover inflationary pressures is going to be tough balancing act. Most of these issues don't predate the pandemic.
- TK: The main challenges have been the continued impact of restrictions due to Covid-19 and the closure of live music venues and limits on capacities at music studios. New restrictions as a result of the EU-UK Trade and Cooperation Agreement have also caused issues for international touring, limiting the ability of Welsh artists to grow in new markets. Some of the issues venues face that pre-date the pandemic and are still issues concern business rates, finance, licensing and planning issues. Cost of living issues with increased bills also have an impact on venues and studios, with audiences also having to make difficult decisions about what to spend their money on.
- DM: The biggest challenges to growth for Welsh music industries remain the same as pre-Covid-19. Non-Welsh based touring acts generally only play in Cardiff (if at all) as part of a UK tour. I know this from personal experience starting in 1989 and up to the present day. How this can be navigated could be resolved on an incentive basis being presented to non-Welsh based booking agents (i.e., all of the biggest agencies, whether UK or global). Another challenge is to present Wales as a go-to-destination, rather than a

poor relation of England, to the other sectors of music; namely A&R for booking recording studios; having record and publishing labels of a non-provisional stature; merchandise companies with a global reach; and music marketing/PR companies with the same. None of these areas relate to Covid-19 but are more historical and outlook based. On a highly positive note, however, geographical boundaries in terms of the majority of music consumption are now almost completely eroded through digitalisation.

- JR: For the live sector, challenges have been many.
 - a) There are skills gaps and shortages of skills. Lots of people left the live sector during Covid - either because they couldn't access financial support, so needed to move sectors or because they bought forward an early exit. This has also been exaggerated due to Brexit. In particular around areas such as technical backstage skills (i.e., sound engineers, lighting engineers, crew).
 - b) Supply Chain Costs. Production costs and fuel in particular have all risen by around 30%. This is due to the exit of companies and individuals during Covid (and therefore a reduction in supply); due to increase competition from the return to live (rescheduled shows cramming programmes alongside new shows); Brexit and the impact of tariffs on the supply chain; the energy crisis and associated rising costs.
 - c) A reduction in audiences. Outside of big marquee shows (i.e., stadium shows) all shows below this level are seeing a drop in audiences from pre-pandemic levels of around 20%. Surveys suggest this is a combination of a change of habits bought about by Covid; reducing Covid risk by not going to smaller shows; and the cost-of-living crisis putting a squeeze on consumer choices (i.e., spending on marquee, known shows, and not spending on lesser known or new acts, whilst also choosing to go to less shows).
 - d) the economics of live. This predates the pandemic, but the economic model for live music in the grassroots was already unsustainable. The additional costs and squeeze mean it's now broken. At higher levels, where more sustainable margins did exist, there is now a squeeze brought about by

all of the above. However, the margins are still ensuring most shows at the largest level remain financially viable.

- PS: They don't predate Covid-19 massively. Pre Covid-19 this industry was seen as exciting and cool. One that graduates wanted to get into as soon as they left their universities. And worked in while studying. I would say that the various social media channels that have become so ensconced in everyday life now had made a small minority of the public experts in everything and unwilling to finish a dispute amicably. But post Covid-19 there is an obvious physical and vocal change in how many more members of the public view 'going out'. We aren't seen as people who work in a job that we love and have choose to be in. We are seen as people who are there to do as they wish because they have paid and bought a 'service'. Which is a very disheartening reflection on post Covid-19 Britain.

Prospects and priorities: How do you assess prospects for growth in the Welsh music industries and what should be the priorities for support from public agencies (e.g., Welsh and UK governments, local authorities, and Arts Council of Wales)?

- AE: The increased understanding of the importance of grassroots music venues in the last few years has been phenomenal, and in my opinion, is the only thing that has enabled us to survive through the pandemic. We are not profitable businesses. We enjoy providing a safe platform on which talent can start to grow. I think we could benefit greatly from funding, mainly to improve venues structurally and to provide better equipment for young artists. This would also give us more security and stability to concentrate on programming and scheduling (rather than dealing with ongoing maintenance and other related issues).
- PJ: I think it's going to take a couple years to settle down. I'm very grateful for the support to date from Welsh Government during the pandemic which was a life (and staff!) saver. I've been forthcoming with my views that the industry also needs recovery support.
- TK: Over time the outlook is strong. UK Music has consistently raised challenges in the relation to the talent pipeline as a pressing issue and the

need to ensure access and opportunity to music education and skills to enhance our future workforce. The Welsh Government have responded to this via the National Music Strategy and new Music Service. Delivering this should be a priority. There are parts of Wales's music offer that could be looked at, lack of recording studios, financial pressures on venues as well as the lack of mid-sized venues are all potentially holding back the Welsh music sector. Ensuring Welsh music workers have the correct support to help them overcome post Brexit trade barriers and to export their work successfully should be another key consideration.

- DM: I cannot really answer, beyond a purely speculative level, what the prospects for growth are in real terms for Welsh music industries. I would hazard that, beyond the points mentioned in question 2, that they are somewhat analogous with the rest of the UK. The various Welsh bodies can aid prospects significantly, and quite separately, by using the devolved nature of their standing to directly promote Welsh music industries and burgeoning/nascent music artists and acts. With the geographically unconstrained nature of digital music consumption, the success of Welsh music industries really does depend on Welsh acts properly breaking through globally (and using Welsh-based studios, PR companies and so on) and drawing in large UK and global acts to tour Wales and not just play in Cardiff (again, if at all). This then has a knock-on effect for all the other areas of the music industries in Wales.
- JR: A priority would be to bolster the number of promoters there are in Wales. Promoters are the ones who begin the show process - they decide to put on a show, book the artists, hire a venue, engage technicians and then bring in an audience. Promoters are the catalyst for the economic activity of live. There needs to be more promoters in Wales - filling gaps in venue schedules, covering less represented genres, growing events in geographical areas where there is little live activity. All of this would grow the music sector economy.
- In addition, there's opportunity for a strong promoting community in Wales to then compete with the English promoters who put on the majority of shows in Wales (most shows in Wales are put on by English promoters). This would

move income from England into Wales. There's huge potential here. Further, Wales promoters would then better align with the development of Welsh artists. Building those partnerships is key from an economic standpoint, because they those promoters may then be able to promote Wales artists in other UK nations, rather than lose them to English promoters.

- A practical solution would be the establishment of a Universal Basic Income for promoters. That would raise promoter numbers across Wales, it would also improve the output of many existing promoters. Most existing promoters in Wales promote in their leisure time. The margins mean it's very difficult to earn a living from promoting, but there's a huge economic impact created by putting on a show (even if that show loses the promoter money or breaks even - if they've put 200 people into a room at ten pounds each, that's £2000 plus ancillary spend - bar income for example). So, they are limited by their capacity of having a full-time job. They can't realise their potential with this mix. Moving them to a UBI would enable them to put on many, many more shows and would hugely increase economic output.
- Public Agencies should also focus on tackling racism within public bodies such as the police and local authorities. It's a barrier to people accessing a wide array of music, and it's blocking the economic and cultural boom that could happen if it was addressed.
- PS: First and foremost, we must get through this winter without another enforced Covid-19 closure. We are all battle weary, worried, and deflated. Being 'blamed' for the spread of or potential spread of Covid-19 while most other areas of business could carry on (not always I know) has left bruises and distrust. If that happens then we as humans are programmed to forget the past fairly quickly. And the relationships and momentum can rebuild very quickly. But that trust has to be both ways. We do this for a living. We are proud to do so. And nobody wants to create scenarios where people die, or we die ourselves. That mutual respect of position was not clear during the pandemic at all. If that does blossom again then I have no fear for the Welsh music Industries at all.

3. 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 and 2020.

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 falling to £3.1bn in 2020 amid Covid-19.⁸

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.⁹ We derive the proportion of these jobs attributable to Wales by (a) deriving a ratio on the proportion of the UK's

⁸ 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/>

⁹ UK Music, *Music by Numbers* (2019)

musicians in Wales,¹⁰ (b) multiplying this ratio by the number of music representatives across the UK, based on the UK Music figure of 2,624. In 2020, we assume that the number of workers in this category in Wales changed in proportion to change in the number of musicians in Wales.

- **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).¹¹ 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. We assume that the 2020 figures for Wales have evolved in line with the latest UK Music figures. In relation to this, *This Is Music 2021* provides two key pieces of insight:¹²
 - *Live music revenues collapsed by around 90% in 2020:* We assume that the GVA contribution of live music in Wales reduced commensurately.
 - *Employment in the live music industry experienced a 35% drop in employment during 2020 with every aspect of the live industry affected to some degree:* We assume that the employment contribution of live music to Wales declined to the same extent over 2020.

¹⁰ Based on the same APS data source that we report in Figure 4.

¹¹ UK Music, *Music by Numbers* (2020)

¹² UK Music, *This is Music 2021*

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) ¹³
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) ¹⁴
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, <i>Music by Numbers</i> (2020)
Music publishing	ONS SIC 59200 Sound recording and music publishing activities – BRES
Live Music	UK Music, <i>Music by Numbers</i> (2020) and UK Music, <i>This Is Music</i> (2021)

Source: BOP Consulting

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 2019.¹⁵ 4% of musicians in the UK are based in Wales – based upon the data source reported in Figure 4. By combining 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

¹³ Covering July 2019 to June 2020 – accessed through NOMIS: https://www.nomisweb.co.uk/home/release_group.asp?g=16

¹⁴ <https://www.nomisweb.co.uk/sources/bres>

¹⁵ UK Music, *Music by Numbers* (2020)

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 research¹⁶ 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.¹⁷ 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.

¹⁶ UK Music, *Music by Numbers* (2020)

¹⁷ A Cebr report for Arts Council England, *Contribution of arts and culture industries to the UK economy* (May 2020)

BOP Consulting

BOP Consulting is an international consultancy specialising in culture and the creative economy.

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